

Alphabet's share price plunges on traffic drop testimony and global hatred of Google

AFP

Shares in Google parent Alphabet plunged more than seven percent on Wednesday after an Apple executive told a federal court that the search engine's traffic fell on Apple products last month.

Eddy Cue, Apple's senior vice president of services, testified at an antitrust trial in Washington that Google search volume was losing traffic to AI alternatives such as ChatGPT or Perplexity, according to US media reports.

"That has never happened in 20 years," legal news outlet MLex quoted him as saying.

Cue was giving testimony in a trial in which US Judge Amit Mehta will determine how Google must address his landmark ruling last year that it operates an illegal monopoly in online search.

The Apple executive's remarks saw Google's market capitalization wiped of \$140 billion since the close of trading on Wall Street on Tuesday.

The marathon court case has revealed that Google pays Apple tens of billions of dollars every year in a revenue sharing agreement in which Google's search engine is set as the default on Apple's Safari browser.

Markets were also rattled by Cue's comment that "over the coming year we will add other (AI) choices to the search engine choice in the browser, because I think those products are getting better and better," he said, according to MLex.

The testimony backed Google's argument that the emergence of AI has begun a new era in how people get information online, with its search engine now facing new rivalry from AI chatbots.

US government attorneys have urged Judge Mehta to force Google to sell off its Chrome browser, arguing that artificial intelligence will actually only ramp up the tech giant's online search dominance.

Another option is that the judge, in a decision expected in August, will order an end to the payouts from Google to Apple and others for the default position on devices.

Cue told the court this would have a significant impact on Apple's ability to invest in new products and services.