

June 2008

Overview of Advertising Spends in Europe Sector: Tourism Year 2007

Nielsen ad Relevance Report
By Katia Risse

1st of June 2008,

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 campaigns 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.

Regards,

Katia Risse

Executive Summary

This report aims at showing main advertising trends in Europe in 2007 for the tourism sector. This includes: repartition of advertising spends between European countries, advertising activity across the year, segmentation of the tourism 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 taking 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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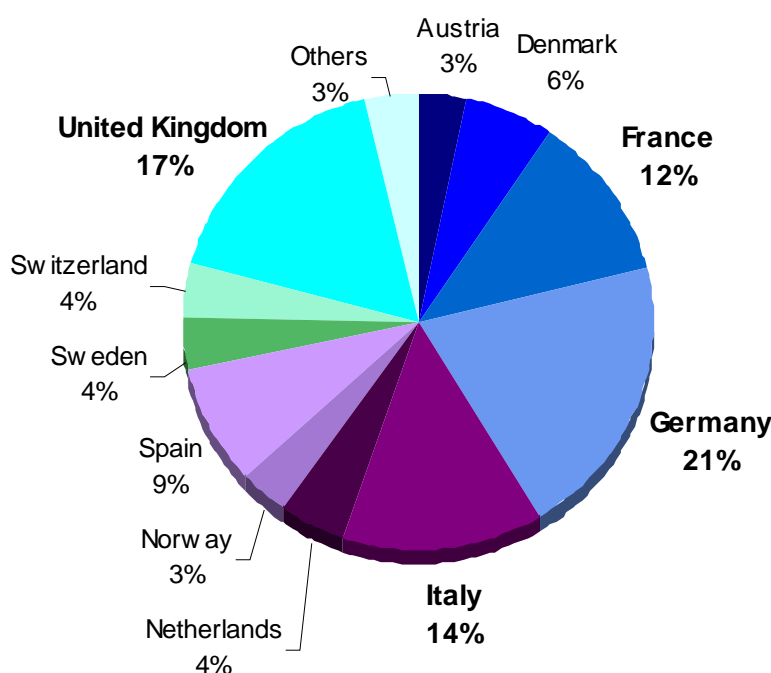
I. Executive summary of the year 2007: key facts, comments & analysis

The advertising activity of Travel/Tourism sector in Europe in 2007

Country	Campaigns	Budgets (000)	Impressions (000)
Austria	980	13 149 €	3 287 193
Belgium	712	2 906 €	581 166
Denmark	1 768	12 010 €	2 402 010
France	3 407	107 884 €	21 576 830
Germany	5 855	152 443 €	30 488 630
Italy	4 079	28 857 €	7 214 178
Luxembourg	43	nc	nc
Netherlands	1 257	18 656 €	3 731 263
Norway	962	93 110 €	23 277 560
Portugal	262	nc	nc
Spain	2 503	21 149 €	4 229 793
Sweden	1 052	32 335 €	8 083 650
Switzerland	1 194	6 681 €	954 458
United Kingdom	5 007	120 409 €	13 378 760
Total	29 081	609 589 €	119 205 491

In 2007, more than 29 000 campaigns were launched online for the Tourism sector. This represented a total budget of more than 600 million € and almost 120 billions of impressions.

Repartition of online marketing campaigns in Europe in 2007



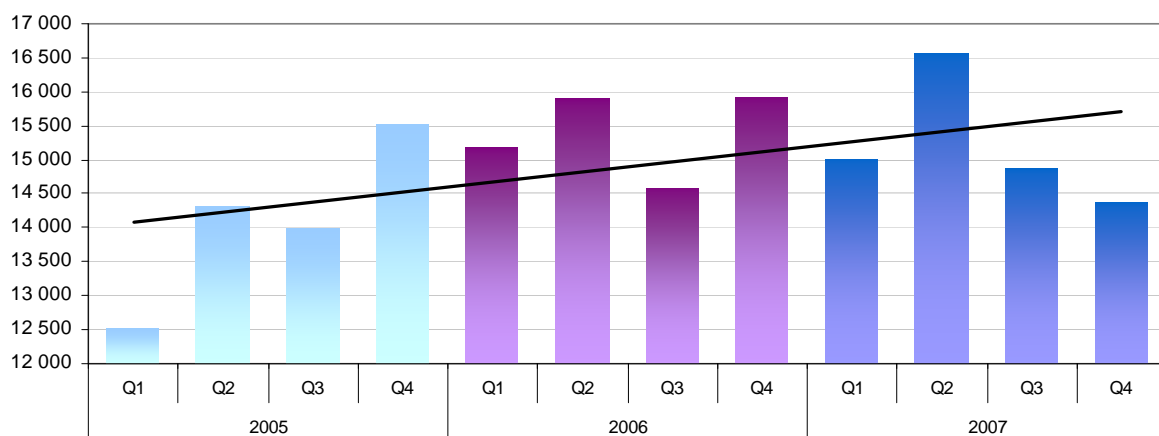
The advertisers' preferred countries in Europe were Germany (which totalised more than 20% of European campaigns), followed by the United Kingdom (17.2% of European campaigns), Italy (14%), France (11.7%) and Spain (8.6%).

