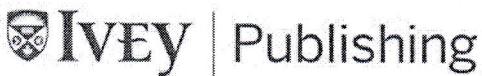


#3



W14485

## SEARCH ENGINES IN SEARCH OF FAIR PLAY<sup>1</sup>

*Veena K. Pailwar wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.*

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### INTRODUCTION

Google's 2012 plan to gear up its flight search service in India by allowing users to compare fares and book tickets made Yatra, Makemytrip, Cleartrip and many other domestic travel portals in India nervous. There were fears that this development might turn out to be discriminative as Google had the dominant share in Internet search service. Fearing a substantial reduction in their share of the search market, these domestic portals had the option of lodging a complaint against Google with the Competition Commission of India (CCI).<sup>2</sup>

Though domestic travel portals in India did not register a complaint with the CCI, there were already two existing complaints, alleging anti-competitive behaviour by Google. Citing discriminatory trade practices, the most recent complaint had been lodged by the marriage portal BharatMatrimony.com.<sup>3</sup> Earlier, Eximcorp India Pvt. Ltd. had also reported a similar issue to the CCI; the CCI had ruled that complaint to be an individual consumer dispute having no bearing on competition in India.<sup>4</sup>

Google's business practices had been challenged and/or come under the scanner of anti-competitive law in many other countries. In 2012, the search giant was in news headlines of many leading newspapers in the United States. *The New York Times* reported on October 12, 2012, that the Federal Trade Commission (FTC) was preparing a case that looked at the question of whether Google manipulated its search results to favour its products, and whether it made it more difficult for rivals' products to appear prominently in those results. Since November 2010, Google had also been under the scrutiny of the European Union antitrust watchdog for favouring its own products in search results. This case was settled with Google

<sup>1</sup> This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of the companies referred to in this case or any of their employees.

<sup>2</sup> I. Nandkumar, "Google Getting Ready to Offer Flight Search Service in India; Makemytrip, Yatra May Move Fairplay Panel," *The Economic Times*, July 2, 2013, [http://articles.economictimes.indiatimes.com/2013-07-02/news/40329216\\_1\\_google-india-flight-search-ita-software](http://articles.economictimes.indiatimes.com/2013-07-02/news/40329216_1_google-india-flight-search-ita-software), accessed August 7, 2014.

<sup>3</sup> Harsimran Julka, "BharatMatrimony Moves CCI against Google Citing Discriminatory Trade Practices Related to AdWords," *The Economic Times*, February 3, 2012, [http://articles.economictimes.indiatimes.com/2012-02-03/news/31021453\\_1\\_adwords-google-india-competition-act](http://articles.economictimes.indiatimes.com/2012-02-03/news/31021453_1_adwords-google-india-competition-act), accessed August 8, 2014.

<sup>4</sup> "Competition Commission of India," Case No. 68/2010, Order under Section 26(2) of the Competition Act, 2002, February 15, 2011, [www.cci.gov.in/menu/OrderEximcorp140311.pdf](http://www.cci.gov.in/menu/OrderEximcorp140311.pdf), accessed August 16, 2014.

committing itself to make significant changes in the manner in which rival products appear in the search results.<sup>5</sup>

The public in India wondered why Google was involved in such controversies. Why did competing companies fear Google's business practices? What would be the CCI's stand and how would it help consumers and society in general?

### GOOGLE

Founded in 1995 and incorporated in 1998, Google was an American multinational company that provided various web-based and non-web-based products, such as Internet search, cloud computing, software and advertising technologies (see Exhibit 1). Google products were extremely popular among Internet users all over the world (see Exhibit 2).

In 2013, the various websites owned by Google were among the most visited ones globally. Of the various services, Google search dominated the global Internet search market with an overall 86 per cent share (see Exhibit 3). It accounted for almost 90 per cent share in the Middle East, Africa and Latin America, and 75 per cent share in Europe (see Exhibit 4). Its dominant presence in the search market made the word "Google" virtually synonymous with any Internet search engine.

