

## GOOGLE'S CONDUCT THREATENS CONSUMERS AND INNOVATION

Google is abusing its dominant position in search to stifle competition and capture more control over the flow of information and commerce online. Officials charged with protecting innovation, economic growth, and consumers must step up and enforce existing laws that will prevent Google from further stifling competition on the Internet.

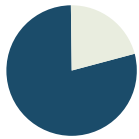
**"SEARCH IS CRITICAL. IF YOU ARE NOT FOUND, THE REST CANNOT FOLLOW"** -Google Executive Santiago de la Mora 8/23/09

## ON AVERAGE, 34% OF GOOGLE'S TRAFFIC WENT TO THE NO. 1 RESULT

about **twice** the percentage that went to No. 2. [[NYT](#) 2/12/11; [Chitika Insights](#) 5/25/10]

Links below the fold receive less than 1% of users' attention. [[CNN Money](#) 3/8/11]

## GOOGLE DOMINATES SEARCH & SEARCH ADVERTISING

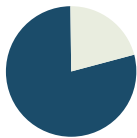


Google, **controls more than 79% of all searches in the U.S.** Advertising accounted for more than 96% of Google's total revenue in 2011, or \$36.5 billion.

[[StatCounter](#) 1/20/12; [Google IR](#) 1/20/12]



Google has a dominant position in almost every EU country, with an overall search market share of **94%** in Europe. [[StatCounter](#) 1/20/12]



**Search advertising is the largest source of online advertising revenues.** In Q4 2011, Google's share of paid search increased to 81%. The ad revenue split for search advertising is **Google 49%**, publishers 51%.

[[Efficient Frontier](#) Q4 2012; [Google AdSense Blog](#) 5/24/10]



**Google has a 90% share of Europe's online advertising market.** [[The Guardian](#) 12/6/10]

### \*NOT TO MENTION:

Google is growing stronger in the **\$10.1 billion U.S. display advertising market** – its share is up 49.2% since 2010. (A figure that will likely increase after Google's acquisition of AdMeld.)

[[eMarketer](#) 3/1/11]



Google controls **98%** of the U.S. mobile search market and **96%** of the mobile search advertising market (a market that was predicted to reach \$1.1 billion in 2011).

[[SearchEngineLand](#) 3/7/11]

## THIS DOMINANCE ADDS UP TO POWER.

**(IN FACT, GOOGLE CALLS ITSELF "THE BIGGEST KINGMAKER ON THIS EARTH")**

-Google Executive Amit Singhal 5/17/10

### POWER OVER:

**1**

Where sites rank in search results.

**2**

How search results are displayed.

**3**

Who can advertise on its search page.

**4**

What price advertisers must pay.

## GOOGLE IS ABUSING ITS DOMINANCE IN ORDER TO STIFLE COMPETITION

### SEARCH MANIPULATION

Google can program its algorithm to exclude, penalize, or promote specific sites or whole categories of sites. In 1998, Google's founders wrote: "[A] search engine could add a small factor to search results from friendly companies, and subtract a factor from results from competitors. This type of bias is very difficult to detect but could still have a significant effect on the market."

### UNFAIR TREATMENT OF ADVERTISERS AND PARTNERS

Google's ubiquity has made it a "must-buy" platform for advertisers and other technology partners. However, Google can manipulate paid search to limit competition and Google imposes exclusivity restrictions on its partners' use of software such as the Android mobile operating system.

### DECEPTIVE DISPLAY

Users expect search results to be presented in order of relevance. However, Google now favors many of its own pages by displaying them at the top or in the middle of the results page as if they were natural search results, without clearly identifying them as Google results.

### CONTENT SCRAPING

Google scrapes content developed by other websites, such as user reviews, without permission and displays that content on its own pages. This keeps users on Google's pages, enabling Google to earn even more money while depriving competing sites user traffic and revenue.

### ACQUISITIONS OF COMPETITIVE THREATS

Google acquires companies that threaten its dominance in search.

## SEARCH MANIPULATION

### Preferential Treatment

Google has ratcheted up competition with established websites by developing its own specialized services, shown below, and often promoting them above regular search results in recent years. Competitors to Google's sites in parenthesis

#### Developed: 2002

Google, now called Google Product Search (Amazon, eBay, Shopzilla, The Find)

#### 2005

Google Maps (Mapquest)

#### 2006

Google Finance (Yahoo Finance, MSN Money, AOL Money)

#### 2009

Google Health (WebMD, Mayo Clinic)  
Google mortgage and credit card comparisons (Bankrate, LendingTree)  
Google Place pages (Yelp, TripAdvisor, Citysearch)

#### 2010

Google's Boutiques.com (eBay, Amazon)  
Google Hotpot (Yelp, other review sites)

#### 2011

Google travel-search site planned\* (Kayak, Expedia, TripAdvisor)

[The Wall Street Journal 12/12/10]

Google has "hard-coded" its own links to appear at the top of algorithmic search results.

