Economic Impact

United States 2015

Google™

The web is working for American businesses. Google is helping.

In Google's Founders' Letter, Larry Page and Sergey Brin wrote that, "Our goal is to develop services that significantly improve the lives of as many people as possible." An important part of that goal is being a growth engine that helps companies large and small to be more successful online; and we've continued to focus on building tools to help business owners grow their companies and operate more efficiently.

The world today changes fast, faster than most businesses or consumers can keep up with on their own. By connecting customers with businesses at the moment they're searching for a good or service, our search and advertising programs help millions of businesses find customers, aid publishers in earning money from their online content, and support non-profits aiming to increase donations and volunteers. This report details Google's economic impact state-by-state, including stories of how local businesses have benefitted from utilizing the web and Google tools.

Google is dedicated to helping people through technology. We're proud to have a positive impact on so many businesses and we're inspired by the incredible work they do across the country. We remain committed to this goal and look forward to seeing what more we can do together.

Sincerely,

Margo Georgiadis
President, Americas Sales, Google

Nationwide report

United States 2015

Rich Holladay | Waterdogs Scuba & Safety | Clarksville, Tennessee

The Internet is where business is done and jobs are created.

Across the U.S., Google's search and advertising tools helped provide **$165 billion in economic activity** in 2015.[1]

Find out more at www.google.com/economicimpact

$165 billion

of economic activity Google helped provide nationwide for businesses, website publishers and non-profits in 2015.[1]

1.4 million

nationwide businesses and non-profits benefitted from using Google's advertising tools, AdWords and AdSense, in 2015.[1]

97%

of Internet users look online for local products and services.[2]

2 times

as many jobs and twice as much revenue through exports were created by web-savvy SMBs.[3]

75%

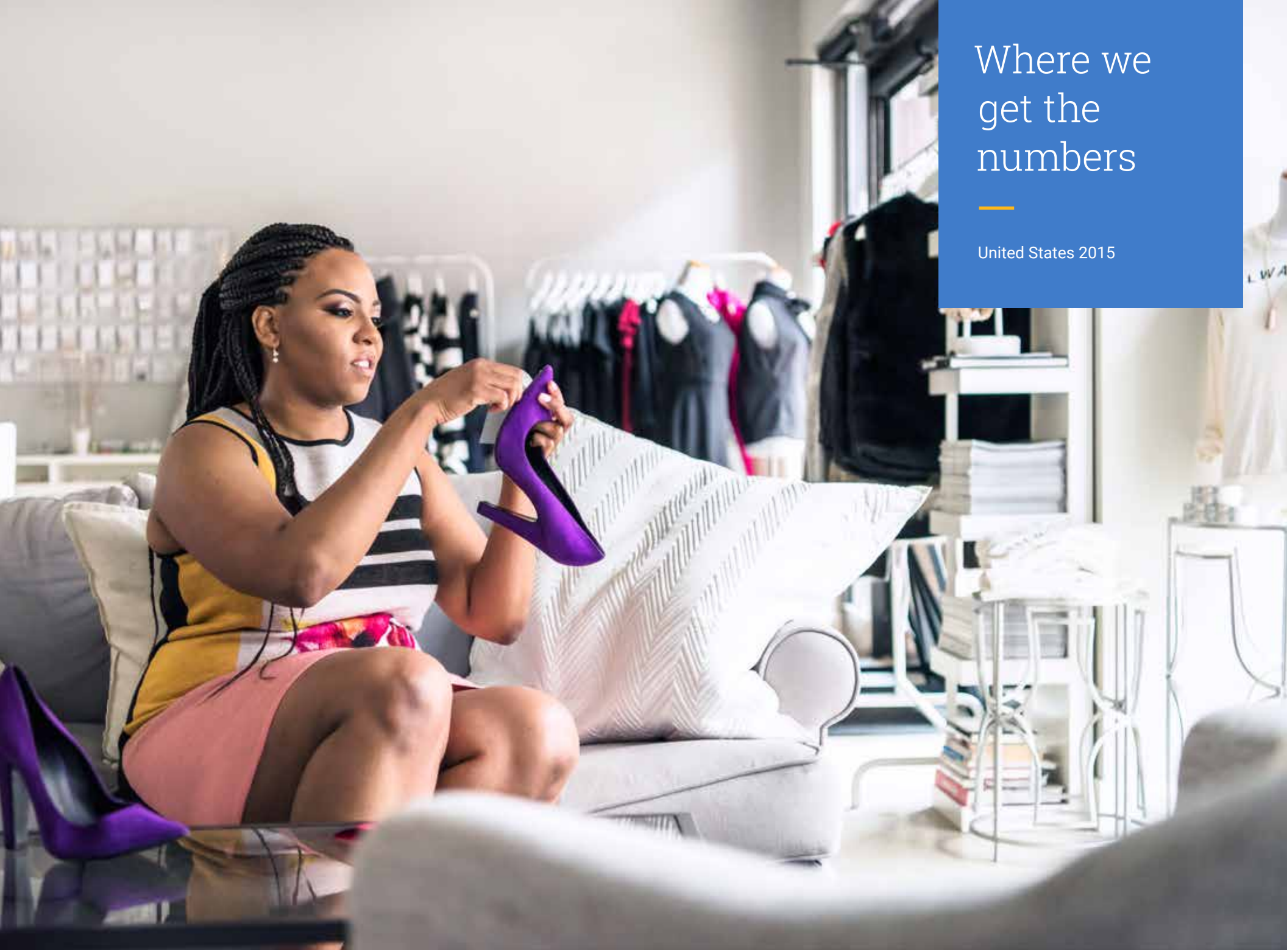
of the economic value created by the Internet is captured by companies in traditional industries.[3]

