

CRA COMPETITION POLICY DISCUSSION PAPERS 7

**The correct approach to the use of empirical analysis
in competition policy**

August 2003



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The correct approach to the use of empirical analysis in competition policy

Abstract

Economic analysis of competition policy is ultimately all about facts. While economic theory can yield important insights and provide the competition practitioner with testable propositions, it is empirical analysis that allows one to distinguish between the competing sides of a case. However, empirical analysis carried out by economists can often become very complex, involving the use of complicated techniques that can make the expert economic evidence hard to understand and evaluate, even for fellow economic experts.

This paper discusses the correct way to present empirical analysis, including econometric analysis, so as to make the analysis as accessible as possible. We also explore the use of more simple forms of empirical analysis and argue that these can often be very useful complements to more complex forms of analyses.

Introduction

It is a truism, although one often neglected, that the economic analysis of competition policy is ultimately all about facts. Economic theory can yield important insights and provide the analyst with testable propositions, but it is empirical analysis that allows one to distinguish between the competing sides of a case. However, empirical analysis carried out by economists can often become very complex very quickly, involving the use of complicated “techniques” that can make the expert economic evidence hard to understand and evaluate, even for fellow economic experts.

This can lead to two different types of problem. The first is that complex analysis that is hard to evaluate can lead to competition authorities coming to the wrong conclusions on a particular case if they incorrectly evaluate complex evidence. The second is that the complexity of the analysis can lead to competition authorities or courts simply choosing to ignore the evidence. In this paper we discuss how empirical economic evidence should be presented in order to avoid both of these problems.

The rest of this paper is organised as follows. Section 2 discusses the correct way to present empirical analysis. Section 3 relates this discussion to the presentation of econometric analysis. Section 4 discusses the use of more simple forms of empirical analysis and argues that these can often be very useful complements to more complex forms of analyses. Finally, Section 5 contains our main conclusions. In summary, these are threefold:

- Complex econometric evidence needs to be presented in such a way that the authorities are able to appraise it properly.
- Competing econometric claims do not “cancel out” and the authorities have a responsibility to appraise competing claims properly, rather than assuming they cancel out.
- Simple empirical analyses can often be very powerful and can provide an important and intuitively appealing complement to the more complex empirical analysis.

Presenting empirical analysis

The wrong approach

The wrong approach to the presentation of empirical evidence is a “black box” approach that relies on the competition authority “trusting” the expert. So a piece of analysis along the lines of:

1. $\log q_{mt} = \beta \log y_{Bt} + \sum \delta_{mk} \log \pi_{kt} + \alpha_m + \varepsilon_{mt}$
2. $\log u_t = \beta_0 + \beta_1 \log y_t + \beta_2 \log \Pi_t + Z_t \delta + \varepsilon_t$
3. $s_{it} = \alpha_i + \beta_i \log (y_{Gt} / P_t) + \sum \gamma_{ij} \log p_{jt} + \varepsilon_{it}$

⇒ Plausible parameter values imply the merger is pro-competitive

is not acceptable. The evidence is not transparent, it is not accessible and no attempt has been made by the expert to explain the analysis or how the conclusion follows from the analysis. The approach is very much of the “I’m an expert, trust me” form that was unfortunately common amongst economists in the past and still appears far more often than it should. As an approach to convincing a competition authority or court of a particular view, it can appear both lazy and patronising. If an expert submits analysis of this form then the decision-making body needs to decide whether to accept the evidence based on the reputation of the expert witness (a leap of faith at best) or to simply disregard the evidence. Our view is that if the authorities cannot appraise the evidence properly, then it is reasonable for them to disregard it.

A good example of the relevant authority not feeling able to properly appraise complex econometric evidence arose in the UK Premier League case.¹ One of the issues in this case was whether televising a Premier League match led to a lower attendance at that match. The Office of Fair Trading and the Premier League both presented extensive econometric evidence on this issue. The OFT’s expert argued that televising a match had no effect on attendance whilst the Premier League’s expert argued it did. Faced with this conflicting technical evidence, Justice Ferri concluded that:

“The evidence of the econometricians displayed an enormous degree of expertise and diligence, but we have to say that we found it of limited

assistance. ... Unfortunately there was little common ground between them. ... we do not feel able to prefer the evidence of one of the experts to that of the other.” (para. 227)

The result was that the judge decided this issue on the basis of his own intuition. The next paragraph of the decision begins:

“Nevertheless it seems to us to be inherently probable that if football matches are shown on television to a significantly greater extent than hitherto there will be a tendency towards a reduction in attendances at matches.” (para. 228)

So in this case the technical econometric analysis presented by the OFT appears to have been largely irrelevant. It was not accessible to the judge, so it was ignored and the intuitively appealing position of the Premier League was adopted.

