

IAB report on Online Ad Spend H1 2012



Introduction and summary

Introduction

This is the third year IAB and Deloitte are publishing the online advertising spend report for The Netherlands. The 2010 and 2011 Full Year reports received positive responses from the community and the current edition, which covers H1 2012, has continued the trend of wide industry coverage.

This edition relies on data supplied by 36 companies. This broad coverage of the Dutch market has given us the opportunity to gain a thorough insight into current market developments. Further, we also conducted validation discussions with a number of players in the market.



Emile van den Berg
IAB | Research & Standards

"The increasing share of spend for tablets is a good example of the importance of the ad spend reports. It helps us in mapping our industry and discovering new opportunities for our members."



Joris van Heukelom
IAB | Chairman

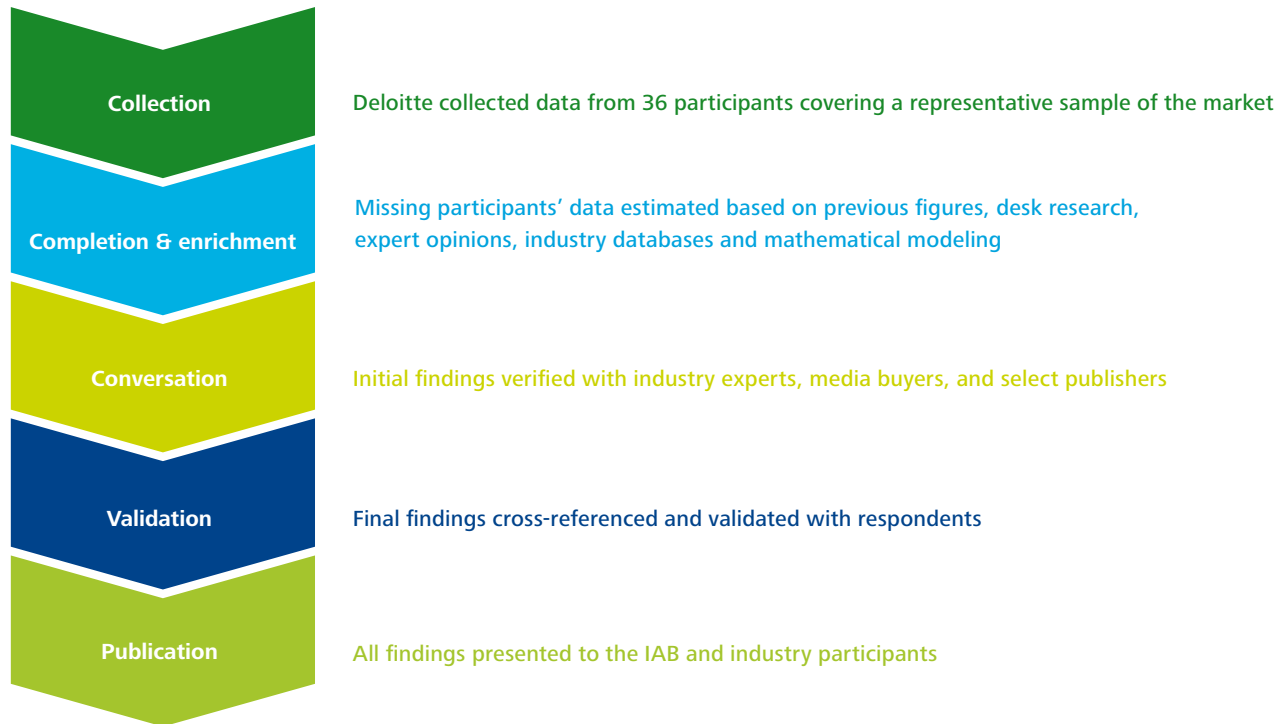
"This half year report indicates the first trends for digital advertising in 2012. The positive news is that the growth capacity of digital media is still not reached; in comparison with other types of media digital advertising maintains having strong growth figures. However, I think it is disappointing to see that mobile and tablet revenues don't take up as expected, especially since the time spent on both devices increased explosively and the opportunities for advertising and commercial exploitation are numerous. During the next months, additional effort should be taken on this topic."



Roel van Rijsewijk
Deloitte | Online Business Innovation

"With a growth of 14.3%, the first half of 2012 has been a good start for the online advertising market despite difficult times for advertising in general. But a possible cause of concern for the Dutch online advertising industry is that the growth is for a large part driven by search with 22% growth. There is less confidence with the participants and their expectations have decreased to a 4.5% growth for 2013. This could indicate challenges for the Dutch online advertising industry in the near future to maintain its double digit growth."

Our methodology



Executive summary



Gagandeep Sethi
Deloitte Consulting | Strategy

"Online advertising showed great resilience despite a challenging macro-economic environment to end the first half with strong double digit growth. Much of this growth was driven by the outstanding growth coming from international search players. Domestic players also performed well, they did so at a more modest pace."

