

# Is AI a Threat to Google Search?

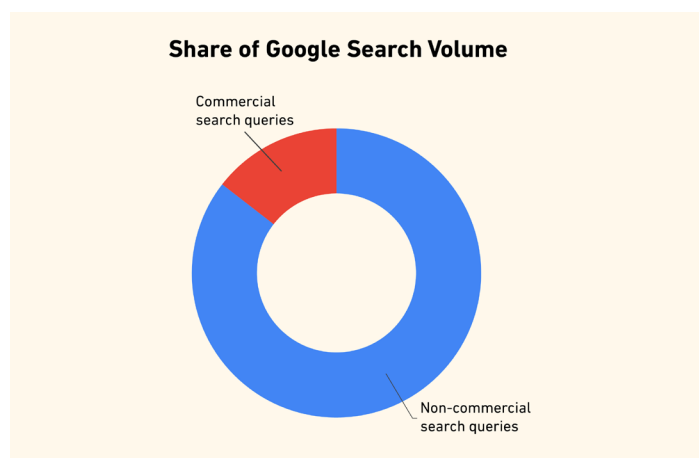
By **Uday Cheruvu, CFA**, Analyst and Portfolio Manager | June 18, 2025



For the past two decades, the primary way of looking up information on the internet has been to Google it. But what about in the future? Will we ChatGPT it? Claude it? Will some other brand of artificial intelligence (AI) develop into the neologism of the coming era?

As people have begun to use AI chatbots in their personal and professional lives, it has introduced the possibility that someday Google search could become obsolete. For instance, Apple executive Eddy Cue said last month that he sees AI applications eventually replacing standard search engines, citing an unusual decline in search activity on Apple's Safari web browser. Therefore, he said, the iPhone maker is working to add AI search options to Safari, where Google has long been the default search tool. Cue's comments, which came during testimony in a federal antitrust case against Google's parent Alphabet, caused Alphabet's stock to plunge over 7% on May 7.

But while Google faces new competition in search, there is one slice of the market that the company primarily cares about from a financial standpoint. Of all the billions of searches done on Google each day, the most lucrative are those that signal an intent by the



Source: Datos, SparkToro.

user to make a purchase—for example, “best pizza stone” or “pizza shops near me.” Google calls these commercial searches, and although they make up only about 15% of search volume, they lead to advertising opportunities, which is the primary way the parent

company makes money. Google dominates commercial search. For example, in a recent survey by Morgan Stanley, consumers were asked what website or app they go to first when researching products online: 57% said Google. The next most popular response was Amazon at 16%, while only 1% said ChatGPT.

It's common for commercial searches to draw on Google's vast amounts of real-time data—e.g., what pizza shops are currently open, how busy they are, and customer reviews. This is a key reason AI chatbots haven't yet made a dent in commercial search. The datasets used to train AI models aren't constantly updated, and so they still need to be connected to a search engine to provide the most accurate and relevant live data. For now, AI chatbots are generally better suited to non-commercial searches, such as informational searches, which contain fewer advertising opportunities—for example, "what temperature to bake a pizza." (However, Morgan Stanley's survey did find that ChatGPT is gaining ground in travel research, particularly among teens and young adults.)

Over time, these distinctions may become less relevant, especially if people become more habituated to the interaction style and output of AI chatbots. However, it's not as if these chatbots are on the verge of eating Google's lunch and Google is standing by doing nothing. Both Google and its parent company are helping lead the way in AI-powered search with their own large language model, Gemini. For example, there are now Gemini-generated summaries at the top of Google search results as well as an AI search mode that can respond to natural language prompts and more complex questions. The company is also incorporating AI image-recognition capabilities into its products. In fact, Alphabet is the only true full-stack AI player because it has proprietary hardware and infrastructure (including chips and data-center technology), software (such as the Android mobile operating system and Google Cloud networking software), one of the most advanced large language models, as well as AI products for users across its ecosystem. Amazon, Meta, or Microsoft can't offer such a comprehensive set of products.

Although there's the risk that Google's AI features will cannibalize its search ads by discouraging clicks to other web pages, the company's future success depends primarily on one thing: maintaining the utility of a Google search. That means being willing to disrupt its own business to address changing user habits. While the search engine started out as purely an intermediary connecting user intent with other web sites, increasingly Google is not an intermediary but the destination itself. A user can often get all the information they need right on the Google search results page. AI is now supercharging that strategy by giving people even less of a reason to click away. For example, when searching "what temperature to bake a pizza," Google's AI overview helpfully suggested different temperature settings depending on the thickness of the crust and advised preheating the oven first and watching for "a golden-brown crust and bubbly cheese"—eliminating the need to scroll through results or read recipes for detailed instructions.

Where Alphabet faces a potentially more serious and immediate challenge is its pending antitrust litigation. The company is currently defending itself in two major federal lawsuits, one targeting its search engine and the other its digital ad business. In the worst-case scenario, Alphabet could be forced to share its search index—the underpinning of the Google search engine—to competitors at a nominal cost. If that were to happen, the collapse of Google's search dominance could be sudden. In the advertising-related case, the judge could rule that Alphabet needs to share its user data for free with advertisers and publishers. However, both of those outcomes would be extreme and seem highly unlikely.

As for AI, the jury's still out. But it has been more than two years since ChatGPT first arrived, and there aren't any signs of Google's imminent demise. Instead, what's become evident is that Alphabet has a lot of compelling AI technology, and that Google search remains well ahead of anything else.

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