

Digital Comparison Tools Market Study:

Response form

1. Thank you for taking the time to respond to the questions in the Statement of Scope for our Market Study of Digital Comparison Tools (DCTs), published on our [website](#) on 29 September 2016.
2. Please download and save this form before completing it. Please submit your response by **5pm on Monday, 24 October 2016**, either by:
 - Email to: comparisontools@cma.gsi.gov.uk.
 - Or by post to: Digital Comparison Tools Market Study
Competition and Markets Authority
7th floor
Victoria House
37 Southampton Row
London WC1B 4AD
3. Please note:
 - You can choose which questions to respond to, but we ask all respondents to provide a small amount of background information at the start of this form. The boxes will 'expand' to accommodate long responses if required.
 - We are particularly keen to receive evidence in support of responses. If you are able to supply evidence please attach this with your response.
 - We intend to publish responses to our Statement of Scope in full. If you wish to submit information that you consider to be confidential, this should be indicated to us clearly and an explanation given as to why you consider it to be confidential.
 - The CMA may use the information you provide for the purposes of facilitating the exercise of any of its statutory functions. This may include the publication or disclosure of the information. Prior to publication or disclosure, in accordance with its statutory duties under Part 9 of the Enterprise Act 2002, the CMA will have regard to (among other considerations) the need to exclude, so far as is practicable, any information relating to the private affairs of an individual or any commercial information relating to a business which, if disclosed, would or might, in our opinion, significantly harm the individual's

interests or, as the case may be, the legitimate business interests of that business (confidential information). Further information about how the CMA will use information submitted during the Market Study can be found on our [website](#).

4. If you have any questions about our Market Study or this online form please contact the team at comparisontools@cma.gsi.gov.uk.

Your details

(Fields marked * are required)

Title*	Mr
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Forename	Ian
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Surname*	Major
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Email*	[REDACTED]
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What is your role / profession*	Operations Director
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Are you representing yourself or an organisation?*	An organisation
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If you are representing yourself rather than an organisation would you be content for us to include your name when we publish your response?*	
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If you are representing an organisation:

1) What is the organisation's name?*	Runpath Group Limited
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2) Please could you briefly explain the role of your organisation, including the sectors in which it operates or has most interest?*	
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Who are Runpath?

Runpath Group Limited is an established, UK-based financial technology specialist providing digital 'Product Selection' and 'Financial Management' solutions to large scale D2C brands, intermediaries and institutions. More than 40 leading organisations leverage Runpath technology to:

- help consumers research and select open-market financial products across 14 specific verticals and;

- consolidate and digitise information about their financial ‘everything’ (107 product classes and thousands of provider and product combinations) using contemporary applications web wide.

The Runpath Platform (upon which all client applications are developed, tailored and deployed) also provides the banking, insurance, investment and retirement sector with large scale product distribution reach, equating to approximately 10 million unique users per calendar month. We employ 70 permanent staff and are based in Old Street, London.

Engagement

Runpath bring with it a network of price comparators, Credit Reference Agencies, Advisory Networks and Institutions who rely on it for comparison technology and Personal Financial Management solutions. Here follows a diagram illustrating recognised brands we currently supply services to:

[REDACTED]

Runpath represent 40+ third parties. Our live clients include:

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To compliment the list above, our live client business disciplines include:

- Price Comparison Websites
- Personal Financial Management (“PFM”)
- Credit Reference Agencies (with pioneering, two-way service delivery)
- Global Employee Benefit Institutions
- Wealth Management
- Advisor Networks
- Insurers
- Retirement Specialists
- UK Banking
- European Banking
- Lenders
- Policy Champions
- Editorial Publishers
- Energy Specialists
- Government

We are skilled in the following DCT disciplines:

- Personal current accounts
- Business current accounts
- Credit cards
- Unsecured loans
- Secured loans
- Mortgages
- Savings Accounts

- Cash ISAs
- Investment ISAs
- Car Insurance
- Travel Insurance
- Life Insurance
- Private Medical Insurance
- International Money Transfer

We build the following solutions too:

- Personal Financial Management (PFM)
- KYC and Wealth Management Platforms
- Employee Benefits Platforms
- Health Platforms
- Consumer Contributed [Finance] Data Platforms

Our technology is entirely cloud-hosted and web service enabled, comprising 200+ APIs.

