
2013 Full Year and Q4 2013

**IAB/PwC Digital Advertising
Revenue Report**

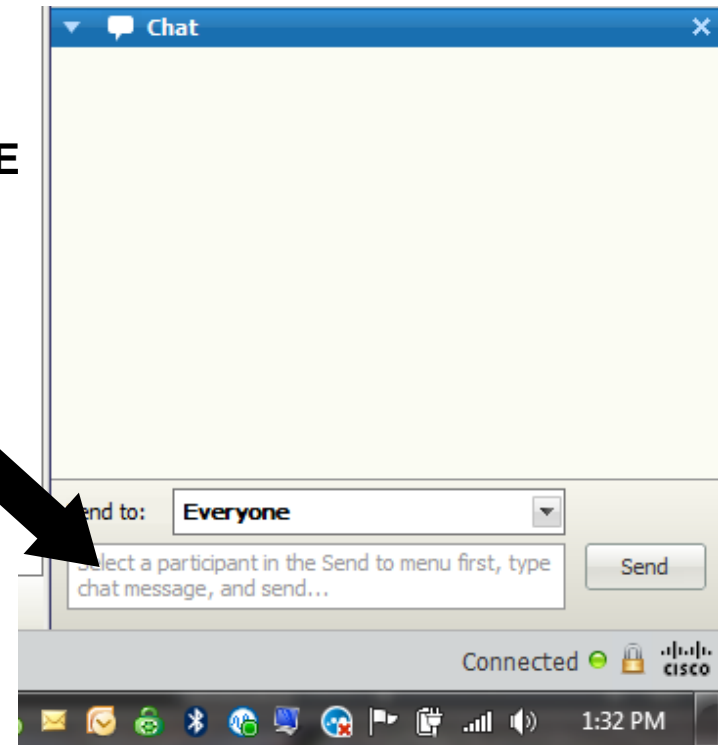
April 2014

Agenda

- **Welcome**
- **2013 Full Year and Q4 Digital Ad Revenue Highlights**
Sherrill Mane, SVP Research, Analytics & Measurement, IAB
- **Detailed Analysis of IAB PWC 2013 Full Year and Q4 Report**
David Silverman, Partner, PriceWaterhouseCoopers
- **What Matters Next**
Chris Fralic, Partner at First Round Capital
- **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 WebE 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
 - Additional questions from IAB members should be directed to Kristina Sruoginis: Kristina@iab.net.



2013 Full Year and Q4 2013

IAB/PwC Digital Ad Revenue Report Highlights

April 2014

Sherrill Mane

SVP, Research, Analytics and Measurement, IAB

2013 Year End Digital Ad Revenue Highlights



“Alice: ‘How long is forever?’
White Rabbit: ‘Sometimes just one second.’ “

-- Lewis Carroll

Year End 2013 Interactive Advertising Sets New Records

- **2013 annual US interactive ad revenues broke \$40 billion, totaling \$42.8 billion, marking the fourth consecutive year of double-digit annual growth.**
 - This represents a 17% (or \$6.2 billion) increase from 2012's \$36.6 billion.
- **For the first time, interactive advertising revenue topped broadcast TV (\$40.1 billion)**
- **Mobile is the BIG growth story of 2013**
 - Annual ad revenue doubled again (110% growth) to \$7.1 billion since last year.
 - Mobile now accounts for 17% of digital ad revenue, nearly double last year's share of digital ad revenue

*Broadcast Television includes Network and Syndicated and Spot television advertising revenue.

