

MarketWise



February 2009

I want to challenge you to read this material from eMarketer and then spend about five minutes with each prediction and write down how each prediction will or already has affected your business.

It's fine to just read, but you're going to get some surprises when you evaluate each of the predictions against your specific experience and agency direction.

Across the AMR agency base there is a good cross-section of small to large retail, consumer products and B2B clients served by you and other small agencies.

My belief is that there is opportunity for all agencies to capitalize on these top ten predictions. The only way it is going to happen, though, is for you to assess where that opportunity is for you and your agency.

Read and then write down your planned approach to build your business with the right materials.

eMarketer: Top 10 Predictions for 2009

The advertising outlook for 2009 remains relatively upbeat for certain types of online media and marketing - including search, video and multicultural initiatives - but traditional media and some social networks can expect to face serious difficulties going forward, according to predictions released by eMarketer.

The firm recently identified the following key trends for 2009:

1. **The Internet is a Buyers' Market:** Marketers will continue to stretch their budgets by making use of cost-efficient online ad placements. In addition to the internet's accountability and targeting, which permit more-focused media buys, lower prices for most display ads and less competition for many search keywords will make online a buyers' market.
2. **Search Marketing Remains Recession-Resistant:** While search marketing is not recession-proof, it is

recession-resistant, with estimated spending growth in 2009 at 14.9%, to \$12.3 billion.

Key reasons for search's strength:

- Search is highly measurable and will help retain many budgets and increase some others, as advertisers look for secure and effective marketing methods to combat the fear inherent in an economic meltdown.
- Consumers who monetize search ads by deciding whether or not to click, will be both taking money off the table (by shopping less) and putting money back on the table (by searching for deals).

While search advertising will grow less in 2009 than in any previous year, its inherent strength means greater spending gains than for any other major form of advertising, whether online or through traditional media.

3. **Video Ad Spending Will Run Counter to Economic Trends:** Video ad spending growth will run counter to overall economic developments, rising by 45% in 2009 to reach \$850 million.

Supporting this trend are two key factors: First, the sharp escalation of professional video content on the web — coming 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. This should add up to more video, eMarketer said.

4. **Social Network Shakeout:** With US ad revenue growth slowing, smaller and niche social networks will have a tough time gaining traction and several may close down or be acquired by larger players. In addition, marketers that have built standalone social networks tied to their brands will either shutter them or migrate them to existing social

network platforms where they can reach a broader audience.

5. **New Revenue Streams for Social Networks:** 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. 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.
6. **E-Commerce Sales Growth From Existing Online Buyers:** 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 current online buyers.
7. **Seismic Shift in TV Ad Sales:** US TV ad spending will decline 4.2% to \$66.9 billion in 2009. This precipitous drop in spending reflects not only expectations of a continued poor economy but a seismic shift in the way television advertising is bought and sold, eMarketer said.

Like other traditional media, TV advertising was already suffering, and now the climate will be even tougher. 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.

8. **More Newspaper Companies to Become Casualties:** Newspaper advertising will decline in 2009 more than any other medium. Industry-wide cutbacks will continue, and there will be some consolidation, while firms will be forced to undertake drastic measures to stay afloat. The industry was limping before the recession and the market can expect more newspaper companies to become casualties.

9. **User-Generated Content Aggregation:** With so much user-generated media populating the web and mobile channels, content aggregation will become more important than ever. In 2009, expect to see the emergence of real-time aggregation tools that combine algorithmic approaches with human input. These aggregation tools will develop from the ground up, much like the content itself.
10. **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, which will evolve from their general-market campaigns.

Just to remind you: Make margin notes as you re-read the top ten predictions. How will your agency handle each of the predictions? Which ones can you use to build your business with your current capabilities? Which ones do you want to add to your services, and how are you going to do that? Which ones are you going to ignore and why?

Upcoming AMR Management Roundtables and Workshops

March 16-17 – AEBootCamp 2.0 - The AE of the Future – Atlanta, GA

March 27-28 – Recessionomics: Management Roundtable – Scottsdale, AZ

April 2-3 – Inside Interactive Workshop – Scottsdale, AZ

June 5-6 – New Business: The Whale Hunters with Barbara Weaver-Smith – Chicago, IL (Rosemont)

Just go to the AMR website to get the details on each of these meetings. Full agendas and reservation forms can be downloaded.