H1 2012 Results

Online advertising market

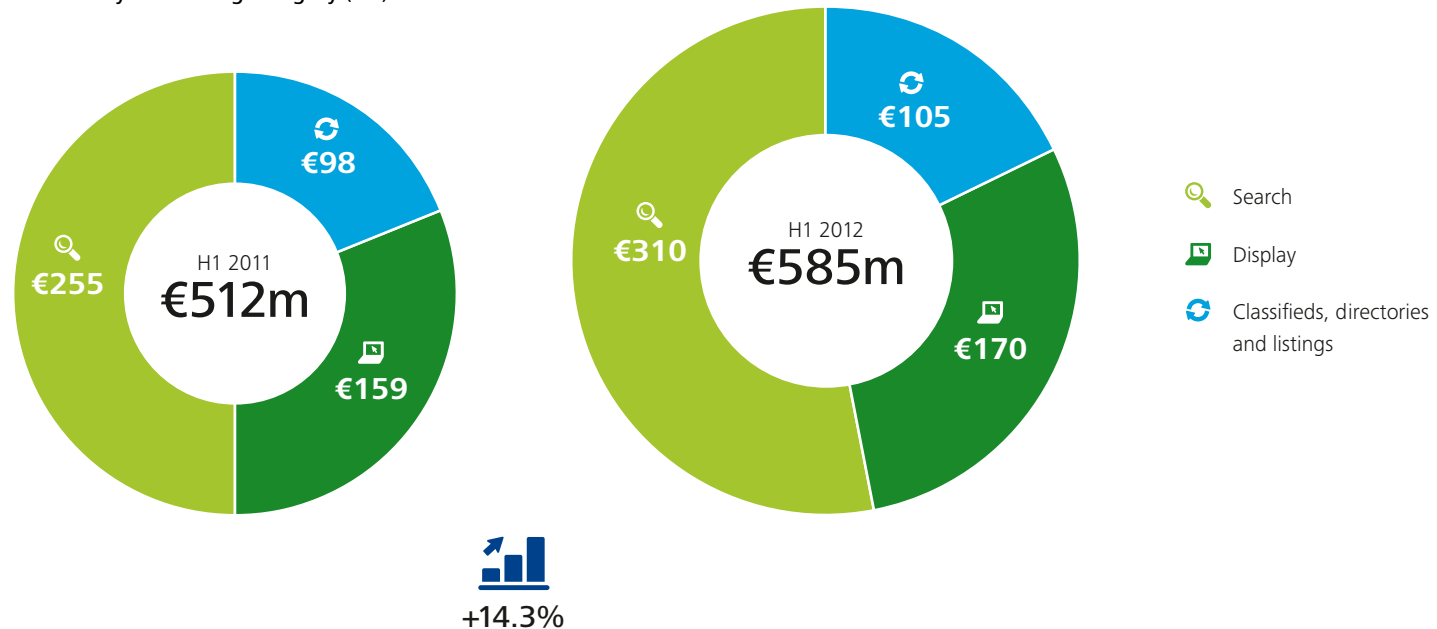
The Dutch online advertising market was €585m in H1 2012, a year on year uplift of 14.3%.

Eric Snelleman

GroupM | Head of Digital Trading

“At the start of the year the growth of online advertising was in line with the projections made by the IAB. The last few months we are however seeing a slowdown, which can be explained by the negative economic outlook in the Netherlands. In addition we experienced that new cookie legislation combined with the increased data complexity in digital advertising (with RTB and Ad Exchanges) in general is creating more cautiousness around digital advertising investment.”

Revenue by advertising category (€m)



* Search revenues is our estimation of all revenue of Google and its competitors in The Netherlands

Note: H1 2011 Display revenue was restated in the 2011 report, Display revenue includes some double counting from search related revenues, Display includes direct e-mail, Classifieds, directories & listings estimated based on a limited number of data points

