

Full Year 2010: Internet Advertising worth over £4 billion

The IAB Online Adspend Study, conducted in partnership with PricewaterhouseCoopers, shows a return to double-digit growth in online across 2010. The market was worth £4,097.1m, up 12.8%, on a like for like basis, on the previous year. Online's market share was 25% up from 23% in 2009.

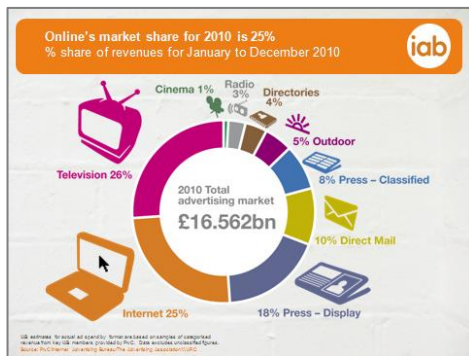
Introduction

These are the topline findings from the IAB Online Adspend Study showing details for the full year 2010. The results were fantastic news, showing strong growth across search, classifieds and display online advertising.

This tracking study, dating back to 1997, presents the official industry measure and acts as the barometer for the health of the market.

Total market size – January - December 2010

- **Record Spend:** Online adspend in 2010 hit over the £4 billion mark at £4,097.1m.
- **Growth:** Spending on internet advertising grew by 12.8% year-on-year on a like-for-like basis. The advertising industry as a whole grew by 7.2%
- **Market share:** Online's share has grown to 25% for the full year 2010, up from 23% for the same period in 2009.



Growth in context

- The return to double-digit growth for online across both halves of 2010 mirrors the general recovery of entire advertising industry.
- Online added £556m of new money in 2010 from 2009.
- In 2010 online and Television continue to dominate taking the highest share of the market.

Advertising formats

The online industry has experienced strong growth across all advertising formats.

- **Display:** Display advertising accounted for 23% of online advertising in 2010, with £945.1m spent across all display formats throughout Jan-Dec 2010.
- **Search:** Paid-for listings maintained its position as the largest single format with a 57% share of the market. £2,345.5m was spent on search in 2010.
- **Classifieds:** Accounting for 18% of the market, classifieds continue to make up an important part of the share at £750.5m.
- **Other:** Lead Generation, solus e-mail and audio accounted for £56m (£41.5, £14.2 and £0.4m respectively), with a 1.3% share of market.
- **Mobile:** Included in online figures for first time in 2010.



Analysis

The IAB tracks dozens of drivers that are maintaining the market and growth. Among them, the main catalysts include:

More people online:

According to data from the UK Online Measurement Company (UKOM) and Nielsen, the UK's active online user base has grown from 38.9 million in January 2010 to 40.3 million in December 2010 (representing an increase of 1.4 million active internet users in just 12 months.)

Media budgets boosted:

The total advertising market grew 7.2% as over three quarters of the top 100 advertisers increased spend. (Nielsen NMR)

Faster broadband drives video advertising:

Penetration of broadband access in internet homes is now 98%. Furthermore, 47% of at home UK internet users access the internet with a connection speed of between 2Mb and 8Mb and 14%, with a connection speed of over 8Mb. (Source: Kantar, Dec 2010 & UKOM APS/Netview Dec 2010)

The UK is still glued to social media:

Social networks/blogs now account for around 25% of all time spent online in the UK. This is reflected in the growth of display advertising spend as brands are able to tap into the social nature of the web. Social media has injected even more life into online usage making it the perfect environment for entertaining and engaging ads.

Further information

A full presentation of the results, including industry breakdowns, is available for free to IAB members and study participants. This can be accessed in the Research section of the IAB website or by emailing us at info@iabuk.net. Non-members can obtain a PowerPoint copy of the full results for a charge of £300+vat. Email info@iabuk.net, or call 020 050 6969 to get your copy.