Google/DoubleClick: The first test for the Commission’s non-horizontal merger guidelines

Julia BROCKHOFF, Bertrand JEHANNO, Vera POZZATO, Carl-Christian BUHR, Peter EBERL and Penelope PAPANDROPOULOS (1)

I. Introduction

The Google/DoubleClick merger (2) generated considerable interest as it concerned the ubiquitous search engine that most Europeans use in their daily lives. From a competition policy perspective, the case raised a number of interesting issues and, in particular, it was the first major concentration for which the Commission had to assess non-horizontal effects following its adoption of the Non-Horizontal Merger Guidelines (3). This case was notable in that it covered horizontal, vertical as well as conglomerate aspects.

During the investigation, the Commission received a significant number of complaints and a wide range of different theories of harm were put forward by competitors and, to a lesser extent, by some customers of the parties. The Commission assessed these complaints and theories of harm carefully. In doing so, it took into account that the Google/DoubleClick case concerned a transaction in a relatively new industry, which is constantly evolving at a fast pace and in which reliable market data are extremely difficult to obtain. Furthermore, in its competitive assessment of this case the Commission was conscious that, following the public announcement of the acquisition of DoubleClick by Google, a number of similar transactions had taken place, demonstrating a general tendency in the industry towards vertical integration.

Another aspect to be considered by the Commission in its investigation was the interaction between competition law and privacy concerns.

Finally, this case was also interesting in that it was assessed in both the United States of America and in Europe, with very similar results.

II. The transaction, the parties and the industry

The proposed transaction lacked a Community dimension within the meaning of Article 1(2) and (3) of Council Regulation (EC) No 139/2004 (4) (‘the Merger Regulation’). However, following a referral request under Article 4(5) of the Merger Regulation, the concentration was deemed to have a Community dimension and was notified to the European Commission.

Google is a major provider of online advertising space on its own website (Google.com) and intermediation services for online advertisements through its ad network AdSense (5).

DoubleClick is a leading provider of ‘ad serving’ technology. Online publishers sell advertising space on their websites in order to generate revenues. Advertisers purchase such advertising space to place their advertisements. Once online advertising space has been sold by a publisher to an advertiser, either directly or through an intermediary, both parties need to ensure that the correct advertisement actually appears on (i.e. is served to) the publisher’s website space at the right place at the right time. This step is performed by the ad serving tools, which also measure the performance of the ad placement (by recording events and in some situations by ‘tracking’ the behaviour of users (6)). DoubleClick provides such ad serving tools to both publishers and advertisers.

(1) Directorate-General for Competition, units C-5, C-3 and 02, and the Chief Economist’s Team respectively. The content of this article does not necessarily reflect the official position of the European Commission. Responsibility for the information and views expressed lies entirely with the authors.

(2) Case COMP/M.4731 Google/DoubleClick.


(5) Ad networks pool online space obtained from publishers and allocate it among advertisers that have submitted their ads to the network for placement. A different form of intermediation for the sale of online advertising space is offered by so-called ad exchanges, which provide a marketplace where advertisers and publishers buy and sell ad space on a real-time basis.

(6) Performance metrics include the number of impression deliveries and clicks, click-through rates, view-through rates, rates of conversion (of web users into actual customers), type of user interactions with advertisements, and various reach/frequency measurements. These metrics can be viewed in many different ways, including breakdowns by site, site placement, advertisement and advertisement type.
Through its online activities, Google mainly offers advertising space for search (text) and contextual (text) ads while DoubleClick’s ad serving technology is mainly used for (non-search) display ads (7).

The diagram below illustrates the various distribution channels that publishers and advertisers can choose to serve online ads. Publishers can sell their online space directly to advertisers (through their own sales forces) or through intermediation platforms such as AdSense. Valuable online space (also called premium inventory, such as the homepages of large publishers) is usually sold directly while less valuable online advertising space (also called remnant inventory) is often sold through intermediaries to maximise the monetisation prospects of the space for sale. Large publishers tend to use both direct and intermediated sales while smaller publishers tend to rely to a great extent on intermediated sales. Intermediation can be bundled with ad serving (this is Google’s current AdSense model for the sale of search (text) and contextual (text) ads) or sold independently (this non-integrated solution is used by ad networks such as AdLink). As the diagram shows, while the parties are not direct competitors, DoubleClick provides an input (ad serving) to distribution channels (direct and non-integrated) that compete with Google’s integrated AdSense.

