IAB Insight - Q3 2007

The IAB Online Advertising Expenditure Report

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

Table of Contents

Introduction

Welcome to IAB New Zealand's second *IAB Insight* report covering the calendar quarter Q3 ending September 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 second 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.

In Q3 we were pleased to see a number of new Contributors. Their figures have been included in this report (refer Appendix 4, Report Scope, Methodology and Format).

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 a "normalised change" representing a "like-for-like" comparison with the previous quarter (i.e. the change in spending with the new Contributors appearing in Q3 removed to give a true market growth figure). The symbols below indicate the normalised, like-for-like change compared to the previous quarter:

↑15.2% ↓3.5%

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 forming the basis of *IAB Insight* a quarterly survey is conducted with the Contributors which 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

This quarter sees a marked increase in overall spending to $41.0 million from the previous quarter's total of $31.8 million.

Part of this growth is due to new Contributors to this report. However growth percentages quoted below have been "normalised" to measure true, "like-for-like" growth and remove the impact of new Contributors. Total market figures include the new contributions.

The total market growth between Q2 and Q3, 2007 is **22.9%** (normalised). With the addition of the Q3 figures, the total size of the market for the first three quarters of calendar 2007 is **$98.6 million.**

All categories of interactive advertising showed strong growth, but the increase in Display advertising was particularly dramatic, with spending **up 39.1%** (normalised) compared to Q2.

"Online advertising's 22.9% quarter on quarter growth is massive news. Significant numbers of New Zealand advertisers are clearly moving online at pace due to the targeting and campaign measuring benefits of the medium. There is no other advertising medium experiencing this level of growth.

Our second IAB Online Advertising Expenditure Report delivers on its objective to demonstrate to the business and advertising communities that online advertising is serious and growing fast.

This report is a must read for every marketer in New Zealand. "

Lee Williams, Chairperson, IABNZ

Most of the increase in Display advertising came from the Travel and Accommodation category. Advertisers in that category have been quick to embrace online advertising as an important part of their marketing mix, and seasonal advertising for "winter escape" holidays and new competitors in the industry have fuelled a significant growth in spending in Q3.

This growth in Display advertising has changed the overall spending mix. In Q2, Display advertising was **31%** of the total with Search & Directories accounting for **25%** and Classified the remaining **44%.**

Q3 sees Display advertising's share of the market **increased to 36%** of total spend. Search & Directories share reduced to **23%** of total spend (despite Search & Directories overall spending in Q3 being **up by 15.7%** on Q2).

Classified's share of the market was **down slightly to 41%** of total (although overall spending in that category was **up a significant 21.5%** on the previous quarter).

Q3 is traditionally a big quarter for online advertising, and we see that reflected in this report with almost 40% growth in the Display advertising spend this quarter and total advertising up 22.9% on the previous quarter. That's phenomenal growth.

The increases in Display advertising – particularly in the Travel and Accommodation category – demonstrate that advertisers are realising the benefits of the medium in reaching their target audiences and influencing their purchasing decisions.

Travel advertisers have long recognised this medium's advantages and the strong growth in this segment demonstrates their continuing commitment to online advertising and recognition of the results it can deliver.

Mark Evans, CEO, IABNZ

Notes

The size of the Search & Directories advertising market is based on actual reported revenues and 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

> *"It's great to see the NZ digital media market establishing itself as one of the fastest growing digital hotspots around the world. Marketers take note: broadband penetration will continue to catalyze this digital media boom, driven by continued regulation in the Telco sector and the NZ Government's pledge to get NZ broadband adoption into the top quarter of OECD countries."*
>
> **Glen Maguire, E1 Marketing**
> **Chairperson - IAB Research Sub-Committee**

