

## Marketing Minute ~ Marketing Predictions for 2009

What lies ahead in the new year? Here is what I provided as my own prediction when I was asked to submit to a national marketing website:

**Name:** Marilyn K. Dayton, Marketing Consultant & VP, EOTO Custom Publications

**Prediction:** As we at EOTO Publishing look ahead into 2009, we can foresee the potential effects of both the recession and the associated drop in overall marketing budgets. We predict an approximate 10% drop in overall ad spending, especially in Corporate America. Depending on the industry, small business may find a need to cut ad/marketing spending at a higher rate than Corporate America. To compensate, there will be emerging opportunities that will increase the replacement of traditional media spending with e-Commerce, in the form of:

- email blasts - a fast, quick method of personalized marketing
- e-newsletters - frequent informational deliverability
- e-magazines/e-brochures - due to segmentation potential

There will be less tactics and more strategy and innovative, fresh thinking to connect and interact branding with consumers. We will see increased collaboration through cross marketing opportunities with web ads as well as an increase in bartered marketing. However, the growth of eCommerce marketing listed above will be overshadowed by increased paid searches and social networking techniques.

Interestingly enough, many others in the industry feel the same, more or less. I love to take a look at statistics and graphs when I examine trends. And here are a few, tied in with professional analysts' predictions at **eMarketer**:

### David Hallerman, Online Ad Spending ~

Video ad spending will run counter to overall economic developments, rising by 45% in 2009 to reach \$850 million. Two key factors support this trend.

First, the sharp escalation of professional video content on the Web—mainly from TV networks—is creating a viable base for brand marketers.

Second, even though most advertisers are increasingly cautious with their budgets, they still need to reach online audiences and woo their shrinking wallets with messages that reach their hearts and minds—hence, more video.

	2008	2009	2010	2011	2012	2013
Search	\$10,691	\$12,285	\$13,880	\$15,552	\$17,686	\$19,530
Display ads	\$4,629	\$4,933	\$5,448	\$6,182	\$7,175	\$7,958
Video	\$587	\$850	\$1,250	\$1,850	\$3,000	\$4,600
Rich media	\$1,888	\$2,030	\$2,252	\$2,560	\$2,960	\$3,360
Classifieds	\$3,139	\$2,956	\$2,936	\$2,944	\$2,960	\$2,982
Lead generation	\$1,605	\$1,645	\$1,682	\$1,792	\$1,998	\$2,268
Sponsorships	\$590	\$514	\$542	\$576	\$629	\$672
E-mail	\$472	\$488	\$513	\$544	\$592	\$630
<b>Total</b>	<b>\$23,600</b>	<b>\$25,700</b>	<b>\$28,500</b>	<b>\$32,000</b>	<b>\$37,000</b>	<b>\$42,000</b>

Source: eMarketer, November 2008

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Total US Internet ad spending will increase to \$25.7 billion in 2009, an 8.9% growth rate. That will be the lowest year-over-year increase for online advertising ever. Yet it will still be a robust increase compared with nearly all other media.

### Lisa E. Phillips, Demographics: Multicultural Ads Ascend

Multicultural marketing will gain intensity online. Although white Americans make up about 70% of the US Internet population, more and more African-Americans and Hispanics are going online, through their PCs and their mobile phones. Marketers will follow, targeting these segments with language- and culture-specific messages that evolve from their general-market campaigns.

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**Market Segments Targeted by Multicultural Marketing Programs According to US Marketers, 2003 & 2008 (% of respondents)**

	2003	2008
Hispanics	86%	95%
African-Americans	60%	76%
Asian-Americans	35%	38%
Gay, lesbian, bisexual, transgender (GLBT)	*	24%

Note: \*not asked in 2003

Source: Association of National Advertisers (ANA) and 'mktg', "2008 Multicultural Marketing Survey" as cited in press release, November 13, 2008

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**US Internet Users, by Age, September 2008 (thousands and % of total)**

2-11	18,042 (9.5%)
12-17	19,820 (10.5%)
18-24	22,826 (12.0%)
25-34	29,116 (15.4%)
35-44	35,204 (18.6%)
45-54	33,073 (17.5%)
55-64	20,194 (10.7%)
65+	11,194 (5.9%)

Note: home, work and university locations; numbers may not add up to 100% due to rounding; total US Internet audience=189,468,000  
Source: comScore Media Metrix, provided to eMarketer, October 2008

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**Jeffrey Grau, Retail E-Commerce: Record-Setting Declines**

Online retail sales (excluding travel) will grow by only 4% in 2009—the first full year to feel the impact of the economic crisis. Over the long term, online sales growth has been on a downward slope as the number of online buyers approaches saturation. So, the economy accentuates an existing trend. Most retail e-commerce sales growth in the future will come from increased spending by consumers who have long been online buyers.

**US Retail E-Commerce Sales, 2007-2012 (billions and % change)**

2007	\$127.7 (19.8%)
2008	\$136.8 (7.2%)
2009	\$142.4 (4.1%)
2010	\$153.8 (8.0%)
2011	\$168.4 (9.5%)
2012	\$183.9 (9.2%)

Note: excludes travel, digital downloads and event tickets  
Source: eMarketer, November 2008

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**Debra Aho Williamson, Social Networking: E-Commerce a Revenue Stream**

E-commerce will be a growing revenue stream for social network sites. Expect both MySpace and Facebook to enhance their self-serve advertising systems to allow consumers and businesses to buy and sell real-world goods and services. With US ad revenue growth slowing, smaller and niche social networks will have a tough time gaining traction and several may close up shop or be acquired by larger players. In addition, marketers that have built standalone social networks tied to their brands will either close them or migrate them to existing social network platforms where they can reach a broader audience.

Facebook, already a de facto business networking site because of the number of businesspeople who use it, will develop ad programs aimed at B2B companies. This will directly affect LinkedIn. Twitter may have turned down Facebook's all-stock offering in late 2008, but it will still end up being acquired. The company that buys it will use the Twitter infrastructure to offer targeted marketing and analytics to advertisers.

**Carol Krol, Traditional Media: Continues Hurting**

Newspaper advertising will continue to decline in the new year more than any other medium. Industry-wide cutbacks will continue, and there will be some consolidation. The industry was limping before the recession; expect more newspaper companies to become casualties.

In October, the venerable Christian Science Monitor became the first national newspaper to announce its move to a Web-only daily strategy beginning in April 2009. It won't be the last. Some newspapers will also reduce their publishing frequency.

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eMarketer estimates that US TV ad spending will decline 4.2% to \$66.9 billion in 2009. This drop in spending reflects not only expectations of a continued poor economy but a seismic shift in the way TV ads are bought and sold.

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**US TV Advertising Spending, 2007-2010 (billions and % change)**

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<b>2007</b>	<b>\$67.8 (2.4%)</b>
<b>2008</b>	<b>\$69.8 (2.9%)</b>
<b>2009</b>	<b>\$66.9 (-4.2%)</b>
<b>2010</b>	<b>\$67.2 (0.5%)</b>

*Note: includes broadcast networks, cable, spot, syndication and local TV advertising*

*Source: eMarketer, November 2008*

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Fragmentation on TV and declines in viewership have made it more difficult for advertisers to reach audiences. Broadcasters will be pressed to redefine their businesses in an increasingly digital world. They will focus on expanding programming to the online realm and will continue to test business models.

The 800-lb. online video gorilla, YouTube, announced in Q4 2008 that it would carry full-length television programs supported by ads. Expect to see similar properties compete with it in 2009.

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