EUROPEAN COMMISSION

Brussels, 30.3.2020
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PUBLIC VERSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

To the notifying party

Subject: **Case M.9705 – EXOR/GEDI**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 24 February 2020, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which EXOR N.V. ("EXOR" or the "Notifying Party", the Netherlands) acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control over the whole of GEDI Gruppo Editoriale S.p.A. ("GEDI" or "Target", Italy) (the "Transaction"). EXOR and GEDI are collectively referred to as the "Parties".[3]

1. THE PARTIES

(2) EXOR is a holding company with investments in companies operating in various sectors, among which car manufacturing, production of commercial vehicles used for

1 OJ L 24, 29.1.2004, p. 1 (the "Merger Regulation"). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("TFEU") has introduced certain changes, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this decision.

2 OJ L 1, 3.1.1994, p. 3 (the "EEA Agreement").

3 Publication in the Official Journal of the European Union No C 89, 18.03.2020, p.2.

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agriculture and industry in general, reinsurance and professional football clubs. Fiat Chrysler Automobiles N.V. ("FCA") is the most prominent company controlled by EXOR.

(3) GEDI is active, directly and/or through its subsidiaries, in the publishing, digital communication, radio and television sectors in Italy.[4] GEDI, through its subsidiary A.Manzoni & C.S.p.A ("Manzoni"), is also active in the sale of advertising space on daily and non-daily press, online, on the radio and on television,.

2. THE CONCENTRATION

(4) Pursuant to a purchase agreement dated 2 December 2019, EXOR will indirectly acquire 43.78% of GEDI's shareholding currently held by CIR – Compagnie Industriali Riunite S.p.A. ("CIR").[5] EXOR already holds a minority shareholding which amounts to 5.99% of GEDI's shares. Accordingly, post-Transaction EXOR will hold 49.77% of GEDI's shareholding.

(5) Since GEDI holds treasury shares equal to 4.30% of its issued share capital, post-Transaction EXOR will de facto hold 52.01% of the voting rights in GEDI.[6] EXOR will be able to appoint the majority of the members of GEDI's Board of Directors that takes strategic decisions by a simple majority. Therefore, post-Transaction, EXOR will exercise sole control over GEDI.[7]

(6) The Transaction therefore constitutes a concentration pursuant to Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

(7) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 billion[8] (EXOR: EUR [130-160] billion, GEDI: EUR [700-800] million). Each of them has an EU-wide turnover in excess of EUR 250 million (EXOR: EUR [30 000 - 40 000] million, GEDI: EUR [700-800] million). None of the Parties achieves more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.

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4 GEDI is active in the following sectors: daily press, on a national and local basis (e.g., La Repubblica, La Stampa); monthly and weekly press (e.g., L'Espresso, National Geographic Italia); distribution of written press on a national and local level; radio through the subsidiary Elemedia S.p.A (Radio Deejay, Radio Capital and m2o); television (Deejay TV).

5 EXOR will indirectly acquire these shares through a wholly owned special purpose vehicle of new creation ("BidCo").

6 52.01% voting rights corresponds to the pro rata of the operating voting right after deducting from the total voting rights the treasury shares (4.30%) which are not outstanding and therefore cannot be used to express votes.

7 When the Transaction closes, BidCo will launch a mandatory takeover bid on the outstanding shareholding of GEDI. Accordingly, subject to the outcome of the mandatory takeover bid, EXOR could indirectly hold the entire shareholding of GEDI. The Notifying Party submits that CIR intends to reinvest in BidCo in order to acquire a shareholding equal to 5%.[Corporate governance's details concerning the potential future transaction regarding GEDI's shareholding].

8 Turnover calculated in accordance with Article 5 of the Merger Regulation.

(8) Therefore, the Transaction has an EU dimension pursuant to Article 1(2) of the Merger Regulation.

