



OVK ONLINE- REPORT 2010/02

Overview of figures and trends



Case Study:
Pritt Paper Gang
Winner of the OVK AWARD 2009

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DEAR READERS,

The positive growth rates in the first six months of 2010 show that the caution which prevailed a year ago in the advertising industry – as a result of the global economic crisis – has disappeared from the online sector. While spending on online advertising was already becoming noticeably stronger in the course of last year, willingness to invest has increased even more in the first half of 2010.

Especially in conventional online advertising, gross advertising spending is significantly up on last year, so that a growth rate of 23 % can be expected for 2010.

In view of the strong performance during the first six months and the traditionally strong fourth quarter at the end of the year, the Circle of Online Marketers (OVK) is now expecting the gross growth rate for the online advertising market as a whole in 2010 to be 19%.

Given that the pricing situation is generally quite stable at the moment, the upward trend in gross advertising investment will also have a definite effect on net growth. This means that the OVK now expects that in 2010, instead of the net growth rate of eight to ten percent originally forecasted, net growth will be in double figures, i.e. the gross/net differential in the online advertising sector will remain steady. This upturn is an impressive indication of the continuing healthy growth of online advertising and its ever-increasing dominance in the media mix. A look at the composition of the media mix also shows how the advertising budget is continuing to migrate towards the online sector, bringing the Internet ever closer to the currently still leading media of TV and newspapers.

We hope you enjoy reading the OVK Online Report 2010/02.

Paul Mudter
Chairman of the Online-Vermarkterkreis –
Circle of Online Marketers (OVK)



Online advertising investment is growing faster than predicted.



CONSIDERABLE DOUBLE-DIGIT GROWTH HIGHLIGHTS THE IMPORTANCE OF ONLINE ADVERTISING

Online advertising investment passes the five billion euro mark.

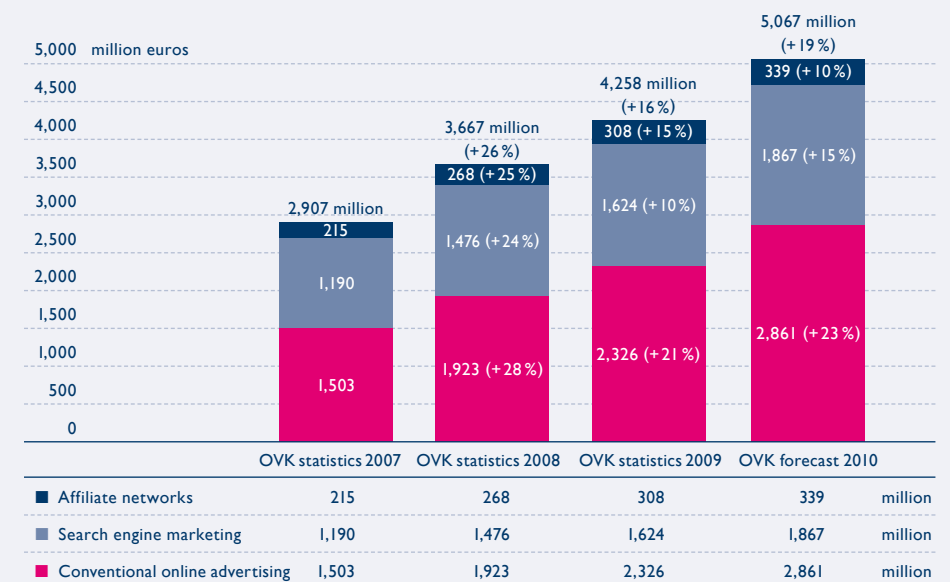
The upward trend in the online advertising market that could already be detected at the end of the year of global crisis, 2009, has become even more firmly established during the first half of 2010 than was originally expected.

Consequently, the OVK is now predicting that total spending on conventional online advertising, affiliate networks and search engine marketing for 2010 as a whole will exceed last year's figure by 19%. This is even higher than the originally forecast gross growth rate of 14%. Thanks to this unmistakable double-digit growth, the gross volume of Internet advertising will, in 2010, for the first time pass the five billion euro mark, reaching 5067 million euros. This high volume impressively underlines the importance that online advertising has now acquired for communicating with target audiences. A comparison with the gross advertising volume in 2007 really shows the dynamic development in this market: over the past three years, gross spending on online advertising has grown by a total of 74%. In the area of conventional online advertising, it has almost doubled, with growth of 90%.

Once again in 2010, conventional online advertising has been the main driver for the positive trends in the online advertising market. With an investment volume of 2861 million euros and a growth rate of 23%

compared with the previous year, this accounts for most of the gross investment. With a growth rate of 15%, search engine marketing is ranked second, with the total volume of advertising investment reaching 1867 million euros. Affiliate networks are the third pillar of online communication and these accounted for 339 million euros, equating to growth of 10%.

OVK advertising statistics 2007 to 2009 with forecast for 2010



Sources: OVK (extrapolation of figures for conventional online advertising from 75 to 100% and total market for online advertising, forecasts), Nielsen Media Research (data as of July 2010, collection of data for conventional online advertising at advertising slot level, adjusted by a proportion from search engine marketing; as of 2009 some changes to the methodology of how this proportion is allocated) /// Data for the German market

EVEN BIGGER SHARE OF THE GROSS ADVERTISING CAKE FOR ONLINE ADVERTISING

Internet edges closer to newspapers.

The upward trend in the importance of online advertising in the media mix, which has now been apparent for several years, is continuing unabated in 2010. Whereas the market shares of the conventional media types are tending to stagnate or even decline, the Internet has further strengthened its position as a major medium for advertising.

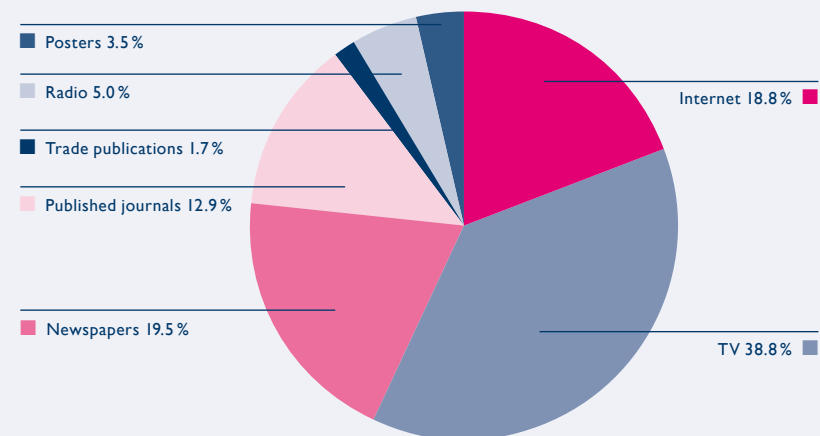
Based on the current OVK forecast for how the market will develop in 2010, the Internet can now be expected to increase its share of the gross advertising cake to 18.8 percent, a good two percentage points up on 2009, thereby reconfirming its position as the third strongest advertising medium. The online medium is now hot on the heels of the second strongest advertising medium, newspapers, and at the same time has increased its lead over consumer publications, currently in fourth place, to six percentage points. The developments of the last few years show that online advertising has become an essential component in an integrated communication strategy and will continue to play an increasingly important role in the mix of communication channels.

The most important factors in this trend have been the high degree of transparency and efficiency of the Internet as an advertising medium. The availability of detailed planning data, and the ability to tailor online campaigns to meet the customer's needs by using targeting or frequency capping, ensure that the advertising budget can be used to maximum effect. Furthermore, the mechanics of the Internet permit a wide range of options for analysis and control while the campaign is underway, something which cannot be achieved in the same way using any other media type.

Another advantage of the online medium is the opportunity it presents for addressing specific target groups, because on the Internet it is possible to have a direct dialogue with consumers without change of media. New technologies, increasing bandwidth and the next generation of large-scale advertising formats all help to provide innovative multimedia campaign concepts for addressing your target audience.



