
Marketspace

New media

In a study by PricewaterhouseCoopers on behalf of the Internet Advertising Bureau, the report found that advertisers prefer to deal directly with online media owners rather than using a media buyer. Directly invoiced deals accounted for 97 per cent of advertising revenues last year, up from 93 per cent in 1998. Banner ads accounted for 73 per cent of total revenues, although sponsorship is growing in popularity. (Source: *Marketing Week*, August 2000.)

Despite setbacks, digital televisions growth is close to expectations

Telewest has announced that 179,000 customers connected for its digital services out of 223,000 digital sales so far. It is thought that the company's original target of 500,000 by the end of the year will not be achieved, and that it will take an additional three months due to problems with the availability of the technology. (Source: *BBC website*, August 2000.)

NTL's latest subscriber figures show that the cable company has 230,000 digital subscribers and expects to have 500,000 by the end of the year. The figures show that the company now has more than 3 million subscribers in the UK and Ireland following its merger with Cable & Wireless.

(Source: *Media Week*, August 2000.)

Off line brands still dominate internet ad-spend

The biggest-spending advertisers on the Web in June were pure Internet companies, according to Nielsen/Netratings' first UK banner advertising statistics. The majority of companies featured in the top 20 advertisers have no offline presence, with Tiny Computers, J. Sainsbury and Prudential the only high-street names to make the list. The most effective advertiser, however, was Amazon, which reached 35 per cent of Web users. Other sites that achieved higher than average reach included Yahoo!, MSN and Microsoft.

(Source: *Media Week*, August 2000.)

US Internet advertising revenues set to quadruple!

The US banking firm Veronis Suhler's 14th Annual Communications Industry Forecast predicted that Internet advertising will more than quadruple to US\$24.4bn by 2004. This will surpass cable, satellite and network television, as well as consumer magazines in the USA.

(Source: *E-commerce Times*, August 2000.)

Three-quarters of the population oppose the idea of pay-per-view television, according to CIA Medialab's latest Sensor survey. Almost as many viewers with cable, satellite or digital services (74 per cent) as those without (75 per cent) felt that showing top events on a pay-per-view basis was a bad idea.

(Source: *Media Week*, August 2000.)

New research released by Jupiter Communications predicts that in five years, every Internet user will be exposed to more than 950 marketing messages every day. The report also predicts that \$16.5bn will be spent on online marketing by 2005.

(Source: *E-commerce Times*, August 2000.)

Table 2 demonstrates that shopping online is still not a major driver of Internet usage

Table 1: The average Web user in the UK has been on the Internet for around two-and-a-half years

Q. When did you first start using the Internet/World Wide Web?	
Year	(%)
2000	14
1999	26
1998	21
1997	13
1996	10
1995	6
1994	4
1993	2
1992	1
Before 1992	2

Source: UK Internet User Monitor (Forrester Research, August 2000)

Table 2: E-mail, fun/entertainment and curiosity are the three most widely cited reasons for going online

Q. Why did you originally go online?	
Reason	(%)
I wanted to use e-mail	63
For fun and entertainment	51
Curiosity	50
For information on a specific interest	40
To help my (or my family's) education	32
To look at specific websites	31
My company give me access	17
To get on to chats and online forums	15
Friends/family recommended it	13
To buy goods and services	9
Other	8

Source: UK Internet User Monitor (Forrester Research, August 2000)

Table 3: Total number of UK Internet users (at home, work and college) (est.)

Source	(million)
Forrester — end 2000 forecast	18.8
e-MORI — June 2000	13.4
NOP — December 1999	14.7
Continental Research	11.1

Source: *New Media Age*, August 2000

Table 4: Number of home Internet users (est.)

Source	(million)
Jupiter — 2001	150.5
Jupiter — 2000	88.9
Forrester — 1999	50.0
IAB/PWC	19.4

Source: *New Media Age*, August 2000

The online browser in the UK is upmarket, young and predominantly male (Table 6)

Table 5: Value of e-commerce revenue (est.)

