

Interactive Marketing Will Cannibalize Traditional Channels: Forrester

There's bad news for those who sell traditional marketing channels: Six in ten marketers surveyed by Forrester Research Inc. will increase their interactive marketing budgets by shifting funds from traditional media.

And direct mail was cited by more marketers - 40% -- than any other channel as being one to cut, outranking newspapers (35%), magazines (28%) and television (12%).

There's more growth looming for emerging media. According to Forrester, "Because of the recession...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."

Among the interactive channels, Forrester sees social media and mobile marketing spending expanding significantly between 2009 and 2014, with social media jumping by 34% on a compounded annual basis and mobile marketing increasing by 27%.

But these are young channels, at least as compared with relatively mature interactive mediums such as e-mail, display advertising and search. Social media's increase reflects a starting point of \$716 million in 2009 (seen as increasing to \$3.11 billion by 2014). Mobile marketing expenditures stand at 319 million this year, and are seen as jumping to \$1.27 billion by 2014.

In comparison, online display advertising, which currently stands at \$7.83 billion, will rise by 17% annually, ending up at \$16.9 billion in 2014. Search marketing, which currently sucks up \$15.39 billion in spending, will jump by 15%, to \$31.59 billion, and e-mail, now at \$1.25 billion, will increase 11%, to 2.08 billion.

Writes Forrester analyst Shar VanBoskirk, "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."

Furthermore, "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 a la Twitter that are still to come - will be another place where email marketers can reach target users."