

# WEBBER WENTZEL

in alliance with > **Linklaters**

**The Competition Commission of South Africa**  
**Attention: Noluthando Jokazi**

**By email: [ojpmi@compcom.co.za](mailto:ojpmi@compcom.co.za)**

90 Rivonia Road, Sandton  
Johannesburg, 2196

PO Box 61771, Marshalltown  
Johannesburg, 2107, South Africa

Docex 26 Johannesburg

T +27 (0) 11 530 5000

F +27 (0) 11 530 5111

[www.webberwentzel.com](http://www.webberwentzel.com)

Your reference

2021MAY0010

Our reference

B Phillips / A Liebenberg  
3048648

Date

20 September 2021

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## Non-Confidential

Dear Noluthando

### Further request for Information by the Online Intermediation Platform Market Inquiry (the "Inquiry") from Cars.co.za

1. We refer to the Commission's request for further information dated 13 August 2021 addressed to Cars on the Internet Proprietary Limited (trading as Cars.co.za) ("**Cars**") (the "**RFI**"), and our initial response dated 10 September 2021.
2. This response contains the remainder of the responses to the RFI. For ease of reference, we have retained the answers to the initial responses in black text, and the new responses in blue below.
3. We repeat each item of the RFI in bold and italics before providing Cars' response.
4. Please note that certain information in this letter is confidential. Accordingly, we attach a confidentiality claim on behalf of Cars.

#### A. COMPETITIVE DYNAMICS

5. ***Item 1 - Provide all documents and reports that discuss competitors, the competitive landscape, market dynamics, market structure and competition constraints with respect to online automotive classifieds for the period January 2017 to June 2021.***
  - 5.1 All documents and reports which, to the best of Cars' knowledge, are responsive to this request, have already been provided.

2021 09 20 WW To CC (OIPMI) (RFI2) Redacted

**Senior Partner:** JC Els **Managing Partner:** SJ Hutton **Partners:** BW Abraham RB Africa NG Alp RL Appelbaum DC Bayman KL Beillings AE Bennett AP Blair AR Bowley J Braum MS Burger M Bux RI Carrim T Cassim SJ Chong ME Claassens C Collett KL Collier KM Colman KE Coster K Couzyn DB Cron PA Crosland R Cruywagen JH Davies PM Daya L de Bruyn PU Dela M Denenga DW de Villiers BEC Dickinson MA Diemont DA Dingley MS Dladla G Driver W Drue GP Duncan HJ du Preez CP du Toit SK Edmundson LF Egypt KH Eiser AE Esterhuizen MJR Evans K Fazel AA Felekis G Fitzmaurice JB Forman L Franca KL Gawith OH Geldenhuys MM Gibson CI Gouws PD Grealay S Haroun JM Harvey JS Henning KR Hillis Z Hlophe CM Holfeld PM Holloway AV Ismail ME Jarvis CA Jennings JC Jones CM Jonker S Jooste LA Kahn ACR Katzke M Kennedy KE Kilner A Keyser MD Kota JC Kraamwinkel J Lamb KJ Lebea E Louw M Mahlangu V Mannar L Marais G Masina T Masingi N Mbere MC McIntosh SJ McKenzie CS Meyer AJ Mills D Milo NP Mngomezulu P Mohanlall M Moloi N Moodley LE Mostert VM Movshovich C Murphy RA Nelson G Niven ZN Ntshona M Nxumalo AN Nyatumba A October L Odendaal GJP Olivier N Paige AMT Pardini AS Parry S Patel N Pather GR Penfold SE Phajane M Philippides BA Phillips MA Phillips DJ Rafferty D Ramjattan GI Rapson K Rew SA Ritchie J Roberts G Sader M Sader H Samsodien JW Scholtz KE Shepherd AJ Simpson N Singh N Singh-Nogueira P Singh S Sithole J Smit RS Smith MP Spalding PS Stein MW Straeuli LJ Swaine Z Swanepoel A Thakor T Theessen TK Thekiso C Theodosiou T Theunissen R Tihavani G Truter PZ Vanda SE van der Meulen JP van der Poel CS Vanmali JE Veeran B Versfeld MG Versfeld TA Versfeld DM Visagie EME Warmington J Watson AWR Westwood RH Wilson KD Wolmarans DJ Wright M Yudaken

**Chief Operating Officer:** SA Boyd

- 5.2 Please refer to Cars' response to the Initial Request for Information ("RFI 1") dated 30 June 2021, specifically the responses to:
- 5.2.1 Item 3, including Annexure A.2<sup>1</sup> (Cars.co.za Bio); and
- 5.2.2 Item 9, including Annexures C.1 to C.9<sup>2</sup> **[CONFIDENTIAL]**.
- 5.3 Please also refer to Cars' response to the Initial Statement of Issues ("SOI 1") dated 6 August 2021, specifically the responses to:
- 5.3.1 Scope Item 1, Questions 1 to 5; and
- 5.3.2 Scope Items 2 and 3, Questions 1 to 12.
6. ***Item 2 - To what extent do automotive dealerships who advertise their products on their own websites compete with your platform? Please elaborate and provide supporting evidence and documents.***
- 6.1 While automotive dealerships who advertise on their own websites are likely to be more focused on advertising their own brands of vehicles, as opposed to the variety of brands listed on the Cars platform, dealers who advertise on their own website are nevertheless a competitive constraint to Cars in relation to the generation of leads through online platforms.
- 6.2 For consumers who are not brand conscious, the Cars platform may be a more attractive option. However, consumers who are more brand conscious may opt to search for vehicles directly on a specific dealer's own branded website, which means a loss of potential leads generated on the Cars platform. In addition, some automotive dealerships do not only advertise or sell vehicles under a single brand, and in some instances vehicle dealer websites also offer consumers a choice of multiple brands, particularly in relation to used vehicles, within the consumer's search criteria.
- 6.3 As noted in Cars' response to SOI 1, vehicle sales still predominantly take place through physical engagements. This favours dealers as it may result in consumers opting for dealer websites for leads on vehicles, particularly if they prefer to have an end-to-end engagement with the dealers.
- 6.4 From a business user (dealership) perspective, dealers can reach a much broader set of consumers through the Cars platform than may be the case through their own websites, potentially resulting in sales that the business might not otherwise secure. In some cases, the business users may also find it is more economical to use online intermediation platforms than its own website, thereby effectively using a platform like Cars as a substitute for generating leads through its own website. Although, as noted in Cars' response to SOI 1, leads generated through online platforms are unlikely to be entirely replaced in the short-term by dealers' own websites, this nevertheless suggests that dealer's own websites are substitutable for leads through online intermediation platforms.

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<sup>1</sup> Annexure A.2. is confidential and not for publication.

<sup>2</sup> These annexures are confidential and not for publication.

- 6.5 Dealers may also compete with Cars from a Google search (paid and organic) perspective. The Google Search process is described in more detail in Section F below.
- 6.6 Whilst the Cars' platform could rank higher on Google Search when a consumer uses generic search terms (for instance 'VW Polo for sale'), individual dealer websites are more likely to rank and attract traffic from consumers specifically interested in that dealership or a particular brand. This is highly dependent on the specific dealership and how Google interprets the search query.

**B. PRICING INFORMATION**

***Note: To the extent that the fees might differ depending on (i) whether the vehicle is new or old or used and (i) type of vehicle, kindly provide the information separately (e.g., subscription fee for used passenger vehicle).***

**7. Item 3 - Provide documents and/or reports setting out how your platform determines its prices for the following and the factors taken into account:**

**7.1 Item 3.1 – Subscription fees;**

7.1.1 Cars understands reference to subscription fees to refer to base package fees, including the Flexi package, as referred to in the response to RFI 1.

