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## 1 – THE FUTURE OF SMALL BUSINESS

### Tell me if this sounds familiar:

*Small businesses are an important and growing driver of US economic growth and dynamism. They employ over half of America's private sector workers, produce over half of America's non-farm private GDP, and create roughly 75% of new private sector jobs. The next decade will see the growth of small business continue, and the social and economic impacts of small business increase.*

It should sound familiar because it has been true for at least a quarter century, and we have been writing about the phenomena over that time. But it is still quite true: small businesses remain important and growing drivers of the American economy, and will continue to be so into the future.

The paragraph quoted above is actually from the Intuit Future of Small Business Report, a research project released last year in conjunction with the Institute for the Future. Here's a summary of findings:

### DEMOGRAPHIC TRENDS AND SMALL BUSINESS

#### The Changing Face of Small Business Entrepreneurs

- Entrepreneurs will no longer come predominantly from the middle of the age spectrum; people nearing retirement and their children just entering the job market will become the most entrepreneurial generations ever.
- Entrepreneurship will reflect an upswing in the number of women.

- Immigrant entrepreneurs will help drive a new wave of globalization.

#### The Rise of Personal Businesses

- Contract workers and accidental and social entrepreneurs will fuel a proliferation of personal businesses.

#### The Emergence of Entrepreneurial Education

- Entrepreneurship will be a widely adopted curriculum at educational, trade, and vocational institutions.

### TECHNOLOGY TRENDS AND SMALL BUSINESS

#### The Connected World: Small Business Management On My Time, On My Terms

- Small businesses will use intelligent devices to gain customer insight and improve delivery of goods and services.
- Mobile devices will become central to business management.
- A new wave of analytical tools will increase small business productivity and ease management burdens.

#### Beyond Web 2.0: Technology Fuels Small Business Formation, Operations, and Innovation

- High-tech will no longer be a high hurdle as costs and complexity fall.
- Small business relationships will become

## *Trend Analysis That Builds Business Decisions*

increasingly virtual as online social networks expand.

- Virtual worlds will be widely adopted venues for reaching customers and experimenting with new product ideas and business models.

### **Small Business Marketing: The Mindset Shifts from Push to Pull**

- A small business's online presence will be the most important factor in customer acquisition.
- Small businesses will increasingly market themselves through the connected world of cars and cell phones.

## **THE NEW ARTISAN ECONOMY**

### **Barbell Economics: Brain Meets Brawn to Create Opportunities for Small Business**

- Small businesses will be better positioned than large corporations to provide customers with highly targeted, customized, and relevant products.

- Outsourced innovation from big businesses will increase opportunities for small business.

### **Lightweight Business Infrastructure: Barriers Down, Small Business Opportunities Up**

- Small businesses will reclaim manufacturing, fueling small-scale and specialized production.
- Plug-and-play infrastructure will make small businesses more competitive and successful.
- The shift to variable cost structures for core business operations will reduce risk and increase opportunities for small businesses.

### **Borderless Business: Small Businesses Will Drive the Next Wave of Globalization**

- Almost half of US small businesses will be involved in global trade by 2018.
- Social networks will fuel borderless commerce.
- Globalization will increase small business diversity and amplify economic value.

For the complete report go to <http://www.intuit.com/futureofsmallbusiness>

## **2 – THE FUTURE OF MEDIA**

### **HOW GENERATIONS USE MEDIA**

Deloitte's State of the Media Democracy Survey (Second Edition, 2008) sheds light on how different generations (Millennials, Generation X, Boomers, Matures) are consuming media. Some highlights:

- TV content has the opportunity to dominate the future, but will not necessarily be viewed on TV sets.
- 36% of consumers use their cell phone as an entertainment device.

- Gaming is ubiquitous: 62% of males, and 56% of all Americans, state that videogames, PC games and Internet games have become an important entertainment source to them.
- All consumers rate TV advertising as having the most impact on their buying decisions – online advertising is tied for #2 with magazines.
- Traditional advertising is an important driver of web site traffic – but the dominance of “someone's recommendation” presents extraordinary potential for social networks as an ad platform.

- Market and industry analysis
- Strategic business direction
- Growth dynamics

- Trend identification and analysis
- Keynotes and presentations
- Proprietary research and reports

## *Trend Analysis That Builds Business Decisions*

- 59% of consumers tend to pay greater attention to magazine ads than online ads (55% of consumers feel the same way about newspaper ads). The ad-supported model for online content is still widely accepted – only 37% of consumers would be willing to pay for online content in exchange for not being exposed to ads.
- The Media Democracy is alive and well: 32% of consumers actually consider themselves to be a “broadcaster” of their own media; 45% are creating personal content for others to see; 54% are increasingly making their own entertainment; 69% of consumers are watching/listening to content created by others.

