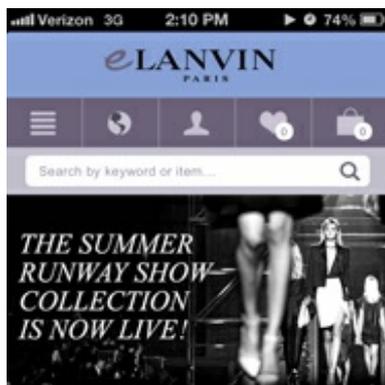


RESEARCH

Mobile grabs bigger share of ad spend as desktop peaks: eMarketer

June 13, 2013



By CHANTAL TODE

Mobile's share of digital ad spending is growing more quickly than expected and, as a result, the spend on desktop ads will peak next year as marketers turn their focus to reaching smartphone and tablet users, according to new data from eMarketer.

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In 2013, the bulk of incremental growth in overall digital advertising will come from mobile, which will account for \$7.7 billion of the \$41.9 billion spent on digital ads this year. The trend will accelerate going forward, with desktop banner and search advertising expected to see flat or declining growth in 2014 for the first time ever.

“Consumers today spend more time with mobile devices than ever before,” said Clark Fredricksen, vice president of communications at eMarketer, New York. “They’re also more likely than ever to research and buy products using phones and tablets.

“As a result, mobile advertising is on track to account for over 40 percent of digital ad spending in three to four years,” he said. “It’s incredible growth.

“It’s clear that desktop growth has stagnated as a result of shifted spending toward mobile advertising. Nearly all new, incremental ad growth in digital over the next few years, with the major exception of dollars spent on desktop video ads, will go toward mobile

advertising formats, not desktop.”

Marketers reallocate budgets

Marketers are shifting their digital budgets toward mobile because more than half of U.S. mobile users are now on smartphones and the amount of time spent with mobile devices is increasing every year.

As a result, many digital publishers are looking to shift ad revenues to mobile. This trend is apparent in how Facebook has been quickly moving to create advertising opportunities on mobile and is expected to see about 40 percent of its ad revenues come from mobile this year.

Twitter is expected to see close to two-thirds of its ad revenue come from mobile by 2015.

The shift away from desktop is also behind the growth in mobile at Google, where mobile is expected to rival search and display revenues by 2015.

Mobile also accounts for a growing portion of U.S. retail ecommerce sales, another reason why advertisers are shifting dollars away from desktop.

Search sees dramatic shift

As a result of these trends, mobile will command a greater share of various digital ad formats going forward.

This shift will especially be dramatic in search. While mobile made up only 4.9 percent of all digital search ad spending in 2011, by 2017 eMarketer predicts mobile will account for more than half of search spend, or 53.9 percent.

The shift will be dramatic for banners as well, with 37.2 percent of banner ad spending coming from mobile by 2017.

Already in 2013, more than half of all rich-media ad spending will occur on the mobile channel.

Overall, mobile will account for 36.4 percent of the digital ad spend by 2017, up from an expected 14.7 percent in 2013.

Nearly all desktop formats except for digital video and sponsorships are expected to see declining spending or flat growth next year.

The spend on desktop advertising will peak next year at \$35.9 billion, up from this year's projected \$34.29 billion.

Mobile video

Desktop ad spend will shrink past 2014, with the total ad spend expected to be \$32.51 billion in 2017, which is just above the amount spent in 2012.

During this period, the spend on mobile will continue grow and will reach \$27.98 billion by 2017.

Mobile search advertising is expected to grow 76 percent this year and another 52 percent next year. Mobile banner advertising is expected to grow 100 percent this year and another 54 percent next year.

Mobile video ad spending will continue to grow at triple-digit rates this year.

However, ad dollars to messaging-based mobile formats will drop 3.4 percent this year after a decline of 11 percent in 2012.

“It’s important that marketers are as savvy with mobile devices as their customers are,” Mr. Fredricksen said. “The companies that don’t have sophisticated mobile Web experiences, multichannel campaigns or campaigns that aren’t optimized across different devices and platforms risk getting left behind.”

Final Take

Chantal Tode is associate editor on Mobile Marketer, New York

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