

Online Ad Spend Bouncing Back After Tough Year

Contributed by eMarketer
Friday, 02 July 2010

Online to take one-fifth of total ad spend by 2014

eMarketer estimates that US online advertising spending will reach \$25.1 billion in 2010, representing 10.8% growth over last year.

Relatively healthy economic gains, along with the ongoing shift of marketing dollars from traditional to digital media, have contributed to the double-digit increase.

“Still, economic blue skies are not seen everywhere in the ad world,” said David Hallerman, eMarketer senior analyst and author of the new report “US Ad Spending: How Big Is the Bounceback?” “Ironically, spending growth online is partially attributable to economic instability.

“The anxiety attached to the still-healing economy encourages marketers to bet more on ‘sure things’ and the ability to measure Internet ads, especially search, makes them more sure than most traditional ad spending,” he said.

Steady gains in online ad spending will mean an additional \$11 billion flowing into the space over the next four years, increasing the Internet’s share of total media ad spending from a bit more than 15% in 2010 to over 20% in 2014.

In addition, both offline and online ad spending models are being restructured by the shift toward more non-advertising marketing. In the online space, marketers are focusing more on social media and building up their Websites or brand microsites.

The new marketplace is a rapidly evolving ecosystem built on top of the social Internet—blogs, Twitter, Facebook, word-of-mouth and viral campaigns.

“As marketers look to engage their audience with relevant, trustworthy messages, that means smaller shares of marketing budgets going to traditional forms of advertising,” said Mr. Hallerman. “For that reason, the spending numbers alone fail to capture the full extent of online marketing’s growth.”

eMarketer’s online ad spending projections are also supported by strong search spending, fast-growing outlays on online video advertising and steady spending on banners.

The full report, “US Ad Spending: How Big Is the Bounceback?” also answers these key questions:

* What will cause online advertising to grow again in 2010 and subsequent years?

^ ^ ^

* How do the spending trends reflect larger advertising and marketing trends?

^ ^ ^

* Which Internet ad formats will show the greatest increases, and why?

^ ^ ^

* What structural forces are changing total media ad spending forever?

^ ^ ^

* How might economic turmoil affect companies' spending?

16 June 2010