



Our ref: MA1000019
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Dear interested party

Gumtree's proposed acquisition of Cox Australia Media Solutions (CarsGuide.com.au and Autotrader.com.au) – interested party consultation

The Australian Competition and Consumer Commission (**ACCC**) has received an application for authorisation from Gumtree AU Pty Ltd (**Gumtree**) for its proposed acquisition of Cox Australia Media Solutions Pty Ltd (**Cox Media**), which operates online platforms **CarsGuide.com.au** and **Autotrader.com.au (CarsGuide/Autotrader) (the proposed acquisition)**.

The ACCC invites you to comment on the application.

Gumtree and Cox Media (through its online platforms CarsGuide and Autotrader) both offer online automotive classified advertising within Australia:

- Gumtree operates gumtree.com.au, an Australian multiple category classified advertisement platform, which features automotive classifieds. Gumtree is owned by Ebay Inc. (**Ebay**), a global classified advertisement platform which operates in Australia through its website ebay.com.au.
- CarsGuide and Autotrader are automotive only platforms. CarsGuide offers automotive content, including articles and car reviews, as well as classifieds. Autotrader only offers automotive classifieds.

Gumtree and CarsGuide/Autotrader also supply space on their respective websites and mobile applications to third parties for display advertising.

The ACCC's review is focused on the likely effects on competition, as well as whether the public benefit from the proposed acquisition outweighs the public detriment. In particular, the ACCC is considering:

- how closely Gumtree and Cox Media (through CarsGuide/Autotrader) compete with each other in the supply of online automotive classifieds to commercial advertisers (e.g. car dealers) and private advertisers.
- whether competition from other online classifieds platforms (for example, CarSales.com.au, Facebook Marketplace, Drive.com.au and the Trading Post) will constrain Gumtree post-acquisition.

A full copy of the application for merger authorisation is available on the ACCC's [Merger authorisations register](#). **Attachment A** to this letter provides a summary of the parties, the competitive overlap and the proposed acquisition, including the public benefits claimed by Gumtree.

Merger authorisation

Merger parties may apply for merger authorisation from the ACCC, which gives them legal protection from section 50 of the Competition and Consumer Act 2010 (**the Act**) to acquire the relevant shares or assets.

The ACCC may grant merger authorisation if it is satisfied that either:

- the proposed acquisition would not be likely to substantially lessen competition, or
- the likely public benefit from the proposed acquisition outweighs the likely public detriment.

The ACCC has 90 days from the date that the application was lodged to make its decision, although it can extend the timeframe if the applicant agrees. In this case Gumtree has agreed to an extension due to the timing of the application, in particular the need to commence a public consultation process in mid-January when some potentially interested parties may not be available. This means that the ACCC has until 28 April 2020 to make its decision.

Further information on the merger authorisation process is available in the ACCC's [Merger Authorisation Guidelines](#).

Making a submission

Attachment B contains a list of issues and questions on which we are seeking submissions. Please feel free to comment on these issues, or on any other issues that you consider are relevant to the ACCC's consideration of the proposed acquisition.

Due to the statutory timeframe, we request that you provide your submission by no later than **10 February 2020**. Under the Act the ACCC may, but need not, take into account submissions received after this date. If you wish to make a submission but cannot provide it by the specified date you should contact us to seek an extension.

Submissions should be emailed to mergerauthorisations@acc.gov.au with the subject '[your company name]: Gumtree/Cox Media – submission'.

Alternatively, if you would like to provide comments orally, please contact Tim Byrne on 03 9658 6440 or Tessa Cramond on 03 9658 6516 to organise a suitable time.

If you do not wish to make a submission at this time, but would like to be informed about the progress of the application, please let us know. If we do not hear from you your details will be removed from our interested party list for this matter.

The public register and requesting confidentiality

Authorisation is a public process. The ACCC must keep a public register of documents relating to the application for merger authorisation, including submissions made by interested parties. The ACCC's public register can be found at the following link: [Merger authorisations register](#).

All submissions (including yours) **will be published** subject to confidentiality claims. You may request that your submission, or parts of it, be excluded from the public register for confidentiality reasons. For example, if your submission contains commercially sensitive information or if revealing that you have made a submission could cause you commercial harm. You must make your claim for confidentiality at the time of providing the submission to the ACCC and all claims must be substantiated.

