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south africa

OIPMI PROVISIONAL REPORT

CHAPTER 5

ONLINE CLASSIFIEDS PLATFORMS

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INTRODUCTION

1. Online classifieds platforms are two-sided markets, bringing together business users that advertise their products and consumers that are potential buyers of the products.[1] In essence, classifieds platforms aggregate the products of many business users in a single site (platform) for the attention of the consumers. This offers consumers the convenience of searching and comparing the products of those business users on a single platform. The business users normally pay for the attention of consumers that they gain through the platforms and for leads generated, whilst the use of the platform is free to consumers. Online classified platforms also sell advertising on their platforms to third party businesses that provide complementary products in the category as the platform can target relevant consumers effectively. For instance, platforms that list property and automotives may also monetise from firms that offer finance and insurance.

2. Classifieds platforms are broadly categorised into two, namely:
   2.1. Vertical classifieds or specialists' portals: typically business to consumer (B2C) platforms which specialise in a certain product category or one consumer segment e.g., automotive vertical classifieds specialise in automotives; and
   2.2. Horizontal classifieds or generalist portals: typically consumer to consumer (C2C) platforms that list a broad and wide range of products or focus on multiple customer segments. For instance, a horizontal classifieds list range of products including automotive, property, electronics, home and garden, fashion, sports, etc.

3. The horizontal C2C platforms lie outside of the scope of the Inquiry. Online vertical classifieds platforms generate leads for business users and appear to have built up most prominence for large once-off purchases where consumers use the Internet to research options before going to inspect and make a purchase decision. The focus of the inquiry is on vertical classified platforms that specialise in property and automotive classifieds. These two categories seem to be the most developed online classifieds categories in the South African market and are widely adopted by consumers. Moreover, these two vertical classified platforms hold an important role in providing leads for the business users.

[1] For example, in property classifieds one side of the market consists of property buyers or tenants who use vertical classified platforms to search for homes, at no cost. The other side of the market consists largely of estate agents who use the services of vertical classified platforms to list their properties, often at a particular cost.

4. The first section of the Provisional Report provides the assessment of adoption of online classifieds platforms, market delineation and dependency. The Inquiry found that internet penetration and wide accessibility facilitated the adoption of online classifieds platforms, offsetting the use of print media. Historically, business users in property classifieds and automotive classifieds wildly relied on print media to target their consumers. Some of the online classifieds portals also have their history in the provision of print classifieds, such as automotive magazines and property catalogues. With the adoption of online classifieds platforms by consumers and business users the use of print media significantly declined, and business users shifted to online classifieds platforms.

5. The Inquiry found that currently, business users in both property classifieds and automotive classifieds are highly dependent on the established platforms in the respective segments. The degree of dependency is also reflected by the ability of established platforms to increase annual subscription and listing fees without losing customers. Business users do not view other alternative marketing channels as alternatives to online classifieds platforms. As a result, evidence collated by the Inquiry suggests that other channels impose an insignificant competitive constraint on property classifieds and automotive classifieds platforms. This assertion is supported by established platforms internal documents and case precedent in the Competition Tribunal and in other jurisdictions such as the United Kingdom.

6. The second section of the Provisional Report provides the assessment online classifieds platforms competitive dynamics. In property classifieds Property24 and Private Property are the most prominent players in the market and collectively hold approximately 90% of the market share. Property24 is the leading platform with more than 50% market share. Private Property holds more than 30% market share. In automotive classifieds AutoTrader and Cars.co.za are the most prominent players in the market and collectively hold more than 80% of the market. In terms of the split between the two platforms, their market share is not significantly far from each other with 2021 market share reflecting that AutoTrader is a market leader with 47% market share and Cars.co.za is the second largest with 37% market share. These estimates were calculated using the flow of unique users to the platforms.

7. The Inquiry found that smaller online classifieds platforms in both segments face barriers to expansion as they are unable to compete effectively for customers and business users due to:

7.1. Limited funds: e.g., inability to compete with established platforms' deep pockets on Google to attract business users;

7.2. Inability to acquire listings from business users: due to exclusive partnerships between established platforms and business users, especially large real estate agencies;

7.3. Inability to acquire listings from business users: due refusal of established platforms to intergrate small platforms onto their syndication software systems;

7.4. Inability to monetise: most of the smaller platforms charge significantly lower rates and some are free for use. Some real estate agents list with the platform when it is free. As soon as the platform attempt to monetise, they de-list their stock and remain with the established platforms;

7.5. Network effects: the established platforms have larger network effects and as a result some business users do not see any value in listing with small platforms, which also affects the attractiveness of the small platforms to consumers.

8. Evidence collated by the Inquiry suggests that barriers and challenges identified in the automotive and property classifieds are largely similar. The only point of difference is that access to listing does not appear to be a barrier in the automotive classifieds.

9. The third section of the Provisional Report provides the assessment of platform competition. Market features that impede, restrict or distort platform competition or undermines the purposes of the Act (which includes the participation in the economy of SMEs and HDPs') in online classifieds can be broadly categorised and summarised as follows:

9.1. Google paid search: online classifieds platforms engage in extensive marketing, using different tools and Google is the most important marketing channel for the platforms. This results in the need for platforms to invest in paid search to acquire customers through Google. The Inquiry found that the need to invest in paid search to acquire customers favours the existing leading platforms with a larger revenue stream to fund such expenditure and/or platforms backed by deep pockets. Thus, established platforms with a very large customer acquisition budget are able to spend/bid continuously and across wide range of terms (including competitors' brands) whilst SMEs limited budgets impede them from doing the same.

9.2. Access to listings: various conduct and practices makes acquisition of listing by SMEs platforms difficult. These include the following:

9.2.1. In online classifieds, platforms can receive listing stock from estate agents via listing engine services. This is estate agents preferred method - in simple terms, a listing engine refers to a software developed to enable estate agents to captures listing information at one *"single point of capture"* and the listing is then distributed to multiple platforms of the estate agent's choice). Competing platforms are unable to receive listing stock/feeds from established platforms listing engines (the largest engines) while established platforms listing engines feed stock to/from each others' platforms;

9.2.2. Leading platforms charge of R500 monthly fee for the incoming feed where an estate agent has switched. This discourages switching by estate agents. This limits the size of business listings that potential entrants (e.g., other listing engine firms) can bring to a platform at launch; and

9.2.3. The shareholding of large estate agents in Private Property through the EAPPC, and the partnership with REBOSA (a body representing estate agents), incentivises continued use of Private Property and impedes third party platforms from securing support and listings from these large estate agents. To this end REBOSA encourages members to utilise Private Property and does not offer the same support to other platforms. The directors of REBOSA are also shareholders in Private Property.

10. The fourth section of the Provisional Report provides the assessment of business user competition. Market features that hinder competition amongst business users (real estate agents in property classifieds and dealerships in automotive classifieds), undermine consumer choice in South Africa and/or give rise to exploitative treatment of business users can be broadly categorised as follows:

10.1. Price discrimination: Classifieds platforms discriminate between large and small business users by differentiating in their pricing models based on volume of listing categories. This results in small business users with limited/few listings paying significantly higher rate per listing relative to large dealers. The discrimination also extends to value-added services (e.g., promotional such as premium and featured ranking). Listing and promotional fee discrimination can be as high as 300%. This raises the marketing costs of smaller business users and impedes their ability to afford other value-added services and also participating in the industry effectively;

10.2. Visibility and discoverability: Established platforms offers value-added services "promotional packages" that influence ranking and appearance of the business users on the platforms. In classifieds platforms promotional packages account for a significant portion of income (it can account for up to 40%) and there has been a high degree of uptake by business users. Platforms encourage the use of these packages by informing business users that the use of these packages will results in, amongst others, increased leads and customer views. Evidence indicate that fewer SMEs relative to larger business users make use of promoted visibility.

1. MARKET DELINEATION AND DEPENDENCY

1.2. Value preposition: vertical property and automotive classifieds

11. Property classifieds platforms bring value to consumers and also bring value to business users. However, the consumers and business users benefit differently from the platforms. The business users and consumers for these platforms are as follows:
    11.1. Vertical property classifieds: the business users include estate agents, developers and private owners whilst the consumers include prospective property buyers and renters; and
    11.2. Vertical automotive classifieds: the business users include car dealerships and private sellers whilst the consumers are prospective car buyers.

12. In terms of the consumer side, the main value preposition of vertical classifieds platforms is the convenience in browsing a wide range of stock (properties or automotives) listed by different business users within a single portal, as opposed to searching business users' sites individually. This improves consumers choice and the ability to compare a wide range of offerings, aided by comparison tools which can sort the listings by certain factors (e.g. make, model, suburb, price range, bedrooms etc).[2] For instance, in automotive classifieds, a consumer is able to compare a wide range of offerings across vehicle make and model, mileage, age and dealership brand. From the business user side, the main value preposition of vertical classifieds platforms is the broader set of consumers it reaches and the potential to generate leads (consequently sales) for business users. Vertical classifieds platforms generate significantly larger volumes of site traffic and important leads for business users. [3]

13. Leads connect the consumers, which are potential buyers, directly with the business users.[4] On large platforms, business users pay a subscription and listing fees to list their stock of properties and vehicles, or lead-based fees in some cases. In essence the payment is for the exposure to the consumers. In addition to the standard subscriptions, business users can also purchase certain value-added services that influence and improve the ranking and appearance of their listings on the platforms[5]. The platforms also sell advertising space to other service providers of related service

[2] Submission by Cars.co.za dated 6 August 2021- Response to FSOI. REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 4-5. Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 24-25
[3] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 41. REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 27-28.
[4] Submission by Property24 dated 10 September 2021. Submission by AutoTrader dated 10 September 2021.
[5] Submission by Property24 dated 21 June 2021. Submission by AutoTrader dated 21 June 2021.

including banks, insurance companies, bond originators etc.[6] Small platforms on the other hand offer their services to business users either for free or at significantly lower rates. Small platforms typically do not focus on monetising from business users, especially in their infancy stages, in attempts to achieve scale in a form of having sufficient stock listed on their portals. The ultimate goal for smaller platforms is to later introduce a more stable revenue model once they attract enough audience to become an important source of leads for business users.[7]

1.3. Adoption and use of automotive and property classifieds platforms

14. According to the Organisation for Economic Co-operation and Development ("OECD"), the accessibility of internet has significantly shifted business conduct in different sectors globally. The wide use of internet has made way for ease of doing business and allowed advertisers to reach a broad range of customers at a massive scale in real time, through digital advertising.[8] The OECD further states that the developments in artificial intelligence and machine learning, coupled with the stores of personal data available online, have allowed for cost-effective targeted advertising at scale, which makes digital markets more attractive.[9] Historically, businesses relied on print media for advertisements. However, with technological advancements and internet penetration, the traditional print media channel of advertising is increasingly becoming less relevant in favor of online classifieds platforms. In South Africa, estate agents and car dealerships historically relied on print media for their advertisements, however, the advertising market has since shifted or moved exclusively to online classifieds platforms.[10]

15. In terms of property advertising, Property24 submits that prior to 2010 newspapers were the primary advertising platform for real estate agents. Once internet penetration sky-rocketed around 2011/12, driven by the advent of smart phones, and this had negative effect on newspapers as subsequently property advertising moved to online classifieds.[11] Similarly, Private Property submits that the shift from print media into

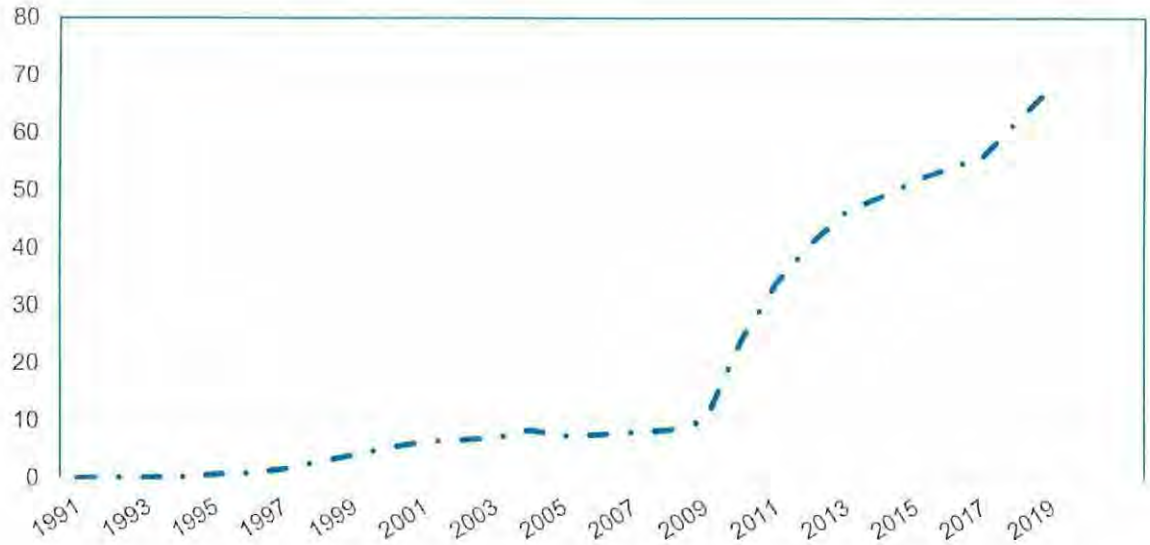
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[6] Submission by Property24 dated 21 June 2021. Submission by Private Property dated 5 July 2021.
[7] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 12. MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 33.
[8] OECD (2020), Competition in digital advertising markets, http://www.oecd.org/daf/competition/competition-in-digital-advertising-markets-2020.pdf Accessed on 14 February 2022.
[9] OECD (2020), Competition in digital advertising markets, http://www.oecd.org/daf/competition/competition-in-digital-advertising-markets-2020.pdf Accessed on 14 February 2022.
[10] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 13 -14. 08000Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 3.
[11] Property24 submission dated 15 November 2021- Public Hearing Presentation

online classifieds was driven by among other factors the spike in internet adoption experienced in South Africa around 2010/11 onwards[12].

16. Figure 1 below shows the number of individuals who had access to internet in South Africa as a percentage of the population from 1991 till 2019. In 2009 about 10% of the population had access to internet. By 2010 the percentage of the population with internet access more than doubled to 24% and continued to increase at the significant rate. The latest data from the World Bank (i.e., 2019) suggests that 68% of the population has access to internet. This is in line with the submissions from Property24 and Private Property regarding internet usage in South Africa.

Figure 1: Individuals using the internet (% of the population) in South Africa for the period 1990 to 2019



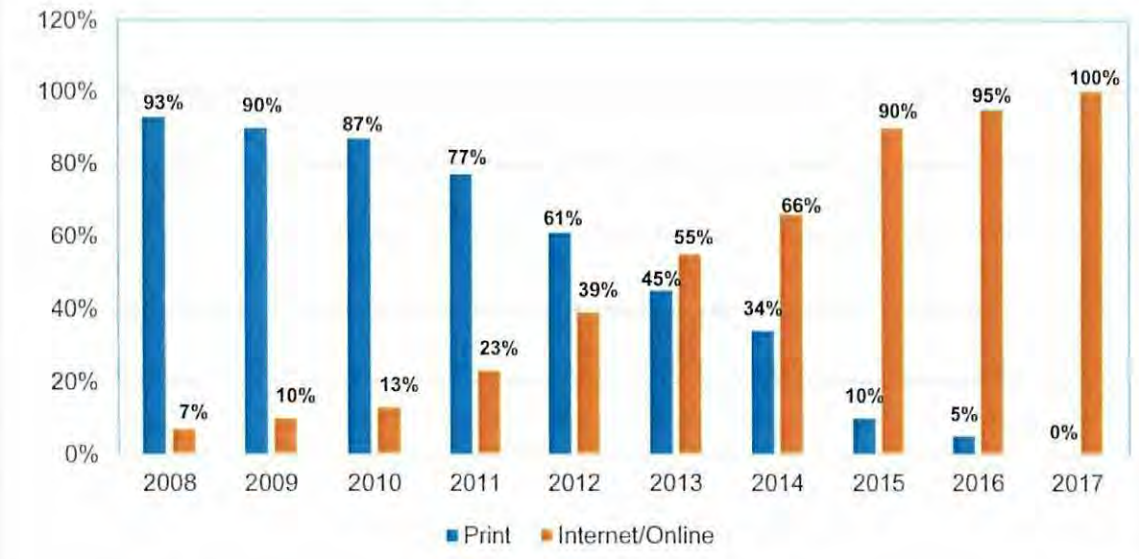
Source: World Bank[13]

17. Automotive classifieds platforms also share similar experiences as property classifieds platforms. Cars.co.za submits that consumer adoption and use of the platforms has been driven by various factors including: (i) the general increase in mobile smartphone and internet penetration in South Africa and (ii) increased marketing spend, predominantly in digital marketing.[14] AutoTrader also indicated that it initially started offering print classifieds but has since closed its print magazines whilst its online

[12] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 4-5.
[13] https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=ZA
[14] Submission by Cars.co.za dated 6 August 2021– Response to SOI.

classifieds platform operations have grown.[15] AutoTrader's revenue shares for print classifieds and online classifieds platform are shown the Figure 2 below.

Figure 2: Autotrader revenue migration from print media into online 2008 to 2017



Source: AutoTrader public hearings presentation dated 17 November 2021.

18. In 2008 when about 8% of the population had access to internet, AutoTrader generated 93% of its revenue from print operations and the remaining 7% from online classifieds platform operations. By 2013 when 47% of the population had access to internet, AutoTrader generated 45% of revenue from print classifieds and 55% from online classifieds platform operations. In 2017 AutoTrader no longer generated any revenue from print classifieds, and it had completely migrated revenue to online classifieds.

19. The migration from print to online advertising is not only limited to South Africa. The migration has been experienced globally. In a merger between Digital Property Group and Zoopla ("Digital Property Merger")[16] in the United Kingdom, the Office of Fair Trading ("OFT")[17] noted as far back as 2012 the following with respect to print media and online property online classifieds platforms:

> *"estate agents state that an online presence was very important, given the high proportion of people who now start their property search online. The majority of estate agents that responded to the OFT's market inquiry did not consider print*

[15] AutoTrader—oral submission from Mr Mienie in the public hearing, 17 November 2021, page 3.
[16] Anticipated merger between The Digital Property Group Limited and Zoopla Limited ME/5233/11 The OFT's decision on reference under section 33(1) given on 16 April 2012. Full text of decision published 26 April 2012.
[17] OFT was a non-ministerial government department of the United Kingdom, established by the Fair Trading Act 1973, which enforced both consumer protection and competition law, acting as the United Kingdom's economic regulator.

media to be a feasible alternative to online property portals. Therefore, on the basis of the available evidence in this case, the OFT does not consider that print property advertising provides a sufficient constraint on online property portals to be considered as part of the competitive assessment" (Own emphases).

1.4. Classifieds platforms interaction with other sales channels

20. This section considers classifieds platforms interaction with other channels that generate leads for business users and whether such channels impose significant competitive constraint on classifieds platforms. Business users advertise on these channels with the aim of accessing customers. Furthermore, business users have marketing budgets and decide on how best to allocate the budget across various channels. The aim is to balance the budget across various advertising means such as vertical property portals, own website, billboards, pamphlets etc. A significant portion of the budget is likely to be invested in a channel that offers business users the best return for their money (in this instant leads).[18]

Property classifieds platforms

1.4.1. The extent of estate agents' dependency on classifieds platforms

21. In determining the extent of real estate agents' dependency on classifieds platforms, the Inquiry considered various factors such as (i) factors that impact on the decision of real estate agents to use a platform (ii) leads generated from classifieds platforms in comparison to other channels and percentage contribution of classifieds platform towards real estate revenue and (iii) the extent to which sales generated via platforms can be replaced.

22. Table 1 below shows leads generated by real estate agents from various channels such as vertical property classifieds platforms, horizontal classifieds platforms, real estate agents' websites, social media platforms, walk-in customers, etc. **Table *1*: Leads generated from various sales channels Sep 2019 to Sep 2020**

Table 1: Leads generated from various sales channels Sep 2019 to Sep 2020[19]

Channels	Proportion (%)
Property 24	[70-80] %
Private Property	
Real Estate Website	[10-20] %

[18] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 20.
[19] [redacted]

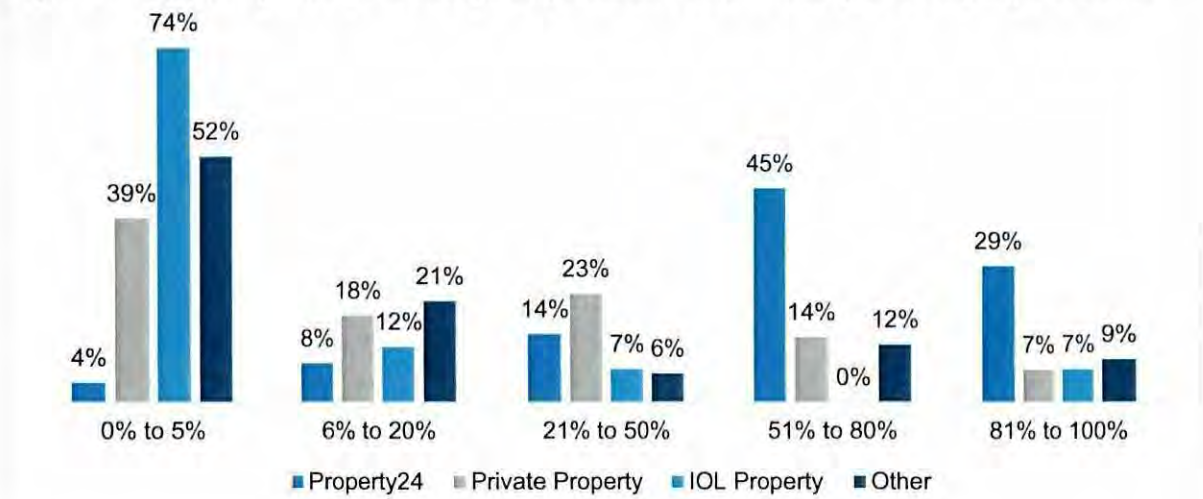
Gumtree	[1-10] %
Other	[1-10] %

Source: Compiled by the Inquiry

23. Based on Table 1 above, most leads (between [70-80] %)[20] are generated from vertical property platforms, namely, Property24 and Private Property. Property24 and Private Property account for [50−60] %[21] and [20−30] %[22] of the leads respectively. Real estate agents' websites accounts for [10−20]% of the leads whilst Gumtree (horizontal platform) account for between [1-10] % of the leads.

24. Various real estate agents confirmed these statistics indicating that they generate a majority of their leads from vertical platforms, mainly Property24 and Private Property. For instance, one of the large real estate agencies submits that [redacted] Another small estate agency submits that it generates 98% of leads from Private Property and 2% from its own website. The small agency does not generate any leads from other channels likes Gumtree and walk-ins.[24] The importance of vertical property platforms is also reflected in the Inquiry's business user survey results. Most real estate agents state that they derive most of their sales via vertical property platforms (i.e., through leads generated from platforms and later converted into sales).

Figure 3: Estate agents: percentage of platforms contributing to company revenue



20 [redacted]

21 [redacted]

22 [redacted]

23 [redacted]

24 [redacted]

Source: Inquiry's business user survey, conducted 2021

25. The Inquiry's survey results on the contribution of the platforms on the real estate agents' revenue are shown in Figure 3 above. Based on the survey results Property24 constitute a significant portion of the real estate agents' revenue. The results suggests that real estate agents are highly dependent on Property24 as a vertical property platform:

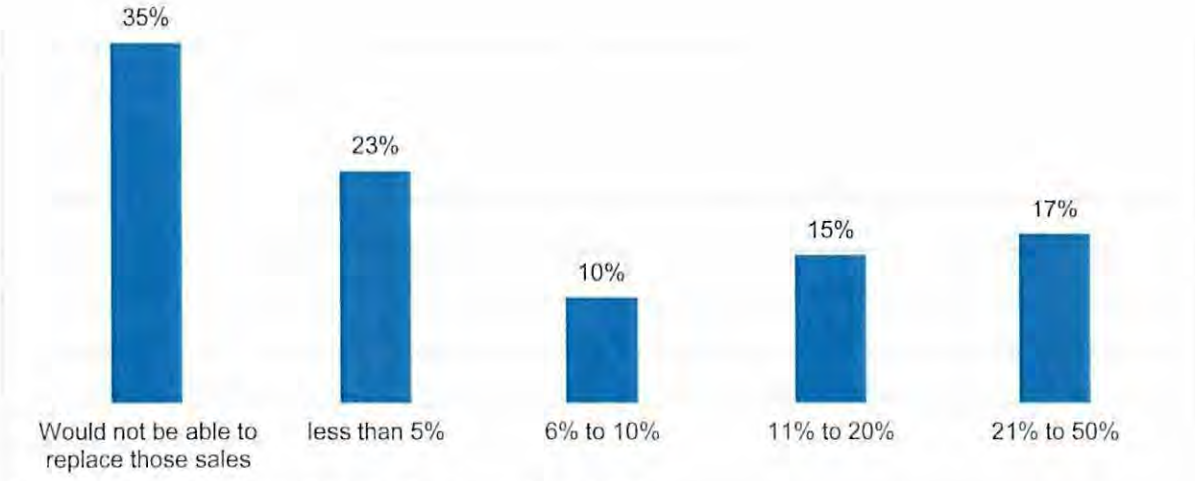
    25.1. Property24: 4% of the estate agents that participated in the survey indicated that Property24 contribute 0-5% of their revenue. 45% of the estate agents indicated that Property24 contribute 51-80% of their revenue whilst 29% of the estate agents state that Property24 contribute 81-100% of the revenue. In all, about 74% of the estate agents submit that Property24 constitute more than 50% of their revenue.

26. There are also some estate agents that are highly dependent on Private Property *albeit* not in significant number as Property24:

    26.1. Private Property: 39% of the estate agents that participated in the survey indicated that Private Property contributes 0-5% of their revenue. 23% of the estate agents indicated that Private Property contribute 21-50% of the revenue whilst 21% of the estate agents state that Private Property contribute over 51% of the revenue.

27. Moreover, most estate agents indicated that they would not be able to replace the majority of sales generated through online platforms if the platforms were no longer in use.

Figure 4: Sales through online platforms that could be replaced by estate agents if platforms were no longer used



Source: Inquiry's business user survey, conducted 2021

28. Based on the survey results, 35% of the real estate agents submit that they would not be able to replace sales generated through online platforms. About 23% of the estate agents indicate that they can only replace less than 5% of the sales generated through online platforms whilst 17% of estate agents can replace 21-50% of sales generated through online platforms. The survey results in this regard are shown in Figure 4 above. Some real estate agencies that engaged directly with the Inquiry also indicated that they would not be able to replace the sales and leads generated through online channels such as Property24 and Private Property with sales and leads from other channels such as their websites and walk-ins.[25] In the survey, real estate agents were also asked to rate their dependency on online platforms:

    28.1. 41% of the real estate agents indicated that they are very dependent on online platforms;

    28.2. 24% of the real estate agents indicated that they are dependent on online platforms;

    28.3. 24% of the real estate agents indicated that they are moderately dependent on online platforms; and

    28.4. Only 6% and 4% of the real estate agents indicated that they are slightly and not dependent on online platforms, respectively.

29. Evidence from various sources (estate agents, industry organisation and competing classifieds platforms) suggest that estate agents are highly dependent on online classifieds platforms, particularly, Property24 and to some extent Private Property.

[25] [redacted]

These platforms generate the highest number of leads for estate agents.[26] For instance, one of the smaller platforms states that real estate agents are highly dependent on vertical property classifieds (such as Property24) to the extent that they have no choice but to continue contracting with the leading platform even when they are not satisfied with the services offered. Similarly, another smaller platform avers that estate agents are highly dependent on Property24 for leads. This is attributed to Property24's ability to aggregate a large audience of potential customers for estate agents and ultimately generate leads. Further, this smaller platform states that the high level of dependency on Property24 is further evidenced by its ability to continue attracting estate agents to their platform despite their fees being significantly higher than other competing classifieds platforms. The dependency of real estate agents on Property24 and Private Property has also been highlighted by the Real Estate Business Owners of South Africa ("REBOSA").[27]

1.4.2. Customer Journey and Engagement

30. The customer journey in the property classifieds is a complex and long process. Evidence from various market participants suggests that the following factors influences customer journey and behaviour:
    30.1. Google: most consumers begin their house searching journey on Google. Customers start their search on Google and get redirected to various sites. Customers usually begin their search with generic terms such as *"properties for sale or houses for sale"* or *"properties to rent or house to rent"*.[28] According to Property24 consumers click on various sites and over time decide on what is more relevant (to their need).

31. Once consumers visit a site, the following factors become crucial in influencing their journey and decision-making process (i.e., whether to continue using the site or stop using the site):
    31.1. Variety and quantity of stock: consumers are attracted to sites that have wide variety and range of stock listed.[29] Customers are likely to return (re-visit) a sites

[26] [redacted] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021. [redacted]

[27] Report by REBOSA dated 12 August 2020 accessed at https://www.rebosa.co.za/rebosa-12-august-2020-report/ on 04 May 2022.

[28] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 4.

[29] This includes having high quantity of properties in the same area and variety (it can be in terms types of properties – estate complex, standalone, number of bedrooms, bathrooms, prices, etc.)

that has all stock listed. [30] Online classifieds platforms have emphasised that it important to have all properties listed on the platform as it enhances consumers engagement with the platform and make them return to the platform. According to Property24 when visiting a platform, consumer *"want to see everything in the market".*[31]

31.2. Consumer experience: relates to the experience of using the site. Factors such as ease of use, site speed, picture quality and search filters, etc. All these factors contribute to customer retention.[32]

32. The Inquiry utilised Similarweb dataset on customer traffic and engagement for large estate agents and large property classifieds platforms to determine customer behaviour and engagement with various sites. From the dataset it is apparent that large property classifieds platforms attract high volume of consumers relative to large estate agents. Moreover, large property classifieds platforms have a high percentage of returning consumers than estate agents. This suggests that while a customer might start a journey visiting various sites to compare listings, they are likely to return to property classifieds platforms as they continue with their property search journey. Similaweb's dataset is shown in Table 2 below.

Table 2: Traffic and engagement for larger property classifieds platforms and estate agents own website for the period May 2020- April 2022

Metric	Property24	Private Property	Rawson	Pam Golding	Remax Living
Monthly Site Traffic	7.792M	3.095M	167 626	302 798	271 089
Monthly Unique Visitors	1.860M	1.066M	76 598	140 807	136 283
Monthly Returning customers	5.932M	2.029M	91 028	161 991	134 806
% of returning customers	76%	66%	54%	53%	50%
Visit Duration	00:08:50	00:09:14	00:08:17	00:05:03	00:06:29

[30] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 19. Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 17-18. Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 24.
[31] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 19
[32] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 19. Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 17-18. Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 24.

Pages per visit	12.36	10.41	4.27	4.78	6.21
Bounce Rate[33]	34.2%	33.34%	52.93%	50.12%	42.65%

Source: Compiled by the Inquiry using Similarweb

33. The level of customer engagement on various sites shows that classifieds platforms have higher level of customer engagement than estate agencies websites: (i) platforms attract significantly higher volumes of unique monthly visitors (ii) consumers view more pages on the platforms than on estate agencies own websites (iii) consumers spend more time on platforms site than on real estate agencies own websites and (iv) there is higher bounce rate on estate agencies own websites than platforms.

34. The site overlap analysis shows that a large proportion of customers that start their search journey on property classifieds platforms do not visit estate agencies websites. [redacted]

Figure 5:Audience overlaps between classifieds platforms and real estate agencies' sites for the period March 2020 to February 2022



Source: Compiled by the Inquiry Similarweb

35. Figure 5 above shows the audience overlap analysis between Property24, Private Property, Remax Living, Rawson Properties and Pam Golding. The audience overlap analysis revealed that:

35.1. Of all customers that visited Property24, approximately 19% also visited Private Property whilst 2% also visited Remax Living, Rawson Properties and Pam Golding.

[33] The percentage of visitors that view only one page on the website before leaving for the selected time period.
[34] [redacted]

35.2. Of all customers that visited Private Property, approximately 55% also visited Property24 whilst 4% also visited Remax Living, Rawson Properties and Pam Golding.

35.3. Of all customers that visit Rawson, approximately 56% also visited Property24 and 40% also visited Private Property. The trend is the same for the other larger estate agents website.

36. The audience overlap analysis revealed that a minor proportion of consumers (less than 4%) that visit classifieds platforms also visit estate agencies websites whilst a higher proportion of customers that visit estate agencies websites also visit classifieds platforms sites. In all, consumer engagement analysis shows that consumers have a preference for property classifieds platforms.

1.4.3. Competitive constraint imposed by estate agents own websites on property classifieds platforms

37. Estate agencies also use their own websites as an additional marketing channel and list their stock on their own websites. Estate agents list the same stock on their own websites and property classifieds platforms. Property24 submits that some consumers visit estate agencies websites and enquire about stock listed on estate agencies own websites instead of getting the estate agent's contact details from their site. Property24 argues that this takes away leads that could have been potentially generated from their platform (i.e., they compete for lead generation).[35] Property24 makes a distinction between larger and smaller estate agents. With respect to larger estate agency groups, Property24 contends that:[36]

37.1. Larger estate agency groups can attract consumers to their own websites and are able to offer a wide variety of property listings over a broad geographic spread.

37.2. Larger estate agencies have funding and technical experience available to build an excellent user experience and invest in marketing.

38. With respect to smaller estate agencies, Property24 acknowledges the following challenges faced:[37]

[35] Submission by Property24 dated 10 September 2021.
[36] Submission by Property24 dated 10 September 2021.
[37] Submission by Property24 dated 10 September 2021.

38.1. Smaller estate agents do not necessarily have the appetite or funds to invest as heavily on their own websites – from a technology and marketing perspective and do not have the resources to invest in technology. They use website providers such as Prop Data and WebBox to create, host and manage their sites.

38.2. Some estate agencies may not reach the scale necessary to achieve a high ranking in Google search results and, accordingly, will not attract additional traffic to their websites to motivate further investment in their website.[38]

39. However, evidence from several market participants suggests that estate agencies own websites impose an insignificant competitive constraint on property classifieds platforms. The market participants point the following advantages that property classifieds platforms possess over estate agencies website:

39.1. Greater convenience: property classifieds platforms aggregate the properties of many estate agents rather than having consumers search estate agency websites individually. This improves consumer choice and the ability to compare offerings across properties in terms of property type, area and number of rooms, etc. Thus, consumers are drawn to the aggregator platform by the variety in the listed stock and real estate agencies own websites only consist of limited stock.[39] As Mr Le Roux (REBOSA) puts it *"the portal [property classifieds platforms] actually gives me all this, virtually all this stock…so why would I bother to look at company X when I can just go to a portal and find all this stock in one basket. It is just much easier. So I do not have to search that hard"*.[40]

39.2. Site traffic and lead generation: online classifieds platforms reach much broader set of consumers due to their marketing spend, and this potentially result in sales that the estate agent might not otherwise have secured. Mr Jhagroo of Property Central states the following with respect to estate agents own website *"I do not see them as competitors at all, at all and having spoken to a few of the estate agents, the traffic they receive from their own websites is pretty insignificant. They know they have got to be on a platform in order to drive sales and good leads at least"*.[41] Similarly, Rebosa argues that classifieds platforms are able to attract significant traffic due their marketing budget and spends on AdWords and SEO – their ability to attract a prominent position on Google. REBOSA states

[38] Notwithstanding the challenges listed, Property24 maintains that it is not impossible for estate agents that have the necessary volume of listings and scale to attract consumers to their websites and these estate agents will, accordingly, have an incentive to invest in technology and marketing for their websites and this results in these business users effectively competing with Property24 in respect of lead generation.
[39] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 24.
[40] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 4.
[41] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 41.

that for estate agents to generate leads and sell properties, they have to list on established platforms sites otherwise they will lose out.[42]

40. Property24 identified 10 large real estate agents that have a variety in stock and as a result would most likely pose a competitive constraint on online classifieds platforms. Figure 6 below shows site traffic to Property24, Private Property and the large real estate agents, as identified by Property24.

Figure 6: Site traffic of established larger platforms and larger estate agents for the period 2019 to 2021



Source: Compiled by the Inquiry using Similarweb

41. The established property classifieds platforms attract substantially higher volumes of traffic relative to large estate agents. This is consistent with REBOSA and Property Central's experiences in the market. Over and above site traffic, platforms generate significantly higher leads than estate agents own website (as already discussed under dependency assessment). Moreover, REBOSA [Mr Le Roux] submits that estate agencies use their own websites to create awareness around their brands and mostly

[42] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 4.

for the purposes of promoting their image to customers in order to obtain mandates. Mr Le Roux explained as follows: *"if I just rely on my own website, I must do it because that gives me some protection and it gives me some image and it is something I can show my clients to get mandates from them that I can have properties to sell, but if I want buyers, I have got to be on the portal. Really. Otherwise I will lose out"(Own Emphases).*[43]

42. International case precedent also suggests that estate agents own website impose an insignificant competitive constraint to property classifieds platforms. In a merger between Digital Property Group and Zoopla ("Digital Property Merger")[44] the Office of Fair Trading ("OFT")[45] noted the following with respect to estate agents own website:

"Whilst different forms of online advertising, for example estate agents own websites, may serve the same basic purpose – to provide exposure for estate agents' properties – the value that different forms provide for an estate agent varies. The advantage that property portals have over individual agent's websites is that they display a much wider range of properties for any given area. Portal websites typically also have better functionality than the agents' own sites since they have a larger budget to spend on developing and maintaining the site. On top of this, different types of online advertising may appeal to different audiences".

