

How search is shifting in 5 charts

Article



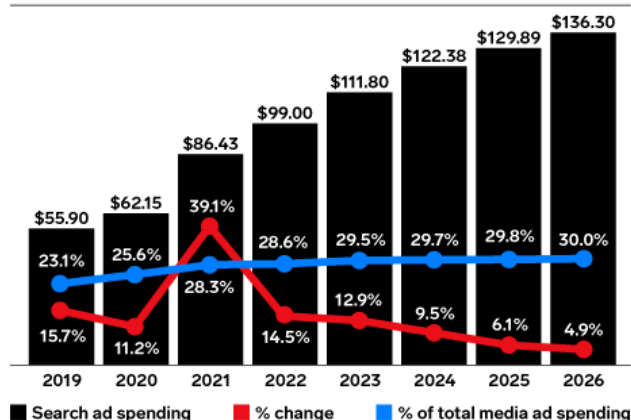
Though the ad industry has had a **notoriously difficult year**, search advertising is well positioned to grow in the years to come. On the consumer side, however, search behaviors are shifting, which could spell danger for those who don't innovate.

Here are five charts on how search is changing in 2022 and beyond:

1. Search's share grows

US Search Ad Spending, 2019-2026

billions, % change, and % of total media ad spending



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices on all formats mentioned; includes contextual text links, paid inclusion, paid listings, and search engine optimization
Source: eMarketer, March 2022

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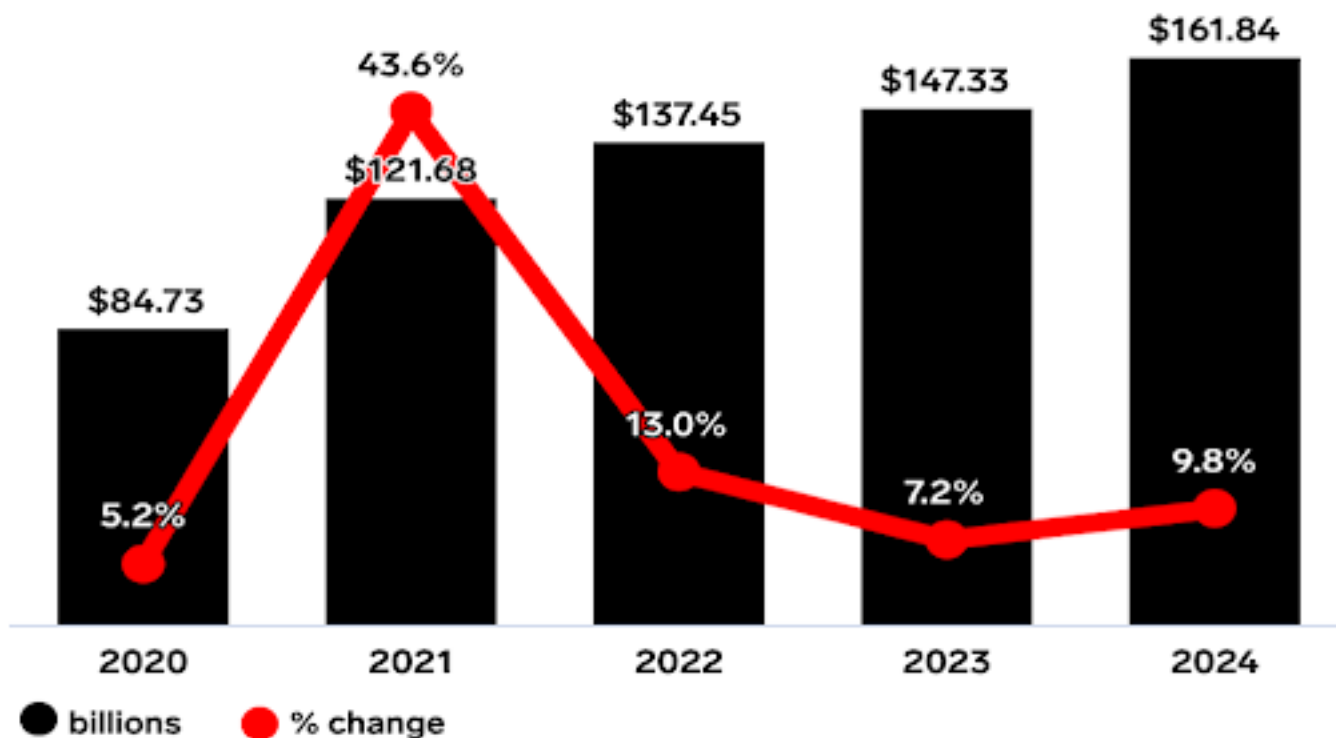
After a huge spike in 2021, **US search ad spending** growth slowed down a bit this year, though it will remain in the double digits through 2023. Marketers will continue to allocate more of their budgets on paid search through 2026, when it will account for 30.0% of total media ad spending.

