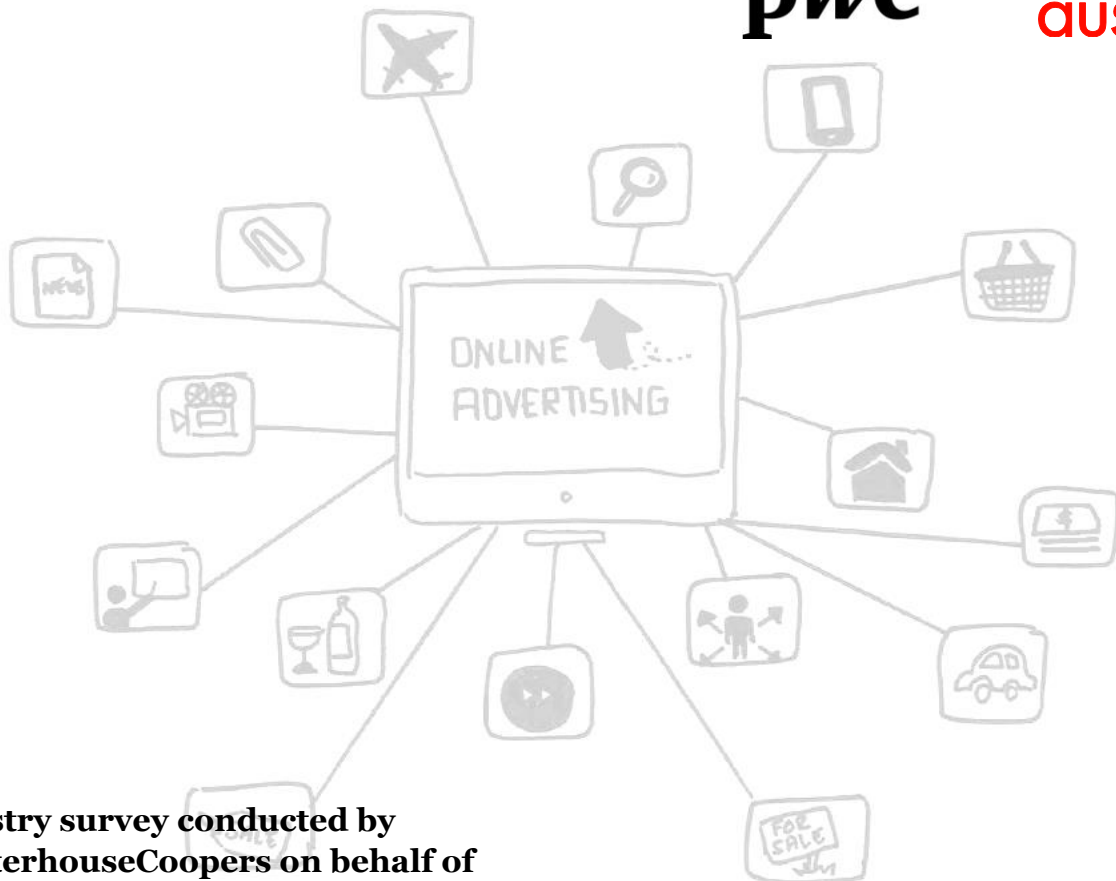


PricewaterhouseCoopers *IAB Online Advertising Expenditure Report*

Quarter ended 31 December 2013
Report released: 24 February 2014



An industry survey conducted by
PricewaterhouseCoopers on behalf of
the Interactive Advertising Bureau
Australia

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

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

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Background

Welcome to the IAB Online Advertising Expenditure Report (OAER or Report). This December Quarter 2013 report of online advertising expenditure in the Australian marketplace has been prepared by PricewaterhouseCoopers (PwC) on behalf of the Interactive Advertising Bureau Australia (IAB).

About the IAB Online Advertising Expenditure Report

The OAER provides an opportunity for stakeholders interested in the size of the online advertising market to access independently collated data about the state of online advertising expenditure in Australia. The online advertising markets reported in the OAER comprise expenditure on General Display advertising, Classifieds advertising, Search and Directories advertising, Mobile advertising, Video advertising and Email advertising.

Data and information reported directly to PwC by online advertisement selling companies representing over 1,000 web sites has been aggregated in this Report and is the only online industry sponsored and supported measurement of online advertising expenditure in Australia.

The survey is conducted and this report is prepared independently by PwC on behalf of the IAB; only aggregate results are published. PwC does not audit the information and provides no opinion or other form of assurance with respect to the information. Certain checks of submitted data are made – refer to the Report Scope, Methodology and Format section of Appendix B for more information. Individual company information is held in strict confidence with PricewaterhouseCoopers.

The list of contributors is disclosed in the Appendix.

Approach

This Report has been prepared under the “New Approach” introduced in the June Quarter 2012 OAER. In summary, the data collected from industry participants has been supplemented by:

- Estimates for Google display, video, and mobile advertising as well as estimates for Facebook display and mobile advertising;
- A refinement of prior methodology used for estimating Google search; and
- Historical mobile advertising data collected from industry participants from March Quarter 2011 and combined with estimated Google and Facebook mobile advertising, to provide a picture of the aggregated mobile advertising market and the growth trends.

Comparative data for the period from September Quarter 2010 has been restated to be consistent with the above methodology changes. Further details regarding scope and methodology are provided in the Report Scope, Methodology and Format section of Appendix B to this Report.

From time to time, estimated expenditures are updated as new information and data sources become available. This may cause a series break in the data and should be taken into account when considering historical trends.



David Wiadrowski
Partner

PricewaterhouseCoopers
20 February 2014



Megan Brownlow
Executive Director

PricewaterhouseCoopers
20 February 2014

The Year at a Glance

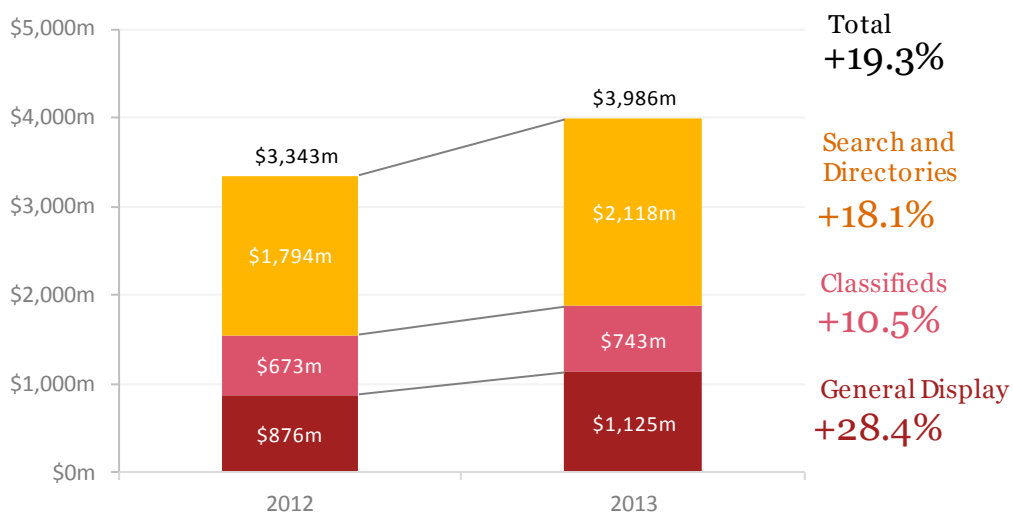
Total online advertising dollars just shy of \$4 billion

Based on submissions from publishers and estimates of Google and Facebook, online advertising expenditure was \$3,986 million in the 12 months ended 31 December 2013. Of this, 53.1% was attributed to Search and Directories, 28.2% to General Display and the remaining 18.6% to Classifieds.¹



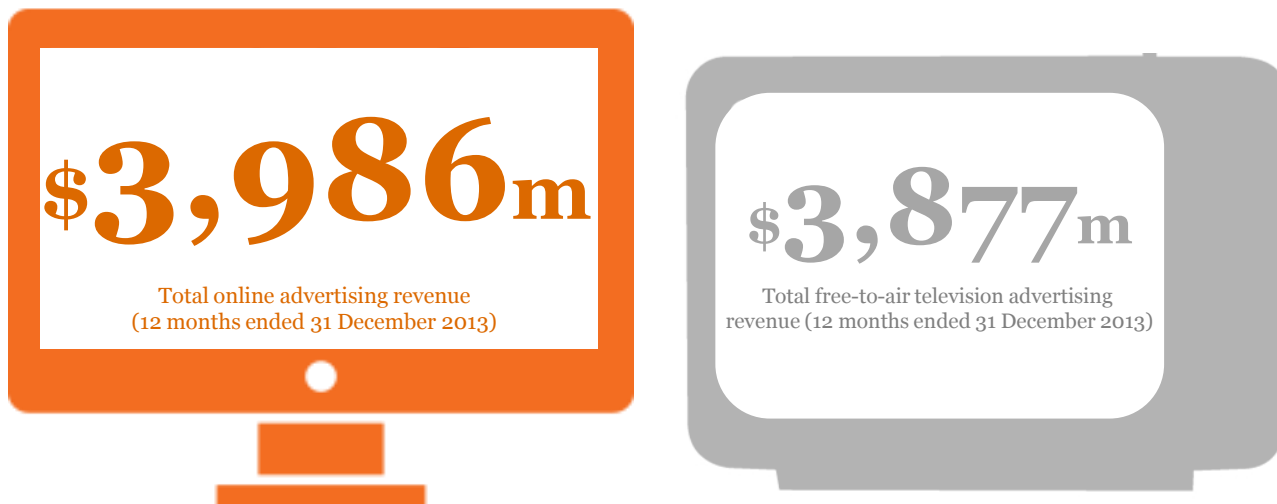
The size of the total online advertising market in 2013 increased 19.3% compared to 2012. All online advertising segments experienced double digit growth in the 12 months ended 31 December 2013. The General Display segment had the strongest growth in 2013 at 28.4%, in part due to the growing video and mobile display advertising markets.

Figure 1: Online advertising expenditure in 2013 compared to 2012



¹ Numbers do not add to 100% due to rounding

This is the first time since the start of data collection in 2002 that online advertising revenue has exceeded free to air television advertising revenues in a calendar year. Free to air television advertising revenues were \$3,877 million for the twelve months ended 31 December 2013.²



² Free TV, *Advertising revenue for commercial television networks – July to December 2013*, Media Release 29 January 2014, available online at http://www.freetv.com.au/SiteMedia/w3svc751/Uploads/Documents/Free_TV_Advertising_Revenue_Figures_Jul_to_Dec_2013%20.pdf; and Free TV, *Advertising revenue for commercial television networks – January to June 2013*, Media Release 29 July 2013, available online at http://www.freetv.com.au/SiteMedia/w3svc751/Uploads/Documents/Free_TV_Revenue_Figures_Jan_to_Jun_2013.pdf

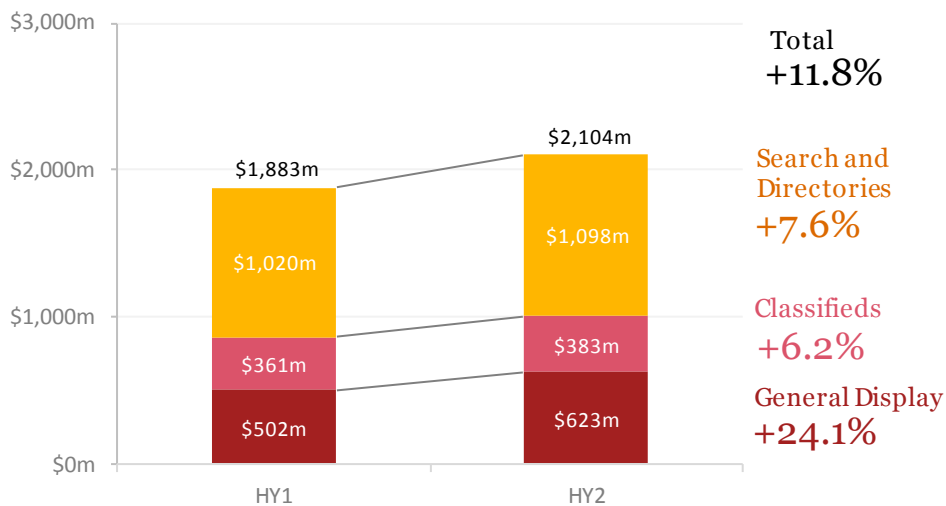
The Half Year at a Glance

Online advertising expenditure in the six months ended 31 December 2013 exceeds \$2 billion for the first time

Total online advertising expenditure for the six months ended 31 December 2013 was \$2,104 million of which 52.2% was attributed to Search and Directories, 29.6% to General Display and the remaining 18.2% to Classifieds.

The online advertising market grew 11.8% in the second half of 2013. The General Display segment had the strongest growth in 2013 at 24.1%, in part due to the strength of the video and mobile display advertising markets.

Figure 2: Online advertising expenditure compared to immediate prior half-yearly results



The Quarter at a Glance

Total online advertising achieved double digit growth year on year in the December Quarter 2013

General Display and Search and Directories experienced double digit growth compared to the same quarter in the prior year (Figure 3). Online advertising expenditure compared to the previous quarter increased across the General Display and Search and Directories categories but declined in the Classifieds category (Figure 4).

Figure 3: Online advertising expenditure compared to prior comparative quarter (December Quarter 2012)

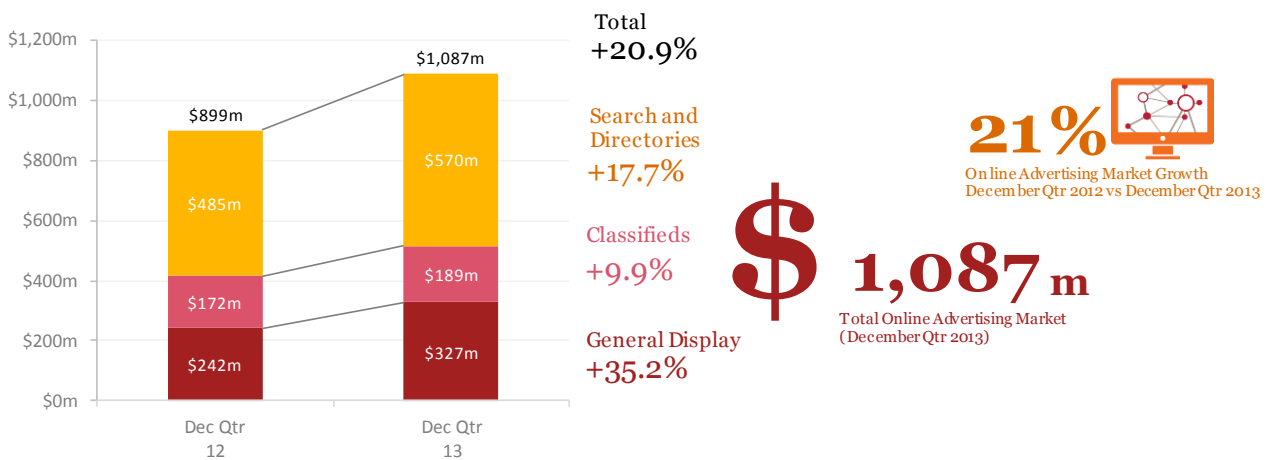
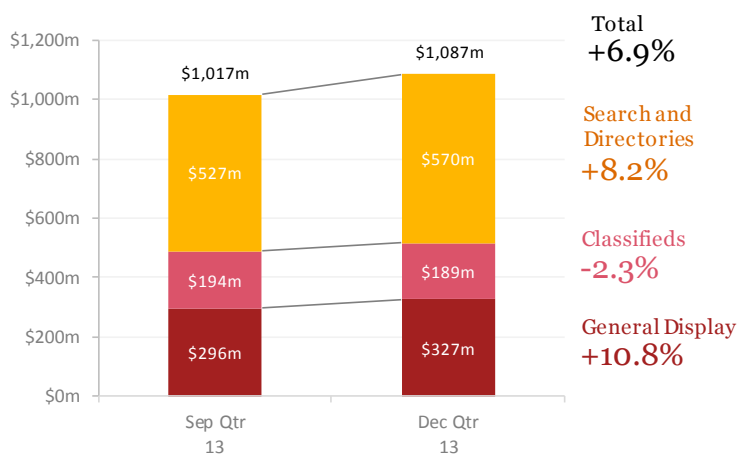


Figure 4: Online advertising expenditure compared to immediate prior quarter (September Quarter 2013)



Executive Summary

Key trends in the three months ended 31 December 2013

Online Advertising Market worth over \$1 billion in December Quarter 2013

Overall online advertising grew 6.9% from the prior quarter to reach \$1,087 million in the December Quarter 2013. Year on year growth in the Online Advertising Market in the December Quarter 2013 was 20.9%.

