

US Mobile Ad Spending Soars Past Expectations

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Advertisers will spend \$2.61 billion on mobile this year

The US mobile advertising market is growing far faster than expected, driven by the rapid ascension of Google's mobile search advertising business, advertisers' growing attraction to display inventory on tablet and smartphone devices, and the growing roster of mobile ad networks such as Google's AdMob, Apple's iAd and Millennial Media.

eMarketer estimates mobile advertising spending in the US reached \$1.45 billion in 2011, up 89% from \$769.6 million in 2010. This year, US mobile ad spending will grow 80% to \$2.61 billion.

eMarketer previously forecast US mobile ad spending would grow 47% to \$1.8 billion in 2012, up from \$1.2 billion last year. The significantly higher revision is the result of several factors, most notably a stream of new market data made available in the past few months from major advertising publishers and research firms.

“Right now there are many researchers out there basically looking at nearly the same empirical data about the mobile marketplace and drawing completely disparate conclusions,” said Noah Elkin, eMarketer principal analyst.

“In order to form the most complete picture possible about the mobile ad market, we think it's essential to evaluate multiple information sources, rather than a single set of survey data—especially as the market remains immature,” added Elkin.

eMarketer estimates US mobile search advertising more than doubled in 2011, when spending grew to \$652.5 million, up from just \$253.2 million in 2010. This year, advertisers will spend \$1.28 billion on mobile search ads in the US, eMarketer estimates. eMarketer previously forecast mobile search advertising would reach \$349.4 million in 2011 and \$594.8 million in 2012. The revisions have helped put search in first place among mobile formats, with 49% of total mobile spending this year.

eMarketer estimates US mobile display ad spending, which includes spending on banner and rich media ads, will grow 93.5% to \$861.7 million in 2012, after reaching \$445.4 million in 2011. Spending on mobile video advertising will grow an estimated 122% to \$151.5 million this year, up from \$68.2 million in 2011.

eMarketer forms its forecast for mobile advertising spending through a meta-analysis of estimates from research firms that track mobile ad spending and impressions, reported data from major mobile advertising publishers, and other sources. eMarketer also conducts interviews with executives at agencies, brands and mobile advertising publishers who provide perspective on the development of the mobile advertising business as a whole, as well as the revenues for individual companies.

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