

**ENGAGE ADKNOWLEDGE
ONLINE ADVERTISING REPORT
THIRD QUARTER 2000**

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**ONLINE
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REPORT**

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INTRODUCTION

Online marketing is constantly evolving. Every single day, new media, new technologies – and new challenges – come into play and change the overall picture. Amid all of this change, one thing remains certain – standing still today may well mean being left behind tomorrow.

As the leading innovator in online marketing, Engage has the far-reaching insight and broad expertise to help you stay one step ahead of the ever-changing Internet landscape. We understand that knowledge is power. The Engage AdKnowledge Online Advertising Report is one way we can put that power into your hands and help you meet and profit from each new challenge like never before.

Subjects addressed in the Report include the status and trends of Web advertising in general. The Report is published quarterly for the benefit of those involved in online advertising and is available on our Web site at www.engage.com/adknowledge. The source of reported data is the Engage AdKnowledge System. We believe the information to be both accurately reported and meaningful to members of our industry. All data is aggregated. Advertising rates are as reported on rate cards. The sites and networks in the System are representative of the Web advertising marketplace. According to Nielsen//NetRatings, the Web-wide reach of those sites and networks is 95.85% of the home audience and 98.42% of the work audience.

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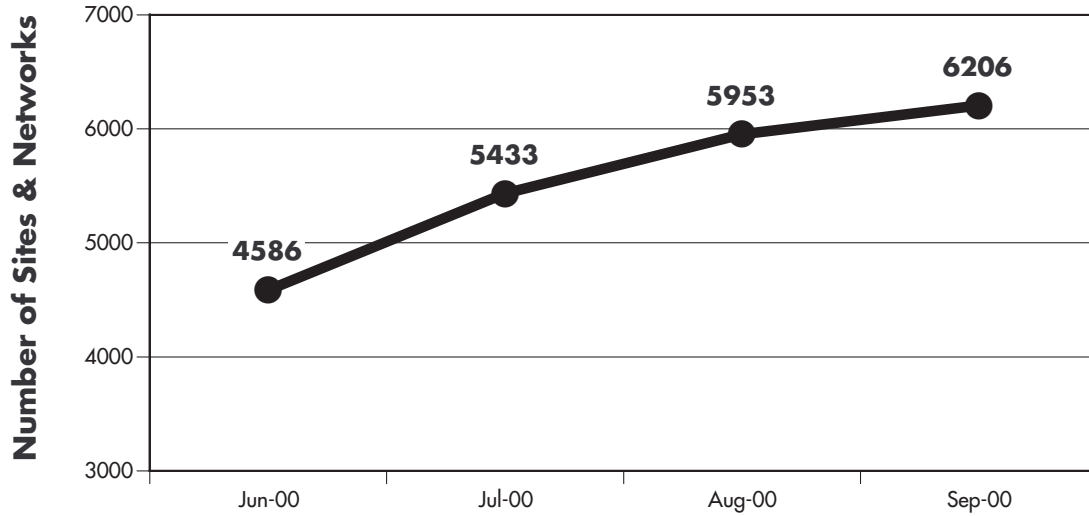
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SECTION I: NUMBER OF SITES & NETWORKS SEEKING ADVERTISING

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NUMBER OF SITES & NETWORKS SEEKING ADVERTISING

(as compiled in the AdKnowledge System)



