



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

18 November 2021

PANEL: *James Hodge – Chairperson
And Doris Tshepe*

TECHNICAL TEAM

Donnavan Linley

CCSA Internal Team

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COMPANY: SAVRALA



Gauteng Transcribers
Recording & Transcriptions

PROCEEDINGS ON 18 NOVEMBER 2021

SAVRALA – Represented by: Sandile Ntseone

CHAIRPERSON: We do not have our next participant yet.

5 They are only due at half past. So we will take a five minute break and then we will resume at half past.

MR SANDILE: Okay, alright ...[intervenes]

CHAIRPERSON: Sorry, Sandile, we are not quite live yet.

MR NTSEONE: Oh, is it?

10 CHAIRPERSON: I am just going to ask the team to tell us live right now.

MR NTSEONE: Okay, great.

INQUIRY ADJOURNS:

INQUIRE RESUMES:

15 CHAIRPERSON: Alright, welcome back from that break. Our last participant for the day on travel is Mr Sandile Ntseone. I hope I got that right. From SAVRALA, The South African Vehicle Rental and Leasing Association or Southern African Vehicle Rental and Leasing Association. Welcome,
20 Sandile. I am going to let you take us through the presentation and as we are running it, if you just tell us when to move forward.

MR NTSEONE: Okay, great. Thank you very much. Ja, thanks for the opportunity to make a presentation. At this
25 stage, I think you have introduced. My name is Sandile

Ntseone. I represent SAVRALA, The South African Vehicle Rental and Leasing Association. If we could move to the next...?

5 Basically, I just thought it is important to cover just the membership just to show the breadth, you know, cover the NEC and I will not – I will skip the benefits but I will just give you an appreciation of the size of the industry and then, you know, we can move to the next one. Basically, you know the
10 membership consists of some of the known brands, international brands.

I must say that I did indicate earlier to Donovan that I was in the process of updating this. The rental members are much more than this. I know that the public tends to know
15 those that are located at airports but we have a whole lot of smaller ones that are really doing great work and which also forms the subject of this, of your focus this afternoon.

And then move to the next slide and these are the leasing numbers. I know it. You know, this, we are looking
20 at long term sort of rentals or leasing as it were. Next slide. We also have the associate members which comprise of your OEM's and vehicle manufacturers. Again, this slide has not really been updated but there is quite a few to – we cover quite a few of mainly the seven, you know, manufacturers
25 and some of the distributors.

Next one. This captures exactly what SAVRALA is. I think what is important is that our members are guided by a code of conduct and constitution and you know I think what is important is that you know we try and ensure that we maintain you know certain standards to a point that we do look at the terms and conditions of our members to ensure that you know they are in line with our code of conduct.

The association is obviously led by an NEC or a board which is drawn from the industry itself and I with myself as the General Manager.

Next. Again, just to reflect on the representation. Here we have got our president who is the Motus Group and you know Standard Bank as vice-president. We have you know Pace Car Rentals which is one of the smaller which has grown substantially over the years, representing almost a smaller guys and you know deputised by AVIS. And on the leasing side we have got 58 fleet and again Standard Bank. We do have co-opted members and Hertz and Europcar are part of those.

Alright. Next. I will skip this one. I think what we mainly do is, is basically just to make sure that we lobby on behalf of our members and we do that quite effectively by you know either belonging to the likes of BUSA, Business Unity South Africa. And also, we are part of the Tourism

Business Council of South Africa.

And our members does give some level of credibility. We have managed to, for instance, you know work with the
5 likes of Treasury to ensure that some of the tenders do require that you are membership. This gives you an idea of just the overview of the industry itself. You know, annual revenue of just about 6 billion. Average fleet is 70. This excludes the leasing and you know including leasing would
10 represent about 400 000 vehicles and their ownership and fleet management.

One of the key measurements that we utilise in car rental is utilisation and at this stage we are looking at 72% utilisation and for this utilisation has really gone down as a
15 result of Covid but it is really on its way up. And annually, you are looking at almost 2.7 million transactions that take place in rental. Move.

