



## **COMPETITION COMMISSION OF SOUTH AFRICA**

In the matter of

### ***ONLINE INTERMEDIATION PLATFORMS MARKET INQUIRY PUBLIC INQUIRY (OIPMI)***

held at

***DTI Building  
Sunnyside and virtually via MS TEAMS***

on

***17 November 2021***

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**PANEL:** *James Hodge – Chairperson  
And Doris Tshepe*

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#### **TECHNICAL TEAM**

*Itumeleng Lesofe*

*CCSA Internal Team*

*Tshegofatso Radinku*

*CCSA Internal Team*

*Siphosethu Tetani*

*CCSA Internal Team*

#### **COMPANY: CAR FIND**



**Gauteng Transcribers**  
Recording & Transcriptions

PROCEEDINGS ON 17 NOVEMBER 2021

CarFind – Represented by: Rian van Jaarsveld and Mellissa Viljoen

CHAIRPERSON: Welcome back from the break for the morning session. We now have CarFind which is another car portal and we have Mr Rian van Jaarsveld who is Process & Compliance and Ms Mellissa Viljoen who is the General Manager for CarFind. Ms Viljoen, I do not know if you want to put on your camera and come into the virtual meeting space.

MS VILJOEN: There we go.

10 CHAIRPERSON: I had observed earlier that the car space seemed to be male dominated, so it is good to see a female General Manager.

MS VILJOEN: One of very few.

CHAIRPERSON: I mean, just at the outset to remind you we are obviously broadcasting this, so do not traverse any confidential information or if I ask a question that needs to go to confidential you can just tell me that we will deal with it outside of the public hearing session. And I believe you have loadshedding so there may be challenges, but we will deal with that as we progress. So Ms Viljoen, I do not know if you want to start by just positioning CarFind, a little bit of its history and  
20 what it does and then we will follow with some questions.

MS VILJOEN: 100%. So thank you very much, Mr Hodge and Ms Tshepe, for allowing us the opportunity and of course the Technical Team and the panel to join these public hearings. We are very excited to be here today and to share some of the insights into CarFind. So as you said, there is a couple of things I want to cover just as an intro,

starting with a little bit of the history and the overview and the competitor dynamics around this industry and the whole online world and then some of our website focusses and how we prefer to work and what our philosophy is. Then just some of the marketing elements and challenges we face and then, ja, just [indistinct 00:02:16] and as you say, we can then go into more of a discussion, question type format. I think that will be great.

So if we look at CarFind as a platform, it was actually started in 2000, so really being one of the first online vehicle platforms that  
10 existed. It was I would not say premature, but it was most definitely a starter and it took many, many, many years for the online market and for the internet market to come together and to actually start engaging with these types of platforms. It was really I would estimate that for the first 10 years it was only CarFind really and McCarthy Call-A-Car that played in this space.

We then saw a little bit later on that there were other entrants into the market and, as AutoTrader stated, round about 2013 they moved from print to online, as print was really the stronghold and the leader in vehicle sales. So CarFind really what it is, is a platform where  
20 vehicle listings from multiple dealers can be viewed, compared and direct contact can be made with dealerships from the public, what we call the potential buyers, and CarFind does not in any manner get involved in the sales process, which I think is important. We purely connect buyer to the seller.

From AutoTrader then entering the market in 2013 there has

since been multiple entrants into the market. I mean, we see close to 100. You know, we can put up a slide, but there is just too many to mention and the reality is that it is not just from a third party platform as we know and as we call it aggregators, it is also the groups, the independent dealerships and the OEMs all playing in the same space and, ja, that does make it very, very competitive. So just to name a few, obviously we know the two big ones competing in our space is AutoTrader and Cars. We have also got Circle Cars, Automart and then the OEMs and group websites that vary from We Buy Cars, Motors, 10 Hatfield, McCarthy, etcetera, so quite a wide playing field there.

So just from a website focus point of view, what we really try and achieve and the philosophy we have always had was to be a very buyer-centric platform, which means that we put the buyers first. We do not in any way or form manipulate the buyer's search journey. Once they come onto our platform they can really search using the filter sets that are available, searching for what they want and then either engaging or not engaging with that specific listing or the dealerships making contact. Of course there is, yes, a linkage where they would then also go directly to the dealership to engage.

20 So what that also means is that we do not have any premium listings, we do not have any sponsored listings, we do not have any featured listings, which we then believe also makes it a more level playing field for all dealerships that participate on the platform. We do find from time to time however that there are some groups and some dealerships that obviously request that because they want to be more

prominent, but we do not – we just do not go that route. It is not our philosophy and it is not the way we want to work.

