

July 6, 2009 | Updated: July 7, 2009

US Interactive Marketing Forecast, 2009 To 2014

by Shar VanBoskirk
for Interactive Marketing Professionals



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US Interactive Marketing Forecast, 2009 To 2014

Spend Will Reach Nearly \$55 Billion As Interactive Cannibalizes Traditional Media

by Shar VanBoskirk

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EXECUTIVE SUMMARY

Interactive marketing will near \$55 billion and represent 21% of all marketing spend in 2014 as marketers shift dollars away from traditional media and toward search marketing, display advertising, email marketing, social media, and mobile marketing. This cannibalization of traditional media will bring about a decline in overall advertising budgets, death to obsolete agencies, a publisher awakening, and a new identity for Yahoo!.

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Forrester conducted a quantitative survey with marketers. We also interviewed 16 vendor and user companies, including 24/7 Real Media, Altimeter Group, Burst Media, Carat International, Microsoft, MySpace.com, Sportgenic, TNS Cymfony, and Yahoo!.

Related Research Documents

["Interactive Marketing Channels To Watch In 2009"](#)

June 4, 2009

["The Interactive Marketing Maturity Model"](#)

November 19, 2008

["US Interactive Marketing Forecast, 2007 To 2012"](#)

October 10, 2007

INTERACTIVE WILL CANNIBALIZE TRADITIONAL MEDIA

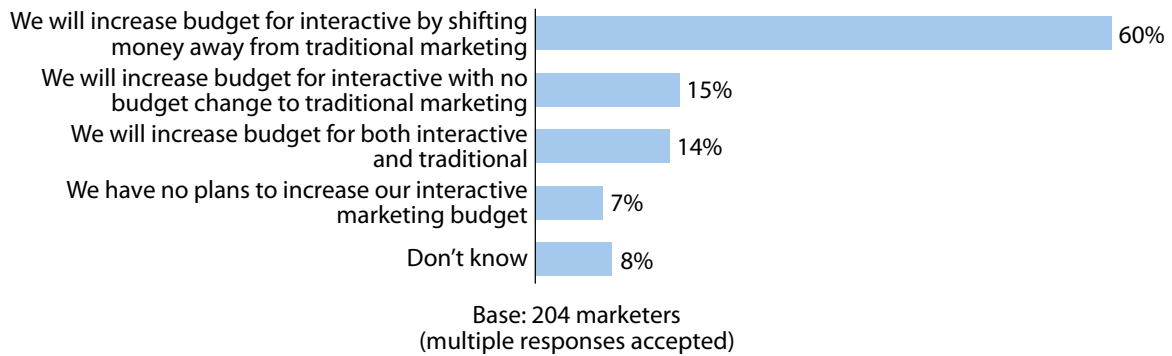
This year, more marketers are shifting budget from traditional to interactive media rather than supporting interactive efforts with new monies as they have in years past (see Figure 1).¹ To explore the circumstances behind this trend, we surveyed 204 marketing executives from firms with more than 200 employees across multiple industries. We dug into their current and planned interactive marketing budgets and found that the following factors influence interactive planning:

- **Poor economic conditions.** The majority of marketers find that interactive tools are more effective than traditional ones, especially in a recession (see Figure 2). When faced with budget cuts or the need for immediate sales, these marketers find that interactive tools are less expensive, more measurable, and better for direct response than traditional media. For example, Busch Entertainment — the theme parks arm of Anheuser-Busch Companies — is using Facebook and iPhone applications to try to regenerate slumping theme park attendance.²
- **Increasingly interactive customer relationships.** Empowered consumers today expect a customized, interactive brand experience that goes way beyond a 30-second television spot or two-dimensional print ad. Forty-two percent of online adults and 55% of online youth want to engage with their favorite brands through social applications.³ HRB Digital's H&R Block took this to heart. It used Facebook, MySpace.com, Twitter, and YouTube to make tax preparation accessible, even social, and to engage consumers with the brand throughout the year — not just at tax time.
- **More strategic marketing organizations.** Although not yet universally involved in setting business direction, marketing is gradually assuming more organizational leadership in part because of its close connection to customers. More than 40% of marketers say that “marketing is the strategic leader in their organization.”⁴ As part of this shift, CMOs will begin to buy their own technology, prioritizing interactive solutions like campaign management, Web analytics, and email marketing.⁵
- **Moribund print inventory.** Consumer readership of newspapers and magazines has dropped 17% and 6%, respectively, since 2004 while offline publishers have struggled to translate their impression-based ad sales model into viable online business.⁶ The result? Publishing giants Hearst Communications and Condé Nast are closing magazines like *CosmoGirl* and *Men's Vogue* while Gannett and The New York Times Company are restructuring and selling off physical assets. This leaves more advertisers disdaining print for interactive options: The Publishers Information Bureau reports that advertising revenue is down 20% for Q1 2009 compared with the same time period in 2008.⁷
- **Proof that interactive marketing works.** At last, even laggard industries feel that they have enough experience and data to prove interactive marketing's worth. Online display spending by telecom companies in Q1 2009 grew 50% over Q1 2008.⁸ Pleased with double-digit growth

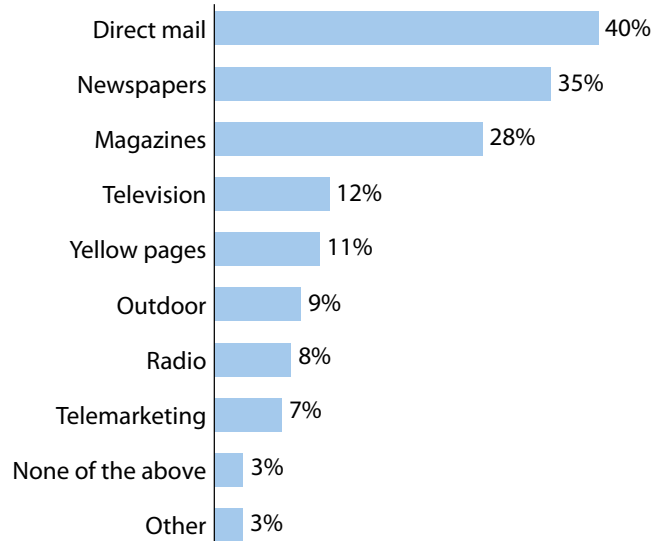
in applications, Cornell University’s business school, The Johnson School, is increasing its investment in interactive to between 60% and 70% of its overall marketing budget. Randy Allen, the associate dean for corporate relations explains why: “If we do [new media] strategically, we can target more effectively and do it more cost-effectively as well.”

Figure 1 Interactive Grows At The Expense Of Traditional Media

1-1 “How will you fund increases in your company’s interactive marketing budget?”



