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Chairperson: Chief Economist and Acting Deputy Commissioner:
Competition Commission: Mr. James Hodge

PANEL MEMBER:

Ms. Paula Fray

Day 7:

Google News/Search/Discover/Generative AI

START OF PROCEEDINGS ON 12 MARCH 2024

CHAIRPERSON: Welcome to day seven of the public hearings of the Media and Digital Platforms Market Inquiry. This morning, we have Google News and Google Search joining us. In the room, we have with us Dominique Costecec, the Senior Competition Counsel, Sulina Connal, MD News Partnerships for Europe, Middle East, and Africa. We have Abongile Mashele, Head of Government Affairs and Public
10 Policy in Sub-Saharan Africa, Erin Simon, Senior Counsel for Knowledge and Information, and Marianne Erasmus, News Partner Lead for Sub-Saharan Africa. And we also have Laura Lucia-Richter from the Economics Division online to assist with any questions. So welcome to the hearings. I must make a few comments. I think the one is to commend you for flying in and joining us. I think that has shown that Google certainly does respect our jurisdiction and the importance of these issues in South Africa. The second is to bring an all-female team, I think, is in stark contrast maybe to the media that we saw last week. So, yes, that is fantastic. We'll start with your
20 presentation, and after that, we'll move into the questions. I think, Dominique, you're the one to take the lead.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: Thank you very much. I'm going to, shall I kick off? So, thank you, James, Paula, all of you. Before we get started, we thought it would be a good idea to give you a sort of overview of where we're coming from. We want

to say that we support the objectives of this inquiry and appreciate the invitation to participate. We've heard the submissions over the past few days about the opportunities and also the challenges that the shift online creates for the news industry and for journalism. Monetizing news in an online environment, shifts in consumer behaviour, advertisers' vast choice where they place their ads online, and technology is developing very, very, very quickly. So, this requires constant innovation and it's a complex environment. It's a complex environment for all parties to operate, publishers, platforms, and it
10 requires constant adaptation. So, where do we stand? We build our products to surface a diverse array of reliable information, including news, to our users. And this drives traffic to publishers. This is at the heart of the product design. The constant effort, the reliable signals fighting misinformation. Search and discover are not news aggregators. They provide links in response to people's queries or their anticipated interests, directs them to the original sources. And news is actually a relatively small part of the vast volume of content that people seek and discover on the internet. We also invest through products and programs. And we partner to share and encourage
20 innovation through the Google News Initiative and through numerous bespoke joint initiatives. An example here in South Africa recently is the election coalition that we have worked with Africa Check. That's a joint coalition of broadcasters, civil society, publishers, to fight misinformation around the forthcoming elections. We do this globally. In fact, Google is one of the leading private funders of journalism

globally. And we have a deep respect for the difficult and very important work of journalism. But we don't think that the answer lies in short-term transactional solutions, which result in publishers becoming financially dependent on payments from private companies. We don't think that the answer lies in short-term transactional solutions, which result in publishers becoming financially dependent on payments from private companies. All stakeholders, including government, by the way, need to work together. We've seen some proposals from countries which create
10 unworkable operating frameworks. They impose uncapped liabilities and financial and legal liabilities on platforms. This is simply not commercially viable. And we've seen other companies choose not to engage as a result. In many of these cases, we've seen overinflated estimates of the value of news to Google's business and that inevitably undermines the effort to find long-term outcomes. Indeed, at the same time as all of this has been going on, we have, over the last few years, learned much more about the commercial realities of news on our platform. The Commission has said that you're looking for a solution for South Africa, not to copy-paste, and we agree. And
20 it's easy to say, but it requires full collaboration with government, business, publishers, platforms, all of us. Once again, we recognise the challenges to the sustainability of the news ecosystem, and we remain committed to continuing to work with South African news industry. In our presentation, we'll be taking you through Google's engagement in South Africa, how our products work, our engagement

with the news industry globally and in South Africa, and we thank you again for this opportunity. We'd like to hand over to Abongile.

ABONGILE MASHELE - GOOGLE NEWS/SEARCH: Thank you,

Sulina. Good morning. Sulina, can you please switch off your microphone? Good morning to the Commission team. I'm going to give a brief overview on the Google's presence and investments in South Africa. You will bear with us, I'm sure, from the Commission perspective you've heard the story before, but we just thought it was important to just reaffirm for this inquiry. We've had a presence in

10 South Africa for the last 15 years. We have an office in Johannesburg with an expanding team to meet the growing business needs of the company in the country. Our focus has largely been on identifying the opportunity technology provides for the economy and improves the lives of our users. In South Africa, we have the 2030 National Development Plan, which places a significant emphasis on the role of the tech sector in driving economic growth and development. The plan identifies the tech sector as an opportunity market, requiring investments in infrastructure, skills, new technologies, and research. And it's for this reason that our strategy as Google is not that different.

20 Our presence in South Africa goes beyond our products, but also focuses a great deal on how we enable digital transformation, economic growth, and competitiveness. Our investment approach is anchored on four pillars that are presented in this slide, looking at digital infrastructure investment, digital skills, new technologies and product localization, and lastly, enabling competition through

supporting the startup ecosystem. I'm not going to go through the details because it is provided for in the presentation, but it is worth mentioning that we also have established a product development centre in Nairobi, which supports the whole of Africa. And the key focus of that product development centre is to look at how we can localize our products to make sure that they are relevant to the consumers in the market. And the language concerns that have been highlighted and flagged in this inquiry are an area that the team is working on, the engineers are working on, to ensure that we have the necessary local language support across all our products. I'll hand over to Erin to take us through the product slide.

ERIN SIMON - GOOGLE NEWS/SEARCH: Thank you. So I'm going to talk about how our products work. Over the last few days, we have had some misunderstandings or misconceptions, so this will get a little bit technical, but I think it will be helpful to start from a common base of understanding. So, first we're going to start with search. And Search works through four kind of main phases. And the first two phases, crawling and indexing, run continuously, independent of users performing searches. So, to be prepared to respond to a user's query within the fractions of a second that we do respond, we have to have these processes running and setting things up so that when we get a user query, then we can select and rank the proper results and display them to the user efficiently. So, that first stage is called crawling. And crawling is the process of using automated agents, robots or crawlers, to automatically follow links from web page to web

page to discover what content is out on the web, to see what is new, what has changed, what has disappeared. And that's important because it's the only way to know. There is no central directory of content online. So, to kind of be able to operate a search engine, step one is figuring out what exists. That process happens with publisher permission. Any website can choose to allow Googlebot to crawl it or not allow Googlebot to crawl it and can choose what content to supply when Googlebot essentially rings on the front door of the website and says, may I please see this page. That process is controlled through

10 a protocol called the robots exclusion protocol, also called robots.txt, because it is a simple text file that lives at the base directory of every website with instructions formatted in a specific way that web crawlers can understand. And these instructions can be specific to a user agent. So, Google Search crawl user agent is Googlebot. And it can also be a catchall instruction to all crawlers that don't have specified permissions. And so, the example I've given here would allow Google Search access to the articles directory, would disallow access to the images directory, but only for Google. And then all crawlers would be prohibited from the off-limits section. Website operators also can

20 submit what we call a site map, which helps crawlers better understand the architecture of the website in order to know what to crawl. Next slide, please. So, after crawling, we come to indexing. And indexing, can we back up a little? Thanks. Yeah, I think that's, yeah, that's good. Indexing is much like creating the index at the back of a book. It is mapping what words, concepts, other information apply to

each URL. And for each URL, what kind of words, concepts, other information can be found there so that at the query time, we don't have to go back and read all of those web pages again. We have one kind of easy, quick place to find efficiently which websites are going to have the most relevance. And beyond just what words appear on what pages, the index has a lot of complex information, like the last time we visited the web page, the last time we noticed the web page was updated, what pages link to other web pages, and a lot more that I will get into when I talk about ranking. That process is also conducted with publisher permission and subject to their control. Websites can choose to be crawled but not indexed for Google search. And this is actually how we recommend if a publisher wants to opt out of being included in Search at all, it is best to let us crawl the page and then see the instructions on the page not to index because the search engine is so sophisticated that it can learn about the existence of a page from links on other pages. So, if we go to the next slide, no index is what we call a meta tag, which is a single simple word that a website operator can put in the HTML that makes up their web pages. And like the robots protocol, that can be for a specific crawler like Googlebot or for generically all crawlers. Let's move on to the next phase, which is after we receive a user query, selecting and ranking the best results for that query. And this is kind of fundamentally what the search engine does. We seek to display a diverse set of reliable, relevant results to the user. And those results are primarily links. We don't host content from the web. We give users a path to find that content where

it lives on the website operators on the publisher's website. And Google search, while it includes news content, it goes far beyond news content. So, it is not a news aggregator, it is a general-purpose service. Next slide, please. You can think of the problem of ranking as having kind of three different components that I'm going to talk about. The first is understanding what the user is asking for. That is query understanding. The second is understanding what content we might link to for that response. And the third is kind of baking in protections to make sure that we are giving our users the best, you know, most trustworthy, safest information that they are looking for. So, query understanding is actually a much harder problem than it might appear because words have multiple meanings. And the same user typing in the same word on different occasions even might mean different things by it. So, the example that I've put on the slides is Apple could be a search for a technology company. It could be a search for a fruit. It could be a search for a celebrity child. It could even be a search for a city or other kind of more unusual things. And next slide, please. Similarly, next slide, because this one is an animation. You know, the same word in a variety of contexts can mean multiple different things. But the user, we would have to understand to, actually, let me rephrase that. We have gotten much better over the years at understanding synonyms and be able to recognize when it is useful to switch, to look for not just the word change on a page, but the word adjust, or the word switch, depending on the context in which it's appearing in the query. Also, because we operate at very

high volume, we are able to understand spelling mistakes and common kind of mis-phrasings because if they are common enough, then we have the signals to say that something that you would look at ordinarily and maybe not understand what it meant, actually the user behaviour tells us that this is what they mean. Next slide, please. We do that through machine learning. And in 2019, we announced our bi-directional transformers for language understanding algorithm that allowed us to address queries not just as individual words in isolation, but kind of in the overall. And then our next big innovation was our

10 multi-task unified model, which helps us search in multiple different technical mechanisms. So, a user could take a picture of something they don't know the name of and search for that. And we are able to understand that and then find them text results or video results or other kind of multi-modal results for that query. I think we announced that in 2021, actually. Next slide, please. So, once we know what the user, or once we have a guess at what the user is looking for, then we turn to understanding what content out on the web might best serve their needs. And to do that, our ranking systems use hundreds of signals to return a diverse set of high-quality search results. Signals

20 are essentially like characteristics of a page. And which signals are most important for which queries really depends on the query type or query intent we talk about. And you can see some examples here. If the user is looking for something like restaurants near me, then the user's location is much more relevant to that query than if the user is looking for latest information about a breaking news event in a

particular country. Next slide, please. So, our signals are dynamic and adjusted automatically by our ranking algorithms. And the importance of any given signal depends on the query intent. So, we don't say freshness is always the most important thing. But freshness is very important for breaking news events and less important for, let's say, stable information about landmarks or scientific information. Next slide, please. A couple of examples for signals for pages that are high-quality might be how many other sites link to that page. And this was actually the innovation that led to the Google Search engine was

10 looking not just at the words on a page but at the pattern of sites linking to each other to see... to treat that as almost endorsement. You know, if a site is linking to another site, they're saying, this site has relevant content for this topic. We also look for signals of low quality or bad behaviour. And one example of that is keyword stuffing. So, in the old system, before Google, of just looking for which website has the most keywords that are related to this user search topic, websites would just add a bunch of keywords in invisible text to trick search engines and manipulate their way to the top of the ranking without having helpful content for users. So, that was why the

20 innovation of looking at link behaviour was so useful. But then, because we published that and we were open that that was how our search engine worked, that signal also led to attempts to game our search engine where sites would put links back to their site in the comments on other sites or would pay for links back to content that really wasn't valuable to users. And, you know, spam and these kind

of spammy practices are a constant arms race. Every signal we disclose means that it doesn't always function as well as a signal because if we tell you, you know, we're paying a lot of attention to recently updated web pages, then you might run a... well, not you, obviously, but, you know, bad actor might run a script to make trivial infinitesimal changes to their page every second to always be the most recently updated, right? And so, as we are combating spam and trying to provide the best ranking and the best results for our users, we have to be judicious about how much transparency we give into

10 the ranking algorithm. And we understand the need for publishers to have some visibility into that because, obviously, it's important to them to be able to, you know, perform well in search, but we want to make sure that they're... like, that everyone on the web is focused on making the best content possible for users and not just on building to the signals that we tell them we look at. So, next slide, please. Once we have, in the back end, compiled the results that we want to put on the Search results page... next slide, please... then we put that together for the users on... we call it a SERP. If I slip into that technical jargon, I apologize. It stands for Search Engine Results Page. You are

20 probably familiar with the 10 blue links and the way Google looked in its early stages when it was a lot of dense text and, you know, this was kind of the beginning, but this approach was best suited for text-heavy web pages in a world of low bandwidth where users couldn't really download a lot of images and so were looking for text-heavy results. Next slide, please. Over the last 25 years, we have come a

long way, and we have introduced a lot of innovations over that time to provide a better, more robust, more varied, more interesting search engine and to meet users where they are with their expectations of something having more images, being able to search for not just web pages but videos and images. We launched Google News. We launched Google Lens, which allows you to search by image. And so, I really want to emphasize just how much goes on under the hood and how non-obvious a lot of this was. I think we have a tendency to look back and say, of course, where we are now is the natural result of
10 where we started out, but it actually took a lot of work over more than two decades, and we're fairly proud of it. So next slide, please. We're going to dig in just on some aspects of what makes up a search results page. And this is kind of the most basic unit of a search result. And you can see that it has a page title which is hyperlinked, so users click on that to go to that website. We also give them the name of the site or publication, a version of the URL that's a bit simpler to follow than the full technical URL, and a snippet and a thumbnail, potentially but not always. The snippet's job there is to show the user's query in the context of the page. And so, the bold word, Pretoria there is what I
20 searched for to get this result. And the thumbnail image is also operates as a preview of what the user will see when they click through. Next slide, please. Publishers decide whether their results have snippets and thumbnails and control the maximum length or size the thumbnail and snippet can be. Websites can maintain their links in search with no snippets at all or can choose to limit the length of

snippets to something shorter than the default. And none of that is a direct ranking factor. So, we do not put a thumb on the scale and say you will rank better if you have a snippet. That's not in the system.

But we have found that users tend to prefer sites with snippets and thumbnails. And so most publishers choose to enable them. And if they don't want snippets and thumbnails, it is again a simple meta tag.

