

June 11, 2024

The Honorable Jonathan Kanter, Assistant Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue NW
Washington, DC 20530

Dear Mr. Kanter:

Google parent company Alphabet's recent quarterly earnings report reinforces that YouTube's dominance in the marketplace is growing rapidly and that it is increasingly a bedrock of Google's monopoly position.¹ Although success on the merits is not punishable by the antitrust laws, Google's conduct in other cases, paired with the marketplace reality that YouTube has become – in Google's own words – a “must-have app on every connected TV,”² is a cause for grave concern. We appreciate the Antitrust Division's recent enforcement actions against anticompetitive behavior in the technology sector,³ including your lawsuits against Google over the company's monopolistic behavior in online search⁴ and in advertising technology (adtech)⁵, as well as your recently-filed lawsuit against Apple.⁶

As you work to rein in Google's search and adtech abuses, we encourage you to also train your investigative lens on YouTube, the third leg of the stool that supports Google's monopoly. YouTube's anti-competitive behavior has drawn ire from regulators in the European Union, and as it grows into an ever-more dominant behemoth, we urge the DOJ to similarly scrutinize YouTube's detrimental impact on competition. Now that the DOJ's suit against Apple has been filed after years of anticipation, we hope that the Antitrust Division can turn its focus next to YouTube, before its anti-competitive conduct causes truly irreversible consequences in the marketplace.

¹ See: Alphabet Inc. (GOOGL) Form 10-Q for the quarterly period ending March 31, 2024. 25 Apr. 2024, <https://www.sec.gov/Archives/edgar/data/1652044/000165204424000053/goog-20240331.htm>

² Fletcher, Begin, “Google pleased with YouTube NFL Sunday Ticket signups, execs say,” Stream TV Insider: <https://www.streamtvinsider.com/video/google-pleased-youtube-nfl-sunday-ticket-signups-execs-say>

³ Patel, Nilay. “DOJ's Jonathan Kanter Says the Antitrust Fight against Big Tech Is Just Beginning.” *The Verge*, 12 Feb. 2024, www.theverge.com/24067873/jonathan-kanter-doj-antitrust-google-policy-monopoly-big-tech.

⁴ Robertson, Adi. “In the Google Antitrust Trial, Defaults Are Everything and Nobody Likes Bing.” *The Verge*, 15 Sept. 2023, www.theverge.com/2023/9/15/23875342/justice-department-google-antitrust-search-trial-week-one-recap.

⁵ Feiner, Lauren. “Google Will Face Another Antitrust Trial September 9th, This Time over AD Tech.” *The Verge*, 5 Feb. 2024, www.theverge.com/2024/2/5/24062497/google-will-face-another-antitrust-trial-september-9th-this-time-over-ad-tech.

⁶ Sisco, Josh. “DOJ accuses Apple of illegal iPhone monopoly.” *Politico*, 21 Mar. 2024, <https://www.politico.com/news/2024/03/21/apple-doj-antitrust-lawsuit-00148189>.

Google acquired YouTube in 2006 for \$1.65 billion, combining one of the largest and fastest growing online video entertainment communities with Google’s burgeoning advertising business. In doing so, Google eliminated a direct competitor with its own Google Video service, which had launched a month prior to YouTube’s own launch in 2005. At the time that the acquisition won approval, the then-Chief Executive of Google represented that Google Video would exist alongside YouTube. Instead, Google Video became a video search intermediary, stopped uploading new video content in 2009, and was ultimately discontinued in 2012. In the over decade since, YouTube has grown into one of Google’s core business lines, reinforcing Google’s adtech monopoly and generating over \$8 billion in quarterly revenue, roughly 10% of parent company Alphabet’s overall revenue.⁷

YouTube has a decade-long record of using its dominance across numerous markets to crowd out competitors, lock in customers, and force the purchase of bundled services. YouTube’s online video streaming app is loaded on every American smartphone and, increasingly, on most American TVs. YouTube TV is the fourth largest paid TV service in the country, and analysts expect the service to take the top spot in 2026.⁸ In March 2024, YouTube accounted for around 10% of all TV viewership in the United States, a record-high share for a streaming service.⁹ Without scrutiny and action by government enforcers, the steepening adoption of smart and connected TVs could soon mean that Google and YouTube inescapably dominate the entire home entertainment sector in the same way that Apple’s AirPlay dominates in-car information systems. This would lead to higher costs and reduced choice for consumers; put hundreds of smaller technology and entertainment companies at risk; make it more difficult and expensive for companies to advertise their products and services; and further entrench Google as a problematic but unavoidable part of every American’s daily life.