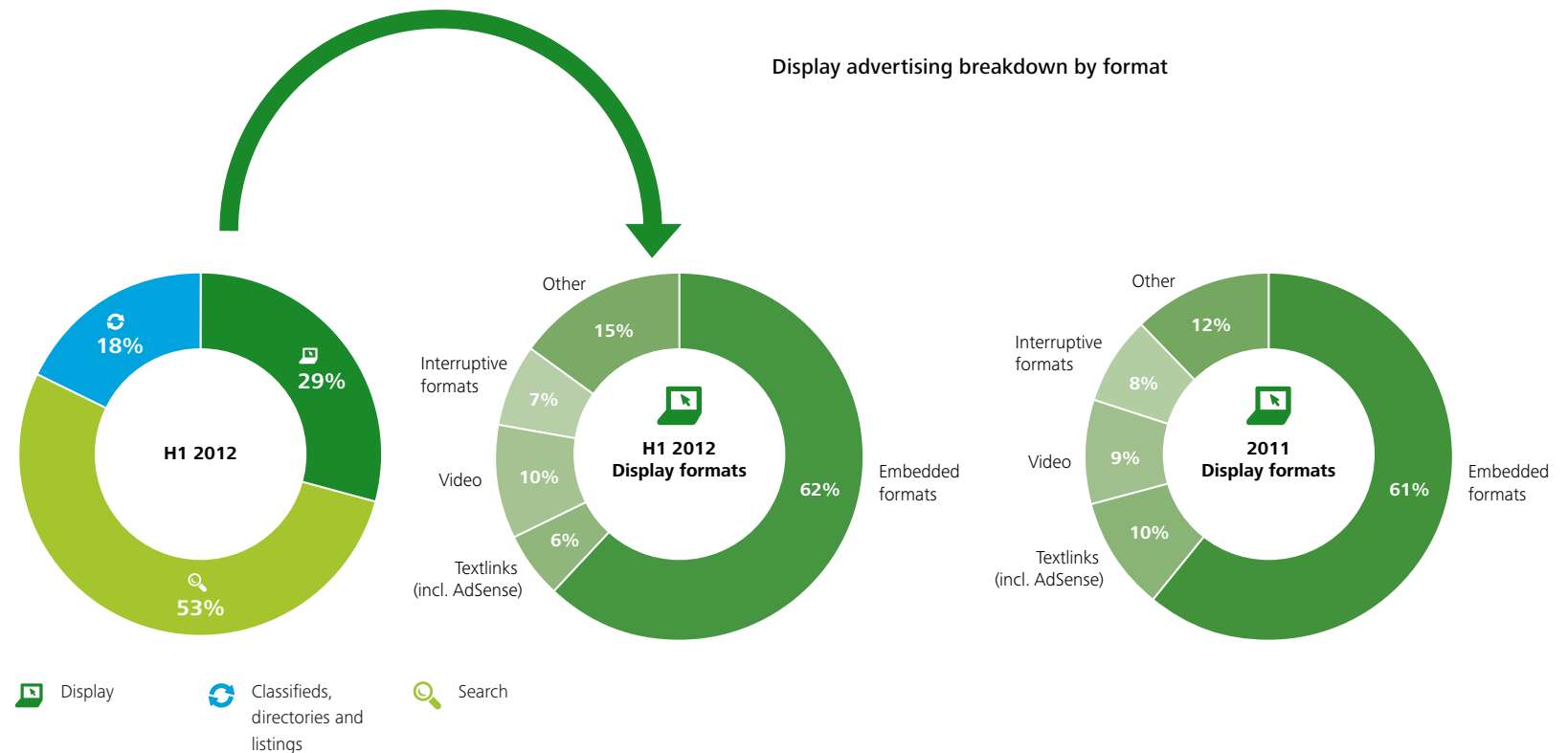
Source: Survey respondents, Annual reports, Deloitte analysis

Details display advertising

The spend on different formats used in display advertising has stayed roughly the same with traditional embedded formats still the dominant format used.

Hein Asser
Magna Global | Contracting Director

“While there has been a lot of talk around online video, this talk as yet hasn’t been accompanied by a significant shift in revenue.”



Note: Embedded formats are for example traditional banners and skyscrapers

Source: Survey respondents, Deloitte analysis

Display revenue per medium

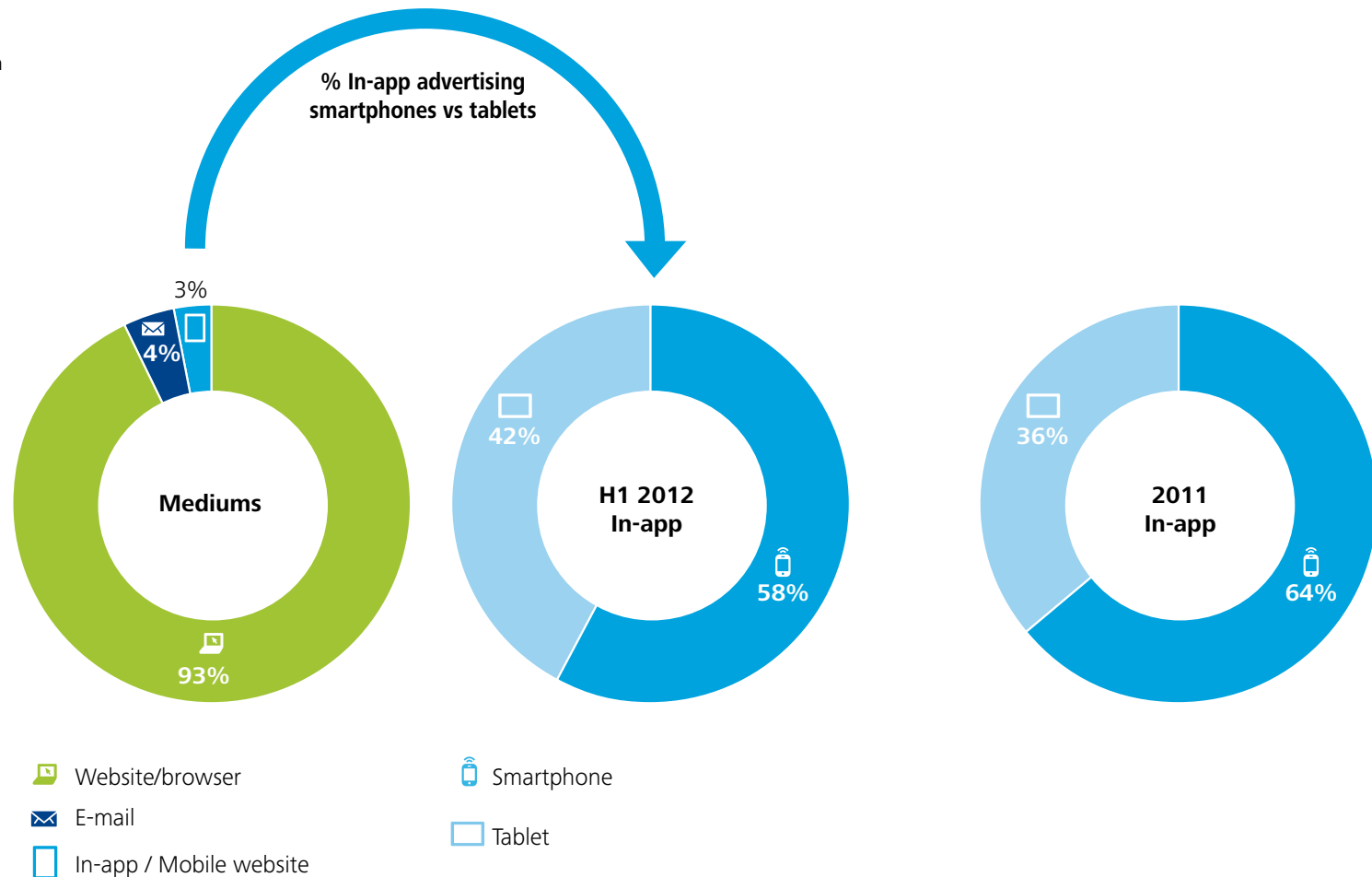
Advertising on mobile website and in-app advertising remains small; tablets account for 42% of these revenues, which has increased compared to 2011.

