

Ireland

1. Introduction

The Republic of Ireland is a small country, both in terms of its geographical land mass but in particular, in population. 4.5 million people live within the borders. The small scale of the market has immediate implications for the structure of media markets here, limiting the number of players that can be accommodated within any given media market. At the same time the extensive literature suggesting that media industries are especially characterised by economies of scale and scope encouraging the creation of larger media enterprises, finds local expression in the fact that many Irish media markets (e.g. wireline and mobile telephony) are dominated by either a handful of relatively large players or, in some cases, are de facto monopolies (e.g. satellite broadcasting and cable television).

That this is not necessarily the case in all industries (e.g. broadcast television and print media) owes much to the presence of international players in the Irish market. A combination of political, geographical and linguistic factors have conspired to ensure that the borders surrounding the Irish media market are amongst the most porous in the western world. Unfortunately this presents very real difficulties in terms of conducting Irish media market analyses because it is often impossible to identify the "Irish media market" as a discrete entity. For example, published figures in annual reports from Irish media groups tend not to isolate their domestic activities from their activities outside Ireland. Furthermore, the international media groups that play significant (indeed often dominant) roles in virtually all Irish media sectors rarely present disaggregated figures on the value of their Irish activities. This is perfectly illustrated by film distribution which is dominated by the US majors. However, although Sony, Viacom, Fox etc maintain offices in Ireland, the key decisions for the Irish market are taken in London and all of the distributors treat the UK and Ireland as a single market, presenting the revenues from both markets in aggregated form. As a consequence, for the main part, it is not possible to produce reliable revenue figures as a basis for estimating the market shares of individual media firms. For the most part, therefore, the discussion which follows addresses questions of media concentration in terms of share of circulation, readership, household penetration etc.

The porousness of the Irish market derives in part from the fact that Ireland was a part of the United Kingdom until 1922 at which point it became an independent state. (The country was officially established as a Republic in 1949.) As a consequence UK-published newspapers were widely available in Irish society from the foundation of the state. That said, in the newspaper market at least, foreign newspapers have always competed with domestic titles. The same was not necessarily true of broadcasting. Thus the reception of BBC radio broadcasts in Ireland (which began in 1922) predated the establishment of the first indigenous Irish broadcaster (2RN) by four years. Similarly although Irish television did not begin until 1961, viewers in parts of the eastern seaboard could have received BBC television signals from as early as 1936. British commercial television, broadcast by the ITV network was also available in parts of Ireland from 1955. The fact that Ireland has shared a land border with a component of the UK (Northern Ireland) made such spillover inevitable. Indeed it was the availability of these foreign signals that in part drove the Irish state to establish their domestic counterparts.

The presence of overseas players in those markets which spun out of telecommunications (ISPs, mobile telephony, etc.) is a more recent phenomenon. Telecommunications services were run as a state monopoly until the 1990s. The UK government had nationalized the telephone service in 1911 (having previously - in 1869 - nationalized the telegraphs). As a consequence, in 1922 the new Irish state inherited a telephone and telegraphs monopoly. However, with the publication of the European Union's 1987 Green Paper on Telecommunications and the establishment of the WTO's 1998 Basic Telecommunications Agreement, the pressure to "liberalise" the Irish telecoms market became harder to resist. Thus the 1990s gradually saw more and more of the market opened to private competition, first in the handset market, then in offerings to corporate customers and in the emerging mobile telephony market before the Irish telecommunications market was entirely liberalized in December 1998. This private competition was initially constituted by indigenous firms but,

in a pattern established with the mobile telephony market in particular, such firms typically became takeover targets for international media and communications players after enjoying rapid initial growth. Thus whilst in 1998 both players in the Irish mobile market were owned by domestic firms, as of 2011, the sector is dominated by firms headquartered in the UK, Spain, Singapore and Hong Kong.

The arrival of competition into Ireland's media markets brought with it a concomitant need to introduce regulation. Responsibility for the various media sectors is spread between a number of institutions: television and radio stations are licenced by the Broadcasting Authority of Ireland. However fixed and mobile telecommunications services (including cable and satellite television operators) are licenced by the Commission for Communications Regulation (COMREG). There is no specific body for licencing newspapers (although since 2006 Ireland has had a Press Council which offers a means of redress for individual and companies who feel they have been treated unfairly through press coverage.)

That said, all media (including print media) in Ireland are also subject to the oversight of the Competition Authority. Until 2002, the Authority treated all business enterprises alike: the approval of the Minister for Industry and Commerce was required in any instance where one enterprise proposed acquiring 30% or more of another organization. This had some impact in the sphere of the media. In 1992, for example, the Competition effectively blocked a move by Independent News and Media to increase its shareholding in The Sunday Tribune from 29.99% to 53.09%.

However, the Competition Act of 2002 included a new section dedicated to media ownership reflecting recommendations from a 1996 state Commission on the Newspaper Industry to the effect that the relevant Minister (now Enterprise and Employment) take into account the following issues in determining whether to permit a media merger to proceed:

- The strength and competitiveness of the indigenous industry in relation to UK titles
- The plurality of ownership;
- The plurality of titles;
- The diversity of views in Irish society
- The maintenance of cultural diversity.

Indeed the scope of the 2002 Competition Act as a whole was broader than previous legislation in that the Minister for Enterprise and Employment may investigate any proposed merger where the "exigencies of the common good" demand it. In practice, however, activity is limited to mergers involving companies with annual turnovers of €40m or more.

2. The Issues

To the extent that it is a public issue in Ireland, the question of media concentration is commonly associated with the perception that a handful of companies control significant percentages of one or more media markets. One might expect that concerns around such concentration would be framed in terms of its negative impact on the scope for media pluralism. In practice such concerns are often - literally - academic in Ireland, however. For example, from the late 1980s to the late 1990s, much of what passed as explicit public discussion of media mergers and concentration in Ireland was dominated by two key issues:

1) The introduction of private sector actors and competition in the broadcasting sector in line with neo-liberal or 'de-regulatory' policy developments in the EU and international contexts.

2) In the print media sector, a pronounced concern with a perceived threat to 'indigenous' newspapers from external (UK-based) competition (Horgan, 2001; Kenny, 2009).

The latter concern was clearly manifest in the establishment (and framing) of an official *Commission on the Newspaper Industry* in September 1995. The resulting report was highly orientated towards industrial and economic as opposed to political and cultural diversity or plurality concerns. It was especially attentive to the protection or strengthening of the

'indigenous' print media industry in face of 'the challenge' posed by UK-based newspapers (Kenny, 2009: 99-100; see also Horgan, 2001).

This is also reflected in the manner in which the Competition Authority applies a test to the evaluation of media mergers which is 'exactly the same as that applied to non-media mergers i.e. whether or not it will substantially lessen competition in markets for goods or services in the State.' (Ireland, AGMM, 2009: 50).

Attention was drawn to this issue by a state appointed Advisory Commission on Media Mergers in 2009 which noted that

'It is widely recognised that this test while sufficient to protect the public interest in competition, is not in itself always sufficient to protect the public interest in media plurality and diversity.' (Ireland, AGMM, 2009: 51).

On April 1, 2009, the then Minister for Enterprise and Employment Mary Coughlan informed the Irish parliament that it was her "intention to bring forward legislation during the course of this year which will reform aspects of competition law, including with regard to media mergers" (cited in Kenny, 2009: 106). However the Minister gave no precise details of the government intentions and in practice there has been no legislative change since 2009.

