



4 May 2018

Associazione Antitrust Italiana

The Google Shopping Decision

Massimiliano Kadar,

DG Competition, European Commission

(speaking in a personal capacity - the views expressed are not necessarily those of the European Commission)

What is the conduct and why it is an abuse

- In its general search results, Google promotes its own comparison shopping service to the detriment of rivals
 - Through more favourable positioning and display
 - And demotion of rivals
- It is a leveraging abuse: Google uses its dominance in one market (general search) to get an undue advantage in a neighbouring market (comparison shopping services), instead of competing on the merits



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Competitors not
visible

Detailed effects analysis

- Requests for information to 800 companies
- Traffic data of 360 websites
- Data on importance of traffic and commercial importance of visibility in Google's search results
- User behaviour studies
- Data on link between traffic and visibility
- Analysis of 5.2 TB of user query data (1.7 billion search queries)
- Internal documents

Market definition and dominance

➤ Market for general search

- Distinct demand and supply as compared to: (1) content sites; (2) social networks; and (3) specialised search sites
- National in scope

➤ Dominance

- Persistently high market shares (90%+)
- Infrequency of multi-homing/brand effects
- High barriers to entry
 - Significant investments
 - Data/volume of queries/feedback loop
 - Two-sided market/network effects

Market for comparison shopping services

- Comparison shopping services allow the user to:
 - Search for products and compare their prices and characteristics across the offers of several different online retailers; and
 - Provide links that lead to their websites
- Since 2004, Google has been active in this market
 - Not the first player in the market
- Different to merchants and merchant platforms
 - Which do not have a general comparison function
 - Merchant platforms are customers of comparison shopping services - Google allows merchant platforms to be in Google Shopping, but does not allow comparison shopping services to be in

The abuse

- More favourable treatment by Google in its general search results of its own comparison shopping service compared to competing comparison shopping services
- Manifests itself in two ways - two sides of the same coin:
 - Demotion of rival comparison shopping services in Google's general search results
 - Google has systematically given prominent placement to its own comparison shopping service: displayed at or near the top of the general search results with rich graphical features
- Decision does not question the design of the algorithm as such nor rich and prominent display of shopping results
 - but the fact that Google did not subject its comparison shopping to same treatment as rivals



