

European Commission Google antitrust investigation settlement

Outline of European consumer concerns

Based on Google's 3rd set of proposals

1 Issue Outline

Since 2010 European Commission competition authorities have been investigating if Google Inc. has abused its dominance of online search in the European Union.

This is a critical case for consumer organisations due to Google's overwhelming dominance of a market in which over 90% of consumers use its services. Amid ever growing e-commerce, online traders' dependence on Google for visibility and relevance is almost total.

2 Investigation focal points

The Commission's antitrust authorities (DG COMP) identified 4 concerns in relation to Google's business practices unduly diverting traffic away from competitors:

(i) The prominence of Google's own specialised services over competing specialised web search services (e.g. search services for specific information on restaurants, hotels, events or products). Primarily, users are unaware of Google promoting its services within the search results. Secondly, competitors' results are significantly less visible and sometimes not directly visible at all. They are more difficult to find e.g. because the user has to scroll down the screen or navigate to another search results web page. In sum, the consumer's ability to find potentially more relevant specialised search services is reduced.

(ii) Google's use, without consent, of original content from third party web sites in its own specialised web search services. For example, when consumers search for images they get a preview of a picture from the source site without 'clicking through' to it. This significantly reduces the hit rate of other web sites.

(iii) Agreements obliging third party web sites ("publishers") to obtain all or most of their online search advertisements from Google.

(iv) Contractual restrictions on the transferability of online search advertising campaigns to rival search advertising platforms and how Google manages such campaigns via Adwords.

The Commission believes these practices can harm consumers by reducing choice and stifling innovation in specialised search services and online search advertising.

3 BEUC and members core objections to settlement proposals

For BEUC and our member organisations (i) is the most relevant for consumers and the most contended.

What is entirely unsupportable is the proposal of an auction procedure in product price comparison searches.

This means that when a consumer searches for price comparisons of a product, Google will include rivals who have passed certain eligibility criteria. These sites can then participate in an auction and the 3 highest bidders will appear in a results box (named "Alternatives") adjacent to the Google results. See Screenshots below.

Not only does this not solve Google's anticompetitive practices, it even amounts to another revenue stream.

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Why this is unacceptable from a consumer perspective

1. **Ultimately, Google is allowed to continue manipulating search results** and displaying links to their own vertical services in preference to rival services which could be more relevant to consumers. This is clearly unacceptable. No evidence exists that Google's own vertical services are the most meritorious or most relevant to consumers.
2. **Auction is an unacceptable way to rank search results** as it is not merit or relevance based. Consumers will not see results which correspond closest to their query, but the offer of a company who has paid more for display. Even a flat-rate fee system would be more acceptable.
3. **The auction method will likely result in higher prices for goods and services.** As vertical search services must pay to be visible, the risk is high that they will no longer prioritise their cheapest offers, rather those which secure most revenue. Furthermore, the raising of rivals' costs would logically exclude competitors who offer lowest margin prices.
4. **It will stifle innovation** as existing vertical services redirect profits to Google for the auction procedure and new entrants are less able to compete, no matter how accurate or relevant their services to consumer queries. To compete with Google and its main rivals they will need significant financial means for the auction. This is exacerbated by the criterion stating that only sites which have achieved a set minimum traffic threshold will be eligible.

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This settlement will be detrimental for consumers and we call on the Commission to reject it

Procedural background

The Commission opened the investigation in November 2010. In the context of this investigation, the Commission looked into 18 formal complaints against Google's business practices.

In March 2013, the Commission formally informed Google of its preliminary conclusions, raising four anti-trust concerns (outlined above). Google proposed a detailed text of commitments to address the four concerns on 3 April 2013. The Commission sought feedback from stakeholders on these commitments by a market test launched on 25 April 2013. The Commission then informed Google that additional improvements to its commitments were required to adequately address the Commission's concerns. Google offered changes in October 2013. The Commission sought feedback on Google's revised plans from complainants and relevant market participants following which they informed Google its proposal of October 2013 was insufficient to fully address competition concerns. Google's 3rd round of suggestions are what we see today and what the Commission has signalled its intention to accept them and settle.

