

# Media development industry analysis



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## Marketing Media Development Industry Analysis 1.

**Executive Summary** The marketing media development industry is a very broad; but highly specialized field. This industry encompasses everything from traditional graphic design and page layout to the more technologically advanced web design, interactive design, and application development. This industry has service providers in every size, everything from freelance designers and sole proprietors to large international companies. The services rendered by the providers are not strictly in web pages and print design. Today's marketing media developer needs to wear many hats.

Of course they need to be great designers; but along with that they need to be consultants, salespeople, tech support, and software engineers. Some service providers figure this out very early and grow to be very successful. Still others try to focus too much in one area and fail because they were not able to offer what today's customers want and need.

### 2. Industry Definition

The marketing media development industry includes a wide variety of products and services that share the common bond of design. Traditionally page layout, brochure design, ad design, and photography were the main services offered by design and marketing firms.

Currently web design is the most cost effective way to gain exposure to a very large audience. The products and services typically offered in this industry are digital media design (i. e. website design), printed media design (i. e.

brochures), photography, and custom graphic design (i. e. logos). These products and services are usually all offered by the service provider; but

some providers specialize in a specific product or service. In the case of a specialty provider, the remaining services desired by the customer can be acquired for the customer or by the customer.

Due to technological advancements, the marketing media development industry is not bound by geographic limitations as in the past. By using file transfer protocol services (ftp), video conferencing, telecommunications, email, and on-line chat a service provider can offer its products and services to almost anyone/anywhere in the world. For example, many websites we go to everyday are hosted in various locations worldwide. A customer in Canada could visit the website of a Minneapolis based company that is hosted in Europe. Although customers can be reached throughout the world, most marketing media development companies conduct business within their respective metro areas.

Since the Internet and its related technology is somewhat confusing, personal contact is still preferred by most customers. It is easier for the service provider to help the customer get exactly what they desire when the customer is across town versus across the country. 3. History The first recorded description of the social interactions that could be enabled through networking was a series of memos written by J. C.

R. Licklider of MIT in August 1962 discussing his “Galactic Network” concept. He envisioned a globally interconnected set of computers through which everyone could quickly access data and programs from any site. In spirit, the concept was very much like the Internet of today. Licklider was the first head of the computer research program at Defense Advanced Research Projects

Agency (DARPA), starting in October 1962. While at DARPA he convinced his successors at DARPA, Ivan Sutherland, Bob Taylor, and MIT researcher Lawrence G.

Roberts, of the importance of this networking concept. On October 24, 1995, the FNC unanimously passed a resolution defining the term Internet. This definition was developed in consultation with members of the internet and intellectual property rights communities. RESOLUTION: “ The Federal Networking Council (FNC) agrees that the following language reflects our definition of the term “ Internet”. “ Internet” refers to the global information system that — (i) is logically linked together by a globally unique address space based on the Internet Protocol (IP) or its subsequent extensions/follow-ons; (ii) is able to support communications using the Transmission Control Protocol/Internet Protocol (TCP/IP) suite or its subsequent extensions/follow-ons, and/or other IP-compatible protocols; and (iii) provides, uses or makes accessible, either publicly or privately, high level services layered on the communications and related infrastructure described herein.

” The Internet has changed much in the two decades since it came into existence. It was conceived in the era of time-sharing; but has survived into the era of personal computers, client-server and peer-to-peer computing, and the network computer. It was designed before LANs existed; but has accommodated that new network technology, as well as the more recent ATM and frame switched services. It was envisioned as supporting a range of functions from file sharing and remote login to resource sharing and collaboration, and has spawned electronic mail and more recently the World Wide Web. Most importantly, it started as the creation of a small band of

dedicated researchers, and has grown to be a commercial success with billions of dollars of annual investment. Please see attached Internet Timeline 4.

**Key Players**The marketing media development industry becomes more competitive everyday. Software advances make it easier for customers to create their own materials, as a result, service providers are forced to become more creative with their products and services. By developing better more effective marketing media tools, service providers are able to stay competitive and in business. The following is a list of the Minneapolis/St.

