

Mergers: Commission opens in-depth investigation into Apple's proposed acquisition of Shazam

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"The way people listen to music has changed significantly in recent years, with more and more Europeans using music streaming services. Our investigation aims to ensure that music fans will continue to enjoy attractive music streaming offers and won't face less choice as a result of this proposed merger."*

The proposed transaction involves Apple's acquisition of Shazam. It would combine two significant and well known players in the digital music industry that are mainly active in complementary business areas. In particular, Apple offers the music streaming service "Apple Music", which in the last three years has become the second largest music streaming service provider in Europe. Shazam offers the leading music recognition app for mobile devices in the European Economic Area (EEA) and worldwide. Music recognition applications allow consumers to recognise music based on a short audio sample by using microphones built into their mobile devices.

The Commission's preliminary competition concerns

The Commission's initial market investigation raised several issues relating to the combination of Shazam's strong market position in the music recognition apps market and Apple's market position in the music streaming services market.

At this stage, the Commission is concerned that, following the takeover of Shazam, Apple would obtain access to commercially sensitive data about customers of its competitors for the provision of music streaming services in the EEA. Access to such data could allow Apple to directly target its competitors' customers and encourage them to switch to Apple Music. As a result, competing music streaming services could be put at a competitive disadvantage. In addition, while at this stage the Commission does not consider Shazam as a key entry point for music streaming services, it will also further investigate whether Apple Music's competitors would be harmed if Apple, after the transaction, were to discontinue referrals from the Shazam app to them.

The transaction was notified to the Commission on 14 March 2018. The Commission now has 90 working days, until 4 September 2018, to take a decision. The opening of an in-depth investigation does not prejudice the outcome of the investigation.

Companies and products

Apple is a US based global technology company which designs, manufactures and

sells mobile communication, media devices, portable digital music players and personal computers. It also sells and delivers digital content online through the "iTunes Store", the "App Store", "iBookstore" as well as "Mac App Store". It also offers the music and video streaming service "Apple Music".

Shazam is a UK based developer and distributor of music recognition applications for smartphones, tablets and PCs. It mainly generates revenues from online advertising, and commissions earned on referrals of users to digital music streaming and download services, such as Apple Music, Spotify and Deezer.

Referral request

On 6 February 2018, the Commission [accepted a request](#) from Austria, France, Iceland, Italy, Norway, Spain and Sweden to assess the acquisition of Shazam by Apple under the EU Merger Regulation. The proposed transaction was initially notified to Austria for regulatory clearance as the transaction did not meet the turnover thresholds of the EU Merger Regulation. Austria submitted a referral request to the Commission pursuant to Article 22(1) of the EU Merger Regulation on 21 December 2017.

Merger control rules and procedures

The Commission has the duty to assess mergers and acquisitions involving companies with a turnover above certain thresholds (see Article 1 of the Merger Regulation) and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

The vast majority of notified mergers do not pose competition problems and are cleared after a routine review. From the moment a transaction is notified, the Commission generally has a total of 25 working days to decide whether to grant approval (Phase I) or to start an in-depth investigation (Phase II).

In addition to the current transaction, there are 3 ongoing Phase II merger investigations: the proposed acquisition of [Ilva by ArcelorMittal](#), the [proposed acquisition of Cristal by Tronox](#) and the proposed merger between Praxair and Linde.

More information on the transaction will be available on the Commission's [competition](#) website, in the public [case register](#) under the case number [M.8788](#).