

CMA's invitation to comment on its SMS designation investigation into Google's general search and search advertising services

Response from Checkatrade

Checkatrade welcomes the opportunity to respond to the CMA's invitation to comment ("ITC") on its SMS designation investigation into Google's general search and search advertising services under the new digital markets regime.

Checkatrade, established in 1998 to address the nationwide scourge of cowboy builders, is a growing British business which connects consumers with vetted local tradespeople in the UK. Over 50,000 British small businesses rely on Checkatrade for income, amounting to more than £7bn of work for UK SMEs being facilitated through the Checkatrade platform annually. Alongside supporting the Government's growth agenda via its core activity, Checkatrade is in discussions with various Departments around its increasingly important role in support of the national missions around skills, housebuilding and decarbonisation.

Every tradesperson on our system must pass up to 12 checks before being approved as a member and we perform vetting on an ongoing basis to maintain quality and protect consumers. Now evolving from our traditional background as a directory into a technology-driven marketplace, Checkatrade is developing a more seamless experience for consumers and tradespeople, building upon our long-standing commitment to high-quality trades. The Checkatrade apps for consumers and tradespeople are available in the Apple App Store and the Google Play Store. Nevertheless, we continue to rely to a large extent on Google Search to reach our customers.

We make some general remarks below, before responding directly to the questions contained in the CMA's ITC published on 14 January 2025.

General remarks

Checkatrade has always supported the strong, effective use of the CMA's powers and particularly the digital markets regime under the DMCC Act. The future of UK tech depends on an open and competitive marketplace where businesses can innovate and scale up, driving growth, innovation and productivity; and ensuring UK businesses and consumers can reap the benefits of competitive markets such as lower prices and consumer choice.

The CMA has the opportunity to set a precedent with its first SMS designation assessment and this is something the regulator should bear in mind when considering how it conducts its SMS investigation and, in particular, when considering remedies.

Whilst there is a strong policy drive towards ensuring the UK remains an attractive place to do business, this would most likely be achieved through the implementation of an effective regime of digital regulation - one which ensures that businesses offering innovative products and services to consumers are successful and not restricted by the dominant market power of a small number of Big Tech companies. Indeed, delivering on the national growth agenda is not possible without challenger brands and the ecosystem of SMEs they support operating within conditions that enable them to thrive - namely a fair, competitive and level playing field that does not entrench the interests of a dominant few.

Our business has developed in the shadows of the dominance of Google Search, which has only increased with time. As at March 2024, Google’s market share was approximately 93.61 percent for search engines across all devices in the UK¹. Google’s dominance has had a noticeable and significant impact on the competitive dynamics for trader recommendation platforms (“TRPs”). Traditional TRPs like Checkatrade - unlike newer TRPs like Google - have faced significantly increased marketing costs which are not guaranteed to be funded through increased site usage and revenue as a result of Google giving privileged ranking to both sponsored results and its own products in its SERP (as discussed in more detail below). These increased costs faced by traditional TRPs, can be contrasted with the astounding figures for Google’s revenue generated from its search advertising business, with recent reports from the Public Interest News Foundation using IAB Europe research suggesting that Google generated £16.7 billion from search advertising in the UK in 2023².

In relation to Google’s general search and search advertising services in particular, the CMA has the opportunity to conduct a robust investigation which will yield concrete achievements after many years’ work examining the Google search and search advertising monopoly - most notably, the findings of the CMA’s market study into online platforms and digital advertising in July 2020.

We consider that the CMA should be actively prioritising the impact of Google’s dominance in general search and search advertising and considering how to impose effective remedies because Google’s self-preferencing causes clear and direct consumer harm. Users of general search services, i.e. the whole of the general UK population, are no longer provided with the best organic search results to queries. Instead, search results disproportionately favour Google’s own products (i.e. sponsored search results) over and above organic search results. It is widely acknowledged that the quality of Google’s search results has declined over time³.

Further, and as discussed in more detail below, the increasing integration of Google’s AI interface with its SERP only serves to exacerbate Google’s dominant market position and ability to prefer its own products over organic search results – to the detriment of all UK business.

Google is not only a gatekeeper to the internet but a direct competitor too. Ultimately, such is the impact of Google on Checkatrade, our business can swing dramatically based on the decisions that our competitor Google makes. By extension, the impact is also keenly felt by tens of thousands of SMEs who rely on Checkatrade to help them manage their own businesses. Checkatrade very much welcomes the CMA’s choice of SMS designation investigation and looks forward to working with the CMA to advise on the design of appropriate conduct requirements, and subsequent pro-competition interventions, which would help level the playing field. We look forward to engaging with the CMA further in the coming weeks and months.

