



Competition  
Commission  
SINGAPORE

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**Section 57 of the Competition Act (Cap. 50B)**

**Grounds of Decision issued by the Competition Commission of Singapore**

**In relation to the Notification for Decision of the proposed acquisition by Seek Asia Investments Pte. Ltd. of the JobStreet Business in Singapore pursuant to section 57 of the Competition Act**

**13 NOVEMBER 2014**

**CCS 400/004/14**

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Confidential information in the original version of this Decision has been redacted from the published version on the public register. Redacted confidential information in the text of this published version of the Decision is denoted by square parenthesis [X].

## **Table of Contents**

<b>I.</b>	<b>The Notification and Executive Summary</b>	<b>3</b>
<b>II.</b>	<b>The Acquirer</b>	<b>6</b>
<b>III.</b>	<b>The Target</b>	<b>8</b>
<b>IV.</b>	<b>The Transaction and Commercial Rationale</b>	<b>8</b>
<b>V.</b>	<b>Industry Background</b>	<b>9</b>
<b>VI.</b>	<b>Competition Issues and Theories of Harm</b>	<b>18</b>
<b>VII.</b>	<b>Counterfactual</b>	<b>19</b>
<b>VIII.</b>	<b>Relevant Market</b>	<b>20</b>
	<b>A. Product Dimension</b>	<b>20</b>
	<b>B. Geographic Dimension</b>	<b>25</b>
<b>IX.</b>	<b>Market Structure</b>	<b>26</b>
	<b>A. Market Share</b>	<b>26</b>
<b>X.</b>	<b>Actual and Potential Competition</b>	<b>34</b>
<b>XI.</b>	<b>Dynamic Characteristic of the Market</b>	<b>40</b>
<b>XII.</b>	<b>Removal of Vigorous and Effective Competitor</b>	<b>42</b>
<b>XIII.</b>	<b>Barriers to Entry and Expansion</b>	<b>44</b>
<b>XIV.</b>	<b>Countervailing power</b>	<b>48</b>
<b>XV.</b>	<b>Competition Assessment</b>	<b>53</b>
	<b>A. Non-coordinated Effects</b>	<b>53</b>
	<b>B. Coordinated Effects</b>	<b>54</b>
<b>XVI.</b>	<b>Claimed Efficiencies</b>	<b>55</b>
<b>XVII.</b>	<b>Ancillary Restraint</b>	<b>57</b>
<b>XVIII.</b>	<b>Overall Assessment</b>	<b>58</b>
<b>XIX.</b>	<b>Commitments and Conclusion</b>	<b>59</b>

**Annex A – JobStreet Business Entities the subject of the Transaction**

**Annex B – Confidential Slide extracted from SEEK’s Market Study 2013**

**Annex C – Confidential Slide extracted from SEEK’s Market Study 2013**

**Annex D - Confidential Slide extracted from SEEK’s Market Study 2013**

**Annex E - Confidential Slide extracted from SEEK’s Market Study 2013**

**Annex F – Ancillary Restrictions**

**Annex G – Behavioural Commitments**

**Annex H – Divestiture Commitments**

## I. THE NOTIFICATION AND EXECUTIVE SUMMARY

1. On 20 February 2014, SEEK Limited (“**SEEK**”) and JobStreet Corporation Berhad (“**JobStreet**”) (the “**Applicants**”) filed a notification pursuant to section 57 of the Competition Act (the “**Act**”) applying for a decision as to whether the acquisition by SEEK Asia Investments Pte. Ltd. (“**SEEK Asia Investments**”) of 100% of the online employment businesses of JobStreet (the “**Transaction**”) would infringe the prohibition under Section 54 of the Act, if carried into effect.
2. The Transaction involves the acquisition by SEEK Asia Investments of the online recruitment businesses operated by JobStreet Corporation Berhad in Singapore, Malaysia, Indonesia, the Philippines and Vietnam.<sup>1</sup> The JobStreet business entities the subject of the Transaction are listed in **Annex A**. This is a regional Transaction which has not been notified in any other jurisdiction.<sup>2</sup>
3. SEEK holds approximately 22.4 per cent of the issued share capital of JobStreet, through its related body corporate, SEEK International Investments Pty Ltd. SEEK submits that despite being the largest single shareholder of JobStreet, it does not directly or indirectly control JobStreet within the meaning of the Act.<sup>3</sup>
4. The Competition Commission of Singapore’s (“**CCS**”) analysis of the proposed Transaction focuses on the acquisition by SEEK Asia Investments of the relevant Singapore JobStreet entity and operating business, JobStreet.com Pte. Ltd. (“**JobStreet Singapore**”). As the Transaction involving the acquisition by SEEK Asia Investments of JobStreet Singapore is an acquisition of sole control, it constitutes a merger pursuant to section 54(2)(b) of the Act.<sup>4</sup>
5. At the end of the Phase 1 review, CCS was unable to conclude, based on the information available at that time, that the Transaction did not raise competition concerns. On 2 April 2014, CCS communicated to the Applicants a letter identifying the competition concerns identified in the Phase 1 review (“**Issues Letter**”) and requested that the Applicants submit Form M2. On 11 April 2014 and 2 May 2014, SEEK proposed two separate commitments packages to address the competition concerns identified in the Issues Letter. CCS considered each of these commitments packages and concluded that neither package could be accepted during the Phase 1 review. On 12 May 2014, upon receipt of a completed Form M2, CCS proceeded with a Phase 2 review of the Transaction.

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<sup>1</sup> The transaction does not include JobStreet’s operations in Thailand, India, Japan and Autoworld, or the JobStreet.com Berhad listed company, as stated in an ASX Announcement by SEEK, “*SEEK Asia announces an agreement to acquire JobStreet’s online employment businesses & combine with JobsDB Inc. to create a compelling online employment marketplace in Asia*”, 19 February 2014 pp 1 (“**SEEK ASX Announcement 19 February 2014**”).

<sup>2</sup> Paragraph 5.1 of Form M1.

<sup>3</sup> Paragraphs 9.1 and 9.2 of Form M1.

<sup>4</sup> Section 54(2)(b) provides that a merger occurs if one or more persons or other undertakings acquires direct or indirect control of the whole or part of one or more other undertakings.

6. In reviewing the Transaction, CCS consulted existing and potential customers of the online recruitment platforms operated by SEEK and JobStreet in Singapore,<sup>5</sup> actual and potential competitors to the online recruitment platforms operated by SEEK and JobStreet in Singapore,<sup>6</sup> and obtained feedback from other participants in the market.<sup>7</sup>
7. CCS took into consideration the views and feedback from these third-party market inquiries together with the further information and evidence obtained during the Phase 2 review to conclude that, the Transaction, if carried into effect, is likely to result in a substantial lessening of competition in the market for online recruitment advertising services in Singapore. CCS has formed the view that the Transaction would likely give rise to the following non-coordinated effects:
  - a. Ability / incentive to change the structure of the market by demanding exclusive, “lock-in” contracts which prevent customers from switching away from the merged firm;
  - b. Ability / incentive to bundle and tie products across its two brands which would have the effect or likely effect of preventing customers from switching away from the merged firm; and
  - c. Ability / incentive to impose price increases post-merger.
8. On 8 July 2014, SEEK and SEEK Asia Investments proposed a set of behavioural commitments to address the adverse effects likely to arise as a consequence of the substantial lessening of competition (“SLC”) if the Transaction were carried into effect (“**Behavioural Commitments**”). On 21 August 2014, CCS began a process of public consultation on the Behavioural Commitments (“**First Market Consultation**”).
9. To address the concern that the merged firm may be able to alter the structure of the market by demanding exclusive “lock-in” contracts which prevent customers from switching away from the merged firm, SEEK and SEEK Asia Investments are prevented under the terms of the Behavioural Commitments from entering into exclusive agreements with employer and recruiter customers. By deterring exclusivity, the Behavioural Commitments aim to retain the current practice of multi-homing (i.e. utilising more than one online recruitment advertising service platform) by employers and recruiters, as well as jobseekers. It further aims to keep barriers to entry and expansion low, and preserve competition in the market for online recruitment advertising services.
10. To address the concern that the merged firm may be able to impose price increases post-merger, SEEK and SEEK Asia Investments will be required to maintain current pricing of its services capped at present day rate cards or current day negotiated prices, subject to Consumer Price Index variations. By capping pricing at current levels, the Behavioural

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<sup>5</sup> [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED].

<sup>6</sup> [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED].

<sup>7</sup> [REDACTED].

Commitments seek to address concerns identified by market participants during the Phase 1 and 2 reviews that the closeness of competition between JobsDB Singapore and JobStreet Singapore is likely to cause a rise in prices post-merger.

11. The term of the Behavioural Commitments will be for a period of three years from the date of completion of the Proposed Acquisition or the date of this decision, whichever is later. CCS considers this term to properly take into account the dynamic nature of the market.
12. In the course of the First Market Consultation, CCS received information that SEEK owns and operates the aggregator site, jobs.com.sg in Singapore. SEEK acquired jobs.com.sg on 26 November 2013 through the acquisition of all the shares in Job Seeker Pty Ltd, an online recruitment aggregator based in Australia. Jobs.com.sg is an aggregator site which aggregates recruitment advertisements listed on other online job portals. This information had not been disclosed to CCS earlier by the Parties during the course of the CCS's merger assessment. SEEK has since confirmed its ownership and operation of job.com.sg and explained that the omission was inadvertent.<sup>8</sup>
13. CCS considers this information to be material to CCS's assessment of the merger.
14. In this regard, on 8 October 2014, CCS commenced market consultation on the proposed divestiture commitment offered by SEEK to address the potential competition concerns that may arise from SEEK's ownership of the aggregator site jobs.com.sg ("**Divestiture Commitment**"). The Divestiture Commitment is in addition to the proposed Behavioural Commitments which were the subject of the First Market Consultation.
15. Pursuant to the proposed Divestiture Commitment, SEEK will divest, as a going concern, the assets of jobs.com.sg which include:
  - a. The domain name <http://www.jobs.com.sg> and the website operated from that domain by Jobs Seeker Pty Ltd; and
  - b. All rights, title and interest to use the technology used to crawl websites with job opportunities, receive information on job opportunities via XML feeds, and make such job opportunities searchable on the website located at <http://www.jobs.com.sg> for the sole purpose of providing products and services towards the Singapore recruitment market on the domain <http://jobs.com.sg>.
16. At the end of both public consultation processes and after evaluating the additional information and feedback obtained, CCS considers the Behavioural Commitments and Divestiture Commitment (together the "**Commitments**") to be sufficient to address the

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<sup>8</sup> Submission on [www.jobs.com.sg](http://www.jobs.com.sg) to supplement the Form M1, Form M2 and other responses to the CCS Requests for Information by SEEK dated 29 September 2014, paragraph 2.2.

likely adverse effects arising from the Transaction. This is addressed in greater detail at section XIX below.

17. Hence, CCS concludes that, subject to the implementation of and compliance with the Commitments, the Transaction will not infringe section 54 of the Act.

## II. THE ACQUIRER

18. The Acquirer, SEEK Asia, is a majority-owned subsidiary of SEEK. SEEK is listed on the Australian Securities Exchange and is a global company operating recruitment portals in Australia, Singapore and internationally.<sup>9</sup> In Singapore, SEEK offers online recruitment advertising services and recruitment solutions through JobsDB Singapore Pte. Ltd (“**JobsDB Singapore**”),<sup>10</sup> operating under the brand name, JobsDB and the portal, jobsDB.com.sg.
19. JobsDB Singapore is one of the largest and most well-established recruitment portals in Singapore. In relation to online recruitment advertising services, JobsDB Singapore attracts advertisements from three key groups in Singapore - recruiters, employers and government agencies which recruit for manpower placement needs (“**Customers**”).<sup>11</sup> JobsDB Singapore charges its advertisers either on a customised subscription basis or by way of purchase of “job posting credit packages” which entitles the Customer a specified number of job advertisements, resume searches<sup>12</sup> and job alerts<sup>13</sup> for a specified validity period (e.g. one recruitment advertisement, five resume searches and three alerts for a period of 30 days).<sup>14</sup> As an online platform, JobsDB Singapore also attracts jobseekers to its portal. It offers jobseekers a number of features including the ability to post their resumes to the platform, which may be searchable by employers and recruiters; and to make job applications through the platform. Presently, there is no cost to jobseekers to access the platform.
20. SEEK also owns and operates the aggregator site, jobs.com.sg in Singapore. SEEK acquired jobs.com.sg on 26 November 2013 through the acquisition of all the shares in Job Seeker Pty Ltd, an online recruitment aggregator based in Australia. Jobs.com.sg is an aggregator site which aggregates recruitment advertisements listed on other online job portals. In response to CCS’s request for a written explanation as to SEEK’s failure to disclose its ownership of jobs.com.sg, SEEK informed CCS that, in late November 2013,

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<sup>9</sup> SEEK is active worldwide and has a presence in Australia, Brazil, China, Hong Kong, Indonesia, Malaysia, Mexico, New Zealand, the Philippines, Singapore and Thailand; paragraph 10.7 of Form M1.

<sup>10</sup> Paragraph 8.1 of Form M1; Annex 6 of Form M1.

<sup>11</sup> Paragraph 18.9 of Form M1.

<sup>12</sup> Resume searches refers to the service for allowing recruiters and employers to search the job portal database for potential candidates. Each credit allows for the download of one resume.

<sup>13</sup> Job alert services refer to notifications sent to relevant job seekers informing them of the opportunity after the recruitment advertisement is posted.

<sup>14</sup> Annex 10 of Form M1.

SEEK acquired Job Seeker Pty Ltd, an online recruitment advertisement aggregator based on Australia.<sup>15</sup>

21. Jobs.com.sg performs online searches through [X]. Jobs.com.sg aggregates advertisements from approximately [X] websites in Singapore, either via extensible markup language (“XML”) export or jobs.com.sg’s web crawler, which are updated [X].<sup>16</sup> As at 14 October 2014, jobs.com.sg carries 74,560 job listings on its site.
22. There is no cost for jobseekers to search for recruitment opportunities using the search engine algorithm on jobs.com.sg. Recruitment advertisers are not able to post recruitment advertisements directly onto jobs.com.sg. Instead, jobs.com.sg offers sponsored listings, whereby it will feature, for a fee, the sponsored recruitment advertisement above or adjacent to the relevant search results on jobs.com.sg. [X]. Revenue is generated when jobseekers click on advertisements that appear above and adjacent to search results from jobs.com.sg’s Google Ads relationship with Google.<sup>17</sup>
23. SEEK submits that its turnover in Singapore for the provision of online recruitment advertising services for the calendar year ending 31 December 2013 was S\$[X] of which S\$[X] was attributable to jobs.com.sg,<sup>18</sup> which contributes approximately [X]% to SEEK’s worldwide turnover for the financial year ending 30 June 2013, and constitutes [X]% of SEEK’s turnover in Singapore for the calendar year ending 31 December 2013.<sup>19</sup> SEEK highlights that of the turnover derived from jobs.com.sg in Singapore for the calendar year ended 31 December 2013, being S\$[X] approximately, [X] of turnover attributable to jobs.com.sg was derived from jobs.com.sg’s relationship with Google Inc which involves the placement of advertisements by Google on jobs.com.sg.<sup>20</sup>
24. SEEK further submits that its turnover for the provision of recruitment solutions in Singapore was S\$[X] for the calendar year ending 31 December 2013, which contributes approximately [X]% to SEEK’s worldwide turnover for the financial year ending 30 June 2013, and makes up [X]% of SEEK’s turnover in Singapore for the calendar year ending 31 December 2013.<sup>21</sup>

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<sup>15</sup> Submission on [www.jobs.com.sg](http://www.jobs.com.sg) to supplement the Form M1, Form M2 and other responses to the CCS Requests for Information by SEEK dated 29 September 2014, paragraph 2.2.

<sup>16</sup> Ibid Paragraph 2.9

<sup>17</sup> Ibid Paragraph 2.10

<sup>18</sup> Ibid Paragraph 2.13

<sup>19</sup> Paragraph 16.1 of Form M1; Submission on [www.jobs.com.sg](http://www.jobs.com.sg) to supplement the Form M1, Form M2 and other responses to the CCS Requests for Information by SEEK dated 29 September 2014, paragraph 2.13.

<sup>20</sup> Submission on [www.jobs.com.sg](http://www.jobs.com.sg) to supplement the Form M1, Form M2 and other responses to the CCS Requests for Information by SEEK dated 29 September 2014, paragraphs 2.13 and 2.15.

<sup>21</sup> Paragraph 16.1 of Form M1.

### III. THE TARGET

25. The target in Singapore is JobStreet Singapore. JobStreet Singapore is wholly-owned by parent company, JobStreet, which is listed on the Main Board of Bursa Malaysia Securities and is a provider of online recruitment advertising services in the Asia Pacific region.<sup>22</sup> JobStreet has a presence in India, Indonesia, Japan, Malaysia, the Philippines, Singapore, Thailand and Vietnam, and investments in Hong Kong and Taiwan.<sup>23</sup>
26. JobStreet Singapore provides online recruitment advertising services and recruitment solutions. Specifically, JobStreet Singapore offers job advertisement posting; resume search; and branding and attraction services. It also conducts online job fairs and offers other recruitment solutions through its online portal JobStreet.com. In addition, JobStreet Singapore offers tracking software and microsites for recruiters. JobStreet Singapore, similarly, charges its advertisers by way of a number of “job posting credits” which entitles the customer to a number of job advertisements and alerts for a specific period.<sup>24</sup> Presently there is no cost to jobseekers to access the platform. JobStreet Singapore provides jobseekers with similar services to that of JobsDB Singapore.
27. The turnover of the JobStreet Business<sup>25</sup> for the provision of online recruitment advertising services in Singapore was RM[~~XX~~] (approximately S\$[~~XX~~]). This contributes to [~~XX~~]% of the JobStreet Business’ worldwide turnover, and [~~XX~~]% of the JobStreet Business’ turnover in Singapore for the financial year ending 31 December 2013.<sup>26</sup>
28. The turnover of the JobStreet Business for the provision of recruitment solutions in Singapore was [RM[~~XX~~] ([approximately S\$[~~XX~~])]. This contributed to [~~XX~~]% of the JobStreet Business’ worldwide turnover, and [~~XX~~]% of the JobStreet Business’ turnover in Singapore for the financial year ending 31 December 2013.<sup>27</sup>

### IV. THE TRANSACTION AND COMMERCIAL RATIONALE

29. The Transaction is subject to regulatory approvals in Singapore and JobStreet shareholder approvals.<sup>28</sup> [~~XX~~].<sup>29</sup>

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<sup>22</sup> Paragraph 10.5 of Form M1.