Criteria for good empirical economic analysis

Good empirical analysis in this context is analysis that provides a correct description of reality and that is accessible to the decision making bodies. The necessary criteria for such analysis are that any empirical analysis presented to competition authorities be:

- based on clear economic theory which implies
- testable propositions which are
- intuitive and
- replicable.

First, the underlying economic theory that any empirical analysis is focused on, and the assumptions inherent in this theory, need to be made explicit and clear. Only in this way can the authorities properly appraise the underlying economics. Second, the theory must lead to testable propositions that distinguish between competing hypotheses. Thus estimating the elasticity of demand of a firm in a dominance case may not be a useful piece of analysis by itself because the Cellophane Fallacy tells us that this elasticity is likely to indicate that the firm in question has no power to raise prices regardless of whether or not the firm is dominant. If the elasticity is found to be high, this may be a result of the firm not being dominant or that the firm is

dominant and is already exercising this dominance. Third, empirical analysis that is intuitive is much more likely to influence a decision maker than analysis that is not intuitive. The UK High Court snooker case provides a good example of analysis that was not intuitively appealing being dismissed.² The judge rejected economic analysis presented by the World Professional Snooker and Billiards Association because although it was analytically correct, it was not intuitively appealing and “seem[ed] to me to defy common sense” (para. 98). Fourth, empirical analysis must be replicable: if the authorities cannot replicate the results of the analysis, then they cannot verify the results. In such circumstances it is very hard for them to put much weight on those results.

These criteria point in two rather different directions. They imply that complex econometric analysis needs to be carried out and presented in a way that allows non-specialists to have confidence in the results. And they imply that relatively simple forms of analysis are likely to have the potential to be very persuasive. Economists are often tempted to make full use of their wide range of complex empirical techniques, and there is no doubt that this is often appropriate, but they should never become blind to the power of simple tests.

We deal with these two implications in the following sections.

Taking the “con” out of econometrics³

It is often claimed that econometric analysis can be used to “prove” anything. However, this is not true. There are good econometric analyses and there are bad econometric analyses and it is quite possible to tell the difference. In this section we outline how a good econometric analysis should be presented to a competition authority or court.

Sensitivity analysis

One indication that a particular piece of econometric analysis is not reliable is that the results are sensitive to small changes in various aspects of the analysis. If the results from an econometric analysis vary significantly in response to small changes in the model or data, then

the model cannot be considered robust and cannot be considered as a good analysis on which policy decisions should be based. So a good econometric analysis should always include a sensitivity analysis of its results. There should be several dimensions to this analysis.

One dimension is the underlying nature of the model being used. This can take a number of forms. For instance, if the model is of the industry as a whole, then an important issue is the nature of competition in the industry. Economists have identified a number of models of how prices and volumes are determined in the course of competition between firms. In the Cournot model of oligopolistic competition, for instance, firms compete on volume, with each firm selling its entire production and price being set by the intersection of supply with the demand curve. Alternatively, in Bertrand-type competition firms compete on price, not volume, and this will lead to different competitive outcome from a Cournot model. Price setting models tend to yield outcomes that are closer to the outcome seen in a perfectly competitive market. Both the Cournot model and the Bertrand models assume that there is just one price for the relevant good. However, in many markets, particularly bidding markets, the good in question is very heterogeneous and firms price discriminate between customers to a significant degree. Any econometric analysis of such an industry needs to take account of this.

So if a practitioner chooses one model over another, then the practitioner should have considered two questions:

1. Are the results of the model sensitive to the choice of competitive model chosen?
2. If so, are there good reasons to believe that the model chosen reflects reality better than alternative models?

In addition to assessing how the findings would change if the specification of the model were altered, the practitioner should also consider how sensitive the results are to changes in the data. Given that real world data is always liable to contain at least some inaccuracies, any quantitative analysis should be evaluated to determine

how sensitive the model is to variations in the data. This is especially true for survey data, which often accounts for a significant part of market intelligence. Even reported scanner data is subject to revision. If the analysis is not sensitive to small changes in the data, then any minor inaccuracies in the data should not have much impact on the findings. Conversely, where minor data changes alter the results significantly, this implies that the model is not robust and should not generally be used as the basis for policy decisions.

