

Direct Testimony of Dr. Tasneem Chipty

U.S., et al. v. Google LLC

United States District Court for the District of Columbia

Ex. No.

PXRD012

1:20-cv-03010-APM

1:20-cv-03715-APM

Taking the Court's findings as given, assess:

- How the proposed remedies would change economic incentives
- Whether Plaintiffs' remedies, as compared to Google's remedies, would be capable of restoring competition in the markets for general search services and general search text advertising

- Understand the problem to be solved
- Identify guiding economic principles
- Evaluate how remedies are likely to work
- Identify potential risks and benefits
- Identify relevant evidence from the record

1

Plaintiffs' remedies are likely to change incentives in ways that introduce competitive rivalry

2

Google's remedies are likely to preserve the status quo

3

Plaintiffs' remedies are more likely than Google's to restore competition in the relevant markets

How Plaintiffs' Remedies Introduce Competitive Rivalry

- Distributors would have greater incentives to set rivals as the default
- Rivals would be able to compete for the default on Chrome
- Rivals would be able to compete on quality in both relevant markets
- Google would still be able to compete for users

Users and advertisers would be the beneficiaries of greater competition

Remedy Goals

Plaintiffs' Distribution Remedies

Plaintiffs' Data & Syndication Remedies

Generative AI

Remedy Duration

Google's Remedies

Alternative Remedies

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Alternative Remedies

-
- 1 Restore competition to where it would have been absent the anticompetitive conduct
-
- 2 Deter future anticompetitive conduct by ensuring a dominant firm does not continue to benefit from its past conduct
-

Primary Harms to Competition

1. Foreclosed rivals from distribution
2. Deprived rivals of scale
3. Reduced rivals' incentives to invest

Barriers Reinforced By Anticompetitive Conduct

1. Distribution
2. Scale
3. Brand
4. Capital Costs

Plaintiffs' Remedy Proposals Studied

- Distribution remedies
- Data sharing remedies
- Search and ads syndication remedies

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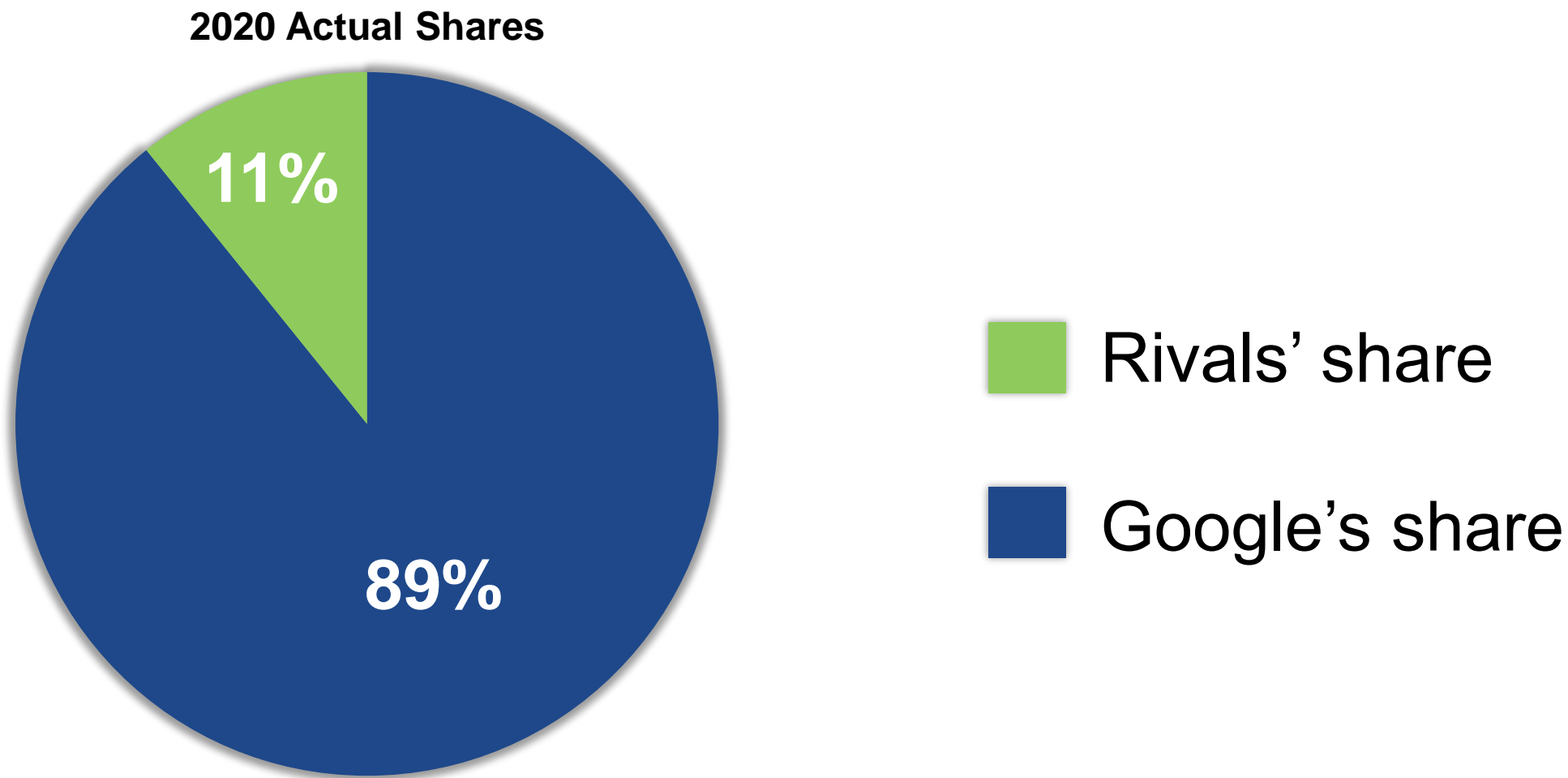
Plaintiffs' Distribution Remedies