Source	(£ bn)
IDC — 2005	2.7
Datamonitor — 2002	1.7
Continental Research — November 1999	2.0

Source: *New Media Age*, August 2000

Table 6: Who is online in the UK? (%)

Gender (e-Mori, June 2000)	
Male	Female
8.2m (61)	5.2m (39)
Age (e-Mori, June 2000)	
15–24 yrs	22
25–34 yrs	27
35–44 yrs	23
45–54 yrs	16
55+	12
Socio-economic group (e-Mori, June 2000)	
AB	38
C1	34
C2	16
DE	12

Source: *New Media Age*, August 2000

Scandinavian countries continue to dominate the Internet penetration league tables, with the UK above average for Western Europe

Table 7: Internet penetration into Europe's households (Datamonitor, year to end 1999)

Country	%
Sweden	31
Denmark	29
Norway	27
UK	23
Germany	20
Austria	15
France	12
Spain	10
Average West Europe	17

Source: *New Media Age*, August 2000

The UK Register Database now contains 2 million domain names as of 31 July 2000. Nominet UK is the registry for UK Internet domain names. Just as Companies House holds authoritative records for company names, or the DVLA for driving licences, Nominet maintains the database of .uk registered Internet names. The database was set up in August 1996.

The Internet was the industry sector that spent the most on sponsorship

Wales has the highest penetration of digital TV subscribers in the UK

Digital TV subscribers are a fairly homogenous group, with only social class DE having noticeably lower penetration

