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OVK ONLINE-REPORT 2011/01

Overview of figures and trends

Special section:
Results of the OVK
advertising impact study

AGOF

OVK Online-Vermarkterkreis im BVDW

CONTENTS

DEAR READERS,

Paul Mudter,
Chairman of the OVK

The 26% growth rate achieved in the online advertising industry in 2010 is testament to the high willingness to invest in this sector. The restraint shown by the advertising industry in the online sector in 2009 as a result of the global economic crisis was replaced by intensive advertising activities last year. Due to the very cautious rise in online advertising during the crisis of 2009, the cost of the positive online commitment shown by advertisers in 2010 is above average. Conventional online advertising in particular rose sharply over the previous year, growing at a rate of 35%.

Based on current gross advertising investment, which is already very high at €5.3 billion, the Circle of Online Marketers (OVK) predicts that the trend for 2011 will continue in the same positive direction, albeit at a slightly more moderate rate. Assuming a 16% rate of growth, the gross advertising volume for 2011 would exceed the €6 billon mark for the first time, thus proving the growing relevance of online advertising.

In 2010, the online advertising market passed the €5 billion mark for the first time and the Internet became the second largest advertising medium in the media mix.

One of the main reasons for the continued positive growth in online advertising is its increasing establishment within the media mix. The altered composition of the latter in recent years shows that the ongoing migration of budgets into the online sector is continuing: in 2010, the Internet edged ahead of newspapers to make it the second most important advertising medium. At the same time, the gap between the Internet and the leading medium of advertising, television, is continuing to shrink. This online shift is also being promoted by the effects that can be achieved with online advertising, particularly since these are now being proven – in the long term and for campaigns in a broad variety of industries – by valid research approaches, such as the OVK advertising impact study contained in this report.

We hope you enjoy reading the OVK Online Report 2011/01.

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

SIGNIFICANT INVESTMENT IN ONLINE ADVERTISING IN 2010

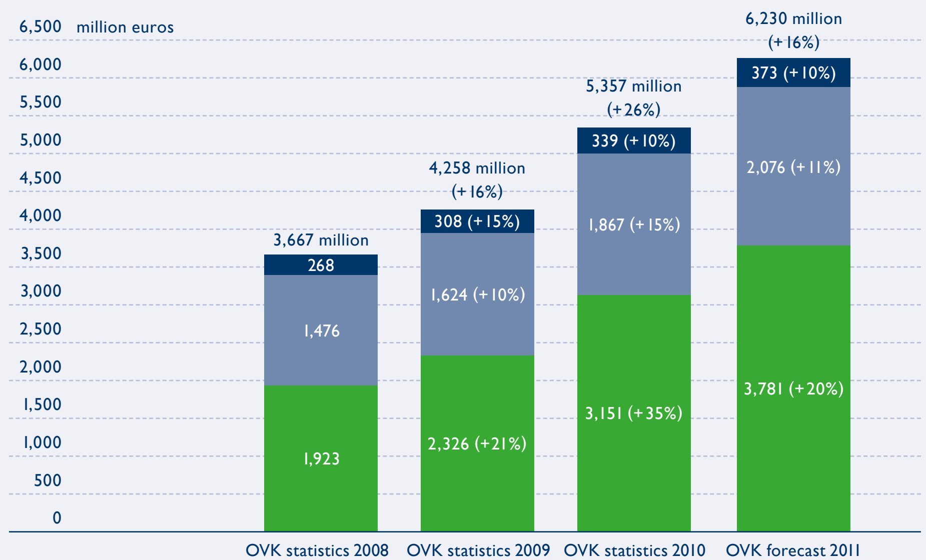
In 2010, the online advertising market grew by 26%, showing a distinctly positive development following the crisis of 2009.

Following the financial crisis of 2009, the online advertising market grew by 26% in 2010, which was higher than the forecast growth rate of 19%. This meant that the gross advertising volume in the fields of affiliate networks, search engine marketing and conventional online advertising exceeded the €5 billion threshold for the first time last year. The growth effects of 2010 have had a particularly strong effect in view of the muted activity of the previous year. At the same time, the dynamic market trend shows that online advertising has now established itself as an indispensable element of a comprehensive target group appeal.

A glance at the growth rates compared with the previous year reveals that it is once again conventional online advertising that has benefited most from the positive trend in the online advertising market. With a growth rate of 35% on the previous year, conventional online advertising surpassed the €3 billion threshold for the first time in 2010, with gross investment in the sector totalling some €825 million more than the previous year. With a total of €3151 million, it represents the highest spend of the three segments under consideration. Second place is occupied by search engine marketing, with advertising investment totalling €1867 million and a growth rate of 15% compared with 2009.

The OVK also forecasts uninterrupted positive growth in the online advertising market for the current year, although the impact following the extremely positive "post-financial crisis effect" in 2010 will normalise again this year. In light of this, the OVK forecasts growth of 16% for the entire online advertising market in 2011, which would take the gross advertising volume for Internet advertising above €6 billion. Around 60% of this or 3781 million would be spent on conventional online advertising, a third or 2076 million on search engine marketing and 6% or 373 million on affiliate networks.

OVK advertising statistics 2008 to 2010 with forecast for 2011



	OVK statistics 2008	OVK statistics 2009	OVK statistics 2010	OVK forecast 2011	
Affiliate networks	268	308	339	373	million
Search engine marketing	1,476	1,624	1,867	2,076	million
Conventional online advertising	1,923	2,326	3,151	3,781	million

Sources: OVK (extrapolation of figures for conventional online advertising from 75 to 100% and total market for online advertising, forecasts), Nielsen (data as at February 2011, collection of data for conventional online advertising at advertising slot level, adjusted by a proportion from search word marketing; as of 2009, some changes to the methodology of how this proportion is allocated) /// Data for the German market

INTERNET BECOMES SECOND LARGEST ADVERTISING MEDIUM

Due to the Internet's ever increasing share of the gross advertising pie, this medium has now also cut just ahead of newspapers to become the second largest advertising medium after TV.

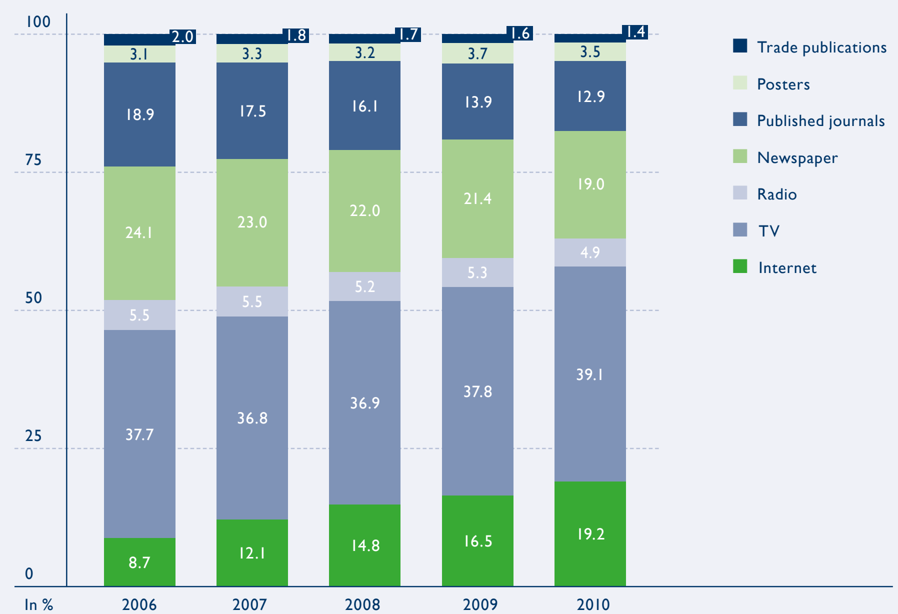
If we look at the gross advertising pie for 2010, the pattern is not dissimilar to previous years: the online share in the mediamix continues to rise, while the print share remains in decline. Since 2006, the Internet has more than doubled its market share and at 19.2% now occupies almost a fifth of the gross advertising pie.

