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Media and Digital Platforms Market Inquiry

Competition Commission of South Africa

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SUBMISSION OF GOOGLE LLC ON THE STATEMENT OF ISSUES OF THE MEDIA AND DIGITAL PLATFORMS MARKET INQUIRY (MDPMI)

Dear James, Paula and Commission team,

Thank you for inviting our input on the Statement of Issues (“SOI”). We are looking forward to engaging with the panel and stakeholders during the MDPMI.

We share the objective of the MDPMI, of ensuring a diverse, independent, and sustainable South African news ecosystem. The availability of trustworthy, high-quality journalism is more important than ever, globally and in South Africa.

The internet has changed the news industry. Publishers that previously relied on printed media now enjoy more reach and distribution channels at lower cost than ever before, and the internet has created new opportunities by removing many of the traditional barriers to participation in the market. Publishers have had to adapt their businesses for this new digital environment over a short period. This digital transformation creates challenges, particularly in the South African context for smaller, local publications, who may lack resources and digital expertise compared to the larger and more established publishers. The MDPMI is therefore timely and important.

We are committed to helping South Africans find trustworthy, diverse, high-quality news content, and to supporting the sustainability of the South African public interest news industry. We implement this commitment in three principal ways:

- **We offer a freely-available search engine and a news aggregation service, which create monetisation opportunities for publishers through valuable referral traffic.** Our products available in South Africa today enable publishers to reach consumers and monetise their content. Sending people to publishers' news sites — not keeping them “walled up” on Google products, as some claim — is a key way we provide value to the news industry. Every month, we send Google users to news sites 24 billion times globally. In South Africa, Google sent more than 600 million free referral clicks directly to South African publishers in 2022 from Google Search and Google News. According to the methodology used in a 2019 analysis by Deloitte, this free traffic is understood to have created more than ZAR 370 million in estimated value for South African news publishers. We also make available detailed analytics about user engagement, which provides publishers with insights and opportunities to help them further grow their audiences.

- **We partner with publishers through commercial relationships that enable direct revenue generation from their content.** For example, once the user clicks through to the publisher’s site, our advertising technology (“ad tech”) provides one of many options for them to monetise their content. When publishers choose to use our advertising services, they are immediately connected to a wide range of advertisers, and they earn substantial revenue from the ads placed on their sites. Similarly, YouTube provides producers of video news a variety of monetisation options for content they choose to post onto the platform.
- **We invest time and resources in digitisation skills development, capacity building and other direct digital transformation initiatives for news publishers,** especially smaller organisations, to successfully transition their business to thrive in the online environment. One of the key ways we do this is through the Google News Initiative (“GNI”)¹. The GNI provides tools, training, and funding to help news organisations succeed in the digital age, including funding and support for innovation and equity projects, combating mis- and disinformation, access to fact checking tools and extensive editorial and business training programs to strengthen digital business models and skills in newsrooms. We also run bespoke projects where there is a specific need identified for the news ecosystem. For example, we will be implementing a dedicated misinformation and fact-checking initiative around the upcoming 2024 South African elections. The GNI is a deliberate investment aimed at supporting the sustainability and development of the news ecosystem. It is particularly important in the South African context where there can be a substantial discrepancy between the degree of digital transformation achieved by larger news publishers and smaller, community publications. We are proud of the concrete outcomes the GNI is producing, and are excited to be making more business and editorial training programs available in South Africa.

We also have an exciting **roadmap for introducing new products and initiatives in South Africa**, which will create opportunities for publishers and further support the entire news industry. We have been working constructively with South African news publishers and associations on a number of these offerings, and look forward to sharing information about them during the course of the Inquiry.

As the SOI points out, regulators in other countries have looked into similar issues before. These processes have been helpful for us to reflect on our role in the news ecosystem, to understand and articulate the contribution of news to our business, and to refine the ways in which we support news industries in the specific circumstances of each country. We look forward to sharing our learnings from these processes with you.

¹See “Google News Initiative” available [here](#).

Against this background, we have responded to the main concerns raised in the SOI from the perspective of Google Search, Google News, YouTube and our ad tech products. It is important to keep in mind that each product is unique, and interacts with news publishers in a particular way. This applies in respect of each relevant Google product and also the other platforms mentioned in the SOI - we would caution against identifying concerns relating to "platforms" generally.

GOOGLE SEARCH

1. Google's mission is to organise the world's information and make it universally accessible and useful. The service provided by Google Search, for free, is to connect users with information on the internet that is relevant to their search query. This includes connecting users with websites containing news, if they are relevant to the user's query. News publishers who choose to be crawled and indexed by Google Search therefore contribute content to the overall universe of publicly available information that we provide links to in response to a user's query. When the user is searching for news, our algorithms try to connect them with publishers of relevant, original, trustworthy and high quality journalism. In this way we drive traffic to publisher websites, helping to grow readership, and connect our users with relevant and useful information available on the web.
2. This complementary relationship between Google Search and news publishers provides important context for considering the various Scope Items set out in the SOI.

Google search does not earn meaningful revenue from news

3. While news has tremendous social value, it is challenging to monetise, particularly in the digital environment. This economic reality applies to Google just as it does to news publishers. We do not earn material revenue from news.
4. Google Search earns most of its money by showing relevant and useful ads alongside a small portion of search results, for example where the user is searching for a product or service. If there are no useful and relevant ads in response to a query, we don't show any ads at all, which is the case for the large majority of searches. If a user sees an ad but is not interested in it and doesn't click, the advertiser is charged nothing and Google makes no money. In short, Google Search only makes advertising revenue when users click on ads.
5. Businesses typically prefer to advertise on search queries that reflect a "commercial intent" i.e. an interest in buying a product or service. Monetising this relatively small subset of search queries with a commercial intent enables us to provide our entire search service for free. Put differently, searches for general information about the world, which typically do not earn much revenue for Google Search, are largely subsidised by ads revenue earned from searches with commercial intent.

6. Search queries with a news intent account for a very small portion of overall searches on Google Search, and are typically not commercialised. The revenue we earn from clicks on the relatively small number of ads shown against those “newsy” queries represent a small fraction of the value we provide to publishers in the form of referral traffic.
7. In 2022, news queries accounted for less than 2% of people’s search queries in South Africa. Ads placed on these search queries led to less than [Confidential] in revenue. So while news publishers are relevant sources of information for Google’s users, and Google considers publishers to be important partners, Google Search does not earn or seek to earn meaningful advertising revenue from displaying news results on the Google Search Engine Results Page (“SERP”).
8. We are aware of analyses that have been carried out by interested parties in other countries seeking to quantify the revenue earned by Google Search that may be attributable to news results. Some of these studies are, unfortunately, based on deeply flawed methodologies which drastically over-inflate the revenue we earn from news, using inaccurate assumptions and information.
9. Google Search also displays a tab at the top of the SERP which can filter the page to show only news results. The results shown in this filtered view do not contain any ads. The objective of this filter is to boost the visibility of news websites and increase traffic to publishers.