43. The OFT further noted that the majority of estate agents did not consider their own websites as substitutes for property portals. Estate agents advised the OFT that *"portals generated too many enquiries to switch away from them, and that doing so would have a detrimental effect on their ability to gain clients".*[46] OFT concluded that estate agents own website does not form a sufficient constraint on property portals to warrant consideration as part of the competitive assessment. The same approach was adopted by the Competition and Markets Authority ("CMA")[47] in another merger between ZPG Plc and Websky Limited.[48]

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[43] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 5.
[44] Anticipated merger between The Digital Property Group Limited and Zoopla Limited ME/5233/11 The OFT's decision on reference under section 33(1) given on 16 April 2012. Full text of decision published 26 April 2012.
[45] OFT was a non-ministerial government department of the United Kingdom, established by the Fair Trading Act 1973, which enforced both consumer protection and competition law, acting as the United Kingdom's economic regulator.
[46] Anticipated merger between The Digital Property Group Limited and Zoopla Limited, ME/5233/11.
[47] CMA is the competition regulator in United Kingdom.
[48] UK Competition and Market Authority, "Acquisition by ZPG Plc of Websky Limited", Full text of the decision published on 24 July 2017.

44. In all, the Inquiry is of the view that estate agents own website do not impose a significant competitive constraint to property classifieds platforms.

1.4.4. Competitive constraint imposed by horizontal platforms on property classifieds platforms

45. Private Property submits that horizontal classifieds platforms with property classified adverts such as OLX, Gumtree and Facebook Market Place pose a competitive constraint to vertical property classifieds. Private Property identifies Facebook Market Place as *"the most significant competitive threat"* to all other online property classifieds in South Africa.[49] Property24 also identifies OLX and Gumtree as competitive constraints in the market. With respect to Facebook Market Place, Property24 identifies it as a potential threat given that its user experience for properties is currently not as great in South Africa.[50]

46. OLX Group ("OLX"), a subsidiary of Naspers Group, submits that vertical classifieds platforms services are different from those of horizontal classifieds platforms, even in the property segment.[51] It is OLX's view that its horizontal classifieds platform operations are different from any vertical property classifieds platform as it (i) only provides a platform for listing, (ii) does not monetize any of its standard listings, (iii) does not target estate agents with a marketing service offering, and (iv) does not provide any value addition to listers to facilitate property sales or rentals. However, in Naspers Group's response to the Inquiry's FSOI, Naspers submits that some authorities who have assessed competition in classifieds platforms have found that vertical and horizontal classifieds compete in specific product categories.[52] Naspers further submits that there are some business users who also make use of horizontal classifieds platforms to advertise goods and services for sale in addition to using vertical classifieds platforms and other marketing avenues. Thus, its vertical classifieds platforms compete with horizontal classifieds platforms. There is another small platform that made similar submissions, [redacted][53]

[49] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 13.
[50] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 32-33.
[51] Submission by Property24 dated 14 May 2021.
[52] Submission by Naspers dated 06 October 2021- Response to the FSOI.
[53] [redacted]

47. Naspers Group highlights Facebook's Market Place's rapid growth in property and automotive segments and asserts that it has largely disrupted the market in horizontal classifieds markets.[54] In 2020 OLX's listings declined by no less than 40% in comparison to the previous years. Naspers attributes the decline to Facebook's Market Place's entry and Gumtree's growth in the market. Naspers further suggests that Facebook Market Place is currently not able to immediately match the offerings provided by vertical platforms in South Africa. [redacted]

48. [redacted] Furthermore, Property Central's experiences of the market further suggests that vertical property classifieds might have some advantages over horizontal classifieds. In terms of visibility of OLX and Gumtree and the extent of constraint that they pose on vertical portals, Mr Jhagroo [Property Central] submits that *"I do not even see OLX appearing on a search if you search in areas, so I would not think they would be a property competitor"* whilst in terms of Gumtree he submits that *"occasionally, but again they do not specialise and I think a lot of users look for the specialist websites".* Property Central also argues that the customer experience for vertical specialist property and horizontal platforms will differ since vertical property platform is (i) more focused (ii) the search is very good and (iii) the whole user interface is built for a specific need whereas horizontal property classifieds user experience tends to be more generic.[57]

49. Private Property's market share estimates for vertical and horizontal platforms suggests that horizontal platforms impose an insignificant constraint on vertical platforms. Private

[54] Submission by Naspers to the FSOI
[55] [redacted]
[56] [redacted]
[57] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 42.

Property's market share estimates are shown in Table 3 below. Based on Private Property's own estimates, horizontal property classifieds such as Gumtree, OLX and Facebook Market Place account for approximately 6% share of the market whilst the vertical classifieds account for the remaining 94%.

Table 3: Private Property's estimates based on website traffic share volume for 2020/21

Platform Type	Name	Estimated Website Traffic Volume Share	Platform Collective Share
Vertical Platforms	Property24	60%	94%
	Private Property	28%	
	My Property	1%	
	IOL Property	3%	
	My Roof	1%	
	Home Hunt	1%	
Horizontal Platforms	Gumtree (Property Section)	2%	6%
	OLX (Property Section)	2%	
	Facebook Marketplace	3%	

Source: Compiled by the Inquiry using Private Property Public Hearings Presentation dated 16 November 2021

50. Similarly, a comparison of leads generated from vertical property classifieds and horizontal platforms (property section) suggests that horizontal platforms impose an insignificant constraint on vertical platforms. Based on dataset shown in Table 4 below, horizontal property classifieds and social media account for approximately [0−10] % share of the market whilst the vertical classifieds account for the remaining [90−100]%.[58]

Table 4: Comparison of leads generated from vertical vs horizontal platform Sep 2019 to Sep 2020

Platform Type	Name	Leads Share	Platform Collective Share
Vertical Platforms	Property24	[60-70] %	[90−100] %
	Private Property	[20-30] %	
Horizontal Platforms	Gumtree (Property Section) and Social Media	[0-10] %	[0−10] %

Source: Compiled by the Inquiry

51. In Digital Property Group Merger,[59] the CMA argued that specialist property portals [vertical property classifieds] should be considered as a competitive constraint (and part of competitive assessment) to generalist portals [horizontal classifieds] where there is

[58] [redacted]

[59] Anticipated merger between The Digital Property Group Limited and Zoopla Limited ME/5233/11 The OFT's decision on reference under section 33(1) given on 16 April 2012. Full text of decision published 26 April 2012.

"sufficiently compelling evidence" of a competitive constraint.[60] The Inquiry is of the view that there is no sufficiently compelling evidence to suggest that horizontal classifieds platforms impose a significant competitive constraint on vertical property platforms. The Inquiry also notes that over the years some vertical property classifieds platforms have been able to raise their prices above inflation rate with some estate agents contending that the price increases are unjustifiable and unaffordable.[61] However, estate agencies still use those vertical platforms and have not switched their listing to horizontal platforms, which are largely free to use.

52. Evidence suggests that horizontal platforms are unlikely to pose a meaningful constraint on vertical property classifieds platforms. Horizontal classifieds platforms' business model differs to that of vertical classifieds models, and thus do not necessarily target real estate agents in the same manner, as suggested by OLX. Furthermore, it appears that Facebook Market Place's entry did not significantly impact vertical platforms, but horizontal platforms.

Automotive classifieds platforms

1.4.5. The extent of car dealerships dependency on classifieds platforms

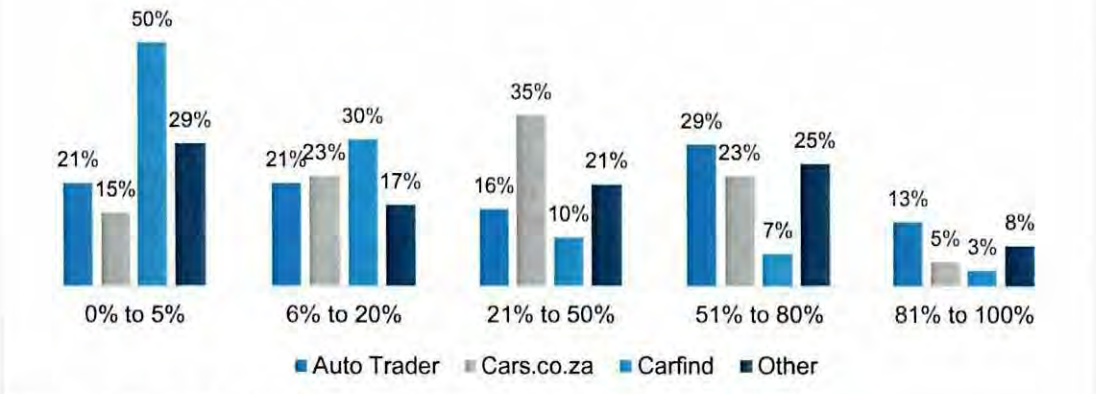
53. In determining the extent of car dealerships dependency on classifieds platforms, the Inquiry considered various factors such as (i) features that impact on the decision of car dealerships to use a platform (ii) leads generated from classifieds platforms vs other channels and percentage contribution of classifieds platforms towards car dealerships revenue and (iii) the extent to which sales generated via platforms can be replaced.

54. Car dealerships indicated that they generate majority of their leads from vertical platforms, mainly AutoTrader and Cars.co.za. For instance, during the public hearing SMH indicated that Autotrader and Cars.co.za are the main sites used and approximately 75% of all SMH Pre-Owned leads come from online platforms. Furthermore, [redacted]

[60] CMA observed that the "The OFT has taken account of the impact of these specialist portals where relevant and where there is sufficiently compelling evidence of a competitive constraint to the parties as part of the competitive assessment".
[61] Article by Property Professionals accessed online at https://propertyprofessional.co.za/2020/03/05/how-long-can-property24-increase-rates-in-this-way/ on 16 February 2022.
[62] [redacted]

[redacted][63] The importance of vertical automotive classifieds platforms is also reflected in the business user survey results. Most car dealerships state that they derive most of their sales via vertical car dealership platforms (i.e., through leads generated from platforms and later converted into sales).

Figure 7: Platform's contribution to dealerships revenue



Source: Inquiry's business user survey, conducted 2021

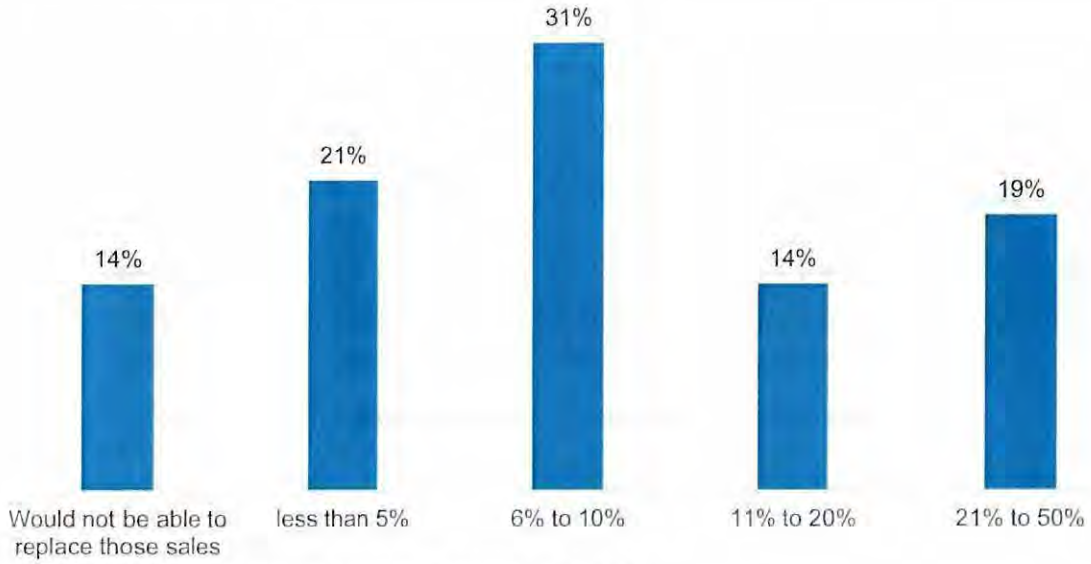
55. Based on the survey results, AutoTrader and Cars.co.za constitute a significant portion of car dealerships revenue. The results of the survey in this regard are shown in
56.
57. Figure **7** above and suggests that car dealerships are highly dependent on AutoTrader and Cars.co.za as vertical automotive platforms:
58. AutoTrader: 21% of the car dealerships that participated in the survey indicated that AutoTrader contributes 0-5% of their revenue. 29% of the car dealerships indicated that AutoTrader contributes 51-80% of their revenue whilst 13% of the car dealerships state that AutoTrader contributes 81-100% of their revenue. In all, about 42% of the car dealerships submit that AutoTrader constitute more than 50% of their revenue.

59. There are also some car dealerships that are highly dependent on Cars.co.za *albeit* not in as significant number as AutoTrader:
    59.1. Cars.co.za: 15% of the car dealerships that participated in the survey indicated that Cars.co.za contributes 0-5% of their revenue. 35% of the car dealerships indicated that Cars.co.za contributes 21-50% of their revenue whilst 28% of the car dealerships state that Cars.co.za contributes over 51% of their revenue.

63 [redacted]

60. Moreover, many car dealerships indicated that they would not be able to replace majority of sales generated through online platforms if platforms were no linger in use.

Figure 8: Sales through online platforms that could be replaced by car dealerships if platforms were no longer used



Source: Inquiry's business user survey, conducted 2021

61. Based on the survey results, 14% of the car dealerships submit that they would not be able to replace sales generated through online platforms. About 21% of the car dealerships indicate that they would only be able to replace less 5% of the sales generated through online platforms whilst 31% of car dealerships could replace 6-10% of sales generated through online platforms. In addition to the survey participants, [redacted][64] Cars.co.za submits that leads generated through the online platforms are unlikely to be replaced in the short term through a business users' own online website or online store, however, they are likely to be replaced in the medium to long-term if business users invest in digital marketing, such as through Google search marketing.[65] However, the cost of search marketing makes this highly unlikely for an individual dealer or even dealer group.

[64] [redacted]

[65] Submission by Cars.co.za dated 6 August 2021- Response by SOI.

62. In the survey, car dealerships were also asked to rate their dependency on online platforms:[66]
    62.1. 36% of the car dealerships indicated that they are very dependent on online platforms;
    62.2. 23% of the car dealerships indicated that they are dependent on online platforms;
    62.3. 23% of the car dealerships indicated that they are moderately dependent on online platforms;
    62.4. 17% of the car dealerships indicated that they are slightly dependent on online platforms; and
    62.5. 0% of the car dealerships indicated that they are not dependent on online platforms.

63. Evidence suggest that car dealerships are highly dependent on online classifieds platforms, particularly, Cars.co.za and AutoTrader. These platforms generate the highest number of leads for car dealerships.

1.4.6. Key competitors of automotive classifieds platforms

64. In the merger case between MIH eCommerce Holdings and WeBuyCar ("WeBuyCar Merger"), the Tribunal provided guidance on who are the main competitors to automotive classifieds platforms, particularly, AutoTrader. The Tribunal made the following observations: [67]
    64.1. Paragraph 299 *"AutoTrader's major competitor is Cars.co.za. These two companies represent the dominant online platforms for consumers".*
    64.2. Paragraph 298 *"Cars.co.za stands out as the key competitor as it is the most like AutoTrader in terms of having a large database as well as a trusted and reputable third-party dealership network".*
    64.3. The Tribunal noted the following key findings of the TNS Dealer Survey[68] results prepared on behalf of AutoTrader in September 2016:
        - Paragrah 297 *"AutoTrader is the largest and most well-established source of used vehicle leads in South Africa...*[69]*the survey suggests that AutoTrader dominates the market, in spite of the availability of a number of competitors,*

[66] Inquiry's business user survey, conducted 2021
[67] MIH eCommerce Holding Pty Ltd and WeBuyCars Pty Ltd merger case: Case Number LM183Sep18.
[68] TNS is a market research and information group.
[69] AutoTrader Document "Consumer perspective on AutoTrader: Understanding AutoTrader's position and image in the market place" (August 2016) handed up by The Commission as exhibit M (exhibit M)

and in spite of the fact that AutoTrader has the highest monthly fees in the market".

65. The Tribunal appear to have limited its assessment on the narrow market for automotive online classifieds which included the market share assessment for only automotive (vertical) classifieds with players such as AutoTrader, Cars.co.za and CarFind. Horizontal classifieds and car dealership own website were excluded from the assessment (including market share assessment).[70] Thus, the Tribunal considers automotive classified platforms as constituting the market and that Cars.co.za as the major competitor to the dominant AutoTrader.

1.4.7. Customer journey and engagement

66. Factors that influence the customer journey and behaviour in the automotive classifieds are largely similar to those discussed in detail under property classifieds, namely: (i) Google, (ii) Variety and quantity of stock and (iii) Customer experience. Thus, the Inquiry does not repeat the description of these factors.

67. Similar to property classifieds, the Inquiry utilised the Similarweb dataset on customer traffic and engagement for large OEM car sales websites and large automotive classifieds platforms to determine customer behaviour and engagement with various sites. From the dataset it is apparent that large automotive classifieds platforms attract a very high volume of customers relative to OEM websites, including large OEM websites which will advertise used vehicles across their dealerships. Moreover, large automotive classifieds platforms have a high percentage of returning customers than car dealerships. This suggests that while a customer might start a journey visiting various sites to compare listings, they are likely to return to automotive classifieds platforms as they continue with their car search journey. This is shown in Table 5 below.

Table 5: Traffic and engagement for larger automotive classifieds platform and car dealership own website for the period May 2020- April 2022

Metric	AutoTrader	Cars.co.za	Volkswagen	Mercedes-Benz	BMW
Monthly Site Traffic	3.542M	3.302M	207 186	133 986	172 057
Monthly Unique Visitors	1.202M	1.002M	135 445	87 397	107 756
Monthly Returning customers	2.340M	2.300M	71 741	46 589	64 301

[70] MIH eCommerce Holding Pty Ltd and WeBuyCars Pty Ltd merger case: Case Number LM183Sep18 – see paragraph 299, 300, 308 and 309 of the Tribunal Judgement.

% of returning customers	66%	70%	35%	35%	37%
Visit Duration	00:07:59	00:09:52	00:03:08	00:05:17	00:03:42
Pages per visit	8.70	15.41	4.13	10.80	4.52
Bounce Rate[71]	34.68%	27.58%	50%	42.33%	50.88%

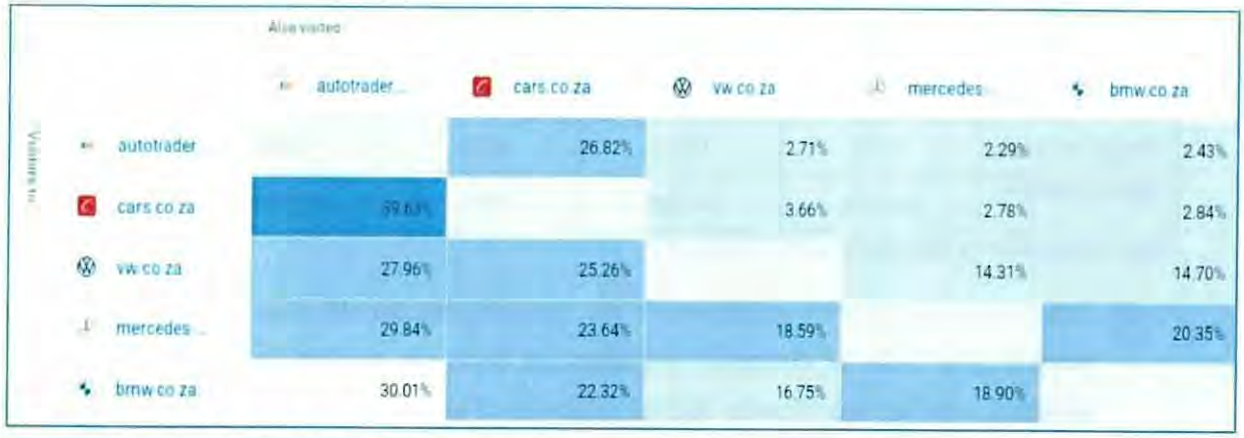
Source: Compiled by the Inquiry using Similarweb

68. The level of customer engagement on various sites shows that classifieds platforms have higher level of customer engagement than car dealership websites in that: (i) platforms attract significantly higher volumes of unique monthly visitors (ii) customers view more pages on the platforms than on car dealerships own websites (iii) customers spend more time on platforms site than car dealership own websites and (iv) there is higher bounce rate on car dealerships own websites than platforms.

69. On site overlap, the analysis shows that a large proportion of customers that start their search journey on automotive classifieds platforms do not visit car dealerships website. The audience overlap analysis between AutoTrader, Cars.co.za, Volkswagen, Mercedes-Benz and BMW is shown in Figure 9 below. The audience overlap analysis revealed that:
    69.1. Of all customers that visited AutoTrader, approximately 27% also visited Cars.co.za whilst 3% also visited Volkswagen, Mercedes-Benz and BMW.
    69.2. Of all customers that visited Cars.co.za, approximately 40% also visited AutoTrader whilst 4% also visited Volkswagen, Mercedes-Benz and BMW.
    69.3. Of all customers that visited Volkswagen, approximately 28% also visited AutoTrader and 25% also visited Cars.co.za. The trend is the same for other larger car dealerships website.

Figure 9: Audience overlaps between classifieds platforms and car dealership sites for the period March 2020 to February 2022

[71] The percentage of visitors that view only one page on the website before leaving for the selected time period.



Source: Compiled by the Inquiry using Similarweb

70. The audience overlap analysis also revealed that a minor proportion of customers (less than 4%) who start their visit on classifieds platforms also visit car dealerships website whilst a higher proportion of customers who start their visit on car dealerships website also visit classifieds platforms sites. In all, customer engagement analysis shows that customers might have a preference for automotive classifieds platforms.

1.4.8. Competitive constraint imposed by car dealership own websites and walk-ins on automotive classifieds platforms

71. Car dealerships also use their own websites as an additional marketing channel and list their stock on their own websites. The stock listed on their own websites is similar to the stock listed with automotive classifieds platforms. Established platforms such as AutoTrader argue that car dealerships own websites and walk-in customers pose a competitive constraint on automotive classifieds platforms.[72] It has also been submitted that face-to-face interactions with the salespersons at the dealerships are still the most important point of information for consumers and thus platforms also lose out on leads to direct walk-in at the dealerships.[73] Cars.co.za contends the following with respect to the extent of competitive constraint imposed by car dealerships own website on automotive classifieds platforms:[74]

71.1. [redacted]

[72] Submission by AutoTrader dated 10 September 2021.
[73] Submission by Cars.co.za dated 6 August 2021- Response to SOI
[74] [redacted]

71.2. [redacted]

71.3. [redacted]

71.4. [redacted]

72. Automotive classifieds platforms have several advantages over car dealerships own websites. For instance, car dealerships own websites are unlikely to have as much stock and variety in brands as classifieds platforms. This is consistent with Mr McLlroy's [Cars.co.za] understanding of the several benefits of platforms. Mr McLlroy's explains that (i) *"we see the benefit of the platform is that it aggregates vehicles for many dealerships. It enables them [consumers] to get a much clearer picture of what the landscape is and to compare directly and ultimately to find vehicles that they [consumers] might have struggled to find in the eco system if they did not have a platform like our own or and we see this is improving customer and consumer choice" (Own emphases)* (ii) *"the platform also allows vehicle sellers to reach a much broader set of consumers and to generate leads that they may not have been able to get again left to their own devices. So, we are essentially creating a much stronger connection between a wider of range of buyers and sellers" (Own emphases).*[75]

73. Based on Cars.co.za evidence, automotive classifieds platforms' advantages can be summarised as (i) creating greater convenience for the consumers (ii) improving consumer choice (iii) reaching broader set of consumers and (iii) generating leads that car dealerships would not otherwise secure absent the classifieds platforms.

[75] Cars.co.za—oral submission from Mr McLlroy's in the public hearing, 17 November 2021, page 5-6.

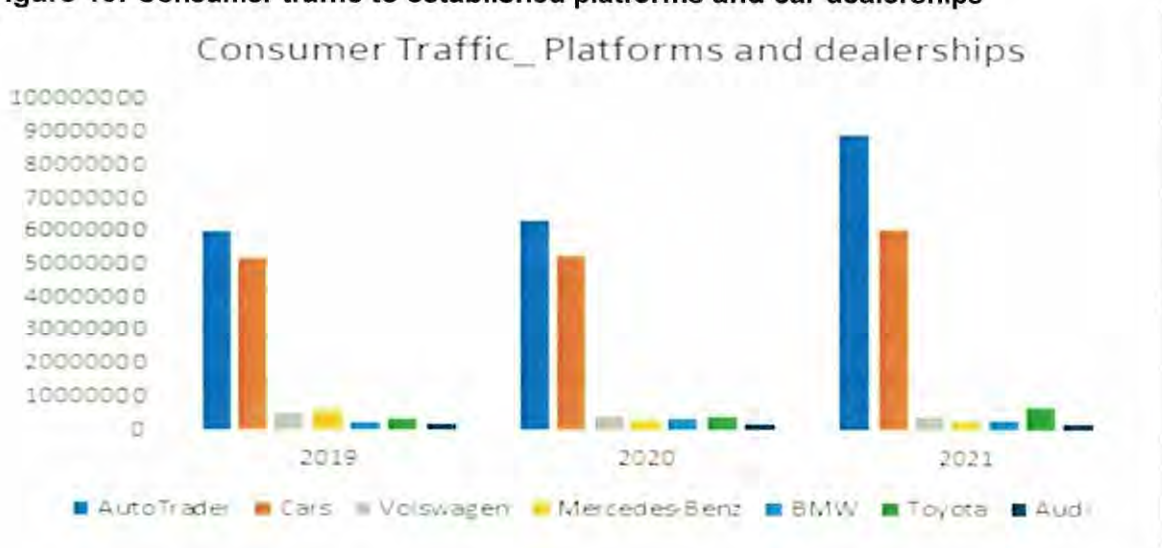
74. SMH also submits that it did experiment with the use of its own website. However, the experiment was discontinued for the following reasons: [76]
    74.1. Very little traffic and leads;
    74.2. The duplication of work (i.e., an additional Content Management System was required to load and remove vehicles); and
    74.3. The associated hosting and maintenance fees.

75. The experience of SHM suggests that it is difficult for car dealerships to replicate the same model as that of automotive classifieds platforms. Duplicating the classifieds platform model requires large marketing budget to drive traffic, expertise in syndication software systems to allow for once-off listing and avoid duplication of work, etc.

76. The Inquiry also conducted a comparative analysis of the flow of consumer traffic to established platforms and most searched car brands websites. Figure 10 below shows site traffic to the established platforms; AutoTrader and Cars.co.za and traffic to the top 5 most searched cars in South Africa. AutoTrader's bi-annual Car Industry Report identifies the top 10 most searched car brands and the Inquiry used the top 5 most searched brands identified in the report for this assessment.[77]

77. The established automotive platforms attract substantially high volumes of traffic compared to car dealerships. This is consistent with SMH experiences in the market. Over and above site traffic, platforms generate significantly higher leads than car dealerships' own website.

Figure 10: Consumer traffic to established platforms and car dealerships



[76] SMH Public Hearings presentation 18 November 2021.
[77] SMH presentation in the public hearing, 18 November 2021.

Source: Compiled by the Inquiry using Similarweb

78. Overall, the evidence reviewed by the Inquiry suggests that car dealerships' own websites are unlikely to pose a meaningful competitive constraint on automotive classifieds platforms. With respect to walk-ins, there is consensus amongst market participants that the customer journey starts online with Google. AutoTrader submits that 75%[78] of automotive customers start their journey on Google whilst CarFind states that 90%[79] of automotive customers start their journey online. Therefore, most customers visit the dealership after they have viewed a variety of cars online largely via classifieds platforms (as traffic data suggests). Thus, a customer walking into a dealership is largely dependent on the information obtained through online classifieds platform and potentially the lead generated on the platform. The Inquiry has not found any compelling evidence to suggests that walk-ins impose a significant constraint to automotive classifieds platforms.

1.4.9. Competitive constraint imposed by horizontal platforms on automotive classifieds platforms

79. Platforms such as AutoTrader submit that horizontal classifieds such as OLX and Gumtree also pose a competitive constraint on their businesses.[80] Another small platform that made submissions to the Inquiry contends that any classifieds platform that bids on the same words as automotive classifieds platforms on Google AdWords pose a competitive constraint to automotive classifieds platforms.[81]

80. In the WeBuyCars merger the Tribunal noted that there was a difference between generalist horizontal online platforms such as Gumtree and OLX, and specialist (vertical) platforms such as AutoTrader.[82] The Tribunal's observation in this regard is consistent with OLX's General Manager's evidence before the Tribunal that although OLX (a horizontal platform) and AutoTrader (a vertical platform) both offer classified portals to advertisers of vehicles, they attract different types of customers. AutoTrader primarily attracts commercial used-vehicle car dealerships who wish to sell a large number of vehicles. [redacted]

[78] AutoTrader—oral submission from Mr Mienie in the public hearing, 17 November 2021, page 15.
[79] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 5.
[80] Submission by AutoTrader dated 10 September 2021.
[81] [redacted]
[82] MIH eCommerce Holdings Pty Ltd t/a OLX South Africa and WeBuyCar Pty Ltd (LM183Sep18), page 68.
[83] Mr Sjoerd Nikkelen witness statement in the MIH eCommerce Holding Pty Ltd and WeBuyCars Pty Ltd merger case: Case Number LM183Sep18.

[redacted]

81. [redacted] Cars.co.za evidence also suggests that the user experience for horizontal and vertical classifieds platforms might not be the same. Mr McLlroy's [Cars.co.za] argues that *"when you look at a horizontal, they have got a lot of different things that they need to facilitate and so it much trickier than to actually you know customise or personalise that journey for the user"*. Whereas *"vertical like ours would have, is that we are very specialised in around cars and so everything is designed... I mean, the size of an image, for example, is designed to showcase a vehicle. It might not be the best dimensions to showcase a surfboard for example"*.[85]

82. Thus, the Inquiry finds from the above that generalist horizontal platforms are unlikely to pose a meaningful competitive constraint upon specialist vertical platforms in automotive classifieds.

[84] Mr Sjoerd Nikkelen witness statement in the MIH eCommerce Holding Pty Ltd and WeBuyCars Pty Ltd merger case: Case Number LM183Sep18.
[85] Cars.co.za—oral submission from Mr McLlroy's in the public hearing, 17 November 2021, page 39-40.

2. MARKET STRUCTURE AND COMPETITIVE DYNAMICS

2.1. Structure of the market

83. In automotive and property classifieds platforms both markets consist of two well-established leading platforms and small and emerging platforms. In property classifieds, Property24 and Private Property are the leading platforms in the market. Property24 forms part of the OLX Group and is ultimately owned and controlled by Naspers Group, a company listed at the Johannesburg Stock Exchange ("JSE").[86] Property24 was launched in 1999 and initially offered a combination of editorial content, listings and mortgage switching services. In 2009, Property24 altered its business model towards classifieds listings and discontinued its mortgage business during the financial crisis.[87]

84. Private Property is majority controlled by Cognition Holdings Limited ("Cognition") a company listed at the JSE.[88] Other shareholders in Private Property (*albeit* holding a minority shareholding) include bond origination companies and a conglomerate of real estate agents who formed the Estate Agency Property Portal Company("EAPPC").[89] Private Property was launched in 1998 as a tech start-up that specialised in private

[86] Property24 public hearings presentation, 16 November 2021
[87] Property24 public hearings presentation, 16 November 2021.
[88] Submission by Private Property dated 05 July 2021.
[89] MyProperty presentation in the public hearing, 15 November 2021. Also see Property Professionals article published 20 August https://propertyprofessional.co.za/2020/08/20/property-portal-shares-available-to-rebosa-members/

sales and rental websites. The current model has evolved to focus on connecting the real estate agents and customers (potential house owners and/or tenants).[90]

85. In automotive classifieds, AutoTrader and Cars.co.za are the leading platforms. AutoTrader forms part of the OLX Group and is ultimately owned and controlled by Naspers Group.[91] AutoTrader was launched in 1992 and initially focused on printing, distributing and selling magazines. In 2007, AutoTrader started its pivot to online classified. By 2017, AutoTrader had become a complete online automotive classified business with some of its print magazine operations closing.[92] Cars.co.za is owned by private individuals (its co-founders), namely, Mr Ross McIlroy and Alastair MacMurray.[93] Cars.co.za launched its automotive online platform in 2009.

86. The small platforms[94] in property classifieds consist of platforms such as Property360, MyProperty, MyRoof, Property Central, Immo Africa and TPN Properties. These smaller platforms are largely bootstrapped (i.e. largely self-funded with minimal and/or no external funding).[95] Players such as Property360 (formerly IOL property) entered the online property classifieds market prior to the entry of Property24.[96] Property360 started as a print classified on Independent Media before pivoting to online classifieds. MyProperty has also been in the online classifieds market since 2004.[97] Other Players that have entered the market thereafter include MyRoof, ImmoAfrica, Property Central and TNP Properties.

87. In the Automotive segment small platforms consist of platforms such as AutoMart, CarFind and Surf4Cars. CarFind launched in 2000 as an online classifieds platform and was one of the first online automotive classifieds platforms in the early years.[98] Surf4Cars is another early entrant into the online automotive classifieds and was launched shortly before Cars.co.za platform entered the market around 2009.[99]

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[90] Private Property public hearings presentation, 16 November 2021.
[91] AutoTrader public hearings presentation, 17 November 2021.
[92] AutoTrader public hearings presentation, 17 November 2021.
[93] Article by Hanleigh accessed at https://www.smetechguru.co.za/cars-co-za-turns-10-from-a-start-up-to-a-market-leader/ on 07 July 2022. Also see Cars.co.za oral submissions in the public hearing.
[94] Smaller platforms are defined as small for this purpose on the basis of their relative size (e.g., leads and revenue generated, number of business users and stock on the platform, etc.) relative to established platforms.
[95] MyProperty public hearings presentation, 15 November 2021. Also see oral submissions by Property Central in the public hearings, 15 November 2021.
[96] Property24 presentation in in the public hearings, 16 Movember 2021. According to Property24, when property advertising moved to the online classifieds it was initially served by Private Property and Property360.
[97] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 2.
[98] CarFind —oral submission from Ms Viljoen in the public hearing, 16 November 2021, page 2.
[99] Article by Hanleigh accessed at https://www.smetechguru.co.za/cars-co-za-turns-10-from-a-start-up-to-a-market-leader/ on 07 July 2022.

88. In property classifieds, there is consensus amongst market participants that Property24 and Private Property are the largest leading platforms and most important sources of leads and sales for real estate agents.[100] Similarly, in automotive classifieds there is also consensus that AutoTrader and Cars.co.za are the largest leading platforms and most important sources of leads and sales for car dealerships.[101] Evidence from several platforms suggest that smaller platforms are far behind in catching up with the established platforms.[102] Furthermore, these smaller platforms have encountered several barriers to expansion which prevent them from catching up with the established platforms.[103] Some of these challenges and barriers are discussed later in this section.

2.1.1. Market share assessment

89. Market share estimates for classifieds platforms assist in determining the share size of the established leading platforms relative to smaller platforms. Market share estimates also provide a useful tool in assessing the extent of constraint smaller platforms might pose on established leading platforms.

90. Given the two-sided nature of online platforms, the Inquiry has considered several metrics in calculating the market shares of online classifieds platforms. These matrices include calculating market shares based on number of leads generated (property) and unique users (automotive)[104].

Market share in property classifieds

91. The Inquiry will first highlight market share estimates from various sources and thereafter present the Inquiry's own estimates. It is important to note that other sources market share estimates are based on the broader delineation of the market, however,

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[100] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 12 -14. Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 8. REBOSA—Oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 4. 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 9.

[101] CarFind —oral submission from Ms Viljoen in the public hearing, 16 November 2021, page 3. AutoTrader—oral submission from Mr Mienie in the public hearing, 17 November 2021, page 9-10. SMH—oral submission from Mr Mcallistar in the public hearing, 17 November 2021, page 3.

[102] Report by REBOSA titled "Disruption: Let us face the facts, then plan the future" accessed at https://www.rebosa.co.za/disruption-let-us-face-the-facts-then-plan-the-future/ which argues that "Anyone launching a portal right now will face severe challenges catching up with number 3 [Property360] and has no chance of catching numbers 1 [Property24] and 2 [Private Property]. Also see market share estimates in the next section that is computed using various matrices as evidence (evidence is based on the size of established platforms relative to smaller platforms in terms of leads generated, number of business users on the platforms and site visits)

[103] For instance, some of the smaller platforms (e.g.,MyProperty and CarFind) that launched online classifieds platforms before established platforms such as AutoTrader and Property24 have provided some of their experiences, challenges and barriers experienced in the market that contributed to them falling behind established platforms.

[104] The investigation team has used unique site visit numbers as it does not capture those customers that are visiting the website agains (i.e., repeat customers).

they assist in depicting the size of the established platforms relative to other channels and players:

Market share based on leads

92. Lead-based market share estimates shows leads generated via various channels such as vertical and horizontal platforms, estate agents own website, walk-in customers, e-mail campaigns, etc. Based on dataset, Property24 and Private Property have [50−60] % and [20−30] % share of the market respectively. This implies that they account for [70−80] % of the broader market measured by leads. However, this includes all sources and not only vertical property classifieds platforms. If one narrows this to only online property classifieds portals, then that share is even higher as reflected in the following estimates[105].

Market share based on Private Property's estimates

93. Traffic-based market share estimates show website traffic volume share to each platform site. Private Property's market share estimates include horizontal and vertical platforms. Based on Private Property's estimates, various players have the following share of the market: Property24 (60%), Private Property (28%), MyProperty (1%), MyRoof (1%), Property360 (3%), GumTree (2%), Facebook Marketplace (3%), OLX (2%) and Home Hunt (1%).[106]

Inquiry's market share estimates based on number of unique users

94. Consumer traffic is an important component of online property classifieds platforms. The number of unique users attracted to a platform provides a useful indication on the attractiveness and size of each individual platform within the market. Table 6 below shows online classifieds platform market shares for 2020 and 2021, computed using the number of unique users per platform as the proxy.