In the meantime, public concern relating to media mergers and concentration of ownership has tended to focus less on questions of plurality and more on the possibility that such media companies may abuse their market dominance for selfish ends. Indeed such concerns often find expression in the personification of dominant businesses in the form of their chairmen or chief executives.

Two names in particular stand out in this regard. The first is Tony O'Reilly, for several decades the richest man in Ireland, and possibly best known outside Ireland as the former chair of HJ Heinz, the food and beverages conglomerate.

Within Ireland, however, he is best known as the (now former) Chief Executive of Independent News and Media (INM), a corporation which was built around the acquisition of the Independent Group in 1973. As outlined below, INM is by far the largest print media group in Ireland and has been since the early 1970s. (Indeed, INM is also one of the largest print media owners in Australia and has significant holdings in South Africa. It also owned the London Independent Group for nearly a decade until 2007.) However, O'Reilly's media interests have also extended beyond print: INM was a partner in Prince's Holdings, which was the second largest cable television operator in the Republic from 1992 to 2004. Furthermore, from 2000 to 2004, O'Reilly was Chairman of the Valentia consortium which owned Eircom, the former PTT.

There have been a number of highly publicised incidents when it has been asserted that O'Reilly's dominant position in the Irish print media and his cross-media holdings have directly shaped the editorial content of the newspapers in the INM group. In 1995, it was alleged that a subsidiary of yet another O'Reilly-owned company, the Fitzwilton Group, had engaged in corrupt behavior when one of its subsidiaries gave a cash cheque for £30,000 to the then Minister for Communications. When the allegation became public in the context of a state tribunal investigating planning corruption, newspapers within the INM group appeared to adopt an agreed editorial position, actively criticising the suggestion that either O'Reilly or one of his companies had engaged in illegal activity. (In point of the fact the tribunal never arrived at a definitive conclusion in this regard.)

Similarly in 1997 on the day of a general election, the Irish Independent published an editorial calling for the electorate to vote against the incumbent administration. This was not remarkable in itself but was considered unusual because the incumbent coalition government included the Fine Gael party, which the Independent traditionally (albeit *sotto voce*) supported. The Independent's about-face was ascribed to the failure of the outgoing Fine Gael-led administration to adequately regulate the activities of "deflector" groups, groups based in rural communities not bypassed by cable television who were piggybacking their

own television distribution systems on the back of legal cable operators. These cable operators included Prince's Holdings which INM jointly owned with Tele-Communications International (TCI).

Both incidents were taken as demonstrating that O'Reilly was exploiting his extensive media interests in the interests of himself or other elements of his corporate empire.

The second figure who exemplifies this focus on the individual is Denis O'Brien. O'Brien's history of media ownership began in 1989 when he secured a licence to operate one of two local stations in the Dublin market (see below). He subsequently established Esat Telecom as a fixed line voice service provider and in 1995 Esat won the first private mobile phone licence in Ireland. In 2000, O'Brien sold his stake in Esat to British Telecom, netting in the region of €320m. This allowed his Communicorp vehicle to go on something of a buying spree, extending his interests in radio in Eastern Europe and consolidating the activities of Digicell, now the largest mobile phone operator in the Caribbean. He also acquired the two private national radio stations - Newstalk 106 and Today FM - in 2008. At around the same time, he began to build a stake in Independent News and Media: this was initially done through proxies to avoid alerting O'Reilly and his family to O'Brien's growing stake in the company. When the extent of O'Brien's interests in INM became clear, however, he was regarded as a hostile bidder by INM. For his part, O'Brien was equally critical of the manner in which INM was being run. (His comments came at a point when the current economic recession began to kick in with deleterious effects on INM's advertising revenues.)

That said, it was not entirely clear what O'Brien's strategic intent was in acquiring such a large stake in the country's largest newspaper group, especially at a time when newspapers globally were experiencing falling circulations and falling ad revenues.

However in Spring 2011, a state tribunal investigating the circumstances under which Esat Digifone had secured its mobile phone licence in 1995, published an interim report suggesting that O'Brien had effectively bribed the Minister for Communications in a bid to secure the licence. O'Brien hotly denied these assertions. However, it was *apparent* that the manner in which the interim report was covered by different media was influenced by ownership. INM titles devoted less space to the story relative to other Irish papers and, in any case, framed it as a story about a corrupt politician. Both the national commercial broadcasters (which are also owned by O'Brien) also adopted a more sceptical attitude to the interim report than the public service broadcaster.

At this point a public *perception* emerged that O'Brien's acquisition of dominant stakes in the largest commercial radio stations and print media had been conducted in anticipation of a negative finding from the tribunal.

Regardless of how insubstantial such perceptions are, they have had an impact politically. In October 2011, the Minister for Communications, Pat Rabbitte announced plans for new draft legislation exclusively focused on media mergers. In so doing he stressed "the undesirability of allowing any one individual or undertaking to hold significant interests within a sector or across different sectors of media businesses".¹ However, Rabbitte has also acknowledged the inadequacy of conventional micro-economic competition analysis metrics for assessing media mergers, stressing the need to include criteria relating to the impact on pluralism of such mergers.

3. Concentration in Media Industries

3.1 Print Media

1

Michael O'Reagan (2011), 'Pressing issues' behind legislation on media ownership, says Rabbitte" Irish Times, 10 October 2011.

The indigenous written press in Ireland consists of three/four national dailies, one national evening newspaper, five/six Sunday newspapers and approximately 40 regional/local or 'provincial' newspapers. There has been a decline in readership over the past four decades. Between 1971 and 2006, the population increased by 40% whilst total daily, Sunday and evening sales have declined 10%. With the exception of the Cork-based Irish Examiner, all of the daily papers have a discernible orientation towards Dublin, a leaning which accounts for the relatively healthy regional sector.

No summary would be complete, however, without acknowledging the extent to which UK-based titles have become major players in the Irish market: their share of the daily paper market has doubled since 1970. However, the presence of UK titles creates some ambiguity regarding the number of "Irish" titles as, in both the daily and Sunday markets, at least one major title is owned or co-owned by a British press group. In the early 1990s concerns around concentration focused on the dominant position of Independent News and Media. However the arrival of UK-based media groups have complicated these issues in the Irish market.

The clearly dominant group is Independent News and Media (INM) which was launched in 1973 by entrepreneur Tony O'Reilly with the purchase of the Irish Independent. INM is now a major international player (albeit not on the scale of a News International or a Hollinger) with media operations in Australia, New Zealand, South Africa, the United Kingdom and India. More recently (since 2008) the ownership of Independent News and Media itself has been "in play as cross-media owner Denis O'Brien, whose Communicorp investment vehicle has substantial holdings in the Irish broadcast field (see below) increased his personal stake in INM. In May 2008, O'Brien announced that his INM stake (which he had been slowly building up for 12 months) had surpassed 25%, thus allowing him to block special resolutions from the INM board. O'Brien's attentions were not immediately welcomed by INM: when O'Brien acquired several national and local radio stations in a 2007 deal (again see below), INM made submissions to both the Competition Authority and the Government objecting to the deal on the grounds of cross-media ownership. However since 2008, hostilities between O'Brien and INM have largely ceased following the installation of several "O'Brien directors" on the board of INM.

