



OVK ONLINE- REPORT 2013/02

Overview of figures and trends



Exclusive results from
the OVK Branding Effects
Database

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DEAR READERS,



Paul Mudter,
Chairman of the Circle
of Online Marketers
(OVK) in the BVDW

The increase in the relevance of digital advertising continues unabated in 2013. In the first half of 2013, gross investment in conventional online advertising exceeded the already high level for the same period in the two preceding years, a clear sign of the advertising industry's sustained orientation towards the Internet, thereby adapting to consumers' increasing use of digital media. Consequently the Internet's share of the advertising pie continues to grow: a 23.5 percent share, i.e. almost one quarter, is assumed for this year. This means the Internet is once again slightly improving its position in the media mix as the second most important advertising medium.

In view of the Internet's strong position as an advertising medium, the Circle of Online Marketers (OVK) in the German Association for the Digital Economy (BVDW), is also adhering to its positive prediction for gross advertising volume for 2013, given that the seven billion euro threshold is likely to be exceeded for the first time this year. The biggest share is still apportioned to conventional online advertising, followed by search engine marketing and affiliate networks. The predicted gross rate of growth in investment in online advertising for 2013 has even been increased by another percentage point and is now at 12 percent, based on the rise in the forecast for search engine marketing.

At the same time, the mobile spending growth rate has maintained the dynamic trend of the preceding years. In the first half of 2013 alone, gross advertising investment in mobile display ads, mobile apps and tablet apps had increased by 75.6 percent compared with the previous year and thus already attained 44.5 million euros. The Mobile Advertising unit (MAC) within BVDW expects continued willingness to invest on the part of the advertising companies and forecasts cumulative market growth of at least 70 percent for 2013 as a whole. The mobile advertising market volume will then be around 105.1 million euros and will for the first time be worth more than one hundred million euros.

Despite all the digital euphoria, in view of spending in the meantime, proof of the advertising effect is playing an increasingly important role for market partners. This is why the OKV's Market Research unit has taken a detailed look at this topic as part of a cross-market effect analysis of 193 online campaigns from the OVK Branding Effects Database. I can say this much - the study shows that online advertising works for the marketer landscape as a whole and can perceptibly increase the relevant advertising effect parameters of brand awareness, recall and recognition. See page 25 of this report for further details.

We hope you enjoy reading the OVK Online Report 2013/02.

Paul Mudter
Chairman of the Circle of Online Marketers (OVK) within the BVDW

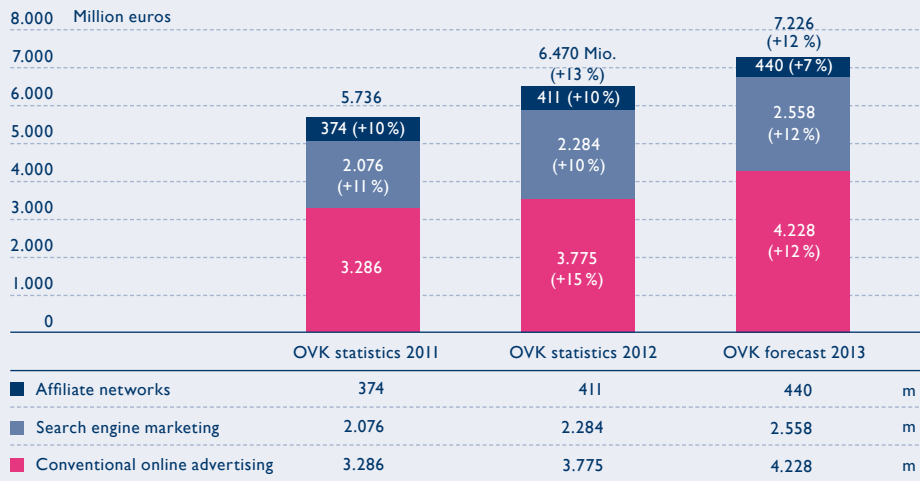
CONTINUED STRONG DEMAND FOR ONLINE ADVERTISING

Investment in online advertising is for the first time likely to exceed the seven billion euro limit in 2013.

Use of online advertising continues to be significant and is reflected in steadily increasing gross advertising investment. Growth rates for conventional online advertising and search engine marketing remain at level pegging, at 12 percent each, in the OVK forecast for 2013. At 4.23 billion euros, the volume of conventional online advertising is a good 40 percent greater than that for search engine marketing, which is forecast to be worth 2.56 billion euros. 440 million euros is forecast for the affiliate networks, with a 7 percent growth rate.

Overall, the OVK and experts from the search engine marketing and affiliate network sectors assume 7.23 billion euros in total expenditure on conventional online marketing, search engine marketing and affiliate networks in 2013, which corresponds to a growth rate of 12 percent on the previous year. This is why the growth rate for this year mentioned in the last OVK Online Report 2013/01 has even been increased by one percentage point and is almost at the previous year's level. In view of the volume that the online advertising market has since attained, this stable trend simultaneously illustrates progressive digitalisation of advertising communications and the concomitant paradigm shift in the media landscape.

OVK advertising statistics 2011-2012 with forecast for 2013



Source: Circle of Online Marketers (OVK) within the German Association for the Digital Economy (BVDW) (extrapolation of figures for conventional online advertising from 75 to 100 percent and total market online advertising forecasts), Nielsen (data valid as of June 2013 Collection of data for conventional online advertising at advertising slot level, adjusted by a share of search engine marketing) /// German market data in millions of euros by segment

The first time the 7 billion euro barrier is breached would represent a new high for the online advertising market and further proof of its growing relevance. A look at the composition of the assumed online advertising investment for 2013 again shows the leading role of conventional online advertising, which is responsible for 58.5 percent of total spending. This is followed by search engine marketing at 35.4 percent of spending and then affiliate networks, which accounted for 6.1 percent of spending.

With the predicted gross online advertising volume for 2013 of 7.23 billion euros, the online advertising market's volume will have increased by 1.49 billion since 2011. 942 million of the absolute growth can be ascribed to conventional online advertising, 482 million to search engine marketing and 66 million to affiliate networks. These figures impressively underline the relevance which the Internet has in the meantime attained as an advertising channel – online advertising has become indispensable for target group communication, not least because of the effect it makes (see separate section from page 25).

ALMOST ONE QUARTER OF THE GROSS ADVERTISING PIE IS ATTRIBUTED TO ONLINE ADVERTISING

With a share at this point of 23.5 percent, the Internet has continued to develop its position as the second most important medium in the media mix.

Sustained willingness to invest in online advertising is also demonstrated by the advertising pie's composition. According to the latest OVK forecasts, the Internet can again claim to be the second most important advertising medium in the 2013 media mix. The assumed 23.5 percent means almost one quarter of the advertising pie can be ascribed to the Internet. It has thus developed from what was initially a rather supplemental medium to become one of the world's key communications channels.

The Internet's increasing dominance of the communications mix is leading to stagnating or declining shares for the conventional media genres. With a share of 38.8 percent, the TV genre may still be at number one, but the gap between TV and the Internet is now down to 15.3 percentage points. Last year this gap was still 16.4 percentage points.

Newspapers and consumer publications are in third and fourth place respectively behind the Internet, although the gap between print and online presence is steadily widening. Although the forecast continues to assume 14.7 percent and 11.5 percent shares of the advertising pie for newspapers and consumer publications respectively, this places both these media sectors 8.8 and 12 percentage points behind the Internet. At the same time, the Internet's share of the advertising pie is twice that of consumer publications.

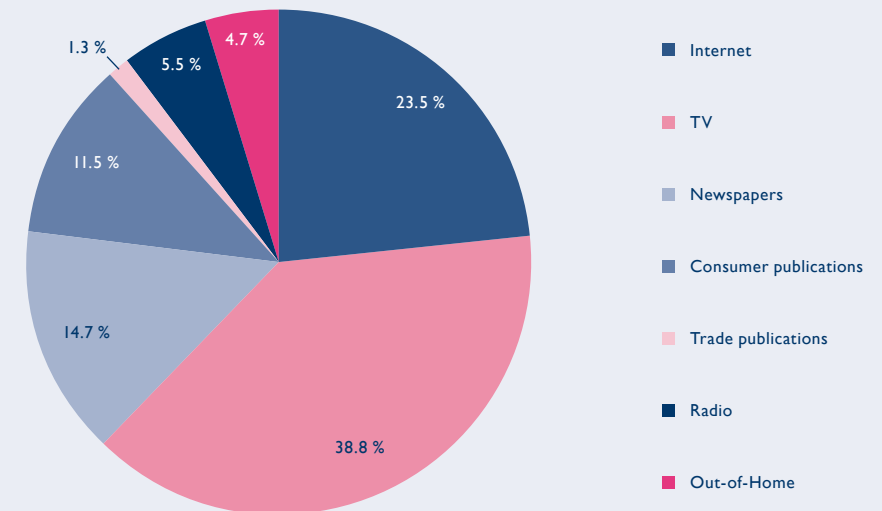
The percentage share forecast for the remaining genres – trade publications, radio and out-of-home – are all in single figures.

