

Marketers' Internet Ad Barometer 2008

European Interactive Advertising Association

Overview

Brief

- Interview advertisers in UK, France, Germany, Italy, Spain, Netherlands, Belgium, Sweden, Norway and the Pan-European sector to assess changing media strategies and ascertain attitudes towards internet advertising
- Focus on automotive, entertainment, travel, consumer electronics, FMCG, telecommunications, finance and retail sectors
- Mix of marketing decision-makers with local and European responsibilities

Research focus

- Internet advertising expenditure
- Internet media strategy
- Media choice
- Budget process
- Business impact

Presentation Agenda

- Online bucks the ad spend trend
- Brand benefits
- Brand benefits & online advertising formats
- Key findings
- Who took part
- About the EIAA

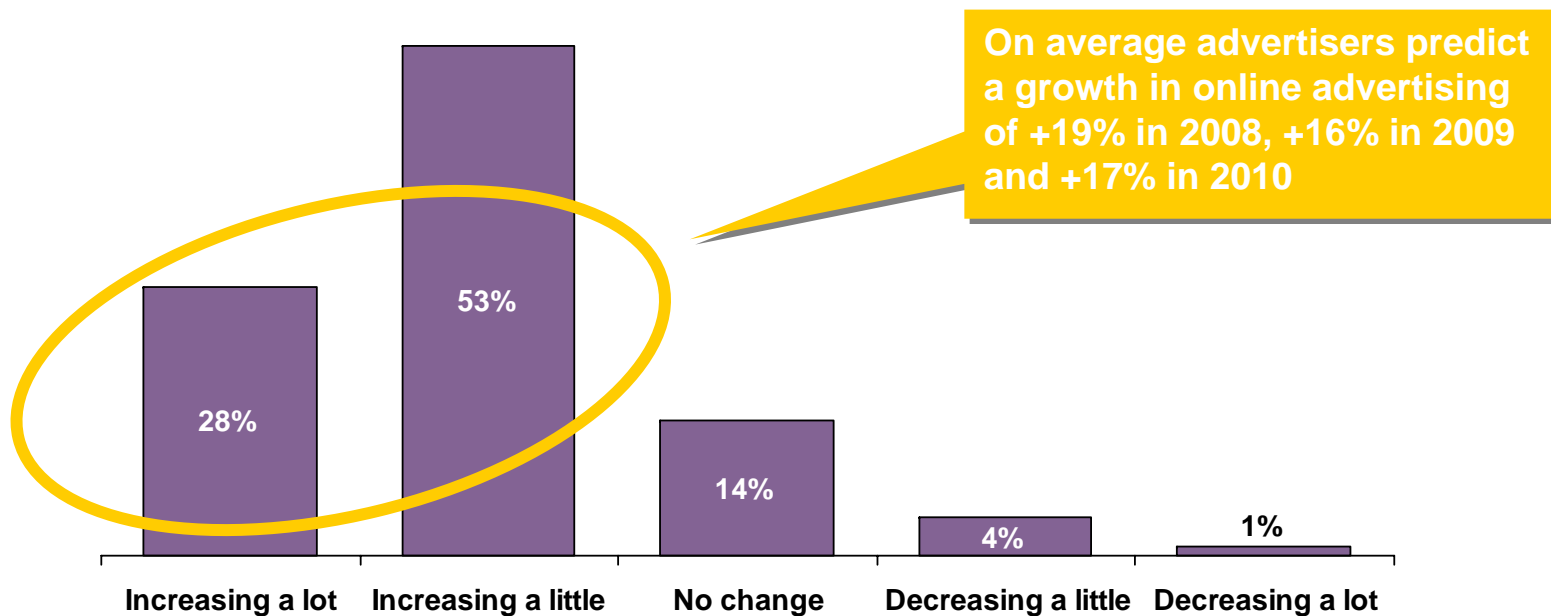
Online bucks the ad spend trend

- 81% of advertisers claim that their allocated online ad spend has grown in 2008 and predict that it will continue to do so over the next couple of years (+16% in 2009 and +17% in 2010)
- 82% of advertisers who have seen an increase in their online spend admitted it is coming directly from the likes of print media (40%), TV (39%) and increasingly DM (32%) budgets
- Three quarters (73%) state that they are increasing their use of online as an advertising medium whilst 31% of advertisers claim their use of TV is decreasing and 40% cite a decrease in the use of newspapers.
- The results reveal that online is playing an increasingly important role in overall advertising strategies with 38% of advertisers now regarding online as essential (vs. 17% in 2006).

