

PAYDAY LENDING MARKET INVESTIGATION

Summary of response hearings with Google held on Wednesday 30 July and Tuesday 19 August 2014

Background

1. Google's search results page comprises two elements: (i) advertisements (ads) and sponsored content that respond to relevant search terms and which are always labelled with the words "ad" or "sponsored" and for which Google receives payment when a user clicks on that AdWords advertisement or sponsored content; and (ii) organic search results, which are not labelled "ad" or "sponsored" and for which Google does not receive payment. When a user searches, Google's search algorithms use the query to provide an "organic" ranked list of relevant websites. Simultaneously, in a completely separate process, and using a different algorithm, Google places relevant advertisements in a space that is visually separated from the organic search results. It is irrelevant for the purposes of determining organic search ranking whether or not a site or operator of a site has separately paid for advertisements. Google's algorithm is dynamic and the ranking of pages can change by the minute in some cases.

AdWords

2. Google's ads policies is one of Google's top priorities because it needs to ensure that the advertisements it shows to users are safe, relevant and of a high quality. Google reviews advertisements using both automated and manual means, and has a large team of reviewers across the world.
3. Google has different policies for its AdWords (paid search) and organic search activities. It has a (global) AdWords policy, referred to as a 'Consumer Advisory', relating to payday lending, which it introduced in 2011 in response to concerns about consumer awareness of lending alternatives and options. This policy is published on its AdWords policy centre, which contains the rules governing AdWords. Under this policy, Google restricts advertisements relating to payday lending from appearing in response to a user search unless the search contains the words "payday loan" or payday loan related terms. If a consumer searches using general lending related terms, they would not see advertisements for payday lending. A consumer would have to search for them specifically.

4. Google's AdWords policies are researched, developed and reviewed by a number of internal teams, including its product management and engineering teams. Sometimes Google seeks the opinions of advertisers about advertising policy changes during the research phase. As soon as a policy is agreed it is pre-announced on Google's AdWords policy centre in the change log.¹ This allows advertisers to view new policies which might have an impact on them, enabling them to take any necessary steps to ensure they are compliant with that policy. At some point thereafter, Google will publish and start enforcing the policy. In some instances Google also notifies advertisers affected by policy changes by email. Google encourages advertisers to check the policy change log frequently, to ensure they remain aware of relevant changes, including matters that it would be impracticable for Google to e-mail to all advertisers.
5. Advertising on AdWords is not the only way to market price comparison websites. There are many other ways that consumers become aware of and locate price comparison services (including via Google's organic search results).
6. Google explained that a general price comparison website could create a separate payday lending price comparison service (using a separate subdomain) and advertise that using payday lending terms, while simultaneously allowing the rest of the site to be advertised in AdWords using non-payday lending related terms. Google explained that the subdomains would need to be separate for technical reasons ([X]). If a single domain (or subdomain) contained both payday lending and non-payday lending content, Google's systems would generally view it as a payday lending site. Google agreed to give further consideration to the CMA's remedy proposal relating to the accreditation of price comparison websites and to the CMA's query as to whether any suggested wording to identify lead generator websites could be reflected in Google's consumer advisory match.

Organic search

7. With regard to its organic search, Google's Webmaster Guidelines set out the principles it applies when ranking sites in response to a user's query. A number of the guidelines related to behaviour which Google referred to as web spam, essentially efforts by websites to artificially manipulate their position in Google search. In some cases websites bought links specifically for the purpose of attempting to improve their Google ranking. Google noted that there had been a larger than normal amount of manipulation of its search results by sites engaged in payday lending or ranking for queries like payday

¹ https://support.google.com/adwordspolicy/topic/3230816?hl=en&ref_topic=1308156

loans. If Google noticed that companies had artificially increased their ranking, it reserved the right to intervene and adjust their rank downwards to negate the effect of any artificial manipulation. Google's Webmaster Guidelines are agnostic as to the subject matter of a webpage in general. For example, it does not have any guidelines about payday loans.

8. Google's organic search algorithm was designed to identify which websites users found most useful and rank them accordingly. Google noted that an extended warranties comparison website had recently been launched following an OFT investigation. This site was clear and well designed. In practice, this site appeared at the top of relevant search results. If a Government body launched an accredited price comparison website in relation to payday lending and it was well designed and useful to consumers, it would similarly be likely to rank well.