<sup>23</sup> Paragraphs 10.5 and 10.6 of Form M1.

<sup>24</sup> Annex 10 of Form M1.

<sup>25</sup> Being the online recruitment advertising/database search and other recruitment solutions business of JobStreet.

<sup>26</sup> Paragraph 16.2 of Form M1.

<sup>27</sup> Paragraph 16.2 of Form M1.

<sup>28</sup> SEEK ASX Announcement 19 February 2014 pp 6

<sup>29</sup> Paragraph 11.8.2 of Form M1.



30. It is submitted that, in Singapore, the businesses operated by the Applicants overlap in the provision of online recruitment advertising services. Such services primarily involve the posting of recruitment advertisements on centralised online platforms and resume database search services.<sup>30</sup> The Applicants also overlap in the provision of recruitment solutions in Singapore. However, recruitment solutions are not a significant part of the SEEK and JobStreet Businesses.<sup>31</sup> Based on submissions of the Applicants, given that the most significant overlap is in the provision of online recruitment advertising services and resume database search services, CCS has focused its analysis on this aspect of the merger as there are unlikely to be any significant issues arising from the provision of recruitment solution services.
31. SEEK submits that the Transaction will enable job seekers on both the JobsDB Singapore and JobStreet Singapore platforms to discover job opportunities more efficiently and effectively through a single platform.<sup>32</sup> [REDACTED]<sup>33</sup>.
32. SEEK also submits that the Transaction will benefit recruiters and employers by reducing the time required to search for and hire suitable candidates. The Transaction is intended to combine the resources of the Applicants to accelerate the development of new “value-add” products and services, offer cutting edge product development over a broader platform and fielding an integrated strategy team to deliver improved job search tools and products.<sup>34</sup> Those value-added products and services include [REDACTED].<sup>35</sup>
33. The Transaction is also intended to create cost savings for the Applicants through the joint procurement of key suppliers<sup>36</sup> as well as reduce duplication by combining services such as data hosting and security network services across the merged entity.<sup>37</sup>

## V. INDUSTRY BACKGROUND

### A two-sided market

34. The online recruitment advertising service industry provides a means by which:
- a. Recruiters and employers broadcast information on job openings in sourcing candidates. Recruiters and employers also have the ability to browse resumes of jobseekers posted to a portal’s website; and

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<sup>30</sup> Paragraph 18.1 of Form M1.

<sup>31</sup> Paragraph 15.2 of Form M1.

<sup>32</sup> Paragraph 12.1 of Form M1.

<sup>33</sup> Supplementary submission from the Applicants dated 20 March 2014.

<sup>34</sup> Paragraphs 12.1.1 and 12.1.2 of Form M1.

<sup>35</sup> Paragraph 4.1 and 4.2 of Applicants’ Information Request Response dated 11 March 2014.

<sup>36</sup> Paragraph 12.1.3 of Form M1.

<sup>37</sup> Paragraph 12.1.4 of Form M1.

- b. Jobseekers browse available job openings and make their resumes available for browsing by recruiters and employers.

35. Therefore, there are two distinct groups of customers on each side of the online recruitment advertising channel; namely recruiters and employers on one side, and job seekers on the other side.<sup>38</sup> Each platform creates a network within which recruiters and employers on the one side, and job seekers on the other, interact; and the platform provides a matching service for the recruiters and employers, and jobseekers. The Applicants acknowledge that the network refers to the critical mass of both advertisers and jobseekers required in order for a recruitment advertising platform to be viable.<sup>39</sup> There is a symbiotic relationship, to a large extent, between both sides of the network in satisfying both jobseekers and employers.<sup>40</sup>

### Participants in the market

36. The Applicants have identified the industry participants as those listed in the table below.<sup>41</sup>

Recruitment advertising generally
<b>(1) Online recruitment advertising</b>
Online job sites: <ul style="list-style-type: none"> <li>- STJobs;</li> <li>- Singapore government jobsites (vertical specific);</li> <li>- Contact Singapore;</li> <li>- Monster.com;</li> <li>- eFinancialCareers;</li> <li>- CareerBuilder/JobsCentral;</li> <li>- HeadHunt, and www.sg-hr.com.sg, which is a partnership between Singapore Human Resources Institute and HeadHunt;</li> <li>- Jobs.com.sg;<sup>42</sup></li> <li>- Jobiness.sg;</li> <li>- RegionUp.com; and</li> <li>- Glassdoor.</li> </ul>
Online aggregators: <ul style="list-style-type: none"> <li>- Indeed;</li> <li>- Recruit.net; and</li> <li>- Careerjet.sg.</li> </ul>
Online professional networking media and social media sites:

<sup>38</sup> Paragraph 18.3 of Form M1.

<sup>39</sup> Paragraph 7.1 of Applicants' Information Request Response dated 11 March 2014.

<sup>40</sup> Ibid.

<sup>41</sup> Table at paragraph 19.13 of Form M1.

<sup>42</sup> In Form M1 jobs.com.sg is listed as an online job site. In Form M2 it is listed as an aggregator site. Based on available information, CCS considers that jobs.com.sg is an on-line aggregator site operating in Singapore

<b>Recruitment advertising generally</b>
<ul style="list-style-type: none"> <li>- LinkedIn; and</li> <li>- Facebook.</li> </ul>
<p>Others:</p> <ul style="list-style-type: none"> <li>- Company websites; and</li> <li>- Professional associate niche sites.</li> </ul>
<b>(2) Offline recruitment advertising</b>
<p>Print recruitment advertising:</p> <ul style="list-style-type: none"> <li>- Singapore Press Holdings; and</li> <li>- HeadHunt Magazine, the executive job recruitment publication of HeadHunt.</li> </ul>
<p>Non-print recruitment advertising:</p> <ul style="list-style-type: none"> <li>- Customer direct channels;</li> <li>- Referrals;</li> <li>- Databases;</li> <li>- Other social networks (e.g. Facebook, corporate Twitter);</li> <li>- Local community centres;</li> <li>- Recruitment agencies;</li> <li>- Executive search firms;</li> <li>- Advertising agencies;</li> <li>- Recruitment Process Outsourcers; and</li> <li>- Applicant Tracking Systems.</li> </ul>

37. CCS has examined closely the relevant industry participants as this impacts CCS's findings in relation to the relevant market definition and the findings in relation to pre and post-merger market shares. Set out below is a summary of the key relevant industry participants for Singapore. A summary of jobs.com.sg is provided in paragraphs 20 to 23 above.

#### ST Jobs

38. Singapore Press Holdings ("SPH") provides recruitment advertising and related services through its online jobs portal, ST Jobs, under the domain name stjobs.com.sg. SPH also offers off-line print classified and display job advertisements (CATS Classified and Recruit) published daily, mostly in The Straits Times and also in some of SPH's other publications.

39. Recruitment advertisers and employers pay to post job advertisements through which they may receive applications from jobseekers.<sup>43</sup> Recruitment advertisers and employers may also search the ST Jobs resume database for jobseekers.<sup>44</sup> Concurrently, jobseekers are able to search for jobs on ST Jobs at no cost and they may register for a free account

<sup>43</sup> <http://www.stjobs.sg/info/faq.html#a>

<sup>44</sup> Ibid.

with ST Jobs to upload their resumes and video introductions (known as Visumes), to supplement in their employment search.<sup>45</sup>

40. CCS understands that volume discounts and other benefits including “resume search credits” and “featured employee banners” are offered to ST Jobs’ customers in return for bulk purchases of job posting credits.<sup>46</sup> *Ad-hoc* discounts and other incentives are also sometimes offered as a competitive response to similar incentives offered by competitors or simply offered on a case-by-case basis.<sup>47</sup>
41. CCS understands ST Jobs to be a generalist online recruitment advertising service provider. ST Jobs differentiates its service offering from the services offered by its competitors by offering the following features to employers, recruiters and jobseekers:
- a. Video resume (Visume);
  - b. Resume scan which allows for automatic completion of online job applicant profiles;
  - c. Careers fairs; and
  - d. Web apps including payrise calculator, tax calculator and salary benchmarker.<sup>48</sup>

JobsCentral Pte. Ltd.

42. JobsCentral Pte. Ltd. (“**JobsCentral**”) operates jobscentral.com.sg, an online recruitment advertising platform in Singapore. It also has online portals in Malaysia and Indonesia. JobsCentral provides online recruitment advertising services; and education, scholarship and career information in Singapore.<sup>49</sup> Data from 2011 shows that, every month, JobsCentral attracts 8 million page views, 15,000 new jobseeker signups and processes 150,000 job applications.<sup>50</sup> It also organises the JobsCentral Career & Learning Fair, a job-centric fair visited by more than 55,000 people annually.<sup>51</sup> Recruiters and employers may pay for recruitment advertising services on JobsCentral’s job portal. JobsCentral also offers jobseekers resume posting tools, resume searching and job matching services.
43. Careerbuilder, a company based in the United States of America (“USA”) acquired JobsCentral in 2011. Careerbuilder describes itself as the global leader in human capital solutions, helping companies target and attract their most important asset – their people.<sup>52</sup>

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<sup>45</sup> Ibid.

<sup>46</sup> Response to information request by [28].

<sup>47</sup> Ibid at paragraph 3.3.

<sup>48</sup> <http://www.stjobs.sg>.

<sup>49</sup> <http://jobscentral.com.sg/companyinfo.php>.

<sup>50</sup> Press release, PR Newswire “CareerBuilder Acquires JobsCentral in Singapore” 5 May 2011.

<sup>51</sup> Paragraph 24.2.4 of Form M1.

<sup>52</sup> Press release, PR Newswire “CareerBuilder Acquires JobsCentral in Singapore” 5 May 2011.

44. JobsCentral also offers JobsCentral Mobile (available on all iPhones and Android phones), JobsCentral Community and social media engagement via Facebook and Twitter.<sup>53</sup>
45. The Applicants indicated that JobsCentral started as a jobs board focused on campus recruitment.<sup>54</sup> Market feedback concurs to suggest that JobsCentral is a niche job portal targeting fresh graduates and that it is a “go to” source for fresh graduates.<sup>55</sup>

Monster.com

46. Monster.com markets itself as a leading global careers network and operates an online job portal in Singapore. It is the flagship brand of Monster Worldwide, Inc. (“**Monster**”) and is listed on the New York Stock Exchange (“NYSE”). It has a presence in about 50 countries around the world.<sup>56</sup> It operates monster.com.sg, which is the site dedicated to Singapore positions and Singapore jobseekers.<sup>57</sup>
47. Recruitment advertisers may post their job advertisements on Monster.com, as well as search through the resume database and screen candidates for available positions. Jobseekers may make use of the various search functions on the job portal to search through job advertisements. The search functions include an advanced search using keywords, or searches by function, company or industry. Jobseekers also have the option of uploading their resumes onto the database. Monster.com also offers premium resume writing services, psychometric tests and career advice to jobseekers.<sup>58</sup>
48. Monster.com is a generalist job portal but acknowledged as one that caters well to IT and Banking industry jobseekers.<sup>59</sup> The database of Monster.com is strong in professional candidates and candidates looking for regional roles.<sup>60</sup>
49. Monster.com acquired TalentBin, a social profile search engine, in February 2014, a move that is seen to indicate Monster’s bid to tap into the passive jobseekers market, similar to the value proposition of LinkedIn. Passive jobseekers refer to talent in the workforce that are not actively hunting for new employments but have the right skills for a position. TalentBin functions by amassing publicly available information from social platforms across the web to create professional profiles. The initial implementation of “TalentBin by Monster” will focus primarily in the technology sector.<sup>61</sup>

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<sup>53</sup> Ibid.

<sup>54</sup> Applicants’ responses to CCS RFI dated 17 Mar 2014, Paragraph 8.3.

<sup>55</sup> Teleconference with [REDACTED] on 2 Jun 2014; Meeting with [REDACTED], 12 Mar 2014.

<sup>56</sup> [http://www.monster.com.sg/about\\_us.html](http://www.monster.com.sg/about_us.html) .

<sup>57</sup> <http://www.monster.com.sg/> .

<sup>58</sup> Ibid.

<sup>59</sup> Meeting with [REDACTED] on 12 March 2014.

<sup>60</sup> Applicants’ responses to CCS RFI dated 17 Mar 2014, Paragraph 8.3.

<sup>61</sup> Forbes, “Can a new strategy put the ‘Monster’ back in Monster”, 30 Jun 2014.

### Headhunt

50. Headhunt is an executive job recruitment publication and online job portal targeting professionals earning an annual income of S\$40,000 to S\$250,000. Specifically, it has a focus on the banking, accounting, finance, human resources, information technology, sales, marketing, engineering and sciences sectors. It positions itself as appealing to Professionals, Managers, Executives and Technicians (“**PMET**”) jobseekers.<sup>62</sup>
51. Headhunt Magazine is the company’s offline print advertisement arm. The recruitment advertisements in Headhunt magazine are meant to both target job seekers and for general branding purposes. It is distributed free at over 350 distribution points in Singapore, with 26,000 copies available on a fortnightly basis.<sup>63</sup>
52. The online job portal is free for recruitment advertisers to post job listings. The job portal carries a number of featured advertisements from certain employers which carries higher visibility, and these advertisements are likely to be paid advertisements. The online job portal also contains a resume database uploaded by job seekers, which employers may search through. Job seekers can also track the number of times their resumes have been viewed and receive emails highlighting jobs which suit their profile.<sup>64</sup>

### eFinancialcareers

53. eFinancialCareers is a subsidiary of Dice Holdings, Inc., which is listed on NYSE, operating in 19 markets across North America, Europe, the Middle East and Asia Pacific, with the main focus to connect finance professionals to companies, and *vice versa*. eFinancialCareers has approximately 140,000 registered members, of which approximately 50 per cent are Singapore citizens or Singapore permanent residents.<sup>65</sup>
54. eFinancialCareers caters specifically to career advertisements and career opportunities in the financial sector. It offers specialised advertising services to recruiters and employers, and access to advertised financial career opportunities for jobseekers. The database of eFinancialCareers contains many niche positions that generalist job portals do not carry.<sup>66</sup>
55. eFinancialCareers offers recruiters and employers online recruitment advertising services. Recruitment advertisers buy posting credits to post a job advertisement. For jobseekers, eFinancialCareers offers access to jobs across the financial industry (from leading brand employers to niche boutiques). Jobseekers also have access to financial

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<sup>62</sup> Paragraph 24.2.5 of Form M1.

<sup>63</sup> Ibid.

<sup>64</sup> <http://www.headhunt.com.sg/>.

<sup>65</sup> Paragraph 24.2.3 of Form M1.

<sup>66</sup> Applicants’ responses to CCS RFI dated 17 Mar 2014, Paragraph 8.3.

news and analysis, career advice and professional opinion.<sup>67</sup> The dedicated site for Singapore positions and Singapore recruiters can be found at eFinancialCareers.sg.

### LinkedIn Singapore

56. LinkedIn is a professional networking site, which markets itself as the world's largest professional network with 300 million members in over 200 countries and territories around the globe.<sup>68</sup> LinkedIn's business is much broader in scope than the traditional job portals. However, it does operate a relatively small job portal advertising Singapore job listings as noted in paragraph 58 below and it also offers several talent solutions products to the market.
57. There are about 10 offices spanning across the Asia Pacific region, located in Australia, India, China, Hong Kong and Japan. The LinkedIn office in Singapore is the regional centre for the Asia Pacific region, and serves countries in Southeast Asia where it does not have a physical presence. There are more than 1 million LinkedIn members in Singapore.<sup>69</sup>
58. LinkedIn maintains a relatively small job portal in Singapore, on which recruitment advertisers may advertise their job listings. The recruitment advertiser can set up a job posting and specify the experience level, job function and employment type, with different payment packages. LinkedIn also offers recruiter packages for recruiters to reach out to users through its network.<sup>70</sup>
59. Premium services are offered to recruiters where the recruitment advertiser can optimize profiles for recruiting, track notes, messages and activity history of their profiles and have access to the full database of LinkedIn members.<sup>71</sup> For jobseekers, they are linked to job advertisements based on their LinkedIn profiles. Users will be linked to the company website directly to apply for the job. Similarly, LinkedIn offers premium user packages for jobseekers to compare themselves with other applicants or to feature themselves as a featured applicant.<sup>72</sup> Premium jobseeker services are offered free to users for the first month to entice the utilisation of such services.<sup>73</sup>
60. LinkedIn's Annual Report 2012 makes reference to the strategy of growing its international member base by developing its brand across various international geographies, and by expanding its sales, technical and support operations in additional international locations.<sup>74</sup> Further, LinkedIn also stated that Talent Solutions, including

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<sup>67</sup> <http://www.efinancialcareers.sg/>.

<sup>68</sup> [http://www.linkedin.com/about-us?trk=hb\\_ft\\_about](http://www.linkedin.com/about-us?trk=hb_ft_about).

<sup>69</sup> Press Release, "LinkedIn Announces 1 Million members in Singapore" 29 April 2013

<sup>70</sup> <http://business.linkedin.com/talent-solutions/products/recruiter.html>.

<sup>71</sup> Annex 4 of A&G's Supplementary Submission on Market Developments dated 27 Jun 2014.

<sup>72</sup> Annex 4 of A&G's Supplementary Submission on Market Developments dated 27 Jun 2014.

<sup>73</sup> Annex 5 of A&G's Supplementary Submission on Market Developments dated 27 Jun 2014.