4. RELEVANT MARKETS

(9) The Parties' activities do not lead to any horizontal overlaps. The Transaction only gives rise to a vertical relationship between GEDI's activities in the upstream market for the sale of advertising space in Italy and EXOR's activities, through FCA, as a manufacturer and supplier of passenger cars and light commercial vehicles ("LCVs").[9]

4.1. Product market definition

4.1.1. Sale of advertising space

4.1.1.1. Commission's precedents

(10) In previous decisions, the Commission considered that the market for advertising space may be segmented into (i) online and (ii) offline advertising space.[10] Within offline advertising space, the Commission found that a further segmentation between (i) written press (ii) television and (iii) radio advertising space could be relevant.[11] In addition, within the written press segment, the Commission considered that (i) daily and (ii) non-daily written press may constitute separate markets.[12]

4.1.1.2. The Notifying Party's view

(11) The Notifying Party submits that the precise market definition can be left open in the present case as the Transaction does not raise concerns under any plausible product market definition.

4.1.1.3. The Commission's assessment

(12) The Commission considers that for the purpose of the present decision the exact product market definition for the sale of advertising space (whether overall or segmented into online and offline advertising which is further sub-segmented into advertising in the written press, daily and non-daily, on the radio or on television) can be left open as the Transaction does not raise serious doubts as to its compatibility

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9 EXOR is not active in any of the segments in which GEDI is active, except for a non-controlling shareholding in The Economist Newspaper Ltd. ("The Economist"). EXOR holds 43.40% of the shareholding of The Economist Newspaper, in B-shares. According to the Articles of Association of The Economist, notwithstanding the actual shareholding ownership, no shareholder is entitled to more than 20% of the total voting rights. [Details concerning the corporate governance rules of The Economist]

10 Commission decision of 23 April 2018, Case COMP/M.8944 – *Liberty Global/De Vijver Media and Liberty Global (SBS)/Mediahuis/JV*, para. 70; Commission decision of 6 September 2018, Case COMP/M.8788 – *Apple/Shazam*, rec. 133; Commission decision of 15 June 2018, Case COMP/M.8861 – *Comcast/Sky*, paras. 64, 66 and 69.

11 Commission decision of 23 April 2018, Case COMP/M.8944 – *Liberty Global/De Vijver Media and Liberty Global (SBS)/Mediahuis/JV*, para. 65; Commission decision of 15 June 2018, Case COMP/M.8861 – *Comcast/Sky*, paras. 64 and 69; Commission decision of 7 April 2017, Case COMP/M.8354 – *FOX/SKY*, para. 114.

12 Commission decision of 7 April 2017, Case COMP/M.8354 – *FOX/SKY*, para. 112.

with the internal market or the functioning of the EEA Agreement under any plausible market definition for the sale of advertising space.

4.1.2. Manufacturing and supply of passenger cars and commercial vehicles

4.1.2.1. Commission's precedents

(13) In previous decisions, the Commission considered separate markets for the manufacturing and supply of passenger cars on the one hand, and of commercial vehicles on the other hand.

(14) For passenger cars, the Commission considered possible separate product markets for (i) mini cars (ii) small cars, (iii) medium cars, (iv) large cars, (v) executive cars, (vi) luxury cars, (vii) sport coupés, (viii) multipurpose vehicles, and (ix) sport utility vehicles ("SUVs").[13]

(15) The Commission has previously considered further sub-segmentation of the possible market for SUVs into (i) small, (ii) medium, and (iii) large SUVs but ultimately left the precise market definition open. Furthermore, the Commission left open whether electric cars constitute a separate product market and whether this possible market should be further segmented according to (i) technology (electric battery cars and hybrid cars) or, (ii) by category of car, as those defined in paragraph (14) for vehicles with combustion engines.[14]

(16) In previous decisions, the Commission considered a possible segmentation of the market for commercial vehicles into (i) LCVs with a gross weight below 6 tons, (ii) medium trucks between 6 and 16 tons, and (iii) heavy trucks above 16 tons.[15]

(17) For LCVs, the Commission considered but ultimately left open, whether to further sub-segment LCVs into vehicles (i) up to 3.5 tons and (ii) between 3.5 and 6 tons. The Commission also ultimately left open whether pick-up trucks can be considered passenger cars given that they can be purchased for private use and can transport both goods and people.[16]

4.1.2.2. The Notifying Party's view

(18) The Notifying Party submits that the precise market definition can be left open in the present case as the Transaction does not raise concerns under any plausible product market definition.

