

PRICEWATERHOUSECOOPERS 

IAB Online Advertising Expenditure Report

Quarter ended June 2009

iab.
australia

An industry survey conducted by
PricewaterhouseCoopers on
behalf of the Interactive
Advertising Bureau Australia

Report released
10 August 2009

Background

About the IAB Online Advertising Expenditure Report

Welcome to the IAB Online Advertising Expenditure Report (OAER or Report). This June 2009 Quarter report of online advertising expenditure in the Australian marketplace has been prepared by PricewaterhouseCoopers (PwC) on behalf of the Interactive Advertising Bureau Australia (IAB).

The OAER provides an opportunity for stakeholders interested in the size of the online advertising market to access independently collated data about the state of online advertising expenditure in Australia. The online advertising markets reported in the OAER comprise the expenditure on General Display advertising, Classifieds advertising and Search and Directories advertising.

Data and information reported directly to PwC by online advertisement selling companies representing over 1,000 web sites has been aggregated in this Report and is the only online industry sponsored and supported measurement of online advertising expenditure in Australia.

The survey is conducted, and this report is prepared independently by PwC on behalf of the IAB, and only aggregate results are published. PwC does not audit the information and provides no opinion or other form of assurance with respect to the information. Certain checks of submitted data are made – refer to Report Scope, Methodology and Format section of Appendix for more information. Individual company information is held in strict confidence with PricewaterhouseCoopers. Further details regarding scope and methodology are provided in the Report Scope, Methodology and Format section of the appendix to this Report.

The list of contributors is disclosed in the Appendix.

Steven Bosiljevac
Partner
PricewaterhouseCoopers

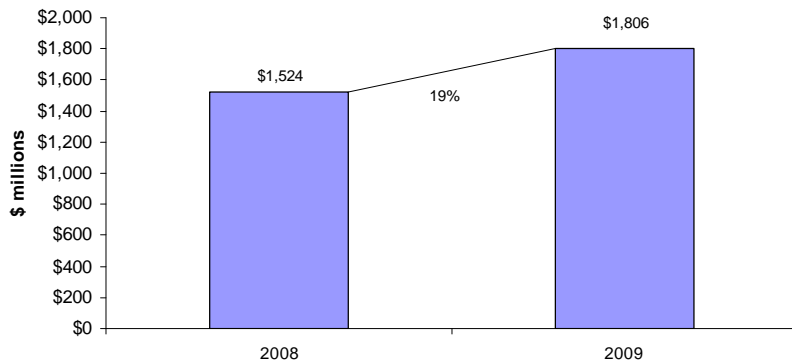
Chris Burt
Partner
PricewaterhouseCoopers

Adrian Bunter
Director
PricewaterhouseCoopers

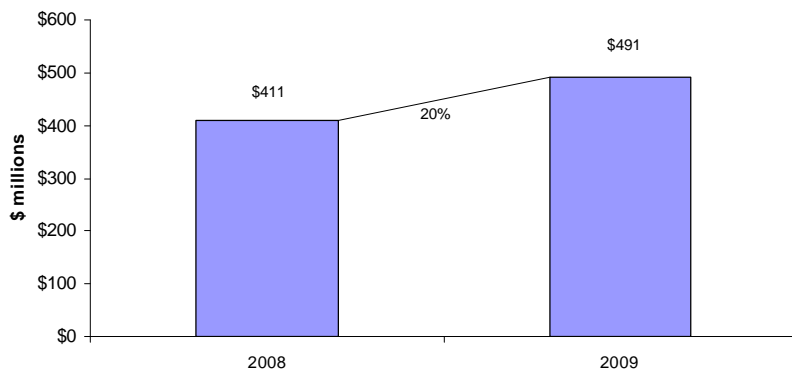
The Year at a Glance

There was growth in online advertising expenditure across all categories with the Search and Directories segment providing the strongest growth during the year ended 30 June 2009 compared to the year ended 30 June 2008.

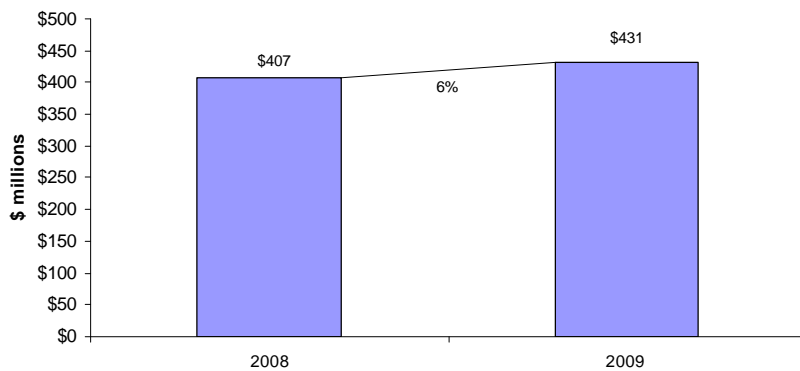
Expenditure of the Total Online Advertising Market



