



Vertical Restraints and Distribution Agreements

Online distribution – roundtable discussion
Impact of the draft guidelines on online advertising

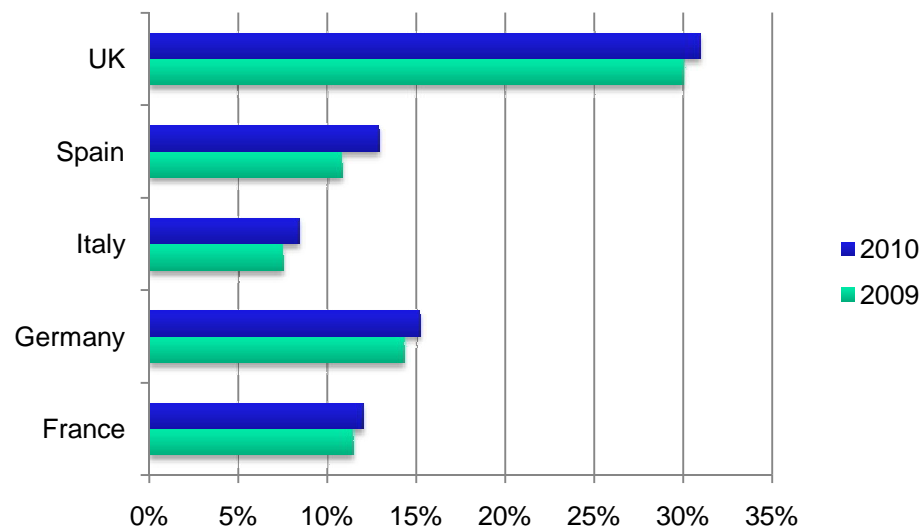
Julia Holtz
Senior Competition Counsel – EMEA

Brussels, 30 September 2009

Online portion of advertising

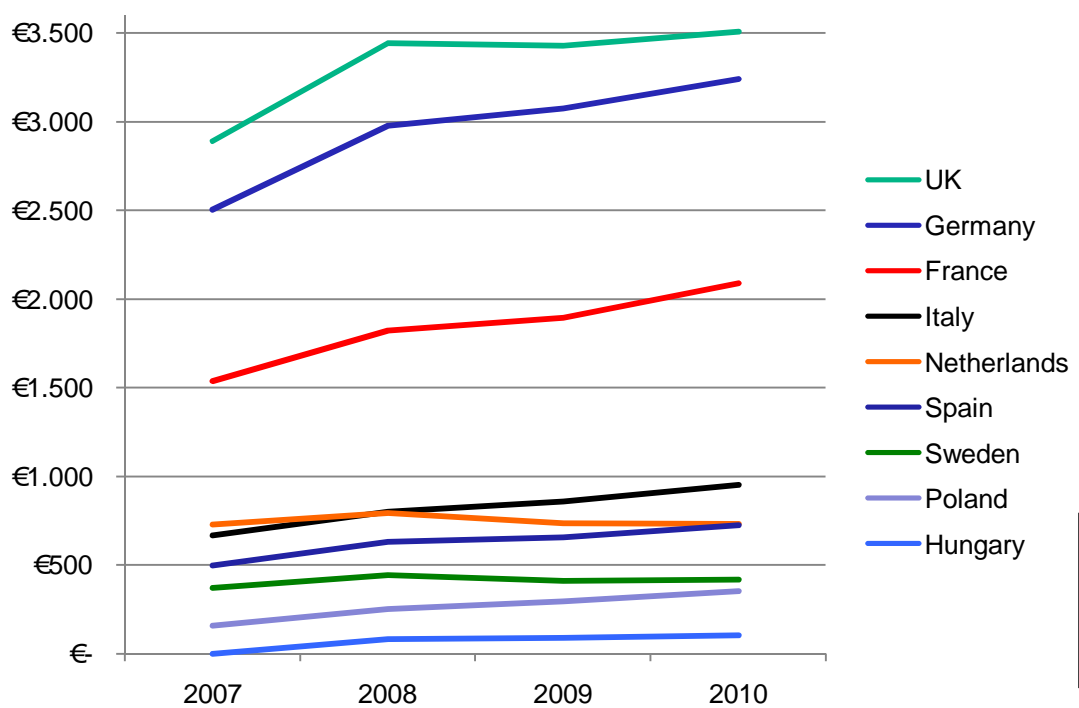


Online Advertising Spending Share in Select Countries in Western Europe, 2009 & 2010 (% of total ad spending)