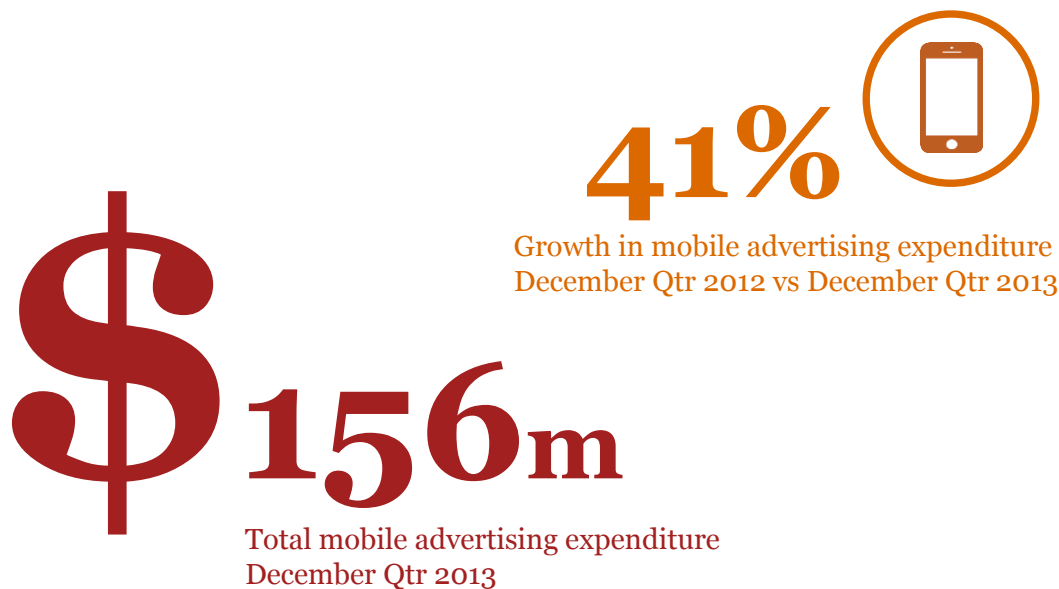
General Display gains format share

General Display reached its highest format share in the last two years. However, the Search and Directories segment still makes up the biggest portion (52.5%) of total online advertising expenditure with \$570.4 million in advertising expenditure this quarter. This was followed by General Display (30.1%) and Classifieds (17.4%).

Mobile advertising continues to grow

Mobile advertising is becoming an increasingly important component of online advertising expenditure. In the December Quarter 2013:

- Mobile advertising expenditure grew 41% to \$156.0 million, representing 14.3% of total online advertising expenditure
- Mobile Display made up 19.5% of total General Display expenditure
- Mobile Search made up 16.1% of total Search and Directories expenditure.



Video advertising becomes an increasingly important component of General Display

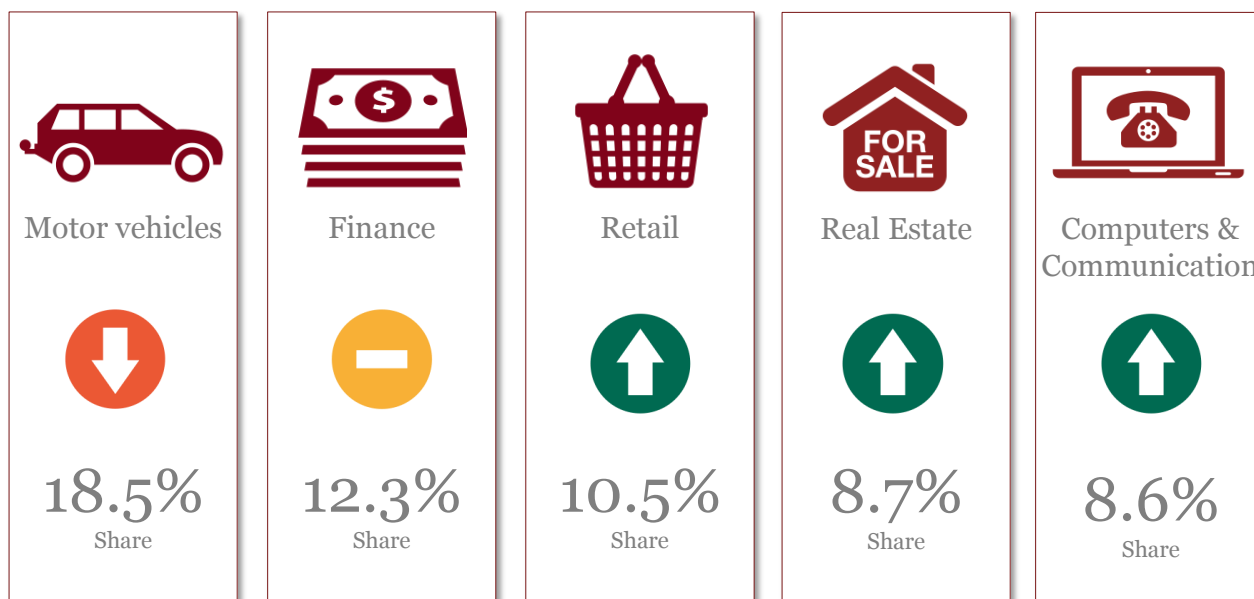
Video advertising for the December Quarter 2013 was \$49.0 million. This was an increase of \$5.9 million (or 13.8%) on the prior quarter and \$20.5 million (or 72.0%) on the December Quarter 2012.

Video is becoming an increasingly important component of General Display. Video advertising expenditure as a proportion of General Display advertising expenditure has almost doubled from around 8% in the December Quarter 2011 to 15% two years later in the December Quarter 2013.

Retail enjoys its strongest quarter so far

Motor Vehicles, Finance, and Retail were the top three dominant General Display industry categories in the December Quarter 2013, representing 41.3% of the reported General Display advertising market.³ This was up from 40.2% in the December Quarter 2012.

Retail was a big mover this quarter, increasing its category share from 8.8% in the December Quarter 2012 to 10.5% in the December Quarter 2013. This has been the strongest quarter for retail category share since the commencement of industry category data collection in 2008. The strength of the retail industry category for General Display advertising this quarter was also reflected in the greater retail movements in the market. Shoppers spent a record \$67.4 billion in the December Quarter 2013, compared to \$64.4 billion in the same quarter of 2012.⁴



Note: Symbols indicate the direction of the change in share from the prior December Quarter 2012. An increase or decrease is defined as percentage point movement greater than +/- 0.5%.

³ Reported General Display market refers to General Display expenditure reported by survey contributors and therefore excludes Facebook and Google General Display advertising.

⁴ ABS Cat. No. 8501.0 - Retail Trade, Australia, Dec 2013, seasonally adjusted series, available online at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/8501.0Dec%202013>

Key trends in the twelve months ended 31 December 2013

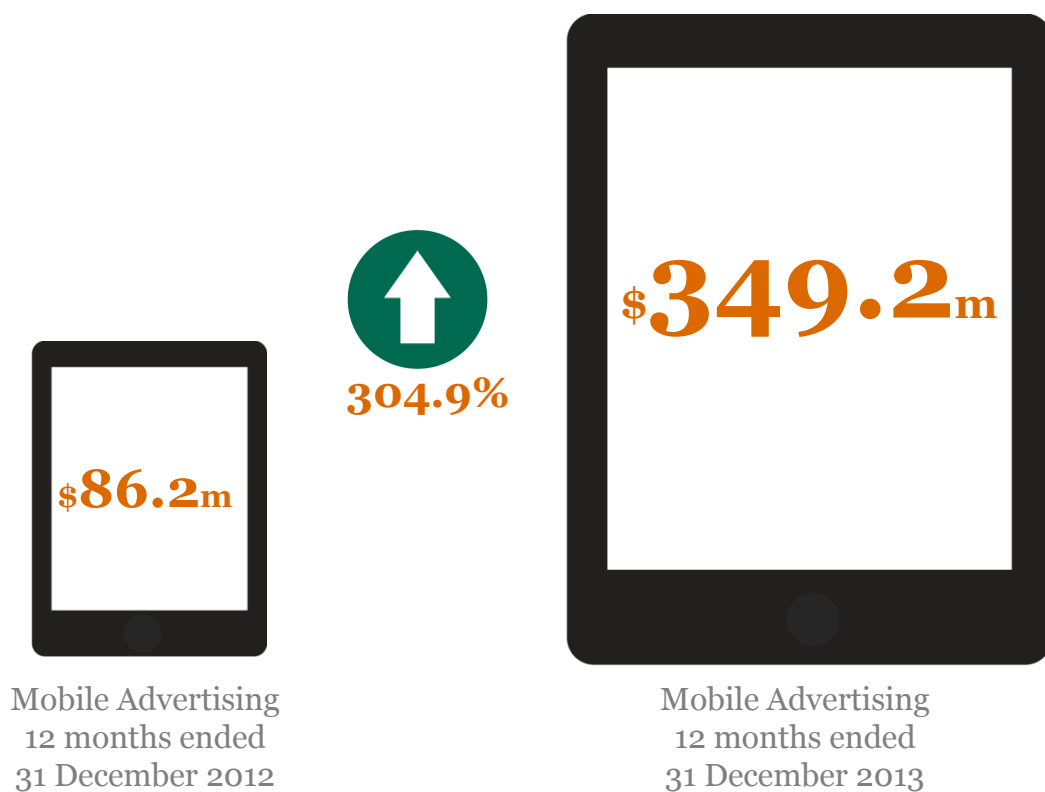
Revenues totalled a record \$4 billion in the twelve months ended 31 December 2013

Overall online advertising grew 19.3% in the twelve months ended 31 December 2013 compared to the prior calendar year to reach a record \$3,986 million. General Display grew at the fastest pace, increasing 28.4% in the twelve months ended 31 December 2013, followed by Search and Directories (growth of 18.1%) and Classifieds (growth of 10.5%).

Search and Directories retained the largest share of total online advertising expenditure with \$2,118 million in advertising expenditure in 2013.

Mobile Advertising expenditure quadruples in 2013

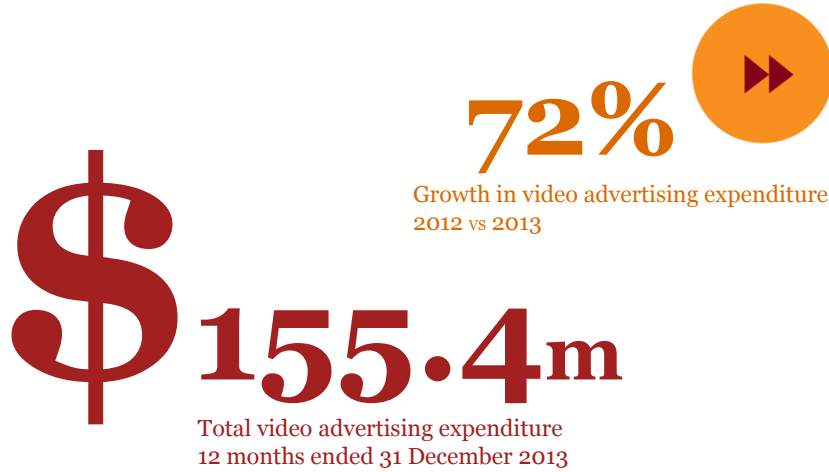
The IAB and PwC have collected sufficient data to assess the size of mobile advertising in Australia for three full calendar years. Between calendar year 2012 and calendar year 2013, mobile advertising increased 304.9% from \$86.2 million in the twelve months ended 31 December 2012 to \$349.2 million in the twelve months ended 31 December 2013.



Mobile advertising played a key role in growing the overall Online Advertising Market, contributing around 40.8% of the total growth experienced in calendar year 2013.

Video Advertising grows 72% in 2013

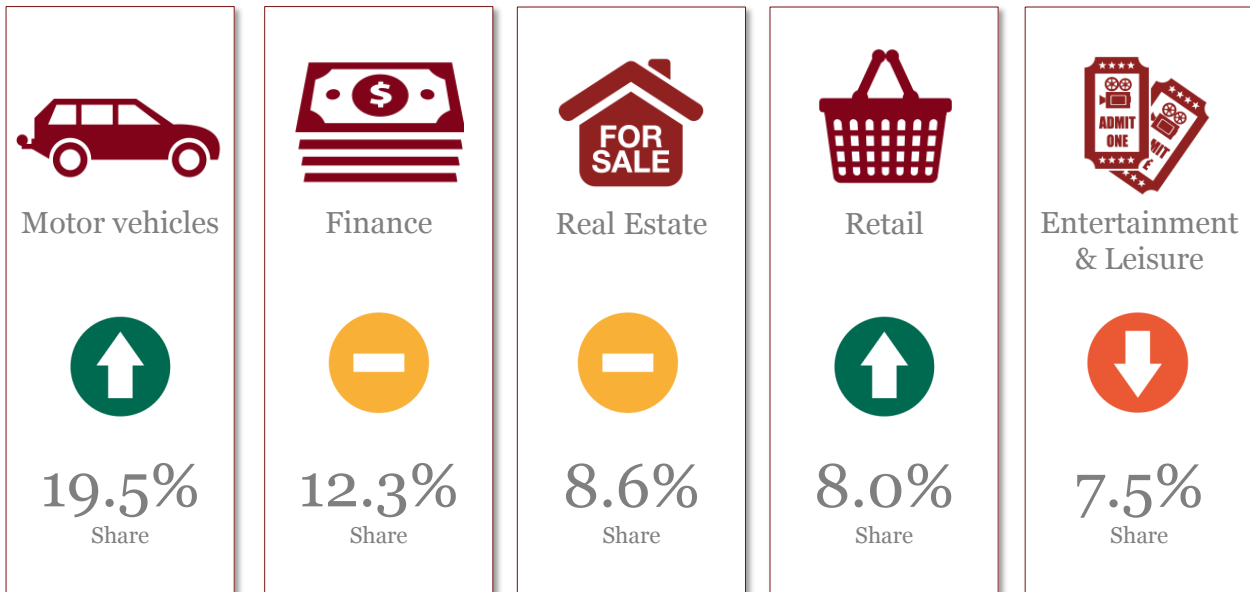
Video advertising grew \$65.1 million (or 72.1%) from \$90.3 million in the twelve months ended 31 December 2012 to \$155.4 million in the twelve months ended 31 December 2013.



