



## DIRECT NAVIGATION FACT SHEET

### Definition:

Direct navigation, or “search without a search engine,” is the term used to describe the act of searching within the navigation bar instead of within a search tool. It is estimated that more than 67% of daily Internet users worldwide arrived at web sites via direct navigation in 2004 compared to about 53% in February 2002 (WebSide Story’s StatMarket division).

### Opportunity:

As global internet usage continues to rise and as consumers increasingly trust the amount of relevant information available on web sites with descriptive names (e.g. bands.com, mutualfunds.com), the direct navigation market is poised to grow. According to Susquehanna Research, Direct Navigation could be a \$1 billion market by 2007.

### Key Facts:

#### Growth of Internet Advertising:

- Global Internet user growth should rise by 10-15% annually for the next few years while usage growth should be 20-30% and monetization should rise at rates of 30%+ (Morgan Stanley, December, 2005)
- Global online advertising spend is expected to reach \$23.9 billion this year, \$28.6 billion in 2007 and \$32.5 billion in 2008 - or an increase of 75 percent from the \$18.5 billion in 2005. (ZenithOptimedia, July 2006)

#### Paid Search One of the Fastest Growing Sectors of Internet Advertising:

- Paid search in the US will grow 109% from \$6.4 billion in 2005 to \$13.4 billion in 2009. (JP Morgan, 2005)
- 40% of Internet advertising in the second quarter of 2004 was performance-based, as opposed to 31% in the second quarter of 2003. (PricewaterhouseCoopers, 2005)
- Average Price-Per-Click in the US will increase from \$.43 in 2005 to \$.49 in 2009. (JP Morgan, 2005)

#### Direct Navigation Industry Comprises Approximately 6-9% of Paid Search Market:

- Business and consumers locate a site for the first time using Direct navigation between 51-59% of the time. (VeriSign, 2005)
- More than 67% of daily global Internet users arrived at Web sites by direct navigation in September 2004, compared to about 53% in February 2002. (WebSide Story’s StatMarket division)
- Domain industry revenues are currently \$600 million and will reach \$1.2 billion within three years. (RBC Capital Markets, 2006)
- Direct Navigation comprises 6 - 9% of the US and UK search advertising markets and could exceed 1 billion in ad revenue by 2007. (Susquehanna Financial, 2005)