

***Case No COMP/M.2415 -
INTERPUBLIC / TRUE
NORTH***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 21/06/2001

*Also available in the CELEX database
Document No 301M2415*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 21.06.2001

SG (2001) /D 289339

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 party

Dear Sirs,

Subject: Case No COMP/M.2415 - Interpublic / True North

Notification of 15.05.2001 pursuant to Article 4 of Council Regulation No 4064/89

1. On 15.05.2001, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89¹ by which the Interpublic Group of Companies, Inc. ("Interpublic") of the US acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the US company True North Communications Inc. ("True North") by way of a stock-for-stock transaction.
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' ACTIVITIES AND THE OPERATION

3. Both Interpublic and True North are international marketing communications services groups operating world-wide through separate agencies.
4. Interpublic is active in the fields of advertising, media buying, relationship marketing, public relations, internet and business consultancy, and sports and event marketing.
5. True North is active in the fields of advertising, public relations, marketing services, interactive design and development, media placement and multicultural marketing.

¹ OJ L 395, 30.12.1989 p. 1; corrigendum OJ L 257 of 21.9.1990, p. 13; Regulation as last amended by Regulation (EC) No 1310/97 (OJ L 180, 9. 7. 1997, p. 1, corrigendum OJ L 40, 13.2.1998, p. 17).

6. Interpublic proposes acquiring sole control of True North in a stock-for-stock transaction. Definitive and binding agreements were signed on 18 March 2001. Post-acquisition, True North will merge with Veritas, Inc., a wholly owned subsidiary of Interpublic. The merged entity will retain the name True North, and will operate as a subsidiary of Interpublic.

II. COMMUNITY DIMENSION

7. Interpublic and True North have a combined aggregate worldwide turnover in excess of EUR 2 500 million² (Interpublic, EUR 6 089 million; and True North, EUR 1 685 million).

In each of at least three Member States *inter alia* in France, Germany, and the United Kingdom, Interpublic and True North have a combined aggregate turnover of more than EUR 100 million.

Interpublic and True North each generated turnover in excess of EUR 25 million *inter alia* in France, Germany, and the United Kingdom.

Each of Interpublic and True North have a Community-wide turnover in excess of EUR 100 million (Interpublic, EUR [...]; and True North, EUR [...]).

Neither Interpublic nor True North achieves more than two-thirds of their aggregate Community-wide turnover within one and the same Member State.

The notified operation therefore has a Community dimension pursuant to Art. 1 (3) of Council Regulation (EEC) No 4064/89, but does not constitute a co-operation case under the EEA Agreement pursuant to Article 57 of that Agreement.

III. COMPETITIVE ASSESSMENT

A. **Relevant product markets**

8. The principal economic sectors involved in the proposed concentration are *marketing communications services, international communication services* and *media buying services*. In all these sectors there exists horizontal overlap between the Parties' activities.
9. In COMP/M.2000 WPP Group/Young & Rubicam the Commission concluded that the following services constitute a single market for ***marketing communications services: Advertising, Information and Consultancy, Public Relations, Consumer Relationship Management/Direct Marketing/Event Management, Identity and Design, Healthcare.***
10. The activity of ***international communications services*** can be summarised as the ability to launch an international marketing campaign. Aspects on *international communications services* were of no relevance in the WPP Group/Young & Rubicam decision. In the present case the parties consider that there are good grounds for doubting whether this activity represents a separate market. According to the Parties it requires the same core capabilities, as "domestic" campaigns. The only added skills needed are an international outlook and an ability to relate to local cultures.

² 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.

11. The activity of *media buying* includes planning and purchasing time and/or space in various media, including broadcast and cable television, radio, newspapers, magazines, billboards and the internet. The Parties considered a separate market for this activity in line with the Commission's previous decision in case IV/M.1529 Havas Advertising/Media Planning. However, the Commission considered in case COMP/M.2000 WPP Group/Young & Rubicam that media buying might be considered to be part of the market for marketing communications services and left the market definition open. In this context it was outlined that many activities within the scope of *media buying* also fall within the scope of advertising services, particularly the media planning aspects of constructing an advertising campaign.
12. However, it is not necessary to further delineate the relevant product markets for *international communications services* and *media buying* because, in all alternative market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

B. Relevant geographic markets

13. In case COMP/M.2000 WPP Group/Young & Rubicam the Commission considered that with regards to the geographic dimension *marketing communications services* appear to have predominant national characteristics. Language differences, different media conditions in different countries, pricing differences between countries and the need to inform the public, the government or other institutions were the given arguments to support this approach.
14. The geographic definition of *international communication services* was not relevant for the WPP Group/Young & Rubicam decision. However the Parties consider the relevant geographic market to be at least Europe-wide in scope stressing the lack of regulatory barriers and hardly existing customer preferences on the location of the chosen agencies' headquarters. The Parties further argue that language barriers are not substantial as agencies operating in the field of *international communication services* are expected to communicate well in every local language.
15. As far as *media buying* activities are concerned, the Commission defined the geographic dimension of the market in case IV/M.1529 Havas Advertising/Media Planning to be national. The Commission underlined its approach by stating that for *media buying* activities a national presence is necessary, among other things, to gather the necessary knowledge of customer patterns as regards the different media channels.
16. For the purpose of this decision it is not necessary to further delineate the relevant geographic markets for the fields of marketing communications mentioned above because, in all alternative geographic market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

C. Assessment

17. The Parties' highest combined market shares for a market constituted by all *marketing communication services* on a national market in the EEA would be in Finland with [15-20%]. If one were to consider each of the market segments of *marketing communication services*, i.e. *Advertising, Information and Consultancy, Public Relations, Consumer Relationship Management/Direct Marketing/Event Management, Identity and Design,*

Healthcare, none of the combined market shares would exceed 25 % on a national or EEA level.

18. The Parties' combined market shares in the fields of *international communication services* and *media buying services* are less than 15 % regardless whether national or EEA markets are considered.
19. In view of the market position of the parties to the concentration, it appears that the notified operation will have no impact on competition in the EEA. Consequently, the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

IV. CONCLUSION

20. 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 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