Forecast for how the gross advertising cake will divide up in 2010



Source: OVK (OVK forecast for 2010 including the search engine marketing and affiliate networks segments) and Nielsen Media Research (trends in the various media types, data as of July 2010; the extrapolation of the figures for the above advertisers for the whole of 2010 was based on the first six months of 2010 and the average increase between the first and second halves of the year for the last three years.) /// Data for the German market.

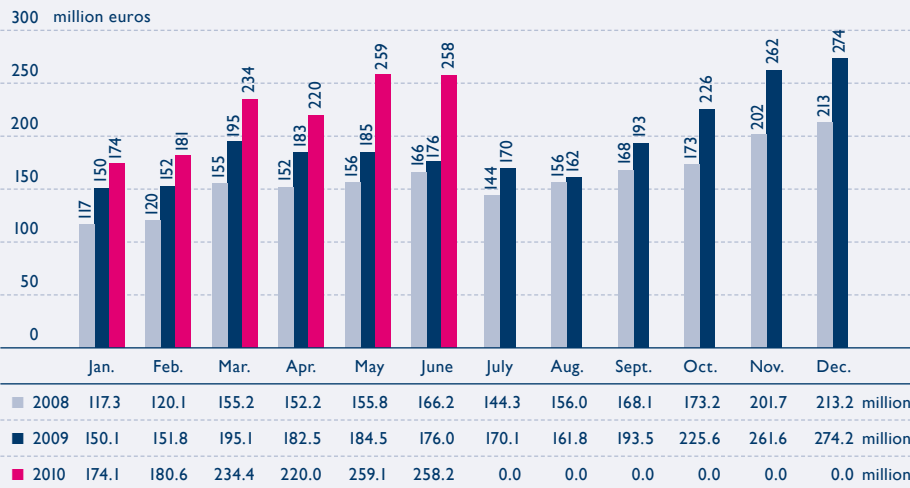
STEADY MONTHLY GROWTH

Advertisers turn increasingly to conventional online advertising.

Throughout the first half of 2010, gross advertising investment in conventional online advertising was well above that in the same months in previous years. Similarly, nearly every month, spending by advertisers exceeded that in the previous month, and, even in the traditionally rather quiet summer month of June, the same high level was maintained as in May.

The forecast annual growth of 23% in conventional online advertising is based on the expectation that this trend will continue in the second half of the year, especially as this will include the traditionally busy Christmas period. With spending of 1326 million euros, half the forecast gross investment for the year had already been made in the first six months of 2010. This means that an even higher proportion of the forecast total spending for the year was reached in the first six months than in previous years – even though the general level of advertising investment was much higher.

Monthly development of gross advertising investment in conventional online advertising



Sources: OVK (extrapolation of figures from 75 to 100% and overall market for online advertising, forecasts), Nielsen Media Research (data as of July 2010, collection of data for conventional online advertising at advertising slot level, adjusted by a proportion from search engine marketing; as of 2009 some changes to the methodology of how this proportion is allocated) /// Data for the German market

DEMAND FOR LARGE-SCALE FORMATS CONTINUES TO GROW

The demand for large-scale, eye-catching formats continued during the first half of 2010, reflecting changes in market requirements and the needs of advertisers. Video ads in particular, with a growth rate of 95%, are among the main drivers of this trend. Even last year, this form of advertising with moving pictures saw the highest growth rate, at 160%. A key factor here must surely be the wide range of multimedia options for advert design, allowing even very complex marketing messages to be conveyed.

Premium Ad Package takes account of the trend for eye-catching advertising products.

The Premium Ad Package approved by the OVK takes account of this trend, comprising four new premium formats, the Banderole Ad, Maxi Ad, Pushdown Ad and Half-Page Ad, representing display advertising formats that are particularly in demand. These eye-catching online advertising formats help advertisers to increase the branding impact and effectiveness of their campaigns. At the same time they present designers with new opportunities in terms of creativity. It is the aim of the OVK to establish the Premium Ad Package alongside the existing Universal Ad Package – consisting of Leaderboard, Sky-scraper and Medium Rectangle – and so provide a common basis on which all partners in the market can work effectively together. Online marketers and publishers can use these specifications so that they can offer agencies and customers standardised advertising formats for use in all their marketing planning. In future, these new formats will also be included in the Nielsen online advertising statistics.

The specifications of the Premium Ad Package at a glance

Format	Pixels	Weight	Possible formats
Pushdown Ad	(728 to page-width) x 90 (728 to page-width) x 300	80K	GIF/JPG/Flash
Maxi Ad	640 x 480	80K	GIF/JPG/Flash
Banderole Ad	770 x 250	40K	GIF/JPG/Flash
Half Page Ad	300 x 600	40K	GIF/JPG/Flash

ONLINE ADVERTISING IS BECOMING A MATTER OF COURSE

Online share in the media mix is growing in all industries.

Online advertising has now established itself in the media mix in nearly all industries – surely partly due to the Internet’s potential for reaching target groups for niche products (see Page 19 of this report). More and more companies are realising that they can use the Internet to have a closer dialogue with their regular customers and also to reach significant numbers of potential new customers.

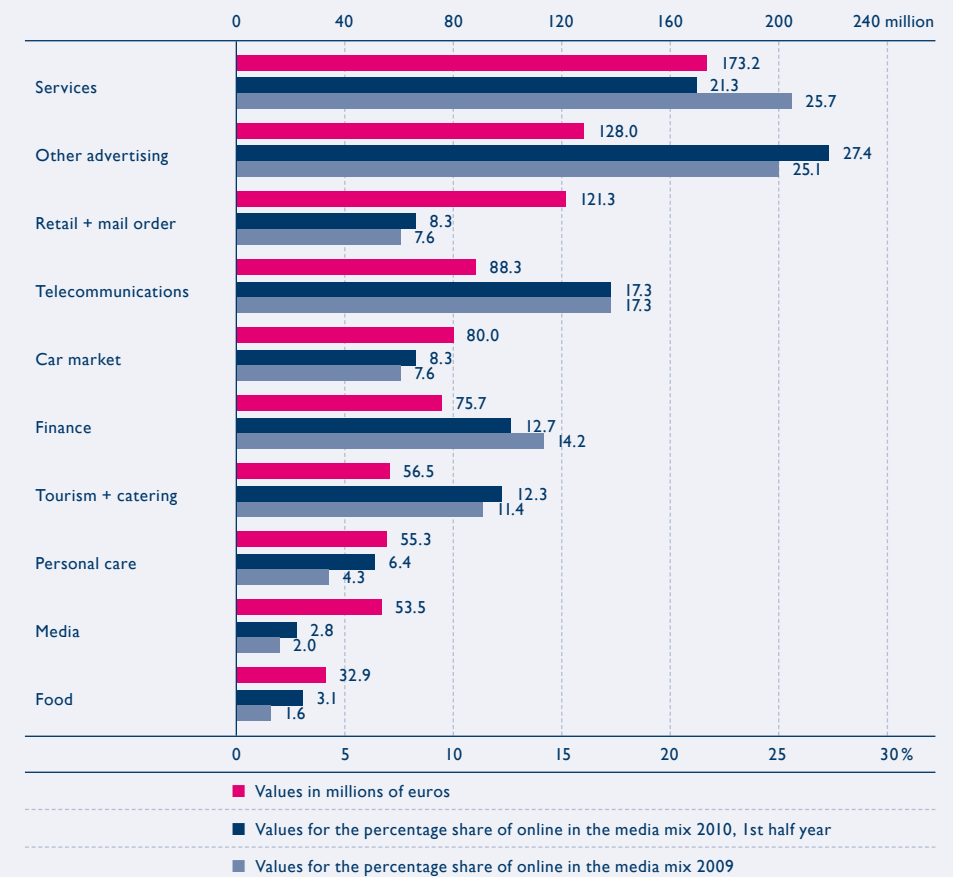
This is why, in the first six months of this year, we could see steady growth in online advertising investment in almost all the economic areas shown below. Especially in the tourism and catering industries, the car market and personal care products, the proportion of online advertising in the media mix has once again grown considerably during the first six months of 2010 compared with the whole of 2009.