<sup>74</sup> LinkedIn Annual Report 2012, Page 5,

LinkedIn Jobs and the premium services offered to both job recruiters and job seekers, is aimed to be the most effective way for enterprises and professional organizations to efficiently identify and acquire the right talent for their needs.<sup>75</sup>

### Indeed

61. Indeed is an employment related search engine that primarily aggregates recruitment advertisements from various online sources and displays them on its site. Indeed is available in more than 50 countries with offices in the US, Ireland and the United Kingdom (“UK”), and has over 100 million unique visitors per month.<sup>76</sup>
62. Indeed is a subsidiary of Recruit Holdings Co., Ltd. (“**Recruit**”),<sup>77</sup> which acquired Indeed in October 2012.<sup>78</sup>
63. As noted above, Indeed aggregates recruitment advertisements from various online sources, like online job portals, recruitment agency sites and from the employer’s own corporate website<sup>79</sup> (including for example, multinational corporation “MNCs”) and displays them on its site. These listings are known as “organic” listings. Indeed also provides a free service for employers to post job advertisements directly to its site which would appear together with the organic listings. It also offers a “sponsored jobs” campaign to employers to increase prominence of their job listing. Recruitment advertisers may choose to pay for credits to sponsor the job advertisement and boost visibility to jobseekers. Alternatively, recruitment advertisers may also choose to advertise their jobs directly from their corporate websites and pay to increase visibility to the advertisement. Indeed also offers recruitment advertisers resume database search functions, with a limit on geographic location.<sup>80</sup> Indeed currently provides industry employment trends on the American job market on its website for free.<sup>81</sup> However, this does not appear to have been rolled out in Singapore.

### Recruit.net

64. Recruit.net is also an online job aggregator site, which aggregates job listings from online sources including corporate web sites, job portals and recruitment agencies. Recruit.net is based in Hong Kong and operates 18 localised websites.<sup>82</sup> The dedicated site for Singapore can be found at [singapore.recruit.net](http://singapore.recruit.net).

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URL: [http://files.shareholder.com/downloads/ABEA-69T44N/3262939847x0x665814/6F886EB6-2C01-4284-B43D-8684D46046FE/LinkedIn\\_2012\\_10-K\\_Annual\\_Report\\_bannerless\\_PDF\\_for\\_posting\\_.PDF](http://files.shareholder.com/downloads/ABEA-69T44N/3262939847x0x665814/6F886EB6-2C01-4284-B43D-8684D46046FE/LinkedIn_2012_10-K_Annual_Report_bannerless_PDF_for_posting_.PDF).

<sup>75</sup> LinkedIn Annual Report 2012, Page 9.

<sup>76</sup> Paragraph 24.2.6 of Form M1.

<sup>77</sup> Ibid.

<sup>78</sup> <http://press.indeed.com/press/indeed-announces-acquisition-by-recruit-co-ltd/>.

<sup>79</sup> <http://www.indeed.com.sg/>.

<sup>80</sup> <http://www.indeed.com.sg/>.

<sup>81</sup> <http://www.indeed.com/jobtrends/industry>.

<sup>82</sup> Paragraph 24.2.7 of Form M1.



65. Recruit.net generates revenue through a pay-per-click recruitment advertising network which delivers to advertisers highly targeted job seeker traffic and sponsored listings on search results pages, together with detailed analytics and tracking.<sup>83</sup> For advertisers, Recruit.net offers packages where recruitment advertisers may advertise all their jobs automatically from their website and only pay when candidates are delivered to the advertiser. Recruiters can also search the resumes on Recruit.net's database which contains more than 500,000 active candidates.<sup>84</sup>
66. Jobseekers may upload their resumes on Recruit.net free of charge and search for jobs in specific locations, job titles and companies.<sup>85</sup> The free service for job seekers to identify job trends (e.g. demand for software skills across the last five years) based on an aggregation of job data from thousands of online sources across Australia, Canada, China, Hong Kong, India, Japan, Malaysia, New Zealand, Singapore, UK, USA, Vietnam and the Philippines is also available on the Recruit.net site.<sup>86</sup>

### Glassdoor

67. Glassdoor markets itself as a transparent career community and holds a growing database of approximately 6 million company reviews, CEO approval ratings, salary reports, interview reviews and questions and office photos. The information is shared by current and previous employees of the companies.<sup>87</sup>
68. For employers, Glassdoor offers recruiting and employer branding solutions via Glassdoor Talent Solutions. There are currently more than 1,500 employers in the Glassdoor network, and Glassdoor helps companies to promote their brand and available positions to candidates who may not be aware of them.<sup>88</sup>
69. The company is headquartered in California, USA,<sup>89</sup> and has a population of 23 million members from across 190 countries.<sup>90</sup> While it does not have a dedicated Singapore-based page, Glassdoor still offers recruitment advertisements and resumes for Singapore job postings.<sup>91</sup> As at 1 July 2014, there were approximately 18,019 recruitment advertisements listed for Singapore-based jobs on Glassdoor's online platform.<sup>92</sup>

<sup>83</sup> <http://singapore.recruit.net/aboutus.html>.

<sup>84</sup> <http://www.recruit.net/employers.html>.

<sup>85</sup> [http://www.recruit.net/advanced\\_search.html](http://www.recruit.net/advanced_search.html).

<sup>86</sup> <http://jobindex.recruit.net/international/>.

<sup>87</sup> [http://www.glassdoor.com/about/index\\_input.htm](http://www.glassdoor.com/about/index_input.htm).

<sup>88</sup> Ibid.

<sup>89</sup> Ibid.

<sup>90</sup> <http://www.glassdoor.com/press/facts>.

<sup>91</sup> Paragraph 5.33 of Form M2.

<sup>92</sup> <http://www.glassdoor.com/Job/jobs.htm?suggestCount=0&suggestChosen=false&clickSource=searchBtn&typedKeyword=&sc.keyword=&locT=C&locId=3235921>.

70. Glassdoor recently released an electronic book (“**e-book**”) for employers highlighting the features offered by Glassdoor over traditional job portals including optimised advertisement campaigns to increase applicant flow and tools to increase reputation with potential candidates.<sup>93</sup> There are various other e-books on the Glassdoor site related to recruiting, job advertising and employer branding.<sup>94</sup>

#### Jobs Bank

71. Jobs Bank is a new participant in the Singapore online job advertisement industry. It is an initiative by the Singapore Workforce Development Agency (“**WDA**”) and the Ministry of Manpower (“**MOM**”) to facilitate Singaporean job seekers to obtain employment. More information on Jobs Bank and its competitive impact on the market is set out in Section X below.

## **VI. COMPETITION ISSUES AND THEORIES OF HARM**

72. The Applicants submit that in Singapore they overlap in the provision of online recruitment advertising services. Such services primarily involve the posting of recruitment advertisements on centralised online platforms and resume database search services.<sup>95</sup>
73. The Applicants submit that recruitment solutions are not a significant part of the SEEK and JobStreet businesses.<sup>96</sup>
74. [REDACTED].<sup>97</sup> [REDACTED].<sup>98</sup>
75. As such, any impact of the Transaction on competition for recruitment solutions is negligible. Those services only account for approximately [REDACTED]% of SEEK’s revenue in Singapore and only [REDACTED]% of the revenue of the JobStreet Business in Singapore.<sup>99</sup>
76. As such, the theory of harm identified by CCS is that the Transaction would result in a horizontal merger in the market for the supply of online recruitment advertising services, including resume database search services in Singapore, which may give rise to a substantial lessening of competition.

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<sup>93</sup> Glassdoor e-book, “5 Reasons your Job Postings Aren’t Working”.

URL: [http://resources.glassdoor.com/five-reasons-your-job-postings-arent-working.html?Channel=B2B\\_site](http://resources.glassdoor.com/five-reasons-your-job-postings-arent-working.html?Channel=B2B_site).

<sup>94</sup> <http://employers.glassdoor.com/ebooks/>.

<sup>95</sup> Paragraph 18.1 of Form M1.

<sup>96</sup> Paragraph 18.6 of Form M1.

<sup>97</sup> Paragraph 18.4 of Form M1.

<sup>98</sup> Paragraph 3.1 of Applicants’ response dated 24 June 2014.

<sup>99</sup> Paragraph 18.6 of Form M1.

77. CCS further considers that the following competition concerns may arise:

- a. **Less choice for advertisers and job seekers** – [§].<sup>100</sup> Post-merger, there will be less choice for advertisers and jobseekers in terms of available online job platforms;
- b. **Anti-competitive pricing strategies** – The merged entity is likely to have a significant advantage and lead position in the market for the provision of online recruitment advertising services. The merged entity is likely to benefit from a number of efficiencies and cost savings. Post-merger, it may use its market position and financial strength to substantially damage or eliminate competitors from the market;
- c. **Ability to raise prices** – In the absence of the competitive constraint that each of the Applicants imposes on the other, in terms of competitive pricing for employers and recruiters, the merged entity may, over time, raise its prices to customers; and
- d. **Less innovation** - In the absence of the competitive constraint that each of the Applicants imposes on the other, in terms of the development of new and innovative products for employers and recruiters, the merged entity may, over time, tend to “give less and charge more”. This position is likely to be exacerbated by the absence of strong and effective competition from other providers of online recruitment advertising services, given the large pool of jobseekers to which the merged entity will have access to.

78. These matters are discussed further in sections X, XIII, XIV and XV below.

## VII. THE COUNTERFACTUAL

79. In assessing the Transaction pursuant to the Act, CCS considers the effect of the Transaction by comparing the likely future competitive environment if the Transaction proceeds (the likely ‘with’ position) to the likely future competitive environment if the Transaction does not proceed (the likely ‘without’ position) to determine whether the Transaction is likely to substantially lessen competition in the relevant market.
80. SEEK submits that in respect of the provision of online recruitment advertising services, the Applicants will continue to operate separately and independently in the absence of the Transaction.<sup>101</sup> SEEK further submits that should the Applicants continue to operate

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<sup>100</sup> Market Research commissioned by JobsDB and conducted by Research Ink for the period of November to December 2013 (the “SEEK’s Market Study 2013”)

<sup>101</sup> Paragraphs 23.1 and 23.3 of Form M1.

separately, they will lose an opportunity to achieve operational efficiencies and enhance their competitiveness against local and global competitors.<sup>102</sup>

81. CCS accepts that the relevant counterfactual position should the Transaction not proceed is that in respect of the provision of online recruitment advertising services, the Applicants will continue to operate separately and independently in the absence of the Transaction. However, the relevant competition landscape has changed since the original Form M1 filing with the recent new entry of the Government's Jobs Bank, which officially launched in July 2014. Jobs Bank is discussed further in section X below. Therefore, the relevant counterfactual position is a consideration of the competitive environment with and without the merger in circumstances which include Jobs Bank.

## VIII. RELEVANT MARKET

### A. PRODUCT DIMENSION

#### **Applicants' Submissions**

##### Online Recruitment Advertising Services

82. SEEK submits that the product market should be defined as recruitment advertisement services generally, including both online and offline recruitment advertisement services. Even within online recruitment advertising, there are multiple formats through which online recruitment advertising services are provided. Platform providers, such as the Applicants, provide business-to-business online recruitment services to recruiters and employers, and job seekers directly. The platforms of the Applicants compete with other online platforms in Singapore that offer a general range of recruitment advertisements, as well as platforms that offer more narrow and targeted listings, such as eFinancialCareers. Other online formats that compete with the Applicants include global online recruitment advertising aggregators, which do not predominantly enter into service arrangements with recruiters and employers, and job seekers directly, but which aggregate the recruitment advertisements published across multiple online sources onto their websites. Professional networking sites, such as LinkedIn, and social media sites, such as Facebook, are also increasingly active in online recruitment advertising.
83. SEEK submits that recruiters and employers typically avail themselves of all viable alternative advertising platforms by format and/or vertical type to advertise their job openings.<sup>103</sup> Further, jobseekers are able to peruse both online and offline recruitment platforms to browse for job opportunities.<sup>104</sup> There is also evidence to show that job seekers have been observed to utilise the services of multiple platforms offering

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<sup>102</sup> Paragraph 23.1 of Form M1.

<sup>103</sup> Paragraph 19.15 of Form M1.

<sup>104</sup> Paragraph 19.16 of Form M1.

recruitment advertising services simultaneously, based on market research commissioned by JobsDB and conducted by Research Ink for the period of November to December 2013 (“SEEK’s Market Study 2013”).<sup>105</sup> SEEK submits that this is because there is currently no single platform currently which effectively functions as a single “go to” source for all recruitment advertisements or job candidates.<sup>106</sup>

#### CCS’s Market Inquiries

84. To determine the relevant product market, CCS has identified the relevant focal product to be the provision of online recruitment advertising services by online job portals in Singapore. CCS then made market inquiries of both providers and customers of these services to identify what they regarded as reasonably substitutable services. Given that online recruitment advertising services belong to a two-sided platform, CCS has also taken into consideration substitutable services from the point of view of jobseekers.

#### **Are non-print recruitment advertising service providers relevant market participants?**

85. The majority of respondents to CCS’s questionnaire did not consider non-print recruitment advertising service providers listed in paragraph 36 as capable of providing an effective competitive constraint to the merged firm. Only one respondent, [X], responded that it would consider the following to be alternatives for online recruitment advertising services (listed in rough order of suitability and/effectiveness):<sup>107</sup>

- a. Generalists classified websites with a Job section (e.g. Gumtree, Craigslist);
- b. Print classifieds (e.g. CATS Classifieds, Recruit); and
- c. Direct recruitment agencies.

86. [X]’s response was, however, qualified. It stated that it considered the above as alternatives only “to some extent”.<sup>108</sup> In relation to whether non-print recruitment advertising service providers exert any competitive constraints on online job portals, CCS noted that:

- a. Costs associated with utilising recruitment agencies, i.e. for services provided by executive search firms and advertising agencies, would be significantly greater than costs associated with online job advertising;
- b. Word of mouth and referrals would be a weak alternative to or substitute for online job advertising in terms of reaching a wide pool of jobseekers; and
- c. Where community centres and other online social networks like Facebook are used, they are used for particular and narrow purposes.<sup>109</sup>

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<sup>105</sup> Submitted as ‘commercial-in-confidence’ slide 89 of Annex 9 of Form M1.

<sup>106</sup> Paragraph 19.17 of Form M1.

<sup>107</sup> [X] written responses to questionnaire dated 13 March 2014 A to Q 14.

<sup>108</sup> [X] written responses to questionnaire dated 13 March 2014 A to Q 14.

<sup>109</sup> Telephone interview with [X] on 19 March 2014.

87. Therefore, CCS's view is that non-print recruitment advertising service providers compete in a separate market and, at best, would be complementary to online advertising services. CCS next considered whether the relevant product market is an online-only market or an online-plus-print market.

**Is the relevant market online only or does it include print recruitment advertising services?**

88. In relation to the use of print media and online recruitment advertising services, CCS's market inquiries tend to support the position that print media is more complementary to, rather than in competition with, online advertisements. Print advertisements:

- a. Can be used to fulfil branding purposes. In this regard, a market participant, [X],<sup>110</sup> which CCS understands assists it in fulfilling its own branding requirements. It was also submitted that, *"Print media competes for the same budget but frequently fulfil a branding objective rather than generate large quantities of applications. Recruitment firms are our clients as they too need to advertise to reach candidates."*<sup>111</sup>; and
- b. Can be used in conjunction with online advertisements. For example, [X] indicated that, *"... middle level or blue collar jobs are still largely advertised through offline mediums, in particular print classifieds."*<sup>112</sup>

A customer, [X] gave a similar response, stating that it will usually only resort to print media for certain blue collar/general positions in circumstances where these candidates may be less tech-savvy or be less likely to have internet access. Even then, it will use print advertisements together with advertisements on job portals. It might also turn to print media for general branding. However, online advertising services still constitutes a large part of the customer's advertising budget and business strategy.<sup>113</sup>

89. SEEK's Market Study 2013 stated [X]<sup>114</sup> as represented in **Annex B**.

**Is print media in the same market, and can it be said to be a strong and effective competitor to online recruitment advertising service providers?**

90. The feedback received from CCS's market inquiries indicates that online and offline recruitment advertisements are not easily substitutable. While some employers and

<sup>110</sup> [X]'s Written Response to Questionnaire dated 11 March 2014 A to Q 2.

<sup>111</sup> [X]'s Written response to questionnaire dated 11 March 2014 A to Q 6.

<sup>112</sup> [X]'s written responses to questionnaire dated 13 March 2014.

<sup>113</sup> Meeting with [X] on 12 March 2014.

<sup>114</sup> SEEK's Market Study 2013 slide 89.

recruiters indicated that they do use print media as well as online job portals, those channels are used for different purposes.

91. CCS's findings are as follows:

- a. Online advertisements tend to include more current and detailed information about vacant positions than that which can be included in print advertisements;
- b. Print advertisements are significantly more expensive than online advertisements (which can be free on some portals);<sup>115</sup>
- c. There is a longer lead time for publication of print advertisements compared with online advertisements.<sup>116</sup> Further, online advertisements may be updated more readily and frequently;<sup>117</sup>
- d. Customers who use print media tend to use it for branding purposes;<sup>118</sup>
- e. Those who use it for advertising vacant positions do so for less skilled, blue collar positions in circumstances where it is unlikely that the relevant talent pool has internet access. But even in these circumstances, the same positions are usually also advertised online;<sup>119</sup> and
- f. Jobseekers can usually lodge their applications for positions advertised online through the online portals whereas offline advertisements may not offer advertisers access to jobseeker resumes.<sup>120</sup>

92. Based on the market inquiries set out above and CCS's assessment of the market, CCS concludes that print media is unlikely to be a strong and effective competitive constraint against online recruitment advertising service providers.<sup>121</sup>

#### **Are the different platforms of online recruitment service providers substitutable?**

93. As to whether there is substitutability between the different platforms of online recruitment advertisement such as job portals, social media and aggregators, CCS made market inquiries and considered other available evidence.

94. Online recruitment advertising services in Singapore have historically been provided predominantly by four players, JobStreet Singapore, JobsDB Singapore, STJobs and JobsCentral (which all operate online job portals), with JobStreet Singapore and JobsDB Singapore dominating the market.<sup>122</sup> Market inquiries suggest that JobsDB Singapore

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<sup>115</sup> Meeting with [X] on 18 March 2014.

<sup>116</sup> Meeting with [X] on 18 March 2014 and Phone interview with [X] on 19 March 2014.

<sup>117</sup> Meeting with [X] on 12 March 2014.

<sup>118</sup> Meeting with [X] on 12 March 2014 and Meeting with [X] on 18 March 2014.

<sup>119</sup> Meeting with [X] on 18 March 2014 and Phone interview with [X] on 19 March 2014.

<sup>120</sup> Phone interview with [X] on 19 March 2014.

<sup>121</sup> This is consistent with the EC's decision in *Google / Double Click* EC Case No. COMP/M.4731 where the EC considered that the market for offline and online advertisements fall into separate product markets.

