

CMA Search SMS Investigation Google's Response to the CMA's Invitation to Comment (ITC)

A. [Introduction](#)

The CMA [recognises](#) that Google's search engine "*is vital for economic growth*". [7 million](#) people across the UK learned new skills through Google Search, and Google Search and Workspace saved [17 million workers' hours a week](#). This is equivalent to a yearly [£62 billion increase](#) in productivity to the UK economy. Google's positive impact on UK businesses, advertisers, consumers is profound, as is its impact on the development of AI.

Google Search is a vital resource for UK businesses of all sizes. For example, Google Business Profiles, integrated with Google Search and Maps, are powerful tools for local businesses. Optimizing these profiles can significantly increase local visibility and drive targeted traffic. We are proud of our recent work with the CMA to [improve the quality of reviews](#) in the UK. Other products, such as Google Ads, have enabled British entrepreneurs to generate supplemental income and start new businesses. These tools provide entrepreneurs with the resources and reach they need to connect with customers and grow their businesses.

Google Ads is a highly efficient advertising platform that allows advertisers to reach their target audience with precision and efficiency. Unlike traditional advertising methods that often cast a wide net, Google Ads allows businesses to focus their ad spend on users who are actively searching for products or services like theirs. This targeted approach maximizes return on investment and drives business growth. Businesses also have complete control over their advertising budget. Google Search and Google Ads have helped UK businesses export [over £20 billion worth of goods and services across the world](#) annually.

Google Search has also been at the forefront of consumer-focused technological innovation for many years. This means that users can now ask more specific questions and receive more accurate answers, saving them time and effort. This simplifies tasks such as finding local businesses, comparing products and services, and accessing government advice. By providing access to reviews and ratings, and comparisons, Google Search supports informed decision-making, promoting transparency and accountability among businesses.

Having used artificial intelligence (AI) within Search for almost a decade, we are now at the forefront of AI development. Our AI-powered products are transforming how businesses operate and consumers interact with technology. These tools and services contributed an estimated [£118 billion in economic value](#) to the UK in 2023. By some estimates, generative AI could create over [£400 billion in value for the UK economy by 2030](#), equivalent to an annual growth rate of 2.6%. We are also using AI to address societal challenges, such as improving healthcare, enhancing education, and mitigating climate change. For example, our FloodHub platform uses AI to identify, and give hyperlocal and immediate alerts for, areas at risk of flooding in the UK. The past year alone has seen the launch of [Gemini 2.0 Flash](#), [Project Astra](#), [Imagen3](#), [Deep Research](#), [Genie 2 World model](#), [Jules](#), [Notebook LM](#), [Gemini-Exp-1206](#), [Veo 2](#), [Whisk](#), [Project Mariner](#), and [GenCast](#). A [month-by-month breakdown](#) of Google's AI releases during 2024 makes clear just how much innovation has occurred in 12 months,

We are committed to the UK in many other ways, including investing in the digital economy, promoting digital skills, supporting entrepreneurship, and addressing societal challenges. Google has made a [\\$1bn investment in a new UK data centre](#) to support innovative AI-powered technologies. Google helped grow [DeepMind](#) into what it is today. And Google has made significant investments such as the \$1 billion purchase of the Central St Giles office and a new development in King's Cross, with capacity for up to 10,000 Google employees. We offer free digital skills training programs across the UK, equipping individuals and businesses with the skills needed to thrive in the digital age. Since 2015, we have trained over 1 million people in digital skills through programs like Google Career Certificates, which provide a pathway to in-demand tech jobs. These programs benefit individuals by enhancing their career prospects and contribute to the UK's overall digital literacy and competitiveness.

We support a DMCCA that maintains our ability to make investments in the UK, and which allows all participants in the UK tech sector – big and small – to continue to innovate and thrive. Investment and innovation are not 'zero sum games'. New entry and product development can be encouraged and nurtured across large and small players at the same time. We understand that the CMA aims to maximise investment across-the-board in designated areas of SMS activity. We support that objective, which is a useful touchstone for evaluating potential interventions.

B. Scoping SMS designations

SMS designations identify digital activities where firms have 'substantial, entrenched market power' and 'a position of strategic significance.' This is an expressly forward-looking approach that requires an assessment of how competition will develop over the next five years. While we face strong competition in general search already, it is clear that the landscape of information retrieval is changing dramatically and the evidence suggests that the next five years will bear all the hallmarks of ever more competition. In looking ahead to what it means to regulate, the CMA will need to assess how the task of retrieving information will evolve.

When focusing specifically on the area that comprises generative AI applications, competition can only be described as white hot. As Benoit Coeuré, President of the French Competition Authority, recently [commented](#), "*what DeepSeek tells us is that the market is competitive and that's good news*". The Economist's recent [leader](#) observed that "*DeepSeek shows how competition and innovation will make AI cheaper and therefore more useful*" and that "*Within days of its release, DeepSeek's chatbot was the most downloaded app on the iPhone*".