So from a marketing point of view I think a person has got to take a couple of steps back because we know that the marketing and the competitive space has really, really exploded within this – you know, within this realm because of the number of competitors we find ourselves competing against in this market. So if we go back a good couple of years prior to 2017 the methods of advertising was really above the line, so which means you would have your opportunities to be  
10 on billboards, on radio, on television, etcetera, etcetera. And yes, as much as the internet played an integral part, the competition on the internet was not where it is today.

What then happened was in 2017 Google changed their algorithms. So what they did was – so where in the past most of the websites would show up regardless of what you would be searching, but in 2017 they changed their algorithms which then meant that as an online platform you had to change up your platform and your technical and your development in terms to actually come to the party where SEO is concerned, which is search engine optimisation, to then get your  
20 organic ranking which we know is extremely important.

With that also came the big boom in terms of your adverts. Now I think we all know that the adverts, it is almost like the adverts war out there at the moment in the automotive space. I joined a Google conference it was about – it was pre-COVID, so I would say about three years ago, where automotive was placed as the second biggest Google

spend in South Africa after insurance. And it is very possible and I do not have the facts that we are now number one in the automotive space. So it is really a bidding war and you do have to spend a substantial amount of money on Google to rank and to get audience in.

We know that from an audience point of view most of the buyer journey starts online, up to 90% sitting on now. And yes, we know that the buyer journey can take up to three months, but that is where their search journey starts and as they go down the funnel this search becomes more and more refined and more detailed in terms of what  
10 they want. So the number of areas you have got to play in within the Google Search space is quite vast, which then obviously contributes heavily to the marketing spend you have got to contribute.

So there has been quite a shift from spending above the line to actual spend on Google. We took the decision around 2017 to actually move away then from radio, which was for 10 years our above the line preferred platform to spend on so that we could actually afford and play in the Google space.

With the – then what we also see happened at the exact same time in 2017 was then the acquisition of Naspers of AutoTrader, which  
20 then obviously also as a media owner and that opens opportunities for above the line again and how exactly that plays out I cannot tell you and I cannot confirm, but yes, I know the market is very pressed and we have to be on Google to play with, if I can put it that way.

So from a marketing budget point of view it was not just the platforms that really felt the pressure and the constraints. It is also your

dealer groups and your independent dealers that also experienced the same, because they also had to become innovative and start investing in different areas, as well as social coming up quite strong at the moment. And where they used to really subscribe to five, to even seven platforms in our space, it very quickly in the last three years went down to maybe two to three platforms and with COVID unfortunately playing such a big part last year, they went down to possibly only two because they then also have to invest in their own websites, as we mentioned earlier that that also plays a part.

10           So it puts a lot of pressure on the smaller platforms. I know that we are certainly not the smallest, but we are most definitely not the top two. So it puts a lot of pressure. We do get cancellations. And one of the big things that the groups look at, which I understand, when they are making these decisions is they have to look at the volumes and cost per sale if you could put it that way. And when a platform is generating the type of traffic that they are, there is a general spill over to the number of leads they can provide that then obviously [indistinct 00:11:15] to sales.

          What we have had to do also in the recent years is to then really look at our pricing structure and if you look back at our increases, our  
20   rates increases, we had our one increase in 2016 of 8%. We then held back and we had a rates increase again in 2019 of 5.5% and we have not since, because we have really got to be conscious now of what the groups are able to afford and what we need to do to compete with the bigger platforms in this space.

          So we always talk about the four pillars that is necessary to have

a successful website and those four pillars are merely your audience, your leads and your dealerships and your staff and without the one you cannot have the other. So it is a little bit of a chicken and egg. When it then also comes to that, so during COVID times it was unfortunate that some of the groups had to cancel platforms due to marketing constraints and obviously going down to two we did feel quite a knock in terms of groups that had to depart from CarFind to be able to stay on with other aggregators or platforms.

Another element that played quite a [indistinct 00:12:49] months' notice on our platform. So if you subscribed regardless of whether you are a group or not, you can give us a calendar months' notice and we also felt even during COVID times there were instances where we did not even enforce that because we did feel that we had to come to the party and assist the groups during that process.

Where we now find ourselves is we relaunched CarFind very recently. When we did our submission we had not relaunched yet. We just relaunched at the end of September. The biggest reason for our relaunch and the redevelopment of our website was really around the organic search which is then obviously very strongly linked to your site's engine optimisation, which is very, very important and that is an area where we fell – I would not say we fell behind, we stayed where we were and the competitors grew in that space because of the technical support they had. So that is one of the reasons we maybe did that, but also to hugely improve again the buyer experience and the [indistinct 00:14:02] as they come onto the site and they do their search.