Table 6: Online property classifieds platforms market shares based on unique users

Property Classifieds Platforms	Market share	
	2020	2021
Property24	56%	58%
Private Property	34%	32%
MyRoof	3.5%	3%
Property360	2%	2%
ImmoAfrica	2%	2%
Property Central	1%	1%
MyProperty	0.5%	1%
TPN Properties	1%	1%

[105] Submission by Property24 dated 10 September 2021.
[106] Private Property public hearings presentation, 16 November 2021.

Source: Commission's own compilation based on Similarweb

95. Property24 and Private Property constitute approximately 90% of the online property classifieds market. Property24 is the leading platform accounting for 58% of the market followed by Private Property's 32% market share. The other small classifieds platforms constitute the remaining 10% of the market.

Market shares in automotive classifieds

96. The Inquiry will first highlight market share estimates that the Competition Tribunal ("the Tribunal") relied on in the previous cases and thereafter present the Inquiry's own estimates.

97. In the merger case between MIH eCommerce Holdings and WeBuyCar ("WeBuyCar Merger"), the Tribunal relied on the following market share estimates in the provision of automotive online classifieds: AutoTrader [30-40] %[107], Cars.co.za [30-40] % and CarFind a distant third, with [0-10] %.

Inquiry's market share estimates based on number of unique users

98. Table 7 below shows the Inquiry's estimated market shares for online automotive classifieds platforms.

Table 7: Online automotive classifieds platforms market shares based on unique users

Automotive Classifieds Platforms	Market share	
	2020	2021
AutoTrader	45%	47%
Cars.co.za	36%	37%
AutoMart	10%	7%
Surf4Cars	5%	5%

[107] In paragraph 308 the Tribunal indicated that AutoTrader is the leading player with estimated market share at 37%.

Carfind	5%	4%

Source: Commission's own compilation based on Similarweb

99. In line with the Tribunal's assessment, the Inquiry's estimates based on unique users suggest that AutoTrader and Cars.co.za are the largest players in the market, constituting a combined 84% share of the market. AutoTrader and Cars.co.za' market share estimates are 47% and 37%, respectively. The other small players account for the remaining 16% share of the market.

2.2. Competitive Dynamics

2.2.1. Basis for competing on the consumers and business user side of the market

100. The success and sustainability of classifieds platforms depends on, amongst others, their ability to compete for consumers and business users. According to Private Property, classifieds platforms are driven by two aspects: firstly, their ability to acquire consumers (i.e., buyers or people looking for property) and secondly, the ability to acquire listings from business users (i.e., real estate agents).[108] Similarly, MyProperty states that there are two-sides to the classifieds platforms, on the one-side is the ability to attract customers, which requires a budget for marketing and deep pockets and the other-side is the ability to have all the listing from real estate agents.[109] AutoTrader also affirms that no matter how successful a platform is, it has to continue to battle for the attention of the consumers and have all the listings or at least most of the listings.[110] For these reasons, it is important to understand how classifieds platforms compete for consumers and business users. Factors that influence how online classifieds platforms compete for consumers and business users are similar for automotive and property.

Competing for customers

101. Online classifieds platforms engage in various marketing strategies to attract consumers to their platforms. Marketing takes the form of above the line (ATL) brand marketing and awareness and search advertising (Google Adwords and SEO). The ATL and brand awareness spending is usually aimed at ensuring that customers are aware of the brand and can associate with the brand and possibly visit the site when they want to purchase a car or a home. For traffic acquisition, Google is the most significant tool for classifieds platforms as most consumers begin their search (i.e.,

[108] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 6-7.
[109] MyProperty—oral submission from Mr Grové in the public hearing, 15 November 2021, page 14.
[110] AutoTrader—oral submission from Mr Mienie in the public hearing, 17 November 2021, page 18.

journey) on Google and get redirected to the classifieds platforms sites. Several platforms argue that marketing spend on Google is an important factor in determining whether a platform competes effectively and succeeds.[111] Classifieds platforms make use of various Google services including AdWords, Google Analytics 360 and Ad Manager.[112] Thus, marketing spend and budget, particularly, on Google appears to be a key component that defines competition for customers. For some platforms, more than 70% of the marketing budget is allocated to Google for the above-mentioned services.

102. Another key factor that influences consumer competition is range and quantity of stock listed on the platform (i.e., have all or as many listings as possible).[113] Consumers make use of classifieds platforms mainly for the convenience that is brought by the ability to compare a wide range of stock from a single site.[114] Consumers tend to make use of platforms with the widest range of available stock and less of those with limited stock.[115] Platforms strive to have all the stock/listings on their site as it is crucial for attracting consumers and make them return to the platform.[116] Stock is brought to the platforms by business users. Large business users with national footprint list a large quantity and widest range of stock[117] whilst smaller agents also collectively bring a substantial portion of listings.

103. Once a consumer has visited a platform site and is satisfied with the listings and its range, factors such as ease of use of the platform, site speed, picture quality and search filters become crucial for retention.[118] Platforms invest on their sites to ensure that the consumers have the best experience on their portals. Site features such as chat facilities and real time interactions are important to consumers and some platforms have invested in improving their technology to have such features and to remain

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[111] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 10-11. [redacted] Oral submission from various players in the public hearings.

[112] Submission by Property24 dated 10 September 2021. Submission by AutoTrader dated 10 September 2021.

[113] Cars.co.za refers to this as having sufficient level of quality stock available for the consumer to browse and compare. Cars.co.za refers to this as having sufficient level of quality stock available. See Cars.co.za submission dated 06 August 2021- comments on SOI.

[114] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 8. CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 21. AutoTrader—oral submission from Mr Mienie in the public hearing, 17 November 2021, page 21.

[115] MyProperty—oral submission from Mr Grové in the public hearing, 15 November 2021, page 5.

[116] Submission by Property24 dated 16 November 2021- Presentation for the Inquiry's Public Hearings. Submission by AutoTrader dated 17 November 2021- Presentation for the Inquiry's Public Hearings.

[117] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 17-79. Submission by AutoTrader dated 10 September 2021.

[118] Submission by Property24 dated 16 November 2021- Presentation for the Inquiry's Public Hearings. Submission by AutoTrader dated 17 November 2021- Presentation for the Inquiry's Public Hearings.

relevant in the market.[119] In addition to such features, consumers also appreciate other benefits including the provision of tools such as finance costs estimates, access to other service providers (such as financiers and insurance companies), and additional information (such as car reviews and neighbourhood reviews) from the platforms.

Competing for estate agents and car dealerships

104. The online classifieds platforms compete to attract business users to list their stock. For any platform to succeed in the market it requires to have all or as many listings as possible from business users.[120] Platforms compete to sign-up as many business users in the market as possible. There are feedback effects within the category as the quantity of stock and range of stock listed are important to consumers given that variety and convenience are amongst the important factors for consumers making use of classifieds platforms, and platform's customer traffic may influence whether business users sign-up with a platform. Thus, it is necessary to have sufficient consumer traffic to attract business users to the platform, or alternatively to make it effortless and costless for the business user to list on the platform.[121] Prominence and consumer traffic are some of the key factors considered by business users when deciding whether to list and advertise their stock with a particular platform.[122] Some platforms argue that larger traffic volume generated translate into more leads for business users.[123]

105. Ultimately, platforms compete to generate leads for business users. Cars.co.za argues that the single most important factor for a business user when choosing an online classifieds platform is its ability to provide sufficient and high quality leads to the business users, at a low price point.[124] In turn, one of the factors that determine whether the platform can deliver leads to business users is whether the platform has sufficient consumer traffic and the quality of the traffic[125] to potentially convert to quality leads.[126] This implies that the marketing spend and budget aimed at attracting sufficient

[119] Submission by Property24 dated 21 September 2021. Submission by AutoTrader dated 21 September 2021.
[120] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 8. CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 21. AutoTrader—oral submission from Mr Mienie in the public hearing, 17 November 2021, page 21.
[121] For classifieds, the business may be open to listing on smaller platforms if there is no cost from doing so and it provides some leads, however small.
[122] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 27. 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 14.
[123] [redacted]
[124] Submission by Cars.co.za response dated 6 August 2021- Response to SOI.
[125] Quality of traffic means attracting consumers that have intent to purchase and getting high levels of engagement with those consumers (e.g. time on site, pages visited)
[126] Submission by Cars.co.za response dated 6 August 2021- Response to SOI.

consumer traffic defines both competition for customers and business users since business users also consider consumer traffic when deciding whether to list and advertise their stock with a platform.

106. Ease of use and convenience created by the syndication software is also another important consideration for business users[127]. In online classifieds, there is a syndication software that platforms use to enable business users to list the same stock on various classifieds platforms at the same time without individually uploading their listings on each platform (they may wish to list with). For business users, syndication software is the most preferred method for listing stock on multiple classifieds platforms, as it is easy and quick. Thus, in competing for business users, platforms aim to be in all syndication software systems to be able to receive listing stock from various business users. It is worth noting that some business users will not list their stock with platforms that do not receive feeds (listings) through their syndication software of choice because of the additional effort and cost of duplicating the listing process.[128]

107. In most markets, prices are also a basis for competition. In a market with a homogenous product, business users are expected to list their stock on the platform that offers competitive rates or lower rates relative to competitors. However, in classifieds platforms there appears to be 'must have' platforms regardless of the price charged. This is due to the dependency of business users on these platforms. For instance, Property24 has been instituting above-inflation price increases over the years but the demand for Property24 services by business users has not declined. Business users continue to contract and use the services of Property24 despite other platforms charging lower to no fee, and despite complaints as to the prices charged.[129] Similarly, in automotive classifieds AutoTrader charges higher prices in comparison to other automotive platforms,[130] however, the platform still has the largest number of business users.

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[127] [redacted]

[128] [redacted]

[129] Submission by Property24 dated 10 September 2021 (in relation to rate cards). [redacted] Article by Property Professionals accessed online at https://propertyprofessional.co.za/2020/03/05/how-long-can-property24-increase-rates-in-this-way/ accessed on 16 February 2022.

[130] Submission by AutoTrader dated 10 September 2021 (in relation to rate cards). Also see the Tribunal's judgement on We By Cars merger, paragraph 301 and 309.

108. Overall, in competing for the business users, platforms are required to show real estate agents and car dealerships that joining the platform will generate quality leads that can be converted into sales.

2.3. Barriers and challenges faced by classifieds platforms

109. In terms of property classifieds, Propery24 submits that the online property classifieds market is characterised by low barriers to entry. These low barriers include capital-light business model, as tech platforms no longer require large capital due to cloud computing, Google and Facebook being strong alternatives to target relevant audience, estate agents multihoming on multiple platforms and the existence of independent multi-listing software platforms.[131] However, Property24's characterisation of barriers in the market is inconsistent with the experience of several property classifieds platforms. REBOSA, Private Property, MyProperty and Property Central argue that the market consists of several barriers and challenges. Some of the barriers identified include: (i) capital and funding requirements – the market requires deep pocket to fund business activities such as platform development and marketing even if some elements like cloud storage are variable costs, (ii) access to listings – the challenge of obtaining listing stock from real estate agents, lack of support from organisation such as REBOSA and syndication software provider's refusal to feed listing stock to some platforms (the Inquiry note that REBOSA and Private Property have not identified this aspect as a barrier) and (iii) network effects – the need for a classifieds platform to invest in both sides of the market to acquire estate agents and consumers.[132]

110. In terms of automotive classifieds, AutoTrader makes the same submissions as Property24, that the online automotive classifieds market is characterised by low barriers to entry. These low barriers include capital-light business model, as tech platforms no longer require large capital due to cloud computing, Google and Facebook being strong alternatives to target relevant audience and car dealerships multihoming on multiple platforms.[133] In contrast, Cars.co.za and CarFind[134] identify several barriers and challenges in the automotive classifieds platforms. For instance, Cars.co.za state that entering the online classifieds platform space requires an (i) investment in

[131] Submission by Property24 dated 16 November 2021- Presentation for the Inquiry's Public Hearings.
[132] Report by REBOSA dated 12 August 2020, accessed at https://www.rebosa.co.za/rebosa-12-august-2020-report/ on 6 May 2022. Report by REBOSA accessed at https://www.rebosa.co.za/disruption-let-us-face-the-facts-then-plan-the-future/. Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 5-6. Property Central —oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 14-15. MyProperty—oral submission from Mr Grové in the public hearing, 15 November 2021, page 11-13.
[133] AutoTrader presentation for the Inquiry's Public Hearings, 17 November 2021.
[134] The main barrier identified by CarFind is the need to have the deep pockets to fund, inter alia, marketing activities (particularly Google)

technology (i.e. the platform itself) and investments in consumer marketing and selling marketing to on-board business users (ii) the need to attract a sufficient critical mass on both sides of the platform and (iii) the need for initial capital funding as well as funding until the platform reaches break-even point or is profitable.[135]

111. This evidence suggests that barriers and challenges identified in the automotive and property classifieds are largely similar. The only point of difference is that access to listing does not appear to be a barrier in the automotive classifieds.

2.3.1. Capital and funding requirements

112. Classifieds platforms require continuous and sustainable capital and funding in order to develop to a critical mass of consumers and a leading position.[136] There are three main areas identified where capital and funding is required to ensure that a platform can enter the market, remain competitive and sustainable, and expand its operations. These areas include: (i) development and maintenance of the technical platform, (ii) marketing to attract customers and business users and (iii) continuous funding until the platform reaches break-even and turn profitable. However, once a platform has a leading position and can charge business users a sufficient listing fee, the resultant revenue stream is able to provide the necessary funds to support large-scale marketing on an ongoing basis. This is also in part because the other costs, predominately staff for sales / client relationships and technology, do not grow at the same pace as revenue due to economies of scale.

Development and maintenance of the platform

113. A starting point to entering the market is the development of the website and/or app which requires capital to either build the platform in-house or outsource it to a third party. There is also an option to license the app. Capital is required to develop, maintain, and improve the platform as the brand gains more traction in the market. There are divergent views between platforms on the level of capital required to build the platform. AutoTrader and Property24 indicated that classifieds platforms are capital-light business and tech platforms no longer require large capital due to cloud computing.[137]

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[135] Submission by Cars.co.za s dated 6 Augusts 2021- Response to the SOI.

[136] The exceptions were some of the early movers insofar as they faced low bid prices and more prominent organic result positions on Google search that meant much of the investment could come from retained earnings. Later entrants in contrast need to bid against the entrenched incumbents where the top positions are now all ads on Google search.

[137] AutoTrader presentation in the public hearings, 17 November 2021. Property24 Public presentation in the public hearings 16 November 2021.

Cars.co.za states that a new entrant may need to invest more in technology upfront compared to existing platforms that had several years to build their platforms. Cars.co.za also states that new entrants might benefit from the advancements in technology and the latest innovations without having to go through multiple iterations.[138]

114. Moreover, smaller platform indicated that the technology-based services are inherently capital intensive due to the extent of innovation, research and development dedicated to developing the product, testing it in the market and continuously maintaining the quality and standard of operations. REBOSA state that to launch a classifieds platform in South Africa *"cost hundreds of millions of Rand"*. Further, REBOSA argues that anyone launching classifieds platform will face severe challenges catching up with number 3 [Property360] and has no chance of catching numbers 1 [Property24] and 2 [Private Property].[139]

115. There is also a need for platforms to channel capital over time towards improving the technology and upgrade/introduce new exciting features to remain relevant in the market.[140] [redacted].[141] Property24 also indicated that in 2011 it focused on investing and improving its site to offer better customer experience.[142] For smaller platforms with limited capital and funding, allocating more capital towards platforms improvement adversely affect other critical business operations [redacted][143]

2.3.2. Marketing expenditure and Google AdWords

116. Marketing expenditure is a prominent cost that is incurred to primarily drive traffic to the platform.[144] Marketing expenditure includes, *inter alia*, brand marketing and awareness (TV, Radio, social media, Billboards, etc.) and search advertising (Google Adwords and SEO). Search advertising is a significant cost item within the marketing expenditure category. Large well-established platforms with deep pockets spend large

[138] Submission by Cars.co.za dated 6 August 2021- Response to the SOI.
[139] Report by REBOSA accessed at https://www.rebosa.co.za/disruption-let-us-face-the-facts-then-plan-the-future/
[140] Submission by Property24 dated 21 September 2021. Submission by AutoTrader dated 21 September 2021.
[141] [redacted]
[142] Submission by Property24 dated 10 September 2021.
[143] [redacted]
[144] Submission by Cars.co.za dated 6 August 2021- Response to the SOI. Cars.co.za states that the marketing investment required from new entrants is probably the biggest expense since 'older' platforms already have an advertising presence and a degree of brand loyalty.

proportions of their budgets on marketing their brands on social media, television and billboards. These platforms also invest in market research studies to gauge consumer awareness of their brands. For traffic acquisition, Google is the most significant tool for classifieds platforms. The majority of consumers begin their search journey on Google and get redirected to platforms sites.[145]

Table 8: Various Google services that platforms utilise[146]

Google Service	Description
	Google Ads
Search campaigns	Are created using the Google Ads system to advertise at the top of the Google search result page when a user searches for a particular term. The first four positions of a search result are available for paid advertising. Advertisers participate in an auction for every targeted search term and matching search result.
Display campaigns	Typically consist of various sizes and types of banner advertising which can be served across Google's advertiser network. The ads do not appear on Google's search results but rather on sites that participate in Google's network e.g., news sites etc.
Video campaigns	Which are similar to TV commercials but formatted to work online, are targeted and served across the YouTube platform.
App campaigns	Automatically generate ads using branding and messaging from the app stores. They are automatically targeted to users likely to install the apps. The ads appear across Google's mobile Ad network and not in the search results.
Discovery campaigns	Are visually rich, intent focused, mobile only ads which show on the Discovery Feed, promotions tab on Gmail, as well as on the YouTube home feed. "Intent focused" means that Google uses signals from users' past interactions with a particular platform (i.e. past website visits, app downloads, videos watched etc.) to target appropriate users.
	Google Analytics 360 & Google Ad Manager
Google Analytics	Is the "Enterprise", paid version of Google analytics which is used to track and analyse activity across customer site and apps.
Google Ad Manager	Helps platforms to manage advertising inventory across their portals. For example, where a customer buys a banner ad the campaign is loaded, served and managed by the Google Ad Manager platform

Source: Compiled by the Inquiry using evidence from platforms

117. Table 8 above shows various services that classifieds platforms use from Google. Google search campaigns is the most important service for online classifieds to compete for consumers. The system runs an auction for every single individual search done on Google, and determines which ads appear and in what order. The bidding process is automated and uses an advertiser's campaign settings as inputs to determine if the advertiser will participate in an auction or not. The advertiser's bid, and

[145] Submission by Property24 dated 10 September 2021 [redacted] Submission by AutoTrader dated 10 September 2021. CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 10. Also see oral evidence by various in the public hearings.

[146] Submission by Property24 dated 10 September 2021. [redacted] Submission by AutoTrader dated 10 September 2021. [redacted]

the quality of the advertiser's ads determine when and if the advertiser's ad will appear. The key components of a campaign are the keywords to be bid on, the bid strategy, the bid amount and the ads that will appear.[147] Several platforms submit that established platforms have deep pockets (i.e., larger pool of financial resources) to bid on all possible keywords, including their competitors brand names and are also able to do so more frequently and continuously.[148] Thus, even when a consumer searches for a particular platform on Google, it is not uncommon to have another platform appear first if they have outbid the particular platform.

118. REBOSA states that platform visibility on Google and its ability to appear at the top of Google search is important. REBOSA further states that given that there are many suburbs in South Africa, achieving top position in Google search on all suburbs require a substantial advertising budget.[149] Several platforms indicates that search engine optimisation used to work optimally until Google released AdWords. The introduction of AdWords allowed companies with deep financial resources and larger budgets to channel more funds towards AdWords to achieve a top position on Google and subsequently attract significant traffic.[150] It also means that platforms with limited budget do not frequently appear on the ad slot. As Mr Niekkelen puts it in discussion around Google AdWords and budget *"Alright, but I mean budget does impact how frequently you appear in the ad slot, depending on searches, because if I have run out of budget by 08:00 in the morning then I am not going to appear on an advert"*.[151]

119. CarFind argues that the advent of Google AdWords created a bidding war whereby platforms have to spent a substantial amount of money on Google to rank and attract traffic to the site. Ms Viljoen [CarFind] characterised this as follows *"a bidding war, because that is what it is. It is almost the deepest pockets win. It sounds – ja, but that is the reality"*.[152]

120. Smaller platforms struggle to drive audiences to their platforms as it requires a large marketing spend particularly on Google AdWords. Smaller platforms state that to increase the traffic to their platforms, they would need to substantially increase Google

[147] Submission by Property24 dated 10 September 2021. Submission by AutoTrader dated 10 September 2021.
[148] Submission by Property24 dated 10 September 2021 [redacted]. Submission by AutoTrader dated 10 September 2021. CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 10-12. [redacted]
[149] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 4.
[150] MyProperty—oral submission from Mr Grové in the public hearing, 15 November 2021, page 5-6. CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 4.
[151] AutoTrader—oral submission from Mr Niekkelen in the public hearing, 17 November 2021, page 31.
[152] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 10.

AdWord spend, however, given Property24 and Private Property's dominance and financial ability, it is neither affordable nor sensible for these platforms to try match their spend or get into a bidding war.[153] Smaller classifieds platforms argue that it is impossible to compete against aggressive marketing and bidding strategies employed by the established platforms.

121. These smaller platforms further state that established platforms are able to sustain and maintain these bidding levels on keywords to attain favorable positions on Google as they are funded and supported by well-resourced parent companies.[154] However, the inquiry notes that leading platforms are generally able to fund marketing from annual revenues once they are well-established and able to charge business users high listing fees, and no longer need the level of capital backing unless they have to respond to a credible threat. According to some smaller platforms the level of spending on marketing and Google in the market presents an insurmountable barrier to expansion. In short, smaller platforms without deep pockets and funding argue that established platforms have the funding to spend on customer acquisition and retention whilst smaller players do not have large marketing budgets to compete on equal footing for customers. Ultimately, this adversely affects smaller platforms' ability to generate leads.

122. Private Property concurs that marketing represent a high barrier to entry in the market. As Mr Mwela [Private Property] puts it *"if you look at the amount of money* that – marketing funds that need to be invested in big tech as we know it today, there *is a lot of – that is quite a high barrier… there is a lot of money that needs to go into marketing to be seen, to be relevant, to rank, etcetera. And it is quite a high barrier for the smaller prop tech companies."* Mr Mwela also emphasises that significant amount of funds has to be channelled towards marketing and this is often a *"very difficult thing to do without the necessary investment coming into the business".*[155]

2.3.3. On-going capital and sustainability

123. Classifieds platforms requires initial capital funding as well as funding until the platform reaches break-even point or is profitable.[156] When classifieds platforms first enter the market most of them incur losses as they invest heavily upfront and continue to make

[153] [redacted] MyProperty—oral submission from Mr Grové in the public hearing, 15 November 2021, page 5-6. Oral submission by Property Central in the public hearing.
[154] [redacted]
[155] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 10.
[156] Submission by Cars.co.za dated 6 Augusts 2021- Response to SOI.

on-going investment on customer and agent/dealer acquisition. Smaller platforms are not profitable due to the fact that the initial strategy of online classifieds platforms include: building-up critical mass and traffic to deliver quality leads by not charging estate agents subscription/listing fee whilst at the same time investing in marketing activities and platform development.[157] When small platforms at the early infancy stage attempt to introduce monetisation, business users opt to rather de-list their stock with small platforms and remain on the larger platforms.[158] Thus, in the initial stages platforms main focus is on building critical mass rather than monetising. This is consistent with the experience of Cars.co.za in their early entry stages.

124. Mr McLlroy explaining the early stage of Cars.co.za in the market states that *"overdrafts and stuff were commonly placed in the early days".*[159] Cars.co.za also explains that the platform was not necessarily profitable as the revenue generated had to be re-invested. In this regard, Mr McLlroy states that *"we were running technically profitable in so far as we made more money than we spent. Then obviously to pull that money and re-invested it into marketing etcetera. So the profit line would not have been profitable necessarily but it would have just been re-invested… I mean the business did not make any money and did not pay us very much at all for a long period of time. So ja, essentially that is basically the start-up story".*[160]

125. Importantly, Cars.co.za acknowledges that it was easier in the past to successfully launch classifieds platforms with limited funding than it is presently[161].

Chairperson: So it strikes me almost the cost of start up at that stage were a lot lower than they might be today for someone who is wanting to come in. Is that fair?
Mr MacMurry: Ja, I think unless we had a much more niche offering at this time, we would never have been able to do it in this environment without funding.

126. REBOSA also states that Property24, the leading portal, is not losing any sleep at this point about any potential entrant that might launch a classifieds platform unless that entrant has really deep pockets and a strong commitment.[162] REBOSA argues that only an international player with deep pockets can succeed in catching up with Property24 and Private Property. However, REBOSA cautions that such a player might have

[157] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 12.
[158] [redacted]
[159] Cars.co.za—oral submission from McLlroy in the public hearing, 17 November 2021, page 27.
[160] Cars.co.za—oral submission from McLlroy in the public hearing, 17 November 2021, page 28.
[161] Cars.co.za—oral submission from McLlroy in the public hearing, 17 November 2021, page 29
[162] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 9.

difficulties recouping the investment spend in challenging the leading platforms.[163] Therefore, funding and on-going investment are crucial in building a platform and scaling, sustaining the initial losses and driving the platform towards break-even and profitability.

127. The smaller platforms do not have significant on-going capital to sustain and scale their operations. This in turn, impedes their ability to be competitive by expanding in the market.

2.3.4. Access to business users: large estate agents

128. Another key factor that influences platform success is range and stock on the platform (i.e., have all or as many listings as possible). Large business users with national footprint are important to platforms since they list a large quantity and wide range of stock.[164] Several platforms state that listings is a key component of platform success. [redacted] For a classifieds platform to be competitive it has to achieve a sufficient number of listings (attain a critical mass of stock listing).[166] MyProperty estimate that a platform must have at least 90% of the listing stock available in the market.[167]

129. In property classifieds, established classifieds have a history of partnering with real estate agents' organisations that consists of the large national real estate agencies. These partnerships include: (i) Property24 and Real Estate Agencies of South Africa ("REASA") partnership which according to Private Property this partnership channelled estate agent listings away from Private Property and towards Property24[168] and (ii) Private Property and Real Estate Business Owners of South Africa ("REBOSA") partnership that has sought to retain the loyalty of large estate agents on the platform.[169] From the platform perspective, the benefit of partnering with these organisations is the ability to easily acquire and obtain listing stock from estate agents. It also enhances the brand image of the platform.

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[163] Article by REBOSA accessed at https://www.rebosa.co.za/disruption-let-us-face-the-facts-then-plan-the-future/ on 01 May 2021.
[164] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 17-18. Submission by AutoTrader dated 10 September 2021.
[165] [redacted]
[166] MyProperty—oral submission from Mr Grové in the public hearing, 15 November 2021, page 22.
[167] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 21.
[168] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 5.
[169] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page8-9.

130. Established platforms also receive a large quantity of stock through their own software syndication systems that are offered to estate agents to secure those listings. Most real estate agents list with the leading platforms and these two platforms own their syndication software, Property24's (PropCtrl) and Private Property's (Fusion). Importantly, these platforms also receive feeds (listing stock) from each other's syndication software.[170] Moreover, they receive feeds from other syndication software companies such as Entegral and Prop Data because that is a basic requirement if an estate agency is to use the syndication software.[171]

131. The smaller platforms have been struggling to on-board the real estate agents and to monetise from these agents. The main challenges faced by these platforms is acquiring the sufficient volume and range of listings from estate agents includes:

131.1. REBOSA's refusal to partner and/or support: Several platforms indicate that REBOSA has refused to promote and endorse their platform, and in fact sometimes actively discourage using them.[172] According to these platforms REBOSA only supports and endorses Private Property. REBOSA also confirmed that it exclusively supports Private Property.[173] Lack of support from organisations such as REBOSA affects the platform's ability to acquire stock from estate agents that are members of REBOSA and/or those that support and follow REBOSA. Despite smaller platforms not charging a subscription fee, they are still unable to attract the sufficient volume of listings.[174]

131.2. Property24's (PropCtrl) and Private Property's (Fusion) refusal to feed: PropCtrlt and Fusion are refusing to interface and therefore feed listing stock through their systems to other classifieds platforms. Property24 and Private Property also obtain feeds from other syndication software such as Entegral and Prop Data. For instance, Entegral (which also has a classifieds platform (MyProperty) and syndication software) feeds to various competing classifieds platforms including Private Property and Property24. Refusal by PropCtrl and Fusion to feed to other classifieds platforms adversely impacts on smaller platforms ability to acquire listing stock from estate agents that want to be on various portals but cannot do

[170] Private Property—oral submission from Mr Van Den Berg in the public hearing, 16 November 2021, page 36. Submission by Property24 dated 10 September 2021.
[171] [redacted]
[172] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 33-34. MyProperty—oral submission from Mr Grové in the public hearing, 15 November 2021, page 11-12.
[173] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page8-9.
[174] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 33-34. MyProperty—oral submission from Mr Grové in the public hearing, 15 November 2021, page 11-12.

so via PropCtrl and Fusion syndication software.[175] This is because there is additional effort and costs for estate agents to otherwise list on the smaller platforms.

131.3. Inability to monetise: some real estate agents list with the platform when it is free. As soon as the platform attempt to monetise they de-list their stock and remain with the established platforms.[176] In essence, the high fees charged by the leading platforms exhaust the marketing budget of estate agents allocated to online classifieds and this starves the smaller platforms of monetisation opportunities.

2.4. Network effects

132. The success of online classifieds platforms depends on their ability to attract both sides of the market, consumers and business users. Online classifieds platforms are characterised by cross-sided network effects, where the presence of one side of the market increases the benefits of the other side of the market.[177] Business users benefits from a large audience on a platform and consumers also benefits from more business users on a platform. Furthermore, consumers value the platform if there are a wide range of stock listed available because the customers can benefit from the variation in choice. Therefore, the number of agencies or dealers constitutes the attractiveness of the platform to the consumers and *vice versa*. Since the demand in one side of the market depends on the demand on the other side, it is important for platforms to have a sufficient customer and agency/dealer base. This requires a platform to invest in both sides of the markets simultaneously to ensure they generate demand on both sides of the market to be competitive in the market.

133. The nature and the size of the network is of key importance when assessing competition in online platform markets.[178] Network effects are a potential source of market power as larger firms may have larger network effects and therefore have increasingly attractive services. This could reinforce incumbency and make it difficult for new and small firms to enter and expand in the market.[179]

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[175] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 33-34. MyProperty—oral submission from Mr Grové in the public hearing, 15 November 2021, page 11-12.

[176] [redacted] Oral submission by Property Central in the public hearings.

[177] Catherine Tucker, Online Advertising and Antitrust: Network Effects, Switching Costs, and Data as an Essential Facility, 2019.

[178] OECD (2020), Competition in digital advertising markets, http://www.oecd.org/daf/competition/competition-in-digital-advertising-markets-2020.pdf

[179] OECD (2020), Competition in digital advertising markets, http://www.oecd.org/daf/competition/competition-in-digital-advertising-markets-2020.pdf

134. In property classifieds:

134.1. Property24 has the largest audience and number of business users. The platform boasts about being South Africa's number one site, with the widest range of stock listed on their portal. Since Property24 has such large audience of consumers, business users have become highly dependent on the platform for leads.[180] Most of the small property classifieds platforms have been offering free services or charging very low fees to business users over the years. However, for most small platforms this has not yielded any success in attracting business users because of a lack of consumer traffic and leads generation.[181] Property24 remains the portal of choice for business users such that when Property24 listing fees increase, some business users stop listing with small platforms who charge listing fees, to accommodate the increase.[182] Business users have marketing budgets and listing fees are accommodated in their marketing budget.[183] Therefore, when Property24 increases their listing fees they opt for less expenditure on other platforms to remain on the portal where they are like to get more leads.

134.2. Private Property is the second largest property platform in South Africa. The platform also has a significantly large audience and number of business users. Business users consider the two platforms to be the most important for their businesses.[184] Some business users do not see any value in listing with small platforms and list with only with Property24 and Private Property. All the other platforms have not been successful in contesting the two platforms' market position. This is further exacerbated by the small platform's inability to become profitable and have enough financial resources to market their platforms to attract consumers.[185]

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[180] 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 9. [redacted]

[183] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 27. 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 14.

[184] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 27. 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 14.

[185] [redacted]

135. In the automotive classifieds:

135.1. Autotrader and Cars.co.za are the largest platforms and, similar to the property classifieds, the small automotive platforms have less audience and fewer business users. However, in the automotive segment there are a number of small platforms who are able to generate revenue from their operations, even though they generate significantly lower revenues compared to the leading platforms. Business users in this segment are also dependent on the large platforms for leads, particularly AutoTrader as the platform with the largest audience of consumers. When AutoTrader increase their listing fees, business users stop listing with smaller platforms to accommodate the increase on their marketing budgets. The revenue making small platforms must consider the possibility of losing business users to larger platforms when reviewing their prices and thus cannot institute substantial price hikes at a time.[186] In 2021 some small classifieds platforms reduced their listing fees to keep its business users and explored new marketing avenues, such as social media, to attract consumers.[187]

136. In both property and automotive classifieds consumers continue to use large platforms and lessening the value of the small platforms to business users. The large platforms continue to grow their revenue whilst the small platforms revenue is declining. The large platforms are able to reinvest their revenues in aggressive marketing, further entrenching their positions in the market to the disadvantage of small platforms.[188]

137. In summary, the challenge faced by new and emerging platforms with limited capital and funding is attracting a sufficient critical mass on both sides of the platform to be sustainable:

137.1. Consumer-side: requires funding or large and on-going capital requirements to spend on marketing activities. Network effects is further reinforced by platform's initially sacrificing profit over growth. This strategy include: platforms engaging in aggressive marketing such as bidding war in Google AdWords to attract and retain customers. In all, smaller platforms struggle to compete against

[186] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 19-21 [redacted]

[187] [redacted]

[188] [redacted]

established platforms on the consumer-side of the market due to limited capital and funding.

137.2. Business user-side: business users prefer to contract and pay fees to platforms that are well-established in the market and have larger site traffic. Attracting larger traffic site depends on platform marketing budget and funding. In property classifieds, several platforms have struggled to acquire stock from business users despite not charging subscription fee and investing limited capital in marketing initiatives.

138. Therefore, the network effects in classifieds markets makes it difficult for players without deep pocket to be competitive and sustainable. In fact, these network effects increase the barriers to entry and expansion in the market.

2.5. Multihoming and its effects on classifieds platform competition

139. In online classifieds, another important aspect to consider when assessing competition is whether consumers and business users single-home or multi-home.[189]. Below we discuss multihoming by consumers and business users in property and automotive classifieds. The two exhibit similar characteristics and therefore in this discussion we include analysis for both property and automotive online classifieds.

2.5.1. Consumers-side

140. In the automotive classifieds, AutoTrader submit that 88% of car shoppers visit multiple sites in their car shopping journey, including OEM automotive brands, car dealerships and automotive classifieds platforms[190]. AutoTrader also submits that car shoppers mostly search across its platform and Cars.co.za since they are the largest players in the market. However, AutoTrader argues that it is better at retaining consumers than Cars.co.za.[191] Cars.co.za also state that consumers multi-home. Cars.co.za acknowledges that with multihoming customers may have their favourite platform and might visit other sites (platforms) simply to check whether their favourite platform has all the stock or they are missing out. The ultimate point is although customers multihome, they have their preferred platform for engagement.[192]

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[189] OECD (2020), Competition in digital advertising markets, http://www.oecd.org/daf/competition/competition-in-digital-advertising-markets-2020.pdf accessed on 08 March 2022.
[190] AutoTrader—oral submission by Mr. Mienie in the public hearing, 17 November 2021. Page 10.
[191] AutoTrader—oral submission by Mr. Mienie in the public hearing, 17 November 2021. Page 10. Property24—oral submission by Mr. Farinha in the public hearing, 16 November 2021 page 4-10
[192] Cars.co.za—oral submission from McLlroy in the public hearing, 17 November 2021, page 51.

