

cartrawler

Google's Stealth Attack on Travel



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Bobby Healy | Chief Technology Officer



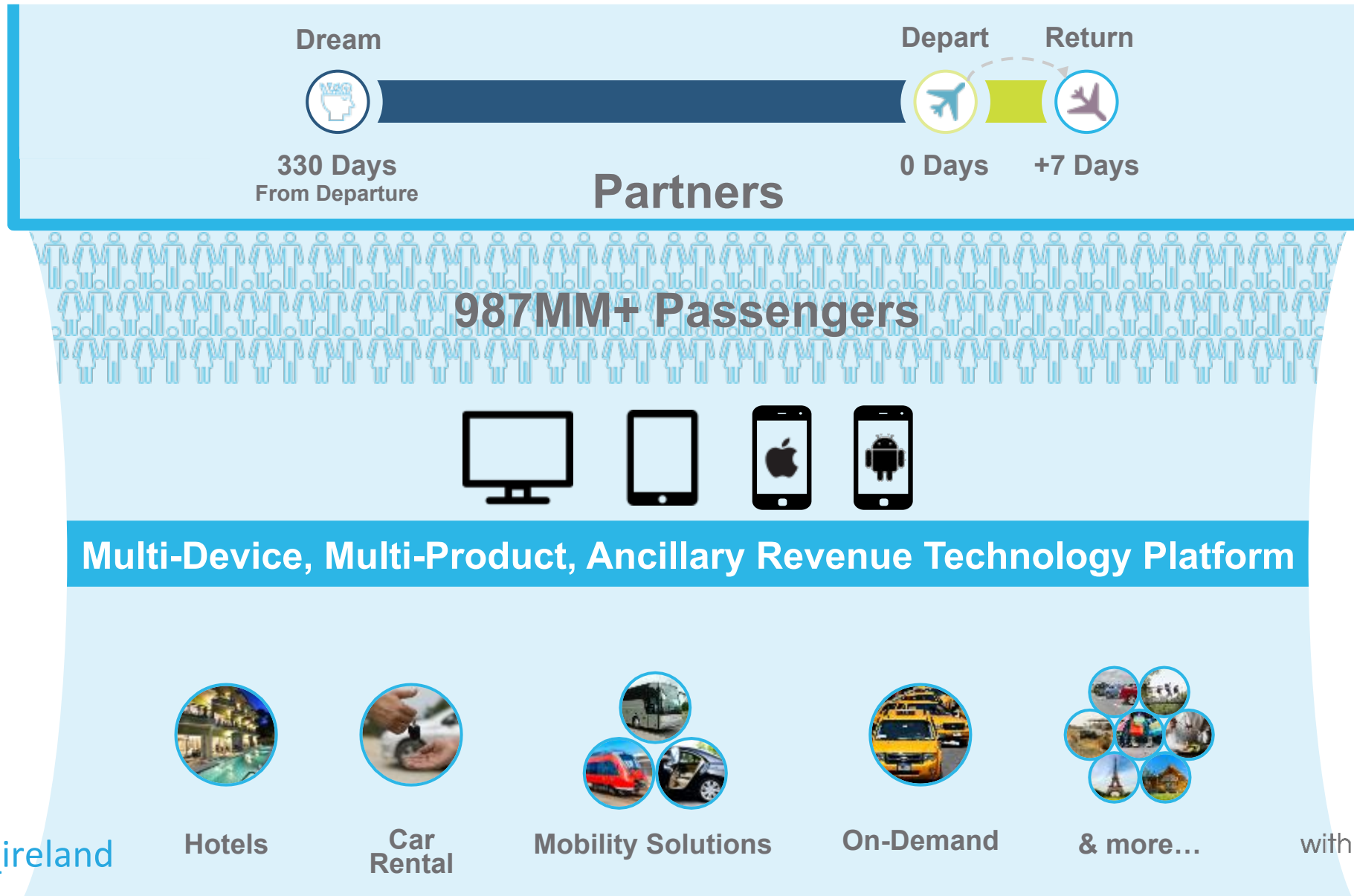
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CarTrawler: An online travel marketplace



HYPOTHESIS

“The top of the trip planning funnel is a beachhead which - if Google controls it – will represent the biggest loss of control of distribution, and consequent rise in cost and margin erosion ever seen by the airline industry.”

