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Story

Internet Grows 37.5%, Traditional Media Declines 30%, 2006-2009

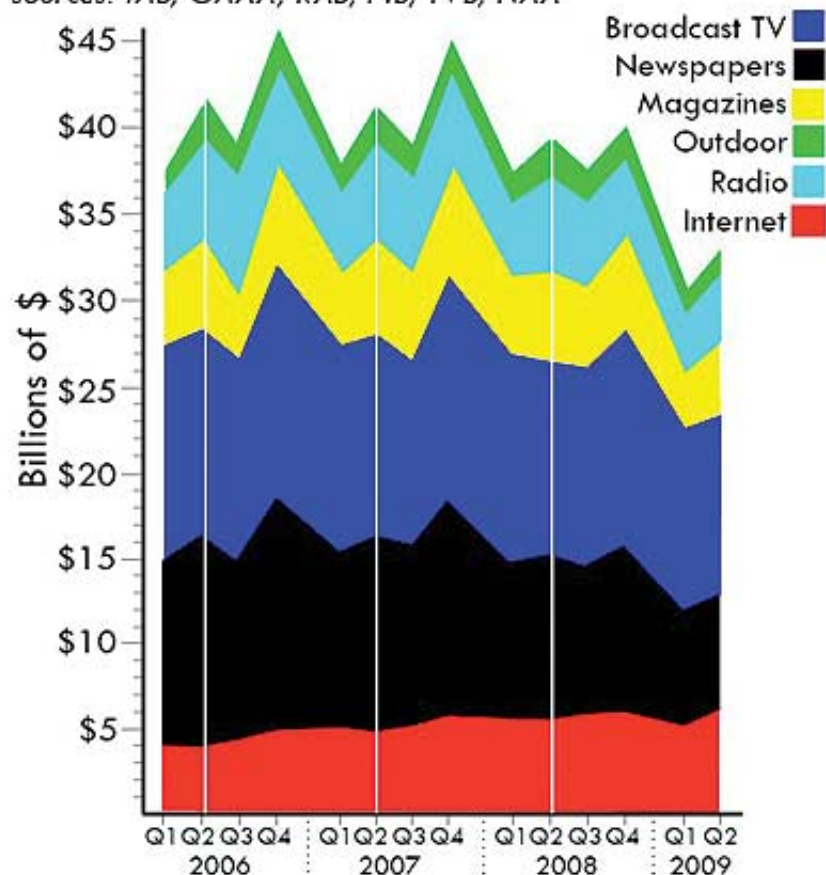
Erik Sass, Sep 08, 2009 10:36 AM

Media spending in the second quarter of 2009 declined steeply compared to the second quarter of 2006 -- but the same period saw an even larger increase, in percentage terms, in Internet revenues.

It's worth noting that -- with the exception of newspapers -- the percentage share of most traditional media in overall spending has remained roughly the same, according to a MediaPost analysis of figures compiled from the Newspaper Association of America, the Television Bureau of Advertising, the Publishers Information Bureau, Radio Advertising Bureau, Outdoor Advertising Association of America, the Interactive Advertising Bureau and Nielsen.

