



# **IAB Internet Advertising Revenue Report**

**Half Year 2018 and Q2 2018**

November 2018

# IAB Internet Ad Revenue Report: Half Year 2018 and Q2 2018

## Agenda

- **Welcome Intro**

**Sue Hogan**, SVP Research and Measurement, IAB

- **Half Year 2018 and Q2 2018 Digital Ad Revenue Highlights**

**Kristina Sruginis**, Research Director, IAB

- **Detailed Analysis of IAB PwC Half Year 2018 and Q2 2018 Report**

**David Silverman**, Partner, PwC

- **Guest Presentation**

**Brian Wieser**, CFA, Senior Analyst, Pivotal Research

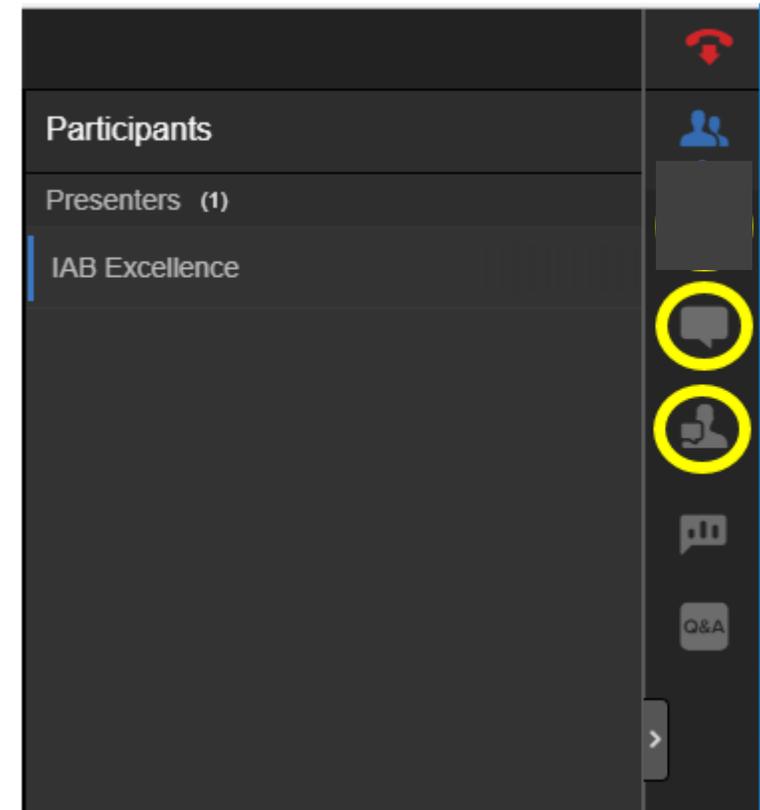
- **Q & A**

# 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](mailto:Laura.Goldberg@iab.com)
- Additional questions from IAB members can be directed to Kristina Sruoginis: [Kristina@iab.com](mailto:Kristina@iab.com)

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



Half Year 2018 and Q2 2018

# IAB Internet Advertising Revenue Report Highlights

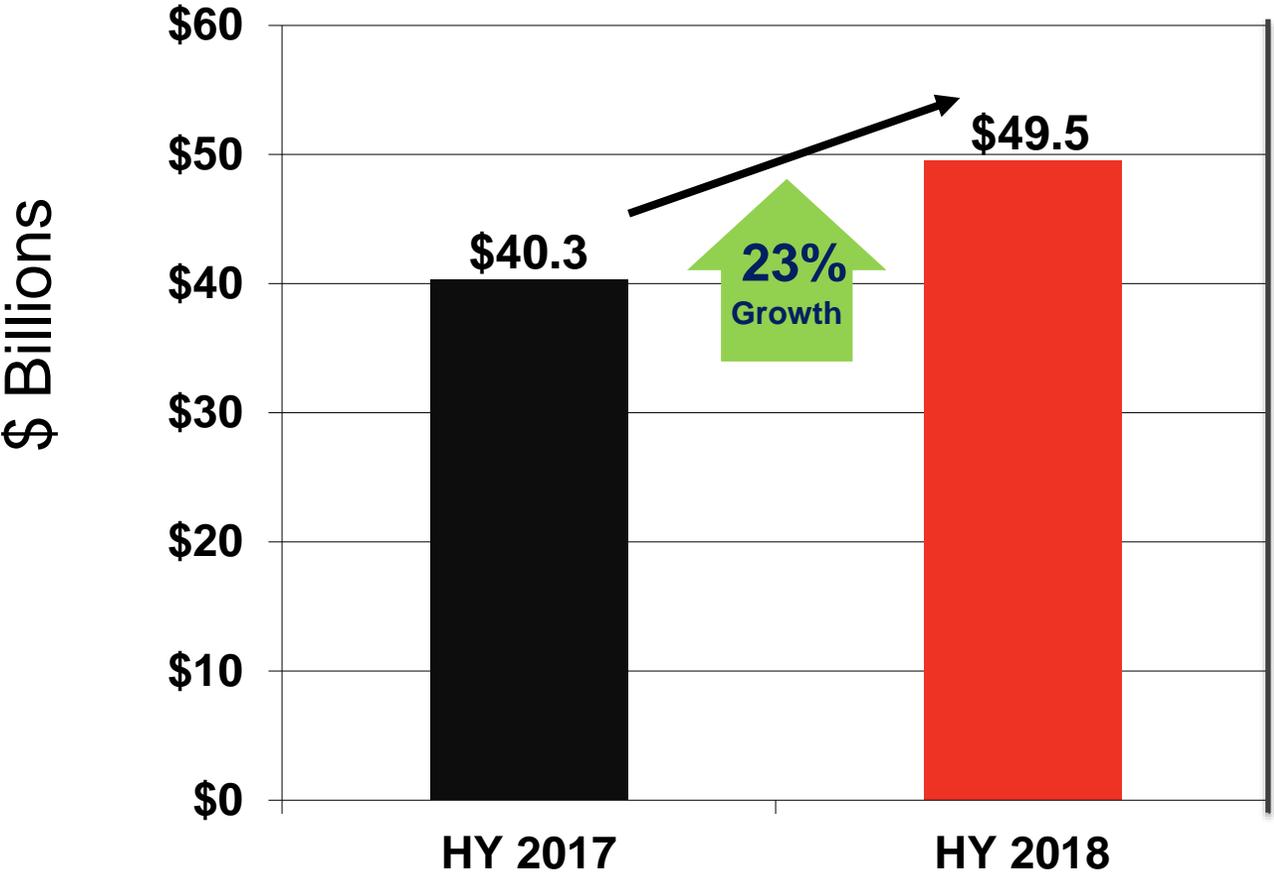
**Kristina Srugonis**, Research Director, IAB

*IAB Half Year 2018 and Q2 2018 Internet Advertising Revenue Report*



# Half Year 2018 Year-Over-Year Digital Ad Revenue Growth

*Digital Ad Revenue Growth (HY 2017 vs. HY 2018)*



Traditional Media Ad Revenue Change\*  
(HY '17 vs. HY '18)

The Nielsen Company estimates traditional media revenues for HY 2018 **increased 3%** from HY 2017