Article 9 of the EU's Antitrust Regulation (Regulation 1/2003) allows the Commission to end antitrust proceedings by making commitments offered by a company legally binding. Such a decision does not necessarily signal an infringement of EU antitrust rules, but legally binds the company to respect the commitments. If the company breaches these commitments, the Commission can impose a fine of up to 10% of its annual worldwide turnover, without having to find an infringement of antitrust rules.

BEUC and its Spanish member organisation OCU were accepted as 3rd parties to the investigation in April 2013. We submitted our views regarding all settlement proposals (see [BEUC-X-2013-015](#), [BEUC-X-2013-029](#) and [BEUC-X-2013-078](#)) and critiqued them as insufficient. We have sent a letter to all Commissioners, asking them to reject the settlement.

The following screenshots illustrate the current and future situation if settlement is made:

Screenshots product price comparison shopping

The Google page today:

Google search for "gas grill" showing current results. The search bar contains "gas grill" and the search button is visible. Below the search bar, there are tabs for "Web", "Shopping", "Maps", "Images", "Videos", "More", and "Search tools". The search results show "About 8,240,000 results (0.20 seconds)".

Shop for gas grills on Google (Sponsored)

GP-Grill Gas Grill - black/... £141.96 www.Ambie...	Falcon Dominator £888.00 Catering Appl...	Outback Omega 250 £129.00 Outback Direct	Blue Seal Cobra CS9 £897.60 Carlton Sales	Burco 444449459 £850.50 e-tradecounter

Buy a Gas Grill 2014 - Gas Grill Ratings - Gas Grill Reviews
bbq.about.com/cs/grills/bb/aa/bb042503.htm
Before you run to the hardware store to buy a new gas grill you should know that there are a lot more grills out there than you'll find in one store. I've broken ...
Top 10 Gas Grills between ... - Top 10 Gas Grills under \$250 - Gas Grills under \$250
More by Derrick Riches - in 1,156 Google+ circles

Top Gas grill Reviews | Best Gas grill - Consumer Reports
www.consumerreports.org › Home › Home & garden
Looking for the Best gas grill? Consumer Reports has honest Ratings and Reviews on gas grills from the unbiased experts you can trust.

Weber.com - Weber® Grills - Gas
www.weber.com/grills/category/gas
Manufacturer of gas and charcoal grills, parts and accessories. Features recipes, service and dealer locations.
Grills - Gas - Parts & Support - Charcoal

Gasbarbecue nodig?
www.vanhattemhoreca.nl
Diverse BBQ's in de aanbieding
Bestel veilig en snel online

Catering Gas Grills
www.nisbets.co.uk/Cooking-Machines
★★★★★ 10,305 seller reviews
Top Quality Cooking Machines
At low Prices. Free P&P Available!

barbecue® gas BBQs
www.barbecue.com/gas
Gasbarbecues met Extra Veel Smaak!
Ontdek nu de barbecue Gas Grills.

Gas grills
www.beslist.nl/gasbarbecues
Gasbarbecues nu al vanaf €39.95!
Keuze uit ruim 113 gasbarbecues

Gas Barbecues 70% off RRP
www.outdoorlivingworld.co.uk/Gas_bbq
Huge Range Of Gas Barbecues
At Great Prices - Buy Online & Save

Gas-Grills im Angebot
www.nextag.de/Gas-Grills
Erstklassige Gas-Grills in vielen Varianten: Hier zum Niedrigpreis!

Screenshots with implementation of commitments:

Google search for "gas grill" showing results with implemented commitments. The search bar contains "gas grill" and the search button is visible. Below the search bar, there are tabs for "Web", "Images", "Maps", "Shopping", "More", and "Search tools". The search results show "About 44,000,000 results (0.18 seconds)".

