MAGNA

Search Report 2025

AI Transforming Search Performance

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Search Report 2025

About the Report

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- This is a summary of the *The Search Report,* that examines the evolution of keyword search advertising formats. It dives into the scale and growth of search advertising spending, as well as the big trends and dynamics pushing ad spending forward in 2025 and beyond.
- The full report includes sections on search advertising spending, search usage, consumer behaviors, AI in search, and insights on the future innovations and developments of search advertising.
- MAGNA's Search Report is published annually in collaboration with KINESSO. *The Search Report* and its Data companion are available to IPG Mediabrands agencies and subscribers on MAGNA's Intelligence portal atlas.magnaglobal.com.
- For more information, please contact Luke.Stillman@magnaglobal.com

Search Report 2025

About the Report

Also available on MAGNA's intelligence portal: the *Programmatic Report, Commerce Media Report,* and *The Social Report.*

Click on the reports to read more

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Search Report 2025

Table of Contents

Executive Summary	5
Search Advertising	8
Search Usage	25
Search Innovation	46
Future of Search	53
About MAGNA	56

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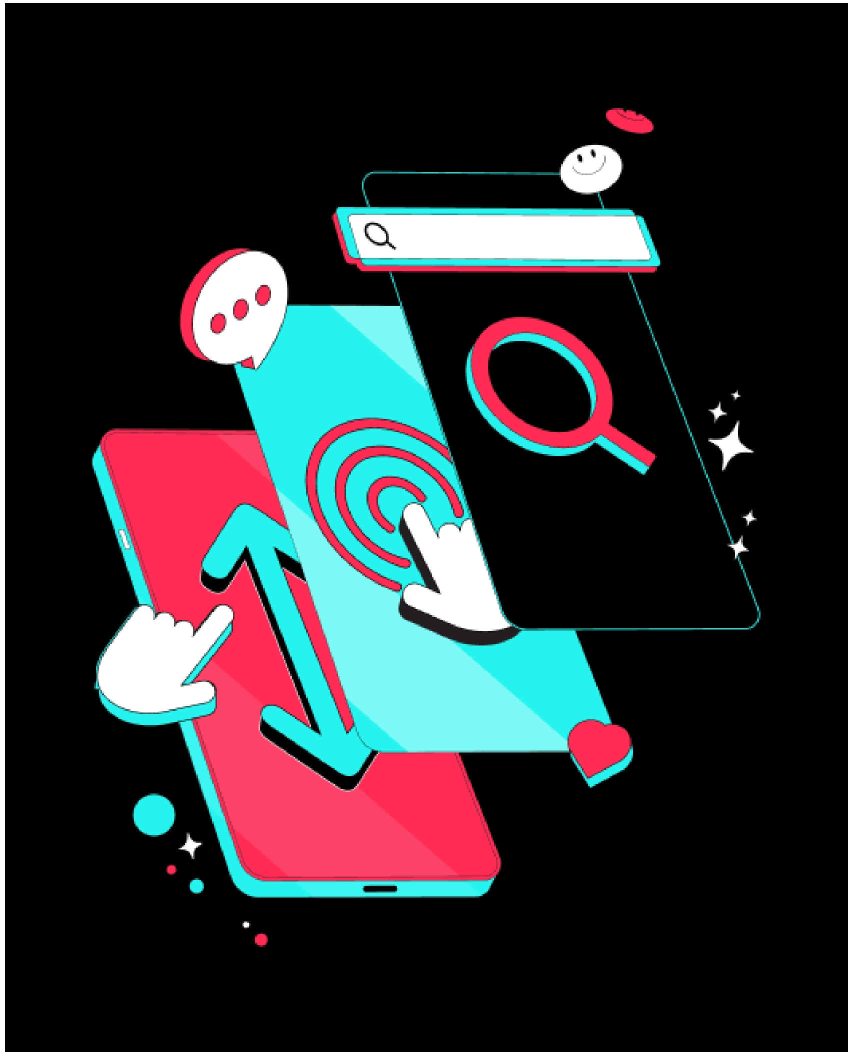
Executive Summary – Key Findings

Keyword search remains the largest and most resilient ad format. The advertising landscape has undergone huge changes over the past few years. Despite the rise of social media and video apps in recent years, search advertising remains the largest ad formats. **Read more here.**

Spending on keyword search ad formats reached $330 billion globally in 2024, far above the second largest format (Social: $217bn) and $167bn more than the most popular traditional ad format (TV: $163bn). Keyword search formats captured 35% of total ad spend in 2024 and 50% of digital ad spend. **Read more here.**

The largest search market remains the US ($152bn, 46% of global search spending). The second largest market behind the US is China with $65 billion in total search advertising revenues. **Read more here.**

Retail media is a major driver of keyword search demand. Retail search represents 26% of keyword search spending, while 74% is attributed to traditional search spending.