As a lower-funnel, high-ROI tactic, we think search will continue to be a marketer favorite, even amid economic uncertainty.

2. Google's got the top spot for the moment

Google Search Ad Revenues

Worldwide, 2020-2024



Note: Exchange Rate; includes search advertising that appears on desktop and laptop computers as well as mobile phones and tablets; net ad revenues after company pays traffic acquisition costs (TAC) to partner sites

Source: eMarketer, October 2022

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When it comes to search, **Google** is king. This year, its ad revenues will total over \$137 billion, representing a whopping 56.1% of total search ad spending.

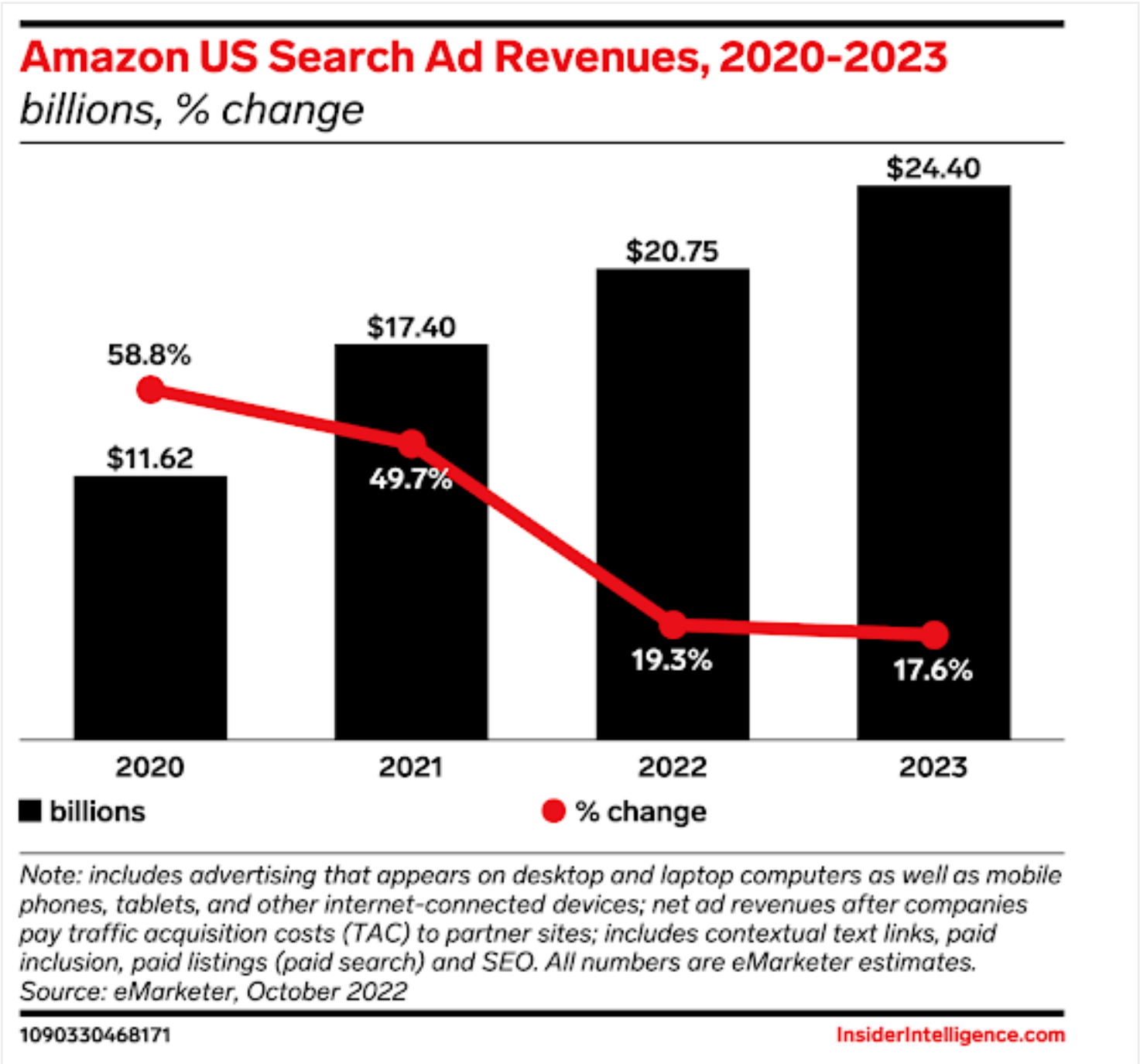
Unfortunately, the bigger they are, the harder they fall. In the third quarter, Google's advertising business grew only 2.5% year over year, compared to last year's 43% growth.

