

August 4, 2025

Competition Promotion Branch  
Competition Bureau  
50 Victoria Street  
Gatineau, Quebec  
K1A 0C9

**RE: *Comments of ACT | The App Association to the Competition Bureau Discussion Paper on Algorithmic Pricing and Competition***

ACT | The App Association appreciates the opportunity to submit comments to the Canadian Competition Bureau on its discussion paper on algorithmic pricing and competition.<sup>1</sup>

The App Association represents small business application developers and connected device companies, located both within Canada and around the globe. These companies drive a global app economy worth more than CAD \$8 trillion, and this economy continues to grow.<sup>2</sup> App Association members leverage the connectivity of smart devices to create innovative solutions that introduce new efficiencies across consumer and enterprise use cases and rely on a predictable and fair approach to platform regulation to grow their businesses and create new jobs; therefore, the Canadian government's inquiry into the future of competition policy is directly relevant to us, and we urge for the careful consideration of our views.

We applaud the Canadian government's recognition of emerging digital markets and share the common goal to advance consumer choice and market participation. To continue advancing the interests of Canadian developers in improving competition and technical or economic progress, the bureau should foster a harmonized and predictable regulatory environment.

We submit our comments and recommendations below on the discussion paper and welcome the opportunity to assist the Canadian government in its efforts moving forward.

## **I. Key Considerations for Algorithmic Pricing and Market Competition**

### **Algorithmic Pricing Can Be Procompetitive**

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<sup>1</sup> <https://www.canada.ca/en/competition-bureau/news/2025/06/competition-bureau-seeks-feedback-on-algorithmic-pricing-and-competition.html>.

<sup>2</sup> See [About-the-App-Economy-2023\\_162023.pdf](#)

Algorithmic pricing enables companies, especially small businesses, to respond rapidly to changes in supply, demand, and consumer behavior. These tools foster efficiency, improve inventory management, reduce overhead, and help tailor offerings to consumer needs. Dynamic and personalized pricing tools, often accessed via cloud service providers (CSPs), are essential for new entrants seeking to compete with larger incumbents. Treating such tools as inherently anticompetitive would repeat the mistakes of prior regulatory frameworks. Conduct should not be outlawed based on speculative harms or before the benefits and risks are understood.

## **Industry-Agnostic, Evidence-driven Policy is Important**

We caution against any prescriptive, sector-specific guidance targeting algorithmic pricing absent rigorous, objective economic analysis. A rules-before-evidence (ex-ante) approach risks freezing the very experimentation that fuels innovation and undercuts the benefits algorithmic pricing can bring to Canadian consumers. Objective data-driven evidence should be used to inform any changes made to competition reviews/enforcements rather than edge-use cases and hypotheticals. Moreover, inflexible “per se” enforcement without weighing market context or efficiency justifications can chill activity that is pro-consumer in practice. The Bureau’s current discussion paper commendably recognizes the need to assess algorithmic pricing case-by-case, rather than treat it as intrinsically harmful.

## **II. Addressing the Bureau’s Questions**

### **What are the competition concerns and procompetitive effects of using pricing algorithms?**

Procompetitive effects include lower prices through greater efficiency, faster inventory turnover, more adaptive responses to market signals, and better targeted services. For small businesses, pricing algorithms often serve as the connective tissue between foundational AI tools and consumer-facing applications. Without such foundational investment, many of these innovations wouldn’t be possible.

Competition concerns arguably arise when shared algorithms or pooled data are used in ways that reduce competitive intensity, e.g., coordinated pricing through “hub-and-spoke” arrangements. New conduct-based liability frameworks should be rooted in demonstrable harm and guided by evidence, not conjecture.

### **How does algorithmic pricing impact different consumer groups? Could it increase the vulnerability of some consumer groups?**

Personalized pricing, like many technologies, carries trade-offs. On the one hand, it allows firms to offer discounts to price-sensitive consumers and match services to willingness to pay. On the other, poorly designed personalization could obscure price transparency or exacerbate disparities across consumer groups.

Rather than outlaw personalization, regulators should focus on promoting transparency, consumer choice, and meaningful consent in data use. Policies that protect competitors rather than consumers can have grave effects for consumers, and for dynamic competition within the market.

### **What are the challenges for enforcement agencies with AI-driven algorithms?**

Key challenges include the opacity of reinforcement learning systems (the “black box” problem), identifying tacit coordination facilitated by algorithms, and distinguishing between parallel behavior and true collusion.

However, this does not call for abandoning competition principles in favor of preemptive controls. Instead, the Bureau should prioritize:

- Fact-specific inquiry into market structure and conduct;
- Greater investment in technical expertise to understand how AI-driven pricing systems operate; and
- Cooperation with global counterparts to align approaches and avoid duplicative regulatory burdens that disproportionately affect smaller innovators.

### **III. Recommendations**

- **Maintain Technology-Neutral Enforcement.** Avoid sector- or tool-specific rules unless supported by robust evidence of consumer harm.
- **Avoid Overregulating Platform Participation.** Small firms depend on digital distribution and algorithmic tools offered by larger platforms to compete. Regulatory frameworks that assume platform integration is anticompetitive can impose disproportionate costs on these firms.
- **Promote Interoperability and Trust, Not Forced Access.** As we’ve noted in the context of the European Union’s Digital Markets Act (DMA), mandating data sharing or interoperability without safeguards can undermine privacy, reduce security, and limit incentives to innovate.
- **Focus Enforcement on Conduct, Not Tools.** Algorithmic pricing should be scrutinized under existing antitrust rules based on its effect, not presumed to be problematic.

The App Association appreciates the opportunity to provide its views to the Competition Bureau. We urge careful consideration of our members’ interests. We are committed to working with the Bureau to bring the benefits of a dynamic and competitive app ecosystem to all Canadian consumers and businesses through the development of balanced consumer protection and competition policies.

Sincerely,



Brian Scarpelli  
Senior Global Policy Counsel



Kedharnath Sankararaman  
Policy Associate  
**ACT | The App Association**  
1401 K St NW (Ste 501)  
Washington, DC 20005  
United States