

Digital Drives US Local Ad Spending Growth

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More than one in every four local ad dollars spent on digital by 2016

According to local advertising research firm BIA/Kelsey, US companies will spend an expected \$136.2 billion on local advertising—including traditional, online and mobile—this year. That number is expected to climb steadily toward \$151.3 billion by the end of 2016.

BIA/Kelsey defines local advertising as any form of advertising that provides companies with access to a local audience. Though total US local ad spending is expected to grow slowly but steadily over the next four years, digital ad spending will enjoy double-digital growth each year, while traditional investment remains relatively flat.

According to BIA/Kelsey CEO Tom Buono, much of this local digital ad spending growth will be driven by social, mobile and video advertising. Online ad spending will continue to inch ahead, closing the gap with traditional US local ad spending.

By 2016, the firm projects, local digital ad spending will account for \$38.5 billion, or more than 25% of total local ad spending, up from 16% in 2012.

BIA/Kelsey's latest estimates are slightly lower than their November 2011 estimates—both on the traditional and digital end. November estimates had digital reaching \$26.4 billion in 2012; the current estimate showed \$24 billion.

“From 2010 to 2011, we saw a 2.4% decline in local ad spending,” said Buono at the ILM-East conference in Boston on March 26, 2012. “We were projecting a decline originally, but it’s a lot more severe than we expected because of the economy. Therefore, in our projections moving forward, we’re less bullish than we were.”

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