

Google's search monopoly ruling: What comes next

Article

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A federal judge has ruled that Google's search business is an illegal monopoly, marking a significant win for the U.S. government's efforts to rein in big tech. The landmark decision found that [Google](#) abused its dominance by paying device makers billions annually to be the default search engine, stifling competition.

"This decision recognizes that Google offers the best search engine, but concludes that we shouldn't be allowed to make it easily available," [Google said in a statement](#) announcing plans to appeal the ruling. We forecast Google will garner \$62.87 billion in 2024 search ad revenues in the US alone.

"This is momentous purely from the standpoint of this is something that has been close to a decade in the making," our analyst Max Willens said on a recent episode of the "[Behind the Numbers](#)" podcast. Regulators and lawmakers have long been hesitant to intervene in the tech sector, but "we have finally arrived at a point where digital media is central enough to the way that media works, the way our lives function, that regulators and attorneys general are finally ... saying, 'Okay, some of this needs to get tightened up a little bit,'" Willens said.

Potential penalties focus on Google's contracts with device makers

The case gained momentum when the enormous sums Google pays to be the default search engine—around \$20 billion annually to Apple alone—came to light. "The obvious question is, why would Google pay so much money for default status if consumers would pick its product regardless?" our analyst Paul Verna said.

The likely penalty is forcing Google to end its exclusive agreements to be the default search engine on devices. "To me, this is the most likely and frankly the only realistic outcome from this ruling," Willens said.

Extreme measures like breaking up parent company Alphabet or forcing it to sell the search business seem unlikely. "These businesses, all of the ad tech, and the search, and the media, like everything in the Google flywheel are totally intertwined. So breaking it up is not realistic," Verna said.

The impact on Google is unclear

Even if Google can't pay to be the default search engine, users may still choose it due to familiarity and quality. In fact, a similar EU ruling requiring Google to offer Android users a choice of default search engines had minimal impact on its market share. "Google will likely remain the default for most people without having to pay for the privilege," Willens said.

Any change from the ruling will take years

Google is appealing the ruling, and the legal process could stretch on. The judge's decision on specific penalties is expected in September, though implementation would likely be delayed

pending appeals.

A separate case regarding Google's ad tech business is also pending. "It's hard for me to envision that if the company was basically declared a monopolist, the judge used that word in the decision, hard to imagine that the other case won't go the same way," Verna said.

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