



Insight

AI-driven Search: A Game Changer?

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Executive Summary

- Closing arguments concluded last month in the remedies phase of the Google Search antitrust case that will determine measures to restore competition after a judge ruled last year that Google maintained a dominant position in the internet search market.
- While Google has more than 90-percent share of the search market, the court largely ignored the significant role artificial intelligence (AI) now plays among digital search options; AI is introducing meaningful competition into the search market, moving users beyond traditional keyword-based queries to more conversational interactions, offering consumers more personalized tools, and reducing reliance on established gatekeepers.
- While the case demonstrates that current antitrust law can effectively respond to dominance in technological markets, challenges remain in properly addressing these issues as new technologies disrupt the market; policymakers should therefore be skeptical of calls to modify or reconstruct antitrust law as AI is reshaping market dynamics.

Introduction

On May 30, closing arguments concluded in the remedies phase of the landmark Google Search antitrust case, in which the Department of Justice (DOJ) and Google presented their final proposals on how to address Google's monopoly in the internet search market, as determined by a [judge](#) last year. Over the course of three weeks, both sides introduced evidence, called witnesses, and presented competing visions for what remedies would restore competition. Google [maintained](#) that its dominance stems from offering a superior product and has indicated it will appeal the ruling once the remedies phase concludes. In contrast, the DOJ argued that Google's conduct has harmed consumers and suppressed

competition. Yet the emergence of artificial intelligence-driven (AI) search has added a new dimension to the case, which was largely not considered during the initial trial.

While Google has more than 90 percent share of the search market, the integration of AI is fundamentally reshaping the digital search landscape, moving users beyond traditional keyword-based queries to more intuitive, intent-driven, and conversational interactions. This advancement is primarily **powered** by the ability of AI to learn from users' behavior, search history, and preferences to deliver more accurate, personalized, and useful results. Under these advancements, a new competitive landscape is emerging with AI-native platforms such as ChatGPT, Grok, and Perplexity AI entering the game. While Google does indeed dominate the traditional search market, ChatGPT alone now holds an estimated 80.1 percent share of the AI-driven search market. And despite playing a minor role in the initial trial, the rise of AI will undoubtedly impact the outcome of the remedies phase, as the court grapples with attempting to restore competitive conditions to a market usurped by the rise of AI. Thus, Google is racing to catch up, integrating new AI features into its search engine to stay competitive.

While the case demonstrates that current antitrust law can effectively respond to dominance in technological markets, challenges remain in properly addressing these issues as new technologies disrupt the market; policymakers should therefore be skeptical of calls to modify or reconstruct antitrust law as AI is reshaping market dynamics.

Google's Search Case

In August of last year, U.S. District Judge Amit Mehta **ruled** that Google maintains an illegal monopoly in the search engine market. The core **allegations** were centered on Google's anti-competitive practices relating to exclusive agreements that secure default search engine status. Although the court issued its ruling last year, the trial remedies concluded with closing arguments in late May, and a final decision on the appropriate measures to restore competition is expected in August, where the focus shifts to determining the appropriate measures to restore competition.

The DOJ has **proposed** structural changes to Google's business, including a forced divestiture of the Chrome browser and a ban on Google's default search payment agreements with device makers like Apple. Google, meanwhile, has countered arguments emphasizing the disruptive force of AI and the potential for the DOJ's **proposed** remedies to stifle innovation.

Recently, the case has increasingly focused on the role of AI in the competitive landscape, introducing new concerns and complexities. Notably, however, the role of AI was largely

excluded from the initial decision, as ChatGPT hadn't even been released at the discovery phase. The release of ChatGPT in late 2022 marked a major milestone in tech. While it was initially used for writing, translation, and basic explanations, and not considered a search engine due to its tendency to produce inaccurate answers, by 2023, advancements in its model, and other models in the market, transformed AI into a tool increasingly used for conversational search.

While AI played a relatively minor role in the case on the merits, its increasing use for search has made it a significant consideration in the remedies phase of the trial. The DOJ has begun to warn that Google could replicate its exclusionary tactics in the AI space and is seeking to prevent the company from securing exclusive distribution agreements for its AI tools and applications. At the same time, as the DOJ focuses on the impact that Google's conduct will have on AI, it must also contend with the fact that the rise of AI has diminished the need for broad remedies, as the market has already begun to challenge Google's monopoly power.

Case Study: How AI Upends Traditional Search

Conversational Search vs. Keyword Matching

The application of AI in search represents a significant evolution from traditional methods. **Traditional** search depended on users writing their queries precisely: When someone typed in a query, the search engine – powered mostly by ranking algorithms – would look for the closest match to that keyword from a database. The database was created by tools that scanned the internet, crawling and indexing billions of web pages to collect and organize content. It was functional, but rigid, as users had to know what to ask, and how to ask it, to obtain better search results.

