



competition commission
south africa

Media Statement

For Immediate Release

19 October 2021

**PUBLIC HEARINGS FOR THE ONLINE PLATFORMS MARKET INQUIRY
HEARING SCHEDULE**

Today the Online Platforms Market Inquiry (“The Inquiry”) released the schedule of participants for the Public Hearings to be held from 2-19 November 2021. The Inquiry is still confirming time slots with a few participants and the final schedule will be published on 27 October 2021. Any online platforms, business users or industry organisations that still wish to participate may approach the Inquiry prior to this date through email (qipmi@compcom.co.za). The public hearings will be virtual and the public can watch the hearings on the Competition Commission’s YouTube channel (<https://www.youtube.com/channel/UCfpSJZxdHcryCC20ipPAuCg>).

Public hearings provide an opportunity for the Inquiry Panel to engage directly with stakeholders in respect of their submissions around how these platform markets operate, the issues identified by the Inquiry to date and any remedial actions stakeholders consider are necessary to address any issues identified. The public nature of these engagements is important in ensuring a fair and transparent process, where the public is properly informed of the issues and debates before the Inquiry Panel. The Inquiry commends the many platforms and business users that have committed the time of senior business representatives to share their insights on the digital economy and to debate the emerging issues around the online economy publicly. The Inquiry and the public will benefit enormously from these engagements. The Inquiry is disappointed that a small minority of global platforms have elected not to participate in the public hearings despite their material presence in the country.

Since the advent of the pandemic, South African consumers and businesses have embraced online channels for shopping, food delivery, booking travel accommodation, research before big

purchases like cars or homes and downloading apps for almost every aspect of digital life. In response to the growing importance of the online economy and competition concerns in these markets emerging in other countries, the Competition Commission launched a probe into competition and participation in the online economy earlier this year. The purpose was to ensure that consumers and businesses that use online platforms to reach consumers benefit from competition amongst online platforms, and that small and historically disadvantaged businesses also get to participate fairly in the online economy.

Aside from the public hearings, there are other ways for stakeholders to participate. The Inquiry weblink (<http://www.compcom.co.za/online-intermediation-platforms-market-inquiry>) has a survey for businesses that use the online channels to reach consumers (“Business User Survey”). The Inquiry is particularly interested in understanding the experience of business users, in particular the extent of platform dependency, the restrictions placed on their business by platforms; the perceived fairness of search algorithms, platform terms & conditions, and platform commission fees; as well as the impact on their business of any unfair treatment. It is essential that businesses undertake the survey if their voice is to be heard. Alternatively, stakeholders can send written submissions in respect of the Further Statement of Issues to the Inquiry email address.

The Inquiry completed the first phase of information gathering and the insights from that exercise resulted in the release of a Further Statement of Issues (FSOI) which identified market dynamics and practices that may have the potential to hinder competition or result in the unfair treatment of businesses using the popular online platforms. The full set of issues are available on the Inquiry website and include:

- The extensive and growing use of sponsored ranking (i.e. payments to appear higher up on consumer search results), and its impact on consumer choice and the discoverability of small or historically disadvantaged businesses on these platforms;
- The rationale for, and impact of, higher commissions and listing fees charged to small restaurants, auto dealers and estate agents relative to larger national chains on food delivery platforms and online classifieds (automotive and property);
- The necessity for businesses to discount or offer promotions on the platforms in order to get consumer visibility, and the pressure from platforms to do so;
- The fairness of platform terms and conditions, including payment terms, liability for loss and termination on the platform;

- The general lack of platform initiatives to support the transformation of the online economy and the increased involvement by SA businesses on global platforms.
- The rationale for, and impact of, price-parity clauses imposed on businesses (i.e. a requirement to price no less favourably on a platform relative to other platforms & channels) in eCommerce, delivery and travel & accommodation platforms;
- The impact of massive search engine marketing and consumer promotions by leading platforms on the ability of emerging platforms and individual businesses to get consumer visibility online; and
- The reticence of prominent brands or larger business chains to support emerging platforms and the impact of this on consumer adoption and platform growth.

These issues as well as the general functioning of the online economy will be the subject of virtual public hearings from 2-19 November this year.

[ENDS]

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