



News Release

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CLASSIFIED DIRECTORIES ISSUES STATEMENT

The Competition Commission (CC) has today published an issues statement as part of its inquiry into the classified directory advertising services market.

This market reference follows an initial OFT study into the market and the effect of the current price cap. Yell Group plc (Yell) and Thomson Local Directories are currently the main providers in this market accounting for over 90 per cent of supply. The CC has been asked to investigate if any features of this market distort, restrict or prevent competition and if so, what action might be taken to remedy these.

The issues statement follows the initial process of gathering information, views and evidence and identifies clearly for all interested parties the specific questions and areas the inquiry will be examining.

The full issues statement is available on the CC web site at www.competition-commission.org.uk/inquiries/ref2005/classdirec/index.htm. At this stage the CC intends to concentrate its analysis on:

- whether online directories and internet search engines are part of the relevant market; if not, the extent to which they will provide a constraint on the market for printed classified directories in the medium term;
- the extent of any barriers to entry into or expansion within the relevant market—in particular due to network effects, economies of scale, scope and density, and the importance of branding—and whether there is an effective limit to the number of printed classified directories that can compete at a national level;
- the significance of new entry to the market, particularly that by Trinity Mirror and BT, including the extent of any particular advantages that BT might have;
- the effects of the undertakings (including price controls) currently applying to Yell; and
- whether levels of profitability, in conjunction with other evidence, suggest that excessive prices are being charged.

The issues statement should not be seen as implying that the inquiry group has identified any competition concerns—the CC has yet to reach any conclusions on this inquiry. The

purpose of making the statement of issues public is to inform all interested parties and give them an opportunity to raise any further points with the CC.

The CC would like to hear from all interested parties, in writing, by 22 September 2005. To submit evidence, please write to:

The Inquiry Secretary
(Classified Directory Advertising Services Market inquiry)
Competition Commission
Victoria House
Southampton Row
LONDON
WC1B 4AD

Or email: classified.directories@competition-commission.gsi.gov.uk.

Notes for editors

1. Under the Enterprise Act 2002 the OFT can make a market investigation reference to the CC if it has reasonable grounds for suspecting that competition is not working effectively in that market.
2. The inquiry was referred by the OFT on 5 April 2005. Yell is currently subject to undertakings (see the OFT's reasons for making the reference, OFT 787, April 2005). The CC is considering whether there exist features of the relevant market or markets which prevent, restrict or distort competition in the supply of classified directory advertising services. If so, it will find an adverse effect on competition and consider whether action should be taken to remedy or prevent the adverse effect or any resulting adverse effect on customers (ie the advertisers) and consumers (ie users of directories). The CC is required to publish its final report by 4 April 2007, but expects to report well before that date.
3. The members of the Inquiry Group are: Diana Guy (Group Chairman), Graham Hadley, Christopher Smallwood, Professor Catherine Waddams and Roger Davis.
4. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its web site at: www.competition-commission.org.uk.
5. Enquiries should be directed to Rory Taylor (email rory.taylor@competition-commission.gsi.gov.uk) or Francis Royle (email francis.royle@competition-commission.gsi.gov.uk) or on 020 7271 0242