

April 2004

www.doubleclick.net/emea

DoubleClick Q1 2004 Ad Serving Trends

Executive Summary

DoubleClick's Q1 2004 ad serving data reflects the continued online advertising rebound and ascendancy of rich media. Click-through rates are on the rebound while post-impression metrics remain strong. The move towards adoption of larger ad units continues. With this report, DoubleClick begins to release more depth of data about how consumers use rich media: on average, DoubleClick's DART Motif rich media units display for more than one minute; of the ads users interact with, they spend an average of nearly half a minute. In the ongoing debate about the comparable media value of online advertising, figures like these help marketers put online in a larger context and give value to the units beyond direct response metrics like click-throughs.

For advertisers using direct response metrics (click-throughs), rich media click-through rates are nearly four times higher than those for non-rich media.

Overview of Data

The DoubleClick Q1 2004 Ad Serving Trend Report contains aggregate data from DoubleClick's DART® for Advertisers and DART for Publishers online advertising serving technology. The data is based on more than 894

billion ads served globally from thousands of clients served since Q1 of 2003. This report includes global numbers (North and South America, Europe, Middle East, Africa and Asia Pacific) along with specific data for EMEA/APAC. This data is useful as

benchmarking statistics for advertisers as it represents one of the largest pools of information from both publishers and advertisers on ads served during a given period.

Rich Media Rises

- Rich media increased 54% from Q1 of 2003 to more than 42% (42.8%) of all ads served in Q1 of 2004. Macromedia Flash accounts for the

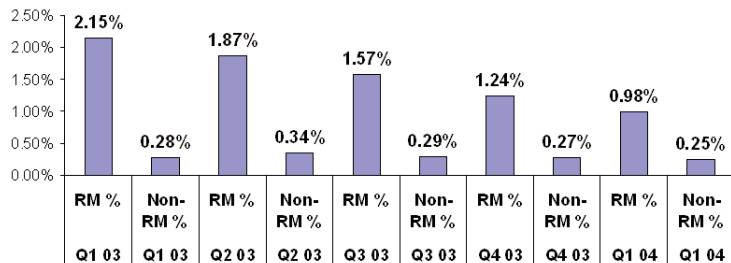
largest percentage of rich media served and is now nearly 17% of all ads served (16.7%).

- For advertisers using direct response metrics (click-throughs), rich media click-through rates are nearly four times higher than those for non-rich media (0.98% as compared to 0.25%).
- Rich media click-through rates declined each quarter in 2003 and continued this decline in Q1 2004 (average of 0.98% in Q1 '04 as compared to 2.15% in Q1 2003). This trend could reflect maturity of response rates (click-through rates for non-rich media such as GIFs/JPEGs will never again see the highs they experienced when the standard banner was first introduced in the mid '90s) and the increased volumes of rich media in the market—as these units become less novel, direct response could decrease. It could also reflect advertisers using rich media for branding—including the goal of interaction within the unit—rather than direct response.

Rich Media click-through rates still 4x non rich media, but continue to decline

Rich media creative often used more for branding than direct-response oriented campaigns which favor GIFs/JPEGs

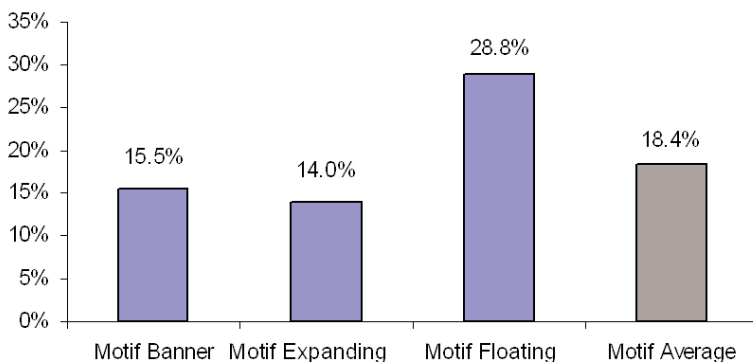
Rich Media Click-through vs Non-Rich Media Click Through



Note: rich media click-through rate includes pop-ups, interstitials and ads with forms. Use with caution: not all rich media creative is designed to elicit clicks and not all rich media clicks are tracked by publishers.

