

AdEx 2008

European online
advertising expenditure



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introduction

2008 was a challenging year for the advertising industry in many of the 19 countries covered in this report. Yet despite the global economic downturn, our dynamic and exciting industry still experienced a 20% growth rate year-on-year – a significant achievement and one of which we should all be proud.

The IAB Europe AdEx Report continues to be the definitive guide to the European online advertising industry. We believe that it is vital for us, as the interactive advertising trade body, to give the industry reliable, trusted data every year that provides a clear picture of the state of the market overall, by country and by format. We take time to collate the data we offer from across the region, using our partners, PricewaterhouseCoopers, to help ensure that the figures we publish in June are comparable and accurate.

Thanks to our rigorous methodology and quality controls, we now have three years of comparative data so readers can see where the industry has come from and how individual markets and formats have developed. There are also comparisons with the US.

We have new information in this edition of the report that I am sure you will find invaluable. Firstly, we are delighted to have added three key markets to the countries already being measured - that is Croatia, Hungary and Romania. Secondly, our research partner Screen Digest has provided us with their view of the market, providing forecasts from their renowned media analysts of the online advertising industry

overall as well as insight into emerging formats that will make an impact on our market in the near future including video, mobile and in-game. Finally, comScore and The Nielsen Company have provided audience measurement data for 2008 – a vital reference point for all our readers.

We could not produce this report without the cooperation of the 19 national IABs that take part – I am indebted to you for your support of this industry and the principles of IAB Europe.

I believe online advertising has a great opportunity in today's challenging economic times to prove its value as a truly effective advertising medium and more and look forward to seeing how we did when we publish the 2009 figures.



Alain Heureux
IAB Europe President
and CEO



about this report

The sources of the online advertising spend data contained within this report are the annual industry benchmarking studies run by each national Interactive Advertising Bureau (IAB) in Europe. The national benchmarking studies represent the income of thousands of websites and online advertising businesses.

The results reported are considered the closest measurement of online advertising revenues across Europe as the data is compiled directly by local IABs, based on information supplied by companies selling advertising online. Only IABs that were able to provide 12 full months of advertising expenditure data are included.

The data for this report is stated on the basis of actual gross income (the monies actually paid by the advertiser, including any agency commission). The report incorporated data from the following four online advertising sectors:

- Display advertising
- Search (pay per click fees)
- Classifieds
- Email marketing

IAB Europe in partnership with PricewaterhouseCoopers (PwC) collates and aggregates the data and makes the adjustments necessary to enable the data to be comparable. More details of this process are provided in the Appendix.

The result is comparable data based on actual revenues from across Europe. This is the third edition of the report and therefore once again we are able to include year-on-year comparisons in the report for those countries that have participated for at least two years.

PricewaterhouseCoopers does not audit the information or the data from local IABs and provides no opinion or other form of assurance with respect to the information. Only aggregate results are published and individual company information is held in strict confidence with local IABs and their individual arrangements with companies that submit data.

IAB Europe
July 2009

executive summary

European online advertising continued to grow in 2008, despite the challenging economic climate that began to be felt in Q3 but made more of an impact in the final quarter of the year on all advertising markets, be they traditional or digital. Total online advertising spend for the countries under measurement in the IAB Europe network reached €12.9 billion in the year. This represents a like-for-like growth of 20% on the 2007 figure of €10.6. The gap between Europe and the USA has continued to narrow, with the difference dropping from €4.4 billion in 2007 to €3.7 billion in 2008, reflecting Europe's strong performance in difficult economic times.

The top 10 markets in Europe account for 93% of the total value of the market. The UK, Germany and France still dominate, accounting for 64% of the total European

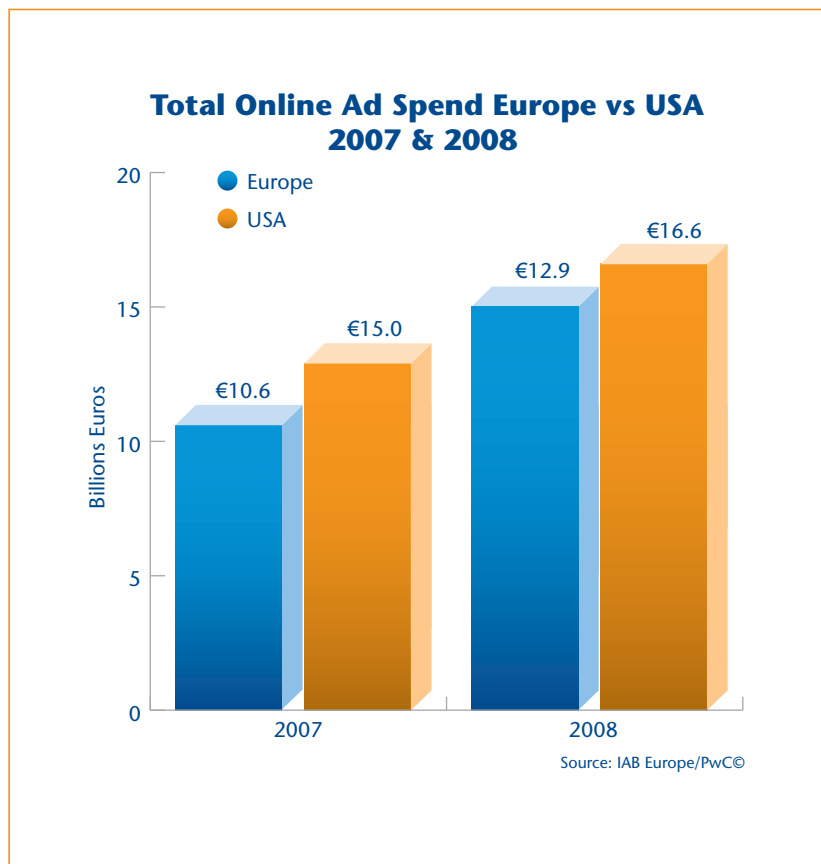
online advertising spend. Whilst the mature markets felt the impact of the economic climate, some of the markets in the CEE region experienced strong growth rates - Slovenia at 77% and Poland at 60%. These markets may be smaller, but their growth rates made a significant contribution to the overall European performance in 2008. The three new markets in the CEE region added this year - Croatia, Hungary and Romania will be interesting to watch in the coming years.

Search remains the leading format in Europe with the strongest year-on-year growth rate of 26%, accounting for 43% of online ad expenditure in the 19 countries measured and a value of €5.6bn. The report provides detailed analysis of what is happening in each of the formats, along with forecasts based on the AdEx 2008 figures from our research partner Screen Digest.



Europe and the US

Between 2007 and 2008 the total US online advertising spend grew by 11%. This is comparable to Europe's earliest adopter of online advertising, the Netherlands, which recorded a growth of 9% in the same period. All other European markets recorded a stronger growth rate than the US, although of course in absolute value terms the European online advertising market is still worth less than the US.

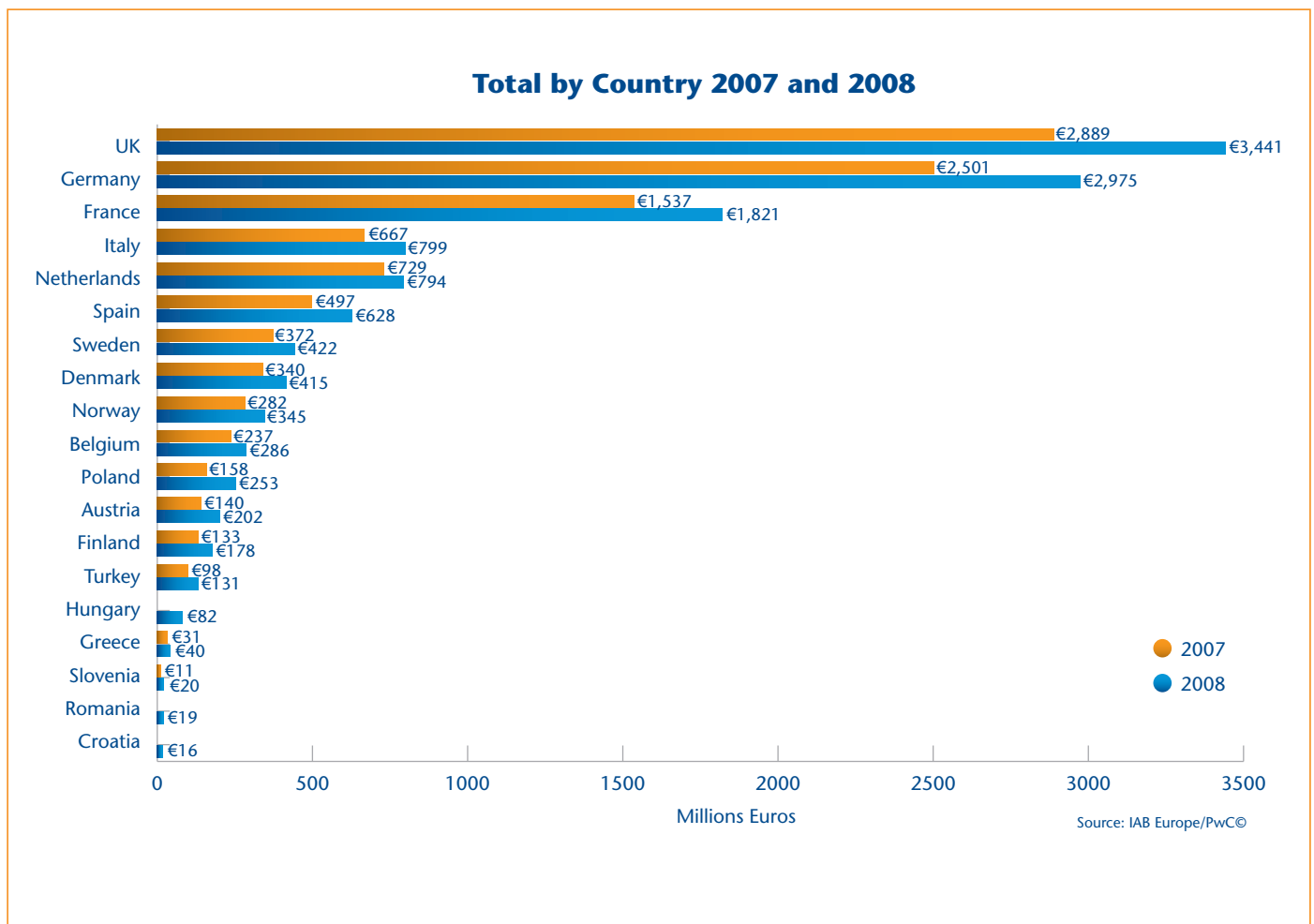


19 European markets in perspective

Once again, in 2008 the largest online advertising market in Europe is the UK, with a spend of just over 3.4 billion Euros. Germany and France are the only other markets with spends of over a billion Euros.

Each of these three countries also enjoyed a healthy like-for-like growth in Euro terms on last year's online spend figures.

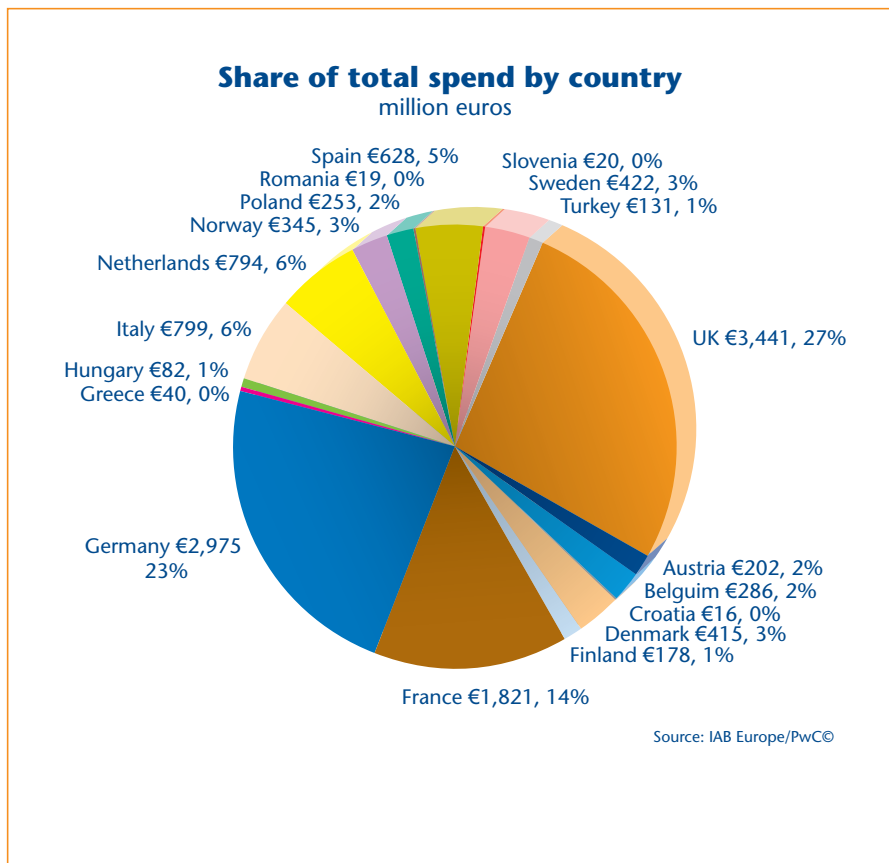
When it comes to share of spend, the three largest markets dominate. The UK accounts for 27% of the overall online advertising spend in Europe, followed by Germany at 23% and France at 14%. The Netherlands (6%), Italy (6%) and Spain (5%) are the next largest markets in terms of spend.



