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The Honorable Thomas O. Barnett
Assistant Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW, Room 3190
Washington, DC 20530-0001

October 22, 2008

RE: Google – Yahoo Advertising Deal

Dear Assistant Attorney General Barnett

On behalf of the U.S. Public Interest Group (U.S. PIRG), the federation of state PIRGs and our members across the country, I write you to express our great concern about the Google-Yahoo advertising agreement now being reviewed by your Department.

According to experts, Google has a market share in paid search advertising approaching 70 to 80 percent. The combined market share of Google and Yahoo would probably exceed 90 percent. Such concentration raises concerns about a lack of competition in the paid search advertising market, which could have negative repercussions for content providers, advertisers and consumers. In fact, we understand that the Association of National Advertisers and the World Association of Newspapers have expressed their opposition to the proposed agreement. We are equally concerned about how consumers would fare in a world with almost no competition for paid search advertising.

The American Antitrust Institute recently issued a White Paper on the proposed Google-Yahoo arrangement. AAI concluded:

“The publicly available data, including the briefings provided to AAI by the parties, do not rebut the concerns that the Google-Yahoo agreement is anticompetitive. Such concerns would arise in any case where the top two firms in a highly concentrated market reach an agreement that potentially gives the dominant firm a market share in excess of 90%. The parties’ statements of good intent cannot be relied upon to override the economic incentives that may be generated by this agreement to engage in what may turn out to be anticompetitive conduct.”

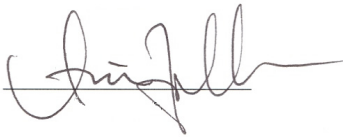
We share AAI's views. Our concern extends to Internet users as well. We believe that this that proposed agreement could cause serious privacy harm to average Internet user. The basic currency of paid search advertising is access to an Internet user at the point where they begin to search. To compete against a post-agreement Google and Yahoo partnership any remaining competitor will not be able to compete with the partnership on size. Instead a competitor will have to use more privacy invasive techniques to provide advertisers with "deeper" access to Internet users.

In our opinion the proposed agreement induces the remaining paid search advertising outlets to resort to privacy invasive techniques which harms consumer privacy online and thus threatens online discourse in general.

Google's success must not be allowed to morph into monopoly power. Absent new information about this deal, we believe the Justice Department should protect consumers and stop this transaction from happening.

Thank you for considering our views.

Sincerely,

A handwritten signature in black ink, appearing to read 'Amina Fazlullah', with a long horizontal flourish extending to the right.

Amina Fazlullah
Counsel, Media and Telecommunications Reform