EU regulator orders Google to sell part of ad-tech business

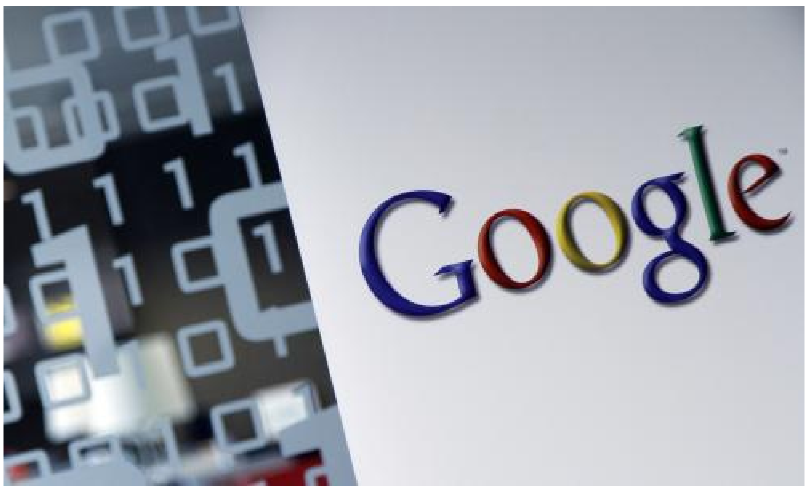
Publication Date: 2023-06-14

Author: Alex Hern

Section: Technology

Tags: Google, European Union, Europe, Advertising, news

Article URL: https://www.theguardian.com/technology/2023/jun/14/eu-regulator-google-sell-ad-tech-business-competition-commission



The EU has ordered Google to sell part of its advertising business, as the bloc's competition regulator steps up its enforcement of big tech's monopolies. The competition commission said it had taken issue "with Google favouring its own online display advertising technology services to the detriment of competing providers of advertising technology services, advertisers and online publishers". Its view was therefore that "only the mandatory divestment by Google of part of its services would address its competition concerns". After a two-year investigation into the company's ad-tech business, the regulator concluded that Google had abused its monopoly in online advertising by favouring its own ad exchange, AdX, in the auctions held by its own ad server, DFP, and in the way its ad-buying tools, branded as Google Ads and DV360, place bids on such exchanges. Speaking shortly before the ruling, Margrethe Vestager, the competition commissioner, told reporters of the complexity of the investigation. "This market is a highly technical market. It is very dynamic. The detection of these behaviours can be very challenging. "Each time a practice was detected … Google simply modified its behaviour so as to make it more difficult to detect but with the same objectives [and] with the same effects." She added that Google would be given a chance to respond to the EU's concerns. Dan Taylor, the vice-president of global ads at Google, responded to the ruling: "Our advertising technology tools help websites and apps fund their content, and enable businesses of all sizes to effectively reach new customers. Google remains committed to creating value for our publisher and advertiser partners in this highly competitive sector. The commission's investigation focuses on a narrow aspect of our advertising business and is not new. We disagree with the EC's view and we will respond accordingly." In a statement alongside the ruling, Vestager said: "Google is present at almost all levels of the so-called ad tech supply chain. Our preliminary concern is that Google may have used its market position to favour its own intermediation services. "Not only did this possibly harm Google's competitors but also publishers' interests, while also increasing advertisers' costs." The commission said "behavioural remedies", which would allow Google to commit to a pro-competition course of action, were unlikely to be sufficient. "It's a reflection of how pervasive Google is in the value chain that we perceive that a divestiture is the only way to solve this," Vestager said. "Google is in every part of this value chain. As we see it, they hold the dominant position both in the sell side and the buy side. "We don't see that this enhanced conflict of interest can be solved in other way [but] by not having ownership of the entire value chain." With a 28% share of all global ad revenue, according to insider intelligence, Google is the dominant digital advertising platform. Almost four-fifths of the company's revenues come from advertising, across properties including YouTube, Google Maps, AdSense, and AdMob. According to Reuters, Google had attempted to settle the case almost two years ago but regulators grew frustrated with the slow pace and lack of substantial concessions. The UK’s Competition and Markets Authority (CMA) has also been investigating Google’s ad-tech platform, with an investigation launched in May last year still ongoing. Andrea Coscelli, the then chief executive of the CMA, said at the time the investigation was launched: “We’re worried that Google may be using its position in ad tech to favour its own services to the detriment of its rivals, of its customers and ultimately of consumers.”