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# *IAB Internet Advertising Revenue Report*

## 2010 Full Year Results

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# *Agenda*

Survey methodology

2010 Full year results

Full year and quarterly trends

Advertising formats

Pricing models

Industry category spending

Cross Media Adspend

About PwC

# Survey Methodology

## Survey Scope

The IAB Interactive 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 / online advertising revenues;
- Making the survey as inclusive as possible, encompassing all forms of Internet / online advertising, including web sites, consumer online services, ad networks, and email providers; and
- Ensuring and maintaining a confidential process, only releasing aggregate data.

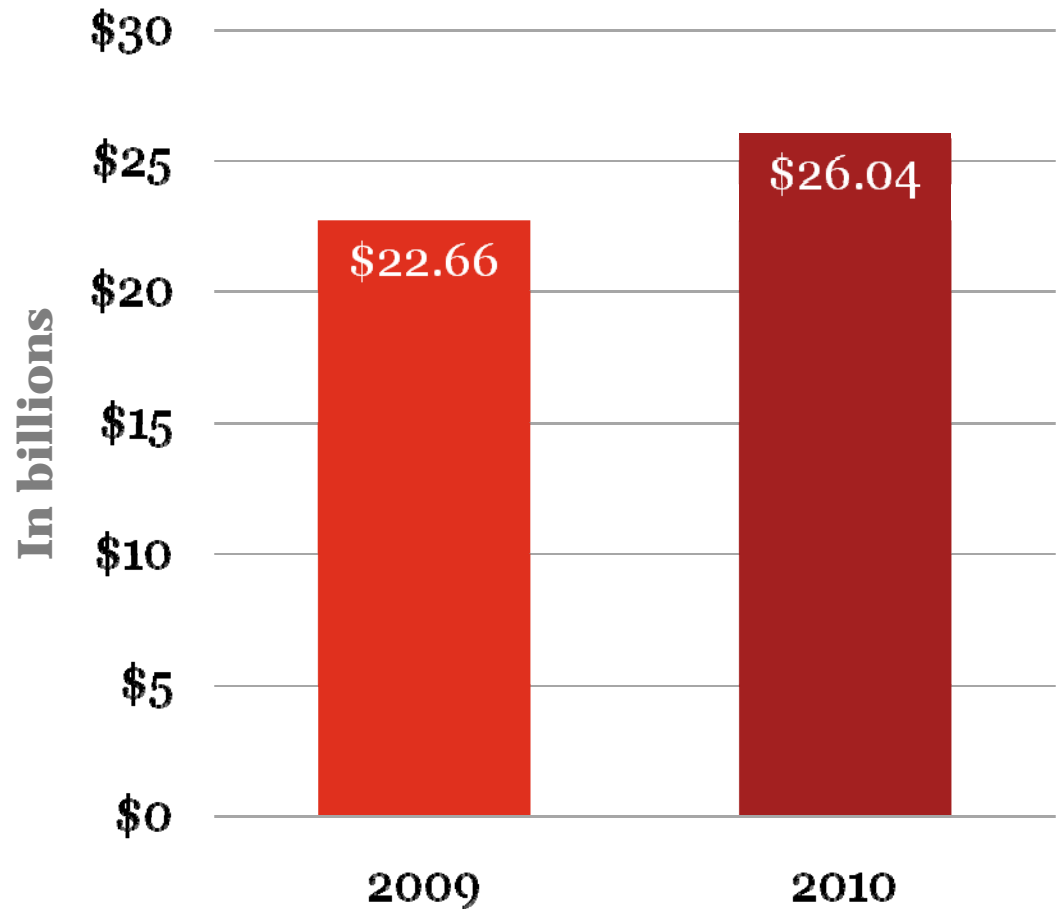
## Methodology

Throughout the reporting process, PwC:

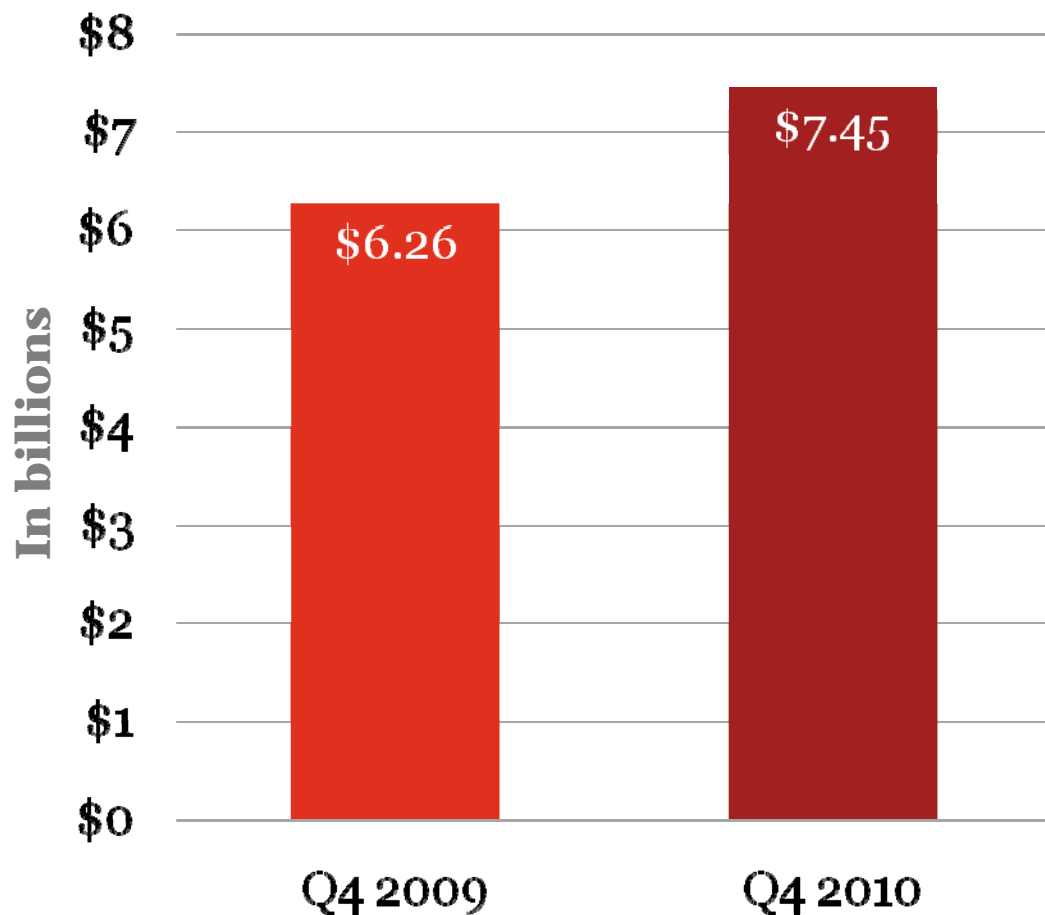
- Compiles a database of industry participants selling Internet / online advertising revenues
- Conducts a quantitative mailing survey with leading industry players, including Web publishers, ad networks, commercial online service providers, email providers, and other online media companies.
- Acquires supplemental data through the use of publicly disclosed information
- Requests and compiles several specific data items, including revenue format, industry category, and pricing.
- Identifies non-participating companies and applies a conservative estimates based on available public sources
- Analyzes the findings, identifying and reporting on key trends

## ***Annual revenues totaled \$26.0 billion in 2010***

***Online advertising revenue increased 14.9% in 2010.***



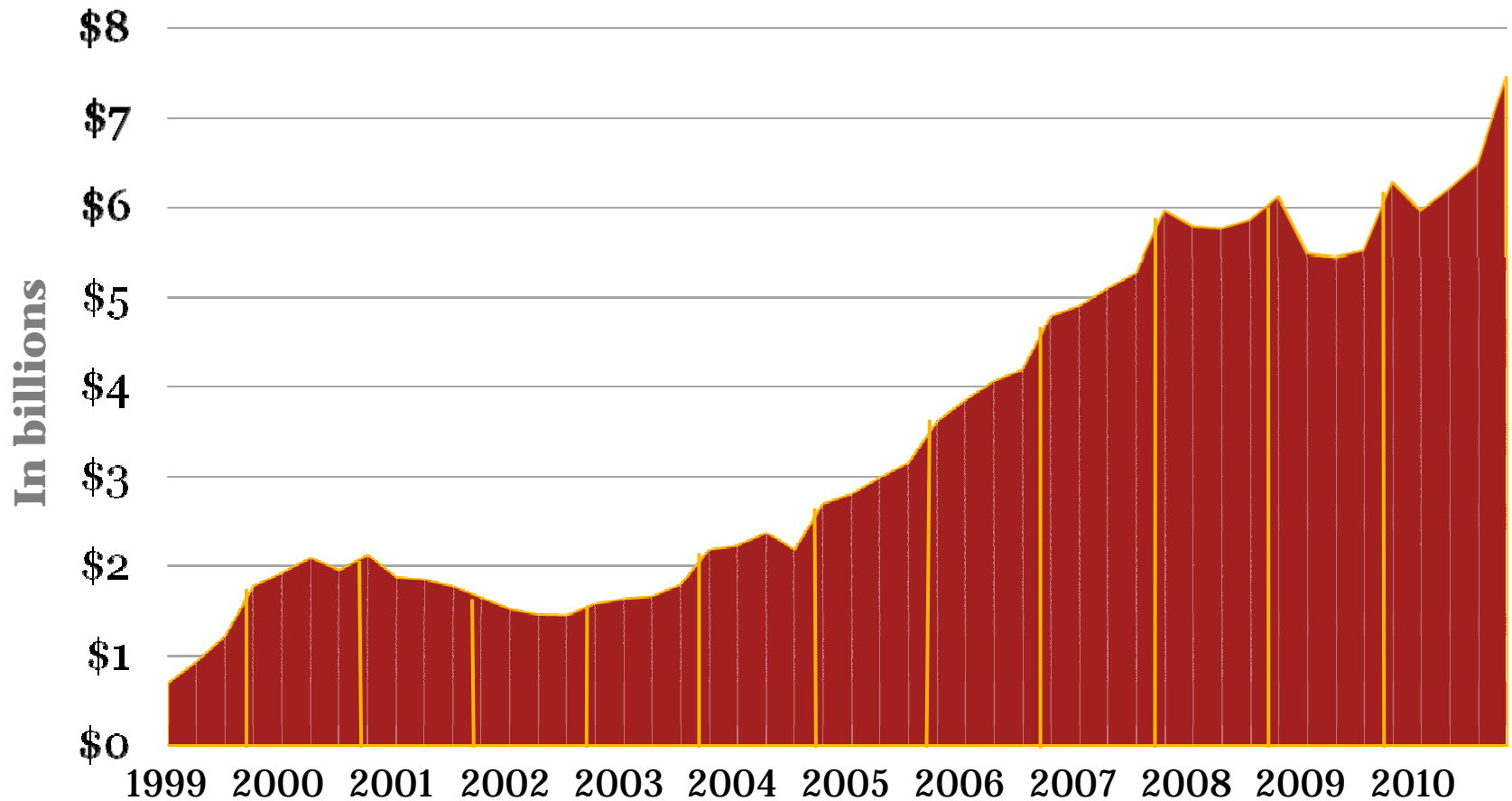
## ***Fourth quarter revenues totaled \$7.5 billion in 2010***



