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# *IAB internet advertising revenue report*

## 2016 first six-months results

# *Agenda*

# *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:

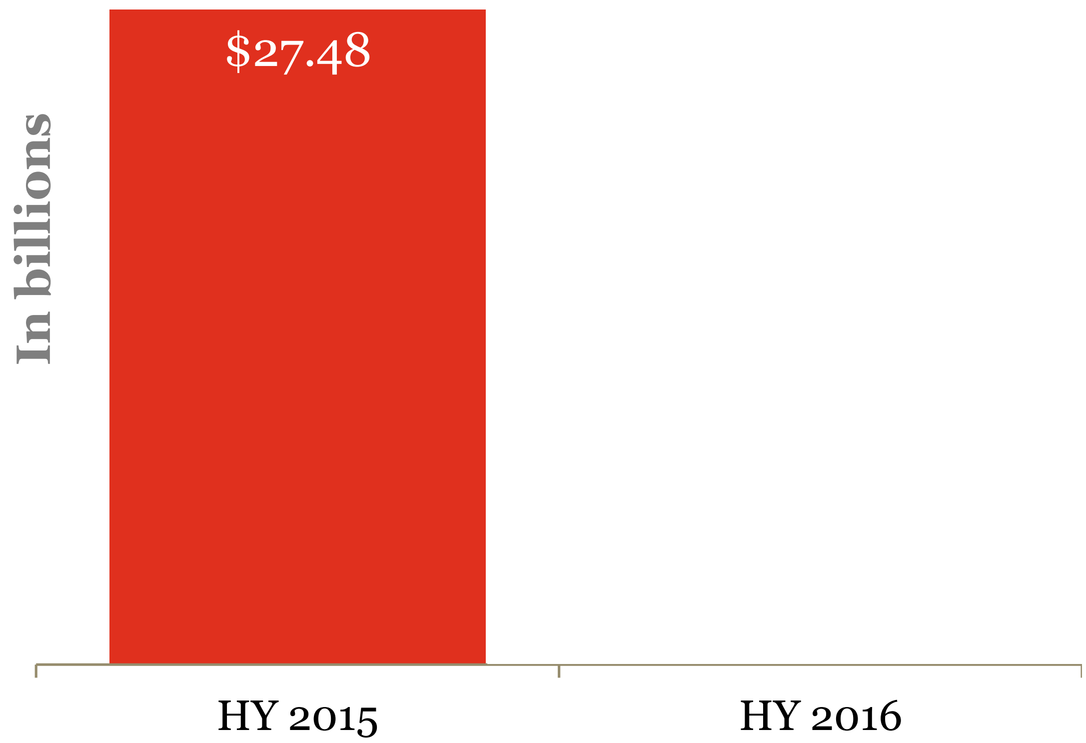
- Obtaining historical data directly from companies generating internet (desktop and mobile) advertising revenues;
- Making the survey as inclusive as possible, encompassing all forms of internet advertising, including websites, consumer online services, ad networks and exchanges, mobile devices; and
- Ensuring and maintaining a confidential process, only releasing aggregate data.

## Methodology

Throughout the reporting process, PwC:

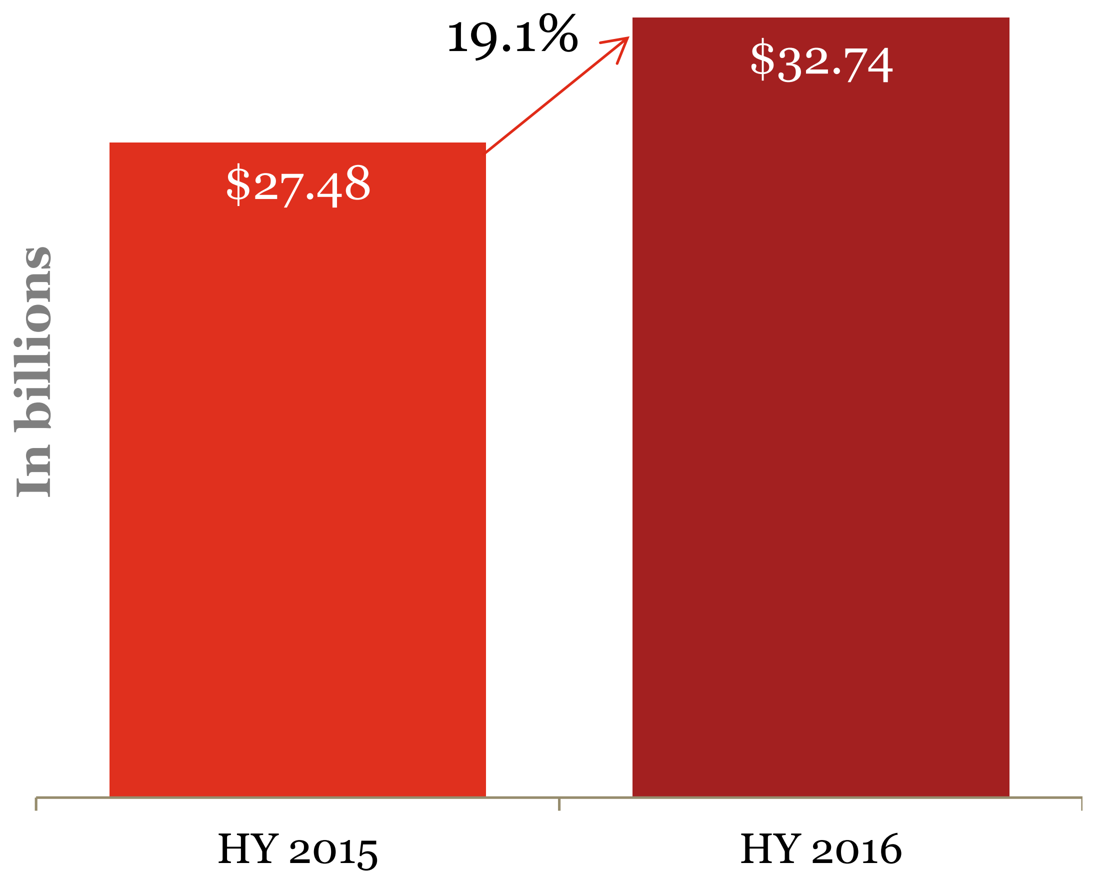
- Compiles a database of industry participants selling internet advertising revenues.
- Conducts a quantitative mailing survey with leading industry players, including web publishers, ad networks, commercial online service providers, mobile providers, and other online media companies.
- Requests and compiles several specific data items, including monthly gross commissionable advertising revenue by industry category and transaction.
- Acquires supplemental data through the use of publicly disclosed information.
- 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 …*

