

The New Medium

The Internet is a continuous, on-demand medium, like cable, but it is updated only when there is something to update, and users do not have to sit through the stories they don't care about. As they can in newspapers, online users can search out what they want, but they also can access background material and previously published stories. Unlike any other single medium, they can read the news, watch video, listen to audio, read long transcripts, access original documents, or link to outside sites for more detail. The Internet, in other words, offers the strengths of all media--the immediacy of cable, the skillful storytelling of network, the depth and deliberation of newspapers, plus more, all in one place.

The Importance of Information Online

When asked to rank the importance of the Internet as a source for information from 1 (not important) to 5 (extremely important), more than a third, almost 38 percent, of online news users gave it a 5, indicating how essential the medium has come to be seen. Another third gave it a 4 ranking. Less than 1 percent said it was not important at all. Among heavy Internet news users, the importance was even higher, with 42 percent ranking it as extremely important.

What is it that people like about the Web for news? The Pew Internet and American Life Project probed this during the war in Iraq. Two-thirds cited the ability to get news from a variety of sources, followed closely by the ability to get breaking news. In addition, more than 50 percent of respondents valued being able to get different points of view from those of traditional news and government sources.

In September 2003, over half of the people in the United States - 150 million - went online, a record for Web use. And half to two-thirds of those who go online use it at least some of the time to get news.

The Internet is the medium having the most success attracting young people to news, something that the older media were having trouble with before the Internet even existed.

The Web is the only part of the mainstream news business that generally is seeing audiences grow, especially among the young. People like the convenience of the Web, its availability at work, its speed for delivering breaking news, and increasingly they are coming to trust the accuracy of the information they receive there.

Senior Citizens Lead Internet Growth

According to recent findings from Nielsen//NetRatings, senior citizens age 65 and older were the fastest growing age group online, surging 25 percent year over year to 9.6 million Web surfers from home and work in October 2003. Additionally, within the senior citizen age group, Nielsen//NetRatings found that the number of female seniors online jumped 30 percent, while male seniors jumped 20 percent.

Since October 2002, senior citizens online grew from 7.6 million or 5.9 percent of the active Internet universe to 9.6 million surfers aged 65 plus, making up seven percent of the active Internet universe in October 2003. The second fastest growing age group was Internet users 55-64. (see chart below)

Age Group Oct 2002 Oct 2003 % Growth

2-11	12,160	12,211	0 %
12-17	14,016	14,999	7 %
18-24	9,300	10,512	13%
25-34	20,702	21,380	3%
35-49	39,409	39,712	1%
50-54	12,078	12,257	1%
55-64	13,585	15,632	15%
65+	7,642	9,554	25%

Source: Nielsen//NetRatings, November 2003

Internet Advertising

The recently released Digital Marketing Dialog Survey, sponsored by BtoB, the CMO Council and USA Today, finds that new-customer lead generation is the top purpose of companies engaged in digital marketing. This motive, cited by 83% of respondents, outpaced both brand awareness and recognition (68%) and improved customer relationships (67%). 63% of marketing and advertising executives in the survey see digital marketing as having a high or very high level of strategic importance within the organization. Moreover, more than three-quarters of respondents said they planned to increase their budget for digital marketing next year.

In June of this year, WebTrends and iProspect found that paid search campaigns were a significant part of the marketing mix for 25% of US marketers, while 35% were evaluating the option.

Still, online advertising revenues are growing at a much quicker pace than those in the traditional media. The Web has also continued to gain prominence with consumers, as evidenced by the \$12.2 billion spent online between Thanksgiving and Christmas in 2003, an increase of 42 percent over 2002.

Ad Growth and the Economy Up in 2004 Notes Coen

Despite continued problems in Iraq and barring extreme terrorist activities, Robert J. Coen, Senior Vice President, Director of Forecasting at Universal McCann, expects 2004 to be a very good year for U.S. advertising. Universal McCann now forecast U.S. ad growth of 6.9% to \$266.4 billion and they also look for improved advertising overseas with 2004 ad growth of 4.5%. Total worldwide advertising in 2004 is now projected for a gain of 5.8% to \$498.3 billion.

Preliminary indications suggest that fourth quarter spending levels will be significantly better for most media than they were a year ago. National advertising should grow at a fairly respectable rate if fourth quarter spending lives up to advance indications.

Where Local Online Advertising Goes

According to a report published by Borrell Associates, "What Newspaper Web Sites Earn," April 2003, pg. 12, online local advertising expenditures lean most toward News Websites (40%), followed by Online Yellow Pages (24%), Online Verticals (21%), MSN, AOL and Yahoo (12%) and TV and Radio sites (3%).

Research Brief: Demographic Sites to See

To keep up-to-date on ever-changing American demographics and lifestyles, here are some useful government web sites to review:

Where Americans are moving. The information is based on the 2000 census question asking people where they lived five years ago, providing details on the movement of the population between 1995 and 2000. Download summary reports or data files on migration between regions, divisions, states, counties, and metropolitan areas. Also available here is a special report on the migration of people aged 65 or older.

How parents and kids relate. Two-thirds of parents eat dinner with their school-aged children seven days a week. Eighty-six percent of parents want their children to achieve at least a college degree. These and many more fascinating statistics reveal . At this site you can download the hidden life of families report "A Child's Day: 2000" and tables that examine the interactions of parents and children. Material includes whether parents feel their child is hard to care for, whether children participate in sports, and whether a family has rules about television viewing. The data are from the Census Bureau's Survey of Income and Program Participation.