



IFF Research

# UK businesses' awareness and understanding of the requirements of Competition Law

## Competition & Markets Authority

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Corporate commitment to compliance

Awareness and understanding of CMA and its role



# Background to the study



# Survey objectives and methodology

The CMA is committed to improving levels of compliance with competition law in the UK.

To inform progress on this, the CMA commissioned this study to find information on:

- Current levels of compliance with competition law by UK businesses
- Businesses' awareness of the CMA and its role
- The sectors which exhibit the poorest rates of compliance, to enable CMA to target their resources effectively

## Methodology



# Profile of businesses interviewed

In total, **1,201** interviews were achieved across a range of private sector businesses.

Sector	Achieved	Target
Agriculture, Mining, Utilities	80	100
Manufacturing	132	100
Construction	114	140
Wholesale, Retail & Transportation	194	140
Accommodation & Food	141	140
Information, Communication, Financial & Real Estate	127	140
Professional Services	179	140
Administration	77	100
Education & Health	90	100
Arts and other	67	100

Size	Achieved	Target
Micro (1-9 employees)	804	800
Small (10-49 employees)	194	150
Medium (50-249 employees)	119	150
Large (250+ employees)	84	100

Region	Achieved	Target
North East	87	100
North West	118	100
Yorkshire & The Humber	92	100
East Midlands	104	100
West Midlands	95	100
East of England	128	100
London	80	100
South East	93	100
South West	108	100
Wales	104	100
Scotland	95	100
Northern Ireland	97	100

NB all figures within a particular subgroup that are significantly different to the rest of the sample have been marked with a '\*' in this presentation. Statistical differences are affected by both the unweighted base and the percentage figure too.



# Region by size profile

The table below shows the region by size proportions as per the weighted survey findings. These generally mirror the overall size breakdown.

Region		Micro	Small	Medium	Large
<b>Total</b> <i>(showing row percentages)</i>	<b>%</b>	<b>82</b>	<b>15</b>	<b>2</b>	<b>1</b>
North East	%	79	12	7	2
North West	%	82	14	3	<1
Yorkshire & The Humber	%	78	19	2	1
East Midlands	%	85	11	4	1
West Midlands	%	82	16	1	1
East of England	%	81	16	2	1
London	%	76	22	3	<1
South East	%	83	15	1	<1
South West	%	89	9	2	<1
Wales	%	86	11	2	1
Scotland	%	85	13	1	1
Northern Ireland	%	82	10	7	1



Base: Total (1,201), North East (87), North West (118), Yorkshire & the Humber (92), East Midlands (104), West Midlands (95), East of England (128), London (80), South East (93), South West (108), Wales (104), Scotland (95), Northern Ireland (97)

# Profile of respondents

- All respondents were senior members of their organisation with a responsibility for sales.
- The majority (72%) had worked over 10 years in their industry.
- They broadly fit into two camps with regards their educational qualifications:
  - 51% had a degree
  - 19% had achieved A Levels or equivalent;
  - 17% had achieved GCSEs or equivalent;
  - 4% had achieved some other qualification; and
  - 7% had no educational qualifications.
- Over one-third (37%) reported achieving a professional qualification. Most commonly they were members of a professional body (16%), had qualifications in chartered accountancy (8%) or had other professional chartered qualifications (8%).

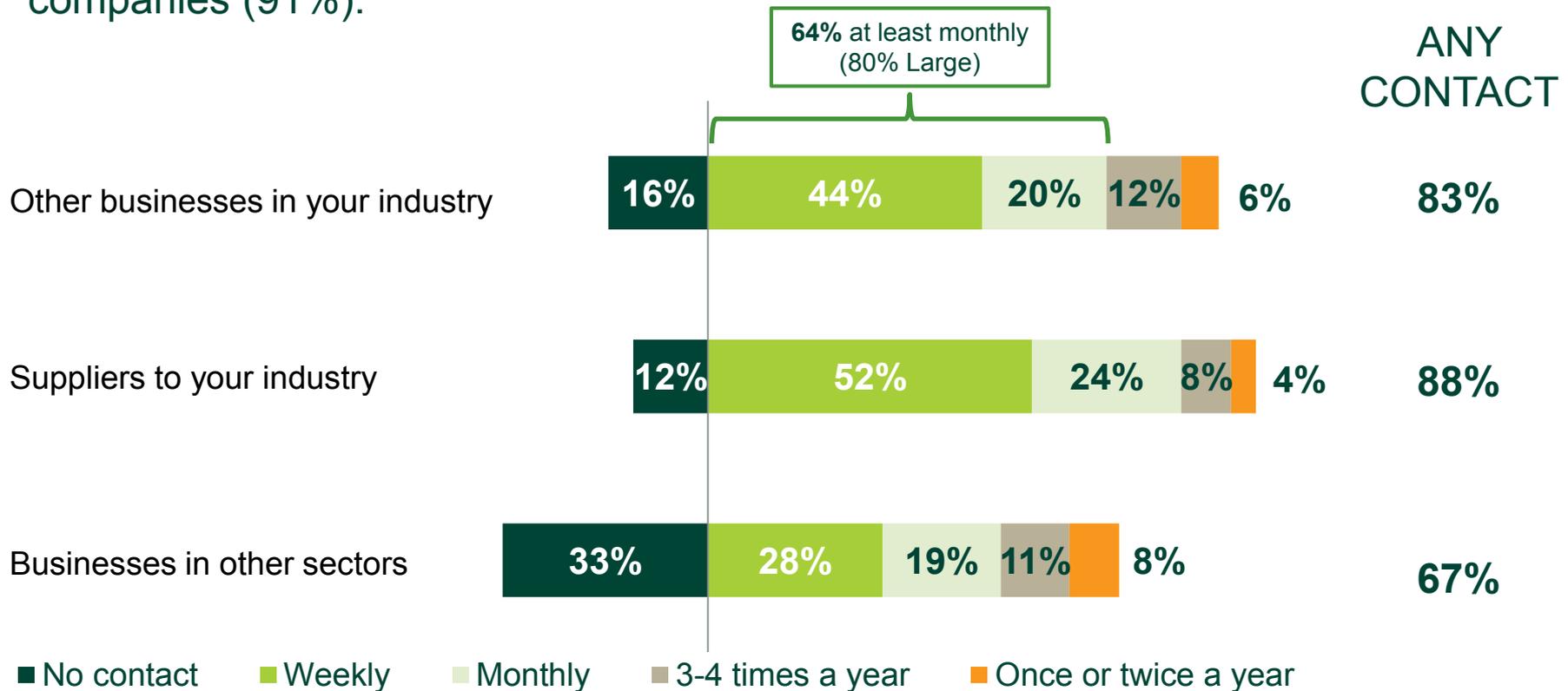


# Awareness of anti-competitive behaviours



# Level of contact with other businesses

Businesses had most contact with suppliers to their industry (88%), but contact with other businesses in their industry was still very common (83%), especially among Administration (93%), Professional Services (91%) and Manufacturing companies (91%).



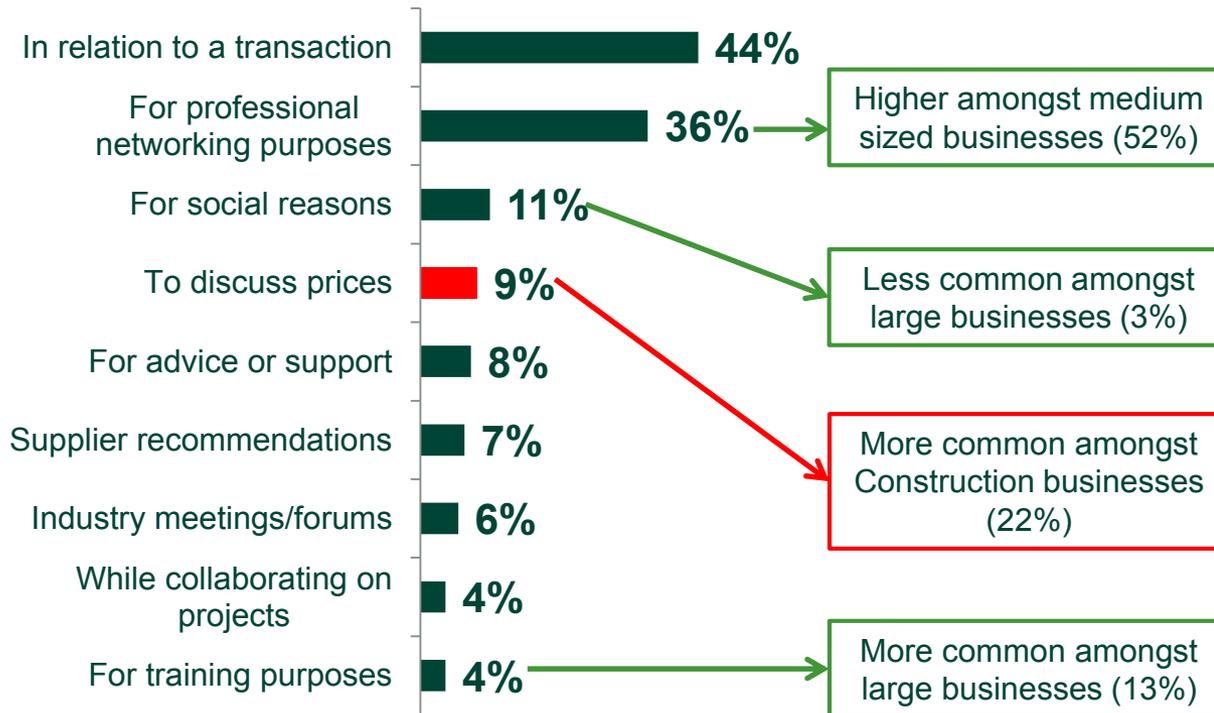
B2: In the last 12 months, roughly how often have you been in contact with the following?

Base: All businesses (1,201)



# Type of contact with other businesses

Most commonly, interaction with other businesses occurred in relation to a transaction (44%) and for professional networking purposes (36%).



## People from suppliers to your industry

- In relation to a transaction (74%)
- To discuss prices (17%)
- For professional networking purposes (11%)

## People from businesses from other sectors

- In relation to a transaction (48%)
- For professional networking purposes (30%)
- For social reasons (10%)

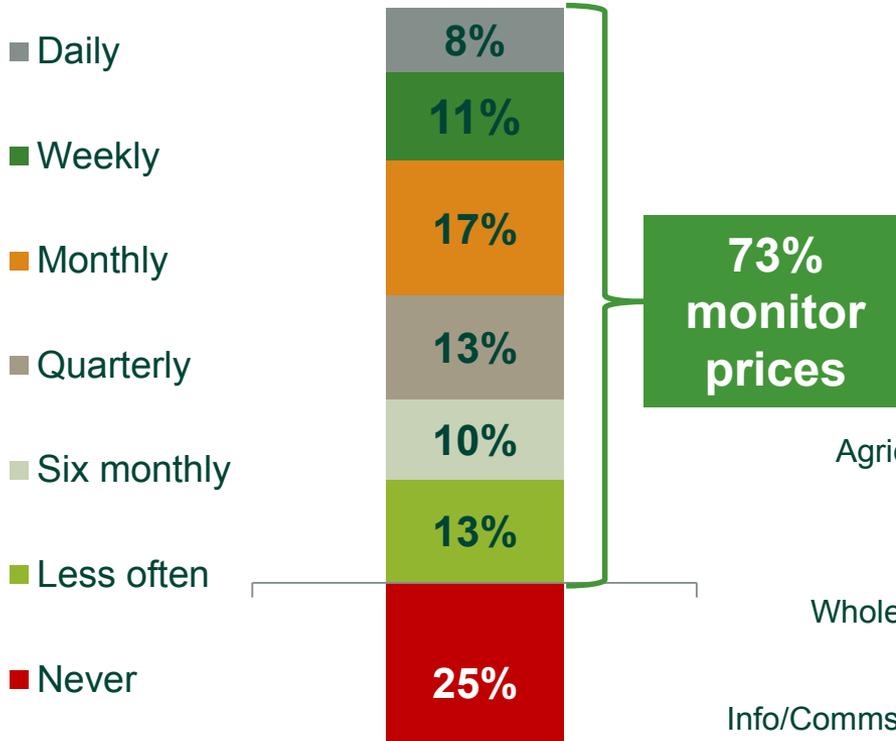
B3: And in what circumstances have you been in contact with people from other businesses in your industry?

Base: All businesses in contact with people from other businesses in their industry (1,021)



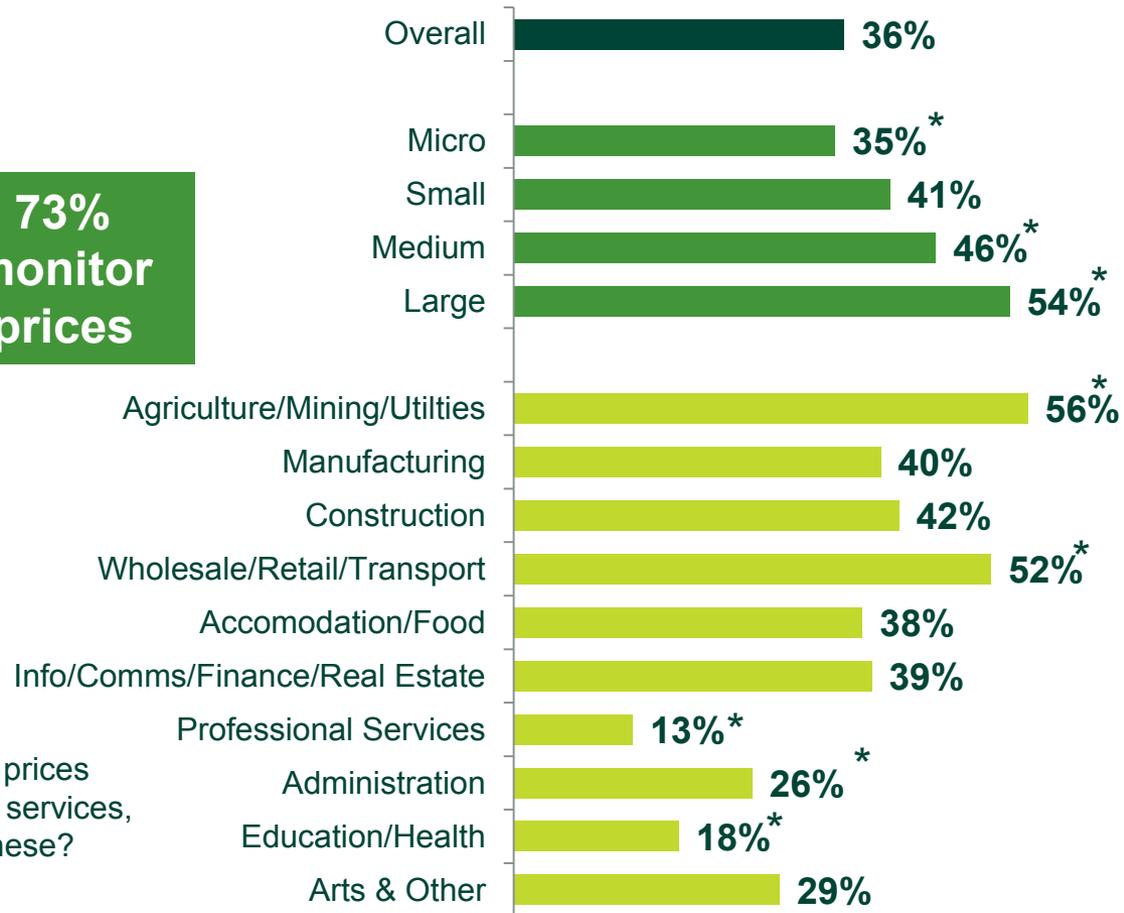
# Monitoring prices

The majority of businesses (73%) monitor the prices of their competitors, with over one-third (36%) doing so at least monthly.



B5: Thinking now about monitoring the prices your competitors charge for goods and services, how often does your company check these?

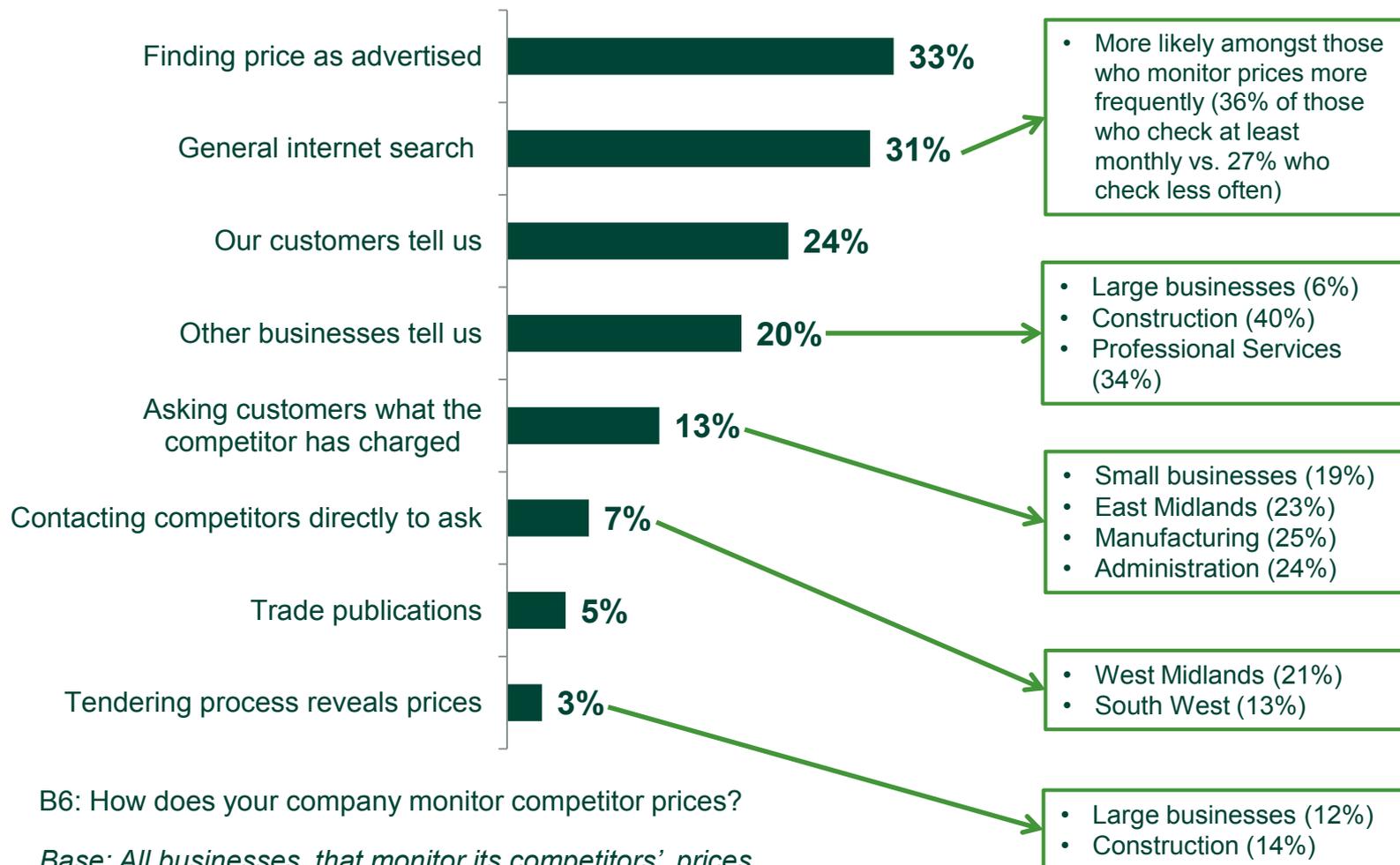
## Checks at least monthly



Base: All (1,201), Micro (804), Small (194), Medium (119), Large (84), Agriculture (80), Manufacturing (132), Construction (114), Wholesale (194), Accom. & Food (141), ICT, Fin. and Real Estate (127), Prof Services (179), Admin (77), Education & Health (90), Arts & Other (67)

# How prices are monitored

Most commonly, prices were monitored by finding the price as advertised (33%) or through general internet searches (31%).



