



RESPONSE TO THIRD REQUEST FOR INFORMATION

2021MAY0010

(Competition Commission Inquiry Into Online Intermediation Platforms)

10 December 2021 - Google Search and Google Travel

Below is Google's response to questions 1, 2, 3, 40, 41, 43, 44, 46, and 47 (the **Tranche 2** submission) of the South African Competition Commission's information request dated 10 December 2021. These questions relate to Google Search and Google Travel.

These responses are supplementary to the responses provided on 17 January 2022 in relation to questions 6, 13, 18, 19, 20, 21, 22, 23, 33, 34, 35, 36.2, 37, 38, 39 and 42 (the **Tranche 1** submission).

Google has sought to provide the best information available by the response deadline. Responses to the remaining questions will follow as soon as possible.

Please note that this document and its annexes contain business secrets and otherwise sensitive information, and should therefore be considered strictly confidential. A CC7 Form and schedule will follow as soon as possible.

Index of Annexes

Annex	Title
Annex 3.1	[REDACTED]
Annex 41.1	[REDACTED]
Annex 41.2	[REDACTED]
Annex 41.3	[REDACTED]
Annex 43.1	[REDACTED]



CONTENTS

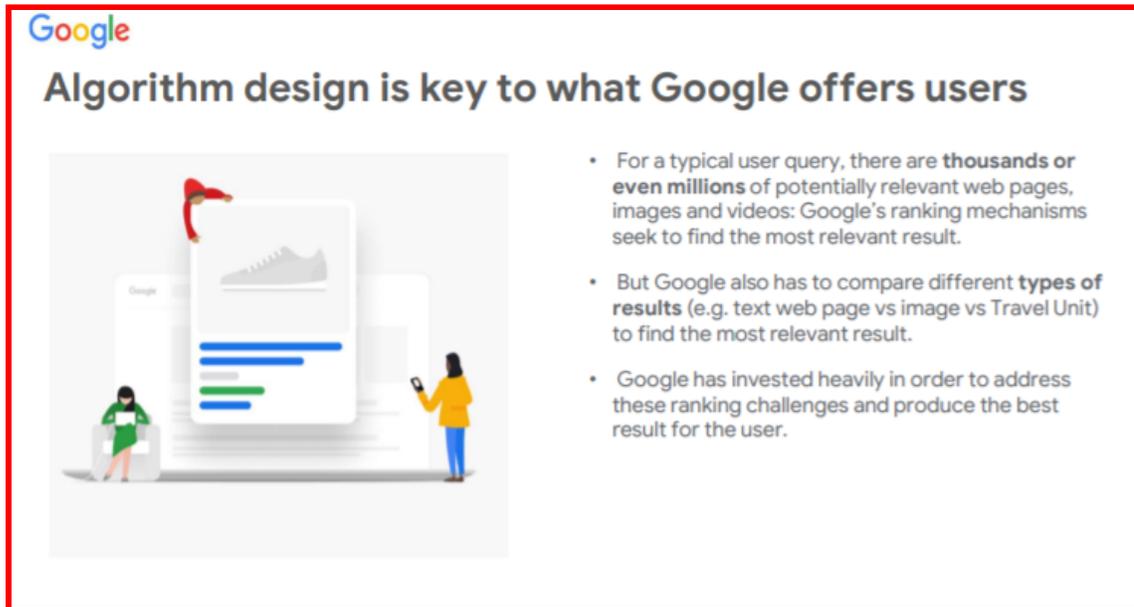
ORGANIC SEARCH OVER TIME	4
GENERAL	6
GOOGLE HOTEL ADS	14

ORGANIC SEARCH OVER TIME

1. **Provide data on the average, median, maximum and minimum number of organic results on the first Google Search results page for (a) e-commerce searches, and (b) travel and accommodation searches from South Africa per annum over the last 10 years (2012 - 2021), in total and by mobile and desktop separately.**
 - 1.1 **Also do the above for the top 5 e-commerce searches and top 5 travel and accommodation searches in South Africa.**
 - 1.1. While users have the ability to set the number of results that appear on their Search Results Page, by default Google generally shows 10 organic results on a webpage. This approach has been consistent for the last decade.¹
 - 1.2. The organic results that appear on the Search Results Page are not necessarily limited to “blue-links” - some may be, amongst other things, images, videos, or results in the Travel Units. As mentioned in the public hearing on 4 November 2021, Google’s search algorithms analyse and rank the relevance of these different types of results to find the most useful information in response to the user’s query (see **Figure 1** below), whether they are blue links, images, videos or other organic units.
 - 1.3. The same principles apply for e-commerce and travel and accommodation queries (i.e. Google does not show a different number of organic results in these cases).

