

To Live or Die by Google Search Brings an Escalating Cost

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(Bloomberg) -- "Where's the best place to hide a body? The second page of a Google search."

The gallows humor shows that people rarely look beyond the first few results of a search, but Lee Griffin isn't laughing.

In the 13 years since he co-founded British price comparison website GoCompare, the 41-year-old has tried to keep his company at the top of search results, doing everything from using a "For Dummies" guide in the early days to later hiring a team of engineers, marketers and mathematicians. That's put him on the front lines of a battle challenging the dominance of Alphabet Inc.'s Google in the search market -- with regulators in the U.S. and across Europe taking a closer look.

Most of the sales at GoCompare, which helps customers find deals on everything from car and travel insurance to energy plans, come from Google searches, making its appearance at the top critical. With Google -- whose search market share is more than 80% -- frequently changing its algorithms, buying ads has become the only way to ensure a top spot on a page. Companies like GoCompare have to outbid competitors for paid spots even when customers search for their brand name.

“Google’s brought on as this thing that wanted to serve information to the world,” Griffin said in an interview from the company’s offices in Newport, Wales. “But actually what it’s doing is to show you information that people have paid it to show you.”

Market Dominance

GoCompare is far from the only one to suffer from Google’s search dominance. John Lewis, a high-end British retailer, last month alluded to the rising cost of climbing up in Google search results. In the U.S., IAC/InterActive Corp., which owns internet services like Tinder, and ride-hailing company Lyft Inc. have signaled Google’s stranglehold on the market.

The clamor from companies has prompted the U.K. competition watchdog to study online platforms and digital advertising in July, aiming to examine the market power of companies like Google over online marketing. The European Union has been trying to rein in Google, fining the company 1.5 billion euros (\$1.6 billion) this year for thwarting advertising rivals. In the U.S. there’s a rising chorus of voices on the political left and right demanding Google be cut down to size, somehow.

Searching Game

The case of GoCompare shows just how difficult it is to win the search game.

GoCompare is known locally for its off-beat ads where an opera singer belts out its name in restaurants, taxis and, more controversially, crawls out of a flipped car in a recreation of an accident. When customers look for the company's name after seeing an ad or type in a query for auto insurance, what appears is a combination of paid advertisements, Google's own blurbs and then so-called natural search results, a list of what the tech giant deems are the most reliable sources of the information. But even ranking highly on natural search results can be costly.

"The way the algorithm works is constantly changing and you don't get insight into it," said Lexi Mills, chief executive officer of Shift6, a marketing consulting firm that helps clients improve their search results. "The people who get to optimize tend to be the people with the most money."

Nowhere is Google's power more evident -- and potentially damaging to businesses -- than in the market for "branded keywords." This is where businesses buy ads based on their brand names. So GoCompare bids on the word "GoCompare" and when people search for that, Google runs an ad at the top of results usually linking to the company's website.

'Odd Place'

Some businesses say they have to buy these ads -- whatever the cost -- because rivals can bid on the keywords too.

If GoCompare decides not to bid for its own brand, Google can legally sell the ad placements with its name to a competitor, with the top bidders getting the best spots on the page and taking away customers.

“That seems like an odd place to be that I have to bid on my own brand,” said Griffin. When the company confronted Google about it, the tech giant said “tell your competitors to stop bidding on you,” according to Griffin.

The price GoCompare has to pay for search terms that use its brand has more than doubled since 2016, with a real surge in the last 12 to 18 months, parent company GoCo Group Plc Chief Executive Officer Matthew Crummack said.