IAB Insight - Q1 & Q2 2007

The IAB Online Advertising Expenditure Report

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 inaugural *IAB Insight* report for the two calendar quarters Q1 ending March 31, and Q2 ending June 30, 2007. *IAB Insight* is an online advertising expenditure report produced by PricewaterhouseCoopers (PwC) on behalf of the Interactive Advertising Bureau New Zealand (IABNZ). This release is the first of a planned series of *IAB Insight* reports to be released each calendar quarter covering online/interactive market advertising spend for the previous quarter.

Around the world, IAB conducts regular research into online advertising expenditure. In New Zealand (as in USA, UK and Australia) the IAB has chosen to partner with PricewaterhouseCoopers to produce this online advertising expenditure report.

IAB Insight provides an accurate guide to the market size and market trends for the Online/Interactive advertising market in New Zealand. The content of this report is compiled from actual revenue data collected from media companies and sales networks (refer Appendix 3, Contributors) representing more than 150 sites.

IAB Insight currently measures three main categories of advertising:

- Display advertising
- Classified advertising
- Search & Directories advertising

For further information refer Appendix 5 – Definitions and Terminology.

To collect the data that forms the basis of *IAB Insight* a quarterly survey is conducted with the Contributors who submit confidential revenue data to PwC. This data is then aggregated by the reporting team at PwC for the preparation of this report. In order to ensure complete confidentiality for contributing companies, only aggregated revenue figures are published.

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. 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 (refer Appendix 4 - Report Scope, Methodology and Format for more information).

Contributors

Without the revenue data collected from contributing companies *IAB Insight* would not be possible.

The IABNZ and PwC would like to thank each company for participating in this important industry research (for a list of contributors see Appendix 3 – Contributors).

The IABNZ and PwC actively encourage other industry participants to become contributors to *IAB Insight*. If you are currently not contributing data, and would like to participate, please contact us (refer Appendix 6 – Contacts).

Executive Summary

Online advertising expenditure for the quarter ended June 30, 2007 totalled **$31.8** million. This represents an **increase of 23.2%** over the total of **$25.8** million for the previous quarter ended March 31, 2007. This puts the total size of the market for the first half of calendar 2007 at **$57.6 million.**

This quarter-on-quarter increase is not unexpected due to traditional seasonal weakness in Q1 due to the Christmas and summer holiday season.

Display advertising and Search & Directory advertising each represent 26% of this total in Q1, with Classified advertising responsible for almost half the total at 48%. In Q2, Display advertising **increased to 31%** of the total with Search & Directory accounting for 25% and Classified the remaining 44%.

"The New Zealand advertising dollar is clearly following the world trend of media and shifting online to a medium that delivers unique engagement and measurable results.

I have little doubt over the coming quarters the IAB PwC survey will demonstrate the exceptional growth and shift of advertising dollars to online.

This report is a must read for any marketer, business owner or entrepreneur to reflect on how they invest their marketing budgets. If your business is not embracing online as a marketing medium, be very concerned."

Lee Williams, Chairperson, IAB NZ

In the Display advertising sector, the dominant industry categories were:

- Investment Finance and Banking
- Travel and Accommodation
- Government Departments
- Telecommunications
- Leisure, Entertainment and Media
- Automotive
- Computers

Together these categories accounted for **74.3%** of total Display advertising in Q1 and **74.5%** in Q2.

"Clearly the online advertising market in this country is bigger than past studies have reflected. This report represents the largest and most thorough examination of online advertising expenditure conducted to date in the New Zealand market.

With the release of this first IAB Insight the New Zealand market finally has a tool that can help companies understand what's happening in the online market, where we are in comparison to overseas markets, where growth is coming from, and how fast that growth is occurring.

Over the next few quarters, we expect this report will show just how fast this market is growing, and why smart marketers are already taking advantage of this exciting medium to reach their audiences in new and exciting ways.

Mark Evans, CEO, IAB NZ

Notes

The size of the Search & Directories advertising market is based partly on actual reported revenues, and partly on an estimation of market size.

The methodology applied for estimating the Search & Directories advertising market size was developed in consultation with representatives from a number of New Zealand's leading Search Engine Marketing (SEM) specialist companies (refer Appendix 3 – Contributors).

These companies also helped by contributing aggregated revenue figures for use in calculating the Search & Directories figures reported in this report.

Detailed findings

Total Market

Total online/interactive advertising expenditure in New Zealand for the quarter ended June 30, 2007 totalled $31.8 million. This represents an **increase of 23.2%** over the previous quarter's total of $25.8 million.

Combined year-to-date online/interactive advertising spend for the **first half of 2007 is $57.6 million.**