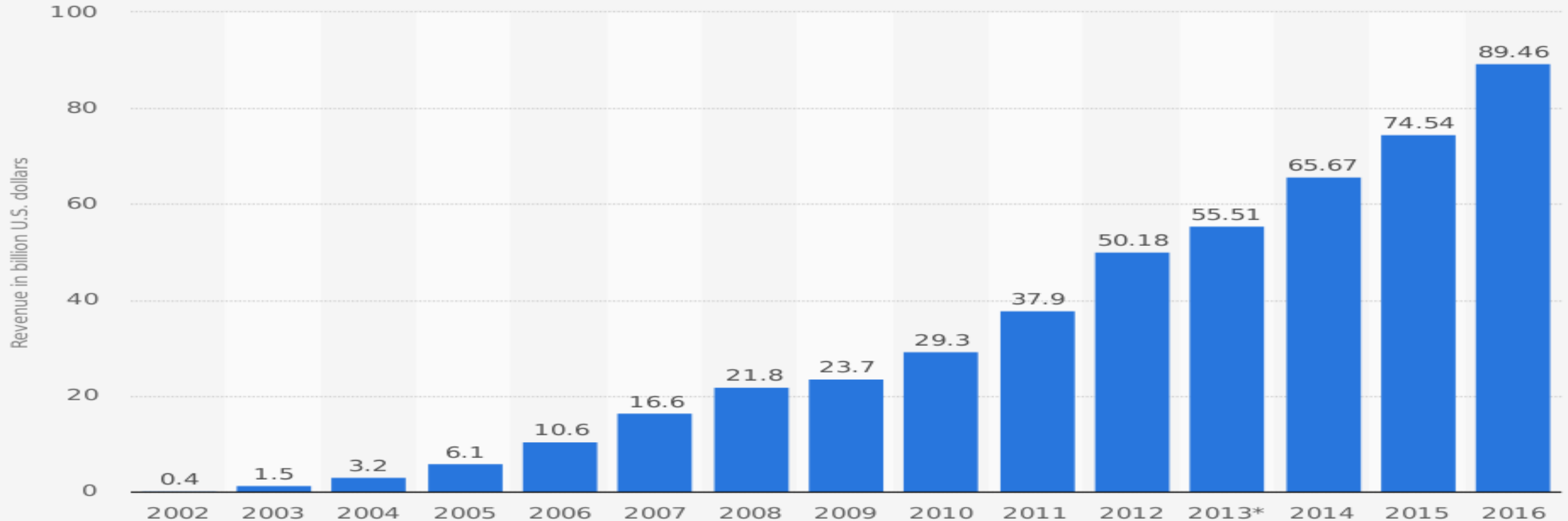


What's different about Google?



Distribution in perspective – a hungry beast?

Annual revenue of Google from 2002 to 2016 (in billion U.S. dollars)



Source:
Google
© Statista 2017

Additional Information:
Worldwide; Google; 2002 to 2016

Distribution in perspective – a free ride?



But it's less about cost...



...and more about loss of control

🔍 with power comes

🔍 with power comes - Google Search

🔍 with power comes **great responsibility**

🔍 with power comes **corruption**

🔍 with power comes **happiness**

🔍 with power comes **responsibility essay**

🔍 with power comes **the abuse of power**

“So, more users more information, more information more users, more advertisers more users, it’s a beautiful thing, lather, rinse, repeat, that’s what I do for a living. So that’s what someone alluded to the engine that cant be stopped.”

