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From punishment to monitoring: How the UK is reshaping Google's dominance



On 10 October, the UK's competition regulator (CMA) formally **declared** that Google holds strategic market status (SMS) in general search and search-related advertising in the UK.

This is the first **application** of the new digital regime, which came into effect in early January and gives the regulator the power to introduce tailor-made rules in areas where a single platform has lasting, deep-seated power.

While the **decision** does not explicitly state that Google violated the law, it does pave the way for potential interventions that could transform the search services in Britain.

What exactly happened and why it matters

The CMA found that Google **meets** the requirements of the Digital Markets, Competition and Consumers Act (DMCC): it has lasting market power and strategic importance in digital activity, including general search and search advertising.

Google **accounts** for more than 90% of all UK searches, and the service is vital to the UK economy. According to the CMA, more than 200,000 UK companies **spent** over £10 billion on Google search advertising last year.

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The scope is also a significant novelty. AI Overviews and AI Mode—the new AI features within the results page—are **included** within the scope of the SMS regime, while Gemini (Google's AI assistant) is currently out of scope, though the regulator reserves the right to review this as the market evolves.

Thus, the CMA explicitly shifts the focus from classic link-ranking to the hybrid world of search and generative responses.

What the SMS enables the regulator to do

The SMS designation does not constitute a penalty but provides the CMA with a tool to introduce rules of conduct and measures that promote competition.

Last June, the regulator published a draft of possible steps ("**Roadmap**")—including screens for choosing search engines, rules for fair ranking of results, greater transparency for publishers whose content is used, and easier transfer of user data. These guidelines will become binding rules for the UK market following the upcoming consultation.

Why the British approach differs from usual antitrust measures

The European Union **implements** general rules (DMA) that apply to all major platforms designated as "gatekeepers", whereas the British model focuses on specific digital activities.

This allows the CMA to target a particular area of market power—such as search and advertising—and introduce rules governing how results are displayed, implied contracts, and the use of third-party content in AI responses.

The aim is the same: more choice and a fairer market, but the British approach introduces ongoing monitoring and adjustment of the rules, rather than one-off fines.

Changing the "internal physics" of search

If the CMA implements the planned measures, Google will have to **create** genuine opportunities for competition—both for traditional search engines like Bing and DuckDuckGo and for new model-based AI

assistants.

Search engine selection alone has limited impact if implemented only formally

This does not mean a rapid decline in market share, but it does alter the way results are presented. Search engine selection alone has limited impact if implemented only formally, but when combined with fair ranking and greater publisher rights in AI responses, it can redirect some traffic.

Smaller, specialised services in the AI environment which can more easily connect with open data required by the state to be available could benefit the most.

Why this is also a story about publishers

Publishers have warned in the consultation that AI functions are reducing their visitor numbers and erasing the connection with readers.

The CMA observes widespread support for treating AI Overviews and AI Mode as part of search, rather than as separate products, paving the way for new regulations on attribution, visibility, and content usage control in AI summaries.

The key question will be how to reward the source when the "answer" becomes a stand-alone product and not just a list of links.

How Google responds

Google stated that it respected the procedure but warned that overly broad rules could slow the development of new features and discourage investment in Britain.

This is an argument frequently used by major platforms, but it is particularly sensitive in this

context, as it coincides with Google's **plans** to invest in data centres and AI research in the UK.

From the company's perspective, SMS may restrict product development at a time when search is rapidly being transformed by artificial intelligence.

From decision to implementation

The CMA will soon begin a **consultation** on the next steps. The focus will be on precisely defining "fair ranking" in searches that combine traditional links and AI responses, ensuring a genuine increase in user choice rather than a merely formal one, and protecting publishers whose content is used in AI summaries without adequate compensation.

As SMS concerns both search and advertising, it will also be important to consider how changes to the interface and default settings affect market share and the distribution of advertising spending.

A challenge and an opportunity for British politics

The government recognises that any intervention in this area carries reputational risks. If it is too mild, it will appear cosmetic; if it is too harsh, it could signal that Britain is deterring the tech giants.

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The key is not the extent of the initial package of measures, but whether they have a real effect—making search more open, ensuring publishers receive a more visible share of the value in AI answers, and giving competitors a

chance to attract users.

Success will be measured by specific indicators: growth in the share of alternative search engines, changes in the appearance of the results page, and shifts in advertising spending during 2026.

Real outcomes for industry

It is unrealistic to expect that Britain will attempt to break up Google or directly access its main source of income without a lengthy legal battle.

Changes are much more likely to be gradual: a mandatory browser selection screen on new devices, clearer rules on default contracts with manufacturers and browsers, and standards for AI overviews that require sources to be displayed and allow publishers to decide whether they wish to be included.

If the CMA addresses these issues precisely, the space for competition and publishers can be expanded without resorting to drastic measures.

The invisible fence around the data market

Part of the new rules will almost certainly concern data transfer and the interconnection of services.

If users can easily transfer their search history, saved results, and settings to another browser, switching to an alternative becomes simpler.

With clearer rules for internet indexing and the use of content in AI responses, Britain could introduce a "soft" regulatory barrier—not to penalise Google, but to enable real competition checks.

The UK aims to be the regulatory exporter in the era of

AI search

This decision comes at a time when the US, the EU, and Japan are simultaneously increasing pressure on large technology platforms, but through different legal models.



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If the CMA succeeds in implementing a combination of search engine choice, fair ranking, and AI standards without stifling innovation, London can gain a regulatory reputation that is not measured in numbers but carries real weight in negotiations with platforms and international partners.

Key risks to watch

The greatest risk is that everything remains symbolic. If the changes are merely cosmetic, the market will remain the same and publishers will not benefit.

Another problem is the potential for overly detailed rules to stop product development as technology changes rapidly. A third challenge concerns copyright in AI responses—where the line lies between citation, summary, and reworking of content.

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Because of these uncertainties, implementation is likely to be gradual, with ongoing consultation and participation from publishers and smaller search engines.

For the CMA, real success by 2026 would be if the market shows signs of a shift, not just a change in tone.

If users begin to change their habits, if publishers feel more present in the search infrastructure, and if at least a few viable alternatives emerge that attract some traffic, it would mean the intervention has succeeded—not by the number of new rules, but by the fact that the market is breathing again.