On average, more than 18% of Motif units are interacted with

Q1 '04 Interaction Rates



Rich Media Types Generate Varying Interaction Rates

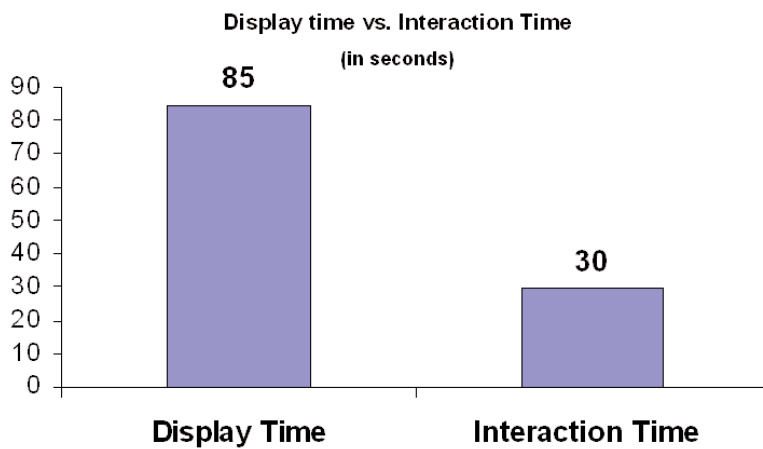
DART MotifSM enables advertisers to measure different types of activities that can result from rich media. On average, more than 18% (18.4%) of Motif units are interacted with. Motif units display for 85 seconds, and the average interaction time is 30 seconds. The interaction could include users clicking to additional layers of content, mousing or

rolling over the unit, playing a game, or closing the viewing window.

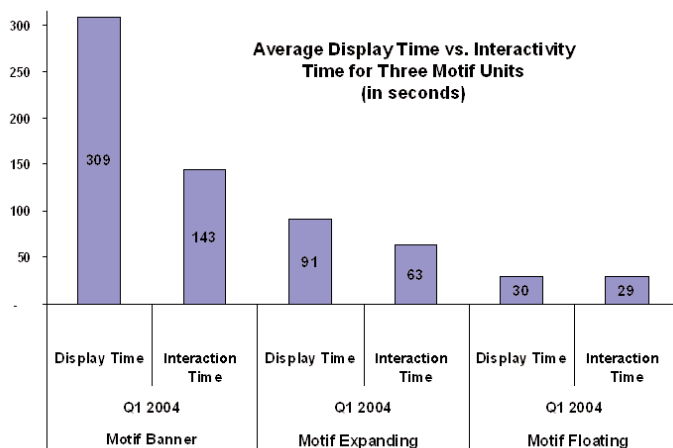
- These display and interaction times vary widely by the form of rich media. Motif banners usually appear at the top of a page and have the longest display times, with an average of 309 seconds (this number may be high due to users keeping browsers open while they multi-task and perform other functions on their

computers). Motif expanding units display for an average of 91 seconds, while Motif floating units have the lowest display times at 30 seconds. Banners have the longest opportunity to display depending on how often users refresh pages or how long they spend viewing them, while floating units do just what they are designed to: attract attention, then disappear.

Of those units interacted with, consumers spend an average of 30 seconds



Motif banners display longest of any rich media type and have highest interactivity times



