

4 The reference policy and other influences affecting the acceptance of advertisements by publishers of specialist magazines intended for campers, climbers and walkers

4.1. The publishers of the specialist magazines who have confirmed that they follow the reference policy are Holmes McDougall Ltd, High Magazine Ltd, Rambler Ltd and Mountain Magazine Ltd. As we have explained earlier, David Green Publications is the operating division of *High's* and *Rambler's* parent company responsible for running these two magazines.

4.2. The details of Holmes McDougall's policy in refusing to accept advertisements containing information about the price of the goods or services advertised in *The Great Outdoors* and *Climber* have not changed since the time of the OFT report. The company will not accept advertisements which contain prices and/or price comparisons unless the product or service advertised is own-brand or exclusively imported and only available through the advertiser's own outlets. The policy does not distinguish between advertisements for goods and advertisements for services. Holmes McDougall told us that advertisements for services make up a negligible part of the advertisements in the two magazines, and they generally relate to holidays or courses which are own-brand by their nature. The company last received a request to publish a priced advertisement in October 1985.

4.3. David Green Publications will allow national manufacturers and distributors and suppliers of own-brands to display prices in advertisements in *High*. Advertisements are refused from firms whose purpose is to display prices of well-known proprietary brands at levels significantly below 'the going market norms'. David Green Publications told us that such firms were readily identifiable. The prohibition was relaxed in two cases during 1985. For some months *High* contained a centre fold insert showing 'lowish prices' for Blacks goods in copies of *High* supplied only to Blacks for sale in its own outlets. Subscription copies contained a loose insert showing 'exceptional bargains' from Taunton Leisure. David Green Publications told us that it would apply the reference policy to *Rambler* if asked, but that the question had never arisen.

4.4. Mountain Magazine told us that as an international magazine with most of its sales abroad, *Mountain* was not an important medium for advertisements by small retailers. This was also true as regards advertisements containing prices. Mountain Magazine also told us that because of pressure exerted by a large manufacturer who was its largest advertiser, it has been constrained to follow the reference policy, but has had no request since 1985 to publish an advertisement containing prices.

4.5 Footloose Magazine told us that no one had exerted any pressure on the magazine to refuse advertisements containing information as to the price of the goods advertised. We obtained the following information about advertisements in *Footloose*. In 1986 (the only year for which we have the information) none of *Footloose's* advertisements contained prices. Footloose Magazine told us that very few advertisers at present wanted to include price information in their

advertisements. *Footloose* received no advertisement revenue from mail order firms in 1986, but it was not made clear to us whether it would accept advertisements from any such firms. *Footloose Magazine* told us that it had no specific policy about accepting advertisements for goods which contained prices. However, it would not accept advertisements where the prices quoted appeared 'unrealistically low', where the goods advertised appeared to be of poor quality or where it did not believe that they were in stock. *Footloose* would also be reluctant to accept advertisements from companies with a record of being bad payers, and in its experience a number of mail order firms came especially into this category.

4.6. The information supplied by *Footloose Magazine* led us at the very least to be doubtful whether *Footloose* in fact pursued the reference policy. Bearing this in mind, we decided that it was not, in the circumstances, necessary to the conduct of our inquiry finally to determine the point and we did not pursue it.

Market share of publishers following the reference policy

4.7. As paragraph 3.12 shows, total advertising revenue in 1986 of the specialist magazines intended for campers, climbers and walkers amounted to about £1.3 million. In 1986 the advertising revenues of the specialist magazines intended for campers, climbers and walkers and published by Holmes McDougall, *High Magazine*, *Rambler* and *Mountain Magazine* amounted to about £780,000. *Footloose's* advertising revenue was very small in comparison.

Policy followed by the YHA

4.8. The YHA does not follow the reference policy in *The YHA Magazine*. It follows a separate policy of refusing to accept advertisements from suppliers of goods and services who are competitors of its associate, YHA Services Ltd, a company which is a supplier of goods and services through its own outlets. The YHA's policy can restrict the freedom to advertise in *The YHA Magazine* of retailers and of some manufacturers who sell by mail order ranges of products which are similar to those sold by YHA Services.

British Code of Advertising Practice

4.9. The British Code of Advertising Practice is the body of self-regulatory rules which controls the overwhelming majority of printed advertisements produced by the British advertising business. The broad requirements of the Code are that advertising should be legal, decent, honest and truthful. Several of the publishers told us that Code compliance was a prime factor in deciding whether or not to accept an advertisement. Our attention was particularly drawn to Section C. VI which governs mail order and direct response advertising. We also noted that the Code points out (Introduction, paragraph 10) that compliance is not a guarantee that an advertisement will be accepted by every publisher to whom it is offered.

Restrictions on prices in advertisements in other specialist magazines

4.10. During our inquiry we learnt of three publishers of specialist magazines covering interests entirely different from camping, climbing and walking who imposed restrictions on prices in advertisements because of pressure by advertisers to do so.

4.11. In 1983 one of these publishers adopted the policy of refusing to accept comparative price advertising because of pressure by certain specialist retailers who claimed to be seriously affected by mail order advertising and threatened to withdraw their advertising business. The publisher later reversed the policy when the specialist retailers concerned went into mail order themselves.

4.12. The other two publishers were the subject of a report published by the OFT¹ following an investigation by the Director General of Fair Trading under section 3 of the Competition Act 1980. The report concerned restrictions applied by *The World's Fair Ltd*, publisher of *Coin Slot*, and *Marcus Publishing PLC*, publisher of *Amusement Business*, to the publication of price information in advertisements for specialist goods consisting of new amusement machines and

¹ *The World's Fair Ltd and Marcus Publishing PLC: refusal to publish advertisements which contain certain price information, April 1987.*

video game printed circuit boards. *Coin Slot* and *Amusement Business* are specialist magazines for manufacturers, distributors and operators of gaming and amusement machines. According to the report, the publishers introduced the restrictive policies because of pressure from advertisers. Many of the advertisers were against advertising containing prices because this might encourage the end-users of machines, such as publicans and cafe owners, to buy them rather than to rent them. Many of the advertisers also wanted to curb the activities of distributors dealing in cheap printed circuit boards. The report concluded that the restrictions were anti-competitive. Shortly after it was published both magazine publishers gave the Director General undertakings under section 4 of the Competition Act that they would not refuse to accept advertisements containing prices for the specialist goods.

4.13. We examined the advertisements in specialist magazines in a number of fields, including caravanning, boating, various outdoor sports, do-it-yourself, home and business computing, hi-fi, photography and stamp collecting. The advertisements in the different magazines or indeed in different issues of the same magazines contained prices to varying extents. Some magazines in most of the fields we examined contained detailed advertisements with prices for a number of items.