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[13] Commission decision of 10 December 2019, Case COMP/M.9360 – *Daimler/Geely/JV*, para. 15; of 5 July 2017, Case COMP/M.8449 – *Peugeot/Opel*, para. 11; Commission decision of 24 July 2009, Case COMP/M.5518 – *Fiat/Chrysler*, para. 12.

[14] Commission decision of 10 December 2019, Case COMP/M.9360 – *Daimler/Geely/JV*, para. 16; Commission decision of 5 July 2017, Case COMP/M.8449 – *Peugeot/Opel*, paras. 14-16.

[15] Commission decision of 26 July 2017, Case M.8309 – *Volvo Car Corporation/First Rent a Car*, para.13; Commission decision of 5 October 2016, Case M.8099 – *Nissan/Mitsubishi*, para.17; Commission decision of 5 December 2006, Case M.4420 – *Credit Agricole Fiat Auto/FAFS*, para.20.

[16] Commission decision of 10 December 2019, Case COMP/M.9360 – *Daimler/Geely/JV*, paragraph 17; Commission decision of 5 July 2017, Case COMP/M.8449 – *Peugeot/Opel*, paragraphs 21-24.

4.1.2.3. The Commission's assessment

(19) The Commission considers that for the purpose of the present decision the question whether there are separate markets for passenger cars and commercial vehicless[17] and whether they should be further sub-segmented as indicated at paragraphs (14)-(17) can be left open as the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement under any plausible market definition for the manufacturing and supply of passenger cars and commercial vehicles.

4.2. Geographic market definition

4.2.1. Sale of advertising space

4.2.1.1. Commission's precedents

(20) With regard to the market for advertising space, in previous decisions referenced in Section 4.1.1, the Commission considered the market for advertising space to be national in scope.[18]

4.2.1.2. The Notifying Party's view

(21) The Notifying Party submits that the precise market definition can be left open in the present case as the Transaction does raise any concerns under any plausible geographic market definition.

4.2.1.3. The Commission's assessment

(22) In view of previous decisions, the Commission takes the view that, for the purpose of the present decision, the geographic market is national, i.e., the sale of advertising space (and possible sub-segments) in Italy.

4.2.2. Market for manufacture and supply of passenger cars and commercial vehicles

4.2.2.1. Commission's precedents

(23) With regard to manufacturing and supply of passenger cars and commercial vehicles, in previous decisions referenced in Section 4.1.2, the Commission left open whether the geographic scope of the markets for manufacturing and supply of passenger cars and commercial vehicles is EEA-wide or national in scope.[19]

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17 The Notifying Party submits that, within the commercial vehicles sector, FCA is active in the manufacturing and supply of (i) LCVs of up to 3.5 tons and (ii) LCVs from 3.5 to 6 tons (only to a limited extent). FCA does not manufacture commercial vehicles with a gross weight in excess of 6 tons. FCA is thus not active in the manufacture and supply of medium trucks and heavy trucks.

18 Commission decision of 15 June 2018, Case COMP/M.8861 – *Comcast/Sky*, para. 74; Commission decision of 7 April 2017, Case COMP/M.8354 – *FOX/SKY*, para. 118; Commission decision of 12 March 2013, Case COMP/M.6840 – *Goldman Sachs/TPG Lundy/Romanes Media Group*, para. 19; Commission decision of 21 December 2010, Case COMP/M.5932 – *News Corp/BskyB*, paras. 269-270.

