PRICEWATERHOUSECOOPERS

IAB Insight

Online Advertising Expenditure Report

Q1 2008

Interactive Advertising Bureau New Zealand

A quarterly industry survey conducted by PricewaterhouseCoopers on behalf of the Interactive Advertising Bureau New Zealand (IABNZ)

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Introduction

Welcome to IAB New Zealand's Insight report covering the calendar quarter Q1 ending March 31 2008.

IAB Insight is an online advertising expenditure report produced by PricewaterhouseCoopers (PwC) on behalf of the Interactive Advertising Bureau New Zealand (IABNZ).

Notes on this report:

1) All growth percentages listed in this report are "normalised" to exclude the effect of new Contributors to percentage measures of industry growth. For this reason, calculating percentages based on the dollar totals listed in this report may not result in the same growth percentage figures we have listed. This is because totals include all reported revenues, while "normalised" percentages exclude contributions from <u>new</u> Contributors made during the comparison period. This is to ensure that we provide both a true picture of industry growth, and an accurate measure of total industry spend.
2) PwC analysis of the data provided by Contributors and preparation of this report does not constitute an audit performed in accordance with New Zealand Auditing Standards and accordingly PwC does not express an audit opinion or other form of assurance with respect to the information reported.
3) PwC conducts spot checks of the information submitted by Contributors on a rolling basis so that every Contributor's data will be checked over a period of approximately 18 months. These spot checks are designed to confirm that expenditure is reported in accordance with the definitions applied in this report and that any relevant classification of revenue has been correctly applied.
4) For details on the methodology used in the collection of data for this report, refer to Appendix 1 – Report Scope, Methodology and Format for more information.

Executive Summary

Spending in Q1, 2008 has shown a dramatic year-on-year increase over the same quarter in 2007, up from $25.82m to $45.86m. This represents a normalised growth rate of 67.2% year-on-year.

Interactive advertising has traditionally been lighter in Q1 than other quarters due to the seasonal impact of the summer holiday period. However Q1, 2008 demonstrates an exception to this historical trend and represents the strongest single quarter recorded since the IAB Insight ad-spend measurement started in Q1 last year.

While display advertising spend showed a traditional and expected seasonal dip from $12.98m in Q4, 2007 to $11.54m in Q1, 2008 (down 11.1%), both Search & Directories and Classified advertising categories increased dramatically from Q4, 2007.

Q1, 2008 Figures at a glance

Total Market: $45.86m

Up 67.2% from Q1, 2007 ($25.82m)

Up 17.9% from Q4, 2007 ($37.85m)

Display: $11.45m

Up 68.3% from Q1, 2007 ($6.59m)

Down 11.1% from Q4, 2007 ($12.98m)

Classified: $19.19m

Up 52.4% from Q1, 2007 ($12.42m)

Up 20.8% from Q4, 2007 ($15.88m)

Search & Directories: $15.13m

Up 93.0% from Q1, 2007 ($6.82m)

Up 54.4% from Q4, 2007 ($8.99m)

Search & Directories showed the largest increase from $8.99m in Q4, 2007 to $15.13m in Q1, 2008 (up 54.4%). Classified increased from $15.88m in Q4, 2007 to $19.19m in Q1, 2008 (up 20.8%).

"This fantastic year-on-year growth further demonstrates New Zealand interactive advertising is truly accelerating.

A large number of marketers and businesses are clearly actively engaging in, and enjoying, this terrific medium. However, there is still a significant number who are doing nothing.

IAB NZ is launching a major online advertising education programme to ensure that businesses understand the opportunities of this amazing medium and do not miss a critical competitive advantage."

Lee Williams, Chairperson, IABNZ

This is the first IAB Insight report that allows us to measure true year-on-year growth, and the results show extremely strong growth across all categories of interactive advertising since the same quarter in 2007.

> *"Now that we've been collecting ad-spend data for a year we can see how quickly the New Zealand market is growing.*
>
> *The evidence from this report is that local advertisers are starting to embrace interactive advertising in ever increasing numbers and with increasingly large proportions of their advertising budgets.*
>
> *Clearly advertising dollars are following audiences online. There are signs here that New Zealand is finally starting to play catch-up with international advertising trends, which have fuelled the spectacular growth of interactive advertising globally."*
>
> *Mark Evans, CEO, IABNZ*

Adjustments and corrections

As a result of ongoing spot checks performed by PwC during the collection of data for the IAB Insight quarterly reports, any corrections are summarised and included in these reports.

Unless any major variances are uncovered by the spot checking process, we publish any minor variances as corrections in the following quarterly report.

Spot checks for the Q4, 2007 quarter yielded some minor anomalies in data submitted to PwC. As a result there are some changes to the figures previously reported, both normalised and actual, and these corrections are listed below. Also included in the corrections listed below are any previous corrections from earlier reports. These figures should be taken as the most accurate figures available.

Previously Reported Totals and Growth Rates for Full Year 2007

Year	*Previously published*	Correct 2007	*Previously published*	Correct 2007	*Previously published*	Correct 2007
Quarter	**2**		**3**		**4**	
Total Display (m)	*$9.87*	$9.65	*$14.70*	$12.84	*$13.24*	$12.98
Display change qtr/qtr (normalised)	*41.12%*	44.46%	*44.30%*	28.31%	*-9.93%*	1.09%
Total Classified (m)	*$13.95*	$13.95	*$16.71*	$16.71	*$15.88*	$15.88
Classified change qtr/qtr (normalised)	*11.27%*	11.27%	*19.60%*	19.60%	*-4.97%*	-4.97%
Total Search & Directories (m)	*$8.00*	$8.22	*$8.26*	$10.12	*$8.73*	$8.99
Search & Directories change qtr/qtr (normalised)	*20.83%*	17.30%	*-1.10%*	18.94%	*5.69%*	-11.17%
Total Quarter (m)	***$31.82***	**$31.82**	***$39.67***	**$39.67**	***$37.85***	**$37.85**
Total change qtr/qtr (normalised)	*21.38%*	21.38%	*22.08%*	22.08%	*-4.59%*	-4.59%

Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008.

Detailed findings

Total Market

Total interactive advertising expenditure in New Zealand for the quarter ended March 31, 2008 totalled **$45.86** million. This represents an increase of **17.9%** over the previous quarter's total of **$37.85** million, a year-on-year increase of **67.2%** over Q1, 2007's total of **$25.82m**, and makes Q1, 2008 the single largest quarter for interactive advertising so far recorded.

Q1, 2008 Figures at a glance

Total Market: $45.9m

Up 67.2% from Q1, 2007 ($25.82m)

Up 17.9% from Q4, 2007 ($37.85m)

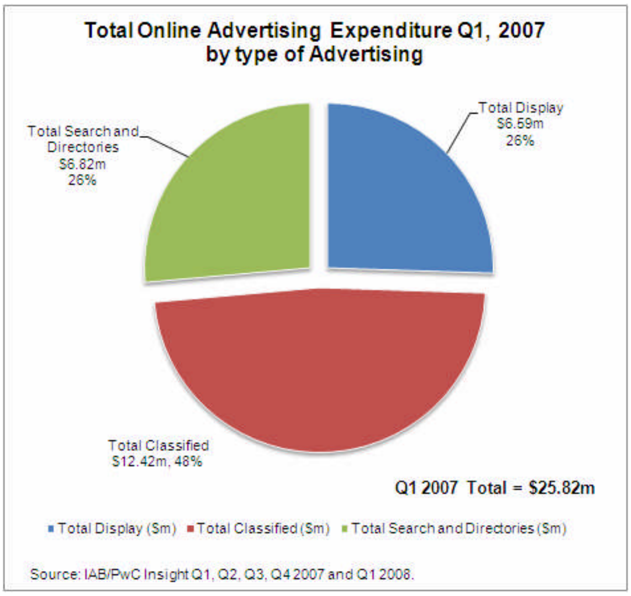
"A significant increase year-on-year which was expected by the industry. It's tremendous to see a move (albeit slow) in the NZ agency operating model, to account for the dramatic shift in consumer media consumption habits. This, quite often fundamental, change has been well received by most clients, and met with a change in behaviour towards investing in interactive advertising. Simply - these are the clients and agencies whose businesses will survive going forward."

