

NOTICE UNDER SECTION 11(1) OF THE DIGITAL MARKETS, COMPETITION AND CONSUMERS ACT 2024 (THE ACT)

The Competition and Markets Authority (**CMA**) hereby gives notice as required by section 11(1) of the Act that it is beginning an initial strategic market status (**SMS**) investigation pursuant to section 9(1) of the Act (the **SMS Investigation**).

This notice sets out the matters in respect of the SMS Investigation required by section 11(2) and (3) of the Act.

Purpose and scope of the SMS Investigation

1. The purpose of the SMS Investigation is for the CMA to decide whether to designate the undertaking known as Google under section 2(1) of the Act as having SMS in respect of the digital activities carried out by Google described in this notice.

The undertaking to which the SMS Investigation relates

2. The Google undertaking includes:
 - a. Alphabet Inc., a public listed company incorporated in Delaware, United States of America under registered number 5786925, with its registered office at 1600 Amphitheatre Parkway, Mountain View, CA 94043, United States of America;
 - b. Google LLC, a private limited company incorporated in Delaware, United States of America under registered number 3582691, with its registered office at 1600 Amphitheatre Parkway, Mountain View, CA 94043, United States of America;
 - c. Google Ireland Limited, a private limited company incorporated in the Republic of Ireland under registered number 368047, with its registered office at Gordon House, 4 Barrow Street, Dublin, D04 E5W5, Ireland; and
 - d. Google UK Limited, a private limited company incorporated in the United Kingdom under registered number 03977902, with its registered office at 1 St. Giles High Street, London, WC2H 8AG, United Kingdom.

The digital activities to which the SMS Investigation relates

3. The SMS Investigation relates to Google's provision of:
 - a. a service that searches the world wide web and returns information (**general search**); and

- b. a service that allows businesses to advertise to users of general search (**search advertising**).
4. The CMA considers that each of general search and search advertising is a digital activity within the meaning of section 3(1) of the Act:
 - a. each of general search and search advertising is the provision of a service by means of the internet, whether for consideration or otherwise, and therefore a digital activity within the meaning of section 3(1)(a) of the Act; and
 - b. search advertising is also an activity carried out for the purposes of providing general search and therefore a digital activity within the meaning of section 3(1)(c) of the Act. Google's general search activity is currently financed through its search advertising activity, with users of general search shown both paid-for and 'organic' (unpaid) results.
5. Further, the CMA considers that general search and search advertising may be treated as a single digital activity (referred to as **general search services**) within the meaning of section 3(3)(b) of the Act, as they can be carried out in combination with each other to fulfil the specific purpose of providing a search engine.¹
6. Based on Google's current business model, the CMA considers that:
 - a. the main Google products likely to be included in general search services include:
 - i. Google's search engine (Google Search), however it is accessed, including (a) the underlying web crawling, indexing and ranking infrastructure, and (b) all information incorporated in its search engine results page (**SERP**);
 - ii. Google's search advertising products (including Google Ads and SA360); and
 - iii. Google's AI interfaces (for example, its Gemini AI assistant) when using the Google Search infrastructure.
 - b. the main Google products likely to be excluded from general search services include:

¹ The CMA retains discretion to treat general search and search advertising as separate digital activities.

- i. Google's dedicated specialised search service interfaces when not incorporated in its SERP – for example, the dedicated Google Flights webpage; and
 - ii. Google's broader 'ad tech' products when not engaged in search advertising – for example, Google Ad Manager which provides display advertising services to publishers.
7. The CMA may change its view of the purpose and scope of the SMS Investigation. If it does so, it will give Google a revised version of this notice in accordance with section 11(4) of the Act.
8. In accordance with section 9(1) of the Act, the CMA has reasonable grounds to consider that it may be able to designate Google as having SMS in respect of each of the digital activities described in this notice in accordance with section 2 of the Act. Those reasonable grounds are set out in the Annex to this notice in accordance with section 11(2)(a)(i) of the Act.

