



IAB Internet Advertising Revenue Report

Full Year 2017 and Q4 2017

May 10, 2018

IAB Internet Ad Revenue Report: Full Year 2017 and Q4 2017

Agenda

- **Welcome**

Kristina Sruginis, Research Director, IAB

- **Full Year 2017 and Q4 2017 Digital Ad Revenue Highlights**

Anna Bager, EVP Industry Initiatives, IAB

Kristina Sruginis, Research Director, IAB

- **Detailed Analysis of IAB PwC Full Year 2017 and Q4 2017 Report**

David Silverman, Partner, PwC

- **Guest Presentation**

Brian Wieser, CFA, Senior Analyst, Pivotal Research

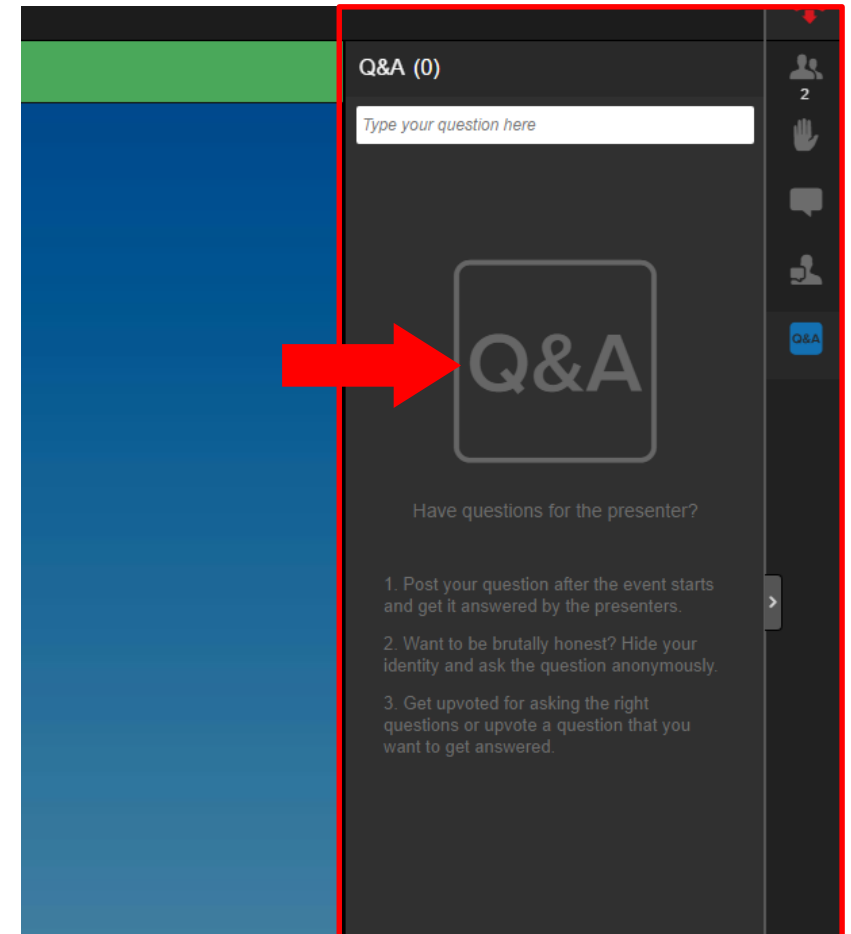
- **Q & A**

Important Notes on Q&A

Journalists and IAB members can ask questions at any time during the presentations. Please type questions into the chat box on the webinar user interface.

- We will create a queue and answer as many questions as possible following the presentations
- Additional press questions can be directed to Laura Goldberg: Laura.Goldberg@iab.com
- Additional questions from IAB members can be directed to Kristina Sruoginis: Kristina@iab.com

The presentations and report will be available for download after the webinar at: <https://www.iab.com/adrevenuereport>

