

Google, '.. be evil'

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international / prose / post

Overnight, the European Commission filed a complaint against the internet giant following a five-year investigation into how the company operates. The result could lead to billions of dollars in fines and change the way everything from booking flights to mobile software works in Europe.



ALLEGATIONS OF ABUSE

The European Commission alleges Google has been abusing its power as the dominant search engine by favouring their own services at the top of results, squeezing out competitors and stifling innovation.

It works like this: When someone in Europe searches for a flight from London to Paris they get paid ads at the top of the page which are clearly marked, then a list of 'organic' search results below.

Only they're not as organic as you might think. The Commission thinks Google is ranking its own services like Google Flight above competitors like Expedia or Tripadvisor, saying: it is "systematically favouring its own comparison shopping product in its general search results pages."

After years of talks between Microsoft, Oracle, Tripadvisor and Expedia failed to solve the issue an inquiry has been launched. It will initially cover shopping but could be expanded to look at travel and reviews and pose a threat to the digital ads that are one of Google's most lucrative revenue sources.

PHONES UNDER FIRE

At the same time, an investigation is also underway into the way Google uses Android software to promote its own services.

The company began giving away Android to phone and tablet makers in 2008 to counter the runaway success of the iPhone. It was rapidly picked up because it was free to use, however it was also a big win for Google as it was designed to feature other services like Maps, Gmail and YouTube which gave the company an opportunity to sell more ads.

While phone and tablet makers don't have to use Android as Google wants them to, European officials are investigating whether those who deviate from the design are penalised.

Google has denied doing anything wrong, saying they simply want to give people results in the best way possible. They also said people like the bundling of services which is backed up by the fact their map service became a top app download when it was dropped from the iPhone's built-in service in 2012.

In a lengthy blog post following the allegations the company's vice president Amit Singhal said Google is facing more competition than ever and they "strongly disagree" with the EU case.

The company has 10 weeks to respond and said they "look forward to making our case".

BULLY OR JUST TOO GOOD?

The investigation has ignited debate over whether Google is a bully squeezing out rivals or is just too successful for its own good.

University of Nantes lecturer Olivier Ertzscheid said while Google might have once been a search engine it now provides an "ecosystem of services."

"Companies on the internet have no other model than to put their own services first" he said, adding that the complaint was like criticising a supermarket for not mentioning rivals in store.

"The problem is one of transparency: when you go onto Google you are not necessarily aware there are competitors."

However EU Competition Commissioner Margrethe Vestager said Google's dominance in Europe, where it accounts for 90 per cent of searches, means it has a responsibility not to squash innovation.

"It is not based on the merits of Google Shopping that Google Shopping always comes up first ... Dominant companies have a responsibility not to abuse their powerful market position."

There are also concerns about the secret algorithm Google uses to generate search results. The chair of consumer protection group UFC-Que Choisir Cyril Brosset said in the past companies have noticed changes to the algorithm can see traffic drop by 30 per cent.

"One hopes that Google modifies its algorithm in the interest of consumers, but its competitors fear they use it to lower the ranking of other price comparison sites."

He said people need to remember Google is not the internet but a way to access content.

"Google makes its rankings and it isn't always neutral."

BIG BUCKS AT STAKE

If Google is found to have been breaking the law in the 28-member European Union it could cost them billions.

The EU can impose fines of 10 per cent of annual revenue — around \$7.7 billion in Google's case — and force the company to overhaul its system for recommending websites in Europe.

But it doesn't necessarily mean things will change in other places. In the US in 2013 the Federal Trade Commission settled an antitrust investigation into the company without it having to make

major changes. Consumer watchdogs now want them to take another look.

(Liedtke reported from San Francisco. AP writers Brandon Bailey in San Jose, California and Mae Anderson in New York contributed to this story.)

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