

# Online

# ‘just got started’

Threats are also opportunities...  
if you see them coming

**ICMA keynote on ‘Change’ - The Hague – May 2004**  
This is one of three presentations available through ICMA

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The think-tank and trade association behind commercial interactive media

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# Overview of this seminar

- In this seminar I argue that online has really 'just got started', and that in spite of the changes we think we have already seen, the real impact of the internet on media companies and classified newspapers has yet to be felt.
- Classified advertising titles are at a crossroads and need to decide, for real, how they will compete in the new internet enabled market that has happened around them.
- The presentation presents evidence that the world of marketing is undergoing a period of rapid change, that the audiences each media have are also changing and that ad spend has just started to move to follow these audiences. The theory behind media plans now suggests a new balance in the media mix. Shopping has just started to move online and will grow rapidly as customer behaviour has switched to accept online as a key element in the purchase and purchase consideration process.
- At the same time, as the market structures change, media groups, especially classified advertising titles, remain highly susceptible to the threats of disintermediation. However, the smart media are turning these threats into new business opportunities.
- I close the seminar with an analysis of the types of threats traditional media face and strategies for successfully surviving, and growing, their business. For more information you can contact me via [Danny@IABuk.net](mailto:Danny@IABuk.net)

# Sections of this seminar

## *Change in...*

marketing  
media  
ad spend  
media plans  
shopping  
customer behaviour  
market structures  
(disintermediation)  
success strategies

Online

‘just got started’

Threats are also opportunities...  
if you see them coming

# Free research through the IAB

**If this seminar was  
useful then ask us  
about these training  
and research  
papers...**

**Email  
CallCentre@IABuk.net**

Introduction to IAB Europe  
Mission and vision of IAB UK  
Contact details for your national IAB  
Internet use across Europe (NetRatings)  
Internet use in the UK (NOP)  
Internet ad spend across Europe  
Internet ad spend in the UK (PWC/IAB)  
Internet ad forecasts across Europe  
Research case studies of media neutral planning:  
- Dove, Colgate, McDonalds, Kleenex  
- Theory of media neutral planning (McDonalds)  
Great online ads: UK Creative Showcase awards  
Digest of industry research: IAB Informer (UK)  
Update of latest IAB activities (IAB UK)

# Websites for further information

## *IAB online services...*

Latest news from IAB Europe, links to your national IAB

[www.IABEurope.ws](http://www.IABEurope.ws)

Latest news from IAB UK

[www.IABuk.net](http://www.IABuk.net)

Great online creative awards

[www.creativeshowcase.net](http://www.creativeshowcase.net)

Jargon explained

[www.InteractiveJargonGuide.org](http://www.InteractiveJargonGuide.org)

Online for Branding

[www.IABuk.net/BrandImpact](http://www.IABuk.net/BrandImpact)

Cookies explained, with legal guidance

[www.AllAboutCookies.org](http://www.AllAboutCookies.org)

Online

**‘just got started’**

Threats are also opportunities...  
if you see them coming

# Introducing the IAB...

- Think-tank
- Centre of expertise
- Trade association
- Forum for industry
- Owned by industry

*....Support for media owners*

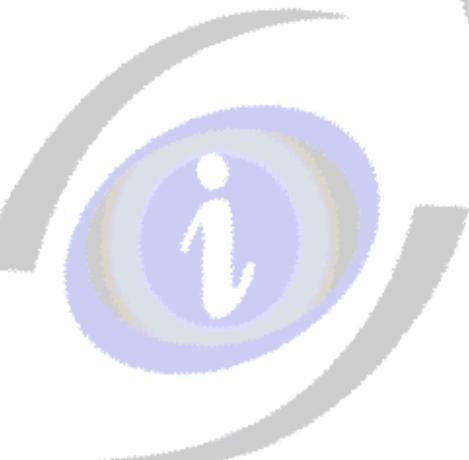
*Founded: 1997*

*Number of IABs across Europe: 15*

*European President: Danny Meadows-Klue*

*Tel: +44 (0) 20 7886 8282*

*Email: [Danny@IABuk.net](mailto:Danny@IABuk.net)*



# The essence of classifieds?

Markets that bring buyers and sellers together

The print format created them

Print has owned them

The new media allow buyers and sellers to meet  
...without print playing the key role

# Change

We're seeing  
**'Change'**  
across media and marketing

What does  
**'Change'**  
really mean for **advertisers**?

What does  
**'Change'**  
really mean for **readers**?

# My thanks ...to ICMA

and the excellent research partners  
who have donated research to the  
industry:



**NOP World**  
United Business Media

**Nielsen//NetRatings**

Simons Priest & Associates  
British ISP Wanadoo

**PRICEWATERHOUSECOOPERS** The PwC logo icon is a small, stylized graphic of a person's head or a globe.



**The Henley Centre**

*Change in...*

# **Marketing**

*...marketing is in a period of rapid transition*

# Crisis in advertising?

Customers: become media savvy

TV reach: challenged by media fragmentation

Newspaper circulations: declining

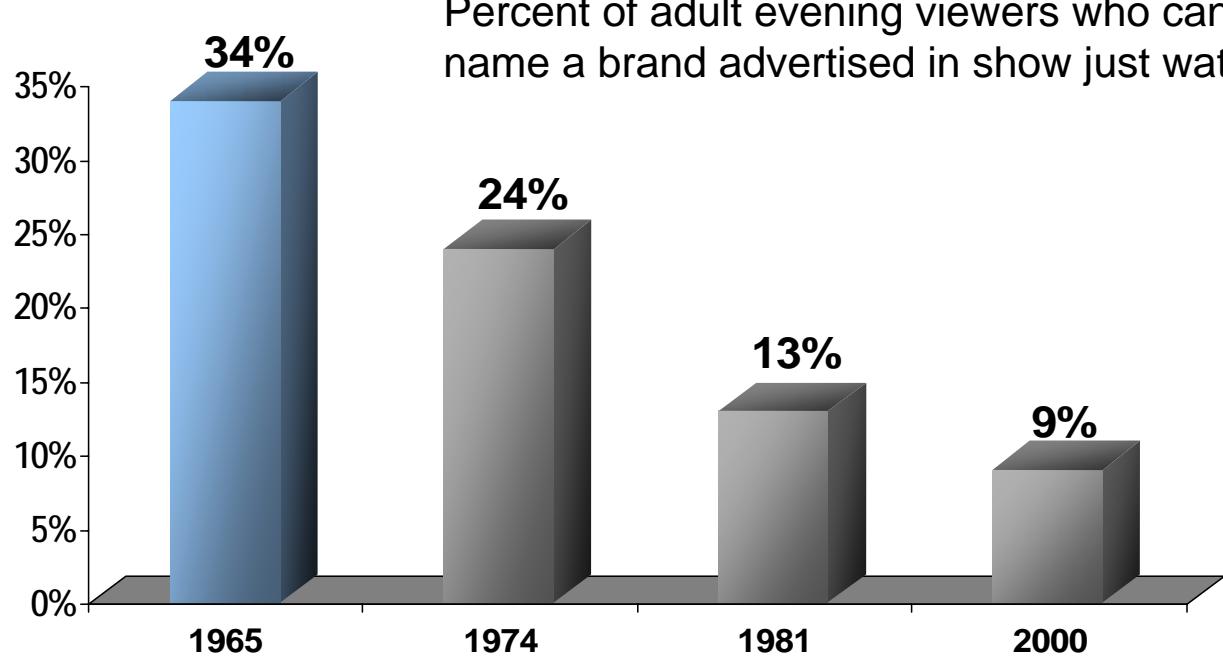
Ad effectiveness: falling

Advertising clutter: rising

..and seismic shift in media consumption habits

# Evidence: Impact of TV falling

Societal and technological factors diminished impact TV commercials



Source: Newspaper Advertising Bureau (1965-1986); Nielsen (2000)

# Long term trends in media?

Audience fragmentation

‘Linear’ TV and radio challenged by media ‘on-demand’

Personal Video Recorders and new ways to view

Concerns of media wastage

Desire to target audiences more tightly

Media products need to change rapidly

# Wider trends in marketing?

- Tighter relationship between advertising and ROI
- Greater drive towards customer data
- Building meaningful relationships and dialogue
- Accountability of spend

# Where does online fit?

The new mainstream media channel

At the heart of this new era

Connects marketing to its results

A vision of marketing of the future

Engine of customer relationship management (CRM)

Key for companies of all sizes

*Change in...*

# Media

## Viewing habits:

Seismic shift in media consumption patterns



Ever tried to tear them away  
...from a poster?

# Quite!



# Quite!

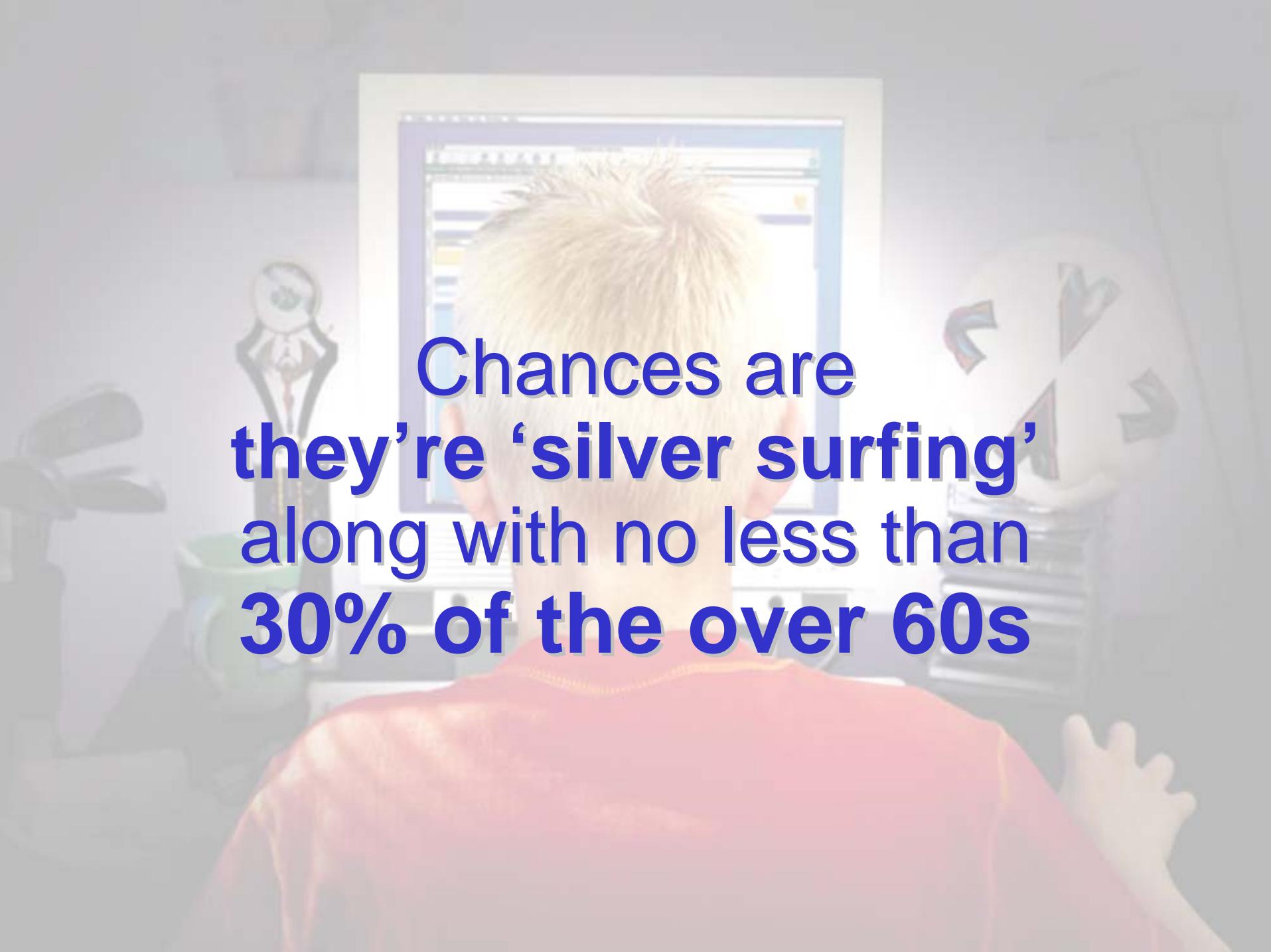
**But it's not just the kids  
who are hardwired to the web**

**Blame the parents...**



In the UK some **69%**  
**of them**  
are online too

And don't ask **their grandparents**  
to help with the homework...



Chances are  
**they're 'silver surfing'**  
along with no less than  
**30% of the over 60s**

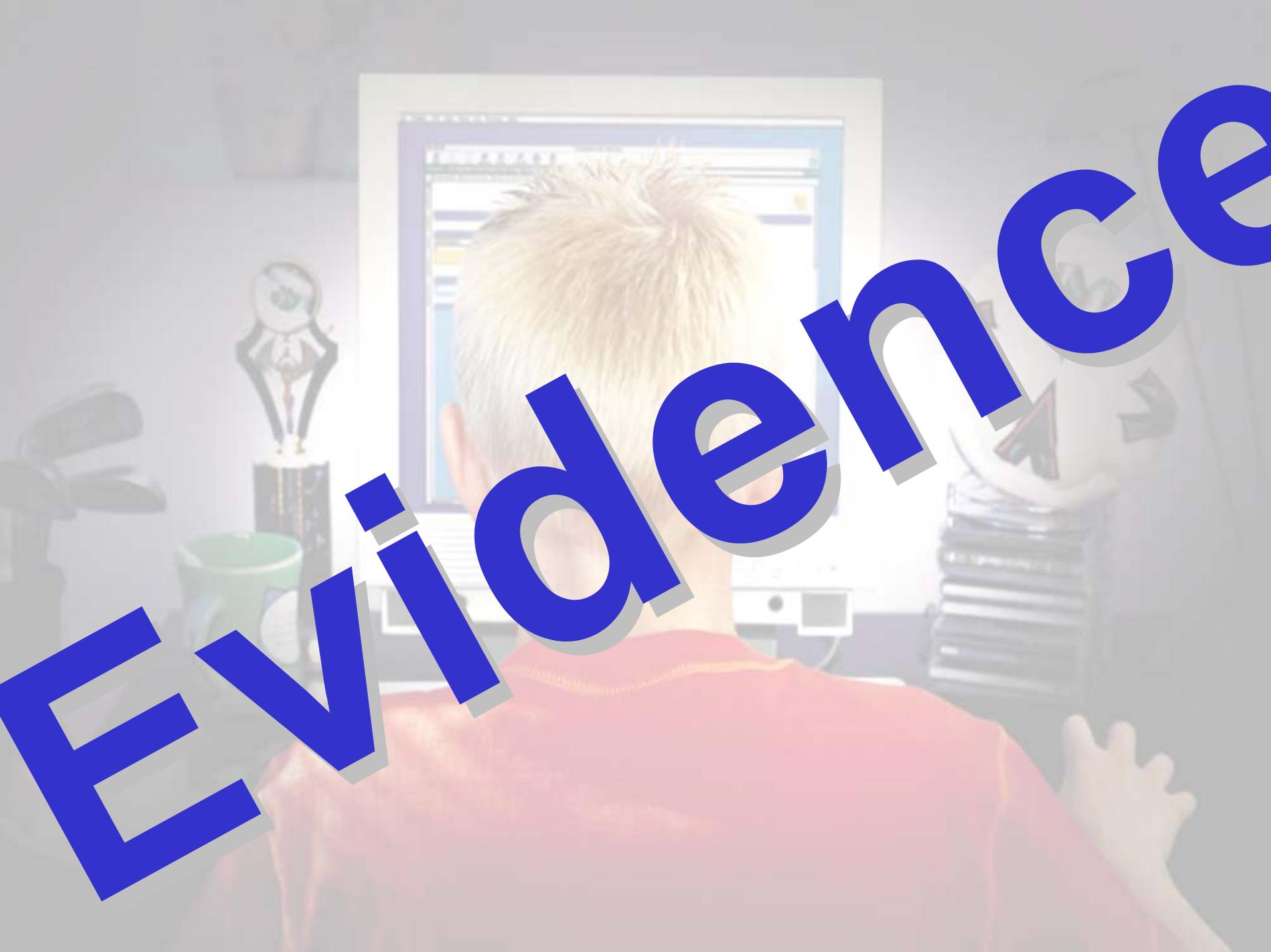


The fact is there's  
**no age group**  
**now that's not online**



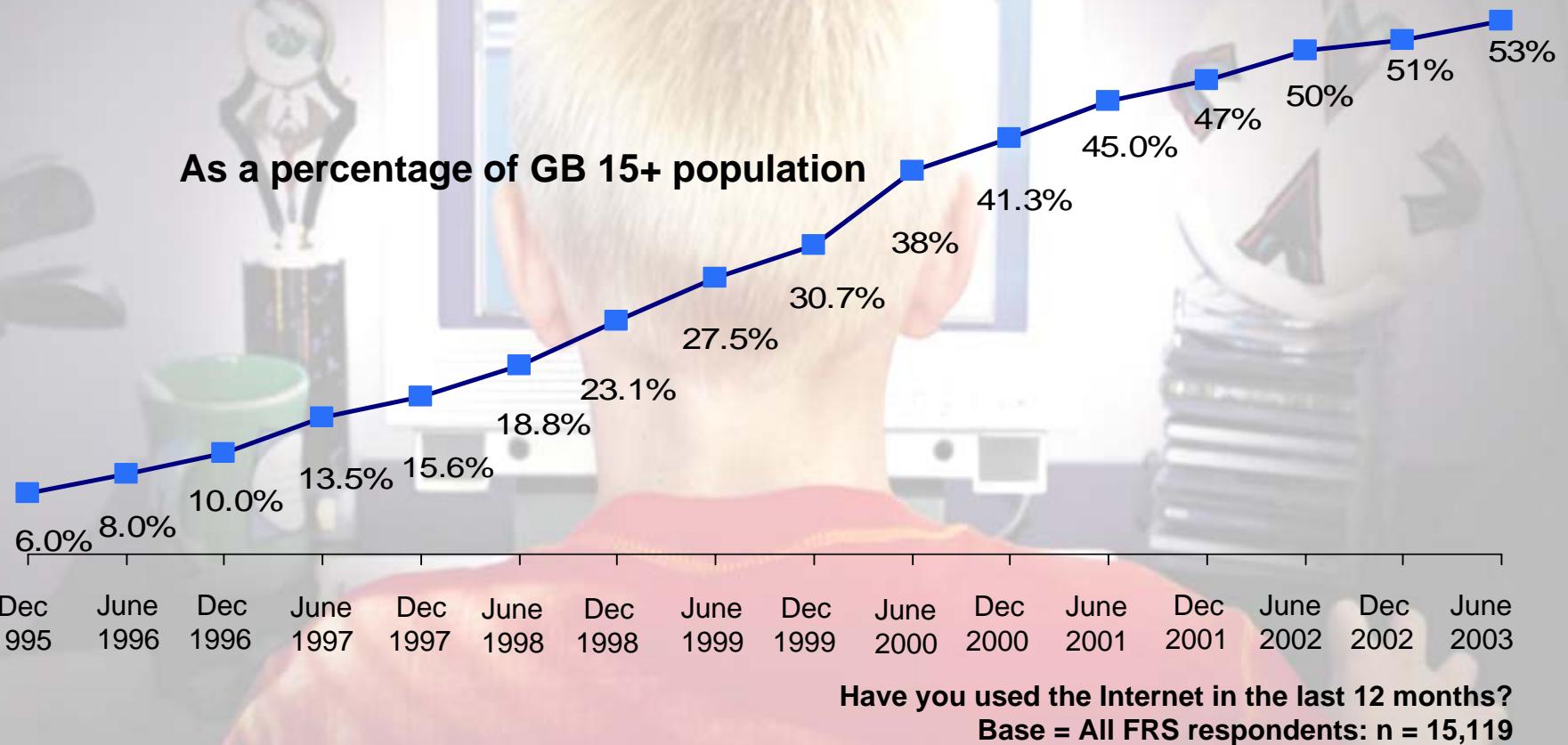
**Audiences in media  
have moved**

**How seriously is  
business responding?**

A young boy with blonde hair, wearing a red t-shirt, is seen from behind, looking at a computer monitor. The monitor displays a window with a blue header and some text. In the background, there's a trophy on a shelf, a green cup, and a stack of papers or books. The word "Evidence" is overlaid on the image in large, bold, blue letters with a white and grey shadow effect, positioned to the left of the boy's head.

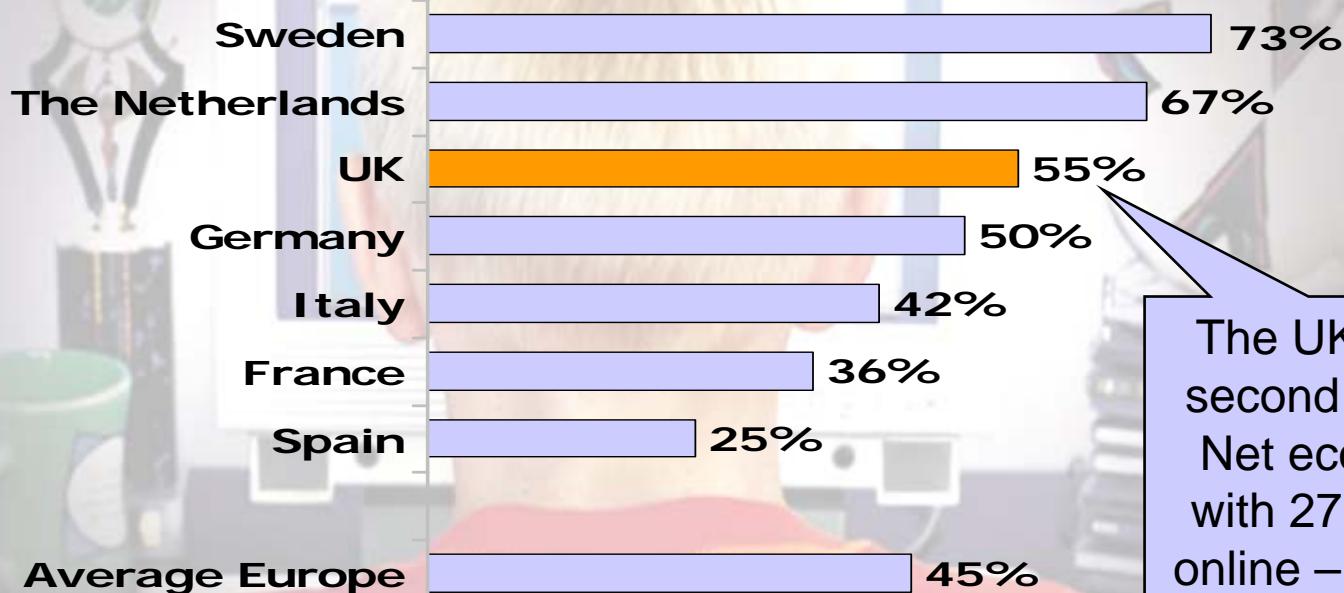
Evidence

# *Rapid growth in access and use*



# In Europe, 45% of adults have access

% adults with Net access and online at least once a month



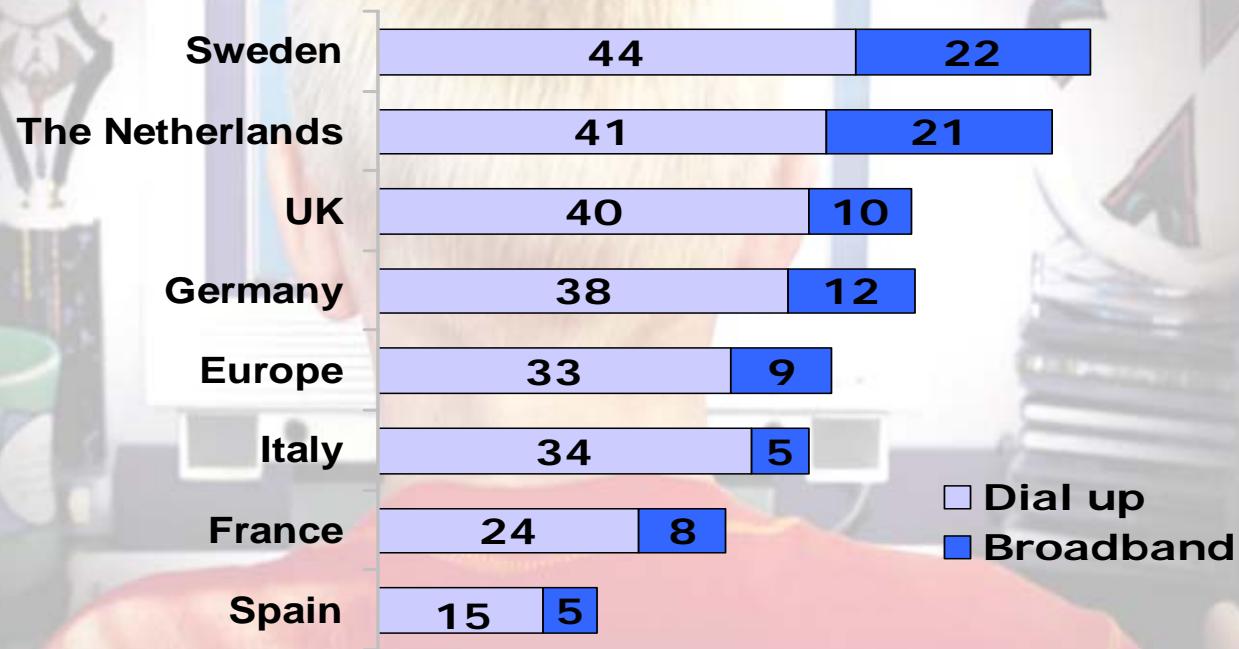
The UK is the second largest Net economy with 27 million online – against 33 million in Germany

Source: Forrester Consumer Technographics 2003 Q2 (n= 23,511)

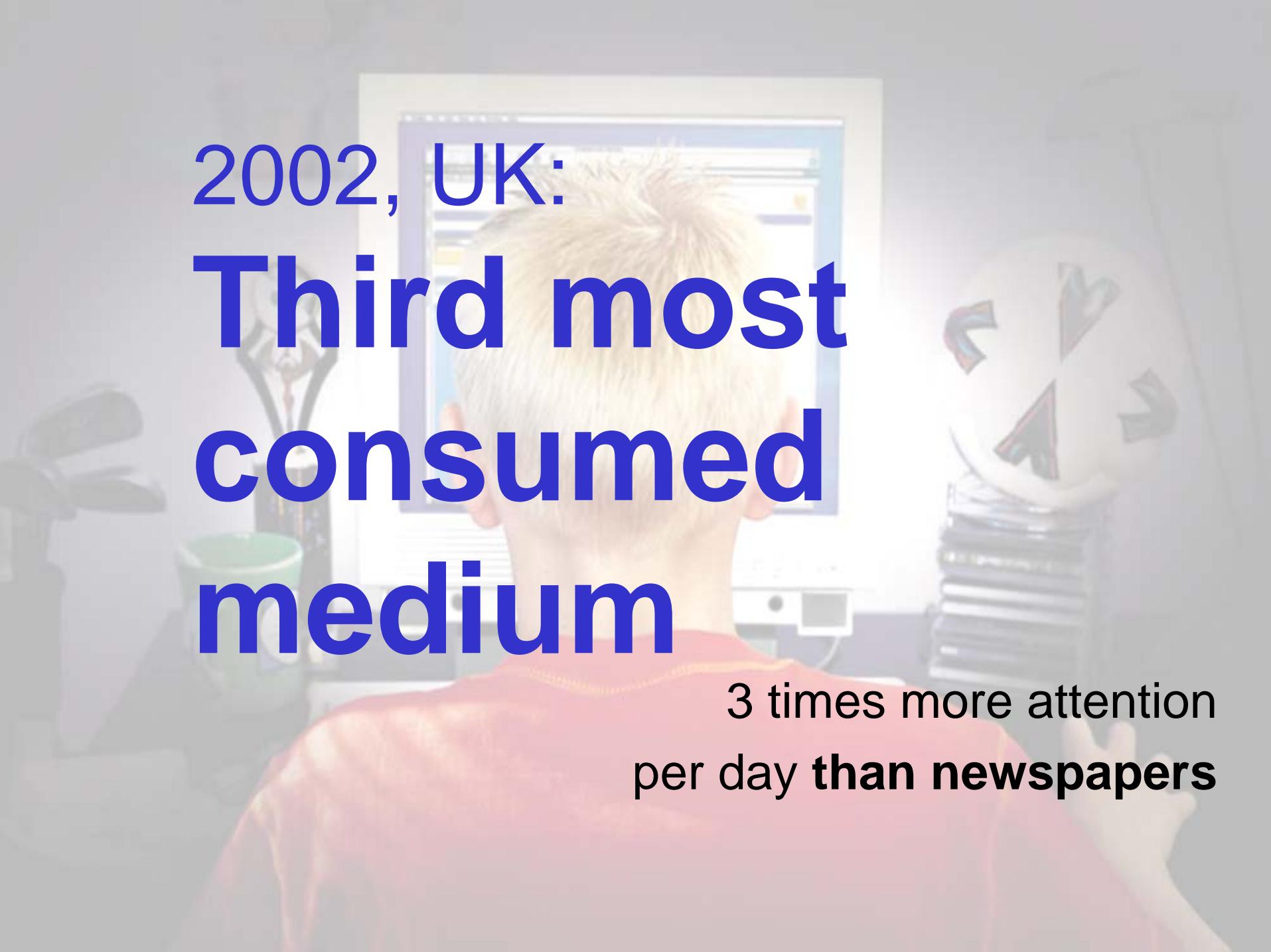
Base: *online adults*

# Almost 10% of online Europeans has a broadband connection at home

"Which of the following connections do you have to the Internet at home?"



Forrester's Consumer Technographics Q2 2003 Europe Study (n=23,511)  
Base: European online consumers with a home connection

A person with blonde hair is sitting at a desk, facing a computer monitor. The monitor displays a webpage with a blue header. The person is wearing a red zip-up hoodie. In the background, there is a stack of CDs or DVDs on the right and a green cup on the left. The overall image has a slightly blurred, documentary feel.

