

**MARKET STUDY OF
DIGITAL COMPARISON TOOLS**

**RESPONSE BY GOOGLE
TO CMA STATEMENT OF SCOPE**

December 6, 2016



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Response to CMA Statement of Scope

This submission is made by Google Inc. (“Google”) in response to the Statement of Scope published by the Competition and Markets Authority (the “CMA”) on September 29, 2016, in relation to its Market Study of Digital Comparison Tools (“DCTs”).¹ As explained further below, Google has only limited activities in this area. Google has therefore focused its response on those aspects of the Statement of Scope that are relevant to its activities.

I. SUMMARY

1. As part of its search service, Google offers functionality that allows users to search for and compare flight information, called Google Flights. Google does not offer any other digital comparison tools within the scope of the Market Study.² This submission is therefore limited to flights.
2. Google Flights allows users to search for information on flights using a range of different criteria. The information is ordered by relevance, and users can refine and sort the results in different ways according to their own preferences. Google displays ads only once a user has selected a particular flight. Google Flights is offered to users free of charge.
3. Competition in the sector is vibrant. There are a large number of providers offering DCTs in the travel sector, and a variety of ways for DCTs to attract users. In many cases, DCTs have achieved strong brand recognition and run high-profile marketing campaigns.
4. In Google’s experience, DCTs in the travel sector have no difficulty attracting sufficient providers (airlines and travel agents) to create an attractive customer proposition.

II. GOOGLE FLIGHTS

5. Google offers a general search service, which allows users to search for all types of information, including information about flights. Users can begin their search by submitting a query on the Google search page (e.g., “Flights London to New York”) or from a page dedicated to showing only flights information (the Google Flights page).³
6. If a user enters a query about flights on Google, Google may display a Flights Unit showing relevant information directly on the search results page. The Flights Unit appears in addition to AdWords ads (which may include ads for airlines, online travel

¹ This document contains confidential business secrets protected from disclosure under Part 9 of the Enterprise Act 2002.

² From 2011 until March 2016, Google also offered a price comparison service for consumer finance services, called Google Compare. See: <https://www.google.co.uk/compare>

³ The Google page dedicated to flights in the UK is at: www.google.co.uk/flights

agencies, and other comparison services) and Google's free search results.⁴ An example is shown at Annex 1.

7. If the user clicks on an entry on the Flights Unit or on the "more Google flights results" link, a Google Flights page appears. This typically provides a longer list of results, and it provides more detailed information about the available flights than can be shown in the Flights Unit. It also allows users to refine their search (e.g., using a maximum price, limiting results to particular times of day, or limiting the results to particular class of travel), and re-order the results according to different priorities. An example is shown at Annex 2.
8. Once a user has selected a flight on the Google Flights page, they are provided with options for booking tickets for that flight. These may include the airline itself and online travel agents. An example is shown at Annex 3. By clicking on one of these providers, the user is directed to the provider's website, where they can book tickets. In the case of some airlines, it is also possible to book a ticket via Google, using the Book on Google functionality.

III. BUILDING USER TRUST

9. The CMA recognizes that DCTs "*can increase competition and offer significant benefits to consumers – allowing them to make better, more informed choices.*" The Statement of Scope also notes that "*a range of possible concerns have also been raised in relation to the DCT sector. These include concerns relating to how DCTs compete and with consumer trust.*" In particular, the CMA is concerned that consumers may not trust the way some DCTs display and compare offers, and that providers (i.e., advertisers) influence the way products are presented.⁵
10. Google has sought to develop its service in ways that engender consumer trust.⁶ Google designs its results, including those in the Flights Unit and on the Google Flights page, to be as clear and user-friendly as possible and to present users at all times with the most relevant information.
11. In ranking flight results, Google uses algorithms that display the most relevant offers according to the criteria selected by the user.⁷ Google allows the user to control the way results are arranged depending on that user's preferences. For example, users are able to sort results according to their preferred class of travel, numbers of stops/connections, maximum price, airline, or time of day.
12. Google Flights also allows users who are not ready to book a flight at that time to track airfares for a route or flight, and will alert the user if Google expects the price to increase.⁸

⁴ The results shown in the Flights Unit are ordered purely by relevance. Google does not receive any revenue for displaying these results or for users' clicks on the Unit.

⁵ CMA Statement of Scope, paragraphs 1.1, 1.2 and 2.4.

⁶ See, for example, Google's Information Submission to the OFT in *Google/Beatthatquote*.

