



# SMS investigation into Google’s general search and search advertising services

## Introduction

This is the response of the Public Interest News Foundation (PINF) to the CMA’s invitation to comment on its SMS investigation into Google’s search services.

PINF is a charity which promotes public interest news. We do not promote the commercial or political interests of particular news providers. We believe that citizens and consumers benefit from a sustainable, plural and innovative news industry.

We are responding to this invitation to comment because we believe – for reasons set out below – that the dominance of Google’s search services severely damages the prospects of a sustainable, plural and innovative news industry, and thereby harms the interests of citizens and consumers.

We are grateful to the CMA for providing this opportunity to comment, and we look forward to engaging with the CMA and other stakeholders throughout this process.

## **Do you have views on the proposed scope of our investigation and candidate descriptions of Google’s general search services?**

It is clear from the invitation to comment that the CMA proposes to apply the tests for Strategic Market Status (SMS) set out in the Digital Markets, Competition and Consumers Act 2024 (‘the Act’). We support this approach and encourage the CMA to be pragmatic in determining whether Google search holds ‘substantial and entrenched market power’ (SEMP) and ‘a position of strategic significance’ (POSS).

To some extent, these tests are forward looking, and a prospective SMS firm might argue that the CMA cannot prove that their SEMP or POSS characteristics will remain in place because of the potential for market disruption. We trust that the CMA will treat these arguments – should they arise – with a pinch of salt.

The tests cannot be applied in such a way as to prevent any firm from being designated, or Parliament would not have included these tests in the Act. They must be capable of being met, and – on the face of it – they are met by Google in relation to its general search and search advertising services. Absolute certainty is impossible in a forward-looking test, so in practice this test must be one of reasonable certainty. Moreover, the CMA is free to remove a firm’s SMS designation in the event of a material change in its circumstances.

In principle, we support the candidate descriptions of Google’s general search services, so long as any designation covers all Google search services which use news publishers’ content as an input and/or an output, such as Google News Showcase.

If it is not clear whether a particular search service uses news publishers’ content as an input (for example, AI Overviews), we urge the CMA to request relevant data from Google. If there is any doubt, the CMA should err on the side of including a particular service within the scope of the designation in order to provide certainty and create the opportunity for regulatory oversight. It would be more proportionate to include all potentially relevant services upfront in this way than seek to vary the scope of the designation at a later date.

### **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?**

We understand that the avenues of investigation set out in paragraphs 26-28 are relevant to the CMA’s decision about whether Google has SMS in relation to general search services, and not necessarily to the detailed Conduct Requirements which may then be imposed on Google. On this basis, we support these avenues of investigation and would be happy to provide further information.

We believe that our research into the economic value of news to Google (see below) is particularly relevant to paragraph 27(f): *‘Whether Google can influence how other firms conduct themselves in relation to general search and search advertising.’*

As well as our research into the economic value of news to Google, we also conduct an annual survey of the independent news publishing sector in the UK, the PINF Index.<sup>1</sup> The 2024 Index showed that 21 per cent of publishers in this sector generate some revenue through the Google News Showcase, a product which requires publishers to upload a fixed number of stories every day in return for an undisclosed payment. It is not clear what purpose this product serves to Google, other than putting participating publishers in a position of dependency.

The PINF Local News Map, meanwhile, shows that more than four million people in the UK live in news deserts, with no dedicated local news provision, as a result of the massive disruption of the news publishing economy over the last two decades – the period of Google’s rise to market dominance.<sup>2</sup> This fragile economic context means that news publishers – particularly small, independent news publishers – have little option but to accept whatever terms Google offers for inclusion in the News Showcase.

We would encourage the CMA to use its powers to understand this relationship in order to establish whether the News Showcase is an attempt by Google to entrench its market power by influencing how other firms conduct themselves, not only in relation to general search and search advertising, but more broadly – for example, using the terms of News Showcase agreements to discourage news publishers from speaking out about Google.

If the proposed avenues of investigation do not give the CMA a sufficiently clear mandate to pursue this line of enquiry, we would suggest a further avenue – new paragraph 27(g): ‘*Whether Google can influence how other firms conduct themselves in relation to Google in general.*’ This is particularly relevant to the news industry, which doesn’t only relate to Google as a commercial stakeholder but also has the capacity to hold Google accountable through journalistic investigations and coverage.