2002, UK:

**Third most  
consumed  
medium**

3 times more attention  
per day **than newspapers**

# Fishbowl Media Diaries

## The research methodology

- **Conducted by Simons Priest & Associates for IAB member Wanadoo (formerly Freeserve)**
- **Quantitative study among 1000 Internet users aged 16+ in Internet homes**
- **Offline media diary for 2 weeks**

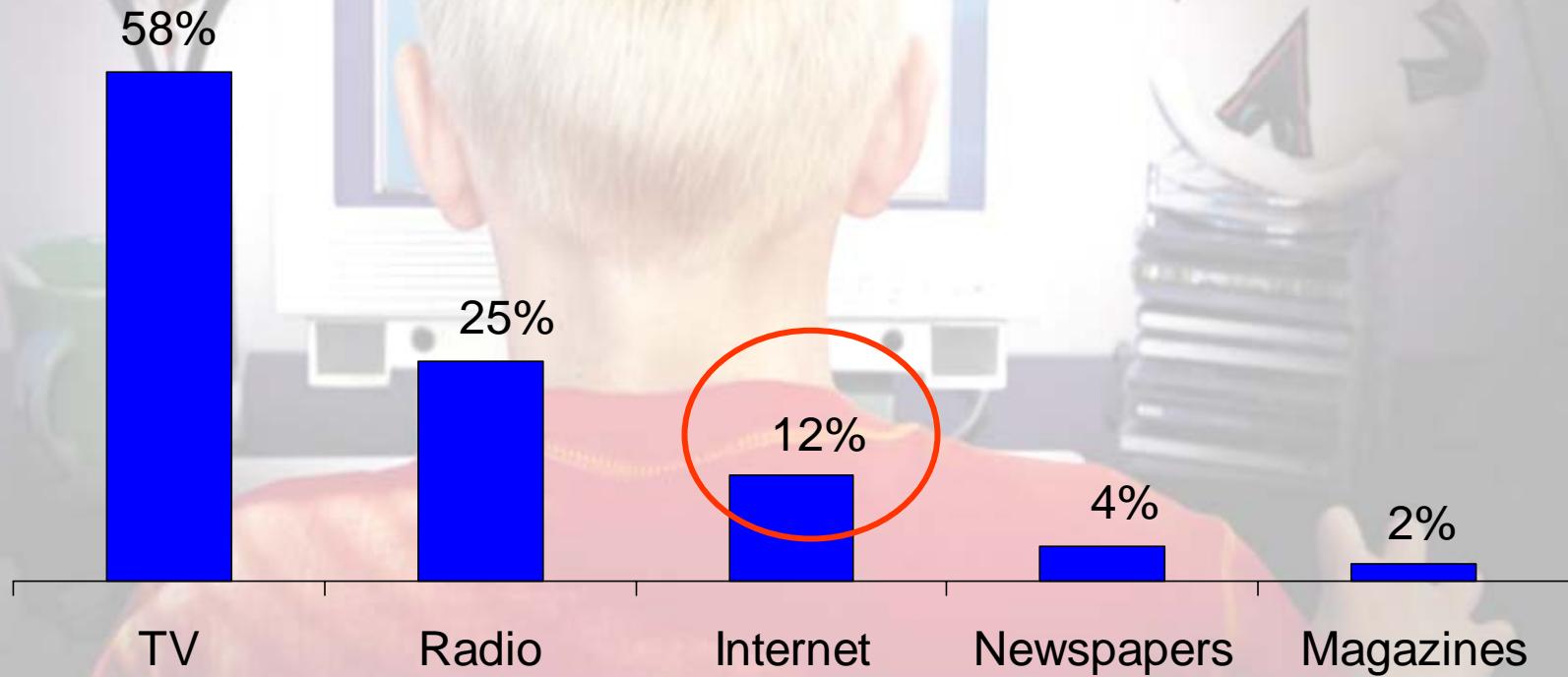
Source: *Wanadoo and SPA research – Fishbowl Media Diaries 2002*

# Life in a Fishbowl

## Media Diaries

### Internet rises to third place

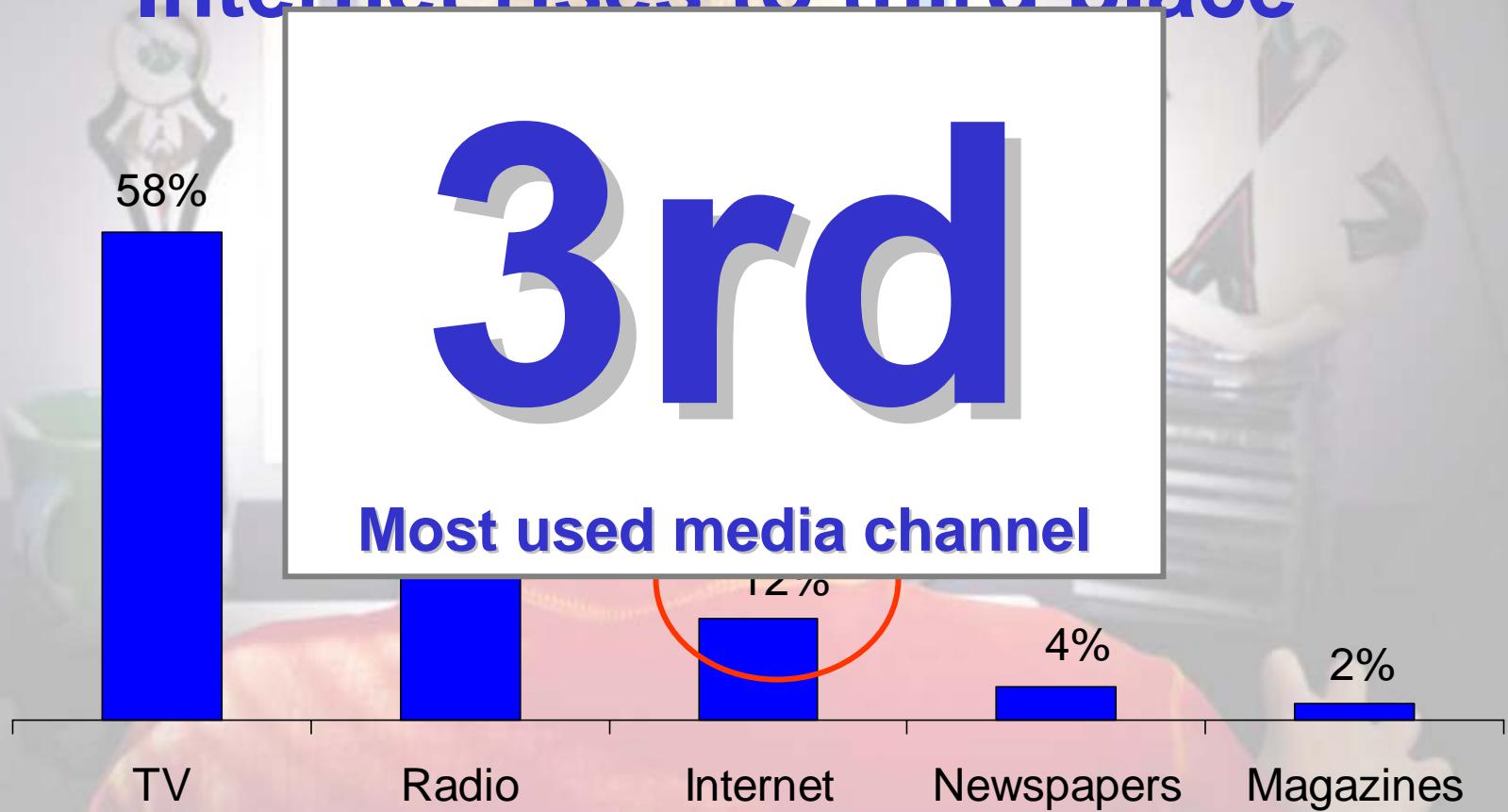
■ % of audience 'media time' budget



Source: Wanadoo and SPA research – Fishbowl Media Diaries 2002

# Fishbowl Media Diaries

## Internet rises to third place



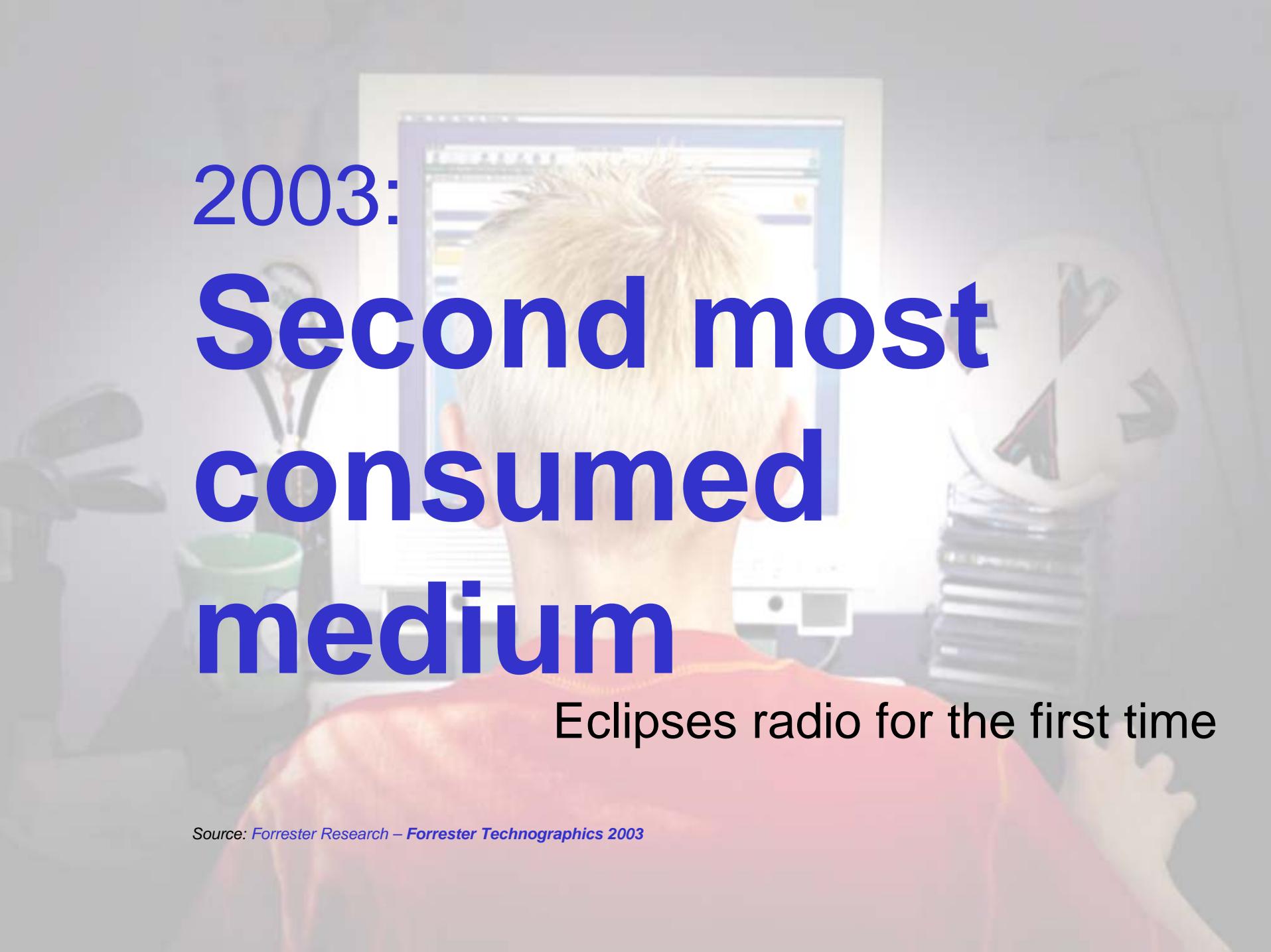
Source: Wanadoo and SPA research – Fishbowl Media Diaries 2002

# Fishbowl Media Diaries

## Findings

- Internet has **third highest media share amongst all demographics**
- **Consistent weekday & weekend**
- **Compared to newspapers, 3 times amount of time is spent online**

Source: Wanadoo and SPA research – Fishbowl Media Diaries 2002



2003:

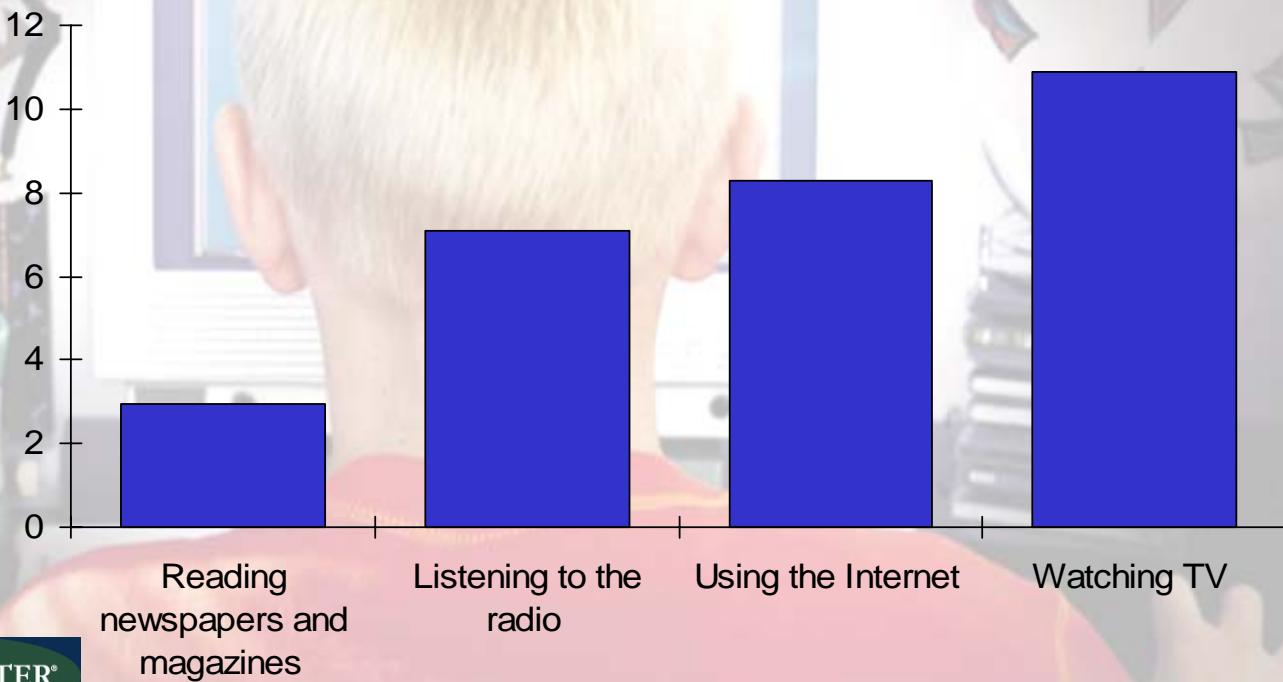
**Second most  
consumed  
medium**

Eclipses radio for the first time

Source: Forrester Research – Forrester Technographics 2003

# Internet rises to second

Average hours spent per week doing:

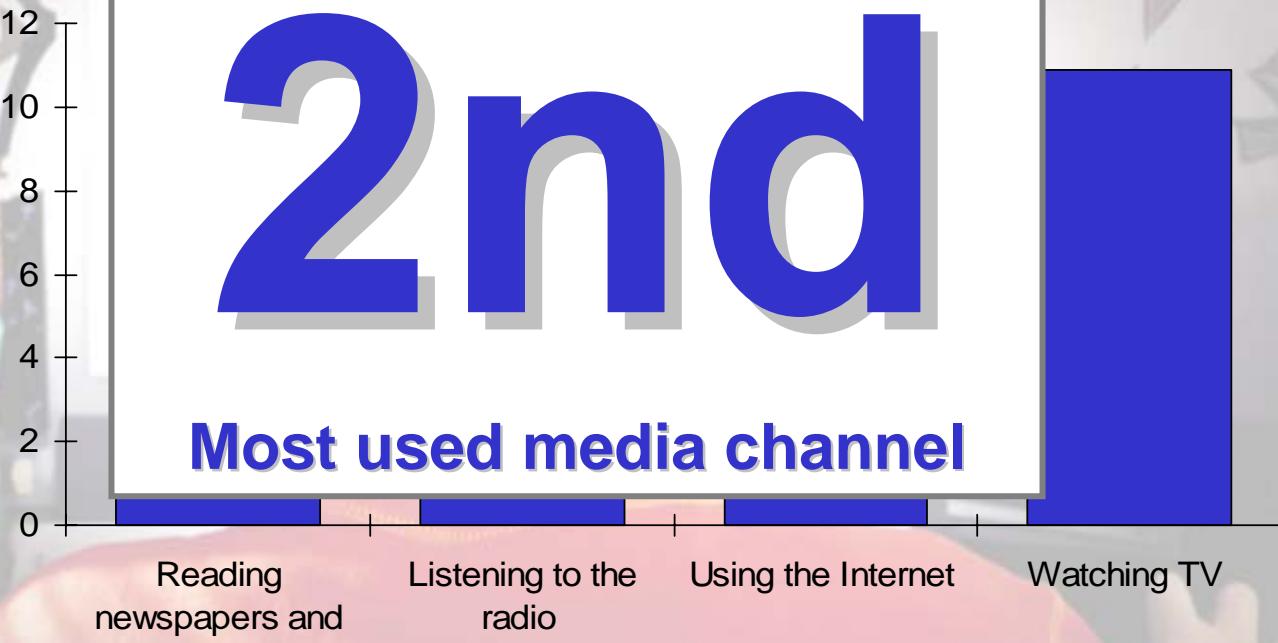


FORRESTER®

Source: Forrester Research: Forrester Consumer Technographics (UKIUM), Q4 2003  
Base: British online adults

# Internet rises to second

Average hours spent per week doing:



FORRESTER®

Source: Forrester Research: Forrester Consumer Technographics (UKIUM), Q4 2003  
Base: British online adults

which  
media do  
you use?

# UK: media saturation?

More than **230 UK commercial TV channels** - vs 50 a decade ago

**Direct mail pieces top 5 million** - up from 2 million a decade earlier

**250 commercial radio stations** - doubled in a decade

**3,100 consumer magazines** out last year- vs 2,100 in 1990

**Cinema screens increased 80%** between 1990 and 2000

**Even outdoor poster volumes are rising:** 140,000 panels, with the huge 96-sheet super sites up 40% from ten years ago

**1,300 regional and local papers**, growing pagination in national press

Source: [BARB](#) / [Newspaper Society](#) / [DMIS](#) / Various / [The Communications Challenge](#)

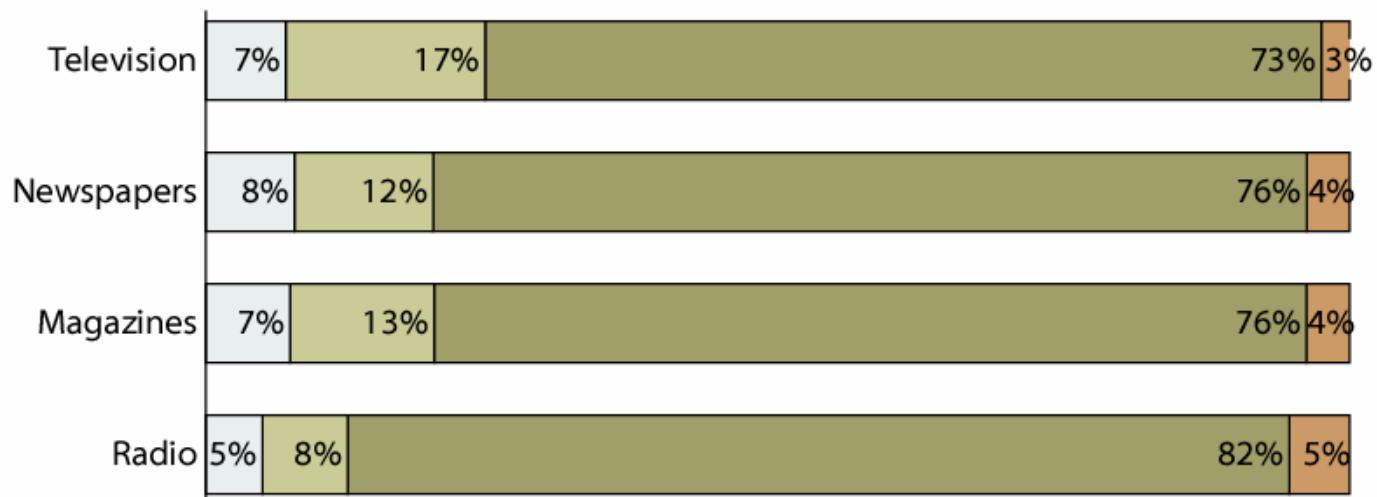
# TV viewers tuning out

## US consumers say their TV viewing has been hit by the Net

Television is the hardest hit by the Net

**"Since going online, how has the amount of time you have spent using the following types of media offline changed, if at all?"**

Decreased a lot  Decreased a little  No change  Increased a little or a lot

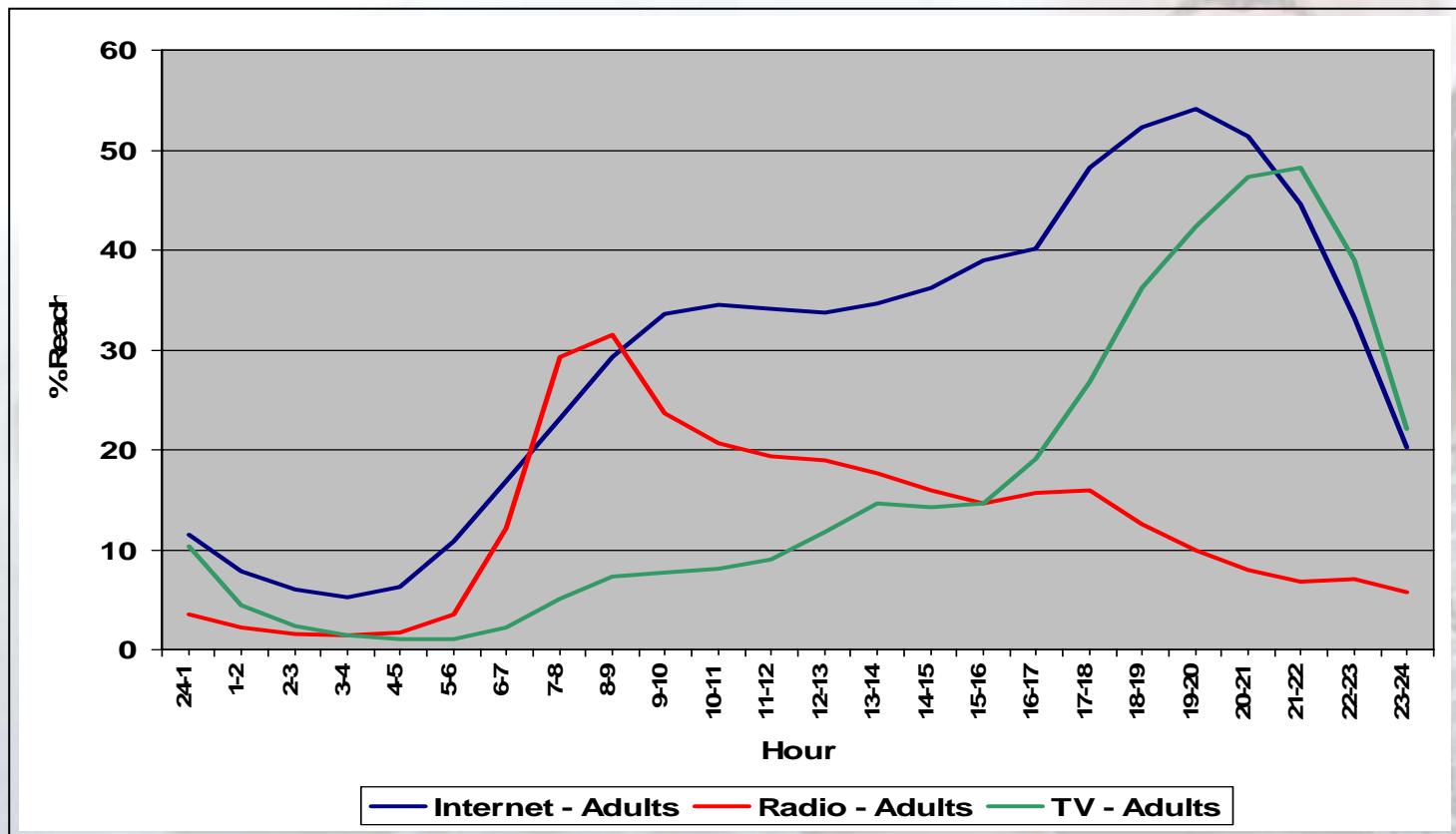


Base: North American online households

Source: Forrester's Consumer Technographics Q3 2003 North American Study

# Daytime is primetime

## The new way to reach daytime audiences



Source: Nielsen//Netratings, Sep 2003

# **new interactive media**

Cut through the clutter

Give customers what they want; when they want

Are central in the new digital economy

Have rapidly increasing roles in our lives

# Increasing speed of adoption

Length of time to reach 50m users

- Radio: 35 Years
- TV: 14 Years
- Web: 4 Years
- GSM: 3 Years
- WAP: 2 Years
- SMS: Months

*... The new flavours of access will arrive faster and faster*

*Change in...*

**Ad spend**

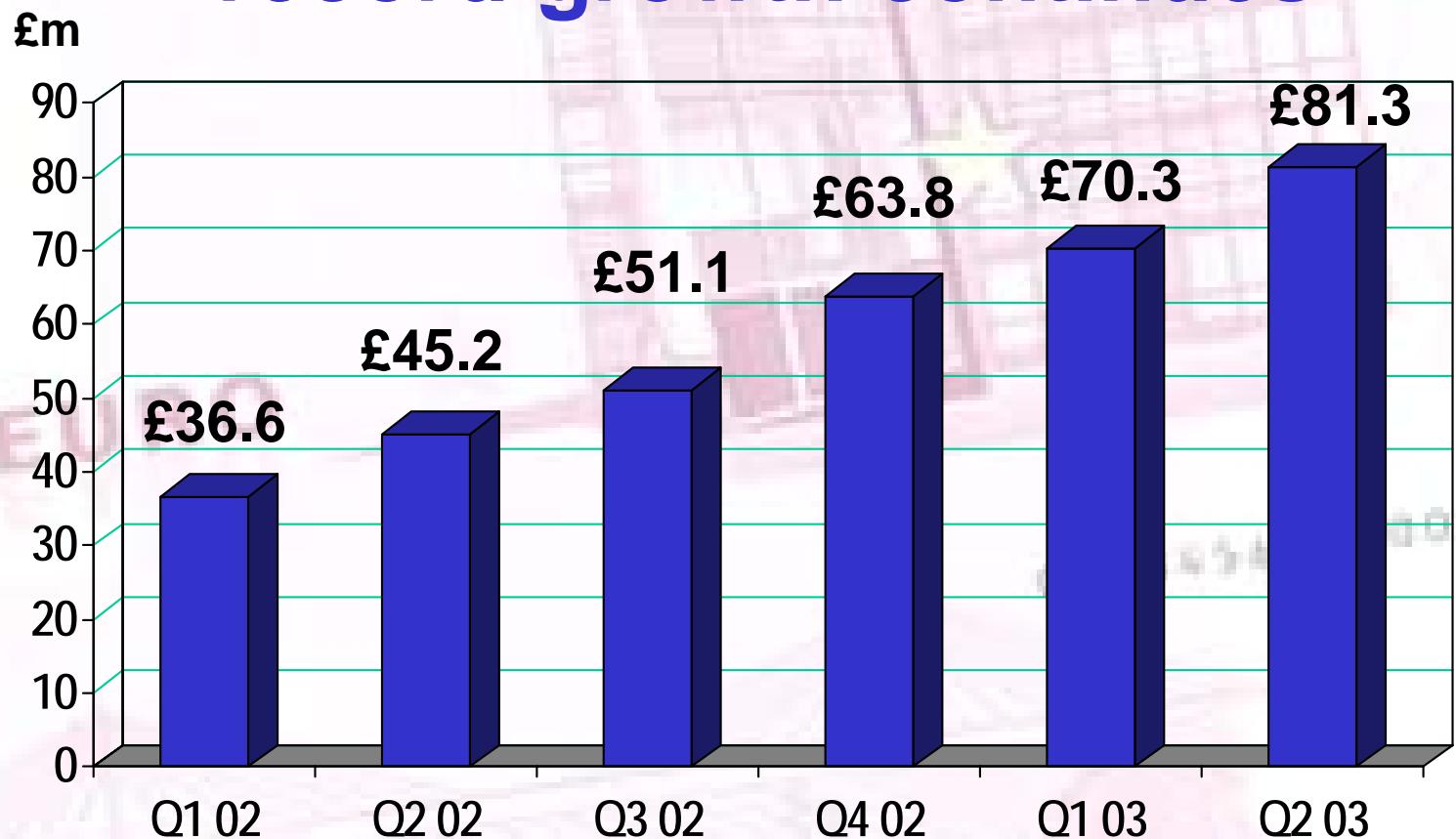
*Following audiences*

# UK £360m market

Advertising Association prediction for 2003

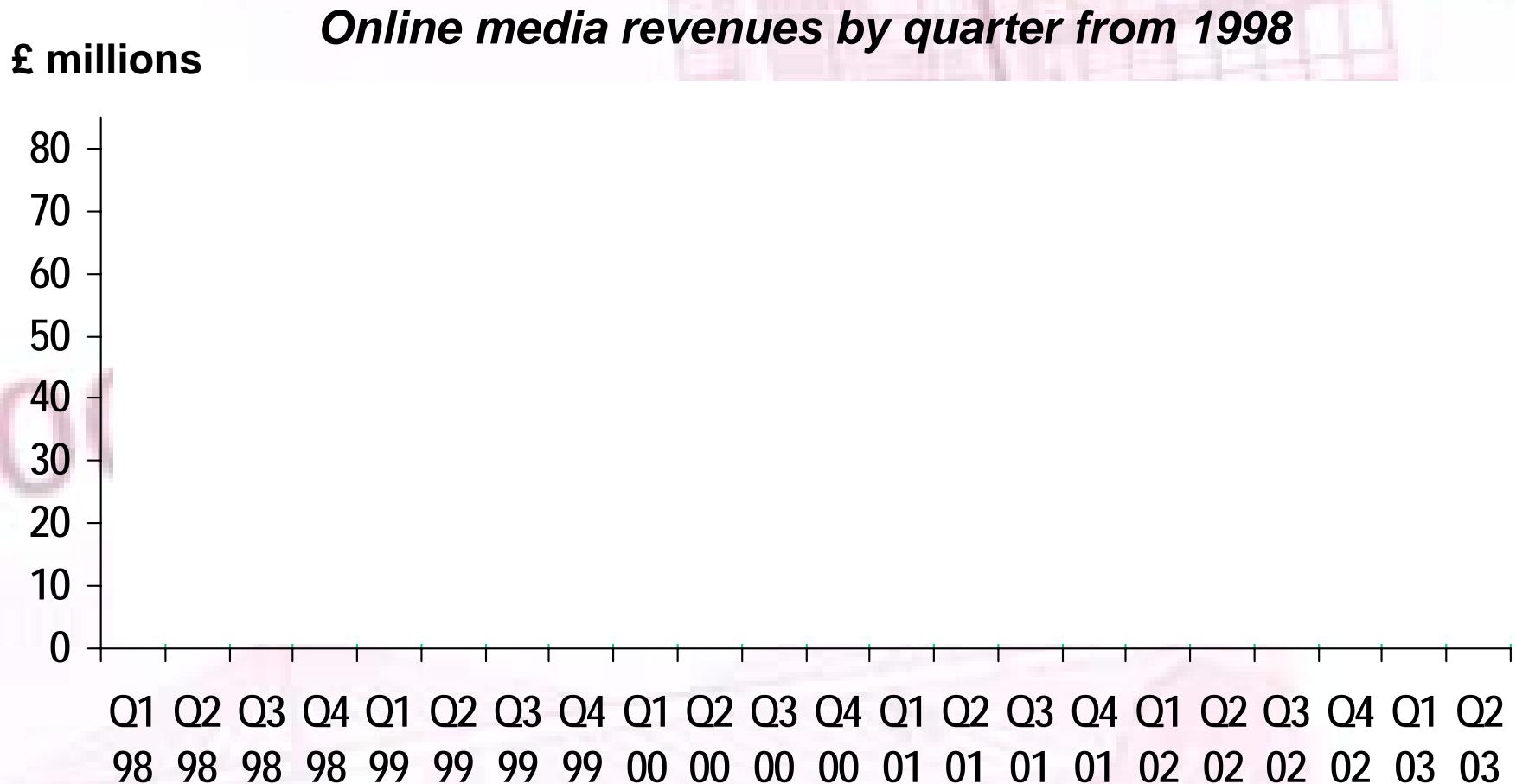
Based on a half year IAB / PWC audit of **£155m**

# Online advertising: record growth continues



Source: PricewaterhouseCoopers / Interactive Advertising Bureau iabuk.net 2004

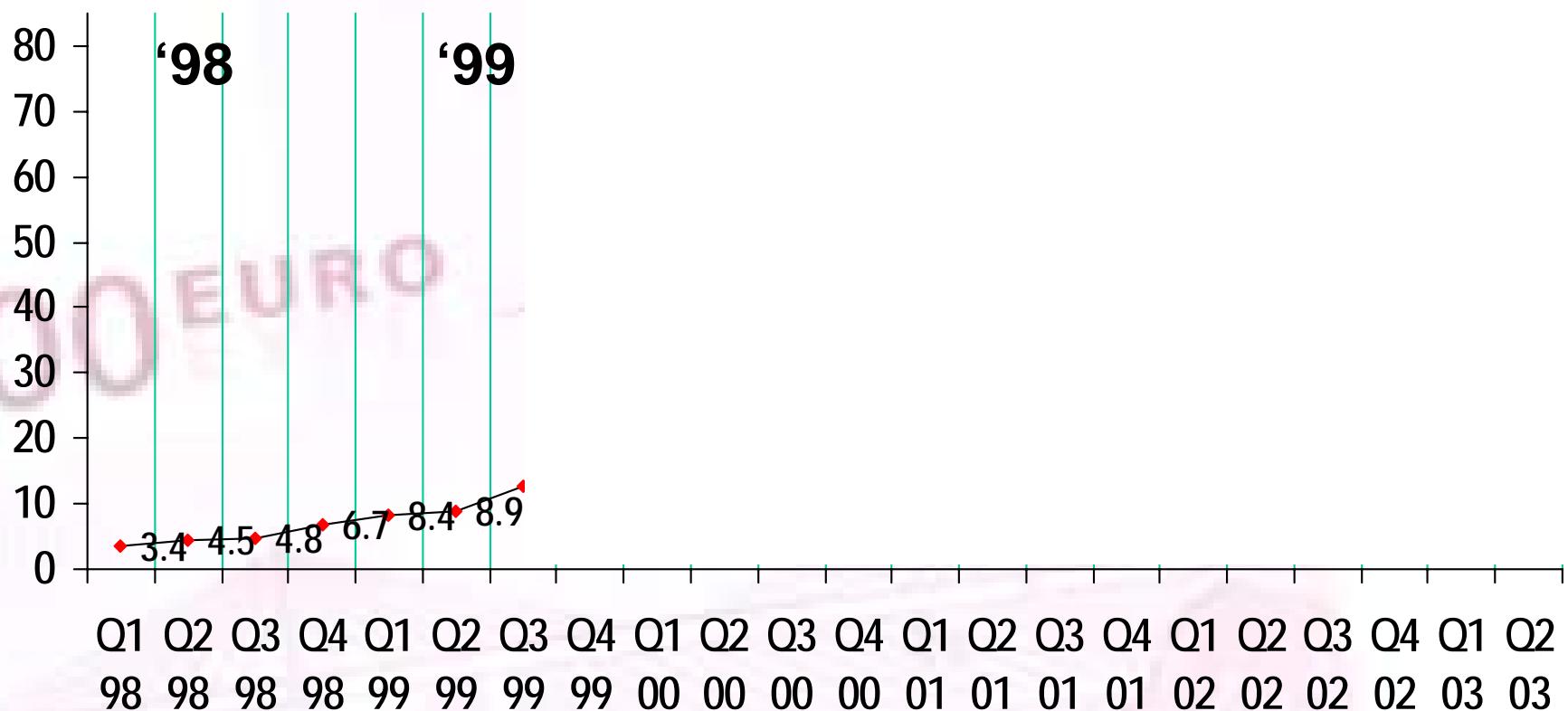
# Boom, contraction, resurgence



Source: [PricewaterhouseCoopers](http://www.pwc.com) / [Interactive Advertising Bureau](http://www.iabuk.net) iabuk.net 2004

# Boom, contraction, resurgence

£ millions *Online media revenues by quarter from 1998*

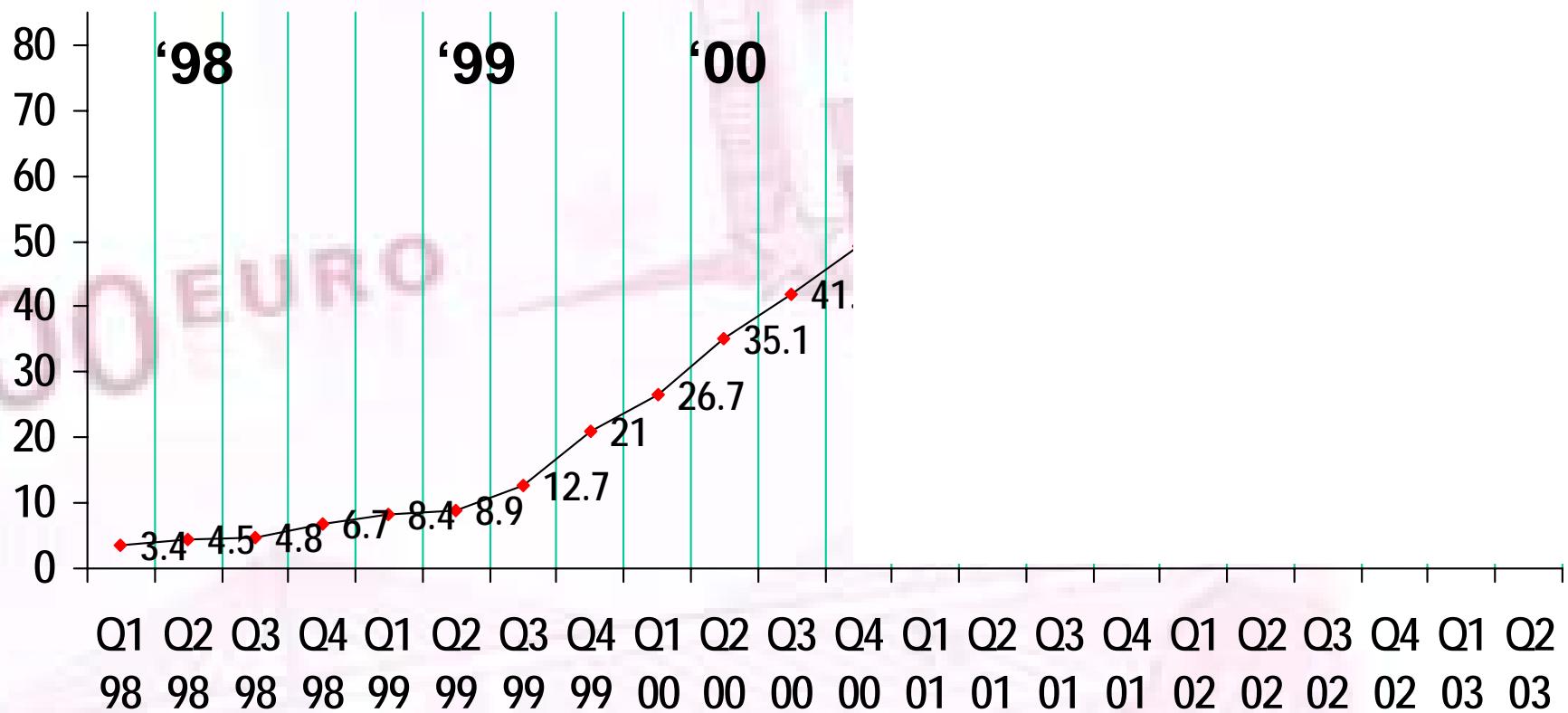


Source: PricewaterhouseCoopers / Interactive Advertising Bureau iabuk.net 2004

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# Boom, contraction, resurgence

