



Statement by Commissioner Vestager on further steps in antitrust investigations alleging Google's comparison shopping and advertising-related practices breach EU rules

Brussels, 14 July 2016

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I am here to talk about two Statements of Objections the Commission has sent to Google today. They are the latest steps we have taken in our antitrust investigations into Google's practices on European markets.

As you know, general internet search is Google's flagship product. Google provides search results to consumers, including adverts which respond to search queries. Google generates a significant part of its revenue from search adverts. And the more users that see the adverts it places, the more Google earns.

Google places adverts not only on its own websites, but also on websites of third parties that also have a search box on their sites. For instance online retailers, telecoms operators and newspapers.

The Commission considers that Google has a dominant position in providing general internet search services. It is also dominant in the placement of search advertising on third party websites. Its European market shares are above 90% and 80%, respectively.

Dominance is not a problem under EU competition law. However, it is illegal to abuse a powerful market position by restricting competition, either in the market where the company is dominant or in neighbouring markets.

The Commission has investigated two different aspects of Google's search-related practices: One directly concerning consumers and the other advertisers. One concerns search and the way in which Google has sought to use its dominant position in internet search to maximise traffic to its own comparison shopping service. The other relates to the placement of search adverts and how Google has limited the ability of competitors to place search adverts on third party websites. It is our preliminary view that both aspects break EU competition law.

Supplementary Statement of Objections in comparison shopping case

The first case concerns Google's comparison shopping service. Today, we have taken a further step by adopting a supplementary Statement of Objections.

We issued a Statement of Objections in that case in April 2015 and Google replied last August. Since then, we have looked at Google's substantial reply in detail, and we've carried out further investigations.

Those investigations have turned up new evidence, which reinforces our initial view that Google abuses its dominant position by favouring its own comparison shopping service. It strengthens our case.

For example, we gathered additional data that confirms that in response to product-related queries, Google's comparison shopping product is systematically displayed prominently at the top of the search results. And this happens no matter whether it is the most relevant response to the query.

We now have more evidence to show how important prominent display on Google's search result pages is to a website's traffic. This idea was challenged by Google in its reply. We have done further work that shows that visibility and traffic are two sides of the same coin. For many, that seems to be common sense. Now we have further evidence on file to back it up.

In addition, we have examined in detail Google's response that its comparison shopping service also faces competition from merchant platforms like Amazon and eBay. The facts unveiled by our investigation do not support this. Merchant platforms are in a different market – in fact, they are customers rather than competitors of comparison shopping services. But today's Supplementary Statement of Objections also explains that even if there was one big market where comparison shopping sites and merchant platforms all competed with each other, Google's actions would still have harmed competition.

By sending a supplementary Statement of Objections the Commission has further strengthened our

preliminary conclusion. We believe that Google's actions have harmed consumers, who get the results that Google wants them to see, not necessarily the ones that are most relevant. And we believe that Google has held back innovation, because rivals knew that however good their service, it would never be as visible as Google's.

At the same time, the supplementary Statement of Objections protects Google's rights of defence by giving the company an opportunity to reply to the new evidence. As you probably know, the Commission has sent supplementary Statements of Objections also in several previous antitrust cases, including against Microsoft and Intel, to follow-up the issues that had come out of replies to the initial objections.

Statement of Objections in AdSense case

The second Statement of Objections issued today deals with Google's practices in relation to the placement of search advertising on third party websites.

Large websites such as those of online retailers, telecoms operators, or newspapers often offer a search box on their site.

To find advertisers for the search results page, third party websites typically use an intermediary, such as Google. It's a service that Google calls "AdSense for Search". We believe Google is the dominant provider of this type of service, with market shares in Europe of about 80% over the last ten years.

This is an important market. A company that wants to get into the business of providing search adverts obviously can't sell its services to a search engine like Google, which provides its own search adverts.

So providing search adverts to these third party sites is a vital way in to the market.

Today's Statement of Objections takes issue with Google's contracts with the largest third party websites. It sets out our preliminary view that for the last ten years, those contracts have restricted third party websites' ability to get search adverts from Google's competitors.

Some of those contracts included exclusivity clauses, which stopped third party websites getting adverts from other providers. More recent versions required third party websites to take a minimum number of ads from Google and reserve the most prominent - and profitable - space on the page for adverts that came from Google. Google also stopped the sites from putting rival adverts next to or above Google's. Finally, the contracts required third party websites to get Google's agreement on how to display competitor adverts on its page on the limited place left for competitors adverts.

We believe that these restrictions allowed Google to protect its very high market shares for search advertising. They hindered competition and they stifled choice and innovation, to the detriment of consumers.

Recently, in the course of the antitrust proceedings, Google has decided to give third party websites more freedom to display competing search ads. We will keep a close eye on that, to see what effect the changes will have on the market.

Next steps

In terms of next steps, Google now has the opportunity to reply to both Statements of Objections. It can also request to state its case at an oral hearing. I will carefully consider Google's arguments before deciding how to take both cases forward.

As well as these cases, we are still looking at whether Google favoured its own services in other specialised areas, like travel and local search.

We're also looking at complaints from news publishers and image providers on how Google uses their content. Those issues are also relevant to the Commission's on-going work on copyright reform in the context of our Digital Single Market project led by my colleague, Andrus Ansip.

And we're also waiting for Google's reply to the Statement of Objections on Android, which we issued in April this year. Google has requested some more time for its reply, which is now due in early September.

Google is a company that has come up with some incredibly innovative products. Products that have changed people's lives for the better.

But that doesn't give it the right to deny others a fair chance to compete and innovate.

So if the evidence shows that Google has broken the competition rules, we have a duty to act. So that European consumers and businesses have a wide choice of innovative products in the future.