Media spending 2006-2009, by quarter

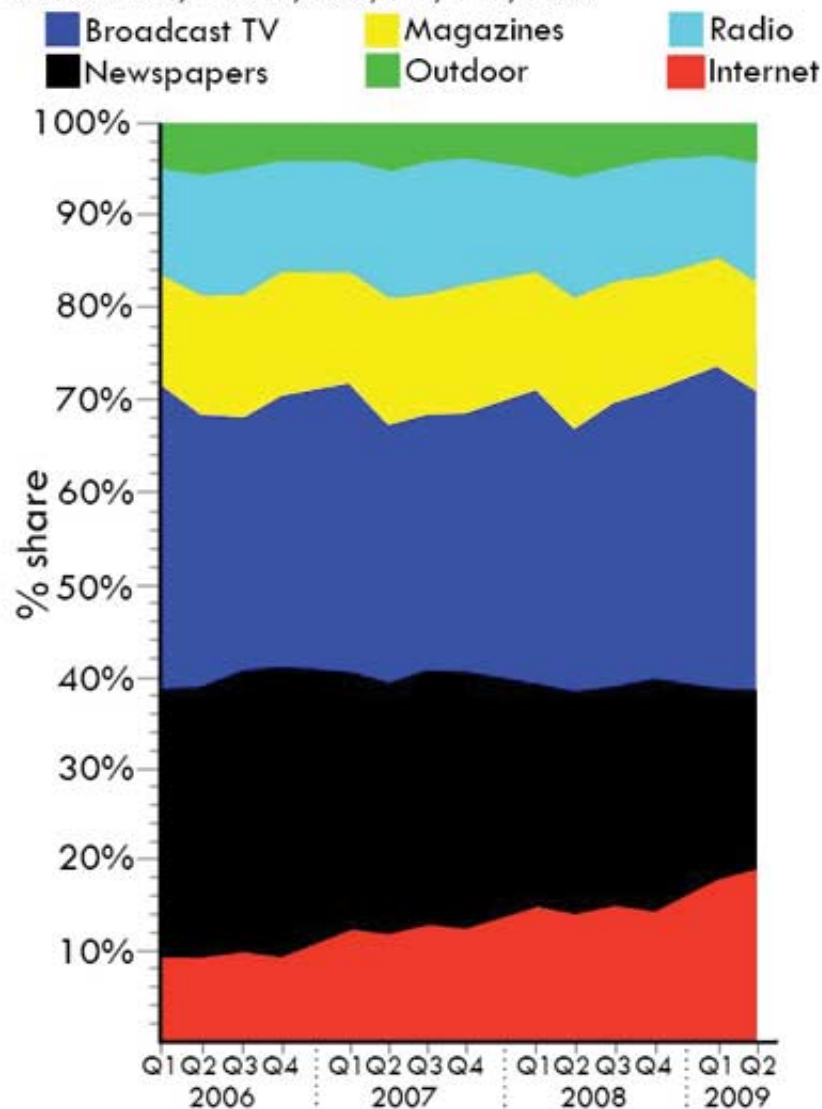
sources: IAB, OAAA, RAB, PIB, TVB, NAA



From \$41.5 billion in the second quarter of 2006, overall ad revenues for newspapers, broadcast TV, magazines, radio, out-of-home and Internet declined 22% to \$32.3 billion in the second quarter of 2009.

Media spending 2006-2009, % share

sources: IAB, OAAA, RAB, PIB, TVB, NAA



The rate of decline accelerated over time, with a 0.3% decline between the second quarter of 2006 and the second quarter of 2007 (to \$41.4 billion), a 5% drop from 2007-2008 (to \$39.4 billion) and an 18% decline from 2008-2009 (to \$32.3 billion).

Subtracting Internet ad revenue from total spending, traditional media saw even steeper declines.

Between the second quarter of 2006 and the second quarter of 2007, total revenues for the traditional media listed above declined 3.2% from \$37.5 billion to \$36.3 billion; 7.5% from 2007-2008 to \$33.6 billion; and 22% from 2008-2009 to \$26.1 billion.

Internet ad revenues -- considered separately -- grew 27.5% from 2006-2007 from \$4 billion to \$5.1 billion, and 13.7% from 2007-2008 to \$5.8 billion, before suffering a 1% decline from 2008-2009 to \$5.7 billion. (Second-quarter figures for the Internet have not been made available by the IAB; figures from Nielsen were used.)

In terms of ad share among the media mentioned above, Internet advertising rose from 9.6% of total spending in the second quarter of 2006 to 19.2% in the second quarter of 2009.

Over the same period, newspapers fell from 29.9% to 21%; broadcast TV edged up from 28.7% to 29.7%; magazines stayed the same at 13%; radio edged down from 13.7% to 13%; and outdoor

slipped from 4.8% to 4%. While it's hard to know precisely how spending has been reallocated, the percentages suggest that newspapers have been the main victim of Internet competition, since the decrease in the former is roughly equal to the increase in the latter.

The percentage changes in individual media from year-to-year are also noteworthy, because -- unlike previous decades -- traditional media usually failed to beat GDP in the pre-recession period. In the 15 quarters between the beginning of 2006 and the second quarter of 2009, broadcast TV beat the percentage change in GDP five times, while radio matched quarterly percentage growth in GDP just once, and newspapers failed to match or beat GDP at all.

Magazine and outdoor revenues were the exceptions, beating GDP in most of the quarters preceding the recession. (Caveat: magazine revenue figures, based on PIB rate card totals, may be unreliable.) Since the second quarter of 2008, losses in all media except Internet and broadcast TV have exceeded the percent declines in GDP.

Year-over-year % change, by quarter: Internet, broadcast TV, newspapers, magazines, radio, out-of-home, and GDP

Sources: IAB, TVB, NAA, PIB, RAB, OAAA, USBEA

