

ONLINE AD MARKET SURGES WITH 58% GROWTH

Nick Buchan

6 November 2006, B&T

Online marketing is truly moving into the mainstream, according to one analyst's take on the latest online advertising market figures

The market grew 57.5% over the same quarter in 2005 to reach \$263m for the three-months ending September 30, 2006, according to the *September 2006 Online Advertising Expenditure Report* released today by the Audit Bureau of Verification Services (ABVS).

General advertising accounted for 29.7% of the total, with classifieds accounting for 30.8% and search and directories making up the 39.5% remainder.

General advertising revenue grew by 50% to \$78m over the same period in 2005, with classifieds advertising up by 50% to \$81m and search and directories advertising up by 70.5% to \$104m.

Wayne Aspland, [Sensis](#) corporate business analyst said that online advertising growth is driving a major structural change in the industry.

"Online advertising has moved into the mainstream. It's well on track to overtake both radio and magazine this year. The number of companies advertising online through Sensis, for example, is now well into six-digits," Aspland said.

"What's most interesting is that online advertising growth is driving a major structural shift in advertising – from interruption to answers. People are turning to online directories, search engines and classifieds to work out what to buy and where to buy it from. For them, online advertising is a service that provides answers, not an interruption," he said.

"And advertisers have well and truly picked up on this. In traditional main media, about 70% of advertising spend is push. It interrupts you while you're doing something else. That spells a major shift in the role of advertising and the way buyers and sellers interact. It's moving advertising beyond the brand as advertising becomes increasingly about customer service and converting sales."

The result, the highest growth for a third quarter since 2003, was characterised by a minimum 50% increase across all expenditure types over the same period in 2005. The finance industry continued to be the top spender in the general advertising category with the recruitment industry maintaining its number one position for classifieds.

Aspland said the ABVS figures pointed to several future trends. He said that advertising is becoming increasingly about relevance – being contextual to the needs of the person, time of day, location or search topic. He said the ability to be relevant will be vital moving forward – either you're relevant or you're redundant.

"Mobile will spark the next wave of digital activity. You can reach potential customers no matter where they are. No mainstream advertising media has ever been able to do that," he said.

"Future digital advertising decisions won't just be about the web. They'll be about multi-channel solutions across the web, mobiles, voice, satellite navigation and, in time iTV.

"Advertising is increasingly becoming transactional. One click on the ad and you're calling or buying from a supplier. Tomorrow's advertising will be more than just information. It will be a window into the business that makes buying, selling, talking, learning and collaborating easier than it's ever been," he said.

[Internet Advertising Bureau](#) General Manager, Patty Keegan said FMCG online advertising had finally taken off in Australia, with the sector recording growth of 44% in Q3 2006 according to the figures. She said real estate online advertising topped the market at 48 per cent growth.

"FMCG advertisers have until now been slow to take on the online medium, but the third quarter's ABVS figures suggest a significant shift in attitude," Keegan said.

"This has no doubt been driven by the recognition that young Australians consume multiple media channels simultaneously, and so effective advertising must increasingly explore the synergies available between television, online and other digital mediums.

"We also believe the growth of social networking sites and user generated content has contributed to the growth in online advertising and particularly FMCG online this quarter. As consumers stay longer and interact more with sites, advertisers have far greater opportunities to make sales and drive branding. We hope to see the retail sector recognise the potential of the medium next," Keegan said.

[Tempest Media's](#) Monique Talbot said many clients have had record months.

"The continuing strong growth in online advertising reflected in today's ABVS figures does not reveal one important trend: that advertising expenditure is not just going to the big portals but also increasingly moving to sites that provide unique audiences for advertisers," she said.

"Our business has seen significant growth due the fact that we provide advertisers with access to these premium independent sites, some of which may have smaller audiences but these audiences are more often than not very difficult to reach using any other medium."

"We have had record months for many of our clients whose audiences appeal to savvy marketers who want to target very specific online audiences. This is where the future growth in online advertising lies," Talbot said.