Source: Jonathan Rosenberg, Google VP of Product Management & Marketing, Inside the Black Box: Technology & Innovation at Google, Speech to Claremont McKenna College

What do all of these have in common?



It's a perfect storm...

A monopoly with unprecedented access to

- Customer access
- Customer insight

- Engineering ability

- Product access (with your help)

TITLE DEED
JAMES PLACE

ENT \$14.
\$ 70
200.
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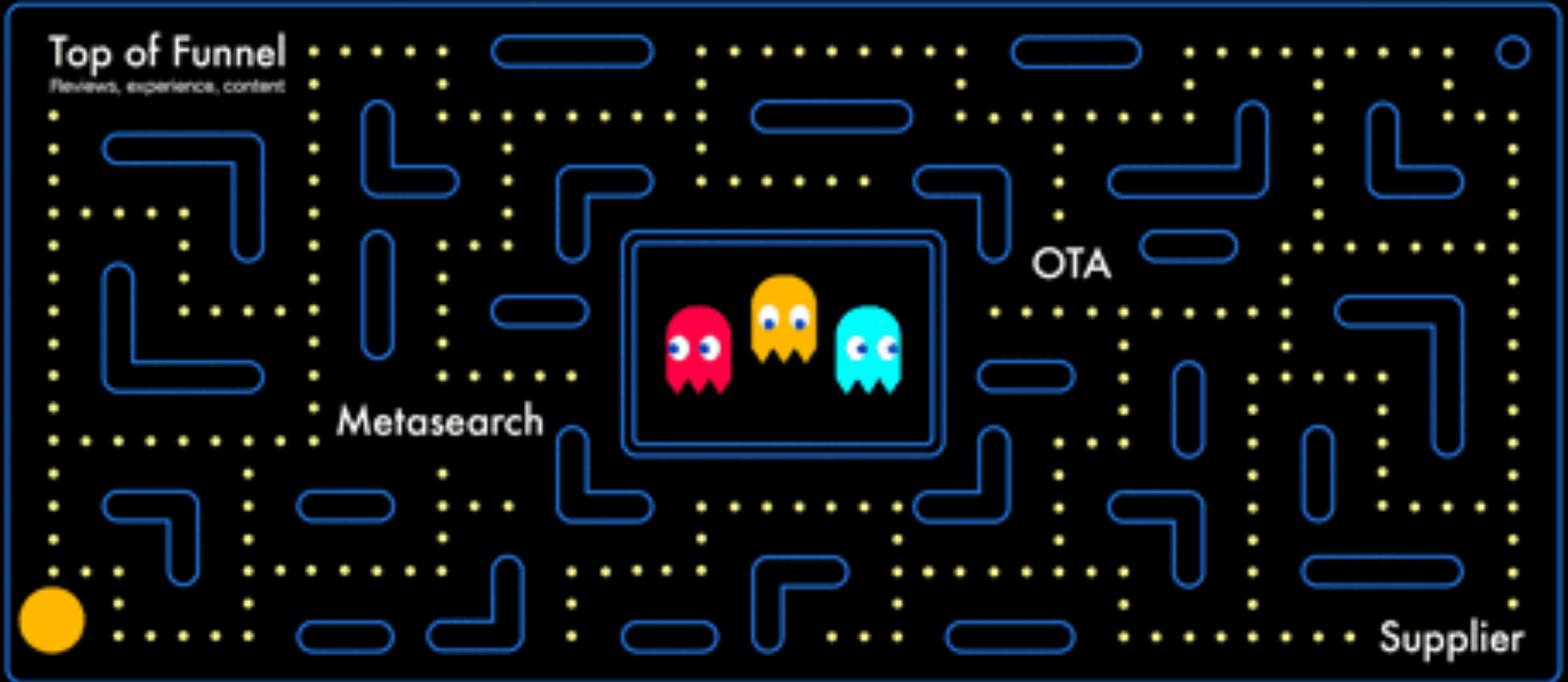
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TITLE DEED
PENNSYLVANIA A
ENT \$28.



