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Emerging and Evolving On-line Media

As presented at the DMIX Luncheon on December 9, 2009

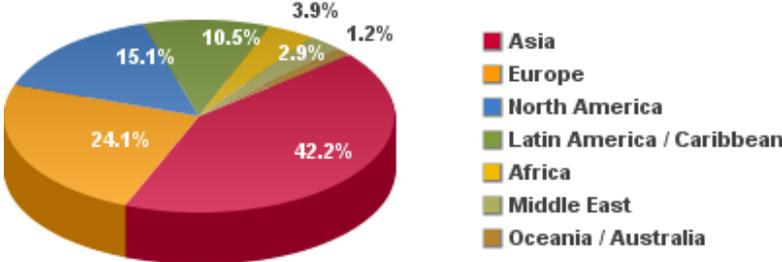


Today's Topics

- “Quick” Overview of Internet Users Today
- Projection for Market Growth
- What are Today's On-line Market Channels that you can use
- Future of Newspapers and Magazines

Quick Overview of Internet Users

World Internet Users by World Regions



Source: Internet World Stats - www.internetworldstats.com/stats.htm
 1,668,870,408 Internet users for June 30, 2009
 Copyright © 2009, Miniwatts Marketing Group

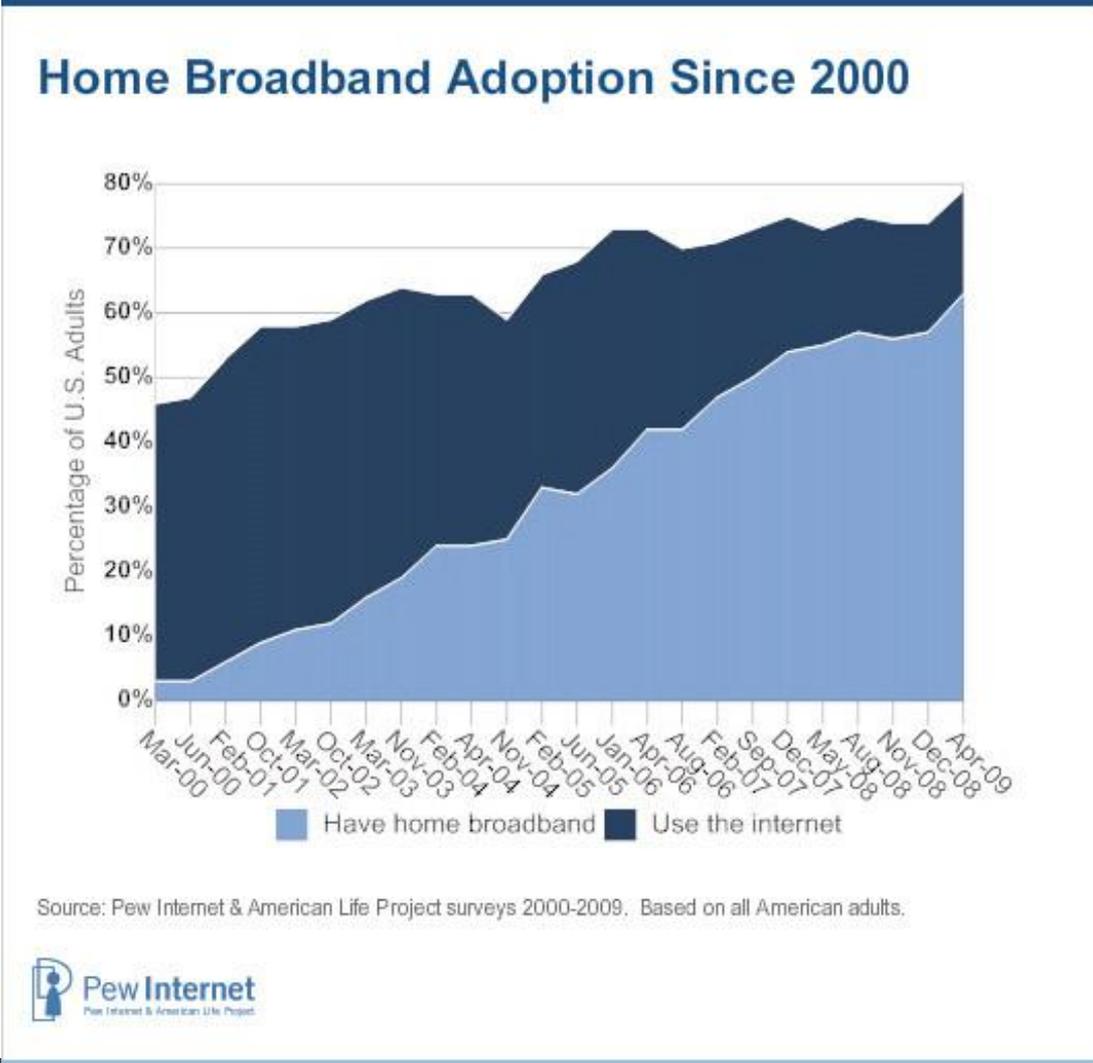
INTERNET USERS AND POPULATION STATS FOR THE AMERICAS

