

Google prime target for regulators

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"As Google has grown, the company has naturally faced more scrutiny," Google senior manager of global communications and public affairs Adam Kovacevich said Friday in an official blog post.

"We believe that Google promotes competition and openness online, but we haven't always done a good job telling our story."

Google this week acknowledged that it has been contacted by the US Federal Trade Commission regarding potential legal conflicts caused by chief executive [Eric Schmidt](#) and director Arthur Levinson being on the Apple board.

"That is stupid; fundamentally it makes it look like the two players who very well could divide up the smart phone market could be colluding," said analyst Rob Enderle of Enderle Group in [Silicon Valley](#).

Google executives have downplayed the issue, saying that Apple, renowned for iPhones, iPods, and Macintosh computers, is not an Internet rival.

Analysts contend that the Android mobile phone platform spearheaded by Google puts it on the team of gadget makers bent on wresting market share from the hot-selling [iPhone](#).

Google-owned video-sharing website [YouTube](#) is seen as competition for online films or television shows sold at Apple's online shop iTunes.

US regulators last year approved Google's purchase of online advertising tracking firm DoubleClick but stymied a planned advertising alliance with Yahoo!.

Growing ranks of politically-influential enemies promise to aggravate Google's situation. Microsoft is out to dethrone Google as king of the online search advertising market.

Google commanded 72.4 percent of the US Internet search market in March as compared to the 5.5 percent held by third-place Microsoft MSN and 16.4 percent share taken by Yahoo!, according to Hitwise.

"They are in the early days of doing an impressive job of pissing off as

many powerful entities as they possibly could, including government," Enderle said of Google.

"It is really a trial by fire and they seem to be setting the fire up."

Google's settlement with US authors and publishers over its book scanning project needs a green light from a US judge but may first have to pass muster with the US Justice Department.

US state attorneys have begun their own inquiries into the controversial settlement that would allow Google to create the world's largest digital library and online bookstore.

US newspaper owners, their advertising revenue evaporating, their circulation declining and their readership going online to get news for free, have also opened fire on Google.

"Should we be allowing Google to steal all our copyrights?" News Corp. chairman Rupert Murdoch commented publically in April. "Thanks, but no thanks."

Murdoch owns newspapers in Australia, Britain and the United States, where his holdings include The Wall Street Journal and New York Post.

"We can no longer stand by and watch others walk off with our work under misguided legal theories," Associated Press chairman Dean Singleton said last month at an industry gathering,

Newspapers still wield power when it comes to influencing public opinion and prodding politicians into action, according to Enderle.

"If you look benevolent, people will leave you alone," Enderle said. "If you are scaring people, they will move against you."

Google said it has recently been meeting with policymakers, think-tank representatives, academics, journalists, ad agencies, and trade associations in the United States and Europe to explain its "principles of competition and openness."

Google's approach to competition has been misunderstood, with the company being painted as "the next [Microsoft](#)," Kovacevich argued.

"We as a company understand that this kind of attention comes with the territory; particularly in the technology industry," Kovacevich wrote.

A decade ago Yahoo! was declared winner of the search engine wars, a crown that has at other times been bestowed on Lycos and AltaVista, Google pointed out.

"This is an industry where many times before the war has been declared over," [Google](#) competition counsel Dana Wagner said in a recorded online chat linked to Kovacevich's blog post.

"Users can always switch between search engines; even if one site gets a lot of the traffic, competition is just one click away."

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