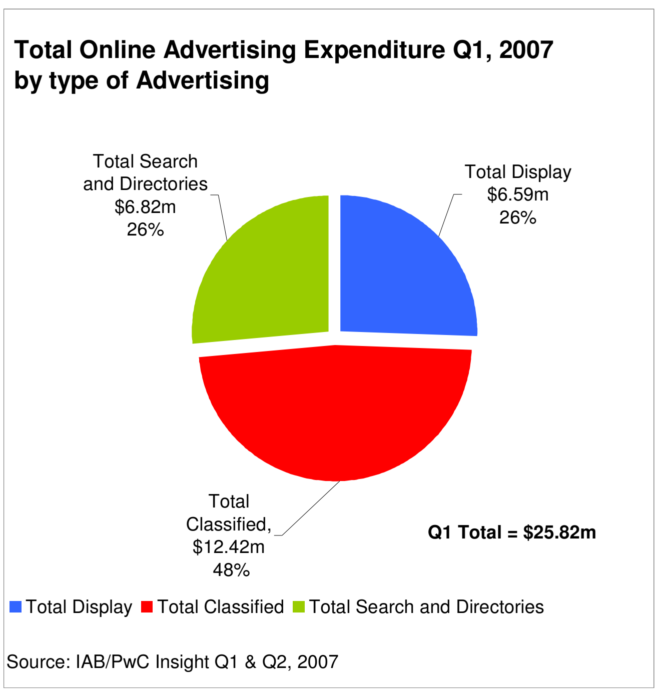
In Q1, Display and Search & Directories advertising each accounted for **26%** of total advertising expenditure, with Classified advertising accounting for **48%** of the total, a particularly sizeable share of the market for Classified advertising in comparison to other markets globally (see international comparison below).

This mix changed in Q2, with Display advertising showing a marked increase of $3.3 million (**up 49.7%**) over Q1. This likely reflects a traditional decline in Display advertising in Q1 as a result of the holiday period falling in that quarter, with the Q2 figures demonstrating a subsequent dramatic pickup in Display advertising spending in that quarter.

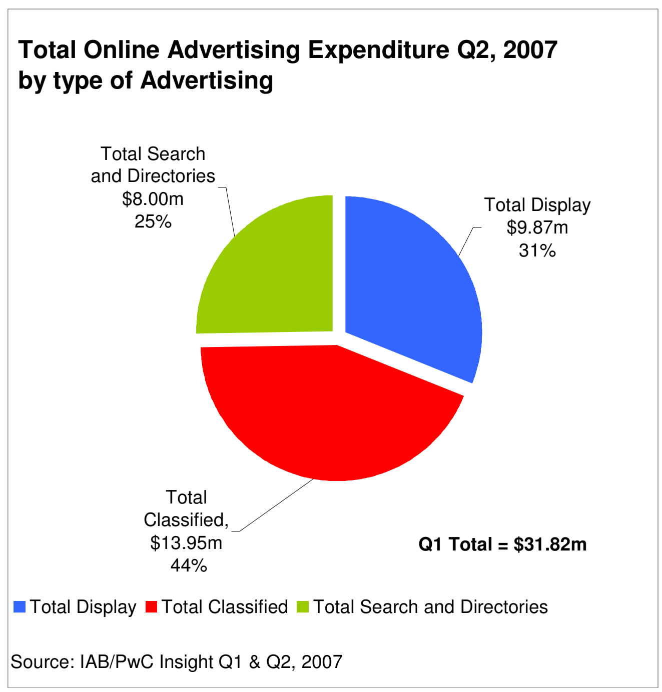
Classified advertising showed an increase of $1.5 million (**up 12.3%**) from **$12.4** million in Q1 to **$13.9** million in Q2, despite declining slightly in overall market share from 48% of total spend in Q1 to 44% of total spend in Q2 on the back of larger increases in Display and Search & Directory spending.

Search & Directory advertising **increased 17.4%** from Q1 to Q2 from $6.82 million in Q1 to $8 million in Q2.

Q1 total = $25.82m



Q2 total = $31.82m



Total Market – International Comparison

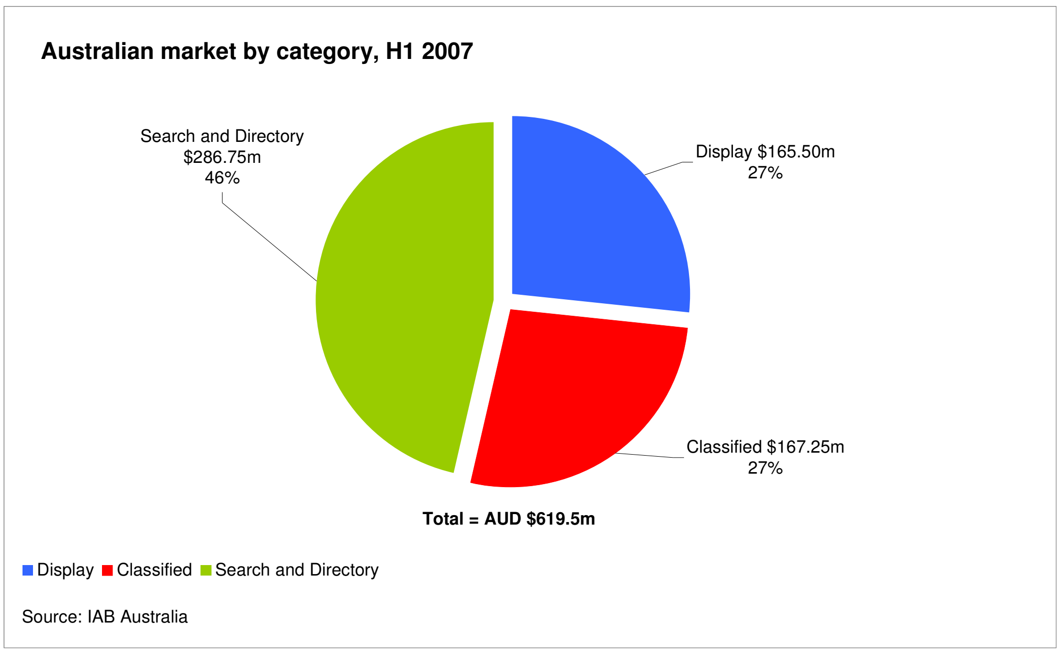
In order to provide comparison with overseas markets, we have included the advertising category-share breakdowns from the 1st half year 2007 IAB reports from US, UK and Australia.

