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Academic / scientific research

Google's third package of proposals differs only minimally from the second set of proposals which were soundly condemned by Commissioner Almunia as failing to end Google's anti-competitive practices and restore competition to search. This means that most of the results of the expert studies testing the second package remain valid and relevant to the third package. The overview below provides the main findings of these studies.

- I. 6 December 2013: [Review of the likely effects of Google's proposed Commitments](#), by Professors David J. Franklyn and David A. Hyman
- *Online interactive surveys of 3,500 U.K. residents during November, 2013*
 - *Commissioned by FairSearch Europe*

Similar to the findings of their expert study of 1 July 2013, Professors Hyman and Franklyn conclude that the second set of Google's proposed commitments will neither materially increase consumer attention, offer consumers meaningful choices nor restore or improve competition in the vertical search markets. The study demonstrates that it is both the size and the placement of a rival service on the search results page that determines consumer click-thru rate. In more detail, the study finds that:

- **The three rival links are unlikely to attract significantly higher rates of consumer clicks.** While the percentage of non-mobile clicks on rival links is modestly higher than the market test of Google's First Commitments (never more than 2%), that click through rates for rival links in the Second Commitments continue to lag far behind click through rates for Google's own vertical search results. Google's proposal sends up to 40 times more traffic to its own links than those of others.
- **The proposed rival link remedy is unstable.** The observed slight increases in click-through rates on rival links are easily eliminated with modest changes to the appearance of the search results page, such as the addition of a banner-strip similar to the one recently introduced in the United States.
- **Consumer confusion persists as to the difference between Google's specialised search results and other search results.** The study finds high levels of consumer confusion as to the source and type of search results and a low level of ability to correctly differentiate between paid and unpaid results, or between Google's vertical search and generic search results. In addition, the proposed disclosure statement does not effectively communicate the necessary information, i.e. whether the region in question is paid vs. unpaid, and the location and significance of the 'rival links'. The proposed language confused many respondents.

The study demonstrates also that

- **Parity of rival link presentation is easily attainable and would substantially increase consumer clicks on rival sites.** Visually rich appearance is an important component in Google's dominance. Professors Hyman and Franklyn tested several variations to determine how difficult it would be to present search results in a way that would substantially increase consumer attention and click-thru rates on rival sites. The highest degree of rival link visibility and resulting consumer attention is found when rival links are displayed in a manner that is comparable to the manner in which Google's own specialised search results are displayed. None of the Commitments achieve this objective.

II. November 2013 Price Comparison Surveys

- **November 2013: US Consumer Watchdog survey and complaint on higher prices that consumers pay on Google**
 - Read Consumer Watchdog's study here:
<http://www.consumerwatchdog.org/resources/googlereport112513.pdf>
 - Press release: <http://www.consumerwatchdog.org/newsrelease/consumer-watchdog-complains-ftc-about-deception-google-shopping-results>
- **24 November Financial Times Analysis:** Google criticised as product listing adverts push up prices by Richard Waters (San Francisco)
 - <http://www.ft.com/intl/cms/s/2/a004c830-552d-11e3-a321-00144feabdco.html#axzz2wCywZUzl>

The US consumer organisation, Consumer Watchdog and the Financial Times have both carried out separate and small surveys which indicate that consumers who rely on Google pay higher prices due to the way that Google's algorithm now operates thanks to Google Shopping.

- Comparing the featured price of 14 items featured in Google Shopping, the consumer group found that it was higher on Google in eight cases than the same item on a competing CSE like Nextag, Shopzilla or Pricegrabber.
- The Financial Times analysis found five out of every six items highlighted on a Google search were more expensive than the same items from other merchants which were list way down in the Google Shopping service. The *FT* found an average premium of 34 percent.

III. 21 October 2013: Attention and selection behaviour on "universal search" result pages based on proposed Google commitments

- [Eye tracking pilot study](#) with 35 test subjects conducted by the Institute of Communication and Media Research (IKM) at the German Sports University Cologne (DSHS),
- Commissioned by the Initiative for a Competitive Online Market Place (ICOMP)

The study illustrates an empirical approach regarding the distribution of attention and the selection behaviour on Google "Universal Search" result pages. The main findings of the study are:

- Google placed "Sponsored" Google-own page elements grab a pre-dominant amount of total visual attention.
- The "alternative search sites" even with small logos do not evoke enough visual attention to stimulate users to click on them.
- Map services cannot compete against Google because the Google Map pane and Google Images thumbnails get visual attention of users more, earlier and longer than all other page elements.
- Google Ads presented as lateral skyscraper-shaped link lists are vastly irrelevant for visual attention as well as for mouse clicking behaviour.
- The visual attention for organic links on the search engine result pages (SERPs) is negligible compared to those Google elements placed above them, enhanced with pictures. With browser windows not opened wide, organic links cannot be seen.

IV. March 2014: Settlement will Provide Google with significant Additional Revenue

- *Economic Study on the Impact by ETTSA*
- *Based on publicly available sources*

Focusing on the auction mechanism, this soon to be released study by ETTSA, representing the online travel sector, is based on publicly available sources and demonstrates the inequities of this proposed settlement. Under the auction mechanism, Google will select the three rivals to display their competing services based on a combination of the level of their bid and expected click through rates, thus maximising the revenue Google expects to make by displaying these ads. The auction winners will be those most able to pay, not the most innovative SMEs and not those providing the cheapest or best products. Moreover, new entrants are specifically excluded by the minimum traffic threshold.

So, in a sector like travel search, the remedy both fails to eliminate the abuse, but turns Google competitors into additional revenue sources for the dominant company. To substantiate this claim, ETTSA shows that for the top 20 travel sites alone Google will generate additional incremental revenue of up to 240 million euros/dollars 330 million per year thanks to the auction mechanism. Extrapolating this amount to other sectors (such as travel or car insurance or mortgages), Google will earn an additional revenue from these proposed commitments that could easily reach €1 billion annually. By creating a new revenue stream for Google, this settlement creates new abuses of dominance, and is thus worse than having no settlement at all.