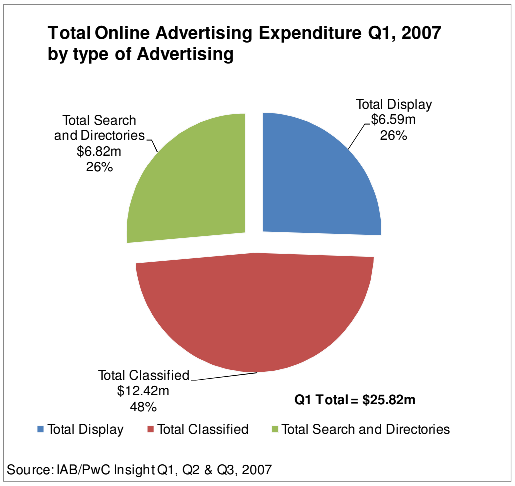
Total Market

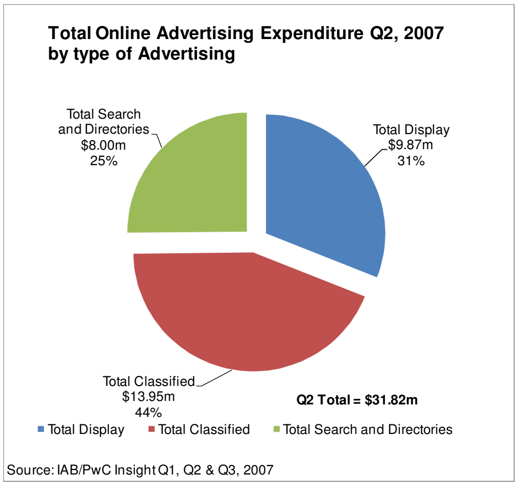
Total online/interactive advertising expenditure in New Zealand for the quarter ended September 30, 2007 totalled **$41.0 million**. This represents an **increase of 22.9%** (normalised) over the previous quarter's total of **$31.8 million**. The combined year-to-date online/interactive advertising spend for the three quarters to September 30, 2007 is **$98.6 million.**

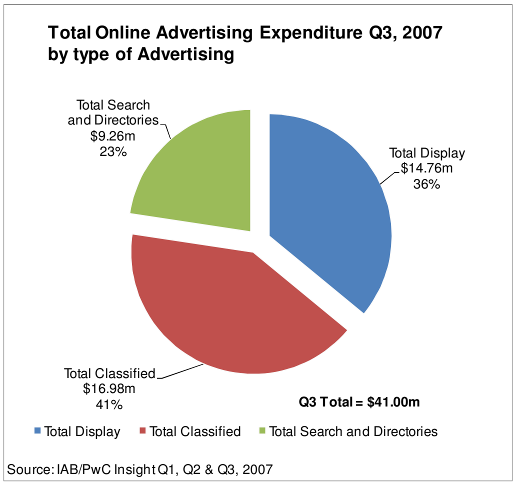
In Q3, Display advertising showed a marked increase of $4.9 million **up 39.1%** (normalised) over Q2. A substantial portion of this is due to increased spending in the Travel and Accommodation category, which this quarter takes over from Investment Finance and Banking as the single largest category for Display. Seasonal fluctuation (winter escape holiday advertising), increased competition from providers and new online travel and accommodation websites are all likely Contributors to this increase.

Classified advertising was up strongly on the previous quarter, increasing $3.0 million **(normalised growth of 21.5%**) from $13.9 million in Q2 to $17 million in Q3. Overall market share for classified advertising dipped slightly from 44% of total spend in Q2 to 41% in Q3.

Search & Directories advertising **increased 15.5%** (normalised) in Q3 from $8.0 million in Q2 to $9.3 million in Q3.