19 European markets in perspective

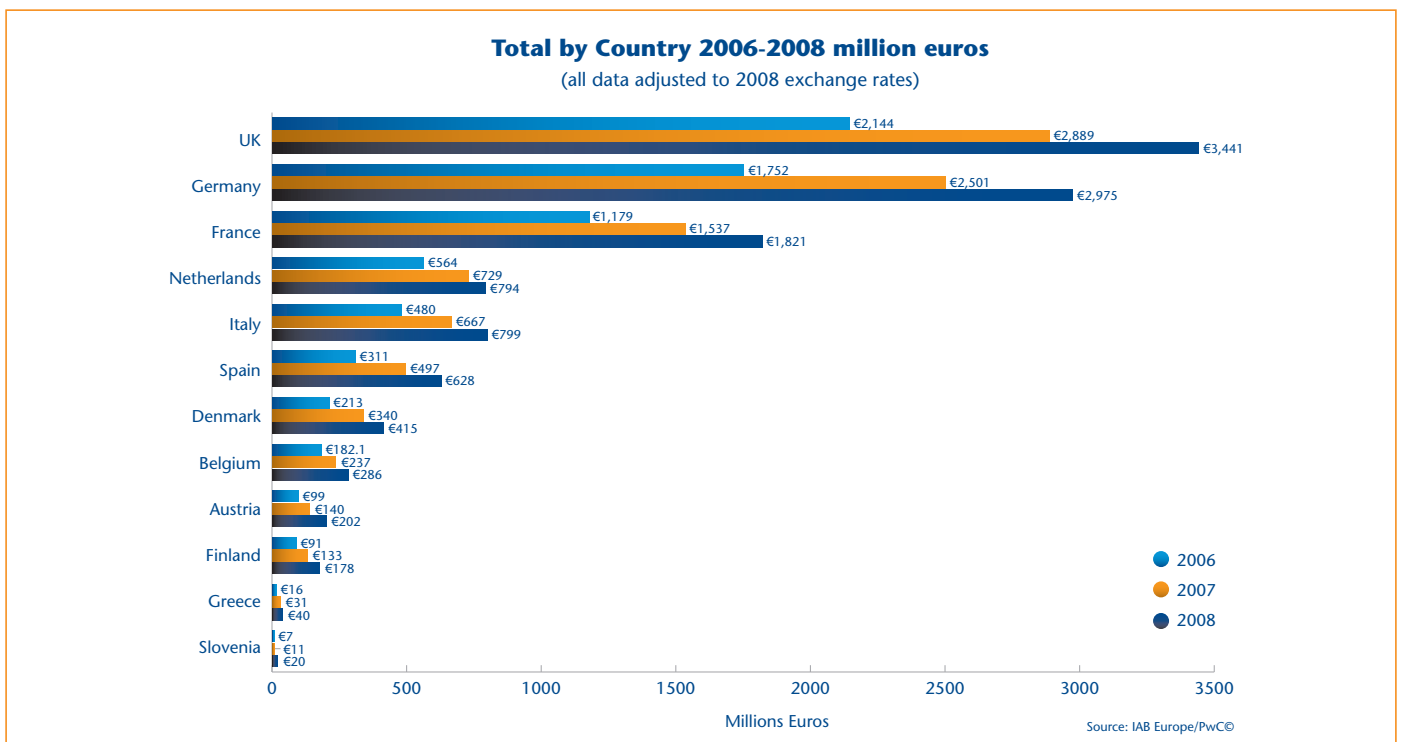
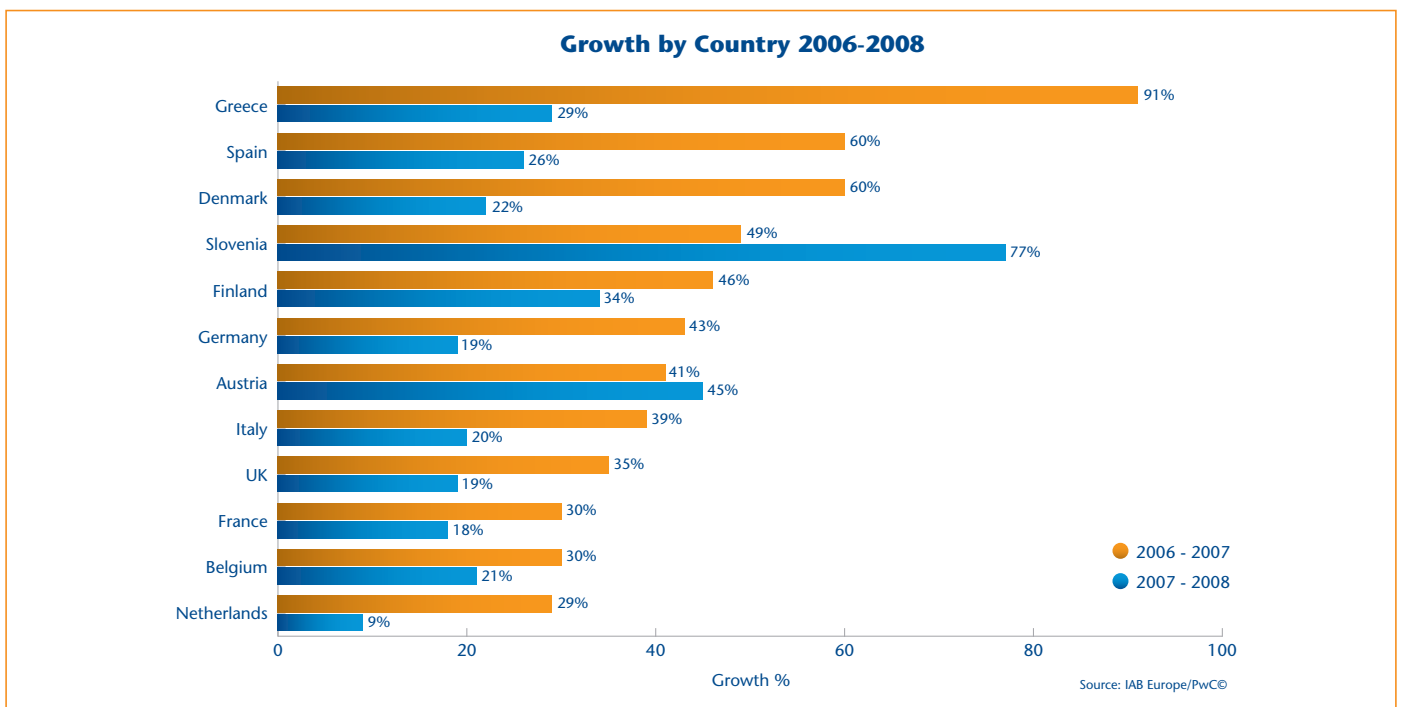
Putting those figures into perspective – how does online shape up compared to overall ad spend? Although the UK has the highest spend on internet advertising, it is Denmark that recorded the highest proportion of overall advertising spend devoted to online. Just under 23.6% of the main media advertising spend in Denmark was devoted to online advertising, with the UK next at 23.2%.

Sweden and the Netherlands devote just under one fifth of their main media advertising spend to online, whilst in other mature markets such as Italy and Spain online advertising accounts for less than 10% of media spend.



Europe retrospective

As the two charts below show, the online advertising market has grown consistently from 2006 to 2008. We have adjusted the currencies in the chart **Total by Country** below to provide truly comparative data. Looking at the growth rates year-on-year in those markets where we have three complete years of data, the slowing of growth rates in 2008 in the mature markets becomes apparent, with Slovenia way out ahead and Austria second.



"10 before 10"

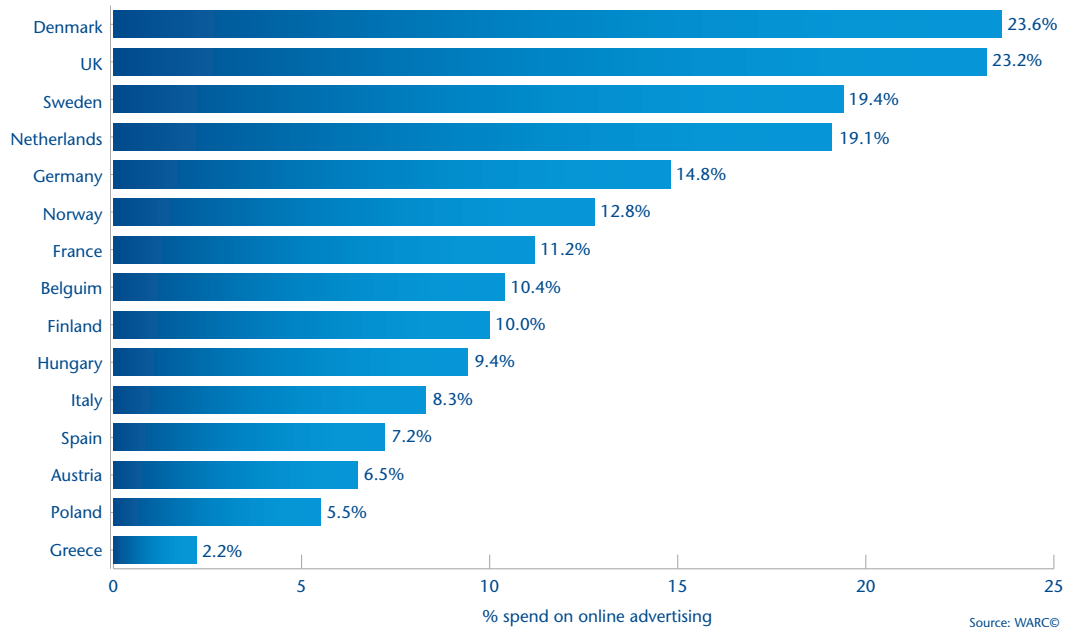
In June 2008, Alain Heureux, President of IAB Europe predicted that we were well on the way to achieving a major online advertising milestone, where online advertising in 10 European countries would account for at least 10% of overall ad spend by 2010. Despite, or perhaps because of, the challenging advertising market in 2008, by the end of the year there were nine countries where this applied. In 2007 there were seven. The countries that qualify, however, had changed. In 2007 they were Denmark, Germany, the Netherlands, Norway, Poland, Sweden and the UK. A year later in 2008 Poland had dropped out of the list and France, Belgium and Finland had reached the magic 10% figure.



Large CPG companies are now studying to shift larger amounts of money from TV to the web . This year I am talking with two of the leading global CPG companies who now own case studies that prove a better sales result if you spent at least 20% of your TV (media) budget online instead of 100% on TV. I expect more budget from that sector beginning in 2009, growing in 2010.

Marcel Udol VP of Business Development,
Managing Director Europe,
EyeWonder Interactive Digital Advertising. Advance

Spend on online advertising as a percentage of main media spend by country 2008



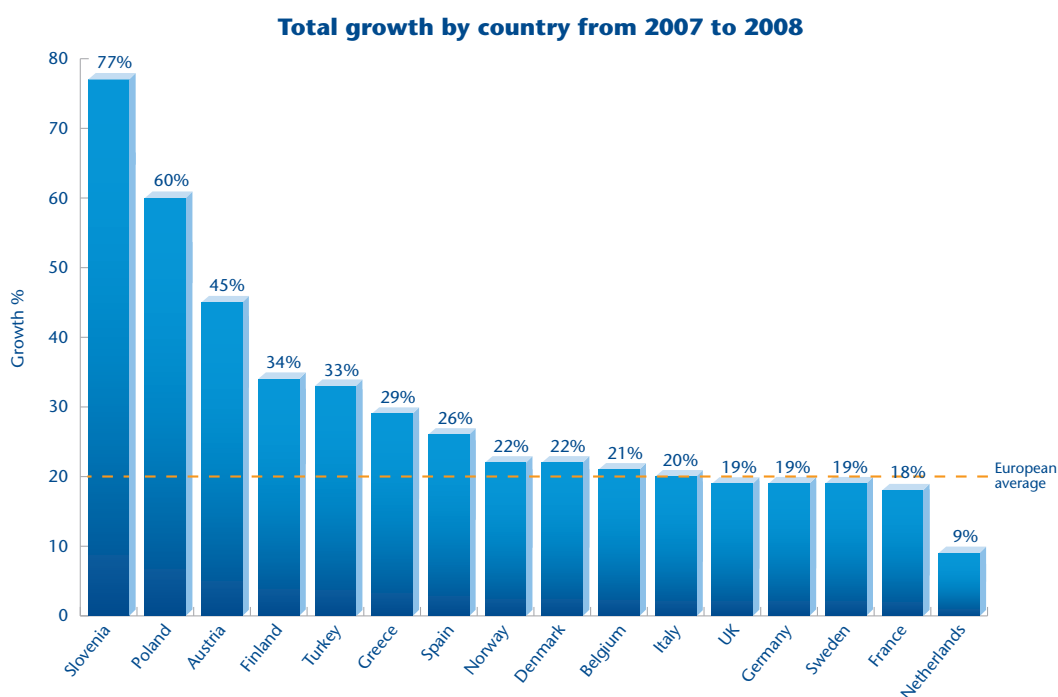
European online advertising spend grew by 20% in 2008

Between 2006 and 2007 European online advertising spend grew by 40%. Between 2007 and 2008 growth was a more modest 20%.

In 2008 some of the biggest markets for online advertising experienced much lower growth rates than ever before. The UK online advertising market grew 40% from 2006-2007, but only managed 19% from 2007-2008. The Greek online advertising market grew 29% between 2007 and 2008 – considerably more modest than the 91% growth enjoyed between 2006 and 2007. The Netherlands, Europe's early adopter of

online advertising, grew only 9% between 2007 and 2008, but managed a 29% growth between 2006 and 2007. This growth rate is comparable to the 2007-2008 growth of the US market, which sat at just under 11% (10.7%).

Other mature online markets saw similar lower growth, with growth in France at 18%; the UK, Germany and Sweden at 19% and Italy at 20%. Just beating the 20% barrier, Belgium grew 21% and Denmark and Norway hit a 22% growth rate. Spain by comparison saw relatively strong growth at 26%.



Source: IAB Europe/PwC©

search top of the formats in 2008

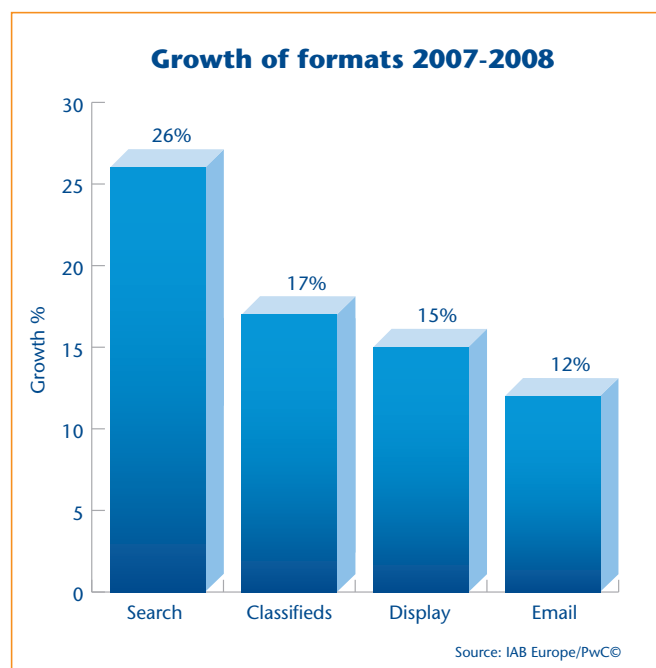
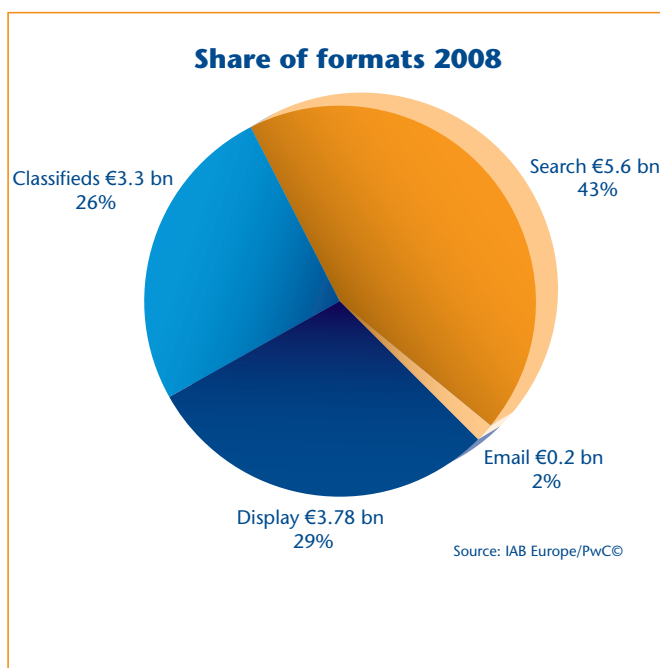
Search remains the leading format in Europe with the strongest year-on-year growth rate of 26%, accounting for 43% of online ad expenditure in the 19 countries measured and a value of €5.6bn.

Classifieds are next in terms of year-on-year growth rates at 17.4%, equating to a 26% share of ad spend and a market value of €3.8bn.

The growth of search and classifieds can be partly explained by measurement and performance-based marketing needs – in times of recession advertisers are more focused on proving return on investment for every Euro spent and these two formats are the most accountable in online advertising. The focus on search and classifieds underlines just how important making online ad spend accountable is for the online advertising industry to develop and grow.

“The obsession with the last click (fuelled by the economic downturn) creates a digital advertising landscape that is dominated by the pursuit of direct response. If the pervasiveness and significance of the channel develops as we expect, it is our perspective that the online landscape should fall into three main areas for consideration: the exposure web, the transaction web and the social (reputation) web - this cannot be good for businesses that seek to create, nurture and profit from brands. It's time for a new approach that correlates online communications with the creation of social relevance and ultimately sales, and for creative strategies that really engage and activate consumer interest and evangelism.”