The Internet's increasing dominance of the media mix can above all be ascribed to online communications' medium-specific advantages. Target group dialogue can be conducted interactively and without

media discontinuity, optimum campaign targetting is ensured by comprehensive planning data and the possibility of optimising campaigns at any time. Transparent tracking tools also facilitate detailed analysis and cost control.

Advertising effect research to accompany the campaigns furthermore documents successes and its advertising effect indicators help with rating the campaign and the direction to be taken by future planning. And as can be seen from the results of the OVK's cross-marketer effect analysis on page 25 onwards of this report, it is possible to make a considerable impact, which will in turn lend greater impetus to investment in the online sector and further increase the Internet's role in the media mix.

Forecast for how the gross advertising pie will divide up in 2013



Source: Circle of Online Marketers (OVK) within the German Association for the Digital Economy (BVDW) (information for the Internet based on OVK advertising statistics, i.e. including the search engine marketing and affiliate networks segments), Nielsen (media trend in the stated media genres, data valid as of June 2013; the first half of 2013 and the average growth rates between the first and second halves of the year for the last three years were taken as a basis for extrapolation of the stated advertisers for 2013 as a whole) /// German market data in percent

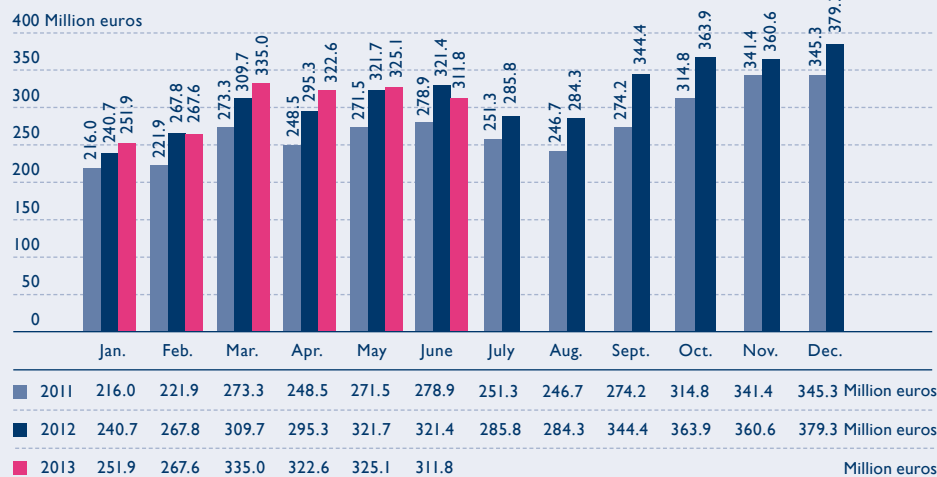
FURTHER INCREASE IN MONTHLY SPEND ON CONVENTIONAL ONLINE ADVERTISING

In the first half of 2013, the majority of investments in conventional online advertising were over the 300 million euro mark.

In the first half of 2013, gross investment in conventional online advertising almost universally exceeded the already high level of comparison months in the previous years, as a consequence of advertisers' ever stronger focus on the Internet. The spend exceeded the 300 million euro mark in every month except January and February.

In total, in the first six months 1.81 billion euros had already been invested in conventional online advertising, which corresponds to 43% of gross advertising investment in this segment, worth 4.23 billion, forecast for this year. A continuation of this positive trend and achievement of the assumed total investment is to be expected given the willingness to spend, which experience tells us accelerates in the second half of the year, driven by Christmas trade.

Monthly trend in gross advertising investment in conventional online advertising



Source: Circle of Online Marketers (OVK) within the German Association for the Digital Economy (BVDW) (extrapolation of figures for conventional online advertising from 75 to 100 percent), Nielsen (data valid as of June 2013, Collection of data for conventional online advertising at advertising slot level, adjusted by a share of search engine marketing) /// German market data in millions of euros

MOBILE DISPLAY ADVERTISING IN GERMANY STILL FLOURISHING

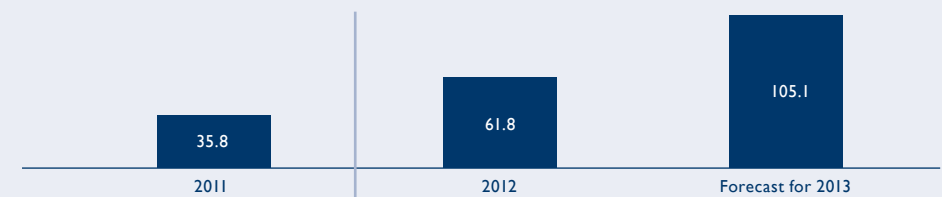
According to gross advertising statistics from the Mobile Advertising unit (MAC) within BVDW in cooperation with Nielsen, gross investment in mobile display ads, mobile apps and tablet apps from January to June 2013 rose by 75.6 percent compared with the previous year and had already reached 44.5 million euros in the first six months.

This trend in the mobile spend conforms to MAC's prediction for the year as a whole, which assumes growth in excess of 70 percent. As the advertising statistics have been strengthened by the mobile notifications from two more German marketers since 2012, it is not possible to make comparisons with 2011 as the basis has changed. It is, however, at any rate clear that 2012 was a successful year for mobile advertising and this trend has continued in the first six months of 2013.

MAC therefore assumes growing investment by the German market in mobile advertising for the remainder of 2013. The previous forecast of minimum 70 percent growth for 2013 therefore remains unchanged. The ensuing gross mobile advertising revenue of 105.1 million euros would exceed the previous year's level by 43.3 million euros – a clear indication of dynamic investment in this sector.

Given minimum 70 percent cumulative market growth for the whole of 2013, gross mobile advertising revenue is expected to be in the order of 105.1 million euros, thus breaking the 100 million euro barrier for the first time.

Annual comparison of gross revenue from mobile advertising with forecast for 2013 in millions of euros



Source: Mobile Advertising Unit (MAC) within the German Association for the Digital Economy (BVDW)/Nielsen (data valid as of June 2013), gross sales of advertising in mobile display ads, mobile apps, tablet apps, from 2011, information supplied by the following marketers: Axel Springer Media Impact, G+J Electronic Media Sales, Interactive Media, IP Deutschland, iq digital media marketing, Tomorrow Focus Media, United Internet Media and YOC AG; from 2012 including data from SevenOne Media GmbH and madvertise Mobile Advertising GmbH (share of initial marketing), proprietary advertising is excluded, /// data for the German market

CONVENTIONAL ONLINE ADVERTISING IS IN DEMAND IN ALL INDUSTRIES

Advertisers from every branch of industry value the Internet as an advertising platform and use this interactive method of addressing consumers as an important component in their media mixes.