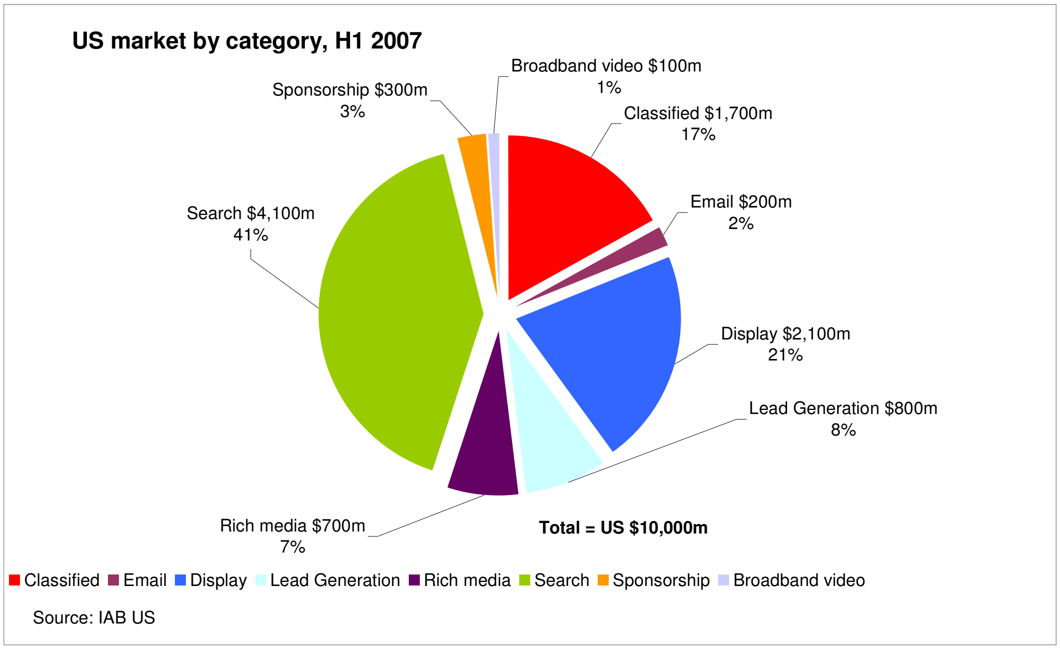
As the comparison shows, the local New Zealand online advertising market is dominated by classified advertising (48% of total adspend in Q1 and 44% in Q2) which is not the case to the same extent in the US, UK or Australian markets.

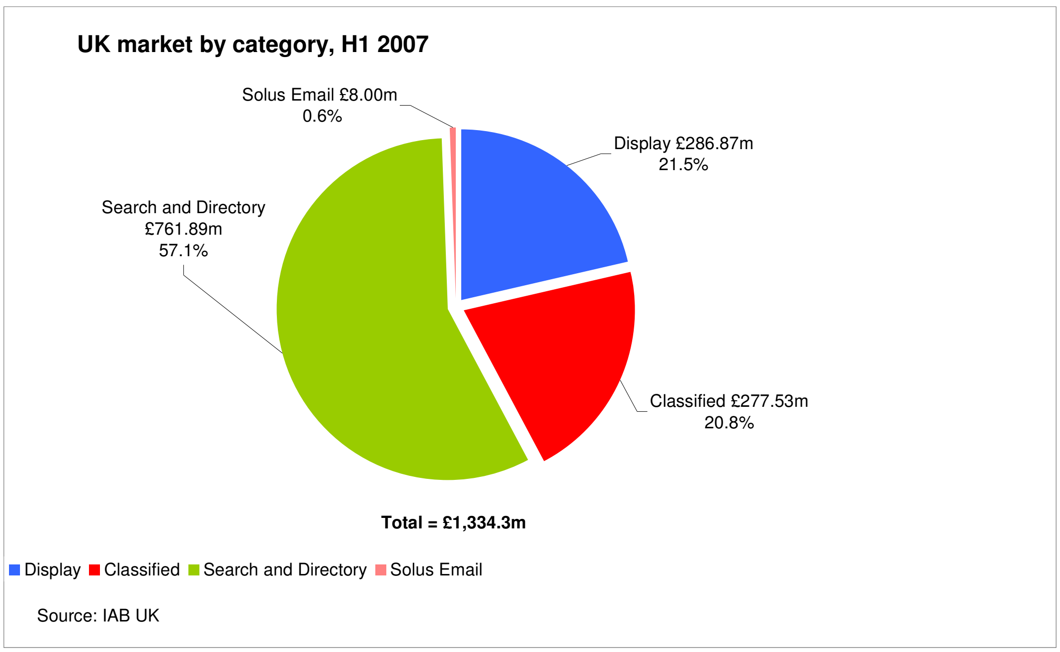
To what extent this is an indication of a particularly strong local classified market, or a weaker local market for display and search advertising is difficult to say with only two quarters of data collected.

Because total market adspend across all media is only measured annually (the ASA Media Turnover Report), the information in this report does not enable us to measure online advertising's share of total media spend yet. We expect to get that picture once the ASA's industry-wide Media Turnover report is released early in 2008.

