# Apple's AI search plans unsettle Google investors as Safari searches decline



Investors in tech giants Apple and Google are increasingly anxious about the rising tide of artificial intelligence (AI) in the search engine landscape. Recent developments suggest that these concerns are not unfounded, especially with significant shifts emerging in consumer behaviour and corporate strategy.

At the heart of the unease is a revelation from Apple senior vice president of services, Eddy Cue, during a U.S. Department of Justice antitrust case against Google. He disclosed that searches originating from Google’s platform on Apple's Safari browser had declined for the first time last month. This was not merely a snapshot; it was interpreted as indicative of a broader trend fuelled by the burgeoning popularity of AI-driven search tools, such as OpenAI's ChatGPT. Following Cue's comments, Google’s shares experienced a substantial decline, shedding up to 9% of their value, which equated to a staggering loss of nearly $150 billion in market capitalisation.

The implications of this shift are manifold. Apple's examination of integrating AI search engines like OpenAI and Perplexity into Safari represents a pivotal move that could disrupt Google's long-held dominance in search. Underpinned by a lucrative agreement worth approximately $20 billion annually, Google has relied on the default status it enjoys on Safari to maintain its stronghold in mobile search advertising. However, experts warn that should Apple reduce Google's exclusivity, advertisers might pivot their strategies, potentially realigning with AI alternatives that are gaining traction.

Analysts stress the urgency for Apple to adapt in a landscape where consumer demand is increasingly favouring AI capabilities. Dilantha De Silva, an industry analyst, remarked that although some smartphone users do not yet see AI features as crucial, the demand is evolving rapidly. Companies that fail to respond to this paradigm shift may find themselves sidelined. Nexus Research highlighted that Google’s historical "default" status on the iPhone is under threat, especially with Apple exploring partnerships beyond Google as it engages with other AI competitors like Perplexity.

In response to these competitive pressures, Google is fortifying its strategy by introducing its own AI functionalities, hoping to retain relevance amidst the surge in interest around conversational AI. Yet, the challenges are steep; while Google boasts robust infrastructure and a dedicated AI team, it faces increasing scrutiny over its historical monopolistic practices and declining consumer trust as users consider alternatives.

OpenAI is positioning itself as a formidable competitor in the quest for AI dominance in search. Recently, the company invited Instacart CEO Fidji Simo to head its applications business, signalling an ambition to meld AI technology more closely with consumer needs. Julia Huang, a founding partner at Vesey Ventures, noted that OpenAI's ambitions extend well beyond developing AI models into owning the consumer platform, a move that could capture significant market share should it succeed in launching effective AI search solutions. This ambition underscores a notable shift as users are progressively gravitating towards AI-driven tools for their search needs.

Nonetheless, despite these promising developments for AI proponents, caution remains prudent. OpenAI CEO Sam Altman acknowledged his own shift away from Google in favour of AI-supported searches during a Senate Commerce Committee hearing, though he conceded that it is unlikely AI will completely supplant Google as the leading search engine. Google's adaptability, potent resources, and commitment to continuous innovation bolster its competitive stance.

As Apple navigates these complex waters, the tech industry watches closely. The evolving dynamics highlight a ripe battleground where giants are redefining search paradigms, reminiscent of previous technological transitions. The importance of adaptation in the face of consumer preference is clear, as both Apple and Google grapple with the implications of embracing AI technologies. What remains certain, however, is that the reshaping of the search landscape is not just a possibility; it is becoming a reality.

### Reference Map

1. Articles [[1]](https://www.pymnts.com/artificial-intelligence-2/2025/apple-and-google-investors-fret-as-chatgpt-gains-search-ground/), [[2]](https://www.reuters.com/business/apple-looks-add-ai-search-companys-browser-bloomberg-reports-2025-05-07/), [[3]](https://www.ft.com/content/daaf1fe5-615d-4f52-90c4-18aac6d542e5), [[4]](https://www.laptopmag.com/ai/could-ai-replace-google-in-safari-apple-executive-suggests-its-possible), [[5]](https://www.axios.com/2025/05/07/google-apple-ai-safari), [[6]](https://www.windowscentral.com/software-apps/browsing/sam-altman-says-i-dont-do-google-searches-anymore-but-admits-chatgpt-wont-be-googles-killer)

