

IAB Internet Advertising Revenue Full Year 2015

Current trends impacting the global digital advertising landscape

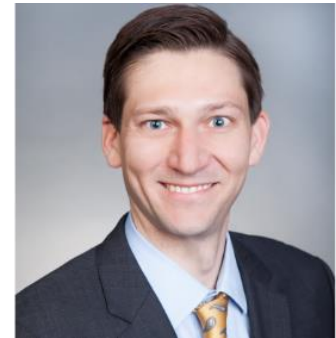
April 21, 2016

Current trends impacting the global digital advertising landscape

Topics:

1. Global Entertainment and Media Outlook
2. What's on the horizon
3. The burgeoning evolution of eSports

Today's Speaker



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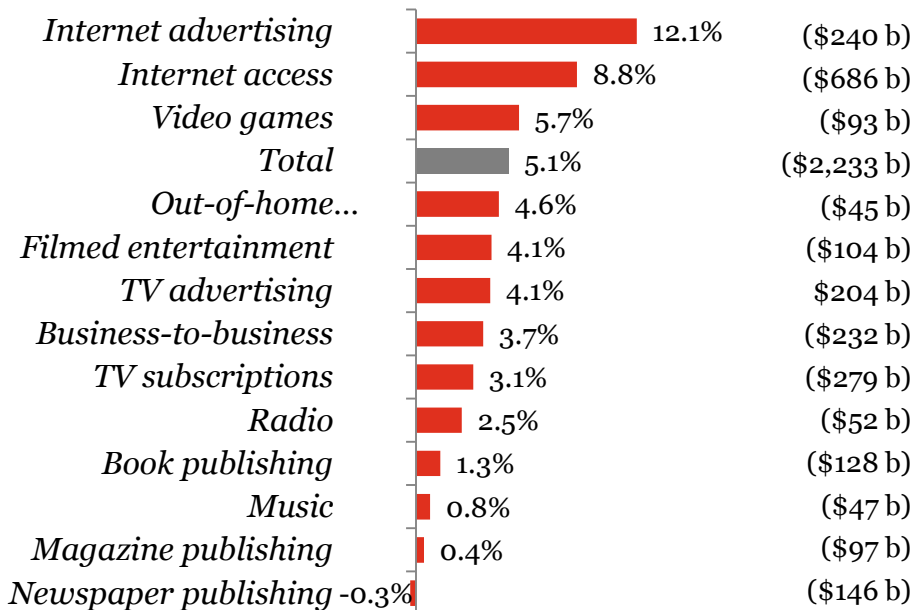
Global Entertainment and Media Outlook

Fast growing entertainment and media (“E&M”) markets are fueled by increases in advertising spend and consumer spend on content and access, enabled in large part by the accelerated transformation to digital.

A closer look at the sources of growth:
2015 and 2019 total aggregate spending and 2015 – 2019 CAGR

	2015 (\$b)	2019 (\$b)	CAGR
Access	\$494	\$686	8.6%
Advertising	\$554	\$667	4.8%
Consumer	\$783	\$880	3.0%
Total	\$1,831	\$2,233	5.1%

Global Segment Growth thru 2019 CAGR
(aggregate spend (\$b) in 2019)

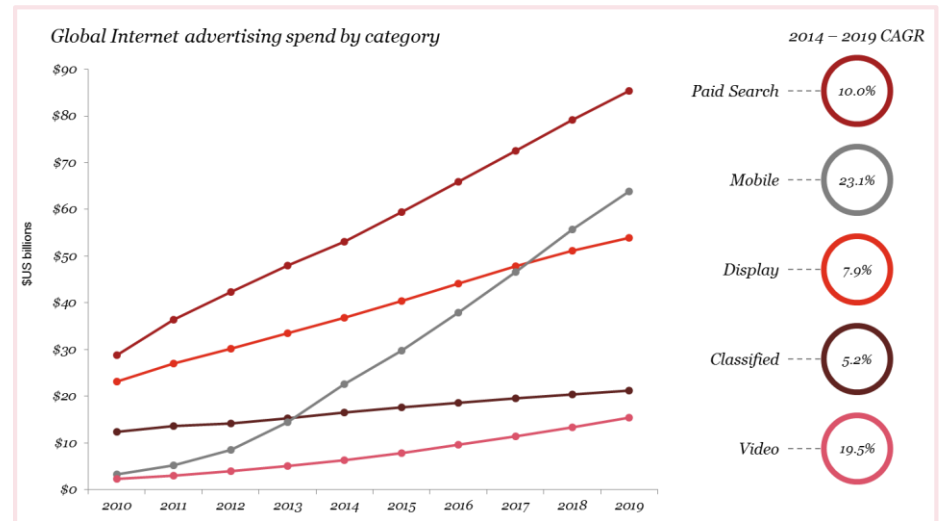
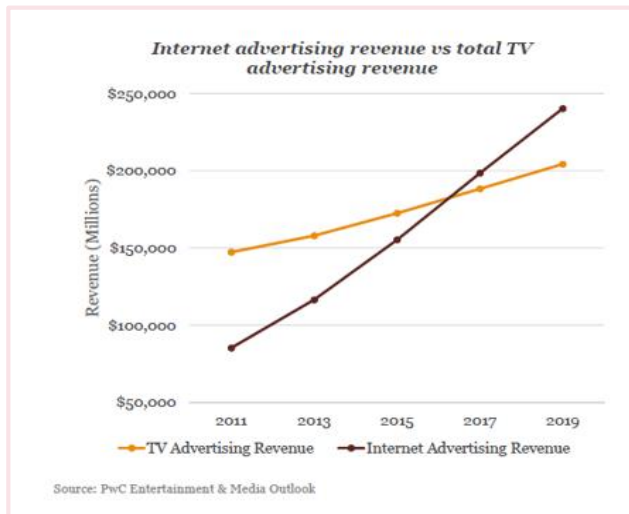


