

[www.pwc.com](http://www.pwc.com)  
[www.iab.net](http://www.iab.net)

# *IAB Internet Advertising Revenue Report*

## 2011 Full Year Results

**iab.**

**pwc**

---

# *Agenda*

Survey methodology

2011 full year results

Full year and quarterly trends

Advertising formats

Pricing models

Industry category spending

Advertising market share by media

About PwC

# 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 Web sites, consumer online services, ad networks, mobile devices and e-mail providers; and
- Ensuring and maintaining a confidential process, only releasing aggregate data.

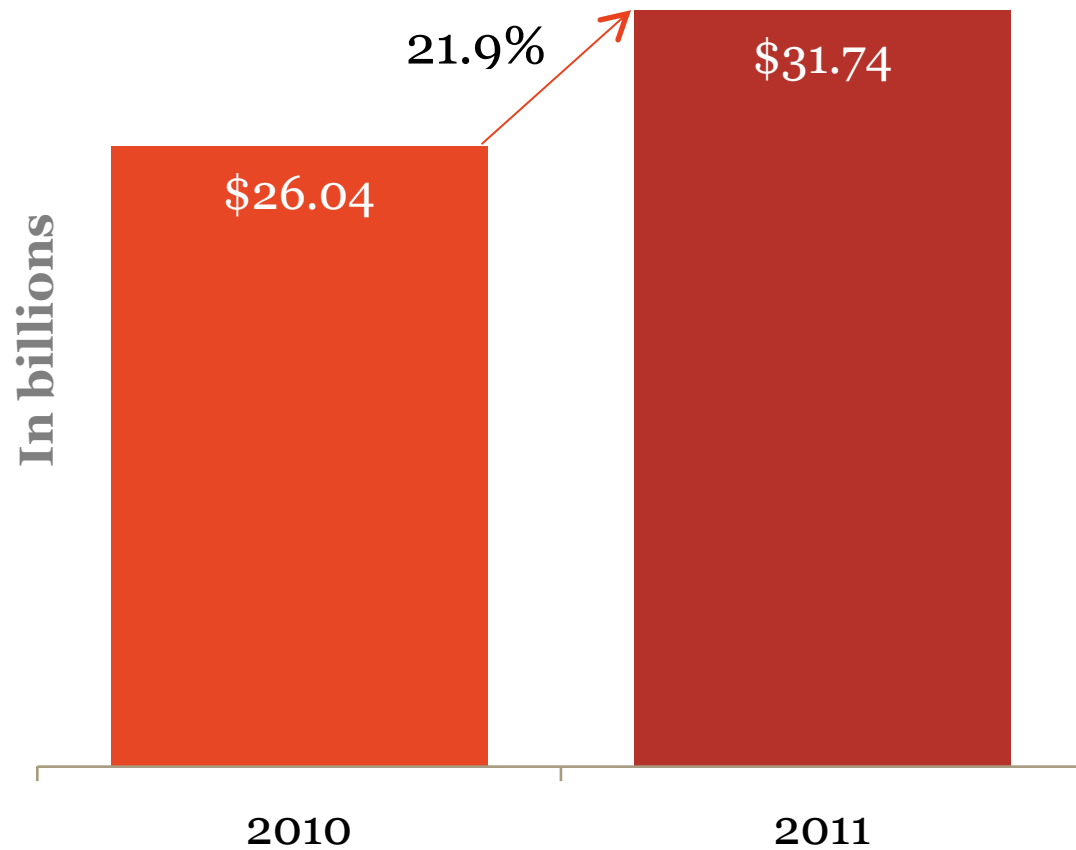
## Methodology

Throughout the reporting process, PwC:

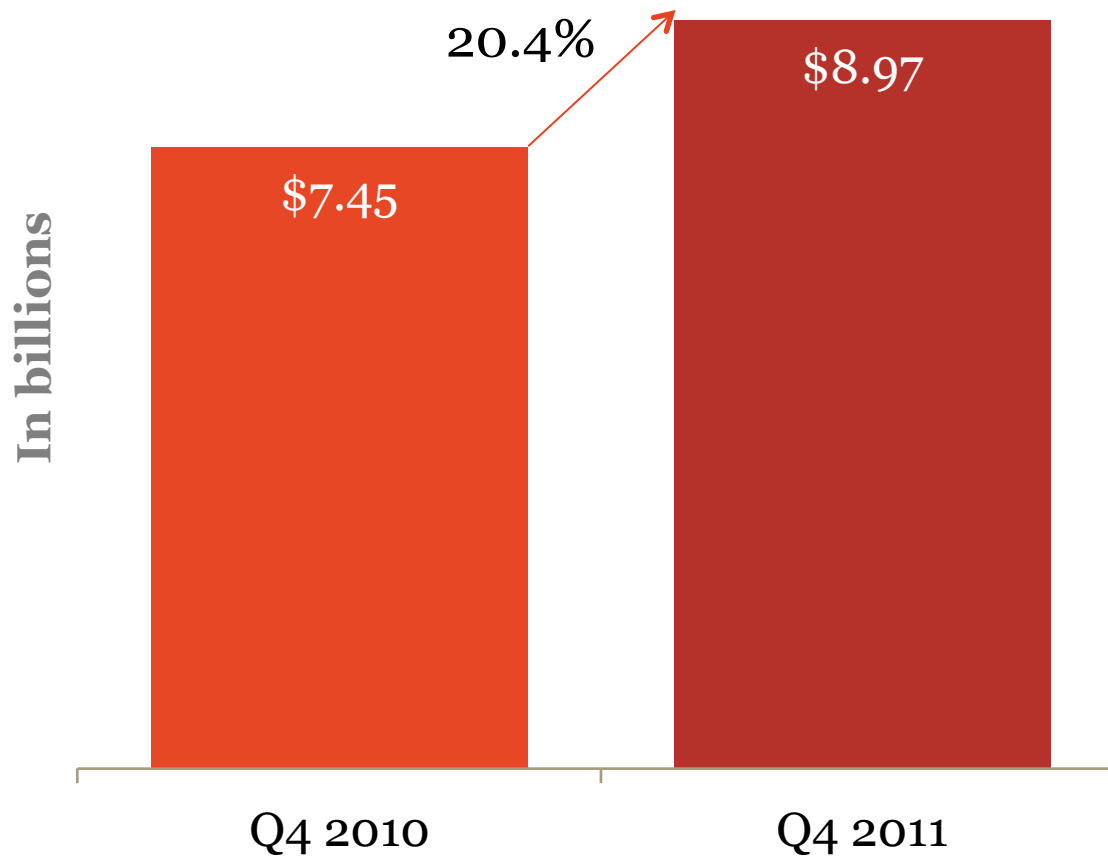
- Compiles a database of industry participants selling Internet/online and mobile advertising revenues.
- Conducts a quantitative mailing survey with leading industry players, including Web publishers, ad networks, commercial online service providers, mobile providers, e-mail providers and other online media companies.
- Supplemental Data is acquired 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.

