

Online Ad Spend Continues Double-Digit Growth

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Large brand marketers and SMBs are major contributors to ongoing increases

The economy may be on an upward trajectory, but continued caution among advertisers will lead to a continued shift toward online advertising, eMarketer forecasts.

eMarketer, which forms its forecast by performing a meta-analysis of research estimates and methodologies from dozens of firms that track ad spending, projects a 10.5% increase in US online ad spending next year, followed by double-digit growth every year through 2014 when spending will reach \$40.5 billion.

“It may seem ironic, but marketers’ economic concerns are leading them to spend more for online advertising,” said D. Hallerman, principal analyst at eMarketer. “This trend reflects how most forms of internet advertising are now seen as more of a ‘sure thing’ than most traditional media.”

“In addition, marketers of all sizes increasingly acknowledge the internet’s central place in people’s lives by devoting shares of their ad budgets to digital,” Hallerman said. “We see this when big brand marketers spend more for online video advertising, and again when small and midsize businesses spend more for banner ads and search.”

Online video advertising will remain the fastest-growing format throughout the period, while search will continue to get the most dollars.

Increases in online spending will far outpace those for total media spending, which will inch up by 1.2% next year after rising 3% in 2010.

In 2014, eMarketer estimates total media ad spending will be \$188.5 billion, up from \$168.5 billion this year.

“The slight upticks in 2010, 2012 and 2014 reflect the now unlimited political ad spending by corporations,” said Hallerman. “Some of those dollars will be migrating online, although TV will remain by far the biggest political ad spending recipient.”

Faster growth online will help propel digital from 15.3% of total US ad spending in 2010 to 21.5% by 2014.

“The digital ad business is increasingly just the ad business, without separate silos for interactive media,” Hallerman said.

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