

News story: Algorithm research builds on work in digital markets

The research increases the CMA's expertise at a time of widespread scrutiny of pricing algorithms and how they interact with competition law.

Pricing algorithms are commonplace online and used regularly by businesses. The research posed key questions, including:

- can algorithms aid 'personalised pricing', where customers are shown different prices for the same products, based on factors like their browsing history?
- can they aid price fixing, where two or more companies collude together to raise their prices to customers?

Whilst there was little evidence of companies using algorithms to show personalised prices, the study did find that they were sometimes used to change the order in which products are shown to shoppers. It also found that algorithms can be used to help implement illegal price fixing and, under certain circumstances, could encourage the formation of cartels. However, the risk of algorithms colluding without human involvement is currently less clear.

In compiling the research, the CMA examined a wide range of literature and gathered information from firms offering legal price setting services. It also conducted online mystery shopping tests across various websites.

The findings will now be used to inform work across the CMA's portfolio, as it continues to expand its expertise in the digital sector.

Read the [pricing algorithms](#) research paper in full.