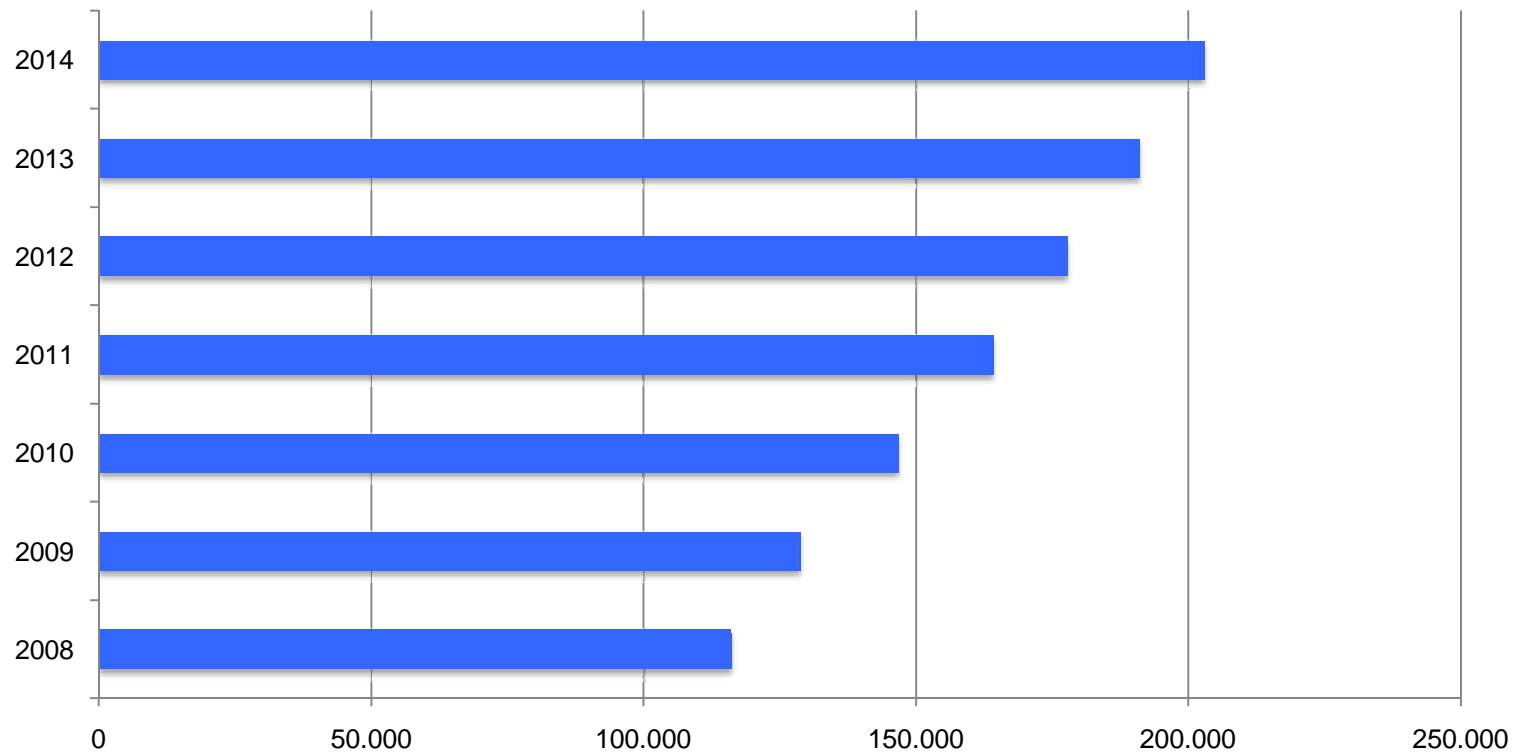
Source: GroupM, "This Year, Next Year Worldwide Summer 2009," June 2009, provided to eMarketer, August 24, 2009

