IAB / PwC UK Digital Adspend Study Full Year 2012

1. INTRODUCTION

Background

- Census of major UK media owners
- Digital Adspend – includes online and mobile
- Official Advertising Association figures since 1997
- Information collected each half year
- Data shown by
  - → Category (display, search & classified)
  - → Format (banners, pre-roll / post-roll)
  - → Advertiser sector (consumer goods, finance)

2. METHODOLOGY

Reported and estimated revenue

Reported Revenue

- Survey includes revenues submitted by **100+ partipants** plus additional online recruitment sites reported by WARC
- The figures are drawn up on the basis of site declaration and have not been not verified
- Google revenues included in total figures are based on published financials

>95% of 2012 total Adspend

Estimated Revenue

- Study includes estimation of Facebook, Spotify, Millennial, Apple, LinkedIn, eBay, Weather Channel and Mojiva revenues by the **IAB / PwC Advisory Board**
- Except for above, reported figures have not been adjusted for organisations that did not participate in the survey

<5% of 2012 total Adspend

IAB / PwC Advisory Board

OMD

VivaKi

MEC

MEDIACOM
People first, better results

Carat

OPERA

AEGIS MEDIA

groupm

MINDSHARE

ZenithOptimedia

ENDERS|ANALYSIS

SOMO

Newcast

FirstPartner

pwc

iab
Internet Advertising Bureau UK

Adjustments and like-for-like growth reporting

Adjustments

- Figures are **adjusted for double-counting**, based on information provided by survey participants
- Google display revenues and **Google mobile revenues (search and display)** are also estimated by the **PwC Advisory Board**. This is not incremental spend as already included in Google total revenues – what we estimate is how this revenue splits between different formats and platforms.
- Total advertising revenue is reported on a **gross** basis

Like for like growth reporting

- This study reports **like for like** growth figures not only for total **spend** but also for **categories** (display, search, classifieds)
- Only companies which submitted in both **2011 and 2012** have been included in the **like for like** growth calculations
- 18 companies’ figures are excluded from the like for like comparisons for online and 35 for mobile because they did not report in both 2011 and 2012.

Digital Adspend

Digital includes online advertising, mobile and tablet advertising:

Online

- Traditional online advertising viewed on a desktop PC or laptop, accessed via the internet connection
- Only media spend reported to ensure fair comparison to other media including
  - Display advertising
  - Search
  - Classified
  - Other (e.g. Lead Generation, Email, Audio)

Mobile

- Advertising that has been specifically tailored and served on a mobile device, accessed via 3G or wifi
- Only media spend reported to ensure fair comparison to other media including
  - Display advertising (including SMS/MMS)
  - Classified
  - Search

Tablet

- Advertising that has been specifically tailored and served on a tablet device, accessed via 3G or wifi
- Only media spend reported to ensure fair comparison to other media including
  - Display advertising

2012 Research participants

247 Real Media, 4TH SCREEN, 7th Chamber, ANY Media, Absolute Radio, AD2-One, Adconion, Addvantage Media, Adfonic, Adpepper, Affili.net, Affiliate Window, AOL Advertising, Banner Connect, Bauer, Blis Mobile, BMJ Publishing Group, BSkyB, CBS Interactive, Channel 4, Collective Media, Commission Junction, Conde Nast, Crimtan, Dennis Interactive, Dianomi, Digivibe Media Ltd, Disney, Educate Direct Ltd, EE, Electronic Arts, ESPN, Eurogamer, Expedia, Exponential, Faversham House Group, Financial Times, Flurry, Fox Networks UK, Freemax Media, Future Publishing, Game House, Game Spot, Global Radio Interactive, Google, Go Viral, Guardian Unlimited, Gum Tree, Haymarket Business Solutions, Hearst, Hibu, IGN, Immediate Media, Incisive Media, The Independent, Inmobi, Inskinmedia, The Institution of Engineering and Technology, Intela, Interactive Prospect Targeting, IPC, iPoints, ITV plc, iVillage, Jemm Media, Jobsite, Johnston Press, Lead Point, Linking / Mobile Future Group, Linkshare, Madvertise, Magnetise Group, Microsoft, Mobsta, MTV Digital Networks, Net Communites Limited, News International, O2, Online Media Group, Perform Group, Quidco, R.O. Eye, Racing Post, Reed Business Information, Reuters, Right Move, Rubber Republic, Savoo, Specific Media UK Ltd, Spil Games, Strikead, The Student Room, Supersonic Ads, T.T.H Media Ltd, Telegraph Media Group, Three, TradeDoubler, Tradermedia Group, Tremor Media, Trinity Mirror, Unanimis, Unruly Media, Value Click, Vevo, Vibrant Media, Videogamer, Videojug, Virgin Media, w00t!, We7, Webgains, WeRinteractive, Weve, Yahoo!, YOC, Yume, Zoopla, and online recruitment sites through WARC.

