

# Digital Comparison Tools

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# Welcome...

- ❖ focus on information, transparency and enforcement
  - What are the resource implications?
- ❖ continuing review of MFN clauses
- ❖ use of previous CMA/OFT/CC work – Cross -sector consistency where relevant, especially wrt consumers in vulnerable situations?
  - Role of UKRN

Question ... challenges from theoretical literature?

- Including effects on 'non-searchers'

# Trade-offs and (commercial) DCTs

- ❖ Challenges from two recent working papers, Ronayne (2015) and Wang and Wright (2015), consider DCTs and the trade-off between
  - Better informed consumers – more competition – **lower prices**
  - DCTs charge a fee for their services – this is a cost to Sellers - this cost is in part passed on to consumers as **higher prices**

# No theoretical support for commercial DCT

- ❖ Key insights from the theoretical literature:
  - Trade-off between prices and search quality
    - ❑ Gain in improved search quality [and associated competition] is to a greater or lesser extent counteracted through higher prices to allow for the fees which fund the DCTs
  - More DCTs not necessarily good for consumers
    - ❑ Even if they multi-home
    - ❑ Even though we have not included costs for consumers of spending time comparing results from DCTs
  - Countervailing power for sellers to shift sales to own site may be important
  - DCT does not necessarily want to be too effective
    - ❑ Without price dispersion, they have no commercial justification

# Response to challenges

- ❖ Report doesn't mention directly, but academic papers seem to frame exploration of practical experience
- ❖ Burden of proof? Is 'no evidence found' sufficient?
- ❖ Interaction between theoretical predictions and competition (regulation) policy in practice? Perhaps for academics to test further empirically? With data from agencies?