In terms of budgets spent, Germany reached the top position with 25% of Ad spends in Europe, followed by the UK with 19.75%, France with 17.7%, and Norway with 15.27%. Thus if countries as Italy and Spain totalised a huge amount of campaigns, the budgets allocated were lower than in other countries.

These trends show the influence of population, internet penetration rates and media purchase pricing practices between countries on advertising spending. Indeed, the Germans, British, Italians and French are the most important internet consumers in Europe in terms of internet population. Other less populated countries such as Norway, Denmark or Sweden count less 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 spending in the former.

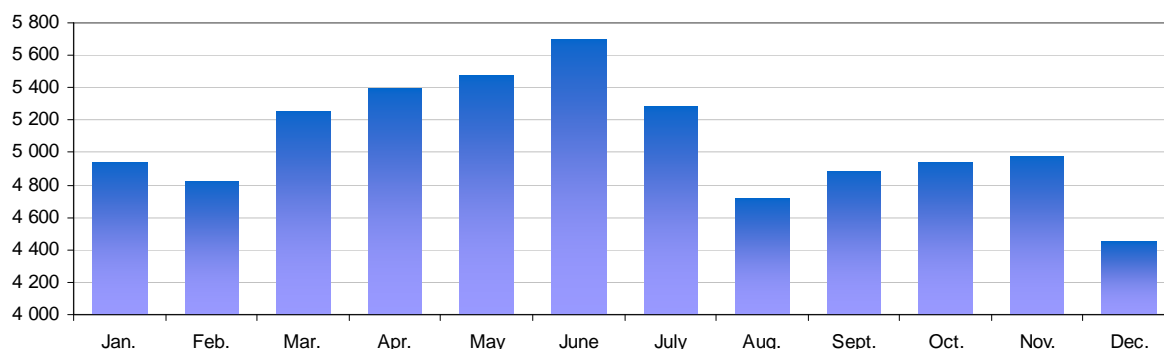
The short term trend in tourism advertising is the increasing number of campaigns, as illustrated by the 2 graphs below.

Evolution of advertising activity by number of campaigns between 2005 and 2007



If we compare 2007 figures with 2006 ones, the number of campaigns in Europe increased by 1, 86% and budgets spent by 24, 81%. Investments particularly raised in Norway (118.57 % of increase), Denmark (53.15% of additional ad spends) and France (41.36%). It decreased in the UK (-2.89%), in Italy (-19.14%) and in Austria (-42.58%) between these two years.

Repartition of 2007 advertising activity by number of campaigns by months



The tourism sector does not seem to follow a seasonal trend, even if the 2nd half of 2007 counted fewer campaigns than the 1st half. Most of the advertising activity was thus concentrated before summer vacations.

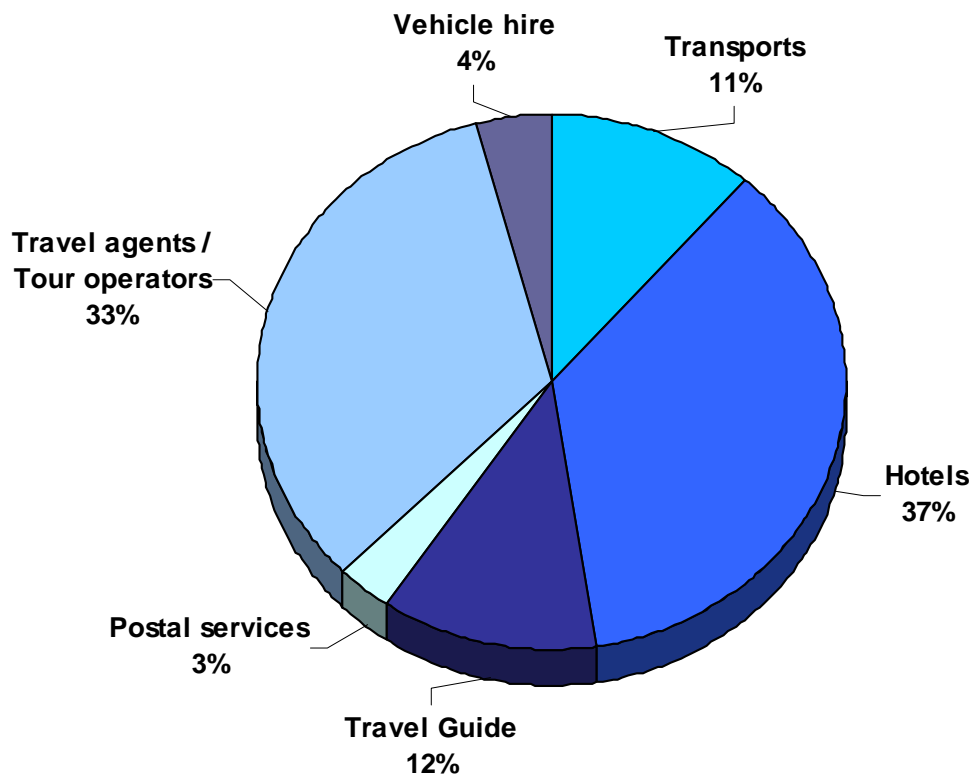
Next part of the report explains segmentation of the tourism sector by Nielsen and goes deeper into the advertising activity of main advertisers.