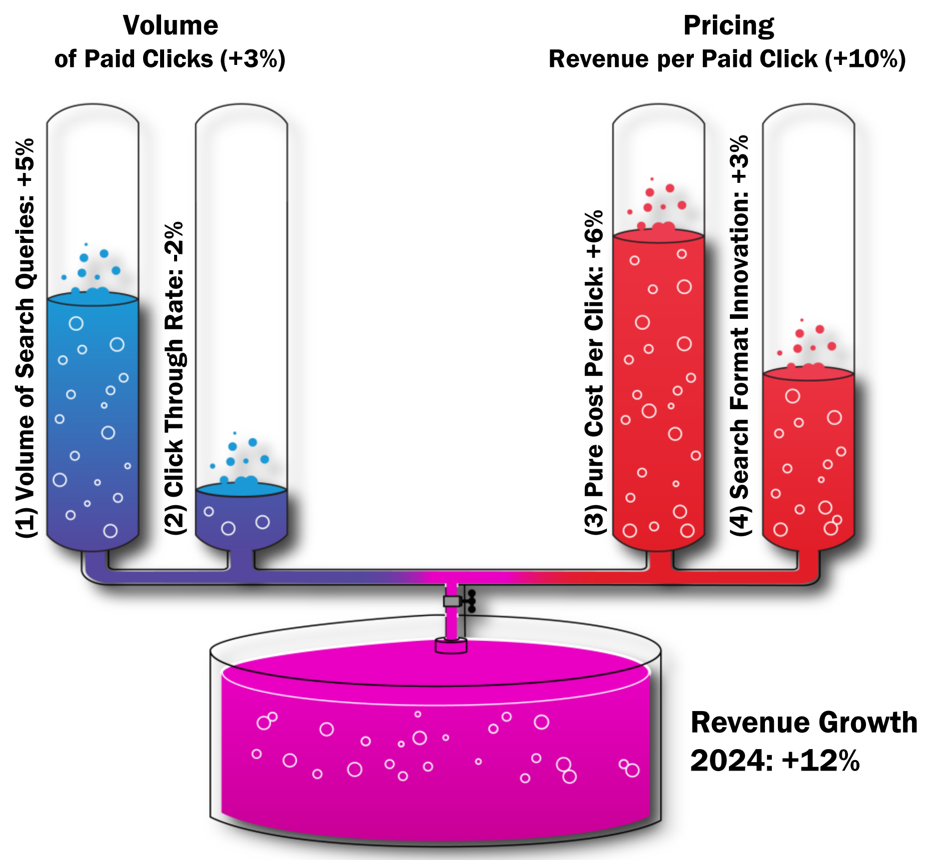
Executive Summary – Key Findings

Google remains the dominant search provider with more than 50% of total search advertising revenues (69% outside of China). However, classic search engines are slowing losing market share as ecommerce giants like Alibaba, Amazon, and large retailers like Walmart are developing their own product search capabilities. **Read more here.**

