

Data Suggests Surprising Shift: Duopoly Not All-Powerful

Amazon and Snapchat are experiencing faster growth

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eMarketer Editors

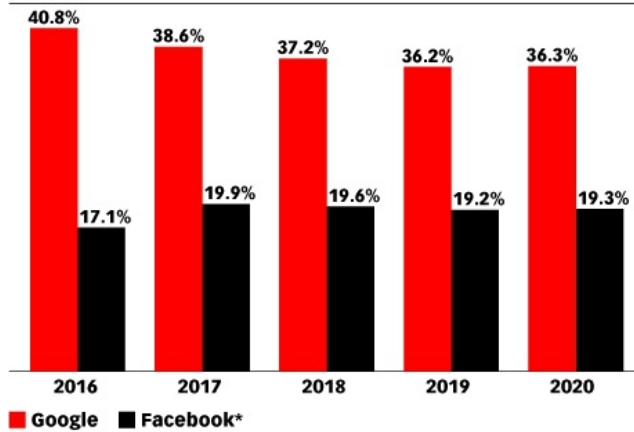
Google and Facebook may control the bulk of the US digital ad market, but their competitors are starting to eat into that share.

eMarketer estimates the two companies will capture a combined 56.8% of US digital ad investment in 2018, down from 58.5% last year. These figures have been adjusted downward, as smaller players such as Amazon and Snapchat are experiencing faster-than-expected growth.

Importantly, Google and Facebook's share of new digital ad dollars is declining as well. This year, they will garner nearly 48% of new expenditures. By comparison, that figure was nearly 73% in 2016. Let's take a closer look.

Facebook* vs. Google Share of Total US Digital Ad Spending, 2016-2020

% 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 companies pay traffic acquisition costs (TAC) to partner sites; *includes Instagram ad revenues
Source: eMarketer, March 2018

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Facebook and Instagram

Facebook will generate \$21.00 billion in US digital ad revenues in 2018, up 16.9% from 2017. But its share of the the country's digital ad market will dip to 19.6%, down from 19.9% last year.

“Facebook’s user growth rate in the US has slowed down, and is now about the same as that of internet users, while News Feed ad prices may be reaching their limit,” said Monica Peart, eMarketer's senior forecasting director. “Meanwhile, Instagram—with its rapidly increasing advertiser base—will quickly become the engine that drives growth for the company overall.”

In 2018, Facebook-owned Instagram will pull in \$5.48 billion in ad revenues, accounting for more than 5% of the US digital ad market. Instagram’s share of mobile ad earnings will reach 7.3%, and it will also account for more than a quarter (28.2%) of Facebook’s US mobile revenues this year.

Google

Google will rake in \$39.92 billion in total US digital ad dollars in 2018, up 14.5% over 2017. While still the dominant player—a position it's expected to continue to occupy for the next several years—Google’s share of the digital ad market will decline slightly, slipping to 37.2% in

2018 from last year's 38.6%.

Amazon

Amazon is slowly but surely chipping away at its larger advertising rivals. This year, its US ad revenues will climb 63.5% to surpass \$2 billion for the first time. This expansion will give Amazon a 2.7% share of the country's digital ad market. By 2020, that share will grow to 4.5%. Just over one-third of Amazon's ad earnings will come from mobile in 2018, giving it a 1.3% share of mobile revenues overall.

"Amazon finds itself in fifth place among the top digital ad sellers in the US, and it's on track to be No. 3 by 2020—surpassing both Oath and Microsoft," Peart said. "So far, it's been conservative in its ad load. It remains an open question as to when Amazon will take advantage of its significant reach and dominance in rich shopper data to ramp up the placement of ads in other areas."

Snapchat

Snapchat's US ad revenues will jump 81.7% this year, topping \$1 billion for the first time. That increase means it will garner a 1.0% share of US digital ad spending, up from 0.6% last year.

Twitter

Twitter will see its US ad earnings decline for the second consecutive year in 2018, falling by 4.9% to \$1.12 billion. The company's share of the digital ad market will slip to 1.0% this year—below the 1.5% eMarketer predicted in September. We expect Twitter to return to positive growth in 2019.