

Online Ad Spending Set To Break Records

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New peaks in spending each year through 2014

After 2009's downside, US online ad spending in 2010 will rise by 13.9%, reaching a record \$25.8 billion.

And in that same vein, internet ad spending will hit new peaks in each of the following four years, passing \$30 billion in 2012 and breaking the \$40 billion barrier in 2014.

The more granular quarter-by-quarter picture shows a record spend of \$6.42 billion in Q3 2010, as reported by the Interactive Advertising Bureau and PricewaterhouseCoopers (IAB-PwC), followed by a new record of \$7.25 billion in Q4, according to eMarketer projections.

A spending peak in Q4 is likely, primarily because Q4 has been the biggest quarter for US online ad spending every year but one since 1999," said David Hallerman, eMarketer principal analyst and author of the new report, "US Ad Spending: Online Outshines Other Media."

Such spending will bring double-digit growth to online advertising for five consecutive years.

The internet is the only major ad medium that will experience annual spending increases so high.

"With multiple ways to go online and with more activities once they get there, people spend more time online," said Hallerman. "Simply put, marketers increasingly know that to reach their target audience, they need to advertise more online."

Online advertising is recovering more rapidly than the overall economy, as evidenced by online's gain in share of GDP.

Internet ad spending's contribution to the GDP increased by 10% or more every quarter from Q3 2003 through Q1 2008.

Then came the recession, and both online ad spending and the national GDP declined. However, in Q3 2010, online ad spending's share of the GDP rose by 11.66% year over year.

By contrast, total media ad spending is less robust. Ad dollars toward all major media will increase by only small amounts from 2010 through 2014, with an average annual growth rate of 2.9%.

To purchase the full report, "US Ad Spending: Online Outshines Other Media," click here. Total Access clients, log in and view the report now.

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