



SMARTSEARCH
marketing

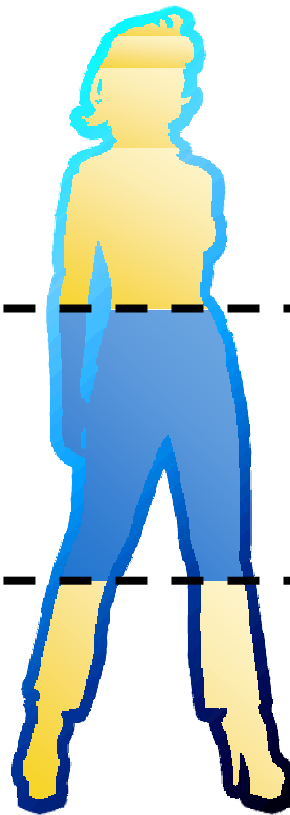
The Online Marketing Industry

Trends and Predictions

Prepared July 2005

Consumer Behavior is Changing

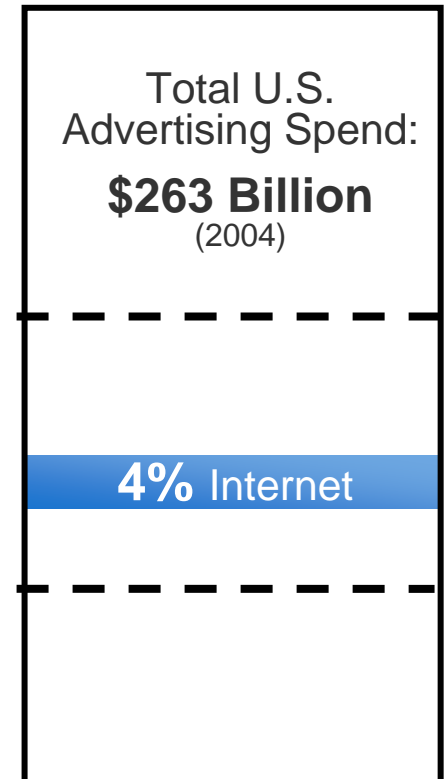
Media Consumption



Gap between ad spend
and media consumption:

**The
Opportunity
Gap**

Media Spend



Source: Universal McCann (June 2004), JupiterResearch (September 2004)

Media Budgets - Starting to Shift

- A recent survey of media planners and buyers indicates that **ad budgets** are projected to rise by only 3.3%.
- The top three growth channels are search, online and email.

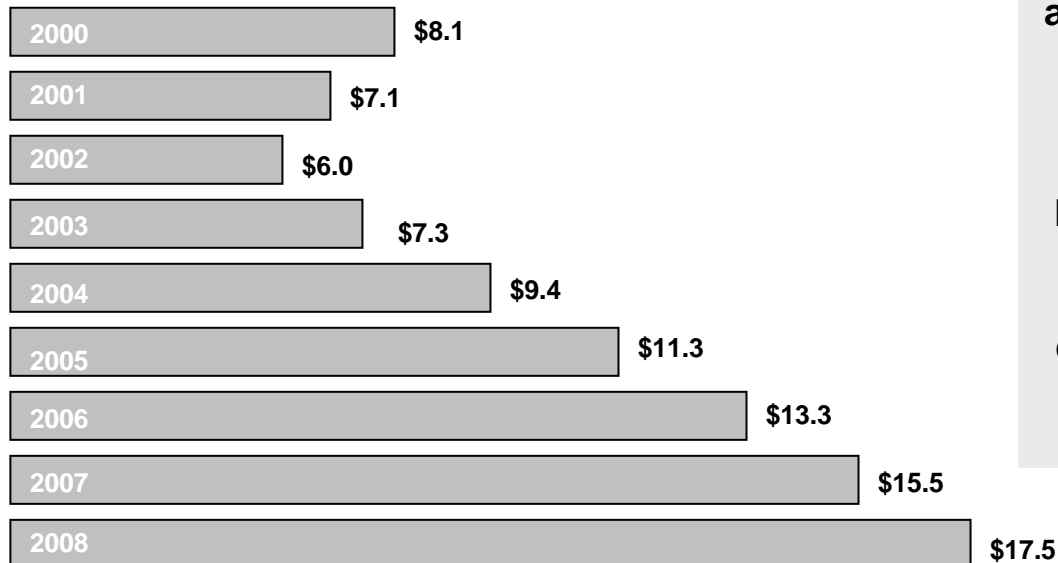
Media	2004 Spending Projections (Changes from 2003 to 2004)
Search Engine	41%
Interactive/online	21%
Email	16%
Broadcast (TV)	10%
Direct Mail	6%
TOTAL	3%
Newspaper	-1%
Spot TV	-2%
Cable TV	-2%
Radio	-3%
Other	-3%
Outdoor	-3%
Magazine	-3%

Media budgets are shifting.
The top three growth channels are all online.

