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# *IAB Internet Advertising Revenue Report*

## 2010 First Half-Year Results

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# ***Agenda***

Survey methodology

2010 Half-year results

Half year and quarterly trends

Advertising formats

Pricing models

Industry category spending

About PwC

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# ***Survey Methodology***

## **Survey Scope**

The IAB Interactive Advertising Revenue Report is part of an ongoing IAB mission to provide an accurate barometer of Internet advertising growth.

To achieve differentiation from existing estimates and accomplish industry-wide acceptance, key aspects of the survey include:

- Obtaining historical data directly from companies generating Internet / online advertising revenues;
- Making the survey as inclusive as possible, encompassing all forms of Internet / online advertising, including web sites, consumer online services, ad networks, and email providers; and
- Ensuring and maintaining a confidential process, only releasing aggregate data.

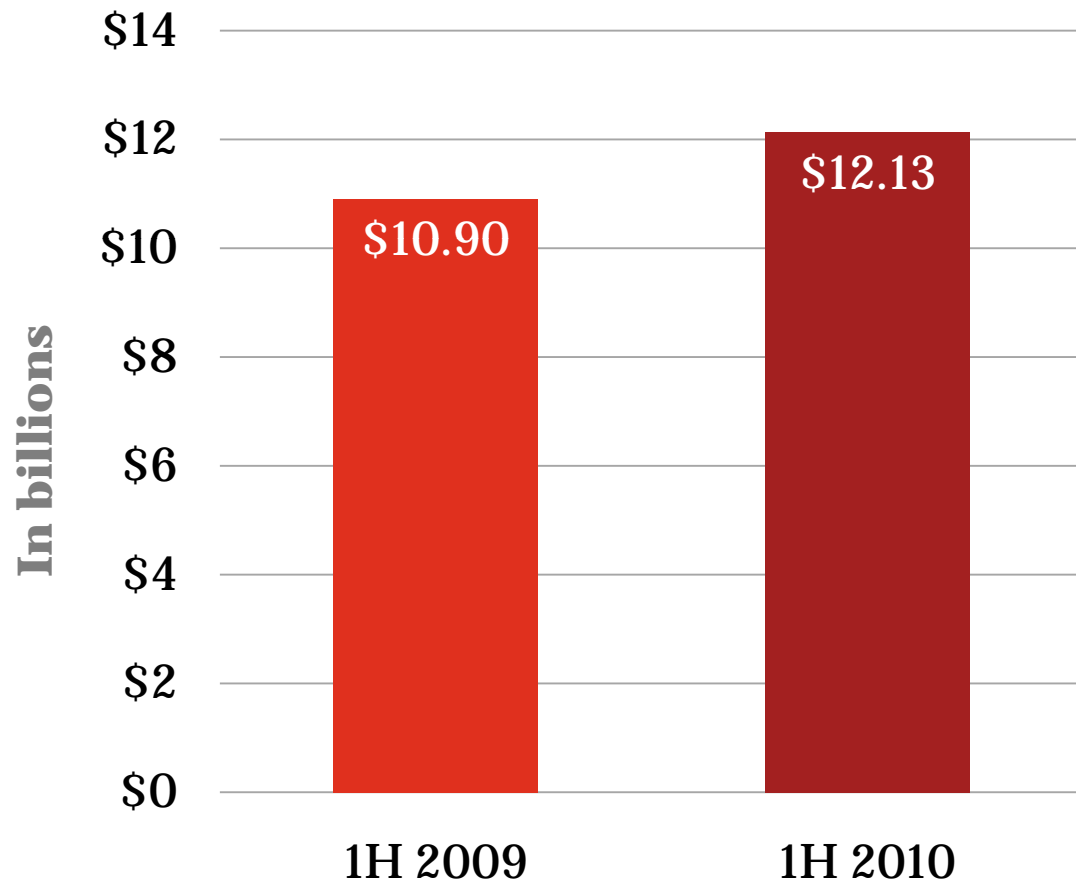
## **Methodology**

Throughout the reporting process, PwC:

- Compiles a database of industry participants selling Internet / online advertising revenues
- Conducts a quantitative mailing survey with leading industry players, including Web publishers, ad networks, commercial online service providers, email providers, and other online media companies.
- Acquires supplemental data through the use of publicly disclosed information
- Requests and compiles several specific data items, including revenue format, industry category, and pricing.
- Identifies non-participating companies and applies a conservative estimates based on available public sources
- Analyzes the findings, identifying and reporting on key trends

