



## Revealed: media defying the global crisis

**Lara Sinclair**

THE revenues of the world's media companies are sagging like an old tent, buffeted on all sides by the winds of changing consumer habits and financial conservatism from customers, advertisers and financiers alike.

But while traditional media — particularly newspapers and free-to-air television — duck for cover in the hope of riding out the recession, tent poles of resistance are already emerging from the ranks of the cheapest, the closest to home and the most accountable.

Even as consumers look for cheaper ways to entertain themselves, they are expected to reserve a few shekels for a new computer game, a cheap night at the flicks or to get their monthly pay-TV sports fix.

Similarly, advertisers who might have splashed out on a blockbuster television commercial to attract new customers last year are turning their attention now to driving clicks, calls, leads and sales from the customers they already have.

“Conspicuous frugality is the overriding consumer trend,” according to researcher David Chalke's new AustraliaScan consumer study, released late last month.

“There are two very strong countervailing forces (affecting the media): stay at home and save money, and entertain the family,” he says.

In News Corporation's half-yearly results, announced last week, US pay-TV stations were the only division to buck the trend of declining earnings, posting 27 per cent growth in the December quarter compared with the same quarter the previous year.

“People are spending more time at home, they are watching more TV and they are enjoying wonderful choice (from pay TV),” chairman and chief executive Rupert Murdoch said.

President and chief operating officer Peter Chernin agreed. “As people cut back on other options they are spending more time at home and they need the entertainment and enjoyment that comes through cable, and it's showing great resilience, not only

in the US but across the world,” Mr Chernin said.

Locally, Foxtel (which is 25 per cent owned by News, which also publishes *The Australian*) and Austar are due to report their half-yearly results soon.

Global rival Time Warner's cable TV and film-on-demand businesses also provided some rare relief from falling advertising. Its HBO and Turner Broadcasting division revenues were up 9 per cent while Time Warner Cable revenues rose 8 per cent.

Box office revenues should increase in a recession as people allow themselves an affordable treat, according to Chalke.

The Australian box office is coming off strong sales last year, when growth doubled to 6 per cent, pushing ticket sales to just under \$1 billion. That was thanks to the pulling power of blockbusters such as *The Dark Knight*, *Quantum of Solace* and *Australia*, as well as less fancied films such as *Mamma Mia*.

Both movies and gaming are expected to shift to online delivery mechanisms over time as consumers look for convenience and ways to cut costs, although video on demand (excluding peer-to-peer downloading) remains a nascent sector in Australia.

Locally, the video and computer gaming industry is positioned for strong growth after sales boomed 47 per cent to \$1.96 billion last year, according to figures from GfK Retail.

According to John Petropoulos, chief of media buying agency MindShare, smart marketers will reserve a small budget for growing media such as internet, mobile phone or in-game advertising where clicks and audience interaction can be measured.

He said media that relied mainly on “airy-fairy brand advertising” would feel the pinch.

Online advertising — particularly search marketing — was a major area of focus for global advertising conglomerate WPP's GroupM media agencies (of which MindShare is one), Mr Petropoulos said.

“We're fast-tracking that in terms of our people and hiring in that area,” he said.

While there are no official

figures for search marketing revenue only (audited IAB numbers combine search with online directories), it is believed to be growing faster than 30 per cent a year despite the advertising downturn.

A Google spokesman said search query volumes — on which search marketing techniques rely — in the lead-up to Christmas increased by more than 30 per cent on average compared with the same period in 2007.

There are no reliable figures quantifying direct marketing spending, but anecdotal feedback from big spenders, including food giant Nestle, is that marketers will funnel a greater proportion of their marketing budget into those channels.

Email marketing is tipped to be one of the biggest beneficiaries after companies including Qantas last year launched massive offers to their email database, attracted by being able to measure the exact return on their outlay.

Simon O'Day, who heads Melbourne-based email service provider eServices, says that in the past three months his company has sent out more than 60 million emails — its highest volume ever — and it is expecting overall revenue growth of 30 per cent.

“We're very bullish and it's a down economy,” he says.

“I've hired more people in the past two quarters than I've hired in the past two years.”

The expected growth in email marketing taps into another consumer trend, according to Kylie Green, head of marketing promotions firm Kaleidoscope Marketing Communications: the tendency to shop around for special offers or the chance to win.

One in three consumers are looking for promotions (in which there is a chance to win something) more often before buying, according to research from IMI International, while nearly two-thirds (60 per cent) want to see more promotions and competitions being offered in products in the supermarket.

According to OMD head of trading Peter Horgan, spending in traditional media will fall 0.9 per cent this year, but radio will do better than average.

But Anne Parsons, chief executive of media agency MediaCom,



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says all bets are off as advertisers, like consumers, look for bargains.

**CINEMA DEFIES THE ECONOMIC DOWNTURN**

Australian Box Office takings