One of the reasons for the **downturn** is Google's struggle to modernize its search capabilities.

"Google is going to have to think about what its point of differentiation will be," said our analyst Max Willens on a recent "**Behind the Numbers**" podcast. "I don't think there's worry

about Gen Z and millennials cutting Google out of their lives, it's more thinking about what role it can play going forward.”

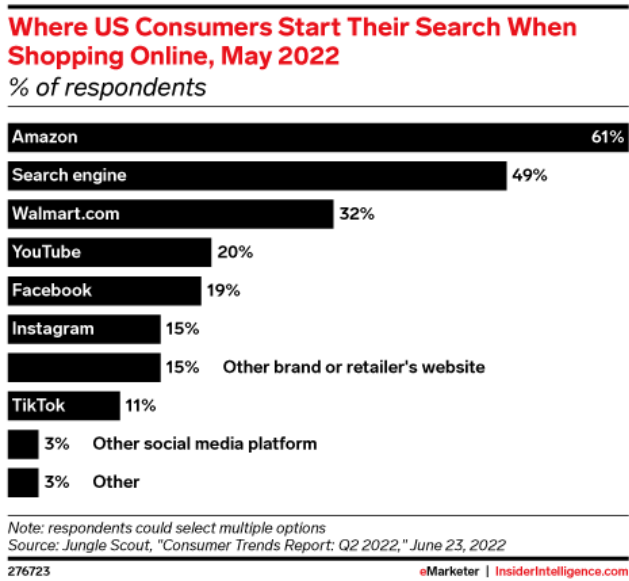
3. But Amazon’s on the come up



While Google still reigns, Amazon is coming for its crown. We predict that the ecommerce giant will rake in \$24.40 billion in ad revenues next year, growing its share of total ad spending to nearly 25%.

As the company’s ad business becomes more profitable, it’s a reasonable guess that Amazon will **keep the investments coming** to narrow the gap.

4. Search behaviors are changing



Amazon has an edge over Google in one way: Almost two-thirds of US consumers **begin their online shopping search** on the retailer’s platform. This is compared to 49% who start their shopping journey on a search engine.

Social media platforms are getting into the search mix, too. YouTube, Facebook, Instagram, and TikTok were all cited as places where consumers start their shopping search.

5. But are people ready for the next new thing?

How Interested Are US Adults in Using Visual Search* Retail Shopping Technology?

% of respondents, by demographic, Aug 2022

Gender

Female



Male



Age

18-34



35-54



55-65



Total



■ Use it regularly

■ Have used before, but don't use regularly

■ Have not used, but very interested

■ Have not used, but somewhat interested

■ Have not used and not interested

■ Don't know what this is

Note: numbers may not add up to 100% due to rounding; *taking a picture of a product then uploading the image onto an app or website to find it and shop for it

Source: "The Insider Intelligence Ecommerce Survey" conducted in Aug 2022 by Bizrate Insights, Aug 24, 2022

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One of the ways Google has attempted to enhance its search offerings is by **making its feed more visual**.

In an August 2022 survey, only 8% of US adults reported they currently use **visual search retail shopping technology**, while 41% said they were either somewhat or very interested in the technology.

Is Google putting the cart before the horse? Or is this a kind of “if you build it, they will come” situation?

The bottom line: Spend on search is here to stay, but the ways people use it are changing. While the game still belongs to Google and Amazon, they need to keep their eye on the ball so they don't strike out with consumers and marketers alike.

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