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**Market Studies and other Market Analysis Tools for Competition Authorities – Note by
Chinese Taipei**

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1. Introduction

1.1. Market Studies and Market Investigations

1. While the terms “market studies” and “market investigations” are often used interchangeably in competition law enforcement practice, they differ conceptually. Market studies refer to the overarching concept whereby competition authorities conduct systematic and comprehensive analyses of overall markets or specific industries, with the objective being to gain an in-depth understanding of market structure, competitive conditions, and potential competition concerns. Market investigations, by contrast, involve in-depth inquiries into whether specific enterprises have engaged in conduct that may violate competition law. Market studies often serve as a preliminary stage in market investigations. After identifying potential issues through initial research, formal market investigation procedures may be initiated.

1.2. Legal Basis for Market Studies

2. The Fair Trade Commission of Chinese Taipei (hereinafter referred to as “the CTFTC”) operates under different legal bases for market studies and market investigations. With respect to market investigations, Articles 26 and 27 of the Fair Trade Act (hereinafter referred to as “the FTA”) primarily address cases involving violations of the FTA that harm the public interest. The CTFTC may investigate and handle such cases ex officio or upon complaint, and may summon parties to appear and provide statements or require the submission of relevant materials. As for market studies, which constitute the primary focus of this paper, the CTFTC currently conducts such studies pursuant to Subparagraph 3, Article 2 of the Organic Act of the Fair Trade Commission, which stipulates that investigations into business activities and economic conditions fall within the CTFTC’s mandate. In practice, such investigations differ from the enforcement investigations described above. Their purpose is to understand the industry as a whole, its market structure, and competitive conditions, rather than to investigate specific instances of unlawful conduct. It should be noted that all references to “investigations” in what follows shall be understood as pertaining to the nature of market studies.

3. Currently, market studies in Chinese Taipei rely primarily on voluntary cooperation from enterprises in providing information. The CTFTC lacks compulsory powers to require enterprises to provide data, and no penalties exist for enterprises that decline to provide information. Some businesses may choose not to respond or to provide only limited information due to concerns about commercial confidentiality or administrative costs, thereby affecting the representativeness and depth of data collected. This voluntary cooperation model presents challenges in achieving completeness and timeliness in data collection, particularly for specific industries or rapidly evolving markets. In light of these limitations, the CTFTC is actively promoting amendments to the FTA, with the aim of empowering the CTFTC to conduct sector inquiries into specific industries and to require relevant enterprises to provide necessary information or explanations. This would enhance the accuracy of industry inquiry results and facilitate a timely understanding of market dynamics.

1.3. Types and Objectives of Market Studies

4. Market studies conducted by the CTFTC can be primarily categorized into three types:
- Periodic industry surveys for maintaining internal industry databases: To establish a comprehensive industry database, the CTFTC systematically collects basic data and business overviews of key industries on an annual basis.
 - Research on industries or markets: This includes both in-house research and commissioned research projects, aimed at systematically understanding the market structure, competitive conditions, and development trends of specific industries.
 - Investigative studies on specific markets: Based on enforcement needs, the CTFTC conducts in-depth investigations of specific markets through methods including questionnaire surveys and on-site interviews.
5. The objectives of the CTFTC’s market studies include: understanding competitive conditions in markets, identifying potential competition concerns, supporting enforcement cases, and providing policy recommendations. For example, in 2024, in response to net-zero carbon emission trends and corporate sustainability development needs, the CTFTC conducted interviews and exchanges with other administrative agencies and industry associations, analyzed international competition law enforcement trends, relevant forms of business cooperation, and market practices, and published the “The Guidelines for Concerted Actions of Enterprises in Response to Environmental Sustainability”, providing regulatory compliance guidance for enterprises.

2. Sources of Data

6. The effectiveness of market studies depends on data availability and quality. In practice, the CTFTC lays the foundation for industry analysis by integrating information from various channels, including enterprises, government agencies, and third-party institutions.

2.1. Information Provided by Related Enterprises or Stakeholders

7. Enterprises are the primary source of first-hand industry information, and the data they provide is crucial for understanding actual market operations. The CTFTC currently obtains enterprise data primarily through the following methods:
- Questionnaire surveys: To understand the market structure of important or specific industries, the CTFTC regularly or irregularly sends questionnaires to relevant enterprises, requesting that they provide data on production and sales. For example, to continuously update its internal industry database, the CTFTC conducts annual questionnaire surveys of enterprises in industries of concern to the CTFTC whose annual revenue reaches a certain scale, in order to obtain basic industry data, operating performance, and market dynamics. Through questionnaire surveys, the CTFTC is able to systematically collect industry data and establish a foundation for long-term observation. However, since questionnaire responses currently rely on voluntary cooperation from enterprises, response rates and data completeness are sometimes less than ideal, which is a challenge commonly faced in practice.
 - Field research: The CTFTC conducts on-site investigations or in-depth interviews with major participants in industries or markets to understand their business