***Annual revenues totaled \$31.7 billion in 2011***

***Online advertising revenue increased 21.9% in 2011.***

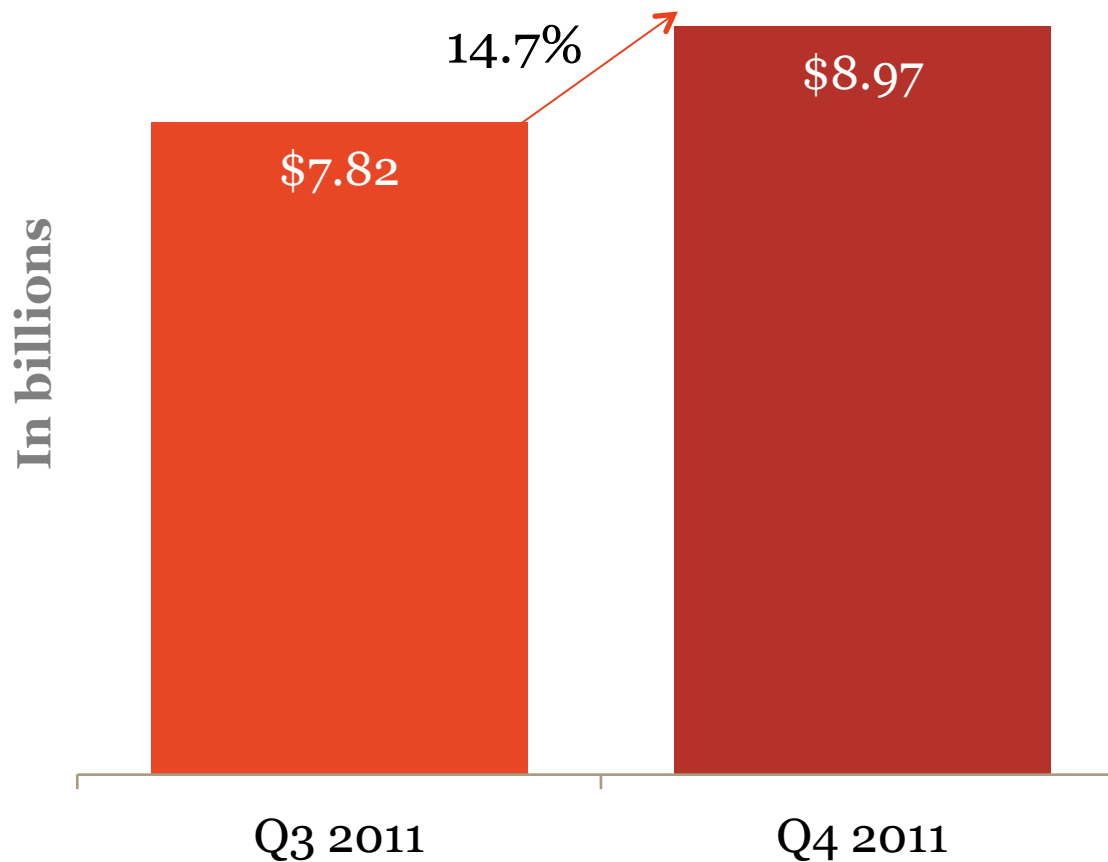


***Fourth quarter revenues totaled \$8.97 billion in 2011***



***Revenue in Q4 2011 was 20.4% higher than in Q4 2010.***

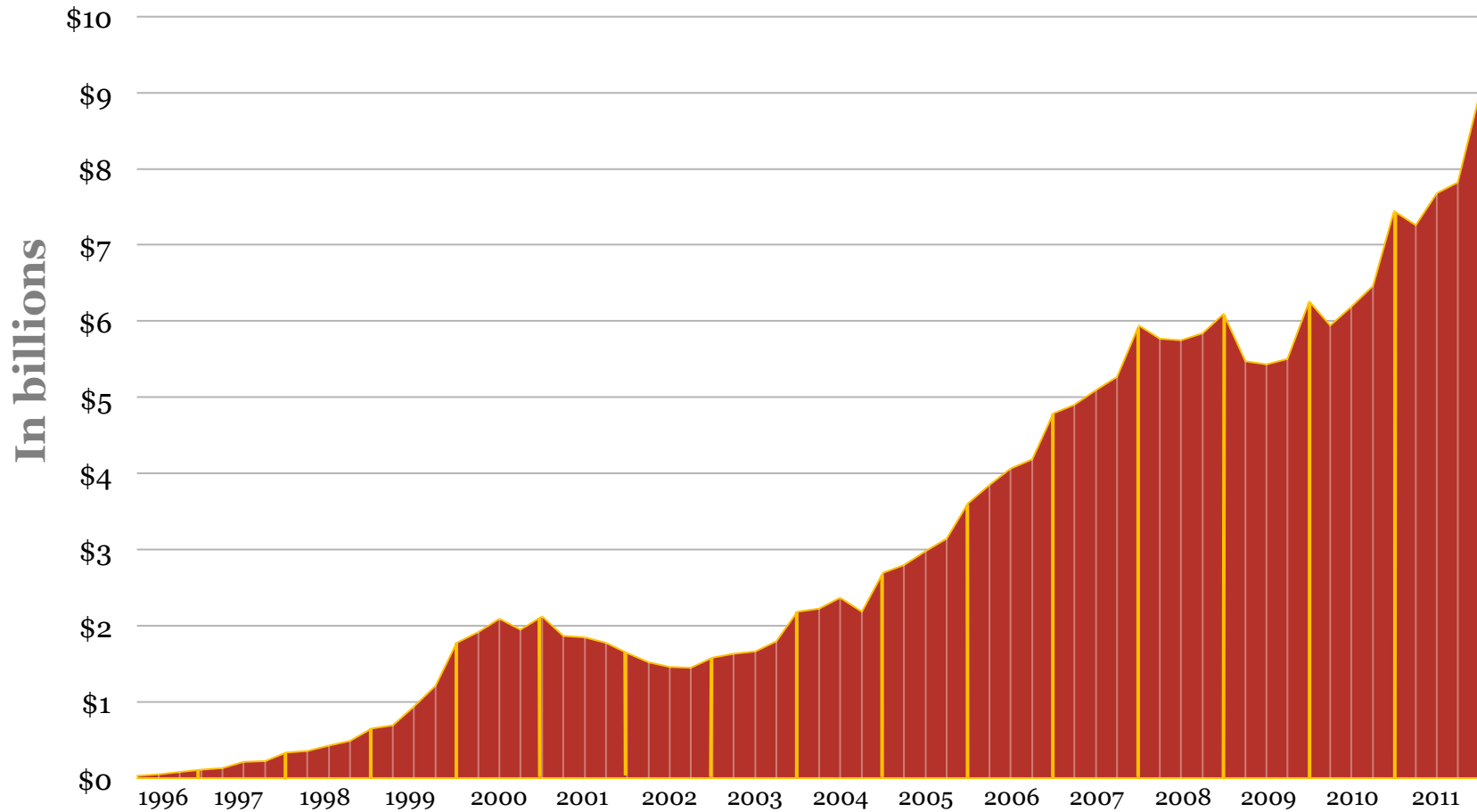
## ***Record Growth between 3Q FY11 and 4Q FY 11***



***Revenue in Q4 2011 was \$1.15 billion higher than Q3 2011.***

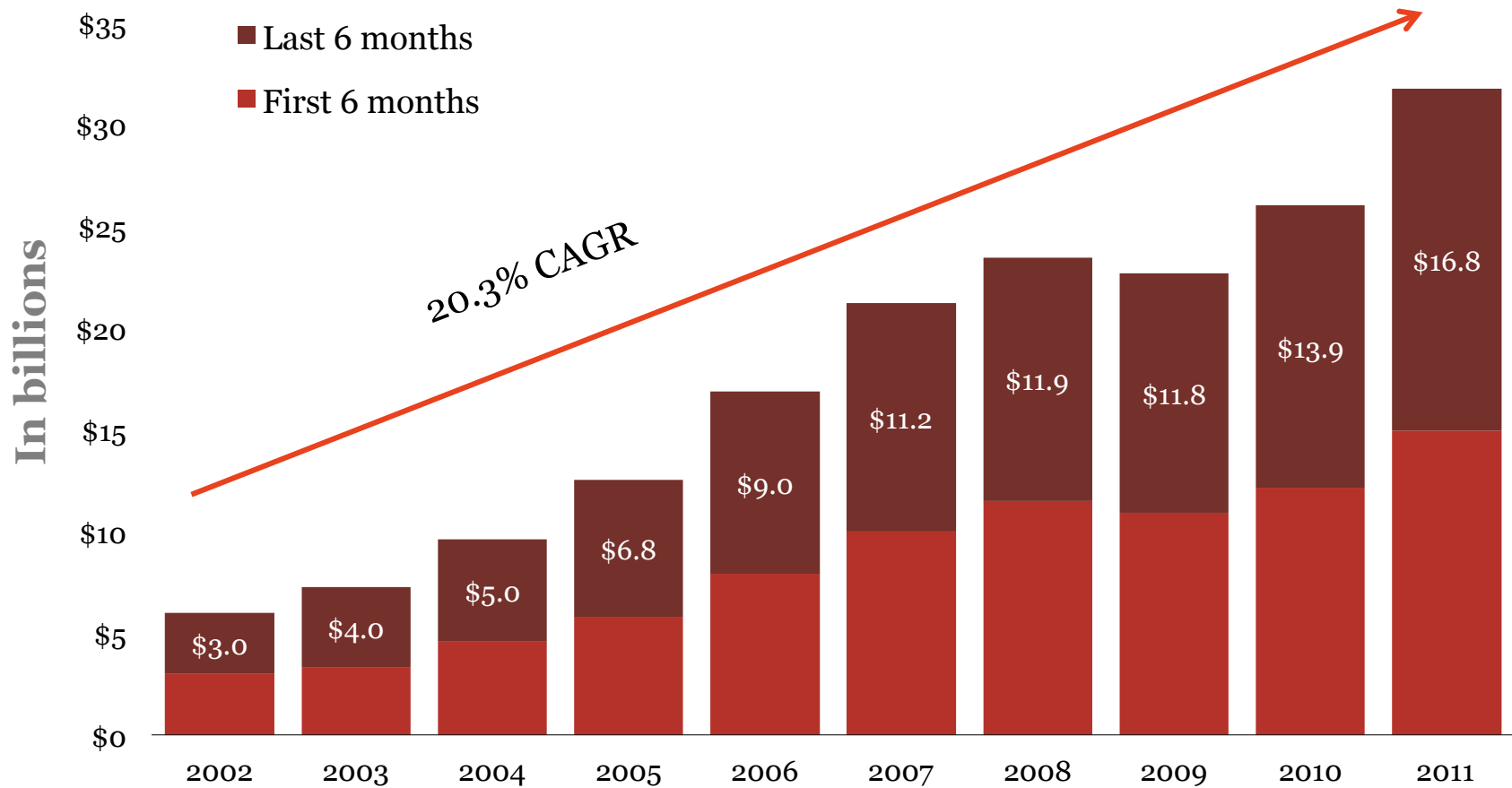
# *A historical perspective of internet advertising*

