

## **The Law and Economics of Search Engines and Online Advertising**

### **Public Policy Conference**

Co-Sponsored by the Henry G. Manne Program in Law & Economics Studies and Google, Inc.

**Thursday, June 16, 2011**

Search and online advertising are important parts of the economy. They are also young industries. As such, understanding both the way in which search and online advertising operate as well as how these markets may evolve is fundamental to any economic and policy discussion. A deep understanding of the technology and economics of search, network effects, the antitrust economics of market definition, and the relationship between search and online advertising are required to facilitate sensible policies in this area. This conference seeks to address these issues by inviting experts in the field to present their views and engage with each other about the economic realities of search and online advertising.

8:30-10:00 a.m. PANEL 1: *What Role Do Network Effects Play In the Search Market?:*

Network effects often play an important role in analyzing competition in high-tech markets. Network effects present opportunities for enhanced consumer welfare, but also can create the potential for competitive harms. Potential network effects must be examined in a market and technology specific-context in order to understand their likely effects. This panel takes up this question by re-examining what network externalities and network effects are and analyzing whether they are present in search and related technologies. Panelists:

- Michael L. Katz, University of California, Berkeley
- Geoffrey A. Manne, International Center for Law & Economics
- Stanley J. Liebowitz, University of Texas at Dallas
- William H. Page, University of Florida Levin College of Law (moderator)

10:30-12:00 PANEL 2 *Competition and Online Advertising*

Defining online markets is a complex and difficult task. Are advertising markets the same across web properties? What is the relationship between online and offline properties or text ads and display ads? Is the ad market for search services and content services different? This panel explores competition and online advertising. Panelists:

- Damien Geradin, Tilburg University, and University of Michigan
- Daniel L. Rubinfeld, University of California, Berkeley
- Catherine Tucker, MIT
- Michael R. Baye, Indiana University (moderator)

12:00-1:30 p.m. LUNCH and KEYNOTE

*Engineering Search* – Mark Paskin, Software Engineer, Search Quality, Google, Inc.

1:30-3:00 p.m. PANEL 3 *Competition and Search Markets*

Much of the policy discussion on competition and search has centered on firms who participate in the search market in the traditional sense, such as Bing, Yahoo!, Blekko, Google, and others. However, the Internet provides many other ways for users to engage with and take advantage of its benefits. Vertical search markets such as Amazon or travel sites present examples of competition in search. Social media platforms (e.g., Facebook and Twitter) and the rise of mobile apps also present a competitive challenge for search. Furthermore, news sites, direct navigation, and offline information relate to our understanding of the proper market definition in search. This panel examines how platforms compete against search and the implications of that competition. Panelists:

- Benjamin G. Edelman, Harvard Business School
- Randal C. Picker, University of Chicago Law School
- Paul Liu, Google, Inc.
- Thomas M. Lenard, Technology Policy Institute (moderator)

3:30-5:00 p.m. PANEL 4 *The Potential Costs and Benefits of Search Regulation:*

Some commentators have raised the question of whether search providers are sufficiently "neutral" in presenting results, which begs the question of whether concepts such as "objectivity" and "neutrality" are desirable or even achievable in the search industry. This panel will examine these questions and explore what impact regulatory efforts to impose "neutrality" principles might have on consumer welfare and on the innovation being driven by companies like Google, Bing, and Facebook. Panelists:

- Eric Goldman, Santa Clara University School of Law
- David Balto, Center for American Progress
- Frank Pasquale, Seton Hall Law School
- Joshua D. Wright, George Mason University School of Law (moderator)