Paul metro area's top 25 Internet media development firms, their 2002 annual revenue, and their specialties according to CityBusiness Book of Lists are: 1. Javelin Solutions-Minneapolis\$13, 500, 000 -Enterprise applications, integration, and JAVA development 2. Imaginet-Minneapolis \$13, 400, 000 -E-business solutions for fortune 100 customers 3. Larsen Design + Interactive-Edina\$9, 098, 585 -Branding, identity, and design services 4.

Wizmo Inc. – Eden Prairie\$8, 750, 000 -Management and delivery of information technology 5. Charter Solutions-Minnetonka\$7, 600, 000 - Develop value added business solutions 6. Martin/Williams Advertising-Minneapolis\$7, 400, 000 -Traffic enhancing programs and e-commerce 7. Zentropy Partners-Minneapolis\$6, 470, 000 Information architecture and online marketing 8. Cornerstone Consulting-Edina\$6, 449, 000 -Rapid development and application testing 9.

Fourth Generation Inc. -St Paul\$4, 647, 900 -JAVA and e-commerce applications 10. Greenbrier & Russell Inc. -Plymouth\$3, 500, 000 -E-business

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strategy and integration 11. Management Specialties-Blaine\$2, 621, 987 -  
Web-site planning and online branding 12.

Aveus-Minneapolis\$2, 500, 000 -Strategy and web development strategies  
13. The Nancekivell Group-Minneapolis\$2, 400, 000 -Web audit and  
integrated communications 14. Colle & Mcvoy Inc- Minneapolis\$2, 200, 000  
Web-site design and online branding 15. Informat-St. Paul\$2, 200, 000 -  
HTML, Cold Fusion, ASP, and Oracle 16.

Periscope Interactive-Minneapolis\$2, 165, 000 -Web design/development and  
interactive marketing 17. B-Swing-Minneapolis\$1, 946, 518 -Efficiency  
procedures 18. Centrifusion-Minneapolis\$1, 900, 812 -Application delivery  
and globalization 19. Bitstream Underground Inc. -Minneapolis\$1, 708, 000 -  
Web based interactive solutions 20. Ruckus Interactive-St.

Paul\$1683129 -E-business solutions, intranets, and extranets 21. Ciceron  
Interactive Solutions-Minneapolis\$1, 568, 059 E-commerce and site traffic  
generation 22. Designstien Inc-Minneapolis\$1, 526, 949 -Managing corporate  
brand identity 23. Datacom Consulting Corp.

- Bloomington\$1, 501, 000 -Business and technology solutions 24. Atomic  
Playpen-Minneapolis\$1, 500, 000 -Information architecture and usability  
research 25. Artropolis Interactive Design – St. Louis Park\$1, 380, 000 -  
Content management tools and interactive/flash integration All 25

companies are privately owned; therefore it is impossible to use the stock  
market to gauge whether or not it is wise to invest in the marketing media  
development industry. However, when looking at their annual revenues from

previous years a noticeable trend develops, all 25 companies with the exception of one improved their annual revenue.

Some of the companies moved up as many as ten positions on the list. This is a result of the service providers maximizing the potential of new technology and always working to develop the next.

### 5. Key Success and Growth Factors

One of the biggest factors that will determine the success or failure of a service provider is the economy.

If the economy drops, customers of the marketing media industry are less willing to spend money on new technology. Such was the case in 2002, as the economy began to falter consumers cut their spending on advertising 16.3 percent to \$6 billion. Another factor is the continued growth of high speed Internet access like cable and Digital Subscriber Lines (DSL). Wireless technology also allows end users to take their Internet access with them. During 2002 high speed Internet customers rose 51.

7 percent from the previous year. The capabilities of high speed Internet greatly advance the options service providers have to offer their customers. In addition to upgrading their Internet access, end users are also more willing than ever to pay for content. Throughout 2002, spending on content totaled \$1.5 billion, a surge of 88.