## Quarterly growth comparison, 1999–2011



# 2011 shows record revenues

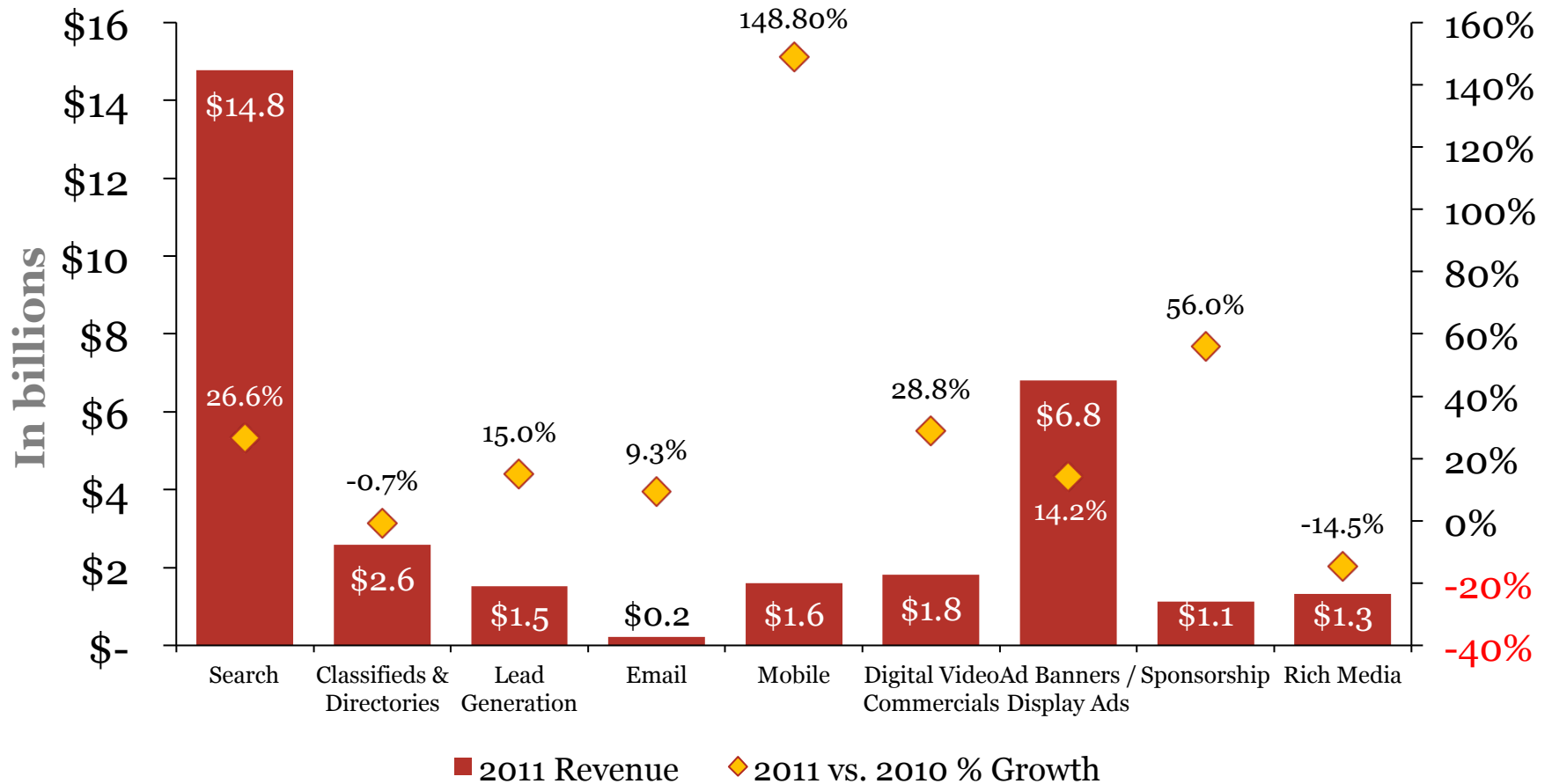
## Historical revenue mix, first half vs. second half





