

June 2008

# Overview of Advertising Spends in Europe Sector: High Tech Year 2007

Nielsen ad Relevance Report  
By Katia Risse

1<sup>st</sup> of June 2008,

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Dear Customers,

This report is an example of what we can do with Nielsen's tools. Most interesting results concern advertising activity in countries you are targeting in your campaigns, advertising spending estimated figures of your main competitors or of top advertisers in your sector and the presentation of your competitor's campaign visuals and online placement strategies.

If you are interested in receiving regular Nielsen reports including our own analysis of the sector, please contact Mr. Francis Mahut for more information about personalized reports' contents and prices.

Kind regards,

Katia Risse

### Executive Summary

This report aims at showing main advertising trends in Europe in 2007 for the High Tech sector. This includes: repartition of advertising spends between European countries, advertising activity across the year, segmentation of the high tech sector and analysis of advertising activity of key advertisers per segments.

The report is based on Nielsen Ad Relevance figures and includes data processing and personal analysis. Please note that only display campaigns are taken into account, which means that search campaigns are ignored. The proportion of search marketing in brand's online marketing strategies depends on the sector, the country and the advertiser's objectives and strategy. For instance, in 2005, Search Engine Marketing represented 49% of the total online marketing budgets in the UK, 38% for Germany and 37% for France. This ratio reached an average of 45% for all European countries in 2006 and SEM rose faster than display marketing in 2006 and 2007 in most countries.

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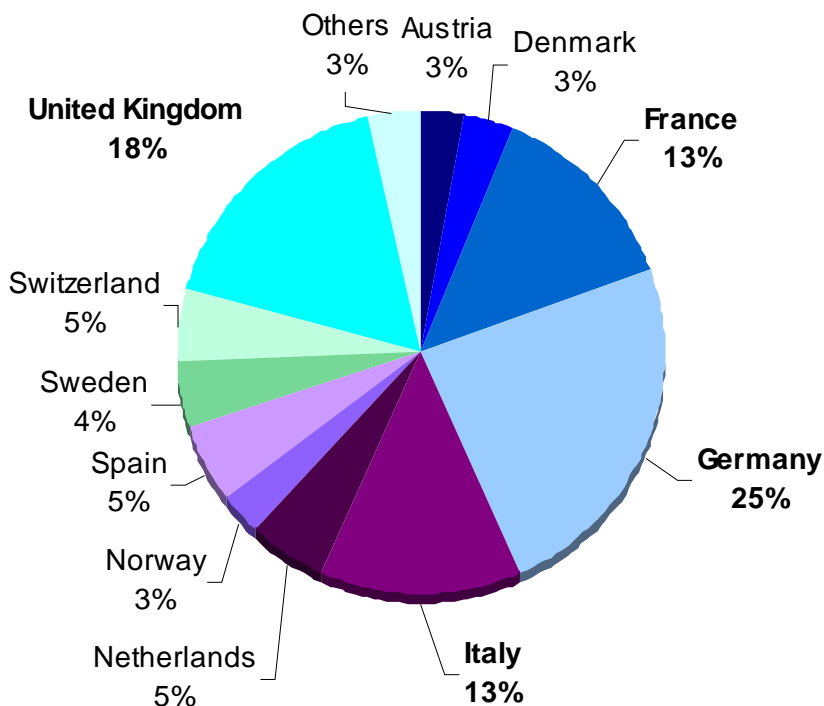
I. Executive summary of the year 2007: key facts, comments & analysis

The advertising activity of the High Tech sector in Europe in 2007

Country	Campaigns	Budgets (000)	Impressions (000)
Austria	527	4 742 €	1 185 466
Belgium	404	555 €	110 910
Denmark	603	2 756 €	551 159
France	2 417	31 665 €	6 333 033
Germany	4 353	41 990 €	8 398 008
Italy	2 381	14 401 €	3 600 185
Luxembourg	12	nc	nc
Netherlands	964	6 622 €	1 324 371
Norway	533	14 414 €	3 603 499
Portugal	218	nc	nc
Spain	950	3 811 €	762 149
Sweden	779	5 989 €	1 497 162
Switzerland	898	5 507 €	786 653
United Kingdom	3 134	85 800 €	9 533 364
<b>Total</b>	<b>18 173</b>	<b>218 252 €</b>	<b>37 685 959</b>

In 2007, more than 18 000 campaigns were launched online for the computing sector. This represented a total budget of more than 200 million € and almost 40 billions of impressions.