Retail moves into top five industry categories by expenditure share

Motor Vehicles, Finance, and Real Estate were the top three dominant General Display industry categories in calendar year 2013, representing 40.4% of the reported General Display advertising market.⁵ This was up from 39.6% in the prior calendar year.

Retail moved into the top five industry categories by expenditure share in 2013 for the first time since commencement of industry category data collection in 2008. Computers and Communication and FMCG (equal fourth highest category share in 2012) moved out of the top five industry categories in calendar year 2013.



Note: Symbols indicate the direction of the change in share from the prior twelve months ended December 2012. An increase or decrease is defined as percentage point movement greater than +/- 0.5%.

⁵ Reported General Display market refers to General Display expenditure reported by survey contributors and therefore excludes Facebook and Google General Display advertising.

Detailed findings

Overall market

Three months ended 31 December 2013

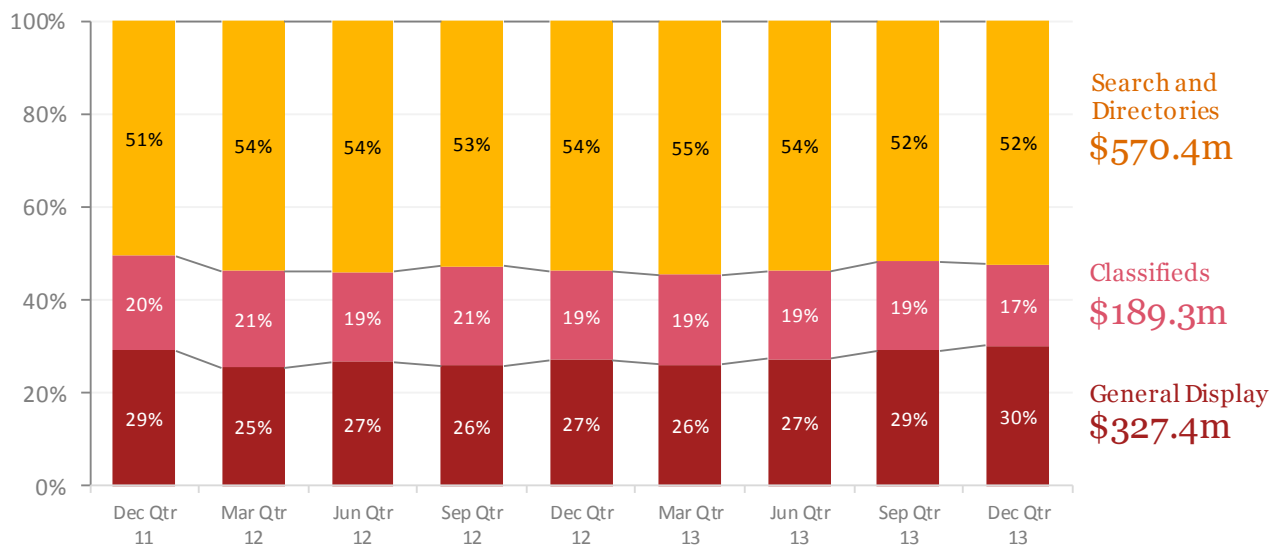
Online Advertising Market worth over \$1 billion in December Quarter 2013

- Overall online advertising grew 6.9% from the prior quarter to reach \$1,087 million in the December Quarter 2013.
- Year on year growth in the Online Advertising Market in the December Quarter 2013 was 20.9%.
- General Display increased at the fastest pace, growing 10.8% in the December Quarter 2013 compared to the September Quarter 2013. This was followed by Search and Directories (growth of 8.2%) and Classifieds (fall of 2.3%).

General Display gains format share

- The Search and Directories segment still makes up the biggest portion (52.5%) of total online advertising expenditure with \$570.4 million in advertising expenditure this quarter.
- This was followed by General Display (30.1%) and Classifieds (17.4%). General Display reached its highest format share in the last two years.

Figure 5: Online advertising expenditure – category share



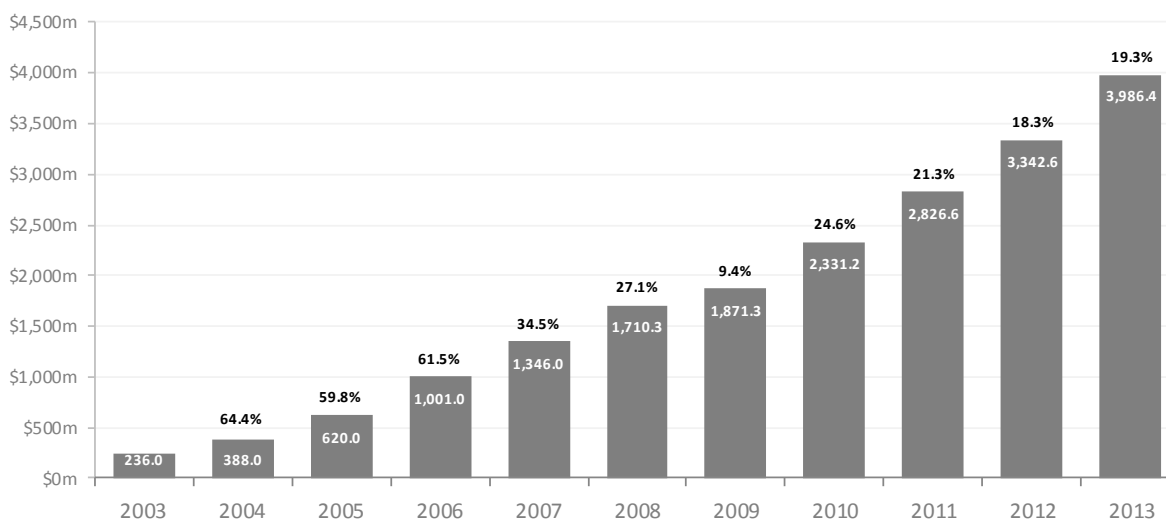
Overall market

Twelve months ended 31 December 2013

Revenues totalled a record \$4 billion in the twelve months ended 31 December 2013

- Overall online advertising grew 19.3% in the twelve months ended 31 December 2013 compared to the prior calendar year (Figure 6).
- General Display grew at the fastest pace, increasing 28.4% in the twelve months ended 31 December 2013, followed by Search and Directories (growth of 18.1%) and Classifieds (growth of 10.5%).

Figure 6: Online advertising expenditure, by year



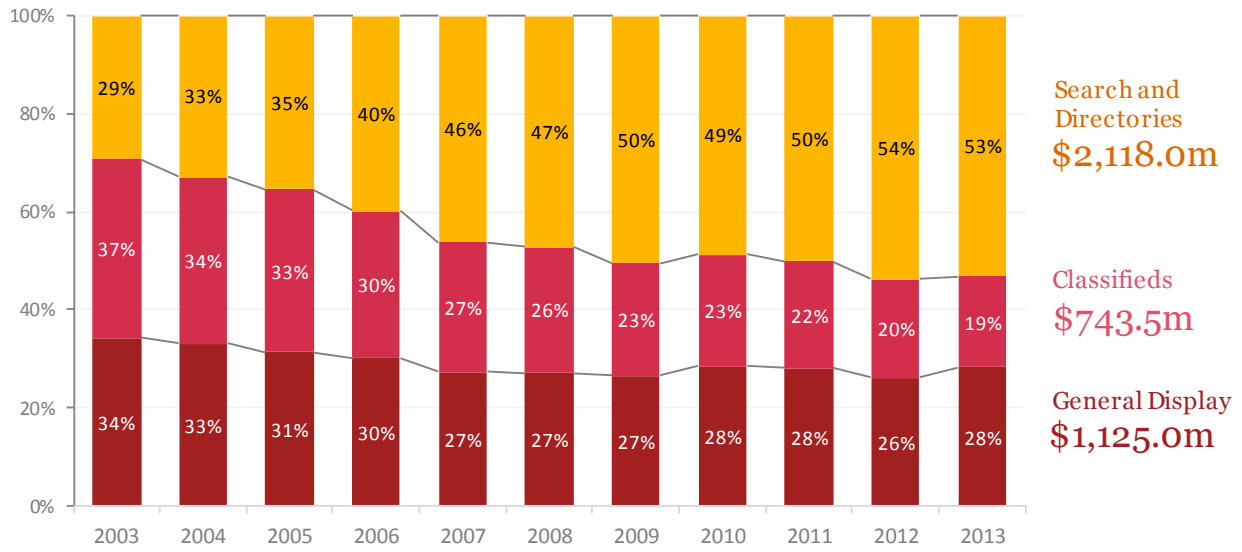
Note: Over the period since data has been collected, three different methodologies have been adopted, and accordingly growth trends may be affected at the point of change in methodology. Refer to the Appendix for more detail and historical data.

Format share remains steady

- Since the start of data collection in 2002, Search and Directories' share of online advertising expenditure has grown from less than a third of total expenditure to more than half of total expenditure.
- Meanwhile, Classifieds' share of online advertising expenditure has almost halved in this time.
- In the twelve months ended 31 December 2013, Search and Directories made up 53.1% of all online advertising expenditure this quarter, followed by General Display (28.2%) and Classifieds (18.6%).⁶

⁶ Numbers do not add to 100% due to rounding

Figure 7: Online advertising expenditure – category share



Note: Numbers may not add to total online advertising expenditure of \$3,986 million in the 12 months ended 31 December 2013 due to rounding.

General Display Advertising Expenditure Three months ended 31 December 2013

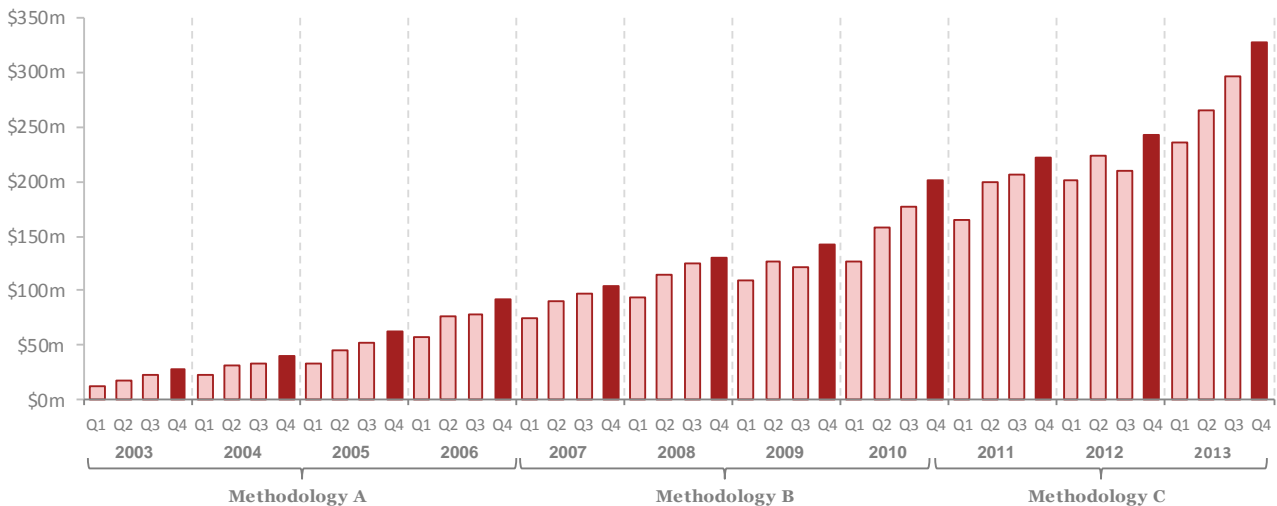
General Display experiences three quarters of consecutive growth

Total General Display online advertising expenditure for the December Quarter 2013 was \$327.4 million. This expenditure was an increase of \$31.9 million or 10.8% on the September Quarter 2013 and the third consecutive quarterly growth in 2013.

Compared to the same quarter in 2012, General Display online advertising expenditure this quarter grew 35.2% (or \$85.2 million). This increase is also the 11th consecutive yearly increase for the December quarter since the commencement of data collection in 2002.

General Display has shown some cyclical variations with December quarter expenditures consistently outperforming other quarters of the year. This trend continued in the December Quarter 2013.

Figure 8: Total General Display advertising expenditure, by quarter



Note: Over the period since data has been collected, three different methodologies have been adopted, and accordingly growth trends may be affected at the point of change in methodology. Refer to the Appendix for more detail and historical quarterly data.

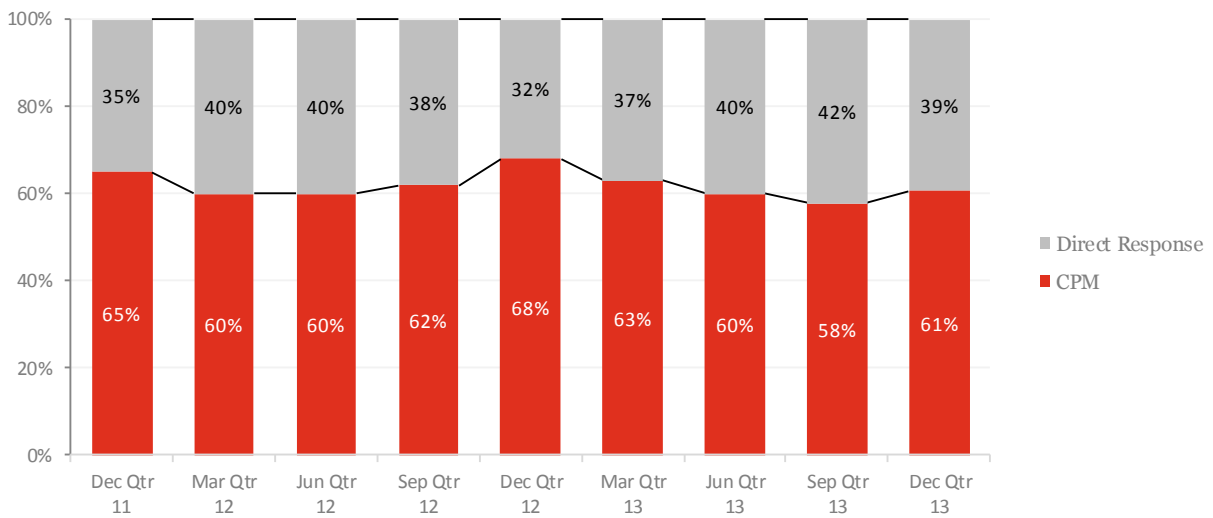
CPM based pricing remains the preferred pricing model

The pricing method categories are CPM and Direct Response. Definitions of CPM and Direct Response are included in the Glossary contained in Appendix B.

CPM based pricing remained the preferred pricing model in the December Quarter 2013. Based on submissions from publishers and estimates of Google and Facebook, the December Quarter 2013 showed 60.6% for CPM and 39.4% for Direct Response, compared to 57.8% and 42.2% respectively in the prior quarter.

The longer term movements in pricing methods used in General Display advertising expenditures are shown in Figure 9 below.