Finally, it is important to check whether the results of any analysis are very sensitive to the data sample used. If the results change significantly when the data sample is changed, it is important to understand why this might be so. It may indicate a fragile model or it may be explained by differences in the underlying competitive reality between different data samples. For instance, the results of a demand model estimated on 1996-1999 data may be different to the results estimated on 2000-2003 data if a new substitute product was introduced during late 1999. In this case, we should expect the results to differ across the two samples and if we are interested in the current nature of demand, we should clearly prefer the results using 2000-2003 data.

A good example of the data sample having a very significant effect on the results of the analysis was provided by the 1996 MMC inquiry into telephone number portability in the UK.⁴ The MMC was presented with evidence that as newly privatised companies lost market share, they became more efficient. This evidence was based on an econometric study of 12 newly privatised UK companies. It implied that if number portability was introduced and led to British Telecom losing market share, that would actually increase BT's efficiency. However, the result that losing market led to an increase in efficiency was driven almost entirely by just two of the twelve firms in the sample of twelve. If these two were omitted, then the positive relationship between losing market share and increasing efficiency disappeared. Indeed, if the analysis was carried out for just BT, it appeared that losses in market share were associated with BT becoming *less* efficient due to lost economies of scale.

Data quality

Any empirical analysis should be based on the highest quality data possible. However, given the complex nature of the real world, data is often not available in an ideal, ready-to-use form. This means that anybody evaluating a piece of economic analysis should ask themselves whether the data used fits the purpose of the exercise at hand. Some of the issues that need to be addressed are:

- Are the data ‘first best’?
- Are the data actual transaction prices?
- What is the source of variation in the data?

The question of whether the data are ‘first best’ refers to the issue of whether the data address the issue directly. For example, in mergers between producers that do not sell directly to consumers but sell through retailers, wholesale price data should ideally be used. Frequently, however, only retail prices are available. In such cases, the issue of using retail rather than wholesale data should be addressed explicitly, and the analysis should take into account how producer prices influence retail prices. It is perfectly possible to derive wholesale elasticities from retail elasticities, but there are a number of additional considerations that need to be taken into account before this derivation can be done. For example, if retailers mark-up over their input price by a constant amount (e.g. the retail price equals the wholesale price plus £1), then the wholesale elasticity will be below the retail elasticity. If retailers mark-up over input prices by a constant percentage (e.g. the retail price is 10% above the wholesale price), then the wholesale and retail elasticities will be the same. Finally, if retailers will stop carrying a product if its wholesale price rises above the current level, then the wholesale elasticity is essentially infinite whatever the retail elasticity is.⁵

The data used should be transaction data. In the Volvo/Scania merger,⁶ for instance, external consultants carried out an econometric simulation for the European Commission of the effects of the merger on national heavy truck markets using list prices. This study⁷ concluded that post-merger prices in the five countries of concern to the European Commission⁸ would rise by up to 22%. However, given the nature of

the industry, one suspects that there may be significant differences between list prices and the actual prices paid by customers. The study was also based on sales of just one particular truck specification, apparently leading to the comment at the Oral Hearing that the study looked at prices that no one paid for trucks that no one bought.

A further issue to be addressed is the source of variation in the data. Econometric analysis depends on variation in the data to explain the relationship between different variables. However, for the estimated relationship to be meaningful, the variation in prices needs to be genuine, rather than, say, variations caused by changes in the product mix. For instance, if the data indicates a fall in the price per can of cola, the question arises of whether this is due to an actual reduction in the price of individual cans of cola or whether this is brought about by consumers replacing purchases of individual cans with purchases of six-packs, which normally have a lower price per can. If we were concerned with the impact of price changes on volumes, then the latter cause would not yield accurate econometric results, as prices have not actually changed.

Evaluating the results

Once the issues of the model, its underlying assumptions and the quality of the data have been satisfactorily addressed, one must evaluate the quality of the results.

- Are the results consistent with other evidence and if not, can contradictory results be explained?
- Do the results make sense?