REGION	Population (2009 Est.)	% Pop. America	Internet Users, Latest Data	% Population (Penetration)	User Growth (2000-2009)	% Users America
North America	340,831,831	36.7%	251,735,500	73.9%	132.9%	58.9%
South America	392,597,416	42.3%	134,086,439	34.2%	838.2%	31.4%
Central America	153,320,669	16.5%	32,607,300	21.3%	913.5%	7.6%
The Caribbean	40,744,383	4.4%	9,140,700	22.4%	1534.0%	2.1%
TOTAL AMERICAS	927,494,299	100.0%	427,569,939	46.1%	238.9%	100.0%

Notes: Internet Usage and Populations Statistics for the Americas were updated for June 30, 2009.
 Population numbers are based on data contained in the US Census Bureau. Internet usage stats comes mainly from data published by Nielsen Online, ITU, and other trustworthy sources.
 Internet World Stats - <http://www.internetworldstats.com/stats2.htm>

Quick Overview of Internet Users

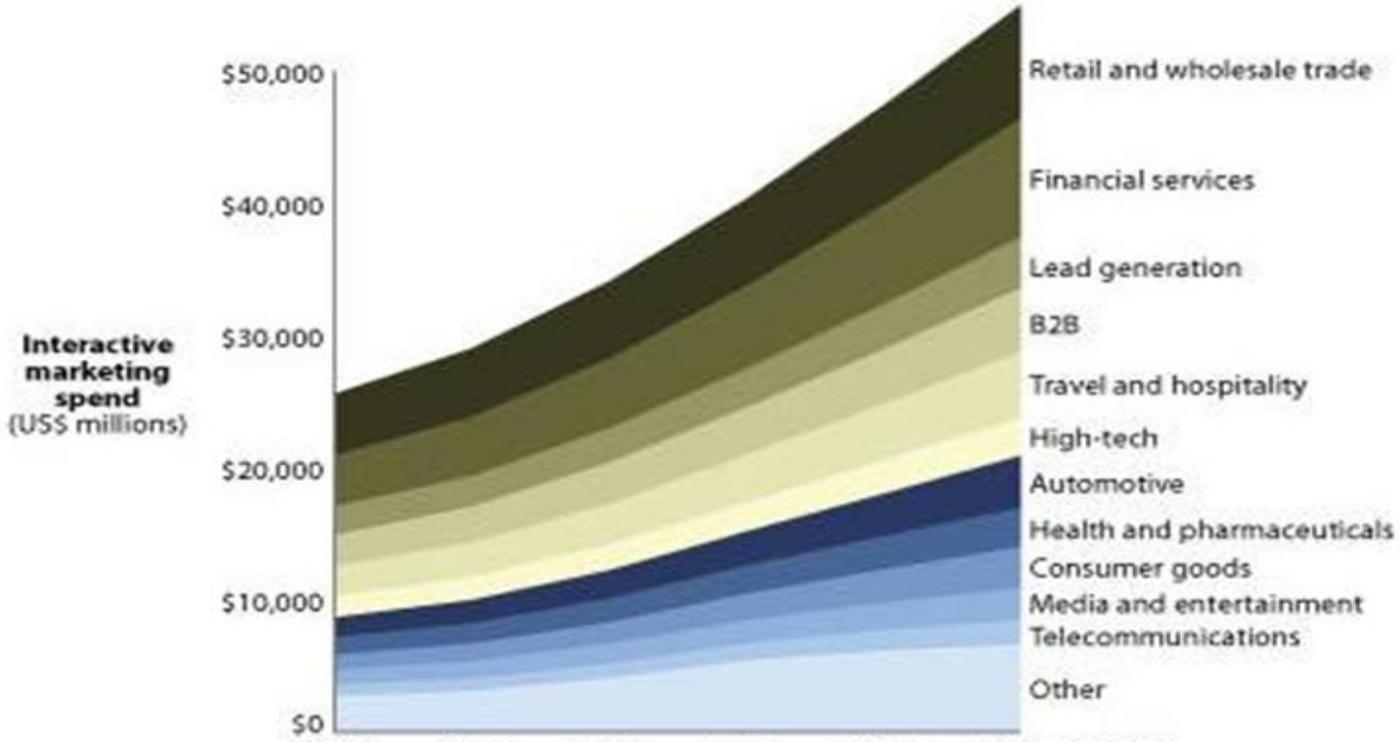
Use of the Internet at Home



Projection for Market Growth

E-Marketing to Near \$55 Billion by 2014

Figure 1 Industries Grow Interactive Spend At Different Rates



	2009	2010	2011	2012	2013	2014	CAGR
TOTAL	\$25,577	\$29,010	\$34,077	\$40,306	\$47,378	\$54,957	16%

Projection for Market Growth

The interactive marketing industry is poised to grow at a 16% compound annual growth rate through 2014