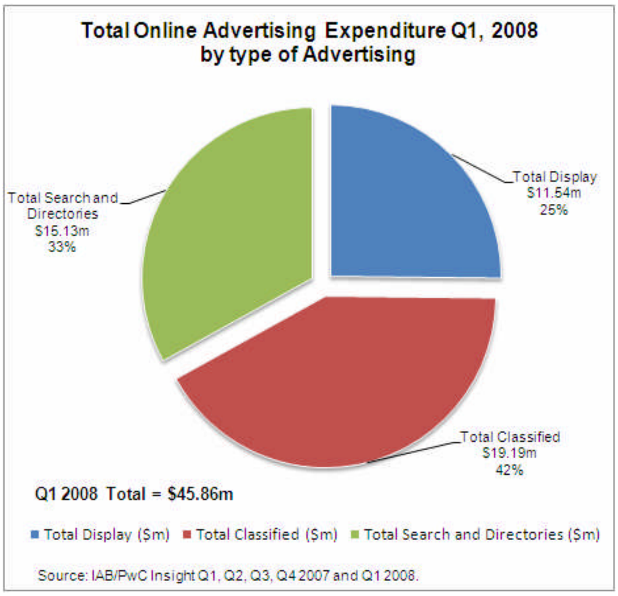
Chris Riley, Director, OMD

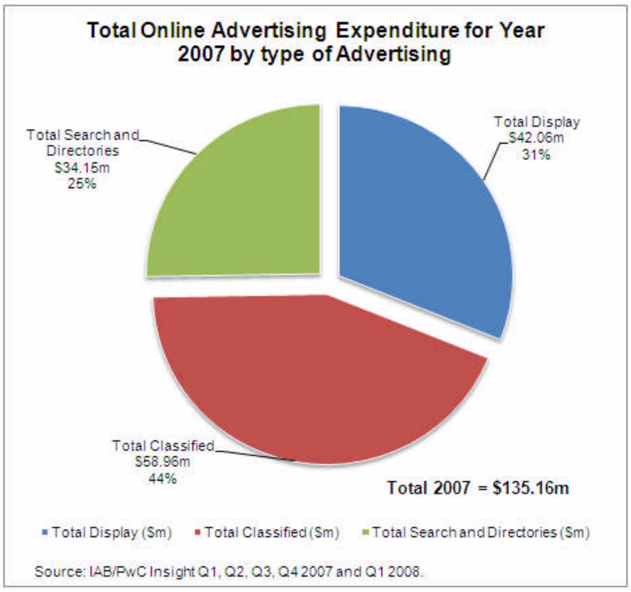
Search & Directories advertising was the biggest mover, and its share of total interactive advertising spend increased from 24% in Q4, 2007 to 33% of total spend in Q1, 2008. This growth in Search & Directories advertising, although remarkable, is not wholly unexpected given the relative immaturity of the New Zealand search advertising market.

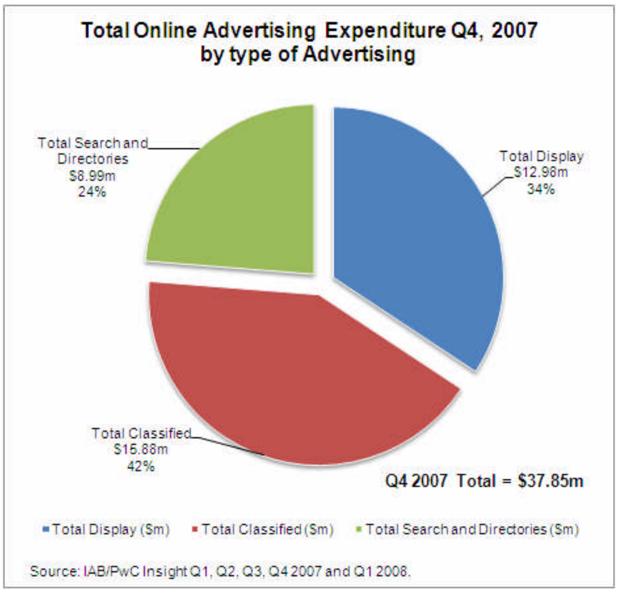
"New Zealand is not immune to international trends and I think everyone was expecting to see a big increase in the use of search by marketers this year. We have certainly noticed many more companies allocating serious budgets against search. This is understandable as the return on investment numbers are hard to argue with. With a more active local Google office and more agencies accepting search as a mainstream marketing spend we expect to see continued rapid growth in search advertising."

Jon Ostler, Managing Director, First Rate





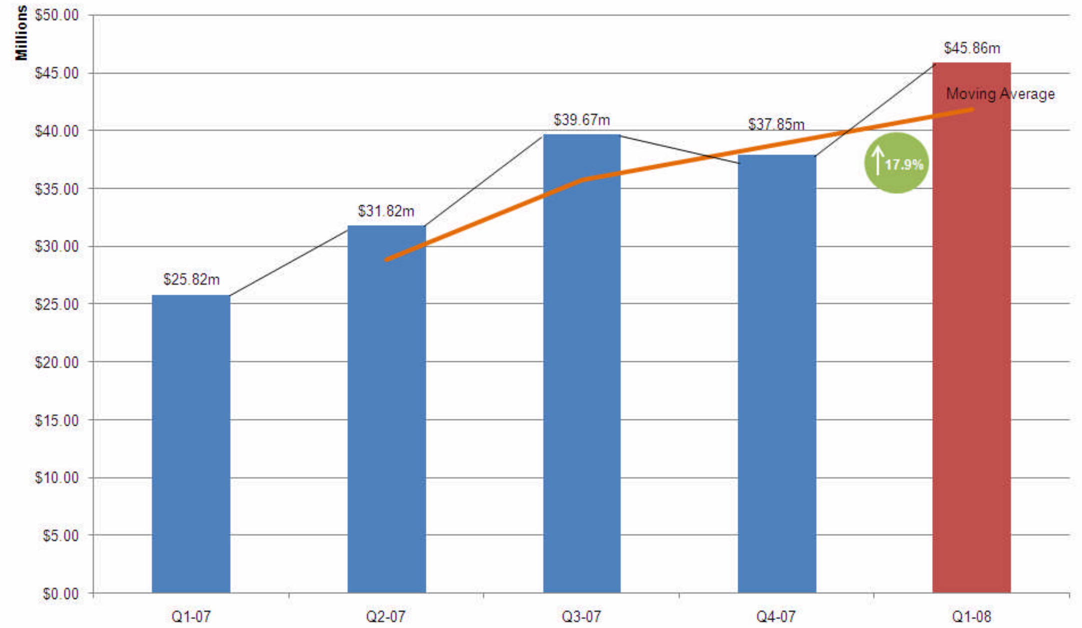




Total Market Quarterly Comparison

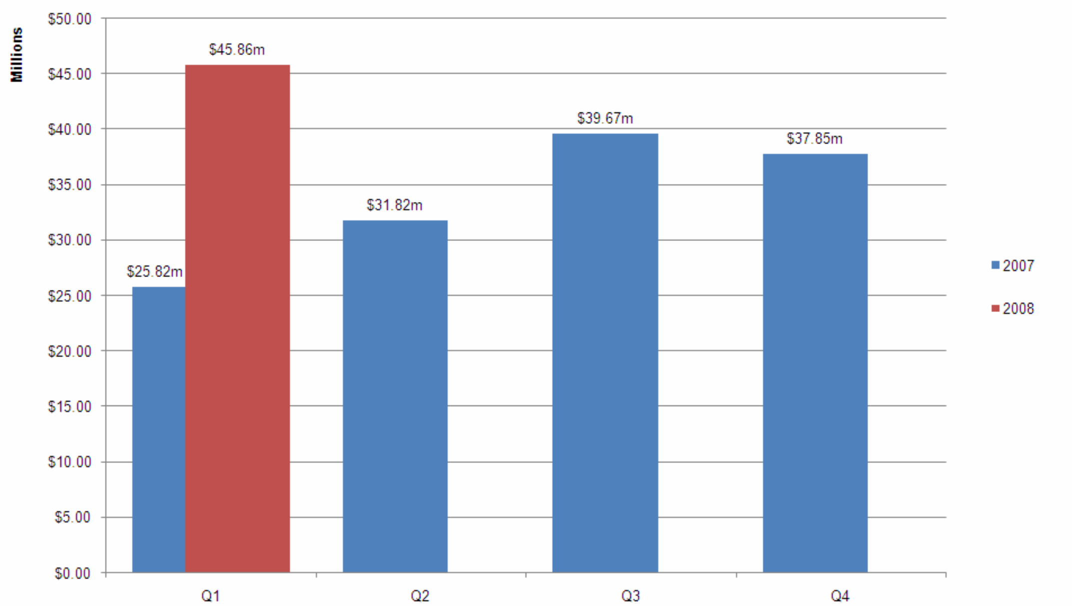
The overall (normalised) growth of 17.9% from Q4, 2007 to Q1, 2008 is extremely robust and indicative of a steadily growing market – particularly since the industry has traditionally experienced seasonal slowness in Q1 due to the effects of the post-Christmas holiday season.

The figures below suggest while seasonal variation does appear to have affected display advertising to some extent (down from **$12.98m** in Q4, 2007 to **$11.54m** in Q1, 2008), both Classified and Search & Directories advertising have not been affected in the same way – with both categories showing strong increases on Q4, 2007.



Total Market Growth Full Year 2007 and Q1 2008

Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008.



Total Market Quarterly Comparison Q1, 2008

Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008.