Closure of SMS Investigation before reaching a final view

9. In accordance with section 12 of the Act, the CMA may close the SMS Investigation at any time before it has reached a final view on the matters mentioned in paragraphs (a) and (b) of section 2(1) of the Act, by giving notice to Google to that effect.

The SMS Investigation Period

10. In accordance with section 14(2) of the Act, if the CMA does not close the SMS Investigation under section 12 of the Act the CMA must give Google a notice setting out its decisions as a result of the SMS Investigation on or before the last day of the period of nine months beginning with the date of this notice (being 13 October 2025) (the **SMS Investigation Period**), unless the SMS Investigation Period is extended.

Circumstances for extension of the SMS Investigation Period

11. In accordance with section 104 of the Act, the CMA may publish a notice extending the SMS Investigation Period:
 - a. where the CMA considers that there are special reasons for doing so, by up to three months; or
 - b. where the CMA considers that: a person has failed to comply with any requirement of a notice under section 69 of the Act or under section 72 of the Act which was given in relation to the SMS Investigation, and the failure is preventing the CMA from properly discharging the digital markets

functions to which the SMS Investigation relates; until that person gives the information in question to the CMA or, as the case may be, answers questions and provides explanations to the satisfaction of the CMA.

Publication of this notice

12. As soon as reasonably practicable after giving Google this notice or any revised version of this notice, the CMA will, in accordance with section 11(5) of the Act: (i) publish the notice on its website; and (ii) give a copy of the notice to the Financial Conduct Authority, the Office of Communications, the Information Commissioner, the Bank of England and the Prudential Regulation Authority.

Competition and Markets Authority

14 January 2025

Annex: reasonable grounds

13. For the purposes of sections 11(2)(a)(i) and 9(1) of the Act, the CMA sets out below its reasonable grounds to consider that it may be able to designate Google as having SMS in respect of general search and search advertising (together, general search services) in accordance with section 2 of the Act:

The turnover condition may be met in relation to Google (sections 2(3) and 7 of the Act)

14. The CMA estimates that the total value of Google's global turnover in the most recent period of 12 months in respect of which the CMA is able to make an estimate of Google's relevant turnover exceeds £25 billion: Google's published accounts indicate that its global 2023 turnover was US\$307.4 billion.²

Google's provision of general search services may be linked to the United Kingdom (UK) (sections 2(1)(a) and 4 of the Act)

15. Google carries on business in the UK in relation to the provision of general search services; has a significant number of UK users (as of May 2024, Google Search reached 83% (39.6 million) of UK adults);³ and the way in which Google carries on general search services may be likely to have an immediate, substantial and foreseeable effect on trade in the UK: Google generated a 'large majority' of the £13.1 billion search advertising revenues in the UK in 2022.⁴

Google may have substantial and entrenched market power in respect of general search services (sections 2(2)(a) and 5 of the Act)

16. The CMA's 2020 online platforms and digital advertising market study (**DAMS**) final report found that:⁵
- a. Google persistently held 'a very high and stable share of general search' in the UK over the period for which data was available: between 89% and 93% by page referrals between 2009 and 2020. When shares of supply

² Alphabet Inc. [2023 10-K](#) consolidated statement of income for the year ended 31 December 2023, page 52. There are reasonable grounds to consider that the turnover condition would be met notwithstanding any adjustments resulting from applying the methodology in the Digital Markets, Competition and Consumers Act 2024 and Consumer Rights Act 2015 (Turnover and Control) Regulations 2024.

³ [Ofcom Online Nation 2024 Report](#), page 29.

⁴ [Ofcom Online Nation 2023 Report](#), page 29. Ofcom's 2024 [Online Nation Report](#) (page 29) finds that search advertising revenues in the UK had increased to £14.7 billion in 2023.

⁵ DAMS found that Google had 'significant and enduring market power in general search' and 'significant market power in search advertising' (DAMS final report, paragraphs 3.145-3.152 and page 211). While the DAMS final report does not use the terms 'general search' and 'search advertising' in a way identical to the descriptions of the digital activities in this notice, those descriptions are substantively consistent with the terms as used in DAMS.