IAB welcomes FMCG online advertisers

SYDNEY: FMCG advertisers are finally taking the online medium seriously, increasing the category's online spend by 44% in the third quarter of 2006, according to the latest ABVS figures released today.

IAB general manager Patty Keegan said: "FMCG advertisers have, until now, been slow to take on the online medium, but Q3's ABVS figures suggest a significant shift in attitude."

The figures come as a pleasant surprise to the online advertising industry, as FMCG advertisers were one of the few remaining major categories yet to embrace the online medium.

As a whole, the industry grew 57.5% in Q3 2006 compared with the same quarter in 2005 – confirming the statistics leaked to *AdNews* and reported last week. This compares with the advertising industry average growth rate of 4%.

The ABVS figures show general advertising grew 50% to \$78 million, classifieds advertising also grew 50% reaching \$81 million, while search and directories grew at a phenomenal 70.5% to reach \$104 million.

Nielsen//NetRatings managing director Andrew Reid said the growth in online advertising spend was outstripping the growth in audience time online.

He predicts the strong growth of online spend will continue for the next four to five years until online spend catches up to audience time online.

Not all industry members, however, are satisfied with the ABVS figures. 24/7 Real Media has once again lashed out at the figures, saying they seriously underestimate the growth of the search and directories category.

A 24/7 Real Media spokesperson said the figure for search and directories should be closer to \$144 million.

This criticism follows an *AdNews* online article on Friday 3 November in which key industry members argued the ABVS figures were overly conservative because of Google's secrecy and failure to publicise financial data. *AdNews Story by: Mark Chenery*

- 06 November 2006

ONLINE TACKLES MEASUREMENT STANDARDS

Maria Nguyen

The standardisation of audience measurement, as well as increased consumer and agency confidence, will play key roles in lifting the internet's share of advertising expenditure, industry experts have said.

As the [Interactive Advertising Bureau](#) (IAB) celebrates its first birthday this week, founding members (including leading online publishers Sensis, News Interactive, Fairfax Digital, Google, Ninemsn and Yahoo!7) are focused on developing a standardised measurement system that will make internet advertising metrics more comparable to those of other mainstream media.

Industry players hope a more accurate and uniform system will increase the internet's current share of total ad spend to reflect its increasing share of media consumption, which is now ahead of newspapers and magazines.

"Buying and planning is currently now based around page impressions, which doesn't reference the number of people and reach," IAB general manager Patty Keegan said.

"We need to change the reach and metrics paradigm to measure unique people visits [as opposed to page impressions] so we're able to compare those figures alongside mainstream media and compete with them more effectively."

See this week's *B&T* magazine (November 3) for more on this story.

3 November 2006, B&T

ONLINE SURPASSES MAGAZINE AD REVENUE

Camille Alarcon

The internet has finally overtaken magazines in the ad revenue stakes, with the latest [Commercial Economic Advisory Service of Australia](#) figures for the six months to June 30 this year revealing the total ad market has grown 3.8% to \$4.9bn.

Unfortunately, for newspapers, the news was not so good, with ad revenue falling by 6.3% to \$1.8bn.

Karim Tamsamani, commercial and group magazine director for [Fairfax Media](#), said it was hit by the NSW economy, which is struggling due to falling building approvals and housing prices.

"Business confidence was also weak in mid-2005, which affected budgets for the 2006 financial year. Newspapers have declined as a medium for the first six months of 2006, as revenues are skewed towards the main categories that have shown decline—retail (led by a slowing of the store wars compared to the previous year), telecommunications and education.

"We are, however, satisfied with the share performance of our newspapers in a difficult environment and we are seeing signs of an upturn in the national market for the last quarter of 2006 and early 2007," Tamsamani said.

Online enjoyed the biggest increase, up 60.1% to \$425m. [Fairfax Digital](#) national sales director, Liam Walsh, said marketing approaches such as integrated and branded content are starting to make their presence felt. Major categories such as banking, finance, IT, telco and automotive have realised this and are dedicating increasing advertising dollars to online.