Source: AdKnowledge System

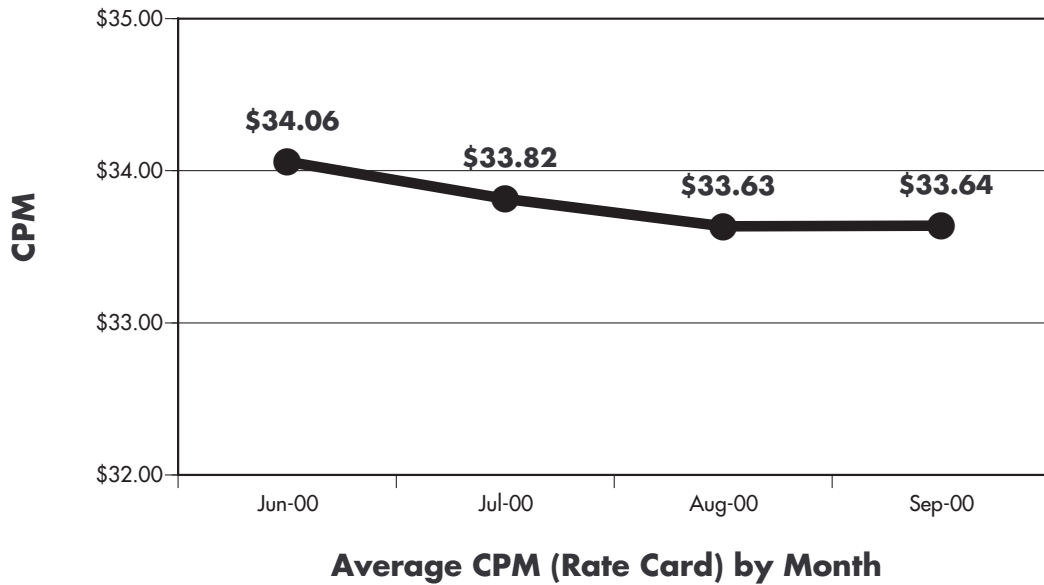
Key finding: The number of sites and networks seeking advertising continues to increase - 35% in Q3.

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SECTION II: ADVERTISING RATES

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OVERALL CPM

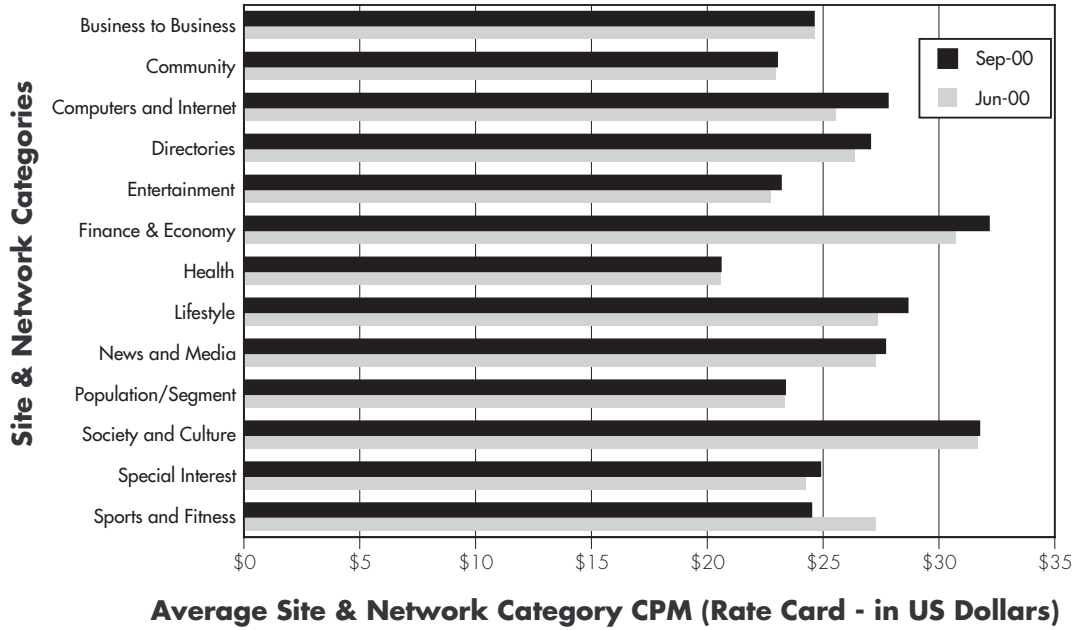


Source: AdKnowledge System

Key finding: Average CPM rates continue to stabilize with a slight decline of 1% in Q3.

