

The CMA's Proposed Decision in its Strategic Market Status investigation into Google's general search services – Skyscanner's response

Executive Summary

- Skyscanner welcomes the opportunity to provide its views on the CMA's Proposed Decision to designate Google with Strategic Market Status (SMS) for its general search services.
- We fully agree with the proposal to designate Google with SMS in both general search and search advertising. The Decision provides compelling evidence as to why these services have sustained and entrenched market power in the UK, and a position of strategic significance.
- We share the CMA's assessment that Google's position is unlikely to materially change in the next five years, and our own experience indicates that Google is well-placed to shape the most disruptive development – the emergence of AI assistants – to its advantage.
- The Proposed Decision must be clearer, however, on the difference between general search and specialised search services.
- Below, we highlight particularly relevant findings, and a few areas of concern where clarification and/or revisions would be welcome.

The digital activity

The proposed description of the relevant digital activity and the products within scope

- We note the CMA's proposal to describe the relevant digital activity as the provision of:

'A service that searches the world wide web, and can draw on other sources, to return information on any subject (general search);

And

A service that enables advertising to users of general search (search advertising)

Together, general search services.'

- We agree that both of these are a digital activity within the meaning of the Digital Markets, Competition and Consumers Act (DMCCA), and that they may be treated as a single digital activity as they can be carried out in combination with each other to fulfil the specific purpose of providing a general search service.
- Regarding the proposed definition itself, we absolutely agree that the ability to search the world wide web, and to return information on any subject, are important characteristics of a general search service. These features distinguish a general search service like Google Search from a specialised search service such as Skyscanner, which does not search the world wide web and only returns information relating to flight, hotel and car hire offers from our commercial partners. We therefore support the addition of "on any subject" to further highlight the differences between general search and specialised search.

- However, the means by which we source our content is also markedly different from that of a general search service. Our content is provided via data feeds from our commercial partners. This allows us to provide live and bookable prices, and information on availability, in a highly dynamic pricing environment, enabling consumers to accurately compare prices from multiple suppliers in one place. Without these data feeds, we would not be able to provide a specialised search service. On the other hand, Google Search would still be able to operate a full general search service without access to live data feeds, because it does not need these to return information in relation to a travel query.¹
- The updated definition of general search, to include the phrase “and can draw on other sources”, therefore risks blurring the lines between general search and specialised search services. This is important because the ability to clearly identify Google’s own separate products and services (such as Google Flights), whether they are integrated into the SERP or not (as they currently are), is key to ensuring that any potential conduct requirement to prevent Google from using its position in general search to treat its own products more favourably than those of other undertakings can be implemented effectively.²
- It is clear that the use of data feeds to populate the integrated Google Flights or Google Hotels unit on the SERP leads to the creation of a separate product (Google’s specialised search services), when comparing the results within these units to the search ads above or organic results below, which at most include indicative pricing in the title links but still require the user to navigate to a different website before they can compare live prices.
- As the Proposed Decision notes at 4.24, we emphasised in our response to the ITC that it is vital that Google’s integration of its separate specialised search services into the SERP be captured by any designation. This is a necessary pre-requisite for addressing Google’s unfair treatment of competing specialised search services on the SERP. However, this is not the same as these “search features” “form[ing] part of [Google’s] general search”, as described at 4.32.
- While it might be a statement of fact that the Google Flight unit, as integrated into the SERP, forms part of the general search engine results page at present, for the reasons we have outlined above (as well as the distinctions between general and specialised search the CMA highlights in the proposed decision), it is still a distinct service from Google’s general search service. Just because Google decides to integrate new features and functionalities into the SERP does not mean that they are general search features.
- It is essential that the CMA clarifies this point in its final decision, since definitional clarity is a pre-requisite to enabling the effective introduction of any future conduct requirement around fair ranking and the fair treatment of specialised search services.
- Similarly, when it comes to AI Overviews and AI Mode, the mere fact that they are integrated into the SERP does not mean they are general search features. Indeed, a substantial amount of the proposed decision outlines the extent to which AI assistants, based on generative AI

¹ We note that at 4.49 Google emphasises the importance of the way in which inputs are sourced to argue that Google Gemini is a distinct product from Google Search. Similarly, at 5.51 the CMA outlines the functional differences between general search services and specialised ones.

² In response to Article 6.5 of the EU Digital Markets Act, Google has introduced new direct supplier units in flights and hotels that are populated by live data feeds, in a clear attempt to continue providing a Google VSS on the SERP.

models, are different from general search services. Google itself outlines how the way they respond to queries is fundamentally different, while the CMA references consumer research indicating that their use cases are, at least for now, quite different.

