

Skyscanner's response to the Australian Competition and Consumer Commission's (ACCC) Issues Paper on general search services

Skyscanner welcomes the opportunity to respond to the ACCC's latest Issues Paper on general search services, along with the ACCC's recent recommendation to introduce a new ex-ante digital competition regime in Australia.

Our response to this Issues Paper relates to the practice of self-preferencing by dominant general search services.

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12) How may search engines engage in anti-competitive self-preferencing conduct? What are the potential harms from any such conduct to businesses, consumers and other digital platform services?

How search engines engage in anti-competitive self-preferencing

There are various ways in which search engines engage in self-preferencing. The two main ways in which a search engine can self-preference its own products and services, however, are in ranking and in display, and this is what Google does with its own vertical search services (VSS), such as Google Flights.

Ranking

With regards to ranking, Google uses its control of the overwhelmingly dominant general search service in Australia and elsewhere to give its own separate VSS, such as Google Flights, the most prominent position on the Search Engine Results Page (SERP). When a user inputs a flight-related query into Google Search, such as "flights to Sydney", the Google Flights unit appears directly after any paid advertisements, and before all organic results (although Google Flights can appear at the very top of the SERP when there are no paid advertisements).

Consumers do not scroll far down the SERP, because they reasonably assume that the most relevant results are towards the top of the page. By placing Google Flights at the top of the SERP, Google unfairly diverts ever more traffic to its own Google Flights service that could have gone to competing sites if the most prominent positions on the SERP were determined by relevance instead.

Display

The other way in which search engines self-preference their own products and services is in terms of display. And again, the case of Google Flights is instructive.

First, Google grants much more space on the SERP to Google Flights compared to other results. This amplifies the impact of the self-preferencing in ranking, since it means that the organic results are pushed even further down the SERP, further reducing their visibility and the amount of traffic they receive. This is especially problematic on mobile devices, which ever more consumers are using to book travel, since the screen is so much smaller. On mobile, the Google Flights unit fills the entire screen, requiring users to scroll even further to find the organic results compared to desktop.

Second, Google makes its own flight search service far more attractive and useful to users of Google Search than those of competitors. The Google Flights unit (which is, in reality, a link since clicking on

any of the options displayed in the unit takes the user through to Google Flights) contains a multitude of features. These include:

- Boxes allowing the user to input their departure and destination airports, along with their dates of travel;
- Filters allowing users to select the fare class they want, and to indicate whether they are searching for round trip or one-way options;
- A bar chart displaying average prices for every day of the year;
- A list of the airlines that fly the route, along with information on the flight's duration, whether the flight is non-stop or connecting, and an indicative price.

The presence of all these functionalities, in the most prominent position on the SERP, makes it more likely that users will engage with the Google Flights unit and click on it, at which point they will be taken through to the Google Flights page.

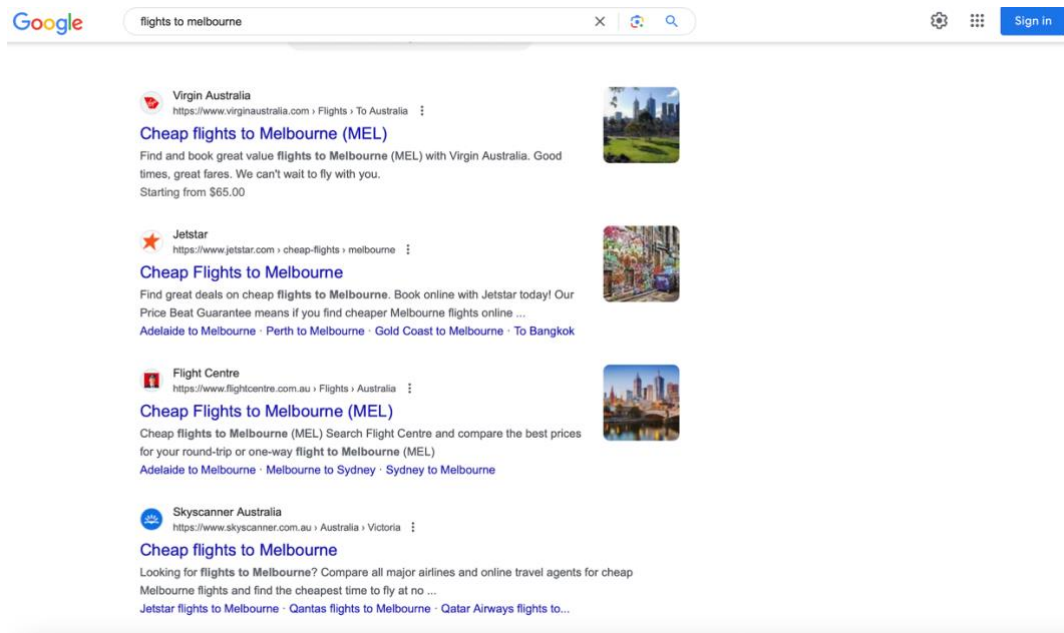
None of these functionalities are available to competitors to offer on the SERP, who must instead compete with Google Flights for users' attention by relying on a much more basic blue link.

The screenshots below illustrate the ways in which Google self-preferences, in both ranking and display, its own separate Google Flights service on the SERP in Australia:

The screenshot shows a Google search for "flights to melbourne". The search bar is at the top, with the Google logo on the left and a search button on the right. Below the search bar, there are tabs for "All", "Flights", "News", "Images", "Shopping", and "More". The "Flights" tab is selected. Below the tabs, there is a search bar with "flights to melbourne" and a search button. Below the search bar, there is a "Sign in" button. Below the search bar, there is a "Tools" button. Below the search bar, there is a "SafeSearch" dropdown menu. Below the search bar, there is a "About 244,000,000 results (0.34 seconds)" message. Below the search bar, there is a "Flights to Melbourne" section with tabs for "Flights", "Airports", and "Flight Status". Below the "Flights" tab, there is a "Flight prices" section with a bar chart showing average prices for every day of the year. Below the bar chart, there is a table of flight options.