7.1.2 The standard dealer advertising package (referred to as a base package) allows the dealership to list several vehicles on the platform, to receive consumer leads via email, SMS and telephonically [CONFIDENTIAL] These packages are tailored based on the size of the dealership. We summarise the categories below for ease of reference (see also paragraph 16.1 of the RFI 1 response).

7.1.2.1 [CONFIDENTIAL]

7.1.2.2 [CONFIDENTIAL]

7.1.2.3 [CONFIDENTIAL]

7.1.2.4 [CONFIDENTIAL]

7.1.2.5 [CONFIDENTIAL]

7.1.2.6 [CONFIDENTIAL]

7.1.3 [CONFIDENTIAL]

7.1.3.1 [CONFIDENTIAL]

(a) [CONFIDENTIAL]

(b) [CONFIDENTIAL]

(c) [CONFIDENTIAL]

(d) [CONFIDENTIAL]

7.1.3.2 [CONFIDENTIAL]

7.1.3.3 [CONFIDENTIAL]

7.1.3.4 [CONFIDENTIAL]

7.1.4 [CONFIDENTIAL]

7.1.5 [CONFIDENTIAL]

7.1.6 [CONFIDENTIAL]

7.1.7 [CONFIDENTIAL]

7.1.8 [CONFIDENTIAL]

7.2 ***Item 3.2 - Listing fees; and***

7.2.1 Cars' fees for the relevant packages on the platform is discussed above. Cars understands that reference to listing fees under this section to refers, in the context of the Cars platform, to products other than base and premium packages. In this regard, Car Specials is the most relevant.

7.2.2 As outlined in Cars' response to RFI 1, Car Specials allows a dealership to promote special offerings on vehicles. Refer to <https://www.cars.co.za/new-car-specials/> for more information. [CONFIDENTIAL]

7.2.2.1 [CONFIDENTIAL]

7.2.2.2 [CONFIDENTIAL]

7.2.3 Like base and premium package pricing, a number of factors are considered in determining Car Special pricing, including those outlined in paragraph 7.1.3 above.

7.2.4 [CONFIDENTIAL]

7.2.5 [CONFIDENTIAL]

7.3 ***Item 3.3 - Booster packages fees (e.g., packages that influence and improve ranking and appearance).***

7.3.1 Cars understands reference to booster package fees to refer to its premium package fees.

7.3.2 Once a dealership has subscribed to a base package (as outlined above), the dealership also has an option to further augment their presence on the platform through a premium package, which showcases the dealership's vehicles more prominently amongst other vehicles on the platform but has no impact on ranking in search results. Premium packages also allow the dealership to showcase a more detailed 'About Us' page on the Cars platform.

- 7.3.3 Premium package pricing is determined using the same principles as base packages, including those outlined in paragraph 7.1.3 above, as well as **[CONFIDENTIAL]**
8. **Item 4 - Explain whether business users are able to negotiate for lower (i) subscription fees, (ii) listing fees and (iii) booster packages fees? If yes, provide:**
- 8.1 All dealership fees per product are standardised. Please refer to Cars' response to RFI 1, specifically Items 12 and 13.
- 8.2 **[CONFIDENTIAL]**
- 8.3 **Item 4.1 - Names of business users that have been able to negotiate for lower fees;**
- Please refer to Item 4 above.
- 8.4 **Item 4.2 - The standard fees charged and the actual negotiated lower fee per business user;**
- Please refer to Item 4 above.
- 8.5 **Item 4.3 - The criteria used in determining whether a fee should be lowered for business users; and**
- Please refer to Item 4 above.
- 8.6 **Item 4.4 - Relevant correspondence between your platform and business users that relates to fee negotiations.**
- Please refer to Item 4 above.
9. **Item 5 - Provide a document (preferably in excel) that lists each individual business user's subscription fee, listing fee and booster package fee on monthly basis for the period January 2017 to June 2021.**
- 9.1 Please refer to Annexure B.1. Income by Contact March 2018 - June 2021.<sup>3</sup>
- 9.2 **[CONFIDENTIAL]**
- 9.2.1 **[CONFIDENTIAL]**
- 9.2.2 **[CONFIDENTIAL]**<sup>4</sup>
- 9.2.3 **[CONFIDENTIAL]**

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<sup>3</sup> This annexure is confidential and not for publication.

<sup>4</sup> This annexure is confidential and not for publication.

10. **Item 6 - For each individual business user that has experienced an increase in subscription fee, listing fee and booster package fee for the period January 2017 to June 2021, provide:**
- 10.1 **Item 6.1 - The name of the business user and the extent of fee increase;**
- 10.1.1 Please refer to Annexure B.1. Income by Contact March 2018 - June 2021.<sup>5</sup>
- 10.1.2 Cars invoices over [CONFIDENTIAL] business users monthly, and fee increases can occur throughout the year for several reasons. These include:
- (a) [CONFIDENTIAL]
  - (b) [CONFIDENTIAL]
  - (c) [CONFIDENTIAL]
  - (d) [CONFIDENTIAL]
- 10.1.3 While Cars is happy to assist the Inquiry with providing as much information as may be of assistance to the Inquiry, the above effectively amounts to almost [CONFIDENTIAL] possible fee changes over the period under review. It would be a significant challenge to provide this as it would require manual intervention and take a significant amount of time.
- 10.2 **Item 6.2 - The rationale for the increase in fee;**
- 10.2.1 Please refer to Item 6.1 above.
- 10.3 **Item 6.3 - Letters and e-mail correspondence notifying business users of increases in fee (provide the letters for your top 10 and bottom 10 business users); and**
- 10.3.1 By top 10 and bottom 10 business users, Cars understands the Inquiry to refer to the 10 largest and 10 smallest business users based on leads generated through the platform in the last financial year, as provided in Annexure G, Table 1 and 2 to RFI 1.<sup>6</sup>
- Dealership Price Increases:
- 10.3.2 Standardised price increase notifications are sent via email to all dealerships, one month before the new fees are implemented, in accordance with the business' terms and conditions. The Cars' sales representatives will then visit each dealership, and where this is not possible, will follow-up telephonically with the dealership, to ensure the price increase notification has been received and to address any concerns from the dealership regarding the price increase.
- 10.3.3 As most fee discussions take place in person or telephonically, documented correspondence regarding these discussions is generally not available.

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<sup>5</sup> This annexure is confidential and not for publication.

<sup>6</sup> This annexure is confidential and not for publication.

- 10.3.4 [CONFIDENTIAL]
- Group Dealership Price Increases:
- 10.3.5 Individual price increase notifications are sent via email to group dealerships, one month before the new fees are implemented, in accordance with the business' terms and conditions. The Cars' sales representatives then visit the group head office, and where this is not possible, will follow-up telephonically, to ensure the price increase has been received and to address any concerns from the group regarding the fee increase.
- 10.3.6 As the majority of fee discussions take place in person or telephonically, documented correspondence regarding these discussions is generally not available.
- 10.3.7 [CONFIDENTIAL] Please refer to Item 8 below for more information on group dealership pricing.
- 10.3.8 Please refer to Annexures B.2. to B.22.<sup>7</sup> for correspondence sent to business users notifying them of fee increases implemented in March 2019, March 2020 and March 2021. [CONFIDENTIAL]
- 10.4 ***Item 6.4 - Relevant correspondence between your platform and business users that include:***
- 10.4.1 ***Item 6.4.1 - Fee negotiations with business users: whereby after negotiations the proposed fee increases are subsequently withdrawn and not implemented; and***
- Not applicable, as provided under Item 4 and Item 6.3 above, [CONFIDENTIAL]
- 10.4.2 ***Item 6.4.2 - Fee negotiations with business users: whereby after negotiations the proposed fee increases are maintained and implemented.***
- Please refer to Item 6.3 above. [CONFIDENTIAL]
11. ***Item 7 - Provide documents and/or reports explaining the rationale for the differential pricing (based on number of cars listed and region) model applied in your platform. Also explain why the fees for business users operating in Gauteng appear to be higher than other regions.***
- Please refer to the response to Item 3 above.
12. ***Item 8 - Explain how your pricing model that is influenced by and/ or based on the number of cars listed affect the listing fees and subscription fees for dealerships with***

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<sup>7</sup> These annexures are confidential and not for publication.

