

Google beats ad growth expectations across search, YouTube, and Network

Article

The news: Google parent company Alphabet reported **62%** year-over-year (YoY) revenue increase in Q2 2021, including **rapid growth to all three main segments of its ad business:**

- **Search.** Google reported an increase of **68%** in revenues for Google search and “other” on-property ads, to **\$38.85 billion**. This was significantly faster growth than we anticipated for the quarter. Search is still by far the largest segment of Google’s ad business. On the earnings call, Alphabet CFO Ruth Porat **reported** that growth in search ad spending was broad-based but **particularly propelled by retail ad spending**.
- **YouTube.** Revenues for YouTube ads were up by a whopping **84%** to just over **\$7 billion**—another beat compared with our expectations. Brand advertising has remained dominant on YouTube, though its performance business has grown over the past couple years. Porat noted the increase to **YouTube revenues in Q2 was largely attributable to brand advertisers**.
- **Google Network.** Google’s off-property offering grew revenues by more than **60%** in Q2, remaining larger than YouTube at **\$7.6 billion**. Again, this growth was much higher than our expectations, indicating that not only is Google doing well in terms of ad revenues, but the rest of the programmatic web is also enjoying continued rapid growth YoY.

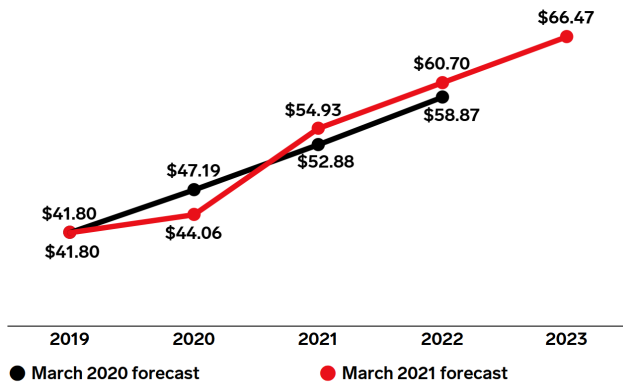
More on this: In May, we **predicted** that US programmatic digital display ad spending would rise by **29.0%** this year. Programmatic ad firms including **The Trade Desk, Viant, and Pubmatic** will report earnings in August.

What’s next:

- Google’s earnings reports for both Q1 and Q2 **beat our expectations substantially**. Back in March, we estimated that Google would grow its worldwide net ad revenues by **25.3%** this year and that US net ad revenues would increase by **24.7%**.
- Based on yesterday’s earnings, we **anticipate making another upward revision to our outlook for Google’s ad revenues** as part of our US digital ad spending forecast update this fall.

How Has the Forecast for Net Google Ad Revenues in the US Changed? 2019-2023

billions, March 2020 vs. March 2021



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; includes YouTube advertising revenues; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites
Source: eMarketer, March 2021

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