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**Working Party No. 3 on Co-operation and Enforcement**

**Methodologies for Conducting Market Studies - Note by Italy**

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### **1. Introduction**

1. This contribution provides an overview of the tools and methodologies most commonly used by the Italian Competition Authority (“Authority” or “AGCM”) when collecting and analysing information and data for the purpose of market studies. The contribution highlights the various factors influencing agency decisions when selecting information gathering tools and analytical methodologies, which are also influenced by the institutional framework.

### **2. Market studies in the Italian competition policy framework**

#### **2.1 Institutional setting**

2. According to Art. 12(2) of the Italian Competition Act, the Authority may undertake “general fact-finding enquiries in sectors in which the development of trade, the evolution of prices or other circumstances suggest that competition may be impeded, restricted or distorted”<sup>1</sup>. According to the Act, the AGCM can undertake market studies on its own initiative or under request of the Ministry of Economic Development, which has not yet exercised this power up to date. Sector regulators are also provided with the power to launch and conduct market studies.

3. In the Authority’s practice, market studies have been used as a useful tool to identify market failures and competition problems, regardless of a competition law infringement, or to acquire information and data before deciding whether to initiate enforcement action against individual undertakings. From this perspective, market studies may lead to distinct outcomes, ranging from an enforcement intervention to recommendations to the policy makers and sector regulators.

#### **2.2 Powers and procedures**

4. The general power granted to the Authority by above-mentioned Art. 12(2) is regulated in detail by Art. 17 of the Presidential Decree no. 217/1998. According to this implementing regulation, the launch of a market study and its final outcome shall be made public. In terms of powers, the Authority may request to governmental bodies and private entities the disclosure of information or documents for market study purposes, it may order inspections, expert testimony, statistical and economic analyses, or consult experts. However, unlike enforcement cases, reasons of commercial secrecy may be used in opposition to the request of information or documents and no sanction can be imposed in case of non-compliance.

5. The evidence gathered during the market study, regardless of whether it is confidential or not, is not accessible to anyone, including government departments and authorities: in other words, access to file provisions regulating formal enforcement procedures do not apply in the case of market study, even after its completion. Relevant

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<sup>1</sup> Hereafter, the terms “market study” and “sector inquiry” are used interchangeably.

non confidential information may be quoted or used in the final report published by the Authority at the end of the market study process. If evidence collected in the context of a market study suggests that a competition law infringement might be taking place, the Authority may launch a formal investigation on the basis of such evidence. In such a case, all the rules governing access to file and protecting confidential documents would apply.

## 2.3 Overview of the Authority practice

6. Out of the 45 market studies delivered, the AGCM used inspections to gather information in three cases<sup>2</sup> while in one case it appointed experts to conduct specific analysis<sup>3</sup>. In several occasions the Authority conducted market studies jointly with sector regulators<sup>4</sup>.

7. With regard to the organizational aspects, market studies are generally conducted by the officers in the relevant Sectoral Directorates (e.g. Energy and Waste, Communications), which have over time gained in depth knowledge and expertise of the sectors involved<sup>5</sup>. While there is no dedicated unit, in some market studies ad hoc teams were set up to benefit from inputs from other offices (e.g., Chief Economist Office, Legal Services) if specific analysis is deemed important for the purpose of the market study. In any event, other units may provide comments and suggestions during the process of drafting the final report.

## 3. Methodologies for conducting market studies

8. The following two sections describe how the Authority generally collects and analyse information for the purpose of market studies, by providing examples and illustrating its experience in this area<sup>6</sup>.

### 3.1 Information gathering

9. When conducting market studies the Authority generally collects information useful to describe the structure of the supply and demand of a sector. This information can be at industry level (e.g., number of suppliers, number of buyers, industry price and volume data) and/or at company level (e.g., revenues, ROE, and other financial indicators).

10. The most frequently used methodologies to collect information are: (i) requests for information (RFI) and surveys based on questionnaire, which rely on the voluntary

<sup>2</sup> Market studies on milk industry (1992), airline fares (1993) and more recently on vaccines for human uses (2015).

