

# Executive Summary

## Key trends in the three months ended 31 March 2014

### Online Advertising was worth over \$1 billion in the March Quarter 2014

- The Online Advertising Market grew 17.1% year-on-year to \$1,067 million in the March Quarter 2014.
- Overall online advertising dollars fell by 1.9% from the prior quarter.
- Search and Directories was the only segment that experienced an increase this quarter, growing 1.8% in the March Quarter 2014 compared to the December Quarter 2013.
- Meanwhile, General Display and Classifieds expenditure both decreased over the same period, falling 8.0% and 2.3% respectively.

### Search and Directories leads online advertising expenditure share

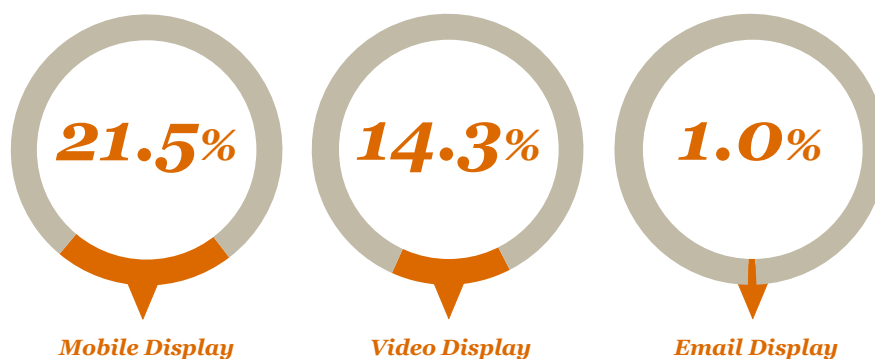
- The Search and Directories segment still makes up the biggest portion (54.4%) of total online advertising expenditure with \$580.4 million in advertising expenditure this quarter. This is followed by General Display (28.2%) and Classifieds (17.3%).<sup>1</sup>
- Since the commencement of record keeping of online advertising expenditure, Search and Directories expenditures have increased in 45 of the past 48 consecutive quarters.

### One in five General Display dollars are spent on mobile display advertising

In the March Quarter 2014:

- Mobile display advertising contributed 21.5% of General Display expenditure, more than double its contribution of 8.1% in the March Quarter 2013.
- Video display advertising contributed 14.3% of General Display expenditure, an increase from 11.7% in the March Quarter 2013
- Email display advertising is decreasing in its contribution to General Display expenditure, falling to a record low of 1.0% (or \$2.9 million) this quarter.<sup>2</sup>

#### Sub-components of General Display Advertising, March Quarter 2014



<sup>1</sup> Numbers may not add due to rounding

<sup>2</sup> 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.

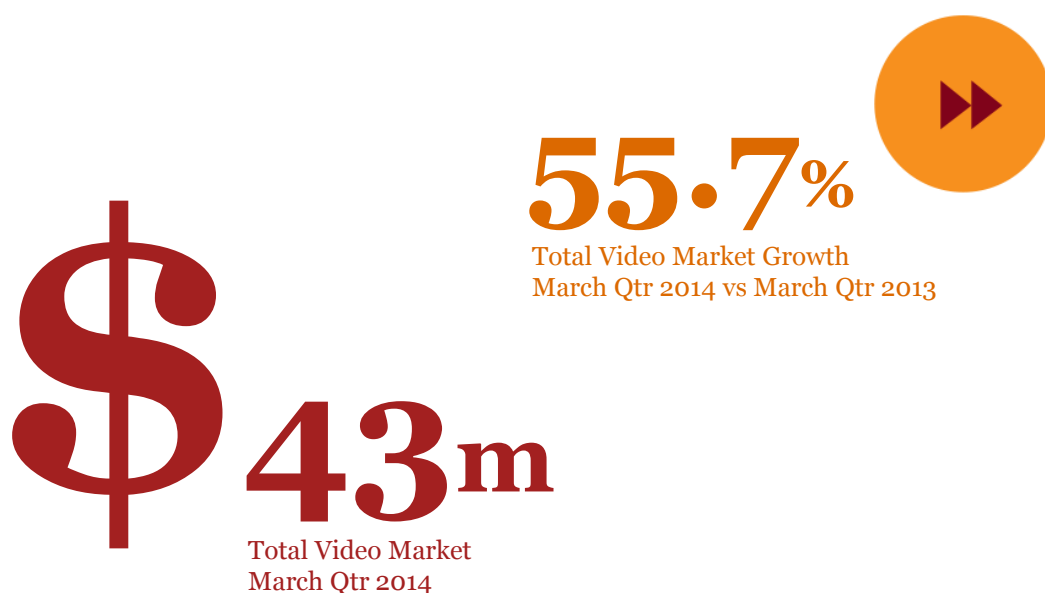
### *Total Mobile Advertising continues to rise, albeit at a slower pace than before*