And in terms of just the contents. I have – these – you will be familiar with these because I took them directly
20 from, I think, the questionnaire that you had circulated. Okay, move.

Now some of the areas that I have looked at, the ability of car rental in particular those owned by HDI's and SME's to compete and how the current online eco-system
25 limits and enables competition from these player. And

dependence is impossible, exploitative unfair or non-transparent behaviour of online platforms towards car rental companies. And lastly, the recommendations or suggestions
5 on how to improve fairness, transparency, et cetera.

I need to just make this declaration that most large members that were approached, you will recall I had a circulated a questionnaire and asked our members to deal directly with the Commission and I think quite a few of them
10 may have sent because that was not visible to myself. They may have sent some of the confidential information and responded to the questionnaire.

But most large members' approach were very reluctant to participate because some of these online intermediaries
15 are – they are very big accounts. So, but nearly all smaller – do you want to go back? I think – ja, it is an important point. Nearly all small or smaller HDI and SME car rentals do not use online intermediaries. I think that is basically – I needed to just declare that upfront.

20 You can move. And then the few that I managed to you know interview so that I could source information to help you know with carry out this exercise which are mainly the large ones and you are talking a few, you know, really. These are the sort of responses I received from my
25 interviews with them because I had to sit down and either

make a call and go through the various questions with them.

And basically, I think, those question are – the answers which are average I think they are there for the
5 Commission to see for themselves in terms of the percentage contribution of the distribution channels towards average monthly sales or lead volumes.

Next. I have also just ensured that at least I look at the questionnaire again in terms of just industry online
10 platform use and importance and how they rate these in terms of dependency and most of them were basically just – they rated, for instance, if you loo at rental cars, a three and Sunny Cars a three. These tend to be the most used ones and this represent moderately dependent.

15 And again, you know, I mean as reflected on there, you will see that in terms of just the platform itself, the net rate non-commissionable. I have indicated the sort of percentage, the average discount percentage given. I think I will talk to that point in the next sort of – in the following
20 slides.

Next. Just in terms of just the rankings, I think it is important to note that you know in terms of the number of customers, it reaches a month. They rated there as important. And then the next one again, the uniqueness of
25 the customer, the customer's – the platform reaches again

moderately important.

And you know the ratings or the rankings are there for the Commission see itself. I think it just important to note
5 that in terms of platform fees and pricing, they basically just focus on net rates. Those net rates are given with no commission at all.

Next. In terms of platform fees and pricing, most, as I indicated, absorb the cost of these commissions and fees
10 fully. And in terms of gross profit margin percentage on sales, they reckon that is confidential. So I could not really work out that information. And terms and conditions including commissions or fleet, these are not negotiable or adjusted in line with performance of online intermediation
15 platforms.

Again, in terms of just the platform terms and conditions, you will see how they see these as on average fair and some have indicated that these areas are not necessarily applicable but I think it is worth noting that if you
20 look at just the options that were ticked or highlighted, they see these as pretty much fair in all of those terms and conditions.

Alright. the transparency of these terms and conditions, it is again mostly fair. They perceived them as
25 fair and moderately sort of fair. So it is just for the

Commission to interpret what that would mean. I think the next slides are really what I would like to just focus on.

5 Alright. On the marketing side, no termination of service of usage of the platform was reported. Most car rental members make use of metasearch engine services to drive consumer traffic to their websites. And the two largest metasearch engine searches that is by the number of leads generated. Most car rentals use typically Google. Google
10 tends to be the most used followed by Facebook. And the services metasearch engines are entirely unavoidable. It is one of the questions that I think was asked if these are avoidable or not and they found them to be unavoidable when driving leads to their websites.

15 And most car rental members make use of Google as I have indicated. So I think that information is embedded in the questionnaire. You know, I just thought it is good to just give an indication of what – as I – I think here is my colleague. Let me just share, admit, alright.

20 It is important to just indicate that the services Google provide for instance are entirely unavoidable in driving leads, you know, just as a percentage and they basically just rated them as 4% and believe that member success to customer data obtained by the two largest online intermediary
25 platforms is described as fair as well.