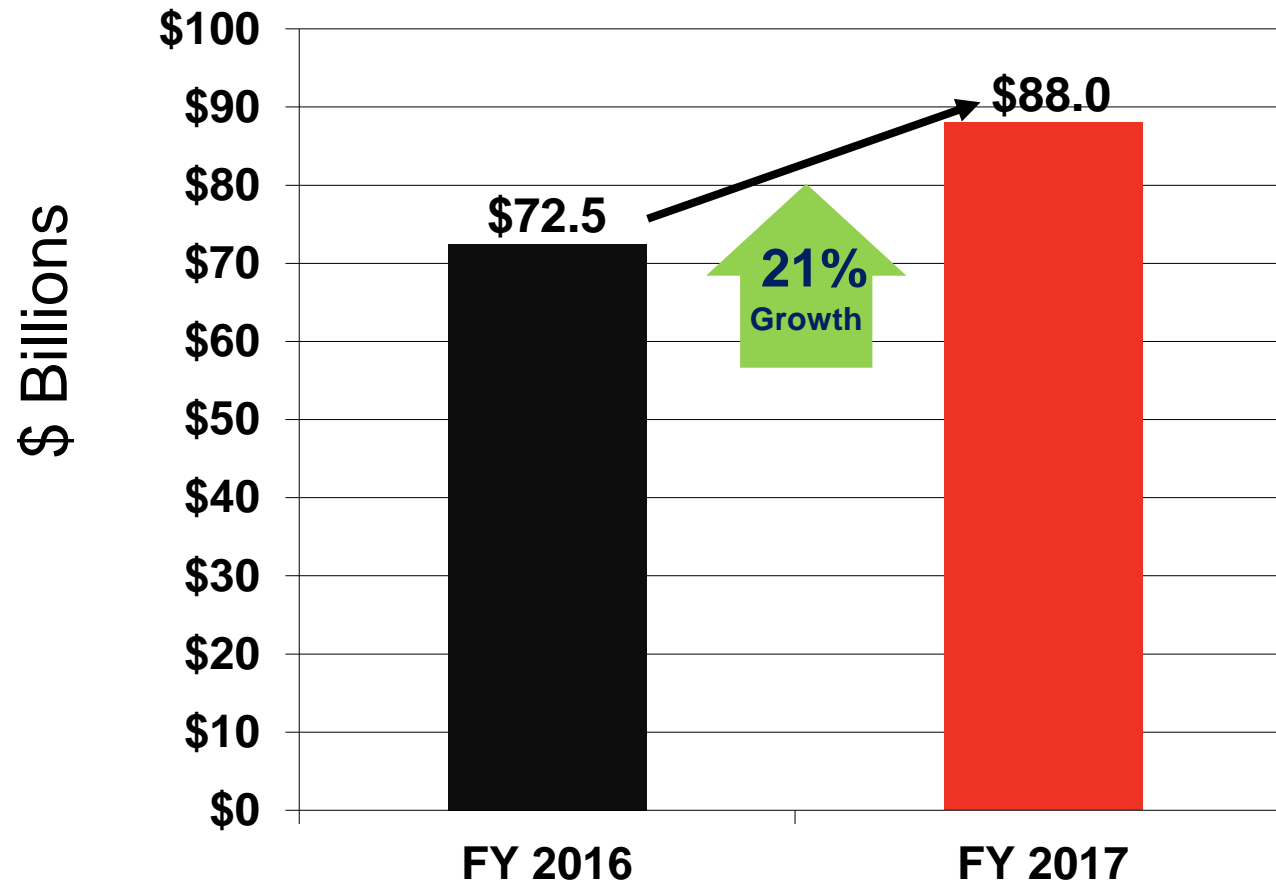


Full Year 2017 and Q4 2017

IAB Internet Advertising Revenue Report Highlights

2017 Year-Over-Year Digital Ad Revenue Growth

Digital Ad Revenue Growth (FY 2016 vs. FY 2017)

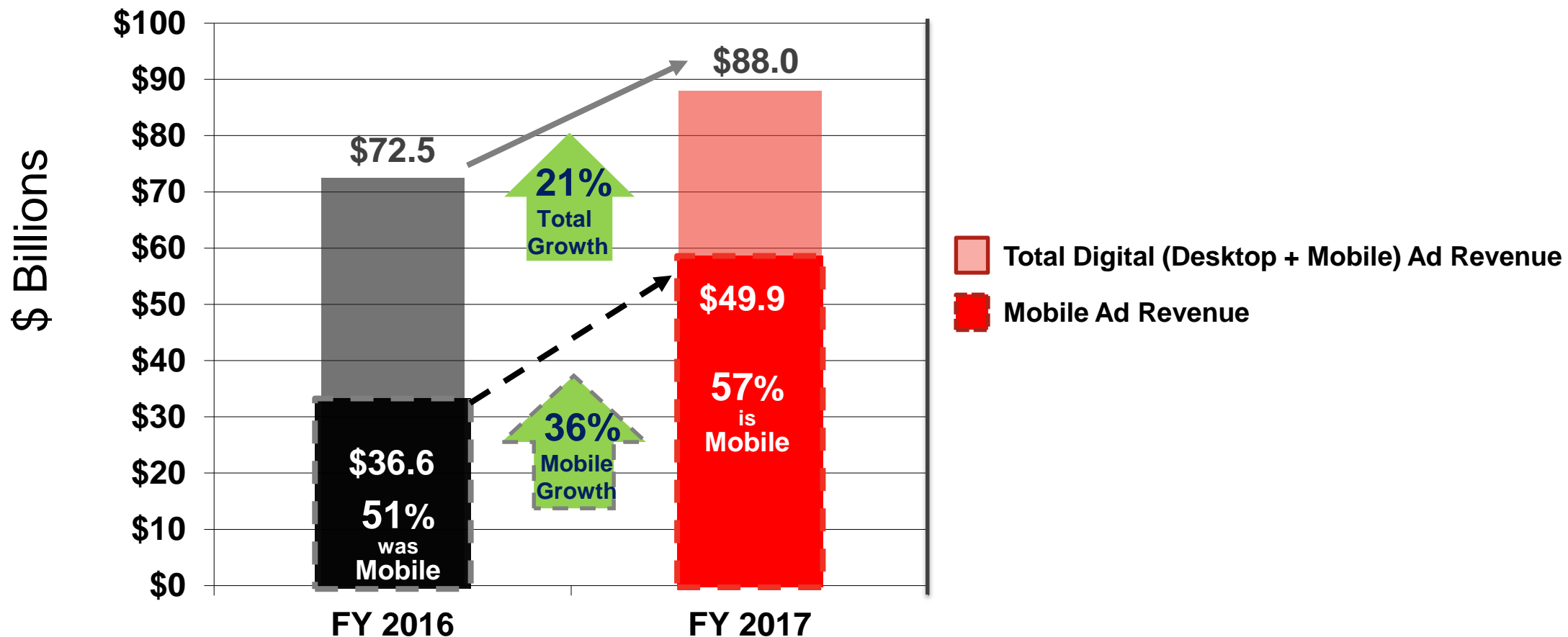


Total Media Ad Revenue Growth (FY 2016 vs. FY 2017)

