

## Traditional Media or Digital Media? Both.

### Overview

It is hard to believe that just five years ago the internet was still considered uncharted territory for a majority of advertisers. In the past three years, the growth in technology and the expansion of targeting capabilities has shifted the internet from the advertising vehicle once known for its direct response opportunities to a strong platform for marketers to build their brands and directly interact with their consumers.

The following brief will discuss marketers' current media allocation process, the need for an evolution into true integration as well as ideas on how to make this a reality.

### Marketer Attitudes & Trends

In the beginning, internet advertising budgets were allocated and represented as another line item on the media plan. As marketers began to see success with internet advertising from enhanced targeting capabilities and evolving experiential opportunities, online budgets grew and traditional and digital budgets became more segregated. Similar to the battle for advertising dollars that Network Television experienced when Cable was introduced in the 80's, traditional media has

continued to see negative impact on its growth due to success marketers continue to have in the digital space.

Projections estimate that even more incremental dollars will be spent by

marketers over the next few years in digital media.

The increasing share of digital media is not, and should not be considered the end of traditional media. However, it is necessary for an evolution to occur in the way which marketers allocate, execute, and evaluate the success of their overall media campaigns. Integration, true media integration.

#### Marketing 101: Ensure that all touch points of communication express the same message.

Of senior-level marketers surveyed, 60% recognized that customer engagement happens both online and offline. 80% of customers say that they used at least two media channels to conduct product research. (Source: August 2010 Alterian "Engaging Times Summit" survey)

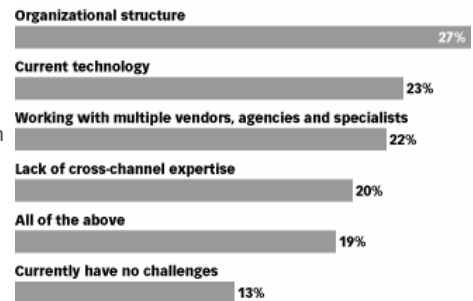
So why do most media budgets still remain siloed between online and offline vehicles?

The reality is, although the majority of marketers recognize the critical nature of

integrating their marketing efforts, several internal challenges hinder this process.

However difficult the implementation may be, as the media landscape continues to quickly evolve, brands' media programs will need to keep pace.

#### Leading Challenges to Marketing Integration According to US Online Marketers, June 2010 (% of respondents)



Source: Zeta Interactive, "Marketing Synergy Survey" as cited in press release, June 17, 2010

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### Integrate Traditional & Digital Media

The synergistic fundamentals of television and digital media have always existed with sight, sound and motion. The most simplistic form of integration across media can easily be executed with the basic understanding of the vehicles' uses. Television should continue to be used for its strength in communicating a comprehensive story to a wide reach audience. The internet should then be layered into the mix to reach highly targeted audience segments while communicating the same story through online video. Video distribution online has already proven its ability to directly support already produced television spots. (Source: The Nielsen Company)

In-Stream Ad Performance by Creative Type				
Creative Type	General Recall	Brand Linkage	Message Linkage	Likeability Linkage
Repurposed TV Ads	66%	76%	80%	55%
Web Original Video Ads	58%	72%	72%	48%
Flash Animation/Interactive	47%	78%	68%	46%

Source: The Nielsen Company

Beyond video, the internet can also be utilized as the gateway for brands to engage their customers on a deeper level. The internet provides the opportunity to create a full user experience which can greatly enhance the message that is being pushed through print, radio, outdoor and of course, television.

The key is not ask yourself "either traditional or digital?", but rather how to reach target audiences and then extend that reach even further with more relevancy, depth, and engagement across all media vehicles.

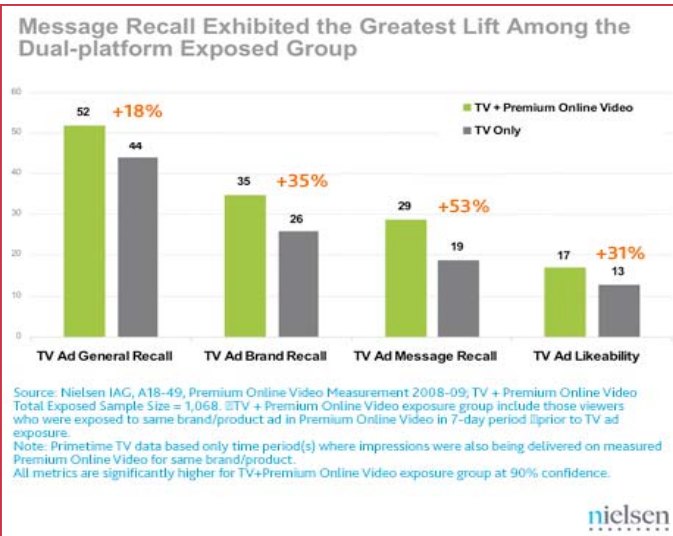
US Ad and Marketing Spending Growth, by Media, 2008-2012 % change					
	2008	2009	2010	2011	2012
Internet	22.8%	14.1%	13.5%	14.9%	15.5%
TV	-1.5%	-9.0%	7.4%	4.2%	3.1%
Cinema	14.9%	5.0%	5.0%	6.0%	5.0%
Outdoor	1.3%	-6.1%	3.0%	7.3%	4.3%
Magazines	-8.0%	-21.4%	0.3%	-3.4%	-2.4%
Radio	-9.4%	-14.3%	-2.6%	0.2%	3.9%
Newspapers	-12.0%	-25.0%	-10.0%	-7.0%	-7.0%
<b>Total major media</b>	<b>-4.2%</b>	<b>-12.9%</b>	<b>2.2%</b>	<b>2.4%</b>	<b>2.9%</b>
Event sponsorship	10.8%	3.6%	6.3%	10.8%	9.4%
Public relations	4.3%	2.6%	5.8%	7.1%	8.4%
Telemarketing	2.0%	2.0%	3.0%	2.0%	2.0%
Direct mail	3.3%	-4.6%	1.7%	2.9%	2.9%
Sales promotion	-2.2%	-4.5%	-1.5%	1.1%	2.5%
<b>Total marketing services</b>	<b>0.9%</b>	<b>-2.4%</b>	<b>1.0%</b>	<b>2.6%</b>	<b>3.1%</b>
<b>Grand total</b>	<b>-1.4%</b>	<b>-7.1%</b>	<b>1.5%</b>	<b>2.5%</b>	<b>3.1%</b>

