



Breaking down the fall out:

**GOOGLE
ANTITRUST
RULING
IMPACT**



LET'S UNPACK. WHAT HAS HAPPENED?

The Department of Justice (DoJ) in the U.S. ruled that Google violated antitrust law and monopolized the search and digital advertising markets, alleging that Google has used anti-competitive practices to maintain its dominance in these markets, stifling competition and harming consumers.

The key accusations included:

- **Monopolizing search:** The DoJ claimed Google had paid billions to make its search engine the default on smartphones and browsers, effectively blocking competitors. This allowed Google to charge advertisers higher prices, ultimately passed on to consumers.
- **Monopolizing digital advertising:** Google had been accused of acquiring competitors, forcing publishers and advertisers to use its products, and hindering the ability to use competing products, resulting in the cementing of Google's dominance in digital advertising.

WHAT DID THE JUDGE RULE?

- Google violated antitrust law and created an illegal monopoly on the way to becoming the world's default search engine
- Google paid \$26.3 billion in 2021 to ensure its search engine was the default on smartphones & browsers making the barrier to entry nearly impossible for any challengers
- The default is very valuable real estate because it gives Google access to billions of queries every day
- The illusion of choice (users can switch default browsers) isn't reflective of the market reality
- The distribution agreements have led to reduced innovation and investment in search
- "Google is a monopolist, and it has acted as one to maintain its monopoly," U.S. District Judge Amit Mehta, Washington, D.C., wrote



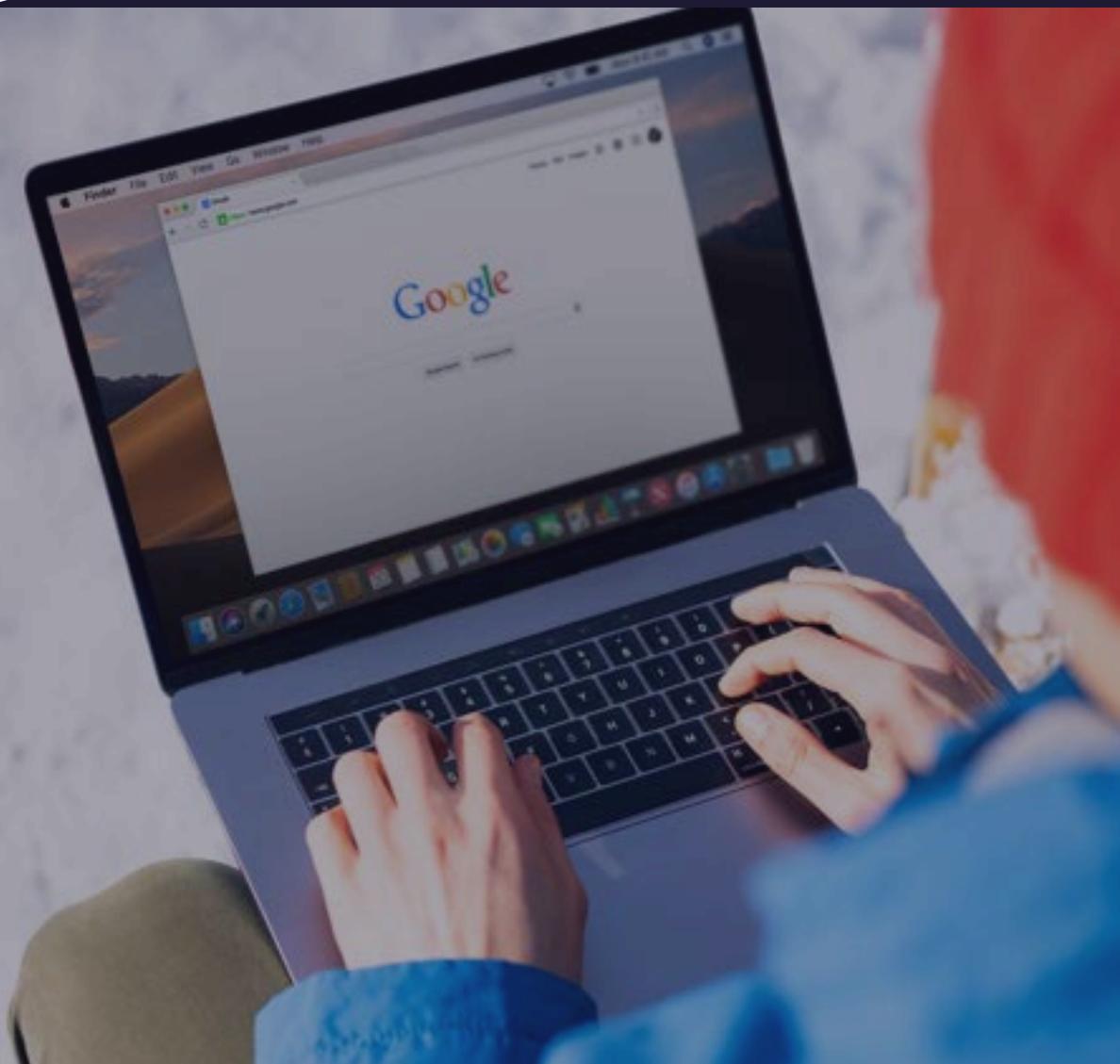
WHAT COULD IT MEAN FOR ADVERTISERS?

