

Online Advertising Insight

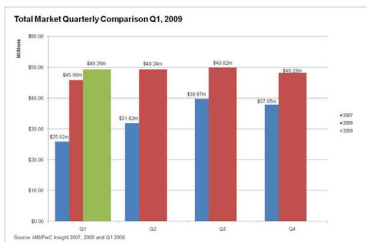
Q1 2009 - Issued June 2009

Marketers showing faith in online through tough times

The IAB Insight Report, conducted in partnership with PwC, again confirms the growing confidence marketers have in the ability of the internet to help them deliver on their marketing objectives.

Introduction

These are the top line findings from the IAB Insight Report of online ad spend in the first quarter of 2009. They show that marketers continue to support the medium, even more so in the face of challenging times. When the going gets tough, advertisers are investing more of their budgets online.



Total Market

This quarter reported one of the highest ever spends - **\$49.26m**. The Moving Annual Total is now at an all time high of **\$196.55m**. The **\$200m** mark is closing fast.

Growth continues: spend on internet advertising grew **7.99%** from the same quarter in 2008, and is up **2.14%** from last quarter. Industry sources suggest that no other major media achieved growth in Q1.

Online represented **8.3%** of all adspend in 2008, and given the current trends this share will have increased in Q1 2009. We expect it to reach over **10%** for the full 2009 year.

Advertising Formats

Marketers can choose from a large and growing range of on-line ad formats to help them achieve their marketing objectives. We monitor the spend across three major types of advertising:



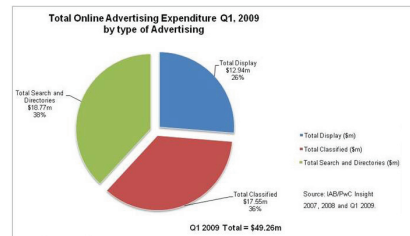
Display: These are banners, rich media ads, video ads etc on web sites. They accounted for **26%** of the total, = **\$12.94 m**.



Search: Paid search is now the largest form of online advertising in NZ, reaching **38%**, total at **\$18.77m**. This reflects the ability of search to deliver cost effective leads for marketers.



Classifieds: These were a little flatter in Q1 as the job markets and real estate and automotive sectors struggled. However they still accounted for **36%** of the total spend, at **\$17.55m**.



Analysis

There are many factors in the market that can influence how marketers invest their advertising budgets. The major factors that impact online medium are:

Connectivity: 87% of New Zealanders have access to the internet and 67% of users go online every day*. And 9 out of 10 internet users** can access on Broadband connections. Through a high speed connection publishers and advertisers are able to deliver far more creative and engaging content and communications.

*Source: Nielsen Panorama Survey (January - December 2008)
**Source: Nielsen Online Market Intelligence 2009

Over half a day per week spent online: Time spent online now averages about 13 hours per week*. Broadband enables people to access increasingly sophisticated and involving content, keeping them online for longer. Social network sites are increasingly popular with all age groups.

*Source: Nielsen Online Market Intelligence 2009

Spending money and time online: As people spend more time online, they are also spending more money online. Approximately 45% of the population shop online (up from only 18% back in 2003) (Q4 2008 vs Q4 2003). New Zealanders spent \$738 million online Christmas 2008, a massive increase from \$438m the previous Christmas.

Source: Nielsen Online Retail Monitor

New online ad formats: The internet offers a wide range of ad format, from simple text links through banners and to video ads and games. Marketers can use any combination to meet their objectives. Internet features such as blogs, in game advertising, user-generated content and social networking sites have attracted media publicity, raising the profile of online and drawing more interest from advertisers.

Further Information

A full presentation of results, including industry breakdowns is available free of charge to IAB members and study participants on our website: www.iab.org.nz. Non members can obtain a PowerPoint copy of the results for \$100. For other enquiries contact Greig Buckley CEO IAB: greig.buckley@iab.org.nz