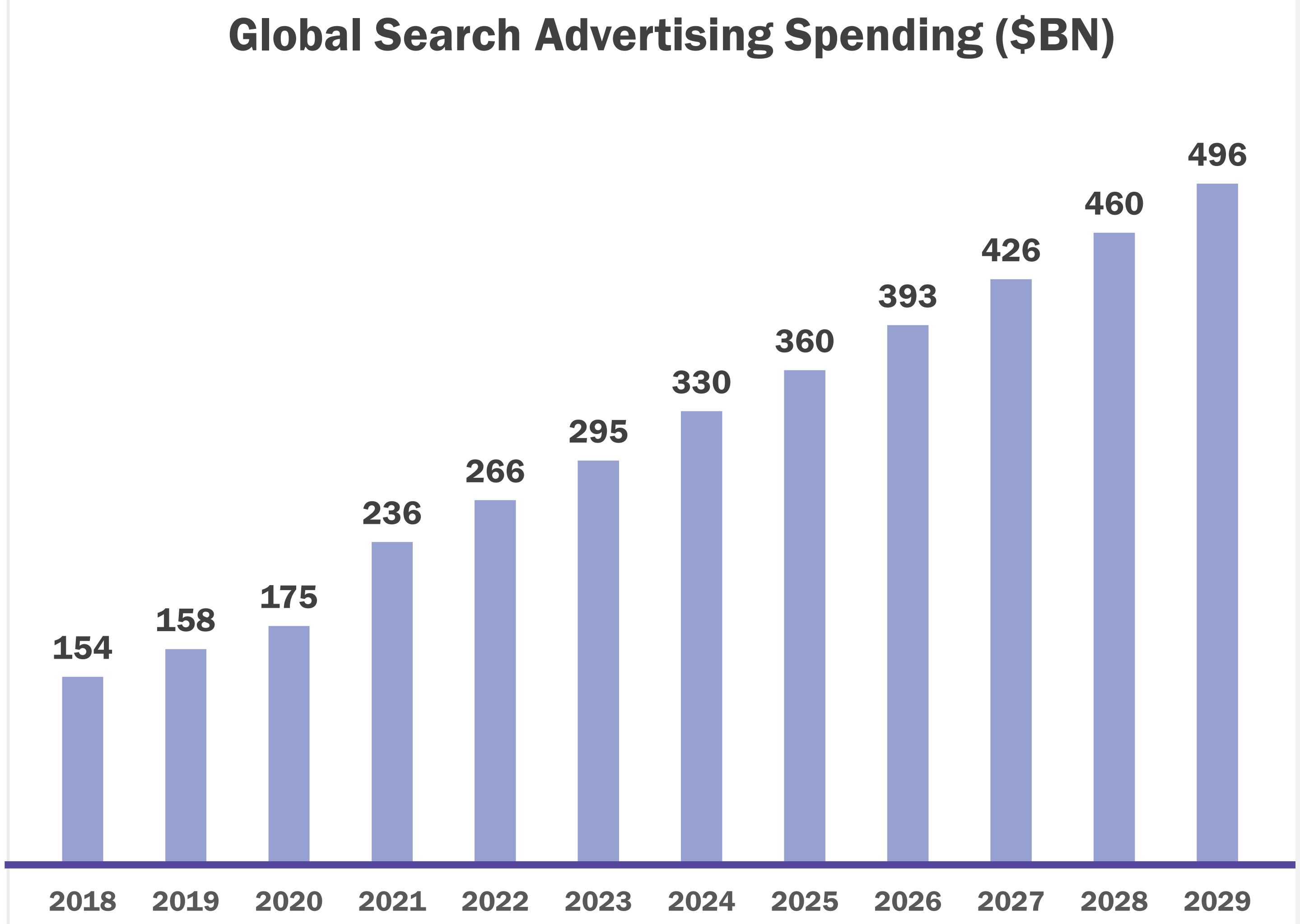
Search spending is mostly driven by usage growth (volume of queries +3% in 2024) **and cost inflation** (cost-per-click up +6% in 2024) while click through rates (CTR) fell by -2% in 2024. Search platforms become smarter and more efficient, resulting in consumers increasingly relying on the top few sponsored search results. **Read more here.**

Artificial intelligence is becoming a core part of the search journey, for both consumers and brands. Consumers are leveraging AI to augment and improve their digital journeys (e.g., Visual and audio search), but AI won't replace classic search engines anytime soon. However, AI will overhaul the search advertising process with more sophisticated bidding, creative generation, placement, and more. Over time, AI will allow faster search, and empower new ad formats such as messaging. **Read more here.**

The Components of Search Advertising Growth in 2024



Search Advertising
$330 Billion in 2024, Half a Trillion by 2029



- Search advertising's share of digital advertising budgets peaked in 2012 at 57% of digital spending. That share has slightly eroded since, as video and social ad formats grew faster in the following ten years, but **search advertising still captured half (50%) of global digital advertising spending in 2024**.
- Once seen as maturing, search advertising is rejuvenated by the rise of retail media networks and will regain share through 2029 (when search advertising will represent 51% of total digital budgets). When all advertising formats are included (digital and linear), **search advertising represents 35% of total global ad spend.**
- Search advertising innovations (local search packages, map search, enhanced search formats, etc.) keep search relevant and effective for brands.
- Another major driver is the emergence of Ecommerce-driven ad spend from millions of small businesses leaping into paid advertising.
- Search now means all the following, and more:
    - Audience Targeting
    - Voice Search
    - Local/Geolocation Search
    - Product Search/Shopping Ads
    - Enhanced and Rich Search Engine Results
    - Visual Search & Chat Bots