III. Market definition

1. Provision of online advertising space

Google is active mainly in the provision of online advertising space. As in previous cases, the market investigation confirmed that the provision of online advertising space constitutes a separate market, which is distinct from the provision of advertising space in other types of media. The Commission’s market investigation revealed among other things that pricing mechanisms for online and offline advertising are different and, most importantly, that online advertising is used for particular purposes and is capable of reaching a more targeted audience in a more effective way than offline advertising.

Search ads vs non-search ads

The Commission also assessed whether the overall market for online advertising space had to be further subdivided on the basis of the various forms of online advertising, leading to possible distinctions between text and display ads or search and non-search ads (8). While there are differences in the targeting characteristics and the pricing mechanisms of search and non-search ads, which can influence the choices of advertisers, some respondents to the Commission’s market investigation indicated that they considered the different types of online ads as substitutable from an advertiser’s point of view. From a publisher’s perspective, however, the Commission considered that there are strong indications that search ads and

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(7) Search ads are served to search result pages (such as those returned by the Google search engine) and their selection depends on the query terms put to the search engine. Search ads are currently almost exclusively text ads. Display ads include information other than text such as a static graphical banner, a video or other dynamic graphics. Display ads are served on a web page either depending on the content of the page (a contextual ad would for example advertise an online book store on a website with content related to literature) and/or as a result of parameters determined by the advertiser (e.g. geographic location of the user visiting the web page, time of day and so on). A growing number of ads are behaviourally targeted, i.e. information on the web user’s surfing activity is used to select an ad. Such information is generally collected through so-called ‘cookies’, i.e. a technology that allows websites to ‘recognise’ a returning visitor. Information provided by the user, such as personal details provided on social networks such as Facebook, are often even more valuable for targeting ads. Display ads are almost exclusively non-search ads.

(8) See footnote 7 for an explanation of the different forms of online advertisements.
2. Intermediation in online advertising

The Commission also investigated whether the overall online advertising market or its two segments (search and non-search ads) would have to be subdivided into direct sales on the one hand and intermediated sales on the other. As explained above, online advertising space can be sold directly by publishers to advertisers through their sales forces or via intermediation through ad networks and ad exchanges. Intermediation can take place both for search and for non-search advertising. Intermediaries that provide search intermediation either own or outsource a third-party search ‘tool’. In such cases, therefore, intermediation is specifically for the sale of ad space generated on the search result pages of publishers who have this search tool on their website.

Several respondents to the Commission’s market investigation supported the distinction between separate product markets for direct sales and intermediated sales, noting that direct sales through a publisher’s own sales force involve high fixed costs that could be difficult to sustain for small publishers. On the other hand, the majority of the replies from intermediaries indicated that direct sales were perceived as exerting competitive pressure on intermediated sales. Ultimately, however, it was not necessary for the Commission to arrive at an exact definition of the relevant product market in this respect, as the transaction would not give rise to competition concerns whether direct sales and intermediated sales belonged to the same market or not.

The Commission concluded that the hypothetical market for intermediation is at least EEA-wide in scope. First of all, from a technical point of view, intermediation services can be provided online on a cross-border basis. Second, country or language specificities are of much smaller significance for online ad intermediation than for online advertising in general. Intermediation frequently aims to reach and attract publishers and advertisers in several countries, since intermediaries have an interest in increasing the number of customers belonging to their ad networks or ad exchanges. Such geographic expansion to various Member States can succeed because the intermediation service does not depend on the culturally different ‘contents’ of the intermediated advertisements.

3. Provision of display ad serving technology

Ad serving tools such as DoubleClick’s DART for advertisers (DFA) and DART for publishers (DFP and DE) enable publishers to manage their inventory (i.e. to choose the advertisements to be placed on their ad space) as well as to monitor the financial performance of the ad space sold. Publishers can either build their own in-house technology to serve ads on their sites or purchase ‘publisher ad serving tools’ from third parties. Several ad networks have also developed their own ad serving tools and use them to serve ads for their clients. Ad serving tools also allow advertisers to select the ads to be served to the appropriate web pages, as well as to monitor the effectiveness of their advertising campaigns. Advertisers can either build their own in-house technology for this purpose (e.g. eBay) or purchase ‘advertising ad serving tools’ from third parties. Therefore, ad serving for publishers and ad serving for advertisers are used for different purposes and thus require different functionalities.

The Commission’s market investigation also revealed that display ad serving technology as provided by DoubleClick constitutes a separate market from ad serving technology for text ads due to significant differences in the functionalities available to customers (9).