This means that the Internet narrowly overtook newspapers (19%) in 2010 for the first time to become the second largest advertising medium in the media mix. At the same time, the gap between the current leading medium of advertising, TV, and the Internet is continuing to shrink. Moreover, the Internet has even managed to establish a lead of over 6 percentage points on the fourth medium, consumer publications. This development documents the growing importance of online advertising as part of integrated communication. Due to the increasing shift towards online media, the Internet is assuming an ever more dominant role amongst the media channels.

Research on the effects of advertising is an important driver in this regard. Such research is revealing the effects that can be achieved through online advertising, thus enabling a valid cost/benefit analysis of the employed budgets. Thanks to initiatives like the OVK advertising impact study, which is detailed in this report (from page 22), the long-term, implicit effects of online campaigns on brand image and brand-specific online behaviour are becoming evident. In combination with the various options for real-time and needs-based tailoring of an online campaign as well as the selective addressing of individual target groups, the Internet represents an extremely transparent and efficient advertising medium.

Thanks to innovative technologies, increasing bandwidths and the next generation of large-scale advertising formats, the relevance of online advertising will continue to grow in the coming years, especially since this method enables direct dialogue with the consumer without a change in media. This will allow the Internet to consolidate its position as the second largest medium in Germany.

Development of the gross advertising pie over time



Sources: OVK (OVK advertising statistics including the segments search word marketing and affiliate networks), Nielsen (development of the specified media types, data as at February 2011) /// Data for the German market

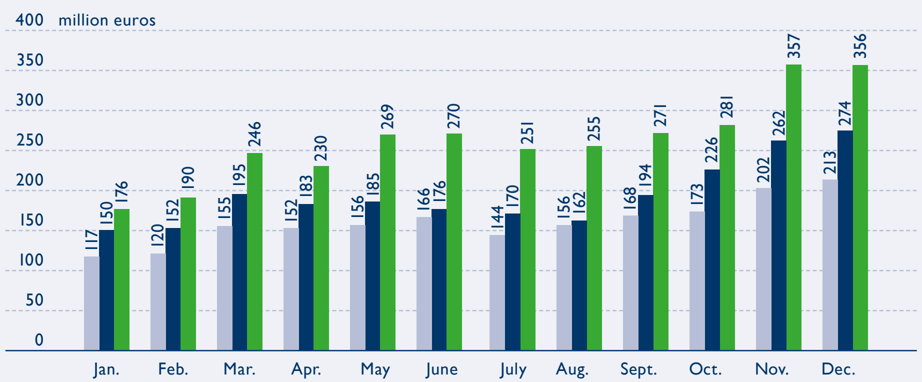
STEADY MONTHLY GROWTH

Advertisers turn increasingly to conventional online advertising.

Throughout 2010, gross advertising investment in conventional online advertising was well above the figures for the same months in previous years. As of March, the €200 million mark was exceeded and new monthly maximums achieved. November and December 2010 in particular represented the highest monthly totals achieved so far, with €357 and €356 million respectively. In these two months alone, gross advertising investment was up on the previous year by €95.3 and €81.8 million respectively.

Even during the summer months of 2010, traditionally a weaker time for advertising, levels of investment dipped only slightly. In June and July in particular, monthly advertising investment figures were considerably higher than in the same period in the previous year.

Monthly development of gross advertising investment in conventional online advertising



	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
2008	117.3	120.1	155.2	152.2	155.8	166.2	144.3	156.0	168.1	173.2	201.7	213.2	million
2009	150.1	151.8	195.1	182.5	184.5	176.0	170.1	161.8	193.5	225.6	261.6	274.2	million
2010	175.9	189.5	245.7	229.6	269.4	270.0	250.9	254.6	271.4	281.4	356.9	356.0	million

Sources: OVK (extrapolation of figures from 75 to 100%), Nielsen (data as at February 2011, collection of data for conventional online advertising at advertising slot level, adjusted by a proportion from search word marketing; as of 2009, some changes to the methodology of how this proportion is allocated) /// Data for the German market

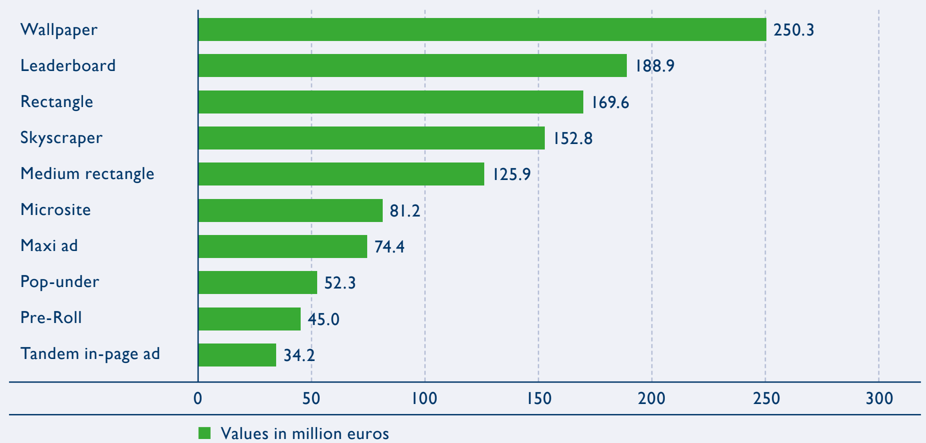
LARGE-SCALE AND INTEGRATED ADVERTISING FORMATS CONTINUE TO GAIN GROUND

A look at the top 10 advertising formats in terms of absolute gross advertising investment in 2010 reveals the continued high demand for large-scale and integrated standard forms of advertising – an indicator of the increased branding orientation of online advertising. Eye-catching formats, such as wallpaper, leaderboards and rectangles, occupy the top three places, followed by the classic formats skyscraper, medium rectangle and microsite.

The innovative new advertising media enable very complex advertising messages to be conveyed thanks to their generous presentation area and multimedia options.

The maxi ad has also seen spending increases – thanks to the establishment of the OVK Premium Ad Package amongst all market partners – and exhibited the third strongest rate of growth after pre-roll and wallpaper. The pre-roll once again experienced the largest increase amongst all advertising formats examined, highlighting the unwaning popularity of moving image adverts.

Top 10 advertising formats in terms of gross advertising investment for whole of 2010



Source: Nielsen (data as at February 2011) /// Not all marketers provide reports with a complete breakdown of the information. Due to the partial lack of detail, the individual reports have been summarised. /// Basis: includes the online marketers allesklar media, BAUER MEDIA, G+J Electronic Media Sales, IP Deutschland, iq digital media marketing; MAIRDUMONT MEDIA, Microsoft Advertising, netpoint media, OMS, SevenOne Media, SPIEGEL QC, TOMORROW FOCUS, United Internet Media and Yahoo! Deutschland /// Data for the German market

CONTINUAL EXPANSION OF ONLINE ADVERTISING ACTIVITIES IN ALL SECTORS

An increasing number of economic sectors are using online advertising as an integral part of their marketing strategies, as it allows them tap into the research phase that increasingly occurs online and thus assume an important position for the later purchase in the relevant set of consumers.

