Social Network Ad Spending To Approach $1.7 Billion This Year

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6.7% of all US online ad spending to go toward social networks this year

Social network advertising is getting renewed attention in 2010. The USâ€™s gradual economic recovery, combined with marketersâ€™ incessant focus on reaching consumers in social media, has led companies to make big increases in social network ad spending in the first half of 2010.
eMarketer estimates US advertisers will spend $1.68 billion on social networking sites this year, a more than 20% increase over 2009.

Spending will rise even further by 2011 to more than $2 billion.

In December 2009, eMarketer forecast $1.3 billion in social network ad spending for 2010. Strong performance from online ad spending in general, and Facebook in particular, has resulted in the increased forecast.

Facebook will receive half of all social network ad spending in the US while MySpace continues to diminish in importance. Twitter, which finally launched its ad business earlier this year, is incorporated into eMarketerâ€™s forecast for the first time.

While spending on the microblogging service will be low in 2010, the potential for 2011 and beyond could be dramatic if it proves that its â€œresonanceâ€• model of measuring advertising effectiveness works.

Spending on social network advertising will grow even more quickly elsewhere in the world.

In 2010, eMarketer estimates just over half of social network ad spending worldwide will come from the US, but 2011 will bring a reversal in that proportion.

Another important development in the social network space is the role of online social games and applications.

Advertising is not a primary revenue stream for game companies such as Zynga or Playdom, but their large audiences are drawing the interest of marketers.

eMarketer expects such companies will attract $293 million in spending worldwide in 2011, up from $220 million in 2010.

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