Platform Leaders' Submission to the CMA's Invitation to Comment on the SMS investigation into Google General Search and Search Advertising services

Introduction

Platform Leaders was launched in 2020 to bring together entrepreneurs, practitioners, policy makers, researchers, and investors that were collectively contributing to the development of digital platforms. Platform Leaders does not represent a single interest group but rather a coalition of digital start-ups, scale-ups, and corporates in the UK and beyond. Platform Leaders also launched the Collective Intelligence for AI initiative in 2024, and the present submission benefited from inputs and feedback from this new working group.

We believe that digital markets should be **open, competitive, and conducive to innovation**, balancing the need for fair market access with **incentives for investment and growth.**

We welcome the new Digital Markets Competition Regime (DMCC) and the opportunity to contribute to the CMA's Strategic Market Status (SMS) investigation into Google's General Search and Search Advertising Services ("the consultation"). We support the DMA's ambition to **promote competition and fair market practices** while ensuring that regulatory interventions are **proportionate, evidence-based, and future-proof**.

We believe that a **realistic, pragmatic, and principles-based** approach is the most likely to support the continued development of a vibrant digital ecosystem that benefits all.

This submission reflects our emerging views based on various exchanges with a range of Platform Leaders community members. It is by no means exhaustive and **focuses on the specificities of multisided platform businesses** as well as the **significant impact we expect AI to have** on digital markets.

The impact of AI on the future of advertising-based search

Before delving into the specifics of the consultation, it is important to acknowledge that this discussion comes at a time when the industry is on the brink of **significant AI-driven disruption**. This context should remain central to the assessment of Google's position and behaviour in Search—and any associated regulatory response.

We believe **AI technologies will transform the search and advertising landscape**, disrupt business models and that any regulation required should be **forward-looking**. AI is also raising regulatory concerns around national security, privacy, and intellectual property, and a **consistent regulatory approach**—both within the UK and across geographies—will be essential to improve market outcomes for all and avoid unintended consequences.

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

Platform Leaders supports the CMA's focus on **Google's general search services** as a critical component of the digital economy. Search serves as an essential infrastructure for businesses, particularly start-ups and scale-ups that depend on **fair access to online visibility and advertising markets**.

In an increasingly digital world, online visibility is key, and the development of reliable, transparent, and trustworthy search and advertising models are paramount for firms and consumers alike.

Members of the Platform Leaders community disproportionately run **multisided marketplaces/platform business models** and are therefore **doubly impacted by the need for visibility** since they need to recruit and scale to critical mass at least two different customer groups (e.g., buyers and sellers for product marketplaces, providers of services and clients for service marketplaces, content creators and content users for content marketplaces, etc.). This is usually achieved through sustained efforts in both Search Engine Optimisation (SEO) for organic results—that is to say unpaid results displayed on Search Engine Result Page (SERP)—and ad campaigns through different online (and offline) channels. Google is one of many channels that gives visibility to businesses and generates inbound traffic for them. A number of scaling businesses further stimulate their growth with advertising campaigns to acquire new marketplace participants on various sides of their platform and Google is one of several ad providers.

We also note that **platform-based businesses are key direct and indirect contributors to economic growth**, boosting the productivity of the various sectors in which they operate from retail, wholesale, financial services, health, transport, etc. In fact, platform-based businesses are used by almost half of all the fastest growing companies that achieved unicorn status over the past 10 years[1].

It is essential that the **scope of the investigation remains targeted and evidence-based** to ensure regulatory clarity and avoid unintended consequences that could distort innovation or competition. Many scale ups also welcome the high thresholds suggested by the CMA for SMS designation.

As outlined in our introduction, it is crucial that the investigation considers **the broader impact of AI**, particularly AI agents, on general search, search advertising, and the prevailing ad-driven business model. The inquiry should also assess whether SMS in these areas creates advantages or behavioral incentives for emerging AI-driven interactions with the web.

These concerns are appropriately recognised under 27(c) and (e). Given the rapid evolution of these services, we would advocate a regulatory focus that extends beyond historical market structures, participants, and behaviors to **encompass the dynamic evolution of these markets**.

[1] Is There a “Platform Premium”? An Exploratory Study of Unicorn Business Models and Valuations, Michael A. Cusumano et al., MIT Sloan School of Management, March 11, 2023

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?