Having registered the largest number of unique visitors, the Google sites were also the most visited ones in India in 2013 (see Exhibit 5). In the same year, Google search accounted for 90 per cent of Internet searches in India,<sup>6</sup> reflecting its dominance in the Indian search market.

### THE COMPETITION LAW (ACT) AND THE COMPETITION COMMISSION

The rationale behind the competition law and legislation was to prevent market failure arising from imperfections in a market due to anti-competitive behaviour. Economic theory indicates that in a perfectly competitive market no single firm has the power to control price. All firms in such a market structure are price takers. In the short run, they can make either supernormal (economic) profit or loss, but in the long run they all make only normal profit or zero economic profit. Such a market structure is desirable as it results in allocative efficiency as well as productive efficiency.

Unlike firms in the perfect competition, the firms with some market power can influence the price of their products. The ability to influence the price increases with the degree of market power. To gain further dominance or to retain their existing market power, the dominant firms may pursue anti-competitive practices, resulting in reduction in the level of competition and economic efficiency.

However, with perfect competition as firms earn zero economic profit in the long run, there is no motivation to invest in research and development and innovate new products. Thus, some amount of market power or imperfections are desirable from the perspective of dynamic production efficiency gains and greater variety of products in the long run. It is also expected that large firms reduce the cost of output as they enjoy larger economies of scale, the benefits of which they may pass on to consumers in the form of lower prices.

<sup>5</sup> Dave Lee, "Google to Make 'Significant' Changes to Avoid EU Fine," *BBC News Technology*, February 5, 2014, [www.bbc.com/news/technology-26047446](http://www.bbc.com/news/technology-26047446), accessed August 16, 2014.

<sup>6</sup> ComScore, "India Digital Future in Focus, A White Paper," 2013, [www.comscore.com/Insights/Presentations\\_and\\_Whitepapers/2013/2013\\_India\\_Digital\\_Future\\_in.Focus](http://www.comscore.com/Insights/Presentations_and_Whitepapers/2013/2013_India_Digital_Future_in.Focus), accessed August 16, 2014.

The Competition Act in India was also based on the above rationale. The CCI, instituted in 2003, to enforce the Competition Act 2002 and Competition (Amendment) Act 2007, did not prohibit monopoly but intended to promote competition in the market place so as to protect consumer interest and welfare of the society by achieving greater economic efficiency in the system. To ensure competition, it prohibited or restricted anti-competitive behaviour in the following forms:<sup>7</sup>

- Anti-competitive agreements: formal or informal agreements that caused or were likely to cause an appreciable adverse effect on competition.
- Abuse of dominant position: Because of their dominant position, firms were able to impose unfair or discriminatory prices or conditions of sale, limit or restrict production or innovations and technical developments, end up tying of goods, exclusive dealing obligations and/or cross-subsidizing costs.
- Combinations: Mergers and acquisitions that could have a significant adverse effect on competition in India.

Many other countries had similar acts and bodies enforcing such acts. For example, neighbouring country Pakistan had a competition commission.<sup>8</sup> In the United States, the FTC<sup>9</sup> enforced anti-trust laws (similar to the competition law) that regulated conduct and organization of businesses to promote fair competition by restricting formation of cartels, pursuance of collusive practices, and restraining mergers and acquisitions. In the United Kingdom, the Competition Commission UK<sup>10</sup> was an independent public body that regulated functioning of major industries and conducted independent inquiries into mergers and acquisitions. Subsequently, it was replaced by the Competition and Market Authority.

Some regional bodies had also constituted Competition Commissions. Within the Common Market for Eastern and Southern Africa (COMESA) the COMESA Competition Commission<sup>11</sup> was responsible for monitoring, investigating, detecting, preventing and penalizing business activities that appreciably restrained competition. Similarly, CARICOM Competition Commission aimed to promote and protect competition in the Caribbean Community. In the European Union, the European Commission was empowered to track down and punish those who breached the competition law.

