

Promotion Trends & Spending in 2011: The Shift Towards Real-Time Marketing

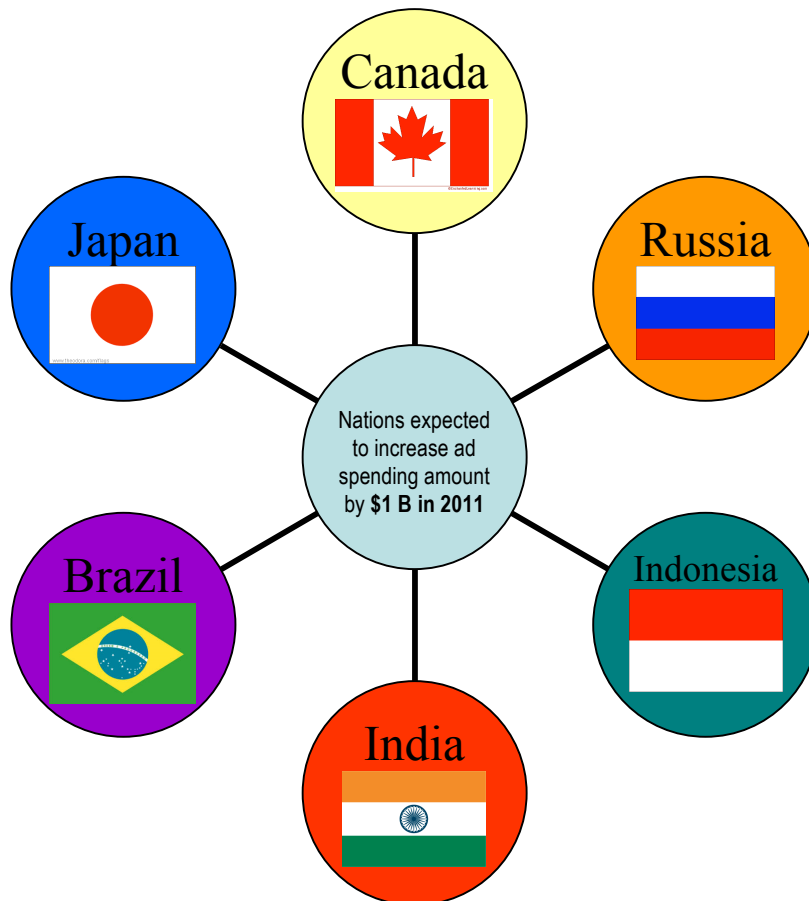
Corporations with significant cash reserves are anticipating to moderately invest more money into marketing and advertising to increase revenues in 2011.

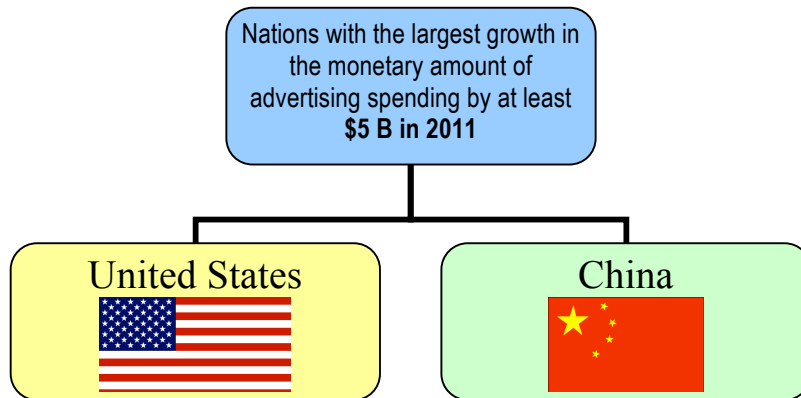
Advertising Spending

According to a report from GroupM that spanned 70 countries to forecast advertising spending:

	2010	Projections for 2011	% Increase
Worldwide Ad Spending	\$474 B	\$502 B	5.8%
U.S. Ad Spending	\$142.5 B	\$147.7 B	3.7%

- Internet advertising in 2011 is expected to contribute to 37% of global advertising growth (\$82 B)
 - This growth rate suggests that Internet spending will surpass newspaper spending (\$90 B in 2011) in 2012.





