

Google, Microsoft report strong search ad revenue growth

Search advertising revenue grew in the most recent quarter for both Google and Microsoft. Last night, Alphabet released its Q1 2022 report, while Microsoft released its Q3 earnings report.

Strong year-on-year growth for Google. Overall, Alphabet reported revenue of \$68 billion, up from \$55.3 billion in Q1 2021. Zooming in on Google search, which accounted for 58% of Alphabet's revenues, here are the key numbers for Q1 of 2022 (compared to Q1 of 2021):

- **Total Google advertising revenue:** \$54.7 billion (up 22% from \$44.7 billion)
- **Google Search & other:** \$39.6 billion (a 24% vs. \$31.9 billion)
- **Google Network:** \$8.2 billion (up 20% vs. \$6.8 billion)
- **YouTube:** \$6.9 billion (up 14% vs. \$6 billion)

Interesting local search stat. Google said that Maps searches for [shopping near me] were up 100% globally year-over-year. Noted Google: "People want to buy from brands that provide a seamless experience wherever and whenever they prefer to shop. For local businesses and big-box retailers alike, this remains a big opportunity."

YouTube testing ads on Shorts. On the Alphabet earnings call, we learned that YouTube is testing ads on Shorts – its short-form (meaning 60 seconds or less) video product. Two types of ads were mentioned: app install and video action campaigns. Philipp Schindler, Alphabet's senior vice president and chief business officer, said the company is "encouraged by initial advertiser feedback and results." Shorts now has 30 billion

daily views, up 4x compared to a year ago.

Impact of Russia. After Russia invaded Ukraine, Google halted ad sales. During the earnings call, Ruth Porat, Alphabet's chief financial officer, said about 1% of Google's revenues were from Russia in 2021 and most of that was from advertising. At the same time, advertisers in Europe significantly pulled back their spending on YouTube.

Strong year-on-year growth for Microsoft Bing. Overall, Microsoft reported revenue of \$49.4 billion, up 18% from \$41.7 billion in Q3 2021. The company combines search and news advertising together. That revenue was \$2.9 billion in Q3 2022 vs. \$2.4 billion in Q3 2021.

LinkedIn revenue grew to \$3.4 billion, up 34% from \$2.6 billion a year ago. LinkedIn advertising revenue was up 61% year vs. year.

Why we care. There was discussion of some sort of slowdown following the release of the earnings reports. But most of that conclusion seemed to be drawn from other non-search divisions (e.g., YouTube) and could have also come from comparing January-March 2022 to October-December 2021, which is ridiculous because the holiday season was last quarter. That's when advertisers are dumping money into Google and Microsoft ads. Though a slowdown could come at any point, search advertising was strong in 2021 and brands plan to invest more in PPC this year.

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Danny Goodwin is Senior Editor of Search Engine Land. In addition to writing daily about SEO, PPC, and more for Search Engine Land, Goodwin also manages Search Engine Land's roster of subject-matter experts. He also helps program our conference series, SMX – Search Marketing Expo. Prior to joining Search Engine Land, Goodwin was Executive Editor at Search Engine Journal, where he led editorial initiatives for the brand. He also was an editor at Search Engine Watch. He has spoken at many major search conferences and virtual events, and has been sourced for his expertise by a wide range of publications and podcasts.

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