So I just quickly want to go here. I have spoken about the agreements and I have spoken about our fee structure. I want to speak about that a little bit more. From a billing point of view, we have got a very basic and a very simple billing or rates structure which I do think you got sight of from our submission. So we have got a standard rate for all dealerships and that standard rate will give a dealership, normal size dealership up to 100 listings. And we have got a smaller package which we then call a satellite or an intro package and that is really, really designed to help and assist the really, really small dealers that only have  
10 listings up to 20. We find that there are a lot of them that is coming into the market. A lot of them have really struggled over this time and we feel that that is something we need to do.

Other than that we do not differentiate between dealerships. Everybody is on a level playing field and because we do not have premium featured, etcetera listings, there is no additional products you can take to really get your listings to a different level or stand out more on the platform. Ja, I think that is really, you know, where we are at and that is where we find ourselves. And Rian, I do not know if there is anything at this point that you feel you would like to add.

20 MR VAN JAARSVELD: No, I think just to add onto the last point Mellissa made, the way we structured these deals or packages rather, you know, is that we do not charge for additional services and that is really because we feel that it is up to the user and how the user search for a vehicle to go through that journey rather than us pushing certain listings to them as a promotional option. So ja, I think Mellissa has

covered a lot of the detail and the setup of CarFind and we will be happy to take any further questions from the panel.

CHAIRPERSON: Thank you very much, Ms Viljoen and Mr van Jaarsveld. I mean, maybe just to pick up on the last point, I mean I understand you have sort of promotional banners, more classic advertising. It is just you do not have listing – premium listings or anything that influence ranking.

MS VILJOEN: Yes, that is 100 correct – 100% correct. We do have banner advertising. We see that as individual obviously banners and  
10 promotions that certain dealerships run or [indistinct 00:16:51] even run. We then also have a special stage where we list all of that. So I think we do actually highlight the fact that you can have a look at all the specials, but on the listings there is absolutely no premium or featured listings.

CHAIRPERSON: Alright, great. I just want to go I suppose back to your history. So I mean, I also heard this morning and I did not realise you were the first, but we have also heard in the last two days I suppose that internet penetration really took off around 2010. I assume that is kind of the mobile smartphone revolution that has happened. So being  
20 early on a market that maybe was not quite ready, I mean did that have any advantages for you from your perspective compared to those who came in slightly later than you?

MS VILJOEN: I think it is fair to say from a brand recognition point of view that we did have an advantage there. We are also a household name from an online platform point of view, but there are also other

players in the market that built up quite a big, you know, brand in terms of some of the other activities they had like print. But yes, I mean I think it is fair to say that from a brand recognition point of view we did have an advantage, yes.

MR VAN JAARSVELD: Just to add to that, I think the previous speakers said a similar thing is that it was easy to come into this market. So at the time that Mellissa alluded pre-2017 it was fairly easy to build an online platform and to market yourself out in the environment and become part of this competitive environment. So there was not many  
10 barriers to entry. You know, we were first dressed like Mellissa said with some innovative campaigns with the upside down billboards CarFind became very well known as an online aggregator and portal really. Ja, but other than that that would be the only advantage really.

CHAIRPERSON: And maybe just to pick on that point, I mean you have mentioned, Ms Viljoen, that there is a lot of competition around Google adverts. I would assume that would push the price up in the bidding auction. I mean, has that happened? I mean, can you give us a sense of how that has changed?

MS VILJOEN: Pre-2017 there was almost no need for Google adverts.  
20 You could purely rely on your own website. And when the big algorithm change came with Google in terms of the SEO ranking, that is really where adverts came in very, very strong and you can really put it out there as a bidding war, because that is what it is. It is almost the deepest pockets win. It sounds – ja, but that is the reality.

MR VAN JAARSVELD: Your marketing budget needs to be on point on

today's days. You know, you need to – you cannot just go out and splash it on TV campaigns and radio ads like in the past. You have to really market clever. You know, for the smaller players with smaller budgets you have to really cut that cake really fine in some areas to be really, really competitive in that space. So we found means and ways of doing it, you know. But again, you know, being a volume based driven sort of exercise, you know, the guys with the bigger budgets will always benefit from the current SEO environment.

CHAIRPERSON: And just to give some sense, I mean I do not know  
10 what the typical search is for a car, but let us say, you know, Toyota for purchase. I mean, how would the kind of typical auction price per ad have changed over the years? I mean, just to get a sense, is it from a few cents to a few Rands? I do not know if you can give us a sense.

