IAB internet advertising revenue report
2017 first six-months results

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Agenda

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First six-months and quarterly trends
Mobile trends
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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 (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 $40.1 billion in 2017

Revenues for HY 2017 were 22.6% higher than in HY 2017

Source: IAB Internet Advertising Revenue Report, HY 2017
2017 second quarter revenues totaled $20.8 billion

Revenue in Q2 2017 was $3.9 billion higher than in Q2 2016

Source: IAB Internet Advertising Revenue Report, HY 2017
Strong growth between Q1 2017 and Q2 2017

Revenue in Q2 2017 was 7.4% billion higher than in Q1 2017

Source: IAB Internet Advertising Revenue Report, HY 2017
Since 2010, a strong seasonal trend has emerged for internet advertising revenues
Quarterly growth comparison, 1996–HY 2017
Half year 2017 shows record revenues of $40.1b

Historical revenue mix, first half vs. second half

Over the past ten years, second half revenues averaged 53% of the annual total.

Source: IAB Internet Advertising Revenue Report, HY 2017
Top 25 companies commanded 84% of revenues in Q2 2017

% share of total revenues

Source: IAB Internet Advertising Revenue Report, HY 2017
Historical Trends: Desktop vs. Mobile
The shift to mobile continues

Source: IAB Internet Advertising Revenue Report, HY 2017
Mobile growth driving the overall industry growth rate

2008 – 2017 ( $ billions)

- Mobile
- Non-Mobile

76.8% Mobile CAGR

15.4% Overall CAGR

* CAGR: Compound Annual Growth Rate
Source: IAB Internet Advertising Revenue Report, HY 2017
Advertising formats – HY 2017
Banner and video increase share as search declines

Source: IAB Internet Advertising Revenue Report, HY 2017
Digital video is split across devices

Total digital video, including mobile and desktop, rose to $5.2 billion in HY 2017

Historical Digital Video Revenues, Half Year ($ billions)

Source: IAB Internet Advertising Revenue Report, HY 2017

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Social media demonstrates continued growth
Social media ad revenues, 2012 – HY 2017

Half year 2017 ad revenues from social media increased 37% from half year 2016

* CAGR: Compound Annual Growth Rate
Source: IAB Internet Advertising Revenue Report, HY 2017

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December 2017
The first six months of 2017 saw $603 million in audio advertising revenue

Source: IAB Internet Advertising Revenue Report, HY 2017
Pricing models
Internet ad revenues by pricing model, HY 2016 vs. HY 2017

Source: IAB Internet Advertising Revenue Report, HY 2017
**Historical pricing model trends**

Internet ad revenues by pricing model, 2005–HY 2017

Source: IAB Internet Advertising Revenue Report, HY 2017
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

Contacts

For information, contact one of the following PwC professionals:

David Silverman
Partner, Assurance Services
646.471.5421
david.silverman@pwc.com

Brian Gaffney
Manager, Advisory Services
646.471.4722
brian.Gaffney@pwc.com