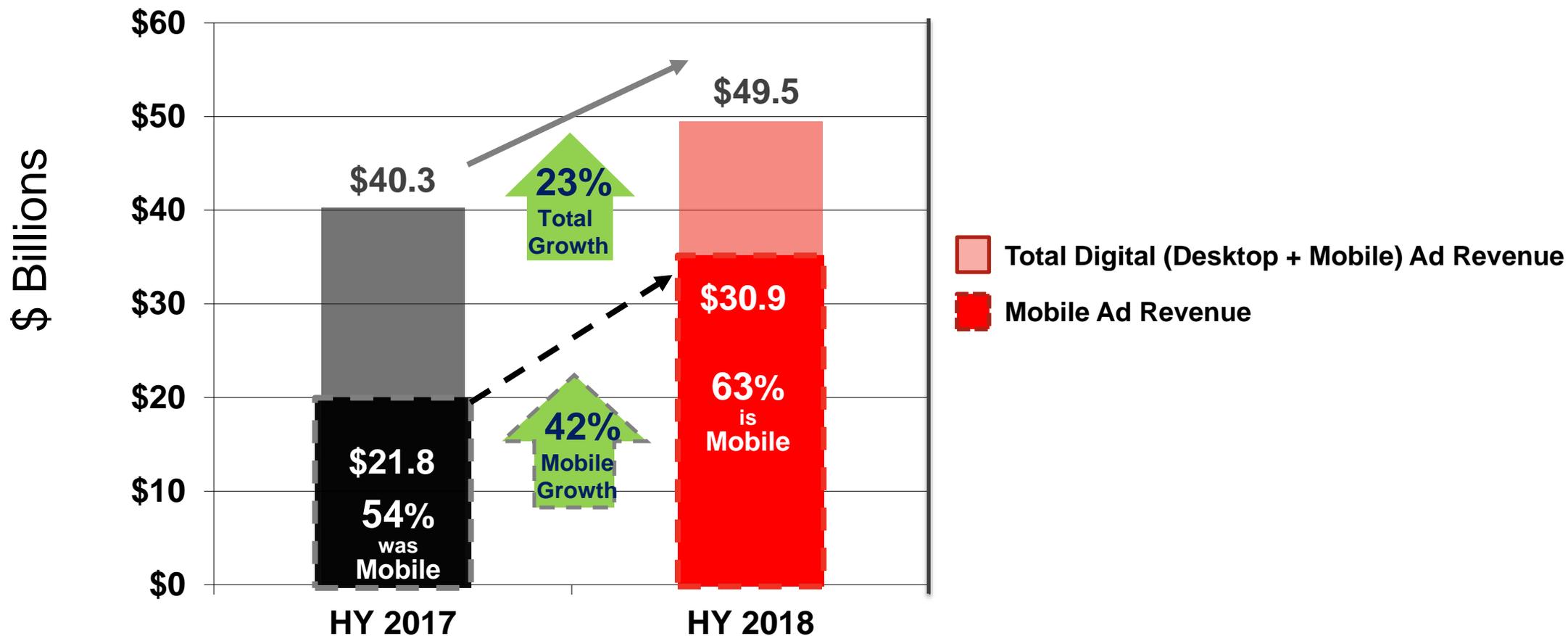
HY 2017 numbers have been restated to reflect the inclusion of podcast revenue.

\*The Nielsen Company, Nielsen Ad Intel (Standard Calendar, Total includes B2B, FSI Coupons, Cinema, Out of Home), Oct. 2018. As of June 2017, Nielsen stopped tallying internet revenue.



# Mobile Has Grown to Account for Nearly Two-Thirds of Digital Ad Revenue for HY '18

*Mobile as a Percentage of Digital Ad Revenue Growth  
(HY 2017 vs. HY 2018)*

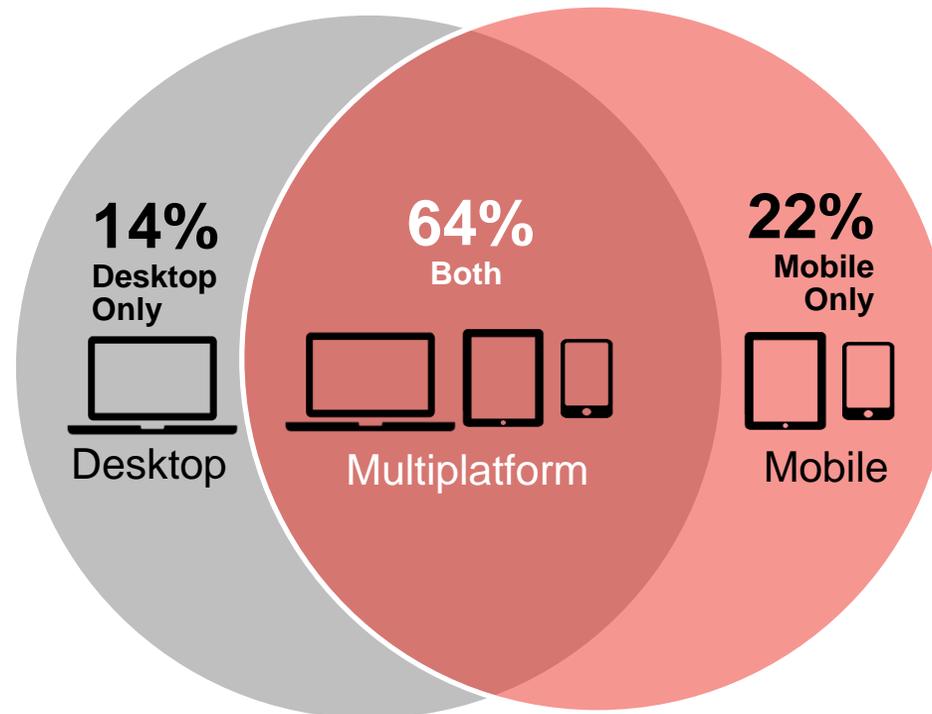


HY 2017 numbers have been restated to reflect the inclusion of podcast revenue.

# Most Users Access the Internet from Both Mobile and Desktop

## Unique Monthly Users by Device

Desktop, Tablet or Smartphone (Mobile Browser or Apps)



ComScore US Media Metrix Multi-Platform, Total Audience (12 Mos. Avg. Jun. '17-Jun.'18)

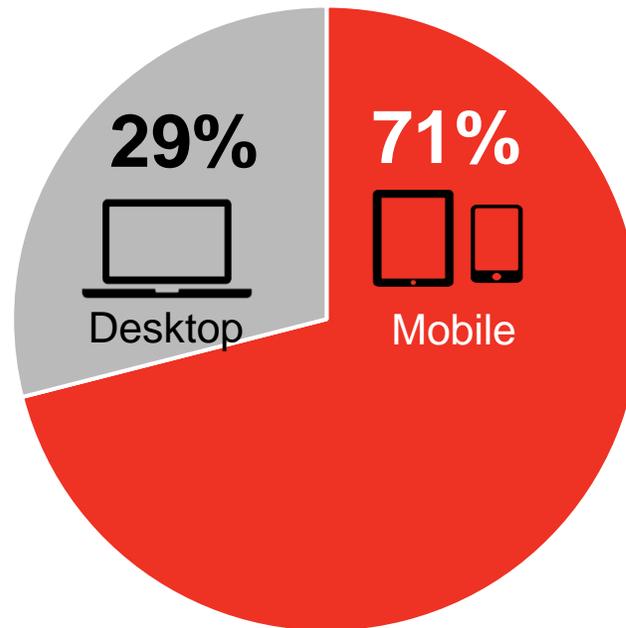
# However, Most Time Spent Online Tends to be on a Mobile Device

