



## Decision

# Proposed acquisition of Jersey Evening Post Limited and Lighthouse Media (C.I.) Limited by MH Limited (C-048)

Document No: JCRA 22/64

Date: 23 September 2022

Jersey Competition Regulatory Authority  
2<sup>nd</sup> Floor Salisbury House, 1-9 Union Street,  
St Helier,  
Jersey, JE2 3RF  
Tel 01534 514990  
Web: [www.jcra.je](http://www.jcra.je)

## 1. Summary

1.1 MH Limited (the **Purchaser**) is proposing to acquire, together, the **Target Businesses**:

- 100% of the issued share capital of Jersey Evening Post Limited (**JEPL**) from the Guiton Group Limited (the **JEP Seller**). JEPL directly and through its subsidiaries owns and operates the business known as the Jersey Evening Post (**JEP**); and
- 100% of the issued share capital of Lighthouse Media (C.I.) Limited (**LHM**) from The 10<sup>th</sup> Limited (the **10<sup>th</sup>**), [REDACTED] (**[BE Seller 1]**), and [REDACTED] (**[BE Seller 2]**) (the **BE Sellers**). LHM directly owns and operates the business known as Bailiwick Express.

1.2 The proposed transaction has been notified to the Jersey Competition Regulatory Authority (the **Authority**) for approval pursuant to Article 21 of the Competition (Jersey) Law 2005 (the **2005 Law**). The Authority has determined the notified transaction will not lead to a substantial lessening of competition in any relevant market and hereby approves the notified transaction.

## 2. The Notified Transaction

2.1 On 18 August 2022, the Authority received a joint application from the parties to acquire the Target Businesses (the **Notified Transaction**). The Authority registered the application on its website with a deadline for comments of 1 September 2022. No submissions were received.

2.2 For completeness, the Authority was also notified that, as part of the Notified Transaction, the Purchaser will acquire [REDACTED]. This is outside the scope of consideration and therefore no decision has been made in respect of this part of the Notified Transaction.

## 3. The Parties

### The Purchaser

3.1 The Purchaser, **MH Limited**, is a newly-established company incorporated in Jersey (reserved name number RN156679). The Purchaser is legally and beneficially owned by a Jersey resident individual, [REDACTED] (**[MH Founder]**). [MH Founder] has a number of business interests in Jersey unrelated to the Target Business.<sup>1</sup>

3.2 At completion of the Notified Transaction, it is intended that [MH Founder] will own 70% of the ordinary shares of the Purchaser. The remaining ordinary shares of the Purchaser will be owned by the staff of the combined business (10% in aggregate), and the board and the non-executive directors, including the chairman, and [BE Seller 1] and [BE Seller 2] (20% in aggregate). [REDACTED]

### The Sellers

3.3 The JEP Seller, Guiton Group Ltd, is a private company registered in Jersey (registration number 770) which legally and beneficially owns JEPL, a Jersey incorporated company (registration number 27855). JEPL directly and through its subsidiaries owns and operates the JEP.

---

<sup>1</sup> [MH Founder]'s other Jersey business interests include property holding, food and drink, hemp cultivation and a number of investment companies.

3.4 The JEP Seller is ultimately owned by Claverley Holdings Limited (**Claverley**). Claverley, which is incorporated in England and Wales (registration number 08114933), is part of the Claverley Group of family owned companies operating in the UK and Channel Islands. Its principal business activities include newspapers, digital media, commercial printing, IT systems and services, children's magazine publishing, procurement and B2B publishing<sup>2</sup> and marketing.

3.5 The BE Sellers are:

- **The 10<sup>th</sup>** is a Guernsey incorporated company (registration number 59525) which is legally and beneficially owned by [MH Founder]. The 10<sup>th</sup> legally and beneficially owns 29% of LHM's issued ordinary shares and 100% of its issued non-voting preference shares;
- **[BE Seller 1]** is a Jersey resident individual who legally and beneficially owns 15% of LHM's issued ordinary shares.
- **[BE Seller 2]** is a Jersey resident individual who legally and beneficially owns 56% of LHM's issued ordinary shares.

### The Target Businesses

3.6 JEPL publishes the JEP, Jersey's only daily newspaper, in print and as an online replica. In addition, JEPL hosts a free to air website, with the majority of the content having appeared previously in the newspaper. Furthermore, there is a distribution arm to the business, the operational element of which is outsourced to Jersey Post. The distribution function is additionally responsible for the wholesaling of all national newspapers and magazines available in Jersey retail outlets. The JEP is wholly owned by Claverley, via the Jersey-based JEP Seller.

