

Informed Sources and the Role of Platforms for Facilitating Anticompetitive Communication

Abstract:

This chapter discusses the Informed Sources matter from the Australian retail gasoline industry. Informed Sources is a data and analytics platform that facilitates near real-time, station-level price sharing among major gasoline retailers. In 2014, the government initiated proceedings against Informed Sources and major gasoline retailers that subscribed to it, contending that the platform likely substantially lessened competition by enabling price signaling and monitoring. Through a narrative example, we frame the Informed Sources matter and the key economic issues at play. Then, using rich real-time pricing data from the industry, we provide evidence on how such information sharing platforms facilitate anticompetitive conduct by reducing the cost of price signaling and enhancing its effectiveness in coordinating prices. Lastly, we discuss the matter and our empirics in the context of emerging research and antitrust cases, focusing on how cartels operate and how price-sharing platforms can serve as facilitating devices. In contrast to the extensive literature focusing on the role of monitoring in sustaining collusion, our results expand our understanding of how platforms enable low-cost, effective price signaling, making prices a medium of communication.