Nevertheless, the market share indicators below would suggest that the local search market is poised for significant growth in market share assuming the local market mirrors international trends. In overseas markets, all categories of online advertising have grown quarter-on-quarter, with search advertising showing the fastest growth. We expect a similar pattern is likely in the local market. As in other countries we don't expect growth in any one category to cannibalise revenues from other online categories – international experience shows all categories are growing quarter-on-quarter.




US market by category, H1 2007
Broadband video $100m
1%
Sponsorship $300m
3%
Classified $1,700m
17%
Email $200m
2%
Search $4,100m
41%
Display $2,100m
21%
Lead Generation $800m
8%
Rich media $700m
7%
Total = US $10,000m
Classified
Email
Display
Lead Generation
Rich media
Search
Sponsorship
Broadband video
Source: IAB US

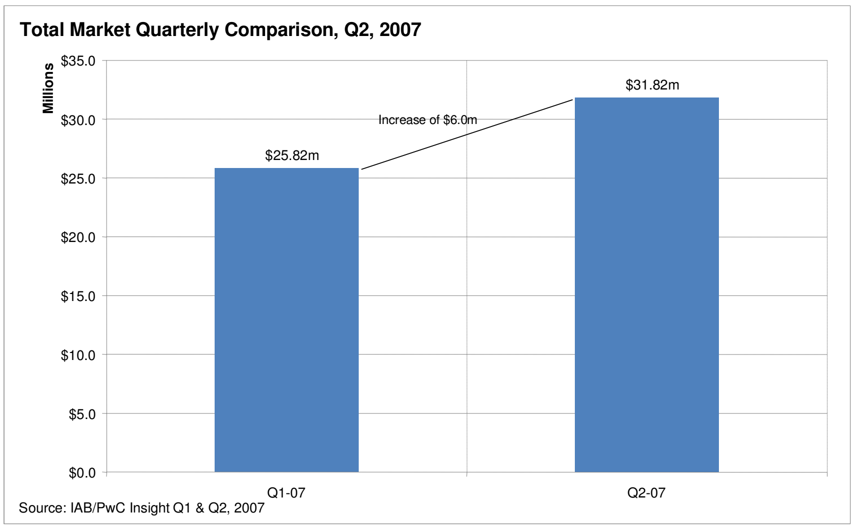

UK market by category, H1 2007
Solus Email £8.00m
0.6%
Display £286.87m
21.5%
Search and Directory
£761.89m
57.1%
Classified £277.53m
20.8%
Total = £1,334.3m
Display
Classified
Search and Directory
Solus Email
Source: IAB UK

Total Market Quarterly Comparison

Total online/interactive advertising expenditure has increased by **23.2%** quarter-on-quarter from Q1, 2007 to Q2, 2007.

As mentioned elsewhere in this report, the increase in spending between Q1 and Q2 should not be taken as an indication of organic market growth, since:

- IAB Insight has only been collecting data from the beginning of 2007. Subsequent quarterly IAB Insight reports will allow us to build a picture of true market growth over time.
- There is no data available in the market that would allow a comparison with the same quarters from 2006 to give a like-for-like quarterly comparison. Since there can be significant variation in spending quarter to quarter, a same-quarter comparison with the previous year would yield the most accurate picture of market growth.
- Seasonal variation due to the holiday season falling in Q1 is likely a factor in the increase in expenditure from Q1, 2007 to Q2, 2007.



Total Market Quarterly Comparison,Q2, 2007 – Detail Table

Year	Quarter	Total Display	Total Classified	Total Search and Directories	Total of Quarterly	Qtr/Qtr	Year/ Year
2007	2	$9.87m	$13.95m	$8.00m	$31.82m	23.21%	
2007	1	$6.59m	$12.42m	$6.82m	$25.82m		

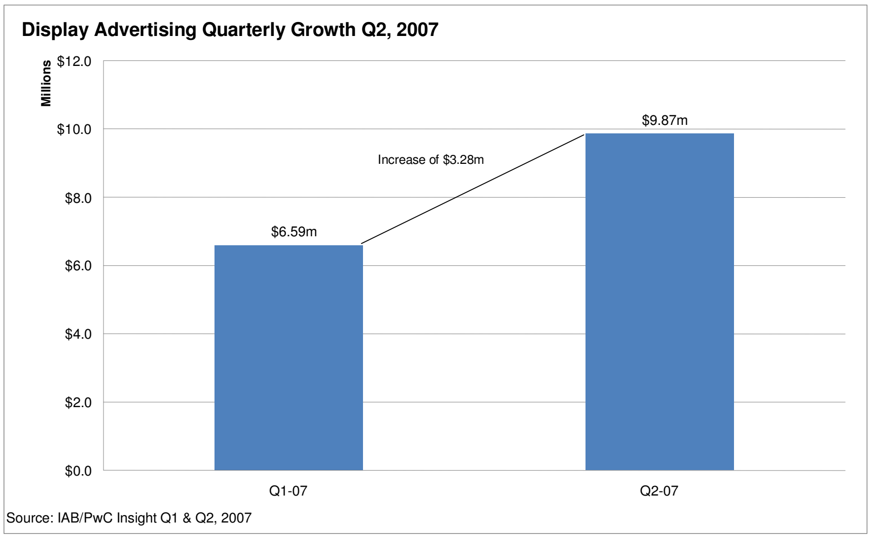
Source: IAB/PwC Insight Q1 & Q2, 2007

Display Advertising Expenditure

Total expenditure on Display advertising for the three months ending June 30, 2007 was $9,865,700, up $3,275,400 (**an increase of 49.7%**) from $6,590,300 in Q1, 2007.