Refer to the ACCC's [Guidelines for excluding information from the public register](#) for any requests for material to be excluded from the public register.

This matter is public and you can forward this letter to anybody who may be interested.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Natasha Cox', with a stylized flourish at the end.

Natasha Cox
Acting General Manager
Merger Investigations

Attachment A

The acquirer – Gumtree AU Pty Ltd

Gumtree operates a multiple category classified advertisement platform (Gumtree.com.au) which connects buyers and sellers of goods and services through online listings across a range of product categories, such as Home & Garden and Clothing & Jewellery. Gumtree offers a Cars & Vehicles category which includes listings for cars and other vehicles (new and used), as well as parts and accessories. Gumtree Cars (gumtree.com.au/cars), a dedicated car selling platform, was introduced in 2017. It is managed by a specific division within Gumtree, Gumtree Motors. Gumtree supplies online classifieds services to private advertisers and since 2012 it has also offered classifieds services to dealer advertisers.

Gumtree is a subsidiary of eBay Classifieds Holding B.V., whose ultimate parent company is eBay Inc. eBay Inc. provides multi-category classified sites in various countries and operates in Australia through its website eBay.com.au.

Both Gumtree and eBay also sell display advertising¹ space on their websites and related mobile applications.

The target – Cox Australia Media Solutions Pty Ltd

Cox Media is a subsidiary of Cox Automotive Australia Pty Ltd, which is 70% owned by Cox Automotive International Sarl and 30% owned by DealerMotive Ltd, a consortium of Australian dealer groups.

Cox Media operates the CarsGuide.com.au and Autotrader.com.au platforms (**CarsGuide/Autotrader**):

- **CarsGuide** is primarily an automotive content platform. It provides editorial content, such as reviews, news, vehicle comparisons, video content and expert advice, mostly in relation to new cars. It also provides car classifieds.
- **Autotrader** is a platform connecting sellers of vehicles with potential buyers through classified advertisements. Autotrader offers listings for cars, light utility vehicles and vans. Autotrader supplies online classifieds services to dealer advertisers and private advertisers.

CarsGuide and Autotrader also sell display advertising space on their websites and related mobile applications, as well as paid editorial content.

Overlap

Gumtree and Cox Media (through CarsGuide/Autotrader) both offer online automotive classified advertising to private and commercial advertisers within Australia.

Gumtree and Cox Media also supply space on their respective websites and mobile applications for display advertising.

The proposed acquisition

Gumtree proposes to acquire 100% of the ordinary share capital of Cox Media by way of a share purchase agreement.

¹ Display advertisements (or banner advertisements) are advertisements appearing in boxes or other shapes on a web page to promote a product or service of a third party.

Impact on competition

Gumtree submits that the proposed acquisition is unlikely to substantially lessen competition including because:

- the parties are not close competitors. Gumtree is focused on connecting buyers to private advertisers. CarsGuide/Autotrader is focused on connecting buyers to dealers.
- the parties account for a relatively small share of total market revenue from dealer classified advertising and private classified advertising.
- Carsales is the dominant provider and will impose a very strong competitive constraint on the merged entity. Facebook Marketplace is also a key competitor.
- there is a very real threat of new entry from established suppliers in other countries.
- multi-homing (i.e. using multiple platforms) by advertisers and potential buyers means that the cost of switching away from the merged entity will be low.

Public benefits

Gumtree submits the proposed acquisition will deliver public benefits, including:

- creating a stronger automotive classifieds platform that is better able to connect vehicle sellers and buyers. As the proposed acquisition will allow advertisers to cross-list on both platforms, it will increase the audience for advertisers and increase the inventory for potential buyers.
- creating a stronger alternative automotive classifieds platform to Carsales and Facebook Marketplace for both advertisers and potential buyers.
- allowing Gumtree to make further investments in its product, due to the improved scale and attractiveness of a combined Gumtree/Cox Media, which will improve the product experience for users.
- allowing Gumtree to improve its service offering for advertisers, including through the development of dealer tools more comparable to those of Carsales.

Attachment B

Where possible, please provide specific examples to support your views.