So, one word or a few words in the site's HTML to say I want to have a link, but I don't want to have a snippet, or I want to have a link and a snippet, but I don't want any images or I want to have a link and a

10 snippet of at most 50 characters which is the example that I've put in this slide. So, publishers who think that Google is using too much of their content to drive user traffic to it, have a simple way to pull that back to the level they're comfortable with. But we find that there's not very much usage of this simply because snippets really do help attract users' attention to a result. And we have multiple studies and experiments showing that sites with snippets get more clicks than the equivalent link in the equivalent place without a snippet. Okay, next

slide. There is a lot to a search engine results page. And we're not going to dwell on most of it. But I did just want to kind of remind the
20 commission and this inquiry that the news space and the news issues are, while important, not the whole of the search engine. That we focus on a lot of other verticals and result formats that I would be happy to go into detail if you're interested. But I recognize that's not the purpose of this inquiry. So next slide, please. Focusing on our features that surface news content, I think the primary one is our top

stories block. And you can see here the top stories unit for a news article about a wheel falling off of a United plane taking off from San Francisco airport, which was very notable for me because I also took off from San Francisco airport a few days after that. And in our top stories block, we try to collect multiple articles with multiple perspectives on the same breaking news story. And present them in a way that's easy for users to choose which one is most interesting to them. We have the publication name, the page title, which in a news article is the article title, and usually a thumbnail image. Publishers
10 can appear in this block with no image. We've built that capability out, but again, it's rarely used. We don't tend to have snippets in this unit because the article title usually does the best job of telling a user what the article is about. So, the snippet is maybe less important in this instance, but the images can often also distinguish between different articles, or the user might have an affinity for a particular publisher or be subscribed to them and want to choose that story. Next slide, please. We also have a news tab in search, and this is distinct from Google News, which I will talk about a little later. The news tab in Search is a filter that narrows down the type of results for the query
20 to just newsy results. And because this is just a narrowing filter on the search engine, these results look a lot like the general-purpose search results. So, they have a title, a snippet, a thumbnail. But we do... And we link... We lead to this from top stories. So, a user who sees the top stories block and doesn't see the exact article they're interested in there could click on more news and land on this

experience, too. These results help users discover news content and lead them to publisher websites because they don't host content, they don't display content beyond a snippet and a thumbnail, and they link out to generate traffic for publishers. This is especially beneficial for the smaller and regional media that users don't already know about. Because if you have the one major news publisher in your mind, when you want news, you could go directly to their website. And we know a lot of users do. But when you don't know who is reporting on a story, that's when the search engine is most valuable for your needs

10 because we can help you discover things you didn't know to look for. Next slide, please. We also have a special format to surface fact-check articles to make it easier for users to find reliable information about things that might be questionable and to help surface articles that are in the specific format of a fact-check. This is based on markup that publishers add to their pages. So, this is another thing they can choose to participate in by adding a couple extra elements to their HTML. Next slide, please. Another feature of Search is Discover. Discover is a personalized, algorithmically driven lifestyle content feed. It is as if you have asked to the search engine, show me

20 something I would be interested in. And so, this really depends on what each particular user is interested in and what their settings are because it does rely on their personal data to generate results according to those interests. If you are signed out, if you have chosen not to have your personal data used, you have that option, and then you just see things that are generically popular. Discover is not news-

focused, but people who have a particular interest in the news might see more news because of that interest. And people who don't have an interest in the news might see almost none at all. This is a part of the Google Search application on mobile. And you can also find it on Google.com. So, it is a part of the search engine. We think of it as a search feature, but it does have a little bit of a different functionality than the rest of the search engine. Next. I also want to talk about some of the changes we've made to search over the years, really at the request of news publishers. And one of them was to provide better

10 paths for users to find local news. So, we have dedicated carousels for local news, local to the user's general area. And we also heard a lot of complaints that we tended to rank articles that were re-reporting a story that somebody else broke higher than the original breaking story. And so, we did a lot of work to be able to identify when a story is the first to break a new story and to make sure that we put that first, even if it's not the most recent. And to give a little special prominence to that, to say this was where it started, even if these other articles are kind of building on that. We also really focus on helping our users make informed decisions about what content to trust and to give them

20 the signals that they can use to judge the reliability and credibility of pages themselves. We try to surface a diverse array of options for them and also help them find sources they can trust. We do that through our ranking algorithms, but we also have a feature on each result called About This Result that the user can click into to see information about the source, why we have ranked that result for

them, whether the result was personalized or not. For the most part, not. And essentially kind of give them the background behind the result itself to make a decision about that result. And we also have compiled together multiple fact checks in one easy-to-find place called our Fact Check Explorer so that users can go and look specifically for things that they are curious about or want to know if they should trust. Next slide, please. That is barely scraping the surface. And so, I also just wanted to bring up that Search is more than just crawling web pages. We index a wide variety of information to make it available to our users. And that includes things like patents, scholarly papers, books, and local information submitted by local businesses. I don't know about you, but I am constantly checking whether something I want to go to is open by looking up its hours on Google Search. And we also do license in data when we are giving that data to our users. So, our principle is that if we are giving the user the entirety of the content on the Search results page, we are not leading the user to a result. We are not using content to drive traffic to that result. Then we typically license it in or if it's factual, develop it ourselves. And an example there would be weather. So, if you've looked up, you know, what is the weather today, which I also do very often, you'll see just a box at the top that tells you what the weather is and then your search journey is over. In contrast to when we are really using a short quotation or a tiny image to say this is what you're going to get if you click through, but you have to click through to get the full story. Next slide, please. So, that leads me to the Search business model. And

specifically, how we make money. We sell ads. You have seen them on the Search results page. But over 80% of queries do not have advertising. Really, a relatively small fraction of queries make money to fund the operation of the search engine. Next slide, please. These ads work on a cost-per-click model. That means Google only makes money when a user finds the ad relevant and interesting enough to click on. We don't make money from displaying search results. We don't even make money from displaying ads. We don't make more money when you spend more time on our page. In fact, we probably
10 make less because if you're not clicking on the ad, we're not making money. So, advertisers choose what queries they bid on. And they tend to choose queries where the user has expressed an interest in the product or service that they can provide. This is sort of logically pretty obvious. But this is what makes search advertising so efficient and so attractive to advertisers, is that they literally can meet users at the moment where the user is saying, I want to buy something that you're selling. And for that reason, most news-seeking queries don't show ads because advertisers are not looking to meet the user in the moment when the user is looking for information about a breaking
20 news event. Right? If I'm searching for new vacuums, there is something to advertise against. If I'm searching for United Flight wheel falls off, less so. That also means that data from news-seeking queries doesn't play a material role in the value of the advertising because the query is such an important signal that advertisers are targeting. Next slide, please. So, we recently launched an experimental service

in our Google Labs kind of experimental zone called the Search Generative Experience. I understand there might be questions about this. Also, because this is experimental and it is changing very rapidly, I worry my screenshot might already be out of date. So don't anchor on that image too much. But the fundamental aspects of it are an AI-powered snapshot of the search results of the topic to help users orient to what information is out there and to point them in the direction of useful results, but with kind of a more informed background. So, you'll see there are prominent links, and that is a constant that won't

10 change. We are showing links to a wider range of sources and more links than maybe some of our competitors. But we are still developing this and seeing where it goes. So, I think you should expect it to change a lot even in the relative short term, much more than the more stable parts of Search that we've been talking about. Next slide, please. We also have a standalone app for AI called the Gemini app. Until recently, this was called the BARD app. Things are changing in this space very frequently. Gemini is a conversational AI tool that we think of as a creative partner. So, where the AI SGE part of Search is about helping you find information, Gemini is really about helping you

20 create new things for yourself. So, you might ask it, plan me a road trip from here to Cape Town, or help me write a letter apologizing for a mistake I've made, or write me a program that will, you know, set alarms according to my earliest meeting in the day. So, it's really a complementary, different focus that this particular generative AI product has. And also, happy to answer questions about it if you have

them. But I, oh, before I move on from this, I wanted to say that using the same robots.txt protocol that I talked about earlier, website operators can choose not to have their content crawled and used to improve this product. And they can do that independently from their controls for search. So, they can choose to be included in Search and linked to in search, but not used to improve Gemini or vice versa if they want. But those, that control is available to them and is independent. I also just wanted to touch a bit on how Search supports users in South Africa. Our voice Search supports three South African
10 languages. Voice typing, which is through the keyboard rather than through the search engine directly, supports 11 South African languages. And we can translate through Google Translate into and out of six South African languages. We've also worked with the IEC to put reliable official authoritative information about the upcoming elections directly on the SERP, although it links off to the election website. Next, please. Okay. So that was all, except for the Gemini app, all about search. Now we move into Google News, which is our separate product that organizes what's happening in the world and helps users find news stories of interest to them. The biggest
20 difference between Google News and Search is that Google News is primarily a query-less surface. So, users come to news wanting to know what's in the news, and that already tells us kind of what the best results for them are going to be. It's going to be what is most prominently covered in the news most recently. But like search, news does not host content. News links off to content. We will link off to

content that might be paywalled or not. The user has to read that content on the publisher's website. And so, once the user visits the publisher's website, then the publisher can show them advertising or a registration wall, a subscription wall, right? But the goal is to help users find things on publisher websites, not on our product. Next slide, please. There are a few key spaces in the Google News app. There is a personalized feed we call For You that has top stories, local news, and the outlets and topics that you have said you are most interested in. There is also an unpersonalized feed with just the top stories for everyone. And so, we give users the opportunity to dig in on the things they're most interested in, but also help them stay out of filter bubbles by showing them kind of what is just breaking news generally. We also let users easily follow topics and sources to make sure that they can always go back to those things they're most interested in, and have the newsstand area is carousels of potential sources for them to follow to really help create those bonds that turn users into readers of publications. So, we have, I think I talked already about the fact that Google News was link-based. And so, the other thing to notice here is just that it's primarily page titles. And thumbnail images that help orient users to what the articles are about. And once again, publishers are in control of this through the same mechanisms. But they can, because we have a separate crawler user agent for Google News, publishers can make different choices for Google News than they do for Google Search and can choose to have thumbnail images here in Google News but not in Search and vice versa. So, this is all very,

very much under publishers' control. Next slide, please. And with that, I am going to pass it off to Marianne to talk about how Google supports the news industry.

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: Great. Thank you, Erin. Morning, James, Paula, and the panel. Thank you very much for hosting us. It's lovely being here. I'm going to speak briefly just about how Google works with the news industry and how we're supporting South African news publishers. Fundamentally, our intention is to build durable partnerships with the news industry that

10 will foster sustainable, resilient, and a diverse news ecosystem as opposed to engaging with the news industry through purely transactional relationships. We already make substantial and tangible investments into the news, both globally and locally, and we urge policymakers and regulators to acknowledge these investments as they look into the relationship between Google and the news. So, before I dive into the pillars on how we specifically work with the news industry, I think it's important just to anchor for context. Next slide, please. As Erin just mentioned in her presentation as well, Google does not earn substantial revenue from news. In 2022, news queries

20 in South Africa accounted for less than 2% of people's search queries in South Africa. And that resulted, the ads placed on those queries resulted in less than 35 million South African rand in revenue for Google. Next slide, please. In contrast, Google sent 600 million free referral clicks to South African publishers from Google Search and Google News. These clicks that publishers can then in turn monetize

on their website through advertising or subscriptions. Next slide, please. So, let's look back a little bit around how Google started working with the news, and then we'll move into the areas we specifically developed. We've been working with the news in some way or other since Google was launched 25 years ago. In 2002, we created Google News to give people a better way to find journalism from multiple perspectives and diverse sources. We launched the Digital News Initiative and News Lab efforts in 2015 to further support publisher innovation and to provide digital skills training for journalists.

10 And in 2018, we launched the Google News Initiative to support the global news ecosystem, including products and programs to help publishers better monetize, like Subscribe with Google and Google News Showcase, which is a \$1 billion product licensing program for publishers. Next slide, please. To achieve our shared goals, connecting users to relevant and credible news, we need to work closely with journalists and news organizations, and that's why for the last decade or more, we've been developing products, training, and a set of mutually beneficial partnerships to anchor our relationship with this industry. And I'm going to just briefly speak to each of these

20 topics. In terms of products, primarily as a tech company, we develop products, and among these are products to help journalists create content, products for publishers to grow and engage their audience, and products to help monetize the content on their websites. For example, in that first block there, Pinpoint is a tool that journalists can access for free that helps sift through enormous data sets to aid

investigative reporting. Journalists can also use the suite of fact-check tools for free, including Fact-Check Explorer and image verification. Fact-Check Explorer lets you search through different topics you've got questions about, and this tool collects more than 150,000 fact-checks from reputable publishers from around the world. And across our products, Google services independent fact-check six million times a day. Publishers benefit from free referral traffic sent to them from Search and news. Traffic which they can in turn monetize on their owned and operated sites by advertising or subscriptions. In

10 some of the earlier public hearings, reference has been made by SANEF, Media24, and AIP, among others, that Google does not share data measurement tools and other data sharing with publishers, and that is factually incorrect. Through tools such as Search Console, News Consumer Insights, and Google Analytics, we provide substantial data points for publishers to track and manage their content. Publishers have access to their individual performance information through the Search Console, the Publisher Centre, and Realtime Content Insights, and they have the choice to implement any other measurement technology should they wish. News Consumer

20 Insights is a free tool that provides key insights and actionable recommendations based on the publisher's Google Analytics data. The tool provides personalized recommendations to grow reader engagement, and to identify funnel opportunities to drive reader revenue. Google Analytics is a web analytics service offered by Google that tracks and reports website and mobile App traffic. The

data points are anonymized to comply with local data protection acts. The Google News Initiative also developed the News Tagging Guide, which is a free tool that helps publishers make the most of Google Analytics by capturing better data through easy copy and paste tags. The South African IEB Measurement Council uses this data to provide South African publishers and advertisers with freely available measurement tracking tool. Next slide, please. Realtime Content Insights is a tool, also freely available, that displays information about a publisher's content in real time. This tool helps publishers identify

10 trending articles, see where their real-time readers are coming from, enable data visualization of their traffic metrics for their newsrooms, and determine which articles and videos are driving the most engagement and see what topics are trending in their region. Search Console is a free tool that helps websites monitor, maintain, and troubleshoot their site's presence on Google's services, and capabilities include optimizing content with search analytics, getting alerted on issues and how to troubleshoot them, and understanding how Google sees their search pages. Next slide, please. In terms of

20 training, we provide three different training formats, depending on their available time and also the publisher's digital maturity. On-demand lessons are available on over 50 topics, ranging from audience engagement to monetization. Each of these lessons are bite-sized, five to 10 minutes long, and are freely available on the Google News Initiative and the YouTube page. Live and on-demand training workshops are hosted by Google employees and our partners

in country like Upskill Digital, where we offer live and recorded workshops on 10 key digital topics. They go into more depth than lessons and include best practices and case studies, from news organizations in the local market and globally. Last year, we hosted a successful workshop with the Association of Independent Publishers for members starting out on their digital journey, as well as a workshop for IAB member publishers who are slightly more digitally mature.

Through our Google News Lab efforts, we've trained over 24,000 journalists on our digital tools in Africa since 2017. And then finally, 10 labs are application-based programs and partnerships with the consulting arm of the Financial Times, the FD Strategies, that takes a group of 10 to 30 publishers at a time through a hands-on journey. We offer a variety of labs lasting one to three months each, for example, the Subscriptions Academy that Arena and Mail and Guardian both participated in, and the AI Design Sprint and Audience Engagement Lab that the Daily Maverick successfully completed. We extend invitations to all of our publishing partners, and unfortunately, some of the big publishers have declined to participate in these fully funded global training tracks. Next slide, please. We also support the 20 broader industry through partnerships and programs, and these provide an important foundational anchor for the industry to share best practice. Among others, we're the primary funder of the Anil Reuter's Institute Digital News Report, and on the continent, we also sponsor various initiatives, including the recently held Africa Media Festival in Nairobi, the African Investigative Journalism Conference,

and One IFRAS Digital Media Africa, among others. We have several industry-leading coalitions. Sulina referred to our fact-checking coalition with Africa Check and some of South Africa News Media to combat election misinformation. We've partnered with the Mail and Guardian, Prime Media, the Caxton Local News Network, and the Daily Maverick, among others. Disappointingly, two of South Africa's biggest publishers declined to participate. Our work on Journalism AI, which is a global initiative that empowers news organizations to use artificial intelligence responsibly, and with FT Strategies, we've developed a new sustainability tool, with more than 400 news organizations, providing a set of performance benchmarks across 15 identified sustainability areas. We offer a wide array of global training programs, and in South Africa, we're working constructively and collaboratively with the Association of Independent Publishers and other industry stakeholders towards a dedicated South African digital news fund, which we aim to launch this year. The intention of the fund is to support a diversity of local voices among the independent and community news publishers to springboard their digital transformation journeys. And it was good to hear last week from a set of the community publishers, as these are exactly the publishers we look to work with. And then finally, in terms of commercial engagements or commercial partnerships, we engage with publishers on dedicated and bespoke commercial partnerships and licensing programs, such as Google News Showcase, which is a product partnership we also intend to introduce into South Africa with eligible news publishers.

Media and Digital Platforms Market Inquiry

Globally, News Showcase is available in 24 countries, now 25 with Finland launched last week, with more than 2,300 publishers participating in this product experience. And around the world, News Showcase is our primary vehicle for transferring value to news publishers. We also work with publishers on bespoke projects aligned to their own technological and commercial goals to support them with, for example, implementation of products like Reader Revenue Manager or leveraging Google Cloud to build propensity models for their subscription business. Next slide, please. Our sincere intention

10 is to continue collaborating with the South African news industry, both with the big national players as well as with the smaller community publishers to provide product training and funding support as they work towards sustainable and resilient business models for news. This is the end of our presentation, and we welcome any questions from the panel. Thank you.

CHAIRPERSON: Thank you. I think, Paula, do you want to start?

MS. PAULA FRAY: Thank you very much. And thank you for so much detail in your presentation in terms of just touching on issues that we've been going through over the last week or so. I'm grateful for

20 that. It certainly does clarify some things, but I wanted to bring up a few things that publishers have brought up, and I think that a number of publishers did in fact acknowledge the work that the Google News Initiative has done in terms of supporting them, but they also separated that from the challenges that they have with their business models and how the platforms impacted them. I want to just start off

before James digs into the more technical elements of our understanding of maybe the state of South African journalism and where we're operating from. So, just to start off by really kind of saying, would you agree that journalism plays a critical role in ensuring the right to freedom of expression and democracy more broadly? Would you agree on that?

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: Yes, we would agree.

10 MS. PAULA FRAY: And then, you know, we're going into 30 years of democracy in South Africa as a young and fragile democracy like South Africa the role of the press is particularly important. Would you agree with that?

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: Yeah.

MS. PAULA FRAY: And then we've just heard, I mean, over the last week that in the last 10 years exposing government corruption and private sector fraud that the media in South Africa has saved the country billions of rands and strengthened democracy. Would you agree with that? Would you have any reason to doubt that?