1. Payment Bans
2. Chrome Divestiture

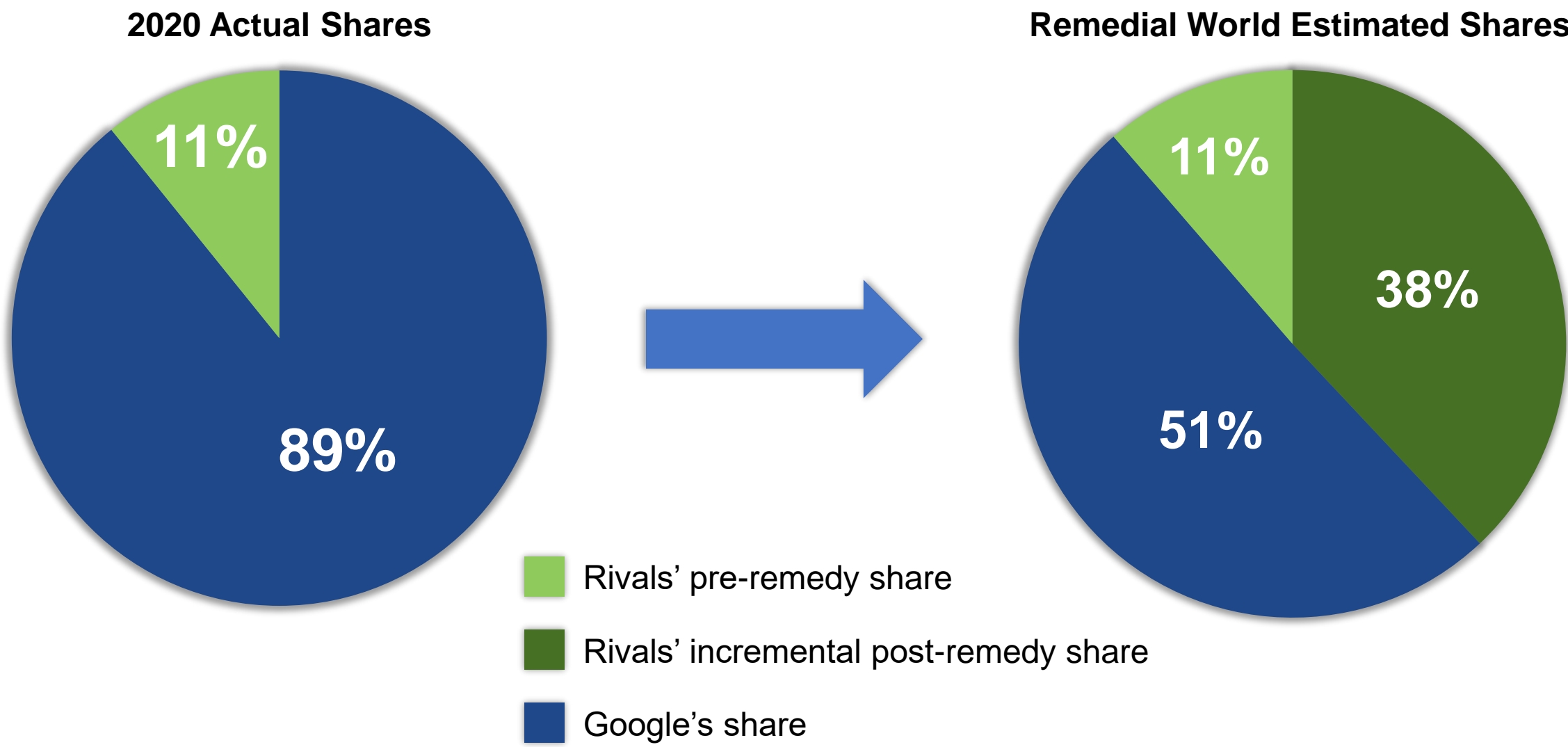
Methodology

- Identified queries to Google, separately by default search access point
- Assumed: (1) Google loses defaults to rivals, and (2) Google recovers queries based on historical recovery rates