***Revenue in Q4 2010 was 19% higher than in Q4 2009.***

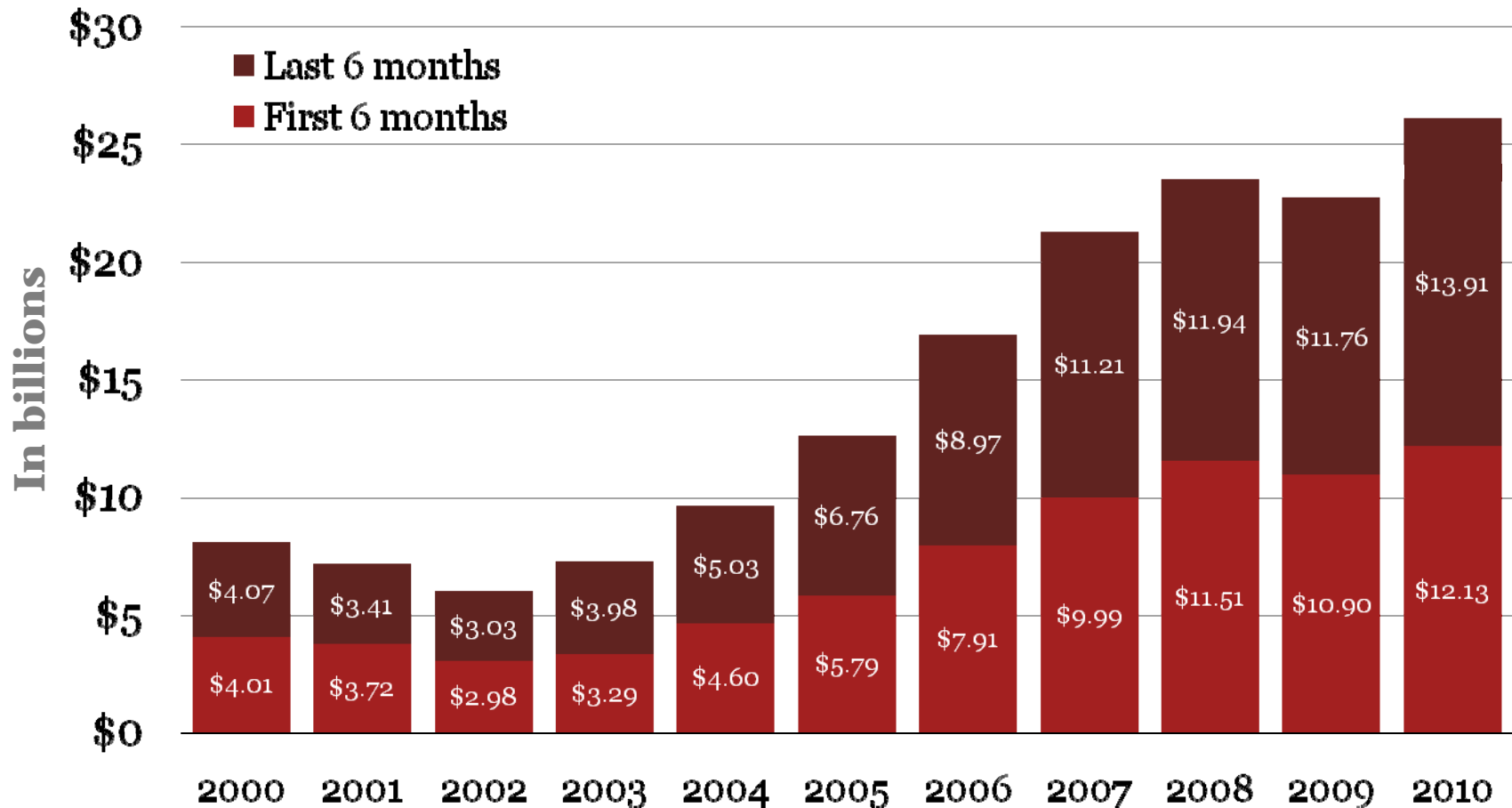
# *A historical perspective of internet advertising*

