

2012 Trends: Video Leads Online Ad Growth

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US online video ad spending to grow 43.1% in 2012

Whether they think of it as magnetic content or advertising, marketers are increasingly focused on creating video assets. This type of media reproduces the richness consumers associate with TV, often at a lower cost.

And if online venues tend to fall short of TV when it comes to reach, they make up the difference by engaging viewers in an active, lean-forward mode.

The virtuous circle of content and technology adoption that consumers are experiencing is also fueling this trend.

eMarketer estimates that US online video ad spending will grow by a compound annual rate of 38% in a five-year span ending in 2015, making this by far the fastest-rising category of online spending.

By 2015, video ad spending will reach \$7.11 billion, up from \$2.16 billion in 2011. In the past year alone, growth was 52.1%.

Similarly, in the UK video advertising will lead the pack, growing by a compound annual rate of 65% over five years.

By 2015, UK video online ad spending will reach \$850 million, compared with \$150 million in 2011. As a percentage of total online advertising, video will grow to 8.2% in 2015 from 2.1% in 2011.

Still, challenges remain, including the high price of online video ads and the need for better reach and measurement. Several factors will mitigate these problems, making the upward course for video ad spending strong in 2012 and beyond.

These factors include better filtering technologies for user-generated content, so publishers can better monetize it with ads; the emergence of cost per view and cost per engagement pricing structures; the increased use of interactive ad units and magnetic content; and personalization and targeting of video ads.

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