activities, gain an overview of the business, and learn about their future operational plans. For instance, in 2024, in regard to “the Relationship between the Book Resale Price Maintenance System (or Book Discount Order System) in the Digital Era and the Fair Trade Act,” the CTFTC conducted in-depth interviews with publishers, bookstore distributors, and wholesalers to understand issues such as publication categories, sales channels, wholesale and retail prices, and promotional discounts. The advantages of field research and in-depth interviews lie in their ability to obtain more in-depth and nuanced qualitative information, particularly regarding aspects such as competitive patterns, transaction practices, and industry culture that are difficult to capture through questionnaires. However, in practice, due to businesses’ conservative attitudes toward operating data and transaction terms, some key information remains difficult to obtain.

2.2. Public Data

8. Statistics from other government agencies
9. The CTFTC collects and compiles publicly available statistical data held by other government agencies to analyze an industry’s overall structure, market scale, output value, and industry trends. Main data sources include:
 - Industry, commerce, and service census data from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan
 - Business registration data from the Administration of Commerce, Ministry of Economic Affairs
 - Industry statistical data from other competent authorities
 - In addition to the above publicly available statistical data, some government agencies, by coordinating with the CTFTC, periodically provide internal statistical data obtained from their industry surveys for the CTFTC’s reference. Such inter-agency data-sharing mechanisms effectively enhance the CTFTC’s ability to understand overall industry development trends and structural changes.
10. Financial statements of enterprises: The CTFTC also queries financial statements and related operational information of listed (OTC) companies through the Market Observation Post System. Financial statements provide financial data such as revenue, profitability, assets, and liabilities, which help analyze industry operating efficiency, barriers to entry, and firms’ market power. Data from financial statements are particularly valuable when assessing industry concentration and analyzing market leaders’ business strategies.
11. Internet data: With the development of digital technology, the Internet has become an important source of information. The CTFTC systematically collects publicly available web information, including enterprises’ official websites, news reports, industry commentary, and consumer reviews, to understand the latest market dynamics and public opinion trends. Although such data do not constitute formal statistics, they play a complementary role in understanding actual market operations, consumer perceptions, and emerging issues.

2.3. Third-Party Data

12. By taking into consideration the characteristics of certain industries, the CTFTC also purchases or refers to reports from professional industry research institutions, publications from industry associations, and various market research reports. For example:

- Professional industry research reports: such as ICT industry research reports from the Market Intelligence & Consulting Institute (MIC) of the Institute for Information Industry, and industry research reports from the Taiwan Institute of Economic Research.
- Industry association publications: such as industry statistics or yearbooks periodically published by associations like the Taiwan Electrical and Electronic Manufacturers' Association and the Taiwan Iron and Steel Industries Association.
- Market research reports: such as industry analysis reports from international market research firms including Nielsen, Gartner, and International Data Corporation.

13. These third-party data are typically characterized by professional expertise and timeliness, are particularly concentrated in rapidly evolving technology or emerging industries, and can provide the CTFTC with in-depth industry observations that are difficult for it to obtain independently. Compared to public statistical data, third-party institution reports often include more specific market forecasts and strategic analyses, providing considerable reference value for understanding industry dynamics and future development directions.

3. Recent Research Examples and Analytical Methodologies

14. Through market studies, the CTFTC has accumulated practical experience and developed diverse analytical methods and tools. The following market studies illustrate how the CTFTC employs different data sources and analytical methods to conduct market research.

3.1. Survey on the Business Operations of Convenience Store Chains

15. Taiwan has an extremely high density of convenience stores. According to 2023 statistics from the Ministry of Economic Affairs, there is on average one convenience store for approximately every 1,703 people. This high-density distribution makes convenience stores a retail channel on which the public is highly dependent in daily life. Given the importance of the convenience store industry to consumers and the particular characteristics of its market structure, the CTFTC conducts periodic surveys of the convenience store industry every one to three years to continuously monitor changes in industry structure and business activities.

3.1.1. Survey Content and Methods

16. This survey targets major convenience store chain enterprises in Chinese Taipei. The survey covers enterprises' basic information, store distribution, operating performance, sales of various product categories, commission income from services (including service items and service fee income), sales of private label products, as well as terms for product listing and delisting and additional fees charged. The CTFTC employs questionnaire surveys as the primary method, requesting that convenience store operators

complete the questionnaires, thereby enabling it to systematically collect industry data and establish a foundation for long-term observation.

