



THE MONOPOLIES AND MERGERS COMMISSION

# Specialised Advertising Services

A report on the matter of the existence or possible existence of a monopoly situation in relation to the supply in the United Kingdom of the services of accepting advertisements for publication in specialised magazines intended for campers, climbers and walkers

Presented to Parliament by the Secretary of State  
for Trade and Industry by Command of Her Majesty  
January 1988

*LONDON*

HER MAJESTY'S STATIONERY OFFICE

£4.50 net

Cm 280



## **Members of the Monopolies and Mergers Commission as at 27 November 1987**

Sir Godfray Le Quesne QC (*Chairman*)  
Mr H H Hunt (*Deputy Chairman*)  
Mr D G Richards (*Deputy Chairman*)  
Mr R G Smethurst<sup>1</sup> (*Deputy Chairman*)  
Sir James Ackers  
Mr C C Baillieu  
Mr F E Bonner CBE  
Mr L Britz  
Mr M B Bunting  
Mr K S Carmichael CBE<sup>1</sup>  
Sir Robert Clayton CBE  
Mr P H Dean<sup>1</sup>  
Mr A Ferry MBE<sup>1</sup>  
Mr P S G Flint  
Mr D G Goyder  
Miss A M Head  
Mr J D Keir QC  
Mr L Kelly  
Mr M S Lipworth<sup>1</sup>  
Professor S C Littlechild  
Miss P K R Mann<sup>1</sup>  
Mr S McDowall CBE  
Mr L A Mills  
Mr B C Owens  
Mr N L Salmon  
Mr D P Thomson  
Mr C A Unwin MBE  
Mr S Wainwright CBE  
Professor G Whittington  
Mr R Young

Mr S N Burbridge (*Secretary*)

---

<sup>1</sup> These members formed the group which was responsible for this report (see paragraph 1.8).



# Contents

	<i>Page</i>
<i>Chapter</i> 1 Introduction .. .. .	1
2 The market for the supply of specialist goods and services .. ..	4
3 The market for advertising specialist goods and services used by campers, climbers and walkers .. .. .	10
4 The reference policy and other influences affecting the acceptance of advertisements by publishers of specialist magazines intended for campers, climbers and walkers .. .. .	15
5 The views of other parties .. .. .	18
6 Views of publishers of specialist magazines intended for campers, climbers and walkers .. .. .	24
7 Conclusions .. .. .	30



# 1 Introduction

1.1. On 10 March 1987 the Director General of Fair Trading sent to the Commission the following reference:

The Director General of Fair Trading in exercise of his powers under sections 47(1), 49(2) and 50(1) of the Fair Trading Act 1973 hereby refers to the Monopolies and Mergers Commission the matter of the existence or possible existence of a monopoly situation in relation to the supply in the United Kingdom of the services of accepting advertisements for publication in specialist magazines intended for campers, climbers and walkers ('the reference services').

The Commission shall investigate and report on the questions whether a monopoly situation exists in relation to such supply and, if so:

- (a) by virtue of which provision of sections 6 to 8 of the said Act that monopoly situation is to be taken to exist;
- (b) in favour of what person or persons that monopoly situation exists;
- (c) whether any action or omission on the part of that person or those persons in respect of the matter specified below operates, or may be expected to operate, against the public interest: the matter specified is a refusal to supply the reference services to persons who wish to place advertisements containing information as to the price of the goods or services advertised.

The Commission shall report upon this reference within a period of nine months from the date hereof.

10 March 1987

(Signed) GORDON BORRIE  
Director General of Fair Trading

1.2. The reference was preceded by an investigation and report by the Director General of Fair Trading under section 3 of the Competition Act 1980. This report was published on 30 October 1985, and we have had it before us during our own investigation. In our report we refer to it as the 'OFT report', and 'the OFT' means the Office of Fair Trading.