And I think the last but not least. The customer searches or prominently displayed position for or generating customer sales or leads on, is considerably very important.

5 And I think the last point here is that the vehicles are ranked according to car group and price.

We can move on to the next one. Welcome Grenville.
Okay.

MR SALMON: My apologies. There is a huge storm here.

10 MR NTSEONE: Ja. Alright, I think this part is quite important just under general. I think where you know in the interviews I have had with the various members particularly the targeted ones and I did indicate that most of the smaller members do not really participate in this.

15 And most HDI's have not joined the various platforms and have declined the offers and opportunities to be on any of the platforms and some of the reasons that were cited, the online platforms seeks to partner with rental companies that can offer them exceptionally low rates on
20 their vehicles and in turn they commit to large number of rental base. And these are perceptions and you know perceptions could really be real.

And the online platforms base their model on volume expectations and unfortunately these cannot provide the
25 expected volumes and thus tend to favour larger or big rental

companies with large vehicle numbers on fleet and thus are in a position to offer reduced rates based on volume but still remain profitable. So it is a point I did indicate earlier.

5 And in terms of HDI's they do not use the intermediary platforms for the following reasons. They find that the commission fees are not affordable, customer relationships cannot be managed in any ethical manner and the risk, you know customers adhere to the standard booking
10 procedure of these platforms and not necessarily of the individual vehicle providers linked to the platform.

 As a company, one cannot verify the customer prior or at the time of the vehicle reservation because they tend to have their T's and C's. Online platforms have their set terms
15 and conditions that customer served at the time of the vehicle or vehicle booking and these do not necessarily align with the car rental terms.

 And lastly. The car rental companies, rental deposits and additional charges are to displayed on the
20 online platform booking pages or even communicated to the client on booking and this creates a problem with customers upon collection of vehicles and the rental company is seen as a rip-off.

 And these you know part of what SAVRALA stands
25 for is whilst we are not an official ombudsman but certainly

we are the ombudsman for the industry and you do find some of the complaints that come on my desk, certainly, they would really where there is a perception that there is a rip-off created by this very example that is given here where they are seen ripping off the customer because of that misalignment.

Alright, move to the next one. Online platforms are generally operated by individuals not based in South Africa and queries take time to get resolved because you are dealing with faceless people and these are – this is the feedback one receives largely from the smaller players, if you recall the declaration I made.

Next. I will invite Grenville to join me here. I think he is an operator who is quite in the field and you know he will also just add as well. One of the – just under general, one of the other items that is worth noting is that there is no opportunity to access customer data and our members usually get the details from their renters. So, it is a specific question that was asked by the Commission and I thought it has got to be highlighted here.

And the prominence is very important, obviously, to car rental companies and to any business. And you know they found that you know would be listed on Rentalcars.com for many years but we do not get bookings because our cars

simply do not come up in the searches. So that ism I think that is where the difference between the average size and the bigger guys where you know the smaller rental
5 companies tend to find themselves disadvantaged.

On Rentalcars.com, we simply do not rank and have tried many tactics to improve our listing but it is not working. You know I kind of stated some of the comments that were made, on average, by our members. From my perspective in
10 the car rental industry, we invest in an asset with a high fixed cost and a low variable cost. For this reason, once you have a carpark with 1000 vehicles you are better off getting any price above your variable costs than having a car standing. The large aggregator know that they have the
15 power to fill or empty or rank your parking lot. At times they do use their market dominance to obtain rates that are – trades below sustainable levels.

The big issue in the aggregator space for our business is that many of the services like car trollers would
20 not speak to you if you do not have the system that already talks to theirs. There is no space for manual interaction. I think it also kind of talks to the previous point that I had highlighted earlier.

The other issue is that we do not have airport
25 properties, so it is difficult for us to explain that the client

would need to uber to us on the aggregator side. I had highlighted just to give an appreciation of the number of car rental companies that are doing great work there. Yes, you will find the known brands located at the airports but there is quite a lot of smaller ones that contribute to that 6 billion per annum drive by car rental.