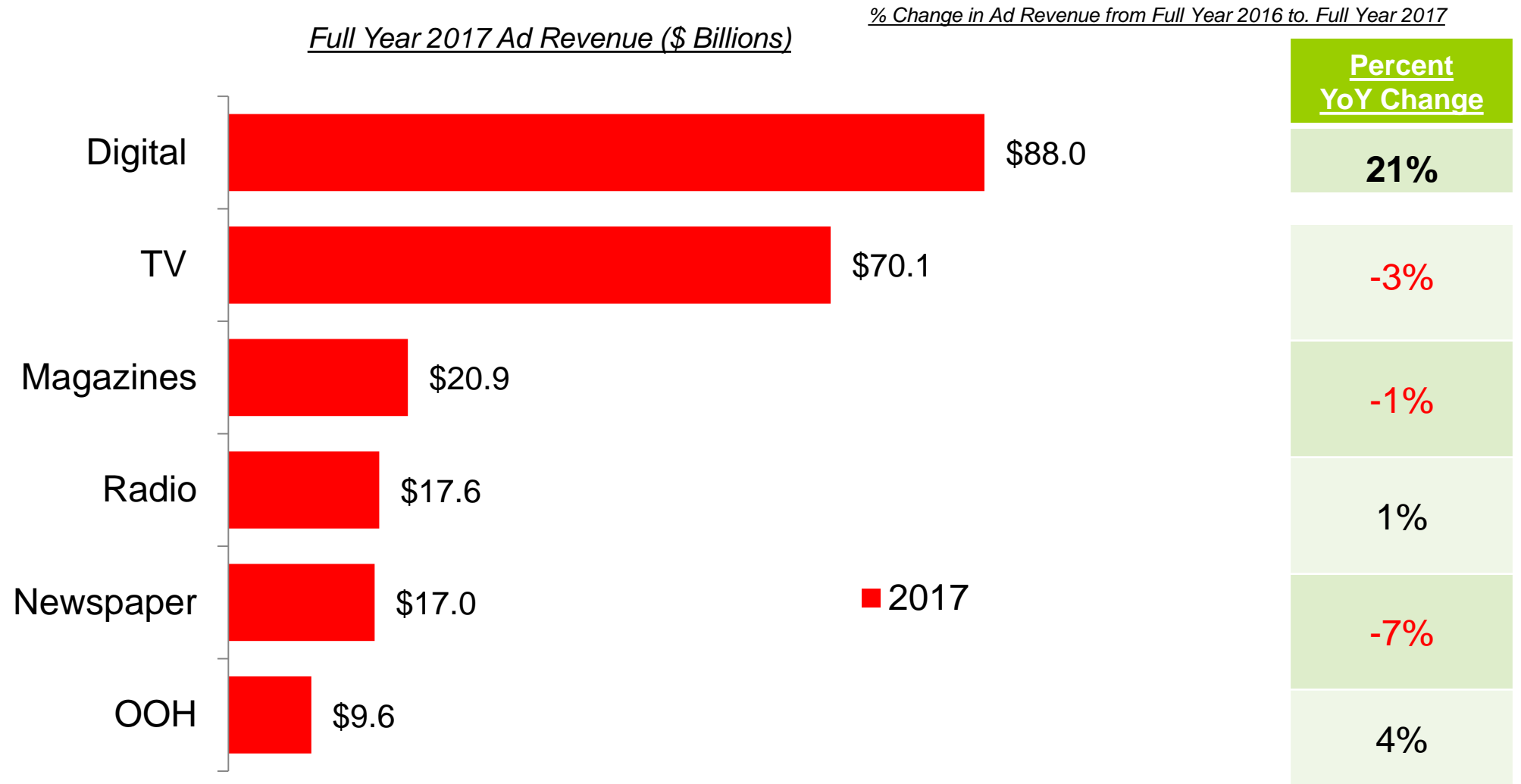
The Nielsen Company estimates *total* media revenues for FY 2017 **decreased -3%** from FY 2016