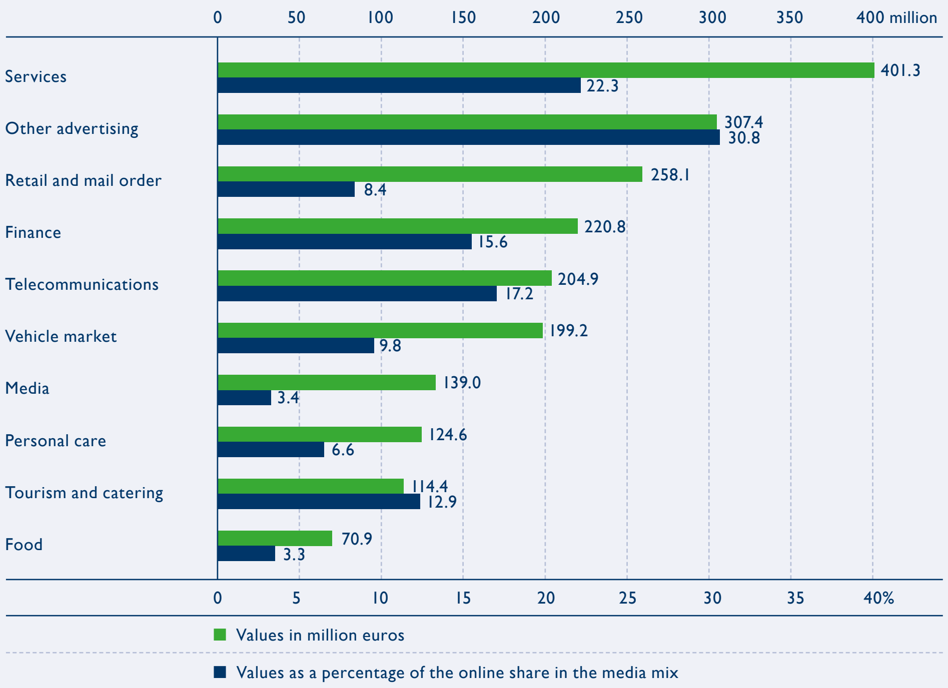
The natural establishment of online advertising in the media mix can now be observed across all industries. Advertisers in all sectors are now finding relevant potential target groups on the Internet (see also page 17 of this report). It is therefore not surprising that, for 2010, a continual increase in online advertising investment can be seen in all economic sectors shown. The service sector is once again the top online spender: In 2010, it spent €105.7 million more than in the previous year – representing the second largest absolute growth for the economic sectors shown. This takes online spending in the service sector to €401.3 million.

The largest absolute growth in online advertising investment can be seen in "other advertising", with an increase of €142.2 million on the previous year. A total of €307.4 million was spent on online advertising in this area in 2010 – an indicator of the ever expanding range of advertising companies on the Internet. Suitable to this development is that the online advertising investment of the food industry in 2010 put it in the top 10 business sectors for the first time. With annual spending of €70.9 million, the online commitment of this sector has grown considerably. Consequently, its share in the media mix has doubled over the previous year.

The financial sector also intensified its online advertising activities in the wake of the 2009 financial crisis and spent an extra €72.6 million, taking its total outlay for 2010 to €220.8 million. The vehicle market, personalcare products and the retail and mail order industry also showed clear absolute growth running into the tens of millions in 2010. The same applies to the telecommunications sector as well as the tourism and catering industries, albeit in a more moderate form.

Nevertheless, the share of online advertising in the media mix continues to vary wildly: while in some sectors, such as the service industry, almost a quarter of the budget is invested in online advertising, in other sectors of the economy, online advertising still plays a minor part in the media mix despite the increased online commitment visible across all sectors. This means that in terms of the total media budget available, spending on online advertising remains in the single-digit percentage range in five of the ten sectors examined. As a result, there is still considerable budget potential for the Internet in these areas.

Advertising investment in conventional online advertising by area of business for the whole of 2010



Source: Nielsen (data as at February 2011) /// Basis: top 10 areas of business /// Data for the German market

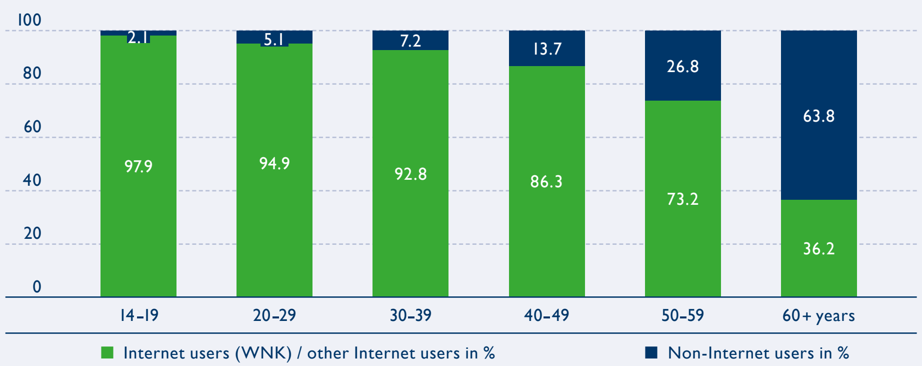
OVER 50 MILLION PEOPLE IN THE GERMAN-SPEAKING RESIDENT POPULATION OF GERMANY OVER THE AGE OF 14 ARE ON THE INTERNET

77.3% of Internet users, or 39.16 million people, have been using the Internet for over three years.

According to the internet facts 2010-III, the Internet has a reach of 73.4% in Germany during the reporting period – i.e. in the 3rd quarter of 2010, 51.78 million people were on the Internet (73.4% of German-speaking people over the age of 14 living in Germany [70.51 million]). The widest group of users (WNK; people who used the Internet within the last three months) constituted 71.9% of the population, equating to 50.67 million people.

A comparison of the age ranges represented among Internet users and non-Internet users shows that all generations are encountered on the Web. 14- to 39-year olds are virtually all on the Internet, with proportions well over the 90% mark, while the figure among 40- to 49-year olds is 86.3. Even in the higher age groups, many people are now online: among 50- to 59-year olds, 73.2% or almost three quarters are online, while 36.2% or over a third of the over 60s are Internet users.

Online penetration by age group



Interpretation example: 97.9% of 14- to 19-year olds are Internet users (WNK and other users) and 2.1% of 14- to 19-year olds are non-Internet users. /// Basis: 101,172 cases (Internet users in the last three months) / 621 cases (other Internet users) / 10,724 cases (non-Internet users) / Data in % /// Source: AGOF e.V. / internet facts 2010-III /// Data for the German market

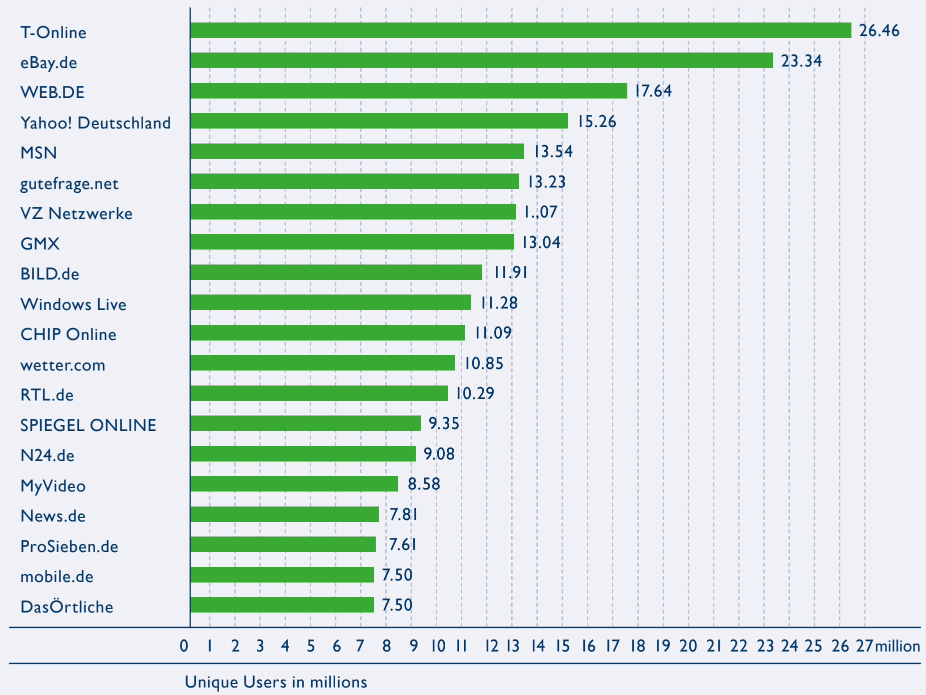
AVERAGE MONTHLY REACH OF THE TOP 20 ONLINE MEDIA OFFERINGS

The internet facts 2010-III includes data on reach and structure for 694 online offerings based on websites and 3692 insertion units.