3.7 LHM is incorporated in Jersey (registration number 108588). LHM is legally and beneficially owned by the BE Sellers. LHM owns and operates the business known as Bailiwick Express (**BE**) in Jersey and Guernsey. BE is a daily online news service covering news and current affairs in Jersey and Guernsey, with the majority of the content being freely available. LHM also publishes a monthly business magazine in Jersey called CONNECT, operates two radio stations in the Channel Islands (Bailiwick Hits and Bailiwick Classics) and has recently begun to provide an offers platform called Bailiwick Premium.

### Reasons for the Notified Transaction

3.8 It is the view of the Parties, that there have been substantial and rapidly evolving changes in the local media market, driven by global and social media, which has challenged the survival of many local news providers. These challenges have already been felt in Jersey with the JEP's average daily sales falling [REDACTED]% over the past 12 years. According to the Parties, the combination of the two businesses will provide the local media market with a strong foundation to better respond to this challenge and will ensure Jersey continues to be served by a strong, professional, and independent news media.<sup>3</sup>

---

<sup>2</sup> B2B stands for business-to-business and defines the seller and the purchaser of a product of services. Business-to-business transactions usually involves a manufacturer and wholesaler or a wholesaler and retailer.

<sup>3</sup> See: <https://jerseyeveningpost.com/news/2022/08/18/jersey-evening-post-to-merge-with-bailiwick-express-if-deal-is-approved/>

## 4. Requirement for Authority approval

- 4.1 Under Article 2(1)(b) of the 2005 Law, a merger or acquisition (**Merger**) occurs where a person who controls an undertaking acquires direct or indirect control of the whole or part of another undertaking. On completion of the Notified Transaction, the Target Businesses will be owned and controlled by the Purchaser. The Notified Transaction, therefore, constitute a merger as defined by the 2005 Law.
- 4.2 One of the BE Sellers, the 10th, is currently legally and beneficially owned by [MH Founder]. This will become part of the new entity, MH Limited, as part of the Notified Transaction.
- 4.3 According to Article 20(1) of the 2005 Law, a person must not execute certain mergers or acquisitions except and in accordance with the approval of the Authority. In particular, in relation to these transactions, Article 4 of the Competition (Merger and Acquisitions) (Jersey) Order 2010 provides that the merger must be notified to the Authority for approval under Article 20(1) of the 2005 Law if one or more of the parties to the proposed merger or acquisition has an existing share of 40% or more of the supply or purchase of goods or services of any description supplied to or purchased from persons in Jersey.
- 4.4 According to information supplied by the parties, JEPL controls 100% of the national paper and magazine wholesaling market in Jersey. Therefore the merger requires the approval of the Authority prior to its approval.

## 5. Market definition

### Approach

- 5.1 Under Article 22(4) of the 2005 Law, the Authority must determine if the merger would substantially lessen competition in Jersey or in any part of Jersey. As an initial step, the Authority will identify the markets which are likely to be affected by the merger since market definition provides a framework within which the competitive effects of a merger can be assessed.
- 5.2 When defining a market, the Authority may take note of its own previous decision-making practice and/or market definitions applied by other competition authorities. These previous decisions are not precedents and are not binding, either on the merging parties or on the Authority. Competition conditions may change over time, changing the market definition, and market definition will always depend on the prevailing facts.<sup>4</sup>

### Views of the Parties

- 5.3 The Parties propose that the relevant markets for the purposes of assessing the competition effects of the Notified Transaction should be:

---

<sup>4</sup> This approach is consistent with that taken under EU law – see, for example, Joined Cases T-125/97 and T-127/97 [2000] ECR II-01733, paragraphs 81-82. Article 60 of the 2005 Law requires the Authority to attempt to ensure that so far as possible questions arising in relation to competition are dealt with in a manner that is consistent with the treatment of corresponding questions arising under European Union law in relation to competition within the European Union.

- News Publication Market: the market for the publication of news including written news in online and print format and broadcast TV and radio news, including associated advertising<sup>5</sup>;
- Magazine Publication Market: the publication of periodic magazines in Jersey, including advertising;
- Printed Media Wholesale Market: the wholesale distribution of national newspapers and magazines in Jersey; and,
- Online Offers Market: the provisions of discounted offers online.