Mobile Has Grown to Account for Over Half of Digital Ad Revenue for FY '17

*Mobile as a Percentage of Digital Ad Revenue Growth
(FY 2016 vs. FY 2017)*



Full Year 2017 Ad Revenue: Digital vs. Traditional Media



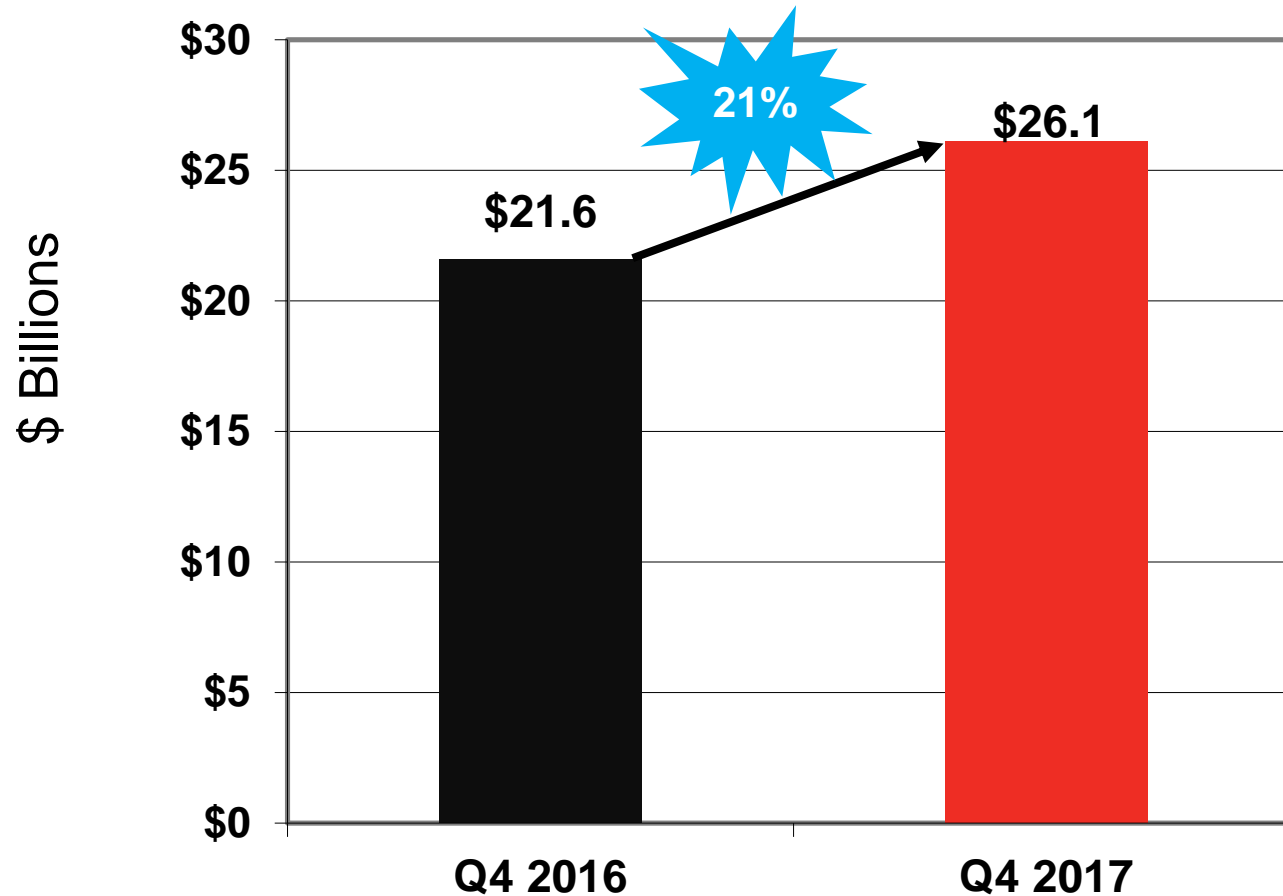
Q4 2017

IAB Internet Advertising Revenue Report

Q4 Highlights and CPM Trends

Q4 2017 Revenue Compared to Q4 2016

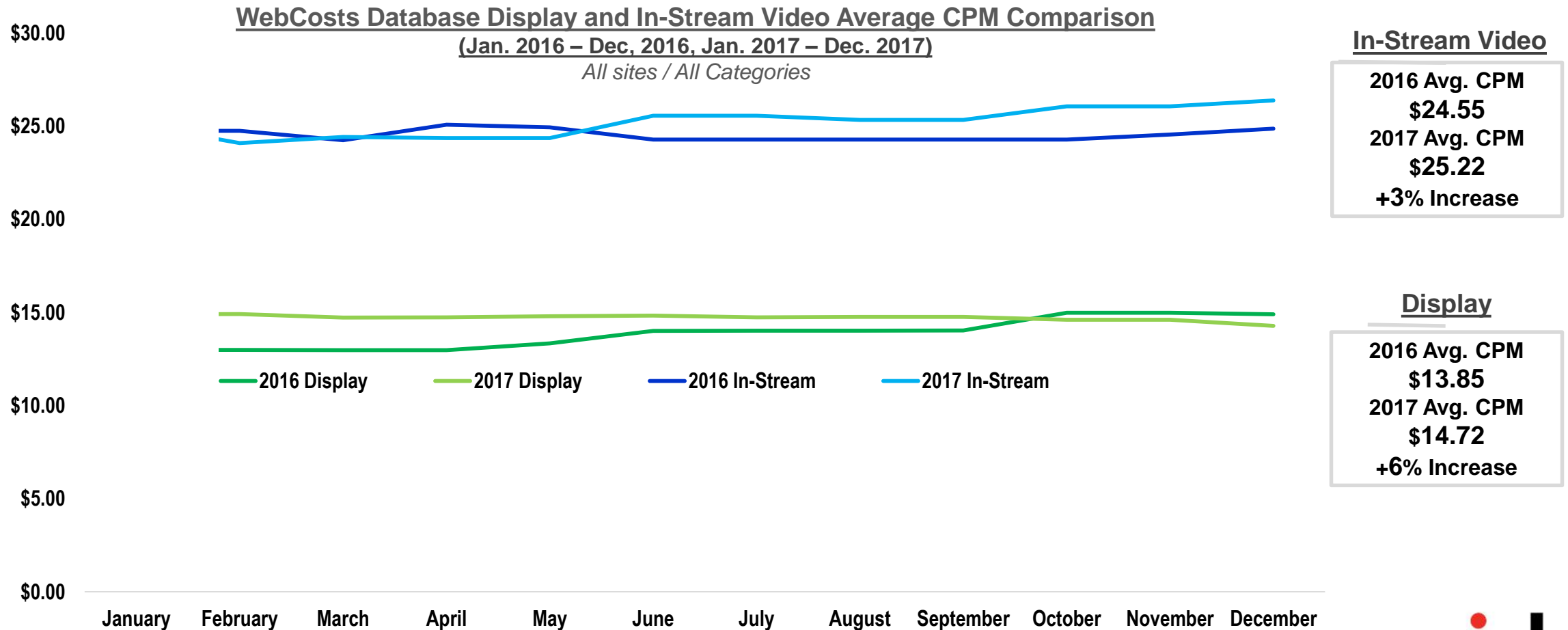
Digital Ad Revenue Growth (Q4 2016 vs. Q4 2017)



Total Media Ad Revenue
Change
(Q4 2016 vs. Q4 2017)

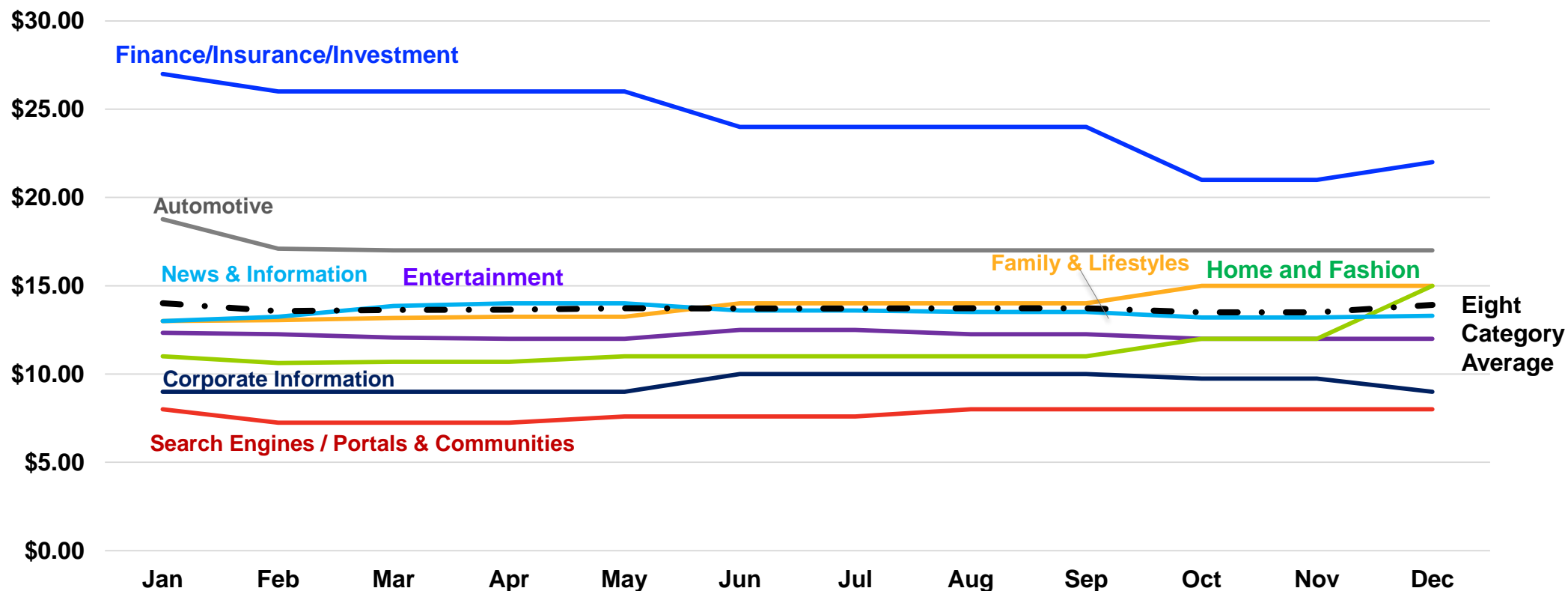
According to Nielsen,
total media revenues
increased 2%
from Q4 2016 to Q4 2017

