

PRICEWATERHOUSECOOPERS 

IAB Online Advertising Expenditure Report

Quarter ended 30 September 2009

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australia

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

Report released
9 November 2009

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PricewaterhouseCoopers has received a fee for the preparation of this report and takes responsibility for the independence of the research and independence of the analysis contained in this report.

Please notify PricewaterhouseCoopers of any errors or omissions identified in this report.

Background

About the IAB Online Advertising Expenditure Report

Welcome to the IAB Online Advertising Expenditure Report (OAER or Report). This September 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.

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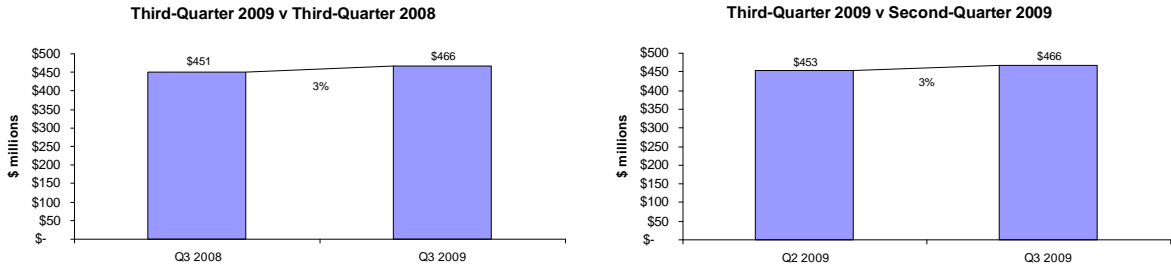
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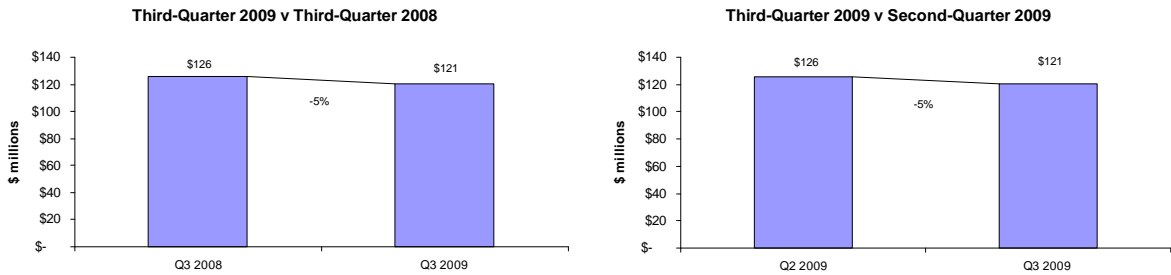
The Quarter at a Glance

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

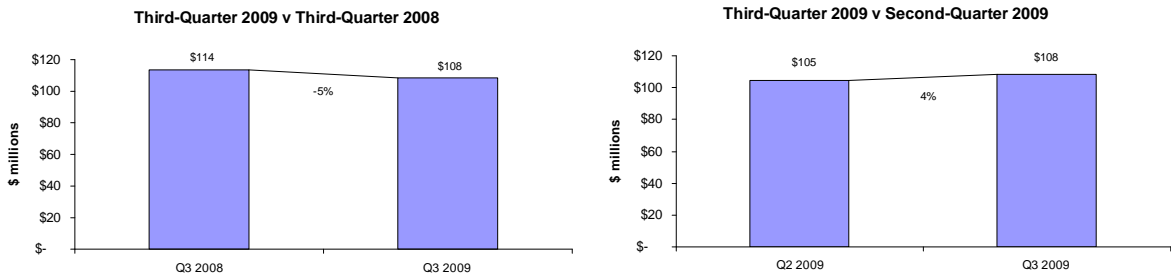
Expenditure of the Total Online Advertising Market



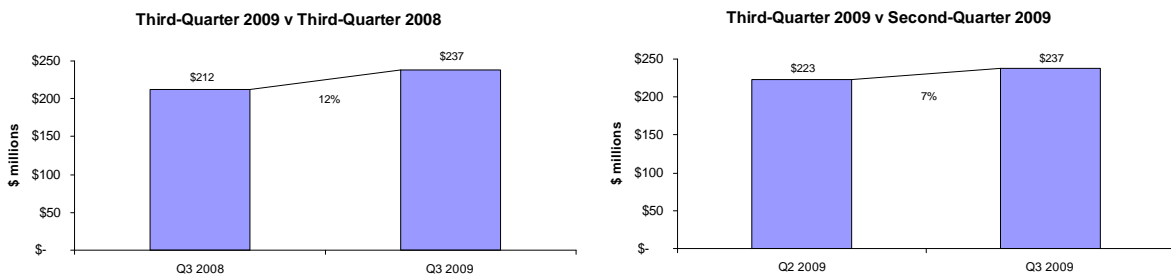
Expenditure of the General Display Market



Expenditure of the Classifieds Market



Expenditure of the Search and Directories Market



Executive Summary

3 months ended 30 September 2009

Online advertising expenditure in Australia for the third-quarter 2009 (3 months ended 30 September 2009) totalled \$466.25 million, the largest quarter ever recorded. This is an increase of \$13.25 million (or 2.9%) from the second-quarter 2009 (3 months ended 30 June), and is an increase of \$15.0 million (or 3.3%) from the third-quarter 2008.

General Display advertising and Classifieds advertising accounted for 25.9% and 23.2% of the total advertising expenditure for the third-quarter 2009, respectively, while Search & Directories advertising comprised the remaining 50.9%.

General Display and Classifieds decreased compared to the prior year comparative quarter, however Search and Directories advertising experienced an increase.

Within General Display, based on submissions received, email based advertising comprised \$7.9m of advertising expenditure and video based advertising comprised \$4.7m of advertising expenditure.

Within General Display, CPM based pricing was the dominant expenditure type with 75% of advertising expenditure on a CPM basis, followed by 22% being Performance based, with the remaining 3% being a hybrid of CPM and Performance.

Finance, Computers & Communications and Motor Vehicles sectors continue to be the dominant industries using General Display advertising, and comprise over 41% of the General Display spending. Motor Vehicles – Manufacturers was the largest subcategory which comprised 10.2% of the General Display spending for the quarter (up from 9.8% in second-quarter 2009).

Real Estate was the leading category for Classified Advertising expenditure in the third-quarter 2009, followed by Recruitment then Automotive. This is the same order as second-quarter 2009, but has changed from third-quarter 2008, where the order was Recruitment, Real Estate then Automotive.

With the exception of Search & Directories, the September 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.