Overall Click-Throughs Rebound, Post-Impression Impact Remains Strong

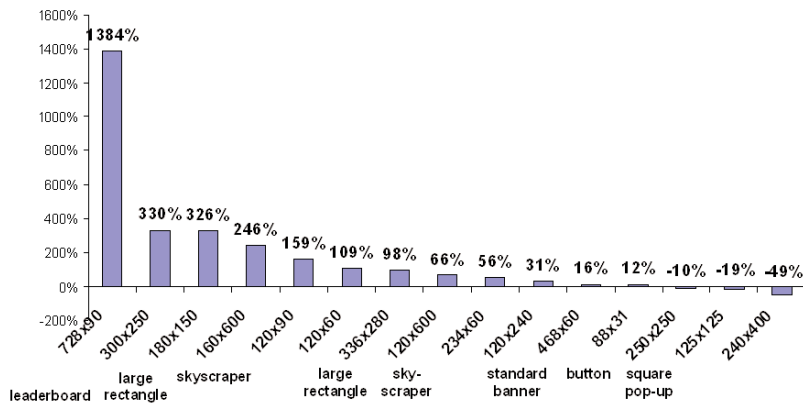
- Average click-through rates for all ads served by both advertisers and publishers popped back up from a low of 0.44% in Q4 to 0.56% in Q1 2004.
- When the subset of ads served and tracked purely by advertisers is analyzed (some ads are served by publishers for advertisers), interesting patterns emerge: click-through rates also increased from Q4 '03 (0.4%) to Q1 '04 (average of 0.48%). View-through rates in Q1 began to reflect seasonal patterns: they were roughly equal to those of Q1 2003 (0.59 as compared to 0.61%), but were lower than the high periods of Q3 and Q4 (0.77 and 0.74%). View-throughs assess some action observed within 30 days of a consumer viewing an ad (post impression impact). These metrics are part of the larger picture of the effectiveness of online advertising: click-throughs assess immediate response, while view-throughs reflect the latent impact of that online ad.

Leaderboards Continue to Take On the Banner

- The standard banner (468 x 60 pixels) still accounts for the largest portion of all ads served (32%), but declined 2.3 points from Q4.
- The leaderboard, a wide unit (728 x 90) that often appears at the tops of pages of content, first made the “top 20 sizes” list in Q1 2003 and grew 1384% year-over-year. It continues to be the second most common size (a slot it assumed in Q4) and now accounts for 8.6% of all ads served.

Ad sizes in transition: leaderboard the rising star along with large rectangles

Growth in Usage of Ad Sizes: Q1 '03 - Q1 '04



- Skyscraper usage has stabilized at around 9.8% of all ads served, while the large rectangle continues to grow and now accounts for 4.6% of all ads served.
- Sizes that lost ground over the past year include the square (250 x 250), which is most often used for behind or top-of-the-page creative that “pops up” (down 10% year-over-year), as

has the 240 x 400 rectangle (-49%) and the 125 x 125 button (-19%).

- The number of ad sizes used by advertisers is still extremely high at 10,631 different pixel-sized units, but is down slightly from the high of Q4, when DoubleClick served 10,844 different ad sizes.
- Click-through rates vary by size, and these numbers have fluctuated dramatically each quarter, reflecting the assumption that click-through rates relate more to creative intent and specific placement than actual ad size. The 728 x 60 had the highest click-through rates at 0.86%, followed by the square pop-up (250 x 250) at 0.73%. The average click-through rate for a standard 468 x 60 banner is 0.35%.

Targeting: Content-Based Placements Win Over Technology

Technological forms of targeting, such as by browser type, ISP, domain or operating system, account for less than 2% of all publisher-served ads (most targeting is done at the publisher level). Geo-targeting accounts for 4% of all publisher inventory. Content targeting (called Key Word, Key Value in the DoubleClick system), continues to increase dramatically each quarter and now accounts for 71.6% of all ads served. Publishers use this technique to tag specific pages of their sites so that they can sell them at differentiated rates from “run of site” inventory to specific, relevant advertisers.

International Trends Broken Out

Ads served by DoubleClick in EMEA and APAC overall mirror the global numbers with some notable differences:

- Rich media as a percent of all ads served is 37.4% (flat from Q4 to Q1) and has grown 23% from Q1 2003.
- Average click-through rates are higher than in the global data at an average of 1.03% and have risen 27% from Q1 2003, which could reflect growing sophistication of online advertising creative and placement. As online advertising matures internationally, expect rates to fall and then stabilize, as they have in the U.S.
- The standard banner is the most popular ad size, accounting for 57.2% of all ads served. Skyscrapers are the second most popular ad size in EMEA/APAC, accounting for 6.8% of ads served. Other newer sizes like leaderboards (1.3% of total) make up a much smaller percentage than in the global numbers. Newer sizes are being adopted later internationally than in the U.S. market.

