



Media Dollars Shift to Digital in Downturn

SEPTEMBER 16, 2009

Spending recovery will lag economic recovery

The economic downturn is causing most marketers to decrease media spending budgets, and the remaining expenditures are shifting further toward digital, according to a Q2 2009 survey by [Round2](#).

More than two-thirds of senior executives in the Western US responding to the "2009 Media Survey Results & Analysis" reported their media budgets would decrease at least somewhat in 2009 compared with 2008. Still, almost one-quarter expected spending to climb by up to 10%, and a few respondents reported even greater increases.

While a majority of respondents said they would hold budgets for each medium except print steady in 2009 compared with 2008, digital was still the clear winner. Budgets were more likely to be cut than increased for traditional media such as TV, radio and direct mail, but more respondents said they would up their investments in e-mail marketing, search and interactive than said spending would be reduced.

Change in Marketing Spending for Select Media in 2009 According to US Marketers (% of respondents)

	Increase	Remain the same	Decrease
E-mail marketing	40.0%	50.0%	10.0%
Interactive	31.3%	52.1%	16.7%
Search	23.5%	58.8%	17.6%
TV	16.3%	59.2%	24.5%
Direct mail	15.4%	53.8%	30.8%
Print	13.8%	39.7%	46.6%
Radio	12.2%	67.3%	20.4%
Outdoor	8.7%	71.7%	19.6%

Note: n=5,300

Source: Round2, "2009 Media Survey Results & Analysis," provided to eMarketer, September 4, 2009

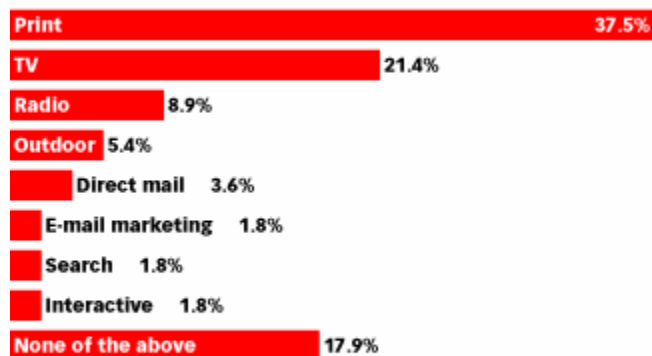
106751

www.eMarketer.com

E-mail marketing was the channel most likely to see an increase in spending in 2009, and print was the biggest loser. The across-the-board shift from traditional to digital media is no surprise—it represents a general reallocation of marketing budgets to newer media channels.

Media spending cuts due to the economic downturn tended to fall most heavily on print, where spending had previously been highest. Just 1.8% of respondents reported cutting each of e-mail marketing, search and interactive because of the recession. Online advertising may not be immune from economic problems, but it is well-insulated.

Media for Which US Marketers Have Cut the Most Spending due to the Economy, Q2 2009 (% of respondents)



Note: n=5,300; in the past year; numbers may not add up to 100% due to rounding
 Source: Round2, "2009 Media Survey Results & Analysis," provided to eMarketer, September 4, 2009

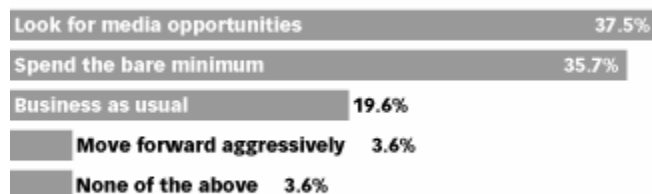
106761

www.eMarketer.com

This is in line with estimates of US advertising spending on various media. For example, Barclays Capital predicted in its "Internet Data Book July 2009" that spending on every medium but online would decrease this year.

Very few marketers in Round2's survey were prepared to move forward aggressively with their expenditures in the down economy. More than 37%, however, said they would be looking for new media opportunities. The next-most-common answer, with 35.7% of respondents, was to spend the bare minimum until the economy recovers. About one-fifth of marketers reported doing "business as usual" despite the downturn.

Attitude of US Marketers Toward Marketing Spending Until the Economy Recovers, Q2 2009 (% of respondents)



Note: n=5,300
 Source: Round2, "2009 Media Survey Results & Analysis," provided to eMarketer, September 4, 2009

106762

www.eMarketer.com

Asked when they expected to see economic recovery, almost 60% of marketers said in 2010. Although nearly one-fifth of respondents were optimistic enough to

expect recovery this year, 17.3% claimed recovery would come in 2011, and a few indicated 2012.

Media spending levels may lag that recovery somewhat. One-half of responding marketers said they expected their expenditures to return to peak levels in 2011. Fewer than one-third thought 2010 would bring them back to their previous budgets.

©2010 eMarketer Inc. All rights reserved. www.emarketer.com