9 out of 10

part-time business owners rely on the Internet to conduct their businesses.[4]

Where we get the numbers

United States 2015



Kathryn Jackson | Protect Your Pumps | Milwaukee, Wisconsin

Tools for business

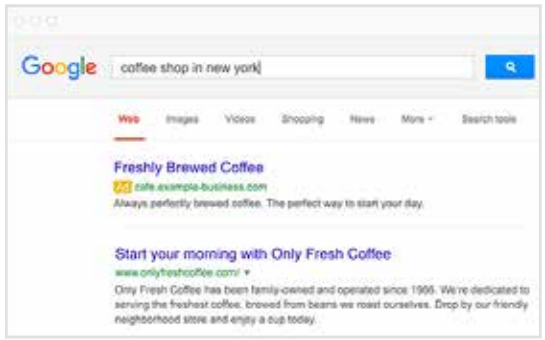
Aside from being a well-known search engine, Google is also a successful advertising company. We make most of our revenue from the ads shown next to our search results, on our other websites, and on the websites of our partners. Through these tools we help many others make a living, too. This report presents a conservative estimate of Google's economic impact on businesses across the U.S. based on three core parts of our business: Google Search and AdWords, AdSense, and Google Ad Grants.

Google Search and AdWords

Google directs many potential customers to businesses for free via our search results. Through a program called AdWords, Google also directs many potential customers to businesses via the sponsored links you see above and below the search results.

To use AdWords, businesses create short text ads and bid in an online auction for the keywords they want those ads associated with. So a coffee shop might bid on the phrase "coffee shop in new york." When someone types those words into Google they will see the coffee shop's ad above or below the search results.

Learn more at www.google.com/adwords



Google AdSense

AdSense is a program website publishers can use to run ads on their websites and make money from their content. For example, if you publish a website or blog about dog names and puppy training, your readers may see an ad for dog grooming or other dog services next to your content. Website publishers large and small receive a majority of the revenue earned from every ad—an important source of income for many content creators.

Learn more at www.google.com/adsense

Google Ad Grants

The Google Ad Grants program offers free advertising to non-profit 501(c)(3) organizations. Ad Grants recipients can spend up to $10,000 a month on ads that they use to fundraise, educate the public, and more. Since the program began in 2003, Google has supported non-profits worldwide with more than $3 billion in advertising.