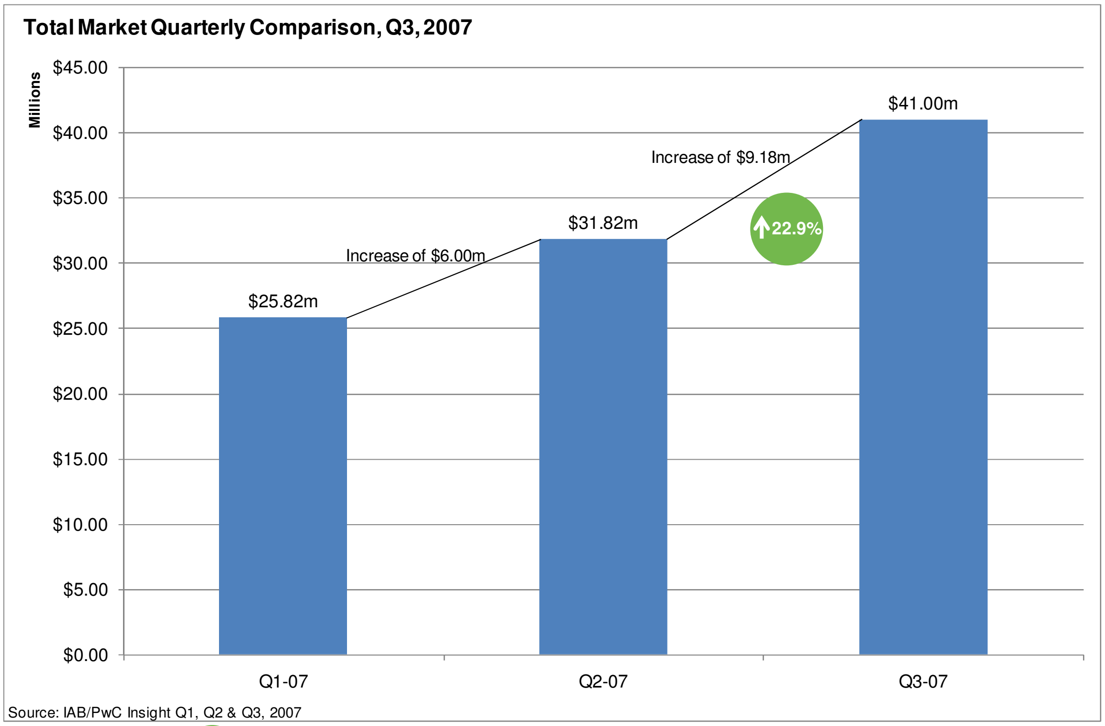


Total Market Quarterly Comparison

The total market reported in Q3 grew from $31.8 million in Q2 to $41.0 million in Q3. Removing the impact of new Contributors in Q3 which did not contribute in Q2, this gives a normalised **growth rate of 22.9%**.

A major jump in Display advertising was the most notable increase which was **up 39.1%** on the previous quarter (normalised). However, online advertising in the other two categories also showed strong growth with Classified advertising **up 21.5%** (normalised) and Search & Directories advertising **up 15.5%** (normalised) over the previous quarter.

The graph below shows normalised percentage increases excluding apparent growth due to new Contributors. However the dollar figure increases and totals do include the contributions from new Contributors.



* *This symbol indicates the normalised, like-for-like change compared to the previous quarter.*

Total Market Quarterly Comparison, Q3, 2007 - Detail Table

Year	Quarter	Total Display	Total Classified	Total Search and Directories	Total of Quarterly	Change Qtr/Qtr	Year/Year
2007	1	$6.59m	$12.42m	$6.82m	$25.82m		
2007	2	$9.87m	$13.95m	$8.00m	$31.82m	+23.21%	
2007	3	$14.76m	$16.98m	$9.26m	$41.00m	+28.85%	

