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

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

Interactive Advertising Bureau Europe
www.iabeurope.ws

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

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)

Interactive Advertising Bureau Europe
www.iabeurope.ws

Websites for further information

IAB online services…

Latest news from IAB Europe, links to your national IAB

www.IABEurope.ws

Latest news from IAB UK

www.IABuk.net

Great online creative awards

www.creativeshowcase.net

Jargon explained

www.InteractiveJargonGuide.org

Online for Branding

www.IABuk.net/BrandImpact

Cookies explained, with legal guidance

www.AllAboutCookies.org

Online **'just got started'**

Threats are also opportunities…
if you see them coming

Interactive Advertising Bureau Europe
www.iabeurope.ws

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

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:

FORRESTER

NOP World
United Business Media

Nielsen//NetRatings

Simons Priest & Associates

British ISP Wanadoo

PRICEWATERHOUSECOOPERS

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

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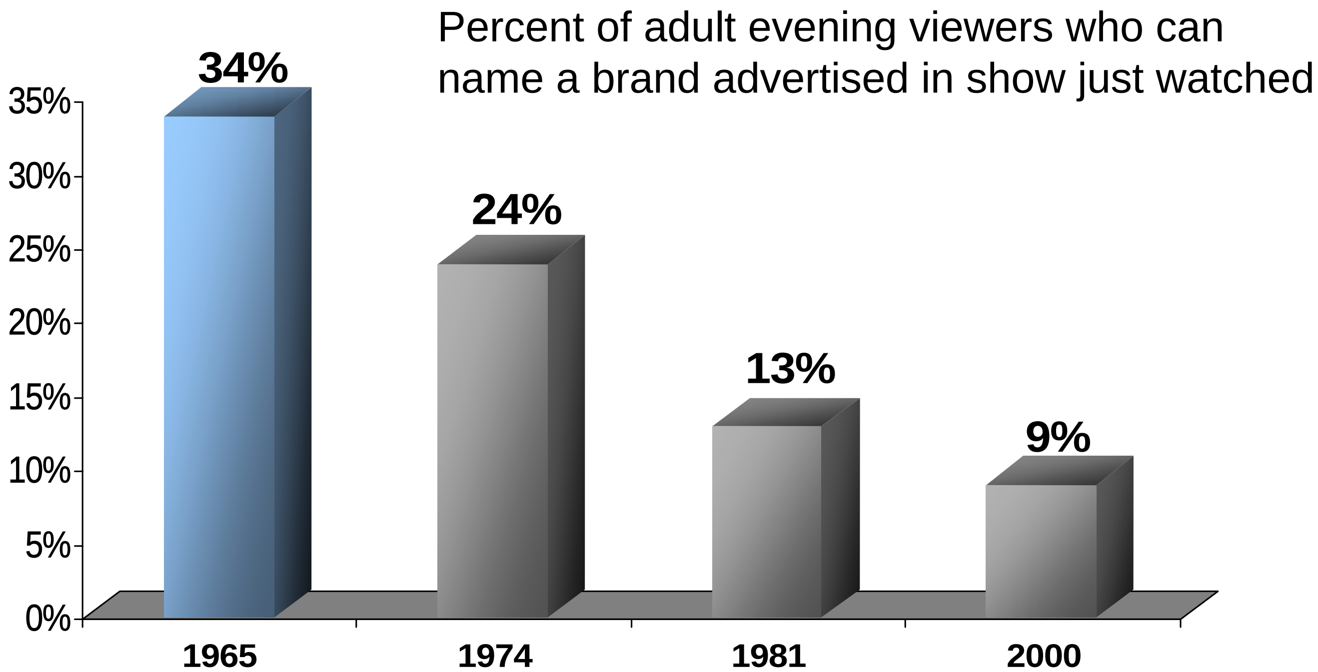
Evidence: Impact of TV falling

Societal and technological factors diminished impact TV commercials



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

Interactive Advertising Bureau Europe
www.iabeurope.ws

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

Change in…

Media

Viewing habits:

Seismic shift in media consumption patterns

Interactive Advertisin Bureau Eu
www.iabeurope


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


Quite!

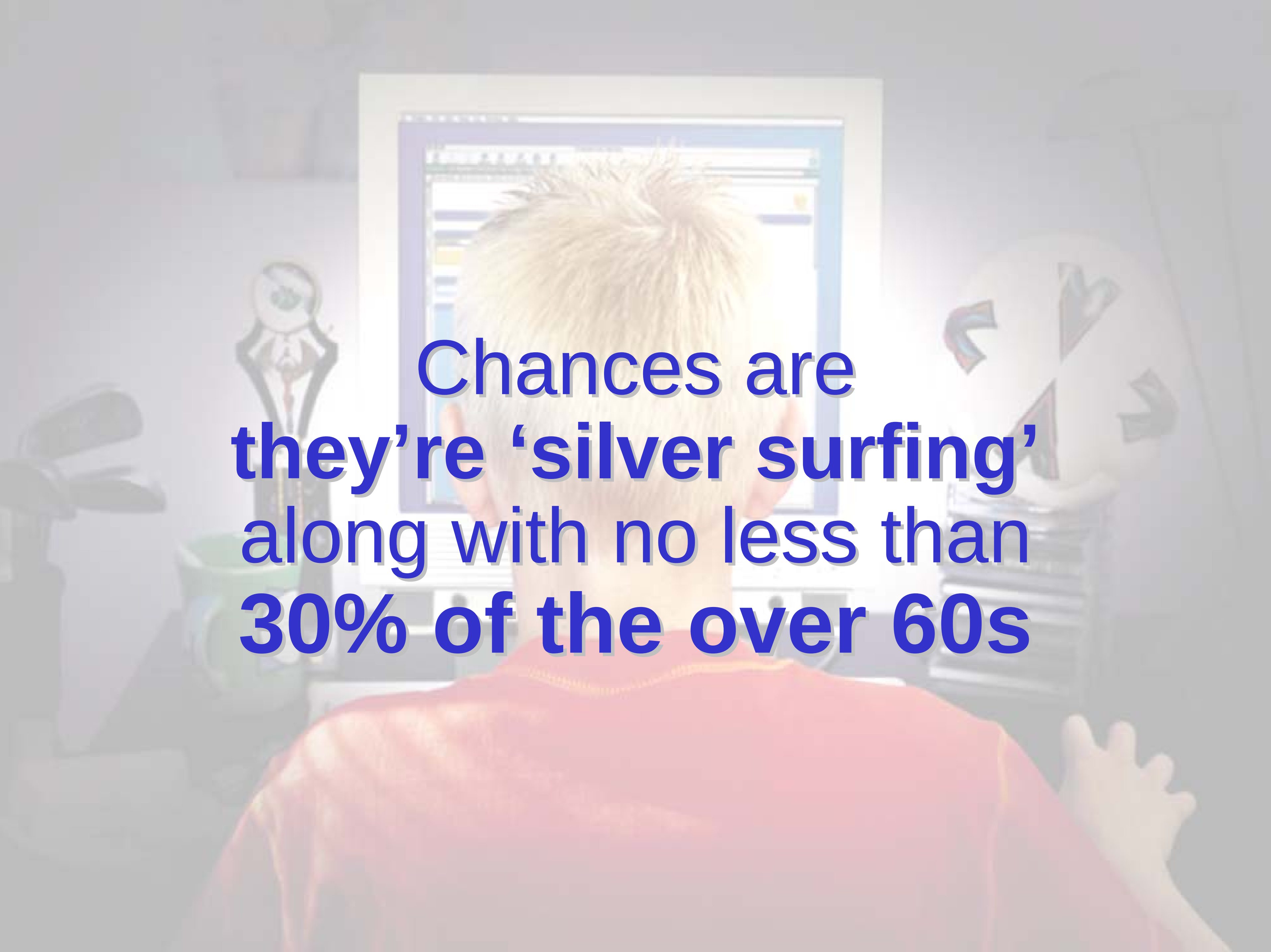
Quite!

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…

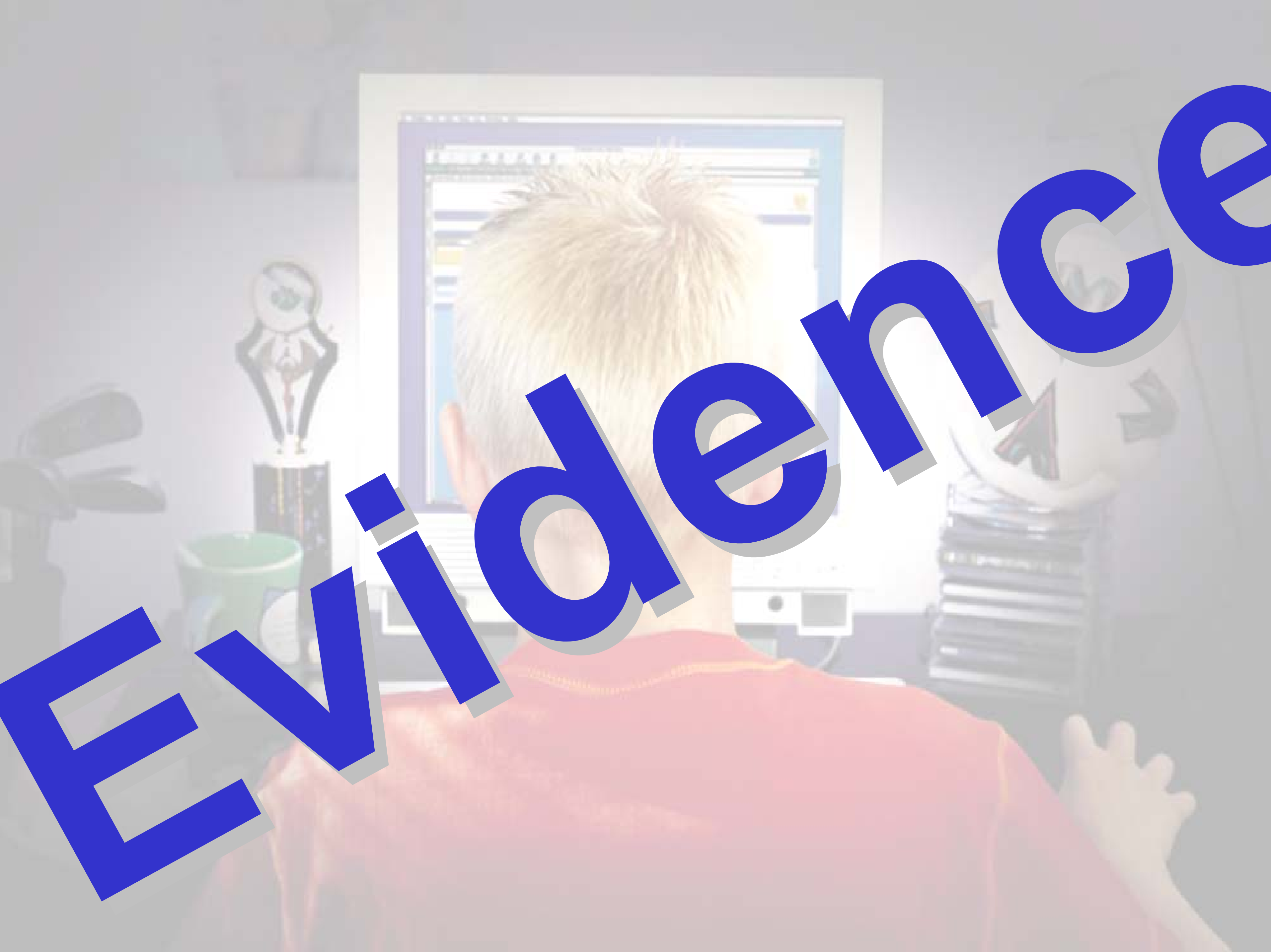


Chances are
they're 'silver surfing'
along with no less than
30% of the over 60s

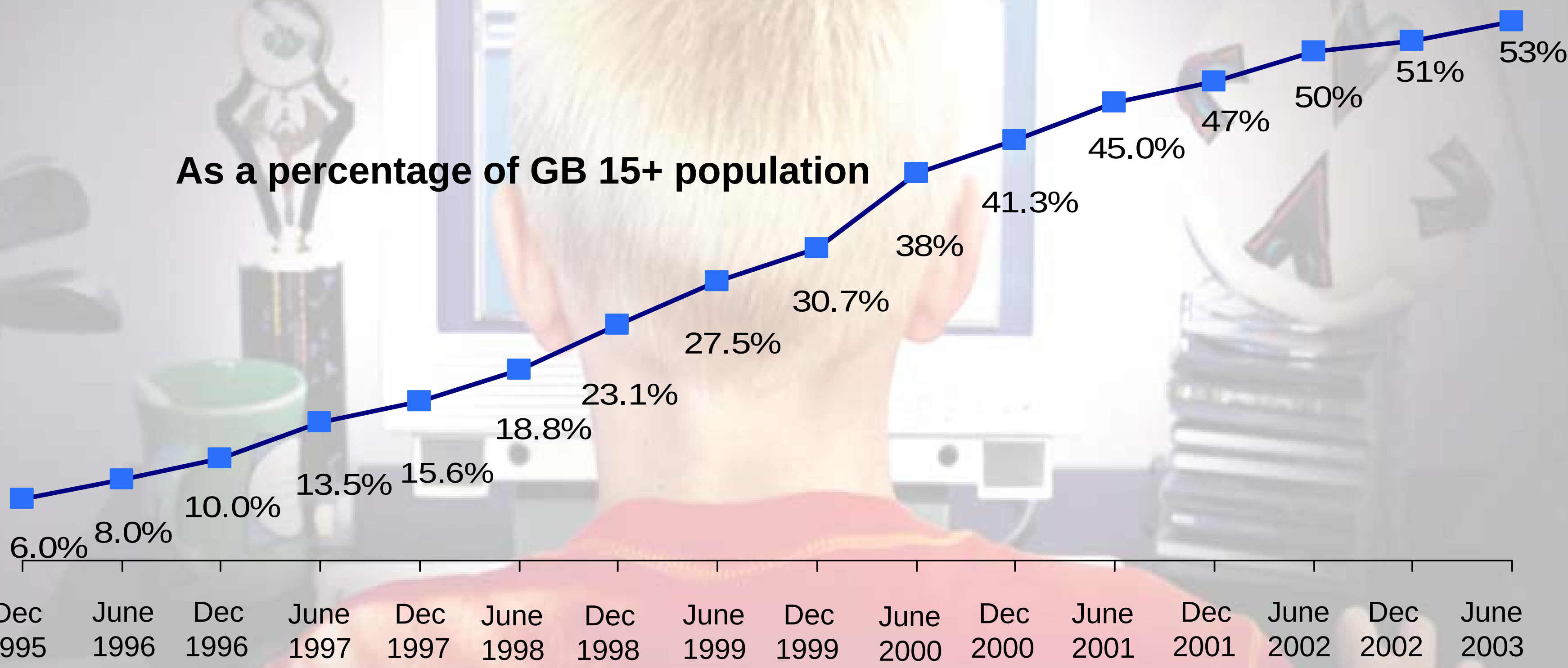
The fact is there’s

no age group
now that’s not online


Audiences in media have moved
How seriously is business responding?


Evidence

Rapid growth in access and use

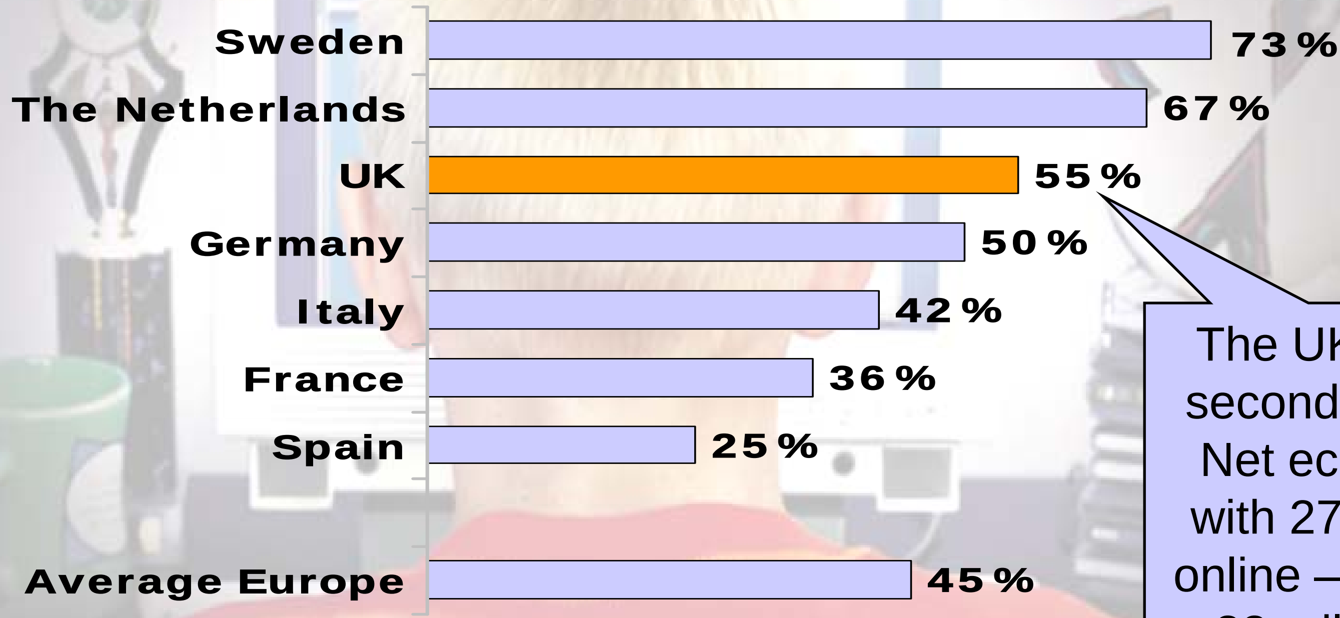


Have you used the Internet in the last 12 months?
Base = All FRS respondents: n = 15,119

NOP World
United Business Media

In Europe, 45% of adults have access

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

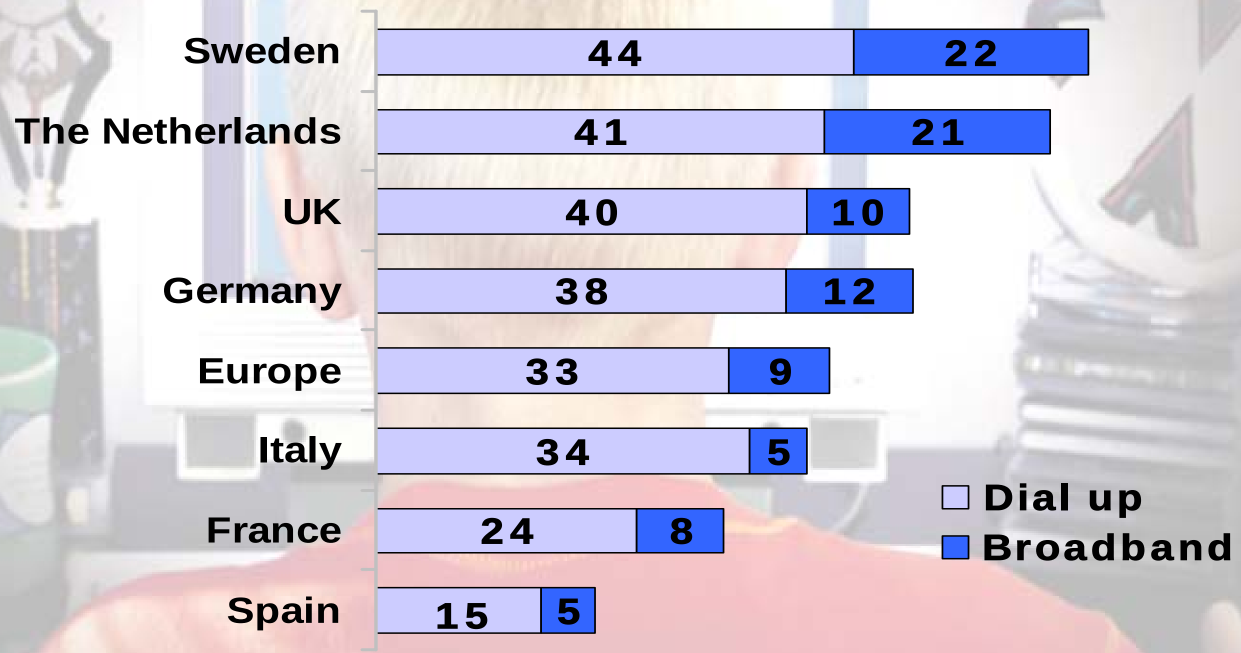


The UK is the second largest Net economy with 27 million online – against 33 million in Germany

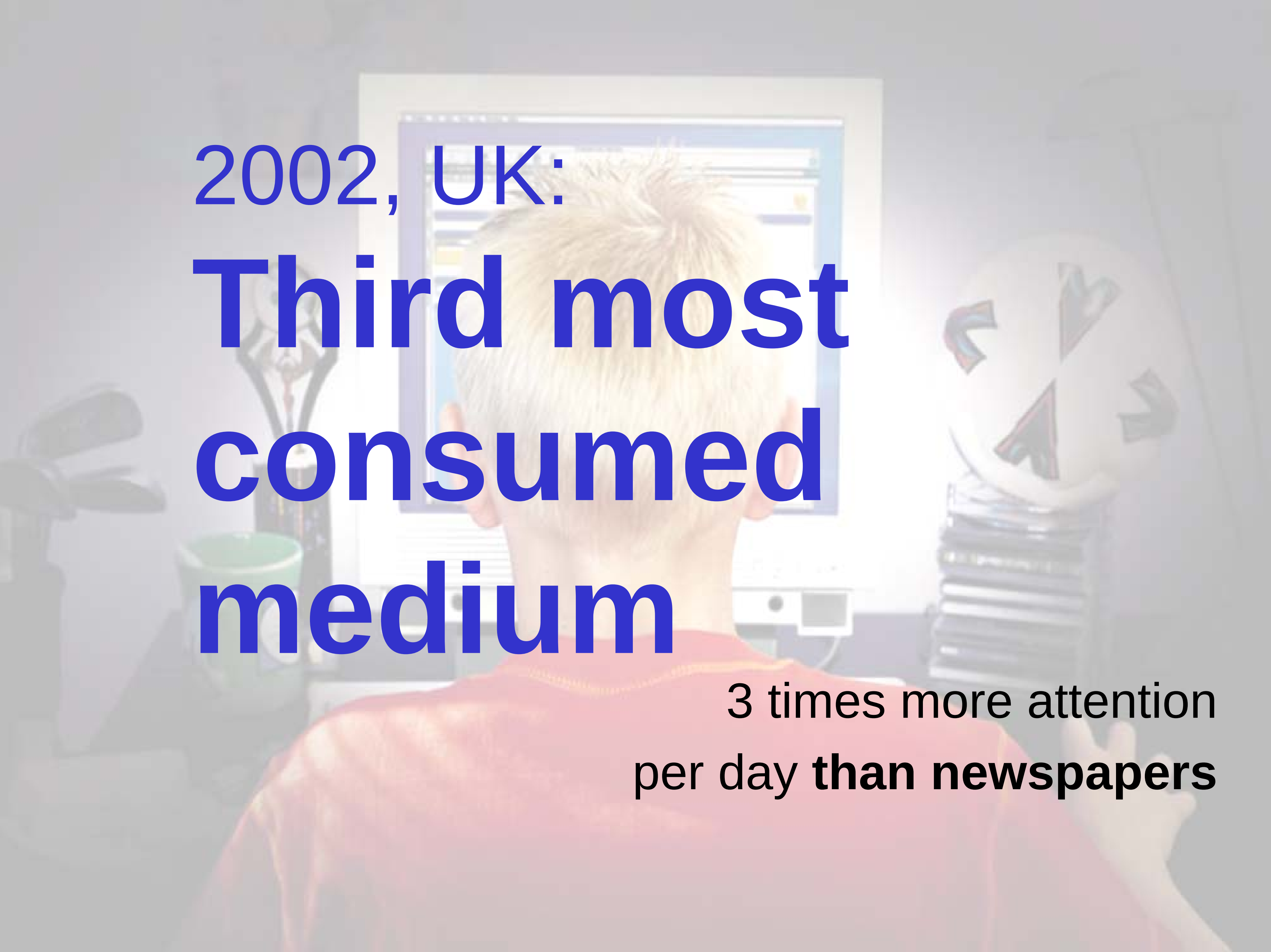
Source: Forrester Consumer Technographics 2003 Q2 (n= 23,511)
Base: online adults

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



2002, UK:

Third most consumed medium

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

Fishbowl Media Diaries
The research methodology

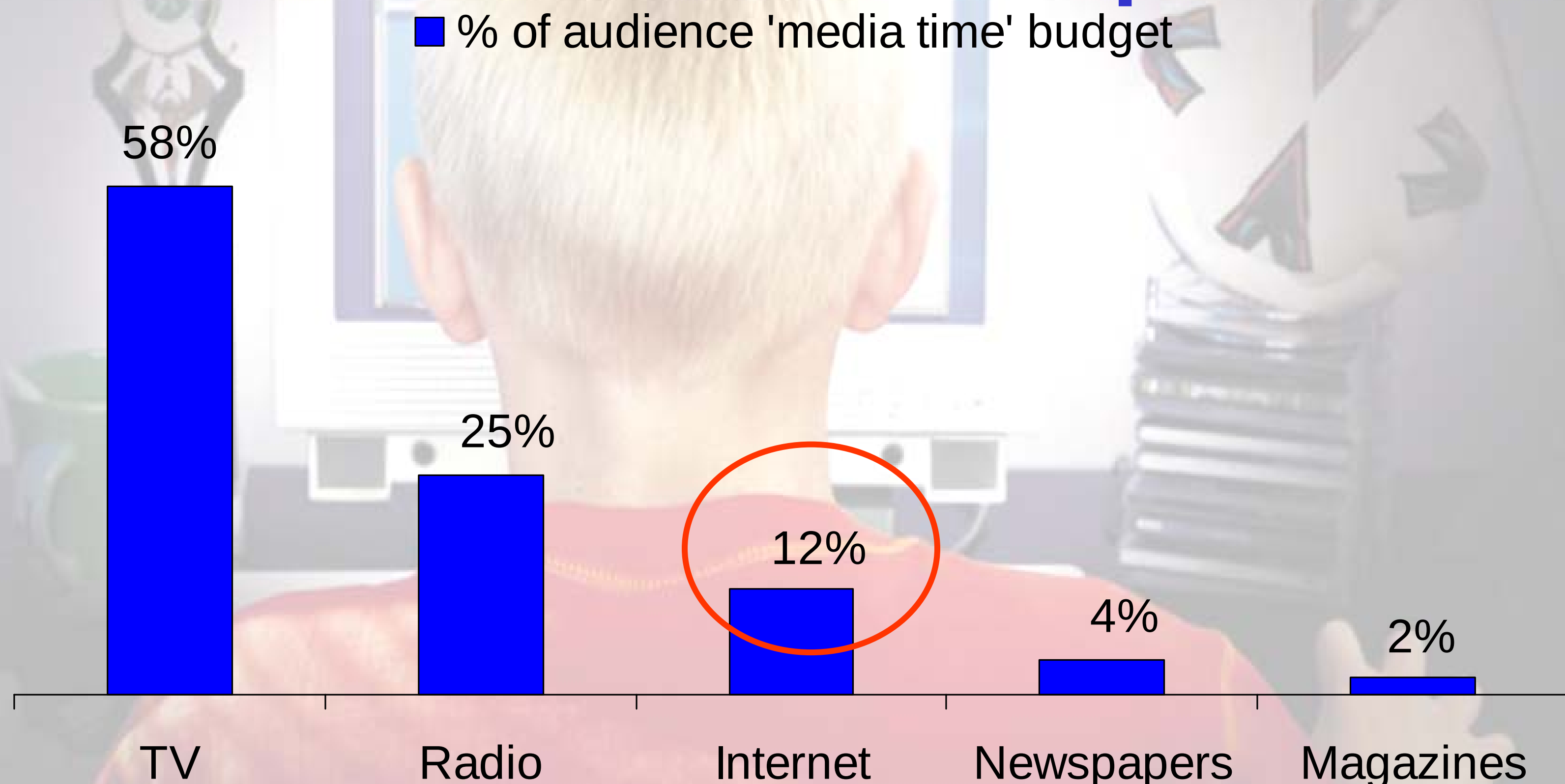
- **Conducted by Simons Priest & Associates for IAB member Wanadoo (formerly Freeserve)**
- **Quantitative study among 1000 Internet users aged 16+ in Internet homes**
- **Offline media diary for 2 weeks**

