



Media Release

Immediate Release

26 January 2023

**COMPETITION COMMISSION PROSECUTES TWO PPE COMPANIES
FOR PRICE FIXING AND COLLUSION**

The Competition Commission (Commission) has referred to the Competition Tribunal (Tribunal) for prosecution two competing companies selling personal protective equipment (PPE) on Takealot on allegations of collusion.

The Commission alleges that at the height of the Covid-19 pandemic Medmart Health (Pty) Ltd and BabyBug colluded to fix prices of face masks and divided the market by allocating customers in contravention of the Competition Act. It is alleged that in or around December 2020, Medmart and BabyBug entered into an agreement and/or engaged in concerted practice to fix prices and divide markets by allocating suppliers. This is an offence in terms of sections 4(1)(b)(i) and (ii) of the Act.

Medmart and BabyBug sell PPE products including face masks on the online platform, Takealot. Competing companies place their products on the platform, and through an algorithm, that takes variables such as price and stock availability into account, are then visible to customers on the platform. For example, a supplier that has a cheaper product and available stock is likely to have its product more visible to customers who enter the Takealot platform than a supplier with a higher price and less stock.

Furthermore, it is alleged that on 3 December 2020, during a telephone conversation between representatives of BabyBug and Medmart, the two companies agreed to manipulate their respective prices in such a manner that they would be able to make a profit selling 3-ply disposable face masks on the platform.

It is alleged the two companies allocated days to each other on which each company would adjust its respective prices and stock availability accordingly, this would limit competition between themselves. They also agreed to alternate the days each would price higher than the other. This meant BabyBug and Medmart would each have a day to charge a higher price followed by a day to charge a lower price. The switching would be at 5 pm each day.

Medmart and BabyBug agreed to communicate from time to time regarding what would be the higher and lower prices. The prices ranged from R79 to R90 per pack of 50 packs of 3-ply face masks. Takealot suspended BabyBug from its platform on 8 December 2022 and Medmart was suspended on 14 June 2021 on suspicion of collusion.

This type of collusive conduct is harmful to consumers as it deprives them of the benefits which arise from competition. Such agreements are inherently inimical to competition and the Commission has asked the Tribunal to impose a maximum penalty.

[ENDS]

Issued by:

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