- were calculated on the basis of volume of searches, the findings were similar, with Google's share 93% in 2019.⁶
- b. Bing, Google's '*closest competitor in general search*', did not provide a strong competitive constraint on Google Search for consumers⁷ and specialised search services (such as Booking and Amazon) provided only a limited competitive constraint on Google on the consumer side of the platform.⁸
 - c. Google's strong position in general search was maintained by several important barriers to entry and/or expansion, in particular:⁹
 - i. Economies of scale in developing a web index;¹⁰
 - ii. Access to click-and-query data at scale;¹¹ and
 - iii. Google's extensive default positions across devices and browsers, and in particular on almost all mobile devices in the UK.¹²
 - d. Google generated over 90% (£6.8 billion) of total UK search advertising revenues in 2019; and had accounted for more than 90% of UK search advertising revenues for at least 10 years.¹³
 - e. Google faced limited competitive constraints in search advertising from specialised search providers and from other forms of advertising.¹⁴
 - f. Barriers to entry on the user side were also relevant to potential entrants wanting to supply search advertising.¹⁵
 - g. There were other barriers to entry on the advertising side relating to data advantages and advertiser behaviour.¹⁶
 - h. As a result, Google was able to charge significantly higher prices for search advertising than Bing, its main competitor, on a like-for-like basis.¹⁷
17. These findings are consistent with Google having substantial and entrenched market power in respect of general search services as of 2020. Public sources indicate that Google may have retained such a position since, and may continue to retain it at least for the next five years taking into account expected or foreseeable future developments:
- a. Google's search engine market share in the UK has remained stable above 90%.¹⁸

⁶ DAMS final report, paragraphs 3.17-3.24.

⁷ DAMS final report, paragraph 3.43.

⁸ DAMS final report, paragraphs 3.44-3.51 and Appendix P.

⁹ DAMS final report, page 73. See also paragraphs 3.145-3.152.

¹⁰ DAMS final report, paragraphs 3.53-3.63 and Appendix I.

¹¹ DAMS final report, paragraphs 27 and 3.64-3.79 and Appendix I.

¹² DAMS final report, paragraphs 34, 3.92-3.128 and 3.149.

¹³ DAMS final report, paragraphs 18, 2.61, 5.45-5.48 and 5.371.

¹⁴ DAMS final report, paragraphs 5.52-5.55.

¹⁵ DAMS final report, paragraph 5.57.

¹⁶ DAMS final report, paragraphs 5.57, 5.58-5.62.

¹⁷ DAMS final report, paragraph 5.372.

¹⁸ [Statcounter](#).

- b. In 2022 a ‘*large majority*’ of the UK’s £13.1 billion search advertising revenue was generated by Google.¹⁹
- c. In September 2023 the European Commission designated Alphabet Inc. and its subsidiaries as a ‘gatekeeper’ under the Digital Markets Act for both its online search engine Google Search and its online advertising (including search advertising) services, with the result that Google’s provision of these ‘core platform services’ is regulated – insofar as it relates to users in the European Union.²⁰
- d. In August 2024 the United States District Court for the District of Columbia found in relation to the markets for ‘general search services’ and ‘general search text advertising’ that:²¹ ‘*Google’s monopoly in general search has been remarkably durable*’;²² the key barriers to entry are ‘*significant*’;²³ and specialised search services ‘*are not adequate substitutes*’ on the user side;²⁴ while on the advertiser side Google has ‘*exercised its monopoly power by charging supracompetitive prices for general search text ads*’.²⁵ The Court’s findings are focused on a relevant geographic market of the USA, and no remedies have been imposed.²⁶
- e. The emergence of AI foundation models may affect Google’s conduct in carrying out general search services, and foreseeably the sector more generally. However, the United States District Court found that: ‘*Currently, AI cannot replace the fundamental building blocks of search, including web crawling, indexing, and ranking ... AI may someday fundamentally alter search, but not anytime soon*’.²⁷

¹⁹ [Ofcom Online Nation 2023 Report](#), page 29.

²⁰ European Commission Decision of 5.9.2023 designating Alphabet as a gatekeeper pursuant to Article 3 of Regulation (EU) 2022/1925 of the European Parliament and of the Council on contestable and fair markets in the digital sector.