Move to the next. I think, ja, if you could just go back? And at this stage, I would like to – even before we take any sort of questions, perhaps I would like to invite Grenville Salmon who is the CEO of Pace car Rental.

MR SALMON: Thank you, Sandile. Just a couple of points ...[indistinct – distortion]

CHAIRPERSON: Grenville, we have got a bit of an echo coming from your side. I do not know if there is something that you can do to fix that?

MR SALMON: Okay, let me ...[intervenes]

CHAIRPERSON: That is better, that is better.

MR SALMON: Okay. So one of the big issues is that once you have got a big aggregator renting vehicles from you, sometimes what they do is they do not actually allow to undercut them. So let us say you have got a car standing in your carpark, you cannot go and advertise a better price than that aggregator and if you do, quite often enough people will say: Now why would book on the aggregator

when I can get it cheaper directly from the supplier?

And they will phone you ...[indistinct – distortion] all the business if you do not adjust your rates to above their selling rate because they will guarantee that they are going to get you the best cheapest car rental of whatever it is. So they get – you know so there is this issue in terms of pricing where they use their sort of power to force you to price it above their price even though they are taking whatever 20%, 30% commission.

The other thing is. What they do which Sandile alluded to is, they make it very easy to compare the price of the vehicle but not the terms and conditions of that vehicle. So, for instance, they might say: Look, this one is R 200,00 a day and then you get another one that is R 300,00 a day. But they will not tell you that the R 300,00 day a vehicle includes unlimited kilometres and super cover where if the one for R 200,00 includes no cover and 50 free kilometres a day.

And that is when the customers arrive at the counter expecting to pay R 1000,00 for a five days' car rental and it ended up costing them R 3 000,00 for a five days' car rental because a lot – I mean it is – almost every aggregator you go on, there is no way to compare the terms and conditions within two or three mites.

And I mean, I am know car rental very, very well. I have been an NEC member of the Car Rental Association for eight years but I cannot find those terms and conditions on these aggregators' websites. So a customer will phone in and say: Oh, I have got this car rental for R 200,00. Can you match it? And when I go and say: Sure, I will match it but I will match the terms and conditions. But I mean, to find those terms and conditions is almost impossible.

So for me there is a lot of miss-selling by the aggregators. Obviously, I have mentioned – and then the other aspect is the ability to integrate with the aggregators. It definitely cuts out your small players. If you want to integrate with the aggregators you need to have a very advanced computer system and generally those computer systems are quite costly. You know it is not the type of thing ...[indistinct – distortion] that ...[indistinct – distortion] would go and get. You need to be ...[indistinct – distortion] –

It is like the chicken and the egg. You have to be at the airports to make it viable to use those systems but if you do not have those systems it is not viable to be at the airport. If you get what I am saying. So if you want to as a small players break into the airport you would have to have a lot of money because first of all you have to pay the exorbitant rent to get at the airport and then you have to go

and invest these systems or you have to invest in the systems before you actually arrive at the airports and add this huge expense that runs at the top.

5 So the integration into those aggregators is very difficult. And then the other thing is. You know because of their buying power in terms of the keywords in advertising because they advertising for hundred car rental branches at the same time. So they can afford to pay it for the
10 keywords.

 When I am betting(?) as a person of one branch in each city, I have got to hope that that person is going to be near my branch in that city whereas they advertising for all the branches in that city. So making a lot stronger for the
15 keywords on Google ...[indistinct – distortion] So in a way, if you try and undercut them and they cut you out, it is very impossible to try and replace that marketing and be able to offer the clients a better price.

 So and yes I think that is – those are my major
20 points.

CHAIRPERSON: Thank you ...[intervenes]

MR SALMON: Thank you very much for the invitation. I appreciate it.

CHAIRPERSON: Thanks, Grenville and thanks Sandile. We
25 are going to obviously have to run over but I do think there

are a few important issues to just traverse with you. And I think the first, Sandile, you almost highlighted that often for customers you think about the global brands who are sitting
5 at the airports when one thing of car rentals but there is a much bigger eco-system of smaller car rental companies in this country and many of those will also be – you know that is where they are starkly disadvantaged owned car rental companies sit as well.