Google Search has no incentive to encourage users to consume news content on the SERP

10. Inclusion in Google Search is entirely optional for news businesses, and we offer both an opt-out protocol and a variety of tools to help publishers manage what appears on our platforms.
11. Our crawlers crawl the publicly available information on websites that instruct them to do so and we display links to websites that users find useful. This is the fundamental service offered by a search engine on the open web. We therefore do not consider there to be a bargaining relationship with websites that are linked on Google Search. Rather, we provide a free service to users who are looking to find information online, and provide referral traffic to websites containing relevant and high quality information, at no charge.
12. Referring users to publishers’ news sites is a key way we provide value to the news industry. Publishers want people to see their websites, and Google Search redirects millions of users to their websites every day, for free. The publisher then has the opportunity to earn revenues by serving advertising or offering a subscription.
13. When users click on the links to websites displayed on the SERP, we regard it as a success. The user has found what they are looking for using our search engine, and the publisher has a visit to their website from an interested user. Google has no incentive to retain users

on its website without clicking a search result, regardless of whether the user is looking for news or other information.

14. Google's revenue does not increase if users do not click through to publishers' websites. Visits to Google Search that do not culminate in a click simply indicate that the user has not found information that they think is sufficiently relevant and useful, and neither Google nor the publisher have any opportunity to generate revenue from the complementary services they have made available to the user². We have no incentive to deprive news publishers of referral clicks or monetisation opportunities - if we do, those opportunities are simply lost, and do not benefit Google.
15. Based on the high number of clicks referred to news publishers every month, we believe that Google Search is providing a valued service for both users and publishers. Every month Google users click on around 24 billion links to news sites globally, providing an opportunity for publishers to grow their audiences and show ads or offers for subscriptions.
16. Publishers get tangible value from this referral traffic, which Google Search provides for free. We enclose as **Annex 1**, a 2019 study by Deloitte, which analysed the contribution of web traffic to publishers' revenues in France, Germany, Spain and the UK, and estimated that publishers earn between 4-6 Euro cents (60 SA cents to one Rand) per click.
17. Google sent more than 600 000 000 free referral clicks directly to South African publishers in 2022 from Google Search and Google News. Applying the Deloitte methodology, the value of this referral traffic significantly exceeds the revenue earned from showing ads in response to news queries during 2022 by more than ten times.

The display of short extracts on the SERP benefits publishers

18. A number of the issues mentioned in the SOI are related to the display of short extracts of news articles on the SERP, often referred to as "snippets". This is a critical area where we often see misunderstandings that can lead to flawed conclusions about how our business works. We would welcome further engagements on this topic during the Inquiry so that it is properly understood.

What is a snippet?

19. A snippet is a short text extract that includes a portion of the text on the web page that includes the user's query. Snippets are displayed for many search results - not only news articles. They are intended to contextualise the relevance of the web page to the user's query, and help users decide which link to click on. Because news articles also typically

² There are some limited exceptions to this, for example, we have developed identifiers that know when a user is looking for simple, practical information which can be quickly and easily displayed in response to a query, such as the time in a different country or the weather. In these circumstances, Google Search will seek to display the information the user is looking for on the SERP to ensure they have a convenient experience.

have headlines to inform users what the story will contain, some of Google's specialised news results - for example those in the Top Stories unit³ sometimes displayed on the SERP - rely on the headline and a thumbnail image for informative purposes in light of each experience's purpose for users.

20. In the case of a search result that shows a snippet linking to a news article, the snippet is not a summary of the article as is sometimes incorrectly assumed. The text of a snippet is also not selected to give the gist of what the article is about. Instead, snippets simply contextualise the relevance of the website to the user's query, by showing the user how the words of their query appear on the linked website.
21. Snippets give users a practical way to understand whether a web page in the search results is relevant to a given query and to choose among several results which is most relevant for them. They allow users to make better-informed browsing decisions and increase user engagement with publishers' news sites, to the benefit of these publishers. As we explain below, snippets do not replace news articles for users; rather, they increase users' tendency to click through to read the article.

Publishers determine whether a snippet is displayed, and the length of the snippet

22. Websites, including news publishers, have total control over whether and how their snippets and thumbnails are shown in search results. First, websites can opt out of having their links included in Google Search entirely by adding "noindex" to a particular section of their HTML. Websites can keep their links and page titles included in Google Search, but opt out of having snippets and thumbnails shown by simply adding "nosnippet" to a particular section of their HTML. Websites can also choose to limit the size of their snippets and thumbnails using other simple machine-readable instructions.⁴
23. A publisher who believes longer snippets may attract more user clicks, is free to set the maximum length at a higher level, while a publisher who is concerned that snippets might substitute for clicks has the discretion to set the maximum length at a lower level or block snippets entirely. These settings work across our products, including Google Search and Google News, as well as other Google surfaces. In other words, publishers themselves decide how much preview content to authorise based on the value they derive from the previews.

The display of snippets is not a substitute for full articles and benefits publishers by increasing referral traffic

24. The use of snippets by search engines benefits publishers. By displaying snippets, users are more likely to be interested in and engaged with the publisher's content when they

³ See Google's May 2022 submission to the OIPMI for more background about the Top Stories unit. More information on Google's news surfaces is available [here](#).

⁴ See "Robots meta tags specifications" available [here](#).

- click through onto its news site. This ultimately increases the likelihood that publishers will entice users to subscribe for content which sits behind a paywall or encourage advertisers to advertise on their site.
25. This is borne out by the evidence. Search results that include snippets tend to receive more clicks than results without snippets, to the benefit of publishers, regardless of where they are ranked on the SERP.
 26. When websites remove or reduce their snippets in Google's web search results, they typically receive fewer clicks. **[Confidential]**.
 27. These results cannot be attributed to Google's algorithms because whether or not a site has disabled or limited the length of its snippets is not a direct factor in how that content is crawled, indexed, or ranked by Google's search algorithms. Instead, the increase in traffic when snippets are present, is due to the fact that users are better able to accurately identify relevant and useful content.
 28. The German Federal Cartel Office ("FCO") and the Regional Court of Berlin recognised that Google's business model as a search engine creates significant economic value, not only for Google, its users and advertising clients, but also for website operators since it drives monetisable traffic to their websites. Due to the value Google creates for publishers, the Regional Court of Berlin characterised their relationship as a "*Win-Win-Situation*".⁵ The FCO in fact found that there likely is a net positive balance in favour of publishers.⁶
 29. In its Final Report to the Digital Platforms Inquiry (the "DPI Final Report"), the Australian Competition and Consumer Commission ("ACCC") noted that "*[t]he ACCC does not agree that longer snippet lengths necessarily have a negative effect on referral traffic, with users remaining on an aggregator or search platform rather than clicking through to a news media business's website. [...] Although some concerns have been raised about the effect of snippets on referral traffic for media businesses, the ACCC has not received evidence that demonstrates a direct correlation or causation between the length of news snippets on Google Search and changes in referral traffic for an Australian media business or its click-through rates.*"⁷

Snippets are not subject to copyright

30. We often hear broad and inaccurate statements that snippets constitute copyright content. This is inaccurate. There is no jurisdiction globally that has found snippets to be subject to copyright. Even in the European Economic Area, which is the only jurisdiction that has introduced an ancillary copyright for press publications, the ancillary right

⁵ LG Berlin, GRUR-RR 2016, 426 paras. 53, 64.

