

Competition Commission remedial actions for Google: Good for small brands, not so much for big brands



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The Competition Commission's stance on Google's search dominance might give many small companies a unique opportunity, but it has serious consequences for SA's larger brands.



Source: © 123rf [123rf](#) The Competition Commission's stance on Google's search dominance will afford many small companies a unique opportunity, but it has serious consequences for SA's larger brands

If larger brands don't take action, they are at risk to lose any search advantage they have built up over the years.

The Competition Commission's Online Intermediation Platforms Market Inquiry's findings that Google's business model distorts platform competition, and more particularly, the remedial actions it has put forward, should give local brands pause for thought.

Among its findings, the Commission stated that Google search is critical and impacts on discoverability and website traffic, saying it had evolved to give more prominence to its own properties rather than organic search.

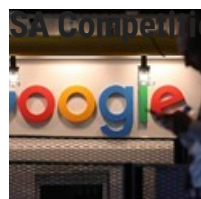
The Competition Commission went on to say this was evidenced by the large and growing spend on Google paid results by platforms, whose budget size gave them an unfair advantage.

“This news should come as no surprise. Efforts of our Competition Commission are part of a much wider look into the digital industry globally, which has largely avoided in-depth scrutiny.

“Covid catapulted the importance of all things digital into the public eye and even regulatory agencies, who had previously focused on traditional business models, sat up and took note,” explains Calvin Van Rensburg, media and platform consultant at Incubeta.

Van Rensburg says while regulators have been focused on the collection and usage of client data, the objectives of both the EU and SA regulators have been to protect users who are dependent on ‘gatekeeper’ companies for services or products.

He adds that the regulators also aim to ensure consumers will have access to more and better services at fair prices, as well as more opportunities to switch providers if they so wish.



SA Competition Commission: Google "de facto monopolist" in general search

R180m in advertising credits for small platforms

Looking at the remedial action as laid out by the Commission, van Rensburg warns that it is difficult to predict the final user experience at this stage.

However, he says it's fair to assume that the current real estate afforded to Google Shopping Ads will either be relocated or drastically redesigned to accommodate local businesses.

Van Rensburg also thinks the new advertising credits could shake things up.

The Commission has said Google should provide R180m in advertising credits for small platforms, in addition to free training to optimise advertising campaigns.

Google must also provide R150m in training, product support and other measures for SMMEs and black-owned online companies.

What we can say for certain, says van Rensburg, is the impact of the advertising credit and training measures will make a difference.

“The increase in digital advertising knowledge as a result of training will increase the digital maturity of the South African market. While the timeline of the rollout will play a role, it's possible there will be increased competition both at the time of investment, but also after, as an influx of new bidders looking for the same inventory drives prices up.

“This is of course, assuming the companies who participate will re-invest into the platform after experiencing a boost in business,” he says.

Big firms could stand to lose out

While the Competition Commission might have delivered a win for smaller local businesses, Van Rensburg warns that the larger firms won't be as happy.

“Unfortunately, the net effect of the Google advertising credit and training move is that it will become more expensive and difficult for brands to reach valuable customers. Larger legacy businesses, who were able to dominate the online platforms by investing heavily, are at risk of losing market share when the new protocols level the playing fields,” he says.

Looking at how to combat the possible negative effects, van Rensburg says bigger brands can take action to mitigate losses.

“Local brands should be focusing on building their first-party audience base, integrating offline data to inform online decisions, ensuring user privacy is in place and leveraging automation and machine learning. The goal is to future-proof the business to be as effective and efficient with its media investment as possible, regardless of what the competition may be doing,” van Rensburg advises.

He goes on to advise that both large and small companies can lean into strategies to optimise their digital presence.

“This doesn't have to be a zero-sum game. Once Google has confirmed exactly how they plan on implementing the imposed measures, savvy marketers will be able to capitalise.

“Whether that is a review of the product feed that services a revamped Google shopping carousel or a re-invigorated SEO strategy for more localised organic rankings, a more level playing field should ultimately benefit the consumer which means a growing market for all.”

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