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Digitales de Alquiler Temporal (PAT)
Deutscher Ferienhausverband e.V. (DFV)
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Syndicat des Professionnels de la Location
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Verband Deutscher Ferienhausagenturen
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10 February 2020

Commissioner for Competition M. Vestager
European Commission
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AKENA Technologies

Awaze Group

Belita GmbH

BestSearch Media GmbH

Bungalow.Net Netherlands BV

Casamundo GmbH

Chalet.nl B.V.

dk-ferien Aps

eDreams ODIGEO Group

Eiderstedter Immobilien Appartement-
Vermittlung Reisedienst GmbH

Escapada Rural Servicios Para
Propietarios S.L.

EveryStay Limited

Expedia Group/HomeAway

fejo.dk ApS

FERIES S.r.l.

Gites B.V.

Holiday Home AG & Interholiday AG

HomeToGo GmbH

Istria home d.o.o.

Location Bretagne GbR

Location Vacances Express SAS

Metatravel Service GmbH

Naron d.o.o.

Ostsee-Ferienhausvermietung Gosch

Provacances ApS

resido GmbH

SARL VIVAWEB

SARL Web Emeraude

Silka Holiday Rentals bv

TravelMeta GmbH

Tripadvisor LLC

Tripping GmbH

Vintage Spain Ltd

Wimdu Meta GmbH

cc: Olivier Guersent (Director-General DG Comp)
Nicholas Banasevic (Head of Unit COMP.C.3)

**Re: Our concerns about Google's preferencing and
tying of its new product *Google Vacation Rentals*
within general search results pages**

Dear Commissioner Vestager,

You were one of the first who correctly identified the competitive threats arising from digital platforms such as Google that act as both a referee and a player to "*use that power to harm competition, by helping their own services*".¹

The undersigned trade associations and companies (hereinafter **we**) would like to make you aware of another case of self-favouring by Google. We are either providers of specialised vacation rental intermediation services or associations representing the interests of the Internet travel industry. The members include multi-national enterprises as well as medium and small sized businesses (**SMBs**) from around the globe.

Akin to other sectors such as comparison shopping or online recruitment, we are currently witnessing an attempt, by Google, to expand its dominance in the markets for general search services into the separate markets for vacation rental intermediation services by favouring its own service in general search results pages.

¹ Digital Summit, Dortmund, Germany, 29 October 2019.

(in alphabetical order)

As officially announced on 5 October 2019,² Google expanded its “*search experience to include a wider assortment of vacation rental properties worldwide*”.³ This means that Google started displaying vacation rentals from a variety of partners, some of which signed this letter. These offers for vacation rentals can be seen, searched for and compared within Google’s new product *Google Vacation Rentals*. With a few clicks the offers can then also be booked. Accordingly, Google advertises its new service as a tool to “[f]ind and book vacation rentals, with help from Google”.⁴

The competition concerns arise from the fact that Google features its new product in a visually-rich OneBox at the top of its general search results pages – a ranking and display that Google reserves only for its own specialised search service. The prominent feature includes pictures, a map preview, ratings and prices – a user experience like any other vacation rentals search service. As the Commission established in its *Google Search (Shopping)* decision⁵, such favourable ranking and display secures Google’s service more user attention and clicks than any competing service may acquire, even if these are more relevant for the user’s search query.

Google Vacation Rentals is a direct competitor to our specialised services. There may be some form of cooperation but ultimately both *Google Vacation Rentals* and our platforms compete on all fronts for the intermediation between vacation homes and holiday seekers. We all compete for the attention of the same users. We also all compete – sometimes on different levels of this market – for either original content providers such as property/channel managers or providers of vacation rentals such as home owners or real estate companies. But none of us Google rivals is capable of resorting to a favouring within the results pages of the standard Internet search engine to bundle these two user groups of consumers and properties.

We see strong indications of a competitive strategy for Google to reduce us and our industry to mere content providers for the “one-stop-shop” of Google’s new product:

² See Schaal, Google Elevates Vacation Rentals With Hotel-Like Treatment in Search, 5 October 2019 (<https://skift.com/2019/10/05/google-elevates-vacation-rentals-with-hotel-like-treatment-in-search/>).

³ Google, The Keyword, Find and book vacation rentals, with help from Google, 26 March 2019 (<https://www.blog.google/products/flights-hotels/find-and-book-vacation-rentals-on-google/>).

⁴ *Id.*

⁵ The 1st position on a given Google search results page usually attracts 32.5% of clicks, the 2nd position 17.6% of clicks, the 3rd position 11.4% and any further position attract 8.1% and less clicks (see <https://www.wikiweb.com/google-ctr/>). On mobile devices, this tendency is even stronger, with the top three results on average accounting for more than 70% of the total clicks, see the findings in Commission, Case AT.39740 – *Google Search (Shopping)*, footnote 541.

