ONLINE DISPLAY ADVERTISING BOUNCES BACK

Double digit growth for online advertising as Display drives European growth rate to 15.4% year-on-year

Barcelona 8th June 2011: Display advertising is back! That's according to figures just released by IAB Europe that show a revival in digital Display in 2010. With an average growth rate of 21.1%, Display overtook Search advertising as the fastest growing online ad format in Europe. Search, which has been the catalyst of online advertising growth in recent years, increased 15.6% in the same period across the 25 markets measured. Video, mobile and social media all contributed to the powerful performance of Display.

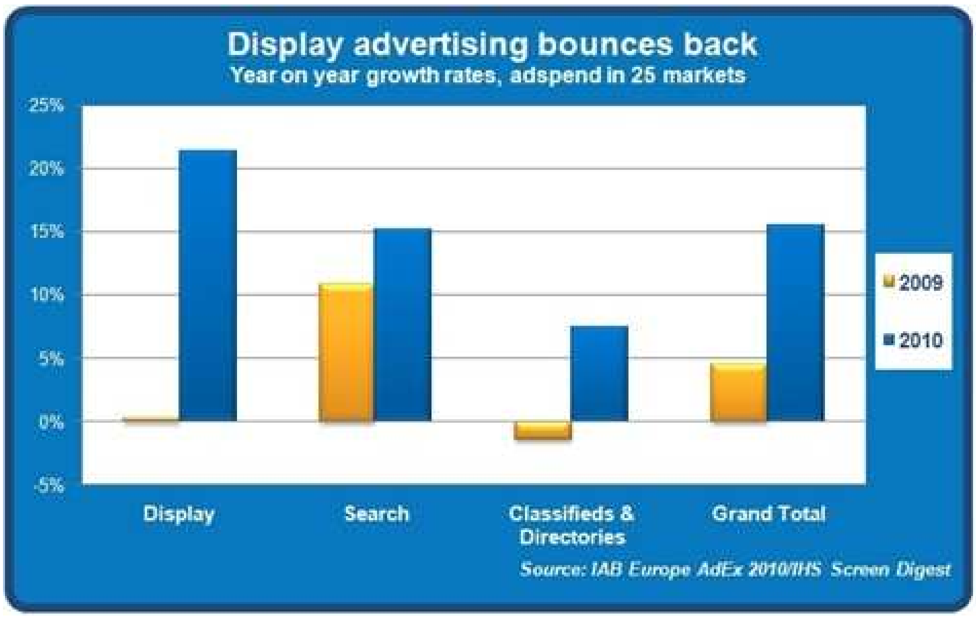
IAB Europe's annual AdEx survey is the definitive guide to the state of the European advertising market. Released at IAB Europe's Interact Congress in Barcelona this morning, it shows the online advertising market accelerating at a growth rate of 15.4% in 2010 - outperforming the overall European advertising market which grew 5.0% in the same period. Total online adspend was €17.7bn in 2010, compared to €15.3bn in 2009. Market growth ranged from 37% in Russia and 24% in the Czech Republic, to 14% in Denmark and 7% in France.

Compiled by IHS Screen Digest, the research covers the entire European region, from the mature markets of Western and Northern Europe to the emerging markets in Eastern and Southern Europe for the calendar year 2010. New to the report is the Czech Republic.

The markets with the highest online adspend in the report are UK, Germany, France, Netherlands, Italy and Spain (in that order). Together they account for almost three quarters (74%) of the total online advertising market. Central and Eastern Europe (CEE) markets now represent almost a tenth (9.8%) of the total.

Display's Brand Boost

Display* advertising enjoyed growth rates of 20% or more in many markets - both emerging and mature - during 2010. Above average growth rates were experienced in Ireland (31%), Spain (29%) and Russia (27%).



The continued growth of online TV inventory, and long-form video consumption, pushed up spend while simultaneously maintaining high CPM (cost per thousand). Online video adspend has doubled in most markets. In Spain online video grew 125% to a value of €13m; growth in the UK was 90%, to a market value of €63m.

Super Search

Paid search continued to grow double-digit at an average of 15.6%. It remains the biggest category in online advertising, with 45% of total advertising spend compared with 33% for Display and 22% for Classifieds and Directories. Whilst some of the more established markets experienced smaller increases (UK +10% like-for-like, France +10%) many saw explosive growth (Hungary +44%, Poland +31%).

Mobile Advertising Gets Carried Away

Mobile search and mobile display are included in the AdEx survey for the first time this year. Although mobile adspend figures are available for only 12 of the 25 markets, they confirm that the long-awaited take-off of mobile advertising has been realised thanks to the advent of the smartphone/3G/apps ecosystem. In those markets, mobile adspend already accounts for 2% to 3% of total online adspend.