(9) For example, display ad serving technology provides detailed metrics (reach, frequency, conversion) which are not typically required for search or context-based text ads. For the latter, even simple click-through rates may go a long way in measuring the effectiveness of ads.
As regards the geographic scope of the relevant market, the Commission concluded that the markets for the provision of display ad serving technology for advertisers and publishers are at least EEA-wide in scope given that ad serving is bought on a cross-border basis, without the need for the relevant ad serving providers to have servers or staff in each country where they sell their services.

IV. Competitive situation in the relevant markets

Online advertising

Google is currently active in the online advertising market (i) as a publisher, with its own search web page Google.com (and its national web pages such as google.fr, google.it, etc.), and (ii) as an intermediary with its ad network (AdSense). Through these direct and intermediated channels, Google is the leading provider of online advertising, in particular of search ad space in the EEA.

Google’s main competitors in search advertising are Yahoo! and Microsoft, both worldwide and in the EEA.

Companies active in non-search intermediation in the EEA include TradeDoubler, Zanox (belonging to Axel Springer), AdLink, Interactive Media (belonging to Deutsche Telekom), Advertising.com and Lightningcast (both AOL/TimeWarner) and Tomorrow Focus.

Ad serving

DoubleClick is a provider of ad serving technology. On the advertiser side, DoubleClick is the leading player in the EEA ad serving market, together with aQuantive/Atlas (recently acquired by Microsoft). On the publisher side, the market investigation points to DoubleClick leading in the EEA, followed by 24/7 Real Media/OpenAdStream (recently acquired by the advertising agency WPP) and AdTech/AOL.

Despite DoubleClick’s leading market position, the Commission found that DoubleClick’s market power is limited because it faces significant competition from rival suppliers of ad serving tools, to which customers could switch in the event of price increases. While the market investigation provided mixed answers regarding the theoretical level of switching costs, there was evidence that a large number of publishers and advertisers have actually switched from DoubleClick to other service providers (and vice-versa) in the past years. The fact that the ad serving market is currently competitive was also evidenced by the significant decline in the price of DoubleClick’s product for advertisers and publishers, during a period of increasing demand.

V. Horizontal effects

Actual competition

As DoubleClick is currently not present in the market for the provision of online advertising space and Google is not providing ad serving tools on a stand-alone basis, there is no direct competition between the two companies. Nevertheless, the Commission assessed the possible horizontal effects of the concentration to the extent that there could be competition between different channels for the provision of online advertising space, in particular insofar as intermediation and ad serving tools can be sold either independently or as a ‘bundle’ (i.e. an ad network offering both intermediary services and ad serving tools). Several elements pointed to the absence of any significant constraint imposed by either Google or DoubleClick on each other.

First of all, ad serving represents a very small part of the total cost of online advertising, typically only 2%-5% (10). A 5-10% price increase for standalone ad serving tools would therefore lead at most to a 0.5% increase in the total cost of advertising. As confirmed by the Commission’s market investigation, such a small increase is unlikely to cause advertisers or publishers to switch from an unbundled solution to a bundled solution such as Google AdSense.

Second, the Commission’s market investigation confirmed that a number of viable providers of stand-alone display ad serving tools are today present in the market and exert a competitive constraint on DoubleClick. As noted above, the Commission had evidence that, in recent years, a substantial number of customers had actually switched ad serving technology providers within a reasonable timeframe and that the prices of DoubleClick’s products for advertisers and publishers had declined significantly and systematically.

Finally, the Commission found that Google’s bundled solution and the unbundled solutions, including DoubleClick’s ad serving, were not close alternatives. Google is a direct provider of space for search ads and also acts as an intermediary for the sale of search and contextual ads with its ad network AdSense. These features make it a distant competitor of unbundled solutions using Double-

(10) As regards ad networks and ad exchanges, the market investigation indicated that ad serving costs broadly account for about 10-15% of total intermediation revenues.
Click’s ad serving tools, given that DoubleClick is mainly a provider of serving tools for display ads, while Google’s presence in intermediation for display ads is minimal.