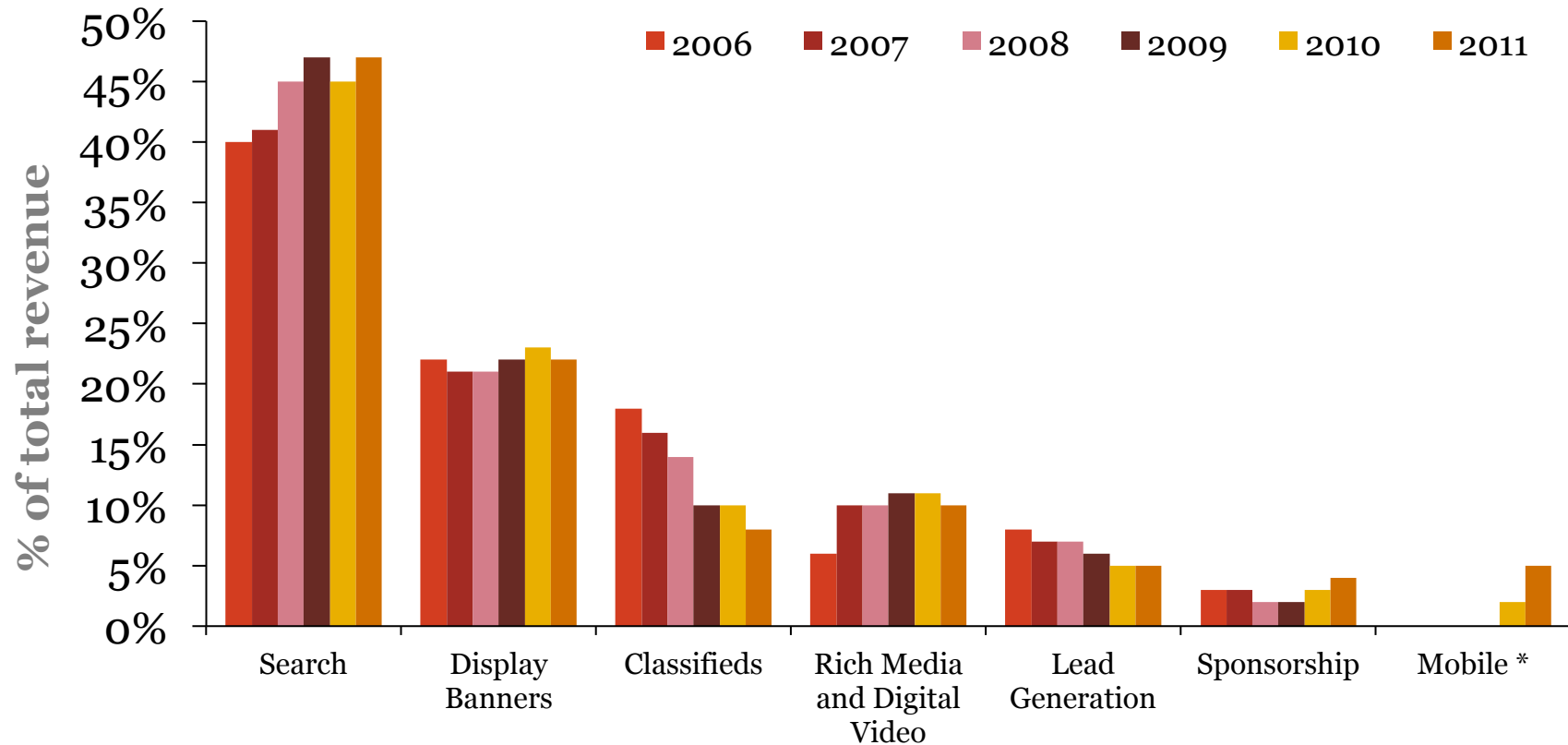
# Mobile shows the strongest growth

## Advertising formats - 2011 results and growth rates



## Historical trends in internet advertising formats

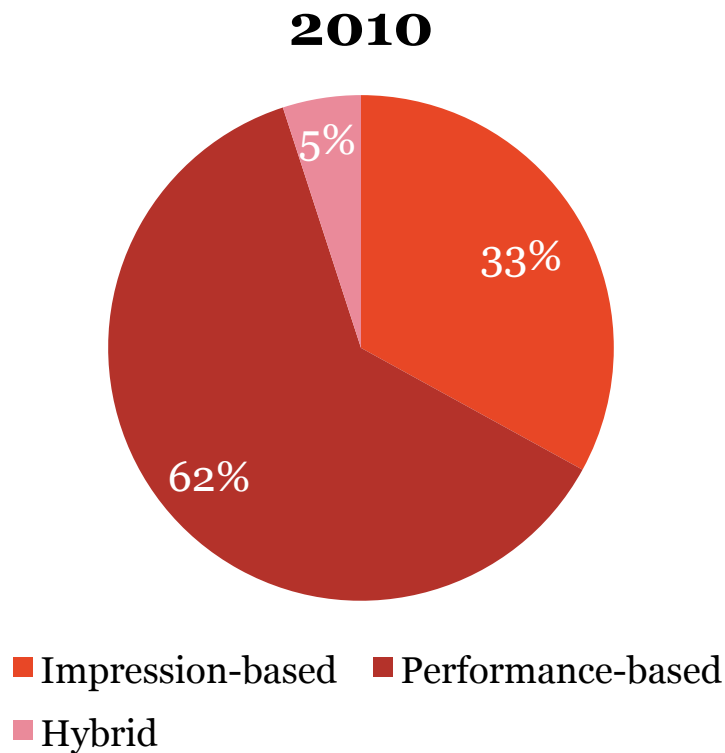
### Revenue share by major ad formats, 2006–2011