II. Segmentation of the advertising tourism sector in Europe

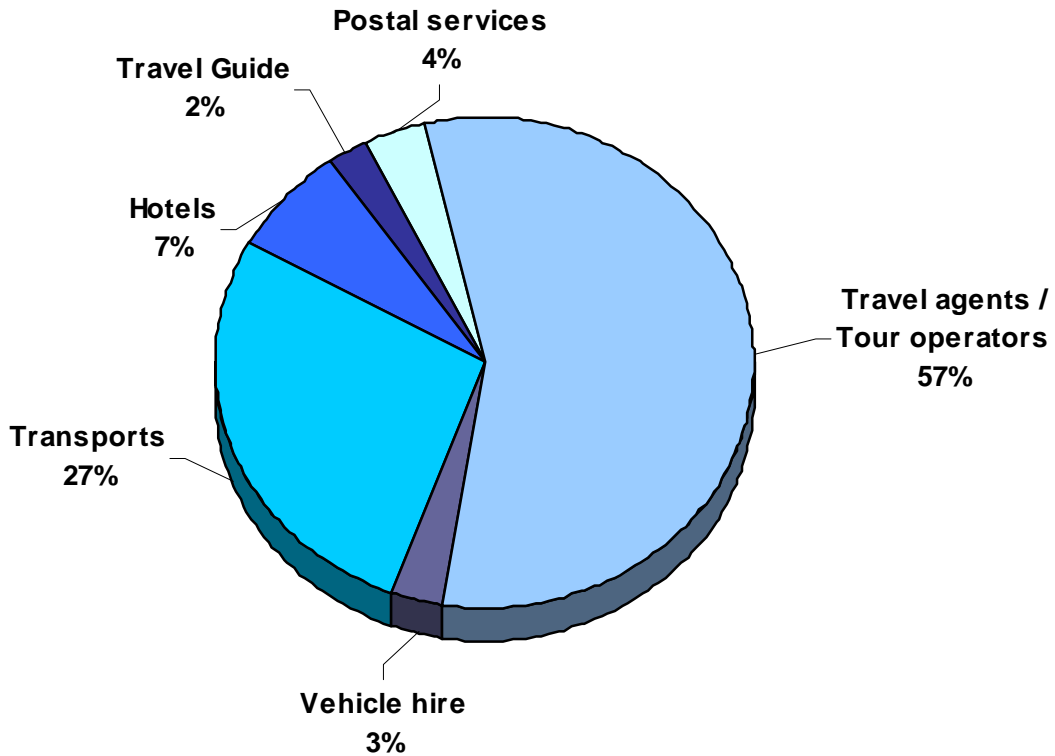
In 2007, the tourism sector gathered 4670 advertisers from international companies to local service providers. Consequently, high budgets were concentrated on a small number of actors. 50% of campaigns came from only 300 advertisers.

The tourism sector in Europe is segmented by Nielsen into 6 categories:
Hotels, Postal services, Transports, Travel Agents, Travel guide and Vehicle Hire.

Segmentation of the tourism sector by number of advertisers



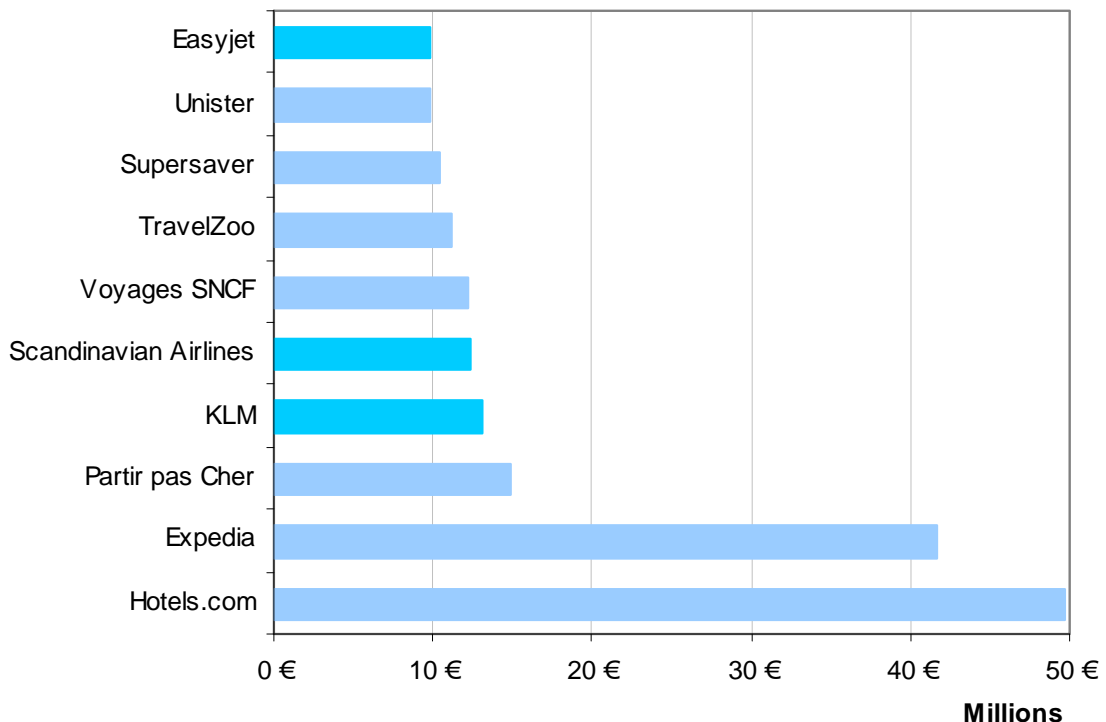
- ◆ The category "Hotels" gathers worldwide implanted hotels chains, famous and luxury Hotels located in capitals but also small local hotels or Bed and Breakfasts.
- ◆ The category "Postal Services" regroups national postal services such as Swiss Post, La Poste or Posten Norway and private companies offering delivery services worldwide or locally.
- ◆ The category "Transports" contains every kind of transporters: trains, planes, taxis, buses, sea travel ...
- ◆ The category "Travel agent" encompasses specialized and large-scale travel agents and tour operators, from local ones to worldwide chains.
- ◆ The category "Travel guide" includes physical guides companies, firms editing travel books or travel maps, websites dealing with tourist information.
- ◆ The category "Vehicle Hire" gathers worldwide and local car rental companies.