**Potential competition**

Both parties could be considered as potential competitors from two different perspectives. Firstly, DoubleClick was in the early stages of developing an intermediation platform, the DoubleClick Ad Exchange, which would have competed with Google AdSense. Secondly, Google was in the early stages of developing ad serving tools for advertisers and publishers, which would have competed with DoubleClick’s ad serving technology. While DoubleClick’s intermediation platform might well have become an additional effective competitor of AdSense in the future, the Commission found that competition would not be impeded as a result of the concentration because the merged entity would continue to face strong competitive pressure from a number of other competing ad networks and ad exchanges. Similarly, the Commission could not exclude the possibility that Google would have successfully developed ad serving tools in the future, but it would have become one of many suppliers competing with DoubleClick, so competition in ad serving would not be negatively affected by the disappearance of Google as a future supplier of such tools.

VI. Non-horizontal effects

The Commission investigated three main scenarios for possible non-horizontal effects, namely (i) foreclosure effects based on DoubleClick’s market position in ad serving, (ii) foreclosure effects based on Google’s market position in the provision of search advertising space and ad intermediation services, and (iii) foreclosure effects based on the combination of Google’s and DoubleClick’s assets.

**Foreclosure based on DoubleClick’s market position in ad serving**

The main concern expressed by complainants (and some respondents to the market investigation) was that, post-merger, Google would be able to leverage DoubleClick’s leading position in ad serving on the market for online ad intermediation services: Google would be able to engage in a number of strategies, including mixed and pure bundling, manipulation or tweaking of the ad serving software to its benefit, price increases and quality degradation, all of which would be aimed at raising costs for customers using DoubleClick’s products and for ad networks competing with AdSense. By engaging in such strategies, Google would attract more publishers and advertisers to AdSense, ultimately leading to a ‘tipping’ effect that would marginalise rival networks. In the long run, Google’s AdSense would become the dominant platform, which would be able to exercise market power and increase intermediation fees.

The likelihood of anti-competitive effects based on these theories hinged on a number of assumptions such as (a) the degree of DoubleClick’s market power (depending in particular on the extent of switching costs for ad serving), (b) the extent to which intermediation is characterised by direct and indirect network externalities, and (c) the impact of price changes for ad serving on the choice of ad network by publishers/advertisers. The Commission’s investigation focused on gathering evidence to validate or refute these assumptions. Eventually, the evidence gathered led the Commission to dismiss all of them.

Indeed, market characteristics appeared to be such that anti-competitive foreclosure was unlikely to arise. As noted before, the evidence gathered by the Commission called into question DoubleClick’s ability to exercise market power. Indeed, the majority of ad serving contracts appeared to have relatively short durations. Renegotiations of contract terms and switching appeared to occur frequently. Switching data provided by the parties indicated that DoubleClick’s customer churn rate in 2006 represented a non-insignificant share of DoubleClick’s revenues. Moreover, ad serving prices appeared to have been considerably and consistently declining over the last few years in terms of cost per ad served.

Regarding indirect network effects, such as the larger the number of publishers using a platform, the more attractive it is to advertisers and vice versa, the Commission reviewed the evidence on entry and competition in online ad intermediation as well as evidence on the prevalence of multi-homing (i.e. customers using more than one intermediation platform) and the ability of ad networks to compete with a relatively small number of partners on the publisher side. The prevalence of multi-homing suggests that participation by a publisher or an advertiser in an ad network (e.g. AdSense) does not imply that they are unable or unwilling to participate in another ad network, that is to say their participation to an ad network

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(1) The price increase could affect publishers or advertisers purchasing ad serving tools and intermediation services (in a conglomerate effect sense) as well as ad networks competing with AdSense that also use third-party ad serving tools (in a vertical effect sense).
is not exclusive. These facts cast doubt on the concern that AdSense would unavoidably become the dominant intermediation platform at the expense of rivals as a result of the concentration.

There was also insufficient support for the view that the merged entity would benefit from a direct network effect, for example that the quality of the matching that it could undertake between publishers’ space and advertisers’ ads would be affected by the scope and quality of its publisher customer base. Such a network effect could possibly have occurred as a result of the merged entity’s ability to use information about users across different publishers. However, at the time of the investigation of this concentration, DoubleClick was contractually prohibited from using the data of individual publishers or advertisers to improve targeting for other publishers or advertisers and there was no indication that the merged entity would be able to impose contractual changes on its customers to allow such ‘cross-use’ of their data in the future. Moreover, the type of behavioural targeting that lies at the core of these direct network effects is an emerging technology which neither DoubleClick nor Google have developed, unlike a number of competing firms (such as Yahoo!’s ad network BlueLithium or AOL’s Tacoda network) (12).