⁶ Federal Cartel Office, Decision of 8 September 2015, B6-126/14, para. 217.

⁷ The ACCC's Final Report, Part 2, is available [here](#).

explicitly exempts hyperlinking and the use of “very short extracts of a press publication” from its scope of protection.

31. South African copyright law is in line with the vast majority of copyright laws around the world, which do not follow the European approach. In fact, the public benefit of displaying quotes from news articles is recognised in the Copyright Act, which specifies that copyright is not infringed by a quotation from a literary work, including a newspaper article, provided that the quotation is compatible with fair practice. As we have explained, the display of snippets on the SERP creates overwhelming benefits for publishers, who also determine whether a snippet should be displayed and the length of the snippet. The display of snippets is therefore consistent with fair practice.

Google Search does not compete with publishers for ad spend, data or subscriptions

32. As explained above, the relationship between Google Search and news publishers is complementary. Google Search does not earn any material revenue from news, and has every incentive to show useful news results that users will click on, providing publishers with valuable referral traffic. Preventing users from clicking on news results on the SERP would be value destructive for publishers, for users and for Google.

No competition for displaying advertising to a user searching for news

33. As explained above, the vast majority of Google’s search ads revenue comes from a small proportion of search queries. These are predominantly queries with a commercial intent, such as queries for shoes or vacations. But advertisers typically do not bid on queries with a news intent, as displaying ads next to these results can have brand safety and brand suitability concerns. For example, advertisers typically do not want to associate their brand with “war in Ukraine”.
34. As a result, once a user has inserted a query with news intent, and has been shown a list of relevant results on the SERP without any ads, Google cannot monetise that query. If the user clicks through to the publisher’s website and finds relevant information, then the user has had a good experience and may return for future searches.
35. Therefore, while we appreciate that both publishers and search engines have an ads funded business model, there is no competitive interaction between Google Search and a news publisher in relation to searches with news intent.

No competition for user data

36. Google does not compete with publishers for user data. Such data is non-exclusive, and is therefore not a scarce resource that firms compete over. Put differently, third-party data is non-rivalrous. There are many firms with access to large volumes of user data, and it is unlikely that any one firm has unique access to user data. Many companies collect user data on a large scale and use it to advertise or sell their products and services more effectively.

37. Suppliers of ad inventory (including news publishers) can choose to use multiple trackers (such as cookies but also alternative solutions like contextual targeting, device fingerprinting, and Universal IDs) from multiple ad tech providers on their websites and apps, as well as data brokers such as Experian. Publishers often use as many as 20, or more, different advertising technology companies at any given time. Google would also expect each website or app to provide third-party data to multiple third-parties. That is, where Google has a tracker on a third-party website or app, one or more other ad tech providers may also have a tracker collecting the same, or similar, information as Google.
38. Google provides news publishers with tools, such as Google Analytics, to help them understand the behaviour of their users. This gives publishers access to readership metrics such as the time spent by the user on a publisher's website, the number of articles they clicked on and the type of articles they clicked on.
39. With Analytics 360, publishers are able to integrate Google Ad Manager ("GAM") with Google Analytics in order to view ad revenue data alongside site data. This facilitates an integrated view of user behaviour and information about traffic sources with revenue and impressions data.⁸
40. News Consumer Insights is a free tool that helps publishers make data-driven business decisions that grow reader loyalty. In addition, News Tagging Guide is a tool that helps news organisations identify the engagement metrics in Google Analytics that matter for their audience and revenue growth and create tags that publishers can easily copy and paste on their news site.⁹
41. We are already working with South African publishers to ensure they are able to fully utilise the benefits of these free and useful tools. We would be happy to set up any additional and focused sessions that may be required to further support the local ecosystem, and also understand more precisely what data publishers believe would be helpful.

No competition for subscriptions

42. Google Search does not compete with publishers for user subscriptions, and its algorithms do not demote paywalled content. In fact, Google provides special tools to support the use of paywalls as a part of publishers' subscription-based business models, to support monetisation of their websites.¹⁰
43. A paywall typically hides all but the beginning of an article from view until a user pays for access. Typically, Google requires websites to show the same content to its crawler as the website would show to a user clicking through to the site from Google Search¹¹. That

⁸ See "About the Google Ad Manager integration" available [here](#).

⁹ See "New tools to help publishers turn data into action" available [here](#).

¹⁰ See "Structured data for subscription and paywalled content" available [here](#).

¹¹ See "Spam policies for Google web search" available [here](#).

means that most sites would only be able to be indexed and ranked based on the limited introductory information they display before the paywall. Because Google understands the importance of paywalls to news publishers' subscription-based business models, it exempts them from this general rule. News publishers are allowed to show the full article content to Google's indexing system, even if users will see a paywall instead of the full article, and Google provides detailed instructions to publishers for how to do this.¹² If a publisher uses a paywall to block the article after its first paragraph, that publisher can use HTML metatags to exclude those paragraphs from being used in snippets.

44. Google has also introduced a new product in South Africa, called Google Offerwall, which provides publishers with a range of flexible new monetisation options for paywalled content, while boosting user engagement with the publisher's site. Offerwall is aimed at exchanging value for articles beyond a paywall, through including options to show a rewarded ad or gather first party data for a reader in exchange for unlocking content, at the publisher's discretion.
45. In addition, South African publishers have access to Reader Revenue Manager within their Google Publisher Centre. Reader Revenue Manager helps publishers without an existing membership model incorporate a subscription or contribution model onto their desktop and mobile web pages.
46. It is also important to appreciate that Google accounts are non-exclusive, and do not give users access to paywalled content of publishers. There is therefore no substitutability between Google accounts and subscriptions to news publications.

Google Search is transparent about ranking criteria and material algorithm changes

47. Google provides advance notice of all algorithm updates for which it is practical. It would not be feasible for Google to give notice to publishers of every update because it generally releases one or more updates each day.¹³ Most of these updates do not have a discernible effect on publishers or consumers, so details of the updates wouldn't be particularly useful in any case.
48. Several times a year, Google releases a Core Update which makes more significant changes to its algorithms and systems.¹⁴ In advance of a Core Update, Google announces what will change on the Google Blog.¹⁵ For example, before Google's "Speed Update" was rolled out on 9 July 2018, advance notice and advice was given on the Google Blog almost six months earlier.¹⁶ We also give notice when they happen on our list of Google Search

¹² See "Structured data for subscription and paywalled content" available [here](#).

¹³ See "What site owners should know about Google's core updates" available [here](#).

¹⁴ Google announces these Core Updates via Twitter and provides links to its Google Blog. See an example of one of these announcements available [here](#).

¹⁵ See the Google Blog available [here](#).

¹⁶ See "Using page speed in mobile search ranking" available [here](#).

ranking updates, which is available [here](#), and through the Search Console¹⁷, which is a tool that gives webmasters the opportunity to access data about their website's performance in Google Search, Discover and Google News.