The internet facts 2010-III contain data for 694 online sites.

Reaching 26.46 million Unique Users each month (52.2%), T-Online is ranked first among the sites, followed by ebay.de (23.34 million or 46.1%) and WEB.DE (17.64 million or 34.8%). Yahoo! Deutschland (15.26 million or 30.1%) and MSN (13.54 million or 26.7%) occupy positions four and five.

AGOF ranking of the top twenty online offerings in an average month



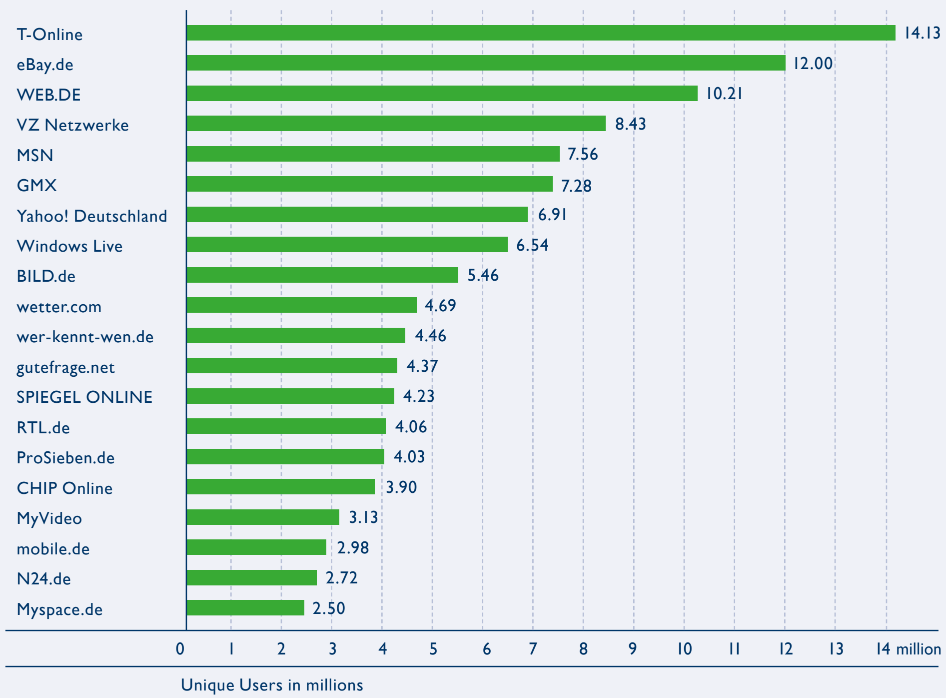
Number of Unique Users (in millions) for an average month in the period under analysis – July to September 2010 /// Basis: 101,172 cases (Internet users in the last three months) /// Source: AGOF e.V. / internet facts 2010-III /// Data for the German market

AVERAGE WEEKLY REACH OF THE TOP 20 ONLINE MEDIA OFFERINGS

3692 insertion units are available for online media planning.

In terms of its reach in an average week, T-Online with 14.13 million Unique Users (27.9%) is in first position. It is followed by the websites ebay.de (12 million or 23.7%) and WEB.DE (10.21 million or 20.2%). Ranked fourth and fifth are VZ Netzwerke (8.43 million or 16.6%) and MSN (7.56 million or 14.9%).

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



Number of Unique Users (in millions) for an average week in the period under analysis — July to September 2010 /// Basis: 101,172 cases (Internet users in the last three months) /// Source: AGOF e.V. / internet facts 2010-III /// Data for the German market

REACH OF THE OVK MARKETERS

The internet facts report the net reach of the marketers operating together in the AGOF. The following table shows the net reach of the marketers organised in the OVK, based on the marketer's offerings included in the internet facts 2010-III. A marketer's net reach does not always include its entire portfolio.

The internet facts 2010-III include data from a total of 71 marketers.

Net reach of online marketers in the OVK

Marketer	Reach in % (based on Internet users during the last three months)	Net reach in millions of Unique Users
Axel Springer Media Impact	45.4	22.98
BAUER MEDIA	9.7	4.93
ebay Advertising Group	49.9	25.30
G+J Electronic Media Sales	37.7	19.12
Hi-media Deutschland	31.8	16.10
InteractiveMedia CCSP	62.9	31.85
IP Deutschland	51.6	26.13
iq digital	36.9	18.70
MAIRDUMONT MEDIA	11.0	5.60
Microsoft Advertising	43.2	21.91
netpoint media	9.7	4.91
OMS	39.9	20.22
SevenOne Media	53.9	27.30
SPIEGEL QC	27.1	13.75
TOMORROW FOCUS MEDIA	60.7	30.74
Unister Media	32.7	16.58
United Internet Media	52.3	26.49
Yahoo! Deutschland	46.2	23.42
	Average month	

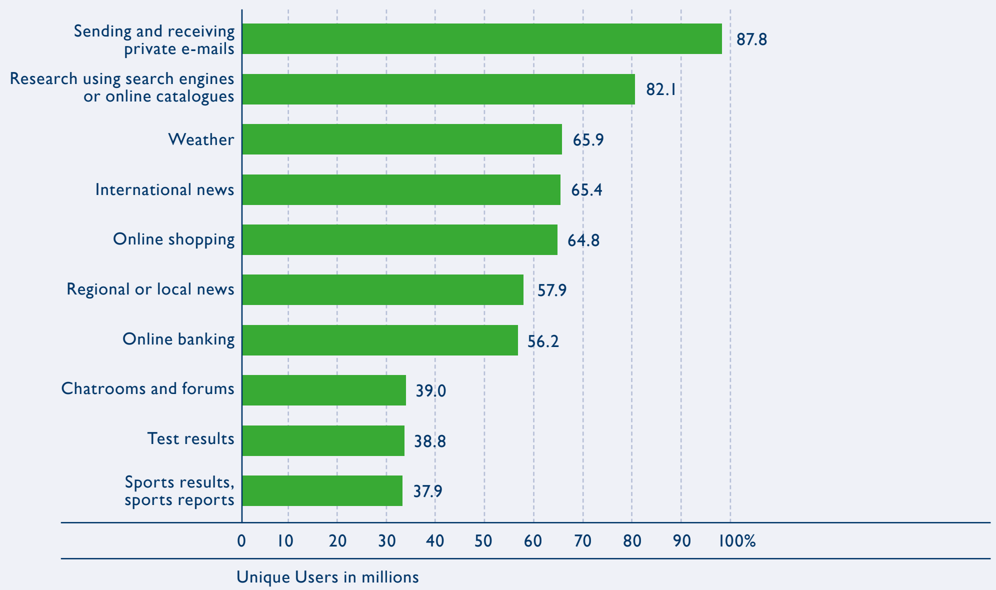
Number of Unique Users (in millions) and percentage for an average month in the period under analysis — July to September 2010 /// Basis: 101,172 cases (Internet users in the last three months) /// Source: AGOF e.V. / internet facts 2010-III /// Data for the German market

INTERNET USE IS A SET PART OF EVERYDAY LIFE

Communication, information and transactions are increasingly taking place online.

The wide range of online applications used shows that the Internet has become firmly established across virtually all areas of life. Sending and receiving private e-mails still occupies first place with 87.8% (44.50 million) of Internet users, followed by research using search engines or web catalogues (82.1% or 41.59 million users). For around two thirds of users, the use of weather, international news and e-commerce sites follows. Over half of those online also use regional or local news services as well as online banking. Other main areas of use include chatrooms and forums and checking test and sports results as well as cinema listings. Instant messaging services and accessing employment, property or dating websites are other common uses of the Internet.