Display advertising revenue per medium



Marieke van der Donk
Deloitte Consulting | Strategy

"Publishers have not yet been able to fully monetize mobile website and in-app advertising; however, the growing number of tablet users have claimed a larger share of advertising revenue and will, as the time spent on these devices increases, drive an increase of mobile website and in-app advertising revenues."



Note: In-app only includes revenues from survey respondents and excludes revenues from players such as Google and Apple
Source: Survey respondents, Deloitte analysis

Power ratio display advertising

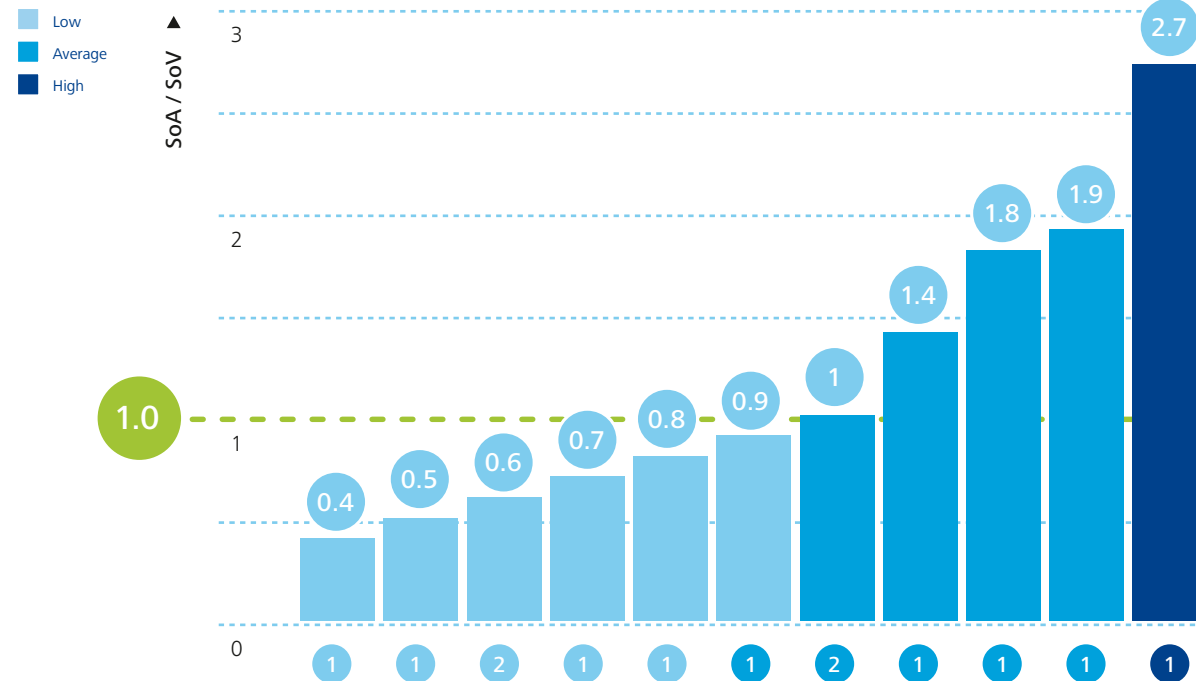
We see a lower spread in the Power Ratios of publishers in 2012 compared to 2011 indicating a reduction in differentiation of publisher ad inventories.

