



eMarketer Revises Online Ad Spending Predictions

DECEMBER 1, 2008

Internet still fares better than traditional

NEW YORK (Dec. 1, 2008)—eMarketer has revised its Internet ad spending projections, estimating that advertisers will spend \$23.6 billion online this year in the US. That estimate is slightly lower than the one eMarketer put out in August 2008, which said that US online advertising spending would reach \$24.9 billion in 2008. But it is important to note that the lowered estimate still represents an increase of 11.3% over 2007 spending.

US Online Advertising Spending, 2007-2013 (billions)



Source: eMarketer, November 2008

099561

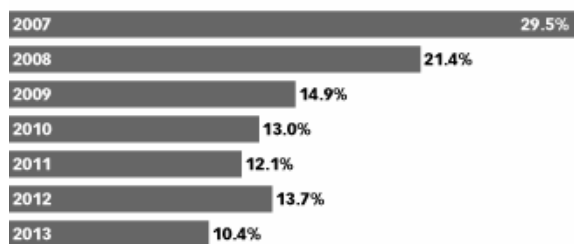
www.emarketer.com

Display is suffering because many of the vertical industries—such as auto and retail—that are key players for the format are slashing their ad budgets. In August, eMarketer predicted 16.9% growth in display ad spending, but the new predictions show lower growth at 3.9%. And even at the end of the decade, display will creep up to just 10% growth year-over-year.

A positive for display ads is that it is now a buyer's market. "There will be more ad impressions online because prices are coming down," says David Hallerman, senior analyst at eMarketer.

Paid search's growth is lower than it has ever been, at 21.4% this year, dropping to 14.9% next year. But it is significant that paid search will grow more than the overall online market both this year and next year at 11.3% and 8.9%, respectively.

US Search Advertising Spending Growth, 2007-2013 (% change)



Note: includes paid listings, contextual text links and paid inclusion

Source: eMarketer, November 2008

099573

www.emarketer.com

"That's good news because advertisers will spend more on search this year and in succeeding years than they will on any other interactive ad format," Mr. Hallerman says.

"Search's share of online dollars will balloon from about 40% of the online market to nearly 50% by the end of the decade," he adds. "Especially in economic turmoil, search is more trackable than any other ad format. At this stage, it is a tried-and-true format that is supporting online growth."

eMarketer benchmarks its US online ad spending projections against the Interactive Advertising Bureau (IAB)/PricewaterhouseCoopers (PwC) data.

To speak to Mr. Hallerman about his analysis of the online market, reach out to the eMarketer media contacts listed below.

About eMarketer

eMarketer is "The First Place to Look" for research and analysis on digital marketing and media. eMarketer aggregates and analyzes research from over 3,000 sources, and brings it together in analyst reports, daily articles and the most comprehensive database of online marketing statistics in the world.

Media Contacts:

Kris Oser

Director of strategic communications, eMarketer

Tel. 212-763-6033

OR

Samson Adepoju

Public Relations Specialist, eMarketer

Tel. 212-763-6044

©2008 eMarketer Inc. All rights reserved. www.emarketer.com