

Public Registrar version

12 February 2020

Natasha Cox
Acting General Manager, Merger Investigations
Australian Competition and Consumer Commission
Level 17, 2 Lonsdale Street
Melbourne VIC 3000

Dear Natasha

Gumtree's proposed acquisition of Cox Media

I refer to your letter dated 17 January 2020 seeking feedback from other market participants in relation to Gumtree's proposed acquisition of Cox Media, which operates the online platforms CarsGuide.com.au and Autotrader.com.au.

Facebook and Marketplace

Facebook provides a range of innovative services to people in Australia and around the world, including Facebook, Facebook Messenger, Instagram, WhatsApp and Oculus. These services help users to connect with each other, communicate with other users and larger groups, share content with their friends, families and wider communities, and discover content that is meaningful and relevant to them.

Facebook's advertising business funds our investments in improving user experiences that attract and retain users and provide them with valuable services—often at no charge—with which they want to engage.

Facebook launched Marketplace in Australia in 2016, as another feature offered on the Facebook website and mobile app which enables users to communicate and interact with people and content that is relevant to them. Marketplace was developed primarily to address and enhance buy-and-sell interactions between users that were already taking place organically on Facebook.

People use Marketplace to buy and sell a range of different goods and services. This includes the listing for sale of used motor vehicles by both individuals and car dealers.

Individual users: Facebook users can, among other things, seek to post about a vehicle for free, place a listing on Marketplace for free, or place an advertisement on Facebook to sell a vehicle.

Dealers: There may be a number of options available to dealers who sell and purchase vehicles online. These options include, the ability to create an advert on Facebook and the ability to create a listing for any vehicle on Marketplace.

Listings. Car dealers can publish used vehicle listings on Marketplace to reach buyers who might be searching for vehicles. The current partners that we have teamed up with in Australia to facilitate the listing of motor vehicles by dealers on Marketplace are Carsales, Autotrader (which contributes a significant proportion of our dealer listings), DealerSolutions, Drive, Adtorque Edge, I-Motor, Jeal (EasyCars), Virtual Yard and Trading Post.

Advertising. Like any other potential advertiser, car dealers are also able to purchase advertising from Facebook. We provide advertisers with a straightforward process for creating an advertising campaign. As part of that process the advertiser can choose the criteria for targeting its audience and that

can include variables such as location, age, gender and language. Once the advertising campaign strategy is determined, the advertiser can choose to have the advertisement served on a number of different services, including Marketplace.

The proposed acquisition

Facebook does not have any firm views on the likely impact that the proposed acquisition will have on competition in any market.

In the time available, we have not reviewed Gumtree's application for authorisation in detail. Accordingly, we do not endorse any particular statements that the applicant may have made about Facebook, Marketplace or other services.

Our initial impression is that the characterisation of Marketplace put forward by the applicant is likely to over-emphasise the position of Marketplace in the listing of motor vehicles. However, our experience is that, irrespective of this, listings and advertising are highly dynamic and competitive. This is the case regardless of whether the listing or advertising is online or offline, whether it is for particular goods or services (e.g. motor vehicles), and whether it is undertaken by individuals or businesses.

In summary, individuals and businesses have many choices, and this will continue to be the case even if the ACCC were to focus on the advertising and listing for sale of motor vehicles.

End