Microsoft Response to CMA SMS Search Consultation

Microsoft is grateful for the opportunity to provide comments on the CMA's proposals for conduct requirements ('**CRs**') in relation to Google's Strategic Market Status ('**SMS**') in the provision of general search services.

Google's entrenched dominance in search is not solely attributable to product quality or competition on the merits. As recognised by the CMA throughout its Final Decision[1], it is materially reinforced by Google's monopoly-protected default and distribution arrangements — including agreements relating to browsers, mobile devices and operating systems — which significantly limit rivals' ability to gain scale.

[confidential]

Microsoft accordingly supports proportionate and targeted regulatory intervention aimed at addressing the structural sources of Google's market power — particularly default status and distribution-related foreclosure — while recognising the importance of preserving incentives for innovation and maintaining high-quality consumer outcomes.

In Microsoft's view, the most important and effective remedies to achieve this are those which directly address Google's default distribution arrangements with original equipment manufacturers ('**OEMs**'), mobile network operators ('**MNOs**'), and browser vendors. Microsoft would encourage the CMA to prioritise CRs which directly address distribution in its Category 2 interventions.

Microsoft respectfully submits specific comments on each of the Category 1 CRs currently proposed in Sections 1-4 below.

1. **Choice Screen CR**

While choice screens can complement more effective interventions, they do not address the structural sources of Google's SMS in search markets.

- **Coverage of the Search Choice Screen**. The exclusion of third-party access points from the choice screen coverage will significantly undermine its effectiveness. As recognised in the CMA's consultation document[2], default third-party access points – such as Safari – are a major gateway to search services for UK users, with "*an average of over [2-3] billion*" default Google searches conducted each month through Safari alone. Many UK users do not distinguish between searching via a browser and on a search app. From a user perspective, these access points are functionally interchangeable, meaning that limiting choice screens to only some gateways risks creating the illusion of choice while leaving the majority of search interactions effectively unchanged. In the absence of any interventions that directly address Google's monopoly distribution arrangements, it is important for the choice screen to cover all major entry points to search.

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[1] Final decision - strategic market status investigation into Google's general search services.
[2] User choice conduct requirement, FN 57.

- **Eligibility criteria to appear on the Search Choice Screen**. Microsoft supports the CMA's proposed eligibility criteria in giving users a broad range of search services to choose from. Importantly, the criteria are broad enough to encompass AI chat interfaces, which Microsoft believes to be an important and growing source of general search queries (as evidenced by Google's own integration of AI-driven results within its SERP).

- **Frequency of display and timing of the Search Choice Screen.** In addition to the annual surfacing of the Search Choice Screen, users who actively download a third-party search or AI chat app (independently of the choice screen) should be surfaced a prompt asking if they wish to set the third-party app as their new default. Third-party services should have the corresponding ability to deeplink to default settings. More generally, the effectiveness of the choice screen depends critically on whether users' selections are durable, respected across access points, and not subsequently undermined through friction, prompts, or default reversion mechanisms.

2. Fair Ranking CR

Microsoft supports the CMA's objective of ensuring that Google's organic ranking decisions are fair, objective and non-discriminatory. Safeguards against unfair upranking or downranking of content can reduce the risk of exclusionary conduct.

- **Scope**. In Microsoft's view, the practical effectiveness of the Fair Ranking CR is materially limited by its defined scope, in particular by the explicit exclusion of the design and presentation of other search features from the CR. As the CMA recognises, the Fair Ranking CR is not intended to address Google's ability to design search features or the way those features are presented to users. However, in modern search services, competitive outcomes are shaped not only by ranking positions within a list of organic results, but also by how different search features are designed, displayed, and prioritised on the results page. In particular, AI-generated answers and overviews increasingly displace traditional lists of organic results as the primary user interface for search, materially limiting the practical impact of ranking-only obligations.

3. Publisher Control CR

Microsoft supports ensuring that publishers have meaningful choices over their content, particularly in the context of search-related generative AI features. Microsoft was one of the first major GenAI companies to launch AI opt-out metatags in September 2023[3], and is continuing to iterate its tools and standards to give publishers control and transparency over how their content is used and displayed. However, to ensure real choice it is critical that there be competition for the provision of AI features beyond those offered by Google. Thus, supporting publisher controls is best managed by enabling more competition through actions such as addressing the need to open up distribution opportunities for Google's rivals in search and generative AI assistants.

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[3] See Announcing new options for webmasters to control usage of their.

- **Crawler separation**. Microsoft agrees with the CMA's assessment that requiring separate search and AI crawlers would be disproportionate. Crawler separation would lead to duplication of technical processing, with the same content being crawled, requested and transferred multiple times. This could increase data transfer volumes, compute demands, raising infrastructure and bandwidth costs for third parties and consumers, and creating additional network traffic. These higher operational costs would be particularly problematic for new market entrants, making it harder to innovate.

   Crawler separation would impose a significant burden on infrastructure and energy consumption. Policies that condition access on purpose-based bot separation will create inefficiencies and degrade the quality of services such as search, adversely affecting consumers.

4. Data Portability CR

Microsoft does not consider that the data portability CR will have any impact on Google's SMS in general search. [confidential]