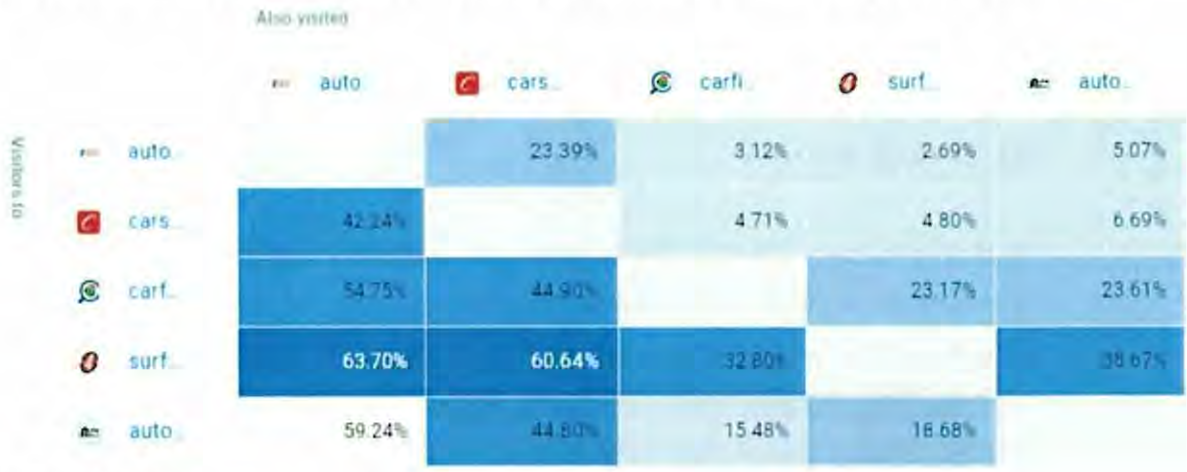
141. In the automotive segment, there appear to be larger overlap between AutoTrader and Cars.co.za. The overlap analysis in Figure 11 below show that:

141.1. 23% of consumers that start visiting AutoTrader also visit Cars.co.za whilst 3% of customer who visit AutoTrader also visit CarFind. The overlap for customers that visit AutoTrader and other classifieds sites appear to be minimal (with the exception for Cars.co.za). This suggests that the majority of customers that visit AutoTrader do not visit other sites;

141.2. 43% of customers that start visiting Cars.co.za also visit AutoTrader. However, less than 7% of consumers that start their visit on Cars.co.za also visit small platforms. It appears that most customers that visit Cars.co.za are likely to visit AutoTrader; and

141.3. The majority of customers that start their visit on smaller platforms also visit established platforms.

Figure 11:Consumers overlap between online automotive classifieds platforms[193]



Source: Similarweb

142. The above multihoming trend is also observed in property classifieds as shown in Figure 12 below. In property classifieds:

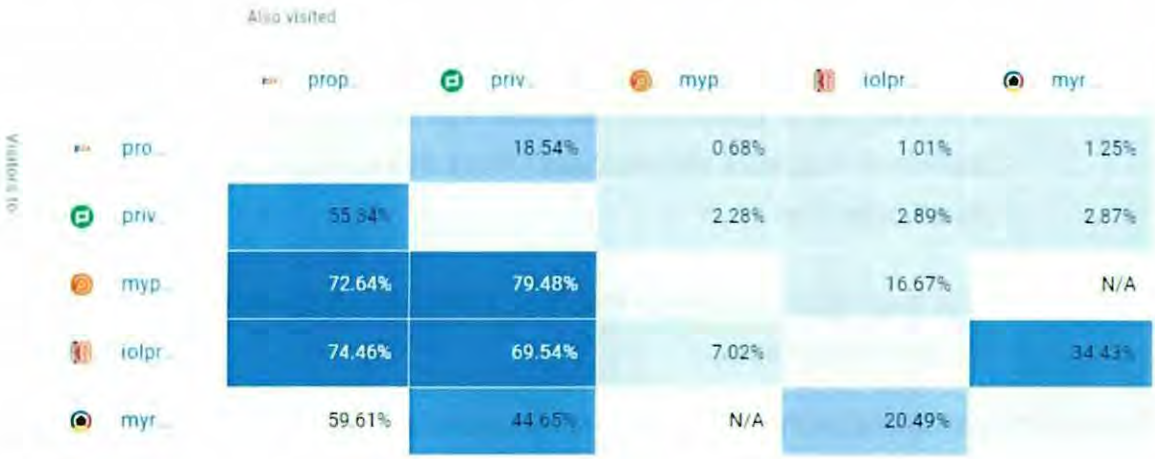
142.1. 55% of consumers who start their search on Private Property also visits Property24 whilst 3% of customer that start their visit on Private Property also visit smaller platforms.

[193] The overlap assessment includes: AutoTrader, Cars.co.za, Surf4Cars, AutoMart and CarFind

142.2. 19% of consumers who start their search on Property24 also visits Private Property whilst 1% of customer that start their visit on Property24 also visit smaller platforms.

142.3. The majority of customers that start their visit on smaller platforms also visit established platforms.

Figure 12: Consumer overlap between online property classifieds platforms[194]



Source: Similarweb

2.5.2. Business users

143. Business users always seek to maximise on the attention that their stock can get from consumers. Both property and automotive business users list their stock on different platforms for maximum exposure. [redacted] However, there is a group of real estate agents who own a platform, and those business users tend to prioritise their own platform and Property24, disregarding small platforms.[196] REBOSA's endorsement of Private Property as the platform of choice also discourages business users from using smaller platforms.[197]

[194] This assessment includes Property24, Private Property, MyProperty, IOL Property(Property360), and MyRoof.
[195] [redacted]
[196] [redacted]
[197] [redacted]

144. Furthermore, business users value most the established platforms as they have more audience of consumers compared to small platforms.[198] According to REBOSA, a platform could have the best features, but if it does not have enough consumer audience it has no value to business users.[199] Business users list on different platforms according to their set budgets and as established platforms increase their prices, business users use less of the small platforms to accommodate the increases by the large platforms.[200]

2.6. Conclusion

145. The Inquiry finds that the online classifieds platform is charactered by several challenges and barriers. These barriers identified include: (i) capital and funding requirements – the market requires deep pocket to fund business activities such as platform development and marketing initiatives, (ii) access to listing – the challenge of obtaining listing stock from real estate agents, lack of support from organisation such as REBOSA and classifieds platforms that own syndication software refusal to feed listing stock to competing classifieds platforms (iii) network effects – the need for a classifieds platform to invest in both sides of the market to acquire estate agents and customers and (iii) the need for initial capital funding and continuous funding until the platform reaches break-even point or is profitable. These barriers and challenges directly impact on platforms ability to compete and reach critical mass (sustainability and profitability).

[198] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 27. 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 14. Sandown Motor Holdings—oral submission from Mr McAllistar in the public hearing, 18 November 2021 page 5-6.
[199] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 27.
[200] [redacted]

3. PLATFORM COMPETITION

3.1. Marketing and Google

3.1.1. Issues raised by the classifieds platforms

146. According to smaller platforms it is impossible to compete against aggressive marketing strategies employed by established platforms. These platforms submit that Google is the most significant tool for driving customer traffic into the classifieds platforms. Thus, smaller platforms submit that the established platforms are able to employ aggressive marketing tactics to acquire customers through Google. Small platforms with limited financial resources are unable to effectively compete with the established platforms for consumers on Google and this affects their ability to expand in the market.[201]

147. The main issues raised can be summarised as follows:

147.1. Google AdWords (paid search): established platforms have deep pockets (i.e., larger pool of financial resources) and funding to bid on all possible keywords, including their competitors' brand names and are also able to do so more frequently and continuously. This helps established platforms to appear first on the Google search and thus attract more traffic. On the other hand, smaller platforms have limited budget to (i) bid on all possible keywords (ii) bid more frequently and continuously. This adversely affects the ability of smaller platforms to attract traffic, thus grow and expand.

147.2. Search Engine Optimization (organic search): major algorithmic updates by Google significantly impact on the Search Engine Optimization ("SEO"). Furthermore, the SEO criteria to achieve higher ranking for organic search does not favour smaller platforms and also requires significant investment. This enables established platforms to also obtain higher ranking on organic search and thus drive more traffic.

201 [redacted]

3.1.2. The role and importance of Google in classifieds platforms

Higher ranking and prominence

148. Google is the most significant tool for driving traffic in classifieds platforms.[202] This is largely driven by the fact that the majority of classifieds consumers begin their search journey on Google and get redirected to platforms sites. Generally, achieving higher position or ranking on Google leads to higher traffic acquisition as customers are likely to click on platforms sites that are ranked higher on the first page of Google. This is dealt with in detail in the travel & accommodation chapter.

149. The first page of Google contains a mixture of organic and paid search results.[203] The first and last four slots on the landing page are reserved for paid adverts if there are four qualifying ads.[204] Platforms that want to attain any of these slots on Google are required to pay for such visibility by way of a bidding process. Classifieds platforms are also required to best optimise and improve their SEO to achieve a higher-ranking position for organic search (i.e., remaining non-reserved slots on Google - non-paid slots). As already discussed, classifieds platforms acquire traffic from Google through two search sources: paid search and organic search. Paid search is linked to traffic generated through AdWords whilst organic search is linked to traffic generated through the SEO:

149.1. Traffic generated through paid search (AdWords): involves a bidding process whereby competing platforms select keywords (search terms) and place bids on the selected keywords. The bidding process is based on the maximum cost per click that the advertiser is willing to pay on each keyword and the quality score which determines the ad rank.[205]

149.2. Traffic generated through organic search: SEO is the practice of including content on platform site that has the potential to improve the site's visibility to

[202] Submission by Property24 dated 10 September 2021. [redacted]. Submission by AutoTrader dated 10 September 2021. CarFind—oral submission from Ms Viljoen, 17 November 2021, page 10.
[203] OECD (2020), Competition in digital advertising markets, http://www.oecd.org/daf/competition/competition-in-digital-advertising-markets-2020.pdf
[204] Submission by Property24 dated 10 September 2021. Also see oral submissions from various stakeholders in the public hearings.
[205] Submission by Property24 dated 10 September 2021. Submission by AutoTrader dated 10 September 2021.

search engines and their users. In other words, SEO can help platform site show up more often in relevant searches. Improvements to SEO can help platform site rank higher on Google search by making it more relevant to users.[206]

150. The Inquiry also notes the fact that all established platforms spend significant amount of capital on Google AdWords to attained prominence and higher ranked positions on Google. Furthermore, the fact that established platforms also channel resources towards improving SOE demonstrates the importance of prominence and higher ranking on Google.

3.1.3. Traffic acquisition from organic and paid search: Similarweb dataset

151. The role of Google in traffic acquisition is demonstrated in the number of consumers that are redirected from Google search to the different platform sites. Based on Similarweb data, more than 50% of all the traffic to the established platforms sites (both automotive and property) is acquired or derived from Google search, except for Property24. Moreover, evidence from the established platforms indicate that the platforms relied more on Google search in their infancy stages. As these platforms gain more prominence and improve their sites over time for better user experience, they turn to acquire more direct traffic and lesser, *albeit*, highly significant traffic from Google search.[207] This is also evidenced in Property24's transition over the years. The platform submits that in 2011 more than [50]%[208] of its traffic was acquired through Google[209] and this has declined over the years. According to Similarweb dataset, main sources of traffic to Property24's portal are from Google and direct searches. Table 9 below shows traffic flow and sources of traffic to the established platforms.

Table 9: Established platforms traffic sources 2020 to 2022 by users[210]

Platform	Organic Search	Paid Search	Direct	E-mail	Other Sources[211]	Total Traffic	Organic Search as % of Total Traffic	Paid Search as % of Total Traffic
April 2019- March 2020								
Property24	11270000	5152000	26080000	3272000	1843870	47617870	24%	11%
Private Property	5477000	2912000	5777000	373386	738494	15277880	36%	19%
AutoTrader	5856000	2758000	6664000	352765	427337	16058102	36%	17%

[206] https://ads.google.com/home/resources/seo-vs-ppc/
[207] Submission by Property24 dated 10 September 2021. Submission by AutoTrader dated 10 September 2021.
[208] [redacted]
[209] Submission by Property24 dated 10 September 2021.
[210] Paid search and organic search represent traffic from Google
[211] Other sources include referrals, social media and display ads.

Cars.co.za	3112000	1561000	4112000	104976	519227	9409203	33%	17%
April 2020- March 2021								
Property24	10300000	4200000	21500000	2500000	2000600	40500600	25%	10%
Private Property	5600000	3200000	5900000	554400	970700	16225100	35%	20%
AutoTrader	3500000	2100000	3900000	136900	277200	9914100	35%	21%
Cars.co.za	4600000	2200000	4200000	174000	488100	11662100	39%	19%
April 2021- March 2022								
Property24	11270000	5152000	26100000	3272000	1843870	47637870	24%	11%
Private Property	5477000	2912000	5777000	373386	738494	15277880	36%	19%
AutoTrader	5900000	2800000	6700000	352800	427300	16180100	36%	17%
Cars.co.za	3100000	1600000	4100000	105000	519200	9424200	33%	17%

Source: Compiled by Inquiry using Similarweb

3.1.4. Additional evidence on sources of traffic acquisition for established platforms

152. Over and above Similarweb dataset, the Inquiry also considered additional evidence on various sources of traffic acquisition for established platforms. additional evidence considered is consistent with Similarweb dataset in that Google search constitutes a significant portion of established platforms' traffic. For instance:

152.1. In property classifieds, Google search can account for [40-60]% of traffic acquisition. In terms of a breakdown in traffic originating from Google search, [45-65]% are organic and [35-55]% are paid.[212]

152.2. In automotive classifieds, Google search can account for [45-65]% of traffic acquisition. In terms of a breakdown in traffic originating from Google search, [45-65]% are organic and [35-55]% are paid.[213]

Property Classifieds

153. [redacted]

212 [redacted]

213 [redacted]

214 [redacted]

[redacted]

153.1. [redacted];

153.2. [redacted];

153.3. [redacted];

153.4. [redacted]

154. [redacted]

155. [redacted]

155.1. [redacted].

156. [redacted]

156.1. [redacted]

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[215] Sessions in Google Analytics are defined as the total number of visits to platform site — including both new and repeat visits. So that same person who visited the platform site 100 times on the same device is counted as one user, but 100 sessions.

[redacted]

156.2. [redacted]

157. [redacted] Google is by far the most single significant source of traffic for property classifieds.

Automotive Classifieds

158. [redacted]

158.1. [redacted]

158.2. [redacted]

158.3. [redacted]

158.4. [redacted]

159. Similar to Property24, AutoTrader provides sources of traffic by session. However, AutoTrader only provides total monthly sessions and monthly sessions attributable to Google AdWords only – not other sources. Thus, the information is useful in understanding traffic that originates from Google paid search with no focus on organic search.

160. For the period August 2019 to July 2020 (12 month period):

160.1. [redacted]

161. [redacted]

161.1. [redacted].

223 [redacted]

224 [redacted]

225 [redacted]

162. [redacted] Google is by far the most single significant source of traffic for automotive classifieds.

3.1.5. Google AdWords and SEO

163. The smaller platforms submit that historically property and automotive classifieds platforms were able to compete effectively on Google search, relying mostly on organic search results, with little to no expenditure on paid adverts.[226] CarFind indicates that in 2017 Google rolled out major algorithmic updates that significantly impact the SEO ranking and that greatly influenced competition between platforms on Google search.[227] The major algorithmic updates and criteria to achieve higher ranking for organic search that came with these updates did not favour smaller platforms without substantial financial resources. As a result, established platforms have obtained favourable ranking position for Google organic search. In turn, this has enabled them to drive more traffic volume to their site via Google.

164. The second major event worth noting is the boom in Google AdWords, for paid adverts. Smaller platforms submit that this boom resulted in a bidding war between platforms whereby those with large funding were able to obtain favourable ranking position.[228] These two major events (i) changes in SEO algorithms update and criteria (ii) introduction and boom in paid adverts appear to have shaped the competitive landscape for classifieds platforms and created a market where the platform with the largest resources obtains higher ranking on Google and accordingly attracts higher traffic volume.[229] As noted in the travel & accommodation chapter, in 2016 Google moved to placing four ads at the top of the SERP (from the right hand side) and this coincided with a period where the paid results started to dominate search and Google's revenues doubled in five years.

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[226] Cars.co.za—oral submission from Mr McIlroy in the public hearing, 17 November 2021, page 16-17. CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 4. MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 33.

[227] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 4. Similar observations were made by MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 33.

[228] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 4.

[229] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 33. Mr Grové at the Public Hearings dated 16 November 2021 argued that "SEO, search engine optimisation used to work well until Google released Ad Words and that allowed you know, people or companies with money to be put in the, you know at the top spot and obviously attract a lot of traffic. So you need a big budget for search engine marketing and you know, brand marketing online and offline these days to succeed".

3.1.6. Google AdWords: bidding process and frequency

165. As already indicated, various smaller platforms submit that the introduction and boom in Google AdWords created a bidding war between platforms and made it difficult for small platforms with limited funds to compete.[230] Ms Viljoen [CarFind] characterised the market environment for Google AdWords as *"bidding war"* whereby platforms *"have to spend a substantial amount of money on Google to rank and to get audience in"*.[231] Similarly, MyProperty submits that Google search used to work well even for smaller platforms until Google released AdWords and created market conditions where platforms with substantial financial resources can buy top ranking positions on Google and attract a lot of traffic[232].

166. The Inquiry understands that historically, platforms used to compete effectively relaying on organic search. Obtaining higher ranking on organic search was not costly at the time. For instance, Cars.co.za indicates that when it entered the market in 2009 the platform effectively competed and gained traction whilst it greatly relied on organic search results for traffic. However, Cars.co.za notes that under the current market conditions it would not be able to compete without funding to, *inter alia,* attract traffic.[233] Importantly, Cars.co.za acknowledges that any new player in the market requires investments in marketing to drive customer traffic.[234] This marketing has to include dedicated spending on Google AdWords and funds channelled towards improving SEO.

167. In terms of automotive classifieds platforms, the bidding process involves bidding on several keywords. The Inquiry observes that the common keywords in the automotive segment are words related to offerings, including car brands, car models and also own brands and competitors' brands. AutoTrader submits that it participates in the AdWords bidding process on a consistent "always on" basis [redacted].[235] On the other hand, property classifieds platforms bid on keywords which are related to the rental and/or purchase of property. It appears the common keyword to bid on include words such as property for sale, property to rent. Platforms can also bid on their competitors brand name. Established

[230] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 4.
[231] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 4.
[232] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 33. Mr Grové at the Public Hearings dated 16 November 2021
[233] Cars.co.za—oral submission from Mr McIlroy in the public hearing, 17 November 2021, page 16-17
[234] Cars.co.za submissions dated 6 August 2021 response to Statement of Issues
[235] Submission by AutoTrader dated 10 September 2021. [redacted]

platforms in property segment also participate in the AdWords bidding processes on a daily basis.

168. The bidding process is very competitive and requires a budget on a frequent and continuous basis. In other words, to compete successfully with established platforms it is important to have budget to participate on daily bidding process. Furthermore, it appears that the established platforms have financial resources to bid on all possible keywords, including their competitors brand names and are also able to do so more frequently.[236] Thus, even when a consumer searches for a particular platform on Google, the platform that has placed the largest bid on the name of that platform would appear first. REBOSA also notes that in property, there are many suburbs in South Africa and for a platform to achieve a top ranked position on every suburb requires strong marketing budget towards Google AdWords and SEO.[237]

3.1.7. Established platforms activities on Google & AdWords

169. A significant portion of the classifieds platforms' marketing budget is spent on Google services. These Google services include search (Google AdWords), display (banner advertising on third party sites), video advertising (YouTube), etc. Google AdWords accounts for a significant portion of the platform's Google expenditure – constituting [60% to 100%] of Google expenditure depending on the platform. Furthermore, Google AdWords also accounts for a significant portion of the classifieds platform's total marketing expenditure – constituting [40% to 90%] of total marketing expenditure depending on the platform. The Inquiry has observed that the established platforms monthly spend on Marketing is in excess of [R3million] in automotive classifieds platforms and in excess of [R2million] in Property24.

170. [redacted]

[236] [redacted] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 10-12. [redacted]
[237] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 4.
[238] [redacted]

[redacted]

3.1.8. Comparison of spending on Google AdWords: large versus smaller platforms

171. The Inquiry compared the spending of various platforms on Google AdWords to determine the possible level of competitiveness amongst platforms. As indicated, Google AdWords is largely driven by budget and funding that each platform is prepared to channel to obtain higher ranking. Thus, platforms with the largest monthly spend on Google AdWords bidding on the key keyword is likely to gain more prominence and higher ranking on Google. Limited budget means that a platform might run out of budget[241] or not frequently participate in bidding or not bid for the common keywords that might be targeted by all platforms. In turn, such a platform loses out on attracting higher traffic volumes.

172. In terms of spending (or what they used to spend) on Google AdWords, these platforms spend significantly less amounts than the established platforms monthly AdWords spending[242]. The information below was submitted by small property and Automotive classifieds, and to protect their identity, they are referred to as Platform A, B, C and D.

172.1. Property Classifieds: Platform A has decreased its spending Google AdWords from [R25 000-R35 000] to [R3500 to R6500] per month.[243] Platform B used to spend [R100 000 to R300 000] per month on Google services but has stopped

239 [redacted]

240 [redacted]

241 AutoTrader—oral submission from Mr Niekkelen in the public hearing, 17 November 2021, page 31.

242 [redacted]

243 [redacted]

using any of the paid services on Google.[244] Platform C currently spends [R50 000 – R150 000] a month on Google AdWords.[245]

172.2. Automotive Classifieds: Platform D used to spend [over R500 000] on Google services and has since decreased their spend to [under R500 000].[246]

173. Smaller platforms submit that due to the competitiveness of the Google AdWords bidding process and the need for enormous budgets required in order to win the bids, they have over time decreased their marketing spend on Google Adwords services as they derive little returns on their investments. According to these smaller platforms, they realised that spending on Google AdWords was a futile exercise as established platforms are able to spend more and appear on top of the search results. Most of the small platforms indicated that they largely rely on organic search results *albeit* the lower ranked positions of the organic search results.[247] [redacted] The strategy for some smaller platforms has also involved redirecting spending initially channeled towards Google AdWords elsewhere. Other smaller platforms have indicated that they utilise these funds towards other initiatives such as other forms of advertising and improving customer experience. However, the strategy of moving spending away from various Google services (i.e., AdWords and other related Google services) does not always work due to its importance in traffic acquisition.

174. For instance, Platform D submits that in the recent past it tried other marketing channels, such as billboards, however, such channels did not drive any significant traffic to their portal, and they have since stopped and focused their strategy on Google and social media (although at a lower spending on Goggle than in the past).[249] Similarly, MyProperty submits that there are other marketing channels that the platforms could consider such as Facebook marketplace, however, Google seems to be the most effective traffic generating channel.[250] MyProperty submits that in the distant past it spent in excess of R1million over a certain period of time on Google AdWords. At the time, it could bid for as low as 10 to 20 cents per click on Google' auction model and realised the returns of its investments in increased traffic and leads from Google to

244 [redacted]
245 [redacted]
246 [redacted]
247 [redacted]
248 [redacted]
249 [redacted]
250 MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 33.

MyProperty. However, things changed when platforms with substantial financial resources started (i) participating in Google AdWords, (ii) raising spending and pushing ads. MyProperty estimates that the costs of Google AdWords is now as much as R20 plus per click and it is more expensive to attain top position. Therefore, it does not make commercial sense to spend the same amount of money as they derive a significantly lower return.[251]

175. Thus, from the experiences of smaller platforms it appears that they have accepted the fact that they will not be able to match the spending of established platforms on Google AdWords – and not achieve the top position on the high ranked slots reserved for ads. These platforms continue to recognise the importance of Google over other traffic source channels and this has led them to stop participating on Google AdWords or reduce their spending on Google AdWords. Some smaller platforms have significantly reduced spending on Google AdWords whilst others are no longer participating on Google AdWords. These platforms mainly rely on organic search results even if it is less effective.

176. Another small platforms submits [redacted]

176.1. [redacted]

176.2. [redacted]

177. Upon the introduction of Google AdWords, CarFind had to redirect its marketing budget from other marketing platforms to spend more on Google for AdWords.[253] Despite this effort, CarFind did not have the same resources as established platforms to match their level of spending and participation on Google AdWords. Evidence suggests that small platforms find it difficult to successfully compete with the large platforms on paid search campaigns given their limited financial resources. Established platforms are able to use their financial resources to continuously occupy the slots reserved for Google paid ads.

[251] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 33.
[252] [redacted]
[253] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 5.

3.1.9. Organic search

Background information on organic search

178. Google publishes the SEO Starter Guide which provides platforms with the basic visibility checklist.[254] In other words, the Guide advises platforms on how they can improve their SEO and organic ranking. One of the important components considered on organic ranking that can improve the SEO is whether the site serves quality content to users. Google's document on *"Basic Search Visibility Checklist"*[255] notes that *"making sure your users get the best possible experience of your properties should be your number one priority…think about what makes your properties unique, valuable or engaging"*. Users usually engage and derive a good experience with platforms that have high volume of listing or inventory. Smaller platforms that are struggling to (i) access more listing from estate agents (ii) gather support from REBOSA and (iii) access listing via syndication companies are likely to lag behind in this aspect.

179. The guideline also advises that platforms may need experts (SEO professionals) to help them improve their sites and increase visibility on search engines. According to Google, a decision to hire SEO expert(s) can *"potentially improve"* the site. SEO experts (agencies and consultants) provide useful services for site owners, including: [256]

179.1. Review of site content or structure;
179.2. Technical advice on website development: for example, hosting, redirects, error pages, use of JavaScript;
179.3. Content development;
179.4. Management of online business development campaigns;
179.5. Keyword research;
179.6. SEO training; and
179.7. Expertise in specific markets and geographies.

180. Established platforms have the financial resources to employ SEO experts, including a team of these specialists. They can best optimise and improve the SEO and ranking whilst smaller platforms may not have such a luxury as these experts are usually costly and expensive. Whilst organic search may appear to be free, the costs of improving the

[254] https://developers.google.com/search/docs/beginner/seo-starter-guide
[255] Document downloaded from https://developers.google.com/search/docs/beginner/seo-starter-guide Google site on 10 May2022.
[256] https://developers.google.com/search/docs/beginner/seo-starter-guide

SEO, understanding algorithms and its updates, and attaining higher ranked organic position may be prohibitive for smaller platforms.

3.1.10. SEO algorithm updates and criteria

181. According to CarFind, in 2017 Google rolled out major algorithmic updates and changes that impacted on the SEO ranking and influenced competition between platforms on Google Search. CarFind states that prior to 2017, most of the sites would show up, however, a change in the algorithms meant that platforms had to change some aspects of their site (from technical and development perspective) to attain higher visibility in terms of organic ranking.[257]

182. SEO drives a significant percentage of organic traffic. However, platforms require content in a form of listings to improve user experience and engagement that impact on the SEO ranking.[258] Small platforms with less listings stand little chance appearing before the established platforms. This issue is highlighted by Mr Grové [MyProperty]: *"we see if there is more listings added to our website, you know the search engine optimisation, the ranking, everything improves"*. MyProperty also highlights that platforms need *"budget and money to improve search engine"*. [259]

183. Property24 also submits that both organic and paid results rankings on Google are also determined by the levels of engagement displayed by Google users on a portal.[260] Portals with more content get more engagements and the traffic derived through paid adverts search results also enhances the engagements to those portals. Thus, smaller and new emerging platforms that are still at the stages of attempting to attract more listings and stocks from business users will always struggle to achieve higher organic search ranking than well-established platforms with ample listings and high traffic volume.

184. MyProperty also states that companies that are large in size, have financial backup and are dominant in the market turn to do well in organic ranking (i.e., SEO tends to favour companies with size and financial backup).[261] The platform states that there are various factors that determined ranking on organic search including age, the website, the trust of that website. In terms of age, the platform submits that if a platform has been

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[257] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 4.
[258] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 6.
[259] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 5.
[260] Submission by Property24 dated 10 September 2021.
[261] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 6.

long in the market, improved and produces quality results (via ratings), then it will be trusted by users and this improves SEO and organic ranking. On the other hand, new sites take a while to achieve the same quality results (ratings). New sites also take a while to get indexed and to grow their index ranking within Google.[262] Smaller platforms argue that established platforms that have been in the market for long periods and have listings and budgets to improve SEO will always benefit from the current SEO environment.

185. Therefore, established platforms are still likely to appear before the small platforms in organic search results.

3.1.11. Effects of Google's paid and organic search on smaller platforms

Inability to attain higher ranking results in loss of traffic

186. Traffic to classifieds platforms' sites is directly related to their ranking on Google. Ranking is influenced by spend on Google AdWord and meeting Google SEO criteria for organic search. As already shown, established platforms are able to attain higher positions in both the organic and paid search – this implies that they are able to attract higher volumes of traffic by users and sessions.

187. Due to lower ranked positions smaller platforms generate significantly lesser traffic relative to established platforms. Data from Similalrweb shows the following traffic generated by lower ranked smaller platforms on Google.

Table 10: Smaller platforms traffic sources 2019 to 2021 by users

Platform	Organic Search	Paid Search	Direct	E-mail	Other Sources[263]	Total Traffic	Organic Search as % of Total Traffic	Paid Search as % of Total Traffic
April 2019- March 2020								
Property360	384700	147900	172500	4444	69544	779088	49%	19%
MyProperty	41100	1035	9200	N/A	5400	56735	72%	2%
MyRoof	598300	313	324200	26000	19400	968213	62%	<1%
Property Central	12500	28100	8200	<5000	<5000	51865	24%	54%
Immo Africa	57700	20800	334400	34900	62416	510216	11%	4%
Surf4Cars	413800	456500	189600	3900	32200	1096000	38%	42%
CarFind	219400	584400	487500	12400	14300	1318000	17%	44%
AutoMart	1252000	2387	478355	35458	121800	1890000	66%	<1%
April 2020- March 2021								
Property360	272300	23800	122500	13700	88079	520379	52%	5%

262 [redacted]

263 Other sources include referrals, social media and display ads.

MyProperty	99600	N/A	9100	<5000	<5000	114192	87%	N/A
MyRoof	578300	139	265700	8800	17800	870739	66%	<1%
Property Central	32200	33600	10900	<5000	<5000	83918	38%	40%
Immo Africa	37200	16600	147900	3472	6400	211572	18%	8%
Surf4Cars	367000	276300	106600	10800	25200	785900	47%	35%
CarFind	120300	268600	247500	<5000	<5000	649471	19%	41%
AutoMart	1086000	20883	217903	44897	41317	1411000	77%	1%
April 2021- March 2022								
Property360	197800	N/A	82500	5500	108869	394669	50%	N/A
MyProperty	110000	N/A	30900	<5000	<5000	148355	74%	N/A
MyRoof	474900	<5000	406500	<5000	12700	900844	53%	<1%
Property Central	59300	72700	13100	N/A	2256	147356	40%	49%
Immo Africa	31700	16400	116300	6300	187677	358377	9%	5%
Surf4Cars	235600	334900	86500	2544	23787	683331	34%	49%
CarFind	118500	304100	214800	21600	40500	699500	17%	43%
AutoMart	786600	31200	168300	53900	57300	1097300	72%	3%

*Paid search and organic search represent traffic from Google.

Source: Inquiry's compilation based on Similarweb

Less leads as a result of loss of Google traffic

188. Part of the reason real estate agents and car dealerships are able to generate more leads from established platforms is due to their prominence with consumers and large audience attracted to these platforms. Generally, business users are attracted to platforms with large audiences as this increases the potential of generating leads. Importantly, Property24 submits that traffic from Google has a higher lead conversion rate than other sources of traffic. In this regard, traffic from Goggle is likely to be converted into a lead as opposed to traffic from other sources[264].

Impedes expansion and growth

189. Evidence before the Inquiry shows that the inability of small platforms to successfully compete on Google paid and organic search hinder their ability to expand in the market.[265] Classifieds platforms are in the business of aggregating and selling their audience to business users. The inability to attract large audience also affects their ability to attract business users.[266] Without business users listing, it is difficult to compete effectively, attract and engage audience and accordingly expand.

[264] Submission by Property24 dated 10 September 2021.

[265] [redacted] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 4.

[266] [redacted]

190. Some smaller platforms submit that the costs of bidding on Google have increased overtime to the level unaffordable to platforms with limited budget. It is also submitted that the presence of well-funded firms, such as AutoTrader and Property24, has pushed up the bidding prices since these firms can increase AdWords spend on keywords to secure the ads slots.[267] As already indicated, MyProperty estimates that the costs of Google AdWords have increased substantially since the time it entered the market due to the ability of established platforms to spend more on keywords and push up bidding prices and ads.[268]

191. The established platforms therefore continue to thrive as they are able to afford the increased costs of Google AdWords and attract more customers. This entrenches their positions in their respective markets. As established platforms increase their expenditure on Google, they generate more traffic, they become more essential to business users and are able to charge business users more. It appears that when established platforms increase their listing fees, business users become less interested to list and pay on smaller platforms. This reinforces the current state of the market and widens the gap between established platforms and smaller platforms.

3.2. Access to listings

3.2.1. Issues raised

Property Classifieds

192. The smaller platforms have been struggling to on-board and acquire sufficient volume and range of listings from the real estate agents. It is submitted that this has negatively impacted on the smaller platforms' attractiveness to customers, their ability to monetise from estate agents and compete effectively with established platforms. The main issues raised by smaller platforms include:[269]

192.1. REBOSA's refusal to partner and/or support: Several platforms indicate that REBOSA has refused to promote and endorse their platform. According to these platforms, REBOSA only supports and endorses Private Property.

192.2. Property24's (PropCtrl) and Private Property's (Fusion) refusal to feed: Several platforms indicate that PropCtrl and Fusion are refusing to feed listing stock to

[267] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 4-5.
[268] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 33.
[269] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 9-13. Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 29-36. 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 7-10.

other property classifieds platforms, and charge to receive listings from other listing engines that are actual or potential entrants.

Automotive classifieds

193. In automotive classifieds, the Inquiry has not found evidence that suggests that access to listing is a challenge or a concern to competing platforms. Evidence indicates that in automotive classifieds the smaller platforms are able to access listing from a variety of sources, including competing platforms owned syndication software. [redacted] The importance of the syndication software is emphasised by automotive classifieds platforms. For instance, CarFind submits that 70% of the stock on their portal is listed using third party syndication software. The other 30% is stock listed manually, largely by small independent dealerships that do not list on multiple platforms. Large dealerships prefer to use the syndication software to upload their listing.[271] Another small automotive classifieds platform also submitted similar evidence, stating that 90% of listings on their portal is listed through the syndication software.[272] It appears that car listing syndication software is not dominated by the leading platforms themselves but rather third parties. As such, the syndication software companies have a strong incentive to be able to interface with all platforms to make their software appealing to car dealers.

3.2.2. Synopsis on the importance of listings

194. Consumers make use of classifieds platforms mainly for the convenience that is brought by the ability to compare a wide range of stock from a single site.[273] Consumers tend to make use of platforms with the widest range of available stock and less of those with limited stock.[274] Platforms strive to have all the stock/listings on their site as it is crucial to attracting customers and make them return to the platform.[275] It is for this reason that the large real estate agents with national footprint are important to platforms since they list the large quantity and widest range of stock.[276] The importance of listing

[270] [redacted]

[271] CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 14.

[272] [redacted]

[273] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 8. CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 21. AutoTrader—oral submission from Mr Mienie in the public hearing, 17 November 2021, page 21.

[274] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 14-15.

[275] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 26. AutoTrader—oral submission from Mr Mienie in the public hearing, 25 February 2022, page 41.

[276] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 17-79.

is also emphasised by Private Property which considers listing as a *"driver of its business over the years"*.[277] For property classifieds platforms to operate effectively they require sufficient volume of listings and for any new entrant it is integral to secure sufficient listings before entering the market.[278]

195. At the early stages, small and emerging classifieds platforms are willing to forgo revenue earnings and make their platforms free for use to attract real estate agents for their listing content. This further stresses the importance of listing to platforms. Consumers prefer browsing almost all the available stock from a single site and accordingly platforms with more listings have an added advantage of generating more traffic.[279]

3.2.3. Strategies employed to access listing: lessons from established platforms

196. There are various ways to access listings from real estate agents. The most common methods amongst the established platforms seem to be accessing listings through (i) various partnerships with large estate agents and (ii) syndication software.

3.2.3.1. Partnerships with associations or agencies representing, *inter alia*, large national estate agents

197. The two leading established platforms have a history of forming partnerships with the real estate agents to attract and retain them as customers.[280] Property24 states that in the past it used to lag behind classifieds platforms such as Private Property and Property360. In an attempt to compete effectively against these platforms, the acquisition of real estate agents was central in its strategy to grow the business.[281] Property24 approached real estate agencies with national footprint. These estate agents were offered lucrative deals (incentives) wherein real estate agencies would only pay a substantially low success-based fee. Thus, real estate agents were only paying Property24 once they successfully sell their properties. This was different from

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[277] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 4.
[278] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 18. AutoTrader—oral submission from Mr Mienie in the public hearing, 25 February 2022, page 45.
[279] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 8. CarFind—oral submission from Ms Viljoen in the public hearing, 17 November 2021, page 21. AutoTrader—oral submission from Mr Mienie in the public hearing, 17 November 2021, page 21.
[280] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 37-40. REBOSA—Oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 12-14.
[281] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 37-40. Property24 explained that their strategy included amongst others three key aspects (i) acquisition of listing from estate agents (ii) platform visibility – e.g., by way of Google and other channels and (iii) improved customer experience.

Private Property's pricing model at the time where they charged business users a standard fee for each property listed on their portal.[282] The details of the partnerships between large estate agents and established platforms are provided below.

Property24 and REASA Partnership

198. In around 2010/11 Property24 partnered with real estate agencies and formed a joint venture called Real Estate Agencies of South Africa ("REASA"). The real estate agencies that partnered with Property24 to form REASA were the biggest players and constituted approximately 40% of the market.[283] Property24 promised these real estate agencies digitalisation of their processes, wherein role players in the property buying process would be able to instruct each other electronically. REASA's aim was to improve efficiency in the real estate sector through the innovative application of technological solutions and to protect the interests of the real estate industry by providing cost-effective and powerful online marketing channels for its participants.[284] During the same period when Property24 was partnering with real estate agencies, Private Property experienced a decline in listings and the platform also started to fall behind, as Property24 was growing at a significant rate.[285] In around 2014, Property24 terminated the REASA agreement, and the joint venture was dissolved.

Private Property and REBOSA Partnership

199. Subsequent to the dissolution of REASA in 2014, Private Property partnered with Real Estate Business Owners of South Africa ("REBOSA"), a new industry body for real estate agents[286]. An article from the REBOSA website dated July 2015 and titled *"Private Property is now the proud, portal partner to REBOSA"* officially announced this partnership. The article, which is Private Property's statement on the REBOSA website, also outlines the purpose of the Private Property and REBOSA partnership and key focus areas.[287] Private Property became REBOSA's platform of choice and the latter continues to encourage its members to list with Private Property. REBOSA apparently seeks to promote competition in the market through partnering with Private Property to act as a counterweight to Property24. In addition to the partnership with REBOSA, Private Property offered large real estate agencies shareholding on the platform in

[282] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 37-40.
[283] Private Property presentation in the public hearings, 16 November 2021.
[284] Article by Property24 accessed at https://www.property24.com/articles/new-real-estate-industry-initiative/14352 on 03 March 2022.
[285] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 6-7.
[286] REBOSA—Oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 12-14.
[287] https://www.rebosa.co.za/private-property-is-now-the-proud-portal-partner-to-rebosa/ Posted by REBOSA Admin 30 July 2015.

exchange for listing with Private Property, though not exclusively. As part of the shareholding arrangement, these real estate agents also agreed to promoting Private Property's brand for a fixed period.[288] It is worth noting that a portion of Private Property is owned by a consortium of large real estate agencies: Estate Agency Property Portal Company ("EAPPC"). However, EAPPC is a minority shareholder with 12.35% stake in Private Property.[289] The estate agents also appoint [no more than 4] directors to the board of Private Property. The shareholding was extended to other estate agencies on condition they had a Private Property contract but apparently resulted in limited take up.[290]

3.2.3.2. Receiving feeds from variety of software syndication companies

200. Established platforms also access listing through syndication software. In simple terms, a syndication software refers to a software developed to enable estate agents to capture listing information at one *"single point of capture"* and the listing is then distributed to multiple platforms of the estate agent's choice. In other words, an estate agent that is contracted with multiple property platforms does not have to capture the listing information on each platform manually. The syndication software also feeds listing information into the estate agent's own website. In fact, the syndication software is often part of a package designed around maintaining the estate agent's website along with the feed to aggregation platforms.

