

Facebook, Google Leading to Internet Domination of Advertising

by Paul Bond



Sean Gallup/Getty Images

The investment management firm GroupM said Sunday that the dominance of Facebook and Google “is exceedingly bad news for the balance of the digital publisher ecosystem.”

Facebook and Google will capture a phenomenal 84 percent of the digital ad spend worldwide this year as the two online companies account for all of the growth in internet advertising this year, according to GroupM.

The investment management firm said Sunday that the dominance of Facebook and Google “is exceedingly bad news for the balance of the digital publisher ecosystem.” Since the two firms are not only grabbing all the new money advertisers are spending but are also taking share from the competition, GroupM says they will account for “186 percent of digital growth in 2017.”

GroupM's data strips out China, since media is heavily regulated there and the country is immaterial to both Google and Facebook.

With China, digital advertising will increase overall 11.5 percent this year and will capture 34.1 percent of all spending, while television grows at a mere 0.4 percent, though when state-controlled China is included TV will grow at 3 percent.

Worldwide, TV still dominates with 41 percent of ad share.

But in a separate study from Zenith Media also released Sunday, internet advertising has overtaken television on a global basis, accounting for 37.3 percent compared with 34.3 percent. Zenith says that TV peaked in 2012, when it accounted for 39.3 percent of all advertising.

Zenith also says that “the effectiveness of internet advertising has now caught up with digital ad spend,” given its “brand experience” (Zenith’s term it says is an accurate proxy of market share) has hit 35 percent. In 2014, for example, advertisers spent 27 percent of their budgets on the Internet but it only bought them 21 percent of brand experience.

Zenith says the internet’s share of advertising globally will reach 40 percent next year and 44 percent in 2020, when it hits \$225

billion in ad spend.

Zenith predicts that overall advertising among all media worldwide will grow 4.1 percent in 2018, reaching \$578 billion by the end of that year.

GroupM, though, says advertising will hit \$535 billion worldwide this year and \$558 billion next year. In the U.S., advertising on the whole will come in at \$183 billion this year and \$189 billion next year.

By medium in the U.S., TV will grow 3 percent to \$81.9 billion in 2018; the internet will grow 10 percent to \$62.5 billion; print will shrink nearly 7 percent to \$32.3 billion; radio will grow 3 percent to \$7.9 billion; outdoor will grow 3 percent to \$4.6 billion and cinema advertising will grow 2 percent to \$40 million, according to GroupM.

By medium worldwide, TV will grow 2 percent to \$217.1 billion in 2018; the internet will grow 11 percent to \$202.8 billion; print will shrink 5 percent to \$77.9 billion; outdoor will rise 6 percent to

\$35.1 billion; radio will grow 2 percent to \$23.7 billion; and cinema will grow 3 percent to \$1.4 billion, according to GroupM.

