Marketspace

Welcome to Marketspace

In this issue we take another look at the wealth of statistics around new media — including which ISPs are doing well in attracting customers, not to mention online advertising revenues.

In more traditional areas we examine the current demographics of TV viewing and look at the top radio advertisers. A more in-depth look at response rates to direct mail, this time by channel and by origin of contact, makes some useful comparisons.

We hope, as always, that you find the content of Marketspace helpful and thought-provoking.

The interactive opportunity

Table 1: Growth in the number of Internet hosts over 12 months from November 1998 to November 1999

Date	Number of hosts (millions)	% growth, month on month
November	41.07	-
December	42.64	3.82
January	43.96	3.10
February	48.18	9.60
March	50.65	5.13
April	53.93	6.47
May	55.84	3.54
June	57.17	2.38
July	58.10	1.64
August	59.50	2.40
September	61.00	2.53
October	63.09	3.43
November	64.81	2.73
12-month growth	23.74	57.81

Measured on eighth day of each month.
Source: Netsizer website; SBP Analysis

Table 2: Number of Internet hosts belonging to ISPs, as at 8 November, 1999

ISP	Number of hosts (thousands)	ISP	Number of hosts (thousands)
aol.com	2026.0	tin.it	67.0
uu.net	1929.0	cgocable.net	62.4
bbn.com	791.4	eranet.net	55.8
ans.net	788.4	uunet.de	54.7
att.net	423.2	netscape.com	49.5
dialsprint.net	389.3	utexas.edu	49.3
pacbell.net	339.5	eni.net	45.4
hinet.net	271.1	iol.it	40.8
mindspring.com	245.0	prodigy.net	37.1
mediaone.net	228.7	uudial.com	34.0
bellatlantic.net	203.3	epix.net	32.8
ibm.net	196.9	ameritech.net	25.2
gtei.net	132.1	erols.com	25.0
swbell.net	101.1	citenet.net	21.0
autonet.net	96.8	teleteam.net	14.2
earthlink.net	90.1	tiac.net	12.7
cw.net	83.8	nf.net	9.4

Source: Netsizer website; SBP Analysis

ECATT estimates that 1999 e-commerce spending in Europe will be US$16.6bn. The UK accounted for the largest volume with US$5.5bn, followed by Germany and France.

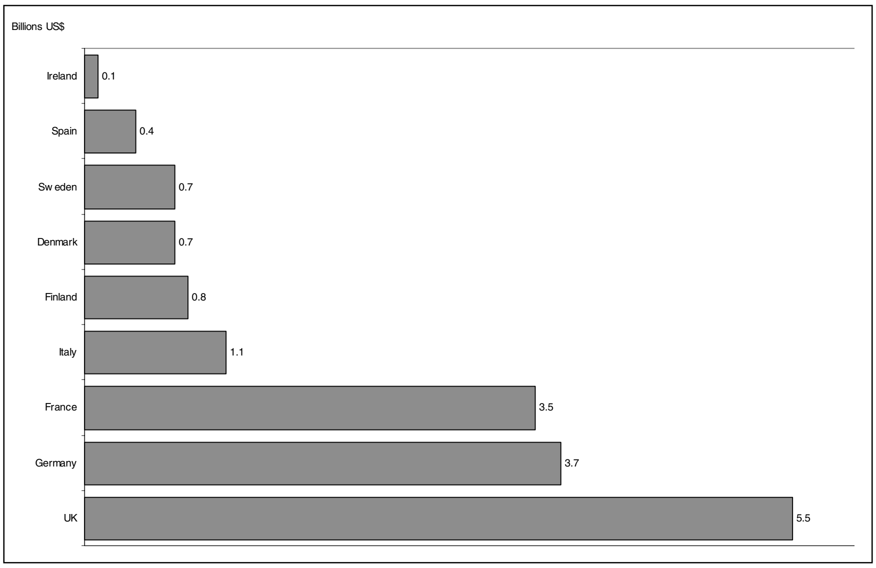

Figure 1: Business-to-consumer online sales
Source: ECATT, 1999

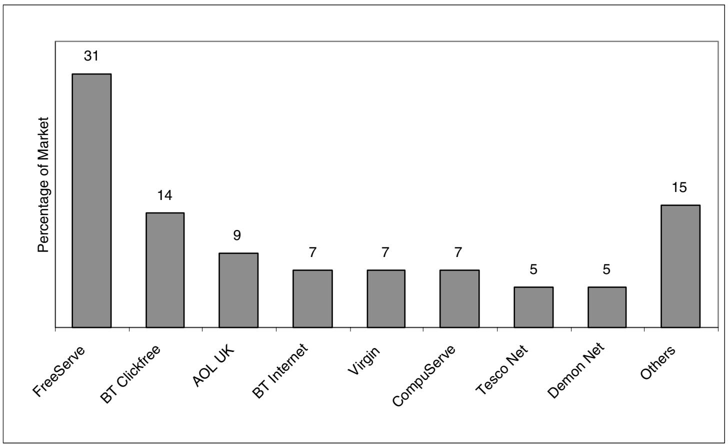

Figure 2: UK ISP market: Home users
Source: NUA website

Table 3: Internet advertising revenues, 1996–2002 (US $000)