201. Estate agents prefer to upload their stock from a single point and be listed on multiple platforms, in accordance with to their platform preferences.[291] Before contracting with a platform, estate agents take into consideration whether that particular platform owns and/ or has access to the syndication software to allow for the ease of feeding stock into the platform.[292]

202. Established platforms have invested in syndication software to sell website development services and allow for this function for estate agents to list on their

[288] REBOSA—Oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 12-14.
[289] Article by Property Professional accessed at https://propertyprofessional.co.za/2020/08/20/property-portal-shares-available-to-rebosa-members/ accessed 30 May 2022. [redacted]
[290] Article by Property Professional accessed at https://propertyprofessional.co.za/2019/03/07/industry-reacts-to-property24-price-increase/ accessed on 30 May 2022.
[291] [redacted]
[292] [redacted].

platforms – Property24's (PropCtrl) and Private Property's (Fusion). Importantly, these platforms receive feeds (listing stock) from each other's syndication software.[293] Moreover, they receive feeds from other syndication software companies such as Entegral and Prop Data. Estate agents that are contracted to any of these multiple syndication software companies are able to feed their listing into the established platform sites. Therefore, it is important for any classified platform to receive feed from multiple syndication software companies as is the case with established platforms.

3.2.4. Strategies employed by smaller platforms to access listings

203. Smaller platforms usually do not charge estate agents standard listing fees to make listing attractive or charge a minor fee relative to the leading property platforms. This is the strategy that is often applied by smaller platforms to attract estate agents and make inroads in the market.[294] The Inquiry notes that some smaller platforms offer estate agents booster packages where estate agents pay a significantly lower fee (relative to established platforms) to improve their ranking and improve the appearance of their listings as the only means of monetisation initially:

203.1. Property360 offers a premium package for R595 per month for estate agency groups and R350 for independent estate agents. Business users purchase this package to improve their ranking and appear on top of the search results on the portal.[295]

203.2. [redacted].

203.3. Immo Africa offers three booster products: essentials which costs R499, business which costs R1 799 and Professional which costs R3 999[296].

204. MyProperty, Property Central and TPN do not offer any booster packages and they are free to all real estate agents. Despite their platforms being free (or significantly cheaper to list), small platforms are struggling to attract sufficient volume of listing from real estate agents. These platforms submit that attracting listing requires various strategies such as (i) being supported and endorsed by real estate associations such as REBOSA and (ii) receiving feeds from various syndication software companies

[293] Submission by Property24 dated 10 September 2021. Property24—oral submission by Mr. Farinha in the public hearing, 16 November 2021 page 28. Private Property—oral submission from Mr Van Den Berg in the public hearing, 16 November 2021, page 11.
[294] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 33-34. Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 12.
[295] Property360 website accessed at https://www.iolproperty.co.za/Estate-Agent-Advertising.jsp on 08 July 2022.
[296] Immo Africa website accessed at https://pro.immoafrica.net/plans-pricing/ on 08 July 2022.

especially, Fusion, PropCtrl and Propdata. However, smaller platforms have struggled and experienced difficulties in accessing listing thorough these sources – some syndication software companies refuse to feed listing into these platforms whilst REBOSA has not supported or endorsed these platforms. Smaller platforms have furnished evidence in a form of e-mails correspondence with real estate agents. In these e-mail correspondence estate agents indicate their willingness to join and list with the smaller platforms on condition that they receive feed (listing) from syndication software companies such as PropCtrl and Propdata. The details of this e-mail evidence and other challenges faced by smaller platforms are discussed in greater details below.

3.2.5. Challenges faced by smaller platforms to access listing

3.2.5.1. REBOSA's refusal to support smaller platforms

205. The formation of partnerships with real estate agents seems to be one way in which platforms secure listing, especially when a platform is attempting to gain momentum to peak in the market, and this has proven to be effective in the case of Property24 and Private Property. The partnership between REBOSA and Private Property has been identified as one of the factors that contributes to the limited flow of listings to the small platforms. These platforms submit that REBOSA does not support any SMEs and HDP platforms and only supports Private Property.[297] The support of REBOSA to reach real estate agents is considered important by platforms. REBOSA is the largest representative body of real estate agents in the country, with more than 16,000 estate agents as its members and that is more than half the total number of registered, practising estate agents in South Africa.[298] Importantly, REBOSA also includes all the major estate agency groups amongst its members and therefore its members are likely to hold the majority of listings.[299]

206. REBOSA submits that the organisation solely supports Private Property with the intention to strengthen the platform to effectively compete with the leading platform [Property24].[300] REBOSA contends that a strong alternative portal [in a form of Private

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[297] MyProperty —oral submission from Mr Grové in the public hearing, 16 November 2021, page 11. Property Central —oral submission from Mr Jhagaroo in the public hearing, 16 November 2021, page 34-35.
[298] REBOSA—Oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 31. REBOSA's submission to RSA Parliament in respect of the Property Practitioners Bill accessed at https://static.pmg.org.za/180904REBOSA2.pdf on 08 April 2022.
[299] See https://www.rebosa.co.za/about-us/ which lists the Directors, all of which are associated with the major real estate groups
[300] Submission by REBOSA dated 17 January 2022.

Property] is the only safeguard against a potentially monopolistic market leader. These details are provided in the extract below:

"REBOSA advised members that Private Property should be the portal of choice for agents because agents directly and indirectly have significant equity - and therefore have an active and participatory role in making or influencing decisions - in Private Property and, as explained during the interview, because a strong alternative portal is the only safeguard against a potentially monopolistic market leader. That is the total extend of REBOSA "support", exclusive to Private Property" (Own Emphasis). [301]

207. Private Property also admits that the backing by REBOSA has been beneficial to its business.[302] The exclusive partnership and/ or arrangement between REBOSA and Private Property, that comes with mandated support for Private Property, denies other platforms of the same support from REBOSA's members and any other opportunities that Private Property gets from the partnership. The exposure that Private Property receives from REBOSA could also be beneficial to other platforms. Furthermore, REBOSA acknowledges that their intention is to strengthen the platform to be able to compete in the market. This suggests that REBOSA's support contributes to the platform's ability to compete effectively; this is essential for small platforms. To this end, REBOSA has not supported or endorsed any smaller platform. The small platforms believe that receiving the same support and exposure to real estate agents that Private Property enjoys from REBOSA would aid them in their growth.

208. The Inquiry does not agree with the REBOSA's position or that of some of its members that it must support a single platform to build a constraint on the market power of Property24. Emerging platforms currently do not charge estate agents for listing and only for enhanced visibility on their platforms. If they source listings to make them credible to consumers, then there will be more platforms innovating and seeking to build consumer traffic. The more platforms competing for consumer traffic, the stronger the competitive environment and the more likely that one or more platforms erode the market power of Property24 to the benefit of estate agents ultimately. Staunchly supporting a single platform is more likely to undermine innovation as Private Property does not need to work hard to compete where it has the support from estate agents.

[301] Submission by REBOSA dated 17 January 2022.
[302] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 24.

3.2.5.2. The nature of the commercial relationship between REBOSA and Private Property

209. EAPPC is a consortium of several large real estate agents.published by Property Professional regarding the annual price increases by Property24. In such articles the EAPPC shareholders and REBOSA directors advocate for Private Property to be recognised by the real estate agents as a credible alternative to Property24. [redacted]

Furthermore, the Inquiry notes that most of the current directors of REBOSA are also founding members and/or CEOs of the real estate agencies that form part of EAPPC.[304] According to Mr. Le Roux, the CEO of REBOSA, in real estate formations there is often an overlap in leadership and directors, and it is often the principals of large real estate agencies that form part of the directorship of these formations.[305] He further advised that the principals of small real estate agencies often operate with limited workforce and therefore do not have the time to get involved in the activities and responsibilities of the leadership of these organisations.

210. The Inquiry, however, notes the continued support that the directors of REBOSA, who have linkages to EAPPC, have been showing even in articles published under REBOSA in protection of Private Property. One such example is an article that was written by the CEO of REBOSA, Mr. Le Roux, in 2018.[306] From the article it appears the real estate industry was in turmoil, after FNB launched a new initiative where private sellers would be able to list their properties on the FNB App and transact without appointing a real estate agent. Real estate agents believed that the bank launched the app after Private Property allowed it access to their data without consent. Some real estate agents unsubscribed from Private Property and were encouraging the entire industry to follow suite and ultimately form their portal.

211. In the article Mr. Le Roux reiterated the importance of Private Property for the industry, discouraging boycotts of the portal and the bank as the industry was threatening to do. He further indicated that no other emerging portal would be strong enough to compete

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303 [redacted]

304 REBOSA directors are listed on the website accessed at https://www.rebosa.co.za/about-us/ on 29 May 2022 and EAPPC's directors are listed on b2bhint website accessed as https://b2bhint.com/en/company/za/estate-agency-property-portal-company--K2014203768 on 29 May 2022.

[redacted]

305 REBOSA—Oral submission from Mr Le Roux in the public hearing, 29 November 2022, page 19.

306 Article by REBOSA accessed at https://www.rebosa.co.za/disruption-let-us-face-the-facts-then-plan-the-future/ on 30 May 2022.

with Private Property and Property24 and reiterated that Private Property is the industry's best bet. Mr. Le Roux encouraged the industry to accept FNB's initiative and adapt as this might have been a start of a new era, as other banks might also launch similar initiatives. He further indicated that Property24 had a similar arrangement with ABSA as that of Private Property and FNB, where the banks would display houses that were viewed as by the clients from the portals on the banks' app for targeted adverts. This is how the bank collected the data.

212. In the same article, Mr. Le Roux mentions the important role played by REBOSA is the transaction that led to the acquisition of Private Property by Caxton and also announced that EAPPC had decided to extend an invitation to the entire industry, including small real estate agencies, to join the EAPPC and take up shareholding at no cost. Below are some abstracts from the article:

"Rebosa played a major role in the current transaction in which Caxtons became a shareholder in Private Property. This is a viable, and I daresay, the best option for estate agents to safeguard their future. When this transaction was done we were careful not to swop the devil we know for the devil we don't know. We found a good partner and put together a very good shareholders agreement which protects the industry."

"Now that the Private Property ownership has changed, the EAPPC has already decided to extend it's shareholding to the entire industry through a share offer which will reach everyone early in the new year. Every agent in South Africa will be invited to join the EAPPC and take up shareholding at no cost and with no advantage to the initial shareholders – big and small will all be treated exactly the same."

213. In addition to this there are various articles published by Property Professional regarding the annual price increases by Property24. In such articles the EAPPC shareholders and REBOSA directors advocate for Private Property to be recognised by the real estate agents as a credible alternative to Property24.[307]

214. The overlap between EAPPC and REBOSA directors is undesirable. The Inquiry takes a view that the mandated support for Private Property by REBOSA could also be driven by the obvious need for the portal to thrive by its shareholders in EAPPC, who are

[307] Article by Property Professional accessed at https://propertyprofessional.co.za/2019/03/07/industry-reacts-to-property24-price-increase/ accessed on 30 May 2022. Article by Property Profession accessed at https://propertyprofessional.co.za/2018/03/29/property24-defends-price-increases/ accessed on 30 May 2022. Article by Property Professional accessed at https://propertyprofessional.co.za/2020/03/05/how-long-can-property24-increase-rates-in-this-way/ accessed on 30 May 2022

directors of the organisation. The Chairperson of REBOSA is part of Private Property's board of directors, and as a result is privy of the portal's commercial sensitive information.[308] It is apparent from the above that the incentive of some directors of REBOSA is to ensure the growth of Private Property which in turn benefits them financially through their shareholding. On the other hand, this kind of incentives discourages REBOSA from supporting other innovative smaller platforms that have the potential of becoming an effective competitor to Private Property.

3.2.6. Challenge faced by smaller platforms to access listing: established platforms refusal to feed smaller platforms with listing via syndication software

215. In property classifieds, there are firms that are solely in the business of providing technological solutions to the industry, that do not operate as classifieds platforms. These firms provide different services to the real estate agencies, including syndication software, development and maintenance of real estate agency websites and lead management services, amongst other services. These firms compete with the prominent classifieds platforms that also provide the same services, in addition to being classifieds portals. For the syndication software, real estate agents subscribe to the firms that supply the service and pay monthly fees to the service providers. There are also some large real estate agencies who own their syndication software and do not outsource the service. Property24 (PropCtrl), Private Property (Fusion) and MyProperty (Entegral) are some of the platforms that also own and supply syndication software to real estate agencies.

216. Evidence indicates that Prop Data, which does not operate a property classifieds platform, is one of the main players in the market for the syndication software. Other major players include Private Property's Fussion and Property24's PropCtrl.[309] The diagram below depicts market share estimates for syndication software as submitted by Private Property and Property24 during the public hearings.[310]

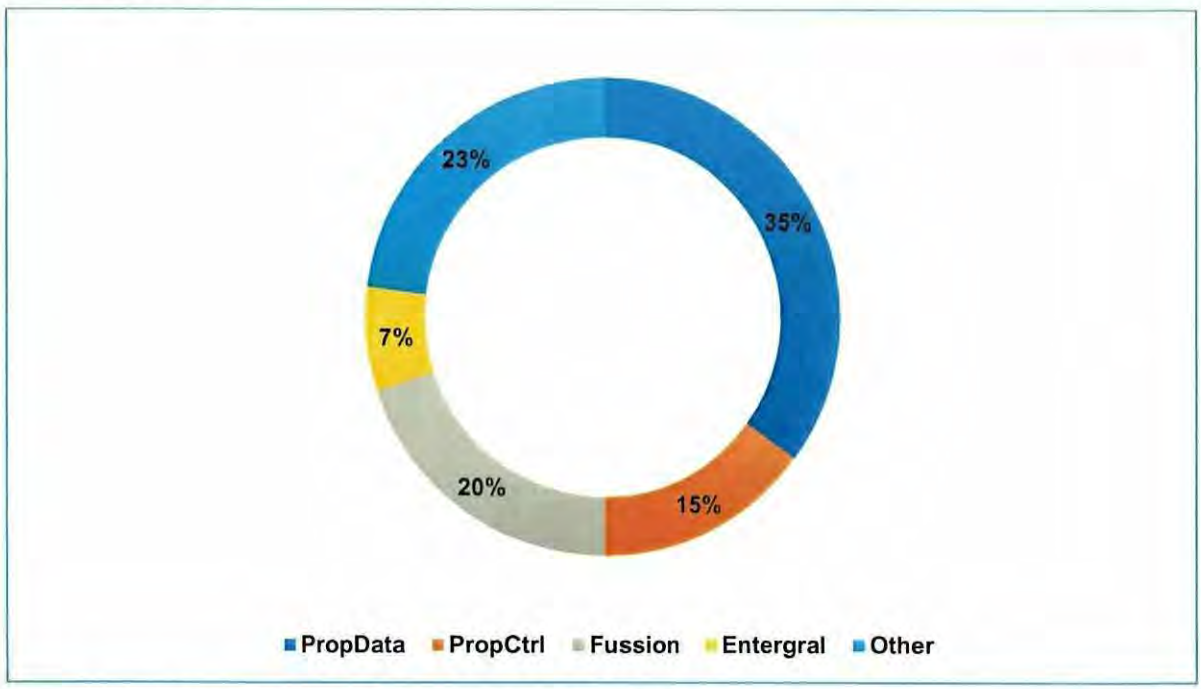
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[308] Article by Everything Property accessed at https://everythingproperty.co.za/new-rebosa-chairman-tony-clarke-has-big-plans/ on 08 July 2022.

[309] Property24 presentation in the public hearings, 16 November 2021. Private Property presentation in the public hearings, 16 November 2021.

[310] Private Property presentation in the public hearings, 16 November 2021.

Figure 13: Property classifieds syndication software providers market shares by Private Property



Source: Private Property public hearing presentation dated 16 November 2021.

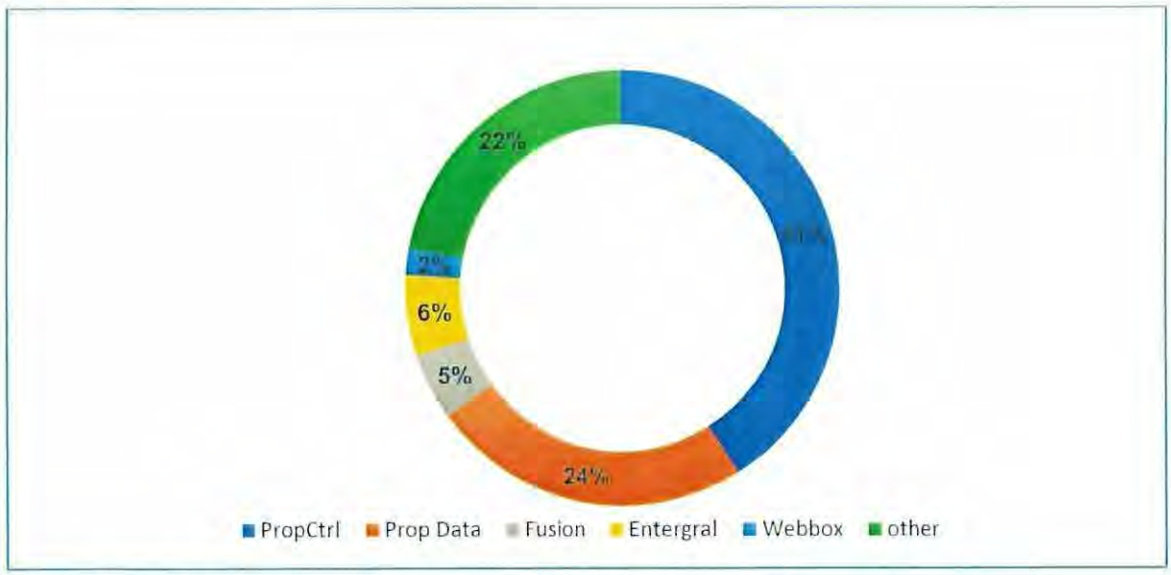
217. Based on Private Property's estimates, Property24's (PropCtrl) and Private Property's (Fusion) have a combined market share of 35%. Propdata is the largest player with 35% market share.

218. Property24 also submitted its market share estimates for syndication software. In Property24's estimates Prop Data has a lesser share of 24%, Private Property (Fusion) holds 5% and Property24 (Prop Ctrl) has the largest percentage share of 42%. Property24's syndication software market share estimates are shown in
219.
220.

221. **Figure *14*** below.

222. As already indicated, it is important for classifieds platforms to receive feeds from variety of sources. For instance, Property24 receives feeds from ProContrl, Fussion, MyProperty's Entergral and Prop Data.

Figure 14: Property classifieds syndication software providers market shares by Property24



Source: Property24's public hearing presentation dated 16 November 2021

223. Syndication software competition is important in itself, but it is also important for classified platform competition aside from ensuring a source of listings. Its importance comes from the fact that syndication software companies are the most likely entrants into classified platforms because they already have estate agent listings, relationships and the skills in building property websites. Entegral is one example of a syndication software company vertically integrating into a classified platform and historically it seems SA Homemakers (acquired by Property24) was the same.

3.2.6.1. Outright refusal to feed smaller platforms with listing

224. MyProperty's Entegral feeds listing to various property classifieds platforms such as Private Property, Property24, GotProperty, Property360, MyRoof, ImmoAfricaand Property Central.[311] Property24's PropCtrl only feeds to two property classifieds platforms: Private Property and Property360[312]. Private Property's Fusion only feeds to Property24 in terms of property classifieds platforms.[313] The syndication software also feeds listings to real estate agencies own websites and to some horizontal (generalists) classifieds platforms. Most of the estate agents list with the leading platforms, Property24 and Private Property. Given the importance of the two platforms to real estate agents, access to Property24's PropCtrl and Private Property's Fusion is integral for property classifieds platforms.[314] However, Property24 and Private Property have over time refused to grant other property classifieds platforms access through their syndication software. Some of the platforms that have requested for access from Private Property and Property24 include amongst others, MyProperty and Property Central.[315]

Property24 outright refusal

225. [redacted] Property24 argues that PropCtrl was not intended to be a multi-feed and was not developed for that purpose. PropCtrl was developed to allow Property24 to offer syndication in limited instances, to service specific customer demand. As such, feeding out listings to various platforms has never been considered a core function of the PropCtrl software and Property24 believes that these services are better left to independent software providers who charge a fee for the service.[317] Property24 further submits that in the past it requested integration and allowed for syndication with Private Property, after receiving requests from the business users. [redacted]

[311] Entegral website: https://www.entegral.net/sync/ accessed 10 May 2022.
[312] Submission by Property24 dated 10 September 2021.
[313] Private Property—oral submission from Mr Van Den Berg in the public hearing, 16 November 2021, page 36.
[redacted]
[314] [redacted]
[315] See oral submissions by Property Central and MyProperty in the public hearings.
[316] [redacted]
[317] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 89.
[318] [redacted]

226. [redacted]

227. During the public hearing, Property24 did acknowledge that around 2018, MyProperty requested access to a PropCtrl feed-out[320] however Property24 denied the request.[321]

[redacted]

228. [redacted]

229. [redacted]

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319 [redacted]

320 Feed-out means receiving feed from PropContrl to MyProperty. Thus, ProContrl is feeding-out listing to other portals – in the same way MyProperty's Entegral also feed-out listing to other portals.

321 Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 98.

322 [redacted]

323 [redacted]

324 [redacted]

[redacted]

230. [redacted]

Private Property outright refusal

231. Private Property submits that Fusion does not feed to all the platforms and attributes this too lack of demand by the business users to feed out to other platforms and the poor state of Fusion software, since it was built more than 12 years ago.[326] [redacted]

232. [redacted] Another small platform

[redacted]

325 [redacted]

326 Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 36-37.

327 [redacted]

328 [redacted]

329 [redacted]

submits that it also made a request to Private Property for feeds syndication through Fusion. The request was declined by Private Property, stating that it only allows for syndication to Prop Data website customers and Private Property was not looking into adding any additional property classifieds platforms to their Fusion syndication software.[330]

233. [redacted] This event demonstrates to the Inquiry that if Private Property wants to accommodate and feed listings to more players it can do so – by making follow-ups and initiating further discussions and engagements with other players, such as MyProperty and Property Central, [redacted].

234. [redacted]

330 [redacted]
331 Submission by Private Property dated 15 February 2022.
332 [redacted]
333 [redacted]
334 [redacted]
335 [redacted]

[redacted][338].

235. [redacted].

3.2.7. Constructive refusal to feed smaller platforms with listing

236. The importance of the syndication software is also proven by the real estate agents' willingness to pay for syndication services. Property24 charges real estate agents an inbound fee of R500 per month for listings to Property24's that are uploaded through third party software providers other than PropCtrl.[339] [redacted], Property24 instituted the R500 inbound fee to cover the costs of increased support and maintenance of the service and it has not increased the fee since then.[340]

237. On Private Property, business users who wished to synchronise their listings through PropCtrl to the portal were also billed R500 monthly fees. In 2017, Property24 and

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[336] [redacted]

[337] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 18.

[338] [redacted]

[339] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 93-94.

[340] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 93-94

Private Property entered into an agreement where it was established that Property24's PropCtrl would be granted access to feed onto Private Property on the basis that Property24 would pay the R500 monthly fees for each user that would feed their listings to Private Property through PropCtrl.[341] [redacted]

238. The arrangement and/or understanding between Private Property and Property24 regarding the inbound fee raises suspicions of potential collusive conduct. The fact that until recently, both Private Property and Property24 charged estate agents the same inbound fee (i.e., R500) is itself suspicious. The fact that Property24 would collect the inbound fee from estate agents on behalf of its competitor, Private Property, exacerbates the suspicion. [redacted].[343] [redacted]

239. Given that Private Property and Property24 are considered as a must have platform (dependency of business users), business users continued to use their syndication software to feed into each other despite the inbound fee – due to the high possibility of generating leads and converting to sale from these established platforms. Thus, it appears that the R500 fee has exploitative effects on estate agents. [redacted] Moreover, usually syndication software companies charge estate agents a monthly fee for using the software. In this case, it appears that the established platforms exploit estate agents by charging them an inbound fee which is over and above the normal fee charged for syndication software services.

240. The R500 inbound interface fee also has a likely affect limiting competition between other syndication software providers and those that charge the fee, Fusion and PropCtrl. The inbound fee increases the costs for those real estate agencies who use

[341] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 93-94
[342] [redacted]
[343] [redacted].

third party syndication software to list on Property24 and Private Property. Therefore, real estate agencies could be discouraged from using other syndication software providers such as Entergral, to feed onto the platforms, to avoid the additional costs. The real estate agents can simply contract directly with Private Property or Property24 and feed listing onto these portals through Fusion and PropCtrl rather than third party syndication software that attract the inbound fee. This locks in real agencies to a single platform and single syndication software service, provided by a single firm, to avoid incurring additional costs of using services from multiple service providers.

241. To illustrate the problem with the lack of interoperability, some of the real estate agencies are even willing to pay additional fees to the syndication software providers to have their stock fed to the small portals as well. [redacted]

242. It has been submitted to the Inquiry that Prop Data is a viable alternative that small platforms can turn to. While Prop Data's syndication software performs functions similar to those performed by Fusion and PropCtrl, the Inquiry has received submissions that Prop Data's software only feeds to selected platforms to the exclusion of some of the small platforms.[344] The Inquiry notes that Prop Data's website specifically mentions that its syndication software feeds to Property24, Private Property and real estate agencies' own websites.

243. From the email correspondence that the Inquiry has had sight of, it is apparent that some of the small platforms have indeed approached Prop Data for syndication services. It is also apparent that some of the real estate agents were willing to use the services of small platforms provided that such platforms' software interfaced with Prop Data's syndication software. Prop Data has acknowledged to the Inquiry that there are instances where it declined requests for syndication and this is largely because the

[344] As indicated above, Prop Data does not compete in the online classifieds platforms market but competes with some of the property classifieds platforms in adjacent markets, for other related technological solutions to real estate agents. Prop Data competes with firms such as Entergral, Private Property (Fusion) and Property24 (Prop Ctrl) in the provision of syndication software services and estate agency website development, among other services.

requests did not meet its minimum requirements. Prop Data indicated further to the Inquiry that while it has refused to provide syndication services to some of the property classifieds platforms, it does provide these services to a few other small platforms.[345]

244. One of the critical requirements that platforms that seek syndication services from Prop Data are required to meet is that they should demonstrate that they have at least [redacted] business users that already use Prop Data and are interested to list with the platform. The Inquiry notes that requirements such as these may be cumbersome and may potentially serve as a barrier for small platforms that are still trying to gain traction in the market.

3.2.8. Synopsis on refusal by established syndication software companies

245. Access to syndication software is integral to the property classifieds platforms' effective participation in the market and the denial of access to some of the platforms by the providers of the syndication software affects their ability to compete effectively, as such denial inhibits the flow of listings from business users to platforms. Business users would rather not contract with platforms that cannot be fed listings through the syndication software.[346] Some of the small platforms provided the Inquiry with evidence, in form of e-mail correspondence between the platforms and business users, where it is apparent that business users express their interest in signing up with the small platforms, subject to these platforms receiving listing feeds through the main syndication providers, including PropCtrl and Fusion. In some of these e-mail correspondences, the business users also explain the challenges that they experience when they upload their stock manually to platforms that do not have access to syndication software.

246. It is even more difficult for large real estate agencies to upload and update their stock manually on classifieds platforms since they have a large number of listings. The syndication software also allows business users to make changes and update their listings once, from a single point to all platforms. Manually uploading and updating stock becomes an inconvenience to business users, thus any platform that relies on this method is inevitably placed at a competitive disadvantage. Some examples that show business users' willingness to list with smaller property platforms subject to receiving

[345] Meeting between the Inquiry and PropData, 02 June 2022.
[346] [redacted]

listing feeds through syndication software and challenges to manual uploading are discussed below:

246.1. One of the small platforms assists business users with the manual uploads by uploading the stock themselves on behalf of the business users.[347] However, business users still tend to be sceptical when the platform offers to upload their stock on their behalf. In an e-mail sent to the small platform, a principal in one of the large real estate agencies thanks the platform for their professionalism in how they handle their communication and further indicates that their "only concern" with listing with the platform is the manual upload of stock on the platform.[348] The estate agent further indicates that although the platform assists with manual uploads they still have some concerns, since they have a mix of agents and administrators around the country constantly making changes to their stock, such as price change adjustments and sold status. The estate agent advised that they would not be able to inform the platform of every change that they would like to enact on their listings for them to make manual changes as that would take up too much of their time and resources. The estate agent further advised platform to approach Prop Data and request for access to their feeds, for them to be able to sign-up with them.

246.2. In an e-mail correspondence between another principal of a large estate agency and the small platform, the estate agent terminates its contract with the platform and requests the platform to remove all the estate agent's stock from its portal, since they continuously fail to update the status of properties that have been sold on the portal.[349] The estate agent informed the platform that failure to update the status of sold properties timeously jeopardize the entity's reputation as they continue to get calls and enquiries on sold properties. The estate agent further informed the small platform that they would only advertise with platforms who are accessible through Prop Data.

247. None of the syndication software companies, including PropCtrl and Fusion, have provided compelling reasons for their refusal to feed listing to smaller classifieds platforms. The most common reason provided is that business users have not

347 [redacted]
348 [redacted]
349 [redacted]

requested for such feeds to be made from their syndication software to smaller platforms. However, the Inquiry finds this reasoning to be misplaced and not persuasive:

247.1. It is the responsibility of any property platform that wants to make inroads into the market to make such request, and not that of business users. Moreover, it is the property classifieds sites that must be integrated into syndication software. Real estate agents have no incentive to make such requests since they already list with the must have platforms. For emerging platforms that want to disrupt the classifieds market there is clear incentive to make such request as they have done to syndication software providers.

247.2. Smaller platforms have provided sufficient evidence that shows that real estate agents have expressed interest in feeding listings to these platforms subject to receiving feeds from Prop Data, Fusion and PropCtrl. It is unreasonable to expect real estate agents to engage directly with the providers of syndication software, over and above expressing their interest to smaller platforms. Rather, it is for the smaller platforms to ensure that the needs of their potential customers, real estate agents, are fulfilled. Thus, it is not surprising that it is these platforms that have constantly sought access to syndication software from Prop Data, Fusion and PropCtrl.

248. Property24 and Private Property are the market leaders in property classifieds platforms, with most of the business users subscribed to either both or one of the platforms. Consequently, syndication to Property24 and Private Property portals becomes important to business users. It is unlikely that any syndication software provider could meaningfully compete in the market without allowing feeds to the two portals. Entegral continues to allow for its syndication software to feed out to Property24 and Private Property portals, although PropCtrl and Fusion refuse to feed out to Entegral's portal, MyProperty.[350]

249. The two leading platforms continue to get first preference from business users, with seamless flow of listing, as they are accessible through all syndication software providers. Small platforms on the other hand have limited access to listings as they are not accessible through most of the syndication software. Furthermore, Property24 and Private Property's integration with Entegral's syndication software, although the two

[350] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 8-9.

portals have their own software, proves the importance of being accessible through all syndication software for platforms.

250. The inbound interface fee charged by Property24 to business users who use third party syndication software also affects competition between PropCrtl and other software providers. Entergral submits that the inbound interface fee discourages business users from using other syndication software providers as this increases their costs of using their services[351]. In essence, the leading platforms refuse to feed out listings and charge a fee to feed in from syndication software, where the dual conduct favours their own internal syndication software and platform usage.

3.2.9. How do the challenges to access listing impact platform competition?

3.2.9.1. Exclusion of smaller platforms and inability to compete effectively

251. Based on Private Property's estimates, Fusion, PropCtrl and PropData constitute approximately 70% of the market for the supply of property syndication software. As illustrated above, evidence suggests that access to syndication software is of high importance for the flow of listings to the platforms. The top three players in the market for syndication software seem to be the most important to the business users. Therefore, platforms that do not have access to listing feeds from these three top syndication software providers are unlikely to meaningfully compete and expand in the market as most business users prefer to list their stock to multiple platforms using syndication software.

252. The denial of integration for smaller platforms to be accessible through the leading syndication software has led to loss of potential consumers to smaller platforms. The evidence submitted suggests that the main deterrent for business users not to list with some of the platforms is lack of integration with these syndication software providers.[352] The denial of integration ultimately affects the small platforms' ability to attract customers and, in turn, it affects their attractiveness to consumers due to the limited listings.

3.2.9.2. Evidence of ineffective competitor and loss of revenue

[351] MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 9-10.
[352] [redacted]

253. Private Property submits that during the same period when Property24 was partnering with real estate agencies it experienced a decline in number of listings and started falling behind in the market. This resulted in Private Property experiencing some difficulties and being unprofitable for a number of years.[353] In his evidence before the Inquiry, Mr Mwela [Private Property] explains the events that led to the decline in listing and the subsequent effects on Private Property. Mr Mwela explains that *"what happened at the time*[354] *Private Property lost quite a few listings, quite a lot of listings and the listings went off to Property24 and we went through quite a few years where it was a bit difficult to compete"*. In explaining the subsequent effects of losing listings on their business, Mr Mwela explains that *"yes, we did go through a time period where we did not have the listings that we needed to have to grow the portal, so it did affect us negatively, yes. It also did affect us negatively in terms of revenue as well" (Own emphasis).* [355]

254. Private Property's evidence on the effects of loss of listings on property classifieds platforms is also collaborated by one of the small platforms. [redacted]

255. The above evidence collaborates MyProperty's assertion that *"if a platform doesn't have all the listings"* then it has *"already lost the game"*.[358] Mr Grove [MyProperty] further asserts that if it had access to *"all the listings or 80, 90% of the listings"* it could *"easily push the portal to one of the top positions"*. Similarly, Mr Jhagaroo [Property Central] submits that *"the fewer properties you have, the less competitive you are"*. According to Property Central, one of the most significant barriers it faces is *"getting a significant number of critical mass of properties to offer serious interest to people"*.[359] It is submitted that if a platform has sufficient number of listing, customers will be willing

[353] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 6-7.
[354] When Property24 was partnering with estate agencies.
[355] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021.
[356] [redacted]
[357] [redacted]
[358] MyProperty—oral submission from Mr Grové in the public hearing, 15 November 2021, page 5.
[359] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, Page 24.

to stay onto the site (spent longer time) and return to the site during their property searching journey.[360]

3.2.9.3. Insufficient listing reduces customer engagement and adversely affects smaller platform's degree of attractiveness

256. As already highlighted, consumers are attracted to sites that have wide variety and range of stock listed.[361] Customers are likely to return (re-visit) a sites that has all stock listed. [362] Classifieds platforms have emphasised that it is important to have all properties listed on the platform as this enhances consumer engagement with the platform and make them return to the platform.[363] This is reflected in the following documents:

256.1. Property24 Public Hearing Presentation: Propery24 states that it *"strive to have all the properties on our platform"*. it also states that the broadness of selection of properties is crucial to engage users and users want to see everything in the market.[364]

256.2. [redacted]

257. Ultimately, the attractiveness of the platform drops when it does not have sufficient listings. In turn, this affects the platform's customer experience, ability to attract returning customers and lead generation capabilities. The correlation between attractiveness and listings is also highlighted by Private Property's experience when it lost the listings, that *"the attractiveness did drop, because what consumers are looking for, consumers are looking for variety in terms of listings. So you want to go to a particular area and possibly see every single listing that is there. And during that time obviously without the backing of – without all the listings coming from certain brands it*

[360] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, Page 24.
[361] This includes having high quantity of properties in the same area and variety (it can be in terms types of properties – estate complex, standalone, number of bedrooms, bathrooms, prices, etc.)
[362] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 17-18. Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 24.
[363] For instance, see Property24 public hearing presentation dated 15 November 2021
[364] Property24 public hearings presentation dated 16 November 2021.
[365] [redacted]

was difficult for consumers to find that. So, I mean it is a given, if you do not have the listings your numbers will drop and, yes, we did get affected by that".[366] MyProperty also highlights that platforms with low levels of listings generally have lower customer engagements as reflected by high bounce rates as customers cannot find properties they are looking for in a specific area. These customers end-up moving to the next website[367].

3.2.9.4. Adverse effects on the business model of smaller platforms

258. The business model of some smaller platforms is to allow estate agencies and individuals to list properties on their portals for free while the platform builds up momentum, critical mass and the traffic to deliver quality leads. However, the ultimate objective of these platforms is to charge a fee at some point in time and monetise to enable customer acquisition.[368] Thus, these platforms are not profitable at their initial stages. The focus at the early stages is to build a sustainable operation by acquiring sufficient volume of listings and customer traffic. Lack of access to listing affects the sustainability of these platforms' operations and delays their ability to be effective competitors and to properly monitise from business users.

3.2.9.5. The impact of the inbound fee on competing syndication software

259. [redacted] Furthermore, the R500 inbound charge imposed by both Property24 and Private Property increases the switching costs from PropCtrl and Fusion to Entegral for syndication software, undermining the revenue that it does generate from syndication software. The conduct of these two leading platforms therefore has effects in both the software and platform markets.