⁷ The prices offered and displayed are set by the airline or travel agent. Google has no involvement in setting the prices offered.

⁸ See: <https://support.google.com/flights/answer/6235879?hl=en>

13. Google also makes clear to users where results may involve a commercial arrangement. For example, Google clearly labels the Flights Unit on the search results page with “Sponsored” (see Annex 1). Any ads shown on the Google Flights page are clearly identifiable as such (see at the bottom of Annex 2) and, once a return flight is selected on that page, the “Book with” options are labeled “Ads” (see Annex 3). As with all Google ads, users are made aware that, although the ranking of the Google Flights results displayed is determined by relevance, it may also be impacted by a commercial relationship between the provider and Google.

IV. COMPETITION AND BRAND AWARENESS

14. Competition among travel DCTs is vibrant. There are more than 30 DCTs offering price comparison services for flights.⁹
15. The Statement of Scope states that that DCTs “*typically attract consumers to their websites either directly by promoting their brands through advertising or indirectly by being listed in search engine results.*”
16. There are many ways for travel search services to attract users and generate brand-awareness, including social media advertising, online display ads, mobile advertising, television, radio, newspapers and magazines. DCTs are usually offered free of charge to the user, allowing them to switch between providers easily, and encouraging users to multi-home.
17. Some providers have sought to develop strong brand recognition as a way of attracting users. The companies below, for example, all have widely recognised brands and make significant investment in advertising and marketing both online and offline.
- **KAYAK** is a fare aggregator and travel search engine, offering services in 18 languages. KAYAK engages in a range of high-profile marketing, including TV and YouTube advertisements. It also sponsors Channel 4’s coverage of the 2016 FIA Formula 1 World Championship.
 - **Expedia**, which claims to be the world’s largest online travel agency, engages in high-profile marketing, including TV advertising. In 2012/13, Expedia was the official sponsor of FA Premier League referees. In 2014, its parent company Expedia Inc. spent \$2.8 billion on marketing, four times its investment in technology.¹⁰
 - **Lastminute.com** is an online travel and leisure retailer, which also offers a flight comparison service. In 2013, Lastminute.com announced that it would refocus its business around spontaneous bookings and launched its *Love Living Lastminute.com* ad campaign, which included a TV, print, and social media campaign. This year (2016), Lastminute.com is sponsoring ITV’s “X-Factor.”¹¹
 - **Skyscanner** is a global travel search engine, offering flight searches in more than 30 languages. Skyscanner significantly increased its marketing

⁹ See, for example: <http://alternativeto.net/software/skyscanner>

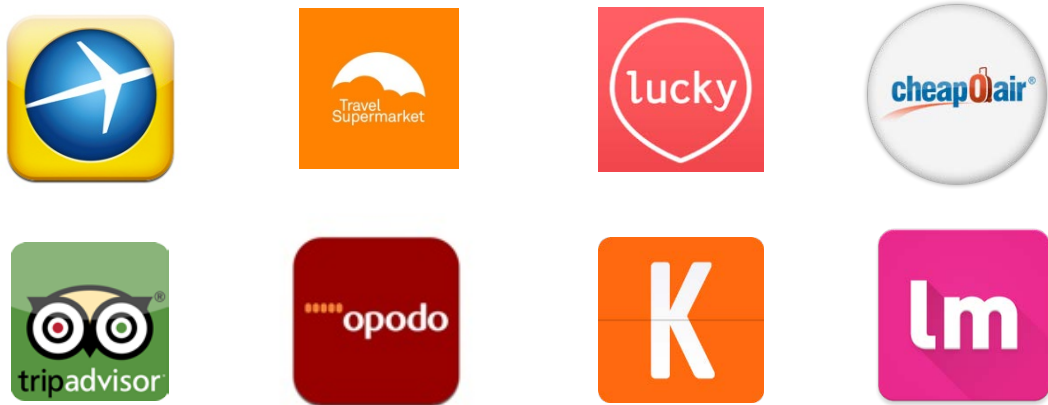
¹⁰ <https://www.tnooz.com/article/expedia-marketing-technology-spend-2014/>

¹¹ <http://www.thedrum.com/news/2016/09/07/it-s-official-lastminute-com-has-x-factor-sponsorship>

investment from 2014, when it launched its first (multi-million pound) TV campaign and hired three new senior members to its marketing team, intended to make it the “number 1” travel search site.¹²

- **TripAdvisor** is a travel website providing reviews of travel-related content, including a flight search and comparison service. TripAdvisor focuses on user-generated content, social media and mobile digital to position itself in the market.