- Calculated queries that would likely shift to rivals from the change in defaults

Google's and Rivals' Shares in General Search Services



Potential Share Shift in the Remedial World from the Distribution Remedies



Plaintiffs' Distribution Remedies

1. Payment Bans

2. Chrome Divestiture

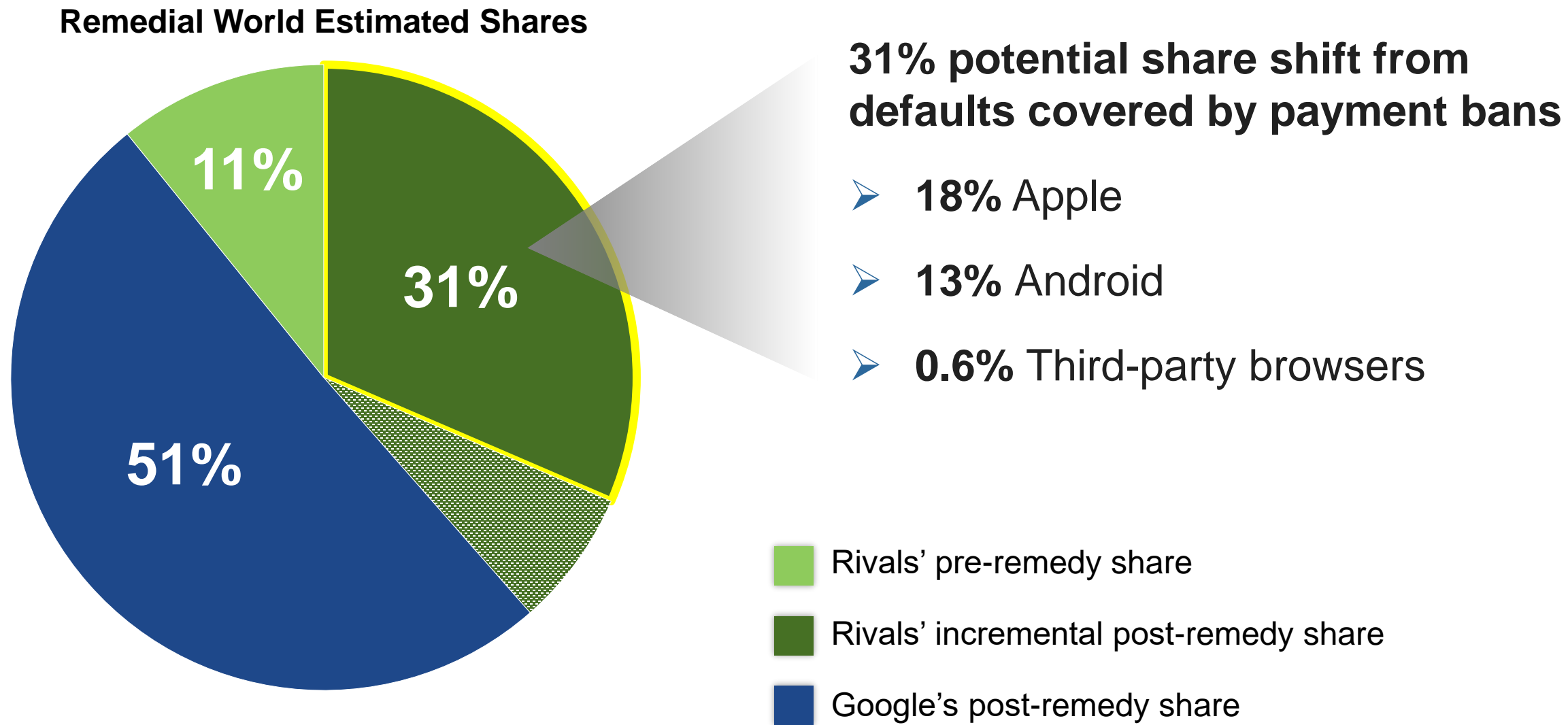
Payment Bans Would:

Create competition among rivals for defaults

Likely cause many distributors to shift their defaults away from Google

Increase the chance of entry into general search, especially by Apple

Potential Share Shift in the Remedial World from the Payment Bans



Plaintiffs' Distribution Remedies

1. Payment Bans

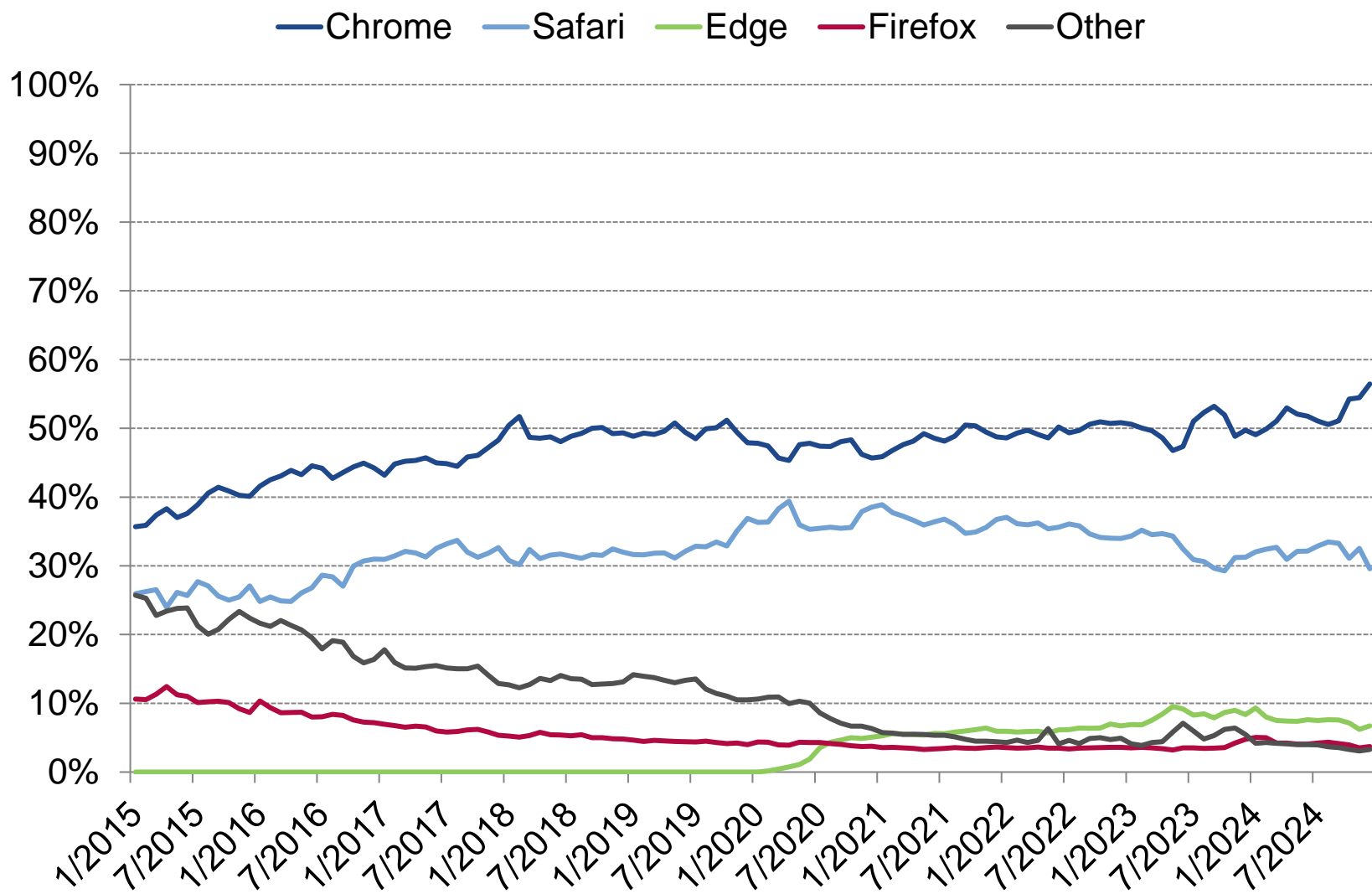
