Ethan Cramer-Flood

Duopoly still rules the global digital ad market, but Alibaba and Amazon are on the prowl

Article

The duopoly of Facebook and Google still dominates digital ad revenues worldwide, but a collective rival from the ecommerce industry is showing momentum.

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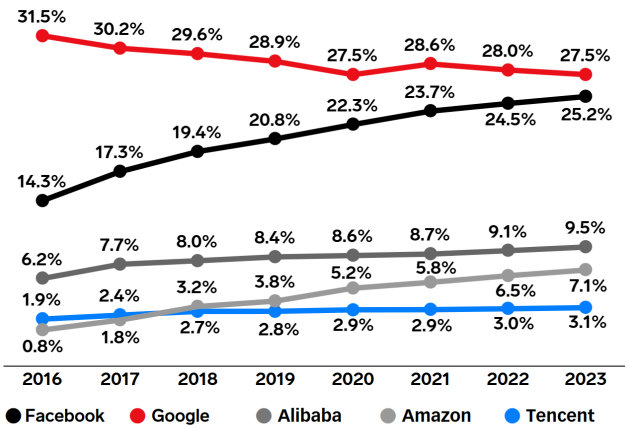
Google only grew its net global digital ad revenues by 7.3% year over year in 2020, and its share of net ad revenues worldwide declined by more than 1 percentage point. But this was a surprisingly positive result given its grim prospects mid-pandemic. Many analysts, including us, expected Google to suffer outright declines last year, but digital ad spending rebounded broadly enough that Google's various ad businesses were able to collectively right the ship.

Net Ad Revenue Share Worldwide, by Company, 2016-2023

% of total 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; net ad revenues after company pays traffic acquisition costs (TAC) to partner sites; Alibaba includes Youku Tudou; Facebook includes Instagram, Google includes YouTube
Source: eMarketer, March 2021

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YouTube's 31.1% growth helped a great deal, as display—particularly via digital video—proved more resilient than search. Facebook also did well last year, decelerating only slightly to 20.8% growth, thanks to Instagram's 50.0% expansion in digital ad revenues.

The most interesting story, however, is lower on the chart: Amazon's share of digital ad revenues worldwide surged from 3.8% in 2019 to 5.2% last year.

We forecast that Amazon's slice of the pie will grow again this year, to 5.8%. Amazon's share, combined with Alibaba's already sizable (and growing) 8.7% share and JD.com's nascent (but growing) 1.4% share, means that the ecommerce heavyweights will have seized almost 16% of the global market by the end of 2021. Walmart and Pinduoduo will likely add to this phenomenon in the coming years.

Within the duopoly, Google's more challenging year led to a share decline from 28.9% in 2019 to 27.5% in 2020, although it remained well ahead of Facebook worldwide.

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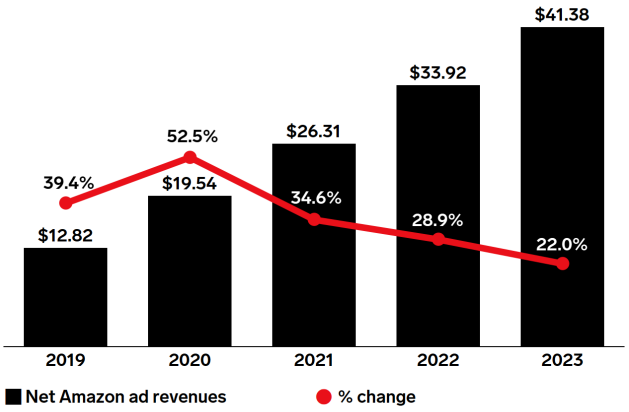
We expect Google to reclaim some of its loss of share this year, on the back of strong catch-up growth (25.3% digital ad revenue expansion in 2021), but over time, Google's dominance will continue to wane as many others, including Facebook, grow their digital ad businesses faster.

In the US, Amazon is already such a big story that some include it in a "triopoly," as its digital ad share is bigger there than it is worldwide. Amazon will not attain triopoly status with Google and Facebook on a global scale for quite some time, but we do forecast enormous growth for the ecommerce giant over the next several years.

Net Amazon Ad Revenues Worldwide, 2019-2023
billions and % change



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Source: eMarketer, March 2021

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By the end of 2023, Amazon will claim 7.1% of the digital ad market worldwide. Five years ago, that figure was just 0.8%.

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Report by Ethan Cramer-Flood Apr 29, 2021

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