19 Commission decision of 10 December 2019, Case COMP/M.9360 – *Daimler/Geely/JV*, para. 21; Commission decision of 5 July 2017, Case COMP/M.8449 – *Peugeot/Opel*, para. 26; Commission decision of 24 July 2009, Case COMP/M.5518 – *Fiat/Chrysler*, para. 20; Commission decision of 5 October 2016, Case M.8099 – *Nissan/Mitsubishi*, para.19-21; Commission decision of 5 December 2006, Case M.4420 –

4.2.2.2. The Notifying Party's view

(24) The Notifying Party submits that the precise market definition can be left open in the present case as the Transaction will not raise any concerns under any plausible geographic market definition.

4.2.2.3. The Commission's assessment

(25) The Commission considers that for the purpose of the present decision the question whether the market for manufacturing and supply of passenger cars and commercial vehicles (and possible sub-segments) is EEA-wide or national can be left open. The Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement under any plausible market definition.

5. COMPETITIVE ASSESSMENT

(26) The Transaction does not lead to any horizontal overlaps between the Parties' activities. The Transaction gives rise to a vertical relationship between GEDI's activities as a supplier of advertising space and EXOR's activities, through FCA, as a manufacturer and supplier of passenger cars and LCVs.

5.1. Framework for the competitive assessment

(27) Pursuant to the Non-Horizontal Merger Guidelines, in the context of vertical mergers, foreclosure occurs when actual or potential rivals' access to supplies or markets is hampered, thereby reducing those companies' ability and/or incentive to compete. Such foreclosure may discourage entry or expansion of rivals or encourage their exit.[20]

(28) The Non-Horizontal Merger Guidelines distinguish between two forms of foreclosure: input foreclosure occurs where the merger is likely to raise the costs of downstream rivals by restricting their access to an important input and customer foreclosure occurs where the merger is likely to foreclose upstream rivals by restricting their access to a sufficient customer base.[21]

(29) In order for foreclosure to be a concern, three conditions need to be met post- merger: (i) the merged entity needs to have the ability to foreclose its rivals[22] ; (ii) the merged entity needs to have the incentive to foreclose its rivals[23]; and (iii) the foreclosure strategy needs to have a significant detrimental effect on the parameters of competition on the downstream market (input foreclosure)[24] or on consumers (customer

Credit Agricole Fiat Auto/FAFS, para.21; Commission decision of 5 July 2017, Case COMP/M.8449 – *Peugeot/Opel*, paragraphs 26; Commission decision of 10 December 2019, Case COMP/M.9360 – *Daimler/Geely/JV*, para. 19;

20 Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentration between undertakings (the "Non-Horizontal Merger Guidelines") OJ C 265/6, 18.10.2008, paragraphs 29-30.

21 See Non-Horizontal Merger Guidelines, paragraph 30.

22 See Non-Horizontal Merger Guidelines, paragraphs 33 to 39 and 60 to 67.

23 See Non-Horizontal Merger Guidelines, paragraphs 40 to 46 and 68 to 71.

24 See Non-Horizontal Merger Guidelines, paragraphs 47 to 57.

foreclosure).[25] In practice, these factors are often examined together since they are closely intertwined.

5.2. Affected markets

5.2.1. Market shares

(30) In 2018, GEDI had market shares below 30% in all possible segments of the market for the sale of advertising in Italy, as demonstrated in Table 1 below.

Table 1: GEDI's Market shares in the market for advertisement space by value (Italy, 2016 -2018)

Value	**2016 (in %)**	**2017 (in %)**	**2018 (in %)**
Advertisement on daily written press	**[20-30]**	[20-30]	**[20-30]**
Advertisement on non-daily written press	-	[0-5]	[0-5]
Online advertisement	[0-5]	[0-5]	**[0-5]**
Advertising on radio	[10-20]	[10-20]	**[10-20]**
Television Advertising	0.0	0.0	**0.0**
Advertisement space in Italy	**-**	-	**[0-5]**

Source: Form CO

(31) EXOR (through FCA's activities) has market shares exceeding 30% in the EEA market for the manufacture and supply of mini cars and the Italian markets for the manufacture and supply of mini cars and for the manufacture and supply of multipurpose vehicles. FCA's market share remains below 30% in all the other possible product and geographic market definitions referred to at paragraphs (19) and (25).

