

Googleopoly VI – Seeing the Big Picture: How Google is Monopolizing Consumer Internet Media And Threatening a Price Deflationary Spiral & Major Job Losses in a \$Trillion Sector

By Scott Cleland* President of Precursor LLC, September 13, 2010

Recommendation: The facts and stakes warrant the U.S. DOJ filing a Sherman Section 2 Antitrust Case and the EU Filing a Section 102 Statement of Objections – against Google Inc. for monopolizing consumer Internet media services.

- Since Google increasingly is the Internet for info access and distribution, and also is increasingly monopolizing the consumer Internet media *ecosystem* with a systematic monopolization strategy, a broad antitrust case is warranted, because event-specific investigations/actions are a losing antitrust game of ‘*whack-a-mole*.’

High-Level Conclusions:

1. Lax antitrust enforcement tipped Google to monopoly and facilitates monopolization of consumer Internet media.
2. Google’s monopoly platform increasingly is supplanting and dominating the consumer Internet media ecosystem.
3. There is more at stake than competition from a global information access bottleneck; **Googleopoly threatens economic growth, jobs, privacy, intel. property, a free press, fair elections, cyber-security, & sovereignty.**
4. Only Google has a billion user audience, ~all information/advertisers/publishers, & a free-info business model that can sustain pervasive predatory free info/products/services long term. **There’s no net-economic-growth or net-job-creation in a “free” Internet sector model -- only: a deflationary price spiral; net negative growth, property devaluation, job losses, and monopolization. Over 20 industries, 200+ US/EU companies, and hundreds of thousands of jobs are at risk from Googleopoly’s anti-competitive price deflationary spiral.**
5. The consumer does not win long-term from monopoly-control over “free” information access & distribution.

Additional Conclusions:

1. Google is a vastly more serious antitrust threat to consumers and the economy than Microsoft, because the DOJ blocked Microsoft from extending its monopoly vertically into the broader economy, while antitrust authorities have unwittingly aided and abetted Google’s vertical monopolization of vast parts of the broader economy.
2. Lax antitrust enforcement allowed dominant Google search to acquire: YouTube’s dominant video-streaming, DoubleClick’s dominant display ad-serving/analytics, and AdMob’s dominant mobile advertising -- to create a dominant Google TV global “**monocaster**” platform for all types of IP devices with 80% of the video streaming audience and dominance of IP video views/minutes viewed. Only Google TV has **no media concentration limits**.
3. The Internet’s greatest strength is also its greatest weakness, in that the Internet’s universality naturally leads to extreme centralization, concentration and market power. Thus **Google increasingly is the Internet** for most.
4. Google has systematically assembled all the building blocks in the “*stack*” of necessary capabilities to become the dominant platform of the consumer Internet media ecosystem: a winner-take-all dynamic; omniscient mission and omni-directional ambition; omnivorous info collection; Internet omnipresence; Internet-scalable infrastructure; omnifarious products, services & info types; Internet behavior omniscience; and omnivorous ecosystem share.
5. Google has unique “**Total Information Awareness Power**” where it collects, records, stores, and analyzes most all Internet activity: all the world’s information and all market information of usage, traffic, supply and demand; and permission-less profiles of users’: personal identifications, locations, intentions, and associations.
6. Google’s monopoly power is lasting because of **re-enforcing spheres of monopoly influence** -- a monopoly platform surrounded by: 75+ acquisitions; many satellite companies financially dependent on Google for search monetization; thousands of publisher revenue-share “partners;” and a phalanx of free info, products and services.
7. Google’s secret weapon is its “**deep tracking inspection**” of everything that passes through Google’s cloud, where “innovation without permission” means that Google has to ask no one for permission to use the derivative tracking metadata from anyone: publisher partners, advertiser clients, competitors, proprietary owners or users.
8. Google is **not an honest broker** in search; it hides multiple serious conflicts-of-interest.

Google's Monopolization Strategy Exploits Systemic Enforcement Weaknesses

1. Misrepresent conflicts-of-interest to build trust as an honest broker.

- Google built an ill-gotten critical mass of user trust through systematic misrepresentation of Google's real broker interests and by not publicly disclosing multiple serious conflicts-of-interest that would be considered fraudulent and deceptive if done in the off-line marketplace.

2. Systematically foreclose competition.

- Google uses unique market-wide metadata information power to find and buy the most strategic first movers cheap before: a business model can form effectively; *revenue* hits the "hockey stick" growth inflection point; a market can be defined for antitrust enforcement purposes; and others learn what Google knew from analyzing everyone else's proprietary metadata without permission.
- Google co-opts and subordinates actual and potential competitors by providing outsourced search, tracking/analytics, and advertising monetization through opaque and supra-competitive revenue-sharing arrangements that create business dependency on Google.
- Google forces the wholesale price for information access towards zero by copying all information without permission/compensation to make it accessible for free, then forcing an ad-monetization model so that information itself is not valuable, but only access to information & adding functionality to information.
- Google predatorily dumps monopoly-subsidized omnifarious products/services to eliminate competition.

3. Structure opaque derivative markets so Google can be player, referee, scorekeeper & paymaster all at once.

- Google's "auctions" are not auctions between buyers and sellers where the highest price prevails; Google's auctions are a derivative algorithm that discriminates against bidders to award the ad, not to who bids the most, but to who Google *estimates* has the best probability of generating the most derivative ad clicks and hence revenue for Google. Google also unilaterally sets minimum bid prices.

4. Exclude competitors from information critical to competition.

- Google owns and controls uniquely vast and critical datasets (YouTube, Books, Earth/Maps/StreetView, etc.) and makes them publicly accessible and useful to users, but excludes competitive crawling or indexing so competitors cannot offer competitive search results.
- Google harvests and controls all the derivative "metadata" (data on the data) that the dominant Google Internet media platform produces, i.e. the how, what, where, when, why and how much of most Internet traffic, clicks and behavior, that Google uniquely records to allow Google to create unique derivative metadata profiles of individual users, groups, demographic slices, and the market overall.

5. Discriminate predatorily against competitors and self-deal in favor of Google info, products and services.

- Google detects and impedes emerging search competitors from becoming more competitive by predatory monopoly discrimination using "human raters" to lower their search ranking and increase their price per click, so they have to pay more for less and can't compete; and
- Google self-deals by using Google's unique knowledge of partners, competitors, and users' proprietary and private information to identify, own and then rank critical building block content first, above partners and competitors, so that competitors cannot succeed.

6. Front-run partners and competitors by using their own confidential/proprietary information against them.

- Google tracks, records and analyzes most all behavior on the Internet, Google's "Total Information Awareness Power," so Google can effectively reverse-engineer the most valuable trade secrets and confidential information from partners and competitors, i.e. their confidential client lists (users, advertisers), *their actual measured* strengths and weaknesses, plans, strategies, and tactics.