This is a substantial increase, and likely represents strong seasonal variation due to the holiday season falling in Q1. Media companies and advertising agencies have traditionally reported that Q1 shows a seasonal decline in online advertising – particularly for display advertising - and this is supported by these figures.

Display Advertising Quarterly Comparison



Display Advertising Expenditure Quarterly Growth Q2, 2007 - Detail

Year	Quarter	Total Display	Qtr/Qtr	Year/Year
2007	2	$9.87m	49.70%	
2007	1	$6.59m		

Source: IAB/PwC Insight Q1 & Q2, 2007

Display Advertising by Industry Category

The industry categories that showed the highest levels of display advertising expenditure in both Q1 and Q2 – accounting for over 74% of display advertising expenditure – were:

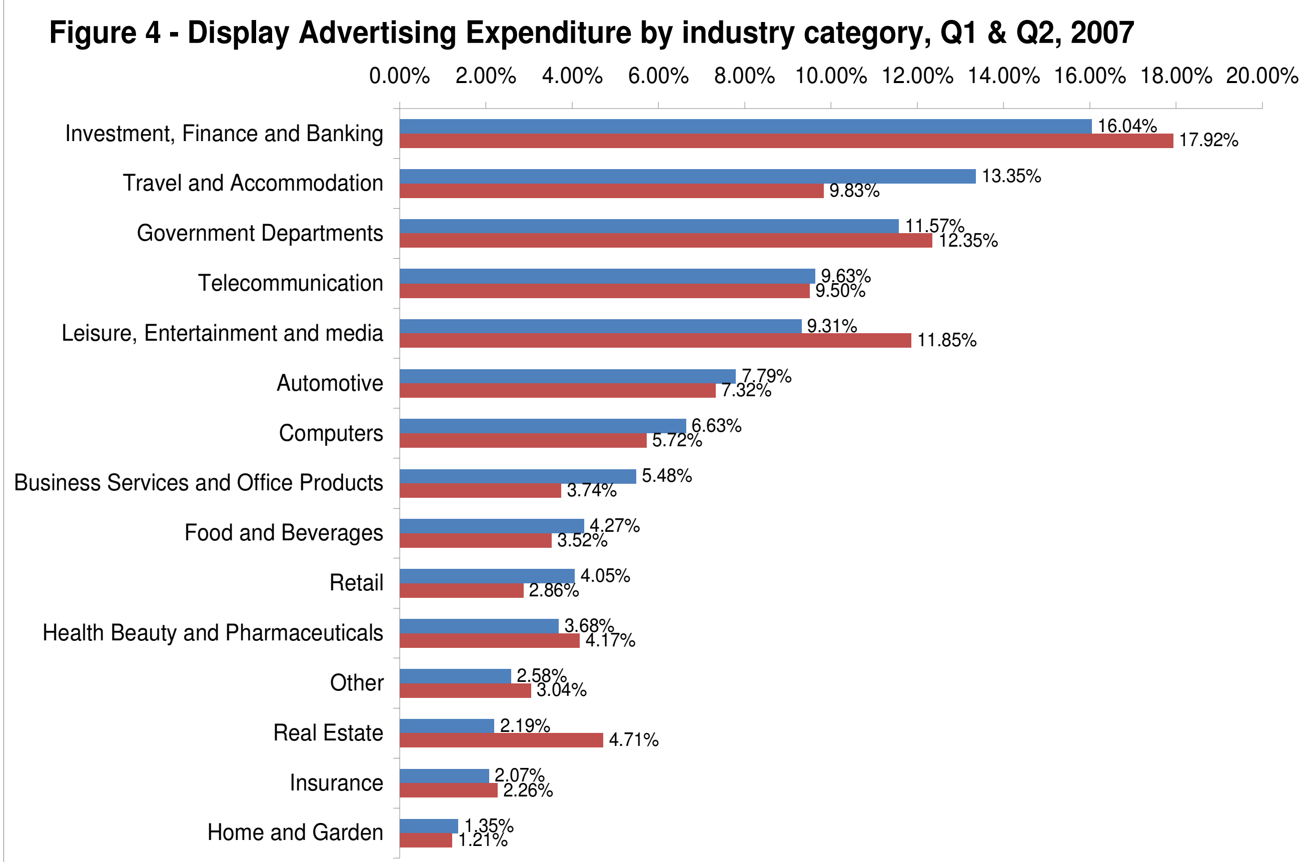
- Investment Finance and Banking
- Travel and Accommodation
- Government Departments
- Telecommunications
- Leisure, Entertainment and Media
- Automotive
- Computers

Q2 saw a strong increase in spending in the Travel and Accommodation industry which went from 9.83% of total display advertising in Q1, 2007 to 13.35% of total display advertising in Q2, 2007 (**up 35.8%**).

There was a significant decline in display advertising expenditure in the Real Estate category which was **down 53.5%** from 4.71% of total in Q1 to 2.19% of total in Q2 although this is a relatively small category for display advertising.

Investment, Finance and Banking (**down 10.5%**) and Leisure, Entertainment and Media (**down 21.4%**) also declined in market share in Q2.

It should be noted that despite the declines in overall market share for Real Estate, Investment Finance and Banking and the Leisure, Entertainment and Media categories, because of the sharp rise in overall spending in Display in Q2, spending in these categories actually increased quarter-on-quarter.



