

Google's future in question: DOJ considers divestment after monopoly ruling

Article

The news: The US Department of Justice (DOJ) is considering breaking up Google after a federal court ruled that the company has an illegal monopoly in the search and advertising

markets, per Bloomberg.

How we got here: In 2021 alone, Google paid companies more than \$26 billion to make Google their default search engine. Of that, \$20 billion went to **Apple**.

- On August 5, federal judge **Amit Mehta** found that [Google is in violation of antitrust law](#).
- He agreed with the plaintiff's argument that **Google's monopoly has raised advertising prices and reduced the quality of search services** while stifling competition from smaller players.
- "This decision recognizes that Google offers the best search engine, but concludes that we shouldn't be allowed to make it easily available," Google president of global affairs Kent Walker said.
- Google said it plans to appeal the decision.

Google dominates multiple markets: Google's assets include **YouTube, Android, Nest, Fitbit, Waze, and Waymo**. And that list doesn't even extend to Google-branded products like **Gmail, Chrome, Search, Ads, Google Play, and Maps**.

- **Google Search and Ad products are so intertwined that it would be next to impossible to separate the two.**
- The DOJ is reportedly considering divestment of other Google products, like Android or Chrome. Even if that happened, it wouldn't alter Google's dominance in the search and ad space.

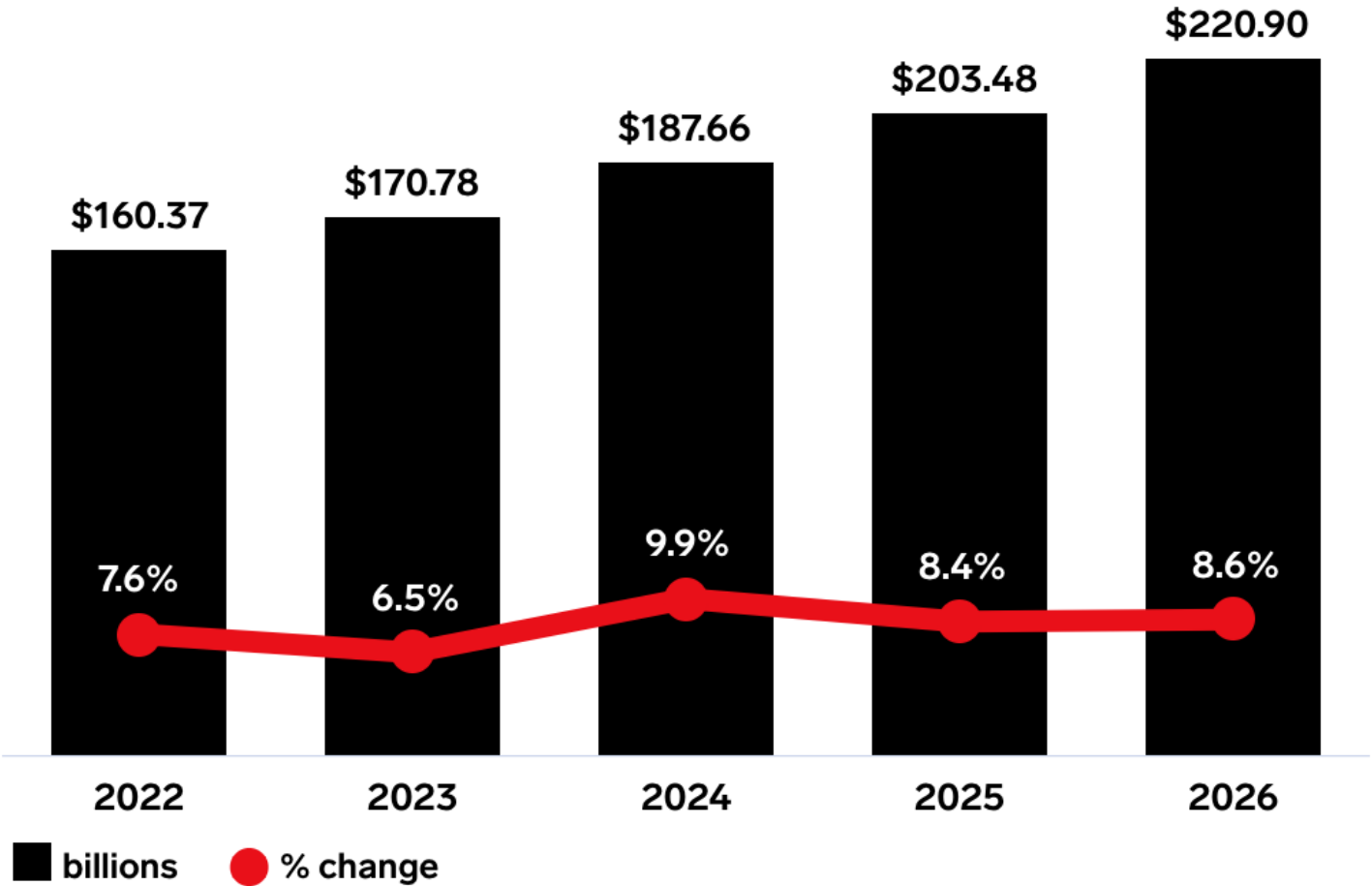
Analyst take: "Any potential breakup may create opportunities for niche players, but displacing Google as the leading global search provider remains a formidable challenge given its brand recognition and extensive infrastructure," said **EMARKETER** technology analyst **Jacob Bourne**.

The better bet: A product needs to gain viral interest to unseat Google. For example, **OpenAI's ChatGPT**, which has been wildly popular since its release in 2022, holds 67.6% of generative AI (genAI) market share, versus Google **Gemini's** share of only 7.2%.

Search engines like **Microsoft's Bing** or OpenAI's **SearchGPT** are unlikely to top Google's dominance without extensive ad support.

The reality: Google is so popular that its name is used as a verb for online searches. Breaking up the monolith won't change the company's dominance—it'll just move it under a new umbrella.

Google Ad Revenues *Worldwide, 2022-2026*



Note: Exchange Rate; includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; includes ad revenues from YouTube; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites

Source: EMARKETER Forecast, March 2024