Interactive marketing overall will near \$55 billion by 2014

Three primary factors were found to be responsible for this trend:

1. the adoption of interactive marketing among retail and financial firms is high
2. interactive tools are particularly good at driving immediate online transactions
3. after the collapse of many financial firms in late 2008, remaining ones are spending on both traditional and interactive media to reassure consumers of their stability.

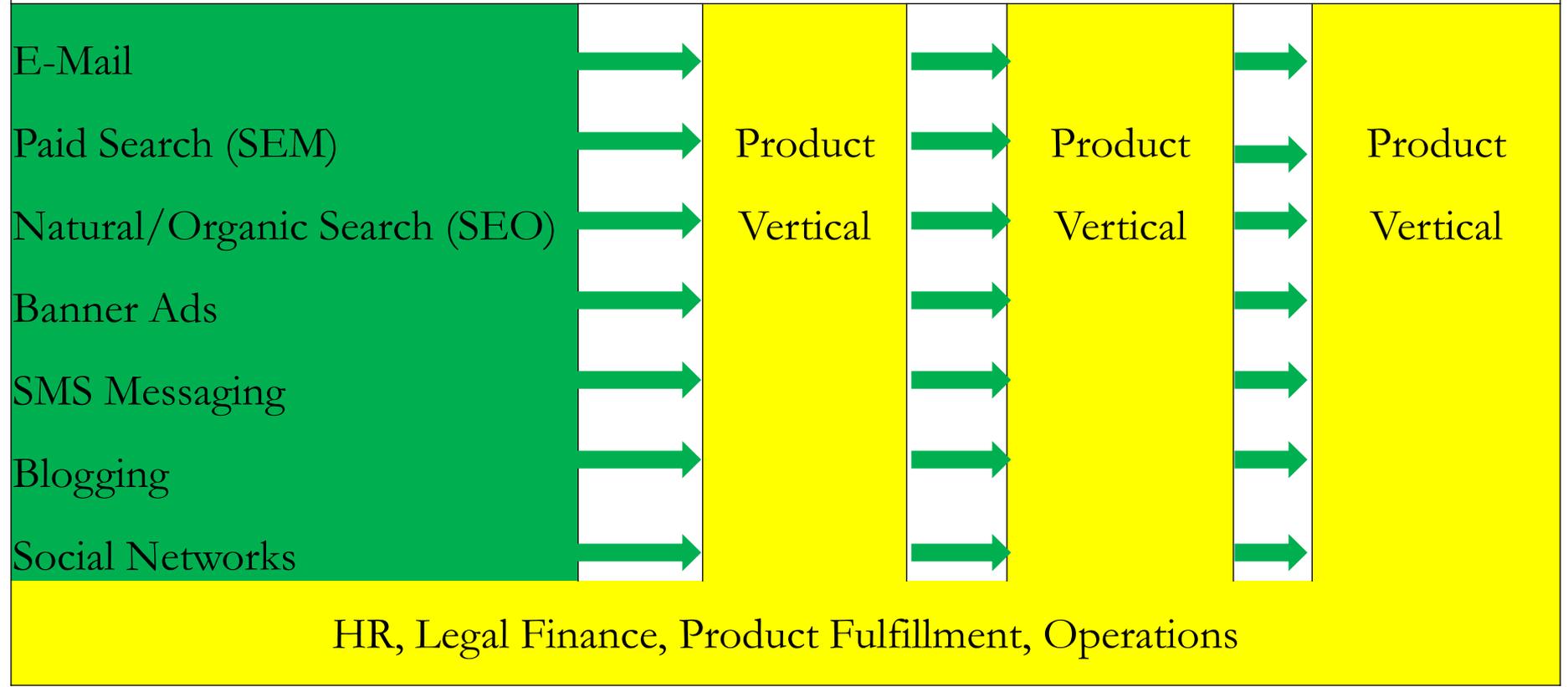
Increased spend will come as branding formats like online video evolve, as attribution platforms make it easier to tie online ads to in-store purchases, and as regulated industries -- like health care -- gain online experience.

