



Written Testimony of Donald Harrison

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Antitrust, Competition Policy and Consumer Rights Subcommittee

“Stacking the Tech: Has Google Harmed Competition in Online Advertising?”

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Chairman Lee, Ranking Member Klobuchar, and distinguished members of the Committee. Thank you for the opportunity to appear before you today.

My name is Don Harrison. At Google, I lead our partnerships and corporate development teams, where we support the growth of our products through partnerships, working with a range of businesses to help them use our products to grow and succeed. I also oversee [Area 120](#), our in-house incubator that helps teams build novel ideas into successful businesses, fostering innovation and the development of new technologies.

My job, at its core, is to help other businesses grow. As our partners’ businesses grow, ours does as well.

The same is true of Google's products: we build tools that help other businesses grow.

In 2019, our search and advertising tools generated [\\$385 billion](#) in economic activity for American businesses and nonprofits. We helped drive over [1.9 billion](#) monthly connections for millions of American businesses, including phone calls, requests for directions, messages, bookings, and reviews.

Here are some other examples of Google products that [help American businesses grow](#):

- [Business Profile](#) puts local businesses on the map and connects them to customers for free. For example, Vermont-based [King Arthur Baking Company](#), a centuries-old family-owned flour business, uses its free Business Profile with more than 300 positive reviews to help drive traffic to its website — where it does the majority of its business.
- [Google Analytics](#) helps businesses gain valuable customer insights for free.
- [Google Shopping](#) allows merchants to [list their products on Google](#) for free.
- [Grow with Google](#) provides digital skills training to help businesses grow. Since 2017, we've helped 5 million Americans grow their businesses and careers with our trainings and workshops. And we [recently announced](#) new [Google Career Certificates](#) that will help people become job-ready in about six months, helping businesses grow faster.
- [GSuite](#) — including Gmail, Docs, Drive, Calendar, and Meet — helps businesses communicate, collaborate, and get work done, for as little as \$6 a month. For example, [MedHaul](#), a Memphis-based medical transportation company, uses

GSuite to efficiently run a workforce that is geographically distributed across the country. Kansas City-based [Morgan Miller Plumbing](#) describes GSuite as “game-changing, it’s like having another person in the office.”

- [YouTube](#) provides creators and businesses a platform to tell their stories and grow their reach for free — and we pay out a majority of our YouTube revenue to creators.

Google also helps businesses grow through our [open approach to innovation](#). We make much of our technology available for free. This lowers barriers for rivals and new entrants, fostering innovation and competition.

For example, our free open-source browser software — Chromium — powers not only Google’s Chrome browser, but also competing browsers like Microsoft Edge and Opera. Our free open-source mobile operating system — Android — powers 24,000 different models of smartphones and laptops, including some which use only non-Google apps, increasing choice and lowering cost for consumers.

This open approach has generated a ripple effect of innovation. Google alumni have founded more than [2,000 companies](#) — far more than we have acquired — including Instagram, Pinterest, and Twitter. And the benefits are felt across the American economy. Last year U.S. venture capital investment kept pace with record levels, totaling [\\$136.5 billion](#) across more than 10,500 venture investments in startups.

Online advertising

We also help businesses grow through efficient and cost-effective online advertising. American businesses of all sizes use our advertising tools to find more customers at home and internationally. Over [36% of clicks](#) to American advertisers come from

overseas. With Google Ads, businesses typically pay only if someone clicks on or interacts with an ad.

Google Ads helps businesses like [Beddy's](#), a bedding company in Jordan, Utah, reach customers around the world, and accounts for 23% of its sales. And [Branch Basics](#), a Minneapolis-based maker of non-toxic cleaning products, which uses Google Ads to drive about 20% of its website traffic. And Jersey City-based [Partake Foods](#), which has been using Google Ads for four years, and is on track to sell 1 million boxes of cookies this year. These are just some examples of the many small businesses we help grow through online advertising.

Online advertising prices in the U.S. have [fallen more than 40%](#) since 2010. According to the [Progressive Policy Institute](#), “for every \$3 that an advertiser spends on digital advertising, they would have to spend \$5 on print advertising to get the same impact.” As a result, the share of U.S. GDP going to advertising in media has [declined roughly 25%](#) in recent years. The benefits of these lower prices flow directly to American businesses and consumers.

We help businesses grow from advertising on (1) our own sites, and (2) other publishers' sites.

1. [Advertising on Google sites and apps](#)

A wide range of businesses, including many small firms, advertise [on our sites and apps](#) like Google Search and YouTube. That's where we earn the majority of our [advertising revenue](#).

We show no ads — and make no money — on the vast majority of searches. We show ads only on a small fraction of searches, typically those with commercial intent, such as

searches for “sneakers” or “toaster.” We face intense competition for these types of searches. An estimated [55 percent](#) of Americans start product searches on Amazon, not Google. And many online shoppers use Walmart, eBay, and other sites. For travel searches, many go to Expedia, Kayak, Orbitz, and TripAdvisor. Facebook, Bing, Twitter, Snap, Pinterest, and many more compete with us for a range of commercial advertisements.

