

Facebook To Surpass Yahoo! In Display Ad Revenues This Year

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More than one in five US display dollars will go to the social network

For the first time, the largest share of US display ad revenues will go to Facebook, eMarketer estimates. The social network's 80.9% growth in display ad revenues, to \$2.19 billion this year, will mean Facebook sees 21.6% of all US display ad dollars.

That will put it ahead of Yahoo!, where eMarketer estimates display revenues will be up 16%. Yahoo!'s market share will inch up to 16.4%, while display gains at Google push the site's share of display spending to 12.6%. Meanwhile, AOL will drop from 5.3% of display ad revenues in 2010 to 4.4% this year.

"Yahoo!'s US display ad revenues will increase by double digits each year from 2010 through 2012. Despite that, not only will Facebook's display revenues surpass Yahoo!'s this year, Google's revenues will exceed Yahoo!'s next year," said Hallerman, principal analyst at eMarketer. "What that leapfrogging trend confirms is the strong demand among brand marketers for online display ad placements."

In the search market, Google will solidify its position as the top site with an increase in market share of nearly 4 percentage points, to 75.2%. eMarketer expects Microsoft, where search revenues will be up 16.4% in 2011, to increase its market share slightly for the next two years, while search revenues at Yahoo! will continue a slow decline, dropping to \$1.1 billion this year from \$1.28 billion in 2010.

Declines will also continue at AOL throughout the forecast period.

"Even as some observers expect Google's search revenues to fall due to competition from Bing, the reported revenue reality shows that after a relatively 'slow' Q1 2010, net US ad revenues at Google grew by 27% or more each of the following three quarters," noted Hallerman. "It will be hard for Bing to stop the Google juggernaut, and, in fact, Bing's search gains are basically accompanied by Yahoo!'s search losses."

"In fact, Google's gains in search will help its display business, and vice versa, as more and more marketers will see the benefits of linking those two ad formats through a single provider," said Hallerman. "That same trend will help Microsoft not as much as Google" since Bing's search dollars are a mere fraction of the marketer investment with Google."

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