Consistency with other evidence

As should be clear by now, there are many things that need to be taken into consideration when using empirical evidence such as econometric analysis. Hence, many things can go wrong. One of the most important criteria for evaluating the results, therefore, is that they are consistent with other available evidence. Econometric analysis can be particularly powerful when it can provide quantitative support for other qualitative evidence. The qualitative evidence is often more accessible to the decision makers (e.g. competition authority or court), whilst the quantitative evidence

gives a more precise indication of the size of particular empirical effects.

The proposed 1996 merger between Staples and Office Depot, two of the three large US office supplies superstores, provides a good example of the value of econometric results that support more qualitative evidence.⁹ The econometric analysis carried out by the merging parties indicated that the merger would raise prices by less than 1 per cent. This contradicted both the analysis performed by the FTC and the parties' internal pricing documents, which implied that prices were set on the basis of local superstore competition and that the loss in local competition as a result of the merger would lead to price increases in the range of 7-9%. This discrepancy needed to be explained if the parties' analysis was to be accepted by the court. As it turned out, the FTC was able to show that the discrepancy arose because the analysis presented by the parties mis-measured concentration and omitted certain observations, thus causing a bias in their results. Once these errors were corrected, the Staples/Office Depot analysis predicted price rises in line with the FTC model.

This example illustrates the importance of explaining any apparent contradictions between the findings of econometric analysis and other, easier to interpret evidence. In this instance the explanation led to a reconciliation between the econometrics and the internal documentary evidence provided by the parties. The combination of quantitative evidence and the internal documents was very persuasive.

The merger between L'Oreal and Maybelline¹⁰ provides another example of how econometric analysis can provide support to conclusions drawn on the basis of more qualitative evidence. Both firms produced 'colour cosmetics', though L'Oreal was widely considered to be a high-end brand which did not compete with low-end brands such as Maybelline. This was borne out by the large price differential between the two brands. Although only limited data was available¹¹, it was possible to carry out econometric analysis. The results indicated that a merger would result at most in only a small price increase. This finding substantiated the 'market positioning' evidence and the implications of the price

differential, which suggested that competition between the two brands was weak. Thus, the authorities approved the merger.

Sometimes the authorities will be presented with contradictory expert reports provided by the opposing parties. As Scheffman and Coleman, the two senior economists at the FTC, point out, it is not appropriate to simply consider that contradictory results cancel each other out and that it is therefore acceptable to discard contradictory pieces of evidence.¹² On the contrary, the source of these discrepancies needs to be clarified, as the explanation might shed light on the issue at hand.

Replicability is very important in this regard. If the models and the data used are properly documented, then it should be possible for the authorities, or their outside advisors, to replicate the results of the models and this should allow them to understand what causes opposing models to give different results. In the case of Staples/Office Depot, the explanation allowed the analysis of the merging parties to be corrected, leading to results that were consistent with the other evidence.

It is also worth noting that replicability also has the effect of minimising the scope for errors creeping into complex analysis. The 1996 UK *Funerals* case is a good example of this.¹³ One of the key issues in this case was the size of the relevant geographic market. On the basis of small local markets, the merger led to very high levels of concentration in some markets. On the basis of wider markets, levels of concentration were much lower. The parties presented econometric evidence showing that the relevant geographic markets were relatively wide and so high local concentration did not confer market power. The MMC carried out its own econometric analysis.¹⁴ This "showed" that the relevant geographic market was actually rather narrow and that high levels of local concentration did confer market power. However, because the MMC provided the parties with all the data necessary to replicate its results, the parties were able to show that these results were not correct and that they were caused by simple arithmetic errors in a spreadsheet leading to the use of a corrupted data set.

Do the results make sense?

In addition to being consistent with other evidence, the results of econometric analysis need to be consistent with economic theory. In view of the complexity of most econometric exercises, it can be very easy to lose sight of this truism.