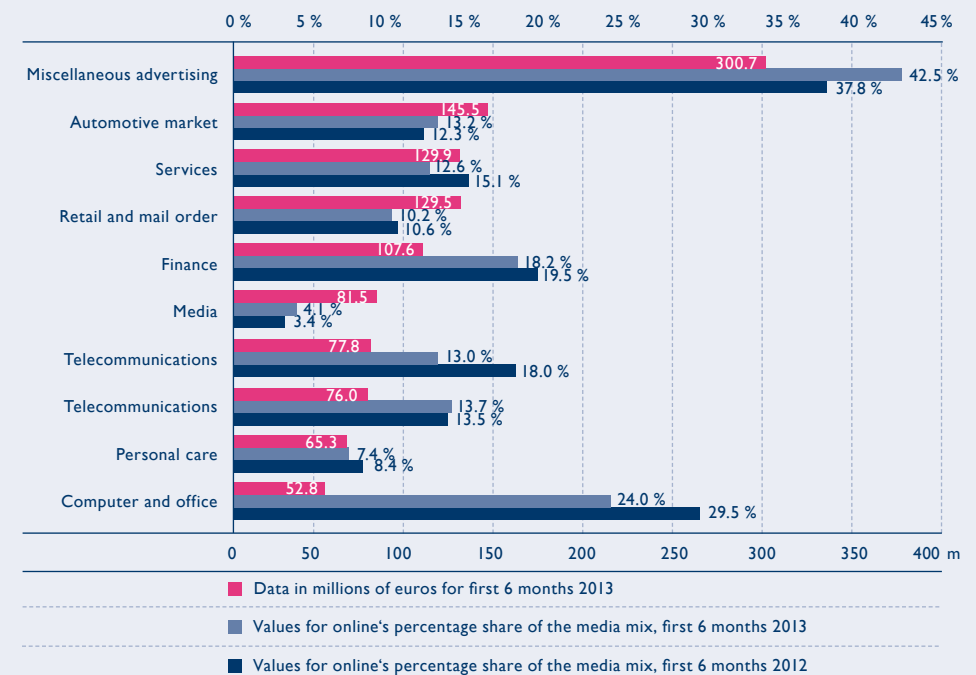
The cross-sectoral view of the absolute spend on online advertising and its share of the respective media mix shows that online advertising is a fixed part of target group communication in every branch of industry. In eight out of ten of the branches of industry illustrated, conventional online advertising's share of the communications mix reached double digits in the first half of 2013 and, in three cases, namely "Miscellaneous advertising", "Automotive market" and "Tourism and catering", already exceed the online shares in the same period of the previous year. Looking beyond the top ten spenders, it is apparent that spending on conventional online advertising in the consumer electronics, energy, transport and transport infrastructure sectors, as well as textiles and clothing, also account for a double-digit share of the media mix.

Online advertising thus plays an increasingly important role in communications in a whole range of sectors. Of the ten branches of industry illustrated, miscellaneous advertising, which includes charitable organisations and corporate advertising – remains in the lead. In this case, the online share of the media mix is 42.5 percent, i.e. these companies already spend more than four in every ten advertising euros on the Internet. The computer and office sector, which has figured in the top ten for many years, is in second place; where it is concerned online advertising, at 24 percent, is responsible for just under one quarter of the media mix. The financial sector, which occupies third place, relies on online for just under one fifth, in other words 18.2 percent, of its media mix. Also the online shares of the media mix are in the double-digit range in the tourism and catering segment, the automotive sector, telecommunications, the service sector and the retailing and mail order business. Based on the total available media budget, only two of the sectors illustrated still invest a single-digit percentage of their online spend. In view of the general media mix trend, a rising online share trend is to be assumed here too. Where absolute spend on online advertising is concerned, half of the sectors shown had already invested hundreds of millions in online advertising in the first half of 2013. Miscellaneous advertising remains in first place, with 300.7 million euros.

Compared with the previous year, the automotive sector, in second place, overtook the service sector, which is now in third place. Where the retail and mail order and financial sectors are concerned too, investment in online advertising in the first six months was more than 100 million euros. In the latter half of the year, the online spend is tens of millions, but with a rising trend for the majority compared with the previous year.

The industrial sectors' investment in online advertising documents that more and more sectors want to take advantage of the target group potential available to them on the Internet (see also page 22) and accordingly give online advertising a relevant role in their marketing strategies.

Investment in advertising by industry sector for the first 6 months, 2013



Source: Nielsen (data valid as of June 2013) // Basis: Top 10 areas of business // Data for the German market in millions of euros

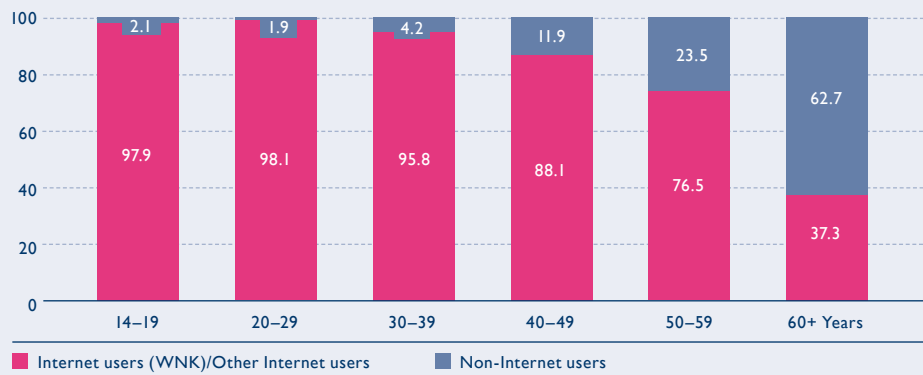
THREE IN EVERY FOUR GERMANS ARE ONLINE

The widest group of users (WNK; people who used the Internet within the last three months) constituted 73.3 percent of the population, equating to 51.45 million people.

According to "internet facts 2013-05", 74.3 percent of Germans, that is 52.16 million people, used the Internet in the reporting period. The basic population is the resident German-speaking population in Germany over 14 years of age; this equates to 70.21 million people. A glance at how various demographic groups are represented online shows that some feature strongly, whilst others are at the same level as, or are slightly below, general online penetration and thus show further potential for growth.

Almost all 14-29 year olds are Internet users, and more than three-quarters of 50-59 year olds, whilst the values for 60-year olds are so far just under four in every ten. Men are slightly ahead of women, with an online presence of 79.7 percent compared to 69.1 percent. University students exhibit the greatest online penetration by level of education, at 88.9 percent, followed by those with secondary school qualifications (81.8 percent) and people with no qualifications or a compulsory school qualification (59.5 percent). The picture is comparable in terms of income: up to 85.2 percent of households with a monthly net income of 3,000 euros and more are on the Internet, whilst households with a lower income exhibit online penetration that is up to 20 percentage points lower.

Online penetration by age group



Interpretation example: 97.9 percent of 14- to 19-year olds are Internet users (WNK and other Internet users) and therefore 2.1 percent of 14- to 19-year olds are non-Internet users /// Based on: 101,290 cases (Internet users in the last three months)/406 cases (other Internet users)/10,453 cases (non-Internet users) / Data in percent /// Source: AGOF e.V./"internet facts 2013-05" /// Data for the German market

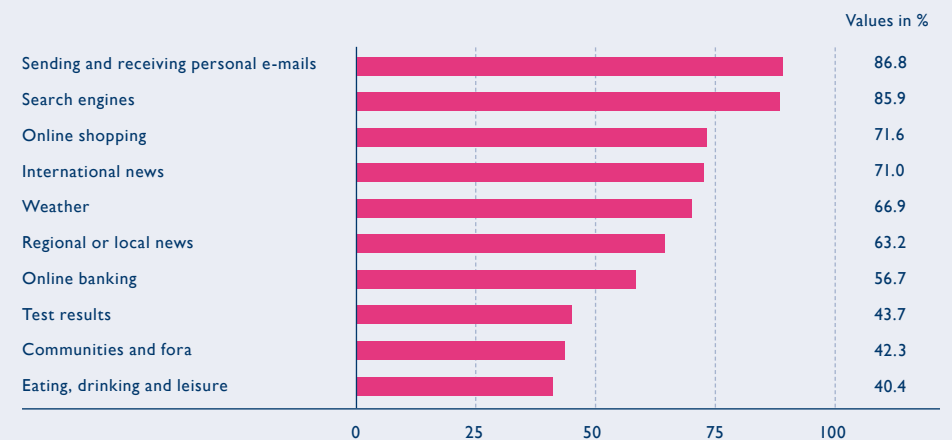
INTERNET USE COVERS EVERY FACET OF DAILY LIFE

Most people carry out a variety of activities online, at least occasionally, which is an indication of the persistent digitalisation of daily life. The most popular activity still remains sending and receiving personal e-mails, as well as using search engines, used respectively by 86.8 percent and 85.9 percent of almost all users. Almost three quarters rely on online shopping (71.6 percent) and reading international news (71.0 percent). Approximately two-thirds check the weather and access regional or local news, and well over half use online banking.

