Prioritisation and selection of sectors for market studies

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OECD roundtable promoting market studies in Latin America
Santiago de Chile – 19 March 2015
We draw intelligence from a wide variety of sources...

- Press and broadcast media monitoring
- Internal ideas, data and insight from enforcement, markets, mergers (cases and intelligence), cartels (including leniency applications), advocacy, policy, research & evaluation
- Complaints data from Citizens Advice Consumer Service
- Social and digital media monitoring
- Other stakeholders, including Parliamentary, OGDs, consumer organisations
- Issues and complaints reported through CMA online reporting, MPs letters etc
- Insight from international agencies cases and projects
- Sector regulators, Consumer Protection Partnership, other enforcers
- Markets research and insight
- Other stakeholders, including Parliamentary, OGDs, consumer organisations
- Review of private actions
- Reviews of past cases and remedies
- Cartels agreements reported in London Gazette, or ‘notified’ to CMA
We consider it initially from four viewpoints...

- Consumer lens
- Public lens
- Economic lens
- Regulatory lens

Intelligence from all sources
The CMA has published prioritisation criteria for all its discretionary work

- **Impact**
  - On consumer welfare
  - Direct, indirect, other

- **Strategic Significance**
  - Are we best placed?
  - Does it match our strategic priorities?
  - Does it enhance our portfolio?

- **Risk**

- **Resources**
Ideas progress through a series of filters

Activity: Collect and develop initial view on ideas
Question: Is there anything in this?

Activity: Initial research

Activity: Development of outline proposal
Question: Is it worth investing in pursuing the idea?

Activity: Development of full proposal
Question: Is this a good candidate project?*

Activity: Project Delivery
Question: Is this a CMA priority?*
Because we have a single pipeline, a market study is not the only possible outcome

Ideas and leads

Pipeline Steering Group
• considers proposals at both these stages
• represents all groups in office

Advocacy
Compliance Work
Market Study
Call for Information
Competition Enforcement
Consumer protection Enforcement
“Soft” Enforcement
Scoping (and re-scoping) takes place at every stage

<table>
<thead>
<tr>
<th>2-6 months</th>
<th>6 (or 12) months</th>
<th>18 months</th>
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<tbody>
<tr>
<td>Intelligence/ Pipeline Project</td>
<td>Market Study</td>
<td>Market Investigation</td>
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What are the markets?  
What’s the (competition and/or consumer) issue?  
What’s our theory of harm?  
What might we be able to do?

Which markets do we care about?  
Which issues matter most (to consumers, to the economy)?  
Which theories of harm are credible and capable of analysis?  
What can we affect?  
What investigation and engagement can we do in the time in order to:  
• Justify a reference; or  
• Make recommendations?

In the light of:  
• More, better data  
• New decision makers

Were we right about our earlier answers?  
What investigation (surveys, data gathering) and analysis (PCA, econometrics) can we do in the time in order to:  
• Establish an AEC (or not)?  
• Identify the right remedies?
Experience suggests some important questions for the early stages of scoping

- Which of the economic markets in the sector is most concerning?
- Could this market be otherwise?
  - Are there cross market, over time or international comparisons?
  - Is there a credible alternative where it works better?
- Which of the available theories of harm are the strongest?
  - Best founded in the established economics?
  - Sufficient to justify the investment of public resources?
- Have we got a market we can analyse sensibly in a few months?
  - What analysis would we need to do to prove/disprove our theory of harm?
  - Are we likely to be able to get the data we need (and no more than we can cope with?)
- Is there a way out?
  - If we were right about the problem; is there anything we could do?
  - Does that solution stand any chance of implementation?
  - If not now, is it worth doing anyway?
The case of banking illustrates how we draw together strands

2-6 months → 6 (or 12) months → 18 months

Intelligence/Pipeline Project → Market Studies → Market Investigation

Personal Current Accounts
- Long history of concern
- “Public interest” merger clearance 2008

Small Businesses
- Review of undertakings from 2002/3

Key questions considered in the market studies and addressed in the decision:
- Do the issues merit a reference?
- Could we remedy any problems we might find? How?
- Refer one, the other or both?

Decision by CMA Board summer 2014 to refer both markets for investigation

(Re) scoping now!