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

Life in a Fishbowl

Media Diaries

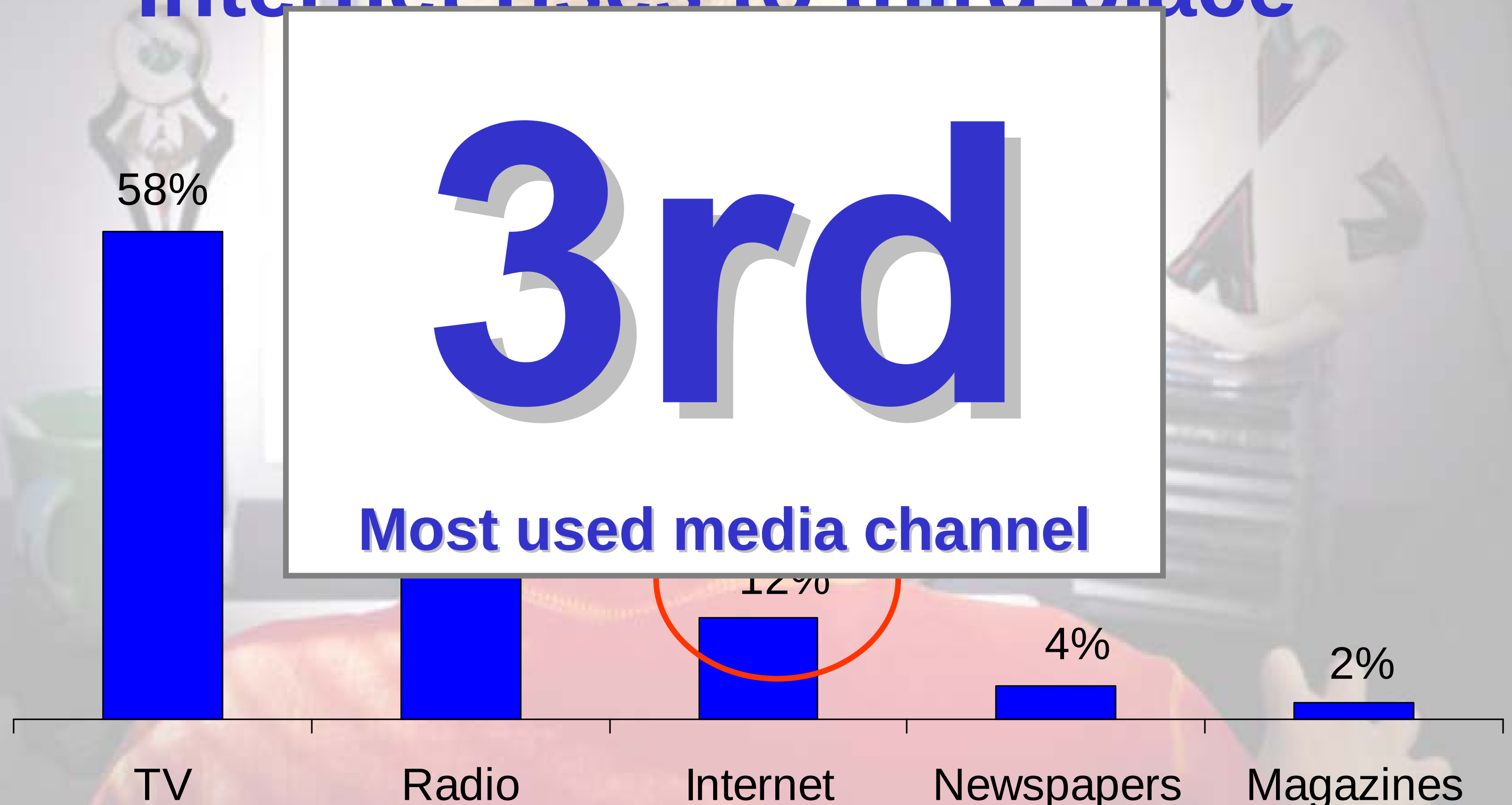
Internet rises to third place



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

Fishbowl Media Diaries

Internet rises to third place

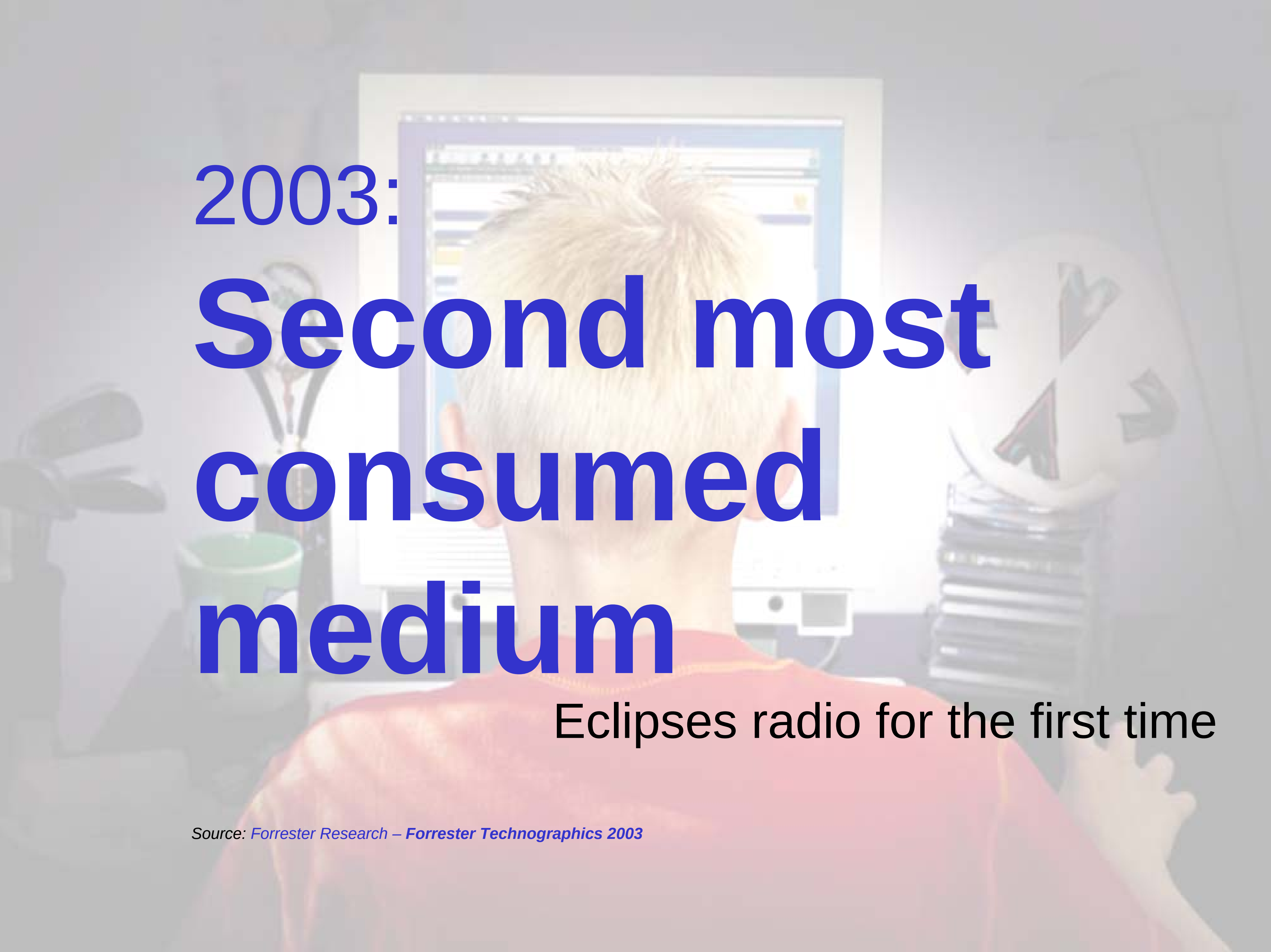


*Source: Wanadoo and SPA research – **Fishbowl Media Diaries 2002***

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***



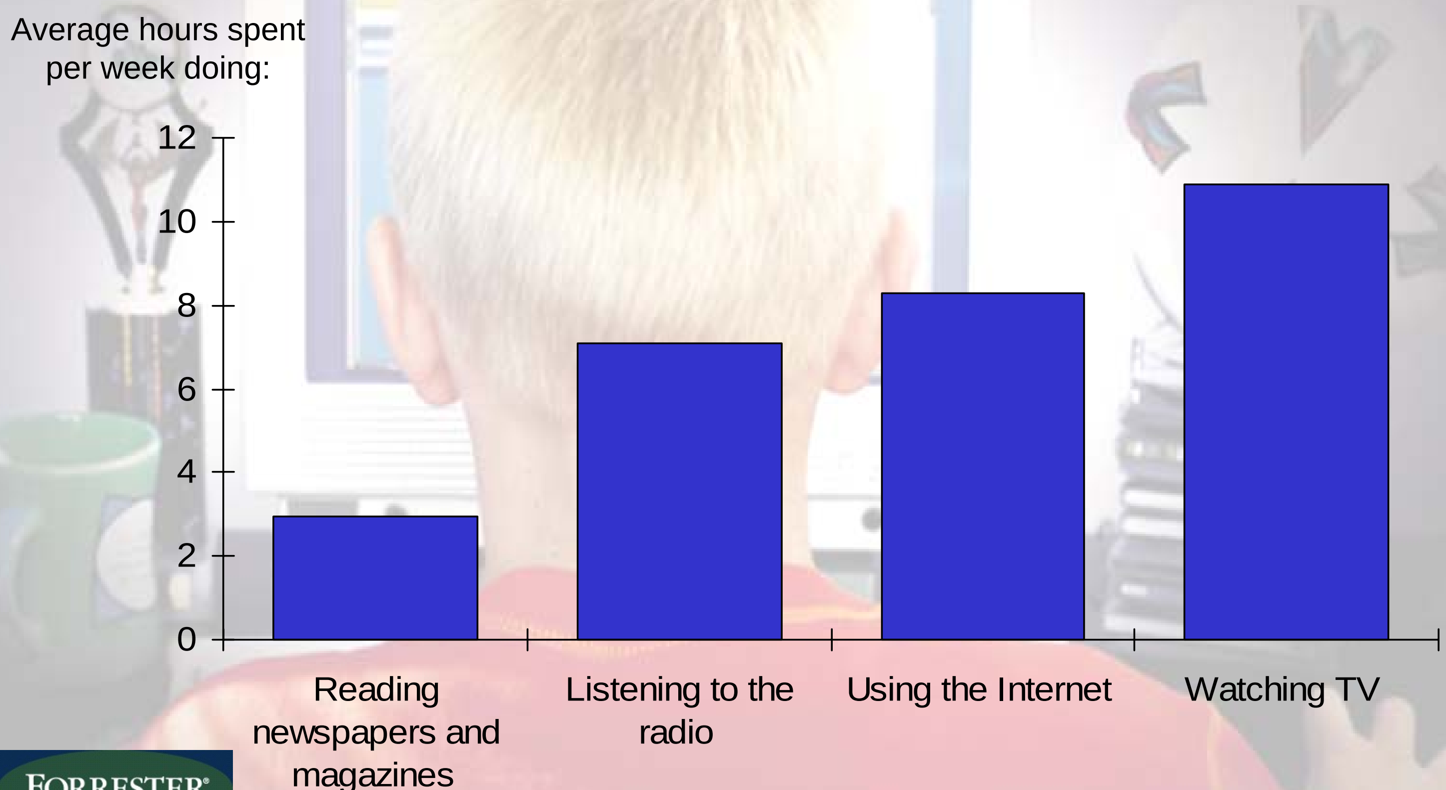
2003:

Second most consumed medium

Eclipses radio for the first time

*Source: Forrester Research – **Forrester Technographics 2003***

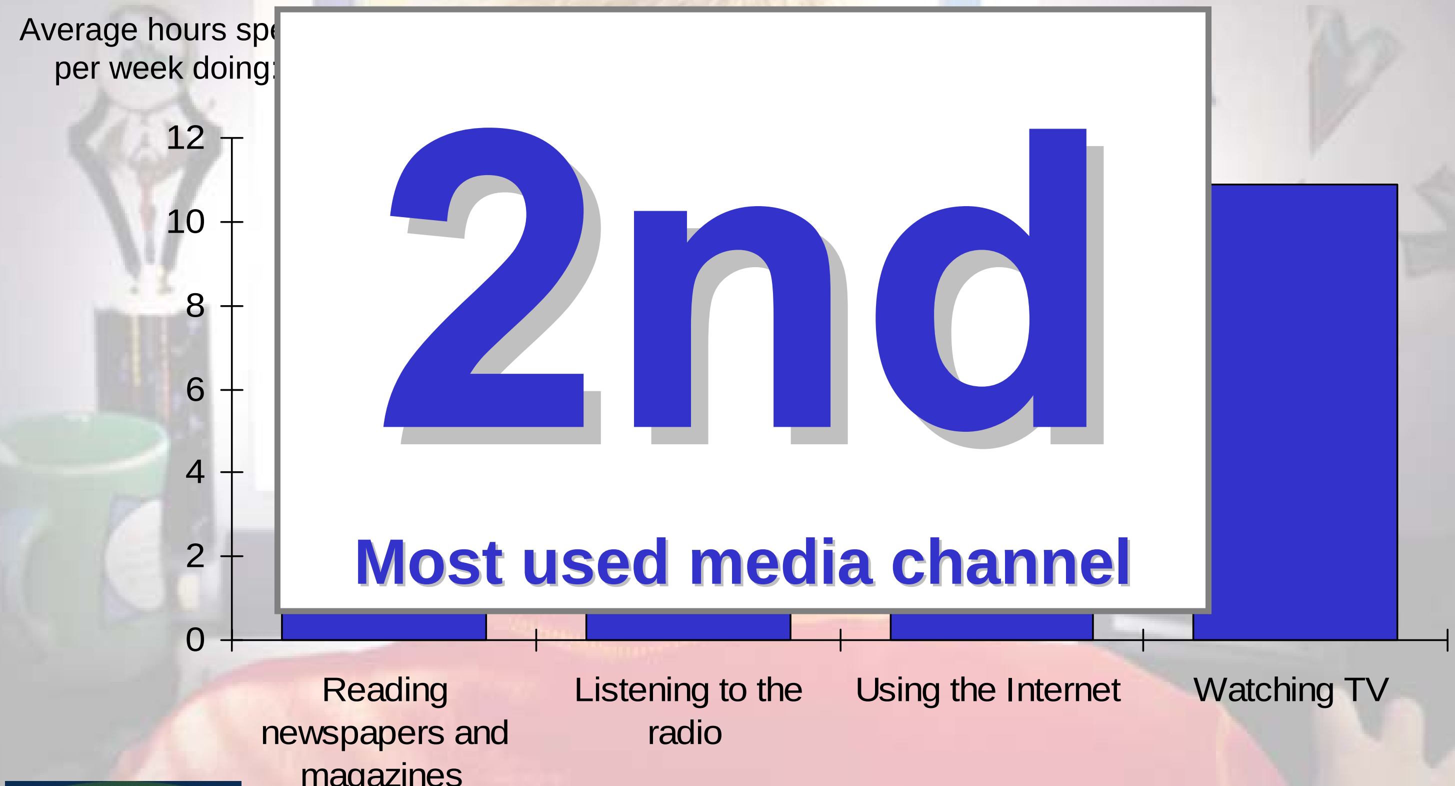
Internet rises to second



FORRESTER

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

Internet rises to second



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

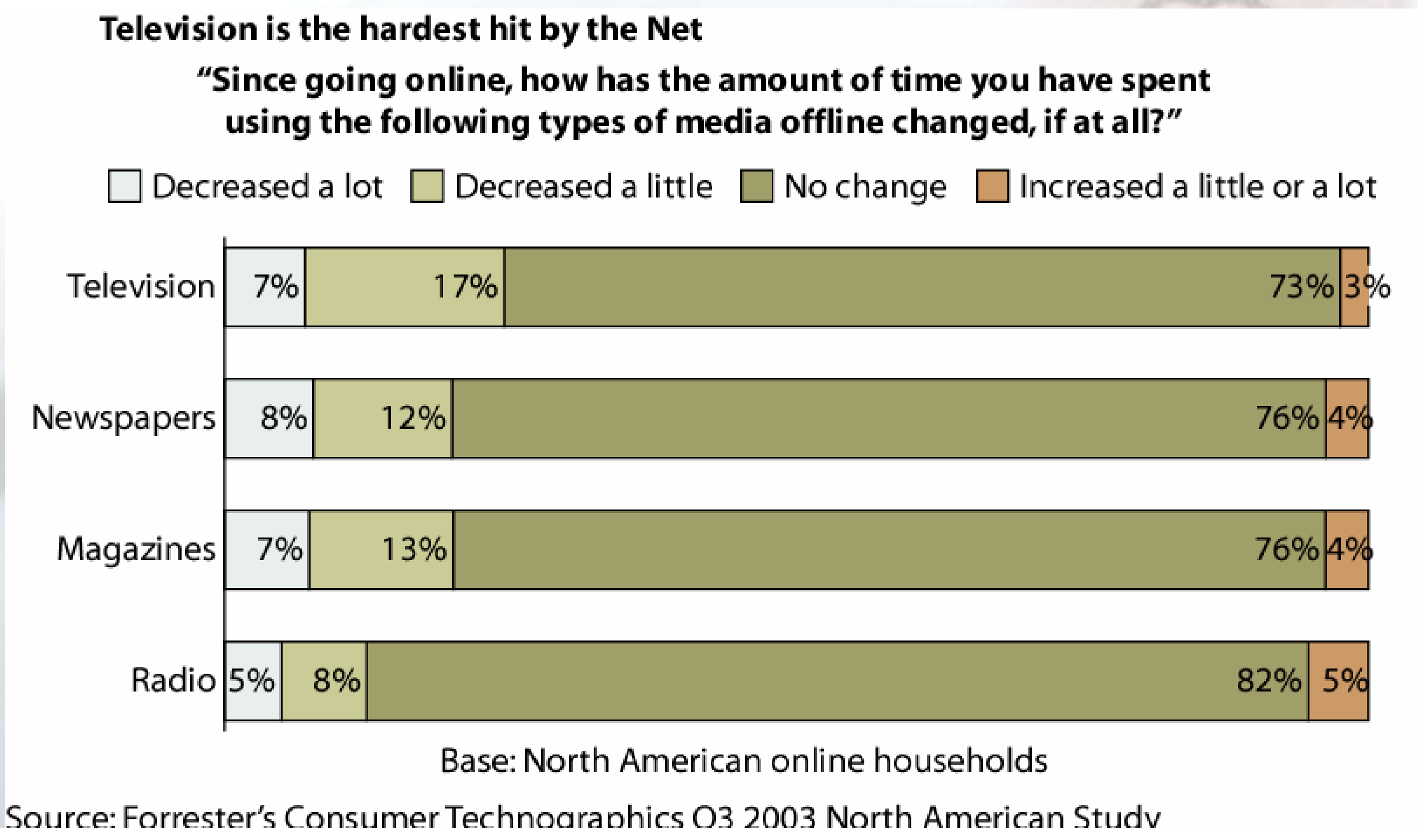
Even outdoor poster volumes are rising: 140,000 panels, with the huge 96-sheet super sites up 40% from ten years ago

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

Source: BARB / Newspaper Society / DMIS / Various / The Communications Challenge

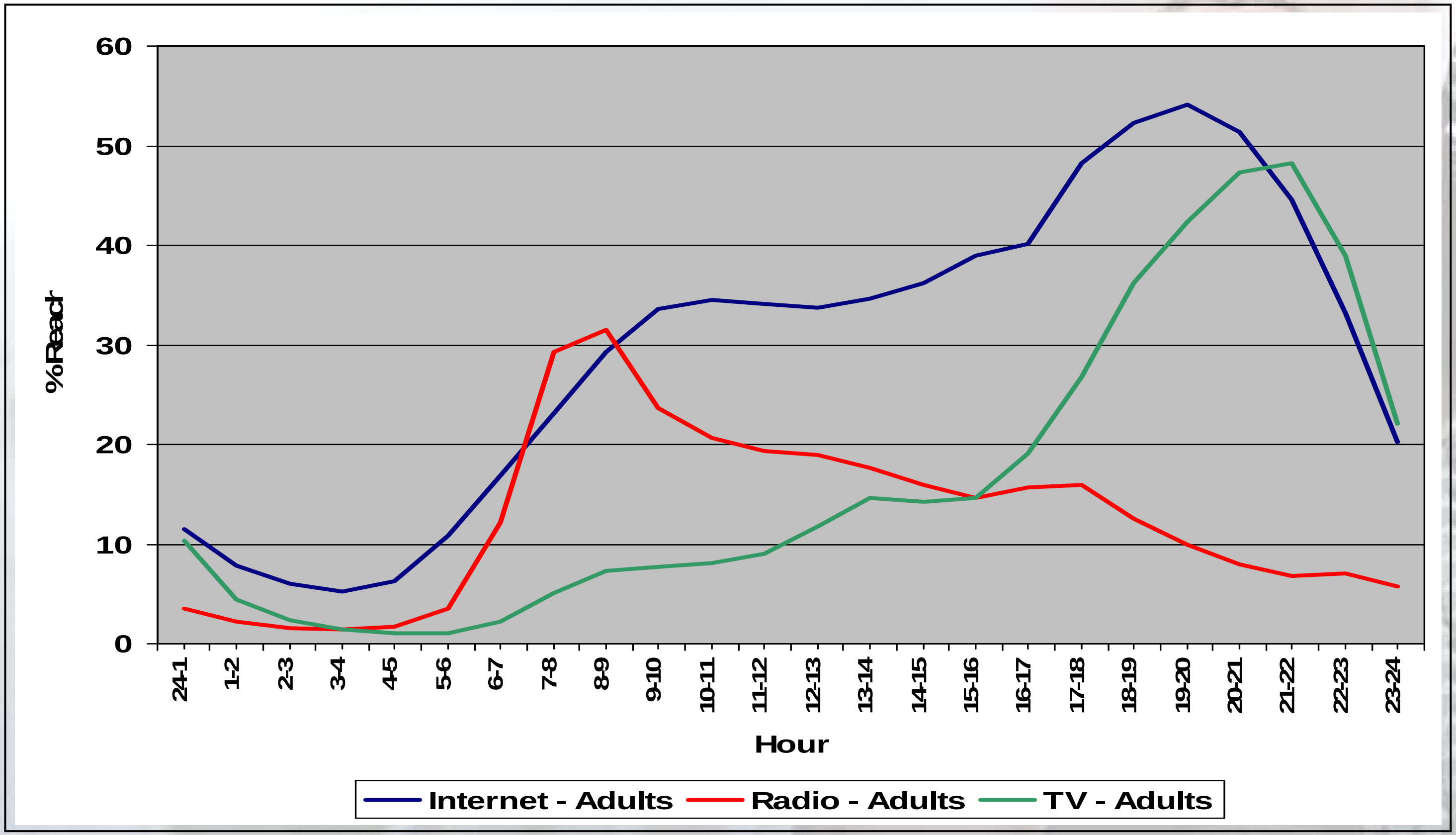
TV viewers tuning out

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



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

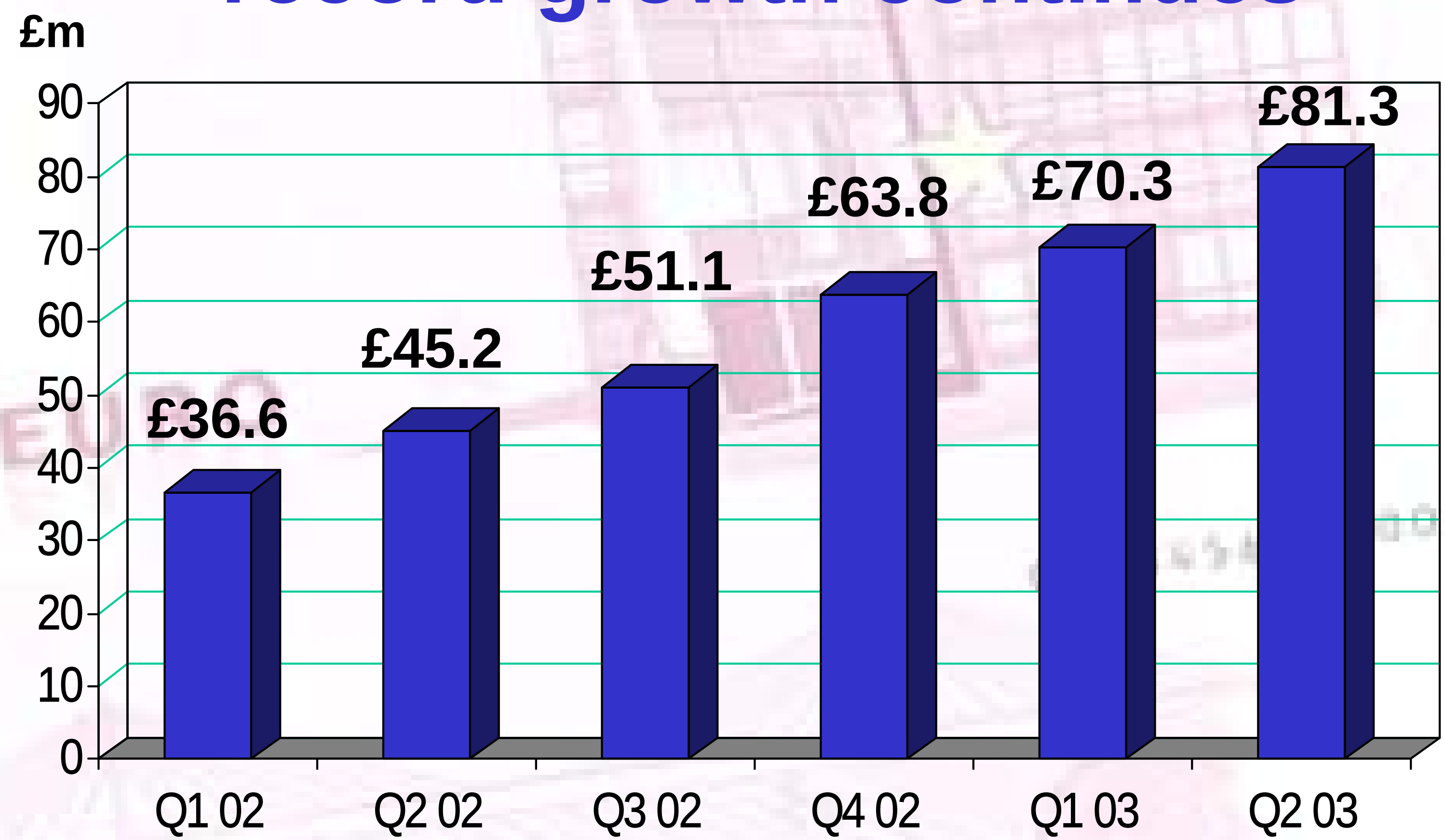
Following audiences

UK £360m market

Advertising Association prediction for 2003

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

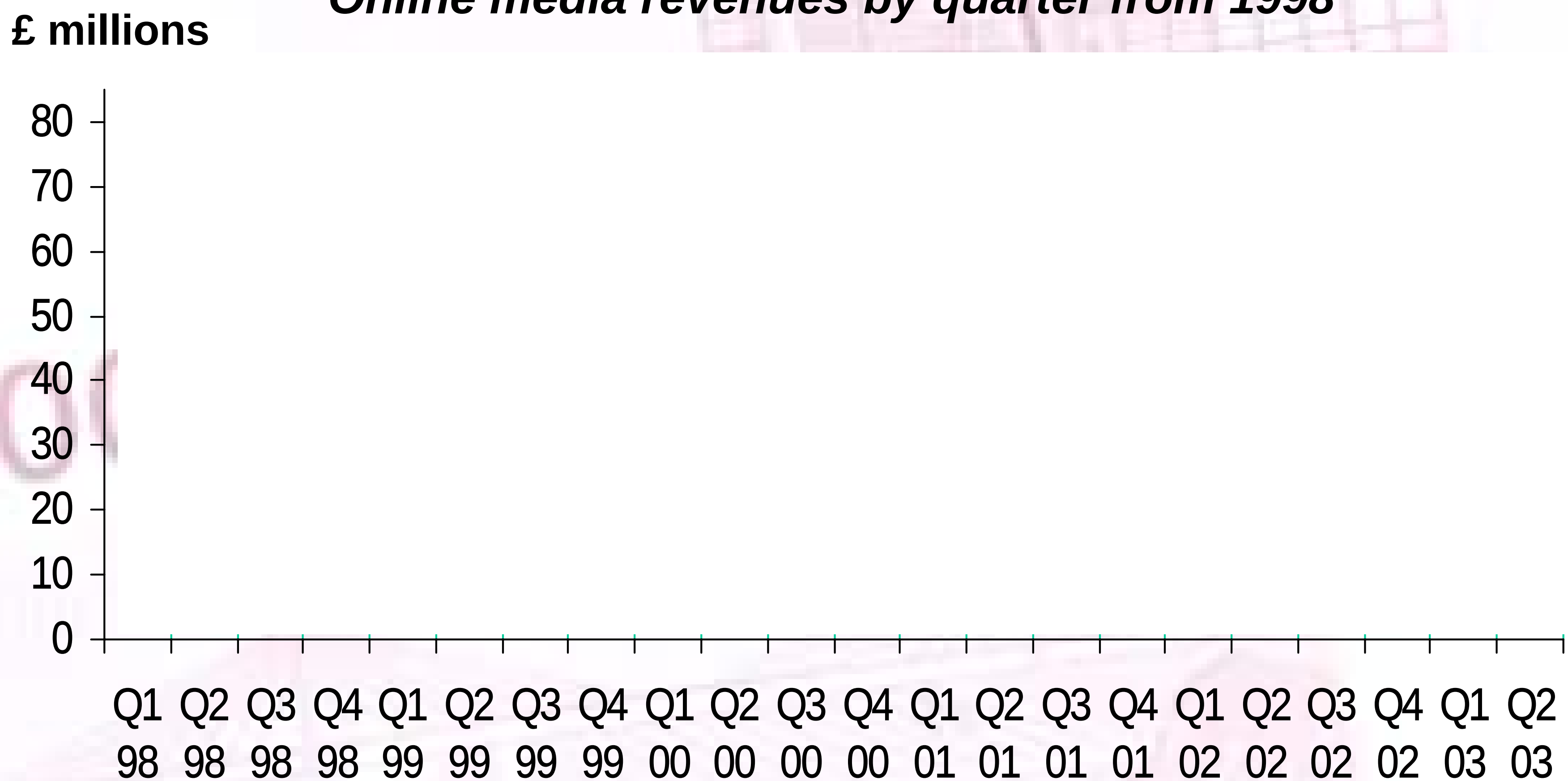
Online advertising:
record growth continues



Source: ***PricewaterhouseCoopers / Interactive Advertising Bureau*** *iabuk.net 2004*

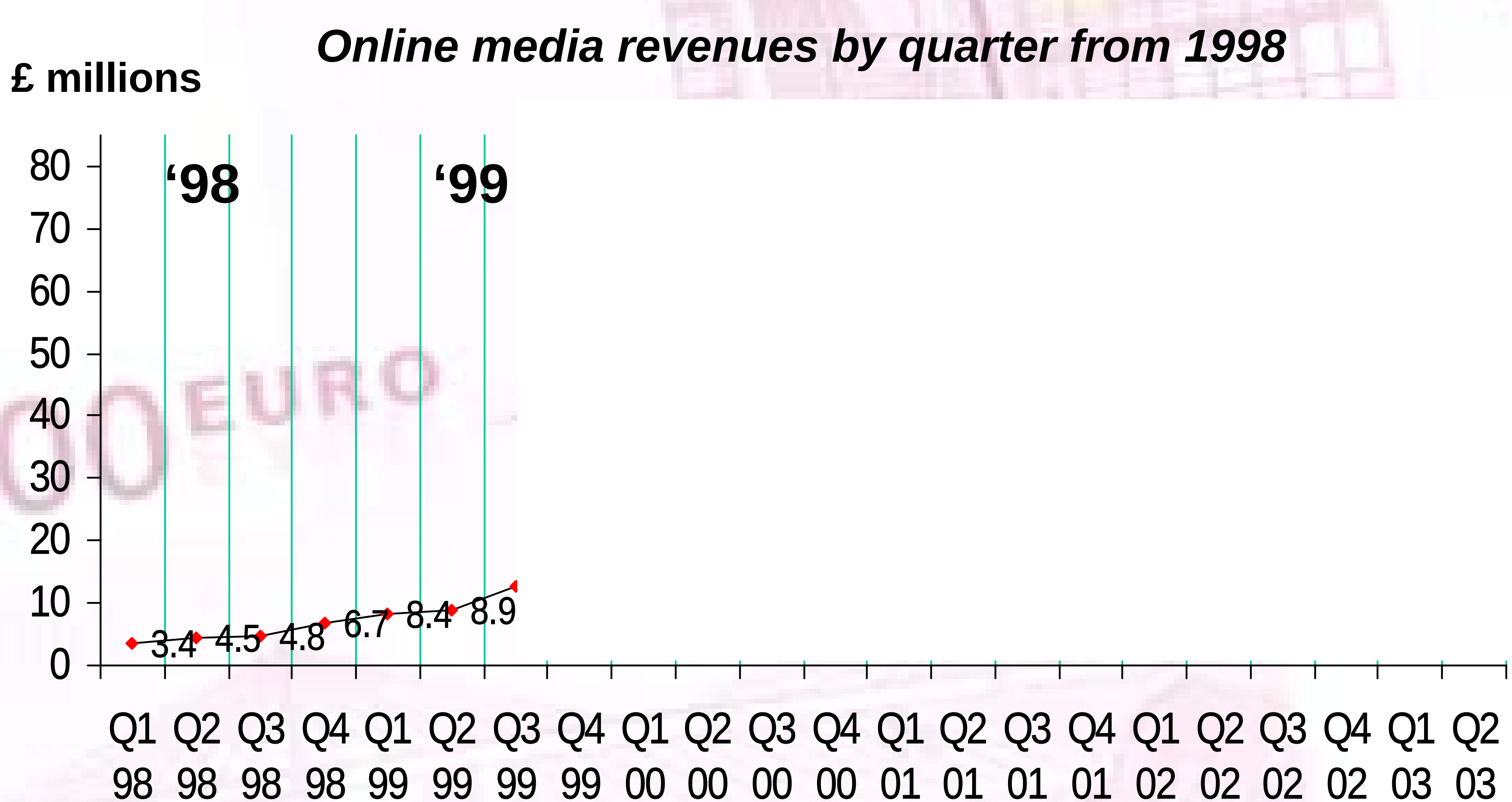
Boom, contraction, resurgence

Online media revenues by quarter from 1998



*Source: **PricewaterhouseCoopers / Interactive Advertising Bureau** iabuk.net 2004*