Mobile Advertising expenditure (including Mobile Display and Mobile Search) grew 4.9% to \$163.6 million in the March Quarter 2014. It is becoming an increasingly important component of online advertising expenditure. In the March Quarter 2014:

- Mobile Advertising made up 15.3% of total online advertising expenditure (compared to 14.3% last quarter)
- Mobile Display made up 21.5% of total General Display expenditure (compared to 19.5% last quarter). While General Display as a whole decreased \$26.1 million from the previous December Quarter 2013, Mobile Display still grew \$0.7 million over the same period
- Mobile Search made up 17.1% of total Search and Directories expenditure (compared to 16.1% last quarter) and contributed 69.6% of the total growth in the Search and Directories segment.

### *Video continues double digit year-on-year growth*

Based on submissions from publishers and estimates for Google, video advertising for the March Quarter 2014 was \$43 million. This was a decrease of \$6 million (or 12.3%) on the prior quarter but an increase of \$15.4 million (or 55.7%) on the March Quarter 2013.



### *Motor Vehicles continues to lead General Display expenditure industry category share*

Motor Vehicles, Finance, and Real Estate were the top three General Display industry categories in the March Quarter 2014, representing 41.8% of the reported General Display advertising market.<sup>3</sup> This was down slightly from 41.9% in the March Quarter 2013 due to a fall in the Finance category's share.

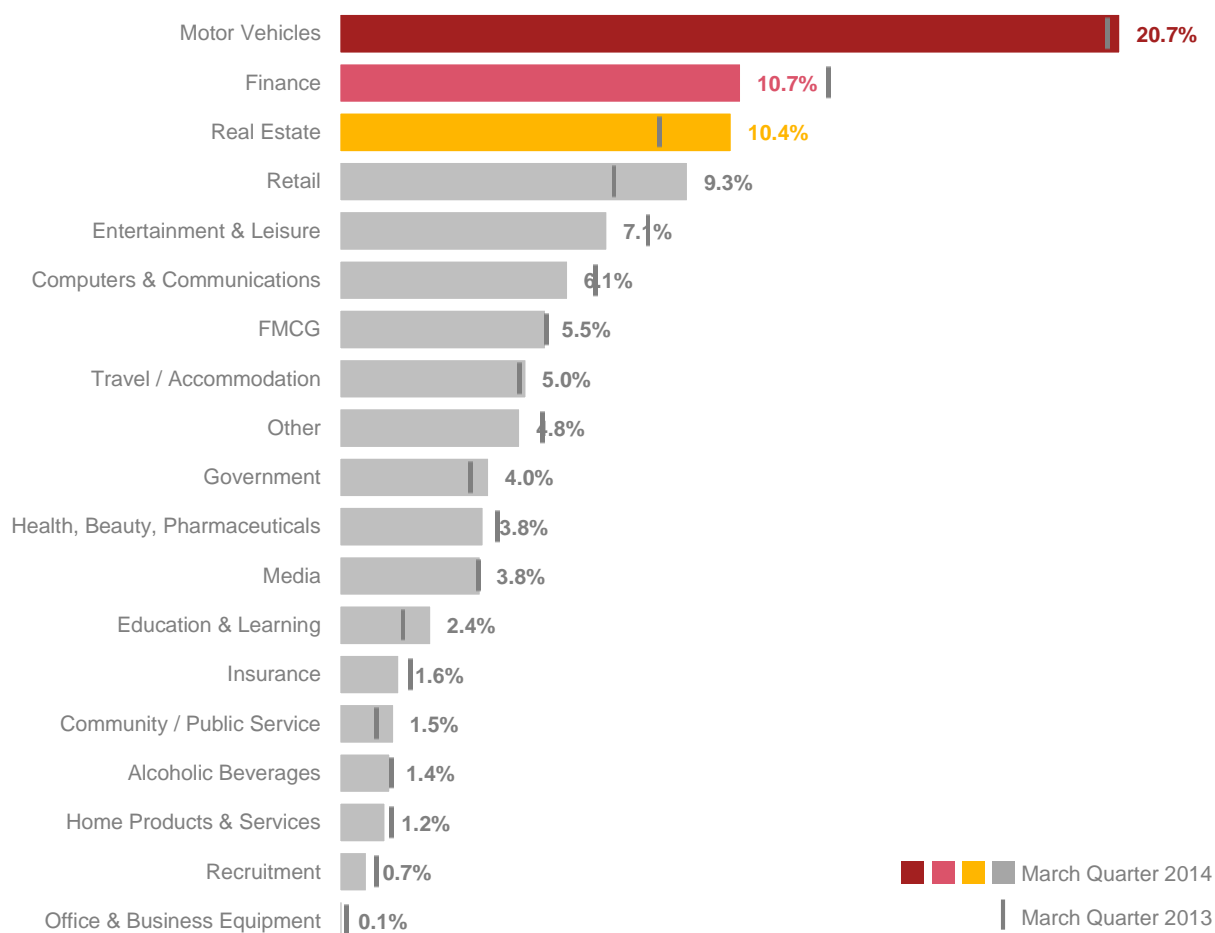
- Motor Vehicles was the highest spending Advertiser Industry Category in the March Quarter 2014 with a 20.7% share, an increase of 0.3% points from 20.4% in the March Quarter 2013.
- Finance was second with a 10.7% share, a large decrease from its 13.0% share in the March Quarter 2013.