If Google has the power to prevent or deter news publishers from holding it accountable as those publishers might otherwise hold a major corporation accountable, then this would be powerful evidence of strategic market status.

### **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?**

On the face of it, generative AI search interfaces are convenient for the user, who can find a range of information synthesised in a few sentences. However, this apparent

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<sup>1</sup> See <https://www.publicinterestnews.org.uk/research/pinf-index>.

<sup>2</sup> See <https://www.publicinterestnews.org.uk/map>.

consumer benefit comes at a considerable cost for the digital news and information market, which is detrimental to competition and will ultimately harm the consumer.

Unlike traditional search, AI interfaces separate search inputs – such as news publishers’ content – from search outputs – in the form of Gemini AI Assistant, for example. As our research shows (see below), many users already choose not to click through from traditional Google search results to news websites because news headlines are enough to answer their query. This problem will be severely exacerbated if search outputs don’t include a link to the news site at all.

The contribution of news publishers is particularly important to generative AI search – because news content is succinct, accurate and topical – but this value will not be recognised by users if they don’t see the publisher’s brand in the AI interface. So, news publishers will suffer from generative AI search, both directly through reduced traffic and indirectly through reduced brand awareness.

According to the Reuters Institute for the Study of Journalism, 74 per cent of news publishers worldwide are ‘somewhat or extremely worried about the potential decline of referrals from search’ as a result of new AI interfaces.<sup>3</sup> This decline will add to the economic pressures already affecting news publishers, particularly small, independent and local publishers, which are often the only source of trusted and trustworthy information for the communities they serve.

If publishers cut costs by reducing the quality of their journalism or are forced out of business as a result of this disruption, then this will doubly harm the market and consumers: firstly, by removing an otherwise viable provider of a valued service through unfair competition; and secondly by eroding the quality of input – and therefore output – of the large language models that underpin generative AI interfaces.

This erosion will have knock-on harms for consumers, including but not limited to the following:

- AI has been found to perpetuate misinformation and disinformation, as seen for example in recent ‘error-strewn’ AI news alerts that have affected the BBC and other news outlets, pushing false headlines to readers.<sup>4</sup>
- AI perpetuates the same biases as the content that feeds it, so AI outputs without professional journalism inputs may be more discriminatory than AI outputs with professional journalism inputs.<sup>5</sup>

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<sup>3</sup> Nic Newman and Federica Cherubini, *Journalism and Technology: Trends and Predictions 2025*, p. 10 (available at [https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2025-01/Trends\\_and\\_Predictions\\_2025.pdf](https://reutersinstitute.politics.ox.ac.uk/sites/default/files/2025-01/Trends_and_Predictions_2025.pdf)).

<sup>4</sup> See <https://www.bbc.co.uk/news/articles/cq5ggew08eyo>.

<sup>5</sup> See <https://www.bbc.co.uk/news/technology-65855333>

- Regulation in the areas of copyright, licensing, text and data mining is falling fast behind the new frontiers of AI tech, so this market as a whole is at risk of a race to the bottom.<sup>6</sup>
- There is a risk that AI will undermine shared understanding by over-personalising search outputs, as many AI services serve unique news content to each user, who will not be aware that other sources of news, and other interpretations of events, are available.<sup>7</sup>
- Agentic AI – that is, AI agents found on mobiles and smart speakers like Google’s – are using generative AI to develop virtual assistants with which users can have full conversations. While this technology is some way off becoming commonplace, this new use case adds another layer of highly personalised content.<sup>8</sup>

Whilst there are some signs of competition in the market for generative AI, it is likely that Google’s dominance in the traditional search market will give it an edge over its competitors in AI, both because of its brand reputation (the only search provider which is also a verb), and by leveraging its dominance in traditional search.

