

Economic effects of Google's Shopping Unit on competitors

Dr. Johannes Kotte

26.04.2022



It is about this box: Google's Shopping Unit ("GSU")






Google

adidas sneakers

All Images Shopping News Videos More Settings Tools

About 344,000,000 results (0.66 seconds)

Shop now Sponsored

				
Buty adidas - Falcon W...	adidas Buty adiease Premiere	adidas Originals Continental 80...	Buty adidas - Continental 80...	adidas Originals YUNG96...
PLN 279.00	PLN 230.30	PLN 269.00	PLN 279.00	PLN 279.30
eobuwie.pl	adidas.PL	Zalando.pl	eobuwie.pl	Zalando.pl
By Shoptail	By Google	By Shoptail	By Shoptail	By Shoptail

- Fulfills all requirements of a comparison shopping service ("CSS")
- On top of the search result page ("SERP"), where no other CSS is displayed
- Significantly more prominent design than any other search result

[Shop The Farfetch® Sale | Get Extra 30% Off Sale Items | farfetch.com](#)

[www.farfetch.com/Adidas/Sale](#)

Limited Time Promo. Brand Restrictions Apply. Let The Sale Treasure Hunt Begin.

[Women's New Arrivals](#) · [Women's Best Sellers](#) · [Women's Luxury Activewear](#) · [Exclusives to Farfetch](#)

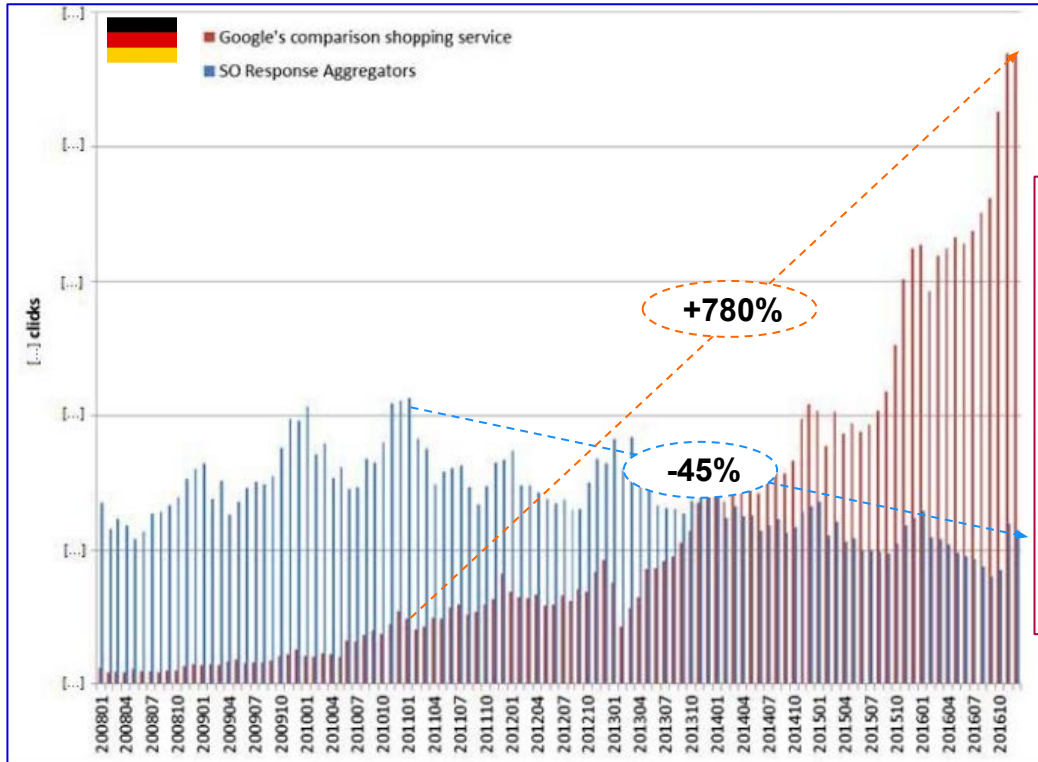
[Sneakersy adidas® | Zamów online, odbierz za darmo | adidas.pl](#)

[www.adidas.pl/](#)

Kupuj sneakersy z szerokiej gamy dostępnej na oficjalnej stronie **adidas**. **adidas** Piłka nożna.

Google diverts most of the SERP traffic (hence profits) to its own CSS (1)