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

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- Real Estate recorded a record high category share of 10.4%, an increase of 1.9% points from 8.5% in the same quarter in 2013.
- 'Motor Vehicles – Manufacturers' remains the largest subcategory, making up 16.4% of the reported General Display spending for the quarter.

**Figure 1: General Display industry category share (top 3 highlighted), March Quarter 2014 and March Quarter 2013**



### *Real estate experiences strongest quarter so far*

Real estate increased its category share by 1.9% points from 8.5% in the March Quarter 2013 to 10.4% in the March Quarter 2014. This is the highest retail category share observed since the commencement of industry category data collection in 2008 and reflects the recent increase in housing activity in the economy. Australian Bureau of Statistics data on monthly Building Approvals in January, February and March 2014 showed double digit increases in total dwelling units approved, compared to the same months of the prior year.<sup>4</sup>

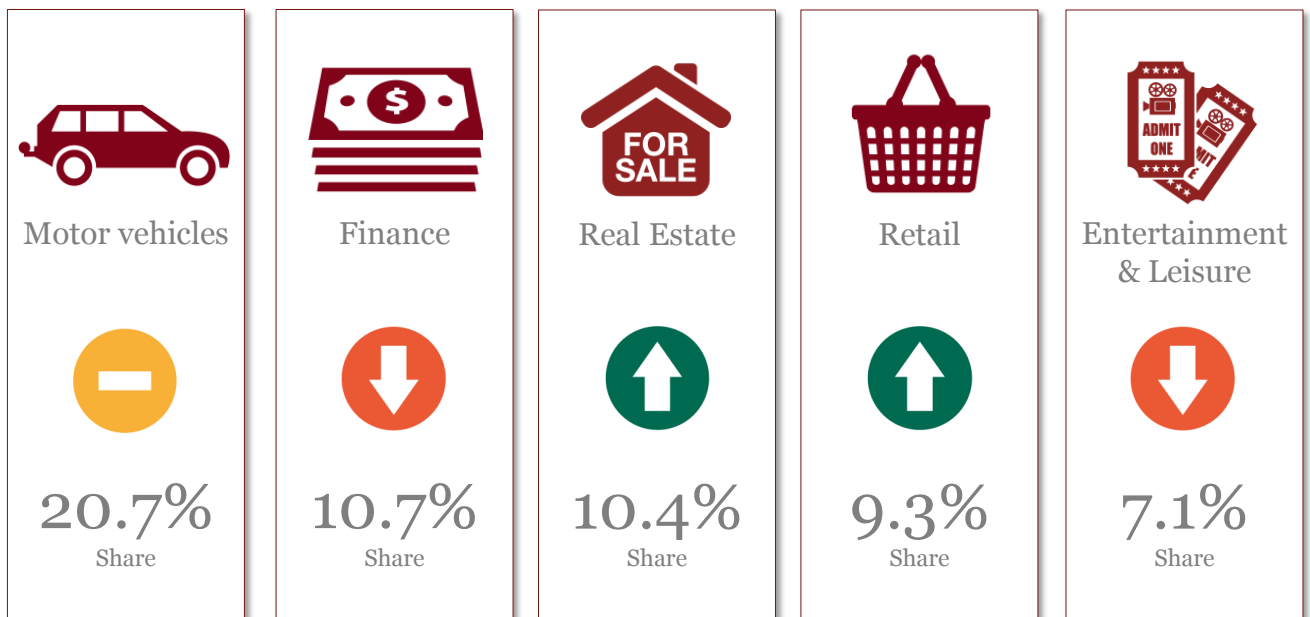
### *Retail remains buoyant*

Retail experienced its strongest quarter in terms of category share in the December Quarter 2013 and continued to remain buoyant in the March Quarter 2014 with 9.3% category share. This was an

<sup>4</sup> ABS Cat. No. 8501.0 - Retail Trade, Australia, Mar 2014, seasonally adjusted series, available online at <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8501.0>

increase of 2% points from 7.3% category share in the March Quarter 2013 and 4.3% points from 5% category share in the March Quarter two years ago.

**Figure 2: Top five industry categories by expenditure share, March Quarter 2014**



Note: Symbols indicate the direction of the change in share from the prior March Quarter 2013. An increase or decrease is defined as percentage point movement greater than +/- 0.5%.