Key usage areas – Top 10

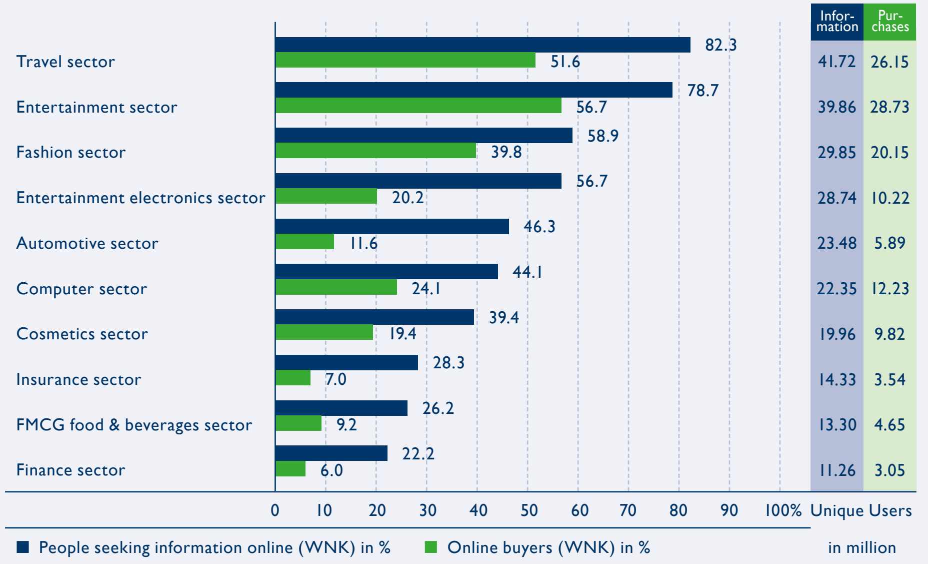


Interpretation example: 65.4% of all Internet users (WNK) use international news services at least occasionally. /// Basis: 101.172 cases (Internet users in the last three months) / „How often do you use the following sources of information or offers: frequently, occasionally, rarely or never?" / Top-two box is shown: frequent or occasional usage / Data in percent / The top 10 from a total of 22 subjects are shown /// Source: AGOF e.V. / internet facts 2010-III /// Data for the German market

CURRENT POTENTIAL CUSTOMERS BY SECTOR, BASED ON THE INTERNET FACTS 2010-III

The AGOF sector reports show the potential customers for defined sectors that can be found online.

Sector potentials for prospective customers looking for information online and for online shoppers; Basis of Internet users (WNK): 50.67 million Unique Users



Interpretation example: 82.3% of Internet users, which equates to 41.72 million Unique Users, have gone online at least once in the past to find information on travel products. /// Basis: 101,172 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 Users /// Source: AGOF e.V. / internet facts 2010-III /// Data for the German market

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

Travel	Rail tickets, flight tickets, hotels, hire cars, holidays/last-minute trips
Entertainment	Computer and video games, theatre and concert tickets, etc., films on DVD/video chargeable music/film downloads from the Internet
Entertainment	electronics Flat-screen TVs, DVD players/recorders, hard-disk recorders, home cinema/surround-sound systems, digital cameras, navigation systems
Fashion	Women's/men's clothing, shoes
Automotive	Used cars, new cars, hire cars
Computers	Hardware or computer accessories, software excluding games
Cosmetics	Women's/men's cosmetics, women's/men's perfumes, bodycare, haircare or dental care products
Insurance	Health insurance, life assurance and private pension schemes, other insurance such as car, contents 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, loans

INTERNET USERS ARE RECEPTIVE TO ADVERTISING

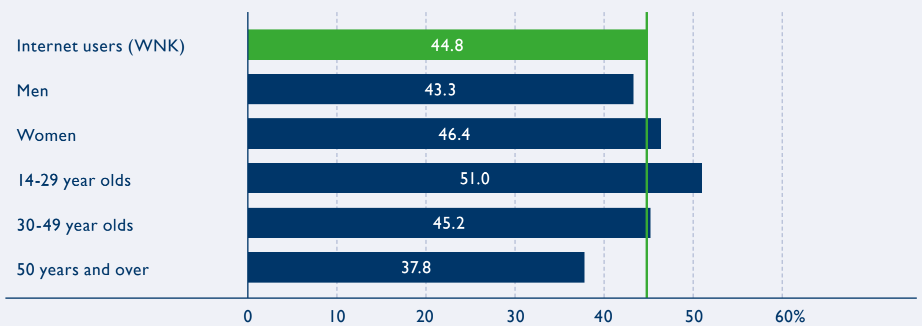
Almost half of Internet users have been frequently attracted to interesting products or new ideas through advertising.

The results of the OVK advertising impact study presented in this OVK online report show that online advertising is effective – a finding also supported by the survey on advertising awareness in the internet facts. Almost half (44.8%) of the Internet users are open to advertising, with women (46.4%) being even more sensitive to advertising messages than men (43.3%).

If we look at the different age groups, we can see that among younger users between the ages of 14 and 29, 51.0% have frequently been attracted to interesting products or new ideas through advertising. With 45.2% among 30- to 49-year olds, the figure is slightly above levels recorded by Internet users in general (WNK) while the over 50s show below-average interest in online advertising with 37.8%.

Receptiveness to online advertising

"I have frequently been attracted to interesting products or new ideas through advertising."



Interpretation example: 44.8% of all Internet users (WNK) have frequently been attracted to interesting products or new ideas through advertising. /// Basis: 101,172 cases (Internet users in the last three months) /// Top-two box is shown: fully applies or mainly applies. / Data in percent /// Source: AGOF e.V. / internet facts 2010-III /// Data for the German market

INTERNET USERS VALUE BRANDED PRODUCTS

Branded products are very important for a third of Internet users; this applies in particular to men and people over the age of 50.

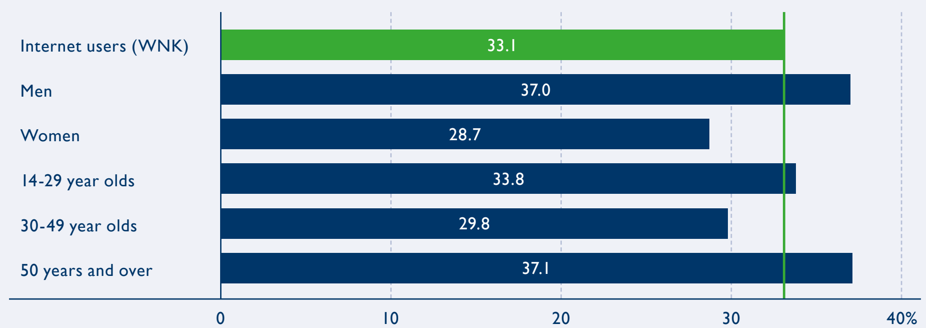
In general, Internet users are very brand-conscious. 59.3% agree with the statement that branded products are usually of higher quality, and 41.4% say that brands give them piece of mind when making purchases.

It is therefore not surprising that a third (33.1%) of Internet users value branded products. If we compare the sexes, men (37.0%) value this criteria considerably more than women (28.7%).

When we look at the different age ranges, the over 50s place the greatest importance on branded products with 37.1%, followed by 14- to 29-year olds, who are slightly above the level of Internet users in general at 33.8%. At 29.8%, the figure for 30- to 49-year olds is slightly below average. Overall, these values prove that online advertisers reach extremely brand-conscious target groups and that the Internet is an ideal communication medium for brand development and brand management.

Brand consciousness

"I value branded products."