General

1. Please provide a brief description of your business or organisation.
2. Please outline the reasons for your interest in the proposed acquisition, including any commercial relationships with Gumtree/eBay or Cox Media/Cox Automotive.
3. Please identify the specific Gumtree and/or Cox Media (CarsGuide/Autotrader) websites that you advertise on (or have previously advertised on).
4. Please provide any views on the most relevant metric(s) to measure the market shares of Gumtree, Cox Media and their competitors in the market(s) for the supply of online automotive classifieds (e.g. revenue shares, share of inventory and/or share of audience).

Automotive classified advertising

5. To what extent do Gumtree and Cox Media compete in the supply of online automotive classified advertising to private advertisers and/or commercial advertisers? Do you consider Gumtree and Cox Media to be particularly close competitors? For example, do they advertise similar inventory and/or do they provide advertisers with similar services?
6. Please identify and describe other online classified businesses that compete with Gumtree and/or Cox Media for the supply of online automotive classified advertising services to private advertisers and/or commercial advertisers. In your response, please discuss how strong these competitors are.
7. What factors (for example, number of potential buyers, available support tools, cost to advertise) are important to you when deciding which online classified advertising platform/s to advertise on?
8. Do you advertise the same vehicle on multiple online classified platforms? If so:
 - a. Please explain what factors are important in deciding whether to advertise on more than one platform.
 - b. Do you consider a particular platform to be your 'primary' or 'preferred' platform, and others to be 'secondary'? Please identify your 'primary' platform and explain why this platform is preferred.
9. Do you consider there to be anything unique about the services provided by Gumtree, CarsGuide and/or Autotrader? You may wish to consider factors such as user experience, the nature and volume of information available, available support tools and product range.
10. Please identify any other channels that you advertise, or would consider advertising, vehicles through (from example, your own website, newspapers or other publications). How effective are these channels compared to online classified advertising platforms?

11. Would a new entrant, or existing business/online platform wishing to expand, face any significant barriers in seeking to establish a viable online classified business?
12. Please identify any new entrants, or existing businesses/online platforms, that have expanded into the supply of online automotive classified advertising in the last three years and have been able to attract significant market share. Please identify any competitors to Gumtree and Cox Media that have exited the market in the last three years.
13. Do you consider that other companies would constrain a combined Gumtree/Cox Media from raising prices or reducing the quality of its online automotive classified advertising services? Why? Which companies would provide this constraint?
14. For potential buyers of vehicles who use online automotive classified platforms:
 - a. Which platforms would you consider using to purchase a vehicle? Why?
 - b. What factors (for example, quantity and quality of vehicles available and the amount of information available about vehicles, platform ease of use) are important to you when deciding which platforms to search on?
 - c. Do you search for vehicles on multiple online automotive classified platforms?

Display advertising

15. For acquirers of display advertising space (display advertisers), please identify the media channels (for example, print, digital or online, TV or radio) that you use for advertising and identify the specific Gumtree and/or Cox Media websites on which you acquire display advertising space.
 - a. How closely do Gumtree and Cox Media compete in the supply of display advertising services to third parties?
 - b. How closely do other online classified advertising platforms compete with the display advertising services offered by Gumtree and Cox Media?
 - c. What (if anything) distinguishes the display advertising services offered by Gumtree and Cox Media's platforms from services offered by other online classified advertising platforms?
 - d. Do you consider that advertising services offered by other companies would constrain a combined Gumtree/Cox Media from raising prices or reducing the quality of its display advertising services?

Public benefits

In assessing the benefits that are likely to flow from the proposed acquisition, the ACCC may take into account anything of value to the community generally.

Gumtree submits the proposed acquisition will deliver public benefits. A brief description of the public benefits claimed by Gumtree in its application for authorisation is outlined in **Attachment A**. A full discussion of the public benefits claimed by Gumtree is set out in its application.

16. To what extent do you consider that public benefits, including the ones listed in Attachment A, are likely to result from the proposed acquisition?
17. To what extent would vehicle buyers and sellers benefit from Gumtree and Cox combining their platforms? Why?
18. To what extent would a combined Gumtree/Cox Media be a stronger competitor to Carsales and Facebook Marketplace than Gumtree and Cox Media acting independently? Why?

Other information or competition issues

19. Please provide any additional information or comments, or identify other competition issues, that you consider relevant to the ACCC's consideration of the proposed acquisition under section 90(7) of the Act.