<sup>3</sup> During the market study on TV markets (2004), a consultancy company and an expert in engineering from academia were appointed by the Authority.

<sup>4</sup> For example: Telecoms regulator on broadband networks (2014) and retail mobile calls (2006); Energy regulator on electricity and natural gas enquiry (2003); Central Bank on financial services (1997).

<sup>5</sup> The organizational structure of the AGCM is based on economic sectors rather than functions (e.g., mergers, antitrust): therefore each sectoral directorate carries out both enforcement and advocacy activities, including market studies.

<sup>6</sup> Market studies mentioned in these sections are referenced with their code (IC plus a number) and listed in the Appendix.

cooperation of the stakeholders; and (ii) hearings held by the Authority's staff, which are also a more interactive way to engage with stakeholders.

11. Information may vary according to the type of market in question or the objective of the study. For example, in sectors where distribution channels are an important competitive factor, information about networks is particularly relevant: in the market study on fuel distribution (IC44)<sup>7</sup> the Authority collected more detailed information about the petrol stations, such as number, ownership type, geographic distribution, volumes, ancillary services (non-oil services). In the banking sector, the Authority conducted a market study (IC45)<sup>8</sup> in 2013 with the purpose of monitoring the effects of a reform prompted by the Authority's recommendations which had been elaborated at the end of an earlier market study, delivered in 2007: therefore, the information gathered in the 2013 market study focused on the variables affected by the reform, i.e., the costs of personal current accounts.

12. In terms of information sources, the AGCM uses free and commercially available dataset and information, e.g., from public institutions (e.g., the Italian National Institute of Statistics, Eurostat, OECD), trade associations, sector regulators, private data providers, or existing industry reports published by other entities. Information at company level may derive from financial statements and stock market data. When industry information is not directly available, the AGCM may collect information and data submitted by market operators in response to a request of information or a survey based on a questionnaire. Questionnaires and surveys have been used to produce both quantitative and qualitative information.

13. For example, when seeking information about petrol stations and their networks (market study IC44), the Authority collected information about branded petrol stations directly from the companies and their association through a RFI, while to estimate the number of independent or private label fuel distributors the AGCM relied on a database maintained by the tax police (Guardia di Finanza) for other purposes and on information provided through RFI by large retail distributors (e.g., supermarket chains) active in this service. Similarly, in the market study on banking personal account services (IC45), the Authority relied on a database of the Central Bank of Italy for elaborating descriptive statistics and other indicators. In the market study on the grocery trade sector (IC43)<sup>9</sup>, the Authority issued a survey to 471 food producers/manufacturers in order to gain insights and information on their relationships at upstream level with supermarket chains, gathering quantitative information also on terms and conditions, discounts, and other trade practices. More recently, the AGCM has also relied upon calls for input, launched through its website, as a tool to gather information and data.

<sup>7</sup> IC44 - Fuel Distribution Inquiry (2012). Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/70648CB604F1D844C1257AEC0044DFBA.html>

<sup>8</sup> IC45 - Inquiry on Costs of Banking Services (2013). Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/FA002E867704F7DCC1257BE9003A77B3.html>

<sup>9</sup> IC43 - Grocery Trade Sector Inquiry (2013). Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/973E4D42D69C4A11C1257BC60039BBA0.html>

14. In the above mentioned examples, data gathering was extensive and therefore resource intensive. In general, background research is conducted to explore whether and what type of information and data is already available and to what extent such information could be used for the purpose of the market study. Indeed, there might be several reasons why existing information is not suitable: it might be dated, or available in a format not beneficial for the agency purposes.

15. The decision to move to more intensive data gathering is usually driven by various factors, including the purpose of the study, the likelihood that this activity will be successful (e.g., responsiveness of target stakeholders to provide data), the likelihood that the analysis of the gathered information/data will yield useful outcomes (e.g., evidence-based recommendations), and the net benefits of such resource intensive activity are positive. In this regard, the background research phase may help shed lights on the above mentioned factors.