49. Core Updates don't target specific pages or sites - the changes are about improving how Google systems assess content in general in order to ensure that, overall, we're delivering on our mission to present helpful and reliable results for searchers.¹⁸ Google also offers a lot of advice online for publishers whose sites are performing not as well as they would like. Google emphasises offering the best possible user experience - as it is these sites that tend to do better in terms of ranking.¹⁹
50. Google strives to be as transparent as possible about its algorithms. Google's search results represent its view of the results most relevant to a user query, which is reflected in how it designs its algorithms. Google provides explanations and tools for publishers and businesses to understand how Google Search works. However, the fine details of how Google's algorithms work are some of its most sensitive business secrets, are critical to its competitive success, and are the output of significant investment in continuous innovation.
51. Google also wants to strike the right balance between transparency and preventing sites that want to "game" the system without providing any benefit to users. Because Google's algorithms take into account a range of signals as indicators of quality, if Google reveals the specific details of these signals, then sites would optimise for the signals rather than for quality.
52. Google provides extensive guidance about how Google approaches search ranking, a tutorial *How Search Works*,²⁰ as well as a 164-page document laying out the principles Google uses to determine what makes for a good-quality set of search results.²¹
53. In addition, Google offers online office hours during which webmasters can ask questions to Google employees and community experts²² and Webmaster, Content and Quality guidelines which explain best practices and the types of techniques news sites should avoid.²³
54. Google is also happy to engage with the South African news publishing industry more regularly to improve understanding of algorithm changes and address any particular issues that publishers may face in this regard.

¹⁷ See "AI & Machine Learning Products & Services" [here](#).

¹⁸ See "What site owners should know about Google's core updates" available [here](#).

¹⁹ See "More guidance on building high-quality sites" available [here](#).

²⁰ See "How Search works" available [here](#).

²¹ See "Search Quality Evaluator general guidelines" available [here](#).

²² See "What's new on Google's Search channel?" available [here](#).

²³ See "Overview of guidelines" available [here](#).

Google Search creates a fair playing field for competition between publishers

55. It is important to appreciate that our algorithms apply equally to all websites. We have no vested interest in any one firm, or publisher, succeeding. While user trust and preferences are important, and therefore firms with a track record and well-earned reputation may rank well, any site that produces useful, high quality content that is relevant to a user's query has an opportunity to be shown to that user, for free.
56. And consumers are sophisticated in identifying where to find the news they are looking for. In particular, the geographic location of the user and the subject of the query will be influential in determining what type of news article is surfaced. Typically, queries seeking news about events outside South Africa are more likely to surface authoritative content from international publications. On the other hand, searches about local events will be less likely to surface results from international publishers.

Google Search benefits smaller publishers

57. Google Search is particularly useful for smaller, local and new publications, which play an important role in the news ecosystem. This is primarily because Search generates traffic for free and does not require any upfront listing payments or other investments from site owners in order to benefit from web traffic that otherwise may not have considered or consulted those sources of information.
58. The user location and geographic scope of the search query are also particularly important when ranking news results. This means that smaller publications producing news content which is relevant to a niche, or localised, readership can generate good visibility and user traffic, which can then be monetised through a range of programmatic advertising products that are intuitive and easy to use, as well as through directly managed ad sales and subscriptions.
59. We believe that with the right tools and support, there are opportunities for smaller digital news publishers to thrive and grow. We work hard to make sure that publishers of all sizes are able to harness the opportunities created by our products, and have access to the skills and resources they need for the digital transition of their businesses.

GOOGLE NEWS

60. Google News (news.google.com) is a news aggregation platform that presents users with a range of global, national and local sources of news and to boost user engagement with publishers' sites²⁴. It is built to help users easily find information from a diversity of trusted sources and stay up-to-date and informed on current affairs and stories that matter to them. Google News includes a section personalised for the user, as well as a "Headlines"

²⁴ We make available a number of resources that provide more detail on our news products and features. For instance, the [How News Works](#) microsite provides more detail about Google News, and the [Publisher Center help pages](#) that provide detailed information for publishers about how they may benefit from Google News.

section displaying regional and topical news clusters. We designed the Headlines section with the intention to fight echo chambers and filter bubbles as it's a surface for un-personalized news, and also to promote local news. The Headlines section also includes "Full Coverage" treatment where the user can explore a single story from multiple perspectives with news coverage and analysis from an array of sources.

61. Google News is not monetised. It exists as a mechanism to boost the news ecosystem by promoting user engagement with a diverse range of news sources and creating an additional source of referral traffic for news publishers.
62. Google News is separate from Google Search. Publishers can decide whether they want to be included in Google News independently from their inclusion in Search.
63. We mention in particular the geographic curation of the links displayed on Google News, which ensure a diversity of international, national and local news, providing helpful visibility for niche and community sources of news.

YOUTUBE

64. The position of video broadcasters of news content is different to that of text-based publishers of news content. Broadcasters rely primarily on television to reach their audience, and as the SOI recognises, television remains prominent in South Africa.²⁵ This is a fundamentally different business model to text-based news publishers, and suggests that traditional news broadcasters use online platforms as a supplemental channel to reach additional audiences.
65. YouTube is a freely-available video-sharing platform that enables content creators to make audio-visual content available to users to inform, entertain, or educate and for users to explore, consume, and share relevant content. YouTube offers users access to various types of content, including long-form and short-form audio-visual content, video-on-demand and livestream content, as well as premium content and user-generated content covering a very wide range of topics and genres, including entertainment, humour, gaming, fashion, travel, music, action/drama, "how to", educational videos and much more.
66. Regarding news content in particular, YouTube promotes high-quality news content as it prioritises information from authoritative and diverse sources and provides context to help users make informed decisions.²⁶ YouTube has launched a number of product features for this purpose, including:
 - The **News Watch page** that pulls together the latest updates, explanations and commentary, live news, and shorts on the news story;

²⁵ The source cited by the SOI at footnote 7 indicates, "TV is still dominating our local media space" - [Media In South Africa: 2023 And Beyond \(meltwater.com\)](#)

²⁶ See "Navigating YouTube News & Information - How YouTube Works" available [here](#)

- **Breaking news shelf** that appears during major breaking news events;
 - **Top news shelf on YouTube search** that raises relevant results from authoritative voices when users search on YouTube for news content;
 - **Topical information panels** that feature general reference articles alongside search results on topics prone to misinformation;
 - **Publisher funding labels** that disclose government or public funding for news publishers via information panels alongside their videos; and
 - **Health information panels** that show detailed health information from authoritative sources when users search on YouTube for health-related topics.
67. **YouTube invests time and resources to offer direct support and growth opportunities to news broadcasters.** YouTube offers various programs, training, and resources to help news organisations around the world harness opportunities for growth on the platform. For example, YouTube:
- offers multiple funding programs to support the strategic growth, scaling, and revenue sustainability of its news partners;
 - provides dedicated support to relevant news partners to ensure an optimal use of the platform; and
 - invites news organizations and experts to contribute to its “News Working Group” to further the news experience on YouTube.²⁷
68. **YouTube provides broadcasters with additional reach.** While YouTube is only one of a large range of online and offline sources from which users can enjoy news, it provides broadcasters with additional reach. And it does so with little-to-no barriers to entry, thereby facilitating new players, new models, and new ways of bringing news to users.
69. **YouTube provides broadcasters with revenue generating opportunities.** YouTube enables eligible content providers, including broadcasters, to monetise their content through various tools, including advertising. In this way the platform enables smaller players to compete with larger more traditional media players by levelling the playing field.
70. **YouTube provides helpful analytics.** YouTube also provides creators – including broadcasters – granular, helpful analytics data and tools to help them garner insights into how their content is performing on YouTube. As a result, they are better positioned to leverage that information to achieve their individual content goals, including expanding and diversifying their audience on YouTube.