Runpath are recognised as an industry thought leader when it comes to the future of services in the above disciplines, leveraging a mature, frame-worked approach to problem solving that is reflected in the range of clients that engage us to deliver innovative digital solutions.

Theme 1: Consumers' perceptions, use and experience of DCTs

We will analyse consumers' awareness, understanding and perceptions of DCTs – for instance, how well consumers understand and/or trust DCTs, and what this means for whether they use them.

We also want to understand consumers' behaviour and experiences with DCTs, including what consumers expect to get from DCTs compared with what they actually receive. We will also look at whether they use DCTs just to compare products and suppliers or also to switch; how many DCTs they use; how successfully they use them; and the benefits they derive from doing so. We will also want to understand what happens when something goes wrong and consumers' expectations are not met (knowingly or otherwise). We also plan to understand whether increased use of DCTs results in excessive focus on price, to the exclusion of other factors and to the detriment of consumers' overall decision-making.

1. When and why do consumers use DCTs? To what extent do they trust them?

Runpath's experience of disseminating financial product information through a network of front-end DCTs (on behalf of our clients and their respective digital propositions) allows us to consider these questions from a business-to-business-to-consumer ("B2B2C") vantagepoint.

The motivation of consumers to engage with DCTs is a complex matrix of needs-based triggers, and differs according to the demographics and life stage of the user together with the product set they are interested in.

Reflecting upon 'why' a consumer engages with DCTs, we would primarily distinguish between the following 'needs' that lead to comparison activity:

- **Improvement:** consumers are aware of DCTs and have a propensity to improve their financial product portfolio, choosing deals based upon price, features and service
- **Necessity:** typically cost driven decisions where alternative products will 'lessen the burden' to the consumer by way of charges and fees
- **Simplicity:** for the inquisitive, DCTs offer a seamless and fast way of reasoning over a marketplace

To address the 'when' component of the question posed (beyond the aforementioned demand characteristics), here follows a non-exhaustive list of triggers, motivations and media:

- **Seasonality:** the cycle of mandatory renewal, the expiry of introductory product terms or the time of year (e.g. new year budget assessment, ISA season or holiday comparison)
- **Product changes:** worsening tariff pricing and/or features on existing products held
- **New entrants:** awareness that new products or product types (supplied by financial product providers) have entered the market
- **Signposting:** channels (e.g. editorial, professionals, charities, advertising, friends/peers) through which a consumer is informed about DCTs and signposted to them
- **Affiliation:** wherein consumers have bonded with a DCT brand (or sub-brand) and return to use their services
- **Prompts:** DCTs use of CRM or the digital proposition itself (e.g. in-app or via notifications), encouraging a consumer to engage with product selection
- **Research:** outwith 'acting', consumers' exploration of product offerings to plan future decision-making or to compare results across multiple DCTs

The final element seeks responses to the question of trust. Runpath (in various incarnations) has been developing DCTs since the mid-1990s. Early service offerings were limited in complexity and were typically born out of web delivered editorial executions (often including reprints of product tables pushed in newspapers). Consumer trust was predicated on the brand they engaged with, and the strength of this trust was engendered through the bond the reader had with the editorial.

As businesses began emerging that focussed solely on price comparison, trust was increasingly garnered through branding, advertising and PR. At this point awareness grew that alternative brands offered competitive DCTs, possibly diminishing earlier affiliation to siloed offerings but enhancing trust in the industry as a whole. DCT usage became increasingly transient (with consumers typically engaging with 2 or more websites to research best-price-offers), encouraging evolution in offerings to retain audience. Alongside this stabilisation of the price comparison market, regulatory intervention strengthened consumers' perception of these propositions, both overtly and by way of the reduction of customer detriment in certain product verticals. We also saw increasing demand for DCTs to be integrated into digital offerings which didn't necessarily specialise in the price comparison.