With respect to the cost of ad serving, the investigation indicated that ad serving represents a small fraction of the publisher’s net profits (and the advertiser’s cost of purchasing online space). The price of ad serving on competing ad networks would therefore have had to increase significantly to induce switching towards AdSense on a scale that might lead to the tipping effect envisaged by complainants. This seemed highly unlikely given the competitive constraints to which DoubleClick is subject.

In any event, the merged entity would continue to face a number of vertically integrated rivals such as Microsoft, Yahoo!, AOL as well as WPP (an ad agency) and Axel Springer (a major online and offline publisher). Indeed, like the merged entity, these companies were able to offer both ad serving tools and intermediation services. In particular, these companies had reached a high degree of vertical integration through acquisitions undertaken after the announcement of the Google/DoubleClick transaction.

Having concluded that the main assumptions on which the theories of harm relied were not factually confirmed, the Commission considered it was highly unlikely that any anti-competitive foreclosure would arise from the acquisition of DoubleClick by Google.

**Foreclosure based on Google’s market position in search advertising and (search) ad intermediation services**

In view of Google’s strong position in the provision of search ads, the Commission also investigated whether Google might leverage this position on the market for display ad serving by requiring users of its search ad services to use DoubleClick’s products for serving all or part of their inventory. Practically, this would mean that advertisers wanting to place search ads via Google or via Google’s search ad intermediation (AdWords) would be required to make a certain minimum use of DFA if they use display ads at all. Equally, publishers wanting to use Google’s search ad intermediation (AdSense) could be obliged to use DFP. Ultimately, the merged entity could try to use its strengthened position in the ad serving market to impose an even wider bundle, which would also include Google’s non-search intermediation services.

The ability to foreclose rivals by engaging in such strategy seemed to be limited because there was a very limited pool of common customers using both search ads or search ad intermediation services and display ad serving technology. Apart from that, for all bundling scenarios on the advertiser side, the Commission found that there may be practical difficulties with the described bundling strategy because the two relevant parts of the bundle are not sold or priced simultaneously. Search advertising is priced on a cost-per-click basis and determined by auctions, so that contract terms may be set with an individual advertiser on a daily basis. On the other hand, the terms under which DoubleClick provides display ad serving are set by contracts that typically have a longer duration. On the publisher side, the practical difficulties in bundling Google’s (search) ad intermediation with DFP appeared to be less of an issue because contractual arrangements of a similar nature and duration apply for the provision of both display ad serving and (search) ad intermediation for (larger) publishers.

In any event, however, the Commission’s market investigation showed that the merged entity would not have an incentive to adopt the described bundling strategy because that strategy would most likely not be profitable. By requiring users of search ad services to use DoubleClick’s ad serving products, the merged entity would run the risk of

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(12) As indicated in footnote 6, behavioural targeting involves serving ads to specific users based on the web surfing behaviour of the user. A crucial requirement for the improved sophistication and effectiveness of behavioural targeting is the availability of information on the web surfing of a given user as well as the capability to process, clean and organise this information so that it can be used in an optimal way.
volume losses in its search advertising services, which would most likely not be offset by additional (bundled) sales of DoubleClick’s ad serving products, because the margins on those products are low compared to margins on search advertising. Indeed, DoubleClick’s 2006 average revenues from those advertiser customers which used DFA and also purchased search ads from Google (either directly or through intermediation) corresponded to less than 5% of Google’s average revenues from these customers in 2006. On the publisher side, the percentage was even lower, with DoubleClick’s 2006 average revenues from overlapping customers representing less than 3% of Google’s 2006 average revenues from such customers.

As regards the possible extension of the bundle to include non-search intermediation as well, the Commission considered that the incentives may be different as the revenues from non-search intermediation are much more significant than the revenues that DoubleClick achieves through the sale of its ad serving technology. In this respect, however, the proposed concentration did not bring about any significant change in incentives because Google could already engage in this type of bundling pre-merger, if necessary by making use of the required ad serving technology under a contractual arrangement with DoubleClick or any of DoubleClick’s competitors. Therefore, the merger did not change Google’s incentive to engage in this wider form of bundling to any significant extent.

Finally, the Commission found that even if, despite the obstacles and disincentives described above, (i) the merged entity in the present case decided to bundle Google’s search ads with DoubleClick’s ad serving and (ii) this foreclosure strategy caused most or all smaller non-integrated competitors in the ad serving market to exit the market, this would not result in a significant impediment to competition because the implementation of this strategy would still be very unlikely to stop competitors such as Microsoft, Yahoo!, AOL and others from offering ad serving or search ad services. Each of these competitors is vertically integrated and has access to considerable financial resources, which will enable them to continue to exert significant competitive pressure on the merged entity.