Regarding tourism, online European advertisement was dominated by “travel agents and tour operators” ads (57% of total budget) while they represented only 33% of the tourism sector. Another important sub-sector is “transports” which invested 27% of the total budget whilst accounting for 11% of the tourism sector. The category “hotels” - accounting for 37% of the total amount of advertisers of the Tourism sector - represented only 7 % of the sector spends.

Advertisers which spent the most in 2007 were all travel agents or transporters. The top ten advertisers all sub sectors included was the following:

Top ten advertisers for the Tourism sector



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

Sub-Sector "Travel Agents"



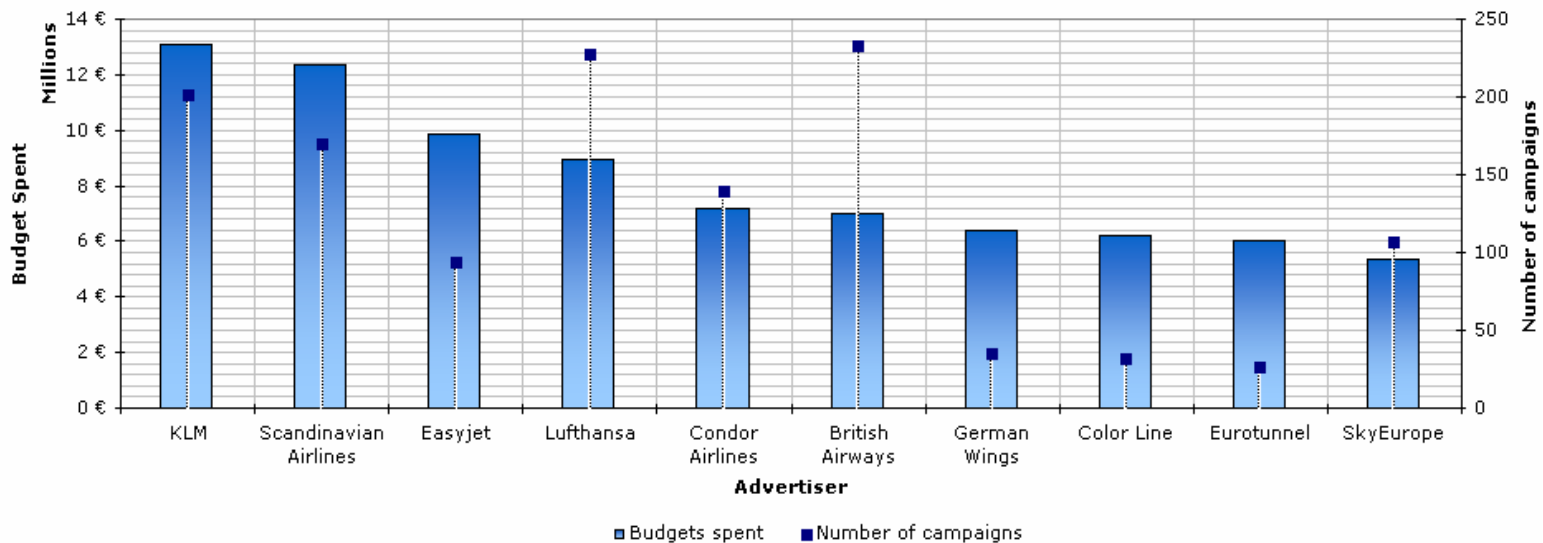
Those 10 advertisers ran more than 2 800 campaigns in 2007 and spent about 150 million Euros. This represented 21% of the total number of campaigns of travel agents and 55% of the total budget of this sub sector.