Figure 9: CPM and Direct Response based pricing – category share



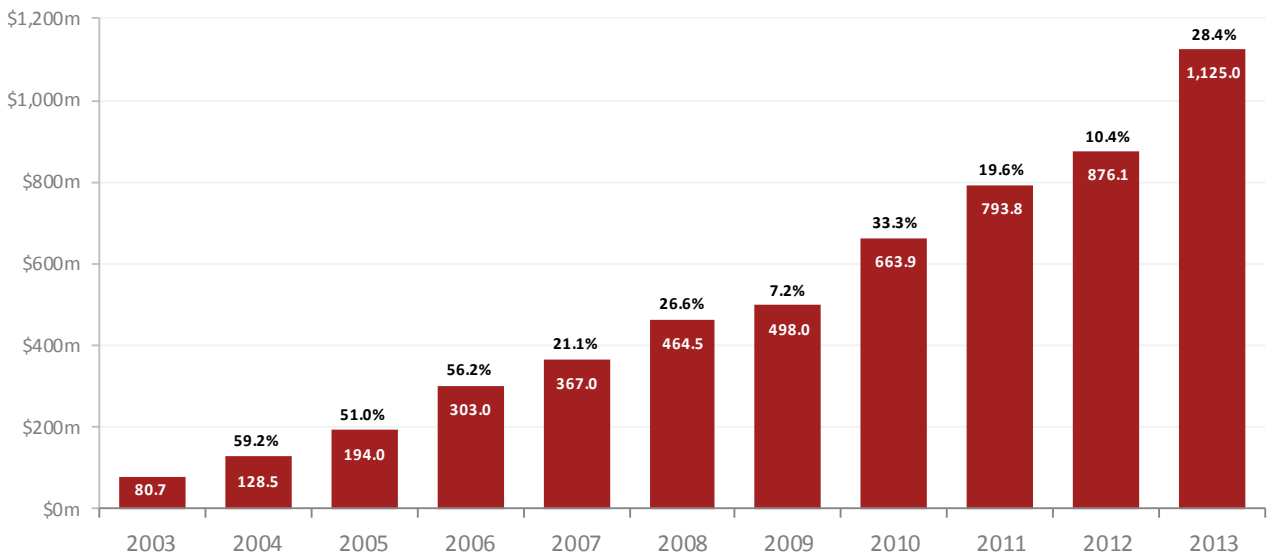
General Display Advertising Expenditure Twelve months ended 31 December 2013

Calendar year General Display expenditures exceed \$1 billion for the first time

The total online advertising expenditure for General Display for the twelve months ended 31 December 2013 was \$1,125 million. This expenditure was an increase of \$248.9 million or 28.4% from the prior calendar year. This was the highest growth of the three main online advertising expenditure categories on a percentage basis.

Since the commencement of record keeping of online advertising expenditure, General Display has experienced double digit growth in every calendar year except for 2009.

Figure 10: Total General Display advertising expenditure, by year



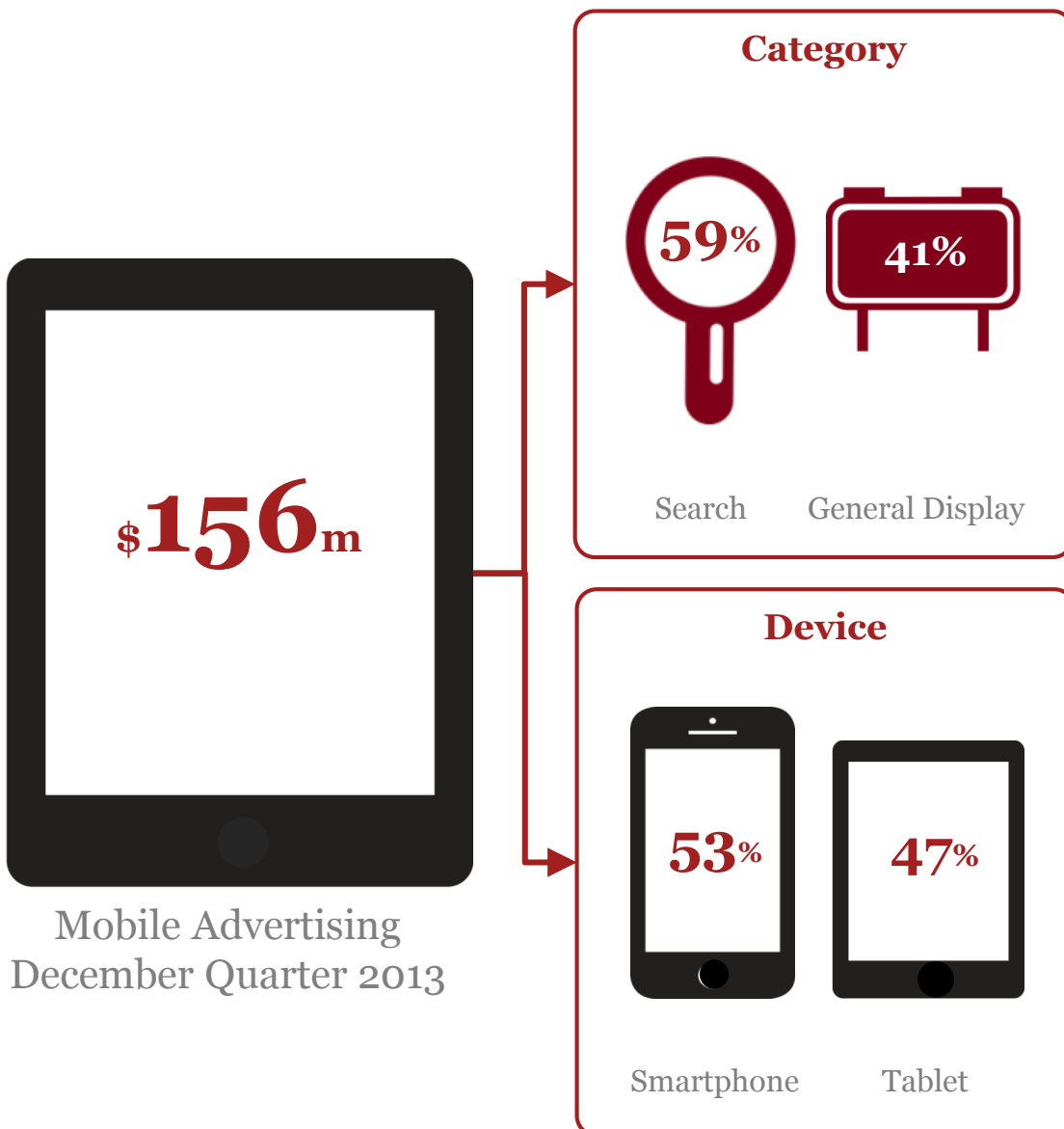
Note: Over the period since data has been collected, three different methodologies have been adopted, and accordingly growth trends may be affected at the point of change in methodology. Refer to the Appendix for more detail and historical data.

Mobile Advertising Expenditure Three months ended 31 December 2013

Mobile advertising expenditure grew 41% this quarter and now represents 14.3% of online advertising expenditure

For the seventh time, the IAB and PwC have collaborated to assess the size of mobile advertising in Australia. Eight companies participated in the survey. Mobile advertising is a sub-set of General Display and Search expenditures. Total advertising revenue is reported on a gross basis. The figures are based on participants' data and industry estimates for Google's mobile display and search revenues and Facebook's mobile display revenues.

Mobile advertising expenditure grew 41.0% to \$156.0 million in the December Quarter 2013. Approximately 59% of mobile advertising expenditure was attributed to Search and 41% to General Display. Device category shares were relatively equal with smartphones at 52.6% and tablets at 47.4%.



Mobile advertising is becoming an increasingly important component of online advertising expenditure. In the December Quarter 2013:

- Mobile advertising made up 14.3% of total online advertising expenditure
- Mobile Display made up 19.5% of total General Display expenditure
- Mobile Search made up 16.1% of total Search and Directories expenditure.

Table 1: Quarterly historical mobile advertising expenditure data

Period	Mobile advertising (\$m)	Growth	
		Qtr / Qtr	Year / Year
Dec Qtr 13	156.0	41.0%	**
Sept Qtr 13	110.7	**	**
June Qtr 13	45.9	25.5%	161.3%
Mar Qtr 13	36.6	8.1%	182.2%
Dec Qtr 12	33.8	54.6%	257.8%
Sept Qtr 12	21.9	24.5%	190.2%
June Qtr 12	17.6	35.6%	212.2%
Mar Qtr 12	13.0	37.1%	200.4%
Dec Qtr 11	9.5	25.4%	*
Sept Qtr 11	7.5	33.9%	*
June Qtr 11	5.6	30.5%	*
Mar Qtr 11	4.3	*	*

*Comparable data not available

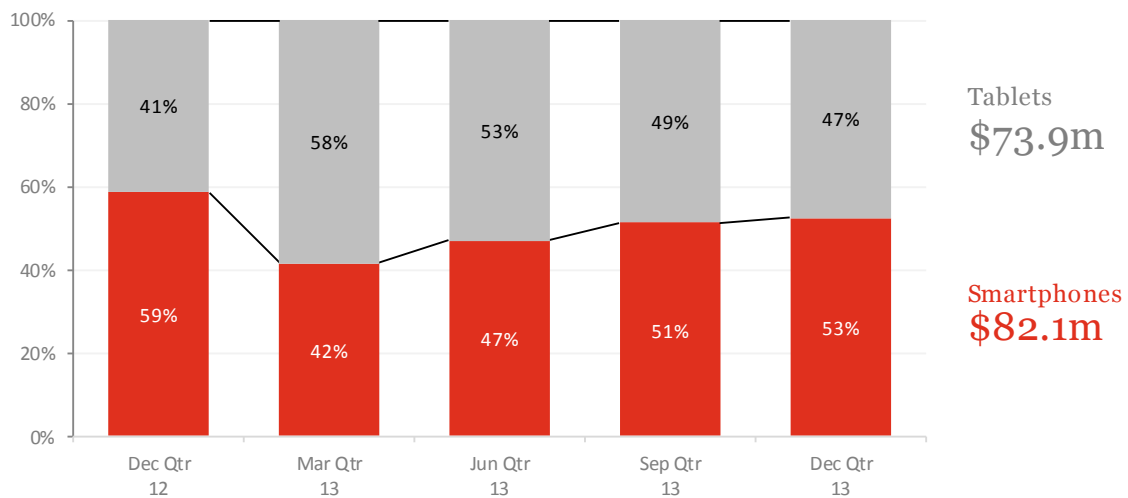
** Changes are not applicable for these periods due to a break in the data series resulting from the availability of new sources of data used in the estimation of Google and Facebook revenues in the September Quarter 2013. This does not affect data reported at the aggregate General Display and Search and Directories level.

Mobile Advertising device category shares relatively equal

Based on submissions from publishers and estimates for Google and Facebook, the devices accessed to view mobile advertising for the quarter are shown in Figure 11.

In the December Quarter 2013, device category shares were relatively equal with smartphones at 52.6% and tablets at 47.4%. The device split of mobile advertising expenditure has been somewhat unsteady as technology continues to evolve (Figure 11). Furthermore, the ability to differentiate between search behaviour on tablets versus desktop is becoming increasingly difficult. Google, for example, consolidated desktop and tablet accounts in its AdWords enhanced campaigns product in mid-2013 as search behaviour and ad performance on both devices began to converge.⁷

Figure 11: Smartphones and tablets – category share

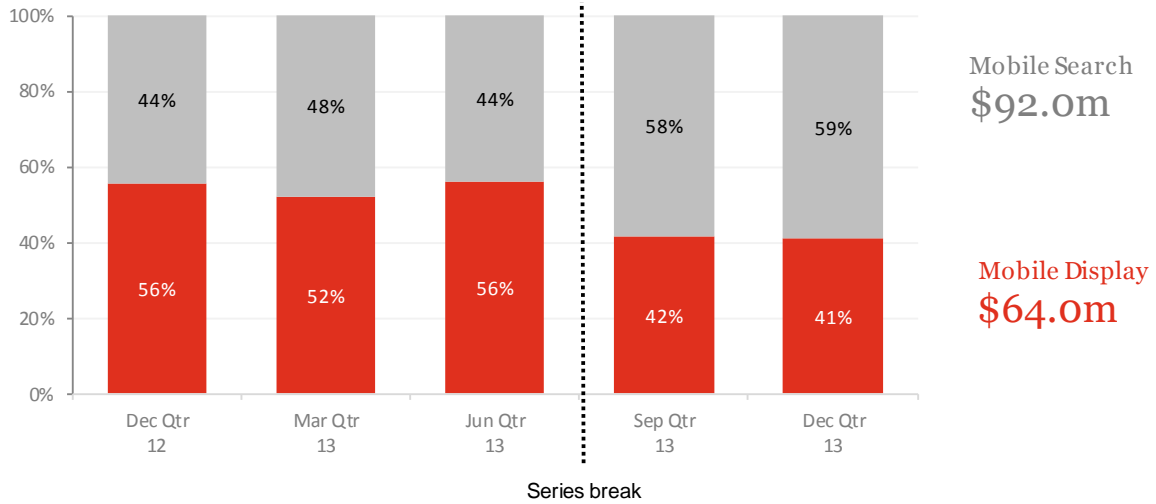


⁷ Google, *About enhanced campaigns*, available online at <https://support.google.com/adwords/answer/2909484?hl=en-AU>

Search was the dominant advertising category for mobile

Based on submissions from publishers and estimates for Google and Facebook, the categories of advertising viewed on mobile devices for the quarter are shown in Figure 12. In the December Quarter 2013, Search accounted for 59% of Mobile Advertising expenditure, and General Display accounted for 41%.

Figure 12: Mobile Search and General Display – category share

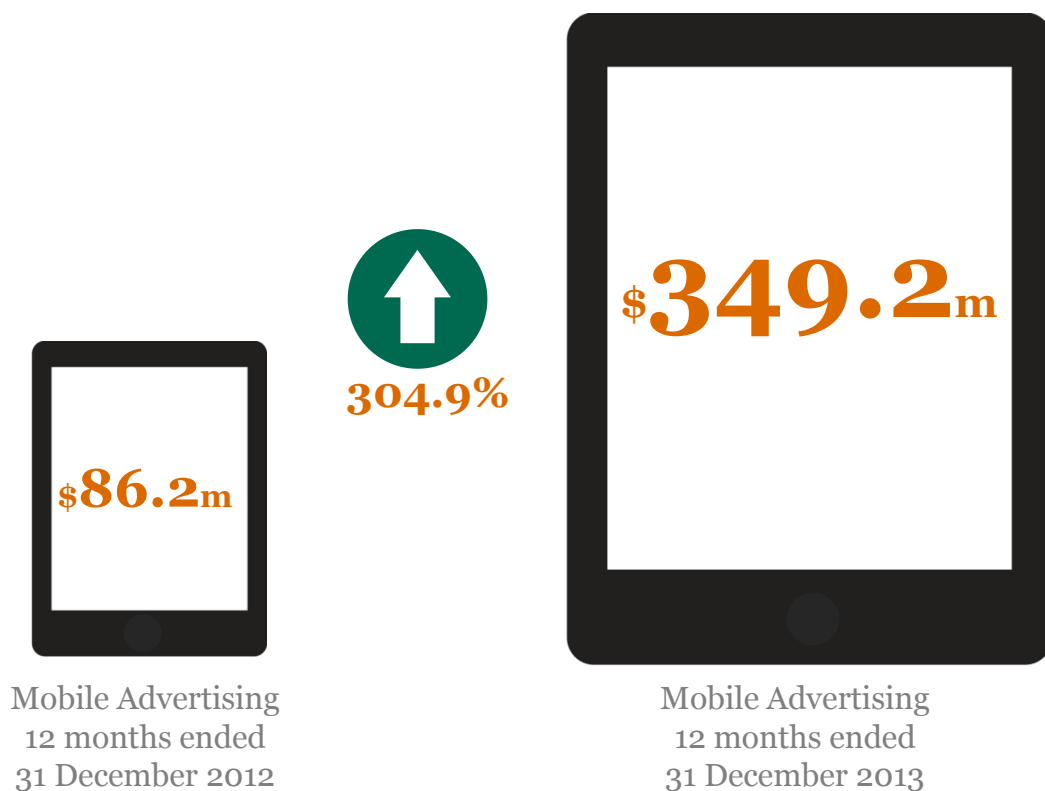


Note: Care should be taken in interpreting historical data due to a series break in September Quarter 2013 resulting from the availability of new sources of data used in the estimation of Google and Facebook revenues.