Repartition of online marketing campaigns in Europe in 2007



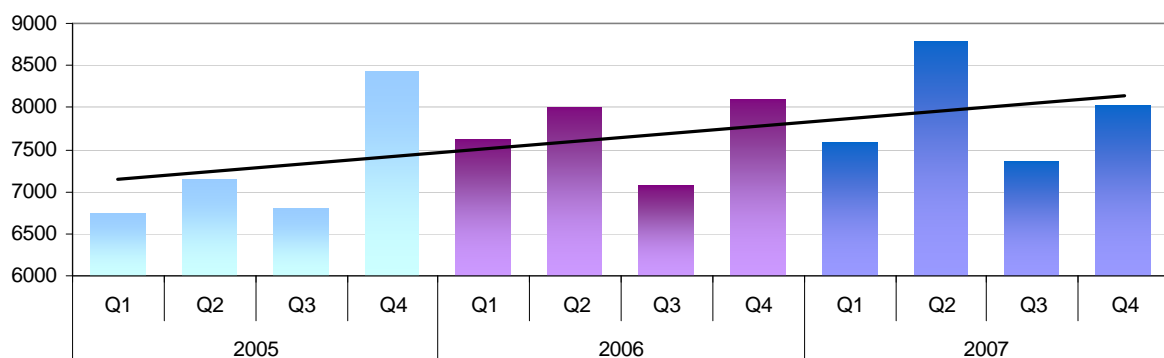
The advertisers' preferred countries in Europe were Germany (which totalised 25% of European campaigns), followed by the United Kingdom (18% of European campaigns), Italy (13%) and France (13%), then Spain (5%) and the Netherlands (5%).

In terms of budgets spent, the UK reached the top position with 39% of ad spends in Europe, followed by Germany with 19% and France with 15%. Other countries represented less than 7% of total spends.

These trends show the influence of population, internet penetration rates and media purchase pricing practices between countries on advertising spends. Indeed, **Germany, the UK, Italy and France are the countries which count the highest numbers of internet users in Europe**. Other less populated countries such as Norway, Denmark or Sweden count **fewer** internet users but register a higher internet penetration rate. Moreover, in countries of “the old Europe” and especially the UK, France and Germany, media purchase costs more than in others, which also explains the importance of ad spends in the former.

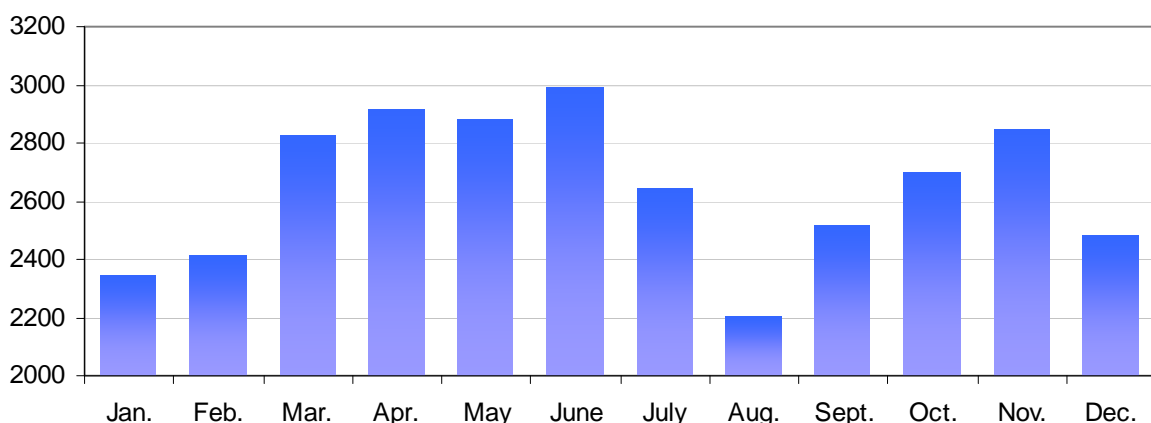
The short term trend in high tech advertising is the increasing number of campaigns, as illustrated by the 2 graphs below.

**Evolution of advertising activity by number of campaigns between 2006 and 2007**



If we compare 2007 figures with 2006 ones, the number of campaigns in Europe increased by 3% and budgets spent by 16%. Investments particularly increased in Norway (322.7 % of increase), Switzerland (88.2% of additional ad spends), Denmark (+ 54.5%) and France (52.31%). It decreased in Sweden (-37.22%), in Italy (-8.22%), in Belgium (-4.5%) and in the Netherlands (-3.12%) between these two years.

**Repartition of 2007 advertising activity by number of campaigns by months**



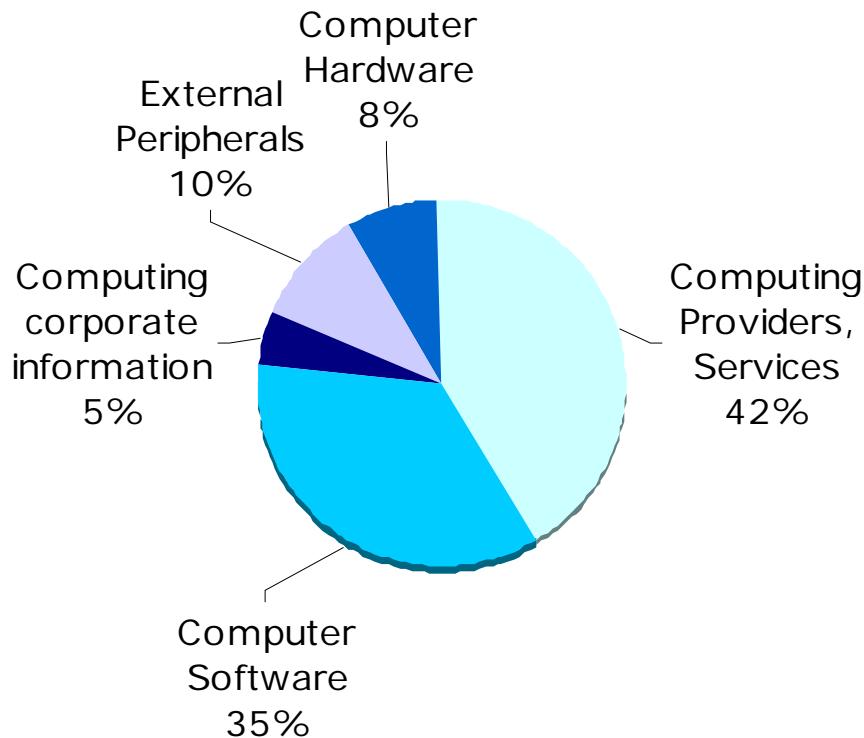
The High Tech sector seems to be more active in advertising during the 1<sup>st</sup> half of the year and especially at springtime.