3.1.2. Survey Findings and Applications

17. The survey data indicate that convenience store market in Chinese Taipei continues to grow, with stores primarily concentrated in metropolitan areas, and exhibiting characteristics of high market concentration. Consumers have high store visit frequencies, with the items mainly purchased being cigarettes, ready-to-eat food, and beverages, among which private label products are developing rapidly with increasing market share. Given that convenience stores have distribution channel advantages, they often collect various additional fees from suppliers. The CTFTC has established relevant regulatory guidelines illustrating potentially unlawful types of additional fees charged by convenience stores.

3.2. Investigation into the Online Advertising Agency Market

18. Keyword advertising refers to advertising whereby advertisers purchase and set keywords from keyword advertising platforms, and when internet users conduct searches matching specific keywords, the advertisers' titles are placed in specific positions on search result pages. It is a type of unfair competition in the digital advertising market. The CTFTC has received numerous complaints over the years regarding keyword advertising, in which advertisers are often accused of using others' trademarks or business names as keywords, but whether keyword advertising platforms providing such services violate the FTA has not been thoroughly investigated or analyzed. Given that the CTFTC has accumulated sufficient case examples regarding keyword advertising and has acquired considerable understanding of keyword advertising platforms' business models, it proactively conducted a further investigation in 2023.

3.2.1. Investigation Methods

19. The CTFTC conducted questionnaire surveys of advertising publishers (including major domestic portal websites and online media operators), advertising intermediaries, and advertising agencies. The questionnaire design covered keyword advertising platform usage, including keyword selection mechanisms, keyword insertion function usage, and suggestions for improvement. For responses from some surveyed enterprises, the CTFTC followed up by telephone or email to confirm response content, while also requiring relevant keyword advertising platforms to submit written statements and present relevant evidence at meetings.

3.2.2. Key Analytical Focus

20. Investigation results indicated that among enterprises responding to the questionnaire, many use the Google platform, with others using the Yahoo and Bing platforms, demonstrating Google's dominant position in Taiwan's keyword advertising market.

21. "Triggered advertisements" in keyword advertising refer to advertiser-written advertising titles triggered by keywords set by advertisers after matching. Since keywords set by advertisers do not appear in advertising content, and advertisers' advertising titles do not use other enterprises' trademark names, according to the CTFTC's past views in handling similar keyword advertising cases, such conduct does not constitute an appropriation of other enterprises' efforts and is generally not considered to violate FTA provisions.

22. As for the “keyword insertion” function in keyword advertising, it constitutes an advanced feature whereby advertisers must actively embed code in advertising titles to activate this function. Therefore, only when all three conditions are met—the advertiser’s preset keyword list contains others’ trademarks, the advertiser actively enables the “keyword insertion” function, and does not include others’ trademarks in the “exclusion list”—can situations arise where advertising titles contain others’ trademarks. Furthermore, the relevant keyword advertising platforms expressly prohibit advertisers from “using direct competitors’ trademarks in advertisements” and “using trademarks in advertisements in a confusing, deceptive, or misleading manner,” and provide channels for trademark holders to file complaints.

3.2.3. Application of Investigation Results

23. The CTFTC verified industry investigation results by providing past case examples to keyword advertising platforms for confirmation. Moreover, investigation outcomes were not only used to assess whether platforms were in violation of the FTA, but also assisted the CTFTC in gaining an in-depth understanding of digital advertising market operating mechanisms, establishing analytical frameworks and judgment criteria for keyword advertising enforcement, and thereby serving as valuable reference for case handling.

4. Conclusion

24. Market studies constitute an important tool for competition authorities to maintain competitive market order. Through integrating diverse channels including information provided by enterprises, publicly available government data, and third-party institutions, the CTFTC systematically collects industry information and establishes a comprehensive foundation for market analysis. From its periodic monitoring of the convenience store industry to dedicate investigations of the digital advertising market, the CTFTC is able to demonstrate that market studies yield substantial benefits by identifying potential competition concerns, supporting enforcement case review, and providing policy recommendations.

25. However, the current data collection model that relies on voluntary cooperation still has room for improvement in terms of its completeness and timeliness. The CTFTC is actively promoting legislative amendments, with the expectation that it will be able to strengthen the legal foundation for market studies and obtain more complete investigatory powers, particularly in relation to emerging industries and rapidly evolving markets. In the future, the CTFTC will continue to refine its research methods and analytical tools, combining qualitative and quantitative analysis to enhance market study capabilities, and thereby more effectively maintain a fair competitive market order.