Boom, contraction, resurgence



PRICEWATERHOUSECOOPERS

Source: ***PricewaterhouseCoopers / Interactive Advertising Bureau*** *iabuk.net 2004*

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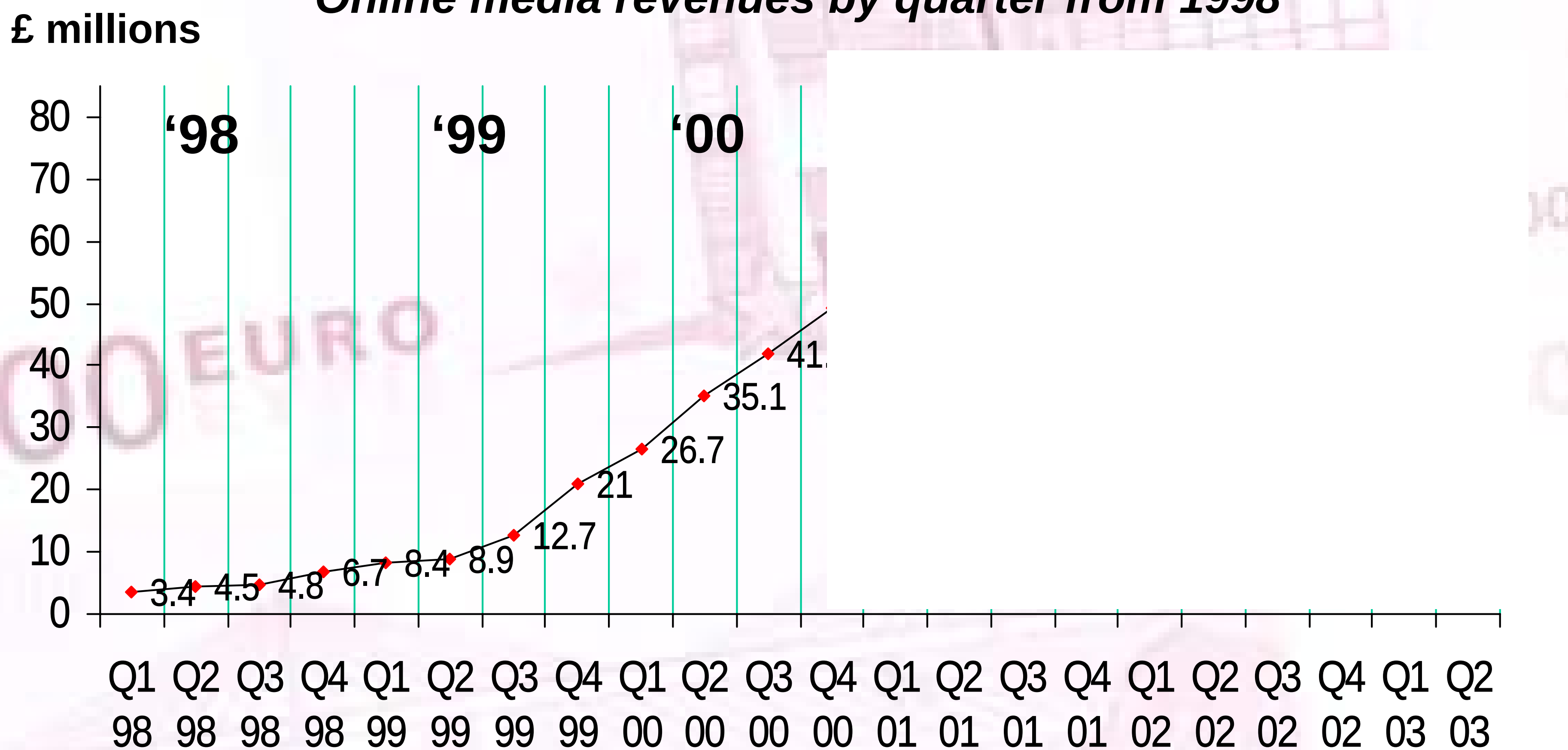

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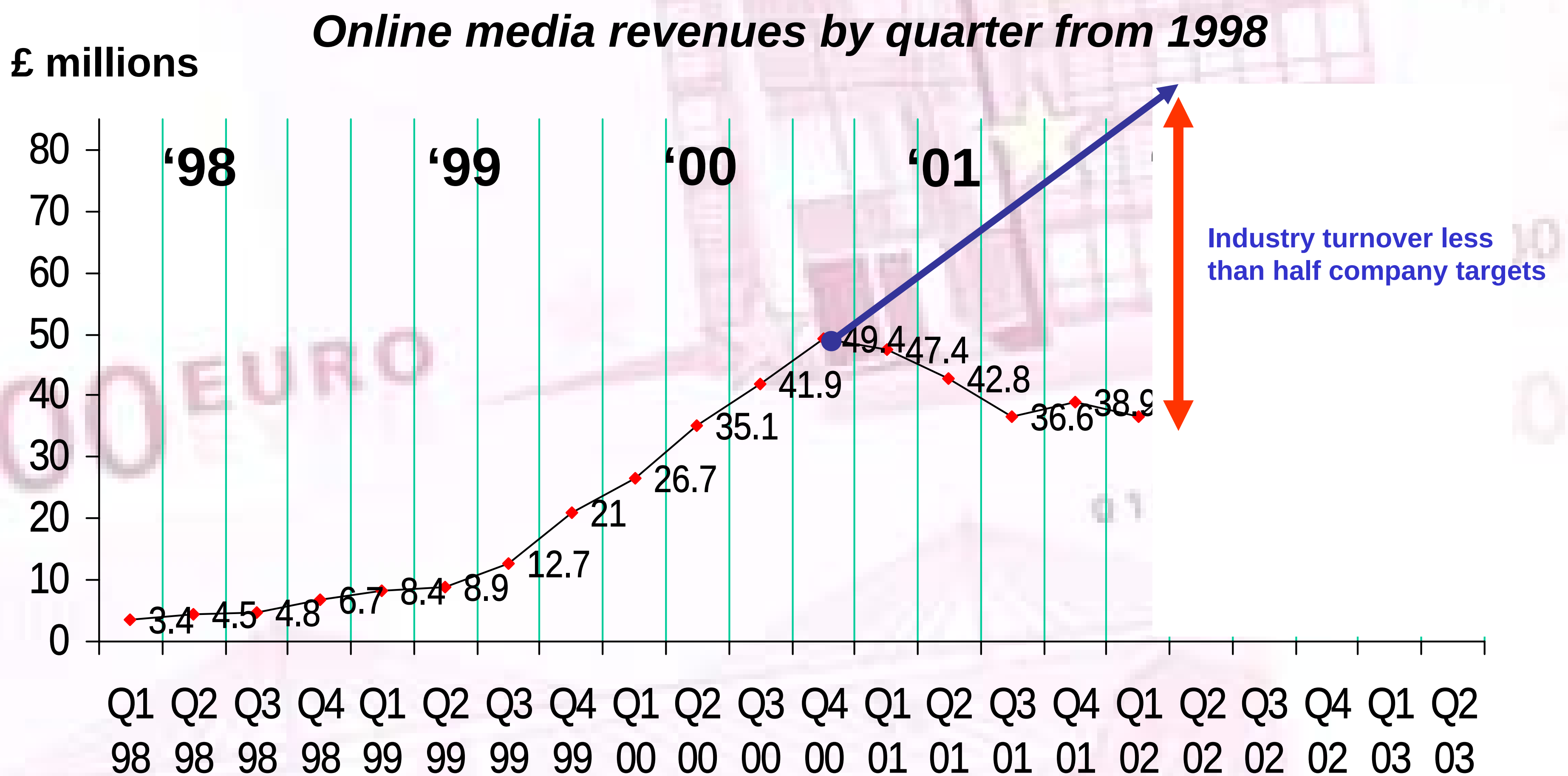
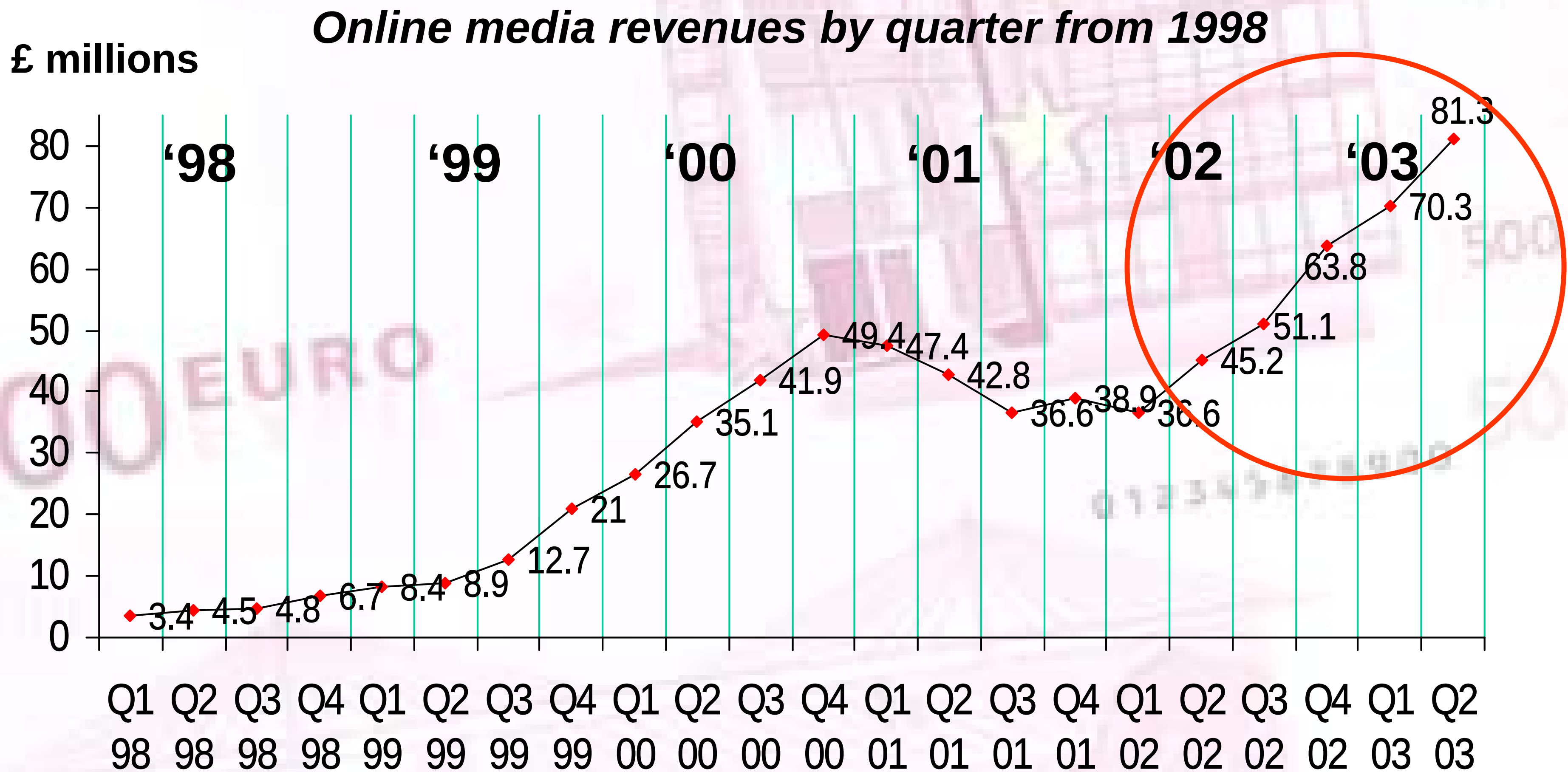


PRICEWATERHOUSECOOPERS

*Source: **PricewaterhouseCoopers / Interactive Advertising Bureau** iabuk.net 2004*

Boom, contraction, resurgence



PRICEWATERHOUSECOOPERS

Source: ***PricewaterhouseCoopers / Interactive Advertising Bureau*** *iabuk.net 2004*

Online 2%

of total

UK ad spend

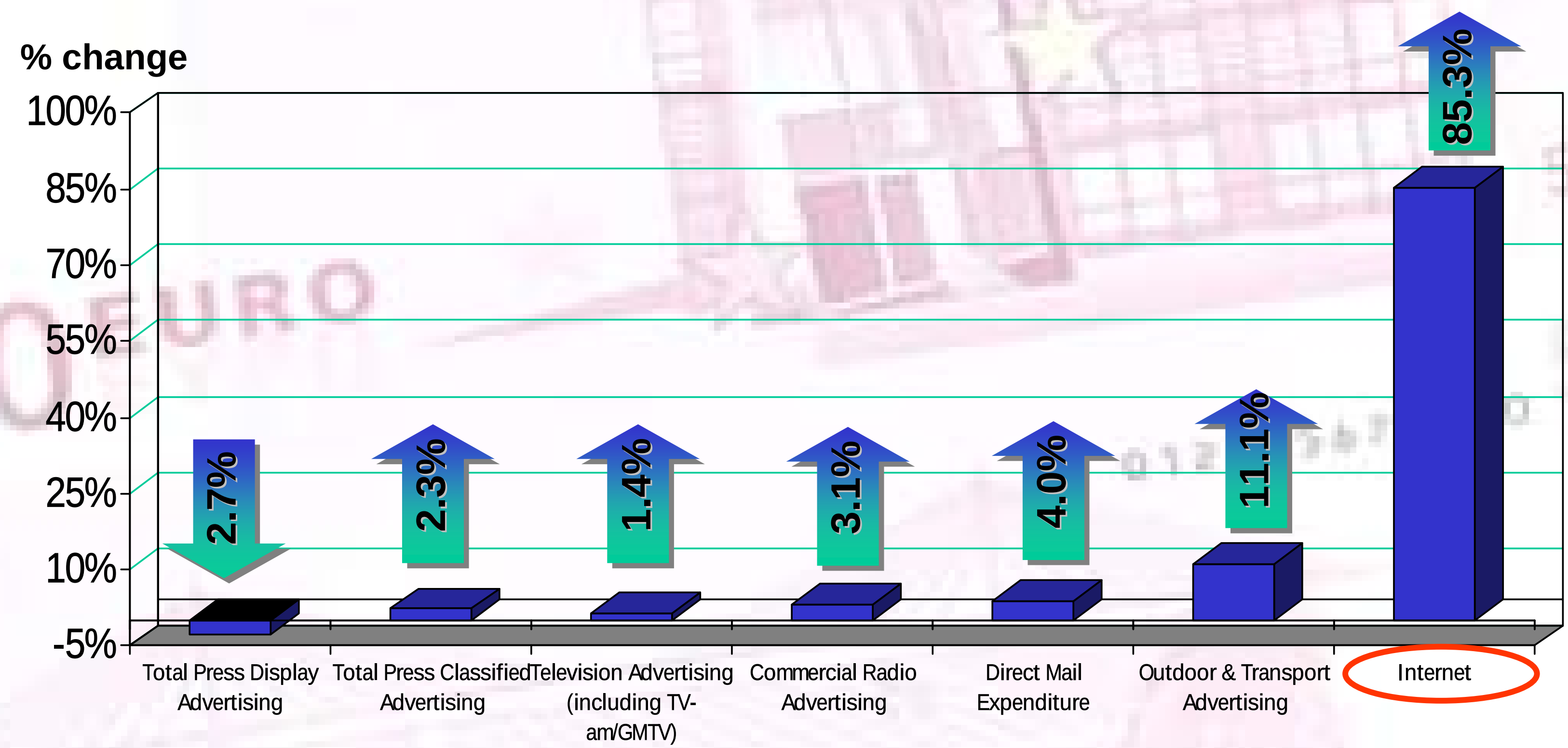
Twice the size of **cinema**
Half the size of **radio**

Will be 4% and larger than Radio by 2007

Internet media spend

Channel shift clear as online races ahead

UK advertising growth by sector - 1st half 2003 vs. 1st half 2002



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

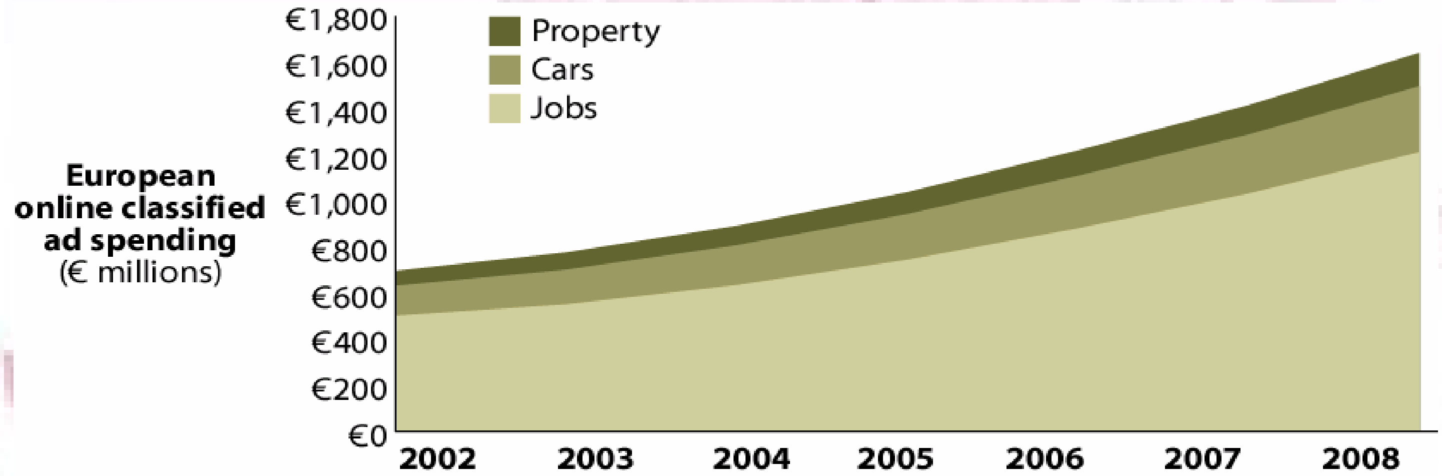
PRICEWATERHOUSECOOPERS

2%

Average across Europe

Scandinavia **5%**
South East Europe **0.5%**

Online Classified Forecast, Europe



Jobs	500	550	633	743	879	1,030	1,209
Property	65	75	84	95	110	127	145
Cars	130	150	173	198	228	256	286
Total (€ millions)	**695**	**775**	**889**	**1,036**	**1,217**	**1,431**	**1,640**

(numbers have been rounded)

FORRESTER®

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?

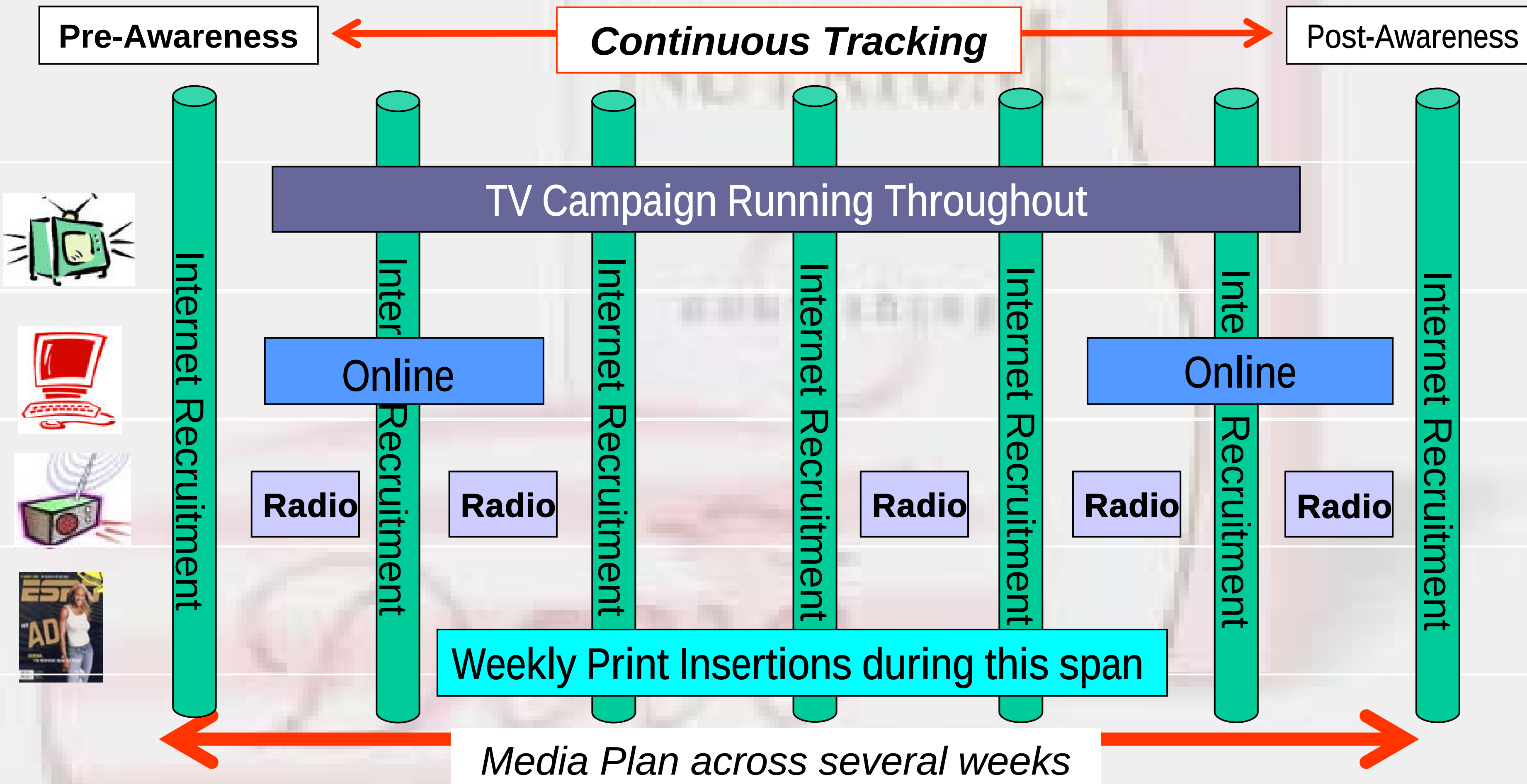
Brand advertisers switch

Dove Nutrium

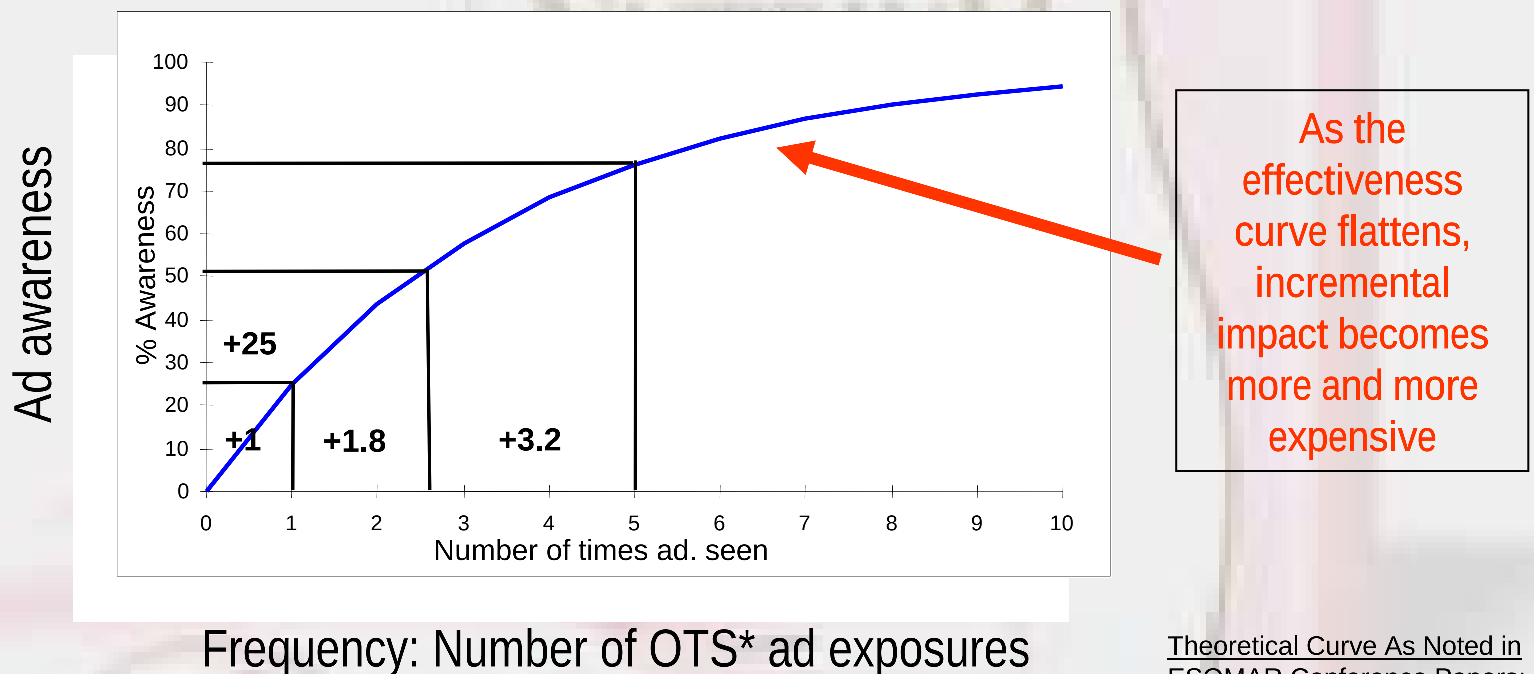
The pioneering study into cross media analysis

Real world results

From real campaigns



Diminishing marginal returns
Familiar concept for marketers

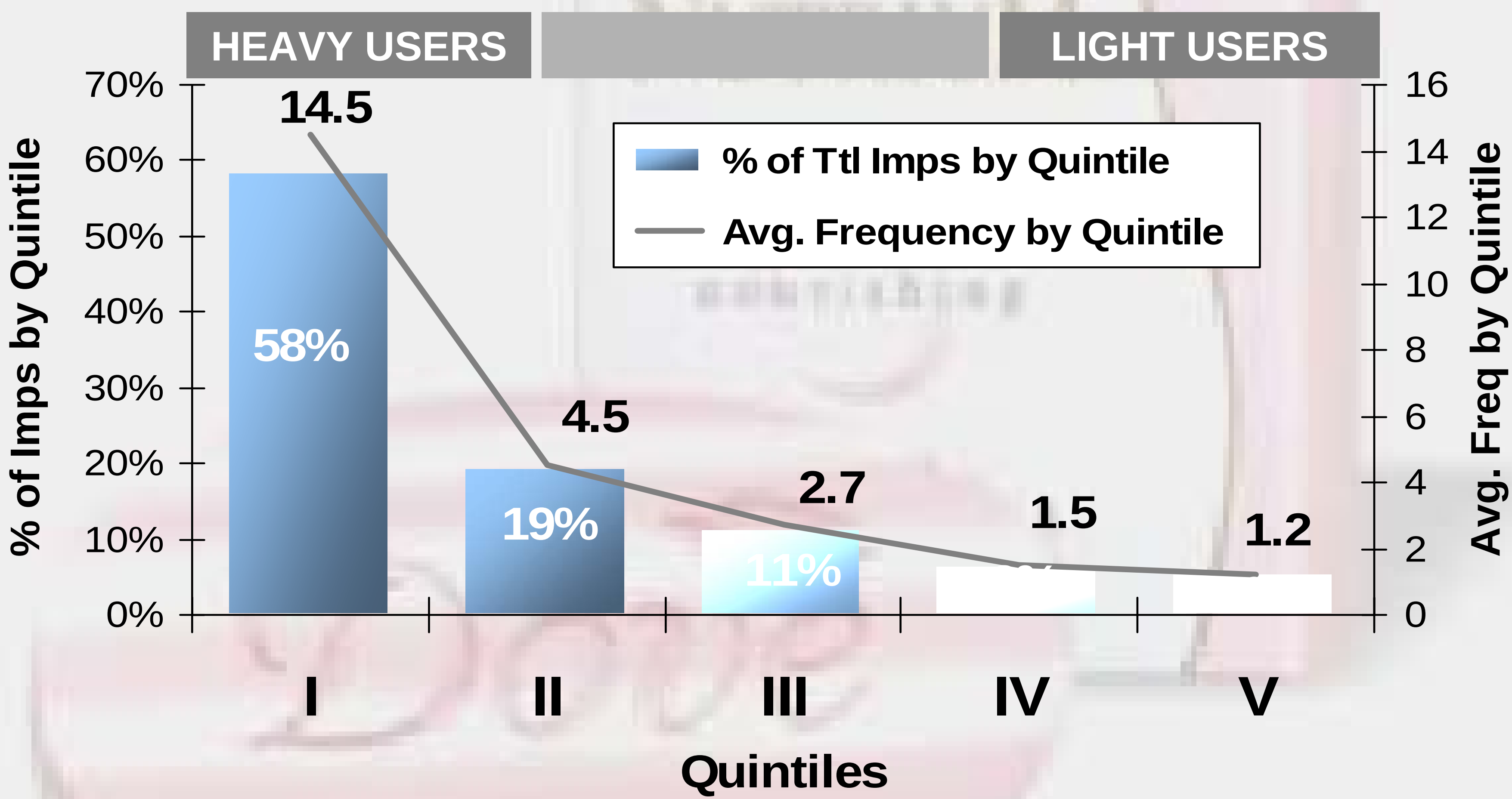


Theoretical Curve As Noted in ESOMAR Conference Papers:
Source: FORCE Modeling, Paul Dyson, Millward Brown Intelliquest
.