B6: How does your company monitor competitor prices?

Base: All businesses that monitor its competitors' prices (905)

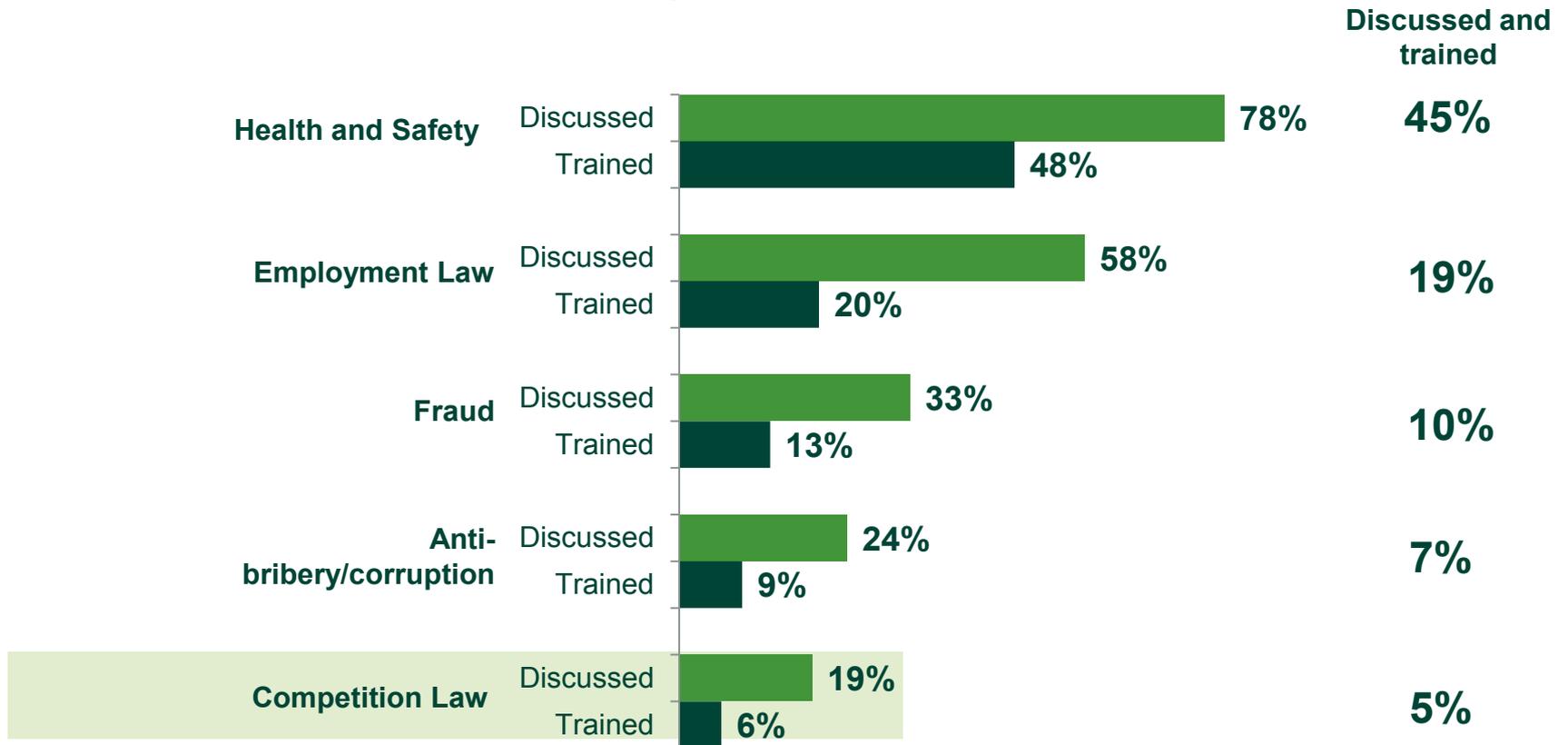


# Awareness of Competition Law



# Discussion of Competition Law within companies

Only 19% of businesses had had senior level discussions about Competition Law, while even fewer ran training sessions (6%).



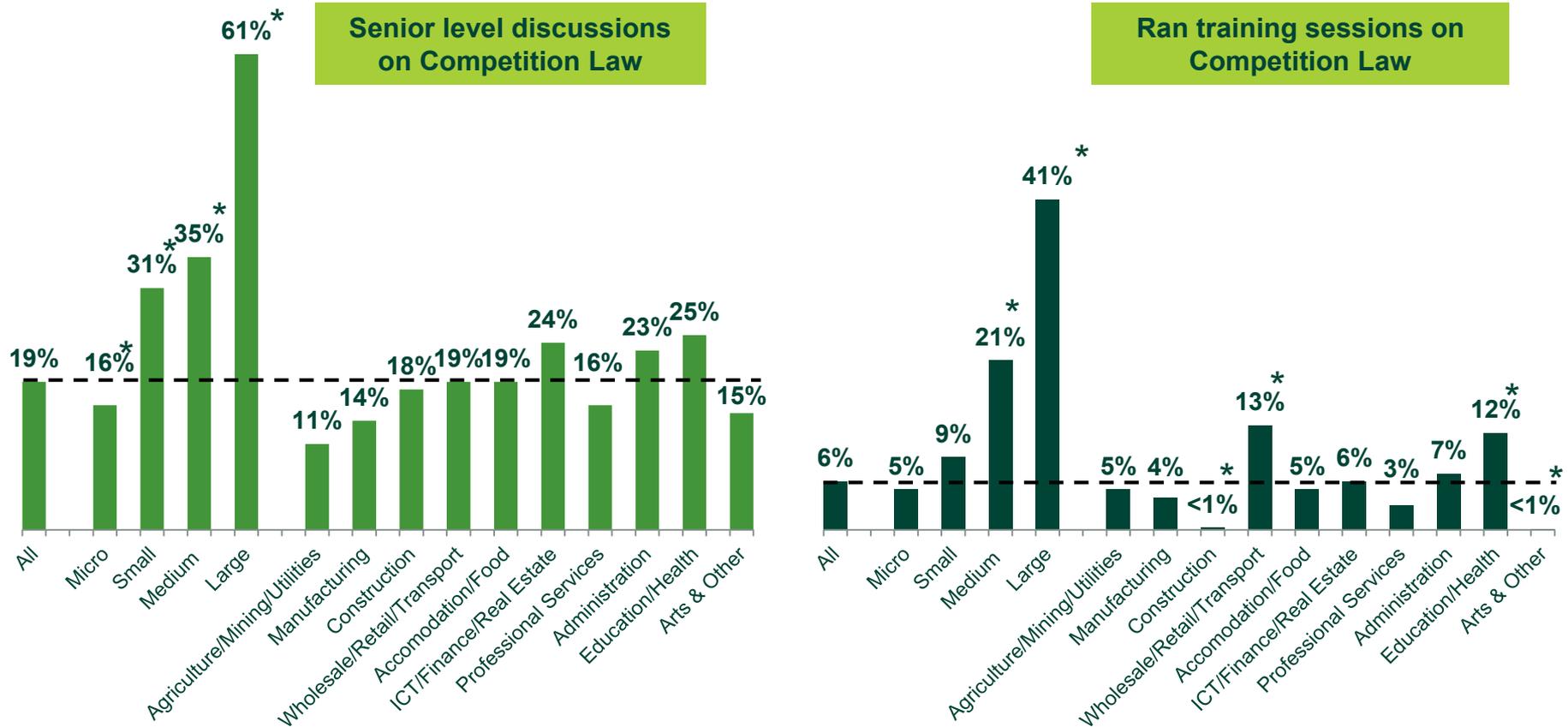
C1: In which of the following areas, if any, have you discussed your company's compliance with legal requirements in the last 12 months?



C2: And over the last 12 months, has your company run any training sessions about how to comply with any of the following legislation?

# Discussion and Training on Competition Law

The likelihood of training/discussing Competition Law increased with size. Less than 1% of the Construction and Arts & Other sectors ran training sessions.



C1: In which of the following areas, if any, have you discussed your company's compliance with legal requirements in the last 12 months?

C2: And over the last 12 months, has your company run any training sessions about how to comply with any of the following legislation?

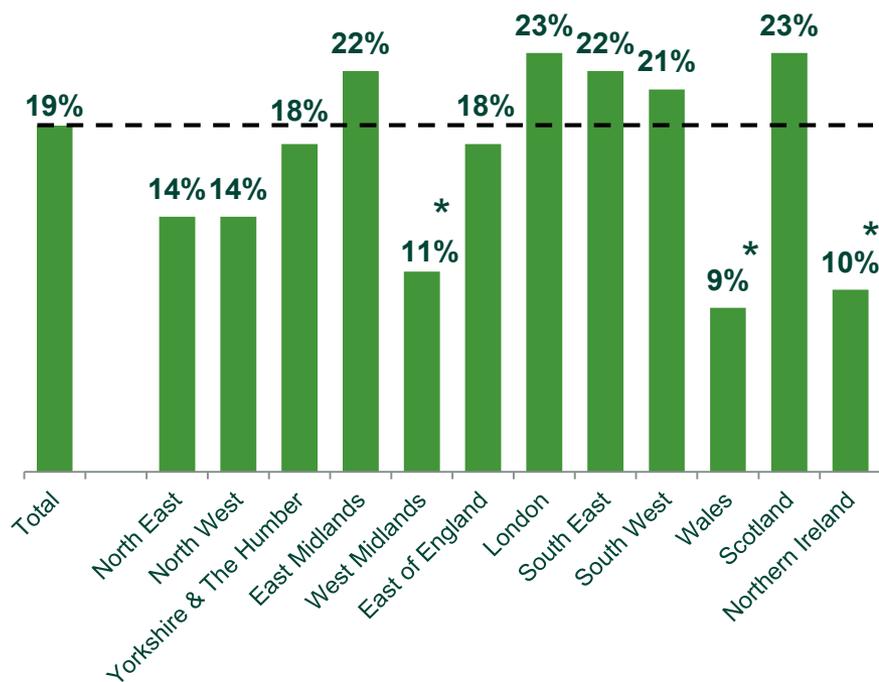
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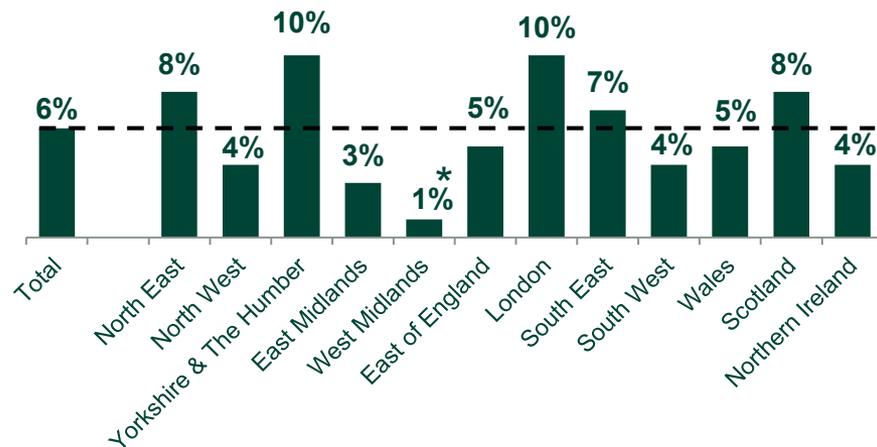
# Discussion and Training on Competition Law by region

There was a wide variation by region. Businesses in the West Midlands were both less likely to discuss Competition Law as well as run training sessions.

Senior level discussions on Competition Law



Ran training sessions on Competition Law



C1: In which of the following areas, if any, have you discussed your company's compliance with legal requirements in the last 12 months?

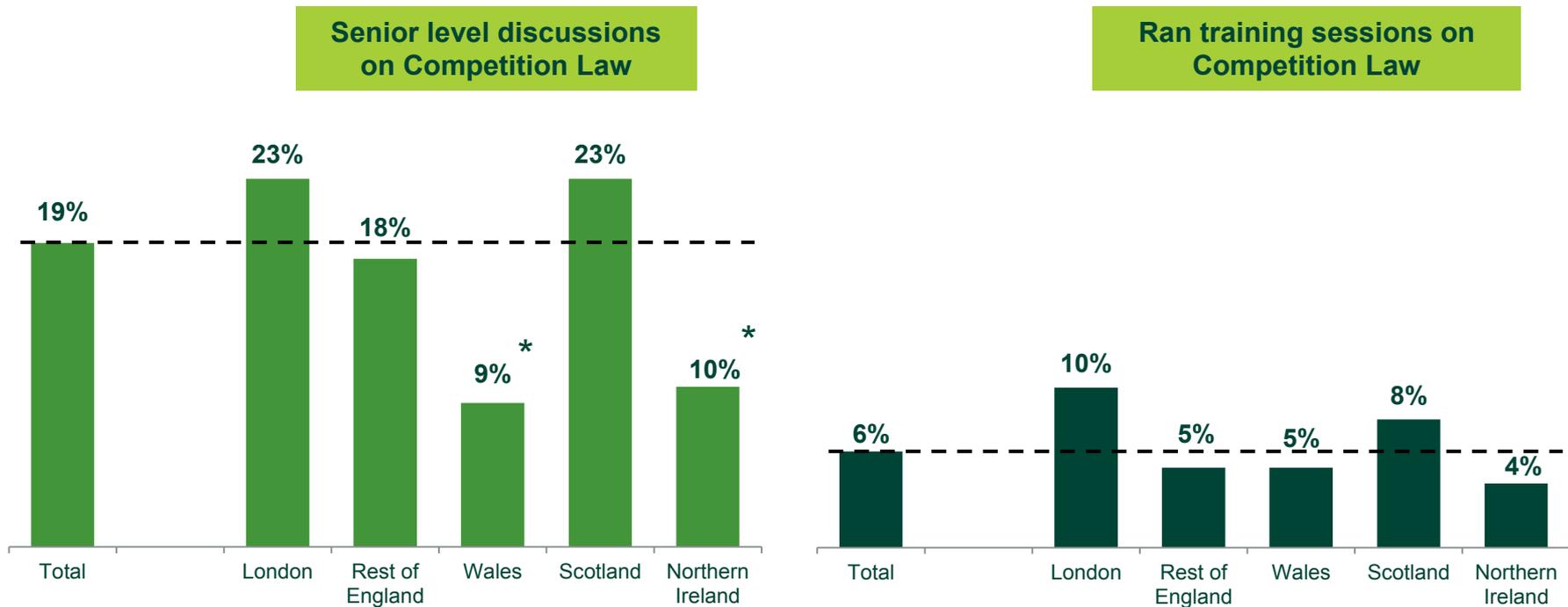
C2: And over the last 12 months, has your company run any training sessions about how to comply with any of the following legislation?

Base: Total (1,201), North East (87), North West (118), Yorkshire & the Humber (92), East Midlands (104), West Midlands (95), East of England (128), London (80), South East (93), South West (108), Wales (104), Scotland (95), Northern Ireland (97)



# Discussion and Training on Competition Law by broad region

By broad region, London businesses and those in Scotland appeared more likely to engage in Competition Law discussions and training, although such differences were indicative only.



C1: In which of the following areas, if any, have you discussed your company's compliance with legal requirements in the last 12 months?

C2: And over the last 12 months, has your company run any training sessions about how to comply with any of the following legislation?



Base: Total (1,201), London (80), Rest of England (825), Wales (104), Scotland (95), Northern Ireland (97)

# What discussions on Competition Law covered

General compliance (19%), fair pricing (8%) and price-fixing/cartels (8%) were most commonly mentioned as discussion points amongst businesses who had senior level discussions regarding Competition Law.



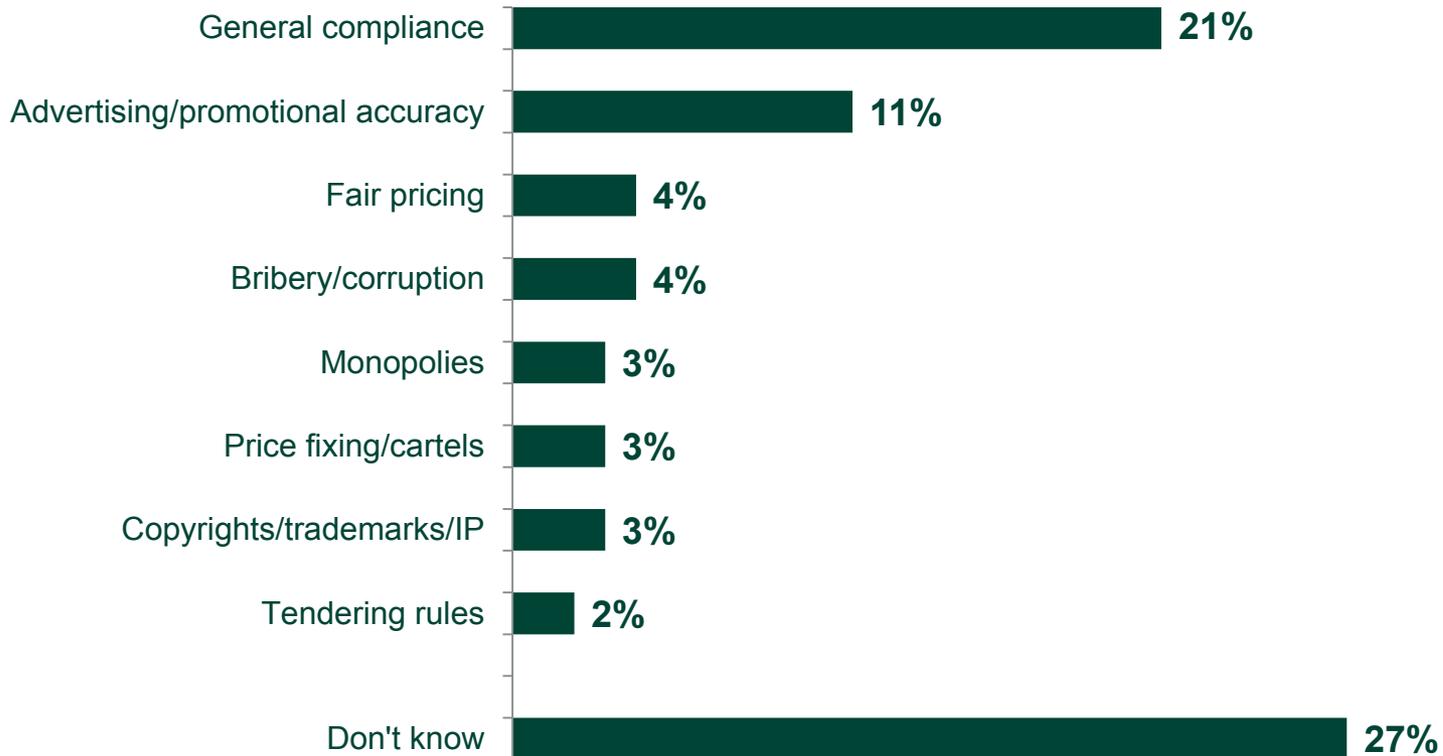
C3: Which particular aspects of Competition Law have been discussed?

