

The Continued Rise of Alternative & Digital Media

Handout for "Talk to the Experts"

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MediaWeek: Alternative media claims 1 out of every 4 dollars

By 2012, we anticipate one out of every four dollars spent on advertising and marketing will be earmarked for alternative media. Technological advances have led to critical changes in consumer behaviors and media usage patterns, which have pushed the advertising and marketing ecosystems into a seminal period of transition.

PQ Media: Regardless of a recession, nontraditional and digital media segments will thrive

Stamford, Connecticut-based media researcher says that spending on what it calls "alternative media" – which encompasses everything from digital to mobile to emerging segments like gaming and branded entertainment – surged by 20.2 percent to \$88.2 billion in 2008. Over the next few years, that segment should enjoy a compound growth rate of 17 percent, hitting \$160.82 billion by 2012 – regardless of an economic downturn, says the report.

Forrester Research: Social media adoption continues to rise

The company's polling indicates 2008 has marked significant growth for social media, with a decided majority of users now taking part. A consumer poll done in the first quarter found that 75 percent of Internet users participate in some form of social media, up from 56 percent in 2007. In another sign that social media has gone mainstream, Forrester found the participation gap narrowing among age groups, though younger demographics still rate higher. Forrester found 35-44-year-olds increasingly entered the ranks of critics, joiners and spectators.

Forrester Research: Paid online media on path to overshadow traditional media

The maturing of new channels like mobile, videogames, social media and online video will help not just grow but reorient the balance of the market. Display advertising will see its share of online advertising fall from 33% to 22%, according to the 2012 forecast. E-mail marketing's slice of spending is expected to fall from 15% to 7%. Forrester sees much higher spending growth in newer areas. It expects buying in the "emerging channels" category (in-game advertising, social networks, mobile) to grow from \$1 billion to \$10.6 billion in 2012, when it will make up 17% of all spending. Online video is set to grow from \$471 million in 2007 to \$7.2 billion in 2012, accounting for 12% of online marketing spending. An area that is expected to continue to have outsized influence: search marketing. Its share of the market is projected by Forrester to decline slightly, from 44% to 41%. Yet its compound growth rate of 26% is to keep pace with the overall market.

Screen Digest: Advertising budgets will remain steady and continue to shift spending from traditional media to digital

This movement is exemplified by General Motors' plans to move half of its \$3 billion ad budget online over the next three years. By 2012, a three-tiered ad market will materialize with online topping television, and all other traditional media at the bottom, according to Screen Digest. While television players scramble to stem the decline of their 33% share of overall ad spending, Google is grabbing business – not only from TV and online but increasingly from mobile platforms. Yahoo CEO Susan Decker has aptly described that in five years, online video playing across every kind of mobile wireless screen "will make where we are today look like black-and-white TV."

Pew Research: The Internet is now the most popular source of news after TV

In 2008, 40% of the respondents said they got most of their national and international news from the Internet, versus 35% for newspapers in 2008. The Internet's share is up from 24% in 2007, while newspapers also increased slightly, from 34%. The long-term trend is even clearer: the Internet's share has more than tripled from 13% in 2001, while newspapers fell by almost a quarter – from 45% in those six years. Although print newspapers – especially big metro dailies – appear to be locked in an irreversible long-term decline, newspapers' Web sites have had big increases in audiences. In October 2008, the last month for which data is available, newspaper Web sites attracted a total of 68.97 million unique visitors – up 64% from 41.96 million in October 2004. The October 2008 figure represents 42% of the American adult Internet-using population – up from 28% in October 2004. TV still takes first place as a news source, claiming a 70% share in 2008 – but that's down from 74% in 2007, and a peak of 82% in 2002. Significantly, the percentage is lower among adults under the age of 30, who have taken to Internet news enthusiastically. Fifty-nine percent of respondents in this age bracket said TV news was their primary source, while an identical percentage tapped the Internet. That's a big change from 2007, when 68% of people under the age of 30 chose TV, versus just 34% for the Internet.



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