Thomas Crosbie Holdings are the second largest private media group in Ireland, but it is significantly smaller than INM: in fact it's turnover is less than 6% of that of INM. The Irish Times, the daily with the second largest circulation is unusual in that it is owned by a trust, a legal status established in 1974 to defend the paper against corporate takeovers. Members of the trust receive no profits: any that are made must be reinvested into improving the quality of the paper.

Notwithstanding the trust status of the Irish Times, the indigenous newspaper market is entirely commercial in its organization. The kind of state-subsidies found in Scandinavian countries are thus unheard of in Ireland. In the event that a newspaper runs into financial difficulties, the state has historically permitted them to go under. Thus in 1995, the Irish Press Group, which had successfully operated daily, Sunday and evening papers for decades before entering a swift decline from the 1980s, went bankrupt. Furthermore, the Competition Authority intervened to prevent Independent News and Media from making an investment in the Press Group that might have sustained it on the grounds that it gave INM an unacceptably influential position in the market as a whole.

Indeed, if one looks only at the indigenous market today, the position of Independent News and Media within the Irish market appears remarkably dominant. As Table 1 above indicates, it accounts for nearly 85% of all Sunday paper sales and nearly 50% of daily sales.

However this overstates the influence of the group because it fails to take account of sales for Irish editions of UK newspapers. The local content of these editions varies from wrapping eight pages of local content around a core which is identical to the UK editions to producing editions which would be entirely unrecognizable to UK readers. The "localization" strategy has been very successful as Table X demonstrates.

Table X: Irish Editions of UK papers circulation	
<i>Sunday newspapers</i>	<i>Jan-Jun 2010</i>
Irish Mail on Sunday	121,641
Irish News of the World	131,197
Irish Sunday Mirror	37,327
Sunday Times	111,640
<i>Dailies</i>	
Irish Daily Mirror	60,640
The Irish Sun	86,064
Irish Daily Mail	51,338

Source: Audit Bureau of Circulation

There are other UK papers on sale in Ireland but their impact is relatively minimal. Of the six other UK Dailies on only The Times has ever sold more than 5,000 copies. Similarly of the four other British Sundays, only The Observer sells more than 10,000 copies.

The presence of UK-based players is also evident in the regional press. Until the mid-1990s, the regional press was - with the exception of approximately 10 titles owned by Independent News and Media – in the hands of a myriad of small (often family) firms. However, since 1995 there has been a flurry of take-over activity. As a result, as of 2010 every regional newspaper with a circulation in excess of 20,000 per week is now in the hands of a media group, the majority of which are UK-based. They are the Alpha Newspaper Group, Andersonstown News Group, Dunfermline Press, Independent News and Media, Johnson Press, and Thomas Crosbie Holdings.

Ireland's print media also includes a periodicals sector, although given the notional commitment of the Irish to newspaper (the National Newspapers of Ireland lobby group asserts that 19 out of 20 Irish adults read a paper every day), there are relatively few indigenous magazines. This is largely due to the overwhelming presence in the Irish market of UK-published periodicals. What indigenous titles do exist mirror the categories found in other countries: women's magazines, business journals and current affairs loom large.) Although the Periodical Publishers Association of Ireland lists 59 members, most of these are either very small or engaged in contract publishing (i.e. producing material for corporate clients). Only a handful own more than one "off-the-shelf" title. The largest of these is Harmonia, a company formed in 2004 as a result of a management buy-out of the former Smurfit Publications operation. Harmonia publishes three of the four best-selling women's magazine in Ireland. Others with multiple publicly available titles include Business and Finance, Page 7 Media Limited and Mediateam which concentrates on publishing IT-related journals.

Concentration in Irish Press

For the purposes of this document we have calculated concentration on the basis of market reach (i.e. how many readers/listeners/viewers does a particular media group reach) rather than market capitalization. We do with some reluctance as we understand this makes it harder to make direct comparisons between Ireland and other countries. However, we cannot find a reliable basis on which to even guess at the revenues directly attributable to the print

activities of Irish media groups. However, even this decision leaves us with some difficulties as to how to define the market for Irish press sector.

Broadly speaking the Irish press can be divided in national, regional and local papers. By definition the market for a local paper is much smaller than that of a national paper. De facto then they are operating in different markets: a fair assessment of the degree of concentration in local markets (based on market reach) would only be possible if disaggregated figures for the performance of national titles in particular localities were available (which they are not). Nonetheless since there are a number of media groups which own a multiplicity of local titles (as well as, in some cases, national titles) we must make some effort to reflect this concentration of ownership).

However there is a second problem at the level of the national press market. As noted above there are three categories of daily paper in Ireland: Irish owned and published, British owned but Irish published and British owned and British published. (Indeed one could argue that there is a fourth market, constituted by sales of "international" papers (i.e. papers from outside the UK and Ireland) but although it is possible to purchase the International Herald Tribune and USA Today in larger cities, their cumulative sales are not significant in Ireland.)

These different newspaper types (Irish papers aimed at the Irish market, British papers repurposed for the Irish market and British papers aimed at the British market but sold in Ireland), arguably constitute different markets. Thus for the purposes of this paper and the calculation of the HHI index we have measured concentration at three levels:

1. Irish owned national titles only
2. Irish and British national titles aimed at the Irish market
3. Irish and British titles available in the Irish market.

1. Irish owned national titles only

Title	Group	Circulation	
		Jan-June 2010	Jan-June 2005
Irish Times	Irish Times Trust	105,742	117,543
Irish Independent	Independent News and Media	144,896	164,202
Irish Daily Star		93,729	108,221
Sunday Independent		265,455	291,036
Sunday World		267,130	273,667
Sunday Tribune		54,400	71,187
Evening Herald		67,657	93,830
<i>The Examiner</i>	TCH	46,687	57,331

<i>Sunday Business Post</i>		49,637	51,823
<i>Evening Echo</i>		22,888	27,714
Ireland on Sunday	Daily Mail and General Trust		139,170

Titles in bold are owned by Independent News and Media whilst those in italics are part of the Thomas Crosbie Group. The UK based Daily Mail and General Trust group acquired Ireland on Sunday from Scottish Radio Holdings in 2001. Thus the market shares of the various groups in 2005 and 2010 were:

Media Group	Market Share 2010	Market Share 2005
Independent News and Media	80	71.9
Thomas Crosbie Holdings	10.6	9.8
Irish Times Trust	9.5	8.4
Daily Mail		10

(There is no 2010 figure for the Daily Mail because in 2008, Ireland on Sunday was relaunched as an Irish edition of the British Mail on Sunday.)

Based on these figures the HHI indices for papers exclusively produced for the Irish market in 2010 and 2005 were 6602.61 and 5436.21 respectively.

Irish and British national titles aimed at the Irish market

As the table below demonstrates "Irish" editions of UK-published papers, constitute a significant proportion of the Irish press market. For every two copies of indigenous papers sold, Irish readers buy one copy of a UK "Irish" paper. News International publications are particular prominent in this regard: although sales have dropped significantly since 2008, in 2005, the Irish edition of "The Sun" was the second only to the "Irish Independent" in terms of daily sales.