Base: All who have discussed Competition Law (263)



# What training sessions on Competition Law covered

Training sessions also most commonly covered general compliance (21%), while around a tenth of businesses ran training sessions on advertising/promotional accuracy.



C4: Which particular aspects of Competition Law did training sessions focus on?

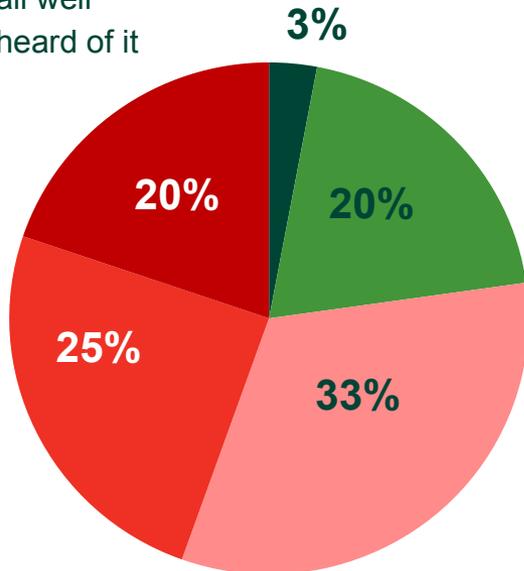
Base: All that have run training sessions on Competition Law (102)



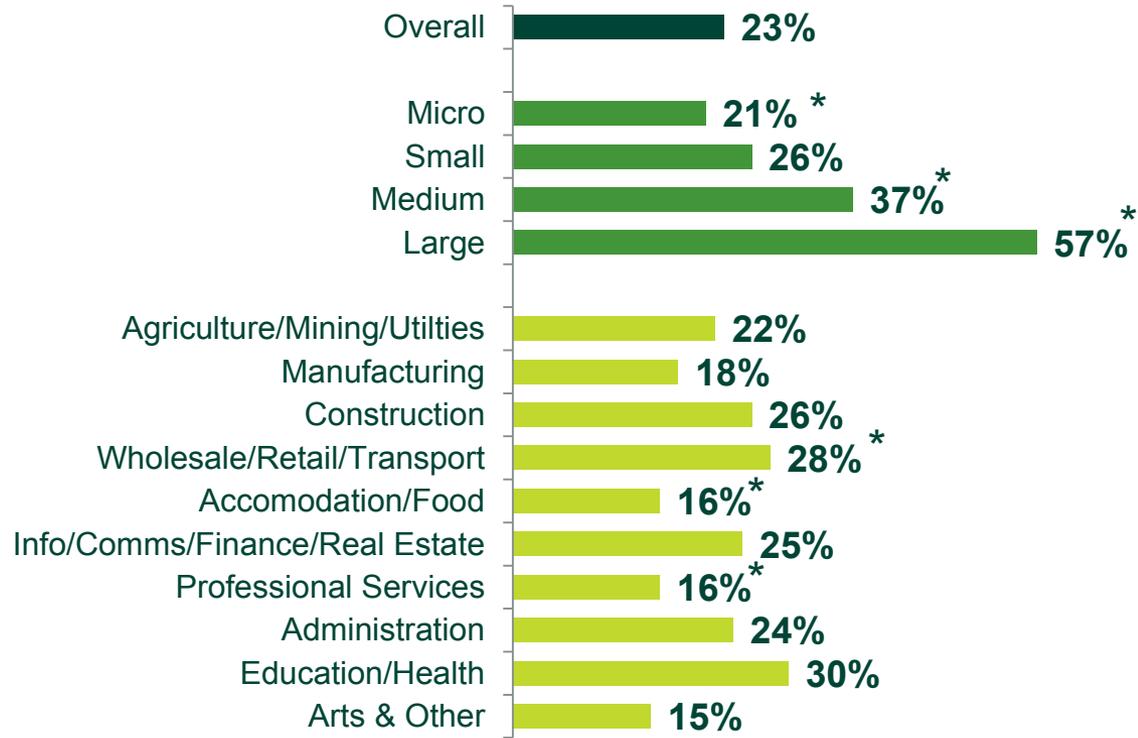
# Familiarity with Competition Law

Around a quarter (23%) of businesses thought they knew Competition Law very well (3%) or fairly well (20%). However perceived familiarity does not necessarily equate to an actual understanding of Competition Law rules.

- Very well
- Fairly well
- Not very well
- Not at all well
- Never heard of it



## Knew Well



C5: Overall, how familiar would you say you are personally with Competition Law?

Base: All businesses (1,201)

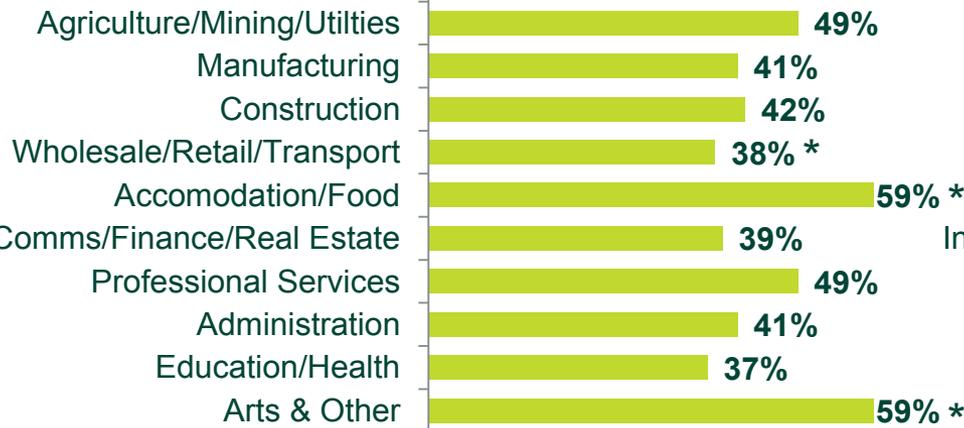
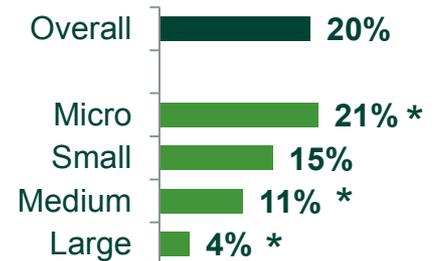
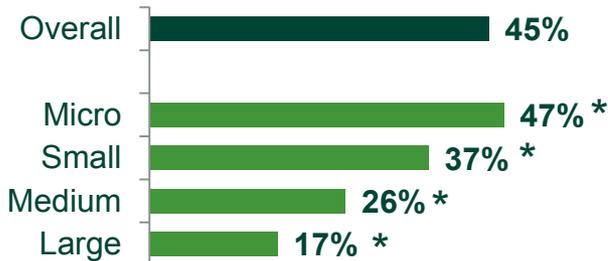
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# Familiarity with Competition Law (2)

Familiarity of Competition Law increases with size. The Accommodation / Food (29%) and Arts & Other sectors (30%) were most likely to have never heard of Competition Law.

Knew not at all well/never heard of Competition Law

Never heard of Competition Law

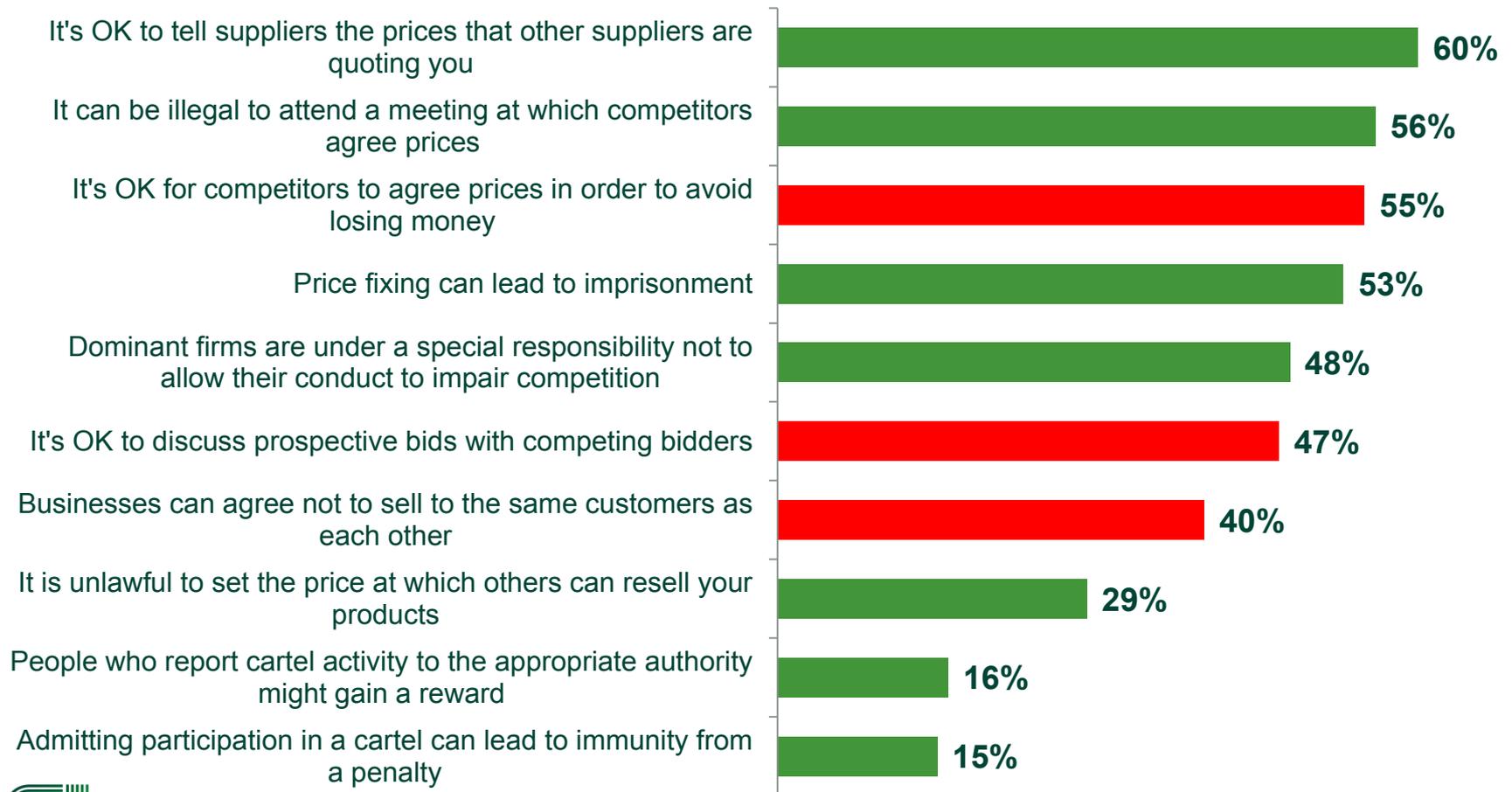


Base: Overall (1,201), Micro (804), Small (194), Medium (119), Large (84), Agriculture (80), Manufacturing (132), Construction (114), Wholesale (194), Accom. & Food (141), ICT, Fin. and Real Estate (127), Prof Services(179), Admin (77), Education & Health (90), Arts & Other (67)



# Understanding of Competition Law: True or false statements

Businesses were asked a series of True False statements regarding UK Competition Law. The proportion who correctly answered these are shown below.



Red bars indicate those that are false statements. The rest are true.

C6: True or false...

22

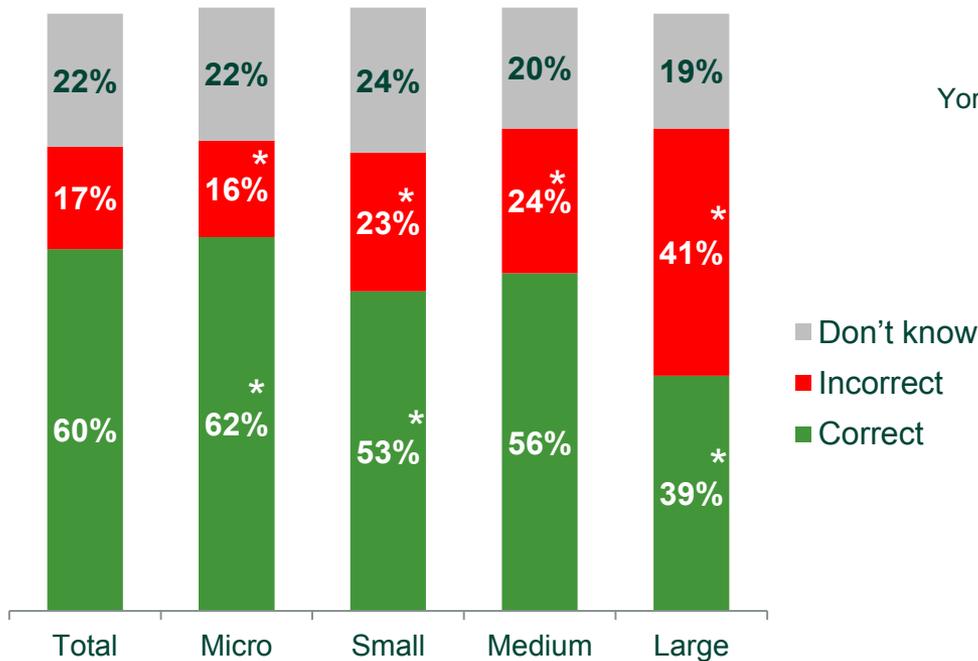
Base: All businesses (1,201)

# T/F: It is ok to tell suppliers the prices that other suppliers are quoting you

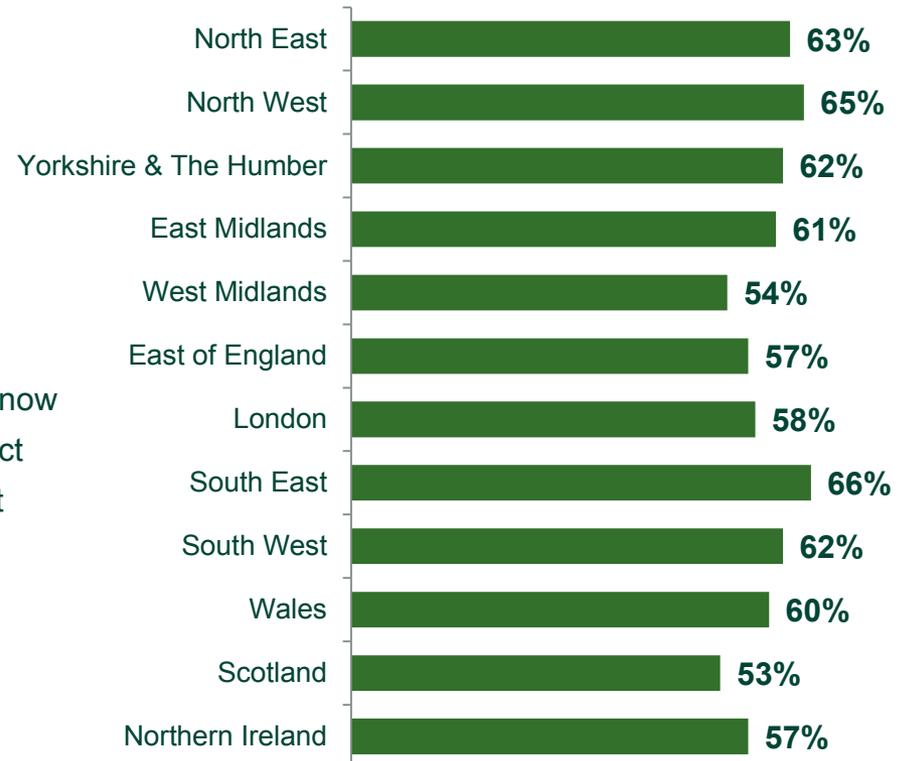
60%

Correctly answered this statement as 'True'.  
17% answered 'False' and 22% did not know

% by size



% correct by region



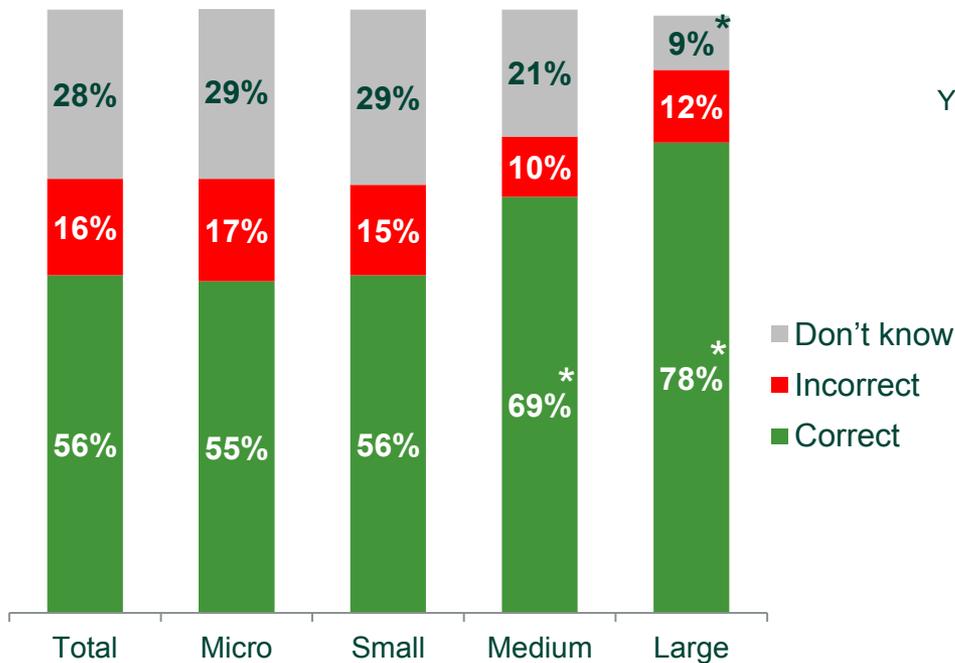
Base: Total (1,201), Micro (804), Small (194), Medium (119), Large (84)  
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 London (80), South East (93), South West (108), Wales (104), Scotland (95), Northern Ireland (97)  
 Nb Proportion who refused to give an answer are not shown here