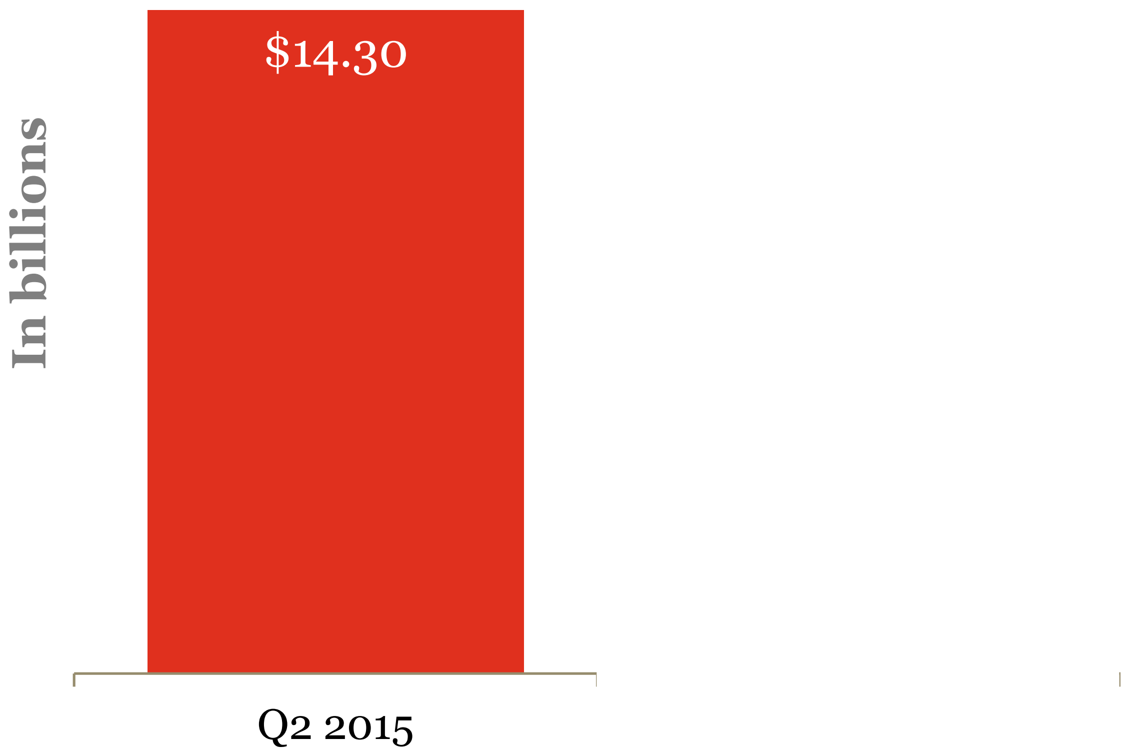


# *Half year revenues totaled $32.7 billion in 2016*

***Online advertising revenue increased $5.3 billion in HY 2016.***

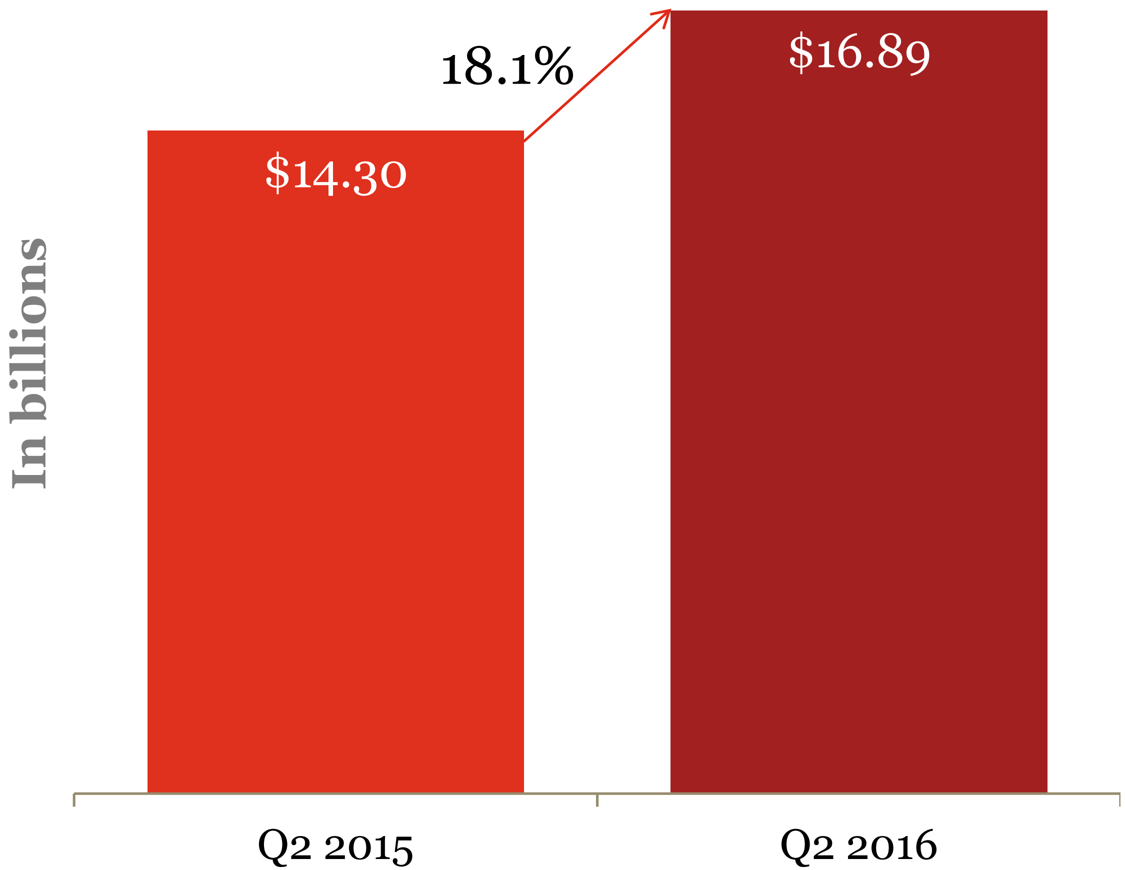


# *2016 second quarter revenues totaled ….*




Source: IAB Internet Advertising Revenue Report, HY 2016

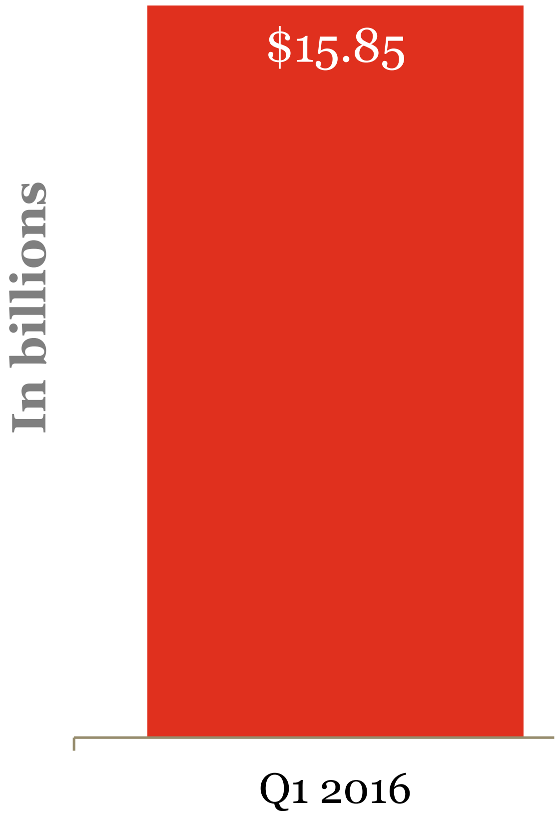
# 2016 second quarter revenues totaled $16.89 billion