Online Advertising Revenues for Select Countries in Europe, 2007-2010 (millions of €)



Source: Interactive Advertising Bureau Europe (IAB Europe), PricewaterhouseCoopers (PwC) and Screen Digest provided to eMarketer, August 20, 2009

B2C E-Commerce Western Europe, €millions



Source: Forrester, "Western European Online Retail And Travel Forecast, 2008 To 2014" as cited by Research Recap, March 18, 2009

Advertising on Google as an example



London repülőjegy

[Advanced Search](#)
[Language Tools](#)

Google Search

I'm Feeling Lucky

Google.hu offered in: [magyar](#)

[Advertising Programs](#) - [About Google](#) - [Go to Google.com](#)

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Advertising on Google as an example



The screenshot shows a Google search for "London repülőjegy". The search bar contains the text "London repülőjegy" and a "Search" button. Below the search bar, the results are displayed. The first result is a sponsored link from Vista.hu, followed by organic results from malev.hu, edreams.com, and repulj.hu. On the right side, there is a "Sponsored Links" section with ads from TerminalA.com/hu, pelikan.hu, klm.com/hu/London, and travel-mix.hu. A red bracket on the left side of the organic results is labeled "Natural or 'organic' search results". A blue bracket on the right side of the sponsored links is labeled "Search ads".

Google London repülőjegy Search Advanced Search

Web Show options... Results 1 - 100 of about 66,200 English and Hungarian pages for London repülőjegy. (1.36 seconds)

London Repülőjegy Sponsored Links
www.Vista.hu {Állandó Repülőjegy Akciók} Foglaljon Most, kényelmesen online!

London 22 700 Ft-tól
www.malev.hu Maléwal oda-vissza. Foglaljon és repüljön! Malév akció online

Flights Budapest-London
www.edreams.com Pay Less, Fly More: Limited Offer until 30 Sept - Book Now!

Charter járatok | London repülőjegy - [Translate this page]
Charter Járatok. Mit takar a „charter” kifejezés? A charter járat bérelt járatot jelent, ez a kifejezés legtöbbször azt takarja, hogy a légitársaságok nem ...
www.fapados.org/charterjaratok - Cached - Similar - [[[]]]

REPULJ.HU - minden ami repülőjegy London - [Translate this page]
Repülj.hu, repülőjegy keresés, repülőjegy értékesítés, ajánlatkérés, repülőtér, ... London Gatwick (LGW). Great Britain. ALITALIA. BUD 19.900 Ft ...
www.repulj.hu/search.php?search_type=quick...London - Cached - Similar - [[[]]]

REPULJ.HU - minden ami repülőjegy London Heathrow - [Translate this page]
Repülj.hu, repülőjegy keresés, repülőjegy értékesítés, ajánlatkérés, repülőtér, ... Keresett város: London Heathrow. London Heathrow (LHR). Great Britain ...
www.repulj.hu/search.php?search...London%20Heathrow - Cached - Similar - [[[]]]

Show more results from www.repulj.hu

Repülőjegy New York, London, Bangkok, Sydney, Párizs - Air Partner ... - [Translate this page]
Kedvezményes áru repülőjegyek, repjegyek a világ kedvelt légitársaságainak járataira London, Párizs, Madrid, Milánó, Berlin, stb. városokba.
www.repulojegy-repjegy.hu/ - Cached - Similar - [[[]]]

Repülőjegy London - sőt repülőjegyek Londonba a repülőjegy-repjegy ... - [Translate this page]
Repülőjegy London - rendszerünk összehasonlítva a világ összes londoni járatának árait - felajánlja Önnek a legkedvezőbbet.
www.repulojegy-repjegy.hu/repulojegy-london/ - Cached - Similar - [[[]]]

Show more results from www.repulojegy-repjegy.hu

Sponsored Links

Repülőjegy London
Olcsó repülőjegyek, akciók!
Óriási alkalom, foglaljon on-line.
www.TerminalA.com/hu

Akció: London 45046 HUF
Olcsó online repülőjegyek azonnali igazolással és egyszerű fizetéssel.
www.pelikan.hu

KLM jegyek világszerte
Járatok Londonba
Foglaljon repülőjegyet online!
www.klm.com/hu/London

Repülőjegy
Fapados és menetrendszerinti járatokra akciós repülőjegyek.
www.travel-mix.hu

See your ad here »

Natural or "organic" search results. Nobody can buy a position in these results.