Internet ad spend in 2008

Q7. So far, would you say your internet ad spend in 2008 is...

- 81% of advertisers cited that their internet ad spend is increasing in 2008 vs. 79% in 2006



Where has the increase in budget come from?

Q10 & 11. What % has come from other media and which media has is come from

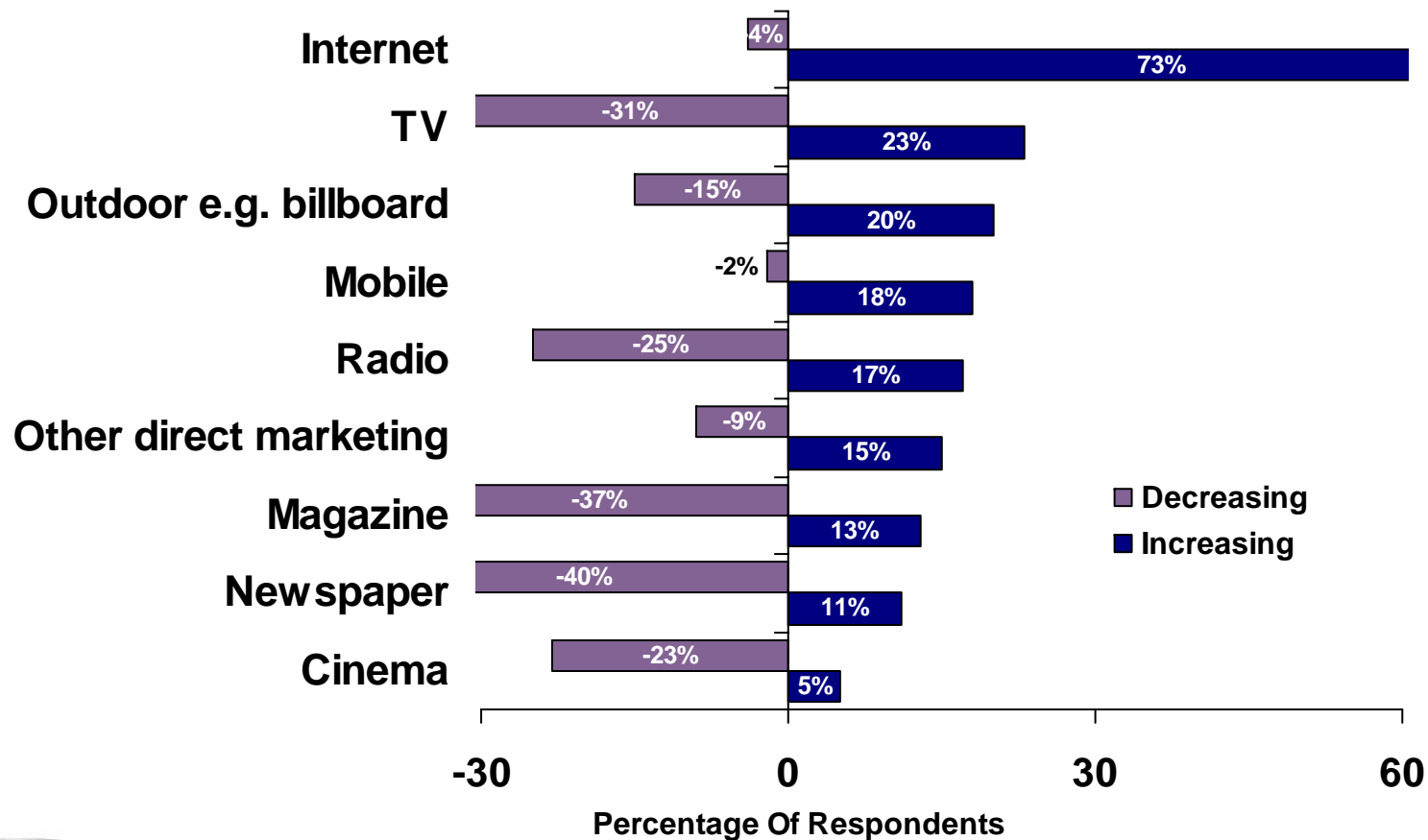
- Out of the advertisers who have seen an increase in their online budget 82% cite their increase in ad spend has come from other media vs. 81% in 2006

Respondents who cite increase has come from other media	% of Respondents who think the budget has come from the following Media...						
	TV	Newspaper	Magazine	Radio	Cinema	Outdoor	DM
2008	39%	40%	40%	20%	13%	23%	32%

How Is The Mix Changing?