**Cable Television includes National Cable Networks and Local Cable television advertising revenue.

Record Breaking 2013 Annual Revenue

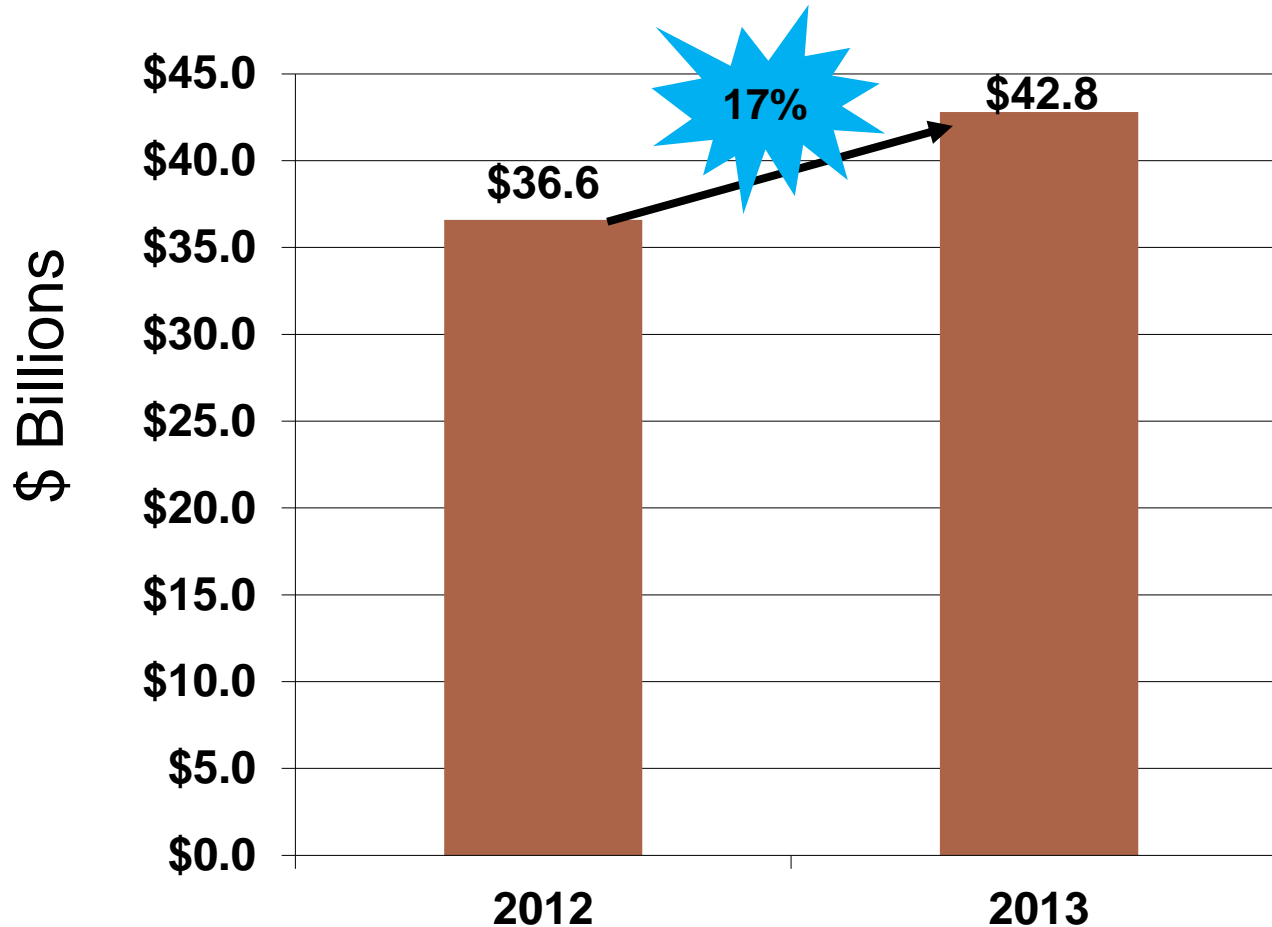
- **Digital video remains the fastest growing format of the display market, climbing 19% to \$2.8 billion from \$2.3 billion in 2012.**
- **And, banners show 3% annual growth reaching \$7.9 billion for a 19% share of interactive ad dollars.**
- **Search, at 43% of total revenue, grows 9%, garnering \$18.4 billion.**

Fourth Quarter 2013 Interactive Advertising Sets More Records

- **Fourth quarter 2013 revenue of \$12.1 billion represents the best quarterly result ever for US interactive advertising.**
 - This is a 17.5% increase over same time last year (\$10.3 billion in Q4 2012)
- **Interactive advertising growth continues to outperform the total media market based on both Nielsen and Kantar estimates for Fourth Quarter and Full Year 2013**

2013 Annual Revenue Growth

Digital Ad Revenue Growth (2012 vs. 2013)