Table 2: Market shares for the manufacture and supply of mini cars (EEA and Italy, 2016-2018)

Volume	**2016 (in %)**		**2017 (in %)**		**2018 (in %)**	
	EEA	**Italy**	**EEA**	**Italy**	**EEA**	**Italy**
FCA	**[30-40]**	**[60-70]**	**[30-40]**	**[60-70]**	**[30-40]**	**[50-60]**
PSA	[20-30]	[10-20]	[10-20]	[10-20]	[10-20]	[10-20]
Hyundai-Kia	[10-20]	[5-10]	[10-20]	[5-10]	[10-20]	[5-10]
Volkswagen	[10-20]	[5-10]	[10-20]	[5-10]	[10-20]	[5-10]
Toyota	[5-10]	-	[5-10]	-	[5-10]	-
Renault-Nissan-Mitsubishi	[5-10]	-	[5-10]	-	[5-10]	-
Daimler	[5-10]	[5-10]	[5-10]	[5-10]	[5-10]	[5-10]
Others	[0-5]	[5-10]	[0-5]	[5-10]	[0-5]	[5-10]
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: Form CO

[25] See Non-Horizontal Merger Guidelines, paragraphs 72 to 77.

Table 3: Market shares for the manufacture and supply of multipurpose vehicles (Italy, 2016-2018)

Volume	2016 (in %)	2017 (in %)	2018 (in %)
FCA	**[30-40]**	**[30-40]**	**[30-40]**
Renault-Nissan-Mitsubishi	[5-10]	[10-20]	[10-20]
Ford	[10-20]	[10-20]	[10-20]
PSA	[10-20]	[10-20]	[10-20]
Daimler	[5-10]	[5-10]	[5-10]
Hyundai-Kia	[5-10]	[5-10]	[5-10]
Others	[10-20]	[10-20]	[10-20]
Total	**100**	**100**	**100**

Source: Form CO

(32) Therefore, on the basis of the information provided by the Notifying Party, the Commission considers that the affected markets are:

- the upstream market for the sale of advertising space in Italy and its possible sub-segments: (i) on daily written press; (ii) on non-daily written press; (iii) online; (iv) on radio; and, (v) on television.

- the downstream markets for

    - the manufacture and supply of (a) mini cars and (b) multipurpose vehicles in Italy, and

    - the manufacture and supply of mini cars in the EEA.

5.3. Analysis of vertical effects

5.3.1. Input foreclosure

5.3.1.1. The Notifying Party's view

(33) According to the Notifying Party, the Transaction is not likely to lead to input foreclosure with regard to the sale of advertising space for the reasons set out at paragraphs (34)-(36) below.

(34) First, the Notifying Party submits that GEDI would not have the ability to engage in input foreclosure. The Notifying Party considers that GEDI does not have the necessary market power to engage in an input foreclosure strategy denying access to advertising space to competitors of FCA. GEDI has limited market shares, i.e., below [5-10]% under all segments except for the Italian market for advertising on daily written press ([20-30] %) and the market for radio advertising ([10-20] %) in 2018. In the Italian market for advertising on daily written press, alternative suppliers include Cairo Communication/RCS ([20-30] %), Montif ([5-10] %), and the Caltagirone Group ([5-10] %). In the Italian market for advertising on radio, the market leaders are Radio Televisione Italiana (RAI) ([20-30] %) and Fininvest ([10-20] %).

(35) Second, the Notifying Party submits that the strong presence of specialised advertising agencies would also exclude any possible ability of the merged entity to engage in

input foreclosure. According to the Notifying Party, advertising intermediaries manage about 80% of national campaigns on television and in newspapers. In the Notifying Party's view, such agencies, which purchase advertising spaces in various types of media, thus enjoy a significant countervailing buyer power, which prevents small media owners, such as GEDI, from raising prices for the sale of advertising space. Furthermore, these intermediation agencies do not only sell advertising space to car manufacturers, but also to market players in other sectors. Accordingly, if GEDI increased prices for automotive campaigns, the intermediaries could divert demand from a significantly larger pool of advertising purchasers to alternative suppliers.