Q 51 & 52. Which media is your usage increasing/decreasing with?

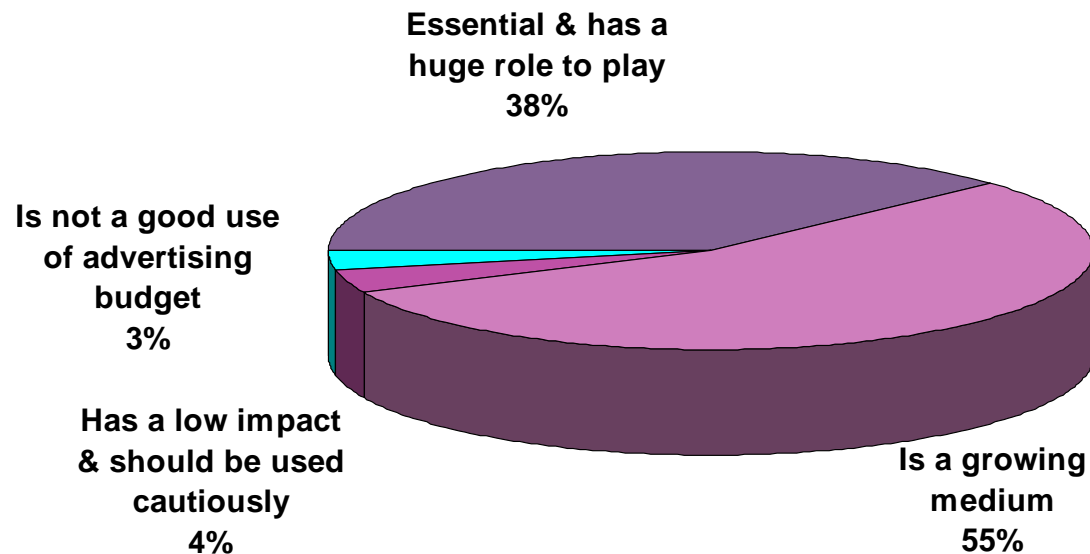
- 73% of advertisers say their use of the internet as an advertising medium is increasing, in 2006 52% agreed with this statement



Advertiser views on internet advertising

Q46. Which of these statements summarises your views about internet advertising as part of a communications strategy for a company like yours?

- 38% of advertisers cited that the internet is essential and has a huge role to play, vs. just 17% who agreed with this statement in 2006



Brand benefits & online advertising formats

- Advertisers are increasingly recognising the value and impact of online advertising –
 - Over three quarters (77%) of those questioned found online advertising to have a positive impact on the perception of their brand as well as overall brand awareness (68%).
- More than half (55%) are planning to increase their brand advertising budget over the next couple of years
- 40% of advertisers now view the internet as very important in influencing purchase decisions (up from 30% in 2006), in generating sales (46% vs. 31%) and in increasing customer loyalty (23%)
- According to 80% of respondents, their search spend is predicted to increase in the next two years while 59% will be investing more money into display.

Impact of online advertising

Q43. What impact has online advertising had on the following for your business?