Today, trust in these services varies, but market forces and regulatory intervention has ensured that established DCTs provide consumers with a more transparent lens into product marketplaces. Issues remain, including the extent to which a marketplace is covered, the depth and accuracy of information surfaced, and the extent to which user eligibility is entertained. The cornerstone of the way in which consumers do bond with the services though is influenced by (a) the perception of the industry (continuously strengthening); (b) brand experience (variable, but vastly improved in the mainstream), (c) customer outcomes (effected by the DCTs, providers' products chosen and macro-environment) and (d) DCT customer service and complaint procedures (with issue volumes reducing as services continue to evolve). Trust, if validated against these measures, exists, and contemporary price comparison executions serve to enforce this.

2. How do consumers choose which and how many DCTs to use?

A spectrum of reasons for using one DCT over another exists. These reasons are typically concentrated depending upon the type of product a consumer is searching for.

For example, general insurance, due to its cyclical nature, tops the revenue generation charts for leading comparison websites and therefore constitutes the largest of the marketing and awareness campaigns. DCTs are simply 'known' in this specialism, with overt brand (and therefore service) messaging persisting across a wide range of media. Use of multiple DCTs is commonplace (albeit concentrated), with consumers typically seeking the most competitive quote from at least two of the market-leading DCTs. (Decision making at the quote-result level begins with price and is refined by provider-brand affiliation and product add-on selection.) 'How' the consumer chooses a DCT is predicated by their prior engagement and awareness of these brands, together with the ability of said brands to retain audience through ever-advancing CRM and reequotation triggers.

When the product class is less cyclical or needs-driven (e.g. credit cards, unsecured loans, savings products etc), online search plays an increasing role in DCT selection. (Note that consumers often choose incumbent financial institution(s) to engage with these products too.) Where DCTs are called upon, research is more distributed and editorial content is frequently referred to.

Some products straddle the two examples cited above. Energy comparison, for example, is part influenced by brand affiliation and part research, as evidenced in openly available website traffic statistics.

In all cases, the traffic source of DCT audiences resembles how consumers choose which DCTs to use:

- 1) 20-30% brand awareness/affiliation
- 2) 50% online search (to filter DCTs)
- 3) 20-30% direct or CRM driven audience

(Typical DCT referring traffic mix; 2016.)

3. What are consumers' expectations of DCTs – for instance in terms of market coverage and the relationships between DCTs and the suppliers they list?

It is estimated that a third of consumers are unaware that a DCT may be remunerated by product providers for the services they provide. Furthermore, three quarters of consumers do not believe DCTs are impartial. (YouGov; 2012.) The latter speaks (to a significant extent) to market coverage and positioning. Separately, awareness that DCTs may also be owned by product providers is apparent (although we do not have research to quantify this).

Expectations of DCTs will differ, linked primarily to the quality of the propositions in this space. Runpath curate whole of market product reference data across a majority of the 14 product verticals it manages for clients. (Restrictions exist in general insurance, where we cannot list a non-participating insurer because quotes are not returned.) Accordingly, our clients can choose between full whole-of-market propositions, or a market-subset (which may or may not be restricted to commercial relationships with product providers).

4. What are consumers' experiences of using DCTs? Do they benefit from using them and, if so, how? What works well and what could be improved?

[REDACTED] are now purchased from price aggregator sites (DCTs), climbing [REDACTED] since 2009. Calls to insurers have dropped from approximately [REDACTED] to less than [REDACTED], meaning cost efficiencies provider-side. (-[REDACTED].) These numbers imply that the DCT usage trend continues upwards, reflecting benefit by way of cost savings but also increasingly good digital and customer experiences. (We see these trends reflected in all product verticals, not just motor insurance.) [REDACTED] for DCT dedicated websites, whilst remaining closer to the detractor end of the scale, are improving, and more focus and attention at DCTs is now given to information transparency and tailored customer insight. The reputation and competition of DCTs gives natural impetus to continuous user experience improvement. This manifests in increasingly impactful DCT service offerings.