Newspaper	Group	Circulation 2010	Market Share 2010	Circulation 2005	Market Share 2005
Irish Times	Irish Times Trust	105,742	5.9	117,543	5.8
Irish Independent	INM	144,896	52.8	164,202	52
Irish Daily Star		93,729		108,221	
Sunday Independent		265,455		291,036	
Sunday World		267,130		273,667	

Sunday Tribune		54,400		71187	
Irish Daily Star Sunday		54,224		50587	
Evening Herald		67,657		93,830	
Sunday Business Post	TCH	49,637	6.7	51823	6.8
The Examiner		46,687		57331	
Evening Echo		22,888		27,714	
Ireland on Sunday	Daily Mail and General Trust	0	9.7	139170	7.4
Irish Mail on Sunday		121,641		0	
Irish Daily Mail		51,338		9658	
Irish Daily Mirror	Trinity Mirror	60,460	6.6	78914	8.7
Irish Sunday Mirror		37,327		49814	
The People		20,250		47451	
Irish News of the World	News International	131,197	18.3	164431	19.2
Sunday Times		111,640		105958	
The Irish Sun		86,064		119770	

Based on these figures the HHI indices for Irish newspapers and British newspapers produced for the Irish market in 2010 and 2005 respectively are 3340.08 and 3182.78 respectively.

Irish and British titles available in the Irish market.

Group	Newspaper	Circulation 2010	Market Share 2010	Circulation 2005	Market Share 2005
Irish Times Trust	Irish Times	105,742	5.8	117,543	5.7
INM	Irish Independent	144,896	51.	164202	50.8
	Irish Daily Star	93,729		108221	
	Sunday Independent	265,455		291036	
	Sunday World	267,130		273667	
	Sunday Tribune	54,400		71187	

	Irish Daily Star Sunday	54,224		50587	
	Evening Herald	67,657		93,830	
TCH	Sunday Business Post	49,637	6.5	51823	6.6
	The Examiner	46,687		57331	
	Evening Echo	22,888		27,714	
Daily Mail and General Trust	Ireland on Sunday	0	9.5	139170	7.2
	Irish Mail on Sunday	121,641		0	
	Irish Daily Mail	51,338		9658	
Trinity Mirror	Irish Daily Mirror	60,460	6.5	78914	8.5
	Irish Sunday Mirror	37,327		49814	
	The People	20,250		47451	
News International	Irish News of the World	131,197	18.2	164431	19.1
	Sunday Times	111,640		105958	
	The Irish Sun	86,064		119770	
	The Times	2,561		5,986	
Express Group	Daily Express	2971	0.4	4,442	0.6
	Sunday Express	3950		8,029	
Telegraph Group	Daily Telegraph	2,871	0.3	3,263	0.3
	Sunday Telegraph	2,453		3,068	
Pearson	Financial Times	3,680	0.2	4,201	0.2
Guardian Media Group	The Guardian	3,813	0.7	3,929	0.7
	The Observer	8,145		11,531	
Independent Print Ltd.	The Independent	1,142	0.2	1,923	0.2
	The Independent on Sunday	1,583		3,095	

Based on these figures the HHI indices for Irish and British newspapers sold in the Irish market in 2010 and 2005 respectively are 3234.06 and 3146.61 respectively.

Regional Market

Until the mid 1990s, ownership within the Irish Regional press market was characterized by the prevalence of small privately- or family-owned newspapers. There was only one regional press group of any significance, that owned by Independent News and Media. However with the arrival of players like Trinity Mirror, the Dunfermline Press, the Johnson Press and Scottish Radio Holdings between 1995 and 2005, “independent” regional papers have been come the exception rather than the norm. Furthermore INM is no longer the largest player in the regional market having been surpassed by the 14-title Johnson Group.

Group	Group Circulation 2010	Group Market Share 2010 (%)
Alpha Newspaper Group (ROI & NI)	31310	4.9
Celtic Media Group (Dunfermline Press)	51400	8
Connacht Tribune	27447	4.3
INM	102150	15.9
Johnson Press	120126	18.7
River Media	9321	1.4
TCH	80644	12.5
Topic	14500	2.3
Vale/Mallow Star	16500	2.6
7 Privately owned titles (aggregate)	63505	9.9
10 Family owned titles (aggregate)	126807	19.7
TOTAL REGIONAL PRESS CIRCULATION	643710	

Despite the increased concentration of ownership, however, the regional press is still relatively competitive owing to the fact that a number of groups targeted the regional market after 1995. Thus if one calculates the HH index on the basis that in addition to the 9 groups singled out in the table above there are 17 other regional papers, the HH index is 937.51.

However it should also be stressed that although the regional papers are often discussed as if they constitute a single market, in practice virtually all of regional titles operate in limited geographical territories and there is little direct competition between such titles. Thus the figures for market share immediately above are somewhat misleading.

However, when combined with the figures for national press sales, they offer a fuller picture of the role played by particular media groups in the Irish press sector, especially given that two

of national press players – Independent News and Media and Thomas Crosbie Holdings – are also active in the regional market.

Group	Group Circulation 2010	Group Market Share 2010 (%)
Alpha Newspaper Group (ROI & NI)	31310	1.3
Celtic Media Group (Dunfermline Press)	51400	2.1
Connacht Tribune	27447	1.1
Daily Mirror and General Trust	118037	4.9
Express Group	6921	0.3
Guardian Media Group	11963	0.5
INM	1049641	43.5
Independent Print Ltd.	2725	0.1
Irish Times Trust	105,742	4.4
Johnson Press	120126	5.0
News International	331462	13.7
Pearson	3,680	0.2
River Media	9321	0.4
TCH	199856	8.3
Telegraph Group	5324	0.2
Topic	14500	0.6
Trinity Mirror	118037	4.9
Vale/Mallow Star	16500	0.7
7 Privately owned titles (aggregate)	63505	2.6
10 Family owned titles (aggregate)	126807	5.3
TOTAL NATIONAL and REGIONAL PRESS CIRCULATION	2414304	

We have not calculated the HH index for these figures, however, since the figures are based on the aggregation of two effectively separate markets.

3.2 Audiovisual Media

Legal basis of broadcasting

The Wireless Telegraphy Act of November 1926 created the legal basis whereby the Minister for Communications has the sole right to licence broadcast operators, private or public, in Ireland. In practice for the bulk of the 20th century, the legal right to broadcast was solely placed in the hands of state-run or state-owned broadcasters.

Indigenous broadcasting had began in January 1926 with the launch of the Department of Posts and Telegraphs-run '2RN' although broadcasts from the BBC's Belfast transmitter were available in parts of Southern Ireland.

In a similar vein, the first television broadcasts received in Ireland were the result of spillovers from the UK where the BBC and ITV began television broadcasts in 1933 and 1954 respectively. Thus when RTE (state-owned national broadcaster) began broadcasting its own television service at the end of 1961, it already faced strong de facto external competition.

Crucially, however, audience competition did not mean competition for advertising revenues since neither the BBC nor ITV sold advertising space to Irish advertisers. In one sense then, RTE was not competing in the same market as the BBC or ITV. Not until the passage of the Radio and Television Act of 1988 was provision made for purely commercial, privately owned, indigenous broadcasters. Thus from a position whereby there were only two state-run television stations and three state-run radio stations, the 1988 Act ushered in more than 20 new players in national, regional and local television and radio almost overnight. (The decision to liberalise the market was partially driven by the long-term existence of pirate radio services which had thrived throughout the country since the mid-1970s.) The arrival of cable, satellite and digital broadcast services from the 1990s would hugely expand the number of international channels available to Irish audiences.