Their business is very large, most of them offering to their clients the possibility of booking airplanes tickets, train tickets, cruises, hotels or residences rooms, cars for hire or attraction/going out tickets... They also offer packaged holidays and breaks. The most restricted product line comes from Hotels.com (only hotels and car hire booking, but is part of Expedia), Club Med (only dealing with packaged holidays in Club Med villages), and Partir pas Cher (package holidays only).

As shown on above graph, advertisers who spent the most are Hotel.com and Expedia. The ones who produced the biggest amount of campaigns are Last Minute, Expedia and Voyages SNCF.

Most of these advertisers targeted their country of origin except for Hotels.com and Expedia who advertised everywhere in Europe (spending according to each country's population size and internet usage).

Sub-Sector "Transports"



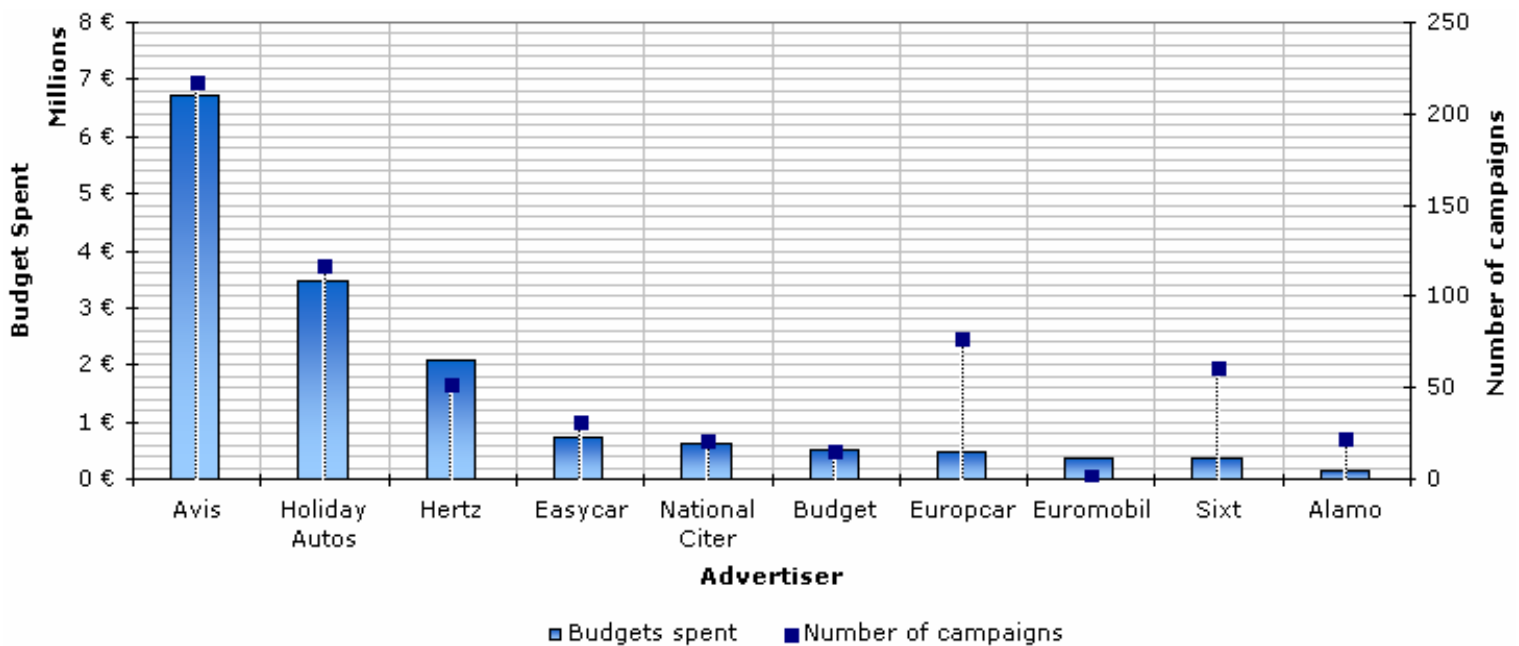
Those 10 advertisers ran more than 1 200 campaigns in 2007 and spent more than 82 million Euros. This represented 54% of the total budget spends of this sub sector, and 25% of its total number of campaigns.

The top 10 advertisers in the transports sector contains 8 airlines, 1 rail transporter (Eurotunnel) and 1 ferries company (Color Line). All those transporters are European companies. Among the 8 airlines, 4 are low cost companies (Easyjet, Condor Airlines, German Wings and Sky Europe).

The one, which spent the most in 2007 for this sub-sector, was KLM, the Dutch National Airline followed by Scandinavian Airlines. As the ones which produced the highest amount of campaigns were British Airways and Lufthansa (the German National Airline), followed by KLM and Scandinavian Airlines. Low cost companies spent less than other airlines (except for Easyjet), and ran also fewer campaigns.

