# Can Anyone Topple Google in the Ads Game?

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2 mins ago

Google, the search giant, is the undisputed cash cow of parent Alphabet, and earlier this week it flexed its muscles, reporting revenues of $40.5 billion for the three months ending Sept. 30 with $33.9 billion in ad spend.

But given Facebook's rise as the second tower of the digital advertising duopoly—this week the company boasted $17.4 billion in ad revenue for the third quarter—and Amazon's emergence to turn the duopoly into a triumvirate, not to mention the coming wave of data and privacy regulation, many are asking just how long Google can stay on top.

On one hand, Google is, shall we say, big.

In its now customary laudatory quarterly report, it announced an increase in ad spend (see chart). Sundar Pichai, Google CEO, informed analysts that its increase in revenues, which were up 20% year-over-year, was down because of higher demand for other types of Alphabet products like mobile search and YouTube advertising opportunities.

Pichai also said Google wants to expand its product suite for advertisers—such as the unification of measurement standards in app and web-based campaigns—with Pichai highlighting its recent BERT announcement.

"This was the biggest leap forward for search in five years," Pichai said, noting the update which helps the search giant better understand the contextual nature of queries, as opposed to a series of keywords.

He went on to reference how this could potentially affect

future search advertising products given that it “creates a virtuous circle where people engage more.”

Predictably, market analysts repeatedly inquired how this, along with developments in the frothy OTT space, could be converted into revenue drivers. Questions also persisted over how the organization could ride out industry headwinds, such as regulation.




## Regulatory pressure

On the other hand, some have inquired as to how regulations such as the California Consumer Privacy Act (CCPA) and the EU’s General Data Protection Regulations (GDPR) will affect the digital industry titans that are reported to be lobbying to weaken them.

“They [Google] will have undoubtedly prepared legal responses to any claims they may face with CCPA, much like anticipated risks around GDPR, and try to anticipate any limitations,” Richard Kramer, founder of Arete Research, told Adweek. “Our view is that GDPR put the likes of Google in a better position. … GDPR limited collection of third-party data, while

Google has many opportunities to collect first-party data because of all the times they engage consumers day to day."

He added, "One can expect a string of opportunistic lawsuits against the likes of Google, and they've surely had in-house legal teams prepare to deflect them but haven't made their arguments public."

## Antitrust headwinds

Currently, Google is facing antitrust proceedings by federal and state legal arms, but it is also likely to have constructed a legal, and end user-focused defense to allegations it could face given any data clawback its CCPA compliance policies might result in, according to sources.

"Being as deliberate and cautious as they are, they're unlikely to get blindsided," Kramer said. "The worst-of-all outcome, unfortunately, for the industry (as you saw with GDPR) is that those with the least resources to fight back or craft their businesses around regulation will suffer the most, and that will further centralize power in the world's largest publishers: Facebook and Google."

Some speculate that the weight of regulatory scrutiny may lead to a scenario where Google divests some of its interests, with many questioning whether Google would contemplate giving up on (or even be forced to give up) its display advertising business.

"There's a big distinction between Google search—where consumers voluntarily provide information to Google in the form of keyword searches—and the display network, which utilizes cookies or pixels, and a whole bunch of aggregated data about consumers," Colin Sebastian, managing director and senior equity research analyst at Robert W. Baird & Co., told Adweek.

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