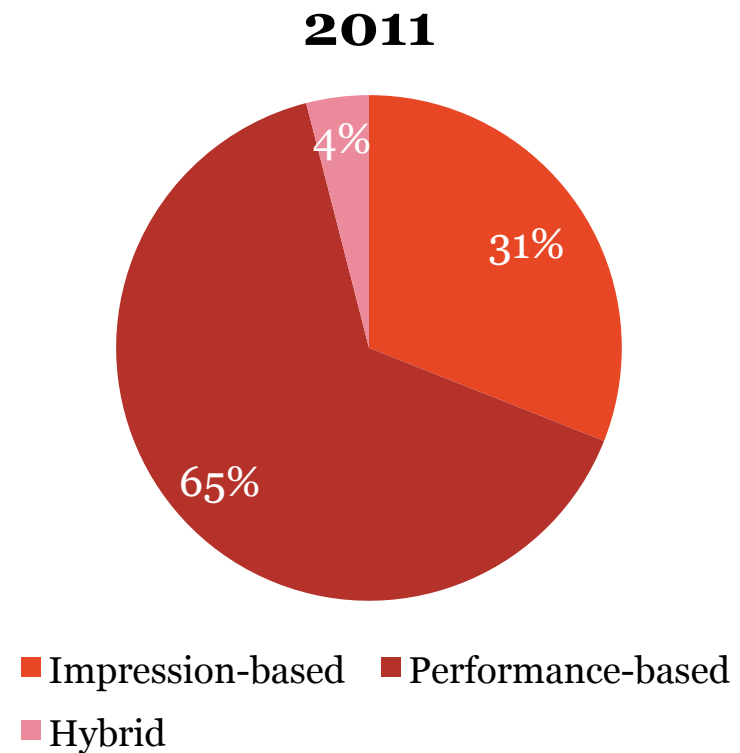
\* In 2011, mobile revenue is presented in the ad formats section of the report as a separate category for the first time. In order to provide a comparison to the prior year, we have revised 2010 revenues for ad formats to be on a consistent basis (for the methodology, please reference the Appendix on page 25 of the full year 2011 IAB Internet Advertising Revenue Report).