Mobile Advertising expenditure Twelve months ended 31 December 2013

Mobile Advertising expenditure quadruples in 2013

The IAB and PwC have collected sufficient data to assess the size of mobile advertising in Australia for three full calendar years. Between calendar year 2012 and calendar year 2013, mobile advertising increased 304.9% from \$86.2 million in the twelve months ended 31 December 2012 to \$349.2 million in the twelve months ended 31 December 2013.



Mobile advertising played a key role in growing the overall Online Advertising Market, contributing around 40.8% of the total growth experienced in calendar year 2013.

Of the \$349.2 million of mobile advertising expenditure in the twelve months ended 31 December 2013:

- 55.6% was attributed to mobile search and 44.4% to mobile display
- 50.4% was attributed to smartphones and 49.6% to tablets.

Video Advertising Expenditure

Three months ended 31 December 2013

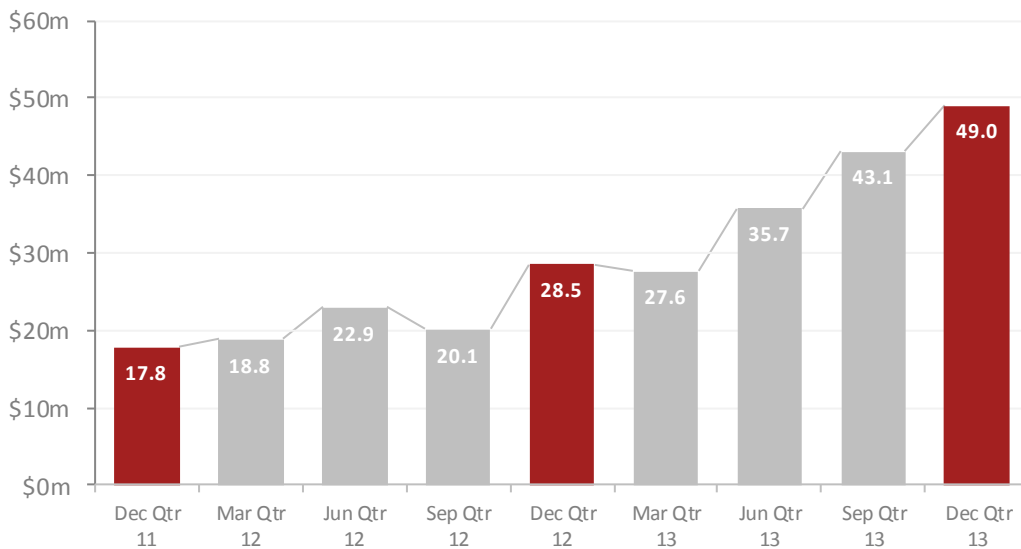
Video advertising grows steadily

The video advertising expenditure reported below is included in the total General Display expenditure reported for the relevant periods. The definition of the video category is included in the Glossary.

Based on submissions from publishers and estimates for Google, video advertising expenditures for the quarter are shown in Figure 13. Video advertising for the December Quarter 2013 was \$49.0 million. This was an increase of \$5.9 million (or 13.8%) on the prior quarter and \$20.5 million (or 72%) on the December Quarter 2012.

The increase may be driven more by volume than by price. Analysis of video viewing behaviour on Google sites from the US (including YouTube) shows that the proportion of videos with advertising on Google sites increased from around 19.1% in the September Quarter 2013 to 24.1% in the December Quarter 2013.⁸

Figure 13: Video advertising expenditure, by quarter



Note: Video advertising expenditure information was aggregated for all publishers with the exception of Google. An estimate has been included for Google.

⁸ PwC analysis of comScore Video Metrix data for July to December 2013

Video is becoming an increasingly important component of General Display. Video advertising expenditure as a proportion of General Display advertising expenditure has almost doubled from around 8% in the December Quarter 2011 to 15% two years later in the December Quarter 2013.

Figure 14: Video advertising expenditure as a proportion of General Display advertising expenditure, by quarter

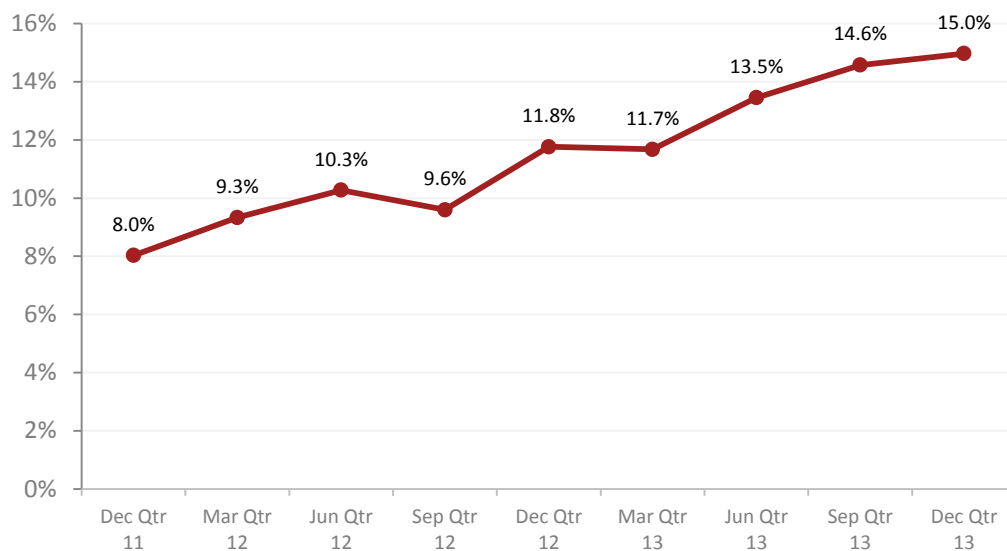


Table 2: Quarterly historical video expenditure data

Period	Video expenditure (\$m)	Growth	
		Qtr / Qtr	Year / Year
Dec Qtr 13	49.0	13.8%	72.0%
Sept Qtr 13	43.1	20.7%	114.3%
June Qtr 13	35.7	29.4%	56.0%
Mar Qtr 13	27.6	-3.2%	46.8%
Dec Qtr 12	28.5	41.8%	60.1%
Sept Qtr 12	20.1	-12.2%	8.6%
June Qtr 12	22.9	21.8%	24.5%
Mar Qtr 12	18.8	5.6%	29.7%
Dec Qtr 11	17.8	-3.8%	*
Sept Qtr 11	18.5	0.5%	*
June Qtr 11	18.4	26.9%	*
Mar Qtr 11	14.5	*	*

*Comparable data not available

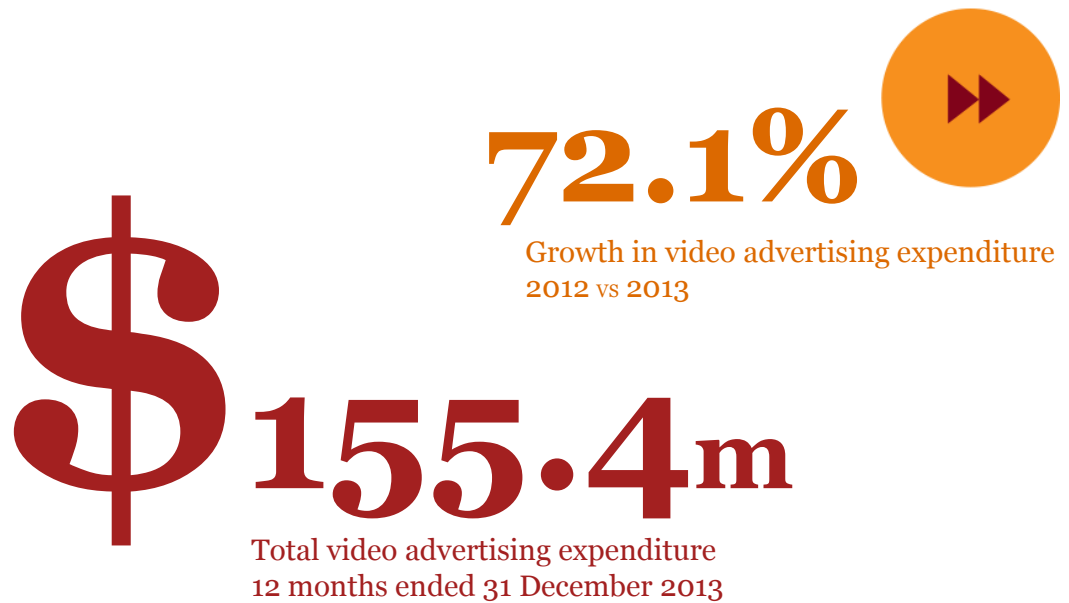
Note: Percentage changes are calculated based on raw data and may differ from the percentage changes implied by the rounded expenditure figures presented in the table

Video Advertising Expenditure **Twelve months ended 31 December 2013**

Video Advertising grows 72% in 2013

The IAB and PwC have collected sufficient data to assess the size of video advertising in Australia for three full calendar years. Between calendar year 2012 and calendar year 2013, video advertising grew \$65.1 million (or 72.1%) from \$90.3 million in the twelve months ended 31 December 2012 to \$155.4 million in the twelve months ended 31 December 2013.

Video advertising now makes up 13.8% of General Display advertising expenditure in 2013, compared to 10.3% in 2012.



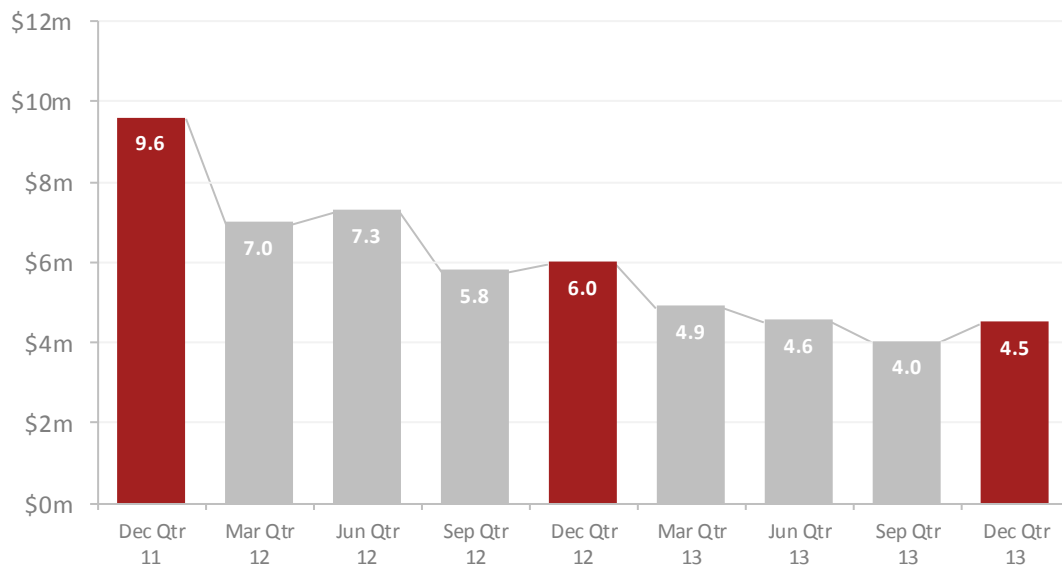
Email Advertising Expenditure ***Three months ended 31 December 2013***

Email advertising continues to trend downwards

The email advertising expenditure reported below is included in the total General Display expenditure reported for the relevant periods. Email advertising expenditure includes third party banner ads, links or advertiser sponsorships that appear in email newsletters, email marketing campaigns and other commercial email communications. Direct marketing via email is excluded from the reported expenditure below.

Email advertising picked up slightly in the December Quarter 2013 compared to the previous quarter but email advertising expenditure continues to trend downwards over the longer term. Expenditure increased 11.4% compared to the September Quarter 2013 and fell 24.8% compared to the December Quarter 2012.⁹

Figure 15: Email advertising expenditure, by quarter



Note: We have received new information from contributors following the release of the September Quarter 2013 OAER which affects the email advertising expenditure. Email advertising expenditure in the September Quarter 2013 has been revised from \$2.1 million to \$4.0 million, which is reflected in Figure 15 and Table 3 on the next page.

⁹ Percentage changes are calculated based on raw data and may differ from the percentage changes implied by the rounded expenditure numbers presented in the report.

Table 3: Quarterly historical email expenditure data

Period	Email expenditure (\$m)	Growth	
		Qtr / Qtr	Year / Year
Dec Qtr 13	4.5	11.4%	-24.8%
Sept Qtr 13	4.0	-11.0%	-30.2%
June Qtr 13	4.6	-6.3%	-37.7%
Mar Qtr 13	4.9	-18.3%	-30.0%
Dec Qtr 12	6.0	3.4%	-37.5%
Sept Qtr 12	5.8	-20.5%	-44.8%
June Qtr 12	7.3	4.3%	-18.9%
Mar Qtr 12	7.0	-27.1%	-16.7%
Dec Qtr 11	9.6	-8.6%	*
Sept Qtr 11	10.5	16.7%	*
June Qtr 11	9.0	7.1%	*
Mar Qtr 11	8.4	*	*

*Comparable data not available

Note: Percentage changes are calculated based on raw data and may differ from the percentage changes implied by the rounded expenditure figures presented in the table

Email Advertising Expenditure Twelve months ended 31 December 2013

Email advertising expenditure falls to a record low of \$18 million in 2013

The IAB and PwC have collected sufficient data to assess the size of email advertising in Australia for three full calendar years. From calendar year 2012 to calendar year 2013, email advertising fell 31.1% from \$26.1 million in the twelve months ended 31 December 2012 to \$18.0 million in the twelve months ended 31 December 2013.

General Display Expenditure by Industry Category Three months ended 31 December 2013

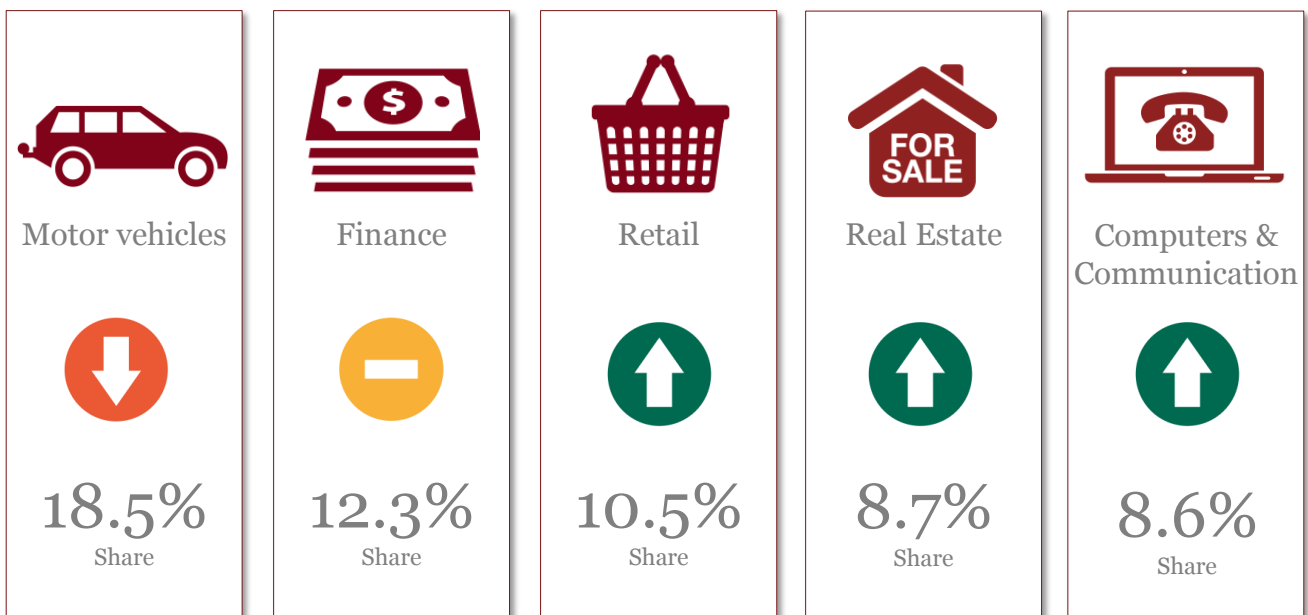
Retail enjoys its strongest quarter so far

Motor Vehicles, Finance, and Retail were the top three dominant General Display industry categories in the December Quarter 2013, representing 41.3% of the reported General Display advertising market.¹⁰ This was up from 40.2% in the December Quarter 2012.