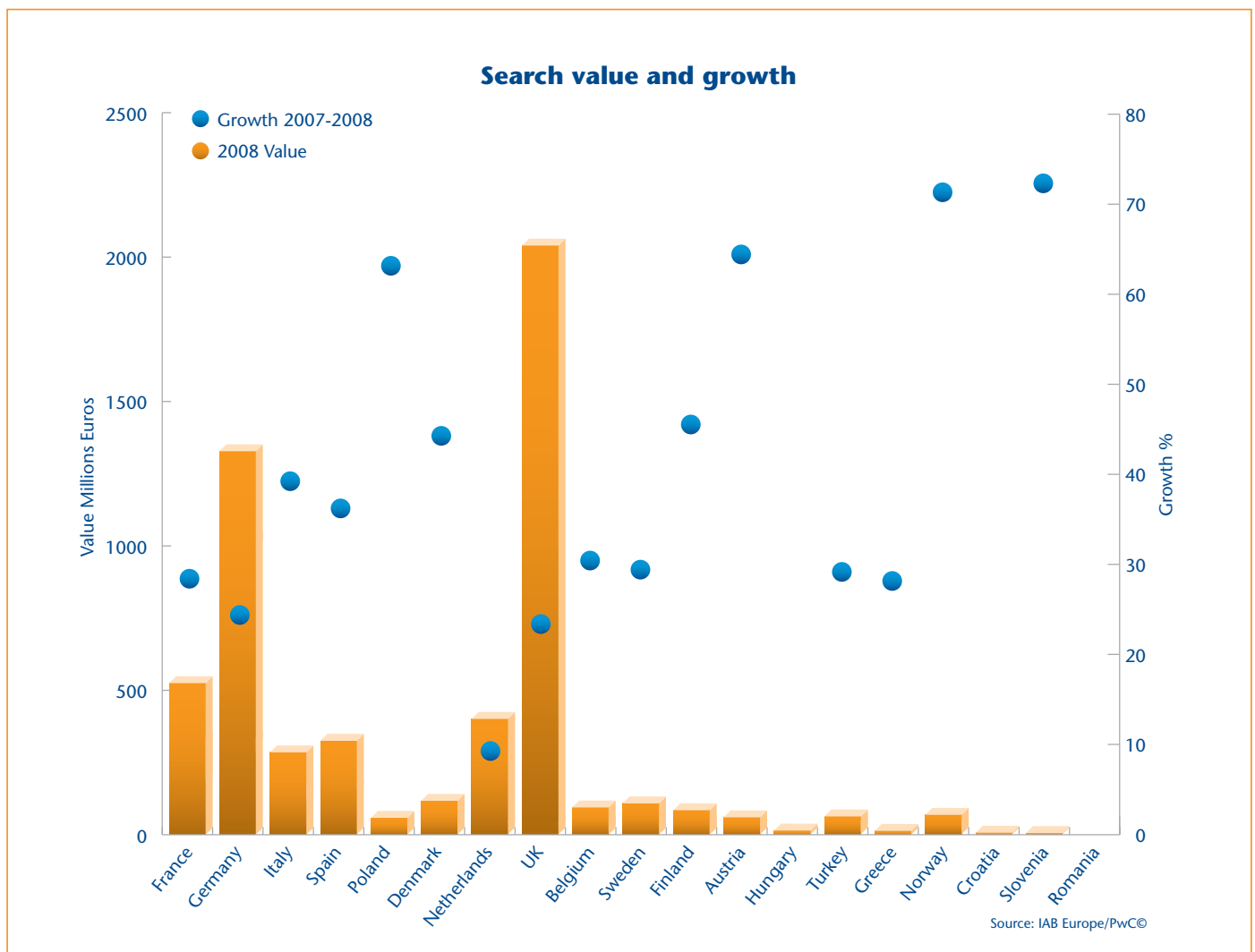
Ruud Wanck, COO Interaction Europe,
Middle East and Africa GroupM



- Value €5.6 billion
- Accounts for 43% of overall online spend
- Total European like-for-like growth 26%
- Top five countries in terms of value: The UK, Germany, France, the Netherlands, Spain
- Top five countries in terms of growth: Slovenia, Norway, Austria, Poland, Finland
- The Netherlands was the slowest growing market for search in 2008, with growth of only 9% - considerably less than the second slowest growing search market, the UK, which recorded 23% growth.

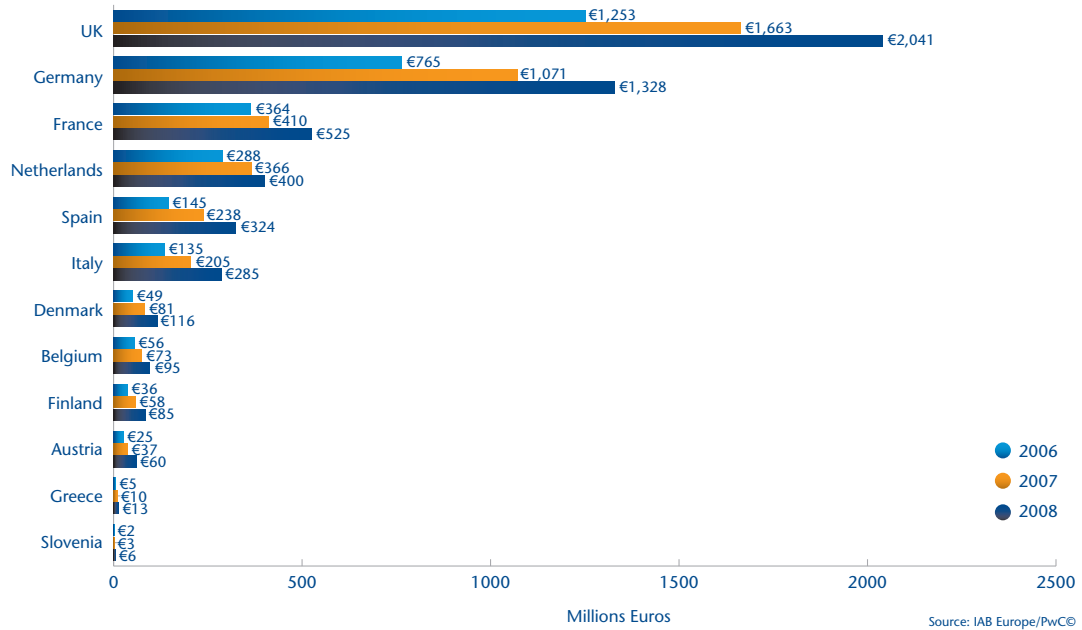
“2008 was yet another milestone for our industry. The genuine fear of a recession reversion to traditional models did not occur; in fact most brands actually increased their spend and focus on the internet. Furthermore brands are deploying much more sophisticated digital marketing programs that embrace not only paid digital media but complement it with earned media on social networks and a renewed focus on organic search, both activities not reflected in media research due to the lack of spend.”

Norm Johnston, Global Digital Leader, Mindshare



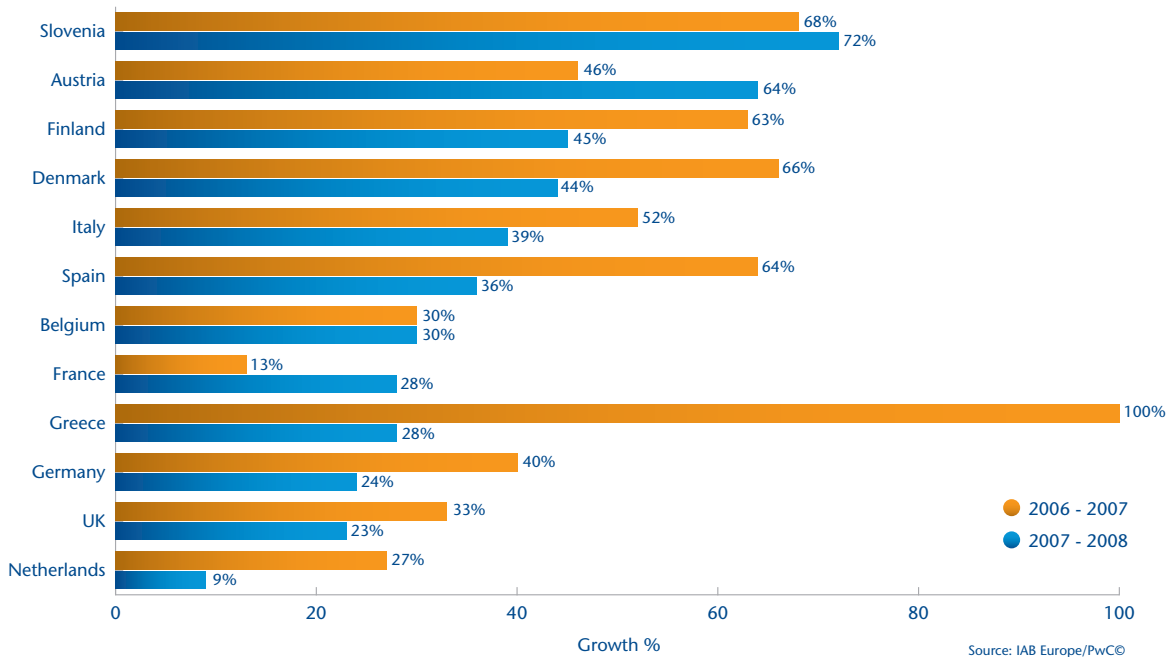
Search value by Country 2006-2008 million euros

(all data adjusted to 2008 exchange rates)



Search growth by country 2006-2008

(all data adjusted to 2008 exchange rates)



- Value €3.3 billion
- Accounts for 26% of overall online spend
- Total European like-for-like growth 17%
- Top five countries in terms of value: France, UK, Germany, the Netherlands, Italy
- Top five countries in terms of growth: Slovenia, Austria, Turkey, Poland, Norway
- Once again the Netherlands was the slowest growing classifieds market, at just 5%, followed by Denmark and Belgium at 10%.

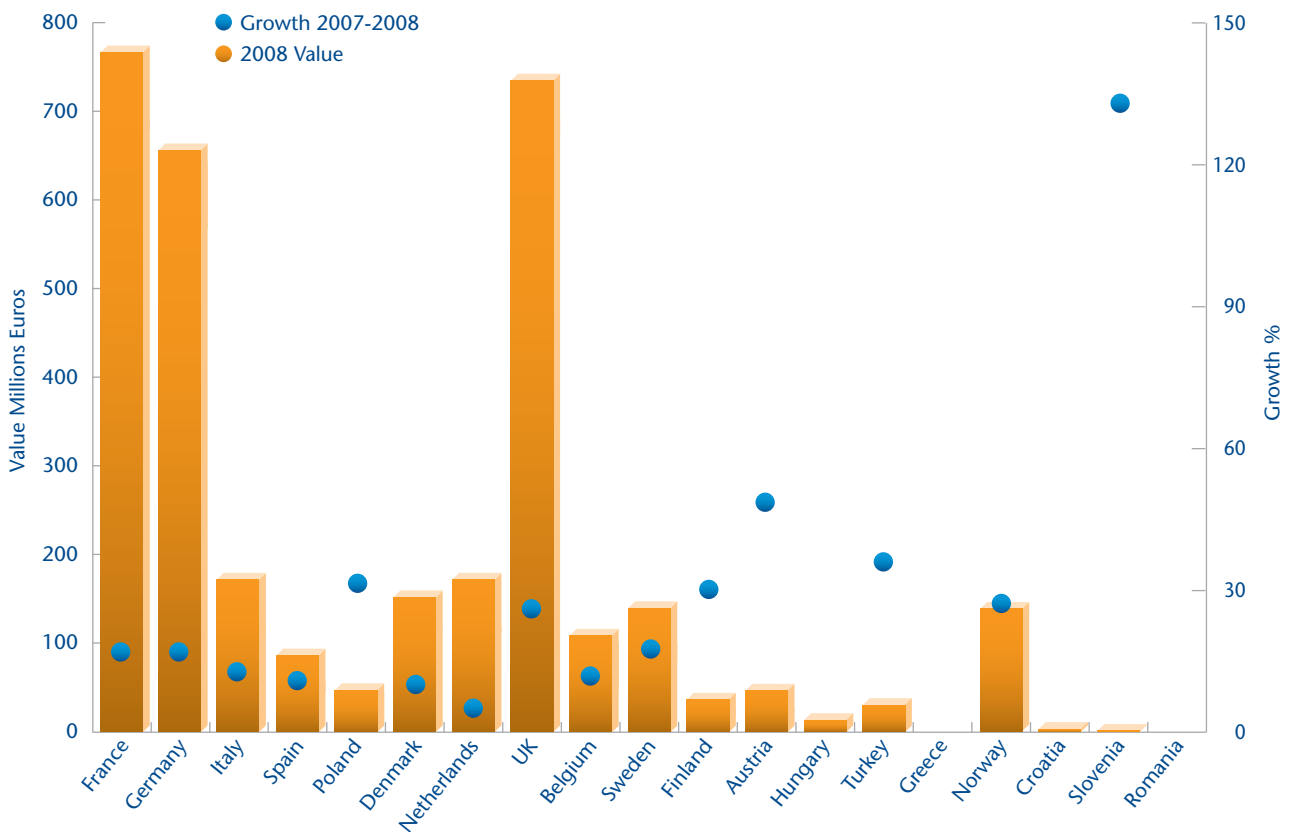
“Online ad dynamics are drastically different to off-line yellow pages ones. SMEs are recognizing this and are

making choices on budget in favour of online. Yellow pages are best positioned to provide the right mix of products that deliver superior ROI but they must recognize the paradigm shift that online has created: consumers are no longer granted and need to be ‘hunted’.

With the advent of the internet, yellow pages have two customers: advertisers, and users. Both are equally important. Success comes by delivering value efficiently and through new products. We see this trend strengthening. It will represent an incredible opportunity for companies that can transform themselves.”

Gianluca Carrera, Vice President, New Media, Truvo

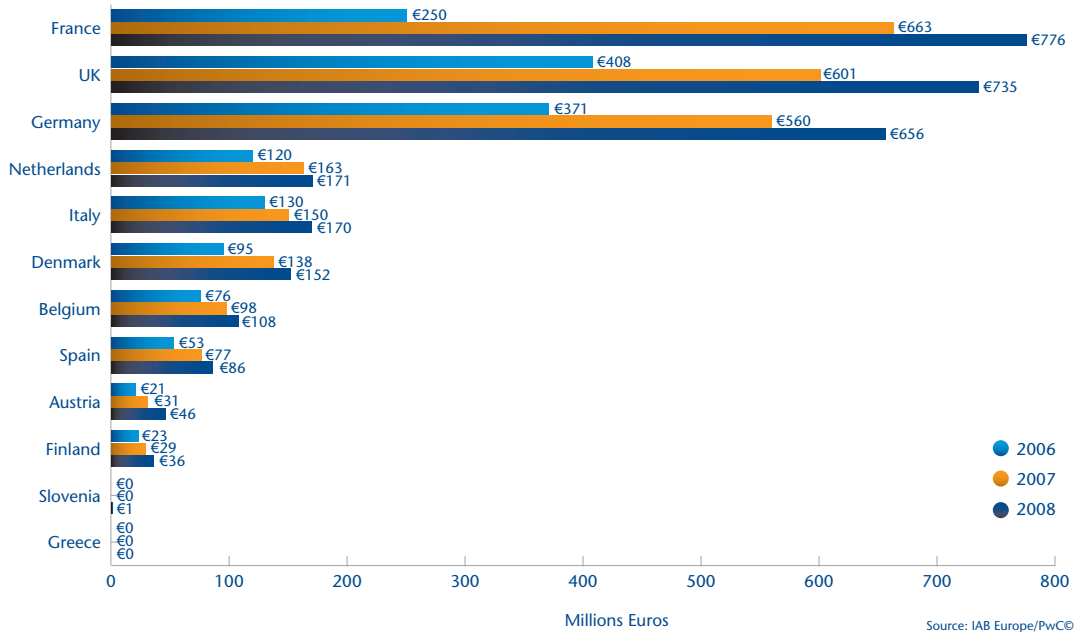
Classifieds value and growth



Source: IAB Europe/PwC©

Classifieds value by Country 2006-2008 million euros

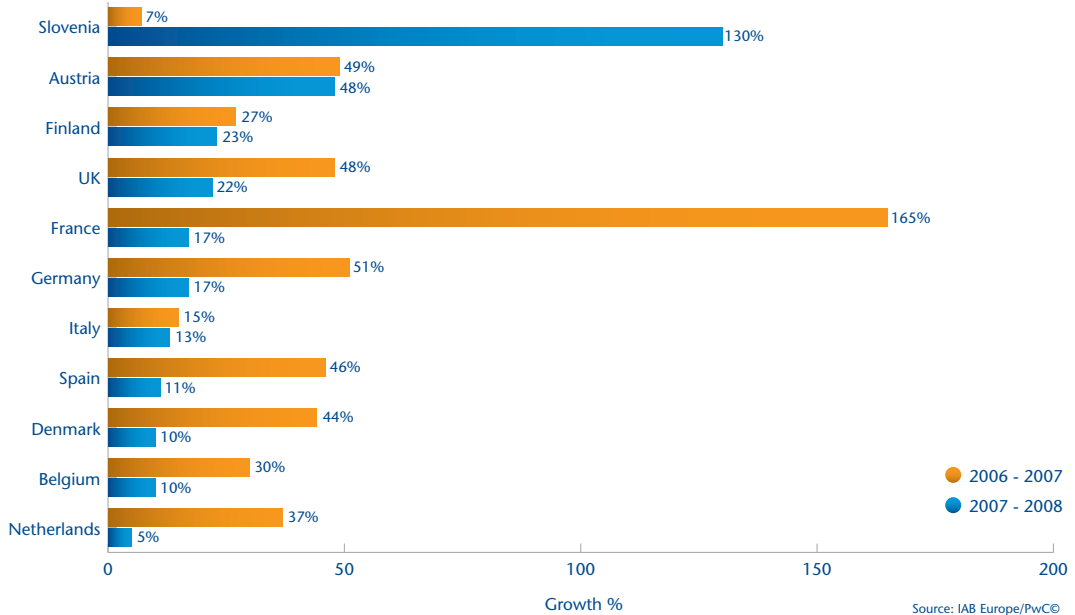
(all data adjusted to 2008 exchange rates)