MS VILJOEN: I cannot give you exact figures because it varies so much from brand as you mentioned. So ja, some brands would be a lot less than others, but most definitely it has changed from a couple of cents to a couple of Rands. It is you have got to be very smart and very clever about how you go about doing your Google adverts and it depends on what space of the funnel you are playing in if we look at the  
20 sales funnel because it is a lot more generic as you start coming in and then as you go lower down it becomes a lot more specific. So you have got to spread it out and some of the generic terms are a lot more expensive than some of the deeper links. So it most definitely – ja, no, that has definitely changed... [intervenes]

MR VAN JAARSVELD: Ja, I think... [intervenes]

MS VILJOEN: And it is because – sorry, Rian, to interrupt you, but it is so many people bidding on the same words.

MR VAN JAARSVELD: It is not just the platforms and the portals that is bidding against the same, you know. It becomes the dealer groups, the OEMs, all those – all the market players are bidding for the same phrase, the same words. So ja, definitely like Mellissa said, it went from a couple of cents to a couple of Rands. It did get expensive very quickly and it will continue to do so because there is more entrants into the market and everybody – it is a very cutthroat industry. Like you know  
10 everybody wants to sell a car and the best dressed, the best price will get there.

MS VILJOEN: Jip.

CHAIRPERSON: Can I just ask about in terms of your sort of history and shareholders and funding? I do not need the specifics, but just a sense of, you know, was this a sort of start up business where you sort of self-funded or have you been able to get sort of venture capitalists involved over your history?

MR VAN JAARSVELD: So right at the beginning it was an entrepreneurial business, self-funded and set up and over the years it  
20 became – there was shareholding investment and it is still in private shareholding at the moment.

CHAIRPERSON: Alright. I mean, is that a sort of venture capitalist or is that sort of angel investor type funding?

MR VAN JAARSVELD: I think it is venture capitalist, you know. It is investors that buys up or invest in a lot of tech companies. I do not

know what, but a few tech companies locally. So we form part of that group. At the moment, like I said, it is still a private shareholder that is sort of funding the business, ja.

CHAIRPERSON: Alright and was that more recent or is that sort of longstanding?

MR VAN JAARSVELD: Longstanding. I do not have the exact dates for you, Mr Hodge, but it has been a few couple of years definitely that that involvement has been there.

CHAIRPERSON: Thank you. One thing I just wanted to understand  
10 better, we had long discussions yesterday about listing engines and syndication software and I had wanted to ask AutoTrader but we ran out of time. I mean, can I just understand in this space how it works that dealers get content up onto sites and are there these listing engines that exist that sort of syndicate to various portals? Maybe if you can help us understand that.

MS VILJOEN: So I am going to explain it as best I can. There is most definitely there has been a move over the last couple of years, I would say really over the last 10 years, a big move to the stock portal or the stock management systems as we would call it and then ASM – ja, lead  
20 management systems, excuse me. Lead management systems that has come into play.

So how it works is, yes, you will have a group or a dealership that loads all their stock onto one system and that then feeds out to all the various portals. We do have a lot of those systems feeding into CarFind. We have got no problem with that. There is no additional

charge to that. So and the reason they do it really is, and I suppose it does really make sense, is if you subscribe to multiple platforms you do not want to go list your stock on every single one. So that is really why they do it and they can manage their stock and they feed their own websites as well from that.

We do have the ability for dealers to manually load their stock on CarFind.co.za. We see about a 70/30% split. So 70% of our stock comes in via feeds and then 30% is loaded manually. The manual loading is mostly done by your smaller independent dealerships that do  
10 not advertise on multiple platforms necessarily or they do not have the funding or the means to actually subscribe to these systems or software companies to do that.

What we then also have is as the stock comes in there is also the ability because they want to capture all their leads in one system, is then the ability to feed the needs out to LMS systems again, lead management systems, so that they can get all the leads from all the platforms in one place and then manage it from there. So all of that integration happens all the time and it is quite – it is very relevant indeed.

20 CHAIRPERSON: So just so I understand, the larger groups have their own software, is that right, but there is third party software, sort of independent software providers as well? And yesterday we heard that some of these are owned by the actual portals. Is that the case here?

MS VILJOEN: I think there is a portal that possibly, and I think it was spoken about earlier, the Fusion. I am not 100% clear, but I know in the

past it was one that was owned by a platform. But the majority that we dela with are all independents. They are not – ja, they are not linked to a specific group, no, or a portal.

CHAIRPERSON: Alright, so they have seen a gap as a tech company as well and said, you know, small dealers and others need to manage their stock and listings. Alright and presumably, ja, some very small dealers obviously cannot if it is 30% for you, but there are players out there that are trying to sell to them and it is easy enough.

MS VILJOEN: Yes. Yes.

10 CHAIRPERSON: And the smaller dealers do not see manual loading as a big issue in terms of using you or another platform or is it a sort of hassle that limits the number of platforms they operate on?