20 MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: No, absolutely. And I think we have a lot of respect for the very difficult work that journalists do.

MS. PAULA FRAY: Thanks. Thank you. And then we also heard, from community media here like the NCRF, but also just general community media, that those media entities really hold municipalities to account and have resulted in real policy changes in South Africa.

Would you agree that they play that role at community level?

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: That would be the ideal role they play, yes. Absolutely.

MS. PAULA FRAY: Thanks. And then we've also heard that it's important for people, South African people, to really get news that is reported in their own language. Would you agree with that?

ERIN SIMON - GOOGLE NEWS/SEARCH: Yes, we would. We did hear comments about the absence of certain vernacular languages. So, this is obviously the two big initiatives, one based in Nairobi looking
10 at our products specifically for the African continent and another in Ghana looking at AI and applications, specifically for translations. So, we hear and take this feedback and it's important to us.

MS. PAULA FRAY: And we also heard over the last week that the industry in South Africa is in severe trouble. I mean, someone described it as in peril. We heard that the number of journalists has reduced by potentially 70% of newsrooms. And we heard one particular case of 300 journalists, and now we're looking at around seven. I mean, would you accept that that's the reduction in journalism in the country, Erin?

20 ERIN SIMON - GOOGLE NEWS/SEARCH: Yes, and I think that's also quite consistent globally.

MS. PAULA FRAY: And then in South Africa, the largest online news site has been forced to put up a paywall and is still making losses despite that paywall. We heard from other media houses that papers with a long history have closed and that others are facing a similar

fate. I mean, would you agree with that representation over the last week?

ERIN SIMON - GOOGLE NEWS/SEARCH: We definitely heard the presentations. I don't think it's our space to comment on their business model.

MS. PAULA FRAY: And then, I mean, lastly, the industry – Yeah, go ahead, Sulina.

SULINA CONNAL - GOOGLE NEWS/SEARCH: What we can probably add is that we can see that they have odd sort of challenges. It is
10 complex. And the challenge to move your business model to think about monetization, we can see that globally as well and certainly across the region in which we work. So certainly, there is a huge effort to be made to find the right space in the digital environment. Go ahead.

CHAIRPERSON: I mean, it's more, I mean, we heard from them. They're losing money. They've closed. And those closures are very public. So, I mean, you don't have a reason to doubt that. That's them coming and telling us.

MS. PAULA FRAY: And so, I mean, consequently, I mean, you know,
20 if the industry is in severe trouble, then we could argue that that, in fact, that does not bode well for democracy like South Africa and that it would, and would you agree with that then? Okay.

SULINA CONNAL - GOOGLE NEWS/SEARCH: Google itself.

CHAIRPERSON: Sorry, just for the recording, a nod doesn't get picked up.

MS. PAULA FRAY: Yes. Thank you, Paul. I agree. And I want to just end off, before I hand over to James, to say that Google itself does not produce news. So, if there was no news being produced, it would not be able to step in and take over that function. Correct? Okay. I'm going to hand over to James.

CHAIRPERSON: Thanks, Paula. And obviously you'll jump in at any moment as well. But and you're having the team to answer obviously to do that. I suppose some of the discussion last week is to contrast that with Google. And there has been concerns over transparency or
10 the lack of transparency of that. So, I did just want to try and flesh out using public sources, just get some sense for the public and also for the media. I mean, Google is a listed company. It lists in the U.S. and its financials at least at a global level are available. And from the latest one I could get, Google made \$283 billion in revenues. It had expenses of \$208 billion and a net profit of \$71 billion before tax. So that's about 25% of revenue. But I think what's interesting is if you look at what's called Google services, which is Search, YouTube, and AdTech, and takes out some of the, I think, what they call other bets and cloud, which are losing money, then in fact that accounts for the
20 bulk of the revenues at \$254 billion. And operating income or profit of \$87 billion or a 34% profit margin. I mean, that is in the accounts, I assume that. That is what it is. I mean, we heard last week, I think, the Media24 CEO, Ishmit, say his estimate was that Google in South Africa makes 11 billion rand. I don't know if you want to comment on that, whether that is inaccurate.

ERIN SIMON - GOOGLE NEWS/SEARCH: I don't have the figures for South Africa at hand, but I think those figures obviously reflect all of Search, right? And I think they go well beyond just news, but they are global figures for all of our Search ads revenue, YouTube, AdTech. So, I think that sort of encompasses a lot of things that are also not related to, I would say, the topic of today, perhaps, which is news.

CHAIRPERSON: Yeah, look, I think we've come to that because I think there's different ways people are thinking about it. But I mean, Google Search is a product. Google AdTech and YouTube are products. Different parts of them may earn different revenues. And it's seen as one product delivering certain performance. So, I did want to just ask, I mean, there has been a lot of calls for some transparency on South African revenues on these products. I mean, is Google willing to make that available just for the purpose of transparency?

MARIANNE ERASMUS- GOOGLE NEWS/SEARCH: I think that what we disclose as a regulated U.S. public company is subject to legal restrictions that are even outside of the competence of anyone on this panel. But we can certainly take that back and look into it.

ERIN SIMON - GOOGLE NEWS/SEARCH: We've also provided a lot of revenue figures to the Commission in response to requests for information. So, I think that information has been shared, indeed, with the Commission. Yes.

CHAIRPERSON: Yeah, I think the challenge for the media is they feel they're in the dark. And I mean, as a listed company in South Africa, you would be giving your revenues, and Google gives the U.S.

revenues, but everything else is aggregated. We see a lot of the practice in South Africa, at least, is that South African companies with multiple country operations will report on each country. But I did just want to unpick from public sources because the 11 billion and the 80% share of Google alone seemed surprising to me from Media24. So, Statistica is a source to understand digital advertising, and they make available certain statistics if you just go search on Google. And they had indicated that digital advertising should be around \$719 million in South Africa this year, that social media made up about \$219 million
10 of that, so that leaves about \$500 million. They then said that search is the largest part at \$258.4 million, so that is largely in South Africa, given, I think, the sort of 97% share, I think. Video is \$190 million, and that probably has a fair bit of YouTube in it. And there are also, from the sort of research group, saying Google and Meta combined make up about 80%. So, that was different to Media24 that I think had, had Google at 77%, which, and Meta at a further 19%. So, this is, this estimates the share of the two of you and much lower at 80%, not 97. But if we sort of take out the social media and left with then Google, if combined is 80%, that would put you at about \$360 million. Or
20 YouTube at about \$100 million. And then there's a remainder, \$140 million, of which Google AdTech would take a share because GAM seems to be the predominant player here. So, even if we took something like 20% of that, we're gonna get to a figure of roughly \$400 million in South Africa, or about roughly 8 billion rand. So it's certainly lower than what Media24 put up, but still a sizeable, sizeable number.

I mean, is that closer to what Google earns from these services relative to what Media24 put up?

ERIN SIMON - GOOGLE NEWS/SEARCH: I don't think we're in a position to comment on those estimates. We have provided information under confidence to the commission, and we do not disclose certain information publicly. And I'll leave it there.

CHAIRPERSON: Fair enough. And that's why I just wanted to see public, because also I was surprised by what Media24 put up.

DOMINIQUE COSTECC - GOOGLE NEWS/SEARCH: I also want to
10 caution a little bit against the sort of like back of the envelope calculations that some people make, because I think we tend to find that they're often quite far removed from reality. I think Marianne mentioned that, you know, when you look at, I think if you want to try to estimate sort of, you know, the value of news for a platform, I mean there's no, it's obviously a complex task. I think in the past few years, it's been a topic that we have gained more experience with from investigations in different countries, from in Europe, for instance. I think, you know, as Marianne said, when you look at, for instance, ads placed on news queries, that's about 2 million US dollar in revenue.
20 So, I think, you know, there are a lot of different ways, I think, to estimate this. But I think sort of what makes sense is to look at, you know, there are things that we can look at, for instance, if you have a search results page that has news content and there is an ad placed on that page, how much money have we made from that ad? Like, I think those are sort of things that we, that we can look at. But I would

caution against sort of making, these sort of like broad type of calculations, because I think then you become quite far, you are removed quite far from sort of what we're actually talking about, which is like Google, you know, sending links to press sites with like a small snippet underneath. So that's sort of what I would say on that, but.

CHAIRPERSON: No, and I think that is an important part of the discussion. I think I just wanted to set out the starting point because there are different perspectives. And as you say, there are different estimates out there. And so, Media24 had come up with 11 billion
10 using, I think IAB, I don't have access to that, but Statistica, we get 8 billion and that is different. But given the kind of profit margins that Google globally gets on this business of 34%, that would put profits out of South Africa at around 2.7 billion, just using that sort of global average. And just so we can confirm, I mean, as we understand from the submissions, the revenue is billed through Google Ireland, not Google South Africa. Is that correct?

DOMINIQUE COSTECC- GOOGLE NEWS/SEARCH: I honestly don't know, but I don't, I mean, I don't think that makes necessarily a difference.

20 CHAIRPERSON: Thanks, Abongile and please jump in. So, I mean, all the advertising goes there. It's not really, I know there's a legal entity, Google South Africa, but news that come from South Africa on advertising at least. And Abongile, I mean, you work in the office here. How big is the office in terms of employees? It may differ across cloud and all of those things.

ABONGILE MASHELE- GOOGLE NEWS/SEARCH: Well, without saying the exact numbers, I can say that including the cloud engineers, it's around a hundred people.

CHAIRPERSON: And I'm sure, I'm sure cloud engineers cost you a fair bit. So, they're all the [unintelligible 01:20:35].

DOMINIQUE COSTECEC- GOOGLE NEWS/SEARCH: The South African office is mostly engaged with advertising and cloud.

CHAIRPERSON: But advertising [unintelligible 01:20:52]. So, is it paid to South Africa from Google?

10 DOMINIQUE COSTECEC- GOOGLE NEWS/SEARCH: I can't speak to that. Sorry, James.

CHAIRPERSON: Because that seems to be the common way that our experience across many industries that multinationals tend to operate, that there's a service fee for those marketing and services. And then that is set at a transfer pricing level. I mean, maybe let's pick up Dominique, the question of the business model of Search and your point about where ads also are served. I mean, as I understand, even from your introduction, the business model of Search is to provide information in response to a query. That's what people go to a search
20 engine for. And, and that, you know, Google's ambition, which is, I think to organize the world's information links to exactly that. Sorry, maybe if you can just rather than nod just respond with the mic, it would be.

DOMINIQUE COSTECEC- GOOGLE NEWS/SEARCH: Yes.

CHAIRPERSON: Thank you. And obviously you go search for many

reasons, but Microsoft last night said that it's a well-known important use case for search is, in fact, news and news is used to not just feed a result, but it's also to attract and retain users to the search engine. Is that your understanding, or does Google have a different position?

DOMINIQUE COSTECEC- GOOGLE NEWS/SEARCH: I'll maybe let Erin comment as well, because she's our Search specialist. But I think we seek to have all types of content, including news. And I think we're not suggesting in any way that news has no value to that. So yes, we want to have, as much as possible, all types of content that our users
10 can search.

ERIN SIMON - GOOGLE NEWS/SEARCH: Yes, I would just emphasize that news is important to us. It's important to our users. Local information is important to us and to our users. Sports and entertainment are important to us, important to our users. And I think a lot of different information types that we can provide, query intents that we can respond to, there is a temptation when the focus of the inquiry is just one of them to give outsized attention and importance to that one. But we could do that for each of those other sectors as well, and if we did, then we would end up saying that, you know, there
20 was 800% of the value of search, because every one of them kind of is important when we are focused on it. I don't want to take anything away from the importance of journalism and the kind of serious nature of the problems that the industry faces, but I do want to make sure that it is contextualized appropriately as one of many things that we kind of provide, like that we help our users find. And that contributes

to being able to offer a good search product for them.

CHAIRPERSON: I mean I suppose it obviously you respond with many different sets of content. I think Microsoft was saying that news has at least an important use case and that's consistent with also the fact that news was the first other vertical that Google put up and everyone else has put up and Microsoft has said it's well known you need to have news otherwise people will potentially leave your platform. So, I think I just wanted to get your perspective because that suggests that its value goes beyond what is served as an ad on the

10 page to a package that is provided to consumers about a search engine that's credible that can be searched for all information including news and it's the value of that full service that really matters.

ERIN SIMON - GOOGLE NEWS/SEARCH: Yeah, just to speak to the initial launch of Google News, that happened as a direct result of the September 11th attacks in the United States. At that time our ranking system was not sophisticated enough to recognize that a query for the World Trade Centre was no longer seeking tourist information about a local landmark and so I think we actually ended up just hard-coding a message at the top of the Search results saying please go to CNN,

20 this is not useful and we created Google News to better respond to the need for fresh information but that was in, you know, I mean I think started work in 2011, 2001, launched in in 2002. I'm over correcting for trying to always remember what year it is but that was a long time ago and I think that user needs evolve over time. Our search engine has become more sophisticated over time and so that moment in time

is maybe not the best measure of where we are today. I think Selina might also want to contribute.

SULINA CONNAL - GOOGLE NEWS/SEARCH: I think that's what the point that I'd like to make it's also that it's not about the importance of journalism, but that's a different point to the importance of this content type on Google Search overall with all the other information that is searched for by users. It's also our experience. We have had a certain amount of experience over the last few years looking at the value of Search on our products and it's not our experience that, for example,
10 in cases where we have unfortunately had to take the snippets off for a time in certain countries in Europe, that this has had a material impact or impact on Google.

MS. PAULA FRAY: Related to Erin's example of the World Trade Centre, I would imagine that news, not journalism, but news, breaking news, is an important component of search and that maybe on a day-to-day function people aren't necessarily looking for news, but if something equivalent to a World Trade Centre happened today, that you would see numbers significantly higher looking for those events?

ERIN SIMON - GOOGLE NEWS/SEARCH: Definitely the query stream
20 changes in response to changes in the world. And people who are today searching for the best spa that they can go to or where to have dinner might also search for a breaking news event if one happens. But they might also go directly to a news site, and they might be learning about that news event from social media. Users have a variety of different ways to discover news and, you know, search is

one of them, for sure. And also, I think one of the real problems that we've had to solve is that those query meanings might change from day-to-day. But it's also the case that there are important sources of information during breaking news events or about breaking news events that are not actually news publishers. And one example I can give you is the upcoming elections will be a massive news event, but we will get authoritative information from the election commission. Or during the pandemic, we were able to work with health authorities in various countries and medical professionals to validate important
10 information that was newly relevant to users because the query for mask, might have been just a generic, interesting information query one day and then the next is suddenly news related but also health related.

SULINA CONNAL - GOOGLE NEWS/SEARCH: I just want to add to Erin's point, you know, in your example, Paula, of a 9-11 event happening, Google doesn't host content on Google, so that will automatically result in huge referral traffic to all of the news publishers who will be reporting on such a current event. I think the point I'm making is that people will go to search for news. It's the one constant
20 that is new all the time. I'm not looking for shoes every day or holiday every day or spa every day, but I might be looking for, you know, what happened with this. I just wanted to, you know, we both having elections this year. So, just to clarify that I'm talking about the South African elections. If a South African wanted to find out about what was happening around the election, they're unlikely to go to the IEC.

They're more likely to go to search or directly to a website, as you're saying. So, the kind of idea of people going directly to a new source, I mean, I'm not sure that research bears that out.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: I was just going to say, I think that is unfortunately contradicted a little bit by I think what we see. I mean, I think we see that news queries are a tiny part of our overall searches. And I think, unfortunately, the truth is that a lot of people don't search for election news. A lot of people don't read news, to be honest. Like I think, you know, a lot of people use
10 Search to look up, you know, how to, I don't know, change a diaper, change a tire, change a, I think there's many, many use cases for news. And I think, you know, what we're seeing today and it's not something that I'm happy about. But unfortunately, you know, news doesn't seem to be a major part of what people are searching for today. I think there's, as Erin said, there is a big variety of sources. You know, I think what we're seeing today also is that in some social media, people seem to be maybe following news on places like, I don't know, Twitter. But I think this is a bit contradicted by sort of what we're seeing in terms of the queries that people are searching on our
20 platform.

SULINA CONNAL - GOOGLE NEWS/SEARCH: If I may, Paula, it's also one of the areas we think that our incentives and our focus should be aligned with the news publishers. It's this idea of engagement. And we're also looking for and testing ways of engagement with different types of user groups. And this is also part of the process of evolution.

I heard last night that Microsoft said that they believed if there wasn't news content, that users would leave their platform and go to another easily available platform. We do not believe that, that users would leave our platform. We think they would go to direct sources, and they would continue to look for all the other information, which is the majority of their activity on their site. I think it's also worth pointing out that we often look at this with our own behaviour pattern, which looks, you know, the way that you and I might. I'm in this job because I'm a news junkie. So, I do look at a lot of news. But that's not the case of
10 the majority of our users, as we see from the evidence. Laura, you're nodding. Have you got anything to add? You've just come on the screen.