²⁷ In 2022, the South African Broadcasting Corporation participated in the News Working Group. See “*Grow Digital Newsrooms with Support & Funding - News on YouTube*” available [here](#)

ADVERTISING TECHNOLOGY

71. Our advertising technology helps news organisations earn additional revenue by showing ads on their websites, apps and videos. The Google products offered to publishers include AdMob, AdSense and GAM, which enable app developers and web publishers to sell this ad inventory on their properties, including through an auction process (these publisher-facing products are also referred to as the “sell-side” in the ad tech stack). GAM helps publishers manage the sale of their ad space and includes ad serving and auction features. These functions can be used in conjunction with one another or separately.
- GAM helps publishers manage the sale of ad space and includes ad serving and auction features. These functions can be used in conjunction with one another or separately.
 - AdMob and AdSense provide simple and easy-to-use tools that enable smaller publishers and developers to use the auction process and earn ad revenue.
72. Publishers²⁸ keep the vast majority of the revenue that’s generated through our products, while we retain a fair share of the value created by our services. Google conducted an analysis in 2020, which looked at the top 100 news publishers globally with the highest programmatic revenue generated in GAM. In this analysis, Google concluded that, on average, GAM’s fees accounted for less than 5% of the digital advertising revenue generated through Google’s ad tech products.²⁹
73. South African news publishers earn between **[Confidential]** and **[Confidential]** annually via GAM and Ad Sense programmatic advertising.

Overview of Google’s products in the ad tech ecosystem

74. The various stakeholders in the ad tech ecosystem can be summarised as follows. Website owners (“publishers”) sell ad space or “inventory”. Google itself acts as a publisher in the sale of inventory for many of its own websites, including Search, YouTube, Maps and Gmail (“O&O inventory”). Globally, most of Google’s advertising revenue comes from the sale of its O&O inventory. These revenues allow Google to provide free, high-quality services to consumers.
75. In addition to acting as a seller of “inventory” on its O&O sites, Google also acts as a provider of ad tech services. This is the technology that matches the demand of advertisers (the “buy-side”) who want to place an ad with the available inventory of publishers (the “sell-side”), so that publishers can sell their inventory at the best possible

²⁸ In the context of ad tech, “publisher” generally means the owner of a website that makes their inventory available to advertisers. It should not always be interpreted to refer to news publishers specifically, although the principles set out apply equally to news publishers just like any other website owner.

²⁹ See “A look at how news publishers make money with Ad Manager”, 23 June 2020, available [here](#).

price, and advertisers can bid for the inventory that best suits their needs and marketing goals. The provision of ad tech services to third-parties represents a relatively small part of Google's business. For example, in 2022 Google Network services³⁰ (which includes Google's ad tech services) reflected: (i) approximately 11.6% of Alphabet's total global revenue;³¹ and (ii) approximately [Confidential] of Alphabet's revenues billed to South African customers.³²

76. On the sell-side, Google's range of ad tech services connects publisher inventory with potential purchasers, both on Google-operated and competing platforms. As mentioned above, the Google products offered to publishers include AdMob, AdSense and GAM.
77. On the buy-side, advertisers and their agencies purchase inventory to display ads. Google also offers advertisers several ad tech products, including Google Ads and the Google Marketing Platform ("GMP") suite, which in turn includes products such as Display & Video 360 ("DV360") and Campaign Manager (these advertiser-facing products are also referred to as the "Buy-Side" in the ad tech stack). Google Ads and DV360 help advertisers buy ad inventory on both Google-owned and operated websites, and third-party websites, mobile apps and within streaming video. Campaign Manager helps advertisers manage ad campaigns across the Internet, including serving ads and monitoring ad performance. This not only enables advertisers to buy, serve and measure ad performance across ad inventory sources, including those sold through ad auctions operated by both Google and its competitors, but also empowers publishers to monetise their inventory.

Adtech is a highly competitive industry characterised by high levels of multi-homing and interoperability

78. Ad tech intermediaries operate within a highly competitive industry, with many large and sophisticated buyers. A competitive and open ad tech marketplace helps publishers maximise their yield from ad sales, and helps advertisers increase their returns on ad spend. Growth in online ad spend leads web publishers to grow their ad revenue. This helps support a diverse, independent, and sustainable South African news ecosystem, by enabling South African web publishers to fund the creation of original, and often free, online content.
79. Most publishers are primarily concerned with maximising their sustainable revenue through obtaining the highest yield for their inventory with the lowest fees.³³ Publishers can choose to sell their inventory directly to advertisers or to use an intermediary like

³⁰ Google Network Services is an accounting definition, and does not refer to a particular product.

³¹See Alphabet Inc. Form 10-K for the year ended 31 December 2022, page 32, available at: <https://www.sec.gov/Archives/edgar/data/1652044/000165204423000016/goog-20221231.htm>.

³² [Confidential].

³³ The UK Competition and Markets Authority ("CMA") in the Final Report of its Online platforms and digital advertising market study found that the fees charged by Google for its intermediation services, both on the buy- and on the sell-side, are similar to those of its competitors, at 5.239, available [here](#) (the "CMA Final Report").

Google (and often rely on a mix of both direct sales and programmatic intermediary sales).

80. South African news media is supported by a number of revenue streams, in addition to online advertising revenues facilitated by intermediaries. This includes more traditional advertising revenue streams such as print advertising and direct sales of digital inventory, without using an intermediary, as well as alternative revenue streams, such as subscription models, sponsored content, and affiliate marketing. News media organisations are not “dependent” on ad tech intermediaries; they use ad tech because it is both useful and efficient in allowing publishers to programmatically sell inventory, measure the monetisation of their inventory and use that information to sell their inventory to advertisers who value them the most. Ad tech enables publishers to optimise revenue and advertisers to optimise campaign performance.
81. Direct sales to advertisers are a strong competitive constraint on intermediation providers. For example, publishers can use private marketplaces which are negotiated directly between the publisher and the advertiser. This means publishers will only use ad tech (and incur ad tech fees), if the relevant ad tech can generate higher revenue than the publisher would earn selling its inventory directly or if it can help them sell inventory that would otherwise have remained unsold.

