



Dec. 28, 2009

The Hon. Jon Leibowitz  
Chairman  
Federal Trade Commission  
600 Pennsylvania Ave.  
Washington, DC  
20580

Dear Chairman Leibowitz,

On behalf of Consumer Watchdog and the Center for Digital Democracy (CDD), we are writing to call on the Federal Trade Commission to block the acquisition by Google of its direct competitor AdMob. The proposed deal would substantially lessen competition in the increasingly important mobile advertising market. The acquisition as proposed is harmful to consumers, advertisers and application developers, among others. We call on the FTC to use the appropriate statutory and regulatory authority to oppose the merger. AdMob describes itself as the “largest mobile ad network globally” and says it served “100 billion ads since inception, 8 billion/month across 160 countries.”<sup>1</sup>

As you know, the Commission announced in its decision on the Google acquisition of DoubleClick in 2007 that it would “act quickly” regarding Google’s role in the online ad market and threats to competition.<sup>2</sup>

In addition to the antitrust issues, the specter of a combined Google/AdMob raises substantial privacy concerns that must be addressed by the Commission. Both AdMob and Google gather tremendous amounts of data about consumers’ online behavior, including in the key mobile sector. AdMob, for example, targets consumers using a wide range of methods, including behavioral, demographic, geographical and contextual.<sup>3</sup> Google’s mobile marketing services are part of its extensive ad serving and data analysis

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<sup>1</sup> <http://www.slideshare.net/bensaid/momo-shanghai-sept-21-2009-admob>

<sup>2</sup> Federal Trade Commission Closes Google/DoubleClick Investigation, <http://www.ftc.gov/opa/2007/12/googledc.shtm>

<sup>3</sup> <http://www.sequoiacapitaltrading.sg/us/news/admob-closes-15-million-in-series-b-funding>

system.<sup>4</sup> Google also provides extensive mobile advertising and data driven analytical services through its DoubleClick subsidiary.<sup>5</sup> AdMob says it “stores and analyzes the data from every ad request, impression, and click and uses this to optimize ad matching in its network.”<sup>6</sup> It targets users by ethnicity, age, gender and other targeting variables.<sup>7</sup> Google offers a range of mobile targeting as part of the Google Content Network.<sup>8</sup> Both companies engage in location based targeting.<sup>9</sup> The consolidation of AdMob into Google would provide significant amounts of data for targeting advertising.

U.S. consumers currently do not have meaningful safeguards protecting their privacy online, including with behavioral targeting. This is particularly true of the mobile Web where there are no meaningful federal policies to effectively protect privacy. Permitting the expansion of mobile advertising through the combination of these two market leaders without requiring privacy guarantees poses a serious threat to consumers. As you know, early this year CDD and USPIRG petitioned the FTC to specifically protect consumer privacy on mobile phones, especially involving mobile advertising.<sup>10</sup>

News that Google now plans to sell its own smartphone next year<sup>11</sup> also raises competitive questions the commission should address. Data about competing smartphone users and applications, gathered through the Google/AdMob advertising network, could give Google information about its competitors that would be advantageous in marketing its new smartphone, as well models using its Android operating system<sup>12</sup> AdMob says it reaches 57.4 percent of mobile users in the United States.<sup>13</sup> Google already exerts

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<sup>4</sup> [http://services.google.com/adwords/mobile\\_ads](http://services.google.com/adwords/mobile_ads);  
<http://www.google.com/ads/mobileapps/index.html> and  
<http://googlemobile.blogspot.com/2009/11/introducing-google-analytics-for-mobile.html>

<sup>5</sup> [http://www.doubleclick.com/solutions/networks/rich\\_and\\_emerging\\_media.aspx](http://www.doubleclick.com/solutions/networks/rich_and_emerging_media.aspx);  
<http://www.doubleclick.com/products/mobile/index.aspx>;  
<http://www.doubleclick.com/products/mobile/benefits.aspx> and  
[http://www.businesswire.com/portal/site/google/?ndmViewId=news\\_view&newsId=20080430005436&newsLang=en](http://www.businesswire.com/portal/site/google/?ndmViewId=news_view&newsId=20080430005436&newsLang=en)

<sup>6</sup> November 2009 AdMob Metrics Report, <http://metrics.admob.com/>

<sup>7</sup> <http://www.scribd.com/doc/3143695/AdMob-iMedia-Agency-Summit-May-2008>

<sup>8</sup> <http://adwords.google.com/support/aw/bin/answer.py?hl=en&answer=6119>  
and <http://adwords.google.com/support/aw/bin/answer.py?answer=152150>

<sup>9</sup> <https://adwords.google.com/support/aw/bin/topic.py?hl=en&topic=16327>  
and <http://www.sequoiacapitaltrading.sg/us/news/admob-closes-15-million-in-series-b-funding>

<sup>10</sup> [http://www.democraticmedia.org/current\\_projects/privacy/analysis/mobile\\_marketing](http://www.democraticmedia.org/current_projects/privacy/analysis/mobile_marketing)

<sup>11</sup> Google Phone May Be In Works, New York Times,  
<http://www.nytimes.com/2009/12/13/technology/companies/13google.html?scp=3&sq=google%20phone&st=cse>

<sup>12</sup> <http://www.searchviews.com/index.php/archives/2009/11/mobile-what-marketers-need-to-know-about-googles-admob-deal.php>