***Revenue in Q2 2016 was $2.6 billion higher than in Q2 2015.***

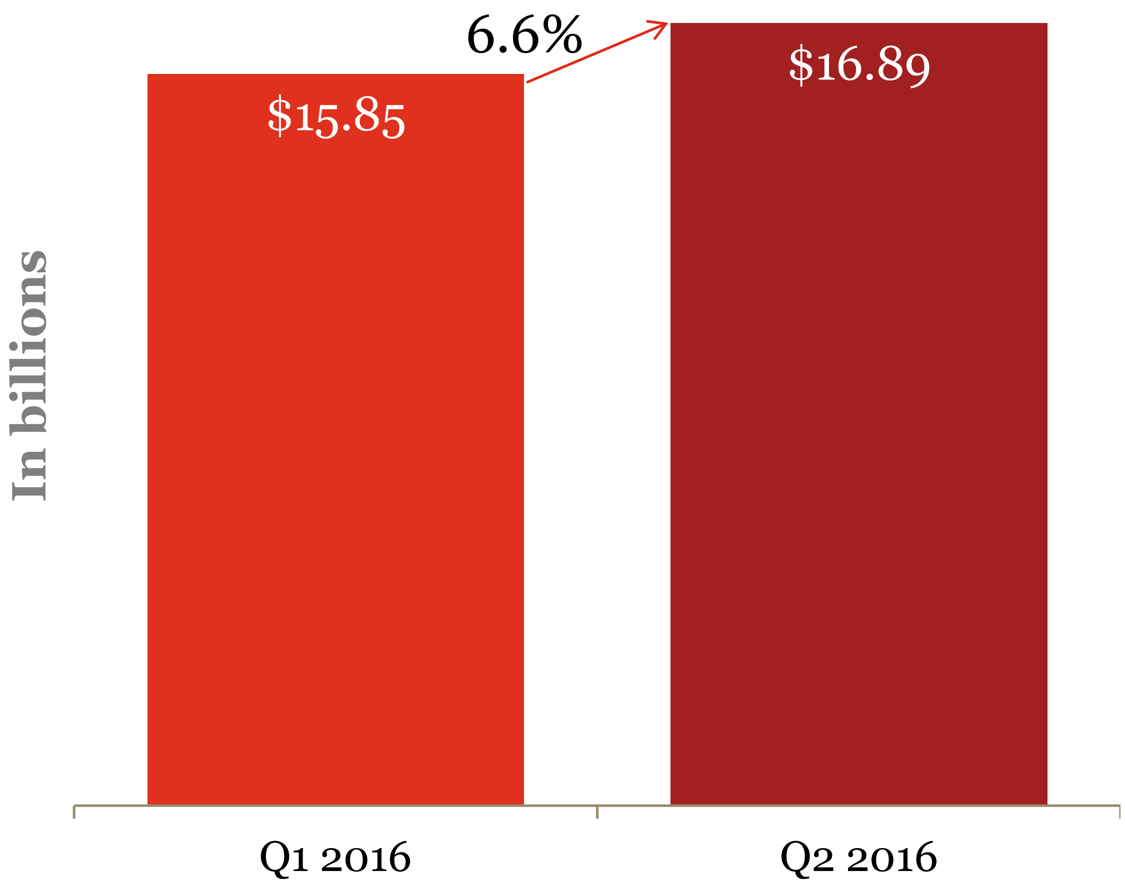
Source: IAB Internet Advertising Revenue Report, HY 2016

# *Strong Growth between Q1 2016 and Q2 2016*




Source: IAB Internet Advertising Revenue Report, HY 2016

# Strong Growth between Q1 2016 and Q2 2016

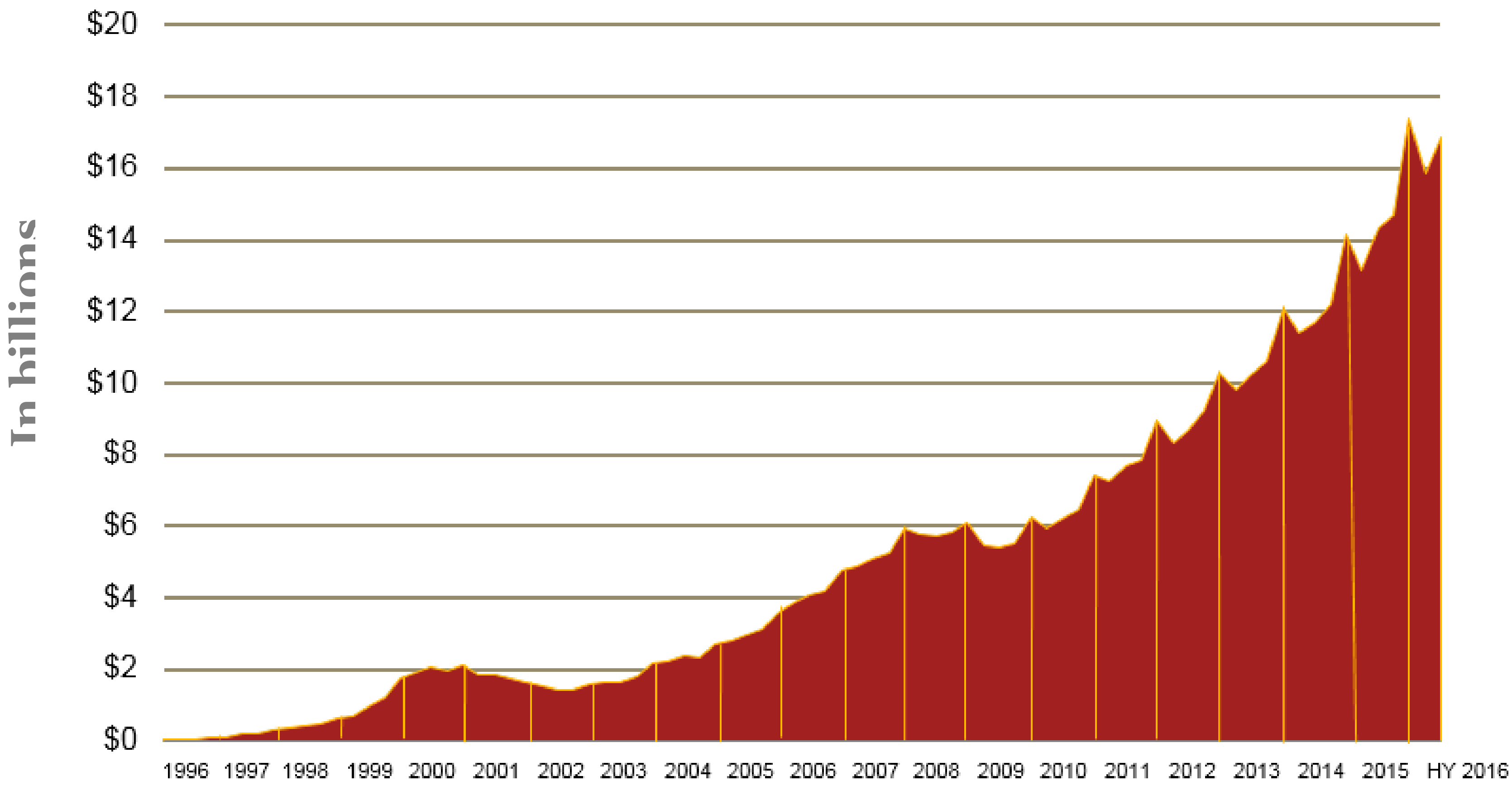



**Revenue in Q2 2016 was $1.0 billion higher than in Q1 2016.**

Source: IAB Internet Advertising Revenue Report, HY 2016

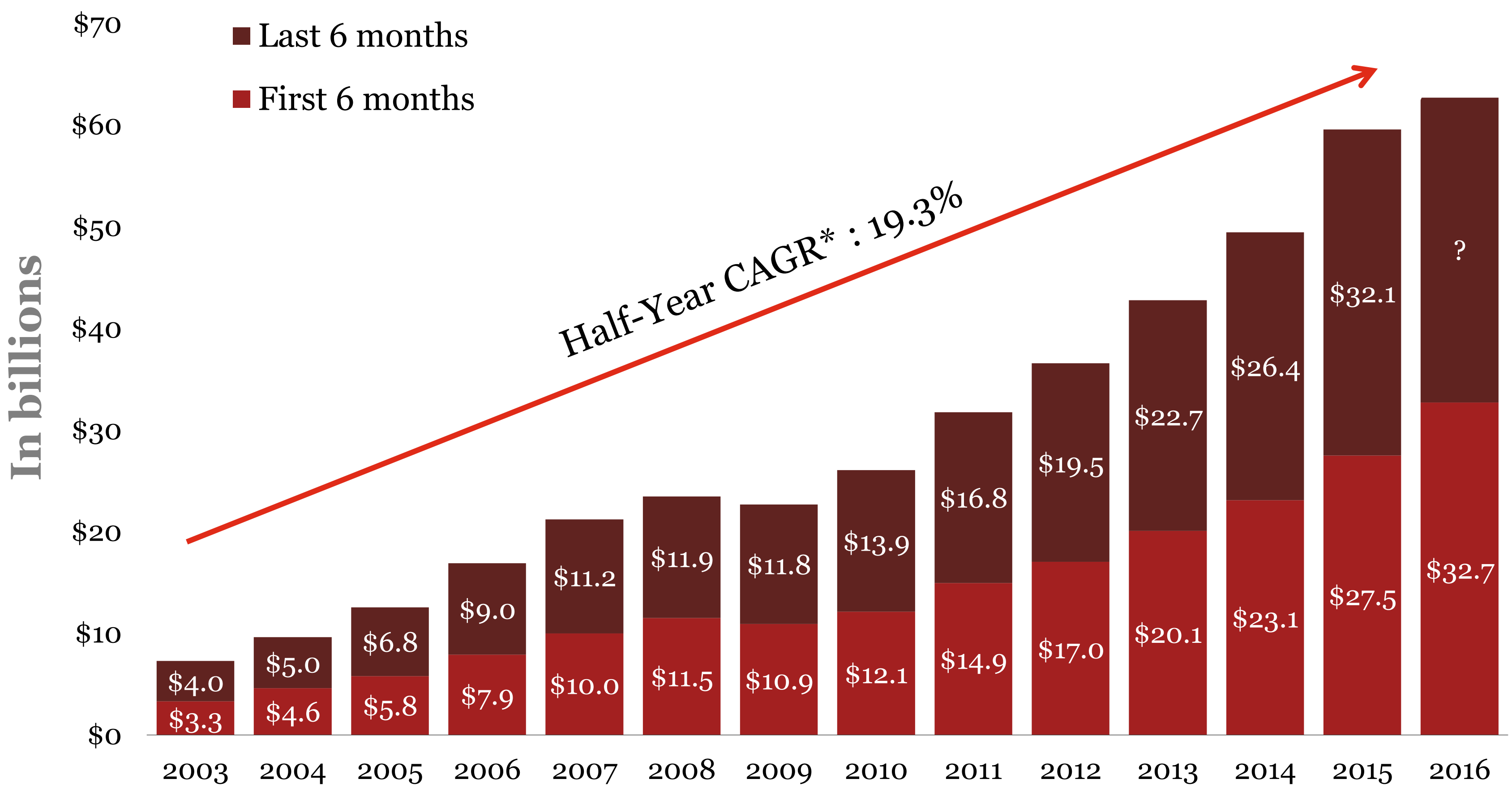
# *Since 2010, a strong seasonal trend has emerged for internet advertising revenues*

