



KONKURRENCE- OG FORBRUGERSTYRELSEN

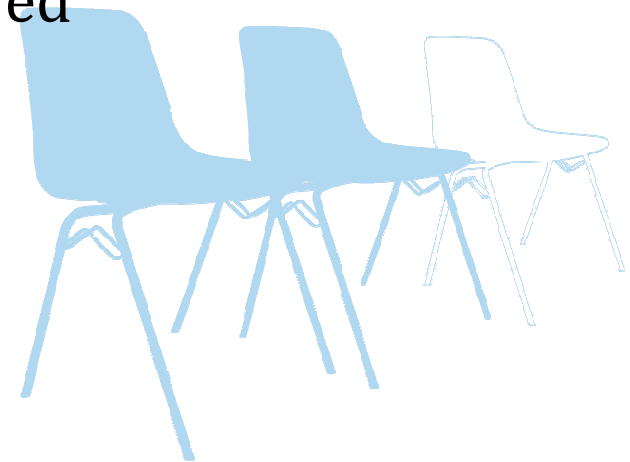
Agnete Gersing

## **Upward pricing pressure models**

Danish Competition Law Society: Reflections by the  
Danish Competition and Consumer Authority

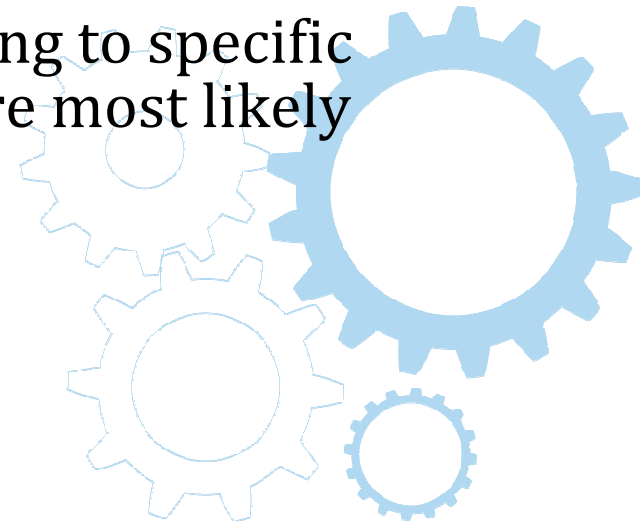
## The methods will be a valuable input in our merger evaluation

- » Not used in past mergers.
- » Future mergers: DCCA will use the methods as a *supplement* when it is relevant.
- » Customers' shifting behaviour helps us understand the competitive constraint that is removed because of the merger.



## What are the benefits from using the upward pricing pressure models?

- » A customer diversion ratio is a good and simple indicator of the competitive constraint that is removed because of the merger.
- » Provides a systematic way of evaluating the incentive of the merged entity to increase prices unilaterally.
- » Tool for determining remedies by pointing to specific markets where competition problems are most likely to arise, e.g. geographical markets.



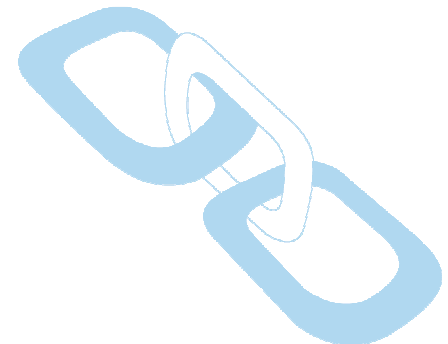
## In what markets are the methods relevant?

- » DCCA approach: Decide case-by-case if the upward pricing pressure analysis is relevant and applicable.
- » Depends on the market and the possibility of providing the necessary data.
- » Other NCA's have found the methods useful in retail markets.
- » Possibly relevant in other markets, e.g. financial retailers and producers of certain consumer goods.



## Practical challenges

- » Time and resource constraints: The methods are time- and cost consuming - streamlining and screening is important. Obvious room for use of best-practice.
- » Design of consumer surveys: Sampling issues and insights from behavioural economics?
  - » Hypothetical questions: Where would you have made your purchase if this retailer no longer existed?
- » Profit data: Relevant data from the parties are essential.





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**Thank you**

Agnete Gersing  
Danish Competition and Consumer Authority