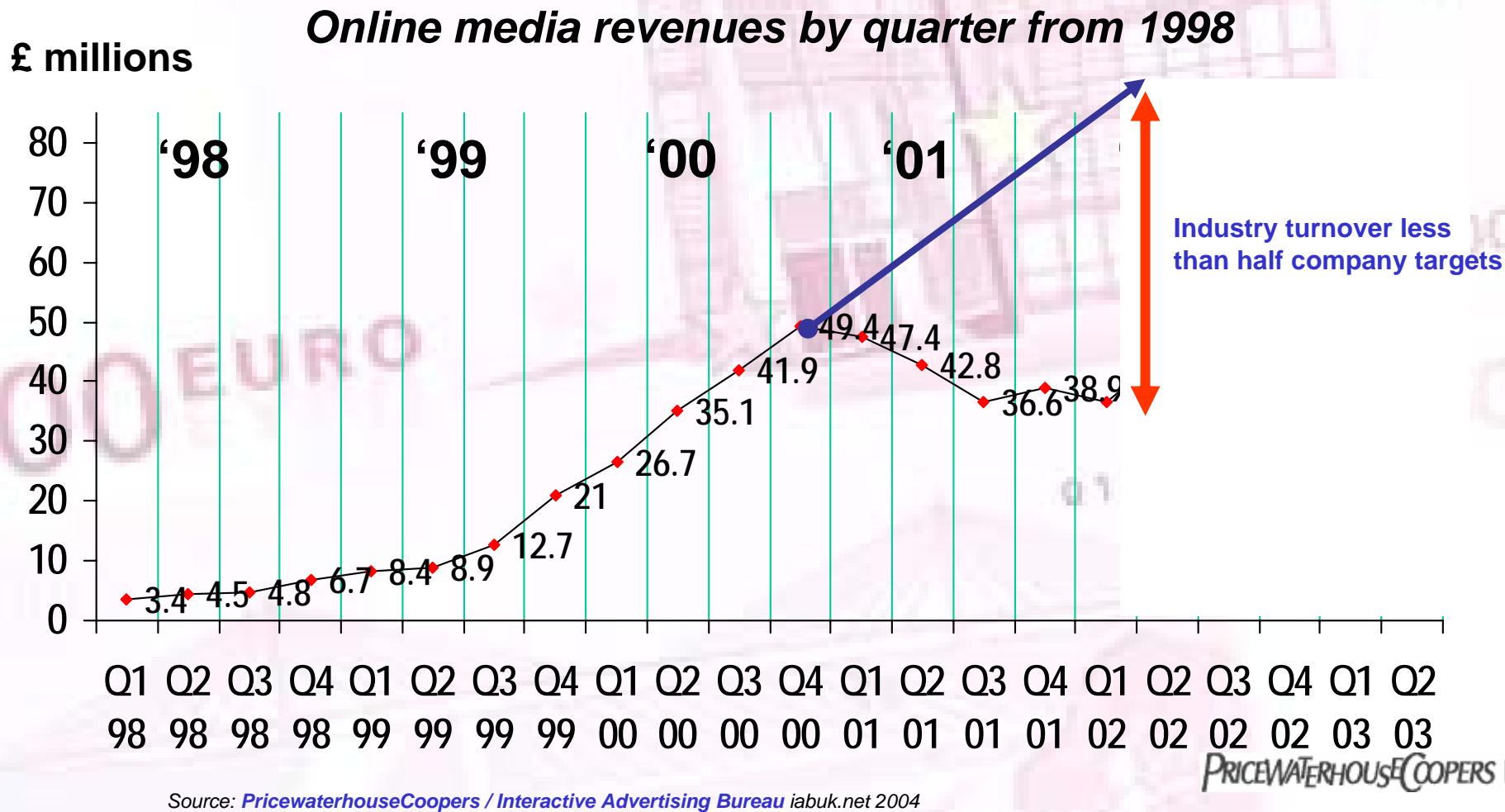
£ millions *Online media revenues by quarter from 1998*



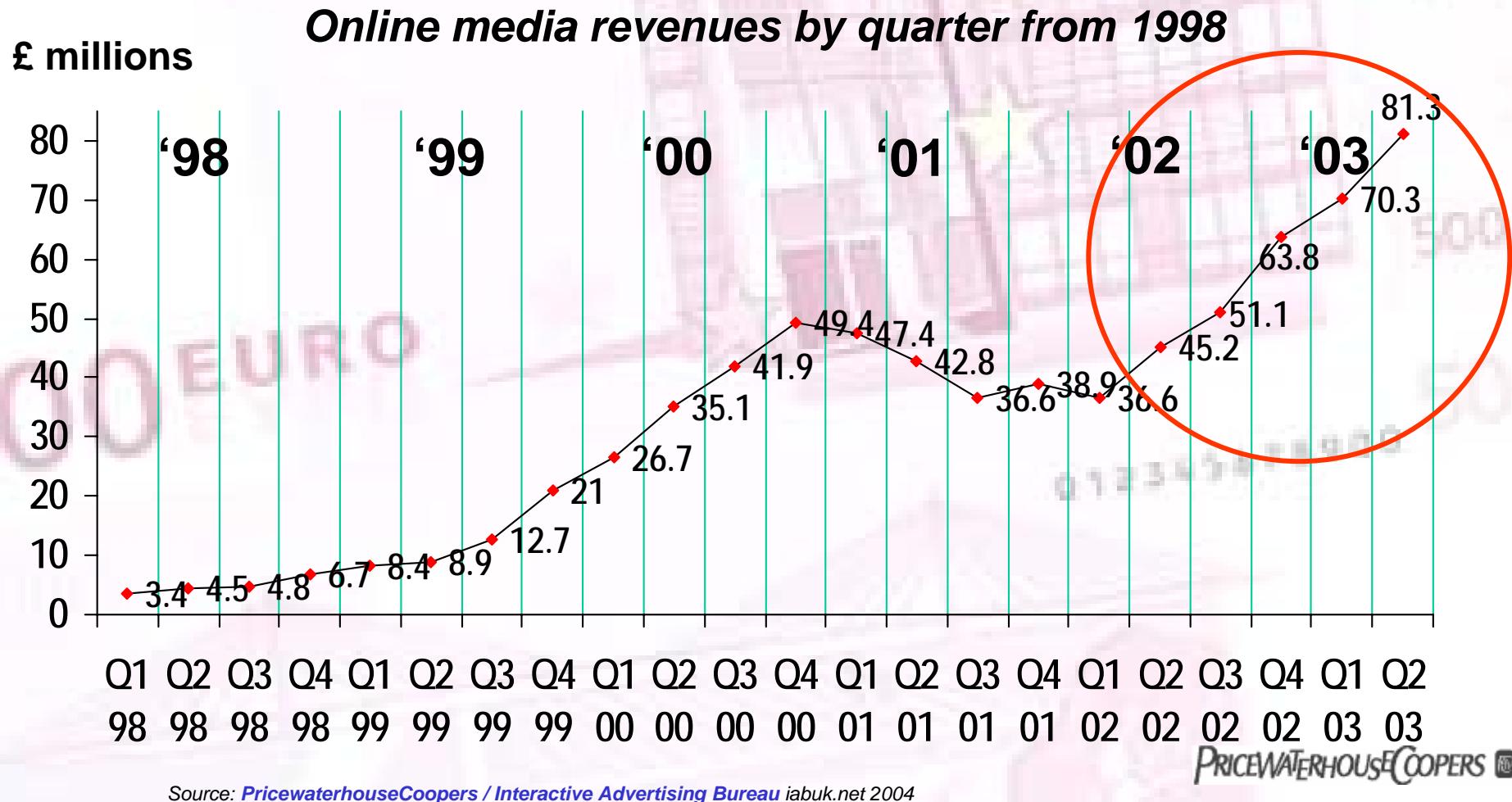
Source: PricewaterhouseCoopers / Interactive Advertising Bureau iabuk.net 2004

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# Boom, contraction, resurgence



# Boom, contraction, resurgence



# Online 2%

of total

UK ad spend

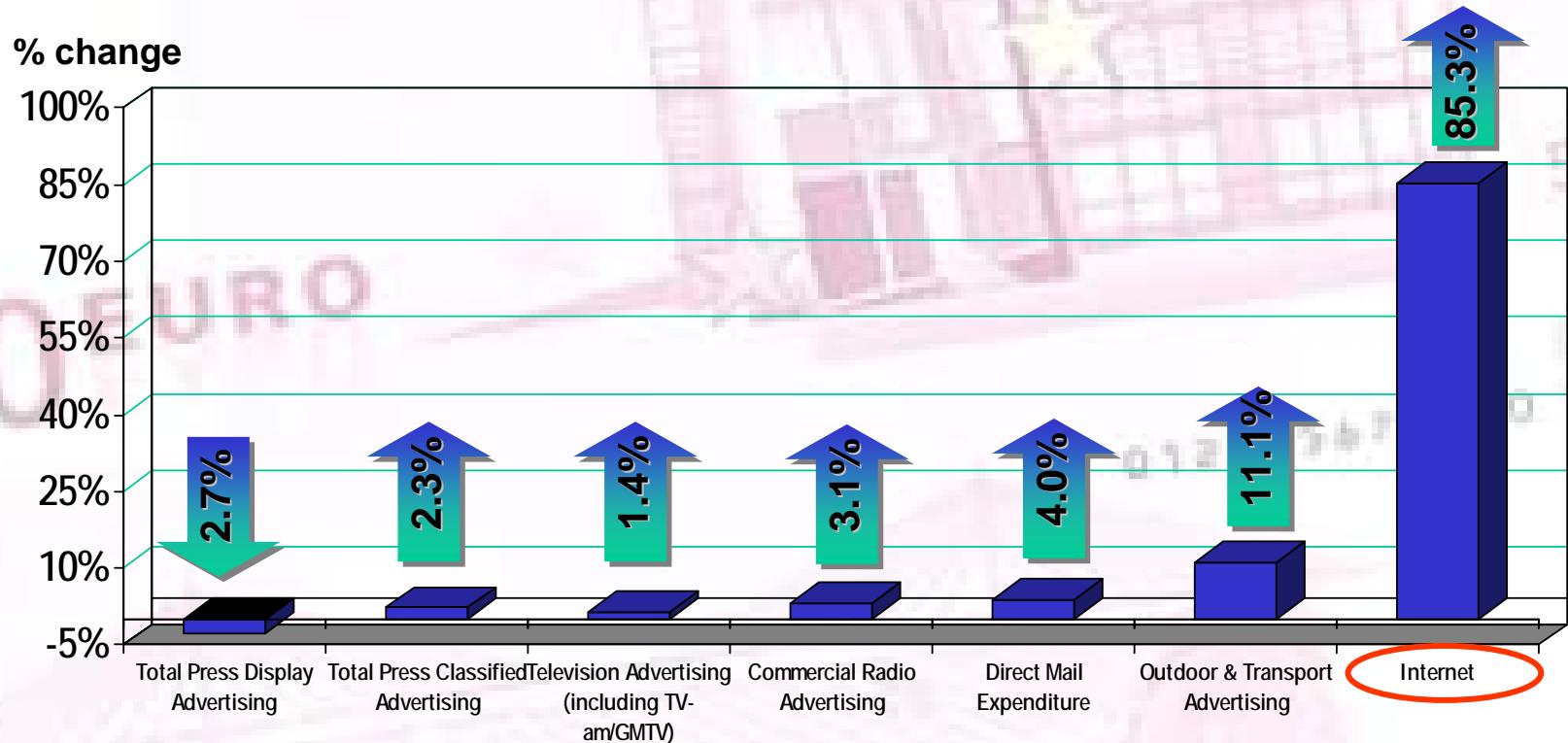
Twice the size of **cinema**  
Half the size of **radio**

**Will be 4% and larger than Radio by 2007**

# Internet media spend

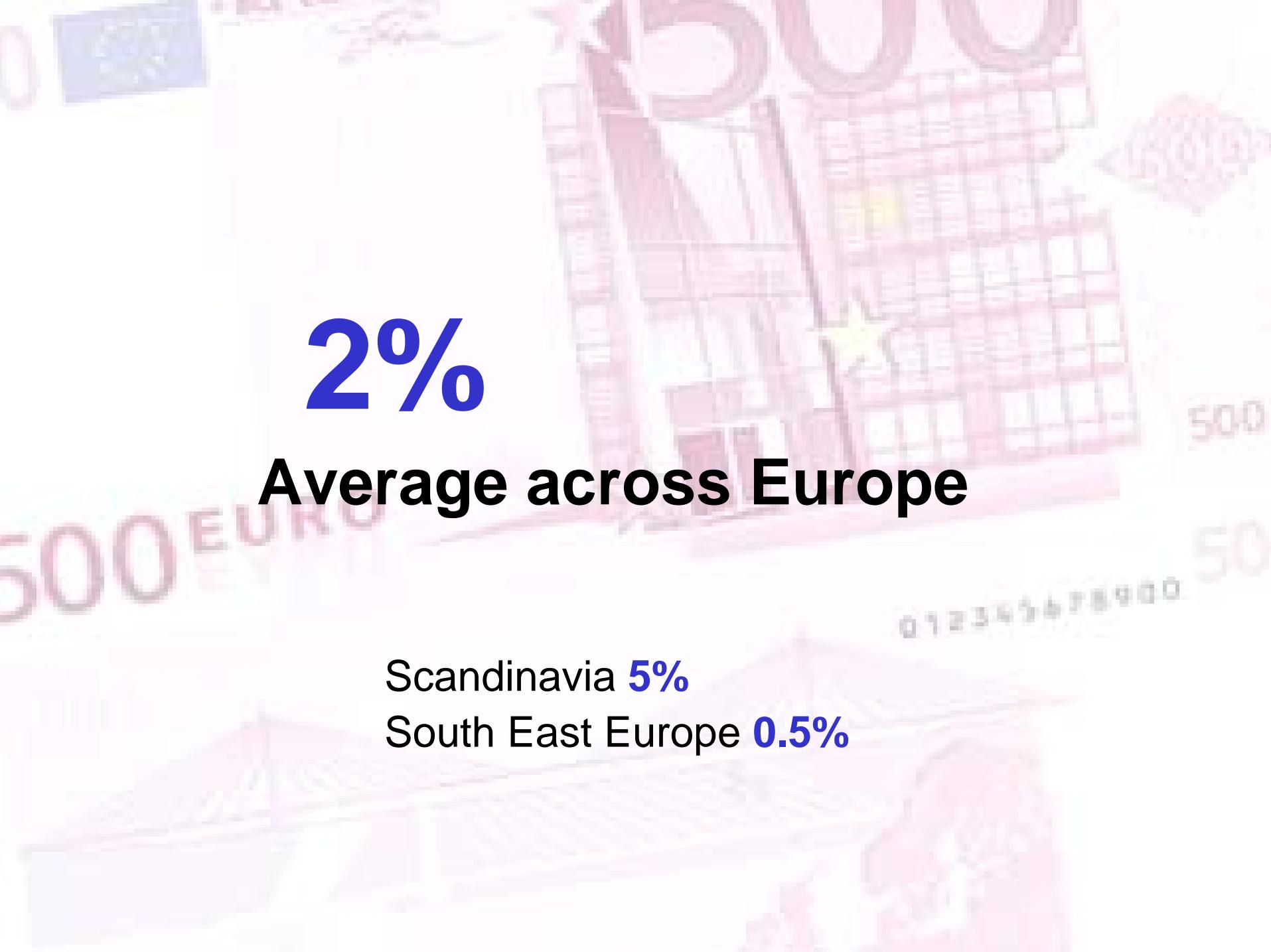
## Channel shift clear as online races ahead

**UK advertising growth by sector - 1<sup>st</sup> half 2003 vs. 1<sup>st</sup> half 2002**



Source: PricewaterhouseCoopers / Interactive Advertising Bureau, The Advertising Association, NTC Research

PRICEWATERHOUSECOOPERS



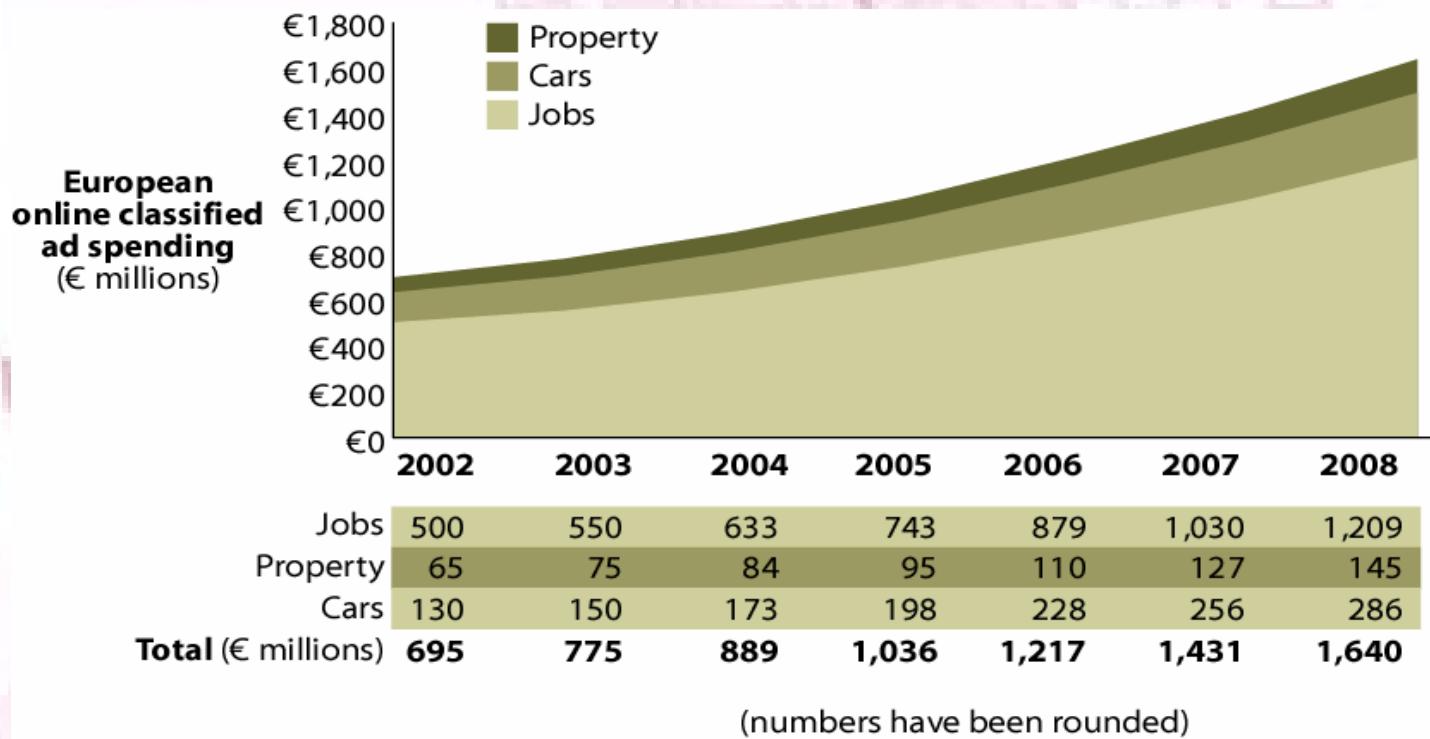
**2%**

**Average across Europe**

Scandinavia **5%**

South East Europe **0.5%**

# Online Classified Forecast, Europe



# Online marketing for every size of firm

Search listings paid on a credit card

E-retail partners that replace your own site

Micro-sites within high-traffic media

Email customer relationship management

Tactical marketing campaigns

A long term part of the mix

*Change in...*

# **Media plans**

*An optimal level?*

Where should online fit in the media mix?



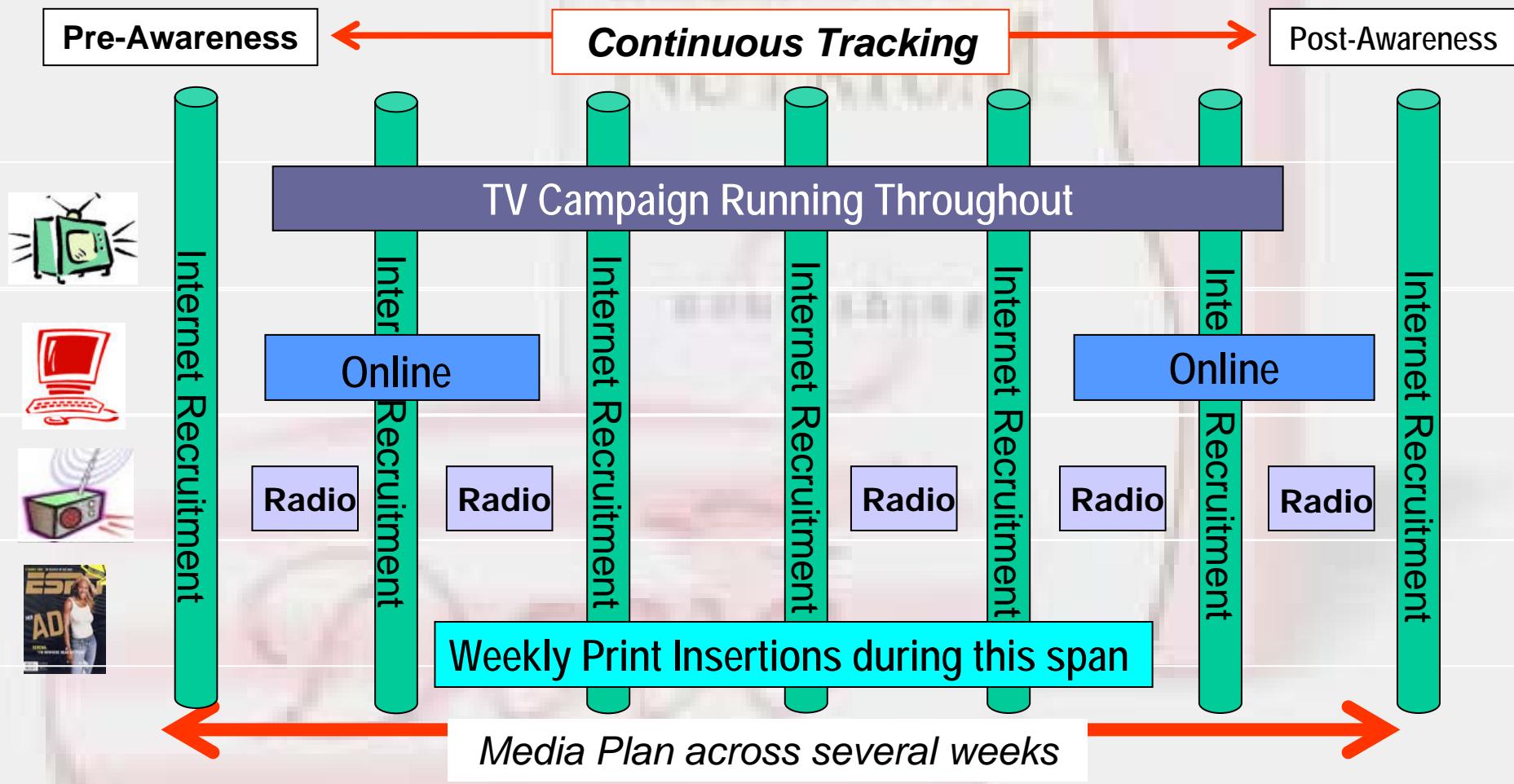
**Brand  
advertisers  
switch**

# Dove Nutrium

*The pioneering study into cross media analysis*

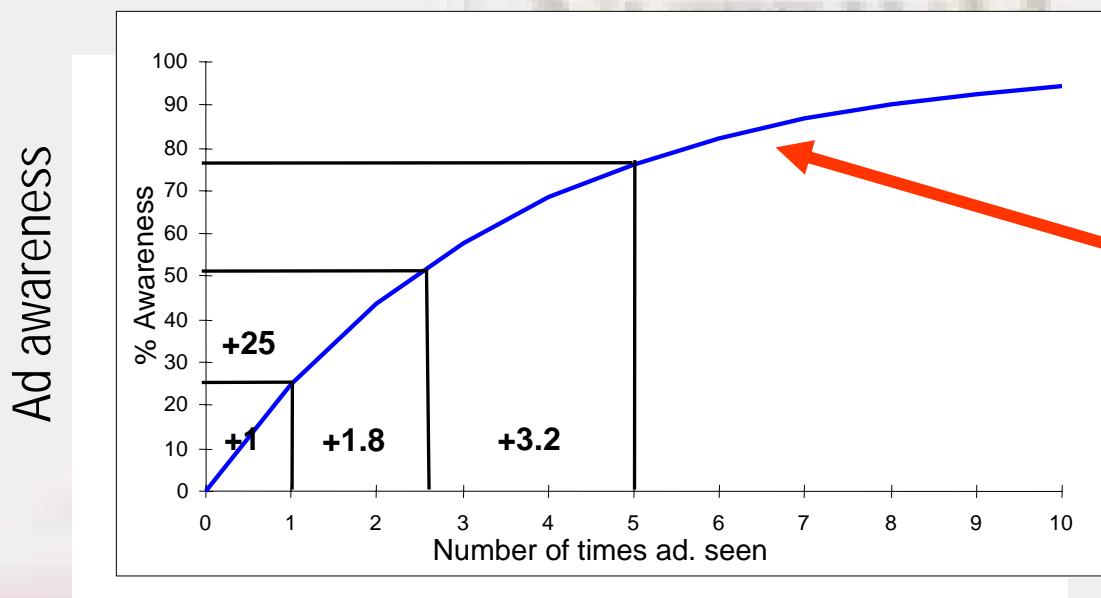


# Real world results From real campaigns



# Diminishing marginal returns

## Familiar concept for marketers



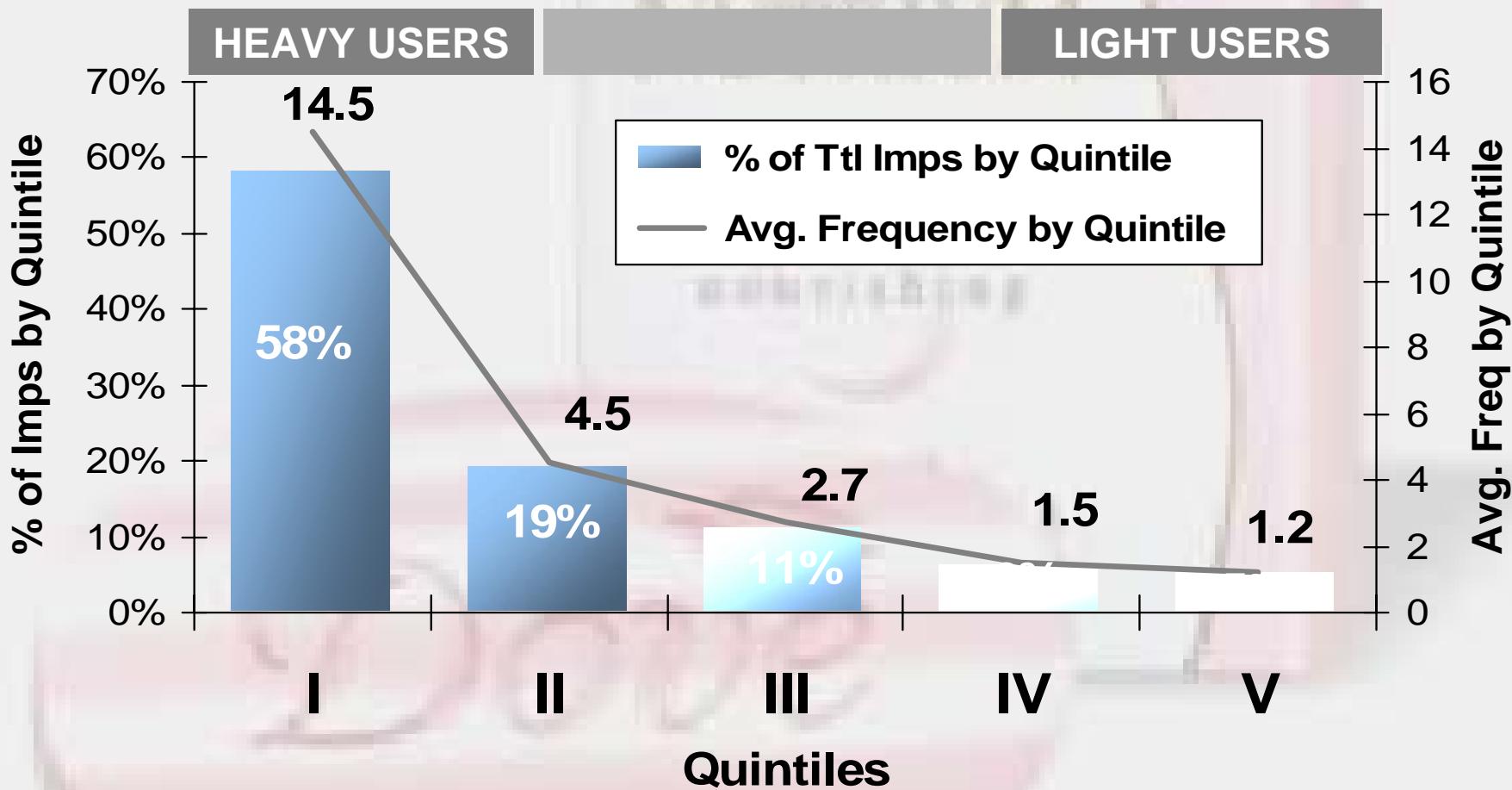
Frequency: Number of OTS\* ad exposures

Theoretical Curve As Noted in  
ESOMAR Conference Papers:  
Source: FORCE Modeling, Paul  
Dyson, Millward Brown Intelliguest

\*OTS = Opportunity to see advertisement based on GRP levels

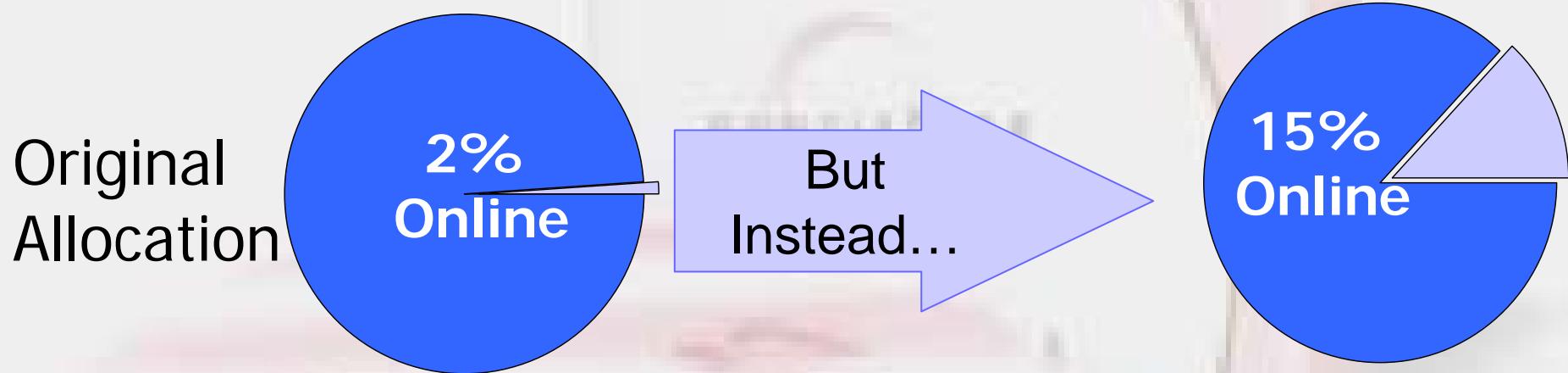
# The myth of frequency

## TV frequency never falls evenly



# Getting the media mix right: Dove

## Pioneering research into media neutral planning



**Results in an 8% boost in overall branding metrics**

**And 14% increase in purchase intent**

**Same Budget, Better Results**

**Direct  
marketers  
switch**



Ask me another question



Welcome to

Please choo

Where

Where

Where

What a

Nation



Web

Images

Groups

Directory

News

# Search

One third of all online advertising  
The new Direct Marketing tool



Exclusive leather bound Terry  
Pratchett - Discworld novels for  
only £14.99

LOOK FORWARD  
BTopenworld

2 DVDs for £20 click here now!

**Classified  
clients  
use both**



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The world's leading career network



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# Job hunting: early adopter on the move

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[Arts and](#)

[Science and](#)

**WIRRAL**

Metropolitan Borough of Wirral, Deputy Director of Housing, £53,646 - £59,607

**DOUGLAS VALLEY COMMUNITY LTD**  
Various Posts

**Harper Adams University College**  
Lecturers

# *Are the advertisers also switching channels?*

**Advertising has just started to follow audiences**

**Some markets are faster than others**

**Number of clients will now grow rapidly**

**All sectors will use online**

**Effects of channel switching:**

**barely visible now... compared to what is to come**

*Change in...*

**E-commerce**

***Now part of the daily  
internet routine...***



VIEW CART

WISH LIST

YOUR ACCOUNT

HELP

WELCOME

YOUR STORE

BOOKS

ELECTRONICS

DVD

TOYS & GAMES

KITCHEN & HOUSEWARES

TRAVEL

SEE MORE STORES

► INTERNATIONAL

► TOP SELLERS

► TARGET

► TODAY'S DEALS

► SELL YOUR STUFF

Hello. Sign in to get personalized recommendations. New customer? [Start Here](#)

SEARCH

All Products

BROWSE

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- [Electronics](#)
- [Baby & Baby Regis](#)
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- [Movie Showtimes](#)
- [Computer & Video Games](#)



# First wave: Books, CDs and films

Present for Mom. Shop by [recipient](#) [answers](#). Visit [Gifts](#) for these and more great and appreciation.



## Crabtree & Evelyn Gardeners Hand Care Gift Pail

Gardening can be delightful, but it still can take its toll on hardworking hands. The spicy botanical scents and restorative formulas of this Gardeners hand-care set from Crabtree & Evelyn help green thumbs and outdoor enthusiasts keep their skin in shape. The collection includes two scrubbing options: a gel hand scrub with two

### Your Shopping Cart

You have 0 items in [your Shopping Cart](#).

### New Releases

- [Comedy](#)
- [Comedy](#)
- [Pop](#)
- [Outdoor Décor](#)
- [Business & Investing](#)

# 'my bills aren't just big, they're huge'

what's in it for me?

