

## Terms of reference and conduct of the investigation

### Terms of reference

1. On 5 April 2005 the OFT sent to the CC the following reference, as set out below:

The OFT, in exercise of its powers under section 131 of the Enterprise Act 2002, hereby makes a reference to the Competition Commission for an investigation into the supply of classified directory advertising services (the reference services) in the United Kingdom.

The OFT has reasonable grounds for suspecting that a feature or a combination of features of the market in which the reference services are supplied prevent, restrict or distort competition in connection with the supply of the reference services in the United Kingdom.

For the purposes of this reference:

“Classified directory advertising services” means the undertaking and performance of engagements to publish advertisements in printed directories which:

- (a) show suppliers of goods and services classified by reference to the goods or services supplied; and
- (b) are distributed wholly or mainly to consumers.<sup>1</sup>

(signed) **JONATHAN MAY**  
**Director, Markets and Policy Initiatives Division**  
**5 April 2005**

### Scope of reference

2. The CC is of the view that a publication is of the type described in the terms of reference if the following criteria are satisfied:

- (a) It is a printed publication (ie publication of advertisements in online directories does not fall within the definition of the reference services).
- (b) It is a directory (ie ‘a book listing alphabetically or thematically a particular group of individuals (eg telephone subscribers) or organizations with various details’— *Concise Oxford Dictionary*) that shows a broad range of suppliers of goods and services classified by reference to the goods or services supplied. It is the CC’s view that the following are examples of the type of publications that are likely to fall outside the scope of the reference:
  - documents containing significant editorial material such as a newspaper or magazine;

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<sup>1</sup>We have regarded publications that are collected (from outside shops, for example) by consumers to fall within the scope of the reference, although this was not the stance adopted by the MMC in 1996.

- local reference guides to clubs, community organizations, and services containing some advertisements;
  - publications that sort suppliers by location or alphabetically; and
  - apparently random lists of suppliers or advertisements (though publications of this type that contain a classified index would be regarded as classified directories as the index enables consumers to use them as a directory).
- (c) It contains advertisements, including paid-for enhanced entries (a directory that only contains lists of businesses without advertisements is not within the scope of the reference).
- (d) It is distributed wholly or mainly to consumers. The CC is minded to interpret the term 'distributed' broadly to include, for example, directories collected by consumers (eg from supermarkets, libraries) and directories contained in newspapers. The following are likely to fall outside the scope of the reference:
- business-to-business publications; and
  - publications sold in retail outlets.
- (e) It covers a broad range of goods and services rather than being limited to one or two classifications. A list of local restaurants and hotels, for example, would not constitute a directory.

### **Organizations whose publications fall within the scope of the reference**

3. The CC has identified the following organizations whose publications fall within the scope of the reference:

1 <sup>st</sup> Impressions Print & Design Limited	North Wales Newspapers Ltd
A & D Media Limited	Northcliffe Newspapers Group Ltd
Ashwell Associates Ltd ( <i>New Rutland Times</i> )	Paper Capers
Baylis & Co Ltd	Phone Free Pages
BT Group plc	Pink Local Directory Ltd
Call Free Directory Limited	Resurgam
Capital Directories Limited	Score Press Limited
CN Group Limited	Seek Directory Limited
Community Publications Ltd	The Shetland Times Limited
Dentons Directories Ltd	Tadley & District Chamber of Trade
Dunfermline Press Group	The Local Group of Directories Limited ( <i>Tele Pages</i> )
Forth Independent Newspapers Ltd	Thomson Directories Ltd
Higgs Group	Town and Country Publishing Ltd
Johnston Press plc	Trinity Mirror plc
Kingston Communications (HULL) PLC	Wallingford Business Partnership
Me Media Limited	Yell Group plc
Mole Valley District Council	Yellow Book Publishing Limited
Newsquest Media Group Limited	Your Local Link Limited

### **Conduct of the investigation**

4. Notices inviting interested parties to submit evidence to the CC were placed in the *Daily Mail* and *Media Week*. We also posted an invitation to express views to us on the CC website.

5. We sought evidence from main parties and the following third parties: customers, consumer interest groups, industry bodies, online service providers, and others.
6. Non-sensitive versions of the evidence provided to us by main and third parties can be found on the CC website.
7. We held five Group hearings with third parties (namely ISBA, i-CD Publishing (192.com), The Newspaper Society, Google, and Norwich Union); and four staff hearings (namely DAA, TMP, Which? and Budget Insurance). We also held discussions with the OFT and Ofcom.
8. The CC commissioned research to explore advertisers' perceptions and experiences of classified directory advertising services. Two complementary studies were carried out; one was among the largest classified directory advertisers and conducted by AIA, while the other was a survey of all other advertisers by BMRB. The results of these studies were published on the CC website.
9. Members of the investigation Group, accompanied by staff, visited BT, Thomson, and Yell. A staff visit was made to Trinity Mirror.
10. In the course of the investigation we held four hearings with each of BT, Thomson, and Yell; one hearing with Dentons Directories and one with Trinity Mirror. Non-sensitive versions of parties' initial submissions, responses to the Emerging Thinking document, responses to the provisional findings and the Notice, and responses to our remedies proposals and revised remedies proposals can be found on the CC website.
11. In the course of the investigation we sent to the parties copies of our Statement of Issues, the AIA study and BMRB survey, a number of working papers, the CC's Emerging Thinking document, the provisional findings and the Notice, remedies proposals, revised remedies proposals and clarification of remedies proposals. These can be found on our website along with non-sensitive comments received from parties.
12. We would like to thank all those who have assisted in our investigation.
13. A copy of these findings has been placed on the CC website.