(36) Third, the Notifying Party submits that GEDI would not have any incentive to adopt an input foreclosure strategy as such a strategy would not be profitable for the merged entity. The Notifying Party explains that GEDI applies a profit maximising strategy by selling advertising space to a mix of customers, including FCA's competitors. Due to GEDI's lack of market power in the upstream market, denying sales of GEDI's advertising space to FCA's competitors would result in lost profits but is not likely to result in any increased sales of cars in the downstream market. The Notifying Party submits that, in view of EXOR's existing minority shareholding in GEDI pre-Transaction, GEDI would have already stopped selling advertising space to FCA's competitors in the downstream market if such a strategy were profitable.

(37) Furthermore, the Notifying Party submits that GEDI's hypothetical decision to exclusively or substantially sell advertising space only to FCA post-Transaction would qualify as a related-party transaction that would require a prior approval from the related-party committee, in charge of the protection of the interests of GEDI's minority shareholders. In this respect, the Notifying Party explains that such a strategy (excluding sales to a large number of customers) would likely not be approved by the related-party committee protecting the interests of minority shareholders.

5.3.1.2. The Commission's assessment

(38) The Commission considers that for the reasons set out below, the merged entity would neither have the ability nor the incentive to foreclose FCA's competitors in the downstream market for manufacturing and supply of cars (and possible sub-segments) by exclusively supplying GEDI's advertising space to FCA and that, in any event, any such strategy would not have a significant detrimental effect on competition downstream.

(39) First, with regard to the ability to engage in input foreclosure, the merged entity does not have a significant degree of market power in the upstream market to successfully deny access to advertising space to FCA's competitors. As set out at Table 1, in most segments GEDI's market shares are very limited (below [5-10] %). In the segments for advertising on daily written press and advertising on radio in Italy, GEDI has a market share of [20-30] % and [10-20]%, respectively. Therefore, based on the Notifying Party's submission, GEDI's market shares in the upstream market for the sale of advertising space remain below 30 % in all plausible segments.

(40) Second, the market investigation results confirm that customers of advertising space, including FCA's competitors in the downstream market for manufacturing and supply of cars are not dependent on GEDI's advertising space and that GEDI does not account

for a major part of their demand.[26] Some respondents to the market investigation further indicate that advertising space is also purchased through intermediary advertising agencies.[27] The Commission considers, based on the Notifying Party's submission, that post-Transaction there will remain a sufficient number of alternative suppliers of advertising space in all possible segments, such as Cairo Communications/RCS, Montif and Caltagirone Group (advertising on daily written press) and Radio Televisione Italiana (RAI) and Fininvest (advertising on radio).

(41) Third, with regard to the <u>incentive</u> to engage in input foreclosure, the Commission notes that GEDI's limited market shares in all possible segments of the upstream market for the sale of advertising space would likely render any input foreclosure strategy unprofitable. In particular, the Commission considers that selling GEDI's advertising space only to FCA post-Transaction would likely result in lost sales from potential customers (both from the automotive and other sectors) that would not be recouped by any increased sales in the downstream market for manufacturing and supply of cars.

(42) Fourth, the Commission considers that even if the merged entity pursued an input foreclosure strategy, for the reasons set out at paragraphs (39)-(41) above, such a strategy would likely not result in any reduction in the rivals' ability or in their incentive to compete with the merged entity and would not lead to any appreciable increase in prices in the downstream market for manufacturing and supply of cars.

(43) Based on the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market with respect to potential input foreclosure.

5.3.2. *Customer foreclosure*

5.3.2.1. The Notifying Party's view

(44) According to the Notifying Party, the Transaction is not likely to lead to customer foreclosure with regard to the sale of advertising space for the reasons set out at paragraphs (45)-(48) below.