- The fact that AI Overviews are present on the SERP does therefore not mean that it is not a distinct service from Google Search. Supporting the inclusion of AI Overviews in the scope of the proposed decision, given the fact that they are so prominently integrated into the UK SERP, as noted at 4.38, is not the same as agreeing that AI Overviews “form part of [Google’s] general search”, as noted at 4.37.
- It is important that the whole SERP is captured by the designation, both so that Google cannot circumvent any conduct requirements and because the overall layout of the SERP has a significant impact on open choices and fair dealing. Yet it is the case that the SERP is increasingly populated by distinct Google products that are rapidly displacing the organic results of other businesses.
- Given the above, the CMA should review this section of the proposed decision to improve clarity and avoid conflating very different arguments.
- Beyond this, it is welcome that the proposed decision already clarifies that AI Mode, should it be launched in the UK, would be in scope as offered on the SERP (4.33). The speed at which Google Search is evolving means it is vital that any designation is forward-looking and allows the CMA to keep any interventions relevant and effective, in a timely fashion.
- Regarding the inclusion of Google’s Gemini AI assistant, while we agree that this constitutes a separate service when accessed as a standalone product, AI Overview answers are powered by the Gemini 2.0 model.
- Since AI Overviews will be in scope, the way in which Gemini helps to respond to queries and present results in the AI Overviews should also be in scope, since this is present on the SERP provided to UK users of Google Search.
- When it comes to flights search, for example, in many markets only Google Flights results are surfaced on Gemini. Here Google does not even pretend to treat other businesses fairly, or to provide open choices to consumers.
- Where Gemini is providing results in response to queries on the Google Search results page, it is vital that the way in which results are presented and ranked is in scope. Otherwise, there is a clear risk that, for example, Google could circumvent any obligation to treat businesses fairly in ranking and presentation by using Gemini-powered results to self-preference its own services within AI Overviews, at the top of the SERP.
- While we believe this risk may be addressed by AI Overviews being in scope of the designation, we would welcome further clarification of this point by the CMA.

The SMS conditions

Substantial and entrenched market power

Competition in general search

- We agree in particular with two of the CMA’s findings in relation to competition in general search. Firstly, that the way in which generative AI will compete with Google Search in general search is still highly uncertain. It is notable that AI Overviews are already appearing in response to more queries than the total number of queries received by ChatGPT in the UK.
- This underscores the extent to which Google is in a position to shape the way in which AI-enabled general search develops. From a business perspective, the introduction of AI Overviews (which in the travel vertical has grown from appearing on less than 0.5% of transactional queries to around 5% in the space of a few months) is disrupting the way that we acquire traffic via general search much more significantly than the growth of any AI assistants such as ChatGPT, which have still for now not provided any indication of how search content will be presented or monetised.³
- We do not, at present, receive any meaningful traffic from generative AI services such as ChatGPT. We therefore agree with the CMA’s assessment at 5.49 that AI assistants, from a business perspective, are currently a limited alternative to Google’s general search products, and it is currently unclear whether they will substantially disrupt Google’s position in general search in the next five years. What is clear, however, is that Google’s introduction of AI Overviews is already substantially disrupting the fair treatment of businesses on general search, and specifically their ability to acquire free organic traffic.
- Second, we firmly agree with the CMA’s assessment that specialised search services provide “a weak competitive constraint on Google’s general search products” (5.55). This is despite the fact that we compete directly with Google Search for users, due to the fact that Google has integrated its separate travel products into the SERP above organic results.
- This means that users searching for flights can use Google Search at the start of their specialised search to develop a meaningful understanding of the airlines flying their desired route, the flight time, the price offered by relevant airlines, and other factors based on their particular preferences (such as the cost of a business fare).
- Such “scheduling” queries are one of the biggest reasons why users visit a specialised search service. We are therefore competing directly with Google Search to be able to offer this information to consumers, in the hope that they will then progress towards a booking.
- Our ability to compete on a level-playing field, however, is entirely determined by Google, which is able to use its overwhelming dominance in general search to significantly influence the amount of traffic received by its own specialised search services and those of competitors.
- We cannot impose a meaningful competitive constraint on Google Search when it is the source of a significant amount of our traffic (both organic and paid), and it can easily alter both the makeup of that traffic mix and its volume through changes to the SERP. Even apparently small changes to the title links of organic results, which Google can re-write as it pleases, can have a dramatic impact on click-through-rates (CTR).

³ The reasons why Google is well placed to deal with any competitive threat posed by generative AI assistants are outlined in numerous other parts of the proposed decision, such as at 5.141, which discusses the importance of different access points to users. We similarly agree with this assessment.

- This was the case when Google decided to remove indicative prices from organic title links in 2023 (but not from paid ones). These impacts are likely to pale into insignificance compared to the accelerating introduction of AI Overviews and the expanding ad load on Google Search, however.

Competition in search advertising

- It is welcome to see the proposed decision outline how Google's real total UK revenue over time has increased substantially and is not only due to the increase in number of searches (5.95).
- This is undeniably driven by increased ad load and click through rates, as highlighted at 5.96.
- In flights search, the number of ads appearing at the top of results has increased notably, from three sponsored ads to four or five. As organic results are pushed further down the SERP (especially on mobile, where more and more users are searching for flights), and organic CTRs drop, it becomes even more important for businesses like Skyscanner to spend more on ads, and to buy ads to maintain their prominence even on branded keywords.
- Similarly, paid CTRs are likely to have risen, while organic CTRs drop, due to the fact that the latter's title links have gradually been made smaller and stripped of relevant information, such as indicative pricing.
- In short, developments in search advertising cannot be separated from the design of the SERP, and this is another reason why we agree with general search and search advertising being grouped into one digital activity.