In addition, in 2010 for the first time, the online advertising spending of the food industry put it in the top 10 business sectors for this kind of investment. At nearly 33 million euros, its online advertising spending during the first half of 2010 accounted for over 3% of the media mix, i.e. the importance of online advertising in the media mix for this industry was up by about 1.5 percentage points compared with last year. The top online spenders in the first half of 2010 continued to be the service sector and the retailing and mail order business, with 173 and 121 million euros respectively.

However, the proportion spent on online advertising still varies greatly across all economic areas: whereas in the service and telecommunications sectors approximately one in every five euros goes into online advertising, in the food, media, personal care products, car market and retail and mail order industry, online advertising still plays a secondary role in the media mix, even though it is growing noticeably.

In all these industries, expenditure on online advertising, as a proportion of the total available media budget, is still in single figures, so there is still considerable potential for growth here.

Advertising investment in conventional online adverts analysed by area of business for the first half of 2010



Source: Nielsen Media Research (data as of July 2010) // Basis: Top 10 areas of business // Data for the German market

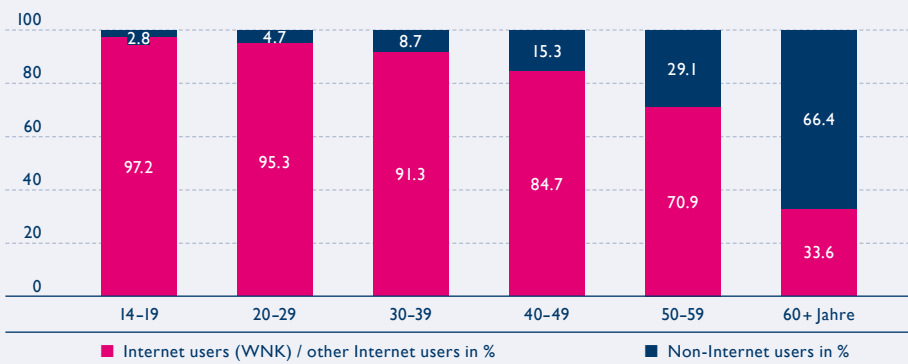
NEW FEATURES IN THE STUDIES FOR THE INTERNET FACTS 2010-I WILL CONTINUE TO PROVIDE AN ACCURATE REFLECTION OF ACTUAL USAGE

Important note: because of new features in the studies, the results in the internet facts 2010-I can no longer be compared with previous reports!

As well as the resident German population over the age of 14 which was previously taken into account, from now on foreigners from EU countries and other German-speaking foreigners over the age of 14 living in Germany will also be included in the basic population, making a total of 70.50 million people. According to the internet facts 2010-I, 50.73 million of these German-speaking people over the age of 14 living in Germany used the Net during the reporting period, meaning that the Internet in Germany has a reach of 72%. The widest group of users (WNK; people who used the Internet within the last three months) constituted 70.5 % of the population, equating to 49.68 million people.

Looking at the age structures of Internet users and non-Internet users shows that all generations can be found using the Net. Among 14- to 39-year olds, the proportion of Internet users is in some cases well over the 90% mark, while among 40- to 49-year olds it is 84.7%. Even in the higher age groups, many people are online: for example, among 50- to 59-year olds, 70.9% are Internet users, while 33.6% of the over 60s or one third are online.

Online penetration by age group



Interpretation example: 97.2% of 14- to 19-year olds are Internet users (WNK and other users) and 2.8% of 14- to 19-year olds are non-Internet users. /// Basis: 101,652 cases (Internet users in the last three months) / 592 cases (other Internet users) / 11,263 cases (non-Internet users) / Data in % /// Source: AGOF e.V. / internet facts 2010-I /// Data for the German market

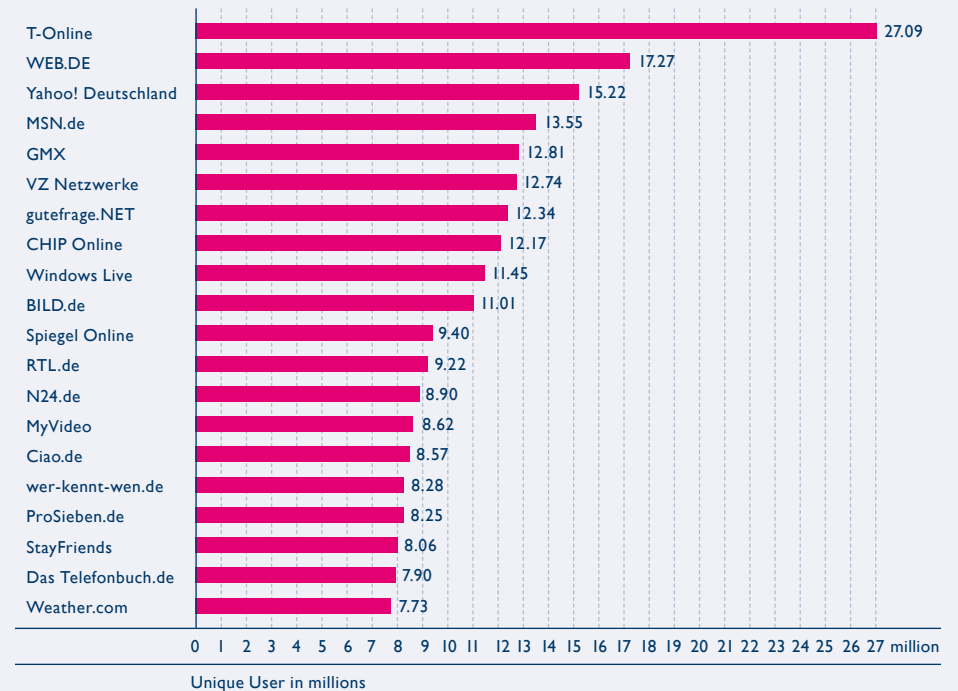
AVERAGE MONTHLY REACH OF THE TOP 20 ONLINE MEDIA OFFERINGS

The internet facts 2010-I includes data on reach and structure for 655 online offerings based on websites and 3414 insertion units.

The internet facts 2010-I measures data for 655 online products.

Reaching 27.09 million Unique User each month (54.5%), T-Online is ranked first among the sites, followed by WEB.DE (17.27 million or 34.8%) and Yahoo! Deutschland (15.22 million or 30.6%). MSN.de (13.55 million or 27.3%) and GMX (12.81 million or 25.8%) came next.

AGOF ranking of the top 20 online offerings in Germany in an average month



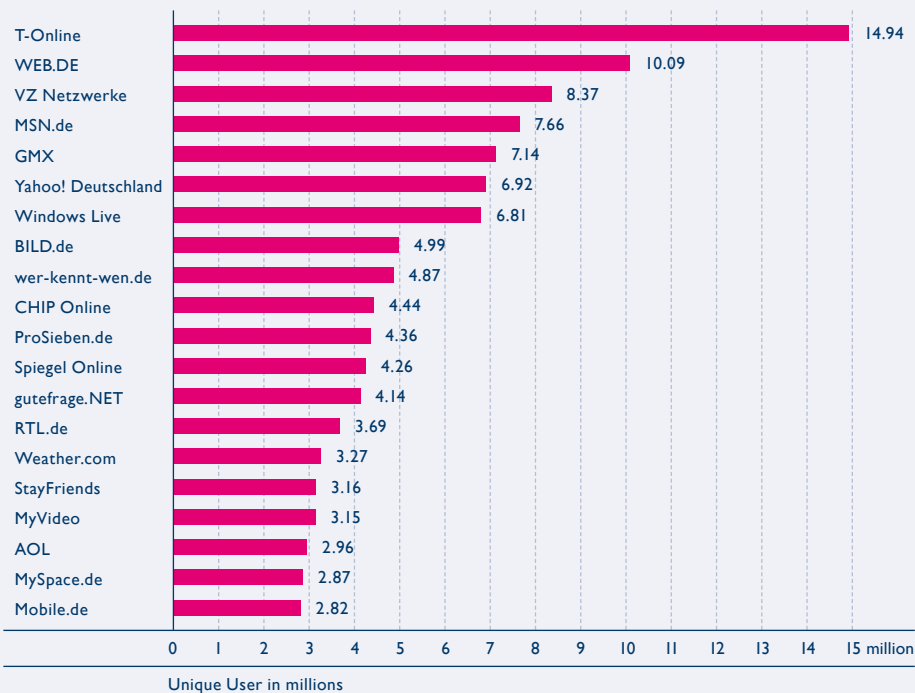
Number of Unique User (in millions) for an average month in the period under investigation – January to March 2010 /// Basis: 101,652 cases (Internet users in the last three months) /// Source: AGOF e.V. / internet facts 2010-I /// Data for the German market

AVERAGE WEEKLY REACH OF THE TOP 20 ONLINE MEDIA OFFERINGS

3414 insertion units are available for online media planning.