# egg™

Banking ► Investing ► Insuring ► Shopping ►

Contact us | TV banking | About Egg | Egg Sport | Egg shareholder

Get a

# Banking migrates online

Pay with Egg Card for 10% off our **travel cover**. Save up to £50 on big purchases.

Manage all in one place with **Money Manager**.

You can now get Egg **motor insurance** online. And 10% **cash back** with Egg Card.



CO.UK

get an account  
account login

products & services rates & security meet smile talk to us diy

bank demo  
current account  
no-notice savings  
credit card  
loans  
cash mini ISA  
mortgages  
student account  
motor insurance

invest  
funds supermarket  
stocks & shares ISAs  
unit trusts

shop  
[new] books  
[new] dvd  
[new] games  
[new] music  
travel  
drinks



new purchases, if you apply by 31 August 2002. Plus there's cash back, Egg Rewards, a second card on your account—all for no

We do charge you zilch on Visa balance transfers for six months

We don't fleece you in month seven

0% p.a. for six months on balances transferred between now and September 30th 2002

Reverts to just 9.9% p.a. (8.2% APR) if you have a smile current account 10.5% p.a. (8.7% APR) if you don't

0.5% cashback on all purchases

No annual fee - ever

Voted best credit card in the **Guardian Consumer Finance Awards 2002**



our credit card

We're not just about great rates

football fever is here have your say.

vote now

in which decade did footballers have the best shorts?

- 70's
- 80's
- 90's

send & view result

things to make you smile

- your money & the smile for July
- smile's now even clearer find out more and you could win £500

what's new at smile

- get cashback on your credit card purchases
- the 'best credit card' got better
- smile cleans up at the consumer finance awards
- 'Your Money' says we're the best





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Save up to £276 per couple

Escape for nothing



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# Travel comes next

**EXPRESS SEARCH**

Flight only  
 Hotel only  
 Car only  
 Pack

Flight + Hotel

**£10**  
**Flight + Hotel from £104**  
 Bargain fares from £96

**TODAY'S DEALS**  
 Last Min. Deals from **£199**  
 Free Nights, Hotel Sales

**English Language Courses**

Departure:

Return:

More flight search options:

**FLIGHTS from**

<a href="#">Berlin</a>	<b>£106</b>
<a href="#">Chicago</a>	<b>£277</b>
<a href="#">Hong Kong</a>	<b>£436</b>
<a href="#">Paris</a>	<b>£58</b>
<a href="#">San Diego</a>	<b>£322</b>
<a href="#">San Francisco</a>	<b>£276</b>

**WHAT'S HOT**

**30 BEST EUROPEAN VILLAS**

Perfectly positioned in some of Europe's finest locations, the following villas contain everything for child-friendly holidays or grown-up parties...

**IN THE MAGAZINE**

Explore the dreamy island of île de Ré off the coast of La Rochelle or tango till dawn in the party spirit of Buenos Aires...

**NEW THIS WEEK**

**RAILTRACK**

**IMPORTANT NOTICE**

The timetables on this site include all known changes at the time of publication. Please ensure that you phone 08457 48 49 50 to verify details of your journey. Click on this panel to reach more information including latest news from Train Operators.

From	To	Changes	Date	Depart	Arrive	Duration
London Paddington	Bristol Temple Meads	1	1.09.02	13:00	14:49	1:49
London Paddington	Bristol Temple Meads	0	1.09.02	13:30	15:12	1:42
London Paddington	Bristol Temple Meads	1	1.09.02	14:00	15:53	1:53

[details](#) [one way journey](#) [return journey](#) [international](#) [new journeys](#)

Please ensure you confirm your journey details by calling National Rail enquiries on 08457 48 49 50.

When booking and immediately prior to travelling you must check that your service is unaffected by any short term alterations. Describe your outward and return journey and make sure you have the correct fare for that route and time of travel under the conditions of carriage.

Click on the "details" button for a breakdown of your journey and information about booking for the options you have selected.

**VOGUE** **GLAMOUR** **BRIDES** **INTELLIGENCE** **INTERIORS** **HOUSE & HOME** **CONDOMINE HOME** **TERMS AND CONDITIONS**

[home](#)[shopping](#)[personal  
finance](#)[today at  
Tesco](#)[corporate  
info](#)[register &  
sign in](#)

# Groceries with effective home delivery



W

spoil your baby  
with one of our



For an even greater  
range of wines by the  
case, visit our wine  
warehouse [Click for more](#)

[Competition of the Week](#)[Groceries from your local Tesco](#)

Choose your groceries online - fresh, convenient and  
click away.

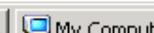
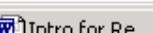
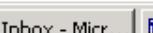
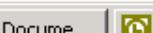
[Delivered direct from our warehouses](#)

1000s more products available - all from our fantastic

[Baby and toddler](#)

From nappies to nylamas, our great range has it

(7 items remaining) Opening page http://www.tesco.com/...

**Sainsbury's**

making life taste better

[www.sainsburystoyou.co.uk](#)**Sainsbury's**  
to you

go on,  
test us  
out...

**...shop online****summer saver**

free delivery on Tuesday, Wednesday  
and Thursday for orders over £50  
until 29 August 2002

**great value at  
Sainsbury's**

fantastic weekly special  
offers right across the  
board

**WIN 3 family  
days out**

at 3 of the UK's most  
exciting attractions

**recipe search**

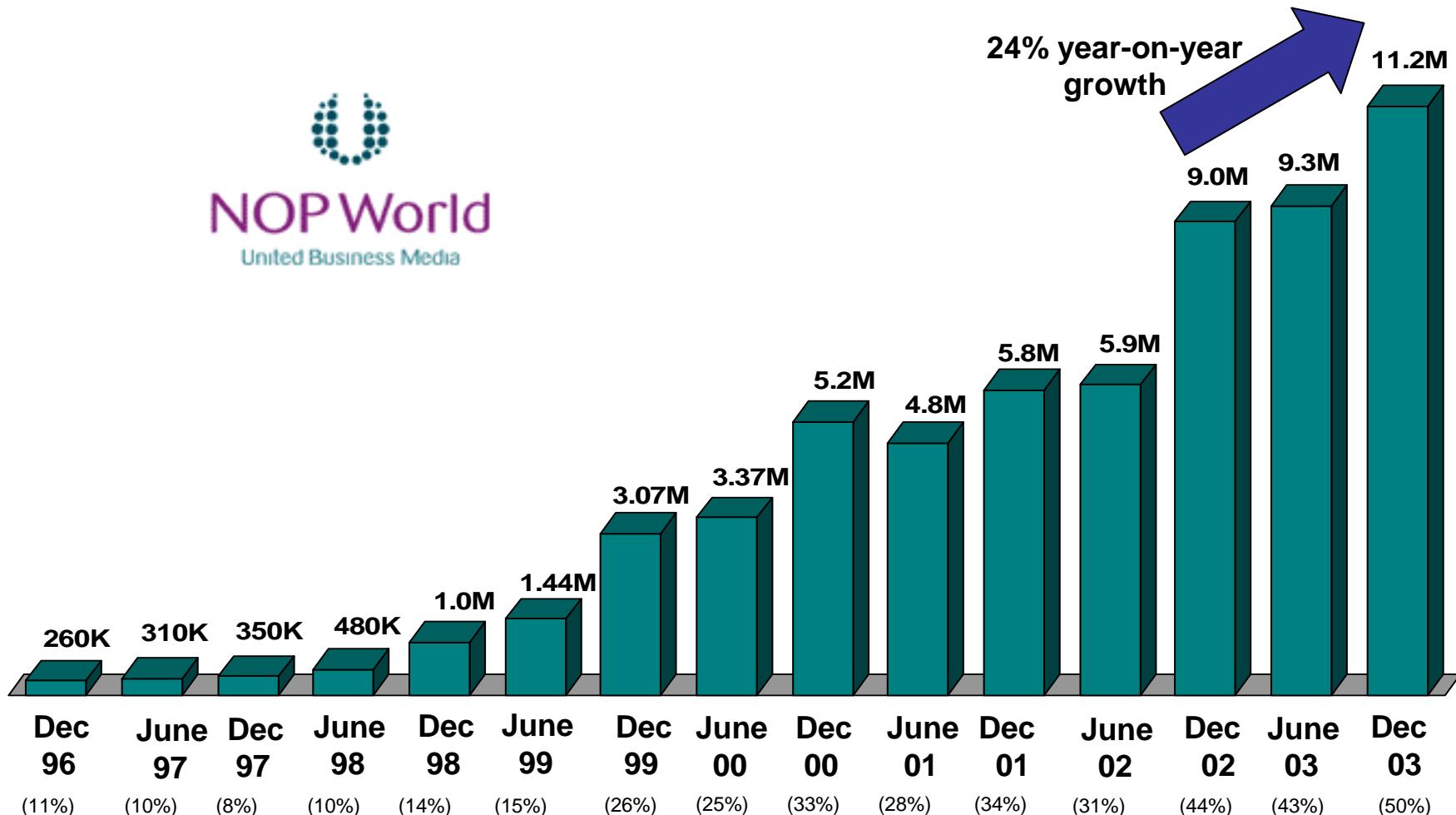
not sure what to cook?  
we have over 6,000  
recipes to inspire you...

**wine**

all you need to  
know about wine...  
plus offers and  
recommendations

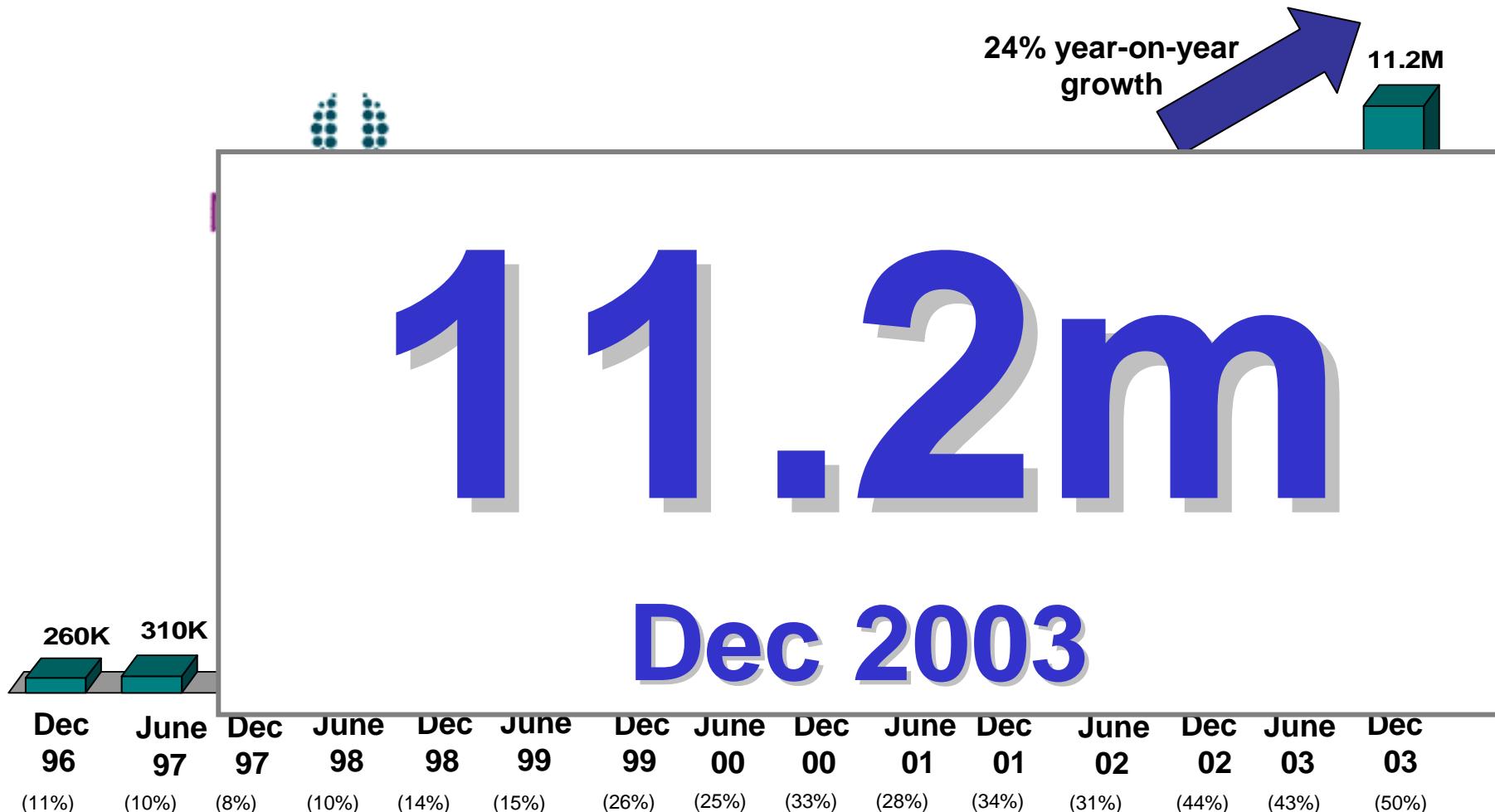
**summer  
eating****Sainsbury's  
Mobile**

# Number of online shoppers (UK)



In the last 4 weeks, have you used the www to purchase a product or service from your home, or any other location?

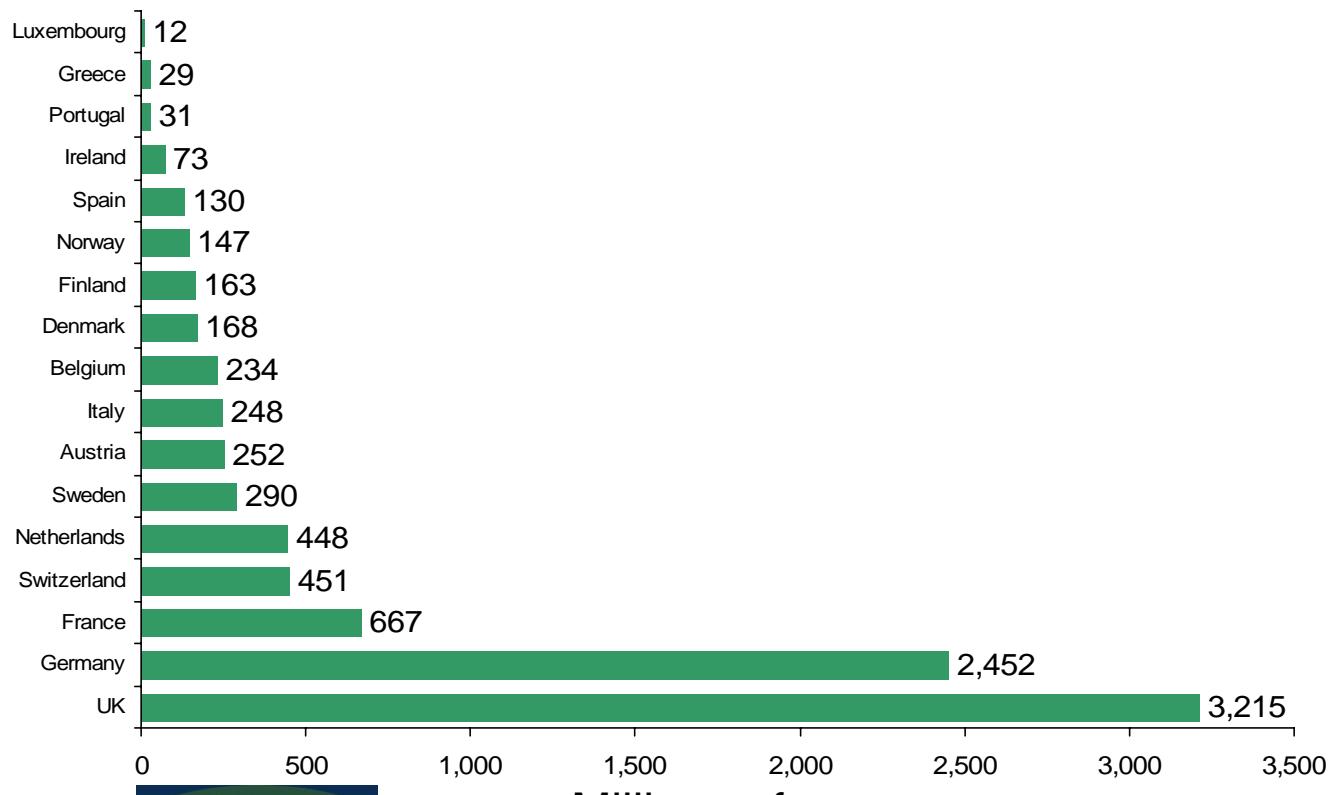
# Number of online shoppers



In the last 4 weeks, have you used the www to purchase a product or service from your home, or any other location?

# Online retail: UK and Germany first to track channel shift

Record spend online: Christmas 2003



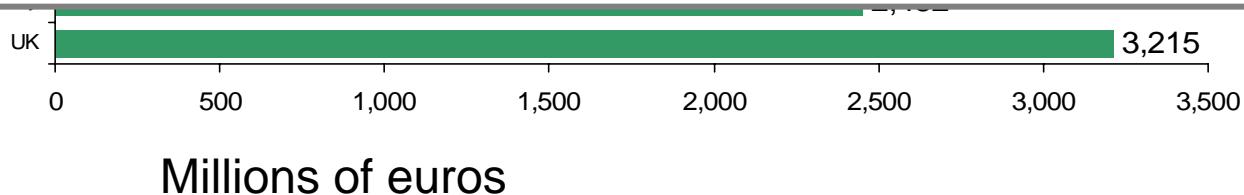
FORRESTER®

# Significant online retail spend boost online ad appeal

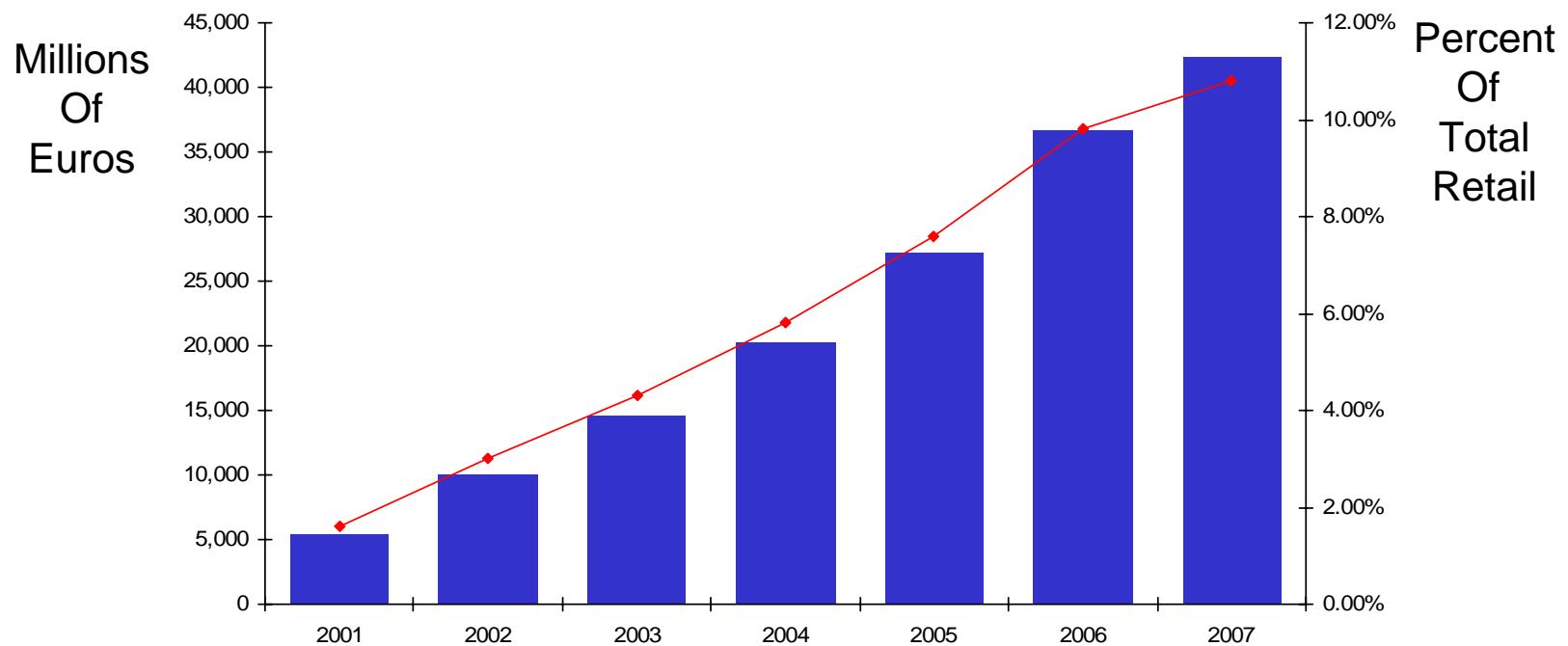
Christmas Online Spend 2003

€3.2bn

Dec 2003

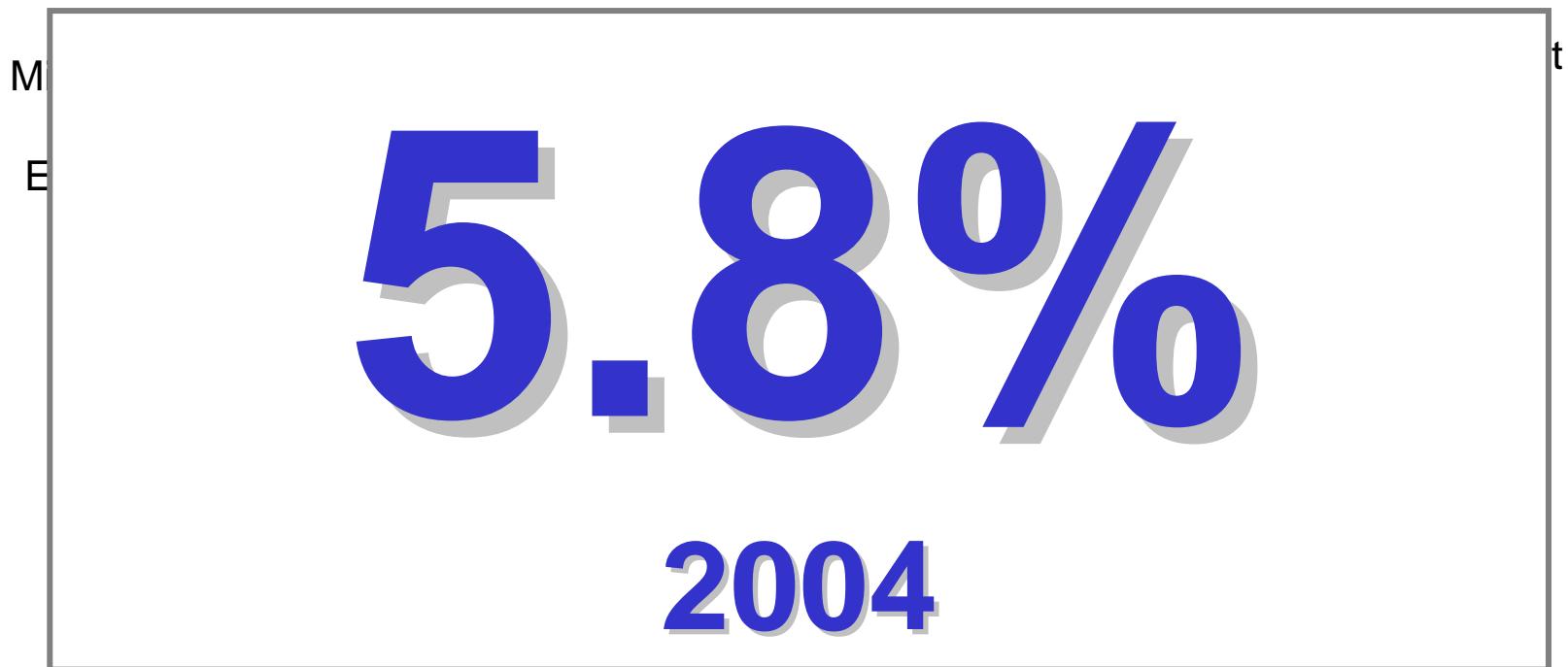


# UK online retail; rapidly growing



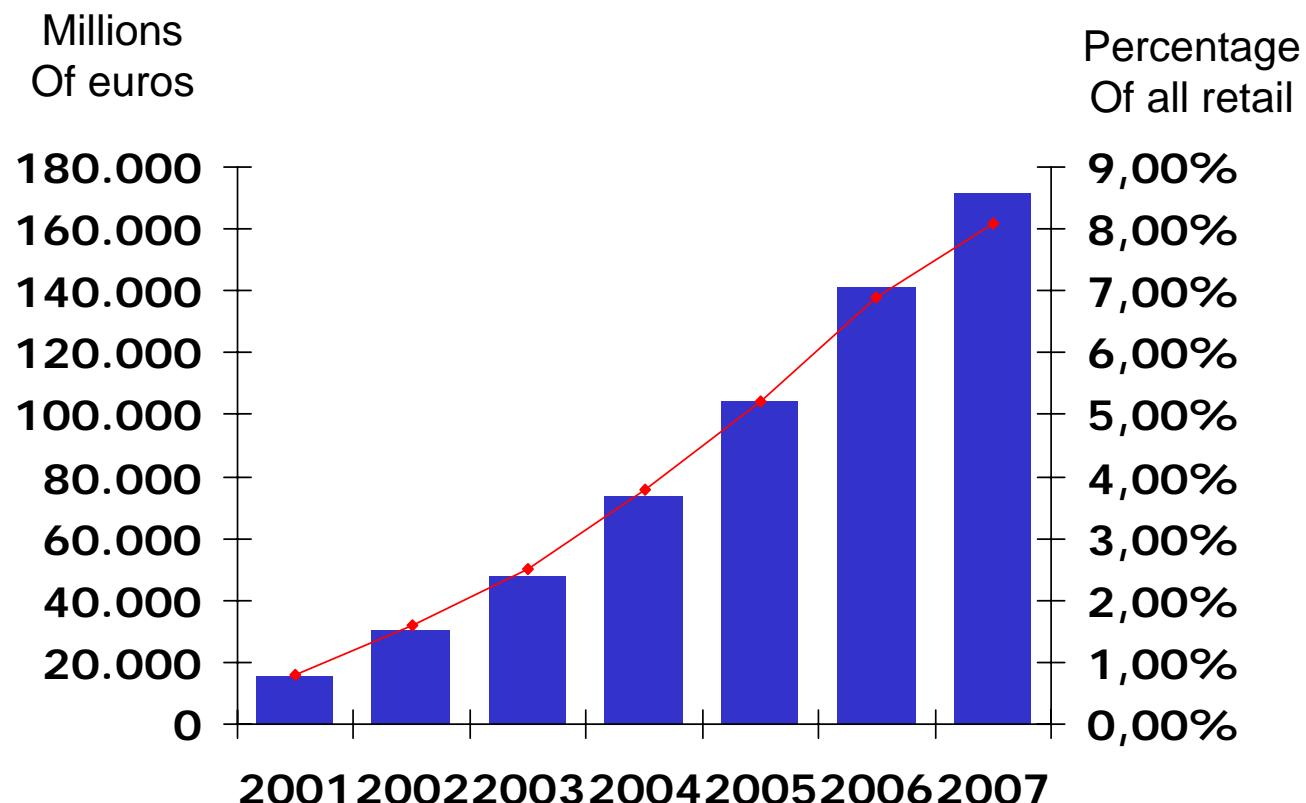
Forrester Report "Choosing The Right Retail Strategy"

# UK online retail; rapidly growing



Forrester Report "Choosing The Right Retail Strategy"

# European online retail reaches €171bn in 2007



Forrester Report "Choosing The Right Retail Strategy"

# Experience consumers shop more

## After 2 years online shopping becomes the norm

Apparel and travel attract inexperienced buyers

Bought online in the past 3 months:	Have shopped online for 1 year	Have shopped online for more than 3 years
Male	49%	61%
Higher education	29%	45%
Higher income	36%	50%
Video/DVD	12%	25%
Computer software	8%	17%
Computer hardware	8%	16%
Computer/video games	7%	13%
Books	30%	49%
Music	21%	34%
Leisure travel	16%	24%
Event tickets	15%	21%
Clothing	18%	24%
Toys	6%	5%
No. of times bought online in the past 3 months	2.6	4.3
Amount spent on most recent online purchase	€144	€172

Base: European online consumers who bought online in the past 3 months



*Change in...*

# **customer behaviour**

*Understanding the  
customer's journey*

# The marketing process

## AIDA: early model of the customers' journey

### Interest:

Consumers need to be stimulated to take some interest in the product. How might it satisfy a need/want that the consumer might have?

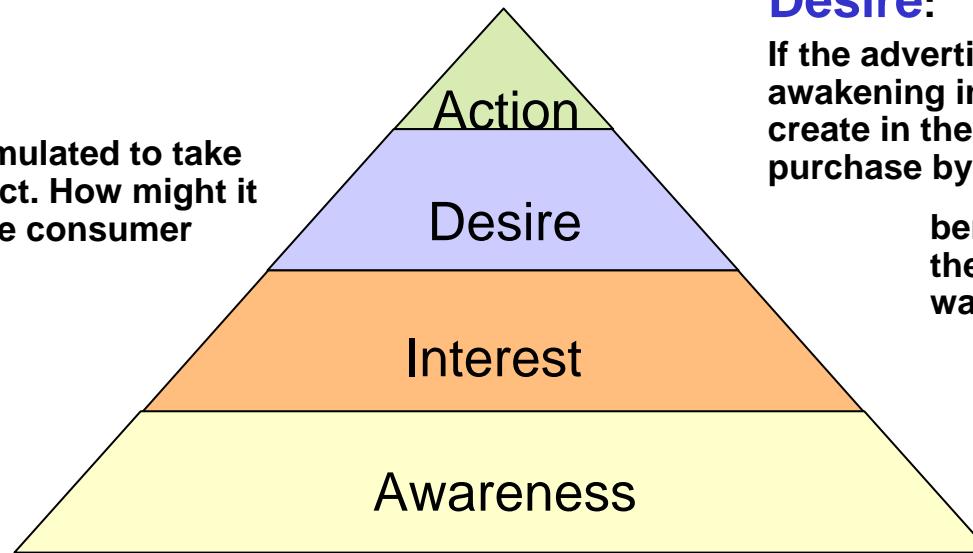
### Action:

Consumers actively seek the product and buy it.

### Desire:

If the advertisement is successful in awakening interest, it then attempts to create in the consumer's mind a desire to purchase by successfully connecting the

benefits of the product with the consumer's needs and wants.



### Awareness:

Consumers need to be aware that the product exists, what it is, what it does and perhaps where and when it is available).

