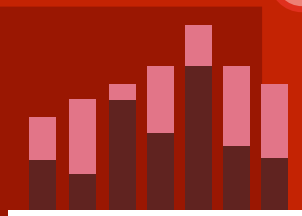


www.iab.com  
www.pwc.com

# *IAB internet advertising revenue report*

## 2018 full year results

iab.



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## *Agenda*

Survey methodology

Full year results and quarterly trends

Mobile trends

Advertising formats

Social media

Audio

Pricing models

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 (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

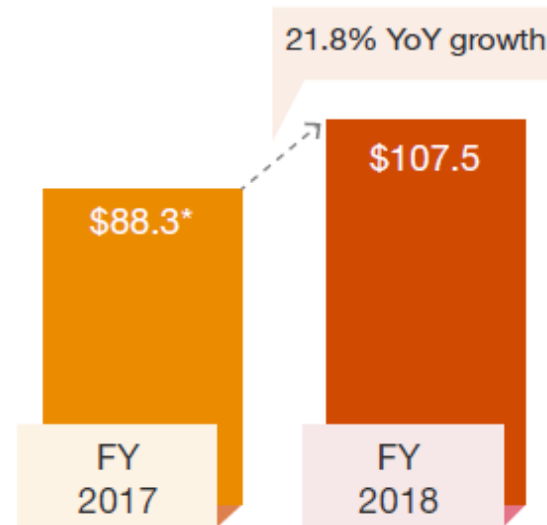
Throughout the reporting process, PwC:

- 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.

## Digital revenues totaled \$107.5 billion in FY 2018

*Revenues for FY 2018 were approximately \$19.2 billion higher than in FY 2017*

FY 2017 vs. FY 2018 revenue  
(\$ billions)



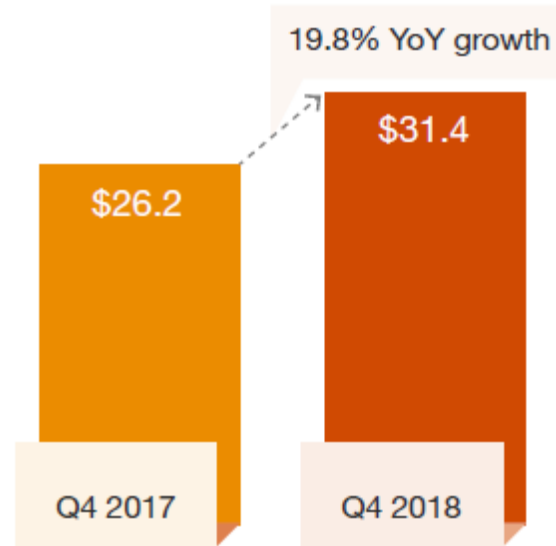
\* Restated due to inclusion of podcast revenue

(\$ millions)	Q1 2017	Q2 2017	Q3 2017	Q4 2017
As originally reported	\$19,352	\$20,786	\$21,764	\$26,106
As revised	\$19,404	\$20,847	\$21,832	\$26,183

Source: IAB/PwC Internet Ad Revenue Report, FY 2018

## ***2018 fourth quarter revenues totaled \$31.4 billion***

Q4 2017 vs. Q4 2018 revenue  
(\$ billions)



***Revenue in Q4 2018 was \$5.2 billion higher than in Q4 2017***

Source: IAB/PwC Internet Ad Revenue Report, FY 2018

## ***Strong growth between Q3 2017 and Q3 2018***

Q3 2017 vs. Q3 2018 revenue  
(\$ billions)