- Nearly three-quarters of all internet time is spent on a mobile device

## Time Spent Online by Device

Avg. Monthly Online Minutes

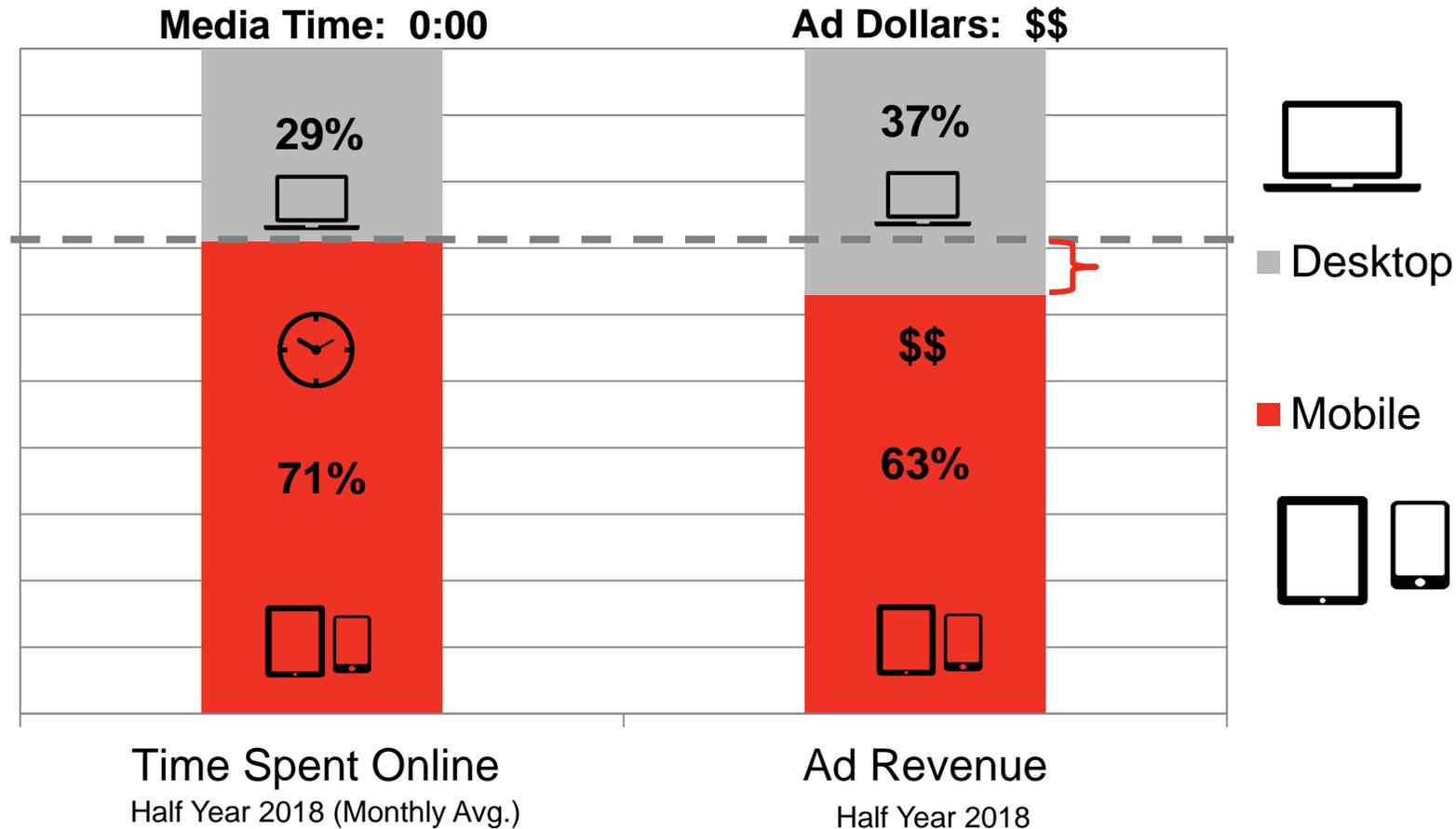
Desktop, Tablet or Smartphone (Mobile Browser or Apps)



ComScore US Media Metrix Multi-Platform, Total Internet Time Spent (12 Mos. Avg. Jun. '17- Jun. '18)

# Mobile Ad Revenue is Catching Up to Consumer Usage

Mobile as a Percent of Digital  
Time Spent vs. Ad Revenue

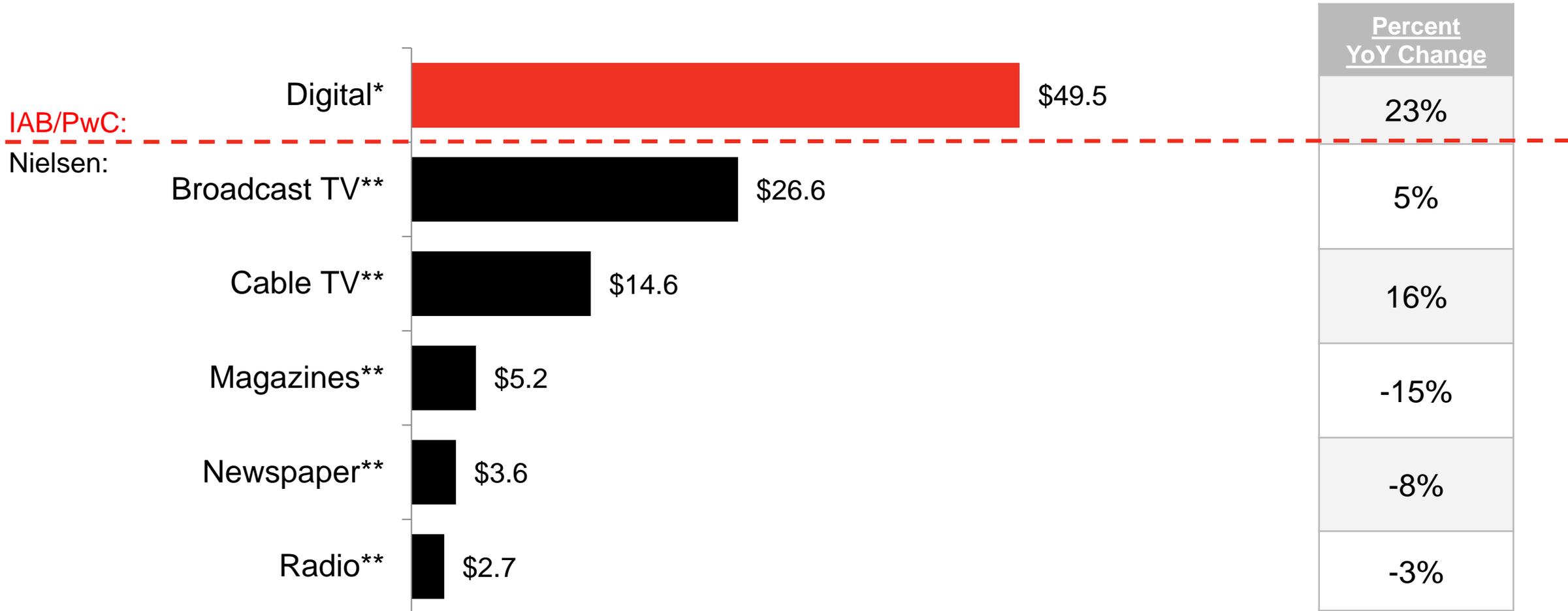


ComScore US Media Metrix Multi-Platform, Total Internet Time Spent (MM) in an avg. month Jun. '17 – Jun. 18

# Half Year 2018 Ad Revenue: Digital vs. Traditional Media

*Half Year 2018 Ad Revenue (\$ Billions)*

*% Change in Ad Revenue from HY'17 to HY'18*



Source:

\*IAB Internet Ad Revenue Report

\*\*The Nielsen Company, Nielsen Ad Intel (does not include Spanish Language TV), Oct. 2018.

