

Study: Web Promos to Triple by 2012

The interactive capability of the Internet is taking hold among advertisers.

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-By Katy Bachman, Mediaweek

NEW YORK The interactive capability of the Internet is taking hold among advertisers and is about to eclipse traditional banners and paid-search advertising, according to a new study from Borrell Associates to be released today.

Online promotions, including contests and coupons, are expected to triple from \$8 billion last year to more than \$22 billion by 2012, the study said.

"Online contests, giveaways, coupons and sales of half-price gift certificates are proliferating, many of them bringing in hundreds of thousands of dollars annually and generating warm partnerships between the media company and the advertiser," the Borrell report said. "Local media companies that are genuinely helping those businesses grow, rather than merely selling advertising to them, are well positioned to succeed in this brave new world of marketing."

The shift to online promotions is indicative of a larger trend among marketers to obtain measurable campaign results.

Currently, online promo spending is only 22 percent of the total \$37 billion overall interactive marketing pie. Overall promos account for about 60 percent of all dollars spent annually in global marketing.

For the past two years, spending on online display ads, banners and pop-ups has been flat. Those ad formats are forecast to peak this year at \$12.6 billion and begin to decline to less than half that amount over the next four years. Paid search is facing a similar spending trend, peaking next year at \$16.9 billion and then gradually declining.

"The inability of newspapers, magazines, radio and TV to prove return on advertising investment has led to a swing toward promotional spending," the report said.

For now, the trend seems mostly confined to national advertisers, but the opportunities for local media companies are "abundant," Borrell said. "The smartest of the lot have already begun the shift from mere selling to collaborating with their advertisers," Borrell said.

The local medium best positioned to take advantage of the trend could be local TV. A survey from BIGResearch, cited in the Borrell report showed that 38 percent of people

that were online were also watching television; more than 20 percent were listening to radio; 9.5 percent were reading a newspaper; almost 7 percent were reading a magazine.