Source: IAB Europe/PwC©

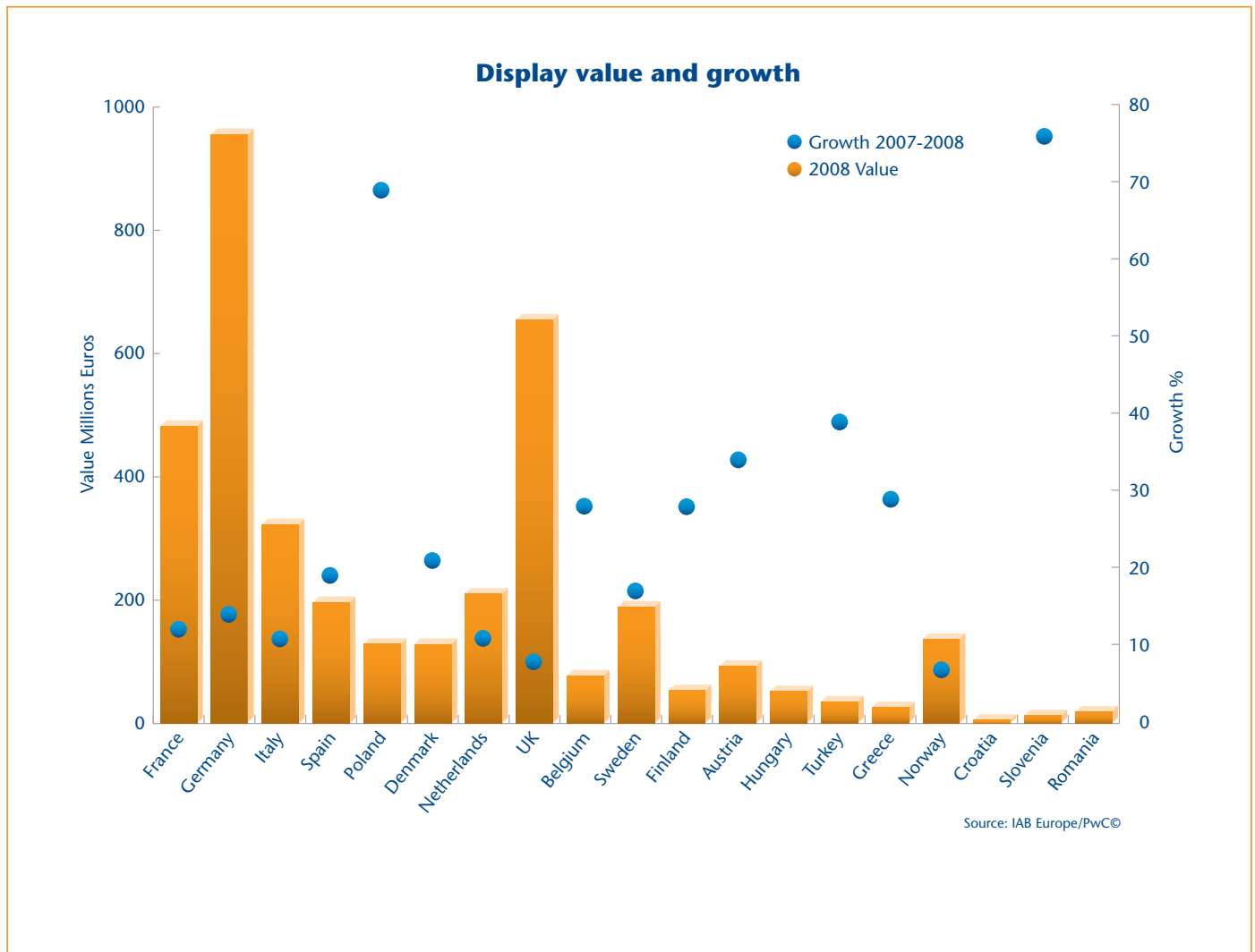
Classifieds growth by country 2006-2008

(all data adjusted to 2008 exchange rates)



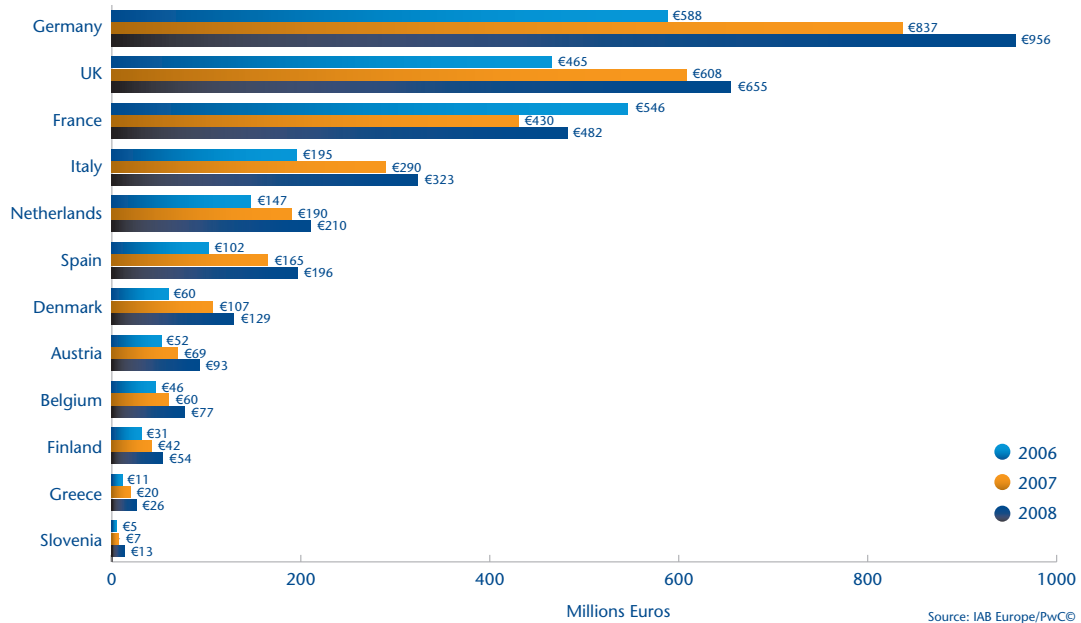
Source: IAB Europe/PwC©

- Value €3.8 billion
- Accounts for 29% of overall online spend
- Total European like-for-like growth 15%
- Top five countries in terms of value: Germany, UK, France, Italy, the Netherlands
- Top five countries in terms of growth: Slovenia, Poland, Turkey, Austria, Greece
- Norway (7%) and the UK (8%) were the slowest growing display markets in 2008.



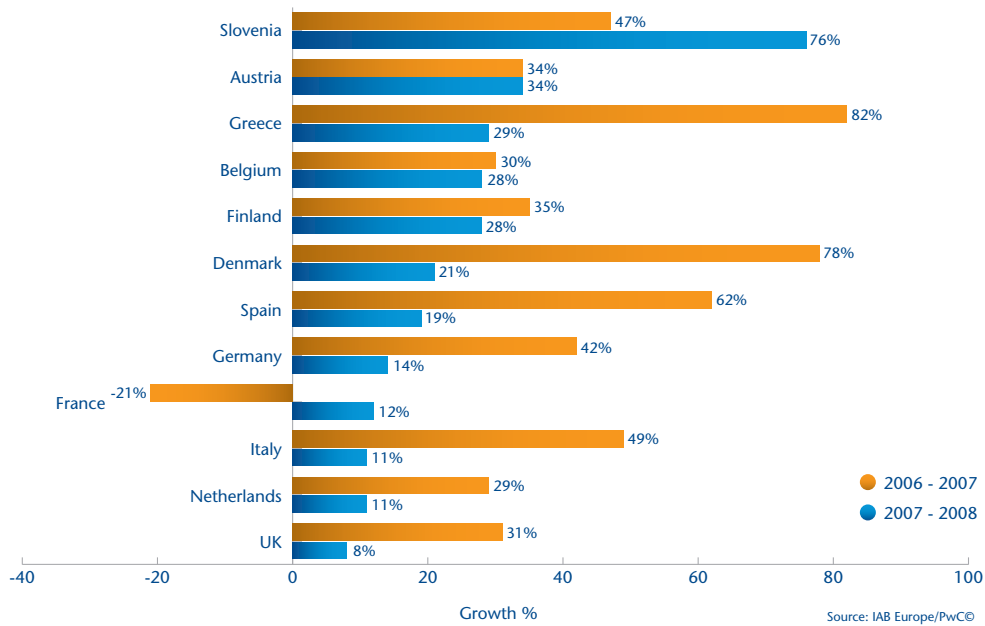
Display value by country 2006-2008

(all data adjusted to 2008 exchange rates)

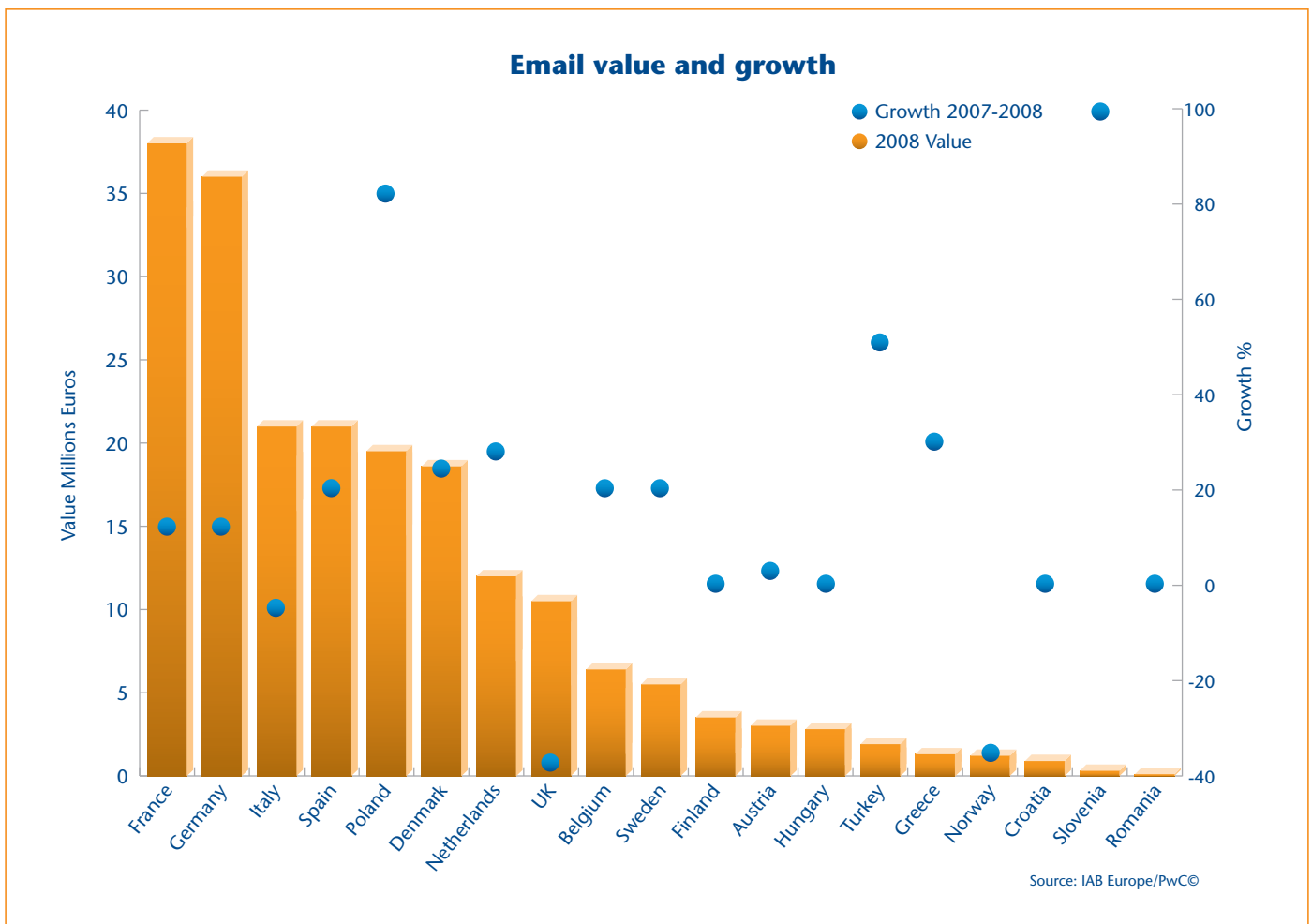


Display growth by country 2006-2008

(all data adjusted to 2008 exchange rates)

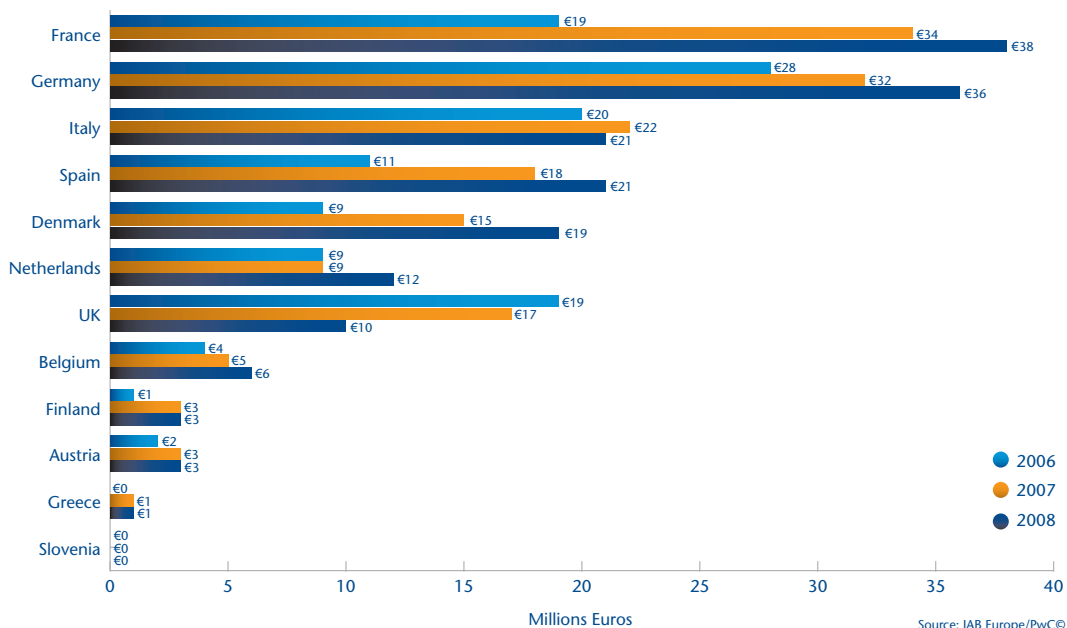


- Value €0.2 billion
- Accounts for 2% of overall online spend
- Total European like-for-like growth 1.6%
- Top five countries in terms of value: France, Germany, Italy, Spain, Poland
- Top five countries in terms of growth: Slovenia, Poland, Turkey, Greece, the Netherlands
- UK (-37%), Norway (-35%) and Italy (-4.5%) all recorded negative growth in email advertising in 2008.