Overview of Today's On-line Channels

- E-mail/Affiliate Marketing
- Banner Ads
- Paid Search (SEM)
- Natural/Organic Search (SEO)
- SMS Messaging
- Social Networks (Facebook, Myspace, Twitter)
- Blogging

On-line Channels

MARKETING CHANNELS



Overview of E-Mail World

- 7.2 million .org names
- 11.8 million .net names
- 77.5 million .com names
- 174 million Number of Domain Names
- 186,727,854 Websites
- 1.3 Billion Number of E-Mail Users Worldwide in 2008
- 210 Billion Number of e-mails sent daily in 2008, projected 247 B in 2009

On-line Channels/E-Mail

How can you get some quick wins and accomplish some simple targeting?

- **Just get started!**

- Connect with existing customers, clients
- Focus on “Connections” rather than pushing products or services too hard
- Two way communication vehicle (surveys, newsletters, highlighting special events)
- Make a mailing calendar and stick to it!

- **Expand your E-Mail list**

- Offer a Sign-up page on Landing Page and other places throughout your site
- Every time there is a customer interaction use the opportunity to update/confirm customer information

On-line Channels/E-Mail

- **Targeting/Marketing**

- Lots of ground between “ spray and pray” and dynamic, tightly segmented campaigns.
- New subscribers should get an automatic “Welcome” e-mail before regular e-mail start
- Look at your campaign reports to see who clicked and isolate these addresses and see who never clicked and how to recapture their attention.
- Split your lists into smaller lists where each sub-list shares an important common characteristic.
 - Gender Targeting & Messaging
 - Geographic Targeting (Go Hoosiers!!!)
 - Previous Purchase or Interaction Information

- **Focus on in-box delivery – nobody reads their Spam file!**
- **Good mailing partners available that will help you develop offers, ads and deliver the mail!**

Banner Ads

- Almost everyone knows that a banner ad is an advertisement embedded into a web page typically with a clickable link
- The advertisement is constructed from an image (GIF, JPEG, PNG), Java Script Program or multimedia object employing Java, Shockwave or Flash, often employing sound or video to maximize presence
- The banners are usually in a “high-aspect ratio” (i.e. wide and short or tall and thin) hence the name banners.
- They are a direct tie to the newspaper/advertising industry as they are typically priced per 1,000 ads shown or a “CPM basis”

Banner Ads

- **The internet advertising bureau had standardized banner ads into 9 basic sizes**

- ✓ Leaderboard 728 x 90
- ✓ Micro Bar 88 x 31
- ✓ Full Banner 468 x 60
- ✓ Micro Button 80 x 15
- ✓ Half Banner 234 x 60
- ✓ Vertical Banner 120 x 240
- ✓ Button 1 120 x 90
- ✓ Square Button 125 x 125
- ✓ Button 2 120 x 60

AND

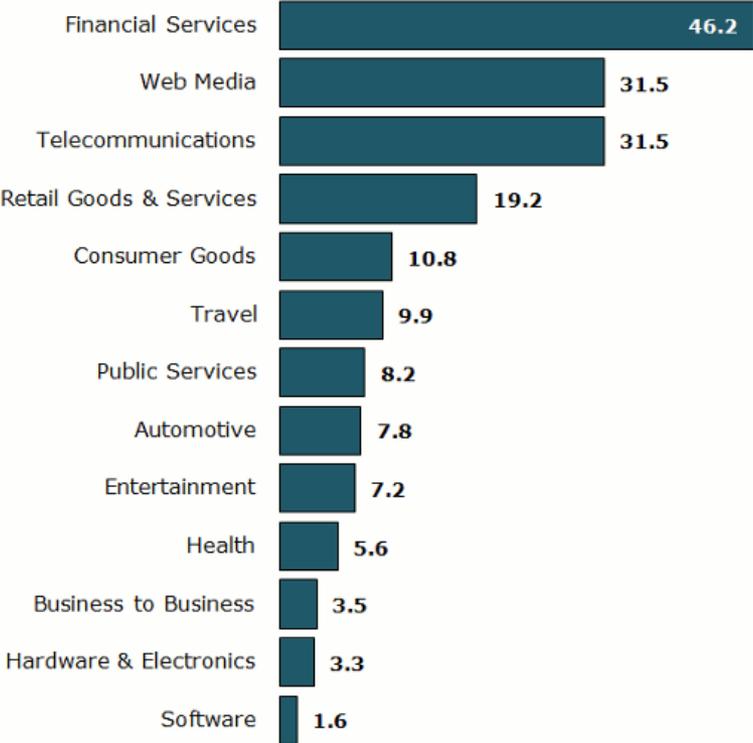
“3 Skyscraper Ads”

- ✓ Thin Skyscraper 120 x 600
- ✓ Half Page 300 x 600
- ✓ Standard Skyscraper 160 x 600