In terms of its reach in an average week, T-Online with 14.94 million Unique User (30.1%) is the No. 1. It is followed by the online sites WEB.DE (10.09 million or 20.3%) and VZ Netzwerke (8.37 million or 16.9%). Ranked fourth and fifth are MSN.de (7.66 million or 15.4%) and GMX (7.14 million or 14.4%).

AGOF ranking of the top twenty online offerings in Germany in an average week



Number of Unique User (in millions) for an average week in the period under investigation - January to March 2010 /// Basis: 101,652 cases (Internet users in the last three months) /// Source: AGOF e.V. / internet facts 2010-I /// Data for the German market

REACH OF THE MARKETERS IN THE OVK

The internet facts explores the net reach of the marketers operating together in the AGOF, although due to study adjustments the internet facts 2010-I cannot be compared with previous studies. The following table shows the net reach of the marketers organised in OVK, based on the marketers offerings included in the internet facts 2010-I.

A marketer's net reach does not always include its entire portfolio.

The internet facts 2010-I includes data from a total of 70 marketers.

Net reach of online marketers in the OVK

Marketers	Reach in % (based on Internet users during the last three months)	Net reach in millions of Unique User
Axel Springer Media Impact	44.5	22.09
BAUER MEDIA	9.5	4.74
eBay (UK), eBay Advertising Group Deutschl.	14.0	6.96
G+J Electronic Media Sales	36.4	18.08
hi-media Deutschland	34.1	16.95
InteractiveMedia CCSP	63.9	31.72
IP Deutschland	47.7	23.70
iq digital	36.7	18.25
MAIRDUMONT MEDIA	8.4	4.17
Microsoft Advertising	45.5	22.60
netpoint media	11.3	5.62
OMS	39.0	19.35
SevenOne Media	51.1	25.38
SPIEGEL QC	30.1	14.93
TOMORROW FOCUS	60.7	30.14
Unister Media	21.9	10.87
United Internet Media	52.0	25.83
Yahoo! Deutschland	45.7	22.72

Average month

Data in millions of Unique User and percentages for an average month in the period under investigation - January to March 2010 /// Basis: 101,652 cases (Internet users in the last three months) /// Source: AGOF e.V. / internet facts 2010-I /// Data for the German market

ONLINE SEARCHING AND ONLINE SHOPPING ARE NOW PART OF EVERY-DAY LIFE

Many people looking for information online will go on to become online shoppers.

74.4% of Internet users, or 36.98 million people, have been using the Internet for more than three years. This widespread use of the Internet as a matter of course is also affecting the purchasing behaviour of many consumers: 97.6%, i.e. nearly all Internet users (48.48 million people), have looked for product information on the Internet at least once. The main targets for online searches are books, holidays and last-minute trips, tickets and hotel bookings. The Internet is also very widely used for actual purchases: the proportion of Internet users who shop online is 86.9%, i.e. 43.19 million people have bought something over the Internet in the past twelve months. Books are the No. 1 purchase, followed by entrance tickets and music CDs.

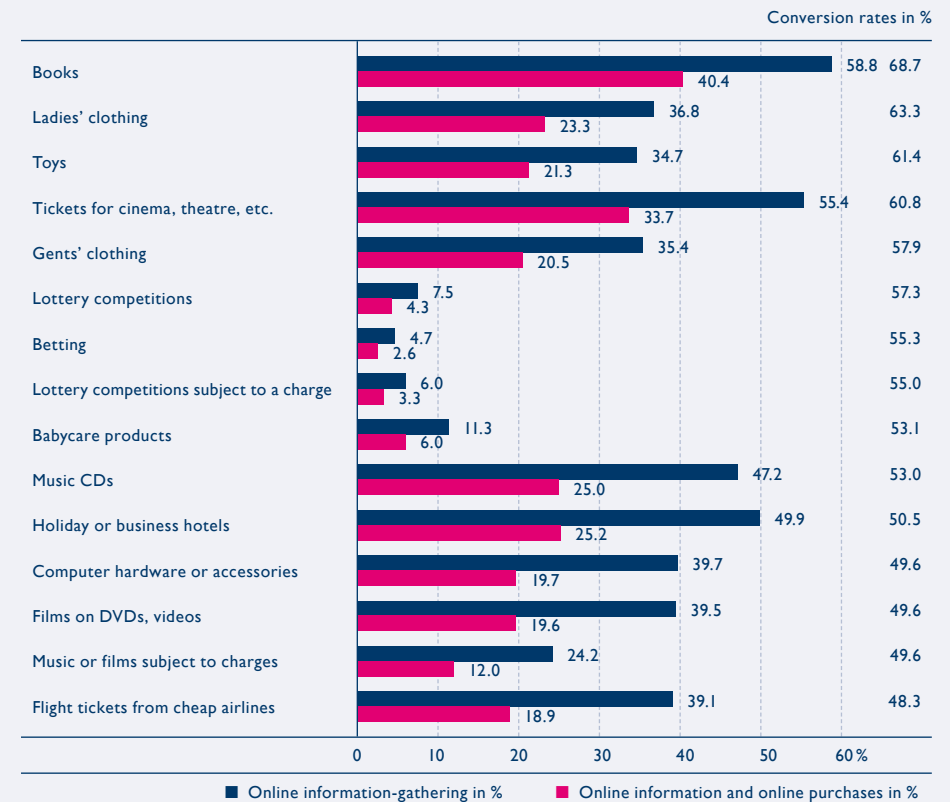
The activation potential of the Net for certain product categories is apparent from the online conversion rate – the ratio between people seeking information online and those who seek information online AND buy online. In this context, books are top of the list, with a conversion rate of 68.7%, i.e. the number of people who browsed books online AND bought them online accounts for more than two-thirds of people who browsed them online.

Books are followed by ladies' clothing, toys, entrance tickets, gents' clothing, lottery competitions, betting, lottery competitions subject to a

charge, babycare products, music CDs and hotel bookings. Here, more than one in two of those seeking information online also become online purchasers, i.e. for all these products, the proportion of those people seeking information who ALSO become online purchasers is over half of those researching online.