***national footprint and independent dealerships with localised presence. Provide supporting documents and evidence.***

- 12.1 In the context of Cars' business, pricing for individual dealerships (i.e. dealerships with a single showroom floor), is determined in accordance with the standard package pricing as outlined in Cars' response to RFI 1 and Item 3 above.
- 12.2 **[CONFIDENTIAL]** Please refer to Cars' response to RFI 1, specifically Item 3, Annexure A.2,<sup>8</sup> Item 12, and Item 13 for further information on pricing for group dealerships.
- 12.3 Group dealerships comprise of a group of dealers that are provided with a bulk volume discount given the number of dealerships (showrooms) and vehicles that they represent. As outlined in Cars' response to RFI 1, **[CONFIDENTIAL]**<sup>9</sup>
- 12.4 For the sake of completeness, the following factors are considered when determining the pricing (base and premium package) for group dealerships:
- 12.4.1 **[CONFIDENTIAL]**
- 12.4.2 **[CONFIDENTIAL]**
- 12.4.3 **[CONFIDENTIAL]**
- 12.4.4 **[CONFIDENTIAL]**
- 12.4.5 **[CONFIDENTIAL]**
- 12.4.6 **[CONFIDENTIAL]**
- 12.4.7 **[CONFIDENTIAL]**
- Illustrative Example:
- 12.4.8 **[CONFIDENTIAL]**
- 12.4.9 **[CONFIDENTIAL]**
- 12.4.10 **[CONFIDENTIAL]**
- 12.4.11 **[CONFIDENTIAL]**
- 12.4.12 **[CONFIDENTIAL]**
- 12.5 **[CONFIDENTIAL]**

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<sup>8</sup> This annexure is confidential and not for publication.

<sup>9</sup> These annexures are confidential and not for publication.

**C. LEADS, CLICKS, PLATFORM AND BUSINESS USER PERFORMANCE**

13. **Item 9 - Explain the process followed in determining whether a lead has been generated on your platform. List factors taken into account in determining and concluding that a lead has been generated for a business user.**

Please refer to Annexure C.1.<sup>10</sup> Section 1 Lead Generation Process.

14. **Item 10 - Provide the following information relating to the leads generated on your platform on a monthly basis for the period January 2017 to June 2021:**

- 14.1 **Item 10.1 - Total leads generated on your platform.**

14.1.1 Please refer to Cars' response to RFI 1, in particular, the responses under the heading "Platform Performance Information" and Annexure B.4.<sup>11</sup>

14.1.2 Please also refer to Annexure C.2.<sup>12</sup> Leads, Clicks and Business User Performance, specifically the "Leads Summary" tab for the total leads generated on the platform [CONFIDENTIAL]

- 14.2 **Item 10.2 - Provide a breakdown of the total leads generated on your platform by:**

- 14.3 **Item 10.3 - Leads generated from packages that influence and improve ranking;**

Not applicable. As noted in Cars' response to SOI 1, Scope Item 5, Question 1, featured displays (referred to as "Premium" listings) are not displayed at the top of the search results, unless it qualifies as the top listing based on the consumer's sorting choice. Cars does not provide any packages that influence or improve ranking.

- 14.4 **Item 10.4 - Leads generated from packages that influence and improve appearance;**

14.4.1 The only package that influences and improves appearance on the Cars platform is the premium package. As outlined in Cars' response to RFI 1, once a dealership has subscribed to a base package, the dealership also has an option to further augment their presence on the platform through a premium package, which showcases the dealership's vehicles more prominently amongst other vehicles on the platform but has no impact on ranking in search results.

14.4.2 Please refer to Annexure C.2.<sup>13</sup> Leads, Clicks and Business User Performance, specifically the "Leads Summary" tab for the total leads generated on the platform [CONFIDENTIAL]

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<sup>10</sup> This annexure is confidential and not for publication.

<sup>11</sup> This annexure is confidential and not for publication.

<sup>12</sup> This annexure is confidential and not for publication.

<sup>13</sup> This annexure is confidential and not for publication.

- 14.4.3 [CONFIDENTIAL]<sup>14</sup>
- 14.5 **Item 10.5 - Leads generated from other packages (please specify the package);**  
Please refer to Annexure C.2.<sup>15</sup> Leads, Clicks and Business User Performance, specifically the "Leads Summary" tab for the total leads generated on the platform [CONFIDENTIAL]
- 14.6 **Item 10.6 - Leads generated from non-ranking, non-appearance enhancing packages; and**
- 14.6.1 Cars understands this to mean leads generated from base packages, excluding those business users who make use of both a base and premium package as outlined above.
- 14.6.2 Please refer to Annexure C.2.<sup>16</sup> Leads, Clicks and Business User Performance, specifically the "Leads Summary" tab for the total leads generated on the platform [CONFIDENTIAL]
- 14.6.3 [CONFIDENTIAL]<sup>17</sup>
- 14.7 **Item 10.7 - Leads generated by position in the search results (from top rank position onwards).**  
It would not be possible for Cars to provide this information as requested by the Inquiry. This is because the same vehicle could appear at various positions in the search results depending on the search criteria and sorting options applied by the user.
15. **Item 11 - Provide the following information relating to the click through and/or view ("Clicks") generated on your platform on a monthly basis for the period January 2017 to June 2021:**
- 15.1 **Item 11.1 - Total clicks generated on your platform.**  
Cars understands clicks to refer to vehicle views.<sup>18</sup> Please refer to Annexure C.2. Leads, Clicks and Business User Performance<sup>19</sup>, specifically the "Vehicle Views Summary" tab for the total vehicle views generated on the platform [CONFIDENTIAL]
- 15.2 **Item 11.2 - Provide a breakdown of the total clicks generated on your platform by:**

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<sup>14</sup> This annexure is confidential and not for publication.

<sup>15</sup> This annexure is confidential and not for publication.

<sup>16</sup> This annexure is confidential and not for publication.

<sup>17</sup> This annexure is confidential and not for publication.

<sup>18</sup> Cars understands "Clicks" to mean a consumer "clicking on" or opening a vehicle listing from the search results.

<sup>19</sup> This annexure is confidential and not for publication.

15.2.1 **Item 11.2.1 - Clicks generated from packages that influence and improve ranking;**

Not applicable. Please refer to the response to Item 10.3 above.

15.2.2 **Item 11.2.2 - Clicks generated from packages that influence and improve appearance;**

15.2.2.1 As outlined above, the only package that influences and improves appearance is the premium package.

15.2.2.2 Please refer to Annexure C.2.<sup>20</sup> Leads, Clicks and Business User Performance, specifically the "Vehicle Views Summary" tab for the total vehicle views generated on the platform [CONFIDENTIAL].

15.2.3 **Item 11.2.3 - Clicks generated from other packages (please specify the package);**

Not applicable.

15.2.4 **Item 11.2.4 - Clicks generated from non-ranking, non-appearance packages; and**

15.2.4.1 Cars understands this to mean vehicle views generated from base packages, excluding those business users who make use of both a base and premium package as outlined above.