Barriers to entry and expansion in general search services – data advantages

- It is clear that Google's unrivalled access to data gives it significant advantages over other general search services. This is true in terms of both the volume and the variety of data. [REDACTED] (5.157).
- Their access to data, including advertising data from direct competitors, is also a key reason why it is able to so quickly move into different forms of vertical search and gain significant market share.
- It is noteworthy how quickly Google Flights has been able to optimise its landing pages for SEO, with these pages now often appearing in the top organic positions on the SERP. Such rapid optimisation for pages that did not even exist a couple of years ago is unprecedented, and indicates that Google's access to data from across its products (including general search and search advertising) is a key competitive advantage.
- It is therefore welcome to see the CMA refute Google's arguments about the importance of data scale in the Proposed Decision, pointing to Google's use of data to indicate that volume and variety are important. This makes the CMA's proposal to de-prioritise interventions to address Google's internal data sharing even more inexplicable (see our separate submission on the CMA's proposed roadmap for more details).

Summary of barriers to entry and expansion

- We firmly agree with the CMA's finding that there are a "number of significant barriers to entry and expansion" faced by Google's competitors (5.184). As a business, we do not foresee any changes over the next five years that would fundamentally change the importance of Google to our efforts to attract users.
- Indeed, all the challenges we foresee come from Google itself, and the changes occurring on the Google SERP, including the introduction of AI Overviews. These are now appearing on around 5% of transactional flight queries, up from less than 0.5% in a few months. Our data indicates that Skyscanner appears in AI Overview answers less frequently than we would expect given our prominence in the organic results below.
- The significant increase in ad load is also making it much harder for us to attract users organically, and is requiring greater ad spend simply to maintain user numbers. It means that the significant investment in SEO that Skyscanner and many other businesses make, as mentioned at 5.176, is becoming less effective.
- In short, it is Google that continues to dictate our ability to attract users, and we do not expect that to change over the next five years, as evidenced by our plans to continue investing significant sums in Google SEO and SEM.

Regulatory and other developments

International developments

- We agree with the CMA's assessment that international regulatory developments, including the application of the EU's Digital Markets Act (DMA), are unlikely to be sufficient in scope, timeliness and impact to eliminate Google's market power in general search services in the UK in the next five years.
- The DMA has only been in force for just over a year, and some of Google's changes, including to comply with Article 6.5, are still subject to ongoing negotiation with the Commission and stakeholders.
- The impact from the first year of the DMA, however, has not seen any meaningful change in Google's position in general search. If Google were to comply rigorously with the law, we would expect that it would take many years for Google's position to become meaningfully contestable, given how long it has had a 90% market share.
- Yet since [REDACTED], any impact on Google's position is likely to take even longer, and will depend on the ability and willingness of the European Commission to rigorously enforce the DMA against Google.
- What is more, some of Google's advantages, such as access to volume and variety of data, mean that it is well placed to minimise the impact of complying with the DMA on its market power. For example, it appears that it can simply respond to the need to stop self-preferencing its vertical search services by removing their integrated units and using its knowledge of the Google Search ranking algorithm to place its services' new SEO landing pages back at the top of organic results.

- Finally, since the DMA only applies to the EU, and Google has not voluntarily applied many of the changes it has made in the EU to other markets such as the UK, developments in the EU are unlikely to change Google's conduct (and thus position) in the UK without strong intervention by the CMA.

CMA's provisional conclusion on whether Google has substantial and entrenched market power in general search services

- For all the reasons outlined in the proposed decision, in addition to those outlined here in our response, we firmly support the finding at 5.219 that Google has a position of substantial market power in respect of general search services.
- Similarly, we agree that the extent to which AI assistants will develop into an effective alternative to Google Search is currently highly uncertain, since these are still nascent products and they currently do not offer an effective means for businesses to reach consumers for transactional queries.
- As already noted, it is Google's introduction of AI Overviews that we are expecting to have the biggest impact on our ability to attract users to our website, highlighting how Google is able to shape the development of AI assistants in a way that benefits itself. We therefore agree with the finding at 5.223.
- It follows, given all the evidence presented, that Google's position is also entrenched, as at 5.228.

Position of strategic significance

- We believe it is self-evident that Google has a significant size or scale, as indicated by user numbers and also the amount of money that UK businesses spend on search advertising.
- We would emphasise that the amount of money being spent on search advertising by UK businesses is likely to increase even further over the designation period, as Google continues to deprecate organic results via the roll out of AI Overviews and increased ad load.
- Google Search is quickly becoming a 'pay-to-play' service, and so its size and scale (as measured by ad spend by UK businesses), and thus its position of strategic significance, is only likely to grow over the coming five years.
- We also fully agree with the finding that a significant number of firms use Google's search services. Again, we believe that this is irrefutable, but as we have already highlighted, Google Search is a vital means for us to be able to reach consumers, and that has remained consistent for years and years, and we expect it to remain so for the next five years (even if we expect the traffic mix to tip further in favour of paid search over organic traffic).

