FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

For Release

FTC Challenges Dun & Bradstreet's Purchase of Competing Education Data Provider

2009 Acquisition Created Monopoly in Market for K-12 Educational Marketing Data

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Tags: Competition | Northeast Region | Merger

The Federal Trade Commission today sued The Dun & Bradstreet Corporation, challenging its February 2009 acquisition of Quality Education Data (QED) and alleging that the deal hurt consumers by eliminating nearly all competition in the market for kindergarten through twelfth-grade educational marketing databases. The data sold by these companies is used to sell books, education materials, and other products to teachers and other educators nationwide.

The combination of the two companies has given Dun & Bradstreet, through its subsidiary Market Data Retrieval (MDR), more than 90 percent of the market for K-12 educational marketing data, according to the complaint filed by the FTC. Dun & Bradstreet acquired QED from Scholastic, Inc. for about $29 million, which was below the threshold amount that would have required the companies to notify U.S. antitrust authorities before finalizing the deal.

"Despite its relatively low dollar value, this transaction dramatically decreased competition in the marketplace," said Richard Feinstein, Director of the FTC's Bureau of Competition. "When Dun & Bradstreet acquired QED, it bought its closest competitor and created a monopoly. That's going to get the FTC's attention every time."

According to the FTC's administrative complaint, MDR is the United States' leading provider of data for marketing to K-12 teachers, administrators, schools, and school districts. Companies that sell products ranging from textbooks and other educational materials to office supplies use the data MDR provides to focus their sales and outreach efforts to educators.

MDR, which has already taken over QED, now holds a near-monopoly position in the K-12 data market. The complaint states that before the acquisition, QED was MDR's closest competitor, and that this competition benefitted customers. There are currently only two other firms providing similar products and services. The FTC contends that these two small firms are unable to prevent MDR from exercising its monopoly power.

In addition, according to the FTC, entry into the market by new competitors would be difficult and is not likely to offset the anticompetitive effects of the transaction.

In filing the complaint, the FTC seeks to restore the competition lost through MDR's acquisition of QED.

The Commission vote approving the administrative complaint was 4-1, with Commissioner J. Thomas Rosch voting no. It was issued on May 6, 2010, and a public version will be available shortly on the FTC's website and as a link to this press release.

NOTE: The Commission issues or files a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The complaint is not a finding or ruling that the named parties have violated the law. The administrative complaint marks the beginning of a proceeding in which the allegations will be ruled upon after a formal hearing by an administrative law judge.

The FTC's Bureau of Competition works with the Bureau of Economics to investigate alleged anticompetitive business practices and, when appropriate, recommends that the Commission take law enforcement action. To inform the Bureau about particular business practices, call 202-326-3300, send an e-mail to antitrust@ftc.gov, or write to the Office of Policy and Coordination, Room 394, Bureau of Competition, Federal Trade Commission, 600 Pennsylvania Ave, N.W., Washington, DC 20580. To learn more about the Bureau of Competition, read "Competition Counts" at http://www.ftc.gov/competitioncounts.

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