15.2.4.2 Please refer to Annexure C.2.<sup>21</sup> Leads, Clicks and Business User Performance, specifically the "Vehicle Views Summary" tab for the total vehicle views generated on the platform [CONFIDENTIAL].

15.2.5 **Item 11.2.5 - Clicks generated by position in the search results (from top rank position onwards).**

Cars is currently unable to provide this information, given that the same vehicle could appear at various positions in the search results depending on the search criteria and sorting options applied by the user.

16. **Item 12 - Provide the leads generated per individual business user on your platform on a monthly basis for the period January 2017 to June 2021. Provide the information by the following segment:**

The number of consumers making use of and leads generated by the Cars platform was provided in Cars' response to RFI 1. Please refer to the responses under the heading "Platform Performance Information" and Annexure B.4.<sup>22</sup> Please also refer to Annexure

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<sup>21</sup> This annexure is confidential and not for publication.

<sup>22</sup> This annexure is confidential and not for publication.

C.2.<sup>23</sup> Leads, Clicks and Business User Performance, specifically the "Leads & Clicks" tab for the leads generated by business user on the platform [CONFIDENTIAL]

16.1 ***Item 12.1 - Leads generated per individual business user that purchases packages that influence and improve ranking;***

Not applicable. Please refer to the response to Item 10.3 above.

16.2 ***Item 12.2 - Leads generated per individual business user that purchases packages that influence and improve appearance;***

16.2.1 As outlined above, the only package that influences and improves appearance is the premium package.

16.2.2 Please refer to Annexure C.2.<sup>24</sup> Leads, Clicks and Business User Performance, specifically the "Leads & Clicks" tab for the leads generated by business user on the platform [CONFIDENTIAL]

16.2.3 [CONFIDENTIAL]<sup>25</sup>

16.3 ***Item 12.3 - Leads generated per business user from other packages (please specify the package);***

Please refer to Annexure C.2.<sup>26</sup> Leads, Clicks and Business User Performance, specifically the "Leads & Clicks" tab for the leads generated by business user on the platform [CONFIDENTIAL]

16.4 ***Item 12.4 - Leads generated per individual business user that does not purchase packages that influence and improve ranking; and***

Not applicable. As Cars does not provide any packages that influence or improves ranking, effectively all leads generated on the platform falls within this segment.

16.5 ***Item 12.5 - Leads generated per individual business user that does not purchase packages that influence and improve appearance;***

16.5.1 Cars understands this to mean leads generated from base packages, excluding those business users who make use of both a base and premium package as outlined above.

16.5.2 Please refer to Annexure C.2.<sup>27</sup> Leads, Clicks and Business User Performance, specifically the "Leads & Clicks" tab for the leads generated by business user on the platform [CONFIDENTIAL]

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<sup>23</sup> This annexure is confidential and not for publication.

<sup>24</sup> This annexure is confidential and not for publication.

<sup>25</sup> This annexure is confidential and not for publication.

<sup>26</sup> This annexure is confidential and not for publication.

<sup>27</sup> This annexure is confidential and not for publication.

17. **Item 13 - Provide the clicks generated per individual business user on your platform on a monthly basis for the period January 2017 to June 2021. Please provide the information by the following segment:**

Please refer to Annexure C.2. Leads, Clicks and Business User Performance<sup>28</sup>, specifically the "Leads & Clicks" tab for the vehicle views generated by business user on the platform [CONFIDENTIAL]

17.1 **Item 13.1 - Clicks generated per individual business user that purchases packages that influence and improve ranking;**

Not applicable. Please refer to Item 10.3 above.

17.2 **Item 13.2 - Clicks generated per individual business user that purchases packages that influence and improve appearance;**

17.2.1 As outlined above, the only package that influences and improves appearance is the premium package.

17.2.2 Please refer to Annexure C.2.<sup>29</sup> Leads, Clicks and Business User Performance, specifically the "Leads & Clicks" tab for the Vehicle Views generated by business user on the platform [CONFIDENTIAL]

17.3 **Item 13.3 - Clicks generated per business user from other packages (please specify the package);**

Not applicable.

17.4 **Item 13.4 - Clicks generated per individual business user that does not purchase packages that influence and improve ranking; and**

Not applicable as Cars does not provide any packages that influence or improves ranking. Effectively all vehicle views generated on the platform falls within this segment.

17.5 **Item 13.5 - Clicks generated per individual business user that does not purchase packages that influence and improve appearance;**

17.5.1 Cars understands this to mean vehicle views generated from base packages, excluding those business users who make use of both a base and premium package as outlined above.

17.5.2 Please refer to Annexure C.2.<sup>30</sup> Leads, Clicks and Business User Performance, specifically the "Leads & Clicks" tab for the vehicle views generated by business user on the platform [CONFIDENTIAL]

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<sup>28</sup> This annexure is confidential and not for publication.

<sup>29</sup> This annexure is confidential and not for publication.

<sup>30</sup> This annexure is confidential and not for publication.

18. **Item 14 - Describe how a lead generated in your platform is linked or related to Clicks. Provide any documents and/or evidence to support your answer.**

Please refer to Annexure C.1.<sup>31</sup> Section 2. Lead Relationship to "Clicks" or Vehicle Listing Views.

#### **D. BOOSTER PACKAGES**

19. **Item 15 - Provide documents and reports explaining all your packages offered to business users. The information must include the structure, duration and cost for each package. The Inquiry notes that the marketing materials you previously submitted has some information on packages. The Inquiry request any documents and reports (over and above the marketing materials) that specifically focuses on these packages.**

19.1 To the best of Cars' knowledge, all documents and reports explaining packages offered to business users have been provided in Cars' response to RFI 1.

19.2 In this regard, please refer to the responses to:

19.2.1 Item 3, including Annexure A.2<sup>32</sup> (Cars.co.za Bio);

19.2.2 Item 12;

19.2.3 Item 13, including Annexures D.1 to D.8<sup>33</sup>;

19.2.4 Item 14, including Annexures D.9. to D.17<sup>34</sup>;

19.2.5 Item 15; and

19.2.6 Item 16.

19.3 Cars would be happy to address any specific queries the Inquiry has in this regard.

20. **Item 16 - In terms of packages that influence and improve business user ranking position, provide the following information on a monthly basis for the period January 2017 to June 2021:**

Not applicable. Please refer to the response to Item 10.3 above.

- 20.1 **Item 16.1 - Documents and/or reports presented or sent to business users that explain the ranking packages available and associated benefits;**

Not applicable.

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<sup>32</sup> This annexure is confidential and not for publication.

<sup>33</sup> These annexures are confidential and not for publication.

<sup>34</sup> These annexures are confidential and not for publication.

20.2 **Item 16.2 - Documents and/or reports that explain the structure of your ranking packages, including the different ranking positions that can be achieved, cost per ranking position and the duration of the ranking position.**

Not applicable.

20.3 **Item 16.3 - List all the business users that have purchased your ranking packages on a weekly and monthly basis. This must also include: business user monthly spend on ranking packages over this period.**

Not applicable.

20.4 **Item 16.4 - Provide documents and/or reports that show how the ranking packages benefit (or have benefited) each business user that has purchased them.**

Not applicable.

21. **Item 17 - In terms of packages that influence and improves business user appearance, provide the following information on a monthly basis for the period January 2017 to June 2021:**

21.1 **Item 17.1 - Documents and/or reports presented or sent to business users that explain the appearance packages available and associated benefits;**

21.1.1 To the best of Cars' knowledge all documents and reports explaining the premium package (which is the only package that influences and improves business user appearance) have been provided in Cars' response to RFI 1.