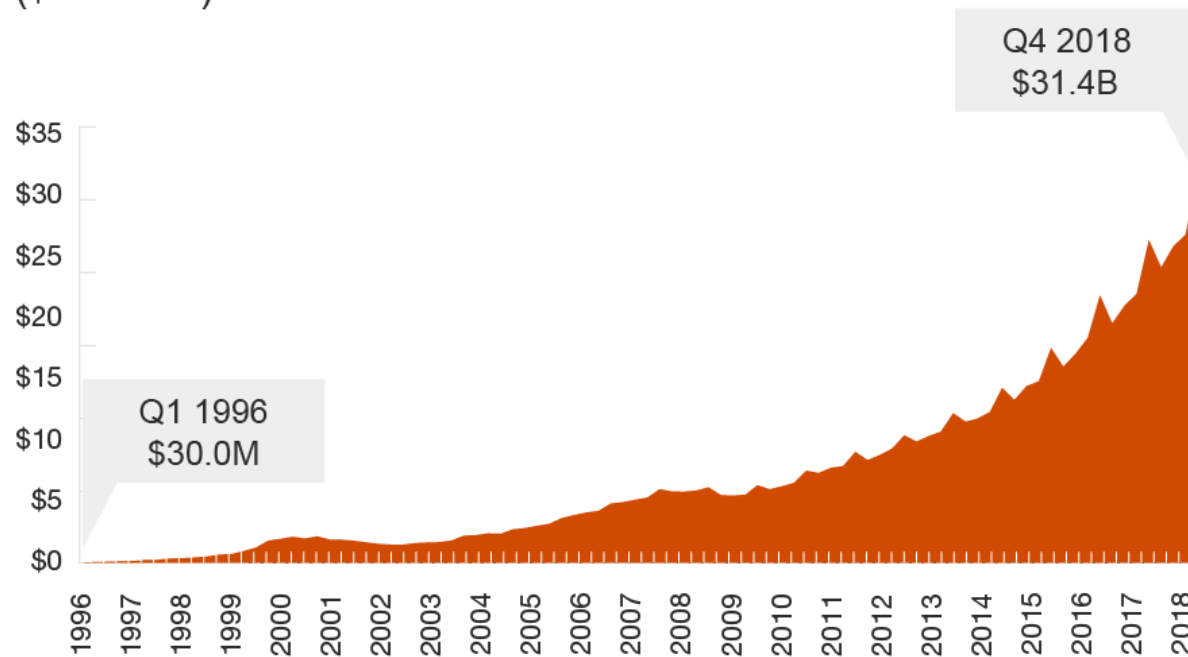


***Revenue in Q3 2018 was \$4.8 billion higher than in Q3 2017***

Source: IAB/PwC Internet Ad Revenue Report, FY 2018

## ***Quarterly growth continued upward trend reaching \$31.4 billion in Q4 2018***

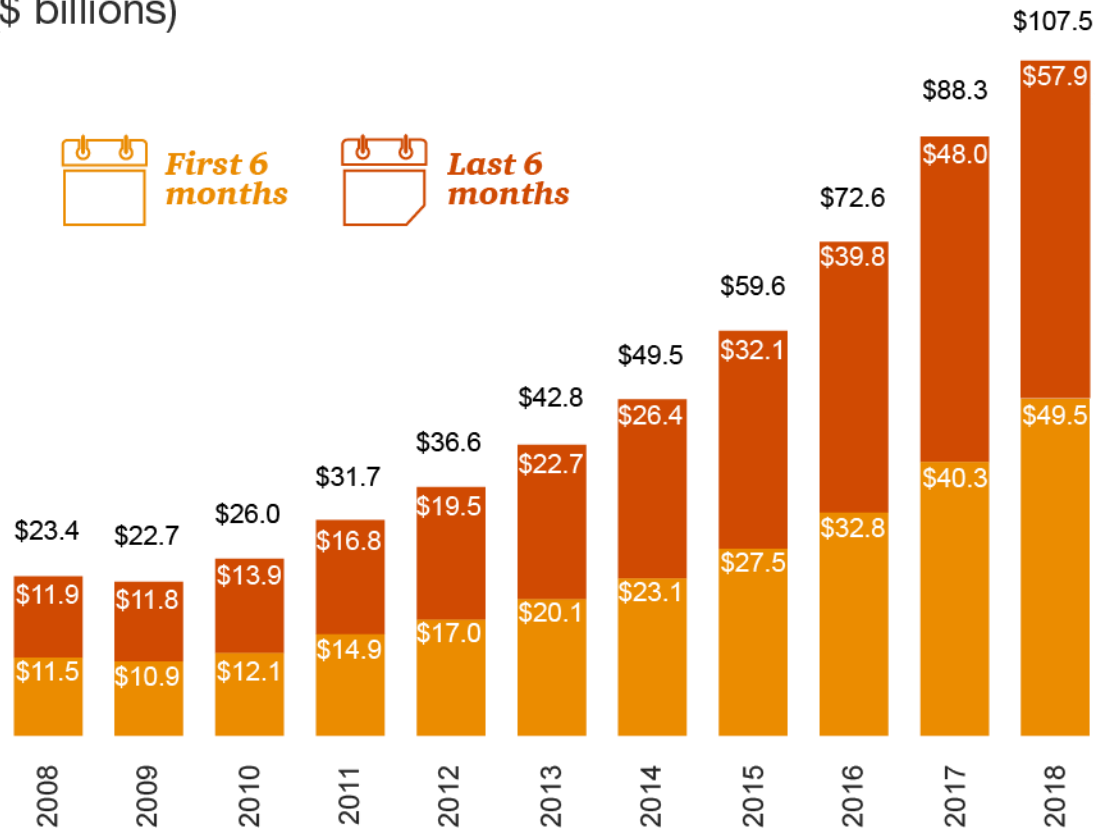
**Quarterly revenue growth trends 1996–2018**  
(\$ billions)



Source: IAB/PwC Internet Ad Revenue Report, FY 2018

## Second half revenues help FY 18 revenues exceed \$100 billion

Historical revenue mix, first half vs. second half  
(\$ billions)