<sup>122</sup> Meeting with [X] on 12 March 2014; Phone interview with [X] on 19 March 2014; [X] written response to questionnaire dated 11 March 2014; [X] written response to questionnaire dated 13 March 2014 [5.1]; [X] written response to questionnaire A to Q 5; and Meeting with [X] on 18 March 2014.

and JobStreet Singapore are generalist online portals for PMET positions and a good source for experienced and mature jobseeker candidates.<sup>123</sup> ST Jobs is also a generalist portal, but can be used for fresh graduate recruitment.<sup>124</sup> Market inquiries reveal that the other participants in the market have more niche product offerings. JobsCentral is considered to be the “go to” source for fresh graduates.<sup>125</sup> Monster.com is known for catering to IT and Banking industry jobseekers,<sup>126</sup> similar to the positioning of eFinancialCareers. HeadHunt tends to focus on professional positions with an annual income of S\$40,000 to S\$250,000, although it is a relatively small player in the market.

95. While, desktop research reveals that Indeed, for example, offers paid listings in addition to posting aggregated listings, and Glassdoor, is another example of a “hybrid model” portal, market inquiries suggest that aggregators, do exert some competitive pressure on the Applicants such that they should be included in the online recruitment advertising services market, albeit having less competitive constraint as compared to other job portal competitors in the market.
96. LinkedIn does have a relatively small job portal in Singapore. Market inquiries of small to medium sized recruiters revealed that they are less likely to use LinkedIn as a traditional job portal and more likely to use it only for head hunting purposes or to fill very senior executive positions.<sup>127</sup> However, larger employers do use LinkedIn to fill vacant positions and at least one employer in Singapore indicated that it is considering switching from JobStreet Singapore to LinkedIn for the provision of its recruitment advertising services in the near future.<sup>128</sup> The totality of evidence, however, suggests that LinkedIn is mostly used to fill senior positions although it may be used to fill a small proportion of less senior roles.
97. There are also some examples of recruiters and employers using Facebook to fill temporary contract positions<sup>129</sup> and full time positions.<sup>130</sup> However, CCS had not found any evidence to suggest that Facebook is widely used as a recruitment tool.

### **CCS’s Assessment of the relevant product market**

98. Based on the information submitted by the Applicants, CCS’s market inquiries, and other data available, CCS’s assessment is that the relevant market for the Transaction is the market for online recruitment advertising services including resume database services. Offline recruitment advertising services are generally not substitutable for online

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<sup>123</sup> Meeting with [X] 12 March 2014; Meeting with [X] 19 March 2014.

<sup>124</sup> Meeting with [X] on 25 March 2014.

<sup>125</sup> Meeting with [X] on 12 March 2014; Meeting with [X] on 19 March 2014.

<sup>126</sup> Meeting with [X] on 12 March 2014.

<sup>127</sup> Meeting with [X] on 12 March 2014; Phone interview with [X] on 19 March 2014.

<sup>128</sup> Teleconference with [X] on 30 May 2014.

<sup>129</sup> Phone interview with [X] on 19 March 2014.

<sup>130</sup> Notes of Meeting with [X] dated 8 May 2014.

<sup>130</sup> Annex 1 of RFI on 17 June 2014 dated 24 June 2014.



recruitment advertising services. Print media advertising for job postings is in decline in Singapore and, therefore, it cannot be said to be an effective competitive constraint against the online job portals. Therefore, CCS finds that offline recruitment advertising services are not in the same product market as online recruitment advertising services.

99. CCS further considers that aggregators and other professional networking sites, including LinkedIn, do exert *some* competitive pressure on the Applicants such that they should be included in the online recruitment advertising services market, albeit having less competitive constraint as compared to other job portal competitors in the market.

100. As to whether online recruitment advertising services constitutes a single product market or whether it should be broken down further by professional or industrial sectors, CCS is of the view that the relevant product market would include online recruitment advertisement services generally. However, CCS notes that the participants in the market can and do offer differentiated products.

## **B. GEOGRAPHIC DIMENSION**

101. SEEK submits that the relevant geographic market for online recruitment advertising services is global in nature and not limited to any specific geographical location. SEEK gives the following reasons for its submission:

- a. It is technically possible to post recruitment advertisements and resumes, as well as search through these recruitment advertisements and resumes, outside of Singapore;<sup>131</sup>
- b. Global online recruitment players are increasingly gaining traction for recruitment listings<sup>132</sup> and there are no barriers to entry in Singapore. Customers in Singapore are able to, and do source for online recruitment advertisement platforms outside of Singapore; and
- c. An online platform based outside of Singapore may be tailored to list recruitment advertisements targeted at job openings in Singapore for local job seekers.<sup>133</sup>

### **CCS's Assessment**

102. CCS is unable to accept SEEK's reasoning that the relevant market is global in nature.

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<sup>131</sup> Paragraph 19.35 of Form M1.

<sup>132</sup> Paragraph 19.35 of Form M1.

<sup>133</sup> Paragraph 19.46 of Form M1.

103. While it may be technically possible:

- a. to post recruitment advertisements and resumes, as well as to search through these recruitment advertisements and resumes, outside of Singapore; and
- b. that an online platform based outside of Singapore may be tailored to list recruitment advertisements targeted at job openings in Singapore for local job seekers,

there is no evidence to support this as a standard or typical practice in the industry and only scant evidence to show that this occurs.<sup>134</sup>

104. CCS has not been presented with any evidence to support the position that global online recruitment players are increasingly gaining traction for recruitment listings. As for barriers to entry, this is dealt with in section XIII on Barriers to Entry and Expansion below.

105. As a result, CCS considers that the market for online advertising is national in geographic scope.

## **IX. MARKET STRUCTURE**

### **A. MARKET SHARES**

#### **Value of Online Recruitment Advertising Services**

106. This section provides an assessment of market share in the online recruitment advertising services market in Singapore. The nature of this market is such that there is no single measure that gives a complete picture of the relative shares of the competitors. This arises because the business models of the various competitors differ.

107. SEEK submits that the total value of recruitment advertising services in Singapore, as of 31 December 2013, is approximately S\$[X] and the total value of online recruitment advertising services in Singapore, as of 31 December 2013, is approximately S\$[X].<sup>135</sup>

108. In respect of the total size of the market for the provision of recruitment advertising services by volume, SEEK submits that the total volume of online recruitment listings in Singapore is [X].<sup>136</sup> SEEK submitted that it does not have access to third-party market estimates or calculations, and reaches this figure based on its internal estimates and observations.

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<sup>134</sup> Paragraph 5.1 of submission dated 10 June 2014.

<sup>135</sup> Paragraph 21.2 of Form M1.

<sup>136</sup> Paragraph 21.5 of Form M1.

109. The Applicants have further provided different data sets which provide information on the market by job advertisements; share of market by revenue; share of market by number of jobseekers and share of market by total visits to job sites. They have also provided advertising volume trends over time.
110. Set out below is the market share data provided together with CCS's findings in relation to those data sets.

**Market share by number of jobseekers; total visits; recruitment listings and by revenue**

111. In respect of the provision of online recruitment advertising services, the Applicants provided the following estimates<sup>137</sup> of the market shares for all online recruitment advertising service providers in Singapore during a one- month period in November 2013:<sup>138</sup>

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<sup>137</sup> Share by number of job seekers/ unique visitors measures the number of unique browsers for each online recruitment advertising site; Share by number of total visits measures the number of visits at each online recruitment advertising site; Share by number of recruitment listings measures the number of online recruitment advertisement at each site; Share by revenue is derived from the revenue attributable to online recruitment advertising.

<sup>138</sup> Paragraph 21.7 of Form M1 updated based on information provided by the Applicants' Response to CCS's Information Request dated 11 April 2014 Paragraph 6.4.

TABLE 1 Online recruitment advertising in Singapore in November 2013 <sup>139</sup>				
Undertaking	Share by number of job seekers/ unique	Share by number of total visits	Share by number recruitment listings	Share by revenue
Jobstreet	[X]	[X]	44,659 20.8%	[X]
JobsDB	[X]	[X]	34,002 15.8%	[X]
STJobs	[X]	[X]	39,532 18.4%	[X]
JobsCentral	[X]	[X]	9,714 4.5%	[X]
Monster	[X]	[X]	3,913 1.8%	[X]
LinkedIn	[X]	[X]	2,968 1.4%	[X]
Aggregators	[X]	[X]	80,013 37.2% (only data from Indeed provided by the Applicants)	[X] (include other online platform such as eFinancial, company websites)
Post-Merger (Merged Entity)	[X]	[X]	36.6%	[X]
CR3 Pre-merger	[X] 55 - 60%	[X] 60 - 65%	76.4%	[X] 55 - 60%
CR3 Post-merger	[X] 65 - 70%	[X] 70 - 75%	92.2%	[X] 65 - 70%

<sup>139</sup> Applicants' Response to CCS's Information Request dated 11 April 2014 Annex 1.

112. The Applicants submit that the share estimates based on number of recruitment listings and job seekers is likely to overstate the actual prominence of a recruitment advertising channel. This is because recruiters and employers, as well as job seekers, mostly utilise multiple recruitment channels at the same time.<sup>140</sup>

#### **Merged entity's estimated market share post-merger**

113. Based on share estimates by revenue provided by the Applicants, they predict that the merged entity will have a market share of marginally more than 40%.
114. CCS is generally of the view that competition concerns are unlikely to arise in a merger situation unless the merged entity will have a market share of 40% or more or where the merged entity will have between 20%-40% market share and where the shares of the three largest firms ("CR3") is more than 70%.<sup>141</sup> Having regard to the Applicants' figures, the post-merger CR3 based on revenue figures, CR3 is in the range of 65 – 70%; based on number of unique visitors CR3 is in the range of 65 – 70%; based on total visits CR3 is in the range of 70-75% and based on recruitment listings CR3 is 92.2%.
115. The high CR3 based on recruitment listings is due to the significantly higher market share of Indeed on that criteria. This can be explained by Indeed's business model as an aggregator which serves as a search engine that aggregates the recruitment advertisements published across multiple online sources onto their website. The high market share is likely to overstate the actual prominence of Indeed as compared to the other online recruitment advertising platforms in respect of the number of recruitment listings. For this reason, CCS is of the view that Indeed's business model should be borne in mind when assessing Indeed's high market share of recruitment listings. The same view applies to the high market share by jobseekers for LinkedIn as the users of LinkedIn may not necessarily be jobseekers and the data could include users to LinkedIn for purposes other than job-seeking or recruitment (for example, networking and colleagues connecting on LinkedIn).
116. As the merged entities' market share will be roughly equal to or exceed the threshold of 40% and depending on the manner of calculation, CR3 would be roughly equal to or exceed 70%, CCS proceeds to analyse other aspects of the Transaction in the following sections.
117. Further, CCS has formed the view that the competitive constraint imposed by the undertakings listed in **Table 1** above, are different, having regard to their different business models and service offerings. This is discussed further at paragraph 94 above. CCS has examined closely whether aggregators and other participants like LinkedIn

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<sup>140</sup> Paragraph 21.18 of Form M1.

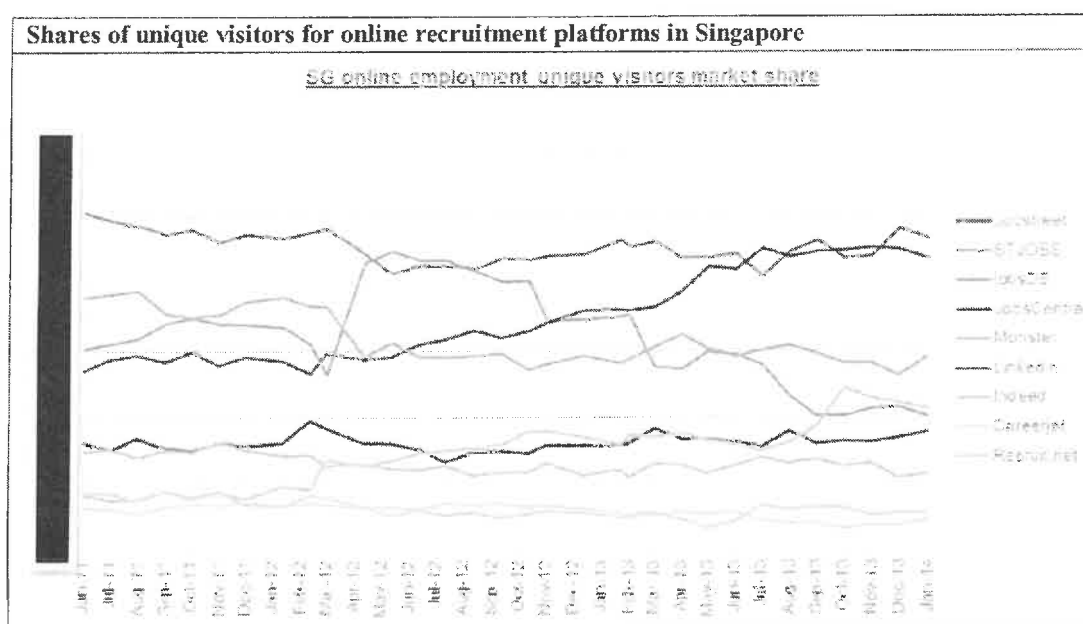
<sup>141</sup> Refer to paragraph 5.15 of the CCS Guidelines on Substantive Assessment of Mergers.

also compete in the provision of online recruitment advertising services or whether they play a different role in the market. CCS's findings are set out in section X below.

### Share of jobseekers/unique visitors

118. The Applicants have provided data which shows the share of users or number of unique visitors to portals operated by the relevant industry participants over time. This information is obtained by the Applicants from comScore Inc. ("**comScore**") which tracks the unique visitors of LinkedIn, Indeed and various job portals in Singapore.<sup>142</sup>

**Graph 1: Share of unique visitors for online recruitment platforms in Singapore**



119. It is clear from the graph<sup>143</sup> that the number of unique users who access the websites of online recruitment advertising service providers in Singapore fluctuates over time.
120. There are necessarily some limitations to this data. It does not capture unique users of all relevant portals in Singapore and there is some risk of double counting of users when job seekers utilise multiple channels for their recruitment sourcing needs and when the total jobseeker base for each of the available channels is aggregated.
121. However, it is useful to demonstrate trends over time. First, **Graph 1** shows that, over time, the three largest players, JobStreet Singapore, JobsDB Singapore and ST Jobs, continue to command larger unique audience sizes as compared to the more niche players like JobsCentral and the aggregators, including Indeed, Recruit.net and Careerjet. Next, **Graph 1** is useful in demonstrating the upward trend of industry

<sup>142</sup> Paragraph 3.1 of Applicants' Response to CCS's Information Request dated 20 March 2014 and Annex 2.

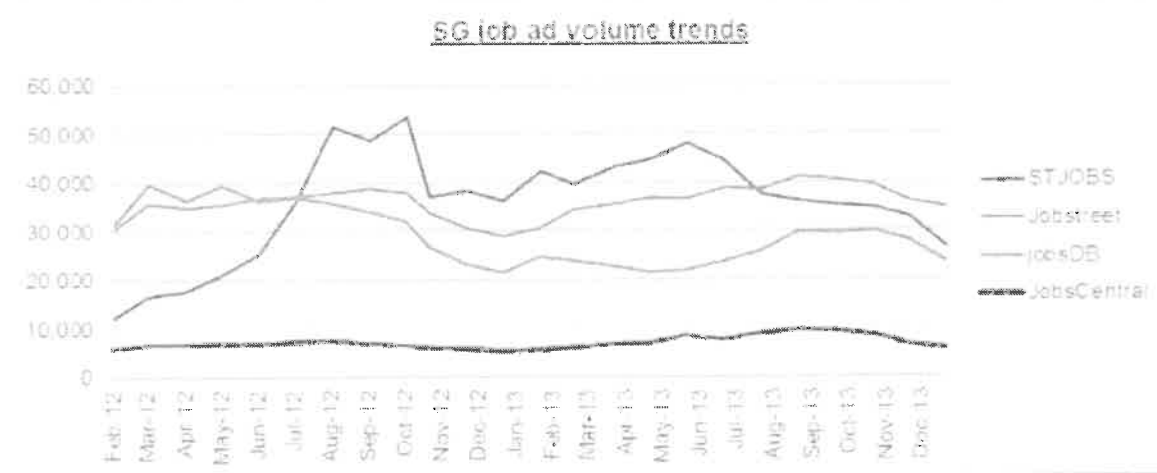
<sup>143</sup> Applicants' Response to CCS's Information Request dated 12 May 2014, Page 9.

participants such as LinkedIn. Further, it is also useful to observe the competitive dynamics in the current market. CCS observes that the fluctuating market shares over time tend to suggest that the current market is competitive and dynamic.

### Job advertisement volume

122. The Applicants have also provided some information about the volume of recruitment listings over time.<sup>144</sup> This dataset measures the number of job advertisements on the named websites over time and it gives an indication of where employers place their advertisements over time.<sup>145</sup>

**Graph 2: Singapore job advertising trends**



123. Again, this information is not fulsome. It only captures the volume of recruitment listings for ST Jobs, JobsCentral, JobsDB Singapore and JobStreet Singapore for the period from February 2012 to December 2013. It demonstrates the volatility of advertising volumes over time.
124. The Applicants submit<sup>146</sup> that the observably volatile market shares clearly evidence the dynamic and constantly evolving market and demonstrate that indirect network effects are not insurmountable. The Applicants shared that ST Jobs has increased its share (by recruitment listings) from below [X]% three years ago to almost [X]% in 2013, whereas the share of JobsDB Singapore had, over the same period, declined from [X]% to less than [X]%. Over the last three years, the share of JobsDB Singapore (by online jobseeker traffic) has declined from [X]% to [X]% whereas the share by LinkedIn, over the same period, has more than doubled to [X]%. CCS does not dispute

<sup>144</sup> Applicants' Response to CCS's Information Request dated 20 March 2014 Annex 3.

<sup>145</sup> CCS notes that the assessment of shares based on number of recruitment listings is likely to overstate the actual prominence of a recruitment advertising channel, as recruiters and employers may utilise multiple recruitment channels at the same time.

<sup>146</sup> Paragraph 7.6 of Applicants' submission dated 11 April 2014.

that the observable volatility in the market shares depicted above demonstrates that indirect network effects are not insurmountable in the current market.