16. In cases where information had never been collected, the Authority's sector inquiry had the benefit to provide for the first time an overall picture of the sector, to the benefits of the market operators themselves and government regulators (market study on district heating IC46<sup>10</sup>).

### 3.2 Information analysis

17. The starting point for any sector inquiry is generally a description and an **assessment of the regulatory and institutional framework**, its evolution and the interplay with different layers of government such as Regions and Provinces. This type of analysis is important especially in sectors where regulation plays a crucial role such as public utilities or professions. For instance, in the waste sector inquiry (IC49)<sup>11</sup>, the Authority conducted an in-depth assessment of the existing regulatory framework both at national and regional level, highlighting the lack of consistency and harmonisation in several crucial aspects, such as the definition of the optimal basin area for the waste collection services and the procedures for entrusting these services, as they were highly relevant in understanding the competitive process and the strategies and performance of the sector. Thorough analysis of the institutional settings were also conducted in the local public transport sector inquiry (IC47)<sup>12</sup> and district heating (IC46).

18. The second step in the analysis is the elaboration of **descriptive statistics** for the industry or sector under question, e.g., average prices (or other indicators), industry size in terms of volumes and revenues, number of suppliers, imports and exports, distribution channels, business models, concentration. All these data are normally collected for a number of years in order to capture trends or developments in the industry. To this end,

<sup>10</sup> IC46 Heating District Sector Enquiry (2014). Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/763C50A4A6F34653C1257987004D3AA0.html>

<sup>11</sup> IC49 - Waste Management Sector Inquiry (2016). Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/A6CD7E5E68FE8B25C1257F5B004DC5E4.html>

<sup>12</sup> IC47 – Local public transport (2016). Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/9C8F5A0A3C9FA425C1257FD20039FD93.html>

indicators such as growth rates on yearly basis or over longer time period, and the compounded average growth rate (CAGR) are usually considered.

19. In presence of high variability of the main competitive variable (e.g., prices), average values might not be a good indicator in describing general trends and hence the Authority has employed other statistics. For instance, in its inquiry on the costs for personal current accounts (IC45), the AGCM analysed the distribution of the relevant variable (i.e., a synthetic cost indicator) by considering the median values (i.e., the value below which 50% of the observations may be found) rather than the average values, in order to account for the heterogeneity of the bank cost structure represented in the sample<sup>13</sup>. In this case, the AGCM also compared the median values with the 25th percentile values (i.e., the value below which 25% of the observations may be found) as a way to monitor the evolution between the sector as a whole and the most competitive banks<sup>14</sup>. In the fuel distribution inquiry (IC44), the distribution of the volumes of petrol and gas oil sold by oil companies through the road networks was analysed: mix, max, average, median, 25th and 75th percentile values of the output were computed and compared across companies. The large differences observed were attributed to the different degrees of scale economies in distribution achieved by the various oil companies.

20. **Price variability** or **price dispersion analysis** has offered insights into the pricing policy or positioning of the operators under study. For example, in fuel distribution inquiry (IC44), the AGCM analysed price dispersion between 2008 and 2010 for petrol and gas oil sold by the major oil companies in the different sales channels: the indicator chosen was the coefficient of variation, also known as relative standard deviation<sup>15</sup>, which indicated the order of magnitude of the price deviation from its average values. The coefficient of variation for both gas oil and petrol was much lower in the road network channel compared to the other channels (e.g., export), meaning that little price differentiation occurred in that channel. To investigate the existence of patterns in pricing policies, the Authority identified for each oil company the channels in which maximum and minimum prices were mostly observed in a given period<sup>16</sup>. To assess market positioning, the AGCM conducted a **ranking analysis** of the oil companies based on the several price indicators (average, min, max, and mode) applied on the different

<sup>13</sup> Sample of 52 banks representing the 44% of the branches in Italy.

