



**competition commission**  
*south africa*

**Media Statement**

**For Immediate Release**

**15 September 2023**

**COMMISSION RELEASES FINAL TERMS OF REFERENCE FOR MEDIA AND DIGITAL PLATFORMS  
MARKET INQUIRY**

The Competition Commission (Commission) has today gazetted the final Terms of Reference (ToRs) for the Media and Digital Platforms Market Inquiry (“MDPMI”) that will examine the distribution of media content on South Africa’s digital platforms and the Advertising technology (Adtech) markets that connect buyers and sellers of digital advertising inventory.

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, and associated Adtech markets, that impede, distort, or restrict competition and which may have adverse implications for the news media sector of South Africa.

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 that can have implications for the level of referral traffic and fair payment for content. Collectively this may affect the sustainability of independent journalism.

There have similarly been investigations across numerous jurisdictions into the Adtech markets which sell the publisher’s display advertising inventory, purchase inventory on behalf of advertisers, and the Ad exchanges which connect these two groups. These investigations have sought to determine whether concentration and/or conflicts of interest result in competition concerns, which may in turn impact the volume of advertising, the size of bids for a publisher’s inventory, and their share of the advertising spend.

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 has created greater reliance on these platforms over time.

This change in consumer behaviour and distribution model has impacted the cost and revenue 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 platforms and Adtech markets can influence competition for these revenue streams which is what the Inquiry intends to consider. This includes the revenue share on video-sharing sites for broadcasters, including the public broadcaster. In so doing, the Inquiry will specifically consider how these markets impact the digital visibility and competitiveness of smaller news organisations, including community and African language news media, and the diversity of news available to consumers.

The main digital platforms that the inquiry will focus on include search engines, social media sites, video-sharing platforms, and news aggregation platforms along with Adtech market participants on the supply-side, demand-side, and Ad exchanges. The inquiry will also take a forward-looking approach and evaluate new technologies adopted by digital platforms, such as generative AI search support (e.g., ChatGPT), and the impact 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 final ToRs for the MDPMI are also available on the Commission's website [https://www.compcom.co.za/wp-content/uploads/2023/09/Media-and-Digital-Platforms-Market-Inquiry\\_FinalTOR\\_Sep2023.pdf](https://www.compcom.co.za/wp-content/uploads/2023/09/Media-and-Digital-Platforms-Market-Inquiry_FinalTOR_Sep2023.pdf) with the Guidelines for Participation in the MDPMI and Administrative Timetable.

Following the publication of the final ToRs, the Commission will formally commence the MDPMI within 20 days.

**[ENDS]**

**Issued by:**

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