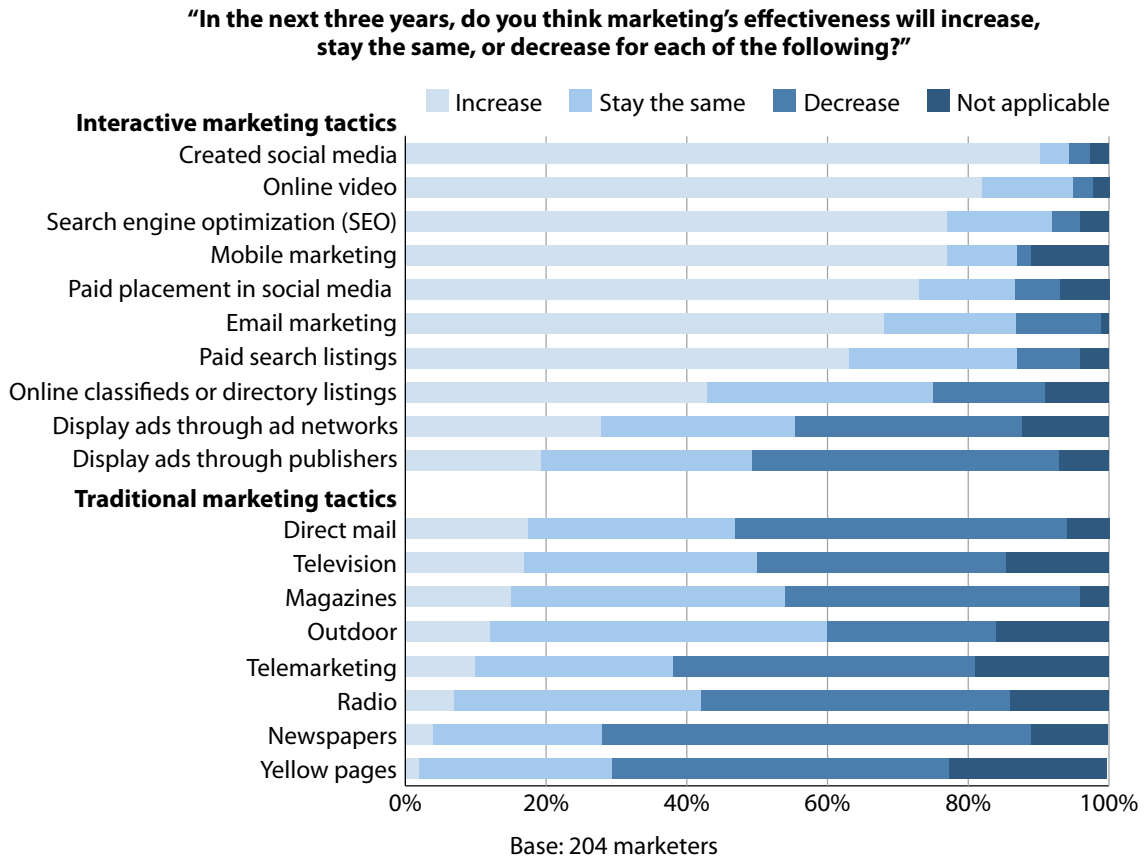
1-2 “Which of the following traditional marketing budgets will you decrease in order to fund increased interactive marketing?”



Base: 118 marketers who will fund increases to interactive by shifting budget away from traditional marketing

Source: March 2009 US Interactive Marketing Forecast Online Survey

Figure 2 Marketers See Greater Potential In Interactive Channels



Source: March 2009 US Interactive Marketing Forecast Online Survey

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Source: Forrester Research, Inc.

What Changed From Our Previous Forecast

As with past forecasts, this year we adjusted our scope and approach to best align with marketers’ increasing interactive maturity.⁹ We also adjusted our modeling process a bit — this year working with an internal team of dedicated forecasting experts — in order to standardize Forrester’s forecast methodology and ensure consistent outputs and forecast updates.¹⁰ As you consider this forecast against former ones, note that this one:

- **Shows delayed adoption of emerging media.** In 2007, we projected that adoption of online video would begin immediately with mobile marketing following by the end of 2009. Because of the recession, however, firms have been too resource-constrained to trial untested media. With the exception of creating social media assets — which 86% of marketers expect to do before the end of the year — adoption of emerging media is currently flat. Our new forecast projects that video and mobile spend will initiate in mid-2010 and early 2011, respectively, as marketers emerge from the recession.

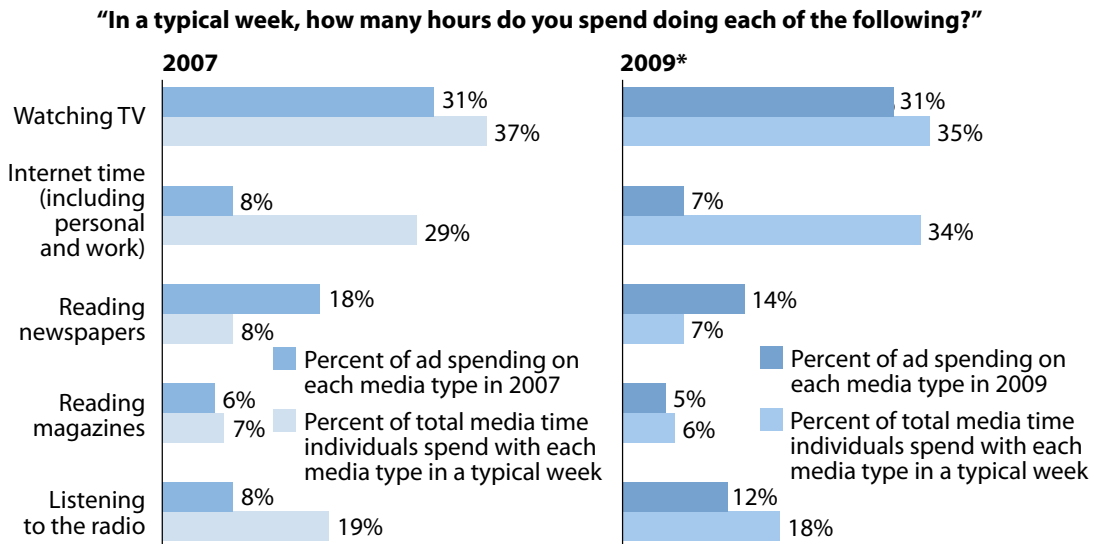
- **Shifts contextual ads out of search.** Contextual ads — typically text ads bought on a keyword or category basis — historically have been rolled into the search budget because of their cost-per-click model. But as search programs increase in complexity and contextual ads start to include more visual elements — like images or video — they are shifting more wholly to the display budget.
- **Rolls online video into display.** In our last forecast, because of its newness and limited availability, we sized online video spend based primarily on reported earnings from the few publishers selling it. The present forecast still sizes online video as pre-roll, mid-roll, and post-roll ads but does so based upon the number of available video impressions and as part of the overall display advertising category. We do not include video production costs or costs to maintain on-site video assets as these are not typically part of the interactive media budget.
- **Includes only email marketing delivery.** This year, we forecast growth in delivery of retention, acquisition, and transactional emails. To be as accurate as possible, we limited our email sizing to just the delivery and services included in the CPM paid to email service providers. In years past we also estimated spend on professional services like data integration, analytics, or creative. However, as email becomes more integrated with other channels, it is increasingly difficult to tell which part of the professional services spend is dedicated to email.
- **Sizes only integrated social media campaigns and created social assets.** This time, our social media forecast includes only money that changes hands for: 1) campaigns that are uniquely enabled by social media — like the McDonald's Big Mac Chant-Off, which encouraged users to record and post their own versions of the Big Mac chant using tools created by MySpace.com; and 2) the creation of social media assets that a marketer will own, like a proprietary blog, community site, or downloadable widget. We include online ads on social networks in our display ad category and do not size internal social media staffing costs.
- **Breaks out mobile.** Limited available mobile marketing data in 2007 led us to wrap mobile into a larger “emerging media” bucket for our 2007 forecast. For this forecast, however, better data is on hand. We looked at a variety of inputs — mobile handset sales, usage rates, available inventory, and pricing — and projected expected mobile marketing adoption rates based on current trends and adoption of analogous media in order to create a unique mobile marketing model.