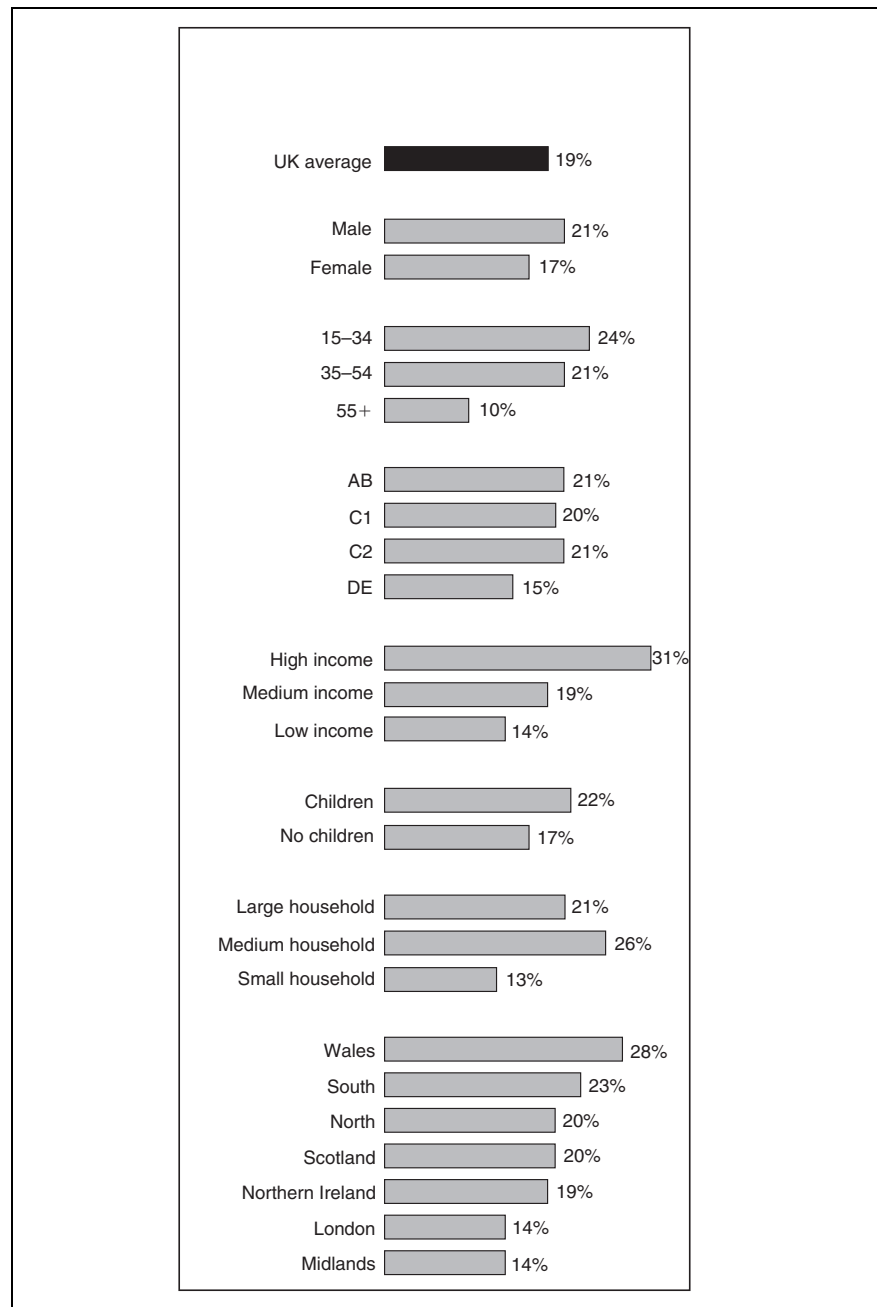


Figure 1: UK penetration of digital TV (base UK homes, May 2000)
 Source: OFTEL report, August 2000

Given the high value of dot.com spending on broadcast media, the figures for sponsorship come as no surprise

during the first half of 2000, according to new figures from the European Sponsorship Monitor. The figures, based on deals totaling \$773m (£529m), show that Internet companies represented 13 per cent of all sponsorship deals. The two largest deals were Monster.com sponsoring

Table 8: Total registrations in the .uk database as of 31 July 2000

.co.uk	1,879,326
.org.uk	117,998
ltd.uk	7,534
plc.uk	1,307
net.uk	483
sch.uk	18,996
Total	2,025,951

Source: <http://www.nominet.org.uk>

Retailers are notable by their absence in the online advertising arena, with only HMV and WHSmith figuring in the top spenders

Table 9: Top online advertisers in the six months to June 2000

Advertiser	Sector	£000
Bertlesmann AG	Distance selling	780
Prudential Corporation	Financial	760
BT	Other	730
Amazon	Distance selling	550
Virgin Group	Other	480
Lastminute Network	Other	420
HM Government	Other	390
Lloyds TSB	Financial	390
Barclays Bank	Financial	380
British Airways	Other	380
First-e	Other	370
Microsoft	Other	370
Streets Online	Distance selling	370
Netdoctor	Other	360
ShopSmart.com	Distance selling	360
General Motors	Manufacturing	340
Hewlett Packard	Manufacturing	340
Lycos	Distance selling	330
FiredUp.com	Other	320
United News & Media	Other	320
Royal Bank of Scotland	Financial	310
Compaq	Manufacturing	300
Level (3)	Other	280
StepStone	Other	270
TheStreet.com	Other	270
Tiny Online	Manufacturing	270
American Airlines (Travelocity)	Other	250
First Direct	Financial	250
Guardian Media Group	Publishing	250
IBM	Other	250
HMV	Retail	240
Active ISP	Other	230
Blue Square	Other	230
Carlton Communications	Other	230
First Global Insurance	Financial	230
Sports.com	Other	220
Marbles	Other	210
Misys	Manufacturing	210
Boxman	Other	200
Dell	Manufacturing	190
Reed Elsevier	Distance selling	190
Emap	Publishing	170
WH Smith	Retail	170

Source: Forrester Research

the 2002 Winter Olympics in Salt Lake City and PSINet's sponsorship of Euro 2000.

(Source: *Media Week*, September 2000.)

The outlook for Internet advertising was clouded recently by US figures indicating that last year's stratospheric growth rates had sharply slowed. Advertising revenues at US Internet sites rose only 8.8 per cent in the second quarter compared with the first. This marks a further slowdown compared with the first quarter, when revenues rose 9.9 per cent from the previous quarter. Last year, the dot.com industry became accustomed to double-digit increases in advertising revenues from one quarter to the next. In the fourth quarter, the figure reached 46 per cent. (Source: *Financial Times*, October 2000.)

WAP phone sales at BT Cellnet rocketed by 40 per cent over the summer as the number of UK mobile phones grew to 34 million. BT Cellnet, the second largest mobile phone operator in the UK, claimed leadership of the WAP sector with 420,000 subscribers by the end of September. Vodafone, the world's largest mobile phone company, is reported to have fewer than 100,000 WAP users.