Total Market Quarterly Comparison Q1, 2008 - Detail Table

Year	Quarter	Total Display ($m)	Total Classified ($m)	Total Search and Directories ($m)	Total of Quarterly ($m)	Change Qtr/Qtr		Year/Year
						$m	%	
2007	1	$6.59	$12.42	$6.82	$25.82			
2007	2	$9.65	$13.95	$8.22	$31.82	$6.00	21.38%	
2007	3	$12.84	$16.71	$10.12	$39.67	$7.85	22.08%	
2007	4	$12.98	$15.88	$8.99	$37.85	-$1.82	-4.59%	
2008	1	$11.54	$19.19	$15.13	$45.86	$8.01	17.86%	67.23%
Total		**$53.60**	**$78.15**	**$49.28**	**$181.02**			

Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008.

Display Advertising

Q1, 2008 Figures at a glance

Display: $11.5m

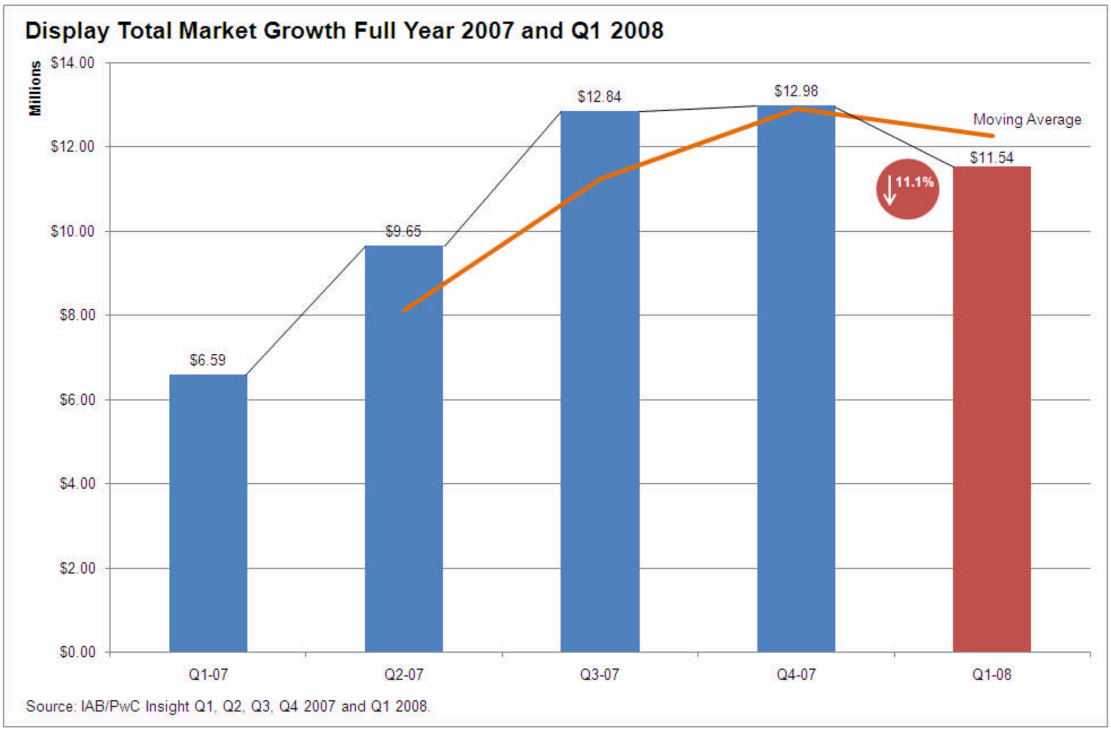
Up 68.3% from Q1, 2007 ($6.59m)

Down 11.1% from Q4, 2007 ($12.98m)

Year-on-year display advertising expenditure is up a healthy **68.3%** on Q1, 2007 figures indicating increased interest in this category of interactive advertising.

According to Nielsen Online's AdRelevance service, which tracks active advertisers and ad campaigns, Q1, 2008 saw in excess of 800 active advertisers running display campaigns across New Zealand sites – indicative of the widespread activity during this quarter. Industry sources also report that advertisers are starting to experiment with a wider variety of display advertising options online.

> *"They say 'fish where the fishes are' and that's what we're seeing with marketers shifting advertising dollars from offline to online media to follow their target audiences. We've seen an increase in video advertising online as marketers realise the potential of online to reach people and build brands. We expect this trend to continue as larger advertisers – such as FMCGs – start to experiment with and realise success with their online advertising."*
>
> *Greig Buckley, General Manager, MediaOne Network*



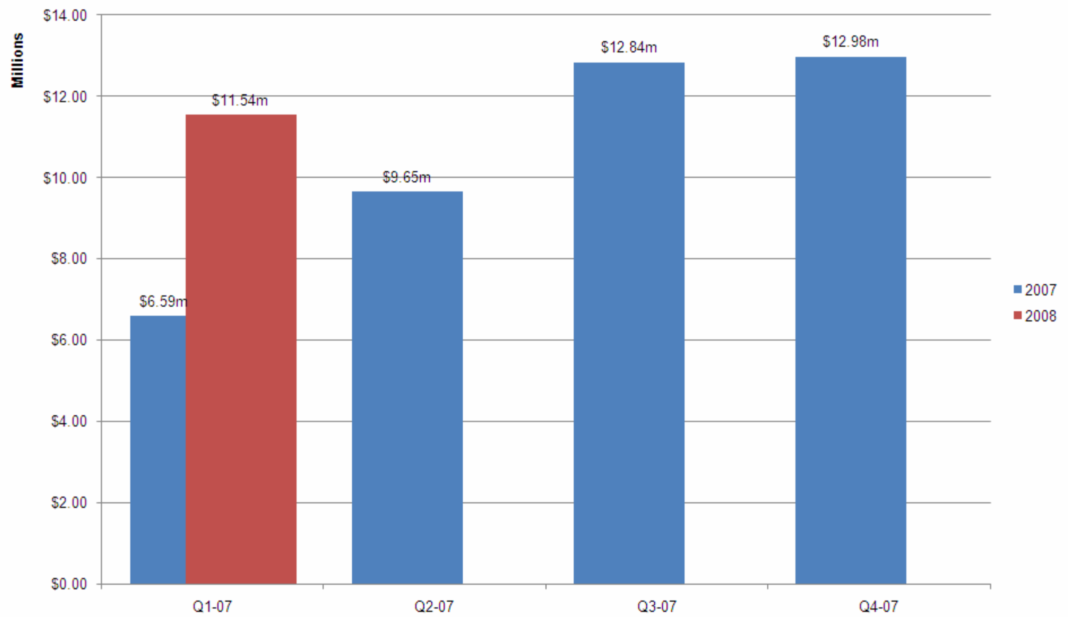
Display Advertising Quarterly Comparison

Display advertising spending was down slightly on Q4, 2007 figures from $12.98 in Q4, 2007 to **$11.54m** in Q1, 2008. This drop was expected as the market has traditionally experienced a slower first quarter following the post-Christmas holiday period.

However, industry sources report that the seasonal dip in display advertising in Q1, 2008 has been smaller than in previous years and advertisers have been quicker to resume normal spending post-Christmas. Moreover they report an increasing interest in interactive advertising and increasing budgets for interactive campaigns – both for direct response and branding.

> *"Online tends to be seasonal and we can report that a quarterly dip is quite normal. However, this year we saw the fastest recovery, post Christmas, to date and feverish bookings as summer campaigns reignited. Total spend year on year - for us - has almost doubled and that's a result of most advertisers upsizing what worked last year. We (nzgirl) experienced a record first quarter and there is no sign of display slowing down."*
>
> *Jenene Freer, Managing Director, nzgirl.co.nz*

Display Advertising Expenditure Quarterly Comparison Q1, 2008



Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008

Display Advertising Expenditure Quarterly Comparison Q1, 2008 - Detail Table

Year	Quarter	Total Display ($m)	Qtr/Qtr Change		Year/Year Change
			$m	%	
2007	1	$6.59			
2007	2	$9.65	$3.06	44.46%	
2007	3	$12.84	$3.19	28.31%	
2007	4	$12.98	$0.14	1.09%	
2008	1	$11.54	-$1.44	-11.09%	68.29%
Total		**$53.60**			

Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008.