INTERACTIVE MARKETING SPEND WILL NEAR \$55 BILLION BY 2014

Marketers are getting better at balancing channel investments with consumer media time. Newspaper, magazine, and television share is down while Internet spend stands at 9% of overall advertising — a percentage that will continue to grow as marketers shuffle dollars away from low-performing traditional media into more relevant interactive channels (see Figure 3).

Our forecast examines the pace of the shift toward interactive marketing as a more substantial part of the marketing mix. We expect search marketing, online display advertising, email marketing, social media, and mobile marketing collectively to grow to nearly \$55 billion by 2014 (see Figure 4).

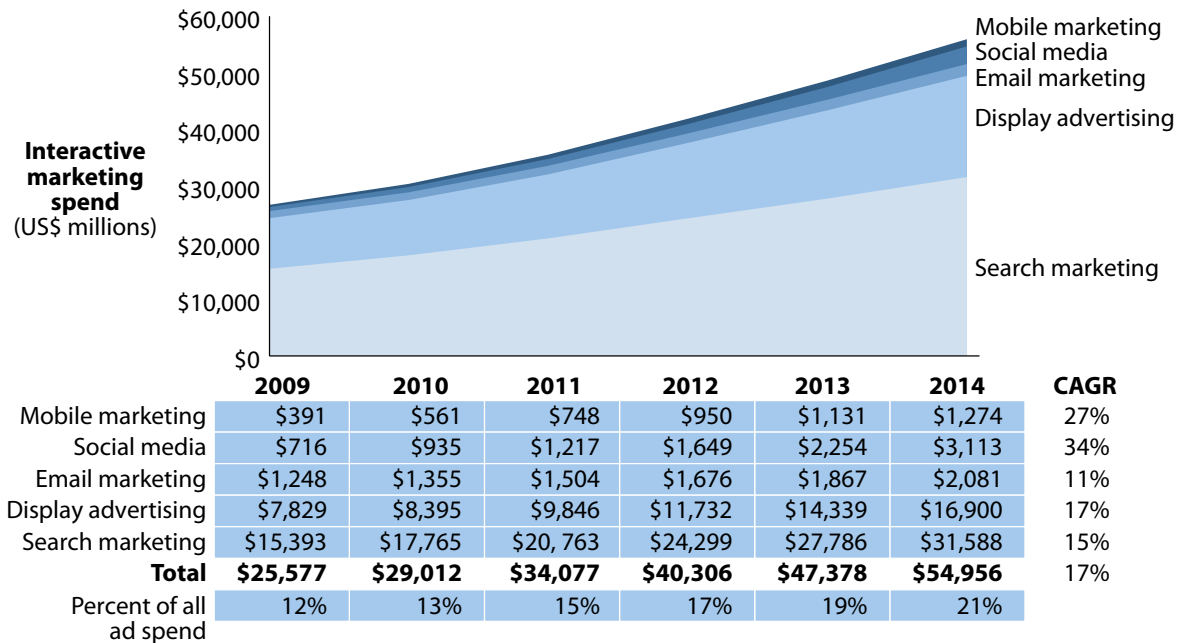
Figure 3 Media Budgets Are Not Yet Balanced With Consumer Media Time



Base: US adults

Source: North American Technographics® Benchmark Survey, 2007
 *Source: North American Technographics Benchmark Survey, 2009

Figure 4 Forecast: US Interactive Marketing Spend, 2009 To 2014



Source: Forrester's Interactive Advertising Models, 4/09 and 10/08 (US only)

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Source: Forrester Research, Inc.

Search Marketing Still Leads Interactive Spend

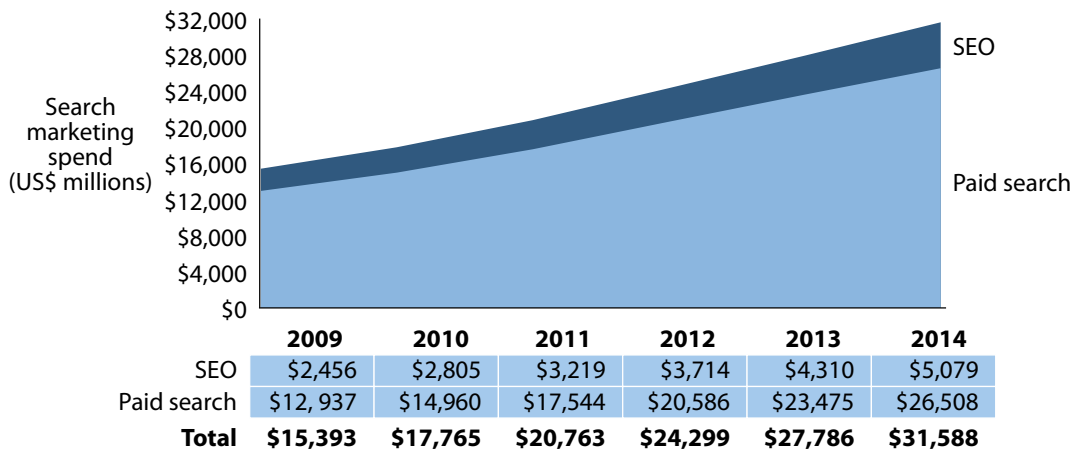
Marketers can't get enough of search's direct response marketing value. Even without contextual listings — this year we sized them with the display advertising budget — search marketing accounts for 59% of the overall interactive pie. We project spend on paid listings, which includes paid inclusion, and search engine optimization (SEO) to grow at a compound annual growth rate (CAGR) of 15% to \$31 billion by 2014 (see Figure 5). Expect:

- Smarter, bigger search programs.** Today more than 80% of marketers embrace paid search and SEO.¹¹ Nearly two-thirds of all marketers spend to manage search programs through advanced tools or outsourced partners — an indication that search programs are gaining sophistication (see Figure 6). Dollar Thrifty Automotive recently increased investment in Omniture SearchCenter in order to make more informed paid search buys. And marketers will expand search efforts into more markets and more business lines. Epicor Software is doing both now that it has proven the effectiveness of its US program.¹²
- More inventory.** Rising consumer search volume — 85% of online consumers search on their desktops at least weekly, and 11% have searched via mobile phones in the past three months — combined with marketers' expanding use of multi-keyword or long tail phrases means simply

that there are more searches for sale.¹³ And the birth of new search engines selling their own or additional Google inventory further expands slots where advertisers can place keyword ads. New multimedia search engine Searchme has served more than 5 million new cost-per-click placements to 20 marketers and 15 agencies.

