

How Google Incorporation from the Internet Search Engine Industry Responds to the Challenge of Antitrust Laws

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Abstract: Industry monopolies are detrimental to the sustainable development of industries and economies, and countries have introduced anti-monopoly laws to protect the development of industries and balance competition. Most companies are facing the challenge of anti-monopoly laws, and it has become a hot topic to deal with the sanctions and effects of anti-monopoly laws on companies and reap the benefits in them. This article proposes some more effective measures by conducting a PEST analysis of Google, the leading company in the Internet search engine industry.

Keywords: Antitrust Laws; PEST; CAS

Introduction

In today's world, internet companies are developing rapidly, and a few large companies are rapidly seizing market share, monopolizing in relevant fields, and getting high profits quickly. However, governments have introduced anti-monopoly laws to sanction monopoly enterprises to balance development and protect the economy (Orbach 2014). For example, Google Inc., as the world's largest search engine company, occupies more than 90% of the global market share. As a result, it has been subject to antitrust attacks in the United States and antitrust challenges worldwide (Berkeley Technology Law Journal 2010). This essay will use the CAS perspective to analyze the antitrust challenges of Internet search engines and study the most representative search engine company Google from the PEST Analysis. And critically put forward the following three methods: provide reliable evidence that can't control the market, prove benign competition and prove that consumers have the absoluteness of self-choice. Hope to provide adequate measures for other Internet companies to deal with anti-monopoly challenges.

1. Anti-monopoly Challenge of Internet Search Engine Industry (CAS Perspective)

The development of Internet giants has a significant impact on social and economic development. Therefore, innovative companies in the high-tech industry have always been the focus of antitrust law (Manne and Wright 2011). Due to the complexity of large enterprises' international policies and internal systems, this paper uses a complex adaptive system to analyze the antitrust challenges in the search engine industry.

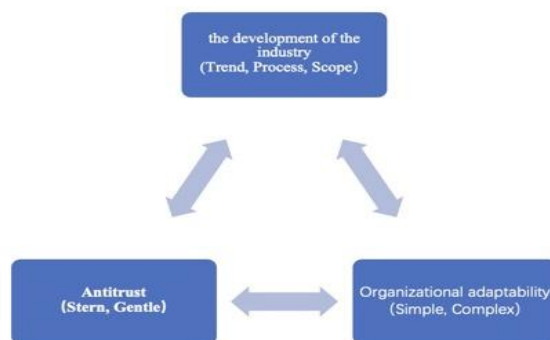
1.1 The Antitrust of Internet Search Engine Industry

The Internet affects and even controls People's Daily life. The Internet's high-tech companies have attracted so much attention that the government restricts them through anti-monopoly laws. Lipsky (2009) has argued that as more and more multinational companies face antitrust challenges, what happens to big Internet companies like Microsoft will affect the world (Heiner 2012). Internet industry categories are numerous. One of the most important is the search engine. Although the global Internet search engine

industry has many companies in development, the user share and traffic are primarily concentrated in a few searches engine companies. This concentration brings enormous benefits but also makes the government anti-monopoly target them.

1.2 Analysis of Antitrust Challenges by CAS Perspective

As the Internet industry antitrust in the context of internationalization is a complex system, it can be regarded as a Complex Adaptive System composed of the behavior and activities of stakeholders (Murphy 2014). Based on this theoretical basis, this essay constructs a basic model of how the anti-monopoly law affects the development of enterprises.



Picture 1. Complex adaptive system model

The two types of antitrust laws have formed different organizational adaptability, affecting the industry's development trend, process, and scope. Enterprises show various development changes in these two other adaptive systems. Soft anti-monopoly law will have a more significant impact on the development of enterprises through more changing forms and severe conditions. The benign monopoly law is relatively weak in both adaptive systems because of its loose mode and time limit and has little impact on all aspects of industry development. Because of its timeliness, the rapid monopoly law acts more on the simple adaptive system, which can significantly and quickly affect all aspects of the development of the industry. However, the soft monopoly law works more on the complex adaptive system, making the whole system process more complicated to judge the impact on the entire industry.

1.3 The Impact of Antitrust on the Search Engine Industry

The impact of antitrust law on the Internet search engine industry is negative. Due to the characteristics of the search engine industry: obvious first-mover advantage and small space for user-side innovation, the world search engine market is occupied by several major Internet companies, forming a relatively apparent market monopoly. In this case, the state and government began to take anti-monopoly measures against these companies, such as the introduction of anti-monopoly law, litigation against monopoly companies, and sanctions against some illegal industries. Although all countries have the same original intention to eliminate industrial monopoly, they have adopted different methods and achieved different results due to other national political systems. For example, Baidu, China's monopoly search engine company, has been fined several times and asked for rectification. The search engine industry easily forms a monopoly under its characteristics, which is limited by monopoly law worldwide.

2. Google's Antitrust Challenge (PEST Analysis)

Google is affected by many aspects in the face of antitrust challenges. To critically study the overall situation and existing problems, this paper analyses it from four elements: politics, economy, society, and technology, and critically looks for solutions.

