

Search, Display Trends Push Online Ad Spend Past \$31 Billion

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Mobile, Facebook and Google contribute to spending growth

Growth for US online ad spending will crest this year at 20.2% and remain solidly in double digits through 2014, eMarketer forecasts. By 2015, total online ad spending will approach \$50 billion.

Several factors support the overall upshift in online ad spending. Search remains a major source of ad dollars, and will gain \$2.38 billion in new spending this year.

There is also sustained support for banner ads, coming from ad networks, large sites like Yahoo! and Google, and big gains at Facebook. Video continues to be the fastest-growing format.

“Video advertising continues to attract new ad spending from brands because it generates greater audience attention than other digital ad formats,” said David Hallerman, eMarketer principal analyst and author of the new report, “US Online Ad Spending: The Floodgates Are Open.” “Still, its influence far outpaces its ad dollars.”

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

In addition to these trends, local advertising is shifting online as the customer base for most small and medium-sized business (SMBs) abandons paper newspapers and yellow pages.

And strong annual revenue growth at the five largest ad-selling companies, Google, Yahoo!, Microsoft, AOL and Facebook, will bring them 68% of 2011’s total online ad spending.

“Most marketers will spend at least a portion of their ad budgets with those five companies,” said Hallerman. “However many marketers can often cost-effectively use a blend of ad networks and direct ad buys from smaller sites to improve their campaign’s reach—a process that can sometimes be more complex than buying ads from just a handful of larger sites. Buying from smaller sites can also help marketers maintain their presence within an industry, such as entertainment or B2B.”

The full report, “US Online Ad Spending: The Floodgates Are Open” also answers these key questions:

What are the forces driving online ad spending growth?

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Why will display become larger than search?

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How will market consolidation affect advertisers?

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