Other usage focuses on communication offers such as communities and fora, chatrooms and messaging, Web blogs/blogs, online dating and social networking, useful product testing sites, job and property exchanges, and products associated with food, drink and leisure, or cinema listings. This diverse Internet use reflects the digital 21st century world.

Surfers use the Internet for a wide range of activities, with e-mails and searches still being amongst the most popular key uses. E-commerce, online banking and social media are also very popular.

Key usage areas – top 10



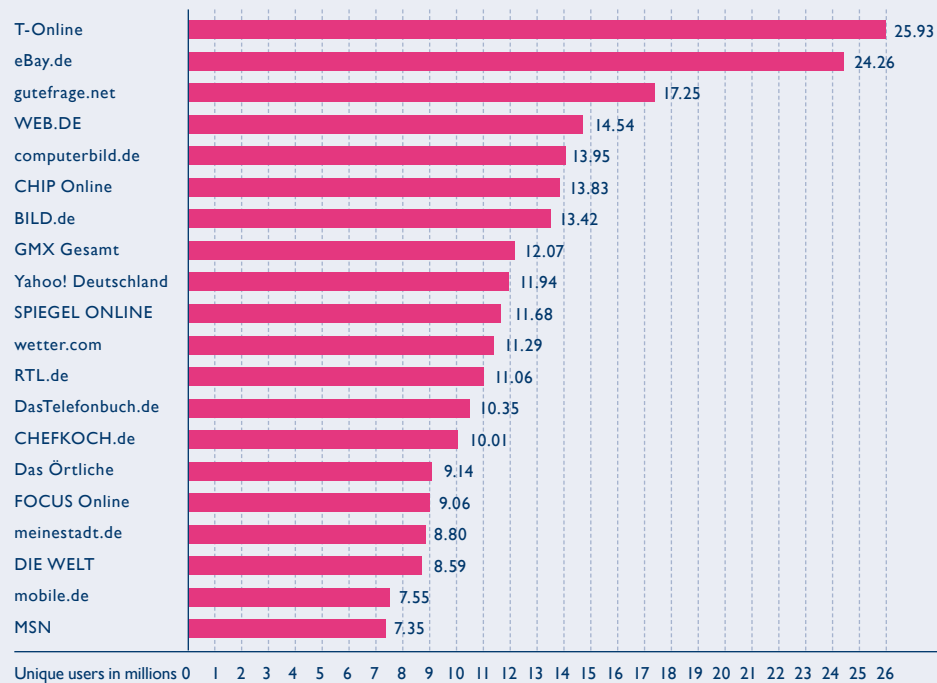
Interpretation example: 71.0 percent of all Internet users (WNK) access international news at least occasionally /// Based on 101,290 cases (Internet users during the last three months)/"How often do you use the following information or websites – frequently, occasionally, rarely or never?" /The top two box is shown: Frequent or occasional usage/Values in percent/The top 10 from a total of 22 subjects are shown /// Source: AGOF e.V./"internet facts 2013-05" /// Data for the German market

AVERAGE MONTHLY REACH OF THE TOP 20 ONLINE ADVERTISERS

“internet facts 2013-05” shows reach and structural data for 761 online advertisers by product and 3,872 advertising slots.

“internet facts” collates the reach and structural data for all the German online advertisers that constitute the market. The market media study also contains key Internet usage and e-commerce data. In “internet facts 2013-05”, T-Online leads the reach rankings for online products in an average month with 25.93 million unique users (50.4 percent). It is followed by eBay.de (24.26 million or 47.2 percent) and gutefrage.net (17.25 million unique users or 33.5 percent). WEB.DE (14.54 million unique users or 28.3 percent) and computerbild.de (13.95 million unique users or 27.1 percent) occupy fourth and fifth places.

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



Number of unique users (in millions) for an average month in the period under investigation – March to May 2013 /// Basis: 101,290 cases (Internet users in the last three months) /// Source: AGOF e.V./“internet facts 2013-05” /// Data for the German market

REACH OF THE OVK MARKETERS

“internet facts” reports the net reach of the marketers operating together in AGOF. Using the “unique user” (UU) performance value, AGOF has established the standard online reach currency as the basis for online media planning in the market. The table shows the net reaches of marketers who have joined together in OVK, based on the advertiser products collated in “internet facts 2013-05”, whereby this does not always illustrate the marketers’ full portfolios.

“internet facts 2013-05” includes planning data for online advertisers from a total of 60 marketers.

Net reach of OVK online marketers (alphabetical)

Average month March-May

Marketer	Reach in % (based on Internet users in the last three months)	Net reach in millions of unique users
Axel Springer Media Impact	58.9	30.30
Bauer Media	13.4	6.89
eBay Advertising Group Germany	50.0	25.71
G+J Electronic Media Sales	39.0	20.05
Hi-Media Deutschland	29.7	15.29
InteractiveMedia CCSP	66.2	34.07
IP Deutschland	51.8	26.65
iq digital	31.2	16.05
MAIRDUMONT MEDIA	18.2	9.38
Microsoft Advertising	17.0	8.74
netpoint media	16.6	8.52
OMS	46.2	23.79
SevenOne Media	53.4	27.50
SPIEGEL QC	28.8	14.81
TOMORROW FOCUS MEDIA	50.9	26.21
Unister Media	18.3	9.43
United Internet Media	52.1	26.80
Yahoo! Germany	34.6	17.82

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ONLINE ADVERTISING ATTRACTS ATTENTION

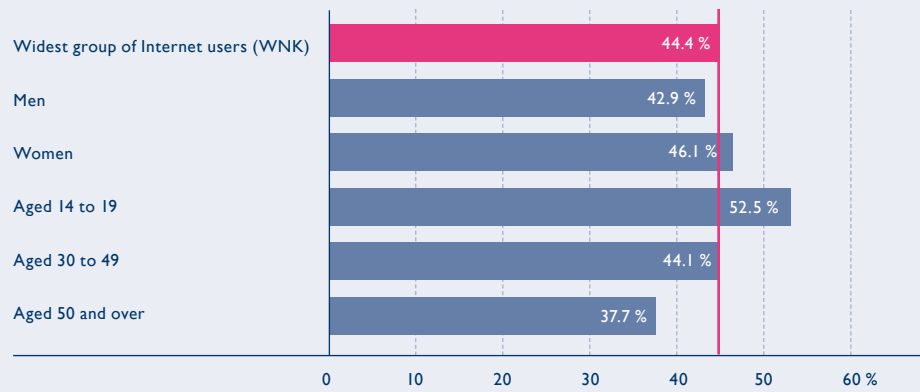
Online advertising has more frequently attracted the attention of almost 23 million consumers to interesting products or new ideas.

As this report proves from page 25, online advertising is an effective communications tool. One reason for this is surely also the attention it attracts: more than four in ten Internet users (44.4 percent, 22.85 million) have registered the advertised products or messages, which in turn proves the branding potential of this form of advertising. Combined with the Internet's potential for direct interaction, advertisers can involve consumers in an in-depth dialogue, and turn them from prospects into potential purchasers.

Women and particularly young users aged between 14 and 29 demonstrate above-average susceptibility to online advertising, with 46.1 percent and 52.5 percent respectively. The 30- to 49-year olds, at 44.1 percent, are roughly at Internet user level (WNK), whereas men, with 42.9 percent, are slightly below. At 37.7 percent, the 50-plus Internet users are somewhat less receptive to the Internet advertising messages than the other groups we looked at.

Open-mindedness regarding online advertising

"Advertising has more frequently drawn my attention to interesting products or new ideas."



Interpretation example: 44.4 percent of all Internet users (WNK) have more frequently become aware of interesting products or new ideas through advertising /// Based on: 101,290 cases (Internet users over the last three months)/The top two boxes are shown: is totally or mainly applicable/Values in % /// Source: AGOF e.V./"internet facts 2013-05" /// Data for the German market

INTERNET USERS VALUE BRANDED GOODS

More than half (58.2 percent, 29.94 million) of Internet users find that branded goods are generally of a higher quality and more than four in ten (41.5 percent, 21.36 million) voluntarily mention brands where purchasing security is concerned. It is therefore fitting that over three quarters of users (76.8 percent, 39.50 million) are also prepared to pay more for quality.

