



Media Statement

For Immediate Release

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COMMISSION LAUNCHES INQUIRY INTO DISTRIBUTION OF MEDIA CONTENT

Today, the Competition Commission (Commission) launched the Media and Digital Platforms Market Inquiry (“MDPMI”), designed to scrutinise the distribution of media content on South African digital platforms and the Advertising technology (Adtech) markets that link buyers and sellers of digital advertising inventory.

This inquiry is established in terms of section 43B(1)(a) of the Competition Act No. 89 of 1998 (as amended) and stems from concerns that there may exist market features in digital platforms that distribute news media content, and associated Adtech markets, that might restrict, distort, or impede competition, with potential adverse effects on South Africa's news media sector.

Highlighting the significance of the MDPMI during today's launch, Commissioner Doris Tshepe emphasised that the media plays a crucial role in ensuring an informed public and the smooth functioning of a democracy. She noted that the inquiry would delve into various issues facing media sustainability. “The inquiry comes at a critical moment for the media industry as news consumption rapidly shifts online and traditional sources of funding to print and broadcasting advertising decline,” said Commissioner Tshepe.

The MDPMI will be led by James Hodge, Chief Economist and Acting Deputy Commissioner of the Commission, with Paula Fray serving as a panel member. Fray is an esteemed veteran South African media practitioner with experience locally and abroad. Her journalism career began in the 1990s when she climbed the ranks to become the Executive News Editor of The Star and later took on the role of Editor at the Saturday Star. Over the years, Fray has dedicated herself to advancing news organisations and journalistic excellence, both locally and across Africa, by providing training, mentorship, and support through initiatives such as Fray College and Fray Intermedia. During this period, she also held the position of African Director for the Inter Press Service and served as President of the New Humanitarian. Fray is a founding board member of the Accountability Lab and has served as a Deputy Press Ombud and a public representative on the SA Press Council.

In her address, Fray pointed to the rise in digital platforms which presents both opportunities and challenges to the media, including a need for sustainable business models. “These [challenges] are driven by technological disruptions most recently, such as artificial intelligence, social media-fuelled pressures to tell stories faster, amid a tsunami of misinformation and disinformation, online harassment, global challenges such as the war in Ukraine, economic pressures, reduced newsroom resources, post COVID and challenges to press freedom and press and freedom of information,” said Fray.

In outlining the areas of focus of the MDPMI, Hodge said that media consumers are increasingly relying on video-sharing platforms, news aggregators, and social media to access news and generate revenue and that there was a need to promote diversity in news and public interest journalism.

The MDPMI today also released a Statement of Issues and Requests for Information (RFI) to platforms, Adtech companies, and media organisations following the publication of the final Terms of Reference in September 2023. During this initial phase, the MDPMI plans to conduct two rounds of information gathering, with public hearings scheduled for March 2024. The Terms of Reference, Statement of Issues, Administrative Timetable, and Guidelines for Participation are all accessible on the MDPMI website <https://www.compcor.co.za/media-and-digital-platforms-market-inquiry/> and the MDPMI encourages all interested stakeholders and the public to submit their input on the Statement of Issues by November 14.

The MDPMI follows numerous global inquiries and investigations led by competition authorities regarding the impact of digital platforms on news media publishers, particularly in terms of advertising revenue generation and the sustainability of quality news content. These investigations have highlighted the significant role played by large digital platforms, such as search engines and social media sites, in news content distribution, potentially affecting referral traffic and fair content payment. These global investigations have also examined the Adtech markets and the potential for competition concerns arising from concentration and conflicts of interest.

In South Africa, there is a parallel trend with a growing shift towards consuming digital news sources due to increased smartphone adoption and affordable internet access. The distribution of news content through digital platforms has become a crucial means for news media businesses to reach consumers, leading to greater reliance on these platforms over time. This shift has impacted the cost and revenue structure of South African news media businesses, with traditional classifieds and print advertising revenue decreasing while digital advertising revenue has risen. However, digital platforms and Adtech market dynamics can influence competition for these revenue streams, which is a key focus of the MDPMI. The inquiry will also assess how these markets affect the visibility and competitiveness of smaller news organisations, including community and African language news media, and the diversity of news available to consumers.

The MDPMI will primarily concentrate on key digital platforms, including search engines, social media sites, video-sharing platforms, and news aggregation platforms, as well as Adtech market participants on the supply and demand sides, and Ad exchanges. Additionally, the inquiry will take a forward-looking approach to assess the impact of new technologies adopted by digital platforms, such as generative AI

search support like ChatGPT, on businesses in the South African news media sector. Importantly, the inquiry's scope is limited to businesses within the South African news media sector, including news publishers and broadcasters.

[ENDS]

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