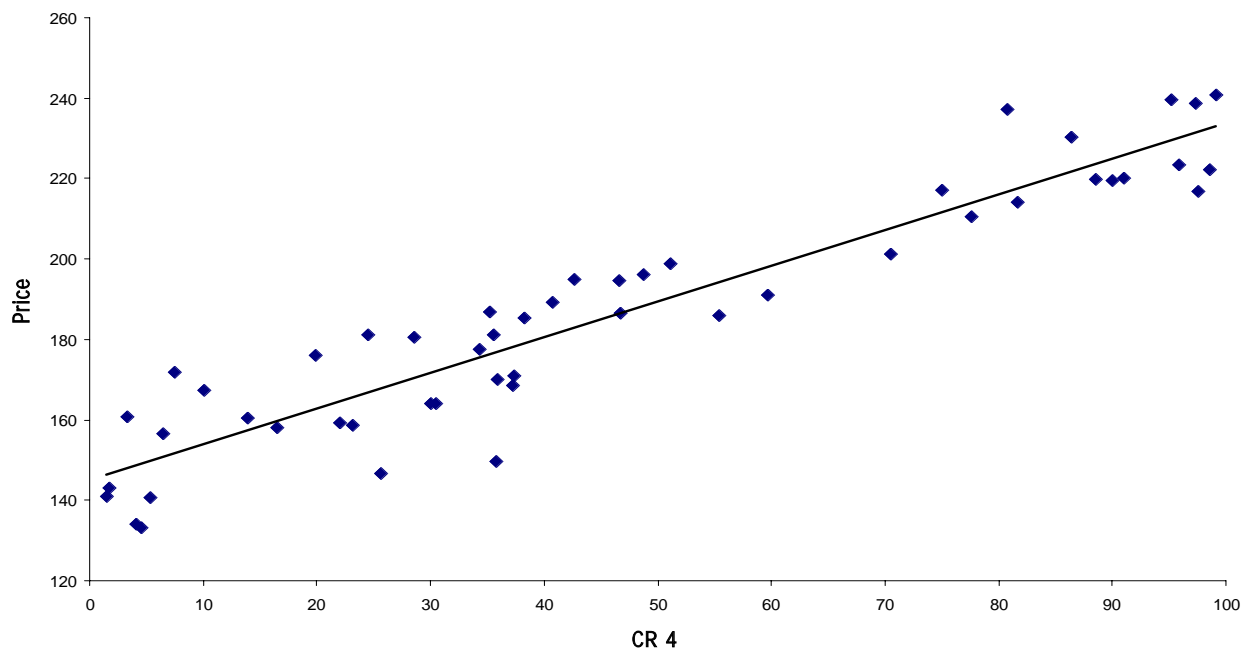
For instance, we have on a number of occasions seen econometric analyses that “showed” that the elasticity of demand faced by a firm was less than one. In general this result does not make sense. If a firm faces an elasticity of less than one, this implies that it could profitably raise prices. This almost always seem implausible: if a firm could profitably raise prices above the current level, why would it not do so? In our experience, such results are not due to the true elasticity being less than one, but are instead due to a combination of poor econometric analysis and, often, poor quality data that is not “fit for purpose”.

Simple things work

We have discussed above how to make the best use of complex empirical analysis. The ability to carry out such analyses should not, however, lead one to forget that relatively simple empirical analysis can also be useful and can provide a powerful and intuitively appealing piece of evidence. The combination of easy-to-understand empirical evidence and more complex econometrics can be very persuasive.

Consider, for example, a potential merger that will lead to high market shares in a few local “markets”. The question of concern is whether the correct relevant market definition is a local market definition, in which case the high local market shares are a concern, or whether the correct market definition is wider, in which case there are (by assumption) no high market share problems. A simple price concentration study, or margin concentration study, can be a very useful starting point for the analysis. This is shown in Figure 1. This figure shows the relationship between price and con-

Figure 1: Price and concentration



centration across 50 local “markets”. The vertical axis measures price, while the horizontal axis measures CR4, the aggregate market share of the four largest firms in the market. The straight line is a best-fit curve showing a simple linear relationship between price and concentration. It looks pretty clear from this figure that there is a positive relationship between price and concentration, suggesting that the merger may well be problematic from a competition policy perspective.

This is, of course, a relatively crude approach to the problem. However, it has the considerable virtue that it is simple and intuitive and should be readily accessible to a non-economist. Also, there is no need for the analysis to stop at this point. Having looked at a first cut of the problem, the analyst can then expand the model to take into account more factors that might affect prices, but which cannot be captured in a simple graphical representation such as Figure 1.

One instance in which such relatively simple yet intuitive econometric analysis has proved compelling was in the VAT Tribunal case *GIL Insurance*.¹⁵ In this case, the Tribunal was presented with econometric evidence by *GIL et al*¹⁶ which was attacked by the expert for Customs and Excise as being oversimplified, as it did not include all the variables he felt should have been included. Upon further questioning, the C&E expert agreed that it was probably impossible to produce such an econometric model and “concluded that no economist could do an econometric study that would shed light on [the] case.”¹⁷ The Tribunal felt able to conclude, “Having heard the evidence and seen the witnesses, we prefer the evidence of Professor Kay [*GIL et al's* expert]”. Essentially, the Court preferred simple, intuitive econometrics to no econometric evidence.