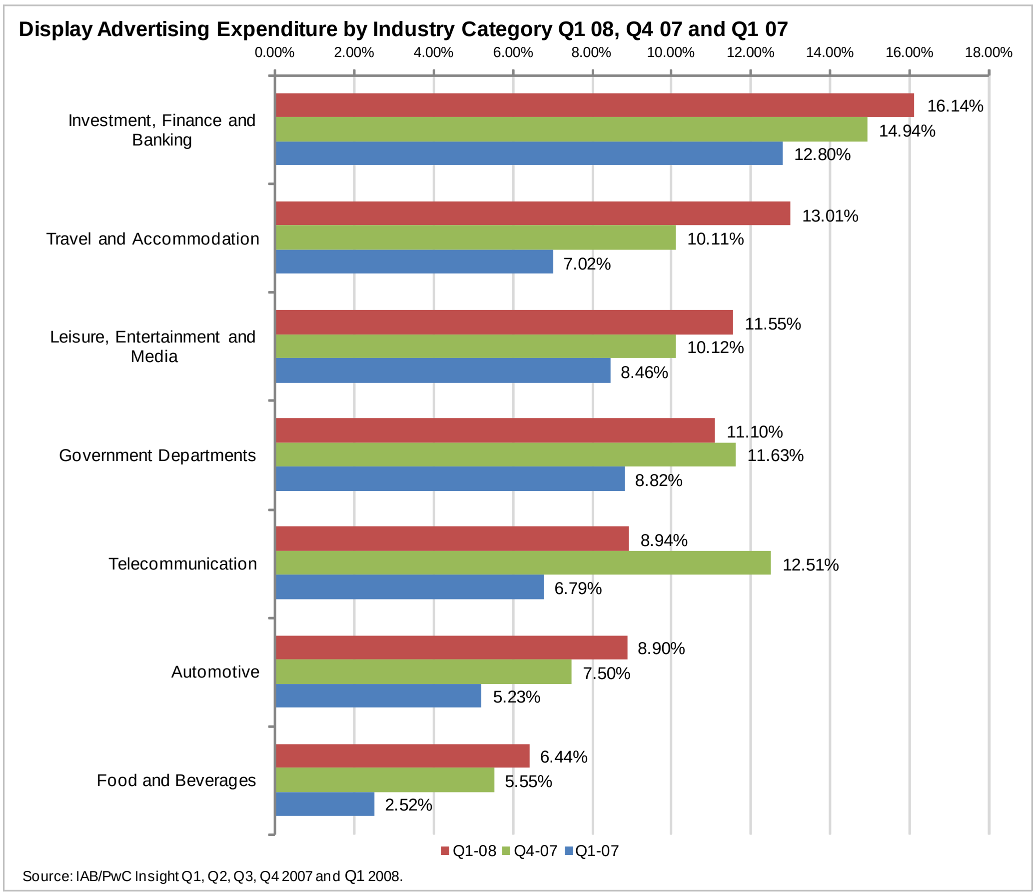
> *"The past 12 months has seen a sea change in the New Zealand online market, at all levels - agency, client and media owners. We see this as having three key drivers; increased inventory through the dominance of CPM, and significant spend levels resulting in increased negotiation and investment in specialist digital staff. Clients are now accustomed to seeing digital budgets in excess of 15% of total media on plans, and the success of these campaigns is encouraging other business areas and clients to incorporate online as a significant (and expected) component of both direct response and brand based campaigns."*
>
> *Alysha Buckley, Interactive Director, PHDIQ*

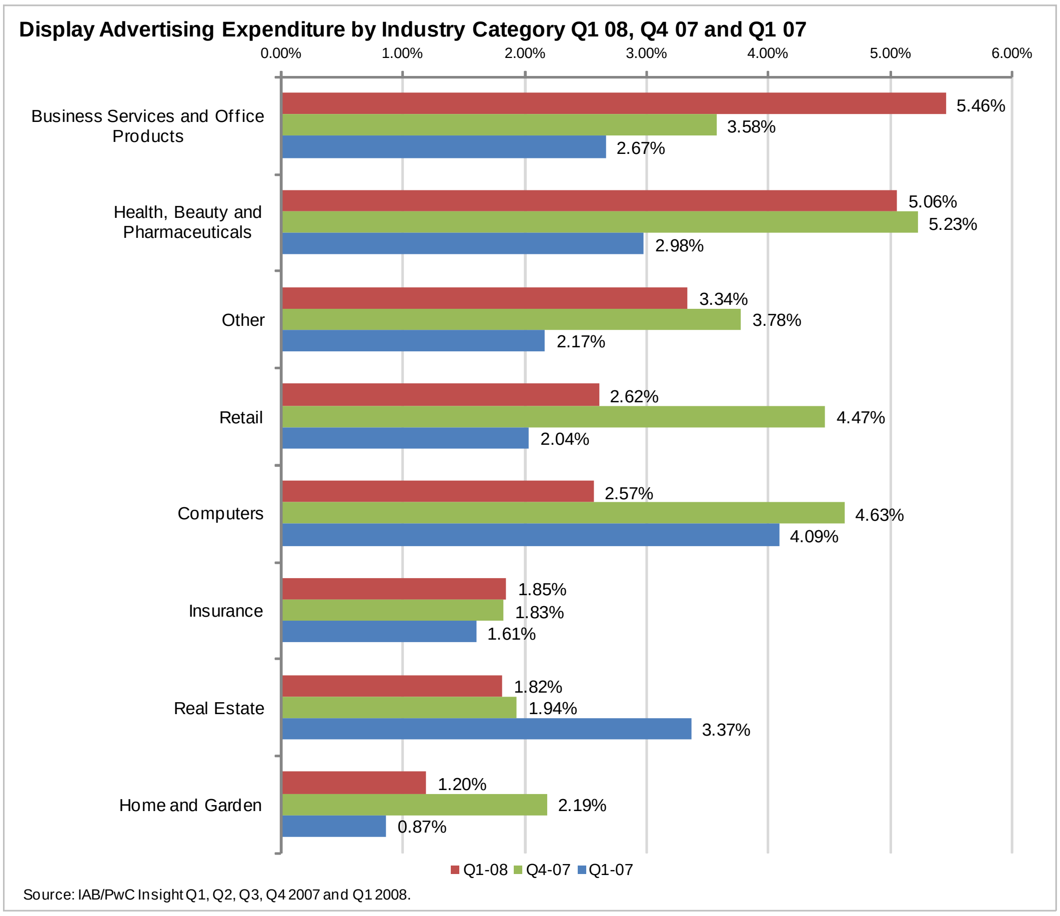
Display Advertising by Industry Category

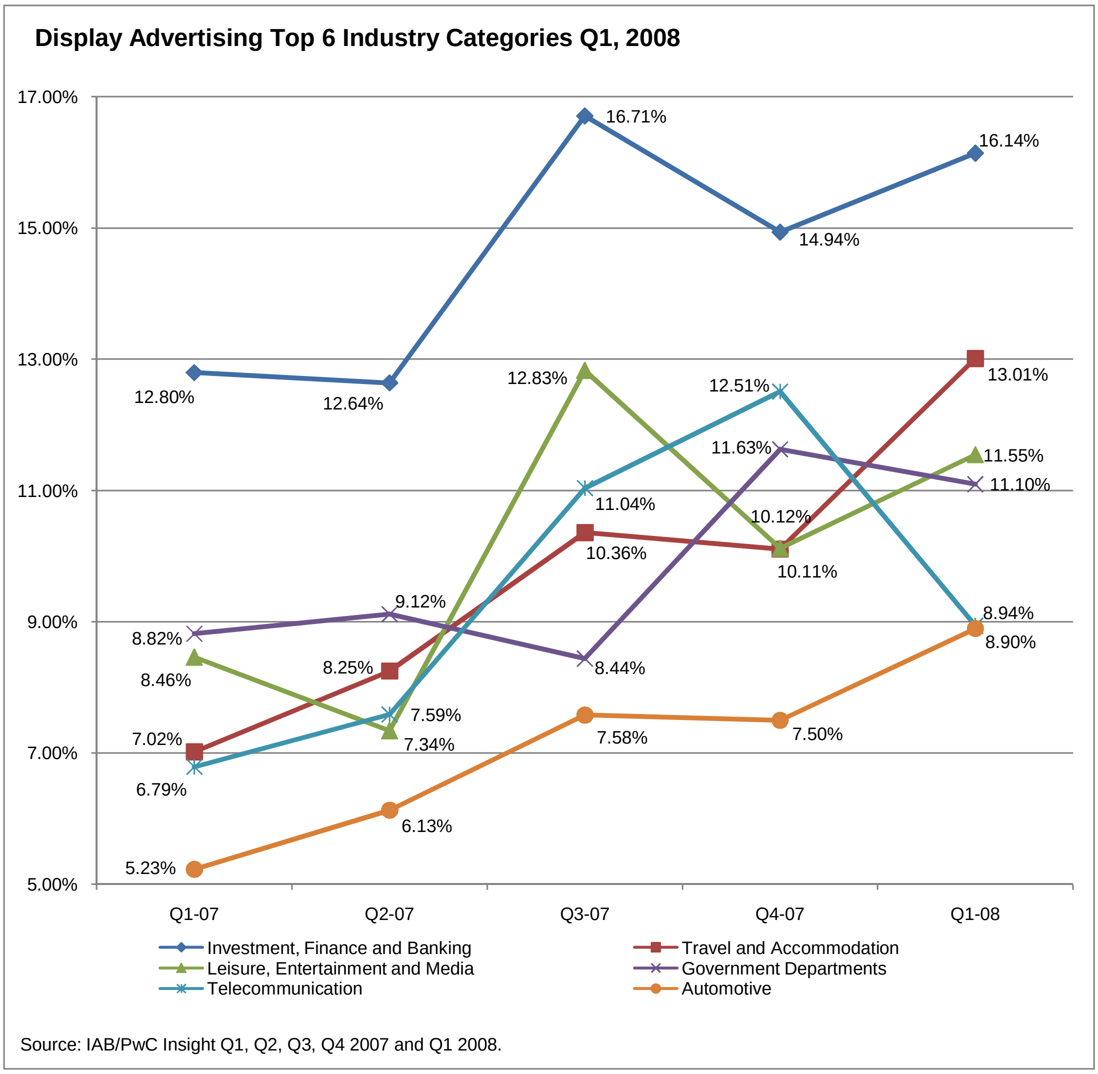
There was little change in the largest display categories overall, with most showing moderate to strong growth – Travel and Accommodation in particular showed a strong increase from Q4, 2007 levels.