# Understanding the customer's journey

- Purchase is the final step in a long journey
- AIDA reminds us of groups of steps
- Customers need information
- Websites provide this information
- The purchase / action may happen via phone, email or high street
- Tracking tools may link this to the website
- Marketers now expect great data like this
- Journey continues after purchase; customer relationship management (eCRM)
- Different internet services help customers at different steps on their journey

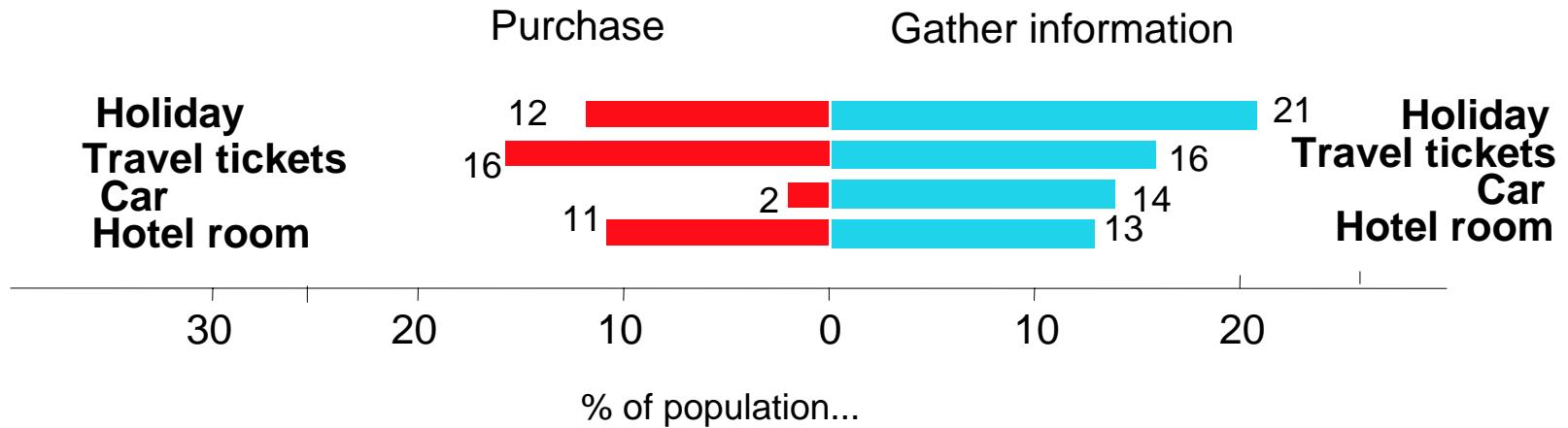
# Cars: a customer journey

The 11 stages in the car-buying journey  
– from purchase of current car:

- Post-purchase ‘honeymoon’
- ‘Non-interest’ – reinforcing existing choice
- ‘I need to replace this car some time in the not-too-near future’
- ‘I/we are going to need a new car quite soon’
- Serious looking about
- Shortlisting
- Detailed investigation
- Shopping around
- Negotiation and payment
- Waiting for delivery
- Delivery

Source: [The Communications Challenge](#), Julian Saunders

# The internet is key for information during the process

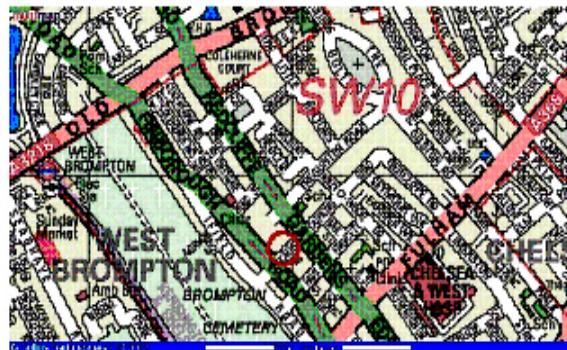


Source: [The Henley Centre](#) Planning for Consumer Change 2002

# Let's buy an apartment

£350,000

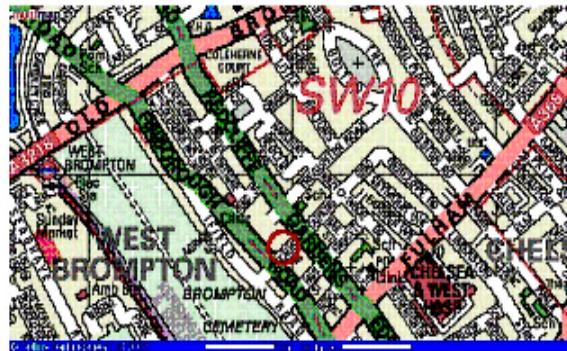
Kensington Chelsea  
London



# Let's buy an apartment

£350,000

Kensington Chelsea  
London



## Where to start?

[This section of the presentation  
was an interactive demonstration  
of where people go and how  
they choose, highlighting the  
changes in the customer's  
journey for the selection and  
purchase of high value items]

**I had the initial desire**

**Media raised my interest**

**The website delivered initial results**

**The website delivered a shortlist**

**The website provided extra services**

**Other sites and newspapers were references**

**Viewings were made**

**Purchase was made**



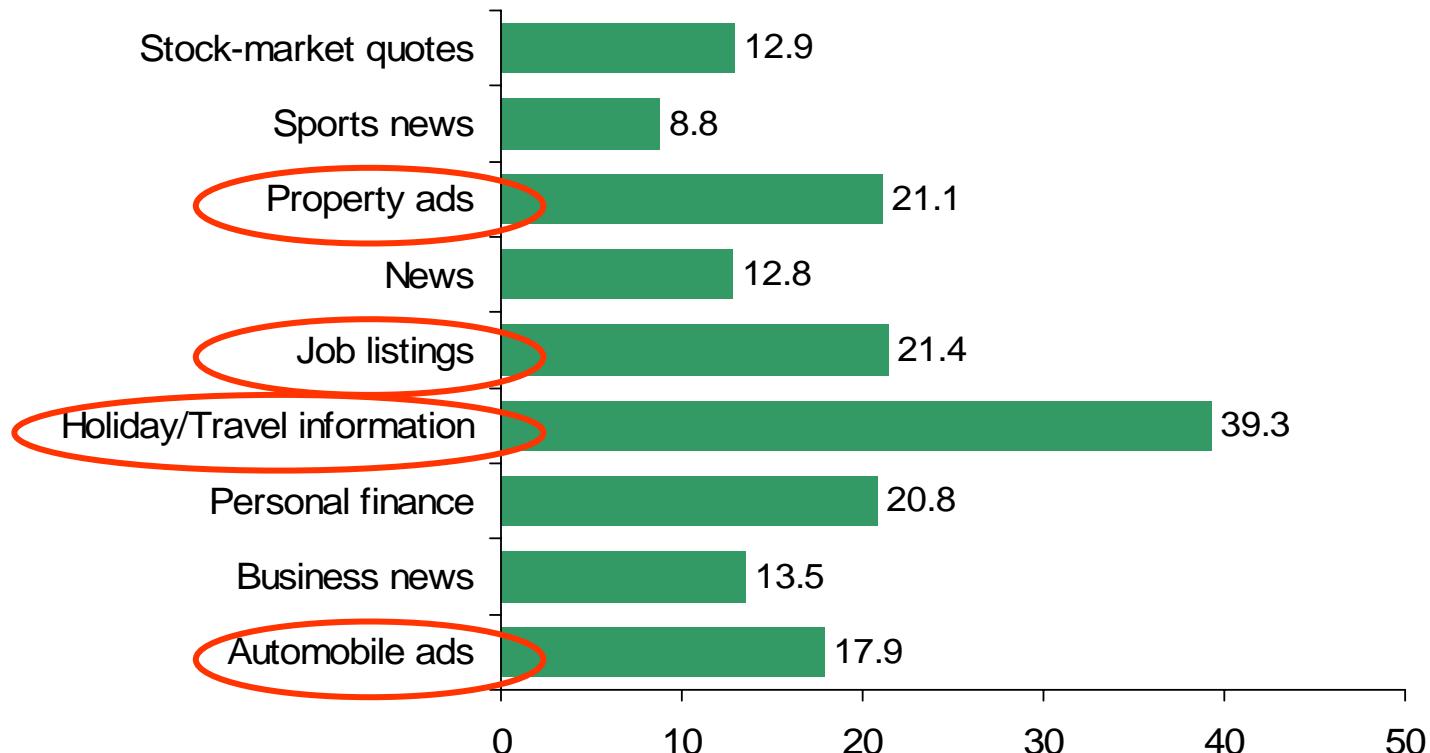
**...and I now have a  
new home**

*Change in...*  
**classifieds**  
*In many ways*

# Classifieds:

## UK online consumers now rely heavily on the internet for many topics

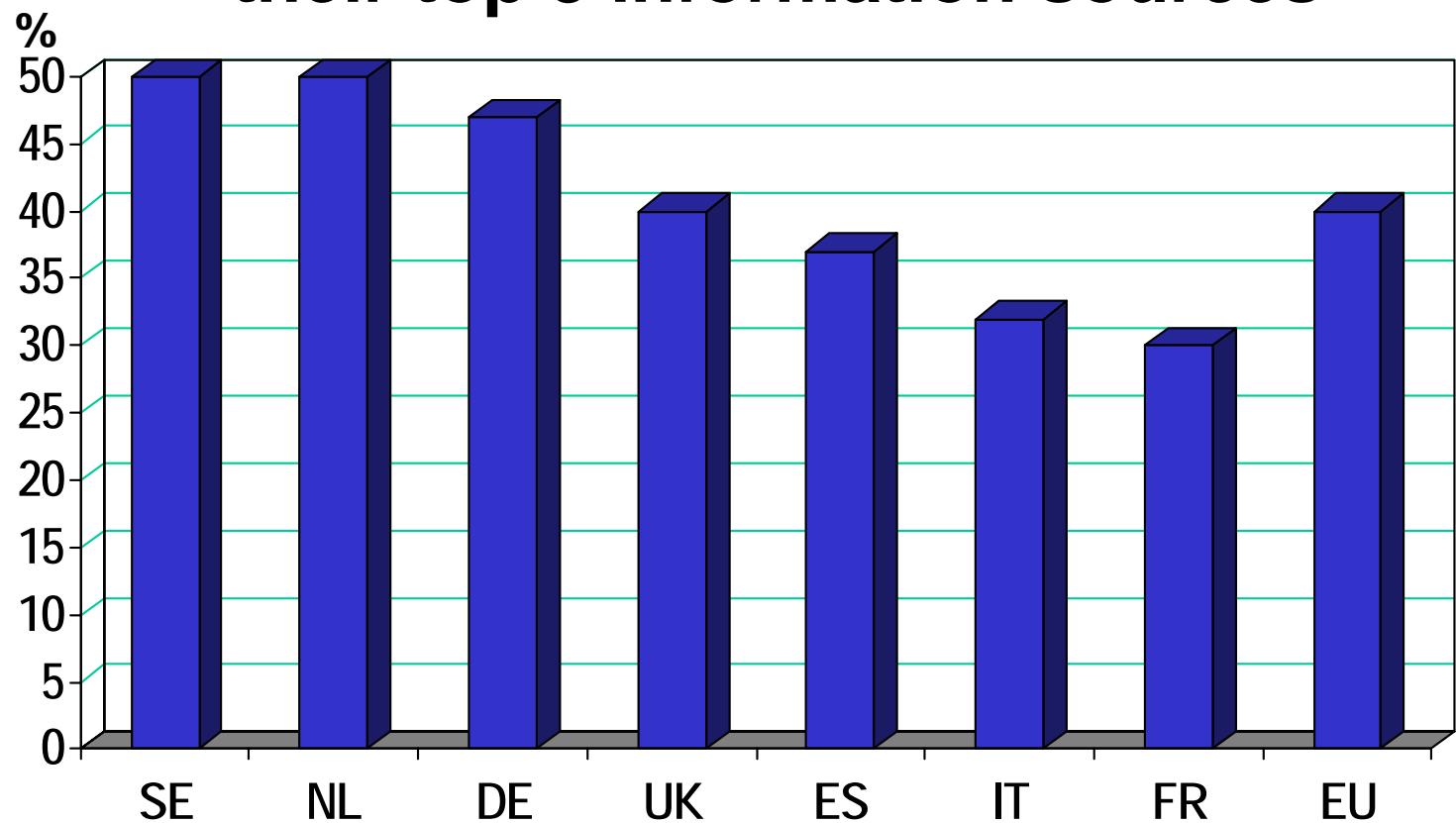
Consumers who said **the internet** was one of their top three sources for:



Forrester's Consumer Technographics Q2 2003 Europe Study  
Base: UK Online Consumers

# Jobs

**% Europeans who say the web is one of their top 3 information sources**

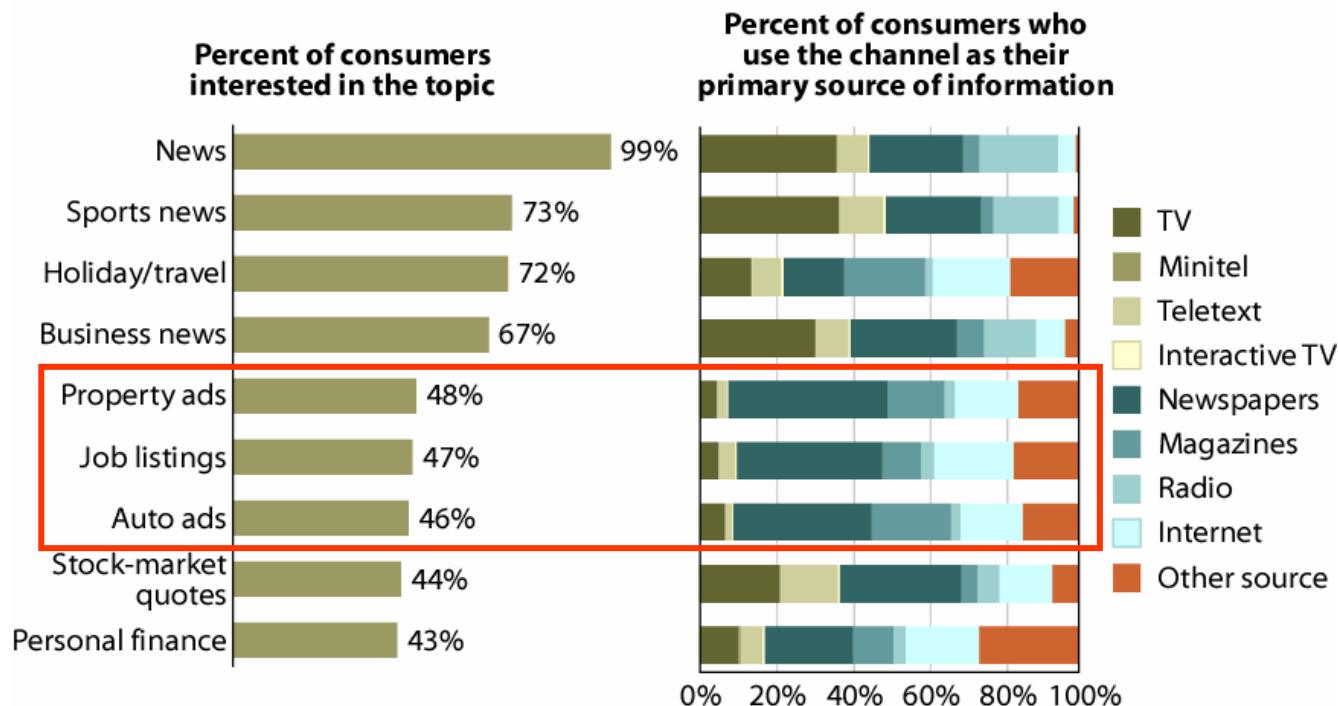


Source: [Forrester Research Technographics](#)

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# Online: primary source of information

Profiling European consumers' media channel mix

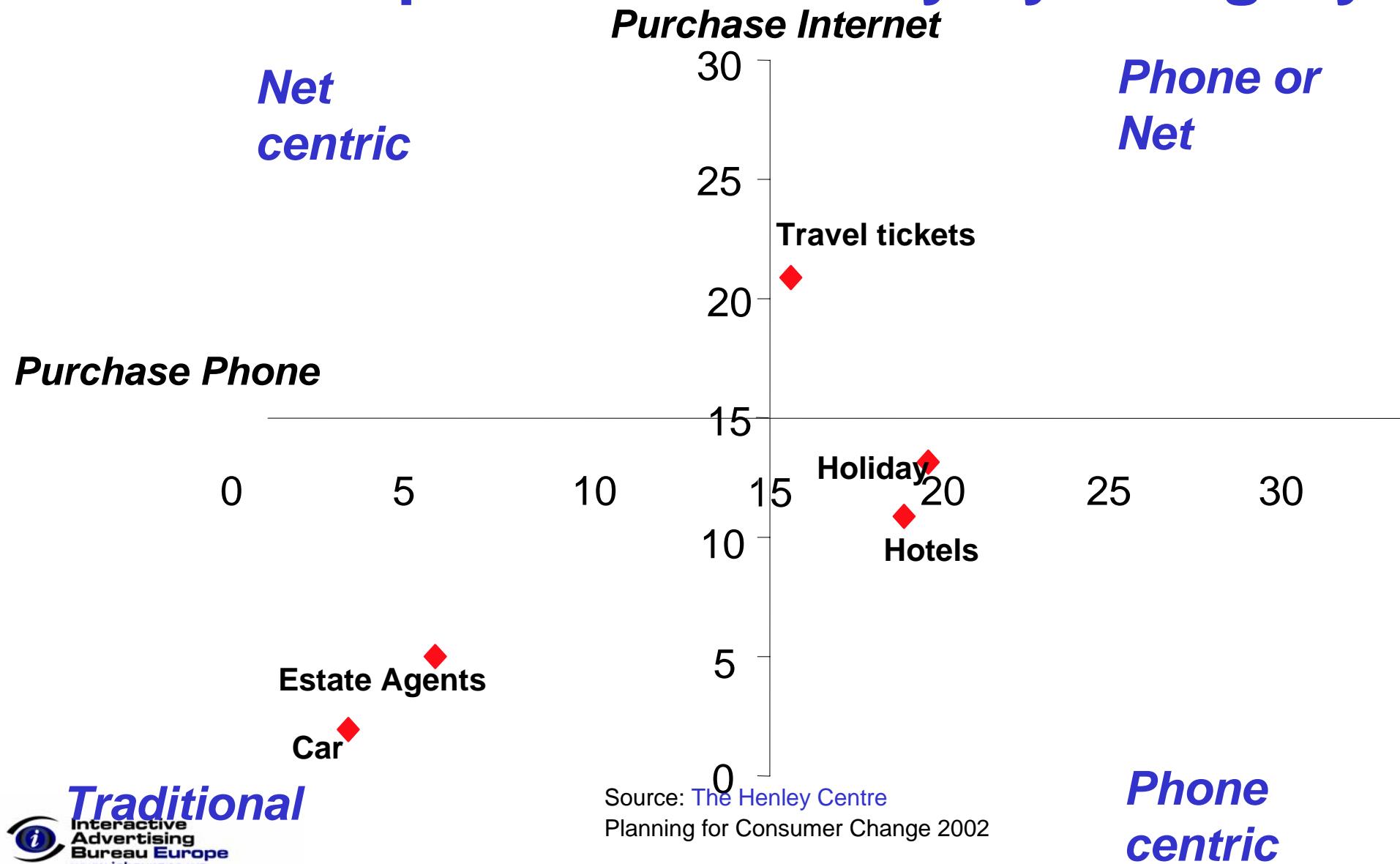


Base: European consumers

Base: European consumers who are interested in the topic

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# Channel preferences vary by category



# *Are classifieds actually being effected?*

**Yes, though its not just about advertising  
The sales channel in these categories is changing  
Consumers are now clearly using new channels  
There is a tendency to use several channels  
The way consumers think about classifieds is  
changing for ever**

# Agenda

## *Change in...*

marketing  
media  
ad spend  
media plans  
shopping  
customer behaviour  
market structures  
(disintermediation)  
success strategies

Online

‘just got started’

Threats are also opportunities...  
if you see them coming

*Change in...*

# **market structures**

*...disintermediation*

*What is*

# ***disintermediation***

***“Removing intermediaries”***

*What does it mean online?*

*What does it mean today?*

# **Disintermediation visible**

*Threatening the role of traditional print classifieds*

- **Long supply chains shortened by technology**
- **Agents, brokers and other ‘middlemen’ potentially cut out**
- **Challenges the role of media as the aggregator of audiences and the builder of communities**
- **Creates scope for new intermediaries to appear**

# ***Disintermediation visible***

*Threatening the role of traditional print classifieds*

**It is...**

- Real
- Immediate
- Growing
- Long term
- Inescapable

**It is not...**

- Trivial
- A cycle
- “Over when the dot com bubble burst”
- Something that won’t affect me
- About who is getting the adverts

# understanding the threat

# Auctions

home | register | my eBay | site map | sign in

Browse Sell Services Search Help Community

the w **free**serve auctions

**DIRECT LINE** **Rescue** Low on price, high on service 5% online discount

Join For Free / Sell / My Account / Log Out / Help

what are you looking for?  **find it!** Items Located in the UK Items available worldwide

Categories Art & Collectables Books, Film & Music Computers

**QXL.com** Where everyone can buy!

Categories Antiques & Art Automotive | Books | Coins | Collectables Computers & Games Consumer Electronics Dolls, Doll Houses Film & Video

Categories Gaming Football (3518) Home & Lifestyle (4019) Home Electrical & Photographic (1098) Music & Movies (4244) Over 18s (611) Sports & Fitness (1160) Telecommunication (3373) Travel (134)

Specialty Sites eBay Shops eBay Motors Business Exchange Sothebys.com

Global Sites Argentina Korea

# New models

Welcome to Freeserve Auctions

forums

Join our live forum at 1pm. Don't miss out!

Featured Auctions

See all

Item	Bid	Ends
Your Own Ringtones & Logos website	£99.00	9 days
IBM 120GB 7200 RPM Hard Drive only £119	£119.00	6 days
Only £100 for 512MB PC2100 DDR Ram	£100.00	3 days
Luxury All Inclusive Caribbean luxury barber chairs	£250.00	4 days
luxury sofa	£360.00	2 days

ok great this summer with some signer sunglasses from only £1 no serve!

> New to QXL? > Register > How to sell? > How to buy?

community

QXL Forums QXL is safe Find out how we protect you

List auctions for free! Sell in bulk with Quickseller

find it

Ending soon Just opened Top 10 searches

QXL staff auctions

shops

One High Street £1 no reserve software!

Premier Direct Fitness products from £1!

more shops ►

beautiful Jewellery! Tents, Tools & Garden Furniture! Collect Ceramics? Low Cost Digital Camera Rock & Pop of the 60s! All Your Favourite Games!

Warehouse Offers Star Wars & Spiderman Cells! Summer Fun! Laptops & Notebooks Car Care! Designer Sunglasses PC software and game SALE Visit Warehouse

Star Sellers Welcome Yahoo users! Cherry lesleyzoom43 deborah402000 Busylizzy

Testimonials TEN LOWER / Epson 0 / 4 Black + 4 Colour Cherry Bellmaiden



Home

Your Details

Find School

Your Schools

Need Help?

About Us



opodo

Search now

edinburgh  
brussels  
from £68  
from £72

# New communities

Home  
Register  
Your Details  
Find School  
Your Schools  
Find Workplace  
New Your Workplace

New Online Person  
After School Club  
Memory Board  
Success Stories  
Name Search  
Trying to find  
New Need Help?  
Contact Us

AFTER SCHOOL CLUB  
Quizzes Surveys  
Screenings Prizes

## Your Details

If these details are correct

If you're

Name (different)

Address At School (optional)

Year of Leaving

Please note : Your email address will not be available to anyone. Contact to yourself from a friend will initially be through Friends Reunited. You will be sent a confirmation email upon completion of registration. If you do not receive this then please check your email address.

Enter email address (this will be your login)

Enter a password

Confirm your password

Please take a second to check the email address you just entered. If it is incorrect, old friends and ourselves will not be able to contact you.

Remember your password (this will log you in when you return to the site)

Send password in confirmation email

Yes

Where did you hear about Friends Reunited

Internet Search Engine



# monster.co.uk

The world's leading career network



[SEARCH JOBS](#)

[CREATE YOUR CV](#)

[TEMP JOBS](#)

[Jobs](#)

[UK](#) - over 19,574

[Europe](#) - over 60,325

# New 'single category' players

[Halifax General Insurance](#)

[Jobs](#)

Discover the other leading [companies](#)

View interactive company [profiles](#)

[Unilever Palmolive](#)

[Jobs](#)

[Blackpool Borough Council](#)

[Jobs](#)

LOOK FORWARD

[BTopenworld](#)

Go to: [Guardian Unlimited home](#)

## jobs

[Home](#) | [Charities](#) | [Government](#) | [Media](#) | [Marketing & PR](#) | [Science](#) | [Environment](#) | [Financial](#)  
[IT & T](#) | [Education](#) | [Secretarial](#) | [Housing](#) | [Arts & heritage](#) | [Graduate](#) | [Health & social care](#) | [Help](#)

**How to use this site**

- [Tools sign in](#)
- [Tools sign out](#)
- [About the tools](#)
- [Saved searches](#)
- [Saved jobs ads](#)
- [Store profile & CV](#)
- [Application record](#)
- [Your profiles](#)
- [Your contact details](#)

**Quick search**

**Detailed search**

**Search by sector**

<a href="#">Media</a>	<a href="#">Graduate</a>
<a href="#">Marketing/PR</a>	<a href="#">Secretarial</a>
<a href="#">Charities</a>	<a href="#">Education</a>
<a href="#">Housing</a>	<a href="#">Financial</a>
<a href="#">IT and telecoms</a>	<a href="#">Health and social care</a>
<a href="#">Arts and culture</a>	<a href="#">Science and research</a>
<a href="#">Various Posts</a>	

**WIRRAL**  
Metropolitan Borough of Wirral. Deputy Director of Housing, £5,646 - £69,607

[Douglas Valley Community Ltd](#)

[Harper Adams University College](#)

**Lecturers**

[Browse](#)[Sell](#)[Services](#)[Search](#)[Help](#)[Community](#)

the world's online marketplace

what are you looking for?

[find it!](#) Items Located in the UK Items available to the UK

## Categories

[Antiques & Art](#)[Automotive | Bikes](#)[Coins | Banknotes](#)[Computers | Games](#)[Consumer Electronics](#)[Dolls, Toys & Games](#)[Film & Television](#)[Jewellery & Watches](#)[Music | Photography](#)[Pottery & Glass](#)[Sports | Stamps](#)[Tickets & Travel](#)[Toys & Bean Bag Plush](#)[Furniture & Home](#)

# New global giants

[Hot](#)

## Spotlight's On...

[more...](#)[The great outdoors](#)[Big beats little gadget!](#)[Fun at your fingertips](#)[Brand new digital cameras!](#)

## Featured Items

## Don't Miss

# **Classified print: 5 challenges**

*Threatening the historic role*

1. **Fighting disintermediation**; customers going direct
2. **Fighting new intermediaries**;  
agile technology-powered companies
3. **Fighting the new business models**; new intermediaries  
may have radically different models and profit margins
4. **Technology**; successfully deploying new technology  
internally and managing radical change to the business
5. **Strategy**; developing corporate strategies to secure long  
term markets

# 1. Disintermediation: examples

*Threatening the role of print classifieds*

- **Jobs:** Recruitment consultants and recruiters going direct, launching websites rather than using media titles as their market place – *PriceJameson*
- **Travel:** Airlines selling their inventory direct to customers – *BA.com*
- **Motors:** Consumers selling motor cars through their own home pages or buying from overseas - *Ebay*
- **Homes:** Real Estate agents becoming media sites – *Foxtons.co.uk*

## 2. Reintermediation: examples

*Threat from new business models*

- **Jobs:** The arrival of the internet job board – *Monster.co.uk*
- **Travel:** New consolidators arrive – *Lastminute.com, Opodo.com*
- **Motors:** Consumers selling motor cars through their own home pages or buying from overseas - *Ebay*
- **Homes:** Arrival of the new online property networks

# 3. *New business models*

*Threat from new business models*

- **No advertising:** Supplier companies simply save costs – *Real Estate Agents*
- **Very low margin advertising:** Vast economies of scale – *EBay*
- **Alternative income:** Search engines connect most buyers and sellers together for free – *Google*
- **Alternative payment models:** Search engine networks charge on a response basis for qualified leads – *Overture*
- **Alternative product models:** Job boards take a feed of all adverts from a client not just a selection - *WorkThing*

# ***Related factors***

*Threatening the role of print classifieds*

- **New technology is empowering the consumer**
- **Customers are in control and becoming more demanding**
- **There is a trend towards free information**
- **There is a trend towards frictionless access to information**
- **Transaction processes and data exchange become hyper-efficient**
- **The entire supply chain is digitally connected and partly automated**

*Change in...*

# **success strategies**

*For classified media  
companies*

# **Seven main strategies**

*Options for classified titles*

1. **Do nothing:** ~~Manage decline and prolong revenues, make only minor cosmetic changes to the business~~
2. **Grow organically:** Lever the print brand and client relationships, cross sell and up sell, install new technology platforms, develop new advertising products
3. **Specialise:** Focus on core markets you can protect
4. **Compete on their terms:** Set up new competing intermediaries that behave like agile technology-savvy companies – *Fish4*
5. **Partner with your old friends:**  
Share resources with other print titles
6. **Buy them:** But how to pick that winner?
7. **Partner with the new players:** But who owns the customer, the URL and the advertiser relationship?

# **Focus on: Jobs**

## *Key issues*

### **Audience**

- 1/5 of online Europeans regularly look for jobs online
- 40% already rate the web as one of their top three sources

### **New models**

- Governments may develop powerful recruitment sites

### **Value**

- Recruitment accounts for the lion's share of euro1.6bn online classified market (by 2008)

### **Newspaper classified responses: issues to address**

- Putting the ads online does not guarantee the market will move
- Simply doing online what has happened in print will not secure this market
- The traditional text ad should only be a starting point
- Pricing structures need to evolve; time, volume, additional services
- Tracking and reporting need to be in place

# **Focus on: Jobs**

*Example organic product strategies*

- **For the advertiser:**

- Listing all the possible vacancies
- Control of the listings
- Distribute them widely through partner websites
- Develop candidate short listing processes
- Launch CV matching
- Automate online testing to screen candidates
- Automated online letters to applicants to ease administration
- Database all applicants
- Deeply integrate into their human resources systems
- Provide data about number and profile of viewers; time spent, pages viewed
- Feedback about their perception of their firm
- Feedback about why candidates did and did not respond
- Feedback about what they are most looking for
- Partnership with online interviewing
- Build the reach of your site by advertising where the right audiences are

# **Focus on: Jobs**

*Example organic product strategies*

- **For the job seeker:**

- Email alerts
- Complex searches and saved searches
- 'Forward this to a friend' tools
- Notes pages that they can manage, contact strategy pages they can manage
- Online q and a with clients for volume positions
- Online application Supporting client information
- Qualification information; providers, schedules, skills
- Mapping services, information about locations
- Interview support services; directions, accommodation
- Supporting editorial

# Strategies

## *Next steps*

- **Get organised - ownership:** Give senior executives ownership, build a cross-company team, bring in external support to help,
- **Resources:** Allocate time and resource at board level
- **Competition audit:** Understand exactly who you are competing with; when, where, how and why
- **Research:** Develop a deep understanding of these changes
- **Strategy:** Develop strategies then test, refine and implement
- **Track:** Put your own performance under scrutiny

# Strategies

## Next steps

- **Competition audit:** Understand who you are competing with; when, where and how
- **Ownership:** Ensure ownership, build a cross-functional team, allocate time and resource at board level
- **Research:** Develop a deep understanding of these changes
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- **Track:** Put your own performance under scrutiny

**...but do it now**

*Classified media can have  
**great futures**  
Threats are also opportunities*

....

*if you see them coming*

# Agenda

## *Change in...*

marketing  
media  
ad spend  
media plans  
shopping  
customer behaviour  
market structures  
(disintermediation)  
success strategies

Online

‘just got started’

Threats are also opportunities...  
if you see them coming

*Change is....  
the new 'norm'*

*Change is....  
the new 'norm'*

**Thank you**

# Online

# ‘just got started’

Threats are also opportunities...  
if you see them coming

ICMA keynote on ‘Change’ - The Hague – May 2004

Danny Meadows-Klue

European President

Interactive Advertising Bureau

The think-tank and trade association behind commercial interactive media

Danny @ IABuk.net

+44 (0) 20 7886 8282





# The IAB

***‘Your first phone call’***

**Helping media owners, advertisers and agencies get more online**

**An introduction**

IAB Marketers' call centre 020 7886 8282 CallCentre@iabuk.net  
Chief Executive – Danny Meadows-Klue

# The IAB?

- Think tank
- Centre of expertise
- Trade association
- Forum for industry
- Owned by industry

*....Your first phone call*

# The vision thing

# Accelerating the market

... helping to double the market every three years

This is an industry that has come together

# Mission

Accelerating the growth of e-commerce, interactive advertising and online marketing

# Vision

Recap: The vision behind the IAB

# *The vision thing*

- Market the medium and reveal its potential, unmasking complexity, and opening up its access.
- Protecting the advertising environment and tackling head-on the challenges of embryonic standards and currencies.
- Galvanising market segments to speak with a single voice and share its messages with hundreds of diverse companies.
- Together we will change the shape of marketing on the road to a 'media-neutral' advertising culture.

# ***Vision: The IAB***

- **The leader of the industry and the focus for debate**
  - **Where client marketers go at the start**
  - **Where agencies come back for advice**
  - **Where media owners come for training**
- **And where everyone goes for support**

# The path

Turning a vision into reality:  
IAB activity programmes

# Five programmes of IABs

- Marketing of interactive media  
...**promoting online advertising**
- Developing powerful standards  
...**raising profitability by tackling barriers, reducing costs**
- Producing powerful research  
...**proving the effectiveness and power of online**
- Educating the markets about the medium  
...**persuasion: training marketers how to use new media**
- Effective public affairs and external representation  
...**protecting the freedom to advertise online**

# Five Programmes

Promotion

Profitability

Proof

Persuasion

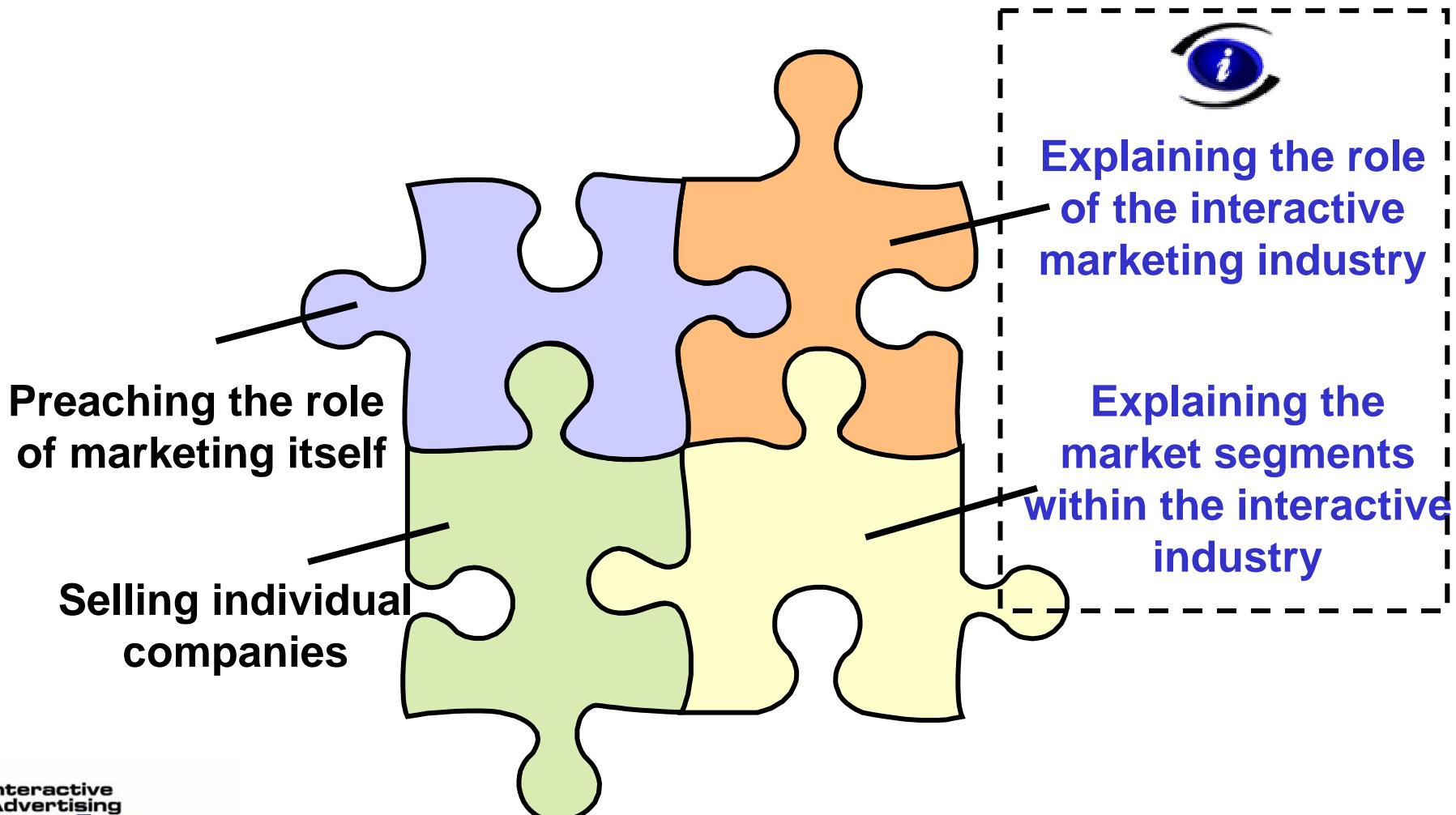
Protection

# The jigsaw

Where the IAB fits in selling the industry

# The marketing jigsaw

## *Where the IAB fits*



# Diverse industry...

...One *clear voice*

# We're your 'first call'

- **020 7886 8282**
- **CallCentre@IABuk.net**
  - *Ask the team*
  - *Access the research*
  - *Join the events*

# Thanks for your time

## The vision thing

What drives the IAB?

IAB Seminar

An introduction to...