<sup>13</sup> <http://www.scribd.com/doc/14299096/AdMob-Brand-Overview>

dominance over online searches and search advertising.<sup>14</sup> It had 71.57 percent of U.S. online searches in November, according to Experian's Hitwise.<sup>15</sup> In 2008 search represented 24 percent of mobile advertising; by 2013 because of the expected decline in the importance of SMS, Kelsey Group, a marketing research firm, projects search's share of the mobile advertising market will soar to 73 percent.<sup>16</sup>

eMarketer projects mobile ad sales of \$1.56 billion by 2013.<sup>17</sup> Global smartphone sales for 2008 topped 139.3 million devices, up 13.9 percent over 2007.<sup>18</sup> Gartner projects smartphone revenues will reach \$191 billion by 2012 exceeding \$151 billion spent on mobile PCs.<sup>19</sup> There are estimates that by 2012 Internet searches originating from smartphones will reach 25-30 percent of searches originating from personal computers. Millennial Media projects that the U.S. mobile Web will reach 100 million unique users in 2010, more than half the number of consumers on the wired Web.<sup>20</sup>

Consumer Watchdog and CDD believe that instead of acquiring dominance in this increasingly important market through legitimate competition and innovation, Google is buying its way to a preeminent position in the mobile advertising sector, diminishing competition to the detriment of consumers. Here are some categories of damage this anti-competitive deal could cause, including for consumer privacy:

**Harm to consumers:** Google amasses a goldmine of data by tracking consumers' behavior as they use its search engine and other online services. Combining this information with information collected by AdMob would give Google a massive amount of consumer data to exploit for its benefit.<sup>21</sup> AdMob provides inadequate notice and little ability to opt out of its data collection and targets children 13 and over.<sup>22</sup> The super data profiles that a combined Google/AdMob would facilitate and their use to target advertising raise tremendous privacy issues. Reducing competition in the mobile advertising market impacts Google's incentive to compete on the basis of good privacy practices, hurting consumers.

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<sup>14</sup> <http://www.justice.gov/opa/pr/2008/November/08-at-981.html>

<sup>15</sup> <http://www.hitwise.com/us/press-center/press-releases/google-searches-nov-09/>

<sup>16</sup> Mobile Advertising Is Shaping up to Be All Search, TechCrunch, <http://www.techcrunch.com/2009/10/06/mobile-advertising-is-shaping-up-to-be-all-search/>

<sup>17</sup> Mobile Advertising and Marketing: Changes in the Air, eMarketer,

[http://www.emarketer.com/Reports/All/Emarketer\\_2000591.aspx](http://www.emarketer.com/Reports/All/Emarketer_2000591.aspx)

<sup>18</sup> <http://www.fiercedeveloper.com/story/smartphone-sales-increase-13-9-2008/2009-03-16>

<sup>19</sup> Gartner Says PC Vendors Eyeing Booming Smartphone Market, Gartner Research,

<http://www.gartner.com/it/page.jsp?id=1215932>

<sup>20</sup> Predictions for the "Top 10 in 10", Millennial Media,

<http://www.millennialmedia.com/research/top10/>

<sup>21</sup> <http://metrics.admob.com>

<sup>22</sup> <http://www.scribd.com/doc/3143695/AdMob-iMedia-Agency-Summit-May-2008>

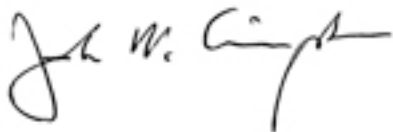
**Harm to advertisers:** With its ability to dramatically sell, serve and service all types of mobile advertising media sold through the AdWords interface and facilitated by its DoubleClick subsidiary, Google would become an even more dominant one-stop shop for advertisers. The AdMob deal could potentially lead to higher prices for advertisers. Investment and innovation could be stifled leaving advertisers with fewer avenues to reach mobile users.

**Harm to application developers:** Many mobile applications are monetized with in-applications ads. If Google is allowed to monopolize the mobile ad market, these applications developers' earnings will depend completely on Google's whim. In an uncompetitive market Google would likely take a larger share of the revenues, hurting applications developers. On the other hand, if the deal is blocked, Google would have to compete with AdMob by offering apps developers more attractive revenue-sharing agreements.

Since the DoubleClick deal was approved, the online and mobile ad markets have changed substantially and Google has become even more dominant across the Internet. The proposed Google/AdMob deal requires FTC action to protect competition and mobile consumer privacy.

The mobile sector is the next frontier of the digital revolution. Without vigorous competition and strong privacy guarantees this vital and growing segment of the online economy will be stifled. Consumers will face higher prices, less innovation and fewer choices. The FTC should conduct the appropriate investigation, block the proposed Google/AdMob deal, and also address the privacy issues.

Sincerely,



John M. Simpson  
Consumer advocate  
Consumer Watchdog



Jeffrey Chester  
Executive director  
Center for Digital Democracy

CC: Commissioner Pamela Jones Harbour, Commissioner William E. Kovacic, Commissioner J. Thomas Rosch; David Vladeck, Director Bureau of Consumer Protection; Richard A. Feinstein, Director Bureau of Competition; Sen. Herbert Kohl, Chairman, Antitrust, Competition Policy and Consumer Rights Subcommittee, U. S. Senate; Sen. Orin G. Hatch, Ranking Member; Rep. Hank Johnson, Chairman, Subcommittee on Courts and Competition Policy, House of Representatives; Rep. Howard Coble, Ranking Member