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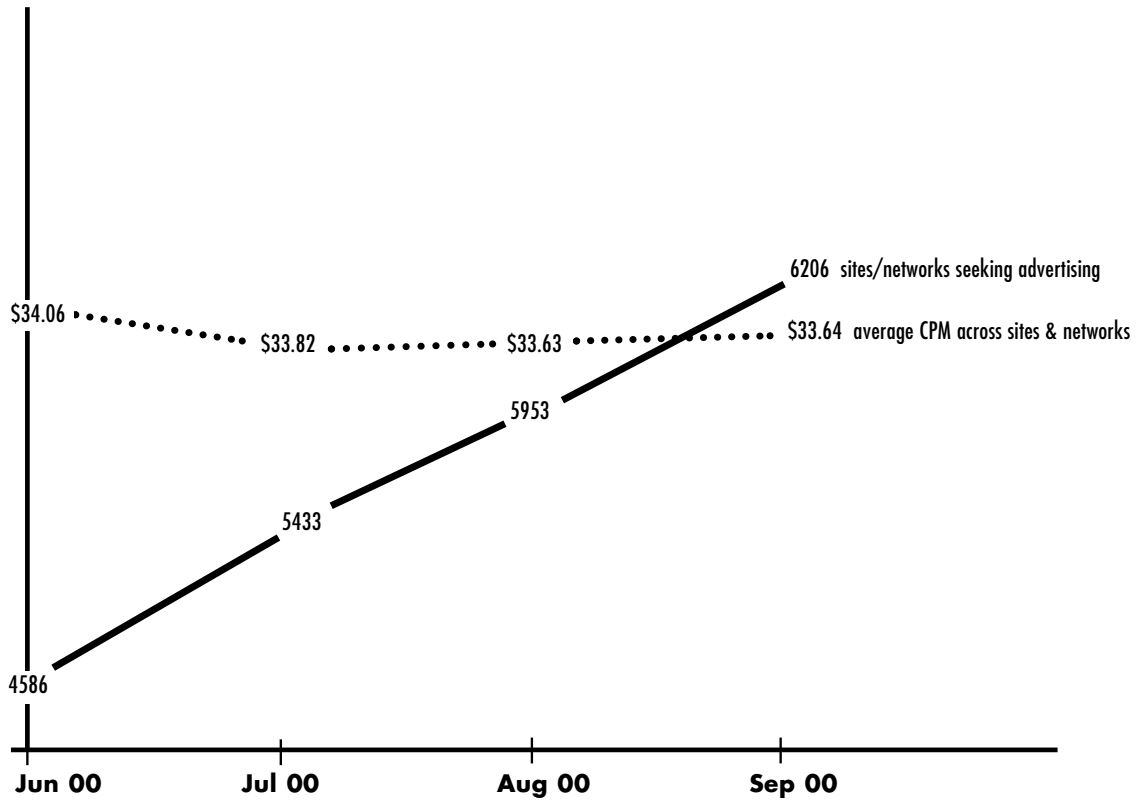
CPM BY SITE & NETWORK CATEGORY



Source: AdKnowledge System

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NUMBER OF SITES & NETWORKS AND AVERAGE CPM