#### WHAT WAS THE CONTROVERSY ABOUT?

In February 2012, Consim Info Pvt. Ltd. filed a complaint against Google with the CCI for pursuing discriminatory trade practices in its AdWords program (see Exhibit 6). While justifying its stand, the complainant company alleged that the search giant had abused its dominant position in online advertising by displaying the links of its competitors, Shaadi.com, Jeevansathi.com and SimplyMary.com under the sponsored links next to the generic search results on Google search when the complainant's trademark protected keywords such as "Tamil Matrimony" were typed. Google's Adword program used the similarity of the keywords typed on the search engine and the keywords used by the advertisers to draw the list of sponsored links; such advertisements therefore had a chance to appear next to the generic search results. Additionally, the highest bidder for each click per keyword appeared at the top of the

<sup>7</sup> Competition Commission of India, "Competition Act 2002, No. 12 of 2003, as Amended by the Competition (Amendment) Act, 2007," 2007, [www.cci.gov.in/images/media/competition\\_act/act2002.pdf?phpMyAdmin=QuqXb-8V2yTtoq617iR6-K2VA8d](http://www.cci.gov.in/images/media/competition_act/act2002.pdf?phpMyAdmin=QuqXb-8V2yTtoq617iR6-K2VA8d), accessed August 16, 2014.

<sup>8</sup> Competition Commission of Pakistan, "About Us,"

[www.cc.gov.pk/index.php?option=com\\_content&view=article&id=59&Itemid=103](http://www.cc.gov.pk/index.php?option=com_content&view=article&id=59&Itemid=103), accessed September 19, 2014.

<sup>9</sup> Federal Trade Commission, "About the FTC," [www.ftc.gov/about-ftc](http://www.ftc.gov/about-ftc), accessed September 19, 2014.

<sup>10</sup> Competition and Market Authority UK, "About Us, What do we do?" [www.gov.uk/government/organisations/competition-and-markets-authority](http://www.gov.uk/government/organisations/competition-and-markets-authority), accessed September 19, 2014.

<sup>11</sup> COMESA Competition Commission, "About COMESA Competition Commission," [www.comesacompetition.org/](http://www.comesacompetition.org/), accessed September 16, 2014; CARICOM Competition Commission, "Functions and Powers," [www.caricomcompetitioncommission.com/en/about-us/competition](http://www.caricomcompetitioncommission.com/en/about-us/competition) accessed September 16, 2014.

sponsored list. Because of such programming, competitors such as Shaadi.com got a higher rank than Tamilmatrimony.com in the sponsored list when the keywords were searched. This programming put the trademark owner at a disadvantageous position by giving the benefit of goodwill of its trademarks to the competitors.

Earlier, in 2009, Consim had also dragged Google to the Madras high court for violation of its intellectual property rights. Formerly known as Bharat Matrimony Group, Consim was primarily engaged in providing consumer services in matrimony, property, automobiles, jobs and SMS services through the Internet. Under matrimony services, it held India's largest matrimonial service portal (Bharatmatromony.com) and also numerous offshoot websites (MuslimMatrimonial.com, SikhMatrimony.com, BuddistMatrimony.com, JainMatrimony.com, ChristianMatrimony.com, Tamilmatrimony.com and BengaliMatrimony.com). Each of these websites was duly trademarked by Consim. The company accused Google of selling its trade names such as Bharat Matrimony and Tamil Matrimony to its competitors Shaadi.com and Jeevansathi.com for triggering ads when consumers searched for Bharat Matrimony using Google search engine. Upon rejection of its plea by the Madras High Court, the company appealed to the Supreme Court. Seeing merit in the contention of the petition, the Supreme Court ruling, which came in October 2012, restrained the rival websites Shaadi.com, SimplyMary.com and JeevanSathi.com from displaying advertisements with names of the petitioner in the "AdWords" program of Google.