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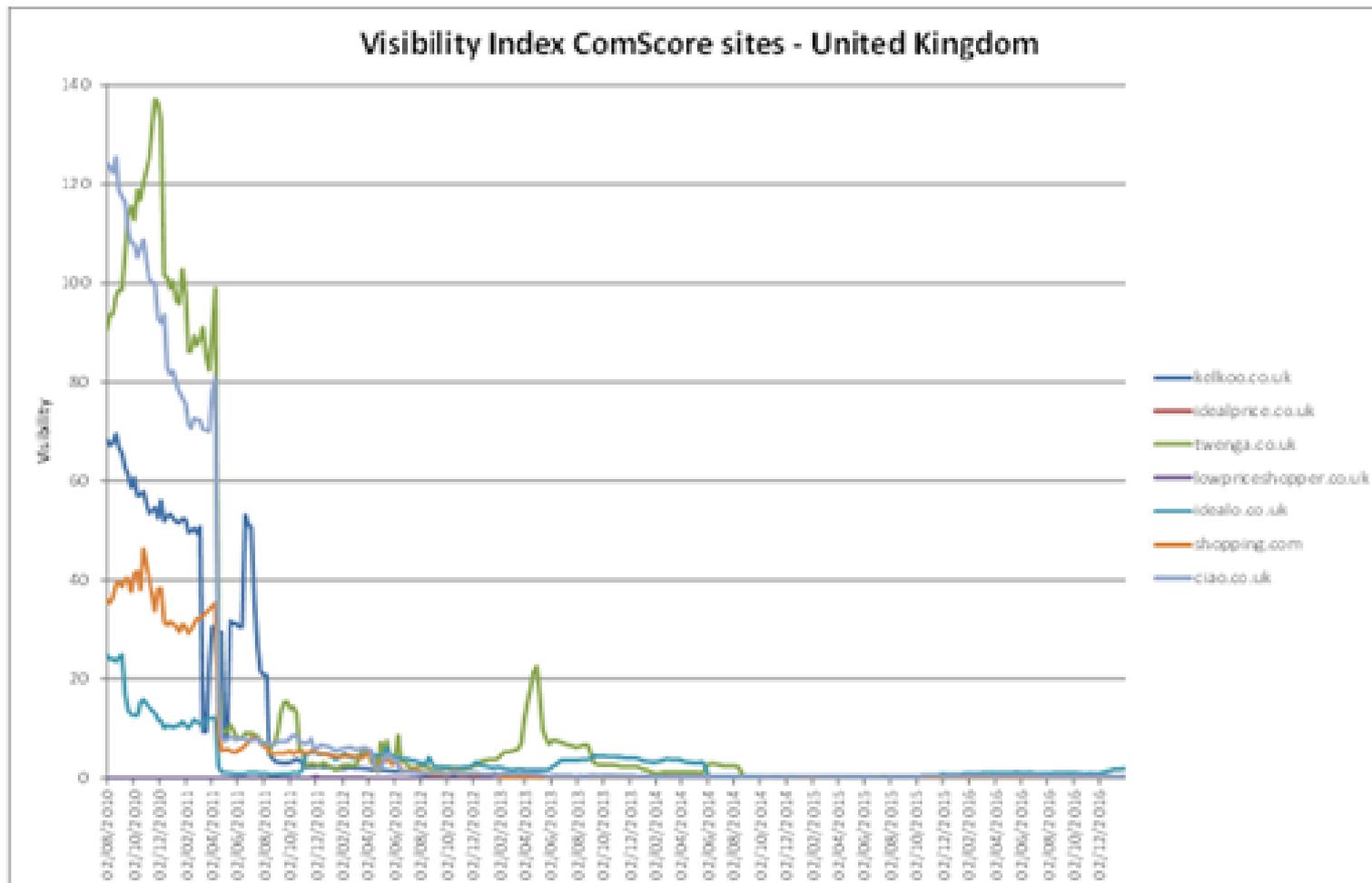
Competitors not
visible

Analysis of the impact of the practice in the market

- Traffic is key for comparison shopping services to compete effectively
- Google is an important source of traffic for comparison shopping services
- Google's conduct
 - decreases traffic to competitors and
 - increases traffic to Google

