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Joint retail sector statement: key principles for Google compliance with article 6(5) of the Digital Markets Act

The undersigned associations, jointly representing the retail sector, are closely following the solution recently proposed by Google to comply with article 6(5) of the Digital Markets Act (DMA) concerning its shopping service and the general search results related to products and retail. Following a rather late consultation by Google of the sector, we would like to stress the retail sector's serious dissatisfaction with the solution proposed so far. This joint statement therefore put forward three key principles that should prevail in any solution proposed by Google, while providing detailed technical feedback on the last proposal shown by Google to the retail sector at the beginning of February. In light of the highly negative impact our members anticipate, we urge the Commission to press Google to incorporate them in its compliance plans without delay.

1. Key principles for DMA Compliance by Google

- **Google's compliance should create a level-playing field and not discriminate one business model over the other in search results.**

Outside of Google, most Comparison Shopping Services (CSS) are aggregators of advertisement paid by only some advertisers (e.g. some retailers). They do not aggregate all free offers online. On the Google search engine, brands, retailers and marketplaces and others equally compete with CSS to grab potential consumers' attention, although CSS only play a very minor role on the online retail market. There is therefore no reason for the Commission to grant preferential treatment to CSS over retailers when implementing the DMA. Any such preferential treatment would de facto create a mandatory new layer of intermediation, lead to the creation of an unavoidable meta CSS, and ruin years of investments in online visibility by retailers. This would be unacceptable to the retail sector.

- **Preservation of the share of organic free results/traffic**

All retailers made huge investments in SEO (Search Engine Optimisation), to ensure brand recognition and visibility online. Smaller retailers do not have huge investment capabilities in digital marketing to appear on a CSS and therefore must focus their visibility/branding efforts exclusively on free organic traffic through SEO. For this reason, it is crucial that Google's current proposal does not dramatically impact the visibility of free organic results for retailers.

Unfortunately, the proposal currently made by Google would drastically demote the visibility of free organic results for retailers[1]. Any solution by Google in the implementation of the DMA should preserve the actual share in the display of organic free results. This is of vital importance for many retailers, and in particular smaller retailers with fewer possibility to invest in digital marketing but that still need be online to remain competitive. While we appreciate that Google's proposed solution may affect the current SERP layout, Google should strive to preserve the share in the display of organic free results, which are vital for many retailers.

[1]Some important retailers have estimated the loss of free organic traffic to be in the range of 40-50% for their company

- **No disproportionately high advertising costs for business users, and ultimately customers**

Google's current proposal will significantly reduce the available Product Listing Ads (PLA) space and lead to higher Cost per Click. The increase of advertising costs will negatively affect the ability of EU business users to use this advertising channel. Costs will likely be passed onto end consumers. This is an unintended consequence of the DMA. Google's solution should include a reflection on the display of the PLA to avoid unintended negative price effects due to otherwise strictly limited visibility.

2. Suggestions for the Google solution in implementation of DMA article 6(5)

- **No removal of the PLA unit**

The PLA unit is an essential element for many retailers to compete online. Removing the PLA unit risks hugely increasing the price of advertising. Such increase risks being passed on to final consumers, leading to higher prices. This would be detrimental to the retail community at large, as well as EU consumers. As CSS claim a right to be displayed without discrimination, the PLA unit should be maintained but equally open to merchants and CSS, with a transparent and objective mix & match mechanism. However, as indicated above, maintaining the PLA unit should be accompanied by a reflection on the most adequate display to tackle risks of any major price increases for advertisement.

- **No CSS unit in the middle of the main landing page**

The Free Dedicated Unit for CSS is discriminatory to merchants and lead to a drastic loss of free organic traffic for retailers due to reduction of meaningful visibility for organic free results. For the many smaller retailers who made huge investment in SEO and do not work with paid ad services, visibility of organic results is critical to maintain their online viability and remain competitive online.

The main organic results should be based on a mix & match of retailers, marketplaces and CSS made through a neutral and objective algorithm. Merchants shall continue to have a significant place on this landing page according to organic traffic/investment.

