



For Immediate Release:
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HIGH DEMAND FOR SEARCH ADVERTISING OUTPACES SUPPLY, UNDERSCORING NEED FOR INNOVATION BY SEARCH ENGINES, ACCORDING TO NIELSEN//NETRATINGS

Search sessions increased by 30 percent between May 2003 and May 2004

NEW YORK — July 19, 2004 — Nielsen//NetRatings, the global standard for Internet audience measurement and analysis, reports today that growth in demand for paid search advertising outpaces growth in supply, leading to higher prices and threatening to slow the growth of search advertising. However, the imbalance can be mitigated with continued investment aimed at improving search relevancy, according to the report released to clients last week.

“Conversations with several advertisers reveal that, even with recent increases in price, search engine advertising is still cost effective,” said Ken Cassar, director Strategic Analysis, Nielsen//NetRatings. “However, if prices continue to rise, this will not indefinitely be the case. The low hanging search opportunities are nearly picked over.”

The report identified potential areas of growth to increase the available supply of search inventory. Improvement of search relevancy requires significant investment by search engines, highlighting the opportunity for increased personalization for better targeting, localization to support local purchases, and specialization to narrow the scope of search results.

“The future of search is dependent on advertisers’ continued refinement and understanding of their own valuation metrics and of search providers’ continued innovation – which will be principally driven by localization, personalization and specialization,” said Cassar.

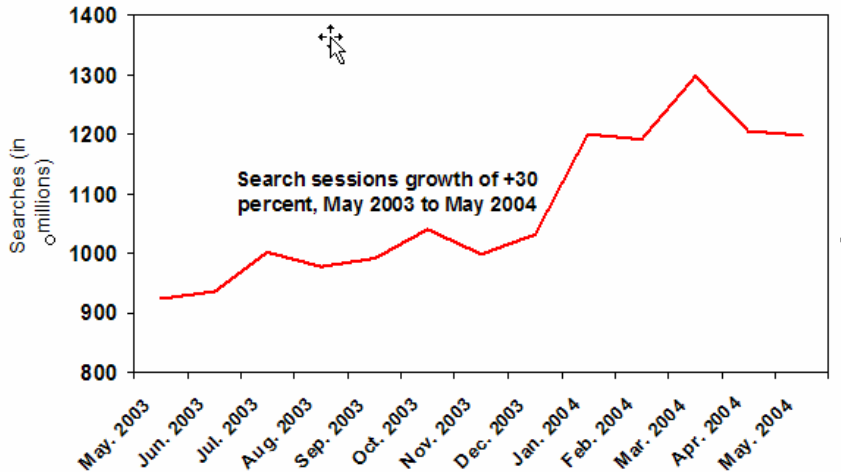
The report offered search advertisers guidance on the continuing efficacy of the channel despite rising prices. Search advertisers must continue their efforts to track the effectiveness of their search dollars. Search advertisers must look to integrate their search advertising initiatives with non-search initiatives, such as keyword purchases coordinated with a television campaign. Finally, search advertisers must exercise discipline by not paying huge premiums on top of economically justifiable prices in order to prevent competitors from gaining key real estate on the portal sites.

Americans generated 1.2 billion search sessions during May 2004, a 30 percent rise from May 2003 (see Table 1). The principal driver of growth in sessions between May 2003 and May 2004 was a 15 percent increase in the online audience. Growth in the number of search sessions per person was a positive 11 percent during the period, while growth in search reach was only two percent.

“Because the vast majority of the online population already uses search and because the size of the online population will inevitably begin to slow, future growth must come from growth in the frequency of searches per person,” said Cassar.



Table 1: Nielsen//NetRatings U.S. Search Sessions, May 2003-2004 (U.S., Home)



Source: Nielsen//NetRatings, July 2004

Report Availability

For more information regarding the report, please contact Gwen Chia at gchai@netratings.com.

About Nielsen//NetRatings

Nielsen//NetRatings (Nasdaq: NTRT) is the global standard for Internet audience measurement and analysis and is the industry's premier source for online advertising intelligence with its NetView, AdRelevance, @Plan, WebRF, LemonAd, MegaPanel and SiteCensus services. Covering 70 percent of the world's Internet usage, the Nielsen//NetRatings services offer syndicated Internet and digital media research reports and custom-tailored data to help companies gain valuable insight into their business. For more information, please visit www.nielsen-netratings.com.

Editor's Note: Please source all data to Nielsen//NetRatings.

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