The Big Picture

With €17.7bn of adspend last year, online now accounts for almost 20% of the entire European advertising market. It is now beyond 20% in some markets (UK 29%, Denmark 28%) whilst it's only 5% in Greece and 4% in Romania. European market value is smaller than the US which also experienced a 15% growth rate last year and is now worth $26bn/€19.6bn.

According to Vincent Létang, Senior Analyst at IHS Screen Digest says "Back in 2009, video was the only growth engine in an otherwise flat Display market. In 2010 by contrast, three pillars – mobile, video and social – attracted new advertising investment. On top of fast-growing new formats, let's not forget that traditional PC-based, banner-style formats have retained their appeal thanks to innovations in design and targeting and a rise in mainstream brands using Display for branding campaigns."

Alain Heureux, President and CEO of IAB Europe, concludes "The IAB network has worked tirelessly to showcase how effective online Display advertising can be at supporting brand advertising campaigns. I am delighted to see that message has been getting through and the innovative ways brands are incorporating online in their advertising campaigns. At IAB Europe's Interact Congress this week we'll be recognising the best of online advertising creative at with the MIXX Awards. We will also be celebrating with the winners of the Research Awards – without this valuable insight, we would not be able to prove the contribution online makes to advertising campaigns."

Ends

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Note to Editors:

*Display includes PC-based and mobile banners, rich media and video formats

The data has been compiled by IAB Europe based on information provided by the national IAB offices around Europe. It is then processed and analyzed by IHS Screen Digest. The report includes market size and value information for the full membership of the IAB Europe in 2010 including Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, the Netherlands, Norway, Poland, Slovenia, Romania, Russia, Spain, Slovakia, Sweden, Switzerland and the UK. The data represents the calendar year 2010 January-December. This is the fifth edition of AdEx which began in the calendar year 2006

About IAB Europe

IAB Europe is a federation of national Interactive Advertising Bureaux (IAB) across Europe. Its mission is to promote the growth of the interactive advertising markets on behalf of its clients and national members. Supported by every major media group, advertisers, agency, portal, technology and service provider, its voice represents the interest of more than 5000 company members. IAB Europe coordinates activities across the region including public affairs, benchmarking, research, setting standards and best practices. The member countries are Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and the UK. Our corporate members include Adconion, Adobe, ADTECH, Alcatel-Lucent, Aol, AudienceScience, BBC, CNN, comScore Europe, CPX Interactive, Criteo, e-Bay, Ernst & Young, Expedia Inc, Fox Interactive Media, Gemius, Goldbach Media Group, Google, GroupM, Hi-media, InSites Consulting, Koan, Microsoft Europe, Millward Brown, MTV, Netlog, News Corporation, nugg.ad, Nielsen Online, Orange Advertising Network, Prisa, Publicitas Europe, Sanoma Digital, Selligent, Specific Media, The Walt Disney Company, Tradedoubler, Truvo, United Internet Media, ValueClick, White&Case, Yahoo! and zanox.

About IHS Screen Digest

IHS Screen Digest is the pre-eminent firm of industry analysts covering global media markets. Headquartered in London, with offices in the US and Australia, we employ a team of 50 specialist analysts covering film, television, broadband media, mobile media, cinema, home entertainment, gaming and advertising. Our online services and reports provide the information and analysis that hundreds of media companies worldwide base their decisions on. Screen Digest was acquired by iSuppli Corporation in November 2010 and the combined entity was acquired immediately after by IHS. Screen Digest and iSuppli will together be the base around which IHS builds out its coverage of the TMT sector. To find out more, contact Screen Digest sales@screendigest.com Tel: +44 (0) 20 7424 2820. www.screendigest.com

Explanatory note on IAB Europe/IHS Screen Digest AdEx figures

Each national IAB in Europe runs its own annual online advertising spending study and the IAB Europe AdEx figures are based on these results. As the methodology of the studies varies country by country, IAB Europe and IHS Screen Digest have defined methodology rules to represent the figures in such a way as to make them realistically comparable. This involves:

- Readjusting local figures to allow for harmonised representation. Readjustment rates are supplied by groups of local market experts
- Estimating/harmonising adspend data for certain formats or segments in certain countries where local IAB studies do not include data or the definition or scope of a format is substantially different from IAB Europe standardised segments

- Where local data is collected in a currency other than euros, the average exchange rate in 2010 has been used to convert this to euros. To provide data for prior year growth rates, the prior year figures have also been re-calculated using the 2010 exchange rate in order to give transparency over the growth rate
- AdEx focuses on four normalised segments: ‘Display’ (including mobile Display, rich media and video), ‘classifieds and directories’, ‘paid search’ and ‘other’ (including email but excluding email marketing).

- Figures quoted are gross figures (i.e. net invoiced value of the media, plus agency commission if any).

If you have any questions about the data in this report please contact Catherine Borrel, Research Manager research@iabeurope.eu