18. As the CMA recognises,¹³ travel search services also offer downloadable apps. Consumers are therefore able to access DCTs without using an internet browser and without using an internet search service. Examples include: KAYAK, Expedia, lastminute.com, TripAdvisor, CheapOair, Lucky, Opodo, and TravelSupermarket.



V. ABILITY TO ATTRACT ADVERTISERS

19. The Statement of Scope states that a DCT has to be able to offer a range of products to be attractive to users.¹⁴ In Google’s experience, it is relatively easy to attract airlines and travel agents to advertise via travel search services.

- Advertisers typically pay DCTs depending on whether (and how many) users click on one of the products offered. Advertising on a DCT is therefore low risk.
- There is very little incremental cost for a provider to advertise on multiple DCTs.
- Advertising on multiple DCTs is an easy way to reach a greater number of potential customers. In Google’s experience, airlines and travel agents generally do advertise on multiple sites.
- By advertising on a DCT, providers also benefit indirectly from the marketing efforts of the DCT itself.

¹² <https://www.marketingweek.com/2014/01/29/skyscanner-steps-up-marketing-to-become-number-1-travel-search-site/>

¹³ Statement of Scope, paragraph 5.21.

¹⁴ Statement of Scope, paragraph 3.11.

- Many DCTs enter the marketplace using white-label solutions, giving them a ready-made solution, without the need to develop provider relations from scratch. Examples include Skyscanner¹⁵ (which powers more than 60 partner sites, including Go Compare and MSN Travel), Dohop¹⁶ and WAN Travel.¹⁷

20. In any event, a DCT does not need to have comprehensive coverage of all available flights in order to be attractive to consumers. Consumers shop-around for the best offers on flights, and frequently multi-home. For example, the OFT recognised that users of travel search services are prepared to multi-home, based on consumer research carried out in the context of its hotel online booking investigation.¹⁸

VI. CONCLUSION

21. Google seeks to offer users an attractive proposition, providing relevant results that users can trust. It has designed its service to be as clear and user-friendly as possible.

22. Competition among travel DCTs is vibrant, including large competitors with significant brand presence, and many examples of recent new entry. DCTs attract users in a wide variety of ways, and users can switch easily between providers to find the best offer.

23. Google would be happy to provide any further information that the CMA may find useful.

¹⁵ <http://en.business.skyscanner.net/>



¹⁶ <http://whitelabel.dohop.com>

¹⁷ <http://support.wan.travel/hc/en-us/articles/200300505-White-Label>

¹⁸ See, for example, Annexe 3 to the OFT's 2014 decision to accept commitments.

ANNEX 1

Google Flights Unit

flight london to seoul  

All Flights News Maps Images More Search tools

About 11,100,000 results (0.48 seconds)

Seoul Flights - Book your Flight from £458 - KLM.com
Ad www.klm.com/gb/Seoul
Flights from London!
24hrs to change your mind · No booking fee · 24/7 social media service · Number 1 in punctuality
Ratings: Experience 9/10 - Ease of booking 9/10 - Service 9/10 - Check-in & boarding 9/10
KLM Economy Comfort Non-Stop to Amsterdam
Book Directly Online KLM Travel Guide

Flights To Seoul - Great prices you won't find online - DialAFlight.com
Ad www.dialaflight.com/
One quick call. All the answers!
Surprising savings · Calls answered in 5 sec · See the world for less · Free advice. Call now
Asia sightseeing · Asia hotel offers · Asia tours · Asia car hire

London to Seoul Flights: Book Flights from LHR to ICN - Expedia.co.uk
Ad www.expedia.co.uk/Fly-From-London
Compare & Pick From 400+ Airlines. Book Your Flight w/ Expedia Today!
Direct Flights · Search Cheap Flights · Round Trip Flights · One Way Flights

Flights to Seoul - Book Your Flight Now - skyscanner.net
Ad www.skyscanner.net/Flights/Seoul
Airlines, Dates and Prices in One Go. Search, Compare & Book Now!

Ads

Flights from London (all airports) to Seoul, South Korea (all airports) Sponsored ⓘ
www.google.co.uk/flights

London (all airports) Seoul, South Korea (all airports)

Tue, 15 November Tue, 22 November

Non-stop	British Airways	10h 55m	from £809
	Korean Air	10h 55m	check price
Connecting	Multiple airlines	10h 55m+	from £455
	KLM	12h 50m+	from £458
	Other airlines	13h 0m+	from £459

[More Google flight results »](#)

Flights Unit

Flights from London to Seoul with Skyscanner.net
<https://www.skyscanner.net/routes/lond/sela/london-to-seoul.html>
London to Seoul. £345 was the cheapest return price from London to Seoul last month. Seoul is served by 2 airports. London to Seoul is 5,495 miles. The average flight time from London to Seoul is 10h 45min. The most popular airline flying from London to Seoul last month was Korean Air.