## Quarterly growth comparison, 1999–2010



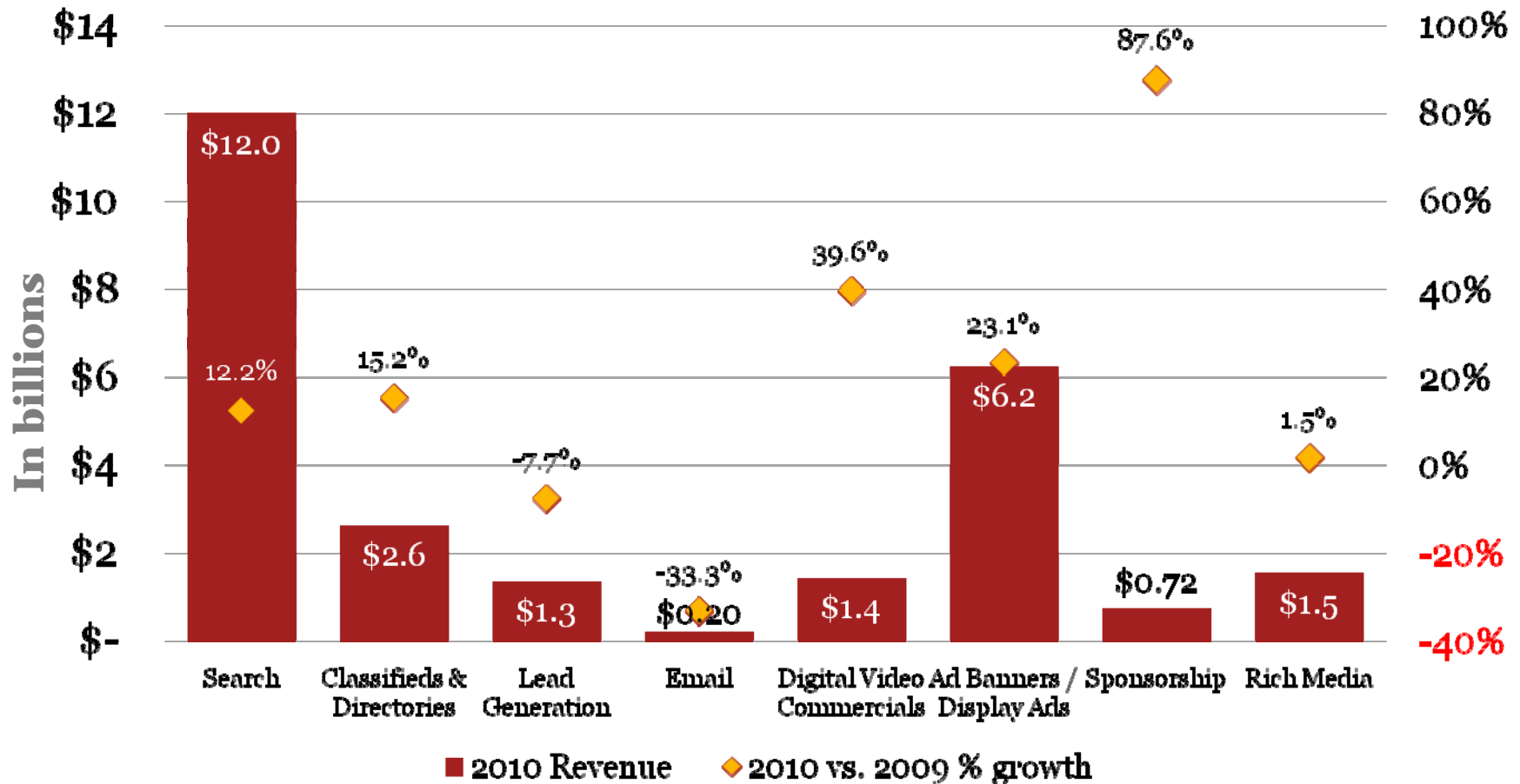
## *2010 shows record revenues*

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



# *Display advertising shows the strongest growth*

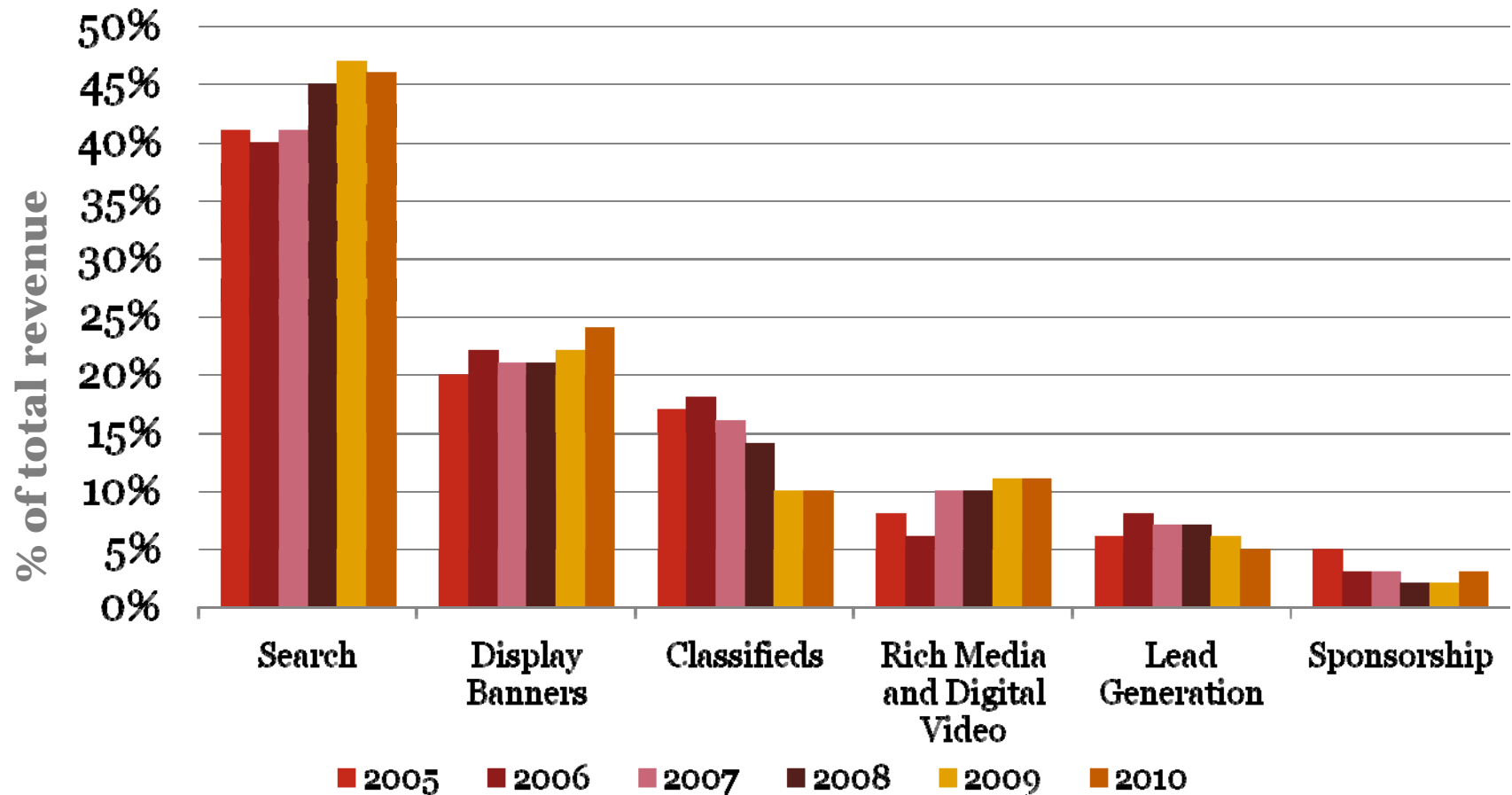
## Advertising formats – 2010 results and growth rates





# *Historical trends in internet advertising formats*

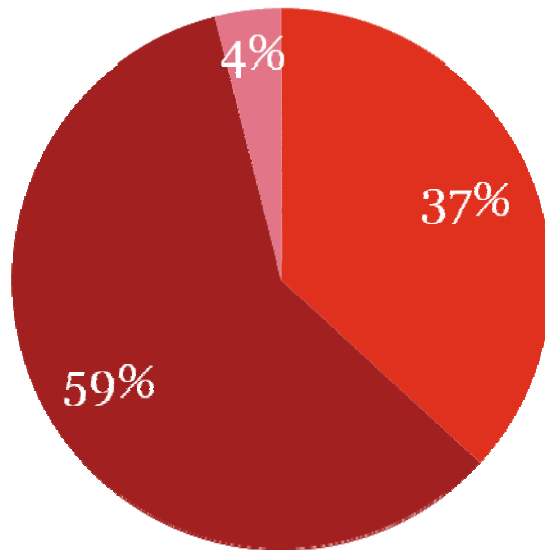
## Revenue share by major ad formats, 2005–2010



