

VAB REPORT: WHAT'S DRIVING DIGITAL?



What's Driving Digital?

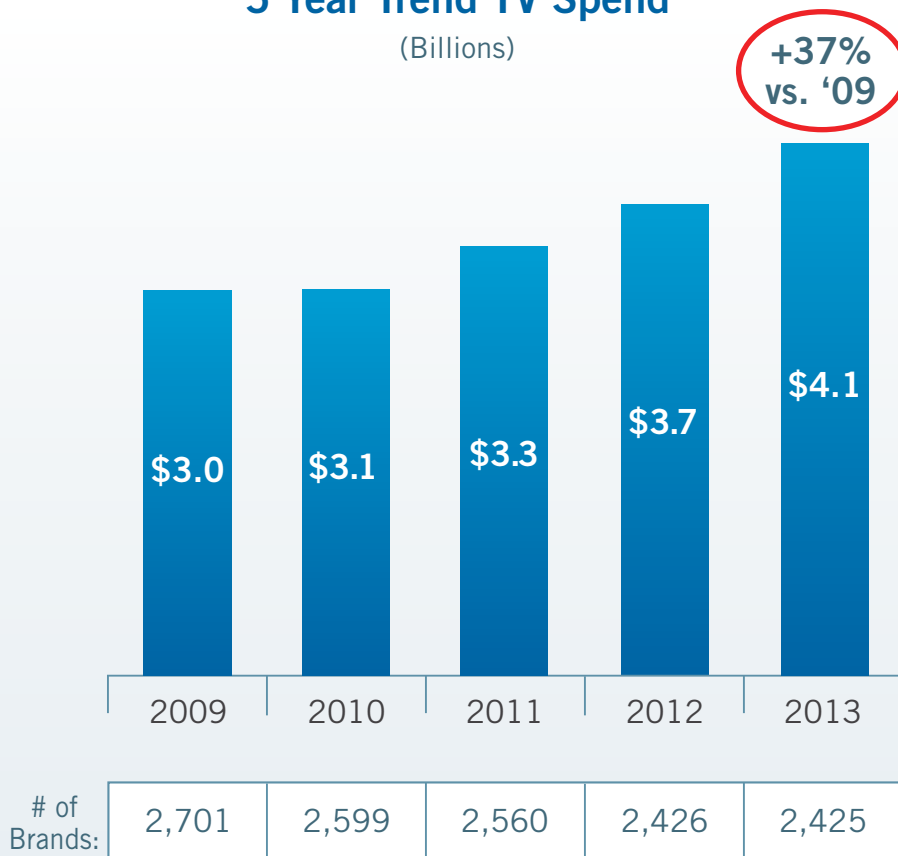
- Currently, the last site visited or search term entered receives *the vast majority of credit* for driving website traffic
- Consequently many experienced and successful marketers with digital destinations are shifting their advertising dollars to the internet in the search of increased website traffic and ideally revenue
- What's interesting is at the same time many of the most well-known, successful internet brands are spending more of their ad dollars on television
- “Pure-play” internet brands, whose businesses are solely reliant on internet traffic to drive revenue, spent over *4 billion dollars on TV advertising* in 2013 alone
- Over the past five years, TV investment by ‘pure-play’ internet brands has increased *over a third* (with Cable garnering the lion’s share of dollars)
- So why do brands that have built their business through the internet rely on another medium as their primary traffic driver? Simple...it swells any given channel with the most production leads:
 - In an analysis of 75 ‘pure-play’ internet advertisers, 85% show a direct correlation between TV spend and website traffic (e.g. TV spend up, traffic up; TV spend down, traffic down)
 - An analysis of 11 different categories proves that TV generates increased *revenue* from the first year on-air

