

IAB Online Advertising Expenditure Report

Quarter ended March 2009



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

Report released
11 May 2009

Background

About the IAB Online Advertising Expenditure Report

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

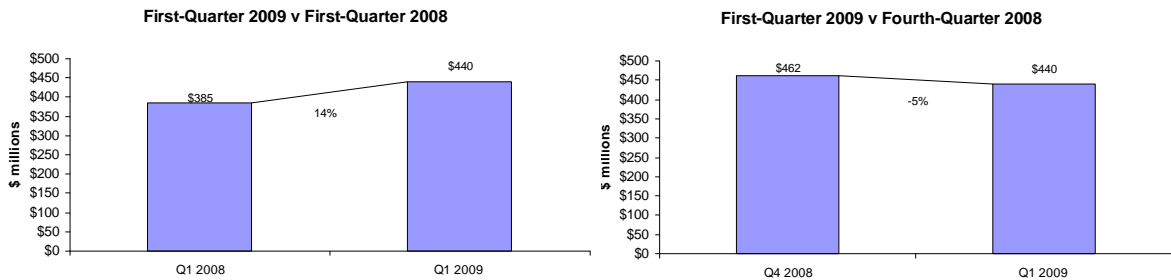
Chris Burt
Partner
PricewaterhouseCoopers

Adrian Bunter
Director
PricewaterhouseCoopers

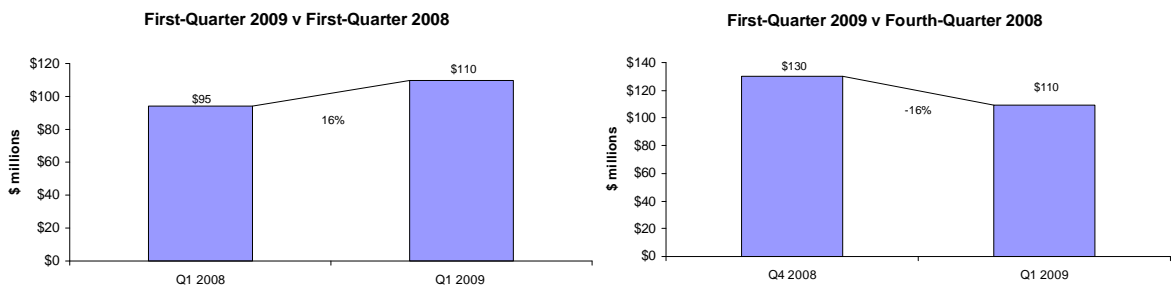
The Quarter at a Glance

There was year-on-year growth in online advertising expenditure across General Display, Search and Directories and the Total Market, with the Search and Directories segment providing the strongest growth from the prior year quarter. The Classifieds segment showed a decrease in revenue compared to the prior year.

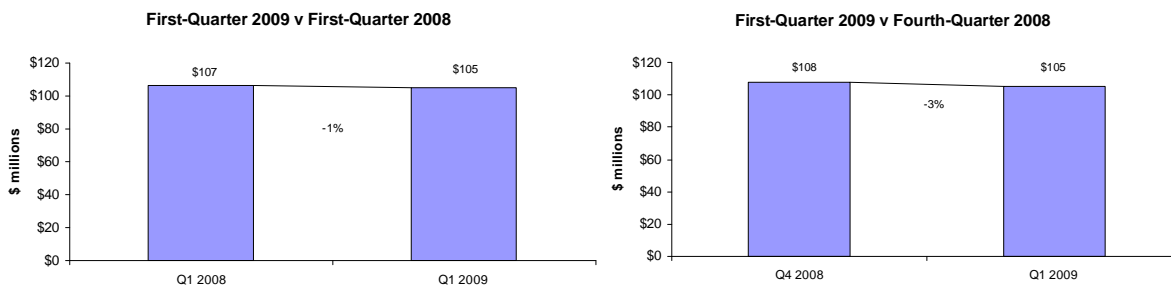
Expenditure of the Total Online Advertising Market



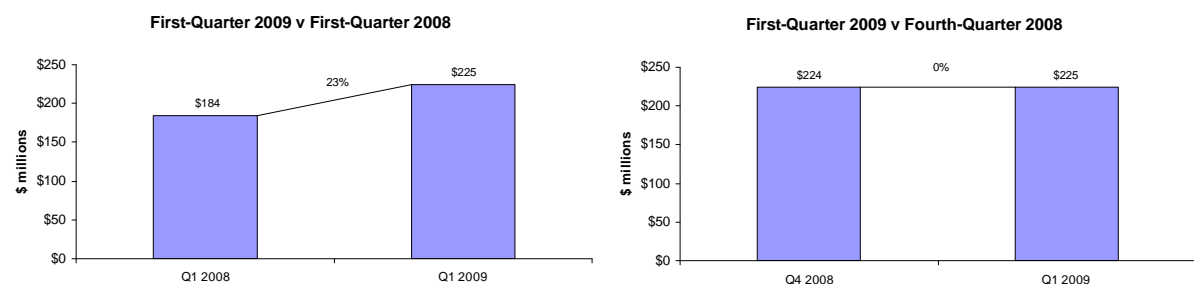
Expenditure of the General Display Market



Expenditure of the Classifieds Market



Expenditure of the Search and Directories Market



Executive Summary

3 months ended 31 March 2009

Online advertising expenditure in Australia for the first-quarter 2009 (3 months ended 31 March 2009) totalled \$439.5 million, the largest first-quarter recorded. This is a decrease of \$22.5 million (or 4.9%) from the fourth-quarter 2008 (3 months ended 31 December), and is an increase of \$55.0 million (or 14.3%) from the first-quarter 2008.

General Display advertising and Classifieds advertising accounted for 24.9% and 23.9% of the total advertising expenditure for the first-quarter 2009, respectively, while Search & Directories advertising comprised the remaining 51.2%.

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

Finance, Computers & Communications and Motor Vehicles sectors continue to be the dominant industries using General Display advertising, and comprise 46% of the General Display spending. Motor Vehicles – Manufacturers was the largest subcategory which comprised 12% of the General Display spending for the quarter.

Recruitment continues to be the leading category for Classified Advertising expenditure, followed by Real Estate, then Automotive.

Within the Search and Directories market, Directories grew at a faster rate than Search for this quarter as compared to the previous quarter, however year-on-year growth was higher for Search than for Directories.

With the exception of Search & Directories, the March 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.