¹ UK search engines market share 2024 | Statista

² £2.2 billion: the value of news to Google in the UK

³ See for example, The Standard, “Google Search is prioritizing 'low-quality results', researchers claim”, available at: [Google Search is getting worse, new study finds | The Standard](https://www.standard.co.uk/news/google-search-is-getting-worse-new-study-finds); Search Engine Journal, “Ex-Googler Answers Why Google Search is Getting Worse”, available at <https://www.searchenginejournal.com/why-google-search-is-getting-worse/472681/>

Responses to the CMA's questions on scope of the investigation and SMS assessment

Q1: Do you have views on the proposed scope of our investigation and candidate descriptions of Google's general search services?

Checkatrade welcomes the CMA proposing a broad scope to its first SMS designation investigation into Google's: a) general search, and b) search advertising services as well as the recognition of the need to examine these in tandem given the inherent inter-connection between these services.

We also strongly support CMA plans to consider the search engine results page ("**SERP**") in depth and, in particular, how results are currently ranked. This has been of particular concern to Checkatrade because organic search results (which would be the best result for the user) are de-prioritised ahead of sponsored search results and Google's own products (which are less likely to be the best results for the user). Not only does this raise concerns around fair competition, but also risks exposing consumers to harm, given our vetting checks - and protections in the rare event a job does not go to plan - are not matched by competitors. This consideration should merit even greater weight from April 2025 onwards, given the new CMA guidelines - the enhanced consumer law powers under the DMCC Act which will raise standards for TRP conduct - will then be live and enforceable against Google (and others).

Checkatrade understands that only general search, and not specialised search, falls within the current scope of the CMA's proposed designation as set out in the investigation notice paragraph 6(b): "*the main Google products likely to be excluded from general search services include:(i) Google's dedicated specialised search service interfaces when not incorporated in its SERP – for example, the dedicated Google Flights webpage*".

However, we do not think that the scope of the CMA's investigation needs to be amended as any remedies imposed with respect to Google's general search services should have the requisite impact on the operation of specialised search services (as discussed in response to Q2 below). Any remedies to prevent Google's self-preferencing, and a fair, reasonable and non-discriminatory (FRAND) approach being adopted to rankings on the SERP in general search services, should adequately address concerns that arise with respect to specialised search services.

Q2: Do you have submissions or evidence relevant to the avenues of investigation set out in paragraphs 26-28? Are there other issues we should take into account, and if so why?

Checkatrade very much agrees with the CMA's proposed avenues of investigation, as set out in paragraph 27 of the ITC. In relation to paragraph 27(b) i.e. the "*extent of competition between Google Search and specialised search services*", Checkatrade reiterates that it has been particularly concerned by the introduction of Google Local Services Ads ("**LSAs**").

LSAs, a service that is effectively a new TRP, compete directly with traditional TRPs, but they are unfairly given privileged treatment by Google Search and this adversely impacts Checkatrade's visibility in the SERP. LSAs are also now showing up on Checkatrade-branded searches - for example, searches for "Checkatrade plumber". This treatment is detrimental to both consumers in terms of their rights and protections and the business of Checkatrade as a whole. The introduction of sponsored local results within Google Maps, i.e. the monetisation of Google

Maps, has also markedly exacerbated the impact of Google LSAs on the visibility of our business (and that of other TRPs). Our business has been squeezed as a result, with increased marketing costs without a corresponding increase in site users and revenue. This not only harms competition but ultimately pushes up prices throughout the economy.

Further, we are concerned that consumers are being prejudiced, and in some cases suffering harm, by not being consistently offered high-quality tradespeople in the SERP as a result of the tradespeople shown as part of the LSAs being sole advertisers who may not be sufficiently vetted to ensure a high-quality service is consistently provided to consumers. As a TRP, Google should be bound by the CMA's consumer law compliance advice which applies to businesses such as Checkatrade (the "**TRP Advice**")⁴. However, as a result of the arguable lack of clarity in the scope of the TRP Advice (see paragraph 4), Google may argue that it is not in fact bound by the TRP Advice, purporting that it does not "*Recommend traders, i.e. represent, implicitly or explicitly, or otherwise create the perception or expectation, that the traders listed or hosted on the platform, or with whom matches may be made, are of a particular quality and/or are trustworthy, reliable or suitable for the consumer's requirements.*" However, it is Checkatrade's position that users of Google act on the assumption that tradespeople listed in the OneBox or LSAs have been selected based on some objective criteria, and therefore Google should be bound by the TRP Advice⁵.