Platform Leaders broadly agree with the CMA's **proposed avenues of investigation**, particularly around **self-preferencing, data access, and advertising market dynamics**. However, we would caution against focusing too narrowly on historic market features associated with Google's past dominance in search. We believe a range of factors are likely to significantly alter the basis of future competition in these markets.

While Google remains undeniably the go-to service for search, many businesses have noticed an increasing use of alternative AI services (such as ChatGPT and Perplexity in particular) for finding their products/services. Organisations themselves seem to be increasingly using non-Google tools for their own searches. In particular, **we are expecting the use of AI agents[2] to grow exponentially** over the next couple of years and profoundly transform the search market and any associated advertising revenues.

AI disruption is likely to be multifaceted and impact the way people search for things/obtain recommendations; the way content is created; the way the web itself is 'indexed'; and how advertising online works and is priced.

In that context, we believe that the **main source of competitive constraint** on established search firms will come **from new innovative AI services**, interfaces, and assistants[3]. Crucially, these **new AI assistants will likely operate without awareness of *traditional* advertising**, fundamentally reshaping the current ad-based search business model. Ads may shift to AI-driven interfaces—where Google could retain a role in search advertising, particularly within its own AI ecosystem—but a significant portion of value is expected to move away from traditional search. Instead, value will increasingly depend on how content is structured and indexed to optimise interaction with AI and its agents. Different business and monetisation models are of course expected to compete against one another and coexist for a while.

The DMA mentions that "consumer research" will be carried out, and we believe this is key to data-driven regulatory policy. However, we would **propose such research also includes business customers**. Marketplaces play a key role in providing choice, low prices, quality, and innovation in the delivery of products and services to both consumers and businesses across sectors. They do so in attracting participants on each side of the platform, matching them, connecting them, and allowing them to transact. The platform also plays a key role in using data to optimise the efficiency of the overall ecosystem, creating trust between participants, removing friction in the user experience end-to-end, ensuring quality thanks to governance rules and feedback mechanisms while managing financial flows and incentives for the benefit of all participants. In that context, many businesses are users of platforms and key contributors to their overall success and to the value proposition they may provide to end

[2] including the recently released—in the US—ChatGPT Operator, deep research agent, and Perplexity Assistant.
[3] See, AI means the end of internet search as we've known it, Matt Honan, MIT Technology Review, Jan 6th, 2025.https://www.technologyreview.com/2025/01/06/1108679/ai-generative-search-internet-breakthroughs/

consumers. We believe it is important to consider the benefits of policy changes to these businesses and the wider economy as part of the overall policy assessment.

Irrespective, we believe **surveys would provide interesting insights** into the extent to which: i) content online is increasingly AI-generated; ii) search habits of both individual consumers and firms may be starting to change with the growing adoption of AI tools; and iii) the extent to which agents will increasingly bypass today's search interfaces (and their advertising), leading to a restructuring of business models and sources of value on the Web.

Q3: Do you have views on how Google's general search services might be affected by the development of AI?

AI is **transforming search dynamics**, with the integration of **generative AI, chat-based search, and predictive analytics** potentially reshaping how consumers and businesses interact with search engines, and how value is extracted from these interactions.

AI is changing the web fast, and globally

The advent of generative AI is also rapidly changing the content creation process at the heart of the web. In fact, it is estimated that **more than half of all new web-generated content, including social posts, is now generated by AI**[4], and this is expected to reach 90% within only a couple of years[5]. This trend will no doubt have far-reaching, and relatively short-term, implications for search and advertising markets. These shifts are also impacting the adjacent creator economy that often depends on 'ad revenue-sharing' models like Google's Adsense and Youtube advertising.

New models come from all over the world, as recently demonstrated by the sudden emergence of DeepSeek r1. Such developments make it important for the CMA investigation to encompass **market and regulatory developments globally including in Asia**. In particular it will be key to consider second order effects that regulations may have on broader market developments (e.g. mandated data access enabling AI training in other countries, etc.).

