

# [Online Advertising Outpaces TV Spend: Ofcom Report](#)

By [Dianne See Morrison](#) - Thu 14 Aug 2008 04:10 AM PST

Online advertising spend has outpaced advertising on mainstream TV in 2007, surging 40 percent to £2.8 billion, Ofcom reported today in its hefty annual survey of the British communications market. In comparison, ad revenue at ITV1, Channel 4, S4C and Five came in at £2.4 billion.

Internet advertising revenue was also six times the size of the radio market, and had attracted as much revenue as all outdoor and magazine advertising combined. It didn't manage to overtake newspaper advertising, which still gets the majority of the UK's ad spend, coming in at £4.7 billion.

Unsurprisingly, paid-for search dominates the online advertising market, growing in 2007 by 39 percent to reach £1.6 billion. Online display advertising revenues came in at £600 million, growing by 29 percent. Good news, meanwhile for the likes of Gumtree.com and Craigslist, as "other classified" was the fastest growing segment of online advertising, with revenues rising 54 percent to reach £0.6 billion.

Television advertising, meanwhile, was flat at £3.5 billion. Total television ad revenue at the three commercial public service broadcasters fell 16 percent, with ITV1 hit particularly hard. The losses across commercial PSBs, however, were offset by gains in their digital only channels, with their share of net advertising rising from 3 percent in 2004 to 10 percent in 2007.

Ofcom struck an ominous tone for TV advertising's future prospects. Short term, the regulator warned, it could be hit by the slowing economy, while long term, the increasing DVR ownership could impact its revenue make ability. Eighty-percent of DVR owners said they usually fast forward through commercial breaks when watching recorded programmes.

[Release](#) | [Key Findings](#) | [Entire Report Part 1](#) | [Entire Report Part 2](#)

Additional Highlights:

## **Broadband:**

-- Take up of broadband through a landline grew from 52 per cent of households to 58 per cent in 2007, boosted by consumers switching from dial-up to always on connections. Mobile dongle sales, meanwhile, are surging.

-- Between February and June 2008, the number of dongle sales to consumers nearly doubled from 69,000 to 133,000 a month. During this five month period, there were 511,000 new mobile broadband connections in the UK.

## **TV:**

-- The number of minutes spent each day watching TV grew by 2 minutes to 218 minutes in 2007, compared with 216 in 2006. Watching TV online more than doubled from 8 to 17 per cent in twelve months. The BBC iPlayer delivered more than 700,000 daily video streams in May 2008.

-- Thirty two percent of all internet users watched video clips and webcasts in 2007, compared to 21 per cent in 2006. The number of UK internet users who watched YouTube, reached 9 million in April this year, nearly 50 per cent more than a year ago.

-- Subscriptions as a source of revenues for broadcasters outpaced advertising. Revenue from subscriptions rose 6.4 percent to £4.3 billion and advertising grew 2.2 percent to £3.5 billion.

**Posted in:** [Advertising](#), [Companies](#), [Channel 4](#), [Five](#), [ITV](#), [Media](#), [TV](#)