2. Chrome Divestiture

Browsers Are an Important Search Access Point (2024)

- **78%** of Google's US queries came from a browser: **35%** from Chrome, **43%** from other browsers
- **20%** of Google's US queries came from the default on user-downloaded Chrome

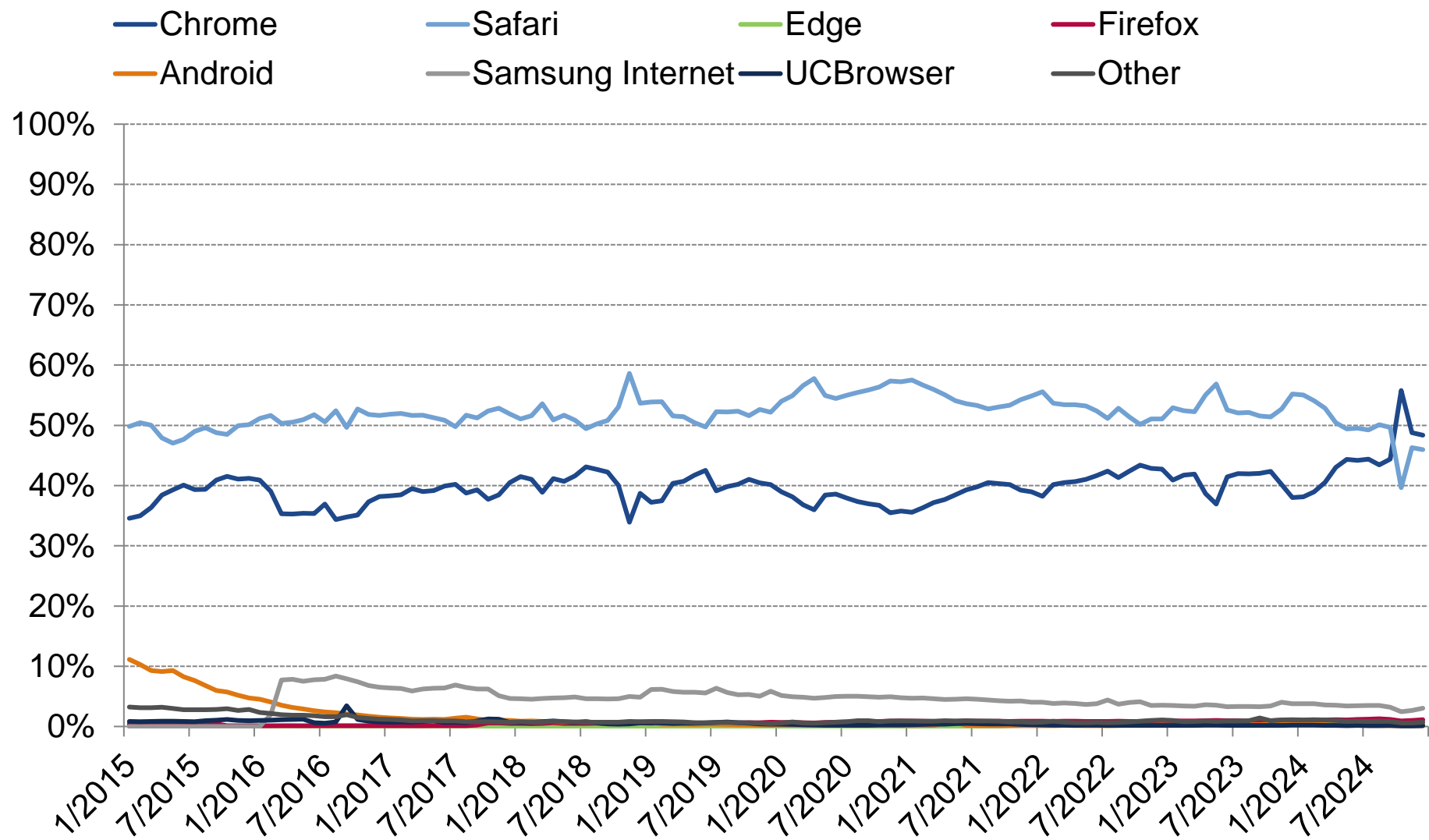
Chrome Has Been the Most Widely Used Browser in the US, Last 10 Years