MS VILJOEN: I think so – ja, historically a lot of people did it manually, right. So what some of the dealerships would do is they would assign a platform to a representative for instance, one of their sales executives, and that sales executive would be responsible to load the stock onto the site, that specific site. I do think it becomes frustrating for some of the dealerships that has got one person to manage all of that, but the majority of them we do not really get a lot of push back.

20 What we also try and do and it is not a service that we offer, we used to in the past but we are not able to do that anymore, is we do from time to time offer to just assist them with the initial load because that is really the biggest one. Because if they have got 70 vehicles and they have got to load it on, it takes a lot of time. So we would then offer to assist them once off just to get the stock on and then from there they



manage it. But ja, I can imagine for some of them it is quite frustrating in terms of getting that done.

MR VAN JAARSVELD: In recent times we have also worked on the backend system to make it easier for them to load.

MS VILJOEN: Yes. Ja.

MR VAN JAARSVELD: So you will have to go out, either develop the software yourself or use a third party with assistance so that, you know, onboarding of stock can become much easier with the use of technology like mobile phones and the likes where previously they, like Mellissa  
10 said, was physically having to sit, take photos, upload it into your PC and then load the physical stock, which is very manual labour intensive. I think that the smaller groups are smaller dealers with less stock, it is not too much of a hassle provided that the technology being used is sufficient to assist them.

CHAIRPERSON: Thank you for that and we are sort of learning as we go along. But I mean, are there sort of APIs or things that you have that allows this syndication to happen fairly seamlessly and that is what portals do?

MS VILJOEN: Yes, that is absolutely correct.

20 CHAIRPERSON: Alright, thank you so much. I just want to – I mean, I kind of want to go to just, and I know this is a public forum, but just discuss some of the strategic challenges faced by a platform that is not one or two. So I mean, we heard yesterday from Private Property that once they lost some listings in sort of mid-2000s that it started to shape their strategic decisions across the whole business, because you know,

you lose some revenue so it affects how you can market. It may mean that you also lose then visitors and advertising.

So I just wanted to understand the challenge of being, you know, not number one and two and how it does start to affect your strategic decision making. So maybe – I mean, maybe just to get a general response from you and then we will see if there is sort of more specific questions.

MS VILJOEN: Ja, I think the first one as I mentioned, yes, the marketing – you know, the marketing plays a massive role, because that  
10 directly impacts your audience coming into the site and the leads that you provide back to your dealers. And that almost does have a little bit of a ripple effect and, as I say, we stagnated a little bit when it comes to the SEO and I do not think that – I mean, it is not a secret. We are very open and honest. We have got good relationships with the dealerships and the groups out there.

So we then had to – we had no choice but to hold back on rate increases because, you know, you are put under pressure because the two main ones obviously have the ability to put up their rates, which means there is more marketing, which means there is more audience,  
20 which means there is more views. And if there is negotiations going on and there are some premium things coming through they do get more leads, which means that the cost per lead or sale could be lower. And when the groups then start looking at that, they have got to – you know, they have got to let go if they can only afford to have two.

And the rates that are charged to the groups or to the

independent dealers are exorbitant if you look at the type of budgets they have got, but they are locked in. It is almost now I have to be there, I cannot leave whether I want to or not and that makes it difficult. So they do move away from the smaller portals if I can put it that way. But yes, I think we are in a position – so our strategic output, and again it is what we want to do, CarFind has got a really, really good reputation out there. We are a recognised brand. We have invested very lucky in terms of our investors – you know, our private investor to give us the opportunity to redo the website and to almost come in afresh and we are  
10 seeing even in the short time quite good results and we have got a lot of people starting to interact with us again.

It is going to take some time, but we are very confident that we are back in the market. Not that we ever left. We are still number three, but you know, if that makes sense. So those are really the challenges, the backing of bigger investors with very deep pockets, media owners, that really all plays a part and I do not think that is something that we personally can turn a blind eye to.

MR VAN JAARSVELD: We also have to get very innovative on our website with what we are offering to buyers and to the dealers likewise.  
20 So it is a balancing act of you want to keep the dealers happy on one side, so you have to sort of listen to what their needs are from a seller point of view, but also at the other end like we have always been one of those sites that, as Mellissa has mentioned before, is buyer-centric, you know. So we want to give the user experience to the customer, so we want to bring innovative technologies in the front house so that, you

know, the search experience is great, finding a vehicle is easy to do and to submit that lead is done in such a manner that makes you comfortable in doing it without feeling that you have to do certain things like give out personal information and those type of stuff.

And then we bring cool tools in, you know. You know, in recent years we have built our own 360 revolving images for inside views of cars. You know, back in the day we used to do a lot of those type of things and we sort of took a backseat with it, but now sort of pre-COVID, just before COVID hit we started our turnaround strategy again of  
10 bringing some of that innovation tech that sort of CarFind was known for back into play.