	1996	1997	1998	1999	2000	2001 (proj.)	2002 (proj.)
ActiveMedia	N/A	400	1,700	4,700	23,500	23,500	43,300
Forrester	N/A	500	1,000	1,750	5,600	5,600	8,100
Jupiter	301	940	1,900	3,000	5,800	5,800	7,700
Yankee Group	220	630	1,200	2,200	3,800	3,800	6,500
IDC	260	550	1,200	2,000	N/A	N/A	N/A
Cowles/Simba	236	597	976	1,580	N/A	N/A	N/A
IAB	267	906	2,000	N/A	N/A	N/A	N/A

Source: NUA website

What is perhaps most fascinating is the variability of the predictions made for Web advertising

Table 4: Top UK online advertisers

Advertiser	August 1999 £000	September 1999 £000	October 1999 £000	August – October (Total) £000	Average (per month) £000
Bertlesmann	89	86	93	268	89
QXL	95	61	62	218	73
IBM	51	65	72	188	63
Amazon	55	0	63	118	39
Virgin Group	79	58	0	137	46
General Motors	65	61	0	126	42
BT	0	58	65	123	41
Hewlett Packard	0	61	0	61	20
Prudential	0	0	86	86	29
BA	0	80	0	80	27
Dell	0	0	0	0	0
BMW	71	0	0	71	24
Centrica	0	0	70	70	23
Lastminute	0	0	68	68	23
RBS	0	63	0	63	21
Microsoft	0	0	0	0	0
Enba	0	61	0	61	20
Orange	0	0	60	60	20
IMVS	60	0	0	60	20
Pearson	0	0	0	0	0
Co-Operative Wholesale Soc	0	0	59	59	20
Gateway 2000	48	0	0	48	16
Misys	47	0	0	47	16
WH Smith	0	0	0	0	0
Volkswagen	0	0	0	0	0
Total spend for top 10 advertisers	660	654	698	2,012	0

Source: NUA website

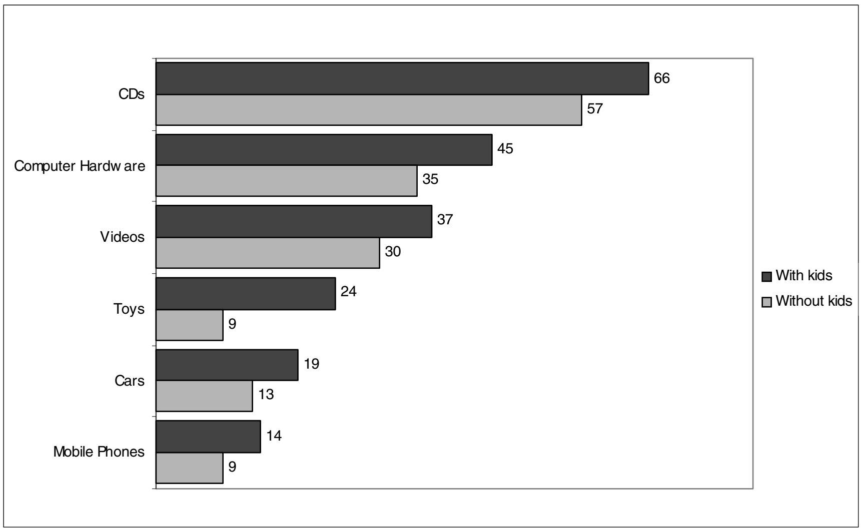

Figure 3: What online shoppers in the UK intend to buy (%)

Source: Fletcher Research 1999

By 2004, Verdict expects consumers to be spending £7.3bn on e-commerce, compared with an estimated £581m this year. According to Verdict, 61 of the top 100 retailers now have their own websites, compared with 47 at the same time last year. (Source: BBC website.)

