

# MARKET DYNAMICS

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Competition drives the economic development of a country through the enhancement of growth and productivity. The Competition Act which establishes the Competition and Consumer Authority (“the Authority”), regulates the Botswana competition sphere for purposes of encouraging competition, amongst businesses whilst curbing anti-competitive practices like rigging, collusion and price fixing.

Central to conducting a competition analysis is identifying the market in which a business operates in. This is important in determining market power held by businesses and the effects of anti-competitive practices. A market contains two aspects: a **geographical market** and a **product market**. For present purposes we will focus on the geographical market aspect.

When thinking of a geographical market, one should consider territorial boundaries. This could be national, regional, international or even confined to a specific city, town, village. Most companies in Botswana operate within the national sphere whilst other companies operate across borders and therefore could be classified in the broader regional, international markets. One has to consider various elements such as imports, exports, transport costs, trade barriers etc but the focal point is usually the area where the products or services are sold or supplied to.

A business needs to understand its geographical market so that it may be mindful that it conducts itself in a way that would not be seen as anti-competitive, abusive or discriminatory by the Authority.

Article by Lefika Phirie