The 11.1% drop in total spend on display advertising can largely be attributed to the considerably lower spend in the telecommunications category and a slight reduction in advertising from the government sector. Although the decline in telecommunications could be for a number of reasons, the government spend variation is most likely to be reflective of traditional seasonal post-Christmas lull.

The Retail and Computers categories were substantially down in Q1, 2008 from their Q4, 2007 levels – also perhaps a reflection of a decline in advertising following pre-Christmas campaigns. Interestingly Search & Directories and Classified advertising showed no such decline in Q1, indicating advertisers are continuing to use those methods of advertising to reach out to their audiences regardless of seasonality. This is perhaps reflective of the infrastructure and maintenance requirements of these advertising categories in comparison with display.


Display Advertising Expenditure by Industry Category Q1 08, Q4 07 and Q1 07
0.00%
2.00%
4.00%
6.00%
8.00%
10.00%
12.00%
14.00%
16.00%
18.00%
Investment, Finance and Banking
16.14%
14.94%
12.80%
Travel and Accommodation
13.01%
10.11%
7.02%
Leisure, Entertainment and Media
11.55%
10.12%
8.46%
Government Departments
11.10%
11.63%
8.82%
Telecommunication
8.94%
12.51%
6.79%
Automotive
8.90%
7.50%
5.23%
Food and Beverages
6.44%
5.55%
2.52%
Q1-08
Q4-07
Q1-07
Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008.


Display Advertising Expenditure by Industry Category Q1 08, Q4 07 and Q1 07
0.00%
1.00%
2.00%
3.00%
4.00%
5.00%
6.00%
Business Services and Office Products
5.46%
3.58%
2.67%
Health, Beauty and Pharmaceuticals
5.06%
5.23%
2.98%
Other
3.34%
3.78%
2.17%
Retail
2.62%
4.47%
2.04%
Computers
2.57%
4.63%
4.09%
Insurance
1.85%
1.83%
1.61%
Real Estate
1.82%
1.94%
3.37%
Home and Garden
1.20%
2.19%
0.87%
Q1-08
Q4-07
Q1-07
Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008.



Display Advertising Expenditure by Industry Category Q1 08 and Q1 07 - Detail Table

Advertiser Industry Category	Q1-07	Q2-07	Q3-07	Q4-07	Q1-08
Investment, Finance and Banking	12.80%	12.64%	16.71%	14.94%	16.14%
Travel and Accommodation	7.02%	8.25%	10.36%	10.11%	13.01%
Leisure, Entertainment and Media	8.46%	7.34%	12.83%	10.12%	11.55%
Government Departments	8.82%	9.12%	8.44%	11.63%	11.10%
Telecommunication	6.79%	7.59%	11.04%	12.51%	8.94%
Automotive	5.23%	6.13%	7.58%	7.50%	8.90%
Food and Beverages	2.52%	3.37%	3.54%	5.55%	6.44%
Business Services and Office Products	2.67%	4.32%	4.62%	3.58%	5.46%
Health, Beauty and Pharmaceuticals	2.98%	2.90%	4.75%	5.23%	5.06%
Other	2.17%	2.03%	4.89%	3.78%	3.34%
Retail	2.04%	3.19%	4.41%	4.47%	2.62%
Computers	4.09%	5.23%	5.61%	4.63%	2.57%
Insurance	1.61%	1.63%	2.95%	1.83%	1.85%
Real Estate	3.37%	1.73%	1.29%	1.94%	1.82%
Home and Garden	0.87%	1.07%	0.99%	2.19%	1.20%

Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008.

Classified Advertising

Classified advertising was significantly up against Q4, 2007 figures, jumping $3.3m to a record **$19.19m** in ad spend (up 20.8%). However, Classifieds maintained a similar share of total interactive advertising spending (42%) compared to Q4 levels.

Q1, 2008 Figures at a glance

Classified: $19.2m

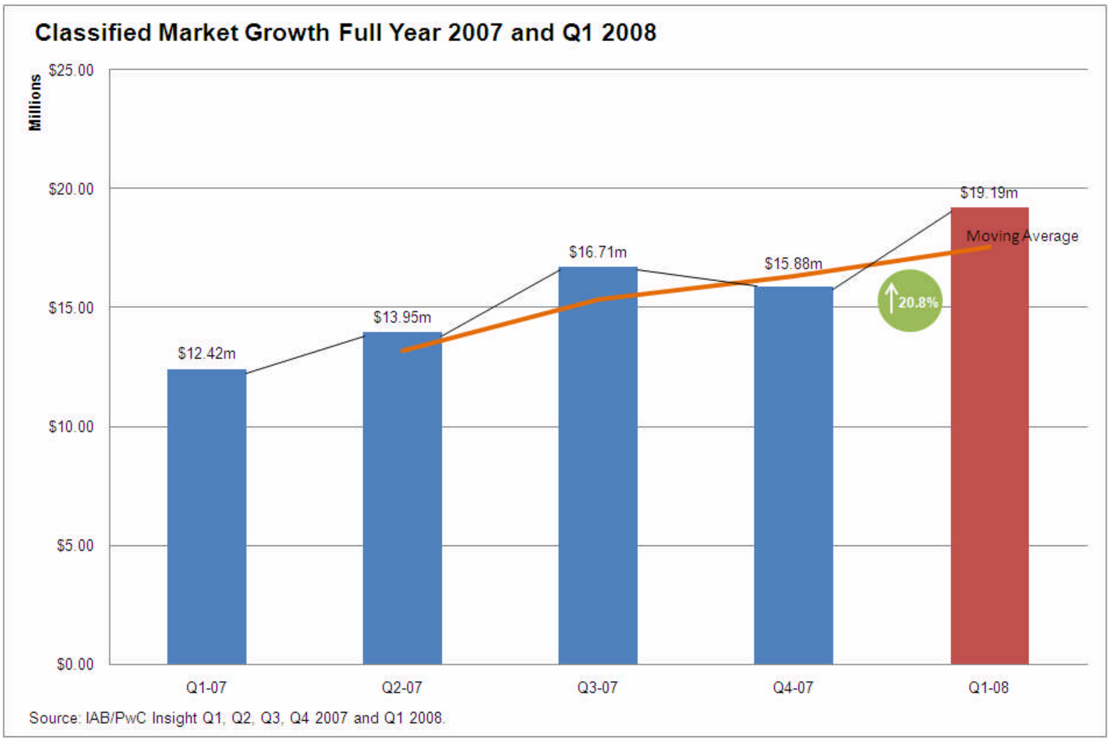
Up 52.4% from Q1, 2007 ($12.42m)

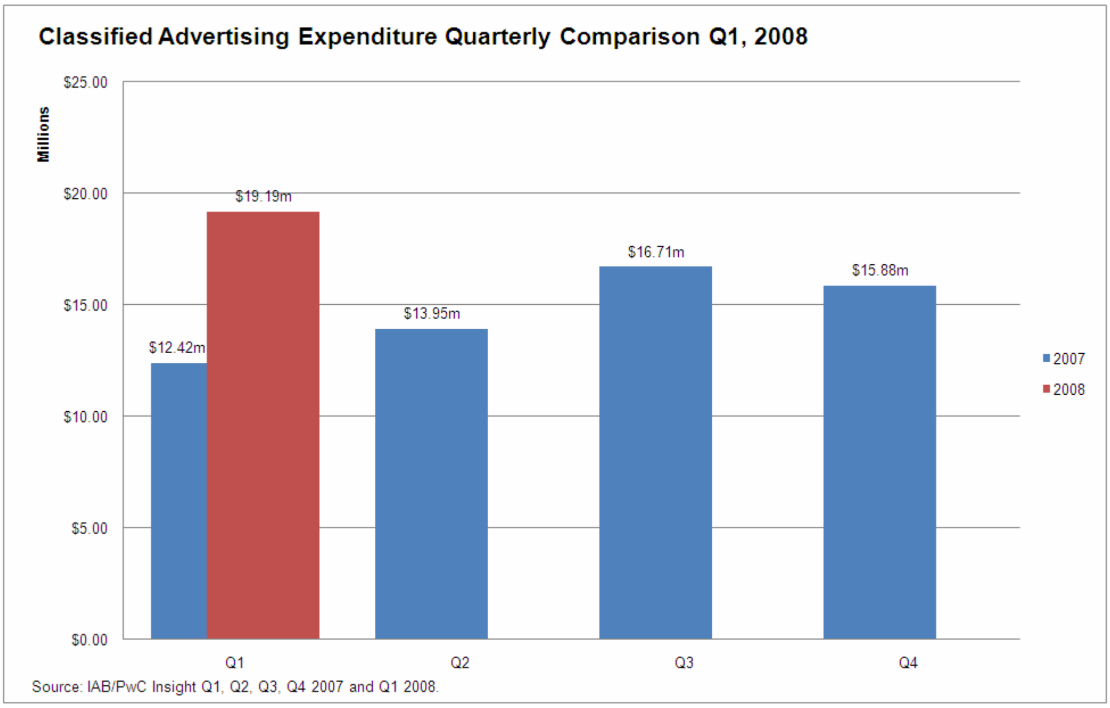
Up 20.8% from Q4, 2007 ($15.88m)

Interestingly, slowing job and residential real-estate markets seem to have contributed to the strong classified advertisement spending, with a number of industry sources reporting continued confident spending across those sectors.