Regarding geographical targeting strategy, these 10 advertisers invested mainly in their respective countries. For example, Scandinavian airlines spent 84% of its advertising budget in Norway, 13% in Sweden, leaving 3% for other European countries. Condor Airlines and German Wings spent almost their whole budget in Germany. Lufthansa targeted Germany too which represented 52% of its budget, followed by France (15%), Italy (9 %) and the UK (6%). British Airways spent half of its budget in the UK, sharing the remaining between Denmark, France, Norway, Sweden, Italy and Switzerland. Only KLM advertised mainly "abroad", spending 67% of its budget in the UK and only 16% in the Netherlands. Finally, Color Line, a Ferries company located in Northern Europe, concentrated its activity on Nordic Countries. Same for Eurotunnel (rail transporter between France and the UK), which consequently spent almost its entire budget on France and the UK.

Sub-Sector "Vehicle Hire"



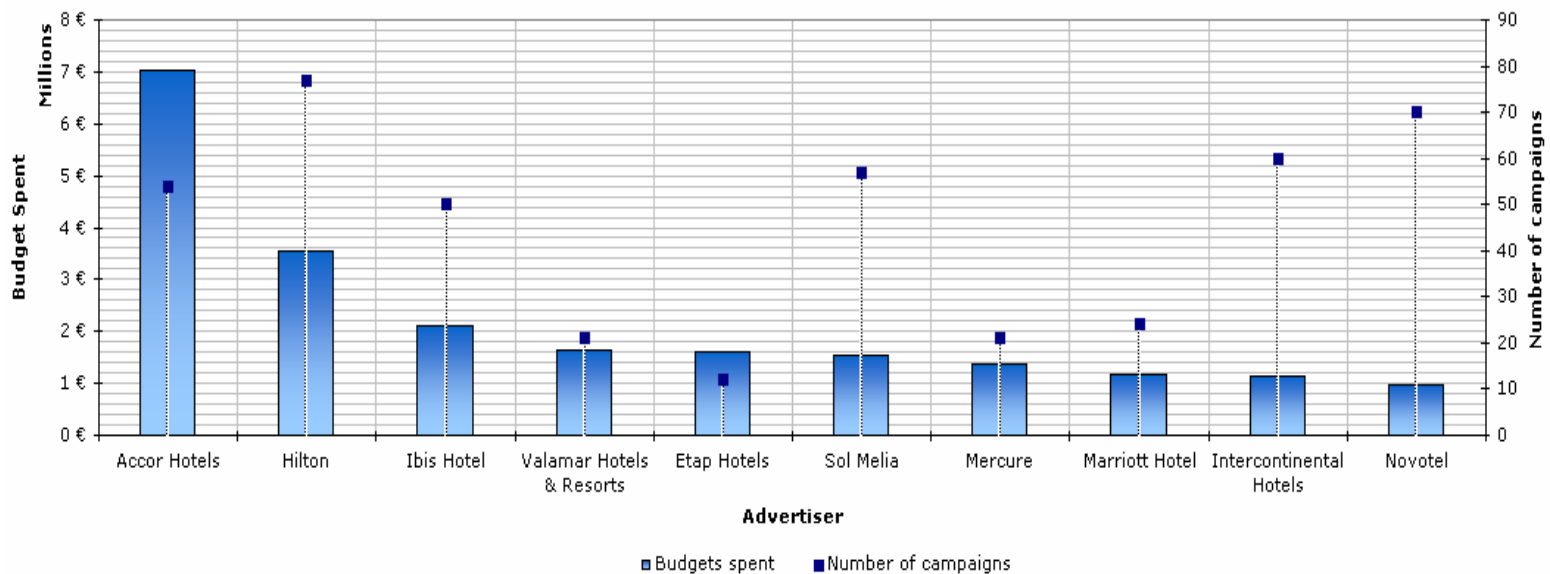
The top ten advertisers of the "vehicle hire" sub sector ran more than 600 campaigns for a total budget of 15.5 million Euros in 2007. This accounted for 55% of the campaigns and 92% of the total budget of the 200 advertisers of this sub sector.

All of these advertisers offer to their clients the possibility to rent cars or utilitarian directly on their websites or in one of their multiple agencies located around the world (each one owning agencies in the main airports and in the most important cities around the world). Top ten is thus constituted of international car rentals chains coming from the USA, the UK, France or Germany.

The one which spent the most was Avis (an American company offering its services worldwide). They also ran the highest number of campaigns.

France, the UK and Germany were the main targets of advertisers in this sub sector. Avis and Hertz were the only ones to advertise in every country of Europe. Europcar also advertised in many countries. Others mainly focused in their own countries (EasyCar in the UK, National Citer in France, Euromobil in Germany...), or split their budget into 2 or 3 countries maximum (Budget spent 63% of its budget in the UK and 37% in France, Alamo spent 40% in Germany, 48% in France and 11% in the UK...).

