Consolidation Of Online Ad Market Continues As Google Grabs More Share

Contributed by eMarketer
Monday, 18 July 2011
Last Updated Monday, 18 July 2011

Facebook becomes No. 3 ad-selling company in US

More than two-thirds of US online ad spending will go to just five companies in 2011, eMarketer estimates, up from 63% in 2009 and expected to increase further next year.

The consolidation of the ad market is uneven, though, with Google taking nearly 41% of all ad dollars and Yahoo! and AOL losing share. Facebook, boosted by display advertising, will get 7% of US online ad spending this year, pushing past Microsoft to become the third-largest ad-selling company in the country.

Googleâ€™s gains are being driven largely by search. Search revenues will be up 23.6% at the site this year, and Microsoftâ€™ revenues will grow even more quickly. Search dollars at Yahoo! and AOL will continue their downward trend.

â€œMicrosoftâ€™s solid growth rates are due to the overall efficiency of the Bing search engine in delivering relevant results to searchers, as well as the companyâ€™s marketing of Bing to encourage more usage,â€• said David Hallerman, eMarketer principal analyst. â€œBut Googleâ€™s lesser growth represents a more than $2 billion increase this year, compared to only an estimated $322 million increase for Microsoft.â€•

This growth will mean Google takes more than three in every four search ad dollars spent in the US this yearâ€"a proportion that will rise further next year. Microsoftâ€™s gains put it at only 8% of the market. Overall, the four largest search engines account for nearly 94% of the $14.38 billion search ad market.

â€œSearch has become a duopoly dominated by Google, with Microsoftâ€™s Bing and Bing-powered engines (Yahoo!) in a strong but distant second position,â€• said Hallerman. â€œThe network effect keeps Google on topâ€"the more users a search engine has, the more advertisers it attracts, which in turn can attract more users, and so on. But Microsoft is gaining both search query and market share.â€•

â€œFurther, Microsoftâ€™s deal with Yahoo! has not yet helped the latter company,â€• Hallerman added. â€œGoogle has bene the delayed fruition of the search alliance, steadily gaining market share as the allianceâ€™s combined share has remained relatively flat.â€•

21 June 2011