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**1<sup>st</sup> Half Year 2013 and Q2 2013**

**IAB/PwC Digital Advertising  
Revenue Report**

Oct. 2013

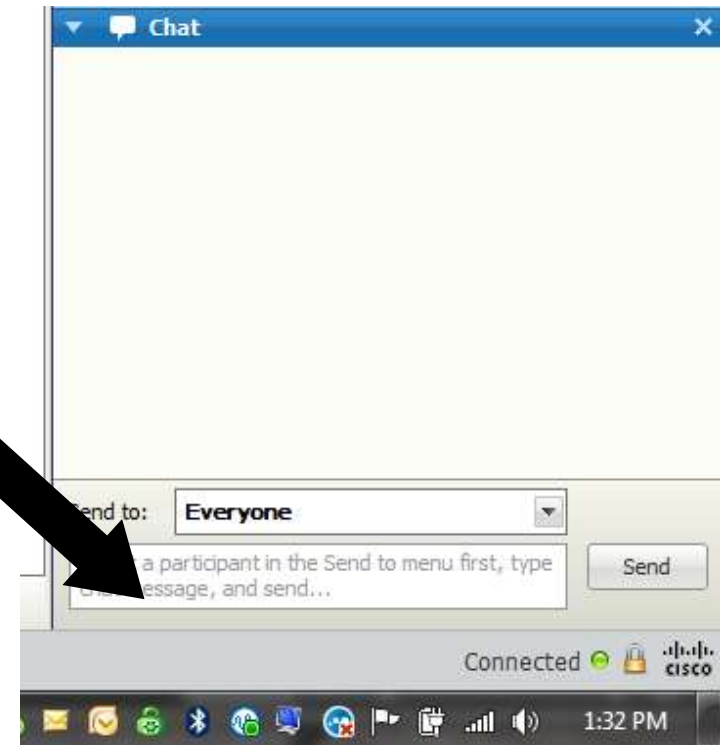
# **Agenda**

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- **Welcome**
- **Half Year and Q2 2013 Digital Ad Revenue Highlights**  
Sherrill Mane, SVP Research, Analytics & Measurement, IAB
- **Detailed Analysis of IAB/PWC 1<sup>st</sup> Half Year and Q2 2013 Report**  
Michael Altschul, PriceWaterhouseCoopers
- **What Advertisers Think: The Attitudes That Drive Digital Spending**  
Randy Cohen, President, Advertiser Perceptions
- **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).



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**Half Year 2013 and Q2 2013**

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

Oct. 2013

Sherrill Mane

SVP, Research, Analytics and Measurement, IAB

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# 2013 1<sup>st</sup> Half Year Digital Ad Revenue Highlights



"The Golden Age is before us, not behind us."