Next part of the report explains the segmentation of the High Tech sector by Nielsen and goes deeper into the advertising activity of main advertisers.

## II. Segmentation of the Advertising High Tech sector in Europe

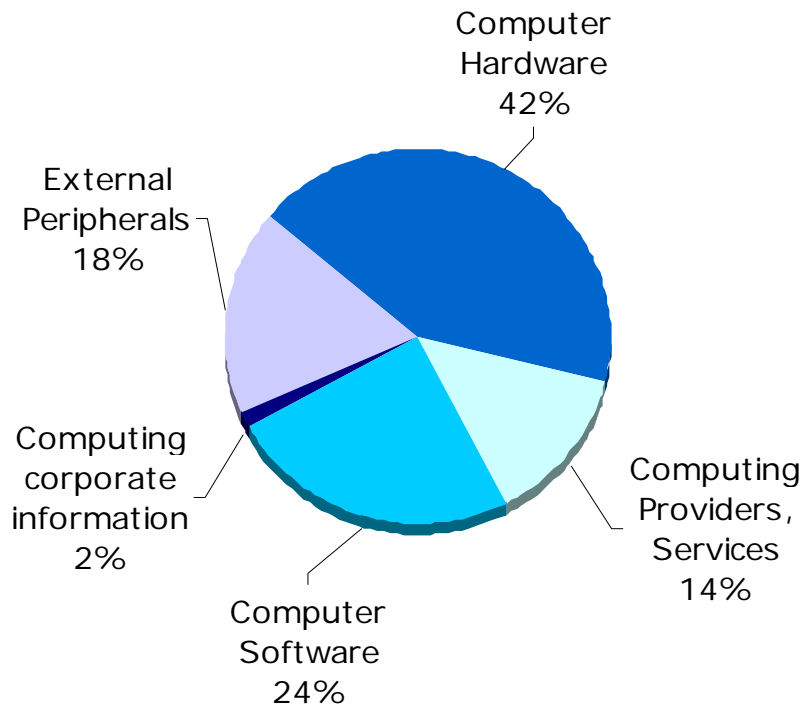
In total, the High Tech sector in Europe gathers 816 advertisers. It is segmented by Nielsen in 5 categories: **Computer Software, Computing corporate information, External peripherals, Computer Hardware and Computing Providers Services.**

Segmentation of the High Tech sector by number of advertisers



- ◆ The category "Computer Software" gathers 288 software providers of all sectors (security, data processing, education, planning...)
- ◆ The category "Computing Corporate information" regroups 38 companies active in the IT sector in general. This category exposes advertisements about firms in general (and not a product or a range of products in particular), corporate events...
- ◆ The category "External Peripherals" contains 84 external peripherals producers/vendors. This goes from well known international firms to national ones. Products concerned are printers, copiers, security solutions, monitors, scanners, joysticks, remotes...
- ◆ The category "Computer Hardware" regroups all full computers constructors and computer hardware components constructors (Servers, Internal and External Hardware). The category totalises 63 advertisers.
- ◆ The category "Computing Providers Services" gathers 343 services providers in such domains as ISP domains, web hosting...