3. UK ADSPEND HEADLINE RESULTS

£5.416 bn

market in 2012

an increase of £607m
year-on-year

SOURCE: IAB / PwC Digital Adspend 2012

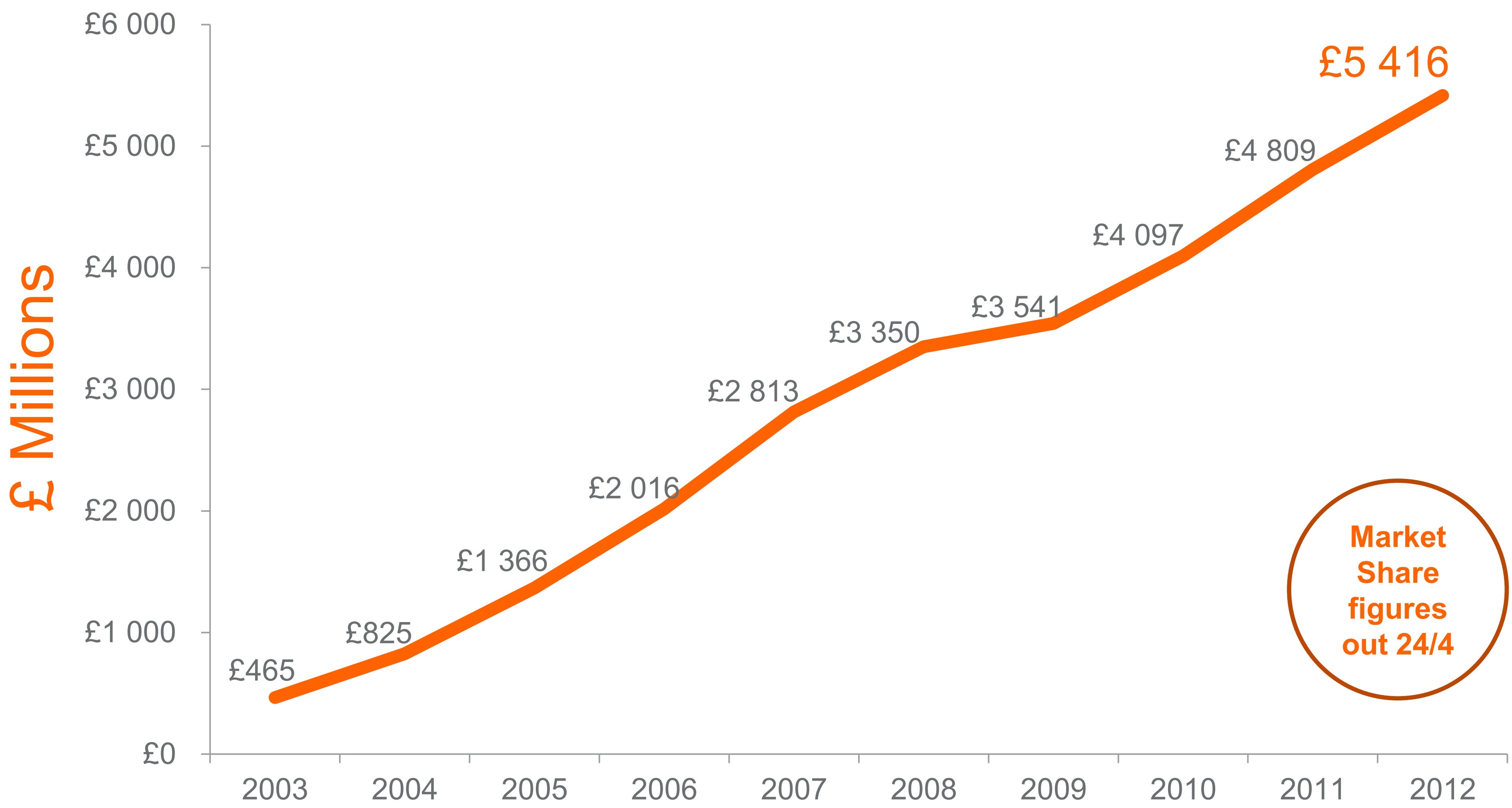
12.5%

increase

on a like for like basis

SOURCE: IAB / PwC Digital Adspend 2012

Digital advertising spend – last 10 years



SOURCE: IAB / PwC Digital Adspend 2002 - 2012

4. THE DIGITAL MEDIA MIX

Which formats go where?