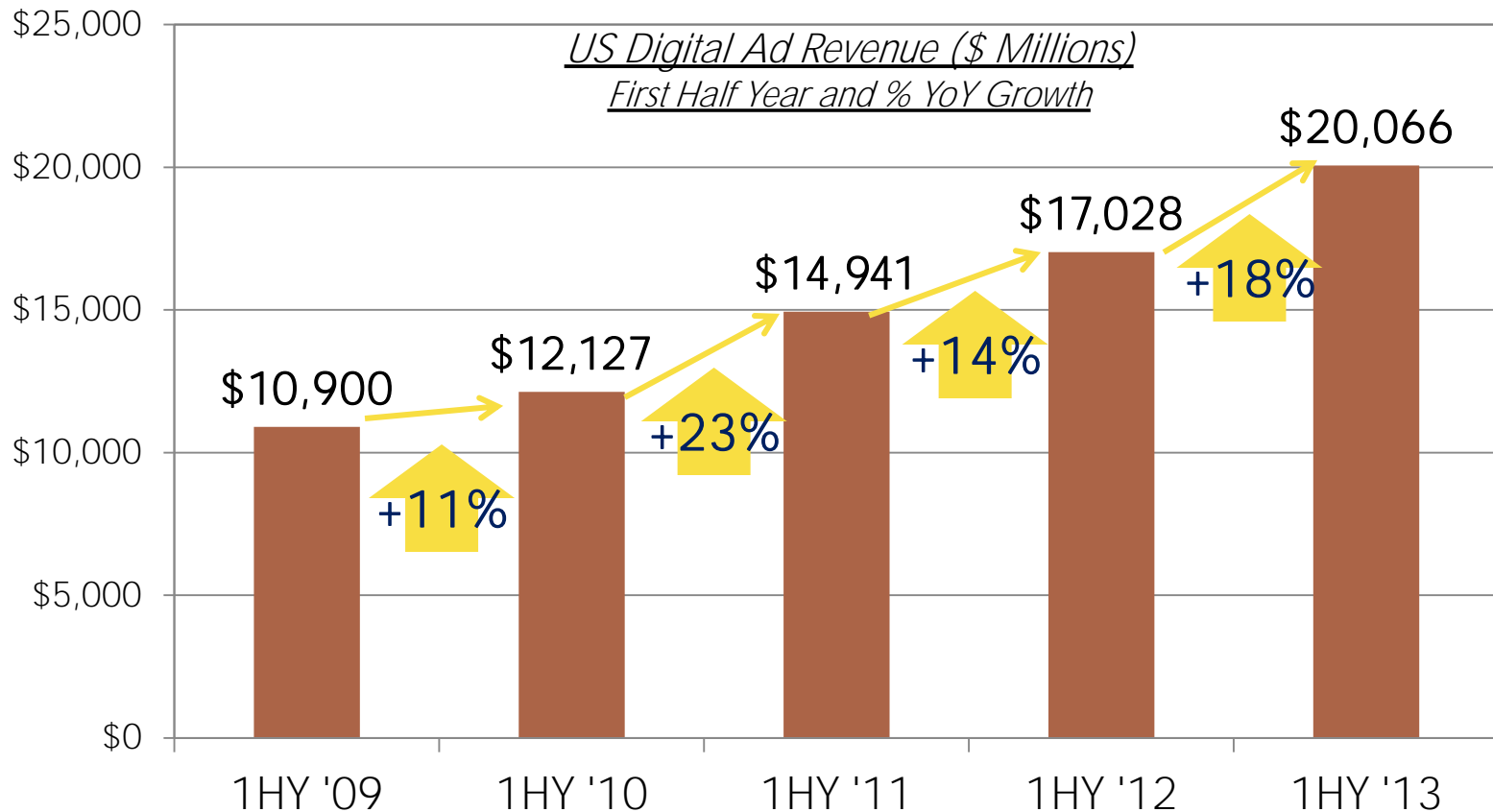
William Shakespeare

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# First Half Year 2013 Interactive Advertising Continues Double Digit Growth Trajectory

- First Half 2013 US interactive ad revenues totaled \$20.1 billion, marking the fourth consecutive mid year of double-digit growth.
  - **This represents an 18% (or \$3.0 billion) increase from 1HY 2012's \$17.0 billion.**
- Mobile ad revenue more than doubled (145% growth) to \$3.0 billion in the first half of 2013 from \$1.2 billion a year ago.
  - Mobile now accounts for 15% of digital ad revenue.
- Display related advertising totaled \$6.1 billion, up 9% from \$5.6 billion a year ago
  - \$6.1 billion accounts for 30% of half year revenues
  - Digital Video grew 24% over first half 2012 to \$1.3 billion from \$1.1 billion.
  - Banners show 4% growth, reaching \$3.8 billion for a 19% share of interactive ad dollars
  - Rich media, at smaller base, increased 29% from \$495 to \$640million