¹ From time to time Google may run experiments impacting the SERP layout on small segments of traffic.

Figure 1: Extract from Google’s presentation to the SACC on 4 November



Source: SACC²

2. Provide data on the average, median, maximum and minimum number of organic results above the fold versus below the fold for (a) e-commerce searches, and (b) travel and accommodation searches in South Africa per annum over the last 10 years (2012-2021), in total and by mobile and desktop separately.

2.1 Also do the above for the top 5 e-commerce searches and top 5 travel and accommodation searches in South Africa.

2.1. [REDACTED]
[REDACTED] Google also notes that results that are shown “above the fold” would vary from user to user depending on a number of factors including: (i) screen size, (ii) resolution, (iii) font size, and, (iv) zoom on page.

² Available at: <https://www.compcom.co.za/wp-content/uploads/2021/11/SACC-OPI-Google-Search-Public-Hearing-Slides-Submission-Version.pdf>.

3. Provide the Inquiry with documents showing the percentage of clicks that take place above the fold versus below the fold on desktop and mobile Google searches over the past 3 years in South Africa.³

3.1.

[REDACTED]

GENERAL

40. Provide a timeline of when the Google Travel suite of products (e.g. Google Hotel Ads, HotelFinder, Google Flights) and the car rental one-box entered South African search results and how the positioning and size of these Google products evolved over time for desktop and mobile searches.

40.1. As explained in response to Question 28 of the Travel RFI of 13 August 2021,⁶ there are several types of Travel Units including Flights and Hotels. This question focuses on the Flights and Hotels Units as these are specifically referred to in the SACC's question.

40.2. As explained in response to Question 39, there is no 'car rental' unit in South Africa - but Google has provided information below about the evolution of the local search unit in South Africa.

³ If this does not exist for South Africa, you can provide this information for all countries.

[REDACTED]

⁵ Google understands this to refer to the top of a search results page - but this is not a term that is defined, or commonly referred to, by Google Search.

⁶ Submitted to the SACC on 24 September 2021.

Local Search Units

40.3. Results in the local search unit can include ads and organic results. [REDACTED]
[REDACTED]
[REDACTED] All ads that are included in the unit are clearly labeled as such, with an ‘ad’ badge.

40.4. Local search results appearing in response to local search queries were first launched generally in 2004 and in South Africa in 2009 in a list format without a map. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

40.5. Ads were launched in the local search unit in 2017 globally, including in South Africa.

Flights and Hotel Search Units

40.6. The Flights and Hotel Units were launched in South Africa in 2018 and 2015 respectively (at the same time the properties were launched). Key changes to these Units since launch include:

40.6.1. [REDACTED]
[REDACTED] For the avoidance of any doubt, the results that appear in the Travel Unit are and have always been ranked organically.

⁷ See, for example, Google’s response to Q16 of the Travel RFI of 13 August 2021, submitted to the SACC on 10 September 2021.

40.6.2. [REDACTED]

40.6.3. In relation to Hotels, Google had a predecessor Travel product called “HotelFinder” which included a fully commercialised/paid unit on the google.com SERP. Hotel Finder was replaced in 2015 with the organic Hotels Unit. Since inception, the Hotels Unit has always been organic. [REDACTED]

40.7. The size of the units will depend on the type of product:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Hotel and Flight properties

40.8. Google launched its Flights property in South Africa in mid-December 2018 and the Hotels property, in its current form, in late 2015.

40.9. Results shown to users on Flights are organic, meaning all results (at both the shopping and booking stage) are objectively ranked based on their relevance to the user's query.