Prior to the petition by Consim, in 2011, a non-profit consumer advocacy group, the Consumer Unity and Trust Society (CUTS), tried to sensitize CCI about the potential anti-competitive conduct of Google in the Internet market and filed a preliminary information report (PIR). In support of its views, the CUTS made the following points in the PIR:<sup>12</sup>

1. Globally, Google had been under investigation from antitrust authorities for four kinds of activities as follows:
  - a. Its core business of Internet search and advertising;
  - b. Its acquisition of companies like Doubleclick, ITA Software, Admob and Motorola;
  - c. Trademark and patent infringement (Skyhook);
  - d. FTC's investigation of Android.
2. Google was under investigation in the European Union for the following charges or allegations:
  - a. For manipulating its unpaid or algorithmic search results to penalize its competitors and promote its own products;
  - b. Forcing advertising partners for exclusive contracts and barring the placement of ads from competing companies on a partner website;
  - c. Restricting the portability of online advertising campaign dates on a competing platform.
3. Dominance of Google's Android in smartphones had a potential to lock in customers and even the handset manufacturers. Also, the acquisition of Motorola might result in foreclosure of the use of Android by other smartphone users.
4. Google may try to enter fast-growing markets like India through online shopping platforms like Shopzilla or Ugenie. These mergers may further increase the dominance of Google, which may be abused by pursuing anti-competitive practices.

Google was subject to investigation not only in India but in many other countries by their competition commissions (see Exhibit 7). For example, in the United States, the FTC investigated Google's practices

<sup>12</sup> MediaNama, "CUTS Asks India's Competition Commission to Look into Google's Dominance," August 16, 2011, accessed [www.cuts-ccier.org/Media-CUTS\\_Asked\\_India's\\_Competition\\_Commission\\_To\\_Look\\_Into\\_Google's\\_Dominance.htm](http://www.cuts-ccier.org/Media-CUTS_Asked_India's_Competition_Commission_To_Look_Into_Google's_Dominance.htm), accessed August 16, 2014; "Second Preliminary Information Report: Submitted by CUTS to CCI," 2011, [http://cuts-international.org/pdf/Second\\_Preliminary\\_Report\\_by-CUTS.pdf](http://cuts-international.org/pdf/Second_Preliminary_Report_by-CUTS.pdf), accessed August 16, 2014.

upon receiving complaints from many of Google rivals regarding its anti-competitive practices in ad pricing, shopping search and the ranking of websites in search results and ad listings. One such complaint was from NexTag, a competitor of Google in comparison shopping services. NexTag, facing a sharp decline in online traffic from Google search, argued that Google was manipulating its search results to harm its competitors. Along with other opponents, the company cited that a simple Google search for "Miami flights" displayed a large Google results box underneath the top sponsored links featuring airfare quotes from Google's partners.

Similarly, in the European Union the search engine was going through investigation by the European Commission since 2010, when three of Google's competitors — Ejustice.fr (a French legal search), Foundem (a British price comparison site) and Ciao, also known as Ciao Bing (a German online shopping site) — complained against the search giant alleging that Google disadvantaged its competitors through its search function.<sup>13</sup> This case came close to a settlement with Google agreeing to change the ways in which its search output displayed in Europe in favour of its competitors.<sup>14</sup> In another case, in 2013, Google again faced the European Commission due to an allegation by FairSearch.org that Google was using its Android mobile operating system as a 'Trojan horse' to deceive partners, monopolize the market place and control consumer data.<sup>15</sup>

On the whole, the Internet search giant was accused by rivals of using its dominant position to foreclose competitors from the search marketplace, especially in high traffic segments like travel, jobs, health, real estate, media and local search. In an attempt to curtail competition, it was argued that Google was unfairly demoting rival products and favouring its own commercial services, such as Google Shopping for buying goods and Google Places for advertising local restaurants and businesses over rival specialized search engines and search advertisers. Apprehensive of Google practices, it was also argued that Google, being a monopoly in the search engine segment, had less competitive pressures to improve; hence, it was more likely to lose sight of consumer interests.