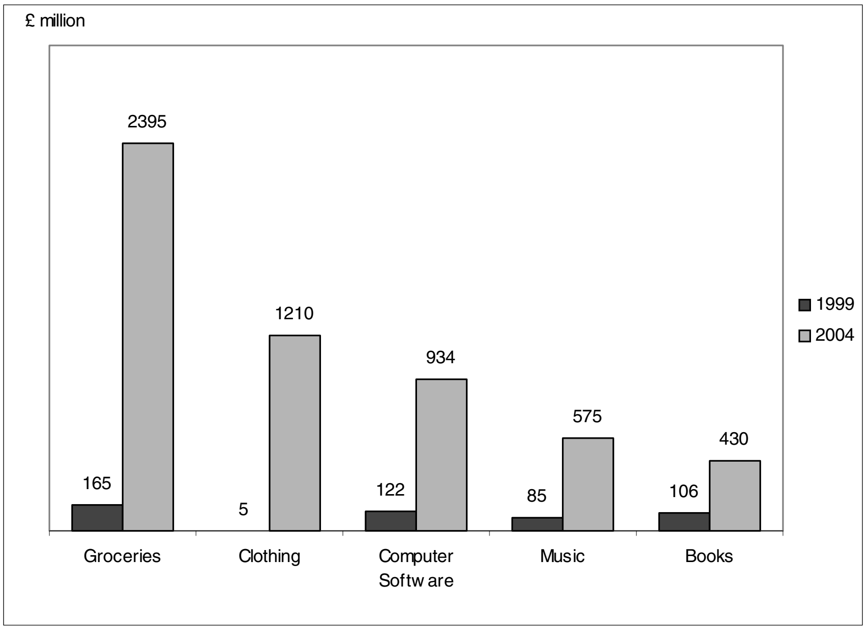

Figure 4: UK Internet shopping boom
Source: Verdict Research

Traditional marketing

The greater performance of rented lists for business to business direct mail over consumer lists is noteworthy

Table 5: Direct mail: Average response rates by data source (%) for the UK

	Consumer	Business
Customer database	12.3	11.9
Prospects/enquirers	7.7	9.4
Rented lists	4.7	7.4

Source: DMIS

Table 6: Average response rates, by response channel (%) for the UK

Business to business		**Consumer**	
Post (all mentions)	10.2	Post (all mentions)	10.3
Post only	11.9	Post only	13.0
Phone (all mentions)	11.3	Phone (all mentions)	9.5
Phone only	18.2	Phone only	8.2
Fax (all mentions)	11.3	Fax (all mentions)	11.6
Fax only	6.2	Fax only	19.5
E-mail (all mentions)	11.7	E-mail (all mentions)	10.1
E-mail only	7.3	E-mail only	6.8

Source: DMIS

Traditional advertising

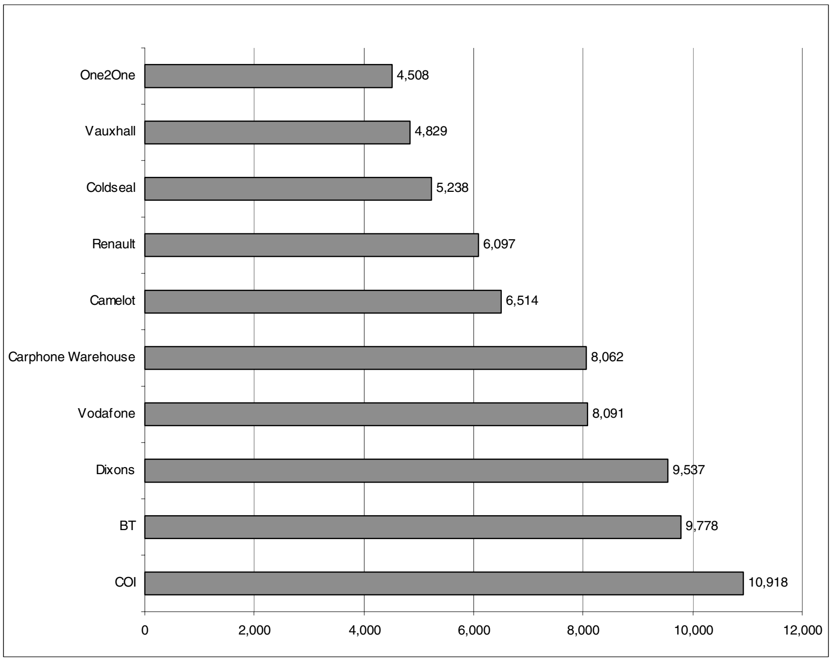

Figure 5: Traditional advertising: Top radio advertisers moving annual totals to November 1999 (£000)
Source: AC Neilson MMS

Table 7: Channel shares by demographics, October 1999 (%)

	ITV	CH4	CH5	Other commercial	Total commercial	BBC1	BBC2	Total
16–34	29.2	11.8	5.6	18.5	65.1	25.9	9.0	100
35–54	29.8	10.1	5.9	17.1	62.9	27.2	10.0	100
55+	33.8	11.0	6.2	6.7	57.7	31.0	11.4	100
ABC1	29.2	11.8	5.1	11.4	57.5	30.9	11.6	100
C2DE	32.7	10.4	6.4	14.4	63.9	26.7	9.4	100
16–34 ABC1	27.4	14.0	5.2	15.4	62.0	27.7	10.2	100
35–54 ABC1	28.8	11.0	5.3	13.4	58.5	30.1	11.4	100
55+ ABC1	30.7	10.9	5.0	6.6	53.2	33.9	12.9	100
16–34 C2DE	30.4	10.4	5.8	20.6	67.2	24.7	8.2	100
35–54 C2DE	30.6	9.5	6.4	19.9	66.4	24.8	8.8	100
55+ C2DE	35.7	11.0	6.9	6.7	60.3	29.3	10.5	100
Children	24.8	8.5	4.5	26.5	64.3	24.7	10.9	100
All individuals	30.5	10.7	5.7	14.8	61.7	28.0	10.3	100
All adults	31.3	11.0	5.9	13.2	61.4	28.4	10.2	100

Source: IPA website