What Works Well?

Primarily, consumers that use DCTs benefit from i) a reduction in price complexity (reducing 'search cost'); ii) more granularity and comparability in product features and; iii) the use of contemporary technology to tailor results to their personal situation. There are less tangible benefits that continue to develop in the DCT arena, including strengthening regulation and data protection, a fast-advancing digital ecosystem (-think FinTech), vertical integration into other markets (e.g. the opportunities presented by the forthcoming PSD2) and improvements in eligibility and qualification modelling.

What Could be Improved?

As a Financial Technology firm, we would list areas of improvement as follows:

- **Regulation.** Building upon a strong baseline, the need for further regulatory support with regards to provision of DCT services to third parties. Traditionally referred to simply as 'white labelling', Runpath offer licensing variants to clients that include 'configured digital products', 'bespoke digital products' and 'web service provision' (via pure API delivery). Each licensing variant carries with it four compliance options, ranging from fully client regulated through to the support and/or provision of regulated services by Runpath. Our role is to build technology that squarely leads to better customer outcomes. Regulatory 'grey areas' can hinder that objective.
- **Inclusiveness.** One of the areas within which customer detriment can play out is the access to quotation services from (typically insurance) marketplaces. For example, Runpath can only offer a subset of car insurers as the providers are selective about which DCTs to appear on. If volume is not commanded, the insurer will not choose to participate. Without volume, DCTs cannot introduce leading insurers. This is a restrictive model that clearly encourages a DCT oligopoly. Much in the way the CMA have encouraged the Open Banking initiative to stimulate one marketplace, we would be keen to learn whether the ordered creation of an API ecosystem would be entertained, leading to more inclusive product uptake and therefore better customer outcomes.
- **Innovation.** Expanding upon the regulatory theme, we feel there is a need to consult regulators in a more open and informed way for emerging technology that challenges the concept of 'price' comparison and focusses more on 'customer-specific' comparison. So many innovations focus on the analysis of the circumstances of the consumer, and recommendations can now be readily optimised if build upon established digital Know Your Customer (KYC) platforms (such as Runpath's). Accordingly, we would welcome the option to directly consult the regulator without barrier, to expand sand-pit development initiatives collaboratively. (Whilst initiatives exist to support this, the barrier to entry remains either high/lengthy.)

Theme 2: Impact of DCTs on competition between suppliers of the services they compare

A critical test of DCTs' impact is whether they are improving or hindering competition between suppliers. A major way of improving competition is increasing engagement through reducing search costs. We plan to understand this effect and whether anything may be hindering it.

We also want to explore the relationships between DCTs and suppliers and to know whether DCTs are having effects on supplier behaviour. For example, we want to explore the impact of DCTs on the range, quality and pricing of their services, and the extent to which this leads to better or worse outcomes for consumers. We also want to understand the extent to which DCTs facilitate supplier entry or expansion.

5. What factors influence suppliers' use and choice of DCTs and why?

Runpath's services fall into two camps: (i) self-curated product reference data that means we can deliver true whole-of-market DCT executions; (ii) quotation services that mean we are hindered if unable to interface with a product supplier (at their behest).

As such, suppliers do not necessarily *choose* to appear on our platform (and therefore our client's DCTs) if the execution is whole-of-market. We simply list them and their publicly (or privately curated) product tariffs. If the proposition (and resultant client-deployment) is a commercial-only execution, suppliers typically choose to be listed by way of access to customer base, compliancy of services built (via due diligence), demographics, qualification services, commercials accepted and customer security/data protections put in place by Runpath as either data controller and/or processor.

Here follows an overview of product classes deployed by Runpath (as client DCTs) and the category they fall into:

- Personal current accounts (WoM)
- Business current accounts (*)
- Credit cards (WoM)
- Unsecured loans (WoM)
- Secured loans (WoM)
- Mortgages (WoM)
- Savings Accounts (WoM)
- Cash ISAs (WoM)
- Investment ISAs (*)
- Car Insurance (Restricted; supplier behest)
- Travel Insurance (Restricted; supplier behest)
- Life Insurance (WoM)
- Private Medical Insurance (Restricted; supplier behest)
- International Money Transfer (*)

Key:

WoM: full whole-of-market curated digital services. Client can choose to use part (e.g. commercialised) or full marketplace.