AI has started disintermediating search engines

AI systems, and their **agents, can access multiple data sources simultaneously**, acting as aggregators and bypassing the need for a single search engine. This erodes the dominance of traditional search platforms like Google, as users will no longer rely on them exclusively. With the rise of conversational agents, the focus shifts from controlling user behavior and attention to ensuring data is structured and accessible for AI systems to retrieve and process effectively.

So-called "**conversational search**," where AI tools are being used to search for information and sources, **is growing rapidly**. In fact, this particular use case has given rise to dedicated

[4] A September 2024 study by Amawon AWS suggests that 57% of all the web content online at the time was already AI generated. See https://arxiv.org/pdf/2401.05749
[5] See “Facing reality? Law enforcement and the challenge of deepfakes”, Europol Innovation Labs, 2022

AI tools such as Perplexity and new features of general tools (ChatGPT Search). This has resulted in a significant increase in inbound traffic to retail sites generated by AI services, with recent research from Adobe suggesting **more than a quarter of people in Britain had used AI for online shopping last year**[6].

These new AI-first "technology stacks" are increasingly being rolled out in organisations, and there is evidence of new entrants displacing traditional search firms[7].

AI Agents will further disrupt advertising-based search

AI systems fundamentally differ from human users. Unlike humans, **AI is expected to be unaffected by advertising placements or rankings**. Instead, these systems prioritise breadth, depth, and relevance of data. This makes traditional search engines, which rely on ad revenues and ranking systems to monetise user attention, less relevant in an AI-driven paradigm. The traditional search business model capitalises on the limited time and attention span of human users, shaping information presentation to maximise engagement and advertising revenue. AI systems, however, are unconstrained by these limitations. They can process vast amounts of information and synthesize optimal outputs, **reducing the relevance of ad-based rankings** and creating opportunities for entirely new value propositions to optimise Web content and indexing for AI.

This shift is even more evident when AI agents start to perform human tasks, such as booking travel or shopping online for groceries. They ought to do so unaffected by advertising and product placement. This new category of Computer Using Agents (CUAs) can see what the user is seeing (by streaming the users' screen) and interact with the website being used by virtually controlling the mouse and keyboard. The CUA can take action on the web without requiring custom API integrations, it can self-correct mistakes, and pass on control to the user if additional information is required (e.g., password, purchase validation, etc.). As such, **these agents are indistinguishable from real users / customers** (and advertising "seen by the agent" is presumably currently charged to advertisers).

For example, the new ChatGPT Operator agent now widely available in the US seems to be using preferred curated websites per category (such as DoorDash, Instacart, OpenTable, Priceline, StubHub, Thumbtack, and Uber) to solve requests[8]. In fact, different agents and contexts result in different search protocols. For example, if you ask Anthropic's Claude with Computer Use about stock prices, it goes to Yahoo Finance while ChatGPT's Operator does a Bing search. ChatGPT's Operator apparently loves buying from the top search result on Bing while Claude has direct preferences like 1-800-Flowers[9]. Clearly, these emergent preferences are likely to change since most agents are still in beta and undergoing rapid iterative improvements, but it shows that **traditional traffic patterns are rapidly being disrupted** and that businesses requiring visibility will have to adapt accordingly.

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[6] The same research reveals this is a 10 fold increase since July 2024 and accelerating so post Christmas figures are likely to be much higher. See Shoppers ditch search engines as AI shakes up online spending, Andrew Ellson, The Times, Nov 26th 2024

[7] See SEO Blog, Top Gen AI, Jan 2025 https://firstpagesage.com/reports/top-generative-ai-chatbots/

[8] See demo of ChatGPT Operator by Sam Altman & Co, Jan 24th 2025: https://www.youtube.com/watch?v=CSE77wAdDLg&t=2s and Using Custom Instructions in Operators video by Sarah Yu from OpenAI, Jan 24th 2025 https://youtu.be/42YPRy6RJ_o

[9] See Ethan Mollick's X post dated Jan 23rd 2025, https://x.com/emollick/status/1882612710053204126

New innovative business models will challenge traditional ones

The shift to AI-driven search paves the way for new players to emerge. These companies might specialise in indexing, scraping, and structuring information for AI training and queries (rather than traditional ranking/search). This new paradigm encourages **direct B2B relationships between information providers and AI tools**, prioritising data relevance and accessibility over advertising revenue. We expect Google to have a significant role in these new business models, and it will be important to understand whether Google's current position gives it a significant advantage in how Web content is presented to and optimised for AI models and agents, or whether the playing field will be leveled for new entrants, or other AI providers to perform these tasks in active competition with Google.