Learn more at www.google.com/grants

Programs for business

Google is committed to helping people make the most of the web. As part of that commitment, Google runs a number of programs to help businesses, entrepreneurs, and non-profits succeed online. Read the descriptions below to learn about three of those programs: Google for Entrepreneurs, Let's Put Our Cities on the Map, and Accelerate with Google.

Google for Entrepreneurs

Google for Entrepreneurs provides financial support and the best of Google's resources to dozens of coworking spaces and community programs across 125 countries. We also create Campuses: physical hubs where entrepreneurs can learn, connect, and build companies that will change the world. Check out the Campus Impact Report at campus.co/impact.

Learn more at www.googleforentrepreneurs.com

Google for Entrepreneurs

Let's Put Our Cities on the Map

Let's Put Our Cities on the Map is a program that empowers communities to support their local businesses by helping them get on Google Search and Maps for free. Stronger businesses build stronger communities, so we've teamed up with thousands of partners across the country to help their local businesses get their information online. Explore gybo.com to learn how you can join in, support businesses in your community, or get your business on the map.

Learn more at www.gybo.com

LET'S PUT OUR CITIES ON THE MAP with Google

Accelerate with Google

More than 50% of America's businesses from underrepresented communities aren't online, limiting their potential growth in today's online economy. So we launched the Accelerate with Google Academy, a 12-week intensive program that teaches business owners how to be found online and generate business on the web. Participants receive the tools and training they need to advertise on the web, including live help and private consultations with dedicated experts. You can learn more and apply for the program at accelerate.withgoogle.com.

Learn more at accelerate.withgoogle.com

Accelerate with Google

How we calculate Google's economic impact

We derive a conservative estimate of Google's economic impact in each state by examining the economic value provided by Google Search and AdWords, Google AdSense, and Google Ad Grants in 2015.

Google and AdWords

To estimate the economic impact of Google Search and AdWords, we rely on two conservative assumptions. First, that businesses generally make an average of $2 in revenue for every $1 they spend on AdWords. Our Chief Economist, Hal Varian, developed this estimate based on observed cost-per-click activity across a large sample of our advertisers; his methodology was published in the American Economic Review in May 2009. Our second assumption is that businesses overall receive an average of 5 clicks on their search results for every 1 click on their ads. This estimate was developed by academic researchers Bernard Jansen and Amanda Spink based on sample search log data and published in the International Journal of Internet Marketing and Advertising in 2009.

If search clicks brought in as much revenue for businesses as ad clicks, these two assumptions would imply that businesses receive $11 in profit for every $1 they spend on AdWords. This is because if advertisers receive 2 times as much value from AdWords as they spend on AdWords, and they receive 5 times as much value from Google Search as they do from AdWords, then the total profit they receive is 11 times what they spend, or

2(spend) + 5 x 2(spend) - (spend) = 11(spend)

However, clicks through search results may not be as commercially valuable as ad clicks, so we want to be conservative: we estimate that search clicks are about 70% as valuable as ad clicks. This means advertisers overall receive 8 times the profit that they spend on AdWords, or

2(spend) + .7 x 5 x 2(spend) - (spend) = 8(spend)

Therefore, we conservatively estimate that for every $1 a business spends on AdWords, they receive $8 in profit through Google Search and AdWords. Thus, to derive the economic value received by advertisers, we multiply our AdWords revenue on Google.com search results in 2015—what advertisers spent—by 8.

Google AdSense

The economic impact of AdSense is simply the estimated amount we paid to website publishers in each state in 2015 for placing our ads next to their content.

Google Ad Grants

Similarly, the impact of Google Ad Grants is the total amount spent by grants recipients in 2015 out of the $10,000/month awarded to them.

Total economic value

Total economic value for each state is estimated as the economic activity provided for local businesses, website publishers, and non-profits by Google Search and AdWords, Google AdSense, and Google Ad Grants, respectively, in 2015.