Survey conducted for MEDIA Magazine by InsightExpress in Nov 2003

Online Advertising is Growing

US Online Ad Spending, 2000-2008 (in billions)



Source: eMarketer, October 2004

18% growth
predicted:
2005 to 2006

After a downturn in 2001 and 2002 (primarily due to dot-com failures) the online ad industry is booming.

Researchers, investment banks and media gurus are all predicting continued strong growth for the next three to four years.

Online Ad Spend as % Total Media

US Online and Total Media Advertising Spending, 2001-2008 (in billions and online as a % of total media spending)

	Online	Total	Online as % of total
2001	\$7.1	\$231.3	3.1%
2002	\$6.0	\$236.9	2.5%
2003	\$7.3	\$245.5	3.0%
2004	\$9.5	\$264.2	3.6%
2005	\$11.5	\$278.5	4.1%
2006	\$13.4	\$291.0	4.6%
2007	\$15.6	\$302.0	5.2%
2008	\$17.6	\$307.0	5.7%

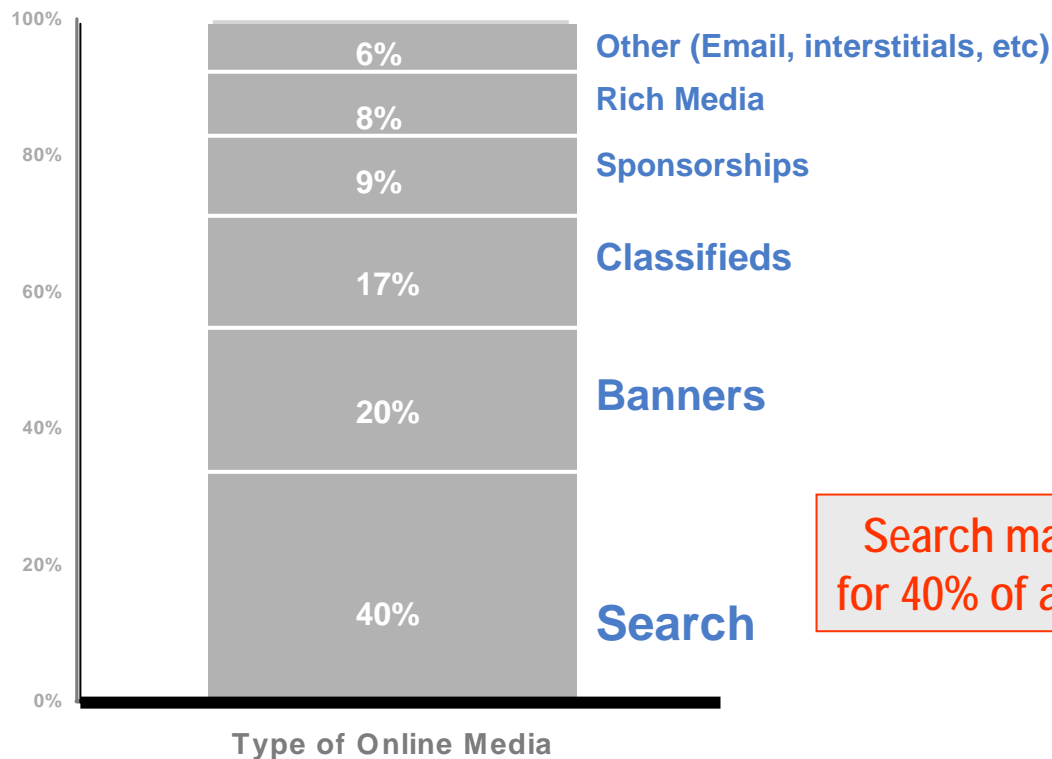
Note: eMarketer benchmarks its US online ad spending projections against the Interactive Advertising Bureau (IAB)/PricewaterhouseCoopers (PwC) data, for which the last full year measured was 2003; eMarketer benchmarks its US total media ad spending projections against the Universal McCann data, for which the last full year measured was 2004
Source: eMarketer, February 2005