2. Advertising on non-Google sites and apps

In addition to ads on our own properties, Google also helps businesses advertise on a wide range of other websites and mobile applications, known as “publishers.” We offer technology that (1) helps advertisers buy ad space — known as the “buy side,” and (2) helps publishers sell their ad space — known as the “sell side.” This technology is often referred to as “ad tech.”

The ad tech portion of our business accounts for a small fraction of our [advertising revenue](#). And we share the majority of that revenue with publishers. Publishers get paid for every impression — each time an ad is viewed — even if the ad is never clicked. Of the revenue we retain, a [large portion](#) goes to defray the costs of running this complex and evolving business.

A crowded and competitive ad tech ecosystem

The ad tech space is crowded and competitive. [Thousands of companies](#), large and small, work together and in competition with each other, each with different specialties and technologies. We compete with Adobe, Amazon, AT&T, Comcast, Facebook, News Corporation, Oracle, and Verizon, as well as leaders like Index Exchange, Magnite, MediaMath, OpenX, The Trade Desk, and many more.

Publishers and advertisers use tools from an array of providers. The average publisher uses multiple sell-side tools and the average advertiser uses multiple buy-side tools. And many publishers now have their own in-house sell-side tools.

Competition has catalyzed robust M&A activity in this space. According to a recent report, there were [86 ad tech deals](#) in the first three quarters of 2019, almost double the activity in 2018.

Competition has also driven down ad tech fees. A recent survey from [eMarketer](#) found that, even as ad tech spend has grown, fees have fallen as a percentage of spend. Output is up and prices are down. That is strong evidence of a competitive ecosystem.

Google shares billions of dollars with publishers, more than the industry average

Even as online ad prices and ad tech fees have fallen, benefiting businesses and consumers, Google has helped publishers make more money from ads. In 2018, we paid more than \$14 billion to the publishing partners in our ad network — up from \$10 billion in 2015.

In 2019, when both advertisers and publishers used our tools, publishers kept over [69 percent](#) of the ad revenue — more than the [industry average](#). And when publishers use our tools to sell directly to advertisers, they keep [even more of the revenue](#).

Google's approach to ad tech

As in other areas, when it comes to ad tech, we take an open approach. We make our tools interoperable with rivals, increasing choice and competition. This means that a publisher using our sell-side tools can sell to advertisers using non-Google buy-side

tools. An advertiser using our buy-side tools can buy ad space on a non-Google exchange or a site that doesn't use our sell-side tools.

Publishers and advertisers enjoy a wide range of choices. Our tools give publishers access to demand from over 700 advertising platforms, and advertisers access to ad space on more than 80 publisher platforms — fostering vibrant competition.

Indeed, one reason publishers choose our tools is precisely because we support such broad demand. As a [TIME executive recently noted](#): Google's tools help TIME “tap into demand from a diverse set of platforms to grow our advertising revenue.”

Our tools can also work seamlessly together in an integrated way, generating efficiency and security benefits for publishers, advertisers, and consumers. We've acquired technologies to accelerate innovation and compete more effectively. For example, when we bought DoubleClick in 2007-08, Yahoo! operated the largest ad exchange. DoubleClick's expertise helped us build new tools and increase choice in the ad tech space. It allowed us to help publishers monetize more of their inventory and improve the user experience for consumers, who saw faster page-loading speeds.

Amid so much choice and competition, we work hard to innovate and deliver the best value and experience for publishers, advertisers, and consumers. We're proud that American publishers from [AccuWeather](#) to [Zynga](#) choose our ad tech to help grow their businesses.

In the words of one [NASCAR Digital](#) executive: *“Google Ad Manager allows us to deliver customized ads that give the user a relevant ad experience. That's great for our users, that's great for our advertisers, and it's great for our sport.”*

The importance of advertising to a free and open web

Any discussion of online advertising would be incomplete without mentioning the importance of advertising in supporting a free and open Internet. We can offer Google.com for free because we earn revenue from ads. The same goes for other free websites. The free and open internet we all enjoy is made possible by advertising. Without it, websites would be forced to adopt subscription models — putting their content behind paywalls — or shut down their operations entirely. This would harm consumers with higher prices and reduced choice online.

Google has a direct business interest in helping ad-supported websites and mobile apps continue to thrive. Without free websites to search, people would have less need for search engines like ours. In this way, our interests in preserving the ad-supported internet are aligned with other website publishers who monetize their sites through advertising.

Looking ahead, we'll continue investing in this space, building innovative tools that help publishers and advertisers grow their businesses, supporting the free and open internet we all enjoy.

Thank you for inviting me to participate in this discussion. I look forward to continued engagement with this Committee on these important issues.