

## Online just got started

*A summary of the themes presented in the ICMA keynote lecture, The Hague, May 2004*

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The internet will have a profound effect on our lives. It will change the way we communicate, the way we work, the way we organise our personal lives. The effects will be far reaching. But in spite of the vast changes we've already witnessed, the real effects have not yet been felt - at all.

Across Europe about half of us are now connected to the net and the numbers are growing at a steady rate. At the same time our use of media has undergone a massive change. The number of media channels has increased dramatically and the audiences enjoyed by each channel have fallen. This media fragmentation has been accompanied by vast increases in the volume of advertising we each see, leading to an inescapable fall in the general effectiveness of advertising. These changes in the media landscape have been accompanied by changes in the world of marketing: the

drive towards customer ownership and relationship marketing, tighter linkage between spend and return, increasing roles for data analysis to understand the customer's journey towards a purchase, internationalisation, digitisation, integration. Marketers have never been under greater pressure to innovate, and the results of their work have never been measured so precisely.

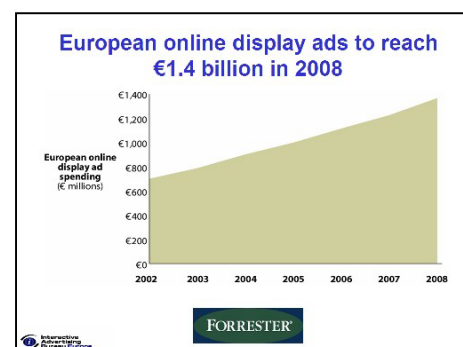


evolution has taken place, the extent to which the net is used continues to grow steadily, securely, significantly. As these are the people who will shop and play an active role in the internet community it is worth remembering that their numbers are growing rapidly, even in the most saturated markets where internet home penetration has slowed. In the UK five thousand people per day switch to broadband and the average number of hours per week continues to notch up to ever greater heights. Print media need to learn about these changes, understand them and respond.

Trends in retail spend and advertising reveal that they too have only just begun moving. Online retail accounted for about 4% of the UK total last year according to Forrester research, while online advertising accounted for about 2% of



The real impact of the internet on media companies and classified newspapers has not yet been felt. Yes, profound changes may have been made by media groups, but this is nothing compared to what will come. And the internet audience is still at the most embryonic of stages. While half the people in most European markets have begun to embrace the net, it typically takes each of us eighteen months to gain the confidence to shop and place the internet as a key tool within our lives. The number of confident, active, internet users therefore runs at a time lag to the total internet market. And even once this



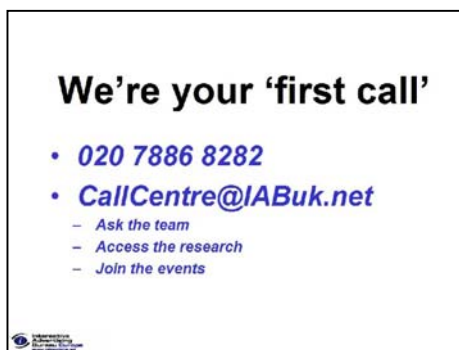


total adspend, in spite of the net becoming the third most used media channel (in terms of minutes per week) among those with access. Short digests of much of the industry research are available from the IAB.

In the lecture I gave to colleagues through ICMA, I argue that online has really 'just got started', and that in spite of those profound changes, only now will the media companies really witness the changes. Classified advertising titles are at a crossroads and need to decide, for real, how they will compete in the new internet enabled market that has happened around them.

The theory behind media plans now suggests a new balance in the media mix. Shopping has just started to move online and will grow rapidly as customer behaviour has switched to accept online as a key element in the purchase and purchase consideration process. Key categories like travel are rising 200% year on year.

However, the future for classified advertising titles remains unclear. The market structures within which they operate are changing, and media groups, especially classified advertising titles, remain highly susceptible to the threats of disintermediation. However the smart media are turning these threats into new business opportunities through innovation and partnerships which will secure not just the long term success, but the very survival of the business.



The close of the seminar includes an analysis of the types of threats that traditional media face and example strategies for successfully navigating through them. The role of the IAB can be useful for staff at all levels. As the trade association and think-tank entirely focussed on interactive advertising we can be a hub for information and a gatekeeper to knowledge and contacts that can help companies move forward. For more information you can contact me via [Danny@IABuk.net](mailto:Danny@IABuk.net) and members can access IAB research through their national IAB. Those in the UK can use our online support service: [CallCentre@iabuk.net](mailto:CallCentre@iabuk.net).