Harry Dekker

Unilever Benelux | Media Director

“Traditional online advertising is in danger of losing its shine quickly as clutter negatively impacts its effectiveness.”

Power ratio display advertising



Comments

- Share of Advertising is the ratio of respondent revenue to the sum of revenue of included respondents
- Share of Visitors is the ratio of respondent unique visitors to the sum of unique visitors of included respondents
- The power ratio is calculated by dividing Share of Advertising by Share of Reach
- In the 2011 report the top performing publisher achieved a power ratio of 12.4 indicating a significant ability to differentiate
- The first half of 2012 has seen a more level playing field as indicated by a smaller difference in the power ratios of the different publishers

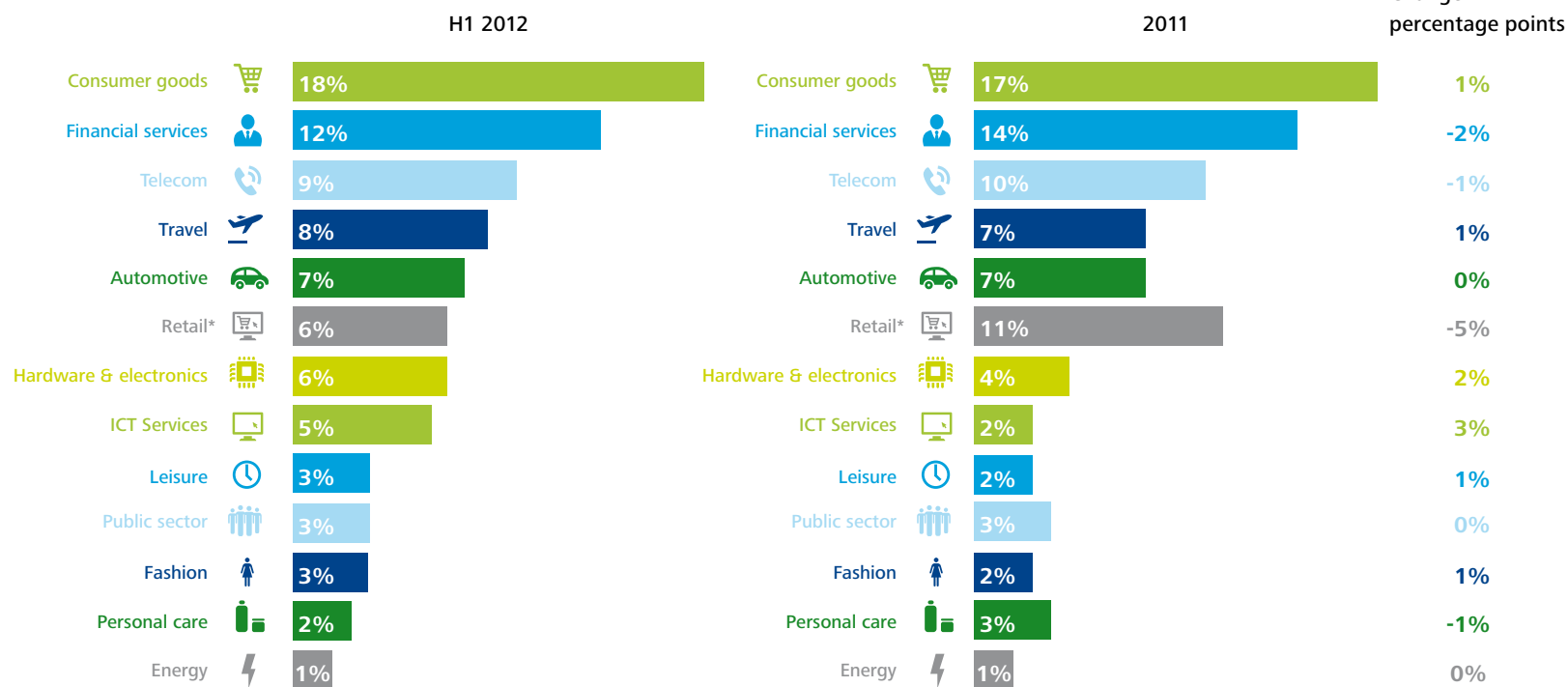
Note: Unique visitors are according to STIR definitions of visitors over 13 years of age, One publisher's power ratio omitted because of apparent faults in reported data

Source: STIR 2011, Survey respondents, Deloitte analysis

Industries

The top 4 industries; Consumer goods, Financial services, Telecom, and Travel account for nearly half of the display market.