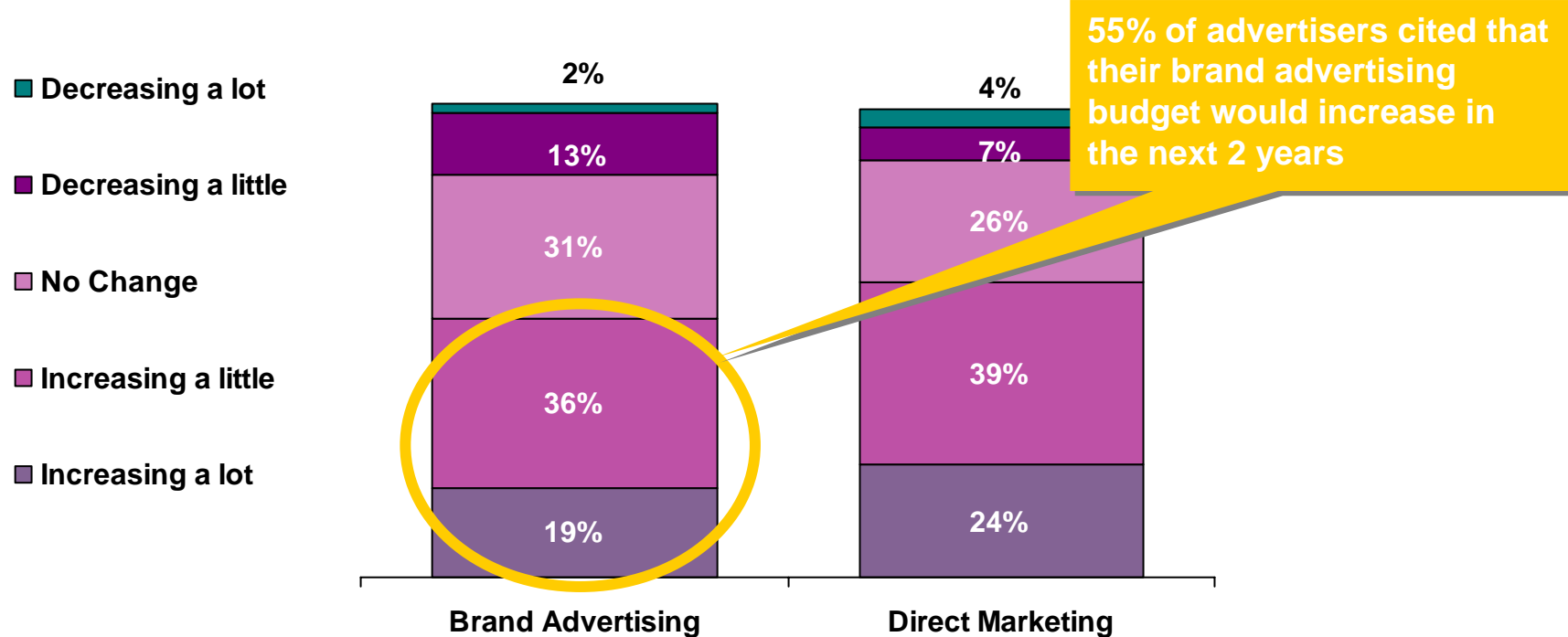
- 77% of advertisers found that internet advertising had a positive impact on the perception of their brand

All Respondents	Positive	No Impact	Negative
	2008	2008	2008
Brand Perception	77%	22%	1%
Sales	75%	24%	2%
Intent to purchase	75%	22%	4%
Customer acquisition	74%	22%	4%
Brand/product attributes recall	69%	27%	4%
Advertising recall	69%	29%	2%
Brand awareness	68%	30%	2%
Profitability	54%	41%	4%
Market Share	54%	45%	2%

Brand advertising vs. direct marketing

Q12 & 13. What % of your company's ad spend goes on Direct Marketing and Brand Advertising and how do you see this changing in the next 2 years

- Advertisers state that currently 38% of their internet ad spend goes on brand and 35% goes on direct marketing



Internet advertising strategy

Q21 On a scale of 1-5, where 1 is not at all important and 5 is very important, how important is internet advertising strategy to your company on the following objectives?