# T/F: It can be illegal to attend a meeting at which competitors agree prices

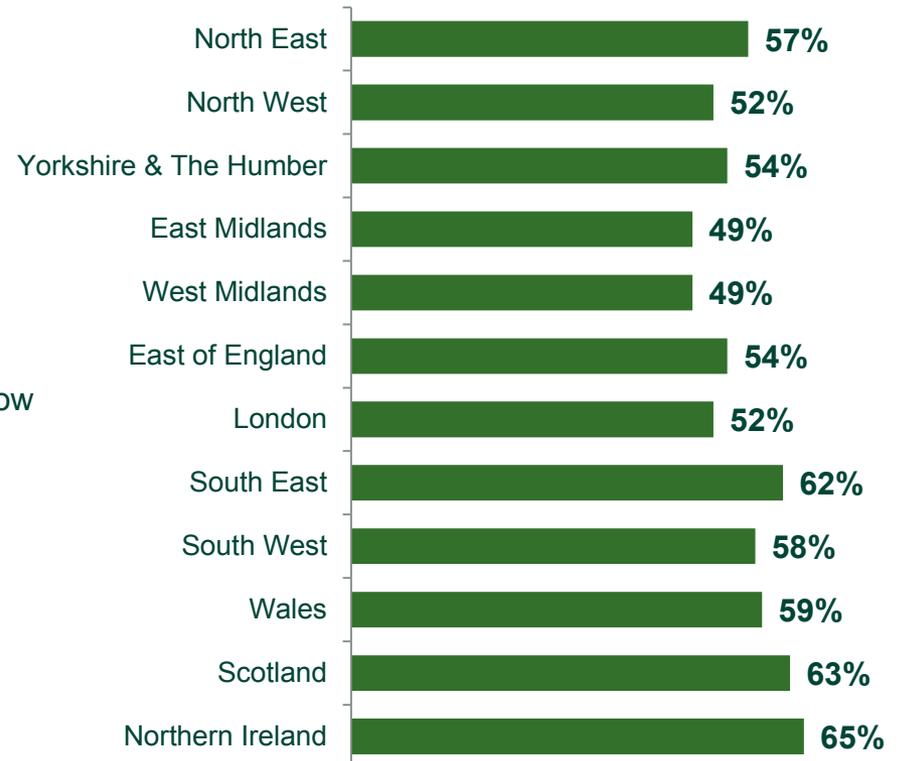
56%

Correctly answered this statement as 'True'.  
16% answered 'False' and 28% did not know

% by size



% correct by region



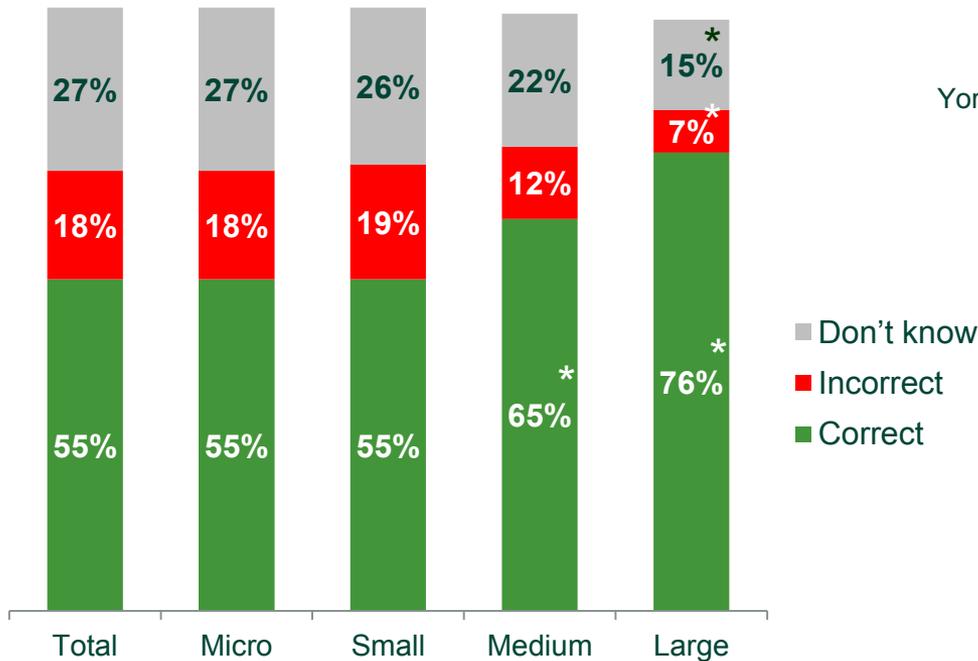
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 London (80), South East (93), South West (108), Wales (104), Scotland (95), Northern Ireland (97)  
 Nb Proportion who refused to give an answer are not shown here

# T/F: It is ok for competitors to agree prices in order to avoid losing money

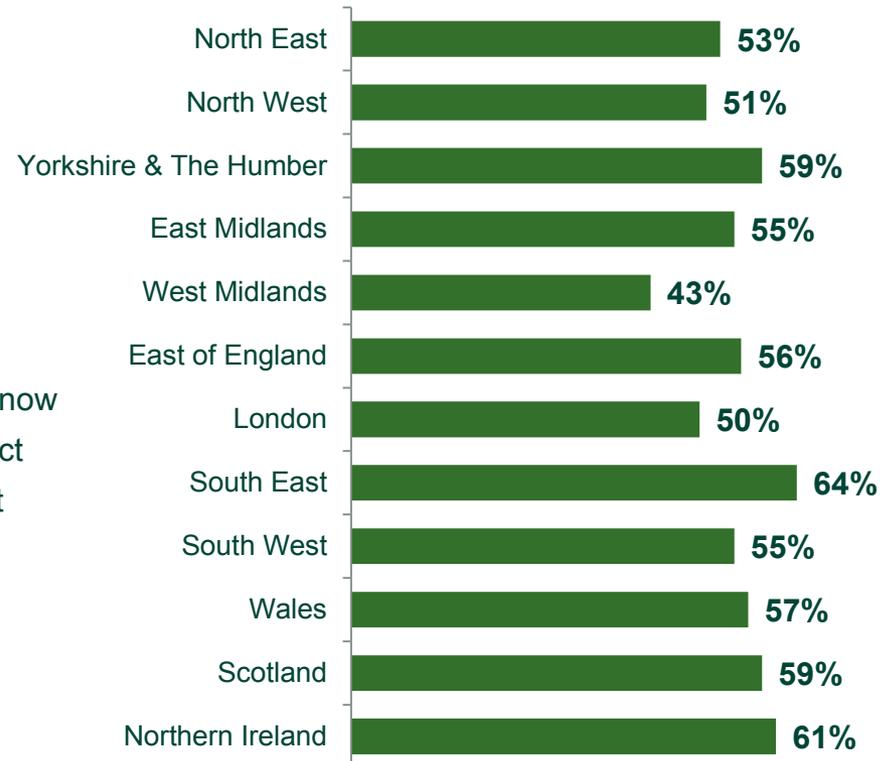
55%

Correctly answered this statement as 'False'.  
18% answered 'True' and 27% did not know

% by size



% correct by region



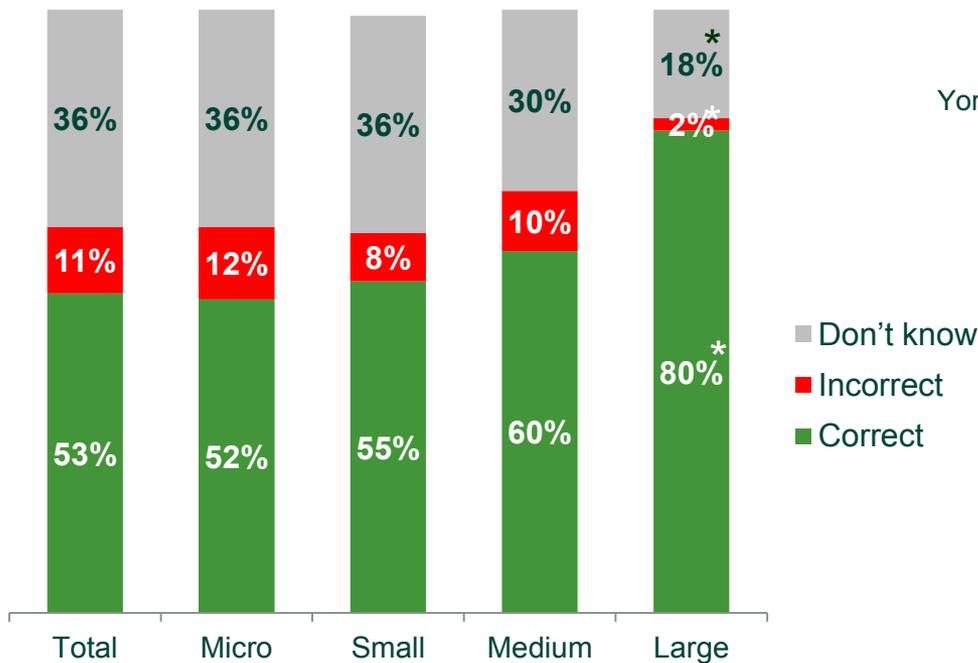

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 London (80), South East (93), South West (108), Wales (104), Scotland (95), Northern Ireland (97)  
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# T/F: Price fixing can lead to imprisonment

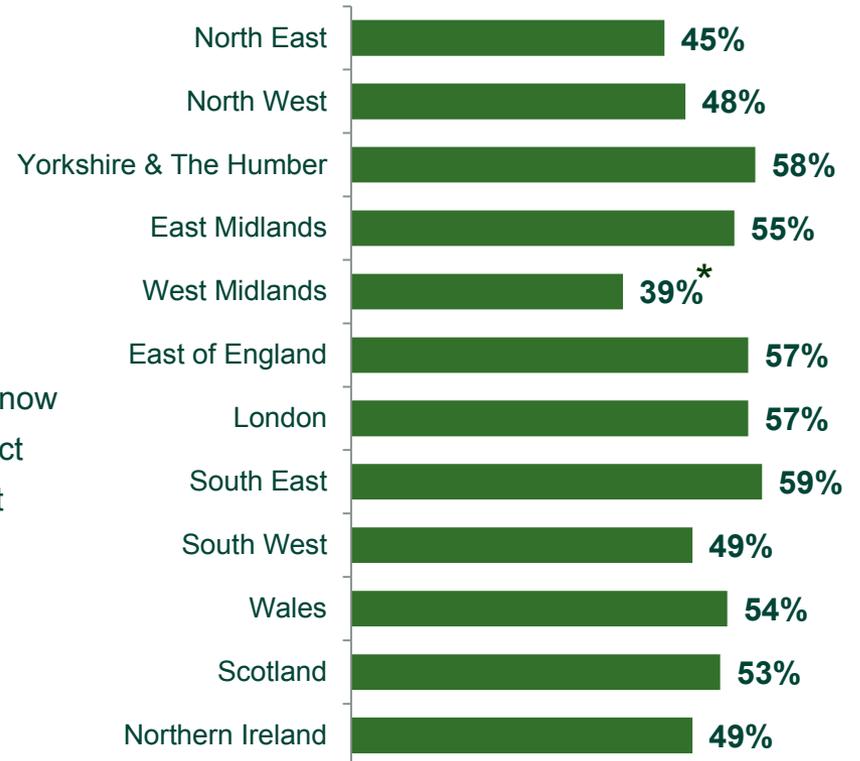
53%

Correctly answered this statement as 'True'.  
11% answered 'False' and 36% did not know

% by size



% correct by region



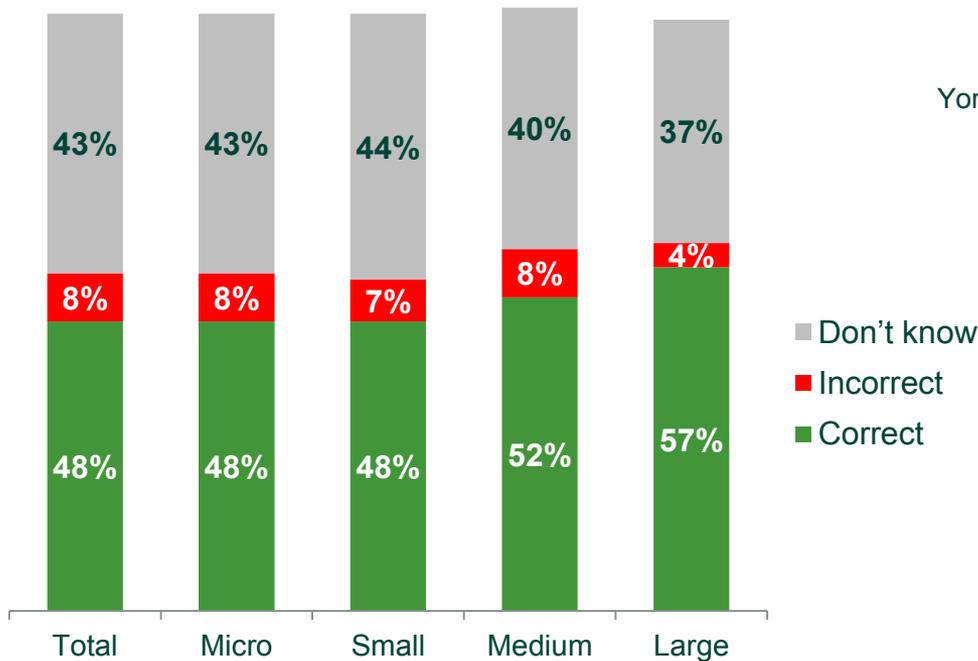
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 Nb Proportion who refused to give an answer are not shown here

# T/F: Dominant firms are under a special responsibility not to allow their conduct to impair

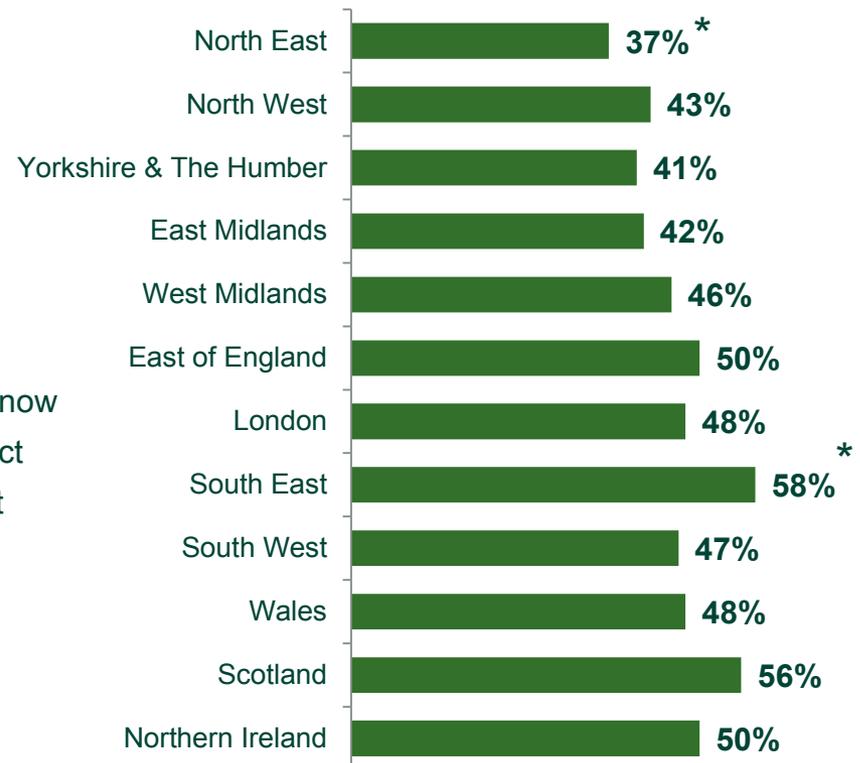
48%

Correctly answered this statement as 'True'.  
8% answered 'False' and 43% did not know

% by size



% correct by region



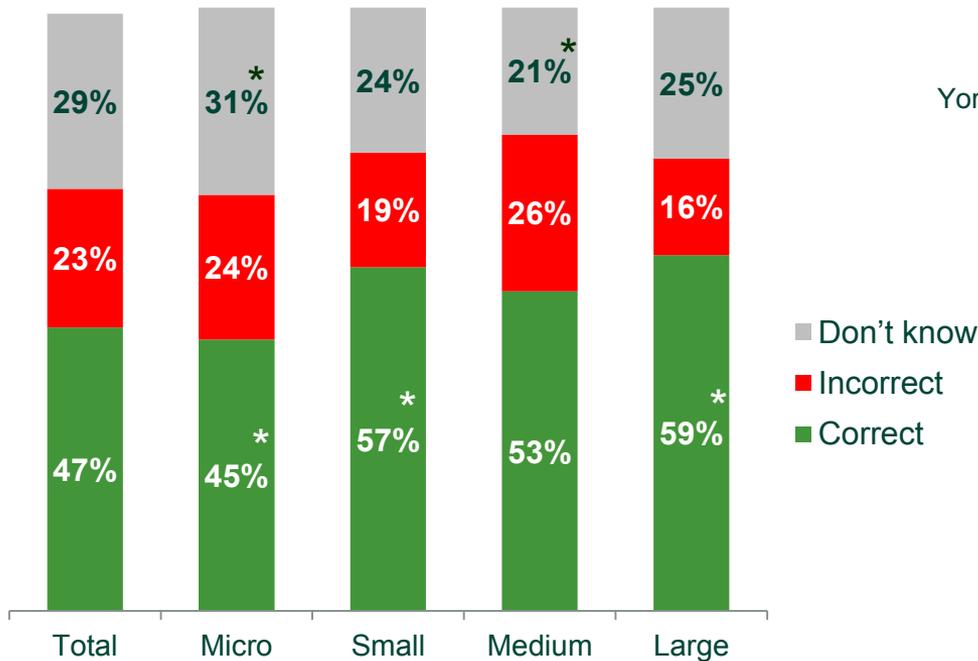
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 London (80), South East (93), South West (108), Wales (104), Scotland (95), Northern Ireland (97)  
 Nb Proportion who refused to give an answer are not shown here

# T/F: It is ok to discuss prospective bids with competing bidders

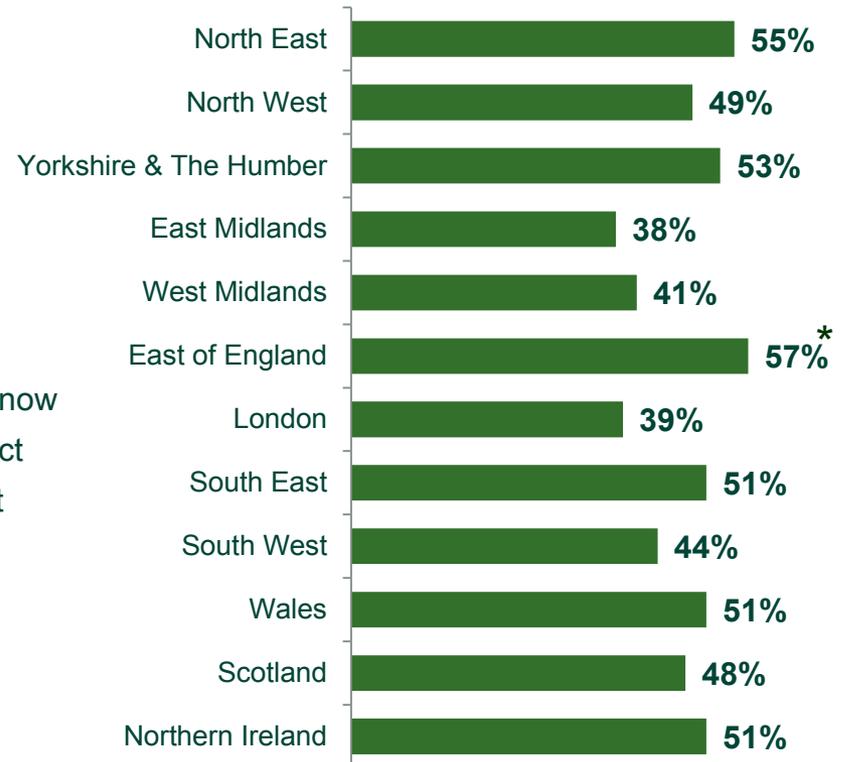
47%

Correctly answered this statement as 'False'.  
23% answered 'True' and 29% did not know