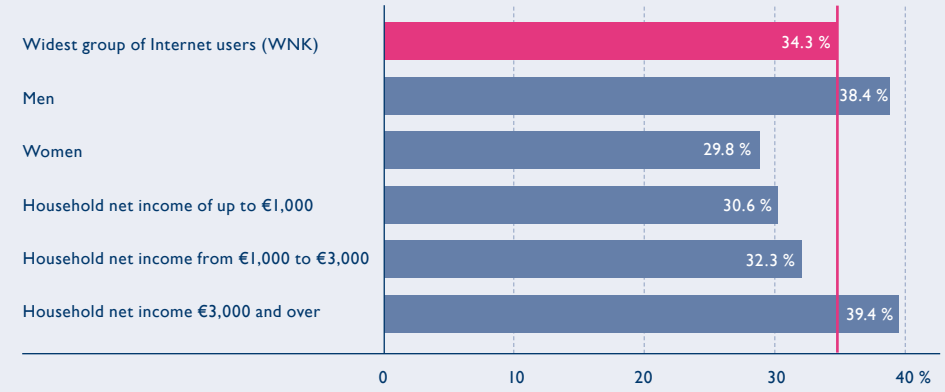
At 34.3 percent, more than a third of Internet users (17.66 million people) consider branded products important. At 39.4 percent, people who spend freely from households with a monthly net income exceeding 3,000 euros are particularly brand aware. The lower income level is slightly below the level of Internet users (WNK).

Furthermore, compared with women (29.8 percent), men (38.4 percent) are decidedly brand conscious; hardly surprising, because ultimately 15.7 percent of men also like products that are viewed as status symbols; in the case of women it is only 10.5 percent, whilst the average value for Internet users (WNK) is 13.2 percent.

Internet users' combination of brand and quality awareness and their readiness to pay more money for it makes the Internet the perfect platform for branded goods' branding campaigns.

Brand awareness

"Branded products are important to me."



Interpretation example: 34.3 percent of all Internet users (WNK) set store by branded products. /// Based on: 101,290 cases (Internet users over the last three months)/The top two boxes are shown: is totally or mainly applicable. /Values in percent /// Source: AGOF e.V./"internet facts 2013-05" /// Data for the German market

THE GLOBAL 24/7 SHOPPING CENTRE: THE INTERNET IS A POPULAR INFORMATION AND SHOPPING PLATFORM

The increase in digitalisation is also reflected in corresponding information and purchasing processes associated with various products on the Internet.

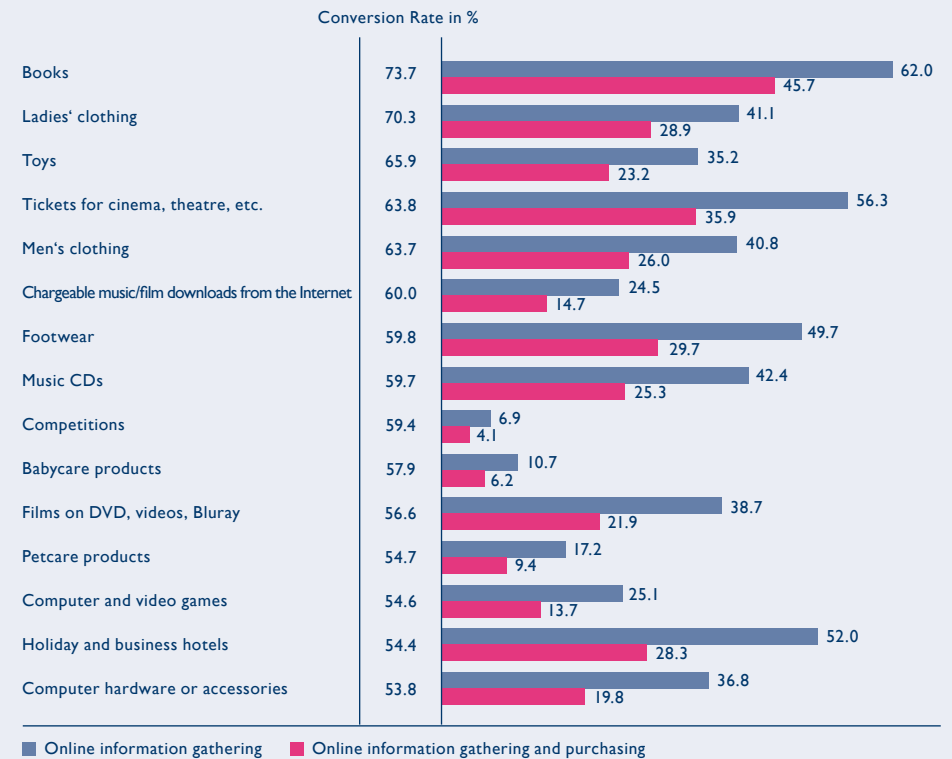
In the digital era, it has become a matter of course for most people to obtain information about products or to buy them regardless of the time of day, location and store opening hours. 97.1 percent, i.e. nearly all Internet users (49.94 million people), have looked for information on products or services on the Internet at least once. This means an online presence is indispensable for businesses in order to be represented in the potential customer's relevant set for the precedent-setting information and decision-making stage, which precedes a subsequent online or offline purchase and to present the benefits of their products or services within the scope of interactive dialogue.

The Internet is also used by the majority of users for actual purchases: in the past 12 months, 45.33 million people have bought something on the Internet or used chargeable services - this equates to 88.1 percent of Internet users. Books and tickets remain very popular with online shoppers.

The activation potential of the Internet for certain products and sectors is apparent from the online conversion rate – the ratio between people looking for information online and those who look for information online AND buy online. In this context, books are top of the list, with a conversion rate of 73.7 percent, i.e. the number of people seeking information online who ALSO buy books online amounts to over three-quarters of the people who sought information about books online. Ladies' clothing comes hard on its heels, with a conversion rate of 70.3 percent.

The conversion rate is consistently around 60 percent for toys, entry tickets, men's clothing and chargeable music or films on the Internet. Of the remaining products ranked in the top 15, more than half the people looking for information online also went on to purchase online. The variety of products and services with a high online conversion rate shows that the Internet now plays an important role in consumer behaviour; even products that require a lot of information or are highly priced, such as insurance or new cars, exhibit conversion rates in the low teens.

Conversion rates for the top 15 products

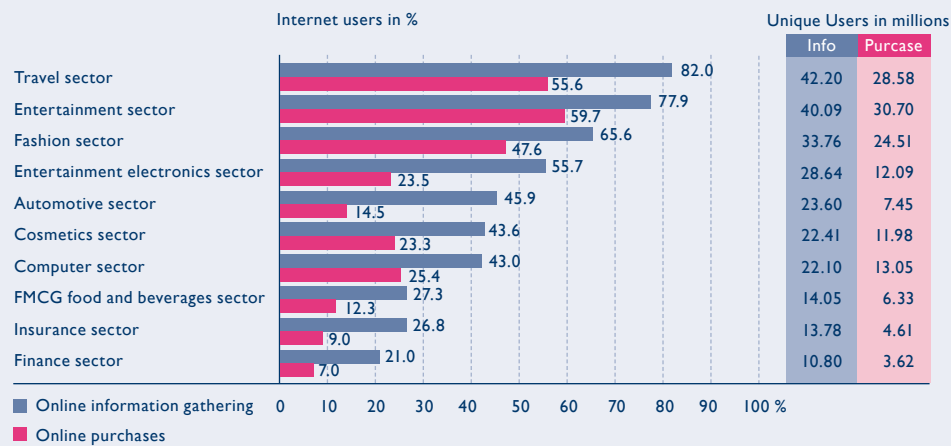


Conversion rate in Interpretation example: 62.0 percent of Internet users (WNK) have researched books on the Internet and 45.7 percent have researched books online AND bought them online, equating to a conversion rate for those seeking information into those seeking information AND purchasing of 73.7 percent /// Based on: 101,290 cases (Internet users in the last three months) / "For which of the following products have you looked for information on the Internet before?" / "Have you bought any of the following products via the Internet in the past 12 months?" /// Values in percent / The top 15 from a total of 59 products are shown /// Source: AGOF e.V. / "internet facts 2013-05" /// Data for the German market

LATEST POTENTIAL VIEWED BY SECTOR BASED ON “INTERNET FACTS 2013-05”

The AGOF facts & figures, with their separate analyses, illustrate the customer potential present on the Internet for defined sectors.