There are many ad tech providers to choose from, and multi-homing and interoperability are prevalent across the industry

82. Publishers typically send bid requests to multiple Supply-Side Platforms (“SSPs”), in order to get the best yield from their inventory.³⁴ For this reason, multi-homing is prevalent among publishers (and advertisers) when using ad tech services. Sending bid requests to multiple SSPs allows a publisher to reach a wider pool of advertisers who may be interested in bidding for the inventory and maximises the competitiveness of the auction. Multi-homing across SSPs lowers barriers to entry and expansion, and facilitates switching. Indeed, as set out in more detail below, regulators in other jurisdictions have made these very observations in relation to the ad tech industry (which operates on a similar basis worldwide).
83. A review of available public ads.txt files³⁵ for an extensive number of South African publishers, which show the number of authorised sellers of a publisher’s inventory, indicates extensive multi-homing by them. Publishers listed approximately 285 unique intermediation channels used by them in South Africa. These publishers used up to 197

³⁴SSPs and Ad Exchanges have evolved over time to solve the same challenges for publishers, and the terms are often used interchangeably throughout the industry. The distinction between SSPs and Ad Exchanges is therefore no longer meaningful in the industry. Please refer to the RFI Response of 15 November, Ad Tech Q.4 for further information.

³⁵ See paragraph 88 below for an explanation on this initiative. Out of a sample size of 450 news publishers in South Africa, there were 74 that had accessible public ads.txt files as of 6 November 2023.

intermediation partners simultaneously, over 30% of publishers use more than 30 intermediation partners and over 20% use more than 100. Specifically, the following examples, show that publishers engage in extensive multi-homing:

- Daily Maverick, an independent online newspaper, uses 197 SSPs and ad networks, including Adform, Pubmatic, AppNexus and OpenX;
- News24, a leading South African news source, uses 135 SSPs and ad networks, including Adform, Pubmatic, OpenX and Yahoo;
- Netwerk24, a leading Afrikaans news source, uses 134 SSPs and ad networks, including Adform, Sovrn, Pubmatic and AppNexus;
- Soccer Laduma, a popular soccer news website, uses 134 SSPs and ad networks, including Adform, OpenX, Yahoo and RhythmOne; and
- Landbouweekblad, an Afrikaans magazine for the agriculture sector, uses 134 SSPs and ad networks, including Adform, Pubmatic, Yahoo, Appnexus and OpenX.

84. Interoperability is in the wider interest of the South African online advertising ecosystem and is prioritised in the design of ad tech products. Indeed, investment in interoperability is necessary to remain competitive, given the demand from publishers (and advertisers) to multi-home and use ad tech products from a range of providers.

There have been significant innovations in the ad tech industry to ensure efficient outcomes

85. Innovation in the ad tech industry has led to more efficient outcomes, in addition to improved interoperability. For example, publishers used to offer their remnant inventory (i.e. inventory which is not sold to a guaranteed buyer) to ad buyers through a waterfall process. This prioritisation of demand meant that some inventory might have remained unsold.

86. GAM sought to launch innovative functionalities such as Open Bidding (formerly called Exchange Bidding). Through Open Bidding, Google enabled publishers to create real-time competition, reducing latency and providing clear and aggregated reporting all in one place. In addition, Open Bidding comes with greater measures to protect user privacy.

Advertisers and publishers need visibility and transparency into the ad tech processes they utilise

87. Google regularly updates its blogs and Help Centre to promote transparency about its ad tech products and how they operate. Pricing transparency is especially important. Therefore, Google's ad tech products have a clearly defined pricing structure, through which Google charges revenue shares for products that drive publisher monetisation, a share of advertiser spend for Demand-Side Platforms ("DSPs") and a usage fee for its ad server products. The rates, or revenue shares, applied are typically contractually agreed

upfront. Google's advertiser and publisher customers receive itemised bills, so it is relatively straightforward to work out revenue flows during the programmatic process.

88. Ad tech implementations can be complex, particularly as publishers and advertisers multi-home across a range of providers. This is when concerns about the opacity of the ad tech stack generally tend to arise. Google has long been involved in efforts to improve transparency for advertisers, publishers and consumers across the industry through various initiatives. For example, Google was an early adopter of 'ads.txt', which is an Internet Advertising Bureau initiative that allows publishers to publicly declare who is authorised to sell their inventory, thereby making it less likely that advertisers will accidentally bid for counterfeit inventory by enabling buyers cross-check ads.txt files to avoid dealing with unauthorised sellers.
89. In 2022, Google introduced "Confirming Gross Revenue", a tool that provides buyers and publishers with a privacy-safe way to verify that no hidden fees are taken from digital advertising transactions. This solution only uses the data needed to confirm no hidden fees have been taken, relying on aggregate gross revenue amounts rather than combining granular log-level data. Google recently expanded the availability of Confirming Gross Revenue to all publishers using GAM and all advertisers or agencies using DV360. Google is also increasing integration between this solution and interoperable ad tech providers on both sides of the ecosystem, such as Yahoo and Index Exchange, helping the industry raise the bar on trust in digital advertising.³⁶

Ad tech provides significant value to publisher and advertisers

90. Ad tech intermediaries provide significant value to publishers, and advertisers alike, in return for their services. This has been recognised by competition regulators worldwide. In the Final Report for its Market Study on Online Platforms and Digital Advertising, the UK's CMA pointed out that "[p]latforms such as Google and Facebook have made it substantially easier for businesses to reach and serve adverts to consumers all around the world, in a way that was only previously possible for large companies."³⁷
91. More specifically, ad tech products add value for advertisers and publishers by:
 - helping advertisers and publishers participate in the buying and selling of online advertising with minimal upfront investment. This saves some of the costs and expertise associated with other advertising sales channels (including traditional mediums);
 - helping publishers increase competition for their ad space and maximise associated revenues; and
 - helping publishers and advertisers manage challenges like ad fraud, brand safety, and webpage latency.

³⁶ See Google, "Building towards greater transparency in media buying" available [here](#).

³⁷ See [CMA Final Report](#), at paragraph 2.9, available [here](#).