21.1.2 In this regard, please refer to Cars' response to:

21.1.2.1 Item 3, including Annexure A.2<sup>35</sup> (Cars.co.za Bio);

21.1.2.2 Item 13, specifically Annexure D.3<sup>36</sup>; and

21.1.2.3 Item 14, specifically Annexure D.11<sup>37</sup>.

21.1.3 Please also refer to Cars' response to SOI 1, specifically Scope Item 5, Questions 1 to 5 for additional information regarding Cars' premium package.

21.1.4 The information provided relates to the last calendar year. Cars can provide historical materials for previous years, although these are similar to the latest collateral provided.

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<sup>35</sup> This annexure is confidential and not for publication.

<sup>36</sup> This annexure is confidential and not for publication.

<sup>37</sup> This annexure is confidential and not for publication.

- 21.2 ***Item 17.2 - Documents and/or reports that explain the structure of your appearance packages, including the different appearance features that can be achieved, cost of appearance features and the duration of the appearance.***
- 21.2.1 To the best of Cars' knowledge all documents and reports explaining the premium package (which is the only package that influences and improves business user appearance) have been provided in Cars' response to RFI 1.
- 21.2.2 In this regard, please refer to Cars' response to:
- 21.2.2.1 Item 3, including Annexure A.2<sup>38</sup> (Cars.co.za Bio);
- 21.2.2.2 Item 13, specifically Annexure D.3<sup>39</sup>; and
- 21.2.2.3 Item 14, specifically Annexure D.11<sup>40</sup>.
- 21.2.3 Please also refer to Cars' response to SOI 1, specifically Scope Item 5, Questions 1 to 5 for additional information regarding Cars' premium package.
- 21.2.4 All premium packages provide the same benefits, as outlined above.  
**[CONFIDENTIAL]**
- 21.3 ***Item 17.3 - List all the business users that have purchased your appearance packages on a weekly and monthly basis. This must also include: business user monthly spend on appearance packages over this period.***
- 21.3.1 Please note that this information is not readily available from either the Cars accounting system or the Cars platform.
- 21.3.2 Please refer to Annexure D.1.<sup>41</sup> for a manually compiled listing of all business users that purchased the premium package in June 2021.
- 21.4 ***Item 17.4 - Provide documents and reports that show how the appearance packages benefit (or have benefited) each business user that has purchased them.***
- 21.4.1 As outlined above, the only package that influences and improves appearance is the premium package.
- 21.4.2 As noted in Cars' response to SOI 1, Scope Item 5, Question 1 - there are several factors that could impact on the performance (views and leads generated) of vehicle listings, other than the search ranking or whether the listing is a featured display or not, **[CONFIDENTIAL]** This is further described in Item 18.2 below.
- 21.4.3 **[CONFIDENTIAL]**

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<sup>38</sup> This annexure is confidential and not for publication.

<sup>39</sup> This annexure is confidential and not for publication.

<sup>40</sup> This annexure is confidential and not for publication.

<sup>41</sup> This annexure is confidential and not for publication.

21.4.4 Cars therefore cannot comment on the impact of appearance packages on specific business users.

21.4.5 Please refer to Annexure C.2.<sup>42</sup> Leads, Clicks and Business User Performance, specifically the "Leads & Clicks" tab for the leads generated by business user on the platform [CONFIDENTIAL]

22. **Item 18 - Of your top ten ranked business users since January 2020, provide:**

22.1 **Item 18.1 - For each month, how many of the business users were in the top ten as a result of purchasing ranking packages;**

Not applicable. Please refer to Cars' response to Item 10.3 above.

22.2 **Item 18.2 - For each month, how many of the business users were in the top ten as a result of purchasing appearance packages; and**

22.2.1 As outlined above, the only package that influences and improves appearance is the premium package.

22.2.2 Please refer to Annexure C.2.<sup>43</sup> Leads, Clicks and Business User Performance, specifically the "Leads & Clicks" tab for the leads generated by business user on the platform [CONFIDENTIAL].

22.2.3 As an example, the top 10 business users by leads for June 2021 is provided in Annexure C.2.<sup>44</sup> Leads, Clicks and Business User Performance, specifically the "Top 10 by Leads" tab.

22.2.4 In June 2021, [CONFIDENTIAL] of the top 10 business users by leads made use of a premium package. However, it cannot be assumed that these business users are in the top 10 by leads because of purchasing a premium package, as there are many other factors that contribute to the number of leads a business user can generate, including:

22.2.4.1 [CONFIDENTIAL]

22.2.4.2 [CONFIDENTIAL]

22.2.4.3 [CONFIDENTIAL]

22.2.4.4 [CONFIDENTIAL]

22.2.4.5 [CONFIDENTIAL]

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<sup>42</sup> This annexure is confidential and not for publication.

<sup>43</sup> This annexure is confidential and not for publication.

<sup>44</sup> This annexure is confidential and not for publication.

22.3 **Item 18.3 - For each month, how many of the business users were in the top ten but did not purchase any packages (only paid listing and/or subscription fee).**

Please refer to Item 18.2 above. In June 2021, [CONFIDENTIAL] of the top 10 business users by leads did not make use of a premium package.

23. **Item 19 - Of your first paged ranked business users since January 2020, provide:**

23.1 **Item 19.1 - For each month, how many of the business users were in the first page as a result of purchasing ranking packages;**

Not applicable. Please refer to Cars' response to Item 10.3 above.

23.2 **Item 19.2 - For each month, how many of the business users were in the first page as a result of purchasing appearance packages; and**

Cars cannot definitively answer this question. As noted above, the same vehicle could appear at various positions in the search results depending on the search criteria and sorting options applied by the user. Cars is also unable to determine exactly how many business users were on the first page due to the premium package, particularly since the premium package does not influence search results.

23.3 **Item 19.3 - For each month, how many of the business users were in the first page but did not purchase any packages (only paid listing and/or subscription fee).**

See response to 23.2 above. Cars does not operate on the basis of listings or subscription fees. All business users make use of the Cars platform through the various packages discussed above and in Cars' previous submissions.

## E. TERMS AND CONDITIONS

24. **Item 20 - Are there any exclusive agreements that your platform entered into (in the past or currently) with any of its business users? If yes:**

24.1 Cars does not have any exclusive agreements with business users on the platform. Cars also has not historically entered into exclusive agreements with business users and understands that many business users make use of multiple platforms to reach consumers.

24.2 Please also refer to Cars' response to SOI 1, specifically the responses contained under Scope Item 2.

24.3 For the sake of completeness, we note that since 2015 Cars has run the Cars.co.za Consumer Awards powered by Wesbank (the "**Awards Programme**") on an annual basis. The purpose of the Awards Programme is to service the South African public and to assist motorists in making the best-informed car-buying decisions.

24.4 [CONFIDENTIAL]

24.5 The Cars Awards Sponsorship does not take place on the platform. The term of the Wesbank Sponsorship Agreement ended after the Cars Awards Ceremony in February 2021.