Sector potential for prospective customers looking for information online and for online purchasers; based on widest group of online users (WNK): 51.45 million unique users



Interpretation example: 82.0 percent of Internet users, which equates to 42.20 million unique users, have gone online at least once in the past to find information on travel products. // Basis: 101,290 cases (Internet users in the last three months) // "On which of the following products have you ever looked for information on the Internet?" // "Have you bought any of the following products on the Internet in the past 12 months?" // Data expressed as a percentage and in millions of unique users // Source: AGOF e.V./"internet facts 2013-05" // Data for the German market

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

- Travel:** Rail tickets, flight tickets, hotels, hire cars, holidays/last-minute trips
- Entertainment:** Computer and video games, tickets, films on DVDs/videos/Blu-rays, music CDs, music/films to download from the Internet for a charge
- Entertainment electronics:** Entertainment electronics: flat-screen TVs, DVD or Blu-ray players/recorders and/or 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 excluding 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 car, household or indemnity insurance
- FMCG food and 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

ONLINE ADVERTISING MARKET IN EUROPE GROWS BY ALMOST 12 PERCENT IN 2012

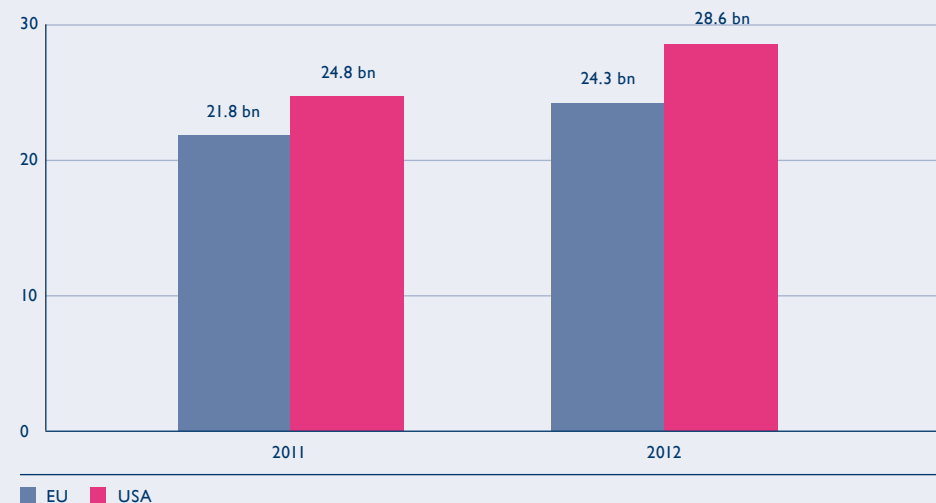
From 2011 to 2012, the European online advertising market's volume increased by 2.5 billion euros to 24.3 billion euros, which corresponds to an 11.5 percent growth rate.

Last year, the European online advertising market's volume was 24.3 billion euros.

In the same period, the American advertising market grew by 15.3 percent and now has a volume of 28.6 billion euros. As a consequence of stronger investment in online advertising in the US, the gap between the European and US market volumes has widened from 3 billion in 2011 to 4.3 billion in 2012.

In general terms, the positive trends in both markets show that online advertising has secured a firm footing in target group communication in North America and Europe. At the same time, the US market's advances showcase the future market dynamic that we can expect in Europe, as the European markets generally lag slightly when it comes to reflecting US trends.

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



Source: IAB Europe AdEx Benchmark 2012

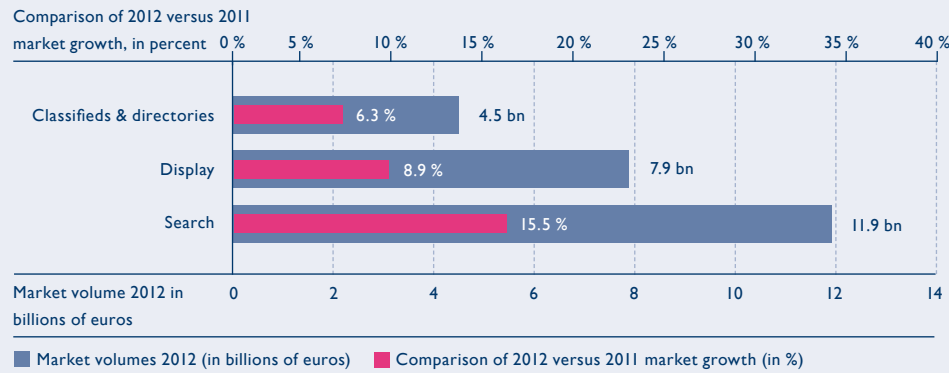
THE ONLINE ADVERTISING MARKET TREND IN EUROPE IS PRIMARILY DRIVEN BY SEARCH ENGINE MARKETING AND DISPLAY ADVERTISING

In 2012, just under half or one third respectively of market volume in Europe could be ascribed to the search engine marketing and display advertising online segments.

All the online segments in Europe being monitored recorded a positive trend in 2012 – obviously advertisers across Europe value the various facets of online communication. Depending on the campaign direction, their respective functionalities can be used to successfully address and motivate target groups.

Search engine marketing remains the leader by market volume. In 2012, with growth of 15.5 percent, it reached a volume of 11.9 billion, thus accounting for almost half of the market. Online display advertising came next, with positive growth of 8.9 percent, thus reaching 7.9 billion euros, which equates to a market volume of one third. Last year, across Europe classified advertising accounted for 4.5 billion euros, which corresponds to growth of 6.3 percent compared with the previous year and a market volume of just under one fifth.

Market development of online advertising in Europe



Source: IAB Europe AdEx Benchmark 2012

OVK DELIVERS PROOF OF EFFECT OF ONLINE BRANDING CAMPAIGNS

The Internet's increasing relevance in the media mix has also led to increasingly frequent requests from market partners for proof of the advertising effect of online campaigns. It is primarily quantifiable advertising effect indicators that are in demand here, in addition to just measured data. Classification of the results compared to other campaigns is also requested in addition to proof of the effect of individual campaigns: agencies and customers need valid benchmark values in order to classify a campaign's advertising effect indicators more accurately.

The OVK's Market Research unit within the BVDW has responded to these requests and its latest study provides a general comparison of the effect of branding campaigns, providing a benchmark value for all major advertising effect indicators with what is known as the "uplift".

The analysis is based on the OVK Branding Effects Database. It currently contains data from 193 campaigns (data valid as of June 2013) from seven marketers, namely G+J Electronic Media Sales GmbH, InteractiveMedia CCSP GmbH, IP Deutschland GmbH, iq digital media marketing GmbH, SevenOne Media GmbH, TOMORROW FOCUS Media GmbH and United Internet Media AG; others will follow. The OVK Branding Effects Database is a new opportunity to measure marketer-specific campaigns against the total average across all campaigns. It is not possible to infer who the advertisers are, as the campaign data has been anonymised.

The 193 campaigns cover the period from 2009 to 2013, with approximately two thirds dating from 2011, 2012 and 2013. Brands and products from a total of 22 sectors are advertised, with the following being most frequently represented: FMCG (food, drink, hygiene, personal care), services (retailing/mail order, energy, tourism/catering, transport/infrastructure) and finance.

Analysis of the effect of 193 online campaigns from the OVK Branding Effects Database provides general proof of the advertising effect of branding campaigns in the online sector and helps the market to classify a campaign's advertising effect indicators more accurately.

The brand awareness, recall and recognition advertising effect indicators, which are measured across marketers, are used as key evaluation criteria for the 193 campaigns because of their scientifically proven suitability. Uplift values allow benchmarking of the advertising effect achieved.

The uplift is an established, familiar parameter in the online sector which is used to study advertising effect. The value represents the relative increase in the advertising effect indicators from the control to the test group.

The database covers just under 230,000 interviewees across all campaigns, with men and women being almost equally represented. On average just under 45% of interviewees are to be allocated to the respective control group, i.e. they had no contact with the campaign under consideration. Approximately 5% form part of the relevant test group and thus came into contact with the campaign. The data is collected via an online survey. The data is collected by each marketer and entered accordingly.

A campaign's advertising effect is measured using several indicators. The OVK Branding Effects Database focuses attention on those indicators which, according to scientific analysis, best describe a campaign's effect and which are taken into account in the measurements by all the participating marketers.

