



MEDIA RELEASE

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Are Media's acquisition of Ovato Retail Distribution not opposed

The ACCC will not oppose the proposed acquisition of Ovato Retail Distribution (ORD) by Are Media.

Are Media is Australia's largest magazine publisher and publishes titles such as *The Australian Women's Weekly*, *New Idea* and *Gourmet Traveller*. ORD is Australia's largest distributor of magazines to retailers (including newsagents, supermarkets and convenience stores), and is a subsidiary of Ovato Limited (ASX: OVT), a printer, distributor and marketer.

When gathering industry feedback, the ACCC was told that many magazine publishers consider that ORD is their only viable option for national distribution of time-sensitive publications to retailers.

"Our primary concern with this proposed acquisition was the potential impact on competing magazine publishers. Our investigation focussed on whether, after the acquisition of ORD by Are Media, sales by rival magazine publishers would be adversely affected by not having access to competitive distribution services," ACCC Chair Rod Sims said.

"Consistent with the ACCC's findings when it considered [Bauer acquiring Pacific Magazines](#) in 2020, circulation and revenue of most magazines continue to decline significantly, and many titles have closed over recent years."

"Historical sales data showed that consumers that still buy magazines have a high level of loyalty to particular titles, meaning that very few consumers would switch to an Are Media publication if it favoured distribution of its own magazines over its rivals' publications."

The ACCC concluded that Are Media would have insufficient incentive to favour distribution of its own publications over those of other publishers.

The continuing decline in magazine circulation and high fixed costs in distribution means that Are Media will likely have a strong incentive to maximise the aggregate volume of magazines it distributes after it purchases ORD.

"We also note that Are Media is heavily reliant on ORD to distribute its magazines to retailers, and therefore has an interest in securing its distribution channel, particularly in an industry facing continuing decline."

The ACCC also investigated concerns that Are Media could put rival publishers at a competitive disadvantage by accessing data about competing publishers' sales in the ORD system.

"Given that similar market information is publicly available, we considered that any benefit from the data is unlikely to give Are Media a significant competitive advantage," Mr Sims said.

"We therefore concluded that the proposed acquisition is not likely to result in a substantial lessening of competition."

Further information is available at [Are Media Pty Ltd - Ovato Retail Distribution Pty Ltd](#).

Background

Are Media, formed following Bauer Media's acquisition of Pacific Magazines, is the largest magazine publisher in Australia.

Ovato is an integrated print, distribution and marketing company in Australia and New Zealand. ORD is a subsidiary of Ovato, and is Australia and New Zealand's largest distributor of print magazines and associated products to retailers including newsagents, supermarkets and convenience stores.

The New Zealand Commerce Commission is also conducting a review of the proposed acquisition.

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