10 And I suppose as a mandate for this inquiry, you know, we are interested in participation in the online economy and ensuring that South African businesses can obviously be part of the online economy and the benefits that it provides but also especially the smaller players and
15 historically disadvantaged players as well.

So I think bringing to our some of the views from some of the smaller members is important and I think we are going to have to deepen that engagement as well. I mean, what we have found – well, I cannot find is, but some of what
20 we are hearing and some of the other platforms as well is that sometimes online does not integrate well with smaller or historically disadvantaged players because of the kind of things you have raised which...

And I think Grenville you raised about maybe it is
25 the systems that you need to integrate or that it is servicing

a need, the traveller that – and I get a sense a lot from what you are saying, a lot of the big aggregators or global aggregators are servicing a need around travel and therefore
5 it is about brands and access at airports that maybe predominantly focussed on.

I suppose the question I have got is. I mean, are any of the smaller members on any of these platforms at all or are we just seeing that it is the global brands so far?

10 MR NTSEONE: Well, I think, James, I did indicate at the outset that certainly my investigation, you know, when I interacted with our members, my findings are that most of the smaller members are not purely for the reasons that I had advanced as well and they gave me also.

15 That, one, they find quite expensive because I think just because of the sheer volume you know the size of their fleet, it basically just disadvantage them. And as Grenville pointed out, I think the size of the company does make a difference as well in terms of just the reach and also the
20 ability to absorb some of the costs involved in this. Ja.

CHAIRPERSON: Sorry, Grenville, I think you wanted to come in?

MR SALMON: If you just look at the bakkie and commercial vehicle rental space, *bakkies* and trucks. It dominated by
25 small players. You know, even AVIS and Budget, Bidvest

and those guys they sell *bakkie* franchises. And you know so where there is an ability for the small guys to compete like in the *bakkie* rental or truck rental space it is not
5 dominated by these big brands.

Obviously, the airports – the fact that there is only ten slots at the big airports does mean you have to be one of the ten biggest companies to be at the airport but even then some of those small companies at the airport because they
10 cannot link into these systems they do not survive. Like there is Capital Car Hire, I mean, their shop is constantly closed and Select Car Rental they also got a slot but they never survived.

And you know I used to work at Europcar and I
15 mean once you switch on those taps on those big aggregators, the bookings – I mean, sometimes when you come in the morning you have 150 bookings there waiting there to be loaded.

So you know it does – having access to those
20 platforms will definitely make it possible for those small guys to succeed when they do actually get a slot at the airport.

CHAIRPERSON: So how do we open up those taps for the smaller operators? I mean, we started – you mentioned the technical aspect. I mean, we have seen in other platforms
25 that almost intermediaries have emerged to assist.

MR SALMON: Yes.

CHAIRPERSON: And in travel where you have got a small B&B there is listing software of sort of management software
5 where it allows you to link to many of the aggregators. Is there not any of this sort of emerging in the car rental space?

MR SALMON: Yes, there are. Like I said, there are systems like that but they are very costly. And for instance
10 in our business we deal with the man on the street. So if we were to go onto that system, the system – they charge you let us say two dollars a transaction to be on the system and then what you can do is, you can go on all those aggregators and ask them to link you into the system.

15 But like I am saying, I would then have to give up two dollars per transaction and then in five years' time when I get invited to the airport then all suddenly it starts paying dividends. But you know these aggregators deliver probably 80 – a huge proportion of their bookings at the airport. So if
20 you do not have a slot it is not worth their time. There are not many people...

Like we engage with Rentalcars.com and they have got quite a nice system where it emails you the booking and they are kind of like an intermediary that hooks into the
25 booking systems but the problem is that you know we are in

Sandton and we do not get bookings from Rental Cars no matter how low we make our price, there is just not business.

