



Video Advertising To Reach \$5B

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Local Video Advertising To Reach \$5B By 2012

Local online video advertising will account for \$371 million this year, or 5% of total online ad spending, according to a new report by Borrell Associates. By 2012, that figure will surge to \$5 billion, or 35% of local online ad budgets, Borrell predicts in its report, "The New Frontier: Local Online Video Advertising."

Peter Conti, senior vice president with Borrell, predicted that the growth in local video would come at the expense of banners and classifieds listings. Conti added that local advertisers will be particularly eager to target video ads--an ability that they have found elusive offline. "These are the people who can't afford TV advertising," he said. "It's that kind of video and that kind of marketing that they've never been able to do or afford before, and it's affordable on a much more effective and efficient medium."

By the end of 2007, the report predicts, local TV broadcast stations will increase their total local online video ad takings by 178%, to \$89 million. Part of that growth will come from a surge in video inventory; the vast majority (80%) of the 176 TV stations surveyed that didn't sell video ads on their sites last year say they intend to begin selling such ad this year. In total, almost all (94%) of the surveyed TV stations say they will be selling video ads in 2007.

The report also found that so far, newspapers have been the most effective at capturing local online video ad dollars. Last year, newspapers sold about \$81 million in local online video ad space, compared to TV broadcasters' \$32 million.