US Advertisers Still Eager to Target at Scale with Duopoly

Facebook and Google hold onto market share longer than expected

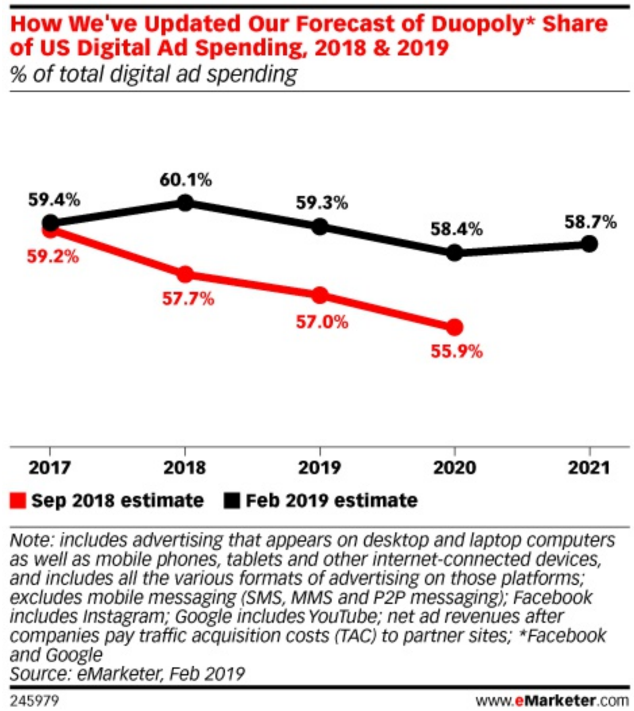
ARTICLE

Nicole Perrin

Facebook and Google may be under pressure from media, governments and the public, but based on our latest estimates, advertisers don't appear to be uncomfortable with the digital duopoly—at least, not enough to stop spending there.

Back in September 2018, we thought the duopoly was already losing share of the US digital ad market, with its portion of revenues set to shrink by 1.5 points to 57.7%. That was based on our forecast that Google's share of the digital ad market would decline by about 2 points in 2018, while Facebook's would rise by less than 1 point.

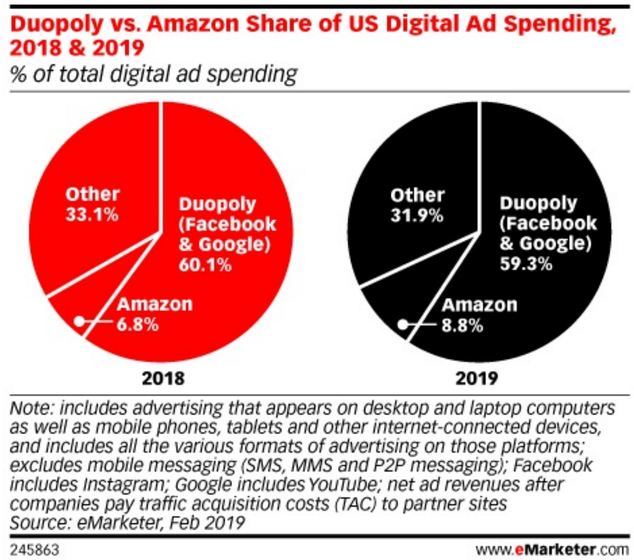
Based on full-year data from both companies and the rest of our analysis of the US ad market, we now estimate that Google's share dropped less than we anticipated (1.4 points), and Facebook's share grew more than we predicted (2 points). That adds up to the duopoly accounting for just under 60% of digital ad spending in the US.



Facebook and Google's appeal hasn’t changed much, despite scrutiny of their market dominance and data and privacy practices. Massive reach and targeting at scale—combined with easy-to-use buying platforms and widespread familiarity among marketers—have secured the duopoly's place in digital budgets.

To the extent that marketers will be changing their digital allocations, it's not because they're trying to decrease their use of behavioral data for targeting or invest in professional media. It's to spend with another data-driven behemoth: Amazon.

Amazon will net 8.8% of US digital ad budgets this year, up from 6.8% in 2018—in other words, Amazon is taking the duopoly's share, and then some.



Back in September, we thought Amazon would earn 4.1% of US digital ad spending in 2018, and 5.5% this year. Changes to how we model Amazon's ad earnings account for most of the difference in our estimates.

We forecast further consolidation of US digital ad revenues among a handful of major sellers. Amazon, Facebook and Google are expected to take in nearly 70% of digital spending in the US at the conclusion of our forecast period in 2021.