Flights to Seoul from £316 - Seoul flights with Skyscanner
<https://www.skyscanner.net/flights-to/sela/cheap-flights-to-seoul.html>
Flights to Seoul. We compare all major airlines and travel agents for cheap Seoul flights. Search and Save now at Skyscanner.net.

Cheap Flights to Seoul | Expedia
<https://www.expedia.co.uk> › Flights › Asia › South Korea
Expedia.co.uk offers cheap flights to Seoul. Find flights to Seoul on Expedia and get the best solutions for your travel ... LHR London to ICN Seoul £417⁵¹.

Free Search Results

ANNEX 2

Google Flights Page

Round trip One way Multi-city
Economy 1 adult

London (all airports) + Seoul (all airports) +

Tue, 15 November ← → Tue, 22 November ← →

Stops ▼ Price ▼ Airline ▼ Times ▼ More ▼



Choose an outbound flight
 Sort by price + best ▼

Prices round trip. [Additional bag fees may apply.](#)

Track prices [Learn more](#) OFF
 Receive emails with price changes and travel tips for this trip.

Best flights [Learn more](#)

£455 round trip	17:50 – 15:40 ⁺¹ KLM	12h 50m LHR-ICN	1 stop 1h 15m in AMS
£459 round trip	09:40 – 08:00 ⁺¹ Air France	13h 20m LHR-ICN	1 stop 1h 15m in CDG
£669 round trip	12:55 – 08:50 ⁺¹ British Airways	10h 55m LHR-ICN	Non-stop
£763 round trip	18:50 – 14:45 ⁺¹ Korean Air	10h 55m LHR-ICN	Non-stop
£431 round trip	21:00 – 15:20 ⁺² China Eastern	33h 20m LHR-ICN	1 stop 20h 00m in PVG
£431 round trip	21:00 – 17:25 ⁺² China Eastern, Shanghai Airlines	35h 25m LHR-ICN	1 stop 22h 20m in PVG
£462 round trip	17:50 – 15:40 ⁺¹ KLM, Cityjet - Air France	12h 50m LCY-ICN	1 stop 1h 20m in AMS
£464 round trip	07:25 – 10:25 ⁺¹ Alitalia	18h 00m LHR-ICN	1 stop 4h 05m in FCO
£494 round trip	17:40 – 15:55 ⁺¹ Korean Air, Air France	13h 15m LHR-ICN	1 stop 1h 10m in CDG
£498 round trip	20:25 – 21:45 ⁺¹ Air China - Virgin Atlantic	16h 20m LHR-GMP	1 stop 4h 05m in PEK
£705 round trip	Airline tip: Fly with Vietnam if you leave on Wed, 16 Nov and return on Mon, 21 Nov Depart 1 day later, return 1 day earlier		

Show 170 longer or more expensive flights

Ads Bravofly Opodo CheapOair Expedia


ANNEX 3

Providers Offering Selected Flight

Round trip	One way	Multi-city	Economy	1 adult
London (all airports)	+	Seoul (all airports)	+	
Tue, 15 November	◀ ▶	Add a return date		


One-way flight



Tue, 15 Nov	 09:00 – 20:20 London (LHR) – Abu Dhabi (AUH) Etihad 12 · Economy Class · Airbus A380 Average legroom (79 cm)	7h 20m Wi-Fi In-seat & USB power On-demand video
	Layover in Abu Dhabi AUH	2h 00m
	 22:20 – 11:55⁺¹ Abu Dhabi (AUH) – Seoul (ICN) Etihad 876 · Economy Class · Airbus A340 Average legroom (79 cm) Overnight flight	8h 35m Wi-Fi In-seat & USB power On-demand video

 **Book, track or share this flight** Ads

Total incl. taxes & fees for 1 adult · [Additional bag fees](#) may apply.

Book with Etihad	£433
Book with Expedia	£433
Book with eDreams	Check price
Book with Bravofly	Check price

Track price
Receive emails with price changes and travel tips for this trip. [Learn more](#)  Track price

Share this itinerary  Send to yourself  Share