

Local Social Ad Spending Set To Surge

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Geolocation boosts local prospects

eMarketer estimates social network ad spending is on a strong growth track, set to climb 43% this year in the US to \$3.63 billion. Spending on paid social network ads will reach \$5.59 billion by 2014.

In May, BIA/Kelsey released more bullish estimates on social ad spending, projecting it will reach \$4.8 billion in the US this year, \$7 billion in 2014 and nearly \$10 billion by 2016. Most of that spending will be national, but a growing chunk will come from local ads.

BIA/Kelsey estimates a compound annual growth rate of 21% from 2011 to 2016 for all US social media ad spending; and for local social ads, it reaches nearly 30%. Local will grow from about a quarter of all spending this year to nearly one-third by 2016, boosted largely by geolocation capabilities.

Broken down by format, the lion's share of social media ad spending will go to display, though nondisplay format (such as Twitter's Promoted Products) will see spending climb more quickly, but from a much smaller base.

“Better performance, coupled with richer formats and creative elements, like video, will be the principal social ad market growth drivers,” said Jed Williams, analyst and program director, Social Local Media, BIA/Kelsey, in a statement. “Social advertising’s local business penetration will steadily increase as SMBs’ understanding of social media deepens, and as the networks continually improve the ease of onboarding and campaign management. Facebook opening its Ads API to more partners, including those that work with SMBs, and Twitter’s self-serve platform will help to “democratize” social which will ultimately lead to more local growth.”

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