> *"Current trading conditions are benefiting our classified businesses; with job listings doubling in the last year and property listings surging over the past quarter as more people privately sell their homes."*
>
> *Michael Gregg, Advertising Director, Trade Me*

Classified Advertising Quarterly Comparison





Classified Advertising Expenditure Quarterly Comparison Q1, 2008 - Detail Table

Year	Quarter	Total Classified ($m)	Qtr/Qtr Change		Year/Year Change
			$m	%	
2007	1	$12.42			
2007	2	$13.95	$1.53	11.27%	
2007	3	$16.71	$2.76	19.60%	
2007	4	$15.88	-$0.83	-4.97%	
2008	1	$19.19	$3.31	20.84%	52.42%
Total		**$78.15**			

Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008.

"The current market for real estate perfectly suits the online environment. With a mushrooming portfolio of listings as a function of a slowing market; real estate agents are turning to the web in ever increasing numbers. This is clearly a function of the web's dominance in real estate search being more and more recognised within the industry. This is undoubtedly resulting in agents beginning to question the value of print media. This trend is only likely to continue as has been seen within the industry overseas for the past few years."

Alistair Helm, Chief Executive, realestate.co.nz

Search & Directories Advertising

Search advertising has shown extremely strong growth over the course of 2007, and that trend continues, with an increase of 54.4% from Q4, 2007 levels to a record total of **$15.13m** in Q1 2008.

Q1, 2008 Figures at a glance

Search & Directories: $15.1m

Up 93.0% from Q1, 2007 ($6.82m)

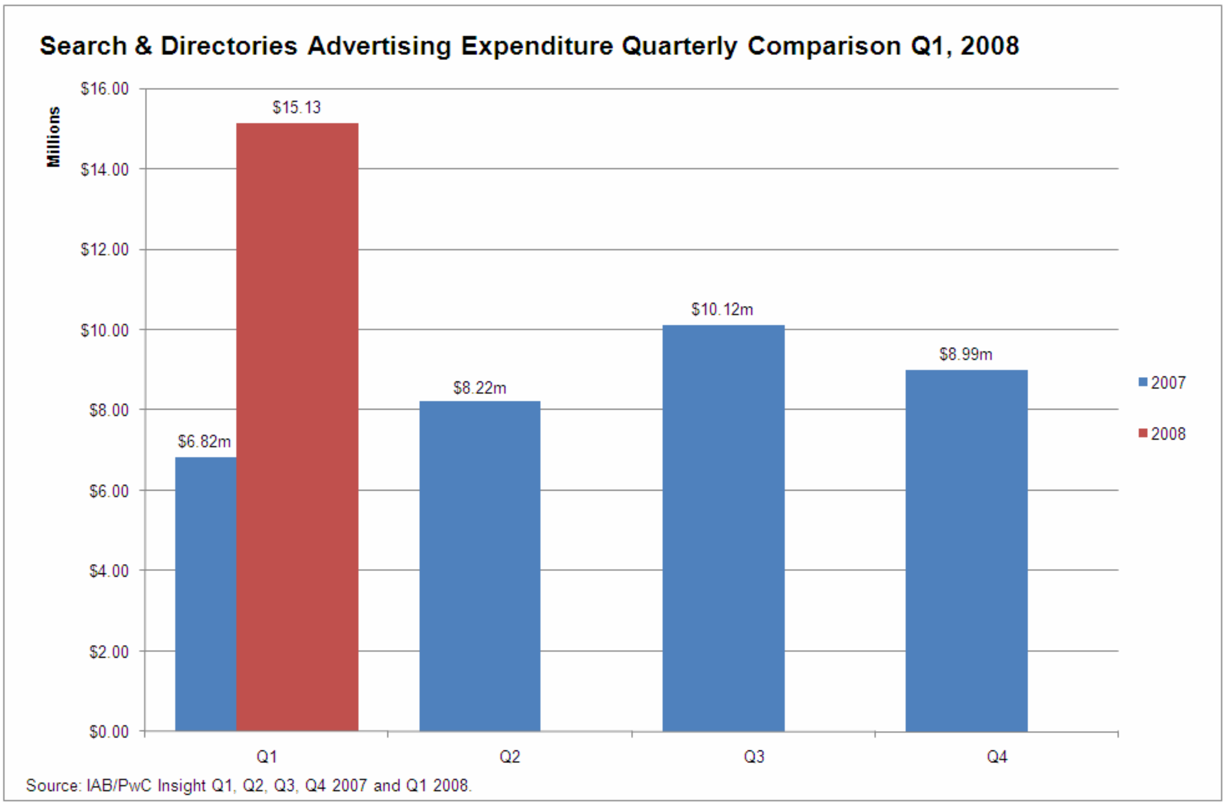
Up 54.4% from Q4, 2007 ($8.99m)

The industry has seen a number of new entrants in both SEO and SEM, and reports increasing awareness from advertisers and agencies of the importance of Search & Directories advertising to the overall marketing mix.

Industry sources also suggest that tighter economic times may actually be acting as a growth driver for paid search given its measurable ROI and ability to generate sales leads.

> *"Recessions are the economy's little reminder that marketing needs to be more efficient. It's almost profound that search has not seen an impact from an economy that we believe is in the midst of a recession – or at least a slowdown.*
>
> *The beautiful thing about the 'net' is that potentially we have what every off-line advertiser wants - an interactive medium that is totally accountable where we know exactly who our audience is, what they like and don't like and why. In an economy where advertisers are asked to do more for less, search continues to grow due to accountability and clear return on investment."*
>
> *Kyle Aspinall, Director of Sales, Alkemi NZ*

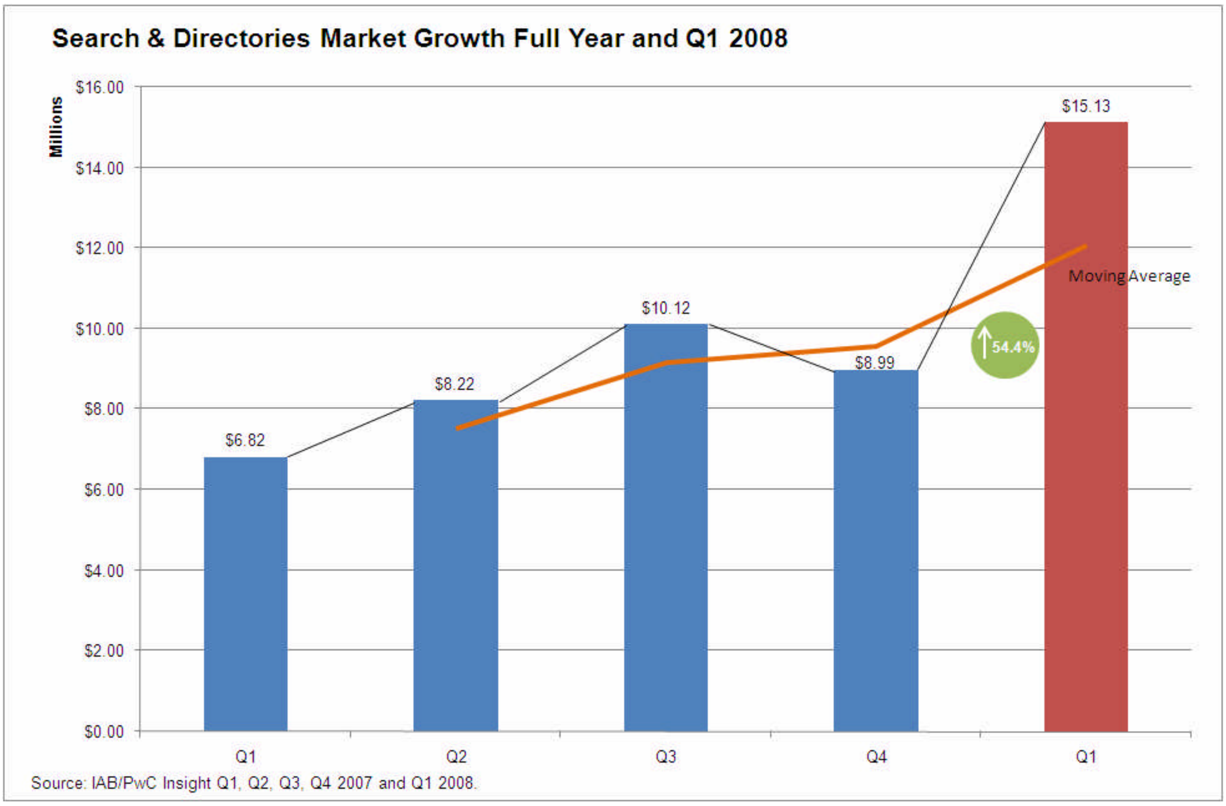
Search & Directories Quarterly Comparison



Search & Directories Advertising Expenditure Quarterly Comparison Q1, 2008 - Detail Table

Year	Quarter	Total Search and Directories ($m)	Qtr/Qtr Change		Year/Year Change
			$m	%	
2007	1	$6.82			
2007	2	$8.22	$1.40	17.30%	
2007	3	$10.12	$1.90	18.94%	
2007	4	$8.99	-$1.13	-11.17%	
2008	1	$15.13	$6.14	54.39%	92.96%
Total		**$49.28**			

Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008.


