

H1 2007: Internet Advertising worth over £1.3 billion.

The IAB Online Adspend Study, conducted in partnership with PricewaterhouseCoopers, once again confirms the confidence that advertisers hold in the internet's ability to deliver on their marketing objectives. In H1 2007, the market was worth £1,334.3m, up 41.3% on H1 2006. With its market share reaching 14.7%, online maintained its strong growth in what is an otherwise depressed advertising market.

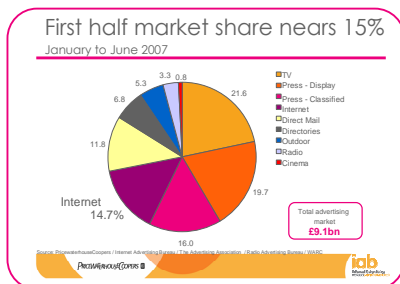
Introduction

These are the topline findings from the IAB Online Adspend Study showing details for H1 2007. The topline figures were fantastic news, confirming that more and more advertisers are continuing to realise the importance of online advertising to their marketing communications.

This tracking study, dating back to 1997, presents the official industry measure and acts as the barometer for the health of the market.

Total market size – Jan-June 2007

- **Record spend:** Online adspend in H1 2007 reached £1,334.3m.
- **Growth:** Spending on internet advertising grew by 41.3% year-on-year on a like-for-like basis. This was at a time when the advertising industry as a whole only managed growth of 3.1%.
- **Market share:** Online's share has grown to 14.7% for the first half of 2007, up from 10.5% for H1 2006.



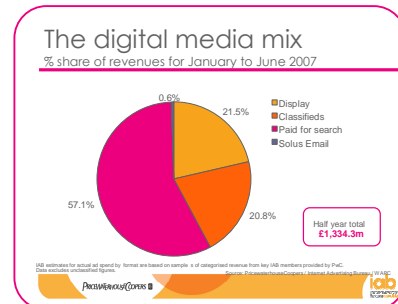
Growth in context

- Internet advertising has grown faster than any other mainstream advertising medium.
- The UK advertising market as a whole grew by just 3.1% year-on-year – a jump of only £270.2m
- Online grew by £417.1m, meaning that the rest of the advertising market actually declined. Press, TV, Radio, Cinema and Direct Mail all experienced falling revenues.
- Following online's growth of 41.3%, Outdoor was the next fastest growing medium at 8.1%.

Advertising formats

The online industry has experienced strong growth across all advertising formats.

- **Display:** Display advertising accounted for 21.5% of online advertising from Jan-June 2007 with £287m spent across all display formats in H1 2007.
- **Search:** Paid-for listings maintained its position as the largest single format with a 57.1% share of the market. £762.3m was spent on search in H1 2007
- **Classifieds:** Accounting for 20.8% of the market, classifieds continue their strong growth to 277.7m.
- **Solus Email:** Still a fairly new category to the IAB Online Adspend Study, with £7.4m being spent by advertisers, accounting for 0.6% of the market.



Analysis

The IAB is tracking dozens of drivers that are maintaining the market growth. Among them, are the following:

- **Broadband:** is now an everyday utility with 52% of all adults in Great Britain having broadband at home, an increase from 13% of all adults with broadband just three years ago. With 90% of home internet users now accessing via a high-speed connection, up 6 points year on year, and 38% of the online population having used a wireless connection at home in the past month, advertisers are able to deliver far more creative and engaging communications to a mass audience.
- **Media consumed:** On average 26% of internet users' media day is spent online largely thanks to the booming proliferation of broadband, meaning that the internet remains ahead of radio as the second most consumed medium after TV.
- **Online evolution:** Ofcom research reveals that average daily web use rose by 158% over the past four years; the over-50s account for nearly 30% of time spent online; and women in the critical 25-34 age group spend on average 20% more time on the net than their male counterparts.
- **Social networking websites:** While not a major driver of online advertising expenditure, social networking sites generate higher consumer demand for fast broadband, increasing time spent online and boosting overall consumer confidence in the online experience. This is likely to increase advertiser interest in the medium and lead to a continued growth in advertising expenditure for years to come.
- **Measurement and web analytics:** As tools for measuring the efficacy of online, such as engagement and brand-building, become more sophisticated and robust, the sector is fast becoming more accountable, transparent and measurable than traditional advertising sectors.

Further information

A full presentation of the results, including industry breakdowns, is available for free to IAB members and study participants. This can be accessed on the Knowledge Bank section of the IAB website or by emailing us at info@iabuk.net.

Non-members can obtain a PowerPoint copy of the full results for a charge of £300+vat. Email info@iabuk.net, or call 020 7886 8282 to get your copy