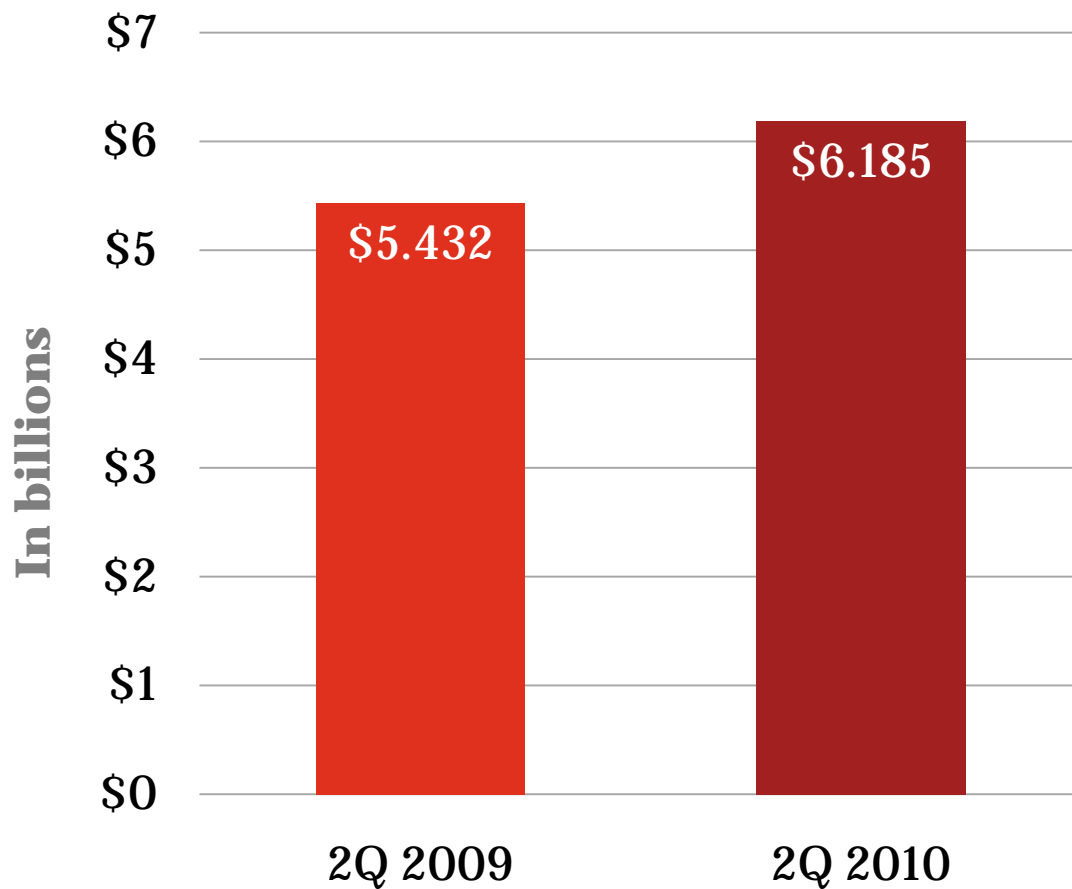
## ***1H 2010 Revenues Totaled \$12.1 Billion***