Legacy practices like search ranking, self-preferencing, or ad-driven hierarchies could become self-defeating in this new world. AI agents are expected to bypass these mechanisms in favor of comprehensive and unmediated data synthesis. **New AI-driven architectures introduce the potential for multiple business models**. Users may pay for access to unbiased AI tools that ensure relevant and neutral sourcing of data (subscription-based model). Alternatively, a free model could emerge, supported by advertising or product placement in AI-generated results, offering cost-free access at the expense of possible biases[10]. It is also entirely possible that the proliferation of highly capable computers combined with open-source models, such as DeepSeek r1, will give rise to increased innovation and locally run instances of models that will become decentralised personalised search interfaces with the outside world[11].

These innovations will create more choice for consumers, allowing them to prioritise either unbiased data or cost-free tools. It also highlights the importance of transparency in how AI systems present information to users. **Regulators should ensure that consumers are fully informed about the trade-offs between free and paid models**.

Regulatory Implications

Given the rapid evolution of AI and its disruptive potential, regulation must be forward-looking and focused on fostering innovation. The **upcoming changes by no means imply that Google should be spared regulatory oversight**. However, when looking at the regulatory framework for search, it seems important to focus on the following regulatory principles:

- **Focus on future competition:** Regulation should prioritise fostering innovation and competition on the merits in fast growing AI-driven search, rather than simply focusing on traditional search and ad models. It is clear that as the market evolves to AI-mediated Web access, Gemini may not enjoy the same market position as Google

[10] Ultimately many experts predict that agents will emerge both on the supply and demand side and "negotiate" terms of access for various products, services and content types. See for example "Google DeepMind CEO Demis Hassabis: The Path To AGI, Deceptive AIs, Building a Virtual Cell" podcast recording, https://www.youtube.com/watch?v=yr0GiSgUvPU (timestamp 30:12)

[11] DeepSeek -and similar models including LLaMA 3.2, GPT4All, Tulü 405B, etc.- can run locally on today's desktops and laptops. A new generation of hardware optimised for such applications will provide ample compute to run leading edge models. See for example Nvidia's latest $3,000 AI computer (codenamed DIGITS) announced in January 2025: https://www.nvidia.com/en-us/project-digits/

search. In that context it will be important to ensure that competition to become an AI agent of choice is not undermined by anticompetitive bundling or tying practices.

- **Avoiding backward-looking frameworks:** While addressing anti-competitive practices is important, regulation must avoid tethering itself to legacy systems that AI is likely to quickly render obsolete. The goal should be to ensure a level playing field for future markets, not just to replace existing incumbents with new entrants in outdated business models. The worst possible policy outcome would be to regulate behaviour and focus regulatory attention in a rapidly declining business at the expense of ensuring disruption and competition is available and delivering pro-consumer outcomes in the emerging landscape.
- **Mitigating barriers to AI development:** Regulators should monitor actions that could hamper the emergence of AI competitors, such as restrictive data practices or exclusionary agreements, which could stifle innovation. The challenge will be to let innovations in search flourish, as Google search continues to evolve with AI offering enhanced capabilities over time, while ensuring that these new functionalities do not prevent new innovative entrants from participating and do not reduce the visibility of firms relying on search.

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?

Platform Leaders broadly supports the CMA's **focus areas** with the following observations:

We were not entirely clear about when Conduct Requirements (CRs) would be used instead of Pro-Competitive Interventions (PCIs) and *vice versa*, and whether these tools would be mutually exclusive on given topics or "stack". Our understanding suggests that CRs could be usefully considered for rapid implementation of transparency obligations and limitations on self preferencing.

We support reasonable requirements on Google to avoid exploitative conduct, including giving users **enhanced transparency and control of their own data**, and an effective **complaint process for businesses listed in search results**. In particular, we would be keen to see an emergency process to be able to reach someone able to review the situation when an urgent intervention is required (e.g., significant change in rankings materially impacting a business). Many businesses would also benefit from being made aware of the timing of major algorithm changes—and their likely impact—in advance of their introduction. Workshops and communication around search changes should not be solely focused on advertisers, and transparency about changes should be communicated to a broader set of stakeholders.