The Top *Pure-Play* Internet Brands Spent Over \$4 Billion on TV Last Year

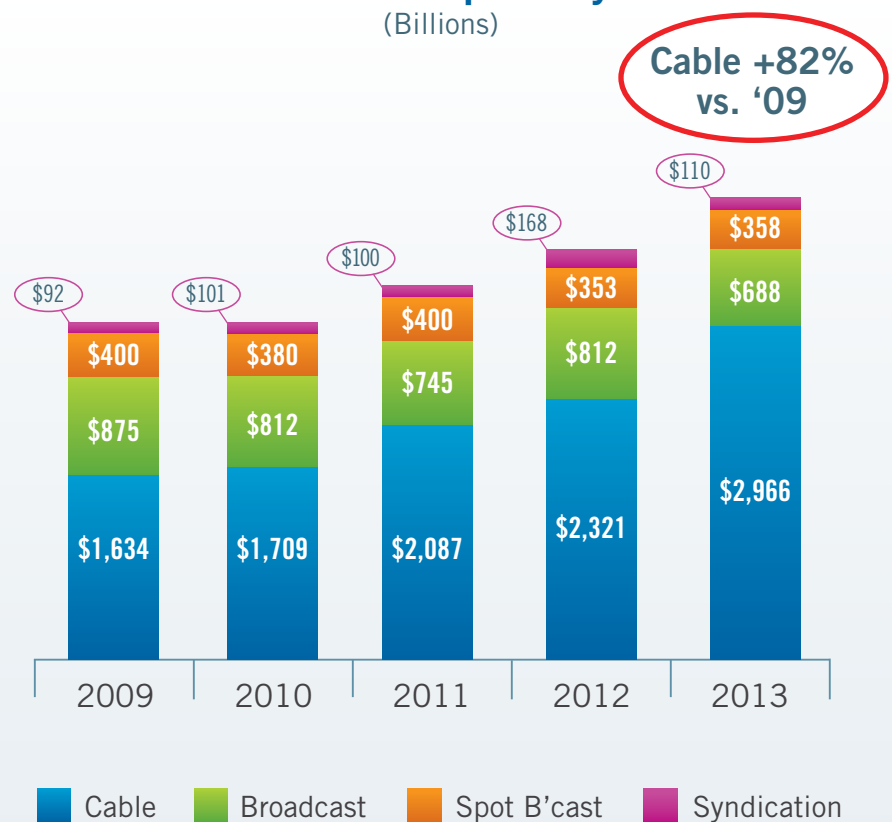


Over the Past 5 Years, Pure-Play Internet Brands Have Increased Their TV Investment by Over a Third; 71% of TV Spend in Cable and Growing

**Website Category:
5 Year Trend TV Spend**
(Billions)



**Website Category:
5 Year Trend TV Spend by Source**
(Billions)



Source: Nielsen AdViews; Website category (national + spot TV)

What is the Impact of TV Spend?

63 of the 75 Pure-Play Internet Brands Analyzed Exhibited a Direct Correlation Between TV Spend & Website Traffic





63 Website Brand Advertisers: Unique Visitors vs. TV Spend

Feb. '13 – April '14 (15 month Half vs. Half Comparison)







A Few Real-World Examples From a Variety of Categories Demonstrates the Direct Effect TV Spend Has On Website Visits

TV Spend Down, Traffic Down





TV Spend (000):				
Feb. '13 – Aug '13:	\$4,121.7	\$271.3	\$1,740.9	\$2,891.3
Sep. '13 – Apr '14:	\$3,065.1	\$240.2	\$539.8	\$1,973.3
% Difference:	-26%	-12%	-69%	-32%
Unique Visitors (000):				
Feb. '13 – Aug '13:	14,364	3,273	5,558	8,351
Sep. '13 – Apr '14:	10,951	2,535	1,826	6,090
% Difference:	-24%	-23%	-67%	-24%

TV Spend Up, Traffic Up

TV Spend (000):				
Feb. '13 – Aug '13:	\$4,206.2	\$1,040.2	\$1,049.8	\$616.7
Sep. '13 – Apr '14:	\$5,145.3	\$1,489.8	\$1,379.4	\$703.3
% Difference:	+22%	+43%	+31%	+14%
Unique Visitors (000):				
Feb. '13 – Aug '13:	9,902	785	151	1,303
Sep. '13 – Apr '14:	11,944	1,173	286	1,575
% Difference:	+21%	+50%	+89%	+21%

An Analysis of a Diverse Cross-Section of Auto Brands Reveals the Same Pattern: TV Spend Up, Website Traffic Up