Email value by country 2006-2008

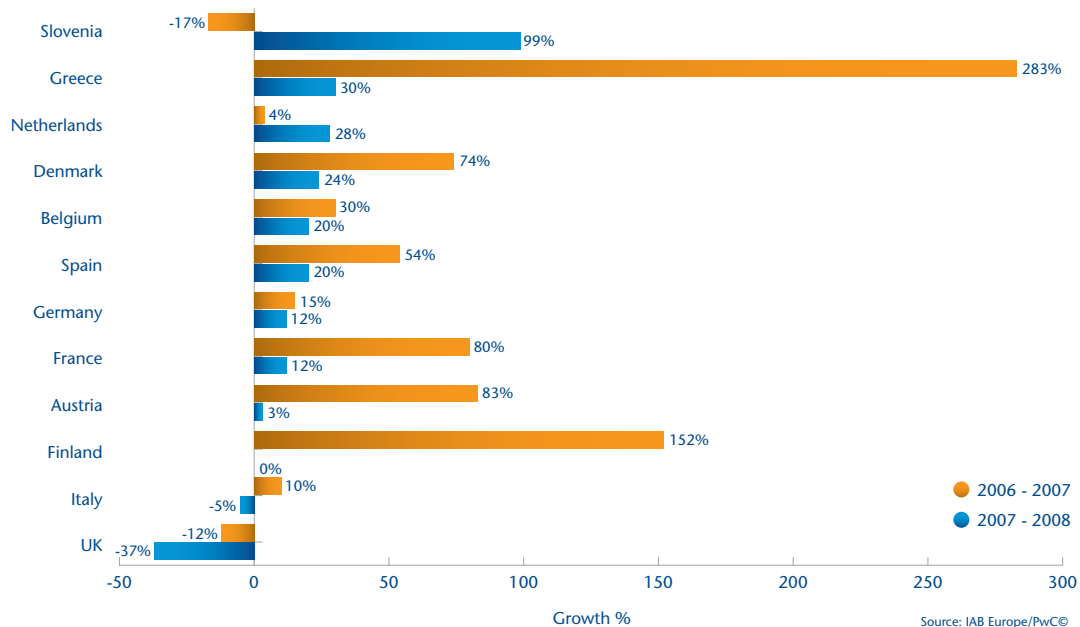
(all data adjusted to 2008 exchange rates)



Source: IAB Europe/PwC©

Email growth by country 2006-2008

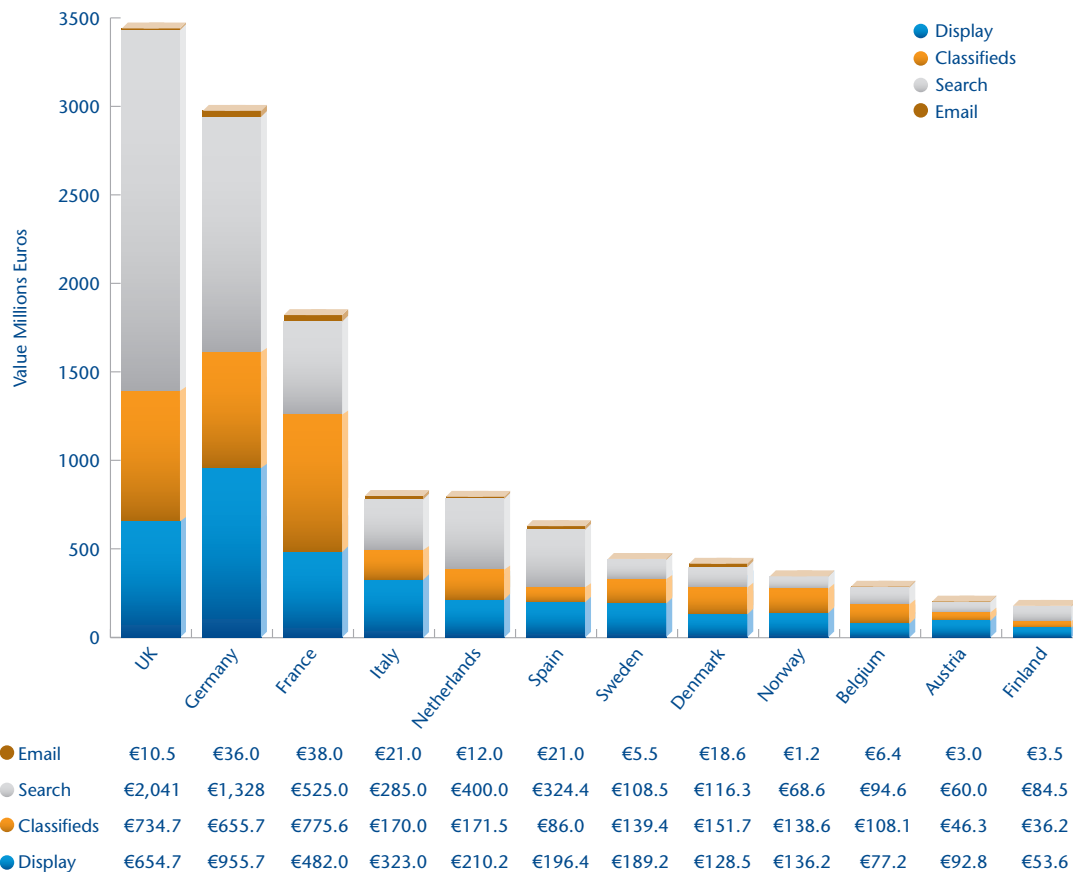
(all data adjusted to 2008 exchange rates)



Source: IAB Europe/PwC©

regional and country detail Western Europe

Spend by format and by country: Western Europe



Source: IAB Europe/PwC©

UK

The UK is the largest market by spend of the 19 countries covered in this report. After Denmark it has the second highest proportional spend for online when considering main media spend. The UK is also the biggest market for search, with a spend of just over 2 billion Euros. In fact, in 2008 search accounted for 59% of the total online ad spend in the UK, making the UK the country with the highest proportion of online ad spend going to search.

2008 online ad spend	€3,441m
2007-2008 online ad spend growth	19%
2008 main media spend (WARC)	€18,202m
Online as a proportion of main media spend (WARC)	23.2%

Germany

Germany is the second largest market overall. The majority of German online ad spend is on search (45%), followed by display (32%) and classifieds (22%). Email only accounts for 1% of total online spend.

2008 online ad spend	€2,975m
2007-2008 online ad spend growth	19%
2008 main media spend (WARC)	€19,493m
Online as a proportion of main media spend (WARC)	14.8%



regional and country detail Western Europe

France

France is the largest classified market in Europe, both in terms of Euro value (€775,6 million), and in terms of the proportion of total online ad spend devoted to classifieds (43%). Search is a distant second in terms of the proportion of ad spend it attracts (29%), followed by display at 26%.

2008 online ad spend	€1,821m
2007-2008 online ad spend growth	18%
2008 main media spend (WARC)	€11,070m
Online as a proportion of main media spend (WARC)	11.2%

Italy

Italy is the fourth largest market in Europe and recorded a European average growth rate of 20%. In spite of this only 8.3% of Italy's main media advertising spend is devoted to online. The majority of Italy's online ad spend is on display advertising (40%), followed by search (36%), classifieds (21%) and email (3%).

2008 online ad spend	€799m
2007-2008 online ad spend growth	20%
2008 main media spend (WARC)	€9,183m
Online as a proportion of main media spend (WARC)	8.3%

The Netherlands

The Netherlands was Europe's early adopter of online advertising, but at just 9% in 2008, recorded the lowest growth rate of all the countries measured in 2007 and 2008. The majority of the Netherlands' online ad spend (50%) goes to search; this is the third highest proportion after the UK and Spain. 26% of online ad spend in the Netherlands goes towards display advertising and 22% to classifieds.

2008 online ad spend	€794m
2007-2008 online ad spend growth	9%
2008 main media spend (WARC)	€4,466m
Online as a proportion of main media spend (WARC)	9%

Spain

After the UK, Spain devotes the highest proportion of online advertising spend to search – 50%. Display comes a distant second at 31%, followed by classifieds (14%) and email (3%). Although Spain recorded better than average growth from 2007-2008, online still represents only 7.2% of main media advertising spend.

2008 online ad spend	€628m
2007-2008 online ad spend growth	26%
2008 main media spend (WARC)	€6,978m
Online as a proportion of main media spend (WARC)	7.2%

Sweden

Sweden is another country with a preference for display over search, with 43% of its online spend going to display and only 25% to search. Classifieds attracted 32% of spend and email 1%.

2008 online ad spend	€442m
2007-2008 online ad spend growth	19%
2008 main media spend (WARC)	€2,591m
Online as a proportion of main media spend (WARC)	19.4%

Denmark

Of all the countries measured, Denmark devotes the largest proportion of its advertising spend to online (23.6%). Within online, classifieds are the most popular format, attracting 37% of spend, display is second with 31% of spend, followed by search (28%) and email (4%).

2008 online ad spend	€415m
2007-2008 online ad spend growth	22%
2008 main media spend (WARC)	€1,687m
Online as a proportion of main media spend (WARC)	23.6%



regional and country detail Western Europe

Norway

Classifieds and display are the most popular formats in the Norwegian market, each attracting 40% of the total online spend. Spending on search accounts for the remaining 20%.

2008 online ad spend	€345m
2007-2008 online ad spend growth	22%
2008 main media spend (WARC)	€1,777m
Online as a proportion of main media spend (WARC)	12.8%

Belgium

Classifieds (38%) and search (33%) are the most popular formats in Belgium, but overall spending on online is relatively low at only 10.4% of total media spend.

2008 online ad spend	€286m
2007-2008 online ad spend growth	21%
2008 main media spend (WARC)	€2,730m
Online as a proportion of main media spend (WARC)	10.4%

Austria

Austria recorded the highest year-on-year growth in Western Europe, with an impressive 45% growth in spend, although online still only represents 6.5% of total main media spend. Display is the dominant format, accounting for 46% of online spend, followed by search (30%) and classifieds (23%).

2008 online ad spend	€202m
2007-2008 online ad spend growth	45%
2008 main media spend (WARC)	€2,972m
Online as a proportion of main media spend (WARC)	6.5%

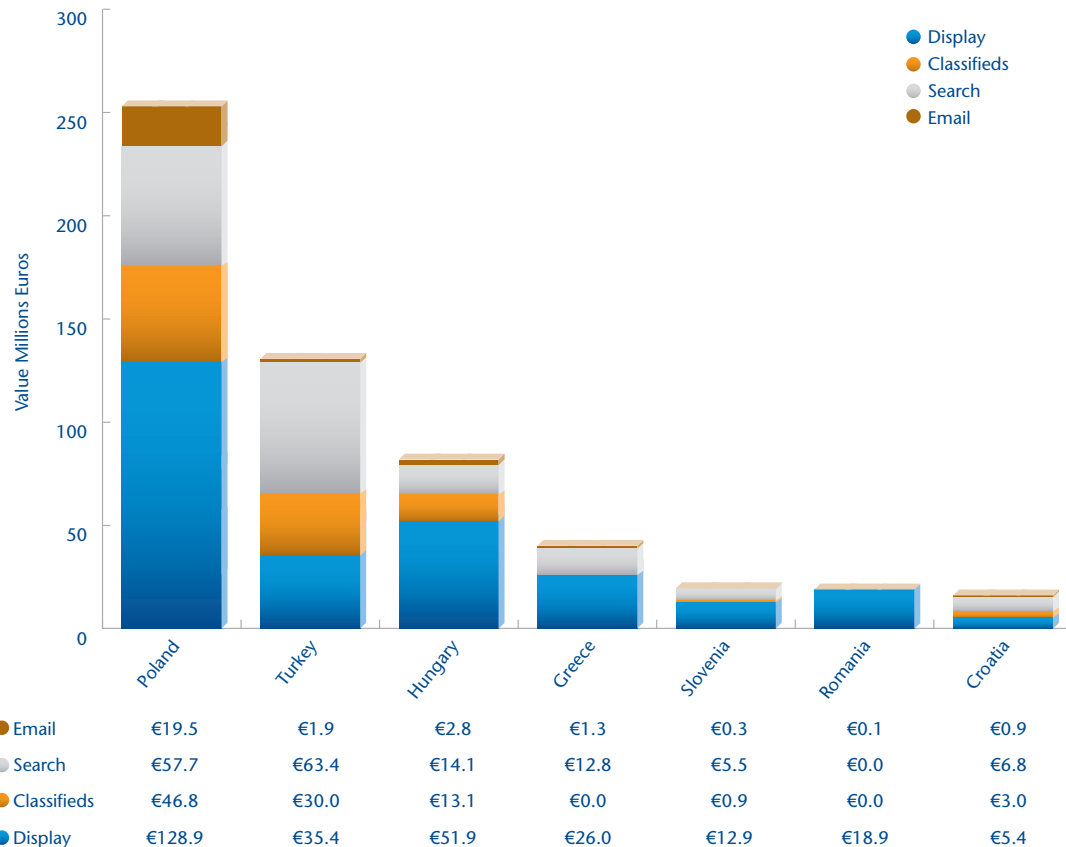
Finland

Finland enjoyed the second highest growth rate in Western Europe (34%) between 2007 and 2008. The majority of Finnish online ad spend was on search (48%), followed by display (30%) and classifieds (20%).

2008 online ad spend	€178m
2007-2008 online ad spend growth	34%
2008 main media spend (WARC)	€1,516m
Online as a proportion of main media spend (WARC)	10%

regional and country detail Central and Eastern Europe

Spend by format and by country: Central and Eastern Europe



Source: IAB Europe/PwC©

The markets outside of the top 10 are currently enjoying the strongest growth. Whilst this may not be hugely surprising as they enter a growth stage whilst simultaneously the top markets mature, it does present advertisers and players in the digital arena with business opportunities in these countries. Poland has experienced a 60% growth rate, bringing the market to a value of €253m. Slovenia has grown at 77% and the market is now valued at €19.6m.

Where WARC data is available we can see that online is still a very small proportion of the total advertising market in these countries, so there is plenty of opportunity for growth as the European economy starts to improve.

Croatia

This is Croatia's first year in the report, so no year-on-year information is available. Search (43% of online spend) and display (34%) are the dominant formats, followed by classifieds (19%) and email (5%).

2008 online ad spend	€16m
2007-2008 online ad spend growth	n/a
2008 main media spend (WARC)	n/a
Online as a proportion of main media spend (WARC)	n/a

regional and country detail Central and Eastern Europe

Greece

Greece devotes the smallest proportion of main media spend to online – just 2.2%. In spite of this the country enjoyed better than average growth of 29% in the online sector. Display is the dominant online format in Greece, accounting for 65% of total online ad spend; search accounts for 32% and email 3%.

2008 online ad spend	€40m
2007-2008 online ad spend growth	29%
2008 main media spend (WARC)	€1,957m
Online as a proportion of main media spend (WARC)	2.2%

Hungary

This is Hungary's first year in the report, so no year-on-year information is available. Online already accounts for 9.4% of media spend; display is the dominant format, accounting for 63% of total online spend. Search (17%) and classifieds (16%) and email (3%) are less important in this market.

2008 online ad spend	€82m
2007-2008 online ad spend growth	n/a
2008 main media spend (WARC)	€787m
Online as a proportion of main media spend (WARC)	9.4%

Poland

At 8% Poland had the highest proportion of online ad spend devoted to email. Display is the dominant format, attracting 51% of spend. Search accounts for 23% and classifieds for 19% of spend.

2008 online ad spend	€253m
2007-2008 online ad spend growth	60%
2008 main media spend (WARC)	€2,159m
Online as a proportion of main media spend (WARC)	5.5%

Romania

This is Romania's first year in the report, so no year-on-year information is available. Search and classifieds are yet to make an impression on the market, with 99% of spend accounted for by display advertising. Email accounts for the remaining 1%.

2008 online ad spend	€19m
2007-2008 online ad spend growth	n/a
2008 main media spend (WARC)	n/a
Online as a proportion of main media spend (WARC)	n/a

Slovenia

Slovenia enjoyed the strongest growth rate of all countries under measurement in 2007 and 2008. Two thirds of the €20m spend on online went towards display advertising; search accounted for 28%, with classifieds a distant third at 5%.

2008 online ad spend	€20m
2007-2008 online ad spend growth	77%
2008 main media spend (WARC)	n/a
Online as a proportion of main media spend (WARC)	n/a

Turkey

The Turkish online advertising market grew by a third between 2007 and 2008. Search is the dominant format, accounting for 49% of total online advertising spend. Display was second at 27%, followed by classifieds (23%) and email (1%).

