

---

**2012 Full Year and Q4 2012**

**IAB/PwC Digital Advertising  
Revenue Report**

April 2013

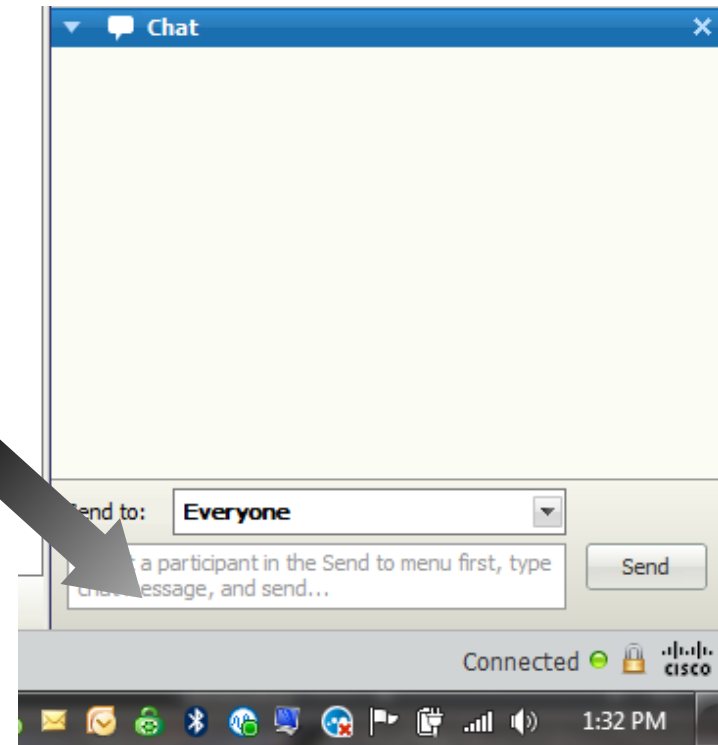
# **Agenda**

---

- **Welcome**
- **2012 Full Year and Q4 Digital Ad Revenue Highlights**  
Sherrill Mane, SVP Research, Analytics & Measurement, IAB
- **Detailed Analysis of IAB PWC 2012 Full Year and Q4 Report**  
David Silverman, Partner, PriceWaterhouseCoopers
- **2012 Digital Advertising Growth: Mobile and Video Lead the Way**  
Linda Gridley, President and CEO of Gridley & Company LLC.
- **Q & A**

# Important Note on Q&A

- We will open a voice line for journalists to ask questions at the end of the presentations.
- IAB members should ask questions using the WebEx user interface—Please type questions into the Chat box on the WebEx user interface at any time during the presentations.
  - We will create a queue and answer as many questions as possible following the presentations.
  - Additional press questions should be directed to Laura Goldberg: [Laura.Goldberg@iab.net](mailto:Laura.Goldberg@iab.net)
  - Additional questions from IAB members should be directed to Kristina Sruoginis: [Kristina@iab.net](mailto:Kristina@iab.net).



