

Wednesday, March 25, 2009, 6:47pm MST | Modified: Thursday, March 26, 2009, 9:14am

Advertisers shifting \$25B from print/broadcast to Web

Phoenix Business Journal - by [Patrick O'Grady](#)

Traditional marketing tools such as print, radio and TV advertising have fallen on hard times during the recession. But online marketing is gaining traction, and several Phoenix area firms are cashing in on the shift.

Citing lower costs and the ability to track Internet use through complex analytics, more companies are switching to some form of digital marketing to cut costs while maintaining a competitive advantage.

A recent study by Scottsdale-based market research firm In-Stat found newspapers and television and radio stations are suffering because the marketing business model has changed rapidly. The study, released March 16, found that as users migrate to the Web, advertisers are following, and will move more than \$25 billion annually to Web-based marketing in the next few years — particularly from newspapers.

Newspapers already have lost revenue, with ad sales falling 16.9 percent to \$37.9 billion in 2008, according to Marketresearch.com. Online ad revenue for 2008 was estimated at \$22 billion to \$25 billion, according to Jupiter Research.

“We’re definitely seeing more business coming from those Internet markets,” said Chris Johnson, founder and managing partner at [Terralever](#) LLC, an interactive marketing firm based in Tempe.

Marketing companies such as Terralever and Scottsdale-based [SpinSix Strategic Marketing Design](#) LLC have seen business come their way despite the recession.

Online marketing involves more than throwing up an ad or a campaign and hoping it works. The companies that provide the service have invested in software applications that can monitor who views an ad, what they buy, and what they might be interested in for the future.

SpinSix’s Lead Initiation, Nurturing and Conversion System, or LINCS, allows users to identify potential customers by what they are looking for and lure them back to buy.

“Part of what’s happening in the (traditional) marketplace is that people aren’t seeing the same results they used to,” said Mike Horne, chief operating officer of SpinSix.

Driven by search engines such as Google, companies have begun seeing the value in tracking their investments. As businesses look for better ways to spend their dollars, online marketing companies have built systems to offer all the information clients could ask for, said Rob Garner, strategy director of Scottsdale-based [iCrossing Inc.](#)

“I think it really comes down to a return on investment,” said Garner, who works in the company’s Dallas office. “That’s what we’re hearing from a lot of our clients, that they need to justify what they spend.”

Even the concepts of online marketing are shifting. Success once was measured by click-throughs and Web traffic, but now is measured in the number of sales a company can get and the number of customers it can bring back to a Web site after they’ve left, Johnson said.

Mike Thorell, president and CEO of [Pinnacle Bank](#) in Scottsdale, has been moving more of his bank’s money into online marketing, particularly given the results he’s seen.

“It helps you manage your dollars, and it helps any company understand where their marketing dollars are going,” he said.

With the analytical research available, Thorell said online marketing will be where everyone ends up at some point.

Anthony Helmstetter, a partner at SpinSix, said he is seeing more people using the Internet for everything from research to shopping, which is driving online marketing.

“It’s not that people are buying into it,” he said. “It’s that they can’t escape it.”