In light of these risks to the news publishing market and therefore to consumers, we endorse the call of the House of Lords Communications and Digital Committee, in its recent report on the future of news, that the CMA ‘should investigate and address tech firms leveraging dominance in one domain, notably internet search, to secure anti-competitive advantages in obtaining data for generative AI training. We suggest this should be an immediate priority given the pace of market developments and impacts on news media business models.’<sup>9</sup>

We believe that the 2024 Act gives the CMA the power to act on the House of Lords’ recommendation, for example by imposing Conduct Requirements (CRs) on Google not to use news publishers’ and other creators’ content as an input for its AI tools without giving publishers rights over the output of these tools, including the right to fair financial compensation and brand recognition.

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<sup>6</sup> Nic Newman and Federica Cherubini, *Journalism and Technology: Trends and Predictions 2025*, p. 10

<sup>7</sup> *The Future of News: Impartiality, Trust and Technology*, p. 31 (available at <https://committees.parliament.uk/work/8163/the-future-of-news-impartiality-trust-and-technology/publications/>).

<sup>8</sup> Nic Newman and Federica Cherubini, *Journalism and Technology: Trends and Predictions 2025*, p. 5

<sup>9</sup> *The Future of News: Impartiality, Trust and Technology*, pp. 40-41.

## **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?**

The issues outlined at paragraph 43(d) are particularly relevant to the sustainability of public interest news in the UK. To explain these concerns, we will summarise recent research we have commissioned from Fehr Advice, a Swiss behavioural economics consultancy with expertise in digital markets.<sup>10</sup>

We surveyed 1,484 people in the UK to calculate the value of news media to Google's search services. In our experiment, we showed participants different simulations of Google, with and without news media content, and asked them to make certain searches to see how the presence of news media affected their experience of Google.

We began by asking participants how they inform themselves about current topics and found that 82 per cent use search engines, far more than use other sources such as social media, news apps or print media. The size of Google's market share in the UK (94 per cent) shows that it is by far the most frequently used news search service.

When searching Google for information, we found that users value trust, ease of understanding, quality and the independence of results most highly in their chosen source of information. Almost 9 in 10 (87 per cent) said it's important that the information is objective. More than 8 in 10 (83 per cent) said it's important that the information shown comes from multiple sources. 8 in 10 (80 per cent) said it's important that their search results are relevant to their inquiry.

Users who looked at the version of Google *without* news media consistently rated search results lower by these metrics than those looking at a version of Google *with* news media. This shows that professional news content supplies the qualities that make search results most valuable. The inclusion of local media in search results in particular improves users' perception of independence.

In total, two thirds of participants (66 per cent) stated that they preferred the version of Google with news results. When asked how much they would be willing to pay per month for Google search (if they had to pay), participants who saw Google with news were willing to pay 34 per cent more for Google (£5.09) than those who had seen the version without news (£3.79). This is a good indicator of the value that news content adds to users' overall perception of Google, and therefore its brand value.

This contributes to the joint value of the Google/news economy, using the framework set out by the CMA and Ofcom in the advice to government of November 2021.

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<sup>10</sup> See <https://www.publicinterestnews.org.uk/post/2-2-billion-the-value-of-news-to-google-in-the-uk>.

‘The assessment of joint value should take a broad view of value created through use of content by SMS firms and not just include advertising revenue from paid advertising placed around the content.’<sup>11</sup>

Google is able to provide more valuable results because of the work of news publishers. However, the value that news generates for Google isn’t shared fairly. News providers are responsible for creating and verifying news content, employing journalists, investigating stories (not all of which make it to publication) and carrying the legal risks. Their work contributes to Google’s revenues, but Google doesn’t share these revenues equitably with them.

When challenged, Google may argue that it directs traffic to publishers’ websites, leading to advertising and/or subscription revenue for these publishers. However, we found that 4 in 10 users stay within the Google ecosystem after searching for information. Two thirds of users (67 per cent) stop reading after the headline, having gathered the information they were looking for. Of those who did click on an external link, only 15 per cent were to media outlets.

So, Google is creating negligible amounts of additional traffic to news sites, contrary to its oft-repeated claim, and news providers are stuck. They need to have engaging headlines to get to the top of Google’s search algorithm, but these headlines are so informative that people don’t need to click through to the website. Google’s new AI tool is compounding this problem, amalgamating news stories for users at the top of the search page to provide answers without even having to scroll.