---

**2012 Full Year and Q4 2012**

# **IAB/PwC Digital Ad Revenue Report Highlights**

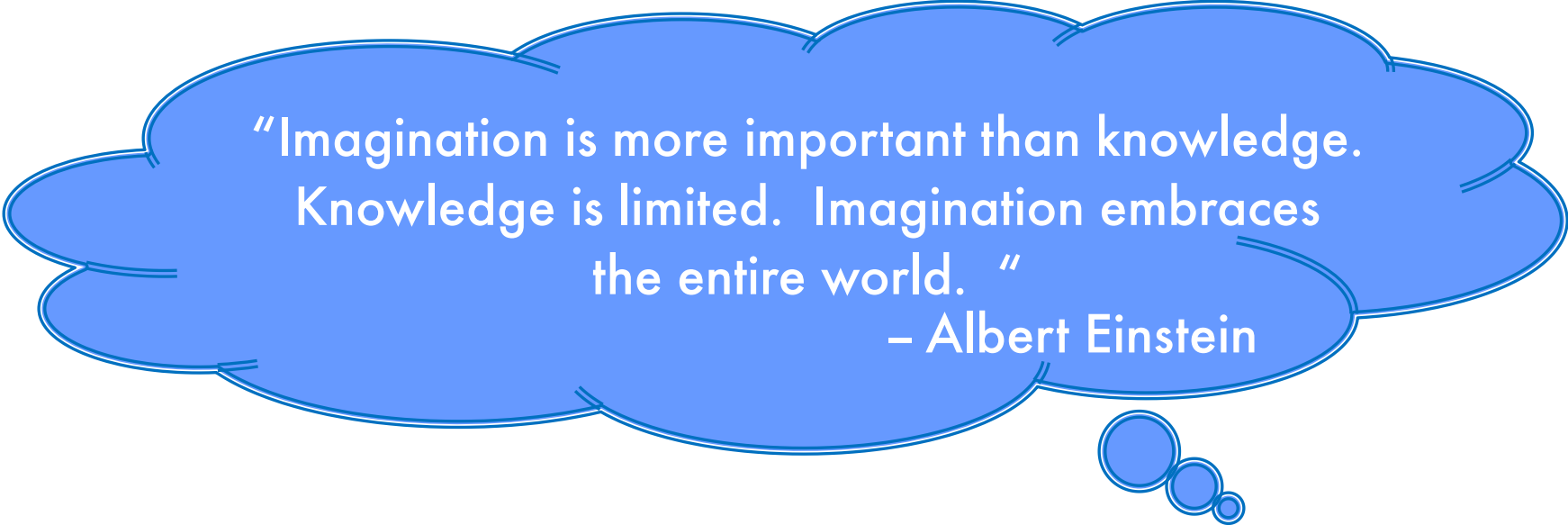
April 2013

Sherrill Mane

SVP, Research, Analytics and Measurement, IAB

---

# 2012 Year End Digital Ad Revenue Highlights



"Imagination is more important than knowledge.  
Knowledge is limited. Imagination embraces  
the entire world. "

– Albert Einstein

---

# Year End 2012 Interactive Advertising Sets New Records

- **2012 annual US interactive ad revenues totaled \$36.6 billion, marking the third consecutive year of double-digit annual growth.**
  - This represents a 15% (or \$4.8 billion) increase from 2011's \$31.7 billion.
- **2012 annual mobile ad revenue doubled again (111% growth) to \$3.4 billion since last year.**
- **Mobile now accounts for 9% of digital ad revenue.**
- **Digital video remains the fastest growing sector of the display market, climbing 29% to \$2.3 billion in 2012.**
- **And, banners show 13% annual growth reaching \$7.7 billion for a 21% share of interactive ad dollars.**

