

US Online Ad Spend Poised To Grow 20% In 2011

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Video remains fastest-growing format while search gains most new dollars

Online ad spending is returning to pre-recession growth levels, with steady increases projected through 2015 as marketers continue to invest more in digital channels.

eMarketer expects US online advertising spending to reach \$31.3 billion this year, a dramatic 20.2% increase over 2010 spending. By 2015, nearly \$50 billion will be spent on online ads in the US.

“The internet has become as fundamental as television to advertisers,” said eMarketer principal analyst David Hallerman. “As consumers continue to increase their time spent online and as a resurgent economy continues to bolster ad budgets, we’re going to continue to see an influx of dollars toward the internet. More ad formats, such as video, and more channels, especially social media and mobile, are also key contributors to the spending gains.”

eMarketer benchmarks its US online ad spending projections against data from the Interactive Advertising Bureau and PricewaterhouseCoopers, for which the last full year measured was 2010.

Online video ads continue to be the fastest-growing format, with an increase of more than 52% predicted this year. Spending on sponsorships is rising quickly as they experience a resurgence due to branding-oriented campaigns. Banners, search, and classifieds and directories will also show strong increases this year.

“High inventory and lower pricing have made banner and video ads increasingly attractive formats for brand marketers, many of which have seen their online ad budgets grow during the past year,” said Hallerman. “The rise of Facebook has been another prime factor in display ad growth.”

Search will continue to take the lion’s share of ad dollars throughout the forecast period, and eMarketer predicts search ad spending will reach \$14.38 billion this year. Banners, with \$7.61 billion in spending in 2011, will represent nearly a quarter of online ad expenditures.

Online video’s spectacular growth is still coming from a fairly small base, worth \$2.16 billion this year. But by 2013, video ad spending will outstrip classifieds and directories, making it the third-largest online ad format.

“Marketers increasingly see the internet as a place where brand advertising, especially in the form of video advertising, is effective,” said Hallerman. “Combined with greater targeting and measurement than marketers get with TV ads, the growing consumption of online video has done more to attract brands than any other online ad format.”

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