***Online advertising revenue increased 11.3% in 1H 2010.***



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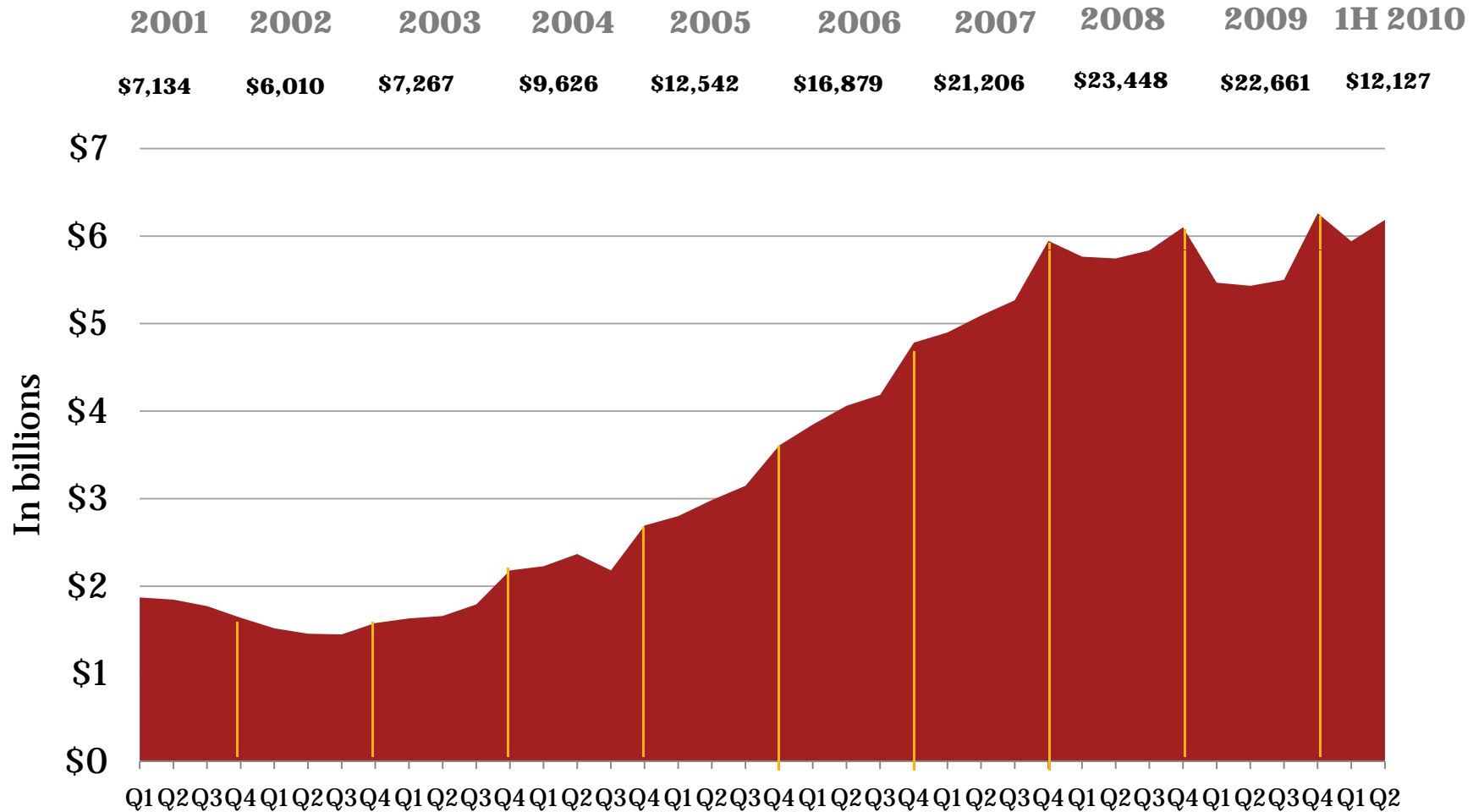
***Second quarter revenues totaled \$6.2 billion in 2010***