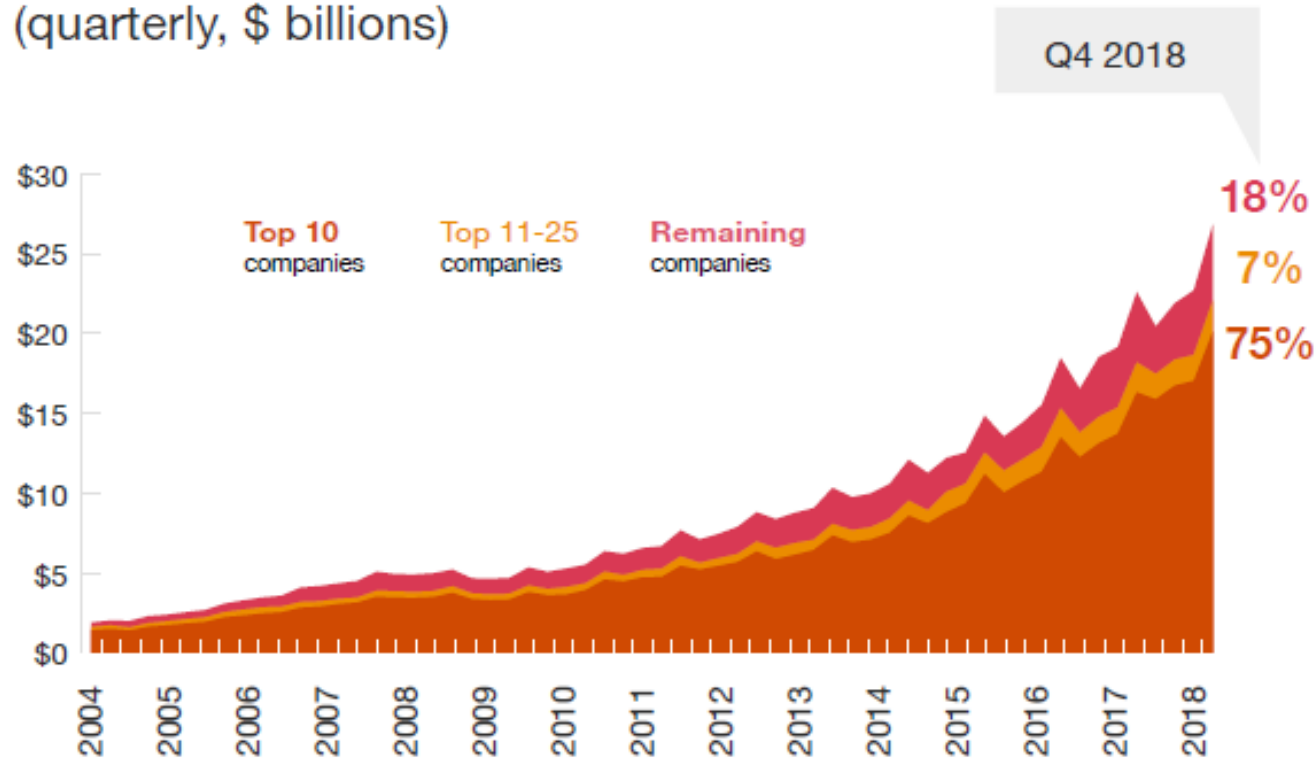


Source: IAB/PwC Internet Ad Revenue Report, FY 2018



## *Top 10 companies commanded 75% of revenues in Q4 2018*

% share of total revenues  
(quarterly, \$ billions)

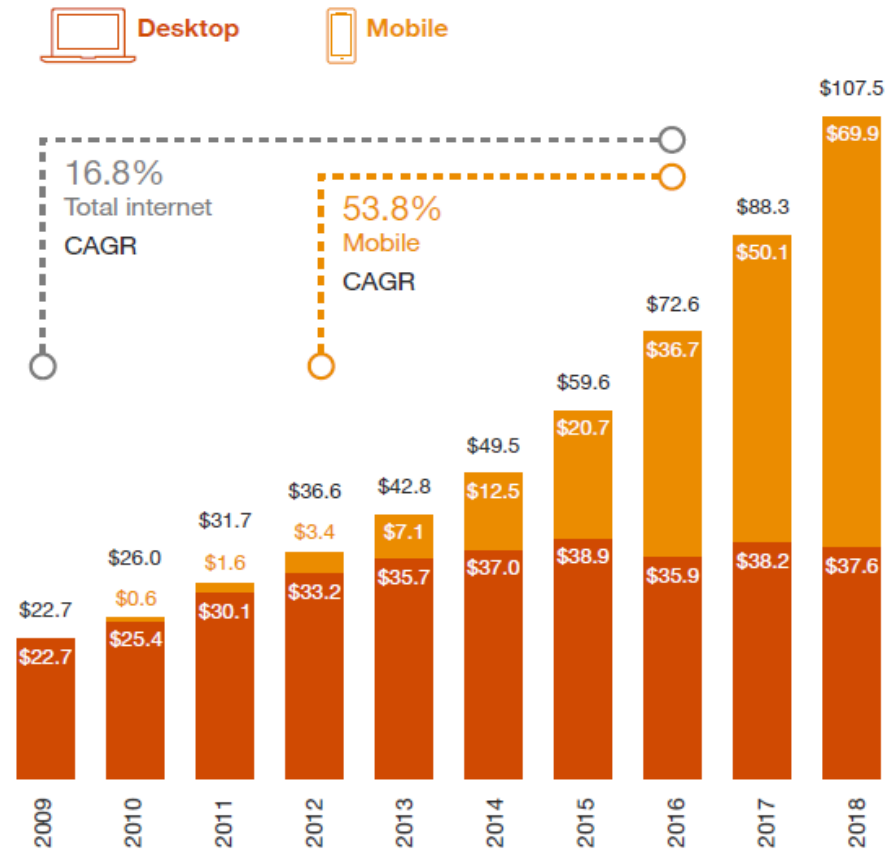


Note: Totals may not equal 100% due to rounding.

Source: IAB/PwC Internet Ad Revenue Report, FY 2018

# Mobile growth is driving the overall industry compound annual growth rate

**Desktop vs. mobile internet advertising revenue**  
(Full year results, \$ billions)

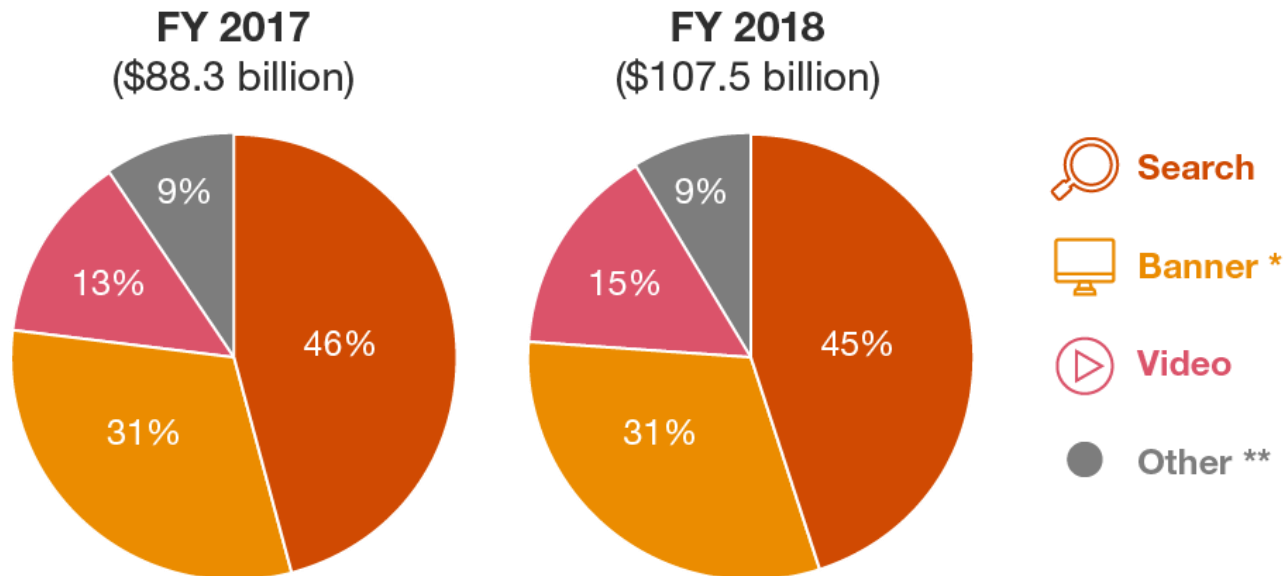


Source: IAB/PwC Internet Ad Revenue Report, FY 2018

CAGR: Compound Annual Growth Rate

## *Digital video advertising revenue had the largest growth among formats in the full year 2018 report*

### Advertising format revenue, full year results



\* Banner includes: Ad Banners/Display, Rich Media, and Sponsorship.