Source: AdKnowledge System

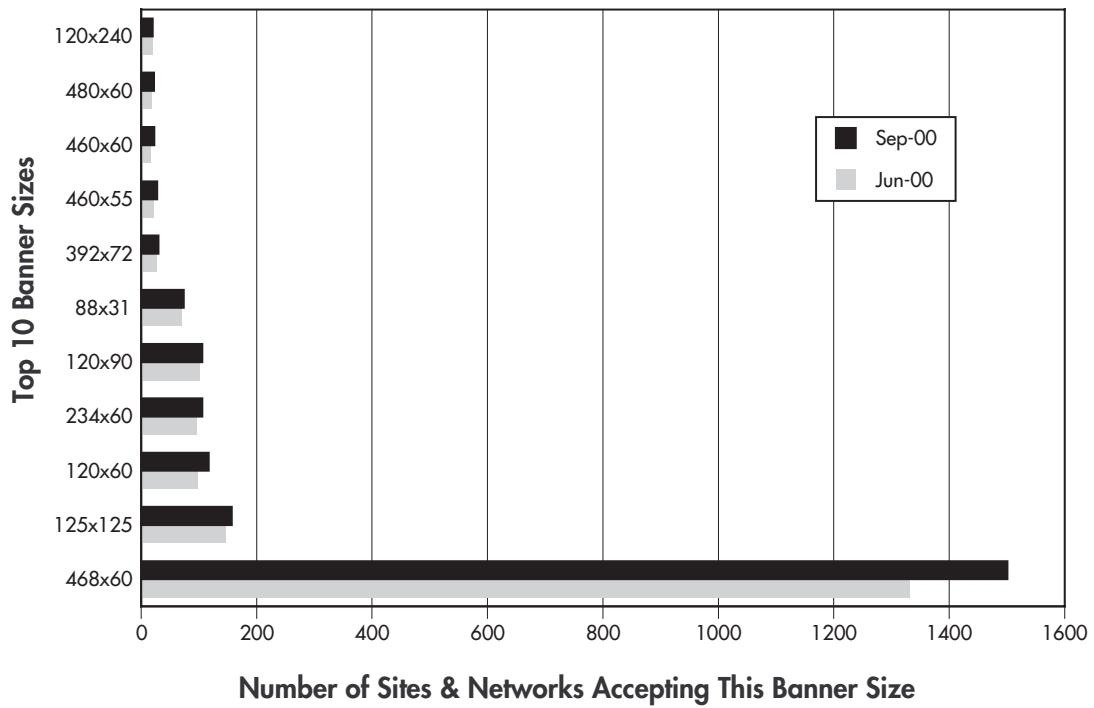
Key Finding: While the number of sites and networks selling advertising continues to grow, the CPM rates have stabilized, signifying the maturing of the Web advertising industry.

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SECTION III: CREATIVE FORMATS

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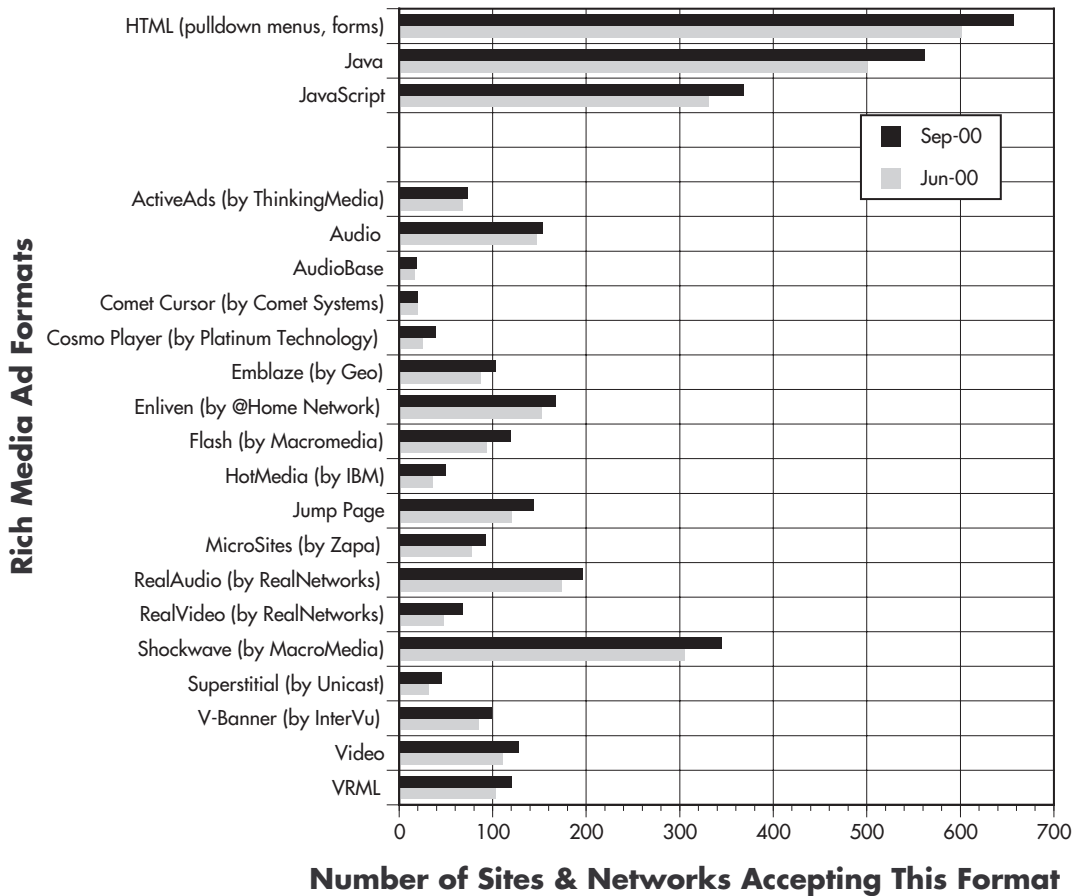
TOP 10 BANNER SIZES