3 percent. This is very exciting for service providers, being able to create new solutions for their customers that will continually draw in revenue for both the customer and the service provider. Consumers are also spending more on e-commerce than ever before. Spending by households on e-commerce reached \$45.5 billion in 2002, up 26.

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8 percent from the \$35.9 billion the previous year. This increase shows that consumers are no longer just using the Internet for just research. Music downloads one of the fastest growing sections of the Internet. As the RIAA uses legal pressure to slow the distribution of copy written material, Napster and Kazaa are forced to change the way their services are offered.

Providers like Apple's i-tunes, MusicNet, and Rhapsody have launched subscription and fee based music download sites with enormous success. Spending on music downloads reached \$40 million in 2003, which showed a 60 percent increase over 2002 spending levels. By 2007 revenues from music downloads are anticipated to reach \$145 million. 6.

Cyclically The marketing media development industry is affected by swings in not only the national economy; but also the global economy. This dependence on the economy is shared with all aspects of the marketing industry. It is very common for advertising and marketing budgets to decrease as the economy falls. It also is one of the first to dramatically rise when the economy is on an upturn. The marketing media development industry does not really have a busy season.

However, customers that offer their product and services on a retail level will spend more on advertising/marketing during the months leading up to the holidays. Other customers that offer seasonal products (i. e. hockey equipment or summer clothing) will also increase or decrease their spending according to the season. The lifecycle of this industry is short and very dependant on technology.



For example, early websites were written in a language called HTML. HTML was soon replaced by DTML, XML, JAVA, and most recently Flash. The lifecycle is very short; but leads directly to one another. This creates a unique situation for both the provider and the customer. The customer does not want to risk using old technology to market their business, while their competition leaps to newer technology.

This forces the providers to become proficient in the latest technology as early as possible or face losing business to their competitors. 7. Financial Data Setting a pricing structure is difficult because there is not a set standard for pricing. Also the technology changes so rapidly that pricing models must change often. In most cases the consumer is buying the time of the service provider. The largest expense to the customer is the creation and production time.

There is usually little material costs involved. Since most firms in this industry are privately held it is difficult to determine actual profit. Operating costs are somewhat easier to determine because material and hardware costs can be estimated. Using annual revenue is one of the better indicator to measure a company's viability. 8. The Future Veronis Suhler Stevenson (VSS) has predicted a positive " immediate future" for the B2B sector, with a global return to growth in spending.

Despite all aspects of B2B media, including magazines and trade shows, performing weakly over the past two years (contracting 8. 7% in 2002, after shrinking 12. 7% in 2001), annual media spending will grow 4. 8% between 2002 and 2007. With the online advertising market focused on sustainable

growth and a return to a favorable economic climate in the near future, spending is poised to rebound.

In 2003, Internet advertising was forecasted to reach \$6.7 billion, up 10.0 percent from 2002 spending of \$6 billion. By 2007 Veronis Suhler Stevenson project online expenditures will total \$8.

6 billion. Between 2002 and 2007, they anticipate that advertising revenues will grow at a compounded annual rate of 7.4 percent. As technology advances, the marketing media industry will need to continue to developing new ways to electronically market customer's products and services.

This will without a doubt include subscription based content. With data transfer speeds increasing dramatically, end users are demanding higher quality content. According to Veronis Suhler Stevenson communication forecast, Spending on games and music content was expected to reach \$2.2 billion in 2003 and \$5.5 billion by 2007. Simple static websites are no longer adequate to capture the attention of customers.

9. Analysis Since this form of marketing is still in its infancy; it is very difficult to determine the future of this industry. The "Dotcom Era" started as a gold rush; but collapsed soon after starting. The fact that the Internet and all of its marketing tools are still thriving speaks to its strength as a marketing tool.

