

Facebook-Google Duopoly Won't Crack This Year

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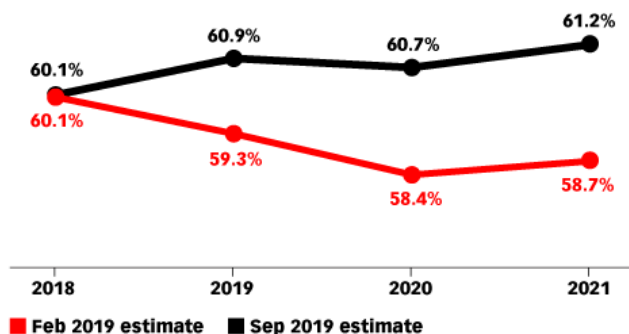
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The digital duopoly of Facebook and Google is holding strong, according to our latest forecast for US digital ad spending.

In February, we estimated that the duopoly's share of the US digital ad market would see a small decline in 2019 and also in 2020. But both Facebook and Google outperformed our expectations in H1 2019. We now estimate the two companies will increase their slice of the pie this year, dipping slightly in 2020, and pick up share once again in 2021.

How We've Updated Our Forecast of Duopoly* Share of US Digital Ad Spending, Feb 2019 & Sep 2019

% of digital ad spending



■ Feb 2019 estimate ■ Sep 2019 estimate

*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes mobile messaging (SMS, MMS and P2P messaging); Facebook includes Instagram; Google includes YouTube; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; *Facebook and Google*

Source: eMarketer, Oct 2019

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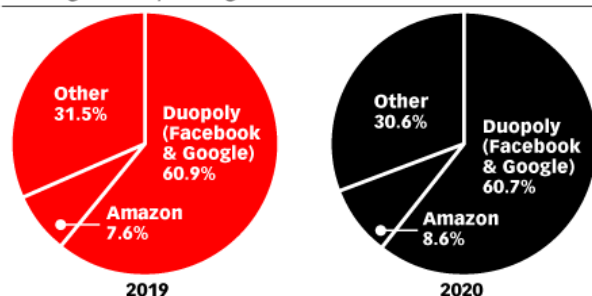
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Digital ad market consolidation shows little sign of stopping. Rather than disrupting the duopoly, Amazon's ad business looks to have joined it as a third giant, growing its share primarily from the long tail. By the end of next year, nearly 70% of US digital ad dollars will end up with one of the three leading ad sellers.

And that's just on a net basis—when advertisers consider how they allocate their budgets, they'll likely see even greater shares going to the top three. Google's YouTube, for example, pays out a portion of its gross ad revenues to creators, and all three companies also have programmatic ad businesses where they keep a percentage of the spending that passes through their stacks.

Duopoly vs. Amazon Share of US Digital Ad Spending, 2019 & 2020

% of digital ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes mobile messaging (SMS, MMS and P2P messaging); Facebook includes Instagram; Google includes YouTube; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; numbers may not add up to 100% due to rounding
Source: eMarketer, Oct 2019

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All three companies, however, are also in the sights of federal lawmakers as well as dozens of state governments. Reporting on some of these investigations suggests the companies' hold on the US digital ad market will be under continued scrutiny.

To better compete with them, smaller publishers are also consolidating and partnering up in other ways to allow advertisers to buy audiences at scale. Notable recent acquisitions include Vox Media's purchase of New York Media and Vice's purchase of Refinery29. Vox Media and The Washington Post have also been working on publishing tech- and ad-related initiatives of their own.