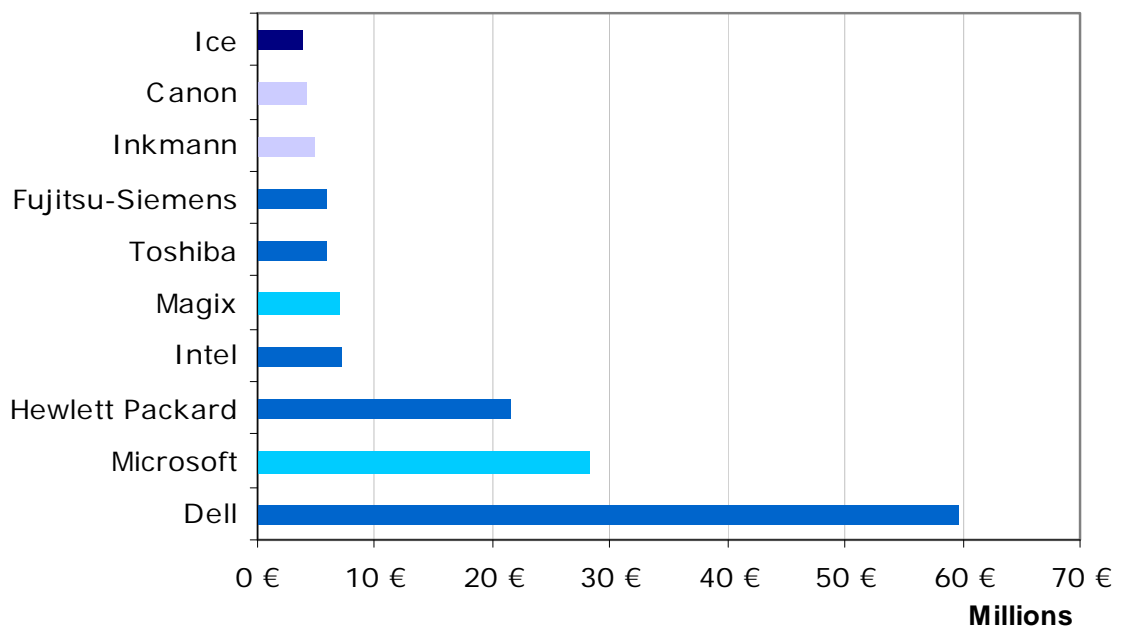
Segmentation of the High Tech sector by online marketing spending in 2007



Concerning budgets spent, online High Tech European advertisement was dominated in 2007 by "Computer Hardware" ads (42% of total budget) while they represented only 8% of the High Tech sector. Other important sub-sector was "Computer Software" which invested 24% of the total budget. The category "Computing providers/Services", which represent 42% of the total amount of advertisers gather in the High Tech sector, represented only 14 % of the sector spends.

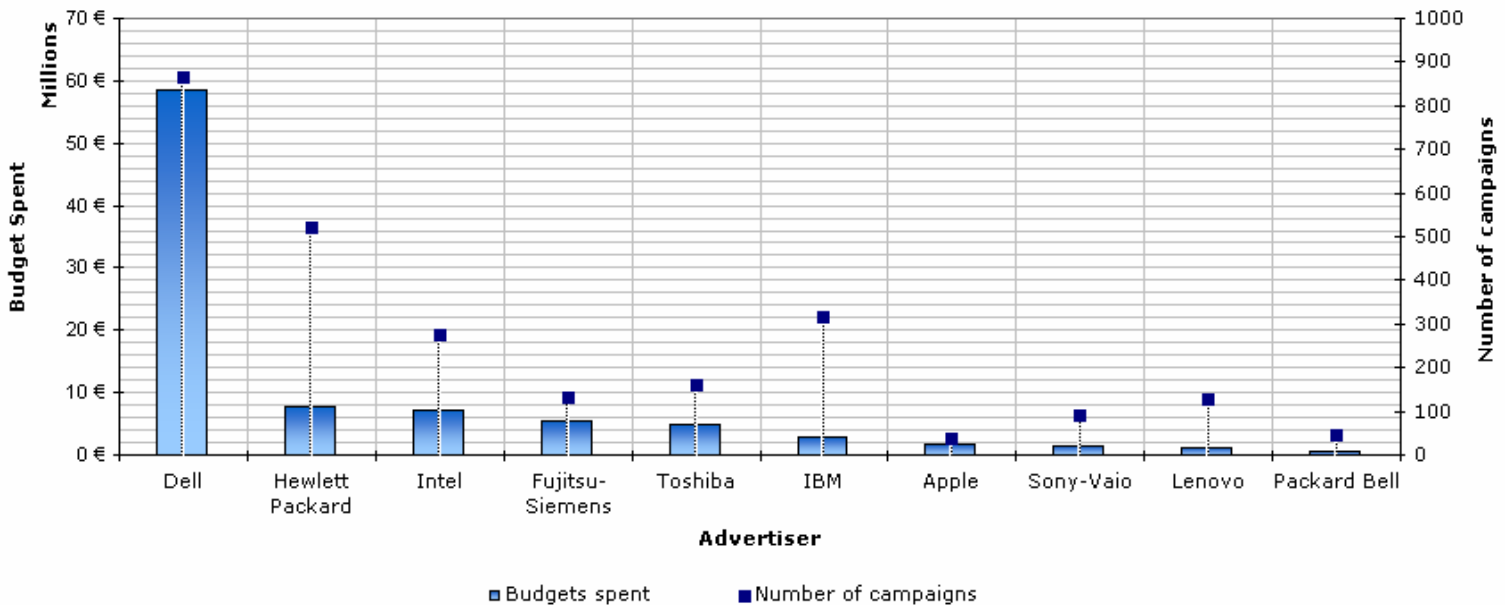
Advertisers which spent the most in 2007 were from the hardware and software sub sectors:

**Top Ten advertisers for the High Tech sector**



### III. Activity and budgets estimates for Top key players by sub sector

#### Sub-sector « Computer Hardware »



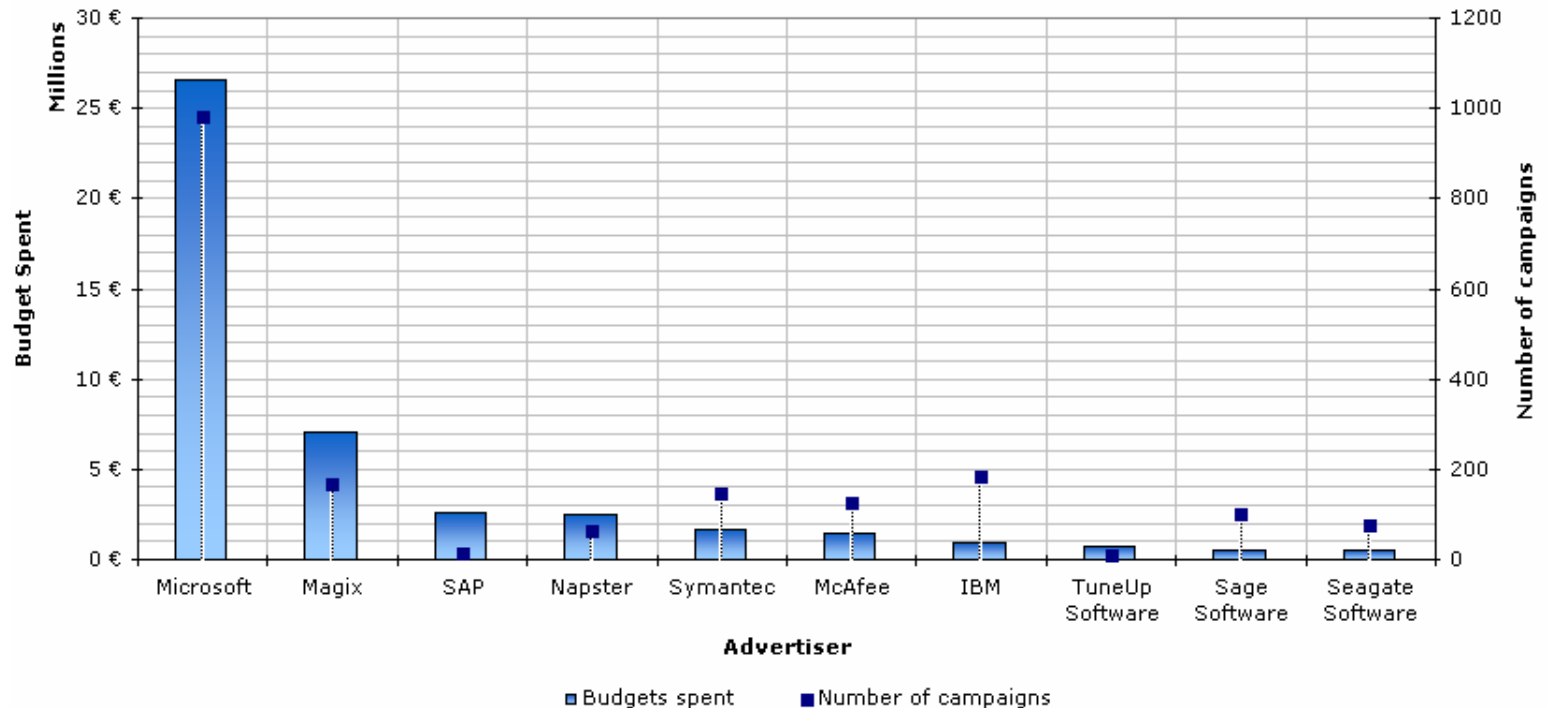
This sub sector is the one which spent the most in the whole High Tech sector in 2007. It gathers the main international computers manufacturers.

Those ten advertisers ran more than 2500 campaigns in 2007 and spent 91 million Euros. It represented 83% of this sub sector's campaigns and 97% of its 2007's budget.

Dell spent much more than its competitors, which can be explained by the fact that until 2007 Dell only sold its products online. This induced more online marketing spends than others who probably spent more on printed media. These top ten advertisers gather the top computers and components vendors. Indeed, in 2007, HP was the first PC vendor worldwide, followed by Dell, Acer, Lenovo and Toshiba. Apple was also part of the top 5 PC vendors in the USA during the 3<sup>rd</sup> quarter of 2007 and Packard Bell is in the top 5 in some countries like France. Thus, Acer was the only firm to reach the vendors top positions without advertising much online (13<sup>th</sup> in terms of online advertising spends in 2007 with 330 000 €). Finally, Intel is the first microprocessors vendor worldwide and IBM is now specialized in servers.

Concerning their geographical targets, each of these competitors advertised in several European countries. Dell advertised mainly in the UK but had advertising budgets for each country in Europe. HP spent high budgets in almost every European country except Belgium and Portugal (> 100 000 €). Intel mostly advertised in France, Germany, Italy, Spain and the UK but also spent small amounts in Austria, Belgium, Sweden and Switzerland (> 10 000 €). Fujitsu mainly spent its online marketing budget in Germany but advertised in the whole Europe, as well as Toshiba. IBM preferred to concentrate on the French market but also tried to reach each European country. Apple was the less diversified advertiser with its budget split between the UK and Germany (just short campaigns ran in Belgium, France, Italy, Spain and Sweden for budgets inferior to 5000 €). Sony and Lenovo overall attended to the British market, but ran campaigns in each country. Finally, Packard Bell mainly advertised in France, then in Germany and the UK. Only small amounts were invested in Belgium, the Netherlands, Norway, Spain and Sweden, and none in Austria, Denmark, Portugal or Switzerland.