In order to determine whether a service provider would be a good investment or not one just needs to look at how the service provider responds to changing conditions. The first condition is the economy. Can the service provider market themselves as a "must have" in a down turned

economy. The next thing to consider is how well and fast a service provider adopts new technology.

If a service provider cannot act fast enough, they will surely lose market share. 10. Reference List Leiner, Barry M. "A Brief History of the Internet" Internet Society 3. 32: 10 Dec.

2003 .

Kamenick Amy. CityBusiness. Book of Lists 2001-2003: 184. Veronis-Suhler-Stevenson. Communication Industry Forecast.

veronissuhler.com/> 20 Feb 2002 Zakon Robert "Hobbes' Internet Timeline v7. 0" 25 Oct 2003 ; <http://www.zakon.org>; Hobbes' Internet Timeline v7. 0 1960s 1961 Leonard Kleinrock, MIT: "Information Flow in Large Communication Nets" (May 31) •First paper on packet-switching (PS) theory 1962 J.

C. R. Licklider & W. Clark, MIT: "On-Line Man Computer Communication" (August) •Galactic Network concept encompassing distributed social interactions 1964 Paul Baran, RAND: "On Distributed Communications Networks" •Packet-switching networks; no single outage point 1965 ARPA sponsors study on "cooperative network of time-sharing computers" •TX-2 at MIT Lincoln Lab and AN/FSQ-32 at System Development Corporation (Santa Monica, CA) are directly linked (without packet switches) via a dedicated 1200bps phone line; Digital Equipment Corporation (DEC) computer at ARPA later added to form "The Experimental Network" 1966 Lawrence G. Roberts, MIT: "Towards a Cooperative Network of Time-Shared

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Computers” (October) •First ARPANET plan 1967 ARPANET design discussions held by Larry Roberts at ARPA IPTO PI meeting in Ann Arbor, Michigan (April) ACM Symposium on Operating Systems Principles in Gatlinburg, Tennessee (October) •First design paper on ARPANET published by Larry Roberts: “ Multiple Computer Networks and Intercomputer Communication •First meeting of the three independent packet network teams (RAND, NPL, ARPA) National Physical Laboratory (NPL) in Middlesex, England develops NPL Data Network under Donald Watts Davies who coins the term packet.

The NPL network, an experiment in packet-switching, used 768kbps lines \_\_\_\_\_ 1970s 1970 First publication of the original ARPANET Host-Host protocol: C. S. Carr, S. Crocker, V.

G. Cerf, “ HOST-HOST Communication Protocol in the ARPA Network,” in AFIPS Proceedings of SJCC (: vgc:) First report on ARPANET at AFIPS: “ Computer Network Development to Achieve Resource Sharing” (March) ALOHAnet, the first packet radio network, developed by Norman Abramson, Univ of Hawaii, becomes operational (July) (: sk2:) •connected to the ARPANET in 1972ARPANET hosts start using Network Control Protocol (NCP), first host-to-host protocol First cross-country link installed by AT&T between UCLA and BBN at 56kbps. This line is later replaced by another between BBN and RAND. A second line is added between MIT and Utah 1972 Ray Tomlinson (BBN) modifies email program for ARPANET where it becomes a quick hit. The @ sign was chosen from the punctuation keys on Tomlinson’s Model 33 Teletype for its “ at” meaning (March) Larry Roberts writes first email management program (RD) to list, selectively read, file, forward, and <https://assignbuster.com/media-development-industry-analysis/>

respond to messages (July) International Conference on Computer Communications (ICCC) at the Washington D. C.

Hilton with demonstration of ARPANET between 40 machines and the Terminal Interface Processor (TIP) organized by Bob Kahn. (October) First computer-to-computer chat takes place at UCLA, and is repeated during ICCC, as psychotic PARRY (at Stanford) discusses its problems with the Doctor (at BBN). International Network Working Group (INWG) formed in October as a result of a meeting at ICCC identifying the need for a combined effort in advancing networking technologies. Vint Cerf appointed first Chair. By 1974, INWG became IFIP WG 6.1 (: vgc:) Louis Pouzin leads the French effort to build its own ARPANET – CYCLADES 1974 Vint Cerf and Bob Kahn publish “ A Protocol for Packet Network Interconnection” which specified in detail the design of a Transmission Control Program (TCP).