3.2.1 Broadcast TV (over the air)

The two public service broadcasters in Ireland - RTE and TG4 - are owned by the state, although legally it is the Minister for Communications who acts as their sole shareholder. RTE 1 television began broadcasting in 1961 but it was not until 1978 that a second television channel, RTE 2 began operating. In addition to a plethora of new commercial entrants, the 1990s saw the arrival of a third public service television channel in the guise of Teilifis na Gaelige (TnaG) which was subsequently renamed TG4. This is an Irish-language channel and reflects the state's nominal commitment to the revival of the language.

In the private sector, there are two television stations with a substantial market presence (i.e. available in 80% or more of Irish homes) characterized by quite different ownership structures. TV3, which received its licence in 1988 took nearly a decade to find a backer with sufficiently deep pockets to actually allow it to begin broadcasting. It was not 1998, a year after CanWest Global, the Canadian cross-media giant had taken on a 45% stake in the company, that TV3 was able to actually begin broadcasting. In September 2000 the British media group ITV also took a 45 per cent stake in TV3 with the remaining 10% resting with the original Irish investors. The significance of Canwest and ITV went further than the financial gains their investment brought. Canwest was the largest non-US buyer of US audiovisual material whilst ITV was also a major content producer, second only to the BBC in the UK. Both investors thus brought substantial quantities of content to the nascent Irish operation. This proved crucial to the subsequent success of TV3, a success reflected in the €265 million price tag attaching to the station when private equity group Doughty Hanson bought out the entire company from CanWest, ITV and the private investors in 2006.

Channel 6, which began broadcasting in 2006 was financially supported by a range of private investors including the family behind Barry's Tea (a popular Irish brand) and the Gowan Motor

Group who hold the Peugeot Motor Dealership franchise for Ireland. From its inception, the channel struggled for market share, and its 2007 accounts indicated that the company was running a deficit of €10.5m. As a consequence it was increasingly regarded as a potential takeover target. This finally came to pass in July 2008 when TV3 acquired Channel 6 in deal worth approximately €2-3m (and more if TV3 manage to turn a profit from Channel 6).

It is also important to mention Setanta Television, a sports subscription broadcaster, even though it is only available in roughly half of Irish homes. Although it has been in existence since 1990 it initially concentrated on acquiring rights for one-off pay-per-view events: typically Irish sports events which were marketed to diasporic audiences in the UK, US and Australia. In the mid-2000s it moved into the subscription market on a very ambitious scale, competing with BSkyB for English Premiership soccer rights. Although the two founders of the company retain a 35% shareholding, the acquisition of English Premiership rights for €570m together with other high profile investments in Formula 1 and the 2007 Rugby World Cup, led the company to the international financial markets, where the company raised €400 million between 2005 and 2007. As a result Benchmark Capital and Goldman Sachs are substantial shareholders, whilst Doughty Hanson, owners of TV3, paid €100m for a 20 per cent stake in the company. This valued Setanta at €500 million.

However in early 2009 it became clear that Setanta the investment in UK rights had not attracted sufficient subscribers in the UK and the UK arm of the company went bust owing several hundred million euro. This led to a restructuring of the rest of the company with the result that since July 2009, Setanta is 40% owned by a holding company owned by original founders Michael O'Rourke and Leonard Ryan and former Setanta executive Mark O'Meara. The other 60% is owned by Gaiety Investments, the company of Irish concert promoter Denis Desmond.

(The most recent development has been the emergence of local, cable-based broadcasters: City Channel now operates channels serving three Irish cities whilst there are an increasing number of community-oriented television broadcasters. Thus far their influence has been localized and minimal (in some cases they serve populations as small as 25,000 people). However in August 2007, Liberty Global the US company which also owns the only cable company in Ireland UPC (formerly NTL and Chorus Communications) took a minority stake in City Channel with a view to acquiring full control at an unspecified future date. It is apparent that Liberty see City Channel as a model for developing similar cable services in other European countries: in April 2008 City Channel announced plans to begin cablecasting in Hungary under the name City 7.)

As noted above external players have been a de facto element of the Irish broadcasting market since (before) its inception. However, although this meant that, the national television broadcaster RTE faced competition for *audiences* from the its establishment in 1961, this was not initially accompanied by competition for advertising revenues. Since the late 1990s, however, competition became even more intensive as UK-based broadcasters such as Channel 4, MTV, Sky and Nickleodeon, which had hitherto ignored the Irish market began offering Irish advertisers local "opt-out" spots and established sales offices within the Republic of Ireland. Despite the identification of Ireland as an advertising market, however, few of the external players in the Irish television market have sought to localize the content of their offerings. (The one notable exception to this was Sky News which offered an Ireland-specific news bulletin for a brief period in the mid-2000s.)

Perhaps as a result, despite an increasingly broad range of channel offerings, Irish channels still routinely secure 50% of the total audience, (as reflected in the table below.) However, the presence of these external players also serves to reduce concentration levels in the Irish market. Thus the HH index for Irish television broadcasting in 2005 was 1369.9 and in 2010 was 1535.

<u>Television: share of national market 2010 and 2005.</u>

Channel	2010 Share	2005 Share
RTÉ One	24.12	25.72
RTÉ Two	9.39	12.08
TV3	11.50	12.90
TG4	2.13	3.23
3e	1.17	0.00
Setanta Ireland	0.54	0.24
UTV	3.97	5.76
Channel 4	3.10	4.05
Comedy Central	0.83	0.46
Comedy Central +1	0.36	0.00
Discovery Ireland	0.57	0.00
E4	1.10	1.44
E4 +1	0.38	0.00
E! Entertainment	0.39	0.00
Living	0.97	0.00
MTV	0.36	1.06
Nickelodeon	0.90	1.05
Nick Jr	0.53	0.00
Sky 1	1.63	2.40
Sky News	0.91	1.68
Sky Sports 1	0.87	1.10
Sky Sports 2	0.42	0.55
Sky Sports News	0.56	0.00
BBC1	4.64	6.40
BBC2	2.86	3.73
Other	25.72	16.14
Total TV	100.00	100.00

3.2.2 Radio

With regard to radio, there are 57 licensed independent 'sound broadcasting services' (radio stations) in Ireland. These consist of two national independent commercial radio stations ('Today FM' and "Newstalk 106"²), six regional music stations (iRadio North West and iRadio North East, Spin South-West, Beat FM, 4FM and Spirit), 27 local independent commercial stations and 20 Community/Community of Interest. The remainder consist of "institutional" (usually hospital) stations. Local radio usually means a county radio station, i.e. the ranges of these stations roughly coincide with county boundaries. Community and community of interest stations generally attract small audiences and as a consequence carry little advertising (indeed they are frequently expressly prohibited from doing so). Furthermore, in

² Technically Newstalk is referred to as "quasi-national" since more remote areas of the western seaboard cannot receive its signal.

contrast to television broadcasting, UK stations do not play a major role in the Irish market although there is some signal overlap especially on the East Coast.