## *Pricing models shift towards performance*

### Internet ad revenues by pricing model, 2010 vs. 2011



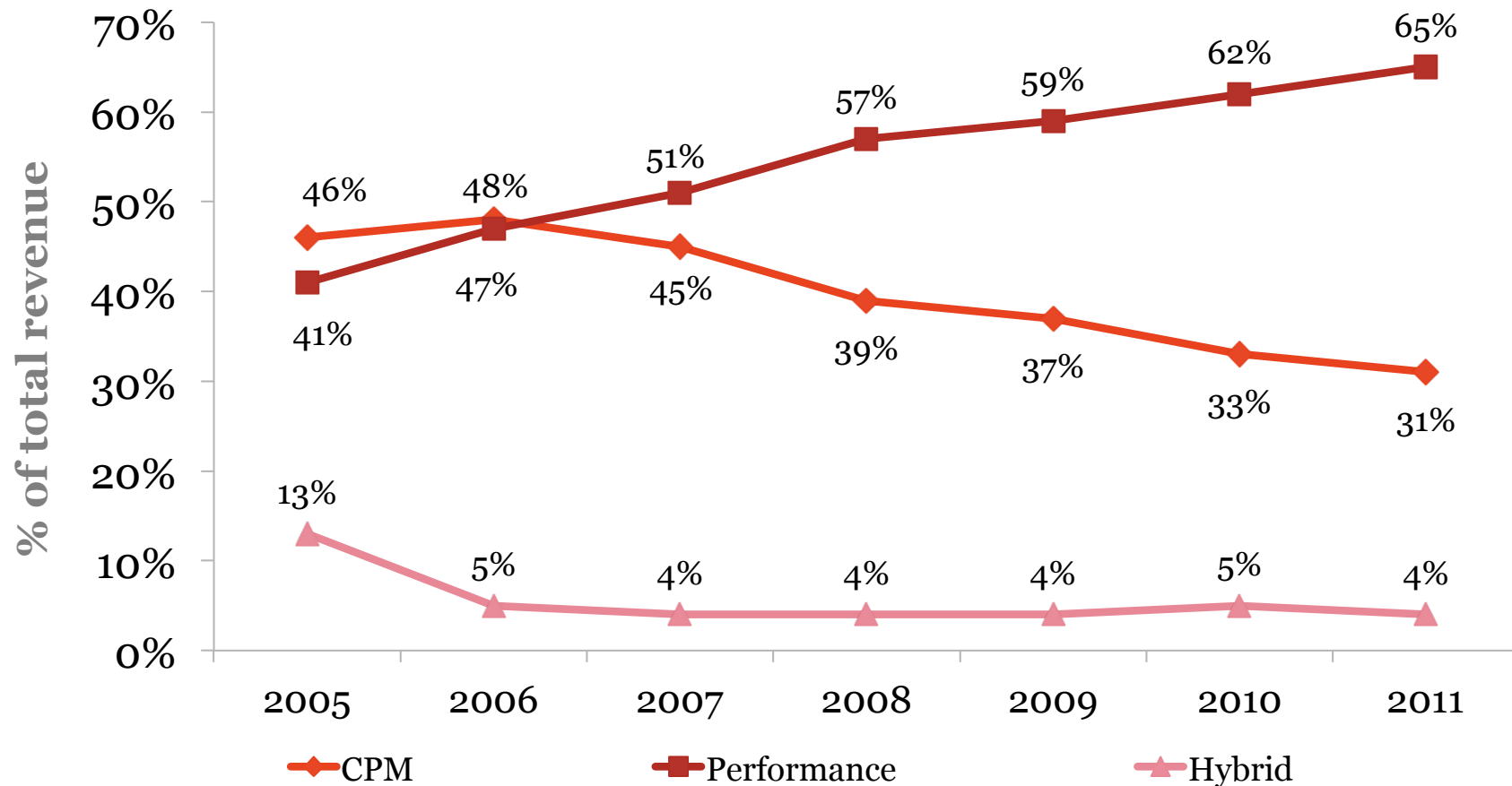
Total – \$26.0 billion



Total – \$31.7 billion

## Historical pricing model trends

