



HOUSE OF LORDS

**Select Committee on Communications and Digital**

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25 June 2020

Dear Mr Morrison-Bell,

Thank you for giving oral evidence to the Communications and Digital Committee on behalf of Google as part of our inquiry into the future of journalism. Unfortunately, we were disappointed by your responses on issues relating to the relationship between platforms and publishers and the online advertising market. We are therefore writing to ask you to provide us with clear answers to six questions. Please take each in turn. We look forward to a response within five working days.

**1. Please justify your claim that Google does not make editorial decisions.**

We were surprised to hear you say: “we don’t make editorial decisions”, despite acknowledging that “the algorithm uses a range of factors” to rank results. The factors used by algorithms and how they are weighted seem to be clearly a matter of human – that is to say, editorial – value judgement.

For example, we heard from DMG Media that: “over the previous six years Google consistently cut MailOnline’s search visibility, so that it now stands at one tenth of the Guardian’s. This is despite the fact that research by the Reuters Institute showed that during the 2019 election campaign the public spent three times as much time on the MailOnline website (21 per cent of total) as on the Guardian’s (7 per cent).”

Whether or not these changes to algorithms should be considered desirable, in what way do they not fit your own definition of an editorial judgement, as “a human decision based on a particular preference, or view, or outlook”?

**2. Please provide evidence for your claim that “Google makes very, very small amounts of money on news-related queries”.**

While explaining why Google refuses to pay publishers for the use of their content you told us that “Google makes very, very small amounts of money on news-related queries”. Please could you quantify this and provide evidence, including on the value Google derives from news due to advertising and data on consumers? We note the argument made by David

Dinsmore, COO of News UK and former Chair of the News Media Association, that platforms “are not just monetising the story we publish ... Our content is helping drive the hugely valuable data which they are using to inform the ad-sell to their clients.”

You also said: “the internet has been with us for 25 years and has radically changed how people consume news. I think that’s why we put \$300 million – which is a substantial figure – through the Google News Initiative.” Is it Google’s position that this \$300 million contribution is greater than the value Google derives from news?

**3. If it is true that Google makes “very, very small amounts of money of news-related queries”, how is that consistent with your claim that there is no imbalance of power between Google and publishers?**

It is clear that publishers rely heavily on search – a market of which Google holds a share of approximately 90 per cent – for the distribution of their content. If, conversely, news is of little material value to Google, would it not be much easier for Google to walk away from news than for news publishers to walk away from Google?

When answering, please address written evidence from News UK that: “Google wrote to all French publishers in Autumn 2019 to request that they waive their right [to be paid for their content], as they would not pay. Those that did not accept the waiver, were threatened with the presentation of their content in search results being impacted. Fearing the impact to their businesses, as they were unable to collectively bargain, all publishers capitulated to Google’s demand.” Do you deny that this is evidence of an imbalance of power?

**4. Please clarify the details of your communication with publishers.**

During the evidence session, you told us: “We are always in discussions with publishers to help them monetise their content”. You also stated that: “Key to our approach is helping journalists adapt to these changes and these technologies”.

However, this is not consistent with what we have heard from publishers. For example, Peter Wright, Editor Emeritus of DMG Media, told us: “I know some of the small regional publishers quite well. They can’t even get Google to answer the phone to them. It’s not that easy if you’re us – but they just don’t get an answer at all.” Similarly, written evidence from JPI Media asked for “much greater transparency” over algorithms and David Dinsmore, COO of News UK and former Chair of the News Media Association, told us: “in my experience of dealing with the platforms, you quickly discover that publishers are from Mars and platforms are from Venus.”

Please could you explain this discrepancy and provide details of the form your discussions take? Which roles from each organisation are in attendance and what is typically on the agenda? Do you also have similarly frequent discussions with smaller and local publishers?

**5. Do you accept that being present at multiple points in the advertising value chain gives Google unprecedented and anti-competitive market power?**

Please respond to the argument made by Professor Damien Geradin and Dimitrios Katsifis in their response to the CMA's interim report that: "Google has an incentive to use its role in the sell-side and as the auction venue to depress prices, so that it can enlarge its own margin on the buy-side." They add: "We are not aware of any other market where one company would be allowed to perform these multiple roles."

When questioned, you were also unable to name any other market in which this would be allowed. Please could you tell us whether any markets have since come to your attention?

**6. Why, in introducing uniform floor prices, have you removed publishers' ability to set per-buyer floors?**

News publishers have expressed concern about Google's introduction of uniform floor prices as part of the 'Unified Auction' system. Previously, they were able to set higher floors for Google Ads advertisers as these advertisers tended to bid more – perhaps because Google's targeting capabilities offer more value for each impression. According to a White Paper released by Adomik in November 2019, Google's migration to the Unified Auction has led to a material decrease in the cost of advertising (CPMs).

We do not understand Google's justification to the CMA that "under the newly introduced unified first-price auction per-buyer floor are less relevant. [sic]" If uniform floors are not "relevant", why has Google removed publishers' ability to use them rather than letting them stop using uniform floors of their own volition?

We look forward to receiving your answers.

Yours sincerely,

Lord Gilbert of Panteg  
Chair of the House of Lords Communications and Digital Committee