5.4 JEPL is involved in the news publication market and wholesale printed media. LHM is involved in news publication, magazine production and the provision of discounted offers online. The Parties therefore overlap in the news publication market.

5.5 With respect to the geographic market, the parties view is that the above markets should be considered on the basis of an island-wide market (i.e. no distinction made between different areas of Jersey).

### Authority consideration

5.6 The relevant product market is defined primarily by reference to the likely response of consumers and competitors.<sup>6</sup> It will comprise products and/or services which are regarded as interchangeable or substitutable by the consumer, by reason of the product's characteristics, prices and intended use. An undertaking cannot have a significant impact on the prevailing conditions of a market if customers can easily switch to other service providers.

5.7 News publication operates in a two-sided market with two customer groups: readers and advertisers. Two-sided markets are generally characterised by indirect network effects, where the value of the product to the customers on one-side of the market depends on the number of users on the other side.

5.8 In this market, companies use news content to gain an audience base that suppliers can advertise to and allow these market participants to compete in the digital advertising market. Network effects are likely to operate in one direction only with more readers making the newspaper more attractive to advertisers. In contrast, more adverts are unlikely to make the news provider more attractive to readers.

5.9 In its Decision on the purchase by Reach Plc of certain assets of Northern & Shell Media Group Limited<sup>7</sup>, the Competition and Markets Authority in the UK (the **CMA**) considered the following markets:

- Supply of newspapers: with segmentation between print and online news, and constraints from other media being considered within the competitive assessment; and

---

<sup>5</sup> These definitions are consistent with UK Ofcom approach when considering media plurality, taking into account the various ways in which news is consumed and produced. The cross-media nature of news includes television, radio, print and online news forums.

<sup>6</sup> JCRA Guideline 7 – Market Definition.

<sup>7</sup> ME/6741/18

- Supply of advertising: the CMA considered that print and digital advertising may form separate product frames of reference, but took into account the significant constraint on print advertising from other channels within the competitive assessment.

5.10 These markets were identified as national in scope, consistent with previous decisions by the CMA and the European Union.<sup>8</sup>

5.11 The Authority notes that the Target Businesses overlap in the provision of online news and digital advertising, which is captured within the parties proposed News Publication Market. The Authority notes the CMA's approach in distinguishing between print and online news and print and online advertising and therefore the Notified Transaction has been assessed on the basis of news publication in Jersey, including a consideration of the supply of online news and digital advertising.

5.12 The Authority further notes that JEPL is the monopoly provider of the wholesaling of all national newspapers and magazines available in Jersey outlets, however the Parties do not overlap in this market.

## 6. Effect on competition

### Approach

6.1 The analysis of a notifiable transaction will consider whether the merger creates or enhances the ability or incentive to exercise market power, either unilaterally or in co-ordination with competitors, and whether other market forces (such as the entry of new competitors or countervailing power of customers) will eliminate this risk. The assessment will also consider any pro-competitive effects or efficiencies that may result from the merger.

6.2 When considering the effect on competition, the Authority has regard to the guidelines produced by the European Commission<sup>9</sup> (**European Guidelines**). It may also consider the substantive merger guidelines applied by the CMA, as well as those of other competition authorities.

6.3 After determining the appropriate frame of reference within which to assess the transaction, the Authority estimates the respective positions of competitors within that frame of reference, both before and after the proposed transaction. This can be used as an indication of the overall level of market concentration, as a result of the merger.

6.4 For horizontal mergers, the Authority can assess two potential types of anti-competitive effects – unilateral effects (i.e. the ability of the merged entity to raise prices unilaterally) and co-ordinated effects (i.e. the ability of the merged entity to raise prices either the implicit or explicit co-operation of other competitors).

6.5 The Authority notes that the Notified Transaction is a media merger. In a number of jurisdictions media mergers can be subject to a public interest test with respect to media plurality<sup>10</sup>. Media

---

<sup>8</sup> Competition Commission, Trinity Plc/Mirror Group Plc and Regional Independent Media Holdings Ltd/Mirror Group Plc and Case M.8354 – Fox/Sky.

<sup>9</sup> <https://op.europa.eu/en/publication-detail/-/publication/19597169-c020-4a72-816a-0b15416119f7>

<sup>10</sup> For example, in the UK the Enterprise Act 2002 provides that the Secretary of State may intervene in media mergers, where there is a public interest concern relating to media plurality.

plurality is concerned with ensuring the public are exposed to a range of different opinions, views and information from a variety of sources. There is no such provision the 2005 Law in Jersey and therefore the Notified Transaction has been assessed within the framework set out above.