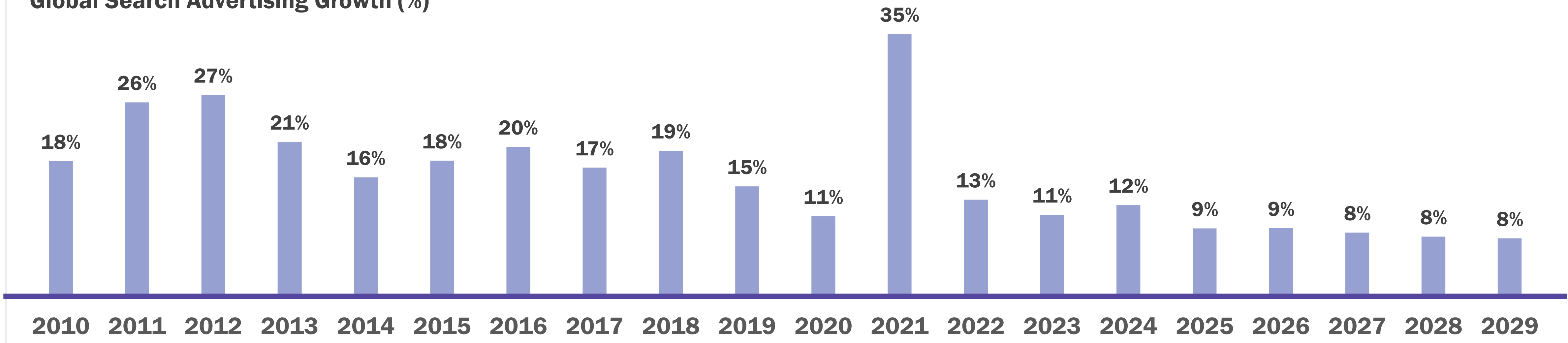
Source: MAGNA Global Ad Forecast (December 2024)

Search Advertising

Search Grows Double-Digits Again in 2024

- **While other ad formats strong and weaker years, search advertising has been growing very consistently in the last 15 years.** It was even resilient through COVID and has remained robust. While core search growth slowed in 2H22 with the onset of economic uncertainty, it has reaccelerated and grew by +11% in 2023 and +12% in 2024. Furthermore, Amazon and other retail media search offerings continue to see high growth despite fears over economic weakness.
- **Looking ahead to the balance of 2025 and beyond, search advertising will continue to be one of the key drivers of new ad dollar growth globally.** Search growth has remained strong vs. other digital formats, and search is once again taking share (despite its already gargantuan size as a percent of budgets). Finally, changes in consumer behavior continue to stand as a leading driver of Ecommerce growth.
- As keyword search formats evolve, and **search campaign automation tools become even easier and more streamlined**, more and more small online businesses are turning to search advertising for the first time. These small businesses will spend across the spectrum of search advertising campaigns and continue to funnel new money from outside the paid media ecosystem into search formats.
- Finally, **retail media networks** are accelerating and now compete with Amazon and other large Ecommerce giants for sponsored product search. This provides another growth engine for search advertising.

Global Search Advertising Growth (%)



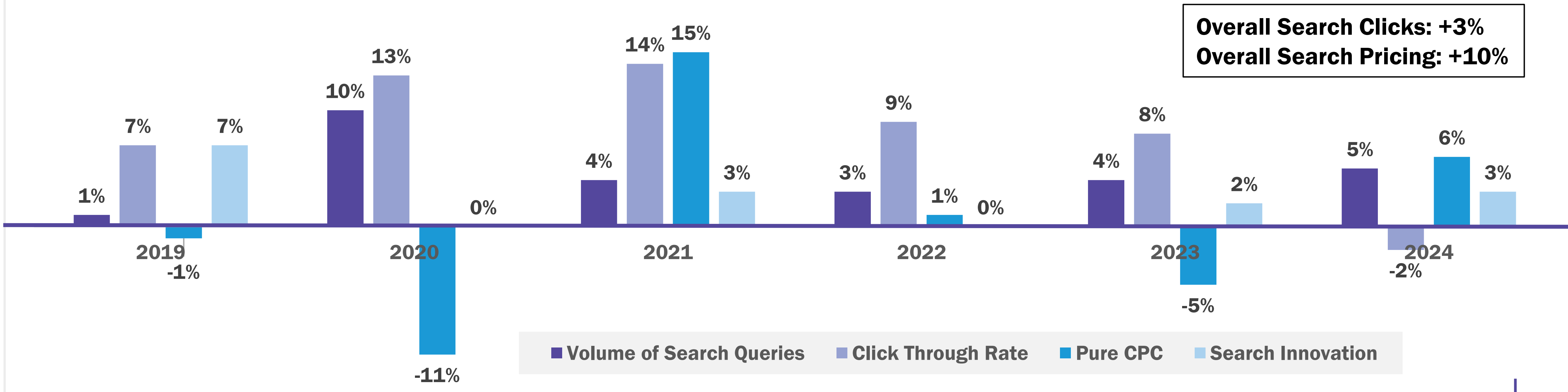
Source: MAGNA Global Ad Forecast (December 2024)

