



kelkoo Ciao! leGuide... MIKINGO webmarchand pagneprezzi koopkeus
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KELKOO GROUP'S RESPONSE TO THE CMA'S MARKET STUDY ON MOBILE ECOSYSTEMS

1. About Kelkoo Group

Kelkoo Group is a comparison shopping service (CSS) operating in 41 markets, including the UK. Headquartered in London Victoria with 75 staff in the UK and 233 globally, Kelkoo Group consists of three brands (Kelkoo, LeGuide and Ciao) which, at their peak, were valued at around £1bn. As a hugely successful company and a market leader in shopping comparison, we helped a vast number of consumers in and outside the UK to make great shopping choices and helped online retailers to reach those consumers.

However, our business was taken to a cliff edge by Google's abusive behaviour in the Comparison Shopping and search advertising markets. Using its overwhelming dominance in search, *Google* promoted its own CSS and excluded competitors like Kelkoo from its general search results through multiple algorithmic changes; alongside this, it used its dominance in search to monopolise search advertising both on its own site and on publisher sites. As a result, consumers could no longer find Kelkoo's site or services like ours, and we were prevented from getting shopping content to publishers through search advertising deals. Competition in shopping comparison and search advertising was decimated, leaving consumers poorer and Kelkoo and others struggling for survival.

Kelkoo is a prime example of how Google's ownership and power over the Internet has harmed small businesses and killed off competition. Leveraging its own operating system, Google has created a mobile ecosystem which includes Android, Play Store, Chrome, Search, Maps and more. The following two quotes succinctly sum up Google's anti-competitive strategy in the mobile ecosystem:

"Google has used Android as a vehicle to cement the dominance of its search engine".

European Commissioner Margrethe Vestager

https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_18_4584

"Google is the gateway to the internet and a search advertising behemoth. It has maintained its monopoly power through exclusionary practices that are harmful to competition."

U.S. Deputy Attorney General Jeffrey Rosen

<https://www.cnbc.com/2020/10/20/doj-antitrust-lawsuit-against-google.html>

And more recently, the case filed by a group of bipartisan US attorney generals over Google's control of Play Store speaks volumes. It's clear that Google's monopoly power over the Android mobile ecosystem is a growing concern among global regulators. The Verge's (a US technology news site) investigation into how default mobile apps compete against other developers reveals that the majority of apps people use on their phones in the US come preinstalled by either Apple or Google.

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“Still, the report points to the power platform owners have over what apps are used on their devices. It’s not just the app stores that serve as gatekeepers, but the phones themselves.”

<https://www.theverge.com/2021/7/7/22549338/apple-google-apps-comscore-study-facebook>

2. Contact details

Steve Thomas, General Counsel, Kelkoo Group

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We would be more than happy to provide further insights if required.

3. Kelkoo Group’s overarching view

We welcome the CMA’s market study into Apple and Google’s mobile ecosystems as a key first step. For the purposes of this response, our focus will be on Google. Its reaction to this market study is telling: A Google spokesperson said: *“Android products provide users with “more choice than any other mobile platform in deciding which apps they use” and enables developers and manufacturers to “build successful businesses.”*

This attitude sums it up; the fact is that consumers are locked into Google’s mobile ecosystem and their choices are often made for them without them realising it. A recent comment from Kent Walker, Google’s SVP of Global Affairs, highlights Google’s mischaracterisation of the issues: *“...people don’t use Google because they have to, they use it because they choose to.”* Where Google sets the defaults, there is often no choice made at all.

Mobile traffic/clicks represent a significant and growing proportion of internet traffic generally, and the same is true of Kelkoo’s business in the UK in volume terms. A probe by The Markup (an investigative technology news site) found that 41 per cent of the first results page of Google search results on mobile devices is devoted to its own properties, rising to 63% of the first page (without scrolling) and with 20% of first pages containing no third party results at all (Source: <https://themarkup.org/google-the-giant/2020/07/28/google-search-results-prioritize-google-products-over-competitors>). This is just one area in which Google’s repeated self-preferencing behaviour can have even greater impact in mobile.

It is therefore vital that consumer choice is preserved at all levels in the ecosystem and at all times – whether on device setup or any time thereafter, consumers must be given choices to make between a range of competitors and must be able to revisit those choices whenever they like.

3.1 ‘The key facts’

Fact: The competition issues created by Google on desktop are exacerbated on mobile and its monopoly power is further entrenched

Fact: Google uses Android to consolidate its mobile search advertising monopoly

Fact: Google’s super-dominance in search is reinforced by the fact it is the default search engine on Android with search queries funnelled through its Chrome browser

Fact: Google owns, and controls search access points and distribution channels on mobile

Fact: Google’s monopoly status allows it to leverage its real estate on mobile to the detriment of competitors

Fact: With over 90% market share on search across Europe, Google has unparalleled power to affect the decisions of consumers; it is a master at shaping consumer behaviour – and the default issue becomes even more important.

Fact: Google’s closed app-based mobile ecosystem prevents consumers from easily switching away due to a psychological lock

Fact: Google extracts all of the value and hampers competitors’ ability to compete; as competition decreases advertising costs drive up and ultimately consumers pay the price, literally

Fact: Google’s mobile ecosystem allows it to offer a more precise search function to consumers through geolocation and local advertising inventory, to the detriment of competitors

Fact: Google even influences how retailers define their KPIs with many moving away from a return on investment KPI to Return on Advertising Spend.

Fact: Google chooses which mobile search data it shares with competitors

We welcome the proposed scope of the market study and themes. From our perspective, the two most relevant ones are ***Theme 1 competition in the supply of mobile devices and operating systems*** and ***Theme 3 competition in the supply of mobile browsers and browser engines***. Our concerns in relation to these have been outlined above.

We would like to highlight the issues identified in paragraphs 100-103 of the statement of scope. Google uses a plethora of techniques to entrench its market power in search, display and search advertising. Examples are default settings and pre-installation of browsers and other apps on mobile phones (see paragraphs 100, 132), self-preferencing (paragraph 102), exclusion of competitors (see paragraphs 102, 134), interoperability between Google’s products and services while restricting access or functionality for advertisers or competitors (paragraph 102, 134) in order to entrench its market power in search and search advertising.

Additionally, we welcome the resource and expertise of the Digital Markets Unit being leveraged as part of the market study. Digital markets are fast moving and having the expertise to keep ahead of technological developments is key to success.

4. Recommendations

4.1 Include Vertical Search in the market study

Google’s market power in the supply of browsers and browser engines enables it to undermine competition and reinforce its market power - via abusive practices - in specialised search services and adtech services. As to specialised search, Google’s abuse is not limited to Shopping, but has spread to other verticals like local, flights and hotels and investments/banking.

We know that competitors to Google in these other verticals worry that the principles of the “Shopping” remedy will be applied in the markets that they attempt to compete in with Google, and the abusive practices can have an even more damaging effect on mobile traffic (for the reasons outlined above).

Because Google is so dominant, other websites rely on it for traffic. As such we strongly recommend that vertical search is included in the scope of the market study.



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5.0 Potential outcomes and remedies

We broadly support your proposed interventions however, as evidenced by the failed remedies in the European Commission's Google cases, effective enforcement is a prerequisite. We agree with interventions that limit platforms' ability to exercise power, interventions to promote interoperability and common standards and Consumer choice remedies. However, we don't believe separation remedies per se will solve the problem, particularly in markets which have already tipped in favour of Google. We believe there are better options for a restoration of competition through behavioural remedies, either alone or in tandem with structural remedies.