5 CHAIRPERSON: So if the global platforms are mostly focussed on airports, I mean, do they have sections of their platforms that look at more city rental, long term rental for a longer vacation? I mean, do they make those offers because even Grenville ...[intervenes]

10 MR SALMON: They do but I do not know but *shu* we have tried and tried and tried but we cannot get on the Rentalcars.com platform, our listings to show up onto their system. So it is – I am not a – you know maybe I do not understand why. I mean, we have phoned them and asked
15 them if our listing is correct and they always say: No, it should be showing. But it does not. But the commissions they come off from that. So you have to be the cheapest and they still take 20% of the fee.

MR NTSEONE: Well, my science is that, look, it is a free
20 market and you know they obviously have got their algorithms that really you know would finally decide and size does matter. So the smaller guy is affected by you know their size, obviously. And so, what happens is. I mean, I have pointed out earlier that the very fact that the bigger
25 guys have these volumes and large fleets. They are able to

even absorb some of the costs that Grenville was talking to.

So it is a difficult one. I mean, you are saying – I mean, I know for a fact sitting also on the Tourism Business
5 Council, you know there is a platform that is designed purely for smaller SME's and previously disadvantaged for the very same reason because the Booking.com just do not cater favourably for those.

So, you know, I mean I do not know if it is
10 something that can be influenced at your level but certainly this is – it is a free market and I do not think car rental, not even their association can really influence that.

CHAIRPERSON: Ja and I think ...[intervenes]

MR SALMON: ...what... Sorry,

15 CHAIRPERSON: Sorry, Grenville, can I just respond to Sandile?

MR SALMON: Yes.

CHAIRPERSON: Look, I mean, it is a free market but a free market can also favours certain interest and that is why we
20 have a Competition Commission and why we also have an inquiry and part of this inquiry is exactly to find out if there are factors that hindering participation because we see in other areas that sometimes online platforms can actually be more inclusive of small business and provide more visibility
25 but obviously if you are not on the platform you are not

visible.

Sandile, I just want to ask. I mean, are there local
platforms in car rental that you are aware that provide this
5 sort of service because we started with the big platforms, the
global platforms but that is not the only potential source.

MR NTSEONE: I am not aware. You know, Grenville is out
there in the cold front but I am not aware of any. I have
myself ran a car rental company. So I was very much in that
10 space of smaller car rental and I cannot recall. Gran,
perhaps you can share any developments in that area.

MR SALMON: Ja, I would not really call them platforms or –
but there a lot of brokers that have their own websites and
once they get a booking you know they will farm it out. So
15 with those sort of let us call them old school brokers, it is
possible for the smaller companies to interact with them
because you know in general will be quicker to respond on
the emails and more – they can negotiate a better rate if it is
a specifically long rental.

20 But there are not any online platforms except where
you – and I think Rentalcars.com might actually but I do not
know if they have got a South African branch but they do
have a help centre to allows you to link on But like I said
that volumes are very low on rental cars especially in
25 downtime locations. If you are the airports, I think it might

work but I doubt for smaller rental companies.

CHAIRPERSON: You mentioned long term rental. Is that also something the global platforms focus on or not?

5 MR NTSEONE: Not necessarily.

MR SALMON: You see the long term – because of the commission that is charged, because they take 20% commission the long term car rental space is quite competitive. So generally the long term car rental space is
10 kind of – it works on smaller commissions which these big websites do not sort of agree with but there is a site, a South African company called FlexClub and it started a platform for that does long term car rental and then but...

Ja, they certainly do provide – you know they do
15 quite a lot of good business but they are almost in the leasing space rather than the car rental space ...[intervenes]

CHAIRPERSON: But that is – adds a platform itself which links then leasing companies with customers.

MR SALMON: Yes, that is right. It is called FlexClub.

20 CHAIRPERSON: And in the commercial space, is it also just brokers that are working in this area?

MR SALMON: Look, commercial space, there are some brokers but generally they do deal directly with the end clients. So, you know, they would go on the internet and
25 search *bakkie* rental although with Search Car Rentals see

that there is no *bakkies* there and then they would search bakkie rental and then they would find the *bakkie* rental agencies like Pace Car Rentals, Spartan, Contract Truck Hire. There are a lot of U – rents. There are a lot of quite sizable, small *bakkie* companies.