## Quarterly growth comparison, 1996–HY 2016



# First six-months 2016 shows record revenues

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




** CAGR: Compound Annual Growth Rate*

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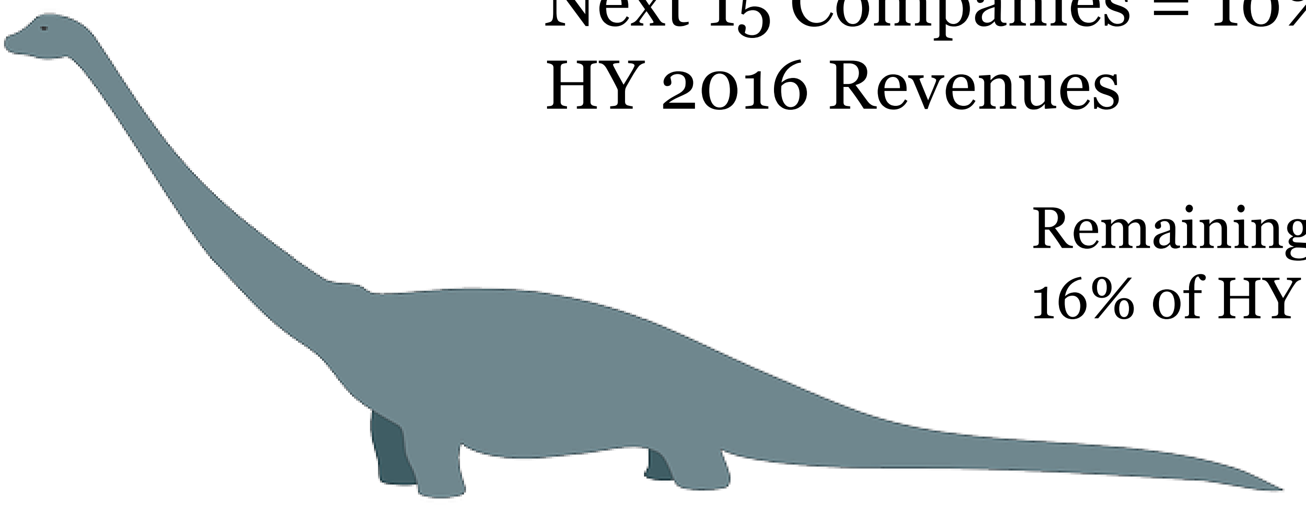
## *Industry concentration – the long tail*

Top 10 Companies = 74% of HY 2016 Revenues

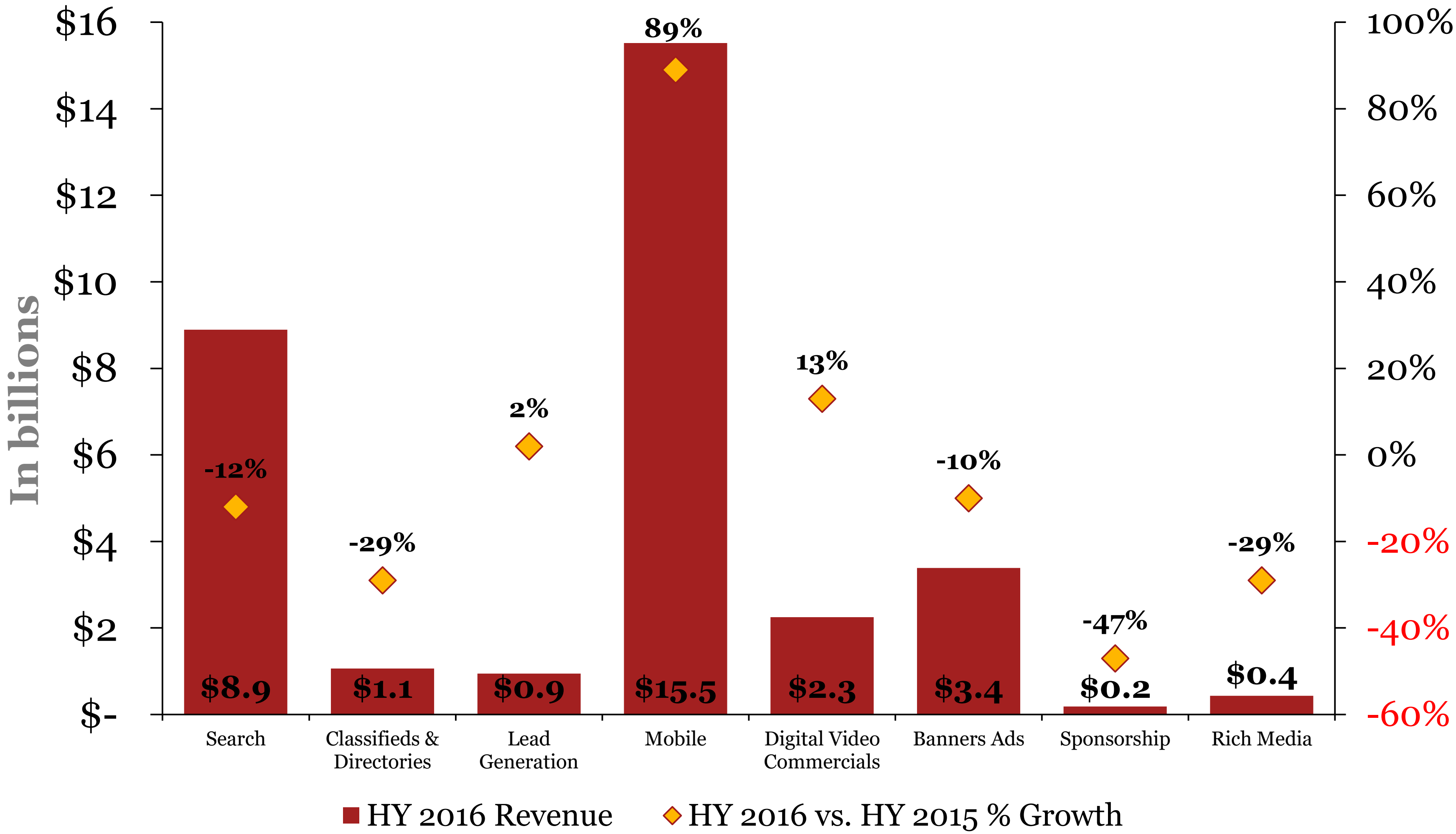
Next 15 Companies = 10% of HY 2016 Revenues