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PLAYER: Google



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Capital flow away from the losers...



And consumers are flocking...

● google flights
Search term

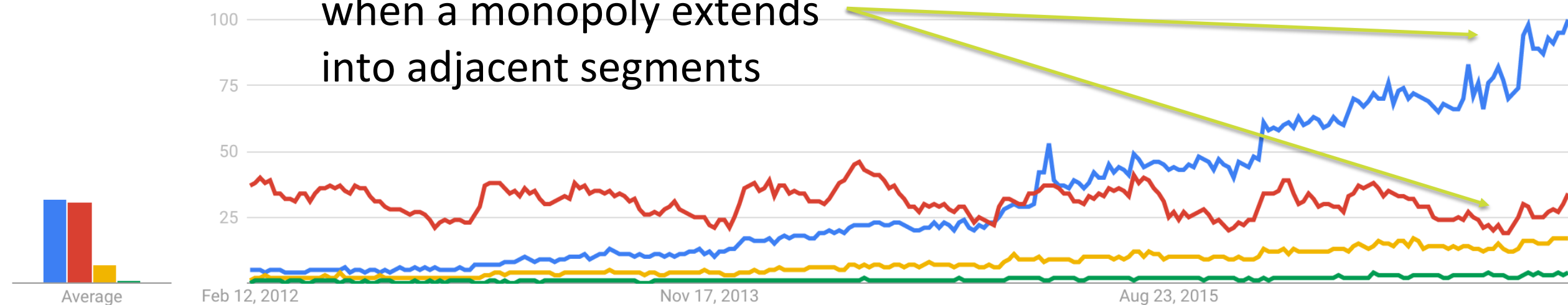
● kayak
Search term

● skyscanner
Search term

● momondo
Search term

Google Trends

This is what happens
when a monopoly extends
into adjacent segments

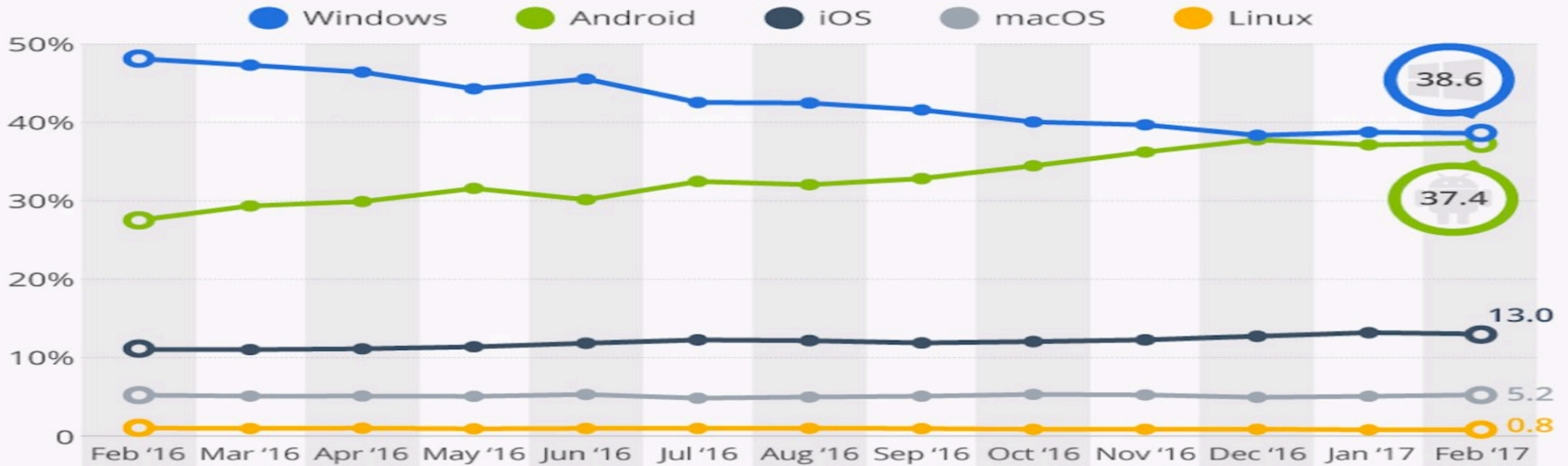


This is how the traction is being built

Tech Chart of the Day

Android Poised to Knock Windows off Internet Perch

Global internet usage share from February 2016 to February 2017, by operating system*