When local radio licences were initially offered in 1988, the consortia behind individual stations were also local in nature, driven by local business people, lawyers, accountants, etc. However after 2001, the BCI relaxed the ownership rules concerning local radio, permitting multiple station ownership. As a result, as of September 2007, of the 26 local radio stations licenced by the BCI, only 5 are not owned by one of the following groups: Communicorp, Q Radio Network, Radio Kerry Group, Thomas Crosbie Holdings, the Tindle Group and UTV. Most recently Communicorp has moved to the forefront of these groups, however. Owned by Denis O'Brien, the businessman who made his fortune in the mobile telephony sector both in Ireland and in the Caribbean, Communicorp was established with the launch of 98FM in 1989. Since then the group has gone international and now owns 42 radio stations in Ireland and Eastern Europe. In July 2007, Communicorp acquired three stations – national broadcaster Today FM, Dublin station FM104 and the Donegal local station Highland Radio from British media group Emap. Since this placed the two national commercial broadcasters and the two leading Dublin-based local stations in the hands of Communicorp which would cumulatively have controlled nearly a quarter of the total number of commercial stations in Ireland, the deal was subject to approval from the Irish Competition Authority. The authority ultimately approved the deal subject to the condition that Communicorp divest itself of FM104. This occurred in February 2008 when the station was sold to UTV, another player actively seeking to acquire more radio stations. UTV grew out of the company holding the commercial television franchise for Northern Ireland. In addition to 12 stations in the UK, UTV now owns five stations in the Republic of Ireland.

The Communicorp deal raised some concerns about the extent to which the Irish Competition Authority was competent to deal with the media plurality issues thrown up by the extent of cross-media ownership enjoyed by the Communicorp group. As a result, in March 2008 an advisory group was appointed to examine whether existing competition legislation required updating to take account of diversity of opinion when adjudicating on mergers in the media sector. Furthermore, in April 2008 the Broadcasting Commission of Ireland initiated an investigation into the implications of Denis O'Brien's increased holding in Independent News and Media for his broadcast radio holdings. The result of that investigation, published in July 2008, concluded that the businessman's increased press holdings should not impact on his right to retain his broadcast interests.

The combined local/national nature of the Irish market makes it difficult to arrive at an objective basis for calculating degrees of concentration. Because the franchise areas of local stations are geographically distinct, they effectively constitute different markets. Thus for our purposes we have treated the local stations as a single block averaging their market share across the state. Thus the HHI index falls from 10,000 in 1988 (pre-liberalisation) to 5072 and 4314 in 1996 and 2000 respectively. As of 2008, by which point Communicorp had acquired both national commercial stations the figure had fallen to 3866 although this represented an increase on the figure for 2007 when Today FM and Newstalk were owned by different companies. It should be acknowledged that the decision to treat local stations as a single block does overstate the degree of concentration in the radio market since in reality the 26 local stations are owned by 11 separate companies (including Communicorp).

3.2.3 Cable TV and satellite TV platform providers

The Irish multichannel market is based around three different distribution technologies: satellite (DTH), cable and MMDS. Historically, there has only been one player in the Irish satellite market, BSkyB. By contrast, the older cable and MMDS markets were initially constituted by a myriad of small-scale players. When MMDS began to emerge as distribution technology in the 1980s, many of the established cable companies, moved into that market too. From a regulatory perspective, however, the satellite and cable/MMDS markets are effectively regarded as one. This found overt expression in 2004 when the Irish Competition Authority considered whether to approve a merger of two cable companies which would effectively create an Irish cable monopoly. In giving its approval the Authority argued that cable and satellite content offerings constituted effective substitutes and that the availability of

satellite television packages via BSkyB permitted competition in the multichannel market even if there was only one cable/MMDs operator.

As of 2011 the cable market in Ireland is effectively a monopoly controlled by UPC, a subsidiary of John Malone's Liberty Global Incorporated. This represents the culmination of a concentration process which began in the 1970s driven initially by RTE Relays, a subsidiary of the national broadcaster RTE. The state began to licence private cable operators (initially mainly in Dublin) in the early 1970s with a view to giving those households which could already access terrestrial signals from UK broadcasters a better signal. The service spread slowly to other urban areas, reaching Waterford, Cork, Limerick and Galway by the mid-1980s. As a consequence cable systems remained geographically concentrated in urban areas, and for the most part were owned by a patchwork of dozens of smallscale operators.

However, in the 1980s and 1990s two operators began to scale up through acquiring smaller operations. RTE Relays had been acquiring operators in the Dublin area since the 1970s and in 1984 won approval to acquire Dublin Cable Systems from Canadian operator Rogers Cable. The merger attracted the attention of the Restrictive Practices Commission (a precursor of the Competition authority) but the Commission argued that the availability of programmes via terrestrial signals and the emergence of a market in Direct to Home satellite broadcasting constituted sufficient competition in the content delivery market. Two years later in 1986 RTE merged all of its cable subsidiaries into a new company named Cablelink which, though largely limited to operating in the Greater Dublin area, Galway and Waterford was by far the largest operator in terms of subscribers in the country. In 1990, RTE was instructed by the then Minister for Communications, Ray Burke to sell off its entire stake in Cablelink. The reasons for the instruction were understood as politically motivated and designed to weaken RTE at a point when the state was seeking to promote competition in all aspects of the Irish broadcasting. However, in the event, the RTE authority refused to countenance a complete sell-off. As a result when Cablelink did go on the market, the successful bidder, PTT Telecom Eireann (later Eircom) only acquired 60% of the company.

In 1999 the state effectively instructed RTE and Eircom to sell off their respective 40% and 60% stakes in Cablelink. It was suggested that Eircom's stake represented a conflict of interest in that it was not in Eircom's interest as a provider of voice telephony services to encourage their cable subsidiary to explore the technical possibilities of offering similar – i.e. potentially competitive - services over cable. The sale attracted enormous interest with bidders including Denis O'Brien's Esat Telecom and Prince's Holdings, the other major cable operator in the country. Ultimately, however, the UK-based NTL were successful paying out €680m to acquire the company.

In a parallel development, back in 1992, Independent News and Media (INM) had established Prince's Holdings as a joint venture with John Malone's Tele-Communications International (TCI) and United International Holdings, with the latter two each taking 25% of the stock and INM taking the remaining 50%. In 1998 TCI would increase its holding to 50% when it bought out UIH's share. Over the course of the 1990s, Prince's Holdings acquired a number of Cable and MMDS operators outside Dublin before, after acquiring Cable Management Ireland, rebranding as Chorus Communications in 2000. The acquisition of Suir-Nore Relays in 2004 was the final major acquisition. In 2004, INM sold its entire stake in Chorus to Liberty Global.

Thus by 2005 there were two major cable companies operating in Ireland. However, this state of competition did not last long. In November 2005 the Competition Authority gave the go-ahead for Liberty Global to take over NTL. Despite the fact that this created a de facto cable monopoly, the Competition Authority argued that the merger did not lessen competition because Chorus and NTL had hitherto served distinct geographical markets (and were, in effect, already monopolists within those markets.) Furthermore, as noted above, the satellite packages offered by BSkyB ensured that Irish consumers did had some choice in terms of which multichannel operator they opted for.

However, the Competition Authority did express concern about the degree of cross-ownership between Liberty Global and News Corporation and - through News Corporation - BSkyB. (By 2005 Liberty Global was the largest single shareholder in News Corporation although,

crucially the Murdoch family retained a larger number of voting shares.) As a consequence the Authority insisted on a management structure designed to maintain a Chinese wall between Chorus/NTL (the company was later rebranded as UPC) and BSkyB, especially in negotiations between the two entities for channel space allocation on the UPC cable platform. (The cross-ownership issue has arguably become less significant since 2008 when News Corporation and Liberty Global agree an asset swap in which Liberty swapped its 16.4% News Corp holding for 38% of DirecTV's shares, then held by News Corporation).

