

Google will face a class-action antitrust lawsuit from small advertisers

Article

The news: Google has another major antitrust lawsuit in the pipeline. A US District Court judge ruled on Friday that the company must face a class-action lawsuit from advertisers that alleges it monopolized the ad market for small-to-midsized advertisers.

- The ruling threw out a class-action suit alleging that Google monopolized ad-buying tools for “large” advertisers, but said the antitrust claim regarding small advertisers was plausible.

Antitrust wave: The class-action lawsuit comes as [Google and the Justice Department face off](#) in court over whether the internet giant has an unfair advantage in the digital search market.

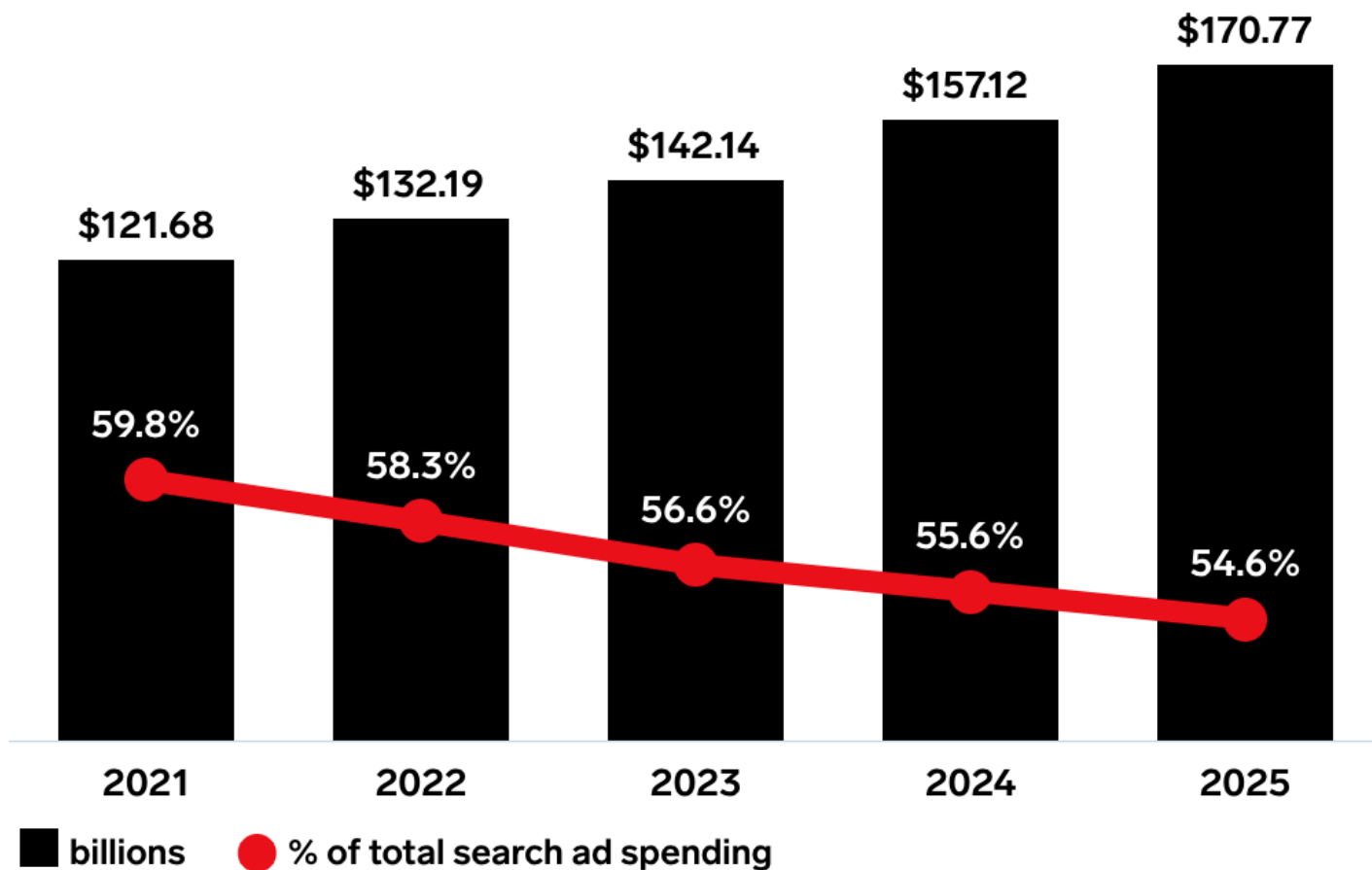
- Focusing primarily on search revenue deals, the DOJ’s suit deals with a different aspect of Google’s business than the class-action complaint, which will break open another front on which Google must defend itself.
- The DOJ trial has forced Google to reveal [previously tightly held secrets](#) regarding its search business; In November, it was revealed that the company pays **Apple 36% of its search revenues from Safari in exchange for remaining the browser’s default home page and search engine.**
- It’s not just the US that’s putting pressure on Google. In October, Japan’s **Fair Trade Commission** [launched an investigation](#) into Google’s mobile search practices.

It’s been a year of [uncomfortable glances under the hood](#) for Google. [Industry activist reports](#) have exposed quality concerns about Google’s ad placements and publishing partners that have forced the company to [issue refunds](#) and launch [first-of-its-kind transparency features](#) for advertisers. The newly approved antitrust lawsuit could lead to similar results.

Are cracks showing? Google revenues will make up [55.6%](#) of worldwide search ad spending in 2024 and [27.4%](#) of overall digital advertising spending, per our forecasts.

Google Search Ad Revenues

Worldwide, 2021-2025



Note: Exchange Rate; includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; includes contextual text links, paid inclusion, paid listings, and paid search; includes YouTube advertising revenues; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites

Source: Insider Intelligence | eMarketer, October 2023

- Its share of both markets has declined slightly over recent years, but without antitrust action, it's proven difficult for even the largest of its competitors to capitalize on Google's weakened

position with regulators. **Microsoft** attempted to seize some of Google's market share by integrating AI into search, an effort that has largely failed. **OpenAI** is the next to take a swing.

Our take: The growing wave of antitrust pressure could result in rulings or compromises that force Google to give up some of its market share.

- Google's willingness to throw out third-party cookies in favor of privacy-centric measurement tools (despite an ad industry outcry) and **Meta's** launch of ad-free subscriptions show that the most powerful forces in digital advertising are being forced to shift their weight in accordance with changing regulations.