



Summary of Findings

The Crucial Role of Regulators:

IAA Members saw negative consequences to a Google-Yahoo! partnership and support the United States Department of Justice's decision to block the deal.

- 86% believe that the partnership would have given "too much control" to Google over auction process and opening bid prices.
- 78% agree with the U.S. Department of Justice's assessment that the deal ultimately would have "denied consumers the benefit of competition - lower prices, better service, and greater innovation".
- 90% support the "decision to block the proposed Google-Yahoo! deal.
- In sum, 75% believe the decision to block the deal is a "win" for advertisers.

Marketplace Competition Now and in the Future:

Members see the online advertising marketplace as dominated by Google and believe it is crucial that a strong competitor emerges.

- 65% agree that Google controls the market and "there are limited choices and price options for online advertisers".
- Going forward, 85% believe it is important that a "strong competitor to Google emerges" in the online advertising market.
- 82% of respondents believe that when two competitors enter into an agreement, government regulators should help uphold healthy competition in the online advertising market by ensuring that companies are complying with applicable antitrust laws.

Desired Improvements in Auctions and Campaign Data

Members seek improvements from online advertising providers around transparency and data management, so advertisers can better track Return on Investment and campaign success.

- 95% are looking for campaign data that is consistent across providers so advertisers can compare impact of their campaigns on different platforms.
- 93% agree that online advertising companies should give advertisers “more control over the data resulting from [their] campaigns”, including click-rate and demographics.
- 92% want better transparency about opening big prices for keyword auctions, and 90% want more transparency about how winning bids are scored.

Brand Awareness/Usage

Which of the following companies have you partnered with in the past 12 months for any level of paid search/keyword advertising solutions?	All
Google	67
Yahoo!	25
Microsoft	19
AOL/Time Warner	3
Ask.com	3
Other	8
I have not partnered with any company for paid search/keyword advertising solutions	29

How important are the following issues to you and your organization in relation to paid search and keyword advertising? <i>Important = 1 (Very Important) + 2</i> <i>Not Important = 5 (Not at all important) + 4</i> <i>Ranked by Very Important</i>	All	
	Very Important	Important/ Not Important
Improved tools to measure return on investment	59	91/2
High quality ad targeting	58	89/5
Control of the data from my paid search advertising campaigns	57	90/4
Transparency in the auction bidding process for advertising services	50	80/8
Innovation in products and services offered to advertisers	42	84/3
Industry standards to protect advertisers' interests	40	83/4
Privacy protections for consumers viewing advertisements	39	70/11

Ability to switch vendors of services	28	69/5
Competition among suppliers of online advertising solutions	27	76/9
More than one vendor from whom to buy paid search and keyword advertising	23	73/7

Awareness of Google-Yahoo! Partnership

All Respondents Saw the Following: In June, Google and Yahoo! announced a proposed partnership where Yahoo! would outsource some of its paid search/keyword advertising to Google. Yahoo! would sell ads from Google's network if it could get a better price than through its own network. The deal was pending review by governments in the United States, Canada, and Europe. Google and Yahoo! abandoned the partnership in early November after the Department of Justice concluded its investigation and informed the companies that it would move to block the deal if they attempted to implement it.

How familiar are you with the proposed partnership?	All
Very familiar	15
Somewhat familiar	54
Not very familiar	31
Not at all familiar	0

How closely did you follow news about the proposed partnership?	All
Very closely	9
Somewhat closely	49
Not very closely	42
Not at all closely	0

How favorable or unfavorable were you towards the proposed Google-Yahoo! arrangement?	All
Very favorable	5
Mostly favorable	17
Neither favorable nor unfavorable	39
Mostly unfavorable	29
Very unfavorable	10

Industry Partnership Effects

Do you believe a long-term agreement between Google and Yahoo! would have increased or decreased choice among providers of paid search and keyword advertising for advertisers like you?	All
Increased choice	13
Have little to no effect on choice	25
Decreased choice	53
I'm not sure	10