2008 online ad spend	€131m
2007-2008 online ad spend growth	33%
2008 main media spend (WARC)	n/a
Online as a proportion of main media spend (WARC)	n/a

forecasting the European advertising market in 2009-2010

by Vincent Létang, Head of Advertising and Daniel Knapp, Advertising Analyst, Screen Digest

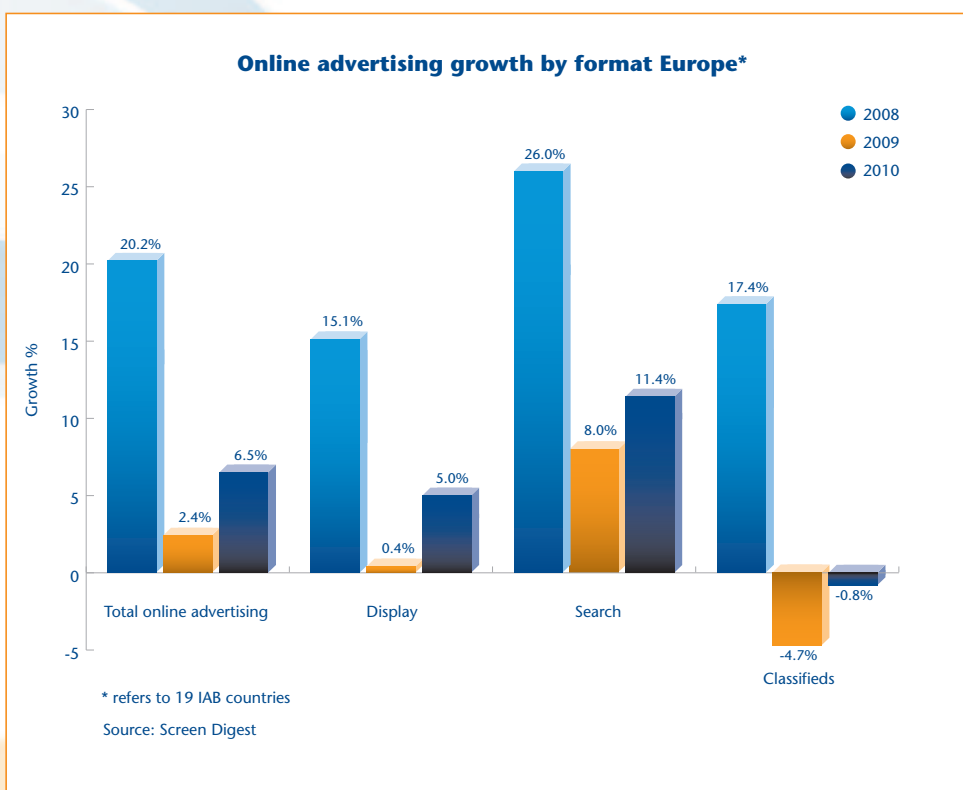
This is the first economic recession of the digital advertising era, and it is a major one by any standards. Even beyond 2009 the economy will remain sluggish in Europe and advertising will underperform that sluggish economy. The relative decline of advertising spending had in fact started years ago but was somewhat overshadowed by the economic growth of the mid-2000s and the organic growth of digital media. Between 2000 and 2008, and despite the post-dot-com recovery of 2002-2007, the ratio of advertising/GDP had already fallen from 1.12% to 0.91% in the UK; the trend is the same in all Western Europe markets. Screen Digest anticipate that it will fall to 0.76% in the UK by 2013.

In most markets online advertising has reached a critical mass market share (10% or higher) where the budgets can no longer be immune to economic conditions and cuts in marketing expenditure.

Corporations will decrease branding spend whilst sustaining short-term sales via direct media. This is bad news for online display and most offline formats, but good news for search. In terms of media buying, advertisers are becoming increasingly tactical and bargain-oriented. The growth of audience and inventory (in particular digital television and digital media) is making things worse for media owners across all media as a non-flexible supply exceeds demand by a huge margin, driving rates into unseen depths.

In this general market context, the key trends for online advertising in 2009 are mixed:

- A continued growth in market share, with online advertising still outperforming offline media by a large margin: up 2.4% versus offline media down 14.6%
- An abrupt slowing of growth, mostly driven by rate



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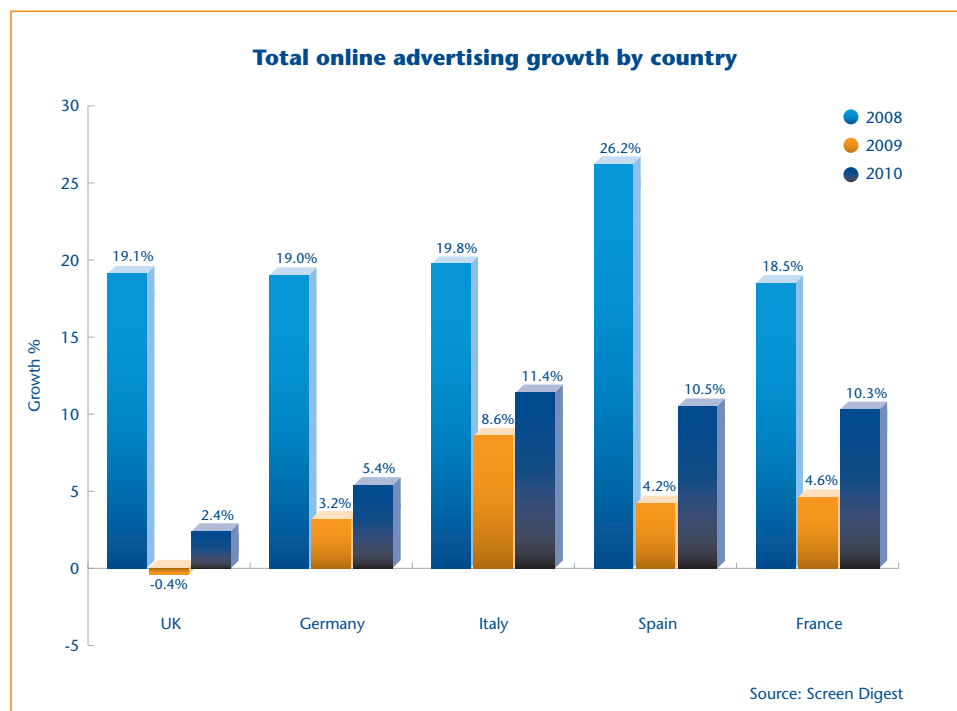
deflation, to the point of negative growth in 2009 in some of the most mature and recession-stricken markets (e.g. UK, the Netherlands, Norway, Sweden). After this 'pause for breath', online advertising should resume organic growth in 2010 (+6.5%), driven by the underdeveloped markets

- Search is likely to be more resilient than display and classifieds
- Most emerging display formats are experiencing an abrupt pause in their take-up, due to increased media-buying conservatism.

In the short term (2009-2010), spending on online display formats is likely to slow more than search. Search is driven by a preference for direct and accountable media in recession times, growing usage and the over supply of online display

inventory that is driving a deflation in all categories. In 2009 Screen Digest believes online display will grow 0.4% in the 19 territories of IAB Europe, whilst search will grow by 8% to represent 46% of total online advertising and 8% of total advertising.

Online classifieds are stuck between opposing forces. On the one hand, overall classifieds activity is hit by the weakness of the property market, the job market and the car market. On the other hand, the classifieds market is still in the process of migrating online and part of the revenues lost by paper publications (newspaper publishers see classifieds sales down 30% to 50% this year) is moving online. Overall we expect classifieds to decline on average -4.7% in the 19 territories of IAB Europe in 2009.



Advertising revenues Europe (19 IAB countries)				
		2008	2009	2010
Economic growth (real GDP)	yoy growth	0.9%	-3.0%	-0.1%
All-media advertising	€m	86,371	75,975	74,322
	yoy growth	-3.3%	-12.0%	-2.2%
Total Internet advertising	€m	12,886	13,193	14,052
	yoy growth	20.2%	2.4%	6.5%
Display	€m	3,779	3,793	3,982
	yoy growth	15.1%	0.4%	5.0%
Search	€m	5,596	6,043	6,730
	yoy growth	26.0%	8.0%	11.4%
Classifieds	€m	3,308	3,152	3,128
	yoy growth	17.4%	-4.7%	-0.8%

Source: Screen Digest

Total online adex for key markets				
		2008	2009	2010
UK	€m	3,441	3,427	3,507
	yoy growth	19.1%	-0.4%	2.4%
Germany	€m	2,975	3,072	3,238
	yoy growth	19.0%	3.2%	5.4%
Italy	€m	799	868	966
	yoy growth	19.8%	8.6%	11.4%
Spain	€m	628	654	723
	yoy growth	26.2%	4.2%	10.5%
France	€m	1,821	1,903	2,099
	yoy growth	18.5%	4.6%	10.3%

Source: Screen Digest

focus on emerging digital formats

by Vincent Létang, Head of Advertising and Daniel Knapp, Advertising Analyst, Screen Digest

Emerging interactive formats or platforms (social media, mobile advertising, online video, in-game advertising) find themselves in a difficult situation in 2009-2010.

At IAB Europe's Interact Congress in June 2009, Screen Digest presented insights from a survey of major European advertisers illustrating perceptions, behaviour and plans.

Our survey showed that unless they have already become familiar with an emerging format, major advertisers are currently not willing to experiment with unproven formats that in their opinion come at a premium. There is still interest in many of them and a feeling that they will ultimately emerge as valuable marketing tools, but this year and next most advertisers will go for search and established display formats. In the context of display, the only 'emerging' format that is still posting significant growth is longform online video. Otherwise advertisers will go for safe premium inventory - albeit at discounted rates - or at the other end of the market for ultra-low-cost 'commodity' inventory provided by ad networks.

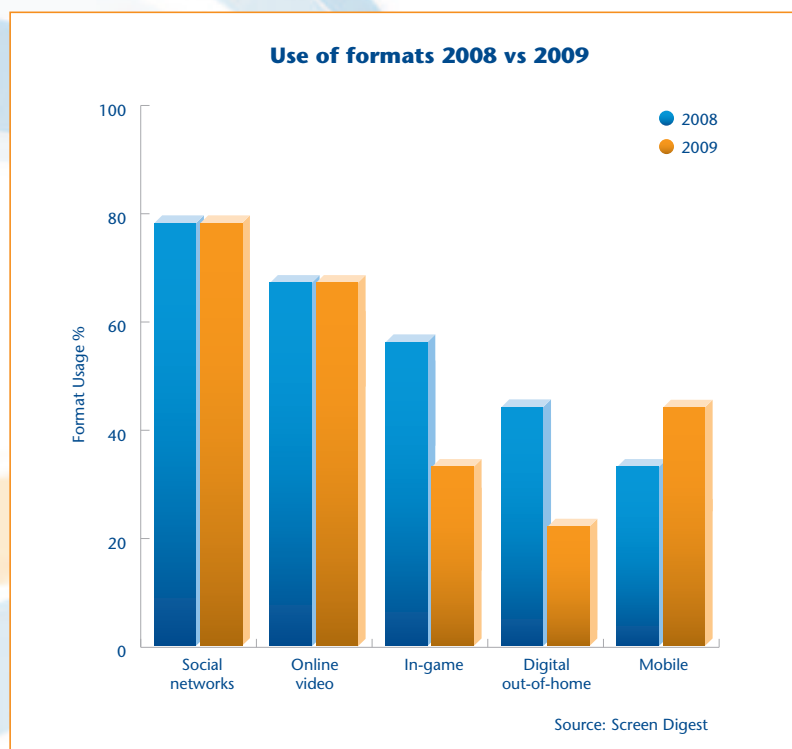
A majority of marketing directors (70%) are planning to increase digital spending in 2009, despite the fact that

although their overall ad spend would be in most cases two-digits down. 30% said it would be flat or slightly down, but still growing in share terms. As for the magnitude of the growth, plans vary significantly across territories and individual advertisers depending on the maturity. Rates were given of between +0% and 40%. As for their perception of emerging formats, the quotes below summarise the current feeling of marketing directors.

“If we are looking at an emerging format we have used in the past and had success with, we will increase spending on it this year again. If on the other hand it is a medium we have not used, we are not going to experiment with it in these difficult economic conditions.”

“We need to learn to walk before we can run. There is still a lot of work to do to really grasp the digital space and what we can do using already established formats, e.g. behavioural targeting, before it makes sense to pay attention to emerging formats.”

“Mobile suffered quite a few false starts which have eroded confidence in the medium. But 2009 may finally be the long-awaited breakthrough as mobile Internet has become affordable and the quality of handsets is finally where it should be.”



online TV advertising taking off across Europe

by Dan Cryan, Head of Broadband Media, Screen Digest

European Online TV advertising, understood as all advertising associated with professional, premium TV content (excluding movies, music videos, UGC, etc), is still in its infancy. In 2008 the UK (the most developed European market) was worth €27m, just 6% of online display and less than 0.6% of TV advertising. But the growth is encouraging: up 285% year-on-year in 2008 compared with 8% growth in display. In France and Germany Screen Digest research reveals a similar picture of a small but growing market.

This growth is fuelled by broadband penetration, higher internet speeds, and the rise of 'catch-up' TV consumption in every major market coupled with in-stream CPMs that are up to four times higher than broadcast TV. For advertisers, online TV offers the 'best of both worlds', combining the accountability and impetus of online with the familiarity of TV formats that lend themselves to brand advertising.

It is these high CPMs, coupled with the association with premium, increasingly long-form, content that separates online TV advertising from more established online video advertising. In effect they are developing as parallel markets, often financed by different budgets, with broadcasters such as ITV in the UK and M6 in France attracting TV spend on the one hand and portals selling video inventory on the other.

For European broadcasters, this is still a comparatively new endeavour. In the 'big three' markets – free-to-view 'catch-up' services (which allow viewers to watch programmes on-demand soon after transmission) began in 2007 in the UK and Germany and 2008 in France. Yet already consumers'

online behaviour is clear: the first two weeks after transmission will often account for 80%, or more, of lifetime viewing.

Significantly, traditional portals cannot access this content easily which means, for the near term at least, the polarisation of online TV versus online video is likely to become more pronounced. For broadcasters, this offers a much-needed opportunity to grow the pie as, in some cases, 30% of online TV ad spend doesn't come from traditional TV budgets.

However, the high CPMs that attracted broadcasters to online TV in 2008, and which proved to be comparatively resilient to the downturn going into 2009, have been sustained by scarcity. There has simply been less available inventory than buyers were willing to pay for – broadcasters in the UK and France are often selling out. This contrasts with the rest of the display market which is characterised by oversupply, with low and declining CPMs to reflect this.

European broadcasters are pushing inventory boundaries more aggressively than their US counterparts. In 2008 ITV started running an almost broadcast TV level of mid-roll adverts while M6 and Five have both pushed the number of pre and mid-roll ads higher than the likes of CBS and Hulu (the joint venture between Fox, NBC and Disney), which still run the equivalent of six slots per broadcast hour. To date the more aggressive European strategy has been rewarded, CPMs have held up and revenues have grown. But this cannot go on forever as online TV consumption continues to rise and the number of ads per break swells. At some point inventory is set to become abundant.

Online TV advertising revenues

		2008	2009	2010
France	€m	13	29	49
UK	€m	28	69	139
USA	€m	301	341	514

Source: Screen Digest

Online TV advertising revenues – as a share of online and TV adspend

	France	UK	US
Share of online display	2.77%	5.75%	5.44%
Share of TV	0.39%	0.62%	0.64%

Source: Screen Digest

dust yet to settle around mobile advertising

by Julien Theys, Analyst Mobile Media, Screen Digest

Mobile advertising has been the object of considerable attention over the past two years. Needless to say the increased focus on mobile from the likes of Google and Apple only heightened the perceptions of the medium and the expectations of them. On the handset side, the rising penetration of 'smartphones' like i-phone seems immune to current economic climate: Screen Digest expects growth to remain steady for the foreseeable future, with expected global shipments exceeding 150m units next year and growing upwards of 200m by 2013.

Bigger screen sizes and improved functionalities are creating brand new opportunities for mobile advertising. Beyond web-style banners or TV-like video spots, some new mobile-specific formats are likely to emerge and perhaps this time with more scale and fewer standards. Sponsored, free downloadable apps are an example, allowing brands to engage with users in a useful, opt-in, friendly environment.

The problem with mobile advertising stems from its advantages: it is ubiquitous, personal, always on, allows for precise reporting, but can also take countless forms and thus suffer from fragmentation, leading to some confusion among brands. From the usual display and

search, mobile adds a slew of new opportunities coming from the core communication tool: SMS, MMS, click to call, 2D codes, Bluetooth or 'interactive voice response' were among the first. Today location-based is still an opportunity that has yet to go beyond a simple hype; this time, 'augmented reality' (a layer of data - potentially including ads - on top of a real-time video of the user's surroundings) is reigniting the location-based fire. And, while mobile TV and social networks raise questions on their eventual ad-supported profitability, applications enter the fray and steal the spotlight.

Unfortunately, all this noise brings confusion for potential advertisers. The sheer variety of campaigns can be off-putting for the untrained advertiser unlikely to enjoy high level of noise among 'solution vendors' and operators. In the UK market, IAB estimated 2008 mobile ad revenues to be worth £28.6m. Search alone (50%) and 'banners + text links' (41%) seem to maintain a strong grip on a media that is said to be so promising. Despite high marks for its remarkable response rates, messaging is estimated at £1m (4%). According to Screen Digest estimates, rich media advertising such as pre-rolls in mobile video and mobile games will remain a small fraction of the total.

Emerging segments in mobile media advertising

Europe		2008	2009	2010
Mobile TV advertising	€m	24.9	50.2	99.9
YoY growth	%		101%	99%
Mobile VoD advertising	€m	1.1	10.3	27.4
YoY growth	%		876%	167%
Mobile UGC advertising	€m	0.8	2.6	4.6
YoY growth	%		210%	79%
Mobile Games advertising	€m	0.1	0.3	0.5

Source: Screen Digest

in-game advertising: nascent but promising

by Ed Barton, Analyst Games, Screen Digest

In-game advertising comprises three main sub-segments: sponsoring in online browser-based casual games; static advertisements in packaged games (for PC and consoles) taking the form of sponsorship; virtual billboards or product placement and dynamic in-game advertising in the same packaged games, when played on connected PCs or connected, latest generation consoles (Xbox360 or PS3).