Sub-sector "Computer Software"



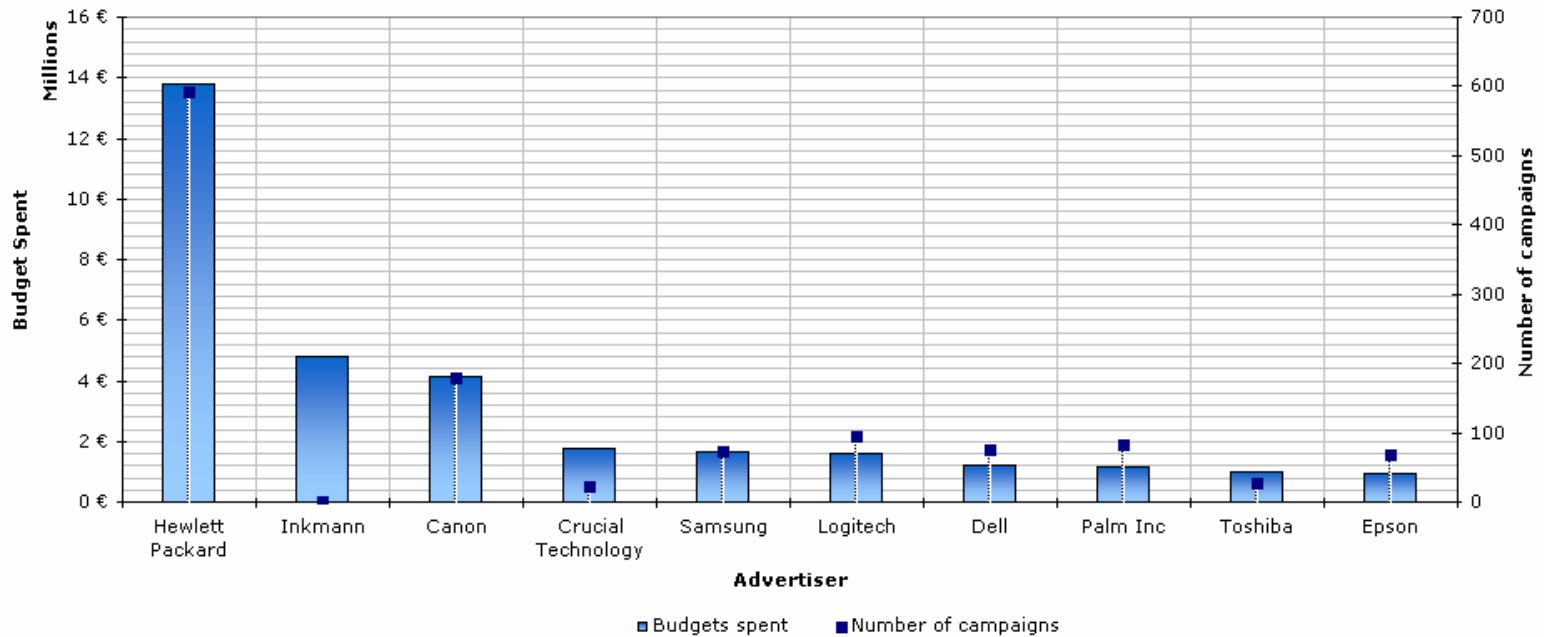
Those ten advertisers ran more than 1800 campaigns for a total budget of 44.5 million Euros. They represented only 30% of the total number of campaigns in this sub sector but 84% of its total amount of online advertising spends.

Unsurprisingly, Microsoft was the leading actor both in number of campaign and in budget spent. This sub sector gathers all kinds of software providers. Magix is specialised in music, pictures and videos. SAP, IBM, Sage and Seagate are for businesses management and intelligence, Symantec and Mc Afee are specialized in security solutions, Napster provide legal music downloads and TuneUp offers a Microsoft Windows optimisation solution.

Microsoft, SAP, Symantec, McAfee and IBM advertised in every European Countries (with more investments in the UK and Germany). Magix advertised almost uniquely in France (but ran some campaigns in Germany). Napster only targeted the British and the Germans, as well as TuneUp. Sage Software ran more than half of its campaigns in Germany, then in the UK and Spain (small amounts were also invested in Austria, Denmark, France and Switzerland). Finally, Seagate Software shared its online marketing budget between Denmark, France, Germany, Italy and the UK.

This advertising budgets repartition show the imposing domination of Microsoft on the software market. In 2007, worldwide software sales were spurred by Microsoft thanks to its operating system and to Office 2007.