***Revenue in Q2 2010 was 13.9% higher than in Q2 2009.***

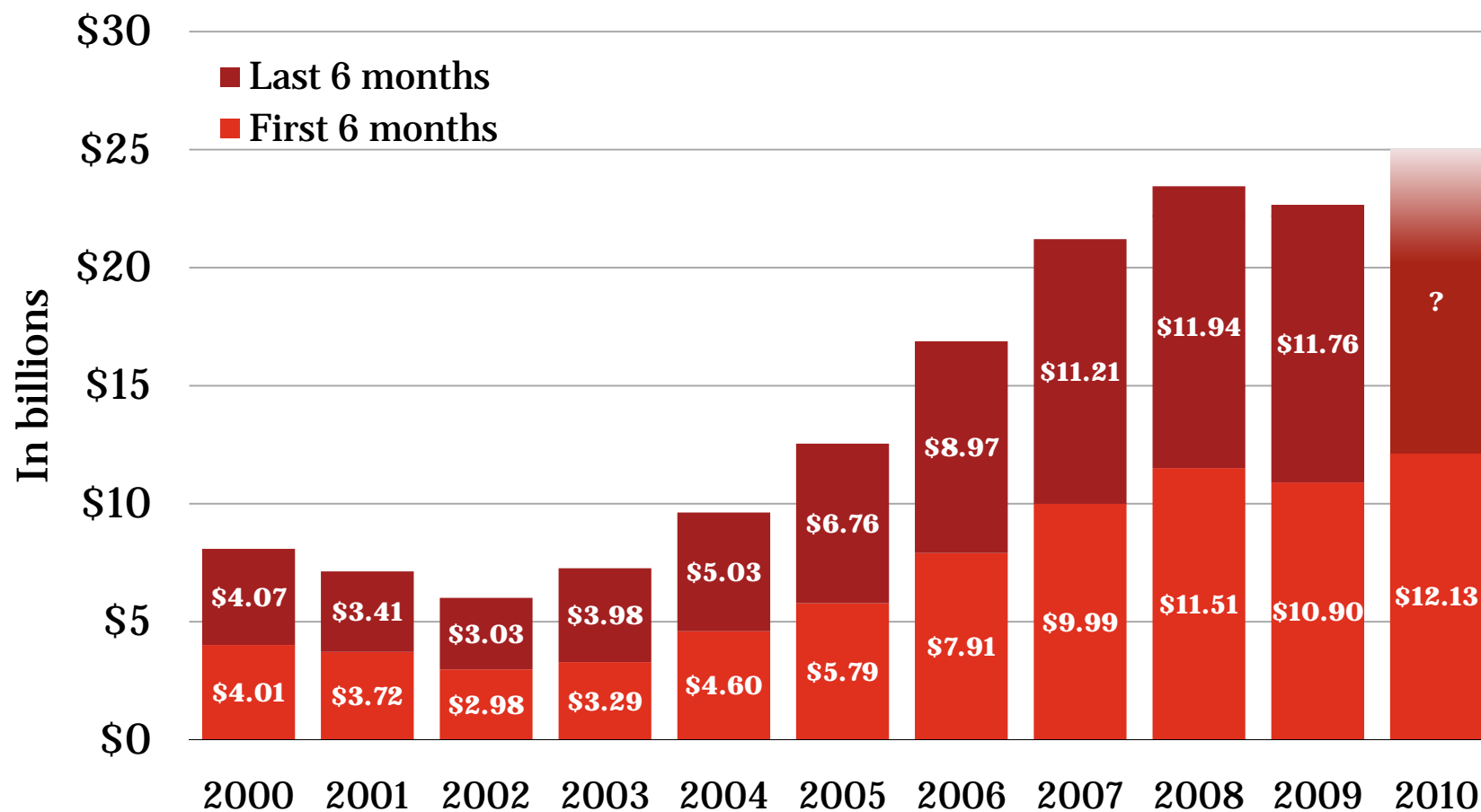
# *A historical perspective of internet advertising*