125. CCS notes that the significantly high number of unique visitors to LinkedIn's site does not correlate with its relatively small number of job listings. This confirms that the number of active jobseekers and recruiters accessing LinkedIn's site are likely to be a small percentage of the overall unique user figure in **Graph 1** above.
126. CCS notes from **Graph 2** that the number of job advertisements on ST Jobs, even accounting for volatility, has been steadily increasing, and since about July 2012, the advertising volumes for ST Jobs have exceeded the volume of job advertisements on JobsDB Singapore, suggesting that the competition constraints exerted by ST Jobs have been increasing over time and that there is keen competition among the online job portals.

#### **Impact of Jobs Bank on market share by job listings**

127. To assess the initial impact of Jobs Bank since its launch in July 2014 (a fulsome description of Jobs Bank is contained in section X below), CCS proceeded to compare its number of job listings with that of the other job portals as submitted by the Applicants.<sup>147</sup> CCS has prepared Table 2 below which sets out the jobs listings for the various competitors including Jobs Bank.

**Table 2: Share by Job Listings as at 20 October 2014 including Jobs Bank**

<b>Undertaking</b>	<b>Share by number of job listings (as at 20 October 2014)</b>	<b>Share by job listings in percent (as at 20 October 2014)</b>
Jobstreet	49,370	13.4%
JobsDB + jobs.com.sg	25,800 + 71,927 = 97,727	7.0 + 19.5 = 26.5%
<b>Applicants' post-merger listings / market share</b>	<b>147,097</b>	<b>39.9%</b>
STJobs	39,919	10.8%
JobsCentral	15,807	4.3%
Jobs Bank	63,107	17.1%
Monster	8,697	2.4%
Indeed	91,361	24.7%
LinkedIn	2,500	0.7%
efinancial careers	1,110	0.3
<b>Total</b>	<b>369,598</b>	
<b>CR3 Pre-merger</b>	<b>68.3%</b>	
<b>CR3 Post-merger</b>	<b>81.7%</b>	

<sup>147</sup> Annex 1 of Applicant submission dated 4 August 2014.



128. Even though Jobs Bank was just launched in July 2014, its market share in terms of job listings exceeds JobsDB Singapore, JobsCentral and Monster.com and is comparable to that of STJobs, while its market share by revenue is 0%. This was to be expected given that Jobs Bank provides a free matching service and attracts a significant volume of job postings that would fall under the mandatory posting requirements laid out by MOM. However, even with the entry of Jobs Bank, STJobs remains to be the closest competitor to the Applicants. Further, even with the addition of Jobs Bank, the CR3 based on share by listings post-merger still exceeds 70% i.e. 81.7%.<sup>148</sup>

### Overall conclusions

129. **Table 1, Graph 1 and Graph 2** show that recruitment advertising services in Singapore are provided predominantly by four market players, JobStreet Singapore, JobsDB Singapore, STJobs and JobsCentral (which all operate online job portals), with JobStreet Singapore and JobsDB Singapore leading the market. This finding is consistent with CCS's market inquiries of industry participants.<sup>149</sup>
130. Without exception, all competitors, customers and other third-parties who provided feedback on the Transaction submitted that based on their size, jobseeker networks and branding, JobStreet Singapore and JobsDB Singapore represent each other's closest competitor in relation to the provision of online recruitment advertising services in Singapore. This feedback is borne out by the market share figures provided by SEEK in **Table 1, Graph 1 and Graph 2** above that JobStreet Singapore and JobsDB Singapore rank as numbers 1 and 2, respectively in the industry in Singapore.
131. CCS concludes that there is no single measure that gives a complete picture of the relative shares of the competitors in this market. CCS notes that all the measures have limitations, but also have relevance to the overall assessment when taken into account together with other measures and factors relevant to competition.
132. Looking at revenue as a measure for assessing market share provides an indication of how successful a job portal has been in attracting paying advertisers. Based on **Table 1** above, Jobstreet Singapore generated the largest share of revenue from online job advertisements in November 2013. JobsDB Singapore has also been successful in generating revenue share.
133. When considering the impact of ST Jobs on the market, the revenue measure might explain its sudden increase in recruitment listings. Deep discounting might also explain the spikes in its advertising volume and unique user traffic demonstrated in **Table 1** and

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<sup>148</sup> For completeness, market share of Jobs Bank by revenue is zero.

<sup>149</sup> Meeting with [REDACTED] on 12 March 2014; Phone interview with [REDACTED] on 19 March 2014 [REDACTED]; written response to questionnaire dated 11 March 2014; [REDACTED] written response to questionnaire dated 13 March 2014 [5.1]; [REDACTED] written response to questionnaire A to Q 5; Meeting with [REDACTED] on 18 March 2014.

the graphs above. These suggest that the current market is competitive and that JobStreet Singapore and JobsDB Singapore are likely to be constrained, pre-merger, in terms of price, by the behaviour of maverick firms in the market. However, given their share of jobseekers, the share of recruitment listings and the total number of visitors, CCS is concerned that mavericks in the market like ST Jobs may no longer be in a position to constrain the merged firm post-Transaction.

134. CCS also recognises that some relevant industry players do have different business models through differentiated product offerings and their impact on the market is not explained fully from a review of revenue figures. For example, aggregators like Indeed operate both an aggregator model as well as a paid listings model. Indeed's paid listings are relatively new and Indeed's share by revenue is relatively small. However, as an aggregator it has the potential to attract jobseekers to its site due to its large share of number of advertisements listed. This is borne out by the unique visitor share shown in **Graph 1** above.
135. **Graph 1** also shows the growth of competitors in Singapore with different operating models. As noted, **Graph 1** demonstrates that LinkedIn has enjoyed significant growth in Singapore over time. While it is important to recognise that users of LinkedIn may not necessarily be jobseekers and the traffic represented by **Graph 2** could include users to LinkedIn for purposes such as networking and not job seeking or recruitment, the growth of LinkedIn by unique visitors may in turn attract more advertisers to the LinkedIn platform which could have the effect of increasing LinkedIn's competitive impact on the merged firm.
136. The market shares by recruitment listings show clearly that the Applicants and ST Jobs represent the three closest competitors. **Table 1** and **Graph 2** suggest that there is currently keen competition among the generalist job portals in particular and the competitive constraints imposed by ST Job on the Applicants have been increasing over time.
137. However, CCS is concerned that the concentrated market post-merger may result in all other job portals being unable to provide an effective competitive constraint against the merged entity. The merged entity is very likely to further entrench its leading position in the market for the provision of online recruitment advertising services post-merger. Having regard to **Table 1** above, it will have a very significant share of the market by all relevant measures.

## **X. ACTUAL AND POTENTIAL COMPETITION**

138. CCS has also examined whether aggregators (for example, Indeed and Recruit.net) and whether LinkedIn are relevantly competitors in the market. Set out below are CCS's findings.

**Consideration of whether aggregators are relevantly competitors in the market for online recruitment advertising services**

139. The Applicants submit that aggregators exert competitive pressure as they are able to present to jobseekers the largest pool of job advertisements and correspondingly, a large pool of jobseekers to the employers.<sup>150</sup> Global online aggregators (such as Indeed and Recruit.net) have been increasing in prominence as they provide a one-stop database to jobseekers and employers which reduce search costs. Moreover, aggregators have shifted from the traditional aggregator model to allowing the fee-based posting of job advertisements directly on the aggregator's platform.
140. The Applicants submit<sup>151</sup> that the speed and depth of penetration by the aggregators in Singapore within a short span of time demonstrate the ability of and competitive threat from, aggregators in driving jobseeker traffic and conversion into recruitment advertisement customers in Singapore. Market inquiries suggest that there is some basis to find that aggregators and traditional job portals in Singapore do compete for the same group of jobseekers and the same pool of advertising revenue as do traditional job portals.<sup>152</sup>
141. For example, some aggregators in Singapore such as Indeed and Glassdoor have hybrid models by acting both as aggregators and also by offering services similar to those of traditional job portals, such as the ability for job seekers to upload their resumes, register for job alerts and search for advertised positions, apply directly for a job and for employers to search for resumes uploaded. However, CCS considers that there is a basis on which to characterise some services aggregators provide as complementary to and not substitutable for online job portals.<sup>153</sup>
142. Characterising aggregators as having a role both as complements to and as substitutes for traditional job portals is important to CCS's assessment of the Transaction. Where at least one side of a two-sided platform engages in multi-homing, in that it uses multiple platforms at the same time as is evident from the jobseeker side of the market, this can limit the competitive significance of indirect network effects. Aggregators play an important role in this regard. When aggregators display a job posting that originates from a different job portal, it creates greater visibility for that job posting. In that way, aggregators can allow smaller job portals to counteract the potential difficulties with attracting traffic from jobseekers and may therefore allow smaller job portals to compete more effectively with larger job portals. The Divestiture Commitment, therefore, preserves this competitive environment, post-merger.

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<sup>150</sup> Paragraph 18.15.8 of the Form M1, Paragraph 3.4 of submission dated 20 March 2014 and Paragraph 5.7 of submission dated 11 April 2014.

<sup>151</sup> Paragraph 1.4, 1.5 and 1.6 of submission dated 10 June 2014.

<sup>152</sup> Feedback from [REDACTED] dated 29 April 2014.

<sup>153</sup> Conference call with [REDACTED] on 29 April 2014.

**Is LinkedIn relevantly a competitor in the market for online recruitment advertising services?**

143. The Applicants further submit that social media sites, such as LinkedIn, pose a competitive threat as these sites aim to “provide an efficient and value for money method of matching job vacancies with potential candidates”.<sup>154</sup> LinkedIn allows employers to post jobs directly to its site and competes aggressively with job portals in database search functionality which is an increasingly important part of the online recruitment market as many employers choose to use database or resume searches instead of, or in addition to, paid advertisement on job portals.<sup>155</sup>
144. According to market research by the Applicants, [X]<sup>156</sup> CCS notes that while LinkedIn has initially focussed on professionals, knowledge workers and fresh graduates, the company has started to work towards creating economic opportunities for everyone in the workforce and the mix of LinkedIn members is starting to include blue collar workers such as [X].<sup>157</sup>
145. CCS further notes that LinkedIn also provides a platform for companies and recruiters to look for talent, including those who may not be actively looking for a job (i.e. passive talent), which is estimated to make up approximately [X] of working professionals.<sup>158</sup> This database of passive talent is not normally available to traditional job portals, which typically attract only active job seekers, [X].<sup>159</sup>
146. Furthermore, CCS’s market inquiries indicate some instances of firms switching away from traditional job portals to social media sites. For example, [X]<sup>160</sup> and [X]<sup>161</sup> have indicated that they are considering the switch from [X] to [X] and [X] respectively.
147. CCS has also taken into account the rapid growth of LinkedIn in Singapore which has expanded from a small core team to about [X] employees in Singapore since 2011.<sup>162</sup>
148. CCS finds that LinkedIn is relevantly a competitor in the market for the provision of online recruitment advertising services. LinkedIn has a relatively small online portal of job listings in Singapore and CCS has also observed some examples of switching away from traditional job portals to LinkedIn. However, CCS notes that LinkedIn’s recruitment products are priced differently to those offered by the Applicants and it has received feedback to suggest that LinkedIn is comparably more expensive as a

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<sup>154</sup> Paragraph 9.3 of RFI on 2 June 2014 dated 10 June 2014.

<sup>155</sup> Paragraph 9.4 of RFI on 2 June 2014 dated 10 June 2014.

<sup>156</sup> Paragraph 9.5 of RFI on 2 June 2014 dated 10 June 2014.

<sup>157</sup> [X].

<sup>158</sup> [X].

<sup>159</sup> Refer to paragraph 32 above.

<sup>160</sup> [X].

<sup>161</sup> Teleconference with [X] on 30 May 2014.

<sup>162</sup> [X].

recruitment tool than the products offered by the Applicants. CCS further notes that LinkedIn is used by employers and recruiters to target talent for senior management roles. Therefore, CCS considers that at least in the short to medium term, the competitive constraint imposed by LinkedIn would be strongest in relation to recruitment advertising services for senior management roles only.

**Is Jobs Bank relevantly a competitor in the market for online recruitment advertising services?**

149. During CCS's assessment of this merger, a new participant the Singapore Government portal, Jobs Bank, has emerged.
150. Jobs Bank is WDA's new public job portal to facilitate online job matching between local job seekers and employers. The Jobs Bank initiative follows MOM's announcement in September 2013 of the new Fair Consideration Framework ("FCF") which puts in place rules that require employers to consider Singaporeans fairly before hiring employment pass ("EP") holders.<sup>163</sup> Pursuant to the FCF, with effect from 1 August 2014, employers submitting new EP applications must first advertise that position on the government jobs portal, Jobs Bank for at least 14 calendar days.<sup>164</sup>
151. Jobs Bank is a self-help platform which has some of the basic features similar to private job portals. Jobseekers are able to search and apply for jobs; create and post resumes to the website; receive alerts on new job vacancies and permit their resumes to be searched by employers.<sup>165</sup> Employers are able to post job vacancies; manage job applications and search and shortlist local candidates.<sup>166</sup> Jobs Bank is used to support WDA's career services and allow WDA to reach out to a wider pool of local job seekers beyond its career centres.<sup>167</sup>
152. SEEK submits that the national Jobs Bank will emerge as a significant competitor as a no-cost platform to recruiters and employers.<sup>168</sup>
153. MOM informed CCS that it receives approximately [X] EP applications per month.<sup>169</sup> Therefore, MOM assumes that Jobs Bank should attract that number of new listings every month. Jobs Bank may be attractive to jobseekers because it is a government portal, which carries a public perception of trust and reliability. Moreover, there may be

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<sup>163</sup> <http://www.mom.gov.sg/newsroom/Pages/PressReleasesDetail.aspx?listid=523>.

During with meeting with MOM and WDA on 3 April 2014, MOM clarified that there are about [X] successful EP applications a month.

<sup>164</sup> <http://www.mom.gov.sg/Documents/press-releases/2013/factsheet-fair-consideration-framework.pdf>.

<sup>165</sup> <https://www.jobsbank.gov.sg/ICMSPortal/portlets/JobBankHandler/individual.jsp>.

<sup>166</sup> <https://www.jobsbank.gov.sg/ICMSPortal/portlets/JobBankHandler/employer.jsp>.

<sup>167</sup> <https://www.jobsbank.gov.sg/ICMSPortal/portlets/JobBankHandler/AboutJobsBank/AboutJobsBank.jsp>.

<sup>168</sup> Paragraph 24.23 of Form M1.

<sup>169</sup> Meeting with MOM and WDA on 3 April 2014.

synergies with the WDA Career Centres which may increase public awareness and usage of the site.

154. Paragraph 7.2 of the *CCS Guidelines on the Substantive Assessment of Mergers* (“*CCS Guidelines on Mergers*”) states:

*“Entry by new competitors or expansion by existing competitors may be sufficient in likelihood, scope and time to deter or defeat any attempt by the merger parties or their competitors to exploit the reduction in rivalry flowing from the merger (whether through coordinated or non-coordinated strategies).”*

155. Paragraphs 7.4 to 7.8 of the *CCS Guidelines on Mergers* goes on further to explain that for a new entrant to be considered a sufficient competitive constraint, three conditions must be satisfied, namely (1) the new entry should be likely to occur in the event that the Applicants seek to exercise market power; (2) the new entry must be timely to provide lasting and effective post-merger competition. Entry within less than two years will generally be timely; and (3) the new entry should be of sufficient scope to constrain any attempt to exploit increased post-merger market power.
156. In terms of entry, Jobs Bank was officially launched on 14 July 2014 and the EP advertising requirements commenced on 1 August 2014. As such, its entry is relevantly timely for the purposes of *CCS Guidelines on Mergers* and new entrants.
157. The number of available job postings on Jobs Bank suggests that it is likely to have considerable scale. As at 20 October 2014, the number of jobs available on Jobs Bank was 63,107. This is more than the number of jobs available on the JobsDB Singapore and the Jobstreet Singapore websites on the same day, which showed number of listings at 25,800 and 49,370 respectively. Unlike other job portals and aggregators, Jobs Bank has a customer captivity competitive advantage in that employers will become captive to Jobs Bank because they are *required* by the government to advertise on Jobs Bank before making EP applications for positions with a monthly salary of between S\$3,300 to S\$12,000.<sup>170</sup> Unlike other new entrants, which would be required to grow their network both in terms of advertisers (being recruitment companies and other employers) as well as jobseekers, the requirement for posting on Jobs Bank has the effect of capturing the employers’ side of the customer base.
158. It is noteworthy, however, that CCS did not observe any significant corresponding decrease in jobs listings on the other traditional online job portals following Jobs Bank’s commencement. One explanation for this may be that employers are posting on Jobs Bank to meet MOM’s mandatory requirements but continuing to use other traditional on-line job portals for job posting and matching services. The success of Jobs Bank as a participant in the market and its ability to constrain the merged firm

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<sup>170</sup> <http://www.mom.gov.sg/newsroom/Pages/PressReleasesDetail.aspx?listid=523> .

rests not just on the number of jobs available on its site, but also on its ability to match jobseekers to those available positions. CCS understands that WDA has available some “feedback” tools whereby employers may notify Jobs Bank if they have successfully placed a candidate from the Jobs Bank platform into the advertised position.<sup>171</sup> However, as at 5 August 2014, WDA had not published data on successful matches.<sup>172</sup> At this stage too, it will be premature to make an assessment about the effectiveness of Jobs Bank as a participant and potential source of competitive constraint in the market.

159. CCS is also mindful that the “mandatory” advertising requirements apply only to those positions which fulfil the relevant salary thresholds<sup>173</sup> and for which an EP is sought. This suggests that the scope of Jobs Bank might be too narrow to have a constraining effect on the merged entity.
160. Further, Jobs Bank is a “self-help” and “stand alone” portal. While Jobs Bank offers some basic functions similar to those of existing portals, such as the ability for jobseekers to upload their resumes; register for job alerts; search for advertised positions and make applications for positions through the portal; and for employers to search for resumes uploaded on Jobs Bank, there are some key functional differences. Jobs Bank has limited functionality in terms of integrating into the IT systems of employers and recruiters who seek to post job advertisements on Jobs Bank. This lack of integration and the standalone features of Jobs Bank mean that there is no bulk-upload function available to employers and recruiters, nor is there an alert function for advertisers who wish to be alerted to responses to their advertisements from jobseekers.
161. Lack of functionality in this regard has been flagged by recruitment advertisers to CCS as a limiting factor. This is considered to be an important difference between Jobs Bank and the other online portals,<sup>174</sup> which may undermine its effectiveness as a competitive constraint on the merged firm.
162. Further, CCS’s market enquiries raise some doubt as to the effectiveness of Jobs Bank as a competitive constraint on the merged firm. A customer, [X] indicated that it had used Jobs Bank but was concerned that the candidates drawn from Jobs Bank did not meet relevant qualification requirements;<sup>175</sup> another customer [X] indicated that the functionality of Jobs Bank was good but “responses from Jobs Bank have not been very encouraging”;<sup>176</sup> and a third customer [X] did not consider Jobs Bank to be an alternative to the Applicants.<sup>177</sup>

<sup>171</sup> Telephone call with WDA on 5 August 2014.