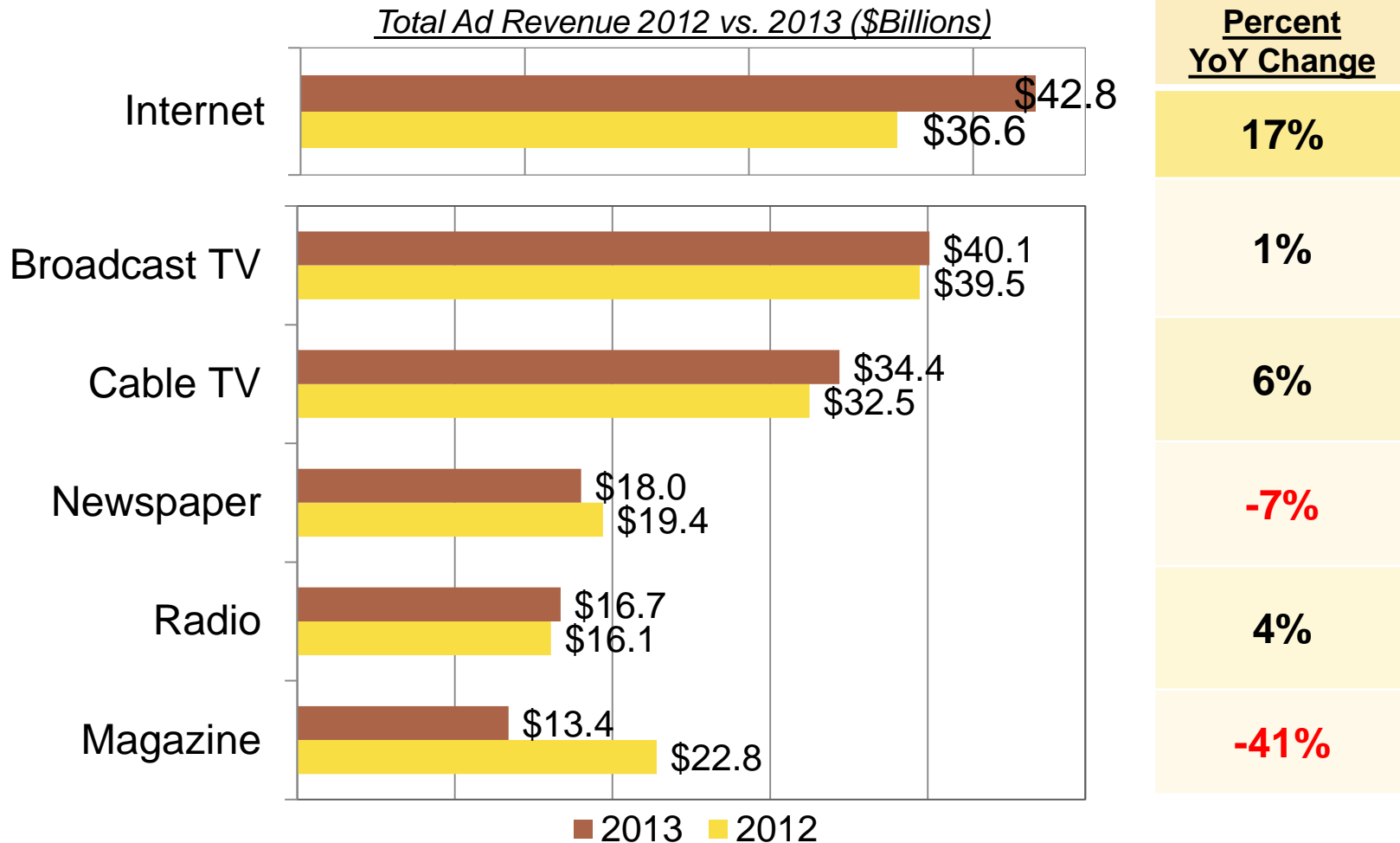


Total Media Ad Revenue Growth (2012 vs. 2013)

The Nielsen Company estimates *total* media revenues grew **1% over 2012** to **\$122.9B**; Kantar Media estimates a **0.9%** increase to **\$140.2B**

Sources: IAB Digital Advertising Revenue Report, 2013 Full Year and 4th Quarter Report; The Nielsen Company, MonitorPlus (Standard Calendar, Total includes B2B, National Internet (Display only), FSI Coupons), Apr. 2013; Kantar Press Release Apr. 2013 2013

2013 Ad Revenue Growth Digital vs. Top Non-Digital Media



Source: PWC IAB Full Year and Q4 2013 Internet Advertising Revenue Report, April 2014