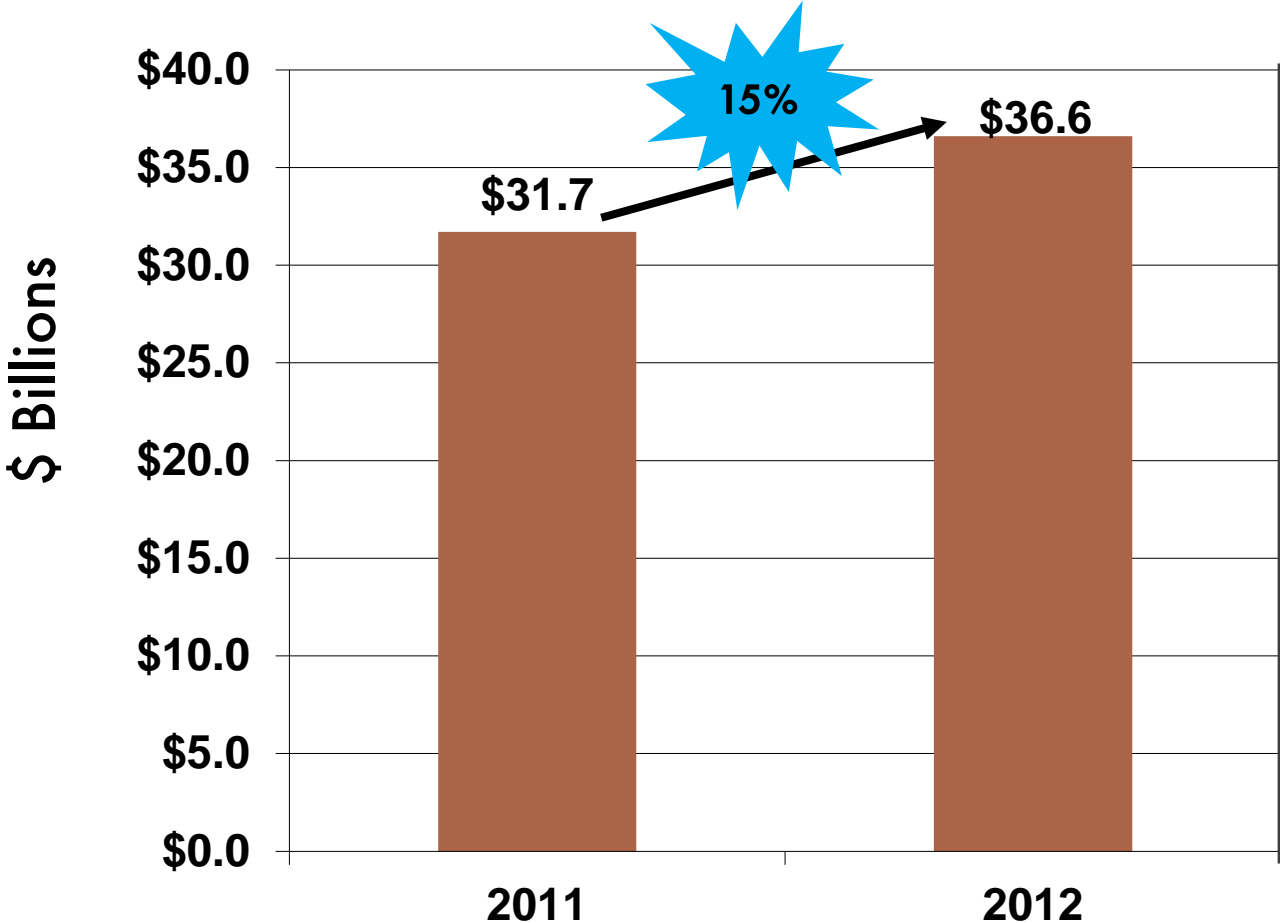
---

# Year End 2012 Interactive Advertising Sets More Records

- **Fourth quarter 2012 revenue of \$10.3 billion represents the best quarterly result ever for US interactive advertising.**
  - This is a 15% increase over same time last year (\$ 9 billion in Q4 2011)
- **Interactive advertising growth continues to outperform the total media market based on both Nielsen and Kantar estimates for Fourth Quarter and Full Year 2012**

# 2012 Annual Revenue Growth

Digital Ad Revenue Growth (2011 vs. 2012)



Total Media Ad Revenue Growth (2011 vs. 2012)

The Nielsen Company estimates total media revenues grew **3%** from 2011 to 2012; Kantar Media estimates a **3%** increase.