# First Half Year Revenue Track: Double-Digit Growth For 5 Years



Source: IAB Internet Advertising Revenue Reports, First Half Year 2009-2013

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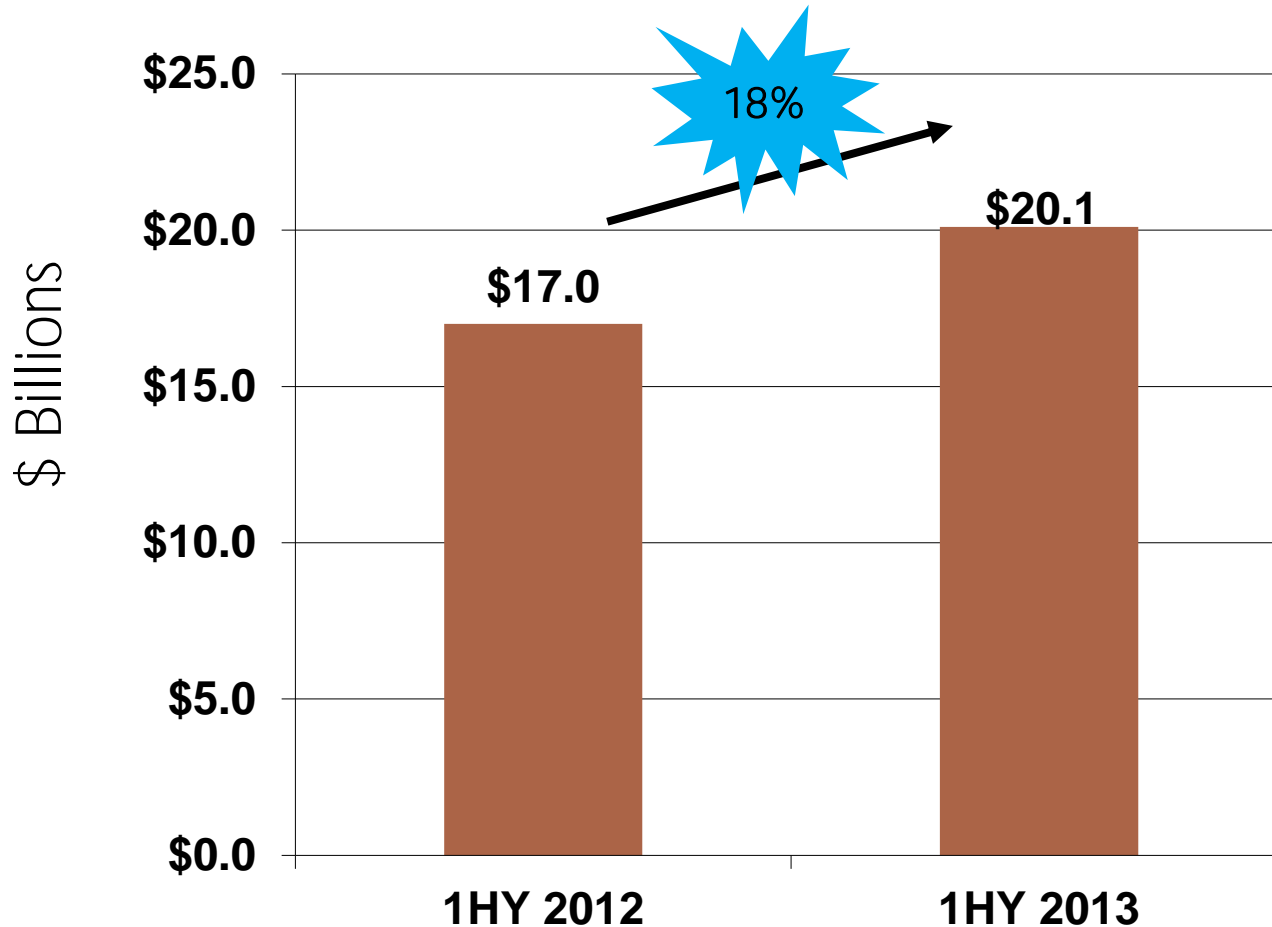
# A Stellar Second Quarter 2013

- Second quarter 2013 revenue of \$10.3 billion is also at 18% growth over same time last year.
- Interactive advertising growth continues to outperform the total media market based on both Nielsen and Kantar estimates for Half Year 2013 and the quarter.



