

## S'pore online advertising grew 33.7% in 2008

By AMIT ROY CHOUDHURY

SINGAPORE'S online advertising industry is seeing a growing number of large brand advertisers coming in, resulting in the market growing by 33.7 per cent to US\$190 million in 2008.

Research by Frost & Sullivan shows that the republic's online advertising market, which was worth US\$142.1 million in 2007 will grow at CAGR (compound annual growth rate) of 19.5 per cent till 2013 to reach US\$413.5 million.

Frost's industry analyst, Kamlesh Kalwar, told BT that online advertising was a big hit with large brand advertisers last year, despite economic woes due to a variety of reasons.

'Among them is the ability to achieve precise targeting, measurable ROI (return on investment) over traditional advertising, and above all, in our times, it's (online advertising) a cost-effective medium amidst shrinking marketing budgets,' Mr Kalwar said.

The Internet has become a mainstream source for the supply and search of 'infotainment' content; its biggest enthusiast - the youths. Advertisers and media agencies alike are cashing in on this.

In Singapore, paid search advertising accounted for 44 per cent (US\$62.5 million) of online advertising revenues in 2007.

This segment is expected to continue growing at a CAGR of 22.1 per cent between 2008 and 2013.

Display advertising was the second biggest segment accounting for 25 per cent (US\$35.5 million) of revenues, with banner advertisement and e-mail marketing being the two most popular forms of display ads.

Online classifieds accounted for 19 per cent (US\$27 million) of the total revenues in 2007.

Driven largely by the rapid audience shift, particularly youths, from print to online channels, this segment is forecasted to grow at a CAGR of 17.5 per cent from 2008 to 2013, Mr Kalwar noted.

Although Singapore's online advertising sector accounted for a paltry 4.8 per cent of the total ADEX (advertising expenditure) in the republic in 2007, Mr Kalwar said that 'the outlook for this young industry looks promising'.

'Growth is expected in all four segments of the market - display advertising, classifieds, search and directories. The rising broadband penetration and rapid adoption of mobile Internet are also major drivers for the shift of outdoor ADEX to online medium,' he added.

Mr Kalwar noted that as users spend increasingly more time online, a growing number of companies are launching commercials online to grab their attention.

'By 2013, online advertising is expected to account for more than 9.3 per cent of Singapore's total ADEX,' he added.

Copyright © 2007 Singapore Press Holdings Ltd. All rights reserved.