Average CPM Monthly Trend: Display and In-Stream Video



Average CPM Monthly Trend Across Eight Display Categories

Eight Category Average Display CPM Monthly Trend
 Average CPMs of All Sites in Category for Reported Month (Jan. 2017 – Dec. 2017)

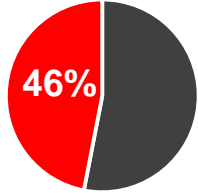


Full Year 2017

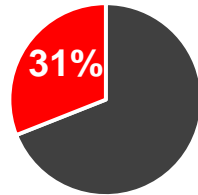
IAB Internet Advertising Revenue Report Formats

All Formats Grow from a Year Ago

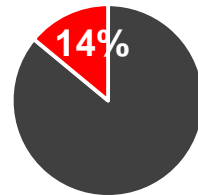
% of Total Digital Ad Revenue



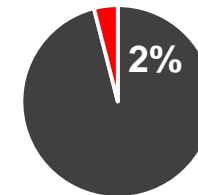
- **Search**: Total search ad revenue (mobile + desktop) is up 18% to \$40.6 billion



- **Banner***: Total banner advertising (mobile + desktop) is up 23% to \$27.5 billion



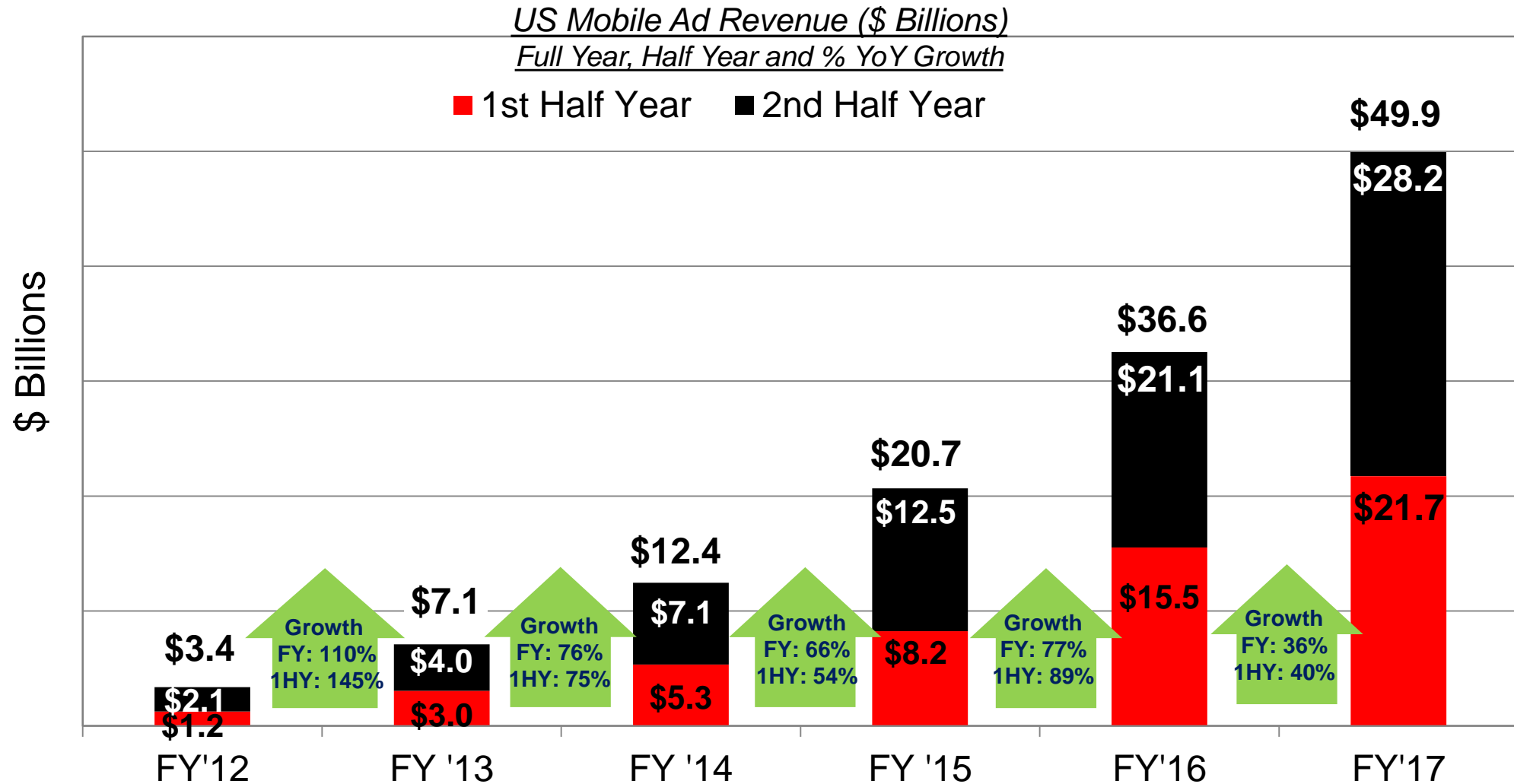
- **Video**: Total video ad revenue (mobile + desktop) is up 33% to \$11.9 billion



- **Audio**: Total audio ad revenue (mobile + desktop) is up 39% to \$1.6 billion