Screen Digest has recently focused on the latter segment which, although nascent, is the most structured and promising in the long term. Advertisers spent approximately \$55m on dynamic game advertising globally in 2008. Screen Digest believes that a combination of rising ad spend allocation and a steadily increasing base of connected consoles and PCs will drive spending to \$1.2b in 2014. Currently Screen Digest believes that spending on game advertising represents less than 1%.

Gaming audiences are of significant interest to advertisers. Aside from offering a concentration of demographic groups which are considered difficult to reach through other media and are proven to be tolerant to in-game advertising, audiences are actively engaged with games to a much greater extent than consumers of other, mainly passive, media. Besides, as the latest generation of home consoles is designed to

be connected to the internet, advertisers have a means of serving and tracking ads to video games that is dynamic and scalable for the first time. Screen Digest believes that there will be around 30m connected consoles and just under 400m broadband enabled PC households worldwide at the end of 2009, offering significant potential reach for brand owners. By 2012, Screen Digest expects the potential global dynamic games advertising audience to be in the region of 560m households.

Compared to mobile advertising for instance, dynamic in-game advertising already has three global aggregators (IGA Worldwide, Massive/Microsoft and Double Fusion) who provide global footprint, scale and should facilitate the standardisation of formats and currencies. In-game advertising has already attracted many big global brands (from HP to KFC and, famously, the Obama campaign). Our advertiser survey showed that half of big brands have tried it at some point or another, although it is one of the niche formats that is likely to suffer in the short term as some brands concentrate on established formats. In terms of total interactive advertising, we believe in-game advertising does bring incremental money rather than simply moving budget from traditional online display formats because of its unique branding capability.

Annual Console Unit sales (m)			
	2008	2009	2010
Italy	2.59	2.20	1.89
Spain and Portugal	3.38	2.86	2.53
Germany	4.82	4.04	3.44
France	5.84	5.15	4.56
UK	9.11	7.71	6.56
EU big 5	25.74	21.96	18.99

Source: Screen Digest

top 10 properties December 2008

We would like to thank our member comScore for providing us with this data from December 2008.

AUSTRIA		
Rank	Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	4,262 100.0
1	Google Sites	3,141 73.7
2	Microsoft Sites	2,234 52.4
3	Wikimedia Foundation Sites	1,489 34.9
4	eBay	1,411 33.1
5	United-Internet Sites	1,180 27.7
6	Otto Gruppe	1,139 26.7
7	ORF.AT	1,056 24.8
8	Yahoo! Sites	1,050 24.6
9	Amazon Sites	1,012 23.7
10	AOL LLC	979 23.0

Source: comScore

BELGIUM		
Rank	Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	5,376 100.0
1	Google Sites	4,628 86.1
2	Microsoft Sites	4,156 77.3
3	FACEBOOK.COM	1,963 36.5
4	Telenet Sites	1,939 36.1
5	NETLOG.COM	1,863 34.6
6	Belgacom Group	1,733 32.2
7	Wikimedia Foundation Sites	1,628 30.3
8	eBay	1,624 30.2
9	Yahoo! Sites	1,588 29.5
10	Corelio	1,275 23.7

Source: comScore

DENMARK		
Rank	Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	3,432 100.0
1	Google Sites	2,886 84.1
2	Microsoft Sites	2,512 73.2
3	FACEBOOK.COM	1,966 57.3
4	Eniro Sites	1,240 36.1
5	TV2 Danmark	1,125 32.8
6	DR.DK	1,016 29.6
7	eBay	962 28.0
8	JP Politiken Hus	873 25.4
9	Lycos Europe Sites	858 25.0
10	ARTO.COM	790 23.0

Source: comScore

FINLAND		
Rank	Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	3,111 100.0
1	Google Sites	2,512 80.8
2	Microsoft Sites	2,285 73.5
3	SanomaWSOY	1,615 51.9
4	Wikimedia Foundation Sites	1,339 43.1
5	IRC-GALLERIA.NET	1,331 42.8
6	Eniro Sites	1,312 42.2
7	ILTALEHTI.FI	1,302 41.9
8	FACEBOOK.COM	1,105 35.5
9	MTV3.FI	1,043 33.5
10	The Mozilla Organization	942 30.3

Source: comScore

FRANCE		
Rank	Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	34,010 100.0
1	Google Sites	28,178 82.9
2	Microsoft Sites	25,057 73.7
3	Orange Sites	19,771 58.1
4	Yahoo! Sites	16,152 47.5
5	Iliad/Free.fr Sites	15,641 46.0
6	Groupe PPR	14,830 43.6
7	Groupe Pages Jaunes	14,521 42.7
8	eBay	14,136 41.6
9	Groupe Lagardere	13,108 38.5
10	Wikimedia Foundation Sites	12,297 36.2

Source: comScore

GERMANY		
Rank	Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	36,992 100.0
1	Google Sites	30,381 82.1
2	Microsoft Sites	20,188 54.6
3	ProSiebenSat1 Sites	19,737 53.4
4	eBay	19,710 53.3
5	AOL LLC	18,718 50.6
6	Arcandor AG	17,815 48.2
7	United-Internet Sites	17,563 47.5
8	T-Online Sites	16,612 44.9
9	Verlagsgruppe Georg von Holtzbrinck	16,340 44.2
10	Wikimedia Foundation Sites	15,471 41.8

Source: comScore

top 10 properties December 2008

ITALY

Rank		Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	20,780	100.0
1	Google Sites	17,777	85.5
2	Microsoft Sites	14,254	68.6
3	Yahoo! Sites	10,705	51.5
4	Telecom Italia	10,538	50.7
5	eBay	9,749	46.9
6	WIND Telecomunicazioni	9,236	44.4
7	FACEBOOK.COM	8,482	40.8
8	Wikimedia Foundation Sites	7,957	38.3
9	eMule (App)	5,887	28.3
10	RCS Media Group	5,363	25.8

Source: comScore

NETHERLANDS

Rank		Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	11,812	100.0
1	Google Sites	9,970	84.4
2	Microsoft Sites	8,910	75.4
3	SanomaWSOY	6,202	52.5
4	Hypes	5,783	49.0
5	eBay	5,565	47.1
6	Publieke Omroep	4,634	39.2
7	Wikimedia Foundation Sites	4,091	34.6
8	KPN	4,071	34.5
9	Telegraaf Media Groep	3,636	30.8
10	Yahoo! Sites	3,173	26.9

Source: comScore

NORWAY

Rank		Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	2,938	100.0
1	Microsoft Sites	2,179	74.1
2	Google Sites	2,154	73.3
3	SCHIBSTED Group	1,688	57.5
4	FACEBOOK.COM	1,353	46.1
5	Telenor	1,266	43.1
6	Eniro Sites	1,258	42.8
7	AS Avishuset Dagbladet	1,036	35.3
8	A-Pressen Group	827	28.1
9	NETTBY.NO	806	27.4
10	TV2 Sites	777	26.4

Source: comScore

SPAIN

Rank		Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	17,893	100.0
1	Google Sites	15,741	88.0
2	Microsoft Sites	14,505	81.1
3	Yahoo! Sites	8,398	46.9
4	Terra - Telefonica	7,160	40.0
5	Orange Sites	6,744	37.7
6	Grupo Prisa	6,716	37.5
7	eBay	6,205	34.7
8	RCS Media Group	6,081	34.0
9	Wikimedia Foundation Sites	5,996	33.5
10	TUENTI.COM	5,644	31.5

Source: comScore

SWEDEN

Rank		Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	5,708	100.0
1	Google Sites	4,635	81.2
2	Microsoft Sites	4,467	78.2
3	SCHIBSTED Group	3,596	63.0
4	Bonnierförlagen	2,527	44.3
5	Eniro Sites	2,447	42.9
6	FACEBOOK.COM	1,995	34.9
7	Wikimedia Foundation Sites	1,910	33.5
8	BILDDAGBOKEN.SE	1,560	27.3
9	Swedbank	1,508	26.4
10	eBay	1,490	26.1

Source: comScore

SWITZERLAND

Rank		Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	4,336	100.0
1	Google Sites	3,694	85.2
2	Microsoft Sites	3,039	70.1
3	Swisscom Sites	1,833	42.3
4	FACEBOOK.COM	1,589	36.6
5	Wikimedia Foundation Sites	1,563	36.1
6	Yahoo! Sites	1,515	34.9
7	Arcandor AG	1,190	27.5
8	NETLOG.COM	1,084	25.0
9	eBay	1,077	24.8
10	Apple Inc.	1,072	24.7

Source: comScore

UK

Rank		Total Unique Visitors (000)	% Reach
	Total Internet : Total Audience	36,664	100.0
1	Google Sites	32,907	89.8
2	Microsoft Sites	29,548	80.6
3	Yahoo! Sites	22,431	61.2
4	FACEBOOK.COM	21,165	57.7
5	eBay	20,520	56.0
6	BBC Sites	18,379	50.1
7	AOL LLC	16,519	45.1
8	Amazon Sites	15,465	42.2
9	Ask Network	14,082	38.4
10	Wikimedia Foundation Sites	13,750	37.5

Source: comScore

top 10 ad publisher sites by ad impressions

The data on pages 34 and 35 is an annual accumulation for the year 2008.

AUSTRIA		
Rank	Sites	% of Total Ad Impressions
1	News Network	23.8%
2	Krone	16.2%
3	ORF	6.6%
4	HEROLD	4.9%
5	Austria.com	4.8%
6	AutoScout24	4.6%
7	derStandard	4.2%
8	VOL Vorarlberg Online	4.2%
9	OE3.ORF	2.4%
10	SMS.at	2.4%

Source: The Nielsen Company

BELGIUM		
Rank	Sites	% of Total Ad Impressions
1	HLN	20.6%
2	2dehands	6.4%
3	7Sur7	6.2%
4	Play the game	5.8%
5	Skynet Belgacom	5.6%
6	Hebbes	4.5%
7	Gazet van Antwerpen	4.4%
8	De Standaard	4.3%
9	Studiant	4.3%
10	Het belang van Limburg	3.6%

Source: The Nielsen Company

DENMARK		
Rank	Sites	% of Total Ad Impressions
1	Arto	15.7%
2	Ekstra Bladet	11.5%
3	Den Bla Avis	10.9%
4	Eniro	6.2%
5	Jubii	4.5%
6	Gul & Gratis	4.3%
7	Bilbasen	3.9%
8	TV2	3.8%
9	BT	3.4%
10	QXL	3.0%

Source: The Nielsen Company

FRANCE		
Rank	Sites	% of Total Ad Impressions
1	Yahoo	13.1%
2	Orange	5.8%
3	La Centrale	3.8%
4	TF1	3.7%
5	Cdiscount	3.0%
6	L Equipe	2.9%
7	Skyrock	2.8%
8	L internautes	2.4%
9	Le Monde	2.2%
10	ViaMichelin	2.1%

Source: The Nielsen Company

GERMANY		
Rank	Sites	% of Total Ad Impressions
1	T-Online	15.0%
2	GMX	7.1%
3	Web.de	5.8%
4	Bild.de	5.3%
5	Spiegel Verlag - Spiegel Online	3.7%
6	mobile.de	3.4%
7	MyVideo	3.0%
8	Yahoo	2.9%
9	RTL	2.6%
10	Kicker Online	2.4%

Source: The Nielsen Company

ITALY		
Rank	Sites	% of Total Ad Impressions
1	Libero	19.3%
2	Virgilio	10.8%
3	Tiscali	9.8%
4	Corriere della Sera	6.4%
5	Repubblica	6.0%
6	Yahoo	3.9%
7	MSN	3.6%
8	TGcom	3.0%
9	Gazzetta	1.7%
10	Ansa	1.4%

Source: The Nielsen Company

NETHERLANDS		
Rank	Sites	% of Total Ad Impressions
1	RTL Group	4.9%
2	Tiscali	4.8%
3	FunnyGames	4.3%
4	De Telegraaf	4.1%
5	Funda	3.9%
6	AutoTelegraaf	3.3%
7	Nieuws	3.0%
8	De Financiele Telegraaf	2.9%
9	WeerOnline	2.8%
10	Het Net	2.6%

Source: The Nielsen Company

NORWAY		
Rank	Sites	% of Total Ad Impressions
1	VG Nett	50.5%
2	Finn	9.5%
3	Dagbladet	6.7%
4	Sol	5.9%
5	Nettavisen	4.8%
6	Aftenposten	3.5%
7	MSN	2.8%
8	NRK	2.3%
9	Hegnar Online	2.2%
10	ABC Startsiden	1.9%

Source: The Nielsen Company

top 10 ad publisher sites by ad impressions

PORTUGAL		
Rank	Sites	% of Total Ad Impressions
1	Iol Portugal	23.5%
2	Sapo	16.1%
3	A Bola	12.6%
4	Publico	12.1%
5	Record	10.5%
6	Jornal de Negocios	4.3%
7	Losomundo	4.2%
8	Infordesporto	2.3%
9	PortugalMail	2.3%
10	Aeiou	2.2%

Source: The Nielsen Company

SPAIN		
Rank	Sites	% of Total Ad Impressions
1	Marca	13.7%
2	El Mundo	12.1%
3	Diario AS	6.2%
4	El Pais	4.7%
5	Terra	4.6%
6	MSN - Windows Live	4.0%
7	Invertia	3.6%
8	Elconfidencial.com	3.3%
9	Sport.es	2.8%
10	Segundamano	2.2%

Source: The Nielsen Company

SWEDEN		
Rank	Sites	% of Total Ad Impressions
1	Aftonbladet	28.2%
2	MSN	14.5%
3	Expressen	9.5%
4	Tradera	7.5%
5	TV4	4.1%
6	Spray	3.0%
7	Di.se	2.6%
8	Dagens Nyheter	2.1%
9	Familjeliv	1.9%
10	Svenska Dagbladet	1.7%

Source: The Nielsen Company

SWITZERLAND		
Rank	Sites	% of Total Ad Impressions
1	Bluewin	17.8%
2	20 Minuten	9.9%
3	Tagesanzeiger	7.9%
4	Homegate	6.7%
5	Blick Online	5.7%
6	Neue Zürcher Zeitung	5.6%
7	Search.ch	4.3%
8	Tilllate	3.8%
9	Car4You	3.1%
10	Ticinonline	2.7%

Source: The Nielsen Company

TURKEY		
Rank	Sites	% of Total Ad Impressions
1	Milliyet	24.9%
2	Hurriyet	12.9%
3	Mynet	6.4%
4	Internet Haber	4.7%
5	Vatan	3.5%
6	Haber7	3.3%
7	Haberturk	3.3%
8	izlesene	3.3%
9	Ekolay	2.9%
10	SABAH	2.4%

Source: The Nielsen Company

UK		
Rank	Sites	% of Total Ad Impressions
1	Facebook	6.4%
2	Yahoo	5.7%
3	MSN	5.4%
4	MySpace	5.4%
5	AutoTrader	5.2%
6	eBay	3.6%
7	AOL	3.4%
8	Virgin Media	3.0%
9	Sky	2.9%
10	Bebo	2.7%

Source: The Nielsen Company

internet penetration in Europe

Austria	
Population	8.3 Mio.
Internet penetration 14 years + *	72 %
Internet penetration 14 years + *	5.0 Mio.
*Austrian Internet Monitor 2008	

Belgium	
Population	10.6 Mio.
Internet penetration *	69 %
Internet penetration *	7.3 Mio.
*Eurostat Online-database, survey period 2008	

Croatia	
Population	4.5 Mio.
Internet penetration *	35 %
Internet penetration *	1.6 Mio.
*Eurostat Online-database, survey period 2007	

Czech Republic	
Population	10.3 Mio.
Internet penetration *	49 %
Internet penetration *	5.0 Mio.
*Eurostat Online-database, survey period 2007	

Denmark	
Population	5.4 Mio.
Internet penetration *	84 %
Internet penetration *	4.5 Mio.
*Eurostat Online-database, survey period 2008	

Finland	
Population	5.3 Mio.
Internet penetration *	83 %
Internet penetration *	4.4 Mio.
*Eurostat Online-database, survey period 2008	

France	
Population	63.4 Mio.
Internet penetration *	68 %
Internet penetration *	43.1 Mio.
*Eurostat Online-database, survey period 2008	