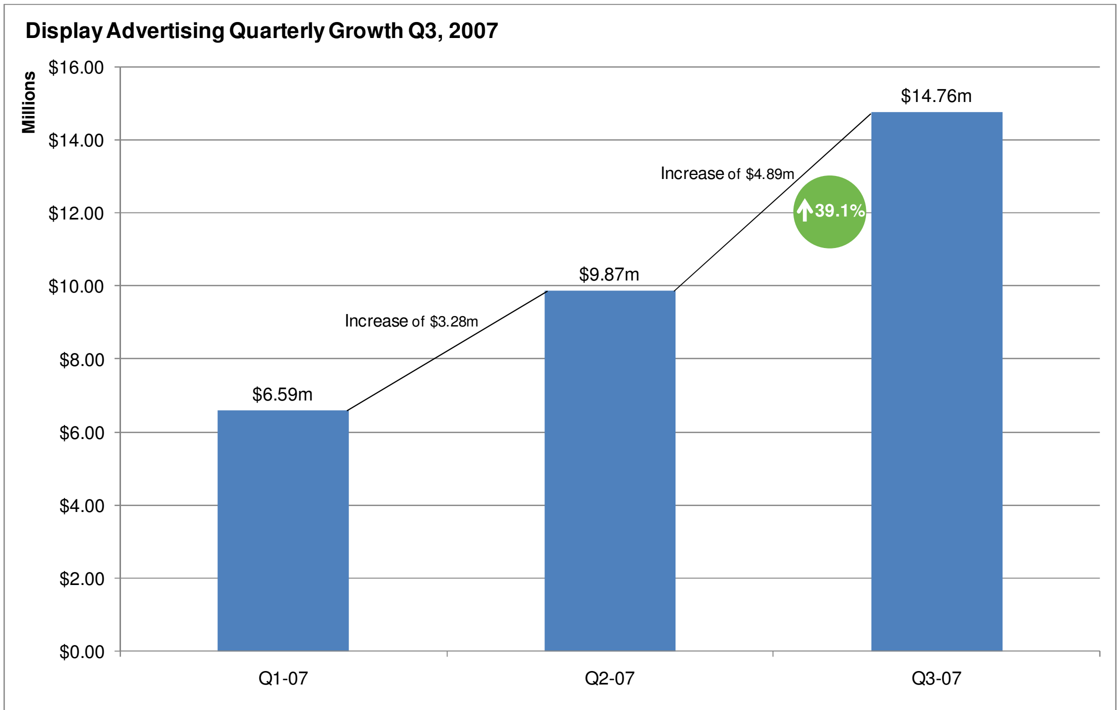
Source: IAB/PwC Insight Q1, Q2 & Q3, 2007

Display Advertising Expenditure

Total expenditure on Display advertising for the three months ending 30 September, 2007 was $14.7 million. This was a dramatic increase of $4.8 million from the previous quarter's total of $9.8 million. Taking into account the impact of new Contributors, this gives a normalised **growth rate of 39.1%** quarter on quarter**.**

Much of this increased spending is in the Travel and Accommodation industry segment and likely reflects a number of factors including seasonal variation (with advertising for winter break holidays commencing), new travel sites (such as TradeMe's Travelbug entering the market) and new competitors in the market starting to spend online.

Display Advertising Quarterly Comparison



Source: IAB/PwC Insight Q1, Q2 & Q3, 2007

* *This symbol indicates the normalised, like-for-like change compared to the previous quarter.*

Display Advertising Expenditure Quarterly Growth Q3, 2007 - Detail

Year	Quarter	Total Display	Change Qtr/Qtr	Year/Year
2007	1	$6.59m		
2007	2	$9.87m	+49.70%	
2007	3	$14.76m	+49.63%	

Source: IAB/PwC Insight Q1, Q2 & Q3, 2007

Display Advertising by Industry Category

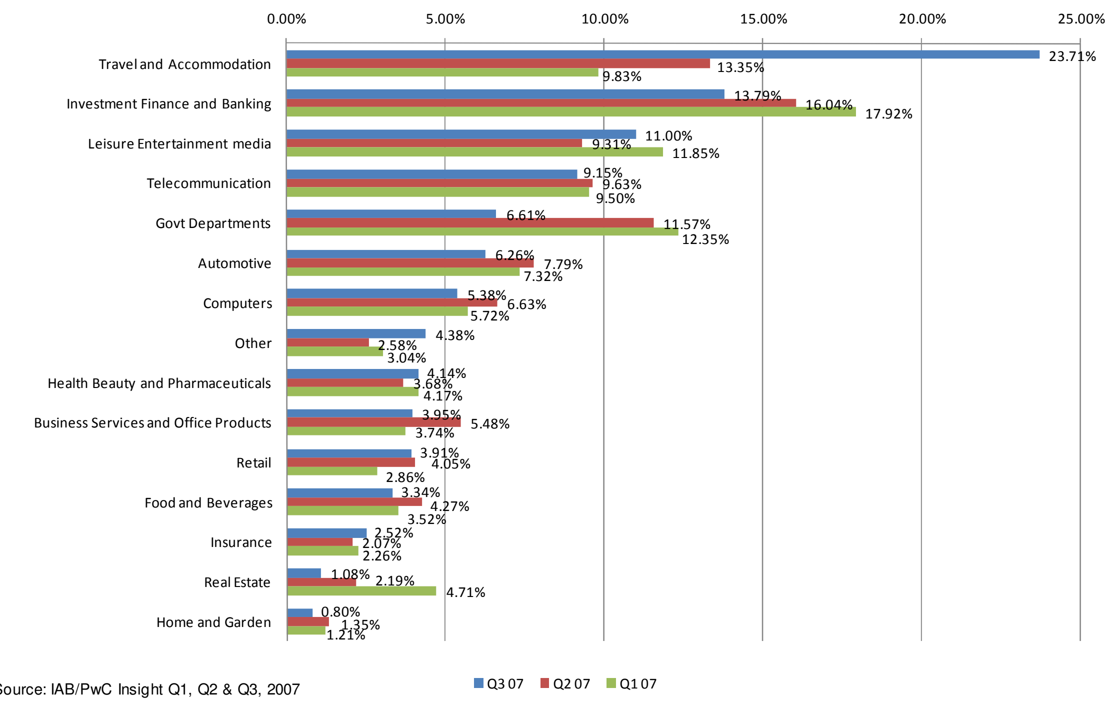
The industry categories that showed the highest levels of Display advertising expenditure in both Q2 and Q3, accounting for over 76% of Display advertising expenditure were:

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

Q3 saw a strong increase in Travel and Accommodation advertising which went from 13.3% of total Display advertising in Q2, 2007 to **23.7%** of total Display advertising in Q3, 2007. Display advertising in the Government sector declined in Q3 partly due to the fact that Q2's strong advertising expenditure in that sector was boosted by the Government's extensive "KiwiSaver" campaign.

There was a further decline in Display advertising expenditure in the Real Estate category which dropped from 2.19% of total in Q2 to 1.08% in Q3, although this remains a relatively small category for Display advertising.

Figure 4 - Display Advertising Expenditure by Industry category, Q1, Q2 & Q3, 2007



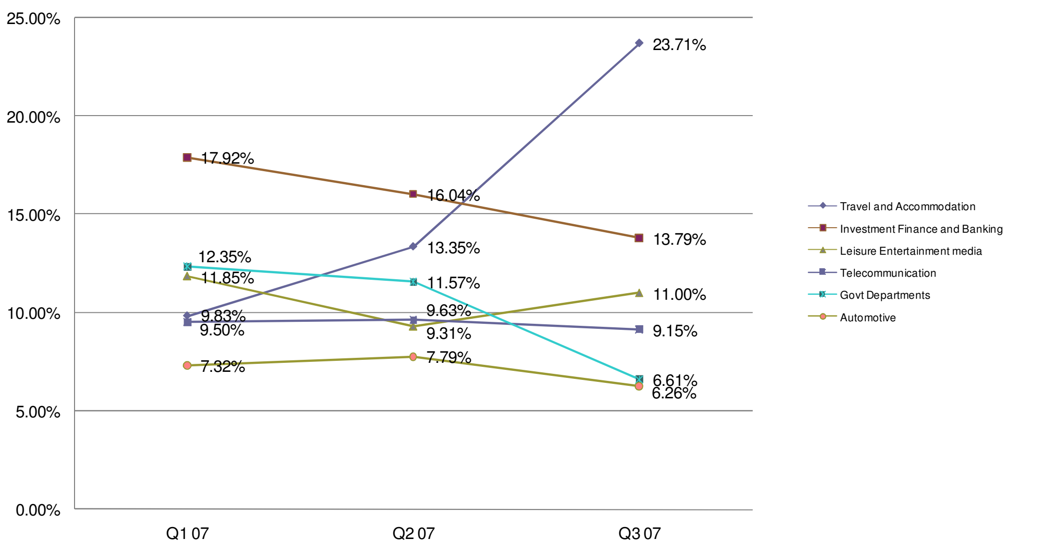
Source: IAB/PwC Insight Q1, Q2 & Q3, 2007