260. Against this background, evidence suggests that the conduct of denying the smaller platforms access to syndication services does not only limit competition between established platforms and smaller platforms, but it is also likely to affect competition in

[366] Private Property —oral submission from Mr Mwela in the public hearing, 16 November 2021, page 17-18.
[367] MyProperty —oral submission from Mr Grove in the public hearing, 15 November 2021, page 5.
[368] Property Central—oral submission from Mr Jhagaroo in the public hearing, 15 November 2021, page 12. MyProperty—oral submission from Mr Grové in the public hearing, 16 November 2021, page 33.

the markets for real estate agency website developers and syndication software providers.[369]

3.2.10. Conclusions and findings on access to listings

Denial of access to syndication software

261. It is apparent that the leading platforms have denied smaller platforms access to their syndication software, whether deliberately or inadvertently. This is despite the fact that the leading platforms are able to feed listings to each other because of the interoperability between their syndication software, an arrangement that enables them to compete effectively for business users. The analysis of evidence also shows that access to syndication software, including the software owned and/ or managed by the leading platforms, is critical to any firm that seeks to enter the market or that already operates as a property classifieds platform. Thus, the Inquiry makes a preliminary finding that the denial of access to syndication software to smaller property classifieds platforms, whether deliberately or inadvertently, impedes and/ or restricts platform competition as this denies smaller platforms property listings, and may also discourage or deter the entry of any potential entrant into the market.

The R500 inbound fee

262. The Inquiry makes a preliminary finding that the levy of a R500 inbound fee on listings sourced from third party listing engines inhibits agents switching, strengthening the harm from a lack of interoperability and impeding entry of listing engine providers into property classifieds. There are no compelling reasons to justify the continued charging of the inbound fee to real estate agents. [redacted] lend credence to our view in this regard. Given that estate agents already pay a fee to the providers of syndication services, the conduct by Property24 and Private Property to charge real estate agents the inbound fee, over and above the fee paid to syndication providers, appears to be exploitative and has the effect of inhibiting real estate agents from using the services of other property classifieds platforms, especially smaller platforms.

369 [redacted]

Partnerships between industry associations and the leading platforms

263. Similarly, the Inquiry makes a preliminary finding that the practice whereby industry associations, and similar structures, partner with and/ or endorse and declare support for specific property classifieds platforms, especially established platforms, puts other platforms in a competitive disadvantage, especially smaller platforms. This practice incentivizes continued use of platforms such as Private Property and impedes third party platforms from securing support and listings from the large estate agents. The practice is entrenched through the share ownership structure which provides incentives to support Private Property.

3.3. Contracts with business users and the lock-in effects

264. The Inquiry has received submissions that when business users subscribe to the established platforms they enter into multi-year contracts, which lock them in and discourage use of other platforms. Generally, the platforms have standard subscription contracts, entered into by all business users when signing up with the platforms. The standard contracts guide the relationship between the platforms and each business user with standard terms and conditions. The contracts can be cancelled by either party within one to three months, depending on the platform.

265. Over and above the standard contracts, the platforms can also enter into negotiated contacts with large business users. These negotiated contracts usually have better trading terms such as discounted prices. These discounted prices are applicable on condition that a business user commit to list a certain volume of stock. For instance, (as this practice is more prominent in automotive classifieds) business users that list more than 1 000 vehicles will receive a better discount that business user listing 350 vehicles. Further, small business users do not quality and/or negotiate their contracts due to low level of stock listed and are charged in accordance with the rate card.

266. In terms of the platform competition issues, the Inquiry focused on the multi-year contracts concluded by some classifieds platforms. In addition, the lock-in effect of the shareholding in Private Property. The negotiated contracts with large business users that results in discounted prices and discrimination of smaller business users form part of the analysis in the next section.

3.3.1. Property24 Multi-year contract: the nature of the contracts with business users

267. All business users enter into a subscription agreement with Property24 and must comply with the standard terms and conditions. In addition to the standard subscription, the platform also offers Package Subscriptions and business users who purchase this package also sign an additional contract.

268. In terms of the standard subscription agreement, business users subscribe to list on the platform unlimited properties for sale and to rent.[370] The contract stipulates the standard listing fees for the year on which the contract is signed and also states that the fees are revised annually. The duration of the standard subscription agreement is for an indefinite period. However, the contract can be terminated by either party on a one-month prior written notice.[371]

269. In the Package Subscription agreement the business user subscribes to the following as included in the package:[372]

269.1. A subscription fee for listing for-sale properties (being a fixed fee determined from a Median Price Bracket generated from the business user's listings in the last 6 month);

269.2. Branding for all for-sale and rental property listings on the search results page (i.e. branded listings);

269.3. A fixed monthly amount to be spent on value-added services ("VAS Amount") which includes promoted listings, including flexibility between premium listings, featured listings, and boosted listings (i.e. the business user can elect which of the promoted listing options to apply to each listing); and

269.4. A capped annual price increase at CPI + 5%.

270. The subscription package agreement was introduced in April 2019 and has a fixed term until March 2023. There is also an annual opt-out option in February each year.[373]

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[370] The business user also subscribe to use of the back-office property sales and administration software, known as "PropCtrl"; and use of other services available on the Portal from time to time such as giving electronic instructions relating to conveyancing. Property24 Submission dated 21 June 2021. Annexure I2 – Copy of Property24 standard Subscription agreement , Clause 9.
instructions relating to conveyancing.

[371] Property24 Submission dated 21 June 2021. Annexure I2 – Copy of Property24 standard Subscription agreement, Clause 9.

[372] Property24 Submission dated 21 June 2021. Annexure I12 – Copy of Property24 package standard subscription agreement and Property24 submission dated Property24 submission dated 10 September 2021.

[373] Property24 submit that from time to time, permit the early release of a business user from a Package Subscription contract based on individual factors relevant to the business user (such as financial difficulties, business closure or a desire by the business user to no longer advertise on Property24).

It is worth noting that all subscription agreements are contractually fixed until 31 March 2023. The contractual period applies irrespective of when the contract was concluded. In other words, if a business user entered into the package subscription agreement in April 2019, the duration of the contract is fixed to March 2023, a four-year period – for a business user that enter into a package subscription contract in April 2020, the duration remain fixed to March 2023, a three-year period.

271. The subscription package offers business users the opportunity to have an all-inclusive fixed monthly fee ("Package Subscription Costs") covering all products included in the package. Property24 argues that business users requested this package subscriptions in order to manage their marketing spending and budget accordingly. The business user may spend the value-added services amount on value added products as it sees fit.[374]

3.3.2. The lock-in effects of Property24 Multi-year contract

272. The multi-year packages provide an opt out only once a year, but also the attractiveness of a lower than normal price escalation given Property24's history of very high above inflation price increases. The package subscription rates are inclusive of value-added services and with capped annual price increase at CPI + 5%. In 2019 and 2020 Property24 enacted significantly steep price increases of up to [40-50]% for some of its business users. The combination of these factors will create a loyalty-inducing effect, especially for the must-have platform as it reduces the cost and cost escalation of using that platform. Furthermore, as the subscription package bundles all service offerings including branded listings and value-added services, this induces business users subscribed to this package to spend more of their budget on this 'must have' platform, with less to spend on other platforms, and to maintain that spend level over the multi-year contract period. For an agency to reduce its spend on Property24, such as reduced use of value-added services or fewer listings, would result in it incurring additional costs from abandoning the contract and being subject to normal rate card pricing and increases. This can be termed a form of 'switching cost' to changing its spend patterns if an agency wanted to push more budget to another platform, something that the contracting clearly discourages.

[374] Property24 Submission dated 21 June 2021. Annexure I12 – Copy of Property24 package standard subscription agreement.

3.3.3. The lock-in effects of EAPPC share ownership in Private Property

273. As already outlined earlier in the chapter, a precondition for holding shares in Private Property through the EAPPC is that the estate agency has a valid contract with Private Property. Having a valid contract entitles an agency to a portion of the EAPPC shareholding, which provides benefits in terms of dividends. The flip-side of this requirement is that were an agency currently enjoying the shareholding benefit to cease to contract with Private Property, then they would also lose the benefit of that shareholding. As with the multi-year contracts of Property24, this creates a form of 'switching cost' to agencies that seek to move their spend on Private Property to another platform. Whilst it is not as strong as the Property24 contractual incentives, insofar as reducing value-added spend is not punished, it provides a further lock-in device on top of the open support that REBOSA provides to Private Property. For some of the larger estate agencies, it may also result in foregoing the opportunity to be one of the directors on the Private Property board.

3.3.4. Conclusion and finding on business user contracts on platform competition

274. The Inquiry finds that the multi-year listing agreements incentivised by a package of services offered at reduced annual price increases lock-in and contributes to the crowding out effect on smaller platforms. Whilst notionally the agreement can be cancelled annually, there are strong incentives to remain contracted which ties them into a level of spend for a protracted period. Similarly, the shareholding offered to agencies that contract with Private Property, especially large ones, create a degree of lock-in given the loss of shareholder benefits incurred in moving spend to another platform.

3.4. Price escalations and market power

275. In classifieds, the established platforms are essential for business users to attain leads. The aggregated audience of potential customers by the platforms is valuable to business users. The leading platforms have the largest audience and business users are highly dependent on them for leads. The Inquiry received submissions suggesting that the established platforms exercise their market power and charge high prices to business users. This stifles competition in the respective markets as business users tend to prioritise their marketing spend on the leading platforms leaving them with less budget to spend on other competing platforms, especially the small platforms.

3.4.1. Annual fee escalations and Property24's market power

276. In the past few years Property24 has been enacting steep fee escalations, above the inflation rate and business users have been expressing their dissatisfaction with how the platform is becoming more unaffordable.[375] Property24's and other established platforms price escalations are discussed in detail in Chapter 4 below. Of all the established platforms, Property24 is the only platform that has consistently implemented double-digit fee increase over a long period of time. This behaviour is largely driven by the fact that business users are highly dependent on Property24 for leads. [376] There is also an imbalance in property classifieds as Property24 generates substantially more leads than Private Property, thus, making business users to be extremely dependent on the platform. Whilst Property24 has sought to justify the increases based on increases in traffic, it is leads and not traffic that matters as confirmed by the platform and its charging mechanism (based on leads).

277. There is also a general consensus amongst market participants that Property24 is the leading platform in the market and remains the platform of choice for business users. Therefore, when the platform listing fees increase, some business users stop listing with small platforms that charge listing fees to accommodate the increase in their marketing budgets resulting from Property24 fee increase.[377] Despite the unfair fee increases and well-documented complaints from business users, Property24's operations continue to grow and acquire more business users. This behaviour by business users in response to exorbitant fee increase suggests that Property24 is a 'must have' platform and has market power. Additional evidence supporting this assertion as discussed under competitive dynamics is Property24's high market share and high barriers to expansion characterising this market.

3.4.2. Smaller platforms are unable to compete effectively due to Property24 high fees

278. Business users have marketing budgets and listing and value-added fees are accommodated in their marketing budget.[378] Therefore, when Property24 increases their listing fees business users opt for less expenditure on other marketing initiatives to remain on the platform where they are likely to obtain the most leads.[379] Therefore,

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[375] Article by Property Professional dated 12 November 2020 accessed at https://propertyprofessional.co.za/2020/11/12/property-portals-you-get-what-you-pay-for/ on 13 May 2022.
[376] Article by Property Professional dated 12 November 2020 accessed at https://propertyprofessional.co.za/2020/11/12/property-portals-you-get-what-you-pay-for/ on 13 May 2022
[377] [redacted]
[378] REBOSA—oral submission from Mr Le Roux in the public hearing, 29 November 2021, page 27. 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 14.
[379] MyProperty—oral submission from Mr Grove in the public hearing, 16 November 2021, page 6.

high fees increases the costs of estate agents and results in less to spend on marketing. In turn, estate agents might re-allocate resources that would have been spent on smaller platform towards established platforms as they want to maintain their listing on these platforms. This may result in the loss of customers to smaller platforms, but also inhibits small platforms from monetising from their operations and/or (ii) decreasing their fees, which inhibits their ability to acquire customers.[380]

279. [redacted] It also inhibits those small platforms that are free for use to business users from introducing their monetization models.[382] One of the small submits that when it tries to introduce listing fees, it is often compared to the established platforms by the business users, in terms of quality and quantity of leads, and business users would rather unsubscribe with the small platform, and remain on the established platforms[383] due to limited budget.

280. Price escalations impose a significant budget constraint on business users and affects the threatens the sustainability of smaller platforms in the market. Business users are the main source of revenue for classifieds platforms and when business users are unable to spend on small platforms, they become unsustainable. Thus, the fee escalation affects the business user ability to subscribe and spend on smaller platforms.

3.4.3. Conclusion and findings

281. The Inquiry find that the exorbitant fee increases by Property24 influence the decisions of the business users and their willingness to pay for the services of smaller platforms. Exorbitant price increases have forced estate agents to prioritize their marketing budget by spending more on established platforms such as Property24 (while receiving the same level of service) at the expense of smaller platforms.

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[380] Meeting between the Inquiry and MyProperty, 27 September 2021. Meeting between the Inquiry and Property Central, 25 October 2021.

[381] [redacted].

[382] MyProperty—oral submission from Mr Grove in the public hearing, 16 November 2021, page 6.

[383] [redacted]

4. BUSINESS USER COMPETITION

282. As indicated in the Inquiry's Terms of Reference, the treatment of business users is an important consideration for this Inquiry. This stems from a recognition that the dependency of business users, especially SMEs, on online platforms could potentially create the opportunity for exploitative and/or exclusionary conduct in respect of business user competition. In online classifieds platforms, the Inquiry considered the treatment of real estate agents and automotive dealerships by property and automotive classifieds platforms. In this regard, the Inquiry considered:

282.1. Pricing conduct of platforms: (i) whether platforms discriminate against business users, particularly SMEs, impacting on participation and competition with larger users and (ii) the extent of annual price escalations and impact on business users; and

282.2. Ranking and appearance on platforms: (i) nature and type of booster packages offered by platforms and (ii) whether SMEs are able to participate and tap into benefits associated with these packages, or if this too discriminates against them.

4.1. Overview of pricing methods in classifieds platforms

283. Online classifieds platforms use different pricing models and apply different methodologies in their price setting mechanisms. Most smaller platforms do not charge any listing or subscription fee and are free to business users. However, smaller platforms such as Property360 and Immo Africa offers booster packages that improves the ranking and/or appearance of the business user on the platform – the price of these booster packages are significantly low when compared to established platform's packages. Therefore, the pricing behaviour of smaller platforms appears to be characterised by (i) no listing or subscription fee with the aim of attracting business users and building the necessary listing scale and (ii) significantly lower prices in instances where booster packages are offered – the aim is to monetise whilst attracting

business users. The prices of these smaller platforms would appear constrained by the leading platforms.

284. On the other hand, established platforms charge business users various fees that can broadly be categorised as (i) subscription and listing fees – for listing on the platform and (ii) booster packages fees – for improving appearance and ranking on the platform. Evidence suggests that the pricing model adopted by established platforms (i) discriminate against smaller business users and (ii) in some circumstances characterised by high annual escalation fees, thus, exploiting business users. The Inquiry discusses the established platforms' pricing models in more details bellow.

4.1.1. Price discrimination in property classifieds

4.1.2. Review of Property24 pricing regime

285. Property24's pricing model is based on lead volumes and the values of the property being advertised.[384] Property24 offers its business users different subscription packages, namely (i) for sale subscription (i.e. the subscription fee to list properties for sale on Property24) (ii) Rental listings, (iii) package subscriptions, (iv) business area model subscription fees, (v) development subscriptions and (vii) agency website subscriptions. In addition to the standard subscriptions, Property24 also offers value-added services to business users to enhance the appearance and the position of their listings on the platform. The Inquiry will focus on the subscription packages and value-added services that discriminate against business users and/or exploits business users through high annual escalation fees.

For sale subscription

286. Property24's pricing model requires a subscription for every "front door" or area agent, in other words, a subscription for each branch or franchise.[385] The platform uses a tiered lead-based subscription model. Business users list an unlimited number of properties on the platform, without duplication, and get billed based on the leads generated on all listed properties, for a particular calendar month. Property24 calculates and assigns business users to different lead brackets based on the number of leads generated. Table 11 below depicts Property24's for sale subscription rate card for 2017-2021.

[384] Submission by Property24 dated 10 September 2021.
[385] Submission by Property24 dated 10 September 2021.

Property24 introduced the value-based model for for-sale property listings in 2019. Prior to the value-based model, all business users were charged the same amount for leads, regardless of the value of the property listed.

Table 11:Property24 for sale subscription monthly fees from 2017- 2021

Number of For-Sale Leads	For-Sale Rates	
	2017	2018
1 - 10 leads	R 350	R 370
11 - 30 leads	R 915	R 1 055
31 - 50 leads	R 1 435	R 1 650
51 - 250 leads	R 1 950	R 2 240
251 - 500 leads	R 3 240	R 3 890
501 - 750 leads	R 3 600	R 4 320
751 - 1000 leads	R 4 200	R 5 250
1001 - 1500 leads	R 4 800	R 6 240
More than 1500 leads	R 5 520	R 7 730

Value-based model introduced					
For Sale Leads	**≤ R1.3m**	**R1.3m - R2.5m**	**R2.5m - R4m**	**R4m - R7m**	**> R7m**
2019					
1 - 10 leads	R 400	R 410	R 420	R 435	R 450
11 - 30 leads	R 1 120	R 1 155	R 1 190	R 1 225	R 1 260
31 - 50 leads	R 1 690	R 1 740	R 1 790	R 1 845	R 1 900
51 - 150 leads	R 2 475	R 2 550	R 2 625	R 2 705	R 2 785
151 - 250 leads	R 2 950	R 3 040	R 3 130	R 3 225	R 3 320
251 - 500 leads	R 4 125	R 4 250	R 4 380	R 4 510	R 4 645
501 - 750 leads	R 4 990	R 5 140	R 5 295	R 5 455	R 5 620
751 - 1000 leads	R 5 800	R 5 975	R 6 155	R 6 340	R 6 530
1001 - 1500 leads	R 7 200	R 7 415	R 7 635	R 7 865	R 8 100
More than 1500 leads	R 9 980	R 10 280	R 10 590	R 10 910	R 11 235
2020					
1 – 10 leads	R 428	R 444	R 462	R 488	R 515
11 – 30 leads	R 1 232	R 1 282	R 1 334	R 1 388	R 1 444
31 - 50 leads	R 1 893	R 1 970	R 2 050	R 2 140	R 2 234
51 – 150 leads	R 2 822	R 2 933	R 3 058	R 3 196	R 3 341
151 – 250 leads	R 3 393	R 3 542	R 3 698	R 3 869	R 4 049
250 – 500 leads	R 4 744	R 4 951	R 5 175	R 5 410	R 5 665
500 – 750 leads	R 5 739	R 5 988	R 6 256	R 6 544	R 6 854
750 – 1000 leads	R 6 670	R 6 961	R 7 272	R 7 606	R 7 964
1000 – 1500 leads	R 8 496	R 8 883	R 9 298	R 9 749	R 10 235
More than 1500 leads	R 11 776	R 12 315	R 12 897	R 13 524	R 14 196
2021					
1 - 10 leads	R 463	R 480	R 500	R 528	R 557
11 - 30 leads	R 1 333	R 1 387	R 1 443	R 1 502	R 1 562
31 - 50 leads	R 2 048	R 2 132	R 2 218	R 2 315	R 2 417
51 - 150 leads	R 3 053	R 3 174	R 3 309	R 3 458	R 3 615
151 - 250 leads	R 3 671	R 3 832	R 4 001	R 4 186	R 4 381

251 - 500 leads	R 5 133	R 5 357	R 5 599	R 5 854	R 6 130
501 - 750 leads	R 6 210	R 6 479	R 6 769	R 7 081	R 7 416
751 - 1000 leads	R 7 217	R 7 532	R 7 868	R 8 230	R 8 617
1001 - 1500 leads	R 9 193	R 9 611	R 10 060	R 10 548	R 11 074
More than 1500 leads	R 12 742	R 13 325	R 13 955	R 14 633	R 15 360

Source: Property24 submission dated 10 September 2021.

Rental listings

287. For rental listings Property24 charges real estate agencies based on the distinct number of rental listings listed on the platform by the business user in a given calendar month.[386] This is different from the leads-based (value) model used in for-sale subscription.[387] The platform categorises rental subscriptions into residential and commercial properties (i.e. they cannot be bundled together). As an exception, agencies that are paying a rental subscription on residential rentals will not be charged a commercial rental subscription if they have 10 or less distinct commercial rental listings in the month, and *vice versa*.[388] Property24's rental listings rates are shown Table 12 in below.

Table 12: Property24 rental subscription fees from 2017- 2021

Rental Listings	Rental Fee				
	2017	2018	2019	2020	2021
1 - 10 slots	R 155	R 175	R 195	R 215	R 233
11 - 20 slots	R 285	R 325	R 360	R 400	R 433
21 - 50 slots	R 615	R 710	R 780	R 870	R 941
51 - 100 slots	R 1 150	R 1 325	R 1 460	R 1 610	R 1 742
More than 100 slots	R 11.5	R 13.2	R 14.5	R 16	R 17.3

Source: Property24 submission dated 10 September 2021

Package Subscriptions

288. The Package Subscriptions was introduced by Property24 in 2019.[389] According to Property24, the Package Subscriptions helps business users to manage their marketing budgets better.

[386] Submission by Property24 dated 10 September 2021.
[387] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 22-23: According to Property24, the for-sale market is different from the rentals market. The platform applies the lead-based model to incentivise real estate agents to list all their for-sale stock and less of rental listings on the portal. The rentals market is much more liquid, much more volatile and there is slightly less value in rental listings. Real estate agents also often neglect their rentals stock and do not remove it timeously on the platforms, once it is no longer available
[388] Submission by Property24 dated 10 September 2021.
[389] Submission by Property24 dated 10 September 2021: Property24 submits that the package was introduced at the request of the business users, to have a subscription package that would allow for them to have an all-inclusive fixed monthly fee covering as many of Property24's products as possible.

289. Package subscription rates are determined as follows:[390]

289.1. A fixed monthly fee is charged for the package and a monthly value-added service amount is available to spend on Promoted Listings or any other value-added service that Property24 may introduce in the future; and

289.2. The package cost charged to the business user is determined by the business user's "Lead-Price Bracket". To determine the Lead-Price Bracket for packages, average leads over the past 6 months are used together with the agency's current Median Price Bracket.

290. Table 13 below shows Property24's Lead-Price Bracket for Package Subscriptions. According to the business user's specific Lead-Price Bracket, the businesses user is assigned a package cost and a value-added service amount. If a business user wants to purchase additional value-added services than what it originally purchased when subscribing to the package, the business user can upgrade its value-added service spend at the additional costs.

Table 13: Property24's Lead-Price Bracket for Package Subscriptions and rates for 2021

Lead Price Bracket	2019 Package Cost	2020 Package Cost	2021 Package Cost	2019 Package VAS Amount	2020 Package VAS Amount	2021 Package VAS Amount
< 10 & ≤ R4m	R2 180	R2 387	R2 583	R1 000	R1 095	R1 185
< 10 & > R4m	R2 420	R2 650	R2 867	R1 450	R1 588	R1 718
> 10 & < 30 & ≤ R4m	R4 140	R4 533	R4 905	R2 280	R2 497	R2 702
> 10 & < 30 & > R4m	R4 600	R5 037	R5 450	R2 760	R3 022	R3 270
> 30 & < 50 & ≤ R4m	R5 220	R5 716	R6 185	R2 880	R3 154	R3 413
> 30 & < 50 & > R4m	R5 800	R6 351	R6 872	R3 480	R3 811	R4 124
> 50 & < 150 & ≤ R4m	R6 730	R7 369	R7 973	R3 700	R4 052	R4 384
> 50 & < 150 & > R4m	R7 480	R8 191	R8 863	R4 490	R4 917	R5 320
> 150 & < 250 & ≤ R4m	R8 000	R8 760	R9 478	R4 400	R4 818	R5 213
> 150 & < 250 & > R4m	R8 890	R9 735	R10 533	R5 330	R5 836	R6 315
> 250 & < 500 & ≤ R4m	R10 240	R11 213	R12 132	R5 630	R6 165	R6 671
> 250 & < 500 & > R4m	R11 380	R12 461	R13 483	R6 830	R7 479	R8 092
> 500 & < 750 & ≤ R4m	R11 900	R13 031	R14 100	R6 545	R7 167	R7 755
> 500 & < 750 & > R4m	R13 220	R14 476	R15 663	R7 930	R8 683	R9 395
> 750 & < 1000 & ≤ R4m	R13 650	R14 947	R16 173	R7 510	R8 223	R8 897
> 750 & < 1000 & > R4m	R15 170	R16 611	R17 973	R9 102	R9 967	R10 784
> 1000 & < 1500 & ≤ R4m	R16 600	R18 177	R19 668	R9 140	R10 008	R10 829
> 1000 & < 1500 & > R4m	R18 400	R20 148	R21 800	R11 080	R12 133	R13 128
> 1500 & ≤ R4m	R21 900	R23 981	R25 947	R12 065	R13 211	R14 294
> 1500 & > R4m	R24 300	R26 609	R28 791	R14 620	R16 009	R17 322

[390] Submission by Property24 dated 10 September 2021.

Source: Property24 submission dated 10 September 2021

Branded listings

291. Business users can choose to brand their listings on the search results page of for-sale and rental listings under Property24's Branded Listing Subscription offer. The branded listings rate is based on the area and number of properties listed in the relevant area. The listing fees charged depicted in the Table 14 below:

Table 14: Branded listing subscription fee charged to business users, 2018 - 2021

Number of Listing & Area	2018	2019	2020	2021
Standard Interest Areas	**Monthly Fee**	**Monthly Fee**	**Monthly Fee**	**Monthly Fee**
1 - 10 listings	R399	R460	R529	R572
11 - 300 listings	R565	R650	R748	R809
More than 300 listings	R660	R760	R874	R946
High Interest Areas	**Monthly Fee**	**Monthly Fee**	**Monthly Fee**	**Monthly Fee**
1 - 10 listings	R699	R770	R816	R883
11 - 100 listings	R1 010	R1 110	R1 221	R1 321
101 - 300 listings	R1 190	R1 310	R1 507	R1 631
301 - 500 listings	R1 295	R1 430	R1 645	R1 780
More than 500 listings	R1 440	R1 590	R1 829	R1 979

Source: Property24 submission dated 10 September 2021

Value Added Services

292. Property24 offers business users three distinct value-added service, namely: (i) features listings, (ii) premium listings and (iii) boosted listings. These offerings are collectively referred to by Property24 as "Promoted Listings". The value-added services are added to existing listings, thus, business users subscribe for the standard rates for their listings and are charged additional fees for the value-added packages of their choice.[391] The rates for these services on Property24 vary based on the type of packages and the number of listings that a business user may wish to augment. Property24's value added packages are summarised below:

292.1. Premium Listing bundles promotes the business user's listing to the top of the search results. On each search results page, one spot is reserved for one premium listing. When a business user purchases the Premium Listing bundle, Property24 makes a copy of the original listing, leaving the original at its original slot, and promotes the copy to the top of the page, above featured listings.[392] Premium Listings can also be promoted outside the area where they were originally listed, as the business user may wish. The business users have an

[391] Submission by Property24 dated 10 September 2021.
[392] Submission by Property24 dated 10 September 2021. Also see Submission by Property24 dated 21 June 2021.

option to buy this package for province, city or suburb search. Property24's rates for Premium Listing Bundles are shown in Table 15 below.

Table 15: Property24's Premium Listings Rates 2021

Quantity of Listings	Package fee	Cost per listing
5	R1 549	R309.80
10	R2 934	R293.40
20	R5 542	R277.10
30	R7 824	R260.80
40	R10 432	R260.80
50	R13 040	R260.80

Source: Submission by Property24 dated 21 June 2021.

292.2. Featured Listings bundle promotes the business users listing to the top of the page but below the premium listings. Featured Listings also last for 7 days and are placed on the platform based on the time and date of purchase.[393] Featured Listing Bundle also becomes beneficial for Estate Agent with open mandate listings as they get the priority spot against other Estate Agents who advertise the same property on the platform. Other benefits that come with this bundle include larger display and more images of the same listing. The rates for featured listings bundle are shown in Table 16 below.

Table 16: Property24's Featured Listings Rates 2021

Quantity	Package fee	Cost per listing
5	R1 967	R393.40
10	R3 726	R372.60
20	R7 038	R351.90
30	R9 936	R331.20

Source: Submission by Property24 dated 21 June 2021

292.3. Boosted Listings Bundle: is offered to business users to boost their ranking in standard listing search results. The Boosted Listings also allows the business users to have their listings on a bigger tile with their own profile pictures. The pricing for Boosted Listings is also area based and starts from R237 to R592 per property for a 30-day boost.[394]

[393] Submission by Property24 dated 10 September 2021. Also see Submission by Property24 dated 21 June 2021.
[394] Submission by Property24 dated 10 September 2021.

4.1.2.1. Price discrimination in Property24's pricing and the extent of price discrimination

293. The Inquiry observes that Property24's pricing model largely favour business users that have more listings and those that generate more leads from the platform. These are likely to be large real estate agents with national footprint. Moreover, the discrimination is across the majority of Property24 product categories including (i) For-sale subscription (ii) Rental listings, (iii) Branded listing subscription (iii) Package subscriptions and (iv) Value-added services.

Property24's price discrimination and extent of discrimination: for sale and rental subscription

294. In terms of for-sale subscriptions, the price per lead reduces as more leads are generated for real estate agent. With this pricing model small real estate agencies with limited stock pay more on per lead basis in comparison to more established real estate agencies that have large volume of stock listed. Real estate agents that lists large volume of stock are likely to generate more leads and benefit from this pricing model.

295. Table 17 below shows Property24's price per lead on for-sale subscriptions. In the calculations, the Inquiry take the upper value for each lead category to calculate price per lead. For instance, in 1 – 10 lead category, the Inquiry uses 10 leads in the calculations – In other words, the assumption is that each business user generates the highest number of leads per bracket or category.[395] The Inquiry follows the same upper value approach in determining the fees per listing – if the listing bracket is 11 – 300 listing, the Inquiry uses 300 listings in the calculations.

Table 17:Price per lead for-sale subscription for the period 2017 to 2021

For Sale Leads	Price per lead	
	2017	2018
10 leads	R 35.00	R 37.00
30 leads	R 30.50	R 35.17
50 leads	R 28.70	R 33.00
250 leads	R 7.80	R 8.96
500 leads	R 6.48	R 7.78
750 leads	R 4.80	R 5.76
1000 leads	R 4.20	R 5.25
1500 leads	R 3.20	R 4.16
1501 leads	R 3.68	R 5.15

Value-based model introduced					
For Sale Leads	Price per lead				
	< R1.3m	R1.3m - R2.5m	R2.5m -R4m	R4m - R7m	> R7m

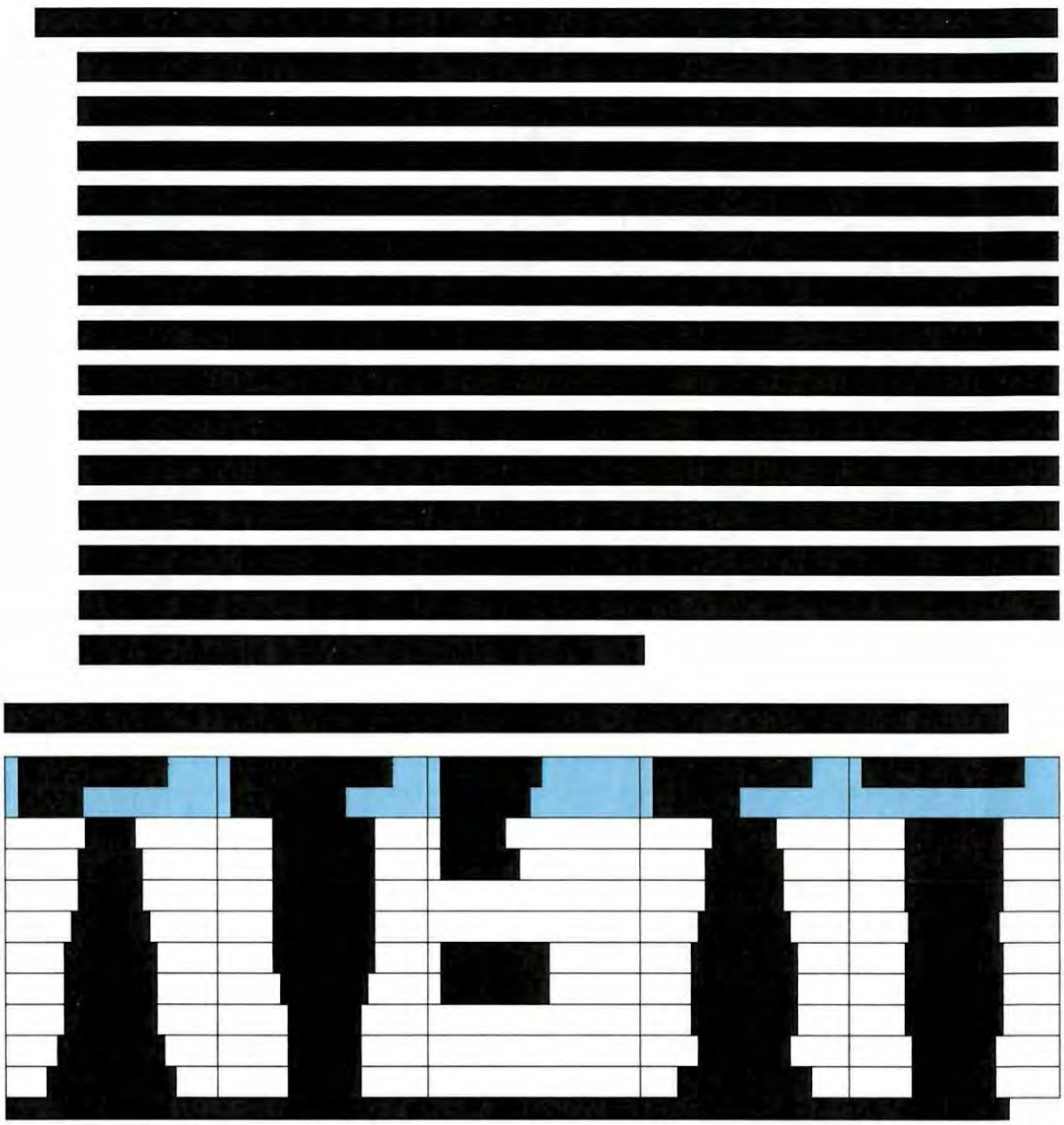
[395] The Inquiry follows this upper value approach in its price discrimination assessment of classifieds platforms throughout the report

2019					
10 leads	R 40.00	R 41.00	R 42.00	R 43.50	R 45.00
30 leads	R 37.33	R 38.50	R 39.67	R 40.83	R 42.00
50 leads	R 33.80	R 34.80	R 35.80	R 36.90	R 38.00
150 leads	R 16.50	R 17.00	R 17.50	R 18.03	R 18.57
250 leads	R 11.80	R 12.16	R 12.52	R 12.90	R 13.28
500 leads	R 8.25	R 8.50	R 8.76	R 9.02	R 9.29
750 leads	R 6.65	R 6.85	R 7.06	R 7.27	R 7.49
1000 leads	R 5.80	R 5.98	R 6.16	R 6.34	R 6.53
1500 leads	R 4.80	R 4.94	R 5.09	R 5.24	R 5.40
1501 leads	R 6.65	R 6.85	R 7.06	R 7.27	R 7.49
2020					
10 leads	R 42.80	R 44.40	R 46.20	R 48.80	R 51.50
30 leads	R 41.07	R 42.73	R 44.47	R 46.27	R 48.13
50 leads	R 37.86	R 39.40	R 41.00	R 42.80	R 44.68
150 leads	R 18.81	R 19.55	R 20.39	R 21.31	R 22.27
250 leads	R 13.57	R 14.17	R 14.79	R 15.48	R 16.20
500 leads	R 9.49	R 9.90	R 10.35	R 10.82	R 11.33
750 leads	R 7.65	R 7.98	R 8.34	R 8.73	R 9.14
1000 leads	R 6.67	R 6.96	R 7.27	R 7.61	R 7.96
1500 leads	R 5.66	R 5.92	R 6.20	R 6.50	R 6.82
1501 leads	R 7.85	R 8.21	R 8.60	R 9.02	R 9.46
2021					
10 leads	R 46.30	R 48.00	R 50.00	R 52.80	R 55.70
30 leads	R 44.43	R 46.23	R 48.10	R 50.07	R 52.07
50 leads	R 40.96	R 42.64	R 44.36	R 46.30	R 48.34
150 leads	R 20.35	R 21.16	R 22.06	R 23.05	R 24.10
250 leads	R 14.68	R 15.33	R 16.00	R 16.74	R 17.52
500 leads	R 10.27	R 10.71	R 11.20	R 11.71	R 12.26
750 leads	R 8.28	R 8.64	R 9.03	R 9.44	R 9.89
1 000 leads	R 7.22	R 7.53	R 7.87	R 8.23	R 8.62
1 500 leads	R 6.13	R 6.41	R 6.71	R 7.03	R 7.38
1 501 leads	R 8.49	R 8.88	R 9.30	R 9.76	R 10.24

Source: Commission's own compilation using Property24 rate cards

296. It is apparent from the **Error! Reference source not found.**above that the higher the number of leads a real estate agency generates the lower price per lead they are charged. Moreover, it is also apparent that Property24 has employed this pricing method over a long period of time. Therefore, over the past years small real estate agents have been significantly discriminated. For instance, in the 2021 rates the price difference between 10 leads (R46) and 500 leads (R10) for properties valued at R1.3million and below is 360%. Similarly, the price difference for customers that generates 30 leads (R44) and 500 leads (R10) for property valued at R1.3million and below is significantly high at 340%. The price difference is over 550% for real estate

agents with 10 leads (R46) and 1 000 leads (R7). This suggests that in certain circumstances, small real estate agents with lower number of leads pay prices that are 550% more than what other competing real estate agents with higher leads generation pay.