LAURA LUCIA -RICHTER- GOOGLE NEWS/SEARCH: I'm sorry. I had nothing specific now, but I can just agree that obviously the evidence that we've had, I think, Sulina, you touched on it a couple of minutes ago already, in terms of experiments or actual real-world evidence where news content or snippets of news content was removed. We did exactly not see an impact on Google usage, but we did see a significant drop in traffic to news publishers. And, you know, the point
20 that Microsoft made yesterday, that users would leave the platform, you know, that's a big statement. It was also something that was kind of suggested in the context of what the FAIR study mentions as informational queries and the FAIR study was obviously mentioned a couple of times last week. And we need to be careful, right, because competition and usage of Search happens on what we would say is a

vertical level. Right? And just because news content might not show on, or the links to news content might not show on Search page, does not mean that I will not do a shopping or travel query on Search anymore. And the evidence we have seen supports exactly that point.

CHAIRPERSON: I mean, it's, you know, obviously Microsoft and Google are in very different positions. Microsoft is 1% and Google is 97%. And one can't ignore the fact that, given Google's pervasiveness and market position, that some of the behaviour may be slightly different. But I just want to unpack, because I think there's two
10 separate concepts here that I want to unpack. I mean, the one which I'll come to later is your 2% and how much people search for news. But I think the first is more a conceptual point about what are you selling. So, you're selling a search engine, which is telling people, I can find the world's information through this easily and quickly. And that is the package I'm buying into. And so if you start to fail, not just on news, but if you've started to fail on, you know, on, let's say, food recipes or other things, the confidence in the search engine would also fail. I mean, that's almost the 9-11 example is, we're not good at this. You're not going to find it here. We failed. And the response from
20 Google is, let's improve, because people really wanted that. So, I mean, that is, I suppose, the first conceptual point. I mean, would you accept that you're selling a search engine? I mean separately to how much search is news-related?

ERIN SIMON - GOOGLE NEWS/SEARCH: Well, I don't think that's exactly right, because we make the search engine available free of

charge. Users can enter searches and receive results free of charge. Web publishers can have their content crawled and indexed and ranked and shown to users free of charge. Website operators receive referrals traffic free of charge. All of that is enabled by the fact that we sell advertising on a small fraction of queries. And that small fraction of queries, I think, is where you could say we are selling something. The opportunity to show an ad to a user who has asked a particular query, right? And so, what we're selling is always very specific to the query and what the user is interested in. And it turns out that because

10 search advertising is so efficient and so valuable to advertisers, we are able to do that. But I also think that if we, you know, if we are not performing well in one vertical or one set of queries, there are still many, many more. We serve over two billion queries a day. And it's true that not everybody is searching for the same thing every day. But we do see patterns of behaviour that are very common. And I can speak from my own personal experience. I search for the weather almost every day because I want to know what I should be wearing. I search for my, like, commute route. I know it by heart. I don't need the map to tell me how to get there, but I look for the traffic conditions.

20 And there are those very common query types that I think we would still see if we lost a category, any category. Because a user who wants to know about a breaking news event might learn not to come to Google for that breaking news event if we were not able to respond to that query well. But they might still come for lyrics to their favourite song, upcoming concert dates, information about a sporting event,

right? And it is not, I think, self-evident that a user interested in any of those multiple other search intents would be deterred from that just because they're not able to find information about news. But this is also something that we can test empirically. And we could discuss running a test to get real data from, because, you know, this is one of the ways that we validate our assumptions and expectations in search. In fact, any time we launch a new feature or make a change, we test it on a small fraction of live traffic first so that we are relying, so that we are informed by real data and not just our belief about what
10 the data will be. So, we could talk about doing that if that is something of interest to the Commission.

CHAIRPERSON: I certainly think the ability to do experiments with the digital environment is a useful thing. I think, as I said earlier, I mean, separating market structure from that is a very difficult aspect. But I just want to go back, because there's two elements. I mean, I'm going to go back to the newspaper, and we had some of that discussion last week. But the newspaper produces a variety of information. We used to go, and we expect to find a range of information. But how much ads appear on a particular page is less important as to how much ads
20 appear on the whole package. And sometimes, you know, large amounts of money were made from just simple inserts that gave all the specials for the particular weekend shopping, which are not linked to any page, but the paper is the carrier, literally, of that and that doesn't come unless the audience is there. And so it doesn't seem logical that the value is just based on the ads on the page. The

package is what is the value. And within that, we can discuss how much news makes up. But to me, it's not a logical proposition. This is a package. We put features on that don't earn money, like weather and that, precisely because it's building a package that sells, that sells advertising and audience.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: I mean, what we sell is ads, right? Search ads and display ads. And so that is really, I think, how we look at it from, you know, the business model perspective.

10 CHAIRPERSON: I mean, I think at the moment, yeah, we need convincing that you're not selling a package and that the correct approach is to look at ads on the page. And we haven't heard anything that convincing at the moment.

ERIN SIMON - GOOGLE NEWS/SEARCH: Well, I think, I think what you're really trying to do is understand the value of news to Google. And that value has different components. You can arrive at an estimate from different directions. But I would say that it is important to separate out its social and democratic value from its financial one. Because financially, it is not the primary driver of like financial value
20 to Google, right? There are not really ads on news seeking queries. We monetize based on commercial user intents. But it is still an important, you know, socially, democratically, civically, important set of information. And so, in some ways, I think that attempt to look at the financial package as a whole and then slice it up might not be the right way to approach this problem. But to say, you know, what are

the challenges facing the industry and what can we all do together to better support it? What can government do to create solutions? But also, what can the platforms collectively, what can the news industry, how can we work together to help them transition to a sustainable business model? That's the path forward, right? Much more than just, let's try to slice up the search engine and arrive at a monetary figure because any effort to do that is going to arrive at the conclusion that we generate more value for them than they generate for us. That the value of search referral traffic is so large that financial accounting is not going to arrive at a result that contributes financially to the news industry. But we are happy to contribute financially to the news industry. And so, we want to focus on those solutions that are going to be the best way to do that.

MARIANNE ERASMUS- GOOGLE NEWS/SEARCH: This is also the conclusion of the Swiss, I've noted it down, the Regulatory Impact Assessment Commission. They carried out an assessment recently in response to public, you know, to studies sponsored by the media. And they had the value that was supposedly generated, they looked at snippets in that case, was infinitely smaller than the value that they considered Google sent to publishers. So, I think we're, perhaps we focus on this part of, on the 2%, and we focus on this kind of, you know, putting in context the impact of news on our products because we are faced with lots of very outsized claims of hundreds of millions across. And this is what we have learned, and this is our experience over the last couple of years. So, it's also, we're also trying to slightly

reset the, and put a little more reality around the perception. And as Erin said, it doesn't mean that we are stepping back and looking away from or denying in any way the importance of this industry or, you know, walking away from the, you know, huge history of engagement that we have had and investment that we have had. So, there's, you know, we're also trying to look at it as a whole.

CHAIRPERSON: Yeah, and I think, look, I mean, I know you've had this engagement globally, but I think as, as we've said all along in this, so first of all, there's competition commission inquiry. So, it is also
10 about that market dynamic and understanding that dynamic. And just even from an economic perspective, you know, the share in, of the gains in, let's say trade, can be skewed by market power or position. And so, for us, it is just exploring conceptually. I mean, we are far from any point of saying, this is this or that. We deliberately wanted to do an inquiry because we felt people were doing a cut paste and it was leading to some very odd outcomes that weren't necessarily [unintelligible 01:46:47] to understand better. But so, you know, most likely in an inquiry, one makes recommendations to government, one makes remedial actions for participants, but we are far from that
20 position. We're at the conceptual point. So, it might be right that in the end, it's a role for many people, but we need to understand conceptual aspects. So, I'm not trying to come to any number. I'm just trying to understand conceptually. And to me, the most logical thing is all these parts contribute. Looking at the whole, that's how a newspaper used to do it. I'm sure a magazine, and obviously searches is, can be

slightly different but, you look at how you drive the profitability, even if some aspects don't make money themselves.

ERIN SIMON - GOOGLE NEWS/SEARCH: Yeah, I think in a competition inquiry in particular, it's often useful and difficult to explore the counterfactual, right? What would happen in a market that looked different than this one? But, in the search case, I think what we do to find that counterfactual is go back to the past. Because the fundamental business model of Google has not changed since we launched. The fundamental way we use content, the crawling, indexing, ranking, snippeting, none of that, you know, it's a little more visual now than it used to be, but the fundamentals are the same as when Google was a startup in a Palo Alto garage, not a market leader, not on a market radar. And in that time, no one paid for links. No one paid for snippets. In fact, the kind of financial pressure was to go the other way. And website operators would pay search engines for more prominent placement. And that is something Google reacted really strongly against when we were founded, that we owed our users the integrity to not accept payment for placement except when we were selling clearly labelled advertising. And so, I just want to make sure that we are anchored in that reality of the fact that links are beneficial to the website that gets linked. And whatever value we want to understand that the content in search has, it absolutely has value, but the reason that users choose Google over other search engines, which they could do with a single click, right, is our ranking technology, is our ability to show them the best results, to lead them

to content that exists outside of our service. So, I think, you know, whatever solution you're going to arrive at should take account of that economic reality.

ABONGILE MASHELE- GOOGLE NEWS/SEARCH: I wanted to maybe add one more point. First of all, I wanted to remind again of the point that was made earlier around experimental studies. But of course, I hear you, James, that you're saying, you know, maybe the market structure, you know, might interfere with the results that we find. I wanted to mention that, of course, we have in other verticals seen that

10 the shifting of queries on the vertical level does happen. One example is shopping queries, where, of course, you know, a lot of shopping journeys start on Amazon, for example, or other shopping platforms. But it doesn't mean, you know, that user shifts all usage to different platforms than Google. So, you know, it is worth looking into and I wanted to remind again, you know, that the best way of looking at this from an econ perspective is based on data and experiments where we can discuss what exactly should be ablated or removed, et cetera, for small sample of users. But the market structure point that you mentioned, we have also seen evidence that the competition on the

20 query by query or vertical by vertical level does still happen, even if, of course, Google has a much higher market share in Search than Bing has.

CHAIRPERSON: Yeah. And as I said, I think, you know, we are interested in experiments and welcome that you're willing to do them. In conjunction, we, I suppose, at this stage, this is maybe a point just

to back to Erin as well is, I mean, what is almost unfortunate at the moment is so much is framed by what is happening elsewhere. We do want a fresh look at these things. So, we don't want to jump to payment for snippet and have that discussion. We'd rather have a discussion at a more conceptual level at this stage. And with experiments, we're just concerned, as I said, about some of the structural aspects. So, we were saying, well, let's just hold off on that until we get a view. And maybe these public hearings can help provide a better perspective of what we're looking for. But I think for us, 10 certainly the conceptual aspect is the first step of getting that deeper understanding. You know, so, I mean, I know you have said that there's some wild valuations. And to be fair, I'm happy if you want to just explain why you think some of those are that, because I think it helps the public debate. But for me, again, at the conceptual core, just moving away from the, the wild aspects, the sort of fair study that, as you mentioned, has been come up a few times, I suppose still at its core has the understanding is, is there value beyond just, you know, what's on that page or how many impressions? Does it go to the valuation of the product by the consumer, the use of it? And if so, then 20 that's an issue of package, rather than an issue of an individual query. But, you know, if you want to spend five minutes on that study, and then at least there's dialogue through the commission, and we happy for you to do that.

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: Laura, would you like to comment?

LAURA LUCIA -RICHTER - GOOGLE NEWS/SEARCH: Yes, of course.

So, first of all, we have, of course, here, repeated references now in this context of the hearings and elsewhere of the FAIR study. And it's maybe taking one step back. It's great that there is some independent research being done in that area because it's complex. It's nuanced. It should be looked at, but because we're debating this here around the globe, I think before diving into the specific numbers, I think what has struck us as quite remarkable is that these numbers are cited, but very little is discussed around the methodology or the definitions or
10 what's actually being done experimentally, survey wise. And so, it just, you know, we touched earlier on the definition, for example, of what a news query is, but that is in itself subject to debate. There are various approaches, but if you then, for example, look at the FAIR study, right, which has debated the body of the paper, great experimental research, and, you know, it's from a university and so on. But when it actually comes to the section of deriving value, right, which is the complex question we are discussing here, it's actually not based on the experiments really that are conducted in the bulk part of the study. It is based on citation of exogenous numbers of previous studies,
20 right? So, for example, it is assumed that 55% of queries are informational queries. As the FAIR study refers to them, and that is equated with news queries, which is, you know, it is just not correct. A query like how tall is Big Ben is an informational query, but it is not a news seeking query. You know, there's not much freshness in the height of Big Ben, for example. Well, but they go on with their 55% of

informational queries and apply that to their estimated Search ads revenue as the relevant set of Search ads revenue that should be looked at and then continue, and again, that's in that part of the study that speaks about deriving value. And then they go on and, you know, do not refer to the experiment, but to a binary survey where the participants were asked if they prefer Google with or without media content. And I would say it doesn't come at surprise that of course users say, well, if I have the choice, I choose Google with media content. But you can ask the same about cinematic content, sports
10 content and probably most users would just say to this question, yes, I prefer Google with news content or with sports content, you know, separately. And so, they take that 70% and then say of those 70%, that these 70% of these 55%, the value is due to media, right? And that is just a calculation that is a far too broad, as I said before, because the query set is not clearly defined, far too broad. And, and, you know, the, the numbers are not, the assumptions are not justified, but simply reference 55% and then the 70% comes from a binary survey as I said. It would effectively, you know, it's a illustrative example. Be the same as if I ask a flight passenger that has chosen,
20 say, a local route. Do you prefer a flight where food is served over a flight where no food is served? And the passenger says, yes, I prefer a flight where food is served. And then you attribute and say 70% of passengers say that. And then you say 70% of those passengers will switch the flight simply because of the food, right? And so that is just from a willingness to pay perspective, from a choice perspective, not

sophisticated enough for the debate that we want to have. And, you know, if we want to debate the topic, we should conduct studies, we should conduct, we should collect empirical evidence, we should look at country specific data, but we should do it, on a level that is more detailed than what, for instance, the FAIR study has done, et cetera. And what happens if you go, you know, and then another point, you know, maybe that just to complete the, the chain of assumptions that's being made in the FAIR study. You know, then out of the blue, I would say, the AdSense revenue shares applied to then determine a fair
10 share. And, you know, I understand that a lot of assumptions need to be made because data is not publicly available. But we need to be aware that this is the level of detail we are talking about. And, you know, of course, if you have these kind of, say, 55% of informational queries, that's a significant share. But if it includes queries such as how tall is Big Ben, what's the time? This is informational queries, of course, you know, that is inflating and, you know, misconstruing the values that you then get if you apply those shares to the estimated Search ads revenue. Maybe I pause here in case you have any questions about what I've said so far.

20 CHAIRPERSON: No, we're going to break shortly. I just wanted to do a few things. But just two comments on that. I mean, one is, I mean, one can take the approach that you're adding everything up and you get to 800%. But the other, and that's what I'm saying, just conceptual is people want a search engine with all the options, whatever I'm searching for. And so, yes, maybe more people would also say I'd like

my food recipes. I'd like my local news. I'd like, but it is a package that ultimately is being sold. And my second comment is, yeah.

ERIN SIMON - GOOGLE NEWS/SEARCH: Just to respond to that.

CHAIRPERSON: Can I just do my second comment? I mean, respond to both. And Laura, I don't know if you can see us. So, it's harder for you to know whether she's trying to speak. But I think Erin also wanted to speak. But my second comment is, I mean, if Google thinks these are wild exaggerations, are you not doing yourself a disservice by not being transparent? Because people are forced to make assumptions
10 when they have no information. If you think it's wildly off, why the resistance to transparency? Should there not be, if this has no value to Google or very little value, why not be transparent about it and then have a proper debate between the media and Google, not just mediated by ourselves?