- **Increased spend on SEO.** Investments in SEO were on the rise before the recession.¹⁴ But now, marketers looking for clicks at a cost much lower than paid search are joining those who return to SEO after mastering paid search programs. For example, Sovereign Bank finds that new account applications increase with a higher SEO investment. So it now buys just select keywords and spends former paid search monies on SEO.

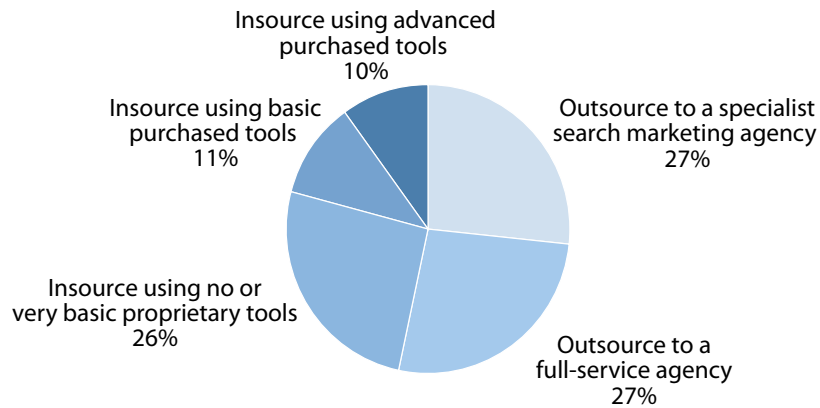
Figure 5 Forecast: US Search Marketing Spend, 2009 To 2014



Source: Forrester’s Search Engine Marketing Model, 4/09 (US only)

Figure 6 Most Companies Outsource Search To Agencies

“What is the primary way in which your company manages its search marketing efforts?”



Base: 172 marketers who currently use search marketing

Source: March 2009 US Interactive Marketing Forecast Online Survey

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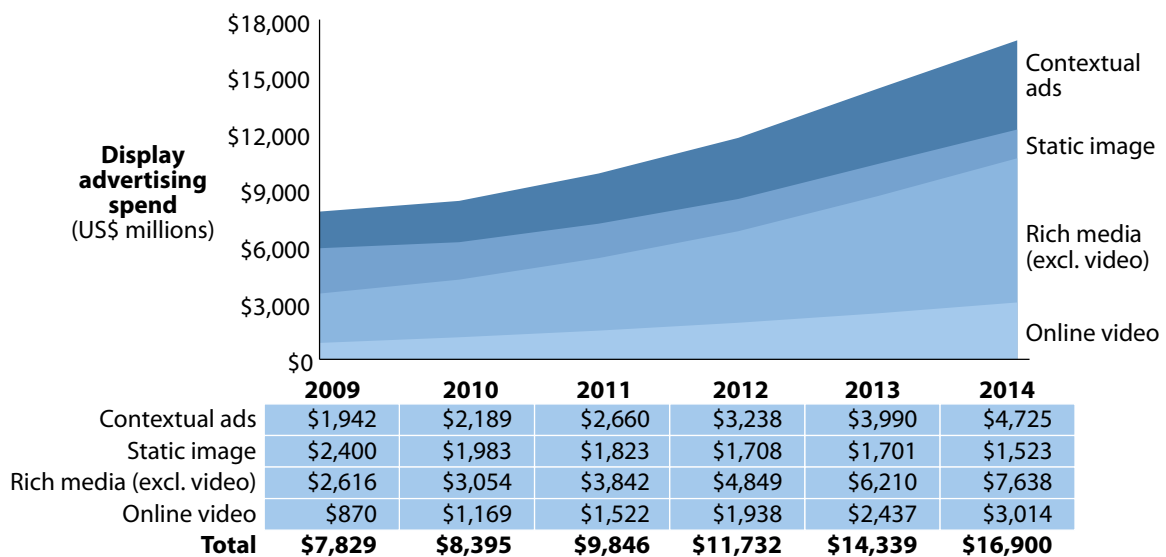
Source: Forrester Research, Inc.

Display Advertising Rebounds

Spend on display advertising has dropped this year as recession-constrained marketers reallocate branding dollars to direct response media. But the medium is far from a decline. In fact, display advertising — including contextual listings and online video — will grow at a CAGR of 17% to reach almost \$17 billion by 2014 (see Figure 7). This growth is due to:

- **Preference for performance-based media buys.** Recession spending reveals that advertisers fancy pay-per-click (PPC) online buys over impression-based ones: 58% of display budgets today go to performance-based media (see Figure 8). We don't expect this trend to reverse post-recession. Instead, by 2010, marketers will be so enamored with the immediacy and easy measurement of PPC buys that they will spend more to buy this way, even when buying impressions may be more cost-efficient.
- **Better measurement.** While today it is still more straightforward to measure the ROI of PPC buys than of brand advertising, attribution models — like Microsoft's Engagement Framework — are making it easier for marketers to measure the relative influence of a branding event on an end sale.¹⁵ This improved visibility into the value of online media is prompting marketers to spend more on it. One consumer goods manufacturer uses Yahoo! Consumer Direct and The Nielsen Company to tie display ads to actual sales. The result? The director of interactive marketing at this firm says: “Our spending is going up significantly because we have been able to calculate a working ROI on almost all banner campaigns.”

- **Rich media.** Marketers love rich ad formats that respond to consumer behavior, help lead customers toward purchase without needing them to click or create an interactive brand experience. Currently about one-third of display spend, rich media will grow to 45% by 2014 as marketers use more and pay a premium for rich media.
- **Online video.** The recession stifled the rocket start we expected for online video; constrained resources this year limit marketer experimentation with emerging media.¹⁶ But pre-roll, mid-roll, and post-roll ads still offer easy entry for brand advertisers familiar with the production and purchase process for television ads; online video follows the same approach. Plus, proliferation of online video content and advances in video players and ad servers means better inventory, more consumer usage, and better measurement for advertisers. Proctor & Gamble's Charmin bundles pre-roll ads in with its regular TV buys and sees 300% lift in awareness and recall from its online video spots.