Sub-sector "External Peripherals"



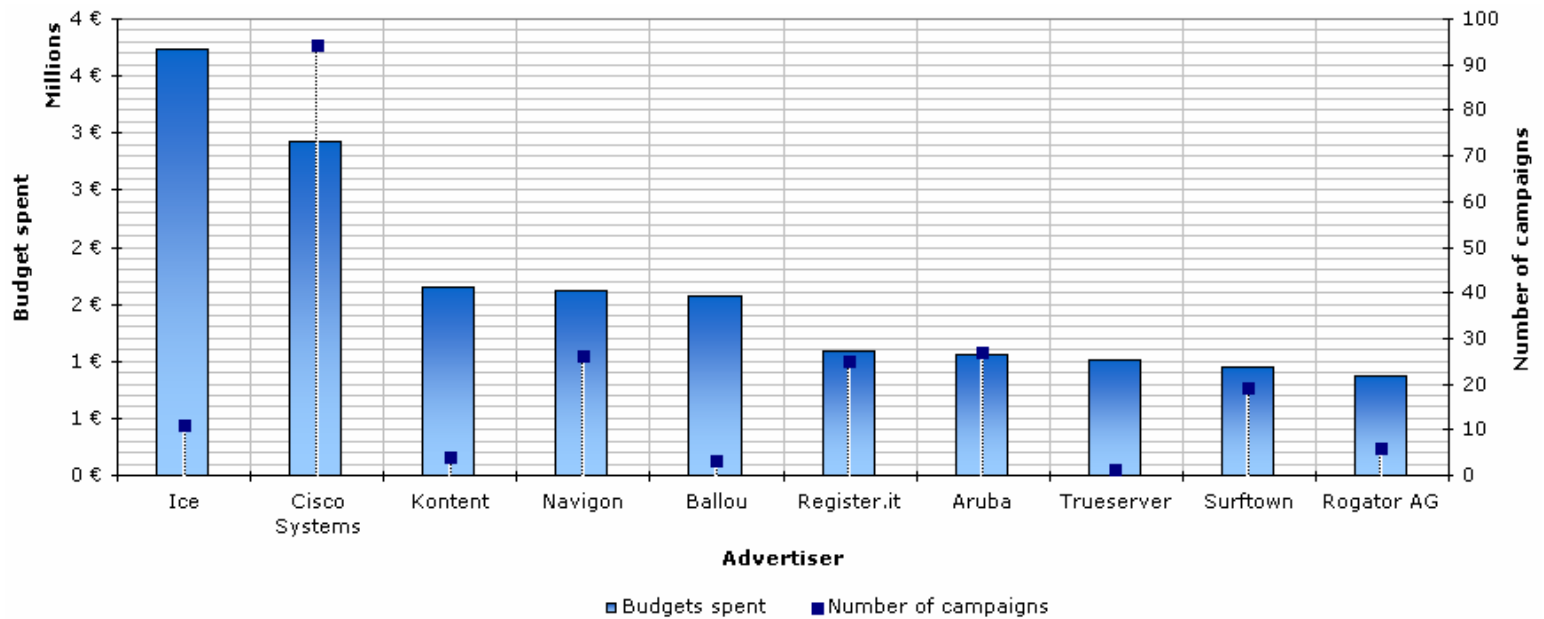
Those ten advertisers ran 1200 campaigns and spent more than 32 million Euros in online advertising in 2007. This represented 63% of this sub sector's campaigns and 83% of its expenditures.

We can find several kinds of external peripherals providers in this section. Computers manufacturers (HP, Samsung, Dell and Toshiba) provide all kind of peripherals, even if they have specialisation such as printers for HP. Canon and Epson are specialised in printers, Inkmann in printers cartridges, Crucial Technology in memory solutions, Logitech in mouse, joysticks, remotes, keyboards and speakers and Palm Inc in palms, keyboards and memory sticks.

HP was the one which spent the most in this sub sector, and also the one which ran the highest number of campaigns.

Regarding geographical targeting, external peripherals were largely promoted in the UK, France and Germany. HP spent a large part of its budget in Germany, then in the UK and in France. Small campaigns were also ran in other European countries. Inkmann, which is a Norwegian firm, spent the whole of its budget in its country. Canon mainly split its budget between Germany, the UK, France and Italy but ran campaigns in each European country. Crucial technology dedicated 97% of its expenditures to the UK, the rest in Germany. Samsung advertised mainly in Germany, Italy, France and the UK. Logitech preferred to invest 87% of its budget in the UK splitting the rest between other European countries. Dell also favoured the UK (71 % of its budget) but ran campaigns in all European countries. Palm Inc shared its budget between the UK, Germany, France and Italy. Toshiba was the only one to invest mainly in France (73% of its budget), then in Germany, Spain and the Netherlands. Finally, Epson advertised mainly in the UK then in Germany, France and Italy (small campaigns also ran in other European countries).