StatCounter US Browser Shares, January 2015 to December 2024 (All Devices)



On Mobile, Chrome Has Accounted for About 40% of US Web Traffic

StatCounter US Browser Shares, January 2015 to December 2024 (Phones Only)

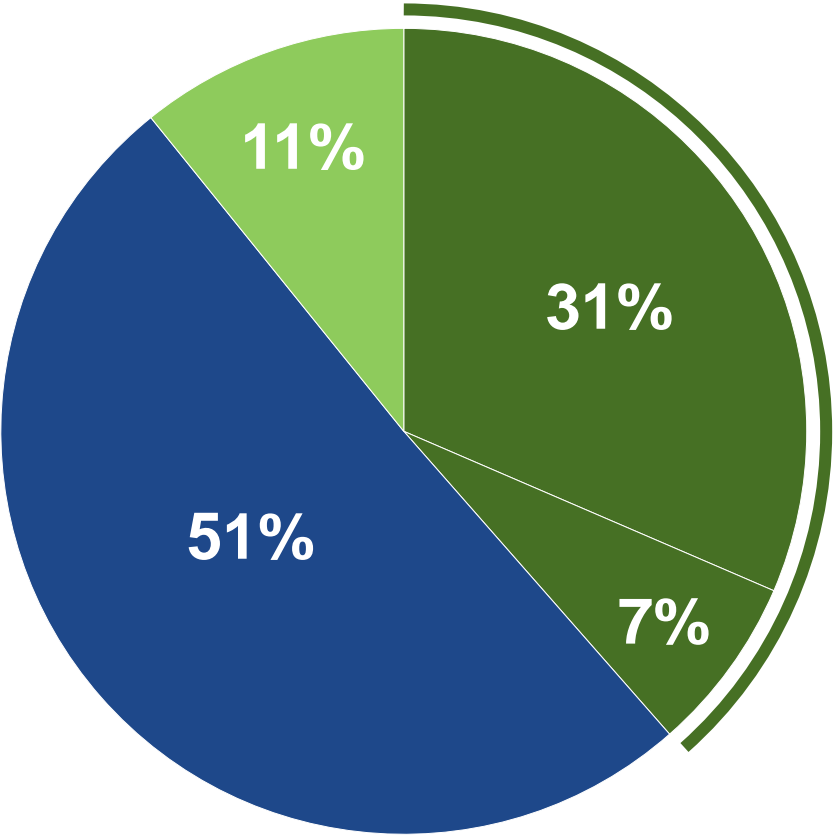


Chrome Divestiture Would Further Lower Barriers

- Being the default on a browser is an efficient form of distribution
- Rivals have not been able to compete for defaults on widely distributed browsers, especially on mobile
- The divestiture would allow a rival to be the default on Chrome