- Motor Vehicles was the highest spending Advertiser Industry Category in the December Quarter 2013 at an 18.5% share, falling one percentage point from 19.5% in December Quarter 2012.
- Finance was second with a 12.3% share, a slight increase from 11.9% share in the December Quarter 2012.
- Retail recorded 10.5% share, an increase of 1.7 percentage points from 8.8% in the same quarter in 2012.
- ‘Motor Vehicles – Manufacturers’ remains the largest subcategory, making up 14.7% of the reported General Display spending for the quarter.

Retail was a big mover this quarter, increasing its category share from 8.8% in the December Quarter 2012 to 10.5% in the December Quarter 2013. This has been the strongest quarter for retail category share since the commencement of industry category data collection in 2008. The strength of the retail industry category for General Display advertising this quarter was also reflected in the greater retail movements in the market. Shoppers spent a record \$67.4 billion in the December Quarter 2013, compared to \$64.4 billion in the same quarter of 2012.¹¹

Figure 16: Top five industry categories by expenditure share, December Quarter 2013



Note: Symbols indicate the direction of the change in share from the prior December Quarter 2012. An increase or decrease is defined as percentage point movement greater than +/- 0.5%.

¹⁰ Reported General Display market refers to General Display expenditure reported by survey contributors and therefore excludes Facebook and Google General Display advertising.

¹¹ ABS Cat. No. 8501.0 - Retail Trade, Australia, Dec 2013, seasonally adjusted series, available online at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/8501.0Dec%202013>

Table 4: Quarterly historical Advertiser Industry Category data

Advertiser Industry Category	December Quarter 2013 % Share	December Quarter 2012 % Share	Percentage point change
Finance	12.3%	11.9%	0.4%
- Business Banking	1.2%	1.1%	0.1%
- Credit Cards	1.8%	1.8%	0.0%
- Home Loans	2.1%	1.8%	0.3%
- Superannuation	0.6%	0.3%	0.3%
- Personal Banking	2.3%	2.0%	0.3%
- Wealth Management	0.5%	0.6%	-0.1%
- Other	3.7%	4.2%	-0.5%
Computers & Communications	8.6%	6.9%	1.7%
- Computer Hardware	1.3%	2.1%	-0.8%
- Computer Software	1.2%	1.4%	-0.2%
- Telecommunications	5.1%	2.9%	2.2%
- Internet/ISP	0.9%	0.4%	0.5%
Motor Vehicles	18.5%	19.5%	-1.0%
- Internet Sites	0.1%	1.7%	-1.6%
- Manufacturers	14.7%	15.1%	-0.4%
- Dealers	0.3%	0.4%	-0.1%
- Other	3.5%	2.3%	1.2%
Travel/Accommodation	5.2%	4.2%	1.0%
- Flights	1.9%	1.7%	0.2%
- Accommodation	1.0%	0.9%	0.1%
- Car Hire	0.0%	0.0%	0.0%
- Holiday Packages/Agents	0.8%	0.5%	0.3%
- Other	1.5%	1.1%	0.4%
Entertainment & Leisure	7.5%	9.1%	-1.6%
- Music	0.5%	1.4%	-0.9%
- Movies	0.9%	1.7%	-0.8%
- Games/Consoles	0.9%	0.9%	0.0%
- Other	5.2%	5.1%	0.1%
Media	1.9%	2.8%	-0.9%
FMCG	4.1%	6.2%	-2.1%
- Food	1.8%	2.7%	-0.9%
- Beverages (non-alcoholic)	0.7%	0.9%	-0.2%
- Other	1.6%	2.6%	-1.0%
Real Estate	8.7%	8.0%	0.7%
Retail	10.5%	8.8%	1.7%
Insurance	1.6%	1.7%	-0.1%
Health, Beauty, Pharmaceuticals	4.2%	3.6%	0.6%
Government	3.3%	3.0%	0.3%
Other	6.7%	6.7%	0.0%
Recruitment	0.5%	0.7%	-0.2%
Alcoholic Beverages	1.1%	1.9%	-0.8%
Education & Learning	2.2%	2.0%	0.2%
Home Products & Services	1.7%	1.7%	0.0%
Community/Public Service	1.2%	0.9%	0.3%
Office & Business Equipment	0.1%	0.2%	-0.1%

Note: Numbers may not add due to rounding. DSPs and sales to resellers are not included in the table above.

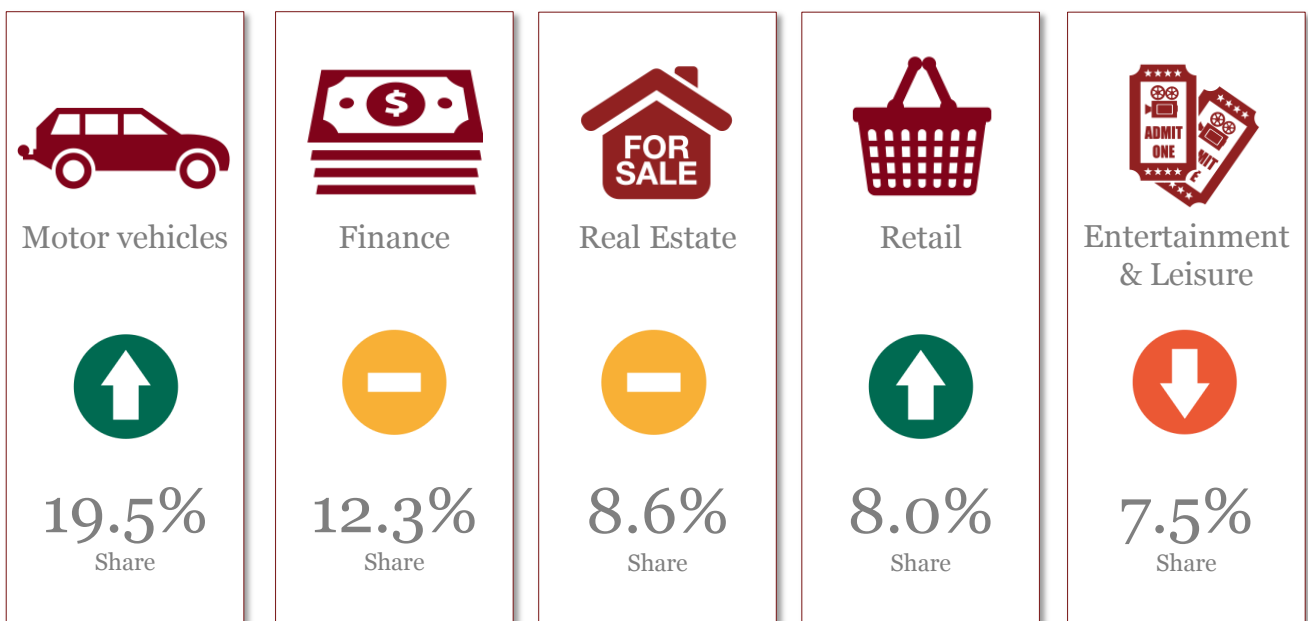
General Display Expenditure by Industry Category Twelve months ended 31 December 2013

Retail moves into top five industry categories by expenditure share

Motor Vehicles, Finance, and Real Estate were the top three dominant General Display industry categories in calendar year 2013, representing 40.4% of the reported General Display advertising market.¹² This was up from 39.6% in the prior calendar year.

Retail moved into the top five industry categories by expenditure share in 2013 for the first time since commencement of industry category data collection in 2008. Computers and Communication and FMCG (equal fourth highest category share in 2012) moved out of the top five industry categories in calendar year 2013.

Figure 17: Top five industry categories by expenditure share, twelve months ended 31 December 2013



Note: Symbols indicate the direction of the change in share from the prior twelve months ended December 2012. An increase or decrease is defined as percentage point movement greater than +/- 0.5%.

¹² Reported General Display market refers to General Display expenditure reported by survey contributors and therefore excludes Facebook and Google General Display advertising.

Table 5: Yearly historical Advertiser Industry Category data

Advertiser Industry Category	2009 % Share	2010 % Share	2011 % Share	2012 % Share	2013 % Share
Finance	19.0%	18.8%	14.1%	12.5%	12.3%
- Business Banking	0.9%	0.9%	0.6%	1.3%	1.1%
- Credit Cards	3.9%	4.6%	2.7%	1.8%	1.7%
- Home Loans	5.5%	5.0%	2.1%	2.0%	2.2%
- Superannuation	0.4%	0.4%	0.7%	0.4%	1.0%
- Personal Banking	4.2%	3.8%	2.7%	2.5%	2.4%
- Wealth Management	1.4%	1.2%	0.9%	0.6%	0.6%
- Other	2.9%	3.0%	4.5%	3.8%	3.3%
Computers & Communications	12.7%	11.6%	9.3%	7.1%	7.5%
- Computer Hardware	4.3%	3.6%	2.9%	2.3%	1.4%
- Computer Software	1.1%	1.5%	1.3%	1.2%	1.1%
- Telecommunications	5.8%	5.7%	4.4%	3.1%	4.3%
- Internet/ISP	1.5%	0.8%	0.8%	0.6%	0.7%
Motor Vehicles	12.5%	13.8%	15.9%	18.7%	19.5%
- Internet Sites	0.6%	0.7%	0.9%	1.2%	0.7%
- Manufacturers	10.3%	11.2%	13.0%	14.0%	15.6%
- Dealers	0.4%	0.2%	0.1%	0.5%	0.2%
- Other	1.2%	1.7%	2.0%	3.0%	3.0%
Travel/Accommodation	7.1%	6.3%	5.6%	5.3%	4.8%
- Flights	2.6%	2.4%	2.2%	1.9%	1.7%
- Accommodation	1.6%	1.4%	0.8%	1.0%	0.8%
- Car Hire	0.2%	0.1%	0.1%	0.1%	0.1%
- Holiday Packages/Agents	0.8%	0.6%	0.9%	0.7%	0.7%
- Other	1.9%	1.9%	1.7%	1.7%	1.5%
Entertainment & Leisure	7.8%	7.8%	8.1%	8.3%	7.5%
- Music	0.4%	0.2%	0.4%	1.1%	1.0%
- Movies	2.8%	2.8%	2.4%	1.6%	1.3%
- Games/Consoles	0.9%	0.9%	1.0%	0.9%	0.6%
- Other	3.7%	3.8%	4.3%	4.7%	4.7%
Media	4.3%	3.6%	3.1%	3.4%	3.0%
FMCG	5.3%	5.2%	6.4%	7.1%	5.5%
- Food	2.6%	3.0%	3.2%	3.3%	2.9%
- Beverages (non-alcoholic)	1.3%	0.8%	0.9%	1.4%	0.7%
- Other	1.5%	1.5%	2.2%	2.5%	1.9%
Real Estate	4.1%	4.1%	8.2%	8.4%	8.6%
Retail	3.6%	4.9%	6.1%	6.9%	8.0%
Insurance	3.2%	3.6%	3.6%	2.5%	2.1%
Health, Beauty, Pharmaceuticals	4.6%	5.2%	4.7%	4.6%	4.5%
Government	4.1%	4.7%	4.1%	3.5%	4.5%
Other	5.2%	4.7%	5.1%	5.7%	6.0%
Recruitment	1.4%	1.1%	1.0%	0.7%	0.9%
Alcoholic Beverages	1.6%	1.0%	1.0%	1.1%	1.1%
Education & Learning	1.7%	1.6%	1.6%	1.7%	1.9%
Home Products & Services	0.7%	0.7%	1.1%	1.6%	1.5%
Community/Public Service	1.0%	0.9%	0.9%	0.9%	1.0%
Office & Business Equipment	0.2%	0.3%	0.3%	0.2%	0.1%

Note: Numbers may not add due to rounding. DSPs and sales to resellers are not included in the table above.

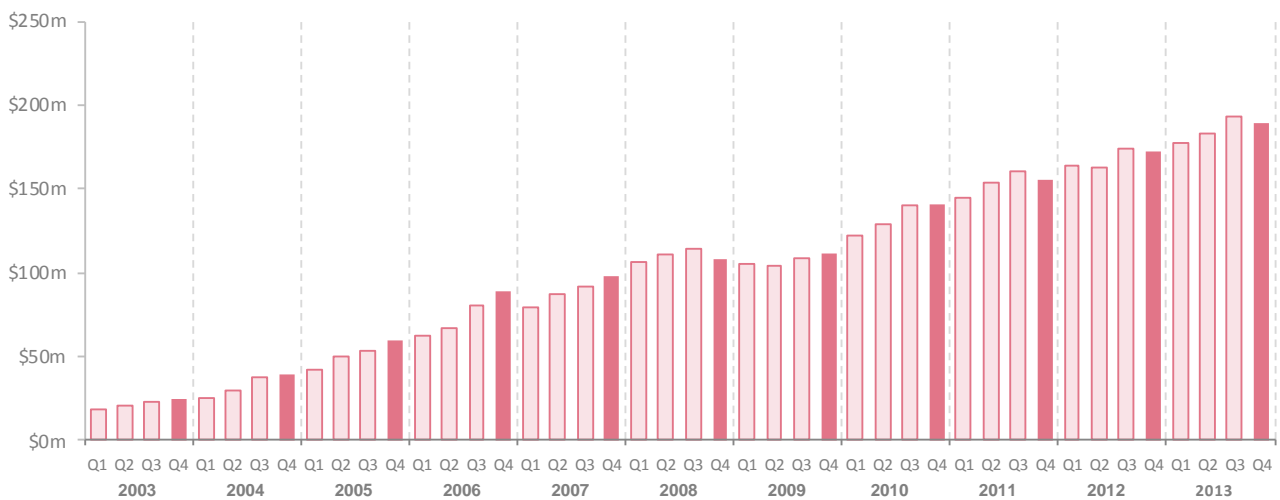
Classifieds Advertising Expenditure **Three months ended 31 December 2013**

Real estate continues to dominate the classifieds category

Total online advertising expenditure for Classifieds Advertising for the December Quarter 2013 was \$189.3 million, a decrease of \$4.4 million (around -2.3%) on the September Quarter 2013 and an increase of \$17.0 million (or 9.9%) on the December Quarter 2012.

Real Estate was the leading Category for Classifieds in the December Quarter 2013 followed by Recruitment, then Automotive. This is the same order as the prior quarter and prior December quarter.

Figure 18: Total Classifieds advertising expenditure, by quarter



Note: Refer to Appendix A for historical quarterly data.