Industries by revenue share

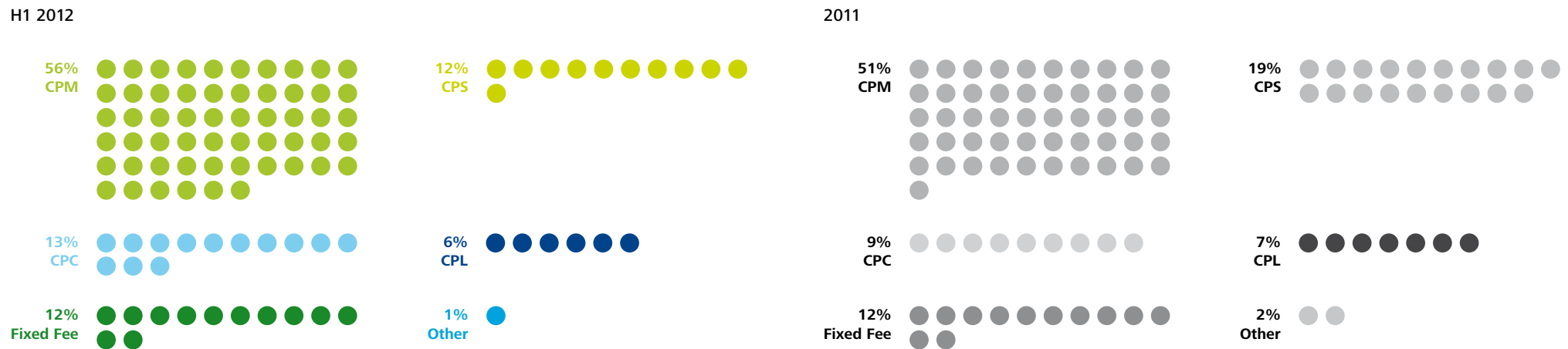


* Retail and Online retail categories have been combined into Retail in the 2012 H1 survey
 Note: Excluding classifieds, directories, listings and search.
 Source: Survey respondents, Deloitte analysis

Revenue per payment model

The CPM payment model maintains a leading position as the preferred revenue model for display advertising.

Display advertising revenue per payment model



Source: Survey respondents, Deloitte analysis

Outlook

Revenue growth expectations

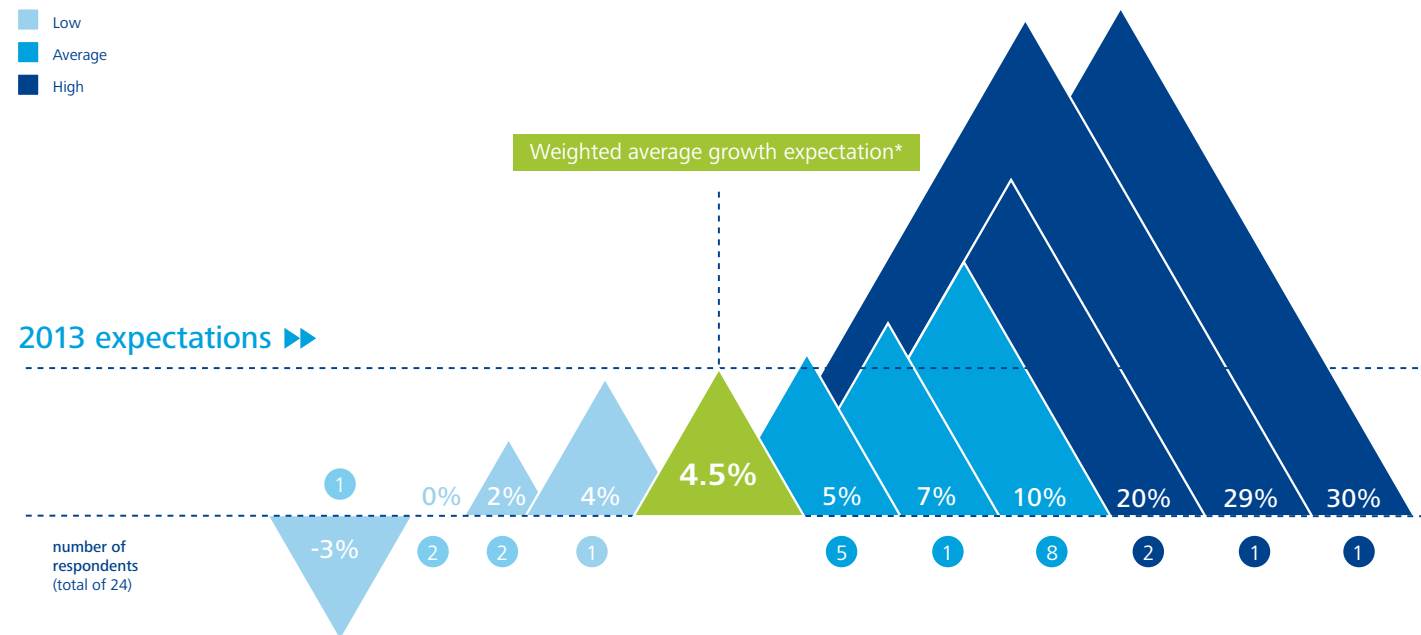
Respondents predict a 4.5% market growth in 2013.



Gagandeep Sethi
Deloitte Consulting | Strategy

"Companies expect a weighted growth rate of 4.5% in 2013. This is significantly lower than expectations for previous years reflecting an overhang of the economic circumstances on companies' expectations."