*OTS = Opportunity to see advertisement based on GRP levels

The myth of frequency

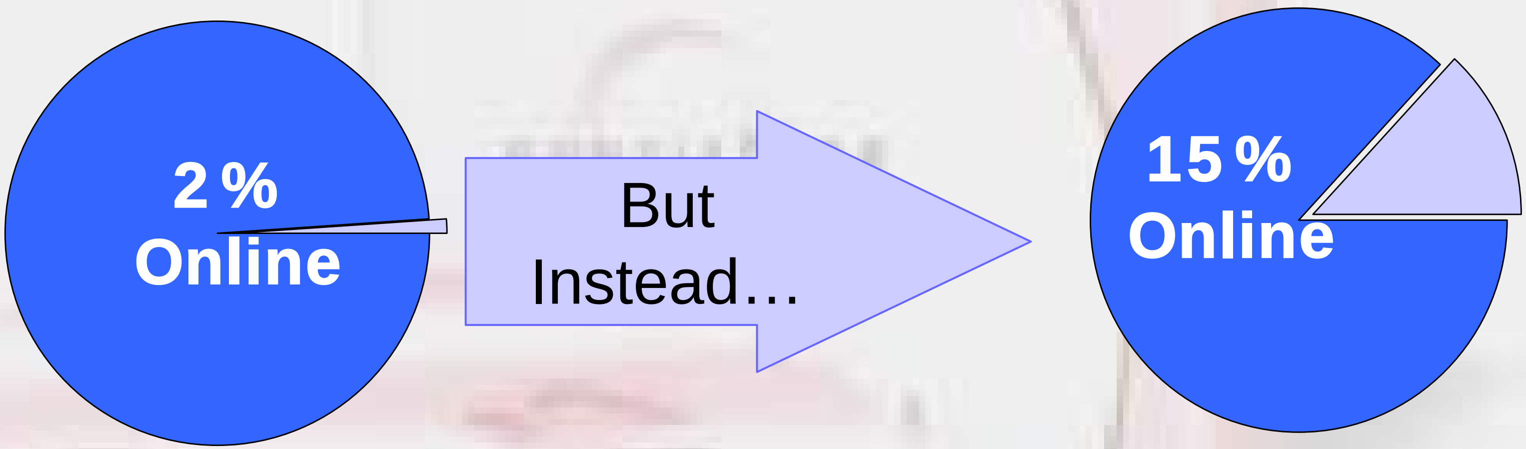
TV frequency never falls evenly



Getting the media mix right: Dove

Pioneering research into media neutral planning

Original Allocation



Results in an 8% boost in overall branding metrics

And 14% increase in purchase intent

Same Budget, Better Results

Direct marketers switch

Ask Jeeves
Ask.co.uk
Ask me another question
Welcome to
Please cho
Google
UK
Web
Images
Groups
Directory
News
Search
One third of all online advertising
The new Direct Marketing tool
NORWICH UNION
LYCOS
home
your personal internet guide
Home | Email | Shopping | myLycos | Search | Channels | Interactive | Directory | Mobile
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


Job hunting:
early adopter on the move
Home
Search Jobs
My Monster
Career Centre
Help
For Employers
Employer Sign-in
Recruiter Solutions
NEW!
Post a Job
Seminars
monster.co.uk
The world's leading career network
SEARCH JOBS
CREATE YOUR CV
TEMP JOBS
Jobs
UK - over 19,574
Johnson Company
GlaxoSmithKline
Colgate Palmolive
Blackpool Borough Council
Halifax General Insurance
Discover the other leading companies
View interactive company profiles
LOOK FORWARD
BTopenworld
The UK's most popular newspaper website
Go to: Guardian Unlimited home
Go
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
Go
Detailed search
Search by sector
Media
Graduate
Marketing/PR
Secretarial
Charities
Education
Housing
Financial
IT and telecoms
Health and social care
WIRRAL
Metropolitan Borough of Wirral, Deputy Director of Housing, £53,646 - £59,607
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…

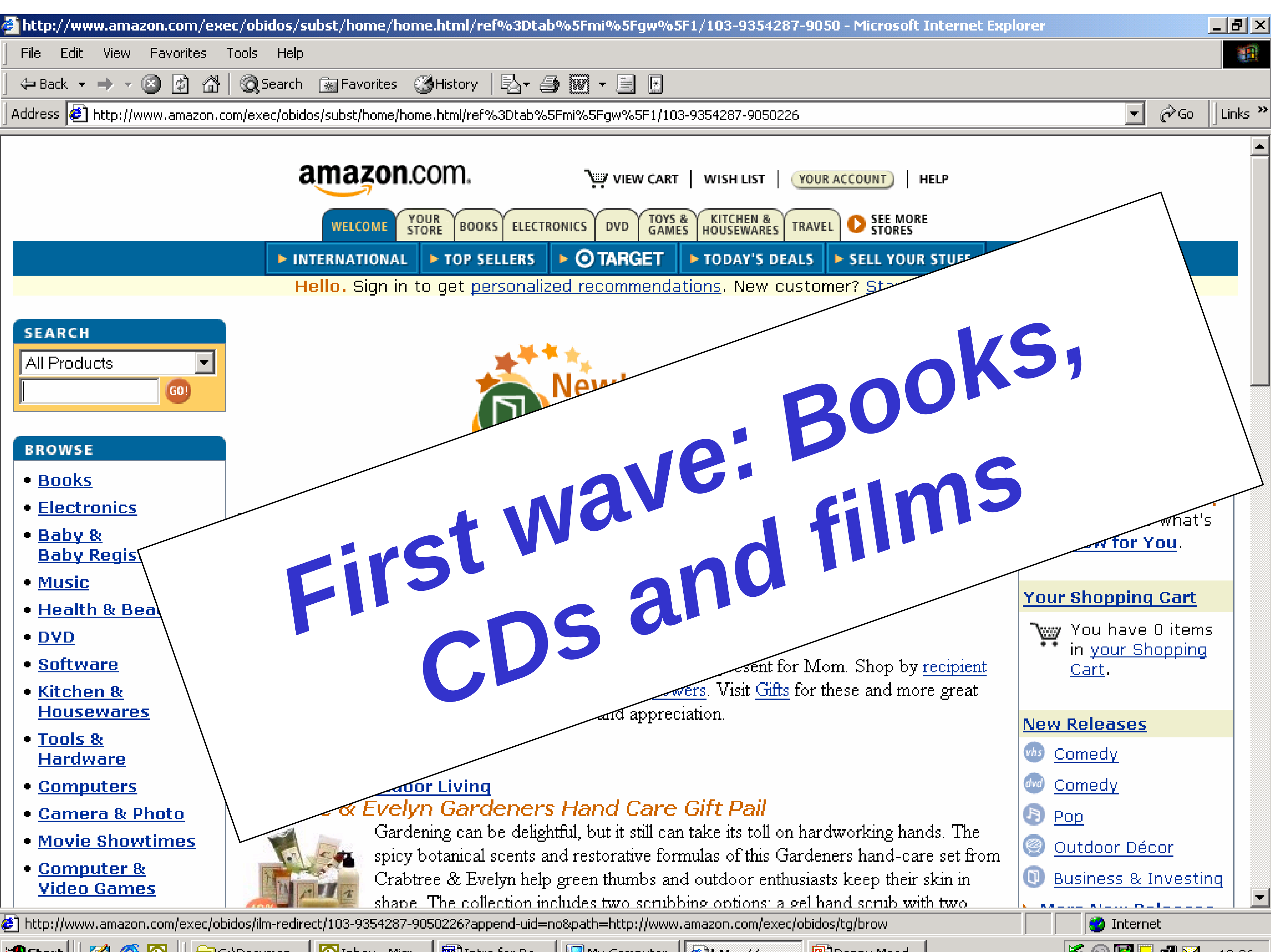
Retail

E-commerce

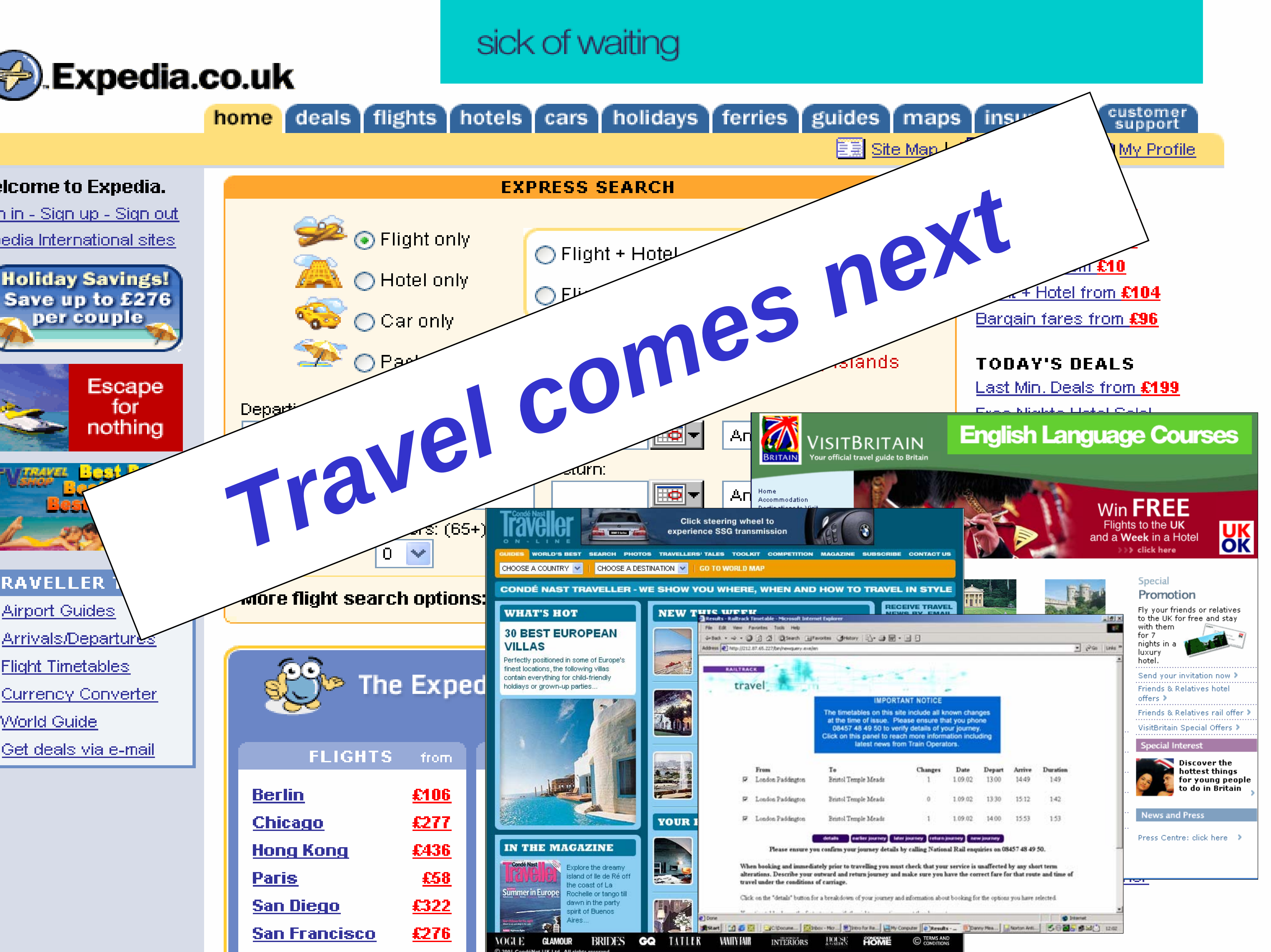
Now part of the daily internet routine…

Interactive Advertising Bureau Eu
www.iabeurope

First wave: Books, CDs and films

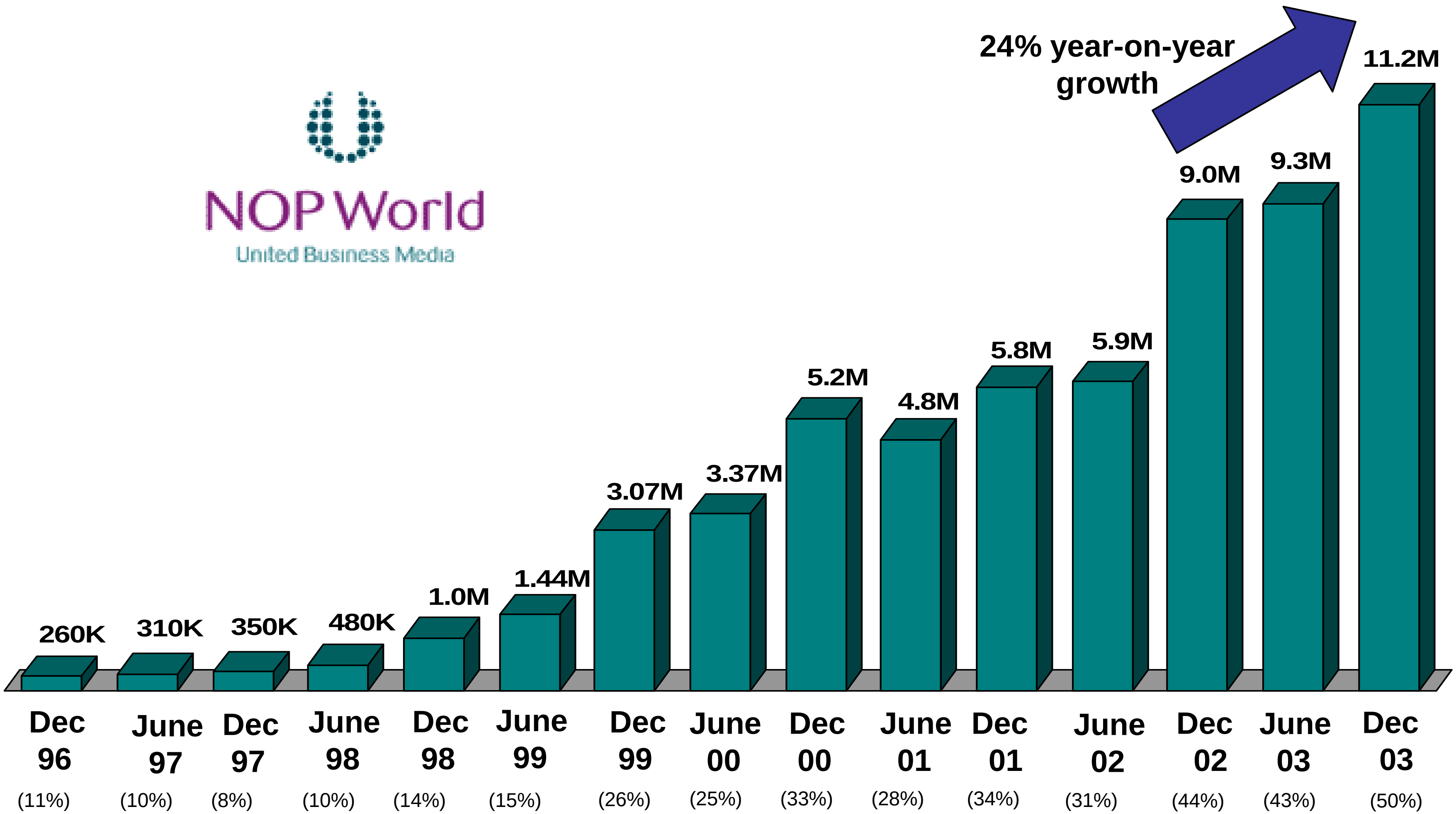


Banking migrates online


Travel comes next
sick of waiting
Expedia.co.uk
home
deals
flights
hotels
cars
holidays
ferries
guides
maps
customer support
Site Map
My Profile
EXPRESS SEARCH
Flight only
Hotel only
Car only
Flight + Hotel
Holiday Savings! Save up to £276 per couple
Escape for nothing
Airport Guides
Arrivals/Departures
Flight Timetables
Currency Converter
World Guide
Get deals via e-mail
more flight search options:
FLIGHTS from
Berlin £106
Chicago £277
Hong Kong £436
Paris £58
San Diego £322
San Francisco £276
Hotel from £104
Bargain fares from £96
TODAY'S DEALS
Last Min. Deals from £199
VISITBRITAIN
Your official travel guide to Britain
English Language Courses
Win FREE Flights to the UK and a Week in a Hotel
Traveller
CONDÉ NAST TRAVELLER - WE SHOW YOU WHERE, WHEN AND HOW TO TRAVEL IN STYLE
WHAT'S HOT
30 BEST EUROPEAN VILLAS
IN THE MAGAZINE
IMPORTANT NOTICE
Special Promotion
Special Interest
News and Press

Groceries with effective home delivery

Number of online shoppers (UK)



NOP World
United Business Media

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

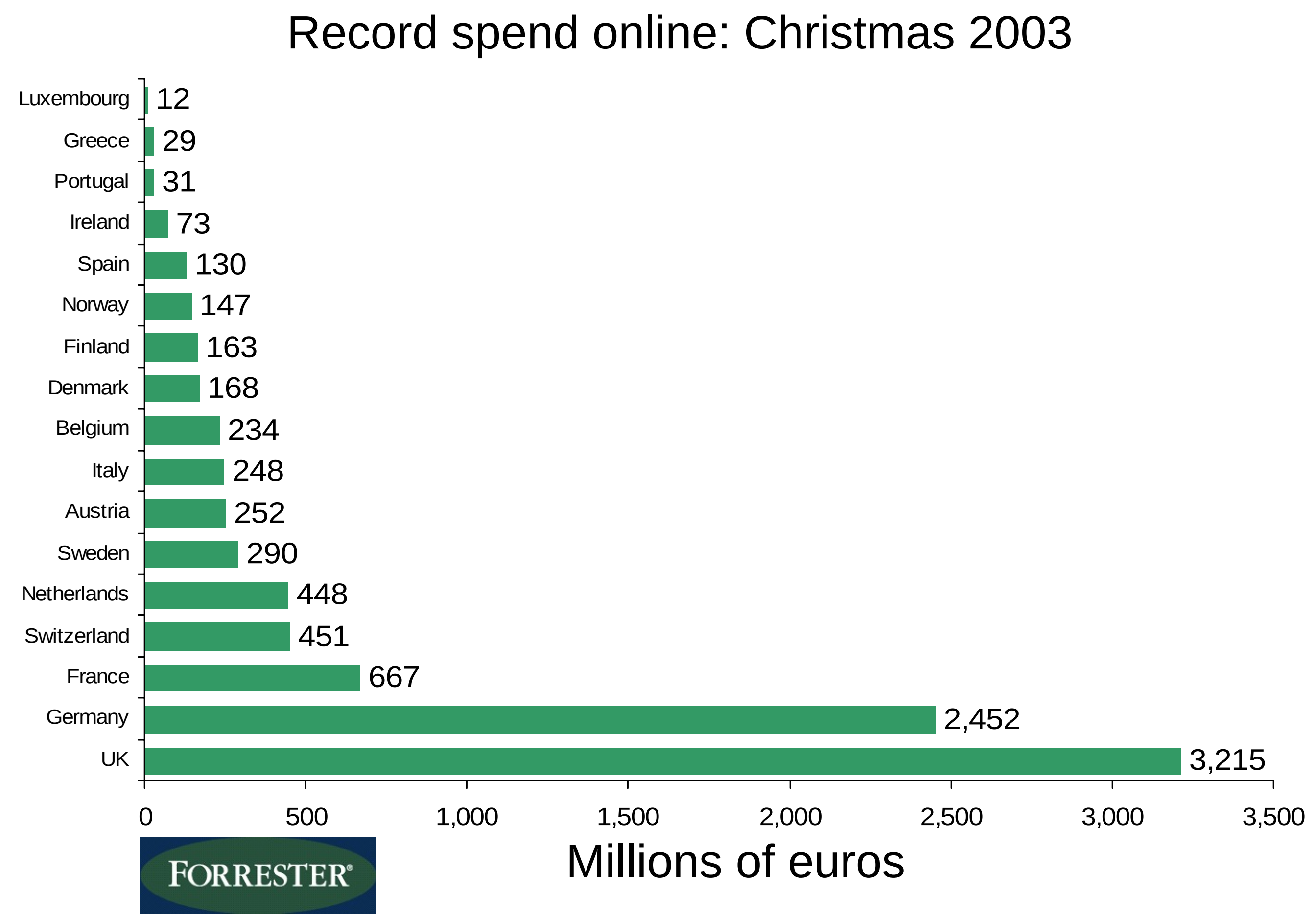
Interactive Advertising Bureau Europe
www.iabeurope.ws

Number of online shoppers

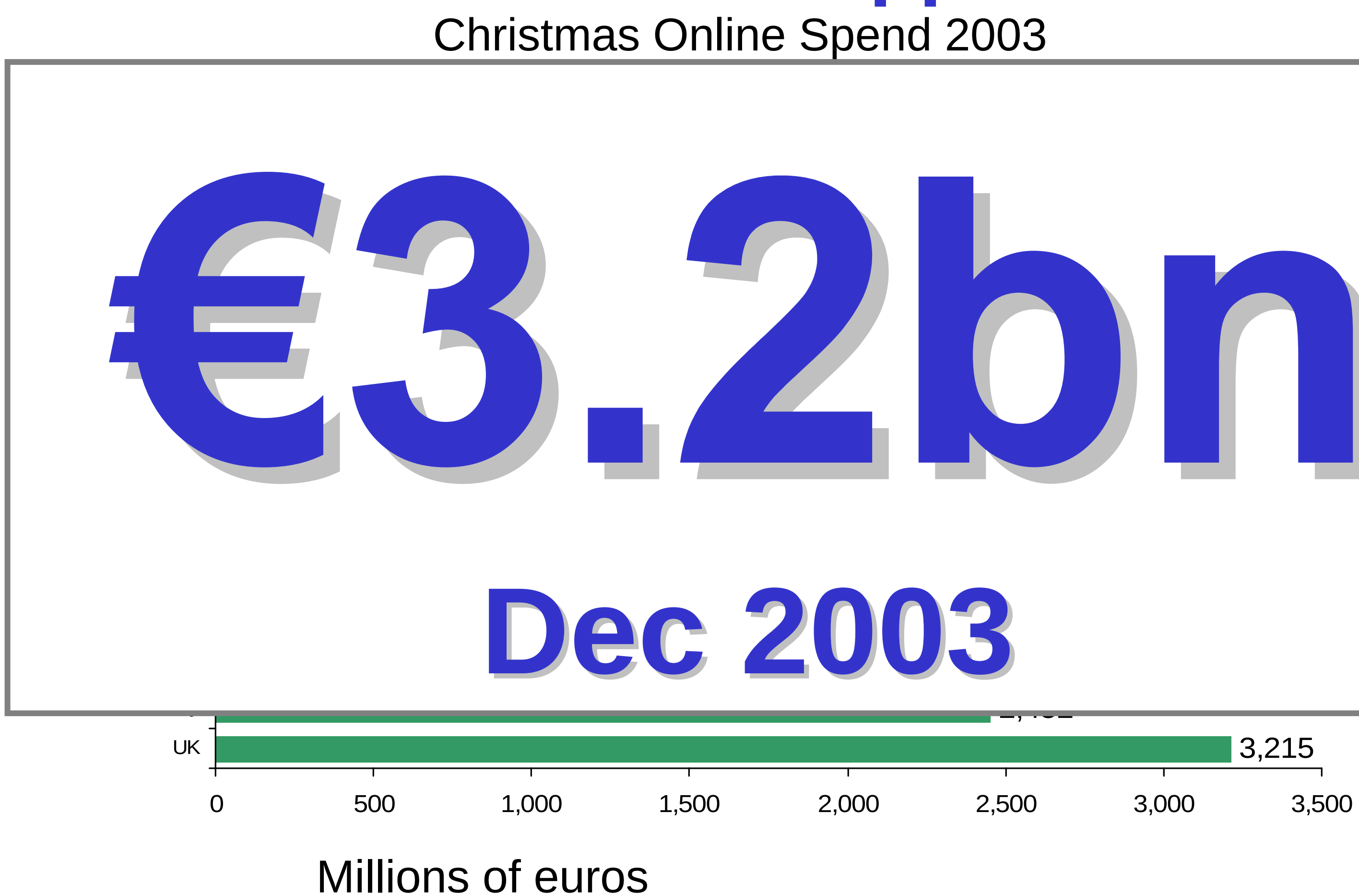
In the last 4 weeks, have you used the www to purchase a product or service from your home, or any other location?

Interactive Advertising Bureau Europe
www.iabeurope.ws

Online retail: UK and Germany first to track channel shift

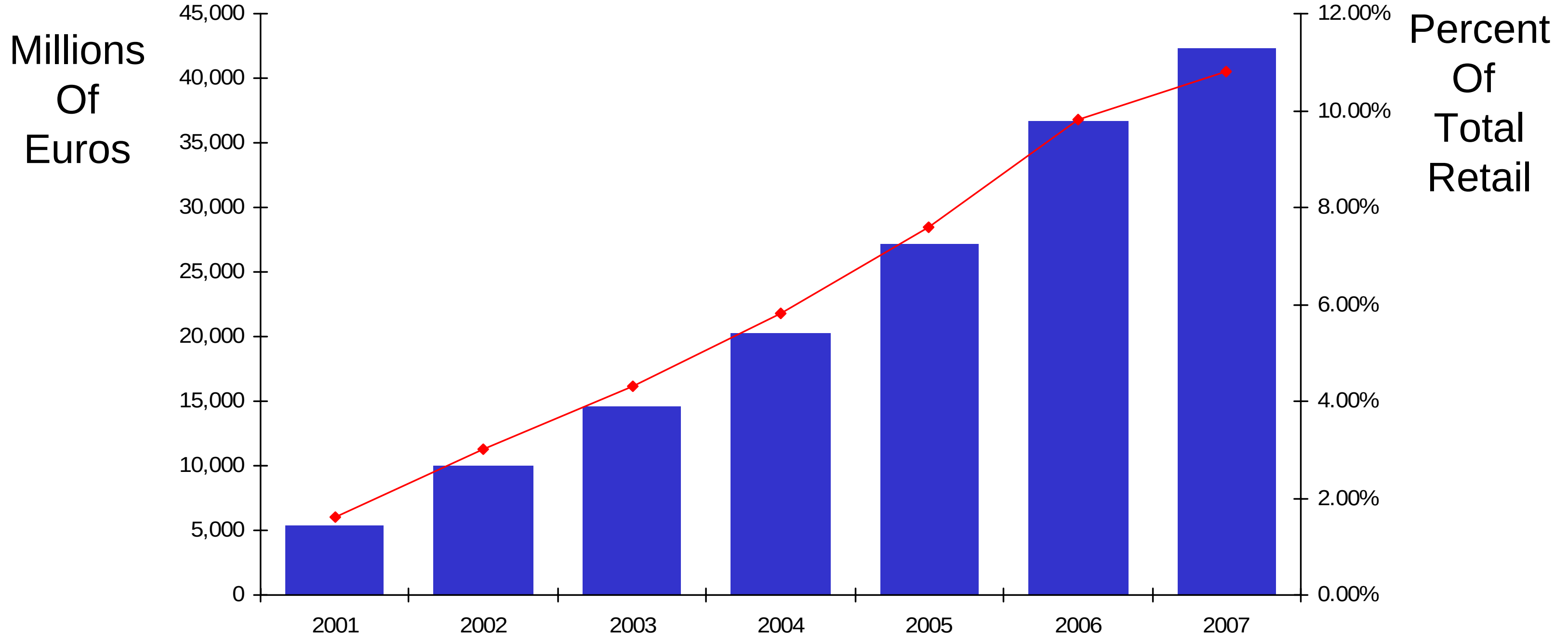


Significant online retail spend boost online ad appeal



Interactive Advertising Bureau Europe
www.iabeurope.ws

UK online retail; rapidly growing



FORRESTER®

Forrester Report “Choosing The Right Retail Strategy”

Interactive Advertising Bureau Europe
www.iabeurope.ws

UK online retail; rapidly growing

M t

E

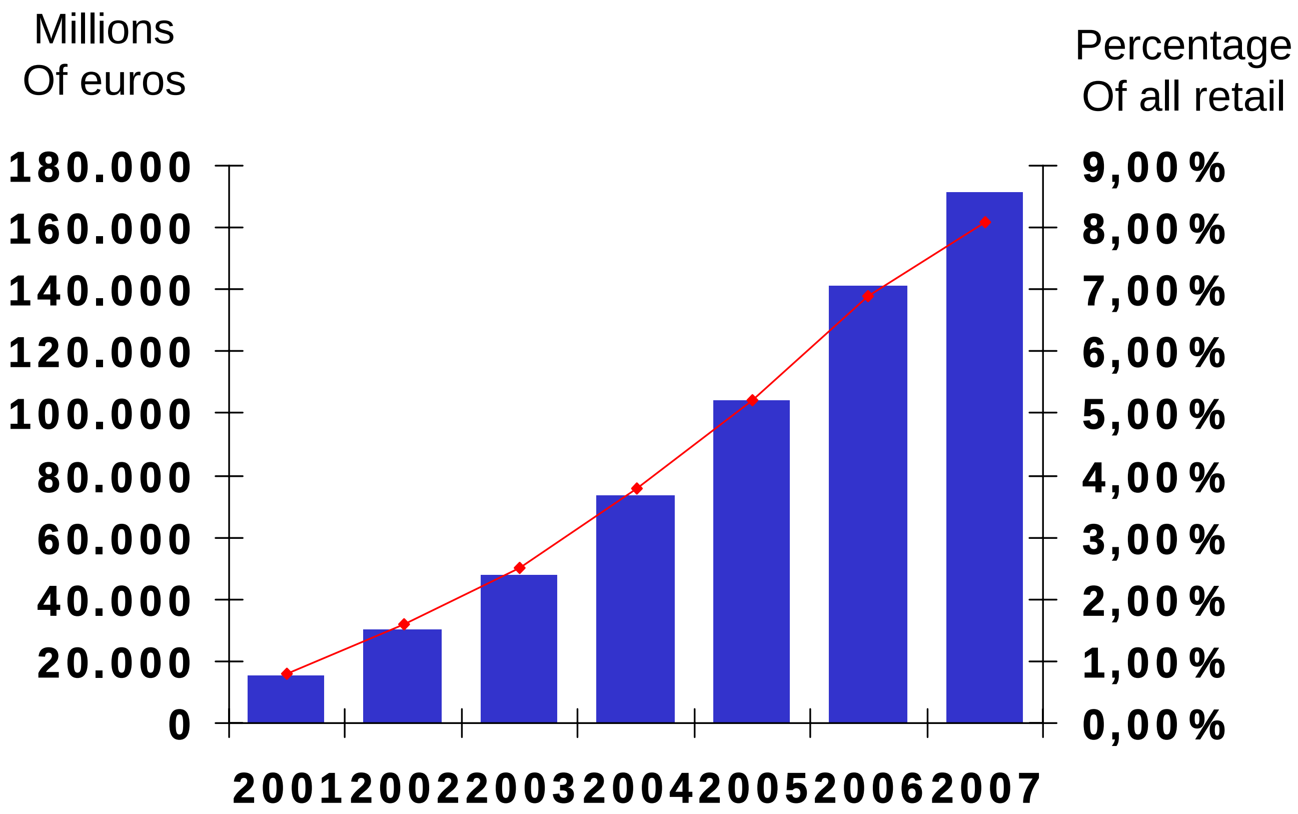
5.8%

2004

FORRESTER®

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

		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%
Bought online in the past 3 months:	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

FORRESTER

Change in…

customer behaviour

Understanding the customer’s journey

The marketing process

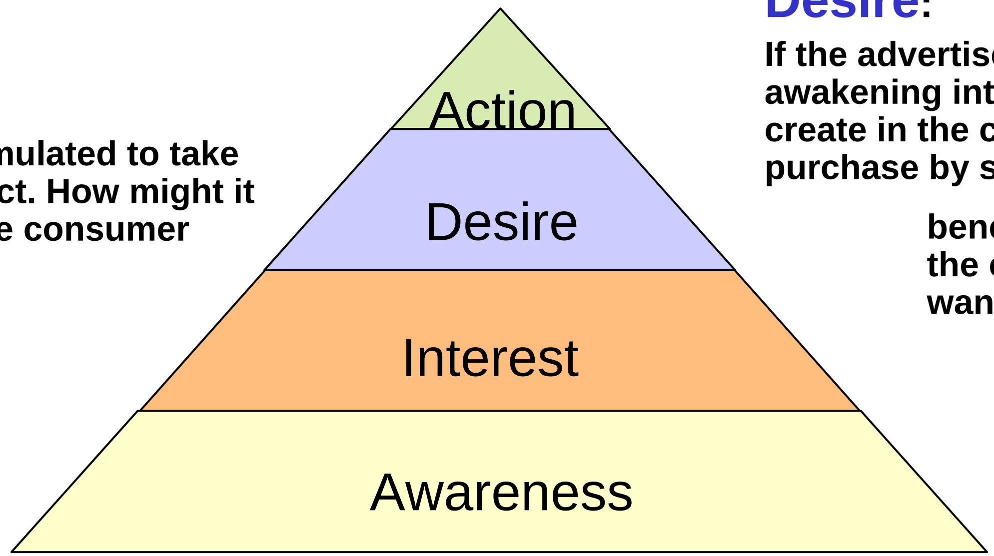
AIDA: early model of the customers’ journey

Action:

Consumers actively seek the product and buy it.