2.1 Google's Antitrust Status

In 2010, Google won the browser war, and its market share rose all the way. In 2020, it occupied about 88% of the Internet search market and about 70% of the search advertising market in the United States. However, Google's monopoly position is in the United States and other global markets. In 2020, Google will occupy about 90% of the worldwide search market, accounting for 97% of the European search market, and its market share in India, Thailand, and Vietnam is as high as 95% to 97%. Over the past decade, Google

has faced several antitrust lawsuits from the Justice Department alleging that it violated antitrust laws in the Internet search market. From 2017 to 2020, Google has been the subject of 30 antitrust investigations and fined more than \$9.6 billion, the most in the world by both measures. In 2019, Google was involved in the most antitrust investigations, with 14, including experiments in Britain, France, Italy, the Netherlands, and other countries. On December 16, 2020, the lawsuit initiated by ten U.S. Republican attorneys general mainly accused Google of anti-competitive behavior in advertising technology. On December 17, 38 states in the United States filed a lawsuit against Google, accusing Google of monopolizing the conventional search and search advertising market through anti-competitive behavior and illegal contracts (China Business Daily 2020).

2.1 Analysis of Google Antitrust by PEST

Political Factors: To protect the economic balance and develop new enterprises, the governments of all over the world have promulgated monopoly laws and constantly improved them. For example, after the passage of the first railway anti-monopoly law in Illinois in 1869, American states successively introduced and improved anti-monopoly rules from three aspects: Sherman law, Clayton law, and Federal Trade Commission law. The constantly updated and developed antitrust laws of various countries show their strong willingness to oppose monopoly, which will affect Google's future development and even its existing scale to varying degrees.

Economic Factors: On October 27, 2021, Alphabet, the parent company of Google, released its earnings for the third quarter of 2021, ending September 30, reporting revenue of \$65.12 billion in the third quarter of 2021, up 41% from a year earlier and the company's most significant single quarter revenue in nearly 14 years. Revenue for the year ended In September reached \$182.31 billion, up 45.12 percent year on year.

Social Factors: Google has always occupied the top of the world search engine industry, accounting for more than 90% in Europe, Thailand, and other countries and regions. It has an extensive user group, covers a wide range of age levels, and has a good social foundation.

Technological Factors: Google was founded on September 4, 1998. It is one of the earliest companies in the search engine industry globally and has a considerable advantage. At the same time, it has also entered the fields of social media, video players, smartphones, translation software, e-commerce shopping, automobiles, telemedicine, artificial intelligence, and so on.

2.2 The Impact of Antitrust on Google

As the largest Internet search engine company, Google has been investigated by antitrust agencies in the United States and the European Union since 2010 (Robert and J. Gregory 2012). However, the effect of antitrust sanctions on Google is not that big. Based on the analysis of Google's massive user base and technological factors that permeate almost all industries, it can be concluded that its position is hard to shake. And Google's most recent financial report had the highest year-over-year growth in nearly 14 years. So the antitrust law will impact Google's development, but not fundamentally, according to current data.

3. How Google Respond to Antitrust Challenge

The anti-monopoly law has impacted Google to some extent. Still, the impact is not very serious in the current scope, so some relatively gentle measures can be taken to prevent the effects from worsening. This paper puts forward the following three points according to the current situation of Google.

3.1 Provide Reliable Evidence Cannot Control the Market.

Most of Google's charges stem from the government's belief that it controls the market. The government argues that Google uses its vast market share to dominate the search engine market and the search advertising market directly or indirectly, which requires Google to find credible evidence based on its circumstances that it does not and cannot control the market (Gal 2016). At the same time, Google needs to prove that it is a pure technology company. It only builds a technology platform but will not control every link of the ecosystem. Instead, it provides infrastructure and tools for partners and users to choose, enabling enterprises in other industries to carry out digital transformation. Therefore, there is no market monopoly. The victory in the competition does not mean that Google

controls the market. Designing a suitable and effective proof material is a crucial link for Google to get rid of the charges and win the lawsuit. Only by providing valid and reasonable evidence can Google get rid of the expenses.

3.2 Prove Benign Competition

Google is considered to have an industry monopoly and vicious competition. Through agreements with other Internet companies, Android phones purchased by users are directly bound and installed with the Google framework. Google provides information search services for a particular vertical field. The one-stop experience absorbs a large amount of traffic from the vertical information sites on the mainland. Google needs to show that this is not a vicious competition but regular business cooperation and average healthy competition. Google is not alone. It has different competitors in different fields. Having competitors also proves that it cannot control the market but compete with competitors to divide it.

3.3 Prove that Consumers have the Absoluteness of Self-choice

Google should prove that consumers choose Google because people take the initiative to do so, rather than being forced or unable to find alternatives. As for obtaining this supporting material, perhaps Google can get the answer by distributing a questionnaire to users (Suominen 2020). Google can ask stable users who have used Google for more than a year whether they have no choice or are forced to use Google. Users who have used Google for more than one year instead of all users can effectively filter users with low adhesion, including some virtual accounts, and ensure more reliable and favorable information (Baker 2010).

Conclusion

In short, antitrust has been continuously promoted because the government considers the protection of small and new enterprises and people's consumption rights, not just to suppress large enterprises. Therefore, this essay argues that if Google and other search engine industries and even the whole Internet industry want to avoid being split and hit, they should solve the problem from government consideration. The entire international political environment and large Internet enterprises constitute a complex adaptive system. Each policy trend and enterprise's response may have a series of effects on the adaptive system. As a large enterprise, it is necessary to thoroughly understand its situation and policy trends to respond to problems in time. Due to the lack of data and limited capacity, this paper's analysis of Google's antitrust challenge is not thorough enough. The solution to the problem does not start from multiple angles and may lack the possibility of implementation. It will be supplemented and corrected in future studies.

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