There’s a reason why YouTube has been described as the “most consequential technology in America” by the *Washington Post*.¹⁰ According to recent data, more than 239 million Americans¹¹ use YouTube, two-thirds¹² of whom use it daily. Unlike some Google products,

⁷ Press Release, “Alphabet Announces First Quarter 2024 Results,” 25 Apr. 2024

<https://abc.xyz/assets/91/b3/3f9213d14ce3ae27e1038e01a0e0/2024q1-alphabet-earnings-release-pdf.pdf>

⁸ Lee, Dave. “Hey Google, Please Set YouTube Free.” *Bloomberg*, 5 Apr. 2024,

<https://www.bloomberg.com/opinion/articles/2024-04-05/hey-google-set-youtube-free-as-a-standalone-company>.

⁹ Cobb, Kayla. “YouTube Accounted for Nearly 10% of All TV Viewing in March, Nielsen Says.” *The Wrap*, 16 Apr. 2024, <https://www.thewrap.com/nielsen-march-2024-gauge-report-youtube-ratings/>

¹⁰ Ovide, Shira. “This is the most consequential technology in America.” *The Washington Post*, 9 Apr. 2024, <https://www.washingtonpost.com/technology/2024/04/09/most-important-app-youtube/>.

¹¹ Ceci, Laura. “Leading countries based on YouTube audience size as of January 2024 (in millions).” *Statista*, February 13, 2024, <https://www.statista.com/statistics/280685/number-of-monthly-unique-youtube-users/>

¹² Shewale, Rohit. “YouTube Statistics for 2024 (Users, Facts & More).” *DemandSage*, 11 Feb. 2024, www.demandsage.com/youtube-stats/.

YouTube is used by people of all ages, by some to a degree that borders on addiction.¹³ The company has a huge incentive to keep users tied to the service: YouTube generates revenues of more than \$20 billion⁵ a year, with YouTube ad revenue posting 16% year-over-year growth as of Alphabet's most recent quarterly earnings report.¹⁴

YouTube is also a tremendously powerful vertical search engine. Despite its exclusive focus on video content, it boasts 2.7 billion monthly active users, a massive reach second only to Google's own general search engine. As noted by Global Media Insight, "no other platforms have come close to achieving such a large audience through a video-sharing service."¹⁵ Alphabet's Q1 2024 earnings report posted on April 25 revealed that YouTube's revenue growth has exceeded 20% for the first time in three years.¹⁶ Over time, users have spent more and more time on YouTube, with average watch time expected to increase among U.S. users.

Most of those users picked up their YouTube habits by grazing content on mobile devices, but make no mistake: YouTube has set its sights on becoming the dominant paradigm for consuming big-screen in-home video, too, gunning not just for cable TV but for the conventional streaming services like Netflix and studio content aggregators like Disney and Paramount Plus. Data suggests that for highly popular content, around 50% of all YouTube viewership now takes place on TV screens. This figure is a large increase from just a few years prior, where TV viewership made up between 15% to 20% of YouTube content consumption.¹⁷

They admit as much: YouTube's CEO Neal Mohan has said that "YouTube's next frontier is the living room and subscriptions"¹⁸; and Philipp Schindler, chief business officer of YouTube's and Google's parent company Alphabet, said on the company's quarterly earnings call that the connected TV audience represents YouTube's fastest growing viewership.¹⁹ Schindler went as

¹³ Cullen, Domingo. "YouTube Addiction: Binge Watching Videos Became My 'Drug of Choice.'" *The Guardian*, 3 May 2019, www.theguardian.com/us-news/2019/may/03/youtube-addiction-mental-health.

¹⁴ Daniels, Melissa. "How YouTube Shopping is upping its social commerce competition with TikTok." *ModernRetail*, 15 Apr. 2024, <https://www.modernretail.co/technology/how-youtube-shopping-is-upping-its-social-commerce-competition-with-tiktok/>.

¹⁵ "YouTube Statistics 2024 [Users by Country + Demographics]." *Global Media Insight*, 1 Apr. 2024, <https://www.globalmediainsight.com/blog/youtube-users-statistics/>.

¹⁶ See: Tweet by Rich Greenfield. (@RichLightShed) on X (formerly Twitter), 16 Apr. 2024, <https://twitter.com/richlightshed/status/1783591160222502924>.

¹⁷ See: Tweet by Rich Greenfield. (@RichLightShed) on X (formerly Twitter), 16 Apr. 2024, <https://twitter.com/RichLightShed/status/1780305464917463370>.

¹⁸ Mohan, Neal. "Letter from the YouTube CEO: 4 Big Bets for 2024." *YouTube Official Blog*, 6 Feb. 2024, www.blog.youtube/inside-youtube/2024-letter-from-neal/.