*Note the 2019 Total aggregate spend is less than the sum of the global segments' aggregate spend due to double counting within some of the segments

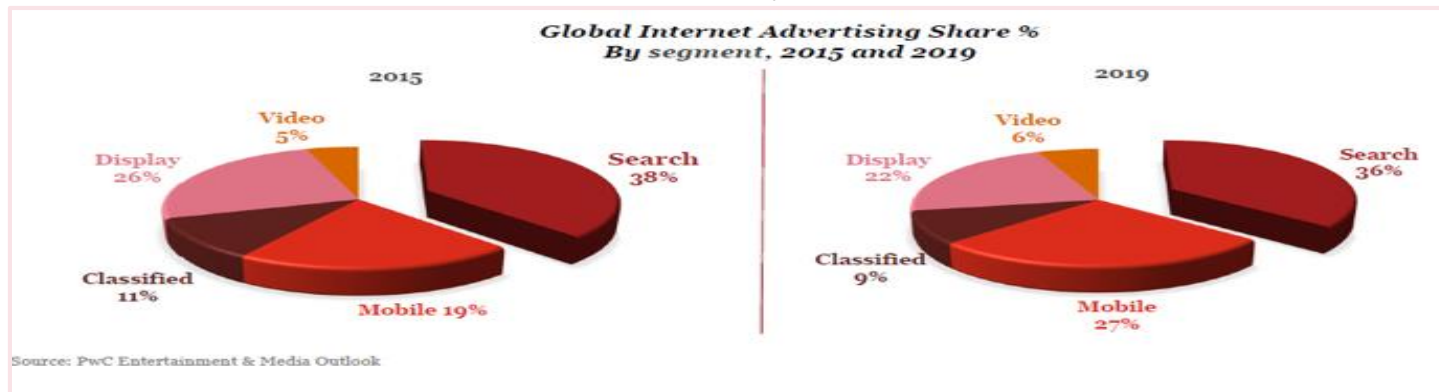
E&M Outlook overview – Internet Advertising

Internet advertising will overtake TV advertising in 2017, making it the largest advertising category ...

Led by strong global mobile internet penetration, Mobile advertising revenue's 23.1% CAGR leads to \$60B+ in revenue by 2019



Search advertising still holds the largest revenue share, despite 8% growth from Mobile by 2019 ...



What's on the horizon?



Content & Portals:

- **Programmatic** ad targeting and personalization that leverages consumer attributes will increase **cross-platform relevancy & consistency**
- In exchange for emotional, monetary or behavioral **consumer centric rewards**, consumers are more willing to share information with each other and brands



Hardware & Platforms:

- Once convinced of the value, **mobile sensors** and beacons can enable the user to share information with her proximate environment and get something in return
- Sophisticated ad technology platforms will mimic digital **information exchange** to reduce 'interruption' (i.e. native)



Future Trends:

- **Wearables** turn advertising into 'activity based engagement' and can integrate ads more closely with other content and experiences
- New 'entertainment' channels like **eSports**, with an established digital savvy consumer base, represent vast sources of untapped revenue potential from online advertising

eSports is a Market Ripe with Digital Value



eSports are defined as organized video game competitions involving fighting (e.g., Mortal Kombat), first-person shooter (e.g., Call of Duty), multiplayer online battle arena (MOBA), tournaments (e.g., League of Legends), or massively multiplayer online (MMO) games (e.g., World of Warcraft)

- eSports economy continues to surge ahead, with revenue expected to hit **\$463 million** in 2016— a 43% jump from 2015¹
- Newzoo forecasts the US will maintain the highest revenue and generate **\$175 million** in eSports revenue this year from online advertising, sponsorships, media rights, etc.²
- Purchased for nearly \$1 billion by Amazon in 2014, Twitch and Twitch.tv users streamed **241 billion minutes of video in 2015**
- eSports ‘live’ viewership, now on ESPN, exceeded the 2015 World Series and NBA Final³

The eSports consumer

eSports consumers spend more overall

- Survey respondents spend, on average, \$245 on video games per year—this includes but is not limited to the purchase of consoles, games, accessories, subscriptions and events.
- The eSports consumer, however, spends more—their annual spending, on average, tops \$300.



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