Another example of simple but powerful empirical evidence can be found in the European Commission’s decision on the proposed Procter & Gamble/VP Schickedanz merger.¹⁸ The issue here was whether tampons were in the same relevant product market as sanitary towels and so imposed a significant constraint on the pricing of sanitary towels. One of the pieces of

evidence that the European Commission used to conclude that tampons and towels were in separate relevant product markets was a shock analysis based on the introduction of a new product. In July 1991, Procter and Gamble launched its sanitary towel product, *Always*, in Germany. In its decision, the Commission focused on what happened in the sanitary towels and tampons “markets” afterwards. It first looked at prices and found that in two and a half years after the entry of *Always*, other sanitary towel prices hardly changed, whilst tampon prices rose significantly (See Table 1).

	% change to price	
	Tampons	Towels
Within 6 months	0.7	-3.8
At February 1994	18.2	2.3

Source: para. 63 of Commission decision

This simple evidence suggested that *Always* imposed a competitive constraint on other towels, but not on tampons. The Commission then looked at the effect of the entry on the proportion of women using tampons or towels. If *Always* competed equally with both towels and tampons in Germany, then one would expect it to take market share from both towels and tampons. Table 2 shows that this was not the case.

Table 2 indicates that *Always* took market share from other towels, but not from tampons. Again, this implies

	Tampons	Towels	Always	Other towels
90/91	36	64	0	64
91/92	37	63	5	58
92/93	37	63	11	52

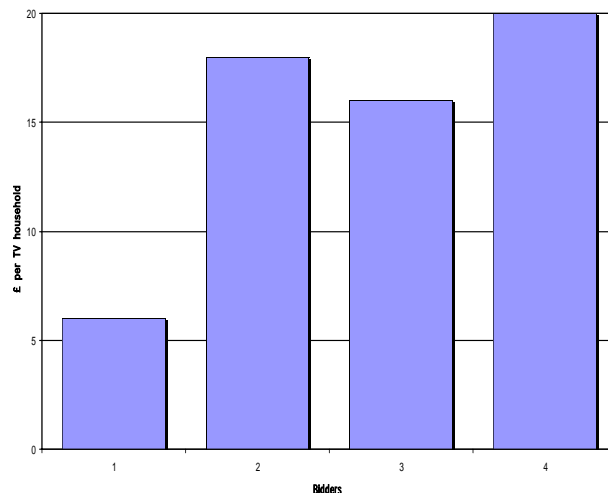
Source: para. 64 of Commission decision

that *Always* competed with other towels but not with tampons in Germany. The Commission also noted that it appeared that when *Always* entered the Nordic countries, the other towel manufacturers responded by raising their advertising expenditure, but the tampon manufacturers did not. The evidence provided by this shock analysis was both simple and powerful. Certainly, the Commission appears to have relied heavily on it in concluding that sanitary towels and tampons were in separate markets.

The final example of “simple things working” that we want to present in this paper relates to bidding studies. In most industries, market shares provide a useful first cut at determining the effectiveness of competition in the industry. However, this is often not true in bidding markets. The award of advertiser-supported television franchises in the UK television industry provides a good case study of the effectiveness of competition where competition between firms takes the form of a bidding contest. Under the 1990 Broadcasting Act, the Independent Television Commission (ITC) was required to award 15 regional franchises on the basis of competitive tendering. Each franchise lasted for a 10-year period, so a failure to win a franchise excluded one from the market for a considerable period. There were 37 applications for the 15 regional franchises. These applications allow one to investigate the effect of the number of bidders on the price bid: in three franchises there was only one bidder; in four franchises there were two bidders; in six franchises there were three bidders; and in the other two franchises there were four bidders.

Figure 2 shows the average bid tendered when there was only one bidder and when there were two, three or four bidders. The bids are expressed as £ per television household in order to allow for differences in the size of each franchise area. The striking thing about this figure is that there is a large difference in the average bid per TV household when there was only one bidder (about £6) compared to when there were two bidders (about £18). Even more interesting, adding extra bidders above two made very little difference to the average bid. Indeed, the average bid when there were three bidders was actually slightly lower than when there were two bidders. The implication of this figure is that in this

Figure 2: Bidding for TV franchises



market two bidders were enough to ensure competitive bidding. Again, this is a simple and intuitive piece of analysis that did not require highly complex empirical analysis.