- 24.6 Please refer to Annexure E.1.<sup>45</sup> for further information.
- 24.7 ***Item 20.1 - Provide copies of such exclusive agreements;***  
Please refer to Item 20 above.
- 24.8 ***Item 20.2 - For each agreement, please indicate when did exclusivity start, whether exclusivity has ended (if so, when) or whether exclusivity still applies;***  
Please refer to Item 20 above.
- 24.9 ***Item 20.3 - Explain the rationale for concluding exclusive agreements with business users (whether in the past or currently);***  
Please refer to Item 20 above.
- 24.10 ***Item 20.4 - Explain the efficiencies derived for concluding exclusive agreements with business users (whether in the past or currently). Provide supporting documents and/or evidence.***  
Please refer to Item 20 above.
- 24.11 ***Item 20.5 - Explain whether concluding exclusive agreements with business users (whether in the past or currently) is essential to your business model. Provide supporting documents and/or evidence.***  
Please refer to Item 20 above.
25. ***Item 21 - Has your platform ever terminated, suspended or blocked any of its business users from its platform during the period January 2017 to June 2021? If yes, provide:***
- 25.1 Yes. Certain business users were suspended from the platform for two main reasons:
- 25.1.1 Non-payment; and
- 25.1.2 Contravention of the platform terms and conditions (referred to as delinquent dealers).
- Suspension due to non-payment
- 25.2 As outlined in Cars' response to RFI 1, specifically Annexures D.9 to D.10<sup>46</sup> - **[CONFIDENTIAL]**
- 25.3 **[CONFIDENTIAL]**
- 25.4 **[CONFIDENTIAL]**
- Suspension for other reasons:

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<sup>45</sup> This annexure is confidential and not for publication.

<sup>46</sup> These annexures are confidential and not for publication.

- 25.5 As outlined in Cars' response to RFI 1, specifically Item 14, Cars reserves the right to cancel any dealership account with immediate effect for a severe infraction on the dealer rating elements. **[CONFIDENTIAL]**
- 25.6 ***Item 21.1 - The name and contact details of the business users;***
- 25.6.1 Please refer to Annexure E.2.<sup>47</sup> for the names and contact details of all business users terminated or suspended during this period.
- 25.6.2 Please note that the first tab of this annexure contains all business users suspended due to non-payment, whilst the second tab contains all business users suspended for other reasons.
- 25.6.3 This list has been manually compiled given the database constraints as outlined in Items 10 to 13 above and may therefore not be fully complete.
- 25.7 ***Item 21.2 - For each business user, the circumstances that led to the termination or suspension;***
- Please refer to Annexure E.2.<sup>48</sup> for the circumstances that led to the suspension of the respective business users.
- 25.8 ***Item 21.3 - For each business user, whether they were given an opportunity to provide reasons and motivate why they should not be suspended or terminated;***
- 25.8.1 **[CONFIDENTIAL]**
- 25.8.2 Please refer to Annexure E.2.<sup>49</sup> for the circumstances that led to the suspension of the respective business users.
- 25.9 ***Item 21.4 - For each business user, whether termination or suspension was immediate or business users were notified and given a certain time period before the termination and suspension;***
- Please refer to Item 21.3 above as well as Annexure E.2.<sup>50</sup> for further information in this regard.
- 25.10 ***Item 21.5 - For each business user whose account was suspended, indicate for long did the suspension last and whether the business user's account was subsequently reinstated; and***
- Please refer to Annexure E.2.<sup>51</sup> for the duration of the suspension, where applicable.
- 25.11 ***Item 21.6 - Indicate if there are any instances where the decision to suspend or terminate a business user's account was withdrawn as a result of the***

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<sup>47</sup> This annexure is confidential and not for publication.

<sup>48</sup> This annexure is confidential and not for publication.

<sup>49</sup> This annexure is confidential and not for publication.

<sup>50</sup> This annexure is confidential and not for publication.

<sup>51</sup> This annexure is confidential and not for publication.

***motivation or reasons provided by the business user. Please provide examples and supporting evidence.***

Please refer to Item 21.3 above as well as Annexure E.2.<sup>52</sup> for further information in this regard.

26. ***Item 22 - Kindly provide the contracts and/or agreements entered into by your platform with your top 10 business users and bottom 10 business users.***

26.1 Cars understands the top 10 and bottom 10 business users to refer to the 10 largest and 10 smallest business users by leads generated through the platform in the last financial year, as provided in Annexure G<sup>53</sup> Table 1 and 2 to RFI 1.

26.2 Please refer to Annexures B.2. to B.22.<sup>54</sup> as well as Annexures E.3. to E.17.<sup>55</sup> for the most recent agreements and sign-up forms entered with the top 10 and bottom 10 business users.

## F. MARKETING ACTIVITIES AND GOOGLE SERVICES

27. ***Item 23 - Provide documents and reports that explain or discuss the importance of Google to your platform,<sup>56</sup>***

27.1 Please refer to Cars' response to RFI 1, specifically:

27.1.1 Item 3, including Annexure A.2<sup>57</sup> (Cars.co.za Bio); and

27.1.2 Item 11, including Annexure C.14<sup>58</sup>.

27.2 **[CONFIDENTIAL]**

27.3 As indicated in Item 24 below, it is estimated that approximately **[CONFIDENTIAL]** of all traffic to the Cars platform is attributable to Google search.

27.4 As further described in Item 25 below, it is estimated that the total cost of Google Ads over the period January 2017 to June 2021 (54 months) amounts to approximately **[CONFIDENTIAL]**, i.e., an average spend of **[CONFIDENTIAL]** per month.

27.5 Also refer to Cars' response to SOI 1, specifically:

27.5.1 Scope Item 1, Question 2;

27.5.2 Scope Item 3, Question 1;

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<sup>52</sup> This annexure is confidential and not for publication.

<sup>53</sup> This annexure is confidential and not for publication.

<sup>54</sup> These annexures are confidential and not for publication.

<sup>55</sup> These annexures are confidential and not for publication.

<sup>56</sup> If such documents do not exist, provide a detailed description and explanation.

<sup>57</sup> This annexure is confidential and not for publication.

<sup>58</sup> This annexure is confidential and not for publication.

27.5.3 Scope Item 3, Question 2; and

27.5.4 Scope Item 3, Question 7.

**28. *Item 24 - Provide information and documents on how many customers are attracted to your platform via Google (i.e., information, documents or statistics on customers visiting your site as a result of being re-directed to your site via Google Search).***

28.1 Please refer to Annexure F.1.<sup>59</sup> Cars Traffic by Source for a breakdown of customers visiting the Cars platform, including those redirected to the site via Google search.

28.2 Over the period from January 2017 to June 2021, the key sources of traffic to the Cars platform were:

28.2.1 [CONFIDENTIAL]

28.2.2 [CONFIDENTIAL]

28.2.3 [CONFIDENTIAL]

28.3 Therefore, it is estimated that approximately [CONFIDENTIAL] of all traffic to the Cars platform is attributable to Google Search. Other sources of traffic to the platform include [CONFIDENTIAL]

**29. *Item 25 - Provide a breakdown and explanation of all services offered by Google to your platform and monthly fees/spend payable to Google by your platform for the period January 2017 to June 2021.***

29.1 Cars makes use of the following Google services:

29.1.1 [CONFIDENTIAL]

29.1.2 [CONFIDENTIAL]

29.1.2.1 [CONFIDENTIAL]

29.1.2.2 [CONFIDENTIAL]

29.1.2.3 [CONFIDENTIAL]

29.1.2.4 [CONFIDENTIAL]

29.1.2.5 [CONFIDENTIAL]

29.1.2.6 [CONFIDENTIAL]

29.1.2.7 [CONFIDENTIAL]

29.1.2.8 [CONFIDENTIAL]

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<sup>59</sup> This annexure is confidential and not for publication.

29.1.2.9

**[CONFIDENTIAL]**

29.2 Please refer to Annexure F.2.<sup>60</sup> Google Combined Billing for the summary of fees payable to Google for these services over the period January 2017 to June 2021.

29.3 In addition, Annexure F.3.<sup>61</sup> Google Expenditure contains the amount invoiced by Google (in Rand) for the period June 2018 to June 2021. **[CONFIDENTIAL]**

30. **Item 26 - Does your platform make use of Google AdWord services? If yes, provide:**

Yes, Cars makes use of Google AdWords services.