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## Bibliography

* <https://www.pymnts.com/artificial-intelligence-2/2025/apple-and-google-investors-fret-as-chatgpt-gains-search-ground/> - Please view link - unable to able to access data
* <https://www.reuters.com/business/apple-looks-add-ai-search-companys-browser-bloomberg-reports-2025-05-07/> - Apple is planning to integrate AI-powered search features into its Safari browser, potentially challenging Google's dominance in the search advertising market. During a U.S. Department of Justice antitrust case against Google, Apple executive Eddy Cue revealed that the company is exploring changes to Safari that include incorporating AI search providers such as OpenAI and Perplexity AI. This move led to a significant drop in Alphabet's share price, highlighting concerns that AI-driven search technologies could disrupt Google's stronghold. Despite the threat, Google is attempting to adapt by introducing an 'AI mode' to its search platform and negotiating with Apple to implement its Gemini AI in upcoming iPhones. Currently, Google pays Apple about $20 billion annually to remain the default search engine on Safari, a significant portion of its mobile search ad revenue. Analysts warn that losing this exclusivity could have major consequences for Google, as advertisers may switch to alternative platforms if viable AI-based search options emerge.
* <https://www.ft.com/content/daaf1fe5-615d-4f52-90c4-18aac6d542e5> - Alphabet's shares dropped by up to 9% following revelations that Apple is exploring artificial intelligence-powered alternatives to Google as its default search engine on iPhones and iPads. Apple’s senior vice-president of services, Eddy Cue, testified in a U.S. court that Apple is in talks with AI start-ups like Perplexity and considering Chinese provider DeepSeek for Safari browser integration. This move could disrupt Google’s multibillion-dollar agreement with Apple, under which Google pays up to $20 billion annually to remain Safari’s default search engine—a central element in the U.S. Department of Justice's antitrust case against Google. The federal court previously ruled that Google maintained an illegal monopoly through such deals. Apple's exploration of alternative AI tools also follows delays in rolling out broader AI features for Siri, raising concerns about its position in the AI race versus rivals like Google, Amazon, and Microsoft. Investors reacted strongly, with Alphabet’s stock closing 7.5% down and Apple’s slipping 1.1%. Analysts note that while conversational AI poses a threat to Google's core search business, the complexities of building a robust advertising model around AI could delay serious competition.
* <https://www.laptopmag.com/ai/could-ai-replace-google-in-safari-apple-executive-suggests-its-possible> - Apple is considering integrating AI-powered search engines into its Safari browser, potentially challenging Google's dominance. During a U.S. Department of Justice antitrust trial against Google, Apple’s senior vice president of services, Eddy Cue, stated that AI search tools from companies like OpenAI, Perplexity, and Anthropic could eventually replace Google Search. Although Cue still advocates for maintaining Google as the default search engine due to a lucrative $20 billion annual agreement, he acknowledged the growing legitimacy of AI alternatives. This arrangement makes strategic sense given Safari’s position as the second most-used browser globally. However, Apple has faced challenges in its own AI ambitions, with significant delays in implementing its Apple Intelligence platform and revamping Siri. Despite these setbacks, the rise in AI-powered searches—although currently vastly outnumbered by Google’s 14 billion daily searches—indicates shifting trends as user adoption of AI tools like ChatGPT increases. The potential inclusion of AI search tools in Safari reflects Apple’s intent to remain competitive in a rapidly evolving tech landscape.
* <https://www.axios.com/2025/05/07/google-apple-ai-safari> - On May 7, 2025, Alphabet, Google's parent company, experienced a significant stock drop of 9.3%, erasing over $80 billion in market capitalization. The decline followed reports that Apple is exploring AI-powered search engine alternatives for Safari, its internet browser. This potential shift poses a serious threat to Google's dominance in search, as the company has been the default search engine on Apple devices through a lucrative partnership reportedly worth over $20 billion annually. Apple executive Eddy Cue revealed the AI initiative during federal court testimony, sparking concerns among investors about Google's future revenue. While no AI search engine currently generates revenue on par with Google, Apple appears to be evaluating its options should the existing agreement end. The news highlights broader tensions in the tech industry as companies pursue AI advancements, challenging established market dynamics.
* <https://www.windowscentral.com/software-apps/browsing/sam-altman-says-i-dont-do-google-searches-anymore-but-admits-chatgpt-wont-be-googles-killer> - In a recent statement, OpenAI CEO Sam Altman remarked that he no longer uses Google searches, preferring the AI-powered ChatGPT search. Despite this, Altman conceded during a U.S. Senate Commerce Committee hearing that ChatGPT is unlikely to replace Google as the primary search engine. He acknowledged Google's strength as a 'ferocious competitor' with a robust AI team and infrastructure, noting their progress in integrating AI into their search services. OpenAI recently made ChatGPT search freely available to all users, removing the $20 monthly subscription and account sign-up requirement. This development follows a decline in Google's search traffic on Safari and signals a shifting landscape in search engine use. While some, like You.com CEO Richard Socher, predict the end of Google's dominance due to growing adoption of AI-powered alternatives, Altman remains cautious, highlighting Google's secure market position and continued innovation in AI.
* <https://www.reuters.com/business/google-parent-alphabet-beats-quarterly-revenue-estimates-2025-04-24/> - Alphabet, Google's parent company, reported strong first-quarter financial results for 2025, driven by robust performance in its core advertising business and ongoing artificial intelligence (AI) investments. The company exceeded Wall Street expectations with revenues of $90.23 billion and a profit of $2.81 per share, in part due to an 8.5% increase in ad revenue to $66.89 billion. Alphabet also announced a $70 billion stock buyback, boosting its market value by $75 billion. Despite signs of economic uncertainty and reduced U.S. digital ad spending by key advertisers like Temu and Shein, Alphabet maintained its $75 billion capital expenditure guidance and underscored its commitment to AI development. CEO Sundar Pichai highlighted the growing adoption of AI-integrated search tools, now reaching 1.5 billion monthly users. Google Cloud revenue grew 28% year-over-year to $12.26 billion, slightly under analyst expectations. The company spent $17.20 billion on capital expenditures in the quarter, a 43% increase from a year earlier, countering industry speculation that AI infrastructure investment is slowing. This strong performance reassured investors and positively impacted shares of other tech firms like Meta and Amazon.