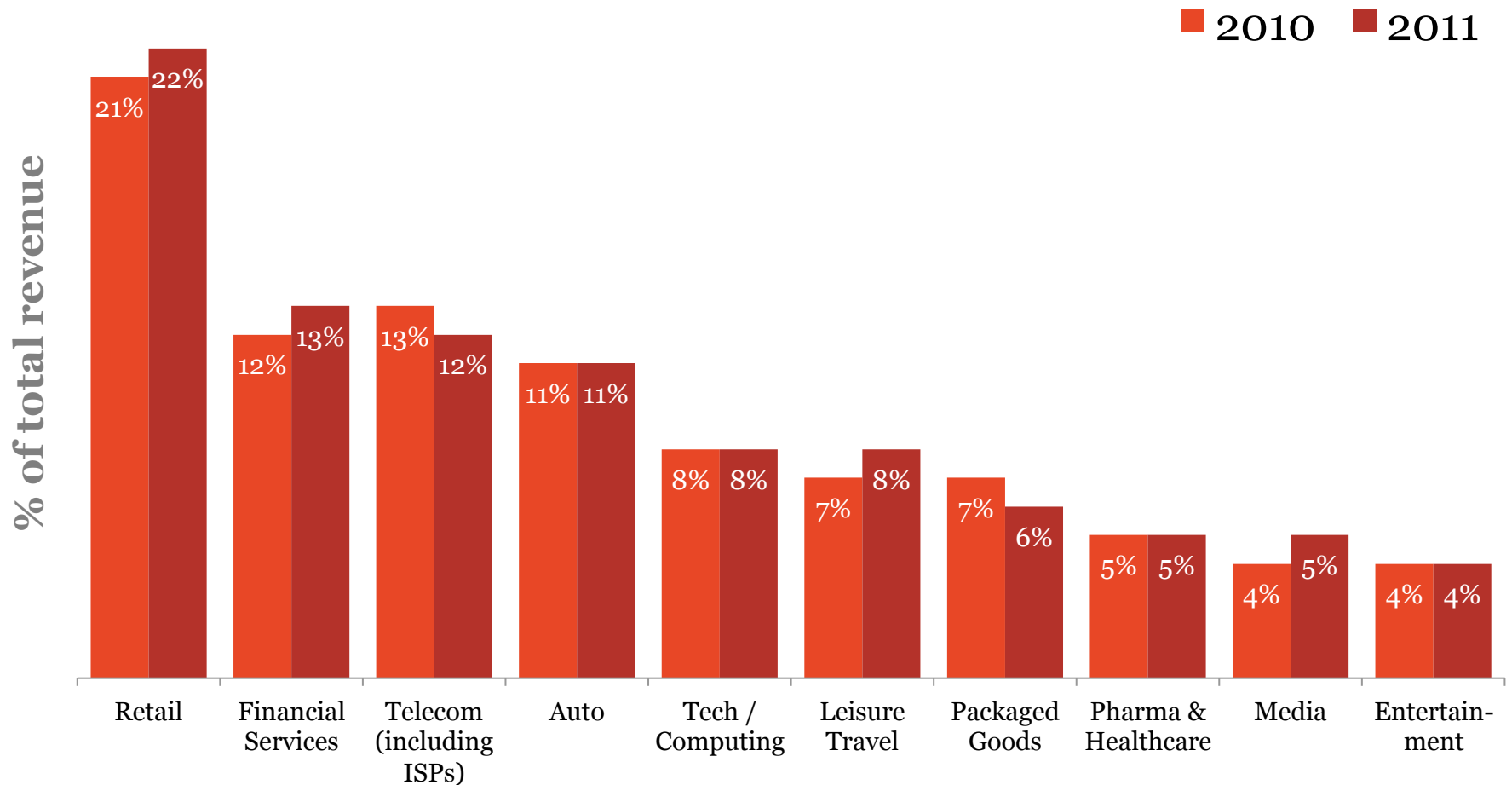
### Internet ad revenues by pricing model, 2005–2011



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

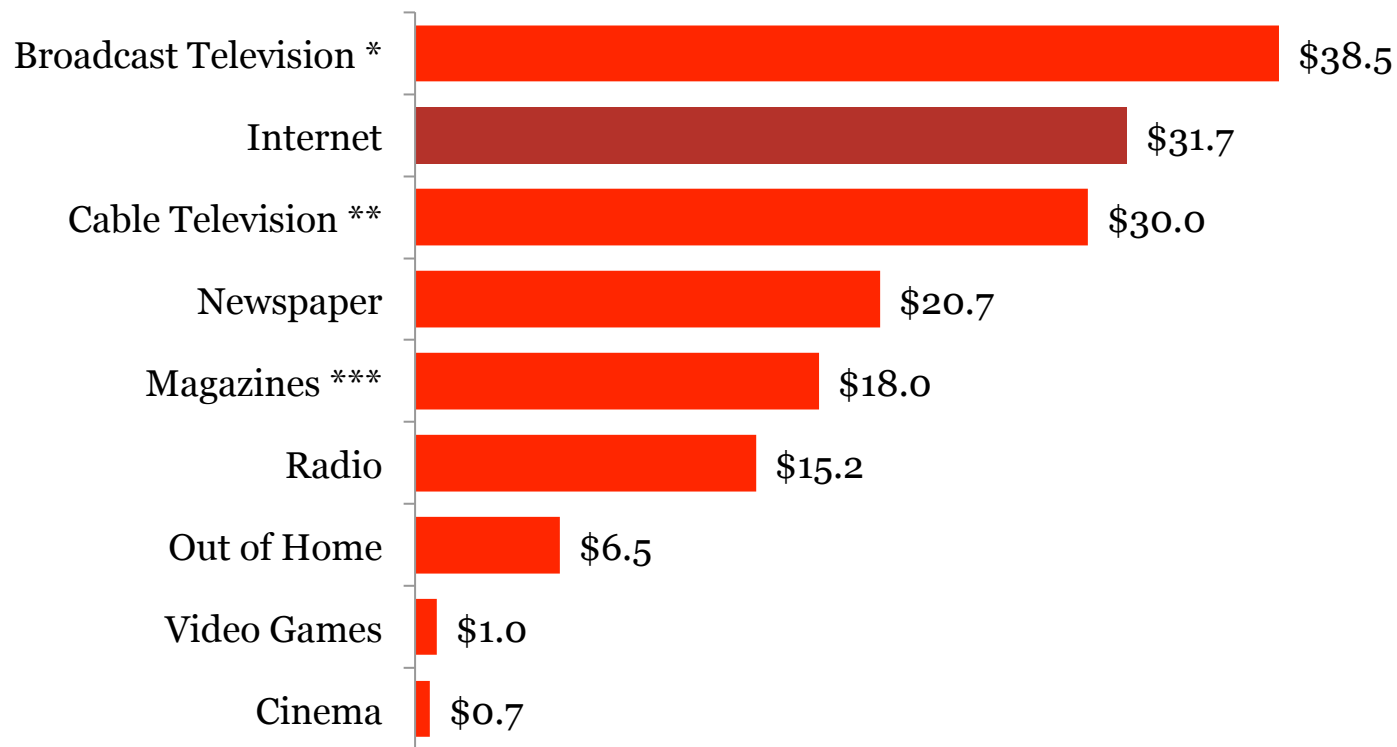
# Internet ad revenues by major industry category