**Includes banners, rich media and sponsorships.*

Mobile Advertising Revenue Growth: Full Year 2017 Mobile Revenue \$50 Billion

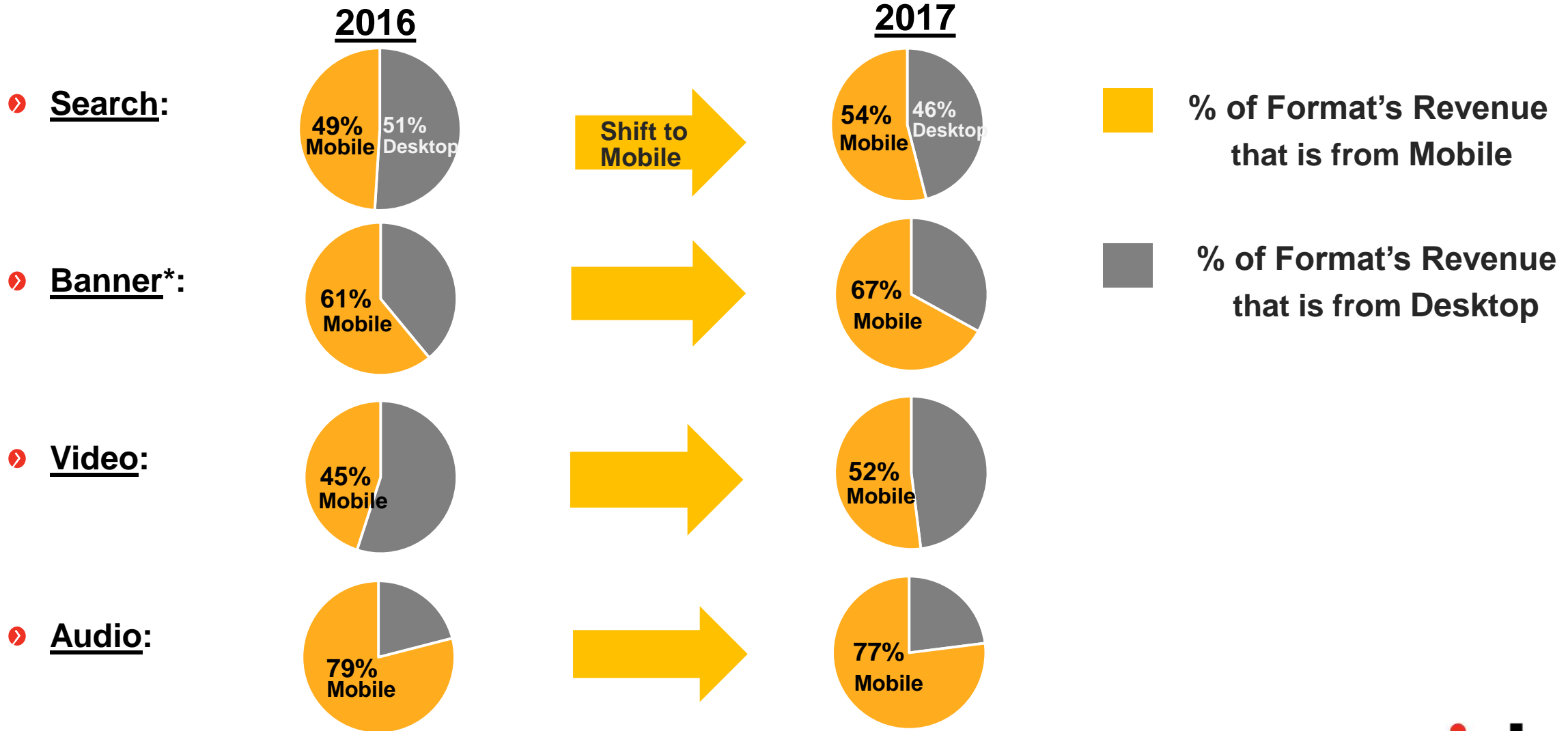


Note: Full Year totals accurately reflect the sum of Half Year totals as rounded to two decimal places.

IAB Full Year 2017 and Q4 2017 Internet Advertising Revenue Report



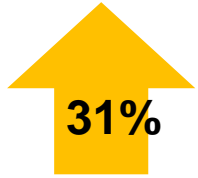
Shift to Mobile: Mobile Accounts for an Increasingly Large Portion of Each Digital Format



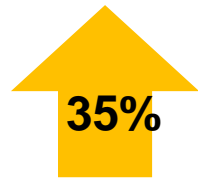
*Includes banners, rich media and sponsorships.

Mobile Growth: Strong Mobile Growth Within Digital Formats in FY '17

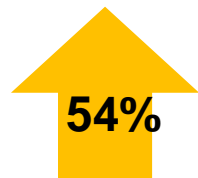
Mobile Growth



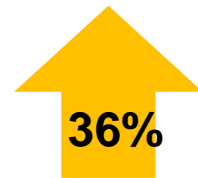
- › **Search**: Mobile search ad revenue is up 31% to \$22.1 billion



