

EU fines Google a record 2.4 billion euros in antitrust case (Update)

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European Union Commissioner for Competition Margrethe Vestager speaks during a media conference at EU headquarters in Brussels on Tuesday, June 27, 2017. The European Union's competition watchdog has fined internet giant Google over its online shopping service. (AP Photo/Virginia Mayo)

After a seven-year legal battle, European authorities came down hard on Google on Tuesday for taking advantage of its dominance in online searches to direct customers to its own businesses, fining the tech giant a record 2.42 billion euros (\$2.72 billion) and raising the prospect of more.

A years-long analysis of Google's online search results showed that the

company lists links to its own online shopping services above those of rivals, European regulators said. On average, Google lists search results to its biggest rivals in online shopping only on page 4—and smaller rivals even lower. That's a huge advantage for Google when 90 percent of use-clicks are on page one.

The ruling that Google is taking advantage of its market dominance in online searches paves the way for a broader crackdown by the EU, which is investigating several other Google businesses, like its online images and travel businesses.

"What Google has done is illegal under EU antitrust rules. It denied other companies the chance to compete on the merits and to innovate. And most importantly, it denied European consumers a genuine choice of services and the full benefits of innovation," EU Competition Commissioner Margrethe Vestager told reporters.

To avoid more pain in Europe, Google will have to change the way it does business in the region. It has 90 days to stop favoring its own links to online shopping or face more fines of up to 5 percent of the average daily worldwide revenue of parent company Alphabet.



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Google says it is considering an appeal and maintains it's just trying to package its search results in a way that makes it easier for consumers to find what they want.

"We will review the Commission's decision in detail as we consider an appeal, and we look forward to continuing to make our case," said Kent Walker, senior vice president at Google, in a statement.

When it comes to online shopping, a big problem is that consumers don't spend enough time doing different searches and instead they focus on Google searches to find the best price, experts say. And there are plenty of search tools—from Camelcamelcamel.com, which tracks Amazon

prices over time, to eBates, a shopping portal that offers coupons and cash back from 2,000 online retailers.

Internet consultant Sucharita Mulpuru-Kodal urges shoppers to go directly to retailers' sites to find the best deals. In Europe, she cites the online sites of Tesco and Walmart's Asda, for example.

"Google has become a short cut to buying, not a short cut to saving money," said Benjamin Glaser, features editor of DealNews, a comparison shopping site. He also says that Google searches only look for the lowest prices for that moment and also doesn't incorporate shipping discounts and coupons as other deal sites like DealNews and eBates do.



In this Tuesday, March 23, 2010 file photo, the Google logo displayed at the Google headquarters in Brussels. The European Union's competition watchdog has slapped a record 2.42 billion euro (\$2.72 billion) fine on internet giant Google for breaching antitrust rules with its online shopping service. (AP Photo/Virginia Mayo, File)

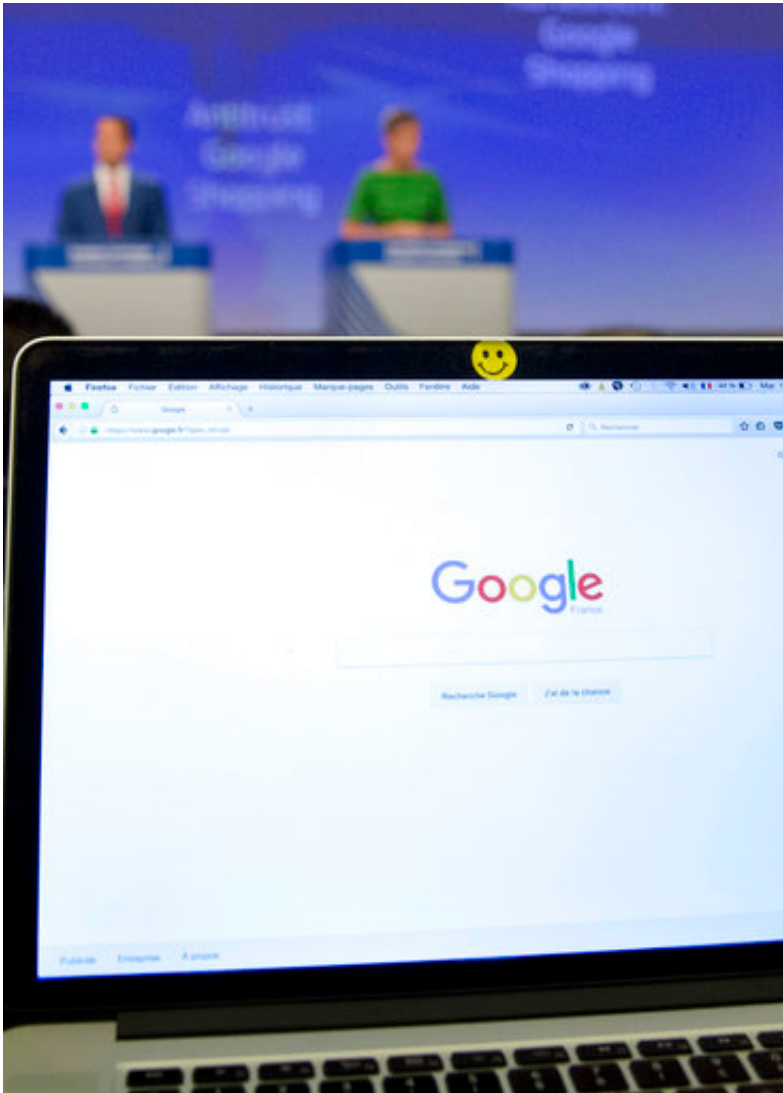
The fine on Google is the highest ever imposed in Europe for anti-competitive behavior, exceeding a 1.06 billion euros penalty on Silicon Valley chip maker Intel in 2009.

