

The CNMC approves, with commitments, Ebiquity's purchase of Mediapath

- The operation affects the provision of advertising spend performance auditing and evaluation services in Spain.
- Ebiquity commits, among other things, to not imposing exclusivity on the commercial users of their auditing services and to limiting the duration of contracts.

Madrid, December 14, 2023 - The CNMC has authorised Ebiquity's purchase of Mediapath, but with commitments to preserve competition in the advertising spend performance audit services market in Spain ([C/1 406 /2 3](#)).

Auditing of advertising spend

The purchase of Mediapath affects the provision of auditing services and the evaluation of advertising spend performance by media advertisers in Spain.

There are two types of evaluation methods: the **auditing of benchmarking**, where the costs are compared against the average of a *pool* of advertisers, and **auditing by objectives**, where the return on investment is compared based on a series of qualitative indicators such as positioning, target audience reached, and so forth.

In the event that advertisers want to audit their investment under both systems, they usually hire the same auditor and under the same contractual umbrella.

Risks to competition

Ebiquity has been the market leader in the ad spend audit market since 2018 when the consultancy Accenture decided to exit the market due to conflicts of interest with its other services linked to conventional media advertising. Mediapath, its main competitor, entered the market in 2020.

The transaction, therefore, reinforces Ebiquity's leadership, generating horizontal overlaps with a significant addition of market share. In addition, there are barriers to entry in this market that the organisation will reinforce by acquiring Mediapath, such as the need to have a critical mass of data on costs and qualitative variables of the ad spend made by advertisers in order to ensure a robust and efficient database for providing auditing services.

Analysis of the transaction

The CNMC has found that these barriers are not insurmountable, since, with a small customer portfolio, such as Mediapath's, the service can be offered with quality guarantees. Following the exit of Accenture, the entry of competitors

operating outside Spain corroborates a certain dynamism in the market and low switching costs. Moreover, no exclusivity strategies have been observed.

In addition, although large consultancies and potential competitors outside Spain are not part of the same market, they do exert some competitive pressure on Ebiquity. This pressure is also exerted by the advertisers themselves, who have a certain countervailing power, as the service is not essential to their business.

However, through this operation, Ebiquity would acquire a quasi-monopolistic position, strengthening its ability and the incentive to make it difficult for potential competitors to enter the market. The imposition of exclusivity in the transfer of data or in the provision of the auditing service, or the establishment of long-term contracts, would limit the ability of competitors either to grow or to enter the market.

Consequently, the CNMC considers that the transaction poses no risk of price increases or loss of quality for commercial users, provided that the parties do not impose exclusivity policies or long term contracts. Factors such as competitive pressure from other smaller operators, potential competitors and the countervailing power of advertisers should mitigate these risks.

Proposed commitments for Ebiquity

- **Not to include exclusivity clauses or incentives** in contracts with advertisers using advertising spend efficiency auditing services in Spain.
- **Not to include clauses in contracts limiting the ability** of advertisers to share their advertising spend data with third party operators.
- **To limit the effective duration** of contracts to one year.
- **To inform their commercial users** of the commitments.

The CNMC considers these commitments sufficient to maintain effective competition in the advertising spend performance audit services market in Spain. In addition, the CNMC will monitor both its compliance and the effects that the operation generates in the market.

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