As of June 2017, Nielsen stopped tallying internet revenue.

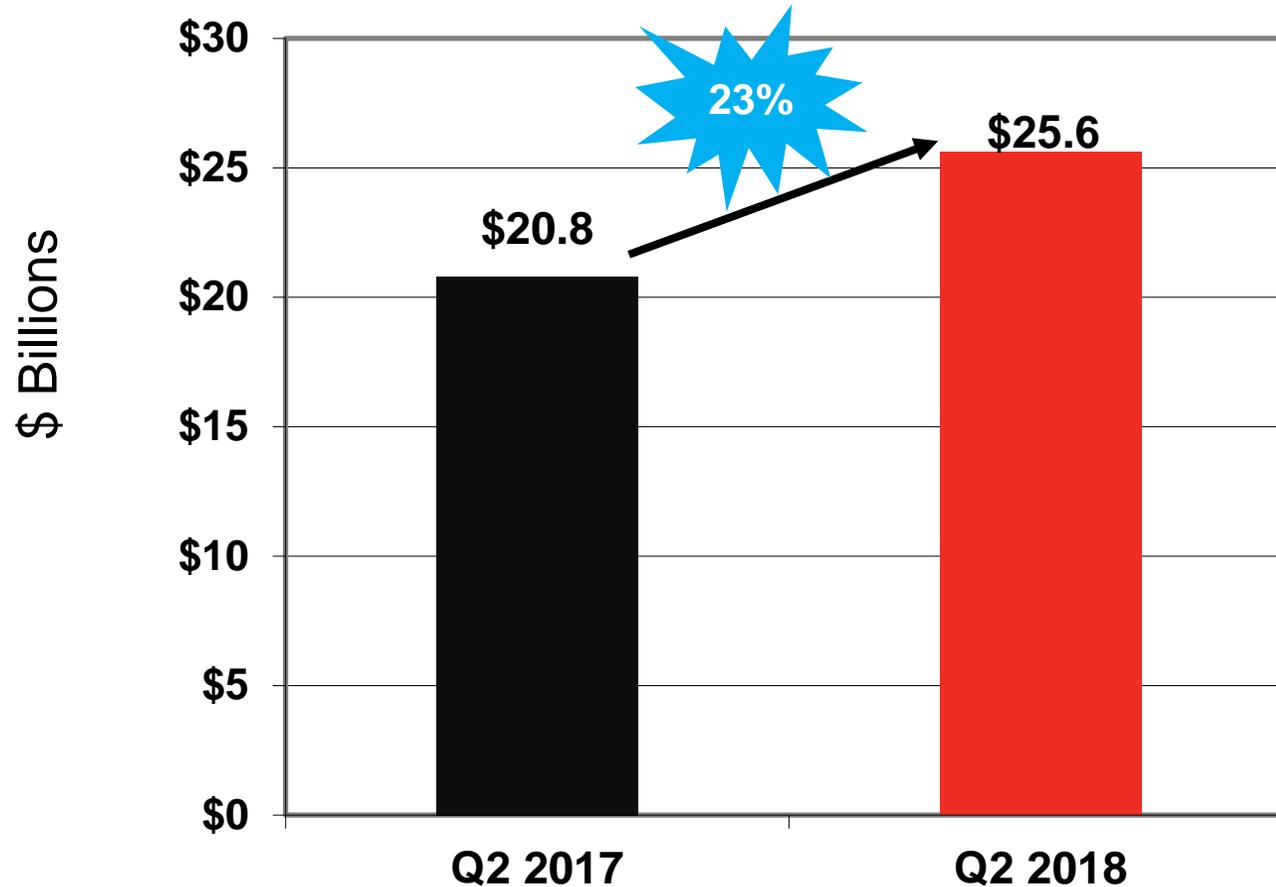
Q2 2018

# **IAB Internet Advertising Revenue Report**

## **Q2 Highlights and CPM Trends**

# Q2 2017 Revenue Compared to Q2 2018

Digital Ad Revenue Growth (Q2 2017 vs. Q2 2018)



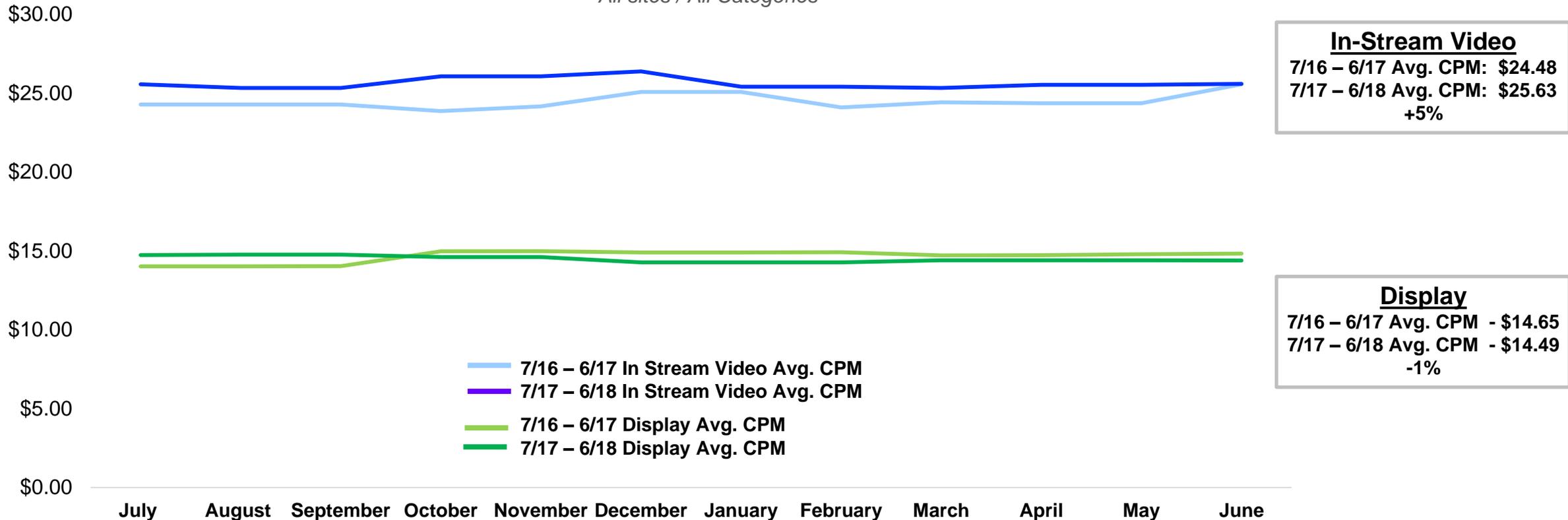
Traditional Media Ad Revenue Change\*  
(Q2 '17 vs. Q2 '18)

According to Nielsen, traditional media revenues **increased 1%** from Q2 2017 to Q2 2018

\*The Nielsen Company, Nielsen Ad Intel (Standard Calendar, Total includes B2B, FSI Coupons, Cinema, Out of Home), Oct. 2018. As of June 2017, Nielsen stopped tallying internet revenue.