The penalty itself is unlikely to leave a dent in Google's finances. Alphabet has more than \$92 billion (82 billion euros) in cash, including nearly \$56 billion (50 billion euros) in accounts outside of Europe.

But it could affect Google's way of doing business in the longer-term. U.S. interest groups were quick to latch onto the European ruling to argue that a similar approach be taken in the United States.

"Some may object to the EU moving so aggressively against U.S.-based companies, but these authorities are at least trying to deal with some of the new competitive challenges facing our economy," said the News Media Alliance. "U.S. lawmakers and regulatory authorities, by contrast, have been 'asleep at the switch' for far too long."

"We will monitor Google's compliance closely," Vestager said.



A Google search site is open on the computer of a journalist during a media conference of European Union Commissioner for Competition Margrethe Vestager, right rear, at EU headquarters in Brussels on Tuesday, June 27, 2017. The European Union's competition watchdog has fined internet giant Google over its online shopping service. (AP Photo/Virginia Mayo)

She noted that that any company or person who has suffered damages due to the company's practices can make claims to national courts.

More broadly, Vestager said, the probe has established that Google is

dominant in general internet search in all 31 countries of the European economic area. This will affect other cases the Commission might build against the internet giant's various businesses, like Google Images.

She also noted that regulators are making "good progress" in its other Google probes into Android and search advertising, and that the "preliminary conclusion" is that they breach EU anti-trust rules.

The Commission has come under fire in the United States for a perceived bias against U.S. companies.

Vestager said she has examined statistics concerning anti-trust, merger control and state aid decisions and that "I can find no facts to support any kind of bias."

A look back at the EU's 7 years of legal battle with Google

As the European Union fines Google for abusing its dominance in online searches, here is a look back at the key dates in the bloc's legal tussle with the technology company.

November 2010 - The EU opens formal inquiry into whether Google manipulates search results in a way that favors its own business. The probe includes whether the search results favor Google's services, such as its price comparison business, how it displays the contents of rivals, and how it manages ads.

April 2013 - Google offers change to its practice in the hope of ending the investigation.

July-December 2013 - After feedback from complainants, the EU twice rejects Google's offer to change its search results as not good enough.

Feb 2014 - The EU and Google reach a tentative agreement on how to fix the search results. This keeps Google from paying a fine.

May 2014 - In a separate case, the European Court of Justice rules that Google must consider EU citizens' requests to remove irrelevant or embarrassing personal information that pops up on a search of their names.

Sept 2014 - After receiving complaints from Google's competitors, the EU appears to make a U-turn on its settlement with Google on search results, declaring it insufficient.

April 2015 - After five years of investigations and talks, EU formally charges Google with abusing its dominant position in search results, a step up in the legal battle. It also opens a preliminary investigation into whether Google uses its Android mobile operating system to rig the market for apps.

April 2016 - The EU charges Google with using Android to gain market advantage in mobile apps.

June 2017 - The EU fines Google a record 2.42 billion euros (\$2.72 billion) for breaching antitrust rules with its online shopping service. It says Google abused its market dominance as a search engine by giving an illegal advantage to another Google product, its comparison shopping service.

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