TV Spend Up, Traffic Up

	 Mercedes-Benz	 BUICK	 NISSAN	 LEXUS
TV Spend (000):				
Feb. '13 – Aug '13:	\$22,106.0	\$19,122.0	\$41,608.6	\$27,205.1
Sep. '13 – Apr '14:	\$28,556.1	\$24,708.0	\$65,618.5	\$33,359.7
% Difference:	+29%	+29%	+58%	+23%
Unique Visitors (000):				
Feb. '13 – Aug '13:	963	521	1,921	781
Sep. '13 – Apr '14:	1,213	665	2,715	1,597
% Difference:	+26%	+28%	+41%	+105%

Source: Nielsen AdViews; Automotive Manufacturer category; TV spend (national + spot) Feb. 2013-April 2014; comScore unique visitors P18+. Spend & unique visitors based on Feb-Aug '13 vs. Sep-Apr '14 monthly averages

Does TV Spend Ultimately Increase Revenue?

TV Generated Revenue from the First Year On-Air Through Today

We conducted a TV spend vs. Revenue analysis of 12 different categories

Investments	Travel	Computer Software	Internet Services	Credit Monitoring	Dating
Streaming Video	Retail	eCommerce/ Auction	Care Giving / Health	Home	Auto

Note: We analyzed a major non-conglomerate website company within each category. A major factor in selecting the company to represent the category was the public availability of revenue numbers.

12 Company Total

	Year Prior to TV Launch	1st Year on TV	2nd Year on TV	2013
TV Spend (000):	–	\$166,616	\$393,275	\$679,434
Revenue (000):	\$866,233	\$1,843,221	\$4,796,949	\$31,430,163
Revenue per TV \$ Spent		\$11.06	\$12.20	\$46.26

1st Year on TV:
Every \$1 spent on TV generated **\$11** in revenue

2nd Year on TV:
Every \$1 spent on TV generated **\$12** in revenue

Last Year on TV:
Every \$1 spent on TV generated **\$46** in revenue

Specific Examples of TV Spend vs. Revenue by Company for Six Major Pure-Play Internet Categories



10 Year TV Advertiser

	Year Prior to TV Launch	1st Year on TV	2013
TV Spend (000):	–	\$22,479	\$42,327
Revenue (000):	\$272,243	\$580,611	\$4,374,562
Revenue per TV \$ Spent		\$25.83	\$103.35



14 Year TV Advertiser

Includes:



	Year Prior to TV Launch	1st Year on TV	2013
TV Spend (000):	–	\$35,222	\$101,668
Revenue (000):	\$482,400	\$1,240,000	\$6,793,306
Revenue per TV \$ Spent		\$35.21	\$66.80



15 Year TV Advertiser

Includes:



	Year Prior to TV Launch	1st Year on TV	2013
TV Spend (000):	–	\$1,736	\$18,313
Revenue (000):	\$86,129	\$224,724	\$16,047,000
Revenue per TV \$ Spent		\$129.42	\$876.26

Specific Examples of TV Spend vs. Revenue by Company for Six Major Pure-Play Internet Categories



11 Year TV Advertiser

	Year Prior to TV Launch	1st Year on TV	2013
TV Spend (000):	–	\$8,176	\$22,763
Revenue (000):	\$91,784	\$238,945	\$1,304,217
Revenue per TV \$ Spent		\$29.22	\$57.30



17 Year TV Advertiser

	Year Prior to TV Launch	1st Year on TV	2013
TV Spend (000):	–	\$4,445	\$55,085
Revenue (000):	\$51,595	\$254,022	\$1,723,700
Revenue per TV \$ Spent		\$57.14	\$31.29

