

Modeling versus storytelling

Panel II

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When do we use economic analysis?

- In detection analysis in order to detect possible problems?
- In merger cases
- In regulation
- In outcome calculation

The use in merger cases

NOW

- Loci analysis in hospital mergers?
 - Criticism: often too mechanical
 - Profit maximizing behavior
 - Models always lead to a price increase
 - So where lies the point that mergers should be prohibited
- Other analysis
 - Conjoint analysis in merger cases (hospitals)
 - Micro simulation (snacks)

FUTURE

- UPP analysis will be introduced in first phase merger cases (we run some tests)

Outcome

- Calculation of change in consumer surplus as a result of interventions
- Published on an annual basis
- Forward looking
- Yearly effects

Problems?

- We lost a big case with merger simulation (Nuon-Reliant)
- Results of modeling should be brought very carefully
- More as an extra argument, never the backbone of the decision
- Keep it quantitative, but keep it simple

What will ACM do extra?

- Use quantitative methods in order to prioritize cases
 - Detection of anti-competitive issues
 - Ex-ante outcome calculation of total impact
 - Calculate consumer harm of bad practices
- Look more into dynamic effects of outcome)