

# US Online Advertising Market Future Outlook and Projections

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The report titled “US Outlook To 2025 - By Medium (Desktop and Mobile), By Type (Search, Social Media, Display, Video, Audio, and Others), By Sectors (Retail, Automotive, Financial Services, Telecommunications, Leisure Travel, Consumer Packaged Goods, Electronics & Computers, Pharmaceuticals/Healthcare, Media, Entertainment and Others), By Pricing Model (Performance, Cost per Mile and Hybrid) and By Ad Buyers (Direct and Agencies)” provides a comprehensive analysis of the US Digital Advertising Industry. The report covers various aspects including the introduction of the online advertisement market, value chain, market size, and segmentation by advertisement expenditure, comparative landscape, growth drivers, trends and developments, issues and challenges in the market, successful digital ad campaigns, customer profiling and the regulatory framework of the industry. The report concludes with market projections for future described above and analyst recommendations highlighting the major opportunities and cautions for the US online advertisement market.

## US Online Advertising Market Size and Overview

The digital advertising market has experienced exponential growth over the last few years. The shortcomings of traditional advertising mediums including lack of traceability and targeting have stimulated the shift towards digital advertising mediums. The rising internet and smartphone penetration in the country, as well as the rapid adoption of social media in the country among all age-groups, have been the primary factors propelling the consistent double-digit growth of the digital advertising industry in the country.

The introduction of varied new ad-formats, as well as the adoption of technologies such as Machine Learning and Artificial Intelligence to improve the targeting and measurability of digital ads, has made digital advertising a preferred medium. Owing to these factors, the industry witnessed a double-digit CAGR of 20.2% over the review period 2013-2018.

## US Online Advertising Market Segmentation

**By Medium (Mobile and desktop):** Due to the increasing penetration of smartphones and tablets in the country, mobile medium received a greater share in the digital advertising expenditure in 2018. The widespread use of social media through mobile devices has also propelled the shift towards mobile advertising.

### By Type of Advertising (Search, Social Media, Display, Video, Audio, and Others)

Search advertising accounted for the highest share in the industry owing to the rise of keywords based advertising on not just search engines but also e-commerce platforms. Social media advertising received the second-highest digital ad spending followed by the display, video, audio and other types of ads. Social media advertising showcased the fastest growth due to the introduction of new ad formats such as shoppable ads, influencer marketing and more.

**By Ad Buyers (Agencies and Direct):** Majority of the ad-buying took place through advertising agencies in 2018. Direct ad buying by brands accounted for a meager share in the digital advertising market due to the lack of in-house talent and requisite technologies by advertisers.

**By Sectors (Retail, Automotive, Financial Services, Telecommunications, Leisure Travel, Consumer Packaged Goods, Electronics & Computers, Pharmaceuticals/Healthcare, Media, Entertainment and Others):** The retail sector dominated the digital advertising market in terms of advertising expenditure. The review period saw a rise in e-commerce spending in the country which led to a rise in digital spending by the retail sector. Other sectors including Automotive, Financial Services, Telecommunications, and Leisure Travel also contributed a significant share to the total digital advertising expenditure.

**By Pricing Model (Performance, Cost per Mile and Hybrid):** The performance models including CPA, CPC among others received the maximum digital advertising expenditure in the country in 2018 as advertisers in the US are concerned about the measurability of the ads and hence prefer action-based models. The CPM model also saw a rise over the review period among advertisers aiming to widen their reach.

**Comparative Landscape in the US Online Advertising Market:** There are a large number of advertising agencies operating in the US Online Advertising Market. The top five holding companies including WPP, Omnicom Group, Interpublic Group of Companies, Publicis Groupe and Dentsu Inc dominated the market in 2018 in terms of billings. These companies own most of the major advertising agencies in the country. These agencies compete on various parameters such as pricing of the services offered (average hourly rate), minimum project size, service portfolio, major clientele, and flexibility. The supply side of the digital advertising market, on the other hand, is dominated by the duopoly of Google (including YouTube) and Facebook (including Instagram).

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The digital advertising expenditure is expected to surpass the traditional advertising owing to the spurring smartphone and internet penetration among the population in the US. The introduction of 5G internet technologies is expected to be one of the major growth drivers impacting the market as advertisers are now likely to adopt new ad formats due to better internet infrastructure and speed. Adoption of new technologies such as Artificial Intelligence, Augmented & Virtual Reality to improve the targeting, measurability, and efficiency of internet ads are further expected to positively impact digital advertising the market in the country.

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