

SOFTWARE AND TECHNOLOGY

Google hit with antitrust lawsuit, leaving luxury marketers with uncertainty

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Google faces antitrust lawsuit as brands rely on digital advertising more than ever. Image credit: Google

By NORA HOWE

Tech giant Google is facing an antitrust lawsuit from the United States Department of Justice, which may lead to wide-ranging complications for digital marketers.

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The federal government is arguing that the tech giant unfairly dominates online search and advertising to the point at which consumers and competitors are being harmed. Since the Justice Department's landmark case against Microsoft nearly 20 years ago, this is the most significant legal action taken by the Department, Congress and state attorneys against a technology corporation.

"Google is heavily involved in the world of online advertising," said Milton Springut, founding partner of [Springut Law](#), New York. "Its databases are involved in virtually every online advertisement that occurs in the United States, and likely most of the world."

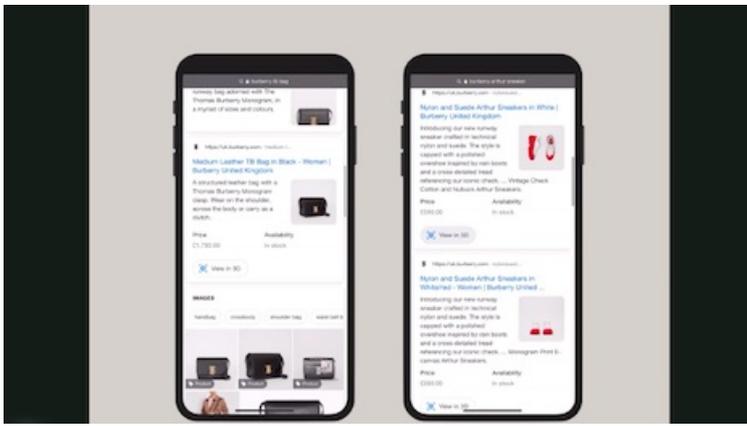
"This could have a major effect of restructuring the online advertising system," he said.

Case against Google

For years, lawmakers and consumer advocates have accused Google of abuse of dominance in online search and advertising to boost its profits. The tech company's parent Alphabet Incorporated has a market value over \$1 trillion.

Now, the Justice Department is accusing the company of collecting billions of dollars from advertisers and other companies, ensuring it is the default search engine on browsers, thus allowing it to maintain its 90 percent of the world's online search market.

Filed in federal court in Washington, D.C., the case has support from both consumer advocates and 11 state's attorneys general.



Google remains an important discovery platform for luxury brands. Image credit: Google. Image credit: Burberry

In response to the lawsuit, Google has denied claims of unfair competition, arguing that the company is useful and beneficial to its consumers and maintains that the federal government's case is flawed.

Google claims that consumers are free to choose which search engines or services they use, but that they choose to use Google most of the services provided by Google are offered at no charge in exchange for personal information, which the company uses to sell advertisements. It insists that it does not force consumers to use its free services or prevent consumers from switching to services such as Bing or Yahoo.

"While other search engines like Yahoo exist, it is unknown whether the majority of individuals using Google are doing so out of choice, convenience or obligation," said Rania V. Sedhom, managing partner of [Sedhom Law Group](#), New York. "As it stands, luxury brands spend much time and effort ensuring that their websites are updated, blogs current and marketing efforts are recognized by Google."

"There is a constant battle for the top five slots in any Google search," Ms. Sedhom said. "For better or worse, Google is the default web browser on iPhones, making the top spots on a Google search even more important."

While this lawsuit could potentially last years, brands should begin considering how the outcome might affect their ability to reach their consumer markets, and potentially start focusing on diversifying their advertising strategies outside of search engine placements.

"We're already starting to see a diversification of advertising across platforms as Facebook and Amazon have become more important advertising partners in recent years," said Jeff Coleman, group vice president of marketplace channels at [Tinuity](#). "The ways in which consumers are interacting with media, and advertising, have grown exponentially beyond simply typing a search into a search engine, and that's required brands to evolve how they're reaching their customers."

Preparing for a verdict

This is not the first time tech companies have been questioned and legally pursued on the premise of consumer safety. While these cases typically advocate for and empower the consumer, they tend to hinder the abilities of marketers.

In response to repeated government and consumer scrutiny for mishandling private information, Facebook launched a new privacy initiative last year called Off-Facebook Activity. The initiative allows users to view a summary of the websites and mobile apps that share information with the social media company, as well as erase the information.

Targeted online advertising is one of the revenue streams that keeps Facebook free for its billions of users, however the initiative prevents them from targeting ads on Facebook and Instagram based on consumers' online activity ([see story](#)).

The lawsuit against Google also comes a year after the company launched Shopping a seamless ecommerce shopping experience built for all of its platforms. Through this technology, users are able to purchase products online, in-store or directly through Google, which additionally benefits retailers and brands by having a centralized location for advertisements and transactions ([see story](#)).

"Certainly, luxury brands will follow market drivers," said Ms. Sedhom. "If people continue to use Google as extensively after the lawsuit, luxury and other brands will continue their focus on Google, Google ads, Google

search, etc.

"If, however, other search engines capture market share, those efforts will be rewarded with marketing dollars."

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