### GOOGLE'S PERSPECTIVE

Google's stand on these various allegations and controversies was as follows:

On Internet, competition was very easy — it was just a click away. Internet users were in no way bound to use only Google search. They could, at any time and without any switching cost, shift from one search engine to another.<sup>16</sup> Google search was in competition not only with traditional search engines such as Bing, Ask Network and Baidu.com Inc., but also with billions of specialized search engines like Amazon and eBay for products, WebMD for health, Zillow for real estate, ERIC search for educational issues, FindSounds for sounds and many other such sites. Even social networking sites like LinkedIn, Facebook and Twitter could be used for gathering information and, thus, were in competition with Google search. Users could also directly navigate through the website they intended to use by typing the website address

<sup>13</sup> S. Schultz, "EU Commission Investigates How Anti-competitive is Google," *Spiegel Online International*, February 25, 2010, [www.spiegel.de/international/business/eu-commission-investigates-how-anti-competitive-is-google-a-680259.html](http://www.spiegel.de/international/business/eu-commission-investigates-how-anti-competitive-is-google-a-680259.html), accessed August 16, 2014.

<sup>14</sup> "Google Avoids Fine with EU Antitrust Deal," *The Japan Times*, 2014, [www.japantimes.co.jp/news/2014/02/06/business/google-avoids-fine-with-eu-antitrust-deal/#.U1344FWSx8k](http://www.japantimes.co.jp/news/2014/02/06/business/google-avoids-fine-with-eu-antitrust-deal/#.U1344FWSx8k), accessed August 16, 2014.

<sup>15</sup> "Fair Search Announces Complaint in EU on Google's Anti-Competitive Mobile Strategy," *FairSearch.org*, 2013, [www.fairsearch.org/mobile/fairsearch-announces-complaint-in-eu-on-googles-anti-competitive-mobile-strategy/](http://www.fairsearch.org/mobile/fairsearch-announces-complaint-in-eu-on-googles-anti-competitive-mobile-strategy/), accessed August 16, 2014.

<sup>16</sup> Rohin Dharmakumar, "Is Google Gobbling Up the Indian Internet Space?" *Forbes India*, 2013, <http://forbesindia.com/article/real-issue/is-google-gobbling-up-the-indian-internet-space/35641/1>, accessed August 16, 2014.

and bypassing search engines. In addition, there were mobile applications that allowed bypassing of search engines.<sup>17</sup>

Furthermore, Google argued that the U.S. anti-trust law aimed at protecting consumers; but most of the complaints directed against it were from its rivals rather than consumers. Google had monopoly power only in search services; in no way had this power been used for exploiting consumers. It was neither charging exploitative prices (as search services are free) nor preventing consumers from switching to rival search engines. In other Internet product markets it did not command monopoly. For example, Google advertising competed closely with other online advertising, such as display ads and mobile ads, and even traditional forms of advertising, such as print, TV, radio, etc. In spite of its success in Internet advertising, it generated only 3 per cent of all ad revenue.<sup>18</sup> Besides, Google, as the owner of its search page, had the prerogative to display its own services.

Critics of the probe, supporting Google's stand, argued that having a monopoly in a given market was not, in itself, illegal.<sup>19</sup> Though it was illegal to retain a monopoly power through anti-competitive practices, Google had not build a dominant position through anti-competitive methods but through the merits of its superior products. Consumers were using Google services because of their superior quality.<sup>20</sup> In rapidly changing technology sectors, various players could create their own space. Dominance of Facebook and Twitter in the social networking sites and Google's failure to make inroads into such sites proved the point.<sup>21</sup> Additionally, it was argued that heavy regulations would simply hamper technological innovations. It would not only constrain the growth of this fast moving industry but also adversely affect the net benefit to the society.<sup>22</sup>

#### WHAT WOULD THE COMPETITION COMMISSION OF INDIA DO?

India was one of the largest markets for Google with more than 100 million users and 95 per cent share in the Internet search market in 2013. There were fears that Google might use its dominant position to foreclose competition, which might affect consumer interest. Given the significant influence of Google in the Internet market, consumer advocacy organizations, matrimony search engines and other specialized search portals in India were keenly looking forward to the CCI investigation and judgment. The general public was wondering whether the CCI judgment would be able to benefit them when the tradeoff was between innovations and competition. Could the global debate surrounding Google provide some insights in resolving the matrimony-Google controversy in India?