[IEEE Trans Comm] (: amk:) BBN opens Telenet, the first public packet data service (a commercial version of ARPANET) (: sk2:) 1975 Operational management of Internet transferred to DCA (now DISA) First ARPANET mailing list, MsgGroup, is created by Steve Walker. Einar Stefferud soon took over as moderator as the list was not automated at first. A science fiction list, SF-Lovers, was to become the most popular unofficial list in the early days John Vittal develops MSG, the first all-inclusive email program providing replying, forwarding, and filing capabilities. Satellite links cross two oceans (to Hawaii and UK) as the first TCP tests are run over them by Stanford, BBN, and UCL 1976 Elizabeth II, Queen of the United Kingdom sends out an email on 26 March from the Royal Signals and Radar Establishment (RSRE) in

Malvern UUCP (Unix-to-Unix Copy) developed at AT Bell Labs and distributed with UNIX one year later.

Multiprocessing Pluribus IMPs are deployed 1979 Meeting between Univ of Wisconsin, DARPA, National Science Foundation (NSF), and computer scientists from many universities to establish a Computer Science Department research computer network (organized by Larry Landweber). USENET established using UUCP between Duke and UNC by Tom Truscott, Jim Ellis, and Steve Bellovin. All original groups were under net. \* hierarchy. First MUD, MUD1, by Richard Bartle and Roy Trubshaw at U of Essex Packet Radio Network (PRNET) experiment starts with DARPA funding.

Most communications take place between mobile vans. ARPANET connection via SRI. On April 12, Kevin MacKenzie emails the MsgGroup a suggestion of adding some emotion back into the dry text medium of email, such as -) for indicating a sentence was tongue-in-cheek. Though flamed by many at the time, emoticons became widely used after Scott Fahlman suggested the use of ???? and ???? in a CMU BBS on 19 September 1982

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\_\_\_\_\_ 980s 1980 ARPANET grinds to a complete halt on 27 October because of an accidentally-propagated status-message virus First C/30-based IMP at BBN 1982 DCA and ARPA establish the Transmission Control Protocol (TCP) and Internet Protocol (IP), as the protocol suite, commonly known as TCP/IP, for ARPANET.

(: vgc:) •This leads to one of the first definitions of an “ internet” as a connected set of networks, specifically those using TCP/IP, and “ Internet” as connected TCP/IP internets. DoD declares TCP/IP suite to be standard for DoD

(: vgc:) EUnet (European UNIX Network) is created by EUUG to provide email and USENET services. (: glg:) •original connections between the Netherlands, Denmark, Sweden, and UK 1985 Whole Earth ' Lectronic Link (WELL) started Information Sciences Institute (ISI) at USC is given responsibility for DNS root management by DCA, and SRI for DNS NIC registrations Symbolics. com is assigned on 15 March to become the first registered domain.

Other firsts: cmu. edu, purdue. edu, rice. edu, berkeley.

edu, ucla. du, rutgers. edu, bbn. com (24 Apr); mit.

edu (23 May); think. com (24 may); css. gov (June); mitre. org, . uk (July) 100 years to the day of the last spike being driven on the cross-Canada railroad, the last Canadian university is connected to NetNorth in a one year effort to have coast-to-coast connectivity.