Conversion rates for the top 15 products



Interpretation example: 58.8% of Internet users (WNK) have researched books on the Internet and 40.4% have researched books online AND bought them online, equating to a conversion rate for those seeking information into those purchasing of 68.7%. /// Basis: 101,652 cases (Internet users in the last three months) / "Have you ever looked for information on the Internet about any of the following products?" / "Have you bought any of the following products via the Internet in the past 12 months?" /// Data expressed as a percentage/The top 15 from a total of 59 products are shown /// Source: AGOF e.V. / internet facts 2010-I /// Data for the German market

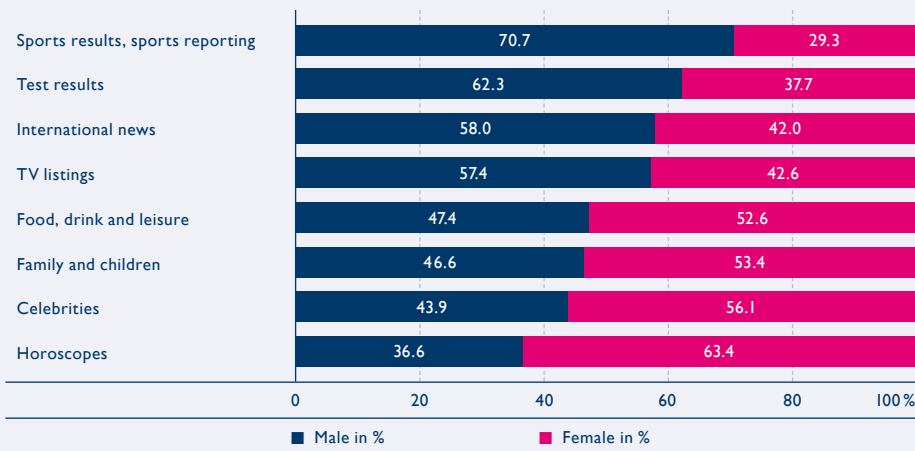
MAIN AREAS OF USE BY MEN AND WOMEN

Gender-specific preferences can be seen in online usage.

Comparing the proportions of men and women using different subject areas shows that the main content of an online site affects the user structure it attracts. So, depending on the subject-matter of an online site, it will be visited by more men or more women.

“Typical“ environments for men are online sites to do with sports results and sports reporting, test results, international news and TV listings. Women, on the other hand, are particularly frequent visitors to websites on subjects such as horoscopes, celebrities, families and children, food, drink and leisure.

Gender structures in the different subject areas

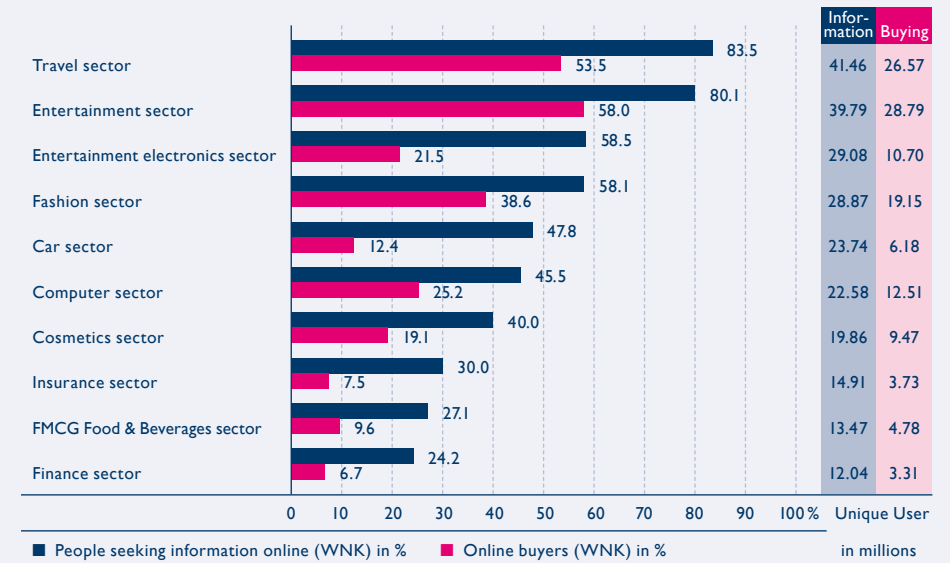


Interpretation example: 70.7% of people viewing sports results, at least occasionally, are men, and 29.3% are women. /// Basis: 101,652 cases (Internet users in the last three months) / "How often do you use the following sources of information or offers: frequently, occasionally, rarely or never?" / Top-two boxes are illustrated: frequent or occasional usage / Data in percent /// Source: AGOF e.V. / internet facts 2010-I /// Data for the German market

LATEST FIGURES FOR POTENTIAL CUSTOMERS BY SECTOR, BASED ON THE INTERNET FACTS 2010-I

The AGOF industry reports are about the numbers of potential customers for specific industries who are present on the Internet.

Sector potentials for prospective customers looking for information online and for online purchasers; based on widest group of online users (WNK): 49.68 million Unique User



Interpretation example: 83.5% of Internet users, i.e. 41.46 million Unique User, have looked for information about products in the travel sector online. /// Basis: 101,652 cases (Internet users in the last three months) / "Have you ever looked for information on the Internet about the following products?" /// "Have you bought any of the following products via the Internet in the past 12 months?" /// Data expressed as a percentage and in millions of Unique User /// Source: AGOF e.V. / internet facts 2010-I /// Data for the German market

The products studied in the context of each sector analysis can be subdivided as follows:

- Travel** Rail tickets, flight tickets, hotels, hire cars, holidays/last-minute trips
- Entertainment** Computer and video games, entrance tickets, films on DVDs/videos, music CDs, music/films to download from the Internet for a charge
- Entertainment electronics** Flat-screen TVs, DVD players/recorders, hard-disk recorders, home cinema/surround-sound systems, digital cameras, navigation systems
- Fashion** Ladies' or gents' clothing, footwear
- Automotive** Used cars, new cars, hire cars
- Computers** Computer hardware or accessories, computer software excl. games
- Cosmetics** Cosmetics for women/men, perfume for women/men, bodycare, haircare or dental care products
- Insurance** Health insurance, life assurance and private pension schemes, other insurance such as motor, household or indemnity insurance
- FMCG Food & Beverages** Non-alcoholic drinks, beer, other alcoholic drinks and spirits, frozen products and ready meals, dairy products, confectionery and savoury snacks
- Finance** Investments, shares, securities, funds; credit

PAPER GANG CONQUERS THE INTERNET

Pritt's online campaign is based on creative interaction.

They're called Admin, Glaze, Kört, Ron and Schulze – and together they make up the Paper Gang. With these five different paper characters, Pritt has launched an entirely new kind of online campaign and is inviting young, Internet-savvy trendsetters to become interactive members of this cool club and have some fun with it. Under the slogan "Be creative with Pritt and be a winner", young people aged between 11 and 19 were asked to make their own Paper Gang characters and display the results of their creative work on the Internet.



The aim of the campaign was to make younger people more interested in crafting again and to introduce them to the Pritt brand. The instructions for making your own cheeky paper figures were published on a special website at www.pritt-papergang.de along with a guide to making stop motion videos. This meant that young would-be directors could produce their own mini-films, upload them and have them evaluated by other crafting fans. Alternatively, the home-made stories could be immortalised as photos and uploaded like that. At the end of the campaign, the best and most unusual paper figures won high-value prizes presented by Pritt for entries in the video competition or for the most creative photographic entry.

To establish even closer contacts within the Paper Gang's target group, profiles were created for the online gang on schülerVZ and myspace; and the five characters can also be found on Facebook. Fans could also see the videos of the Paper Gang on a special channel on the Internet video portal YouTube.

It was for this combination of creative online advertising and intelligent media planning that Henkel and the agencies Syzygy and unique-digital were presented with the OVK AWARD 2009.

RESEARCH SUPPORTING THE CAMPAIGN

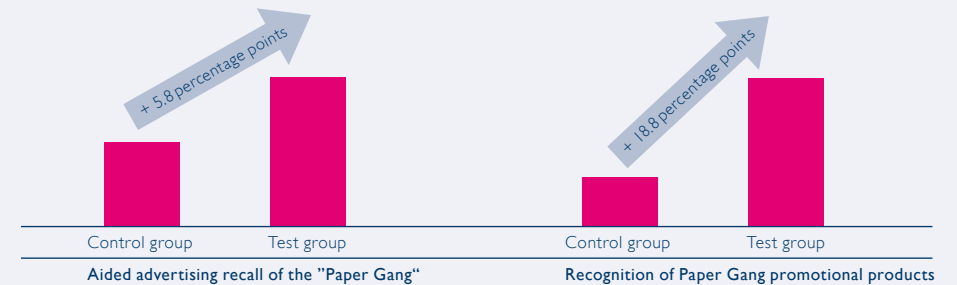
Pritt's innovative online campaign was supported by a multi-level study of the effectiveness of the advertising. The study, carried out on behalf of the OVK by d.core GmbH, Munich, used a combination of contact tracking and onsite questionnaires on the online platforms where the ads were placed. To gain an accurate picture of the impact of the campaign, data was gathered online from a control group who had no contact with the campaign and a test group who did. Furthermore, as part of what is called brand tracking, the effect of the campaign on brand value, product recognition and the relevant set within the target group was assessed. The questioning took place in three rounds: a control round beforehand, round one during the campaign and round two at the end.