So and we are constantly looking at what is the next cool thing that we can give our users, the buyers, that will bring the value, you know, through that journey to the dealers at the same time and then give them better leads, better qualified leads that is not necessarily volume driven, but you know the lead that you are going to get out of it is a quality lead and what it takes to sell much quicker.

CHAIRPERSON: Thank you. So I mean, Ms Viljoen, you have highlighted I suppose it is now twice this idea that the dealership has a  
20 budget and when the prices go up for the leading platforms then maybe you drop the other platforms. I mean, in your sense that they still stick to those two leading platforms or do they start to drop one of those and then play with a number of smaller platforms?

MS VILJOEN: It is. We see that with some of the independent dealers most definitely because the stretch is just too big for them to play on

those platforms. So where they would then move back to – as I say, move back to some of the smaller platforms, yes. But it is really – like I cannot say that it is the majority of dealers doing that, but there is a sense of, you know, like I cannot keep on doing this. At some point I need to look at spreading my visibility as well. Because people do visit various platforms. They do not just visit one or two platforms throughout their search journey. So it is almost important to be on multiples, but you are limited to how many you can do based on your budget.

CHAIRPERSON: And so just to understand almost that budgetary, I  
10 mean as you sort of indicated, you know, you cannot just push through big price increases. You have got to look at your rates relative to elsewhere and the marketing spend of these groups, but you also feel the need to charge because you want to generate some revenue, so you are in a little bit of a balancing act between I have got to charge some people, but knowing in doing so I am going to lose others and almost optimise your revenue. I mean, is that what sort of happens?

MS VILJOEN: Yes, absolutely, we have to. We are a revenue  
generating business. We unfortunately have to make revenue  
unfortunately. That is what everybody is in business for and we  
20 definitely do have to balance it, but ja we have got to be conscious of what we charge the dealerships out there and we really do – I think one of the big things is the fact that we really try and make it as fair as possible on everybody. Every dealership needs the same exposure. Every dealership deserves the same exposure.

So I think it is very easy to put things in place where we could

bolster some, you know, revenue from different things but we stay buyer-centric. So even by allowing a dealer to have a preferential ad or a different placement on the site, you are really not giving the buyer even, you know, what they – you know, what they are there to search for. You are serving them what you want to serve them because of the revenue you are generating from it.

So we have held back. Besides the rates increases we have not had, we have also since COVID we have tried to come to the party where we have done some concession rates even for some of the  
10 smaller dealerships where they said we just honestly cannot. You know, stock has been a massive issue in the industry as well from a car dealership point of view. So where they may have been able to be on a standard package, we had to, you know, say to them we completely understand that you now have, you know, below 20 vehicles, so we will assist you. We have to. That is the fair way of doing it. And ja, so Rian, that is the reality.

CHAIRPERSON: And I mean I just want to ask you, the fair way of doing it as you put it, I mean is that partly the fact that you obviously need these dealerships on your platform? You are not a sort of number  
20 one and a number two. So you kind of need to I suppose be upfront and fair with them in order to just persuade them to join you and remain.

MR VAN JAARVELD: It is sort of a vicious circle, because you know, you need the dealers on your platform because they bring the vehicles and the stock and options to the users. So without dealers on board, without stock on board you do not get the visitors. If you do not have

the visitors you do not have people submitted leads and you are not generating buyers for those dealerships. So it is really it is a vicious circle.

So if you do not generate an audience and you do not spend money on SEO and you do not, you know, market effectively, you are not going to get the visitors to your site. You can have a lot of visitors on your site but then you do not have the dealers necessarily, you know. So it is a very delicate balance, you know, which the bigger guys sort of got right, you know, spending the right marketing and generating a good  
10 platform for buyers and then signing on and keeping those dealers on. You know, for the smaller players it becomes a bit tough, you know, because you know, your marketing budget is just not as big. So you know, we have to [indistinct 00:40:49] with what we have.

MS VILJOEN: I think if I may just add to that, Rian, and part of your question is even before the 2017 dip, I can almost say that, where things really started changing CarFind has always believed in a fair pricing policy. So all dealers paying equal rates in terms of what – you know, what they put on the site. We do not believe that a dealer situated in a certain area is justified to be paying more than a dealer in a  
20 different area. Everybody gets the same exposure on the website and therefore we have always tried to make it as fair as possible.

MR VAN JAARVELD: And South Africans do not buy regionally, you know. We have seen that. We have got a study a couple of weeks ago, you know, comparing to how these platforms operate in the UK and Europe and where they would search for dealerships close by because

they do not want to go travel far and look for a car, South Africans are way different.