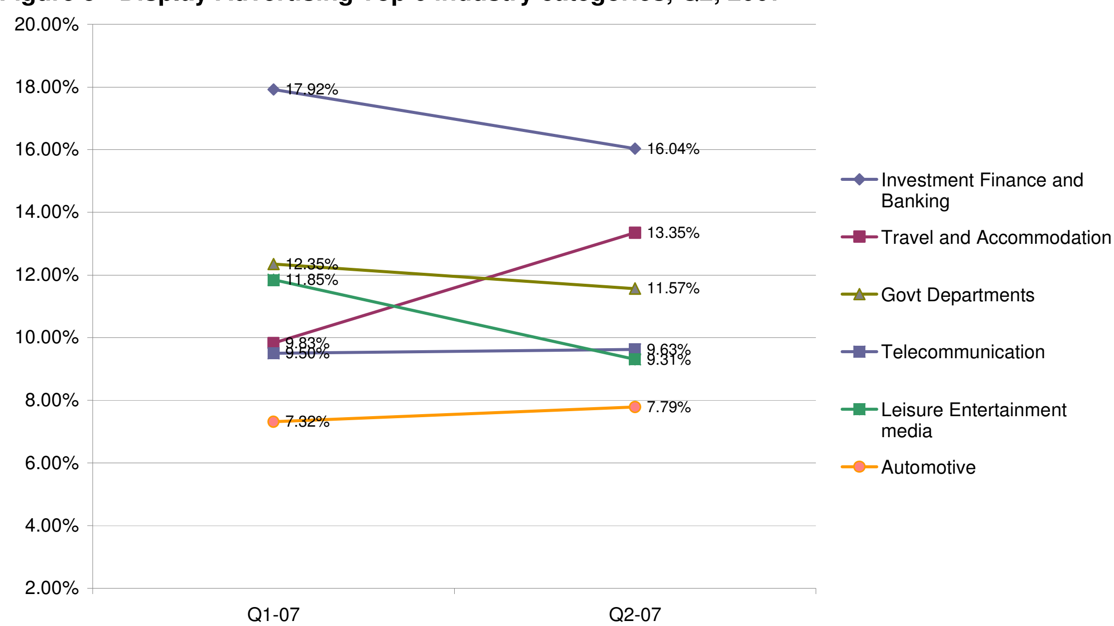
Source: IAB/PwC Insight Q1 & Q2, 2007

Table 2 - Display Advertising Expenditure by industry category Q2, 2007 - Detail

Advertiser Industry Category	Q2 07	Q1 07
Investment Finance and Banking	16.04%	17.92%
Travel and Accommodation	13.35%	9.83%
Govt Departments	11.57%	12.35%
Telecommunication	9.63%	9.50%
Leisure Entertainment media	9.31%	11.85%
Automotive	7.79%	7.32%
Computers	6.63%	5.72%
Business Services and Office Products	5.48%	3.74%
Food and Beverages	4.27%	3.52%
Retail	4.05%	2.86%
Health Beauty and Pharmaceuticals	3.68%	4.17%
Other	2.58%	3.04%
Real Estate	2.19%	4.71%
Insurance	2.07%	2.26%
Home and Garden	1.35%	1.21%

Source: IAB/PwC Online Advertising Expenditure Report Q2, 2007

Figure 5 - Display Advertising Top 6 industry categories, Q2, 2007



Source: IAB/PwC Insight Q1 & Q2,

Notes

Contributors were asked to provide a breakdown of their display advertising by 15 categories (see Appendix 5 – Definitions and Terminology for details), and over 95% percent of contributors were able to do this for the inaugural report.

IABNZ and PwC expect that those Contributors that did not provide categorised data in Q1 and Q2 will provide fully categorised data for future reports.

Classified Advertising Expenditure

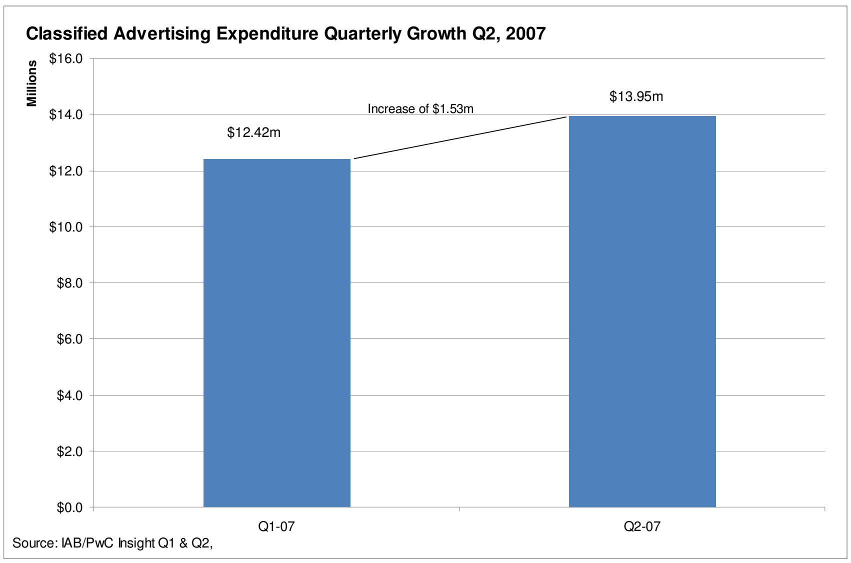
Expenditure on classified advertising in Q2, 2007 was $13.9 million, up $1.5 million (**an increase of 12.3%**) from $12.4 million in Q1, 2007.