### **A GLIMPSE OF THE NEXT EPISODE**

Nokia agrees that collaborative content creation by consumers, which it labels “Circular Entertainment,” is the most important trend in the future of entertainment. In a sponsored study conducted by The Future Laboratory, it predicts that within five years 25% of all entertainment will be created and consumed within peer communities.

The study, entitled “A Glimpse of the Next Episode,” interviewed 9,000 mobile-technology-using consumers from 17 countries about their digital behaviors and lifestyles to identify emerging entertainment trends. Combining views from industry leading figures with its own research from 900 million consumers around the world, Nokia has constructed a global picture of what it believes entertainment will look like over the next five years.

The main conclusion: consumers are increasingly demanding that their entertainment be truly immersive, engaging and collaborative. Four key driving trends are identified: **Immersive Living** (blurring of offline and online lives); **Geek Culture** (blurring of the commercial and the cre-

ative); **G Tech** (feminization of technology); and **Localism** (locally-minded entertainment creation and consumption).

Of the 9,000 consumers surveyed:

- 46% regularly use IM, 37% on a mobile device
- 39% watch TV on the Internet
- 35% buy music on MP3 files, 25% on mobile devices
- 23% buy movies in digital format

### **THE EXPERTS VS. THE AMATEURS**

A tug of war over the future of media may be brewing between so-called user-generation content – including amateurs who produce blogs, video and audio for public consumption – and professional journalists, movie makers and record labels, along with the deep-pocket companies that back them. The likely outcome: a hybrid approach built around entirely new business models. So say the experts at Knowledge@Wharton.

The reason user-generated content is so attractive to providers is that they don’t have to pay for it; the problem is that it’s unclear whether consumers will pay for it either. So new business models will be needed; almost all content models include advertising, but the future will bring product placements, advertising and subscriptions.

The key thing will be for all producers of content to keep experimenting; business model experimentation is one of the reasons why traditional media companies like News Corp. and Time Warner have acquired user-generated companies such as MySpace and Bebo, respectively. The mergers between traditional media companies and user-generated sites are indications of where Internet content is headed; consumers will use and appreciate both.

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*Growth Strategies* newsletter was formerly published as *FutureScan*.

## **GLOBAL CONTENT STUDY 2007**

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Accenture's Global Content Study 2007 surveyed more than 100 leaders and decision-makers in the media and entertainment sectors, including television, film, music, radio, video games, publishing, interactive entertainment and advertising. Some key findings:

- 62% of executives look to “new platforms” as being the most important key to growth; of these new platforms, online and mobile dominated.
- Asked what they believed was a top threat to the business, over half of executives identified “consumer-based competition” or “user-generated content.” However, 68% of respondents believe that they will be able to harness user-generated content to create revenue within one to three years.
- Half of executives indicated that advertising could grow to become the most prevalent business model in the industry within five years, with digital advertising driving growth.
- Content remains king (according to 37% of respondents), although the crown is under attack by technology companies and telecommunications players.
- Critically important is the need for digital readiness and a future technology road map. This includes increasing **reach** (through multiple platforms), **engagement** (through social media and interactivity), and **monetization** (through digital advertising).

## **THE FUTURE OF MEDIA REPORT 2007**

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In its 2007 report on the future of media, the Future Exploration Network concurs that the

domain of digital advertising will continue to expand. It forecasts that the fastest-growing segments of digital advertising over the next few years will be paid search, mobile, and video. It expects new segments of digital advertising to emerge, including personalized outdoor and in-building advertising, and advertising in virtual worlds.

## **SPENDING ON ALTERNATIVE MEDIA TO SURGE**

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According to PQ Media, spending on alternative media hit \$73.43 billion in 2007, a 22% increase over the previous year, and will continue to surge. As reported on AdAge.com, the research firm forecasts a 20.2% increase over the next year, to a total of \$88.24 billion, and a compounded annual growth rate of 17% for 2007-2012, reaching \$160.82 billion. By then, alternative media will represent 26.6% of all advertising and marketing dollars. The deployment of new-media strategies focusing on better interactivity, entertainment and engagement is the driving factor, according to PQ Media.

## **DIGITAL NATIVES**

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According to blogger Darren Herman, the world is being divided into digital natives (those who have grown up immersed in technology and digital media such as computers, the Internet, mobile phones and MP3), and digital immigrants (those who grew up without digital technology and adopted it later). Notice there is no category for those who grew up without digital technology and have not adopted it later; they are simply too few, a declining number, and dying off. Since media overall is going digital (some at a more rapid pace than others), the future of media – content creation, distribution and consumption – will be controlled by digital natives.