30.1 **Item 26.1 - Explain the Google AdWords bidding process.**

30.1.1 Cars understands the Google Ads bidding process to effectively be auction-based, with multiple advertisers selecting keywords (search terms) to bid on. The bid is then based on the maximum cost per click ("**CPC**") that the advertiser is willing to pay and the quality score which determines the ad rank.

30.1.2 The quality score is made up of the ad relevance, the landing page experience and the expected Click Through Rate (CTR), as well as other factors that Google may consider, of which Cars has limited knowledge or control. The ad rank of all advertisers bidding on a search term is compared in the auction and then the top three to four ad ranked ads are shown on the search results. The top ad pays one cent more than the other advertisers' maximum CPC according to Google's guidelines.<sup>62</sup>

30.2 **Item 26.2 - Who are you competing with for bids on Google AdWords?**

Cars competes with other advertisers that select similar keywords (search terms) to Cars to bid on. This typically includes other automotive classified platforms in South Africa such as Autotrader, Carfind, Surf4Cars, Gumtree and OLX as well as Original Equipment Manufacturers such as Volkswagen, Ford, Toyota, etc. and in certain cases vehicle dealerships (business users) such as WeBuyCars.

30.3 **Item 26.3 - What is your firm's total monthly spend on Google AdWords for the period January 2017 to June 2021?**

Please refer to Item 25 above for a breakdown of monthly fees payable to Google.

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<sup>60</sup> This annexure is confidential and not for publication.

<sup>61</sup> This annexure is confidential and not for publication.

<sup>62</sup> A detailed explanation of the process, as provided by Google can be found here:

[https://ads.google.com/intl/en\\_za/getstarted/?subid=za-en-ha-aw-sk-c-bau!o3~Cj0KCQjws4aKBhDPARIsAIWH0JVqc6Lp1f1sGMy48AQXQ8bMF5R2rgMTIlxAdl\\_j-M18KJKA-ogwEy0aAiaYEALw\\_wcB~123321075595~kwd-17813021~13175757311~519253558237&utm\\_source=aw&utm\\_medium=ha&utm\\_campaign=za-en-ha-aw-sk-c-bau!o3~Cj0KCQjws4aKBhDPARIsAIWH0JVqc6Lp1f1sGMy48AQXQ8bMF5R2rgMTIlxAdl\\_j-M18KJKA-ogwEy0aAiaYEALw\\_wcB~123321075595~kwd-17813021~13175757311~519253558237&qclid=Cj0KCQjws4aKBhDPARIsAIWH0JVqc6Lp1f1sGMy48AQXQ8bMF5R2rgMTIlxAdl\\_j-M18KJKA-ogwEy0aAiaYEALw\\_wcB&qclsrc=aw.ds](https://ads.google.com/intl/en_za/getstarted/?subid=za-en-ha-aw-sk-c-bau!o3~Cj0KCQjws4aKBhDPARIsAIWH0JVqc6Lp1f1sGMy48AQXQ8bMF5R2rgMTIlxAdl_j-M18KJKA-ogwEy0aAiaYEALw_wcB~123321075595~kwd-17813021~13175757311~519253558237&utm_source=aw&utm_medium=ha&utm_campaign=za-en-ha-aw-sk-c-bau!o3~Cj0KCQjws4aKBhDPARIsAIWH0JVqc6Lp1f1sGMy48AQXQ8bMF5R2rgMTIlxAdl_j-M18KJKA-ogwEy0aAiaYEALw_wcB~123321075595~kwd-17813021~13175757311~519253558237&qclid=Cj0KCQjws4aKBhDPARIsAIWH0JVqc6Lp1f1sGMy48AQXQ8bMF5R2rgMTIlxAdl_j-M18KJKA-ogwEy0aAiaYEALw_wcB&qclsrc=aw.ds)

30.4 **Item 26.4 - How often does your firm participate in the AdWord bidding process (is it weekly, monthly, etc.). Also explain how many bids does your platform submit in a week, month and year.**

**[CONFIDENTIAL]**

30.5 **Item 26.5 - Which word(s) does your firm normally bid on?**

30.5.1 Please refer to Annexure F.4.<sup>63</sup> Google Search Terms for a summary of the search terms used in August 2021.

30.5.2 **[CONFIDENTIAL]**

31. **Item 27 - Please provide us with documents and reports on Google Analytics and Auction Insights for the period January 2017 to June 2021.**

31.1 Please refer to Annexure F.5.<sup>64</sup> Summarized Google Auction Insights, as well as Annexure F.1.<sup>65</sup> Cars Traffic by Source, for a breakdown of customers visiting the Cars platform, including those redirected to the site via Google Search.

31.2 Please also refer to Cars' response to RFI 1, specifically Item 7 and Annexure B.5<sup>66</sup>.

## G. DEFAULT SETTINGS

32. **Item 28 - In terms of customers that visit your platform and search for listed vehicles, provide the following:**

32.1 **Item 28.1 - Of your total number of customers that visit your platform, provide the breakdown in the number of customers that change default settings and customers that do not change default settings;**

32.1.1 Please refer to Cars' response to RFI 1, specifically Item 20 and Annexure E.3.<sup>67</sup> as well as Cars' response to SOI 1, specifically Scope Item 5, Question 2 and 3.

32.1.2 Given the high search volumes on the Cars' platform (approx. **[CONFIDENTIAL]** vehicle searches per day), an analysis has been performed over the 30-day period ending 13 September 2021, which Cars believes to be representative of general consumer behavior on the platform over the past three to five years.

32.1.3 Cars allows the consumer to sort by:

32.1.3.1 Most Recent (default in certain instances);

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<sup>63</sup> This annexure is confidential and not for publication.

<sup>64</sup> This annexure is confidential and not for publication.

<sup>65</sup> This annexure is confidential and not for publication.

<sup>66</sup> This annexure is confidential and not for publication.

<sup>67</sup> This annexure is confidential and not for publication.

- 32.1.3.2 Price (low to high) (default in certain instances);
- 32.1.3.3 Price (high to low);
- 32.1.3.4 Year (low to high);
- 32.1.3.5 Year (high to low);
- 32.1.3.6 Mileage (low to high);
- 32.1.3.7 Mileage (high to low); and
- 32.1.3.8 Distance (close to far).
- 32.1.4 'Price (low to high)' is the most common default sorting but there are ways to enter the search where 'most recent' is the default sort, this is typically the case where the vehicle search results is entered on a Search Landing Page.
- Search Landing Pages:
- 32.1.5 Search Landing Pages are sorted by 'most recent' as default (i.e. vehicles / stock that have been updated most recently).
- 32.1.6 Please refer to the below link for an example of this type of Search Landing Pages:
- <https://www.cars.co.za/usedcars/Volkswagen/Tiguan/>
- 32.1.7 Please note that this sorting method cannot be changed on this type of page. Should the user select a different sorting mechanism, the URL will become a "Search Filtered" result to accommodate the different parameters.
- 32.1.8 Over the period analysed, Search Landing Pages, sorted according to the default (i.e., 'most recent') contributes **[CONFIDENTIAL]** of total vehicle searches on the platform.
- Search Filtered Results:
- 32.1.9 Search filtered results (i.e. where the consumer uses the filters on the Cars platform to search for vehicles, are sorted by 'price (low to high)' by default.
- For example:
- [https://www.cars.co.za/searchVehicle.php?new\\_or\\_used=&make\\_model=Volkswagen%5BTiguan%5D&vfs\\_area=&agent\\_locality=&price\\_range=&os=&locality=&commercial\\_type=&body\\_type\\_exact=&transmission=&fuel\\_type=&login\\_type=&mapped\\_colour=&vfs\\_year=&vfs\\_mileage=&vehicle\\_axle\\_config=&keyword=&sort=vfs\\_price](https://www.cars.co.za/searchVehicle.php?new_or_used=&make_model=Volkswagen%5BTiguan%5D&vfs_area=&agent_locality=&price_range=&os=&locality=&commercial_type=&body_type_exact=&transmission=&fuel_type=&login_type=&mapped_colour=&vfs_year=&vfs_mileage=&vehicle_axle_config=&keyword=&sort=vfs_price)
- 32.1.10 Over the period analysed, search filtered results make up **[CONFIDENTIAL]** of total search volume, of which the default settings are not changed for **[CONFIDENTIAL]** of these vehicle searches.