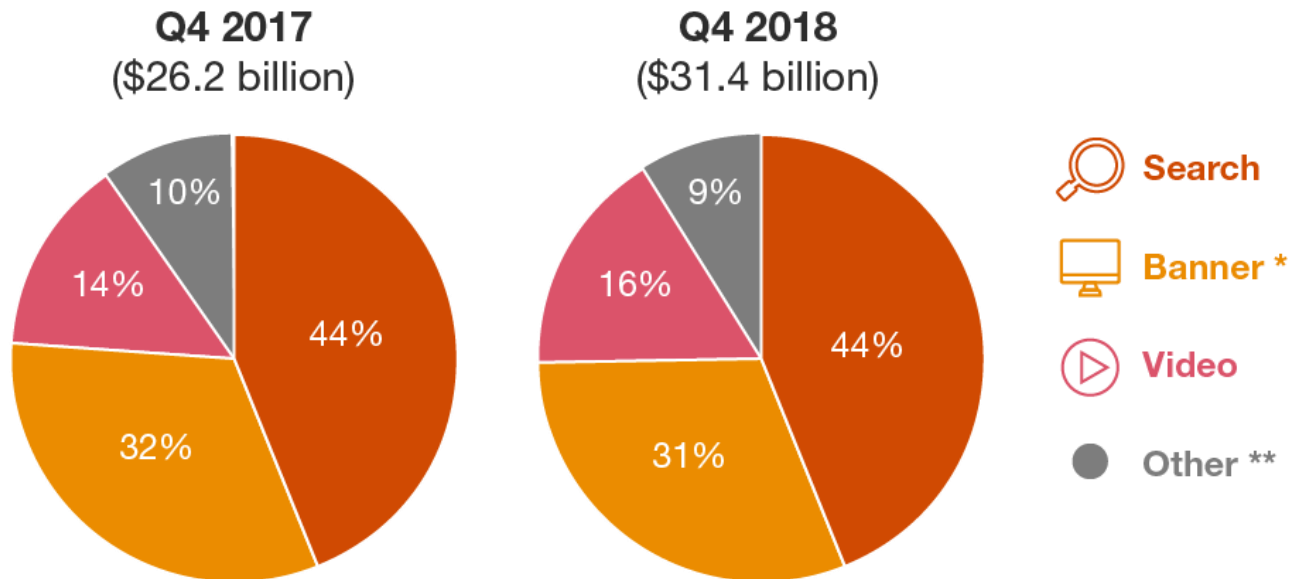
\*\* Other includes: Classifieds, Lead Generation, Audio, and Unspecified.

Note: Totals may not equal 100% due to rounding.

Source: IAB/PwC Internet Ad Revenue Report, FY 2018

## ***Digital video across desktop and mobile devices increased \$1.4 billion from Q4 2017***

### **Advertising format revenue, fourth quarter results**



\* Banner includes: Ad Banners/Display, Rich Media, and Sponsorship.

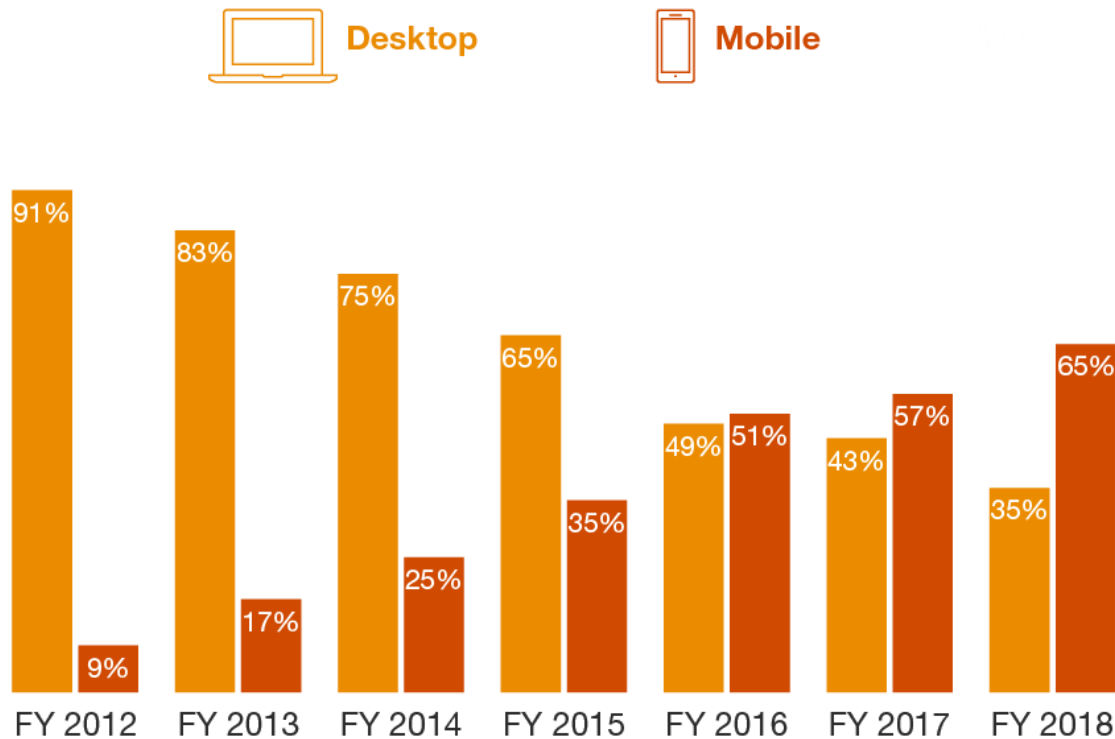
\*\* Other includes: Classifieds, Lead Generation, Audio, and Unspecified.