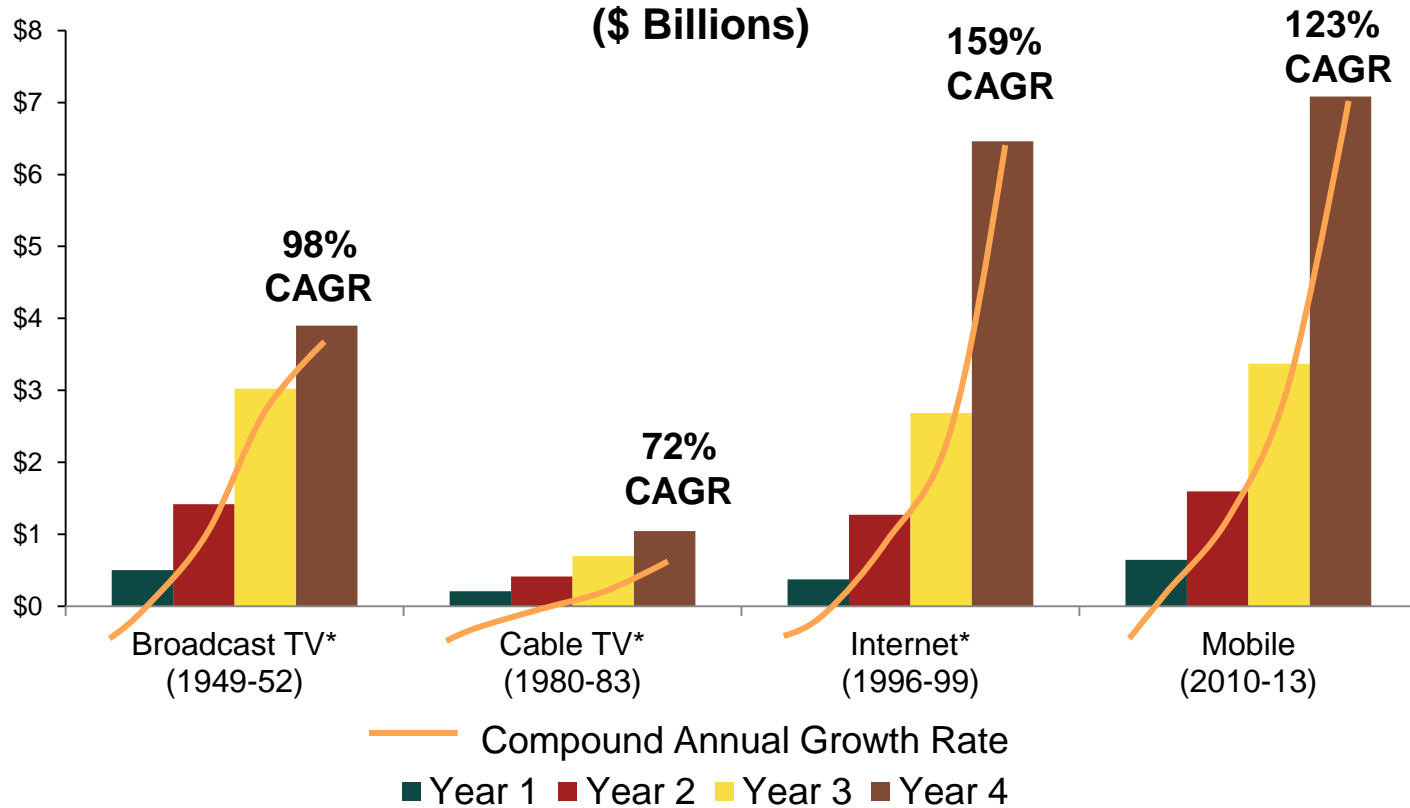
†The total U.S. advertising market includes other segments not charted here.