Airline	Duration	Flight Type	Price
China Eastern	1d 12h+	Connecting	from \$1,434
China Southern	1d 2h+	Connecting	from \$1,485
Royal Brunei	1d 2h+	Connecting	from \$1,571
British Airways	23h 35m+	Connecting	from \$1,866
Other airlines	21h 45m+	Connecting	from \$1,928

The Google Flights unit appearing at the top of the SERP in response to the query "flights to melbourne"



Organic results follow, with much more basic features

Third, the Google Flights unit is displayed and designed in such a way that makes it very hard for consumers to identify that the unit constitutes a separate service to general search. There is no reference to 'Google Flights' on the SERP, and the unit often appears with a carousel directly above it, featuring the icons of travel sites such as Skyscanner.

This carousel is a completely separate feature, with the icons serving as links off to those sites included in the carousel, but users hardly ever click on the carousel. This is, we assume, because the presentation gives the impression that the airline results in the Google Flights unit below come from across the web, including from the sites included in the carousel above.

As such, if consumers believe the Google Flights unit is simply an extension of Google Search, they are even less likely to scroll down the page to organic results, and more likely to carry out their search directly on the SERP via the unit, which ultimately leads them through to Google Flights.

The screenshot shows the Google Flights search interface. At the top, it says "Find flights on" with logos for Skyscanner, Expedia, Kayak, Cheapflights, and eDreams. Below that, the origin is set to "London (all airports)" and the destination is "Madrid, Spain (MAD)". The departure date is "Thu, 6 Jun" and the return date is "Mon, 10 Jun". The trip type is set to "Round trip" and "Economy". There are also buttons for "Nonstop" and "Less emissions".

A calendar view shows the months of May and June. The departure date is highlighted as June 6th (a Thursday) and the return date is June 10th (a Monday).

Below the calendar, there is a list of flight options:

Airline	Duration	Flight Type	Price
Ryanair	2h 25m	Nonstop	from £103
easyJet	2h 40m	Nonstop	from £118
Vueling	10h 10m+	Connecting	from £149
British Airways	2h 25m	Nonstop	from £164

At the bottom, there is a "Show flights" button with a right-pointing arrow.

Example of the Google Flights unit with the carousel directly above it

Data

As a final point, the significant amounts of data that Google has access to through its operation of the overwhelmingly dominant general search engine in Australia¹, including travel click and query data and the data of competing business users buying paid advertisements, gives Google unique insight that it can use to enhance further its own VSS at the expense of competitors. Such data-cross usage provides Google's VSS with another significant advantage that is not available to competitors.

The harms from self-preferencing

Consumers

When consumers are presented with a SERP that has the search engine's own services and its monetised adverts in the most prominent positions, they are not seeing a true overview of the different options available to them. This means that when they are searching for a product or service, they are likely to be missing out on options that are more suited to their particular needs.

They are, in short, being unfairly denied greater choice. As it becomes harder for more firms to be discovered by consumers, the resulting loss of competition leads to higher prices and less innovation, as the same few firms gradually capture a bigger market share in downstream verticals and feel less competitive pressure to improve their products and services.

Businesses

¹ [88% of Australians said they had used Google Search in the last four weeks when asked by Statista last year](#)

For businesses providing similar products or services to the ones being self-preferenced by a dominant general search service, there are several potential harms. The result of pushing organic results further and further down the SERP is that the amount of traffic these sites receive organically is unfairly reduced.

To overcome the uneven playing-field created by Google and its self-preferencing of Google Flights, competitors could raise their spending on paid-for advertisements, since these are the only results that appear above the Google Flights unit, to try and counteract the fall in organic traffic. Yet having to spend more money on advertisements just to maintain their share of traffic means that businesses have less money to spend on growing their audience, improving their products or services, or expanding and training their workforce. This will ultimately lead to a market in which overall innovation is lower than it could be.

Increased spending on advertisements also provides a strong incentive for the search engine performing the self-preferencing to continue and extend such conduct, given the boost to its own revenues.

Businesses could instead opt to boost their investment in SEO, but such investment will result in lower returns (in terms of web visits) than it otherwise would if the SERP provided an equal opportunity for competing services to be discovered.

Self-preferencing also raises the barriers to entry for newcomers. The current competitive landscape would make it extremely hard for a new travel metasearch site to launch and be discovered via general search, given how much Google tilts the playing field in favour of its own travel metasearch products. Such reduced competition ultimately leads to higher prices, less consumer choice, and lower innovation and economic growth.

13) How does anti-competitive self-preferencing conduct affect the quality of search results displayed to consumers?

Self-preferencing significantly affects the quality of search results displayed to consumers. When a consumer inputs a flight-related query into Google Search, such as “flights to Melbourne”, they are not presented with an unbiased overview of the most relevant and suitable results for their query, which is the proper role of a general search service.

Instead, they see a curated view of Google’s owned and monetised products, rather than results based on more objective criteria such as relevance. This is clearly detrimental to consumer choice and transparency.

14) To what extent would changes to Google Search results in the European Economic Area in response to the DMA address competition concerns relating to anticompetitive self-preferencing by search engines? Would a similar change be beneficial to competition in Australia?

The removal of the Google Flights unit (along with equivalent units in other verticals such as hotels) is a welcome first step, as it reflects the fact that the units clearly constitute self-preferencing. The exact final nature of the changes to the SERP in the EEA, however, is still to be determined, and so it is difficult at present to comment on the changes further.