Google Shopping results

GP-Grill Gas Grill - black/... £141.96 www.Ambie...	Blacktop 360 Party Hub Gas 57cm... £299.00 Garden Gift...	OUTBACK £127.99 Outback ...	Supaprice Best stock of gas grills from £150.00	Kelkoo Great deals on gas grills from £129.00	Shopzilla Best prices on gas grills from £180.00

Weber.com - Weber® Grills - Gas
www.weber.com/grills/category/gas
Gas Grills. Grill Shopping Tools. 0 Grill Comparison Grill Finder. Spirit® ... 4 or 6 stainless steel burners • Backlit LED tank scale • Grill Out® handle lights.

Gas Grills: Shop at Sears for Your Outdoor Cooking Gear
www.sears.com/grills-outdoor-cooking-gas-grills/b-1024073
Sears features gas grills with a wide variety of features, including multiple burners and searing options. Entertain outdoors year round with gas grills.

Natural Gas Grills - Home Depot
www.homedepot.com/...Grills-Grill...Gas-Grills...Gas-Grills/N-5yc1vZc5t...
Natural Gas Grills - Gas Grills - Grills & Grill Accessories - Outdoors at The Home Depot.

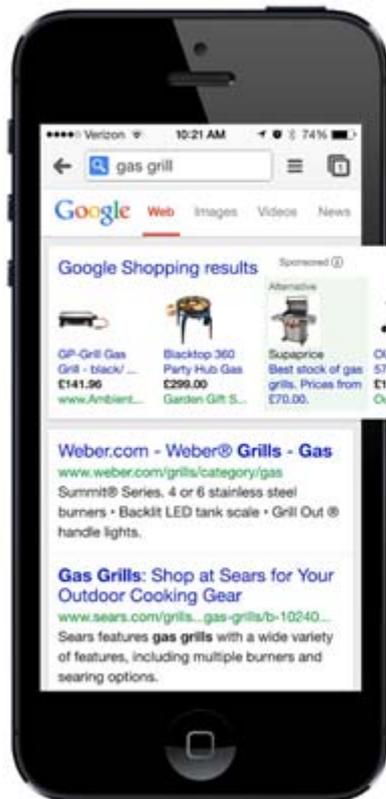
Gas Grill at Amazon
www.amazon.com/patio
★★★★★ 336 reviews for amazon.com
Low Prices on Gas grill
Free Shipping on Qualified Orders.

Cheap Gas Grill
www.groupon.com/
★★★★★ 61 reviews for groupon.com
Save 50-90% Every Day
Thousands of Deals to Enjoy

gas grill
www.appliancesconnection.com/Grills
★★★★★ 3,550 seller reviews
1 (800) 299 9470
Huge Variety, Free In-Home Delivery
Price Match Promise on All Grills

BBQ Grills
www.wholesalepatio.com/
1 (888) 611 7227
Quality BBQ Grills
Come See Our Store Today!

DCS Gas Grills
www.ajmadison.com/
★★★★★ 1,074 seller reviews



Google Shopping results

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| | | | | | | | | |
| GP Grill Gas Grill - black/...
£141.96
www.Ambient... | Blacktop 360 Party Hub Gas
£299.00
Garden Gift S... | Suprprice Best stock of gas grills. Prices from £70.00 | OUTBACK 57cm ...
£127.99
Outback Direct | Anthony Worrall Thompson 2 ...
£250.00
Ebay | Kalkoo Great deals on gas grills, starting at £123 | Swiss Grill Icon 1430 3 Burner
£299.00
bedbbq.co.uk | Falcon Dominator Plus G3532 ...
£888.00
Catering Appa... | Shopzilla Best prices on gas grills from £63.99 |

Weber.com - Weber® Grills - Gas

[www.weber.com/grills/category/gas](#)
Summit® Series, 4 or 6 stainless steel burners • Backlit LED tank scale • Grill Out® handle lights.

Gas Grills: Shop at Sears for Your Outdoor Cooking Gear

[www.sears.com/grills...gas-grills/b-10240...](#)
Sears features gas grills with a wide variety of features, including multiple burners and searing options.