

ABUSIVE CONDUCTS

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Dominant businesses have a duty to avoid abusive conduct due to their effects on competitors and stakeholders. Examples of common abuses are:

Price discrimination – this occurs when a dominant business charges different prices to different customers, for reasons unrelated to cost differentials (including discounts);

Exclusive dealing – this occurs when a dominant business hinders competitors from selling to customers, through the use of exclusive purchasing obligations or rebates;

Excessive pricing – where there is little to no effective competition, a dominant business may try to charge higher prices in an effort to exploit its customers, and;

Predatory pricing – this occurs when a dominant business prices its products below costs, in a strategy to weaken or eliminate competitors who may not be able to challenge the pricing mechanisms.

As a business, you should be aware of the effects your strategies or policies may have on competitors or stakeholders. Being deemed to abuse your dominance creates an immense reputational risk and potential financial risk if investigated. Get in touch with us and let us help you identify the risks you may face, and how to mitigate or eliminate those risks.

Join us in the next segment as we discuss the powers the Competition and Consumer Authority has at its disposal, to curb abuses of dominance.

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