Australian Competition & Consumer Commission

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NEWS RELEASE

ACCC TO OPPOSE CARSALES ACQUISTION OF TRADING POST

The Australian Competition and Consumer Commission today announced it will oppose the proposed acquisition by Carsales.com of assets associated with Trading Post from Telstra.

Carsales and Trading Post both supply online general merchandise and automotive classified advertising, but the ACCC's concerns arise only in relation to automotive classifieds.

Under the proposed transaction, Carsales would license the TradingPost.com.au brand and operate the TradingPost.com.au website for a confidential period, and would have an ability to acquire the brand at the end of the licence period.

"The ACCC concluded that the proposed acquisition is likely to result in a substantial lessening of competition through the removal of a close and effective competitor of Carsales," ACCC Chairman Rod Sims said.

"Trading Post is a well established and high profile brand for automotive classifieds advertising and provides an important competitive constraint on Carsales. The proposed acquisition would significantly increase Carsales' market power and competition would be substantially reduced to the detriment of automotive dealerships and private advertisers," Mr Sims said.

"The proposed acquisition would have reduced the choice for advertisers by removing a significant competitor with an offer that is attractive to dealers and private advertisers, differing in important ways from the Carsales' offer."

The ACCC concluded that the proposed acquisition would increase the already high barriers to entry for the supply of online automotive classified advertising. By adding significant inventory and audience to its websites, the acquisition would also reinforce the network effects or 'virtuous cycle' that Carsales enjoys through having the largest inventory and audience in the market, and strengthen the advantages it gains from its vertical integration into the provision of services to car dealers.

"The proposed acquisition would further lessen the ability of competing sites to impose a competitive constraint on Carsales, including by reducing their ability to attract inventory and audience," Mr Sims said.

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