Classified advertising has the largest share of the online advertising market in New Zealand (48% Q1 and 44% Q2). Classified is 41.3% higher than display in Q2. In the US, Australian and UK markets the equivalent IAB/PwC reports show Display advertising and Search & Directory advertising accounting for greater proportions of online advertising expenditure.

New Zealand has a vibrant and competitive classified market both in general classifieds and the vertical classified pillars (recruitment, automotive, real estate, travel and dating) from a wide variety of online publishers. SMEs and private individuals have also been quick to move their marketing online in comparison to major advertisers, and classified advertising is often the vehicle of choice for these smaller advertisers.

Whilst the Classified advertising category had quarter on quarter growth of 12.3%, its overall share of the market declined 4% in Q2 with a greater increase in Display (up 49.7%) and Search & Directory advertising (up 17.4%) in Q2.

Classified Advertising Quarterly Comparison



Classified Advertising Expenditure Quarterly Growth Q2, 2007 - Detail

Year	Quarter	Total Classified	Qtr/Qtr	Year/Year
2007	2	$13.95m	12.33%	
2007	1	$12.42m		

Source: IAB/PwC Insight Q1 & Q2, 2007

Notes

Most of the companies submitting revenue data for Classified advertising submitted data categorised into the following types of classified advertisements:

- Automotive
- Personals
- Real Estate
- Recruitment
- Other

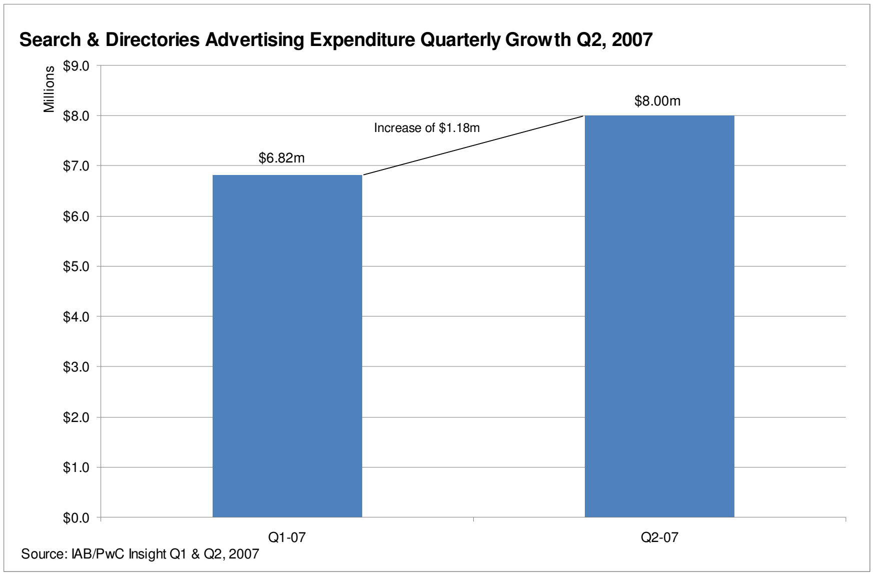
However due to the numbers of companies submitting, it was not possible to report Classified advertising expenditure broken down by these categories without the potential for revenues from individual companies to be identified.

In order to ensure that this could not happen, we have reported a single consolidated figure for this category of advertising.

IABNZ and PwC expect that future quarterly reports will be able to break out Classified revenues by category as and when the number of companies submitting Classified Advertising expenditure data increases.

Search & Directories Advertising Expenditure

Total expenditure on Search & Directories advertising for Q2, 2007 was $8 million, up $1.2 million (**an increase of 17.3%**) from a total of $6.8 million in Q1, 2007.



Search & Directories Advertising Expenditure Quarterly Growth Q2, 2007 - Detail

Year	Quarter	Total Search and Directories	Qtr/Qtr	Year/Year
2007	2	$8.00m	17.3%	
2007	1	$6.82m		

Source: IAB/PwC Insight Q1 & Q2, 2007

Notes

The Search & Directories advertising expenditure figure reported is based partly on actual reported revenues, and partly on an estimation of market size. This is due to significant revenues in this category that were not able to be obtained through submission of actual revenue figures.

The methodology for estimating Search & Directories advertising market size was developed in consultation with representatives from a number of New Zealand's leading Search Engine Marketing (SEM) specialist companies.

Those companies also helped by contributing aggregated revenue figures for use in calculating the estimated Search & Directories figures reported in this report.

Appendix 1 - 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 2 – 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

PricewaterhouseCoopers

Project sponsor	Chris Perree, Partner
Project Manager	John Deane, Director
Analysts	Jeroen Hoexum Gladwin Mendez Jade Chin

IABNZ

CEO	Mark Evans
Administration and Project Manager	Sara Goessi

IAB Board

Chairperson	Lee Williams (ACP Digital)
Vice Chairperson \	Spencer Bailey (APN)
Board Members	Glen Maguire (E1 Marketing) Dirk Jansen (APN) John Buckley (ACP Digital) Sandra King, Bernard Hickey (Fairfax) Michael Gregg, Jessi Morgan (Trademe) Sheryl Nicholls, Paul Newby (Yellow Pages) Mark Copplestone (TVNZ) Julie Gill (Infego)

Tom Osborne, Sanjay Weerasinghe (Yahoo!Xtra)
Paul Webster (Google)

Research Sub-Committee

Chairperson	Glen Maguire (E1 Marketing)
Members	Amanda Wisniewski, Mabel Yip, Tanya Speir (Fairfax) Sanjay Weerasinghe (Yahoo!Xtra) Richard Faire (Response Directive) Kate Joyce (The Internet Bureau) Paul Webster (Google)