Regardless, in any event, tradespeople displayed on the SERP in the Google OneBox or LSAs would typically offer a lower quality service to tradespeople listed on Checkatrade who must comply with a strict and ongoing vetting, reviews and complaints procedure. In this way, Google faces lower costs on the basis that it does not necessarily purport to only display tradespeople as part of the LSA or OneBox that meet consistently high standards.

As such, Google's products are objectively inferior to Checkatrade. If the aim is to present the best results to users, they would not win the most prominent positions as often as they do. There is clear and direct consumer harm as a result of Google's conduct whereby consumers are not offered the best choice of high-quality trade services.

Q3: Do you have views on how Google's general search services might be affected by the development of AI interfaces providing alternative means of returning information?

Generally, whilst the development and proliferation of generative AI in recent years has been remarkable, there is clearly a need to examine how generative AI might act to reinforce the dominant position of the world's biggest tech companies, especially Google. This would be to the detriment of UK businesses, which might otherwise compete with Google for general search and/or search advertising services, and downstream services such as specialised search.

In the medium to long term, AI may fundamentally impact search as a service, possibly to the detriment of specialised search services, including the original TRPs such as Checkatrade. As a business, we continue to invest in and innovate our offering to UK consumers to ensure a valuable

⁴ Improving Trader Recommendation Platforms: Consumer law compliance advice for businesses, published 12 November 2024

⁵ For further information, please see Checkatrade's response to the CMA's consultation on TRP Advice dated 11 August 2024.

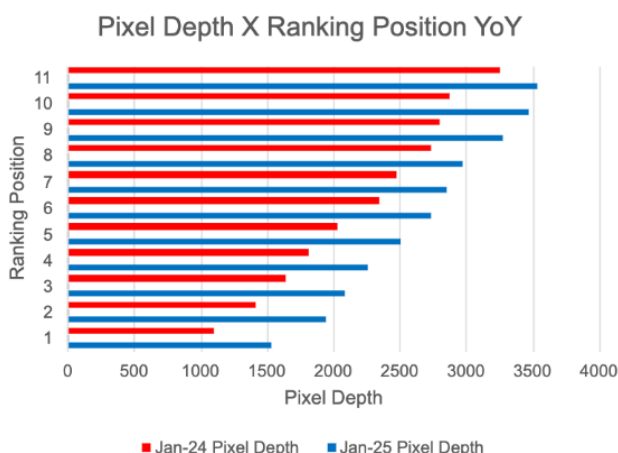
service is provided, which cannot be readily replicated or replaced, for example, in the vetting and review requirements for all trades on the Checkatrade website (and app).

Checkatrade is very much aware of and concerned by Google’s plans to integrate its generative AI FMs into the Google Search engine and so welcomes the CMA’s inclusion of this in the scope of its investigation. Google’s substantial and entrenched market power from its dominant position in the markets for general search and search advertising services may be further exacerbated via the integration of Google’s AI capabilities with these services. Google already effectively acts as a gatekeeper in the general search and search advertising markets as a result of its incredibly high market share in both of these areas. The integration of Google’s AI interfaces with general search would only serve to accentuate this, particularly given that Google effectively owns Gemini and DeepMind, two leading generative AI interfaces.

This is a particular concern for marketplaces, including traditional TRPs since, if the AI results give the user only one answer to a query (rather than the list of results traditionally provided on the SERP), there is a greater risk that Google’s own products (i.e. tradespeople advertised through LSAs and/or the OneBox) are given preferential treatment over and above organic search results (i.e. tradespeople who are Checkatrade members). The proliferation of AI interfaces may result in a shift in internet user behaviour and expectations from a choice of links provided on SERP to that of a conversational output where only one answer is provided to a query. The CMA should ensure it takes into account the risk of such wider behavioural changes and how it may impose remedies to ensure that Google’s own products do not have an unfair advantage in being the selected answer to a user query.

Google has been continuously releasing new advertising products and features such as Local Service Ads (LSA), AI Overviews and Google Maps previews. This pushes organic results from competing TRPs down the SERP, reducing their visibility and traffic. As illustrated in Chart 1, the top organic position on the SERP was 1,100 pixels down the page in January 2024. A year later, in January 2025, the same top organic position is visible 1,500 pixels down the page, making it harder for users to see them.

Chart 1: Pixel Depth X Ranking Position YoY, January 2024 and January 2025 (Source: Accuranker)



Responses to the CMA's questions on potential issues and interventions

Q4: Do you have views on whether the issues outlined in this section are the right ones for the CMA to focus on, or whether there are others we should consider?