<sup>172</sup> Telephone call with WDA on 5 August 2014.

<sup>173</sup> <http://www.mom.gov.sg/newsroom/Pages/PressReleasesDetail.aspx?listid=523> .

<sup>174</sup> Teleconference with [X] on 30 May 2014.

<sup>175</sup> Feedback from [X] dated 4 June 2014.

<sup>176</sup> Feedback from [X] dated 10 June 2014.

<sup>177</sup> [X] written response to questionnaire dated 3 June 2014.

163. Therefore, CCS is of the view that while Jobs Bank constitutes a new and timely entry into the market, there is no clear market feedback to support the position that it is likely to be an effective and significant competitive constraint to the merged firm at least in the short to medium term. The potential impact of Jobs Bank as a competitive constraint, on the merged firm, particularly given Jobs Bank's specific government mandate,<sup>178</sup> is at this stage, an open question.

#### **Other potential competitors**

164. Finally, the Applicants have listed the following as entities that would be in a position to enter the market in a sufficiently timely manner and of such scope as to adequately constrain the merged entity:

- a. **Vietnam Works** – Job portal based in Vietnam established in 2002 and is currently the largest job portal in Vietnam;
- b. **Stepstone** – UK/European job portal with a presence in nine countries in the European Union (“EU”);
- c. **51jobs** – Job portal based in the People's Republic of China and listed on the NASDAQ; and
- d. **Nakuri.com** – job search engine based in India.

165. Based on market inquiries, CCS was unable to find any conclusive evidence that the entities listed above would be in a position to enter the market in a sufficiently timely manner and of such scope as to adequately constrain the merged entity.

### **XI. DYNAMIC CHARACTERISTICS OF THE MARKET**

166. SEEK submits that the market for the provision of recruitment advertising services is a dynamic one in that recruitment advertising platforms compete by frequently improving their products and services<sup>179</sup> and innovating by assisting recruiters and employers with drafting the recruitment advertisement to target the appropriate candidates.<sup>180</sup>

#### **Examples of dynamic nature of the market**

167. CCS's inquiries show that the recruitment advertising services market is dynamic and characterised by a degree of innovation and competition. For example, one customer indicated that, in its experience, job portals will offer value-added features to secure

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<sup>178</sup> <https://www.jobsgov.sg/ICMSPortal/portlets/JobBankHandler/AboutJobsBank/AboutJobsBank.jsp> which states that the Jobs Bank's mandate is to fulfil the advertising requirements under MOM's Fair Consideration Framework and to reinforce expectations for employers to consider Singaporeans fairly for job opportunities.

<sup>179</sup> Paragraph 18.11 of Form M1.

<sup>180</sup> Paragraph 24.13 of Form M1.



customers, including offers to provide monthly reports on the number of postings, push up advertisements to top of the listings, offer complimentary credits and sometimes feature them during campaigns. When one job portal offers such services, the customer will also bargain with other job portals for the same deal.<sup>181</sup>

168. LinkedIn has succinctly summarised the dynamic nature of competition for online recruitment advertising in a statement included in its 2012 LinkedIn Annual Report where it stated:

*“If the efficiency and usefulness of our products to enterprises and professional organizations do not continue to exceed those provided by our competitors, which factors are influenced by the number and engagement of our members, we will not be able to compete successfully.”*<sup>182</sup>

169. LinkedIn recently launched a job search app for iOS devices on 19 June 2014.<sup>183</sup> The app is designed to improve the job search experience by allowing users to search for job opportunities or be notified of job opportunities through their mobile devices.
170. LinkedIn is not the only industry participant to launch a mobile device search tool. CCS understands that the Applicants also have mobile device search tools as do the following industry participants: ST Jobs,<sup>184</sup> JobsCentral,<sup>185</sup> Monster,<sup>186</sup> eFinancialCareers,<sup>187</sup> Indeed<sup>188</sup> and Glassdoor.<sup>189</sup>
171. Other marketing initiatives employed by industry participants to increase exposure of their services include the use of Facebook pages and, in this connection, CCS notes that ST Jobs, for example, runs paid advertisements on Facebook.
172. CCS’s market inquiries also reveal that a number of aggregators such as Indeed and Recruit.net, are evolving into a mixed model where they aggregate recruitment listings from websites of employers and recruiters, and allow direct posting of recruitment advertisements onto the aggregator sites.
173. CCS further agrees with the Applicants that low switching costs, which enable consumers to switch between and utilise multiple recruiting platforms simultaneously, add to the dynamism of the market.<sup>190</sup> As mentioned above, CCS has observed some

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<sup>181</sup> Meeting with [X] on 12 March 2014.

<sup>182</sup> LinkedIn Annual Report 2012 at pp 26.

<sup>183</sup> LinkedIn official blog, “Introducing the New LinkedIn Job Search App for iPhone”, Daniel Ayele dated 19 June 2014.

<sup>184</sup> <https://itunes.apple.com/sg/app/stjobs/id477957678?mt=8> .

<sup>185</sup> <http://edm.jobscentral.com.sg/MobileApp14/> .

<sup>186</sup> <http://www.monster.com.sg/mobile/viaapplication.html> .

<sup>187</sup> <https://itunes.apple.com/us/app/careers-in-financial-markets/id484584217?mt=8> .

<sup>188</sup> <http://www.indeed.com/mobile> .

<sup>189</sup> <http://www.glassdoor.com/apps.htm> .

<sup>190</sup> Paragraph 1.7 of RFI on 17 June 2014 dated 20 June 2014.

firms switching or are beginning to switch from traditional job portals to social media sites.

### **CCS's Assessment**

174. In conclusion, CCS agrees with the Applicants that the market is dynamic and characterised by a degree of innovation and competition, examples of which are set out above. CCS also considers that the initiatives marketed by aggregators and social media sites such as LinkedIn blurs the distinction between traditional job portals, aggregators and social media sites.

175. However, CCS is unable to conclude that the dynamic nature of the market is likely to sufficiently constrain the Applicants post-merger in the near term. These matters are discussed further in sections XII and XIII below.

## **XII. REMOVAL OF A VIGOROUS AND EFFECTIVE COMPETITOR**

176. As noted in paragraph 94 above, market inquiries by CCS suggest that online recruitment advertising services in Singapore are provided predominantly by four players, JobStreet Singapore, JobsDB Singapore, STJobs and JobsCentral (all of which operate online job portals), with JobStreet Singapore and JobsDB Singapore dominating the market.<sup>191</sup> [X]. **Annex C** illustrates [X].

177. CCS's market inquiries reveal that advertisers tend to use JobStreet Singapore and JobsDB Singapore because of the depth of their jobseeker databases, good brand recognition and large pool of candidates and service levels.<sup>192</sup> Most customers that CCS spoke to suggested that other service providers are lagging behind on these factors.<sup>193</sup> [X]. **Annex D** shows [X].

178. There are also some differences between the Applicants' product offerings. The Applicants have submitted that the online search tools offered to jobseekers by JobsDB Singapore and JobStreet Singapore share generally similar features such as the ability to conduct searches by keywords and the ability to sort recruitment advertisements by salary, industry and function.<sup>194</sup> However, they submit that there are primary differences to jobseekers such as the level of information in the job advertisements; differences in how the recruitment advertisements are classified; difference in search

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<sup>191</sup> Meeting with [X] on 12 March 2014; Phone interview with [X] on 19 March 2014; [X] written response to questionnaire dated 11 March 2014; [X] written response to questionnaire dated 13 March 2014 [5.1]; [X] written response to questionnaire A to Q 5; and Meeting with [X] on 18 March 2014.

<sup>192</sup> Meeting with [X] on 12 March 2014; Phone interview with [X] on 19 March 2014; and [X] written response to questionnaire A to Q 5, 6 and 8.

<sup>193</sup> Meeting with [X] on 12 March 2014; Phone interview with [X] on 19 March 2014; and [X] written response to questionnaire A to Q 5, 6 and 8.

<sup>194</sup> Paragraph 6.1 RFI response by the Applicants dated 11 March 2014.

tools and different user experiences across the applications.<sup>195</sup> JobsDB Singapore and JobStreet Singapore also offer [REDACTED].<sup>196</sup>

179. CCS's market inquiries reveal that:

- a. There is aggressive competition between the Applicants currently, which includes price competition;<sup>197</sup>
- b. The Applicants represent strong and compelling substitutes for each other;<sup>198</sup> and
- c. The Applicants offer compelling innovations in competition with each other.<sup>199</sup>

180. Taking into account the various measures of market share data, information available to CCS and submissions from market participants, CCS concludes that JobStreet Singapore and JobsDB Singapore are each other's closest competitor. Competition between them is keen. The merger will result in the removal of JobStreet Singapore as a vigorous and effective competitor in the market. CCS is concerned that, post-merger, such rivalry will be lost, to the detriment of customers of online advertising services in Singapore.

181. The merged firm is likely to have a significant lead position in the market for the provision of online recruitment advertising services. Having regard to **Table 1** above it will have a very large share of the market by all relevant measures. Based on market share data, ST Jobs is the next closest competitor in the market, but post-merger it will be, by relevant measures of market share, a smaller second player. JobsCentral is likely to be the third but also distant player in the market post-merger. Further, at this stage CCS does not have any market share history to make observations about the likely number of and consistency of listings on Jobs Bank, post-merger. There is also some question as to the functionality and effectiveness of Jobs Bank.

182. The other relevant "job portal" competitors in this market include Monster.com; Headhunt and eFinancialCareers. CCS considers that these incumbent competitors are unlikely to have the ability, in the short term to be an effective constraint. Hence, it is unlikely that there would be any player in the concentrated market post-merger that would be able to provide an effective competition constraint against the merged entity.

183. CCS is additionally concerned that the merged entity may use its market power and financial strength to substantially damage or eliminate competitors from the market.

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<sup>195</sup> Paragraph 6.2 RFI response by the Applicants dated 11 March 2014.

<sup>196</sup> Paragraph 6.3 RFI response by the Applicants dated 11 March 2014.

<sup>197</sup> Meeting with [REDACTED] on 12 March 2014; RFI Response from [REDACTED] paragraph 14; and RFI Response from [REDACTED] 11 March 2014 paragraph 9.

<sup>198</sup> Meeting with [REDACTED] on 12 March 2014.

<sup>199</sup> RFI Response from [REDACTED] 11 March 2014 paragraph 9.

### XIII. BARRIERS TO ENTRY AND EXPANSION

184. SEEK submits that there are low barriers to entry into the online recruitment advertising services industry. This is because of low cost structures (both infrastructural and transactional), coupled with no constraints as to intellectual property rights or government regulation (both within Singapore and globally).<sup>200</sup>
185. SEEK submits that the infrastructural costs for a new entrant into the online recruitment advertising services industry are low because the minimum infrastructure required is a website and server space. Additionally, if the new market entrant were to enter as an online recruitment advertising aggregator, then costs will be even lower due to the low transaction costs involved.<sup>201</sup>

#### CCS's Market Inquiries

##### Barriers to entry and expansion

186. A competitor to the Applicants, [X] shared that it would be a mistake to assume that the online recruitment industry is characterised as a low barriers-to-entry business. While the industry has low infrastructural and transactional costs, there are other significant barriers to expansion and this competitor shared observations that new entrants typically bow out of the industry within six months of entry.<sup>202</sup> The competitor opined that job portals actually require very heavy technological, marketing and manpower investment. The barriers to entry include indirect network effects, brand building and technology development.
187. Another competitor in the market provided actual figures, as a percentage of revenue to demonstrate the sunk costs involved in technological investments and advertising expenditure.<sup>203</sup> The data provided by the competitor shows disproportionately high sunk costs involved in technological investments and advertising expenditure.
188. According to another competitor, [X], as the Applicants have strong brand recognition amongst jobseekers, it would therefore be crucial for new entrants and existing competitors to have substantial outdoor and online marketing and advertising exposure as the leading players are also advertising heavily using these modes. It would also be important for them to match up with the technology and features of the leading players in order to remain competitive.<sup>204</sup> The data from this competitor, [X], further suggests that a new entrant will have to invest even more in advertising and marketing in order to garner a critical mass of jobseekers and employers to overcome the existing indirect

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<sup>200</sup> Paragraph 26.2 of Form M1.

<sup>201</sup> Paragraph 26 of Form M1.

<sup>202</sup> [X] response to questionnaire dated 11 March 2014 A to Q 11.

<sup>203</sup> [X] response to questionnaire dated 13 June 2014.

<sup>204</sup> Submission from [X] dated 20 June 2014.

network effects advantage held by the Applicants. Even if entry is likely to occur, the entry should be of sufficient scope to impose sufficient constraint on the merged firm. A small-scale entry may be insufficient to prevent the substantial lessening of competition, even when the entry may provide the basis for later expansion. With such high sunk costs, the possibility of a sustainable entry that can provide lasting and effective post-merger competition is in question.

189. CCS's inquiry with a customer, [X] also suggests the high importance of network effects.<sup>205</sup> This customer expressed that the jobseeker database takes time to build up and they will not trust the database of a new entrant because it is untested and unlikely to yield many quality candidates. The customer added that even if the new entrant were a global competitor with large resources, their database in Singapore will still take time to build up.
190. Another industry participant, [X] indicated that barriers to entry/expansion are so high that some portals have been unable to increase market share significantly even in circumstances where free job postings are offered.<sup>206</sup> The industry participant indicated that network effects and strong branding by the incumbent players, JobStreet Singapore and JobsDB Singapore, represent the most significant barriers to entry.<sup>207</sup>
191. A competitor, [X] indicated that, *"Whilst absolute barriers to entry are not likely to be high, the size and reach of the merged entity and other strategic issues such as the possible emergence of loyalty rebates or exclusive contracts would likely factor strongly into a potential entrant's considerations"*.<sup>208</sup>

Power of brand; significant "go to" source for advertisers and jobseekers

192. A competitor, [X] has indicated that, *"[t]he barriers a new entrant to the market (or indeed an existing entrant trying to expand) will face will be primarily first mover and brand establishment. Websites established earlier which achieved good traction in the market tend to have greater brand recall. This is because their cycle of having more jobs leading to more users and traffic and a larger database is established earlier"*.<sup>209</sup>
193. CCS also understands from market inquiries that the power of brand names is significant in this market. While the Applicants have submitted that there is no one "go-to" source for recruitment advertising services in Singapore, this has not been confirmed by CCS's market inquiries. In fact, recruiters that CCS has consulted indicated that they would, as a matter of course, use both JobStreet Singapore and

<sup>205</sup> Meeting with [X] on 12 March 2014.

<sup>206</sup> Meeting with [X] on 18 March 2014.

<sup>207</sup> Meeting with [X] on 18 March 2014.

<sup>208</sup> [X] response to questionnaire dated 13 March 2014 A to Q 12.

<sup>209</sup> [X] response to questionnaire dated 13 March 2014 A to Q 21.

JobsDB Singapore for online advertising services.<sup>210</sup> The recruiters indicated that this is because those portals have the widest reach in terms of jobseekers and therefore, the use of these portals would increase their chances of finding suitably qualified candidates. While these recruiters indicated that they do also use other online portals including JobsCentral and STJobs, they would use those portals less frequently and only under limited circumstances. For example, recruiters indicated that JobsCentral is used predominantly for the advertising positions seeking fresh graduates.<sup>211</sup>

194. There is evidence to support the Applicants' submissions that jobseekers tend to use more than five online resources when searching for positions. SEEK's Market Study 2013<sup>212</sup> [X].
195. Strength of brand amongst jobseekers is strong. [X]. Attached at **Annex E** is a copy of SEEK's Market Study 2013 slide 91.
196. It is clear from this information that from the point of view of jobseekers, JobStreet Singapore and JobsDB Singapore are significantly more popular in terms of strength of brand than the other relevant competitors, including JobsCentral, ST Jobs and Monster.

#### **CCS's Assessment**

##### Significance of Technological Barriers

197. CCS accepts that the technological barriers to market entry are not insurmountable and it notes from the Applicants' submission that there are no or few intellectual property rights or regulations preventing development of portals. There are examples of new entry in the market, including HeadHunt in 2007;<sup>213</sup> ST Jobs in March 2006<sup>214</sup> as well as LinkedIn and Government sponsored entry by Jobs Bank. However, not all of those new entrants have been successful in gaining significant market share in the current, competitive market. Further, based on the figures provided by [X] in relation to the fixed costs of technology and marketing, CCS notes that barriers to expansion are high in the current market. In a post-merger environment, CCS considers that barriers to expansion may be difficult for an industry participant or potential entrants to overcome.

##### Significance of Brand Strength

198. Competitors have indicated first-mover advantage and power of brand to be important and significant barriers to building market share.<sup>215</sup> JobStreet Singapore and JobsDB

<sup>210</sup> Meeting with [X] on 12 March 2014; [X] written response to questionnaire dated 11 March 2014 A to Q 3 and 5; Phone interview with [X] on 19 March 2014; and [X] received 13 March 2014.

<sup>211</sup> Meeting with [X] on 12 March 2014; and Phone interview with [X] on 19 March 2014.

<sup>212</sup> The Research Ink Market Study slide 95.

<sup>213</sup> <https://www.facebook.com/headhuntsge/info> .

<sup>214</sup> <http://www.stjobs.sg/info/aboutus.html> .

<sup>215</sup> [X]

Singapore have a significant brand power in the market; significant jobseeker pools and the added advantage of being historically ranked as numbers 1 and 2 respectively in the market. Further, they are recognised as “go-to” portals by market participants and jobseekers alike.<sup>216</sup> Post-merger, it is unlikely that there would be a change in the brand position of the job portals, and in fact, there would be a reduction of choice for customers with the consolidation of JobStreet Singapore and JobsDB Singapore.