(45) First, the Notifying Party submits that the Parties would lack the ability to foreclose suppliers of advertising space from access to key customers. The Notifying Party argues that from the perspective of a supplier of advertising space, such as GEDI, the possibility to advertise FCA's vehicles is equivalent to the possibility of advertising any other products/services offered by third companies.

(46) Second, the Notifying Party argues that FCA's expenses for advertising space represent a negligible share of the overall market. In 2018, FCA's expenses accounted for less than [0-5] % of the expenses in an overall media advertising market in Italy, under all plausible segments, except for the Italian market for radio advertising, in which FCA represents [0-5] % of the expenses. Given FCA's small share of the advertising market in Italy, the Notifying Party submits that GEDI's competitors would have sufficient possibilities to sell advertising spaces to all other car

26 Q2 – Questionnaire to Customers ("Q2"), replies to question 4.

27 Q1 – Questionnaire to Competitors ("Q2"), replies to question 3.2; Q2, replies to question 4.1.

manufacturers (as well as any other company) active in Italy, even if post-Transaction FCA only purchased advertising space from GEDI.

(47) Third, the Notifying Party submits that GEDI would not have the incentive to foreclose advertising space suppliers from access to key customers. In the Notifying Party's view, a potential customer foreclosure strategy would not be profitable. [FCA's advertising strategy on Italian media].. According to the Notifying Party, a change in this strategy would negatively affect FCA's profits in the downstream market for manufacture and supply of cars which cannot be offset by any hypothetical incremental gains in advertising revenues in the upstream market.

(48) Fourth, the Notifying Party submits that [FCA's advertising strategy on Italian media]. Accordingly, due to product differentiation, FCA would not be able to exclusively or substantially use GEDI's limited market position on television and online advertising. This is already the case today, despite EXOR owning a minority shareholding in GEDI, with GEDI only representing [10-20] % of the overall space advertising expenses by EXOR.

5.3.2.2. The Commission's assessment

(49) The Commission considers that for the reasons set out below, the merged entity would neither have the ability nor the incentive to foreclose rivals upstream by exclusively relying on GEDI's advertising space and stopping purchases of advertising space from other suppliers and that, in any event, any such strategy would not have a significant detrimental effect in the downstream market and harm consumers.

(50) First, with regard to the ability to engage in customer foreclosure, the Commission takes the view that FCA does not constitute an important route to market for suppliers of advertising space. The market investigation results confirm that suppliers of advertising space (in all possible sub-segments) do not only sell to customers from the automotive industry but also to customers from other industries.[28] In addition, based on the Notifying Party's submission (see paragraph (46)) and the market investigation results, FCA does not account for a large proportion of advertising sales in Italy.[29] Therefore, the Commission considers that post-Transaction there will remain sufficient alternative customers of advertising space.

(51) Second, with regard to the incentive to engage in customer foreclosure, the Commission notes that due to product differentiation, FCA is unlikely to be able to solely rely on GEDI's media for all its advertising needs. Some respondents to the market investigation expressed the view that automotive players have specific needs in terms of advertising and they can achieve their targets by devising campaigns in different media belonging to various suppliers of advertising space.[30] Furthermore, due to GEDI's very limited position in specific sub-segments (e.g., TV and online advertising), FCA is likely to continue sourcing advertising space from alternative suppliers rather than exclusively relying on GEDI.[31]

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[28] Q2 – Questionnaire to Customers ("Q2"), replies to question 4.2.

[29] Q2 – Questionnaire to Customers ("Q2"), replies to question 4.2 and 5.1.

[30] Q2 – Questionnaire to Customers ("Q2"), replies to question 4.2.

[31] Q2 – Questionnaire to Customers ("Q2"), replies to question 6.1.

(52) Third, the Commission considers that even if the merged entity pursued a customer foreclosure strategy, for the reasons set out at paragraphs (50)-(51) above, such a strategy would not adversely affect upstream rivals' ability to compete in such a way as to lead to detrimental effects on competition in the downstream market for the manufacture and supply of cars.

(53) Based on the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market with respect to potential customer foreclosure.

6. CONCLUSION

(54) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President