Overview of \$15 Billion Industry

Image-Based Ad Impressions by Industry October 2009

In Billions



MC MARKETINGCHARTS.COM

Source: Nielsen Online, AdRelevance

Banner Ads

- **What Works?**
 - Ad shape and placement may be more important than size.
 - Smaller online ads may be more effective than their larger counterparts because they tend to be better incorporated into the content of Web pages.
 - Half banners, at 234 x 60, and 180 x 150 rectangles were shown to be more effective than ads that frame the page, like high-profile leaderboards and skyscrapers. One possible reason is that users have “banner blindness.”
 - Ads which used video had the best results in terms of branding goals such as brand favorability and purchase intent.
 - Video campaigns worked best compared to campaigns using simple Flash (which worked the least well) and rich media without video.
 - The most annoying ads, according to Ad Age reports, are flash-based ads and those which cover the content a user is accessing or are so busy that they’re difficult to decipher.
 - 11% of consumers are likely to click on video ads
 - 25% would click on simple text ads
 - 20% would click on right banners
 - 12% are likely to click on top banners

Banner Ads

- **Who Clicks?**

- The likelihood that a person will click on an ad decreases as their income rises: on average, 40% of consumers likely to click on any ad make less than \$50K a year – and only 15% make over \$150K.
- The income gap is most pronounced with video ads, with 49% of consumers likely to click on video ads making less than \$50K a year
- Clicks come from loyal audiences. Across the board, 65% of consumers likely to click on online ads are weekly or daily browsers, and only 15% are first-time visitors and 6% are sporadic visitors.
- The study shows that media sites that offer consumers compelling content and features - encouraging repeat visits - generate much better ad click through rates than less engaging sites

SOURCE: iPerceptions,

Banner Ads

- **What to Expect?**

- Developing banner ads and finding the right publisher to show the ads takes some time to optimize. It will not be a Day 1 Homerun.
- You will need “fresh” sets of creative every couple of weeks
- You will most likely work with a third party who traffic the ads through an “ad server”
- Click through rates industry wide are currently .4-.5% compared to direct response mail response rates of 1-1.5%

- **What to Measure?**

- Cost per Conversion (or sale)

Paid Search (SEM)

- **Having a great website without an effectively managed search campaign is the equivalent of owning a Ferrari but having no access to gas!**
- **There used to be 10-15 search engines but today the vast majority of search today is done through four search engines: Google (71.6%), Yahoo (15.4%), Bing.com (9.3%) and Ask.com (2.6%)**
- **The biggest difference between Newspaper and Magazine and other traditional forms of media is the immediate ability to manage your response and your ROI!**

Paid Search (SEM)

Five Things to Avoid!

- **“Ego” Bidding**
 - Often the highest ROI may come from the second or third or fourth position
- **Using too many keywords to drive to the same ad**
 - Don't try to promote an entire line of products or services
- **Budget vs. Result**
 - Biggest difference between Newspapers & Magazines
 - Don't treat it like an expense.
 - Manage it like an investment
- **Sending everyone to the same Landing Page**
- **Not Separating Content from Search**
 - Turning off Content Initially not a bad idea

Natural/Organic Search (SEO)

- **Great Free Traffic**
 - What is it?
 - How did you get it?
- **Organic Search results are listings on Search engine results pages that appear because of their “relevance” to the search terms as opposed to being a paid advertisement.**
- **Google claims that more users click on organic search content than on the paid (pay per click) advertising**
- **How do you get your web page (offers) to be listed near the top?**

Natural/Organic Search (SEO)

- **Page Rank**

- Named after Larry Page who developed a link analysis algorithm that assigns a numerical weighting to each element of a hyper linked set of documents such as the World Wide Web.
- “Page Rank” is a Google trademarked term although the patent rights on the algorithm belongs to Stanford University and for which Google holds an exclusive license.
- Later Sergey Brin worked on the algorithm as a part of a research project and eventually published the paper in 1998 and very soon thereafter Page and Brin founded Google
- Interesting to note that Page’s work was in no small part the result of math work developed by Eugene Garfield in the 1950’s at the University of Pennsylvania.