<sup>14</sup> Indeed, the 25th percentile values were considered as a proxy of the offers by the most competitive banks. Interestingly, while a general reduction in the costs was observed between 2007 and 2012, quartile values have displayed a more pronounced fall compared to the median values.

<sup>15</sup> The coefficient of variation is indeed defined as the ratio of the standard deviation to the mean of a sample: that is, a measure of standard deviation which is independent of the unit in which the measurement has been taken.

<sup>16</sup> For each company, minimum and maximum prices applied in each channel were computed for each month of 2010 in order to derive the channels in which the higher frequency of min and max prices were observed..

channels<sup>17</sup>. An in-depth analysis of the pricing policy of both traditional and low-cost airlines was carried out by the Authority in its study on the airline fare trends (IC24)<sup>18</sup>.

21. Persistent **price dispersion** has been considered a valid indirect indicator of frictions in the functioning of a market, in particular due to a lack of mobility on the demand side. In the car insurance inquiry (IC42), “regional” coefficients of variation were computed for the premiums paid by different profile of customers located in each region and the results showed that the expenditure for car insurance could vary in the range of 20-30% for a significant number of profiles in each macro area. Similarly, in the personal current accounts inquiry (IC45), the AGCM computed the min, the max, the range max-min and the coefficient of variation of the synthetic cost indicator of personal accounts for the six client profiles.

22. **International comparisons** with the performance of the industry in other countries, especially over time, is also a standard feature of the AGCM methodology, as they might help understand the peculiarities of the functioning of the domestic sector, e.g., the source of inefficiency, and might provide acceptable “counterfactual scenarios”. Data provided by international institutions (e.g., Eurostat, OECD) are particularly useful in this respect.

23. An important component of the market study methodology is **concentration analysis** based on indicators such as concentration ratios (CR), HHI or market shares to capture the degree of concentration of the supply side and, in some cases, of the demand side. For instance, in the milk sector enquiry (IC41)<sup>19</sup>, the Authority computed the CR4 and CR5 of the demand for milk at upstream level (i.e., milk processors and distributors, large chains) while the corresponding supply side was found to be extremely fragmented and dispersed. In the inquiry on passenger air transport price trends (IC24), the AGCM computed the HHI, average fare and number of airlines on selected Italian routes before and after the industry liberalization and analysed the relationships among these variables.

24. In market studies launched because of competition concerns related to undesirable outcomes such as unacceptable high prices (often in light of international comparisons), **profitability analysis** can be a useful methodology to establish whether and to what extent undesirable outcomes are expression of overall industry inefficiency (e.g., supply side fragmentation, high production costs, inefficient regulation) rather than ineffective competition at some level of the value chain.

25. Being time and resources intensive, such methodology is carried out when data are easily available. For instance, in the market study on waste management sector (IC49), the Authority conducted a cost analysis of the various business models for waste collection and treatment, relying on cost data released by a government agency for

<sup>17</sup> For each month from 2008 to 2010, oil companies were ranked on the basis of the prices applied during the month; then, average, min, max and mode values of the ranking positions were computed.

<sup>18</sup> IC24 – Passenger Airline Fare Trends. Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/58CD463B0187D3E5C1256FF900344583.html>

<sup>19</sup> IC41 - Milk Sector Inquiry (2016). Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/8479B59509CFFF40C1257F77004F18B0.html>

environment protection in its annual report on urban waste<sup>20</sup>. In the car insurance sector inquiry (IC42)<sup>21</sup>, the Authority performed cost analysis of damages and their impact claim compensation for the insurance companies. In the banking sector inquiry (IC45), the AGCM investigated trend in prices of banking services in the period between 2007 and 2012, using a synthetic cost indicator with respect to six different profiles of customers and data from 52 banks and more than 14,500 branches: proposed by the Authority in a previous market study (in 2007), this cost indicator was subsequently adopted by the Central Bank in the secondary legislation, in order to boost clients mobility by increasing transparency and facilitating product comparison<sup>22</sup>. In the milk and dairy enquiry (IC41), the Authority relied on four studies conducted by third parties which analysed the profitability of producing milk in Italy and used different samples and methodologies. In the sector inquiry into agri-food distribution (IC28), the Authority computed the remuneration (expressed as a share of the final prices) of the intermediaries in the supply chain of fruits and vegetables distribution<sup>23</sup>.