# 1<sup>st</sup> HY 2013 Annual Revenue Growth

Digital Ad Revenue Growth (1<sup>st</sup> HY 2012 vs. 1<sup>st</sup> HY 2013)

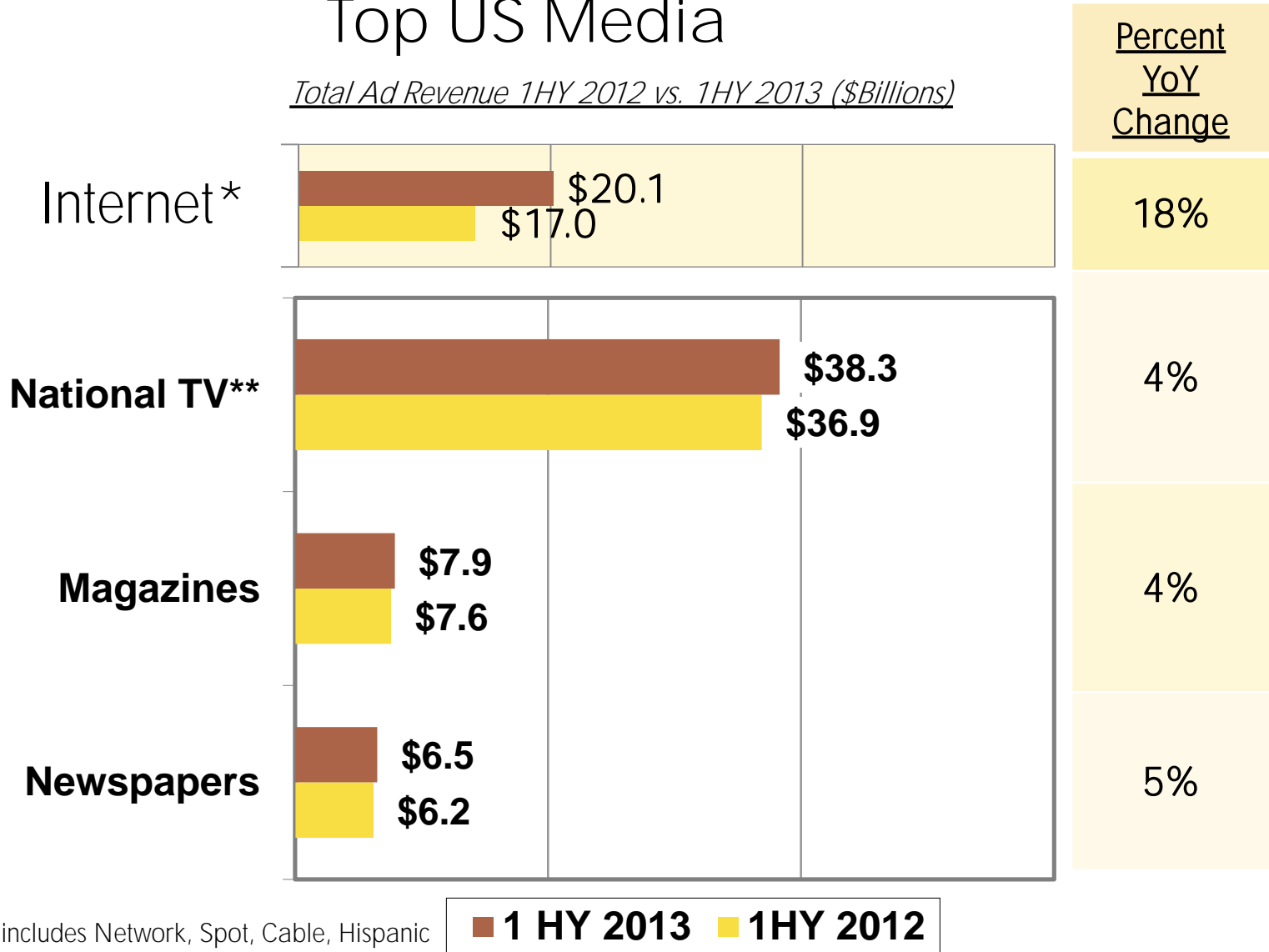


Total Media Ad Revenue Growth (1HY 2012 vs. 1HY 2013)

The Nielsen Company estimates total media revenues grew **3%** from 1HY '12 to 1HY '13; Kantar Media estimates a **2%** increase.