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Early Internet and Mobile Ad Revenue Growth Rates Outpace Cable and Broadcast TV

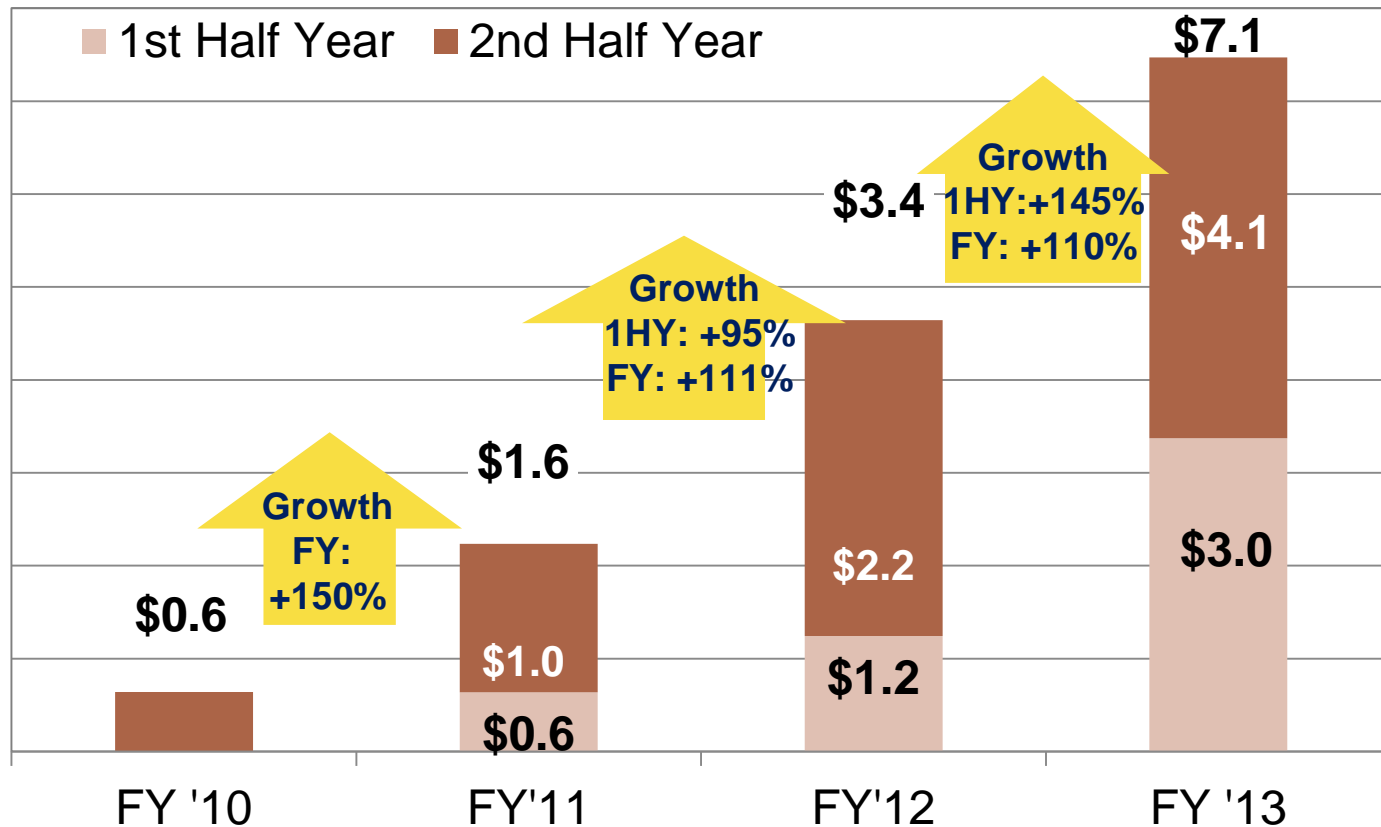
Comparative U.S. Advertising Media Annual Ad Revenue Growth For First 4 Years
(\$ Billions)