Display Advertising Expenditure by Industry Category Q1, Q2 & Q3 2007 - Detail

Advertiser Industry Category	Q1 07	Q2 07	Q3 07
Travel and Accommodation	9.83%	13.35%	23.71%
Investment Finance and Banking	17.92%	16.04%	13.79%
Leisure Entertainment media	11.85%	9.31%	11.00%
Telecommunication	9.50%	9.63%	9.15%
Govt Departments	12.35%	11.57%	6.61%
Automotive	7.32%	7.79%	6.26%
Computers	5.72%	6.63%	5.38%
Other	3.04%	2.58%	4.38%
Health Beauty and Pharmaceuticals	4.17%	3.68%	4.14%
Business Services and Office Products	3.74%	5.48%	3.95%
Retail	2.86%	4.05%	3.91%
Food and Beverages	3.52%	4.27%	3.34%
Insurance	2.26%	2.07%	2.52%
Real Estate	4.71%	2.19%	1.08%
Home and Garden	1.21%	1.35%	0.80%

Source: IAB/PwC Online Advertising Expenditure Report Q3, 2007

Figure 5 - Display Advertising Top 6 Industry Category, Q3, 2007



Source: IAB/PwC Insight Q1, Q2 & Q3, 2007

Notes

Contributors were asked to provide a breakdown of their Display advertising by 15 categories (see Appendix 5 – Definitions and Terminology for details), and 100% percent of Contributors were able to do this for the Q3 report.

Classified Advertising Expenditure

Expenditure on classified advertising in Q3, 2007 was $16.9 million, up $3.0 million from $13.9 million in Q2. This is a normalised **growth rate of 21.5%.**

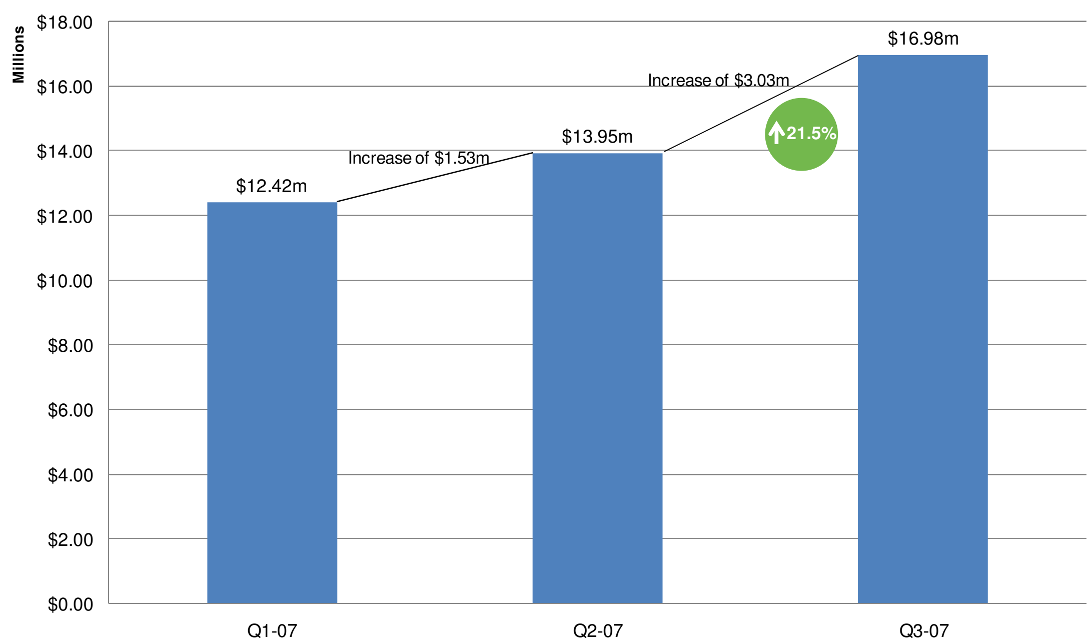
Classified advertising continues to go from strength to strength in the New Zealand market, and remains the dominant sector for online advertisers, although overall Classified's market share has declined slightly from 44% of total adspend in Q2 to 41% in Q3.

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 continue to be quick to move marketing budgets online in comparison to major advertisers, and Classified advertising is often the vehicle of choice for these smaller advertisers.