Interpretation example: 33.1% of all Internet users (WNK) value branded products. /// Basis: 101,172 cases (Internet users in the last three months) /// Top-two box is shown: fully applies or mainly applies. / Data in percent /// Source: AGOF e.V. / internet facts 2010-III /// Data for the German market

THE INTERNET IS AN EVERYDAY MEDIUM FOR INFORMATION AND TRANSACTIONS

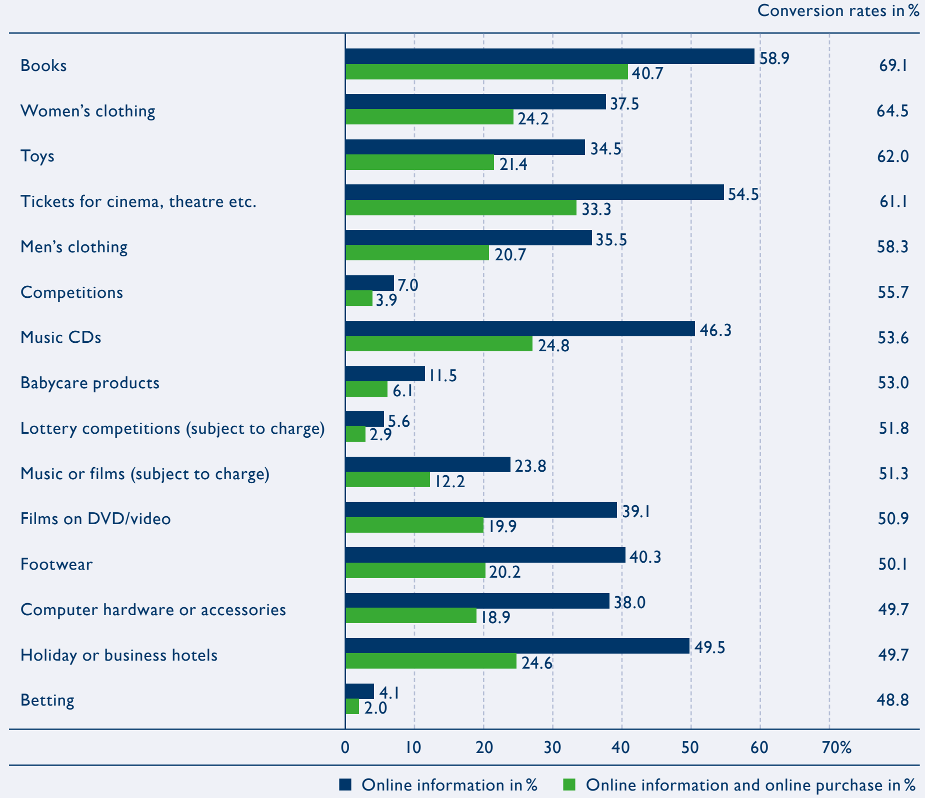
Many people who search for information online go on to make online purchases.

The widespread use of the Internet as a matter of course also has an effect on the purchasing behaviour of many consumers: so much so, that 96.9% of all Internet users, that is 49.08 million people, have looked online for information relating to products. This fact only serves to highlight the importance of the Internet as a platform for information in the research and decision-making stage before making a purchase – irrespective of whether this purchase is ultimately made online of offline.

Yet, the Internet not only serves as a medium for product information but also as a reference source when purchasing or using paid services. In total, 85.6% of Internet users (43.39 million people) have purchased products online during the past twelve months. Books remain the no. 1 purchase, followed by entrance tickets and music CDs.

The activation potential of the Internet 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 69.1%, i.e. the number of people seeking information online who also buy books online amounts to over two-thirds of the people who sought information about books online. This is followed by women's clothing, toys, entrance tickets, men's clothing, lotteries, music CDs, babycare products, lottery competitions subject to charge, music and film downloads, films on DVD/video and shoes. For all these products, more than half of those searching for information online also become online purchasers, i.e. the proportion of people who seek information and buy online is over half of those who search for information online.

Conversion rates for the top 15 products



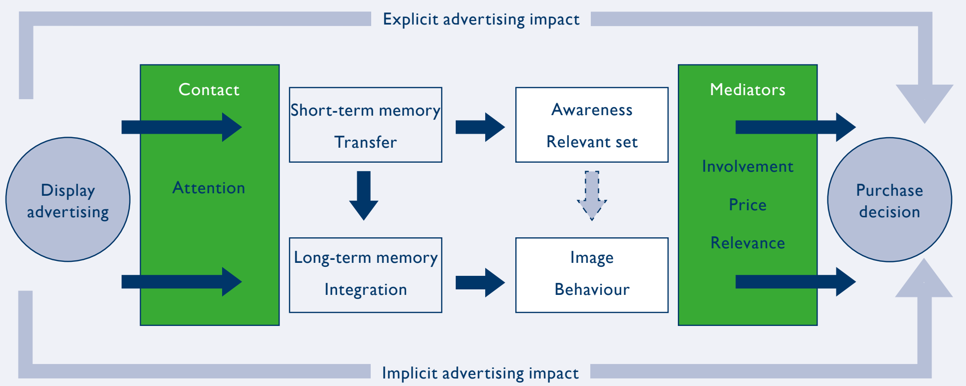
Interpretation example: 58.9% of Internet users (WNK) have researched books on the Internet and 40.7% have researched books online AND bought them online, equating to a conversion rate for those seeking information to those seeking information and making a purchase of 69.1%. /// Basis: 101,172 cases (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 / The top 15 from a total of 59 products are shown ///Source: AGOF e.V. / internet facts 2010-III /// Data for the German market

OVK STUDY LOOKS INTO THE SUBLIMINAL EFFECTS OF ONLINE ADVERTISING FOR THE FIRST TIME

The OVK has conducted a large-scale study on advertising effectiveness in order to investigate the implicit impact of display advertising on brand image and online behaviour. The study focused on the implicit impact parameters, such as changes in image dimensions and online behaviour, produced by the advertising contact.

The explicit, i.e. the direct and conscious effect of display advertising on the Internet has already been proven in several studies and is now a standard component of any media strategy. Until now, however, no studies had ever looked into the implicit, i.e. the intuitive and subconscious impact of display advertising on branding. In order to fill this important gap in terms of the achievable effects of online advertising, the OVK launched an advertising impact study entitled "Display advertising has an implicit effect!". The study spanned a range of marketers and was the first of its kind to investigate the implicit added value of display advertising.
The large-scale study was conducted in two separate phases in collaboration with eye square Gmbh. One part consisted of an online survey of 1000 participants over a four-week period. The main focus here was on factors such as perception, image, purchase intention as well as brand-specific Internet behaviour. In the second part of the study, a laboratory evaluation – including the use of remote eye tracking and video recording – was conducted with a further 120 representative Internet users. Participants were asked to surf the Internet for around 20 minutes, visiting selected websites, and to perform various tasks during this time.

Implicit impact of display advertising



Source: OVK 2010 advertising impact study

REPRESENTATIVE AND BROAD STUDY APPROACH DELIVERS RESULTS THAT CAN BE APPLIED TO ALL MARKET PARTNERS

Focus on standard advertising formats super banner, skyscraper and medium rectangle on 24 of the widest-reaching online portals and a broad range of online display campaigns

The large Internet-representative online sample of n=1000 and the technology of the eye square i² server used in the study ensured that the campaign simulation was as true to life as possible and that a valid measurement of advertising impact could be obtained. The advertisements featured in the defined environments were removed from the i² server while the probands surfed the Internet and replaced with the advertising material to be tested. Each replacement was logged so that the relationship between frequency of contact with an advertisement and advertising impact could be analysed. The i² server also recorded user behaviour.

The study was based on online display campaigns for the brands Mini, Opel, Philips, LG, Maggi, Nesquik, OTTO and REWE, placed on 24 of the widest-reaching German online portals with a variety of subject areas and usage situations: BILD.de, BRIGITTE.de, BUNTE.de, Chefkoch.de, COMPUTER BILD, ebay, GMX, Handelsblatt, kicker, mobile.de, MyVideo, N24, ProSieben.de, RTL.de, StayFriends, STERN.DE, studiVZ.net, t-online.de, WEB.DE, WELT ONLINE, wer-kennt-wen.de, wetter.com, wetter.de and ZEIT ONLINE.