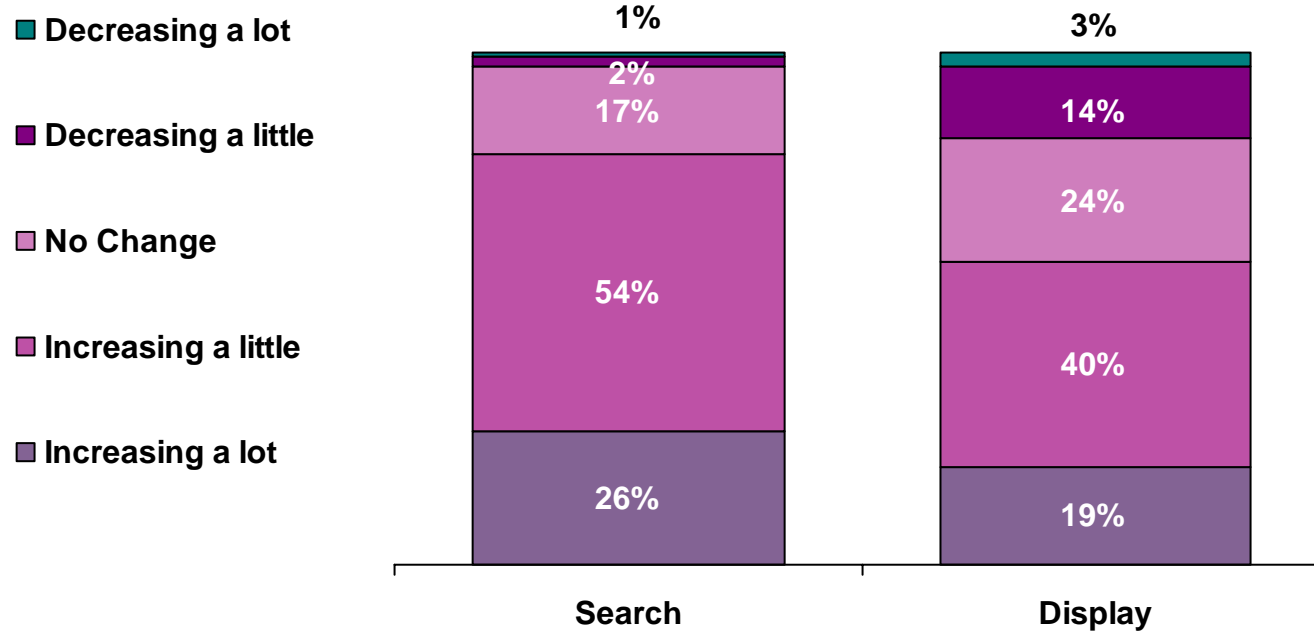
- 1 in 5 advertisers find internet advertising very important part of their advertising strategy for changing brand perceptions, an increase since 2006

All Respondents	1: Not at all important		2		3		4		5 : Very Important	
	2008	2006	2008	2006	2008	2006	2008	2006	2008	2006
Influence purchase decisions	2%	8%	5%	9%	13%	18%	39%	32%	40%	30%
Deliver customer contacts	2%	10%	10%	8%	19%	19%	43%	30%	26%	28%
Generate sales	3%	9%	10%	14%	17%	20%	24%	24%	46%	31%
Change brand perceptions	8%	8%	18%	18%	25%	27%	27%	28%	22%	15%
Increase brand awareness	13%	11%	19%	14%	24%	33%	24%	20%	20%	20%
Increase customer loyalty	6%	-	16%	-	22%	-	34%	-	23%	-

Change in search and display spend

Q15 & 18. Over the next two years, how do you think your search and display spend will change?