statista

BUSINESS INSIDER

Remaining share accounted for by 'other' and 'unknown'
*All operating systems across all platforms

Source: StatCounter



GOOGLE: BIAS IS DIFFICULT TO DETECT

“[W]e expect that advertising funded search engines will be **inherently biased towards the advertisers and away from the needs of the consumers.**”

“Since it is very difficult even for experts to evaluate search engines, **search engine bias is particularly insidious.**”

(Source: Larry Page and Sergey Brin, “Anatomy of a Large-Scale Hypertextual Web Search Engine,” 1998)



BIAS CAN SIGNIFICANTLY AFFECT THE MARKET

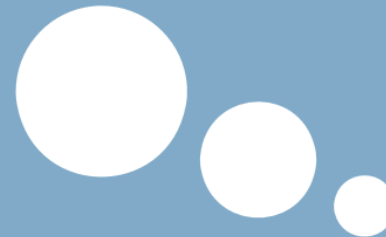
“[A] search engine could add a small factor to search results from friendly companies, and subtract a factor from results from competitors. This type of bias is very **difficult to detect** but **could still have a significant effect on the market.**”



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SO CAN ADVERTISING...

**“[A]dvertising income
often provides an
incentive to provide
poor quality search
results.**



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TAKE TRAVEL FOR EXAMPLE

“We noticed a major search engine would not return a large airline's homepage when the airline's name was given as a query. It so happened that the airline had placed an expensive ad, linked to the query that was its name.

A better search engine would not have required this ad, and possibly resulted in the loss of the revenue from the airline to the search engine.”



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“As we’ve noted greater awareness is being driven by Google’s move to intercept consumer searches for the trademarked names of specific airlines.

Google charges more for leads that come through its Google Flights tool than for leads from general AdWords that are promoted when users search on certain keywords”

Google

delta airlines × 🔍

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Delta flights from Dublin Sponsored ⓘ
[Google > Flights](#)

○ Dublin DUB
📍 Enter a destination
📅 Sat, May 13 Wed, May 17

⌵
 Search flights

Delta
<https://m.delta.com> > ...

Delta Air Lines, a leader in domestic and international flights, offers a variety of services and amenities.

Google

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📍 Enter a destination
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⌵
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Car hire. Ryanair Holidays. New. Return. One way.

Google

aerlingus × 🔍

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📍 Enter a destination
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 Search flights

Aer Lingus
<https://www.aerlingus.com>

Book cheap flights online today with Aer Lingus.

How GOOG is behaving in other verticals

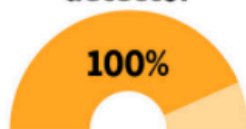


Alphabetical Order

Google searches for select hardware products showed that most of the time, the leading ad atop search results was for products sold by Google or companies owned by Google parent Alphabet.