What's not included

This is an attempt to estimate the economic impact of Google's core search and advertising business. In search and advertising, we've derived a conservative estimate of the impact of our tools on businesses, website publishers, and non-profits, but we've left out such estimates as the cost savings for consumers now able to find the information they need more easily than before. We also have not estimated the economic impact our employees provide, or that of other major products like Google Maps and YouTube. So while we're confident in our estimates, consider them a lower bound on Google's true economic impact.

For more information about our methodology and to download the cited studies, please visit: www.google.com/economicimpact/methodology.html

OKLAHOMA NUMBERS

$281 million

of economic activity Google helped provide for Oklahoma businesses, website publishers and non-profits in 2015.[1]

9,000

Oklahoma businesses and non-profits benefitted from using Google's advertising tools, AdWords and AdSense, in 2015.[1]

$1.53 million

of free advertising was provided to Oklahoma non-profits through the Google Ad Grants program.[1]

Sooner Marketing Solutions

TULSA, OKLAHOMA

Braedon Kruse founded Sooner Marketing Solutions in 2012 to assist owners of small and medium sized businesses with finding success and customers online. "We help frustrated business owners to expand and grow their companies, find better branding, and gain more awareness," Braedon says. Their customers range from a window-tinting business and automotive repair companies, to consultants. They may need anything from a website upgrade to full digital services. "We want them to see our company as an all-around marketing department to devise creative solutions," adds Justin Hernandez, Chief Operating Officer.

> "We recently had someone find us online, and it was our biggest project ever."
>
> **BRAEDON KRUSE, CEO**

"We see a lot of great, awesome businesses start up and then fall through the cracks because nobody knows about them," Braedon says. Sooner Marketing Solutions uses a wide variety of digital tools to help prevent that, particularly AdWords, Google's advertising program, and Google Search Console. "By creating a well-performing AdWords campaign, we help our customers reach their sales goals in a very efficient timeframe," Justin explains. Google Analytics helps Sooner track and improve the effectiveness of their clients' websites, as well as their own. Google Trends keeps them abreast of what people are searching for online and Search Console helps them optimize their clients' sites for maximum visibility. According to Braedon, "We're always engaged with what Google is doing, so that we can not only adjust our own marketing, but also our clients'."

Sooner Marketing Solutions now has 10 employees who annually serve 70 to 90 regional customers across Oklahoma, Texas, Arkansas, Missouri, and Kansas. The company routinely sees quarterly growth more than double, year-over-year. Their clients often report very strong growth themselves, thanks in part to their work with Sooner Marketing Solutions. "I was told I was crazy for saying that I wanted to triple our gross sales this year," Braedon says. "But I believe it's going to happen. And every time we increase our sales, I think about all of our clients' businesses, and how we're helping them increase their sales, too. When our clients grow, we grow with them."

Sooner Marketing Solutions has 10 employees.

Visit www.soonermarketing.com

References

Sources:

1. Google, “Economic Impact,” 2015

2. BIA/Kelsey, “Nearly All Consumers (97%) Now Use Online Media to Shop Locally,” March 2010

3. McKinsey Global Institute, “Internet matters: The Net’s sweeping impact on growth, jobs, and prosperity,” May 2011

4. The Internet Association, “Internet Enabled Part-Time Small Businesses Bolster U.S. Economy,” October 2013

*Note: The total value that U.S. Google advertisers and website publishers received in 2015 is the sum of the economic impact of Google Search, AdWords and AdSense. The value of Google Search and AdWords for businesses is the profit they receive from clicks on search results and ads minus their cost of advertising, estimated as $8 profit for every $1 spent. This formulation is derived from two studies about the dynamics of online search and advertising, Hal Varian’s “Online Ad Auctions,” (American Economic Review, May 2009) and Bernard Jansen and Amanda Spink, “Investigating customer click through behavior with integrated sponsored and nonsponsored results,” (International Journal of Internet Marketing and Advertising, 2009). The economic impact of AdSense is the estimated amount Google paid to website publishers in 2015 for placing our ads next to their content. Please note that these estimates do not allow for perfect reconciliation with Google’s GAAP-reported revenue. For more information about methodology, visit: www.google.com/economicimpact/methodology.html.

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