

Online Advertising Pushes Through

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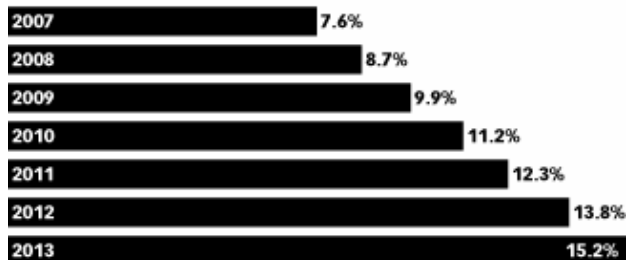
The recession slows, but does not stop, online ad growth.

As strange as it may sound, the economic downturn may speed up the transition to digital advertising for many marketers.

The Internet's share of total media ad spending is rising by at least 1 percentage point every year. Simply put: Marketers are spending more on Internet ads, while spending less on advertising in other media, such as newspapers, radio and magazines.

Furthermore, eMarketer projects that the online share of ad dollars will continue to grow, rising from nearly 10% this year to slightly more than 15% in 2013.

US Online Advertising Spending as a Percent of Total Media Advertising Spending, 2007-2013



Source: eMarketer, April 2009

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“The spending shifts predate the recession,” says David Hallerman, eMarketer senior analyst and author of the new report, US Advertising Spending: The New Reality. “But the current economy is reinforcing the new advertising models—and making them more permanent.”

Does this make sense in light of the fact that the rate of growth for even Internet ad spending is slowing? Mr. Hallerman thinks it does.

“Digital marketing offers compelling benefits, especially for cash-conscious companies,” he says. “Marketers can more readily measure the results of Internet advertising than with most traditional media. This produces more-efficient advertising and higher ROI, which in turn pushes traditional media to compete with lower pricing.”

Which puts more pressure on traditional media's bottom line.

“At the same time, successful Internet advertising creates a new paradigm for marketing on other media,” adds Mr. Hallerman. “Search is the prime example of the new model.”

When marketers link ads to an individual's stated interest at the precise moment that interest is expressed—as happens with a search query—relevance breaks down the usual resistance.

“Advertising that consumers welcome is the new reality,” says Mr. Hallerman, “combining effectiveness with efficiency for marketers.”

And in the not-so-long run, that’s where the money will go.

To better understand the changes ahead, download the new eMarketer report, [US Advertising Spending: The New Reality](#), today.

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