40.10. [REDACTED]

40.11. When a user searches for a hotel on the Hotels property, Google will return a list of unpaid hotels results responsive to the user's query. [REDACTED]

[REDACTED] Once a user selects a specific hotel, she may see a combination of paid and unpaid links to book a room in that hotel. Hotel booking link ads, or the paid booking links, have been available since the launch of hotel search. Google introduced free booking links at the beginning of 2021. The other significant change to the Hotels property was in 2018, when the property underwent a significant redesign of the user interface to enable more visual browsing and easier access to hotel information like reviews, amenities, and location information.⁹ [REDACTED]

41. Does Google clearly mark the Google Travel (Google Hotel Ads, Google Flights) one-box that appears on the first search engine results page as Google's own

⁹ For further information on this change for mobile see <https://blog.google/products/travel/planning-travel-go-just-got-easier/> and for desktop see <https://blog.google/products/travel/new-way-to-browse-hotels-on-google/> .

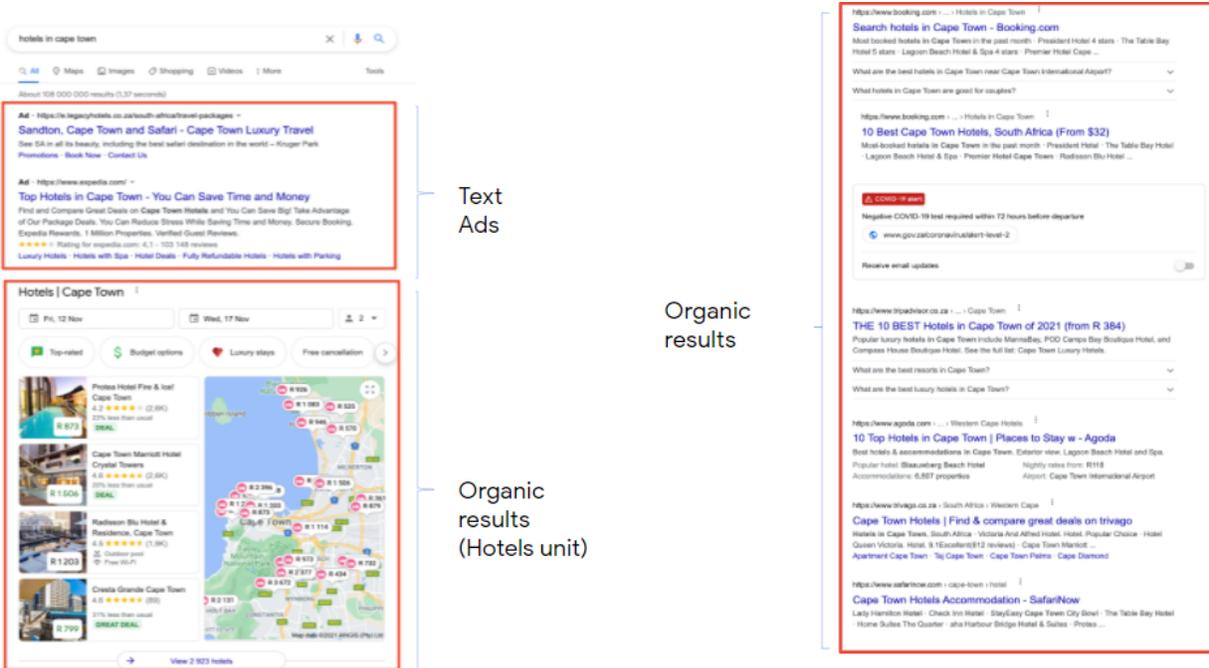
product? Please elaborate.

