



Competition Advocacy Workshop  
for Trade Associations in the  
Advertising & Communications Sector

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# Session 3 – Practical Application of Key Points Learnt / Q&As

Objective – Interactive session to identify conducts of enterprises, trade associations/their members which may breach the Competition Act 2007

# Hypothetical Case study #1

AdExpert Ltd is a well-established local company which provides media planning and slot booking services. It enjoys a market share that exceeds 90%, owing to its strong reputation and long established relationship with the various media companies.

AdExpert Ltd has recently started to also provide advertising conception and production services. However, it has only managed to acquire 10% of the market share due to fierce competition in this segment.

As a strategy to increase its market share in the advertising conception and production services segment, AdExpert Ltd is offering a 10% discount on advertising planning and slot booking services to clients who are also taking their advertising conception and production services. In certain cases, AdExpert Ltd is providing advertising slot booking services to only those clients who are taking their conception and production services.

# Hypothetical Case study #1

Is there any competition concern? / Is the practice anti-competitive?

What type of restrictive business practice?

What is the harm emanating from this practice?

## Hypothetical Case study #2

In July 2016, 'The Association of Cattle Breeders' (ACB) regrouping local cattle breeders invited quotes from all 15 advertising agencies for a one year campaign starting in January 2017 to restore consumer trust in locally produced beef.

Mr H, the president of the 'Association of Major Advertising Agencies' (AMAA) which regroups the 15 advertising agencies contacted ACB and discussed some technical matters on behalf of its members. Mr H was very helpful in identifying the needs of the ACB, as he has families who suffered from the outbreak of foot mouth diseases and he intends to help the ACB on a personal level. Mr H then informed ACB that it should amend its request for quotes accordingly.

Two days later Mr H called ACB asking it not to send request for quotes to all members of the AMAA. He further sent by email, a list of 3 advertising agencies (AdZ, AdA, and AdB) which will respond to the request for quotes. The quotations from AdZ, AdA, and AdB was similar although the breakdown of different items was different.

# Hypothetical Case study #2

Is there any competition concern? / Is the practice anti-competitive?

What type of restrictive business practice?

What is the harm emanating from this practice?

## Hypothetical Case study #2 continue

Two weeks after the submission of quotes, a member of the ACB, Mr J met with Mr H at a party. Mr H informed him that the reason only three advertising agencies could respond to the request from ACB is because the AMAA has adopted a decision which allocates market sectors to specific members. Mr H says this policy is beneficial to clients because the advertising agencies become specialists in their respective sectors.

Mr H further states that other members of the AMAA may also respond to the request but they will have to pay back 20% of the price to the AMAA. 5 % will go to each of the three designated agencies for this sector (agriculture). The remaining 5% is retained for the running of the AMAA.

# Hypothetical Case study #2 continue

What type of restrictive business practice?

What is the harm emanating from this practice?



# Hypothetical Case study #3

During a meeting of the AMAA, one member raised an issue about the level of price which is on a downward trend. Other members disagreed to this observation and they decided that they should address this matter through the AMAA.

It was suggested by one member that they should each communicate the price for their last 10 deals. The AMAA will appoint someone to go through the data and identify the price trend and differentials.

## Hypothetical Case study #3 Continue

A decreasing trend in prices was indeed observed. Through the AMAA the members decided that they should seek legal advice on whether a common price list may be used.

Mr H contacted a famous law firm to discuss the legality of a recommended price list. The advice was that this will be illegal.

The members of the AMAA did not want to fall foul of the Competition Act and therefore decided against a price list. However, after the adjourning of the meeting. Mr H suggested to some members that a 7% increase on the prices of the last 10 deals would address this important concern.

# Hypothetical Case study #3 Continue

During the last meeting of the AMAA, it was decided that a 7% increase in prices is to be observed by members who have the lowest prices.

Non-observance would lead to 10% levy payable to the AMAA and forfeiture of the 5% compensation when a member encroaches in your sector.

# Q&As

Thank you.