

# Comments to "Towards an effects-based approach of price discrimination" by Anne Perrot

By Finn Lauritzen, Danish Competition Authority

November 18, 2005

## Conclusions

---

- PD more often good than bad
- What matters is effect, not form
- Distinction between “first line” and “second line” discrimination
- PD may give proper incentives to retailers
- PD may benefit “target consumers”
- PD may be disguised, eg as bundling
- PD may benefit low-income groups

## How should authorities react

---

- Assess effect on output
- Assess effects on entry and exit
- Does PD stimulate “local” competition?
- Does PD enhance efficiency?

## Comments

---

- To ensure legal certainty, clarification is needed!
- Some rules of thumb are OK
- Exploitative effects only considered in cases of superdominance
- A common, non-retrospective rebate system is only illegal if it is predatory

## When is PD (price discrimination) bad?

---

- If given by a dominant firm's discretion
- If customers are discriminated by nationality
- If foreclosure is the effect or purpose of the conduct