Note: Totals may not equal 100% due to rounding.

Source: IAB/PwC Internet Ad Revenue Report, FY 2018

## ***Mobile internet advertising continues to grow faster than the overall market***

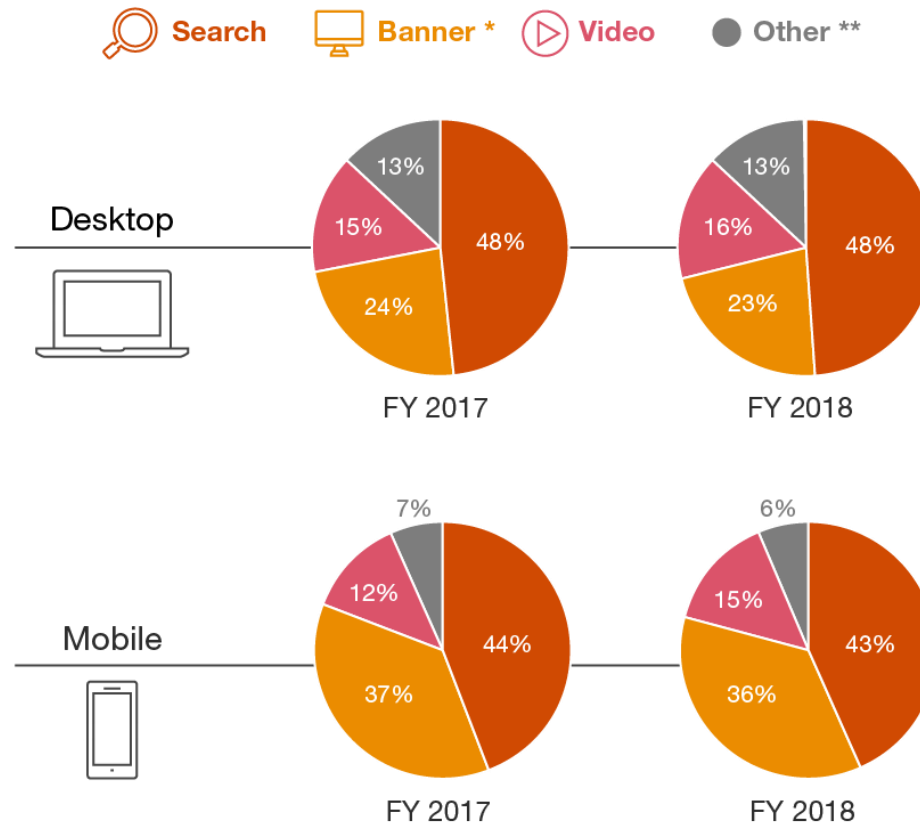
**Historical desktop vs. mobile trends, full year results**  
(\$ billions)



Source: IAB/PwC Internet Ad Revenue Report, FY 2018

# *Video is becoming a preferred method*

## Advertising format revenue, desktop vs. mobile



\* Banner includes: Ad Banners/Display, Rich Media, and Sponsorship.

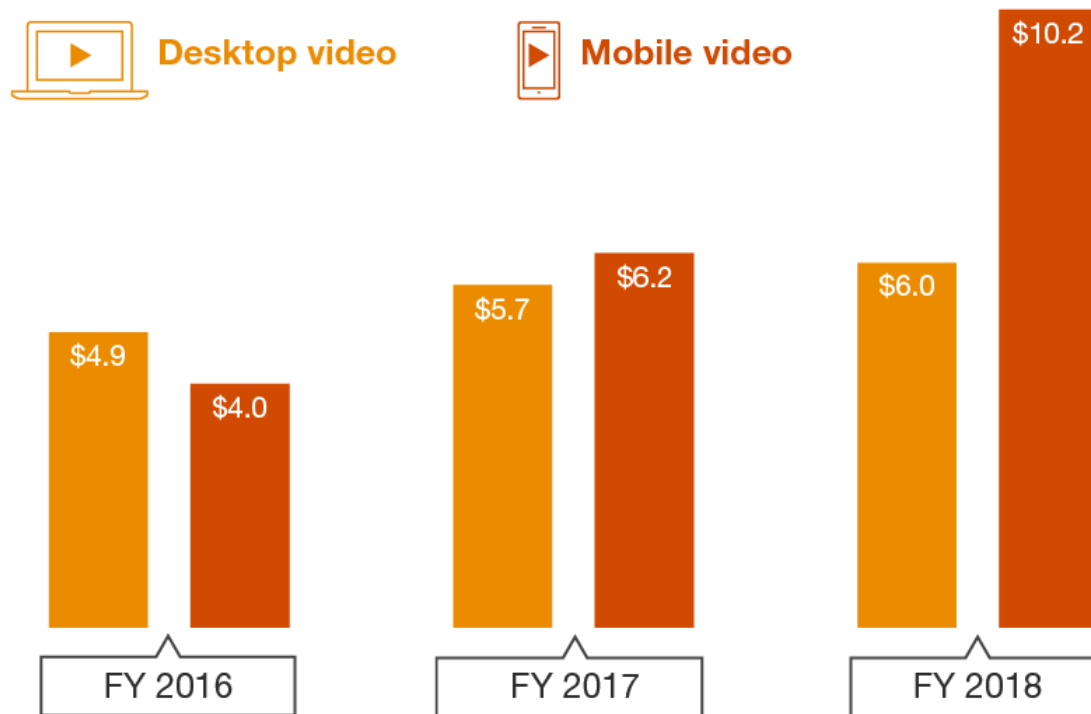
\*\* Other includes: Classifieds, Lead Generation, Audio, and Unspecified.

Note: Totals may not equal 100% due to rounding.