"By the end of the year we expect to see the online advertising sector reach \$1 billion, in line with the IAB's recent predictions. We've seen a sudden and overwhelming interest from women's health and beauty brands, and increasing attention from FMCG and consumer electronics. It's the involvement of these newcomers with online that will help the industry reach this goal," Walsh said.

Pay TV also performed well, up 34.3% to \$100m, while free-to-air TV was stable at \$1.5bn.

Magazines enjoyed a 4% increase to \$339.4m, while radio and cinema each rose 2.1% to \$425m and \$42m respectively.

22 September 2006, B&T



KIWI CALL FOR IAB

Sally Robertson

The Interactive Advertising Bureau (IAB) has added to its 22 offices around the world and opened its doors in New Zealand.

A survey of the NZ online community saw 96% support for the concept of an official body to drive the development of interactive advertising.

Although New Zealand's interactive advertising revenue remains only a small slice of their advertising share (\$NZ44m and 2.0% share for 2005), the online space is recognised as growing rapidly.

The New Zealand IAB board has yet to be announced, however interim chairman and TVNZ interactive sales manager, Josh Borthwick, said IAB NZ will provide leadership and focus, and will be the first point of call for training and advice.

IAB Australia was officially launched in October 2005 by the Australian Interactive Media Industry Association (AIMIA), together with six major online publishers, including Fairfax Digital, Google, News Interactive, ninemsn, Sensis, and Yahoo!7.

Borthwick reports IAB NZ also has the backing from leading online publishers and platform owners in NZ.

One such backer is the Online Publishers Group of New Zealand, including Vodafone, Fairfax, ACP, Media, IDG and the Yellow Pages.

The IAB is a non-profit organization governed by an interim board with a maximum of ten members. Revenue will be seeded from the initial board members, memberships, events and sponsorship.

14 September 2006, B&T

Online ads set to top \$1bn mark

Lara Sinclair

01nov06

FIGURES due out next week are expected to show that the internet advertising industry is maintaining growth of about 60 per cent and is on track to become a billion-dollar industry this year.

With mainstream media advertising expected to grow at less than 4 per cent, the internet is expected to increase its share of the \$10 billion market from 6 per cent in 2005 to 10 per cent this year.

Online advertising grew 59 per cent to \$778 million in the year to June, but key players are reporting growth above that in the current financial year.

"Our first quarter we said we were growing at or above 79 per cent," Emitch managing director Lee Stephens said. "We're seeing growth equivalent to or more than that."

The industry is on track to overtake the \$898 million radio industry and \$978 million magazine advertising sector this year, according to Anthony Saines, general manager of digital marketing services for Sensis.

"This will be the year we reach \$1 billion," he said.



The Internet Advertising Bureau said yesterday that sharp growth in household broadband penetration continued to be a major driver of industry growth.

"We are seeing quite a significant increase in broadband penetration to 78.84 per cent," IAB general manager Patty Keegan said. "It has a transformational effect on people's (internet) use."

News Interactive marketing director Scott Johnson said advertisers were experimenting with interactive ads and new advertising formats on community or user-generated sites such as YouTube and MySpace (owned by News Corporation, publisher of *The Australian*).

"There's a really solid display market in terms of banners and rich media," Mr Johnson said.

"There will be more experimentation with new environments like MySpace. No one's monetising that well yet." - *The Australian*

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Internet makes us an interactive lot

The great Australian couch potato could be an endangered species if the internet has its way.

Surging adoption of home broadband connections linked to wireless networks and notebook computers are ending the days of passive TV watching.

Figures from online researcher Hitwise have drawn a direct connection between television programming and the timing of online searches for related content.

The figures challenge popular thinking in marketing circles that people only consume one form of media at a time.

On the night of October 18, as contestant Robert Fulton faced a million-dollar question on *Who Wants To Be A Millionaire*, home viewers dived onto the internet to find the answer.

