

Display On Trajectory To Surpass Search Ad Spending

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Increasing focus on branding

Search advertising still takes the greatest share of online ad dollars by far, but display spending is posting solid gains. The steep growth in online video ad spending, combined with solid increases for banners, will help display ads eventually top search spending.

Total online display ad spending, including online video, banner ads, rich media and sponsorships, has already brought the category in close range of search. This year, US advertisers will spend \$14.38 billion on search ads and \$12.33 billion on online display, up 19.8% and 24.5%, respectively, over 2010.

Display will continue to grow at a faster pace than search throughout eMarketer's forecast period, and is on track to surpass search by 2015.

“The rebalancing of ad budgets across the board, among companies both large and small, national and local, will be pushing more brand-oriented dollars on to the web,” said David Hallerman, principal analyst at eMarketer.

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.

The rise of display advertising, in particular online video, goes hand in hand with a rise in usage of digital advertising for branding. Online advertising, long considered primarily for direct response, still leans in that direction. But branding is increasing in importance as better ad vehicles develop for this purpose and market dollars flow.

This year, eMarketer projects 39.4% of online ad dollars will be devoted to branding by way of banner ads, rich media, sponsorships and video. All other ad formats, including classifieds, embedded email ads, lead generation and paid search, are typically classified as direct response.

Spending on branding-oriented online ads will grow more quickly than direct-response spending throughout the forecast period, and by 2015, 44.4% of online advertising spending will be devoted to branding.

“While the traditional breakdown between branding and direct response is still useful, digital marketing also tends to blend the two,” said Hallerman. “For instance, search ads increasingly drive traffic to brand websites, where further engagement takes place. Or small banner ads on Facebook convert when users click on them.”

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