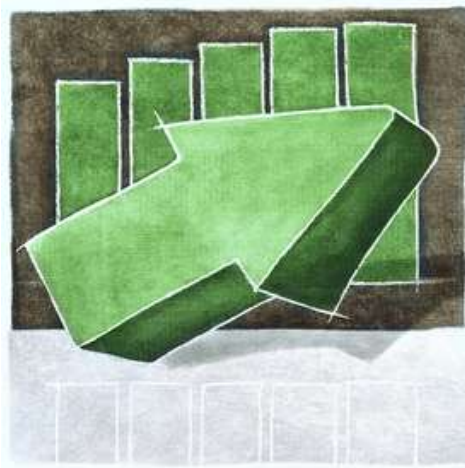


# U.S. advertisers spend a record \$7.3 billion online in Q1

**Online ad spending grows more than 23%, the Interactive Advertising Bureau says.**

*Allison Enright* Senior Editor, Internet Retailer®



Internet advertising revenue topped \$7.3 billion during the first quarter of 2011, up 23.7% from \$5.9 billion during the same quarter last year, according to the Interactive Advertising Bureau, an online advertising trade group.

The Q1 figure puts this year's online ad revenue on pace to beat 2010's record-setting spending amount. Internet advertising revenue reached \$26.04 billion last year, according to the IAB Advertising Revenue Report.

"The year-on-year 23% increase in first quarter revenues is not just impressive in its own right, but especially so when you take into account that 2010 was a record-

breaking year," says David Silverman, partner at PricewaterhouseCoopers, the consulting and tax firm that conducts the research for the IAB report. "The interactive advertising field is growing with dynamic energy."

A forthcoming report from market research firm International Data Corp., or IDC, estimates that U.S. spending on online advertising during Q1 was even higher than the IAB reported. The research firm says spending totaled \$8.1 billion during the quarter, up 14.1% from \$7.1 billion a year ago. IDC estimates full-year 2011 spending will reach \$34.6 billion, up 13.8% from \$30.4 billion recorded by the IDC in 2010.

IDC's analysis shows Google Inc. as the market leader for the two major components of online advertising spending: search advertising and display advertising. Google commanded 59.6% of search ad spending during the quarter, followed by Microsoft (7.9%) and Yahoo (7.0%). Google collected 14.7% of online display ad revenue, eclipsing Yahoo for the first time, which collected 12.3%. Nearly half of total online ad spending (48.7%) is spent on search advertising and 33.3% is spent on display advertising, according to IDC. The company did not disclose what comprises the remaining 18%.

The IAB report is based on sales information provided by advertising companies and publicly available data. The IDC report is based on sales information stated in filings made to the U.S. Securities and Exchange Commission by major web advertising companies.