

MEDIA RELEASE

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Commission refers predatory pricing case against Media 24

The Commission has today referred a case of predatory pricing against Media 24 to the Competition Tribunal for adjudication. This relates to advertising rates charged by Media24 in the community newspaper market in the Goldfields region of the Free State.

The Competition Act prohibits predatory pricing which involves pricing below average or variable costs in order to exclude competitors in a market.

This referral follows a complaint that was lodged by Berkina Twintig (Pty) Ltd trading as Gold-Net News on 30 January 2009, in which it alleged that Media 24 engaged in predatory pricing, which resulted in Gold-Net News exiting from the market in 2009.

It was alleged that the anti-competitive pricing occurred during the period from January 2004 until February 2009.

During this period Media 24 operated two community newspapers, namely Vista and Goudveld Forum in the Goldfields area.

The Commission's investigation found that Media24 engaged in exclusionary pricing conduct through Goudveld Forum whereby its advertising rates were priced below cost. It further, found that this was intended to exclude competitors and to bolster Media24's reputation as an aggressive competitor in order to reduce the likelihood of future entry into the community newspaper market. The Commission concluded that Goudveld Forum was used as a fighting brand to prevent competition with Media24's larger and more lucrative title, Vista.

Evidence before the Commission reveals that Goudveld Forum budgeted for and operated at a loss over this period and was closed down in January 2010 after Gold-Net News had been driven out of the market.

The Commission has asked the Tribunal to levy an administrative penalty of 10 percent on Media 24's turnover.

ENDS

Further info:

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