²¹ *United States and State of Colorado v Google LLC*, memorandum opinion of 5 August 2024, page 135.

²² *United States and State of Colorado v Google LLC*, memorandum opinion of 5 August 2024, page 200.

²³ *United States and State of Colorado v Google LLC*, memorandum opinion of 5 August 2024, pages 157-165, pages 189-190.

²⁴ *United States and State of Colorado v Google LLC*, memorandum opinion of 5 August 2024, page 140.

²⁵ *United States and State of Colorado v Google LLC*, memorandum opinion of 5 August 2024, page 4, pages 259-263.

²⁶ While the relevant geographic market in this opinion is national in scope, the District Court makes clear that Google is a global company. As the findings of the District Court are broadly consistent with the findings in DAMS (and other public sources) in relation to Google’s market power in the UK, there are reasonable grounds to consider that the statements of the District Court in relation to Google’s market power may also apply to the UK.

²⁷ *United States and State of Colorado v Google LLC*, memorandum opinion of 5 August 2024, page 163.

Compare the September 2024 findings of Australia’s Competition & Consumer Commission that ‘*generative AI appears to have had limited impact on the structure of general search in Australia*’; and that it remains unclear whether generative AI ‘*will change the advertising-based business models which have been most commonly used by search providers*’: [digital platform services inquiry interim report](#) (September 2024), pages 44 and 46.

Google may have a position of strategic significance in respect of general search services (sections 2(2)(b) and 6 of the Act)

18. In relation to the condition in section 6(a) of the Act that Google has achieved a position of significant size or scale in respect of the provision of general search services:
- a. The finding in DAMS that Google had a 90+% market share on the user side implies regular usage of Google Search by a large proportion of the UK population. Consistent with this, Ofcom found that Google Search remains the highest-reaching search engine, reaching 83% of UK online adults in May 2024, with just under half (49%) visiting the search engine daily.²⁸
 - b. DAMS found that Google generated £6.8 billion in UK search advertising revenue in 2019. Google's UK search advertising revenue grew to this level from £2.1 billion in 2010, reflecting a compound annual growth rate of around 14%. DAMS also found that Google accounted for more than 90% of UK search advertising revenues in 2019, an order of magnitude greater than its next closest rival, Bing.²⁹ Google's UK search advertising revenues may have continued to increase since DAMS given Ofcom's finding that in 2022 a *'large majority'* of the UK's £13.1 billion search advertising revenue was generated by Google.³⁰
19. In relation to the condition in section 6(b) of the Act that a significant number of other undertakings use Google's general search services in carrying on their business: in 2019 the total number of UK-served advertisers was *'[200,000-250,000]'* for Google Ads, with those advertisers spending *'£[6-8 billion]'* on an estimated *'[7-10 million]'* campaigns and *'[0.5-2 trillion]'* ad impressions.³¹
20. In relation to the condition in section 6(c) of the Act that Google's position in respect of the provision of general search services would allow Google to extend its market power to a range of other activities: the DAMS final report noted concerns that Google Search may allow Google to extend its market power into specialised search services through various mechanisms, including self-preferencing its own services, demoting rivals', and using rivals' data to improve its own services.³²

²⁸ [Ofcom Online Nation 2024 Report](#), page 29.

²⁹ DAMS final report, paragraph 5.46.

³⁰ [Ofcom Online Nation 2023 Report](#), page 29.

³¹ DAMS final report, paragraph 5.11 and Appendix N, paragraph 9.

³² DAMS final report, paragraphs 3.129 to 3.144 and paragraph 3.152.

21. In relation to the condition in section 6(d) of the Act that Google's position in respect of the provision of general search services allows Google to determine or substantially influence the ways in which other undertakings conduct themselves: firms may have strong incentives to design their products and services in order to be discoverable on Google Search – for example, the DAMS final report noted that significant resources are devoted to optimising the positioning of web pages in Google search results and publishers engage in paid search activity to increase their prominence on Google Search.³³

³³ DAMS final report, Appendix S, paragraph 8.