You know, I do not mind staying in George looking for a car in Joburg because I can easily go up the weekend and fetch it or they deliver it to me, you know, where I stay. So, you know, that is why we flat rate our stuff as well because South Africans buy where they want to – where they get the best deal and the car that they want they will go get it or get it delivered.

CHAIRPERSON: Ja, that is interesting. I did not realise that we did a  
10 lot of that. I mean, that cannot be the majority of the market though. I would imagine still that people will buy local but maybe – well, let me ask you. I mean, is it more that if I am in a rural area or a smaller town the options from local dealers is quite small and therefore it may be worth my while looking for a better deal elsewhere, that railing it down or flying up and driving it back actually is economic?

MR VAN JAARSVELD: The opposite is also true... [intervenes]

MS VILJOEN: Ja, I was just going to say, ja.

MR VAN JAARSVELD: The opposite is also true. Joburgers will go into the Free State to buy Hilux bakkie because the pricing is – you  
20 know, it is a good deal. So it is not necessarily they all come to Joburg for goods, because there is a range of stock and the availability is more. You know, we [indistinct 00:42:59] to the buyers in this country as well looking for the best value at the lowest price. So you know, I will go buy a car in Cradock if I have to because of the mileage being low and the price being right. So, you know, it is sort of... [intervenes]



MS VILJOEN: Ja, we actually – sorry, Rian. If we actually look at the search patterns on our website, your biggest filter sets that are used is really your brand, model, price and then location is really sitting under 5%. So people are always searching for the car first and I think it has got a lot to do if you think about it with the used car market, because every single used car is unique.

So you might be looking for a vehicle and it is only available for instance in George or in PE. And I mean, I cannot obviously for confidentiality reasons I cannot mention the actual dealership, but you  
10 know, we have got a dealership in George and 70% of his sales is not within the George area. It gets either sent to Durban, Cape Town or to Gauteng. So it is really it is all over. It is not where your dealership is located anymore.

CHAIRPERSON: Just to go back to the sort of business strategy. I suppose my question was more, you know, I suppose we – when you look at sort of the sort of relationships between parties, obviously the power dynamic can come into that, so who has got more bargaining power. And I suppose my question really is as a smaller platform, do you find you have less of that power with the business users and does  
20 that drive you in some respects to have to deal more fairly with them?

MS VILJOEN: Ja, I think to a certain extent, yes, from the business users' point of view, but I think the [indistinct 00:45:07] or the strategy we have got in place now and the way that we are approaching things is starting to take off. And as COVID also starts to become a little bit more, you know, of a thing of the past and as new stock is arriving into

the country there is a little bit more of an appetite to start looking at expanding into other third party platforms and then with the changes we have done we believe – and it is a journey, right. It is just not going to happen overnight, but we do believe from a strategy point of view we are in a position where we can definitely grow.

MR VAN JAARSVELD: As a business when you talk business strategy, businesses need to do what they need to do. It does not matter, you know, in terms of size. You know, smaller players definitely need to do it different, you know, whether it is through restructuring of our business,  
10 whether it is, you know, changing or, you know, getting investment to do different things in marketing. You know, we rely on different partners to get that done.

And I think this is what you are referring to is that, you know, the other players have different backing to get that done. So definitely as a smaller player we definitely need to be much more innovative in the way we do approach business, whether that is by not increasing our rates or, you know, for a period of time or restructuring the business in a certain manner to make sense or to move our operating budget in different ways to make it work for us.

20 CHAIRPERSON: Ja and that is what I just want to understand is I mean you have kind of had to adjust your revenue. You are getting who you can and this is what I just want to understand. Maybe your goal is to at least break even, so you kind of may have to cut back on marketing. But as someone who is in it for the longer game, you have set out a strategy to how you are going to turn it around, do some things

differently, as you said Mr van Jaarsveld. But I mean at some point do you need a bit of another investment just to relaunch, put in either that better user interface that you have conceptualised or the marketing campaign to get you a bit of a kick. So it is that balancing of sort of humming along with what you can and break even and then do you need still the investment to get the real kick or can you just hum along and slowly build up again?

MR VAN JAARSVELD: Probably a combination of the two.

MS VILJOEN: Yes.

10 MR VAN JAARSVELD: So in one sense we obviously as a business want to be sustainable ourselves and through the efforts that we do is to create that base, get more dealers onboard, grow our visibility in the market and certainly, you know, then get the support from our investors to also additionally invest so that we can in certain areas spike certain delivery points much better. So I think it is a combination of the two.

MS VILJOEN: Yes.

CHAIRPERSON: I think I get a better understanding, because it is always good to hear from someone who is not the top platform to understand their decision making and I think that has helped certainly a  
20 fair bit. I just want to check across the team whether there are any other questions before I finish mine.