298. With respect to rental subscription, price per listing reduces as more rental stock is listed. With this pricing model small real estate agencies with limited stock to list pay

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more per listing in comparison to more established real estate agencies that have more listings.

Table 19: Price per lead for rental slot for the period 2017 to 2021

Rental leads	Price per lead				
	2017	2018	2019	2020	2021
10 slots	R 15.50	R 17.50	R 19.50	R 21.50	R 23.30
20 slots	R 14.25	R 16.25	R 18.00	R 20.00	R 21.65
50 slots	R 12.30	R 14.20	R 15.60	R 17.40	R 18.82
100 slots	R 11.50	R 13.25	R 14.60	R 16.10	R 17.42
101 slots	R 11.50	R 13.20	R 14.50	R 16.00	R 17.30

Source: Commission's own compilation using Property24 rate cards

299. Table 19 above confirms that the higher the stock a real estate agency lists, the lower the price per slot. For instance, in the 2021 rates the real estate agencies with 10 rental listings are charged R23 per listing and real estate agencies with 100 listings are charged R17 per listing – this translates to 35% price difference.

300. Given the extent of variation between the lowest brackets and the highest brackets, as demonstrated above, the pricing methods for Property24's for-sale and rental subscription has negative implications on SMEs/HDIs that have limited stock. The impact of Property24's discriminatory pricing methodology is aggravated by its substantial price increases which have been described by the real estate industry as "outrageous" and "exorbitant".[397] As explained by one of the small estate agents:

> *"These kinds of increases are creating a discriminatory environment to the haves and have not. This is the era whereby we talk transformation in the real estate agency sector but moves like these are denying that opportunity for new property practitioners who do not have the privilege of 'old money' to play in the industry space. We all know for anyone to succeed in this industry you need advertising money and an accommodating platform to expose your properties"*[398]

301. Similarly, Property24 rates vary by the number of listings of branded listing per business users. The higher the number of branded listings, the lower the price per listing. Therefore, estate agents with the higher number of branded listings receives a lower price per branded listing.

Table 20: Price per listing for branded listing for the period 2018 to 2021

Number of Listing & Area	2018	2019	2020	2021
Standard Interest Areas	Monthly Fee	Monthly Fee	Monthly Fee	Monthly Fee
10 listings	R40	R46	R53	R57

[397] Article by Property Professional accessed at https://propertyprofessional.co.za/2018/03/29/property24-defends-price-increases/ on 24 May 2022.
[398] Xoliswa Tini: Article by Property Professional accessed at https://propertyprofessional.co.za/2020/03/05/how-long-can-property24-increase-rates-in-this-way/ on 24 May 2022.

300 listings	R2	R2	R2	R3
301 listings	R2	R3	R3	R3
High Interest Areas	**Monthly Fee**	**Monthly Fee**	**Monthly Fee**	**Monthly Fee**
10 listings	R70	R77	R82	R88
100 listings	R10	R11	R12	R13
300 listings	R4	R4	R5	R5
500 listings	R3	R3	R3	R4
501 listings	R3	R3	R4	R4

Source: Commission's own compilation using Property24 rate cards

302. Based on the above table the higher the branded listing stock, the lower the price per branded listing. For instance, in the 2021 rates the real estate agencies with 10 rental listings are charged R88 per branded listing and real estate agencies with 100 listings are charged R13 per branded listing – this translates to 577% price difference. The price difference is significantly wide at 2 100% between real estate agencies with 10 branded listings (R88) and real estate agents with 500 branded listings (R4).

303. There is also price discrimination based on number of listings for value added services. Property24's rates vary by the number of promoted listings per business user. The platform submits that promoted listings bundle rates are computed using the agency's actual listings in the various cities/suburbs, and so will vary by area and by agency. The bigger the bundle size, the higher the discount on cost per promoted listing.[399] Property24's promoted listings bundle discounts are shown in Table *21* below.

Table 21: Property24's Promoted Listings Bundle Discounts as at 2021

Premium Listings		Featured Listings		Boosted Listings	
Quantity	**Discount**	**Quantity**	**Discount**	**Quantity**	**Discount**
5	5%	5	5%	5	15%
10	10%	10	10%	10	20%
20	15%	20	15%	15	25%
30	20%	40	20%	-	-
40	25%	-	-	-	-
50	30%	-	-	-	-

Source: Submission by Property24 dated 10 September 2021

304. For promoted listings bundles business users that have more stock to list on Property24 are charged less rates per listing compared to those with fewer promoted listings. The effect of this is that it further widens the gap between rates charged to big real estate agents and small real estate agents.

4.1.3. Review of Private Property's Pricing

305. Private Property employs a flat subscription rate pricing model wherein all business users in the same category get charged the same rates for unlimited listings and

[399] Submission by Property24 dated 10 September 2021.

leads.[400] Private Property's subscription fees are categorized by use; commercial and residential. The platform charges a flat rate of R2 195 for residential listings, R2 230 for commercial listings and R3 065 for business users with mandate for both commercial and residential property. Private Property also has a service offering to small and medium property agencies in the Kickstarter Package which costs R670. The offering is aimed at assisting small real estate agencies to list on Private Property at an affordable price. The Kickstarter Package allows the real estate agencies to list up to twenty listings by up to five agents and for the agencies to include their logos on the listings.[401]

306. Table below shows Private Property's subscription rates for 2021.

Table 22: Private Property standard subscription fees 2021

Category	Price
Residential Listing	R2 195
Commercial Listing	R2 230
Commercial and Residential Listing	R3 065
Kickstarter Package	R670

Source: Private Property presentation in the public hearings

307. In addition to the 4 packages above, Private Property also offers business users value-added services for business users to improve the appearance and ranking of their listings on the platform.[402] Private Property's value-added packages are also priced similar to the standard packages with a flat rate pricing model. Private Property's value-added packages include the following:

307.1. **Featured Listings Package** is for business users to secure the prime slot at the top of the results page and lasts for 30 calendar days. This package costs business users R480 for each featured listing.

307.2. **Featured Agent Package** is for business users who wish to display their photographs on all their property listings. The benefit for the business users is visibility, prominence, and increased engagements. This package is priced at R125 per month per agent.

307.3. **Branded Listing Package** is for agency branding on all its listings. Branded listings help business users with brand awareness and ultimately increased leads. This package is priced at R1 150.

[400] Private Property presentation in the public hearings, 16 November 2021.
[401] Private Property presentation in the public hearings, 16 November 2021.
[402] Private Property presentation in the public hearings, 16 November 2021.

4.1.3.1. Price discrimination in Private Property's pricing method

308. Private Property's pricing model creates significant discrepancies between the effective rate per listing paid by small estate agencies with limited listings relative to the large estate agency groups with potentially hundreds of listings at any one time. For instance, an estate agency listing 50 residential properties per month is charged R43,90 per listing, whist a large estate agency listing 500 properties gets charged R4,39 per listing. This represents 164% price difference. The Kickstarter package is an improvement as this comes to R33.50 per listing (with branding). This compares to the price per listing, with branding, for a 100 listing agency, but still remains at least three times more expensive than an agency with 350 or more listings.

309. This discrimination is also carried out in commercial listings. A business user listing 50 commercial properties per months gets charged R44,60 per listing, whilst a business user listing 500 properties gets charged R4,46. This represents 164% price difference. Table 23 below shows the price per listing for business users listing between 50 and 500 residential or commercial properties on Private Property.

Table 23: Price per listing for Private Property's listings

Number of listings	Price per residential listings	Price with branding	Price per commercial listings
20 Listing (Kickstarter)	R33.50	R33.50	
50 listings	R43,90	R66.90	R44,60
100 listings	R21,95	R33.45	R22,30
150 listings	R14,65	R22.30	R14,87
200 listings	R10,98	R16.73	R11,15
250 listings	R8,78	R13.38	R8,92
300 listings	R7,32	R11.15	R7,43
350 listings	R6,27	R9.55	R6,37
400 listings	R5,49	R8.37	R5,58
450 listings	R4,88	R7.43	R4,96
500 Listings	R4.39	R6.69	R4,46

Source: Commission's own compilation based on Private Property's submission

[redacted]It has also been submitted that Private Property discriminates against small real estate agencies by extending discounts on the standard listing fees to some large real estate agents.[403] Private Property contends that it does not extend any exclusive price discounts to the large real estate agents, instead when price discounts are extended, they are offered to all business users.[404] For instance, in 2020 Private Property extended a 25% discount to all its customers for 5 months as part of their Covid-19 relief aid to business users. [redacted]

312. A detailed examination of Private Property billing systems (including EAPPC joined billing) and invoicing (e.g. non-specificity of services) is required for the inquiry to satisfy itself that no discrimination and/or favourable terms are extent to EAPPC. Therefore, the Inquiry does not rule out the possibility of favourable terms being given to the largest estate agencies that are invested in Private Property and sit on the Board.

[403] 0800 Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 5.
[404] Private Property—oral submission from Mr Mwela in the public hearing, 16 November 2021, page 26.
[405] [redacted]

4.1.4. Review of AutoTrader's pricing regime

313. AutoTrader charges business users based on the number of vehicles they list and the region in which they wish to advertise.[406] The platform categorises its business users into 4 segments, per region (Gauteng, Inland and Coastal), business users who list between 1 to 20 vehicles, 21 to 60 vehicles, 61 to 120 vehicles and those who list between 121 to 350 vehicles. Business users who wish to list more than 350 vehicles are contracted with at a lower rate for standard listings, depending on the number of vehicles they wish to list.[407] For business users wishing to list more than 1,000 vehicles per month, and for large network dealers (i.e. dealerships that operate several branches and/or franchises), AutoTrader concludes bespoke agreements in which these parties negotiate the terms for the standard listing of such vehicles on AutoTrader's platform. Table 24 below shows AutoTrader's standard rate card from 2018 to 2021.

Table 24: AutoTrader's standard rates for 2018-2021

Listing Fee				
2018				
Vehicle Limit	**20 Vehicles**	**60 Vehicles**	**120 Vehicles**	**Above 120 Vehicles**
Gauteng	R 4 999	R 9 999	R 14 999	R 19 999
Inland	R 3 999	R 7 999	R 11 999	R 15 999
Coastal	R 2 999	R 5 999	R 8 999	R 11 999
2019				
Vehicle Limit	**20 Vehicles**	**60 Vehicles**	**120 Vehicles**	**No limit**
Gauteng	R 5 399	R 10 799	R 16 199	R 21 599
Inland	R 4 319	R 8 639	R 12 959	R 17 279
Coastal	R 3 239	R 6 479	R 9 719	R 12 959
2020				
Vehicle Limit	**20 Vehicles**	**60 Vehicles**	**120 Vehicles**	**250 Vehicles**
Gauteng	R 5 831	R 11 663	R 17 495	R 23 327
Inland	R 4 664	R 9 330	R 13 996	R 18 661
Coastal	R 3 498	R 6 997	R 10 496	R 13 996
2021				
Vehicle Limit	**20 Vehicles**	**60 Vehicles**	**120 Vehicles**	**350 Vehicles**
Gauteng	R 6 180.86	R 12 362.78	R 18 544.7	R 24 726.62
Inland	R 4 934.84	R 9 889.8	R 14 835.76	R 19 780.66
Coastal	R 3 707.88		R 11 125.76	R 14 835.76

Source: Autotrader

314. In addition to the standard listing services, AutoTrader also offers the business users value added packages that influence ranking and the appearance of the listings on the platform.[408] AutoTrader's value-added packages are summarised below:

314.1. **Premium Listings package** secures business users a spot on the first page of the platform's search results, above featured listings and claims that the listing

[406] Submission by AutoTrader dated 21 June 2021.
[407] Submission by AutoTrader dated 10 September 2021.
[408] Submission by AutoTrader dated 21 June 2021.

may get up to four times more views. This package maximizes visibility for business users on the platform as only 20% of consumers browse beyond the first page of AutoTrader's search results.

314.2. **Featured Listings Package** secures business users a spot on the first page of the search results, below the premium listings. This package claims business users get up to 30% more views.

314.3. **Listing Standout Package** allows business users to add more pictures on their adverts which helps their adverts to stand out from the rest and claims up to 20% more views by the consumers.

314.4. **Dealer Branding Package** offers dealerships an opportunity to add their brand logo on their adverts to get exposure and build credibility and trust for their brands. Dealer Branding claims business users get up to 40% more views.

314.5. **Featured Dealer Package** helps dealerships to showcase their dealership branding & cars in high visibility search positions. Dealerships are claimed to get up to 10% more views with this feature.

315. AutoTrader's value-added packages are also priced similarly to the standard listings pricing model, based on the number of listings per business user and the region where the business user is located. AutoTrader's value-added packages rates are shown in Table 25 below[409]. The lowest price is for 20 vehicles and the highest price is for 350 vehicles for each value-added package.

Table 25: AutoTrader's Value-Added Packages rates 2020

Standout Listings- Gauteng					Standout Listings- Inland				Standout Listings- Coastal			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
20 Vehicles	R749	R809	R849	R926	R599	R647	R699	R741	R499	R485	R524	R555
60 Vehicles	R1 499	R1 619	R1 748	R1 853	R1 199	R1 295	R1 399	R1 483	R899	R971	R1 049	R1 112
120 Vehicles	R2 249	R2 429	R2 623	R2 780	R1 799	R1 943	R2 098	R2 224	R1 349	R1 457	R1 573	R1 667
above 120	R2 999	R3 239	R3 498		R2 300	R2 591	R2 798		R1 799	R1 943	R2 098	
350 Vehicles				R3 708				R2 966				R2 224
Featured Listings- Gauteng					Featured Listings- Inland				Featured Listings- Costal			
20 Vehicles	R1 249	R1 349	R1 457	R1 544	R999	R1 079	R1 165	R1 235	R749	R809	R874	R926
60 Vehicles	R2 499	R2 699	R2 915	R3 090	R1 999	R2 159	R2 332	R2 472	R1 499	R1 619	R1 748	R1 853
120 Vehicles	R3 749	R4 049	R4 373	R4 635	R2 999	R3 239	R3 498	R3 708	R2 249	R2 429	R2 623	R2 780
above 120	R4 999	R5 399	R5 831		R3 999	R4 319	R4 664		R2 999	R3 239	R3 498	
350 Vehicles				R6 181				R4 944				R3 708
Premium Listings- Gauteng					Premium Listings- Inland				Premium Listings- Coastal			
20 Vehicles	R4 999	R3 239	R5 831	R6 181	R3 999	R4 319	R4 664	R4 944	R2 999	R3 239	R3 498	R3 707
60 Vehicles	R9 999	R6 479	R11 663	R12 363	R7 999	R8 639	R9 330	R9 889	R5 999	R6 479	R6 997	R7 417
120 Vehicles	R14 999	R9 719	R17 495	R18 545	R11 999	R12 959	R13 996	R14 835	R8 999	R9 719	R10 496	R11 126
above 120	R19 999	R12 959	R23 327		R15 999	R17 279	R18 661		R11 999	R12 959	R13 996	
350 Vehicles				R24 727				R19 781				R14 835

Source: Inquiry's compilation based on submission by Autotrader

[409] Submission by AutoTrader dated 21 June 2021, Annexure F4.

4.1.4.1. Price discrimination in AutoTrader's pricing and the extent of discrimination

316. AutoTrader differentiates based on volume of listing categories, but as with property classifieds, the difference in fees is far lower than the difference in volumes and therefore the effective rate per listing is substantially higher for small dealers relative to large dealers. In this regard, smaller business users with less stock to list pay more in comparison to larger business users with more stock on per listing basis as reflected in the table below (consistent with the above approach listing per vehicle is calculated using the upper values – assuming that the business user lists the maximum number of vehicles per bracket).

Table 26:AutoTrader's listing fee per vehicle

Listing Fee Per Vehicle				
2018				
Vehicle Limit	**20 Vehicles**	**60 Vehicles**	**120 Vehicles**	**Above 120 Vehicles**
Gauteng	R 249.95	R 166.65	R 124.99	R 166.66
Inland	R 199.95	R 133.32	R 99.99	R 133.33
Coastal	R 149.95	R 99.98	R 74.99	R 99.99
2019				
Vehicle Limit	**20 Vehicles**	**60 Vehicles**	**120 Vehicles**	**No limit**
Gauteng	R 269.95	R 179.98	R 134.99	R 179.99
Inland	R 215.95	R 143.98	R 107.99	R 143.99
Coastal	R 161.95	R 107.98	R 80.99	R 107.99
2020				
Vehicle Limit	**20 Vehicles**	**60 Vehicles**	**120 Vehicles**	**250 Vehicles**
Gauteng	R 291.55	R 194.38	R 145.79	R 93.31
Inland	R 233.20	R 155.50	R 116.63	R 74.64
Coastal	R 174.90	R 116.62	R 87.47	R 55.98
2021				
Vehicle Limit	**20 Vehicles**	**60 Vehicles**	**120 Vehicles**	**350 Vehicles**
Gauteng	R 309.04	R 206.05	R 154.54	R 70.65
Inland	R 246.74	R 164.83	R 123.63	R 56.52
Coastal	R 185.39		R 92.71	R 42.39

Source: Commission's own compilation based on AutoTrader rate cards

317. Table 26 above confirms that large business users with large stock to list pay significantly less price on per listing basis relative to small business users with less stock to list. For example, using the listing fees for 2021, a small dealership in Gauteng listing 20 vehicles pays R309.04 per vehicle and a larger dealership in the same province, listing 350 vehicle gets charged R70.65 per vehicle - this represents a 337% price difference. This discriminatory pricing has been carried out throughout the years as shown in table above. Furthermore, dealerships are also discriminated based on the geographic area from which they list. In this regard, evidence shows that dealerships in Gauteng pay more per vehicle listed on AutoTrader compared to dealerships in other regions.

318. Furthermore, the discrimination in listing fees is also carried out on value-added services. Similar to the standard listing subscriptions, business users with more vehicles pay less per vehicle for value-added services as reflected in Table 27 below.

Table 27:Value-Added Packages Price per Vehicle

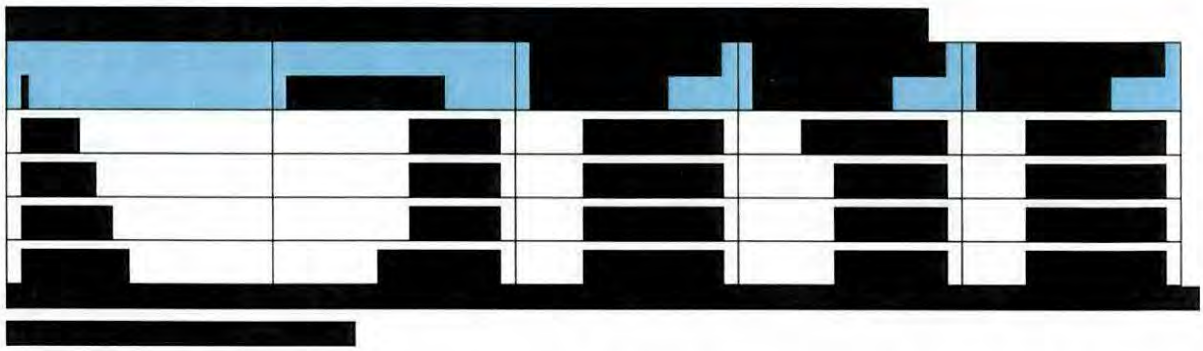
	Standout Listings- Gauteng				Standout Listings- Inland				Standout Listings- Coastal			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
20 Vehicles	R37.5	R40.5	R42.5	R46.3	R30.0	R32.4	R35.0	R37.1	R25.0	R24.3	R26.2	R27.8
60 Vehicles	R25.0	R27.0	R29.1	R30.9	R20.0	R21.6	R23.3	R24.7	R15.0	R16.2	R17.5	R18.5
120 Vehicles	R18.7	R20.2	R21.9	R23.2	R15.0	R16.2	R17.5	R18.5	R11.2	R12.1	R13.1	R13.9
above 120	R25.0	R27.0	R29.2		R19.2	R21.6	R23.3		R15.0	R16.2	R17.5	
350 Vehicles				R10.6				R8.5				R6.4
	Featured Listings- Gauteng				Featured Listings- Inland				Featured Listings- Coastal			
20 Vehicles	R62.5	R67.5	R72.9	R77.2	R50.0	R54.0	R58.3	R61.8	R37.5	R40.5	R43.7	R46.3
60 Vehicles	R41.7	R45.0	R48.6	R51.5	R33.3	R36.0	R38.9	R41.2	R25.0	R27.0	R29.1	R30.9
120 Vehicles	R31.2	R33.7	R36.4	R38.6	R25.0	R27.0	R29.2	R30.9	R18.7	R20.2	R21.9	R23.2
above 120	R41.7	R45.0	R48.6		R33.3	R36.0	R38.9		R25.0	R27.0	R29.2	
350 Vehicles				R17.7				R14.1				R10.6
	Premium Listings- Gauteng				Premium Listings- Inland				Premium Listings- Coastal			
20 Vehicles	R250.0	R162.0	R291.6	R309.1	R200.0	R216.0	R233.2	R247.2	R150.0	R162.0	R174.9	R185.4
60 Vehicles	R166.7	R108.0	R194.4	R206.1	R133.3	R144.0	R155.5	R164.8	R100.0	R108.0	R116.6	R123.6
120 Vehicles	R125.0	R81.0	R145.8	R154.5	R100.0	R108.0	R116.6	R123.6	R75.0	R81.0	R87.5	R92.7
above 120	R166.7	R108.0	R194.4		R133.3	R144.0	R155.5		R100.0	R108.0	R116.6	
350 Vehicles				R70.6				R56.5				R42.4

Source: Commission's own compilation based on AutoTrader's rate cards

319. Based on the table above in 2021 a dealership listing 20 vehicles in Gauteng was charged R46.30 per vehicle for standout listing package whilst a dealership listing 350 vehicles in the same province, purchasing the same product, was charged R10.60 per vehicle – this represents a 336% price difference. The discrimination is carried out in all the value-added services and the percentage difference varies per package – the Inquiry notes that the price difference are significant across all packages. For instance, in premium listing package, the percentage difference in 2021 prices between dealerships with 20 vehicles and those with 350 vehicles is 338%.

[redacted]

[redacted]



[redacted]

321. The extent of discrimination against smaller dealerships is further exacerbated by the fact that AutoTrader extends discounts to group dealerships (over and above the observed high degree of discrimination in the standard listing rates) – these group dealerships enters into negotiated contracts with AutoTrader and receive favourable terms. These discounts are exclusive to group dealerships and further widens the gap between small and large dealerships in terms of listing fees per vehicle. The discounts offered are dependent on the volume of vehicles a dealership group commit to list, which is across all dealers in the group and so this is treated differently to independent dealers.

322. For instance, one dealership group has 15 dealerships within it and collectively they can contract for more than [1000] cars to secure a discount.[410] Their price for a standard listing plus standout, dealer branding and featured listing is in the range of a pure standard listing for a dealer in the 121-350 category as per the table above. In other words, compared to a small 1-20 dealer, that dealership group pays roughly a third of the price with all the visibility boosters other then premium listing. [redacted] As discussed below, the discrimination does result

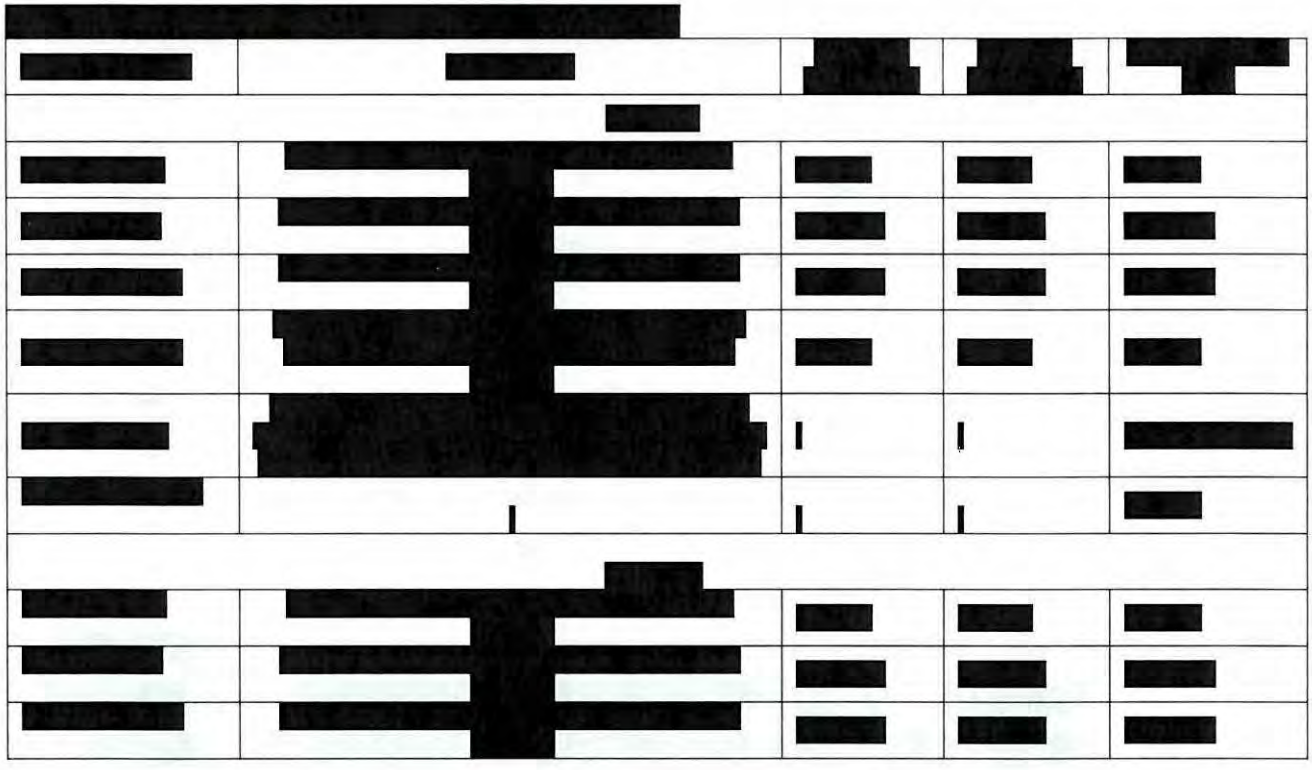
[410] Submission by AutoTrader dated 10 September 2021.

in larger dealers being able to purchase more visibility that has benefits on the platform relative to smaller dealers that cannot.

4.1.5. Review of Cars.co.za pricing regime

[redacted]In terms of Cars.co.za pricing model, standard listing rates differ based on the size of the dealership and the region in which a business user wishes to advertise. The platform offers 3 standard packages, which are: [redacted]

[redacted]

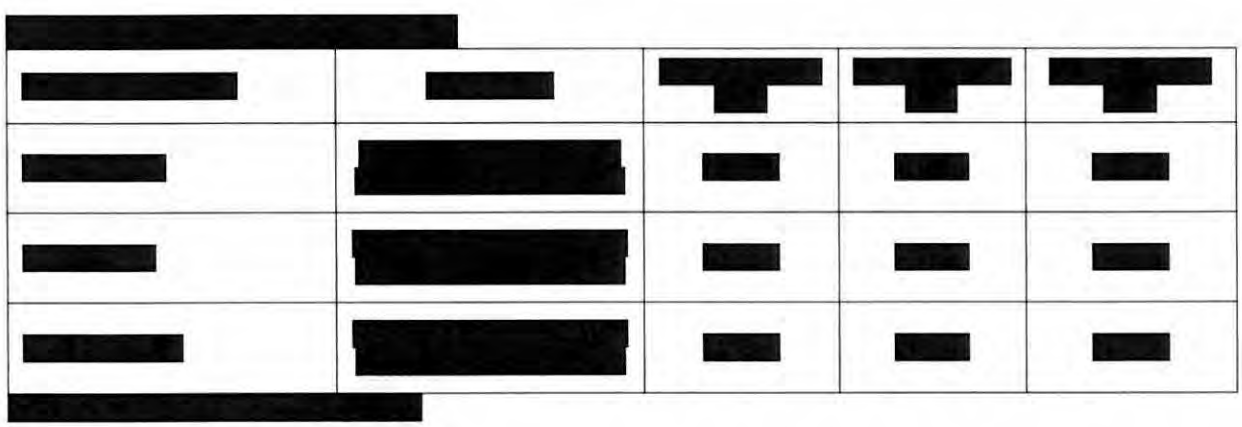


[redacted]



Source: submission by Cars.co.za dated 20 September 2021

In addition to the standard packages, Cars.co.za also has a value-added service package which helps to improve the appearance of the listings on the platform. Cars.co.za only offers one value-added service, the Premium Package.[414] The platform does not have any package that influences ranking on the platform. According to Cars.co.za it aims to make the search and ranking as transparent and intuitive as possible for the consumers, without sponsored ranking.[415]



4.1.5.1. Price discrimination in Cars.co.za pricing and the extent of discrimination

Similar to AutoTrader, Cars.co.za pricing model also differentiate based on volume of listings.[416]The difference in fees is far lower than the difference in volumes and therefore the effective rate per listing is substantially higher for small dealers relative to large dealers. However, the difference or levels of discrimination are far lower than that of

[414]Submission by Cars.co.za dated 20 September 2021.
[415] Cars.co.za—oral submission from Mr McIlroy in the public hearing, 17 November 2021, page 18.
[416] Cars.co.za—oral submission from Mr McIlroy in the public hearing, 17 November 2021, page 9-10.

Autotrader. [redacted]

329. The extent of discrimination against smaller dealerships is further exacerbated by the fact that Cars.co.za has group dealerships which comprise of groups of dealers that are provided with a bulk volume discount given the number of dealerships they represent.[417] The listing fees for group dealerships on Cars.co.za are determined through negotiations between the platform and each dealership. Cars.co.za submits that the discounts afforded to group dealerships are less than 20% of the standard rates[418]. [redacted][419]

4.1.6. How does the price discrimination and its extent affect small business users?

330. Small business users have limited marketing budget and their main aim is to allocate the budget across various advertising channels such as other vertical platforms, billboards, print advertising etc. The high prices paid by small business users forces them to prioritise their marketing budget on established platforms. Thus, smaller

[417] Cars.co.za—oral submission from Mr McIlroy in the public hearing, 17 November 2021, page 56- 57.
[418] Cars.co.za—oral submission from Mr McIlroy in the public hearing, 17 November 2021, page 57.
[419] [redacted]

business users are left with far less marketing budget to support other initiatives and competing smaller platforms. Smaller business users marketing exposure end-up being limited and focused on the established platforms due to the high price of subscription and booster packaging fees.

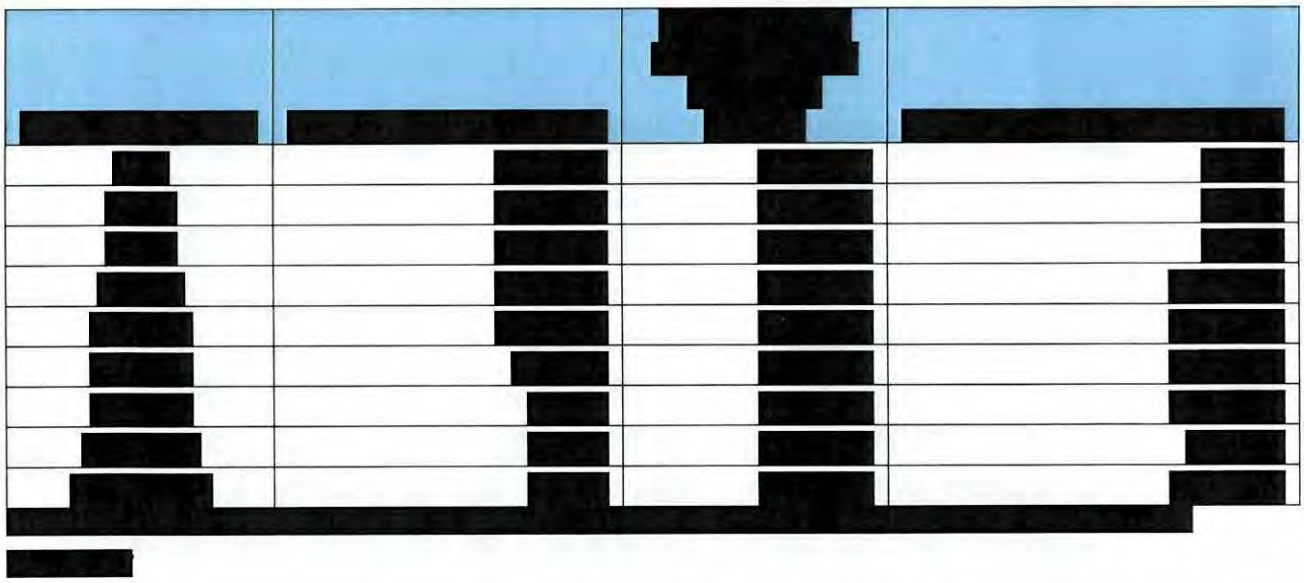
331. Furthermore, due to high subscription fees, the ability of small business users to purchase value-added services (e.g., premium and featured) from the established platform is constrained. The high subscription fees force small business users to channel their limited budget towards subscribing and listing their stock on the platform – value-added services can only be purchased once a business user has subscribed and listed stock on the platform. This implies that high subscription fees severely constrain small business users from fully maximising the benefits associated with value-added services. This is further aggravated by the fact that small business users are also highly discriminated in the purchase of these value-added services. The combination of discrimination on both fronts results in less takeup by SMEs and HDPs.



[redacted]

[redacted] For Property24 the scenario is even more pronounced in respect of promoted listings. The table below shows that the proportion of agencies in each lead volume category that make use of promoted listings. [redacted]

[redacted]



334. In response to these concerns, the platform's put forward two main lines of argument. First, that these costs are only a fraction of the total revenue derived by estate agents and dealerships and therefore it should not make any difference to their ability to participate on the platform and buy visibility. Second, the remarkable claim that there is either no benefit or marginal benefit of the visibility packages. The Inquiry is unpersuaded by both arguments as the evidence is contrary to the claims:

On the first argument:

334.1. The submissions on the proportion of fees was assumption laden in a manner that understated the costs. For instance, for property sites the assumption was

that properties sold in a month so the only listing cost was a month. This is plainly not the case for properties as reports on the property sites themselves over time indicated that the norm can be anywhere from 3-4 months.

334.2. Regardless, using percentage of revenue is misleading as agencies and dealers have a range of other cost they need to recover with that margin on the sale. If these are considered relatively competitive markets, then there is a normal profit after accounting for these other costs. This implies that when one estate agency or dealer is required to pay substantially more for marketing costs through the classified platform, it must mean that they need to cut back elsewhere. This is likely to be on purchasing visibility on the platform which is important to drive leads, as has been demonstrate on the evidence above, or other marketing channels such as a broader use of smaller platforms, as also evidenced above.

334.3. Another option is simply not participating on the platform. In this respect, it is enlightening that properties valued over R1.2m make up 80% of the listings on the property sites but only account for 20% of the country's housing stock.[420] It is glaringly apparent that only a small proportion of the sub-R1.2m properties are in fact listed on the property portals. It would seem that the higher fees of these portals, especially for smaller agencies, is likely to make up an even larger portion of the margins on low priced houses and therefore discourage listing. The same is the case for motor vehicles.

335. The second claim is discussed below in terms of the sale of visibility. At this stage suffice it to say that the promotional material of the platforms that make use of visibility boosters clearly claim there are benefits, and the vast amounts of money spent by the larger agencies and dealers on these suggest that they derive value from that. The expert evidence also had material flaws. In auto classifieds the analysis was based on leads when the platform itself had clearly stated that accurate tracking of leads was not possible and that is why it charged per listing. In property, there was a comparison of views and listings but boosters such as promoted listings were often used strategically such as to revive interest in a property that had long been on the market. As such, the platform's own analysis which examined the views and leads for the preceding and following weeks was the more appropriate controlled experiment than comparing the leads for a property just on the market compared to one that had been there for months.

[420] CityMark SA Housing Market Report 2020, pg 2 available at (https://housingfinanceafrica.org/documents/south-africa-national-housing-market-report/)

4.1.7. Platform's justification to price discrimination and the validity of justification

336. Established platforms have provided reasons and justification for charging business users prices that varies with volume listed and leads generated (in case of Property24). These justifications are also contained in various experts reports prepared by the platform's economic advisors. The Inquiry highlights some of the justifications put forward by the established platforms:

336.1. The price differentials recognise the value that is brought by the large business users that bring more stock to the platform for the benefit of consumers.[421] The difference is justified due to the greater value that large business users bring in terms of attracting customers/consumers on the other side of the platform in the form of more listings.[422]

336.2. Cars.co.za puts forward a costs justification and argues that the rationale for the reduction in price with the increase in the number of vehicles advertised is based on the cost of providing services to the customer.[423] Cars.co.za contends that since not all costs increase in line with the number of vehicles advertised, there is effectively a higher cost (per vehicle advertised) to service the smaller dealerships, resulting in the effective price reduction based on volume.[424]

337. The Inquiry also note the arguments that established platforms are not dominant and the price differential does not result in a substantial lessening of competition.