Survey respondents growth expectations (% market growth per respondent)



* Growth expectation calculated by weighting responses with company revenue
Source: Survey respondents, Deloitte analysis

Cookie legislation

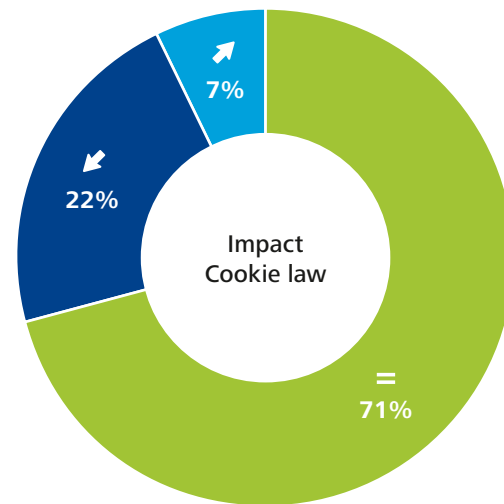
Most respondents predict that market growth will be unaffected by the recently introduced cookie law, both by absolute and weighted responses.



Annika Sponselee
Deloitte Risk Services | Security & Privacy

"According to the respondents, cookie challenges are no reason to disbelieve in market growth. The market is just looking for an adequate response to the great cookie challenges."

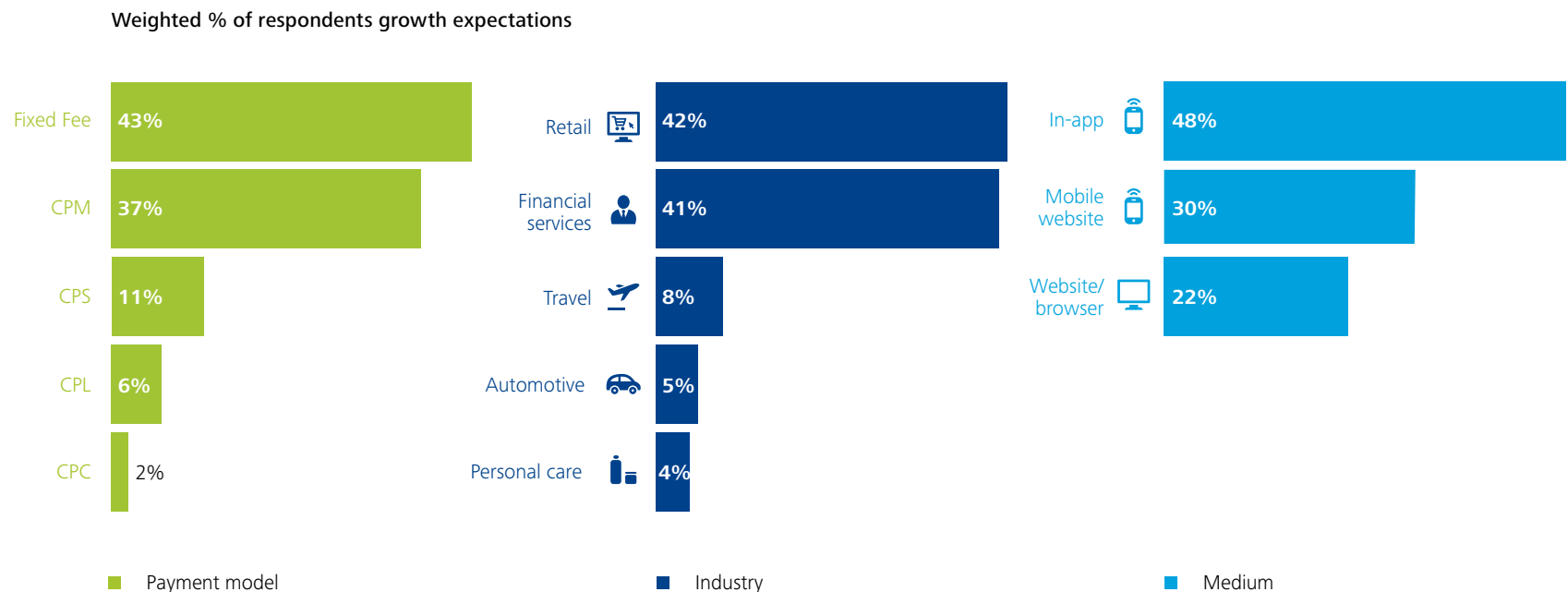
Survey respondents cookie law expectations (weighted responses)



- = No impact
- ↘ Decreasing advertising revenue
- ↗ Increasing advertising revenue

Growth expectations 2013

Fixed Fee and CPM are expected to grow; Retail expectations remain high; Mobile and In-app expectations are high considering the performance in the first half of 2012.