- Brand awareness (supported brand recognition, questions such as "Which of the following brands are known to you, even if only by name?")
- Recall (supported recollection of advertising, questions such as "For which of the listed brands have you recently seen advertising on the Internet?")
- Recognition (supported campaign recollection, questions such as "Here you can see an advertising motif. Have you ever seen this advertising banner on the Internet?")

In order to depict the advertising effect for the individual indicators, when analysing the 193 campaigns, it is a question of the difference in the value achieved for the people who came into contact with the campaigns and those who did not.

To provide the desired benchmark as well, when comparing control and test groups, the OVK Branding Effects database focuses on the percentage uplift as the key performance indicator in terms of the campaigns' advertising effect. It is possible to prove the campaigns' effect using the percentage uplift. Whilst a negative uplift value below 0 or a value of 0% prove the advertising has had no effect, a positive uplift value over 0 indicates that the campaign has had an effect, with a distinction being made between low, moderate and high advertising effect per indicator examined.

VISIBLE ADVERTISING EFFECT FOR ALL RELEVANT PARAMETERS

On average, for all the advertising effect indicators examined, the OVK effect analysis shows a positive uplift, which should be seen as clear evidence of the advertising effect of online campaigns.

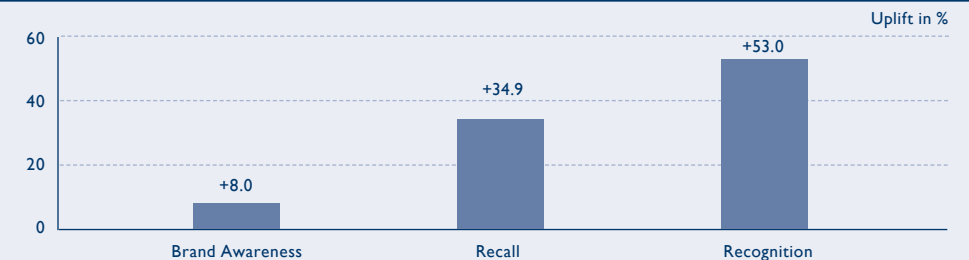
The parameters examined include brand awareness, the currency that is the toughest and most difficult to influence. It shows whether an advertising medium has made the brand eye-catching. This is why the growth rate is usually slower than for the other parameters. The OVK Branding Effects Database also contains brands which already enjoy a very high profile, which is in turn more difficult to increase than a lower profile. An average uplift of eight percent should therefore be regarded as very positive.

Recognition, i.e. recognition of the specific campaign, can also be positively influenced if an advertising medium has not ideally presented the campaign message. Even a less successful advertisement can be recognised when shown to the consumer, which is why, comparatively, recognition usually exhibits the highest value.

Unlike recognition, recalls test recollection of the brand's online advertising, without the advertisement being shown again. This parameter is also relevant, because a recollected brand may be given greater consideration during a subsequent purchasing decision.

Online advertising results in the advertised brand being embedded more deeply in the public's consciousness and heightened recollection compared with the brand's advertising in general and specifically the campaign under analysis. It is thus possible to increase brand awareness across all campaigns by an average of eight percent. Advertising recall and recognition can be improved by more than one third (+35 percent) or by more than half (53 percent) respectively as a result of contact with an online campaign.

Average advertising effect (uplift) across all campaigns



Source: Bundesverband Digitale Wirtschaft (BVDW) e.V., OVK Branding Effects Database, data valid as of June 2013, basis: N=193, 193, 150 campaigns

DIE AUSGANGSLAGE EINER MARKE BEEINFLUSST DAS WIRKUNGSMASS

A brand or product's initial situation plays a major role when it comes to comparing the effect of online campaigns: a lower starting point for effect parameters generates bigger increases than a starting point that is already high.

Further analyses reveal a clear trend: the more a brand or product is known and represented on the market, the more difficult it is to increase its effect parameters. Conversely, the less well-known an advertised brand or product is, the higher the potential growth rate.

It is thus possible to increase users' recognition of an online campaign which was previously relatively unknown by an average of almost 170 percent, whereas an online campaign which already enjoyed a high level of recognition from the outset achieves an average increase of 46 percent. In the case of recognition, the different starting points account for the uplift value more than tripling. Where recall is concerned, the uplift value more than quadruples and brand awareness increases more than ten fold when comparing a low and high starting point.

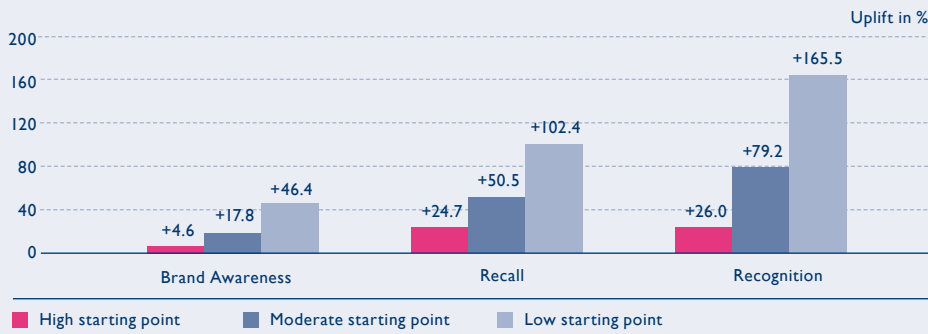
It thus becomes clear that, in addition to various factors, a campaign's effect is visibly influenced by a brand or product's initial situation. It is necessary to take this fact into account, especially when comparing several campaigns, for a valid analysis and classification.

Comparison of established and new advertising items shows at a glance that the growth rates for new advertising items are clearly higher than those for established advertising items. If a new product is advertised, brand awareness increases by an average of 22 percent, whereas the value for established products is around 7 percent. New advertisements exhibit rates of increase for the recall and recognition parameters, that are respectively 19 and 23 percentage points higher than for established advertisements.

As new brands and products are less well known and represented on the market, the average initial values are lower too. This is why it is easier to achieve increases than for established brands and products, some of which have a long history. Furthermore, because of their novelty value, new brands and products can attract attention more quickly than established brands, with whose campaigns some users are already familiar. In future, the Branding Effects Database will have a broader basis in order to illustrate these and other factors. Overall, the results clearly show that the Internet is a suitable medium for successfully launching new products.

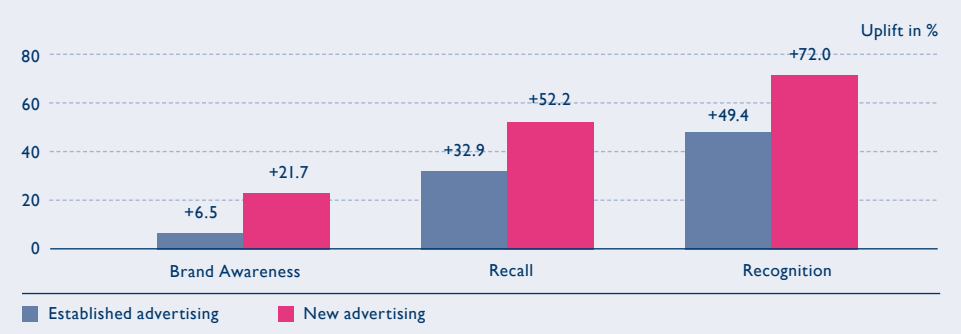
SUMMARY:
The effect analysis based on the Branding Effects Database shows that online advertising works for the whole marketer landscape. The relevant advertising effect parameters of brand awareness, recall and recognition can be visibly increased. The extent of an online campaign's effect is, however, influenced by a brand's initial situation, the need for products within a sector to be explained and the online experience. The complete study can be downloaded as a PDF from our website at www.bvdw.org.

Average advertising effect (uplift) by starting point



Source: Bundesverband Digitale Wirtschaft (BVDW) e.V., OVK Branding Effects Database, data valid as of June 2013, basis: N=193, 193, 150 campaigns

Average advertising effect (uplift) by product status



Source: Bundesverband Digitale Wirtschaft (BVDW) e.V., OVK Branding Effects Database, data valid as of June 2013, filter: established vs new advertising; basis for established advertising: N=131, 131, 103, basis for new advertising: N=31, 31, 22

CIRCLE OF ONLINE MARKETERS (OVK) IN THE BVDW

The OVK creates standards and transparency.

The Circle of Online Marketers (OVK) 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 (Bundesverband 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 sector 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 due consideration of changing market requirements.