## *Pricing models shift towards performance*

### Internet Ad Revenues by Pricing Model, 2009 vs. 2010

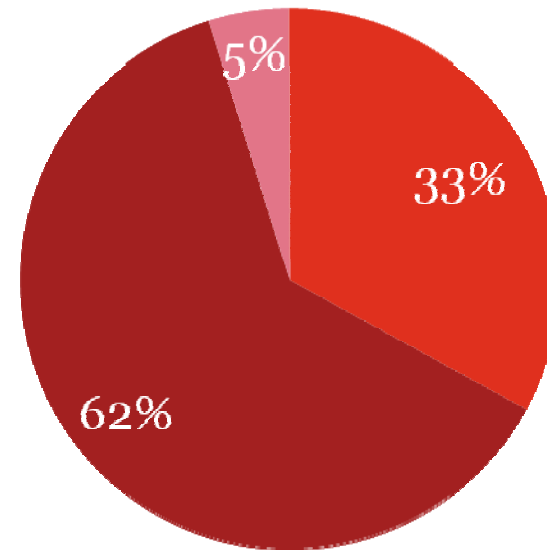
**2009**



■ Impression-based ■ Performance-based  
■ Hybrid

Total – \$22.7 billion

**2010**

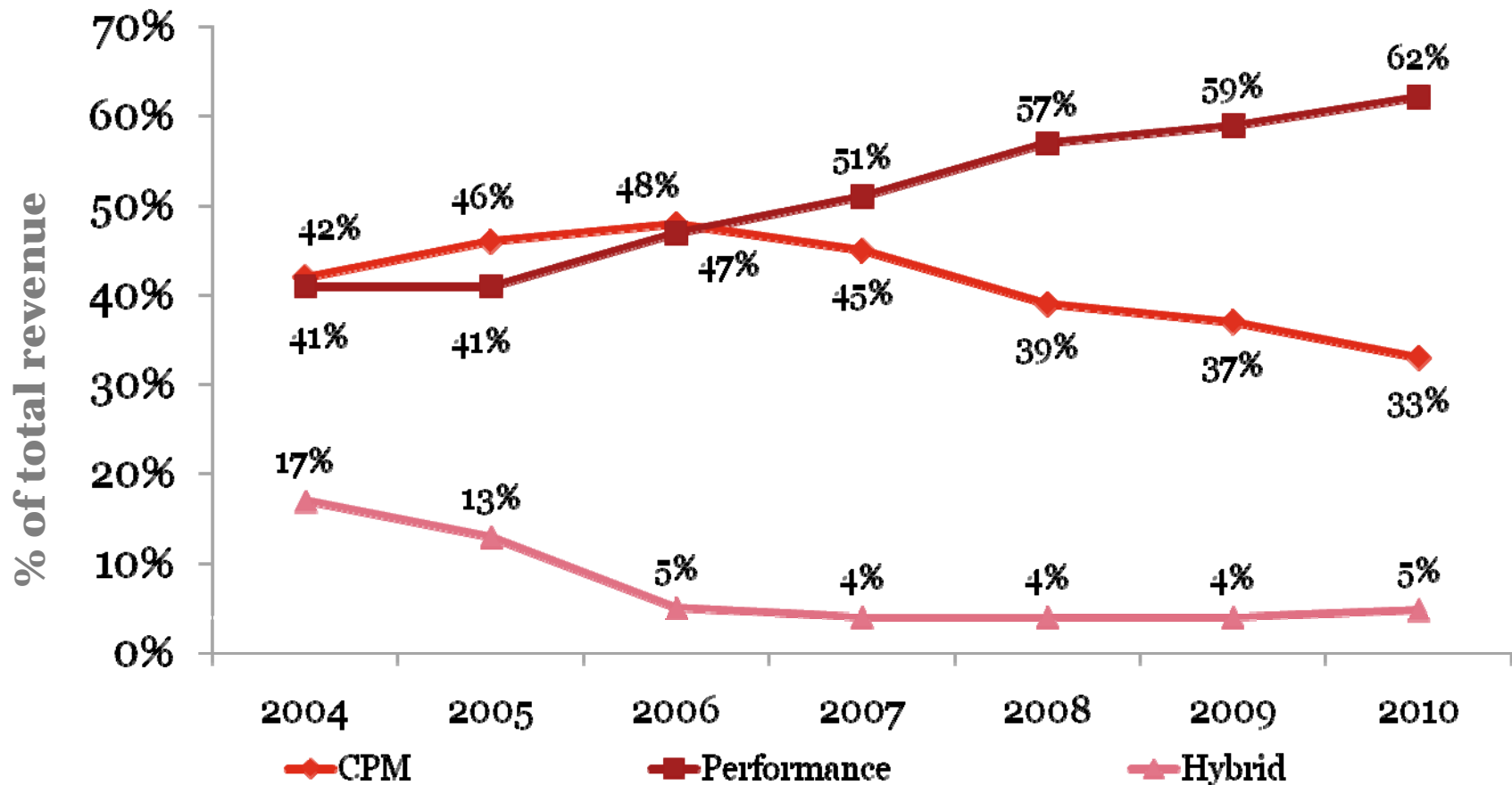


■ Impression-based ■ Performance-based  
■ Hybrid

Total – \$26.0 billion