92. Ad tech intermediaries typically retain a proportion of advertiser expenditure as a commission fee. The commission fee allows ad tech intermediaries to maintain and invest in their operations, such as the cost of building and maintaining data centres and developing software, to better optimise advertiser and publisher performance.
93. The ad tech industry displays the features of a competitive space - for example, declining ad intermediary fees. According to a study conducted by eMarketer in 2019, total ad tech fees- as a percentage of the total spend on non-social programmatic advertising- have decreased in the last several years and are projected to continue to do so.³⁸ Similarly, in its final report on digital advertising services, the ACCC noted that average fees for DSPs changed little between 2017 and 2020, but that average fees for SSPs decreased approximately 20% in the same period.³⁹ If the fees charged by ad tech providers exceeded the comparative value provided, advertisers and publishers would use alternatives like direct-sold ads.
94. In this context of fierce price competition, Google's fees are comparable to, or even slightly lower than, those of those of other intermediary providers. In its market study, after undertaking a detailed analysis of ad tech fees, the CMA concluded that *"the fees charged by Google for its intermediation services, both on the buy and on the sell side, are similar to those of its competitors."*⁴⁰ The CMA Final Report also found that *"Google [commission fees] are broadly in line with (or slightly lower than) our aggregate market-wide fee estimate."*⁴¹ The GAM webpage provides publicly available information on how Google's ad tech intermediaries share revenue with publishers. This webpage notes that *"[w]hen an advertiser uses Display & Video 360 to buy inventory from a publisher that uses Ad Manager, publishers keep over 69 percent of the total amount advertisers paid."*⁴²

Commission fees of SSPs

95. Most SSPs charge for their services by keeping a portion of the advertising revenue generated on behalf of publishers. In general, SSPs charge a relatively small revenue share percentage. The CMA found that the weighted average commission fee for SSPs in 2019 was 16%, with GAM's fees being similar to the average fees of other SSPs. An analysis conducted by RBB Economics, prepared in the context of the ACCC digital advertising services inquiry, found that Google's sell-side fee does not materially differ depending on the source of demand.⁴³

³⁸ See eMarketer, "US Programmatic Digital Display Ad Fees, 2018-2021" available [here](#)

³⁹ See Australian Competition and Consumer Commission, "Final Report on digital advertising services", at paragraph 2.3.2, available [here](#)

⁴⁰ See "CMA Final Report, Appendix R", at paragraph 73, available [here](#).

⁴¹ See "CMA Final Report, Appendix R", at paragraph 76, available [here](#).

⁴² See GAM, "How our display buying platforms share revenue with publishers" available [here](#).

⁴³ See RBB Economics, "Google's ad tech take rates", 20 October 2020, available [here](#).

Commission fees of DSPs

96. DSPs typically charge ad buyers a percentage of their total media spend transacted through the DSP during a given time period. Most DSPs charge their advertisers on a CPM or “cost-per-mille” basis (which means that advertisers pay for ad impressions depending on the volume of ad impressions purchased).⁴⁴ Since DSPs bid in accordance with bid parameters specified by the advertiser, DSPs should not bid in a way which results in ads being purchased at sale prices above the relevant advertiser’s willingness to pay. The CMA found that the weighted average commission fee for DSPs in 2019 was 14% with DV360’s fees being comparable to the average fees of other DSPs.

Publishers and advertisers mix-and-match different ad tech services in their ad tech stack

97. Publishers and advertisers have the freedom to choose between many different competitors at each level of the ad tech ecosystem. For example, Google, Adform, Adobe, Amazon, AppNexus (now integrated with Xandr, owned by Microsoft), Oath (now Verizon Media), OpenX and Rubicon Project, amongst others, all offer integrated solutions, which can also be used to multi-home alongside services from other competitors. Google’s range of ad tech services connects publisher inventory with potential purchasers, both on Google-operated and competing platforms.⁴⁵

Exclusivity is not an issue in the ad tech industry, as demonstrated by the prevalence of multihoming

98. The competitiveness of the ad tech industry is facilitated by the fact that publishers and advertisers multi-home when using ad tech services. Industry statistics show that advertisers, agencies and publishers regularly use multiple competitive ad tech solutions and providers at the same time. As a result, while integrated companies believe there is value to advertisers and publishers in offering a broad suite of products, players servicing even a single part of the ad tech stack (e.g. The Trade Desk) continue to be successful.⁴⁶

⁴⁴ Some ad buying tools, in particular ad networks, offer “performance-based buying” whereby advertisers are only charged if a user engages with their ad. An example of performance-based buying would be where advertisers are charged on a CPC or cost-per-click basis.

⁴⁵ For a list of third-party SSPs which integrate with DV360, see Display & Video 360 Help, “Supported audio & video exchanges”, available [here](#). Similarly, for a list of third-party SSPs which can integrate with GAM via Open Bidding, see GAM Help, “Introduction to Open Bidding”, available [here](#).

⁴⁶ See The Trade Desk, “The Trade Desk Reports Second Quarter 2023 Financial Results”, 9 August 2023, available [here](#) which sets out that “Q2 marked another quarter of outstanding execution and share gains for The Trade Desk, delivering \$464 million of revenue and 23% growth.”

99. Multi-homing lowers barriers to entry and expansion, facilitates switching and pushes the market away from consolidation. Regulators including the EC⁴⁷, ACCC⁴⁸, DOJ⁴⁹ and CMA⁵⁰, as well as industry surveys in various jurisdictions,⁵¹ have observed substantial multihoming in the different layers of the adtech stack, which contributes to competitiveness of the industry.
100. Ad tech is characterised by high levels of interoperability and intense competition, as a result of the clear incentive to design ad tech tools that integrate with third party products. From a Google standpoint, its sell-side display tools include GAM, AdSense for Content, and AdMob (for apps). GAM includes ad server and SSP/ad exchange functionality. This allows GAM publishers to call any third-party vendor, and collect bids from a vast array of third-party SSPs and networks. Each can be used separately, and in conjunction with third party products, and advertiser choices reflect the enhanced value of these advertising opportunities.⁵² Ad serving technology allows publishers to provide instructions across several networks.⁵³

Ad tech intermediaries do not “own” or “control” advertiser demand

101. The choices available to advertisers include what kind of inventory they bid on and how to bid. Advertisers use multiple buying tools, switching spend to the buying tool that best suits their objectives. There is a diverse array of ad formats available and, while browsing the web and using apps, users are exposed to a variety of different types of ads: video ads, display ads, search ads, native ads, gallery ads and new interactive in-app ad formats, amongst various other unique and ‘new’ formats. Significant interformat competition exists in online (and offline) advertising. In addition, various software tools have emerged and evolved that enable advertisers and agencies to compare return on ad spend—a

⁴⁷ Case No COMP/M.4731 – Google/ DoubleClick, European Commission (Nov. 3, 2008) at paragraph 305, available [here](#).

⁴⁸ ACCC, “Interim Report”, p.85, available [here](#) which states: “[t]he ad tech supply chain is complex and there are a number of ad tech providers in Australia. Some ad tech providers are vertically integrated and operate at multiple levels of the ad tech supply chain, while others specialise in particular ad tech services.”

⁴⁹ See Statement of the Department of Justice’s Antitrust Division on Its Decision to Close Its Investigation of Google Inc.’s Acquisition of Admeld Inc., U.S. Department of Justice, 2 December 2011, available [here](#)

⁵⁰ See “CMA Final Report, Appendix M,” at ¶186, available [here](#) which sets out that multi-homing in DSPs is “common”.

⁵¹ See eMarketer, “Average Number of DSPs Used by US Advertisers, Jan 2016–April 2018”, 15 May 2018, available [here](#); also see eMarketer, “Average Number of Ad Networks, Exchanges and Supply-Side Platforms (SSPs) Used by US Publishers, June 2016–June 2018”, 3 July 2018, available [here](#), which states “In 2018, eMarketer reported that the 100 largest US advertisers on Pathmatics’ platform each used an average of four DSPs and the 500 largest US publishers each use an average of almost six ad networks, exchanges and SSPs. While the industry has evolved substantially since this time, as the above eMarketer statistics show, the finding that advertisers and publishers multi-home on display ad intermediation providers remains true today.”