I think it is probably the extent of the kind of questions we have got. I mean, maybe just a question for you around sort of where do you think this is moving in terms of the aggregator and the car search. You know, are we – is this the sort of pattern that we are going to be in or is

there any massive disruption you think is coming to this market?

MS VILJOEN: No, I have got to say I think a person must never discount the disruption that may be coming. A person can easily I do not want to say be blindsided, but it is very true that some of the global players seem to be dappling a little bit in, you know, what we are doing in South Africa and having some views as to where they want to go. The Facebook Marketplace and the Google Shop, all of those things will eventually definitely I believe play a part.

10 So from a South African point of view I believe we are all passionate and we are all going to carry on and play very hard, but I do think there will be influences coming into the country perhaps from an international point of view that may disrupt. We saw the inquiry just, you know, two years ago, Rian, where there was an acquisition of Naspers, you know, from a We Buy Cars point of view that did not go ahead.

20 And again, you know, they are one of our customers, so I am really not trying to, you know, put something forward that is not – that is being disrespectful at all, but that is the type of reality is there are people wanting to enter South Africa and almost dominate the market, not just from a platform point of view, but from a motor industry point of view and that is something we have to keep a close eye on.

MR VAN JAARVELD: I also think, you know, there is a lot of players and I think that the previous speakers referred to them as well, you know, the likes of the Googles, the Facebooks, those type of platforms that can be a disruptive market, but I think we should also not be blind to our local sort of competitions that, you know, if we just remember

what Cars did, you know... [intervenes]

MS VILJOEN: True.

MR VAN JAARSVELD: Mr Minnie alluded to that where Cars came out of nowhere and very, very quickly took up the number two spot. You know, in today's world and where technology is leading us to it might be one of the much smaller type of entities that has just got that niche offering and a technology that is unique that is driving the new Y generation. The Generation Xers, the Millennials is buying much differently from an online perspective.

10           And we must also not discount how car sales is evolving globally. You know, from going from a dealer-centric environment, going to the ecommerce environment. You know, buying big ticket items online will become relevant. So, you know, I think those are the things that we need to keep an eye on and keep abreast of, because it is not necessarily only the way things are being done today that will evolve and generate that pattern. There is technologies and there is businesses out there that is coming through the fray that, you know, it is maybe not going to be big business, but it is going to be the small pockets of technologies that is going to be very competitive in the sense  
20 of what they are offering into the market.

CHAIRPERSON: I mean, do you think someone doing more of the same as in the sort of auto portal is the more likely disruptor or someone doing completely different or coming from a different position, just following up from what, Mr van Jaarsveld, you were saying?

MR VAN JAARSVELD: Ja, I think again it is difficult. You know, if I had

a crystal ball I would have given you a much clearer answer. You know, because we know technology is advancing so quickly. You know, stuff that we are working on today is already old. So I think it is going to be, you know, a unique offering and doing something differently and I think all of the platforms are sort of looking at what is the next great thing, what is the next technology that we need to bring onboard to keep it fresh and keep customers coming back for more.

But I think definitely there is players in the market and not just locally but internationally that can come and disrupt this market by a  
10 unique offering, getting the model right. You know, we are – you know, we have been looking at international businesses for a while now with one of our other products. You know, we can see that, you know, the buying behaviour of customers is going to change and an ecommerce sort of environment for car sales is going to be more relevant. You know, the introduction of electronic vehicles, I know South Africa is not quite there yet, but it is definitely something that we are going to get pressured into is to change, you know, the type of vehicles that we not just buy here but also manufacture in South Africa.

So there is a lot of technology driven things that can disrupt this  
20 market as well. So doing more of the same of what we are doing today, if we are just going to keep doing what we are doing you will end up dead in the water, I think. You need to keep abreast of technology. You need to keep abreast of, you know, how people buy and also what this auto industry is going to evolve into over a period of time.

CHAIRPERSON: Alright, thank you very much and I think that is all the

questions from the panel and Technical Team. So I think it is just left for me to thank you, Ms Viljoen and Mr van Jaarsveld, for making the time for us and coming to share your insights with the inquiry and we look forward to looking at your relaunch and all the best for that. I am sure we may have some follow up questions but we will try to at least let you focus on your business for a little bit.

MR VAN JAARSVELD: Thank you for the opportunity to participate and good luck with your process going forward. I know it has been a long process... [intervenes]

10 MS VILJOEN: A long one, yes.

MR VAN JAARSVELD: So good luck to you guys as well.

CHAIRPERSON: Thank you very much and so we are going to close the morning session and the afternoon session at 14:00 we start with Cars.co.za and that is the only participant left for today. Thank you everyone.

MS VILJOEN: Thank you very much. Bye-bye.

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41 Alexandra Road,  
Irene Centurion  
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