

RESEARCH BRIEF: The Evolved Media Budget Allocation

A Traditional Media Allocation discussion no longer exists. Since 2005, trends have shifted to recognize the importance of digital media and ever-growing the part it plays into the overall vehicle mix.

A light at the end of the tunnel for “old media” continues to be digital. Radio’s non-spot revenue, of which online is a growing part, is driving the medium out of the negative column. Magazines, likewise, keep loving up to the Web—while it’s agreed they have yet to tap its real potential. And even as newspaper circ remains in free fall, Web sites from *The New York Times*, *Wall Street Journal* and other dailies continue to surge.— *Adweek September 2007*

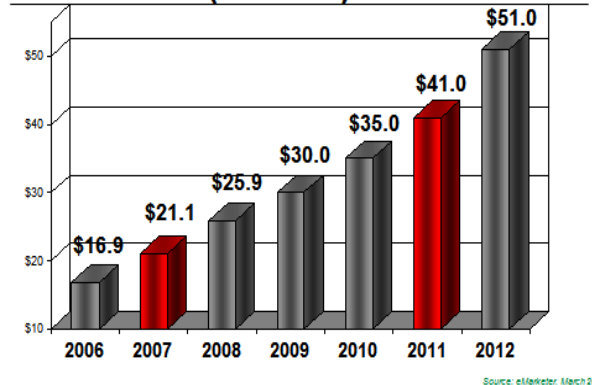
In 2007 during two consecutive decreasing quarters in ad spend for the first time since 2001, only one media vehicle showed double digit increases

Media Category	2006 vs. 2007 % Change
Internet	18.9%
National Magazines	7.6%
Outdoor	7.2%
Nat'l Sunday Supplements	4.9%
National Cable TV	2.2%
Spanish-Language TV	1.5%
Network TV	-1.5%
Local Magazines	-1.7%
Spot Radio	-2.0%
Spot TV Markets 101-210	-2.6%
Network Radio	-3.9%
B-to-B Magazines	-4.0%
Local Sunday Supplements	-4.9%
Spot TV Markets 1-100	-5.1%
Local Newspaper	-7.5%
Nat'l Newspaper	-7.7%
Total Advertising Spending	0.6 %

Source: Nielsen Monitor-Plus
-Syndicated TV and FSI Coupons were excluded due to methodology changes
-Newspaper reflects display ads only



US Internet Advertising Spending, 2006 - 2012 (billions)



“ONLINE ADS NIP AT TRADITIONAL MEDIA”

-eMarketer November 2007

“ONLINE IS AD SPENDING BRIGHT SPOT”

-eMarketer November 2007

“ONLINE ADVERTISERS TO SPEND THROUGH TURBULENCE”

-eMarketer March 2008

Online publishers may continue to **experience growth** as marketing budget allocations to all interactive forms **continue to increase**—eMarketer June 2007

One key market shift can be seen in how display ad spending grew at a **higher rate** than even paid search advertising. Brand-oriented marketers are just starting to ramp up spending, and we will see **greater growth** in that area over the next few years—emarketer October 2007

National search, display ads and classified will remain among the largest online ad categories in 2008, But online video, user-generated content, mobile and local all are segments that will continue to enjoy **explosive growth** in the year ahead, as digital media overall is expected to remain the **single fastest growing medium.**—*Adweek September 2007*

Average Allocation of Online Marketing Budget by US Marketing Professionals, by Strategy, Q3 2007 (% of total)



Source: Coremetrics, "2nd Annual 'Face of the New Marketer,'" provided to eMarketer, October 30, 2007

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MORE INFORMATION

Nielson: '07 Ad Spend Up 0.6% (March 2008)
<http://tinyurl.com/59aphe>

AdweekMedia Special Report; Media Outlook '08 (September 2007)
<http://tinyurl.com/66rdsw>

EMarketer; Online Ads Nip At Traditional Media (November 2007)
<http://tinyurl.com/66k457>

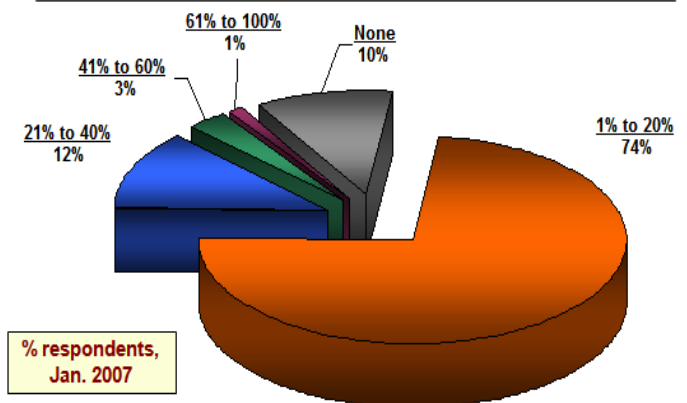
US Digital Spending, Revenues, Sales, 2008 (millions)

Retail e-commerce sales	\$161,000	Search engine optimization (SEO)	\$2,625
Travel sales (leisure, unmanaged business)	\$109,700	User-generated content sites ad revenues	\$1,748
Internet advertising (total)	\$25,900	Social networks sites ad revenues	\$1,560
Paid search advertising	\$10,360	E-mail marketing	\$1,550
Google net revenues	\$7,917	Video advertising	\$1,100
B2B Internet advertising	\$4,400	CPG Internet ad spending	\$1,190
Classified advertising	\$4,287	Behavioral targeted advertising	\$875
Local online advertising	\$3,700	Podcast ad spending	\$240
Newspaper sites ad revenues	\$3,300	Mobile search ad revenues	\$107

Source: eMarketer, 2007-2008

Respondents said they were going to change their emphasis on traditional media. More than one-half of respondents planned to put 10% to 30% of their media spending into new media and 28% planned to spend over 30% - eMarketer Gunderson Partners Survey 2007

Budget share that ad execs reserve for new media properties and experimentation



Source: AAF, February 2007

Over the last decade, the internet has emerged as a mainstream advertising medium, and advertisers around the world are altering their media budgets and switching increasing amounts of money into this new medium.—WARC January 2007

Media budget allocations will no longer exist without a digital component.