% by size



% correct by region



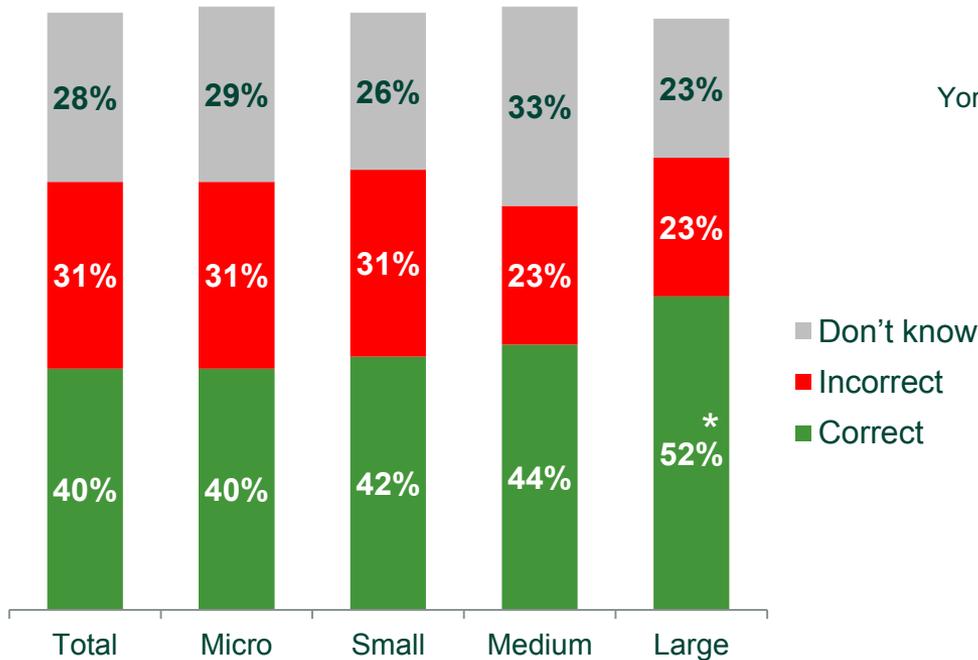
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 London (80), South East (93), South West (108), Wales (104), Scotland (95), Northern Ireland (97)  
 Nb Proportion who refused to give an answer are not shown here

# T/F: Businesses can agree not to sell to the same customers as each other

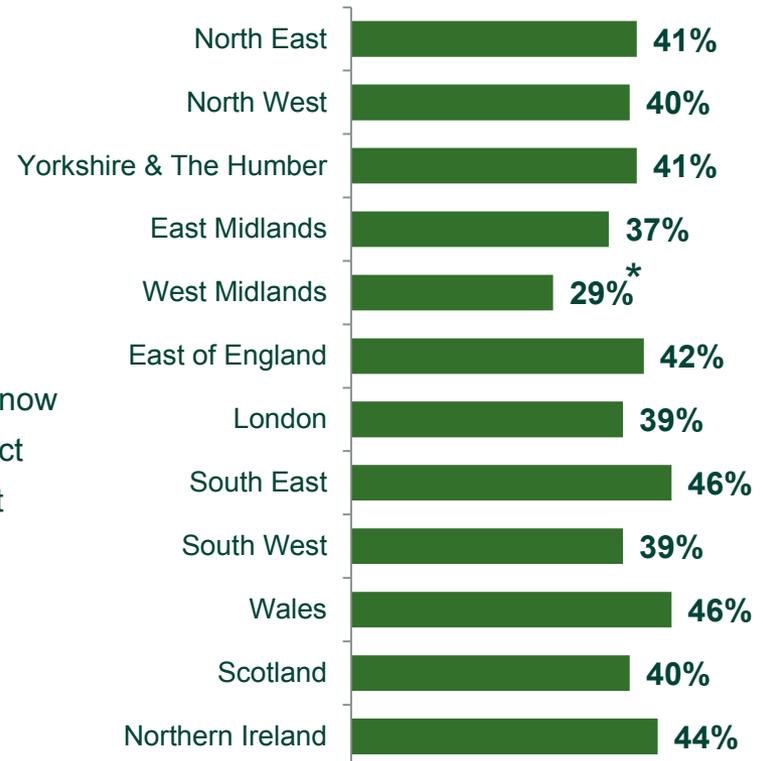
40%

Correctly answered this statement as 'False'.  
31% answered 'True' and 28% did not know

% by size



% correct by region



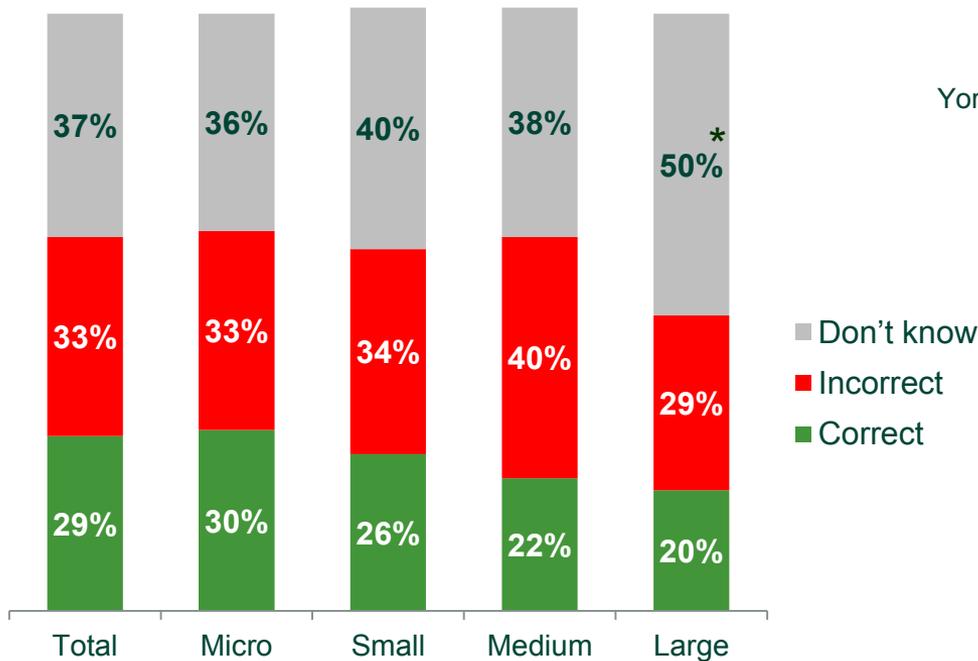
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 London (80), South East (93), South West (108), Wales (104), Scotland (95), Northern Ireland (97)  
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# T/F: It is unlawful to set the price at which others can resell your product

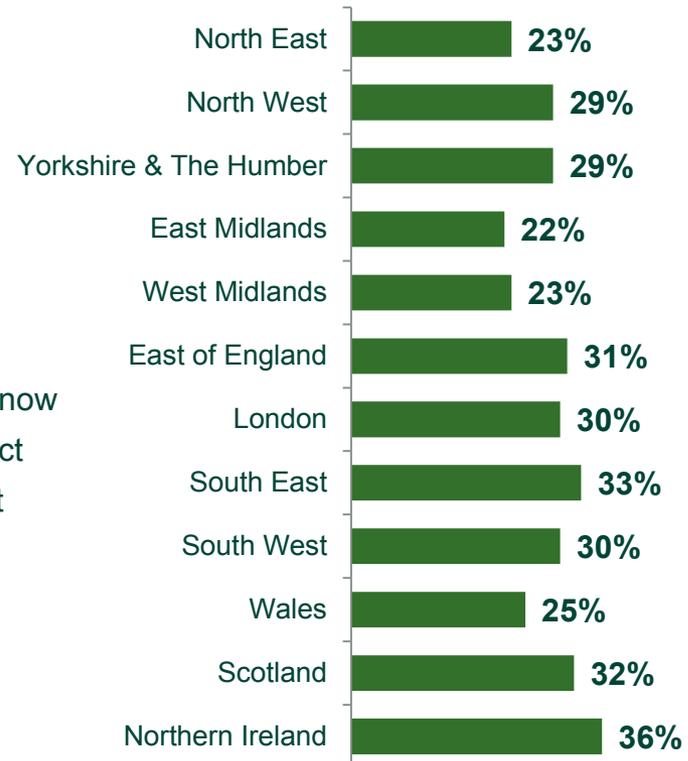
29%

Correctly answered this statement as 'True'.  
33% answered 'False' and 37% did not know

% by size



% correct by region



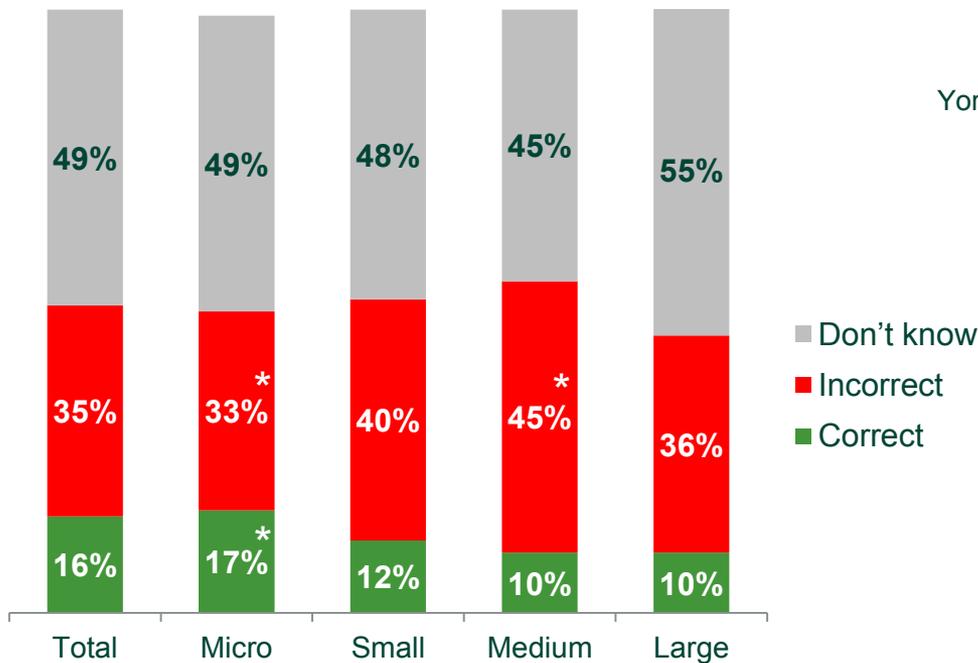
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 Nb Proportion who refused to give an answer are not shown here

# T/F: People who report cartel activity to the appropriate authority might gain a reward

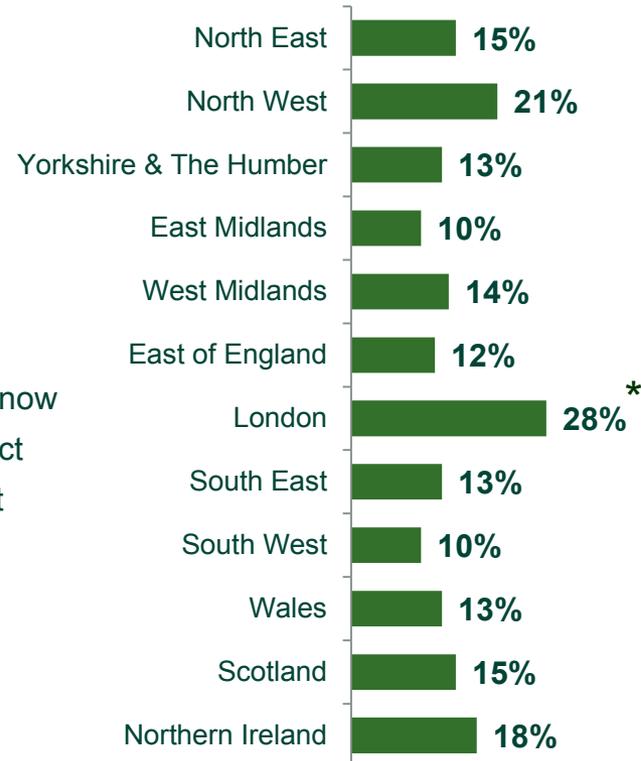
16%

Correctly answered this statement as 'True'.  
35% answered 'False' and 49% did not know

% by size



% correct by region



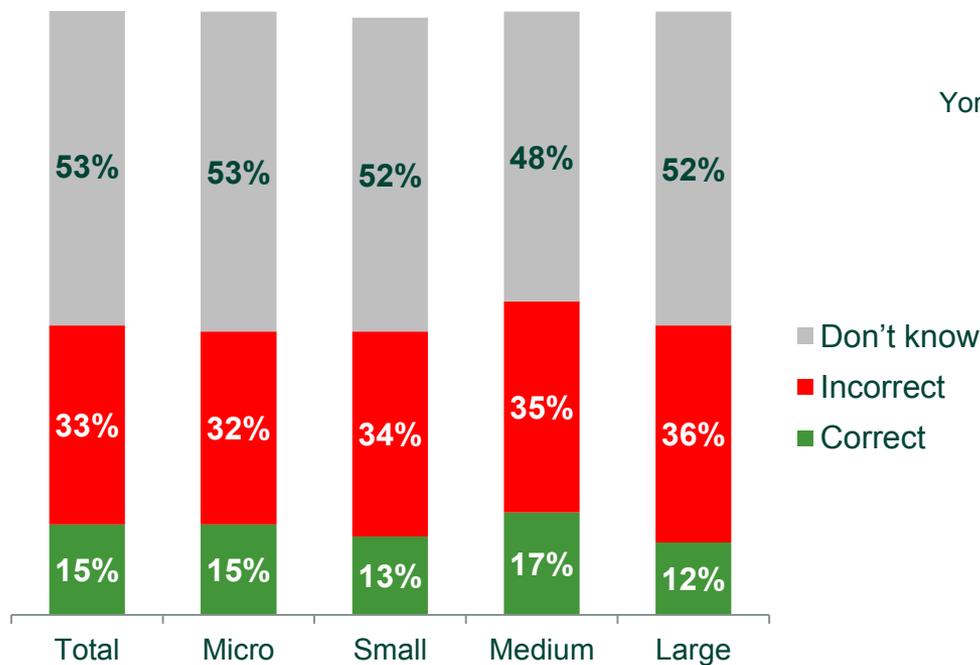
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 London (80), South East (93), South West (108), Wales (104), Scotland (95), Northern Ireland (97)  
 Nb Proportion who refused to give an answer are not shown here

# T/F: Admitting participation in a cartel can lead to immunity from a penalty

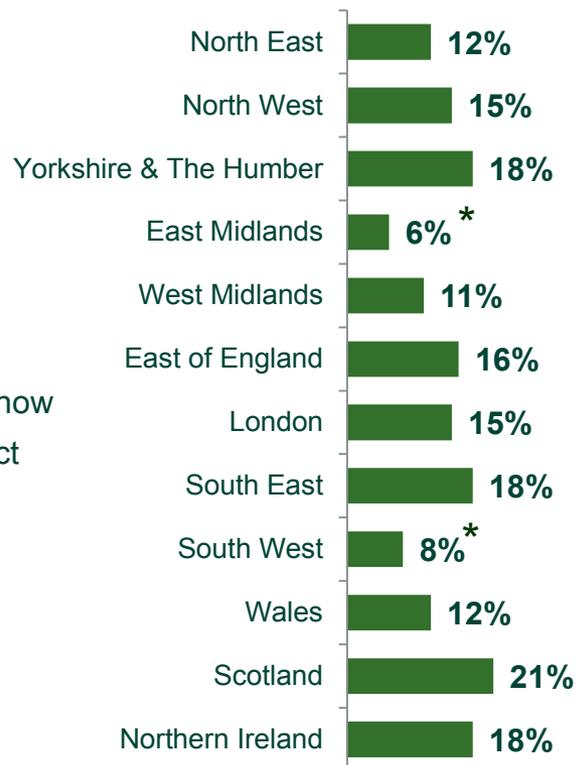
15%

Correctly answered this statement as 'True'.  
33% answered 'False' and 53% did not know

% by size



% correct by region

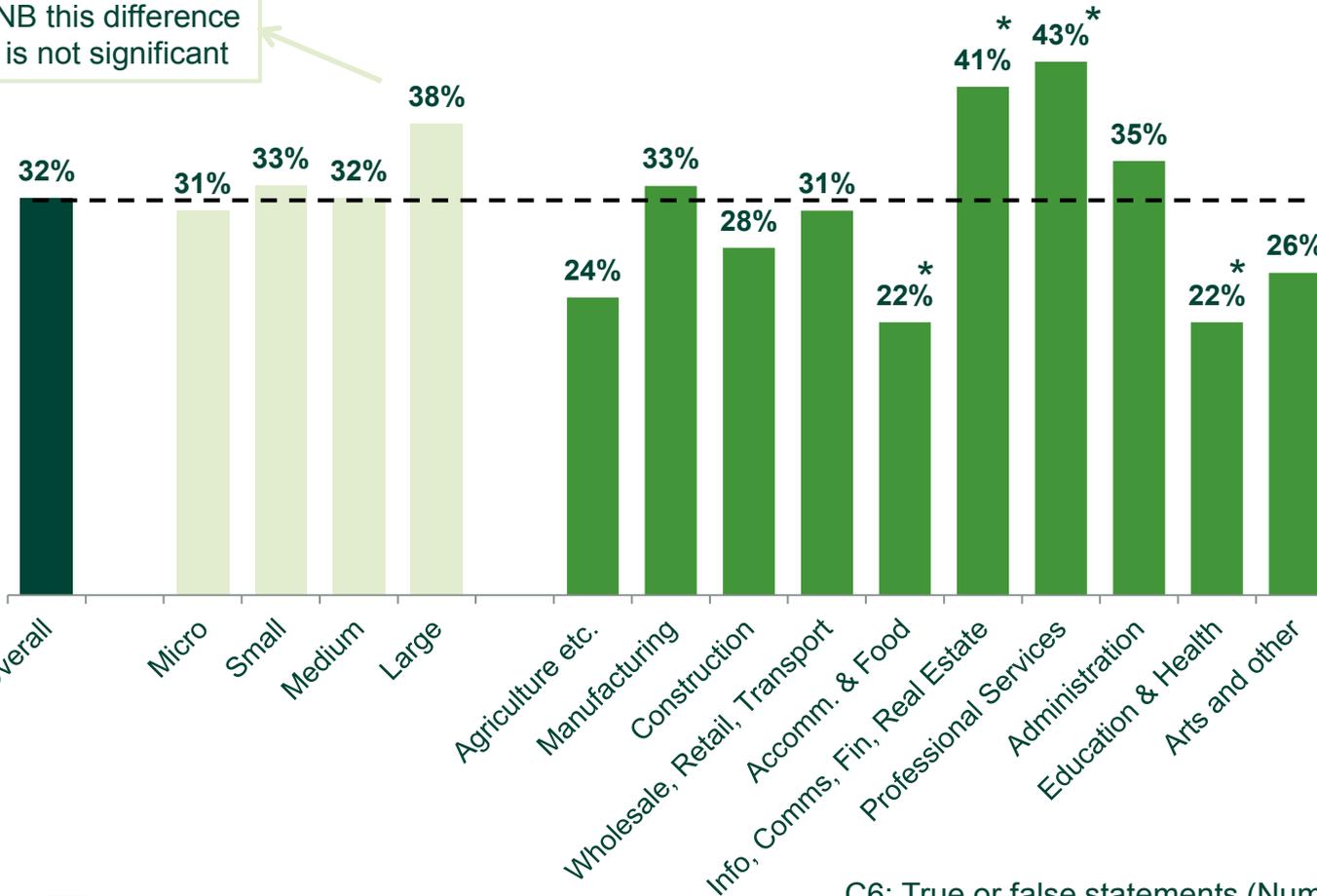


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 London (80), South East (93), South West (108), Wales (104), Scotland (95), Northern Ireland (97)  
 Nb Proportion who refused to give an answer are not shown here

# Overall understanding of Competition Law, by size and sector

Around a third (32%) answered at least 6 statements correctly. Highest among those were businesses in the Professional Services (43%).

