

# Google Ad Revenues to Drop for the First Time

Facebook and Amazon shares will grow

## ARTICLE

**eMarketer Editors**

For the first time since we began estimating ad revenues at Google, the company's net US digital ad revenues will decline in absolute terms. Facebook and Amazon will continue to grow but at severely depressed rates compared with earlier expectations. The triopoly's size this year will be similar to what it was in 2019—increasing by \$1.69 billion—but with a somewhat different internal breakdown.

## Net Amazon, Facebook and Google Ad Revenues in the US, 2019 & 2020

*billions, % change and % of total digital ad spending*

	2019	2020
<b>Google</b>	<b>\$41.80</b>	<b>\$39.58</b>
—% change	14.6%	-5.3%
—% of total	31.6%	29.4%
<b>Facebook</b>	<b>\$29.95</b>	<b>\$31.43</b>
—% change	26.1%	4.9%
—% of total	22.7%	23.4%
<b>Amazon</b>	<b>\$10.32</b>	<b>\$12.75</b>
—% change	39.4%	23.5%
—% of total	7.8%	9.5%

*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*  
*Source: eMarketer, June 2020*

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By the end of 2020, Google's net US digital ad revenues will drop 5.3% to \$39.58 billion. That brings Google's share of the US digital ad market to 29.4%, down from 31.6% last year. Our Q1 2020 forecast (which did not account for a global pandemic) predicted Google's US ad revenues would grow 12.9%, but its market share would still shrink slightly.

"Google has been growing its net US ad revenues at a slower rate than the overall digital ad market since 2016, so this year will continue a trend of Google losing digital ad market share in the US," said Nicole Perrin, eMarketer principal analyst at Insider Intelligence.

Despite downward revisions to both forecasts, Facebook and Amazon will increase their net US ad revenues this year, while the total digital ad market inches up by 1.7%.

- **Facebook's** net US digital ad revenues will grow 4.9% to \$31.43 billion, driven by Instagram's growth. Facebook's share of the digital ad market will grow from 22.7% to 23.4% year over year.

- **Amazon's** net US digital ad revenues will jump 23.5% in 2020 to \$12.75 billion. Its market share will increase from 7.8% to 9.5%.

Again, the total US digital ad market will grow 1.7%, to \$134.66 billion. The triopoly's share as a whole will gain just 0.2 percentage points from the long tail of the market, the smallest gain in a decade.

"Google's net US ad revenues will decline this year primarily because of a sharp pullback in travel advertiser spending, which in the past has been heavily concentrated on Google's search ad products," Perrin said. "Travel has been the hardest-hit industry during the pandemic, with the most extreme spending declines of any industry. Ecommerce-related ad spending has also been dampened to some extent: Amazon reportedly pulled its ads from Google search earlier this year as it struggled to meet customer demand for its ecommerce services."

### **Net Amazon and Google Search Ad Revenues in the US, 2019 & 2020**

*billions, % change and % of total search ad spending*

	2019	2020
<b>Google</b>	<b>\$34.28</b>	<b>\$31.81</b>
—% change	13.1%	-7.2%
—% of total	61.3%	58.5%
<b>Amazon</b>	<b>\$7.43</b>	<b>\$9.31</b>
—% change	35.6%	25.2%
—% of total	13.3%	17.1%

*Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices; includes contextual text links, paid inclusion, paid listings (paid search) and SEO; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites*

*Source: eMarketer, June 2020*

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Google's US net search ad revenues are expected to decline 7.2% in the US in 2020. Its share of the search ad market is expected to decline from 61.3% to 58.5% (on a net basis) year over year, as search

advertising on Amazon (which isn't exposed to travel) is still expected to grow robustly this year.

“Search still accounts for the vast majority of Google's net US ad revenues, so even though YouTube will continue to grow this year, it won't be enough to fully counterbalance the more negative trends in search,” Perrin said.