CHAIRPERSON: I mean, I suppose one cannot ask the platform to change its business model and focus on a different customer segment but it strikes me that there may be opportunities here for local platforms to emerge. Do we know if there are people who have tried at least to make this into a digital opportunity?

MR SALMON: No, I am not – the only people I am aware of is FlexClub and... ja. No, there is no other ones that comes to mind immediately.

CHAIRPERSON: And maybe back to Sandile. I mean, you mentioned that some of the members you spoke to especially the historically disadvantaged ones who do not make use of these platforms for some of the reasons you have set out. I mean, do those members still see a benefit if they were able to get online not necessarily on those platforms on those terms but a benefit from being online and being on a platform rather than just trying to advertise to Google AdWords where what we have seen in other areas.

I think the benefit is often of an aggregator that

customers go to them and they see a selection of options and at least you may be more visible in that way than trying to compete on Google AdWords.

5 MR NTSEONE: I think there is certainly you know a benefit, I mean, that you know they would derive and they are very much aware of that. I mean, everyone does require some level of visibility and that is what these platforms tend to give you and it gives you reach markets that you probably
10 would not otherwise reach.

So, you know, I think the only contentious point is the fact that they tend to be expensive for a smaller guy and you know the whole lack of control in terms of terms and conditions and you know that misalignment in terms and
15 conditions and some of the things that I have highlighted earlier also does discourage them from really participating because if anything, they see themselves as just taking on challenges and problems with – client problems.

And Grenville did allude to the fact that some of the
20 clients would come to – when they get to the counter, only to realise that gewizz, you know there is a certain post that was not necessarily stated online and it is actually part of the rental process and it has got to be added and that in itself makes customers perceive car rental members as being
25 ripping them off, as it were. So, ja. But I guess...

You know I think one of the challenges – you will recall that I mean right now when we just came out of Covid that one of the key segments that we focussed on as suddenly as an industry is inbound and unfortunately, you know, whilst the smaller guys do service inbound purely from other avenues, I mean, and what turns to in terms of convenience, it is very convenient for anyone flying from the UK or the US or Japan to basically land at the airport and grab a car from there.

And I think it is because these companies are you know really aggressively advertising. But in Japan you do not necessarily – I think, you know in outside these other areas, parts of the world you do not necessarily rely on the guys in – at the airport because you know people are quite prepared to actually wait and get picked up by whoever drops the car at the airport.

So perhaps it does also – would represent some sort of mind shift but also, I think the Commission can in a way influence. You know I do not – we do not want a legislated environment. It does make trading difficult but you asked the question here and I cannot think really how do you solve a problem to ensure you smoothen things out for SME's and let alone the previously disadvantaged. You know what I mean?

But just the SME's, because of the importance of SME's in the growth of you know in the contribution to the economy. So this is something that were perhaps some, I do
5 not know, you know legislation directed at these to ensure that they cater for SME's you know and I do not know how because you know the whole thing is also driven by algorithms as I have indicated earlier. Ja.

CHAIRPERSON: Grenville, do you – it seems you want to
10 come in?

MR SALMON: Yes, I just wanted to mention. You know, the difference between, let us say like an Airbnb or a Booking.com or something like that. When a person lands they want a certain quality of vehicle and the aggregator
15 wants to know that they are dealing with a company that has a certain quality. So I understand why they put the barriers to entry because a lot of those small players, their vehicles are – they run them a little bit longer and they are not of the exact same quality. So for – you know they used express
20 codes and I say small compact aircon manual vehicle or small economy manual, you know, those ...[indistinct]

So just because it has got the same ...[indistinct] it does not mean that it is going to be of the same quality. So understand what the barriers to entry are there. But there
25 are a lot of good small companies that you know are

...[indistinct] and stick to the rules. You know, your vehicle must be less than three years old, less than a 100 000 and generally they also trying to compete with the big guys. So
5 they do not push it to a hundred, they might deleted 65 000 or 75 000 whereas the big guys deleted 40 000 kilometres on the clock.