■ Google store ■ Alphabet-owned companies ■ Other company

Carbon monoxide detector



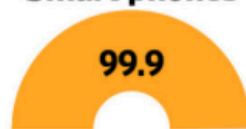
Cell phones



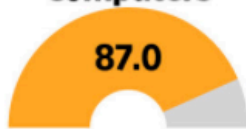
Smart speakers



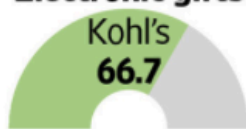
Smart phones



Computers



Electronic gifts



Smartwatches



Smoke detector



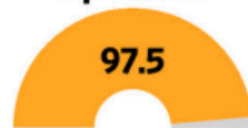
Home security camera



Home stereo



Speakers



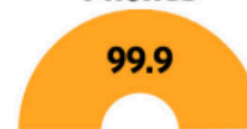
Streaming device



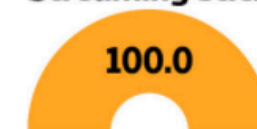
Laptops



Phones



Streaming stick



Thermostat



Smart doorbell



Smart home



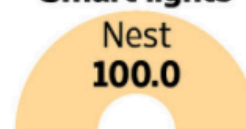
Virtual reality



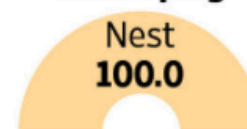
VR headset



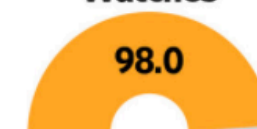
Smart lights



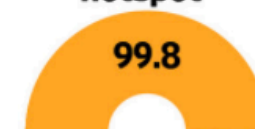
Smart plug



Watches



WiFi router/hotspot*

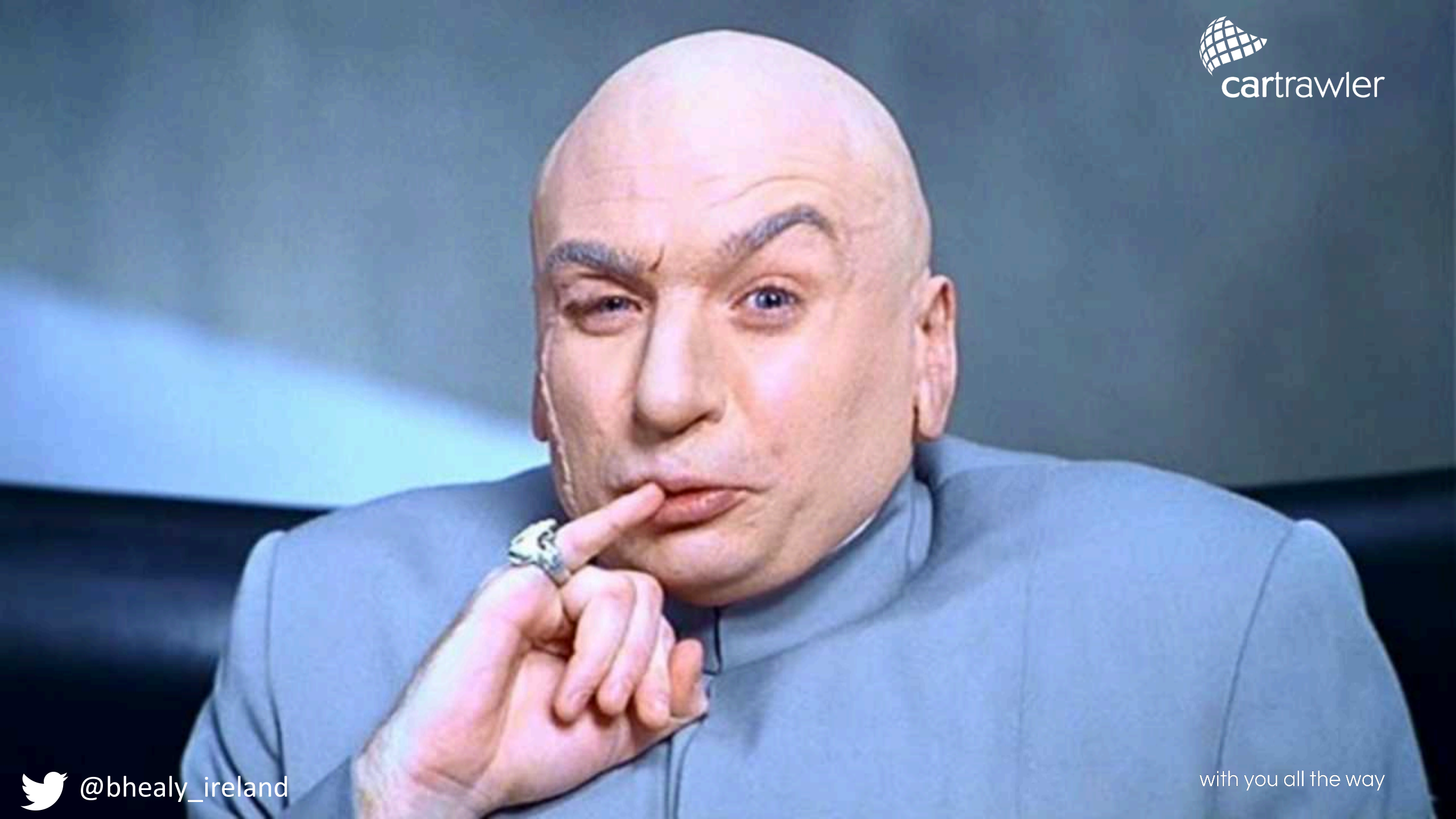


Note: SEMrush conducted 1,000 searches each on 25 terms on Dec. 1 on a desktop computer, blocking past web-surfing history.

* Results for "WiFi router" and "WiFi hotspot" were identical and combined for space.

Source: SEMrush

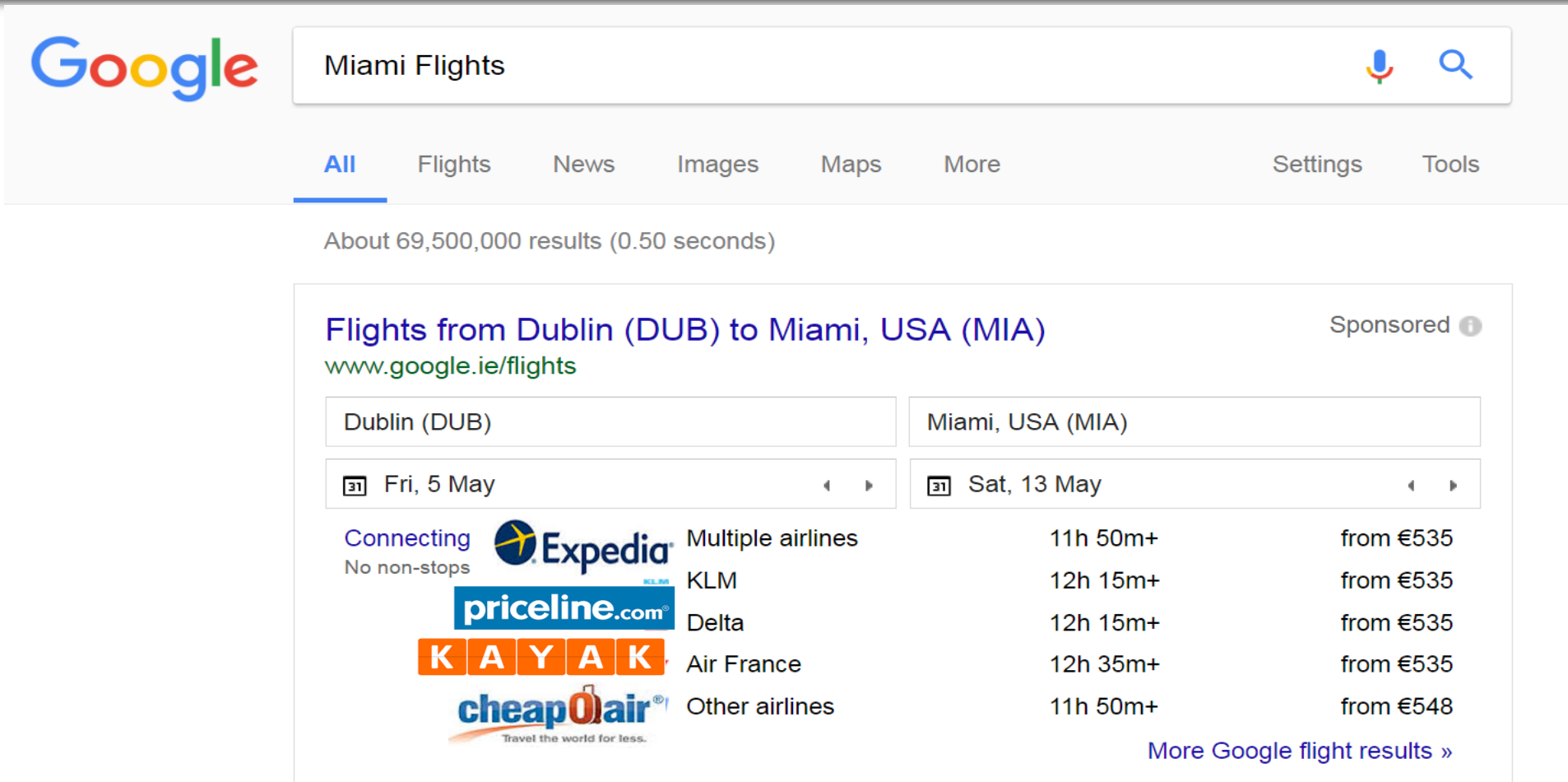
THE WALL STREET JOURNAL.



