

Digital Publisher Advertising Revenues up 16% Year on Year

Submitted by: inPress Online

Thursday, 16 May 2013

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Online Video Fastest Growing Digital Advertising Format

London, UK, Thursday 16 May 2013: The Association of Online Publishers (AOP) and Deloitte today revealed that UK digital publisher advertising revenues were up 16.2% in Q1 2013, versus the same period of the previous year. The study also recorded publisher sentiment for the coming twelve months, showing that 100% of AOP board member respondents are expecting growth in digital advertising spend this quarter (Q2 2013).

The Digital Publishers' Revenue Index study tracks actual digital revenue breakdown. This is the tenth quarterly report published by AOP/Deloitte and only the second time that growth figures have been released to the wider publishing industry.

Strong Start to 2013 for UK Digital Publishers

A total of 66% of respondents reported positive total advertising growth in the first quarter of 2013, the highest figure since Q3 2011. Online video continues to be the fastest growing advertising format for digital publishers, up 56.4% year on year. Display and sponsorship continue to perform well, up 13.7% and 12.3% respectively. Recruitment advertising was up 11.0%, with other forms of classified advertising growing 3.1% during the same period.

UK Digital Publisher Advertising Revenue Growth*

Q1 2013 vs. Q1 2012

AOP & Deloitte DPRI Report, May 2013

Advertising Format	% Change
Total	16.2%
Video	56.4%
Display	13.7%
Sponsorship	12.3%
Recruitment	11.0%
Other Classified	3.1%

*Industry average derived from actual revenue data supplied by 27 AOP publisher members.

Year-on-year B2C growth increased to 20.0 % in Q1 2013, compared to 8.7% in Q1 2012. In comparison, B2B growth stood at 2.1% this quarter, down from 6.0% in the same quarter last year. This difference was driven by a slowdown in growth for display advertising for the B2B group.

“Despite taking a fairly cautious view of growth earlier in the year, Q1 results actually indicate a strong upside for publishers,” said Tim Cain, head of research & insight for the Association of Online Publishers. “This has fuelled a more positive expectation for the coming twelve months. Both display formats and recruitment advertising have contributed to a strong Q1 performance”

“Year-on-year growth for Q1 2013 is double what we saw for the same quarter last year,” said Howard Davies, Deloitte media partner. “We’re starting to see greater optimism across the market and the digital advertising industry continues to grow strongly as new formats and concepts become embedded. The differences between B2B and B2C sectors are perhaps starker than some would expect but probably reflect the shift in the B2B sector towards more data driven revenues.”

Sentiment Index

The AOP Digital Publishers Revenue Index Report (DPRI), carried out by Deloitte, is complemented by the AOP Sentiment Index Report, which questions AOP board members on how they anticipate the market to perform over the coming twelve months.

Notably, 100% of AOP board members who responded expect growth in digital advertising spend this quarter (Q2 2013). The majority (92.3%) selected ‘Advertising revenue growth’ as a high priority for their business over the next twelve months, up from 78.9% in Q1 2012. Expectations for growth also appear to be shifting back towards the traditionally high performing advertising sectors, with AOP board members expecting to see highest increases in the FMCG, Retail, Telecoms, and Automotive advertising sectors over the coming twelve months.

AOP Sentiment Index Gauging Digital Publisher Confidence & Priorities over the next 12 Months*
Published in Conjunction with the
Digital Publishers Revenue Index (DPRI), May 2013

Sentiment (% AOP Board Members)

Expect growth in digital advertising spend this quarter (2013) (100.0%)
Selected advertising revenue growth as a high priority for their business (92.3%)
Selected non-advertising revenue growth as a high priority for their business (76.9%)
Selected cost reduction as a high priority of their business (30.8%)
Selected new products/services as a high priority for their business (33.3%)

*Survey of AOP Board Members.

Positive Industry Outlook

Confidence amongst digital publishers is significantly higher than the average found throughout wider

industry. The Deloitte CFO Quarterly Survey questions over 300 CFOs, mainly from FTSE 350 companies across a broad range of industry sectors, in order to gauge optimism and financial attitudes of major corporate users of capital. Those taking part in the AOP Sentiment Index were found to rank 27% points higher than the wider industry average when asked if they felt more optimistic about their company's finances now that they did three months ago.

About The Association of Online Publishers (AOP)

The UK Association of Online Publishers (AOP) is an industry body representing digital publishing companies that create original, branded, quality content. AOP champions the interests of media owners from diverse backgrounds including newspaper and magazine publishing, TV and radio broadcasting, and pure online media. For more information please visit <http://www.ukaop.org.uk/>.

About Deloitte

Deloitte worked in partnership with the Association of Publishers since September 2010.

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