NB this difference is not significant



46% of those who said they were familiar with Competition Law answered 6-10 statements correctly.

A quarter (24%) answered three or fewer statements correctly.

C6: True or false statements (Number of correct responses)

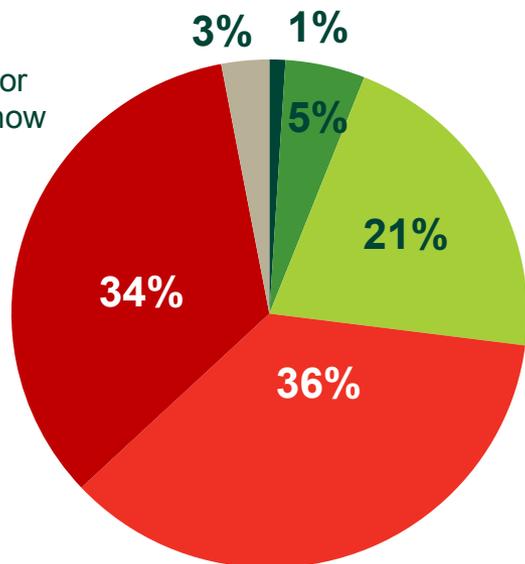
Base: All businesses: Overall (1,201), Micro (804), Small (194), Medium (119), Large (84), Agriculture (80), Manufacturing (132), Construction (114), Wholesale (194), Accomm. & Food (141), ICT, Fin. and Real Estate (127), Prof Services(179), Admin (77), Education & Health (90), Arts & Other (67)



# Awareness of sanctions for non-compliance with Competition Law

A minority of businesses reported awareness of the penalties for non-compliance (27%), though this increased to 50% amongst large businesses. Awareness was particularly low in the Arts & Other (10%) sector

- Very Good
- Good
- Fair
- Poor
- Very poor
- Don't know

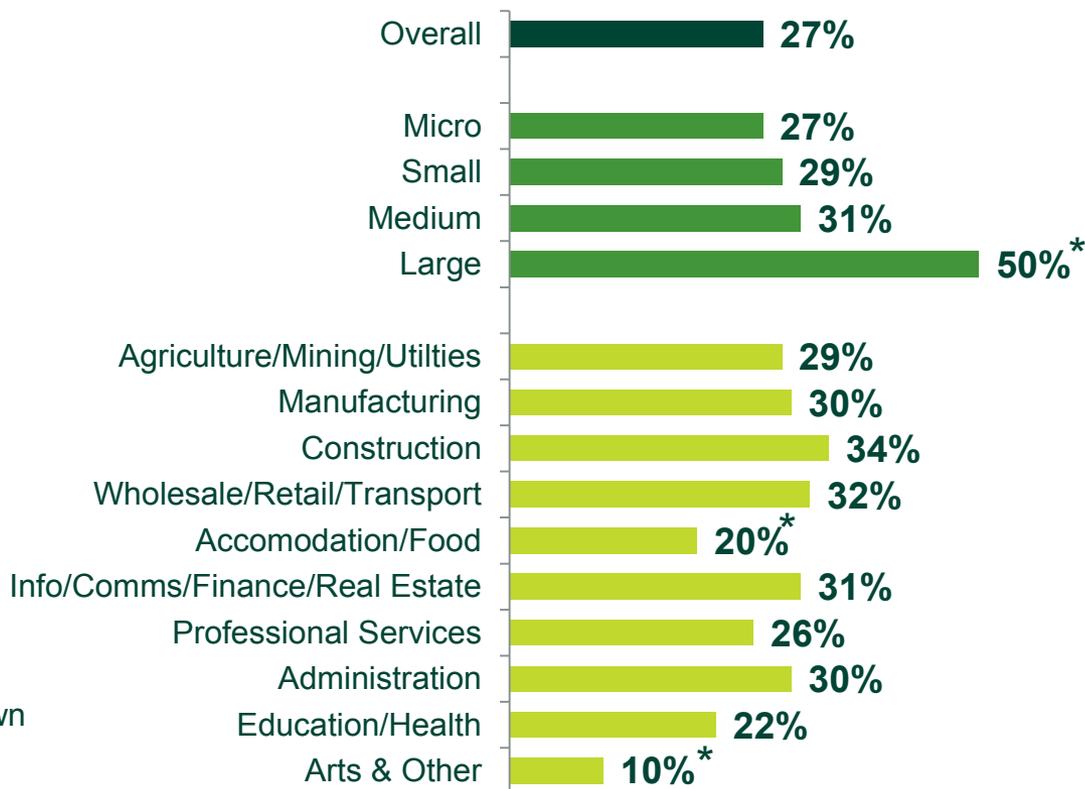


C7: And how would you describe your own awareness of the penalties for non-compliance with Competition Law?

Base: All businesses (1,201)



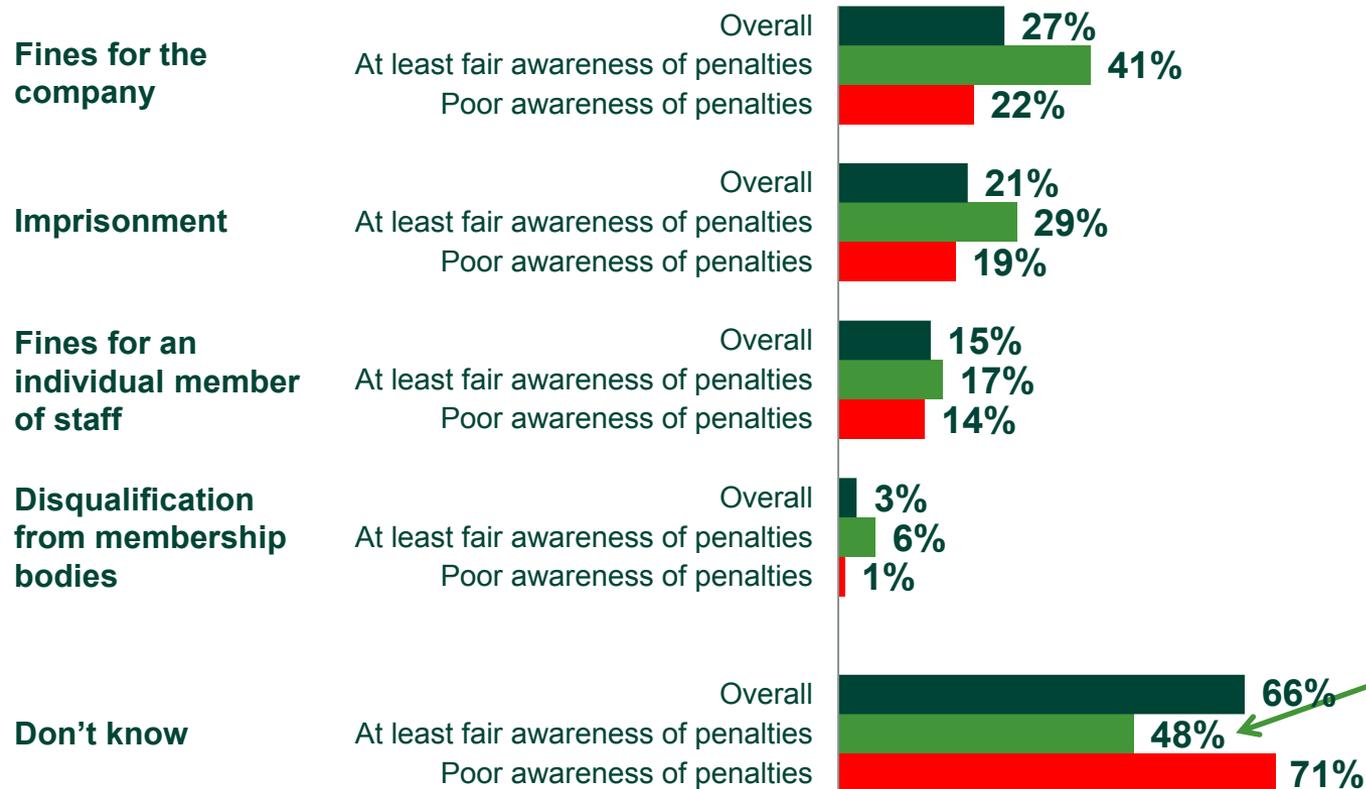
## At least fairly aware



Base: Micro (804), Small (194), Medium (119), Large (84), Agriculture (80), Manufacturing (132), Construction (114), Wholesale (194), Accom. & Food (141), ICT, Fin. and Real Estate (127), Prof Services(179), Admin (77), Education & Health (90), Arts & Other (67)

# Penalties for non-compliance

Most commonly, fines for the offending company were mentioned as sanctions for non-compliance (27%), though a two-thirds majority (66%) were not sure what the penalties are.



Despite claiming at least a fair awareness of the penalties, almost half said 'Don't know' when asked what these were



C8: Could you briefly outline for me what the sanctions for non-compliance with Competition Law are?

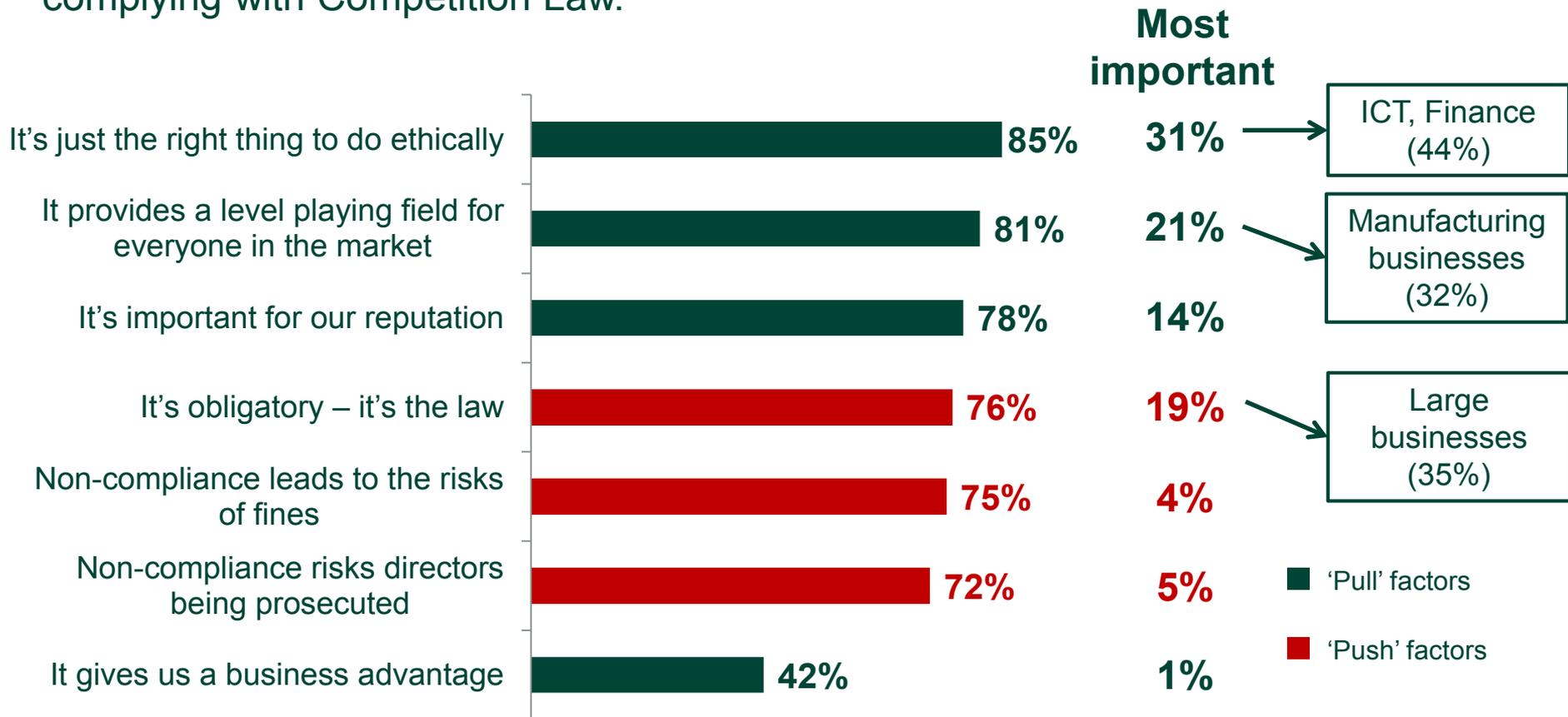
Base: All businesses (1,201)

# Corporate commitment to compliance



# Reasons for complying with Competition Law

Businesses reported that ethical reasons were most important when it came to complying with Competition Law.



D1: From the following list of reasons why companies might comply with Competition Law, please can you tell me are important to you personally?

Base: All businesses (1,201)

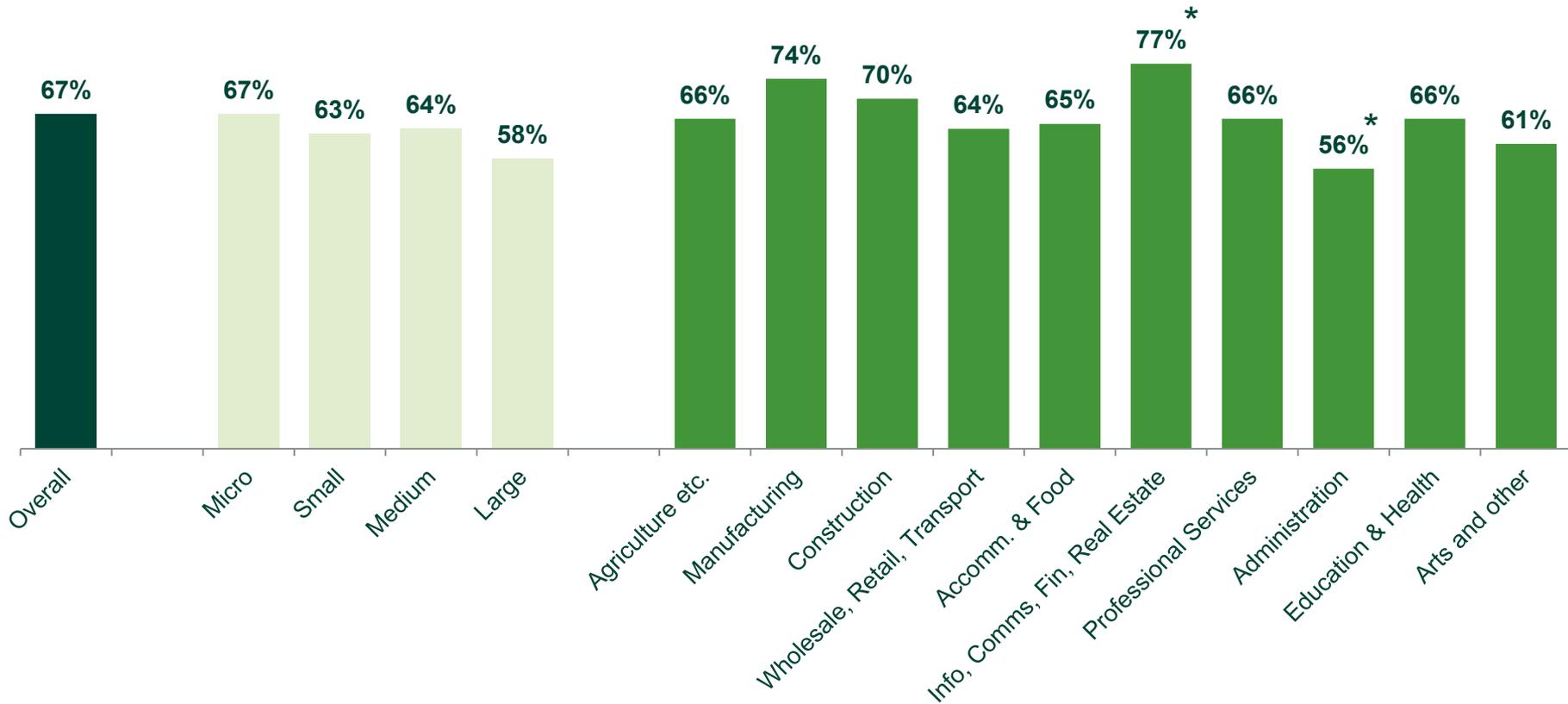
D1a: And of those reasons you just gave, which is the most important to you?

Base: All businesses (1,201)



# Most important reason for compliance: Pull factors

Businesses tended to report ‘pull’ factors (67% overall) such as ‘the right thing to do ethically’ as being most important. ‘Push’ factors (27% overall) such as fines were more common among those who had discussed Competition Law (36%), but there was no difference by perceived familiarity with Competition Law.



D1a: And of those reasons you just gave, which is the most important to you?