# Average CPM Monthly Trend: Display and In-Stream Video

WebCosts Database Display and In-Stream Video Average CPM Comparison  
 (July 2016 – June 2017 / July 2017 – June 2018)  
 All sites / All Categories

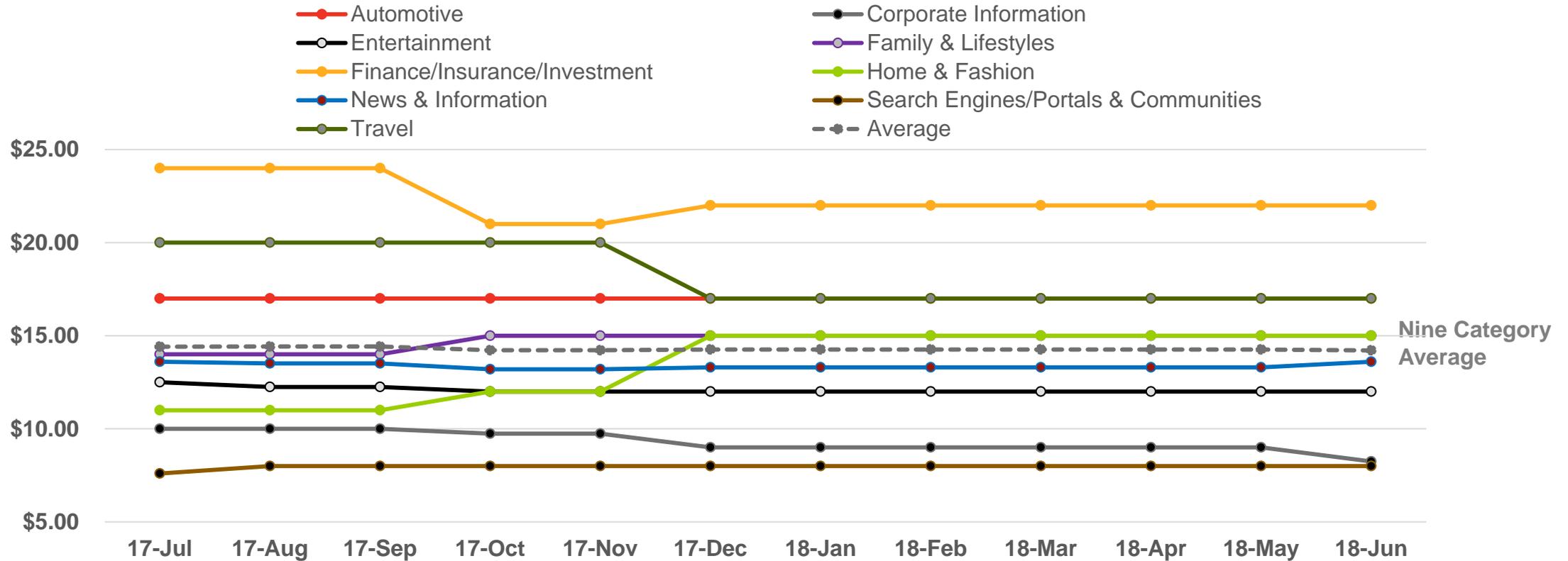


# Nine Category Average Display CPM Monthly Trend

## Nine Category Average Display CPM Monthly Trend

Average of All Sites in Category for Reported Month

(July 2017 – June 2018)

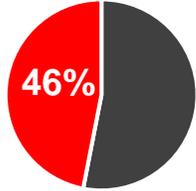


Half Year 2018

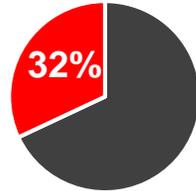
# IAB Internet Advertising Revenue Report Formats

# All Formats Grow from a Year Ago

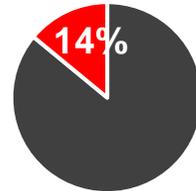
## % of Total Digital Ad Revenue



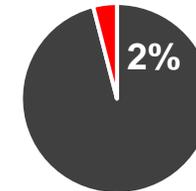
- **Search**: Total search ad revenue (mobile + desktop) is up 19% to \$22.8 billion



- **Banner\***: Total banner advertising (mobile + desktop) is up 27% to \$15.7 billion



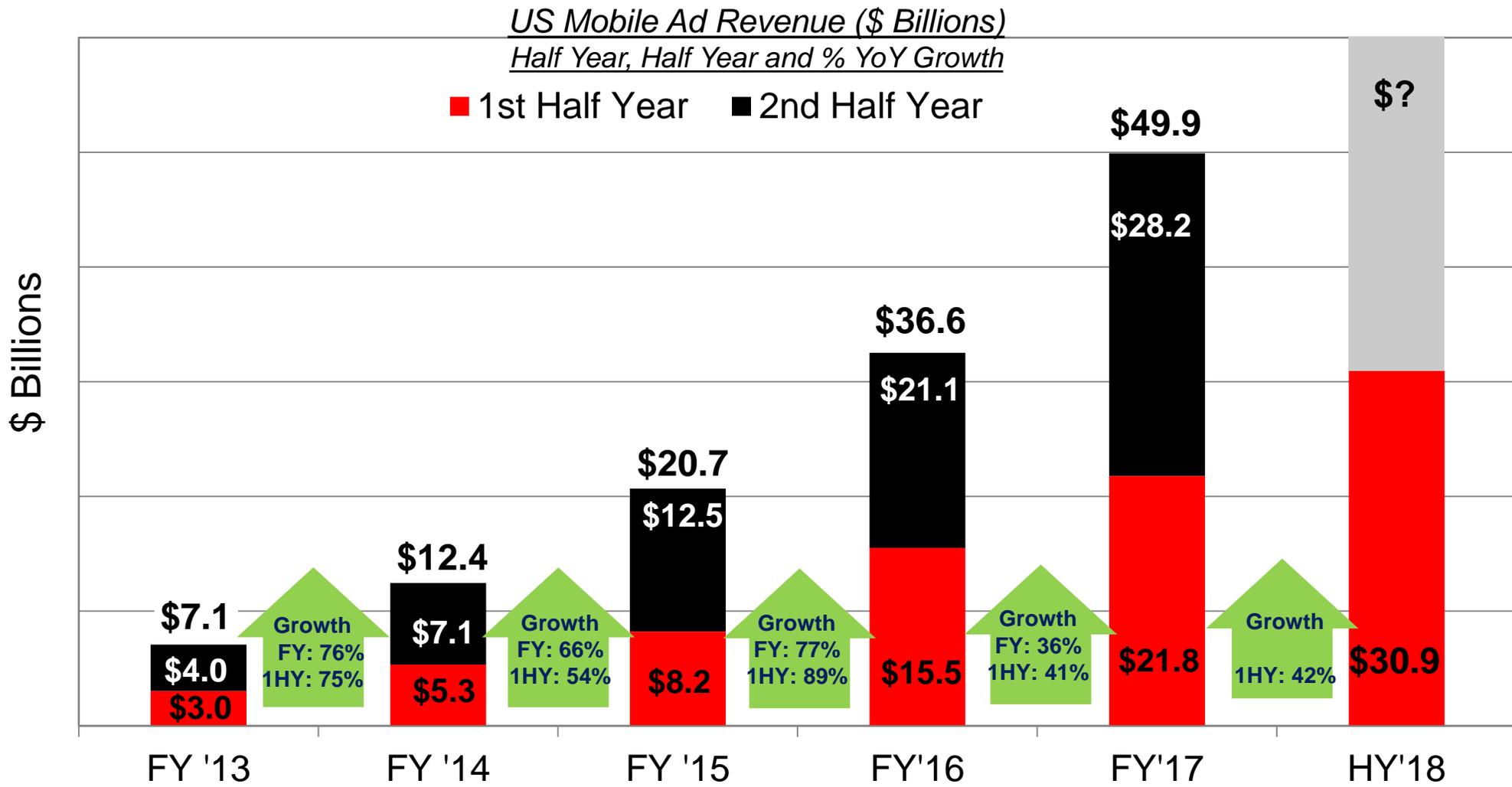
- **Video**: Total video ad revenue (mobile + desktop) is up 35% to \$7 billion



