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## Google against Australia: who will prevail?

By **Shawn Lim** - 01 February 2021 01:00am



While it is unlikely Google will follow through with their threat, publishers and advertisers are already preparing for a shift

**Google has threatened to pull its search engine out of Australia, but the government is refusing to back down. The Drum explores what this means for advertisers, publishers and consumers.**

The impact of **Google pulling its search engine out of Australia** because of the country's **proposed mandatory code of conduct** for tech platforms, would be seismic for publishers and advertisers and would impact the general population significantly.

The Centre for Responsible Technology has found that Google accounts for 51% of all online advertising in Australia while the Australia Competition and Consumer Commission (ACCC) notes that over 90% of online searches currently occur through Google.

Google has already blocked Australian news sites from its search results for about 1% of local users, officially announcing this exercise as a test run, with the intention to provide a preview of the effect a change like this could deliver, should the code become law in its current form.

Yuly Gonzalez, the director of performance solutions for Asia Pacific at Rakuten Advertising points out that with Australia Post reporting online shopping growth for December 2020 increased by 34.9% year-on-year, these changes make a mark on the online industry in Australia.

He is worried that the role that a search engine like Google plays in influencing that behaviour, interrupting this momentum could be unsettling.

"Many Australian businesses have benefited from efficient and effective advertising via Google. While Google's revenue is undeniably large, the role it plays in the parts of everyday individuals is arguably invaluable. It's the go-to for researching everything from local shops to school projects to big purchases," he explains.

"Given Google's strong market share both in Australia and globally, it would be difficult for other search platforms to deliver comparable referring traffic in the immediate future. Considering the pivotal role Google search plays in this market for publishers and advertisers, Rakuten Advertising is hopeful that it will not come to this."

Darren Woolley, founder and global chief executive officer at TrinityP3 predicts if Google were to follow through with its word, there would be a huge transition to the much smaller alternatives like Bing and DuckDuckGo, the number two and three in the market.

However, he warns that if the search market goes there, advertisers will be sure to follow and for publishers, the implications are more complicated.

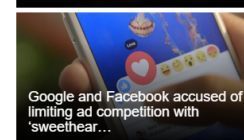
"The major publishers, primarily News Corporation, has been pushing this campaign, with Nine appearing to go along for the ride. The reason being is that in the early days, publishers enjoyed these increasingly complex distribution channels provided by Google and Facebook for free. Now, publishers are starting to see the impact of these changes on their revenue."

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popular distribution channels provided by Google and Facebook for free. It was only later that they realised the hidden cost was the loss of advertising revenue," he explains.

"But this loss of revenue is a combination of the publishers being too slow in responding to the changing market and Google and Facebook leveraging their market domination. The smaller and increasing number of independent publishers are the ones that will be impacted the most through Google's threatened actions. Because these publishers are relying on Google's reach to distribute their content to an increasingly broader audience."

While it is unlikely Google will follow through with their threat, publishers and advertisers are already preparing for a shift in exposure from other search engines, but at the same time, have to remember that other search engines do not operate in the exact function as Google does.

Localsearch, an Australia's small-business digital marketing service, is advising its clients to prepare for the shift to Bing should Google pull its search engine out of Australia. Adam Boote, director of digital and growth at Localsearch says business owners "should have many hooks in the ocean when trying to catch fish."

"Bing also controls paid ads on DuckDuckGo, so they will hold a lot of the search results if Google were to go," he explains. For small businesses, they really need to consider the possibility of Google no longer being around in their 2021 planning of their marketing efforts and not put all their eggs in one basket, i.e. Google."

"Social media is obviously a great way to find new customers if you use it correctly. We run ads on Facebook, Instagram and Messenger for businesses, and you can target them so precisely down to age, demographics, what else they're looking at online, etc."

Australia is now at an impasse as prime minister Scott Morrison and lawmakers said the country would not yield to Google's threats, while Google Australia managing director Mel Silva told the Australian Senate that the laws were "unworkable".

The ACCC has also recently released a new report where it highlighted Google's dominance of the adtech space, a sign this is the next area Australia wants to legislate. The report said: "If advertisers pay too much for digital advertising, the costs will be passed on to consumers in the form of higher prices for goods and services. If publishers receive too little revenue for their advertising inventory, consumers will face a reduction in the quality and variety of online content."

Gonzalez suggest the best way forward is to take reference from French publishers, which recently worked out an agreement in which news publishers are rightfully compensated for their online content. However, he notes a major differentiator is that the agreement in France does not hold Google accountable to pay for links to new sites.

"Should Google accept the Australia code in its current form, this could have ramifications for existing agreements in other parts of the world," he adds.

**This article is about:** Australasia, Future Of Media, Google, Advertising, Digital Advertising, Marketing, Media, Mobile, Social Media, Tech Law, Digital

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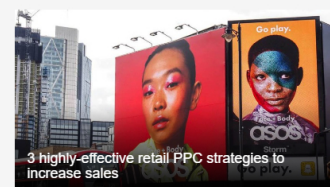
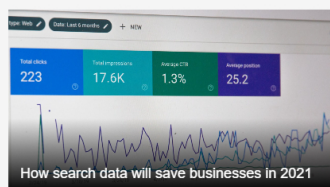
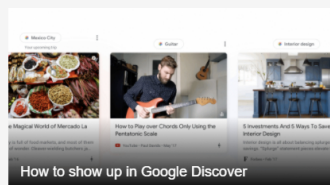
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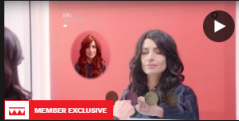
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