

MOBILE BROWSERS AND CLOUD GAMING MARKET INVESTIGATION

Summary of Provisional Decision Report (PDR) response hearing with Alphabet Inc (Google UK Limited) held on 9 December 2024 from 3:30pm to 5:30pm

Introduction

1. The CMA explained the purpose of the hearing and recent updates to the market investigation, highlighting the deadline for providing a written response to the Provisional Decision Report (PDR), which was published on 22 November 2024.
2. As part of its opening remarks, Google noted that if, contrary to Google's view, the CMA should find an Adverse Effect on Competition (AEC) relating to choice architecture and/or the Information Services Agreement (ISA), Google stated that it would agree with the provisional recommendation to address these concerns under the new regulatory regime brought forward through the UK's Digital Markets Competition and Consumers Act 2024.

Information Services Agreement

3. Google stated that the Chrome revenue share in the ISA does not result in an AEC.
4. Google stated that it is strongly incentivised to invest in Chrome and compete with Safari on iOS in order to attract users, and that the revenue sharing agreement with Apple has not impacted upon Google's incentives to compete in mobile browsing on iOS.
5. First, Google noted that Chrome is a flagship product, and it is essential to Google to offer the best possible browser on all platforms, which constitutes a strong incentive to compete on iOS.
6. Second, Google mentioned that iOS is an important market for Chrome worldwide, including in the UK. Additionally, Google noted that Chrome is a cross-platform product, and it employs investments in features into Chrome across all platforms.
7. Third, Google mentioned that it also invests in Chrome to support web developers and promote the growth of an open web. Since web developers create content for the web rather than for a specific platform, Google strives to make Chrome a high-quality and appealing choice for developers across all

platforms, including on iOS. Google further stated that its innovation in Chrome is not impacted by the ISA [§].

8. [§].
9. Consequently, Google stated that the Chrome revenue share agreement generates rivalry-enhancing efficiencies because [§].
10. Finally, Google concluded that prohibiting the Chrome revenue share would therefore risk unintended consequences, including less browser competition [§].

Choice architecture

Google's agreements with Original Equipment Manufacturers (OEMs)

11. Google noted that OEMs using Android are incentivised to provide an attractive selection of pre-installed and default apps to users.
12. Google stated that its agreements with OEMs do not result in an AEC, and that these agreements ensure a high-quality, consistent out-of-the box experience that is controlled by OEMs and enables them to compete with iOS and each other. Google considered that there should be a broadly consistent Android out-of-the-box experience across devices, so that users know what they are getting when they get an Android device. In addition, Google noted that these agreements incentivise OEMs to ship security updates and OS version upgrades, ensuring devices remain safe and up to date while the payments to OEMs under the agreements contribute to lower device prices, benefiting consumers.
13. Google also stated that Android ecosystems can only be successful if there are various OEMs competing on all levels (including on price points, hardware and software), and that Google benefits from a thriving Android ecosystem that can compete with Apple.
14. Google suggested that the CMA should consider the potential customer benefits that could be lost if remedies were applied to Google's agreements with OEMs.

Google's use of user prompts

15. In relation to user prompts, Google noted that Chrome's user prompts on iOS differ from those on Android [§]. On Android, Chrome's default prompts are limited to within Chrome itself and use an API accessible to any third-party browser, ensuring that there is no advantage for Chrome. Google also stated that its use of prompts is designed to be proportionate and non-intrusive. In

response to the PDR's assessment that Google's prompts provide it with an advantage, Google noted that the conclusion is not warranted because third-party browsers have access to the same default prompt API and that users find these prompts helpful.

16. [REDACTED].
17. Google stated that it thoroughly considered user preferences and utilised various signals to determine when a user might wish to make a change to their default browser. It follows, in Google's view, that it is unclear what any remedy could achieve, given the self-imposed limitations that have already been put in place by Google on the use of its prompts.