

The Competition and Markets Authority (CMA) is a non-ministerial government department in the United Kingdom, responsible for strengthening business competition and preventing and reducing anti-competitive activities.

CMA's study of the digital advertising market found last year that **80%** of the UK's £14bn online ad spend went to Google and Facebook, a dominance that it said **created barriers to entry, unequal access to data and potential conflicts of interest**. Google has more than a 90% share of the £7.3 billion search advertising market in the UK, while Facebook has over 50% of the £5.5 billion display advertising market. Both companies have been highly profitable for many years. Extracts from the "Online platforms and digital advertising Market study final report - 1 July 2020" -

1. Both Google and Facebook grew by offering better products than their rivals. However, they are now protected by such strong incumbency advantages – including network effects, economies of scale and unmatched access to user data – that **potential rivals can no longer compete on equal terms**. These issues matter to consumers. Weak competition in search and social media **leads to reduced innovation and choice and to consumers giving up more data than they would like**. Weak competition in digital advertising increases the prices of goods and services across the economy and undermines the ability of newspapers and others to produce valuable content, to the detriment of broader society.
2. The concerns we have identified in these markets are so wide ranging and self-reinforcing that **our existing powers are not sufficient to address them**. We need a new, regulatory approach – one that can tackle a range of concerns simultaneously, with powers to act swiftly to address both the sources of market power and its effects, and with a dedicated regulator that can monitor and adjust its interventions in the light of evidence and changing market conditions.

3. We are therefore recommending that the government establish a pro-competition regulatory regime for online platforms. A Digital Markets Unit (DMU) would be empowered to enforce a code of conduct to govern the behaviour of platforms with market power, ensuring concerns can be dealt with swiftly, before irrevocable harm to competition can occur. The DMU should also have powers to tackle sources of market power and increase competition, including **powers to increase interoperability and provide access to data, to increase consumer choice and to order the breakup of platforms where necessary**.
4. We have identified a wide range of specific interventions that the DMU could introduce under this regime to tackle the market power of Google and Facebook, from **ordering Google to open up data to rival search engines** and separate aspects of its open display advertising business, to requiring **Facebook to increase its interoperability** with competing social media platforms and **give consumers a choice over whether to receive personalised advertising**. We are now taking forward further advice on the development of this pro-competition regulatory regime through the Digital Markets Taskforce.