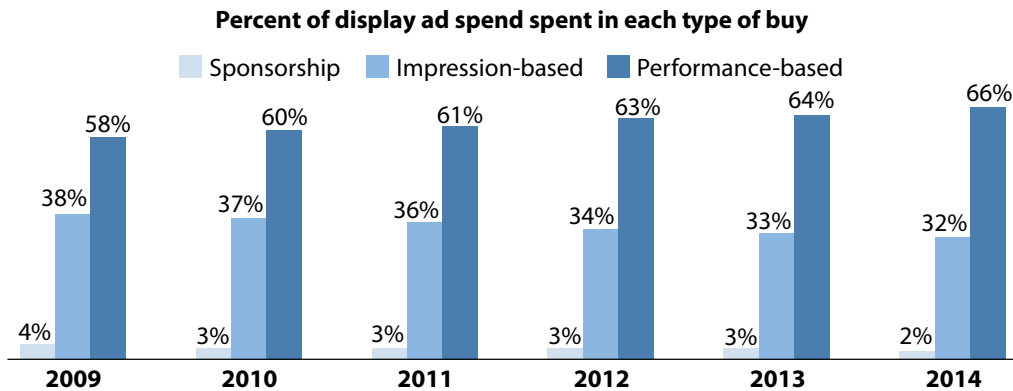
Figure 7 Forecast: US Display Advertising Spend, 2009 To 2014

Source: Forrester's Online Advertising And Classifieds Model, 4/09 (US only)

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Source: Forrester Research, Inc.

Figure 8 Performance-Based Media Buys Will Increase In Share



Source: Forrester's Interactive Advertising Model, 4/09 (US only)

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Source: Forrester Research, Inc.

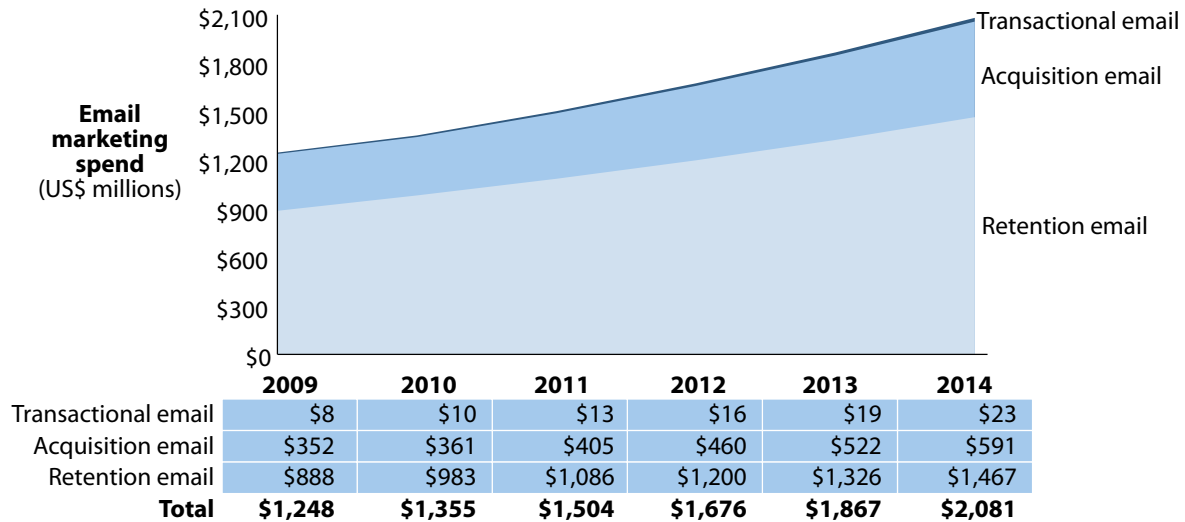
Email Marketing Continues Healthy Growth

Marketers continue their love affair with email marketing: 97% of marketers are using or planning to use email marketing this year.¹⁷ Although the slowest growth rate of any interactive channel in our study, email marketing will see an 11% CAGR over the next five years because of (see Figure 9):¹⁸

- **A current email renaissance.** Email marketing is having a banner year as marketers: 1) grow their lists with the promise of “green marketing”; 2) turn on more and smarter programs to boost sluggish sales; 3) shift money to email from direct mail; and 4) improve email effectiveness by linking it to other channels like search or user-generated ratings and reviews. Sovereign Bank's email budget is up 10% to 15% for 2009 as it replaces historical direct mail elements with less expensive, more immediate email messages. In the words of Sovereign's email marketing manager, “Email is so inexpensive we are getting even more use. We are completely skipping the direct mail piece of our Student Campaign.”
- **Growth in marketing due to the social inbox.** Today, consumer communications via social networks have substituted for some regular email use. But ultimately, we expect that the social inbox — both literal inboxes within social networks and other messaging forums à la Twitter that are still to come — will be another place where email marketers can reach target users.¹⁹ This means that marketers will increase send volume by reaching the same customer in multiple inboxes. And they will spend for services like those from Datran Media, which send messages directly to Facebook users, or those from Silverpop, which enable users to share favorite emails with social network addresses.²⁰
- **Further decline in email marketing costs.** Despite the above two trends pushing up email spend, waning delivery costs will temper overall growth. Average per-email costs have been less

than \$.01 for the last six-plus years, but budget-strapped marketers are squeezing vendors even harder to drop email delivery costs.²¹ Experian CheetahMail finds that its retailers are mailing more but not increasing spend due to price compression. And Forrester’s volume of inquiries from clients seeking cheaper email vendors is up this quarter.

Figure 9 Forecast: US Email Marketing Spend, 2009 To 2014



Source: Forrester’s Email Marketing Model, 4/09 (US only)

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Source: Forrester Research, Inc.

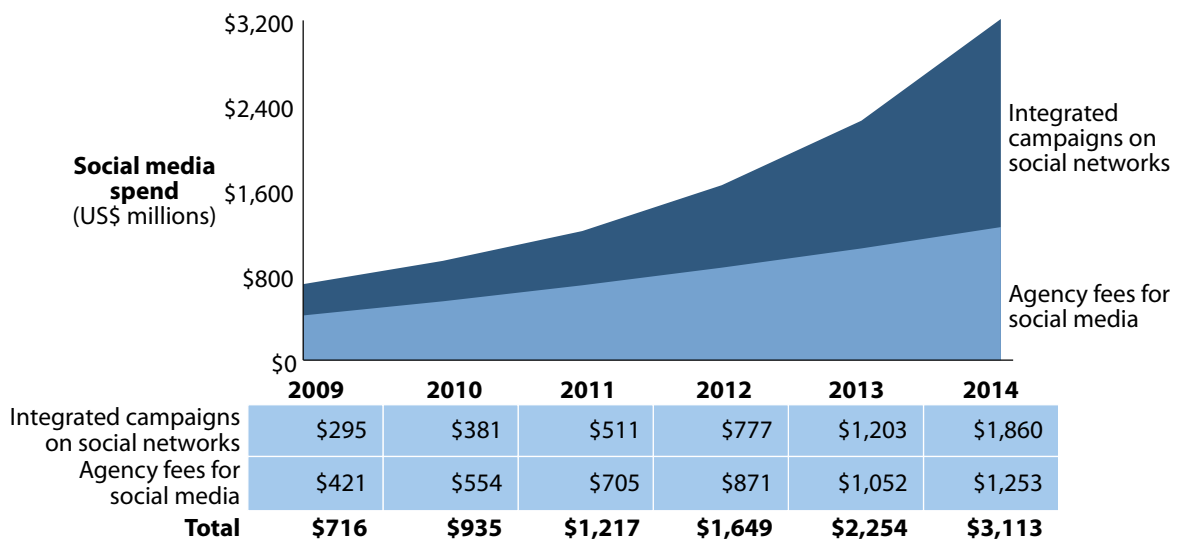
Social Media Fixes Itself In The Interactive Mix