GOOGL Strategy in Travel

- Achieve critical mass in market
- Take top of the funnel
- Concentrate funnel
- Squeeze airlines out or make them pay

Neutral for now and direct preferred...



Google search results for "Miami Flights". The search bar shows "Miami Flights" with a microphone and search icon. Below the search bar are tabs for "All", "Flights", "News", "Images", "Maps", "More", "Settings", and "Tools". The "All" tab is selected. Below the tabs, it says "About 69,500,000 results (0.50 seconds)".

The main result is a sponsored section titled "Flights from Dublin (DUB) to Miami, USA (MIA)" with a link to www.google.ie/flights. It includes a "Sponsored" label and an information icon. Below the title are two input fields: "Dublin (DUB)" and "Miami, USA (MIA)". Below these are two date selectors: "Fri, 5 May" and "Sat, 13 May".

The flight results are listed below the date selectors:

Connecting	Airline	Duration	Price
No non-stops	Multiple airlines	11h 50m+	from €535
	KLM	12h 15m+	from €535
	Delta	12h 15m+	from €535
	Air France	12h 35m+	from €535
	Other airlines	11h 50m+	from €548

Logos for Expedia, priceline.com, KAYAK, and cheapOair are visible. A link "More Google flight results »" is at the bottom right.

Direct bookings will be to flight bookings what organic results were to search...

Consumers LOVE these tools...



\$864

round trip

Date tip: Save \$195 if you return on Tue, Apr 11
Return 2 days earlier



Best flight [Learn more](#)

\$1,154

round trip



7:55 PM – 8:50 AM⁺¹
Delta · Air France, KLM

Wi-Fi 7h 55m

Nonstop

Best flight [Learn more](#)



Track prices [Learn more](#)

Save this trip to track price changes and receive price alerts and travel tips by email.



How can Airlines Respond?

- Be vocal, lobby and add your voice to industry lobby groups
- Push back on flight search – this is the key strategic asset
- Act to stem brand hijacking



- Require divestiture of Google Flights
- Prevent Google from preferencing it's own travel products in search and android
- Require transparency on auction algorithm
- Ban auction manipulation

Finally...

“Google is abusing its’ monopoly position in search and android to position itself between the consumer and the product at the expense of both the consumer, its competitors and partners.

It will be unstoppable once consumer behavior has changed and a tipping point of user adoption and expectation is reached.

In the short term, intermediaries and suppliers will suffer the burden of Googles’ growth. Long term, so too will the consumer through the inevitable corruption of choice and finally – through increased prices.

Airlines, and only airlines can stand in their way.”



thank you



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