(: kf1:) 1988 2 November – Internet worm burrows through the Net, affecting ~6, 000 of the 60, 000 hosts on the Internet (: ph1:) CERT (Computer Emergency Response Team) formed by DARPA in response to the needs exhibited during the Morris worm incident. The worm is the only advisory issued this year. CERFnet (California Education and Research Federation network) founded by Susan Estrada. Internet Relay Chat (IRC) developed by Jarkko Oikarinen (: zby:) First Canadian regionals join NSFNET: ONet via Cornell, RISQ via Princeton, BCnet via Univ of Washington (: ec1:) FidoNet gets connected to the Net, enabling the exchange of email and news (: tp1:) The first multicast tunnel is established between Stanford and BBN in the Summer of 1988. 1989 Number of hosts breaks 100, 000First relays between a commercial electronic mail carrier and the Internet: MCI Mail through the <https://assignbuster.com/media-development-industry-analysis/>

Corporation for the National Research Initiative (CNRI), and CompuServe through Ohio State Univ (: jg1, ph1:) Corporation for Research and Education Networking (CREN) is formed by merging CSNET into BITNET (August) Cuckoo's Egg by Clifford Stoll tells the real-life tale of a German cracker group who infiltrated numerous US facilities UCLA sponsors the Act One symposium to celebrate ARPANET's 20th anniversary and its

decommissioning (August) \_\_\_\_\_ 1990s

1990 ARPANET ceases to exist Electronic Frontier Foundation (EFF) is founded by Mitch Kapor Archie released by Peter Deutsch, Alan Emtage, and Bill Heelan at McGill Hytelnet released by Peter Scott (Univ of Saskatchewan) The World comes on-line (world. std.

com), becoming the first commercial provider of Internet dial-up access The first remotely operated machine to be hooked up to the Internet, the Internet Toaster by John Romkey, (controlled via SNMP) makes its debut at Interop. 1993 InterNIC created by NSF to provide specific Internet services: (: sc1:)

- directory and database services (AT&T) registration services (Network Solutions Inc. )
- information services (General Atomics/CERFnet) US White House comes on-line (http://www. whitehouse. gov/):
- President Bill Clinton: [email protected] launches on 17 May and within four weeks its distributed Internet clients provide more computing power than the most powerful supercomputer of its time Afghanistan's Taliban bans Internet access country-wide, including from Government offices, in an attempt to control content (13 Jul) Code Red worm and Sircam virus infiltrate thousands of web servers and email accounts, respectively, causing a spike in Internet bandwidth usage and security breaches (July) First uncompressed real-time



gigabit HDTV transmission across a wide-area IP network takes place on Internet2 (12 Nov). Viruses of the Year: Code Red (Jul), Nimda (Sep), SirCam (Jul), BadTrans (Apr, Nov) Emerging Technologies: Grid Computing, P2P 2002 US ISP Association (USISPA) is created from the former CIX (11 Jan) .

ame begins resolving (15 Jan) Federally recognized US Indian tribes become eligible to register under . gov (26 Apr) Having your own Blog becomes hip A new US law creates a kids-safe “ dot-kids” domain (kids. us) to be implemented in 2003 (3 Dec) The FBI teams up with Terras Lycos to disseminate virtual wanted posts across the Web portal’s properties (11 Dec) 2003 Public Interest Registry (PIR) takes over as . org registry operator on 1 Jan.

Transition is completed on 27 Jan. By giving up . org, VeriSign is able to retain control over . com domains The SQL Slammer worm causes one of the largest and fastest spreading DDoS attacks ever. Taking roughly 10 minutes to spread worldwide, the worm took down 5 of the 13 DNS root servers along with tens of thousands of other servers, and impacted a multitude of systems ranging from (bank) ATM systems to air traffic control to emergency (911) systems (25 Jan).

This is followed in August by the Sobig. F virus (19 Aug), the fastest spreading virus ever, and the Blaster (MSBlast) worm (11 Aug), another one of the most destructive worms ever Taxes make headlines as: larger US Internet retailers begin collecting taxes on all purchases; some US states tax Internet bandwidth; and the EU requires all Internet companies to collect value added tax (VAT) on digital downloads starting 1 July The Recording

Industry Association of America (RIAA) sues 261 individuals on 8 Sep for allegedly distributing copyright music files over peer-to-peer networks