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?



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

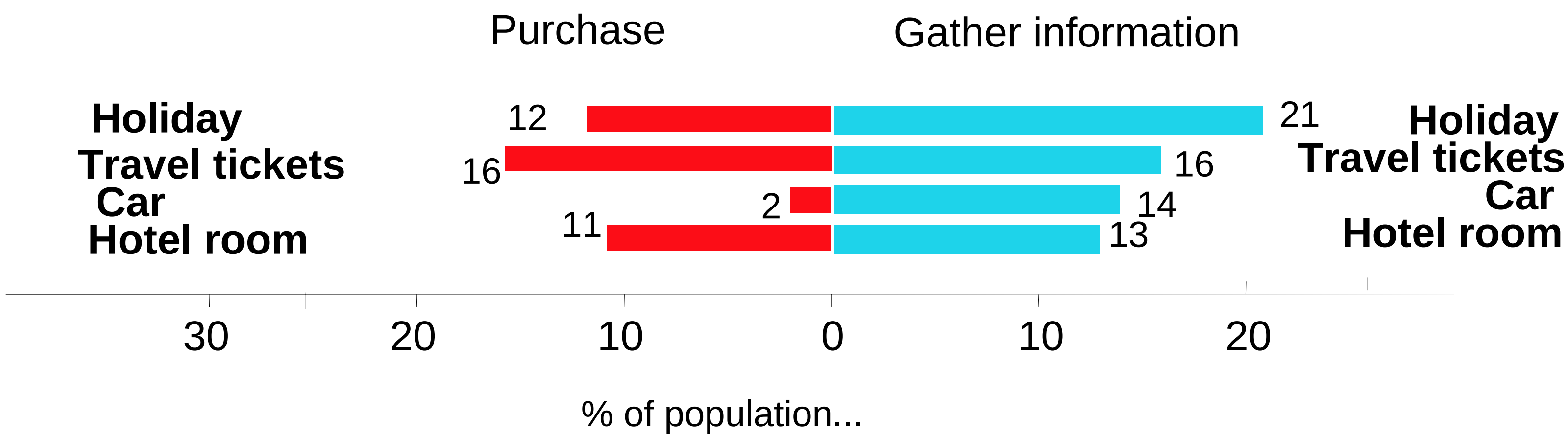
Cars: a customer journey

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

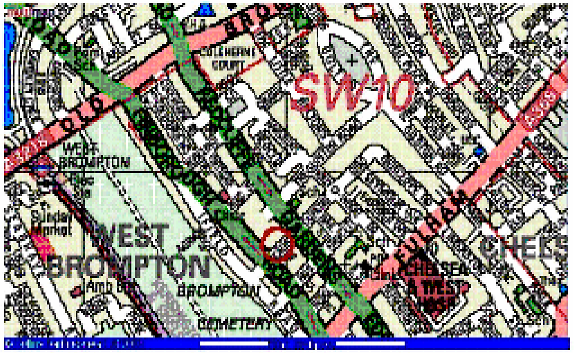
The internet is key for information during the process



Source: The Henley Centre Planning for Consumer Change 2002

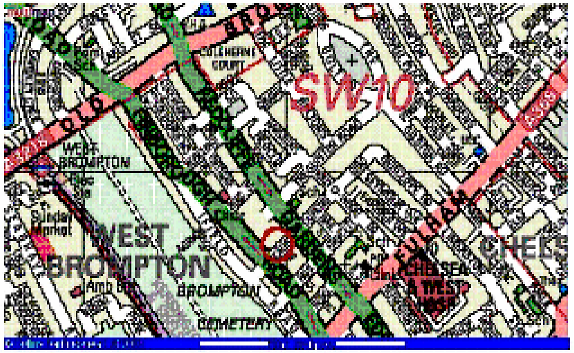
Let’s buy an apartment

£350,000
Kensington Chelsea
London



Let's buy an apartment

£350,000
Kensington Chelsea
London



Where to start?

Interactive Advertising Bureau Europe
www.iabeurope.ws

[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…

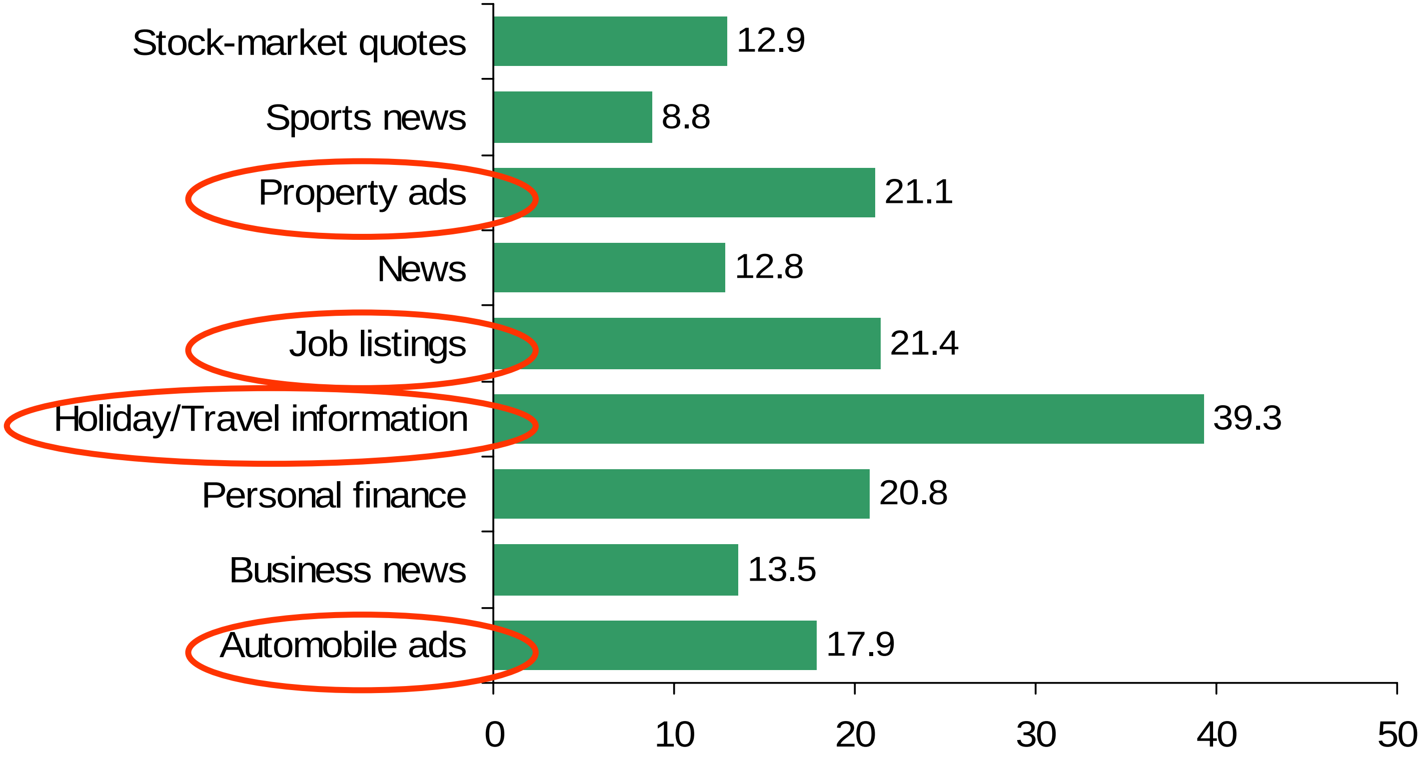
classifieds

In many ways

Interactive Advertising Bureau Europe
www.iabeurope.ws

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:

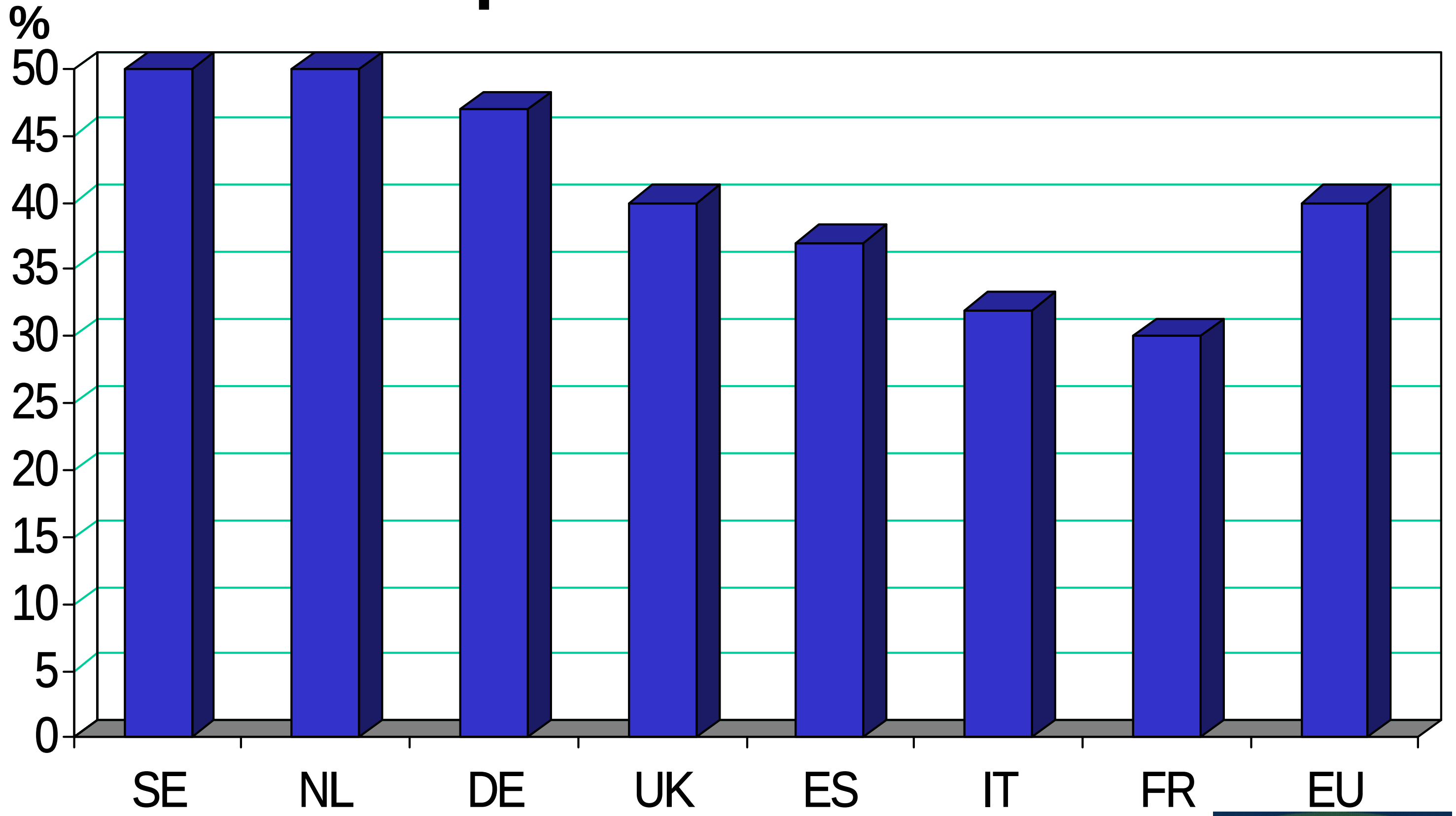


Forrester's Consumer Technographics Q2 2003 Europe Study
Base: UK Online Consumers

Interactive Advertising Bureau Europe
www.iabeurope.ws

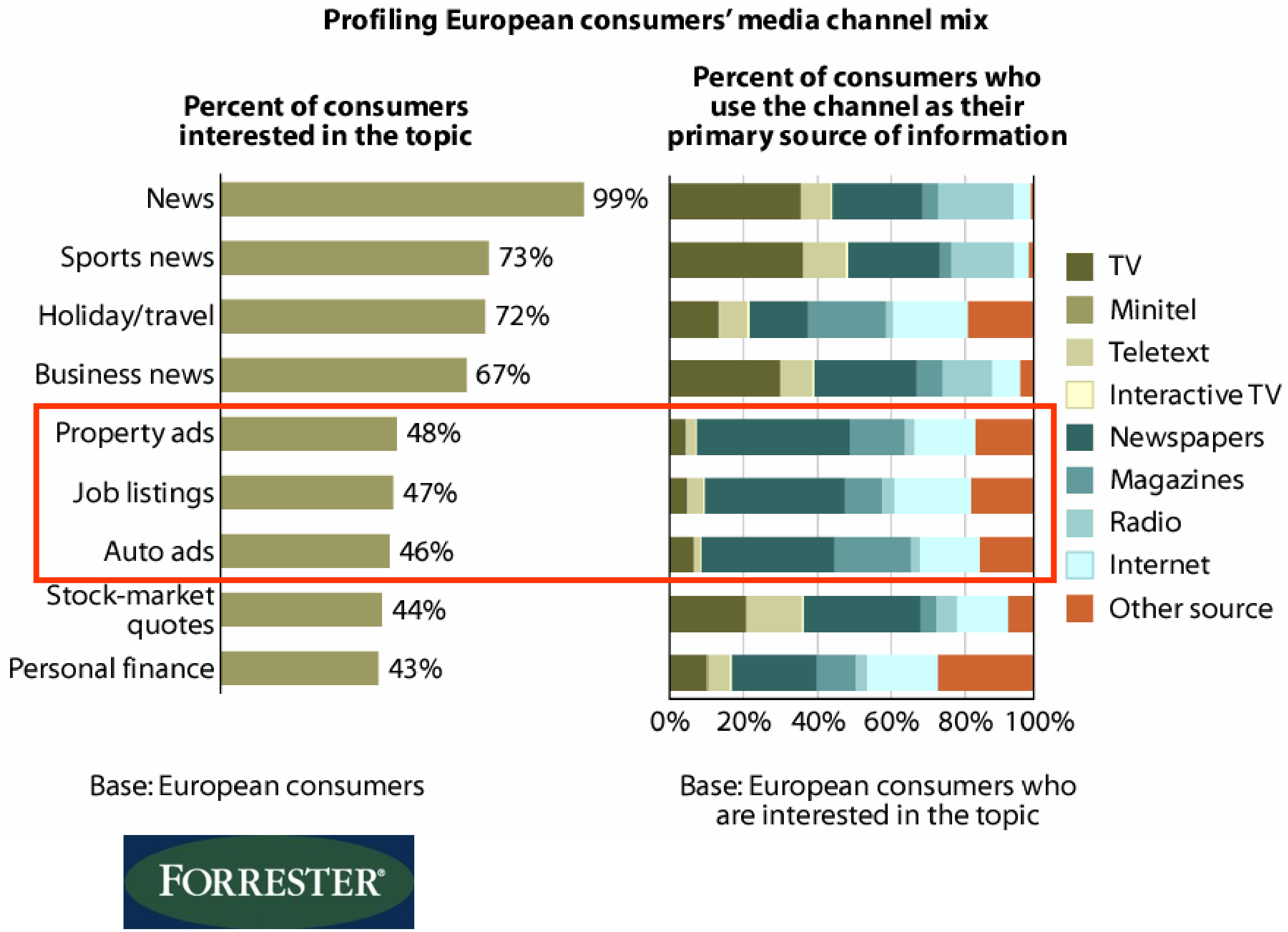
Jobs

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

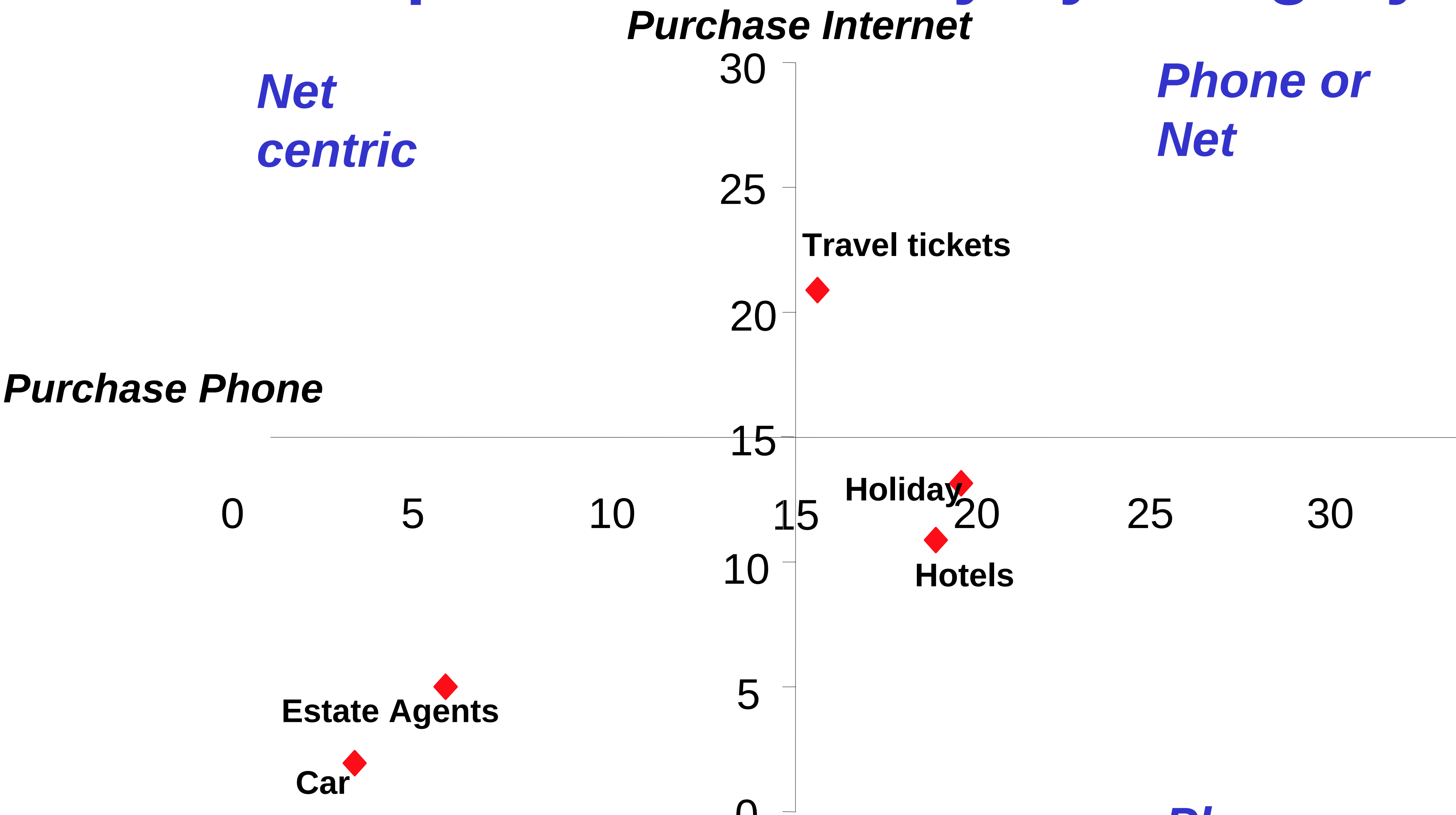


Source: ***Forrester Research*** *Technographics*

Online:
primary source of information



Channel preferences vary by category



Source: The Henley Centre
Planning for Consumer Change 2002

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

Interactive Advertising Bureau Europe
www.iabeurope.ws

Change in...

market structures

...disintermediation

Change

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…

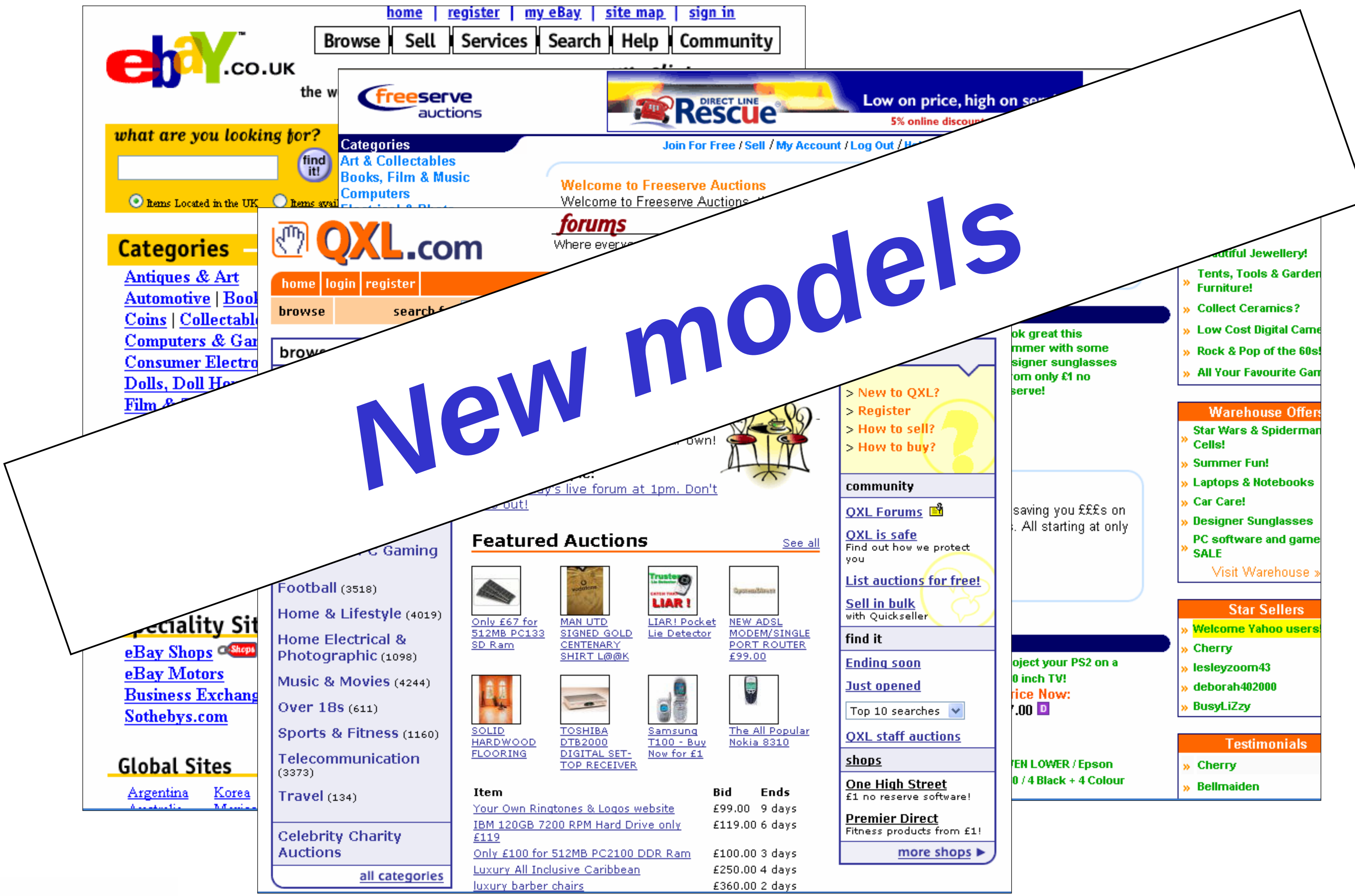
- Real
- Immediate
- Growing
- Long term
- Inescapable

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

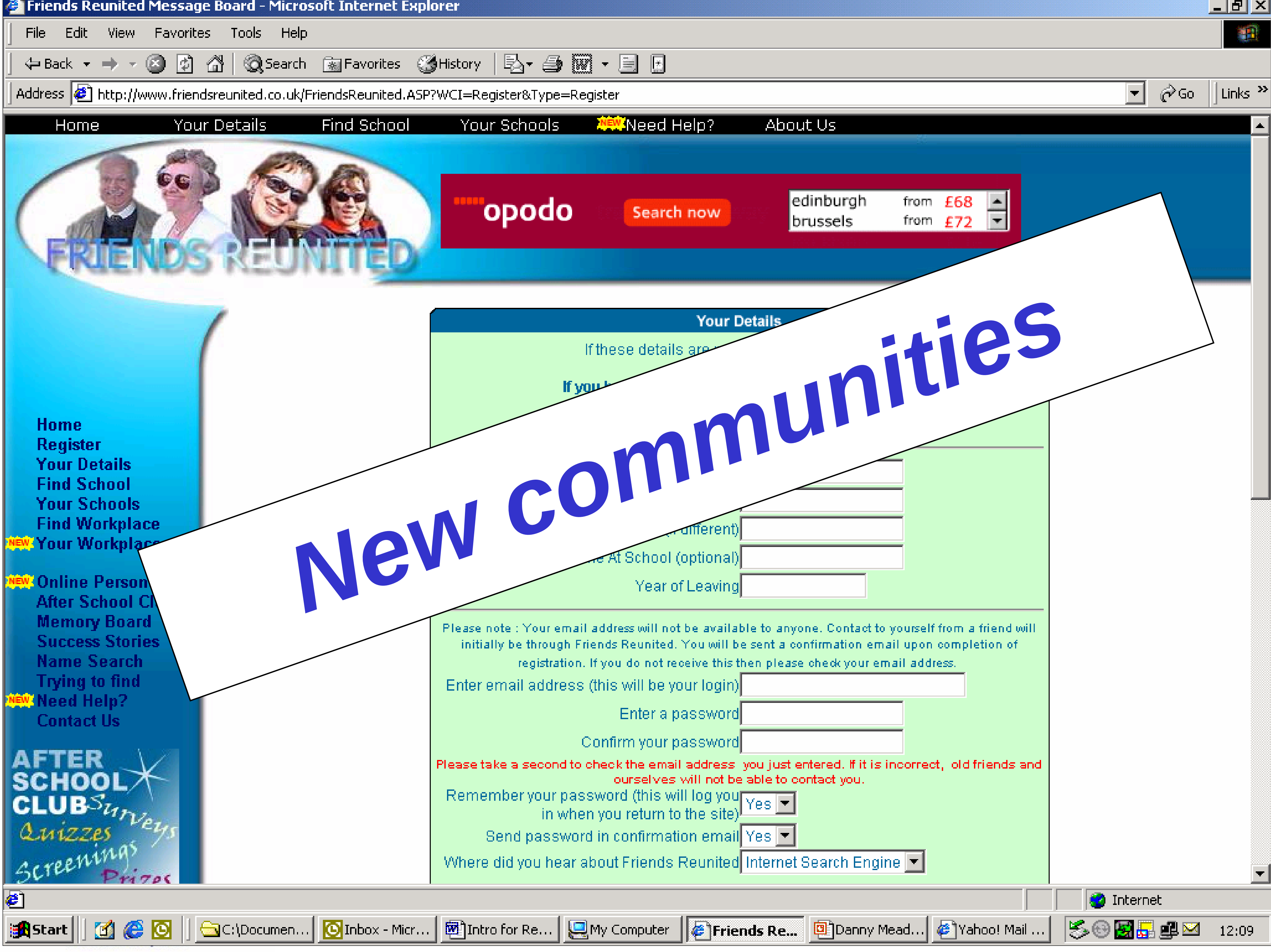
understanding the threat

Auctions



Interactive Advertising Bureau Europe
www.iabeurope.ws

New communities



New ‘single category’ players


New global giants
home | register | my eBay | site map | sign in
Browse
Sell
Services
Search
Help
Community
ebaY.CO.UK
the world's online marketplace
new users, click here!
register
new to eBay?
how do I bid?
what are you looking for?
find it!
Items Located in the UK
Items available to the UK
Categories
Antiques & Art
Automotive
Film & Television
Jewellery & Watches
Music | Photography
Pottery & Glass
Sports | Stamps
Tickets & Travel
Toys & Bean Bag Plush
Mountain Bikes
Road Bikes
Accessories
Spotlight's On...
more...
The great outdoors
Big beats little gadget!
Fun at your fingertips
Brand new digital cameras!
Featured Items
Don't

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 change 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** ...
  competing with; when, wh...