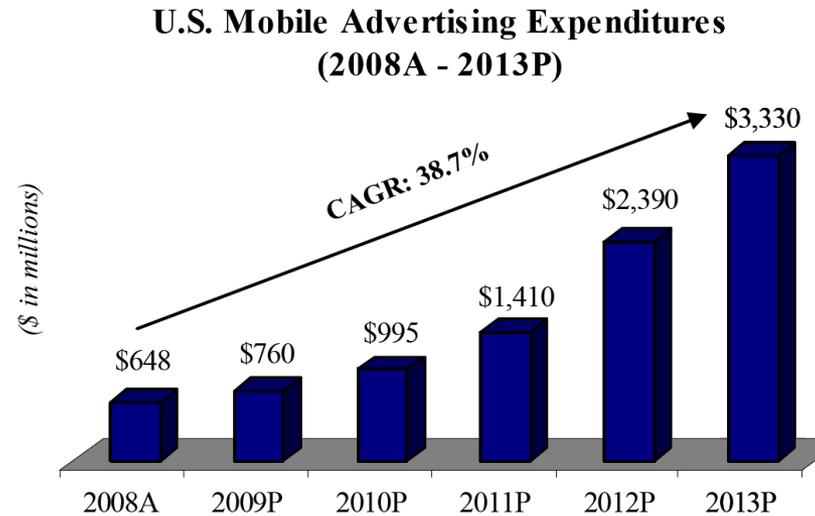
(Who says old dogs don’t produce new tricks!)

SMS Messaging

- **SMS stands for “short message service” and often is referred to as “texting.” It is called short because the message cannot exceed 160 characters.**
 - 8.6 million (8%) of the country’s households currently use text messages and/or e-mail to receive money saving offers.
 - 87% of the US have a cell phone.
 - 95% of cell phones have SMS capabilities.
 - Text messages are read within an average of 4 minutes.
- **Consumers who obtain coupons via text messaging/e-mail tend to be young, affluent, educated and female. They are 51% more likely than the average population to be college educated**
- **Since they have to be “opted in” there is a great opportunity to deliver messages to consumers who have an interest in that offer.**
- **T9 Technology has rapidly advanced the use of mobile technology.**
 - Example instead of hitting the “4” key three times to get an “T” with T9 you can just tap “4663” to the word “good”

SMS Messaging

U.S. Mobile Advertiser Expenditures



Source: eMarketer. February 2009

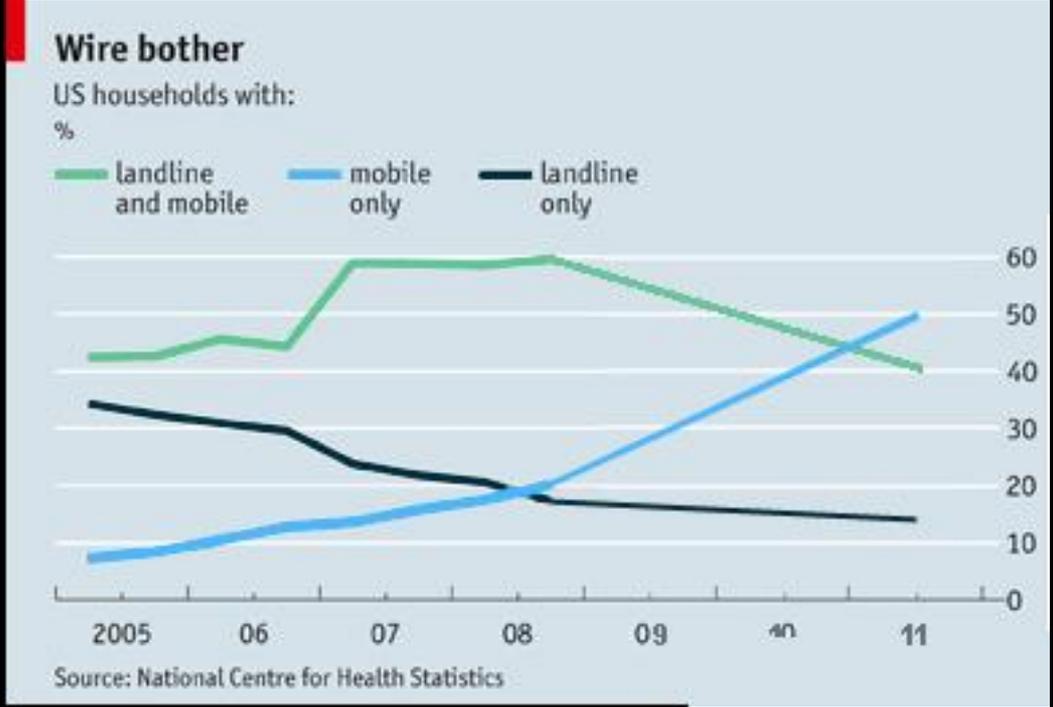
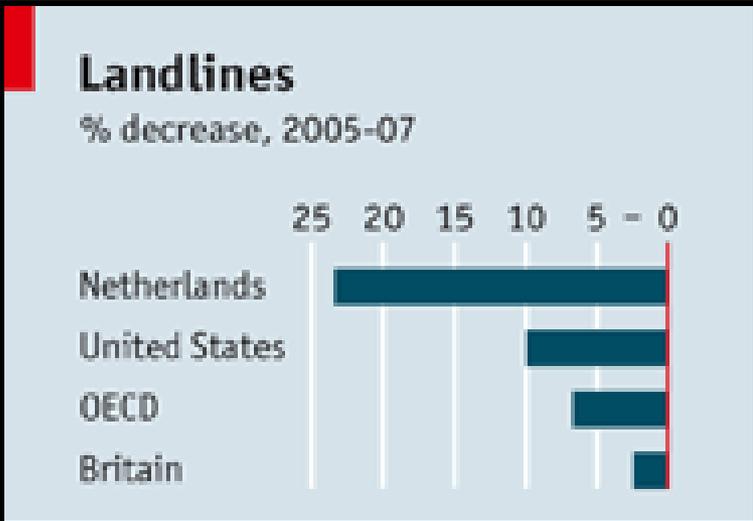
- There are approximately four billion active mobile devices globally - four times the number of wired Internet users.
- There will be over 280 million mobile phone subscribers in the U.S. by year-end 2009
- U.S. advertising expenditures on mobile devices are estimated to grow at a CAGR of nearly 39 percent to reach \$3.3 billion by 2013.
- This figure accounts for mobile message advertising, mobile display advertising and mobile search advertising.