Sources: IAB/PwC Internet Ad Revenue Report, 2013; McCann-Erickson

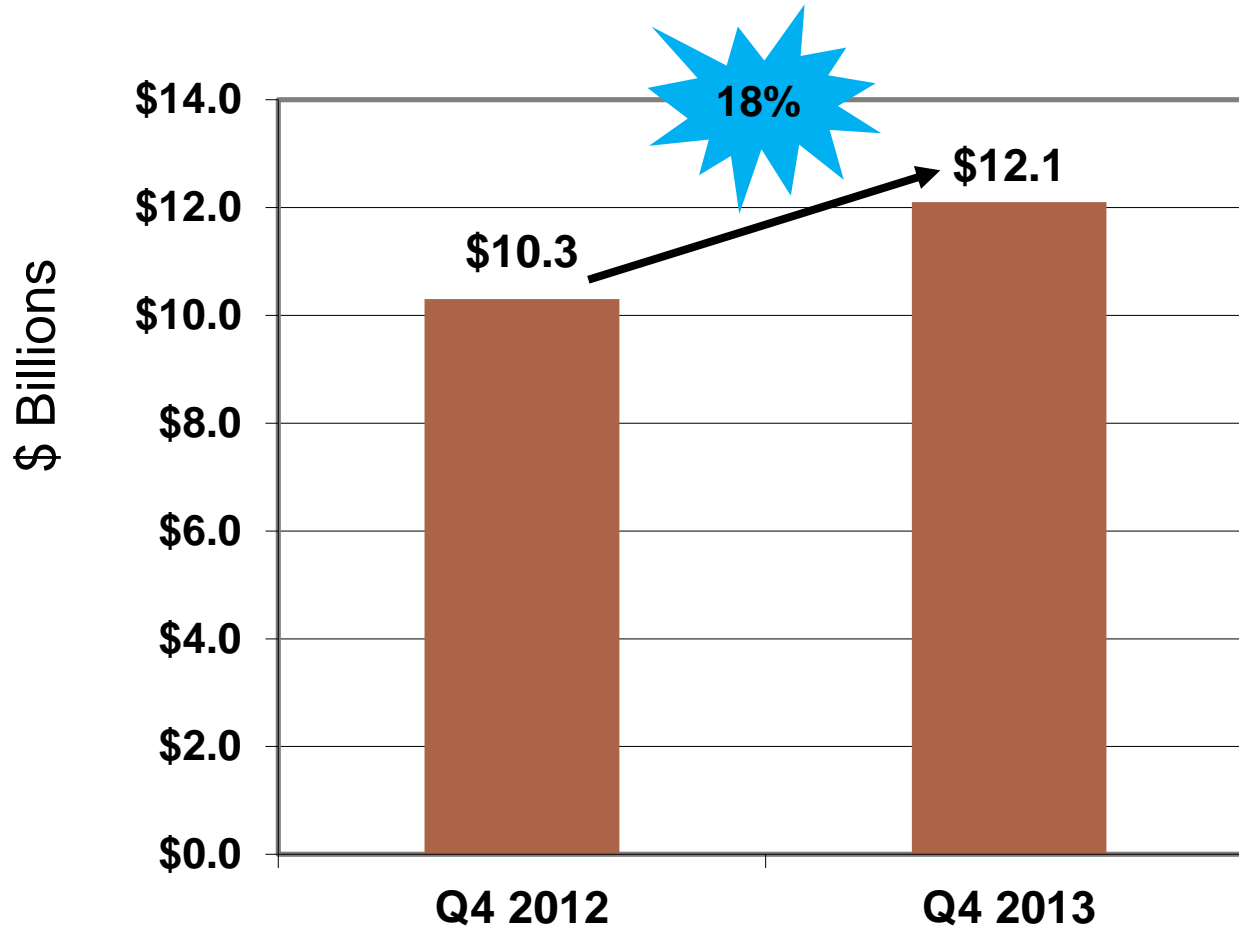
US Mobile Advertising Revenue To Date: Triple Digit Growth

*US Mobile Ad Revenue (\$ Billions)
First Half Year, Full Year and % YoY Growth*



Q4 2013 Revenue Compared With Q4 2012

Digital Ad Revenue Growth (Q4 '12 vs. Q4 '13)