Conclusions

A number of conclusions flow from the discussion above.

1. Complex empirical analysis should be presented to competition authorities and to courts in a form that allows them to appraise it properly. If they are unable to appraise it properly, they are likely to ignore it. When the analysis has the potential to yield insight about the issue at hand this would be a very bad outcome, as it would mean that resources have been squandered and an opportunity missed.
2. In the same way that those presenting complex empirical evidence have a responsibility to present it properly, the authorities should take the time to appraise the analysis properly. In particular, competing econometric claims do not in general cancel each other out. Ensuring that the analysis is intuitively understandable and clarifying the underlying model allows the authorities to evaluate the analysis and to compare apparently contradictory expert reports. This should permit them to include the empirical evidence in their decision. We hope that

the new chief economist at the European Commission will ensure that complex empirical analysis is properly appraised and given the weight in decisions that it deserves. We note that in the UK the OFT's handling of complex empirical analysis, whilst still far from perfect, has improved dramatically over the recent past.

3. Simple empirical analyses can be very powerful on occasion and so should not be overlooked in a rush to sophistication and complexity. This is not to say that simple analysis should be carried out instead of complex analysis. The relationship should be complementary. Simple analysis can be very intuitive: more complex analysis allows for greater precision and confidence in the results.

1 Televising Premier League Football Matches, Restrictive Practices Court, January 12-May 5, July 28, 1999, [2000] E.M.L.R. 78 RPC.

2 Hendry et. al vs. World Professional Billiards and Snooker Association Ltd. (Case No: HC0100813) in the High Court of Justice, Chancery Division, 5 October 2001. Mike Walker was the economic expert for the WPBSA.

3 This phrase was coined by Edward Leamer in his paper published in the American Economic Review (March 1983). Leamer, E. E. 1983. "Let's Take the Con Out of Econometrics", *The American Economic Review*, Vol. 73, No. 1, March, pp. 31-43.

4 "Telephone number portability: A report on a reference under section 13 of the Telecommunications Act 1984", *Monopolies and Mergers Commission*, ISBN 0-11-515451-5 (December 1995).

5 For further details on this issue, see Hosken, D, O'Brien, D, Scheffman, D, and Vita M. 2002. "Demand system estimation and its application to horizontal merger analysis" *FTC working paper #246* (available at www.ftc.gov/be/work-papers/wp246.pdf).

6 Case Comp/M.1672 (15/3/2002).

7 Ivaldi, M. and Verboven, F. 2001. "Quantifying the Effects from Horizontal Mergers in European Competition Policy", *CEPR Discussion Paper* no. 2697. London, Centre for Economic Policy Research.

8 Denmark, Finland, Ireland, Norway and Sweden.

9 For further details on this case, see Baker, J. B. 1997. "Econometric analysis in *FTC v Staples*" *Federal Trade Commission Working Paper*.

10 For further details on this case, see Robinson, C.K. 1996. "Quantifying unilateral effects in investigations and cases", *Address to George Mason Law Review Symposium*.

11 In particular, the data did not cover department stores, a major part of the market.

12 Scheffman, David and Coleman, Mary. "FTC Perspectives on the Use of Econometric Analyses in Antitrust Cases". (<http://www.ftc.gov/be/ftcperspectivesoneconometrics.pdf>)

13 Service Corporation International and Plantsbrook Group: A Report on the Merger Situation, Cm. 2880 (May 1995).

14 In fact, the MMC hired outside consultants to carry out the analysis.

15 GIL Insurance Ltd., UK Consumer Electronics Ltd., Direct Vision Rental Ltd., Consumer Electronics Insurance Co. Ltd., Homecare Insurance Ltd. and Pinnacle Insurance plc v Commissioners of Customs and Excise (VAT and Duties Tribunal, 2 March 2001).

16 CRA assisted GIL's economic expert in the preparation of this analysis.

17 GIL Insurance Ltd. et al v Commissioners of Customs and Excise (VAT and Duties Tribunal, 2 March 2001). para. 187).

18 Case IV/M430 *Procter & Gamble/VP Schickedanz* [1994] OJ L354/32.

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