Sources: IAB/PWC 2012 Full Year and Q4 2012 Digital Advertising Revenue Report

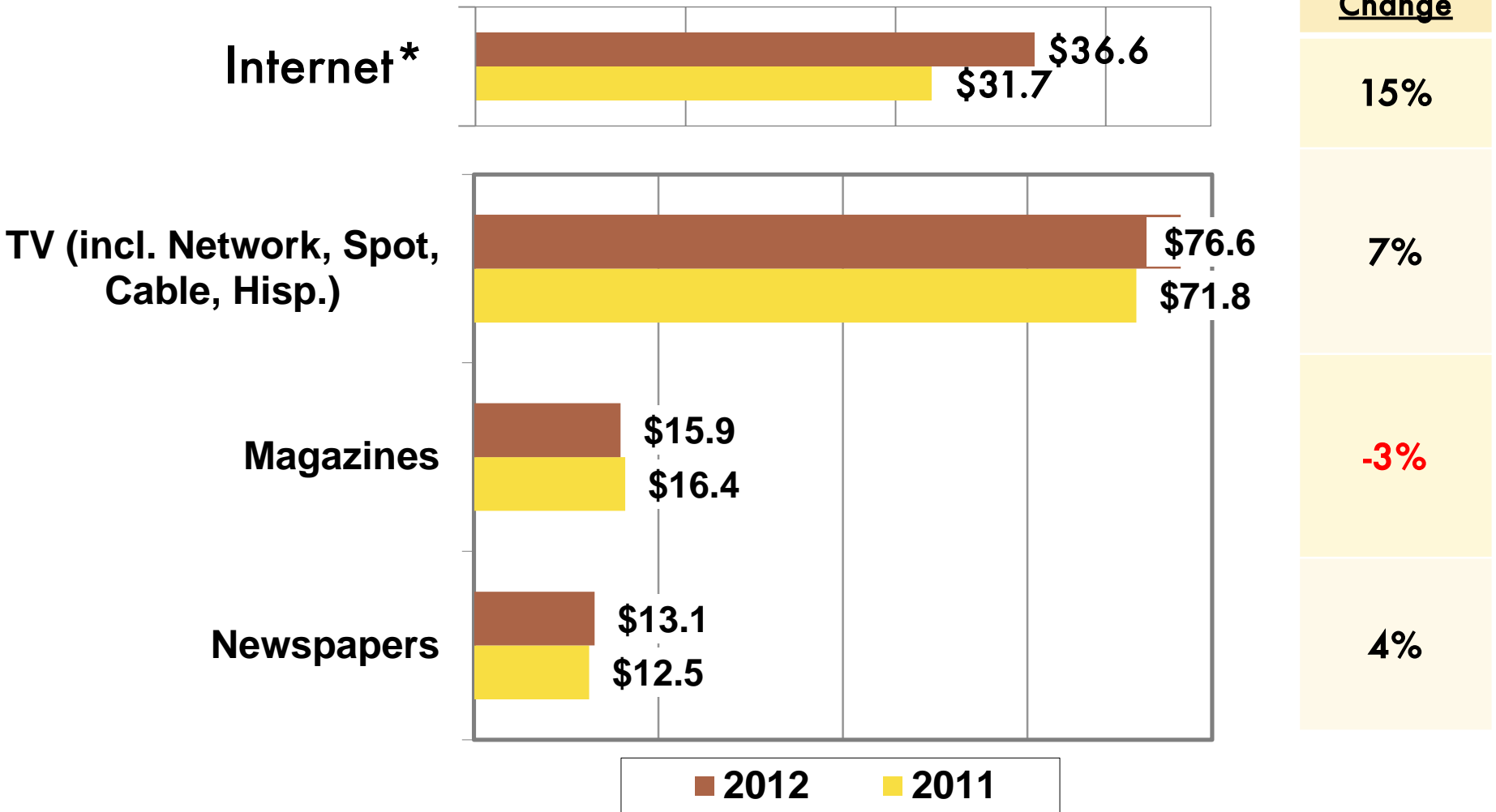
The Nielsen Company, MonitorPlus (Standard Calendar, Total includes B2B, National Internet (Display only), FSI Coupons), Apr. 2013;