- **The display of new refined query tabs should not be discriminatory**

Product comparison sites" tab (incl. dedicated Comparison Sites Search Results Page) reserved to CSS next to "Products" tab which would feature both CSS and merchants' organic results with a mix & match approach is by essence discriminatory, unjustified and may confuse end-users. This should be tackled either with 1. The full removal of the CSS tab altogether and the sole maintenance of a 'product tab with a non-discriminatory mix & match between CSS and merchants or 2. The 'product' tab should be reserved to merchants (and labelled as such).

- **Clear definitions to ensure genuine identification of CSS and merchants and limit circumvention risks**

The absence of clear and binding definitions of merchants (e.g. retailers and marketplaces) and CSS would entail that users may be discriminated against, and potentially violate the obligation in Art. 6.5 DMA. For instance, many CSS do not have transparent conditions. Some CSS are retailers themselves, who self-prefer their own offer, while working only with a limited set of other partners. In such cases, they are no genuine/pure CSS. If distinctions are introduced between merchants (e.g. retailers and marketplaces) and CSS, clear/binding definitions must be foreseen to ensure that any company identifying as a CSS is not a merchant in disguise. Moreover, there should be a possibility for any business user to flag to Google any CSS circumventing this proposed rule, to ensure fair competition and a level-playing field.

- **Prices should continue to be displayed in SERP and in the PLA unit**

The retail sector is highly competitive, with a fierce competition on price. For online shopping, price is by far the most prominent criterion for consumers when deciding to click on a product over another. Prices should continue to be displayed, given how essential they are for online visibility and branding. If all advertisers, merchants and CSS display prices, this will ensure equal treatment and effective competition. We also fear that the introduction of such a feature will enable Google to keep the consumer for a longer period, which would lead to worse customer behaviour assessment by retailers, less opportunities to improve own product offering etc. and better monetarisation of such data by Google.

- **Google needs to provide advertisers with access to reliable information and empirical data**

To be able to fully understand the impact of the proposal and prepare for its implementation it is imperative that Google urgently grants advertisers access to relevant information and empirical data that it gathers in the context of its testing exercises. Otherwise, neither advertisers nor the EC will be able to analyse the measures being intended to be put in place and to verify their compliance with the DMA.

- **No to the introduction of the Product Viewer Detail Page (the "PVDP") feature**

This feature is considered by advertisers as an efficient technique that will ultimately lead to a prolonged search path on the Google platform for consumers. A click on the box will lead users to a Google Product Viewer Detailed Page (PDVP) comprising offers from CSSs, and including various parameters such as ratings, price, colour, size picker, etc. The PDVP will allow users to compare offers across CSS and, potentially, advertisers. The PDVP is in fact a "Google-CSS at a product level" embedded in the SERP, with more details than Shopping Ads. Implementing the PVDP as suggested by Google would, hence, lead to a dramatically increased consumer time spent on Google, while decreasing the opportunity for advertisers and CSS to drive traffic to their own pages, thereby further strengthening Google's already dominant position on the market. Google must ensure that the search result directs the end user to the website of the respective business user that the end user aims to access (as indicated by their click). Against this background, we strongly oppose Google's proposal to create the Product Viewer Detailed Pages.

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About Ecommerce Europe

Ecommerce Europe is the united voice of the European Digital Commerce sector, representing the interests of companies selling goods and services online to consumers in Europe. Our mission is to act at EU level by engaging with policymakers to create a better regulatory framework for all e-merchants. Ecommerce Europe is a platform where our members can stay informed, exchange best practices, and define common positions on EU legislation impacting the sector. Follow our work on LinkedIn and Twitter.

About EuroCommerce

EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 27 countries and 5 million companies, including leading global players and many small businesses. Over a billion times a day, retailers and wholesalers distribute goods and provide an essential service to millions of business and individual customers. The sector generates 1 in 7 jobs, offering a varied career to 26 million Europeans, many of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European social partner for the retail and wholesale sector. Find more information on our website, on X, and on LinkedIn.

About Independent Retail Europe

Independent Retail Europe is the European association that acts as an umbrella organisation for groups of independent retailers in the food and non-food sectors. Our members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers. Independent Retail Europe represents 23 groups and their 403.900 independent retailers, who manage more than 759.000 sales outlets, with a combined retail turnover of more than 1,314 billion euros and generating a combined wholesale turnover of 484 billion euros. This represents a total employment of more than 6.620.000 persons. Find more information on our website, on X, and on LinkedIn.