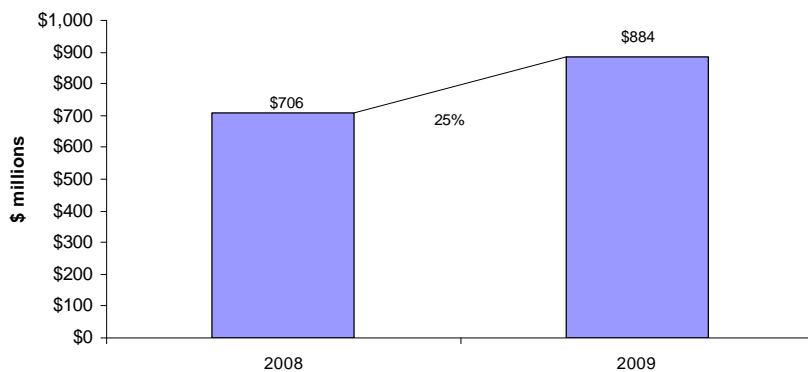
Expenditure of the General Display Market



Expenditure of the Classifieds Market



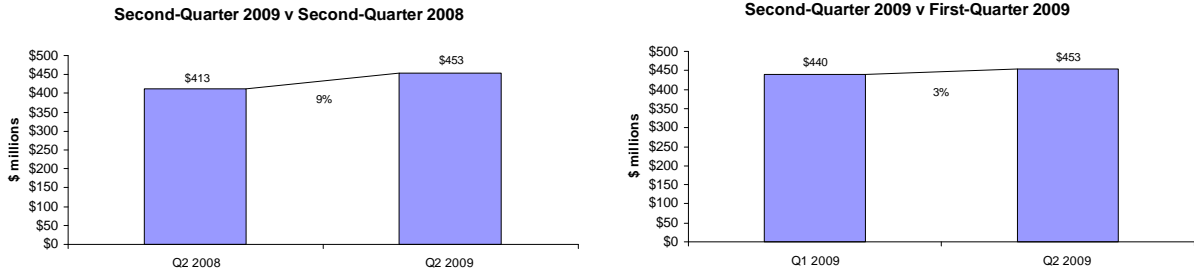
Expenditure of the Search and Directories Market



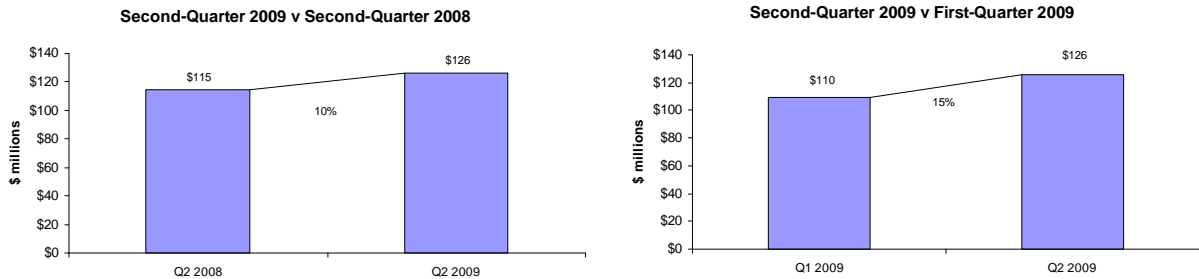
The Quarter at a Glance

Compared to the prior year quarter there was growth in online advertising expenditure across General Display and Search and Directories segments. The Classifieds segment showed a decrease in expenditure compared to the prior year quarter.

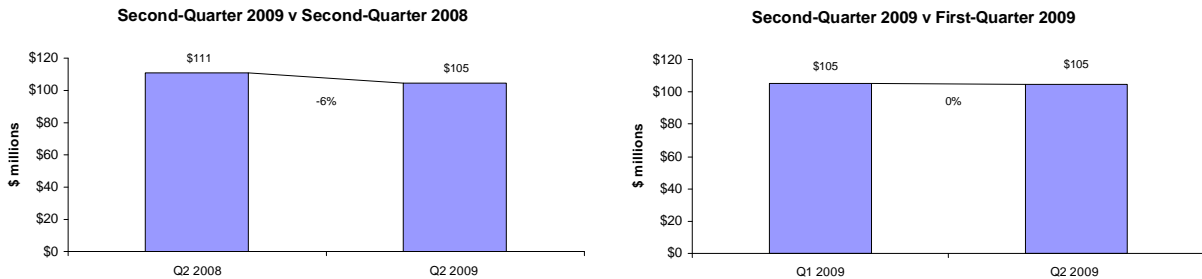
Expenditure of the Total Online Advertising Market



