



August 16, 2018

Federal Trade Commission
600 Pennsylvania Ave. NW
Washington, DC 20580

Re: Hearings on Competition and Consumer Protection in the 21st Century.

To: Federal Trade Commission

Thank you for the opportunity to submit comments on behalf of ChowNow and our thousands of client restaurants across the country. ChowNow is an online food ordering platform that helps restaurants get online to establish and maintain direct relationships with their customers. We submit these comments to express concern about the market power of large internet platforms and the impact they have on small businesses.

We provide these comments to express concern regarding the impact Google is having on local restaurants by placing prominent advertisements for commission-based, third-party food delivery services in their “knowledge panel,” the boxed-in information consumers see when searching for a specific business. Google has spent years making changes to the knowledge panel by regularly adding useful, objective facts and statistics on a business including its hours, location, and phone number. As a result, the knowledge panel has become a major source of traffic, and in many cases the largest source of traffic, to local business websites.

But Google’s recent decision to include in the knowledge panel advertisements from third-party, commission-based food delivery services is troubling for a number of reasons:

- Such services do not provide customer information to the underlying business, thereby essentially holding the business’ customer “hostage.” This practice gives the third-party company ever-increasing leverage over the small business restaurant.
- Third-party food delivery services force restaurants to pay ever-increasing commissions of up to 40 percent on every order placed through them.
- The ads’ prominent placement could result in substantially more customers placing orders through third-party delivery services featured on the knowledge panel and decrease the number of orders placed directly with restaurants.
- Despite the ads using the restaurants’ name and brand, restaurants cannot disable Google’s knowledge panel ads.



The problems local restaurants face from this change in the knowledge panel are not hypothetical. During Google's testing of these advertisements, a pizza restaurant had 90 percent of its orders placed through commission-based, third-party food delivery services. Additionally, some restaurants have reported that since the addition of the knowledge panel advertisements their delivery costs have risen to \$25 per order. This is significant given that the average food delivery order is \$30, and amounts to a 80 percent "Google tax" on every order. The prominence of these advertisements makes it more likely that Google users will place food delivery orders through a third-party instead of directly from a restaurant, significantly impacting the profits of local restaurants.

As you examine consumer protection issues in the 21st century, we urge you to consider the impact Google's knowledge panel advertisements are having on small businesses. Google's practice is anticompetitive, as it funnels business away from restaurants and to third-party sites that charge significant commissions. Given Google's market position, it has a responsibility to not leverage its size in support of practices that harm consumers. Thank you for considering our views.

Sincerely,

A simple, dark, handwritten-style signature.

Christopher J. Webb
Chief Executive Officer