Sub-sector "Hotels"



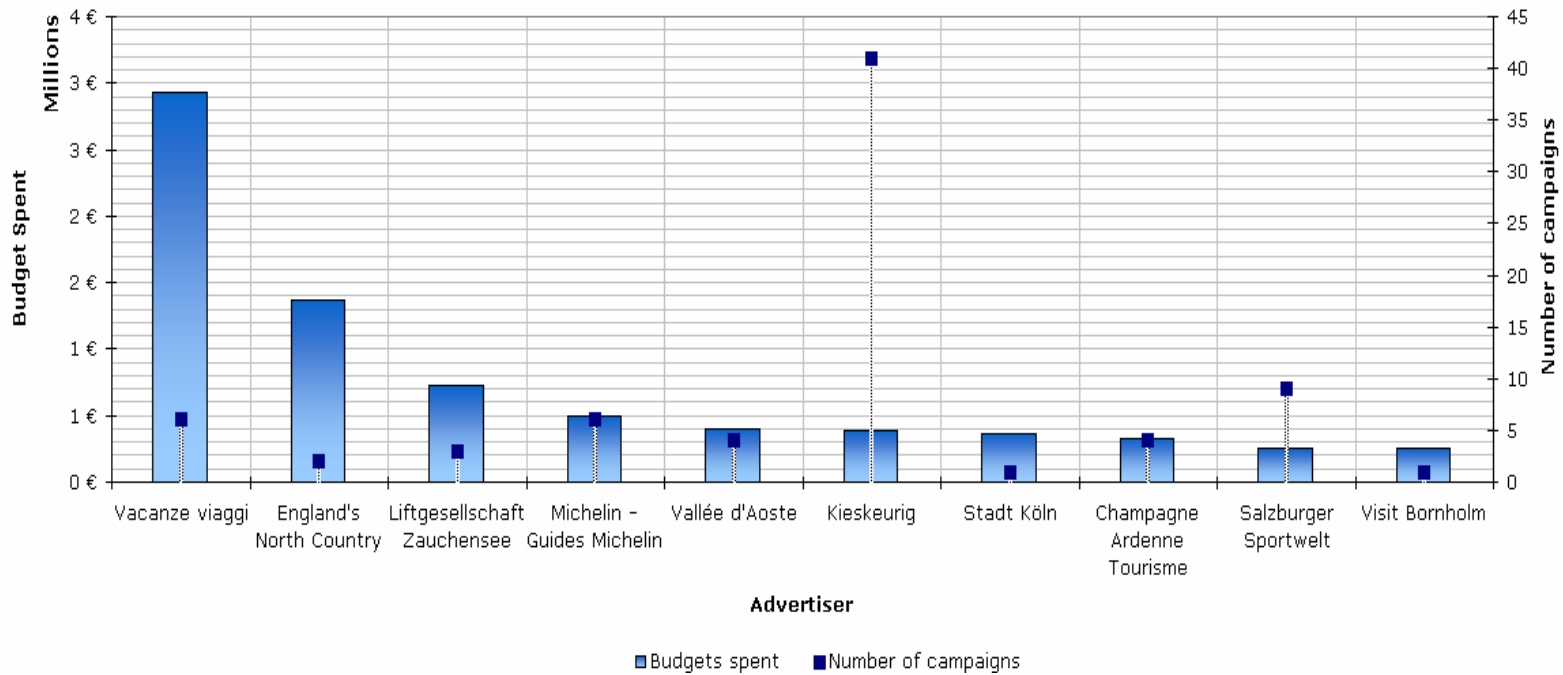
Advertisers appearing in this top ten are international hotels chains leader. They ran almost 450 campaigns in 2007 and spent more than 22 million €. This corresponded to only 7% of the total number of campaigns of this sub sector whilst accounting for 54% of its total budget spent.

This sub sector is the one with the most important number of advertisers (1688) and probably one of the sub-sectors with the strongest discrepancies between advertisers (from big hotel chains to small local hotels).

The one which spent the most was the Accor Hotels group with 7 million €. However it was not the one who ran the highest amount of campaigns. Hilton (the famous luxury hotels chain) took the lead in this respect.

Accor Hotels, Etap Hotels, Mercure, Marriot Hotels and Novotel mainly advertised in Germany, as Hilton spent almost all its budget in the UK. Ibis Hotel shared its budget between Germany, France, Belgium, the UK, Spain and the Netherlands, as well as Valamar Hotel & Resort with Germany, Italy, France, Austria and the UK. Finally Sol Media mainly advertised in Spain then in the UK and Intercontinental Hotel spent more than the ¾ of its budget in France, the rest in Germany.

Sub-sector "Travel Guide"