Classifieds Advertising Expenditure ***Twelve months ended 31 December 2013***

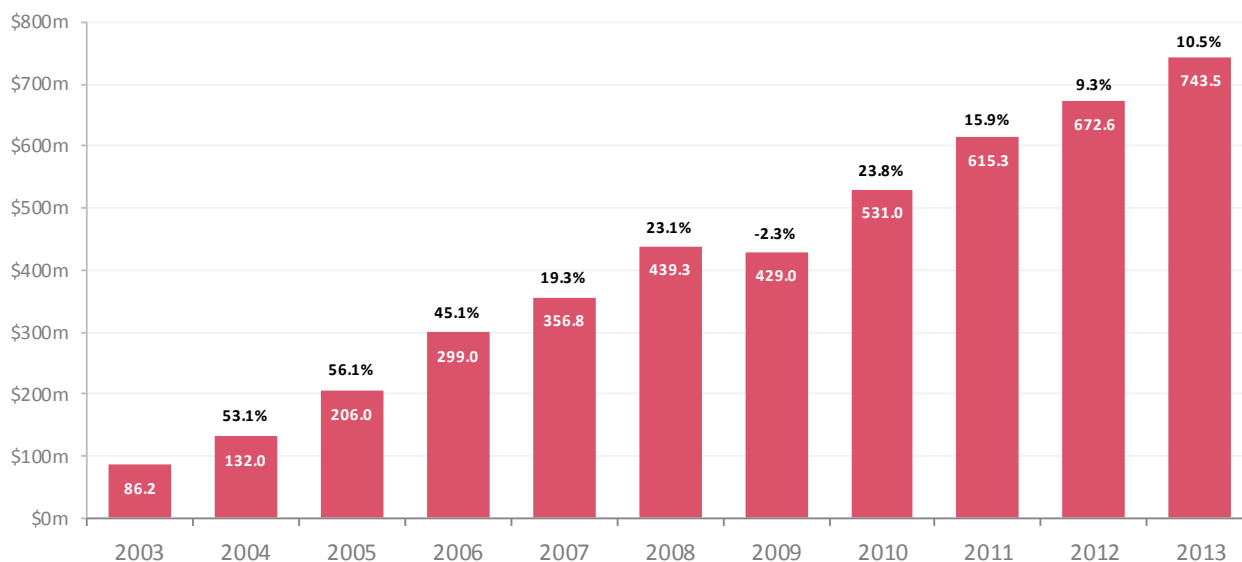
Classifieds still growing, albeit at a slower pace than other advertising segments

The total online advertising expenditure for Classifieds for the twelve months ended 31 December 2013 was \$743.5 million. This expenditure was an increase of \$70.9 million or 10.5% from the prior calendar year.

Since the commencement of record keeping of online advertising expenditure, expenditure on Classifieds has consistently increased each year with the exception of 2009. However the rate of growth is starting to slow and has not kept pace with growth in other categories of online advertising expenditure.

Real Estate was the leading Category for Classifieds in the twelve months ended 31 December 2013 followed by Recruitment, then Automotive. This is the same order as the prior calendar year.

Figure 19: Total Classifieds advertising expenditure, by year



Note: Refer to Appendix A for historical data.

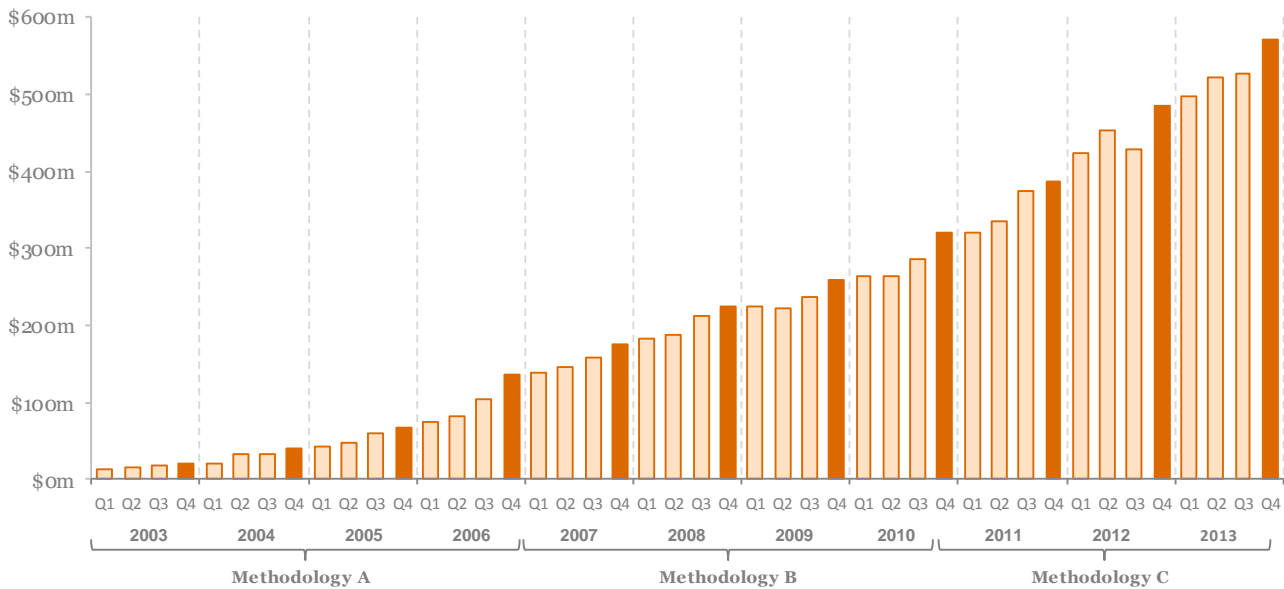
Search and Directories Advertising Expenditure Three months ended 31 December 2013

Search retains largest share of revenue

Total online advertising expenditure for Search and Directories for the December Quarter 2013 was \$570.4 million, an increase of \$43.0 million (or 8.2%) on the September Quarter 2013, and an increase of \$85.7 million (or 17.7%) on the December Quarter 2012.

Since the commencement of record keeping of online advertising expenditure, expenditures have increased in 44 of the past 47 consecutive quarters. The increase is also the 11th consecutive yearly increase for the December quarter since the commencement of data collection in 2002.

Figure 20: Total Search and Directories advertising expenditure, by quarter



Note: Over the period since data has been collected, three different methodologies have been adopted, and accordingly growth trends may be impacted at the point of change in methodology. Refer to the Appendix for more detail and historical quarterly data.

Search and Directories Advertising Expenditure

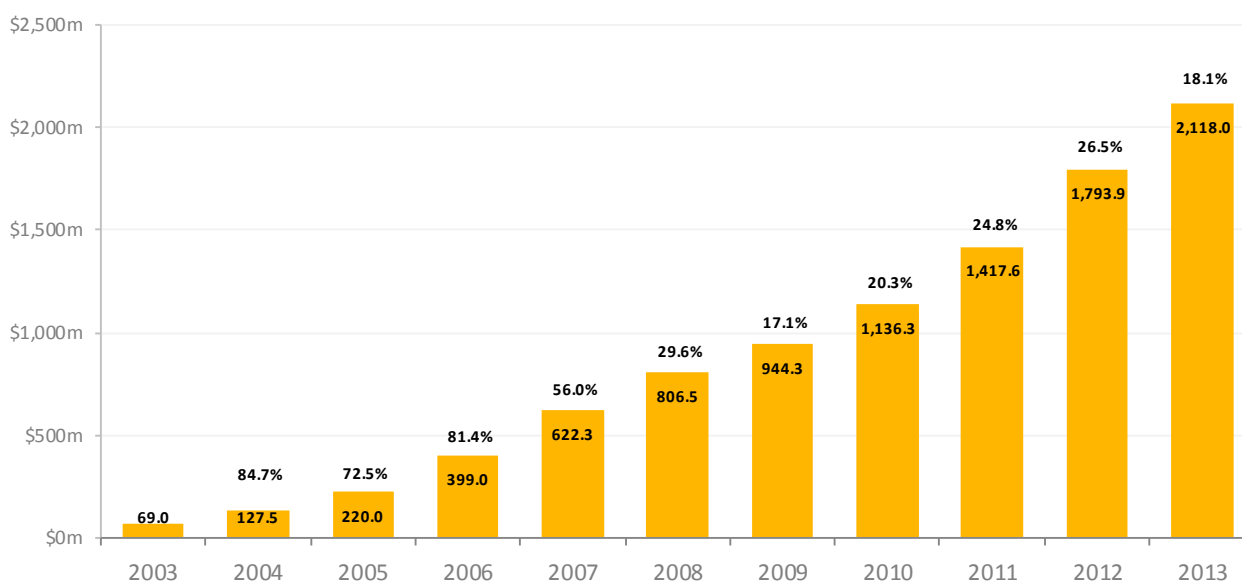
Twelve months ended 31 December 2013

Search and Directories experiences another consecutive year of double digit growth to exceed \$2 billion in advertising expenditure

The total online advertising expenditure for Search and Directories for the twelve months ended 31 December 2013 was \$2,118 million. This expenditure was an increase of \$324.1 million or 18.1% from the prior twelve months ended 31 December 2012. This was the highest growth of the three main online advertising expenditure categories on a nominal basis.

Since the commencement of record keeping of online advertising expenditure, expenditure on Search and Directories advertising has shown double-digit growth each year.

Figure 21: Total Search and Directories advertising expenditure, by year



Note: Over the period since data has been collected, three different methodologies have been adopted, and accordingly growth trends may be impacted at the point of change in methodology. Refer to the Appendix for more detail and historical quarterly data.

Appendix A – Historical Data

Overall Market – Quarterly historical expenditure data

	Period	General Display \$m	Classifieds \$m	Search & Directories \$m	Total \$m	Growth	
						Qtr / Qtr	Year / Year
Methodology C	Dec Qtr 13	327.40	189.30	570.40	1,087.10	6.9%	20.9%
	Sept Qtr 13	295.60	193.70	527.40	1,016.70	4.6%	25.0%
	June Qtr 13	265.60	183.30	523.00	971.90	6.7%	15.7%
	Mar Qtr 13	236.40	177.20	497.15	910.75	1.3%	15.3%
	Dec Qtr 12	242.25	172.25	484.75	899.25	10.6%	17.7%
	Sept Qtr 12	209.50	173.75	430.00	813.25	-3.2%	9.6%
	June Qtr 12	222.95	163.10	453.95	840.00	6.3%	21.8%
	March Qtr 12	201.40	163.50	425.15	790.00	3.4%	25.2%
	Dec Qtr 11	221.65	155.50	386.75	763.90	3.0%	15.5%
	Sept Qtr 11	206.90	161.00	374.10	742.00	7.6%	22.7%
	June Qtr 11	200.05	153.50	336.25	689.80	9.3%	24.9%
	March Qtr 11	165.20	145.25	320.45	630.90	-4.6%	23.1%
	Dec Qtr 10	201.75	140.25	319.65	661.65	9.5%	29.1%
	Sept Qtr 10	177.40	140.50	286.60	604.50	9.4%	29.7%
Methodology B	June Qtr 10	158.75	128.50	265.25	552.50	7.8%	22.0%
	March Qtr 10	126.00	121.75	264.75	512.50	0.0%	16.6%
	Dec Qtr 09	141.75	111.25	259.50	512.50	9.9%	10.9%
	Sept Qtr 09	120.75	108.25	237.25	466.25	2.9%	3.3%
	June Qtr 09	126.00	104.50	222.50	453.00	3.1%	9.8%
	March Qtr 09	109.50	105.00	225.00	439.50	-4.9%	14.3%
	Dec Qtr 08	130.00	108.00	224.00	462.00	2.4%	22.0%
	Sept Qtr 08	125.50	113.75	212.00	451.25	9.4%	29.8%
	June Qtr 08	114.50	111.00	187.00	412.50	7.3%	26.7%
	March Qtr 08	94.50	106.50	183.50	384.50	1.5%	30.8%
	Dec Qtr 07	104.50	98.25	176.00	378.75	8.9%	19.5%
	Sept Qtr 07	97.00	91.25	159.50	347.75	6.8%	32.2%
	June Qtr 07	90.50	87.75	147.25	325.50	10.7%	44.0%
	March Qtr 07	75.00	79.50	139.50	294.00	-7.3%	50.8%
Methodology A	Dec Qtr 06	91.50	89.00	136.50	317.00	20.5%	66.8%
	Sept Qtr 06	78.00	81.00	104.00	263.00	16.4%	57.5%
	June Qtr 06	76.00	67.00	83.00	226.00	15.9%	55.9%
	March Qtr 06	57.50	62.00	75.50	195.00	2.6%	65.3%
	Dec Qtr 05	62.00	60.00	68.00	190.00	13.8%	59.7%
	Sept Qtr 05	52.00	54.00	61.00	167.00	15.2%	57.5%
	June Qtr 05	46.00	50.00	49.00	145.00	22.9%	54.3%
	March Qtr 05	34.00	42.00	42.00	118.00	-0.8%	71.0%
	Dec Qtr 04	40.00	39.00	40.00	119.00	12.3%	63.0%
	Sept Qtr 04	34.00	38.00	34.00	106.00	12.8%	65.6%
	June Qtr 04	32.00	30.00	32.00	94.00	36.2%	74.1%
	March Qtr 04	22.50	25.00	21.50	69.00	-5.5%	53.3%
	Dec Qtr 03	27.48	24.71	20.81	73.00	14.1%	69.2%
	Sept Qtr 03	22.72	22.95	18.33	64.00	18.5%	34.9%
June Qtr 03	17.39	20.56	16.05	54.00	20.0%	25.7%	

Period	General Display \$m	Classifieds \$m	Search & Directories \$m	Total \$m	Growth	
					Qtr / Qtr	Year / Year
March Qtr 03	13.13	18.02	13.85	45.00	4.3%	34.5%
Dec Qtr 02	15.17	15.64	12.34	43.14	-9.1%	*
Sept Qtr 02	15.81	16.36	15.28	47.44	10.5%	*
June Qtr 02	17.51	14.69	10.76	42.95	28.4%	*
March Qtr 02	13.52	13.32	6.63	33.46	*	*

* Comparative data not available

Note: Numbers may not add due to rounding. Percentage changes are calculated based on raw data and may differ from the percentage changes implied by the rounded expenditure numbers presented in the table.

General Advertising Expenditure – Advertiser Industry Category

The table below shows the percentage market share for all advertising industry categories in General Display advertising since the March Quarter 2010.

