IAB internet advertising revenue report
2013 first six-months results
Agenda

Survey methodology
2013 first six-months results
First six-months and quarterly trends
Advertising formats
Pricing models
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About PwC

Source: IAB Internet Advertising Revenue Report, HY 2013
Survey Methodology

Survey Scope

The IAB Internet 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/mobile advertising revenues;
- Making the survey as inclusive as possible, encompassing all forms of internet/online advertising, including websites, consumer online services, ad networks, mobile devices and e-mail 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 and mobile advertising revenues.
- Conducts a quantitative mailing survey with leading industry players, including web publishers, ad networks, commercial online service providers, mobile providers, e-mail providers and other online media companies.
- Acquires supplemental data through the use of publicly disclosed information.
- Requests and compiles several specific data items, including monthly gross commissionable advertising revenue by industry category and transaction.
- Identifies non-participating companies and applies a conservative revenue estimate based on available public sources.
- Analyzes the findings, identifies and reports key trends.
Half year revenues totaled $20.1 billion in 2013

Online advertising revenue increased 17.8% in HY 2013.

Source: IAB Internet Advertising Revenue Report, HY 2013

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October 9, 2013
Second quarter revenues totaled $10.26 billion in HY 2013

Revenue in Q2 2013 was 17.6% higher than in Q2 2012.

Source: IAB Internet Advertising Revenue Report, HY 2013
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Source: IAB Internet Advertising Revenue Report, HY 2013
Strong Growth between Q1 2013 and Q2 2013

Revenue in Q2 2013 was $454 million higher than in Q1 2013.

Source: IAB Internet Advertising Revenue Report, HY 2013
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October 9, 2013
Strong Growth between Q1 2013 and Q2 2013

Revenue in Q2 2013 was $454 million higher than in Q1 2013.
A historical perspective of internet advertising
Quarterly growth comparison, 1996–1H 2013

In Q2, revenues crossed $10 billion for the second time, just missing the high set in Q4 2012.
First six-months 2013 shows record revenues
Historical revenue mix, first half vs. second half

Half-Year CAGR*: 19.8%

* CAGR: Compound Annual Growth Rate

Source: IAB Internet Advertising Revenue Report, HY 2013

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Mobile shows the strongest growth
Advertising formats – HY 2013 results and growth rates

Source: IAB Internet Advertising Revenue Report, HY 2013
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**Historical trends in internet advertising formats**
Revenue share by major ad formats, 2006–1H 2013

Source: IAB Internet Advertising Revenue Report, HY 2013
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Pricing models shift towards performance
Internet ad revenues by pricing model, 1H 2012 vs. 1H 2013

1H 2012

- Impression-based: 67%
- Performance-based: 31%
- Hybrid: 2%

Total – $17.0 billion

1H 2013

- Impression-based: 65%
- Performance-based: 33%
- Hybrid: 2%

Total – $20.1 billion

Source: IAB Internet Advertising Revenue Report, HY 2013
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**Historical pricing model trends**
Internet ad revenues by pricing model, 2005–1H 2013

Note: Pricing model definitions may have changed over the time period depicted both within the survey process and as interpreted by respondents

Source: IAB Internet Advertising Revenue Report, HY 2013

Oct 9, 2013
Internet ad revenues by major industry category
$17.0 B in HY 2012 vs. $20.1 in HY 2013

† Amounts do not total to 100% as minor categories are not displayed.

Source: IAB Internet Advertising Revenue Report, HY 2013
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October 9, 2013
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As business, accounting, and tax advisors to many of the world’s leading Entertainment, Media, and Communications (EMC) and Technology (Tech) companies, PwC (www.pwc.com) has an insider’s view of trends and developments driving the industry. With approximately 1200 practitioners serving EMC and Tech clients in the United States, PwC is deeply committed to providing clients with industry expertise and resources. In recent years, our pioneering work in EMC and Tech has included developing strategies to leverage digital technology, identifying new sources of financing, and marketplace positioning in industries characterized by consolidation and transformation. Our experience reaches across all geographies and segments of the EMC and Tech sectors, including broadband, wireless, the Internet, music, film, television, publishing, advertising, gaming, theme parks, computers and networking, and software. With thousands of practitioners around the world, we are always close at hand to provide deep industry expertise and resources.

PwC’s 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
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

**Russ Sapienza**  
Partner, Advisory Services  
646.471.1517  
russell.j.sapienza@us.pwc.com

**Michael Altschul**  
Manager, Advisory Services  
646.471.4903  
michael.altschul@us.pwc.com