



► **Studies find increase in online advertising**

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Gwendolyn Mariano



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Online advertising continues to grow despite negative perceptions regarding its effectiveness, according to two reports released Monday.

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AdRelevance, a division of Jupiter Media Metrix, found that online ad impressions--or the number of times an ad appears online--increased last month by 21 percent from November 2000, revealing an all-time high of more than 65 billion impressions.

In another report released Monday, Forrester Research forecast that online marketing per company would rise from \$550,000 this year to \$1 million in 2003. It expects a new wave of online ad spending to power a recovery in 2003 that could propel U.S. digital marketing, not just impression-based advertising, to \$63 billion in 2005.

"There's no mystery about the fact that there's a lot of negativity about online advertising," said Charles Buchwalter, vice president of media research at AdRelevance. But "many advertisers are continuing to refine their strategies and continue to grow in online advertising."

The reports contradict widespread perceptions that the market for online advertising is weakening--a factor in Net bellwether Yahoo's recent [downward revision](#) for its outlook in 2001.

In its report, AdRelevance ranked the top five Web sites by ad impressions and by estimated revenues in December.

Buchwalter said the actual revenues recorded by the companies may differ substantially from the report, which did not include possible discounts negotiated by advertisers from the published rates. He added that comparisons with 1999 numbers are not possible because this year's report included several types of online advertising rather than just banner ads.

Leading the pack was Yahoo with 7.62 billion ad impressions, followed by Microsoft's MSN site with 6.34 billion impressions. iWon had 2.56 billion impressions; [AOL Time Warner's AOL.com](#) site 2.2 billion; and eBay 1.58 billion.

In estimated revenues, MSN came first with \$180 million in ad sales, based on its published rate card. Yahoo placed second with \$118 million, followed by AOL Time Warner's Netscape Communications with \$56 million.

The report did not include numbers for AOL Time Warner's proprietary America Online service.

Buchwalter said MSN charges more than Yahoo on its rate card and had lined up some big ad contracts with individual companies. For example, Amazon.com, the largest Web advertiser in December, spent 40 percent of its total \$61.8 million online ad budget at MSN.

Other big advertising spenders last month were [Barnes&Noble.com](#) at \$23.8 million, Classmates.com at \$19.3 million, First USA at \$11.2 million, and eBay at \$11.1 million.

Forrester's report said companies are expected to greatly expand their online advertising budgets in the coming months.

"Banner bashing and low click-through rates won't deter advertisers from doubling online spending by 2003," the report said. "They don't foresee major changes in online marketing strategy but do admit that they have a lot to learn before shifting spending from their offline media."

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