

Can OpenAI develop a search engine to rival Google?

Article

The news: OpenAI is developing an AI-powered search engine with the goal of competing with Google, according to reporting from [The Information](#) this month.

- There's been scant news about the in-development product, but the suggestion of its existence begs the question: Does an OpenAI search engine have a shot at taking on Google?

Furthermore, how likely is AI to fundamentally shake up the search market?

- We've collected what we know about OpenAI's search product and consulted with Insider Intelligence senior analyst [Evelyn Mitchell-Wolf](#) to determine its disruptive potential and impact on Google's market share.

Setting the stage: Not too long ago, OpenAI (which is backed by **Microsoft**) was seen as having beaten Google to the punch on AI. The company ignited an AI race that Google joined with the release of the chatbot Bard, now called **Gemini**.

- Despite that lead, OpenAI and Microsoft's attempts to encroach on Google's key markets have fallen flat. Microsoft integrated OpenAI tech into its **Bing** search engine last year, saying that even claiming 1% of Google's market share represented potential billions in revenues.
- But [Bing's market share has barely moved](#) since AI ([now called Copilot](#)) was integrated, per StatCounter. Google also announced plans to develop similar AI products, removing Bing's distinguishing factor.

That might spell bad news for OpenAI's search product, but the company also has the chance to iterate on Bing's shortcomings and avoid repeating mistakes.

Google's moat: Unfortunately for OpenAI, beating Google isn't as simple as launching a "better" search platform.

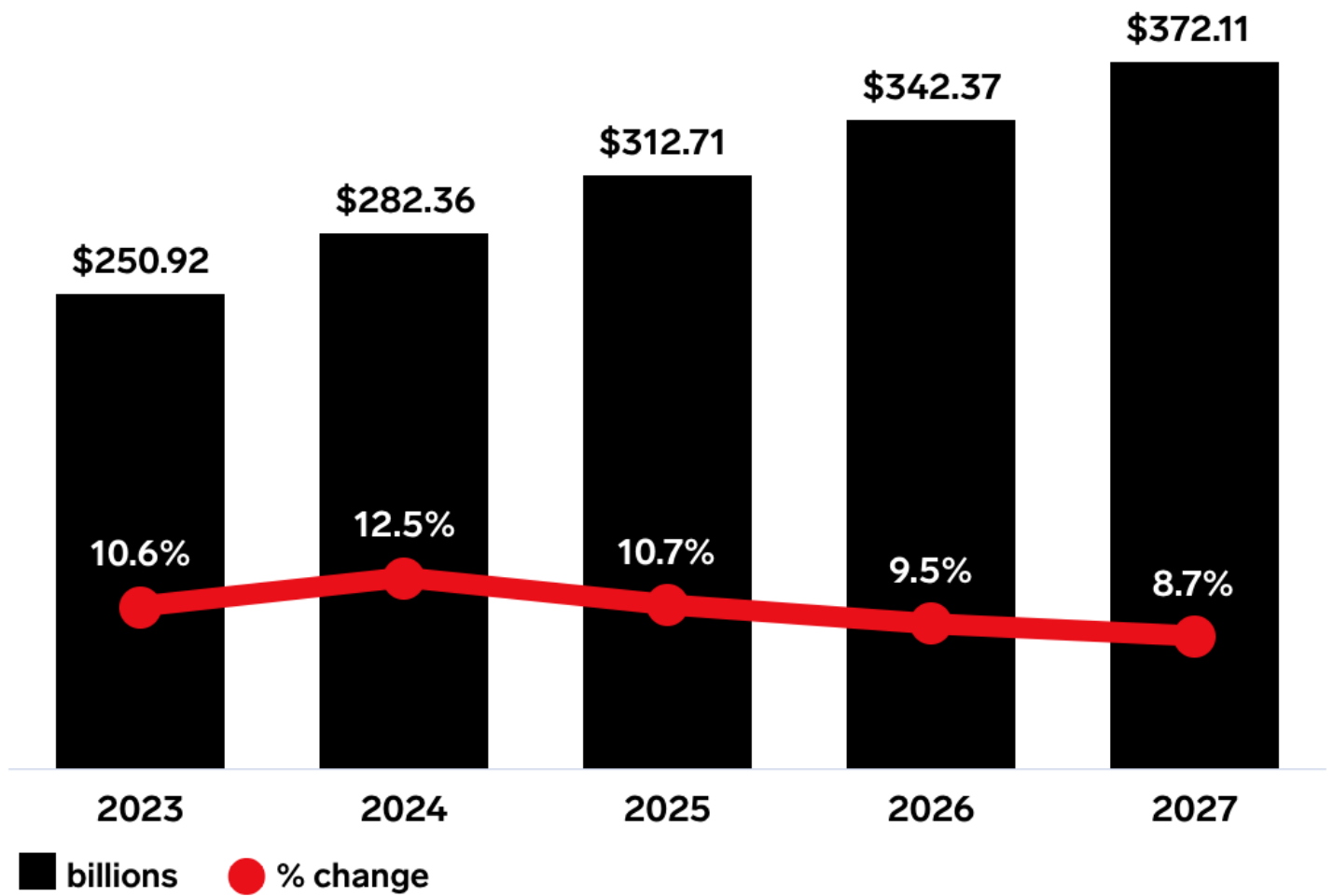
- "Even if OpenAI creates a stellar product, **Google's default status across browsers and devices means it will continue to process the majority of queries**," Mitchell-Wolf said. With Google search as a common homepage, even a one-click barrier to reaching OpenAI's search engine is enough to dissuade most consumers.
- There's also the question of monetization. OpenAI [loses money on every user query](#)—and there isn't a clear path toward profitability. Global search advertising spending will total **\$282.36 billion** in 2024, [per our forecast](#), so it's likely that OpenAI will monetize with ads, but it's unclear if the market will support the [somewhat untested format](#).
- [In a report on generative AI in search](#), Mitchell-Wolf noted that chatbots provide less ad space than traditional search and similarly lack infrastructure such as adequate impression measurement. Regulators in key markets have also expressed concern about chatbots lacking clarity around when answers are sponsored.

The bottom line: “We’ve been here before,” Mitchell-Wolf said. “Microsoft already made a conversational search product and barely made a dent in Google’s market share. I can see this playing out similarly.”

- There are wrinkles of hope for OpenAI: Google is facing an antitrust lawsuit from the US Justice Department that could result in users being able to choose their own default search engine, but Google’s brand is so dominant and its users so entrenched in its ecosystem that it still might not shift market dynamics.

Search Ad Spending

Worldwide, 2023-2027



Note: 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, and paid listings

Source: Insider Intelligence | eMarketer, October 2023

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