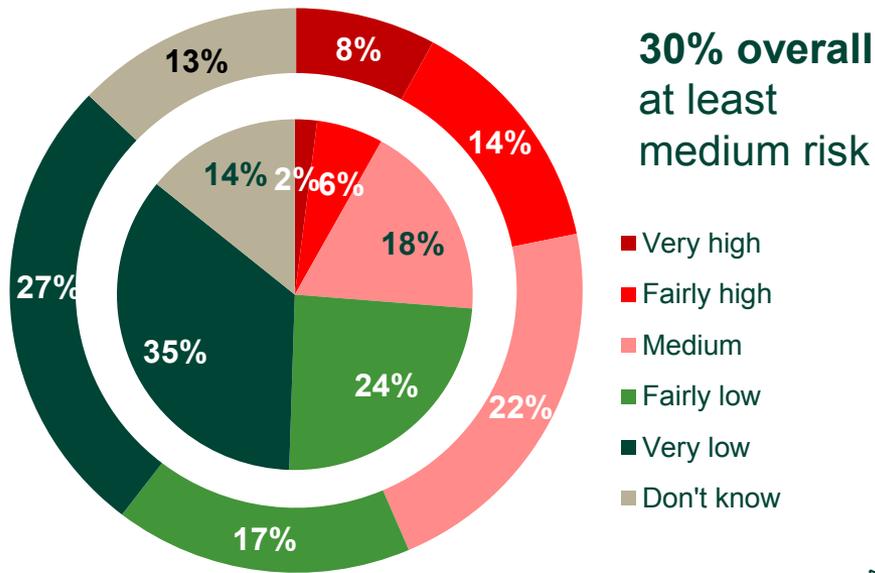
Base: All businesses: Overall (1,201), Micro (804), Small (194), Medium (119), Large (84), Agriculture (80), Manufacturing (132), Construction (114), Wholesale (194), Accommodation & Food (141), ICT, Finance and Real Estate (127), Professional Services (179), Administration (77), Education & Health (90), Arts & Other (67)



# Perceived risk of breaching Competition Law

30% thought that other businesses in their industry put themselves at at least medium risk of breaching Competition Law. This figure was much higher among those familiar with Competition Law (44%) than those lacking familiarity (26%).

Outer pie: those familiar with Competition Law  
 Inner pie: those unfamiliar with Competition Law

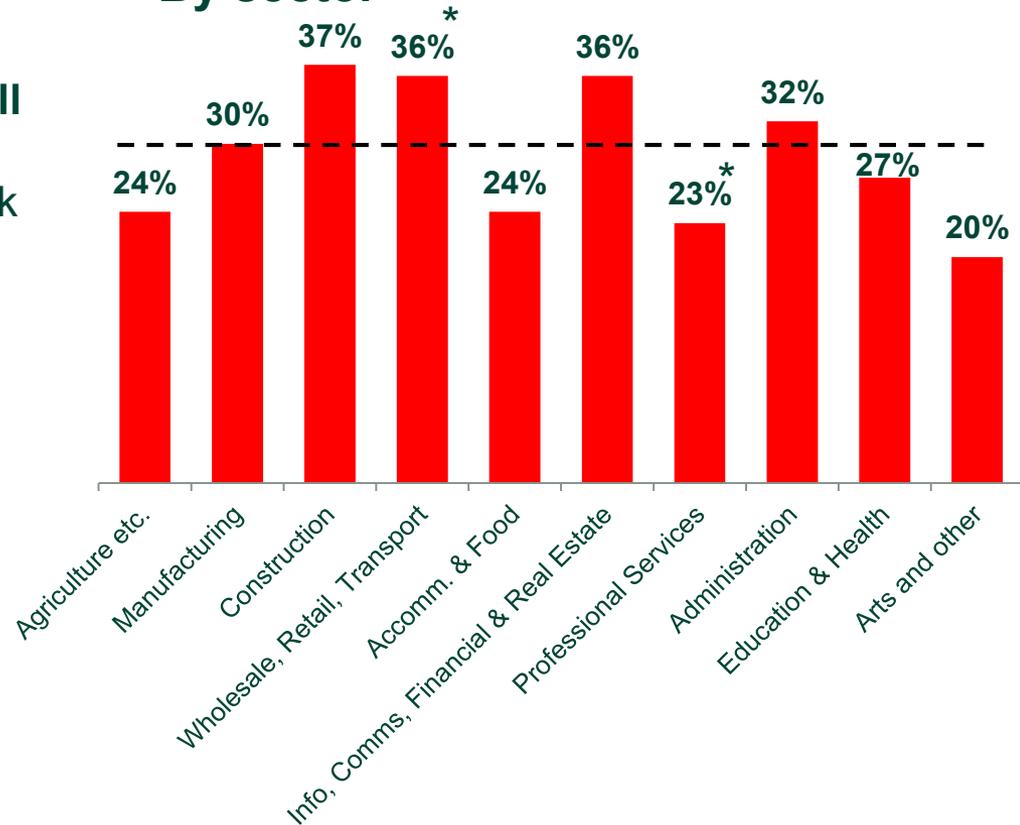


D2: Thinking of all the businesses in your sector, to what extent do you think their commercial activities place them at risk of breaching Competition Law?

Base: All businesses (1,201); Familiar with CL (296), Unfamiliar with CL (905)



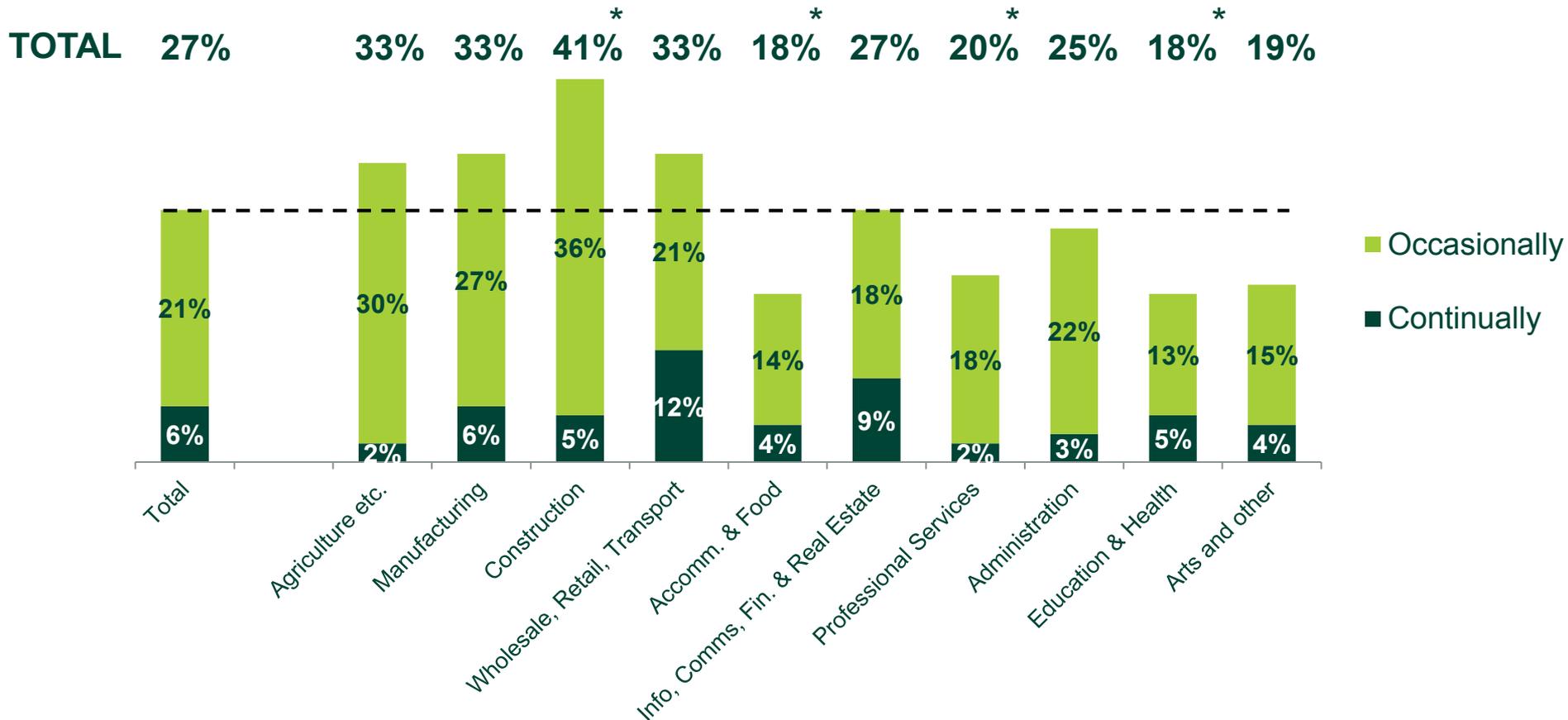
## By sector



Base: Agriculture (80), Manufacturing (132), Construction (114), Wholesale (194), Accommodation & Food (141), ICT, Financial and Real Estate (127), Professional Services (179),<sup>39</sup> Administration (77), Education & Health (90), Arts & Other (67)

# Extent that companies are disadvantaged by non-compliance of competitors

Approaching three in ten (27%) businesses felt they had been disadvantaged by the activities of their competitors not complying with Competition Law. 15% weren't sure.



D3: Do you think that your own company has ever been disadvantaged by the activities of competitors where they have not complied with Competition Law?

Base: Total (1,201), Agriculture (80), Manufacturing (132), Construction (114), Wholesale (194), Accomm. & Food (141), ICT, Fin. and Real Estate (127), Prof Services (179), Admin (77), Education & Health (90), Arts & Other (67)

# Common disadvantages felt by competitors' non-compliance

A wide range of disadvantages were reported by businesses who perceived to have been impacted by the non-compliance of their competitors.



D4: In what ways has your company been disadvantaged by the activities of competitors not complying?

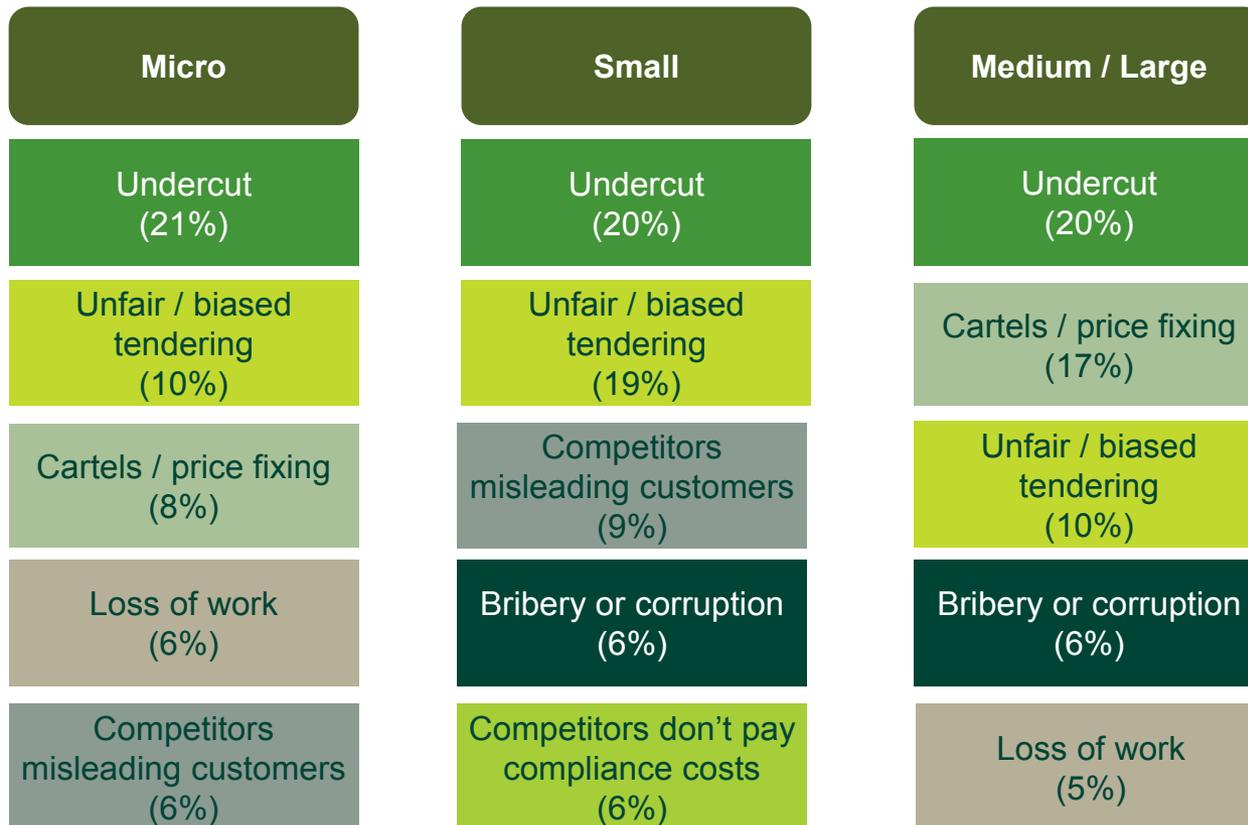
*Nb Only top 9 answers shown.*

*Base: All businesses which have been disadvantaged by the<sup>41</sup> non-compliance of their competitors (340)*



# Top 5 disadvantages, by size

Across all sizes of business, the most common disadvantage cited was being undercut by competitors. Perceptions of unfair or biased tendering in particular led small businesses to feeling disadvantaged.



D4: In what ways has your company been disadvantaged by the activities of competitors not complying?

Base: All businesses which have been disadvantaged by the non-compliance of their competitors: Micro (214), Small (61), Medium and Large (65) 42

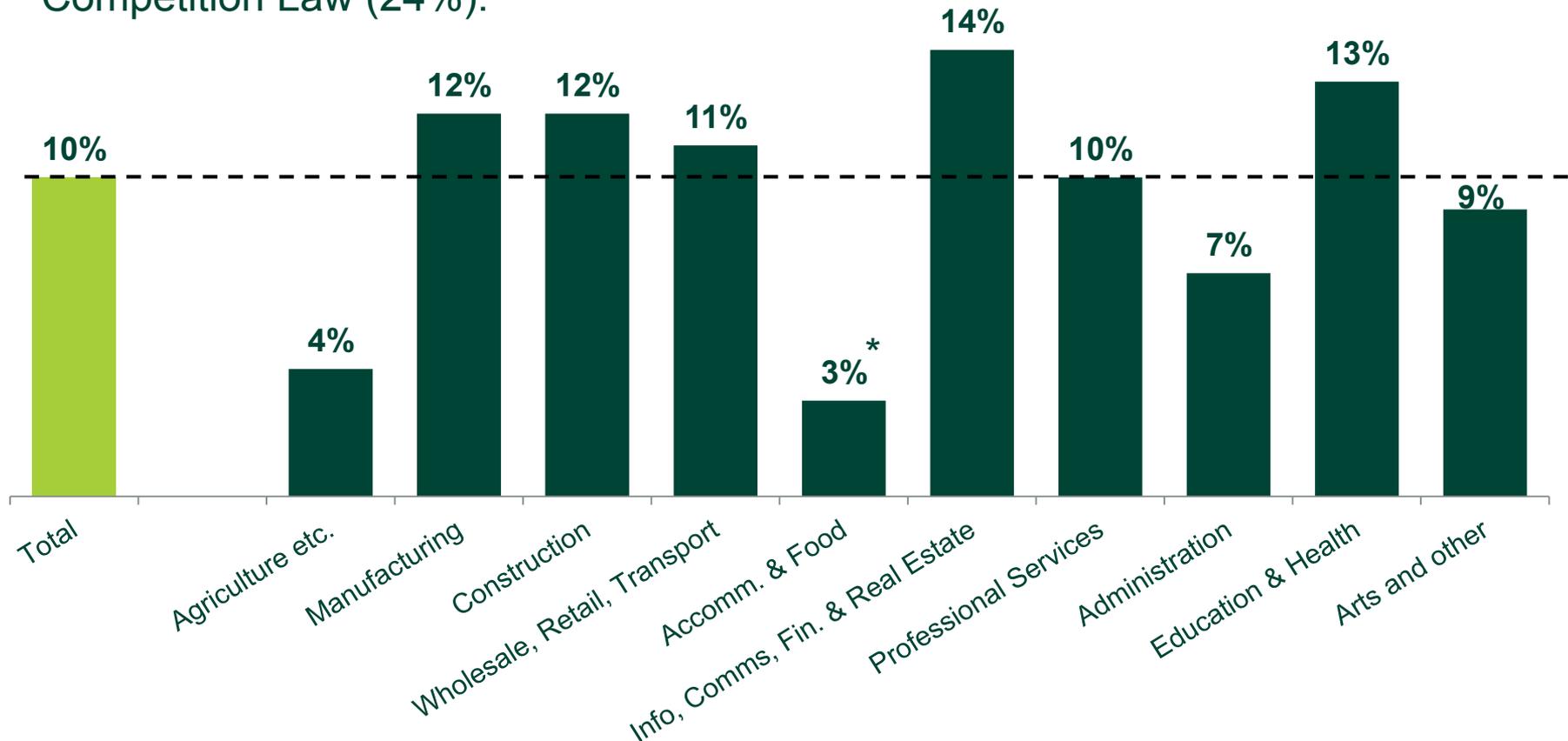


# Awareness and understanding of CMA and its role



# Seeking information on Competition Law

Only 10% of businesses have reported seeking information on Competition Law, although this rises to 52% among Large businesses. The figure was also higher for those trading internationally (26%), and those with perceived familiarity of Competition Law (24%).

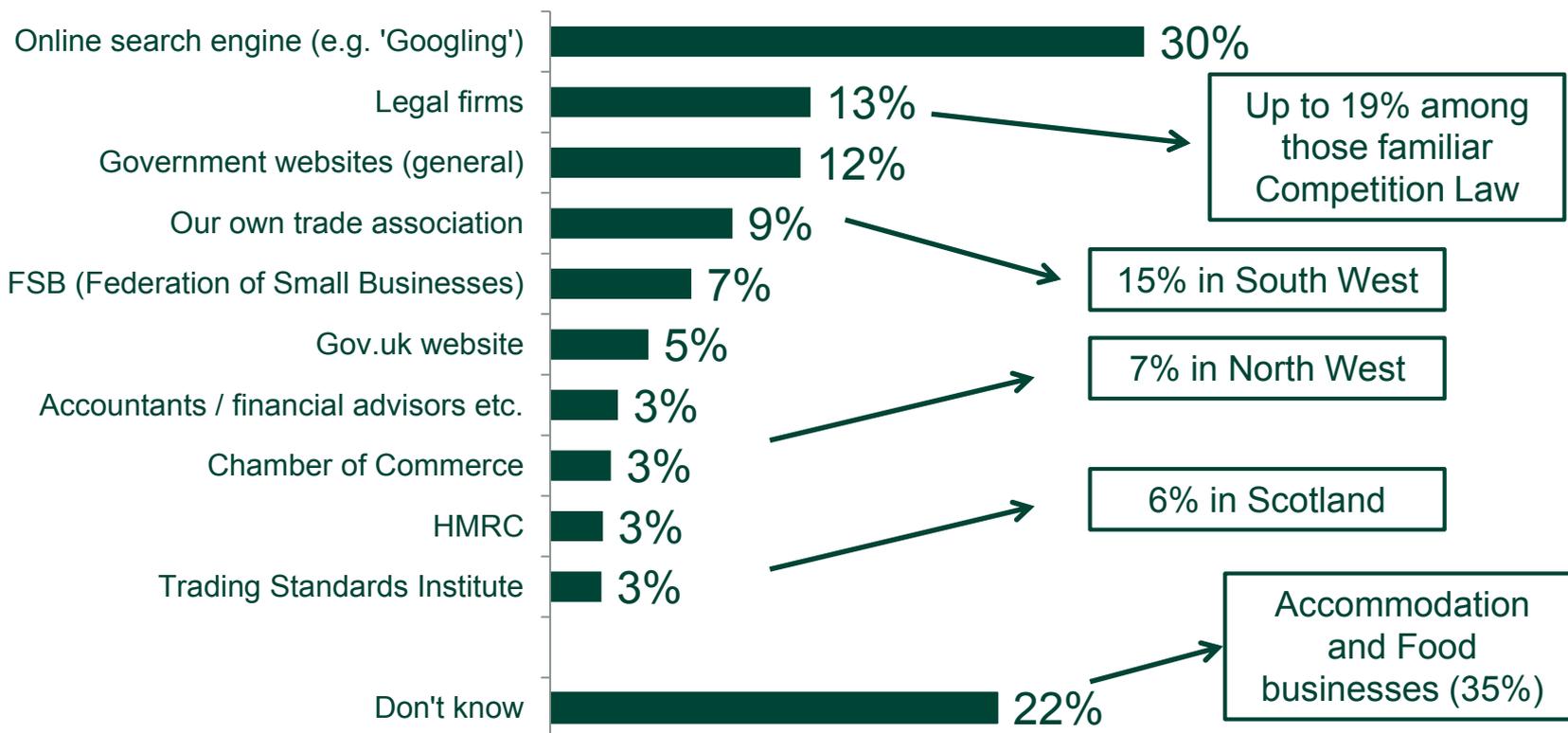


E1 Has your company ever sought information on Competition Law?