Source: IAB/PwC Internet Ad Revenue Report, FY 2018

## *Digital video dominance strengthens share of mobile and desktop growth in FY 2018*

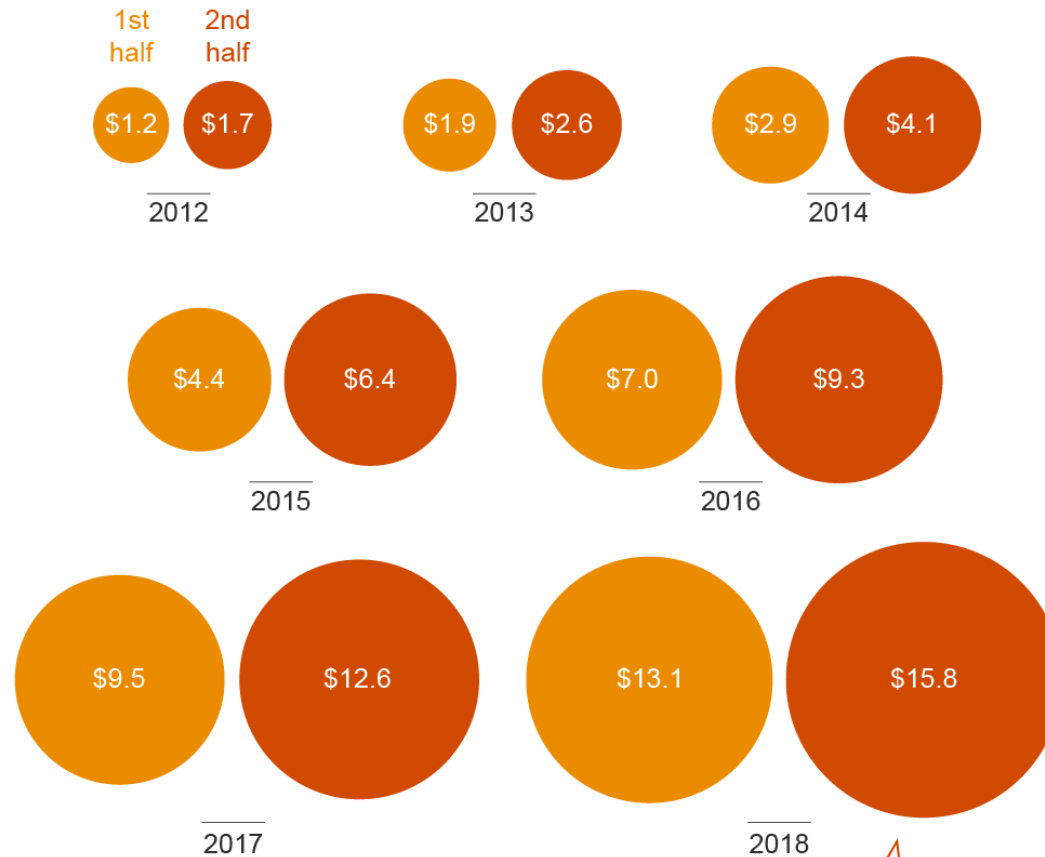
Historical digital video revenues, full year results  
(\$ billions)