## **Quarterly growth comparison, 2001–1H10**



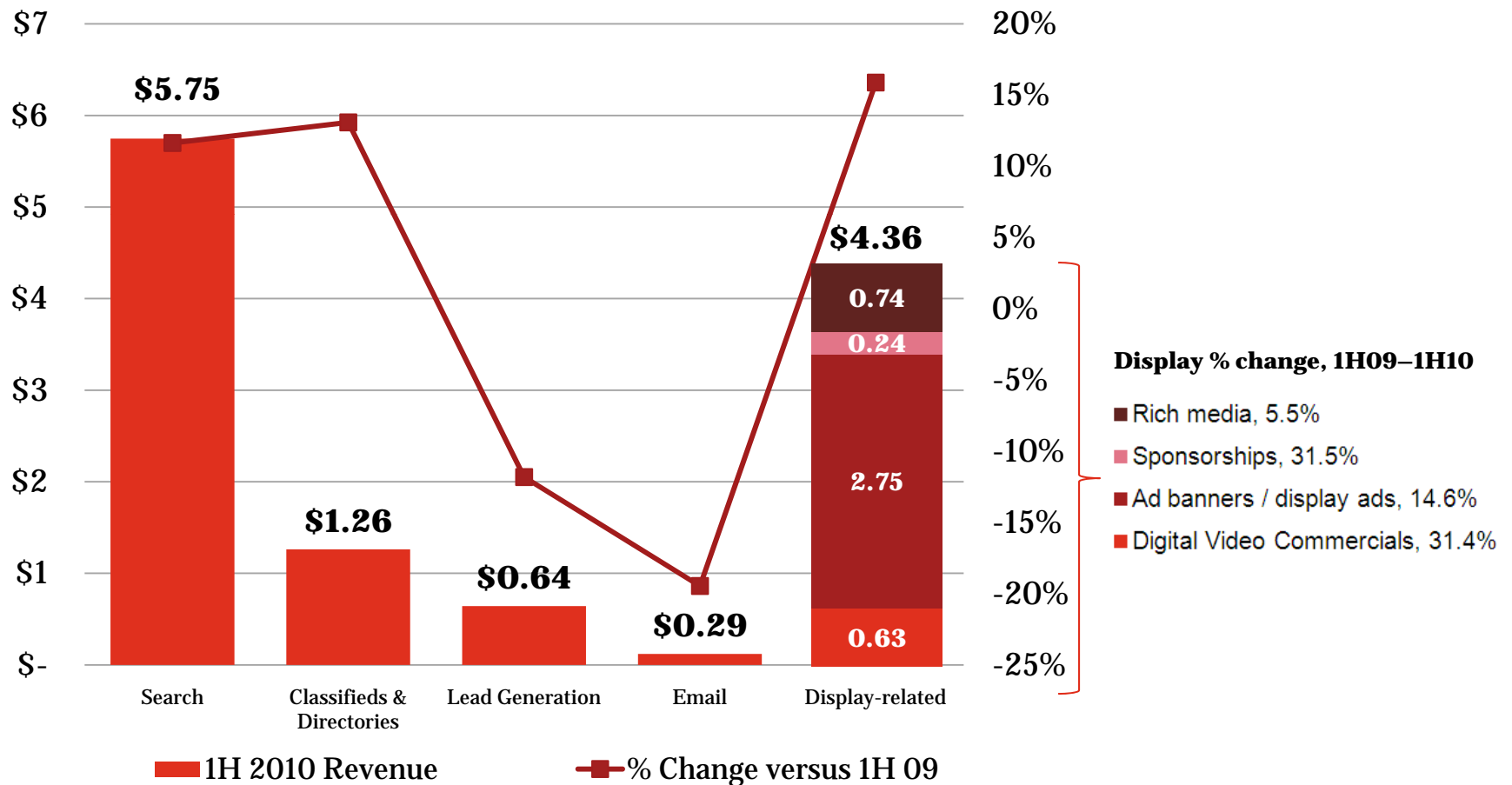
# *1H 2010 shows record revenues*

## Historical revenue mix, first