Search Advertising

Search Growth Drivers in the Short-Term

- **Overall search volume was +3% year-over-year in 2024.** This was driven by the volume of clicks increasing as consumers still are using more search overall, both on core search engines and ecommerce platforms.
- However, click through rates fell by -2% as AI snippets and other innovations led to more no-click searches. Overall, **total search clicks grew by +3%.** This was led by the downfall of click through rates while the volume of search queries went up by +5%.
- **Costs overall were the primary driver of increasing revenues, growing by +10% overall in 2024.** This was a combination of pure CPC increasing by +6% as AI driven placement platforms still increase ROI for brands and they're willing to pay up for the same inventory. In addition, new search format innovation contributed slightly to overall revenue growth, up by +3% in 2024.

Search Revenue Drivers Over Time (Y/Y)



Search Advertising

Three Search Companies Among Top 20 Media Owners

	Global	China
Search (3)		Baidu
Commerce & Retail Media (5)		Alibaba, Pinduoduo (Together More Savings More Fun), JD.COM, 美团 Meituan
Social (6)	Meta, TikTok	ByteDance, Tencent 腾讯, KUAISHOU
TV/Video (11)	YouTube, Disney+, COMCAST, RTL, FOX, Paramount+	Alibaba, Tencent 腾讯, Pinduoduo (Together More Savings More Fun)

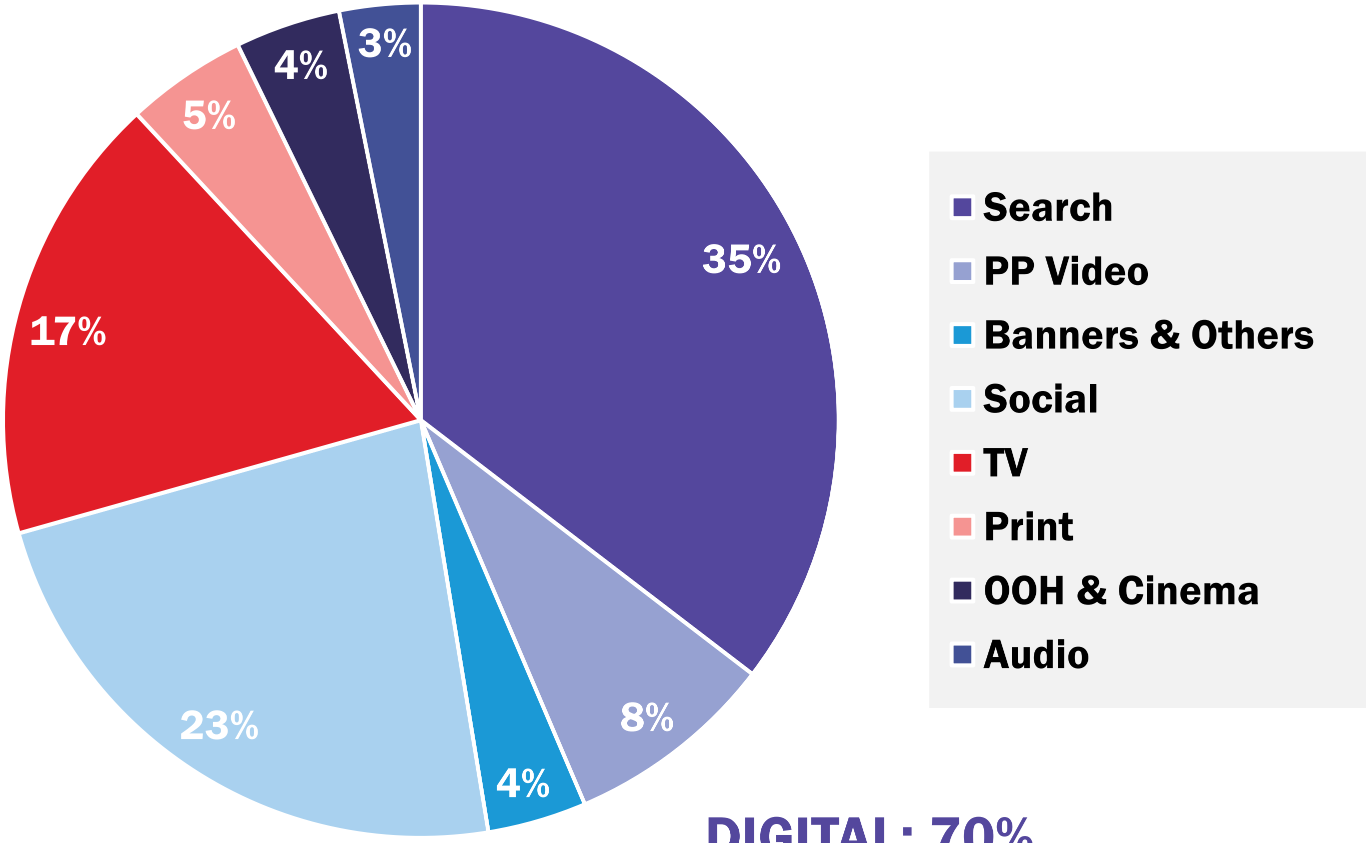
- Google, Microsoft, and Baidu are the only three search companies among the top 20 global media owners.
- Of the three, Google saw the highest ad revenue growth in the first three quarters of 2024 by +11%.
- Microsoft saw modest growth by +2%, while Baidu declined by -1%.
- Although Amazon and Alibaba are categorized as Commerce & Retail Media companies, a significant portion of their advertising sales comes from keyword-based (product) searches.