# Historical Pricing Model Trends

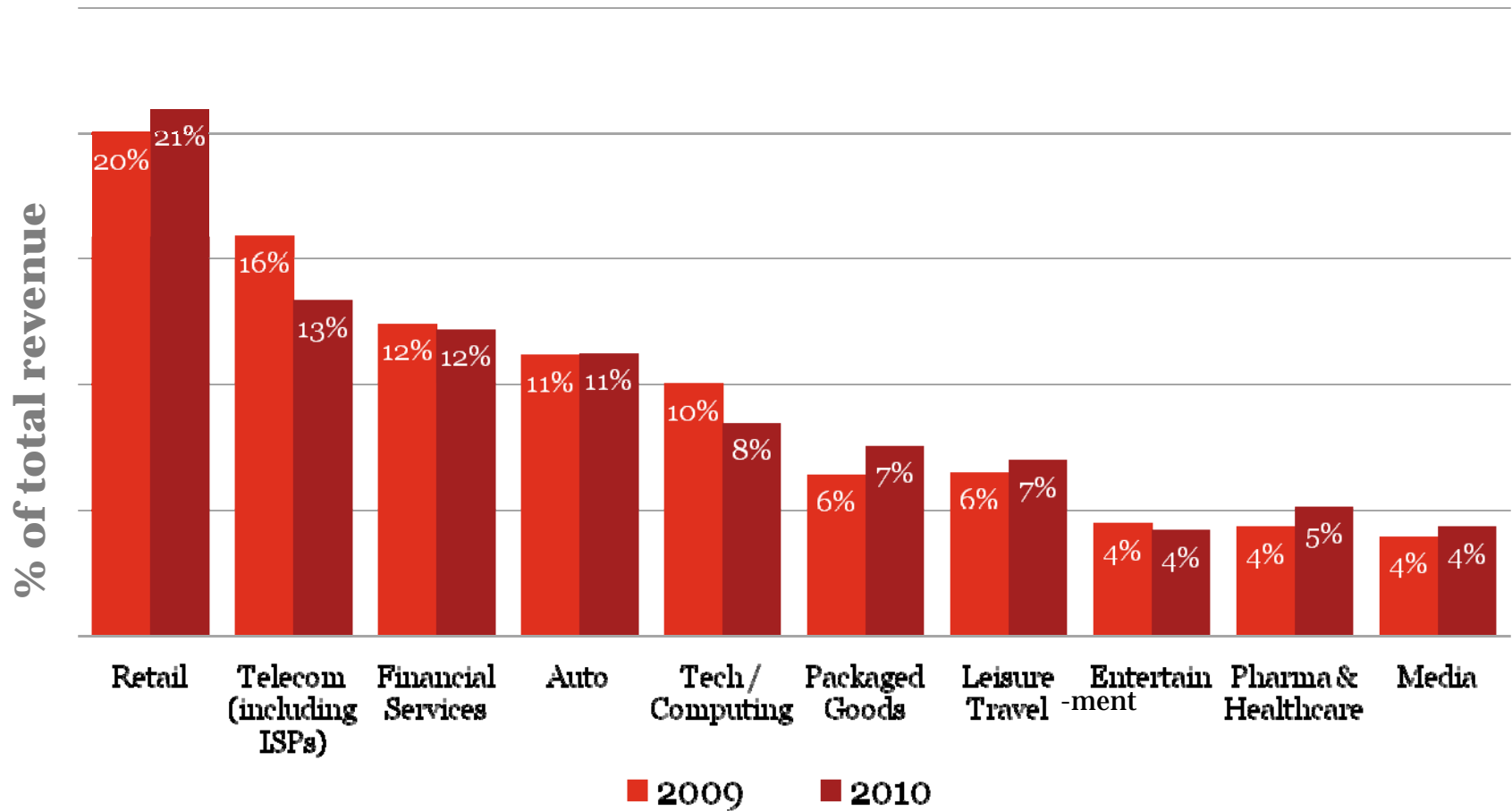
## Internet Ad Revenues by Pricing Model, 2005–2010



Note: Pricing models definitions may have changed over time period depicted, both within the survey process and definitional by survey respondents.

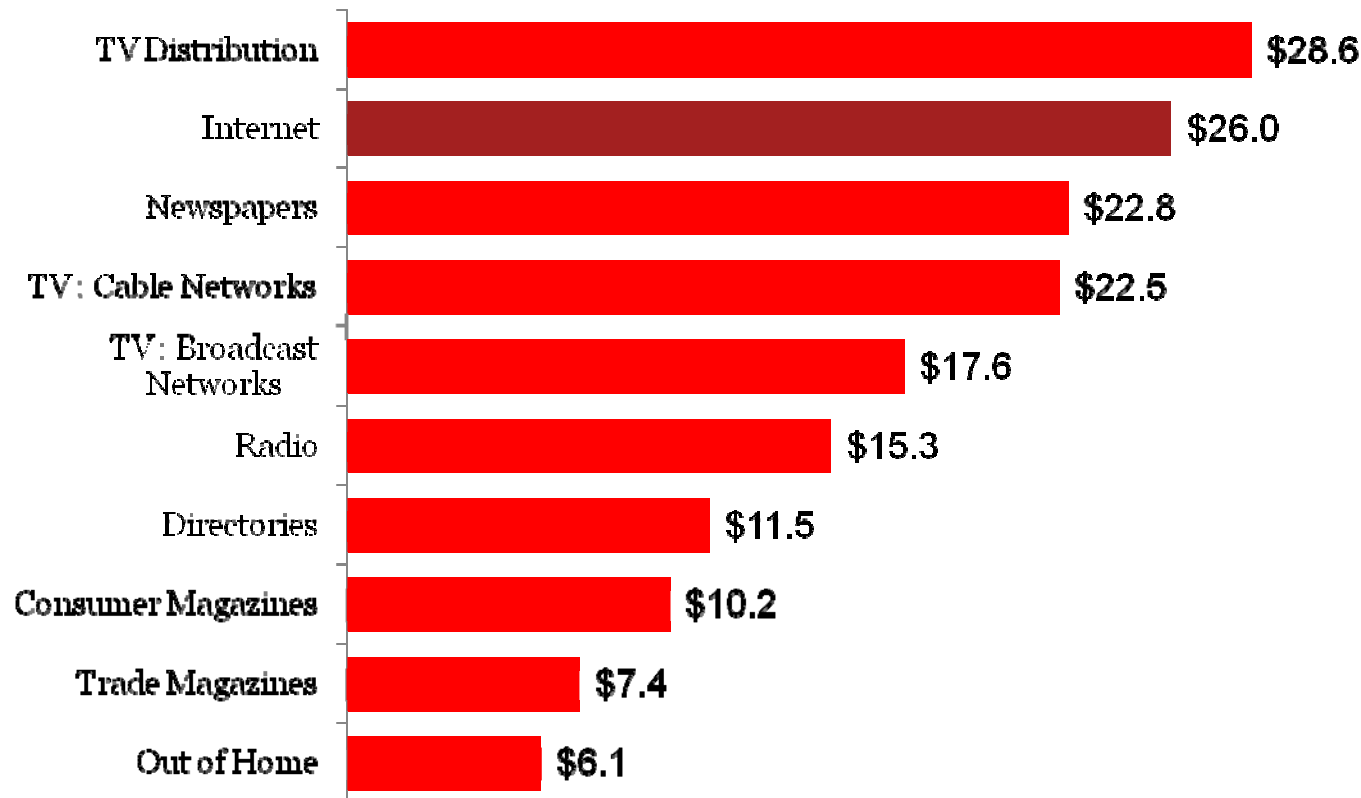
# *Internet Ad Revenues by Major Industry Category*