ERIN SIMON - GOOGLE NEWS/SEARCH: Well, thank you. I just wanted to point out something that really struck me about the FAIR study, which had the goal of showing that news was valuable to Google. Even in those conditions, 30% of respondents said they preferred a search engine with no news. Right? So, for 30%, almost
20 a third of the people in that study, news had a negative value. And I think that we are all tempted to take our own personal interest in news. I certainly read a lot of it. I assume you do, too. And kind of externalize that and assume that that's true for everybody. But I think even the data in that study shows that it's not the case. But, you know, to your question about transparency, I think we have been sharing

information. We have provided figures about news-seeking queries and overall click volumes there. But there is a tension because we are trying to preserve our ability to provide a good service to our users and the more information we give about how Search works, the more that sophisticated SEOs and spammers can reverse engineer our ranking algorithms and then trick them. And that is actually why we don't provide more information about, you know, even giving specific query volumes. Sophisticated actors who control large botnets can perform enough searches to manipulate that just enough to see what
10 effect it has. Right. And honestly, you know, they are, it sounds a little science fiction-y, but the people who have an interest in tricking our search engine have a lot of resources and a lot of sophistication. And so, I wanted to explain that as a reason why sometimes we are reluctant to share information. But, I think also, you know, we just fundamentally don't think that the best approach to this is to try to arrive at the specific monetary value that news provides to the search engine. Number one, because I don't think that that answer really exists because, you know, everything is contributing and the loss of any one vertical or component, it would be harmful to the search
20 engine, but the rest of the search engine would still be there. But also because I think that the solutions here are going to be found in the kind of collaborative business models and support that Sulina and Marianne were talking about. And maybe I don't know, Sulina, if you want to speak to that at all.

CHAIRPERSON: If I can, sorry, Sulina. I mean, we have heard about

those already. I just don't want to get distracted here. And you're welcome at the end if there's anything that hasn't been said. I just wanted to follow up. I mean, transparency of the algorithm is a separate issue. The transparency that's being asked is well, can we have it verified how much the Search is, how much revenue you make in South Africa? These are simple things that don't affect sophisticated bot crawlers. So, you know, and look, I know you're not going to give an answer. I just feel that Google needs to reflect on that because all it does is fuel speculation and distrust. And if there is a
10 partnership, a partnership is about openness, not I'm hiding my information, and we have your information.

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: And we just want to highlight, we don't believe that we're being resistant to transparency. We took time to work out and share the amount that was directly related to news queries. We don't have the finance people nor the information here candidly to be able to answer some of the questions. But we're happy to set up a separate session with you and the right people.

CHAIRPERSON: So, a couple of questions in there and I'd like us just
20 to have a break so that we can freshen up coffee and –

ERIN SIMON - GOOGLE NEWS/SEARCH: If I may just make one more comment, like, I think we have shared a lot of information, but I think often it's not the figures that people want to hear, unfortunately. And so I think, you know, we have said, you know, how much revenue we make exactly from ads based on news queries in South Africa. We

have shared a lot of information and I think, you know, I understand that there are very high expectations and sometimes it's just not the figures that others wanted to hear and so you keep asking us for more figures on other things that we think are also not relevant. So, I think some of that continued request is also coming from, you know, and you said it fuels distrust, but I think we sort of say, well, we have the figures, but, you know, if that's, they also have to then believe that those figures are true and I think that is –

CHAIRPERSON: And I think that's, I suppose, part of the problem. I
10 mean, you may have a point that they're not figures that people expect, but I think knowing whether it's true is another matter. And we're not discussing AdTech today, but some of the complaints is I just get some money and I have no idea whether this is any reflection of the traffic I did and value. So that's that. I just want to quickly before we get too bogged down, I mean, Laura mentioned, how do you define news? So how have you defined news for that 2% figure?

LAURA LUCIA -RICHTER- GOOGLE NEWS/SEARCH: Yeah. So should I, Erin, do you want, I don't see you at the moment. Yeah.

CHAIRPERSON: Has a mic on, yeah.

20 ERIN SIMON - GOOGLE NEWS/SEARCH: How about I start and then maybe you can follow up. So, we think about queries as having a dominant intent. That is what we think the user was most looking for in that query. And so when to construct the news query number, that is the number of queries for which we think news is the dominant intent, that is also where our news block ranks at one because that

was the most important, best result for that query. I think the problem, oh, we might have lost Laura. Oh, no.

CHAIRPERSON: She switched off the camera.

ERIN SIMON - GOOGLE NEWS/SEARCH: Okay. I think, you know, defining news is a difficult problem. And when we're looking at news in our products, it's often not a binary. You know, this counts as news and this is not news, but really more of a spectrum of this is the newsiest, most public interest, journalism based breaking news event down to, you know, this is maybe commentary and analysis or this
10 involved a journalist speaking to somebody, but it was about more of a gossipy tabloid event. And I think there are a number of ways that you could try to define news if this is your program. But the focus, as we think about it, should track the value. And when we're talking about the democratic value to, you know, a new democracy, then I think that focus has to be on journalism about public interest events and less about, you know, interviewing the latest sports star, for example.

CHAIRPERSON: But I think it's hard to separate them. A media business does all of that. And reporting is on all of that. And as I said, you know, and we discussed this last week with some of the media,
20 you're selling a package. Some of it might attract more views and ads, but you still go into the newsroom and say, what do people also need to hear that may not do that? So, to cut off a bit like saying to Google, well, cut off your travel, shopping and other revenue and then survive on the rest. You wouldn't survive. I think that's fair to say. So, I mean, it is a question of news, but this is precisely why it's not a good

narrative. Well, Google has defined news and Google will tell you on this definition how much. It becomes obviously tricky for people to engage that.

LAURA LUCIA -RICHTER- GOOGLE NEWS/SEARCH: Maybe one point to note, though, is that it's also about substitutability. And so, I think you just hinted at that with your press statement. And so, you know, the freshness part of news, of course, plays an important role when we speak about, you know, that, I would say, first order understanding of what constitutes unsubstitutable news. And, you
10 know, we want authority. We want freshness. And that, as Erin mentioned, you know, in our case on Search triggers, the top stories go but, you know, we of course, recognized to your point. Say, for example, the Telegraph might have at some point in the past also have written a small statement or article on the tallness of Big Ben. And that might show on result 35 of, you know, position 35 somewhere on the Search page, you know, and it be also from a news publisher. Right. But not fall into the definition of either a news query or what a news result that is in the in the context that we're discussing here. Right. Because that article it could have been written by many other
20 parties that are not news publishers. And the specific example that I gave now that the tallness of Big Ben. Right. So, you know, again, it is it's a question of what we want to look at and what we can look at. If we are interested in news as, you know, as we discussed here, then, you know, we should use it as the query intent matters, and the participants in that set of queries, because a standard blogger would

not be able to get to these types of stories that a real media journalist can publish. And so, you know, and then again, even if it is the case, you know, that a publisher shows some result somewhere on a Search page of a query that has no news intent, then the question is, how substitutable is that? Say, if that result of the telegraph was not on that Search results page, would the user then, for that reason, switch away? Or would there be quite a lot of other publications or blogs or sites that can also give you information on the tallness of the Big Ben. So, I think that's also an aspect we need to discuss when we
10 look at the relevant set of queries. And, you know, we can discuss that more, what is the relevant set of queries and results, et cetera, in this specific debate here.

ERIN SIMON - GOOGLE NEWS/SEARCH: Just add, it's also a significant source of financial benefit for publishers. So, when a user is searching for travel advice and product reviews or whatever, that's not in the public interest news story, but it's an opportunity for the news publisher to then engage with the user who might otherwise go to alternative sites. So, there's also a lot of value coming from back to the publisher from this. The other point that we wanted to make, we
20 were just sharing, is we've had this discussion in several other countries, and we think it's actually very valuable, if there is a clear definition or understanding of who a news publisher is because our experience is also that comparative sites who happen to have a journalist or TV listing sites, or I could go on, are trying to position themselves suddenly as news publishers and engage in the

regulatory process. So, I think what you're trying to do is incredibly important. Not just for the definition of what you think the value is, but also to help have clarity on who is concerned, which group is concerned.

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: Some countries have introduced definitions and for instance, there are countries also where news publishers get, for instance, beneficial tax treatment, and the government has some kind of sort of official list or something. I mean, that's always very helpful to us because then we have
10 something, we can also follow. And so, I think, from our perspective, it would also be helpful to understand how are we defining news? Who's a news publisher and who's not?

ERIN SIMON - GOOGLE NEWS/SEARCH: I have been asking this question to the many, many publishers that I meet, and they have variously been giving suggestions. I'd be happy after this to share it with you. It's a sort of collation of their point of view on how to define themselves.

MS. PAULA FRAY: I mean, I certainly think that in South Africa we have guidance in the sense of people who subscribe to the press code
20 and the BCCS, the Broadcasting Code of Conduct, as a starting point. But I want to go back to your very narrow definition of news. If somebody, for example, did a Google Search today on what is a, what is an acceptable level of photoshopping a photograph?

ERIN SIMON - GOOGLE NEWS/SEARCH: I think I know where you got this example from.

MS. PAULA FRAY: I mean, it just sounds like a Search query, right? It doesn't sound like news. But today it's news.

ERIN SIMON - GOOGLE NEWS/SEARCH: And that is exactly one of the things that makes it so difficult to run a search engine, is detecting when the meaning of that query shifts. And detecting when, you know, there's general long-standing principles, and then suddenly a flurry of media attention on a topic. And I think that probably, if you did that search right now, you would probably get top stories as the first result, because I think there is a lot of press attention on that issue. And so
10 that would be included in our news seeking queries number, But I also want to maybe get back to your point, James, that there is a bundle of content. And I think you should also pay attention to the effect that you would have on, let's say, the same article being written by a publisher who has signed up to the press code, who has qualified under your definition of press. And that article written by somebody who hasn't. And maybe the Photoshop example is not the best one, because it is so prominent in the news right now. But if there was an article that was more generically, hey, this is how people sometimes photograph, sometimes Photoshop their photos, that could be on a
20 hobbyist blog, that could be put out by a camera company, or it could be put out by a news publisher seeking to follow this press cycle and all of the interest that is generated by it. And if your definition of news isn't careful, you could distort the market for those publications in that kind of near news space that isn't the news itself. Because there are a lot of participants in that. There are a lot of people who publish topics

that are also covered by news publications, in that whole package, but I think you wouldn't want to disadvantage the travel blogger against the travel article by the news publisher, right?

CHAIRPERSON: That's something we would explore, but I think we do need to take a break just for, let's say, 10 minutes, if we can be. I'm just concerned about the time. Obviously, these are a lot of topics, and a lot of discussion, but I think we also have a fair bit to get through. So, we'll be back in 10 minutes at, I think, five to 12.

10

ADJOURNMENT [02:18:55 – 02:31:55]

CHAIRPERSON: Welcome back on Day 7, and we have Google in the room. I just want to have us move on to some other topics, because we could probably spend days talking about what we have been. But I think there's a number of other areas we want to cover. So, Paula, do you want to start?

20 MS. PAULA FRAY: Thank you. I mean, I wonder if we could move on to language and community. You said in your presentation that Search is especially beneficial to smaller regional businesses that otherwise might not, people might not visit absent of search. But last week, when community media and media in other languages actually came to the Commission, they specifically, indicated that they felt that they weren't visible on Search, and simply couldn't invest in SEO and

in efforts to raise their visibility because of their size. And I wonder if you could speak to that, please.

ERIN SIMON - GOOGLE NEWS/SEARCH: Actually, we don't have a microphone for Abongile.

LAURA LUCIA -RICHTER - GOOGLE NEWS/SEARCH: Thank you. I might just start before we go into the languages available on Search. But absolutely, I think I referenced that in my introduction as well. We, well, our intention, sincerely, is to not only work with the big publishers, but absolutely to also work with the smaller community
10 publishers. And therefore, we've been very deliberate in how we approach and we've been collaborating and working with the industry to find a way to make a meaningful investment into the South African news industry that will speak both to the community language publishers. We're currently constructively working with the Association of Independent Publishers on that, and we would be very happy to share more information with the Commission around that in a separate session as all of these endeavours unfold.

MS. PAULA FRAY: I think to be clear; I think the Commission is very aware of the work that you're doing with the media. And I think that
20 what we're looking for also are the structural things. So, you know, because you can only work with a certain number of media at any given time. So structurally, would small community media be able to be more visible on search? Yeah. Abongile.

ABONGILE MASHELE - GOOGLE NEWS/SEARCH: On language, there's two things, how we look at it. The first one is on the actual

product. How do we make sure that we have the necessary language support to make sure that the machines are able to read vernacular text and surface it? And that's something I think even from Sulina's remarks we've acknowledged is a weakness with the product, and it's something that we have been working on, which is why we set up the Product Development Centre, because for our products to be able to be relevant for users in Africa, they need to speak local languages. They need to be identifiable to them. So, one of the work streams, so the Product Development Centre has quite a few things that they're

10 working on from a product side, just even in terms of how Search would surface in Africa. So, one of the work streams that they're working on is actually on languages. And you'll understand that the spread of languages in Africa is quite broad. So, we can definitely come back to the Commission on which ones have been prioritised, which ones we're looking at. So, in South Africa, ordinarily we would start with the ones that cover the bigger demographics, your Isizulu. We start with those and then we expand from there. But we can definitely provide that additional detail. And in terms of supporting the community media sector, I think Marianne has touched on the working

20 with AIP. We're also trying to see how we can incorporate a lot of the content that we have on the Google News initiative in the training programmes that the Media Development and Diversity Agency actually does in a lot of community-based publishing houses. So, we've established that relationship to see if we can do that because that's another way we scale efforts and initiatives in the market,

partner with agencies that are already working with different sectors, particularly in your rural communities, where our reach may not be as great as a company. Thank you.

MS. PAULA FRAY: And I'm fully aware that this is the Search team and not the advertising team. Could you speak perhaps to what prompted the exclusion of any African languages from the 49 supported or approved languages for monetisation of content? I mean, it's something that came up again last week.

ERIN SIMON - GOOGLE NEWS/SEARCH: Yeah, I think that the
10 difficulty is that we need, or our systems need to understand the language the content is in order to appropriately match ads to that content and to ensure that the ads are not scammy, that they are safe for users and satisfy our policies. And I just don't think that we have the competency in those languages to be able to do that.

MS. PAULA FRAY: At the moment, if I understand correctly, English, Isizulu and Afrikaans are viable with Search.

ABONGILE MASHELE - GOOGLE NEWS/SEARCH: On Translate,
yes. I think we've got quite a broad coverage on Translate, Google Translate, of local South African languages and also beyond South
20 Africa as well. It's actually more than three. I'll just have to double check. It's definitely more than three, though.

MS. PAULA FRAY: Shall we move just then? I know we need to; we've got so much to go through before the end of the day. So, in terms of the algorithms, a lot of media came here. In fact, almost all of them came here and said, sometimes the algorithms change, and we don't

know why and we don't know what's happening. And I know that you're going to say that, you know, but we have this blog, and we make the announcements, etc. But there's a bit of a disconnect because media are saying, we don't understand the algorithms. They do change. We invest a lot of effort into understanding the way they work and then they change without notice. Could you speak about those efforts in order to support publishers on that?

ERIN SIMON - GOOGLE NEWS/SEARCH: Yeah, this goes back to that tug of war that I talked about where we are trying to make algorithms that surface the best responses to the query. And there is a tension 10 there in giving web publishers enough information to help them perform well, but not so much information that they're focused on that performance at the expense of making good content that users want. And we do go to what I think are great lengths to provide transparency. One of the things we do is we publish in full our 160-page rater guidelines. So, we have a team of human evaluators who assess all of our algorithmic changes, and we measure the success of our algorithmic changes against those ratings. The instructions we give to the raters about what is a good outcome, what is a good 20 response to a query, how to think about certain queries, like we call them your money or your life, where it's much more important to have trustworthy results than queries that are a little, I don't want to say frivolous, but not something where you stand to lose financially or make a health decision if you get information that's less reliable. We publish exactly what we give the raters, we give to the website

operators as well. We also run frequent trainings that I think Marianne spoke about. We have a website, I forget what we call them now, but it's Search Central Office Hours, maybe. Where website operators can ask Search engineers questions. We have development forums. All of these are public and provided on equal footing to everyone. So that we make sure that nobody is getting a special unfair advantage in understanding the search engine. But I think not everybody makes use of those capabilities. We also publish in advance when we are making actionable changes to the Search algorithm. And actionable

10 is our way of conveying that there is something that website operators can and should do to perform better under the new algorithm compared to the old one. So, an example of that is when we switched to mobile-first indexing because in the pre-smartphone era, most people surfed the web on their computers, and so everything was focused on a desktop computer. Then over time, we realized more people do more things on their phones. So, we started prioritizing how websites would behave on phones in some of our quality signals. We made that announcement, and we said, dear website, like dear internet ecosystem, we are going to start doing this, and we're giving

20 you advance warnings so you can make sure that your page performs well on mobile. But there are also updates that we can't give advance warning about. And that might be because it's a security update. So maybe we have uncovered a new spammy technique, and we want to make sure that we address that. We don't give advance warning of that, and we don't give explanations. We also sometimes just make

minor adjustments. You know, we might change the background colour of something, and we wouldn't give an update for that either. In fact, we make thousands of changes to Search a year, and if we gave updates about all of them, we would be drowning people in useless information. But where the changes are actionable, we definitely do give that advance warning.

