

# Algorithmic market activity: Practices and risks

CIPCO online workshop, 21<sup>st</sup> April 2021

# The DaTA Unit

- A team of ~35 data scientists, engineers, data and technology insight specialists, and behavioural scientists.
- We help CMA to be more effective, and efficient in dealing with cases
- Analysing algorithms programme

# The algorithms paper

**Algorithms: How they can reduce competition and harm consumers:**

<https://www.gov.uk/government/publications/algorithms-how-they-can-reduce-competition-and-harm-consumers>

# Purpose and scope of paper

## Purpose

- To publicly set out where we see the potential harms due to algos in competition and consumer space and help other international agencies who are further behind in their thinking.
- To provide the background for our CFI so that we can get intelligence on where the biggest issues lie which will then inform our programme of work.
- To build collaborations with academics, industry and wider government.

## Scope

- A research paper which sets out potential harms that we think are in our remit, techniques that could be used to investigate them, and what regulators COULD do.
- Not a policy or legal paper

# Consumer harms

- Personalised pricing harms
- Harms from non-price personalisation
- Algorithmic discrimination
- Unfair ranking and design

# Personalised pricing

- Personalised advertised prices
- Other techniques that are harder to detect:
  - Discounts and promotional offers
  - Complex and opaque pricing techniques
  - Personalised ranking

# Non-price personalisation

- Recommendation algorithms
- Manipulating user journeys

# Algorithmic discrimination

- Geographical targeting
- Ad targeting



# Unfair ranking and design

- Preferencing others for commercial gain
- Use of dark patterns

# Competition harms

- Exclusionary practices
- Algorithmic collusion
- Ineffective platform oversight harms

# Exclusionary practices

- Self-preferencing
- Unintended exclusion
- Predatory pricing

# Algorithmic collusion

- Facilitating explicit coordination
- Hub-and-spoke
- Autonomous tacit coordination

# Ineffective platform oversight

# The wider programme

- Paper was published on 19<sup>th</sup> January alongside a call for evidence:  
[Algorithms: How they can reduce competition and harm consumers - GOV.UK](https://www.gov.uk/government/consultations/algorithmic-competition-and-harm-to-consumers)  
[\(www.gov.uk\)](https://www.gov.uk)
- We will publish a summary of the responses and use it to inform a wider ‘analysing algorithms’ programme going forward.
- The work of the analysing algorithms programme will feed into the work of the DMU where appropriate.
- Joint work with ICO and Ofcom on ‘algorithmic processing’ more generally.