When selecting the campaigns to be used, a conscious decision was made to cover a broad range of sectors and brands in order to achieve independent and generalisable results for all market participants. Moreover, the study used only past campaigns so as to ensure that the effects were solely the result of the experimental advertising control method and not attributable to the interference of other cross-media campaigns.

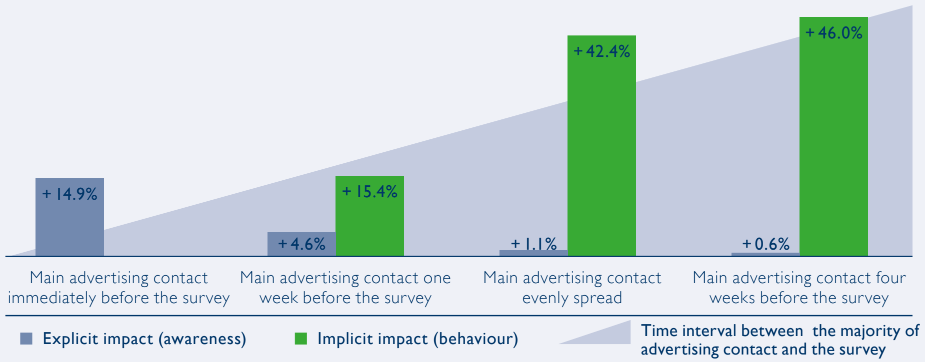
The campaigns used the standard-format skyscrapers, super banners and medium rectangles so that the general effects could be studied in the first instance. It can be assumed that the measurable effects in the case of special formats would be more pronounced on account of the associated increased attention. In total, an average of eight advertising materials for each campaign were delivered to the Internet users during the four-week study period.

IMPLICIT ADDED VALUE OF DISPLAY ADVERTISING ON BRAND-SPECIFIC ONLINE ACTIVITIES IS CLEARLY SHOWN

The online behaviour exhibited after contact with a campaign is the most important indicator of the implicit added value achieved and therefore a very good predictor of the implicit effects of display ads.

The results of the OVK advertising impact study provide impressive proof that display advertising succeeds in increasing the brand-specific online activity of Internet users in the long term. This effect can be seen in the increased use of domains for the promoted brands, whereas the increase over the four weeks of tracking becomes particularly clear when the majority of advertising contact takes place in the first week. However, this is not the only instance where there are significant increases in brand-specific online activity: a significant effect on online behaviour can be observed across all Internet users involved in the study, irrespective of the time of the advertising contact. This shows that a contact with a display advertisement works at an implicit level by causing a long-term activation potential for the advertised brand. The marked increase in the implicit added value of the display advertisement as the length of time since the advertising contact increases shows that response values which measure the immediate response of Internet users greatly underestimate the long-term effect of display advertising. Obviously, users are apparently less willing to change their behaviour immediately and explicitly following contact with a display advertisement. Advertising impact surveys that look only at short-term reactions – such as the explicit surveying of awareness or the evaluation of click-through-rates – therefore belie the long-term effect of display ads when it comes to their activation potential.

Advertising impact between treatment and control group (Δ in %)



Source: OVK 2010 advertising impact study

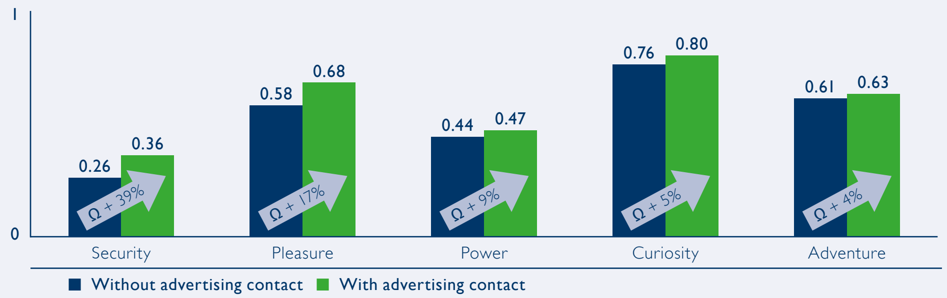
IMPLICIT EFFECT OF DISPLAY ADVERTISING ON BRAND IMAGE IS MUCH STRONGER

Brand dimensions are positively influenced in both the short and long term – implicitly more than explicitly.

It is not only online behaviour but also the implicit brand image that is considerably improved across all sectors and campaigns. In order to measure the achieved effect, the study participants were asked to decide whether certain characteristics apply to a brand. For each brand, proven and tested item sets containing a total of 24 terms were used and then assigned to defined brand dimensions. In addition to the explicit decision regarding assignment, the response times of the participants were also recorded since these provide specific information about the strength of association between the characteristic and the brand: the quicker the terms were assigned, the stronger and clearer the emotional association of the relevant brand characteristic.

Overall, the results show a distinct reinforcement of the brand association in the dimensions analysed, and this is true across all brands and sectors. Unlike the smaller explicit effects, a very definite implicit added value of display ads can be consistently verified at image level. Although it is also possible to observe a positive explicit advertising impact of display advertising for the parameters under consideration, this is of a more short-term nature. In particular, the improvement in brand awareness becomes weaker as the time since the last advertising contact increases.

i² BrandREACT brand image score (overall)



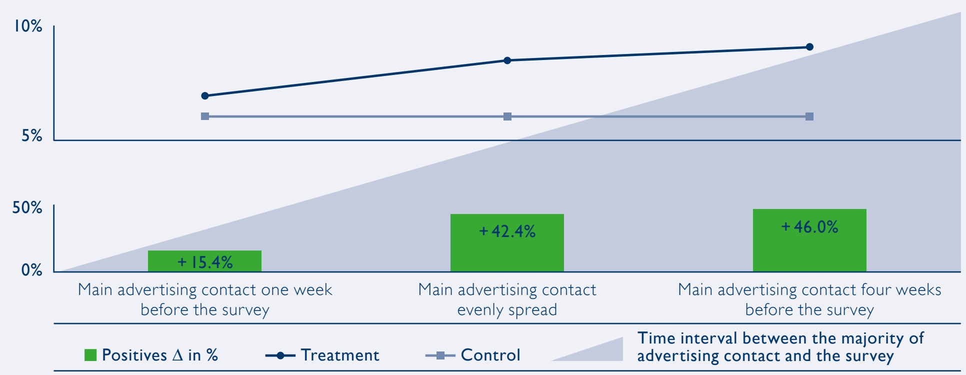
Basis: more than one instance of contact in the last week before the survey. /// Source: OVK 2010 advertising impact study

CONCLUSION: CONVENTIONAL ONLINE ADVERTISING WORKS WITHOUT CLICKING!

The OVK study proves that display advertising works without the user having to click, and leads to a long-term and sustainable positive influence on the brand image and brand-specific online behaviour.

The implicit advertising impact in the form of improved brand performance and an increase in brand-specific Internet behaviour were proven for the first time in the OVK advertising impact study. Prior to this, it was not possible to illustrate this impact to optimum effect using indicators such as CTR and classic questionnaires, and it was therefore not available as an assessment basis for campaigns. The data analysed as part of the OVK advertising impact study clearly shows that explicit advertising impact is at its peak in the short term, while the implicit indicators show strong long-term effects. Over time, the explicit brand awareness established through display advertising decreases. Its implicit impression, on the other hand, can be measured for longer and as the length of time increases, it has a greater chance of influencing (online) behaviour. A definite implicit added value can also be observed for the brand image. While this is difficult to influence at an explicit level, a clear positive overall effect could be seen at an implicit level for the tested brands and values following contact with advertising. This means that display advertising has a stronger influence on brand image than previously assumed, both in the short and long term. In the face of this valid proof of the long-term, implicit effect of display advertising, clicking on brand and image campaigns on the Internet is set take an increasingly backseat position as a calculation model in the future. Instead, the classic brand management parameters need to be defined for online advertising in the foreseeable future and established accordingly in online media planning.