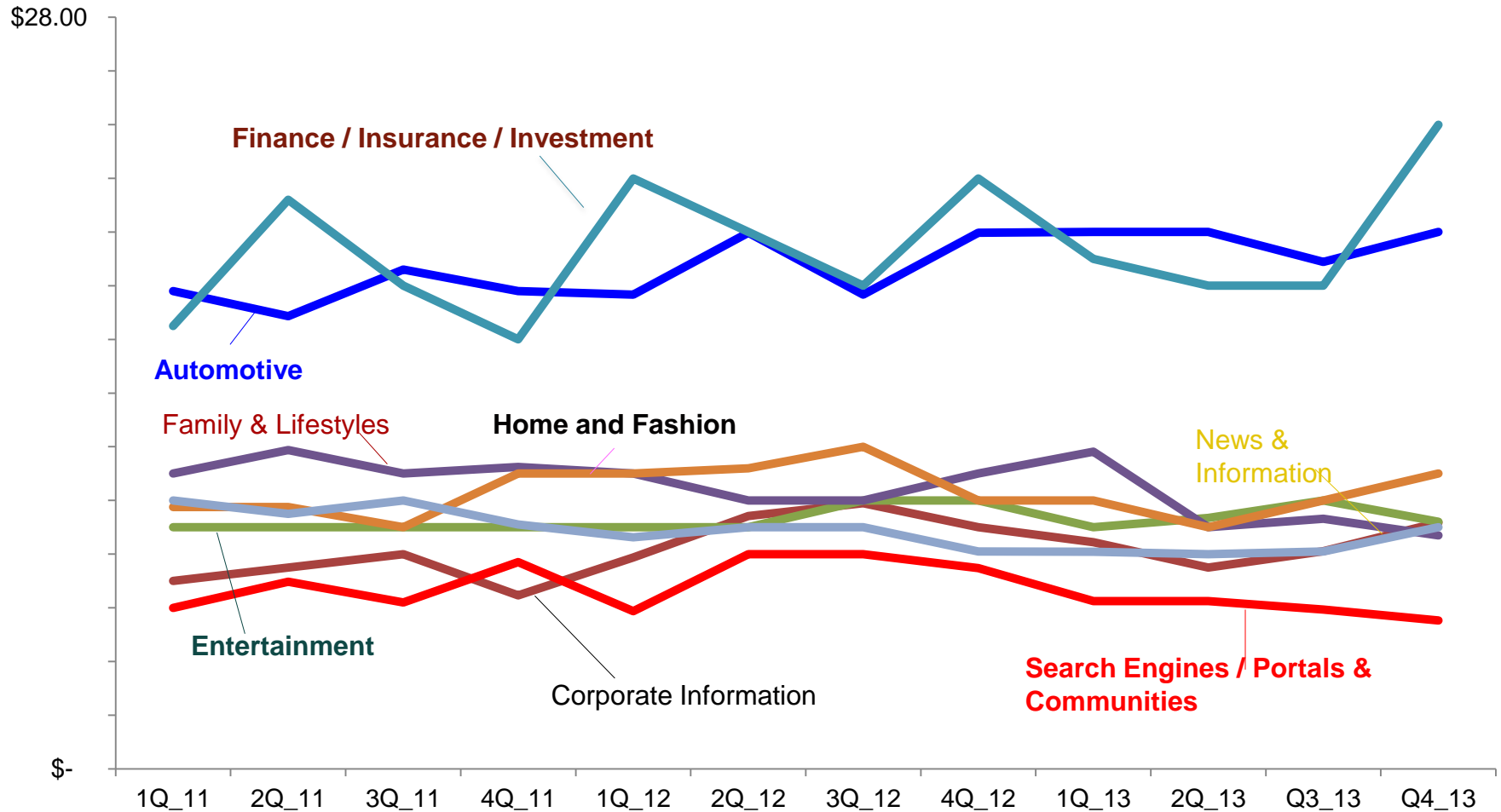
Total Media Ad Revenue Change (Q4 '12 vs. Q4 '13)

According to Nielsen, total media revenues grew **2%** from Q4 2012 to Q4 2013. Kantar Media estimates a **1.6%** increase.

Sources: IAB Digital Advertising Revenue Report, 2013 Full Year and 4th Quarter Report; The Nielsen Company, MonitorPlus (Standard Calendar, Total includes B2B, National Internet (Display only), FSI Coupons), Apr. 2013; Kantar Press Release Apr. 2013

Display: Eight Category Avg. CPM Trend

Weighted Average - December 2013 Release
CPM of All buys placed within the Quarter