- **Audio**: Total audio ad revenue (mobile + desktop) is up 31% to \$0.9 billion

*\*Includes banners, rich media and sponsorships.*

# Mobile Advertising Revenue Growth: Half Year 2018 Mobile Revenue Has Grown 10x Since HY'13



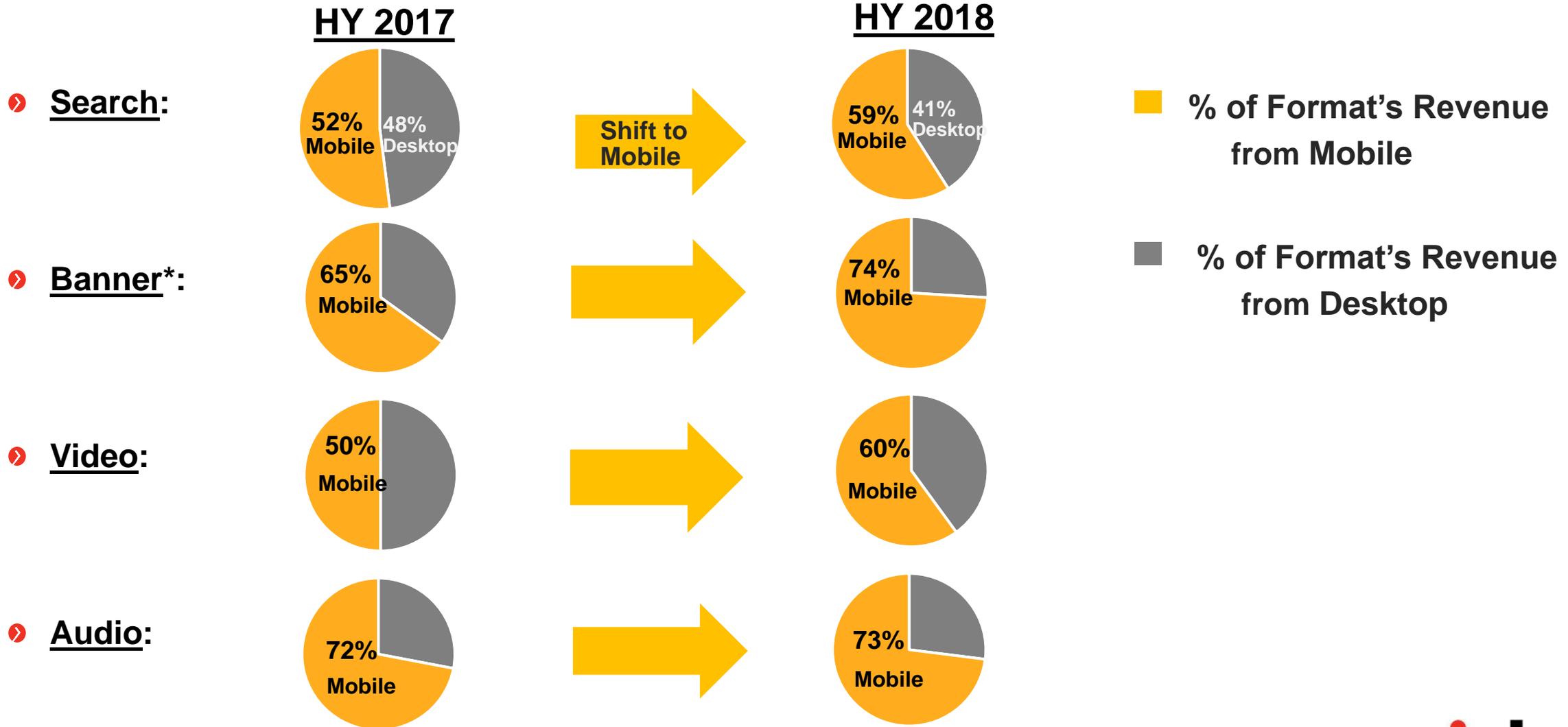
Note: Half Year totals accurately reflect the sum of Half Year totals as rounded to two decimal places.

2017 numbers were restated to reflect the addition of podcast revenue.

IAB Half Year 2018 and Q2 2018 Internet Advertising Revenue Report



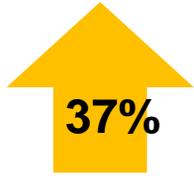
# Shift to Mobile: Mobile Accounts for an Increasingly Large Portion of Each Digital Format



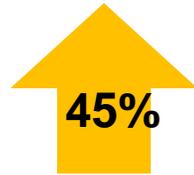
\*Includes banners, rich media and sponsorships.

# Mobile Growth: Strong Mobile Growth Within Digital Formats in HY '17

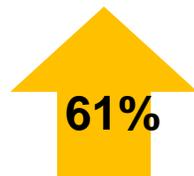
## Mobile Growth



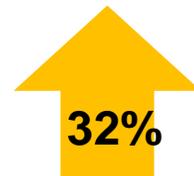
- › **Search**: Mobile search ad revenue is up 37% to \$13.5 billion