Number of users with domain contact



Source: OVK 2010 advertising impact study

CIRCLE OF ONLINE MARKETERS (OVK)

Thr OVK sets standards and creates transparency.

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.

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.

UNITS AND LABS IN THE OVK

Continuous optimisation of market development.

The units of the OVK are used to structure large segments of industry. Experts from the relevant specialist areas work within these units. 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 enforced by all members of the OVK and serve as a guide for the whole online advertising sector. The aim of the group is to make the production and delivery of online campaigns easier for clients and to help the placement go smoothly. The unit takes account of both technical integration and format standardisation. These standards are constantly being extended and adapted to the needs of the market.

The Market Statistics unit is dedicated to the collection and evaluation of market statistics. The OVK regularly provides the market with statistics about the online advertising market, which can be used for orientation purposes and also highlight trends and areas with potential. This unit works very closely with companies and organisations such as Nielsen and the AGOF.

The core aim of the Targeting unit is to promote awareness and transparency. These efforts to raise transparency, both B2B and B2C, include the definition of terms and, above all, the explanation of methodology and user rights. In the long term, the Targeting unit will make an important contribution to the creation of binding minimum requirements.

The OVK also implements key projects such as conferences, studies and development measures. The organisation is involved in national and international bodies, such as IAB Europe, dedicated to the further development of the online advertising market.

GERMAN ASSOCIATION FOR THE DIGITAL ECONOMY (BVDW)

BVDW
Wir sind das Netz

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 benefits of digital media transparent, thus promoting their use in the overall economy, 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 manner.

The BVDW is committed to bringing together the skills of all its members, and combining 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 aim and purpose of the Arbeitsgemeinschaft Online Forschung (AGOF) is to ensure transparency and devise practical standards in online media research, independently of individual interests. To do so, it determines the relevant performance data in close cooperation with the market and makes it available in corresponding studies – both for the classic Internet and other digital media segments. For this purpose, the leading German marketers that make up AGOF are organised into sections, which promote the conception, provision and advancement of market reach research and planning parameters for their particular segment in close cooperation with market partners.

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

With its market media study "internet facts" and the "Unique User (UU)" parameter introduced therein, AGOF has established the market's standard currency as the basis for high quality online media planning by moving the reach part of the study under the umbrella of ag.ma. The study itself is published by AGOF's section Internet, while the reach component is released in parallel by ag.ma as "ma Online". The "internet facts" contains structure and reach data for nigh on 700 online media offerings of the study participants.

The market media study "mobile facts" is created and published by AGOF's section Mobile. The study contains reach and structure data for mobile media offerings in Germany, thus facilitating high-quality mobile media planning. Working with market partners, the aim is to establish the study and the reach parameter "Unique Mobile User (UMU)" introduced therein as the standard reach currency for mobile media planning in the medium term. The "mobile facts 2010" contains reach and structure data for 79 offerings of 11 marketers and 3 network operators in the digital mobile market segment.

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

With its wide range of courses, the AGOF Academy offers a host of training opportunities. Besides the training courses on online media planning with TOP – at beginner, advanced and professional level – there are a number of courses on using the „internet facts" data in your daily work as well as on the basic requirements for joining AGOF. The paid courses are held at AGOF's premises in Frankfurt, but can be requested as in-house training courses if required.

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

At the start of 2011, the AGOF Academy introduced a new training topic: "Transparency in online research – from technical measurement to reach". The course provides an overview of the different measurement methods of the media landscape and teaches skills for the evaluation and assessment of the results. The course is intended primarily for media researchers working for agencies and marketing companies, but would also benefit anybody interested in developing advanced knowledge and gaining a deeper insight into the methods of the internet facts.

The current course schedule is available at
http://www.agof.de/akademie

In addition to the data collections for the "internet facts", AGOF's "mobile facts 2010" has also been available in the evaluation and planning programme TOP since the end of 2010. Different types of licensing ensure the availability of tailored combinations to suit specific media planning requirements. For example, dual users can license the internet facts and the mobile facts as a package, while it is also possible to order the internet facts or the mobile facts data exclusively.

Further information and order details can be found at
http://www.agof.de/index.1023.de.html

THE AGOF THREE-PILLAR MODEL

AGOF collects reach and structure data for online media offerings on the basis of its three-pillar model and, with its market media study "internet facts" and the "Unique User" parameter contained therein, has established the market's standard currency for measuring online reach as the basis for online media planning in the market.

The data collection for the internet facts is generally based on three different methods – electronic measurement of usage, onsite surveys and population-representative telephone surveys – and is therefore referred to as the three-pillar model. The three different collection methods ensure that sufficient consideration is given to the complexity of online usage and that all necessary data is gathered for the subsequent planning data set.

With AGOF's three-pillar model, the required information is collected step-by-step before being combined: the usage of individual computers (Unique Clients) is examined in the technical measurement. In the next step, the onsite survey provides information about the actual computer users. Finally, the relationship between Internet users and the population as a whole is established in the representative telephone survey. The combination of all three pillars allows for a reliable and detailed analysis of reach and structure data of online media offerings and their insertion units. For this purpose, the three pillars come together in an innovative procedure. The Unique Clients are converted into Unique Users and supplemented with additional structure and market data before the representative weighting is performed.

AGOF's multi-method approach thus provides an accurate reflection of the reach and structure of online media offerings and their insertion units. Furthermore, thanks to its effective combination of technical values and survey data as well as its flexible approach to dynamic changes in the online market, it meets all the requirements of a professional market standard.

The data collected in the three pillars is ultimately combined to form the evaluation data set of the internet facts. It is countable and is available for online media planning within the AGOF evaluation and planning programme TOP. Due to study changes (e.g. expansion of basic population) the data as of the internet facts 2010-I can only be compared with future data, and not with past statistics.

CALCULATING GROSS ADVERTISING EXPENDITURE

Qualitative features instead of crawler statistics

Unlike other data acquisition methods, the OVK's online advertising statistics do not rely on "crawler statistics", which enables a more accurate representation of the qualitative properties of online advertising campaigns in particular; these include targeting, CPC business and advertising in password-protected areas. The calculation of gross advertising volume in conventional online advertising is therefore based on the online advertising statistics from Nielsen. These in turn are based on postings from a group of marketers (currently 22), who report their gross advertising expenditure recorded in accounts systems and ad servers on a monthly basis.

The data is evaluated grossly, based on 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 within the Nielsen advertising statistics, which are also evaluated on a gross basis. In total, around 75 percent of the conventional online advertising market is covered by the Nielsen online advertising statistics. To gain an overview of the entire online advertising market, the data is extrapolated and supplemented with the volume of advertising from other sectors.

BVDW determines the turnover figures in the areas of search word marketing and affiliate networks in cooperation with leading providers. Search word marketing is viewed here in the simplified form of "net equals gross", since remuneration is calculated on an individual, performance-related basis and no general gross price lists exist.
For the affiliate networks, the gross turnover is specified inclusive of publisher commission, network charges and agency discounts.

SECTOR DEFINITIONS

Display ads, special advertising formats, search word marketing and affiliate marketing

Conventional online advertising includes all display ads, which in turn comprises in-page ads such as full banner, rectangle or wallpaper as well as in-stream video ads, i.e. all types of moving image adverts. This sector also includes the integration of advertisers' content with online media offerings, such as sponsoring, microsites and multimedia content. Charges for advertising are generally based on the Cost Per Lead (CPL).

Search word marketing refers to chargeable search words: advertisers pay for a specific position of links in the display area of popular search engines. The advertiser decides on the search words and corresponding links. Charges apply based on the number of clicks (CPC).

There are many web offerings – numbers often run into the hundreds – with less extensive reach (so-called affiliates) and on which advertising is included; these are known as affiliate networks. Unlike conventional online advertising, charges are generally levied based on the number of clicks, as in the case of search word marketing. 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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