

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.