

Google says it quietly raised ad prices as much as 10%. Advertisers say it's higher.

Article

The news: During the second week of the **Department of Justice's** lawsuit against **Google** for alleged anticompetitive actions, the search giant dropped a controversial revelation. While on

the stand last week, Google ads exec **Jerry Dischler** said the company sometimes raised prices on its auctions by 5% to 10% without notifying advertisers.

The specifics: During Dischler’s testimony, he confirmed statements made under oath in 2020 in which he said that Google sometimes raised prices on its auction by as much as 5% for some advertisers and that it was “possible” for some queries to jump as high as 10%.

- Dischler clarified that hikes of 15% would be “dangerous” and cause advertisers to turn to competitors. But he also noted that Google revenues should still climb and that “we tend not to tell advertisers about pricing changes.”
- DOJ attorneys also showed 2019 emails in which Dischler said he and employees were “shaking the cushion” to hit Wall Street revenue targets.
- The testimony could help the DOJ strengthen its claim that Google’s search ad dominance allows it to raise prices with little consequence—one of the chief complaints against the company.

The ad world reacts: Google has lost some goodwill with advertisers in recent months after a series of scandals involving [low quality video ad placements](#) and [ad trackers on children’s content](#). Advertisers watching the trial have said that the rate of ad inflation is much higher than Google is letting on.

- Several advertisers told [Adweek](#) that the 5% figure is far too low and that they’ve observed increases as high as 100% in some cases without a higher return on investment.

Our take: Whether Google inflated costs by 5% or 100% is hard to pin down without clear figures from the company. What the trial and strong response to Google’s statements indicate is angst toward the ad giant, which advertisers feel lacks transparency and raises prices without offering more in return.

Google Search Revenues Worldwide, 2020-2023

	2020	2021	2022	2023
Google search queries/year (millions)	5,100,000	5,610,000	5,974,650	6,691,608
Paid clickthrough rate (CTR)	1.59%	1.64%	1.57%	1.54%
Total paid clicks (millions)	81,090	92,004	93,503	103,051
Cost per click (CPC)	\$1.28	\$1.62	\$1.74	\$1.68
Total Google search/other revenue (billions)	\$104.06	\$148.95	\$162.45	\$173.48

Note: estimates are based on information from SimilarWeb and Google
Source: TD Cowen, “Generative AI Set to Drive Monumental Tech Shifts,” May 22, 2023

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