26. Profitability analysis is sometimes accompanied by an assessment of **industry performance**: in some cases, performance is measured by comparing financial indicators such as EBITDA, ROI and ROE with other sectors: e.g., the inefficiency of local public transport versus other public services like waste collection, airports. In other instances, performance was assessed by specific industry target indicators: for example, in the waste management inquiry (IC49), the target percentages of recycling waste set by legislation was taken as a reference point.

27. In some cases, the Authority was also interested to explore the **price transmission** along the value chain, by compared the prices of the main input with the intermediate or final product. In the milk inquiry (IC41), in addressing the bargaining imbalances between farmers and milk processors, the Authority compared the prices of milk at stables with the prices of retail milk and dairy products (such as cheese, butter), finding that no substantial profits were withheld at downstream level of the supply chain; similarly, in the market study on fuel distribution (IC44), the AGCM compared fuel prices at petrol stations with wholesale prices (using Platt's quotations), to study the role

<sup>20</sup> Based on sample representing over the 70% of the municipalities, the annual report provides data concerning municipal waste generation, separate collection and management at national, regional and provincial level as well as data on import/export of municipal waste. Furthermore, data on packaging waste management, costs of the municipal waste management service and tariff scheme implementation are also reported.

<sup>21</sup> IC42 - Car Insurance Sector Inquiry (2013). Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/5DBB1FB70976D4CAC1257B1E004FB6A9.html>

<sup>22</sup> Specifically, the indicator is calculated by adding the fees and expenses (that is, respectively, the fixed and variable cost components) charged in the course of the year to a hypothetical customer opening a checking account at a bank and making a number of operations. In the market study in 2007 the Authority suggested that this indicator should be provided to the customers both when first opening an account and over time, in order to be able to keep track of variations and to compare different offers. This suggestion was followed and in 2010 the Bank of Italy introduced the use of the synthetic cost indicator in secondary regulation, providing that banks had to report this information to the customers on an annual basis.

<sup>23</sup> IC28 - Agri-food distribution Sector Inquiry (2007). Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/8D9113CAEBAB738CC12572FB003CE5D3.html>

of the Platt's quotations in the definition of the final fuel price, finding no evidence in support of claims about potential manipulations of these quotations with the aim of influencing the level and trend of final prices in a collusive manner. In the sector inquiry into agri-food distribution (IC28), the Authority analysed the links between the length of the supply chain for fruits and vegetables distribution and the level of mark-ups on the final retail prices: the market study was partly prompted by the numerous complaints about the widespread price increases at the time of the lira-euro changeover in 2001-2002. The AGCM found that only 9% of the sampled distribution chains had no intermediary, while around 44% of these chains had more than one layer between producers and consumers while a significant number of distribution chains (15%) has three or four intermediaries. This excessive fragmentation of the supply chains resulted in mark-ups over costs which ranged from 77% to just under 300%, according to the length of the distribution chain, with an average mark-up of 200%.

28. **Surveys** can be useful in gathering valuable qualitative information. In the above mentioned market study on fruit and vegetables distribution (IC28 in 2007), the AGCM used a sample of 267 distribution chains, surveyed with the help of the Tax Police, to gather data on prices, cost, margins of five products (cauliflower, lettuce, zucchini, oranges, apples) at different layers of the chain. The Authority adopted this tool in a later sector inquiry on the grocery trade in general (IC43 in 2013), and reached out over 500 agro-food firms (equally distributed between small and medium large firms, of which 65% have provided answers). In this case, the focus of the survey was to gain a better understanding of the trade relationships between food producers/manufacturers and large retailers through a **qualitative analysis**. The survey focused on several aspects<sup>24</sup> for which quantitative data on terms and conditions, discounts, and other trade practices were also gathered. The survey was carried out in the context of assessing whether and to what extent buyer power of large supermarkets could adversely affect efficient but small producers, by reducing their incentives to innovate in the longer term.