Germany	
Population 14 years + *	64.9 Mio.
Internet penetration 14 years + *	64 %
Internet penetration 14 years + *	41.8 Mio.
*AGOF internet-facts 2008-IV	

Greece	
Population *	11.2 Mio.
Internet penetration *	38 %
Internet penetration *	4.3 Mio.
*Eurostat Online-database, survey period 2008	

Hungary	
Population *	10.1 Mio.
Internet penetration *	59 %
Internet penetration *	6.0 Mio.
*Eurostat Online-database, survey period 2008	

Ireland	
Population *	4.3 Mio.
Internet penetration *	63 %
Internet penetration *	2.7 Mio.
*Eurostat Online-database, survey period 2008	

Italy	
Population *	59.1 Mio.
Internet penetration *	42 %
Internet penetration *	24.8 Mio.
*Eurostat Online-database, survey period 2008	

Netherlands	
Population *	16.4 Mio.
Internet penetration *	87 %
Internet penetration *	14.3 Mio.
*Eurostat Online-database, survey period 2008	

Norway	
Population *	4.7 Mio.
Internet penetration *	89 %
Internet penetration *	4.2 Mio.
*Eurostat Online-database, survey period 2008	

Poland	
Population *	38.1 Mio.
Internet penetration *	49 %
Internet penetration *	18.7 Mio.
*Eurostat Online-database, survey period 2008	

internet penetration in europe

Portugal	
Population *	10.6 Mio.
Internet penetration *	42 %
Internet penetration *	4.5 Mio.
*Eurostat Online-database, survey period 2008	

Romania	
Population *	21.6 Mio.
Internet penetration *	29 %
Internet penetration *	6.3 Mio.
*Eurostat Online-database, survey period 2008	

Russia	
Population *	142.2 Mio.
Internet penetration 18 years + **	24 %
Internet penetration 18 years + **	27.0 Mio.
*Eurostat Online-database, survey period 2007 **FOM period 2007	

Slovenia	
Population *	2.0 Mio.
Internet penetration *	53 %
Internet penetration *	1.1 Mio.
*Eurostat Online-database, survey period 2008	

Spain	
Population *	44.5 Mio.
Internet penetration *	57 %
Internet penetration *	25.4 Mio.
*Eurostat Online-database, survey period 2008	

Sweden	
Population *	9.1 Mio.
Internet penetration *	88 %
Internet penetration *	8.0 Mio.
*Eurostat Online-database, survey period 2008	

Switzerland	
Population *	7.6 Mio.
Internet penetration 14 years + **	77 %
Internet penetration 14 years + **	4.6 Mio.
*Swiss Federal Agency for Statistics (Bundesamt für Statistik) **Net-Matrix Base 2008-1	

Turkey	
Population *	69.7 Mio.
Internet penetration 18 years + **	28 %
Internet penetration 18 years + **	13.9 Mio.
*Eurostat Online-database, survey period 2007 **own calculations based on GroupM Report	

United Kingdom	
Population	60.9 Mio.
Internet penetration *	76 %
Internet penetration *	46.3 Mio.
*Eurostat Online-database, survey period 2008	



appendix i definition of formats

Display advertising

An advertiser pays an internet company for space to display a static or hyper-linked banner or logo on one or more of the internet company's pages. For the purposes of this report all forms of internet sponsorship, tenancies and rich media formats that were collected separately by local IABs have been included in the figure for display advertising.

Search

Fees advertisers pay internet companies to list and/or link their company site domain name to a specific search keyword or phrase (includes paid search revenues), where the fee paid by the client is based on the number of clicks on the listing results. Search categories include:

- Paid listings – text links appear at the top or side of search results for specific keywords. The more a marketer pays, the higher the position it achieves. Marketers only pay when a user clicks on the text link
- Contextual search - text links appear in an article based on the context of the content, instead of a user submitted keyword. Payment only occurs when the link is clicked
- Paid inclusion – guarantees that a marketer's URL is indexed by a search engine. The engine's search algorithms determine the listing.

Classifieds

Fees advertisers pay internet companies to list specific products or services (e.g. online job boards and employment listings, real estate listings, automotive listings, 'yellow pages' and directory listings). Classifieds can be either business-to-business or business-to-consumer.

Email marketing

Banner ads, links or advertiser sponsorships that appear in e-mail newsletters, e-mail marketing campaigns and other commercial e-mail communications. Includes all types of electronic mail (e.g. basic text or HTML enabled).



appendix ii participating IABs

IAB Austria

www.iab-austria.at

Research partner: Focus MR

IAB Belgium

www.iab-belgium.be

IAB Croatia

www.inama.hr

IAB Chapter in Denmark (FDIM)

www.fdim.dk

Research partner: Deloitte

IAB Finland

www.iab.fi

Research partner: TNS Gallup Oy Media Intelligence

IAB France

www.iabfrance.com

Research partners: France Pub & TNS Media Intelligence

IAB Chapter in Germany (OVK)

www.ovk.de

Research partner: Nielsen Media Research

IAB Greece

www.iab.gr

IAB Hungary

www.iab.hu

IAB Italy

www.iab.it

Research partner: Nielsen/Fcp

IAB Netherlands

www.iab.nl

Research partner: Nielsen Media Research

IAB Chapter in Norway

www.inma.no

Research partner: MBL Netforum

IAB Poland

www.iabpolska.pl

IAB Romania

www.iab-romania.ro

IAB Slovenia

www.soz.si

IAB Spain

www.iabspain.net

Research partner: PricewaterhouseCoopers

IAB Sweden

www.iabsverige.se

IAB Turkey

www.iab-turkiye.org

IAB UK

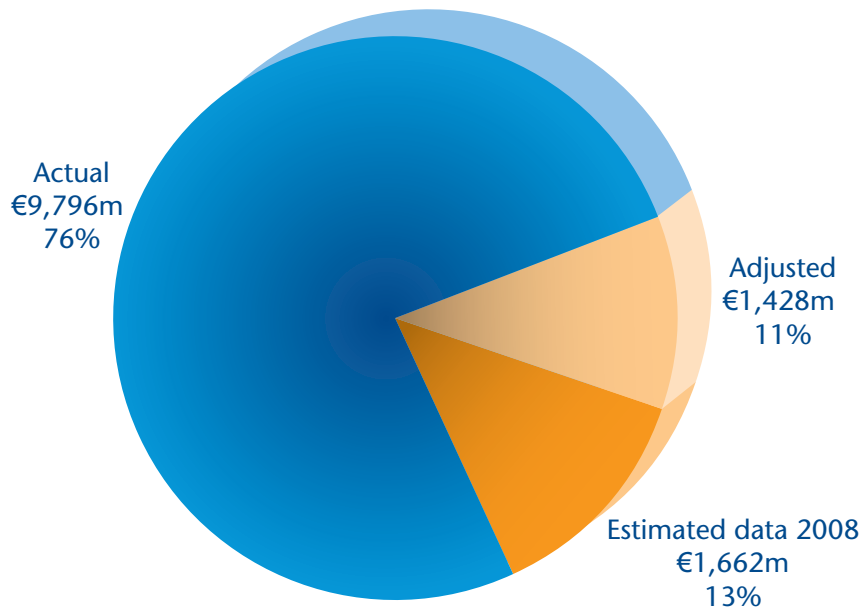
www.iabuk.net

Research partner: PricewaterhouseCoopers

appendix iii methodology and adjusted data

Each national IAB runs its own annual online advertising spend benchmark study and as the methodology for the studies varies slightly by country, IAB Europe works with PricewaterhouseCoopers to ensure that the findings in the European report are comparable. This involves re-adjusting figures to allow for different original methodologies, adjusting currencies where local data is not collected in Euros and ensuring the year-end exchange rate at 2008 has been used. To provide data for previous year growth rates, the prior year's figures are also re-calculated using the current report's year-end exchange rate in order to give transparency over the growth rate.

Actual, adjusted and estimated data 2008 million euro



Source: IAB Europe/PwC©



appendix iv estimates and adjustments

The methodology used by each IAB varies so a decision was taken to use the dominant methodology, that is to use data based on actual billings (gross revenue). We include the four formats display, classifieds, search and email although not every country collects data on all these formats and some countries collect data in additional formats. Therefore some adjustments were made to the data where the method of reporting differed from actual billings. Spend on additional formats was deleted and also estimates were made where the data was not collected.

Austria

- Adjusted display for 20% discount
- Included affiliates into display
- Estimated classifieds based on average EU share

Belgium

- No adjustments

Croatia

- Increased display by 20% and email by 15%

Denmark

- Display: added 4.7%
- Search: added 10%
- Classifieds: added 5%
- Email: added 1.75% and deleted spend in category "other"

Finland

- Added 15% to each display, search and classifieds to gross up
- IAB Europe have estimated classifieds at €776m and email at €38m based on comparisons with other countries

Germany

- Search reduced by 10%
- Affiliate added into display and display reduced by 56.006%
- Email estimated by IAB Europe based on comparisons with other countries

Greece

- Display reduced by 35%
- Search estimated to have grown at EU average of 28%
- No estimate made for classifieds
- Email estimated based on comparisons with other countries

Hungary

- Mobile spend excluded

Italy

- Mobile spend excluded

A note on exchange rates

All figures supplied in currencies other than Euros were converted to Euros using the Oanda exchange rate on 31 December 2008. For the purposes of accurate comparisons and year-on-year growth figures, the figures from 2007 were retrospectively re-converted using December 2007 exchange rates and all 2007 figures quoted are formed using these rates.

The Netherlands

- Added 15% into display to gross up; newsletter, display-parts of affiliate, in-game and integrated content added into display
- Other (mobile, SEO) ad spend excluded
- Classifieds: 5% growth assumed
- Email: estimated at €12m

Norway

- Email estimated to have growth of 30%

Poland

- Other ad spend excluded

Romania

- Display: increased by 5%

Spain

- Display: increased by 10%

Slovenia

- Email estimated based on comparisons with other countries

Sweden

- Display: increased by 7.125%
- Search: reduced by 10%
- Restated 2007 search spend (which had been an estimate in last year's report but with actual spend numbers now available)

Turkey

- Display: increased by 15%
- Email and search estimated based on comparisons with other countries

The UK

- No adjustments made



our research partners



www.comscore.com

comScore is a global leader in measuring the digital world and the preferred source of digital marketing intelligence. Through a powerful combination of behavioural and survey insights, comScore enables clients to better understand, leverage and profit from the rapidly evolving worldwide web and mobile arena. comScore provides syndicated and custom solutions in online audience measurement, e-commerce, advertising, search, video and mobile and offers dedicated analysts with digital marketing and vertical-specific industry expertise. Advertising agencies, publishers, marketers and financial analysts turn to comScore for the industry-leading solutions needed to craft successful digital, marketing, sales, product development and trading strategies.



www.pwc.com

PricewaterhouseCoopers provides industry-focused assurance, tax, and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 155,000 people in 153 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

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The fine Arts of digital Media ■

www.united-internet-media.de

United Internet Media stands for the consistent linking of classic advertising forms with the innovative design possibilities of digital technology. It unites many years of expertise and substantiated knowledge, leading technologies such as Target Group Planning (TGP), innovative products and creative concepts with the combined reach of first class websites. With the captive portals Web.de, GMX, 1&1, and SmartShopping.de together with the AD Europe partner portals, United Internet Media is the gateway to 22 million German speaking, 160 million European and 390 million Internet users in 60 countries throughout the world, providing global diversity of the new media world and true one-stop media shopping.



www.nielsen-online.com

The online world is changing and Nielsen delivers the data, intelligence and insights to help marketers, publishers, technology companies and agencies thrive on this change. Nielsen provides a 360° view of advertising and consumer behaviour (what they say and do) online. This includes measuring and benchmarking website performance, tracking online advertising and measuring its effectiveness, profiling online & mobile audiences and helping companies understand what consumers discuss about them and their brands online.



www.screendigest.com

Screen Digest is the pre-eminent firm of industry analysts that has been covering global media markets for over 30 years. Headquartered in London, with offices in New York and Monterey, California, the firm employs a team of 40 specialist analysts covering digital media, advertising, film, television, broadband, mobile, cinema, home entertainment and gaming in up to 60 markets worldwide. A comprehensive suite of online services and reports provide the information and analysis that hundreds of media companies worldwide base their decisions on. Screen Digest's eight dedicated online services have been developed to provide continuously updated data and analysis on the global media markets, plus detailed forecasts on all aspects of the media industry.



www.warc.com

WARC is the award-winning information database used by advertising, marketing and media people around the world. WARC offers 24/7 access to over 45,000 case studies, articles, best practice guides, brand profiles, briefings, daily news and data. Content is assembled from over 50 of the world's leading sources, including Admap, ESOMAR, the Advertising Research Foundation, the Association of National Advertisers, American Marketing Association, Xtreme Information & many more. In the increasingly complex world of marketing WARC delivers a database of great ideas and classic texts, helps clients make sense of change and see what's on the horizon, and provides leading edge thinking.



about IAB Europe

IAB Europe exists to promote the growth of Europe's interactive advertising markets, to protect the interest of the industry, to regulate practices on the market and to educate the stakeholders in the digital landscape.

The power of IAB Europe comes from its extensive membership at both country and corporate levels. Our national membership of 20 countries spans the entire continent - not only the mature markets of Western Europe, but also rapidly evolving markets in Eastern Europe including Croatia, Poland, Romania and Slovenia. Our corporate membership includes advertisers, major media groups, publishers and portals, agencies, research companies and technology and service providers.

Public Affairs

IAB Europe ensures that our industry is protected from unnecessary and ill-informed legislation that would restrict the growth of the online advertising industry. We are the industry's primary representative to the European Parliament and Commission in Brussels and maintain a full-time lobby staff. Our experienced and dedicated team ensures that the regulator receives the right information at the right time to inform decisions.

Setting standards through Working Groups

As our industry grows and develops, it is important to establish standards and best practice guidelines that can help make interactive advertising easier for everyone involved. The standards and best practice guidelines issued by IAB Europe are intended to make it easier for your company to trade, enhance users' experiences and, ultimately, support the growth of the European online advertising market.

Research and benchmarking

IAB Europe works to keep its members abreast of developments in this dynamic and complex industry. We do this by bringing together the best research available on European interactive advertising through our own research and our research partners. Our core research offerings are:

AdEx: IAB Europe compiles annual online advertising expenditure data from all our member countries and PricewaterhouseCoopers audit the information so that it can be compared country-to-country, creating European benchmarks.

Research Showcases: These are quarterly meetings bringing you the latest thought-provoking research and analysis in one session. Copies of all the materials are available in full from the members' section of the website after the meeting.

The Knowledge Bank

Knowledge Bank is our library of relevant research and analysis on the European and global online advertising market. Updated on a continuous basis and containing presentations from all the leading research companies in this space, all the research is available free to our members. We also provide some of the research free for non-members with an interest in the sector.

Events

As well as its own Interact Congress, Research Showcases and General Assembly meetings, IAB Europe partners with a number of other pan-European events to offer members substantial discounts on entry fees. Our President often speaks at events around Europe and many of the National IABs have their own congresses.

Now that you know the main facts about the valuable work of IAB Europe we hope you will want to find out more and join us. Please visit www.iabeurope.eu or contact Steve Miller, our Membership Manager at membership@iabeurope.eu





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Contact details

IAB Europe

Alain Heureux
President, IAB Europe
president@iabeurope.eu

Catherine Borrel
AdEx Project Manager, IAB Europe
coordination@iabeurope.eu
+44 (0) 7870 78 12 60

Lucy Green
Press Relations, IAB Europe
pressrelations@iabeurope.eu
+44 (0) 7817 69 83 66

PricewaterhouseCoopers

Eva Berg-Winters
PwC Strategy
eva.berg-winters@uk.pwc.com
+44 (0) 20 7212 5435



IAB Europe exists to support and promote the growth of the European digital and interactive marketing industry. We currently represent 20 country members, with five additional new IAB's currently being formed, 5500 companies and 90% of digital revenues across Europe.

IAB Europe is supported by:

Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Norway, Poland, Romania, Slovenia, Spain, Sweden, Switzerland, Turkey and United Kingdom.

IAB Europe is proud to be powered by:

Adobe, Alcatel-Lucent, BBC.com, BusinessWeek, comScore, Ernst & Young, Goldbach Media Group, Google, Hi-Media, InSites Consulting, Koan, Microsoft Europe, Netlog, News Corporation, Nugg.ad, Nielsen Online, Orange Advertising Network, Publicitas Europe, Sonnenschein, Truvo and United Internet Media.

IAB Europe is associated with:

Banner, Emediate, OMD and Right Media/Yahoo! Europe

For more information about membership please contact membership@iab europe.eu

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