

DR Media 2012: A Look Ahead – American Market

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As we turn (or electronically flip) the calendar page to the new year, we are faced with a new set of marketplace challenges. Some things we carry over from 2011: economic uncertainty and marketplace fragmentation. 2012 is likely to bring us increased uncertainty and even more fragmentation. On top of the known issues, we revisit our old friends: the Summer Olympics and federal presidential election. 2012 is shaping up to be the most challenging year we have ever faced.

The following is a closer look at each issue and some effective DR media planning measures that will help make 2012 one of your best years ever!

Political Year

2012 brings another federal election. 2008 saw a record year from a spend perspective. According to *The New York Times*, spending on political candidates and interest groups exceeded \$2.6 billion (yes, billion – with a “b”) and it looks like 2012 will be an even bigger year. We are already seeing ads for issues popping up, and gone are the days where politicians would wait for the political window to open. Michigan, Pennsylvania, Ohio, Colorado and Florida (among others) are shaping up to be battleground states and the political spend will reach record levels. The biggest impact will come in the spot markets with the late winter/spring primary and caucus season kicking off in early January.

If your campaign depends heavily on these markets, you will have to plan your flights around the primary and general election windows unless you can afford to take a hit on rates to hold your ground with inventory. If it is important to maintain a presence, book early to secure the time and convey your desire to clear – even if it means paying more.

If efficiency thresholds will make paying elevated rates impossible for you to maintain your campaign goals, you might explore moving a portion of your budget into other non-battleground markets or even national cable.

Economic Uncertainty

The economy has been wreaking havoc in the marketplace since late 2007, and the impact is felt in different ways. It’s hard on budgets with advertisers pulling back, and that creates a ripple effect through the marketplace. Spending softened when the big three auto manufacturers pulled back in Q4 2008 and then began to tighten again when they and many other advertisers returned to regular spending levels by Q3 2009.

The economy has been hard on some direct response categories like nonprofit organizations as disposable income has taken a nosedive with rampant unemployment present throughout most of the country. Other categories like payday loans and pre-paid debit cards have thrived.

2012 will have a soft start, but that will be short-lived due to the aforementioned political spend and later, Olympic advertisers.

Olympics

The Olympics are scheduled to begin July 27 in London and will conclude on August 12. Olympic impact is traditionally felt first on the network and then on the affiliate level. Also heavily impacted are the NBC-owned cables with coverage airing heaviest throughout the afternoon and prime-time hours. Additionally, there will be some impact in late fringe with tape delayed airings of early rounds of some sports and recap shows. If you don't depend on these areas, you will have a slight reprieve, but advertisers that rely heavily on these areas and are not a part of Olympic sponsorship will be forced into other areas of the market to meet their budgets. NBC plans 275 hours of coverage per day across all of its platforms, including NBC network, NBC Cable, Telemundo and nbcolympics.com.

Expect no clearance on the NBC stations unless you pay a premium for the time and heavy pre-emption on the non-NBC properties as other advertisers are forced to spend budgets in other areas of the market. The effect will continue to ripple throughout August and into September, just in time for the opening of the fall election window!

Marketplace Fragmentation

We have been fighting marketplace fragmentation on several fronts for years. It started with the proliferation of cable TV networks, progressed through the early advent of DVRs and now into Wi-Fi and mobile. Who watches TV anymore with zero distraction? Almost no one from children through teens, tweens, young adults, adults, middle-aged adults and seniors. Everyone watches TV not only with a DVR and the ability to zap commercials but also with their phone/notebook/tablet or other Wi-Fi-enabled device in their lap. People are pausing/fast-forwarding/changing channels, talking on the phone, surfing the web at break-neck speed. How do you account for these distractions and still gain the response you need in order to find success?

In order to minimize the effect of the fragmented marketplace, you might need a little of the hair of the dog – in other words, the best defense may be a good offense. TV only will not get you there alone; using mobile or Wi-Fi tools like text to apply offers, Shazam or other app for “special” offer or QR codes on-screen for the offer will not only get you trackable response, it will engage the audience on a platform that had previously only distracted them.

Beyond 2012

So scanning ahead in 2012, you see there are many obstacles to maneuver around – what’s next for us? Looking forward to 2013, the nastiness of the federal election will be behind us and the Olympics will also be a thing of the past. Our old pals, fragmentation and economic uncertainty, will still be around but in 2013, the uncertainty may play into the hands of DR advertisers. Early indications for the 2012-2013 upfront market are that we may be in for a softer year after the rebound year of 2011-2012. According to *Ad Age*: “some analysts have said there are signals that scatter -- ad time purchased close to the air date -- is cooling. When scatter pricing softens, advertisers tend to spend less in the upfront.”

No one truly knows what the future holds, but you can rest assured that the ride will be interesting.

Northern Lights Direct is a leading brand direct response agency, offering Strategic Planning, Media Management, and Creative and Production Services for Direct Response Television (DRTV) and Direct Response Online.

¹ *What You Can Expect for Adland in 2012: Ad Age Looks Ahead to What's in Store for Media, Agencies, Marketers in the New Year* By: [Ad Age Staff](#) Published: [January 02, 2012](#)