#### Significance of Indirect Network Effects

199. It is clear from market inquiries that a successful portal in the online recruitment advertising services market must have a significant jobseeker pool to make it attractive to advertisers and to jobseekers.<sup>217</sup> There are usage and network externalities<sup>218</sup> between the two groups (jobseekers and companies/recruiters as advertisers). Jobseekers derive greater value from having other jobseekers use the portal. More jobseekers in the pool improve the overall prospect of locating suitably qualified jobseekers. Recruiters and advertisers derive greater value when more jobseekers use the portal, giving it a wider reach to its target customers.
200. While indirect network effects is a significant feature of the market, its relative significance is likely to be dampened by the existence of multi-homing and the willingness of jobseekers and employers alike to use multiple platforms for job search and recruiting simultaneously. There is some evidence to suggest that job seekers use or are aware of more than five web sites on average in searching for a job.<sup>219</sup> Job seekers are also able to go to multiple job portals to search with generally no costs to jobseekers for the use of these job portals. Further, [X] pointed to the fact that their clients tended to advertise with one or more online recruitment advertising providers, as there is value in increasing the exposure and reach of the job advertisement.<sup>220</sup>
201. As such, this is expected to reduce the significance of indirect network effects as a barrier to entry and/or expansion of job portals. The willingness of job seekers to use multiple job portals for the same search would make employers more willing to use smaller job portals. Employers are also not subject to exclusivity or other restrictions that would prevent their use of multiple job portals.
202. As discussed above, aggregators provide a means for smaller job portals to benefit from the indirect network effects by aggregating postings from multiple job portals. An

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<sup>216</sup> [X] response to questionnaire dated 13 March 2014 A to Q 21; Meeting with [X] on 12 March 2014; [X] written response to questionnaire dated 11 March 2014 A to Q 3 and 5; Phone interview with [X] on 19 March 2014; and Meeting with [X] on 25 March 2014.

<sup>217</sup> [X] response to questionnaire dated 11 March 2014 A to Q 11.; Meeting with [X] on 12 March 2014; and Meeting with [X] on 18 March 2014.

<sup>218</sup> The effect that one user of a good or service has on the value of that product to other people. When a network externality is present, the value of a product or service is dependent on the number of others using it.

<sup>219</sup> Form M1, Annex 9, SEEK's Market Study 2013 slide 94.

<sup>220</sup> [X] response to questionnaire dated 13 March 2014 A to Q 4.

aggregator can provide valuable additional job seekers for smaller job portals. And the knowledge that a smaller job portal will have additional visibility through aggregators can make employers more willing to use smaller job portals. If aggregators operate successfully in the market as they appear to do, then they already provide a means for smaller job portals to benefit from the indirect network effects of the aggregator.<sup>221</sup> If there is the prospect for aggregators to continue to expand, especially in the face of an attempt by the merged entity to “give less and charge more”, then they can alleviate any issues arising from indirect network effects that may prevent smaller job portals from competing. The Divestiture Commitment, therefore, preserves this competitive environment, post-merger.

### Overall Assessment

203. CCS considers that while the barriers to entry and expansion in the post-merger environment may be difficult for an industry participant to overcome in view of the high sunk costs in technology investment and marketing as presented by competitor, [X], the available evidence indicates that indirect network effects do not present an absolute barrier to entry and/or expansion.
204. A further concern was identified by a competitor, [X], who indicated that, “*Whilst absolute barriers to entry are not likely to be high, the size and reach of the merged entity and other strategic issues such as the possible emergence of loyalty rebates or exclusive contracts would likely factor strongly into a potential entrant’s considerations*”.<sup>222</sup> CCS confirmed through its market inquiries that exclusive or “lock-in” contracts are not presently a feature of the online recruitment advertising services market.
205. CCS shares the concern identified by this competitor that post-merger, SEEK may have the ability and incentive to further raise the barriers to entry by the possible emergence of loyalty rebates or exclusive contracts that might change the structure of the market by imposing exclusive contracts which would prevent or prohibit multi-homing and switching as well as its ability to leverage its two brands by bundling or tying those brands in its product offer.<sup>223</sup>

## XIV. COUNTERVAILING POWER

206. SEEK submits that customers have countervailing buyer power, and that the merged entity after the Transaction will be constrained by their countervailing buyer power. Specifically, SEEK submits that recruiters and employers are able to self-supply

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<sup>221</sup> See, for example, AIM Group, “Classified Intelligence Report by AIM Group,” 30 January 2014, p. 6, for mechanisms and an example of how small job portals benefit from traffic from the aggregators.

<sup>222</sup> [X] response to questionnaire dated 13 March 2014 A to Q 12.

<sup>223</sup> Notes of Meeting with [X], 5 August 2014.



because they are able to put up recruitment advertisements on their own websites with minimal costs to themselves.<sup>224</sup> According to SEEK's Market Study 2013, approximately [X]% of job seekers source for jobs via organisation specific websites.<sup>225</sup>

### **CCS's Market Inquiries and assessment**

207. As previously mentioned, the customers surveyed<sup>226</sup> indicated that they are free to switch between online portals in Singapore. These customers further indicated that at present, none of the job portals require exclusivity from their customers. Therefore, at present, customers are free to multi-home, that is use more than one portal and they are able to switch among competing job portals or negotiate with competing job portals for better terms. However, relevantly, most recruitment company customers indicated that when they do multi-home, or engage in switching, it is largely switching or multi-homing between the two Applicants, although there is evidence to show that multi-homing also occurs with platforms other than the Applicants.
208. CCS's market inquiries also demonstrate that customers in Singapore presently do vertically integrate and self-supply recruitment advertising services. Recruitment firms do so as do employers. However, the market inquiries suggest that only large MNCs or companies with significant "brand" awareness can credibly vertically integrate or threaten to do so to bypass the merged entity.<sup>227</sup> Other customers are unable to credibly vertically integrate or threaten to do so because the Applicants offer a wider pool of jobseekers than many customers would be able to attract to their own vertically integrated or self-supplied advertisements.

### **Significant reliance on Applicants' job portals and perceived lack of competition in the market**

209. One customer, [X] indicated that most of their advertising requirements are met by JobStreet Singapore and JobsDB Singapore and that it spends two to three times more on advertising with JobStreet Singapore and JobsDB Singapore compared with the other job portals. In addition, two customers, [X] and [X] informed CCS that they use JobsDB Singapore and JobStreet Singapore in equal measure and they will post the same advertisement on both websites or if the response from one website is bad they will use the other.<sup>228</sup> This is demonstrated clearly by [X].<sup>229</sup>

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<sup>224</sup> Paragraph 32.3 of Form M1.

<sup>225</sup> SEEK's Market Study 2013 at slide 89.

<sup>226</sup> Meeting with [X] on 12 March 2014; [X] written response to questionnaire dated 11 March 2014; and Phone interview with [X] on 19 March 2014.

<sup>227</sup> [X].

<sup>228</sup> Meeting with [X] on 12 March 2014; meeting with [X] on 25 March 2014.

<sup>229</sup> [X].

210. Another customer, [X], indicated that both JobsDB Singapore and JobStreet Singapore are their main service providers when it comes to online recruitment advertising. They have the largest database of candidates that suit the kind of profile sought by [X], as compared to other online recruitment advertising service providers.<sup>230</sup> That customer, [X], indicated that it uses ST Jobs and Monster, “...but our usage rate for these other online recruitment advertising services is very much lower than our usage rate of JobsDB Singapore and JobStreet Singapore.”<sup>231</sup>
211. Yet another customer, [X] indicated that 85-90% of its advertising spend is spent with postings on JobsDB Singapore and JobStreet Singapore’s portals. The remaining 10-15% is spent on postings with JobsCentral; ST Jobs and eFinancialCareers.<sup>232</sup>
212. Overall, CCS’s market inquiries suggest that it is recruitment agencies in Singapore which are most reliant on the Applicants for the provision of online recruitment advertising services.
213. CCS also made market inquiries of other acquirers of online recruitment advertising services, being employer groups, as distinct from recruitment companies. According to these market inquiries, there are customers such as [X]<sup>233</sup> and [X]<sup>234</sup> and potential customers who use online sites for the purposes of online recruitment advertising services but who do not rely on or rarely rely on JobStreet Singapore, JobsDB Singapore or any other job portal for recruitment advertising services. Specifically, [X] rarely utilises online recruitment advertising services and depends largely on their internal resources, and only somewhat depend on recruitment agencies. They use JobStreet Singapore to advertise a very small portion of their search activity in order to diversify their search through different sources. In the case of a potential customer, [X], it does not use JobsDB Singapore or JobStreet Singapore but uses [X] and self-advertises a significant portion of their recruitment efforts. The evidence suggests that there is a real and credible threat from employer customers to vertically integrate or bypass the merged firm post-merger.<sup>235</sup> However, CCS’s market inquiries demonstrate that recruitment agency customers may not be able to credibly threaten to vertically integrate or bypass the merged firm post-merger.
214. In response to the question of whether recruiters would consider vertically integrating, that is, to self-provide advertising services or switch to an alternative portal to by-pass the merged firm post-merger, recruiters generally indicated that they have the ability to do both and that they would consider taking these options. The key consideration for these customers in switching or vertically integrating is whether the self-supply or

<sup>230</sup> Responses by [X] to questions 5 and 6 of RFI dated 11 March 2014.

<sup>231</sup> Responses by [X] to questions 5 and 6 of RFI dated 11 March 2014.

<sup>232</sup> Meeting with [X] 19 March 2014.

<sup>233</sup> Responses to question 2 and 4 in submission from [X] dated 9 June 2014.

<sup>234</sup> Responses to question 2-5 in submission from [X] dated 6 June 2014.

<sup>235</sup> Although CCS recognises that this is likely because the larger firms attract jobseekers directly to their own brands as employers.

whether the alternative portals would have the reach, being the pool of jobseekers to make this a viable alternative to the Applicants.<sup>236</sup> On this specific issue, CCS received the following feedback:

- a. One customer, [X] while registering its disapproval of the merger, stated that if the merged entity were to raise prices significantly then it would try to rely on its own portal and attempt to switch away to alternative portals.<sup>237</sup> However, it stated that the other portals are lagging very far behind and do not produce suitable candidates for its needs;<sup>238</sup>
- b. Another customer, [X]<sup>239</sup> expressed its concern that, post-merger, it will be unable to find a suitable competitive alternative to the merged entity, as the other job portals are not comparable to the Applicants; and
- c. Another customer [X] indicated that it does not have significant countervailing power indicating that the other portals represent different types of jobseekers, and that JobsDB Singapore and JobStreet Singapore have a better database and large pool of jobseekers.<sup>240</sup>

### **Examples of switching**

215. Market inquiries reveal some examples of firms switching away from the traditional job portals to alternative sources of supply of online recruitment advertising services.
216. CCS understands that [X]<sup>241</sup> has switched away from [X] to advertising on [X]. Market inquiries reveal that [X]<sup>242</sup> has plans to use [X] in the second half of 2014. Assuming there is good traction in obtaining candidates from [X], it is likely that [X] will reduce postings on [X] and other online job portals.

### **Job portals as price-takers**

217. One competitor<sup>243</sup> expressed the view that online portals are price-takers and that they do not have the opportunity to increase prices for job postings because their customers will simply switch to another portal. While this information is consistent with the Applicants' submission about the countervailing power of customers in the online recruitment advertising services market, it is inconsistent with the information from the majority of recruiter customers interviewed.

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<sup>236</sup> Meeting with [X] on 12 March 2014; and phone interview with [X] on 19 March 2014.

<sup>237</sup> Meeting with [X] 12 March 2014.

<sup>238</sup> Meeting with [X] on 12 March 2014.

<sup>239</sup> [X] written response to questionnaire dated 11 March 2014 As to Qs 6, 8, 12, 16, 17 and 18.

<sup>240</sup> Meeting with [X] on 19 March 2014.

<sup>241</sup> [X].

<sup>242</sup> Teleconference with [X] on 30 May 2014.

<sup>243</sup> Written response by [X] dated 11 March 2014 A to Q 21.

218. The majority of customers interviewed expressed significant concerns that, post-merger, the Applicants will, over time increase their prices for corporations and recruiters to advertise on their portals. These customers consider this is possible because they are dominant players with a significant jobseeker reach.

#### **CCS's conclusions**

219. Based on the market inquiries, CCS finds that there are a number of “generalist” job portals, including ST Jobs, Monster.com, and the Government’s new Jobs Bank website such that there will be a number of alternative providers of online recruitment advertising services post-merger. There are also alternative niche players including JobsCentral, HeadHunt and eFinancialCareers, as well as attractive advertising opportunities provided by LinkedIn as well as the aggregators. However, CCS recognises that none of these job portals will have the reach and depth of candidate pool as the merged entity would have such that they may be considered relevant substitutes for the merged entity, at least in the short term.
220. Given the matters discussed above, CCS finds that customers do have some degree of countervailing market power. This arises from the particular structure of the market including the relatively low infrastructural and regulatory barriers to entry, the ability for customers of both sides of the platform to easily and at low cost switch to another competing platform, as well as the threat of switching to another competing platform.
221. That said, the evidence collected by CCS reveals that when participants switch or multi-home they switch or multi-home predominantly between JobStreet Singapore and JobsDB Singapore. When asked whether recruiters would switch to other online portals or vertically integrate, that is, self-advertise; all respondents indicated that, technically, they have the ability to do so. However, they also indicated that there is a lack of incentive to do so. This is because they consider that they will not have the reach, being the pool of jobseekers, to make vertical integration a viable alternative to the Applicants.
222. CCS therefore finds that only large employers, those less reliant upon the Applicants’ platforms for jobseeker talent and which themselves have a “brand power” can credibly threaten to vertically integrate and self-supply online recruitment advertising services.
223. As such, CCS concludes that the bargaining power of customers in Singapore would be impacted negatively as a result of the Transaction and that post-merger and the merged firm might have the ability and incentive to raise prices.<sup>244</sup>

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<sup>244</sup> [X] written response dated 25 March 2014; Meeting with [X] on 19 March 2014; Meeting with [X] 12 March 2014; and [X] written response dated 11 March 2014.

## XV. COMPETITION ASSESSMENT

### (a) Non-coordinated effects

224. Non-coordinated effects may arise where, as a result of the Transaction, the merged entity finds it profitable to raise prices (or reduce output or quality) because of the loss of competition between the merged entities. Other firms in the market may also find it profitable to raise their prices because the higher prices of the merged entity's online recruitment advertising services will cause some customers to switch to online recruitment advertising provided by its competitors, thereby increasing demand for the competitors' services.<sup>245</sup>

#### Applicants' submission

225. The Applicants submit that the non-coordinated effects are unlikely to arise for the following reasons:<sup>246</sup>

- a. The intense nature of competition and myriad of competitors that currently exist in the relevant market;
- b. The ability of customers to easily switch between suppliers and to utilise the services of different suppliers simultaneously. SEEK highlights that recruiters and employers, and job seekers frequently use various recruitment advertising platforms concurrently,<sup>247</sup> and
- c. Absence of significant barriers to entry and the ease and likelihood of entry of potential competitors into the relevant market.

226. Further, the Applicants submit that the ease of switching is facilitated by the pricing structure for online recruitment advertising platforms, which is based on credits purchased and which are non-exclusive. Recruiters and employers are not committed to place all of their recruitment advertisement needs on any single platform for any specified duration.<sup>248</sup>

227. Additionally, the Applicants submit that there are no timing constraints for recruiters and employers to switch to an alternative online recruitment advertising service provider.<sup>249</sup> This is because there are no capacity constraints generally for an online recruitment advertising service provider to expand the number of listings and to upload new recruitment advertisements online.

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<sup>245</sup> Paragraph 6.3 of *CCS Guidelines on Substantive Assessment of Mergers*.

<sup>246</sup> Paragraph 34.27 of Form M1.

<sup>247</sup> Paragraph 32.6 of Form M1.

<sup>248</sup> Paragraph 32.7 of Form M1.

<sup>249</sup> Paragraph 32.8 of Form M1.

228. Finally, CCS received information from the Applicants<sup>250</sup>, that “[X].”

CCS's market inquiries and assessment

229. As noted above, CCS's inquiries of customers confirmed that, at present, they have some degree of bargaining power given their ability to switch between online portals, including specifically, the ability to multi-home and/or switch between JobStreet Singapore and JobsDB Singapore. The customers surveyed confirmed that they do not have exclusive contracts with any one job portal. Therefore, they would be able to switch between competing job portals or negotiate with competing job portals for better terms.

230. However, CCS has concerns about non-coordinated effects post-merger. This is because CCS believes that the merged entities would have significant market power post-merger given the removal of a vigorous competitor from the market. Specifically, CCS is of the view that the merger may give rise to the following non-coordinated effects:

- a. Ability / incentive to change the structure of the market by demanding exclusive, “lock-in” contracts which prevent customers from switching away from the merged firm;
- b. Ability / incentive to bundle and tie products across its two brands which would have the effect or likely effect of preventing customers from switching away from the merged firm; and
- c. Ability/incentive to impose price increases post-merger.

**(b) Coordinated effects**

231. A merger may also lessen competition substantially by increasing the possibility that, post-merger, firms in the same market may coordinate their behaviour to raise prices, or reduce quality or output. Given certain market conditions, and without any express agreement, tacit collusion may arise merely from an understanding that it will be in the firms' mutual interests to coordinate their decisions. Coordinated effects may also arise where a merger reduces competitive constraints in a market, thus increasing the probability that competitors will collude or strengthen a tendency to do so.<sup>251</sup>

232. The Applicants submit that coordinated effects will not arise as a result of the Transaction for the following reasons:<sup>252</sup>

- a. There are numerous competitors of varying sizes such that participating firms are unlikely to be able to align themselves on terms of coordination;

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<sup>250</sup> Paragraph 14.1 of Submission dated 11 March 2014.

<sup>251</sup> Paragraph 6.7 of *CCS Guidelines on Substantive Assessment of Mergers*.

<sup>252</sup> Paragraph 35.2 of Form M1.