Social media will see the steepest growth of any channel in our 2009 forecast: a 34% CAGR over the next five years as marketers invest to keep up with consumers’ increasingly social use of the Web.²² Spend on integrated campaigns through social networks and agency fees for creating owned social media assets will top \$3 billion by 2014 as (see Figure 10):

- **More companies embrace social media.** Social is growing into an established part of the interactive mix. Sixty-four percent of marketers already build social media applications and 22% more will by the end of 2009.²³ And social is even earning an interactive team headcount. As Steve Furman the director of design and social media for Discover Financial Services explains, “I was able to garner the social media responsibilities under my team; we are going to dive in headfirst in the next 30 days.” Plus, as more social media best practices establish, marketers in regulated industries like healthcare will participate. The Health and Wellness Group at imc² applies a standard framework to help life sciences clients set social media strategies based on their audience engagement, business goals, and tolerance for risk.²⁴

- Marketers better understand the medium.** Marketers will improve how they use social media to engage — not just reach — target audiences. This means more spend on multichannel social media campaigns instead of just buying banners on community sites. To promote its alternative-fuel vehicles, General Motors’ Chevrolet worked with MySpace.com to create a virtual tree widget that would “grow” when watered online through visits and downloads. After reaching a threshold of downloads from Chevy’s MySpace.com page, Chevy planted up to 225,000 real trees. Additionally, new tools like Tealium facilitate social media measurement, which will make it easier for marketers to use social media well.
- Social media matures.** Social media types, tools, metrics, and benchmarks are still very much under development. This means that many new ways to apply social media to marketing will unfold between now and 2014. A sneak peak at what to expect? In the next era of social media, peers will curate content for search engine results, cable operators will customize television channels by user, and portable identities will allow users to move their social profiles from site to site.²⁵ Test-drive this experience through Yahoo!’s Open Strategy where users access photo sharing apps or PayPal through Yahoo! Mail or update blog posts without leaving Yahoo!.²⁶

Figure 10 Forecast: US Social Media Spend, 2009 To 2014



Source: Forrester’s Social Media Model, 4/09 (US only)

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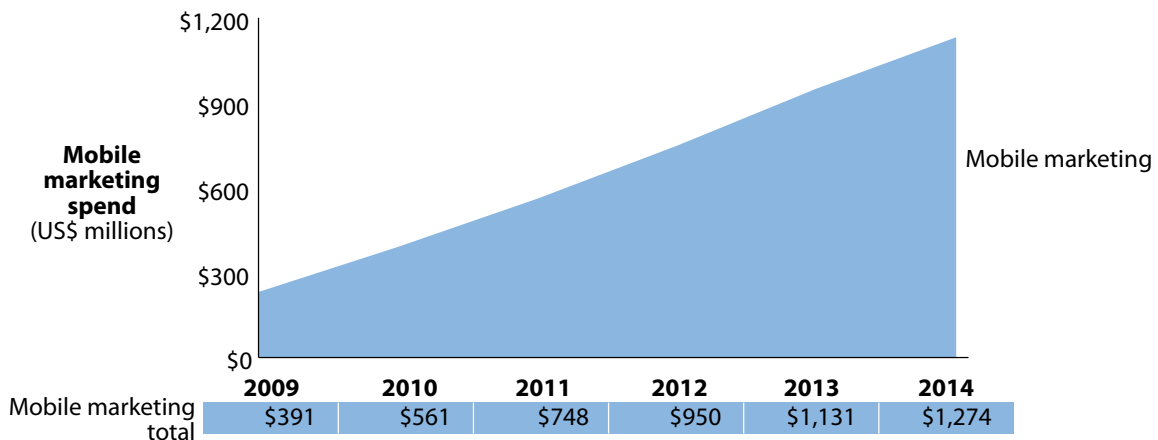
Source: Forrester Research, Inc.

Mobile Marketing Matters Post-Recession

Mobile remains one of the most anticipated, least adopted interactive channels in the mix. Sure, plenty of “cool” mobile programs exist: Sapient created a “spin the bottle” iPhone application for The Coca-Cola Company.²⁷ But complexity around metrics, marketer, content, and carrier relationships, plus limited consumer mobile data use, stifles mainstream mobile marketing adoption today. Marketers will prefer more established tools to mobile until mid-2011 when we anticipate post-recession adoption will escalate. What will contribute to mobile marketing’s 27% CAGR over the next five years (see Figure 11)?

- **Increasing mobile data usage.** More than 50% of consumers with mobile phones sent or received text messages and 21% sent or received emails via a mobile device in 2008, compared with 46% and 15% who did the same in 2007.²⁸ We expect reliance on mobile functions to further increase as mobile devices improve, applications proliferate, and influential mobile users lead others to experiment.²⁹
- **Strategic mobile application development.** Everyone is jumping on the mobile application bandwagon. iPhone reports more than 35,000 available apps ranging from iFart — an electronic whoopee cushion — to mobile bill pay apps sponsored by Wells Fargo or JPMorgan Chase. But there is a limit to the volume of applications consumers will download. With the help of mobile Technographics®, marketers will invest in building a few targeted applications instead of slapping together a hodgepodge of cheap applications that agencies insist are good ideas.³⁰
- **Mobile maturity.** As mobile matures as a marketing medium, its usefulness to marketers will improve. For example, the Code of Conduct for Mobile Marketing and Mobile Advertising Guidelines from the Mobile Marketing Association (MMA) take an initial pass at standards. New mobile capabilities like mobile search from Google, Microsoft’s Bing, and Yahoo! will provide additional, familiar inventory. Advances in RFID and in-store technologies will tie mobile communications to end sales. And the broad rollout of near field communications (NFC) will turn mobile devices into points of sale. As part of the NFC forum, Nokia recruits firms like Citigroup’s Citibank, the Frankfurt RMV, and The Royal Bank of Scotland into NFC trials to help establish the physical infrastructure and marketer buy-in needed to make NFC work.