Source: MAGNA Global Ad Forecast (December 2024)

Search Advertising

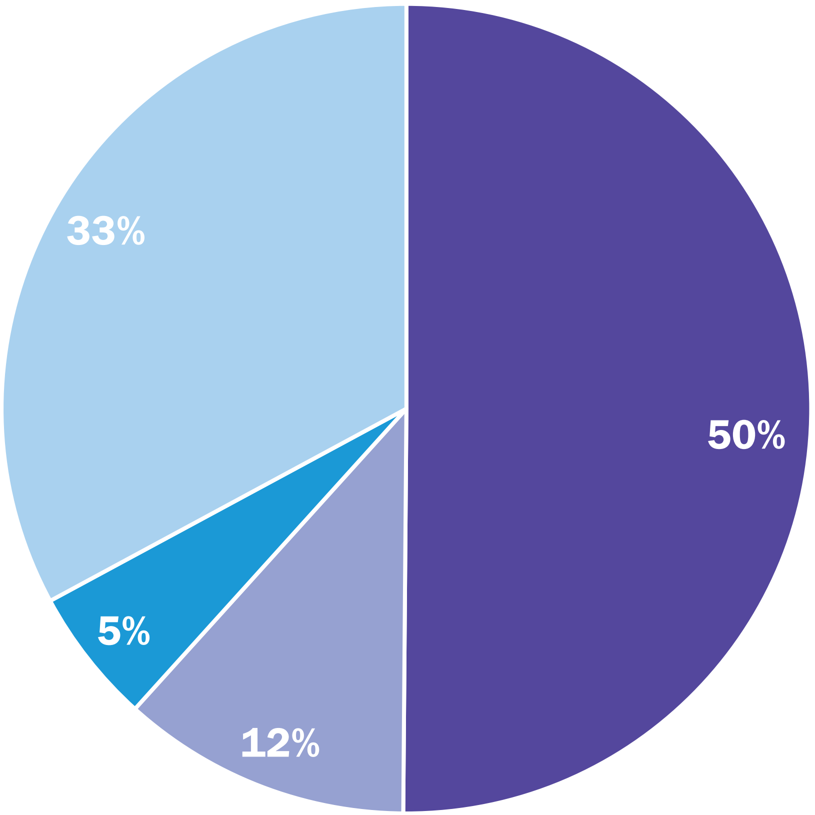
Search: Half of Digital Ad Spend, a Third of Total Spend