As we discuss the scope of SMS designations with the CMA, our aspiration is for designation decisions that are well-considered, evidence-based, predictable, and stable so that we can plan and progress future product launches with a clear sense of where regulatory dialogue will be required.

C. Recognising that interventions entail trade-offs

Digital regulation in other jurisdictions shows that interventions entail trade-offs. Measures to improve the prominence of one group of businesses may ultimately harm others. Some approaches will mean worse outcomes for UK consumers and key business categories that consumers use everyday, as described in some of our recent blog posts (eg [here](#) and [here](#)). And demanding that companies divert thousands of hours of work to re-architect their infrastructure for regulatory compliance necessarily takes talented engineers away from building new and improved products.

Therefore, we strongly hope that any interventions under the DMCCA would be limited to those that can be confidently said – based on a firm evidential basis – to improve output, innovation, investment, consumer welfare and growth *overall*. That is consistent with the CMA's goal of "[driving growth](#)", and echoes the Government's [steer](#). Satisfying the demands of one particular group at the expense of another does not drive economic growth; it simply reallocates search engine traffic between them (and reduces traffic overall) – all to the detriment of consumers and small UK businesses.

In assessing these trade-offs we ask the CMA to consider carefully evidence of outcomes from other jurisdictions; for example, the risks we now face to the [quality](#) of Google Search in the EU. Airlines, hotels and small retailers now find it harder than before to reach customers. Similarly, we hope that the CMA will take account of the [work we have been doing](#) to establish the significant value exchange that takes place as we look to strike fair partnership deals.

D. Developing an investigation roadmap early in the process

The ITC outlines a wide range of issues in terms of both the scope of possible SMS designations and potential conduct requirements. The ITC lists more than a dozen potential conduct requirements, which could implicate many Google services and launches.

Any one of these potential conduct requirements could have significant implications for our UK business. We urgently need clarity about which conduct requirements the CMA plans to prioritise so as to plan the future direction of our UK business and to ensure ample time to build for compliance. Keeping all of the issues open would undermine predictability and would prevent our teams from focusing on gathering relevant evidence on the issues that the CMA plans to prioritise.

To narrow the issues and streamline the case, we urge the CMA to develop a roadmap for the investigation that will see less viable or unnecessary conduct requirements excluded at an early stage – for example, identifying interventions that are costly to implement and do not appear to deliver tangible benefits to consumers or businesses.

E. Focusing on tangible benefits for UK users, businesses and growth

[New rules should benefit every business](#) and let people in the UK access and use helpful, cutting-edge services. Several factors are relevant to the CMA's assessment of where it needs to act.

- Do the current practices of an SMS firm already largely address the perceived concern? If so, it will not be proportionate to spend further time on the concern. We hope for clear and early guidance in this regard. For example, Google already provides publishers with [controls](#) for the use of their content for training generative AI models. [Around half \(44%\)](#) of new publishers reportedly already use these controls including The Times, the Financial Times, The Guardian, The Sun and The Telegraph. A close review of the evidence would therefore be needed before concluding that current controls are not sufficient (per ITC para. 42(c)).
- Possible consumer benefits will be weighed against "*unintended consequences*" (para. 3.31). While potential benefits of intervention may be speculative, adverse or unintended consequences are often well-known and substantial. For example, unintended consequences

could include losses for less vocal parts of the ecosystem, such as reduced security, delayed product launches, and a worse product experience for consumers.

- The CMA will work with “*international counterparts to minimise unnecessary duplication*” ([CMA Provisional Approach](#), para. 1.6). A key question, therefore, is whether equivalent interventions have brought benefits in other jurisdictions – if not, the CMA should focus attention elsewhere.

F. [Conclusion](#)

Our positive impact on the UK economy and society is undeniable. Google Search is a uniquely competitive service that provides numerous benefits to both consumers and companies. By offering ease of use, access to information, personalized experiences, and advanced AI capabilities, Google Search empowers consumers in their daily lives and helps businesses thrive in the digital age. Our commitment to investing in the UK's digital economy, promoting digital skills, and driving AI innovation demonstrates our dedication to supporting the UK's long-term growth and prosperity.

A desire to understand our business better is reasonable - we produce products that are used by many UK consumers and businesses daily. We strongly believe that the CMA will be able to move quickly to focus this investigation and give us a clear and predictable path forward for the coming months. Our contributions will be constructive and fact-based, and will demonstrate the innovation that our products bring to the UK, whether that be in the work we have done to be the lead in academic breakthroughs in AI research; the scope and size of our investments in R&D; the new products we have brought to the UK at speed and high volume; or the spillover benefits that we will be able to show for the UK consumers and businesses that use our services.

We are committed to being a DMCCA-compliant partner in the UK's journey towards a more prosperous and inclusive digital future, and of the CMA as it now moves to build constructive and long-term regulatory relationships.