# First Half Year Ad Revenue Growth Top US Media

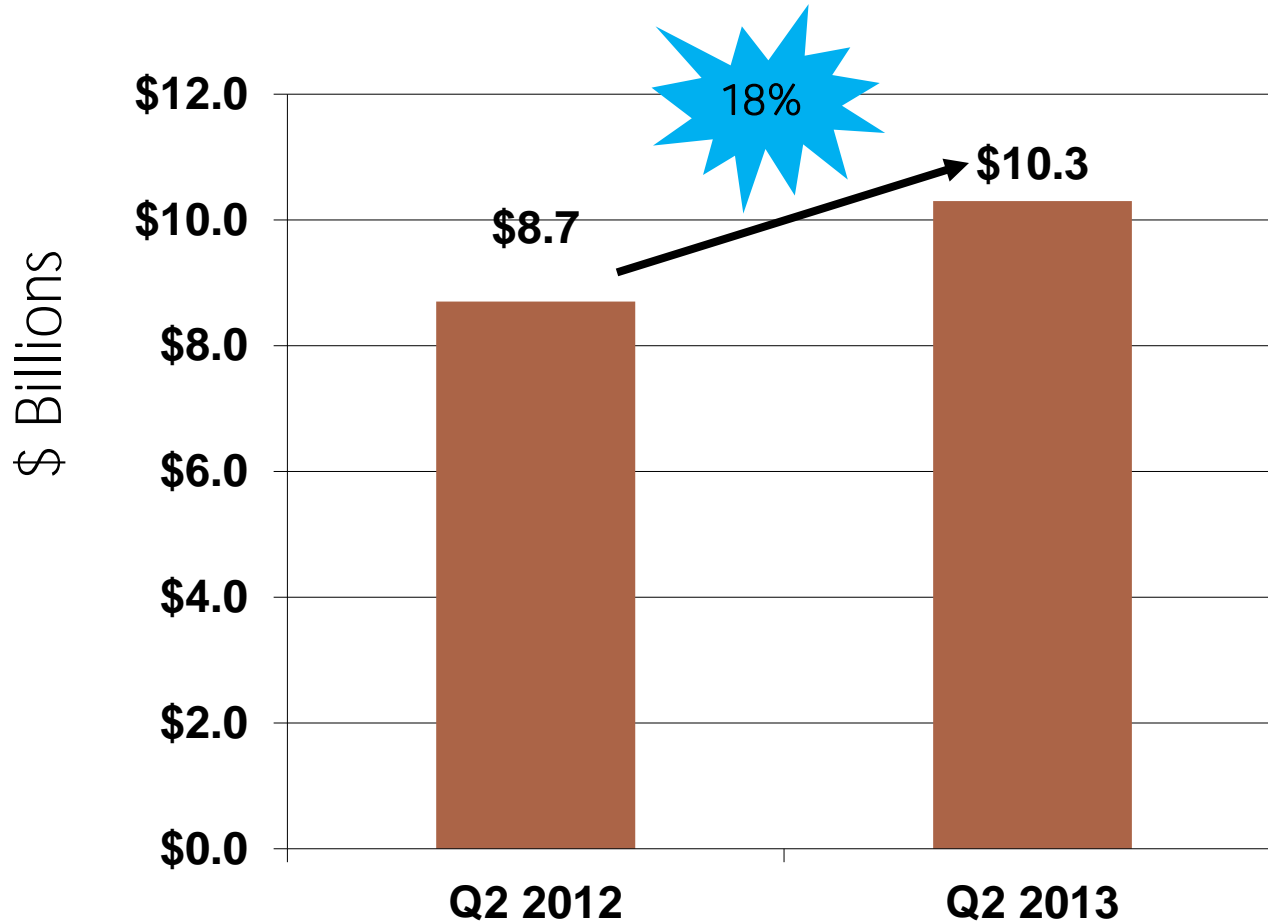
*Total Ad Revenue 1HY 2012 vs. 1HY 2013 (\$Billions)*