⁵² See GAM Help, “Create and Manage Yield Groups”, available [here](#), in which Google Help Center makes clear that publishers can choose whether to use Google’s ad exchange, whether or not they choose to use GAM to serve ads.

⁵³ Case No COMP/M.4731 – Google/ DoubleClick, European Commission (Nov. 3, 2008) at paragraph 305, available [here](#).

function of price and performance—from different ad formats and channels in real-time and shift their spend accordingly.

102. Ad tech tools (incl. DSPs and SSPs) do not determine on their own initiative what ad inventory is purchased. Rather, it is advertisers and ad agencies who specify the parameters of their ad campaigns (for instance, budget, keywords, targeting strategies and type of inventory they want to purchase). Then, in response to bid requests, DSPs submit bids for ad inventory that is suitable to the advertiser, or the ad agency’s campaign parameters in accordance with the instructions provided by the advertiser or agency. On the sell-side, publishers remain in control of the order of priority in which their inventory is filled and multi-home across SSPs in order to achieve the highest yield.

GENERATIVE AI

103. We believe that AI is a foundational and transformative technology that will provide compelling benefits to society through its capacity to assist, complement, empower, and inspire people in almost every field of human endeavour. Indeed, it will help us tackle some of society’s most pressing challenges and seize new opportunities, from the everyday to the more creative and imaginative. We are excited about our work in AI and the potential of this technology, and we are committed to developing it responsibly in a way that ensures our products become even more useful to people.⁵⁴

104. While we are optimistic about the potential of AI, we recognize that advanced technologies can raise important challenges that must be addressed clearly, thoughtfully, and affirmatively. We therefore follow a set of clear AI principles, which describe our commitment to developing technology responsibly and work to establish specific application areas we will not pursue. These are available at <https://ai.google/responsibility/principles/>.

105. While we have a number applications for AI under development^{55, 56} we expect that there are likely two areas that may be of interest to the MDPMI. First, our generative AI chatbot service, which we call Bard, and second, our integration of generative AI into Google Search, referred to as “Search Generative Experience” or “SGE”. Both of these are currently available on a trial basis only. While we continue to seek user feedback and learn about how we can make our products most valuable for users, the following observations might be of interest to the Panel.

Bard generative AI chatbot

106. Bard is a separate service from Google Search and Google News. It is an artificial intelligence chatbot, trained on the large language model (“LLM”), PaLM2. Prior to the

⁵⁴ See “Our commitment to advancing bold and responsible AI, together,” available [here](#).

⁵⁵ See “Our commitment to advancing bold and responsible AI, together,” available [here](#).

⁵⁶ See “9 ways we use AI in our products” available [here](#) and “Google AI” available [here](#).

launch of Bard, Google Deepmind trained PaLM2, to enable it to learn and understand patterns in language, in order to predict the next probable word or words in a sequence - for example, when the LLM learns, it can predict that the next word in "peanut butter ___" is more likely to be "cookies" than, for example, "cat". This training phase involved:

- a preliminary phase of data collection and pre-processing, and
- A training phase using the previously collected data.

107. The data collected for PaLM2's training is language or language-like data (e.g. code) from a wide variety of publicly available content. Large quantities of data are necessary for a model to "learn" a language, so as to cover, to the extent possible, the entire spectrum of use of words in a given language. Individual items of data are thus largely fungible for the purposes of training, as the LLM merely seeks to learn the statistical relationships among training data.
108. Bard, like some other standalone LLM experiences, is intended to generate original content and not replicate existing content at length. We've designed our systems to limit the chances of any such replication occurring, and we will continue to improve how these systems function.
109. Bard was built to be a creative and helpful collaborator—it works well in creative tasks like helping you write an email or brainstorm ideas for a birthday party. We see it as a complementary experience to Google Search.
110. Websites may opt out to avoid their content being used for the training of future models to power Bard, and if Bard does directly quote at length from a webpage, it cites that page.

Search Generative Experience - SGE

111. The availability of SGE, on a trial basis for opt-in users in South Africa was announced on 8 November 2023⁵⁷. While we have been integrating machine learning in our search service for many years⁵⁸, SGE offers a number of new features, including AI-powered overviews that appear alongside search results. When appropriate, SGE will show an AI-powered snapshot to help people quickly get an overview of a topic, with factors to consider and helpful information. These snapshots serve as a jumping-off point from which people can explore a wide range of content and perspectives on the web. SGE will show links to resources that support the information in the snapshot, so people can check the information themselves and explore further. This allows people to dig deeper and discover a diverse range of content, from publishers, creators, retailers, businesses, and more, and use the information they find to advance their tasks.

⁵⁷ Our October 2023 overview of SGE is available [here](#). Our announcement of the availability of SGE in Sub-Saharan Africa is available [here](#).

⁵⁸ See, for example [here](#).

112. One of our deliberate objectives is to continue helping users connect with and discover businesses and services. SGE will show links to resources that support the information in the snapshot, so people can check the information themselves and explore further. With SGE, we're showing more links, and links to a wider range of sources on the results page, creating new opportunities for content to be discovered. We are prioritising approaches that continue to drive traffic to the web, both because we think it's important for the health of the web, but also because it's what users want.
113. We don't yet have any meaningful information about engagement with news content via SGE specifically. But it's important to note that the SGE experience is designed for information journeys that are focused on seeking out knowledge and consulting a range of sources and perspectives to validate information. It will not generate a response for all queries, and in many instances will not be appropriate for news queries.
114. We've heard that people particularly find this helpful for longer, more complex queries, and they have higher confidence that asking questions in full sentences, as they naturally would, is going to yield a relevant set of results. These are typically not the kind of information searches that relate to current events reported by news publishers.

FURTHER INVESTMENTS AND FUTURE PRODUCT PARTNERSHIPS FOR SOUTH AFRICA

115. In addition to supporting South African publishers through our product offerings, during the last year we have also initiated a number of specific investments in the South African news industry, which we believe will meaningfully contribute to the sustainability and growth of the South African news ecosystem.
116. First, we have recently employed a dedicated News Partnerships manager in Johannesburg to work directly with South African publishers to support their digital transformation goals. This has enabled us to hear the issues raised by local publishers, and accelerate measures to overcome the hurdles their businesses are facing. Of particular importance are our programmes through the GNI, which are tailored for the South African context, as well as bespoke workshops and training sessions aimed at helping publishers monetise their news content.
117. Our intention is to further strengthen our support for the South African news industry through a roadmap of new product partnerships and direct support measures in the coming months.
118. **[Confidential]**. Google News Showcase is a curated online experience and licensing program for participating publishers, where publishers themselves choose which stories they would like to 'showcase' that day, through which Google helps readers better understand the world around them and supports publishers by compensating them to curate their content in unique content panels that appear across Google News and Discover.

119. **[Confidential]**.

120. We would be happy to share more information about these initiatives with the panel as the Inquiry progresses.

* * *