# European advertising spend and audiences

Forrester research - a strategic partner of IAB Europe

## IAB Seminar

Rebecca Jennings  
Senior Analyst – Forrester  
RJennings@forrester.co.uk

iab-europe@europe-analytica.com  
+32 2 280 0847

**Our thanks go to...**

**Rebecca Jennings, Forrester Research**

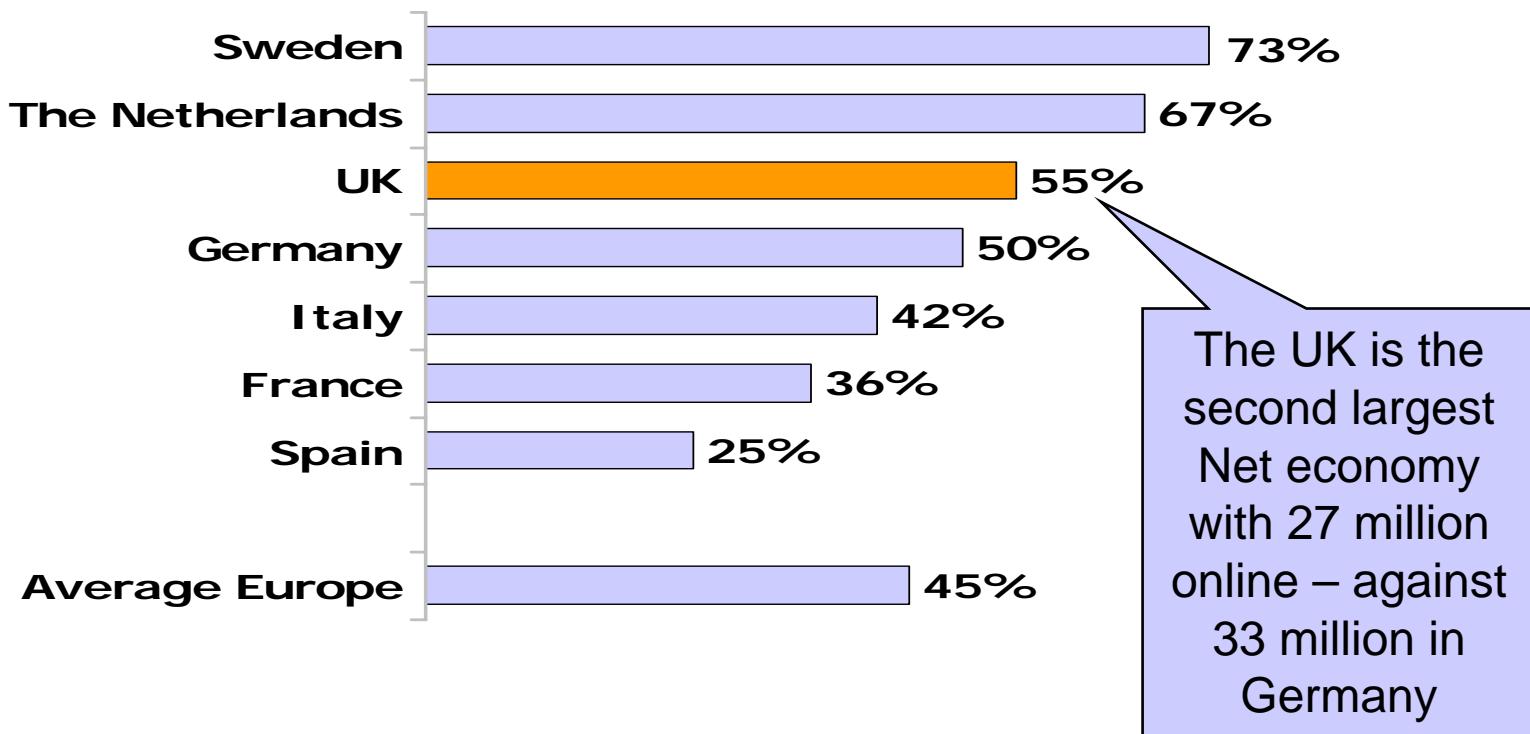
**For further information please contact Rebecca at:**

- +44 (0) 207 323 7647
- [RJennings@forrester.co.uk](mailto:RJennings@forrester.co.uk)

# 1 European Internet penetration

# In Europe, 45% of adults have access

% adults with Net access and online at least once a month



Source: Forrester Consumer Technographics 2003 Q2 (n= 23,511)

Base: *online adults*

# Around 86m households will be online in Europe at the end of 2008

Number of households online at end of year

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Austria	893	1,376	1,528	1,588	1,626	1,647	1,663	1,676	1,688
Belgium	1,152	1,456	1,773	2,027	2,188	2,289	2,354	2,399	2,433
Denmark	1,238	1,694	1,873	1,947	1,992	2,018	2,036	2,050	2,062
Finland	631	1,050	1,289	1,484	1,527	1,551	1,565	1,575	1,583
France	3,552	5,553	6,933	8,449	9,789	10,735	11,357	11,751	12,001
Germany	10,166	16,085	16,297	18,905	19,625	19,964	20,134	20,231	20,297
Greece	239	395	370	459	542	620	691	756	814
Ireland	253	388	503	561	603	628	643	653	659
Italy	3,079	6,500	7,578	8,449	9,187	9,555	9,743	9,851	9,925
Luxembourg	55	71	91	102	110	115	119	122	124
Netherlands	2,568	3,383	4,111	4,632	4,890	5,035	5,126	5,193	5,250
Norway	817	1,083	1,237	1,368	1,437	1,477	1,502	1,518	1,530
Portugal	319	890	1,057	1,227	1,317	1,365	1,391	1,408	1,420
Spain	1,510	2,056	2,310	3,008	3,598	4,022	4,301	4,477	4,590
Sweden	2,332	2,808	3,140	3,213	3,266	3,296	3,317	3,333	3,348
Switzerland	1,061	1,322	1,398	1,402	1,514	1,604	1,675	1,732	1,779
UK	7,990	11,470	12,612	13,515	14,998	15,900	16,441	16,782	17,016
Western Europe	37,855	57,579	64,100	72,338	78,210	81,823	84,058	85,506	86,519

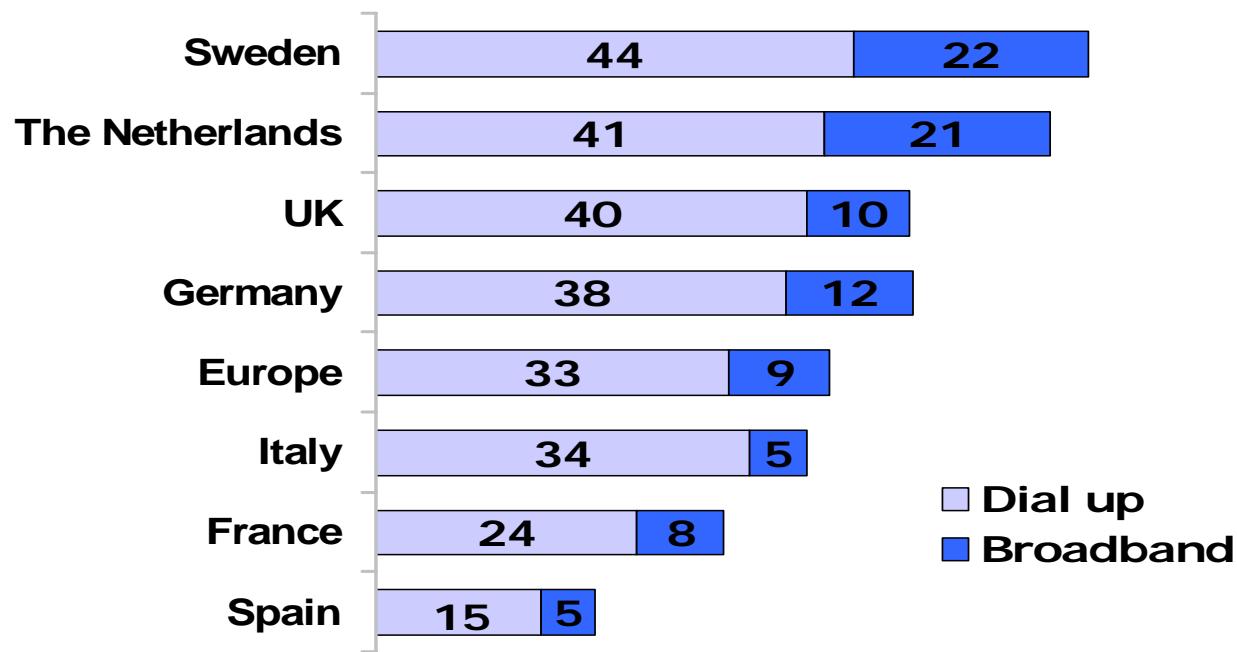
# That is over half of European households

Percent of households online at end of year

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Austria	27.3%	41.7%	46.0%	47.5%	48.3%	48.6%	48.7%	48.8%	48.8%
Belgium	27.1%	33.9%	40.9%	46.3%	49.6%	51.4%	52.3%	52.8%	53.1%
Denmark	43.0%	58.6%	64.5%	66.7%	67.9%	68.5%	68.8%	68.9%	68.9%
Finland	26.5%	43.9%	53.7%	61.6%	63.1%	63.7%	64.0%	64.2%	64.2%
France	14.6%	22.7%	28.2%	34.3%	39.5%	43.2%	45.5%	46.9%	47.7%
Germany	27.2%	42.9%	43.4%	50.2%	52.0%	52.8%	53.1%	53.3%	53.3%
Greece	6.0%	9.9%	9.2%	11.3%	13.2%	15.0%	16.6%	18.0%	19.2%
Ireland	17.3%	26.4%	34.0%	37.7%	40.3%	41.8%	42.5%	42.9%	43.1%
Italy	14.3%	30.0%	34.8%	38.6%	41.8%	43.3%	43.9%	44.2%	44.3%
Luxembourg	34.2%	43.0%	55.0%	60.7%	64.5%	66.8%	68.1%	68.9%	69.4%
Netherlands	37.8%	49.4%	59.5%	66.4%	69.5%	70.9%	71.5%	71.8%	71.9%
Norway	42.0%	55.4%	63.0%	69.3%	72.5%	74.1%	75.0%	75.5%	75.7%
Portugal	9.4%	26.1%	30.8%	35.6%	37.9%	39.1%	39.6%	39.8%	39.9%
Spain	11.5%	15.6%	17.4%	22.5%	26.8%	29.7%	31.6%	32.7%	33.3%
Sweden	49.9%	59.8%	66.6%	67.9%	68.8%	69.1%	69.3%	69.3%	69.3%
Switzerland	35.7%	44.0%	46.0%	45.7%	48.8%	51.1%	52.8%	54.0%	54.9%
UK	31.2%	44.4%	48.5%	51.6%	56.8%	59.8%	61.4%	62.2%	62.6%
Western Europe	23.6%	35.8%	39.6%	44.5%	47.8%	49.8%	50.9%	51.5%	51.8%

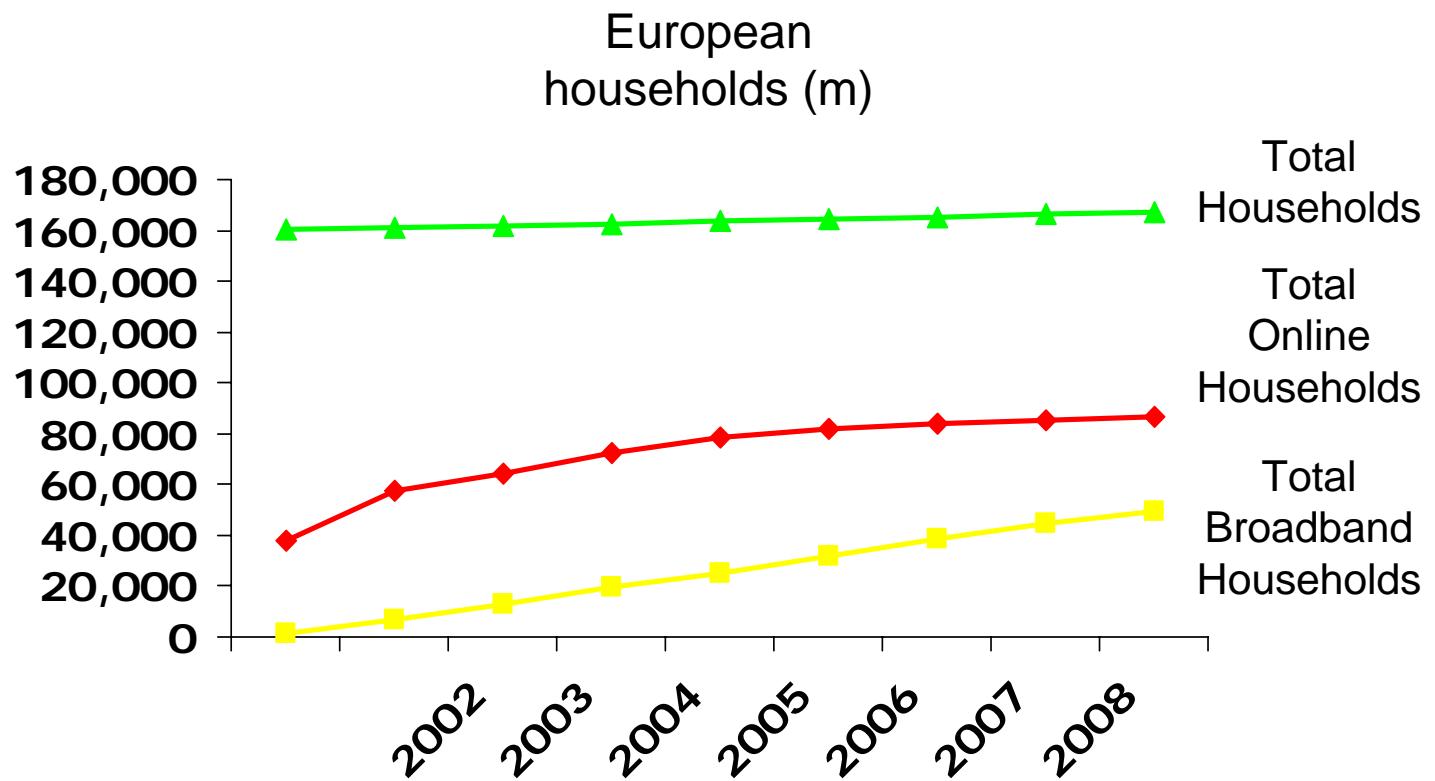
# Almost 10% of online Europeans has a broadband connection at home

"Which of the following connections do you have to the Internet at home?"



Forrester's Consumer Technographics Q2 2003 Europe Study (n=23,511)  
Base: European online consumers with a home connection

# Broadband grows to 30% of all households in 2008



Forrester Report "Broadband's Focus Shifts To Profit"

# Broadband grows to 30% of all households in 2008

	Total broadband households per country (thousands)							% of households 2008
	2002	2003	2004	2005	2006	2007	2008	
Austria	432	519	621	717	843	949	1,039	30%
Belgium	676	855	964	1,131	1,283	1,419	1,538	34%
Denmark	465	581	695	876	1,030	1,161	1,271	43%
Finland	206	281	384	484	635	762	869	35%
France	1,405	2,873	3,335	4,257	5,157	5,992	6,741	27%
Germany	3,756	4,826	6,411	8,272	9,864	11,209	12,340	32%
Greece	1	1	2	23	79	136	219	5%
Ireland	4	4	25	79	137	196	261	17%
Italy	1,023	1,792	2,365	3,156	3,786	4,606	5,302	24%
Luxembourg	5	9	22	33	43	53	63	35%
Netherlands	1,113	1,663	1,904	2,191	2,575	2,908	3,194	44%
Norway	191	321	439	581	704	810	900	45%
Portugal	256	344	385	439	517	626	731	21%
Spain	664	1,156	1,282	1,580	1,885	2,214	2,512	18%
Sweden	707	973	1,188	1,477	1,721	1,926	2,099	43%
Switzerland	386	574	650	732	850	958	1,056	33%
UK	1,691	3,035	4,242	5,790	7,202	8,451	9,537	35%
<b>Europe</b>	<b>12,979</b>	<b>19,808</b>	<b>24,915</b>	<b>31,816</b>	<b>38,311</b>	<b>44,376</b>	<b>49,671</b>	<b>30%</b>
<b>Total online households</b>	<b>64,100</b>	<b>72,338</b>	<b>78,210</b>	<b>81,823</b>	<b>84,058</b>	<b>85,506</b>	<b>86,519</b>	<b>52%</b>

(numbers have been rounded)

Forrester Report “Broadband’s Focus Shifts To Profit”

2

# Display advertising

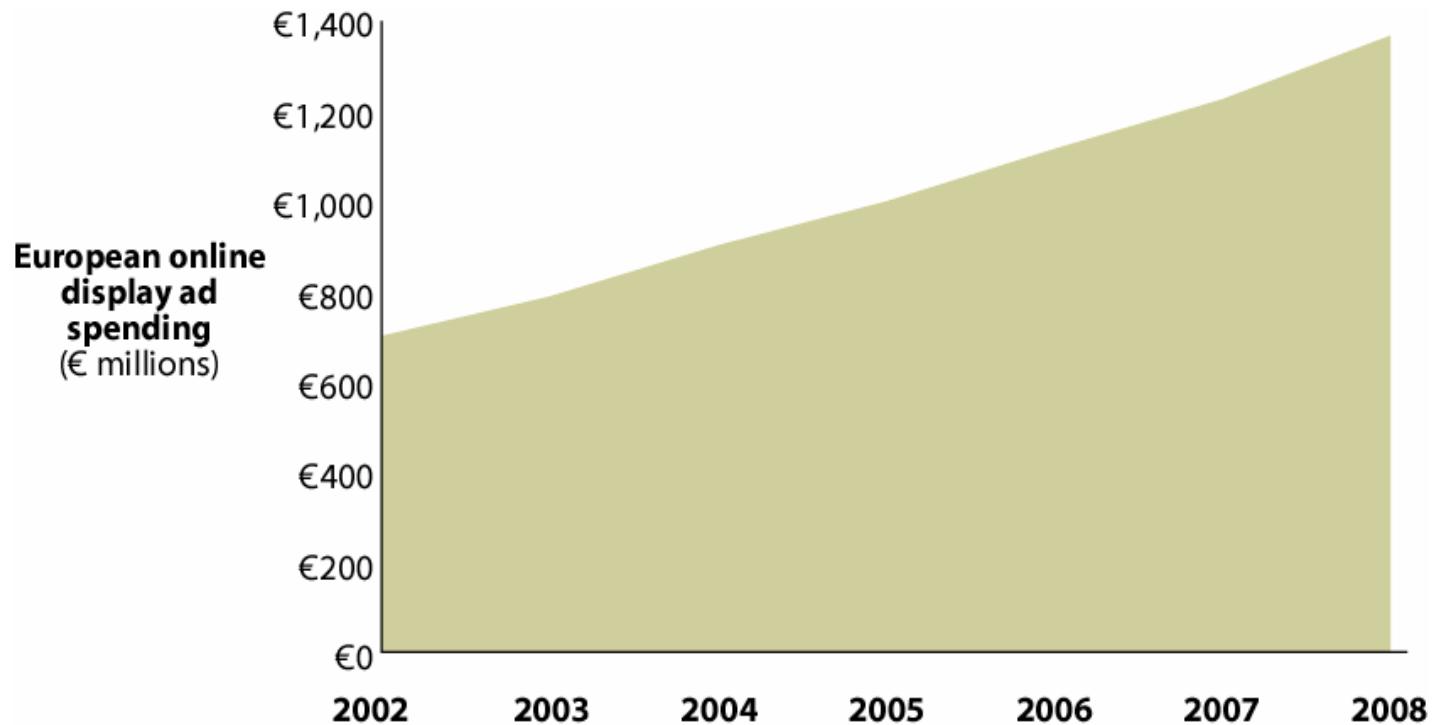
# This forecast looks at display ads

banner ads,  
sponsorships, slotting  
fees, interstitials, and  
rich media

# What are the broad drivers of growth?

- The majority of British adults are online
- Broadband access is growing steadily
- More are shopping online
- They are spending more than ever
- Media fragmentation reduces the impact of other channels

# European display ads to reach €1.4 billion in 2008

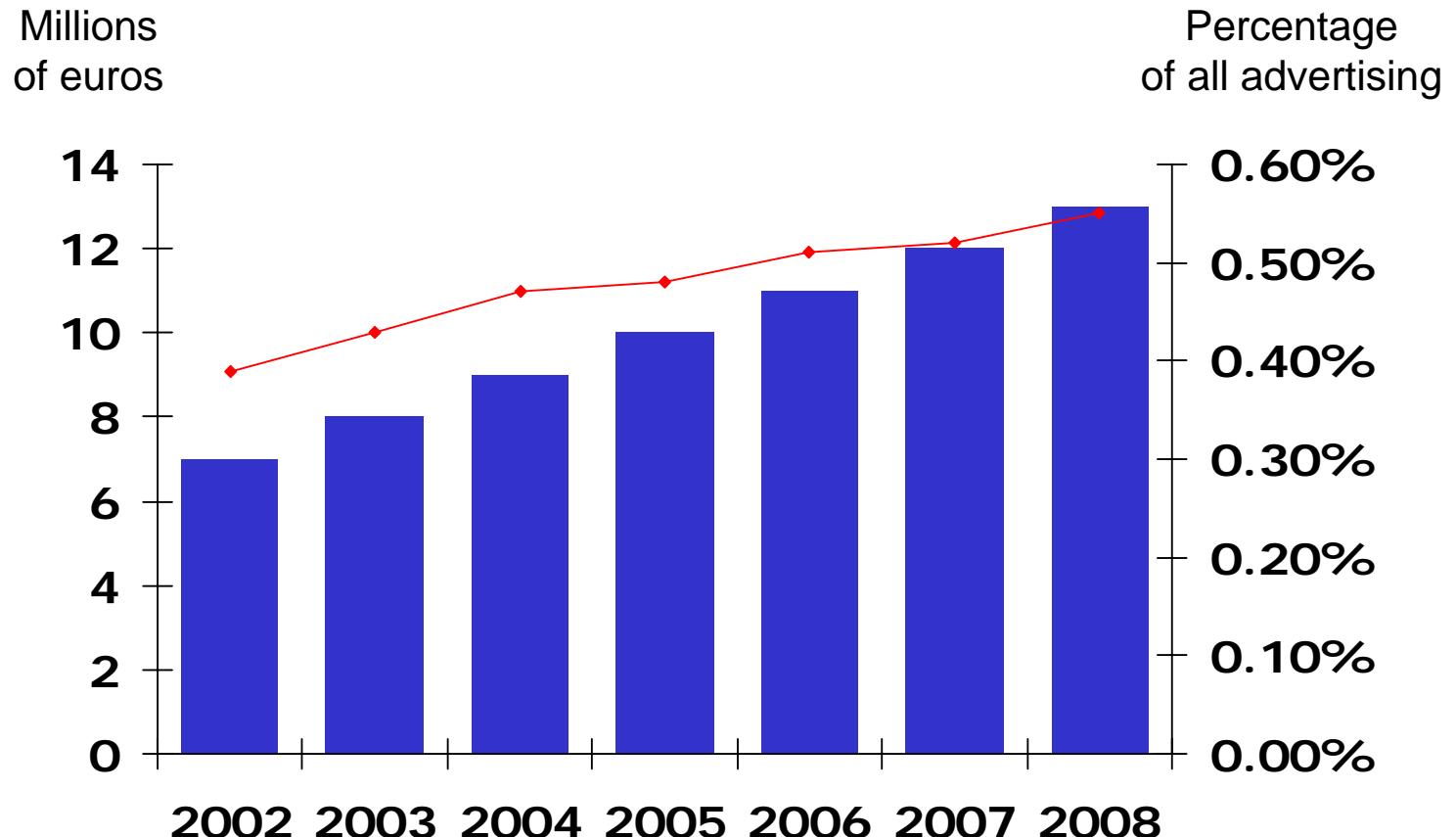


# The UK remains the largest market

	2002	2003	2004	2005	2006	2007	2008
Austria	7	8	9	10	11	12	13
Belgium	7	8	9	10	10	11	12
Denmark	13	15	17	18	20	22	24
Finland	8	9	10	11	13	15	17
France	150	169	191	208	229	248	273
Germany	154	173	199	222	247	270	297
Greece	1	1	1	4	10	15	25
Ireland	2	2	3	5	6	8	10
Italy	60	67	75	84	94	107	122
Luxembourg	1	1	1	2	2	2	3
Netherlands	23	26	29	30	34	37	40
Norway	17	19	22	25	28	31	35
Portugal	6	6	7	8	8	10	11
Spain	24	27	30	33	37	41	48
Sweden	40	45	52	57	62	68	74
Switzerland	20	22	25	27	29	32	35
United Kingdom	174	196	227	253	281	306	336
<b>Total (€ millions)</b>	<b>705</b>	<b>793</b>	<b>907</b>	<b>1,005</b>	<b>1,122</b>	<b>1,233</b>	<b>1,375</b>

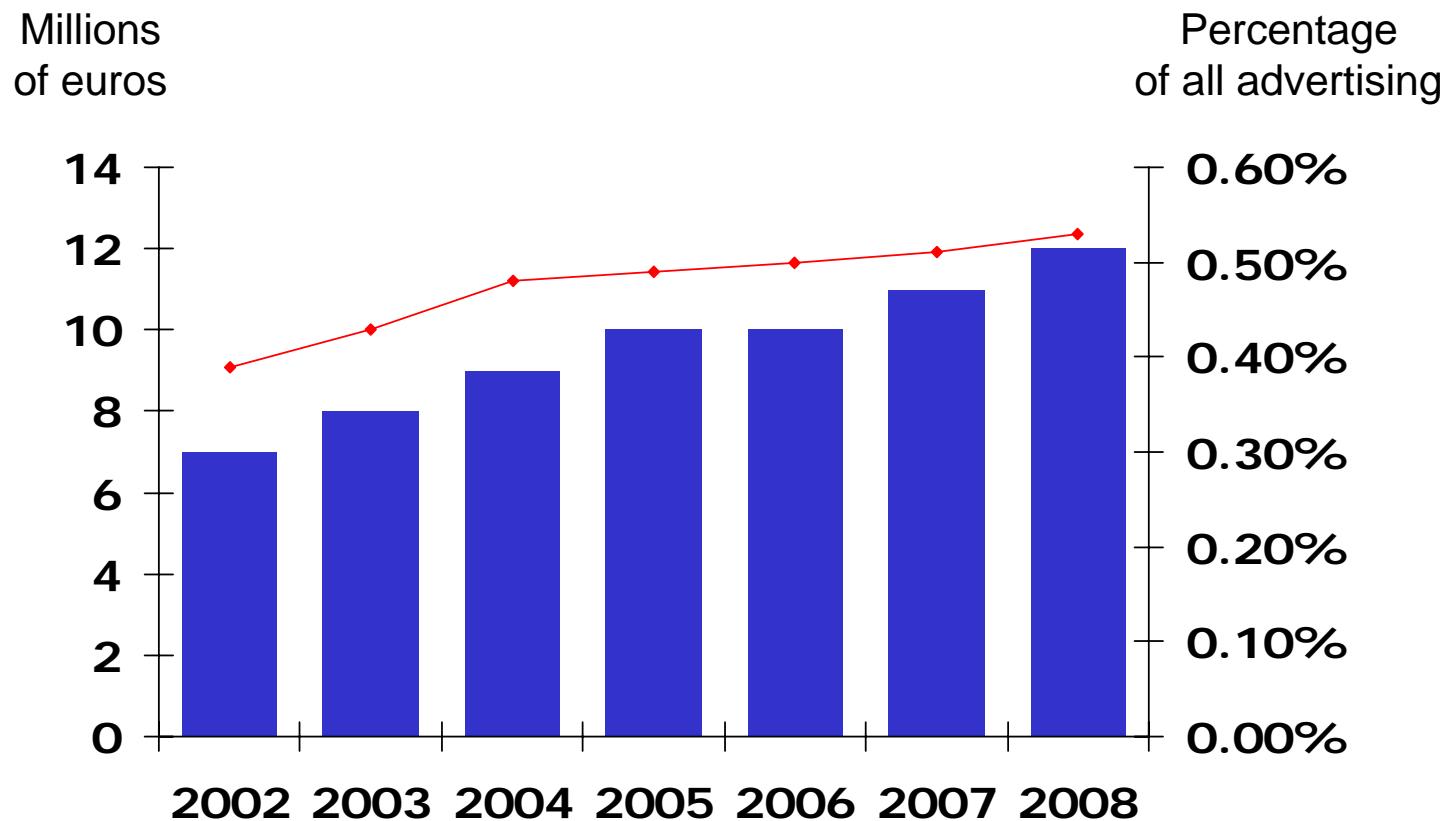
(numbers have been rounded)

# Austria: Online display ads



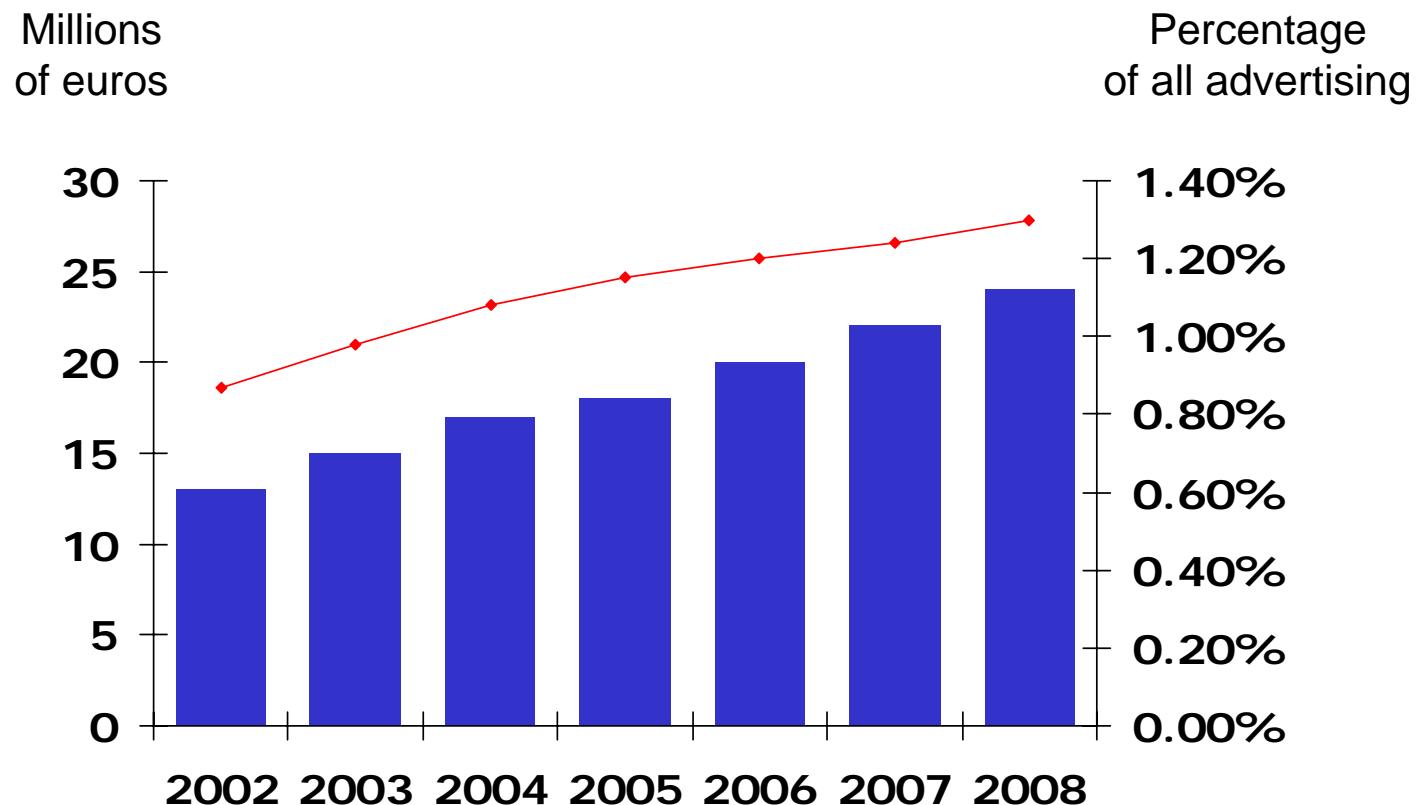
Forrester Report "Choosing The Right Retail Strategy"

# Belgium: Online display ads



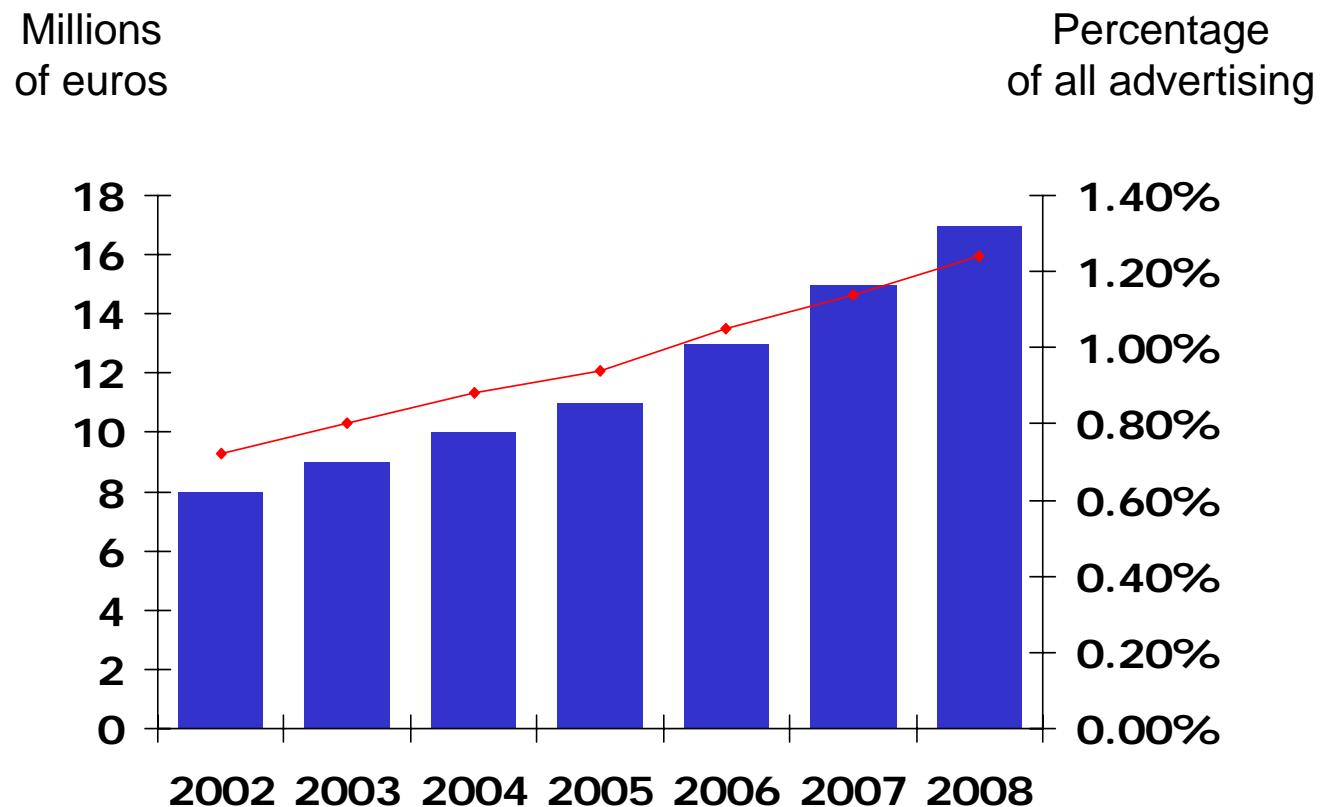
Forrester Report "Choosing The Right Retail Strategy"