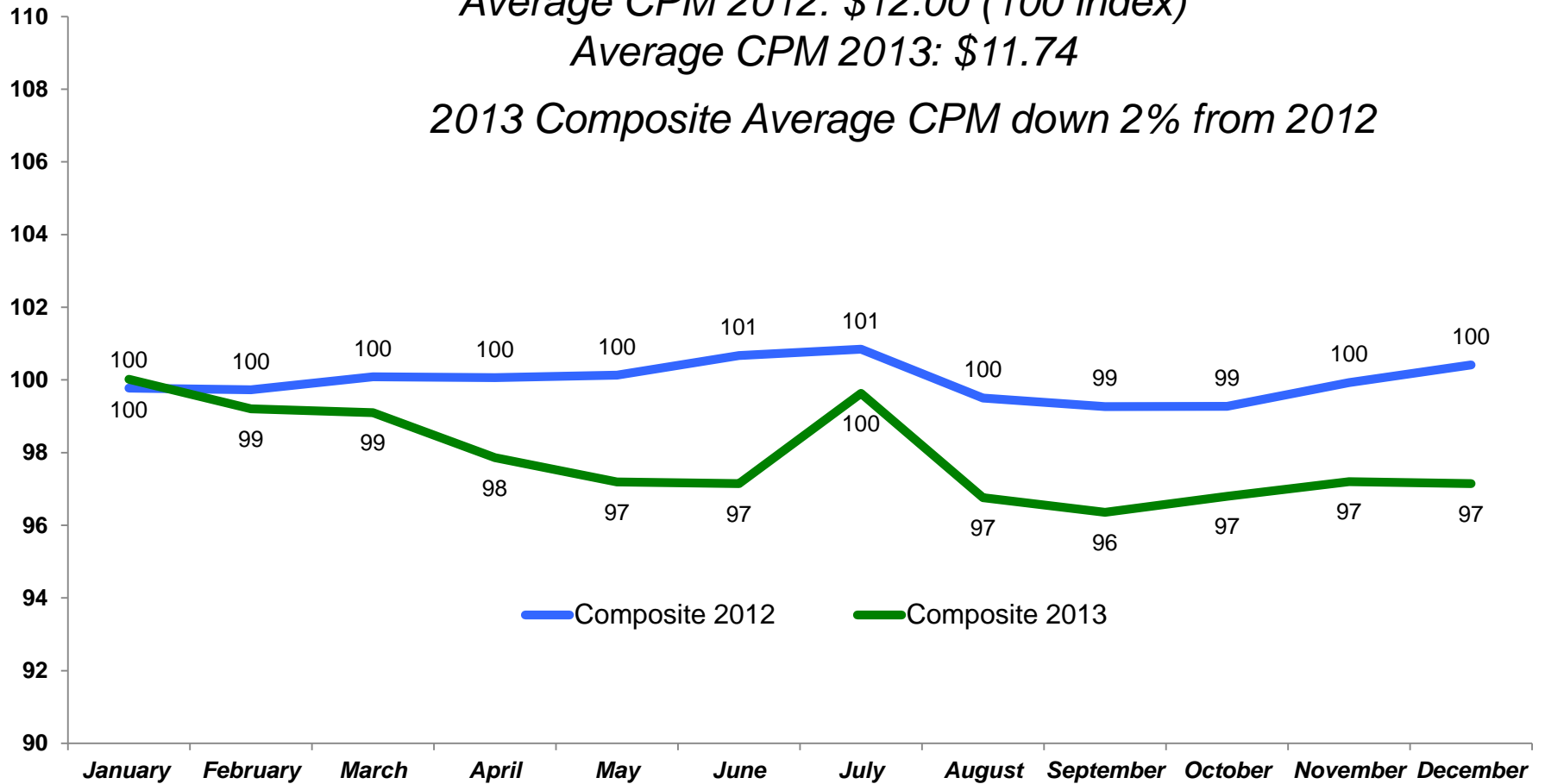
Composite Average CPM Index

100 Same-Sites

Average CPM 2012: \$12.00 (100 index)

Average CPM 2013: \$11.74

2013 Composite Average CPM down 2% from 2012



Key Takeaways

- **Brand spend continues to rise**

- In 2013, Display* increased 7% over year ago to \$12.8 billion
- Display-related ad formats* revenue growth driven by:
 - Banners up 3% to \$7.9 billion
 - Digital video exhibits 19% increase, rising to \$2.8 billion
 - Digital video more than tripled in the past 5 years, growing from \$908 million in 2009 to \$2.8 billion in 2013
- 2013 impression based ad revenue growth of 22% over last year exceeds performance based revenue growth of 15%

- **Dollars shifting from other media into digital**

- CPM's down
- Revenue growth way ahead of the overall market continues, unabated
- Mobile likely garnering incremental spend

*Note: Display-related ad formats are defined as: banner ads, digital video commercials, rich media, and sponsorships.

THANK YOU

FOLLOW-UP QUESTIONS:

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

Kristina@IAB.net

Additional press questions should be directed to Laura Goldberg:

Laura.Goldberg@IAB.net

Reports (from 1996 to present) can be found at: <http://www.iab.net/adrevenuereport>