Kantar Press Release Apr. 2013



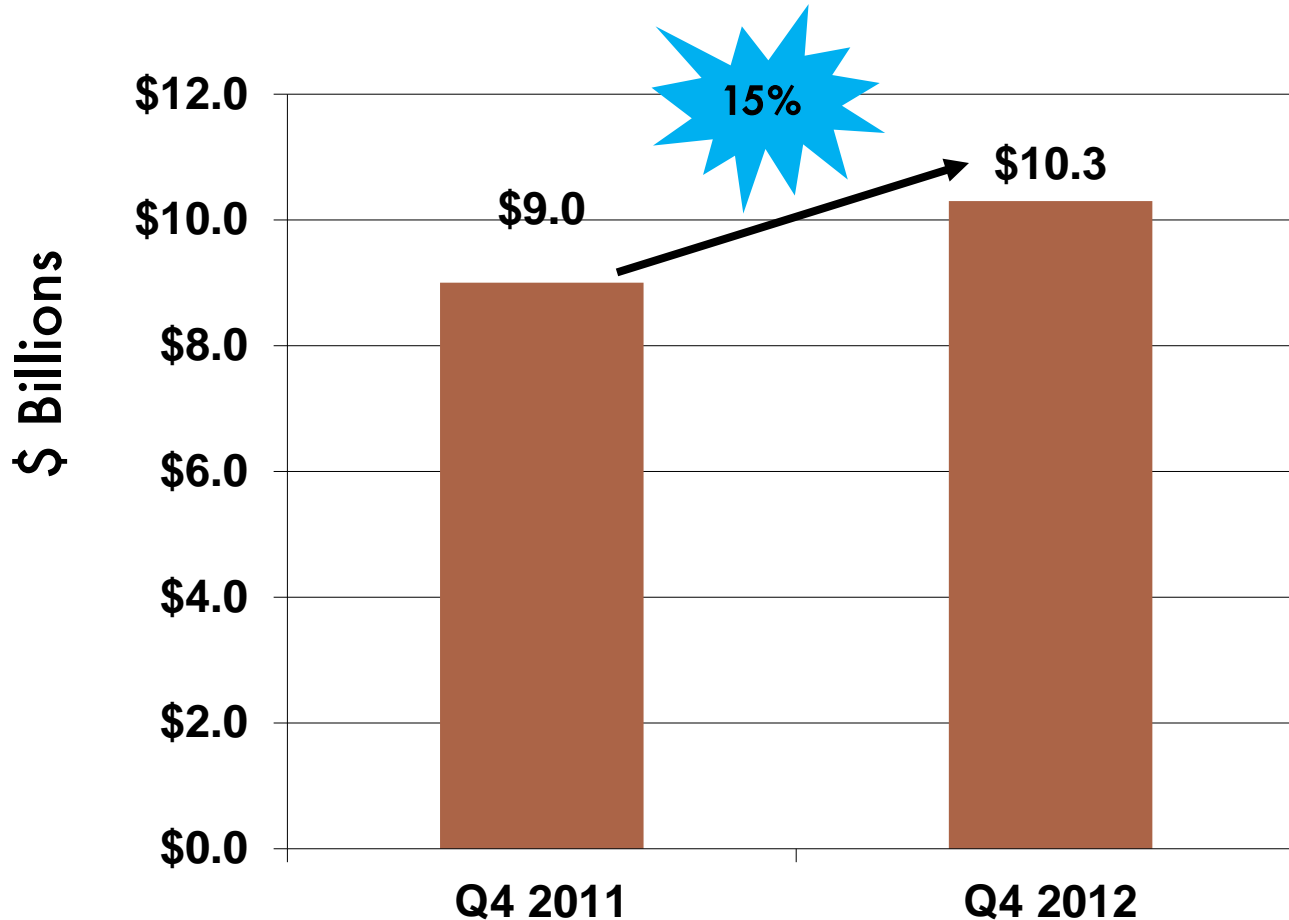
# 2012 Ad Revenue Growth Digital vs. Top Non-Digital Media

*Total Ad Revenue 2012 vs. 2011 (\$Billions)*



# Q4 2012 Revenue Compared With Q4 2011

Digital Ad Revenue Growth (Q4 '11 vs. Q 4 '12)



Total Media Ad Revenue Change (Q4 '11 vs. Q4 '12)

According to Nielsen, total media revenues grew **3%** from Q4 2011 to Q4 2012. Kantar Media estimates a **2% increase**.

# Q4 Ad Revenue Growth

## Digital vs. Top Non-Digital Media

*Total Ad Revenue Q4'12 vs. Q4'11 (\$Billions)*

Internet\*



TV (incl. Network, Spot, Cable, Hisp.)