Today, **AI-driven** search is moving beyond traditional keyword-based queries to more conversational interactions, offering users more personalized tools. By leveraging advanced technologies, such as machine learning, that comprehend the intent, context, and semantics of a user's query, AI enables the delivery of more precise, dynamic, and relevant search results. The models learn from users' behavior, search history, and preferences to deliver more accurate, personalized, and useful results. In many cases, users get direct answers or summaries without needing to click on a link. That shift, from pulling information to having it synthesized and tailored for the user, marks a fundamental change in how users interact with search engines.

Monetizing AI Search: Advertising, Subscriptions, and Hybrid Approaches

The shift has also impacted search engine monetization strategies with implications for

search engine providers, publishers and content creators. The old system relied on click-through rates (CTRs), in which an ad appears, the user clicks it, and the advertiser pays. Yet search queries are increasingly becoming “zero-clicks” where the necessity for users to click through to [external](#) websites has been diminished as AI-generated answers increasingly provide direct information within the search results page or through the AI app, such as ChatGPT and Grok.

In response, major search engine providers such as Google and Microsoft are actively exploring and implementing two new [monetization](#) strategies including integrated advertising and subscription models. The first strategy focuses on methods to make ads feel more like part of the conversation than traditional pop-ups or banners. Whether it’s a product recommendation built into an answer or a sponsored follow-up question, ads would become more personalized and less disruptive, but of course this raises important questions concerning transparency and how clearly users can tell what content is paid versus what is organic. The second strategy would focus on AI search tools offering premium subscriptions, principally by giving users ad-free results, faster responses, or more advanced features such as deeper research and personalized help. This could lead to a tiered internet experience, in which only those who can pay receive full benefits. This is a trend worth watching as policymakers raise questions related to fairness, access, and the future of digital information.

The Competition Landscape

As a result of these changes, the monopoly power the court found Google had in search no longer appears durable. While Google still holds a significant search market share – though it saw a 2-percent [decline](#) compared to the same period last year – it holds a comparatively smaller share of the AI search market itself, [estimated](#) at 5.6 percent as of May 2025. So, while Google remains dominant in traditional web search, its AI-powered features are not gaining traction in the specialized AI search segment. To gain market in AI search, Google’s [strategy](#) focuses on embedding AI directly into traditional search through its AI overviews that produce AI-generated summaries above search results and an [AI mode](#) that includes more advanced reasoning, thinking, and multimodal capabilities, allowing users to find answers and make follow up questions. Microsoft, on the other hand, falls behind Google in traditional search market share – which [dropped](#) 18 percent compared to the same period last year – but is rapidly integrating OpenAI’s technology into Bing and recently introduced [Copilot Search](#) offering a more conversational, AI-powered search experience to close the gap in AI-driven search market.

But perhaps more important, ChatGPT is taking the lead on the AI search market. [Last month](#), ChatGPT held 80.1 percent of the AI search market share. Its system, [enhanced](#) with

web-browsing capabilities, allows users to obtain real-time information by accessing and summarizing current web content and also allowing users to ask follow-up questions. Grok and Perplexity AI are also in the fight to get part of the market share and [held](#) 2.6 percent and 1.5 percent of the market, respectively. All of them, however, are following similar approaches, combining real-time web and social media data with advanced reasoning models to provide conversational interactions and citing sources. DeepSeek, the Chinese AI model, also offers a free search experience and currently holds 6.5 percent of the market share.

Looking Forward

The Google case and the rise of AI gathering information highlights a major lesson for policymakers: Technological advancement often usurps existing business models and can break into even seemingly monopolistic markets without the need for government intervention. And today's dominant firms must constantly innovate and grow or else fall behind. In this case, tools such as ChatGPT are changing how people find information, and they are doing it fast, meaning today's dominance can quickly become irrelevant.

Regulators should exercise caution. Efforts to break up large firms in the technology sector may miss the reality that, in tech, market power can be transitory, especially in the era of AI.

Congress has considered a variety of bills to address the practices of large technology companies over the past few years, and many of these bills are returning this Congress.

For example, the [App Store Freedom Act](#) would target app stores and practices relating to third-party payments, and older bills such as the [American Innovation and Choice Online Act](#) that bans self-preferencing for large tech companies could return. As Congress considers such legislation, it should be aware that what some may view as monopolies could be disrupted by rapid new innovation from technologies such as AI. Thus, rather than rushing to create sweeping new rules, policymakers should take a more measured approach to ensure reforms do not prematurely constrain innovation or procompetitive behavior as AI reshapes the markets.