Multi-level research for thorough impact analysis.

The following results are based on data from over 500 people who were questioned in each of the five specified groups for investigation. Analysis of the data shows that each user had an average of eight contacts with the online campaign. This meant that the Pritt Paper Gang campaign quickly achieved high recognition ratings among the core target group: aided advertising recall among the test group who had come into contact with the campaign was about 5.8 percentage points higher than the figure for the control group. The characters who were specially created for this campaign, in the form of the Paper Gang, were firmly established among the target group, as shown by the 18.8 percentage points higher recognition rate among the test group.



Advertising recall



Source: Pritt Paper Gang onsite data collection 2010 /// Basis: Control group n=644, Test group n=644 / Data in %; Target group: 10-20 years

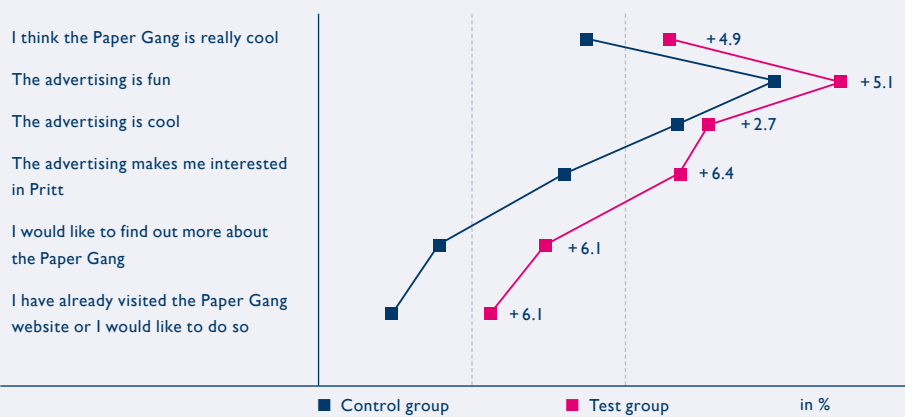
HIGH TARGET GROUP AFFINITY FOR THE PROMOTIONAL PRODUCTS

High acceptance of the promotional products ensures lasting interest.

The promotional characters used in the campaign achieved a high degree of recognition among the target group, as shown by the consistently higher evaluations by the test group compared with the control group. Over 50% of those questioned thought the Pritt campaign was very good or good.

The promotional characters also succeeded in arousing the interest and curiosity of the young target group about the Paper Gang, revealing a high level of activation potential. The proportion of people in the test group who wanted to find out more about the Paper Gang or who had visited the Paper Gang website or intended to was 6.1 percentage points higher than the figure for the control group.

Assessment of the promotional products



Source: Pritt Paper Gang onsite data collection 2010 /// Basis: Control group n=644, Test group n=644 / Data in % ; Target group: 10-20 years

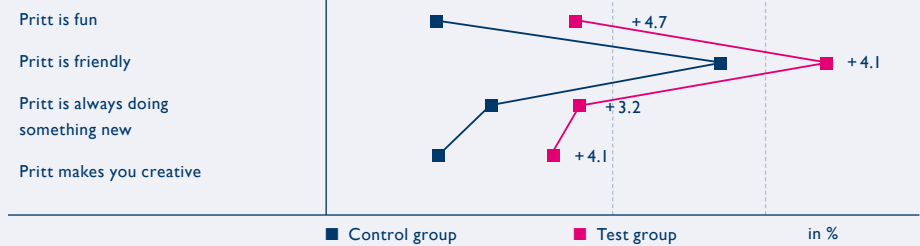
LASTING EFFECT ON IMAGE

The Paper Gang campaign also had a positive effect on the image of the Pritt brand. On all aspects of the company's image that were studied, the ratings by people who were questioned in the test group were considerably higher than the control group, who had had no contact with the campaign. The effect was particularly marked for those aspects which were boosted by the communication content of the campaign: Pritt is fun and friendly and makes you creative. This means that the campaign had had the desired effect of making the young target group enthusiastic about Pritt as a brand.

Positive boost to all aspects of image.



Pritt's brand image



Source: Pritt Paper Gang onsite data collection 2010 /// Basis: Control group n=644, Test group n=644 / Data in % ; Target group: 10-20 years

CAMPAIGN IMPACT STUDY CONFIRMS LASTING SUCCESS

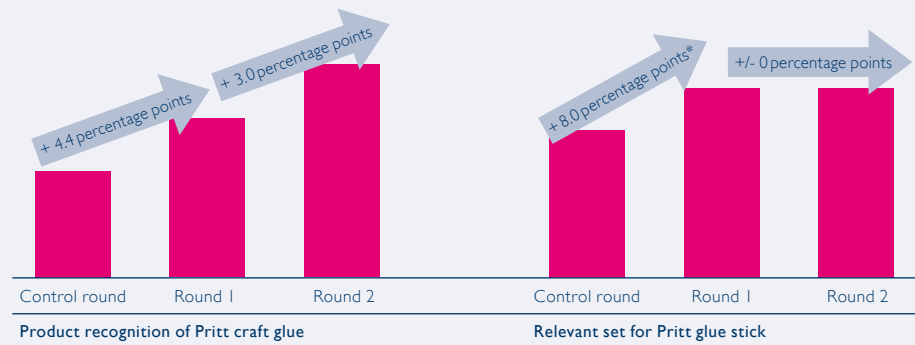
Product recognition and presence among the relevant set strengthened.

As well as its positive effects on the image of the Pritt brand, the campaign was also beneficial for actual Pritt products. For example, recognition of Pritt craft glue went up by 4.4 percentage points even while the campaign was still running. After the end of the campaign, the recognition rate went up a further 3 percentage points – also an indication that the effect that had been achieved was lasting.

The campaign also achieved a significant increase in the reputation of Pritt glue sticks among the relevant set of users. Even though this reputation started at a very high level, it was given a further boost by the campaign.

The Pritt advertising campaign therefore achieved a very high impact in all aspects that were studied. As well as improving the ratings for image and recognisability, the campaign also generated a high degree of involvement among the target group: this was reflected in the large numbers of carefully produced videos and photographs that were uploaded to the papergang.de website showing the Paper Gang figures that users had created themselves.

Product recognition and relevant set



Source: Pritt Paper Gang brand tracking 2010 /// Basis: Control group n=528, Round 1 n=508, Round 2, n=492 / Data in %; Target group: 14-19 years
* Significant at 99% level

EUROPEANS CONTINUE TO OPT FOR ONLINE ADVERTISING

In 2009, the volume of the European online advertising market was 14.7 billion euros, with Bulgaria, Russia, Slovakia and Switzerland now included in the survey for the first time.

