

Marketers Accelerate Social Display Ad Spending

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Marketers, agencies to spend more display ad budget on social networks than with publishers this year

Many marketers are still learning to use social media to achieve online marketing objectives, but findings from advertising industry research firm Advertiser Perceptions shows they are gaining confidence when it comes to display ad buying on social networks.

More than half (59%) of US marketers and agencies planned to increase their social media display ad spending on sites like Facebook in the next 12 months. In comparison, less than a third (31%) planned to boost display ad spending on ad networks and exchanges, and just 29% expected to do so on publisher sites.

The number of US marketers and agencies anticipating spending increases for social media advertising was more than double that for demand-side platforms (DSPs), a programmatic method of purchasing display ads many industry professionals herald as the future of ad buying.

The complexity of purchasing inventory through these platforms and the inability to ensure brand-safe content placements could be two reasons 14% of respondents actually planned to decrease their DSP budget.

eMarketer estimates US online display ad spending will grow 24.1% this year to \$15.4 billion. This estimate includes spending on banners, rich media, sponsorships and video purchased across all major display ad inventory providers (e.g., publisher sites, networks, exchanges, DSPs, etc.) as well as social networks and mobile.

Growth in social network and mobile display ad spending will be steeper than for general display. Investment in paid advertising across social network sites, games and applications is expected to climb 43% this year, with mobile display ad spending jumping 80%.

With investment in social and mobile display ads low relative to general display ad spending, social and mobile certainly have room to grow.

Advertiser Perceptions found marketers keen to grow social display ad spending to a greater portion of their display ad budget. Within the next year, they expect online display ad spending on social networks to merit a greater share (27%) of their total display ad budget than traditional purchase channels such as publisher sites (26%) and ad networks and exchanges (20%).

David Hallerman, principal analyst at eMarketer, already sees this trend playing out for marketers. “Social display advertising’s relative underutilization compared to the rest of the web is encouraging marketers to ramp up their spending,” he said.

Hallerman expects this ramp-up period to lower display inventory pricing, which has the potential to offer marketers cost savings or even greater reach with their current budget.

Whether that type of pricing will be sustained in the face of increased advertiser competition or as richer—and more costly—display ad formats like video mature, only time will tell.

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