But from the other side, for the small guy trying to get in there, the guy that has just won the tender to have a
10 place at the airport, what they could do is, put in some kind of functionality where you can say: I am going to offer... Because the big thing is availability.

Why the big – why the aggregators like these computer systems like Bluebird auto systems or cars and
15 that type of thing is that when the client books it goes into the computer and it has a look at the booking sheets and it actually can see which vehicles are available for rental and when that booking is confirmed they know that that car is available. That car then becomes unavailable and the next
20 booking that goes through, that booking may or may not get accepted depending on whether or not there is a vehicle at that time available.

So maybe a solution to that issue around the availability would be for the, you know, the small players, let
25 us say like my business, to be able to go on there and say I

have ten cars available in Sandton from this date to this date
and you can book. And then those – I will guarantee that I
will not book them for another client. If I do, I will remove
5 them off the aggregator's system and make them no longer
available.

So it is just a way that you interact. And the thing is
that they – you know the first question they ask you is what
system are you on and depending on what you answer - you
10 know our system is pretty – not a well-known one. So then
sometimes they do not even respond to you. But obviously if
you are on Bluebird or a Rental or you are on Cars or the
Cars Pro or something like that, then they know that they are
going to be able to book directly on your system and that if it
15 says it is available then that is available.

And I think maybe just a small adjustment to their
software might make it possible to give customers a lot more
options and it might actually benefit the small players trying
to get in and the aggregators. Maybe they do not actually
20 see the opportunity that lays there.

CHAIRPERSON: Ja, I mean, like I said we cannot ask a
platform to necessarily change their business model. If it is
something they are already doing that is hindering, we can
ask for those terms to change but to develop a new area may
25 not be within what we can do. But I do note on what you are

just raising, Grenville. I think the travel accommodation space initially looked at exactly systems of holding inventory that you commit certain rooms ...[intervenes]

5 MR SALMON: Yes.

CHAIRPERSON: ...until it reached a point where the online interface was sufficiently developed that that did not need to happen. So I think the industry has some experience in all of this but maybe car rental has not attracted the same
10 amount of interest. But I think, gentlemen, we have already gone half an hour over for our session. So I am, unfortunately, going to have to call to close but I do think this is an area where we would like a lot more engagement. And, Sandile, engagement with a variety of your smaller
15 members as well.'

MR NTSEONE: Yes.

CHAIRPERSON: Just to see where this goes and whether some of these barriers to building an online system can work. As I indicated, we also cannot demand that someone
20 build a system for South Africa but clearly there is an opportunity here, clearly there are benefits and hopefully if someone is listening and is sitting in a garage somewhere in South Africa with a computer, then they have a business idea. So thank you both very much.

25 I think it has been educational and I think you have

also opened our eyes to another area of opportunity to increase involvement in the digitally economy. I think we pick up, certainly, on some of those terms and conditions
5 and to the extent that they are barriers.

MR SALMON: Sure.

CHAIRPERSON: But it may be that the business model at the moment of the global companies is not, in fact, attuned to smaller or city based opportunities and that needs to
10 change.

MR SALMON: Okay. Thank you very much...

Thank you very much. We really appreciate the opportunity. But we are available, Chair, for you know should you wish to ...[indistinct – distortion] further in this regard.

15 CHAIRPERSON: No, thank you. We definitely do want to take it further and we will be in contact just to I think get further ideas from your members as well and just to also explore some of the local platforms if it is just FlexClub or there are others. Thank you both and enjoy your evening.

20 MR NTSEONE: Thank you.

MR SALMON: Thank you. Goodnight.

MR NTSEONE: Yes, goodnight.

CHAIRPERSON: Just before we close. Just a reminder. Tomorrow morning we start with Samsung at 10:00 and after
25 that we have PriceCheck and many South Africans will be

familiar with them. And then Red Puppy an online eCommerce platform and that will be just a morning session.

INQUIRY ADJOURNS UNTIL 19 NOVEMBER 2021

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OIPMI	SAVRALA

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