Such is Google’s dominance that in our experiments, a majority of users said they would return to Google even if the experience had not been satisfactory. This is the living proof of Google’s monopoly position, which is distorting the digital news economy, damaging publishers, and ultimately harming consumers, who suffer from the loss of trusted and trustworthy sources of information, particularly local news.

Google generated £16.7 billion from search advertising in the UK in 2023, of which 55 per cent, £8.5 billion, was derived from information searches.<sup>12</sup> News adds value to information searches 66 per cent of the time, meaning that Google generates £5.6 billion with the help of news media content. If this value was split 60:40 with Google – a reasonable division based on benchmarks in other industries – then news providers as

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<sup>11</sup> *Platforms and content providers, including news publishers: Advice to DCMS on the application of a code of conduct*, November 2021, p. 45 (available at [https://assets.publishing.service.gov.uk/media/6273af6be90e0746c882c361/Platforms\\_publishers\\_advice\\_A.pdf](https://assets.publishing.service.gov.uk/media/6273af6be90e0746c882c361/Platforms_publishers_advice_A.pdf)).

<sup>12</sup> IAB Europe (2022) *AdEx Benchmark 2021 Report*, p. 43 (available at [https://iab europe.eu/wp-content/uploads/2022/06/IAB-Europe\\_AdEx-Benchmark-2021\\_REPORT.pdf](https://iab europe.eu/wp-content/uploads/2022/06/IAB-Europe_AdEx-Benchmark-2021_REPORT.pdf)); Höppner & Piepenbrock (2022) *Digitale Werbung und das Google Ökosystem*, p. 264.



a whole would be entitled to a revenue share of £2.2bn for 2023 alone.<sup>13</sup> If we factor in the previous years in which Google built up its dominant market position, we could be looking at a total bill of many billions of pounds.

**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?**

PINF particularly welcomes the requirement on Google to ensure fair terms for use of publisher content. As set out above, we are concerned that Google may be capturing a huge proportion of surplus value generated by professional news media in the UK. We look forward to seeing more details of the relevant Conduct Requirements (CR) and the proposed Final Offer Mechanism (FOM) at the earliest opportunity.

We also welcome the requirements on Google to make available key data to competitors and to have an effective complaints process for businesses that are listed in search results. Taken in combination, these requirements would create a fairer playing field for small media providers to compete in Google's search rankings.

**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?**

In Australia, the regulatory framework introduced unintended consequences that harmed small players. The News Media Bargaining Code (NMBC) introduced in Australia in 2021 is a specialised piece of legislation that does not bring about comprehensive regulation of digital markets in the way the DMCC Act is designed to.

The Australian NMBC has not enhanced the competitiveness of local journalism in the public interest. The code excluded publishers with turnover below AUS\$150k (c.£80k), and it is currently non-binding on platforms. This has enabled the dominant platforms to strike individual deals with big publishers that do not guarantee the sustainability of local journalism in the public interest. In the 12 months following the code's

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<sup>13</sup> Johann et al. (2023) *The value of journalistic content for the Google search engine in Switzerland*, pp. 38-40 (available at [https://fehradvice.com/wp-content/uploads/2023/04/2023\\_04\\_21\\_study\\_journalistic\\_value\\_google\\_en.pdf](https://fehradvice.com/wp-content/uploads/2023/04/2023_04_21_study_journalistic_value_google_en.pdf)).



introduction, the Public Interest Journalism Initiative [reported a net decrease](#) in journalistic activity in Australia.

Whilst bill C-18 in Canada has some advantages over the Australian NMBC, in that it will apparently lead to some payments to small news publishers, the process of reaching a settlement between Google and the news industry was led and dominated by the corporate news industry and lacked transparency.

We believe that the approach set out in the Act and followed by the CMA is more appropriate for the long-term vibrancy and independence of the digital media economy, in that it will lead to a fair and sustainable value exchange between actors, not a politicised or grudging deal made in bad faith to avert the risk of regulation.

We would be delighted to provide further information on any of the points raised in this response and we look forward to following this process closely.