half vs. second half



# Display advertising shows the strongest growth

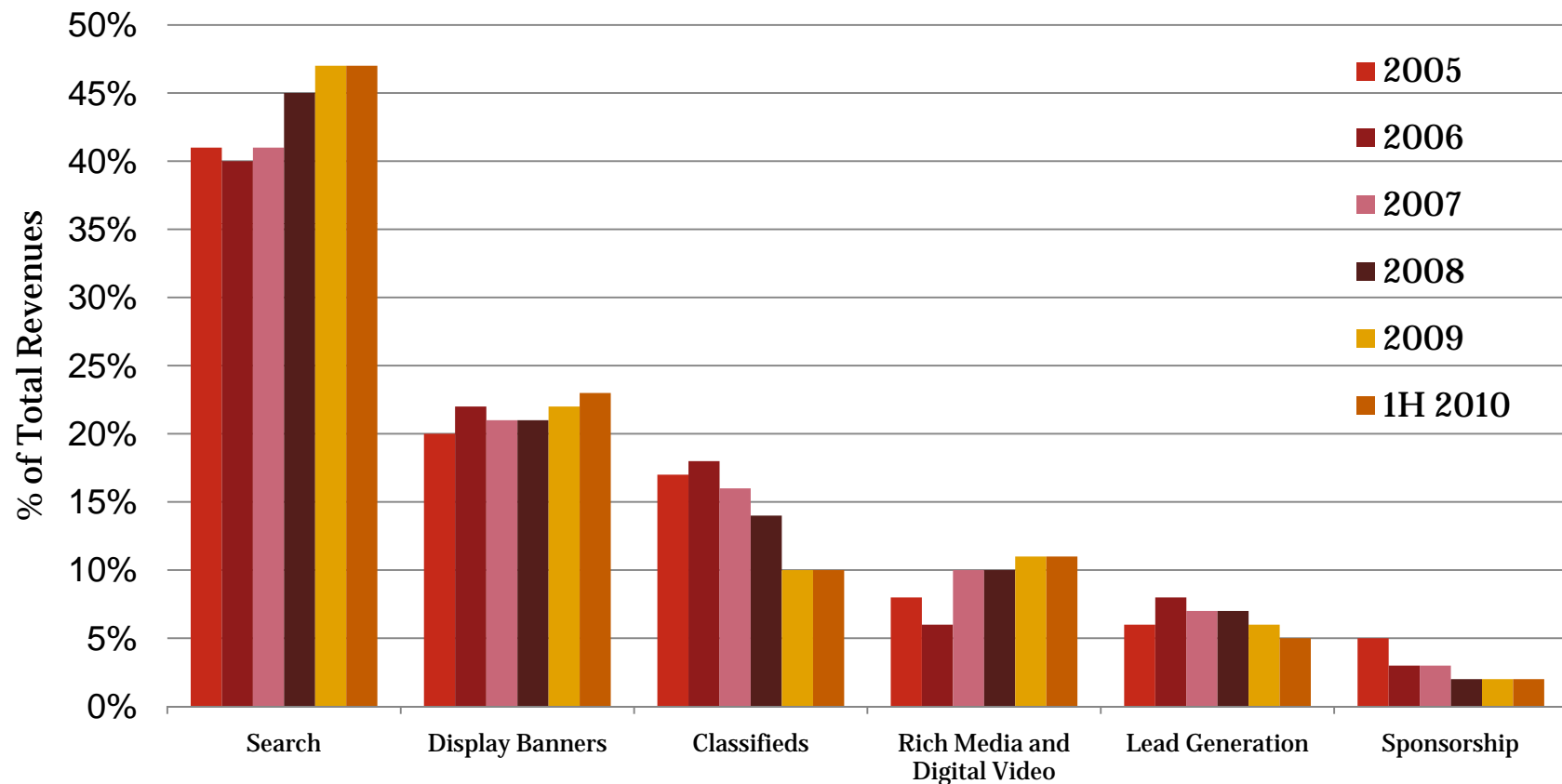
## Advertising formats – 1H 2010 results