SMS Messaging

Landlines & Cell Phones

- 1 in 4, or 25%, of households rely entirely on mobile phones
- That percentage is expected to double within the next 3 years
- Landlines are being abandoned at a rate of 700,000/month in favor of cell phones and to save \$\$\$
- If this decline remains steady, the last cord will be cut in 2025

SOURCE: *The Economist*, Aug 2009



SMS Messaging

- **Marketing Suggestions**
 - Personalized Introduction
 - Must have a Call to Action!!!
 - Two way communication
 - Coupons, Discounts, Deals! (example: Jamba Juice)
 - Pictures of appropriate

Social Networks (Facebook, Myspace, Twitter)

- Facebook and other on-line member communities are in the process of yet again changing the on-line advertising landscape

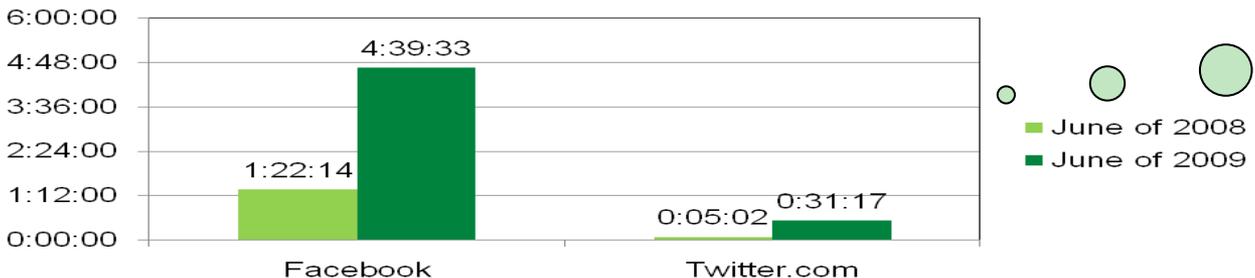
Top Online Member Communities Destinations Ranked by Unique Audience (million)

Site	Jun-08	Jun-09	Y-0-Y*
Member Communities Category	108,341	138,635	28%
Facebook	29,292	87,254	198%
Myspace.com	59,549	62,831	6%
Blogger	40,553	42,922	6%
Twitter.com	1,033	20,950	1928%
WordPress.com	17,201	16,922	-2%
Classmates Online	15,474	16,224	5%
LinkedIn	9,583	11,417	19%
Six Apart TypePad	11,189	10,079	-10%
Yahoo! Groups	9,801	8,364	-15%
Tagged.com	2,867	7,625	166%

Source: Nielsen NetView, June 2009, (U.S. Home and Work)

Twitter.com was the fastest growing – increasing from approx. 1 million unique visitors to approx. 21 million unique visitors. A 1,928% increase!

Average Time per person for Facebook and Twitter.com



Source: Nielsen NetView, June 2009, (U.S. Home and Work)

The average time per person on **Twitter** increased 522% year-over-year, from 5 minutes and 12 seconds in 08 to 31 minutes and 17 seconds in 09. Thus, making it the fastest growing by time per person among the top 10.

Social Networks (Facebook, Myspace, Twitter)

- The Social Networks require active participation and response. The nature of the marketing response is “viral” and both positive and negative views will be shared across a broad spectrum of consumers at an incredible rapid pace.