Source: AdKnowledge System

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RICH MEDIA FORMAT ACCEPTANCE BY MEDIA TYPE



Source: AdKnowledge System

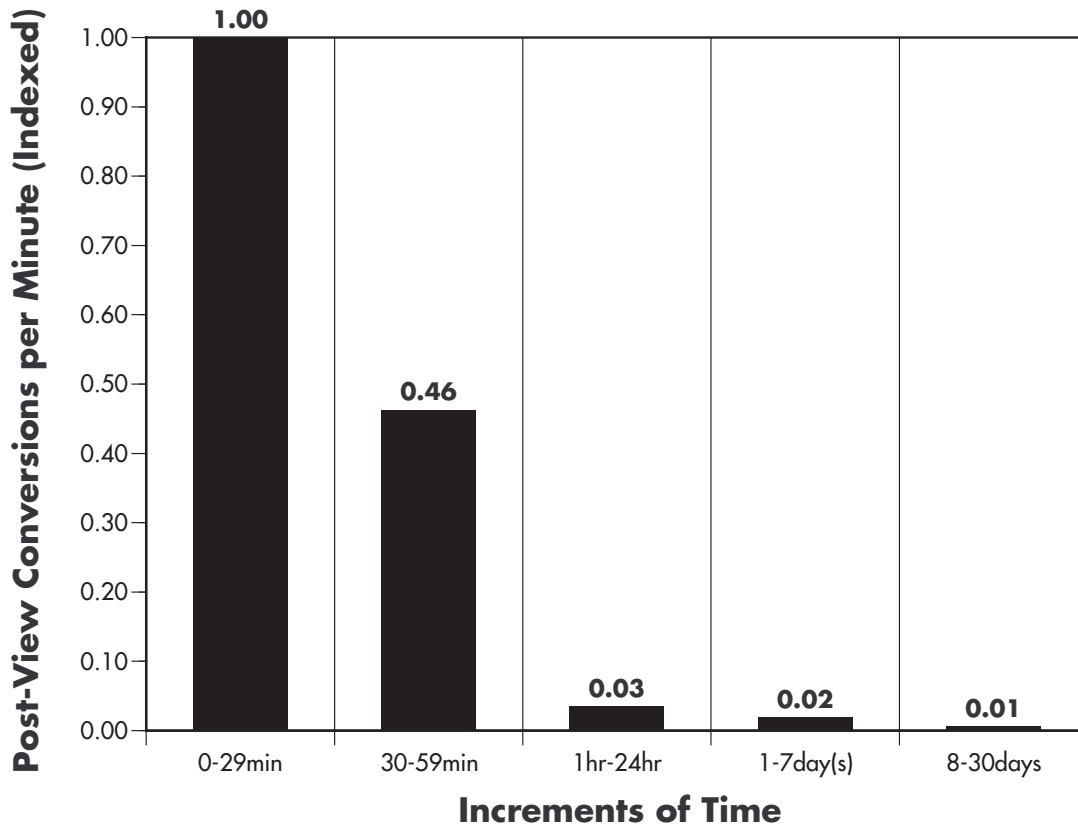
Key finding: Each rich media format has continued to gain acceptance.