Base: Total (1,201), Agriculture (80), Manufacturing (132), Construction (114), Wholesale (194), Accommodation & Food (141), ICT, Finance and Real Estate (127), Professional Services (179), Administration (77), Education & Health (90), Arts & Other (67)

# Sources of information on Competition Law

Businesses would be most likely to go online to find out more information on Competition Law. Over one-fifth (22%) wouldn't know who to approach at all. The CMA was mentioned by less than 1% of respondents, and the OFT only by 1%.

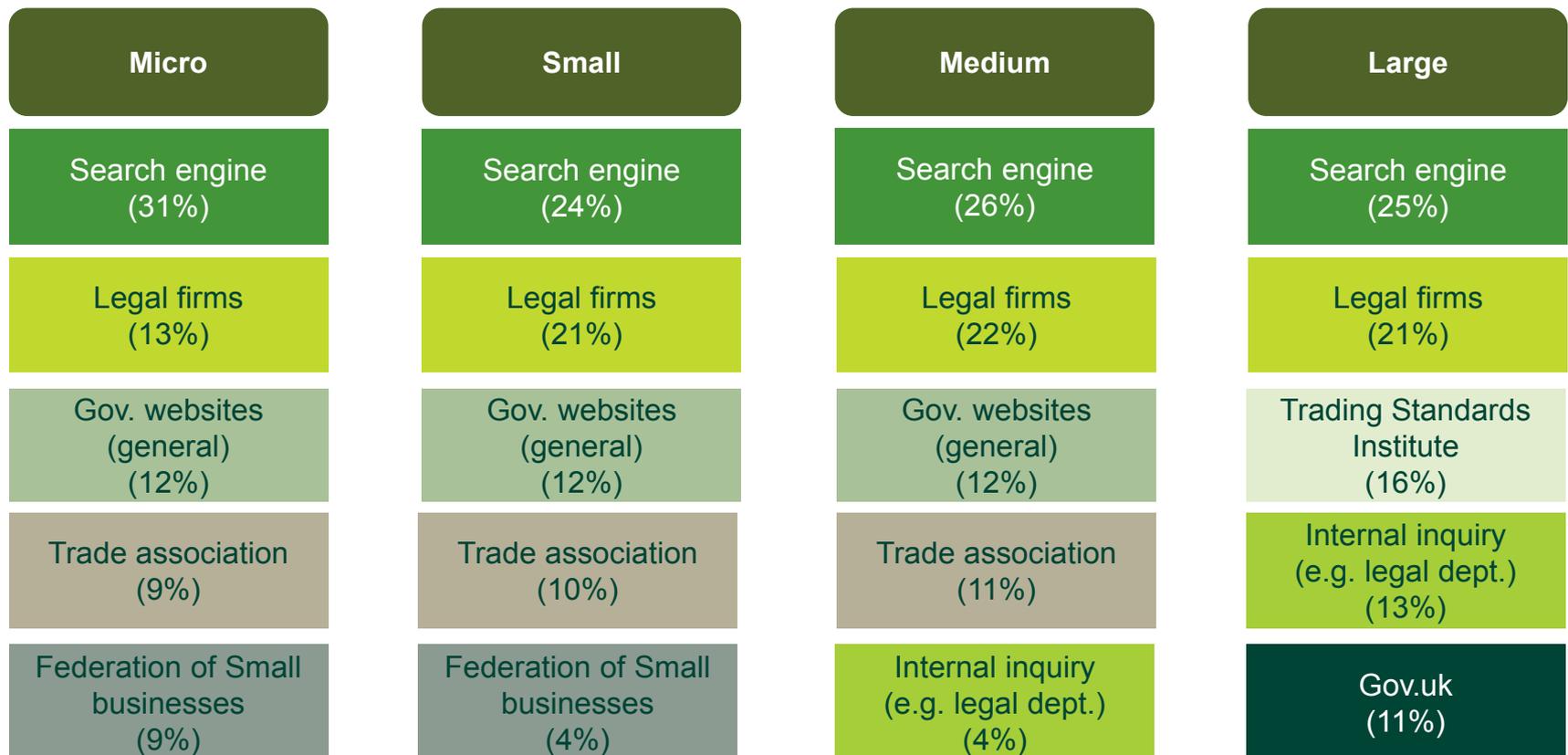


E2: Which sources or organisations would you approach to find this information?

Base: All businesses (1,201)

# Top 5 sources of information on Competition Law, by size

Micro companies would be more likely to conduct online searches for information on Competition Law (although this was the most common response for all), while large companies would use a broader range of sources to acquire information.

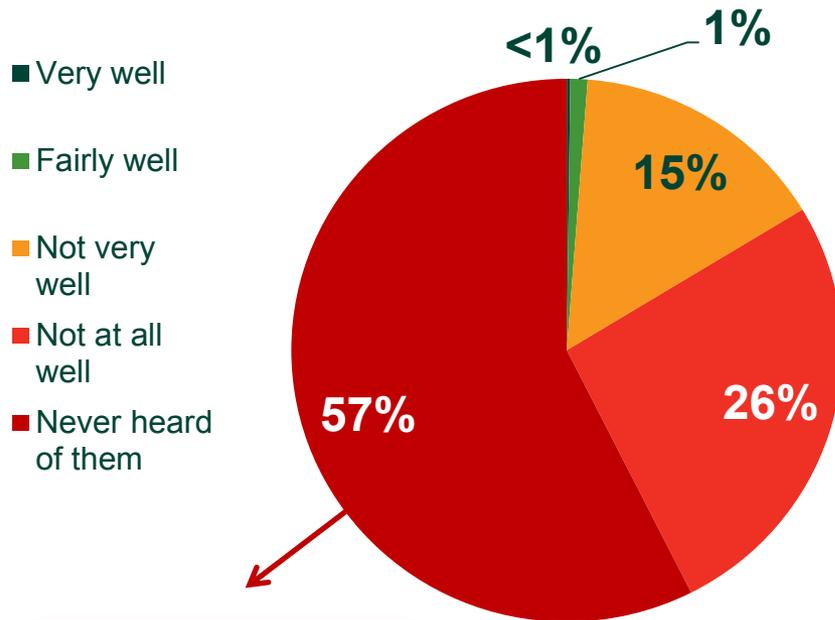


E2: Which sources or organisations would you approach to find this information?

Base: All businesses (1,201)

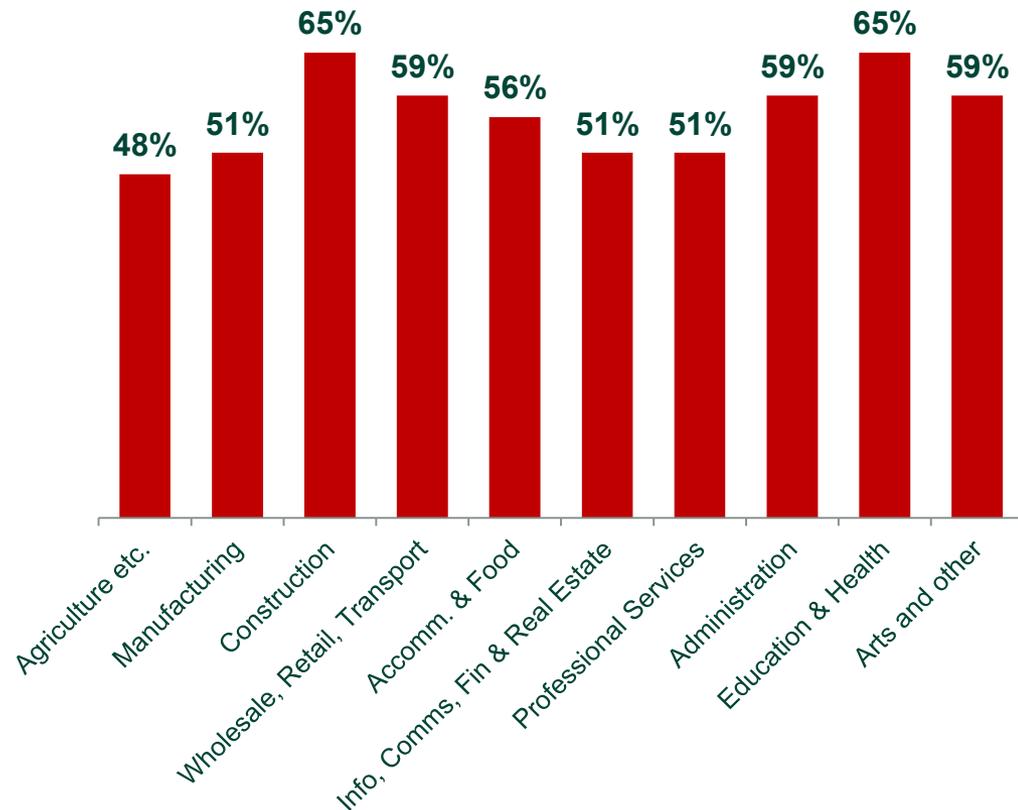
# Familiarity with the CMA

Only 2% however felt they knew the CMA well, and nearly six in ten (57%) had never heard of them.



Large businesses  
(39%)

## % never heard of CMA, by sector



E4: How familiar are you with the Competition and Markets Authority, also known as CMA?

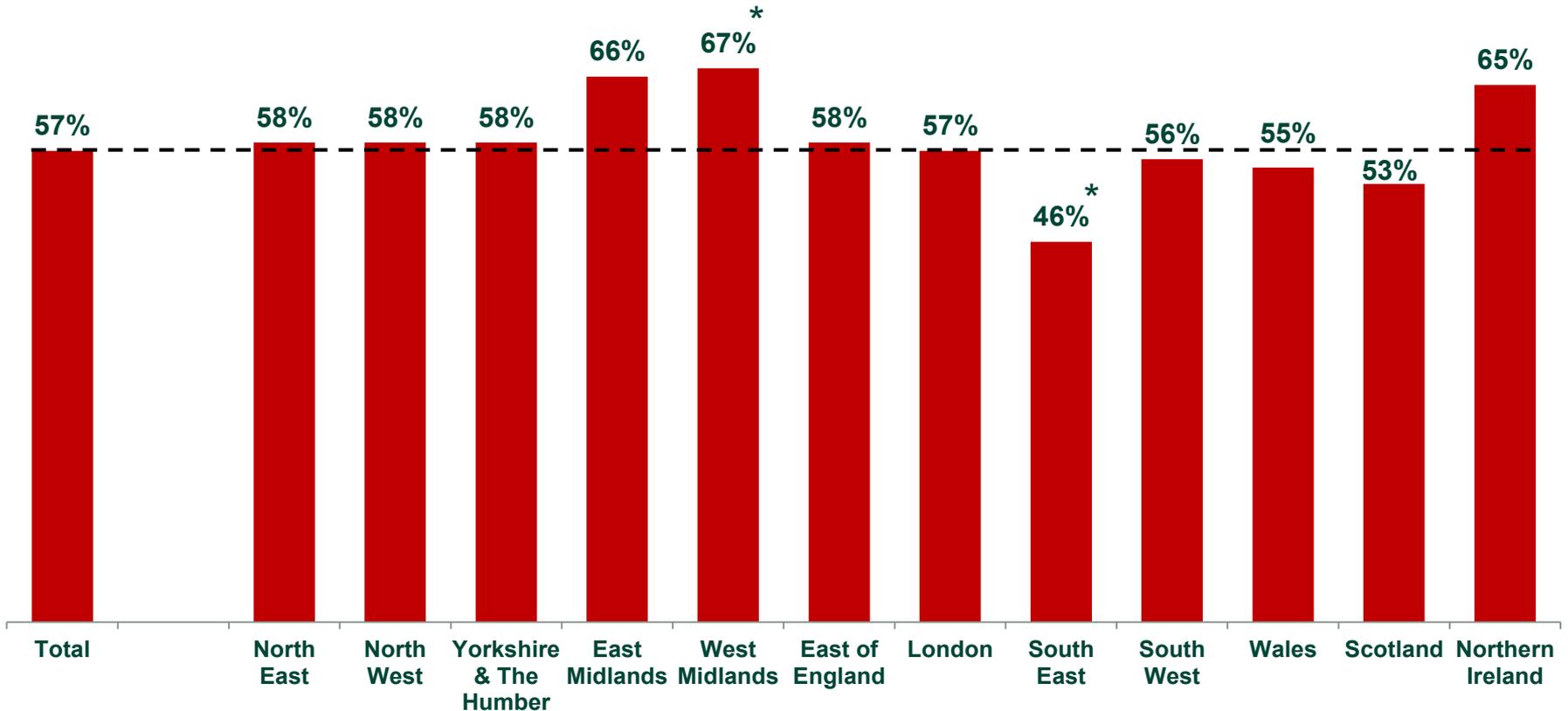
Base: All businesses (1,201)

Base: Agriculture (80), Manufacturing (132), Construction (114), Wholesale (194), Accommodation & Food (141), ICT, Fin. and Real Estate (127), Prof Services (179),<sup>47</sup> Admin (77), Education & Health (90), Arts & Other (67)



# Familiarity with the CMA, by region

57% of all businesses had never heard of the CMA. Businesses in the West Midlands were most likely to report this (67%).



E4: How familiar are you with the Competition and Markets Authority, also known as CMA?

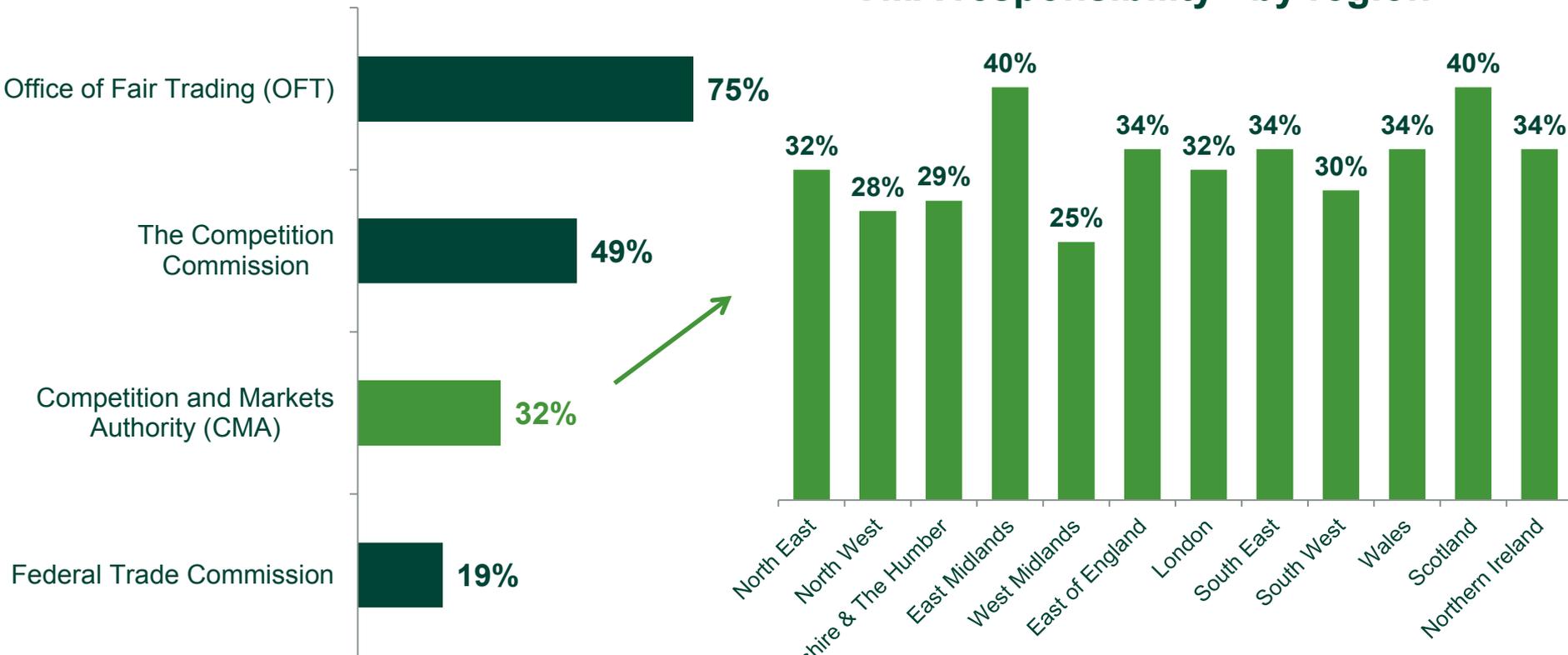
Base: Total (1,201), North East (87), North West (118), Yorkshire & the Humber (92), East Midlands (104), West Midlands (95), East of England (128), London (80), South East (93), South West (108), 48 Wales (104), Scotland (95), Northern Ireland (97)



# Organisations responsible for enforcing Competition Law in the UK

When prompted, 32% thought that the CMA was responsible for enforcing Competition Law in the UK (although only 3% thought they had sole responsibility).

**CMA responsibility - by region**



E3: Which of these do you think is the body with current responsibility for enforcing Competition Law in the UK?

Base: All businesses (1,201)

Base: North East (87), North West (118), Yorkshire & the Humber (92), East Midlands (104), West Midlands (95), East of England (128), London (80), South East (93), South West (108), Wales (104), Scotland (95), Northern Ireland (97)

# Views on the CMA

A broad range of answers were given when asked what they thought the CMA did, and most lay within CMA's remit. However, the most common response was 'Don't know' (32%). 11% had heard or read about the CMA's enforcement action.



E5: What do you think the Competition and Markets Authority does?

E6: Have you heard or read about any competition enforcement action by the Competition and Markets Authority?

Base: All businesses (1,201)