# Denmark: Online display ads



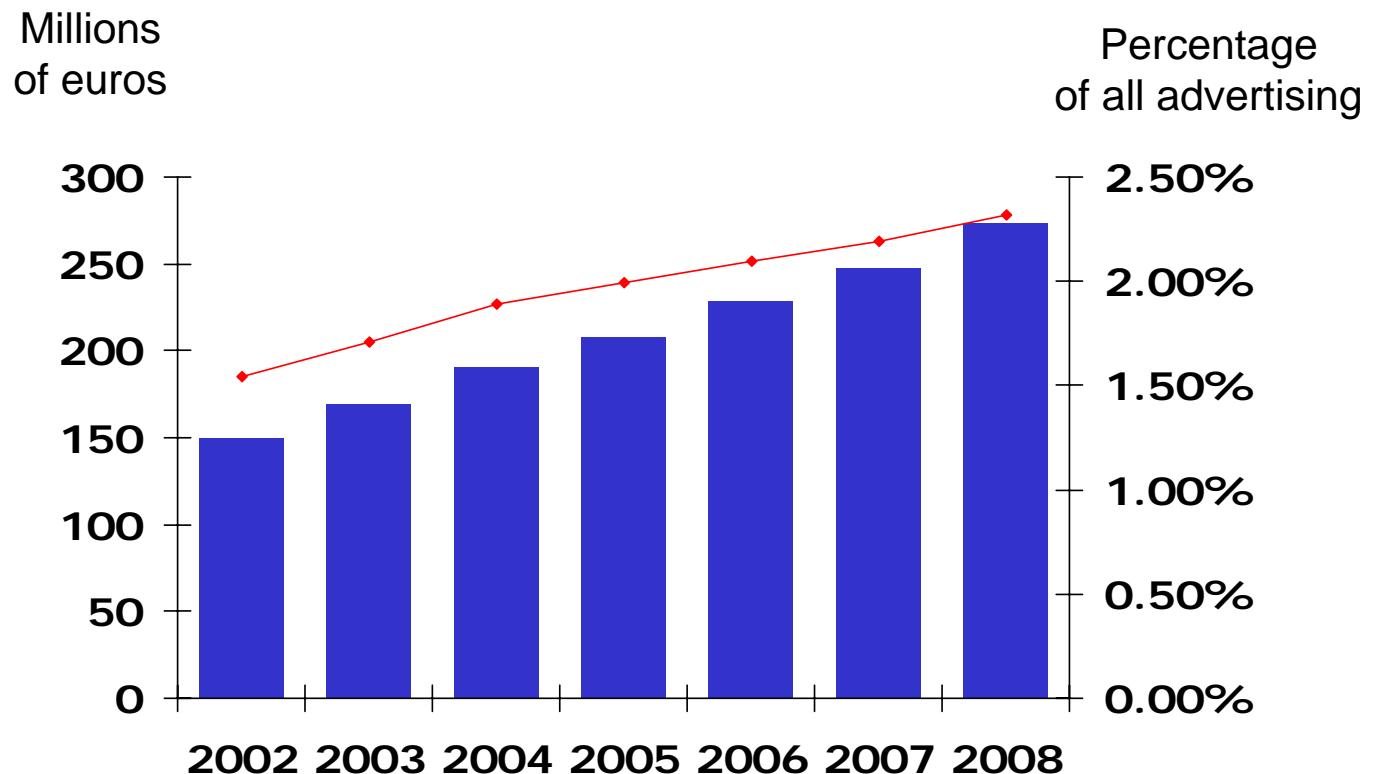
Forrester Report "Choosing The Right Retail Strategy"

# Finland: Online display ads



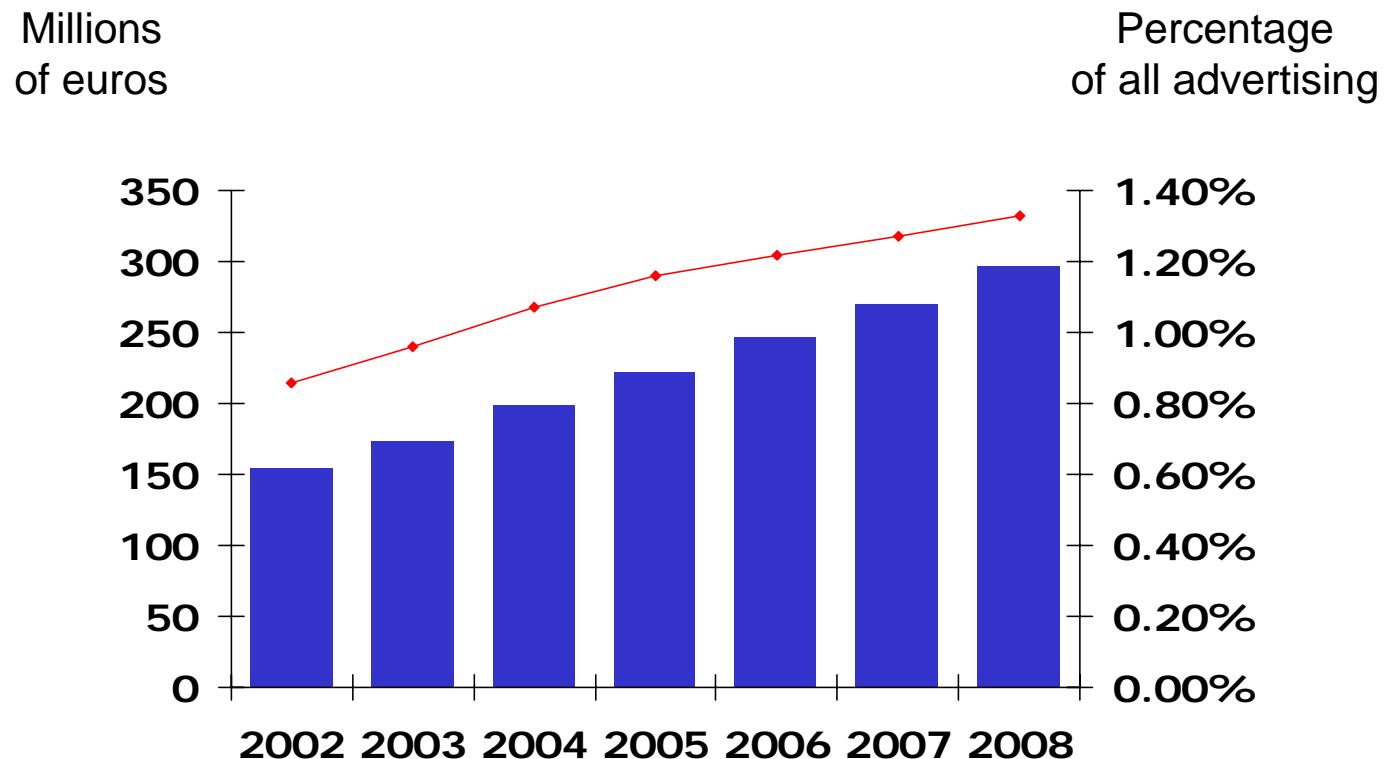
Forrester Report "Choosing The Right Retail Strategy"

# France: Online display ads



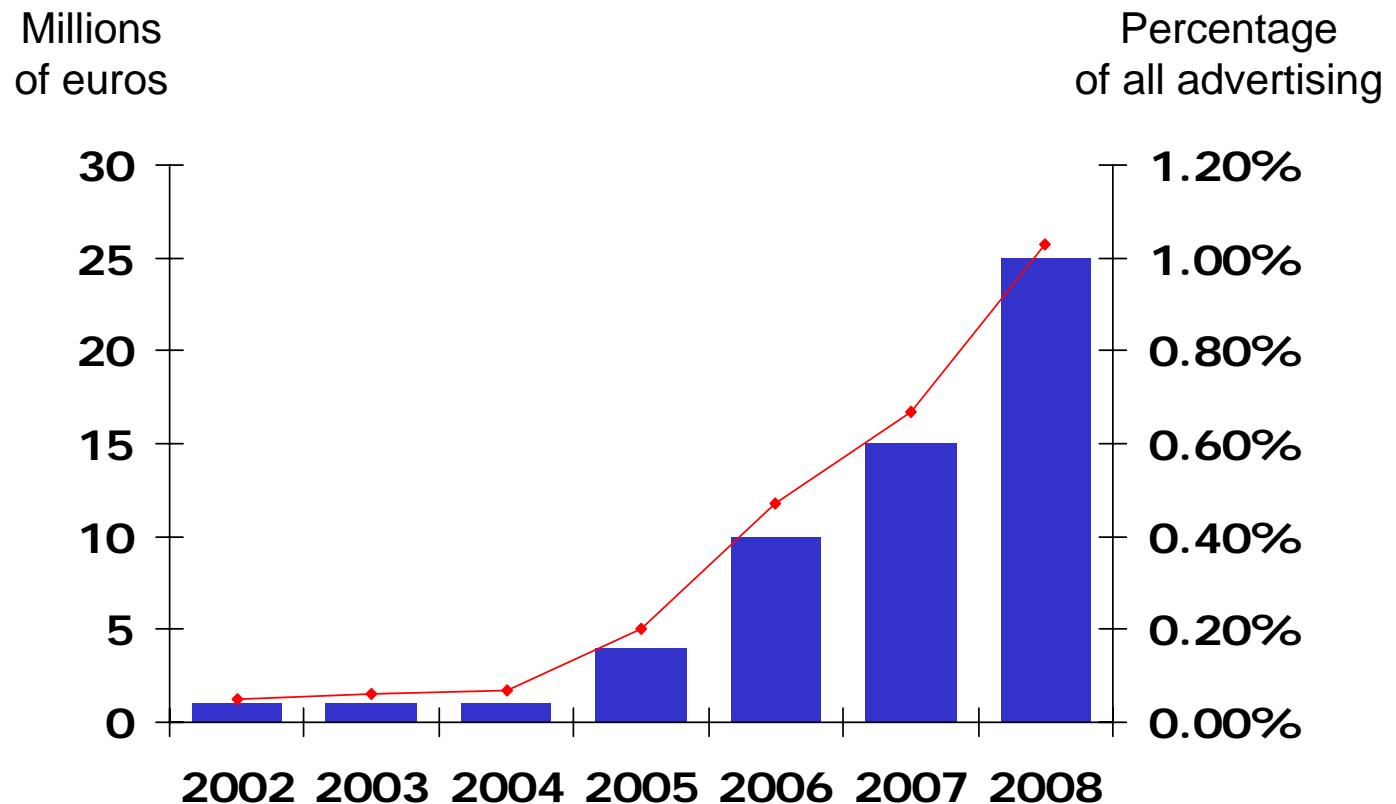
Forrester Report "Choosing The Right Retail Strategy"

# Germany: Online display ads



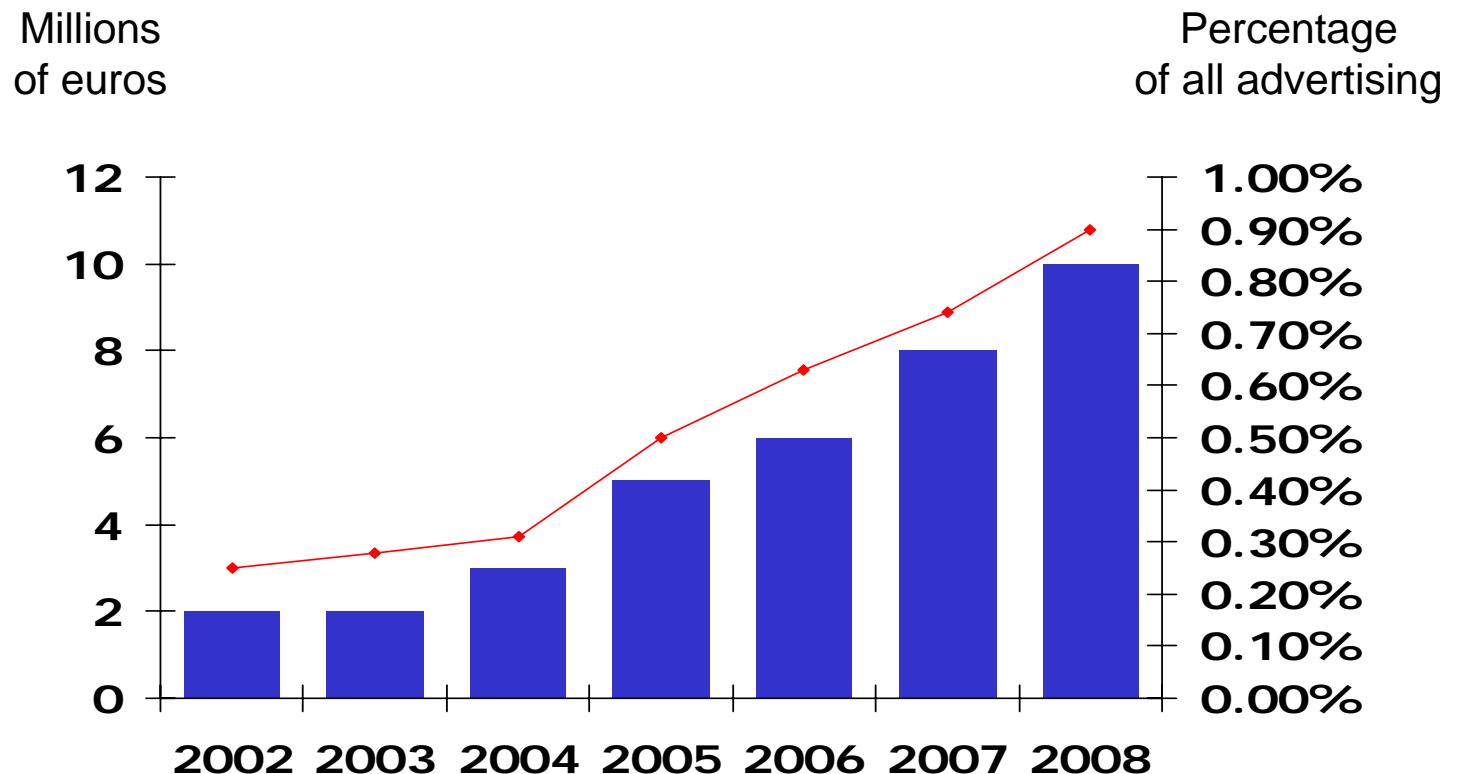
Forrester Report "Choosing The Right Retail Strategy"

# Greece: Online display ads



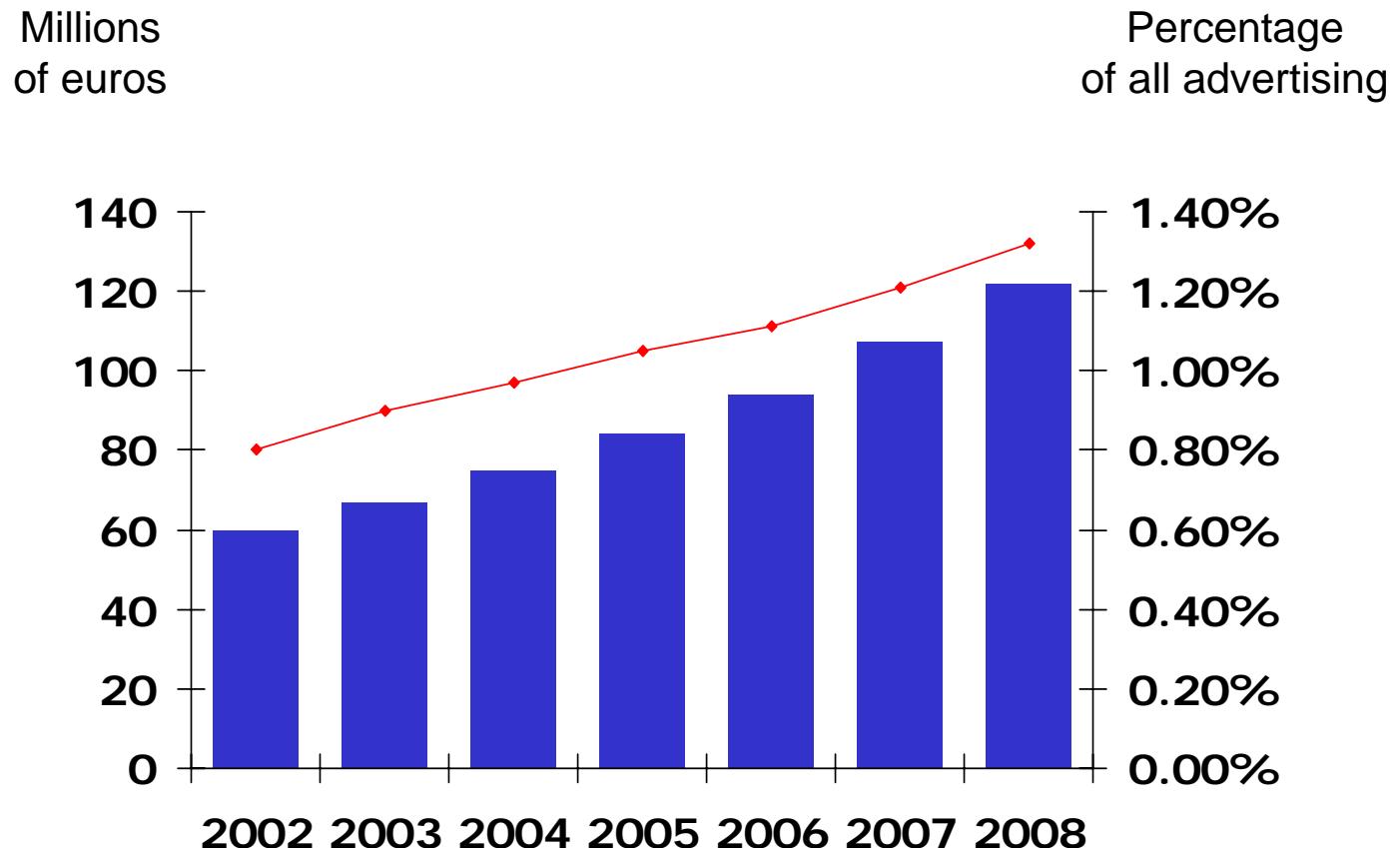
Forrester Report "Choosing The Right Retail Strategy"

# Ireland: Online display ads



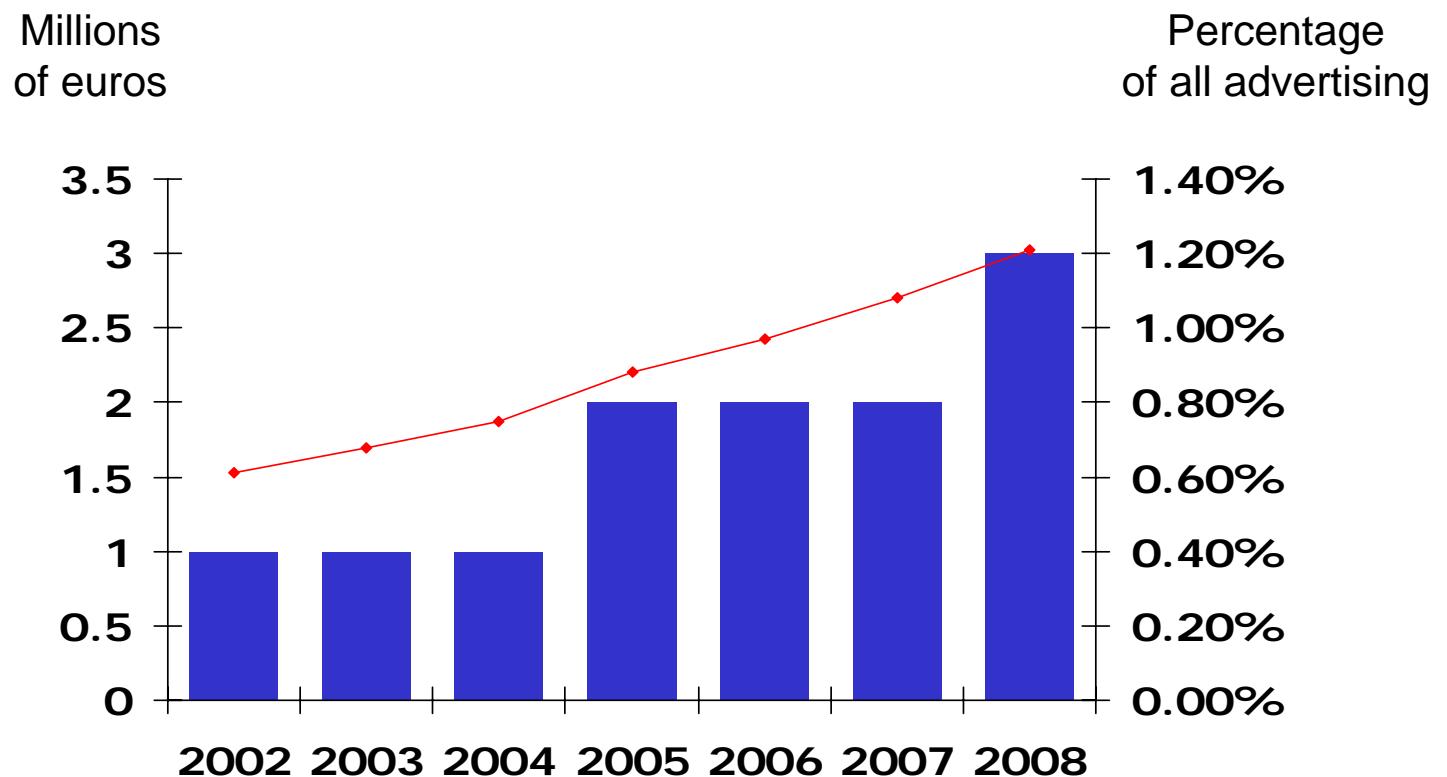
Forrester Report "Choosing The Right Retail Strategy"

# Italy: Online display ads



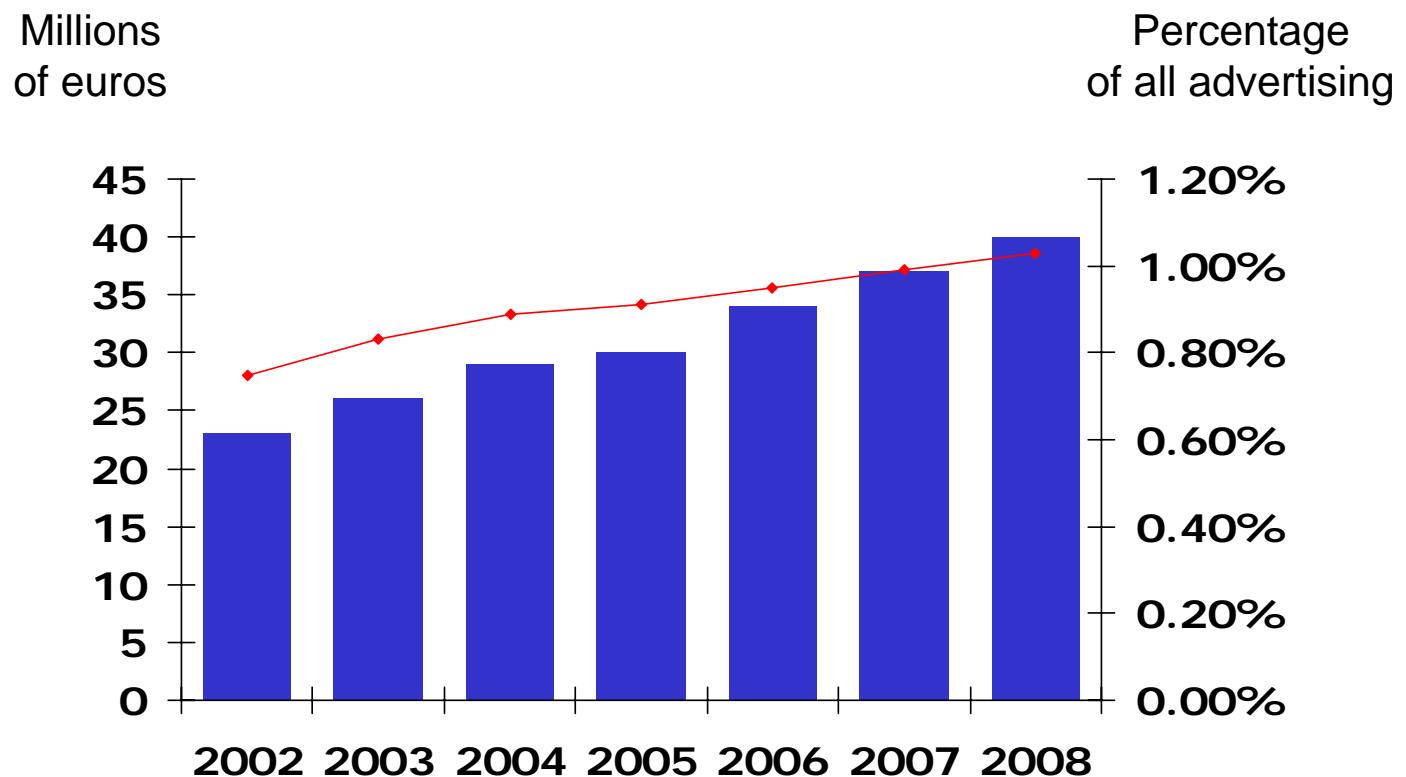
Forrester Report "Choosing The Right Retail Strategy"

# Luxembourg: Online display ads



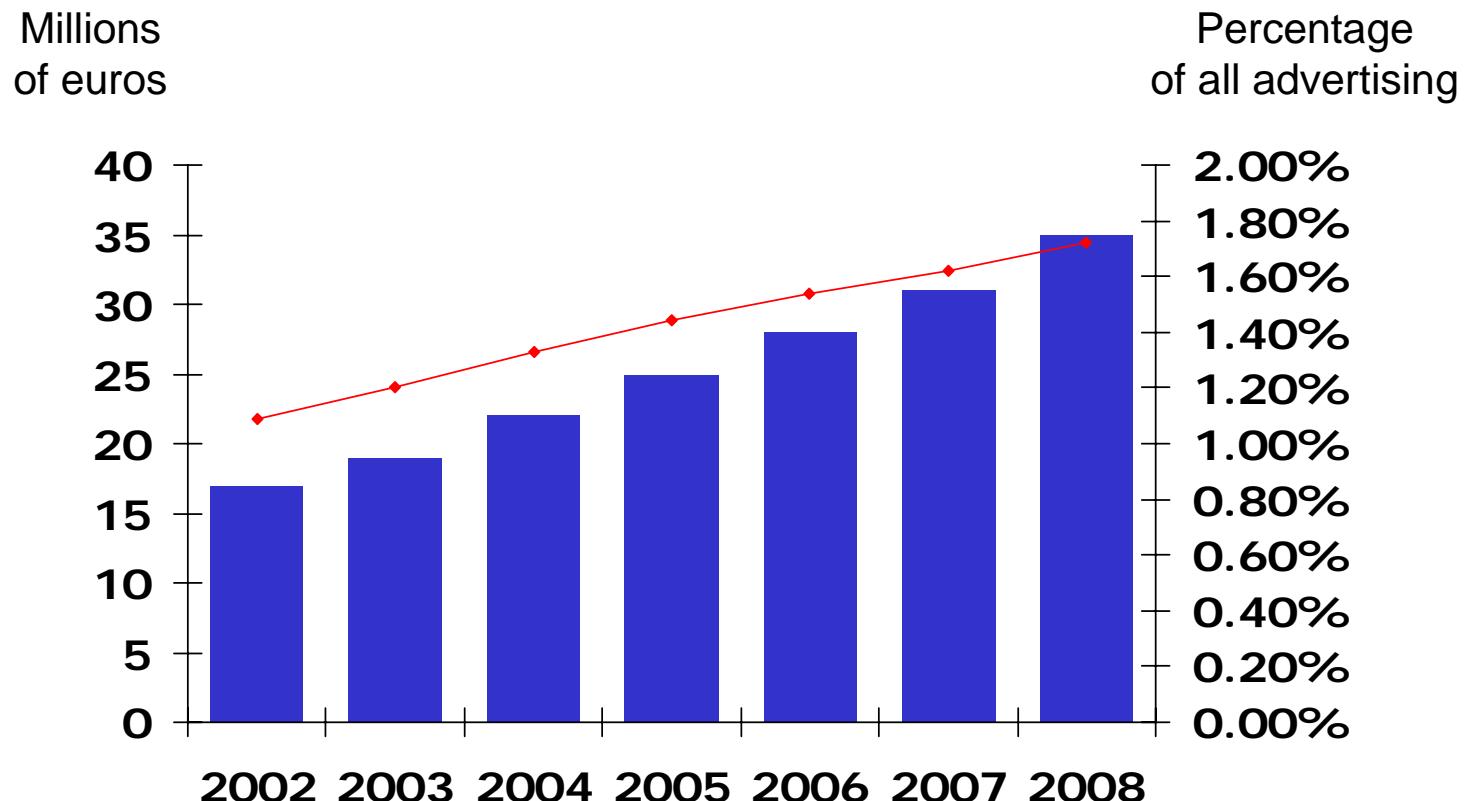
Forrester Report "Choosing The Right Retail Strategy"

# Netherlands: Online display ads



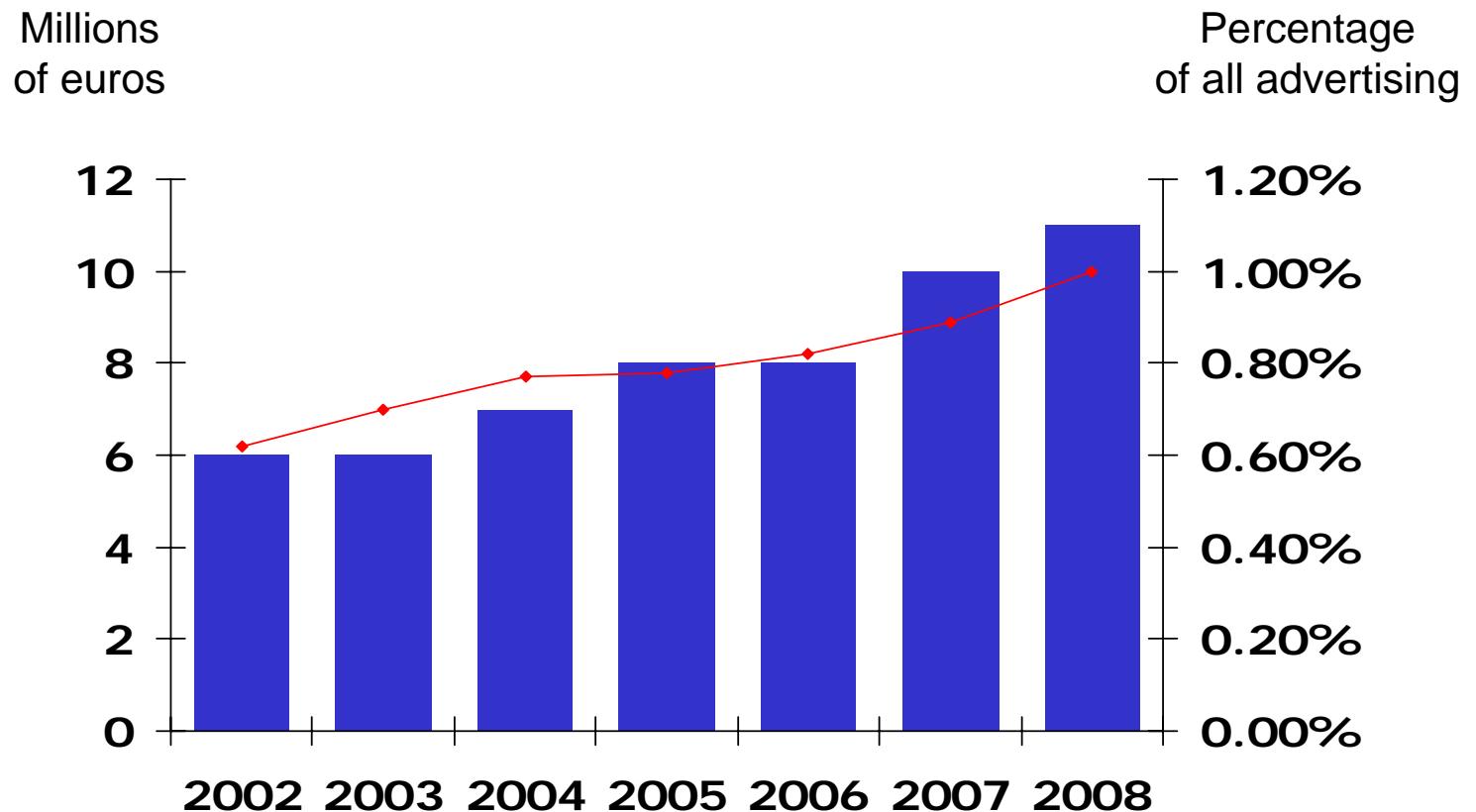
Forrester Report "Choosing The Right Retail Strategy"

# Norway: Online display ads



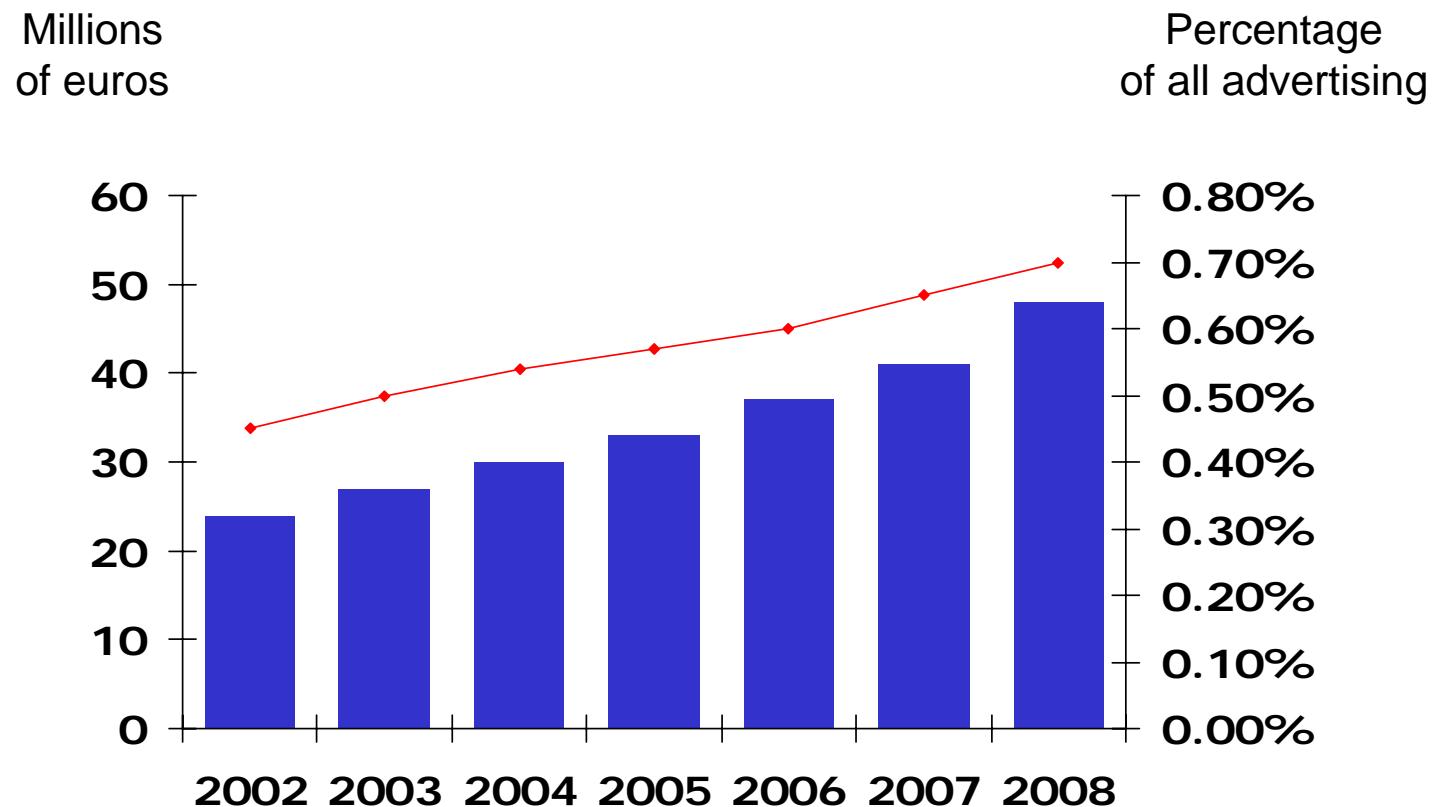
Forrester Report "Choosing The Right Retail Strategy"