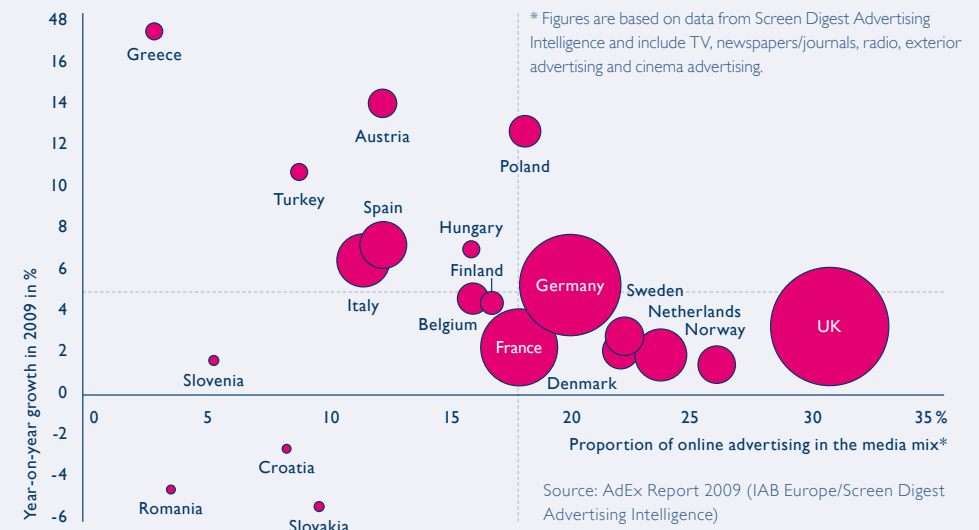
Altogether, the adjusted online advertising turnover for the 23 countries in the survey shows an increase of 4.5% compared with 2008, a success achieved in the face of the year of global economic crisis. Greece, Austria, Poland and Turkey, although the absolute size of their markets is still only modest, even achieved double-digit growth, whereas the trend in the still very small online advertising markets of Croatia, Romania and Slovakia was slightly downwards.

Taking Europe's six largest online advertising markets, it can be seen that Germany and the UK, with 5 and 4.6% increases respectively, are slightly above the average growth rate in Europe. Spain and Italy also had growth rates above the European average, while France and the Netherlands grew proportionately less.

Adjusted growth rate in the online advertising market in Europe in 2009 was at 4.5%.

Altogether, because of their scale, the online advertising markets in the UK, Germany, France, Italy, the Netherlands and Spain accounted for 76% of the total online advertising turnover in Europe.

European comparison of the growth and size of online advertising markets



EUROPE EDGES CLOSER TO THE US ADVERTISING MARKET

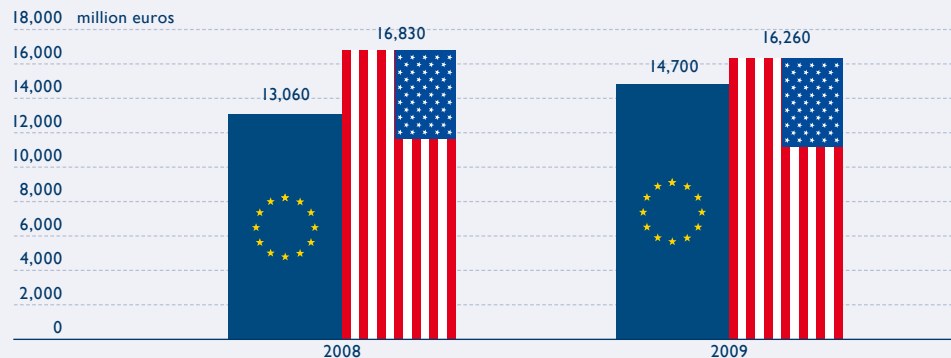
On average, the online share of the media mix in Europe is between 18 and 19%.

Unlike in Europe, in the USA the online advertising market continued to struggle with the effects of the financial crisis in 2009, and at 16.26 billion euros was down 570 million euros on 2008. Since the trend in Europe continued to be upwards, the gap between the volumes of the two online advertising markets once again narrowed significantly last year: whereas in 2008 the difference was still 3.77 billion euros, in 2009 it was down to 1.56 billion euros.

In Europe as a whole, expenditure on online advertising in 2009 accounted for 18 to 19% of the total available advertising budget, i.e. nearly one in five euros spent on advertising went online. In this context, spending in Germany and France was on the European average, while in the UK the share of online advertising in the media mix was as high as 30%. The Scandinavian countries, with shares of between 20 and 25%, also exceeded the European average.

The Internet has therefore established itself in all European countries as a widely used advertising medium that is gaining in importance over conventional communication channels. Experts are assuming that Europe will, in the foreseeable future, attain the same level as the online advertising market in the USA.

Annual comparison of the online advertising market in Europe versus the USA



Source: AdEx Report 2009 (IAB Europe/PwC)

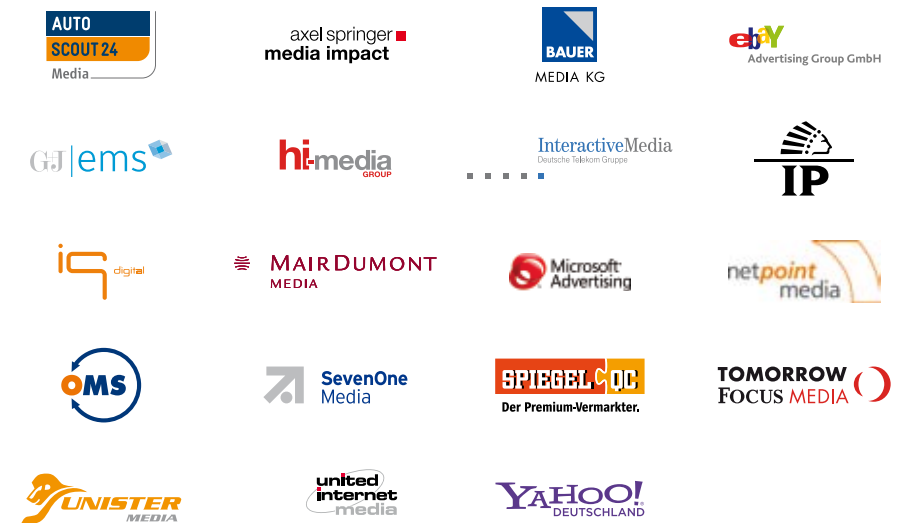
THE DEFINITIVE COMMITTEE FOR ONLINE ADVERTISING ISSUES

The OVK (Online-Vermarkterkreis, or Circle of Online Marketers) is the central body of online marketers in Germany. Nineteen of the largest German online marketers have come together under the umbrella of the BVDW (Bundesverbands Digitale Wirtschaft e.V. or German Association for the Digital Economy) to steadily raise the profile of online advertising. The Association's primary aims are to increase market transparency and planning reliability as well as to draw up standardisation and quality assurance measures for the online marketing industry as a whole.

Remit: set standards and create transparency.

To this end, the OVK works continuously to standardise advertising formats and the processes which can help to make the production, delivery and monitoring of online campaigns easier. These standards are constantly being extended in view of changing market requirements.

The OVK also implements key projects such as conferences, studies and development measures. The organisation is involved in national and international bodies for the further development of the industry. The OVK comprises the following operational units: AdTechnology Standards, Market Statistics and Targeting.



WORKING SUCCESSFULLY TOWARDS A COMMON GOAL

Continuous optimisation of market development.

The units of the OVK are used to structure large segments of industry. The units have experts from the relevant specialist areas working with them. The OVK is made up of the AdTechnology Standards, Market Statistics and Targeting units.

The AdTechnology Standards unit is the main body for developing the standards for promotional products. These standards are to be enforced by all members of the OVK and serve as a guide for the whole online advertising sector. The unit's aim is to make it easier for clients to produce and deliver online campaigns and to make sure the going-live process runs smoothly. The unit takes account of both technical integration and format standardisation. These standards are constantly being extended and adapted to meet the needs of the market.

The Market Statistics unit is closely involved with collecting and evaluating market statistics. The OVK provides the market with statistics about the online advertising market on a regular basis. These can be used for orientation purposes and they also show trends and areas with potential. This unit works very closely with companies and organisations such as Nielsen Media Research and the AGOF.

The core aim of the Targeting unit is to work actively on awareness and transparency. These efforts to promote transparency, both B2B and B2C, include defining terms and, above all, explaining methodology and user rights. In the long term, the Targeting unit will make an important contribution to creating binding minimum requirements.