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SECTION IV: Focus Analyses

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RATE OF CONVERSIONS AFTER AD VIEWS



Source: AdKnowledge DataDNA

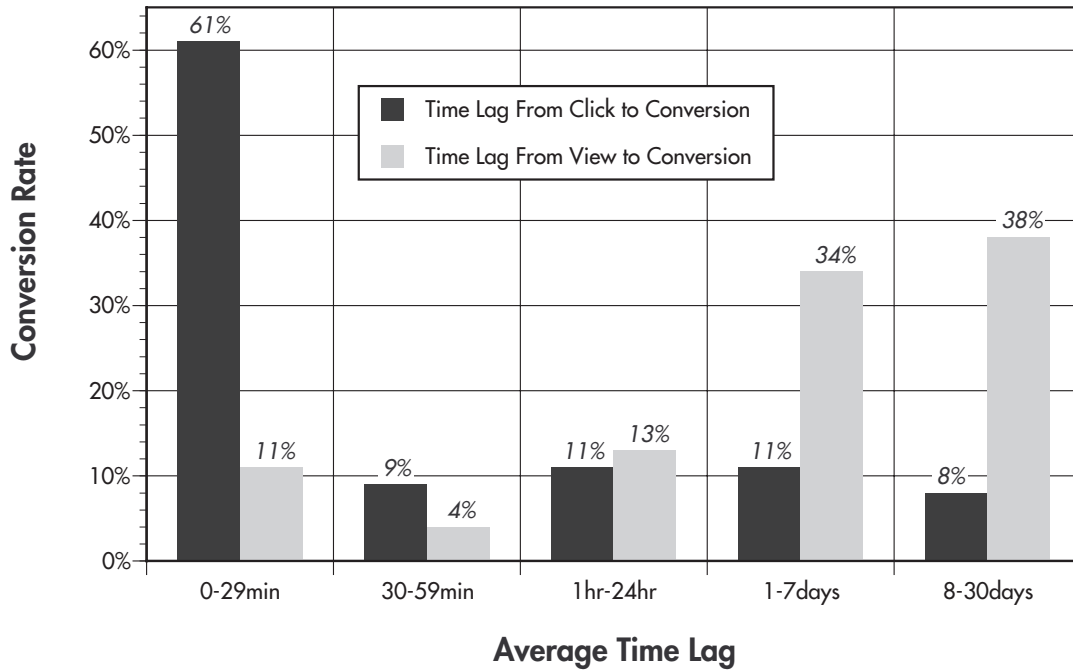
Key finding: Users who recently saw an ad have a higher propensity to convert, indicating a causal relationship between the view and the conversion even when there is no click.

As stated in our Q1, 2000 OAR, 32% of all conversions happen after an ad view without a click. This most recent study shows that these ad views can be correlated to the conversions.

Note: Conversions are actions defined by the advertiser, such as a purchase, registration, request for information, etc.

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TIME LAG FROM VIEW TO CONVERSION VS CLICK TO CONVERSION COMPARISON



Source: AdKnowledge DataDNA

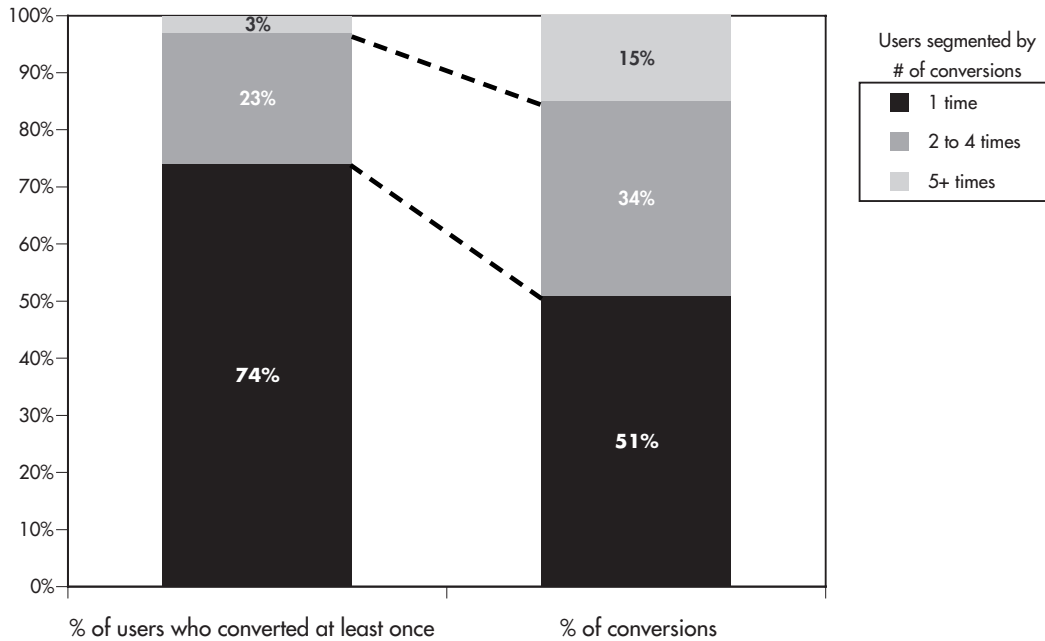
Key finding: Conversions from users who saw an ad without clicking are more spread out over time than conversions from a click, signifying that view based conversions have more of a delayed response.