- › **Banner***: Mobile banner advertising is up 35% to \$18.4 billion



- › **Video**: Mobile video ad revenue is up 54% to \$6.2 billion

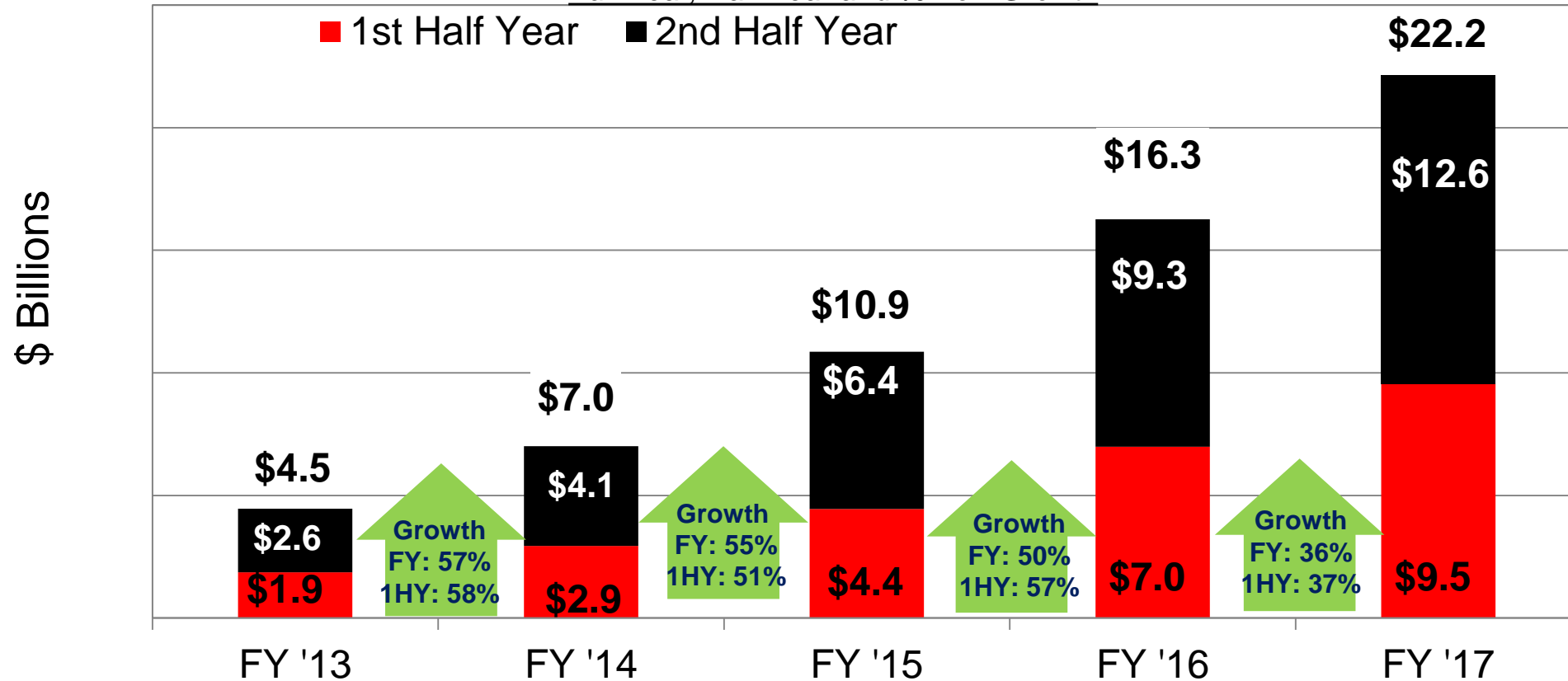


- › **Audio**: Mobile audio ad revenue is up 36% to \$1.2 billion

**Includes banners, rich media and sponsorships.*

Total Social Media Revenue (Mobile + Desktop) Has Doubled in Just Two Years

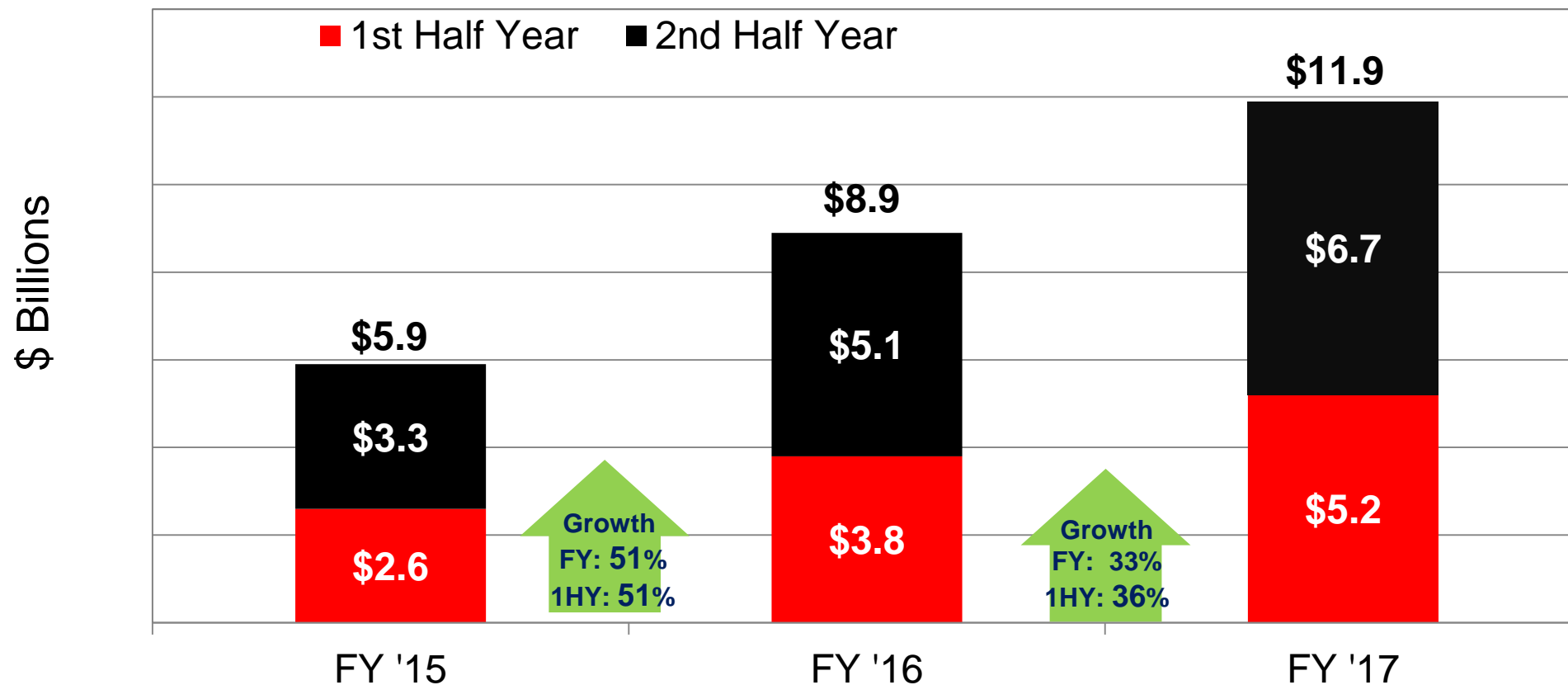
*US Social Media Ad Revenue (\$ Billions)
Across Formats and Devices
Full Year, Half Year and % YoY Growth*



Note: Full Year totals accurately reflect the sum of Half Year totals as rounded to two decimal places.

Total Video Ad Revenue (Mobile + Desktop) Has Doubled Since 2015

US Total Video (Mobile + Desktop) Ad Revenue (\$ Billions)
Full Year, Half Year and % YoY Growth