For now, nothing. Google has already said it will appeal the ruling. There are no changes to business as usual.

Most people will identify four areas that would seem like openings in Google's armor to mount an offense:

1. Competition
2. Ad price changes
3. Diversification away from search
4. Regulatory scrutiny

Let's evaluate each point.





→ 1. COMPETITION

Search is an incredibly complex space. **“Google has not achieved market dominance by happenstance. It has hired thousands of highly skilled engineers, innovated consistently, and made shrewd business decisions. The result is the industry’s highest quality search engine, which has earned Google the trust of hundreds of millions of daily users,”** noted the judge. It is not an accident that Google is the #1 search engine in the world.

Back in 2011, Google has accused Microsoft of copying its search results. The idea that instant competition for Search is waiting on the benches for this moment is hard to believe.

But what about **SearchGPT**? If you have been paying close attention, you will have noticed that OpenAI has dropped many announcements but has not rolled out many products yet. There were GPT-4o (voice chat) and Sora (video generator), which have yet to hit public release.

→ 2. AD PRICE CHANGES

More competition is likely to precipitate a drop in CPCs (cost-per-click) but CPC inflation is a known factor in search advertising. More competition could very well have the opposite effect and further drive up CPCs for all advertisers. After all, we have been conditioned to believe that cheap inventory = cheap (non-converting) audiences so more competition does not necessarily mean lower ad prices.



→ 3. DIVERSIFICATION AWAY FROM SEARCH

It is always good practice and a strategy you will hear from our teams, to frequently evaluate your advertising strategies. If you have not yet evaluated your media investment against its output and performance, this is a wake-up call for you to do so. Whether this is linear attribution, media mix modelling or something in between, it is very important to make sure you know what your media investment is yielding and from where.

→ 4. REGULATORY SCRUTINY

The ruling may lead to increased regulatory scrutiny and possible changes in advertising policies on Google and other platforms. Advertisers will need to stay informed about regulatory changes to ensure compliance and optimize their advertising strategies.

It's noteworthy that this is the second regulatory ruling against Google in as many weeks (last week's being the UK's CMA and ICO on [Google's Chrome deprecation of 3rd party cookies](#)). The anti-competitive movement against Big Tech is gaining momentum globally and this is a significant step forward because it's from its "home" market.

Regulatory scrutiny shows no signs of easing, so brands must stay up-to-date on the changes, challenges and opportunities that different governments and their decisions create. Ensure that you are working with your data protection officers and Assembly's data and privacy experts to design advertising strategies tailored to your business needs.





WHERE DO WE GO FROM HERE?

Google has the thing that all brands aim for – brand awareness and equity. Even if Google is removed as the default, we should not underestimate the brand equity that has turned Google [Search] into a verb – you have probably said “Google it” when you really meant “search online for it”.

Irrespective of what the DoJ rules are or how successful Google’s appeal is, it is a good idea to evaluate all your search investments, by device and browser and understand what could change if you made different decisions.

A question to ask yourself: if Google were to lose their appeal and be removed as the default search engine for all users, where would you need to redistribute your search investment? The answer to the question is what you should be planning for.

Our experts are always on hand to help you navigate changes in the data and privacy ecosystem, please get in touch if you would like to discuss further.



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