¹⁹ Cheng, Roger. "Google Says Connected TVs Make Up YouTube's Fastest Growing Audience." *Cord Cutters News*, 31 Jan. 2024, www.cordcuttersnews.com/google-says-connected-tvs-make-up-youtubes-fastest-growing-audience/.

far as to declare that “YouTube is a must have app on every connected TV,”⁸ a clear indication that Alphabet sees smart TVs as prime ground for entrenching its monopoly power.

It's not hard to see why Google is bullish about YouTube's ability to dominate the connected home. Almost half of American households of all age groups now have a smart or connected TV.²⁰ Connected TV makes YouTube impossible to avoid; no matter what TV operating system you choose, it's right there in front of you. Consumers who own Google TV see even tighter integration between YouTube and their TV; it carries YouTube recommendations right over to your living-room home screen, pushes YouTube music selections on you, and makes other programming suggestions based on YouTube viewing history to keep your eyes glued to the YouTube app. As Google reaps the rewards of this integration, it will only reinforce YouTube's lock on audiences and make it harder for other companies to compete for viewers. Even worse, Google and YouTube inevitably will use their market power to force other companies to provide these YouTube-centric features, resulting in a race-to-the-bottom for consumers and a blow to fair competition.

Google's prospects for living room dominance are further bolstered by the rapid growth of YouTube TV. Today, YouTube TV has more than 8 million subscribers, and is estimated to reach more than 13 million Americans when factoring in individuals in the same household that share a subscription. Reports indicate that company executives are optimistic about YouTube TV's growth, with the company eyeing a future where YouTube TV “reach[es] as many as 30 million households.”²¹ In the absence of regulatory scrutiny, Alphabet will likely leverage its market power to ensure YouTube TV's growth and dominance. YouTube's increasingly dominant position can also be seen in podcasting, as YouTube is now the most popular platform for podcast consumption in the country, ahead of both Spotify and Apple Podcasts.²² Taken together, the foundational YouTube app, YouTubeTV, and YouTube's podcasting and music endeavors make it clear that YouTube is simply devouring consumers' time and attention when it comes to connected TV.

The Google TV operating system — built into TVs from Sony, Philips, Hisense, and TCL, and external devices like Google's Chromecast — is one of the connected TV giants, with 110 million installed units worldwide. It's an entire revenue ecosystem all by itself: it generates profits for Google not just through its own ads and through YouTube, but also through 30%

²⁰ Laricchia, Federica. “Connected or Smart TV Ownership in the U.S. 2022, by Age.” *Statista*, 14 Dec. 2023, www.statista.com/statistics/1313267/connected-smart-tv-ownership-age-us.

²¹ Patel, Sahil. “Why YouTube Decided to Take Over Cable Television.” *The Information*, 3 Apr. 2024, <https://www.theinformation.com/articles/why-youtube-decided-to-take-over-cable-television/>.

²² Ugwu, Reggie. “With YouTube Booming, Podcast Creators Get Camera-Ready.” *The New York Times*, 26 Apr. 2024, <https://www.nytimes.com/2024/04/26/arts/podcasts-video-youtube-audio.html>

charges on apps and services that use its TV platforms.²³ Alphabet’s Q1 earnings report revealed that YouTube advertisements were the second-highest driver of revenue for Google in the quarter.²⁴

In addition, YouTube has locked its advertisers out²⁵ of external ad exchanges, forcing them to use Google’s ad services and killing the business models of numerous ad tech startups that had built algorithms, tools, and infrastructure to serve the ad market. AppNexus CEO Brian O’Kelley said bluntly “They crushed our growth and ruined our product.”¹¹ Ad tech veteran Dina Srinivasan noted that this generated a short-term revenue dip for YouTube; “the question regulators will be asking,” she said, “is whether [the] reason was to drive out competition.”¹¹

Like Amazon, which duplicates²⁶ its Marketplace sellers’ well-performing products and then uses its control of advertising channels to put those sellers out of business, YouTube looks for innovations it can copy, too. It took over the successful multi-channel network model¹¹ pioneered by Machinima, which brought together networks of YouTube channels with similar content to provide a better service for users and to help content entrepreneurs build their own audiences and revenue.²⁷ The model was so successful that, as it grew, YouTube simply copied it,¹¹ cut the MCNs’ access to data and undercut their fees, and put them out of business.