Blogging

- **America's Newest Profession**
 - Almost 1% of Americans “Blog”
 - Over 20 million people
 - 1.7 million people “profit” from their blogging
 - 450,000 people estimated to make blogging their full time profession
- **Jobs in America (Bureau of Labor Statistics)**
 - Lawyers 555,770
 - Bloggers 452,000
 - Computer Programmer 394,710
 - CEO's 299,160
 - Firefighters 289,710
- **Statistics**
 - 346,000,000 number of people globally who read blogs
 - 900,000 average number of daily blog posts
 - 77% percent of internet users that read blogs

Blogging

- **Bloggers make money two primary ways**
 - Running banner and ads on their sites
 - Writing Blogs about a product or service and including a clickable link.
 - Bloggers report an annual income of \$75,000 with 100,000 unique visitors per year
 - New FTC guidelines were recently issued require bloggers that are being paid to promote a product to disclose that in their blog.
- **Blogging by itself is just one small piece to into an integrated marketing plan!**

Newspapers & Magazines

- **Are Newspapers Dead?**

- 74% of Americans still read papers
- Newspaper Audience educated/affluent
- Strong Drive to Web partner

- **Average Week**

- 79% of adults in white-collar jobs read a newspaper in print or online.
- 82% of adults with household incomes of \$100K+ per year read printed or online newspaper content, 84% of college graduates

- **Between 2005 and 2009 unique visitors to newspaper website grew from 41.1 million to an average of 71.8 million visitors**

- BCG report that US Consumers are willing to pay modest fees for on-line news content
- Big Big Opportunity for Traditional and Emerging Media to come together!

- **Harris Poll Question – Which of the following do you find most helpful in helping you decide what products or services to purchase?**

- Television (37%)
- Newspaper (17%)
- Internet Search Ad (14%)
- Radio (3%)

Conclusions

- The “Right” marketing solution for most companies is a combination of traditional and emerging media!
- Most companies don’t have the in house talent to be good at all of the channels but there are good partners and partner companies that can help!
- If you are in the direct mail, catalog or traditional publishing industries the on-line market channels should be a part of your strategy/business plan.

Speaker Biography: Dale Baker, President, Intrepid Investments, LLC

Dale Baker has served as President of TheUseful, LLC since The Useful is a lead generation company focused on the direct marketing industry and currently has approximately 800,000 visitors per day to its web sites.

In January 2008, Dale co-founded Intrepid Investments, LLC which is headquartered in the Virgin Islands. Intrepid Investments, LLC's mission is to buy or invest in companies that have or should have the internet as a major part of their marketing strategy. In just 21 months, Intrepid has already completed four major acquisitions: Q Interactive / Cool Savings, Kitara Media, Postmaster Direct and most recently Vente, Inc. from Experian. Additionally the company provided start-up capital for ThruChannel, LLC and Right Mail Marketing, LLC. The Intrepid family of companies is focused on lead generation. On a combined basis, they show approximately 150 million banner ad impressions per day and have over 600,000 visitors to its sites.

Dale has 20 plus years of experience serving as President or Principal for various industry leaders. Before joining The Useful, Dale was Chairman and CEO at an aerospace industry start-up where he successfully grew revenues to \$700 million within a 7 year time period. Prior to that, Dale spent ten years with GE and GE Capital serving in his last position as GE Capital's Senior Vice President and Manager of its Corporate Finance Group headquartered in New York.

Dale holds a BS degree in Mechanical Engineering from Virginia Tech and a Master's in Business Administration from Duke University. Dale has offices in Sunrise, FL and St. Thomas, USVI.

Speaker Biography: Jim Fosina, CEO of Fosina Marketing

Jim Fosina formed Fosina Marketing in 2003 as a global direct and interactive marketing agency with a true Direct Marketing discipline for both offline and online advertising. Jim's business focus is specializing in emerging media and their respective channels; helping companies expand and shift their business in online and offline media; assist troubled companies to find their way in the ever changing and challenging marketing and media environment; and provide continuity expertise to companies who are looking to capitalize on automatic consumer replenishment.

Jim has a 20 plus year history creating and developing new business channels for several well-known companies such as Kraft, Gevalia, Grolier, Scholastic, Harlequin, Oxmoor House, International Wine Cellars, Thompson Cigar, Book Club Associates, Silkies, Dennis Publishing and more. In 1997 he was chosen to launch and head up Grolier's online marketing initiative where he quickly built a high revenue channel which became the centerpiece of the Grolier sale to Scholastic in 2001.

As CEO, Jim gives back to the Direct Marketing Industry and the community. He serves and chaired the DMA Ethical Business Practices Committee. He is a board member of the Direct Marketing Information Exchange (DMIX) Association, and Chairman of the Junior Achievement of Westchester, Putnam and Rocklandcounties. Junior Achievement is an organization which mentors young minds to become business professionals of the future.

Jim holds a BBA in Marketing and Communications from Iona University. His offices are in Danbury CT and he and his family live in nearby Redding CT.