## Views of the Parties

6.6 The parties consider the merger will allow them to combine their resources to secure the future provision of high quality printed and online news services within Jersey, independent of any UK national or international group. In particular, they state that Notified Transaction is not about cost saving *per se* but allowing a greater resource base to invest in maintaining quality local news.

6.7 Supporting this the wide range of competing firms is noted across the broad range of products and changing consumer demand. For the UK, this was illustrated by Ofcom data which reported that in 2022, 38% of people use print newspapers and their online offerings, whilst 66% of consumers use other online news sources, including social media, podcasts and all other social media networks.

## News Publication

6.8 Whilst there is little information available on market shares for news outlets, Ofcom’s sector analysis uses ‘reach’ as a metric. This does not constitute market share as it does not consider market crossover or time spent on various platforms, however is a way to consider the relative market position of the various service providers.

6.9 The Parties provided the following information comparing the JEP newspaper readership to other media outlets. These figures do not include online media outlets (including BE).

Media	Company	Metric	%	Absolute	Source
Newspaper	JEP	Readership	[20-25]%	[15,000 - 20,000]	JEP
Radio	Ch 103	Weekly Reach	[50-60]%	[40,000 - 50,000]	Rajar Q1 2022
Radio	BBC Jersey	Weekly Reach	[20-30]%	[20,000 - 30,000]	Rajar Q1 2022
TV	ITV	Viewers	[70-80]%	[70,000 - 80,000]	ITV Media.com
TV	BBC [UK]	Viewers	[70-80]%	[60,000 - 70,000]	Ofcom

6.10 Looking more widely, the following table contains information from a JEP survey carried out in 2021 which identifies where the local population gets its news from. As noted above, this is not intended to show market share, but provides a good wider understanding of the market and to demonstrate the wide range of participants. There is also no context to the time taken on each news source or the level of crossover between news sources.

Main Source of Local News	2021	Absolute
JEP	[60-70]%	[REDACTED]
Bailiwick Express	[60-70]%	[REDACTED]
ITV	[50-60]%	[REDACTED]
BBC	[50-60]%	[REDACTED]
Facebook	[40-50]%	[REDACTED]
Channel 103	[40-50]%	[REDACTED]
Twitter	[10-20]%	[REDACTED]
LinkedIn	[5-10]%	[REDACTED]
Channel Eye	[<5]%	[REDACTED]

Blogs	[<5]%	[REDACTED]
None of the above	[<5]%	[REDACTED]
Total		[REDACTED]

6.11 With respect to the impact on the news publication market, the parties note there has been a significant shift towards on-line media. This leads to newspapers having lower bargaining power with advertisers than in the past, especially given the wide range of service providers available. To support this the parties also provided a range of statistics, based on different metrics to try and understand the potential impact of the merger, noting the difficulties in securing accurate market share data as consumers typically consume more than one news source. These estimates are discussed further below under the Authority consideration of the news publication market.

### Digital Advertising

6.12 With respect to digital advertising, the parties provided information from the World Advertising Research Centre for the UK, which shows that only 2% of all advertising spend is attributable to regional news brands, such as the Target Businesses. Applied to Jersey, this would give the parties a *de minimis* market share. This estimate is discussed further below under the Authority consideration of digital advertising.

### Authority consideration

6.13 Market shares and concentration levels provide useful first indications of the market structure and of the competitive importance of both the merging parties and their competitors. Complementing this, the consideration of wider constraints in the competitive assessment also helps build the understanding of the effect on competition. In line with the Authority’s view on market definition, this approach has been adopted for:

- News publication<sup>11</sup>, and
- Advertising.

### News publication

6.14 Whilst both the JEP and the BE reach a large proportion of the population, there is a range of alternative suppliers of a similar size. Consumers can be seen to use a range of news sources across multiple platforms, which is consistent with research by Ofcom which shows that, on average, UK consumers use about four different sources for news<sup>12</sup>.

6.15 Some of the sources of news do not compete in the same way as the Parties for advertising income funding, for example, the BBC. Consumers of news content and advertisers have and will continue to have alternative providers should they consider there to be a reduction in quality of local news or an increase in cost for advertisers.

6.16 There has been a shift over recent years towards online media. Consumers can obtain their news from a wide range of suppliers, including non-traditional sources such as social media networks. As noted by the parties, Ofcom has reported that, in 2022, 38% of people use print newspapers

---

<sup>11</sup> In previous decisions, the CMA has differentiated between printed and online news. The Authority has not followed this approach in consideration of the Notified Transaction on this occasion as there is no breakdown of data between print and online news available.