...but do it now

- **Ownership:** ... **ership, build a cross-**
  comp... **support to help**

- ... **te time and resource at board level**

- ... **earch: Develop a deep understanding of these changes**

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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

Interactive
Advertising
Bureau Europe
www.iabeurope.ws

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

Interactive Advertising Bureau Europe
www.iabeurope.ws

Five Programmes

Promotion

Profitability

Proof

Persuasion

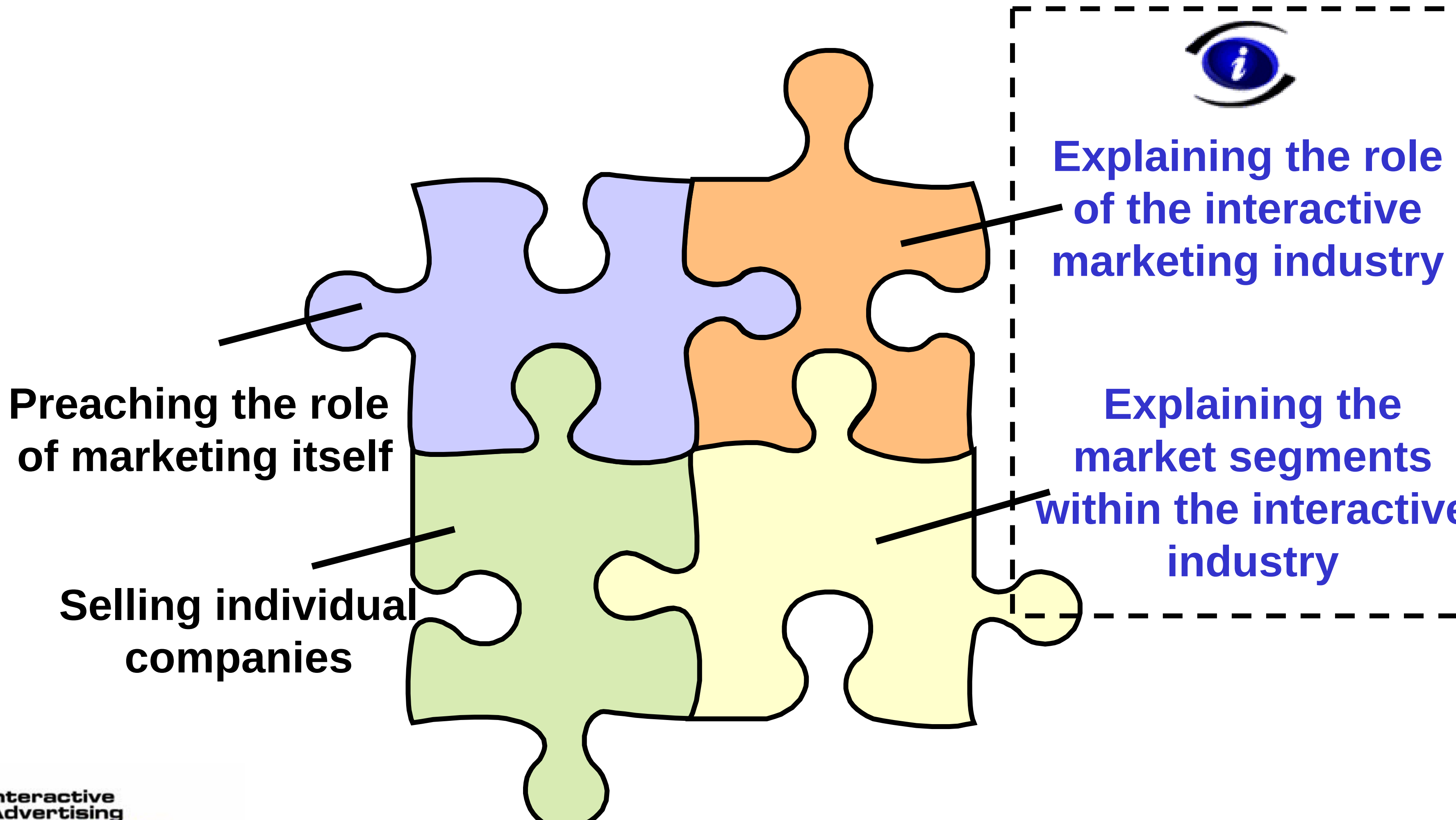
Protection

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

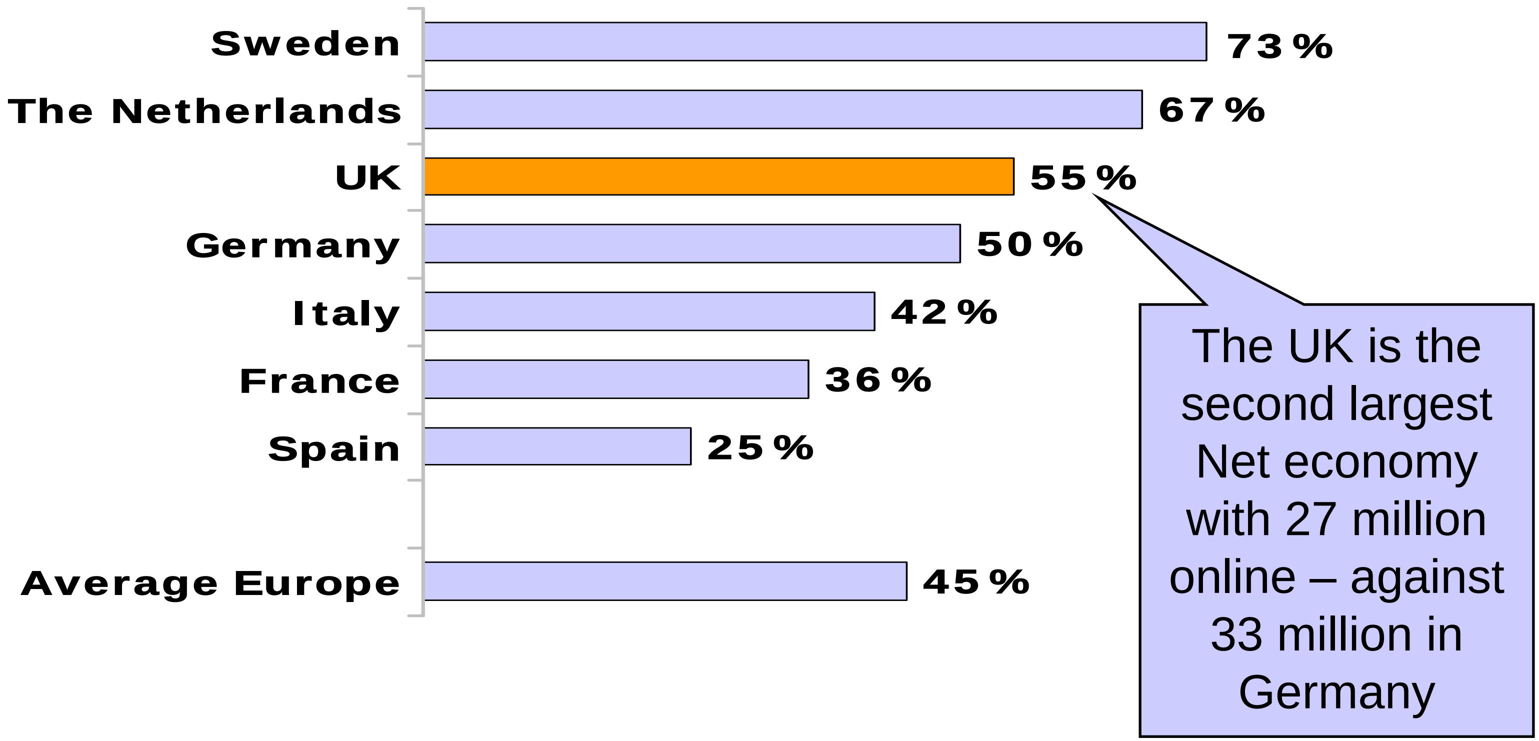
For further information please contact Rebecca at:

- +44 (0) 207 323 7647
- RJennings@forrester.co.uk

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

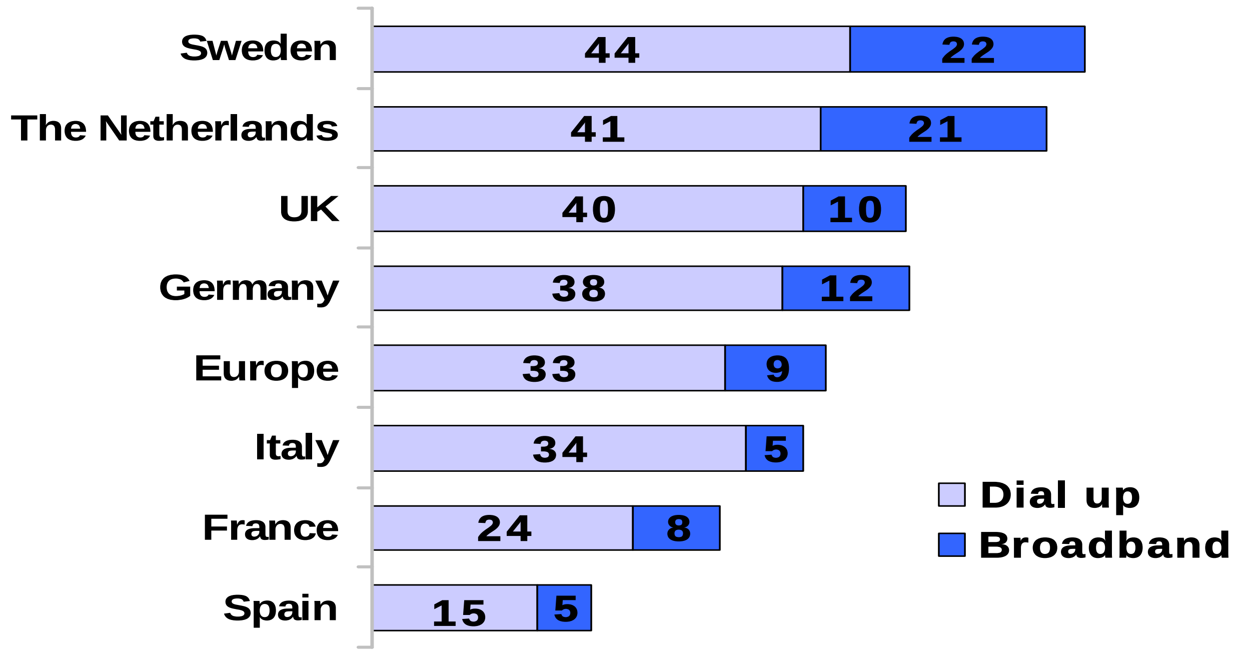
That is over half of European households

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%

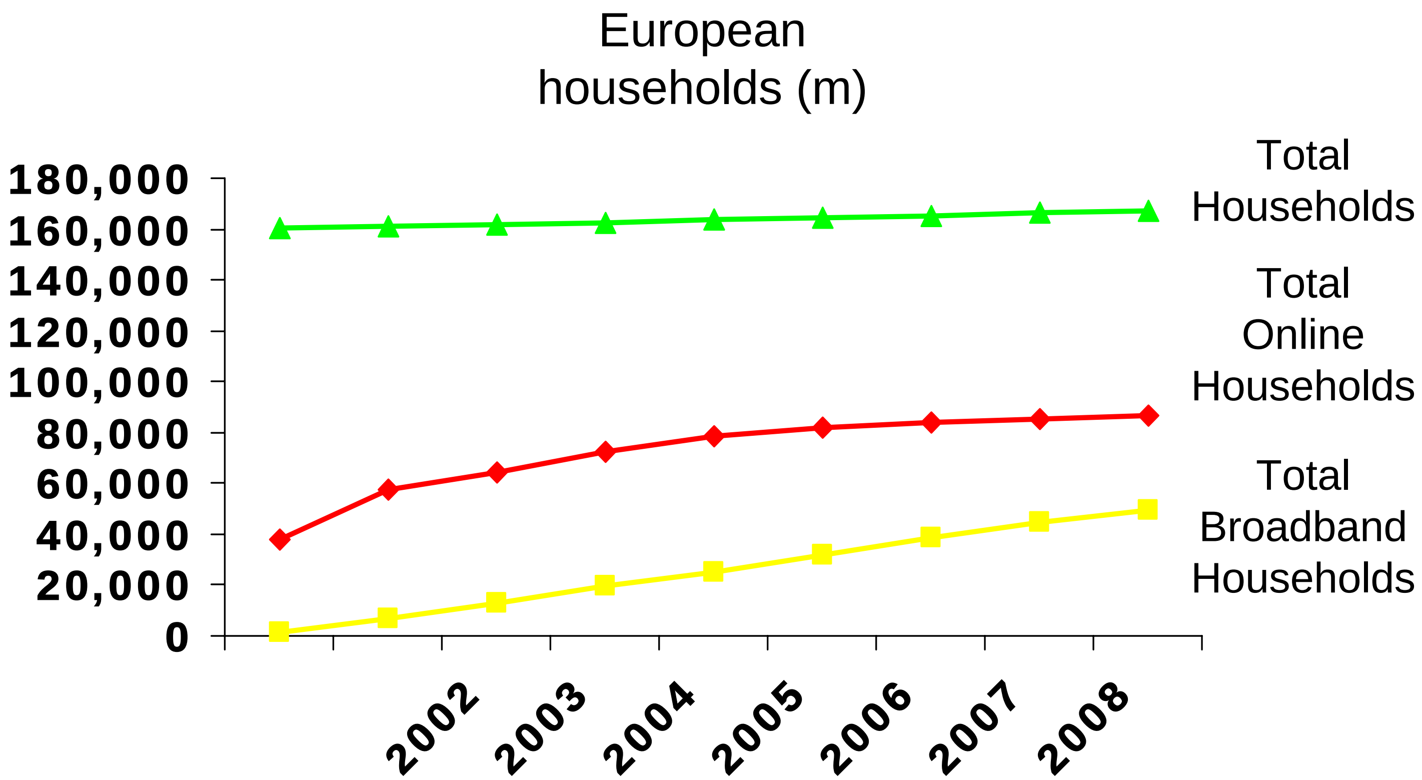
Almost 10% of online Europeans has a broadband connection at home

"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)

	2002	2003	2004	2005	2006	2007	2008	% of households 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%
Europe	**12,979**	**19,808**	**24,915**	**31,816**	**38,311**	**44,376**	**49,671**	**30%**
Total online households	**64,100**	**72,338**	**78,210**	**81,823**	**84,058**	**85,506**	**86,519**	**52%**

(numbers have been rounded)

Forrester Report “Broadband’s Focus Shifts To Profit”

2

Display advertising

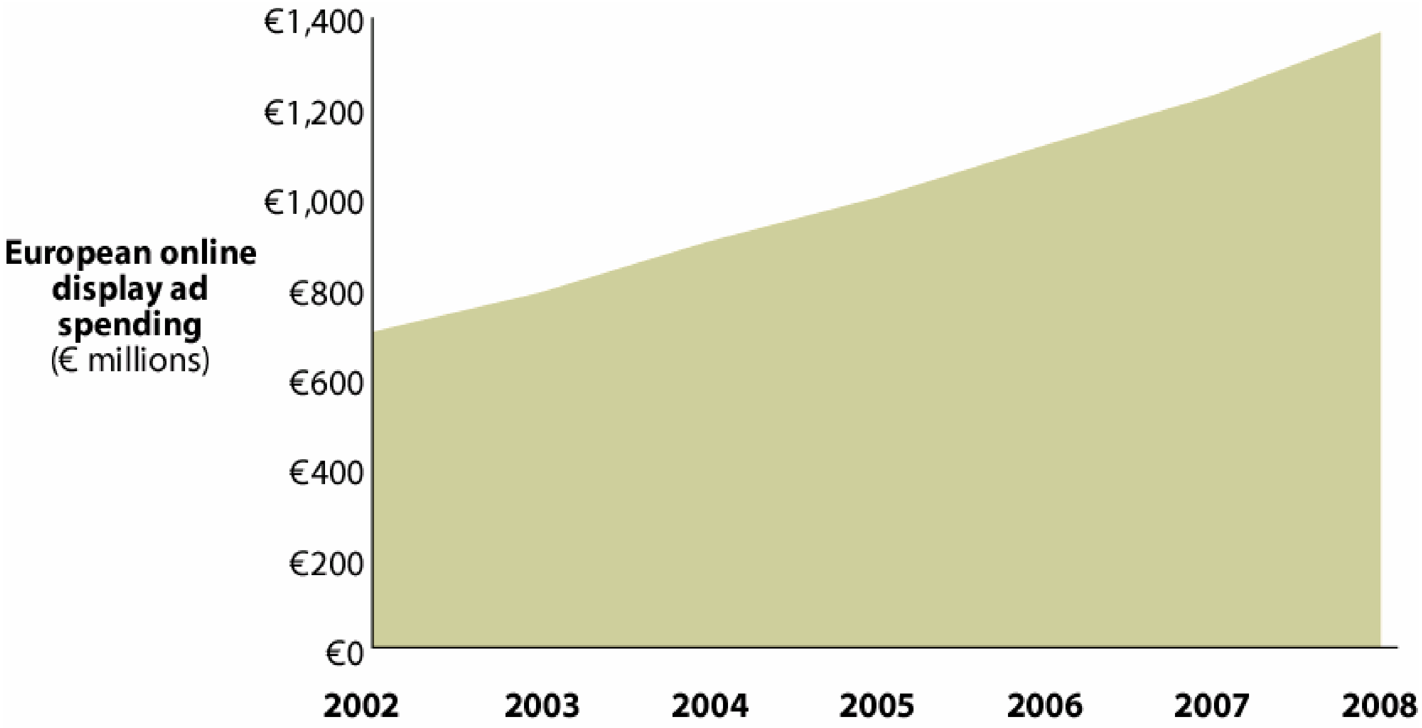
This forecast looks at display ads

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



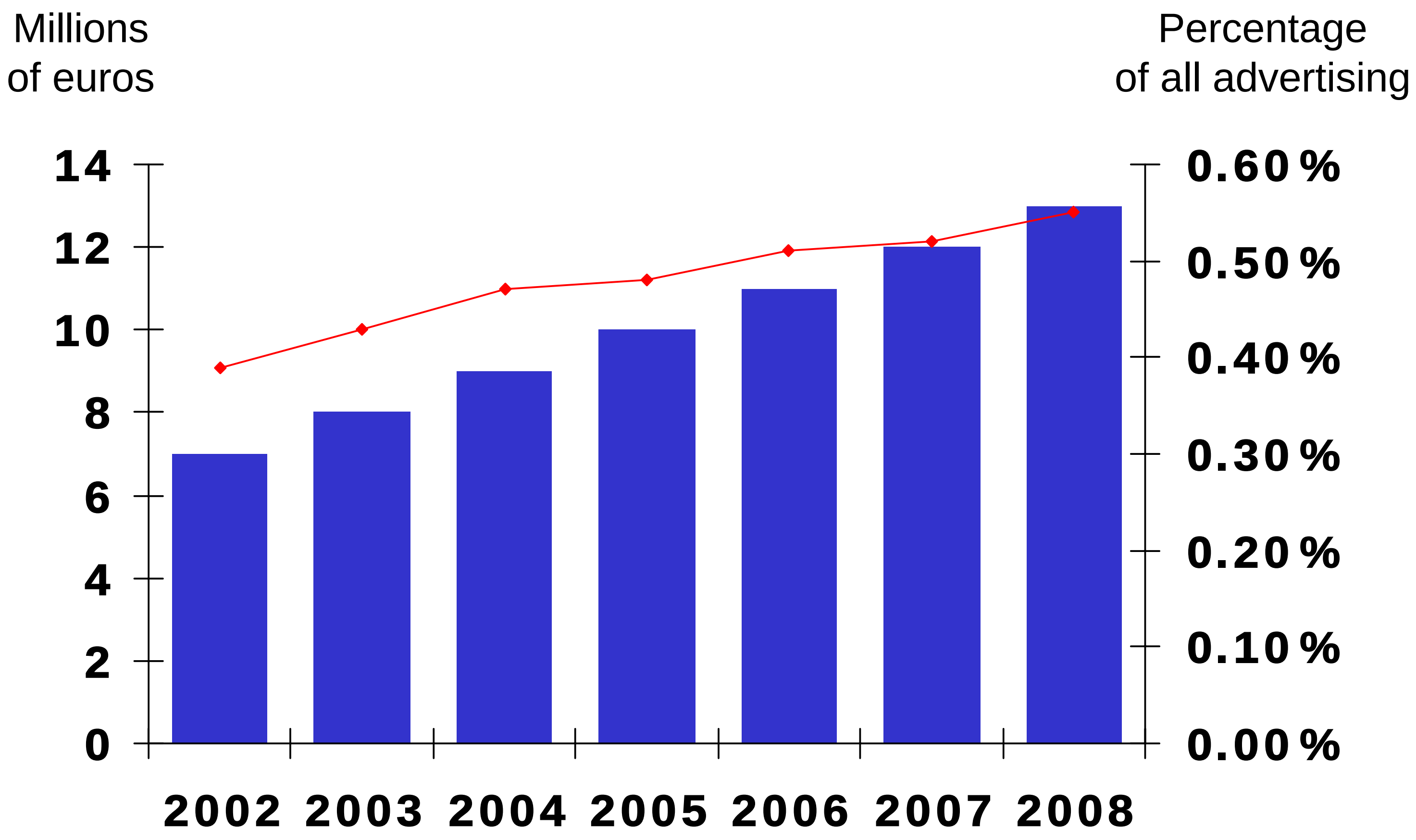
Interactive Advertising Bureau Europe
www.iabeurope.ws

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
Total (€ millions)	**705**	**793**	**907**	**1,005**	**1,122**	**1,233**	**1,375**

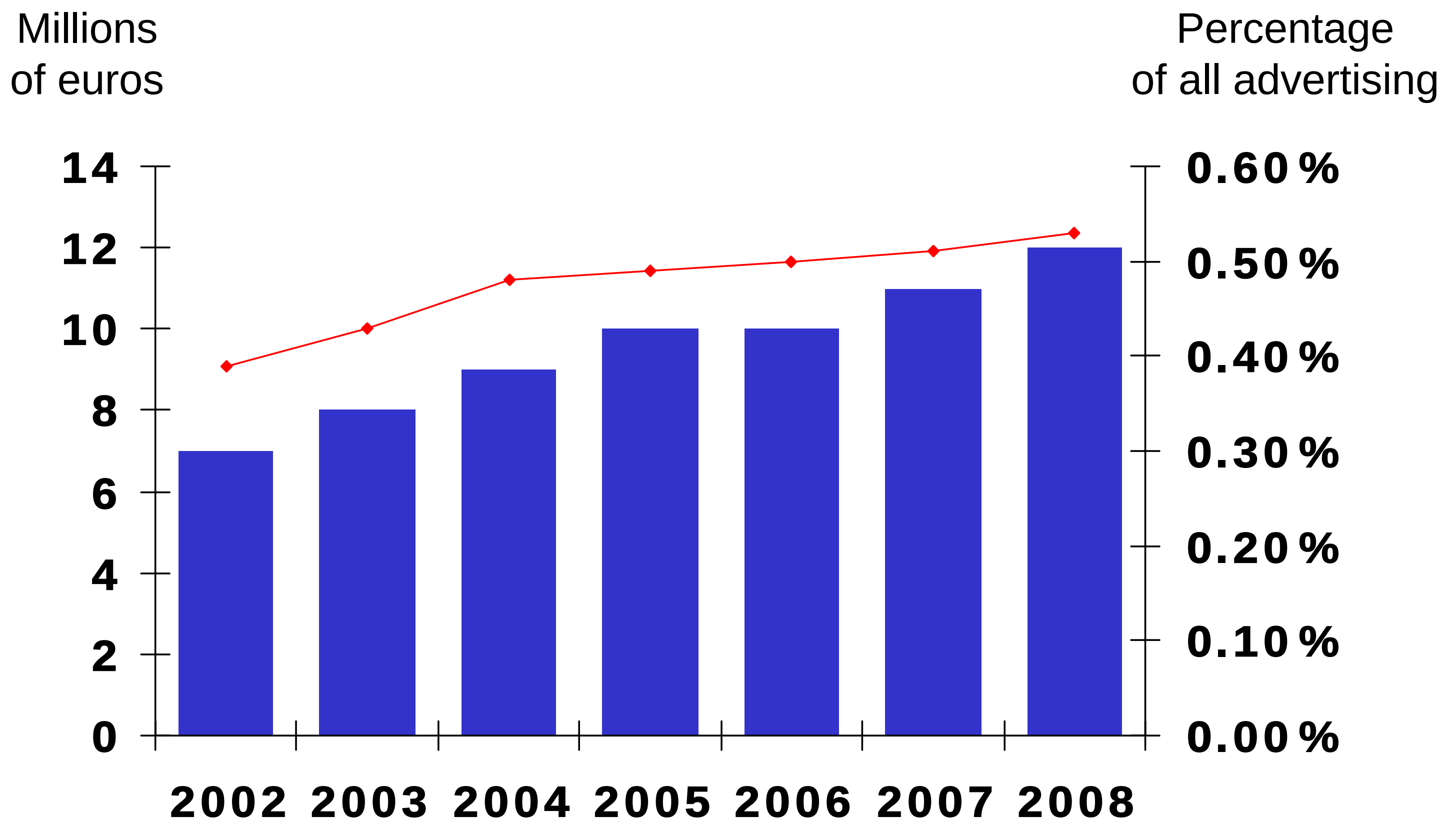
(numbers have been rounded)

Austria: Online display ads



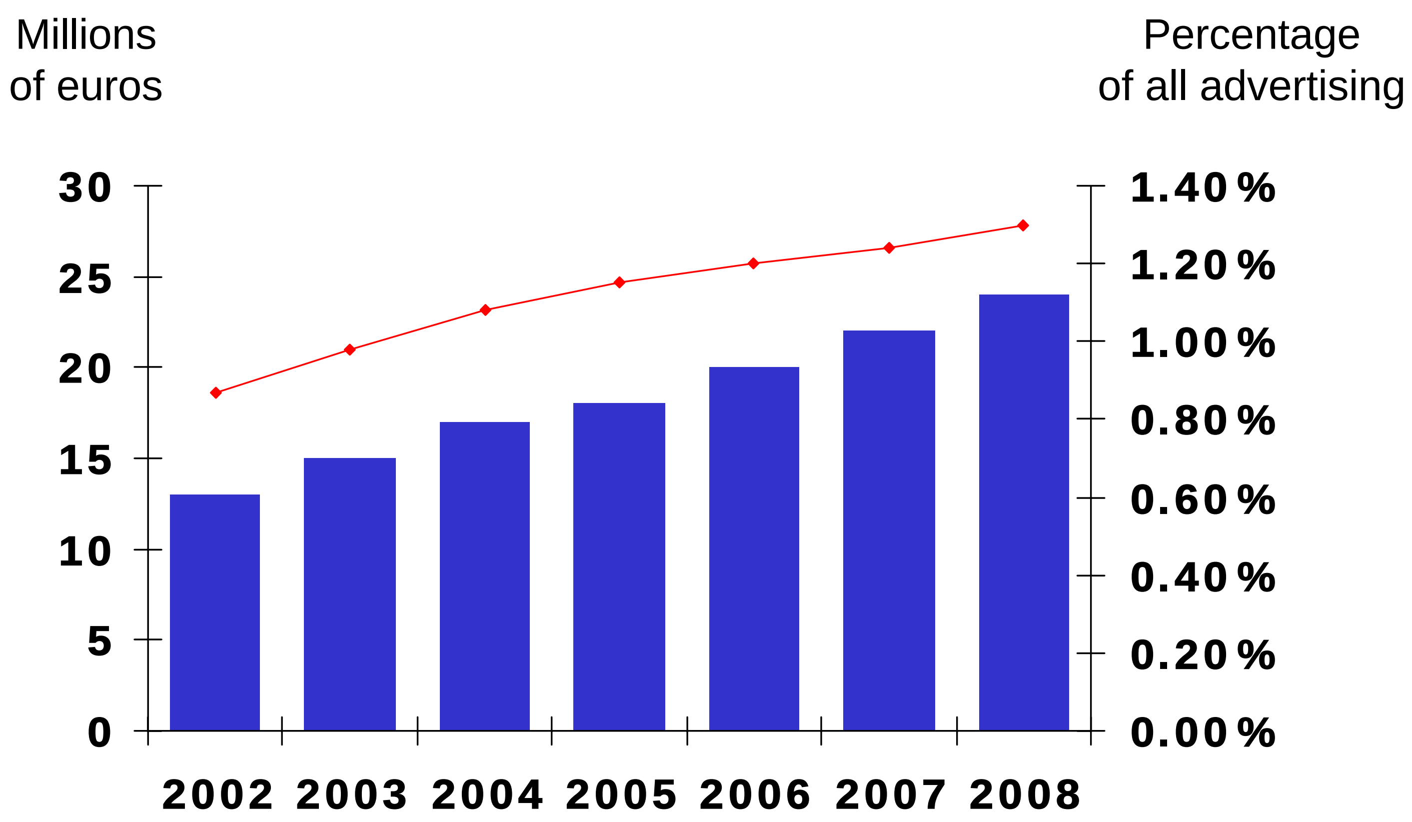
Forrester Report “Choosing The Right Retail Strategy”

Belgium: Online display ads



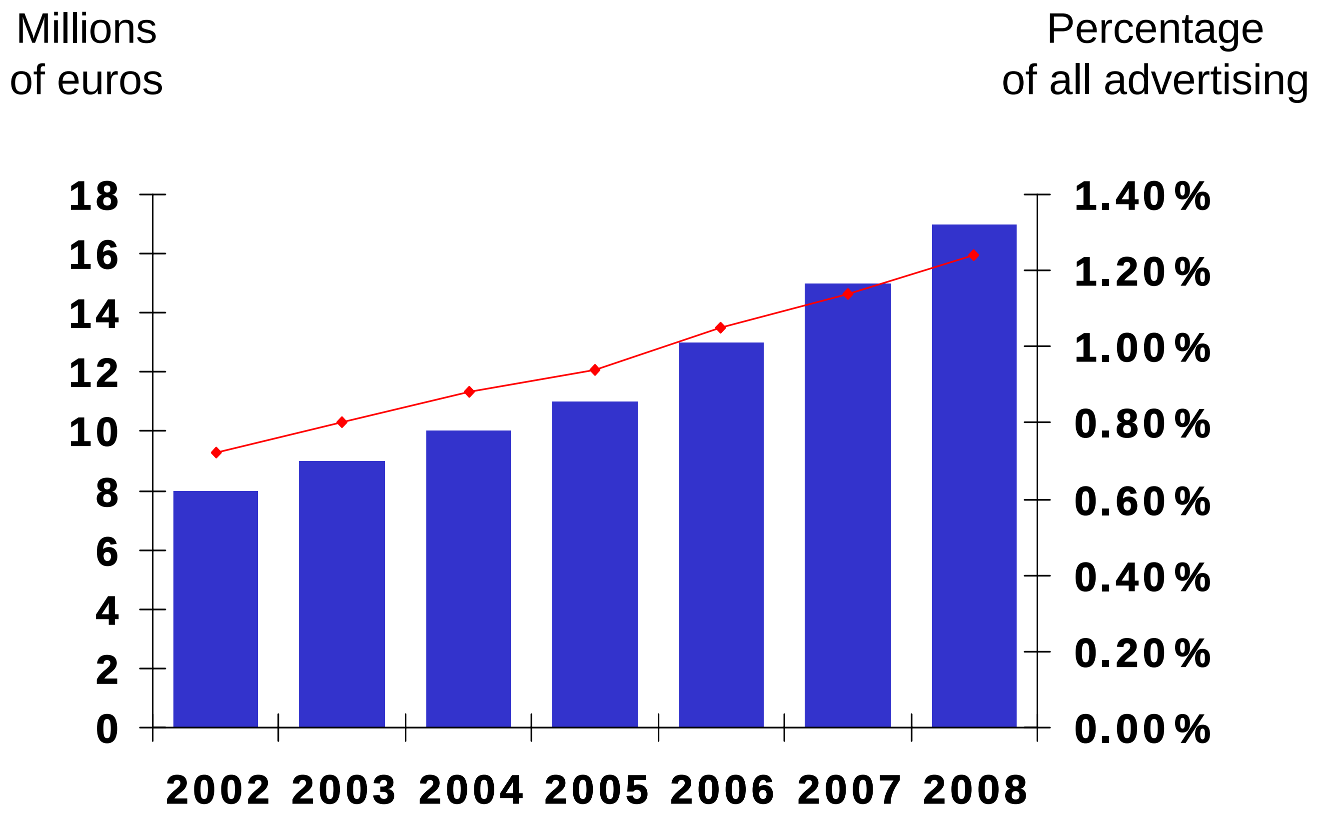
Forrester Report “Choosing The Right Retail Strategy”

Denmark: Online display ads



Forrester Report “Choosing The Right Retail Strategy”

