

Executive Summary

For the first time, the June 2012 OAER includes estimates for Google display, video, and mobile advertising as well as Facebook display advertising. Figures have been restated from the third-quarter 2010 for comparative purposes. Refer to the Appendix for further detail and the impact on growth trends.

3 months ended 30 June 2012

Total online advertising expenditure in Australia for the three months ended 30 June 2012 was \$840m, an increase of \$49.95m (or 6%) on first-quarter 2012, and an increase of \$150.2m (or 22%) on second-quarter 2011.

General Display advertising accounted for 26.5%, Classifieds advertising accounted for 19.4% and Search and Directories advertising accounted for the remaining 54% for the three months ended 30 June 2012.

All categories achieved growth compared to the prior quarter and prior year quarter, with the exception of Classifieds, which remained flat compared to the prior quarter. Search and Directories experienced the strongest growth, compared with first-quarter 2011, at 35%.

Within General Display, for the second-quarter 2012, based on submissions received, email based advertising and video based advertising continued to increase comprising \$7.3m and \$22.9m respectively of advertising expenditure.

Within General Display, for the second-quarter 2012, CPM based pricing continued to be the dominant pricing method with 63% of advertising expenditure on a CPM basis, and 37% on a Direct Response basis.

The Motor Vehicles Finance and Computers & Communications sectors continue to be the dominant industries using General Display advertising. These industries represented 35.8% of the advertising market in the second-quarter 2012 (37.9% in second-quarter 2011). Motor Vehicles – Manufacturers was the largest subcategory which comprised 9.89% of the General Display spending for the quarter (down from 14.32% in the first-quarter 2012).

Real Estate was the leading Category for Classifieds advertising expenditure in the second-quarter 2012 followed by Recruitment then Automotive. This is the same order as the prior quarter.

During the quarter Search grew at a faster rate than Directories.

6 months ended 30 June 2012

Online advertising expenditure in Australia for the 6 months ended 30 June 2012 was \$1,630.05m, an increase of \$124.15m (or 8%) on the 6 months ended 31 December 2011, and an increase of \$309.35m (or 23%) on the 6 months ended 30 June 2011.

During the current six months ended 30 June 2012, online advertising expenditure grew in Search and Directories (16%) and Classifieds (3%). There was a decrease in General Display advertising expenditure by 1% compared to the prior 6 month period.

Real Estate was the leading Category for Classifieds advertising expenditure in the 6 months ended 30 June 2012 followed by Recruitment then Automotive. This is the same order as the prior 6 month period.

During the 6 months Search grew at a faster rate than Directories.

12 months ended 30 June 2012

Online advertising expenditure in Australia for the 12 months ended 30 June 2012 was \$3,135.95m, an increase of \$549.1m (or 21%) on the 12 months ended 30 June 2011. The increase has been due to growth experienced in all categories, with an 11% increase in Classifieds advertising, a 30% increase in Search and Directories advertising and a 15% increase in General Display advertising from the prior year ended 30 June 2011.

General Display advertising accounted for 27.2%, Classifieds advertising accounted for 20.5% and Search & Directories advertising accounted for 52.3% based on expenditure for the past 12 months.

Within General Display, based on submissions received and Google estimates, email based advertising comprised \$34.4m of advertising expenditure, an increase of 4%, and video based advertising comprised \$77.9m of advertising expenditure, an increase of 26%.

Within General Display, CPM based pricing was the dominant expenditure type with 64% of advertising expenditure on a CPM basis, and 36% was on a Direct Response basis.

The highest spending Advertiser Industry category in General Display advertising was Motor Vehicles which were followed by Finance and Computers and Communications. Together these accounted for 39.3% of the total General Advertising expenditure. Motor Vehicles – Manufacturers was the largest subcategory which comprised 12.82% of the General Display spending for the year.

Real Estate was the leading Category for Classifieds advertising expenditure in the 12 months ended 30 June 2012 followed by Recruitment then Automotive. This is the same as the prior year.

During the year Search grew at a faster rate than Directories.