

Google quietly raised ad prices to boost search revenue, says executive



As the second week of the *US v. Google* antitrust trial gets underway, the Department of Justice is focusing on the real moneymaker behind Google Search: ads. It alleges that Google's dominance lets it raise prices for advertisers with few repercussions – a claim backed up by Google ads executive Jerry Dischler on the stand.

Bloomberg's Leah Nylén has the details of Dischler's testimony, where he describes statements he made under oath in 2020. Dischler says Google tweaks its auction process in ways that may have raised prices in the past by 5 percent for the typical advertiser and could potentially have raised them by 10 percent for some queries. The parties buying the ads would have been unaware of these "tunings" of prices; "we tend not to tell advertisers about pricing changes," Dischler said.

Raising ad prices was apparently one way for Google to increase search revenue during dry spells – one of which

apparently occurred in the spring of 2019, according to an email chain involving Dischler and fellow Google executive Anil Sabharwal. “We are shaking the cushions” on ads launches, Dischler writes in the email. The email also describes other options for boosting revenue that include making Search more prominent for Chrome users.

Dischler said in court that 10 percent was around the upper limit of price increases and that raising prices by 15 percent would be “a dangerous thing to do” – although, as Nylen notes, Dischler acknowledged that overall revenue might still rise even if the high rates drove some advertisers to competitors like Meta or TikTok.

As Weitzman writes, demonstrating that Google can raise ad prices with little competitive pressure could help bolster the Justice Department’s argument that Google maintains an unlawful monopoly. It’s an objection that the department can’t raise for the search engine itself, which is a free product for consumers – although it can allege that other forms of harm, like lax privacy standards, might have been mitigated in a more competitive search industry.

Dischler is resuming testimony today in the trial, which is expected to stretch into November, with a verdict not anticipated until next year.

<https://www.theverge.com/2023/9/19/23880275/google-search-ads-competition-auction-prices-doj-trial-antitrust>