Potential Share Shift in the Remedial World from the Distribution Remedies

Remedial World Estimated Shares



38% potential share shift

- 18% Apple
- 13% Android
- 7% User-downloaded Chrome
- 0.6% Third-party browsers

-  Rivals' pre-remedy share
-  Rivals' incremental post-remedy share
-  Google's post-remedy share

Ways Users Can Access Google Search

- Download the Google Search app
- Search on Google.com from any browser
- Change the default

Historically, about 20% of US queries have gone to Google Search in these ways, even with Google defaults

Ways Google Can Encourage Users to Use Google Search

1. Ads in app stores
2. Promotional reminders within Gmail and YouTube
3. Pay users directly for searching on Google
4. Innovate

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Plaintiffs' Data & Syndication Remedies

1. Search and Ads Data Sharing
2. Search and Ads Syndication

Plaintiffs' Data & Syndication Remedies

1. Search and Ads Data Sharing

2. Search and Ads Syndication

- Scale is a significant barrier in the relevant markets
- There is a close link between scale and quality in both relevant markets
- Google's exclusionary agreements have for years deprived rivals of scale

Plaintiffs' Data & Syndication Remedies

1. Search and Ads Data Sharing
2. Search and Ads Syndication



Nick Turley
Head of Product
for ChatGPT



- A. **[S]yndicated search results would be helpful now . . .** because it allows us to **immediately improve the quality** of the product **[T]he [data] remedies . . . aids us in the medium run**, because it allows us to **own our own destiny** and not just partner for real-time information but build a great, high-quality index [T]hat's a **multi-year project either way**. Getting this data would **accelerate our progress** here.