Search & Directories Market Growth Full Year and Q1 2008
Millions
$16.00
$14.00
$12.00
$10.00
$8.00
$6.00
$4.00
$2.00
$0.00
$6.82
$8.22
$10.12
$8.99
$15.13
Moving Average
54.4%
Q1
Q2
Q3
Q4
Q1
Source: IAB/PwC Insight Q1, Q2, Q3, Q4 2007 and Q1 2008.

Appendix 1 - Report Scope, Methodology and Format

Report Scope

The Interactive Advertising Bureau (IABNZ) partnered with PricewaterhouseCoopers to establish a comprehensive standard for measuring online advertising expenditures. The IABNZ *IAB Insight* is an ongoing IABNZ mission to provide an accurate barometer of online and interactive advertising growth. It is envisaged that as new segments of interactive advertising become established – such as mobile – these will be included in future reports.

To differentiate the *IAB Insight* from existing market size estimates and to achieve industry-wide acceptance, key aspects of this report are:

- Actual revenue data is obtained directly from companies deriving revenue from the sale of online/interactive advertising.
- The aim of the *IAB Insight* is to be as inclusive as possible. The intention is to include any significant form of online/interactive advertising, and accept data from any company that derives revenue from the sale of online/interactive advertising in the New Zealand market.
- Data submitted by participants is kept completely confidential and figures are only ever reported in an aggregated form.
- Data submitted by participants is periodically "spot checked" to encourage a high level of data integrity.

The online advertising expenditure reported by the *IAB Insight* is based on gross amounts charged to advertisers and inclusive of any applicable agency commissions.

Methodology

Contributors to this *IAB Insight* report are required to submit an online advertising expenditure return to PwC at the end of each reported quarter. PwC compiles the submissions and conducts a review of the reported figures for reasonableness in light of past submissions and general industry trends.

PwC conducts periodic 'spot checks' of information submitted by Contributors. These spot checks are designed to confirm that expenditure is reported in accordance with the definitions applied in this *IAB Insight* report and that any relevant classification of revenue has been correctly applied. The spot checks do not constitute an audit performed in accordance with the New Zealand Auditing Standards and, accordingly, PwC does not express an audit opinion.

Contributing companies are subjected to spot checks on a rolling basis to ensure that every company is checked within a given period (currently approximately every 18 months). In addition, a group of the larger Contributors are spot checked more frequently.

To ensure the protection of participant's data and market share information, industry category breakdowns will only be referred to where at least three or more unrelated participants have contributed to the aggregate.

In many instances numbers have been rounded to aid readability, particularly in the charts and graphs. Some aspects of the report are best served using unrounded numbers, particularly some tables. This creates the possibility that readers may observe some instances where there are small discrepancies in numbers to the right of the decimal point.

Due to the dynamic nature of the Internet industry the number of participants in an industry category may change from time to time which may result in the category not being referred to separately in future reports.

IAB Insight always seeks to represent the total market size as reflected by the Contributors. It should be noted that the inclusion of new Contributors in a quarter has the potential to overstate apparent market growth (or understate apparent market contraction) over the previous quarter. To address this, we have provided two figures representing changes from the previous quarter. These are the total market growth, and a 'normalised change' representing a 'like-for-like' comparison with the previous quarter (ie. the change in spending with the Contributors appearing for the first time in this quarter removed to give a true market growth figure).

The symbols below in this report indicate the actual change compared to the previous quarter:

↑15.2% ↓3.5%

All reported amounts represent aggregated data supplied by the Contributors. No estimates are included in the aggregate to cover those entities that are not participants, with the exception of Search & Directories. In this advertising category, an estimate of market size was made, because there were significant revenues in that segment that were not reported by contributing companies.

The methodology used to estimate the Search & Directories market was developed in consultation with leading New Zealand-based Search Engine Marketing companies, and used data submitted to PwC by those companies.

Aggregate amounts reported are rounded to the nearest $10,000.

Based on information provided by Contributors, approximately 75% of the data in this report is derived from participants whose underlying financial records have been, or will be, audited by an independent auditor.

Format

The *IAB Insight* reports New Zealand online advertising expenditure sourced from three broad categories:

- General Display Advertising, which includes revenues from Display ads such as banner advertisements of many different sizes and formats, affiliate marketing programmes, partnerships, sponsorships and emails.
- Classifieds Advertising, which includes revenues from ads placed to buy or sell an item or service.
- Search & Directories Advertising, which includes revenues from online Directories and search engine listings.

General Display Advertising is further reported by advertiser industry categories and their share of the total General Advertising pool.

Classified Advertising also lists the top performing categories for the reporting period.

Search & Directories Advertising is reported as a single figure due to the limited number of participants in the individual segment in this category.

Appendix 2 - Disclaimer

This report has been prepared using information provided by contributing Media companies (refer Appendix 3 – Contributors) to PricewaterhouseCoopers, who have relied on the information provided as being complete and accurate at the time it was given.

PricewaterhouseCoopers does not accept any responsibility for any reliance placed on this Report by any person and hereby disclaims any liability for any loss or damage caused by errors or omissions, whether such errors or omissions resulted from negligence, accident or some other causes. PricewaterhouseCoopers makes no representations about the analysis or application of the data.

PricewaterhouseCoopers has received a fee for the preparation of this report and takes responsibility for the independence of the research and analysis contained in this report.

Please notify PricewaterhouseCoopers of any errors or omissions identified in this report.

Appendix 3 - The Report Team

This report was produced by a team of people from PwC and IABNZ. The IAB would like to thank them for their efforts. In particular, thanks are due to

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	Jade Chin
	Gladwin Mendez
	Wilson Kuah

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Administration and Project Manager	Sara Goessi

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	Siobhan McKenna (Mediaworks)
	Bridget Gallen (Vodafone)
	Bonnie Frankland (NZGirl)
	Josh Borthwick (SellMeFree)
	Greig Buckley (MediaOne Network)

Research Sub-Committee

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	Toby Christensen (APN)
	Chintaka Ranatunga (Yellow Pages)

IABNZ and PwC would also like to thank members of the following companies for their ongoing support of the *IAB Insight* report by the contribution of the information needed for the methodology developed for estimating Search & Directories advertising market size:

First Rate
NetConcepts
Netpointers
OMD Digital
SearchMasters
Surefire Search
The Internet Bureau
Zed Digital
Alkemi

Appendix 4 - Contributors

Contributing Media Companies

3media Group Limited
AA Tourism
ACP Digital
APN
APNFinda
CMPMedica (NZ) Ltd
Fairfax Business Media
Fairfax Digital
iStart
Jasons Travel Media Limited
JDJL Limited
Littlies Publishing
MediaOne Network NZ ltd
Mediaworks
Metservice
MSN New Zealand Ltd
New Zealand City Ltd
New Zealand on the Web Ltd
New Zealand Rugby Union
NZGirl Ltd
NZS.com Limited
Realestate.co.nz
SEEK NZ
Sportal New Zealand
Trade Me Ltd
TVNZ
Varsity
View New Zealand Ltd
Yahoo!Xtra New Zealand Ltd
Yahoo Search and Marketing NZ
Yellow Pages Group

Companies contributing information to support the estimation of the Search & Directories market size

First Rate
NetConcepts
Netpointers
OMD Digital
SearchMasters
Surefire Search
The Internet Bureau
Zed Digital
Alkemi