Global Market Shares 2024



DIGITAL: 70%

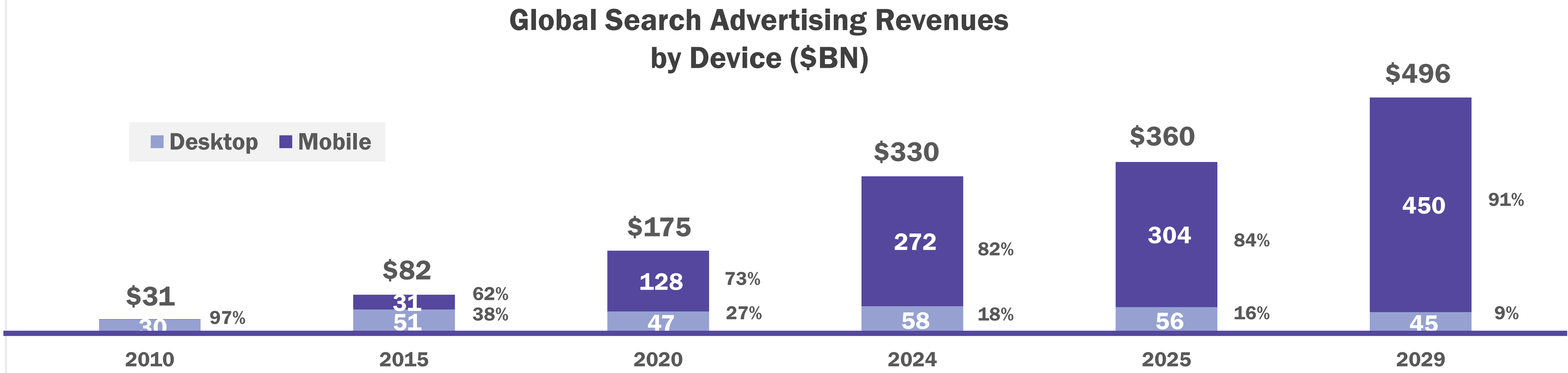
Digital Formats 2024



Source: MAGNA Global Forecast December 2024

Search Advertising

Mobile Search Dominates Total Spending



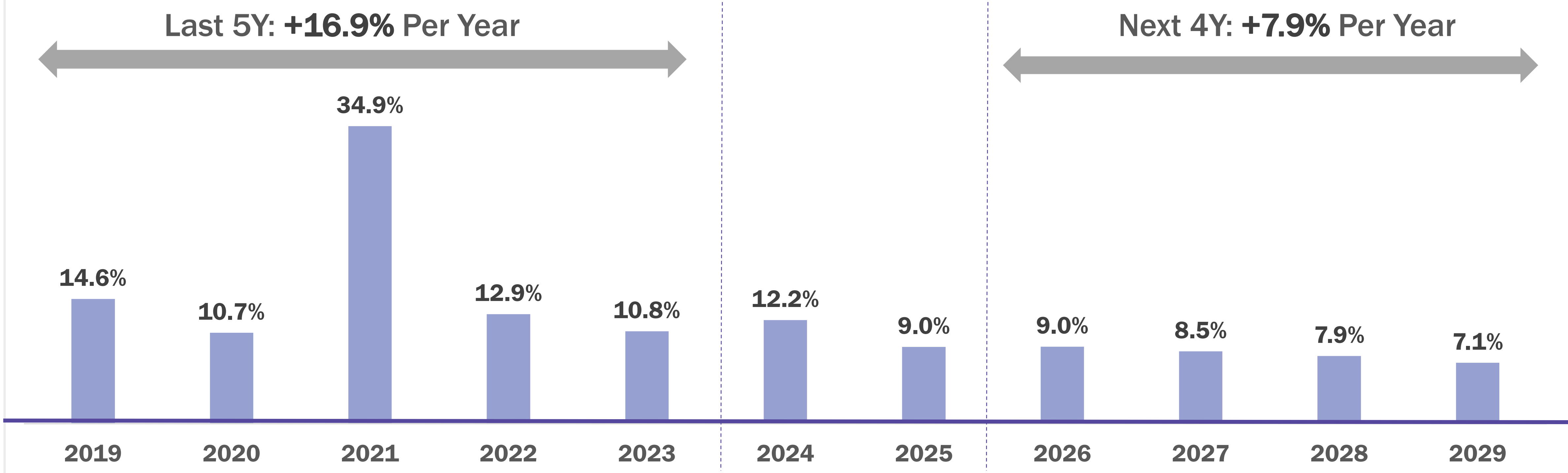
- **Most search advertising revenues (82%) come from search clicks on smartphones and MAGNA predicts that the share of mobile search will rise to 91% by 2029.** This rapid transition can be seen not just in the share of total spend that is derived from mobile, but also from the growth rates.
- While mobile search advertising has averaged +17% growth over the past four years (2020-2024), desktop search revenues have stagnated (+3%). Desktop search advertising growth was negative for the first time in 2019 and will see declines starting in 2025 through 2029 due to a growth disadvantage. Desktop search will continue to lose share and will fall by an average -5% through 2029.
- In search advertising, however, the lion's share of activity and ad revenues comes from smartphones. **In most markets, mobile-only users consume twice as much digital content (measured by time spent) as desktop-only users.** According to ComScore, US consumers and many other Western markets are multitasking across multiple devices. For example, consumers are using mobile for browsing, social media, and messaging, but relying on tablets and desktop devices for purchases. In many developing markets, however, mobile usage is ubiquitous, leading to different website design challenges.

Source: MAGNA Global Ad Forecast (December 2024)

Search Advertising

Search Advertising Revenue Trend

COVID Recovery Index
2024: 189 – 2025: 206 – 2029: 282%



- Search ad spend grew by an average +17% from 2019 through 2023. In 2021, search spending experienced an explosion of ecommerce boosted from product search from both search engine specialists (Google, Baidu, Yandex) and ecommerce giants (Amazon, Alibaba).
- Following +11% in 2023, search advertising spending grew by +12% in 2024 and will continue to gradually slow down through 2029. In the next four years, search advertising revenues will grow by an average of +8% through 2029.