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: And I just want to add to what Erin said. Last week, we definitely heard the feedback from the publishers, both big and small. So absolutely, that's
10 something that I took down as an action item as well, and we would be very happy to engage more regularly with the publishing ecosystem in terms of just their understanding around Core Web Vitals, their understanding and upskilling around search engine optimization.

LAURA LUCIA -RICHTER - GOOGLE NEWS/SEARCH: I think we're quite keen to make sure that we have shared as much information about our products that we can share. But I think it's also fair to say that all content publishers on the internet, not just news publishers, always want more information. And I've got to say, I really do think,
20 and publishers do say, we do strike the right balance, and they say this privately to us.

CHAIRPERSON: I suppose the – I mean, for me, the question remains is, given the special role that the news media play, why can't more support be put there? What we did hear last week as well is from Khadija Patel, who said, you know, when she was working with

someone for a small local paper, but they worked for Al Jazeera, then she got better access, better understood, than when she was at the Mail and Guardian. And it seems there is an unequal relationship, I mean, maybe between who has more insight or insider support from Google to say, I've lost 10,000 views, what is happening, and can you help me? And so, I think this is a sort of question around support as well, and it's not necessarily supporting the sort of, odious click fraud person, it's a relationship and a partnership.

LAURA LUCIA -RICHTER - GOOGLE NEWS/SEARCH: I just wanted
10 to speak in general terms. I mean, that's absolutely one of the core objectives of my team, is to build these relationships with associations, because we can't have the scale to reach every small publisher, but we work a great deal through associations and are always looking for different means of having better contact and reach with the smaller local publishers. And Marianne, you had something to add.

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: Yes, thank you,
James. I just wanted to also point out, you know, when she was at the Mail and Guardian very many years ago, indeed, I joined Google
20 specifically in a dedicated role to strengthen our relationship with the news publishers and the news ecosystem in South Africa about 18 months ago. And as you both know, Paula, you specifically, it's a small industry, so we're in a fortunate position now that the bigger publishers as well as the Association of Independent Publishers certainly have my number and my email address and know exactly

where to find me. And, you know, that level of absolute in-person partnership is what we strive to deliver to the publishers here.

MS. PAULA FRAY: I suppose one of the issues that is, what came out is a number of people, when things go wrong on the website or when they lose audience or when they're not sure whether there have been changes to the algorithms, it didn't feel like they knew who they could be calling. And, in fact, there were several people who expressed frustration in the sense of, you know, this has happened, this has changed, and we don't know who to speak to, not just in terms of the
10 websites but also, I think, with YouTube, et cetera, where people really did feel like that there was a take-or-to-leave-it attitude, you know. We do this for billions of people and so figure it out, essentially. But I hear what you're saying, Marianne.

CHAIRPERSON: And I think that may go to the level of support. That's also, at least Google has someone here. Other platforms, you're just dealing with a chatbot. I just want to move on to Discover. I mean, as you say, it's a feature of the Search. It's obviously part of any Android phone. So, what are the kind of current daily active uses and sort of volumes of impressions that we're seeing now in South Africa?

20 ERIN SIMON - GOOGLE NEWS/SEARCH: I don't know. I think we might have to take that one back.

CHAIRPERSON: No, I'd appreciate that, and I would appreciate also some, again, transparency about it. Because I suppose what took us by surprise, and maybe some of the publishers, too, is how huge it's become in a very short space of time. So you know, what we heard

last week is that of all the Google traffic, say, MoneyWeb got, three-quarters was coming from Discover. We've seen in some of the submissions it can be sort of eight, nine times larger than anything coming out of Google News. So, it seems this has had fairly widespread adoption, at least in South Africa, and become an important vehicle.

ERIN SIMON - GOOGLE NEWS/SEARCH: I think that's gratifying to hear.

CHAIRPERSON: So I just wanted to just understand a little bit about
10 this. I mean, you say it's based on interest. But to me, it certainly has an interest angle. I think it is also looking at fresh content. It looks at engagement, because it's about your interest, trying to drive some engagement. But certainly looking, I mean, we haven't even been given any data on Discover, even as the commission, and we'll obviously be asking for a lot more. But because of Google's position, a lot of search engine-optimizing companies have done experiments and have looked at this. And so, what I'm reading from that is almost half of it is news content. There's also a lot of other things. But because it's fresh, because it's changing, and news is exactly that,
20 that is part of what is driving and certainly the experience of the media that are seeing such a growth in traffic from that, it seems to be consistent.

ERIN SIMON - GOOGLE NEWS/SEARCH: Just to respond to that, I think that fresh content can be news content. But it can also just be recently published content. And different people are going to have a

different mix. You know, a person who's very interested in news might see a lot of breaking news stories about various topics. But a person who is interested in cooking might see a lot of, you know, recent recipes published on food blogs. You know, I've been getting into sewing lately, so I've been seeing a lot of you know, patterns and tips and techniques for sewing. And that is all fresh content, but not newsy content. But I also think this is something where, you know, the data will probably tell the best story.

CHAIRPERSON: Yeah, I mean, it's personalised, so individual
10 anecdotes are not going to help. It's what we're seeing across everyone.

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: Could I add one more just response to your earlier question? You know, you said that Discover is, its goal is to drive engagement. And I think that's true, but engagement on Discover means clicking on links. And so, any engagement in that product redounds to the benefit of the websites that are shown as results to users.

CHAIRPERSON: I mean, I think... I don't want to get too distracted by this debate, but I think that is, from what we're seeing, a very
20 questionable statement in the sense of, I mean, some of the discussion, even with Microsoft and also the news publishers around their own apps and their own experience is exactly if I'm taking a break like we had just now and I want to just quickly see what's happening in and that's where freshness comes in. If I have an Android phone, I just swipe, I get the Discover and I can... absorb some of the things.

And I may not have time to go into every click. But certainly, the thing about news is people are looking for updates and then certain things may interest them or not. But there's value in that. That's why people sit on a scroll. We certainly see that with social media. So, for me, there's a disjuncture in the statement that says you're only engaged when you click. And the fact that people will scroll endlessly through and view and absorb. So maybe you can just respond to that.

ERIN SIMON - GOOGLE NEWS/SEARCH: Yeah, I think there are real differences per product on that. You know. An endless scroll in TikTok is consuming video after video after video in full. An endless scroll in Discover is seeing headlines and thumbnail images. And if you are not seeing anything interesting enough in those headlines and thumbnail images to click on them, I would say that's the product failing you. But also, if you're getting all of the value for, like, if you don't see the value in clicking through, if it's just the headline tells you everything you need to know, then maybe that's not a valuable article either because headlines are written to attract attention. And in the pre-internet days, you could walk by a newsstand and see the headlines on the front page as they're being kind of advertised by just being put up in front of that newsstand. And the goal is to attract you to learn more and go deeper and read the story. If it's not doing that, I don't think we should consider that necessarily means that you got all the value out of that content. It might mean that it's just not interesting to you. And we've seen a lot of studies that talk about zero-click searches but what they don't acknowledge is that sometimes we

might show you something that you just look at and you go, that's not for me. And that is a value, right? If you click on a website and you go to the website, maybe that website shows you an ad impression, but if you leave immediately, they haven't gotten value out of that much either. Their goal is to deepen a relationship so that you become a frequent reader, a subscriber, you follow links within that to other articles, right? And so that's really what we're trying to do is drive that good engagement. I was going to say one other thing and it just completely slipped my mind. I'm sure it'll come back to me.

10 LAURA LUCIA -RICHTER - GOOGLE NEWS/SEARCH: I wanted to just add something. First of all, we should all be aware of the clicks for Google, the clicks on articles or any kind of links that show up on Discover or Search, especially the kind of clicks that are exactly not of the kind that the user goes back to Search immediately. Those are the ones that signal to us that the search results or what is on Discover is actually responsive to what the user is looking for. I just wanted to take maybe one step back to what James mentioned earlier and speaks to what's the role of Discover. I think it's pretty clear that what it does is increasing the pie of clicks to publishers because Discover
20 is a query-less surface. So, you exactly discover new content that you exactly may not have queried. So, Google does also not have an incentive to cannibalize its own search. So, it is a feature of Search that is query-less, which increases the pie of traffic to publishers. And that's, I think, what we should look at. And again, there is alignment in terms of what we consider valuable, which is the clicks, not just a

user scrolling up and down not finding anything interesting. And compared to your point, James, earlier, somebody quickly taking a break, not having time to search, but time to go on Discover, that compared to a counterfactual scenario of someone not even going on to Discover, is beneficial for the publishers in the sense of increasing the pie. So that is, I think, what we need to compare to when we look at Discover.

MS. PAULA FRAY: I want to raise two issues with you. If you go to Google Discover, or even if you go to Microsoft Start, yes, publishers
10 want people to click through, but there's also and I would ask you to speak to this, is there not a change in consumer behaviour where part of the news consumption is, in fact, looking at what the headlines of the day are and what people regard as being the news issue? When I go to Google Discover or Microsoft Start, it really is to see what people are thinking of or talking about. And I talk about someone who's been out of the newsroom for a while. So, that's the first. And then the second thing, really, is the second thing, when you go to Google Discover, very often the mixture of publishers who are there might, in fact, give a sense of whether this is a credible product or not.
20 And so, the media, the Google Discover benefits because people consume very quickly the top headline, but also because it gives that credibility factor of these are the people who are on your platform. Could you speak to changing consumer behaviours? Because the implication is that consumers aren't consuming the news online if they aren't clicking through. But now, we've seen a lot of research that are

showing that, in fact, consumers are not necessarily clicked through as that they are actually consuming top-level headlines, blurbs, etc.

LAURA LUCIA -RICHTER - GOOGLE NEWS/SEARCH: But that's something you've also had in the past, right? I mean, you could go as a news consumer to the news kiosk, just skim the headlines and leave without buying the newspaper. You can sit in the subway reading the headlines on the newspaper of your troubled body without ever spending a penny on that newspaper. But that is also not the kind of valuable reader to the newspaper that I think we should be focused
10 about. So, any user that's satisfied with the headlines, that is not for us to decide. That's a consumer preference. But it doesn't change the fact that we are not sharing more than the headline and potentially a small snippet on Search in the case of search with the user. We cannot change the consumer preference in that sense. And that has been the case even in the non-digital age.

MS. PAULA FRAY: Absolutely. But you want to keep them on that platform until they come back, and they see the ad that you want them to click through.

ERIN SIMON - GOOGLE NEWS/SEARCH: Respectfully, I disagree
20 with that proposition. We want to provide the best service possible to our users. That's why they're going to come back and, you know, if we like, links are the fundamental purpose of a search engine. And so, if we're not helping users find what they're looking for, we're not providing a good service.

MS. PAULA FRAY: Google Discover. Okay.

ERIN SIMON - GOOGLE NEWS/SEARCH: But Google Discover is similarly showing users links to content they might be interested in. And definitely we don't get it right 100% of the time. And definitely some of the things we show people, they'll read the headline and think either I'm not interested in that, or this headline tells me enough. But we have to build the products at scale. Which means we build for most of the time trying to get it right.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: I will just say on the, you know, we've heard a lot of people say that, you know, the
10 snippets are leading people not to click and that it substitutes for reading the article. If that were true, every single publisher would give us a no snippet instruction. I mean, they're at liberty to do so. None of them do. So, I think it clearly shows that snippets have a value. And we see that also it drives more traffic because I think the result becomes more attractive and more interesting. So it just doesn't track to what we're seeing.

SULINA CONNAL - GOOGLE NEWS/SEARCH: And I think, Paula, there's a fundamental distinction about where the information is consumed, and you need to keep that top of mind.

20 MS. PAULA FRAY: To be clear, I'm talking specifically about Google Discover, not the snippets. I agree that the snippets have value.

CHAIRPERSON: Yeah, I suppose I mean, I may be cautious saying this, but I don't think there's an honest debate. I think because maybe what's happening globally, people are retreating into an all or nothing situation. I mean, I don't think it's credible to say that people don't

partially consume and see some of the things. And yes, maybe I don't have the time, but I know I'm made aware. I'm made aware of the latest soccer score or what happened in the court hearing for a politician that I get from the headline. But I'm just finding the unwillingness to almost even accept the smallest bit is not helping this debate. Because I think there's clearly some value there. And I don't want to get into how one measures it or what it's worth or all of that. We're just trying to understand conceptually how consumers behave, how these markets work as well. Because it's also I mean, the snippet
10 story. Yeah, but if one media publisher cuts his snippet, it cuts their traffic. I mean, we heard last week if I may feel that some of them put it as I may feel I'm getting some crumbs. But God, those crumbs mean a lot to me because I've got very little else. So, there is no choice. And no one last week said I have a choice. I have no choice. If I'm not on Google, I don't exist. So, it's a false choice. It's a false choice of snippet. It's a false choice of whether I can stop their crawler. And I think that is a reality that even Google should accept. And let's rather debate that rather than have these sort of extreme positions that just want to say there's no value here. And this means nothing to us.
20 Except we're putting all of this work into news, but that's philanthropy. It's not commercial. So, maybe just to go back and ask. I mean, you know, you serve ads, as Paula said, on Discover. You serve it in the feed. Social media serves it in the feed. That has value. Scrolling has value to them because there's ads. And yes, if you offered me absolutely junk, then I'm not going to come back to your product. But

there is still value being provided. And I think the publishers are saying to us we're grateful for that 4% click-through rate. But the other 96% of impressions, we get nothing. So maybe just respond.

ERIN SIMON - GOOGLE NEWS/SEARCH: Yeah. I hear where you're coming from. And I hope that we haven't given you the impression that we are all or nothing, you know, refuse to acknowledge value here. There is value here. And we do want to support it. I mean, that's why we are here. But at the same time, I think what is important to us is to make sure that this is done with a view toward economic reality, with a view toward business reality, in a way that can be sustainable for our business. And that means not over-inflating the financial value of news to us, as some of these studies have done. It also means acknowledging that if there's a 4% click-through rate when impressions are shown, we show 10 results on a Search results page, or more, depending on the user's settings. So, if we only showed 10 results on a page, and there was a click on every single Search results page, that would be a 10% click-through rate. A 4% click-through rate becomes we showed 20 results on that page, or the user did two searches and then clicked, right? And those numbers, I think, are pretty reasonable, considering that what we're doing is guessing at what will best match the user query intent and the content that we could link them to. That's why we put multiple results on a page in search, right? Is that we don't know what they're going to be most interested in. And on Discover, it's true. It functions differently. There isn't a page, per se. But it's the same kind of principle that a link in a

result in Discover is an opportunity. It's not a guarantee. Because it's not going to be interesting to every person. You might, you know, be intermittently scrolling and it takes you through 30 results to find something that you want to click on. You might be idly scrolling while you're waiting in line and never click on something. That absolutely happens. It's true. But I think that focusing on that fact and saying Search can only use content if it guarantees a click to a publisher destroys the value of Search. Because that means we can't take a chance on something that we think you might be interested in, but
10 we're not guaranteeing it. At that point, why have a search engine? So, you know, I don't want this answer to be all negative. I'm not, like, we want to find solutions that work. We are willing to come to the table with money. It's just that it shouldn't be premised on a misunderstanding of the value exchange when, you know, we use content to show users a link. And I think maybe Sulina wants to speak more to that.

SULINA CONNAL - GOOGLE NEWS/SEARCH: I just want to add, I think you're right that perhaps we are very, very thoughtful in our responses, but it is not a surprise given, for example, some of the
20 comments that are made by the publishers over the last hearings. They've been extremely extreme. And you yourself referred to crumbs. That is also extreme. So, I think we're not, as I don't want to repeat Erin's words, but I think that is our position, that we are here, we are engaging. We do want to be a part of the solution. We see the point, but we also have to move away from this idea of crumbs, this

idea of some of the comments that I can't bear to repeat.

CHAIRPERSON: And that's partly our concern is that everyone's taking the extreme, and we're just trying to find out how these markets work. But, you know, this is also, I suppose a question that I would have is, you know, Google, let's just take Discover. Google can put this on as a feature of search. It's clearly drawn a lot of interest, and you may say, well, they benefited from a click. But they may also have lost from the fact that no one's gone direct to the site where they could even serve them their own ads as people look at those impressions.

10 And so, I suppose it's a question that's raised about this battle for attention. Google has a price base on Android. It has a Search. It can put in the interest. It has the data that goes with that. And it can draw attention away from whether I would have gone to the News24 site or the Mail and Guardian site. And those are more complex questions.

ERIN SIMON - GOOGLE NEWS/SEARCH: But I think it's not a zero-sum game. It's not that if users are coming to Google, that means they're not going to a news publisher website. They might start on Google instead of starting on a news publisher website, but they will often end off of our platform. And that's the way our platform is
20 designed, is to send them away. I think we should also just acknowledge that people can do many things in a day. And the same user who scrolls Discover to fill time while waiting in line for a few minutes, later in the day might fill time by going to the news publisher website. But also, when that user does come to Discover, yes, maybe that is a missed opportunity for one news publisher, but that missed

opportunity is picked up by somebody else. And so, the user attention is more redistributed than it is captured.