Sites represented

www.247girl.co.nz
www.aatravel.co.nz
www.agridata.co.nz
www.allblacks.com
www.allrealestate.co.nz
www.autotrader.co.nz
www.bayofplentytimes.co.nz
www.bebo.com
www.berkeley.co.nz
www.bigfella.co.nz
www.blackcaps.co.nz
www.black-magic.co.nz
www.bookabach.co.nz
www.bookcouncil.org.nz
www.bsport.co.nz
www.c4tv.co.nz
www.cancel.co.nz
www.chemist.co.nz
www.cio.co.nz
www.classichits.co.nz
www.cleo.co.nz
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cosmo.ninemsn.com.au
www.crememagazine.co.nz
www.cricinfo.com
www.cuisine.co.nz
www.dailypost.co.nz
www.databook.co.nz
www.dealsonwheels.co.nz
www.easymix.co.nz
www.essentiallyfood.co.nz
www.eventfinder.co.nz
www.everybody.co.nz
www.fairfaxbm.co.nz
www.fantasyrugby.com
www.farmtrader.co.nz
www.fashionz.co.nz
Fastline E-mail update
www.finda.co.nz
www.findsomeone.co.nz
www.flava.co.nz
www.flicks.co.nz
www.foodlovers.co.nz
Foodnews E-mail update
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www.landscapedesign.co.nz
www.lifestyleblock.co.nz
www.listener.co.nz
www.littlies.co.nz
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www.menus.co.nz
www.metrolive.co.nz
www.metservice.com
www.mixitup.co.nz
www.modifymycar.co.nz
www.morefm.co.nz
www.motorcycletrader.co.nz
www.msn.co.nz
msn.nzherald.co.nz
www.mymobizone.com
www.myspace.com
www.nappies.co.nz
www.netguide.co.nz
www.newstalkzb.co.nz
www.northernadvocate.co.nz
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www.nzcity.co.nz
www.nzdating.co.nz
www.nzgirl.co.nz
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www.nzhouseandgarden.co.nz
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www.nzmusic.com
www.nzs.com
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Onfilm E-mail update
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www.radiochick.co.nz
www.radiolive.co.nz
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www.realcommercial.co.nz
www.realestate.co.nz
www.reseller.co.nz
www.rialto.co.nz
www.rnzys.org.nz
www.rugbyheaven.co.nz
www.runwayreporter.co.nz
www.ruralnz.co.nz
www.search4cars.co.nz
www.seek.co.nz
www.sellmefree.co.nz
www.sjs.co.nz
www.skycitycinemas.co.nz
www.skykiwi.com
www.smaps.co.nz
www.smokecds.com
www.snow.co.nz
www.solidgoldfm.co.nz
www.spareroom.co.nz
sportal.co.nz
www.sports.ninemsn.com.au
www.starcanterbury.co.nz
www.streettalk.co.nz
www.stuff.co.nz
www.surf.co.nz
www.surfpix.co.nz
www.taste.co.nz
www.testrugby.com
www.theaucklander.co.nz
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www.theedge.co.nz
www.therock.net.nz
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www.throng.co.nz
www.times-age.co.nz
www.tourism.net.nz
www.tradeaboat.co.nz
www.trademe.co.nz
www.travelbug.co.nz
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www.tvnz.co.nz
www.ubd.co.nz
www.undertheradar.co.nz
www.uthink.co.nz
www.varsity.co.nz
www.viewauckland.co.nz
www.village.co.nz
www.vorb.org.nz
www.wanganuichronicle.co.nz
Wares E-mail update
www.whitepages.co.nz
Windows Live Hotmail
Windows Live Messenger
www.wises.co.nz
www.xtend.co.nz
www.yahooxtra.co.nz
www.yellow.co.nz
www.yourhomeandgarden.co.nz
www.zmonline.co.nz

Appendix 5 - Definitions and Terminology

Advertising Expenditure Types

Display Advertising

Expenditure on advertising including banners, buttons, skyscrapers, rich-media, streaming advertising and other forms of interactive Display advertising.

Classified Advertising

Expenditure on advertisements placed to buy or sell an item or service, or to report an item of information including "listing" advertisements for Real Estate, Recruitment, Automotive, Personals and any other classified advertisements.

Search & Directories Advertising

Expenditure from online Directories or search engine listings.

Display Advertising Industry Categories

There are 15 categories for Display advertising. These were derived from categories used by Nielsen Media Research and are a superset of the categories used for categorising Nielsen Media's AIS data. The 15 categories are as follows:

Automotive

Any business related to the automotive sector including vehicles (cars and motorbikes), associations, equipment, retail (car dealers), fuel, maintenance, parts and accessories.

Business Services and Office Products

All companies providing services to other businesses such as accounting, legal taxation services; advertising and marketing services; printing and publishing services, and employment/personnel/training services. Also includes all office products and services including stationery, furniture, photocopiers and retailers.

Computers

Computer hardware, software, peripherals, systems, connectivity including internet service providers, games machines, printers and dedicated retail and services.

Food and Beverages

All foodstuff products which also includes corporate, pet foods, confectionery, and all beverages including alcohol and retail liquor. This category also includes supermarkets and foodstores.

Government Departments, Services and Communities

All information on any form of Government from national to local and including political parties. Also services/utilities such as gas and electricity suppliers; all educational institutions from pre-school to tertiary and not-for-profit, community and charitable organisations.

Health, Beauty and Pharmaceuticals

This category covers toiletries and cosmetics including baby products, cosmetics, personal care products, fragrances, hair and skin care, soaps and cleaners, and pharmaceutical products including remedies, medicines, lotions, vitamins, diet, corporate, dressings, health services and retail (e.g. chemists).

Home and Garden

This category includes all materials used in home improvements (eg. paving, roofing & guttering, security, paint & wallpaper and retail); household electrical products (eg. personal products, batteries, whiteware, brownware); household Items (eg. cookware, light bulbs, wraps, sprays, cutlery, china, storage); household cleaning products (ie. any product used in cleaning any area of the home including laundry products); household furnishings for the home not covered by household electrical (eg. beds, floor covers, occasional furniture, soft furnishings; home heating - includes all home heating or cooling products and services and retail), and gardening (including garden furniture, BBQs, tools, plants, equipment and retail).

Investment, Finance, and Banking

Any company/financial institution providing banking and/or investment products, services or advice; from banks to bonds, credit cards to travellers cheques.

Insurance

Any business either corporate or individual involved with insurance-related products or services. This includes motor vehicle insurance, house and household contents insurance, life insurance, health insurance, corporate and professional insurance, and brokers.

Leisure, Entertainment and Media

This category includes any organisation that provides goods and services related to lifestyle and/or entertainment, or consumed in leisure time, e.g. venues, events, sports, music, movies, boating, games of chance, fitness centres, dedicated retail. Also includes any business related to mass communication ie. mediums such as television, radio, newspapers, magazines, websites and cinema.

Real Estate

Any business providing commercial or residential property advice, information and retail services for the sale and management of real estate, includes residential housing, sections, commercial property, property developers and real estate agents.

Retail

This category includes major retailers such as department stores and discounters and warehouses. Also includes fast food, restaurants and other food outlets, shopping centres, bookstores, as well as direct response (eg. Chrisco Christmas Club), function centres and support services, hair and beauty salons, craft shops, TV/video rental and servicing and other specialist stores not already excluded.

> **Note: The Retail category excludes:**
> Supermarkets and foodstores (covered under Food & Beverages); agricultural trading societies and laboratories, automotive dealers, retail liquor, clothing and footwear retail, computer retail, gardening centres and retailers, home improvement retail, furnishing and flooring retail, home heating retail, industrial contractor retail, music and entertainment (DVD/video etc) stores, office retail, chemists, real estate agents, telecommunications retail and travel agents.

Telecommunication

All aspects of telephony. This includes telephone hardware, accessories and services, mobile phone hardware accessories and services, telecommunications retail, corporate, and connectivity including service plans and packages.

Travel and Accommodation

Any business providing products, services and/or information and advice related to the travel and tourism industry. Any travel services including carriers, accommodation, tours, destinations and retail (eg. travel agents).

Other

Any business that does not meet the general parameters of any of the preceding definitions. This may include clothing/accessories covering all areas of clothing, footwear and accessories including retail; agricultural (covering services, animal remedies and veterinary, chemicals, buildings and equipment and retail); industrial (including products, machinery, equipment, tools and retail); smoking (including all smoking products and anti-smoking products and organisations); transportation (covering commercial transportation services), and miscellaneous including pet products.

Classified Advertising Revenue Categories

There are five categories for Classified advertising as follows:

Automotive

Any classified advertising related to the automotive sector including vehicles (cars and motorbikes), equipment, retail (car dealers), parts and accessories, servicing.

Personals

Any classified advertising related to personal advertising including dating sites, services offered, births, deaths and marriages, sundry personal announcements etc.

Real Estate

Any classified advertising relating to the buying, selling, leasing or rental of any form of real estate property or services including residential and commercial.

Recruitment

Any classified advertising relating to the recruitment industry including situations vacant, or job-seeker advertisements, contract services etc.

Other

Any classified advertising that does not fall into the categories listed above.

Appendix 6 - Contacts

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About IAB New Zealand

IAB New Zealand (IABNZ) represents New Zealand's fast-growing, exciting and dynamic interactive advertising industry. IABNZ is an affiliate of the international network of IAB offices in 26 countries.

IABNZ works with its members to help identify the best roles for interactive advertising, engage customers and build brands.

Members of IABNZ include media owners, ad agencies, and web development shops through to research and measurement, ad-serving companies and ISPs. In short, anyone involved in interactive advertising from individual bloggers hosting ads to the world's largest media players and agencies.

IABNZ's mission is to drive awareness and usage of interactive media, and to play a central advocacy role in protecting and enhancing the interests of our members and their clients.

For more information, please visit IABNZ's website - www.iab.org.nz

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