

COFECE-033-2020

## COFECE investigates possible relative monopolistic practices in the market for digital advertisement services and related services

- This investigation shall not be understood as a prejudgment, but as an action by the authority to verify compliance with the Federal Economic Competition Law.
- This digital business model is currently one of the most important markets for advertising in Mexico.

**Mexico City, August 24, 2020.**- The Investigative Authority of the Mexican Federal Economic Competition Commission (COFECE or Commission) published today in the Federal Official Gazette and on its website the notice of initiation of investigation for possible relative monopolistic practices in the market for digital advertisement services and related services, consisting of tied purchases or sales and /or increasing the costs or hindering the production process or reducing the demand faced by other economic agents.

The digital economy has created new categories of products and services, as well as innovative business models that have benefited society. Digital advertising and its related services are not the exception. They have allowed internet users to have more options to search contents, compare and purchase different goods and services and, in the case of advertisers, they have new means to promote their campaigns.

As a result of the growing use of digital media by consumers, in 2019 Mexico was the second country in Latin America with more investment and higher growth in digital advertisement,<sup>1</sup> with an annual rate of 20%.<sup>2</sup>

Relative monopolistic practices are actions, contracts, agreements or procedures carried out by one or several economic agents with substantial market power and who have, or may have, as purpose or effect unduly displacing other market agents, substantially impeding their access or establishing exclusive advantages in favor of one or more economic agents. Examples of these practices are tied purchases or sales, exclusivities, discriminatory prices or treatment, increasing costs for other economic agents, refusal to deal, among others.

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<sup>1</sup> Information extracted from *eMarketer*, available at the URL: <https://epa.digital/blog/inversion-publicitaria-latinoamerica-mexico-2019/ al 14 de agosto de 2020>.

<sup>2</sup> Market study titled "*Digital Economy Report 2019*", published by the United Nations Conference on Trade and Development (UNCTAD), on September 4, 2019. Available at: [https://unctad.org/en/PublicationsLibrary/der2019\\_en.pdf](https://unctad.org/en/PublicationsLibrary/der2019_en.pdf).

This investigation, identified under file number IO-003-2020 must not be understood as a prejudgment on the responsibility of any economic agent, as to this date, violations to the economic competition regulation have not been identified definitively, nor the subject or subjects who, if this is the case, would be considered as probable responsible at the end of the investigation.

The timeframe for this investigation is of up to 120 working days, starting on July 13, 2020, date when the investigation began, and can be extended for the same lapse up to four occasions.

If by the end of the investigation, no elements to presume the execution of said anticompetitive practices are found, COFECE's Board of Commissioners could resolve its closure. In the case that elements to presume a violation to the Law are found, those responsible will be called to a trial-like procedure to present their defense.

Shall the execution of a relative monopolistic practice be confirmed, the economic agent or agents responsible could be sanctioned with fines of up to 8% of their turnout and ordered to cease the conduct

*For more information:*

*Extract of the agreement of initiation IO-003-2020 (in Spanish)*

*What is a relative monopolistic practice? (in Spanish)*

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**MORE COMPETITION FOR A STRONGER MEXICO**

*The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. Through this, it contributes to consumer welfare and the efficient functioning of the markets. Through its work, it seeks better conditions for consumers, greater output and better services and a "level playing field" for companies*