

[REDACTED]

FAO: The Competition and Markets Authority (CMA)

Response to the CMA's SMS Investigation into Google

Introduction

[REDACTED]

General comments on the SMS investigation into Google

We would like to highlight the following areas of particular interest to our members, which we would ask the CMA to focus on as part of the investigation:

1) *Gatekeeping in vertical search services*

We believe Google's control of the search engine market has allowed it to act as a gatekeeper, giving it the power to dictate terms for access to audiences. Paid search advertising, which underpins Google's revenue model, disproportionately benefits Google-owned products and services [REDACTED]. This vertical integration disadvantages competitors who cannot compete for visibility on a level playing field.

2) *Unfair practices in the [removed] market*

The service has increasingly positioned itself as a leader in the [REDACTED] industry, effectively reducing visibility for third-party [REDACTED] platforms. Google [service] directly competes with [REDACTED] yet benefits from preferential treatment in its own search results. Its self-preferencing practices are a key contributor to its growing dominance. By prioritizing its own [REDACTED] services in search rankings, Google can effectively stifle fair competition.

3) *Self-preferencing in search results*

We also believe Google has unfairly reduced visibility for third-party [REDACTED] platforms by self-preferencing its own competing services on the Google search engine results page (SERP). Google's specialised [REDACTED] services directly competes with [REDACTED], but instead of competing on the merits of its offering, it benefits from preferential treatment in search results. Its self-preferencing practices are a key contributor to its growing dominance in the [REDACTED] space. By prioritizing its own [REDACTED] services - or elements thereof - in search rankings and the ad section and in display (by allowing the service to integrate directly into the SERP), Google is able to effectively stifle fair competition. Competitors, regardless of the quality of their offerings, are relegated to lower positions in search results, which substantially reduces their visibility to consumers, stifling consumer choice and negatively impacting the growth of smaller tech firms.

In addition, other platforms do not have access to the same functionalities and rich visuals as Google gives to its own services. This self-preferencing is compounded by Google's ability to dictate advertising visibility. Companies are forced to pay higher premiums to

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appear in top positions, even when their services may offer better value or be more innovative than Google's own.

4) *Data collection stifling competition*

The dominance of Google in its data collection gives it an unprecedented advantage that is difficult for competitors to overcome. The data provides insights into consumer behaviour, allowing Google to optimize its own offerings and outpace rivals in the ██████████ sector. Furthermore, Google uses proprietary data, such as pictures, reviews and licenses in its search services. By doing so, Google goes beyond its function as a general and traditional search engine to direct users to external websites, and instead keeps users within its own ecosystem, restricting fairness and competition for the sector.

For new entrants and smaller competitors, and even for established players, access to comparable datasets is not possible. Without intervention, Google's data advantage will only widen the gap, leaving the ██████████ sector further consolidated under its influence.

Potential remedies

We understand that the CMA will consult on potential conduct requirements in due course. The experience with the EU's Digital Markets Act (DMA) has shown that even when a company like Google is subject to a ban on self-preferencing, it will do what it can to circumvent the measures and delay their implementation. It is vital that, should Google Search be designated with strategic market status (SMS), remedies are implemented as swiftly as possible. The UK's digital markets regime has the ability to be more targeted and effective than the DMA, and to this end, we suggest the CMA consider *inter alia* the following measures to target Google's unfair behaviour in search and search advertising:

- A ban on self-preferencing in both ranking and display, preventing Google from unfairly pushing its own services (by inserting them via widgets or AI at the top of the SERP, 'tweaking' the way organic results are ranked to the advantage of its services, or otherwise).
- Sharing relevant data on FRAND terms, ensuring competitors can access vital data which Google accumulates due to its overwhelming dominance in general search and which it uses to improve its services to a degree of granularity simply not available to anyone else.

Conclusion

Once again, we welcome the CMA's SMS investigation, we are keen to be engaged in this work stream and focus.

Thank you for your attention. We look forward to hearing from you.

Yours sincerely,

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