- 41.1. There is no “Google Hotel Ads one-box.” When a user searches for a hotel on google.com, Google may display a hotel unit among the organic results, which includes unpaid hotel results.¹⁰ As set out in response to Question 40, Google has also recently launched a new Hotels Ads format on a small percentage of mobile queries.
- 41.2. Google’s Travel Units (i.e. the Google Hotels and Google Flights Units) contain unpaid search results and they appear when Google determines that these results are sufficiently responsive to the user’s query. Google introduced the Travel Units to present relevant results for travel searches in a way that provides the best experience for users. Even when the Travel Units appear, the majority of the google.com SERP remains free for the display of other organic results, and ads in the dedicated ad space on the page.
- 41.3. Google does not attach a Google label to the Travel Unit (e.g. Google will not label a Unit as “Google Flights” or “Google Hotels”), although its Travel Unit does have a label when it appears, e.g. the labels might say “Hotels in Johannesburg” or “Flights to New York.” The Travel units are ranked organically - and in comparison with - the other blue link organic results. Unlike an ad (where users need to be warned that the prominence of a paid result is in part due to payment), the Travel Units are unpaid results that display the most relevant results to users in the same way as other organic results on the page.
- 41.4. In any case, the Travel Units are noticeably distinct from the organic blue link results and ads that appear on the SERP, in both format and content. The Hotels Unit contains the top hotels that match the user’s query, ranked organically by relevance - an example search results page for ‘Hotels in Cape Town’ is set out below as Figure 2. Similarly, the Flights Unit includes results that are relevant to the user’s query and are sorted by price. Figure 2 shows that the Unit looks different to the blue link results.

¹⁰

[REDACTED] The Flights Unit is an organic unit, which contains only organic results.

Figure 2: Example of a Hotels Unit on google.com



41.1 Provide documents or studies that indicate whether (or not) consumers are aware that these products belong to Google.

41.1.1 Google has not identified any documents which indicate whether South African consumers are aware that Google Travel’s suite of products belong to Google.

41.1.2 In order to assist the SACC, Google has provided two documents as Annex 41.1 and 41.2 which discuss brand awareness around Google Travel at a global level (or at least a significant cross-section of major jurisdictions) and an extract of a document provided as Annex 41.3 which discusses user awareness relating to Google’s Travel products.

43. Provide studies and documents (including internal strategy documents) that discuss customer behaviour, future trends, the rationale and strategy for Google’s Voice Assistant in travel and accommodation.

43.1 Please see the Google Assistant Help Page¹¹ and Annex 43.1. [REDACTED]

¹¹ See “How Google Assistant helps you get things done” available at: <https://developers.google.com/assistant/howassistantworks/responses>.

[REDACTED]

43. Explain why Google’s Voice Assistant would take one directly to Google’s Travel one-box for search terms¹² such as “hotels California”, “accommodation Cape Town”, “places to stay Johannesburg”, “Flights to Cape Town”, “rent a car Johannesburg airport” and provide no other search results for other service providers.

43.1. Google Voice Assistant is a relatively new Google product and was launched only six years ago. Given the infancy of this area of technology, there is uncertainty about how voice assistants will develop, and use cases for assistants remain unclear. Google Assistant competes with a number of other assistant providers including [REDACTED], for example.

[REDACTED]

[REDACTED]

43.4. When ranking responses to a query, Google Assistant applies the same general principles as those used when ranking results on Google Search, although Google Assistant only shows SafeSearch results as it aims to provide safe, high

¹² Search term also means query.

quality responses that provide a good user experience.^{13 14}

[REDACTED]

43.6.

[REDACTED]

However, regardless of the device used, the results shown to the user will be the most relevant results for that query taking into account all relevant context available, and applying any adjustments required for SafeSearch.

43.7.

Based on the user's search history and as compared to other results responsive to the query, the user may receive results in the Google Assistant app that are similar to those that would appear in the Travel Units, but only if Google Assistant determines that these results are most relevant to the user. If a third party result is the most relevant organic result, then that result will be displayed at the top of the search results, or the user will be taken directly to that third party website.

¹³ For further detail on Google's SafeSearch see "*Filter explicit results using SafeSearch*" available at: <https://support.google.com/websearch/answer/510>.

¹⁴ Google Search only shows SafeSearch results if this feature is enabled by the user. When users access Search content outside the Assistant, such as by clicking through to the google.com SERP via the "G Search chip" in the bottom left of the Assistant App, their SafeSearch settings are re-applied

GOOGLE HOTEL ADS

46. Describe the bidding process in Google Hotel Ads and how the top two positions are selected for a given hotel search.