\*\*National TV includes Network, Spot, Cable, Hispanic

# Q2 2013 Revenue Compared With Q2 2012

Digital Ad Revenue Growth (Q2 '13 vs. Q2 '12)



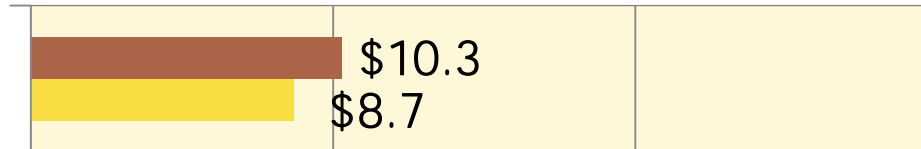
Total Media Ad Revenue Change (Q2 '13 vs. Q2 '12)

According to Nielsen, **total media** revenues grew **5%** from Q2 2012 to Q2 2013. Kantar Media estimates a **3.5%** increase.

# Q2 Ad Revenue Growth Top US Media

Total Ad Revenue Q2'13 vs. Q2'12 (\$Billions)

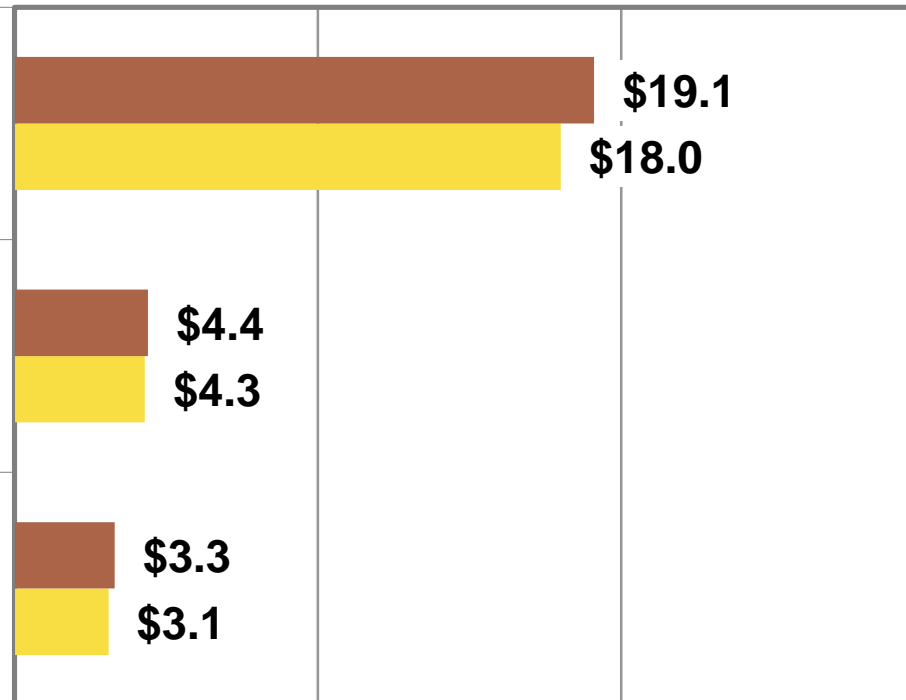
Internet\*



Percent  
YoY  
Change

18%

National TV\*\*



6%

Magazines



4%

Newspapers



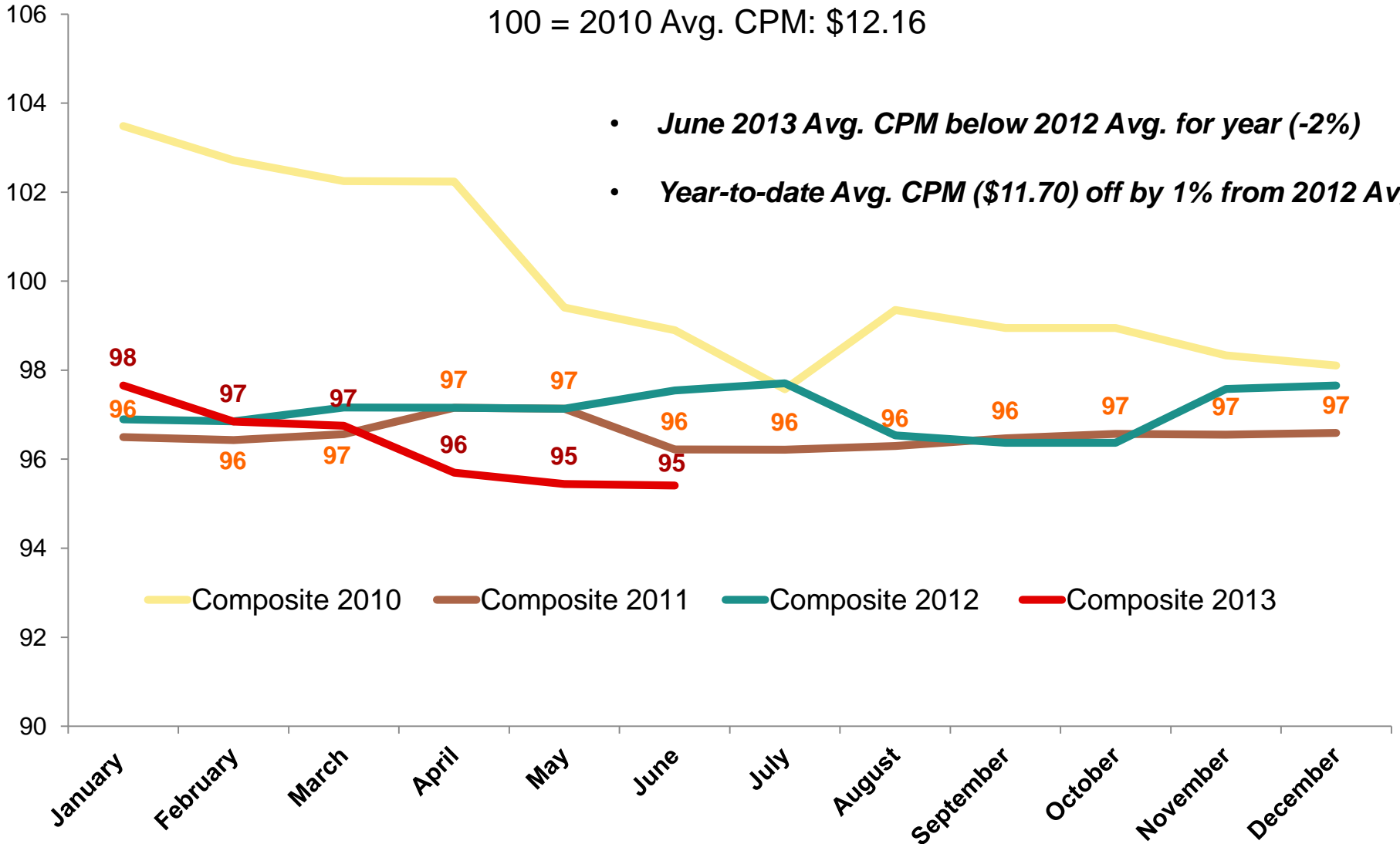
6%