Remaining Companies = 16% of HY Revenue



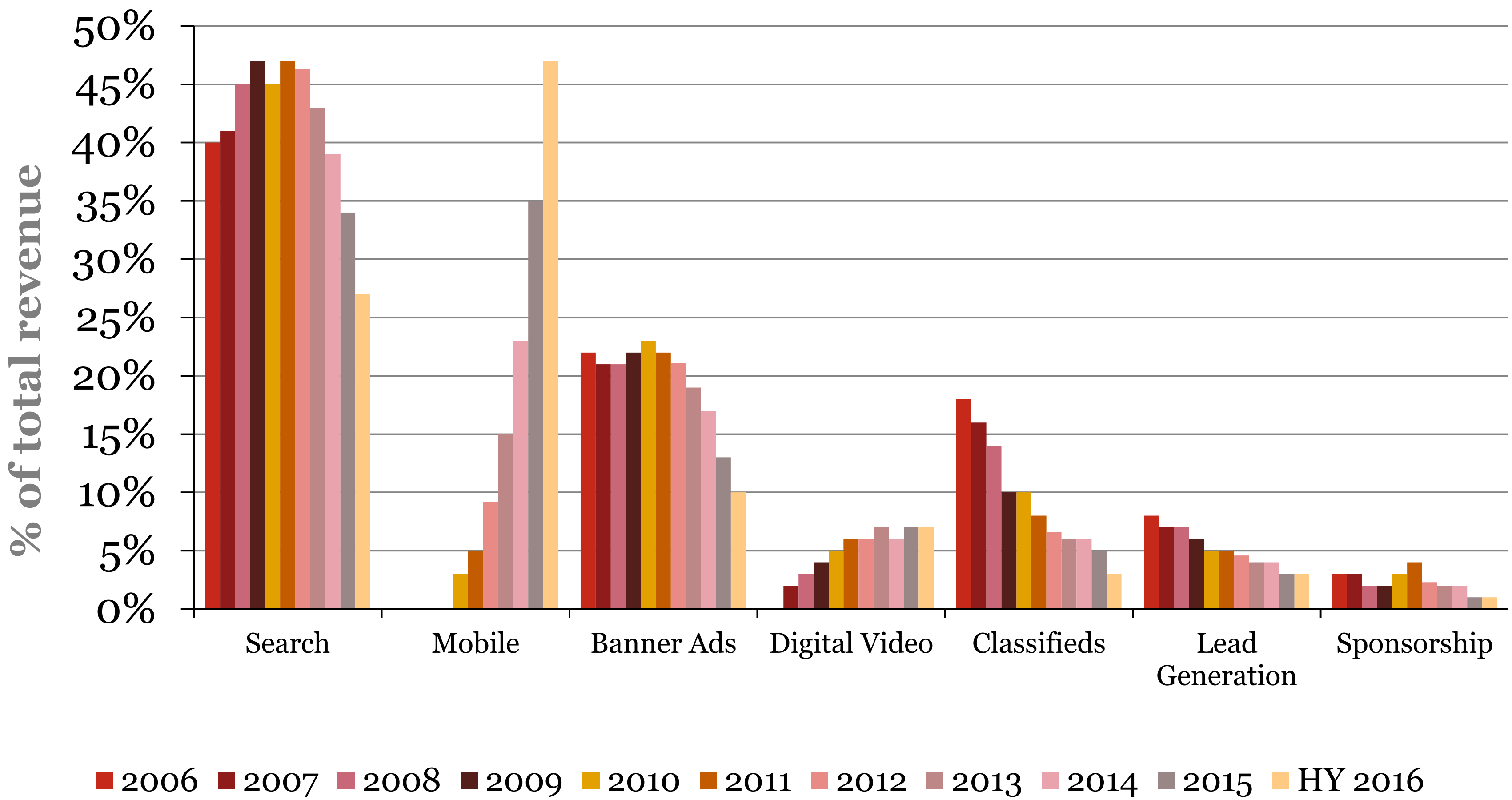
# *Mobile shows the strongest growth*

## Advertising formats – HY 2016 results and growth rates



# *Historical trends in internet advertising formats*

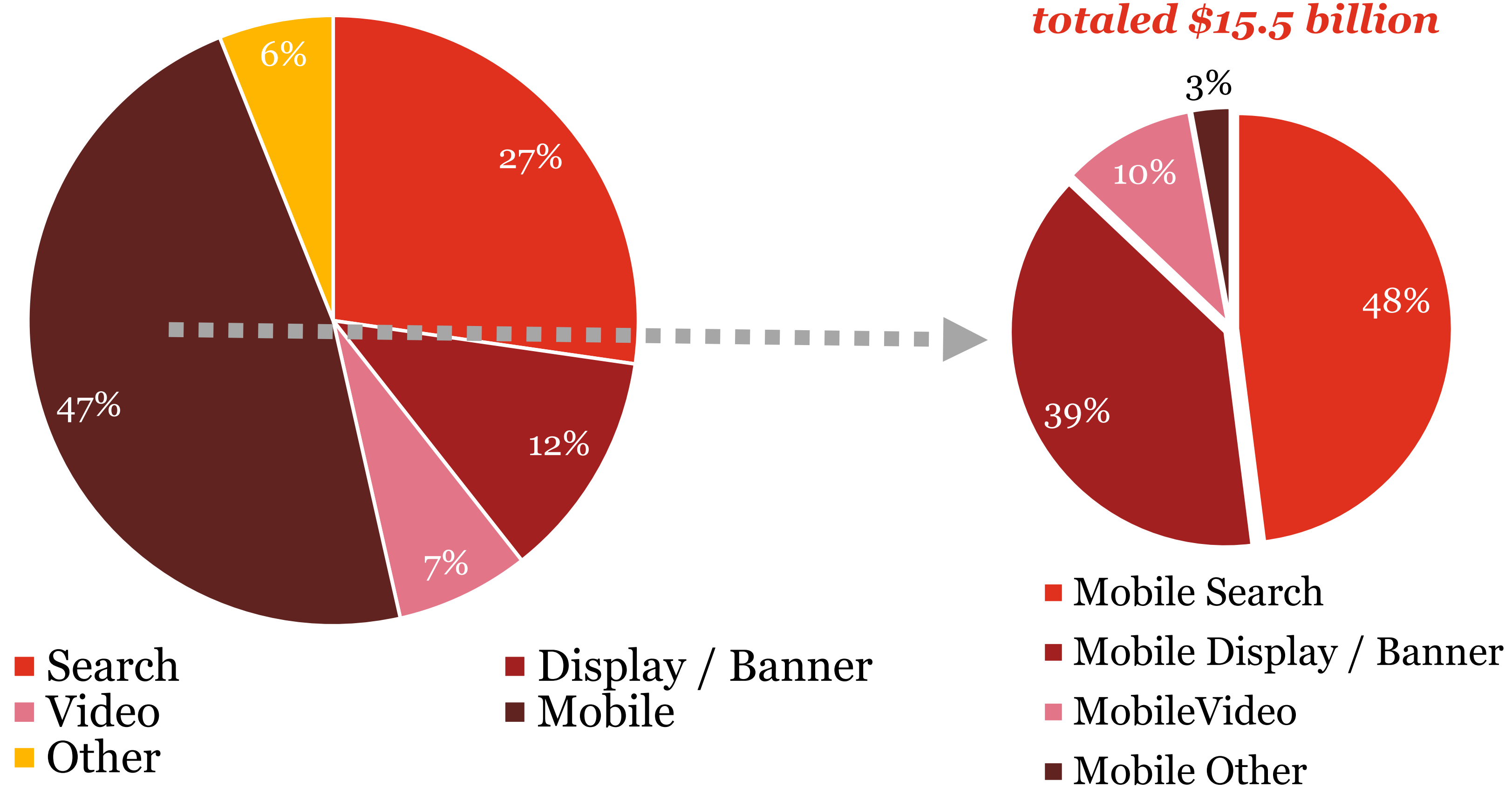
## Revenue share by major ad formats, 2006–HY 2016