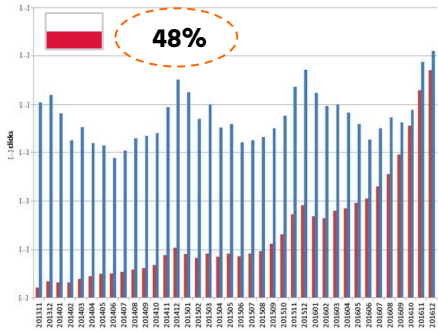
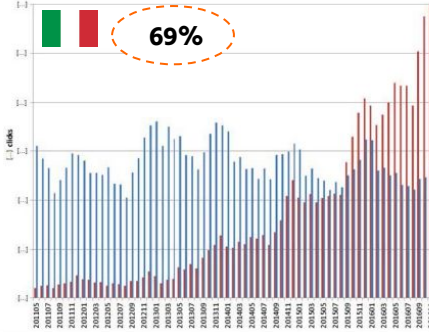
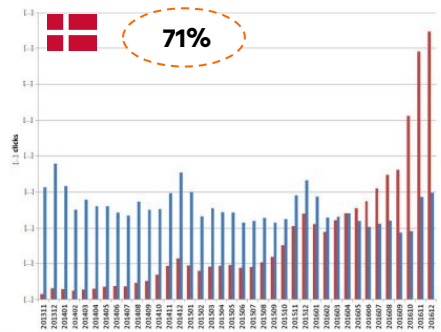
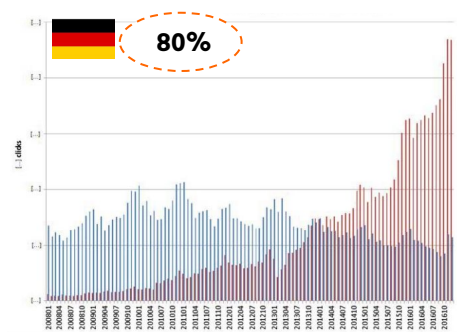
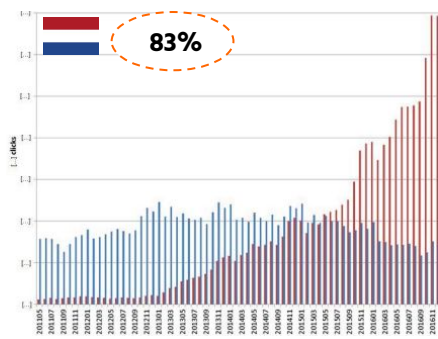
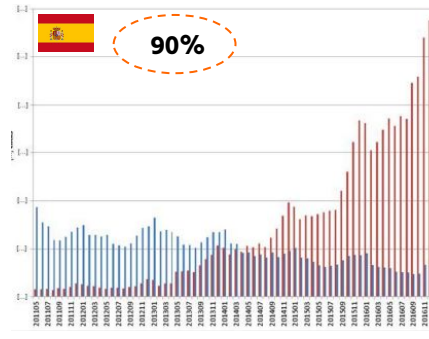
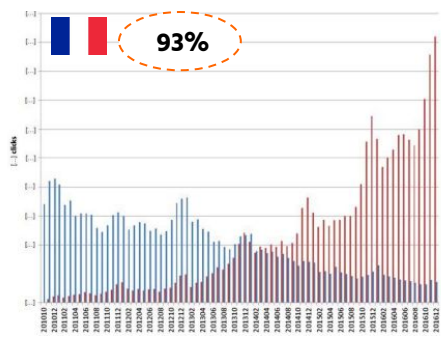
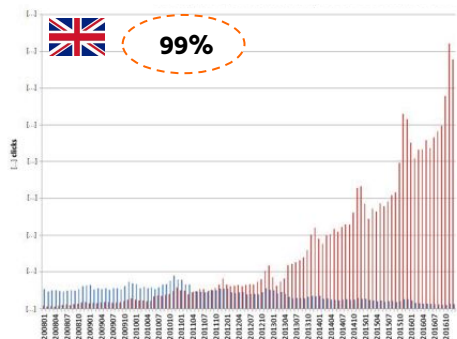
SERP traffic share development 2011-16 in **Germany**, according to EC data



- 2010-16, **traffic to Google's competitors** was almost halved
- In the same period, **traffic to Google Shopping** grew by 9x
- In 12/2016, the **GSU traffic share was 80%**, i.e. 4.2x bigger than all other CSSs in the SO response combined

Google diverts most of the SERP traffic (hence profits) to its own CSS (2)

SERP traffic share development 2011-16 in **all available European markets**, according to EC data



This development is harmful for online shops and competing CSSs

Online shops *have to* supply from search monopolist at increasing prices

- Google search market share typically 85-95% in the EU
- Google diverts up to 99% of traffic to the GSU

Competing CSSs have very limited access to search traffic

- Competitors systematically and constantly lose business despite growing ecommerce market
- Investing is more difficult due to uncertainty about industry outlook

Many competitors went out of business or shrunk significantly

Business development of competitors

Out of business



Become
Foundem
Pricerunner



Acheter-moins-cher



Ciao
Stylelounge



Encuentraprecios

Significant downturn in business

2-year change in web traffic ¹

Pricespy

0%

LeGuide

-81%

Twenga

-31%

Kelkoo

-56%

i-comprateur

-28%

Shopzilla

-75%

Guenstiger

-16%

Shopmania

-99%

Kelkoo

-30%

For consumers, the GSU drives up consumer prices and displays inferior information

Grant Thornton study on differences between GSU and leading competitor in 13 EU countries

Consumers pay more

14%

average price surplus of GSU
compared to leading
competitor

Consumers get worse
information

10x

more incorrect offers in GSU
compared to leading
competitor

The information got
worse over time

x2

Share of incorrect offers in GSU
2019-2021