

GRACKERAI MARKET INTELLIGENCE REPORT

The \$300 Billion Shakeout: How AI Is Restructuring the Search Economy

Google's Eroding Moat, Amazon's Retail Media Surge, AI Overviews Economics & the B2B Imperative

February 2026 · 30+ Sources · Wall Street Analyst Data · eMarketer, McKinsey, Gartner Projections

Executive Summary

Google commands 57% of the \$300B global search ad market — a position under sustained pressure from Amazon, TikTok, and AI-native platforms. eMarketer projects Google drops below 50% U.S. search ad share in 2026 for the first time since tracking began. This is a structural market transformation.

<50%

Google's projected U.S. search ad share in 2026 — first time below 50% (eMarketer)

800M

ChatGPT weekly active users — 4th most visited website globally

\$16.9B

AI Overviews projected ad revenue by 2027 (New Street Research)

-61%

organic CTR decline when AI Overviews appear (Seer Interactive)

1. Google's Advertising Moat Is Narrowing

Amazon: The Primary Challenger

Metric	Amazon	Google	Shift
Consumers start buying	56% start on Amazon	Was Google-first 2015 (54%)	Complete reversal
Ad revenue (2024)	\$56.2 billion	\$82.28B (Q4 2025 alone)	Amazon growing 17.6% vs Google 7.6%
U.S. search ad share 2026	23.4%	<50%	Amazon+Walmart = 89% incremental spend

TikTok: The Gen Z Search Engine

Metric	Data	Significance
Gen Z using TikTok as search	64%	Google SVP acknowledged threat
Fashion search vol vs Google	503% higher on TikTok	Visual search dominates
Monthly active users	1.59 billion	58–95 min daily sessions
Ad revenue trajectory	\$23.6B → \$34.8B by 2026	CPC \$0.22 — fraction of Google's

2. AI Overviews: \$17B Revenue by 2027

Year	AI Overview Revenue	% of Google Total	Milestone
2025	\$1.7 billion	<1%	Ads rose from 3% to 40% of queries
2026	\$6.7 billion	2.8%	2B monthly AIO users; 100M AI Mode users
2027	\$16.9 billion	6.5%	\$175–185B CapEx signals existential priority

The Cannibalization Paradox

Metric	Data	Source
Organic CTR with AI Overviews	–61% (1.76% → 0.61%)	Seer Interactive
Paid ad CTR decline	–68%	Seer Interactive
Search impressions YoY	+49%	BrightEdge
Paid CTRs YoY	–33%	BrightEdge
CPCs	6-year highs	More bidding, fewer clicks
Alphabet Q4 2025 revenue	\$113.83B (+18% YoY)	CNBC / Alphabet

The Paradox: Google CEO Pichai declared "Search saw more usage than ever." Yet commercial value per search is declining. More searches, fewer clicks, higher CPCs.

3. The 25% Decline: What Data Shows

Metric	Data	Context
Google global share	Below 90% first time since 2015	~89.56% by mid-2025
Google U.S. share	87.39% → 85.07%	Accelerating decline
Searches per U.S. user	-20% YoY (Jan 2026)	SparkToro/Datos
Aggregate organic traffic	-2.5% in 2025	Avg masks extreme variance
Publisher search traffic	-33%	Press Gazette / Reuters
Business Insider	-55%	Catastrophic publisher decline

AI Platform Growth

Platform	Scale	Growth
ChatGPT	800M weekly users; 1B+ daily queries	4th most visited site globally
Perplexity	780M monthly queries	+239% from Aug 2024
Combined AI traffic	ChatGPT + Perplexity	+225% (2024-2025)
AI referral traffic	Growing rapidly	+527% early 2025
AI retail traffic	Emerging channel	+4,700% YoY

4. Market Structure Change Signals

Signal	Data	Implication
Revenue via AI search by 2028	\$750B (McKinsey)	AI = primary commerce channel
Perplexity sponsored questions	\$50+ CPM	AI-native ad formats emerging
Agency brand search cuts	-10-20%	Budget shifting to TikTok, Reddit, IG
Zero-click searches	58.5% (83% w/ AIO)	Click metrics increasingly incomplete
Brands cited in AI Overviews	+35% organic, +91% paid clicks	Citation drives downstream clicks
Brands tracking AI search	Only 16%	84% have no AI visibility data
Unprepared brand traffic decline	-20-50% (McKinsey)	Inaction = measurable downside

5. Strategic Imperatives for B2B

Imperative	Why Now	Key Data
1. Diversify across platforms	Google-only strategy is ending	<50% share; 11% domains cited by both ChatGPT + Perplexity
2. Speed = compounding advantage	AI models exhibit source preference bias	Princeton: up to 40% visibility from GEO optimization
3. Measure beyond clicks	58.5% zero-click; 83% w/ AIO	Cited brands earn +35% organic, +91% paid clicks

Bottom Line: The \$300B search ad market is being redistributed. Companies investing in AI visibility now will capture disproportionate value. Those that wait will become invisible to buyers who start their journey in an AI chat window.

Sources & Methodology

30+ sources: eMarketer, New Street Research (Dan Salmon), McKinsey, Gartner, AlixPartners, Alphabet/CNBC Q4 2025, Seer Interactive, BrightEdge, SparkToro/Datos, DemandSage, Sacra, Digiday, Adtelligent, Press Gazette/Reuters Institute.

Prepare for the Shakeout

Visit portal.gracker.ai for a free AI visibility audit or gracker.ai/demo to book a strategy session.