<sup>12</sup> Ofcom, News Consumption in the UK: 2022 21 July 2022

and their online offerings, whilst 66% of consumers use other online news sources, including social media, podcasts and all other social media networks.

6.17 With respect to online news in particular, the main competitors with the Parties are:

- The BBC, through BBC Jersey, which provides online, television and radio content. As noted above, the BBC does not compete for advertising revenue;
- ITV Channel Television, which provides online and television content and competes for advertising revenue;
- Channel 103, which provides online and radio content, and competes for advertising revenue; and
- Whilst not specific news sources, other providers of local online news include direct sources such as Government, Jersey Police, Ports of Jersey, Jersey Finance and Genuine Jersey.

6.18 The Authority notes that the Parties will continue to face constraints in the supply of news, in particular online news, from a range of alternative suppliers, in particular the BBC, but also other news outlets beyond newspaper and online publishers. The Authority considers that the Parties will continue to be constrained by a range of other suppliers.

6.19 Whilst there is likely to be audience cross-over, the approach taken by the Parties differ. One distinction between the services provided in that the printed news relies on a paid-for editorial content, whereas content provided by BE is free-to-air. As there are multiple sources of news sources in Jersey, consumers would be unlikely to pay for the printed newspaper unless there it contains content unique to that format. To this end, the JEP employs a greater number of journalists to provide greater depth and breadth of content.

6.20 In contrast, BE is not restricted by printing press deadlines and subsequently provides a more comprehensive 'breaking news' service and topical content. The news in the printed media will be published the following day.

6.21 It is also likely that the demographic of the audiences for the two types of media are different, with younger consumers less likely to pay for news. The editorial styles of the entities are fundamentally different, with the JEP targeting a more traditional and older demographic, and the newspaper is designed and written with this consumer in mind.

6.22 The intention is to maintain the existing brands and platforms within the new entity, recognising the differences in audience and content provided. The two services do not appear to be in close competition or necessarily seen as substitutes by consumers.

### Advertising Market

6.23 Whilst there has been no research into the size of the advertising market in Jersey, it is likely to be wide especially given the ability of advertisers outside Jersey being able to reach Jersey consumers via social media.<sup>13</sup>

6.24 The advertising market is wider than specific news sources within this market. The Parties have provided information from the World Advertising Research Centre for the UK, which shows the total UK advertising market across all channels, including digital. Both Parties would fall within the definition of a Regional News Brand, competing against global search engines, online display, TV,

---

<sup>13</sup> Print advertising has been included in the following analysis for completeness.

online classified, national news brands and magazines for a share of advertising income. In the UK, less than 2% was attributable to regional news brands in 2021, and there is no reason to suggest that this would be different for the advertising market in Jersey.

6.25 Social media and special interest online publishing provide a targeted option for local advertisers which is not a feature of printed newspapers or traditional online news. Advertising revenue received by both Parties has declined significantly over recent years. For example, the JEP has seen a reduction of [REDACTED]% between 2010 and 2021.

6.26 The UK data highlights with the shift to online news publication, options for advertisers have increased significantly to include online news services, internet, other printed materials such as magazines, outdoor digital advertising, television and radio. As well as news media, there are options including target search engines, social media adverts or sponsored posts, and in-house publications. These include platforms on which digital advertising can be placed next to Jersey news stories. Some produce original content (JEP, BE, Channel 103, BBC, ITV) and some re-publish other media's news stories (such as social media).

6.27 The use of Google Ads, one of the major social media platforms is now a standard part of digital marketing. In 2017, Ofcom reported that Facebook and Google were estimated to hold 54% of all UK digital advertising revenues. For a fee, local agencies will book and manage digital marketing campaigns mainly focused on platforms such as Google or social media. Local media compete with these global brands.

6.28 Therefore, given the considerations above and the relative size of the Parties compared to competitors for advertisers, the impact of the Notified Transaction is likely to be limited. Advertisers have a wide range of alternatives available to them should there be any increase in price or reduction in quality.

## 7. Decision

7.1 On this basis, the Authority concludes that the Notified Transaction will not substantially lessen competition in Jersey or any part of Jersey; and are therefore approved under Article 22(1) of the 2005 Law.

**23 September 2022**

**By Order of the Jersey Competition Regulatory Authority**