# *Historical trends in internet advertising formats*

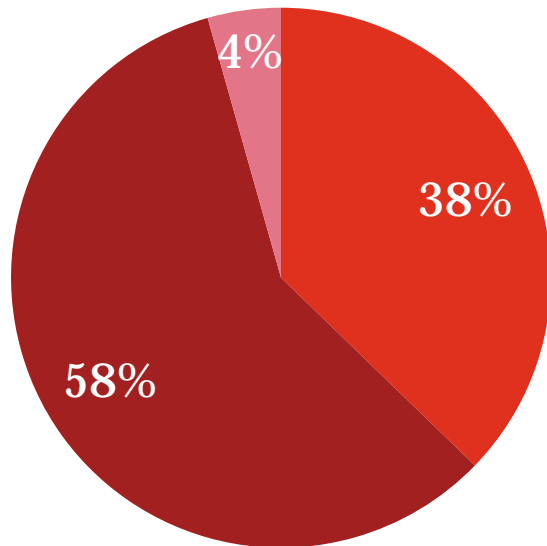
## Revenue share by major ad formats, 2005–1H 2010



# *Pricing models shift towards performance*

## Internet Ad Revenues by Pricing Model

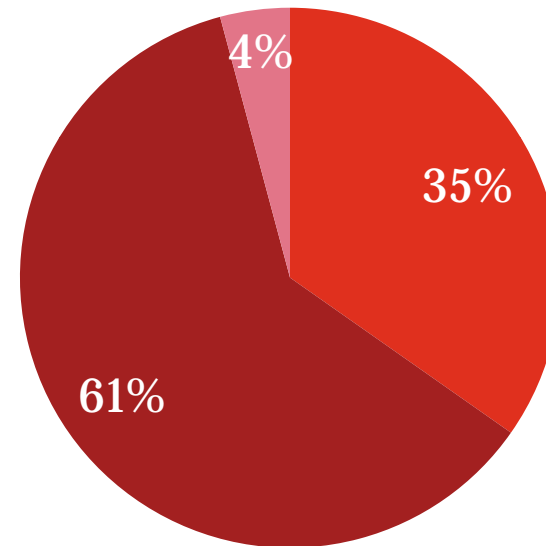
**1H 2009**



■ Impression-based ■ Performance-based  
■ Hybrid

Total – \$10.9 billion

**1H 2010**

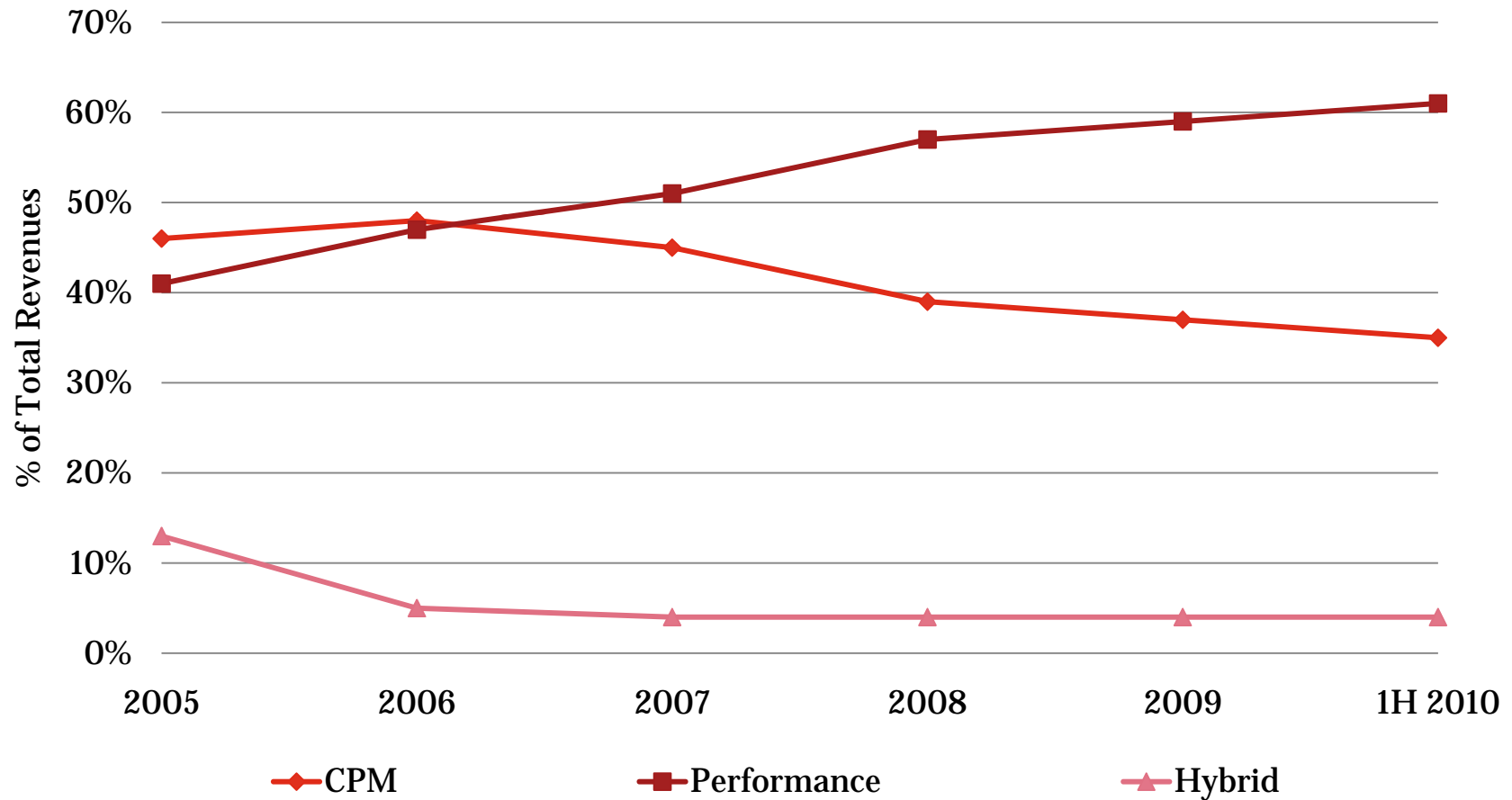


■ Impression-based ■ Performance-based  
■ Hybrid

Total – \$12.3 billion

# Historical Pricing Model Trends

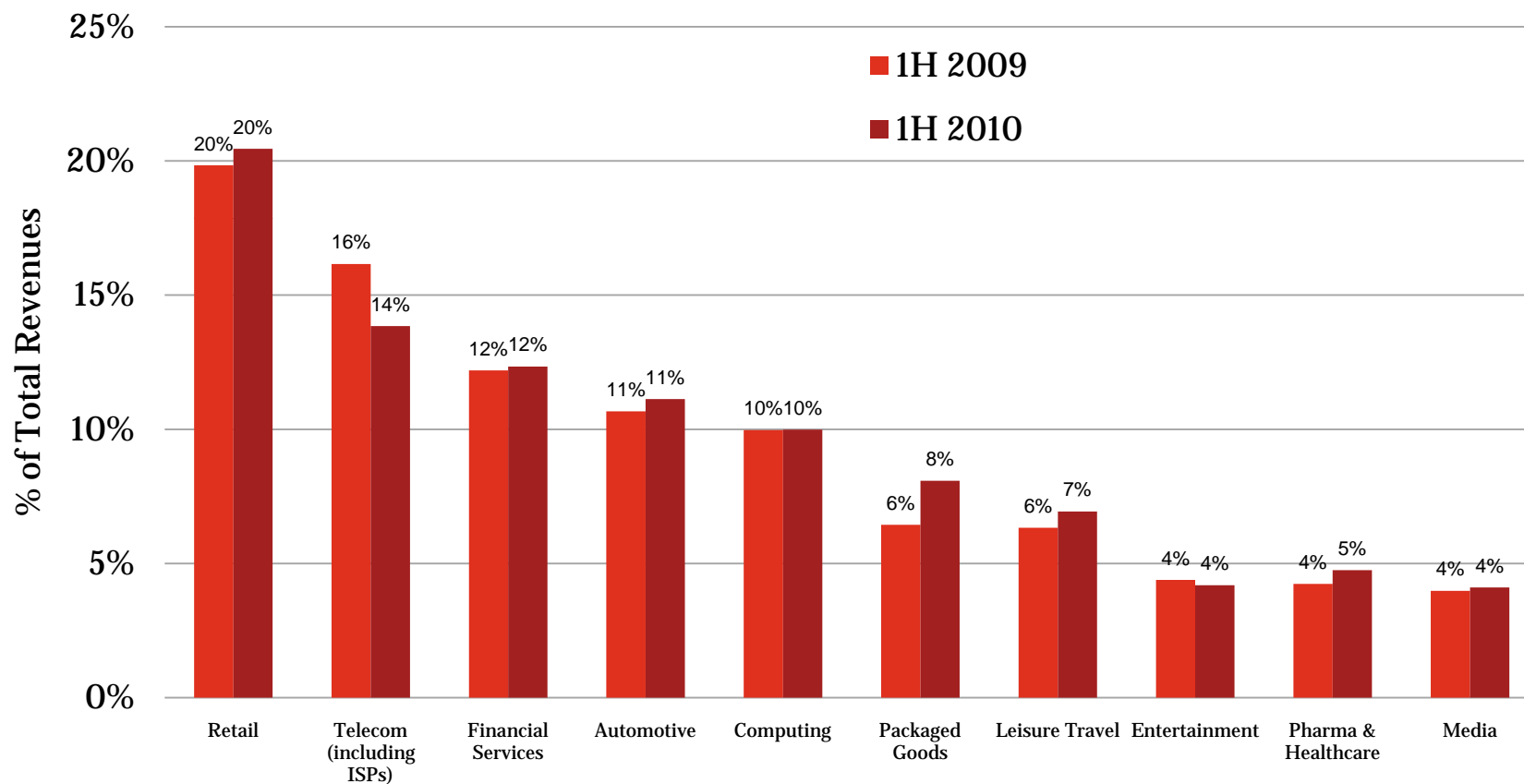
## Internet Ad Revenues by Pricing Model, 2005-1H 2010



Note: Pricing models definitions may have changed over time period depicted, both within the survey process and definitional by survey respondents.

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# ***Internet Ad Revenues by Major Industry Category*** **\$23.4 B in 2008 vs. \$22.7 B in 2009**



## ***PwC New Media Group***

PwC ([www.pwc.com](http://www.pwc.com)) provides industry-focused assurance, tax and advisory services for public and private clients. More than 146,000 people in 150 countries connect their thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders.

PricewaterhouseCoopers' New Media Group was the first practice of its kind at a Big Four firm. Currently located in New York, Los Angeles, Boston, Seattle and the Bay Area, our New Media Group includes accounting, tax and consulting professionals who have broad and deep experience in the three areas that converge to form new media: advanced telecommunications, enabling software and content development/distribution.

Our services include:

- Business assurance services
- Web audience measurement and advertising delivery auditing and advisory
- IAB Measurement Certification Compliance auditing
- Privacy policy structuring, attestation and compliance advisory
- Mergers & Acquisition assistance
- Tax planning and compliance
- Capital sourcing and IPO assistance

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# ***PwC New Media Group***

## **Contacts**

For information about our New Media Group, contact one of the following PwC professionals:

### **New York**

#### **David Silverman**

Partner, Assurance Services

646.471.5421

david.silverman@us.pwc.com

### **New York**

#### **Russ Sapienza**

Partner, Advisory Services

646.471.1517

russell.j.sapienza@us.pwc.com

### **New York**

#### **Jean Zhao**

Senior Manager, Assurance Services

646.471.0620

jean.zhao@us.pwc.com

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***In closing, we would  
like to add...***

**Thank you**

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