*Veena K. Pailwar is a professor of Economics at Institute of Management Technology, Nagpur, India. Veena K. Pailwar thankfully acknowledges Dr. N.Y. Phandis, also a professor at Institute of Management Technology, Nagpur, India, for the explanation of legal terms used in this case.*

<sup>17</sup> MediaNama, *op. cit.*

<sup>18</sup> *Ibid.*

<sup>19</sup> Andrew Langford, "gMONOPOLY: Does Search Bias Warrant Anti-trust or Regulatory Intervention?" *Indiana Law Journal*, Vol.88: 1559, 2013.

<sup>20</sup> Dharmakumar, *op. cit.*

<sup>21</sup> Sam Gustin, "U.S. Google Anti-trust Probe Spurs Internet-Regulation Debate," *Time*, Oct 15, 2012, <http://business.time.com/2012/10/15/ftc-antitrust-probe-against-google-sets-up-Internet-regulation-clash/>, accessed August 16, 2014.

<sup>22</sup> Langford, *op. cit.*

### EXHIBIT 1: PRODUCTS OFFERED BY GOOGLE

#### Web-Based

- Search Tools (Google Web, Google Image, Google Scholar, etc.)
- Advertising Services (Google AdWords, etc.)
- Communication and Publishing Tools (Gmail, Google Docs, Google Plus, Google Drive, etc.)
- Development Tools (Google Developers, Google Code, etc.)
- Map-related Products (Google Maps, etc.)
- Statistical Tools (Google Trends, Google Analytics, etc.)

#### Non-Web-Based

- Operating System (Android, Chrome OS, etc.)
- Desktop Applications (Google Chrome, Google Toolbar, etc.)
- Mobile Applications (Google Music, Hangouts, etc.)
- Hardware (Galaxy Nexus, Chromebook, etc.)
- Other Services (Google Crisis Response, Google Fibre, etc.)

*Source: Created by author from Google, "Our Products and Services," [www.google.co.in/about/company/products/](http://www.google.co.in/about/company/products/), accessed September 19, 2014 and Mahesh Mohan, "Over 101 Google Products and Services You Probably Don't Know," [Minterest, www.minterest.org/google-products-services-you-probably-dont-know/](http://www.minterest.org/google-products-services-you-probably-dont-know/) accessed September 19, 2014.*

### EXHIBIT 2: TOP GLOBAL WEB PROPERTIES (JULY 2013)

Sites	Unique Visitors* (in 000)
Google Sites	1,208,800
Microsoft Sites	877,967
Facebook	796,943
Yahoo! Sites	724,542
Wikimedia Foundation Sites	492,107
Amazon Sites	403,717
Baidu.com Inc.	358,243
TENCENT Inc.	341,391
Alibaba.com Corporation	317,744
Sohu.com Inc.	317,645

\*The term unique visitor refers to a single person who visits a website any number of times. It is usually calculated by counting the number of unique IP addresses.

*Source: Compiled from G. Fulgoni, "The Digital World in Focus," ComScore, 2013, file:///C:/Users/vpailwar/Downloads/comScore\_The\_Digital\_World\_in\_Focus\_DMA\_2013.pdf, accessed August 16, 2014.*

### EXHIBIT 3: SHARE OF DIFFERENT SEARCH ENGINES IN INTERNET SEARCH ENGINE MARKET (DECEMBER 2012) (PERCENTAGE)

Search Engine	Share in Search Engines Market
Google Search	86
Yandex Web Search	10
Mail.Ru-Search	2
Bing	1
Ask Network	1

*Source: Compiled from G. Fulgoni, "The Digital World in Focus," ComScore, 2013, file:///C:/Users/vpailwar/Downloads/comScore\_The\_Digital\_World\_in\_Focus\_DMA\_2013.pdf, accessed August 16, 2014.*

**EXHIBIT4: GOOGLE SHARE OF SEARCHES IN DIFFERENT MARKETS (DECEMBER 2012)  
(PERCENTAGE)**

Region	Total Searches (million per month (mm))	Google Share Searches
Asia	62,794	34
Europe	50,425	75
North America	34,063	67
Latin America	21,136	88
Middle East	9,361	89
Africa		

Source: Compiled from G. Fulgoni, "The Digital World in Focus," ComScore, 2013, file:///C:/Users/vpailwar/Downloads/comScore\_The\_Digital\_World\_in\_Focus\_DMA\_2013.pdf, accessed August 16, 2014.