Finland: Online display ads



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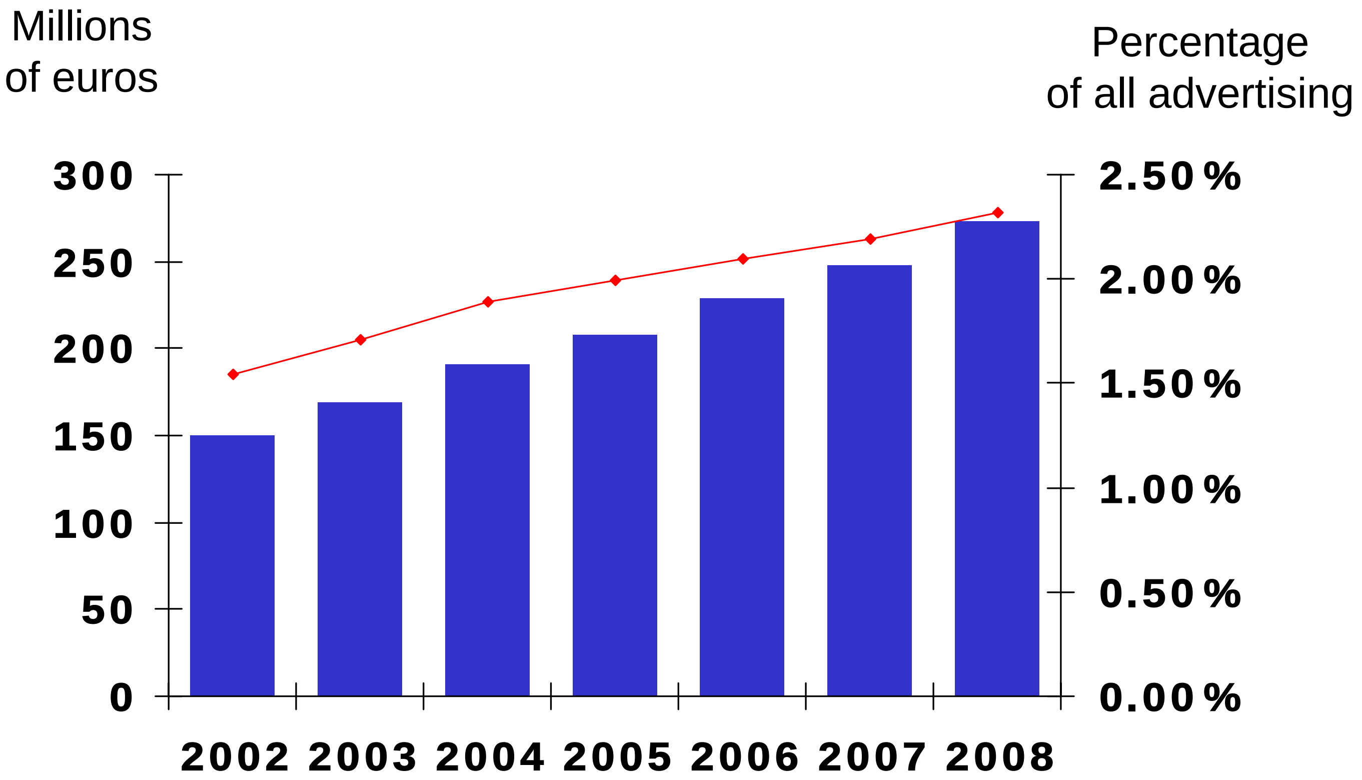
France: Online display ads



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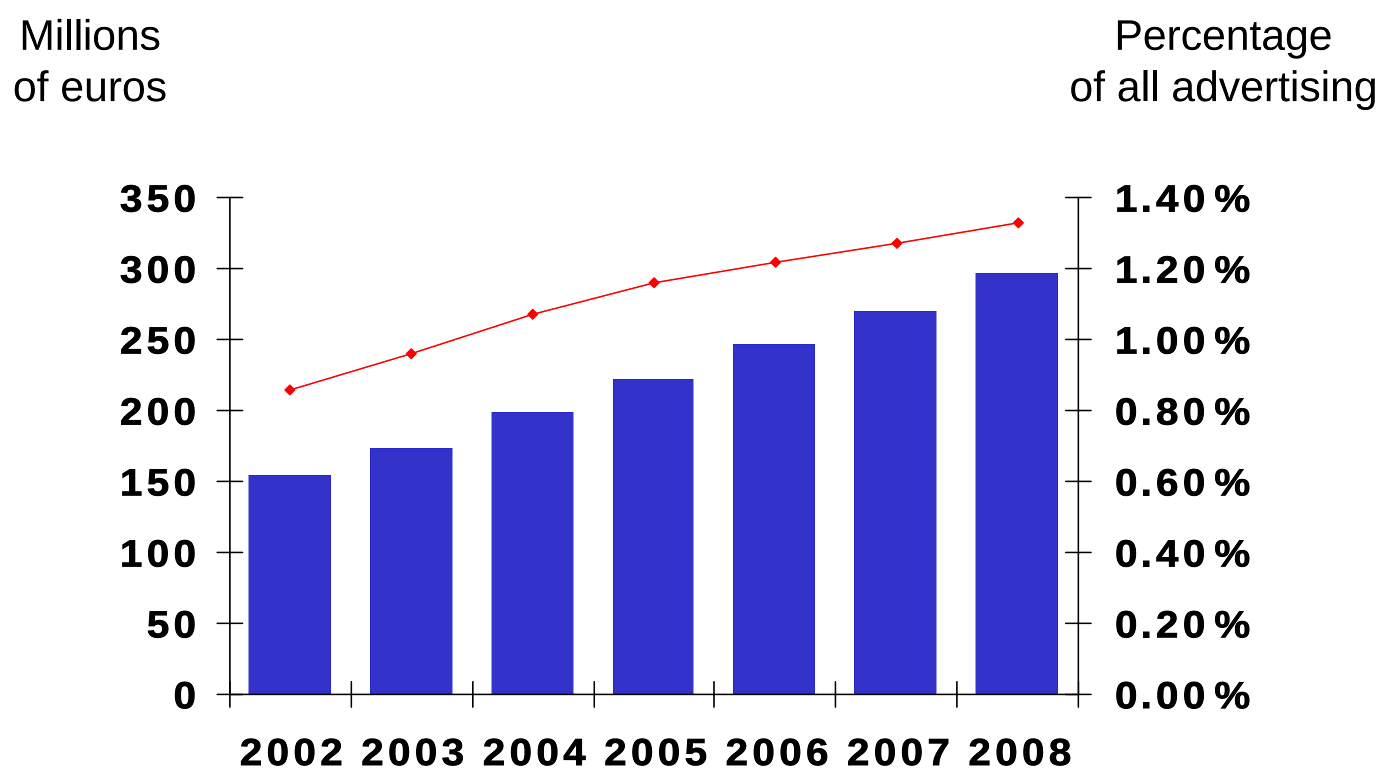
Germany: Online display ads



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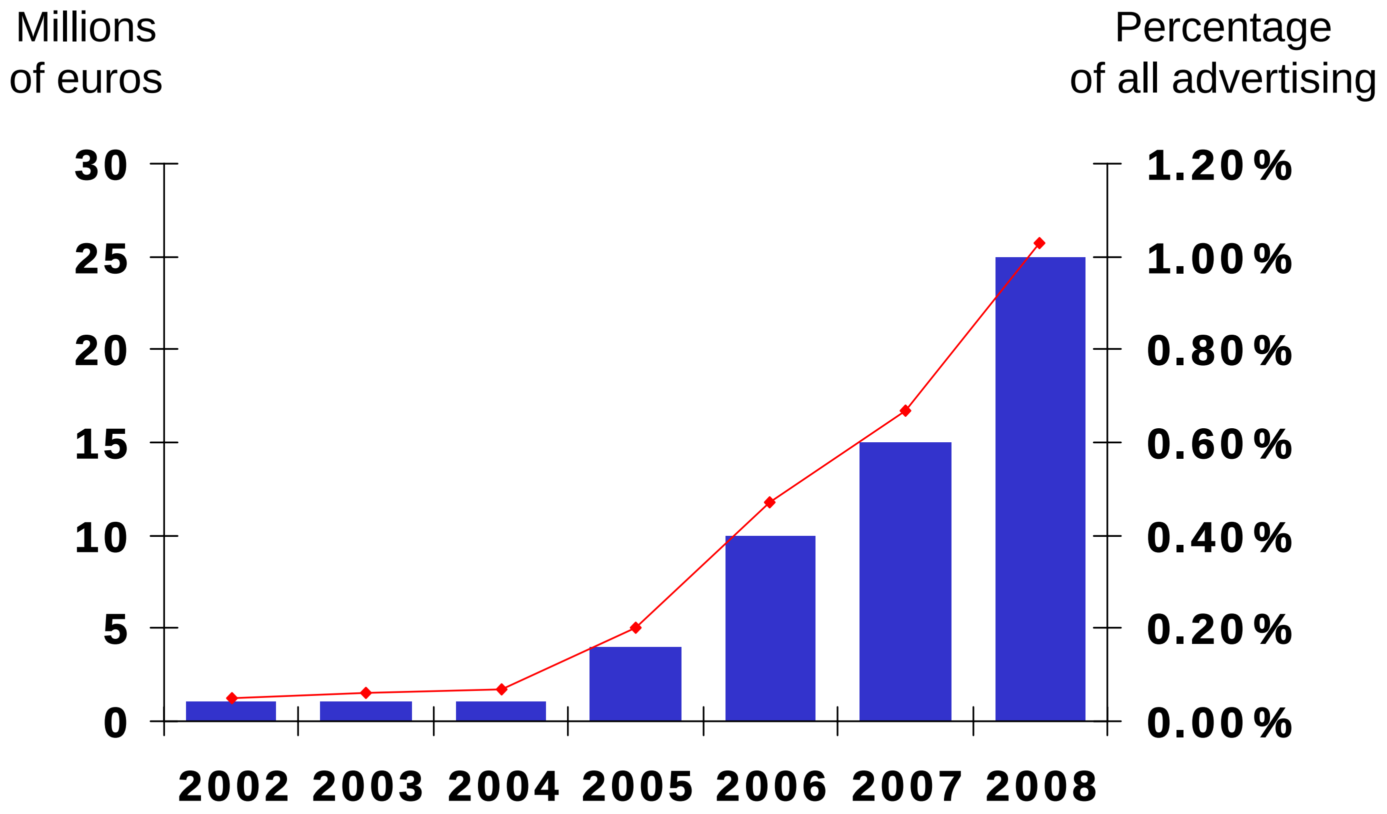
Greece: Online display ads



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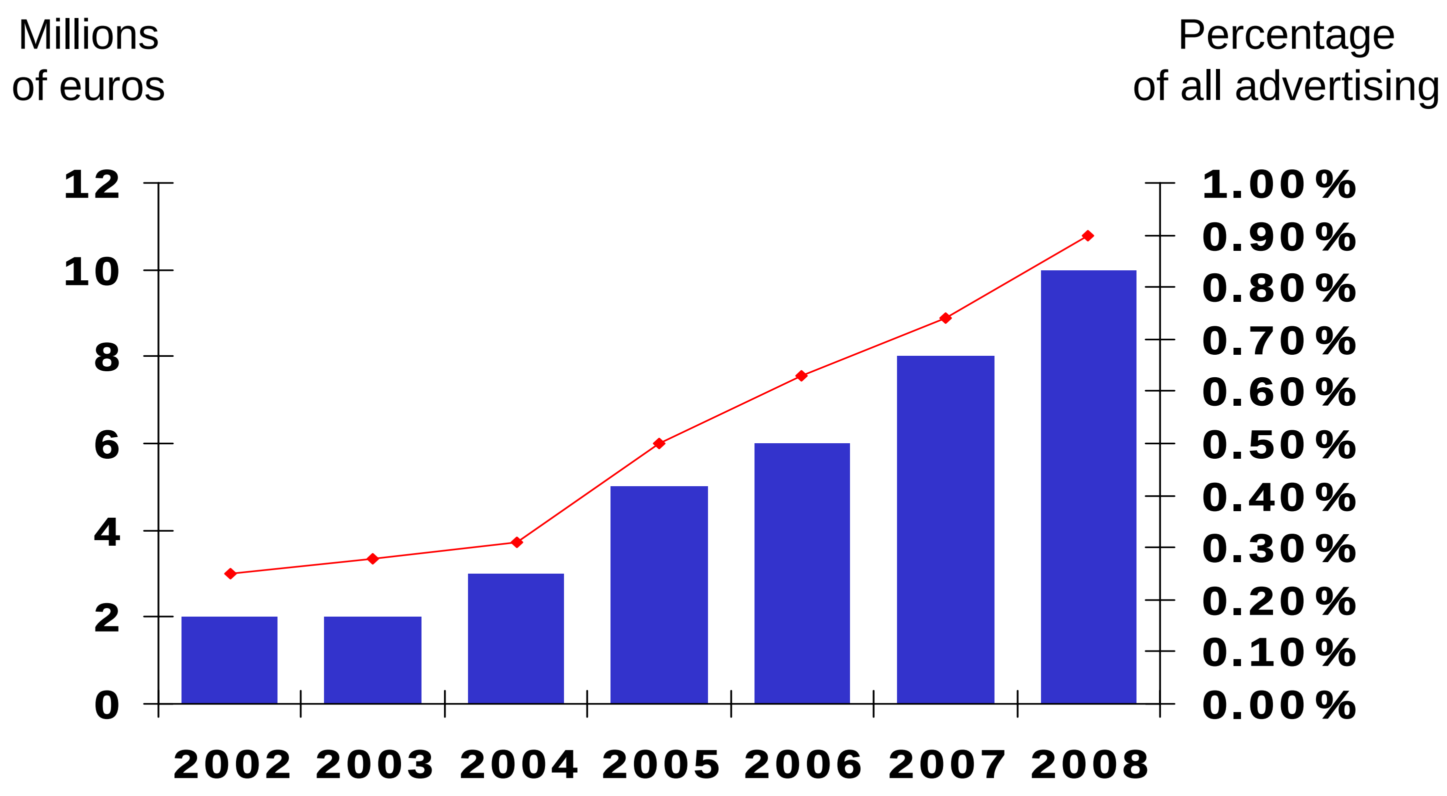
Ireland: Online display ads



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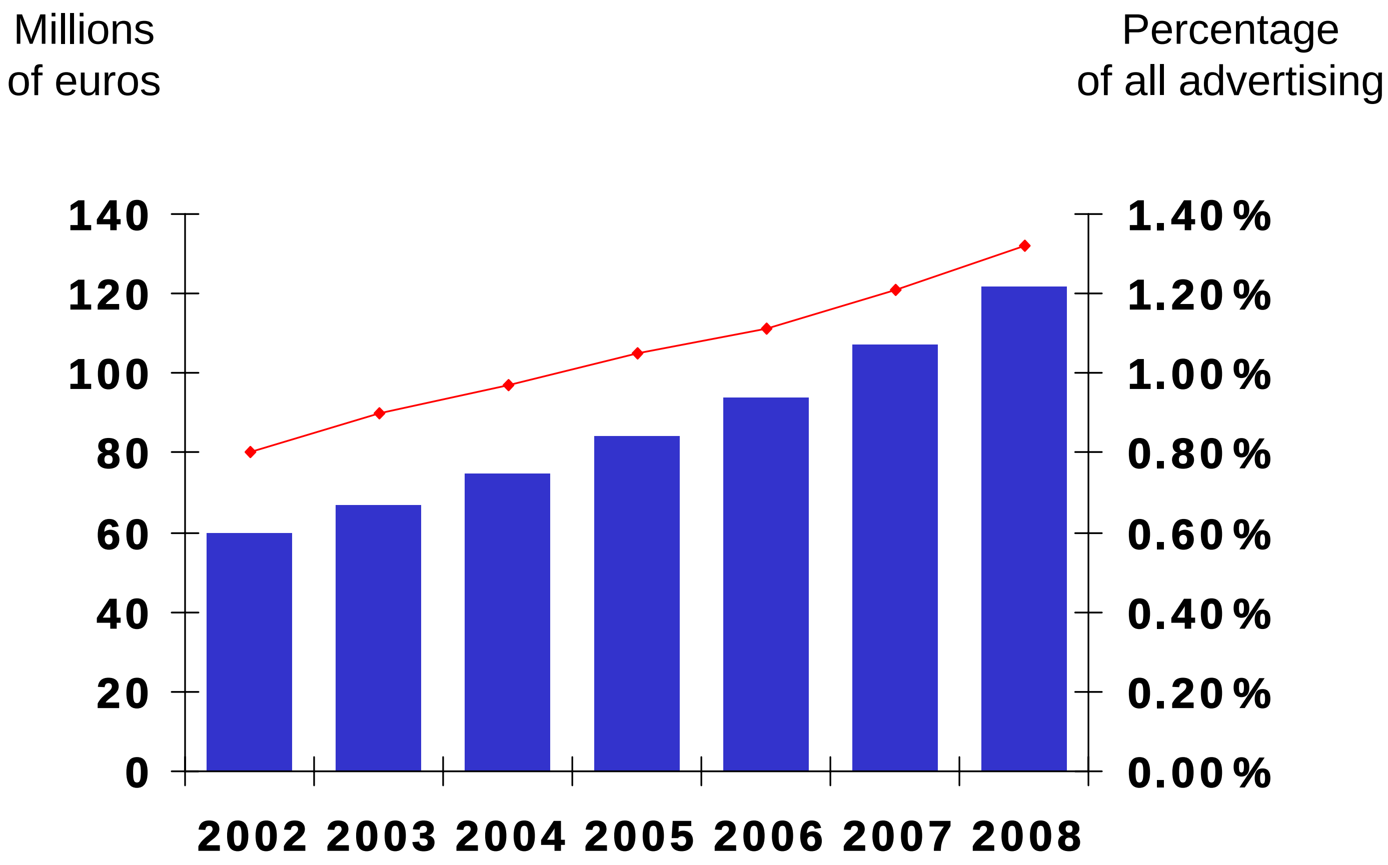
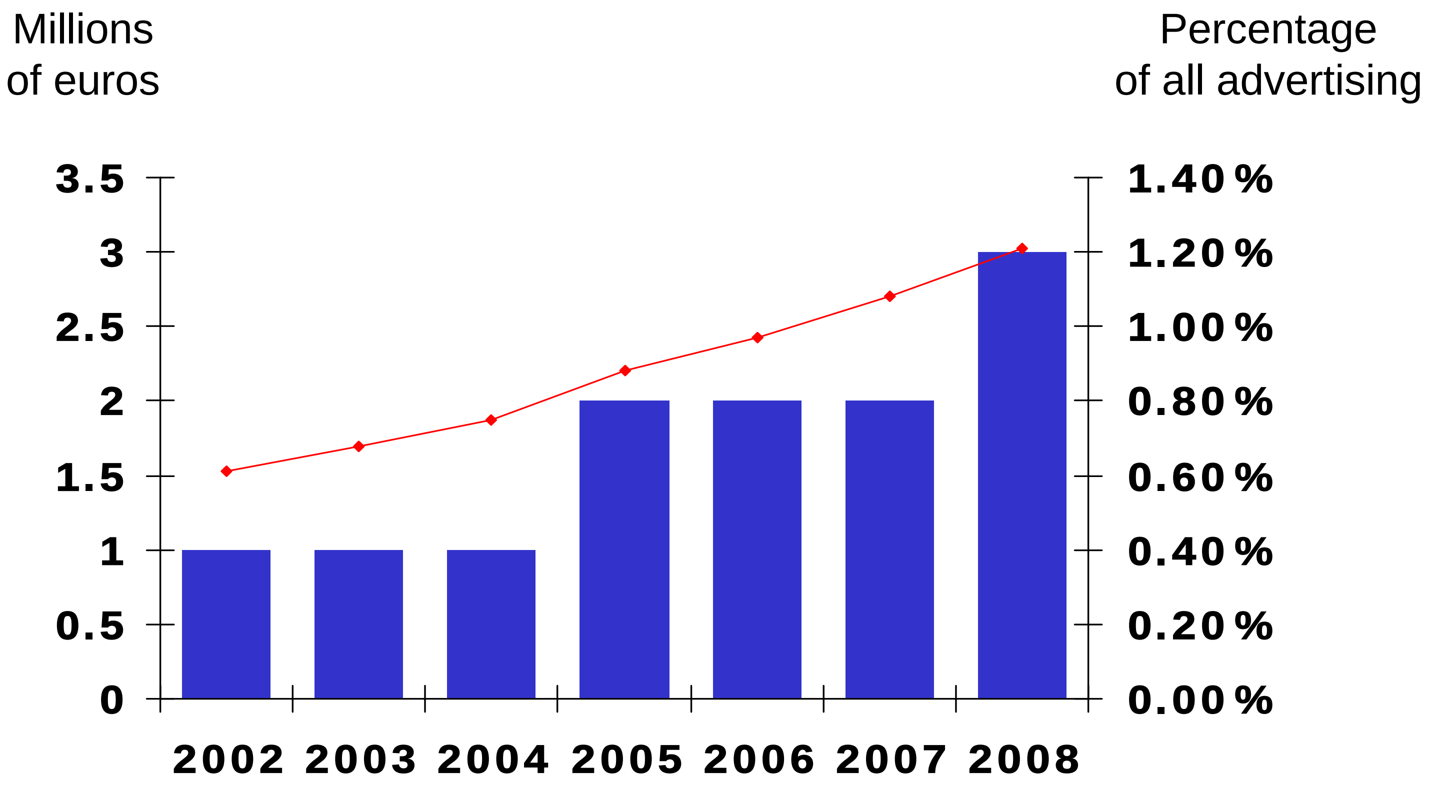
Italy: Online display ads



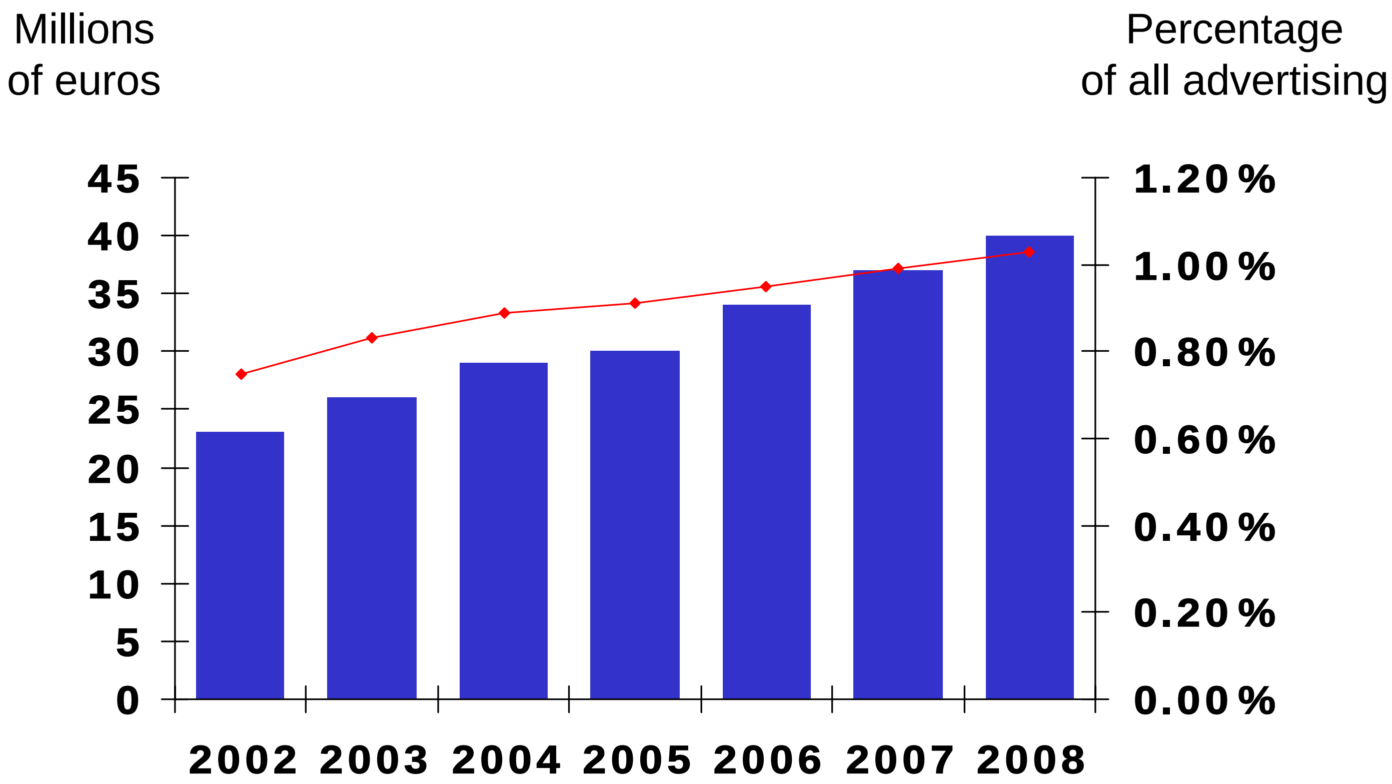
Forrester Report “Choosing The Right Retail Strategy”

Luxembourg: Online display ads



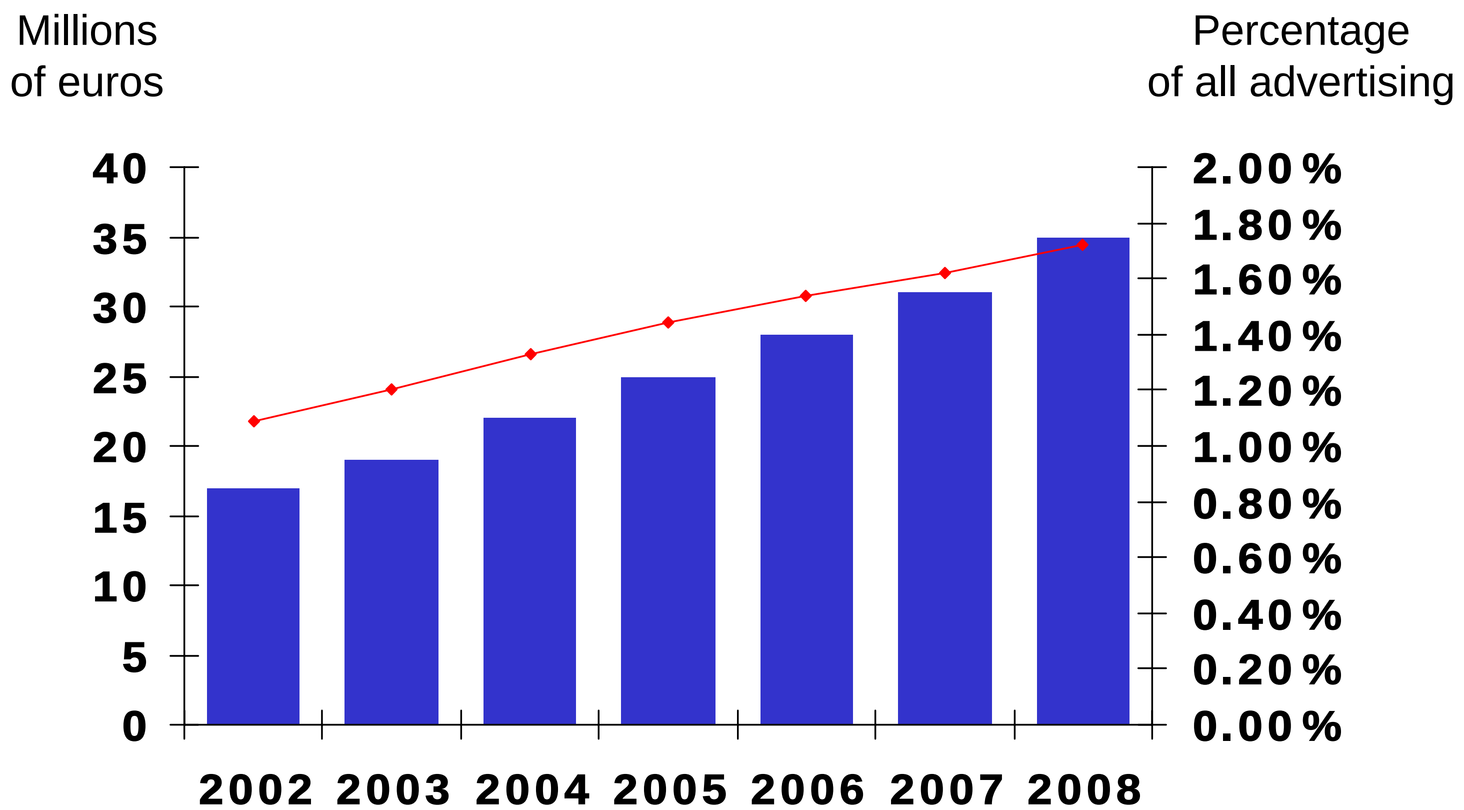
Forrester Report “Choosing The Right Retail Strategy”

Netherlands: Online display ads



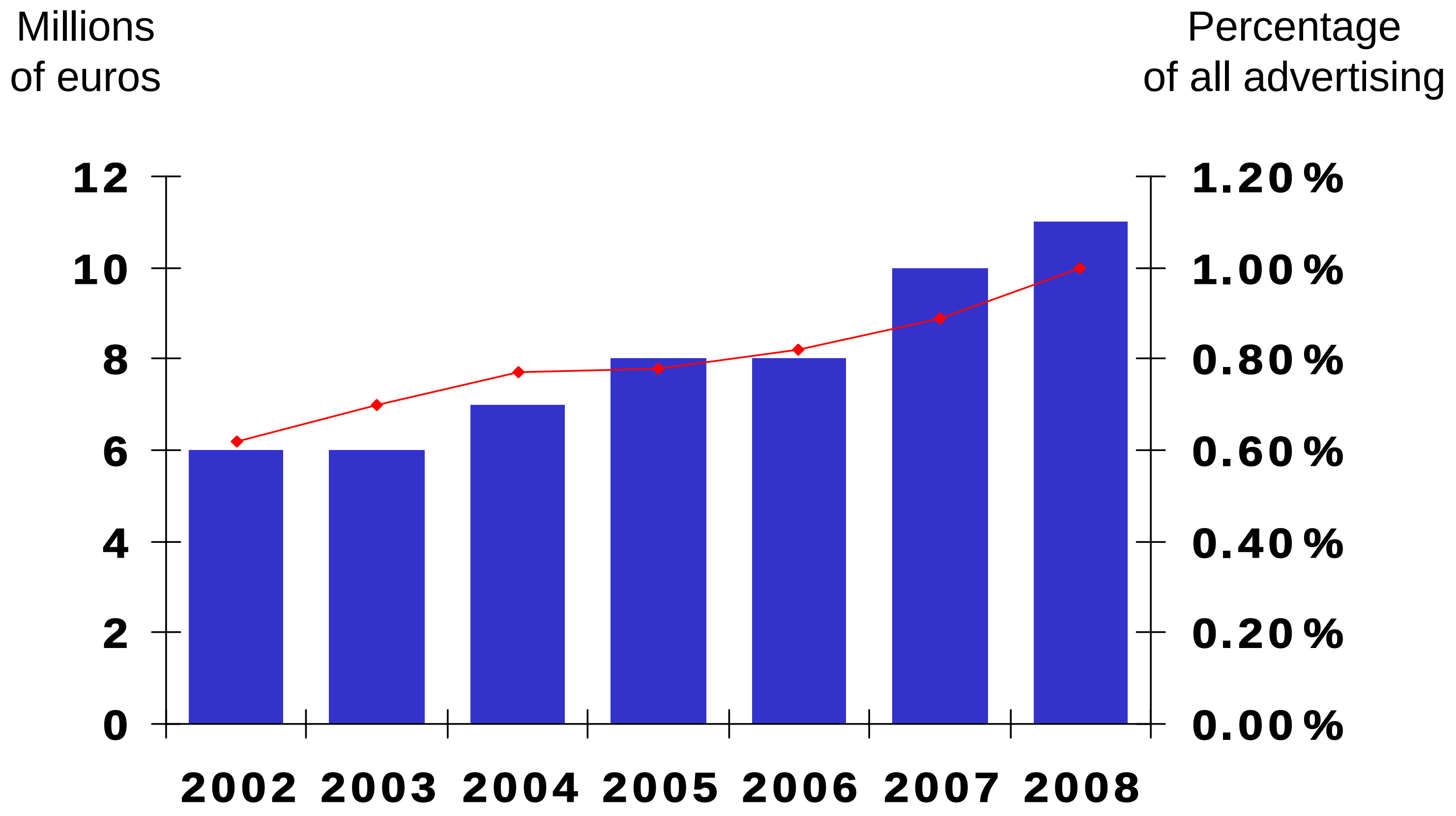
Forrester Report “Choosing The Right Retail Strategy”