Source: IAB/PwC Internet Ad Revenue Report, FY 2018

# ***Social media advertising revenue grows 30.6% in 2018 to \$28.9 billion***

**Social media advertising revenue, full year results**  
(\$ billions)



Source: IAB/PwC Internet Ad Revenue Report, FY 2018

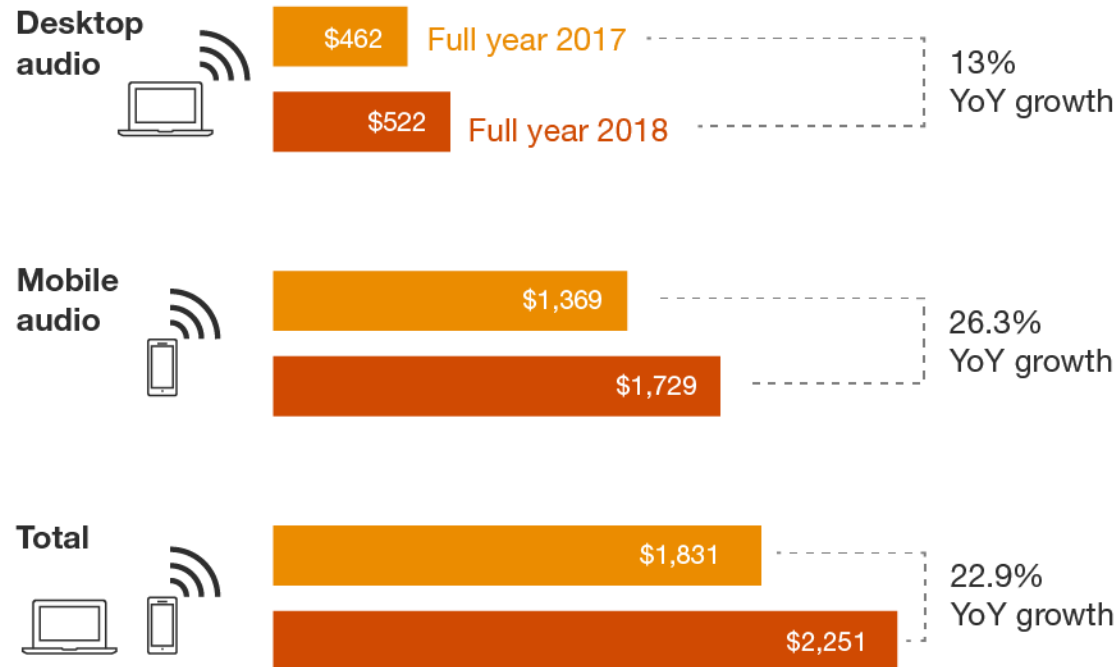
**46.6%**  
FY CAGR



# *In 2018, digital audio advertising revenue reached \$2.3 billion*

## Digital audio advertising revenue, full year results

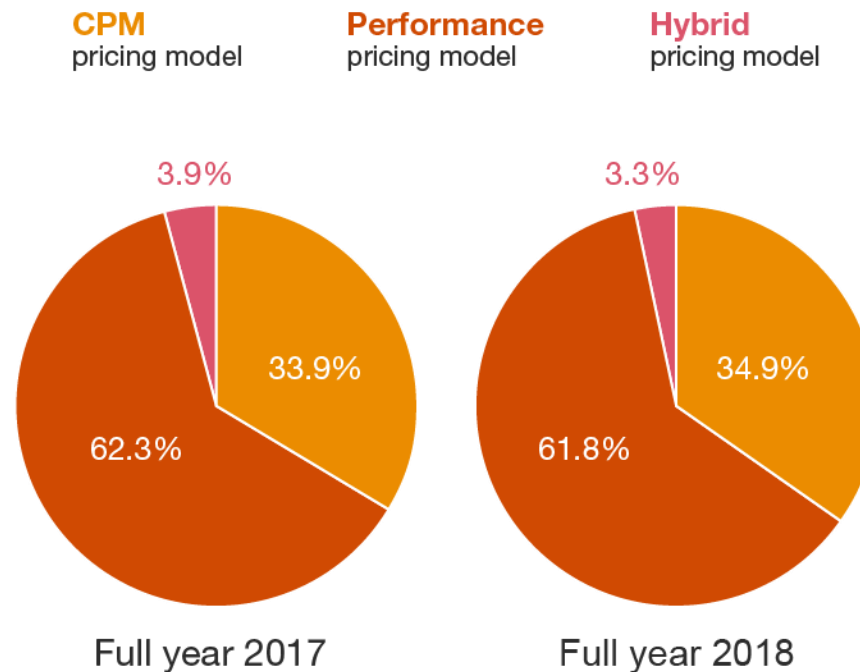
(\$ millions)



Source: IAB/PwC Internet Ad Revenue Report, FY 2018

## *Slight shift in pricing models to CPM*

### Revenue by pricing model, full year basis (\$ billions)

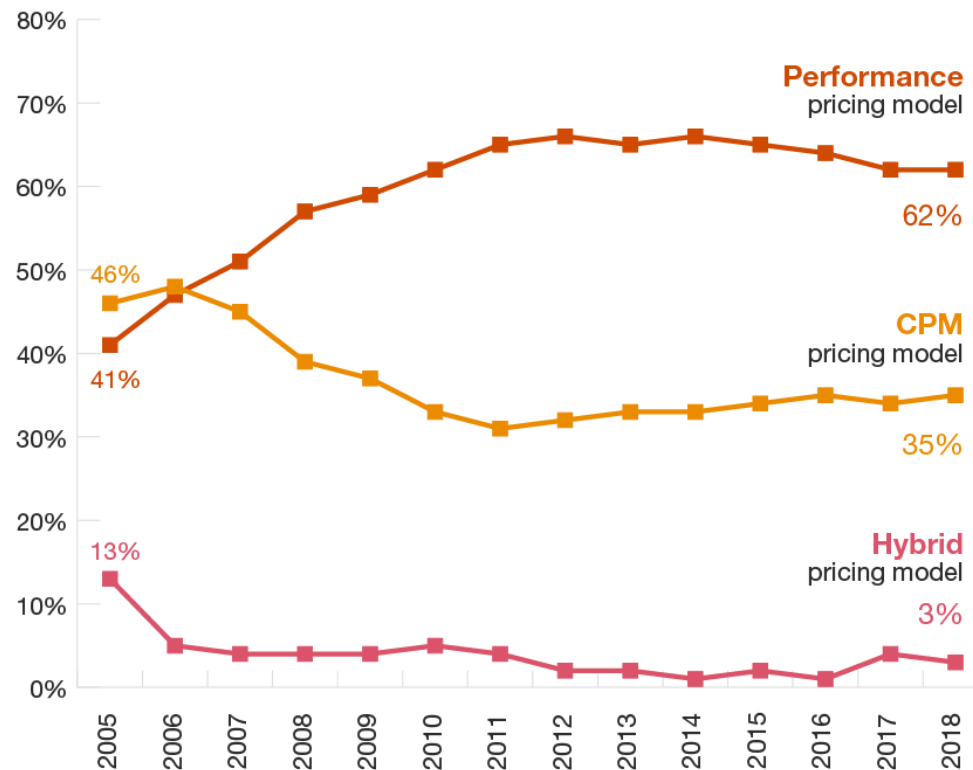


Note: Totals may not equal 100% due to rounding.

Source: IAB/PwC Internet Ad Revenue Report, FY 2018

# Performance-based pricing is still the preferred model for advertisers

Internet advertising revenue by pricing model,\*  
2005-2018 (% of total revenue)