Classified Advertising Quarterly Comparison

Classified Advertising Expenditure Quarterly Growth Q3, 2007



Source: IAB/PwC Insight Q1, Q2 & Q3, 2007

* *This symbol indicates the normalised, like-for-like change compared to the previous quarter.*

Classified Advertising Expenditure Quarterly Growth Q3, 2007 - Detail Table

Year	Quarter	Total Classified	Change Qtr/Qtr	Year/Year
2007	1	$12.42m		
2007	2	$13.95m	+12.33%	
2007	3	$16.98m	+21.69%	

Source: IAB/PwC Insight Q1, Q2 & Q3, 2007

Notes

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

- Automotive
- Personals
- Real Estate
- Recruitment
- Other

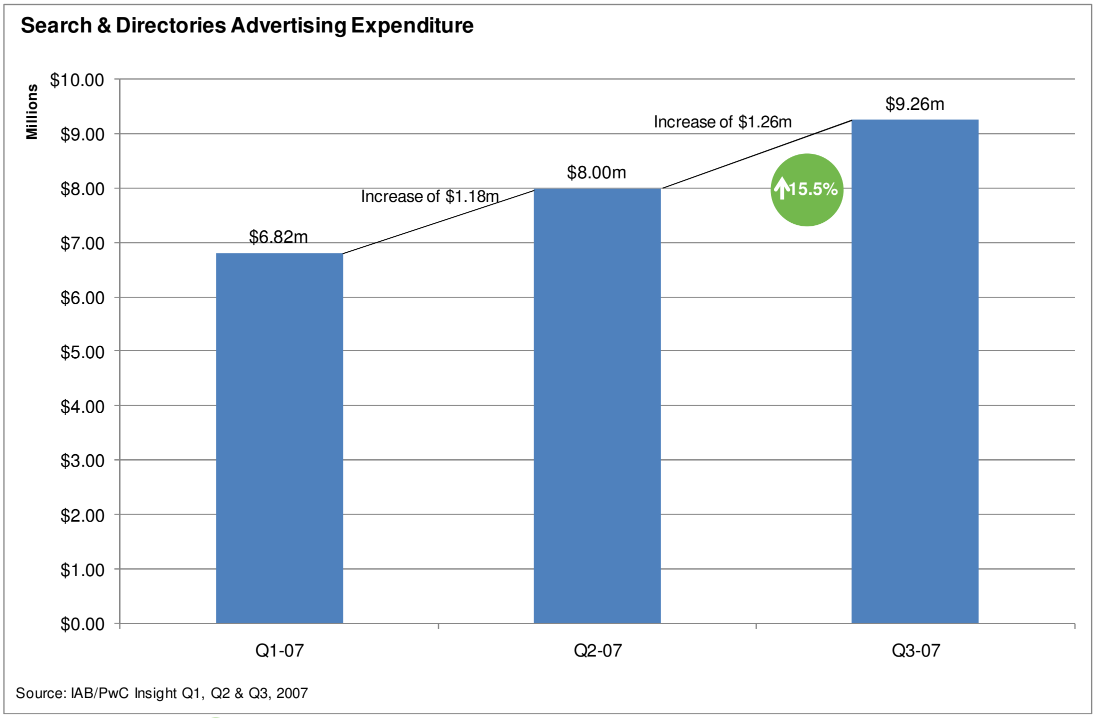
However due to the numbers of Contributors submitting, it was not possible to report Classified advertising expenditure broken down by these categories without the potential for revenues from individual companies to be identified.

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

IABNZ and PwC hopes that future quarterly reports may 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 in Q3 was $9.3 million, up $1.3 million (**a normalised increase of 15.5%**) from a total of $8.0 million in Q2.



* *This symbol indicates the normalised, like-for-like change compared to the previous quarter.*

Search & Directories Advertising Expenditure Quarterly Growth Q3, 2007 - Detail Table

Year	Quarter	Total Search and Directories	Change Qtr/Qtr	Year/Year
2007	1	$6.82m		
2007	2	$8.00m	17.43%	
2007	3	$9.26m	15.72%	

Source: IAB/PwC Insight Q1, Q2 & Q3, 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	Laura Byrne Jade Chin Gladwin Mendez

IABNZ

CEO	Mark Evans
Administration and Project Manager	Sara Goessi

IAB Board

Chairperson	Lee Williams (ACP Digital)
Vice Chairperson	Spencer Bailey (APN)
Board Members	Sandra King (Fairfax) Michael Gregg (TradeMe) Sheryl Nicholls (Yellow Pages) Mark Copplestone (TVNZ) Sanjay Weerasinghe (Yahoo!Xtra) Paul Webster (Google) Liz Fraser (MSN)

