

Online media comes of age in South Africa

Issued by [OPA](#)

15 Apr 2006

Online advertising revenue in South Africa is expected to reach R183-million in 2006, and to pass the R200-million mark in 2007, according to a new survey from World Wide Worx.

"Online Media in South Africa 2005", a study conducted with the cooperation of the Online Publishers Association (OPA), which represents the country's 25 major online publishers, reveals an industry that is quickly shaking off the slump of the early 2000s.

It took the online publishing industry nine years, from 1994 to 2003, to grow to the R60-million revenue mark, yet it is set to treble that amount in the subsequent three years.

"It's looking very positive for online advertising - a medium that has finally come of age," said Arthur Goldstuck, MD of World Wide Worx. "But this phenomenal growth masks the fact that the numbers would be far higher if the advertising industry woke up to the potential of the medium."

The study found that lack of awareness within the traditional advertising industry of the efficiency, measurability and reach of online advertising has held back the growth of the medium. By the same token, it underlined the potential of the medium should advertisers and agencies become better educated about online advertising.

Shirley Singer of Insightss Research, which collaborated with World Wide Worx on the research project, noted that 2004 was the first breakeven year for the industry, after an overall loss of R18 million for 2003.

"The industry only moved into clear profitability in 2006," said Singer. "The conclusion is that companies need to invest time, money and patience in developing their online presence."

As in South Africa, the growth of online advertising revenue in the world's largest media market, the United States, resumed an upward path in 2003 after falling dramatically in 2000. "Ironically, online advertising is one arena of online activity in which South Africa has seen more substantial percentage growth than the USA over the past four years, and where the growth rate for 2006 is similar to that in the USA," said Goldstuck.

OPA chairperson Russell Hanly agreed: "The online advertising industry in South Africa is growing rapidly and can now claim itself to be tracking global growth trends. We believe that online advertising is now a strong creative platform that offers real connections with consumers whilst being highly measurable and data driven."

One of the most dramatic findings in terms of type of advertising is the decline in importance of the conventional banner ad, from close to two thirds of all online revenue in 2003 to less than half in 2005. This trend is likely to continue in 2006.

Rich media banners - ads that allow web users to interact with them - have increased by a significant proportion, from 7% in 2003 to 15% in 2005, while sponsorship and subscription content have maintained a consistent proportion, around 7% to 10% each, of online revenue for the past three years. New technology developments that allow for sophisticated content syndication (such as RSS feeds) and development of community-driven content are seen as some of the key future trends for the success of online media.

"This study proves that online advertising has really found its feet; but it also shows that the industry needs to push hard to achieve its potential and educate advertisers on new Internet technology and usage trends. The Online Publishers Association will be working closely with brands and their agencies to bring to life the possibilities of this increasingly

essential media," added Hanly.

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