SULINA CONNAL - GOOGLE NEWS/SEARCH: Also, perhaps one thing we talked about earlier was smaller publishers. I think obviously the big publishers will probably get quite a lot of direct traffic. I mean, if I'm assuming some of the larger newspapers get, people will go to them. I think a product like Discover is interesting, especially for smaller publishers where people may not get Discover to Discover. So, I think probably there is more benefit for some than for others in a product like Discover.

10

CHAIRPERSON: And how many small South African publishers are available on Discover?

SULINA CONNAL - GOOGLE NEWS/SEARCH: We can check. I mean, I think we haven't, I don't think we have been asked so far a lot of data on Discover, so I don't think we have pulled that before this hearing, but we're happy to look at that and we can provide you with figures.

CHAIRPERSON: I mean, maybe just a last point, at least what we're hearing from search engine optimizers around this is not 2% on Discover news. Can you give us an answer on the aggregated data?

20

ERIN SIMON - GOOGLE NEWS/SEARCH: Not sitting here right now, but we can look into it.

CHAIRPERSON: All right.

ERIN SIMON - GOOGLE NEWS/SEARCH: But I think when we are doing those analyses, the question you brought up earlier, it has to start from a list of publications or an understanding of the content. And

so maybe we would work with you to define that.

CHAIRPERSON: I understand you're ready for South Africa to have a list of URLs that would be classified. So, I think you have that opportunity. But I think as you put on your website what you think on the query, I think it would help some transparency on Discover as well.

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: I just want to add, as Erin said earlier, you might, Paula, you might get a lot of news in Discover because you've got a news bias, but Discover ultimately is a lifestyle product, so we can certainly go and try and find that data.

10 But please do keep in mind that many people will be served recipes and pottery instructions.

CHAIRPERSON: And I'm sure they will, but that's why the aggregated data is going to tell us more than what I'm getting on my feed. But what we are seeing, as I said already, is that there's more traffic coming from this than traditional search. And way more than news, it seems. And that is a product that now you also monetize.

LAURA LUCIA -RICHTER - GOOGLE NEWS/SEARCH: I think news is a fairly small product definitely compared to Discover and Search. But we can definitely look. I mean, what I would suggest is that you tell us
20 sort of all the questions you have on Discover and maybe put those together and then we can provide you with a response.

CHAIRPERSON: I just had a question on the URL approach. Do you include YouTube in your URLs for news?

DOMINIQUE COSTECC - GOOGLE NEWS/SEARCH: Well, YouTube doesn't crawl the web, so I'm not sure how.

CHAIRPERSON: But a feature of Google Search and Discover is every video is a YouTube link. So, if I want to get the SABC views and I click on that, it's a YouTube URL.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: I don't think that Search only, I mean, Search doesn't just link to YouTube, right? I don't think that's correct.

CHAIRPERSON: I think the experience of us and the team, I mean, it's a question we have for you. Why is? I mean, it's a noticeable feature. You know, as you do an inquiry like this, you spend a lot of
10 time on the products. But I don't think I've seen another.

ERIN SIMON - GOOGLE NEWS/SEARCH: YouTube is a very popular video sharing platform. And it does appear a lot in search results because of that level of popularity, but not because we special case it. But in terms of our data analysis, I think Laura could speak to that. Well, hopefully. I also maybe want to call out that we will have a separate session on YouTube, maybe we can cover that.

CHAIRPERSON: I don't want to dig too deep on that. Sorry, Laura. We have a whole three-hour session on YouTube sit down, I think, for the 26th. So, it was more from the Search perspective because at
20 least to the lay user, it does seem that sorry, Laura, can I just finish my question? It does seem that there is a preference for that because the same SABC news is available on the SABC website.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: I can confirm there is most definitely not a preference. Search does not preference YouTube. That is a fact that I have had several opportunities to check,

so I can confirm that very firmly.

CHAIRPERSON: All right.

LAURA LUCIA -RICHTER - GOOGLE NEWS/SEARCH: I think as Erin said, you know, obviously, YouTube is a popular website and so one of the things that Search looks at when looking at whether to surface a result is, you know, is that result, has it been linked to in many places? Is it sort of popular? So it may be that YouTube tends to feature more strongly, but that is sort of just a result of YouTube being a popular feature. If tomorrow another video platform were to become
10 more popular, they would be surfacing more.

CHAIRPERSON: Maybe just a last question. I mean, Discover is based on your interest, so where you can put some preferences in, but as I understand, I mean, Google does share information and user information across all its services, and that is in your privacy. So, I would assume Discover would also pull from what I may have searched, what I may have viewed on YouTube, and potentially other areas. I mean, can you indicate what Discover might be drawing from?

ERIN SIMON - GOOGLE NEWS/SEARCH: Discover definitely looks at your search history, and beyond that, sitting here today, I don't want
20 to say something that turns out to be inaccurate, so I think I might have to follow up with what other services might be integrated into that system.

LAURA LUCIA -RICHTER - GOOGLE NEWS/SEARCH: It may also depend on your location. I mean, as you may know, in Europe we now have the digital market act, where a publisher needs to consent, for

instance, for a service, one core platform service like Search to be able to allow Google to also use data, for instance, from another core platform service like YouTube. So, there may be differences depending on where you are.

CHAIRPERSON: Yeah, because we don't have a digital services act, so that may happen in Europe, but it may not happen here. I mean, I just wanted to, I suppose, I mean, it would make sense for me if there's video content which is popular now that probably YouTube Search is going to be in there, but let's get it confirmed. I wouldn't
10 mind also some of these answers, I mean, the point of having it in a public hearing is that the public can also be educated, that this doesn't sit behind a confidentiality claim when it does come, because I think it is important, even though you're not able to answer now, and I appreciate you not have all these facts at your fingertips, but then we can at least put it out on our website, some of the questions.

SULINA CONNAL - GOOGLE NEWS/SEARCH: Bring some of the Discover information to a subsequent hearing if useful.

CHAIRPERSON: Yeah, that is another way of I mean, collate the information and we could use the start of the YouTube list to set out
20 responses to some of the questions we had today. I mean, your privacy policy and terms on Google, on the web. I mean, I just wanted to unpack a few things that were of interest to me, because I suppose I never go to these things like most people until you actually want to use it. I mean, on that, in terms of the information gathering, it seems even if you're not signed into a Google account, then Google

can store information that you can collect with unique identifiers, it says, tied to the browser, application, or device you're using, and that allows Google to maintain your preferences. Just so I understand, because South Africa is a mobile market, given the sort of income and how the internet is developed here, and probably Android is a huge part of that market. So, is that the device, if I've got my phone, essentially, you can track and link it to that device and keep preferences information. So, if I never log in, at least on that device, all of my history will be known and preferences and can be built up
10 with a unique identifier.

LAURA LUCIA -RICHTER - GOOGLE NEWS/SEARCH: I think that that would be on that device with that browser until you clear your cookies.

CHAIRPERSON: That's just the browser, but I mean, obviously in YouTube, I'm there as well. In Discover, I'm there, and I mean, there are many services that Google provides, the Gmail, the other stuff. So, the browser's just a search issue.

ERIN SIMON - GOOGLE NEWS/SEARCH: Fair question. I work on Search, so I take a very Search focused view of the world. But I think that definitely there are some things that the Android operating system
20 needs to do, and there are some things that the Android operating system allows apps to share with each other, and some it doesn't, and I am not near really enough of an expert to speak to that. So, that's another, apologies. We want to be forthcoming, but I don't know how that works. So, we can follow up after.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: Yeah, I think it

gets complex, because obviously we have a lot of products, but I think it's not the case that all of the data from all of our products is just all sort of put into one pot and then shared with every other product. I mean, that's not the case. So, I think, but then sort of, you know, if you ask me, well, then what exactly gets shared with what, then I think, you know, that's sort of hard to answer in two minutes. I think, and to be honest, I also wouldn't know the answer. I think that's a very long and complicated answer. It depends on where you're located, what your user settings are. You know, I think some things, for instance, get stored at the level of your Google account. So, it depends whether you're signed in or not. But it's not, for instance, the case that the content of your Gmail gets shared with our ads team or things like that. We have pretty strict firewalls in place also within Google, sort of between different companies, like typically, for instance, organic search versus ads. And so, you know, for instance, when our engineers want to access some data, they have to fill out a form, say why, and there's sort of a lot of internal checks in place. But so, I think it's kind of hard to answer in the abstract, but it's not the case. It's not just sort of everything just gets mixed up in a big pot. Because I think there's a lot of myths around that.

CHAIRPERSON: But, I mean, this is what I suppose data protection and privacy laws have done. But they've stopped sharing with third parties, but they have allowed, still allowed within internal. And certainly, your policies page on Google doesn't enlighten me anymore that from my Gmail only X and Y is shared. And I would imagine, I

mean, certainly as you say, Dominique, there may be myths out here, but if there is a reason you want to use it in Google, and that is explainable, then you would likely have access to it. It may be that not everything in my Gmail is of interest to discover. But if there is something in there, and it helps the product development, then presumably those permissions can be received.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: So Gmail's probably not a good example, because I don't think we would allow something like that. But yes, I mean, I think if there is some data from
10 a product that would be useful for another team, then sometimes, I mean, there needs to be a clear use case. It always needs to be sort of the least amount of data that that team would need to be able to do what they need to do. But yes, obviously there is some data sharing. I mean, I think we do also care a lot about obviously our users. I don't think our users would appreciate that the content of your email is being used. So, I think that's also a factor. So, there's many factors. There are indeed privacy laws. There are laws now like the Digital Markets Act. So, I think it's a mix of laws, policies, and then sort of what we ourselves feel will be accepted by our users or not. For
20 instance, I don't think that our users would be, our YouTube users would be happy if they thought that we are disclosing the videos you've been watching with someone. So, I think there's a lot of that that also drives that.

CHAIRPERSON: And again, one says that, Dominique, but it's again a question of choice. And typically there is, you know, I think some of

the privacy has got more sophisticated. But some of it is, well, if you don't accept this, you don't get the service. And if there are no alternatives, it's pretty much Hobson's choice as they say. I don't know if you want to comment on that?

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: I think that's a whole other debate maybe for on another topic for another day.

CHAIRPERSON: It seems what you will collect is information that is valuable for advertising because, I mean, one of the, obviously, drivers of Google is advertising. It's an advertising-led model. And
10 we've heard even just yesterday the importance of the granularity of the data and the interests that Google and Meta and other social media platforms can deliver and that sets them apart in the advertising game and is a reason why they have a large share. And obviously that may be of some value to the advertisers, but it is something that Google benefits from, from this ecosystem. Is that a fair comment?

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: I'm not sure I understood your...

CHAIRPERSON: Well, I suppose the question is, I mean, you do share information for your advertising purposes and that does provide
20 a material advantage over those who don't have the kind of data that Google does have.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: I mean, I think that there are many parties today on the market that collect information. So, I think publishers collect information about their users. We collect information on our end. And I think that's all,

obviously, information that can be valuable in some settings to an advertiser. I think it depends a lot on the context. When you look at something like search ads, what really is valuable to the advertiser is the query itself. And I would say that any additional data probably is sort of, maybe have a small incremental plus, but not a lot. If you're looking at display ads or contextual ads, then you're looking at the content of the page. When it's more targeted ads, I think that is where personal information is more valuable. There are companies that sell this type of information. But so, I think today, we have a separate
10 session, in fact, on AdTech where maybe we can touch on some of that a bit more. But it's a very sophisticated market with a lot of different people collecting different data.

SULINA CONNAL - GOOGLE NEWS/SEARCH: I think it's fair to say that we are not the right tribunal group of people to talk to, to these points. And we're the most adept about what's happening with these products and with the news ecosystem.

CHAIRPERSON: It was more just the sharing across these different products. I raised that, but I would have thought the simple proposition Google has material amount of data would be accepted, but yeah.

20 DOMINIQUE COSTECC - GOOGLE NEWS/SEARCH: I'm not saying that we don't have a lot of data, I'm just saying that I think the way data gets used differs depending on the context.

CHAIRPERSON: Yeah, but I think, I mean, to be fair, advertisers have come here yesterday and said what sets Google and social media apart is the amount of data on interests and context in their walled

gardens. I don't think this is a disputed fact. And that's why I'm just saying I think Google is being overly defensive in participation here because it should be something that is accepted. It shouldn't be in dispute.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: So, we don't have a walled garden. I would tend to think that a company like Facebook has a lot more information about the interests of users. We are, I mean, yes, we have a lot of data obviously from the search engine. I don't think we're denying that in any way.

10 ERIN SIMON - GOOGLE NEWS/SEARCH: I do want to add that when you're talking to participants in the market for display advertising, they're obviously focused on personal data because that is used to target display ads. But it is much less relevant for the search ad market, which is targeted based on the query. And so, I think you know, when you when you have a hammer, every problem looks like a nail and participants in that other market are very focused on something that is less relevant for the panel sitting here to discuss news and Search because our ads there are primarily query based and that is the bulk of Google's ad revenue.

20 DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: I think that's for a very simple reason. If you type in Adidas shoes, it's clearly obvious that you're in the market for sports shoes. So, you can have a ton of data and I'm not saying that we don't have data, but the marginal sort of incremental value, it's not going to change a lot. We know that you are looking for sports shoes and so we're going to serve

you an ad for sports shoes. And knowing that you're also interested in I don't know, travel to a different country is just not relevant to that given moment where we need to decide which ad we're going to serve. So, it's not, I think it's fairly logical.

CHAIRPERSON: I think we recognize Search can have its own dynamic, but Discover is not Search, it's interest and the other products. I just want to pick up one last one from the privacy and terms is that Google also accesses activity on third party sites and apps that use your services and the explanation on your policies page is that
10 websites and apps that integrate Google services like ads and analytics share information with us. So, this information is collected whether you have your, which browser or which browser mode you may use. But essentially third-party sites and apps that integrate our services may still share information with Google when you visit them.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: Are you referring to cookies?

CHAIRPERSON: I don't know, it's your policy site, so maybe you can tell me.

DOMINIQUE COSTECEC - GOOGLE NEWS/SEARCH: I don't know. I
20 think this is probably I mean, my suggestion would be that we cover those questions in the AdTech session because I think the people on this panel probably, Google's a big company, we have different people working on different things. I think this is not really our knowledge area. I'm assuming that's a reference to cookies, but I'm happy to double check. And I think our AdTech team will know a whole lot more

about this.

CHAIRPERSON: Yeah, so I think if the AdTech team when they do come can unpack that and I don't think it's cookies. This is about people using Google Ad Manager, Google Analytics, that's what this says. So, you know, I think the question came up yesterday about you know, if this has been offered for free, what is being taken in the process? And we just need more transparency on that, I think. Given the time and with targeting just 30 minutes, I just want to move on to SGE. And I trust Erin, you can answer some of this, I hope. And it's
10 just to, I suppose unpack a little. And we had, and I'm sure you would have been told, we had Professor Bukhosi Marivati come and help the panel and the public just to unpack AI. He gave us a little AI 101 just on how it works. And we had a little bit of a discussion with Microsoft last night as well. And I suppose where our understanding is at the moment is probably as you've explained, you've got Gemini, which is your foundational model, which people could access directly and answer. And then it can be integrated into your search. So that's your SGE. And when it's integrated into Search, it taps into the knowledge of the search engine, which is your index of the web. Is that fair
20 enough?

ERIN SIMON - GOOGLE NEWS/SEARCH: I think that sounds pretty accurate.

CHAIRPERSON: And Microsoft, at least from their version, explained that a user query is put in, and almost the AI model modifies that query because it's more conversational in order to tap into the search

engine, pulls back the information and compiles, sorry, the Search index and compiles then a response. Is Gemini working a similar way?

ERIN SIMON - GOOGLE NEWS/SEARCH: Well, I think, you know, as I spoke to earlier, definitely there is a phase of query understanding and kind of trying to get at the best way for the machine to understand what the user is asking for. And then a phase of retrieving the best information for that. So, I think we're on the same page there.

CHAIRPERSON: Yeah, I think the way they described it was that it sort of converts it into types of search queries that your Search index
10 might be more familiar with. Gets back the top sites that you would have ranked and then takes that information and puts a more conversational answer out to the user.

ERIN SIMON - GOOGLE NEWS/SEARCH: Yeah, you know, in SGE, the results are all there on the page. So, we do just prepare the Search results and present them to the user along with that AI generated snapshot. So yeah, I think so far so good.

CHAIRPERSON: And as we understand you know, that the, in this case it would be SGE is using your Google Search index to compile the response. It's not going out again and looking for websites. It's
20 using your infrastructure that you have in search.

ERIN SIMON - GOOGLE NEWS/SEARCH: SGE is, yes, because SGE is a part of Search on the Search results page. But of course, Gemini app, which is a separate product, doesn't work the same way.

