



competition commission
south africa

Media Statement

For Immediate Release

17 March 2023

**COMMISSION RELEASES TERMS OF REFERENCE TO ESTABLISH A MEDIA AND DIGITAL
PLATFORMS MARKET INQUIRY**

The Competition Commission (Commission) has today published the draft Terms of Reference (ToRs) for a market inquiry into the distribution of media content on digital platforms, the Media and Digital Platforms Market Inquiry (“MDPMI”). The Commission invites members of the public and interested stakeholders to make written submissions on the proposed ToRs.

The MDPMI has been established in terms of section 43B(1)(a) of the Competition Act No. 89 of 1998 (as amended) and is based on the Commission’s view that there may exist market features in digital platforms that distribute news media content that impede, distort, or restrict competition and which may have adverse implications for the news media sector of South Africa. This imbalance can have implications on fair payment for content and the sustainability of independent journalism.

The inquiry is underpinned by the value of a properly funded press to advance a well-functioning democracy. This includes the diversity of views from smaller media businesses and media owned by historically disadvantaged persons.

The nature and extent to which digital platforms impact the news media sector in South Africa are still to be evaluated and determined through this market inquiry. The MDPMI will focus broadly on the following:

- (i) The interaction and dependency of South African news media businesses on relevant digital platforms as an intermediary, distributor, and link to online users for the dissemination of news content online; and
- (ii) The impact, thereof, on news media businesses to aggregate, display, create, and monetise their news content online.

The main digital platforms that the inquiry will focus on include search engines, social media sites, video-sharing platforms, and news aggregation platforms. The inquiry will also take a forward-looking approach and evaluate new technologies adopted by digital platforms, such as generative artificial intelligence (AI) search support (e.g., ChatGPT), and the significance these may have on the operations of businesses in

the South African news media sector. The inquiry will focus only on businesses within the South African news media sector including news publishers and broadcasters.

The draft ToRs for the MDPMI is available on the Commission's website at <https://www.compcom.co.za/wp-content/uploads/2023/03/Media-and-Digital-Platforms-Market-Inquiry-Draft-Terms-of-Reference-17-March-2023.docx>.

Written submissions can be sent to mdpmi@compcom.co.za for the attention of Ms. Noluthando Jokazi by no later than 16h00 on 20 April 2023. The inquiry will review all submissions before publishing the final ToRs on the Commission's website.

The MDPMI will commence 20 business days after the publication of the final Terms of Reference.

BACKGROUND

The MDPMI follows several inquiries and investigations led by competition authorities, globally, on the impact of digital platforms on news media publishers that use these platforms to distribute their content online. This includes the generation of advertising revenue and the ability of news media to sustainably provide quality news content to the benefit of consumers and democracy. These global inquiries and investigations have found that large digital platforms, such as search engines and social media sites, are important gateways for news content to reach consumers. This can create an imbalance in the trading relationship between the news media and digital platforms.

Many countries have adopted measures to alleviate the competition and consumer concerns stemming from the impact of digital platforms on the news media. These recommendations largely concern the adoption and creation of a more equitable bargaining relationship between digital platforms and news media businesses. This includes news media businesses having access to consumer data collected by digital platforms where it concerns their online content, and notification of significant changes to digital platform algorithms which impact news media businesses' distribution of content, amongst others.

South Africa is seeing a similar trend where there is a growing shift in the consumption of digital news sources due to the increasing adoption and usage of smartphones and more affordable access to the Internet. The distribution of news content over digital platforms (such as search engines, social media, video-sharing platforms, and news aggregation sites/apps) has become an effective way in which news media businesses can reach consumers which have created greater reliance on these platforms over time.

This change in consumer behaviour and distribution model has impacted on the cost and revenues of South African news media businesses. There has been a loss of traditional classifieds and print advertising revenue, as well as additional costs in providing digital news feeds and ensuring visibility on these digital platforms. Whilst digital advertising revenue has increased and there is potential for aggregator content revenues, the features of digital platform markets can influence the magnitude of these revenue streams which is what the inquiry intends to consider.

[ENDS]

Issued by:

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