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www.eMarketer.com

Majority of Spend Going to Search Marketing

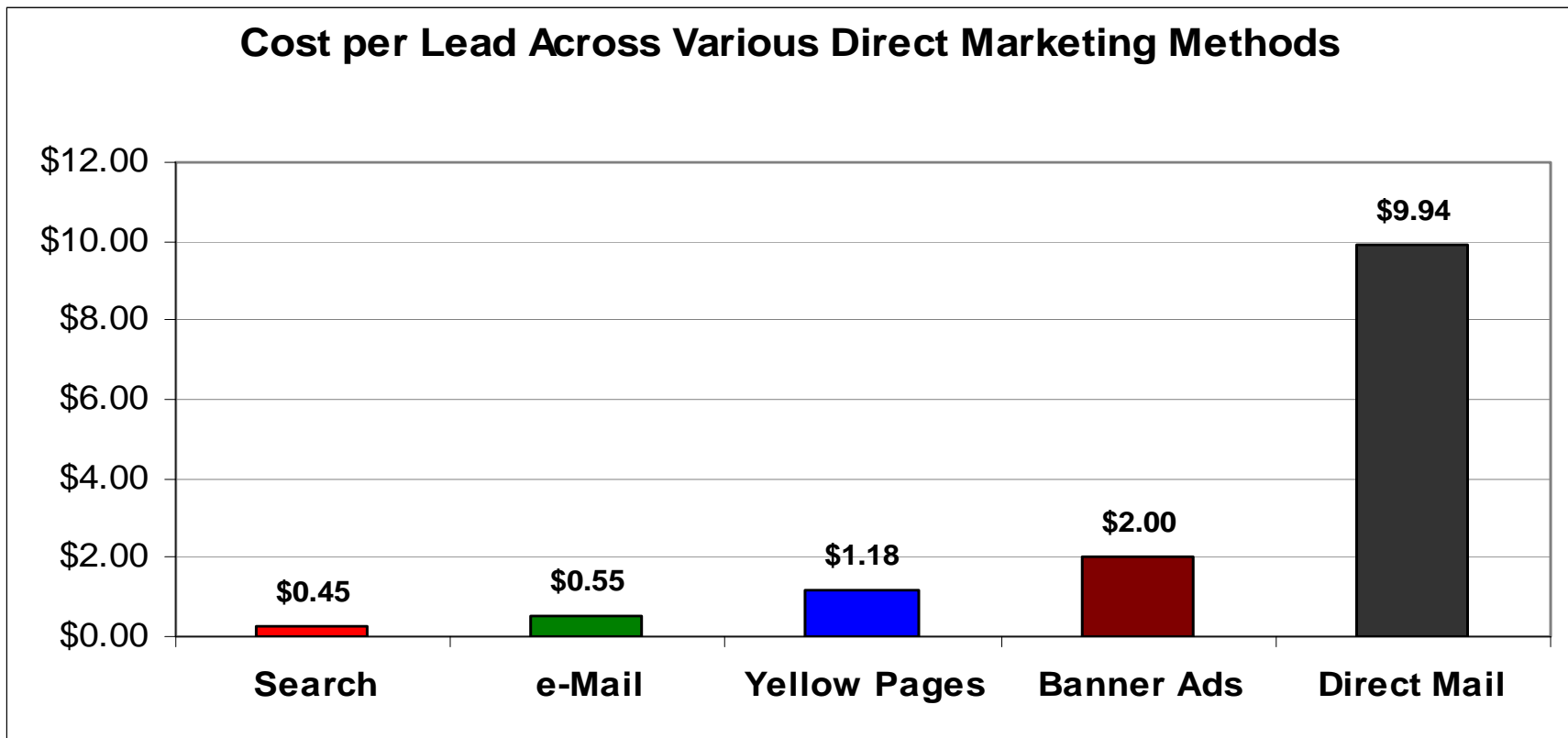
% Online Advertising Revenue



Search marketing accounts for 40% of all online ad spend.

Source: eMarketer, October 2004

Cost-Per-Lead Comparison



Source: Safa Rashtchy, US Bancorp Piper Jaffray, August 2004

Top Internet Advertisers

Top 10 Internet Advertisers, by Media Value – for May 2005

1	Vonage	\$ 30,187,000
2	LowerMyBills.com	\$ 21,337,000
3	Verizon ISP	\$ 19,500,000
4	Classmates.com	\$ 12,455,000
5	Netflix.com	\$ 11,250,000
6	eBay.com	\$ 8,887,000
7	South Beach Diet	\$ 8,491,000
8	Ameritrade Brokerage	\$ 6,622,000
9	TitanTV.com	\$ 6,282,000
10	MSN	\$ 6,089,000

The top 10 advertisers spent between \$6 and \$30 million dollars in the month of May 2005 on internet advertising.

Source: TNS Media Intelligence, June 2005

Contact Us Today

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