Advertiser Industry Category	Mar 10	Jun 10	Sep 10	Dec 10	Mar 11	Jun 11	Sep 11	Dec 11	Mar 12	Jun 12	Sep 12	Dec 12	Mar 13	Jun 13	Sep 13	Dec 13
Motor Vehicles	14.6%	12.7%	13.4%	14.6%	14.4%	15.6%	13.4%	14.6%	20.4%	14.7%	20.4%	19.5%	20.4%	19.3%	20.0%	18.5%
Finance	20.0%	17.7%	20.0%	17.8%	15.4%	13.4%	20.0%	17.8%	13.3%	12.8%	12.3%	11.9%	13.0%	12.5%	11.3%	12.3%
Retail	3.6%	4.3%	5.6%	5.9%	6.1%	6.0%	5.6%	5.9%	5.0%	6.5%	7.2%	8.8%	7.3%	7.4%	6.8%	10.5%
Computers & Communications	11.0%	12.5%	10.9%	12.0%	8.6%	8.9%	10.9%	12.0%	7.2%	8.3%	5.9%	6.9%	6.8%	7.8%	6.6%	8.6%
Entertainment & Leisure	7.1%	7.2%	6.9%	9.5%	8.7%	7.7%	6.9%	9.5%	7.8%	7.7%	8.4%	9.1%	8.2%	6.7%	7.8%	7.5%
Real Estate	4.5%	4.0%	4.4%	3.7%	9.1%	8.0%	4.4%	3.7%	8.4%	8.2%	8.8%	8.0%	8.5%	7.7%	9.6%	8.7%
Travel / Accommodation	6.8%	7.1%	5.6%	5.7%	5.4%	5.7%	5.6%	5.7%	6.3%	5.6%	5.2%	4.2%	4.8%	4.5%	4.7%	5.2%
Health, Beauty, Pharmaceuticals	3.7%	5.3%	6.4%	5.1%	4.2%	4.5%	6.4%	5.1%	4.0%	5.1%	5.5%	3.6%	4.2%	4.3%	5.2%	4.2%
FMCG	5.4%	6.0%	5.3%	4.4%	5.4%	6.9%	5.3%	4.4%	8.0%	8.2%	5.9%	6.2%	5.5%	5.5%	6.8%	4.1%
Government	5.3%	4.8%	4.9%	4.0%	4.4%	5.9%	4.9%	4.0%	3.2%	3.4%	2.9%	3.0%	3.5%	5.2%	5.9%	3.3%
Education & Learning	1.8%	1.6%	1.5%	1.6%	1.3%	1.1%	1.5%	1.6%	1.1%	1.4%	2.2%	2.0%	1.7%	1.7%	1.8%	2.2%
Media	3.8%	4.0%	3.4%	3.3%	3.8%	3.4%	3.4%	3.3%	3.3%	3.6%	3.6%	2.8%	3.7%	3.8%	2.6%	1.9%
Insurance	4.0%	4.2%	3.4%	3.0%	4.0%	4.3%	3.4%	3.0%	3.1%	5.0%	1.8%	1.7%	1.9%	2.8%	2.1%	1.6%
Home Products & Services	0.5%	0.7%	0.9%	0.8%	0.5%	1.0%	0.9%	0.8%	1.9%	1.4%	1.4%	1.7%	1.4%	1.3%	1.4%	1.7%
Community / Public Service	0.7%	0.9%	0.8%	1.0%	0.5%	0.9%	0.8%	1.0%	0.7%	0.9%	0.9%	0.9%	1.0%	0.7%	0.9%	1.2%
Alcoholic Beverages	1.1%	0.6%	0.9%	1.3%	0.9%	0.6%	0.9%	1.3%	0.7%	0.8%	1.1%	1.9%	1.4%	1.2%	0.8%	1.1%
Recruitment	1.3%	1.2%	1.0%	1.0%	1.3%	1.0%	1.0%	1.0%	0.7%	0.8%	0.7%	0.7%	1.0%	1.3%	0.7%	0.5%
Office & Business Equipment	0.3%	0.4%	0.3%	0.3%	0.3%	0.4%	0.3%	0.3%	0.2%	0.1%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%
Other	4.6%	4.9%	4.4%	5.0%	5.8%	4.7%	4.4%	5.0%	4.8%	5.6%	5.6%	6.7%	5.4%	6.3%	5.0%	6.7%

Note: Numbers may not add to 100% due to rounding. DSPs and sales to resellers are not included in the table above.

Appendix B

Report Scope, Methodology and Format

Scope

The Interactive Advertising Bureau (IAB) has retained PricewaterhouseCoopers to establish a comprehensive standard for measuring online advertising expenditures. The IAB OAER is an ongoing IAB mission to provide an accurate barometer of online advertising expenditure growth.

To achieve differentiation from existing estimates and accomplish industry-wide acceptance, key aspects of the OAER include:

- Obtaining data directly from companies earning online advertising expenditures;
- Making the OAER as inclusive as possible, encompassing all forms of Internet/online advertising, including web sites, mobile and video advertising and e-mail providers;
- Ensuring and maintaining a confidential process, only releasing aggregate data; and
- Performing “spot checks” of data submitted by participants to increase the overall integrity of the data.

The online advertising expenditure measured by the OAER is based on amounts charged to the advertiser before any reductions for agency rebates. Therefore, the amount reported is the gross commissionable advertising revenue.

Methodology

The OAER includes historical data since the March Quarter 2002. All reported amounts are made up of participant verified actual data and estimates as disclosed below. Over this period, three different approaches have been adopted, and accordingly growth trends have been affected when methodologies were changed. These changes in methodology reflect the IAB’s view of how the interactive advertising market should be reported, given changes in industry participants over time and the availability of alternative data sources to use for estimation. These approaches are summarised below:

- A)** Aggregate period data prior to March Quarter 2007 includes estimates for all categories as well as participant data as prepared by the Audit Bureau of Verification Services.
- B)** Aggregate period data from March Quarter 2007 to June Quarter 2010 includes no estimates to cover those entities that are not participants, with the exception of Search and Directories, where an estimate for Google was prepared by PwC and included, as they are the key participant in the search market.
- C)** Aggregate period data from September Quarter 2010 onwards includes participant data together with PwC estimates for Google search, display, video, and mobile advertising as well as Facebook display and mobile advertising.

The changes in methodology mean growth rates in periods of change are distorted as follows:

- Growth rates are understated when comparing 2007 figures to 2006 figures.
- Growth rates are overstated when comparing June 2010 to subsequent periods.

Based on information provided by contributors, 50% of the data in this report is derived from participants whose underlying financial records have been, or will be, audited.

Participant data

Participants of the OAER are required to submit an online advertising expenditure return to PwC at the end of the relevant 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 may conduct a “spot check” of information submitted by a participant to confirm the accuracy of the data submitted. A “spot check” may include general queries, enquiries to confirm submission data and that expenditure reported is in accordance with the definition of expenditure being applied in the OAER. Spot checks may also include a sample check of the allocation of expenditure to categories. These checks do not constitute an audit.

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 the report. Where new participants contribute data or participants change their method of capturing data, efforts will be made to collect historical data and to update the appropriate comparative data. Adjustments to historical data will only be made once there are three new participants providing data.

Estimates

Given their increasing participation in the General Display and Search markets, estimates for Google display, video, and mobile advertising as well as Facebook display and mobile advertising, have been developed and incorporated for the last 13 quarters OAER (September Quarter 2010 to December Quarter 2013). PwC develops its estimates through a meta-analysis of company earnings reports, estimates from research firms, reported data from major advertising publishers, and other sources. PwC also conducts interviews with executives at agencies, intermediaries and publishers who provide their opinion on the development of the Australian market. Facebook and Google do not disclose revenues based on geography or by product line, therefore these estimates are opinions and no warranty is given that the actual revenues are as stated. The information contained in this report has not been subject to an audit.

Format

The OAER reports Australian online advertising expenditure sourced from 3 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; and
- Search and Directories Advertising, which includes revenues from online directory and search engine listings.

Mobile Advertising, which includes revenues from smart phones and tablets in both General Display and Search form, and is a subset of these two categories, is also reported.

General Display Advertising is further reported by advertiser industry categories and their share of the total General Advertising pool. Classifieds Advertising also lists the order of the top industry categories for the reporting period. Search and Directories Advertising is reported as a single figure due to the limited number of participants in the individual segments in this category.

Glossary

Advertising Expenditure Types

Term	Description
General Display Advertising	Expenditure on advertising such as banner advertisements of many different sizes and formats, affiliate marketing programmes, partnerships, sponsorships, and emails.
Classifieds Advertising	Expenditure on ads placed to buy or sell an item or service, or to report an item of information.
Search and Directories Advertising	Expenditure from online directory or search engine listings.
Mobile Advertising	Expenditure from general display or search engine listings intended to be viewed on a mobile device such as a smart phone or tablet.

Please note: This report does not include any e-commerce or transaction based expenditure.

Email and Video Definitions (sub-advertising types of General Display)

Term	Description
Email	Banner ads, links or advertiser sponsorships that appear in email newsletters, email marketing campaigns and other commercial email communications. Includes all types of electronic mail (e.g. basic text or HTML-enabled).
Video	TV-like advertisements that may appear as in-page video commercials or before, during, and/or after a variety of context in a player environment including but not limited to, streaming video, animation, gaming, music video content. This definition includes broadband video commercials that appear in live, archived, and downloadable streaming content.

Pricing Methods (used within General Display)

Term	Description
CPM Based	Pricing is based on a straight Cost per Thousand pricing methodology, sponsorship, or CPM-like pricing.
Direct Response Based	Pricing is based on a non-CPM display methodology. This may include any pay per click, pay per sale, pay per action, pay per lead, etc

General Display Advertising Industry Categories

Term	Description
Alcoholic Beverages	Any business that is involved with the manufacturing, distribution and sale of any liquid/beverage intended for drinking that contains an intoxicant. This includes beer, wine, spirits and pre-mixed alcoholic products.
Communications	
Telecommunications	Any business involved in the manufacture and sale of telecommunications products. This includes telephones (landline and mobile), pager systems, radio communication services, air time resellers, etc. and companies involved in the retail of telecommunication services.
Internet / ISP	Any business that provides internet and web-related services. This includes internet web hosting, internet service providers (ISP) and ISP hosting, and businesses involved in the retail of Internet/ISP services.
Community & Public Service	This pertains to community service and charity organisations that provide products and services for the benefit of the community. It includes organisations such as the Salvation Army, Red Nose Day etc.
Computers	
Computer Hardware	Any business involved with the manufacturing, sale and provision of products and services relating specifically to computer hardware (the physical components of a computer).
Computer Software	Any business involved with the manufacturing, sale and provision of products and services relating specifically to computer software (programs installed on a computer). Excludes entertainment software.
Education & Learning	Any business, organisation or institution in either the private or the government sectors that provide education and training services. This includes any primary, secondary, tertiary educational institutions, adult education centres, colleges, TAFE institutes, correspondence schools and cultural learning centres.
Entertainment and Leisure	
Music (Live Events / Distributors)	Any organisation or business that provides products and viewing content related directly to music entertainment including businesses associated with live entertainment, concert promoters, music publishers/promoters, etc.
Movies (Home entertainment, cinema)	Any organisation or business that provides entertainment and leisure products associated with movies, including cinemas, DVDs, film production and distribution companies, etc.
Console / electronic games	Businesses involved in the production and distribution of electronic computer games software and associated devices such as consoles.
Other	Additional entertainment and leisure organisations/products/services that do not meet the parameters of other the entertainment categories.

Term	Description
Finance	
Business Banking and Services	Any business providing banking products or services on a corporate basis. Services can include business advice, business loans and corporate bank accounts, etc.
Credit Cards	Any business involved in the provision or distribution of credit cards. Such companies can include banks, other financial institutions and specific credit card companies such as Visa, MasterCard, etc.
Home Loans	Any business involved in the provision of personal mortgages, including banks, other financial institutions and private lenders.
Superannuation	Any business involved in the provision and management of superannuation funds, including both public and private companies and industry funds.
Personal Banking and Services	Any business providing banking products or services on a strictly personal basis. Services can include financial advice, personal loans and bank accounts. Excludes credit card or home loan products.
Wealth Management (excluding super)	Any business involved in the management of investments, excluding superannuation. This includes financial advisers, stockbrokers' and fund managers.
Other	Any businesses that do not meet the parameters of the other finance categories.
FMCG (Fast Moving Consumer Goods)	
Food	Any business involved in the production, distribution and sale of foodstuff items which can be considered supermarket goods.
Beverages (non-alcoholic)	Any business involved in the production, distribution and sale of beverage items (excluding alcohol) which can be considered supermarket goods.
Other	Other fast moving consumer goods that cannot be classified into the preceding categories.
Government	Any organisation providing services for, or on behalf of, an Australian, State or Local government body, agency or department.
Home Products & Services	Any business providing products, services and product advice relating to house or unit renovations and construction, fittings, building materials and furnishings.
Health, Beauty & Pharmaceuticals	Any business providing products, services and product advice relating to health, beauty and/or Pharmaceuticals.
Insurance	Any business involved with consumer related insurance products or services. This includes motor vehicle insurance, house and household contents insurance, life insurance, health insurance, corporate and professional insurance or any other insurance.
Media	Any business involved with or related to mass communication. This includes mediums such as radio, television (either cable or free to air), cinema and publications (such as newspapers, magazines and websites).
Motor Vehicles	
Motor Vehicle Internet Sites	Any business involved in the creation of internet websites providing motor vehicle information. This category can involve online businesses, motor vehicle enthusiasts, etc
Vehicle Manufacturers	Any business specifically involved in the manufacture of motor vehicles, which includes cars, trucks, motorbikes and motorised scooters.
Motor Vehicle Dealers	Any business specifically involved in the sale, marketing and servicing of motor vehicles.
Other	Any motor vehicle business that cannot be classified into the other Motor Vehicle categories.

Term	Description
Office & Business Equipment	Any business providing products, services and product advice in regards to office and business equipment.
Other	Any business that does not meet the general parameters of any other category.
Real Estate	Any business providing commercial or residential property advice, information and retail services for the sale and management of real estate.
Recruitment	Any business involved with the process of attracting, screening and hiring personnel.
Retail	Any business or organisation involved in the sales of goods directly to the consumer or via a bidding process. This includes department stores, mail order businesses, street vendors and markets and auctions of real estate, motor vehicles, white goods, electrical goods, manufacturing and retail equipment, antiques, furniture and general household items.
Travel & Accommodation	
Flights	Any organisation or business involved in the provision of domestic and international airfare, such as airlines.
Accommodation	Any organisation or business involved in the provision of temporary lodgings, including hotels, motels and hostels.
Car Hire	Any organisation or business involved in the organisation and provision of temporary motor vehicle hire.
Holiday Packages/ Travel Agents	Any organisation or business involved in the provision of holiday tours and/or event packages, which may often include a combination of flights, accommodation and car hire.
Other	Any other travel and accommodation organisation or business that cannot be classified into the other travel & accommodation categories (e.g. rail travel, cruises, etc.).

Contributors

The IAB Online Advertising Expenditure Report includes financial data from over 1,000 websites and is supported and promoted by the following companies:

Ad-2-One
Adconion
Adslot Ltd
Allure Media
APN News & Media
carsales.com.au
CBS Interactive
dgmAustralia (including Viva9)
Empowered Communications
Fairfax Digital
Komli Media (formally Postclick)
mcm Entertainment
Multi Channel Network
Mi9
Network Ten
News Digital Media (including Fox Interactive Media)
Optus
PermissionCorp (including Digital Network Sales)
Private Media
realestate.com.au
SBS
SEEK
SpotXchange
Telstra Advertising Network
Yahoo!7

We thank them all for their contribution to this industry information

About the IAB

The Interactive Advertising Bureau (IAB) Limited is the peak trade association for online advertising in Australia and was incorporated in July 2010. As one of over 40 IAB offices globally, and with a rapidly growing membership, IAB Australia's principal objective is to increase the share of advertising and marketing dollars that interactive media captures in the marketplace.

IAB Australia's board includes representatives of AIMIA, Carsales.com, Fairfax Media, Google, Mi9, Network Ten, News Australia Sales, REA Group, Telstra Digital Media, TressCox Lawyers and Yahoo!7. It has four objectives:

- To develop, coordinate and promote industry standards and guidelines that make interactive advertising a simpler and more attractive medium for agencies, advertisers and marketers
- To prove and promote the effectiveness of interactive advertising to advertisers, agencies, marketers and the press
- To be the primary advocate for the interactive marketing and advertising industry
- To expand the breadth and depth of IAB membership while increasing direct value to members.

For further information about IAB Australia please visit: www.iabaustralia.com.au or contact:

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