Source: IAB Internet Advertising Revenue Report, HY 2016

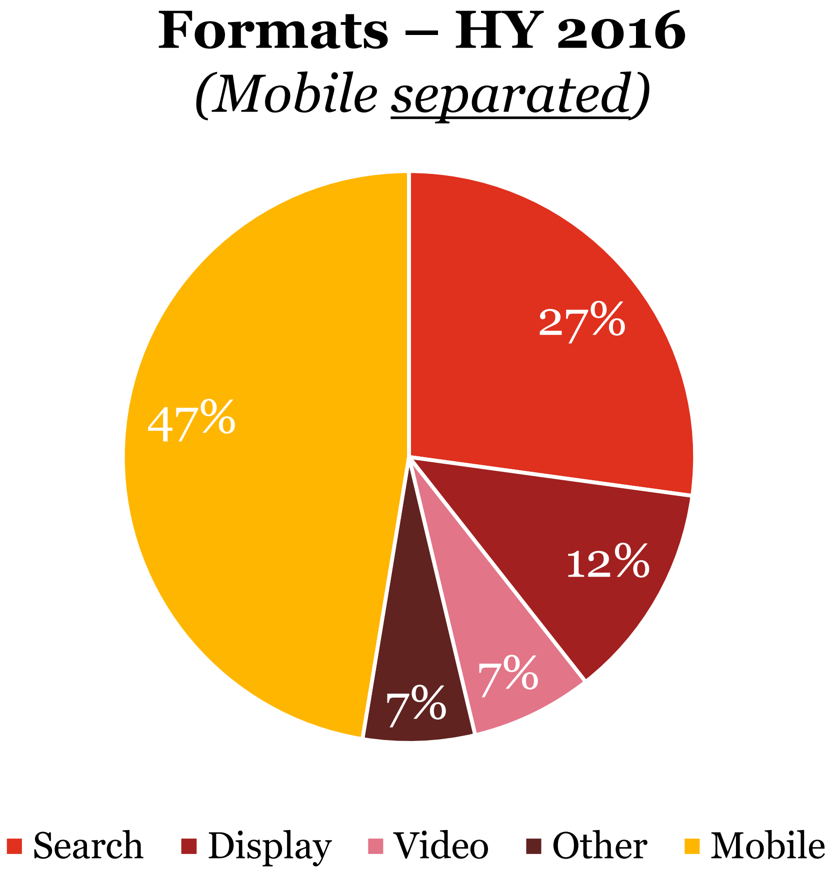
# *Mobile represents a significant percentage of advertising formats*

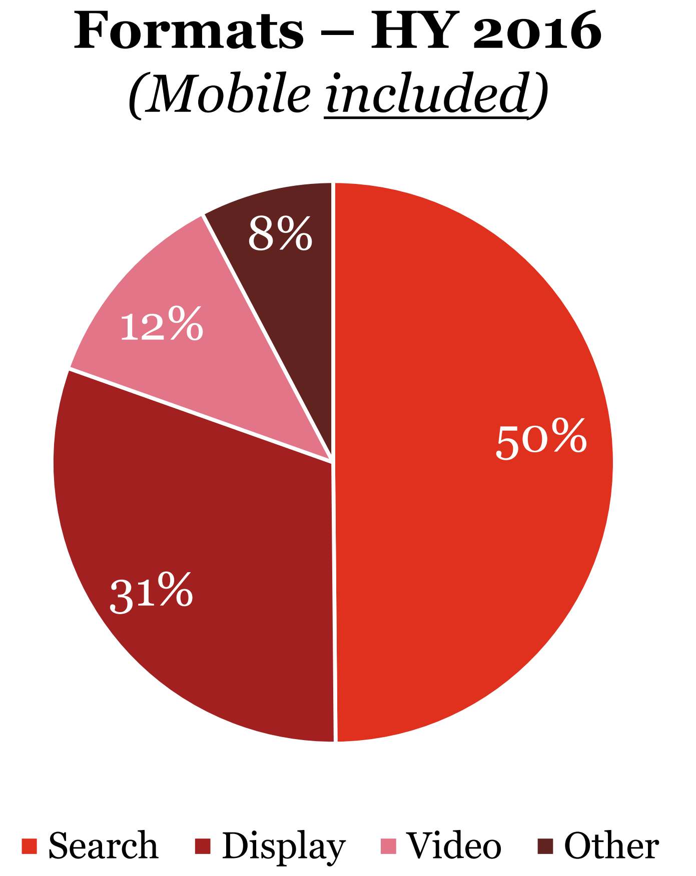
***For the half year in 2016, Mobile revenue totaled $15.5 billion***




Source: IAB Internet Advertising Revenue Report, HY 2016

# Distributing Mobile across formats demonstrates its importance to Search and Display




Source: IAB Internet Advertising Revenue Report, HY 2016

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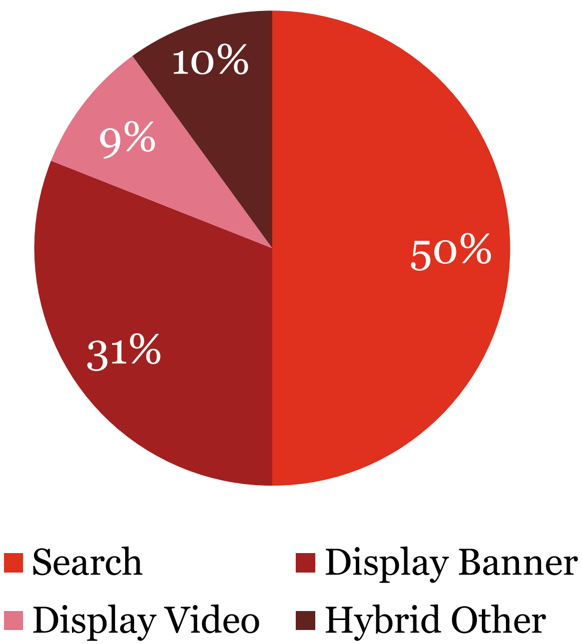
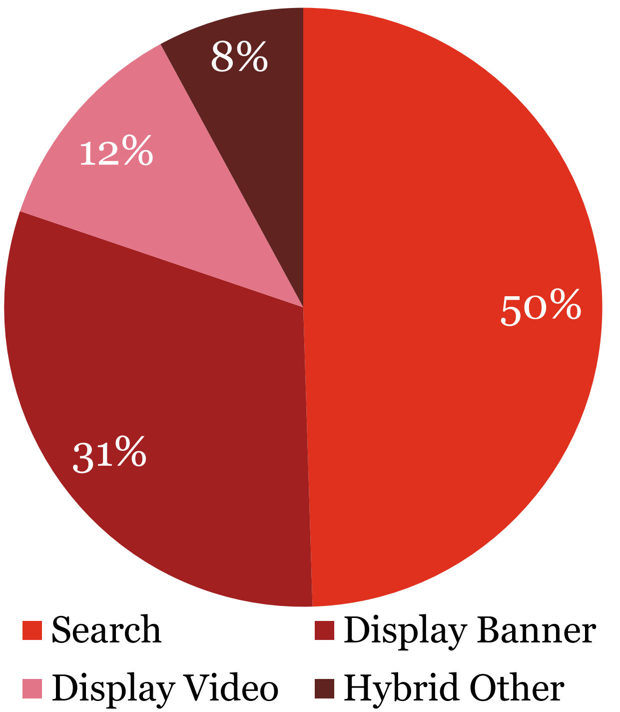
# *Ad Formats – Mobile allocated comparison to PY*
## Video across formats demonstrate strongest growth