## **\$22.7 B in 2009 vs. \$26.0 B in 2010**



## *2010 Cross-media advertising market share*

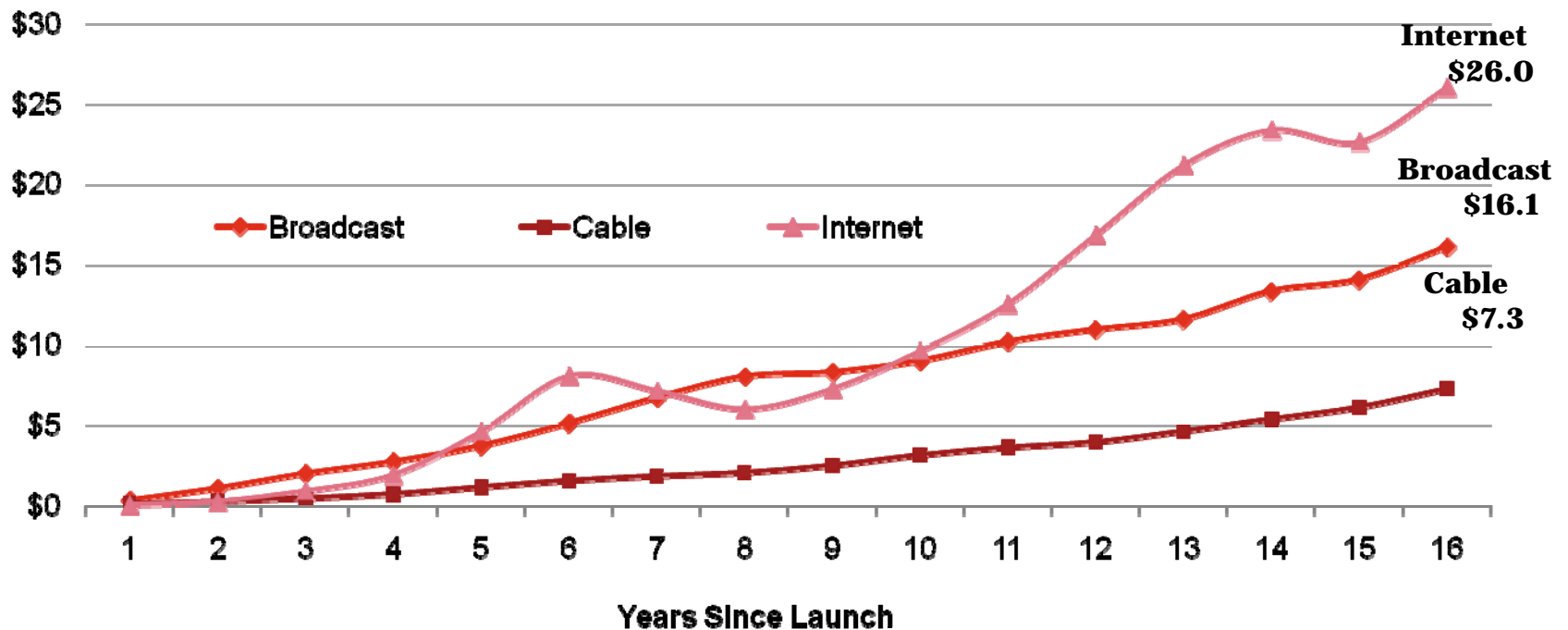
### **US Advertising Market by Media Revenue and Growth (Bln.)**



Note: Total U.S. advertising market includes other segments not charted here. "TV Distribution" includes national and local TV station ads and multichannel system ads. Source: IAB Internet Advertising Revenue Report, 2010; PwC

# Initial year growth comparisons – internet vs. broadcast and cable television

Annual Advertising Revenue —First 16 Years (In billions) – Current Inflation-Adjusted Dollars



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# *PwC New Media Group*

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PwC's New Media Group was the first practice of its kind at a Big Four firm. Currently located in New York, Los Angeles, Boston, Seattle and the Bay Area, our New Media Group includes accounting, tax and consulting professionals who have broad and deep experience in the three areas that converge to form new media: advanced telecommunications, enabling software and content development/distribution.

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 & Acquisition assistance
- Tax planning and compliance
- Capital sourcing and IPO assistance

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# ***PwC New Media Group*** **Contacts**

For information about our New Media Group, contact one of the following PwC professionals:

**David Silverman**

Partner, Assurance Services  
646.471.5421  
david.silverman@us.pwc.com

**Russ Sapienza**

Partner, Advisory Services  
646.471.1517  
russell.j.sapienza@us.pwc.com



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