More than 21,000 searches were registered for the answer options Mr Fulton was considering - which popular '60s television show premiered first: *Bewitched*, *Get Smart*, *Hogan's Heroes* or *I Dream of Jeannie*?

The next day, Hitwise traffic data registered an increase in online searches for DVDs related to each of those shows.

Google's Australia and New Zealand head of sales, Kate Vale, said the converging audience trend was well documented in the US. "Sixty-six per cent of people are online while they are watching TV," she said.



In a blog post, Hitwise analyst Sandra Hanchard said the convergence between TV and internet audiences "could spark a beautiful relationship between television networks and search engine marketing".

Evidence of that vision is yet to be seen, but the trend has caught the attention of the Interactive Advertising Bureau Australia.

"Broadband has a transformational effect on people's lives," said IAB Australia general manager Patty Keegan.

The media consumption trend is likely to fuel growth in online advertising as marketers follow the audience.

IAB Australia said total spending on online advertising in 2005-06 was \$778 million. In the second quarter of 2006-07, spending was up 59 per cent on the same period last year, at \$226 million.

(Not crazy about the headline, but anyway...)

\$1Billion: but still no clue

* Industry calls for consistent online data

* Publishers trade on confusion

SYDNEY: Despite being one of the medium's most attractive features to advertisers, online measurement is still not up to scratch, say key industry players ahead of the ABVS' latest figures on industry growth.

The ABVS figures for the third quarter of 2006, to be released on Monday (6 November), will show the online industry grew 57.5% over the same quarter last year to reach \$263 million.

This compares with the ad industry average of 4% growth. On this trend, online is set to hit \$1 billion by year's end, taking its share of the \$10 billion advertising market to 10%.

One of the reasons for this strong growth is the perception of online advertising as highly measurable.

Key industry players, however, are growing increasingly dissatisfied with the continuing problems and inadequacies of online measurement.

One of the most controversial and time-consuming issues is standardisation of audience metrics. The problem, according to Monique Talbot, CEO of Tempest Media, is that there are too many different forms of measurement, with no single accepted tool.

"You've got Hitwise, Nielsen's Market Intelligence, Nielsen's Panel, DoubleClick, Facilitate. These are five very different tools measuring five very different things. And that's not even counting all of the sites using their own host log files," Talbot said.

Talbot said the implications of this are that publishers will trade off whatever data makes them look best. "You can manipulate the data to say whatever you want it to say, and publishers are using the confusion to their advantage," Talbot said.

Nielsen//NetRatings MD Andrew Reid agreed that multiple measurements were confusing the market. "It confuses decision-makers in the sense that they have four or five sets of data on the desk for the one site," Reid said.

He argued the industry would not be able to replicate recent growth unless measurement issues were resolved. "Once we achieve a greater level of consistency you're going to have a quantum jump in levels of online spend," Reid said.

Kaylie Smith, DoubleClick senior sales director, said other markets, the US and UK in particular, were moving to a more standardised approach.

"In the US a lot of the [media] agencies have taken the lead in using third party ad serving systems, and will bill their clients off of that. Whereas in Australia the publisher typically wants the agency to accept their numbers," Smith said. Because of this, she adds: "Everybody is measuring something completely different and there is no standardised approach."

Smith said different methodologies could lead to serious discrepancies in user data. "The difference can be as great as 20%, although 5% is more common," she said.

Another reason for the phenomenal growth of online is the branding opportunities available to advertisers through rich media applications.

Talbot, whose company sells advertising on YouTube in Australia, said a major problem was the lack of third party measurement of video streaming. She said although publishers had access to data on video streaming, the numbers were not "trusted" because of lack of independent auditing.

Reid said rich media measurement was a "huge challenge". He revealed Nielsen//NetRatings was already working with publishers to produce software to more accurately measure video downloads and streams, with a prototype ready for testing in December.

Patty Keegan, IAB general manager, said the IAB was taking active steps to combat the problem, but the issues were of a global nature. "The IAB has established joint working committees to consider the options and needs of members," Keegan said.

Story by: Mark Chenery

- 03 Nov 2006