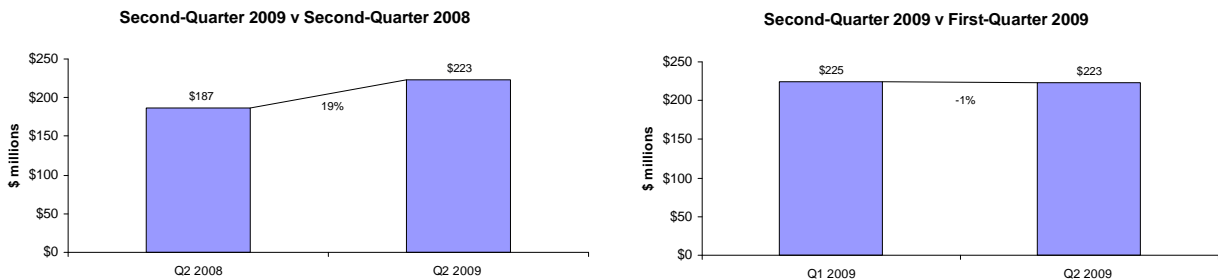
Expenditure of the General Display Market



Expenditure of the Classifieds Market



Expenditure of the Search and Directories Market



Executive Summary

3 months ended 30 June 2009

Online advertising expenditure in Australia for the second-quarter 2009 (3 months ended 30 June 2009) totalled \$453 million, the largest second-quarter recorded. This is an increase of \$13.5 million (or 3.1%) from the first-quarter 2009 (3 months ended 31 March), and is an increase of \$40.5 million (or 9.8%) from the second-quarter 2008.

General Display advertising and Classifieds advertising accounted for 27.8% and 23.1% of the total advertising expenditure for the second-quarter 2009, respectively, while Search & Directories advertising comprised the remaining 49.1%.

General Display achieved growth compared to the prior quarter, however Classifieds and Search and Directories advertising experienced a decrease for the quarter.

Finance, Computers & Communications and Motor Vehicles sectors continue to be the dominant industries using General Display advertising, and comprise over 45% of the General Display spending. Motor Vehicles – Manufacturers was the largest subcategory which comprised 9.8% of the General Display spending for the quarter (down from 12.0% in first-quarter 2009).

Real Estate became the leading category for Classified Advertising expenditure in the second-quarter 2009 (moving up from the second position in the previous quarter), with Recruitment dropping to the second position (decreasing from the leading category in the previous quarter). Automotive was the third largest category (no change from the prior quarter).

Within the Search and Directories market, compared to the previous comparable period, Search is growing at a faster rate than Directories.

With the exception of Search & Directories, the June 2009 OAER does not include any estimates for non-contributors. The Search & Directories category includes an estimate of advertising expenditure received by Google, the largest company in the Search market.

Due to estimates not being included for non-survey contributors for the General Display and Classified categories, these markets can be considered to be larger than as reported in the OAER. As estimates were included in figures reported for periods prior to, and including, December 2006, growth rates in this Report for March 2007 and subsequent quarters (when compared to the figures reported for any period prior to the March 2007 quarters) can be considered to be understated. This applies to quarterly, 6 monthly and annual analysis.

Allure Media, Empowered Communications and PermissionCorp have contributed for the first time to this report. Prior period figures have not been updated to reflect the introduction of these new contributors. The non-inclusion of these new contributors in prior figures is not material to the overall percentage changes from prior periods reported in these June 2009 figures.

6 months ended 30 June 2009

Online advertising expenditure in Australia for the 6 months ended 30 June 2009 totalled \$892.5 million. This is a decrease of \$20.75 million (or 2.3%) from the 6 months ended 31 December 2008, and is an increase \$95.5 million (or 12.0%) from the 6 months ended 30 June 2008.

During the current six months ended 30 June 2009, only the Search and Directories category grew, with both General Display and Classified recording decreases compared to the prior 6 month period. Both General Display and Search and Directories reported growth for the 6 months compared to the prior year, with Classifieds showing a decreased compared to the prior year. General Advertising accounted for 26.4%, Classifieds Advertising accounted for 23.5% and Search & Directories Advertising accounted for 50.1% based on expenditure for the 6 months.

The highest spending Advertiser Industry category in General Advertising was Finance. Real Estate was the leading category for Classifieds Advertising (up from second position in the 6 months ended 31 December 2008 and 30 June 2008). Recruitment dropped to second position for the 6 months ended 30 June 2009. Automotive remained the third largest category.

12 months ended 30 June 2009

Online advertising expenditure in Australia for the 12 months ended 30 June 2009 totalled \$1,805.75 million. This is an increase of \$282.25 million (or 18.5%) from the 12 months ended 30 June 2008.

All expenditure types recorded growth, led by Search and Directories with 25% growth. General Display also showed strong growth of 20%. Classified had growth of 6%, which is significantly reduced compared to prior years. General Advertising accounted for 27%, Classifieds Advertising accounted for 24% and Search & Directories Advertising accounted for 49% based on expenditure for the 12 months.

The highest spending Advertiser Industry category in General Advertising was Finance. Recruitment remained the leading category for Classifieds Advertising. This was followed by Real Estate, then Automotive.