46.1. There are two ad-group types within a Hotel Ad campaign in Google Ads: (i) hotel booking link ads, and (ii) property promotion ads:

46.1.1. Hotel booking link ads help advertisers obtain online bookings on their websites and streamline checkouts with a link directly to their booking page, and appear in the booking module for a specific hotel.

46.1.2. Property promotion ads help to improve visibility by promoting a hotel to a prominent position in the hotel search results.¹⁵

46.2. Advertisers are able to employ the same bidding strategies for both promotion ads and booking link ads. These strategies are:

46.2.1. **Commission per stay:** advertisers bid a percentage of the room booking value only for guest stays, removing the cost of cancellations.

46.2.2. **Commission per conversion:** advertisers bid a fixed percentage of room booking value for every time a traveller books through their ad.

46.2.3. **Manual cost-per-click:** advertisers bid a fixed amount whenever a traveller clicks on their ad.

46.2.4. **Cost-per-click percentage:** advertisers bid a percentage of the room price per night when a traveller clicks on their ad.

46.2.5. **Enhanced cost-per-click:** used alongside manual cost-per-click or cost-per-click percentage, this strategy helps to improve the return on the ad spend that advertisers would otherwise achieve with manual bidding alone, and is designed to work with in-house or third-party bidding systems.

46.3. 

¹⁵ See “Bidding overview for hotel ads” available at: <https://support.google.com/google-ads/answer/9244120>.

[REDACTED]

46.4. As explained in response to Question 25 of the Travel RFI, the Google Ads auction algorithms determine the order in which search ads appear by calculating each ad's Ad Rank. [REDACTED]

[REDACTED]

46.1 Are the placement of the ads in Google Hotel Ads determined purely by bid amount for a given search parameter? Please elaborate.

46.5. The placement of Google Hotel Ads is not determined solely by bid amount. As noted in response to Question 46 above, the placement of Google Hotel Ads is determined by a range of criteria. Hotel Ads require an exact itinerary match for the user's query - an ad will only be placed where the advertiser is able to provide available rates for the specific dates requested in the user's search query.

46.6. [REDACTED]

46.7. [REDACTED]

47. If one clicks onto organic search results for a given hotel within Google Hotels, one is taken to another page with both Ads and free direct links to the hotels website. Explain the rationale for this third iteration of Google advertising¹⁶.

47.1. As explained above, the results generated in response to a categorical query on the Hotels property can include paid ads in addition to organic (unpaid) results. This format provides a way for hotel advertisers to promote properties that may not otherwise appear at the top of search results but can present users with additional information to aid in their search - for example - the hotel may be new, running a promotion, or offer low season rates. On the Hotels property, not all hotel queries will return Hotel Ads. For queries related to South Africa in Google's Hotels and Vacation Rentals property over the period 7 August 2021 - 5 September 2021, as set out in response to Question 18 of the Travel RFI of 13 August 2021 (submitted on 24 September 2021):

47.1.1. [REDACTED] of queries had no ads, [REDACTED] of queries had one ad and [REDACTED] of queries had two ads.

47.1.2. Of the top ten results on the Hotels property (calculated across ads and search results), [REDACTED] of the results were unpaid results (i.e. [REDACTED] of the top ten results were ads).¹⁷

47.2. Once a user selects a specific hotel, Google displays Hotel Ads and free booking links to provide users with relevant information about the property and dates they've selected - namely, from whom they can purchase a room in that hotel and at what price. Both paid and unpaid booking links can also offer the user more information at this stage (e.g. a travel provider could advertise a promotion, free cancellation, free wifi, or the availability of membership rates). Both types of booking links allow users to compare prices from multiple sellers for a room they may be interested in booking, on the dates they would like to book them. Equally, hotel partners are able to put their prices in front of

¹⁶ The first iteration is ads on the SERP, and the second iteration being the two ads within Google Hotels once one has clicked on the Google Hotels one-box.

¹⁷ [REDACTED]



highly-qualified leads (i.e. users that have completed a hotel search and chosen a specific property for specific dates).

- 47.3. Booking links, including hotel ads, are an important opportunity for small businesses, including regional OTAs and small hotel owners, to improve their visibility with these highly-qualified users. Booking links allow these small businesses to participate for free via the free booking links or pay for more prominent placement via hotel ads participation.

* * *