- 32.1.11 As a result, the default settings are not changed for [CONFIDENTIAL] of vehicle searches (whether it is 'most recent' or 'price (low to high)').
- 32.1.12 The default settings are updated for [CONFIDENTIAL] of vehicle searches as further outlined below.
- 32.2 ***Item 28.2 - For customer that change settings, describe the nature of changes predominately made; and***
- 32.2.1 As outlined above, for [CONFIDENTIAL] of vehicles searches the default settings are not changed (whether it is 'most recent' or 'price (low to high)').
- 32.2.2 Within search filtered results ([CONFIDENTIAL] of total search volume), the following changes are made:
  - 32.2.2.1 [CONFIDENTIAL]
  - 32.2.2.2 [CONFIDENTIAL]
  - 32.2.2.3 [CONFIDENTIAL]
- 32.3 ***Item 28.3 - How does change in default settings affect ranking? Particularly, ranking positions of business users that have purchased packages that offers higher ranking? Provide supporting evidence and documents.***

Not applicable. Please refer to Cars' response to Item 10.3 above.

## H. DATA SALES

- 33. ***Item 29 - Provide copies of your market intelligence reports sold to business users from January 2017 to June 2021.***
- 33.1 Cars does not sell any market intelligence reports to business users.
  - Ownership Satisfaction Survey Results
- 33.2 As noted in Cars' response to RFI 1, Item 9, as part of the Awards Programme, Cars co-developed an ownership satisfaction survey with data specialists, Lightstone. In the survey, actual car owners rate their own purchasing experience, after-sales service and more, and all this data is used in the calculation of the category winners. [CONFIDENTIAL]
- 33.3 [CONFIDENTIAL]
  - Data Sales
- 33.4 [CONFIDENTIAL]
- 33.5 [CONFIDENTIAL]<sup>68</sup>

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<sup>68</sup> This annexure is confidential and not for publication.

33.6 [CONFIDENTIAL]

33.7 [CONFIDENTIAL]

33.8 [CONFIDENTIAL]

34. **Item 30 - Provide a list of all business users who purchased the market intelligence reports and their purchase price for the period January 2017 to June 2021.**

Not applicable. Please refer to Item 29 above.

35. **Item 31 - If not stated in the market intelligence reports, provide a list of sources for the data used to consolidate the market intelligence reports.**

As outlined in Item 29 above, [CONFIDENTIAL]

#### I. LOCAL BUSINESS AND SME/HDP FIRM SUPPORT

36. **Item 32 - Provide the following information and documents in terms of your Flexi package:**

36.1 **Item 32.1 - Documents and/or reports setting out the benefits of the Flexi package and criteria used to determine which business users qualify for the package;**

36.1.1 To the best of Cars' knowledge all documents and reports explaining the Flexi package have been provided in Cars' response to RFI 1. Please refer to Cars' response to RFI 1, specifically the responses contained in:

36.1.1.1 Item 3, including Annexure A.2<sup>69</sup> (Cars.co.za Bio);

36.1.1.2 Item 12;

36.1.1.3 Item 13, specifically Annexure D.7<sup>70</sup>;

36.1.1.4 Item 14, specifically Annexure D.15<sup>71</sup>; and

36.1.1.5 Item 21.

36.1.2 Please also refer to Cars' response to SOI 1, specifically Scope Item 5, Question 3 and Scope Item 6, Question 1 for additional information regarding Cars' Flexi package.

36.1.3 Please also refer to the response to Item 15 above.

36.1.4 For the sake of completeness, Cars notes that recent changes were implemented to the Flexi package.

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<sup>69</sup> This annexure is confidential and not for publication.

<sup>70</sup> This annexure is confidential and not for publication.

<sup>71</sup> This annexure is confidential and not for publication.

- 36.1.5 [CONFIDENTIAL]
- 36.1.6 [CONFIDENTIAL]
- 36.1.7 [CONFIDENTIAL]
- 36.1.8 Please refer to Annexure I.1.<sup>72</sup> for the update marketing collateral and rate card for Flexi following the change to the product.
- 36.2 ***Item 32.2 - The rationale for the requirement for business users to purchase a minimum of 5 advertising slots (vehicles) per month in order to qualify for Flexi packages. Also explain the reasons and rationale for excluding business users, including SMEs and HDIs, that purchase less than 5 advertising slots from Flexi packages;***
- 36.2.1 As outlined in Cars' response to RFI 1 and SOI 1, Cars launched the Flexi package in 2020, as the business recognised that the existing packages, [CONFIDENTIAL]. This package therefore aims to improve the ability of smaller businesses to make use of the platform.
- 36.2.2 A dealership is required to purchase a minimum of [CONFIDENTIAL] advertising slots (vehicles) per month to qualify for the Flexi package. This is because:
- (a) [CONFIDENTIAL]
  - (b) [CONFIDENTIAL]
  - (c) [CONFIDENTIAL]
  - (d) [CONFIDENTIAL]
- 36.2.3 Consumer trust in the platform is paramount. Requiring a minimum of [CONFIDENTIAL] vehicles advertised, along with adherence to the Flexi terms and conditions, provides some assurance in the dealership's credibility.
- 36.2.4 It is important to note that small dealerships with very small stock holdings (less than [CONFIDENTIAL] vehicles on average) or with stock holdings that vary widely from month to month, are not precluded from using the platform and can still advertise on the platform using the private seller package.
- 36.2.5 Please see <https://www.cars.co.za/sell-car-privately/?package=featured> for more information.
- 36.3 ***Item 32.3 - How many SME and HDP business users have benefitted from the use of the Flexi package since its launch in 2020? Provide the names and contact details of these business users; and***

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<sup>72</sup> This annexure is confidential and not for publication.

- 36.3.1 Please refer to Annexure I.2.<sup>73</sup> for all business users that have made use of the Flexi package since its launch in 2020.
- 36.3.2 Please note that this list has been manually compiled, **[CONFIDENTIAL]**
- 36.4 ***Item 32.4 - What has been the impact of the Flexi package on SME and HDP business users on their businesses in terms their business growth? Please provide evidence including leads generated by these business users before and after the use of Flexi packages.***
- 36.4.1 Cars cannot comment on the impact of the Flexi package on SME and HDP business users in terms of their business growth. Most Flexi business users did not make use of the Cars platform prior to the launch of the Flexi package and therefore Cars cannot comment on the impact of the Flexi package on these business users' leads.
- 36.4.2 Please refer to Annexure C.2.<sup>74</sup> Leads, Clicks and Business User Performance, specifically the "Leads & Clicks" tab as well as the "Flexi Dealers" tab for the leads generated by business users on the platform **[CONFIDENTIAL]**.

Yours faithfully

**WEBBER WENTZEL**

Burton Phillips

Partner

Direct tel: +27 11 530 5086

Direct fax: +27115306086

Email: burton.phillips@webberwentzel.com

*Letter sent electronically. A signed copy will be provided on request.*

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<sup>73</sup> This annexure is confidential and not for publication.

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