



**Australian
Competition &
Consumer
Commission**

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Dear interested party

Sensis Pty Ltd - proposed acquisition of Australian Local Search Pty Ltd (TrueLocal)

The Australian Competition and Consumer Commission (**ACCC**) is reviewing the proposed acquisition by Sensis Pty Ltd (**Sensis**), a subsidiary of Telstra Corporation Ltd (**Telstra**), of Australian Local Search Pty Ltd, which is a subsidiary of News Ltd and trades as TrueLocal (**proposed acquisition**).

The ACCC is considering the proposed acquisition under section 50 of the *Competition and Consumer Act 2010* (**Act**). Section 50 of the Act prohibits acquisitions that substantially lessen competition in a market, or are likely to do so. The purpose of this letter is to seek your comments on the proposed acquisition.

Background

Telstra is an Australian public company that is listed on the Australian Stock Exchange. Telstra, via Sensis, owns and operates a number of print and online search and marketing businesses, including the:

- Yellow Pages;
- White Pages;
- 1234 and 12456 Call Connect voice services;
- *Whereis* digital mapping services; and
- *Quotify* request-for-quote service.

Sensis distributes its business listings and other information through a variety of different distribution channels, including:

- Print directory listings;
- Websites and publications produced and distributed by Sensis itself (such as the Yellow Pages Online, *Whereis* and CitySearch websites);
- Websites operated by certain syndication partners of Sensis (such as Google, Ninemsn and Yelp); and

- Users of a search application programming interface (**API**) made available by Sensis which provides web developers with automated access to information from Sensis' listings database for the purpose of publishing that information onto their own web applications.

TrueLocal operates an online directory of Australian businesses via the website www.truelocal.com.au. TrueLocal was previously known as Australian Local Search, before it was acquired by News in 2005. In February 2006, it was re-launched as TrueLocal by News' online division, News Digital Media.

TrueLocal's core business is digital advertising and it does not independently produce any printed directories, although it co-brands with the Geelong, Bellarine Peninsula and Surf Coast Business, Service and Street Directory.

Sensis and TrueLocal overlap in the supply of online business directories for all general merchandise, services and businesses.

Request for submissions

The ACCC is seeking comments from interested parties to assist with its review and would welcome any comments that you have in relation to the competition effects of the proposed acquisition. Some questions you may wish to address in your submission are provided in **Attachment A**.

If the information provided is of a confidential nature, you can be assured the details provided by you will be treated confidentially. That is, the ACCC will not disclose the confidential information to the merger parties or other third parties, other than advisors or consultants engaged directly by the ACCC, without first providing you with notice of its intention to do so, such as where it is compelled to do so by law. Please note that any information provided by you that you believe to be of a confidential nature should be clearly marked or identified as such.

Please provide your response by no later than **13 February 2013**. Responses may be emailed (preferably in PDF format) to mergers@accc.gov.au with the title: Submission re: **Sensis Pty Ltd- proposed acquisition of Australian Local Search Pty Ltd (TrueLocal)** (attention Apará Tayal).

If you have any queries or would like to discuss a response by telephone, please contact Darren Toh on (02) 9320 9134 or Apará Tayal on (02) 9230 9154.

Updates regarding the ACCC's assessment of this matter will be available on the ACCC's Public Mergers Register at www.accc.gov.au/mergersregister.

Yours sincerely



Rami Grejss
General Manager
Merger Investigations Branch

Background

1. Provide a brief description of your organisation including any relationship to Sensis or TrueLocal (e.g., user, advertiser, web publisher, supplier or interested third party).

Relevant Market/s

2. Please address how an online search engine (for example, Google) represents a competitive alternative to, and/or complement to, online business directories (such as Sensis and TrueLocal) for businesses seeking to advertise. Relevant factors in this regard may include functionality, user reach and cost.
3. Please address the extent to which each of the following types of advertising represent competitive alternatives to online business directories for advertisers:
 - online display advertising (banner ads);
 - online classifieds advertising (for example, real estate.com.au, jobsearch.com.au); and/or
 - specialised online sites (for example, UrbanSpoon, Groupon).

Current Competition

4. Please address whether Sensis and TrueLocal are close competitors and your reasons. For example, please compare their functionality, user reach and cost, and/or provide examples or information identifying how they respond to each other's offers or target similar customer/user demographics.
5. Do you consider that free and/or 'freemium' listings on online business directories impose a competitive constraint (for example, in terms of pricing) on paid online business directories? Please provide your reasons.

Likely Competitive Effects

6. Please address the extent to which Google would provide a competitive constraint on pricing by Sensis for supply of online business directory services, post-acquisition.
7. Please identify alternative online business directories (for example, Hotfrog and Startlocal) and the extent to which they would provide an effective competitive constraint on pricing by Sensis, post-acquisition.
8. Please address whether TrueLocal has been a vigorous and effective competitor (for example, in terms of pricing, functionality and/or innovation) for the supply of online business directory services, and your reasons.
9. Please describe the extent to which online business directories are affected by technological innovation (including mobile and location based services, such as FourSquare) and online trends (such as social media advertising on Facebook and Twitter).

10. Please identify any significant barriers (for example, network effects) that a new entrant, or existing supplier seeking to expand, would face in building a competitive online business directory service in competition to Sensis, post-acquisition.
11. Do you consider that the proposed acquisition would provide Sensis with the ability to increase prices for the supply of online business directory services, or would Sensis face sufficient competitive constraints? Please provide your reasons.
12. Please provide any other views or information that you consider may be relevant to the likely competition effects of the proposed acquisition.