The OVK also organises conferences, studies and development measures relevant to the sector and is active in national and international bodies for the further development of the online advertising market: it facilitates networking between members and external partners, makes available valuable market data for online strategies and endorses unique concepts for online campaigns with the OVK AWARD.

REPRESENTING THE INTERESTS OF THE DIGITAL ECONOMY

The BVDW is the organisation that represents the interests of companies in the field of interactive marketing, digital content and interactive added value.



The BVDW has interdisciplinary roots, and therefore has an excellent overview of the issues facing the digital industry.

It has taken on the task of making the efficiency and the benefits of digital media transparent, and so promoting their use in the economy as a whole, in society, and in government.

BVDW is engaged in continuous dialogue with politicians, the media and other interest groups, and supports the dynamic development of the sector in a results-oriented, practical and effective way.

The BVDW sees its role as being to bring together the skills of all its members, and combine them with the defined values and principles of the Association.

We are the Net



WITH "INTERNET FACTS" AND "MOBILE FACTS", AGOF DELIVERS DIGITAL CURRENCIES



The AGOF market media studies enable market-oriented planning of digital media based on conventional standards.

AGOF has now been publishing its market media study "internet facts" for five years and, with the Unique User parameter that it has introduced there, it has established the market's standard currency for measuring online reach, as the basis for high quality online media planning. Since autumn 2009, the reach component of the "internet facts" study has been based on the data collected for "ma Online" as specified by the ag.ma committees. This is always published, in parallel to "internet facts", by Gattung Online, part of the Working Group on Media Analysis (ag.ma).

As part of the process of continuous development and quality control, the internet facts 2010-I saw the implementation of some changes to the data collection methodology and the way the study is produced – with the approval of the agencies and players in the market. In this way, AGOF has not only secured the continuing high quality of the "internet facts" data as the basis for online planning, but has once again demonstrated the ease with which its market media study can be adapted to suit changed circumstances in the use of the media. The market data contained in "internet facts", combined with the planning tool TOP, developed by AGOF, provides a sound basis for planning by Internet advertisers. AGOF currently has 22 full members and 60 licensees.

In May 2010, the Internet and Mobile sections were set up under the umbrella organisation of AGOF, marking another important milestone in the continuing development of the two digital market segments, Internet and Mobile. The marketers who specialise in each of the two digital advertising media are now organised in their own section, and can control and take responsibility for the planning, provision and further development of market reach research and planning parameters for their particular segment of the digital economy. The main aims of the Mobile section are, in the medium term, to establish a currency for measuring mobile reach in the market, and to publish a study called "mobile facts", giving planning data about mobile reach and the structure of mobile products.

PRACTICAL SERVICES IN THE FIELD OF ONLINE MEDIA PLANNING AND ONLINE MARKETING

The publication of the internet facts 2010-I was accompanied by the implementation of another set of new functions in AGOF's planning and evaluation program, TOP. Many suggestions and tips from market partners were included to make sure that the tool reflects the current needs of users even better.

One improvement which should be highlighted is the clearer presentation of data about divergence losses during targeting. The possible divergence losses for selected types of targeting are now shown transparently in the planning data for each advertising slot.

Another important improvement is the expansion of discounting functionality. Now users can conveniently manage their particular discounts in TOP and use them in the planning process.

In addition to the other functional improvements, the time for working out evaluations and plans has been cut by about 50%.

The AGOF Academy offers all kinds of training opportunities with its wide range of courses. As well as the training courses on using the TOP tool for online media planning – at beginner, advanced and professional level – there are various courses on handling the "internet facts" data in your daily work and on the basic principles for joining AGOF. The courses, for which a fee is charged, are held at AGOF's premises in Frankfurt, but can be requested as in-house training courses if required.

The current programme of courses can be downloaded from www.agof.de/akademie.

Market-oriented support ensures your use of the Internet as an advertising platform is effective and successful.



CHANGES TO DEFINITIONS ENSURE CONTINUING HIGH STANDARD OF PLANNING DATA

The changes that had to be made to the studies mean that the reach data, in particular, in internet facts 2010-I and "ma 2010 Online I" cannot be compared with previous rounds of statistics.

With the publication of internet facts 2010-I and "ma 2010 Online I", in the interests of continuous improvement and quality control, certain new features were introduced in the form of changes to the way the studies are produced and to the methodology of data collection. All players in the market see these changes as essential in order to guarantee that real-life usage continues to be correctly and accurately reflected.

Firstly, the internet facts 2010-I, like the other ma studies, now provides new and expanded basic populations: as well as the resident German population over the age of 14 which was previously taken into account, from now on foreigners from EU countries and other German-speaking foreigners over the age of 14 living in Germany will also be included in the basic population. Secondly, an important new feature is the changed definition of the multi-client model. The need to change the definition arose from changing patterns of Internet use in relation to the number of computers and browsers being used and the different locations where the Internet can be used. Previously, a multi-client user was defined as a user who uses the Internet from more than one location and/or uses the Internet from two computers in at least one location. In order to continue to reflect online usage as realistically as possible, as of the latest report a multi-client user is defined as someone who uses the Internet from more than one location and/or goes online with more than one browser per computer.

These changes to the studies have multiple implications for the reach data, with the result that the statistics given in "ma 2010 Online I" and internet facts 2010-I can no longer be compared with previous reports, with regard to both the data on the reach and structure of products and marketers' portfolios and also the data on general Internet use and e-commerce. Conjunctions or comparisons of any kind – before and after reviews, demonstrations of increases or losses of reach at product and/or marketer level, winners and losers rankings etc. – are not allowed.

CALCULATING GROSS ADVERTISING EXPENDITURE

Unlike other data acquisition methods, the OVK's online advertising statistics do not rely on so-called 'crawler statistics', so that the qualitative properties, in particular, of online advertising campaigns, such as targeting, CPC business or advertising in password-protected areas can be illustrated more accurately. The calculation of gross advertising volume in conventional online advertising is therefore based on the online advertising statistics from Nielsen Media Research. These in turn are based on postings from a group of marketers (currently 24) who report on a monthly basis their gross advertising expenditure as recorded in accounts systems and ad servers.

Qualitative features instead of crawler statistics.

All the data are evaluated gross, with reference to the applicable price lists and the media performances achieved. This approach enables direct comparisons to be made with printed adverts in other types of media that are covered by the Nielsen advertising statistics; the printed adverts are likewise evaluated gross. Altogether, around 75 percent of the conventional online advertising market is covered by the Nielsen online advertising statistics. To enable a picture to be formed of the entire online advertising market, this data is extrapolated and the volume of advertising from other sectors is added in.

The BVDW calculates turnover figures for search engine marketing and affiliate networks in cooperation with leading providers. Search engine marketing is viewed here in the simplified form of "net equals gross", since remuneration is calculated on an individual basis dependent on results, and no general gross price lists exist. For the affiliate networks, gross turnover is quoted and includes publisher commission, network charges and agency discounts.

SECTOR DEFINITIONS

Display ads, special advertising formats, search engine marketing and affiliate marketing.

Conventional online advertising includes, on the one hand, what are referred to as Display ads, which are made up of Banner, Skyscraper, Rectangle or Wallpaper ads. On the other hand, it also includes all moving picture advertising within conventional online advertising, and the integration of advertisers' content on online advertising facilities. This covers sponsorship, microsites and multimedia content. Charges for advertising are generally based on the Cost Per Thousand (CPT).

Search engine marketing refers to search terms for which a charge is paid. Here, advertisers pay for a specific position for their links in the display area of popular search engines. The advertiser decides on the search terms and corresponding links. Charges apply based on the number of clicks (CPC).

Affiliate networks are made up of many, often hundreds of web products with a less impressive reach (so-called affiliates) on which there is advertising. Unlike conventional online advertising, but similarly to search engine marketing, charges are generally levied based on the number of clicks. Charges may also be based on the number of sales achieved as a result of (and definitively attributable to) online advertising.



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