Note: based on figures at current prices  
Source: ZenithOptimedia, provided to eMarketer, Oct 18, 2010  
120948 www.eMarketer.com

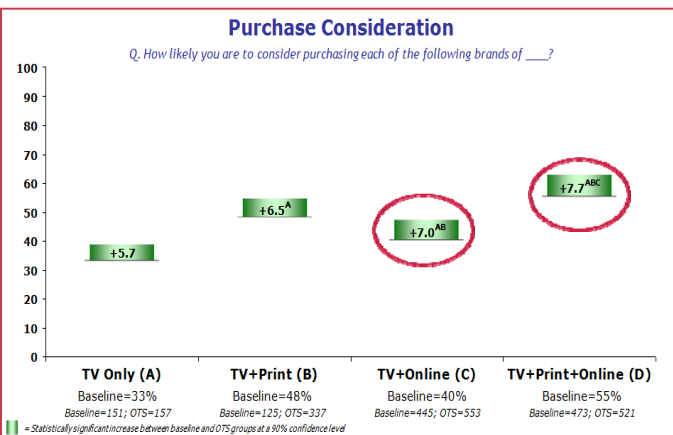
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### Success With Media Integration

Nielson, a leader in media measurement, along with companies such as IRI and Dynamic Logic understand the need for marketers to learn more about what their media dollars are doing for them. The growing interest in cross-channel media programs has spurred research companies to develop studies that can measure brand impact across multi-media channels. These studies have proven that layering multiple media vehicles onto a campaign will increase success metrics across the board. The connection between television and internet campaigns has been one of the strongest relationships measured to date.



A cross platform study can also incorporate a cost efficiency study to identify at what budget levels the vehicles within that specific campaign should be allocated. In the study below, Dynamic Logic measured the percent lift in purchase consideration with a TV-only campaign versus TV with additional media vehicles. The TV schedule experienced between a 7% - 8% lift in purchase consideration when online media was added to the mix.



Currently, implementation of a cross platform study is the only way to evaluate the impact that online and offline vehicles have on a given campaign in relation to each other.

### A Glance Into Media's Future

The biggest influencer towards integrated media campaigns today is the reality of what media consumption will look like tomorrow. The internet will enter the living room and push content to consumers when they would like to receive it. The industry has already experienced a shift in the habits of television audiences noting a 37% growth in "timeshifted" viewing between 2008-2009. (Source: The Nielson Company)

	1Q09	4Q08	1Q08	% Diff Yr to Yr
Watching TV in the home <sup>a</sup>	284,574	285,313	281,106	1.2%
Watching Timeshifted TV <sup>a</sup>	79,533	73,934	57,934	37.3%
Using the Internet <sup>**</sup>	163,110	161,525	158,002	3.2%
Watching Video on Internet <sup>**</sup>	131,102	123,195	115,970	13.0%
Using a Mobile Phone <sup>A</sup>	230,436	228,920	219,619	4.9%
Mobile Subscribers Watching Video on a Mobile Phone <sup>A</sup>	13,419	11,198	8,817	52.2%

Source: The Nielsen Company

The fact is, live TV viewing audiences are shrinking, especially in the younger adult segments. It is important to recognize that program viewership is not shrinking, however where and when consumers are viewing is what has changed. Until it is determined what the ad platform will be for programs viewed through the internet in the living room, advertisers can take advantage of low cost video inventory within television shows that are being viewed online. The online television and movie platform has proven extremely successful for marketers already including this tactic in their media plans. Consumers recognize the benefits to sponsors who allow them to view the content whenever and wherever they would like to receive it and are very accepting to these ad units. As displayed in the chart on Page 1, current television advertisers can also maximize production cost on their television ads by repurposing their spots online; completion rates of those repurposed TV spots is reported as the highest among all creative copy forms.

% of total TV/video viewed by US internet users in each group	18-34	35-54	55+
Live TV	41%	51%	64%
Online source	16%	7%	4%
DVDs	15%	15%	10%
DVR from cable/satellite	12%	13%	10%
Streaming video (e.g., Netflix)	7%	4%	2%
Cable/satellite VOD	6%	6%	5%
Other	2%	3%	4%

Note: numbers may not add up to 100% due to rounding  
 Source: Morpace, "Omnibus Report," Aug 25, 2010  
 119278 [www.eMarketer.com](http://www.eMarketer.com)

There will be some great challenges over the next few years for the industry to piece together exactly how the internet will enter the living room. Technologies and media devices are already being used by consumers for on-demand viewing, a trend that is likely to continue.

Marketers have a unique opportunity now to evolve their television schedules into a multi-platform media campaign by way of online video. Entering the digital space today, will only enhance current campaigns and prepare marketers for the future of media.