\*\*National TV includes Network, Spot, Cable, Hispanic

■ Q2 '13   ■ Q2 '12

# Display Composite Average CPM Index

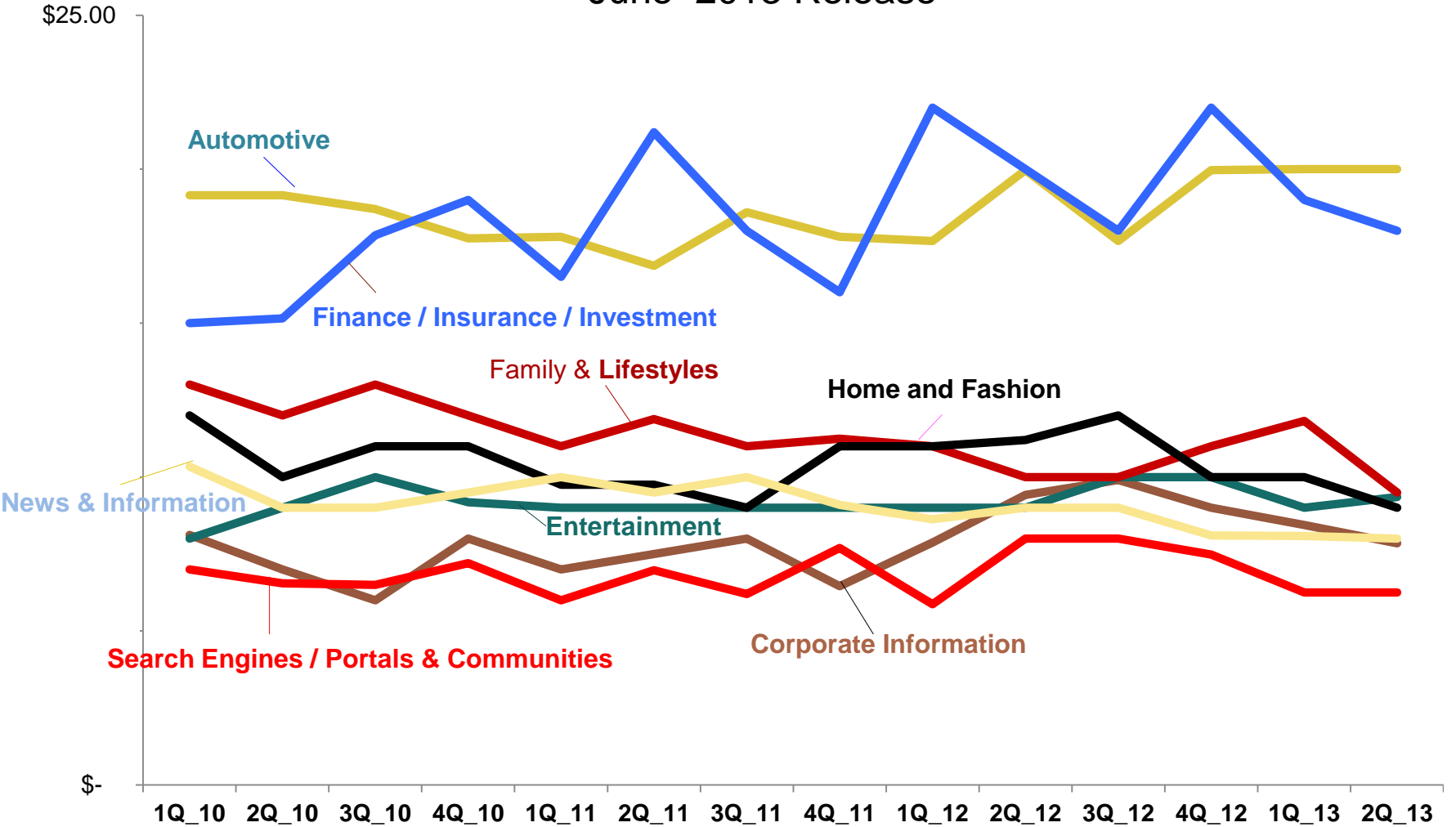
109 Same Sites / Ad Networks  
100 = 2010 Avg. CPM: \$12.16



# Display Eight Category Average CPM

Weighted Average - CPM of All Buys Placed Within the Quarter

June 2013 Release



Source: SQAD WebCosts



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# How the Market is Moving

- Brand spend is on the rise
  - Impression based revenue (CPM) is up 27% over first half 2012 (up 2 percentage points in share of revenue)
  - Display, particularly digital video and rich media, continues to climb
  - CPG and financial services revenue and share up
    - CPG to \$1.4 billion from \$900 million last year is at just 7% of total revenue (5% same time last year)
    - Financial services is now at \$2.7 billion up from \$2.2 billion and comprises 14% of total revenue (13% first half 2012)
- Search continues to grow at above media market levels, up 7% over First Half 2012 to \$8.7 billion
- Indications of share shifts within digital and across all media
  - **Flat CPM's**
  - Ongoing significantly above total market growth

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# 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: **<http://www.iab.net/adrevenuereport>**