- › **Banner\***: Mobile banner advertising is up 45% to \$11.7 billion



- › **Video**: Mobile video ad revenue is up 61% to \$4.2 billion

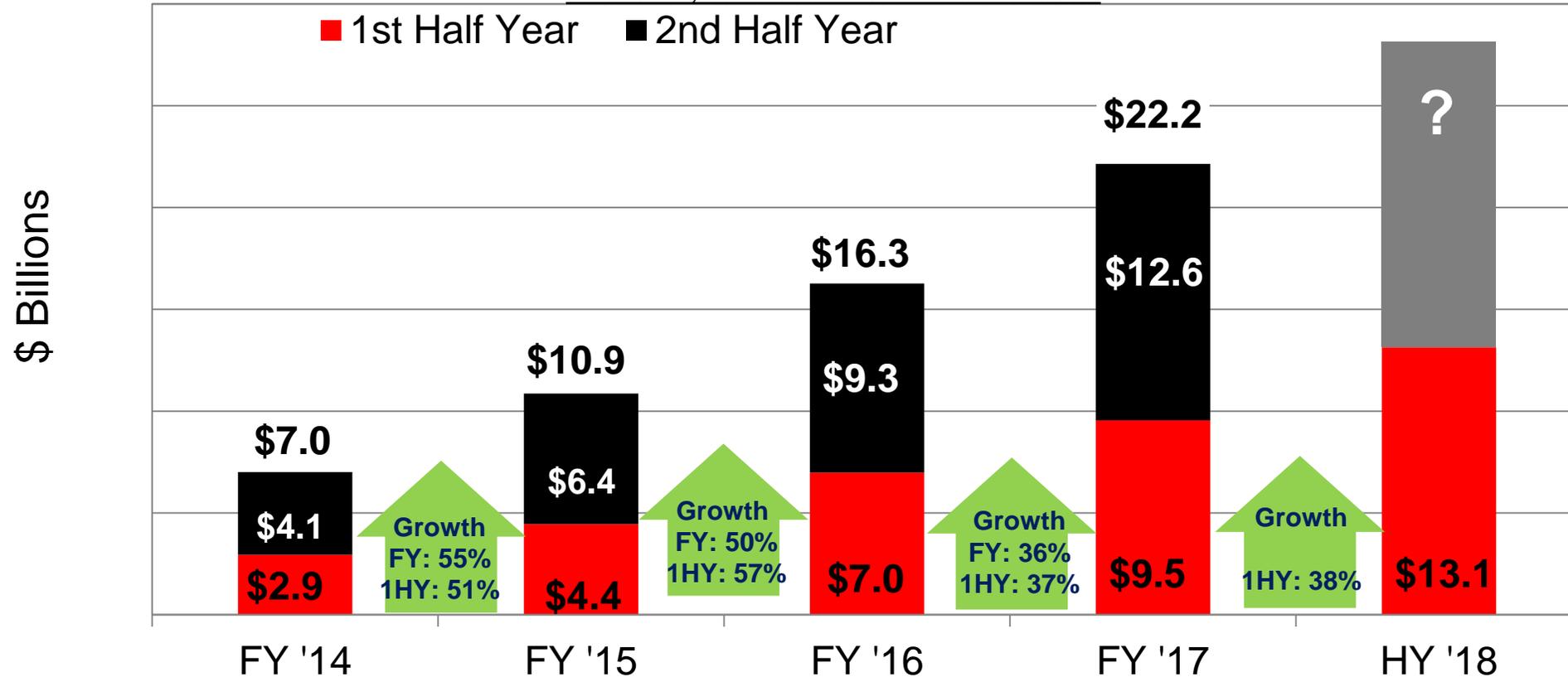


- › **Audio**: Mobile audio ad revenue is up 32% to \$0.7 billion

*\*Includes banners, rich media and sponsorships.*

# Total Social Media Revenue (Mobile + Desktop) Continues to Grow by Double-Digits

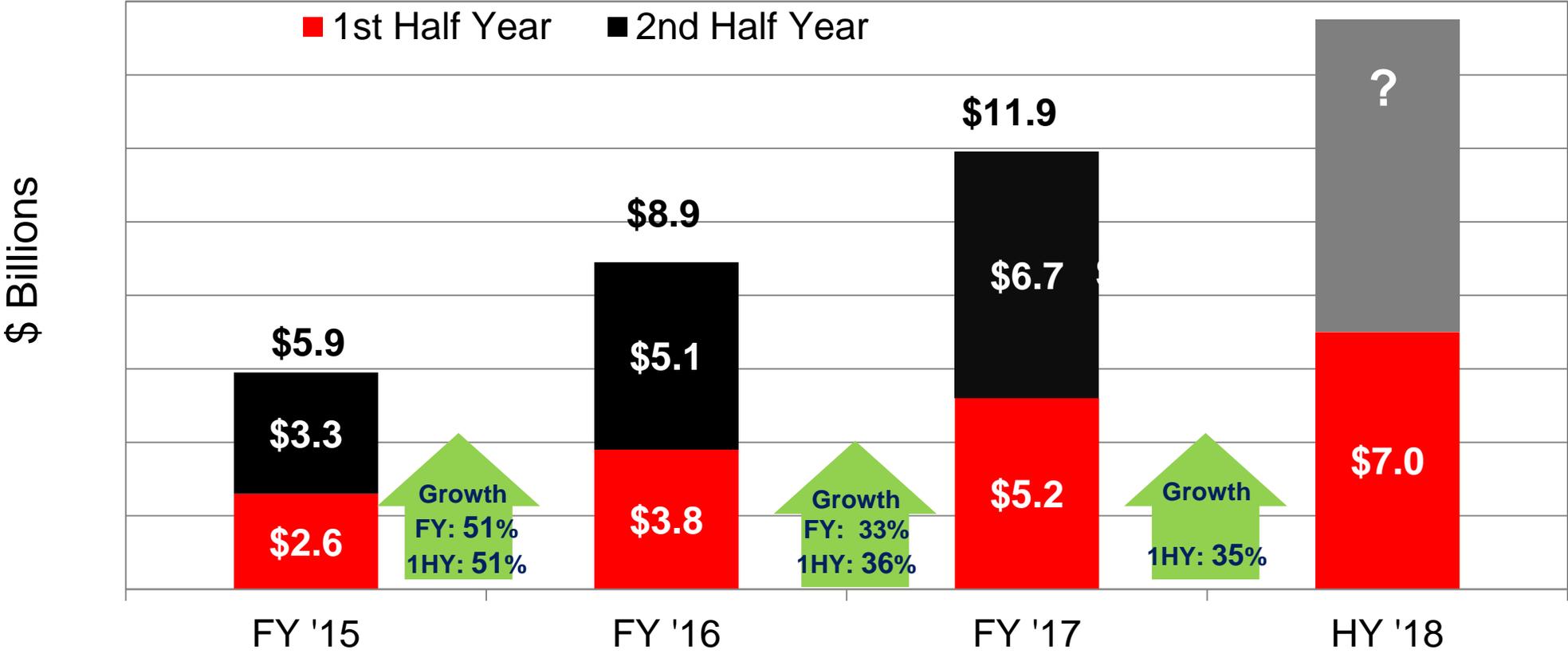
*US Social Media Ad Revenue (\$ Billions)  
Across Formats and Devices  
Half Year, Half Year and % YoY Growth*



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

# Total Video Ad Revenue (Mobile + Desktop) Continues to Climb

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



*Note: Half Year totals accurately reflect the sum of Half Year totals as rounded to two decimal places.  
\*Note that HY'16 video revenue has been restated.*