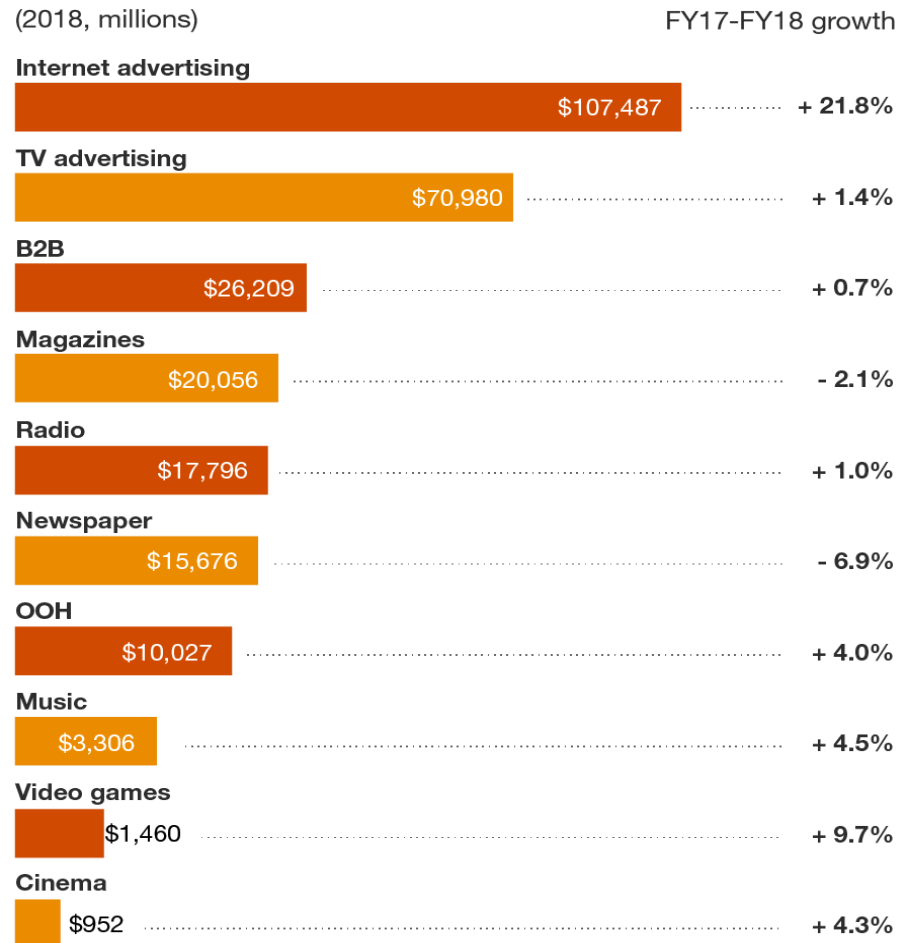
\* Pricing model definitions may have changed over the time period depicted both within the survey process and as interpreted by survey respondents.

Note: Totals may not equal 100% due to rounding.

Source: IAB/PwC Internet Ad Revenue Report, FY 2018

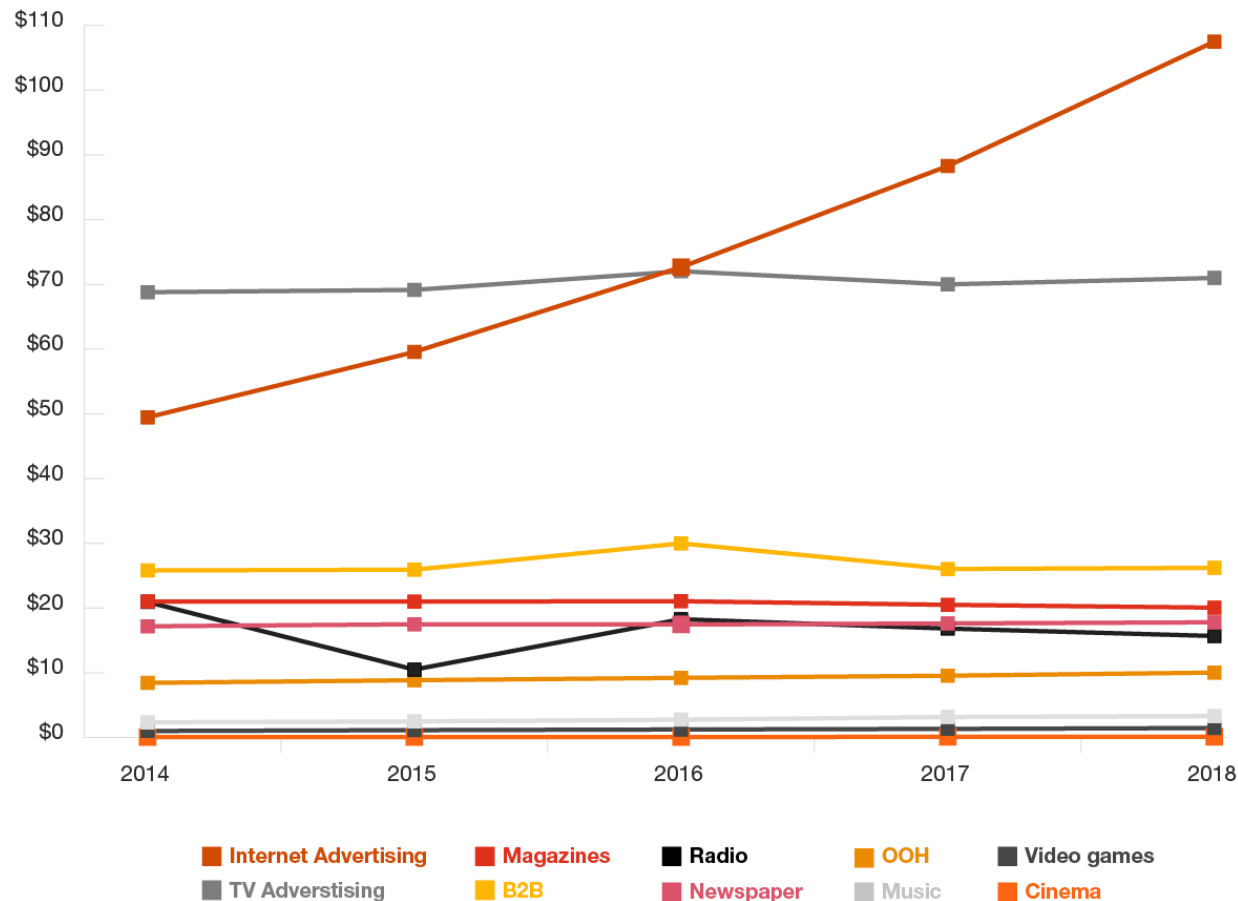
# *Internet advertising passed the \$100 billion mark for the first time in history*

## Advertising market share by media



# *Internet advertising is the only media type that has experienced double digit growth year-over-year*

Historical advertising market share



# *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](http://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
- 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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## *About the IAB*

The Interactive Advertising Bureau (IAB) empowers the media and marketing industries to thrive in the digital economy. Its membership is comprised of more than 650 leading media and technology companies that are responsible for selling, delivering, and optimizing digital advertising or marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing.

In affiliation with the IAB Tech Lab, it develops technical standards and best practices. IAB and the IAB Education Foundation are committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry.

Through the work of its public policy office in Washington, D.C., IAB advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, the IAB is headquartered in New York City and has a San Francisco office.



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