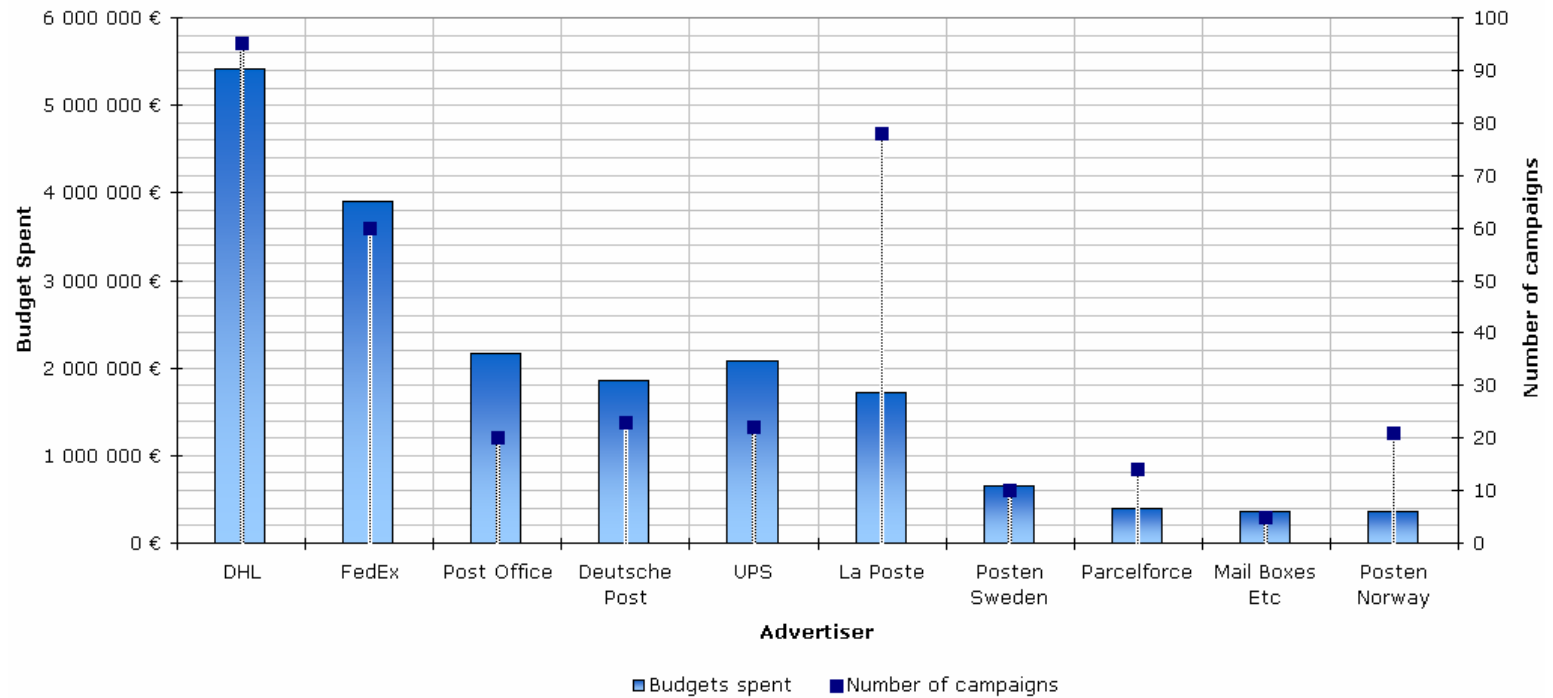
This sub sector is a special one as all of those 10 Travel Guide mainly advertised in their respective countries. Consequently, it would not be relevant to compare them as competitors.

Those 10 ran fewer than 100 campaigns and spent only 7.5 million € in 2007. This was the least spending sub sector of the tourism industry.

They are all local Travel Guide, most of the time having a physical location in the region or city they promote to inform people about things to visit, hotels, transports.... They also offer some printed promotion materials about their region. The only advertiser which is not dedicated to a region in particular is Michelin (with its Guides Michelins which are specialized on restaurants addresses in Europe and the USA).

Concerning geographical targeting, as mentioned above, Vacanze Viaggi advertised only in Italy. Liftgesellschaft Zauchensee, Stadt Köln and Salzburger Sportwelt mainly advertised in Germany (with little budgets for Austria sometimes). Champagne Ardenne Tourisme only targeted France, Visit Bornholm Sweden and Kieskeurig the Netherlands. Paradoxically England's North Country only advertised in Germany and Vallée d'Aoste mainly advertised in France (with small budgets for Belgium and Spain).

Sub-sector "Postal Services"



These top ten advertisers ran almost 350 campaigns in 2007 for a total budget of nearly 19 million Euros. This represented 44% of the total number of campaigns of the sub sector, and 89% of the total budget spent in 2007.

This sub sector contains private and public postal services. Advertisers who spent the most were all private firms offering international (or at least European) services. DHL, FedEx and UPS are all private firms since the beginning of their activity. At the contrary Post Office, Deutsche Post, La Poste, Posten Sweden and Postern Norway were all national companies owned by their government until the 90's. Some of them are still state-owned limited companies though no longer monopolistic as the European commission imposed to European countries to open their postal services market to competition. This explains some differences in the services they offer. Private firms are specialized in freight only as former public companies are also offering financial services to their clients or broadband and phone packages.

This also impacts companies' geographical targeting strategy. Indeed DHL, FedEx, and UPS advertised in several countries in Europe, whereas Post Office, Deutsche Post, La Poste, Posten Sweden and Posten Norway almost only advertised in their country (just small amounts were spent on close countries). Parcel Force, which is owned by Royal Mail Group (British company owning Post Office too) only advertised in the UK. And finally, Mail Boxes etc, which is owned by UPS only advertised in Italy.

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