IABNZ and PwC would also like to thank members of the following companies for their participation in a working group to establish the methodology for estimating the market size of the paid search market:

First Rate
NetConcepts
Netpointers
SearchEngineRoom
SearchMasters
Surefire Search
The Internet Bureau

Appendix 3 – Contributors

Contributing Media Companies

3media Group Limited
AA Tourism
ACP Digital
APN
CMPMedica (NZ) Ltd
Fairfax Business Media
Fairfax Digital
Home Business New Zealand Ltd
Jasons Travel Media Limited
JDJL Limited
MediaOne Network NZ ltd
metservice.com
MSN New Zealand Ltd
New Zealand City Ltd
New Zealand Rugby Union
nzgirl Ltd
Realestate.co.nz
SEEK NZ
Sportal New Zealand
Trade Me Ltd
TVNZ
Varsity
View New Zealand Ltd
Yahoo!Xtra New Zealand Ltd
Yellow Pages Group

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

First Rate
NetConcepts
Netpointers
SearchEngineRoom
SearchMasters
Surefire Search
The Internet Bureau

Sites represented

247Girl
aatravel.co.nz
All Blacks
allblacks.com
Baggy Green
Berkeley Cinemas
Big Fella
Black-Magic
cio.co.nz
Classic Hits
Coast
computerworld.co.nz
Cosmo
CricInfo
cuisine.co.nz
Cyberchemist
everybody.co.nz
fairfaxbm.co.nz
FantasyRugby
Fashionz
Fastline E-mail update
findsomeone.co.nz
Flava
Flicks
Food Super Prog
Foodnews E-mail update
Footyshow NRL
Gameplanet
Garden-nz
George FM
Get Frank - NEW PROGRAM
Groovy Baby
Grownups
Hauraki
Hotmail.co.nz
Hoyts.co.nz
http://www.allrealestate.co.nz/
http://www.realcommercial.co.nz/
Idolblog
jobuniverse.co.nz
Landlords
Landscape Design - NEW PROGRAM
Littlies
Menus - NEW PROGRAM
metrolive - NEW PROGRAM
metservice.com
Mixitup
Modifymycar
MSN
Nappies
NBR
NewstalkZB
NZ Book Council
NZ City
NZ Dating
NZ Flatmates
NZ Girl
NZ Music
NZ Tourism online
NZ Wedding Planner
NZHerald Business
NZHerald Entertainment
NZHerald Jobs
NZHerald Lifestyle
NZHerald Motoring
NZHerald Multimedia
NZHerald News & Weather
NZHerald Opinion
NZHerald Property
NZHerald Sport
NZHerald Technology
NZHerald Travel
nzhouseandgarden.co.nz
Oh Baby
oldfriends.co.nz
Onfilm E-mail update
pcworld.co.nz
Radiochick
RadioSport
Ralph
reseller.co.nz
Rialto Theatres - Restricted Advertisers
Royal NZ Yacht Squadron
Rural News
Share Trading Super Program
ShareChat
SkyKiwi Employment & Education
SkyKiwi Female
SkyKiwi Forum
SkyKiwi Home
SkyKiwi News
SkyKiwi Trade
smaps.co.nz
Smoke CDs
Snow
Spareroom
Streettalk
stuff.co.nz
Surf
Taste - NEW PROGRAM
Testrugby - Seasonal
The Listener
Thread
Throng - NEW PROGRAM
Tradeanything
trademe.co.nz
Varsity
View Auckland
Village Theatres
Viva
White pages online
www.admedia.co.nz
www.agenciesandclients.co.nz
www.agridata.co.nz
www.autotrader.co.nz
www.classichits.co.nz
www.cleo.co.nz
www.dairymag.co.nz
www.databook.co.nz
www.dealsonwheels.co.nz
www.farmtrader.co.nz
www.flava.co.nz
www.hauraki.co.nz
www.homebizbuzz.co.nz
www.interest.co.nz
www.jasons.com
www.management.co.nz
www.metrolive.co.nz
www.motorcycletrader.co.nz
www.motorhomesandmotorcycles.co.nz
www.netguide.co.nz
www.newstalkzb.co.nz
www.nzcity.co.nz
www.nzdating.co.nz
www.nzlifestyleblock.co.nz
www.nzsearch.co.nz
www.radiosport.co.nz
www.runwayreporter.co.nz
www.searchnz.co.nz
www.sportal.co.nz
www.taste.co.nz
www.tradeaboat.co.nz
www.varsity.co.nz
www.viewauckland.co.nz
www.viva.net.nz
www.yourhomeandgarden.co.nz
www.zmonline.com
Xtend
Yahoo!Xtra
Yellow online
ZM Online

Appendix 4 - 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 reported expenditure is reported in accordance with the definitions applied in this *IAB Insight* 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.

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.

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 66% 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 directory 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 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 directory 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 & Beverages

All foodstuffs 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 & Garden

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

Investment, Finance, 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 i.e. 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 (e.g. 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, 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 & 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 (e.g. 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

About PricewaterhouseCoopers

PricewaterhouseCoopers (www.pwc.co.nz) provides industry-focused assurance, tax and advisory services for public and private clients. More than 120,000 people in 144 countries connect their thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders.

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For more information about PricewaterhouseCoopers and how we may be able to help you, please contact one of the PricewaterhouseCoopers team listed in Appendix 6 – Contacts.

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