Figure 11 Forecast: Mobile Marketing Spend, 2009 To 2014



Source: Forrester's Mobile Marketing Model, 10/08 (US only)

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Source: Forrester Research, Inc.

WHAT IT MEANS

INTERACTIVE TRENDS WILL REDEFINE YOUR BUSINESS

Unlike past forecasts, this one shows a whole scale shift in budget away from traditional media toward interactive. This means that the trends identified in this report will change much more than the growth curve for any given interactive channel. Marketers, agencies, publishers, and device manufacturers should expect their fundamental business models to transform as interactive takes a larger share of the marketing mix. How so?

- **Advertising budgets will decline.** But *marketing* investments won't. With dollars moving out of traditional media toward less expensive and more efficient interactive tools, marketers will actually need less money to accomplish their current advertising goals.³¹ Digital will usurp ad money even for big brand advertisers. Kimberly-Clark Worldwide's Huggies launched its Pure & Natural diaper line without TV ads in order to invest in the digital media its new mom target uses most.³² But no reasonable marketer will relinquish budget because programs are running *too* efficiently. Instead, marketers will allocate unused advertising dollars into investments like innovation, research, customer service, customer experiences, and marketing-specific technology and IT staff, in order to further marketing's strategic influence within their companies.
- **Traditional agencies expire.** We've hinted before that agencies that can't transition from pushing out messages to nurturing customer connections aren't long for this world.³³ Agency readers, heed our warning. Services firms that lack data management, analytics, listening, social media execution, and strategy expertise will dry up. Likely fatalities? Hava's

Arnold and Interpublic Group's Mullen will be relegated to creative and production work as interactive agencies like R/GA and Razorfish assume agency of record status across enterprise firms. This means that insights gained from interactive programs will also become more key to business strategy. Digital agency TM Organic expanded its influence at Chrysler Group and now informs product, sales, and media strategy by modeling expected sales per different media mixes for the auto manufacturer.

- **The supply side supplements sales with services.** Media glut combined with the declining emphasis on brand advertising is a kick in the gut to online publishers, most of whom languish passively behind ever-depreciating inventory.³⁴ But media budget shifts in the next five years will jolt lugubrious publishers out of their current torpor. Smart ad suppliers like iVillage will use site insights to illuminate the type, frequency, and format of interaction marketers should have with their audience, not just which users to target. We see individual publishers selling multiphase "conversations" instead of impressions. And big ad networks like Google and Advertising.com will leverage social profiles from Facebook to help marketers buy influencers on contextually valuable placements.
- **Apple should buy Yahoo! . . . but won't.** With media becoming more syndicated, consumers will digest media across devices, not just across sites. Advantage: Microsoft with its device heritage and Google per its experiments with alternative platforms. Disadvantage: Yahoo! with its declining ad business and floundering mobile strategy. We think the present downturn in online media sales coupled with a loss of search share to Microsoft's Bing will leave Yahoo! looking for buyers. Our fingers are crossed for Apple. Apple's user-centric product experts could use an improved Web presence, content provider, and advertiser relationships. And Yahoo! needs access to consumers beyond the Web. We'd love to see an Apple/Yahoo! partnership give Google a run for its money, but we're betting Apple's proprietary culture will keep it from pulling the trigger. More likely is that a company like Lenovo — less consumer friendly, but rife with assets and looking to develop some managed services — will move on Yahoo! instead.

SUPPLEMENTAL MATERIAL

Methodology

Forrester's March 2009 US Interactive Marketing Forecast Online Survey was fielded to 204 marketers who indicate that they are decision-makers and influencers of interactive marketing budgets. Respondents mostly come from enterprise companies with 1,000 or more employees, distributed across seven industries: financial services; retail and wholesale trade; consumer products; travel and hospitality; media, entertainment, and publishing; manufacturing and high-tech; and business services. LinkedIn fielded this survey online on behalf of Forrester during March 2009. Survey respondent incentives include \$15 cash equivalent incentives (e.g. Amazon gift card, charitable donation, etc.) as well as a summary of the survey results. We have provided exact sample sizes in this report on a question-by-question basis.

For quality control, we carefully screen respondents according to job title, knowledge of budgets, and company size. Forrester ensures that the final survey population contains only those with significant involvement in the planning and running of interactive marketing programs. Additionally, quotas are set for industry as a means of controlling the data distribution.

In addition to sampling error, one should bear in mind that the practical difficulties in conducting surveys can introduce error or bias into the finding of opinion polls. Other possible sources of error in polls are probably more serious than theoretical calculations of sampling error. These other potential sources of error include question wording, question ordering, and nonresponse. As with all survey research, it is impossible to quantify the errors that may result from these factors without an experimental control group, so we strongly caution against using the words “margin of error” in reporting any survey data.

These statements conform to the principles of disclosure of the National Council on Public Polls.

For more information on Forrester’s new ForecastView offering, including access to additional details and metrics not included in this report, please contact us at data@forrester.com.

Companies Interviewed For This Document

24/7 Real Media	MySpace.com
Altimeter Group	Sportgenic
Burst Media	TNS Cymfony
Carat International	Yahoo!
Microsoft	

ENDNOTES

- ¹ In our 2007 forecast, we found that marketers were creating new budget for interactive investments in order to better distribute their dollars into the media most relevant to their customers. See the October 10, 2007, “[US Interactive Marketing Forecast, 2007 To 2012](#)” report.
- ² Source: “Busch Theme Parks Kick Off Summer of Social Media,” *Advertising Age*, June 2, 2009 (http://adage.com/abstract.php?article_id=137019).
- ³ More than half of online tweens and teens, and 42% of online adults want to see a social application from their favorite brands. For example, one in four US online adults want to see discussion forums from brands they like, while more than one-third of teens want profiles on social networks. See the April 16, 2009, “[The Social Tools Consumers Want From Their Favorite Brands](#)” report.
- ⁴ Source: Q4 2008 Forrester Marketing Leadership Council Survey.