Checkatrade welcomes the CMA's categories of issues to explore i.e.:

- a. Addressing weak competition and barriers to entry and innovation in search;
- b. Preventing leveraging of market power and ensuring open markets; and
- c. Protecting users against exploitative conduct.

We consider that the main issue which impacts our business is that of Google's self-preferencing, both in relation to the introduction of Google LSAs and the operation of the OneBox i.e. the separate display box through which Google showcases search results from other Google products (e.g. a carousel from Google Shopping or nearby locations from Google Maps). A combination of these practices has resulted in a substantial loss of click-throughs and users to the Checkatrade website from the SERP.

Google's self-preferencing is a perfect example of the leveraging of market power from one product to the next. It has a detrimental impact not only on businesses but also on consumers, in terms of the price, choice and quality of trades they are offered. The CMA must therefore ensure any remedies it imposes on Google appropriately address this direct and widespread consumer harm. We look forward to engaging with the CMA in more detail on these issues.

Q5: Do you have views on whether the potential interventions are likely to be effective, proportionate and have benefits for users, including consumers and business search users? Are there other measures the CMA should consider that would be more effective or proportionate, or that would deliver greater benefits for users?

Checkatrade supports the CMA's detailed consideration of potential interventions to address each of the general categories of issues the CMA has identified. We were particularly pleased with the CMA's prior work to identify which particular interventions would address each of the categories of issues raised so that their potential impact can be thoroughly considered in advance of being imposed, as well as monitored in future.

In light of Checkatrade's primary concern relating to Google's self-preferencing, we welcome the CMA's proposed intervention to impose "*requirements on Google not to preference its own services over those of other firms*". Any remedy to address self-preferencing must prevent Google from giving selective advantages to its own product/services in the SERP i.e. its sponsored search results, unless there is some objective reason why these results are indeed preferable. The remedy must also be strong and detailed enough so that it makes a practical difference to outcomes. The CMA's drafting will therefore need to be very granular in its requirements.

Visibility on the SERP has been a particular concern for our business, in particular as a result of Google's LSAs. The current design of the SERP is such that Google has blurred the lines between sponsored and organic results, increasing the likelihood that consumers engage with advertising. We consider that requiring a more transparent and clearly demarcated design of the SERP would go some way to levelling the playing field for organic search results.

Some other conduct requirements Checkatrade suggests the CMA consider include:

- The removal of Google's LSA feature from search results (or to stop giving them a favoured position above the organic results).
- Checkatrade and other third parties to be eligible for the OneBox (e.g. whenever it wins the top spot in the organic results).
- The carousel with third-party links (where Checkatrade often seems to feature) to be made more appealing to users, particularly by giving them equal prominence to the LSAs.
- A Checkatrade badge to be eligible to replace the "Google Guaranteed" badge (e.g. whenever Checkatrade has a greater number of reviews, or is otherwise better on an objective metric).
- Google to make its ads more differentiated so that users are not fooled into thinking they are organic results.
- Google to reduce the ad load on the first results screen and/or being prohibited from having general search ads whenever there are LSAs and/or positioning the first five organic results immediately before or after the LSAs.
- Google's AI Search overviews that gather information from marketplace data sources (e.g. that of Checkatrade's and other TRPs) should be linked within the AI overview directly.

Separately, Checkatrade is also grateful to the CMA for proposing requirements on Google to have an effective complaints process for businesses which are listed in search results, and also requirements on Google to ensure search rankings are non-discriminatory i.e. on a FRAND basis. Taken together, these remedies should increase the transparency of how results are ranked in the SERP and therefore lead to increased choice and quality of search results to UK consumers (as well as reassurance for businesses who rely on Google Search to reach their customers).

We support the CMA's proposed approach of designing conduct requirements at the same time as their SMS investigation so that effective remedies can be implemented this year. We therefore encourage the CMA to focus on designing effective conduct requirements during the window of its SMS investigation rather than waiting for the conclusion of its SMS investigation to then design subsequent pro-competitive interventions.

Q6: What are the key lessons the CMA should draw from measures imposed in relation to general search services in other jurisdictions? Are there specific areas where imposing a similar measure in the UK is more or less important for their overall effectiveness?

Checkatrade is currently only active in the UK. As such, the business has not been directly impacted by measures imposed in relation to general search services in other jurisdictions, most notably under the EU's DMA.

Checkatrade hopes that findings and learnings from Google's designation as a gatekeeper under the DMA for both its online search engine Google Search and its online advertising services should inform the CMA's designation investigation from this point onwards. We encourage the CMA to collaborate with other digital market regulators to ensure intervention happens at speed and that streamlined remedies are swiftly imposed on Google both in the UK and across the world, so as not to prolong the consumer harm that results from its dominance.