Link between visibility and traffic

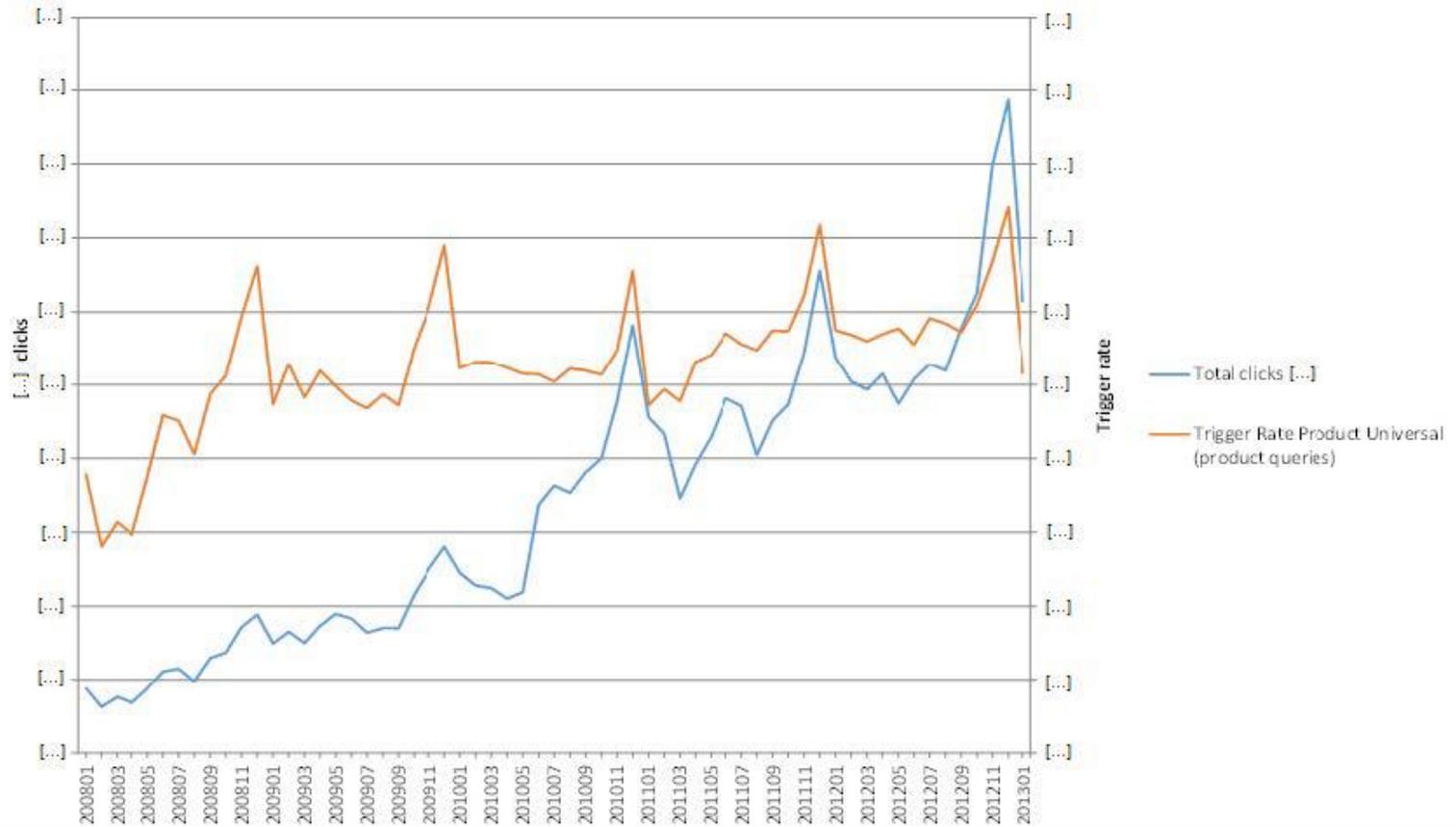
- Clear link between visibility and format in Google's general search results and click-through behaviour: shown by a range of empirical data. Link between:
 - Trigger rate of Shopping Unit traffic to Google Shopping
 - Visibility of rivals and traffic to them
- Results that are higher and in a more visible format attract significantly more clicks than those that are lower or beyond the first page
- On average, rivals are on the fourth page - as good as being virtually invisible
- Google was aware of this link