### HY 2015




Total – $27.5 billion

### HY 2016

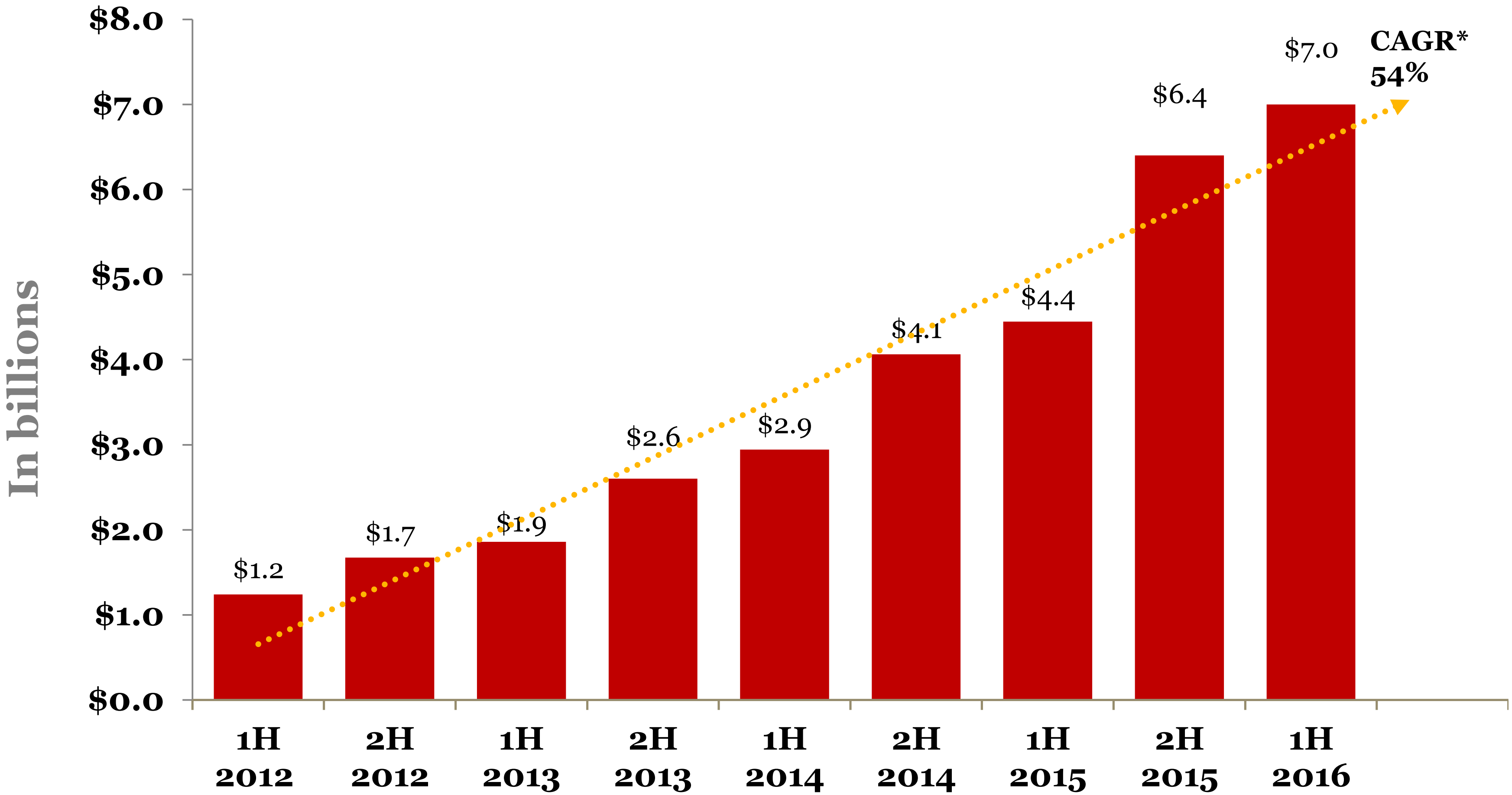



**Total – $32.7 billion**

Source: IAB Internet Advertising Revenue Report, HY 2016

# Social media demonstrates continued growth

## Social media ad revenues, 2012 – HY 2016

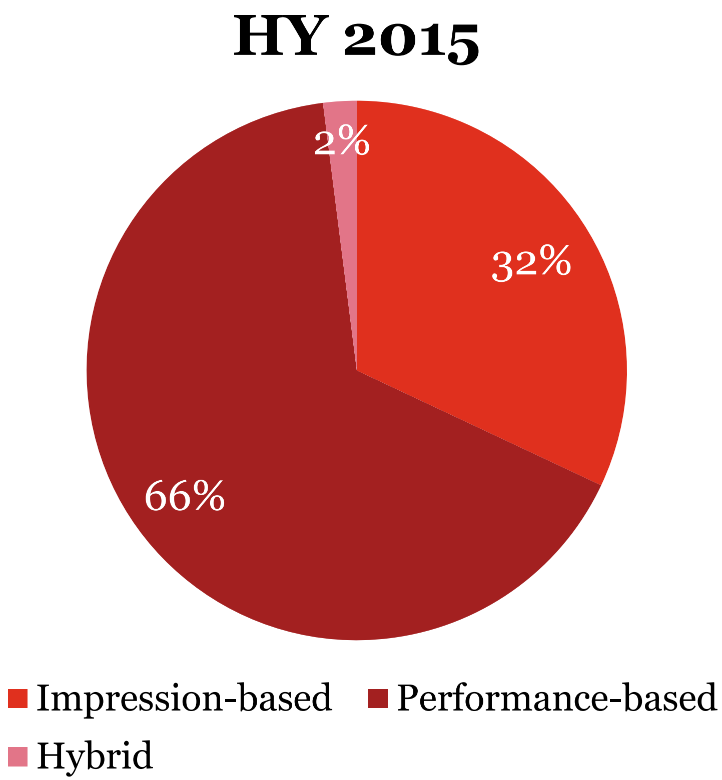



** CAGR: Compound Annual Growth Rate*

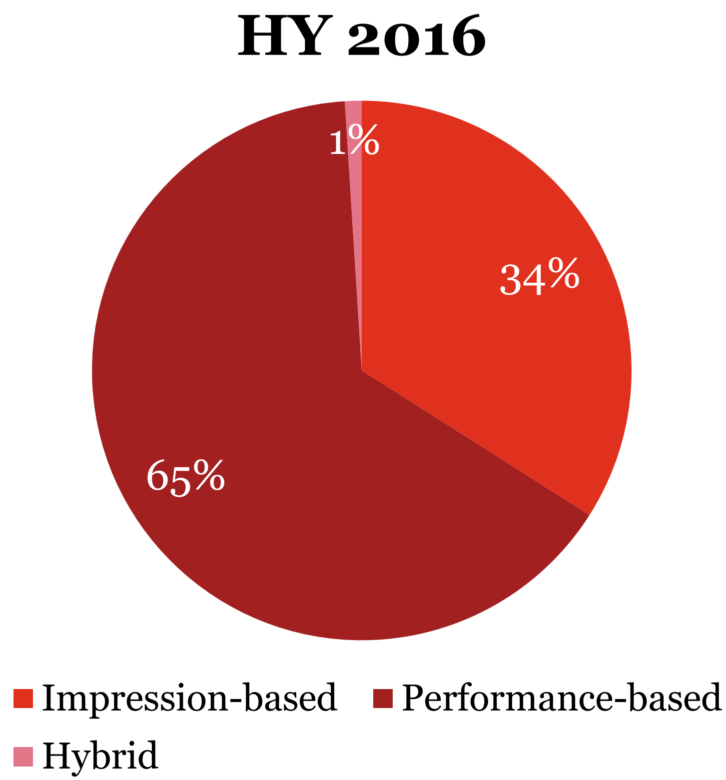
Source: IAB Internet Advertising Revenue Report, HY 2016