CHAIRPERSON: So probably the same rankings quality, all of that is being tapped into. So, whatever would have been surfaced in Search

now feeds into the SGE?

ERIN SIMON - GOOGLE NEWS/SEARCH: I don't think it's fair to say whatever would have been surfaced in Search because everything still is surfaced in Search. SGE is just an experimental unit that is also present on the page along with those results. And in fact, in the SGE unit, we highlight a few results right there as well. And you have the full Search results on the rest of the page.

CHAIRPERSON: Because, I mean, why we were just interested in this is, and you did talk to us about crawlers, but, I mean, you said the
10 Search crawl is one thing, the Gemini crawl is another. But the Gemini crawl is to build that foundational model and compile data sets. The Search crawl is for Search including SGE. So, if I block an AI Gemini, I'm blocking the foundational model. I'm not blocking the SGE component to the search.

ERIN SIMON - GOOGLE NEWS/SEARCH: Right. So, you can choose to be included in Gemini or not. And you can choose to be included in Search or not. And those are independent choices that you can make.

CHAIRPERSON: But I couldn't be, I couldn't choose to be in let's call it traditional Search and not in SGE.

20 ERIN SIMON - GOOGLE NEWS/SEARCH: That is correct.

CHAIRPERSON: I mean, I don't know if you can answer this, but I mean, we hear about access to data sets being important obviously in building foundational models. And Google may share its information across different divisions. So, has that Search index of the web been used by Gemini in part of its training?

ERIN SIMON - GOOGLE NEWS/SEARCH: I think the answer I can give you is that we have trained our foundational models on a wide array of content including open web content similar to essentially all leading LLMs today.

CHAIRPERSON: So, I'm going to just ask again, does that content include your Search index of Google itself or not?

ERIN SIMON - GOOGLE NEWS/SEARCH: I can say that it includes content from the open web.

CHAIRPERSON: I think you're evading my question. I want to know
10 whether access to that Search index is used because we were put to, [unsure 03:39:54] was trying to explain that you could access just for the service, but you could also integrate it into the training. So, we do need the answer to this.

ERIN SIMON - GOOGLE NEWS/SEARCH: I am not authorized to speak to the precise technical details but what I can say is that publishers who don't want their content used for training have the ability to opt out of that and to separate being used to improve the Gemini product and underlying model while remaining in the Search index.

20 CHAIRPERSON: And I suppose the question this raises for us is I can block the Gemini crawler which is your choice you say? But I can't block the Search crawler because I would not exist as a business. And I'm just asking whether in fact there is a backdoor there or not.

ERIN SIMON - GOOGLE NEWS/SEARCH: I don't think there is a backdoor because we are not, we are using the Google extended user

agent as the control on whether or not the content is made available to improve the Gemini model. So, even though Search has access to it and we have indexed that content for Search, if you use the opt out then we will not be training on that content. I hope that answers your question.

CHAIRPERSON: Look I think it, I mean it's a bit fuzzy let me tell you and it's a bit like trust us. If we block your crawler and don't block your search –

ERIN SIMON - GOOGLE NEWS/SEARCH: Maybe this will be helpful.

10 It's not actually a separate crawler because for reasons of technical efficiency and I think we disclosed this in our developer documentation, but we look for instructions to the Google extended user agent as the, like essentially as the opt out instruction. Did the publisher tell us don't want to use my content for this purpose? If so, we respect that and that's true regardless of the technical mechanism by which we acquire the content. Does that help? I'm not trying to be evasive and I'm not trying to create loopholes but there are some things about how this technology works that are confidential but I'm trying to give you a direct answer to your direct question that we don't
20 back door this. If you say no to Google extended, that's a no.

CHAIRPERSON: Yeah I think we need a lot more comfort on this. I don't think I've got that comfort because I mean what we are seeing now is certainly publishers stopping the AI crawlers and some even stopping the common crawl because that is the open web back door that everyone is using but the reality is if Google because it can share

internally and because you cannot opt out of Search can use in the future it certainly would be a big concern to us.

ERIN SIMON - GOOGLE NEWS/SEARCH: We are committed to not doing that.

CHAIRPERSON: Yeah, I think as I said I think let's get the facts on all of them.

ERIN SIMON - GOOGLE NEWS/SEARCH: We can definitely follow up in writing, but the technical details do not matter. There is no technical work around. If you tell us no on Google extended, you have opted
10 out and we do not use that content.

CHAIRPERSON: I just wanted to just understand some of the user interaction both with the chat bot and the SGE but let me start with the SGE. I mean you would have heard last week the concern that that certainly publishers have is that a snippet might result in headline surfing well then, a full summary can't be any better and so they are anxious about how the SGE tool, and it's not just isolated to Google obviously might impact on their click through rates. And so, I mean a question I have is, has Google done studies on this and if so have you released those findings?

20 ERIN SIMON - GOOGLE NEWS/SEARCH: Yeah, we don't have studies on this, and we haven't released findings because we continually iterate and update this product and it is experimental so we are making very frequent changes but the one thing that is consistent is that we are developing it to prioritize approaches that continue to send valuable traffic to publishers. You know SGE is in

our labs area unit, but it is an experimental product and it will stay an experimental product until we are sure we have it right.

CHAIRPERSON: And that was Microsoft's response as well and to be honest I found it amazing that a product that has been around for this while that has these big concerns has not even been assessed by Google or Microsoft to be honest when in fact it may be fairly simple to just look at click through rates. I mean you can generate click through rates and then sort of in an automated process. So, it does surprise me, I mean why hasn't this been prioritized?

10 ERIN SIMON - GOOGLE NEWS/SEARCH: I think that there is a lot to work on and I take that feedback and we will think about that.

CHAIRPERSON: Yeah, maybe a cynic would say because the answer is not really what you want but luckily for us search engine optimizers again come to the rescue because they are experimenting because they need to advise their clients on ensuring and so we do have a number of reported studies that are put up in even in those things like search engine journal. And they may not have quite the access to data that you have but they have looked at this and certainly some of them are talking about a you know anything from an 18 to 60% drop in
20 traffic.

ERIN SIMON - GOOGLE NEWS/SEARCH: Sorry, could you repeat that? I missed the number.

CHAIRPERSON: 18 to 60% drop.

ERIN SIMON - GOOGLE NEWS/SEARCH: That's a pretty big range.

CHAIRPERSON: It is a big range and let me tell you why and maybe

I can help Google with their research here. They say there's two impacts. So, ranking matters for click-through rates, we know that and you show three sources and you can scroll to get more but as we know from even search scrolling is not something people always do. So, suddenly what matters is are you in the top three matters much more. So, the range is obviously impacted by that because if I'm sitting at number five or six on the page, I may now be less visible and so I may suffer a bigger traffic decline. So, their advice to clients is you need to get, improve your ranking. Where you sit desperately affects
10 you in that context. I think the second is obviously the tendency to click on a source versus just accept the summary and that may be a bit more of the unknown and so they're experimenting by you know SEOs have a lot of their clients and they look at their clients performance and see how this is affected and that is I suppose the one unknown that that also we don't have and how it influences the willingness to click.

ERIN SIMON - GOOGLE NEWS/SEARCH: Thank you for that feedback. I think that that is something that we will consider, but you know as with any kind of early stage product or feature there's a lot
20 here that's confidential that's a trade secret. And I think you'll see that there is fierce competition among all of the different providers of generative AI technologies that mean that we are a little more limited in what we talk about but definitely I think that that is interesting perspective and information for us to consider.

CHAIRPERSON: Yeah, I'm not to be honest sure how click through

rates are highly confidential in fighting the AI battle with open AI but you know I think what it matters is for the entire industry is asking these questions and it's not even important enough to do your own analysis where you've actually got access to everything and to engage the industry on that because if your objective is in fact to mitigate any impact on traffic then should you not be engaging the industry and being a little more again transparent about well your early versions are doing this with the traffic, so how do we fix that?

SULINA CONNAL - GOOGLE NEWS/SEARCH: The way that we are rolling out and testing the generative products is very much more cautious responsible and thoughtful we think than some might take. We have discussions and we have interactions with publishers on their concerns, on their feedback on how generative experiences can be useful for news. We hear input from them on how this can help the experience of news on platforms like Search. So, there is quite a lot of engagement. There is also the fact that we're looking at numbers today, but we know that this, the way that this is presented is in labs and is changing very rapidly. So, we also think with lots of respect to the people who've carried out the research that it's very early to be able to make these conclusions and for us to now, today to respond to our feedback on it I think would be, would not be helpful but we are engaging, and we are taking feedback and we are working with our product teams.

CHAIRPERSON: Are you engaging South African publishers?

SULINA CONNAL - GOOGLE NEWS/SEARCH: We engage with

publishers who engage with us and have dialogues of confidence with us. So, we have, yes we have I think the course of this inquiry, I think is probably putting a dampener on some of the discussions that would ordinarily take place.

CHAIRPERSON: On AI in particular, are South African publishers at the table?

SULINA CONNAL - GOOGLE NEWS/SEARCH: So we have reached out, we have not had –

10 LAURA LUCIA -RICHTER - GOOGLE NEWS/SEARCH: Could you just repeat the question, James?

CHAIRPERSON: So, Sulina said that Google has engaged some publishers around the SGE experience, and I suppose our question was just simply, were South African publishers, and I don't need anyone to be named, but part of this AI engagement that has happened.

20 MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: Yes, absolutely, to Sulina's point, you know, we're engaging with some South African publishers, some are choosing not to engage with us, and I think it's fair to say probably due to the backdrop of this inquiry at the moment, and a couple of publishers have also engaged with us in terms of training we're making available for AI design sprints, AI launch pads. So absolutely, we're having the same conversations here as what my colleagues are having in Europe.

CHAIRPERSON: And on AI SGE in particular, that's what I'm interested in. So, I know you're engaging on other things, and the use

of AI tools may be that, but how AI develops in a search context, and how it'll impact the traffic.

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: As Erin also pointed out, and Sulina pointed out, this is still such an early experiment, so absolutely, our conversations are open, and we welcome feedback from the publishers to see if it is having any, if any impact on the experience from Google services.

CHAIRPERSON: I'm not hearing that you're engaging them. You're just saying you're open to, I mean, are you sharing? So, as I would
10 understand in a partnership is, you are, yes, it may be in the lab experimenting, but you are saying, this is how we're seeing it playing out. I mean, you have all the data as well. So, for the publisher to say, well, I must come and say this is how it's impacted me when I don't know what's impacted me, it could have been an algorithm change, or it could have been something else, I think you have better information. So, I would understand if it's a partnership and you're engaging them, then it's a deeper level of engagement with information than something that you may be privy to.

SULINA CONNAL - GOOGLE NEWS/SEARCH: We're not currently,
20 we're not sharing, we don't have and are not sharing information on the impact of these very early products in, that are still in labs. So, we will continue, we will continue the discussions, we will continue to take feedback, and when we have, when we are able to work with the publishers on responding in this environment, we will do so. But we're not there yet.

CHAIRPERSON: I mean, I just want to ask the same with the Gemini chat bot. You may not be there yet, but I suppose the questions that have been asked about how are people using it, what are the kind of queries they're asking, and are they asking for news?

ERIN SIMON - GOOGLE NEWS/SEARCH: Yeah, I don't have data at my fingertips. I think that's something we can go back and look into being able to provide you, but we designed Gemini to be creative. And so, it's not for just asking for information, right? It's asking to generate new things. So, its fundamental purpose is not really news-oriented.

10 But for specific data, I think I would have to go back to the team and discuss it.

CHAIRPERSON: I think if we can, because, I mean, you're right, it has a creative side, and people may be using it for that. They may be using it for many different things. I mean, in fact, we asked Gemini itself what people were querying on it, and they said, here are some of the common types of queries that users ask me. First, summaries of factual topics. Users often ask me to summarize factual topics such as current events, historical events, scientific concepts or people. And then, second, creative text queries and the like.

20 SULINA CONNAL - GOOGLE NEWS/SEARCH: So, at risk of bad mouthing my own company's product, Gemini is not a reliable narrator of itself. And one of the problems, one of the really hard problems to solve with a chat bot like that is avoiding what we call hallucinations, right? Where it just says a thing that seems like a good fit for the question but has no factual relationship to the question. So that's a

great gotcha quote, and I will go back and yell at the Gemini product for providing what I think is an inaccurate answer.

CHAIRPERSON: It needs some other training maybe from your legal advisers. It may be too honest as well. Look, there are questions I think we have on AI and YouTube, but we'll come to that. I know AI, we're reminded constantly goes beyond just text. It's also a lot of image and video and all of that, but certainly, if you can just alert the YouTube team, because I wasn't sure whether we have an AI specialist here, and then we won't have there, but given that we are
10 getting these deepfake videos we're being alerted to, especially in election time, that probably is video content that's being used in that.
[silence 03:58:30 – 03:58:51]

MS. PAULA FRAY: Last week, we heard from the publishers, and one publisher in particular, mentioned that they were negotiating, that Google was negotiating with publishers, not all publishers, I should just say, some publishers. In one particular case, the person who was presenting said that the negotiations had collapsed. That publisher described the offer on the table, I think, as insulting and said they left it there. Does Google want to provide a perspective on these
20 negotiations and why they might have collapsed?

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: I can start. And then, Sulina, please also jump in. I think Sulina referenced earlier that Google, through the years, have now gained a lot of experience, specifically in the European markets around actual rate setting. And I believe that what potentially was created is a bit of an anchoring effect

out of hearsay and speculation around Australia, the Australian Bargaining Code, which was the first of its kind globally. It created a certain set of expectation, which does not correlate with the business reality of the licensing program. We were having discussions with these publishers. So, I think in closing, there's just a little bit of a difference in expectation anchored in potentially a false narrative, or not a false narrative but certainly a narrative that we have subsequent experience in to better understand and to better address versus what we sincerely bringing to the publishers in South Africa. And I again
10 want to make the point that we were very thoughtful in our approach, and we were very collaborative in our approach to also make sure that we bring something to the full ecosystem and not be in a situation where there's only something for a certain subset of the ecosystem. But Sulina, please jump in.

SULINA CONNAL - GOOGLE NEWS/SEARCH: No, I think you said it all, Marianne. What we want, we're here because, and we hired Marianne, we started engaging because we tried to look for solutions. We thought that showcase was a good way to move our way forward. This is what we've used across the world. We have a fair and metrics
20 that we use to make our offers. We're very open and very, we're not at all naive about the fact that publishers do share information. So, what each receives, we believe has to be in balance relative to the parameters of their market. So, we've offered showcase and we've offered a fund for the smaller publishers because we think there's probably a lot of work to do to support their onboarding into a real

digital existence. And we, you know, we are looking forward to your conclusions. We carry on wanting to engage in the short-term as you work this out.

CHAIRPERSON: Yeah, I think, I mean, I think let's end on that. We wanted to, obviously after we heard last week from the publisher, we want to get Google's perspective as well. But I know you have flights to catch, and I do want to thank you again for making the effort to come here in person. And Laura, that's not to dismiss your online presence, but I think the feeling was you may have had less to say
10 today. But yeah, I think it makes a big difference to show that commitment to this process and the importance of this issue in South Africa, as Paula said, 30 years into democracy this year or next month. That is not a long time, and things are still fragile, but the media is a big issue, I think, and as they expressed last week. So, look forward to the future participation of this. We'll get some of those answers from you. But maybe just also to say that I don't think we've sorted our dates with the Google AdTech team. We were looking at potentially next week, but I think we're still sorting out dates, and then YouTube would come on the 26th of March. I think I have it right. So,
20 Google is not just coming here today on Search and News. They're also coming on the other topics and we appreciate that we get quality time on all these topics which I think is important because they are complex and there's a lot of technical complexities and even business model complexities that we need to unpack. So, from that perspective you know we do appreciate Google's effort. I do just want to quickly

say who's up tomorrow. I don't have it in front of me.

MS. PAULA FRAY: Tomorrow we're expecting to hear from Kagiso Jacaranda, radio and the Reuters Institute.

CHAIRPERSON: So, I think tomorrow I mean Kagiso Jacaranda is more from the radio side. It should be interesting and then the Reuters Institute we heard, well we've heard a lot about this last seven days so I'm sure they'll have some interesting insights to bring to this inquiry but thank you and we'll resume tomorrow at 10 a.m. as normal.

MARIANNE ERASMUS - GOOGLE NEWS/SEARCH: Yes and thank
10 you, thank you for having us. I think we're happy, what we're hoping for is that it can bring a little bit more nuance to the debate because I think what we're hearing is also a lot of preconceived ideas and maybe you know when you say we feel it's not an honest debate maybe it's because sometimes we say things that don't track to the conceived ideas that people have. And so, I think what we're just generally calling for is just a lot more nuance. And, you know, I think this is a very helpful process for that. So, thank you.

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END OF PROCEEDINGS ON 12 MARCH 2024