



competition commission
south africa

Media Statement

For Immediate Release

27 March 2020

**COMPETITION TRIBUNAL CONFIRMS THE PROHIBITION
OF NASPERS PURCHASE OF WEBUYCARS**

The Competition Commission welcomes the decision of the Competition Tribunal to confirm its recommendation that the proposed acquisition of WeBuyCars (Pty) Ltd (WeBuyCars) by MIH eCommerce Holdings (Pty) Ltd (MIH eCommerce), an entity of the Naspers Group, be prohibited.

In May 2019 the Commission recommended to the Tribunal that the transaction be prohibited as it would result in the removal of a potential competitor and substantially reduce competition in the car buying market.

The Commission had found that the proposed transaction was likely to substantially prevent or lessen competition in the market for car buying services and result in private sellers of used cars receiving lower prices from car buying companies in future than they would otherwise receive in a competitive environment.

BACKGROUND

The Commission found that the proposed transaction had no direct competitor overlaps in South Africa, it uncovered that the Naspers Group, through an investment in Frontier Car Group Inc (FCG), had planned to enter the South African market for the car buying services from the public and the wholesale of those vehicles to used car dealers in competition with WeBuyCars. This is the market segment that is currently dominated by WeBuyCars. These plans were stopped directly as a result of the proposed merger.

Further, there was a supplier-customer relationship overlap because Naspers Group owns and operates online classified automotive advertising platforms, e.g. OLX and Auto Trader, and WeBuyCars utilises these platforms to either sell or purchase vehicles.

Furthermore, the Commission argued that the proposed merger would likely result in a substantial lessening of competition through the exclusion of other competing car buying services. Naspers, through MIH eCommerce, owns OLX and AutoTrader. These are the major platforms for private sellers and used car dealer sales respectively.

With respect to exclusion, the Commission found that there were numerous ways in which Naspers could harness the complementarities between WeBuyCars and AutoTrader and/or OLX to the exclusion of effective competition against WeBuyCars rivals as well as other online platforms.

This included the sharing of customer and vehicle data which would provide an unassailable advantage in the development of automated car buying pricing tools. Other complementarities included channelling tired private sellers to WeBuyCars and giving WeBuyCars preferential positioning for vehicle sales on AutoTrader.

The Commission found that these complementarities could be leveraged to entrench WeBuyCars' dominant position in the purchasing of used cars from the public, and this dominance would also likely translate into dominance on the wholesale of second-hand car stock to used car dealers. This would result in higher prices being paid by used car dealers for wholesale stock sourced from the public.

The Tribunal is yet to issue its reasons for its decision.

[ENDS]

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