We further support non-discrimination provisions mentioned, especially those alluding to down-ranking and delisting of firms choosing not to purchase Google products or services or assisting regulators in their investigations. Again, we would like to see some **clarification as to the extent to which the benefits to businesses are taken into account** alongside those to consumers in the context of CRs and PCIs.

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?

The list of issues and potential interventions proposed by the CMA is exhaustive and well-researched. We support **measured regulatory interventions** but caution against over-reliance on historic precedents and analysis given the inflection points of these fast-changing markets. We have the following comments on certain aspects of the proposal:

39. a). In line with our previous comments, it seems paramount to focus on how traditional search is likely to evolve to ensure any remedies are 1) proportional and 2) deliver future-proof outcomes.

Platform Leaders fully supports the objectives highlighted in **39. b) and c)**. It is however important to strike the right balance between CRs and PCIs so that the interventions do not lead to degrading potential product offerings that would be of value to consumers. The overall objective should be to level up the competitive process, rather than degrade Google's product set.

41. b). Transparency in how results are generated—whether from traditional search engines or AI-driven systems—is crucial in the evolving digital landscape. Consumers must be made aware if results are influenced by economic arrangements, such as advertising or product placement, or if they reflect unfiltered, unbiased data access, especially when delivered by an increasingly personalised and trusted AI. This may also foster competition between paid-for, ad-agnostic agents vs free, but ad-mediated ones.

41. c) In assessing Access interventions, the CMA must ensure that proper incentives are maintained. Mandating access to proprietary data or functionalities that have been obtained on the merits may help some firms but also undermine incentives to innovate. Onerous regulations could create perverse incentives: where innovative first movers may end up prioritising short-term profits, while late entrants may wait for regulatory redistribution rather than invest and innovate.

42. b) It is of course important to prevent market power from being leveraged from pre-exiting markets onto new ones, but it is also important not to create a competitive model based on service degradation. Reducing the quality or features of market-leading services to facilitate "competitive catch-up" is unlikely to benefit consumers.

42.c) We support the CMA's concern that existing positions may be leveraged into the new AI landscape. On the other hand, certain interventions may become self-defeating in an AI-driven market. Practices like self-preferencing or ad-based results may lose relevance as competitive advantage in AI-mediated web access shifts toward breadth and depth of accessible data.

Platform Leaders generally support the objectives highlighted in sections **43. a)–43. e)**.

Finally, when assessing issues and interventions (sections 44-47), it is critical to acknowledge the unprecedented speed of market change unleashed by AI. This should

inform the timing of market reviews / proportionality tests and the ease and speed with which new remedies can be deployed, or rolled back.

Q6: What are the key lessons the CMA should draw from measures imposed in relation to general search services in other jurisdictions?

We understand the CMA is keen to learn from measures that have been imposed or considered in other jurisdictions. We believe the CMA should consider lessons from all the relevant jurisdictions mentioned while making the most of the flexibility of a principles-based regime where firms subject to SMS are subject to effective, targeted and proportionate interventions where the risk of harm has been established.

In practical terms this means that while many of the provisions of the EU's **Digital Markets Act (DMA),** such as the ones **requiring platform neutrality in search rankings,** can **serve as a model for UK interventions,** the flexibility of the DMCC, and its ability to apply regulations at the individual platform level, may allow for more focused interventions in the UK.

In the same way, while findings of **US Antitrust Investigations** and ongoing cases in the US suggest legitimate concerns over **search advertising dominance and data control**, we would be **wary of UK regulators following overly political interventions** of other jurisdictions one way or another.

As mentioned previously, market and regulatory developments in Asia will be important to monitor as new models, social networks, marketplaces, AI interfaces and agents developed in these jurisdictions become increasingly popular in the UK.

By definition, all these precedents are backward-looking. While they should be carefully considered in the present regulatory context, we believe the future market position of current stakeholders is unlikely to remain static. Enabling forward-looking competition on the merits should therefore be the focus of policy makers.

Platform Leaders appreciate the opportunity to contribute to this consultation and welcome further discussions with the CMA.

On behalf of **Platform Leaders**