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**AN EXPLORATORY STUDY FOR UNDERSTANDING THE DRIVERS
OF DISPLAY ADVERTISING SPEND IN USA****Abstract:**

This study attempts to explore the key aspects pertaining to the growth of display advertising and some of the associated media substitution effect in USA. It has been done based on literature review and analysis of leading national advertisers' data in USA between 1999 to 2011 period. It attempts to highlight the potential drivers of this adoption of display advertising in USA market by analyzing 65 advertisers who had minimum 6 years of available media data between 1999 - 2011 in USA market. These marketers were predominantly in the product categories of automotive; computers, software; financial services; food; medicines & remedies; personal care; retail and telecommunications (the product categories with at least 4 advertisers in the category in the study). The study has analyzed US advertising spend data of measured media (media data available by individual medium of TV, Magazines, Newspapers, Radio, Outdoor and display advertising based on data from Advertising Age) and aggregate unmeasured media.

The study demonstrates that each medium has seen statistically significant changes in many of the years between 1999 to 2011 period. It is seen from the study that proportion of TV spend has not decreased from 1999-2011. Many advertisers generally have been reluctant to shift a large proportion of their advertising budgets from traditional media (including TV) to the internet (display). Product category and the year have been found to be the most important variables in determining the proportion of display advertising. Revenue category has been also found to be significant; however, its predictive power has been lower.

Product category is one of the most important factors in deciding the proportion of display advertising spend of a firm. Three categories such as computers, software; financial services and telecommunications have been found to be the early adopters of digital media since it became a mainstream channel. These categories show the highest average proportion of internet spending across the chosen years.

Keywords:

Display Advertising; Advertising Media; Media Substitution Effect

JEL Classification: M31, M37, C10