**EXHIBIT 5: TOP WEB PROPERTIES – INDIA (MARCH 2013)**

Sites	Unique Visitors (in 000)
Google Sites	69,393
Facebook	59,662
Yahoo! Sites	38,909
Microsoft Sites	31,332
Wikimedia Foundation Sites	24,934
Times Internet Limited	23,968
Bit Torrent Network	22,640
Network 18	18,549
Ask Network	16,187
Rediff.com India Ltd.	13,897

Source: "India Digital Future in Focus, A White Paper," ComScore, 2013, www.comscore.com/Insights/Presentations\_and\_Whitepapers/2013/2013\_India\_Digital\_Future\_in.Focus, accessed August 16, 2014.

**EXHIBIT 6: GOOGLE ADWORDS PROGRAM**

Google AdWords is an advertising service provided by Google to business units. Under this service, any business unit can create its own advertisement using keywords.

The keywords, used in such advertisements, when searched by persons on Google search engine trigger the display of the advertisement on a webpage. Advertisements placed through AdWords appear above the generic Google search results or on the right hand side under the list of Sponsored Links.

Different matching options are available to the advertisers while choosing keywords under the AdWords service. These options are as follows:

- *Broad Match:* This allows the widest reach for a particular advertisement as it appears on a webpage if any of the keywords used in that advertisement are searched for.
- *Negative Match:* This enables an advertiser for not appearing its advertisement on a webpage if a particular keyword is searched for.
- *Phrase Match:* A particular advertisement appears on a web page if exact keyword or phrase appears in the search keywords or phrase.
- *Exact Match:* A particular advertisement appears when only the exact word or phrase used in the advertisement is searched for.

### EXHIBIT 6 (CONTINUED)

The payment for the advertisement on the AdWords is linked to the clicks that consumers make on the advertisement, implying higher cost for those advertisements that record higher clicks. The number of keywords used in the advertisement affects the chances of appearance of the advertisement and the number of clicks on the keywords in the advertisement on a webpage, affecting the cost of such advertisements.

Problems with such an advertisement procedure occur because the cost of per click is not fixed but varies as the competitors can bid for each click on a keyword. The advertisement that has used the highest bid keyword gets the uppermost position in the listing of sponsored links. The firms aspiring to get a favourable position for their advertisement often end up sending a huge amount of money.

*Source: Created by case author from Google AdWords, "Get Your Ad on Google Today," [www.google.co.in/adwords/start/#subid=ww-ns-g-awhp\\_nelontest3\\_nel\\_p](http://www.google.co.in/adwords/start/#subid=ww-ns-g-awhp_nelontest3_nel_p), accessed September 19, 2014; "Adwords - Google AdWords," [Webopedia](http://www.webopedia.com/TERM/A/adwords.html), [www.webopedia.com/TERM/A/adwords.html](http://www.webopedia.com/TERM/A/adwords.html), accessed September 19, 2014.*

### EXHIBIT 7: SOME CASES AGAINST GOOGLE FOR PURSUING ANTI-COMPETITIVE BEHAVIOUR

Country/Region	Charge	Agency Investigating the Case
European Union	Anti-trust case: Google accused of using its dominant position in search to stifle competition	The European Commission
USA	Google's dominance on the Internet search industry	The U.S. Federal Trade Commission
South Korea	Google's anti-competitive business practices in mobile search	The South Korean Fair Trade Commission
India	Google's alleged abuse of dominant position with its AdWords Business	The Competition Commission of India
Brazil	Google's privacy policy and anti-competitive complaints from online business	Brazil Justice Ministry

*Source: Compiled from Fair Search, "Global Scrutiny," 2012, [www.fairsearch.org/wp-content/uploads/2012/06/global-scrutiny.pdf](http://www.fairsearch.org/wp-content/uploads/2012/06/global-scrutiny.pdf), accessed August 16, 2014.*