Nonetheless the net effect of all this activity has been to a highly concentrated multichannel market in Ireland. In 2004, before the NTL/Chorus merger the HHI for multichannel was 3643. As of 2008, this had risen to 5102. Furthermore the last decade or so has seen a consistent increase in BSkyB's market share from 28% of all multichannel subscribers in 2002 to 52% in 2008.

3.3 Telecom distribution Media

3.3.1 Wireline

Eircom, the former state-owned PTT, remains the largest single player in the Irish wireline market. However, with the arrival of local loop unbundling and competing infrastructures for voice telephony (most notably cable), the market has become significantly more competitive since 2008.

As in broadcasting, for the bulk of the 20th century, wired telecommunications was directly controlled by the state. From 1922 until 1984, telephony and telegraphy were run directly by the Department of Posts and Telegraphs. In 1984, there was a substantial reorganization of the administration of both postal and telecommunications sectors. Two semi-state bodies – An Post and Telecom Eireann – were established to take over day to day responsibility for the operation of, respectively, the postal service and the telephone and telegraph service. Thus telecoms remained a state monopoly, but Telecom Eireann, though publicly-owned company immediately adopted a more commercial approach to the manner it conducted its business. In this respect it anticipated the pressures to end the protected position of European PTTs and to apply a more commercial approach in general that would emerge from the European Commission in the 1980s.

Ireland's increasingly neo-liberal political economic environment combined with Telecom's improving financial fortunes through the 1980s and early 1990s ensured that the possible privatization of the company became an issue for public debate. The first chairman of Telecom Eireann, Michael Smurfit, was also a vocal advocate of privatisation opining in June 1988 that "it was a question not of if but of when the Government decided to privatise"³ albeit this was a stance which the then government made clear was not official policy.

Much of the impetus to privatize derived from the perception that Telecom Eireann would increasingly face competition, even if it was the *de jure* monopolist within Ireland and, as such, it needed the "flexibility" that came with private status to meet such competition. In 1988 Michael Smurfit had pointed to the inevitability of the liberalization of the Irish market as a result of "new technologies, international trends and *European Community requirements*."⁴ (Italics added) Limited competition in the provision of some terminal equipment had been a fact of the Irish market since the 1983 Postal and Telecommunication Act. To that extent then, Irish telecommunications policy was ahead of the game when the EU's critical Green Paper on Telecommunications Policy appeared in May 1987, stressing the virtues of "liberalizing" European telecommunications markets.

By the early 1990s competition was in any case increasingly the norm on international routes. The development of sophisticated call back technologies meant that *de facto*, Irish companies were already bypassing the Telecom Eireann network for international calls by

³ "Local call time charges inevitable", *Irish Times*, 29 June 1988.

⁴ Telecom Eireann (1988), Report and Accounts for the year ended 31st March 1988, p. 10

1992.⁵ By 1992 international competition threatened a “severe financial crunch”,⁶ as the volume of international calls originating in Ireland began to drop with calamitous swiftness. Nor was competition limited to foreign companies. In December 1992, the Department of Communications licensed an Irish-based consortium ESAT Telecom to lease lines from Telecom Eireann with a view to competing in the long distance business calls market.⁷ Following protracted negotiations on the cost of leasing lines from Telecom, ESAT finally secured its first customer in October 1993.⁸

The final nail was driven into the coffin of Telecom’s exclusive privilege of the Irish voice telephony market in May 1993 when the EC Council of Telecommunications Ministers approved plans to liberalize the key voice telephony market by 1998. Immediately the Irish Communications Minister, Brian Cowan, requested that Ireland be allowed to derogate from the liberalization project until 2003 to allow Telecom Eireann to prepare for the full rigours of competition.

In practice, however, the state did not avail of the derogation, permitting full-scale competition from 1998. This was in no small part due to a change of heart on the part of the state as to the future of Telecom Eireann. By 1998 it had become clear that the state intended to privatise the PTT. Initially it was assumed that the state would retain a "golden share" (i.e. a majority stake) in the company but it was later decided to privatise the entire company. The Eircom flotation was (and remains) the largest privatisation in Irish corporate history.

However, though the launch onto the stock exchange was initially successful (in that the share price grew about 20%), the increase proved short-lived and within 12 months the value of the share had fallen to half their initial value. This led to some unexpected fallout: in 2001 two consortia (one led by Denis O’Brien, the other by Tony O’Reilly), launched bids to acquire majority shares in the company. The O’Reilly-led Valentia consortium proved successful, and the company was taken private again with O’Reilly as Executive Chairman. (Eircom’s ownership has shifted twice more since: in 2006 Australian investment firm Babcock and Brown acquired the company from the Valentia Group. Then in 2009, after Babcock and Brown effectively collapsed, the Singaporean telco Singapore Technologies Telemedia acquired Eircom for €140m becoming the fifth owner in a decade.)

In the meantime, Esat Telecom had quickly moved into the consumer market, and from 1998 constituted the first direct competition for Telecom Eireann’s domestic consumers. Within three years, however, Esat was bought outright by BT which rebranded as BT Ireland. Initially at least, both business and domestic customers were slow to switch from Eircom as their fixed line provider. This was particularly true of domestic customers: as late as 2006, Eircom accounted for 86% of the domestic landline market. However, this situation has begun to change rapidly in the past three years. As of 2011, Eircom’s overall share of the fixed telecoms market has fallen to 61.3% and even amongst domestic customers it only holds 64% of the market. This is reflected in changes in the HHI index between 2008 and 2011 which fell from 4888 to (a still concentrated) 4231.

Wireline Market Share 2011	
Eircom	61.3
UPC	5.4
Vodafone	17.4
Imagine	2.3
Cable and Wireless	2
Others	11.5

The increased competition is partially due to the relatively late exploitation of cable infrastructures to offer voice telephony. After acquiring Chorus and, subsequently, NTL, Liberty Global invested significant capital in upgrading the cable network to facilitate two way

⁵ Gail Seekamp, “California computer makes for cheap calls”, *Sunday Business Post* 26/7/92.

⁶ "Telecom faces Financial Crunch" *Business and Finance Magazine*, p. 1, 30/7/92.

⁷ Douglas Dalby "Business Communicator" *Irish Times*, 26 Mar 1993.

⁸ ACT Kindle, a software company. "O'Brien targets the home phone market" *Irish Times* 22 Oct 1993.

communications. This has allowed UPC to become a significant player in the ISP market (see below) but has also allowed it to gain foothold in the home phone market. This remains small for now (although some surveys suggests that in urban areas like Dublin up to a third of all home phone subscriptions are now with UPC) but there is reason to think that UPC's market share will increase precisely because it can offer voice telephony as part of a bundle of telecoms services (i.e. broadband internet and television).

Bundling has also facilitated Vodafone's (the largest mobile telephony operator in Ireland) acquisition of nearly a fifth of the fixed line market. (Vodafone offers home phone and broadband internet bundles.) Vodafone's ascent in this market has also been driven through acquisitions of smaller fixed lines companies, including Perlico in 2007 and elements of BT's consumer telecoms (as opposed to network/infrastructure) business in 2009.