Advertising on Google as an example



- 1 User searches in Hungarian for “London repülőjegy”



Google matches search terms (or page context) to keywords and other target specifications

- 2 Google finds ads that match user’s search keyword

London Repülőjegy Sponsored Links
www.vista.hu {Állandó Repülőjegy Akciók} Foglaljon Most, kényelmesen online!

London 22 700 Ft-tól
www.malev.hu Maléwal oda-vissza. Foglaljon és repüljön! Malév akció online

Flights Budapest-London
www.edreams.com Pay Less, Fly More: Limited Offer until 30 Sept - Book Now!

Sponsored Links

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www.pelikan.hu

KLM jegyek világszerte
Járatok Londonba
Foglaljon repülőjegyet online!
www.klm.com/hu/London

Advertising on Google as an example



3

Auction is performed and ads are shown

Sponsored Links

[Repülőjegy London](#)

Olcsó repülőjegyek, akciók!
Óriási alkalom, foglaljon on-line.
www.TerminalA.com/hu

Google matches search terms (or page context) to keywords and other user specifications. Google is only paid if a user clicks on an ad

4

User clicks on a relevant ad and Google is paid by advertiser

Advertiser campaign account



Languages ?

This setting determines whether your ad can be displayed for a specific language setting on Google. Note that AdWords doesn't translate your ads.

- | | | |
|------------------------------------------------|-----------------------------------------------|-------------------------------------|
| <input type="checkbox"/> Arabic | <input type="checkbox"/> German | <input type="checkbox"/> Portuguese |
| <input type="checkbox"/> Bulgarian | <input type="checkbox"/> Greek | <input type="checkbox"/> Romanian |
| <input type="checkbox"/> Catalan | <input type="checkbox"/> Hebrew | <input type="checkbox"/> Russian |
| <input type="checkbox"/> Chinese (simplified) | <input type="checkbox"/> Hindi | <input type="checkbox"/> Serbian |
| <input type="checkbox"/> Chinese (traditional) | <input checked="" type="checkbox"/> Hungarian | <input type="checkbox"/> Slovak |
| <input type="checkbox"/> Croatian | <input type="checkbox"/> Icelandic | <input type="checkbox"/> Slovenian |
| <input type="checkbox"/> Czech | <input type="checkbox"/> Indonesian | <input type="checkbox"/> Spanish |
| <input type="checkbox"/> Danish | <input type="checkbox"/> Italian | <input type="checkbox"/> Swedish |
| <input type="checkbox"/> Dutch | <input type="checkbox"/> Japanese | <input type="checkbox"/> Thai |
| <input checked="" type="checkbox"/> English | <input type="checkbox"/> Korean | <input type="checkbox"/> Turkish |
| <input type="checkbox"/> Estonian | <input type="checkbox"/> Latvian | <input type="checkbox"/> Ukrainian |
| <input type="checkbox"/> Filipino | <input type="checkbox"/> Lithuanian | <input type="checkbox"/> Urdu |
| <input type="checkbox"/> Finnish | <input type="checkbox"/> Norwegian | <input type="checkbox"/> Vietnamese |
| <input type="checkbox"/> French | <input type="checkbox"/> Polish | |

Save Cancel

Advertisers may target ads by language and location

2

Locations, Languages and Demographics

Locations ?

In what geographical locations do you want your ads to be displayed?