338. The claim that the platforms are not dominant and there is no SLC from the practice misunderstands the law insofar as this is not a s9 abuse of dominance investigation but rather a market inquiry. Under a market inquiry, the test is whether any feature of a market impedes, restricts or distorts competition (s43C(1)) with particular reference to SMEs and HDPs. This does not require dominance be found, nor that the effect is substantial, only adverse. However, as these submissions were made in relation to Autotrader and Property24, the evidence outlined above is clear that both are in fact dominant in their respective classified markets, and the Tribunal has already found that

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[421] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 70.
[422] Submission by AutoTrader dated 10 September 2021. AutoTrader—oral submission by Mr. Mienie in the public hearing, 17 November 2021. Page 45-50. Similarly, AutoTrader states that it benefits more from dealerships with more stock as they increase the variety of vehicles advertised on the platform and accordingly attracts consumers.
[423] Cars.co.za—oral submission from Mr McIlroy in the public hearing, 17 November 2021, page 59
Submission by Cars.co.za dated 20 September 2021. Cars.co.za states that while some costs, such as the cost of generating leads and hosting costs, increase in line with the number of vehicles advertised, other costs such as customer service costs, platform development and maintenance as well as administrative costs, do not necessarily increase directly in line with the number of vehicles advertised.
[424] Cars.co.za—oral submission from Mr McIlroy in the public hearing, 17 November 2021, page 59.

in respect of Autotrader. Furthermore, the s9 has also been amended to include the provision under subsection (1)(a)(ii) of 'impeding the effective participation of SMEs and HDPs' which means even under an abuse investigation there would be no need to demonstrate substantiality. Regardless, the extent of discrimination is such that the effect is likely substantial based on the evidence of how it impacts on visibility and participation.

339. The Inquiry notes that the significant difference in fees cannot be justified by significant costs increase – there are no basis for cost justification against the observed exorbitant differentials. In fact there has not been any attempt to furnish actual evidential documents/reports using costs to justify the extent of the price differentials. In other words, no evidence has been put forward to quantify differences in costs despite some claims that smaller dealers or agents take disproportionately more administrative time. The Inquiry also notes that most of the smaller agencies and dealers make use of third party listing software engines which interface with the platforms and whose interconnection is managed by the listing engines. This means the interface is effectively at scale much like a large agency with its own listing engine.

340. The Inquiry accepts that it is important to have the larger business users on the platform (it is this reason the Inquiry finds that the lack of support for some small platforms by large business users as harmful to competition), it is also important to have small business users and this is why platforms seek to sign them up. Smaller agencies and dealers collectively bring a substantial portion of the total number of listings, and often are disproportionately more represented in smaller cities and towns which provides the platforms with geographic reach and scale.

341. Even if the Inquiry was to accept the proposition that larger business users warrant a lower commission fee or listing fee because they bring more listing to the platform, the primary difficulty for the platforms and the advisors is to justify the absolute extent of that difference. The platforms have failed to rationalise why the actual extent of difference is warranted. As noted above, the cost arguments have not been substantiated at all. On the value arguments, the high point is simply that more value is brought by larger and no attempt has been made to show that the value difference aligns with the fee difference.

342. One of the big problems for the value argument is even just the extent of differential across the leading platforms, where for instance the difference is more than [300%] on

Autotrader compared to [50-60%] on Cars.co.za. If large dealers bring the same value to both platforms, why is it that the differential in pricing is so different. The only rational explanation is that what differs is the extent of exploitation of the dependency of smaller agencies and dealers by one platform relative to another. All that the value argument entails is that the larger agencies or dealers have some bargaining power by dint of their volumes, however marginal, and therefore can engage in some form of negotiation on fees (noting that even large users complain of the fees). In contrast, the smaller agencies and dealers have absolutely no bargaining power and so are open to exploitation. As platforms seek to maximise the revenue generated on the platform, one means of this is to charge smaller agencies and dealers far more knowing they are generally reliant on the platform. It is no accident that the platform with greater discrimination in each market is also much more profitable. It is also the case that all the leading platforms are enormously profitable as discussed next.

4.2. Fee levels and escalation of fees

343. [redacted] However, the Inquiry has received submissions claiming that the fees charged by the established platforms are unaffordable in general (and in particular to small business users) and the annual fee escalations by the platforms are exploitative (again in particular to small business users).[425] In this section the Inquiry discusses the established platforms' fee levels and escalations as well as impact on business users. The evidence received by the Inquiry largely relates to property classifieds. However, for completeness the Inquiry assesses price escalations by all the established platforms including automotive.

4.2.1. Property24's annual escalations

344. Property24's prices are reviewed annual with effect from April every year. A review of the price charged over the past 5 years revealed that Property24 has implemented above inflation price increases.[426] In an article by Property Professional dated March 2020, Property24 indicated that their subscription fees are likely to always increase above inflation. The platform justifies its above inflation increases by pointing out that

[425] Article by Property Professional accessed at https://propertyprofessional.co.za/2020/03/05/how-long-can-property24-increase-rates-in-this-way/ on 11 May 2022. 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 14-15.
[426] Submission by Property24 dated 10 September 2021.

its business costs also increase each year, with its biggest spend being on technical staff and marketing.[427] Property24 further indicated that these costs also increase above the inflation rate. Property24's price increases from 2017 to 2020 for for-sale listings and rental listings are shown in **Error! Reference source not found.**Table 33 below.

Table 33: Property24's for-sale leads price increases 2017-2018

Leads	2017 (5,27% inflation rate)		2018 (inflation 4,62%)		
1 - 10 leads	0%		6%		
11 - 30 leads	15%		15%		
31 - 50 leads	15%		15%		
51 - 250 leads	15%		15%		
251 - 500 leads	20%		20%		
501 - 750 leads	20%		20%		
751 - 1000 leads	20%		25%		
Value-based model introduced					
Leads	**< R1.3m**	**R1.3m - R2.5m**	**R2.5m - R4m**	**R4m - R7m**	**> R7m**
2019 (4,13% inflation rate)					
1 - 10 leads	8%	11%	14%	18%	22%
11 - 30 leads	6%	9%	13%	16%	19%
31 - 50 leads	2%	5%	8%	12%	15%
51 - 150 leads	10%	14%	17%	21%	24%
151 - 250 leads	32%	36%	40%	44%	48%
251 - 500 leads	6%	9%	13%	16%	19%
501 - 750 leads	16%	19%	23%	26%	30%
751 - 1000 leads	10%	14%	17%	21%	24%
1001 - 1500 leads	15%	19%	22%	26%	30%
More than 1500	29%	33%	37%	41%	45%
2020 (3,27% inflation rate)					
1 - 10 leads	7%	8%	10%	12%	14%
11 - 30 leads	10%	11%	12%	13%	15%
31 - 50 leads	12%	13%	15%	16%	18%
51 - 150 leads	14%	15%	16%	18%	20%
151 - 250 leads	15%	17%	18%	20%	22%
251 - 500 leads	15%	16%	18%	20%	22%
501 - 750 leads	15%	16%	18%	20%	22%
751 - 1000 leads	15%	17%	18%	20%	22%
1001 - 1500 leads	18%	20%	22%	24%	26%
More than 1500	18%	20%	22%	24%	26%

Source: Property24 submission dated 10 September 2021

[427] Article by Property Professional accessed at https://propertyprofessional.co.za/2020/03/05/how-long-can-property24-increase-rates-in-this-way/ on 11 May 2022.

345. The Table 34 above shows that Property24 has increased fees at double-digit percentages annually for a sustained period. In 2017 and 2018 some business users were experiencing a 15% to 25% increase in for-sale subscription fees. In 2019, Property24's customers experienced the most significant price increases with some increases ranging from 32% to 48% on for-sale leads. Customers with lesser number of leads experienced lower increases. Property24 submits that this is meant to close the price gap between the larger business users and the smaller business users[428]. In 2020, Property24 persisted with double-digit percentage annual increases, however, the increase ratios were lower compared to 2019 ratios. The fee increases for 2021 were 8.2% across all leads categories. It seems the pandemic influenced their decision to contain the increases.

Table 34:Rental listings price increases

Slots	2017 (5,27% inflation rate)	2018 (4,26 % inflation rate)	2019 (4,13% inflation rate)	2020 (3,27% inflation rate)	2021 (4,28% inflation rate)
1 - 10 slots	15%	13%	11%	10%	8,4%
11 - 20 slot	16%	14%	11%	11%	8,3%
21 - 50 slot	15%	15%	10%	12%	8,2%
51 - 100 slot	15%	15%	10%	10%	8,2%
More than 100	15%	15%	10%	10%	8,1%

Source: Property24 submission dated 10 September 2021

346. For rental listings the price increases have ranged between 8% and 16% over the past four years. The Inquiry notes that between 2017 and 2020, Property24 only implemented double-digit price increases for rental listings across all slot categories.

Table 35: branded listings price increases

Number of Listing & Area	2018	2019	2020
Standard Interest Areas	**Monthly Fee**	**Monthly Fee**	**Monthly Fee**
1 - 10 listings	0%	15%	15%
11 - 300 listings	10%	15%	15%
More than 300 listings	10%	15%	15%
High Interest Areas	**Monthly Fee**	**Monthly Fee**	**Monthly Fee**
1 - 10 listings	0%	10%	6%
11 - 100 listings	10%	10%	10%
101 - 300 listings	10%	10%	15%
301 - 500 listings	8%	10%	15%
More than 500 listings	20%	10%	15%

Source: Property24 submission dated 10 September 2021

[428] Submission by Property24 dated 10 September 2021.

347. Property24 has also increased the prices of branded listings by double-digits over the past years as reflected in Table 35 above.

4.2.2. Private Property's fee escalations

348. Private Property reviews its listing fees on an annual basis. The platform submits that its price increases have been in line with the inflation rate.[429] In the recent past Private Property's price increases have not exceeded 8%. Between 2020 and 2021, Private Property did not increase its prices for 22 months. In addition, the platform extended a 25% discount to all its business users for a period of five months, from 1 April to 31 August 2020. This was to give business users a relief, following the impact of Covid-19 on the property industry. In 2021 Private Property enacted a 6% price increase.

4.2.3. AutoTrader's fee escalations

349. AutoTrader's subscriptions are reviewed on an annual basis. The increase ratios are determined in line with the inflation rate and the perceived value that business users derive from the platform.[430] For the financial year ending 2021, AutoTrader implemented a 6% increase, 8% in 2020 and 2019 and 0% increase in 2018. AutoTrader submits that value for business users is created by investing on marketing to attract and grow the platform audience.

4.2.4. Cars.co.za's fee escalation

[redacted]

4.3. Dependency and market power of Property24

[429] Private Property —oral submission from Mr Mwela in the public hearing, 16 November 2021, page 26-28.
[430] Submission by AutoTrader dated 10 September 2021.
[431] [redacted]

351. The high annual fee escalation seem to be limited to property classifieds, particularly, Property24. In property classifieds there is more of an imbalance as Property24 generates substantially more leads than Private Property, relative to automotive platforms where Autotrader has a less substantial lead over Cars.co.za. This results in business users being disproportionately more dependent on Property24. Various small platforms and organisations such as Rebosa have identified Property24 as a market leader that generates high volume of leads for estate agents. Moreover in the survey, approximately 74% of the estate agents indicated that Property24 constitute more than 50% of their revenue. Therefore, business users are highly dependent on Property24. Property24 market share is greatly above 50% mark. All these factors coupled with high barriers to expansion confers some degree of market power to Property24. It is this market power that Property24 has exercised by implementing significant annual fee increase, thus, exploiting business users.

4.3.1. Profitability of Property24 and exploitation of business users

352. The persistent high price increases charged by Property24 has allowed the platform to be spectacularly profitability and easily within excessive pricing territory. The extent of profitability also confirms the degree of entrenchment.

353. The effects of these high prices are closely related with the discriminatory prices effects discussed above in that high prices (i) increases the costs of real estate agents (ii) due to limited budget estate agents are forced to pioritise Property24 and the other established platform and thus potentially re-allocating budget meant for smaller platforms and (iii) smaller estate agents are unable to increase their exposure within the platform by purchasing value-added services due to high prices. In addition, because of the importance of Property24, the need for visibility boosters increases which means revenues from value-added services increases over time as well, contributing to the cost of using the platform.

354. The Inquiry also received submissions from 0800Properties, a small real estate agent, indicating that the price increases by Property24 made the platform to be unaffordable and as a result the entity no longer lists with Property24.[432] 0800Properties used to list with Property24 until 2018 and moved to Private Property, for cheaper rates after being offered a discount. 0800Properties submits that real estate agents set aside marketing budgets and list on online classified platforms according to that budget. 0800

[432] 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 13- 15.

Properties' limited marketing budget limits the entity from listing on both leading platforms for greater exposure. The entity further submits that listing fees account for the largest portion of real estate agents operating costs, especially for small entities with limited income.[433]

4.3.2. Justification for price escalations by Property24

355. Property24 contends that it is the only advertising medium available in the property market that offers the most value to business users at the lowest cost per lead. The price increases are implemented to reflect the value to business users, while still maintaining the lowest cost per lead.[434] Property24 submits that before 2017, real estate agents relied largely on print media and were still adjusting to online advertising. As a result, Property24 charged lower prices. As more real estate agents shifted to use online advertising, they realised its value and became more willing to pay the "appropriate" fees for online advertising. Property24 also contends that despite price increases, the platform continues to charge real estate agents the lowest fees compared to its main competitor, Private Property, and historical prices that were paid by business users for print media. Property24 is also of the view that its prices are below global prices for online classified.

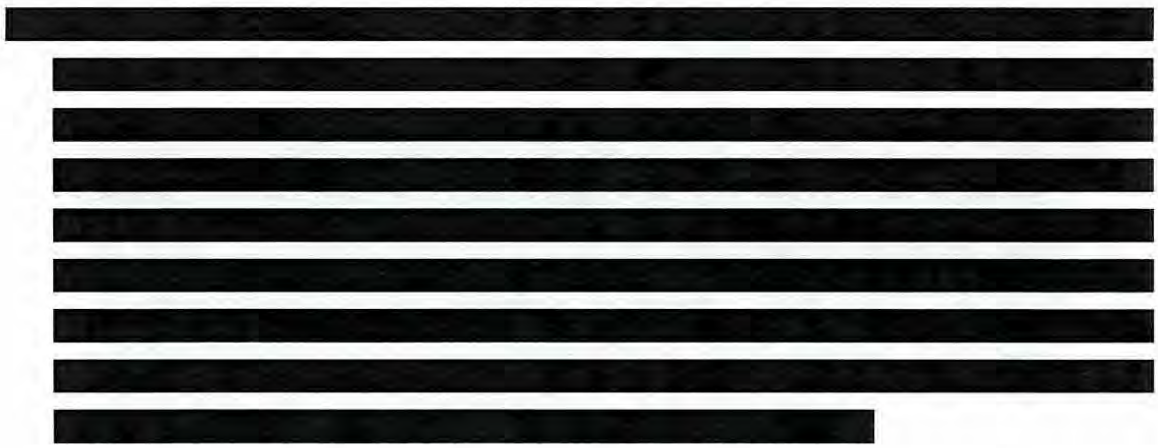
356. [redacted] Property24 submits that leads are not the sole metric of a portal.[435] According to Property24, business users do not only list on classifieds platforms to generate leads, but to also create awareness around their brands. Thus, business users derive value from more traffic browsing their stock on the platforms. Traffic to the classifieds platforms includes consumers who are not currently looking to buy or rent a property. However, those consumers could in future remember those business users when they are looking for property to buy or rent.[436] [redacted]

357. However, the number of for-sale leads generated from the platform have not been increasing at the same rate. In 2018 and 2019, the number of for-sale leads generated from Property24 decreased by [5−15] % and [1−5] %, respectively. In 2020 Property24

[433] 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 13.
[434] Submission by Property24 dated 10 September 2021.
[435] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 76.
[436] Property 24—oral submission from Mr JP Farinha in the public hearing, 16 November 2021, page 76.

saw a positive growth of [15−25] % in for-sale leads. For rental listings, the portal has been experiencing growth over the years – with growth ranging from [5 −15] %. The Inquiry observes that the platform's price increases over the years have not been in accordance with growth in leads generated from the platform and the increase in site traffic did not translate to growth in leads by the same margin or percentage. Ultimately Property24 charges on the basis of leads which is what it puts forward as the relevant measure to agencies, except it seems when it is time to increase prices.

358. However, a relevant question is what would the pricing be if faced with more effective competition such that agencies could potentially switch away from Property24 without sacrificing leads. This is where the profitability of the platform becomes relevant. Furthermore, as platforms become more important, so usage and visibility boosters become more prevalent raising income above price increases. The price increases have far outstripped inflation which is a benchmark for cost increases, but there are also scale benefits for a platform which means costs do not rise in proportion to listings.



360. Property24 claims that some reward is required for the losses incurred in the early stages of building the platform. One problem with this argument is that Property24 has not had any injection of capital from Naspers as confirmed in the public hearings, and most businesses make an investment up front and seek to generate a return on that investment, whether it is physical plants or technology / customer acquisition. The absolute returns being made are extremely high and if they were to continue then the return on investment would also be extremely high. Again, the true counterfactual is what if the platform faced real constraints. The Inquiry notes that other leading platforms are also highly profitable, even if not as profitable as Property24, with Private Property the one exception in recent times. However, Private Property is capable of higher

margins as was evident in some years, but has seen an escalation in costs recently such as marketing to boost consumer traffic which has served to depress margins.

4.3.3. Conclusions and findings on pricing conduct

361. The Inquiry makes a provisional finding that the pricing practices of all the leading automotive and property classified platforms are discriminatory and that discrimination is so large that it restricts and distorts competition amongst business users, especially SMEs and HDPs. The Inquiry also finds that the level of profitability of leading platforms is also exceeding high and reflective of the market power that exists with these platforms, and the lack of competitive constraints. The Inquiry finds that the high profitability is exploitative, but this is mostly in respect of the SMEs and HDPs which pay the substantially higher prices relative to the largest business users. As such, addressing discrimination may itself go some way to addressing the high profitability and excessive returns.

4.4. Visibility and discoverability: Value-added services

362. In online classifieds, the appearance and ranking of listings on the platform is crucial for business users. With the sole exception of Cars.co.za, the platforms have also expanded the use of sponsored ranking and featured listings and these now account for a material share of the revenue generated. The use of value-added services by business users influences ranking and appearance of listings on the platforms and those business users with adequate financial resources derive additional opportunities for their listings to standout. As there is also discrimination across sponsored ranking prices in addition to listing fees, the typical result is that larger agencies and dealers are the ones that benefit from this regime.

4.4.1. Importance of value-added services features and associated benefits

363. The value-added packages offered by the platforms have different features and benefits. The packages with most features and benefits such as prime ranking spot and more information on the listings cost business users more. The duration of the packages also varies by platform. Some platforms keep promoted listings for a month whilst others keep promoted listings for a week. Thus, the benefits of these packages are limited to those business users that have enough financial resources to spend on a regular basis.

364. The benefits associated with the use of value-added packages are contained in various marketing brochure used by established platform to promote and sell visibility to the business users. Some of the benefits as highlighted by the established platforms includes:

364.1. Property classifieds: platforms offers featured listing packages that improves ranking for a listings on the top of the search results page. For platforms that offers this kind of package, the benefits to business users are: (i) generating more and increased leads, selling more homes (ii) revitalising an old listing (iii) customers maximum exposure, increased engagements and six times more views on the listings (iv) brand promotion and exposure and getting the property out of grouping where property is listed by a number of agencies.[437]

364.2. Automotive classifieds: for platforms that offers premium and featured listings package which secures business users a spot on the first page of the platform's search the benefits includes maximum visibility for business users on the platform. One automotive platform states that only 20% of consumers browse beyond the first page of their search results and featured listings guarantees 20% more views by the consumers. [438]

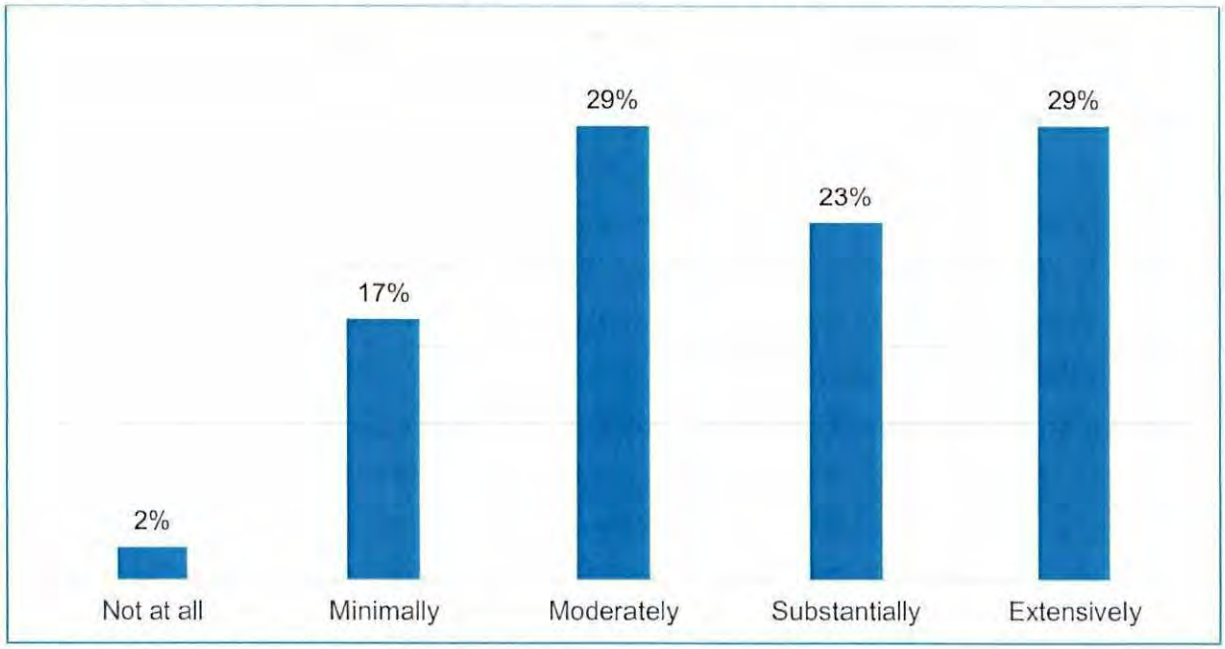
365. 0800Propeties confirms that value-added services that influence the appearance of listings on the platforms are equally important since consumers engage more with listings that contain information and branding of the selling estate agent.[439] The importance and benefits of value-added services is also reflected in the Inquiry's survey whereby the majority of business users indicated that value-added services contribute a substantial part of their revenue. This is because value-added services provides the relevant exposure and leads that can be converted into sales.

366. In a survey conducted by the Inquiry, business users indicated the extent to which high ranking on customer searches or a prominent display position contribute towards their sales. In property classifieds, approximately 52% of the real estate agents indicated that high ranking or prominent display position contribute *"substantially"* and *"extensively"* towards their revenue. Approximately, 19% of the real estate agents characterised the contribution as *"minimal"* or *"not at all"*.

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[437] Submission by Property24 dated 10 September 2021 and Submission by Private Property dated 05 July 2021, Annexure P10.
[438] Submission by AutoTrader dated 21 June 2021.
[439] 0800Properties—oral submission from Mr Manning in the public hearing, 16 November 2021, page 11-12.

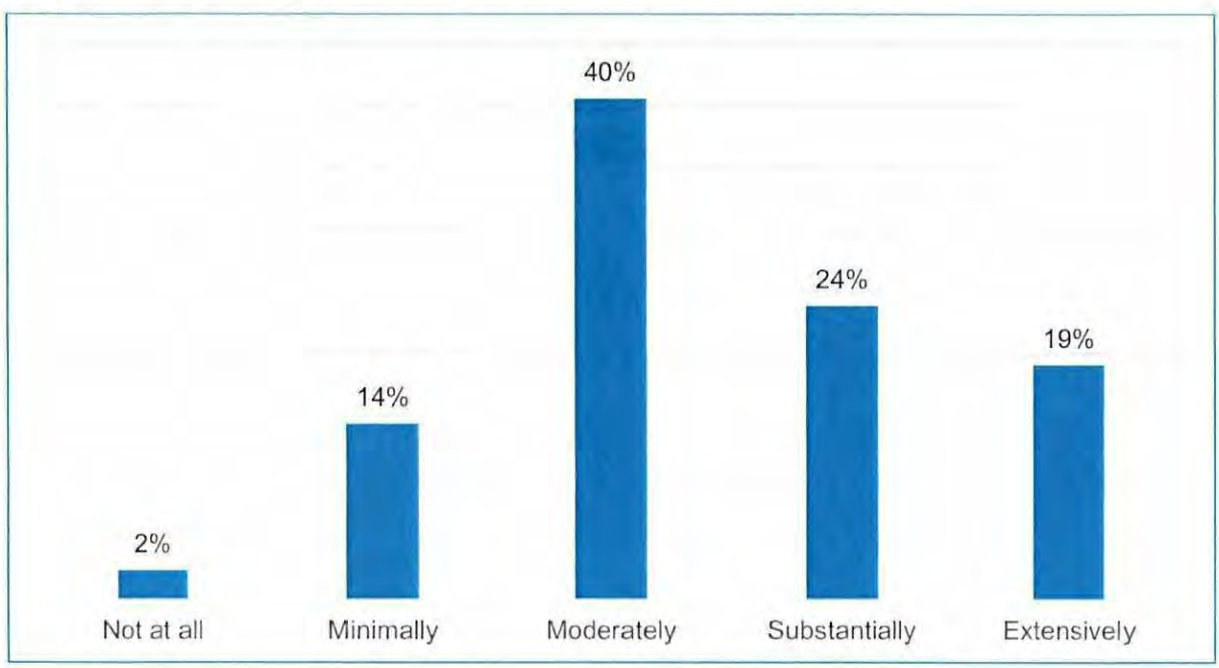
Figure 15: Extent of high ranking or prominent display position



Source: The Inquiry's survey results conducted 2021

367. In automotive classifieds, approximately 43% of the car dealerships indicated that high ranking or prominent display position contribute *"substantially"* and *"extensively"* towards their revenue. Approximately, 16% of the car dealerships characterised the contribution as *"minimal"* or *"not at all"*.

Figure 16: Extent of high ranking or prominent display position



Source: The Inquiry's survey results conducted 2021

368. The Inquiry notes that AutoTrader and Property24 (economic experts) have argued that visibility boosters either do not impact, or not materially impact, on the number of page views and leads generated on classified platforms. However, this claim based on data analysis of the leads or views from promoted and unpromoted listings is in stark contrast to the claims of the platforms (referenced in detail above) and the views of the business users as documented immediately above. It is also in contrast to the high levels of take up of visibility boosters and branding/impression enhancements. In terms of the actual data analysis, there were a number of flaws which resulted in the erroneous conclusions.

368.1. In the case of Autotrader, the expert sought to argue that leads was a better measure of impact and determined on the data that promoted listings did not generate much additional leads even if there were far more views. The first difficulty with this analysis is simply that Autotrader itself has identified that leads constitute 'a very leaky bucket' and for this reason it does not rely on leads at all, [redacted][440] [redacted]

[redacted]

369. As outlined above, the views of the business users and the large proportion of revenue generated by these products also reveal their value to the dealers.

[redacted]

[redacted]

370. For Property24, it was argued that there are more views but no materially higher leads being generated by the premium and featured products. This analysis was simply based on counting the number of leads for featured and premium listings in a month compared to those that were not the subject of these products.

371. [redacted]

Their analysis is different insofar as it recognises that these products only boost visibility for a week, and so Property24's analysis considers the number of leads in that week for the same property relative to the week before and the week after. It is therefore using a relevant control group. The reason this is important is that listings on property24 start to drop down in the listings as they age. The purpose of featured and premium is often to refresh an old listing that is now far down the SERP and therefore what matters is how it performs relative to how it was performing. The fact that it generates similar leads to other properties located near the top does not detract from the effectiveness in boosting its performance relative to where it was and where other similar properties would be.

372. It has been argued[443] that few of the actual listings on the platform were promoted listings, and that it typically made up a small proportion of the first page SERP for most suburbs. Whilst the proportion is low, the reason is that featured and promoted listings are used strategically by mostly larger agencies, which is how they are sold by Property24. For instance, Property24 indicate to agencies that Premium listings are used to get or retain sole mandates, promote brand, reward best listings and promote outside of area. Featured listings on the other hand improve ranking, generate more leads, revitalise old listings, pull out of the open mandate group and build brand. As such, the use provides a strategic value but also an edge over rivals where competition is more fierce, such as highly competitive suburbs (top 100 suburbs) and where open mandates exist (so the consumers see your agency first).

373. As outlined above, the views of the business users and the large proportion of revenue generated by these products also reveal their value to the agencies.

[redacted]

4.4.2. Uptake of the value-added services and its revenue contribution to platforms

374. The uptake on value-added services by business users has increased significantly overtime. Evidence from some platforms indicate that the uptake has increased in terms of (i) the proportion of business users using the value-added packages and (ii) the actual number of business users using the value-added services. For instance, evidence from some platforms revealed that in June 2021 [20-30%] of the business users were utilising the value-added packages – this is a significant increase in comparison to January 2017 were [10-15%] of the business users were utilising value-added services. Similarly, the number of business users using value-added services for the same platform has effectively doubled in the four years to June 2021.

Table 36: Uptake in value-added service for the period 2017 to 2021

Description	31-Jan-17	31-Jan-18	31-Jan-19	31-Jan-20	31-Jan-21	30-Jun-21
Proportion of business users using value-added services	[10-15%]	[15-20%]	[15-20%]	[20-30%]	[20-30%]	[20-30%]
Number of business users using value-added services	[500-600]	[700-800]	[900-1000]	[1000-1100]	[1000-1100]	[1100-1200]
% increase in number of business users using value-added services		[30-40%]	[20-30%]	[10-15%]	[-1 - -5%]	[10-15%]

Compiled by the Inquiry

375. The Inquiry found that in one classified platform, upwards of 40% of listing were subject to some ranking boost purchase, and over 70% of listings had purchased a branding or larger impression enhancement. In one property platform, the most popular suburbs with high listing numbers and more intense competition could have over 80% of the results on the first page subject to some promotion, and for the top 100 suburbs overall there was 20% or more of the first SERP being promoted listings.

376. The sale of visibility now contributes significantly to the revenues and profitability of most leading platforms. [redacted]

377. It is important to note at this point that there is no transparency to the public searching on these sites that the particular impressions have paid to appear at the top of the

SERP, such as an 'Ad' or 'Sponsored' demarcation. Rather, these are often billed in a manner which suggests they have been carefully selected by the platform for the consumer, using terms such as featured listing, featured dealer, premium listing or promoted listing. This is in fact misleading to the consumer as there is no special selection by the platform but simply a payment from the agency or dealer. The Inquiry is of the view that the lack of transparency contributes materially to the ability to sell far more visibility on the platform and at higher prices. This is largely because consumers may react differently to what is correctly displayed as advertising relative to what they currently perceive as premium platform picks of particular relevance to their search. The Inquiry does take a different view of impression enhancements which may make the listing standout but does not influence its position in the ranking.

4.4.3. Impact of value-added services on small business users

378. The evidence outlined above demonstrates that smaller agencies and dealers make less use of promoted rankings on the platforms. The Inquiry finds that this is the result of extensive pricing discrimination on both standard and promoted listings. The promoted listings also have a material impact on the performance of the listing. As outlined above, this is apparent from the assessment of the platforms themselves in support of promotional material around these products, and is also evident from the business user survey responses and the revealed preferences based on spend on these products. The combination of greater use by larger agencies and dealers, and the material impact of the promotional products must logically mean that the practice distorts competition and in particular impedes SMEs and HDPs (many of which are SMEs) in the market.

4.4.4. Conclusion and findings

379. The Inquiry finds that value-added services are important to business users as it provides them with various benefits such as exposure and leads. Further, the uptake in these value-added services by business users is increasing overtime whilst its contribution to platform revenue is substantial. However, evidence indicate that the selling of visibility favours larger business users. Larger business users are charged substantially less and therefore can afford to pay for a visibility package on top of a standard package and still potentially pay less per listing than SMEs.

APPENDIX A: STAKEHOLDER ENGAGEMENTS

List of all stakeholder engagement: submissions, meetings, public hearing and In-Camera

Market Conduct Abuse of Dominance all RFIs Submissions-Case Number – 2020Nov0022

Submission made by	Stakeholder type	Submission made By	Full reference	Report Reference
Property24	Property Platform	14-May-21	Nick Altini/ Leana Engelbrecht	Submission by Property24 dated 14 May 2021
Private Property	Property Platform	09-Apr-21	Avias Ngwenya	Submission by Private Property dated 09 April 2021
Gumtree	Horizontal Platform		Barend Swart	Submission by Gumtree

Inquiry RFIs Submissions

Submission made by	Stakeholder type	Submission date	Report shorthand Reference
Carfind	Automotive Platform	15-Sep-21	Submission by CarFind dated 15 September 2021
Cars.co.za	Automotive Platform	18-Jun-21	Submission by Cars.co.za dated 18 June 2021
Cars.co.za	Automotive Platform	30-Jun-21	Submission by Cars.co.za dated 30 June 2021
Cars.co.za	Automotive Platform	10-Sep-21	Submission by Cars.co.za dated 10 September 2021
Cars.co.za	Automotive Platform	20-Sep-21	Submission by Cars.co.za dated 20 September 2021
Cars.co.za	Automotive Platform	21-Jan-22	Submission by Cars.co.za dated 21 January 2022
Autotrader	Automotive Platform	21-Jun-21	Submission by AutoTrader dated 21 June 2021
Autotrader	Automotive Platform	10-Sep-21	Submission by AutoTrader dated 10 September 2021
Autotrader	Automotive Platform	21-Jan-22	Submission by AutoTrader dated 21 January 2021

Property24	Property Platform	21-Jun-21	Submission by Property24 dated 21 June 2021
Property24	Property Platform	10-Sep-21	Submission by Property24 dated 10 September 2021
Property24	Property Platform	19-Jan-22	Submission by Property24 dated 19 January 2021
Private Property	Property Platform	05-Jul-21	Submission by Private Property dated 05 July 2021
Private Property	Property Platform	18-Oct-21	Submission by Private Property dated 18 October 2021
Private Property	Property Platform	26-Jan-22	Submission by Private Property dated 22 January 2021
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
Entegral Technologies/ MyProperty	Property Platform	26-Sep-21	Submission by MyProperty dated 26 September 2021
Entegral Technologies/ MyProperty	Property Platform	25-Jan-22	Submission by MyProperty dated 25 January 2021
[redacted]	[redacted]	[redacted]	[redacted]
Property Central	Property Platform	17-Jan-22	Submission by Property Central dated 17 January 2021
[redacted]	[redacted]	[redacted]	[redacted]
Sandown Motor Holdings	Business User (Car dealership)	17-Sep-21	SMH response to the Survey Questionnaire dated 17 September 2021.
[redacted]	[redacted]	[redacted]	[redacted]

0800Properties	Business User (Estate Agency)	11-Oct-21	0800Properties response to survey questionnaire and questions dated 20 September 2021
Real Estate Business Owners of South Africa	Estate professionals representative body	17-Jan-22	Submission by REBOSA dated 17 January 2022

Meetings: Inquiry and market participants

Meeting held with	Stakeholder type	Meeting date	Meeting with	Report shorthand Ref
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Property Central	Property platform	25-Oct-21	Randir Jhagaroo and Vusumuzi Ngwenya	Meeting between the Inquiry and Property Central, 25 October 2021
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Entegral Technologies/ MyProperty	Property platform	27-Sep-21	Adriaan Grové	Meeting between the Inquiry and MyProperty, 27 September 2021
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Statement of Issues ("SOI") and Further Statement of Issues ("FSOI")

Submission made by	Stakeholder type	Submission full name	Submission date	Submission made By	Report shorthand Reference
Cars.co.za	Automotive Platform	Cars.co.za response to the Statement of Issues by Burton Phillips (Cars.co.za lawyers)	06-Aug-21	Burton Phillips/ Andriza Liebenberg	Submission by Cars.co.za dated 06 August 2021- Response to the SOI
Cars.co.za	Automotive Platform	Cars.co.za response to Further Statement of Issues by Burton Phillip (Cars.co.za lawyers)	01-Oct-21	Burton Phillips/ Andriza Liebenberg	Submission by Cars.co.za dated 01 October 2021- Response to the FSOI
Naspers Limited	Automotive and property platform (Parent company)	Naspers response to the Statement of Issues	30-Jun-21	Phuthi Mahanyele - Debengwa	Submission by Naspers dated 30 June 2021- Response to the SOI
Naspers Limited	Automotive and property platform (Parent company)	Naspers response to Further Statement of Issues	06-Oct-21	Phuthi Mahanyele - Debengwa	Submission by Naspers dated 06 October 2021- Response to the FSOI

Public Hearings

Firm/Company	Stakeholder type	Public Hearing date	Participants	Report Reference
Carfind	Automotive Platform	17-Nov-21	Rian van Jaarsveld and Mellissa Viljoen	CarFind—oral submission 17 November 2021
Cars.co.za	Automotive Platform	17-Nov-21	Ross McIlroy and Alistair MacMurry	Cars.co.za—oral submission 17 November 2021
AutoTrader	Automotive Platform	17-Nov-21	George Mienie and Sjoerd Nikkelen	AutoTrader—oral submission, 17 November 2021
Property24	Property Platform	16-Nov-21	JP Farinha and Sjoerd Nikkelen	Property24—oral submission, 16 November 2021
Private Property	Property Platform	16-Nov-21	Amasi Mwela, Carl van den Berg and Solomon Kwaza	Private Property—oral submission, 16 November 2021
Property Central	Property Platform	15-Nov-21	Randir Jhagaroo	Property Central—oral submission, 15 November 2021

Entegral Technologies/ MyProperty	Property Platform	15-Nov-21	Adriaan Grové	MyProperty —oral submission, 15 November 2021
0800Properties	Estate Agency	16-Nov-21	Geoff Manning	0800Properties — oral submission, 16 November 2021
Sandown Motor Holdings	Automotive Dealership	18-Nov-21	Roy McAllister	SMH —oral submission, 18 November 2021
Real Estate Business Owners of South Africa	Estate professionals representative body	29-Nov-21	Jan le Roux	REBOSA—oral submission, 29 November 2021

In-Camera Sessions

Firm/Company	Stakeholder type	Public Hearing date	Participants	Report Reference
AutoTrader	Automotive Platform	25-Feb-22	George Mienie and Sjoerd Nikkelen & Economic Experts	AutoTrader—oral submission, 25 February 2022
Property24	Property Platform	31-Jan-22	JP Farinha and Sjoerd Nikkelen and Experts	Property24—oral submission, 31 January 2022.