

***Case No COMP/M.2147 -
VNU / HEARST /
STRATOSFERA***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION

Date: 25/09/2000

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 25.09.2000
SG(2000)D/107007

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Subject: Case No COMP/M. 2147 - VNU / HEARST / STRATOSFERA

Notification of 24.08.2000 pursuant to Article 4 of Council Regulation No 4064/89.

1. On 24.08.2000, the Commission received the notification of a proposed operation by which the Dutch publishing company, VNU Stratosfera B.V. and Hearst Enterprises B.V. will acquire, through an acquisition vehicle company, joint control over the Czech company Stratosfera sr.o.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No. 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement.

I. THE PARTIES

3. VNU Stratosfera B.V. ("VNUS") is a subsidiary of VNU N.V., an international publishing and information company that provides consumer and professional information, based in the Netherlands. The primary business areas of VNU N.V. are consumer magazines, telephone directories and information services, professional information and educational publishing.
4. Hearst Enterprises B.V. ("HEBV") is part of The Hearst Corporation, a large diversified US-based communications company, whose major interests include newspaper, magazine and business publishing; television and radio stations, cable network programming, newspaper features syndication, television production and distribution together with internet activities.
5. Stratosfera sr.o. ("Stratosfera") is a publishing company incorporated under the laws of the Czech Republic. Stratosfera publishes several consumer magazines, including magazines under licenses of The Hearst Corporation.

II. THE OPERATION AND CONCENTRATION

6. Prior to the notified transaction, VNUS had joint control over Stratosfera together with a Czech national Mr. Antonin Herbeck (hereinafter Herbeck), each of them holding 50% of the company. Upon completion of the transaction the 50% interest in Stratosfera currently held by VNUS will be held jointly by the Parties. As a result, VNUS and HEBV will acquire joint control of VNU Prague, the acquisition vehicle, and thus indirect joint control (with Czech national Mr. Antonin Herbeck) of Stratosfera. The Shareholders Agreement provides for the Parties' unanimous decisions on fundamental issues concerning both VNU Prague and Stratosfera. Stratosfera would thus be jointly controlled by the Parties and Herbeck. The operation therefore constitutes a concentration within the meaning of article 3(1)(b) of the Merger Regulation.

III. COMMUNITY DIMENSION

7. The combined aggregate worldwide turnover of the undertakings concerned is more than €¹ 5,000 million [The Hearst Corporation: €[...] million; and VNU N.V.: €2.800 million]. The aggregate Community-wide turnover of the undertakings is more than € 250 million [The Hearst Corporation €[...] million; VNU N.V. €[...] million] and the undertakings do not attain more than two-thirds of their aggregate Community-wide turnover in one and the same Member State. Hence the concentration has a Community-wide dimension.

IV. ASSESSMENT

The relevant product market

8. The economic sector involved in the concentration is the magazine publication sector, and more specifically, the sectors for publication of life-style magazines for men aged 25-45, of up-market fashion and style magazines for women, of up-scale car magazines and of young peoples' magazines covering music. Stratosfera operates on the general product market for magazine publishing, a product market considered by the Commission in Case M.665 CEP/Groupe de la Cité (29 November 1995).
9. Stratosfera publishes the Czech version of *Harpers BAZAAR* (an up-market fashion and style magazine), the Czech version of *Esquire* magazine (a life-style specific interest magazines for men), the Czech version of *Rolling Stone* magazine (lifestyle/music magazine), the Czech version of *Speed* magazine (a general car magazine) and finally the Czech version of *Spy* magazine (a weekly peoples' magazine).
10. In line with the above Commission decision, the general magazine publishing market may be further divided into sub-markets according to topics and the category of readers the magazines aim at. However, since the operation will not lead to the creation of a dominant position within the EEA under any alternative product market definition, for the purpose of this case it is not necessary to further define the product market.

¹ Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

The relevant geographic market

11. The Czech versions of these magazines produced by Stratosfera will be sold almost exclusively within the Czech Republic, except for some minor and incidental exports into the Slovak Republic. The relevant geographical market thus appears to be national, i.e. the Czech Republic. There are no sales of the magazines within the EEA. The Commission recognised in Case M.665 CEP/Groupe de la Cité (29 November 1995) that the geographical markets for magazines are national, due to language and cultural differences. At any rate, the geographic market will not be larger than the Czech Republic and Slovak Republic taken together.

Competitive assessment

12. Therefore, the proposed transaction involves no affected markets within the meaning of Form CO at EEA or Community level. Hence it is considered that the proposed operation does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the common market or the EEA or any substantial part of those.

VI. CONCLUSION

13. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the functioning of the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No. 4064/89.

For the Commission,

Mario MONTI
Member of the Commission