# *Pricing models*

## Internet ad revenues by pricing model, HY 2015 vs. HY 2016




Total – $27.5 billion

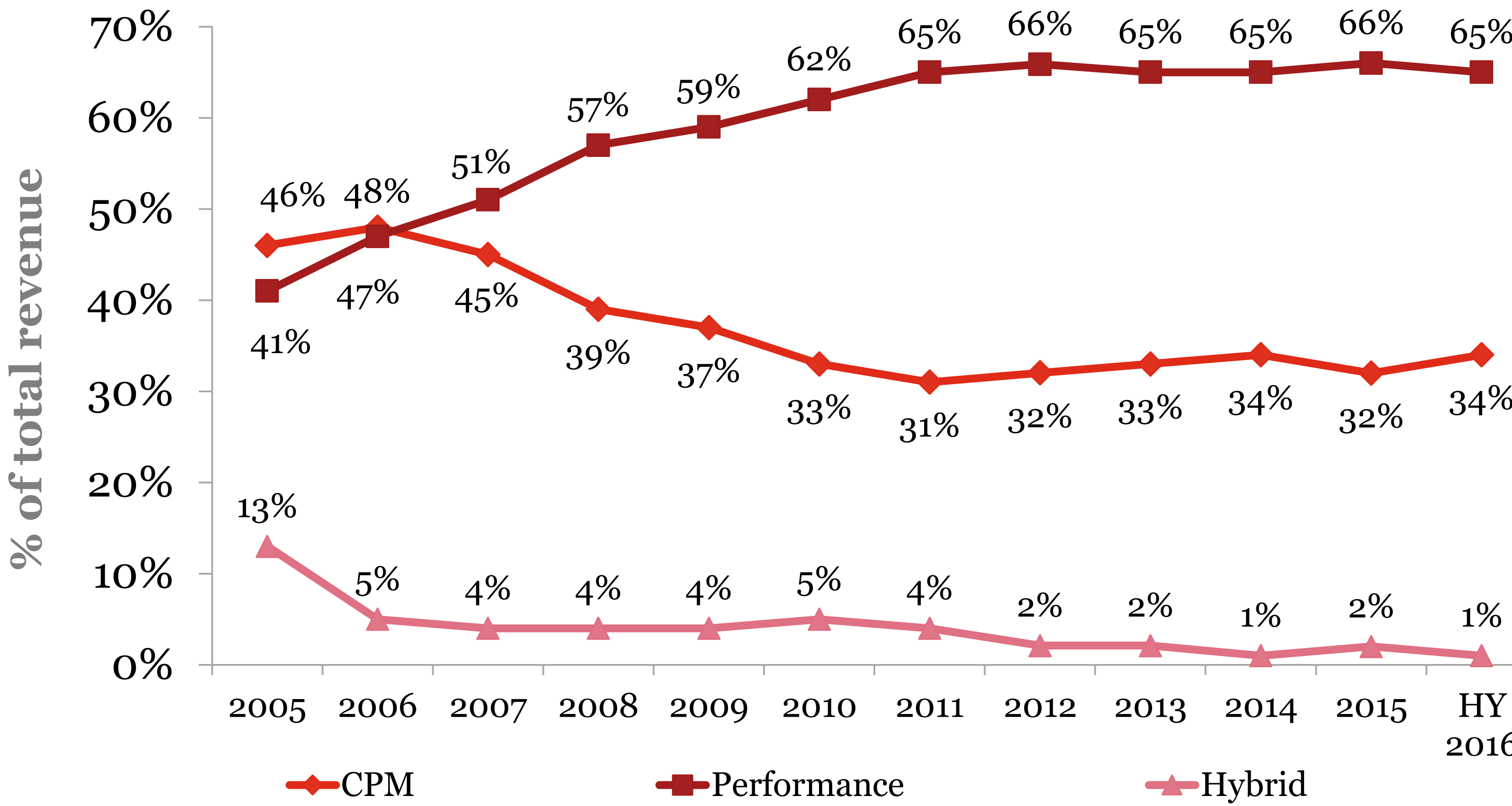



Total – $32.7 billion

Source: IAB Internet Advertising Revenue Report, HY 2016

# *Historical pricing model trends*

## Internet ad revenues by pricing model, 2005–HY 2016




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

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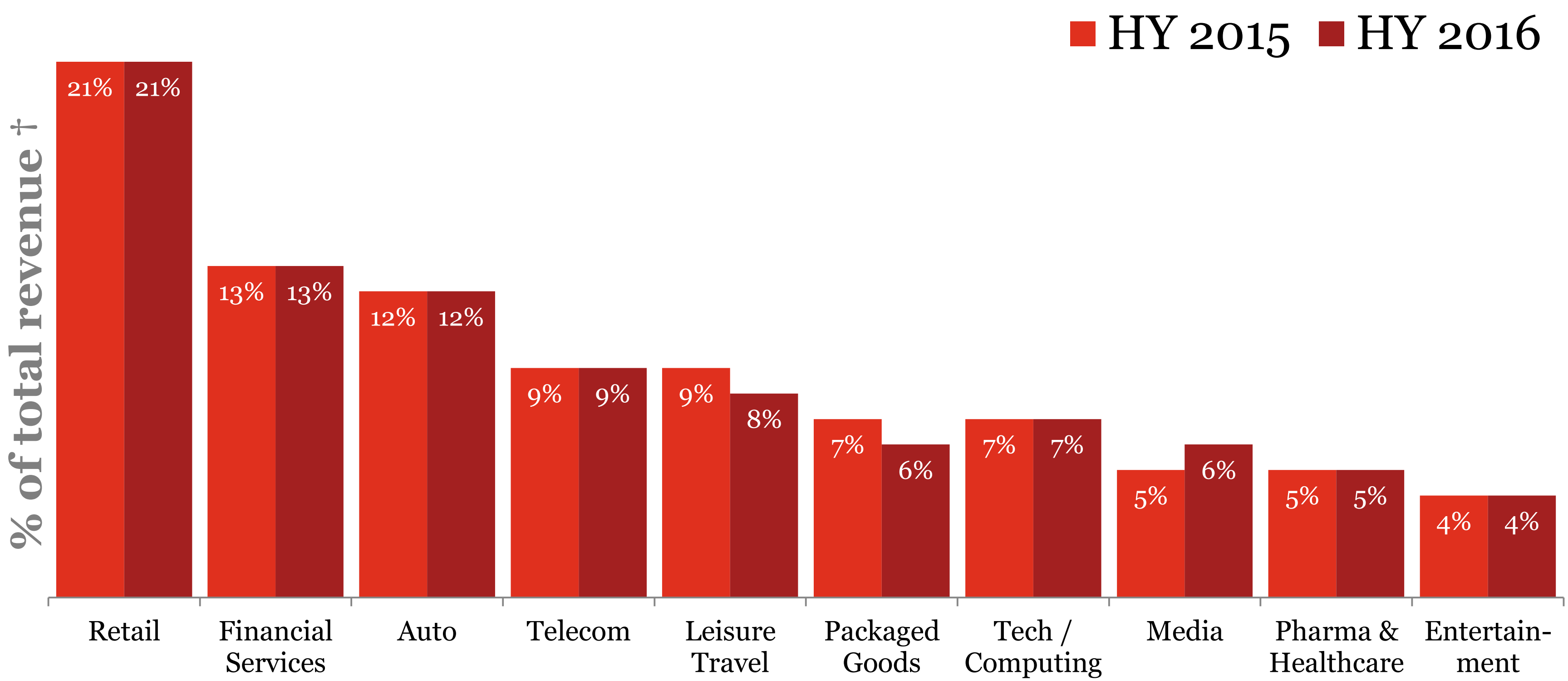
# *Internet ad revenues by major industry category*

## $27.5 B in HY 2015 vs. $32.7 in HY 2016




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

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# *PwC's Technology and Entertainment, Media, and Communications practices*

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 1,200 practitioners serving EMC and Tech clients in the United States, PwC is deeply committed to providing clients with industry experience 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're always close at hand to provide deep industry knowledge and resources.

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 & acquisitions assistance
- Tax planning and compliance
- Capital sourcing and IPO assistance
- Marketing & Media operations enablement

# *Technology and Entertainment, Media, and Communications practices*
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