Ad Spending Forecasts Vary In Canada

Contributed by eMarketer
Thursday, 05 July 2012
Last Updated Thursday, 05 July 2012

Ad spending forecasts in Canada vary, but online and mobile seen as a common disruptor

New estimates for ad spending in Canada are rolling in, and there are some conflicting ideas on the overall market. This is the classic conundrum for forecasting ad spending: Each analyst or researcher tends to include, or exclude, different aspects from their formulas, which can result in widely varying figures.

But the industry can take a measured look and make educated decisions by being as transparent as possible.

eMarketer estimates total ad spending in Canada will reach $13.51 billion in 2012, for growth of 5.8% over 2011, based on record-high media consumption and strong macro-level economic conditions in the country.

eMarketerâ€™s total media ad spending figure includes the spending that companies and brands incur via production, hiring and placement. Borrell Associates, which published a â€œCanadian Ad Spendingâ€• forecast in May, breaks out production costs separately from their ad spending forecast. In addition, they calculate national and local spending individually. Borrell estimates that national spending will decline by 12.9% from 2011 to 2016, with the biggest drops in network TV and directory spending at 41.9% and 41.4%, respectively.

Interestingly, Borrell expects national online ad spending to drop slightly during the forecast period, while local online ad spending will increase by 57.3%. Andrew Martin, Borrell Associatesâ€™ director of corporate development, explained that national online campaigns will be disrupted by one thing: mobile.

â€œMobile is a disruptor to traditional or stationary online advertising. As such it represents the classic technological conundrum: Something smaller and cheaper. It sneaks in and lowers the overall spending levels, thus online shrinks.â€•

In addition, Martin reported that mobile will be a significant force in non-advertising marketing, which includes marketing tasks that arenâ€™t normally considered part of traditional ad buys like building a custom app, participating in deal programs or hiring someone to manage social media properties.

eMarketer benchmarks its online and mobile ad forecasts against the Interactive Advertising Bureau of Canada (IAB Canada), for which the last full year measured was 2010. While mobile is still in the nascent stages of development, eMarketer forecasts high growth: Mobile ad spending will nearly double from $80.5 million in 2011 to $137.4 million in 2012.

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