29. Most of the methodologies mentioned above attempt to describe and analyse the supply side. When addressing the demand side, one important aspect to consider is customer behaviour, in terms of ability and incentives to shop around, which may be a decisive determinant of the competitive pressure. Demand mobility can be captured by **switching rates**, defined according to the features of the sector in question. For example, in the inquiry on the costs of the banking accounts (IC45), the Authority computed annual switching rates for the period 2007-2011, defined as the impact of the current accounts which were opened and closed in a given year, over the total number of active current accounts in the same period<sup>25</sup>. According to the AGCM, savings potentially attainable in presence of higher mobility of current account holders could have been from a minimum of about € 100 to a maximum of € 180 per year<sup>26</sup>.

<sup>24</sup> Including: the characteristics of contractual relationships with large retailers; the nature and importance of the various fees paid by producers to large retailers; the relationship between fees and services received by producers; and, the degree of supplier satisfaction concerning different types of upfront payments.

<sup>25</sup> Mobility rate of account holders ranged between 10% and 12% and substantially stable throughout the years, both among different types of accounts within the same bank (intra-bank) and among different banks (inter-bank).

<sup>26</sup> The Authority determined - for relevant values of the cost indicator (e.g., 25th percentile, i.e., the value below which 25% of the observations were found) - the cumulative number of current accounts holders sustaining costs up to those values. For example, only the 11% of customers (in the "young low user"

30. Qualitative analysis often complements empirical analysis in assessing demand mobility. To continue with the same example, the Authority noted low switching rates were observed also at the intra-bank level, a sign that customers are generally little aware of more convenient offers for their profile available within their bank. The AGCM identified several explanatory factors: banks did not regularly inform clients on new offers and products, slow development of independent online comparison tools, the uncertainties on the timing for switching, and the recurrent practices of tying current accounts with other banking services (mortgages, insurance policies).

31. In sectors where competition occurs at local level, the **analysis of the competitive effects** may include a geographical dimension, i.e., the distance between competitors' outlets. In the fuel distribution inquiry (IC44), in order to investigate the competitive pressure posed by independent outlets on branded petrol stations, the Authority collected distance data from the two categories of operators and computed average, median and maximum values. In the energy inquiry (IC22), the AGCM and the sector regulator analysed market power in the electricity wholesale markets, designed as a zonal market to take network congestions into account<sup>27</sup>. The two agencies elaborated a number of indices designed to detect the existence of potential market power by a given operator, and to ascertain whether or not that power has in fact been exercised<sup>28</sup>, which reflected the particular features of the Italian wholesale electricity market.

#### 4. Conclusion

32. The Italian Competition Authority has adopted several methodologies for conducting market studies, based on the type of the market under review, the purpose of the inquiry itself and the availability of information and data to support theoretical and empirical analysis. The most commonly used methodologies include descriptive statistics (prices, volumes etc) over time to detect trends, concentration analysis, analysis of costs/profitability/performance (when data are readily available), and price variability analysis. Qualitative analysis is also very important in the Authority's practice in order to provide a more comprehensive analysis of the market in question by including an understanding of issues like market transparency and demand mobility.

33. In terms of information gathering, the most frequently used tools to collect existing and new information is request of information (RFI) and surveys based on questionnaire, whose effectiveness crucially relies on the cooperation of industry stakeholders. Before embarking in extensive information gathering activity, the AGCM

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profile) where paying up to 35€ in annual costs (the 25th percentile value) while the remaining customers of this profile could have saved up to 150€ in annual costs.

<sup>27</sup> This means that the presence of constraints on electricity transmission over the network could give rise to a division of the market, in which producers compete in zones smaller than the national market. Sales bids/offers in the centralised market (day-ahead and adjustment markets) are valued at the equilibrium price for the zone in which the electricity in question is injected to the grid.

