

Search SMS Investigation

Advertisers and Media Agency Roundtable

29 January 2025

Agenda

1. Overview of the Search SMS investigation
2. Landscape for search advertisers and media agencies
3. Relationship between Google, advertisers and media agencies

Introduction

As part of its Strategic Market Status (**SMS**) investigation into Google's general search services, the CMA held a series of roundtable events for groups of stakeholders to explore the issues and hear their views.

Participants were reminded of the consequences of providing false or misleading information to the CMA in connection with its digital markets functions.

This note summarises the content of the roundtable held with advertisers and media agencies. The event was chaired by the CMA Director leading the SMS investigation and attended by CMA staff including the Executive Director, Digital Markets and the case team. Representatives from seven advertisers and media agencies participated.

The views expressed in this note are those of the participants, which the CMA will take into account as part of the body of evidence it gathers during the investigation.

Overview of the Search SMS investigation

The CMA thanked attendees for joining the roundtable and stressed the importance and value of their engagement with the case team during its SMS investigation and explained how the CMA intends to implement the participative approach to the digital markets competition regime.

CMA staff explained the scope and process of the SMS investigation, the issues the CMA intends to explore during the investigation, as set out in the [Invitation to Comment](#), and the expected timeline for the investigation. Attendees were then given an opportunity to ask questions.

Landscape for search advertisers and media agencies

Participants stated that over the last 5 to 10 years there had been an increasing proportion and prominence of paid advertising links and features on Google's Search Engine Results Page (**SERP**). They stated that as a result, businesses were becoming more reliant on paid search advertising as opposed to organic traffic (and associated optimisation). Participants also stated that Google continued to have a high market share in general search services and that there was a lack of viable alternative advertising platforms which enable the same specific targeting, verification and attribution as search advertising.

In relation to Google's implementation of AI interface features (eg AI Overview), some participants stated that it had a non-trivial impact on their overall discoverability, with one estimating that it had resulted in an approximately [10%] reduction in click-through traffic. Additionally, participants stated that they did not currently consider that new and emerging AI answer engines represented a serious alternative advertising platform to Google, and that it was not clear to what extent and how advertising opportunities could be implemented in these services at scale.

Relationship between Google, advertisers and media agencies

Some participants stated that they found it challenging to address or resolve issues raised with their advertising campaigns with Google including through more formal complaint routes. One participant stated that it is difficult to access Google staff who could help resolve these issues. They also stated that it was important that any remedies imposed to address these issues if a SMS designation is made require specific action by Google so as to be effective.

Several participants shared experiences of Google's customer support, and expressed concerns that it has degraded over time and that users of its advertising tools have limited access to effective support, especially for organic search. Participants expressed the view that Google provided better support in relation to its paid advertising services. However, they stated that the access to and the quality of this support was tied to how much advertisers spent with Google, and that smaller spenders are less able to access effective support.

Participants stated that Google has also reduced the quality of data and analytics available over time, particularly for advertisers with a smaller spend, who already have limited access to Google's analytics tools. As a consequence, some participants stated that they have had to make use of third-party tools to analyse their advertising strategies, further increasing their costs.

When participants were asked whether these issues were specific to Google or if stakeholders faced similar issues when working with other providers of general search services, one stakeholder responded that, in their view, one of Google's rivals provides better data to their users such as more accurate data on what search terms are being purchased. They also expressed the view that this rival platform offers superior customer service and is readily willing to provide in person support at an account level which is not as commonplace when working with Google. However, they also noted that this rival's general level of customer support had similarly declined over the last decade.

Some participants also stated that it is harder to assess performance within Google's services, due to Google's AI optimisation which tailors advertisers' ads per auction creating a degree of opacity as to how these tools function. Participants expressed a view that Google was strongly encouraging the use of its 'Performance Max' service which contributes to this increased opacity. Additionally, despite frequent changes to how its advertising tools operate, they stated that advertisers received limited notice and information about these changes, reducing their overall ability to assess their impact. They stated that this was likely to disproportionately impact advertisers with fewer resources to monitor and assess these changes.

Several participants expressed the view that Performance Max together with other automation tools such as Google's smart bidding have led to increased costs without a clear link to associated 'service improvement'. One participant mentioned that they viewed Performance Max as a 'Google tax' which increased advertiser costs by about [0-5%] for little return. Another stated that it had seen cost per click inflation when using automatic bidding tools that it could

not explain by reference to changes in brand competition, and which were not replicated with similar costs when deploying more manual campaign tools. Another participant stated that it estimated it had seen price rises of [5-10%] over the past 5 years for both itself and rivals.

Participants stated that in their view, due to Google's market share and vertical integration, there are no viable alternatives to its services, and raised concerns that even with conduct requirements potentially in place requiring Google to increase transparency regarding its advertising services, it may still have the ability to leverage its position to the detriment of advertisers. Some participants also stated that Google's value to advertisers is increased via its wider ecosystem of products and services, including its ownership of YouTube, Gmail and the Android operating system, further reducing the viability of alternative platforms. One participant expressed the view that if a SMS designation is made, the CMA may need to take significant action such as setting price caps or pursuing divestitures of core adjacent services to reduce Google's data advantages and make significant improvements for advertisers.