Do you believe this agreement between Google and Yahoo! would have stimulated or reduced industry innovation of paid search and keyword advertising?	All
Stimulated innovation	26
Have little to no effect on innovation	36
Reduced innovation	32
I'm not sure	5

Do you believe this agreement between Google and Yahoo! would have stimulated or reduced competition in the paid search and keyword advertising marketplace?	All
Stimulated competition	17
Have little to no effect on competition	14
Reduced competition	63
I'm not sure	7

Perceptions of Online Advertising Competition

Which of the following is closest to your view?	All
The paid search and keyword advertising market is controlled by one dominant player. There are limited choices and price options for online advertisers in the market.	65
The paid search and keyword advertising market is fair and competitive. There is ample choice in services and pricing among market players.	35

Which of the following statements is closest to your view? Under the Google-Yahoo! deal:	All
Google and Yahoo! would have had too much control over the auction process and the ability to set prices.	86
Advertising prices would have been set by a transparent and competitive auction.	14

Which of the following statements is closest to your own personal view?	All
When two competitors enter into an agreement, government regulators should help uphold healthy competition in the online advertising market by ensuring that companies are complying with applicable antitrust laws.	82
When two competitors enter into an agreement, government regulators are not necessary; the market should decide what is appropriate as it relates to competition in the online advertising market.	18

All Respondents Saw the Following: Today, it is estimated that Google controls 70 percent or more of the paid search/keyword advertising market while Yahoo! controls about 20 percent. If Google had partnered with Yahoo!, they may have controlled as much as 90 percent of the paid search/keyword advertising market.

With regard to competition, which of the following do you believe would have been the result had Google and Yahoo! completed their partnership?	All
It definitely would have resulted in less competition and fewer meaningful choices for advertisers.	48
It may have resulted in less competition and fewer meaningful choices for advertisers.	43
It would have had no impact on competition and choice for advertisers.	3
It may have resulted in more competition and additional meaningful choices for advertisers.	4
It definitely would have resulted in more competition and additional meaningful choices for advertisers.	2

Below are two positions about what might have been the future for Yahoo! if they had outsourced ads to Google. Which outcome do you believe would have been more likely?	All
The proposed Google-Yahoo! deal would have weakened Yahoo!'s competitive position in the market and eroded the long-term value and viability of the Yahoo! ad platform.	53
The proposed Google-Yahoo! deal would have strengthened Yahoo!'s competitive position in the market and improved the long-term value and viability of the Yahoo! ad platform.	33
There would have been no impact on Yahoo!'s competition position or on its ad platform.	14

How strongly do agree or disagree with the following statements? <i>Agree = Strongly agree + Somewhat agree</i> <i>Disagree = Strongly disagree + Somewhat disagree</i> <i>Ranked by Strongly Agree</i>	All	
	Strongly Agree	Agree/ Disagree
Online advertising companies should give me more control over the data resulting from my campaigns (e.g. click rate and subsequent demographics) so I can manage that information at my discretion.	64	93/0
Online advertising companies should provide data to advertisers that is standardized and consistent so advertisers can compare relative impacts of campaigns.	62	95/1
It is imperative that competitive alternatives exist so that online advertisers have choices.	61	89/4
I would like better transparency about the quality scoring that online advertising companies use to determine winning auction bids.	59	90/1
I would like better transparency about how online advertising companies set opening bid prices for keyword auctions.	57	92/0

Department of Justice Announcement

All Respondents Saw the Following: On November 5th [2008], Google announced it was backing out of its proposed partnership with Yahoo! after the United States Department of Justice informed both companies that it would move to block the deal if they attempted to implement it.

How strongly do you support the U.S. Department of Justice's decision to block the proposed Google-Yahoo! deal?	All
Strongly support	44
Somewhat support	36
Support a little	10
Do not support at all	9

All Respondents Saw the Following: In the news release issued by the U.S. Department of Justice, Thomas Barnett, an assistant attorney general who oversees the U.S. Justice Department's antitrust division, said the following: "The arrangement likely would have denied consumers the benefit of competition - lower prices, better service and greater innovation."