Restricted: unable to develop pricing interface with subset of product suppliers where they reject initiation of requisite service (typically due to relative volume concerns)

*: option to curate whole-of-market offering but currently restricted

6. To what extent do DCTs make it easier for suppliers to enter the market, attract more consumers and engage more effectively with them?

Runpath represent many whole-of-market DCT propositions (as chosen by our clients). Accordingly, we list all new entrants which guarantees network exposure.

To compliment this, we are constantly evolving our Platform to deliver more and more product insight that meets the needs, circumstances and behaviour of the individual. By interlacing wholly complaint practices with a reduction in product selection friction/attrition, we strongly believe consumers will engage more effectively with suppliers. (Consider for example the prequalification of an individual for a line of credit that leverages soft footprint CRA lookups; the consumer is not facing red marks on their credit record and benefits from being screened against lenders' scorecards *en masse*.) Increasingly advanced needs-based DCT service offerings ensure better customer outcomes.

7. How have DCTs affected competition between suppliers? What impact has this had on the price, quality and range of products offered by suppliers?

The growing trend for better product transparency, coupled together with emerging 'common standards' across various product classes, has ensured greater competition through concentrated market forces and regulation. This can of course lead to more complex offerings, but we feel that the pace of evolution in extensible DCT technology has overtaken (for example) the bundling of product features by focussing more on the way in which consumers' circumstances, behaviours and interests are baked into the selection process.

We also note that there is a greater reliance on product suppliers to engage in DCT distribution, but that the price to do this is offset by economies that ensure a reduction in supply chain delivery and better, not worse, customer outcomes.

8. What are the barriers, if any, to DCTs increasing competition between suppliers, and how can these be overcome?

As mentioned...

- **Inclusiveness.** One of the areas within which customer detriment can play out is the access to quotation services from (typically insurance) marketplaces. For example, Runpath can only offer a subset of car insurers as the providers are selective about which DCTs to appear on. If volume is not commanded, the insurer will not choose to participate. Without volume, DCTs cannot introduce leading insurers. This is a restrictive model that clearly encourages a DCT oligopoly. Much in the way the CMA have encouraged the Open Banking initiative to stimulate one marketplace, we would be keen to learn whether the ordered creation of an API ecosystem would be entertained, leading to more inclusive product uptake and therefore better customer outcomes.

9. In what ways, if any, have DCTs changed suppliers' approach to consumers - for instance in terms of whether they treat consumers who use DCTs differently to those who do not?

We encourage a level playing field in the markets we curate. By default, all products are listed wherever possible, whether available online or off.

Suppliers can arrange exclusive product builds to our client-base for discounted traction and collective offerings. Consumers are benefiting in this instance, but such campaigns typically last for restricted periods of time.

An observed change to suppliers' approaches to consumers has been the ability to engage with their customer base through DCT channels post-acquisition, and to collaborate on messaging and promotions pre-acquisition.

Theme 3: Competition between DCTs

We will aim to establish whether DCTs are competing effectively with each other, as well as facilitating competition between suppliers of the services they compare. If not, we will explore what may be holding back competition in any particular market.

We will explore how DCTs compete both for consumers and for suppliers. We will assess what well-functioning DCT competition looks like, and the potential for DCTs or suppliers to engage in practices that limit this.

10. In what ways do DCTs compete with each other – for instance in terms of coverage, the savings consumers can make, the services they provide, their ease of use, transparency and how they protect consumers' data?