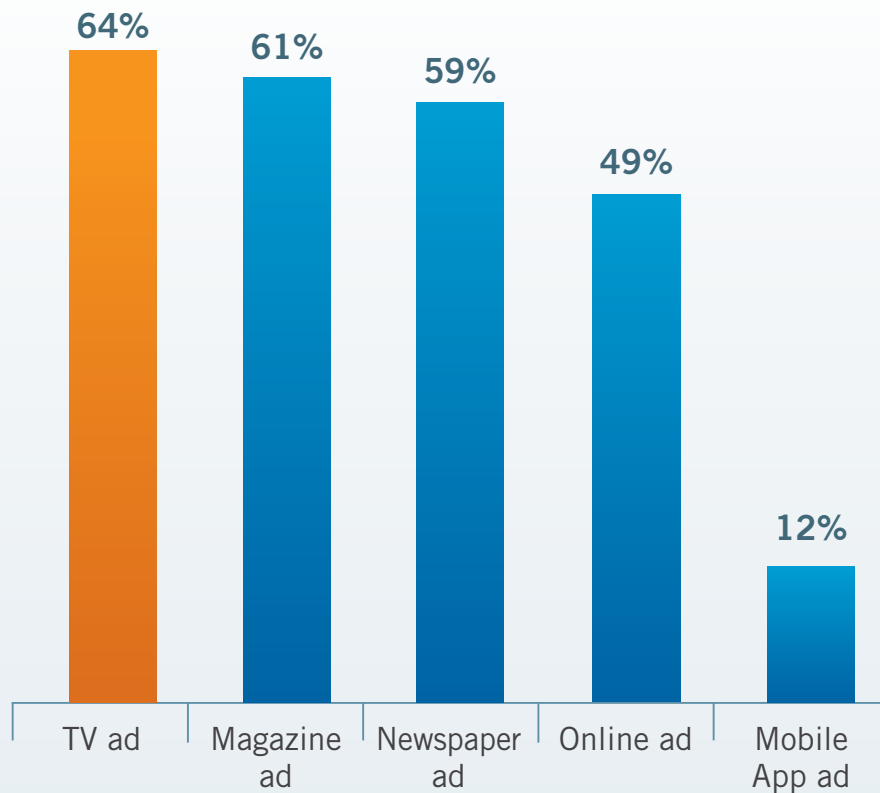


9 Year TV Advertiser

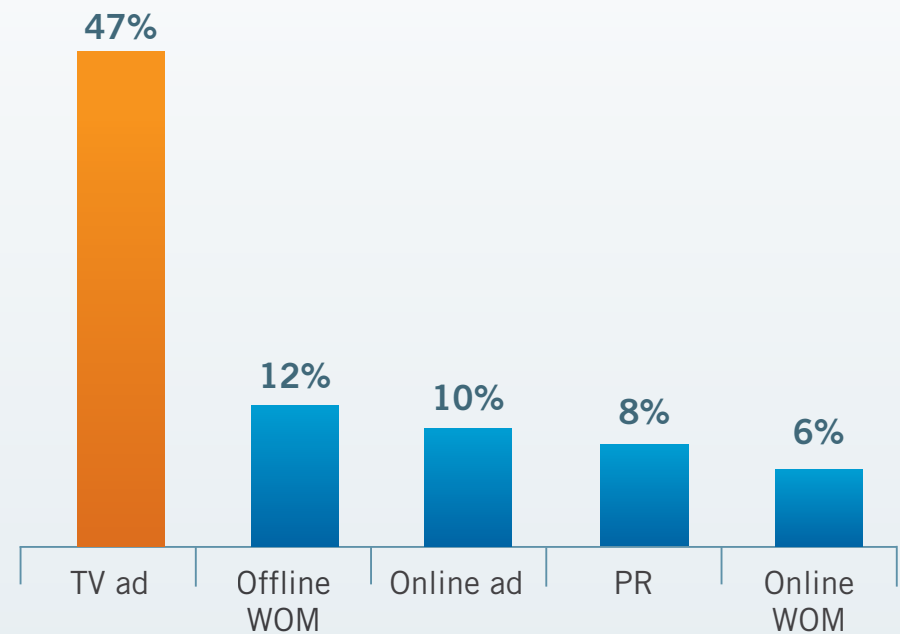
	Year Prior to TV Launch	1st Year on TV	2013
TV Spend (000):	–	\$7,172	\$20,260
Revenue (000):	\$73,000	\$139,800	\$1,400,000
Revenue per TV \$ Spent		\$19.49	\$69.10

More Evidence that TV Drives Internet Traffic: Two Independent Studies Confirming TV Ads are Primary Generators of Website Traffic

Deloitte "State of Media Democracy" Report
Visited Website After Seeing Ad



Keller Fay/ThinkBox "Paid.Owned. Earned" Report
% of Visits Generated





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