Despite growth, WAP phone sales retain a small percentage of overall mobile phone subscribers. Does SMS have greater potential?

Table 10: UK mobile phone subscribers, September 2000

Operator	Subscribers (m)
Vodafone	10.24
BT Cellnet	8.74
Orange	8.28
One2One	7.12

Source: BBC website, October 2000

Table 11: Growth in UK mobile subscribers, June–September over previous quarter

Operator	Subscribers (m)
Vodafone	0.88
BT Cellnet	0.67
Orange	1.10
One2One	1.12

Source: BBC website, October 2000

Traditional media

Six-sheets are lagging behind the performance of the rest of the booming poster industry, claims outdoor company Poster Publicity. It bases its findings on figures from the Outdoor Advertising Association. For the first six months of 2000, outdoor revenue climbed 30 per cent to £58m. The 48-sheets are selling eight weeks in advance, leading to a reduction in unsold stock compared with the equivalent period in 1999.

(Source: *Marketing Week*, August 2000.)

Hello! magazine defied media buyer speculation by reinstating its lead over rival *OK!* in the battle of the celebrity weeklies in the first half of the year. Both titles will be looking for improvement, however, after recording respective period-on-period declines of 7 per cent and 18 per cent to 458,663 and 455,162.

(Source: *Media Week*, August 2000.)

The UK's traffic lights are to be the latest weapon in the outdoor industry's advertising arsenal. Motorists and pedestrians stuck at pedestrian crossings and road junctions are to be targeted with a new poster format known as super-fours: double-sided illuminated posters covering traffic light control boxes.

Start-up company Crossover Media Group, in partnership with Siemens Traffic Systems, is launching the format, which the company claims will

Growth in Direct Mail continues, confounding suggestions that e-substitution might lead to a slow down

provide ‘exceptional coverage to a mass audience capable of satisfying any campaign across the UK’.

(Source: *Media Week*, September 2000.)

A sharp increase in mailings from the retail and financial sectors helped push second-quarter direct mail volume up 12.5 per cent year on year, according to latest official figures. The statistics show that direct mail volume for the April to June period hit 1.197 billion items — up from 1.064 billion the previous year. The growth in expenditure was even more impressive, rising from £394.3m in the second quarter of 1999 to £447m over the same period this year — an increase of 13.4 per cent. (Source: DMIS website, August 2000.)

Traditional media not new media

Research by the Periodical Publishers Association found consumer magazine advertising revenue increased by more than 9.5 per cent year on year in the first six months of 2000. January, March and April were the best months, with growth above 13 per cent. The PPA’s figures are almost 2 per cent higher than the 7.7 per cent total year increase in advertising revenue forecast by the Advertising Association for 2000. However, the AA has predicted a 9.7 per cent year-on-year growth for the third quarter. (Source: *Media Week*, August 2000.)

Channel 4 were the only station showing notable audience growth during Summer 2000

Table 12: Hours of TV viewing and share of audience (five weeks ending 3 September 2000)

	August (hrs:mins)	July (hrs:mins)	August (%)	July (%)
All/any TV	23:17	23:26	100	100
BBC 1 (incl. Breakfast News)	05:59	06:10	25.7	26.3
BBC 2	02:33	02:39	10.9	11.3
Total/any BBC	08:32	08:49	36.6	37.7
ITV (incl. GMTV)	06:14	06:41	26.7	28.5
Channel 4/S4C	02:50	02:28	12.2	10.5
Channel 5	01:22	01:22	5.9	5.8
Total/any comm. terr. TV	10:26	10:31	44.8	44.9
Other viewing	04:19	04:06	18.5	17.5

Source: BARB website, October 2000

Mobile phone advertisers remain dominal in the radio advertising market

Table 13: Top radio advertisers, MAT, August and September 2000 (£000)

Advertisers	Spend September	Spend August
BT	11,904	12,254
COI	10,540	10,411
Carphone Warehouse	8,564	8,486
Vodafone	8,440	8,636
Coldseal	6,123	6,311
Camelot	5,593	6,489
Renault	5,418	5,868
Dixons	5,090	5,664
One2One	5,006	4,666
News International	4,229	4,182

Source: RAB online newsletters, August and September 2000