Core differences in competing DCTs include:

- Market coverage: commercial versus whole-of-market, including product exclusives restricted to a specific DCT audience only
- Proposition delivery, including incentivised sales (through reward schemes) and supporting services (e.g. editorial, advice etc)
- Compliance with regulation and adherence to formal guidance
- User experience and pre-population methods
- Contemporary service delivery, including greater access to credit or transactional level data to assist with behavioural modelling and qualification for product
- Retention programmes and ongoing engagement with consumers.
- Brand marketing and resultant consumer awareness/bond
- Mobile technology, data privacy/protection and offline customer services support
- Innovation including cross-vertical comparison based upon circumstances (e.g. need for credit) and programmatic advice
- Horizontal and vertical integration, with group housed brands complementing each other for increased cross-sell

11. What factors influence how effectively DCTs can compete – for example, whether they can secure the necessary consumer data, supplier information or other data?

- Data licensing and method of data delivery (e.g. CSV; API)
- Granularity of data to enable differentiation
- Digital product development costs
- Programme management costs to develop technology
- Hosting and maintenance costs
- Cost of compliance (by way of adherence and regulator fees)
- Support costs including call centre, customer services etc
- Cost of business intelligence and reconciliation of customer outcomes
- Variable operational costs (e.g. soft footprint credit checks, offline processing etc)
- Cost of rewards programmes
- Cost of relationship management with suppliers
- Cost of intellectual property and expert resource / product management

12. If there are barriers to competition between DCTs, how significant are these and how can they be overcome?

There are limited barriers to competition between DCTs, primarily because technology to deliver such services has become rapidly extensible. For example, a new Runpath client can have a 'configured' product comparison service live within five working days, fully branded and executed via cloud hosting services. Cost would be a potential factor, as licensing increases with more bespoke implementation, but we would return to the issue of provider/supplier inclusiveness as being the biggest barrier to competition in this space.

Theme 4: The regulatory environment

There is a range of regulation of DCTs in place across our sectors of interest, from full regulation in financial services to voluntary accreditation in the telecoms and energy sectors. We will provide an overview of the different approaches to regulation being adopted and assess whether there are lessons to be learnt from comparing approaches.

13. Are there any areas of regulation or self-regulation applying to DCTs that lack clarity, certainty, consistency, or enforcement?

Runpath have invested a great deal into compliance resource over recent years. While we are confident in our wholly compliant delivery of existing DCT services, we are facing increasing pressure to 'challenge' the use of marketplace information in our increasingly diverse Financial Management executions for clients. These focus more on personal data (increasingly apt with the imminent GDPR), both obtained and user contributed, that we feel deliver rich Know Your Customer insight and therefore a better foundation for product recommendation. It is with this in mind that we suggest regulator engagement could be expanded further.

14. Do there appear to be any areas where DCTs may not be meeting competition or consumer protection requirements?

We cannot vouch for non-Runpath propositions and are confident (through internal and external counsel) that our clients' DCT propositions are wholly compliant.

15. Do any aspects of regulatory approaches to DCTs need to change and, if so, why?

Beyond foreseeing emerging regulatory support, we do continuously express our views on the complexity of provision of comparison services to third parties and the methods involved to deliver for our client-base. Our approach comprises a range of techniques, all of which impose greater compliance costs on Runpath, and therefore our clients. We continue to work with regulators to ensure compliance at every turn.

In relation to all of the themes and issues set out earlier, we will look at both the current situation and the effect of likely future developments in the DCT sector.

16. Finally and in relation to all of the issues above, what likely developments over the next three years should we take into account and why?

- PSD2/Open Banking (UK), including the regulation and accreditation thereof
- Marketing permissions, consent and GDPR
- Distribution of quotation services in general insurance
- Cross product class product selection, including product-type recommendations for specific situations
- Know Your Customer and evolving programmatic advice
- The general concentration of DCT volume by product class

Other comments and further contact

Do you have any other comments you would like to add?

We have welcomed the opportunity to respond to the CMA's questions and look forward to supporting further, as desired.

Would you be willing for us to contact you to discuss your response?*

Yes

Thank you for taking the time to complete this form.

Please email it to: comparisontools@cma.gsi.gov.uk.

Or post it to:

**Digital Comparison Tools Market Study
Competition and Markets Authority
7th floor**

**Victoria House
37 Southampton Row
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WC1B 4AD**