[Ben Edelman 1/11/10]

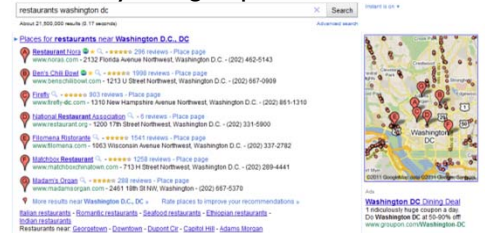
### TAKE MAPS FOR EXAMPLE:

"When people are doing searches for maps or directions for the city of New York, Google Maps comes up as the first search result in the organic (not the paid ads) listings," [MapQuest GM Christian] Dwyer said. "And it's quite large -- it takes up 25% of the page. That pushes all of the other results down."

[Investor's Business Daily 1/23/08]

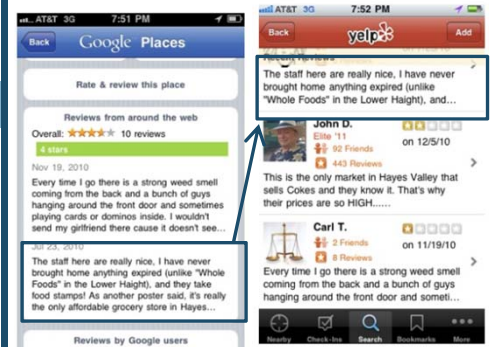
## DECEPTIVE DISPLAY

Furthermore, Google's products like Google+, Flight Search, Maps, Places, News and Product Search appear mixed in with "organic" results, without any indication that they are actually Google-sponsored content.



## CONTENT SCRAPING

Not only are the Places results above scraped from sites like Yelp and TripAdvisor, but Google's Places iPhone app scrapes content without even citing sources.



## UNFAIR TREATMENT OF ADVERTISERS AND PARTNERS

Google has locked up as much as 90% of search syndication through its network of exclusive deals with websites, browser companies, software developers and device manufacturers. Recently, Google has come under fire for this with **Android**: Android phones must adhere to a "compatibility" standard determined by Google. In an e-mail on Aug. 6, 2010, Dan Morrill, a manager in the Android group, noted in passing that it was obvious to the phone makers that "we are using compatibility as a club to make them do things we want." [NYT 5/8/11]

## ACQUISITIONS OF COMPETITIVE THREATS

### mobile

Understanding the potential for growth in mobile search, (i.e., that the number of mobile internet users will surpass the number of users browsing the internet via a desktop computer by 2014), Google bought the Android technology in 2005. Google is "not trying to make a profit on Android or Chrome... In essence [by giving Android away for free], they are not just building a moat; Google is also scorching the earth for 250 miles around the outside of the castle to ensure no one can approach it." [abovethecrowd 3/24/11]

### travel

"In mid-2010, Google got serious about travel. Given that over half of travel sales are consummated online, Google wasted no time with DIY solutions. It went shopping and bid \$700 million in cash to buy ITA Software, a Cambridge (Mass.)-based travel software company that was founded in 1996 by scientists at MIT to provide search services for airlines and other travel operators." [Bloomberg 2/13/11] In April 2011 the Justice Department placed strong conditions on the deal.

### AND THOSE ARE JUST TWO EXAMPLES.

"As Google enters by acquisition these profitable vertical spaces that competitors rely on to sustain a presence in broader online search, its hypothetical search monopoly moves closer to becoming entrenched, if it is not already." [AAI 2/18/11]

## THIS THREATENS CONSUMERS

Google's control over the Internet threatens both existing and new Internet businesses.

As a result, there is less competition, which means less pressure for companies to develop new and innovative products.

Simply put, this means fewer choices and higher prices for consumers.

**MAINTAINING COMPETITIVE MARKETS FOR BOTH GENERAL AND NICHE SEARCH MAY BE THE ONLY ALTERNATIVE, ULTIMATELY, TO AN UNREGULATABLE MONOPOLY.**

[American Antitrust Institute 2/18/11]

To learn more visit FairSearch.org