- ⁵ Source: Q3 2008 Global Direct Marketing Technology Benchmark Online Survey. Costs and functional fit continue to drive most marketing technology decisions. But marketers aren't picking technologies on their own — IT continues to play an important role in the selection process. See the January 28, 2009, "[Marketing Technology Adoption 2009](#)" report.
- ⁶ The newspaper industry faces formidable challenges: In 2007, publicly traded US newspaper companies collectively lost \$11 billion, or 26% of their value. Print circulation for paid newspapers in the US has fallen more than 16% since its peak in 1990, and coincident growth in online audiences and online ad revenue still falls short of filling the revenue gap left by the loss in print circulation. See the June 13, 2008, "[The Fragmentation Of Yesterday's Newspaper](#)" report.
- ⁷ Source: "Magazine Advertising Shows Effects of Soft Economy in Q1," Magazine Publishers of America, April 14, 2009 (http://www.magazine.org/advertising/revenue/by_ad_category/pib-1q-2009.aspx).
- ⁸ Source: "Telecoms Dialing Up Online Spend," MediaPost News, May 22, 2009 (http://www.mediapost.com/publications/?fa=Articles.showArticle&art_aid=106656).
- ⁹ Developing mature interactive marketing functions will help firms more easily adapt marketing programs as consumer behavior changes and new technologies unfold. To help marketers assess their own interactive marketing maturity and create a plan for improvement, Forrester developed a framework that classifies marketers into four levels according to the sophistication of their marketing: Skeptics, Experimenters, Practitioners, and Conductors. See the November 19, 2008, "[The Interactive Marketing Maturity Model](#)" report.
- ¹⁰ Forrester's ForecastView team produces more than 40 independent forecasts in collaboration with our industry experts, to help clients successfully formulate strategy, benchmark performance, and inform business planning. Source: ForecastView (<http://www.forrester.com/consumerdata/forecastview>).
- ¹¹ For three years running, more than 90% of respondents have been using or planning email and search marketing. See the June 4, 2009, "[Interactive Marketing Channels To Watch In 2009](#)" report.
- ¹² Epicor Software chose to start with a limited-scope search program focused only on US distributors, manufacturers, and professional services firms — subsegments of Epicor's entire addressable market. By limiting its audience, Epicor could affordably assess which keywords, offers, and landing pages best drove prospect inquiries and leads. Using a "test and validate" approach helped Epicor justify doubling its search investment to expand paid placement across its other target industries and markets. See the September 29, 2008, "[Case Study: Epicor Software Uses Personas To Boost B2B Search Marketing Results](#)" report.
- ¹³ Source: North American Technographics® Interactive Marketing Online Survey, Q2 2009 (US).
- ¹⁴ Forrester's 2007 interactive marketing forecast projected spend on search engine optimization services to grow at a 36% CAGR between 2007 and 2013. See the October 10, 2007, "[US Interactive Marketing Forecast, 2007 To 2012](#)" report.
- ¹⁵ An approach Forrester calls block-and-tackle attribution can help advertisers measure the value of their online advertising and social media on end transactions. See the March 3, 2009, "[Redefining Attribution In The Social Computing Era](#)," report.

- ¹⁶ Because of the recession, this year marketers decline their use of brand-oriented display media and are particularly shy to adopt emerging channels like online video and mobile marketing. See the June 4, 2009, "[Interactive Marketing Channels To Watch In 2009](#)" report.
- ¹⁷ Because of the recession, marketers cling to direct response specialists email and search and place their bets on social media applications. See the June 4, 2009, "[Interactive Marketing Channels To Watch In 2009](#)" report.
- ¹⁸ Marketing messages to the primary inbox will swell to an average of more than 9,000 annually in 2014, with retention email making up the largest permission-based share. See the June 12, 2009, "[US Email Marketing Forecast, 2009 To 2014](#)" report.
- ¹⁹ Rising popularity of social messaging sites and synchronous forms of communication including text messaging and cell phone use are beginning to affect email use volume and effectiveness. See the July 10, 2008, "[The Social And Portable Inbox](#)" report.
- ²⁰ Email — the original social marketing channel — has a natural fit in the social world. Email marketers can further explore the social Web by employing the same platform they use to create, target, and deploy email marketing messages to subscribers. See the February 18, 2009, "[Five Ways To Perk Up Your Email Program In 2009](#)" report.
- ²¹ Source: The Direct Marketing Association, *Statistical Fact Book*, The Direct Marketing Association, 2003.
- ²² Three out of four US online adults now use social tools to connect with each other compared with just 56% in 2007. See the October 20, 2008, "[The Growth Of Social Technology Adoption](#)" report.
- ²³ More than half of firms expect to increase interactive marketing investments this year if the recession continues. But against a backdrop of overall growth, some digital channels fare better than others. Created social media assets are growing. See the June 4, 2009, "[Interactive Marketing Channels To Watch In 2009](#)" report.
- ²⁴ Source: "Is Social Media Right for Your Healthcare Brand?" imc² (<http://newsroom.imc2.com/pr/imc2/srp-download.aspx?fid=71646>).
- ²⁵ Today's social experience is disjointed because consumers have separate identities in each social network they visit. A simple set of technologies that enable a portable identity will soon empower consumers to bring their identities with them — transforming marketing, eCommerce, CRM, and advertising. IDs are just the beginning of this transformation, in which the Web will evolve step by step from separate social sites into a shared social experience. Consumers will rely on their peers as they make online decisions, whether or not brands choose to participate. See the April 27, 2009, "[The Future Of The Social Web](#)" report.
- ²⁶ Source: *Yahoo! Developer Network Blog* (http://developer.yahoo.net/blog/archives/2008/04/introducing_the_1.html).
- ²⁷ Source: Sapient (<http://www.sapient.com/en-us/Interactive/Work.html#!/?project=63>).
- ²⁸ Forrester's North American Technographics® Benchmark reports are our annual guide to consumer device adoption and forecasts, demographics, and technology attitudes and behaviors. See the September 7, 2007,

“The State Of Consumers And Technology: Benchmark 2007” report, and see the July 21, 2008, “The State Of Consumers And Technology: Benchmark 2008” report.

- ²⁹ Increased consumer awareness of mobile does not mean marketers should prefer mobile marketing over more tested media like search and email marketing. But Forrester does recommend that marketers invest cautiously in mobile during the present recession. See the May 4, 2009, “Does Mobile Marketing Matter Yet?” report.
- ³⁰ Mobile strategy development begins with a data-based understanding of how mobile-advanced your brand’s consumers are and will be, and that insight comes from Mobile Technographics. See the April 9, 2009, “Mobile Technographics” report.
- ³¹ The new global advertising forecast from PricewaterhouseCoopers expects a “permanent reduction in total advertising spend, as dollars formerly ‘wasted’ through inaccurate targeting are saved and reallocated to other priorities.” Source: Global Entertainment and Media Outlook: 2009-2013, PricewaterhouseCoopers (<http://www.pwc.com/extweb/home.nsf/docid/53DE83280330D6C4852575CA002A12C5>).
- ³² Kimberly-Clark Worldwide’s Huggies dropped TV ads from its marketing plan to emphasize the digital and print media its new mom target uses most. Source: Jack Neff, “New Huggies, Old Spice Launches to Go TV-Free,” *Advertising Age*, May 4, 2009 (http://adage.com/article?article_id=136419).
- ³³ Today’s agencies fail to help marketers engage with consumers, who, as a result, are becoming less brand-loyal and more trusting of each other. To turn the tide, marketers will move to the Connected Agency — one that shifts from making messages to nurturing consumer connections, from delivering push to creating pull interactions, and from orchestrating campaigns to facilitating conversations. See the February 8, 2008, “The Connected Agency” report.
- ³⁴ Online publishers are in a bind. Even as their online audiences reach record numbers, publishers feel downward pricing pressure for advertising. See the March 19, 2009, “Six Ways Online Publishers Can Boost CPMs” report.

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