

# Web ad revenue grew in 4Q but slower than in past

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(AP) -- U.S. Internet advertising revenue climbed in the fourth quarter in spite of the poor economy, but the growth rate was sluggish compared to previous years, according to an analysis released Monday.

The report from the Interactive Advertising Bureau and PricewaterhouseCoopers LLP said that revenue from online ads - which companies like [Google](#) and Yahoo heavily rely on - totaled \$6.1 billion in the last three months of 2008.

That marked an increase of \$154 million, or almost 3 percent, from the same period in 2007. Back then, Internet advertising was up 24 percent over the previous year.

In the most recent quarter, revenue from [search ads](#), which make up the largest segment of the online advertising market, rose 13 percent to \$2.8 billion. Revenue from graphical "display ads," the second-largest segment, fell 4 percent to \$2 billion.

Sherrill Mane, senior vice president of industry services for the Interactive Advertising Bureau, a trade group, said any growth at all was a positive sign for an industry that is starting to mature while coping with the recession. David Silverman, a partner at PricewaterhouseCoopers, called the year-over-year growth "remarkable."

"It speaks to the fact that the vibrancy of the Internet is still there," he said.

For the full year, online ad revenue totaled \$23.4 billion - up \$2.2 billion, or a bit less than 11 percent, from 2007.

The report said revenue from search advertisements rose 20 percent in 2008 to almost \$10.6 billion. Display ad revenue rose 8 percent to \$7.6 billion.

Though still a small segment within the category, digital video ads - such as those you might see when watching a TV show on Hulu - were a bright spot, more than doubling in 2008 to \$734 million from \$324 million in 2007.

About 10 percent of all money spent on advertising in 2008 went toward ads on the Internet, according to U.K.-based advertising company ZenithOptimedia. While that is still a small portion of the total, it rose from 8.6 percent in 2007, while the money spent on newspaper and magazine ads declined over the same period.

After the report from the IAB and PricewaterhouseCoopers was released, digital media research company eMarketer lowered its 2009 estimate for U.S. online [advertising revenue](#) to \$24.5 billion from a prior expectation of \$25.7 billion. That would still represent an increase of about 4.5 percent - stronger than what the industry posted in 2008.

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