A Shift in Advertising Spending from 2009 to 2014


- Increase Spending:
 - Television
 - Internet
 - Radio
- Decrease Spending:
 - Consumer magazines
 - Trade magazines
 - Newspapers
 - Directories


Comparison of Advertising Spending in 2010 to Projections for 2011

	2010	2011
Traditional Advertising Spending	\$114.6 B	\$112.6 B
Direct & Digital Advertising Spending	\$154.4 B	\$163.9 B

Direct mail is expected to  spending by 5.8% to \$47.8 B partially due to:

- Financial services
- Retail and automotive industries
- Lack of emergency postage rate increase

Direct response broadcast will  by 7.6% to \$25.4 B

Digital spending will show the largest growth with a 14%  to \$31.6 B

Marketing Channels with the Most Spending in 2011 Compared to 2010

- **E-mail Marketing**
 - The core of integrated marketing efforts
 - Most cost effective marketing channel
 - Spending will  by **18.1%** to **\$1.6 B**
- **Search Engine Marketing (SEM)**
 - Companies want to increase their visibility, or rank, on search engine results pages which offers the most predictable return-on-investment (ROI).
 - Spending will  by **13%** to **\$17.6 B**
- **Mobile Marketing**
 - Advances will be driven by coupon use and location-based targeting
 - Spending will  by **30.8%** to **\$1.2 B**
- **Social Media Marketing**
 - Advances in analytic capabilities will allow marketers to better measure social media's efforts on engagement and conversion
 - Spending will  by **35.4%** to **\$1.6 B**

Expected Promotion Trends for 2011

Top Priorities for Marketers Moving into 2011

- Maximizing marketing and advertising budgets
- Developing innovative campaigns
- Creating organizations that can adapt to changing marketing trends

Upcoming Promotion Trends

- **The move from E-mail Service Providers (ESP) to Direct Digital Service Providers (DDSP)**
 - Many ESP are not only sending e-mails on behalf of a company, they are expanding to include mobile, social, and web development services in order to manage **all** digital messages and personalization to consumers in one domain.
- **Mobile Applications**
 - With the increase in smartphone usage exceeding Internet desktop usage and the average iPhone user downloading about 40 apps, marketers are developing apps that will ensure consumers to retrieve the same quality of information as the company's website.

- More companies are developing digital applications, including QR codes, that consumers can use to retrieve additional information about products while in-store.
- **Omnipresent Strategy**
 - When it comes to acquiring customers, marketers are adopting capabilities that allow them to be ever present.
- **Social Media**
 - Expected to grow tremendously.
 - Will be used to drive messaging and direct users to e-mail, which is one of the major mediums for ongoing communication.
 - Marketers should pay more attention to what consumers are posting on social media sites in order to develop relevant future promotions. Also, marketers should respond to both positive and negative comments that are posted in order to demonstrate to consumers that marketers and companies are listening and aware of what they are saying.
 - Increasing the demand for more advanced platforms that would allow marketers and consumers the ability to receive marketing information on more mobile devices.
 - With new platforms being developed, consumers are better able to view and comment on product information forcing marketers to focus on real-time consumer support.
 - Use in combination with e-mail to receive the best, and consistently positive, results.
- **Share-With-Your-Network (SWYN) Links**
 - Allows users to share e-mail content with others on social networking sites in order for their message to reach a larger number of people
 - As of August, 2010, SWYN links in promotional e-mails increased to **26%** compared to the **12%** in July, 2009.
 - By the end of 2011, SWYN links are expected to increase to over **50%**.
- **Reactivation Campaigns**
 - These types of campaigns will become increasingly important.
 - Many marketers do not have a strategy in place to deal with inactives, which are subscribers on mailing lists that have not opened or clicked on an e-mail for a very long time.
 - Inactives make up about **50%** or more of marketers' lists, which reduces the focus on active subscribers.
 - More marketers are developing ways to target inactives differently and implement reactivation campaigns that gives subscribers the choice to reaffirm their interest as a subscriber or to be eliminated from the marketer's list.

Mediums of Advertising

- North America will continue to be one of the biggest markets for TV advertisements, aided by mobile TV, online streaming sites, and other new TV technologies.
 - Customizing commercials based on consumers' set-top boxes were available to 3 million consumers in 2010. This customizable approach to TV commercial advertising is expected to increase to **10 to 15 million** consumers by 2015.
- Video game advertising will increase the attraction of marketers.
- Magazine subscriptions will increase revenue with the increase of distribution to e-readers.
- Newspaper advertising revenue is expected to total **\$31.9 B** by 2014 compared to **\$36.7 B** in 2009
 - 2005 was a peak year for newspaper advertisements totaling \$60 B

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