# Portugal: Online display ads



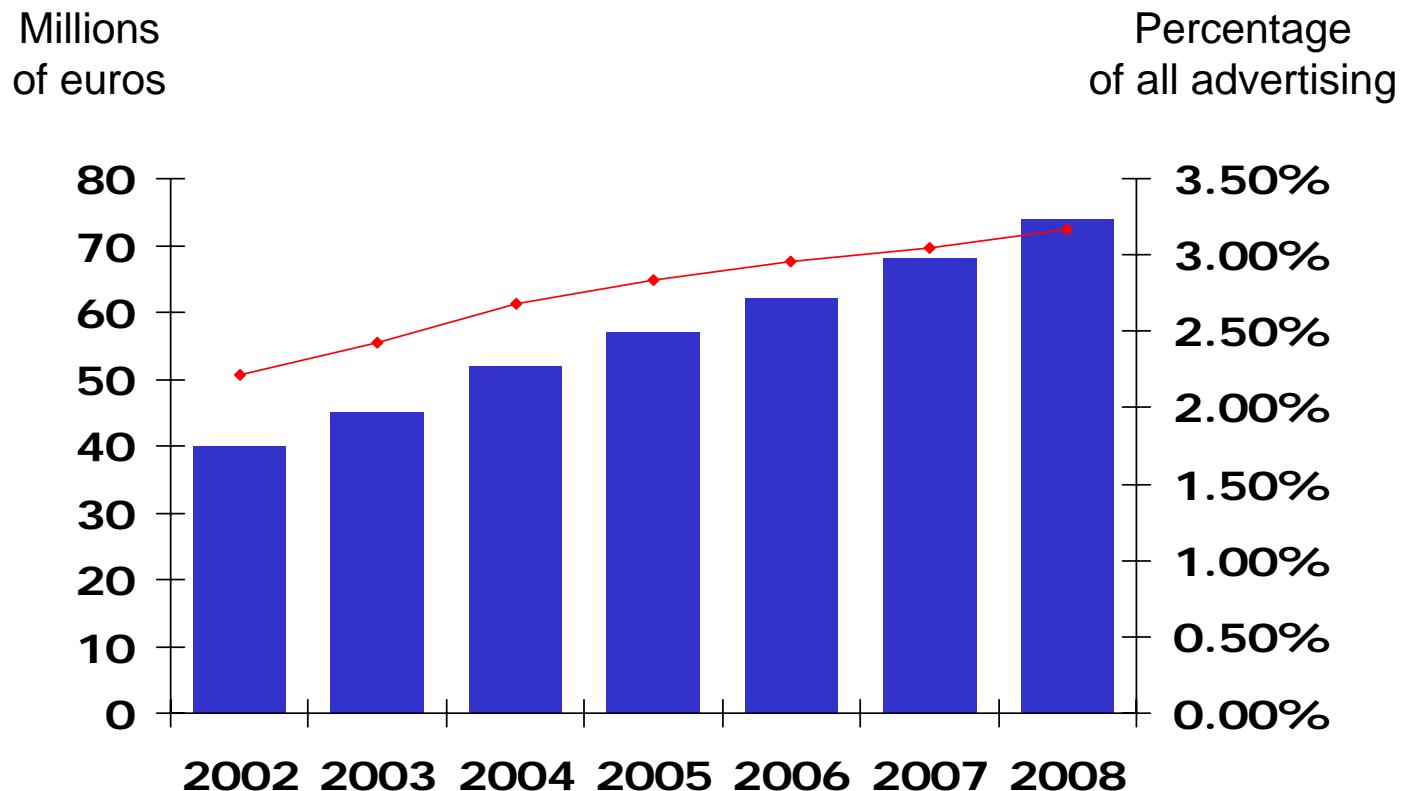
Forrester Report "Choosing The Right Retail Strategy"

# Spain: Online display ads



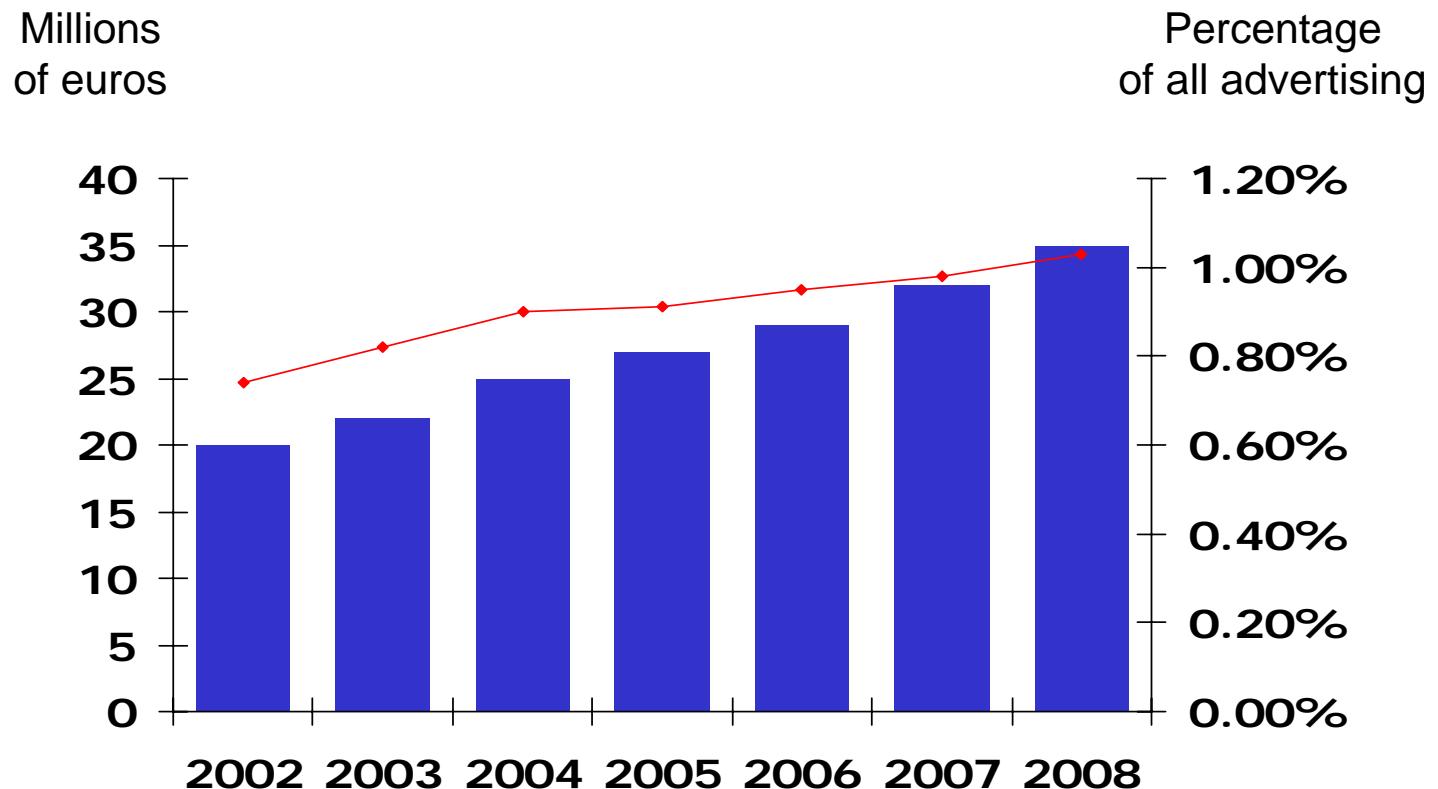
Forrester Report "Choosing The Right Retail Strategy"

# Sweden: Online display ads



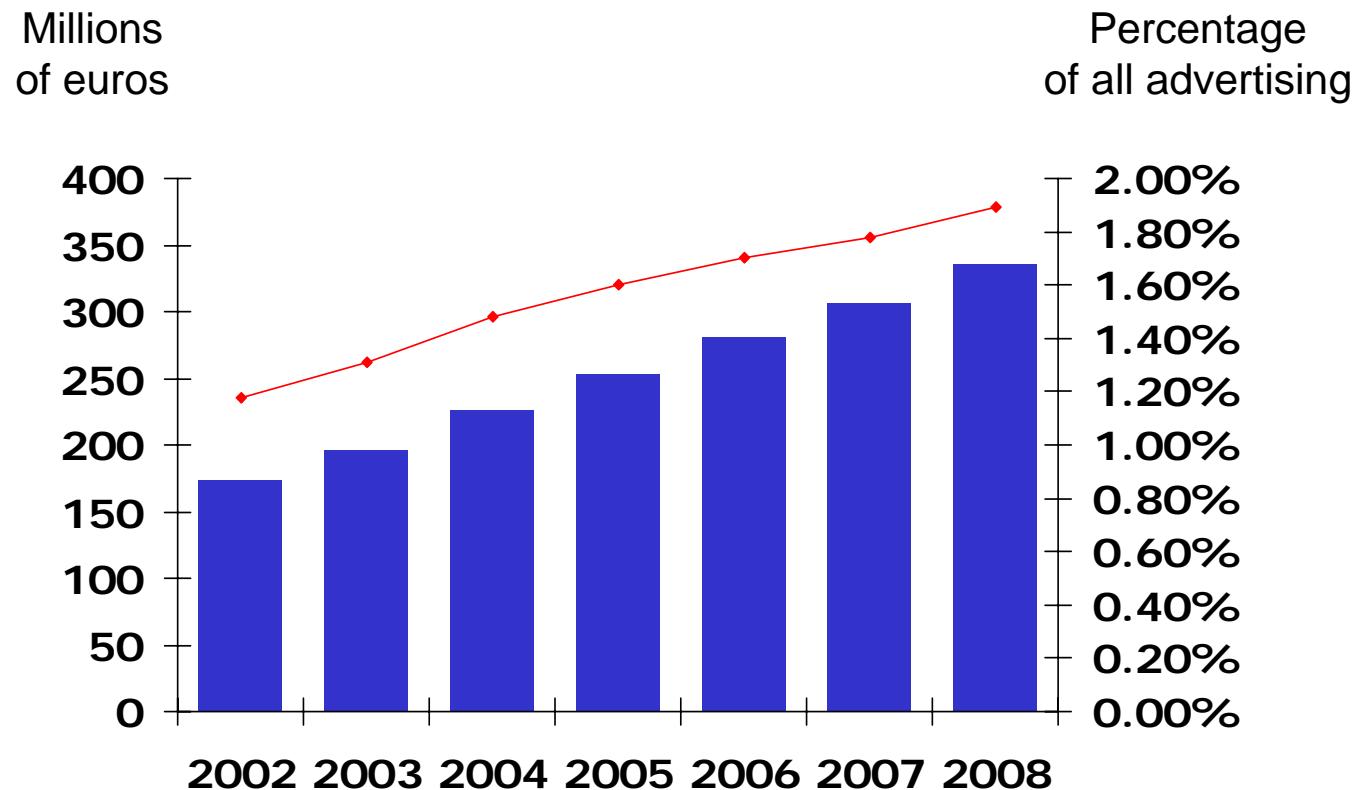
Forrester Report "Choosing The Right Retail Strategy"

# Switzerland: Online display ads



Forrester Report "Choosing The Right Retail Strategy"

# UK: Online display ads

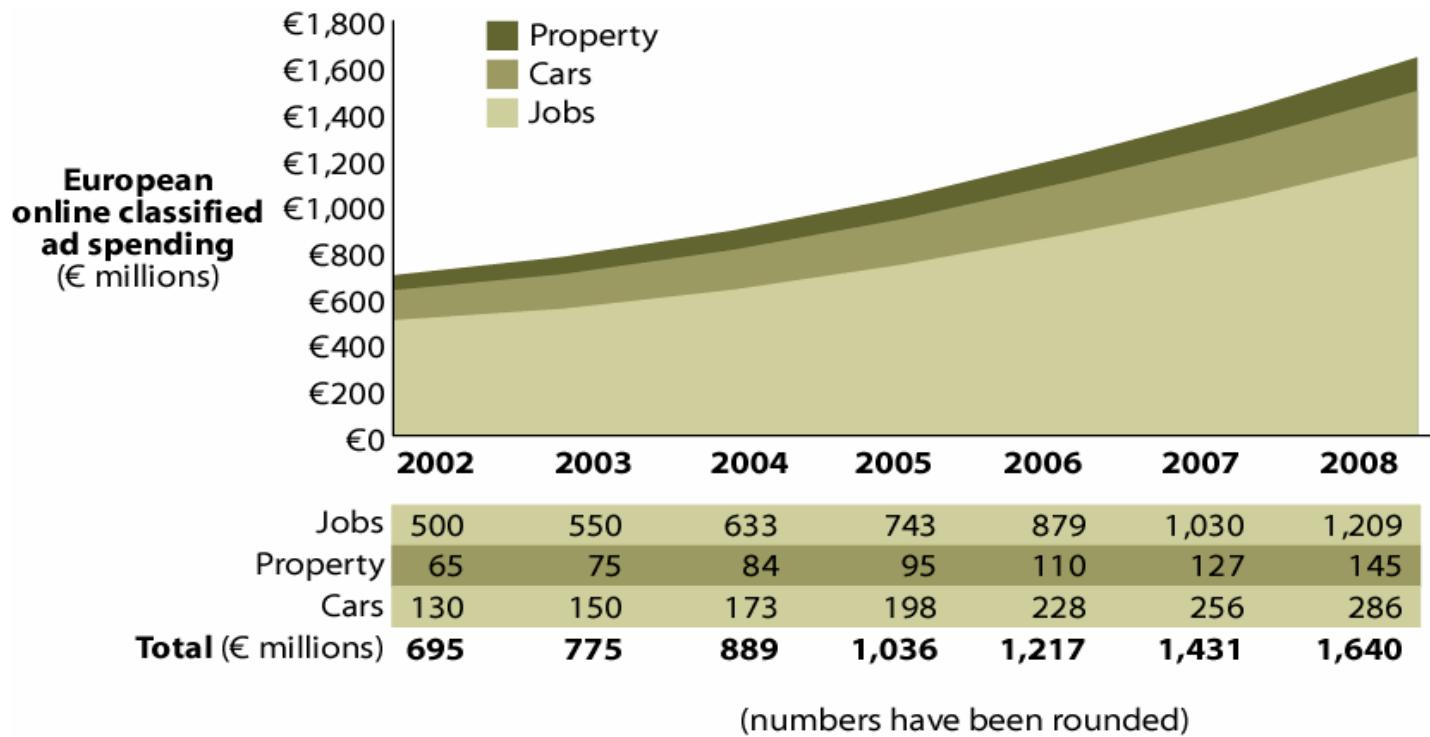


Forrester Report "Choosing The Right Retail Strategy"

3

# Classified advertising

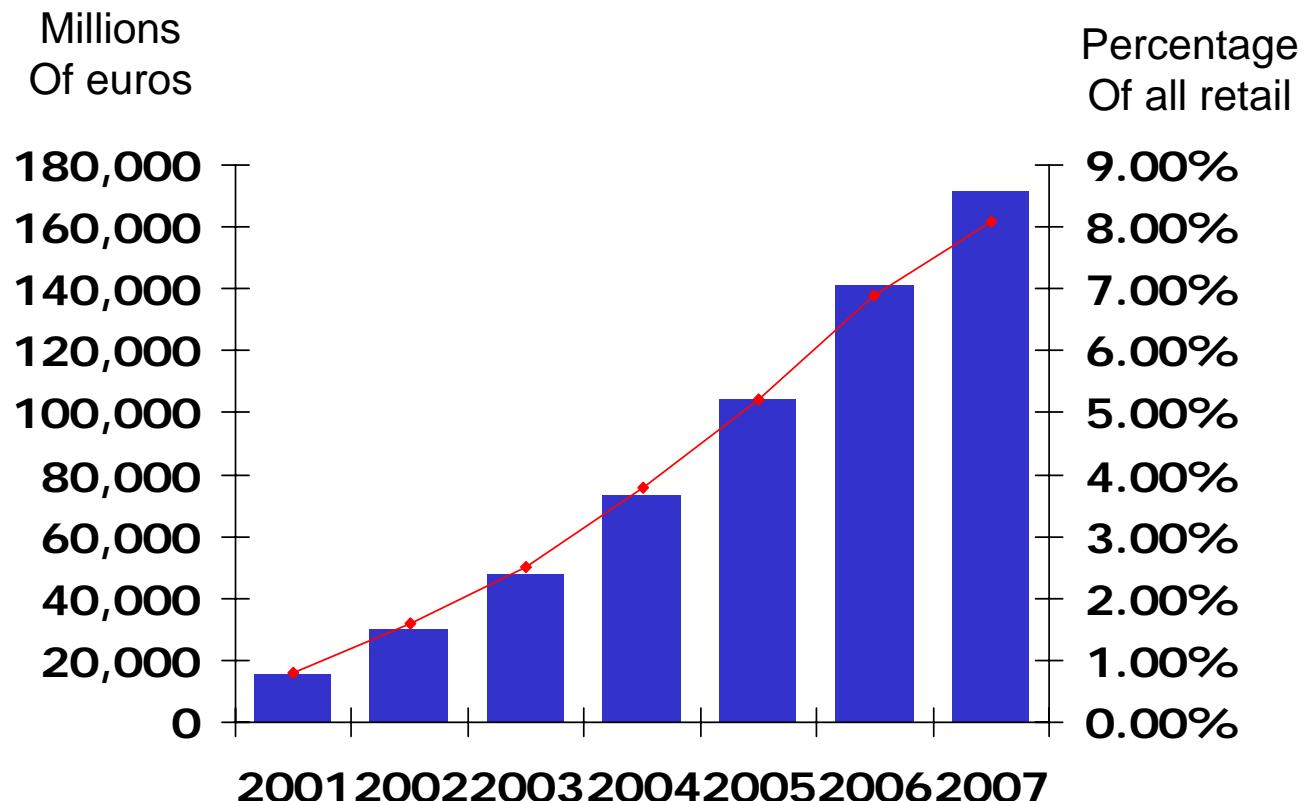
# Online Classified Forecast, Europe



4

Online  
retail

# European online retail reaches €171bn in 2007



Forrester Report "Choosing The Right Retail Strategy"

# Germany becomes the largest online retail market by value

Total online sales	2001	2002	2003	2004	2005	2006	2007
(millions)							
Austria	331	598	958	1,520	2,232	3,143	3,502
Belgium	354	698	1,115	1,722	2,446	3,294	4,232
Denmark	315	634	1,086	1,658	2,407	3,324	4,190
Finland	213	383	606	924	1,309	1,777	2,317
France	1,366	2,794	4,606	7,239	10,372	14,050	18,146
Germany	4,256	8,427	13,788	21,616	30,973	40,840	48,405
Greece	17	51	123	256	466	753	1,104
Ireland	59	133	253	489	684	972	1,307
Italy	634	1,496	2,782	4,762	7,337	10,333	13,707
Luxembourg	14	30	52	83	123	174	231
Netherlands	656	1,155	1,755	2,602	3,594	4,740	6,017
Norway	289	598	973	1,521	2,206	3,075	3,887
Portugal	43	115	231	429	720	1,097	1,541
Spain	273	654	1,212	2,175	3,480	5,080	6,782
Sweden	660	1,217	1,948	2,957	4,219	5,612	6,743
Switzerland	562	1,226	2,062	3,325	4,805	6,134	7,011
UK	5,446	9,946	14,561	20,298	27,137	36,729	42,266
<b>Total</b>	<b>15,488</b>	<b>30,149</b>	<b>48,030</b>	<b>73,536</b>	<b>104,510</b>	<b>141,076</b>	<b>171,387</b>

# Several countries top the 10% mark by 2007

<i>Online sales as percentage of total</i>	2001	2002	2003	2004	2005	2006	2007
Austria	0.8%	1.5%	2.4%	3.7%	5.3%	7.4%	8.1%
Belgium	0.6%	1.2%	1.8%	2.8%	3.8%	5.1%	6.4%
Denmark	0.9%	1.8%	2.9%	4.5%	6.4%	8.6%	10.6%
Finland	0.7%	1.3%	2.0%	3.0%	4.1%	5.5%	7.0%
France	0.5%	1.0%	1.6%	2.5%	3.5%	4.6%	5.8%
Germany	1.1%	2.2%	3.5%	5.3%	7.5%	9.7%	11.2%
Greece	0.0%	0.1%	0.3%	0.6%	1.0%	1.6%	2.3%
Ireland	0.4%	0.8%	1.5%	2.4%	3.6%	5.0%	6.5%
Italy	0.2%	0.6%	1.0%	1.7%	2.5%	3.5%	4.5%
Luxembourg	0.6%	1.2%	2.1%	3.2%	4.6%	6.3%	8.1%
Netherlands	1.0%	1.7%	2.5%	3.7%	4.9%	6.4%	7.9%
Norway	0.9%	1.9%	3.0%	4.5%	6.4%	8.8%	10.9%
Portugal	0.1%	0.3%	0.6%	1.1%	1.8%	2.7%	3.7%
Spain	0.2%	0.5%	0.9%	1.6%	2.6%	3.6%	4.7%
Sweden	1.2%	2.2%	3.5%	5.2%	7.3%	9.5%	11.2%
Switzerland	1.0%	2.2%	3.7%	5.8%	8.3%	10.4%	11.7%
UK	1.6%	3.0%	4.3%	5.8%	7.6%	9.8%	10.8%
<b>Total</b>	<b>0.8%</b>	<b>1.6%</b>	<b>2.5%</b>	<b>3.8%</b>	<b>5.2%</b>	<b>6.9%</b>	<b>8.1%</b>

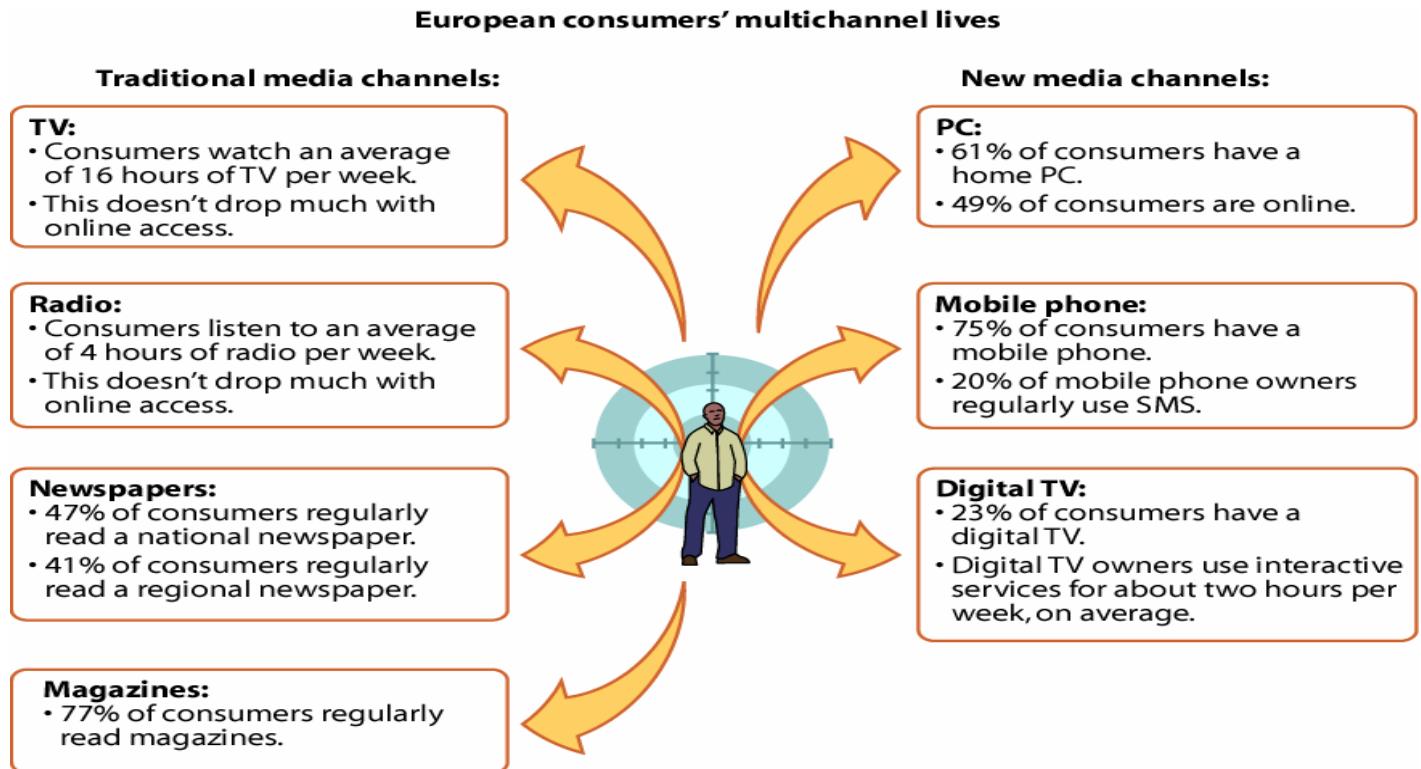
5

# Media fragmentation

# **Consumers don't restrict their media choices**

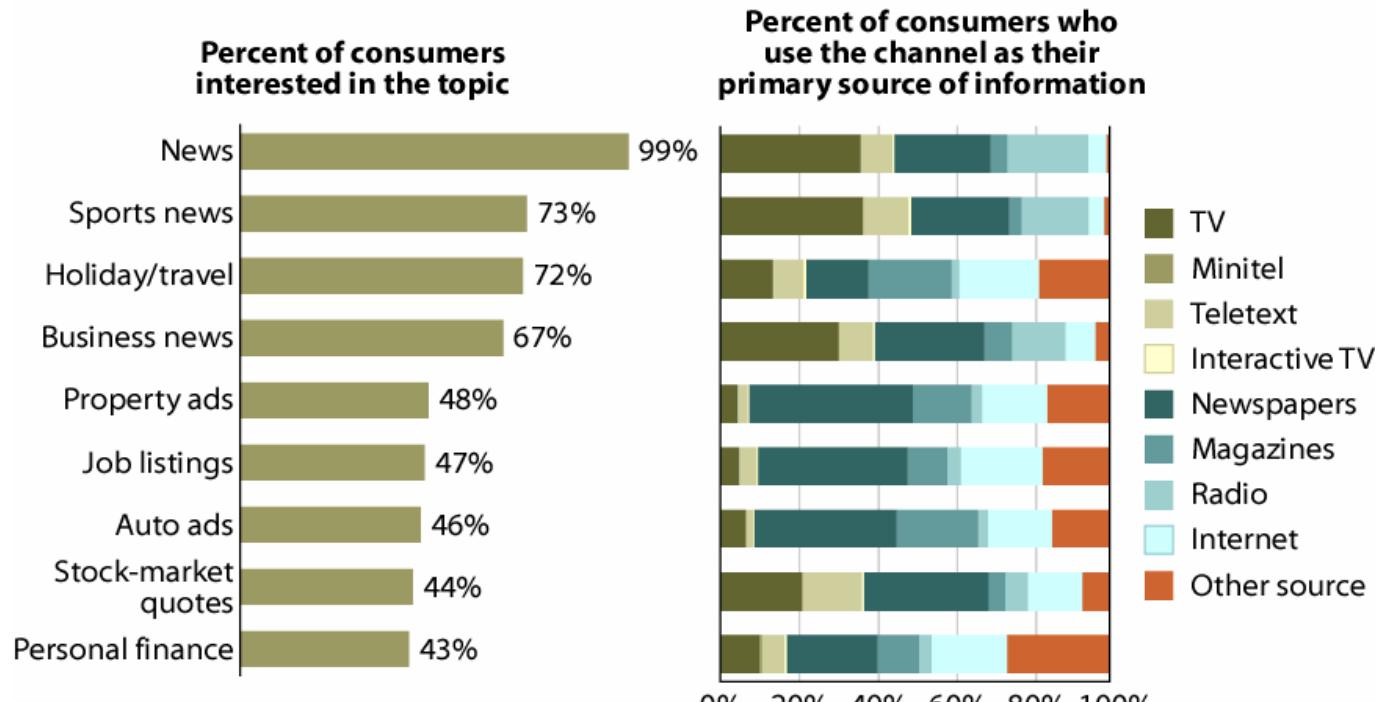
- Consumers are using more information channels
  - Compared with three years ago, a revolution has taken place -- magazines have lost two-thirds of their audience for sports and news
  - Around 20% of European consumers use the Net for job and property research, twice as many as in 2000
- New communication channels keep growing
  - Nine percent of Europeans now have broadband, doubling the time they spend online to 12 hours per week
- Technology is transforming old media
  - US PVR owners admit to skipping 20% of all TV ads.
  - Some 24% of US online households and 29% of online European adults download music to their PCs

# Media fragmentation drives attention from traditional media



# With the internet gaining traction

Profiling European consumers' media channel mix



Base: European consumers

Base: European consumers who are interested in the topic

# Data behind the graphic: e.g. 21% of Europeans who are interested in job listings say the Internet is their primary research source for these

	Percent of consumers interested in the topic	Percent of consumers who use the channel as their primary information source										Other source
		TV	Minitel	Teletext	IdTV	Newspapers	Magazines	Radio	Internet	Other	Other	
99%	<b>News</b>	36%	0%	8%	1%	25%	4%	21%	5%	1%		
73%	<b>Sports news</b>	37%	0%	12%	1%	25%	3%	17%	4%	1%		
72%	<b>Holiday information</b>	13%	0%	8%	1%	16%	21%	2%	20%	18%		
67%	<b>Business news</b>	30%	0%	9%	0%	28%	7%	14%	8%	4%		
48%	<b>Property ads</b>	4%	0%	3%	0%	42%	15%	3%	17%	16%		
47%	<b>Job listings</b>	5%	0%	4%	0%	38%	10%	4%	21%	17%		
46%	<b>Automobile ads</b>	6%	0%	2%	0%	37%	21%	3%	16%	15%		
44%	<b>Stock-market quotes</b>	21%	0%	15%	1%	32%	4%	6%	14%	7%		
43%	<b>Personal finance</b>	10%	1%	6%	1%	23%	11%	3%	19%	26%		

Base: European consumers

Base: European consumers who are interested in the topic.

6

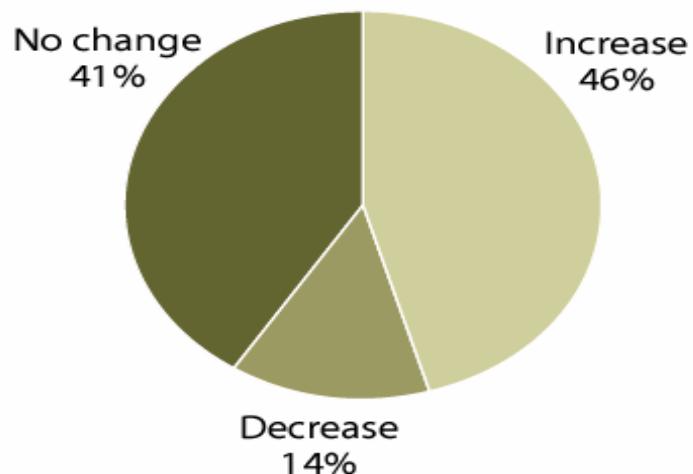
Looking to  
the future

# Green shoots are starting to show

- Industry vibes are positive
  - IPA's Q3 2003 Bellwether Report stated that Net marketing budgets rose in Q3 at a faster rate than for any other category; the growth was significantly greater than that in Q2
  - MSN's Online Pulse in September 2003 revealed that 40% of UK media buyers and brand managers intend to increase online budgets in the coming six months
- Marketers are starting to concentrate more online
  - More than 80% of Forrester interviewees say that they intend to maintain or increase spend on online ads in the next year
- Revenues are beginning to recover

# 87% of interviewees say they will increase or maintain spend

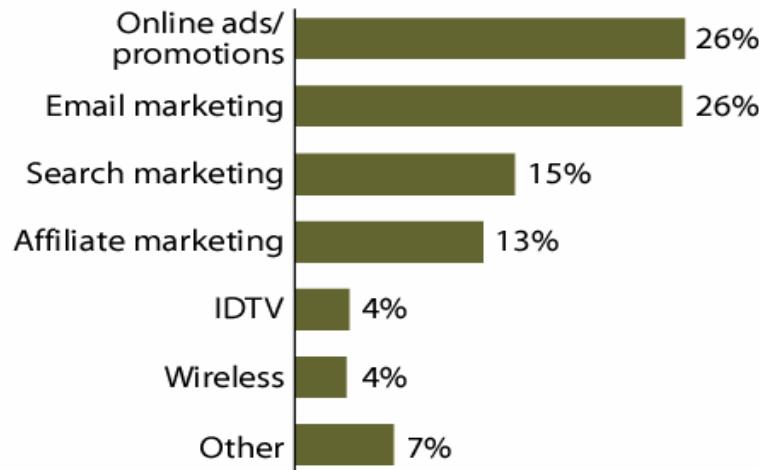
**"How do you think your spending on online ads will change in the next year?"**



Base: 22 marketers  
(percentages do not total 100 because of rounding)

# Online ads take around a quarter of their overall digital budget

**"What proportion of your digital marketing budget will be spent on the following types of marketing in 2004?"**



Base: 22 marketers  
(percentages do not total 100 because of rounding)

# For marketers, education and experience pays off

- Search marketing introduces the concept
- Education raises acceptance
- Improved understanding of metrics

# Summary

- European display advertising is predicted to reach **1.4bn Euros by 2008**
- European online retail is expected to reach **171bn by 2008**
- Technology is revolutionizing the way people **consume media**
- There is a **real feeling of confidence** in the online medium with a majority of marketers surveyed saying they intend to **maintain or increase their budgets for online advertising**

Thanks for your time...

# European advertising spend and audiences

Forrester research - a strategic partner of IAB Europe

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