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 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
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
iStart
Jasons Travel Media Limited
JDJL Limited
Littlies Publishing
Mediaworks
MediaOne Network NZ ltd
metservice.com
MSN New Zealand Ltd
New Zealand City Ltd
New Zealand Rugby Union
NZGirl Ltd
Publicis Digital
Realestate.co.nz
SEEK NZ
SellMeFree
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 & Directories market size

First Rate
NetConcepts
Netpointers
SearchMasters
Surefire Search
The Internet Bureau

Sites represented

247Girl
AA travel
Ad2-One
Admedia
Agencies and clients
Agridata
All Blacks
All Blacks Live Scoring
Allrealestate
APN
Autotrader
Baggy Green
Bay of Plenty Times
Berkeley Cinemas
Big Fella
Blackcaps
Black-Magic
Bookabach
C4tv
cancel
Christchurch Star
CIO
Classic Hits
CLEO
Cleo.co.nz
Coast
Computerworld
Cosmo
Creme
CricInfo
Cuisine
Cyberchemist
Daily Post
Dairymag
Databook
Deals on wheels
Direct Broking
Easy Mix
Eventfinder
Everybody
Fairfax BM
Fantasy Rugby
Farmtrader
Fashion NZ
Fastline E-mail update
Find Someone
Finda
Fishing
Flava
Flicks
Food Super Prog
Foodlovers
Foodnews E-mail update
Footyshow NRL
Gameplanet
Gameplayer
Garden-nz
GDO365
George FM
Get Frank
Google
Groovy Baby
Grownups
Hauraki
Hawkes Bay Today
Homebizbuzz
Hotmail
Hoyts
ID
Idol blog
Interest
Jasons.com
Job universe
Kiwifm
Landlords
Landscape Design
Littlies
Management
McKay & Bowman
Media Works
Menus
Metrolive
Metservice
Mixitup
Modifymycar
Morefm
Motorcycle trader
Motorhomes and motorcycles
MSN
MySpace
Nappies
NBR
NetGuide
New Zealand Tourism online
NewstalkZB
NZ Book Council
NZ City
NZ Dating
NZ Flatmates
NZ Girl
NZ House and Garden
NZ Lifestyle block
NZ Listener
NZ Music
NZ Search
NZ Tourism
NZ Tourism online
NZ Wedding Planner
NZ Woman's Weekly
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
NZS
Oh Baby
Oldfriends
Ondemand
Onfilm E-mail update
PC World
Radiochick
Radiolive
Radiopacific
RadioSport
Ralph
Realcommercial
Realestate.co.nz
Reseller
Response Directive
Rialto Theatres
Royal NZ Yacht Squadron
Rugby Heaven
Runway reporter
Rural News
Scoop
Search NZ
Search4cars
Search4homes
Search4jobs
Sellmefree
Share Trading Super Program
ShareChat
SkyCity Cinemas
SkyKiwi Employment & Education
SkyKiwi Female
SkyKiwi Forum
SkyKiwi Home
SkyKiwi News
SkyKiwi Trade
Smaps
Smile City
Smoke CDs
Snow
Solidgoldfm
Spareroom
Sportal
Streettalk
Student Job Search
Stuff
Surf
SurfPix
Taste
Testrugby - Seasonal
The Aucklander
The Listener
Thebreeze
Theedge
Therock
Thread
Throng
Tradeaboat
Tradeanything
TradeMe
Travelbug
Tv3
TVNZ
UBD
Varsity
View Auckland
Village Theatres
Viva
Vorb
Wairarapa Times
Wanganui Chronicle
White pages online
Windows live messenger
Wises
Xtend
Yahoo!Xtra
Yellow online
Your home and garden
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.

IAB Insight always seeks to represent the total market size as reflected by the Contributors. In Q3 we were pleased to see a number of new Contributors. Their figures have been included in this report.

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 2 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 (i.e. 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 indicate the normalised, like-for-like 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 67% 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 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 & 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

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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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