US Digital Ad Spending To Top $37 Billion In 2012 As Market Consolidates

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eMarketer estimates that marketers will spend $37.31 billion on digital advertising in 2012. Digital ad spending will rise 16.6% this year, and will experience double-digit growth through 2014.

Based on the Interactive Advertising Bureau/PricewaterhouseCoopers data for the first two quarters of 2012, and because the digital ad spending market is approaching maturity faster than expected, eMarketer has lowered the projected rate of increase for US digital ad spending slightly from its earlier forecast of 17.7% in 2012. However, eMarketerâ€™s outlook remains optimisticâ€”despite slower percentage gains, big dollar growth will continue.

Combined, Google, Yahoo!, Microsoft, Facebook and AOL will take in $23.9 billion in ad revenues, representing nearly two-thirds of total digital ad spending this year.

At $15.41 billion, Googleâ€™s ad revenue alone will account for 41.3% of total digital ad revenues in 2012. Google will see slightly slower growth than eMarketer estimated earlier this year, as the companyâ€™s ad revenues for the first two quarters of 2012 were a bit lower than expected. Despite this factor, Googleâ€™s growth will reach 20% in 2012 and remain in the double digits through 2016. By 2014, marketers will spend more than $20 billion on Google advertising, while digital ad revenue at Yahoo!, Microsoft and Facebook will each total just over $3 billion.

Search continues to be the leading digital ad spending format, although its share will begin to drop this year as the shares of rich media, sponsorships and video increase.

Display ad spending, which includes banner ads, video, rich media and sponsorships, will rise from 40.2% of total digital ad spending in 2012 to 45.6% of the total in 2016. Searchâ€™s share of total digital ad spending will decrease from 47.1% in 2012 to 44.2% in 2016. Combined, spending on paid search and display advertising will account for more than 87% of all US digital ad spending this year.

This year, display ad spending growth will outpace that of paid search ad spending, driven by digital video advertising and sponsorships. At a 46.5% growth rate, digital video ad spending will continue to post the strongest gainsâ€”though it is starting from a much smaller base. Online and mobile video viewing are becoming increasingly popular. According to eMarketer forecasts, more than half of the US population will view video content through desktop or mobile devices in 2012.

eMarketer bases its estimates for US digital advertising spending and market share on an analysis of reported revenues from company releases; estimates from other research firms on advertising revenues, pricing, impressions and other factors; usage trends at major ad publishers; eMarketer interviews with executives at ad agencies, brands, online ad publishers and other industry leaders; and figures from the IAB/PwC, its benchmark source for overall digital advertising revenues, for which the last full year measured is 2011.

These figures represent net US ad revenues after traffic acquisition costs to partner sites and publishers have been factored out, and include advertising that appears on desktop and laptop computers as well as mobile phones and tablets.

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