- b. The ability of recruiters and employers, and job seekers to migrate to an alternative recruitment advertising platform creates instability and reduces sustainability of coordinated behaviour;
  - c. There is a high level of excess capacity, particularly in the online recruitment advertising space, and market players have strong incentives to ramp-up to absorb demand from switching customers; and
  - d. Low barriers to entry, and accordingly high potential for increased competition, which similarly creates disruptive effects and reduces sustainability of any coordinated behaviour.
233. CCS has found no credible evidence so far to suggest that the Transaction will result in coordinated effects.

## **XVI. CLAIMED EFFICIENCIES**

234. The Applicants have claimed that the merger will give rise to the following efficiencies:<sup>253</sup>
- a. Increased efficiency in the job search process for recruiters and employers;
  - b. Increased efficiency in the recruitment process for recruiters and employers;
  - c. Ability to develop improved products and services for recruiters, employers and jobseekers; and
  - d. Joint purchasing and elimination of duplication corresponding to cost savings.
235. To elaborate, the Applicants submitted that the merger will enable job seekers to discover job opportunities through a single platform, which would be more efficient and effective. Recruiters would similarly reduce time required to search and hire suitable candidates. Secondly, combining the resources of JobStreet and SEEK would accelerate the development of new 'value-add' products and services through cutting edge product development over a broader platform and an integrated strategy team. Thirdly, cost savings would be through joint procurement with key suppliers and reduced duplication through combining services such as data hosting and security network services.<sup>254</sup>
236. When queried on whether the cost savings would result in lower overall service fees paid by customers, the Applicants submitted that there would be.<sup>255</sup>

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<sup>253</sup> Paragraph 42.1 of Form M1

<sup>254</sup> Paragraph 12.1 of Form M1.

<sup>255</sup> Paragraph 18.2 of RFI response by the Applicants dated 11 March 2014.

- a. Reduced inflationary pressure on prices currently charged to customers;
  - b. Removal of need to use both the JobsDB Singapore and JobStreet Singapore platforms which reduces cash outlay and time spent on recruitment; and
  - c. Allowing the merged firm to invest more time and resources on product improvement and development which would result in a more efficient recruitment process for customers.
237. The Applicants further submitted that, until CCS's clearance of the merger, [X]. As such, the Applicants are unable to provide further meaningful information in relation to the implementation and quantification of the potential efficiencies.<sup>256</sup>
238. CCS notes that claimed efficiencies may be taken into account at two separate points in the analytical framework. First, where they increase rivalry in the market so that no SLC will result from the merger and second, efficiencies can be taken into account where they do not avert an SLC, but will nevertheless bring about lower costs, greater innovation, greater choice or higher quality and be sufficient to outweigh the detriments to competition caused by the merger in Singapore.
239. Based on the information provided by the Applicants, CCS finds that the Applicants were unable to provide clear and quantifiable evidence in support of the claimed efficiencies as required by the *CCS Guidelines on Mergers*<sup>257</sup> such that they could be properly taken into account at either of the two points in the analytical framework noted above.
240. CCS notes that the Applicants have not provided detailed and verifiable evidence about the claimed efficiencies at this stage. For example, on cost savings, the merger Applicants have not provided any detailed and verifiable evidence of anticipated price reductions or other benefits. CCS is of the view that the cost savings are likely to only accrue internally to the merged firm and not to the end customers.
241. On the development of new products, the Applicants have been unable to provide details about this claimed efficiency. Further, CCS notes that at least one competitor has indicated that innovations in the online platforms are easily and readily replicated by competitors within six to twelve months, suggesting that such innovations are not necessarily a consequence of the Transaction.
242. In relation to the increased efficiency in the job search process for recruiters and employers (users of the platforms), those users have expressed their view that reduced choice and competition between the platforms post-merger is of key concern to them. Even if efficiencies are to arise in terms of advertisement placement, users have

<sup>256</sup> Paragraphs 12.3 and 12.4 of Form M2.

<sup>257</sup> Paragraphs 7.15 – 7.22 of *CCS Guidelines on Substantive Assessment of Mergers*.



expressed concerns about dominance of the merged firm post-merger and the likely increase in costs in the medium to long term.

243. CCS has also received feedback from one jobseeker who similarly expressed concern about the dominance of the merged entity post-merger. This jobseeker has indicated that they would prefer choice of platform over a combined entity. The jobseeker also raised concerns that the merged entity would have such a dominant position in the market that it would have the ability and incentive:
- a. To require jobseekers to pay for access to its platforms; and
  - b. To require jobseekers to disclose personal details not currently required in order to access its platforms.
244. CCS concludes that there is insufficient evidence that the efficiencies proposed by the Applicants are likely to accrue such that they will either avert an SLC or be sufficient to outweigh the detriments to competition caused by the merger in Singapore.

## XVII. ANCILLARY RESTRICTIONS

245. The Applicants have notified the ancillary restrictions entered into pursuant to the Transaction.<sup>258</sup> The restrictions consists of Non-Compete, Non-Solicitation and Key Employee Restrictions as set out in the agreement for the sale and purchase of the specified share capital of the JobStreet Target Companies between JobStreet, SEEK Asia Investments and SEEK entered into on 14 February 2014 (“**SPA Restriction**”).
246. CCS is of the view that the Non-Compete Restriction does not exceed the scope of the Transaction, i.e. Recruiting Business and Purchaser Learning Business, and is [X] and is therefore necessary and reasonable for the Transaction insofar as it applies to Singapore.
247. In relation to the Non-Solicitation Restriction and Key Employee Restriction, CCS is of the view that they are suitably narrow in scope and reasonable in duration, and further, that both these ancillary restrictions are necessary and reasonable for the Transaction insofar as they apply to Singapore.
248. CCS concludes that the SPA Restrictions constitute an ancillary restriction and consequently fall within the exclusion under paragraph 10 of the Third Schedule of the Act insofar as they apply to Singapore. The details of the ancillary restrictions and CCS’s assessment of the same are set out at **Annex F**.

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<sup>258</sup> Paragraph 43, Form M1.

## XVIII. OVERALL ASSESSMENT

249. JobStreet Singapore is a significant and large job portal operating in Singapore. There is no evidence to suggest that JobStreet Singapore is a failing firm and there is no evidence before CCS as to alternative bidders for the JobStreet Singapore business/assets. Therefore, absent the merger, based on the information before CCS, it is likely that JobStreet Singapore would continue operating as a job portal in Singapore, in the short to medium term, absent the proposed Transaction.
250. In this market, a new Government-sponsored entrant, Jobs Bank has launched. Therefore, the relevant counterfactual position requires a consideration of the competitive environment with and without the merger in circumstances where there is a new market entrant, Jobs Bank.
251. CCS is of the view that while Jobs Bank constitutes a new and timely entrant, there is no clear market feedback to support the position that it is likely to be an effective and significant competitive constraint to the Applicants post-merger, at least in the short to medium term. The potential impact of Jobs Bank as a competitive constraint, on the merged firm, particularly given Jobs Bank's specific and narrow government mandate<sup>259</sup> is, at this stage, an open question.
252. Based on the analysis set out above, at the end of the merger consultation process and after evaluating the further evidence obtained during the Phase 2 review, CCS has concluded that the Transaction, if carried into effect, is likely to result in a substantial lessening of competition in the market for the supply of online recruitment advertising services including resume search services and would therefore be likely to infringe section 54 of the Act as described below:
- a. **Loss of rivalry between close competitors** – Market inquiries suggest that the Applicants represent each other's closest competitors in the provision of online advertising recruitment services in Singapore. The merger will result in the removal of JobStreet Singapore as a vigorous and effective competitor in the relevant market when it is acquired by SEEK Asia. CCS is concerned that post-merger such rivalry will be lost to the detriment of customers of online advertising services in Singapore; and
  - b. **Lack of competitive constraint** – Market inquiries suggest that actual or potential competitors would be unable to impose sufficient competitive constraint on SEEK post-merger to prevent the substantial lessening of competition from arising for the following reasons:

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<sup>259</sup> <https://www.jobsbank.gov.sg/ICMSPortal/portlets/JobBankHandler/AboutJobsBank/AboutJobsBank.jsp> which states that the Jobs Bank's mandate is to fulfil the advertising requirements under MOM's Fair Consideration Framework and to reinforce expectations for employers to consider Singaporeans fairly for job opportunities.

- i. The combination of the jobseeker and employer networks of JobStreet Singapore and JobsDB Singapore would strengthen their position in the market, making them the largest job portal in Singapore;
  - ii. CCS's market inquiries have highlighted the importance of indirect network effects<sup>260</sup> to the entry and expansion of job portals in Singapore and those inquiries suggest that the merger could make it more difficult for other competitors to constrain the merged firm post-merger, which in turn, would be strong and effective barriers to new entry and expansion; and
  - iii. Other competitors will be limited in their ability to constrain the merged entity as they have much smaller networks.
253. CCS is of the view that the merger would give rise to the following non-coordinated effects:
- a. Ability / incentive to change the structure of the market by demanding exclusive, "lock-in" contracts which prevent customers from switching away from the merged firm;
  - b. Ability / incentive to bundle and tie products across its two brands which would have the effect or likely effect of preventing customers from switching away from the merged firm; and
  - c. Ability/incentive to impose price increases post-merger.

## **XIX. COMMITMENTS AND CONCLUSION**

### **Behavioural Commitments**

254. On 8 July 2014 SEEK offered the Behavioural Commitments and, pursuant to section 60A of the Act, in the period 21 August 2014 to 5 September 2014 CCS conducted market testing of the Behavioural Commitments. The Behavioural Commitments may be summarised as follows:
- a. SEEK and SEEK Asia Investments will be prevented from entering into exclusive agreements with employer and recruiter customers. By deterring exclusivity, the Behavioural Commitments aim to retain the current practice of multi-homing (i.e. utilising more than one online recruitment advertising service platform) by employers and recruiters, as well as jobseekers. It further aims to keep barriers to

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<sup>260</sup> The value to an employer of placing a job posting on a job portal increases with the number of potential applicants using that job portal. Similarly, the value to a job seeker of searching on a job portal increases with the number of job postings from employers available on the job portal.

entry and expansion low, and preserve competition in the market for online recruitment advertising services;

- b. SEEK and SEEK Asia Investments will be required to maintain current pricing of its services capped at present day rate cards or current day negotiated prices, subject to Consumer Price Index variations. By capping pricing at current levels, the Behavioural Commitments seek to address concerns identified by market participants during the Phase 1 and 2 reviews that the closeness of competition between JobsDB Singapore and JobStreet Singapore is likely to cause prices to rise post-merger;
- c. The term of the Behavioural Commitments will be for a period of three years from the date of completion of the Proposed Transaction or the date of this decision, whichever is later; and
- d. An Independent Auditor will be appointed to monitor and report to CCS on SEEK's and SEEK Asia's compliance with the Behavioural Commitments on a 6 monthly basis for the three-year term.

255. CCS received 10 responses from customers and competitors of the merger parties. While the feedback indicated concerns over the Transaction in general, the feedback on the Behavioural Commitments was mostly positive. In brief, the respondents were of the view that:

- a. The Pricing Commitment was fair and useful for maintaining status quo on prices for the three-year period; and
- b. The No Exclusivity Commitment would assist to constrain the merged firms' market power to the extent that it would be prevented from imposing exclusivity requirements.

256. Some respondents indicated concern that the Behavioural Commitments were only for a three-year period and suggested that a longer period might be suitable. CCS has considered this feedback. First, CCS considers that the market is a dynamic one. This finding is based on factors including, the fluctuating market shares; the degree of innovation in the market and evidence of shifting business models of some industry participants seeking to offer diversified online products. Secondly, it is CCS's finding that the structure of this market is one in which barriers to entry are not insurmountable. Further features of the market are that switching is prevalent on both sides of the platform; recruiters, employers and jobseekers practice multi-homing; and there is evidence of vertical integration by some customers in the supply of online recruitment advertising services. Lastly, it is evident that this market is undergoing change given the introduction of mixed recruitment advertising models by some aggregators and the launch of Jobs Bank. On account of the above factors and taking a holistic view of the

characteristics of this particular industry, CCS is of the view that the three-year commitment period is appropriate.

257. Following its consultation on the Behavioural Commitments, CCS considers the Behavioural Commitments to be sufficient to address the adverse effects that arise as a consequence of the substantial lessening of competition that is likely to result if the Transaction were carried into effect.
258. To address the concern that the merged firm may be able to alter the structure of the market by demanding exclusive, “lock-in” contracts which prevent customers from switching away from the merged firm, SEEK and SEEK Asia Investments are prevented under the terms of the Behavioural Commitments from entering into exclusive agreements with employer and recruiter customers. By deterring exclusivity, the Behavioural Commitments aim to retain the current practice of multi-homing (i.e. utilising more than one online recruitment advertising service platform) by employers and recruiters, as well as jobseekers. It further aims to keep barriers to entry and expansion low, and preserve competition in the market for online recruitment advertising services.
259. To address the concern that the merged firm may be able to impose price increases post-merger, SEEK and SEEK Asia Investments will be required to maintain current pricing of its services capped at present day rate cards or current day negotiated prices, subject to Consumer Price Index variations. By capping pricing at current levels, the Behavioural Commitments seek to address concerns identified by market participants during the Phase 1 and 2 reviews that the closeness of competition between JobsDB Singapore and JobStreet Singapore is likely to cause a rise in prices post-merger.
260. The term of the Behavioural Commitments will be for a period of three years from the date of completion of the Proposed Acquisition. Considering the dynamic nature of the market, CCS is of the view that the duration of the Behavioural Commitments is sufficient to address the relatively high degree of risk in the near term that the Transaction would substantially lessen competition.
261. A copy of the Behavioural Commitments, accepted by the CCS may be found at **Annex G**.

#### **Divestiture Commitment**

262. On 8 October 2014, CCS commenced market testing of the proposed Divestiture Commitment.
263. Pursuant to the proposed Divestiture Commitment SEEK will divest, as a going concern, the assets of jobs.com.sg which include:

- a. The domain name <http://www.jobs.com.sg> and the website operated from that domain by Jobs Seeker Pty Ltd; and
- b. All rights, title and interest to use the technology used to crawl websites with job opportunities, receive information on job opportunities via XML feeds, and make such job opportunities searchable on the website located at <http://www.jobs.com.sg> for the sole purpose of providing products and services towards the Singapore recruitment market on the domain <http://jobs.com.sg>,

(collectively the “**Divestment Business**”).

264. SEEK commits to find a purchaser and to enter into a sale and purchase agreement for the sale of the Divestment Business within six calendar months commencing from the date of the completion of the sale and purchase agreement in relation to the Proposed Transaction or the date of decision issued by CCS in relation to the Proposed Transaction, whichever is later. Failing which, SEEK will appoint a divestiture trustee to sell the Divestment Business at no minimum price.
265. The purchaser shall be independent of and unconnected to SEEK and its related bodies corporate; shall have the financial resources, proven expertise and incentive to operate the Divestment Business as a viable and active competitive force, and the acquisition of the Divestment Business by the purchaser is neither likely to create *prima facie* competition concerns under section 54 of the Act nor give rise to a risk that the implementation of the Divestiture Commitment will be delayed.
266. In the interim period, SEEK commits that immediately after completion of the Transaction or adoption of the CCS’s decision (whichever is later), SEEK shall appoint a hold separate manager to manage the Divestment Business independently and in the same manner as it is currently operating (as at the date of completion of the Transaction or adoption of CCS’s merger decision, whichever is later) in accordance with its current business practice and to minimise as far as possible any risk of loss of competitive potential of the Divestment Business prior to divestiture.
267. This commitment addresses SEEK’s ownership of the aggregator site, [jobs.com.sg](http://jobs.com.sg). CCS’s merger assessment has paid particular regard to aggregators as having a role both as complements to and as substitutes for traditional job portals and is therefore important to CCS’s assessment of the Transaction.<sup>261</sup> Aggregators can limit the competitive significance of indirect network effects by creating greater visibility for job posting originating from smaller job portals. In that way, aggregators allow smaller job portals to counteract the potential difficulties by attracting traffic from jobseekers and may therefore enable smaller job portals to compete more effectively with larger job

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<sup>261</sup> Refer to paragraph 142 above.

portals. The Divestiture Commitment, therefore, preserves this competitive environment, post-merger.

268. CCS received positive responses to the Divestiture Commitment, with one industry participant noting, *“We feel like this is ultimately a very positive outcome for jobseekers and employers alike in Singapore, as it will ensure that competition is protected in the Singapore market. This result will allow job seekers and employers to maintain choice of service in the online recruitment platforms available to them.”*<sup>262</sup>

269. Another industry participant noted if jobs.com.sg remained under the control of the merged entity, then it would be in a strong position to:

- a. bundle its job portal listing offerings to also include featured results or listings on jobs.com.sg;
- b. procure that the job listings from its online job portals are featured prominently on jobs.com.sg’s search results. Jobs.com.sg would be a further distribution and marketing platform for the merged entity, which could be used to entrench network effects; and
- c. utilise its large database of listings to populate jobs.com.sg, leading to substantial increases in content and therefore traffic for jobs.com.sg. This is likely to result in jobs.com.sg becoming a dominant online jobs aggregator site, adding to the network effects.<sup>263</sup>

270. It was noted by that industry participant that divestment of jobs.com.sg would address the three concerns above.<sup>264</sup>

271. A copy of the Divestiture Commitment accepted by CCS is set out in **Annex H** to this decision.

## Conclusion

272. CCS concludes that, subject to the implementation of and compliance with the Commitments, the Transaction will not infringe section 54 of the Act.

273. In relation to enforcement of the Commitments, conditions of acceptance of the Commitments are set out in section 60A of the Act. The effect and enforcement of the Commitments are set out in sections 60B and 85 of the Competition Act together with consequences for any failure to comply. Those consequences include revocation of the clearance decision for non-compliance with the Commitments.<sup>265</sup> CCS may also exercise its ability to apply to the District Court to have the Commitments registered

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<sup>262</sup> Feedback from [§] on the Divestiture Commitment dated 14 October 2014.

<sup>263</sup> Feedback from [§] on the Divestiture Commitment dated 17 October 2014.

<sup>264</sup> Ibid.

<sup>265</sup> Section 60B(2)(b) of the Competition Act.

with the Court such that the Commitments would have the same force and effect, as if they had been an order originally obtained in the District Court which shall have power to enforce it accordingly.<sup>266</sup>



Toh Han Li  
Chief Executive  
Competition Commission of Singapore

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<sup>266</sup> Section 85 of the Competition Act.