- **Technical tying:** Google is technically tying its general search service, *Google Search*, with the distinct vacation rental search service, *Google Vacation Rentals*. Attracted and trapped by the visual prominence of the OneBox for this specialised service, users are induced to click on it irrespective of its quality and relevance. Users cannot use Google's general search service anymore without also being displayed the results of *Google Vacation Rentals* when they enter a related search query. There is no option to obtain *Google Search* without *Google Vacation Rentals*.
- **Self-preferencing:** Google is consistently positioning and displaying OneBoxes for its vacation rental search service above all competing services. This diverts the majority of the user attention and traffic to *Google Vacation Rentals* and away from its more relevant competitors. As a result, competing services are *de facto* cut-off from their customer base, at least from the majority of those consumers who only use *Google Search* to find their way round the Internet.
- **Anti-competitive foreclosure:** Google's conduct will have a massive detrimental effect on the industry. Due to Google's general search service being the first port of call for most Internet users, almost all specialised search service providers are dependent on being findable in *Google Search*. By pushing, at no costs, its own service above those of its rivals in general search results pages, Google can convey its service an economic advantage that none of us can compete with or outbalance through other investments or innovations. Google is increasingly providing the relevant vacation rental intermediation service directly within its results pages. This will ultimately render any click through to a competing intermediation service unnecessary. These services will be reduced to mere content providers for Google's rival service. This disables them from gathering the data required to enhance their search and matching algorithms, to identify user needs and to improve the user experience.

To make matters worse, Google discriminates amongst competitors regarding a participating in *Google Vacation Rentals*: At the moment, only a few big companies have been approached by Google to share their content. Google argues that a lack of staff and technical issues do not allow to involve all businesses immediately. As a result, SMBs suffer twofold. They are excluded from the traffic generated by *Google Vacation Rentals* and the OneBox severely reduces the traffic from organic or paid search results to their sites.

We have witnessed the same conduct in the hotel intermediation industry and understand that this conduct may still be investigated by the Commission. However, our case has different dimensions. Firstly, Google operates a separate product in the national markets for vacation rental intermediation services. Secondly, in our markets Google's abusive conduct just started. This allows the Commission to address the leveraging practice before it has irreversible effects. As you rightly pointed out in the past, in digital markets we *"need to act quickly. Because, once a market has tipped, it becomes very hard to bring competition back to the market"*.⁶

- **Google Search (Shopping)⁷ and the Microsoft (Tying)⁸ cases are strong precedents** that may even allow the finding of a *prima facie* abuse. Most experts agree with the economic rationale of these decisions. Not just the Commission's advisory board encouraged more vigorous steps because *"self-preferencing by a dominant firm can be abusive even below [the threshold of essential facility] where it is not justified by a pro-competitive rationale and is likely to result in a leveraging of market power."*⁹ We do not see any pro-competitive rationale in Google's favouring and tying of *Google Vacation Rentals*. On the contrary, it restricts competition and will ultimately lead to less choice and higher prices for consumers.
- **Risk of irreversible "tipping" towards Google.** As of today, Google does not charge its rivals for being included in *Google Vacation Rentals*. However, considering Google's successive switches to paid-inclusions in the areas of shopping, flight and hotel searches, such payment system appears to be only a short matter of time. By then intermediaries, original content providers and vacation home owners will have become so dependent on Google's broad and single-homing user base that they will have no option left but to bid their revenues away in auctions for paid-inclusions in the OneBoxes. In addition, already today the conduct strengthens Google's dominance in general search.

Considering the above, the undersigned strongly encourage the Commission to launch an investigation into Google's favouring and tying of its service *Google Vacation Rentals* and to consider all possible steps to bring this conduct to an end.

⁶ Speech, Digital Summit, Dortmund, Germany, 29 October 2019.

⁷ Commission, Case AT.39740 – *Google Search (Shopping)*.

⁸ Commission, Cases AT.37792 – *Microsoft I* and AT.39530 – *Microsoft II*.

⁹ Crémer/de Montjoye/Schweitzer, Competition policy for the digital era, April 2019, page 66.

Sincerely,

(in alphabetical order)

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Annex

Google Vacation Rentals embedded on Google SERPs



Google Ads / paid results

Google Vacation Rentals OneBox

Organic search results

Google Ads / paid results

Google Vacation Rentals OneBox

on mobile (left) and desktop (right)

Map preview

Filter functions

Preview pictures

Prices

Reviews

Amenities

Mobile View (Left):

- Time: 11:17
- Location: Malta
- Map preview showing prices: €86, €155, €139, €96, €97, €103
- Search filters: Mon, 2 Mar - Thu, 5 Mar
- Listing 1: BH4 - Seafront 3 bedroom apt. - €139 (4.8 stars, 13 reviews)
- Listing 2: 3 Bed Apartment in quiet Mgarr Village - €96 (4.9 stars, 37 reviews)
- Listing 3: Villa Lyss - €86 (4.9 stars, 43 reviews)
- Listing 4: BH2 - Seafront 3 bedroom apt. - €139 (4.9 stars, 13 reviews)
- Button: View all rentals

Desktop View (Right):

- Time: Mon, 2 Mar - Thu, 5 Mar
- Map preview showing prices: €69, €36, €416, €10, €86, €71, €139, €82, €96, €88, €271
- Listing 1: BH4 - Seafront 3 bedroom apt. BBQ - €139 (4.8 stars, 13 reviews)
- Listing 2: 6 Bed Apartment in quiet Mgarr Village - €96 (4.9 stars, 37 reviews)
- Listing 3: Villa Lyss - €86 (4.9 stars, 43 reviews)
- Listing 4: BH2 - Seafront 3 bedroom apt. - St Paul's - €139 (4.9 stars, 13 reviews)
- Button: View all rentals