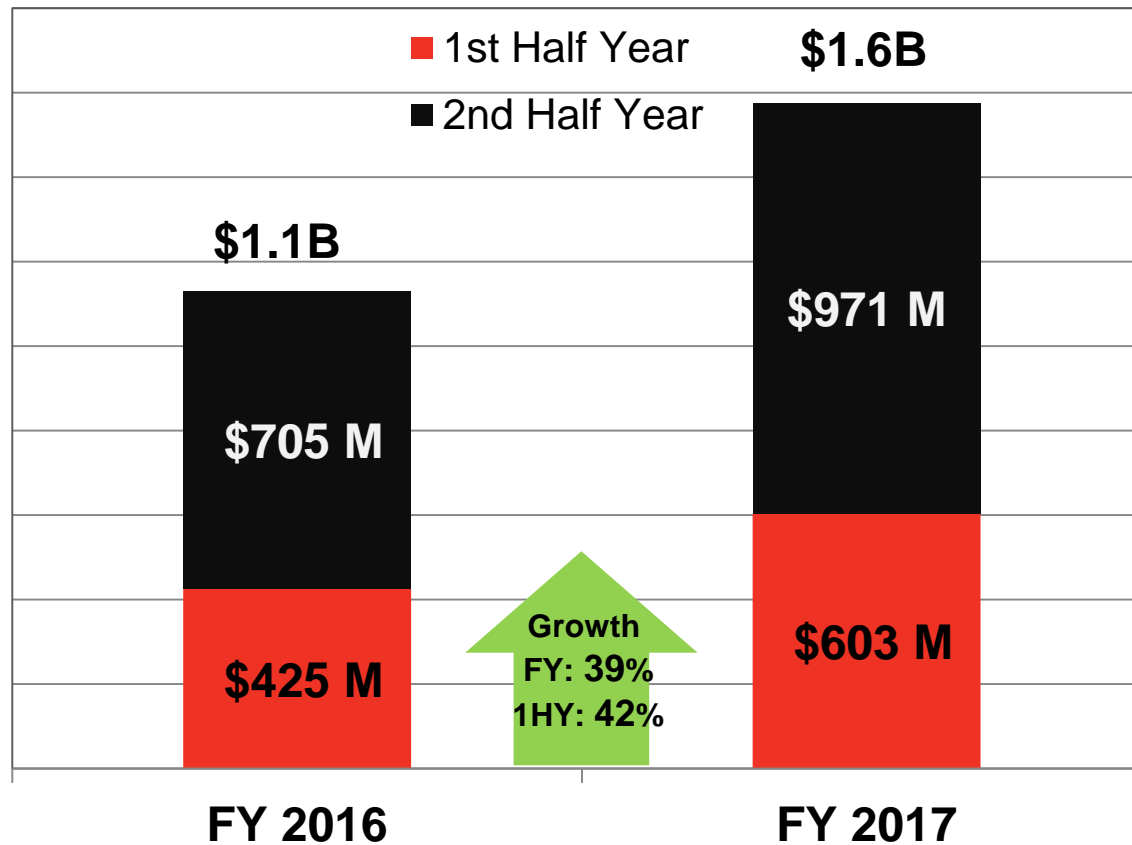


Note: Full Year totals accurately reflect the sum of Half Year totals as rounded to two decimal places.

*Note that FY'16 video revenue has been restated.

Total Audio Ad Revenue (Mobile + Desktop) Has Grown 39% Year Over Year

Total Audio Ad Revenue (Mobile + Desktop) (\$ Millions)
Full Year, Half Year and % YoY Growth



Key Takeaways: Digital Ad Revenue \$88 Billion in 2017

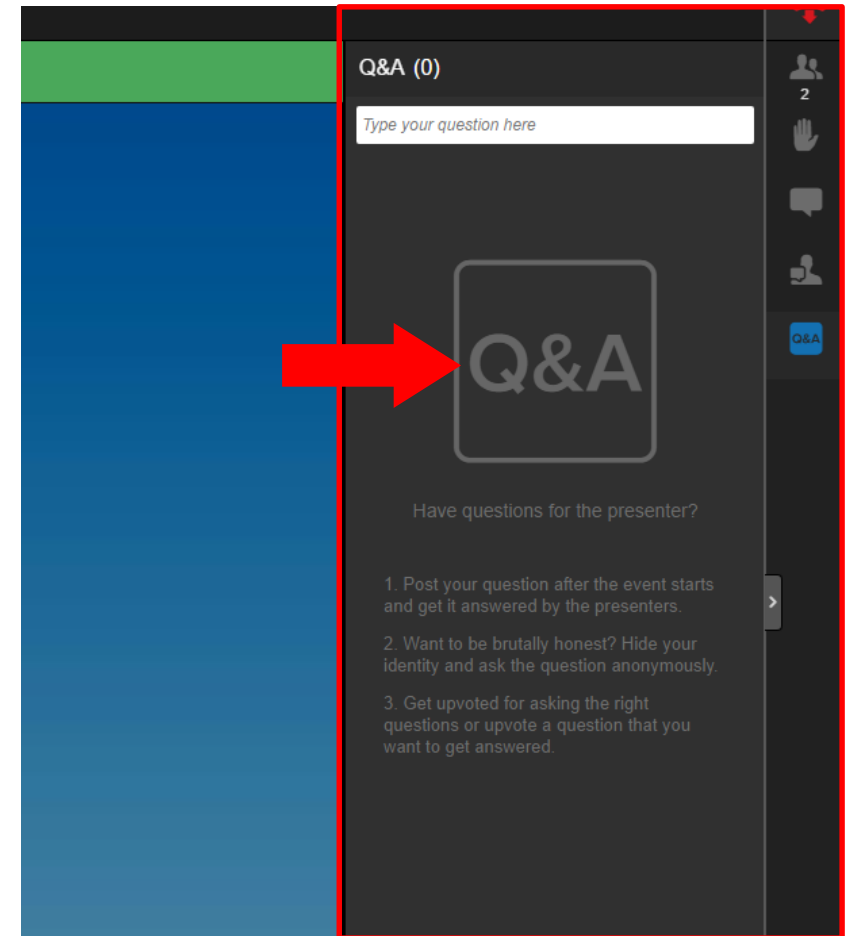
- Digital ad revenue continues to grow: \$88 Billion in 2017, up 21%. All formats have grown in revenue.
- Ongoing double-digit growth across formats and platforms in digital persists in an otherwise flat or declining media market.
- Mobile increasingly plays a larger role, reflecting consumer usage:
 - 57% of all digital ad revenue is from Mobile, which is \$49.9 Billion in 2017.
 - Over half of search revenue is from mobile, two-thirds of banner revenue is mobile, over half of video revenue is mobile, 3 in 4 audio dollars are from mobile.
- Video continues to grow substantially:
 - Up 33% to \$11.9 billion in 2017
 - Mobile Video up 54% to \$6.2 Billion in Full Year 2017
 - 14% of all digital ad revenue is from digital video, up from 12%, taking share from Search which now accounts for 46% of all ad revenue, from 48% in 2016.
- Search continues to grow, up 18% to \$40.6B.
- Brand spend continues to rise:
 - Audio (up 39%), Video (up 33%), and Banner ads (up 23%) have grown substantially
 - CPMs are up year over year (according to SQAD's WebCosts data)

Questions?

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THANK YOU

Reports (from 1996 to present) can be found at: <https://www.iab.com/adrevenuereport>