# Digital Video: 220 Million Users Stream 47 Billion Videos per Month

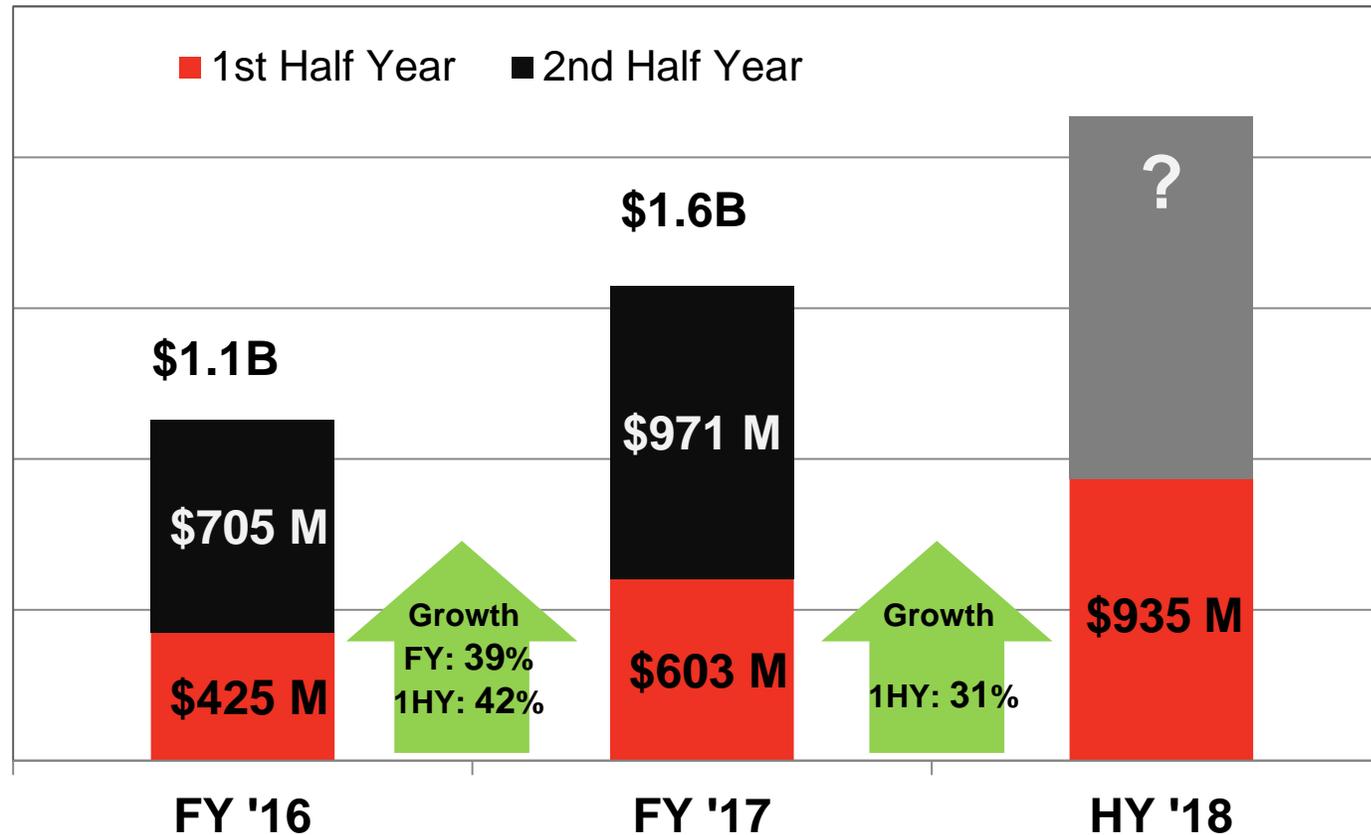
**220 Million  
Users Stream  
Digital Video  
in a typical month**

**47 Billion  
Videos  
Streamed  
in a typical month**

*ComScore Video Metrix Jul. 17 - Jun. 18, Monthly Average, Home and Work.*

# Total Audio Ad Revenue (Mobile + Desktop) Grows by Double Digits Year Over Year

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



# Key Takeaways: Digital Ad Revenue Reaches \$49.5 Billion in HY '18

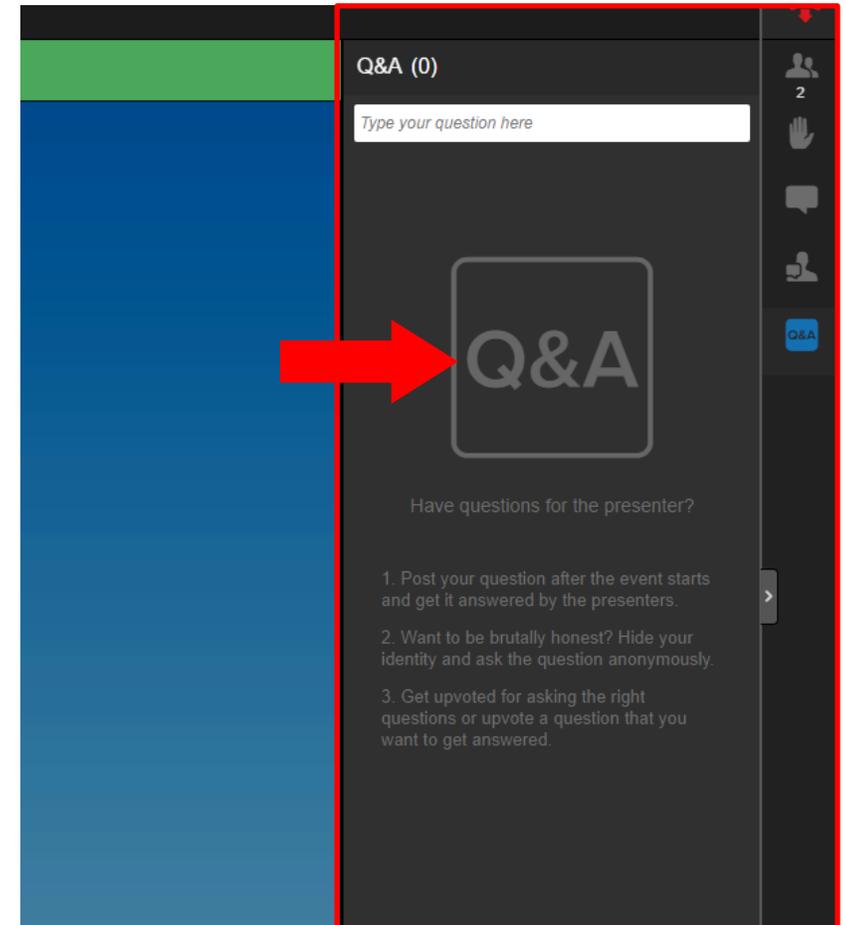
- Digital ad revenue continues to grow: Nearly \$50 Billion in first half of 2018, up 23%. All formats have grown in revenue.
- Ongoing double-digit growth across formats and platforms in digital persists in an otherwise flat or declining media market.
- Mobile ad revenue, up 42%, has caught up to consumer usage trends:
  - Mobile now accounts for 63% of all digital ad revenue, at \$30.9 Billion for HY '18.
  - This closely matches consumer usage patterns: 71% of online time is spent on a mobile device.
- Video continues to grow substantially:
  - Up 35% to \$7 billion for the first half of 2018.
  - Mobile Video is up 61% to \$4.2B in HY 2018
  - 14% of all digital ad revenue is from digital video.
- Social is up 38% to \$13.1B in HY'18
- Search continues to grow, up 19% to \$22.8B in first half of the year.
- Display is up 27% to \$15.7 Billion.
- Mobile Search and Mobile Display are approaching parity at \$13.5B and \$11.7B.
- Brand spend continues to rise:
  - Audio (up 31%), Video (up 35%), and Banner ads (up 27%) have grown substantially
  - CPMs are up year over year (according to SQAD's WebCosts data)

# Questions?

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**THANK YOU**

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