Note:

- 1) The data used to demonstrate the time lag from click to conversion was taken from the Q2, 2000 OAR.
- 2) Conversions are actions defined by the advertiser, such as a purchase, registration, request for information, etc.

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PERCENT OF CONVERSIONS FROM REPEAT USERS



Source: AdKnowledge DataDNA

Key finding: Marketers should concentrate on attracting loyal customers. While approximately 3/4 of customers acquired from ads only converted once, those who repeated accounted for nearly 1/2 of all conversions.

Note:

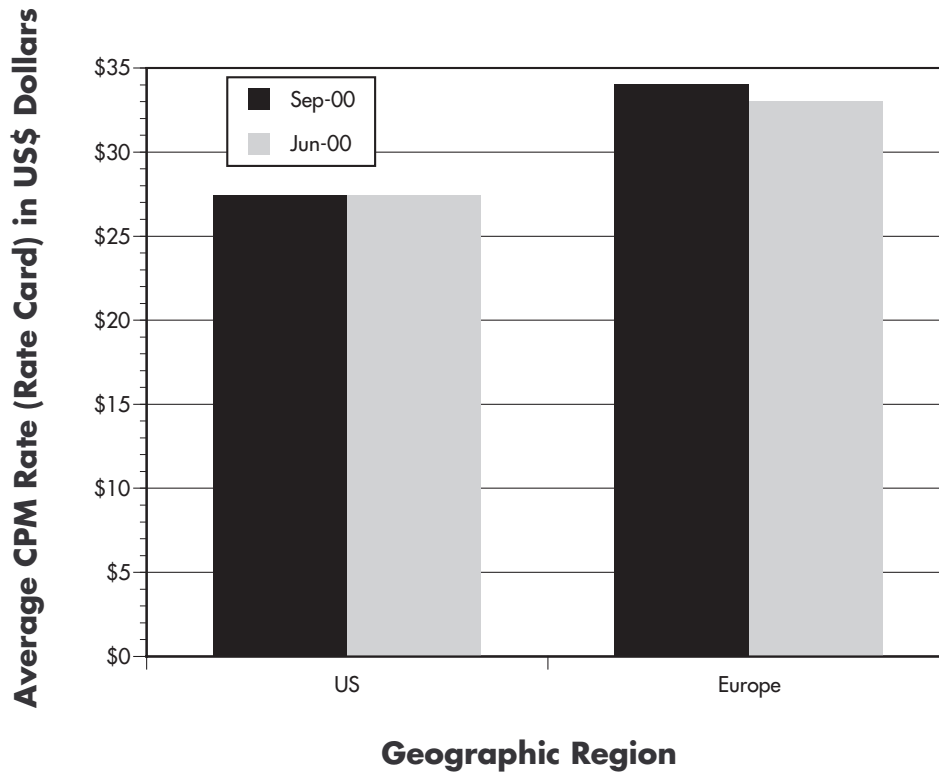
- 1) Conversions are actions defined by the advertiser, such as a purchase, registration, request for information, etc.
- 2) Conversion activity was analyzed over a period of one to three months, depending upon the campaign.

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SECTION V: EUROPE

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AVERAGE U.S. CPM RATE VS AVERAGE EUROPEAN CPM RATE



Source: AdKnowledge System

Key finding: Europe continues to demonstrate growth as the average CPM rate shows a slight increase. CPM rates in the U.S. have leveled off.