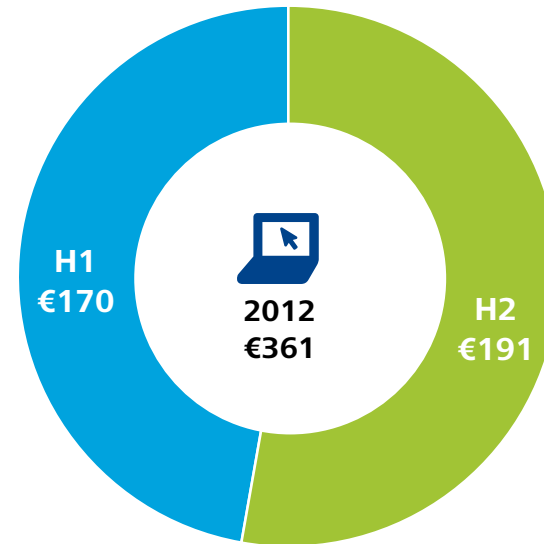
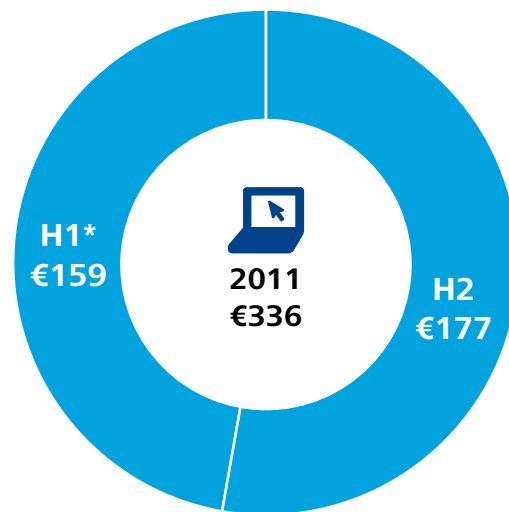


Note: Percentages based on responses weighted by respective company revenues
Source: Survey respondents, Deloitte analysis

Display revenue forecast

The Dutch display advertising market is expected to total around €361 million in 2012.

Display forecast 2012 (€m)



Mendel Senf
YD | CEO

"Changes in consumer behaviour will lead to an increase in usage of video on new devices like mobile and tablets. We believe that the emergence of new rich media formats will be supported by technologies like RTB."

Realized

Forecasted

* Display market total for H1 2011 has been restated in the FY 2011 report
Source: Survey respondents, Deloitte analysis

Appendix

Methodology

Online advertising market

- 36 companies reported their data based on the questionnaire.
- The data gathered comprises a representative sample of the Dutch market.
- The figures are drawn up on the basis of site declaration and have not been verified.
- Wherever needed we have used tools such as regression analysis to make estimations regarding issues like total advertising spend.
- Based on the information provided by survey participants, figures have been adjusted for double counting.

Classifieds, directories & listings estimates

- Due to limited availability of company data we estimate the market size for classifieds, directories & listings based on market data.

Search estimates

- Due to limited availability of company data we estimate the market size for search based on market data.
- Together with the IAB taskforce search we defined the search market and estimated the market size.
- Google regulations forbid commenting on our search market estimates.

Definitions

Categories

- Display
 - Embedded formats (banners, buttons, skyscrapers etc)
 - Interruptive formats (rich media, over the page, page take-over etc)
 - Tekstlinks (incl. AdSense)
 - Video (pre-/mid-/ postroll)
 - Other uncategorized display advertising
- Online classifieds, directories & listings
 - B2B
 - B2C
 - C2C
- E-mail marketing (direct e-mail)

Payment models

- Fixed Fee: Payment model based on a fixed fee
- Cost per Mille (CPM): Payment model where the advertiser pays per thousand viewers
- Cost per Click (CPC): Payment model based on the number of clicks on an advertisement
- Cost per Lead (CPL): Payment model that is based on the number of leads generated. A lead is an online conversion where the consumer shares its contact details and indicates to be interested
- Cost per Sale (CPS): Payment model based on the number of sales generated

List of survey participants

Name of company

1	Adfactor
2	Adlantic
3	Admitter Nederland
4	Affilinet Nederland
5	Bannerconnect
6	Be Viacom
7	ClickDistrict
8	Daisycon
9	De Persgroep Advertising
10	Digimo Media
11	FD Mediagroep
12	Funda Real Estate
13	HDC Media
14	IDG
15	Marktplaats Media
16	Massmedia
17	Microsoft
18	NDC Mediagroep

Name of company

19	NRC Media
20	RTL Nederland
21	Sanoma Media
22	SBS
23	Smartclip
24	Ster
25	Sulake
26	Telegraaf Media Groep
27	Testnet
28	TradeDoubler
29	Videostrip
30	VNU Media
31	WebAds Interactive Advertising
32	Koninklijke Wegener
33	YD
34	Young Advertising
35	Zanox M4N
36	Zoom.in

Data sources

Company / Organization	Website
1 Comscore	www.comscore.com
2 Google	www.google.com
3 STIR	www.stir.nl
4 Z'insights	www.zinsights.nl

Contact details

For questions concerning this research feel free to contact:

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Gagandeep Sethi is a Manager in the Corporate Strategy practice of Deloitte Consulting Netherlands with more than 10 years of experience within the Technology, Media & Telecommunications (TMT) industry.

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Dutch IAB research includes the IAB / Deloitte Ad Spend Study, all IAB commissioned research and assisting IAB members with their research projects. Also responsible for shaping the IAB knowledge base so that it meets members' needs moving forward.

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