

MARKETING

Google's EU antitrust fine could shake up how brands advertise

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Google's software dominance has led to its success in the hardware sector as well. Image credit: Google

By DANNY PARISI

Google has recently been hit with a massive \$5.1 billion antitrust fine from the European Union over its Android operating system, putting pressure on one of the biggest advertising platforms in the world.

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The fine is an incredibly aggressive regulatory action demanding that Google changes its business practices with regards to Android, the most popular mobile operating system in the world. The EU's actions are consistent with its larger move to curtail the power of major American tech companies, which could have a major impact on advertising and search results for brands across the globe.

"It looks like this time the fine will fit the 'crime' in this long running dispute of market dominance and manipulation," said Mark Skilton, professor of practice in information systems and management at **Warwick Business School**, Coventry, Britain. "Google has always been a contradiction, in that it is a market facilitator who also wants to control that market.

"Google claims that it has to compete with other big players and that swapping to an alternative search service is 'one click away,' but in my view it is its locking up of around 80 percent of mobile devices with pre-installed Google Android software that is the issue."

Antitrust fine

The massive company is one of the most dominant forces in tech, advertising and life in general today.

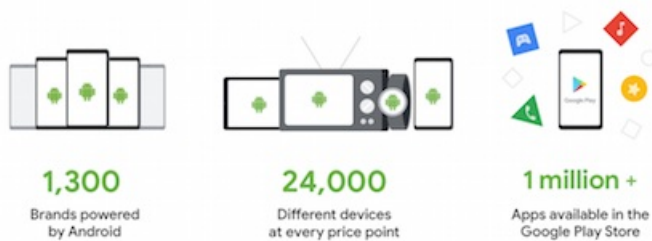
Google has long been the target of antitrust rumblings given its massive presence in the digital world. Now, the European Union is coming down hard on Google for its perceived outsized influence in the mobile world thanks to its Android operating system.

The E.U. asserts that Android's prevalence has created an environment where it is difficult for Google's competitors to get ahead.

For luxury brands, it has long been known that if you want to advertise digitally, Google and Facebook are basically your only options. The search category of marketing is almost entirely dominated by Google, creating what many

view as an unfair monopoly.

Android provides choice



Google believes Android engenders more choice, not less. Image credit: Google

As part of the fine, which Google will almost certainly appeal, the E.U. is ordering the platform to alter its business practices to allow for more competition.

For now, Google has not announced any major changes to its plans. However, if it were forced to do so due to a failed appeal, brands would likely see the advertising landscape of Google open up in a major way.

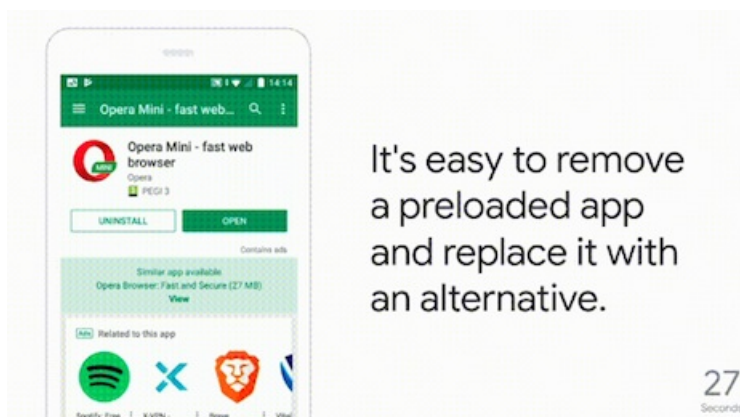
"The real issue is not the supplier side 'problems' which have been dominating the shape of the market; it's having a demand side where consumers have real choice instead of being locked into just one vendor's world view of the digital economy," Mr. Skilton said. "It must be remembered Google 'defines the market' and is not just an innocent bystander."

Marketing landscape

Google is the single biggest origin of traffic to luxury brand's Web sites, acting as the gateway for how the vast majority of customers arrive at a brand's online store ([see story](#)).

The fact that Google has created such a stranglehold on how users behave is an advantage to brands in some ways, namely that they can derive much information about consumers based on Google data, but a hindrance in others.

When Google refuses to work with other platforms and networks, it can cause difficulties for brands trying to build a holistic view of their customers. While big data companies such as Facebook and Google offer a start-to-finish look at the customer on their own platforms, they do not work with others to show the full view of the user.



Google claims that the prevalence of its app on Android devices can be easily circumnavigated. Image credit: Google

Yes, consumers are spending a significant portion of time on these platforms, but they are not spending all their time there ([see story](#)).

"Google claims it is a free market for users, but that's just not true in practice," Mr. Skilton said. "Granted, as we see in the telecoms market, network operators want to protect their billion-dollar investment in the infrastructure that enables all this Internet to work, but it's when it becomes a monopolistic control from the supplier to the end user that it becomes a problem.

"The Internet is in urgent need of moving to its next level of evolution, which will be a more distributed and edge-

based world," he said. "It is being seen with the rise of the Internet of Things that are multiplying the number of connections to smart homes, products, transport and everything else - this will bring a more open market.

"This is the next battleground for Google and the big tech players, but GDPR and the European Commission's focus on the tech giants is becoming a significant issue for them."

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