1.3. The OFT investigation concerned the question whether Holmes McDougall Ltd (Holmes McDougall) had been or was pursuing a course of conduct which might amount to an anti-competitive practice. Holmes McDougall was the publisher of *The Great Outdoors* and *Climber & Rambler*, two specialist magazines intended for campers, climbers and walkers. The matters investigated were:

- (a) the policies and practices applied by the company in deciding whether to accept for publication in these two magazines advertisements for goods or services which contained prices or price comparisons; and
- (b) whether the application of such policies and practices or any of them was a course of conduct which amounted to an anti-competitive practice.

1.4. The OFT report showed that from August 1983 Holmes McDougall as a matter of policy would not accept for the magazines advertisements which contained prices except where the product or service advertised was own-brand or exclusively imported and only available through the advertiser's own outlets. The report concluded that the policy had an important effect on the provision of price

information to consumers and hence on prices in the market for goods and services designed to be used by or supplied to campers, climbers or walkers. By refusing advertisements containing prices for widely available brands, Holmes McDougall was restricting competition between suppliers who wish to compete by directly advertising low prices and other suppliers, mainly specialist retailers, who sold the same goods. The policy had the effect of restricting competition and was therefore anti-competitive.

1.5. During the OFT investigation it emerged that a similar policy was followed by at least one major competitor who published a specialist magazine in the same field, and it appeared that other publishers in the field might also exercise some control on price advertisements, even though this might not be stated policy. Holmes McDougall explained during the investigation that it was willing to abandon its policy if the OFT could negotiate a similar agreement with the company's competitors. Holmes McDougall was ready to give the appropriate undertakings as soon as such an agreement was reached.

1.6. The OFT report accepted that Holmes McDougall adopted its policy under pressure from advertisers in order to protect its position in the specialist magazine market, and that abandoning the policy might significantly affect the viability of the Holmes McDougall magazines. The OFT report also accepted that it would be inappropriate to seek an abandonment of Holmes McDougall's policy alone, since this would leave the other magazines in the field unaffected and would not suffice to eliminate the effect on competition identified in the report.

1.7. After the report was made the OFT therefore asked Holmes McDougall and all other publishers of specialist magazines considered by the OFT to be in the same field whether they were prepared to sign an undertaking relating to magazines published by them in the United Kingdom that they would not follow the policy of restricting price information in advertisements. The OFT did not obtain agreement from all of the publishers, and the Director General therefore decided to refer the policy as it operated in the whole field to the Commission under the Fair Trading Act.

1.8. On 10 March 1987 the Chairman of the Commission, acting under section 4 of the Fair Trading Act 1973 and Part II of Schedule 3 thereto, directed that the functions of the Commission in relation to the reference should be discharged through a group consisting of six members of the Commission. He appointed Mr R G Smethurst, being one of those members, as chairman of the group. The composition of the group is indicated in the list of members which prefaces this report.

1.9. Notices inviting evidence were placed in *The Times*, *Financial Times*, *Guardian*, *Glasgow Herald*, *British Business*, *Climber*, *The Great Outdoors* and *High*.

1.10. We received evidence from magazine publishers, from a number of manufacturers and distributors of specialist goods used by campers, climbers and walkers, and from several other witnesses including the British Mountaineering Council. We carried out two sample surveys, described later in this report, and each included an invitation to comment on the subject of our inquiry. The evidence we received from manufacturers and distributors was mainly in response to the surveys.

1.11. We provisionally concluded that a complex monopoly situation existed in favour of all publishers of the specialist magazines intended for campers, climbers and walkers who followed the policy of refusing to accept information as to the price of the goods or services advertised. We refer to this policy in our report as 'the reference policy'. We subsequently informed the three publishers whom we had identified as parties to the complex monopoly situation of the provisional conclusion that they were among the parties. The policy of one publisher, Footloose Magazine Ltd, was not clear to us (as it had also not been clear to the OFT in their investigation). We therefore informed this publisher too that we

understood that he might be a party to the complex monopoly. All were given an outline of the points which required consideration when assessing the effect of the monopoly situation on the public interest. We drew to their attention the criticisms made in the OFT report of the restrictions imposed by Holmes McDougall on advertisements published in its two specialist magazines intended for campers, climbers and walkers. We invited all four to make written representations and to attend hearings.

1.12. We thank all those who helped us with our inquiry, particularly Holmes McDougall and other publishers of specialist magazines.