**Gabriel
Weinberg**

CEO & Founder of
DDG

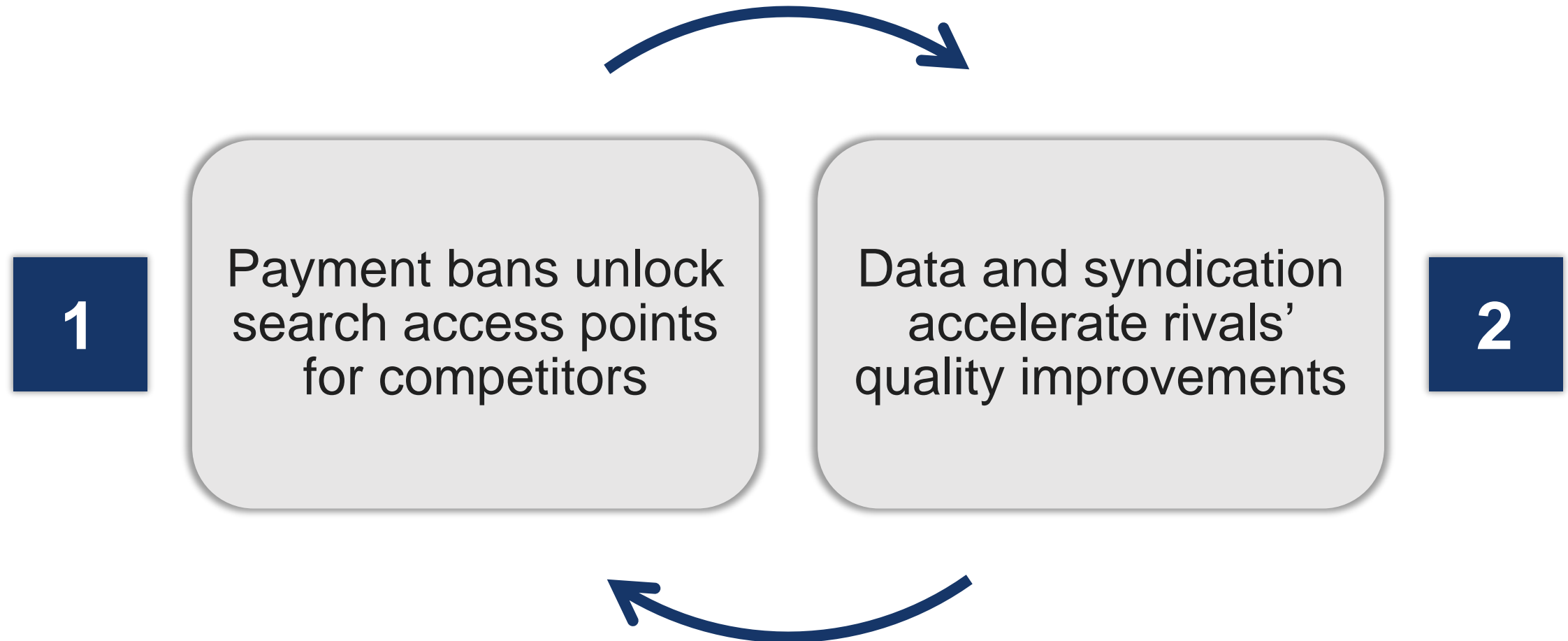


- A. **[I]f we start today and close the gap with syndication data, we need to be simultaneously building up our own indexes so that as that tapers and the remedies ultimately expire, we can transfer to our own indexes.** Which means that we need to complete it by that time. **Without data like this, . . . I don't think it would be possible because we don't have the long-tail data.** But just the act of the engineering all of this with, you know, the size that Google's been operating on **would help accelerate just the process of doing it because we could start from day one, working with the right data sets.**

Reasons Why Rivals and Google Would Innovate More

- Rivals would have greater ability to innovate
- Rivals would have access to distribution
- Rivals would differentiate to win default agreements
- Rivals and Google would differentiate to win users
- Google would innovate in response to greater competitive rivalry

Plaintiffs' Remedies Work Together



Plaintiffs' Remedies Would Not Create a Bing Monopoly

Google can still compete, even without defaults

With data and syndication, Microsoft's rivals can rapidly develop competitive products

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GenAI apps as a **nascent threat** to Google Search

GenAI apps as a **potential circumvention** tool for Google

Gemini as a Search Access Point Poses a Circumvention Risk



Google Search Widget



Google Gemini Widget



Real-World Example



Illustrative Example

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Historical Timelines that Inform Duration

- The history of entry
- Efforts in Europe
- The history of the conduct itself
- Challenges in using data

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- Default agreements that give manufacturers and carriers greater flexibility to preload rival general search services
- One-year browser exclusive default agreements

Google's Remedies Are Likely to Maintain the Status Quo

- Ineffective distribution remedies
 - Google can still pay for defaults
 - Payments to Apple discourage entry
 - They permit some exclusives
 - No provisions to unlock search access points secured by Google's exclusionary agreements
- No data or syndication remedies
- Duration is too short

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Problems with Broad Choice Screens

- They do not create a real contest
- Choice screen payments to Apple discourage entry
- Benefits of competition are delayed

Increasing the Effectiveness of Broad Choice Screens

- Structure choice screen payments to ensure distributors have maximum flexibility
- Consider prohibiting choice screen payments to Apple
- Consider payment bans with delayed choice screens
- Layer on data and syndication remedies

Plaintiffs' Remedies Lower Barriers, Google's Do Not

	Plaintiffs' Remedies	Google's Remedies
Distribution		
Scale		
Brand		
Capital Costs		

Plaintiffs' Remedies Lower Barriers, Google's Do Not

	Plaintiffs' Remedies	Google's Remedies
Distribution	+	-
Scale	+	-
Brand		
Capital Costs		

Plaintiffs' Remedies Lower Barriers, Google's Do Not

	Plaintiffs' Remedies	Google's Remedies
Distribution	+	-
Scale	+	-
Brand	+	-
Capital Costs		

Plaintiffs' Remedies Lower Barriers, Google's Do Not

	Plaintiffs' Remedies	Google's Remedies
Distribution	+	-
Scale	+	-
Brand	+	-
Capital Costs	+	-