- 80% of advertisers cite their search spend will increase in the next two years



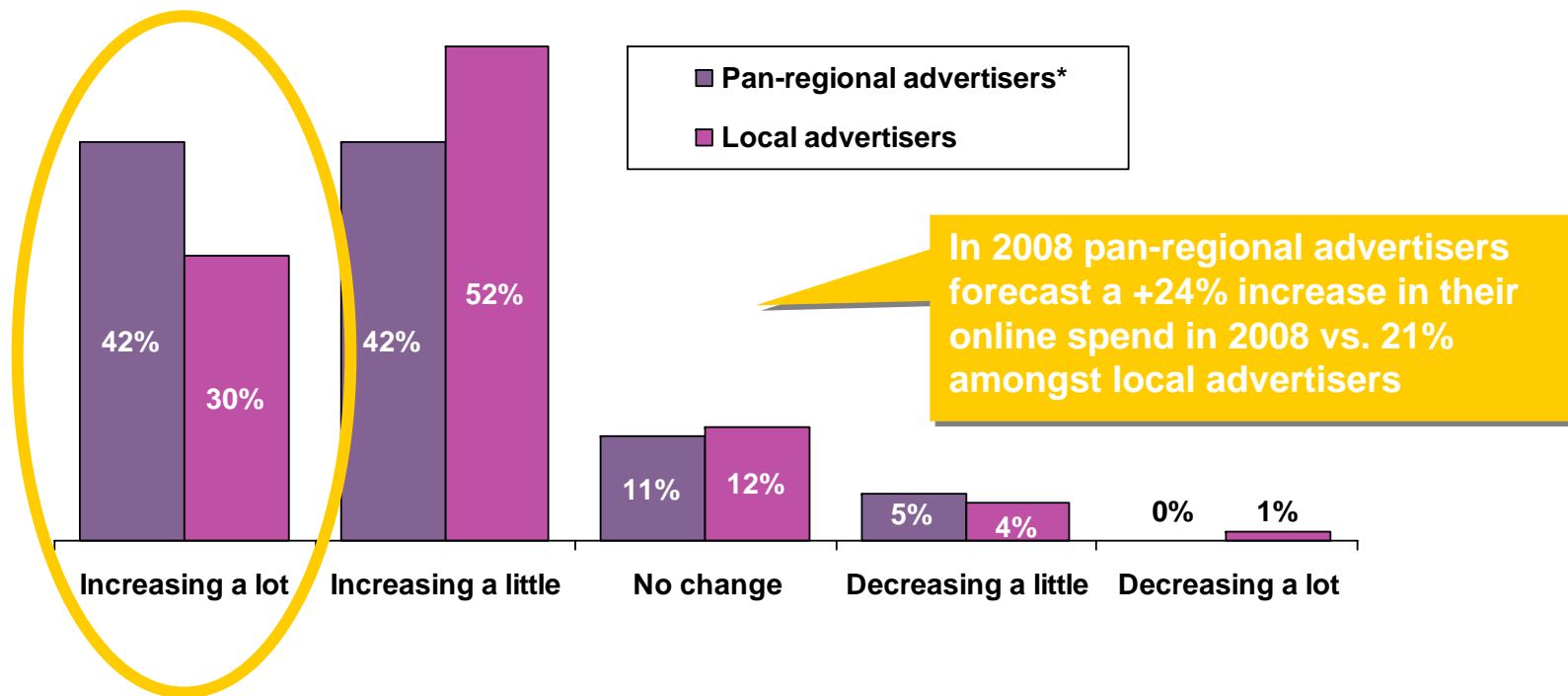
Multi-national online ad budgets

- Advertisers are currently allocating an average of 11% of their online ad spend budgets at a pan-regional rather than country level
- On average pan-regional* advertisers have also seen a higher year-on-year growth rate in their online advertising spend in 2008 than their local counterparts (24% vs.21%).

Pan-regional advertisers vs. local counterparts

Q7. So far, would you say your internet ad spend in 2008 is...

- 42% of pan-regional advertisers cited that their internet ad spend is increasing a lot in 2008 vs. 30% of local advertisers



Key findings

- Online ad spend continues to increase despite current economic climate
- Advertisers diverting spend from TV and print media to online
- Search and display set to grow substantially over the next two years
- Advertisers recognising benefits of pan-regional online campaigns

Who took part

- Overall we spoke to 115 advertisers with responsibility for allocating their company's media budget and setting advertising strategy in the following markets and sectors –
 - UK, France, Germany, Italy, Spain, Netherlands, Belgium, Sweden, Norway
 - Automotive, entertainment, travel, consumer electronics, FMCG, telecommunications, finance and retail sectors
- Participating companies include - 20th Century Fox, 3suisse, Adidas, Apple, Air France, Beiersdorf, Cadbury, Citibank, Coca Cola, Danone, Ford, Heinz, Inbev, ING, Kraft Foods, lastminute.com, Mars, Mobistar, Nissan, P&G, Paramount Pictures International, Philips, Sony, Starwood Hotels & Resorts, Telefonica, Thomas Cook, Toyota, Unilever, Universal Pictures International, Vauxhall, Vodafone, Volvo, Warner Bros, Yves Rocher and Xbox.

About the EIAA

- The European Interactive Advertising Association (www.eiaa.net) is a unique pan-European trade organisation for sellers of interactive media and technology providers
- The primary objectives of the EIAA are to champion and to -
 - improve the understanding of the value of online advertising as a medium,
 - to grow the European interactive advertising market by proving its effectiveness, thus increasing its share of total advertising investment
- Since its founding in 2002 the EIAA has invested substantially in multimedia research, marketing, standardisation activities and education, of both the market and government, on the role of interactive advertising.
- With this wide-ranging programme the EIAA has grown quickly to command a solid reputation and influential position within the European online market

About the EIAA

- Members are:



- With these member networks reaching the majority of the European online audience, the EIAA is in a unique position to work with advertisers and agencies to realise the full potential of interactive media in any marketing strategy.

END

For more information please go to www.eiaa.net or email info@eiaa.net

