

Competitions and Markets Authority

By Email: searchsms@cma.gov.uk

3 February 2025

Dear Sir/Madam

RE: Response to CMA's SMS Investigation into Google's General Search and Search Advertising Services

I am writing on behalf of AITO – The Specialist Travel Association Ltd, which represents over 250 specialist travel businesses carrying over 500,000 passengers and generating combined revenues exceeding £1bn. Our members are predominantly SME businesses, who offer unique and bespoke holidays, adhering to the highest standards of service to exceptional travel experiences for their customers.

As small-to-medium enterprises in the travel industry, we welcome the opportunity to provide input into the CMA's Strategic Market Status Investigation into Google's General Search and Search Advertising services. The outcome of this investigation has the potential to significantly impact businesses like that of our members, which rely heavily on search engines to connect with customers.

We strongly believe that Google should be classified as having Strategic Market Status due to its overwhelming dominance and market power in both general search and search advertising. This has been the case for over a decade, demonstrating that their position is well established and not easily open to challenge. Consumers and businesses are highly dependent on Google for its services and therefore its ability to influence market dynamics, control search visibility, and dictate the terms of online competition underscores its strategic significance.

Designating Google as an SMS business would allow the CMA to introduce pro-competitive interventions, ensuring a fairer marketplace for both consumers and businesses. As part of this, we would like to highlight the following key concerns:

1. Decreased visibility in search rankings due to Google's self-preferencing

Google's dominance in the search market creates significant challenges for SMEs to compete fairly. Organic search rankings are increasingly influenced by paid advertisements and Google's own products (e.g., Google Travel, Google Flights), which are prioritised over independent businesses. This self-preferencing denies SMEs a level playing field and risks reducing customer choice.

Additionally, the introduction of Google AI Overview has further diminished visibility for many businesses, as it occupies the prime position in the search and negates the need for users to visit individual business websites. This makes it difficult for businesses to connect directly with customers, who are funnelled into Google's choice of information, therefore removing competition and independent choice.

We urge the CMA to investigate how Google's practices reduce competition and limit consumer choice by favouring its own platforms and services, and whether remedies, such as restrictions on the placement of Google-owned products, could promote fairer outcomes.

2. Lack of Transparency and Competitive Barriers in PPC Advertising Costs

Google's advertising platform (Google Ads) is critical for visibility, but the costs of paid search ads and restrictions on search options are making it unsustainable for SMEs. Google's effective monopoly over search advertising forces SMEs into an opaque and costly bidding system and makes it difficult for smaller businesses to compete fairly.

One recent example relates to Google's adaptations of the PPC tools, which favour broader search terms. Previously, businesses could bid on precise search terms relevant to their services. However, recent changes push advertisers toward broader terms that favour mass-market companies with larger budgets, increasing costs for SMEs whilst reducing conversion rates.

By controlling both search supply and advertising demand, Google holds an unchecked advantage in setting prices and dictating visibility and favours those who can exert more time and money. The lack of transparency in bidding mechanisms and auction outcomes raises concerns about fairness and whether SMEs are at a systematic disadvantage compared to larger advertisers. We ask the CMA to consider whether Google's pricing and auction structures are fair and proportionate.

3. Algorithmic Changes that Disproportionately Harm SMEs

Google is critical for a business' visibility, but their frequent and unpredictable algorithm updates create serious financial and operational instability for SMEs. Unlike large corporations that have dedicated SEO teams and advertising budgets to offset fluctuations, SMEs lack the resources to navigate sudden ranking drops, policy changes, or search visibility declines, which can have catastrophic effects on revenue.

Without prior notice or guidance, algorithm changes can wipe out previous SEO investment overnight, leaving businesses scrambling to recover lost traffic and revenue. SMEs often struggle to respond to these changes effectively compared to larger competitors and Google's limited guidance creates uncertainty, making it harder to plan long-term strategies.

We request that the CMA evaluates whether Google's structures are fair and consider measures to enhance transparency, requiring clearer guidance and advanced warning to provide businesses with the necessary time to adjust, therefore levelling the playing field in the market.

4. Failure to Provide Effective Customer Support to SMEs

A significant challenge for SMEs is the lack of effective support and recourse when issues arise with Google's search and advertising services. Unlike larger corporations with dedicated account managers, SMEs are forced to rely on automated support systems, which often provide generic and unhelpful responses.

The lack of real human support leaves small businesses without clear resolutions to critical problems - whether it's unexplained drops in search rankings, ad account suspensions, or sudden increases in advertising costs.

One recent case involved a long-standing AITO member whose Google AdWords account was suspended without clear explanation. Despite engaging multiple digital marketing specialists and

incurring substantial costs over five months, the issue remained unresolved. Only through a personal connection at Google was the matter finally addressed.

The lack of adequate support puts SMEs at an extreme disadvantage and can cost businesses thousands of pounds in terms of time, external advice and lost revenue. Without proper escalation channels or transparent decision-making processes, SMEs are left vulnerable and addressing this imbalance is essential to ensuring that SMEs can compete fairly in the digital marketplace.

Conclusion

The case for Google's SMS designation is unmistakable and we urge the CMA to act quickly to implement the following remedies:

1. Restrict preferential treatment of Google's own products and services in search results.
2. Increase transparency in advertising pricing and auction mechanisms to ensure fair competition.
3. Regulate algorithm changes to minimise harm to smaller businesses and require Google to provide clearer guidance and impact assessments.
4. Require the establishment of improved customer service with clear escalation channels with real human support.

Whilst we recognise the importance of Google's role in connecting our members with consumers, we believe that stronger regulatory oversight is essential to ensure a fair and competitive digital ecosystem.

Without intervention, SMEs risk being marginalised in favour of larger corporations and Google's own platforms, limiting consumer choice and reducing market diversity.

We appreciate the CMA's efforts in conducting this investigation and hope that our feedback contributes to meaningful reforms that will benefit SMEs and consumers alike. We welcome the opportunity to discuss these concerns further and contribute to the next steps in the investigation.

Yours faithfully



Christina Brazier
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AITO - The Specialist Travel Association Ltd