Magazines



Newspapers



■ Q4 '12    ■ Q4 '11

Percent  
YoY  
Change

15%

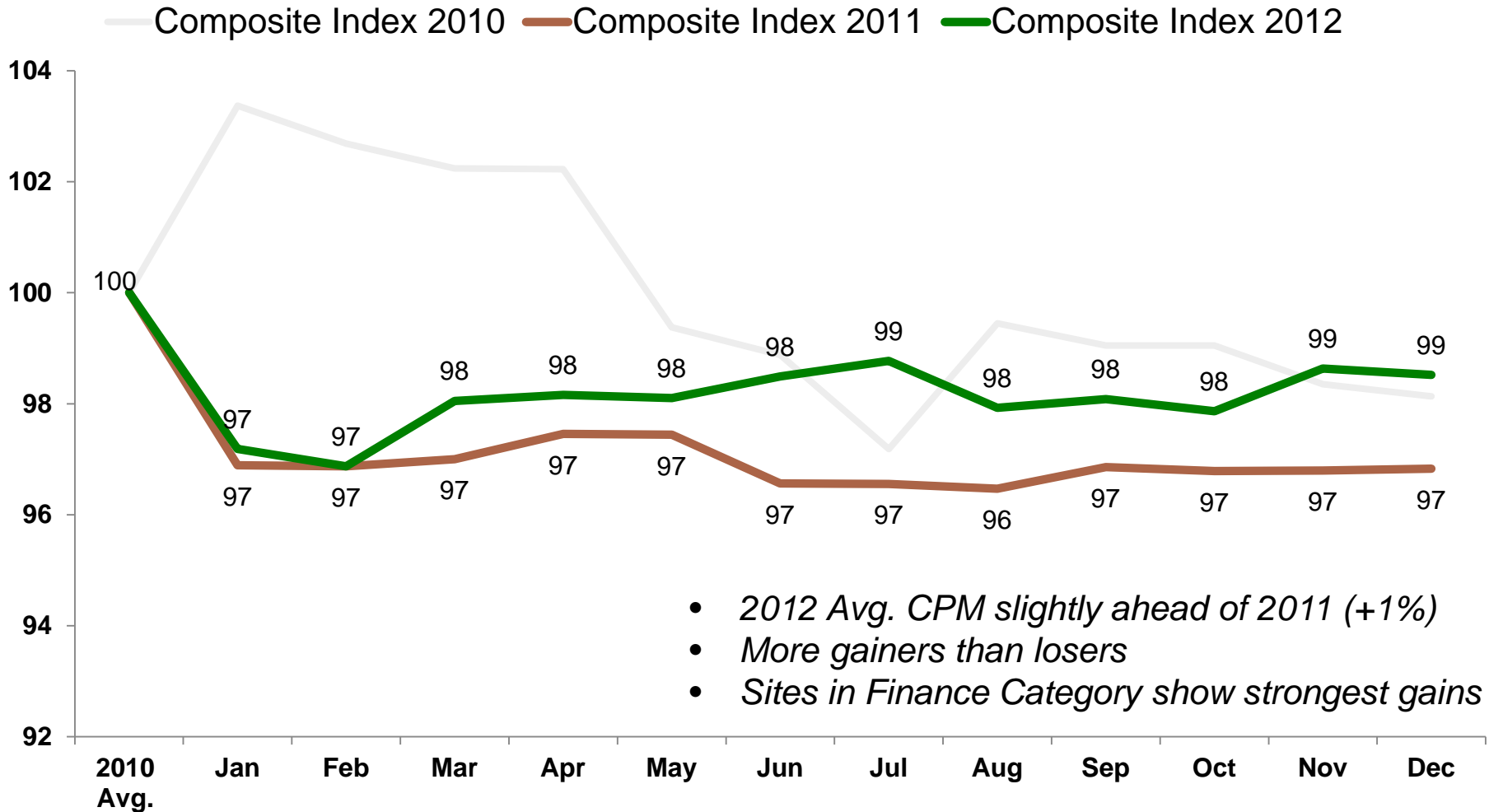
6%

-1%

-3%

# Composite Average CPM Index

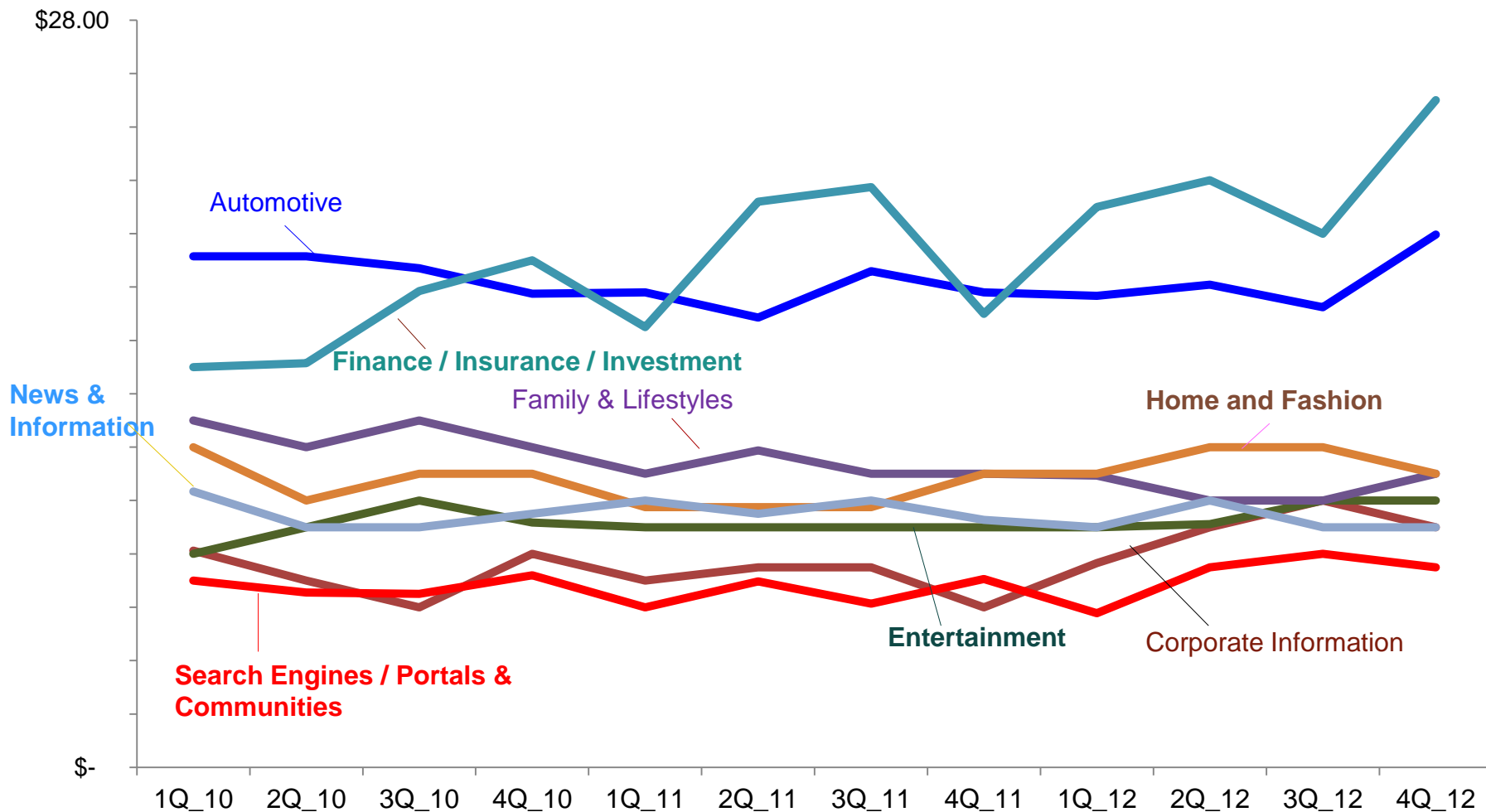
115 Same Sites / Ad Networks  
100 = 2010 Avg. CPM: \$12.00



Source: SQAD WebCosts 2012 data, Apr. 2013

# Display Eight Category Average CPM

Weighted Average - December 2012 Release



Source: SQAD WebCosts 2012 data, Apr. 2013



---

# Display and Search Both Exhibit Double Digit Growth

- **Brand spend is on the rise**
- **In 2012, Display\* increased 15% over year ago to \$12 billion**
- **Display-related ad formats\* revenue growth driven by:**
  - Banners up 13% to \$7.7 billion
  - Digital video exhibits 29% increase, rising to \$2.3 billion and showing exceptional strength in 4<sup>th</sup> Q 2012 with an increase of 38% over YAG
- **Impression and Performance-based ad revenue grew in 2012 at the same pace (18%)**
- **Search grew 15% over 2011 annual to \$16.9 billion**
- **Election and Olympics not the primary drivers of interactive ad revenue growth**

---

# THANK YOU

## FOLLOW-UP QUESTIONS:

Additional questions from IAB members should be directed to Kristina Sruoginis:

[kristina@iab.net](mailto:kristina@iab.net)

Additional press questions should be directed to Laura Goldberg:

[Laura.Goldberg@iab.net](mailto:Laura.Goldberg@iab.net)

Reports can be found at: [www.iab.net](http://www.iab.net)