Source: MAGNA Global Forecast December 2024.

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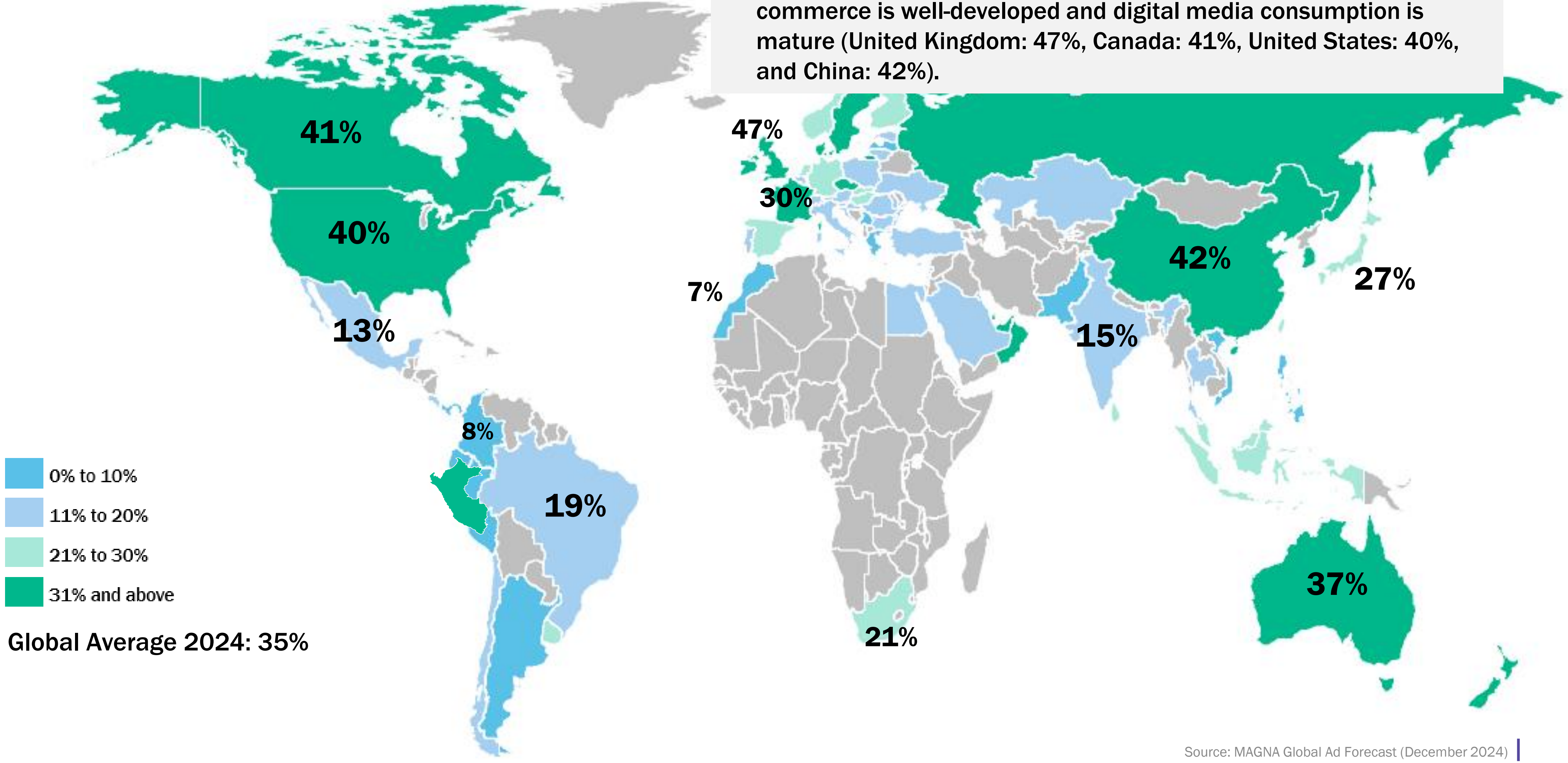
Search Advertising

Search Market Share

- Pay-per-click Search attracts 35% of total ad spend globally.
- It is much higher for small business and lower for consumer brands.
- The market share for search is typically above average wherever e-commerce is well-developed and digital media consumption is mature (United Kingdom: 47%, Canada: 41%, United States: 40%, and China: 42%).



Global Average 2024: 35%

Source: MAGNA Global Ad Forecast (December 2024)

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