How strongly do you agree or disagree with the statement above?	All
Strongly agree	41
Somewhat agree	37
Neither agree nor disagree	11
Somewhat disagree	8
Strongly disagree	3

How important is it to your organization that a strong competitor to Google emerges in the paid search and keyword advertising market?	All
Very important	46
Somewhat important	39
Not very important	13
Not at all important	3

Which of the following statements is closest to your own personal view as it relates to the Google-Yahoo! partnership?	All
Government regulators did the right thing, and their actions upheld healthy competition in the online advertising market by ensuring that companies are complying with applicable antitrust laws.	80
Government action was not necessary; the market should decide what is appropriate as it relates to competition in the online advertising market.	20

How strongly do agree or disagree with the following statements? <i>Agree = Strongly agree + Somewhat agree</i> <i>Disagree = Strongly disagree + Somewhat disagree</i> <i>Ranked by Strongly Agree</i>	All	
	Strongly Agree	Agree/Disagree
If implemented, the proposed Google-Yahoo! deal would have decreased competition in the online marketplace.	53	82/6
The decision by the U.S. Department of Justice and the resulting withdrawal by Google from the proposed partnership with Yahoo! is a win for advertisers.	39	75/8

Demographics

Do you purchase paid search or keyword advertising on a fixed budget?	All
Yes	53
No	47

During a given campaign, do you shift between ad platforms based on the return or mainly stay with one company for the duration of the campaign?	All
Shift based on return on investment	50
Stay with one company	50

Which of the following best describes your company?	All
Advertiser	30
Traditional Media Planning/Advertising Agency	31
Online Specialist Agency	8
Media	8
Consultant	6
Other	18

Which of the following best describes your role within your company?	All
Responsible for budget decisions regarding planning or buying online media for a company	20

Responsible for advising internally within the agency or to external clients on media selections	20
Both	35
None of the above	25

Approximately what is the total annual budget for online advertising that you control?	All
Under \$500,000	59
\$500,000 - \$999,999	16
\$1m - \$2.9m	12
\$3m - \$4.9m	3
\$5m - \$7.9m	2
\$8m - \$9.9m	1
\$10m and over	7

In 2009, will your advertising budget increase, decrease, or stay the same?	All
My budget will increase in 2009	33
My budget will stay the same in 2009	28
My budget will decrease in 2009	18
I'm not sure	21

For what time period does your budget typically cover?	All
Monthly	16
Quarterly	26
Semi-annually	7
Annually	51

For which of the following industries do you buy online ads?	All
Automotive	27
Banking	29
Beauty/Toiletries	17
Consumer Packaged Goods	15
Entertainment	16
Fashion/Apparel	18
Financial Services	24
Food/Beverage	15
Media	32
Pharmaceutical	8
Retail	14
Technology	27
Telecommunications	21
Travel/Transportation	19
Education	6
Other	26

Research Methodology

The IAA commissioned this study to interview at least 100 members about their opinion of major players in the online advertising market. The survey was administered online and respondents participated from around the world including North America, Europe, Asia Pacific, Africa, and Latin America. Survey invitations were sent to the entire IAA member list by the Executive Director. The survey link was hosted by Penn, Schoen & Berland Associates from November 20 to December 12, 2008.

All IAA members were eligible to take the survey and respondents qualified so long as they had at least some familiarity with recent news about the proposed Google-Yahoo! partnership.

All numbers shown in this report represent percentages unless otherwise noted. Columns that do not add up to 100 may include rounding limitations, inclusion of multiple responses, or exclusion of "Neutral" or "Don't Know" responses.

Questions answered by the full sample are subject to a margin of error of plus or minus approximately 7.46% at the 90% level of confidence. This means that in 90 out of 100 samples like the one used here, the results obtained should be no more than 7.46 points above or below the figure that would be obtained by interviewing all 4,000 IAA members.

In addition to sampling error, one should bear in mind that with all surveys, question wording and practical difficulties in conducting research can introduce error or bias into the findings of opinion polls.

This independent IAA membership survey was commissioned by the IAA and conducted with the partial underwriting support of Microsoft, an IAA Corporate Member. This survey is part of the IAA's ongoing research and thought leadership program.