Sub-sector "Computing Providers, Services"

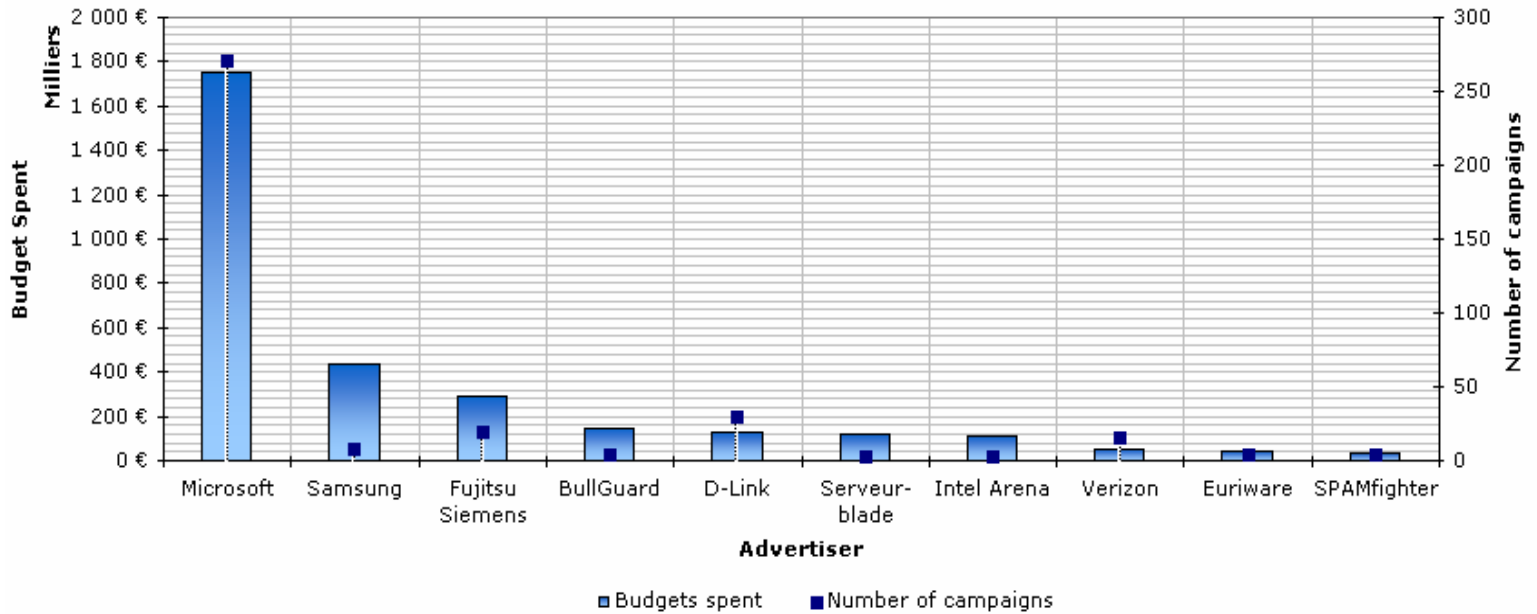


This sub sector contains computing services providers which are most of the time delivering their services locally. Consequently, this category is a special one, as each advertiser advertises almost only in its respective country (except for Cisco and Navigon which are international firms).

Those ten advertisers ran 216 campaigns representing almost 16.5 million Euros in 2007. This was 5% of the total number of campaigns of this sub sector, but 55% of its total budget spent.

Those ten advertisers offer broadband connection services, ISP domains or web hosting. Ice is a Norwegian firm dealing with broadband connection in Norway. Consequently its budget was fully spent in its country. Cisco Systems is an international firm providing network solutions and broadband systems. The firm largely invested in Germany (67% of its budget) then in the UK, France and Italy. Small campaigns were also ran in other European countries. Kontent is specialized in domain names in Germany. 100% of its budget was dedicated to this country. Navigon is a worldwide leader in navigation systems. Its targets were Germany, Spain, Sweden, Italy, Denmark and Austria. Ballou is a Swedish company. Its activity concerns web hosting. Paradoxically, Ballou advertised almost its complete budget in Norway (and less than 10 000 € in Sweden). Register.it offers domain names and web hosting services in Italy. Its target was its own country with small campaigns in Switzerland and Germany. Aruba is specialized in web hosting. The firm is Italian and spent its whole budget in Italy. True server is a Dutch company dealing with domain names, web hosting and connectivity solutions. True server only focused its marketing on the Dutch market. Surfstown is specialized in web hosting and tried to reach the Swedish market (89 % of its budget), then Denmark and Norway. Finally, Rogator AG is a German firm, which provides a kind of software for online surveys. The firm only advertised in Germany in 2007.

Sub-sector "Corporate Information"



This category only contains 38 advertisers. This is because only large international firms spend a lot on corporate information. Those 10 advertisers ran almost 360 campaigns for a budget of 3.2 million Euros. This represented 66% of the total number of campaigns of this sub sector, and 91% of its budget.

Corporate information concerns corporate events, brand advertising, training days, special discounts or drawing.

Microsoft is ahead again by far compared to its competitors and to other firms of the high tech sector. 52% of its budget for corporate information was directed to France. The rest was split between other European countries. Samsung targeted France too (92% of its budget), then Germany, the UK and the Netherlands. Fujitsu also mainly advertised in France and split the rest of its budget between Spain, the Netherlands, Norway, Sweden, Belgium, Italy and Germany. Bullguard spent its whole budget in Denmark, as well as SPAMfighter. D-Link advertised first in Italy, then in the UK, France and Germany. Serveur Blade, as well as Euriware only advertised in France. Intel Arena shared its budget between France and Germany. Verizon spent 83% of its budget in France then in Germany, Belgium and Spain.

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