<sup>28</sup> A first index was designed to check whether the electricity offered by the operator, at a given time and in a given macro-zone, results as being "indispensable" to the market; and whether the average electricity price is lower or higher than a given threshold. Using a second index, it is possible to ascertain the proportion of the total hours of the month under consideration for which a given operator was a "marginal operator" - i.e., capable of setting the final price - and the proportion for which the average price set in those hours diverges from the overall monthly average, as well as the degree to which the price set in that macro-zone diverges from the price recorded in macro-zones resulting as being more competitive.

practice suggests that background research is indispensable to become familiar with the existing information, its level of reliability for the purpose of the study, and to consider which sources are likely to yield useful information, and how best to effectively gather and retain information from each source. One of the Authority's learned lessons is that reliable, complete and accurate information is a crucial component of any effective market study.

## Appendix. Examples of AGCM Market Studies

- IC41 - Milk Sector Inquiry (2016) – Chapter 3 pictures price trends while Chapter 4 presents an analysis of cost/revenue and profitability of producing milk using different existing studies. Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/8479B59509CFFF40C1257F77004F18B0.html>
- IC49 - Waste Management Sector Inquiry (2016). See section 5 in Chapter III for a cost analysis of the various business models based on a sample of data, representing the 78.5% of the municipalities. There is also a performance analysis of waste companies (section 3) in the same Chapter. Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/A6CD7E5E68FE8B25C1257F5B004DC5E4.html>
- IC45 - Inquiry on Costs of Banking Services (2013). Based on data collected from 52 banks (representing the 44% of the branches in Italy), Chapter 2 describes the sample, Chapter 3 carries out an analysis of cost/price for the banking services while Chapter 4 presents an analysis of client mobility / switching behavior. Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/FA002E867704F7DCC1257BE9003A77B3.html>
- IC42 - Car Insurance Sector Inquiry (2013). Chapter 3 describes the sample, Chapter 4 provides an analysis of trends in premium levels and variability (dispersion), at different level of aggregation. Chapter 4 contains an cost analysis of damages and their impact compensation. Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/5DBB1FB70976D4CAC1257B1E004FB6A9.html>
- IC43 - Grocery Trade Sector Inquiry (2013). Empirical analysis of the bilateral relationships between suppliers and supermarket chains based on a survey of 471 suppliers is presented in Chapter 3, Part 2 of the report. Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/973E4D42D69C4A11C1257BC60039BBA0.html>
- IC44 - Fuel Distribution Inquiry (2012). The study focuses on "independent" petrol stations (837 sample): Chapter 2 presents a price analysis, Chapter 3 an assessment of the distribution network and Chapter 5 a competition analysis based on the locations & distances between branded petrol stations and independent ones. In the same chapter, there is also a ranking analysis of competitors based on their applied prices. Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/70648CB604F1D844C1257AEC0044DFBA.html>
- IC28 - Agri-food distribution Sector Inquiry (2007). Chapter 2 describes the sample of 267 fruit and vegetable distribution chains and reports the outcomes of the analysis (impact of the length of distribution systems on the average mark-up on final prices. Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/8D9113CAEBAB738CC12572FB003CE5D3.html>
- IC24 – Passenger Airline Fare Trends (2005). Chapters 1 and 2 analyze the business model and pricing of traditional and low cost airlines respectively. Chapter 3 (section 2) presents an assessment of the impact of the liberalization process. Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/58CD463B0187D3E5C1256FF900344583.html>
- IC22 - Electricity and Gas Sector Liberalization Inquiry (2005). In sections 3.2.3 - 3.2.5, the Authority, together with the sector regulator, developed a methodology to estimate market power in the electricity sector, including the development of some indices to detect potential market power and its exercise. Link to the text (available only in Italian language): <http://www.agcm.it/indagini-conoscitive-db/open/C12564CE0049D161/D8064881B967BAACC1256FA40038BBA4.html>