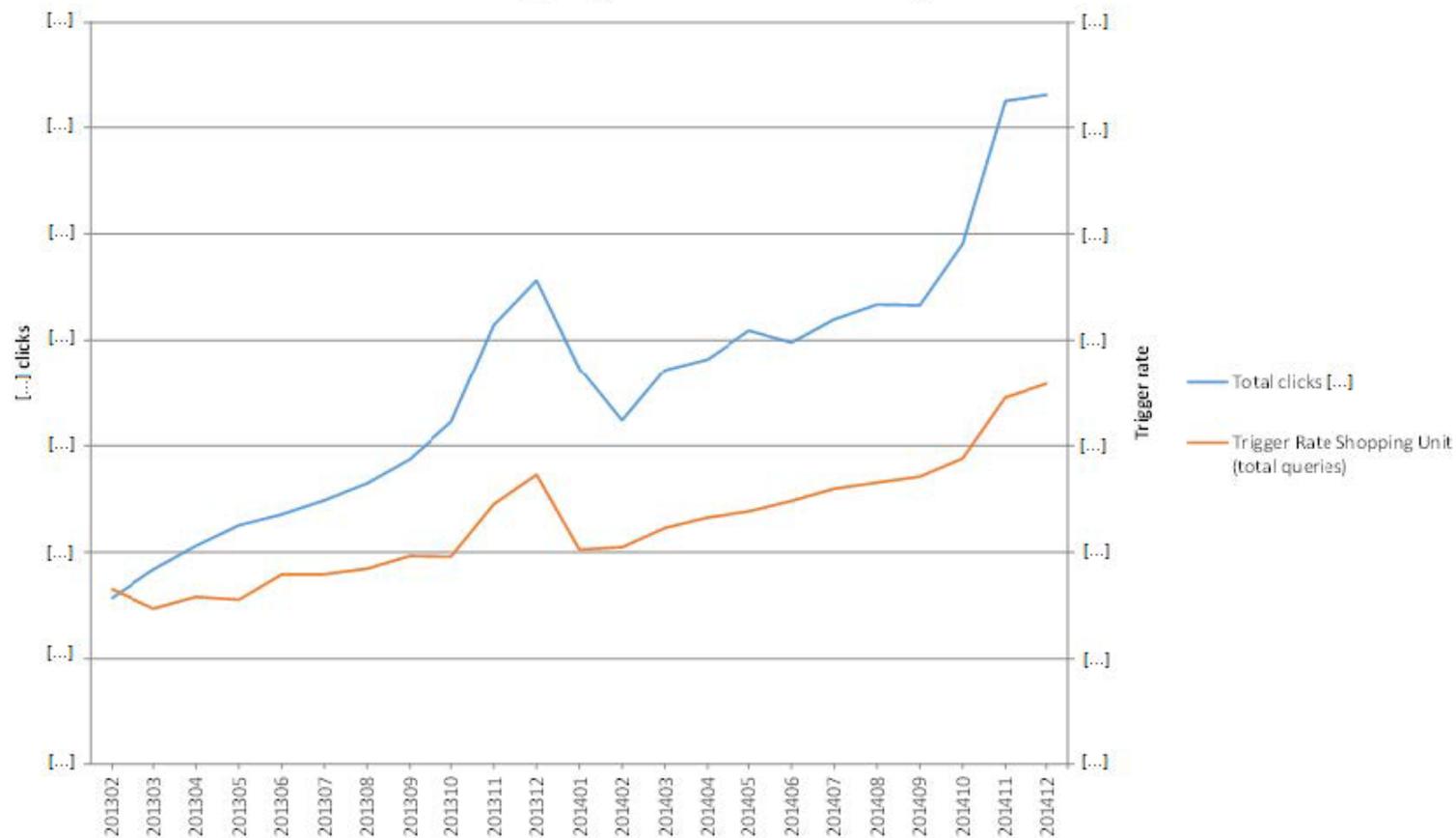


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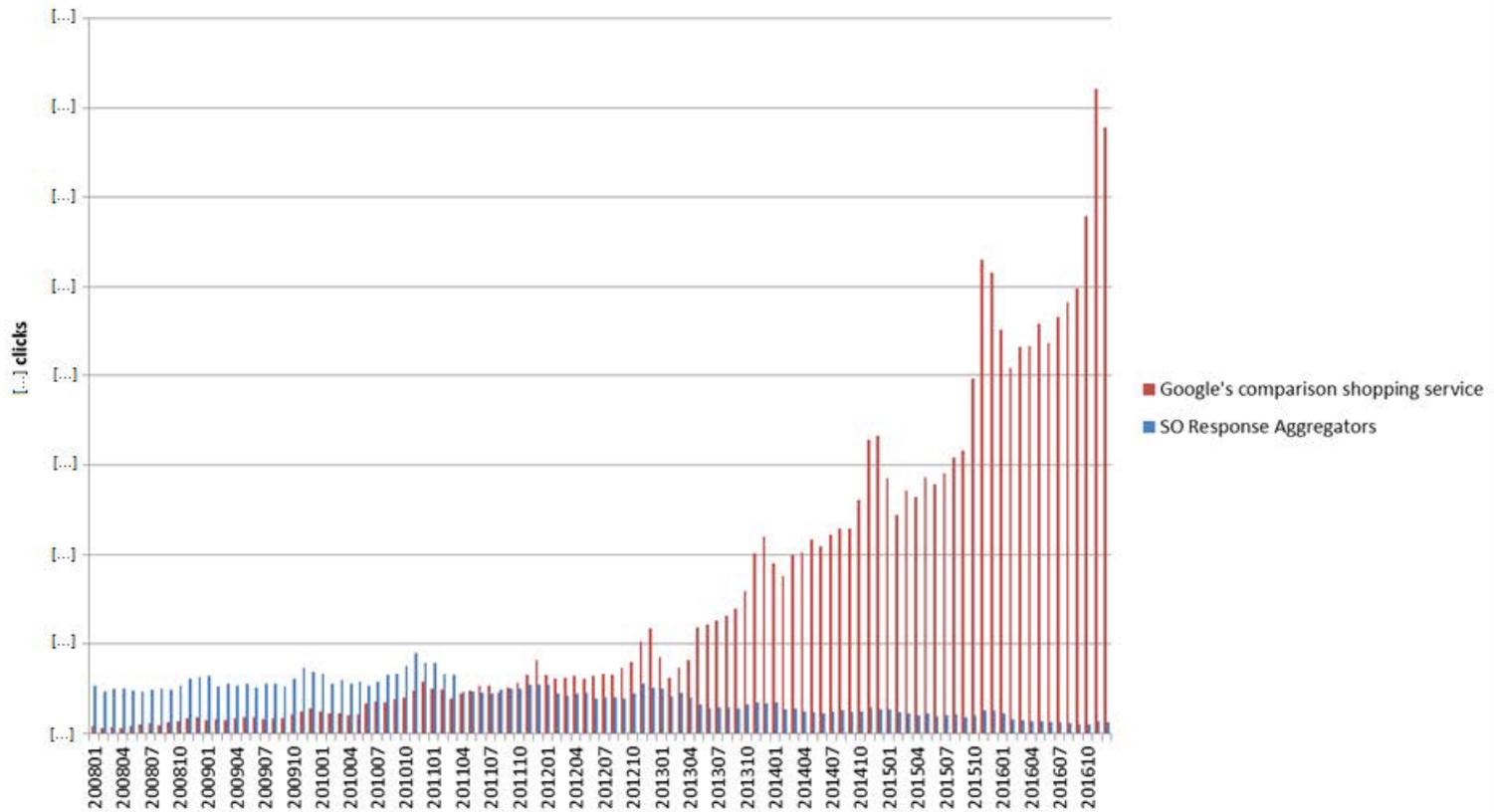
Trigger rate of Product Universal and traffic to Google's comparison shopping service - United Kingdom