And as many consumers have noticed, last year YouTube ramped up its efforts²⁸ to lock out ad-blocker tools to protect its flow of revenue. In the European Union, interfering with ad blockers without a user’s consent is a violation of existing privacy regulations,²⁹ and privacy experts have called for EU enforcement and filed a formal complaint¹⁴ with the Data Protection Commission. At the same time, on the strength of the money generated by YouTube and all the consumer and business services they’ve tied to it, Google and its parent company Alphabet saw³⁰ their highest-

²³ Dixon, Colin. “How Big Is the U.S. TV OS Market?” *nScreenMedia*, 21 June 2023, www.nscreenmedia.com/us-tv-os-market/.

²⁴ See: Alphabet Inc. (GOOGL) Form 10-Q for the quarterly period ending March 31, 2024. 25 Apr. 2024, <https://www.sec.gov/Archives/edgar/data/1652044/000165204424000053/goog-20240331.htm>.

²⁵ Shaw, Lucas, and Mark Bergen. “YouTube’s Trampled Foes Plot Antitrust Revenge.” *Bloomberg*, 15 July 2019, www.bloomberg.com/news/articles/2019-07-15/youtube-s-trampled-foes-plot-antitrust-revenge.

²⁶ Kalra, Aditya, and Steve Stecklow. “Amazon Copied Products and Rigged Search Results to Promote Its Own Brands, Documents Show.” *Reuters Investigates*, 12 Oct. 2021, www.reuters.com/investigates/special-report/amazon-india-rigging/.

²⁷ YouTube’s potential dominance in the market for user-generated content (UGC) creators may also create downward pressure on ad-based and other compensation.

²⁸ O’Flaherty, Kate. “The YouTube Ad Blocker Crackdown Is Ramping Up.” *Forbes*, 7 Nov. 2023, www.forbes.com/sites/kateoflahertyuk/2023/11/03/the-youtube-ad-blocker-crackdown-is-ramping-up/.

²⁹ Roth, Emma. “YouTube’s Ad Blocking Crackdown Is Facing a New Challenge: Privacy Laws.” *The Verge*, 7 Nov. 2023, www.theverge.com/2023/11/7/23950513/youtube-ad-blocker-crackdown-privacy-advocates-eu.

³⁰ Saul, Derek. “Google Earnings: Record Profits As Stock Trades At Record High.” *Forbes*, 30 Jan. 2024, www.forbes.com/sites/dereksaul/2024/01/30/google-earnings-record-profits-as-stock-trades-at-record-high.

ever revenue (more than \$300 billion) and profit (\$74 billion) last year according to the most recent public data.

In the European Union, regulators are taking strong action. After finding that Google violated antitrust rules³¹ by throwing its weight around in the online ad market, they designated the company³² — including YouTube, which it called³³ a “core platform service” — as a “gatekeeper” under the Digital Markets Act last year. This imposes tight new constraints³⁴ on how Google and YouTube can behave: they can’t force you to use their own app store, they can’t promote their own products and services ahead of others, and they can’t block other messaging apps from communicating with their users.

Americans deserve the same kinds of protections, and we encourage you to make YouTube investigation a priority over the coming year. As Alphabet’s Q1 report shows, YouTube is staking out an increasingly dominant market position, and its presence is inescapable for millions of Americans. Protecting freedom of choice in video content against monopolistic behavior will benefit every American with a smartphone or connected TV, and responding to YouTube’s ongoing abuses is strongly in the interest of a free and competitive marketplace.

Sincerely,
Accountable Tech
American Economic Liberties Project
Blue Future
Demand Progress Education Fund
Institute for Local Self-Reliance
Main Street Alliance
NextGen Competition
Other 98%
Progress America
Social Security Works
Tech Oversight Project

³¹ “Antitrust: Commission Sends Statement of Objections to Google over Abusive Practices in Online Advertising Technology.” *European Commission*, 14 June 2023, www.ec.europa.eu/commission/presscorner/detail/en/ip_23_3207.

³² Browne, Ryan. “EU Lists Alphabet, Amazon, Meta and Three Other Tech Giants as ‘Gatekeepers’ under Strict Competition Rules.” *CNBC*, 6 Sept. 2023, www.cnbc.com/2023/09/06/eu-lists-alphabet-amazon-meta-and-three-other-tech-giants-as-gatekeepers-under-strict-competition-rules.html.

³³ Gesley, Jenny. “European Union: Commission Designates Six ‘Gatekeepers’ under Digital Markets Act.” *The Library of Congress*, 26 Sept. 2023, www.loc.gov/item/global-legal-monitor/2023-09-25/european-union-commission-designates-six-gatekeepers-under-digital-markets-act/.

³⁴ “Remarks by Commissioner Breton: Here Are the First 7 Potential ‘Gatekeepers’ under the EU Digital Markets Act.” *European Commission*, 4 July 2023, www.ec.europa.eu/commission/presscorner/detail/en/STATEMENT_23_3674.