However, there is also reason to think that the economic recession has also overcome consumer reluctance to abandon the incumbent operator (Eircom) as subscribers have experienced rapid declines in real incomes. The last quarter of 2010 in particular saw more switching from one fixed line provider to another than in any three month period since the Irish market was liberalized in December 1998. As the incumbent operator, this disproportionately affected Eircom which had more customers to lose in absolute terms than any of its competitors.

3.3.2 Wireless Market

There are three dominant players in the Irish mobile phone market: Vodafone Ireland, O2 Ireland and Meteor. These are owned respectively by Vodafone, Telefonica and Eircom. There is also a fourth smaller player, Three Ireland, a UMTS-based network owned by Hutchinson Whampoa.

The mobile telephony market was originally a monopoly: the first mobile phone company, Eircell began operations in 1986 as a wholly-owned subsidiary of an earlier incarnation of Eircom (Telecom Eireann) then still a state-owned PTT which also enjoyed a monopoly in landline telephony.

In 1995, the state advertised for a second mobile phone licence. Several privately owned consortia companies submitted bids but Esat Digifone, a joint venture between Norwegian PTT Telenor and Irish entrepreneur Denis O'Brien (whose Esat Telecommunications already offered limited fixed line telecom services to the corporate market) succeeded and in 1997 Esat Digifone commenced commercial operations.

(It has subsequently been alleged that the success of the Esat bid was influenced by payments made to then Minister for Communications, Michael Lowry. The allegation has been the subject of a long investigation by a public tribunal. Although the tribunal has yet to publish definitive findings the interim finding suggest that payments were made by O'Brien to Lowry and that these materially influenced the decision to award the second telephone licence.)

Esat Digifone quickly established a significant share: within three years of its establishment it had secured 40% of all Irish mobile subscribers and the HHI index fell from 10,000 in 1996 to 5200 by 2000. Perhaps as a consequence of this success, by 1999 O'Brien and Telenor were competing to acquire outright ownership of Digifone. After the Esat Board rejected a Telenor bid for a majority stake in the company, the Telenor approach was regarded as a hostile. The matter was settled in 2000 when British Telecom entered the fray with a friendly takeover offer which was accepted and Esat became a wholly-owned subsidiary of BT.

The following year (2001), BT de-merged its wireless division (including Digifone) to create an independent company mmO2 plc. This company traded as a standalone operation until 2005 when it was acquired by Spanish telco Telefonica.

In meantime, the late 1990s saw Eircom, owner of Eircell begin a move to sell off the mobile subsidiary. The context for this decision (which appeared counter-intuitive since it was the

most profitable element of Eircom) was the full privatisation of Eircom in 1999. The sale of shares in Eircom was easily the most successful share offer in Irish corporate history, at least in terms of the level of investor interest: 500,000 "ordinary" investors (i.e. non-institutional investors) acquired shares in the company. However, although the share price of the newly privatised company did rise in the weeks immediately post-privatisation, the value of the stock began to plummet after the first month leaving investors nursing substantial losses. Thus the Eircell subsidiary sale was understood as an attempt to boost the share price as it was estimated that it might net the parent company in the region of £IR3 billion. In May 2001 the Eircom board (including strategic partners telcos Telia and KPN) approved a Vodafone offer for the company.

The final major player in the Irish mobile market, Meteor began operations in 2000 after securing the third mobile licence in 1998. (The company was due to begin operations earlier but the unsuccessful bidder in the licensing process, Orange Telecoms, challenged the award process and the ensuing legal machinations were not completed until early 2000.) Meteor, owned by a consortium made up of Western Wireless, RF Communications and TWG Ireland, was not initially successful: after four years in the market its share was just 7% and the HHI index fell marginally from its 2000 figure of 5200 to 4458 in 2004. However, in 2005, Eircom expressed an interest in re-entering the mobile market and made advances to Meteor. At one point three groups competed to acquire Meteor, including Eircom, Smart Telcom and Denis O'Brien (who was also seeking to re-enter the mobile market). Ultimately, however, both Smart and O'Brien pulled out leaving the field clear for Eircom who acquired Meteor for €410m. Eircom subsequently invested heavily in the branding and marketing of Meteor and successfully grew the market share to nearly 20% by 2008 (leading the HHI index to drop to 3274 the same year).

As of 2011, the Irish mobile market is dominated by international players headquartered in the UK, Spain, Singapore and Hong Kong. There has been evidence to suggest that, as a consequence of its oligopolistic tendencies the Irish mobile market produced unusually high revenues per customer by international standards. In Spring 2005 the Irish telecoms regulator COMREG issued a statement arguing that O2 and Vodafone were at least tacitly colluding in price-setting, noting that Vodafone and O2 were

"aware of their common interests in ways which are conducive to the creation and maintenance of a position of collective dominance on the market for wholesale mobile access and call origination in Ireland, without the need for the parties to enter into an agreement or to resort to a concerted practice in order to cause prices to align or to deny access". (COMREG 05/14)

This finding was subsequently upheld by the European Commission who threatened sanctions if such behaviours continued.

3.4 Online Media

3.4.1 ISPs

Relative to other media sectors, the ISP segment has witnessed a significant decline in concentration over the past decade. Although initially the internet service provision market was largely indigenously-owned (large players like AOL having apparently considered the Irish market too small to aggressively target), this has changed dramatically in the past decade through the arrival of new ISPs using cable delivery systems and offering mobile broadband.

When the sector began in the early 1990s, it was constituted by a handful of small companies including Ireland On Line (which was owned by the An Post, the postal operator) Indigo, Internet Ireland, Club Internet, Internet Exchange and Business Network Ireland. Telecom Eireann (Eircom) also entered the market establishing TINET as a subsidiary. In 1999, Esat purchased EUnet and Indigo briefly becoming the largest ISP in the state. (Esat would sell its internet business along with the rest of the company to BT in 2001.) However as the 2000s

progressed Eircom leapt ahead, accounting for 87% of all subscriptions by 2004. As a consequence the market was highly concentrated with a HHI of 7642 at this point.

However, as a result of the infrastructure investment made by UPC in the wake of their acquisition of Chorus and NTL by 2008 UPC was able to offer broadband internet access via their cable network. This roughly coincided with the introduction of mobile broadband offerings from Vodafone and O2 (and later on from Meteor). Furthermore a number of new market entrants offering wireless broadband connections also emerged from 2005 onwards. As a consequence between 2004 and 2008, the number of companies with a 1% or higher market share increased from 4 to 14 and the HHI fell from 7642 to 3343. Inevitably this affected Eircom's dominance: by 2008, though still accounting for the majority of internet subscriptions Eircom's market share had fallen to 56%. The decline in concentration has, if anything, gathered pace since 2008: as of 2010 Eircom's share of the ISP market is down to 41% even if one includes the market share of Eircom subsidiary Meteor. Mobile phone companies have been the major beneficiaries of Eircom's decline: Three Ireland saw its share rise from 1% to 8% in two years, whilst O2's share rose from 2% to 9%. The biggest single benefactor, however, has been Vodafone whose share of the ISP market has leapt from 3% in 2008 to 22% in 2010. This is partly due to the increased take-up of the Vodafone mobile broadband offering but is also driven by Vodafone acquisition of two existing ISPs, Perlico and BT Ireland. As a consequence, the HHI for the Irish ISP market has fallen to 2496 in 2010.