IP/08/426

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Mergers: Commission clears proposed acquisition of DoubleClick by Google

The European Commission has cleared under the EU Merger Regulation the proposed acquisition of the online advertising technology company DoubleClick by Google, both of the US. The Commission's in-depth investigation, opened in November 2007 (see IP/07/1688), concluded that the transaction would be unlikely to have harmful effects on consumers, either in ad serving or in intermediation in online advertising markets. The Commission has therefore concluded that the transaction would not significantly impede effective competition within the European Economic Area (EEA) or a significant part of it.

Google operates an Internet search engine that offers search capabilities for end users free of charge and provides online advertising space on its own websites. It also provides intermediation services to publishers and advertisers for the sale of online advertising space on partner websites through its network "AdSense".

DoubleClick mainly sells ad serving, management and reporting technology worldwide to website publishers and to advertisers and agencies. Such technology allows internet publishers and advertisers to ensure that advertisements are posted on the relevant websites and to report on the performance of such advertisements.

The Commission's in-depth market investigation found that Google and DoubleClick were not exerting major competitive constraints on each other's activities and could, therefore, not be considered as competitors at the moment. Even if DoubleClick could become an effective competitor in online intermediation services, it is likely that other competitors would continue to exert sufficient competitive pressure after the merger. The Commission therefore concluded that the elimination of DoubleClick as a potential competitor would not have an adverse impact on competition in the online intermediation advertising services market.

The Commission also analysed the potential effects of non-horizontal relationships between Google and DoubleClick following concerns raised by third parties in the course of the market investigation. These relationships concern DoubleClick's market position in ad serving, where Google, by controlling DoubleClick's tools, could allegedly raise the cost of ad serving for rival intermediaries, and Google's market position in search advertising and/or online ad intermediation services, where Google could allegedly have required purchasers of search ad space or intermediation to also purchase DoubleClick's tools.

The Commission found that the merged entity would not have the ability to engage in strategies aimed at marginalising Google's competitors, mainly because of the presence of credible ad serving alternatives to which customers (publishers/advertisers/ad networks) can switch, in particular vertically integrated companies such as Microsoft, Yahoo! and AOL. The market investigation also found that the merged entity would not have the incentive to close off access for competitors in the ad serving market, mainly because such strategies would be unlikely to be profitable.

The Commission's decision to clear the proposed merger is based exclusively on its appraisal under the EU Merger Regulation. It is without prejudice to the merged entity's obligations under EU legislation in relation to the protection of individuals and the protection of privacy with regard to the processing of personal data and the Member States' implementing legislation.

More information on the case will be available at:

http://ec.europa.eu/comm/competition/mergers/cases/index/m94.html#m_4731