**Foreclosure based on combination of Google’s and DoubleClick’s assets**

Finally, the Commission analysed whether the mere combination of DoubleClick’s assets with Google’s assets, in particular the databases that both companies have or could develop on customer online behaviour, could allow the merged entity to achieve a position that could not be replicated by its integrated competitors or ‘point’ product competitors.

As noted before, however, DoubleClick’s current contracts with advertisers forbid it to use data on the web pages visited by users to better target ads from advertisers other than those that were instrumental in bringing about these data (i.e. those whose ads were seen by the tracked users). Similar contractual restrictions apply to such cross-use of data on the publisher side. On the basis of the Commission’s market investigation, there was no indication that the merged entity would be able to impose contractual changes on its customers in this respect. The main reason for this finding was that advertisers and publishers would have no interest in other advertisers or publishers having access to their data and thus gaining insight into competitively important information such as information about the pricing of ads across different websites.

Moreover, the combination of data on searches with data on users’ web surfing behaviour is already available to a number of Google’s competitors today (for example Microsoft and Yahoo!). These and other competitors may also purchase data or targeting services from third parties such as comScore, which can track all of the online behaviour of their users, following them to every website they visit. The Commission found that some of the data available from these third parties is potentially much broader and richer than data collected by DoubleClick (or even the merged entity) or any of its rivals.

For these reasons, the Commission concluded that the possible combination of Google and DoubleClick data post-merger would not contribute additional traffic to AdSense to the extent that competitors would be driven out of the market, thus enabling the merged entity to ultimately charge higher prices for its intermediation services.

**VII. A few words on privacy**

Throughout the investigation, a significant number of market participants and civil society groups voiced concerns about the proposed concentration not only from a competition law perspective but also in relation to privacy issues. Such concerns focused in particular on the combination of the databases held by Google and DoubleClick and the enhanced possibilities this might offer the merged entity to track customer online behaviour and to use it for targeting purposes. In the merger control procedure, the Commission took account of these concerns only to the extent described in the previous section, that is to say it looked at...
whether a combination of the parties’ databases could significantly impede effective competition in the common market. The Commission thus assessed the concentration solely under the Community rules on competition. Consequently, the Commission’s decision is without prejudice to the obligations of the parties under Community legislation in relation to the protection of individuals and the protection of privacy with regard to the processing of personal data (13).

VIII. Cooperation with the US authorities

Finally, this case was interesting because it was subject to merger control in both the United States of America and in Europe. While the Commission made its independent assessment of the transaction under European competition law, it cooperated closely with the Federal Trade Commission (FTC) throughout its investigation of the case. Eventually, both authorities assessed the transaction in a very similar manner and reached the same conclusion, namely that the proposed acquisition would not raise competition concerns under the respective merger control rules in the United States and Europe (14).

The relatively small differences between the conclusions reached by the FTC and the European Commission mainly concern market definition. While the FTC clearly distinguishes separate markets for search ads and non-search ads and for direct sales and intermediated sales, the Commission considered such subdivisions of the online advertising market, but ultimately left the exact definition of the relevant product markets open. Both the FTC and the Commission extensively analysed possible non-horizontal effects of the transaction. Whereas the FTC focused primarily on non-horizontal effects based on DoubleClick’s market position in ad serving, the Commission also made a detailed assessment of any non-horizontal effects that may result from Google’s market position in search advertising and (search) ad intermediation (15). In assessing the non-horizontal effects based on DoubleClick’s market position in ad serving, the two authorities carried out a similar analysis and reached the same conclusion, in particular regarding the extent to which DoubleClick possessed significant market power and the presence of network externalities.

IX. Conclusion

The Commission took the view that the proposed acquisition of DoubleClick by Google would be unlikely to have harmful effects on competition, either in the market for display ad serving technology or in the market for online advertising, or any of its possible sub-segments, and cleared the transaction on 11 March 2008. This case illustrates how the Non-Horizontal Merger Guidelines can be applied, grounded on sound economic principles and supported by quantitative and qualitative information on the market at hand.


(14) The Federal Trade Commission cleared the transaction under the US merger control rules and published a statement setting out the reasons for this decision on 20 December 2007.

(15) In its majority statement, the FTC only briefly addresses non-horizontal effects based on Google’s market position in search ads and (search) ad intermediation.