\$26.0 B in 2010 vs. \$31.7 B in 2011



## Advertising market share by media

### Advertising spend<sup>†</sup> of key media in 2011 (In billions)



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

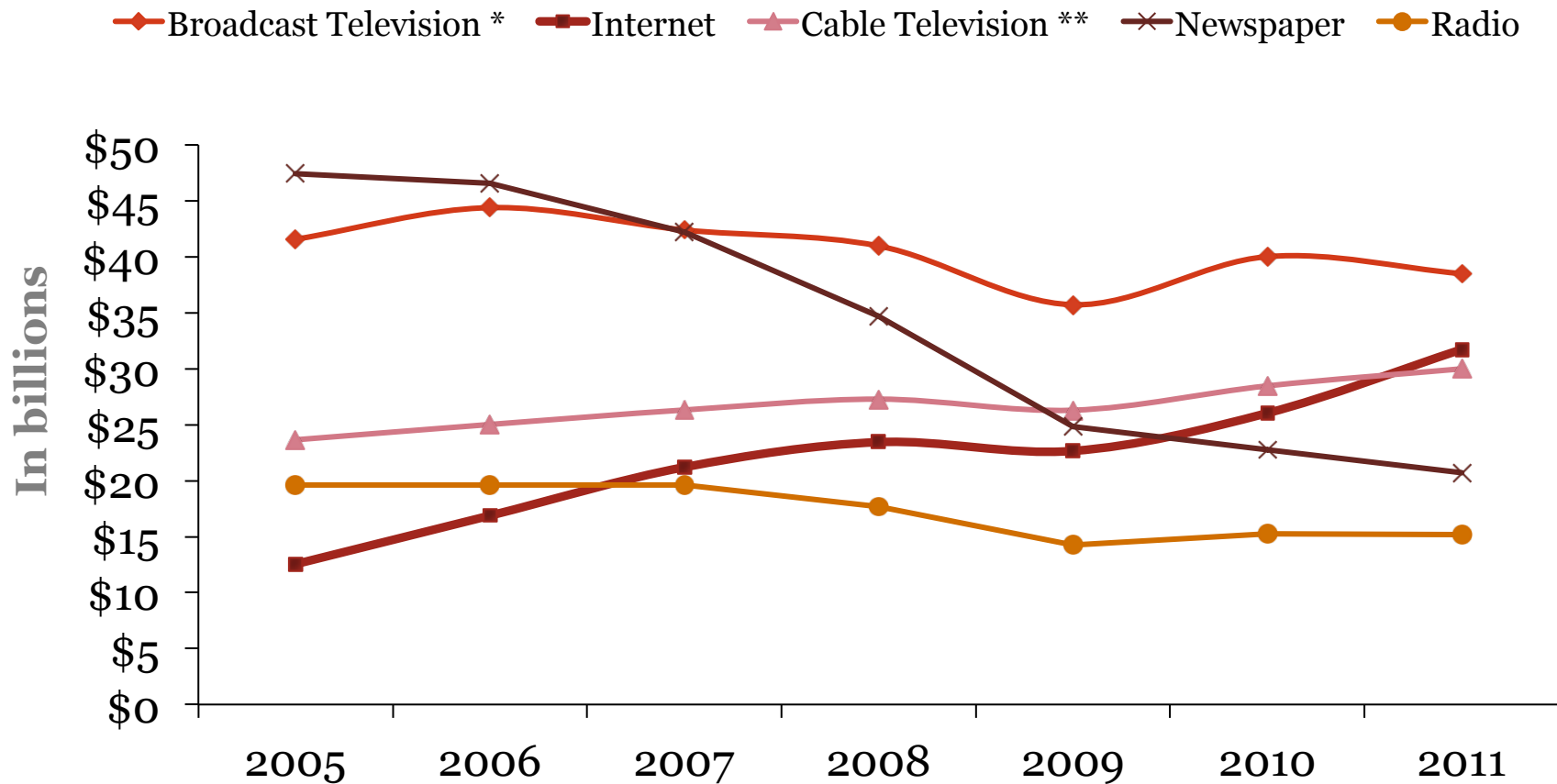
\* Broadcast Television includes Network, Syndicated and Spot television advertising revenue.

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

\*\*\* Magazine includes Consumer and Trade magazines.

# Historical advertising market share

## Advertising spend of key media from 2005-2011 (In billions)



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

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

## *PwC New Media Group*

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](http://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



# *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

*York*

**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

---

*[www.pwc.com/e&m](http://www.pwc.com/e&m)*

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2012 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers LLP which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.