- Country: Hungary

Edit



If preferred, advertiser may search for available sites for targeting

If preferred, advertiser can review and select specific sites to which the ad will be targeted. For demographic searches, comScore panel data is used to identify relevant sites

Advertiser campaign account



3

Create an ad

New text ad

Headline	<input type="text" value="Repülőjegy Londonba?"/>	Ad preview Repülőjegy Londonba? Foglalj Online akciós London Járatunkra, most 20% kedvezmény! www.aircompany.hu/Budapest-London
Description line 1	<input type="text" value="Foglalj Online akciós London"/>	
Description line 2	<input type="text" value="Járatunkra, most 20% kedvezmény!"/>	
Display URL	<input type="text" value="www.aircompany.hu/Budapest-London"/>	
Destination URL <small>?</small>	<input type="text" value="http://"/> <input type="text" value="www.aircompany.hu/london.php"/>	

4

Choose keywords

Add keywords

Enter one keyword per line
You may enter as many as you like [Add keywords by spreadsheet](#)

```
london repülőjegy
repülőjegyek londonba
budapest london repjegy
london repjegy
fapados repjegy london
olcsó repjegy londonba
akciós repjegyek londonbe
```

Advertisers create keyword-targeted ads and auction budget. Advertisers can leave AdWords at any time. No exclusivity, fixed duration or minimum budgets

Advertiser campaign account



5

Bidding and budget

Bidding option [?](#) **Focus on clicks, manual maximum CPC bidding** [Edit](#)

Budget [?](#)

€ per day

Daily budget represents your average spend over the month; actual spend on a given day may vary.

[+](#) [View recommended budget](#) | [Learn how budget affects ad performance](#)

[Save](#)

[Cancel](#)

6

What is the maximum you are willing to pay each time someone clicks on your ad?

Ad group default bids (Max. CPC)

Search [?](#)

€

Content: managed placements

€

Content: automatic placements

€

Leave blank in order to use automated bids. [?](#)

[Save](#)

[Cancel](#)

Advertisers create keyword-targeted ads and auction budget. Advertisers can leave AdWords at any time. No exclusivity, fixed duration or minimum budgets

Current wording

“Insofar as a web site is not specifically targeted at customers primarily inside the territory or customer group exclusively allocated to another distributor, for instance with the use of banners or links in pages of providers specifically available to these exclusively allocated customers, the website is not considered a form of active selling. However, unsolicited e-mails sent to individual customers or specific customer groups are considered active selling. The same considerations apply to selling by catalogue.” (51)

“General advertising or promotion in the media or on the Internet that reaches customers in other distributors’ exclusive territories or customer groups but which is a reasonable way to reach customers outside those territories or customer groups, for instance to reach customers in non-exclusive territories or in one’s own territory, are passive sales.” (50)

“In any case, the supplier cannot reserve to itself sales and/or advertising over the Internet.” (51)

New draft guidelines

“Every distributor must be free to use the Internet to advertise or to sell products. A restriction on the use of the Internet by distributors party to the agreement could only be compatible [...] to the extent that promotion on the Internet or sales over the Internet would lead to active selling into, for instance, other distributors’ exclusive territories or customer groups.” (52)

“In general, the use of the Internet is not considered a form of active sales into such territories or customer groups, since it is a reasonable way to reach every customer. The fact that it may have effects outside one’s own territory or customer group results from the technology, *i.e.* the easy access from everywhere. If a customer visits the web site of a distributor and contacts the distributor and if such contact leads to a sale, including delivery, then that is considered passive selling. The language options used on the website or in the communication play normally no role in that respect.” (52)

“General advertising or promotion in media or on the Internet that reaches customers in other distributors’ (exclusive) territories or customer groups but which is a reasonable way to reach customers outside those territories or customer groups, for instance to reach customers in one’s own territory, are passive sales. General advertising or promotion is considered a reasonable way to reach such customers if it would be attractive for the buyer to undertake these investments also if they would not reach customers in other distributors’ (exclusive) territories or customer groups” (51)

SEO services?

Conclusion: the current formulation seems to allow suppliers to restrict their distributors’ abilities for online advertising; however, it is not possible to restrict distributors’ ability to pay for SEO services for natural search result rankings

