

BY DON E. SCHULTZ

DROPPING SHOES

WE KNEW IT was going to happen; the only question was when. Now we know. July 2009.

That was the month the number of Chinese Internet users exceeded that of the United States. According to the China Internet Network Information Center (CINIC), Chinese Web users increased 13.4% this year to 338 million. The U.S. Census estimates 308 million U.S. consumers regularly access the Internet today. So while U.S. user penetration still exceeds that of China, 70%-plus for the United States versus 25.5% for China, the United States wins on that measure. But that shoe is bound to drop one day, too.

“So what?” you might be saying. They have lots more people so they’re bound to have more users at some point. If not now, then sometime soon. It’s inevitable. Our population isn’t growing and they have a bigger base. What’s the big deal? We’re still winning on penetration and that’s what’s important, particularly if you use our traditional media measures of reach and frequency.

That may be part of the problem. We’re still using old-fashioned media concepts while the Chinese are committed to new media and new media forms. Internet, digital, online, instant messaging and, most of all, mobile. All of which are having a major impact in many parts of the world but seemingly lag far behind stateside. Sure, we have Twitter and Facebook and other social networks, but we seemingly have no way to mobilize them to impact consumers other than to create 15 minutes of follower-ship fame for celebrities and wannabes.

So, is the Chinese Internet growth number really a big deal? I think so. In fact, I think there are several big deals in what that number means.

First, it is clear that the Chinese have committed to the Internet and new media in all forms and fashions. In that same release, the CINIC revealed that there are now 155 million consumers using the mobile Web. In the United States, the mobile focus is still on voice because that’s what the infrastructure system was built for. Unfortunately, we don’t even do voice that well with blackout spots all too common. For example, I hit three dead zones on my cell phone in the 15 miles from my home to Chicago’s O’Hare airport.

Second, the Chinese have embraced the Internet and the growing digital marketplace. For example, 85.5% of online Chinese consumers listen to or download music. More importantly, 78.7% of those same people use the Internet to get news content. This is the one we should really be paying attention to. Their news system is instantaneous. It’s continuous. They don’t wait for the 6 p.m. talking heads to banter about their day while reading reports every-one has already heard the way we do in the



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United States. An informed (even if badly informed) public can make a heap of difference in how the marketplace performs.

Last, the Chinese marketplace is changing. The number of high-income Chinese consumers is growing. McKinsey estimates that by 2015 China will have the world’s fourth largest concentration of wealthy people. (Wealth is defined by households earning the equivalent of more than \$36,500 per year, which equates to about \$100,000 in the United States.) We all know what is happening to not just the wealthy but also the middle-income folks in America: Income is declining or, in some cases, plummeting. Does this mean the U.S. consumer market value will someday be surpassed by the Chinese? That seems like another shoe that might drop.

I could go on, but I think you get the point.

These three big deals should give U.S. marketers pause. For example, if everyone with money is online in China, what does that mean for traditional media such as TV, radio, magazines and newspapers? Those are the ones we continue to rely on in the United States and the ones in which we invest the bulk of our advertising dollars. For example, Forrester Research predicts that online spending as a percentage of overall advertising in the United States will increase to 21% by 2014. Yet that means 79% of our media investments will still be in traditional media five years out.

The question these Internet facts raise is whether or not mass media are really being loaded for the graveyard based on the Chinese experience. Maybe the apparent demise of

newspapers in the United States is simply an early warning sign that all outbound, mass media forms will eventually be in trouble ... certainly in China, if not elsewhere.

Is that another shoe waiting to drop?

The most disconcerting thing for me is the realization that marketing and integrated marketing communication may be just a passing Western fad. If consumers continue to switch to online and the advertising dollars follow them, maybe integration isn’t even a relevant concept for the future. Integration, the way I have always defined it, now means how to bring online and offline media together. To align them. To build connections and relationships between and among them.

Yet if everyone is on the Internet, what is there to integrate? What is there to combine? What is there to leverage? Am I and IMC anachronistic, or is there something else out there I can cling to that will keep me afloat until I slowly sink into the emeritus-morass with my colleagues? Is that another shoe that’s going to drop, and soon?

Is this the future of mass market advertising, mass media and mass consumption? If so, that won’t be a shoe dropping, it will be more like an entire shoe store caving in. Like DSW falling over in every shopping center in the world. What an image that conjures up. ■



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