Trigger rate of Commercial (Shopping) Unit and traffic to Google's comparison shopping service - United Kingdom



Traffic in the United Kingdom from Google's general search results pages to SO Response Aggregators and to Google's own comparison shopping service during the period January 2008-December 2016



Froogle *“unlikely to appear high in the search results”*

“In my opinion, Froogle isn't really a serious contender today”

“Froogle simply doesn't work”

“the generally bad reputation of Froogle”

“[t]he distance we had to come starting with Froogle”

"it would be good if we could actually just crawl our product pages and then have the[m] rank organically (...) Problem is that today if we crawl it will never rank".

"(1) [t]he [Froogle] pages may not get crawled without special treatment; without enough pagerank or other quality signals, the content may not get crawled. (2) If it gets crawled, the same reasons are likely to keep it from being indexed; (3) If it gets indexed, the same reasons are likely to keep it from showing up (high) in search results. [...] We'd probably have to provide a lot of special treatment to this content in order to have it be crawled, indexed, and rank well"

*Here is what we all agreed to: * The PS onebox [Product Universal] should trigger at the top any time the top result is from another comparison shopping engine (shopping.com, pricegrabber, nexttag [sic – Nextag], etc*

Harm to competition

- Google's comparison shopping service gained significant traffic at the expense of its rivals, not on the merits, but because irrespective of its relevance to a particular query, it was systematically positioned at the top of Google's general search results whilst rivals were demoted
- Google foreclosed competition in all 13 EEA markets concerned, becoming the market leader in these markets, in many of them by a large amount
- Consumers would rarely even see, let alone click on, rival comparison shopping services, and these were deterred from innovating because they knew that however good they are, this would be the case

No objective justification

- Not a product improvement: comparison shopping services from other companies existed before Google introduced its own product
- Google argued that consumers benefit from seeing visually-rich product-related information at the top of its general search results
- No objection to either the existence of the Shopping box at the top of the general search results nor to its format. The issue is that it is always Google's product that appears there, irrespective of its merits

Remedy

- Cease and desist: core principle - equal treatment between Google Shopping and rival comparison shopping services
- Together with a number of more detailed principles outlining what this entails
- For Google to choose how to comply as long as it abides by the core principle of equal treatment
- Monitoring ongoing