Conclusions

DoubleClick's Q1 2004 ad serving data continues to reflect the rebound in online advertising and the increasing dynamic of the medium. As expected, rich media continued to grow as a percent of total volume due both to market demand and DoubleClick's introduction in Q3 of DART Motif, a product developed with Macromedia (creators of the Flash technology) that integrates the creation,

servicing and tracking of rich media into the DART ad serving platform.

The Audience Interaction Metrics derived from Motif and discussed here represent an additional piece of the overall picture of online advertising performance. Audience Interaction Metrics like these can be a complement to the tracking of click-throughs, view-throughs and conversions. For advertisers interested in interactive units for branding, rather than simply driving users to other locations, this is particularly important.

These metrics put rich media in a comparable light to television advertising where a standard unit, ("the :30") is an opportunity to view an ad for 30 seconds. Motif units have an average opportunity to view (display time) of 2.8 times that of the standard television unit, and of those units interacted with, consumers are mousing over, investigating layers of content, pulling down the unit for more information, or playing a game for 30 seconds. More research is needed as to whether these interaction rates have an impact on branding and/or conversion rates. DoubleClick is conducting a campaign-based study on this issue to be released in Q3 2004.

A note on data included:

1. Certain data, such as view-through rates, is available only from ads served by advertisers and does not represent the entire pool of data, as it is collected only from advertisers who choose to use specific tracking tools (DoubleClick's Spotlight tags).

2. View-through rates assess users who have taken action within 30 days (on average) of having viewed, but not clicked on, an ad. This metric can be used to assess post-impression response and optimize based on a more complete picture of conversions rather than just clicks. View-throughs are an observation of consumer behavior—it cannot be determined precisely what portion of these metrics are related to the online impression and what are related to offline marketing. DoubleClick is undertaking research on a campaign basis that attempts to develop guidelines for this issue: for more information, contact Kathryn Koegel at kkoegel@doubleclick.net. Results of the first segment of the study will be released in Q2 2004.

3. Post-impression activity is any activity taken by a consumer subsequent to his/her viewing an online ad, but not clicking on it. These activities could include visiting an advertiser's website, downloading a document or filling in a form to receive a newsletter or more information. Post-impression activity rates are derived from the total of post-impression activities divided by the total of DART for Advertiser impressions. Post-activity sales rates are the number of sales occurring divided by the number of post-impression activities. The total universe for this metric is derived from impressions served by advertisers who are tracking impressions to sales.

4. Click-through rates comprise overall impressions from DART for Advertisers and DART for Publishers divided by overall clicks. Click-throughs are only one measure of response, and not all campaigns are designed to solicit a direct response.

5. Rich media click-throughs are derived from overall rich media impressions divided by rich media clicks. Not all rich media campaigns are designed to solicit a click, and not all clicks in rich media are trackable.

6. Display Time is the total time an ad is displayed to a user. This data is presented as an average for all impressions. To normalize the average, display times of longer than several minutes are discarded.

Interaction Time is the number of seconds an ad has been interacted with. Only mouse movement over the SWF asset constitutes interaction. Multiple interactions during one ad view are aggregated. This metric is presented as an average for all impressions.

Interactive Impressions are the total number of impressions that had an interaction time greater than zero. In other words, the total number of impressions that were interacted with.

Interaction Rate is the ratio of interactive impressions divided by total impressions.

While there are more types of Motif units than the three reported here (the banner, the expanding unit and the floating unit), only those units with a statistically significant impression volume to derive display and interaction rates were reported on. This is the first time this data is being released, and it cannot be determined whether these are true benchmarks; subsequent quarters of data must be assessed before any true performance benchmarks are derived.

For more information on DoubleClick's online advertising solutions, call +44 (0)800 912 1344

For more DoubleClick Research, visit Knowledge Central at http://emea.doubleclick.com/uk/resource_centre/