The OVK also implements key projects such as conferences, studies and development measures. The organisation is involved with national and international bodies for the further development of the sector.

UNITS AND LABS IN THE OVK

The OVK comprises four units: the Ad Technology Standards unit, the Market Statistics unit, the Targeting unit and the Market Research unit. The units have experts from the relevant specialist areas working with them.

The Ad Technology Standards unit is the main body for developing standards for promotional products. These standards are used by all members of the OVK and serve as a guide for the whole online advertising sector. The aim is to make the production and delivery of online campaigns easier and to ensure the go-live process runs smoothly. These standards are constantly being extended and adapted to the needs of the market and are published on the www.werbeformen.org website.

The unit is also concerned with optimising the business processes relevant to booking, monitoring ad servers and assessing new technologies.

The primary tasks of the Market Statistics unit include gathering and analysing market data. The data can be used for orientation purposes and also indicates trends and areas with potential. The OVK representatives also support the recording of advertising statistics by Nielsen in this unit.

The core aim of the Targeting unit is to work actively on awareness and transparency. As well as defining terms and models, it also aims to inform users about methodology on the common platform www.meine-cookies.org and to create potential choices for the user.

The Market Research unit was conceived in order to develop and jointly analyse wider studies relating to more than just an individual marketer. The experts in this circle also work on models for qualitative performance indicators and on ideas for standards in cross-marketer studies.



Continuous optimisation of market development



BUNDESVERBAND DIGITALE WIRTSCHAFT (BVDW) e.V.



Wir sind das Netz

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

The BVDW has interdisciplinary roots, and therefore has a comprehensive 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, thus 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 Internet.

WITH “INTERNET FACTS” AND “MOBILE FACTS”, AGOF DELIVERS DIGITAL CURRENCY FOR THE GERMAN MARKET

The role of the Working Group on Online Research (AGOF) is to ensure transparency and practical standards in the research of online media offerings, remaining independent of the interests of individuals. It does this by compiling the requisite performance indicators in collaboration with the market and makes these indicators available in relevant studies; it performs this role not only for the conventional Internet, but also for other digital media segments. For this purpose, the leading German marketers who are represented in AGOF are organised in sections. Each works alongside their market partners to drive forward in their respective field the planning, provision and further development of market reach research and planning parameters.

With its market media study “internet facts” and the unique user (UU) performance indicator contained therein, AGOF has established the currency of consistent Internet reach as the basis for Internet media planning in the market by transferring the reach section and submitting it to the methodological authority of ag.ma. The study itself, of which the section on reach also appears as “ma Online” on ag.ma, is published by the Internet section of AGOF. “internet facts” shows data on structure and reach for over 750 Internet media offerings used by participants in the “internet facts” study.

The Mobile section of AGOF takes responsibility for the market media study “mobile facts” and publishes it. This study collects data on reach and structure for mobile media offerings in Germany in order to make it available for high-quality mobile media planning. The objective is to work with market partners to establish this study and the performance indicator for reach contained in it – unique mobile users (UMU) – in the medium term as the reach currency in mobile media planning.



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

AGOF EXPANDS ITS ONLINE MEDIA PLANNING AND ONLINE MARKETING SERVICES



“brand facts” by AGOF is a new study for brands and their online presence.

AGOF has now produced another study in addition to “internet facts” and “mobile facts” – “brand facts”. It is aimed at branded goods companies, institutions or service providers whose online offerings are free of advertising. This will enable non-advertisers to obtain net reaches and structural socio-demographic data based on the proven AGOF model for the first time. This will give them the competitive advantage of being able to use knowledge of target groups and prospects in profound detail and to market standard level. Branded goods producers can use this information to monitor their sites, but also directly for campaign planning using digital channels.

Please visit www.agof.de for more information about the new study and opportunities to take part.



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

The AGOF Academy is a logical extension of AGOF’s market-oriented activities. The aim is to supply all interested market partners with the requisite knowledge associated with the use of TOP and AGOF’s market media studies in online media planning and marketing, and thus to ensure effective and successful use of the Internet as an advertising platform.

The AGOF Academy offers one-day seminars on various key topics. The seminar content is adapted to the needs of the target group and is designed to be practical.

AGOF’s analysis and planning program TOP allows market partners to access the different survey rounds in “internet facts” as well as “mobile facts”.



Further details and ordering options can be found at www.agof.de/top.

THE THREE-PILLAR MODEL OF AGOF “INTERNET FACTS”

There are basically three different methods used to collect data for “internet facts” – technical measurement of usage, on-site surveys and telephone surveys of representative samples of the population – which is where the name “three-pillar model” comes from. The three different acquisition methods ensure that the complexity of Internet usage is taken into account sufficiently and that all the necessary data for the subsequent planning data set is collected at the same time.

Using AGOF’s three-pillar model, the requisite information is gained gradually and then linked together. As part of the technical measurements, the usage of individual computers (unique clients) is studied. In the next step, the on-site survey provides information about the users working on the computers. And the representative sample of the resident German population questioned in the telephone survey establishes the relationship between Internet users and the population as a whole. Only when all three pillars interact is it possible to reliably determine detailed data on reach and structure of online media offerings and their advertising slots. The unique clients are converted into unique users and then enriched by additional structure and market data, before being given a representative weighting.

The multi-method approach adopted by AGOF allows the reach and structures for online sites and their advertising slots to be identified, and the combination of technical values and survey data, as well as flexibility in adapting them to the dynamic changes of the online market, meets all the requirements of a market standard.

The data from the three columns is eventually combined to form the “internet facts” data set known as the analysis data set. This can be quantified using key figures and is available for online media planning under the auspices of the AGOF TOP evaluation and planning tool. Because of adjustments to the studies (including the extension of the basic population), the data from “internet facts 2010-1” and later can only be compared with subsequent rounds, but not with preceding rounds of statistics.

AGOF uses the three-pillar model to gather data on reach and structure for Internet media offerings. With its market media study “internet facts” and the Unique User performance indicator identified in it, AGOF has established the de facto currency for online reach as the basis for online planning in the market.

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 so-called 'crawler statistics', so the qualitative properties in particular of online advertising campaigns, such as targeting, CPC dealings or advertising in password-protected areas, can be illustrated more accurately. The calculation of gross advertising volume in conventional online advertising is based on the online advertising statistics from Nielsen Media Research. These in turn are based on postings from a group of marketers (currently 23) who report on a monthly basis their gross advertising expenditure as recorded in accounts systems and ad servers.

All the data is evaluated 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% 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 volumes of advertising from other sectors are 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, or as agreed, 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.

DEFINITION OF THE SEGMENTS

Conventional online advertising on the one hand includes what are known as display ads, which are made up of banner, skyscraper, rectangle or wallpaper ads. It also includes all moving image advertising within conventional online advertising and the integration of advertisers' content on online media offerings. Sponsorship, microsites and multimedia content are all examples. Charges for advertising are generally based on the Cost Per Lead (CPL).

Search engine marketing refers to search terms to which a charge applies. Here, advertisers pay for a specified position to include their link 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).

There are numerous websites – numbers often run into the hundreds – with a less impressive reach (what are known as affiliates) and for which advertising is included; these are known as affiliate networks. Unlike conventional online advertising, but in line with 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.

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

OVK ONLINE-REPORT 2013/02

Place and date of publication

Düsseldorf, 18 September 2013

Publisher

Bundesverband Digitale Wirtschaft (BVDW) e.V.

Berliner Allee 57

40212 Düsseldorf

Tel.: 0211 600456-0

Fax.: 0211 600456-33

E-mail: info@bvdw.org

Internet: www.bvdw.org

Managing Directors

Tanja Feller

Harald Kratel

President

Matthias Ehrlich

Vice-Presidents

Christoph N. v. Dellingshausen, Harald R. Fortmann, Achim Himmelreich,

Ulrich Kramer, Burkhard Leimbrock

Kontakt

Online-Vermarkterkreis (OVK) im BVDW

Katharina Brandt, Leiterin Online-Vermarktung

E-mail: brandt@bvdw.org

Registration number

Register of Associations Düsseldorf VR 8358

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Bundesverband Digitale Wirtschaft (BVDW) e.V.
Berliner Allee 57 | 40212 Düsseldorf
Tel 0211 600456-0 | Fax 0211 600456-33
info@bvdw.org | www.bvdw.org