Norway: Online display ads



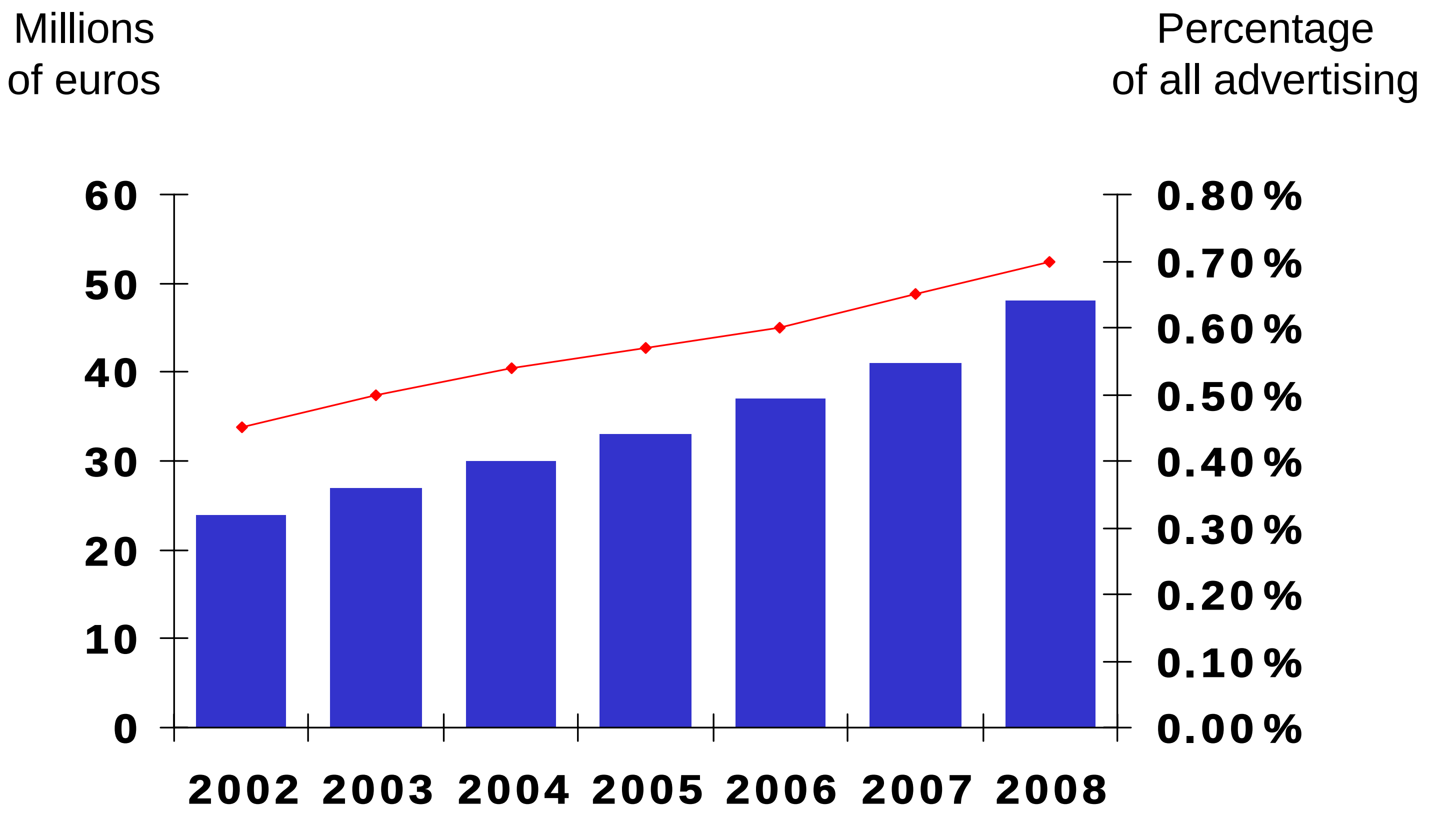
Forrester Report “Choosing The Right Retail Strategy”

Portugal: Online display ads



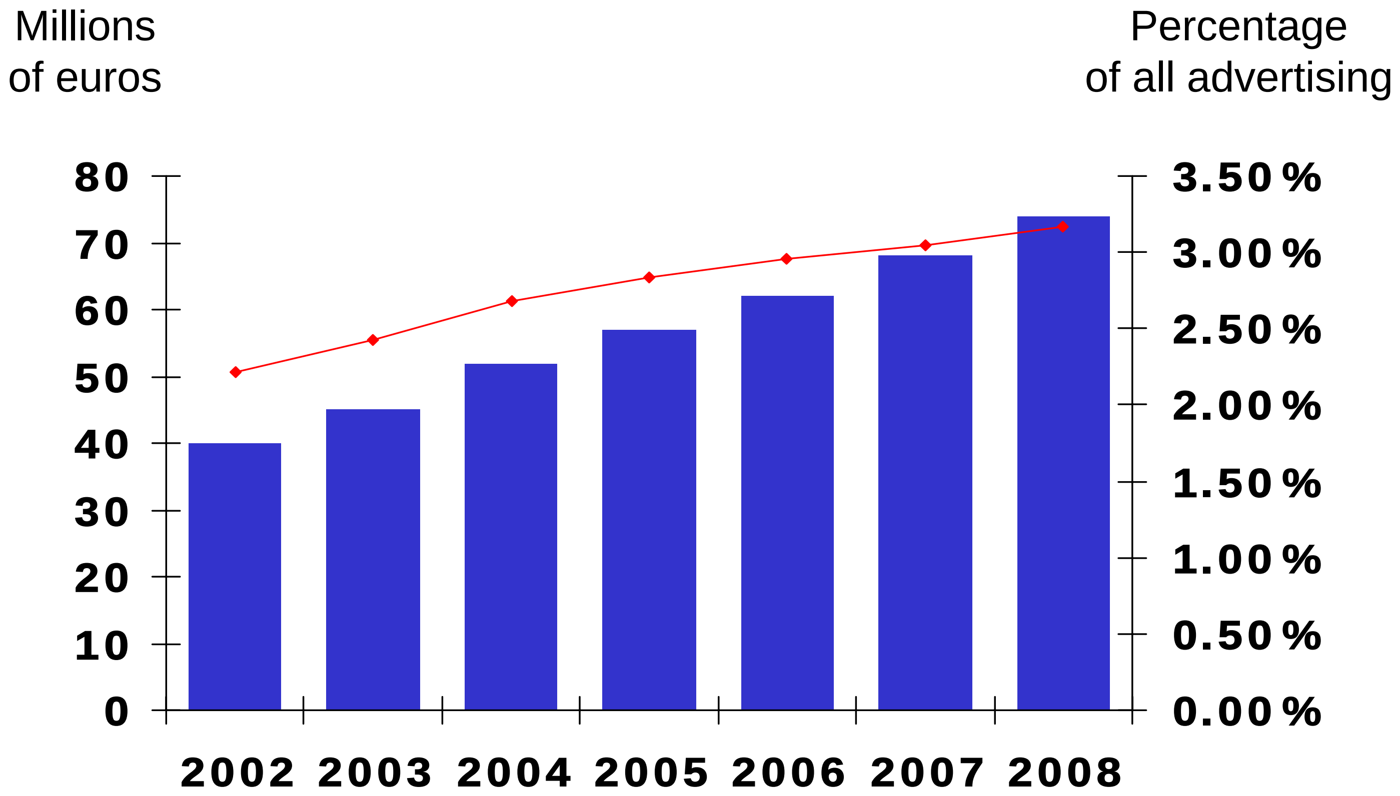
Forrester Report “Choosing The Right Retail Strategy”

Spain: Online display ads



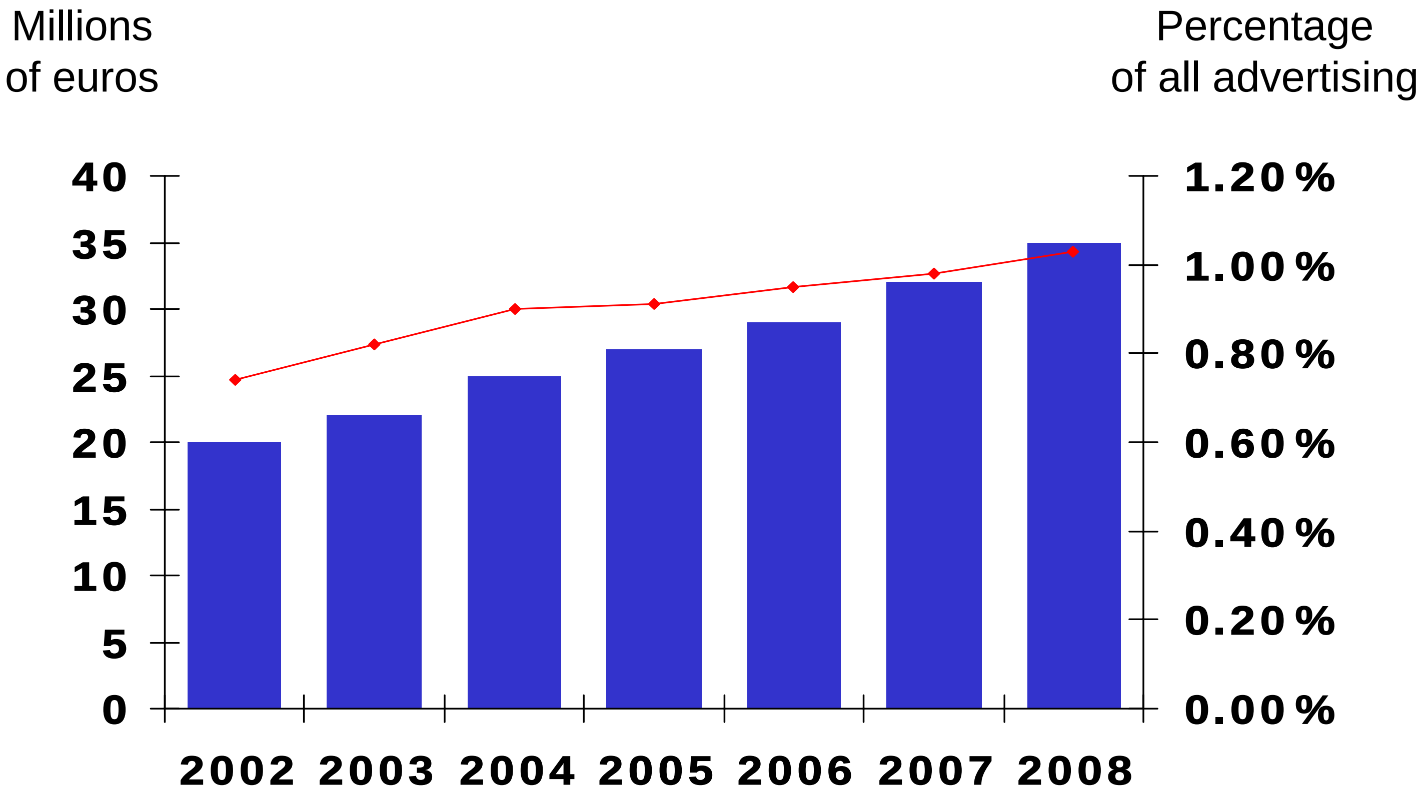
Forrester Report "Choosing The Right Retail Strategy"

Sweden: Online display ads



Forrester Report “Choosing The Right Retail Strategy”

Switzerland: Online display ads



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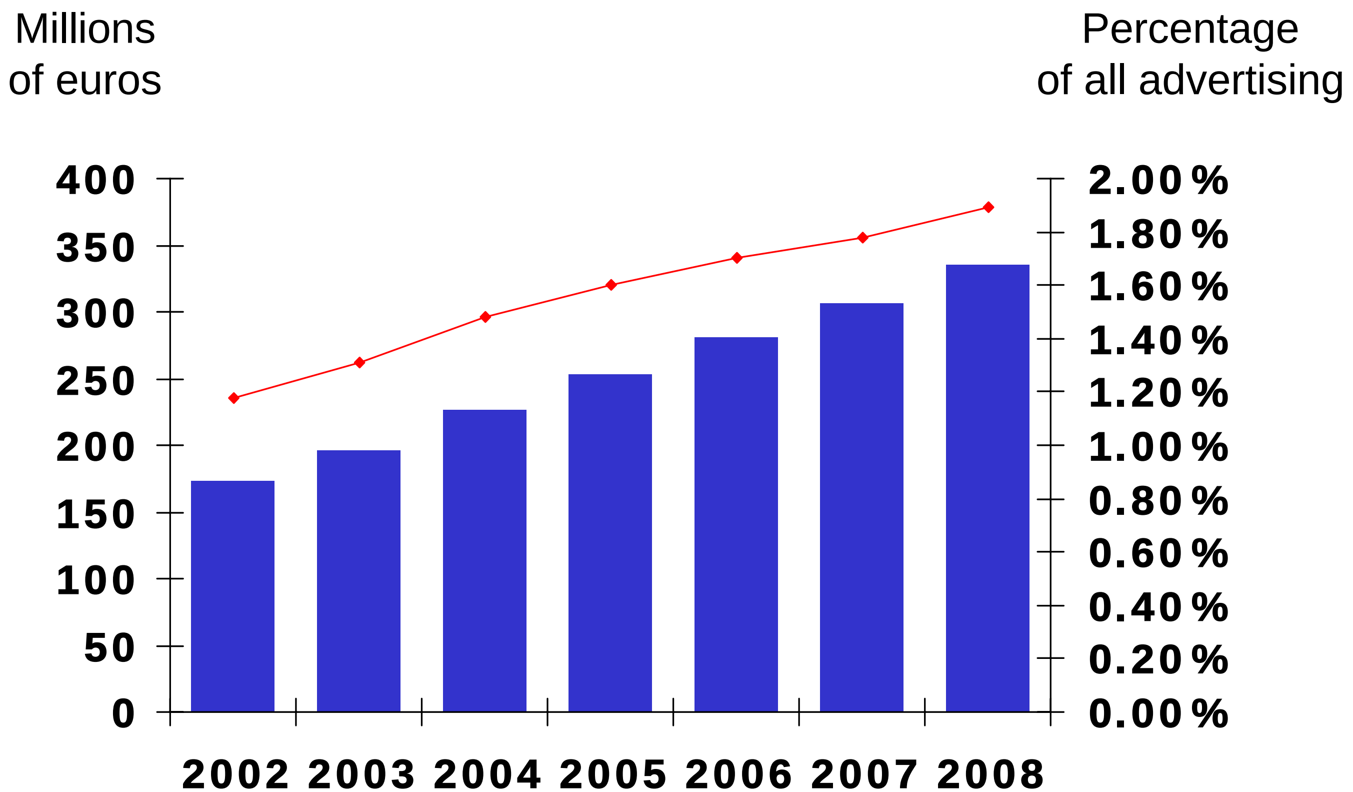
UK: Online display ads

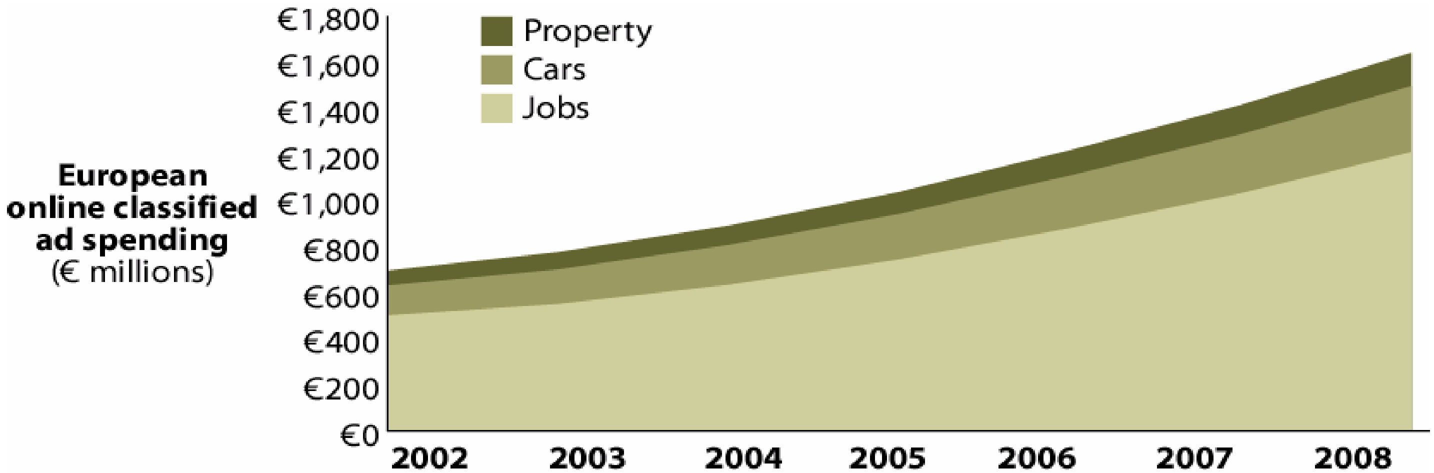


Forrester Report "Choosing The Right Retail Strategy"

3

Classified advertising

Online Classified Forecast, Europe



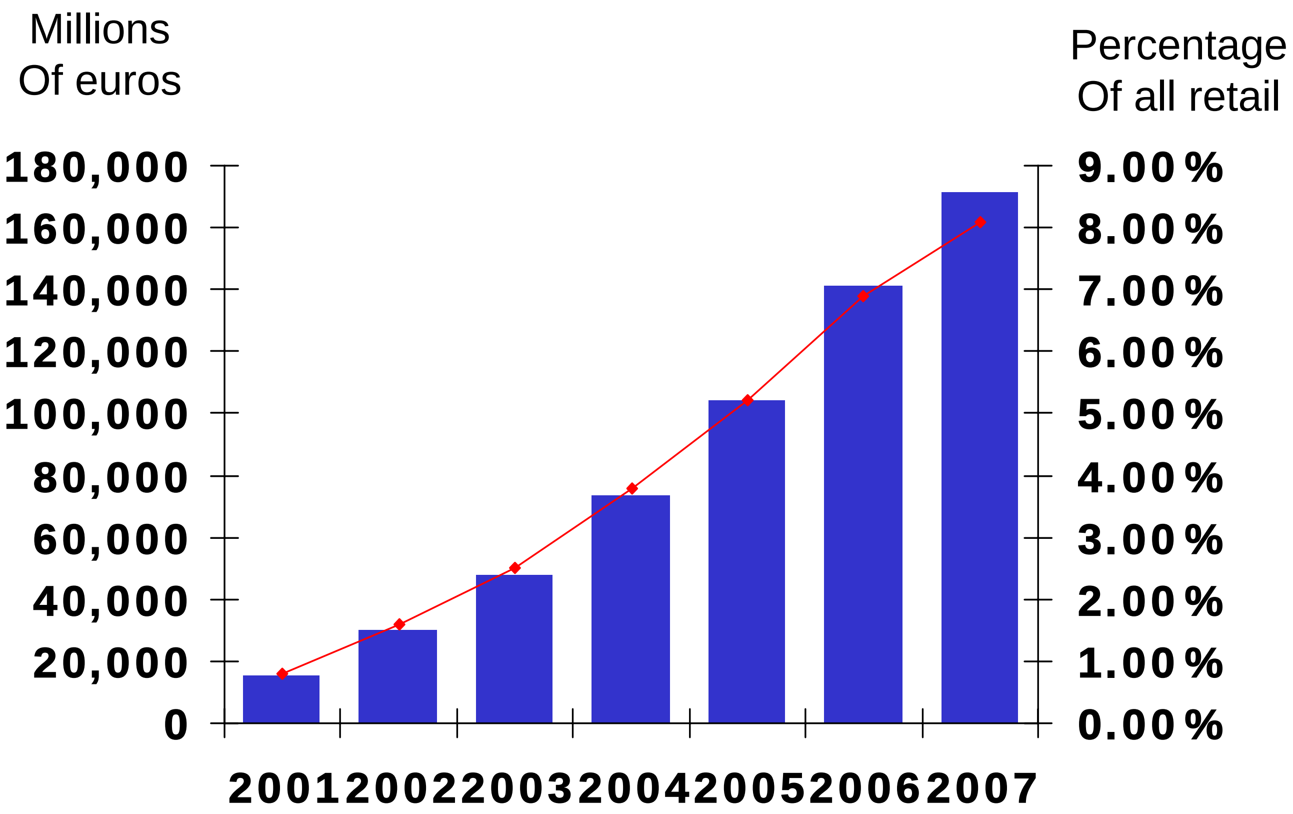
Jobs	500	550	633	743	879	1,030	1,209
Property	65	75	84	95	110	127	145
Cars	130	150	173	198	228	256	286
Total (€ millions)	**695**	**775**	**889**	**1,036**	**1,217**	**1,431**	**1,640**

(numbers have been rounded)

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	1,066	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	439	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	593	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	5,030	6,782
Sweden	660	1,217	1,948	2,967	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
Total	***15,488***	***30,149***	***48,090***	***73,536***	***104,510***	***141,076***	***171,387***

Several countries top the 10% mark by 2007

Online sales as percentage of total	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%
Total	***0.8%***	***1.6%***	***2.5%***	***3.8%***	***5.2%***	***6.9%***	***8.1%***

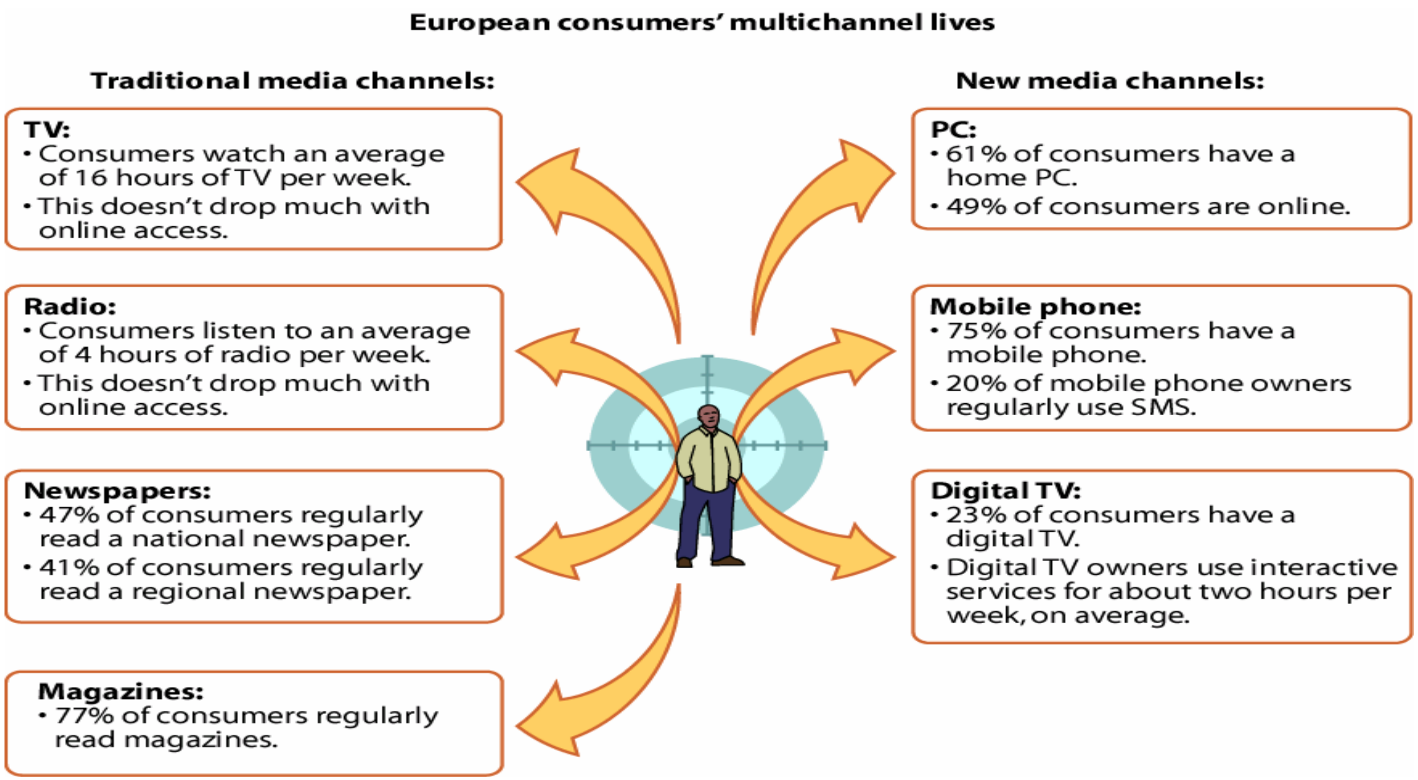
5

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



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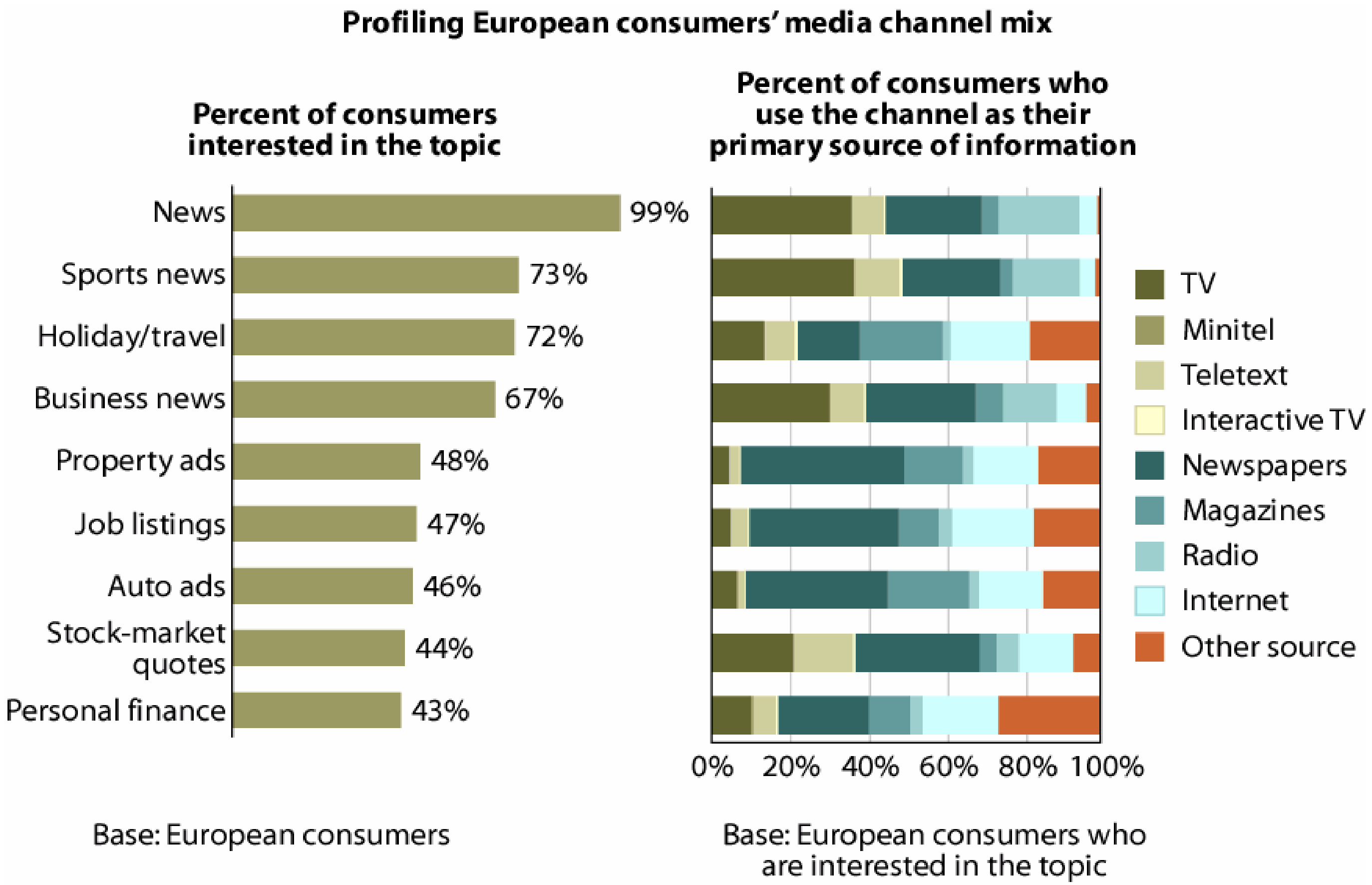
With the internet gaining traction



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								
		TV	Minitel	Teletext	IdTV	Newspapers	Magazines	Radio	Internet	Other source
99%	**News**	36%	0%	8%	1%	25%	4%	21%	5%	1%
73%	**Sports news**	37%	0%	12%	1%	25%	3%	17%	4%	1%
72%	**Holiday information**	13%	0%	8%	1%	16%	21%	2%	20%	18%
67%	**Business news**	30%	0%	9%	0%	28%	7%	14%	8%	4%
48%	**Property ads**	4%	0%	3%	0%	42%	15%	3%	17%	16%
47%	**Job listings**	5%	0%	4%	0%	38%	10%	4%	21%	17%
46%	**Automobile ads**	6%	0%	2%	0%	37%	21%	3%	16%	15%
44%	**Stock-market quotes**	21%	0%	15%	1%	32%	4%	6%	14%	7%
43%	**Personal finance**	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

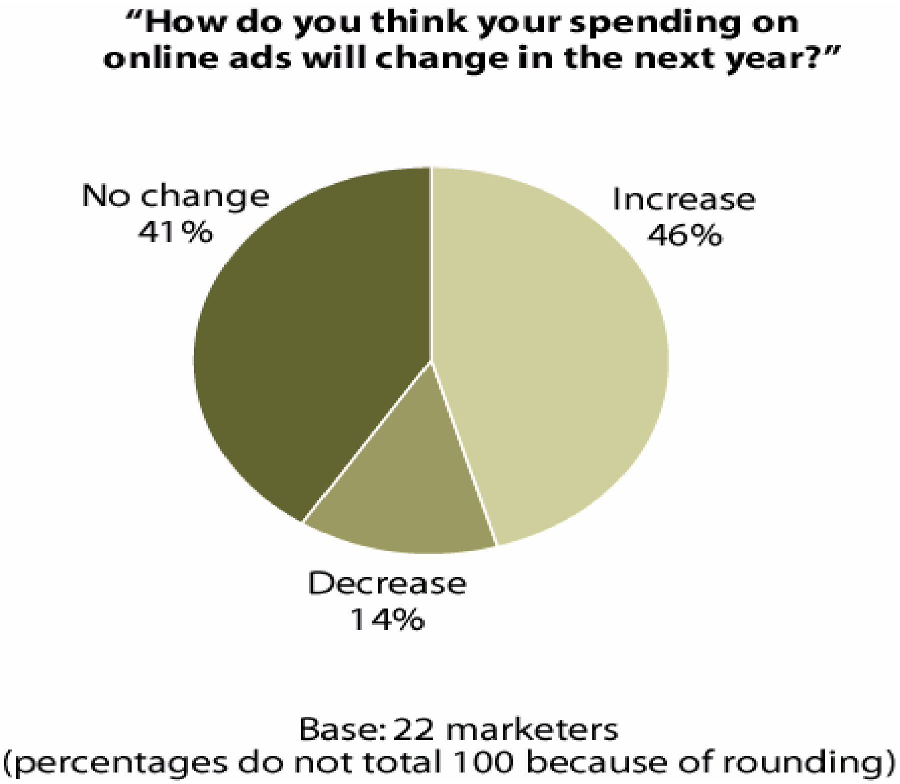
Green shoots are starting to show

- 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



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Online ads take around a quarter of their overall digital budget

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

January 2004
IAB Seminar

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

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