Format	Category
Banners / Embedded*	**Display**
Sponsorships*	**Display**
Interruptive formats	**Display**
Email display advertising	**Display**
Tenancies*	**Display**
Pre roll / Post roll video*	**Display**
Social Video	**Display**
Video other	**Display**
Tablet advertising	**Display**
Dynamic in-game advertising	**Display**
Display other*	**Display**

Format	Category
Paid for search*	Search
Recruitment classified	Classified
Consumer classified*	Classified
B2B classified	Classified
Solus email	Other
Audio advertising	Other
Lead generation	Other
Search affiliate	Other
Mobile SMS/MMS*	Other

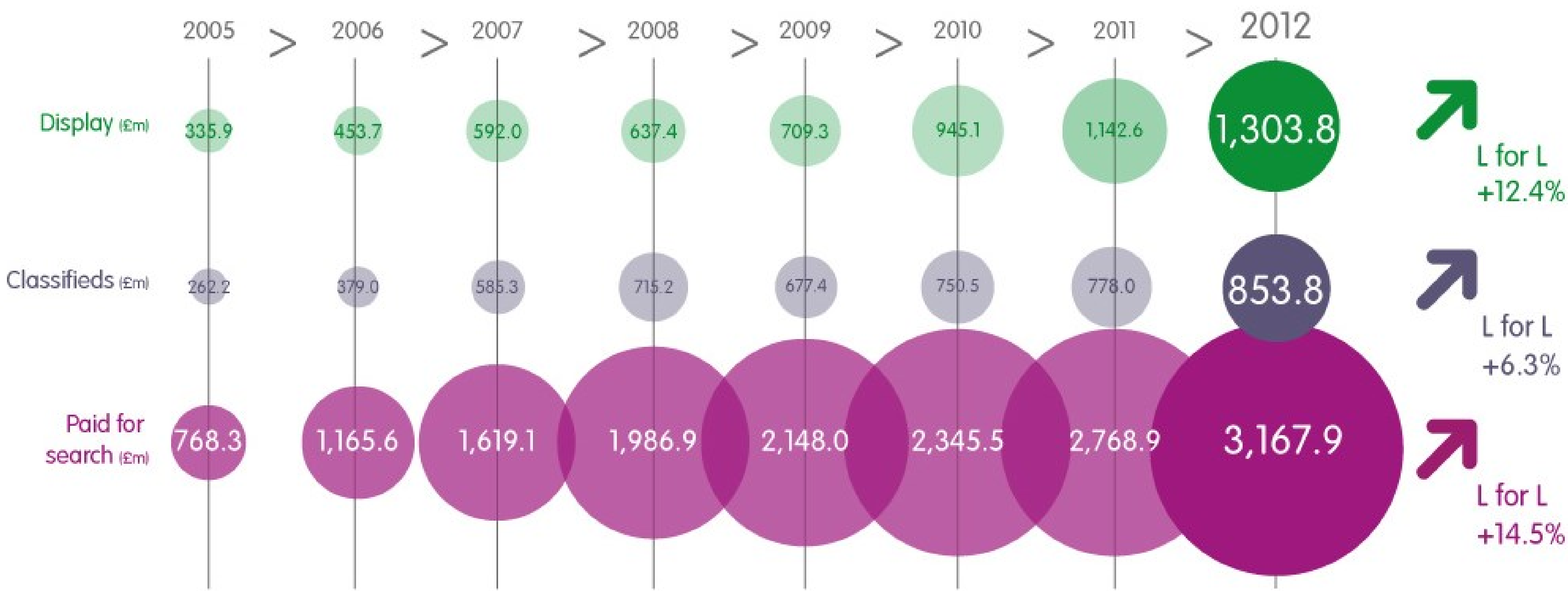
* Includes mobile

The digital media mix
% share of revenues 2012

Category	2011 Share
Search	58%
Display	24%
Classified	16%

NB: Other includes Lead Generation, Search Affiliate, Solus Email, Mobile SMS/MMS
SOURCE: IAB / PwC Digital Adspend 2012

All categories show a like for like increase for 2012

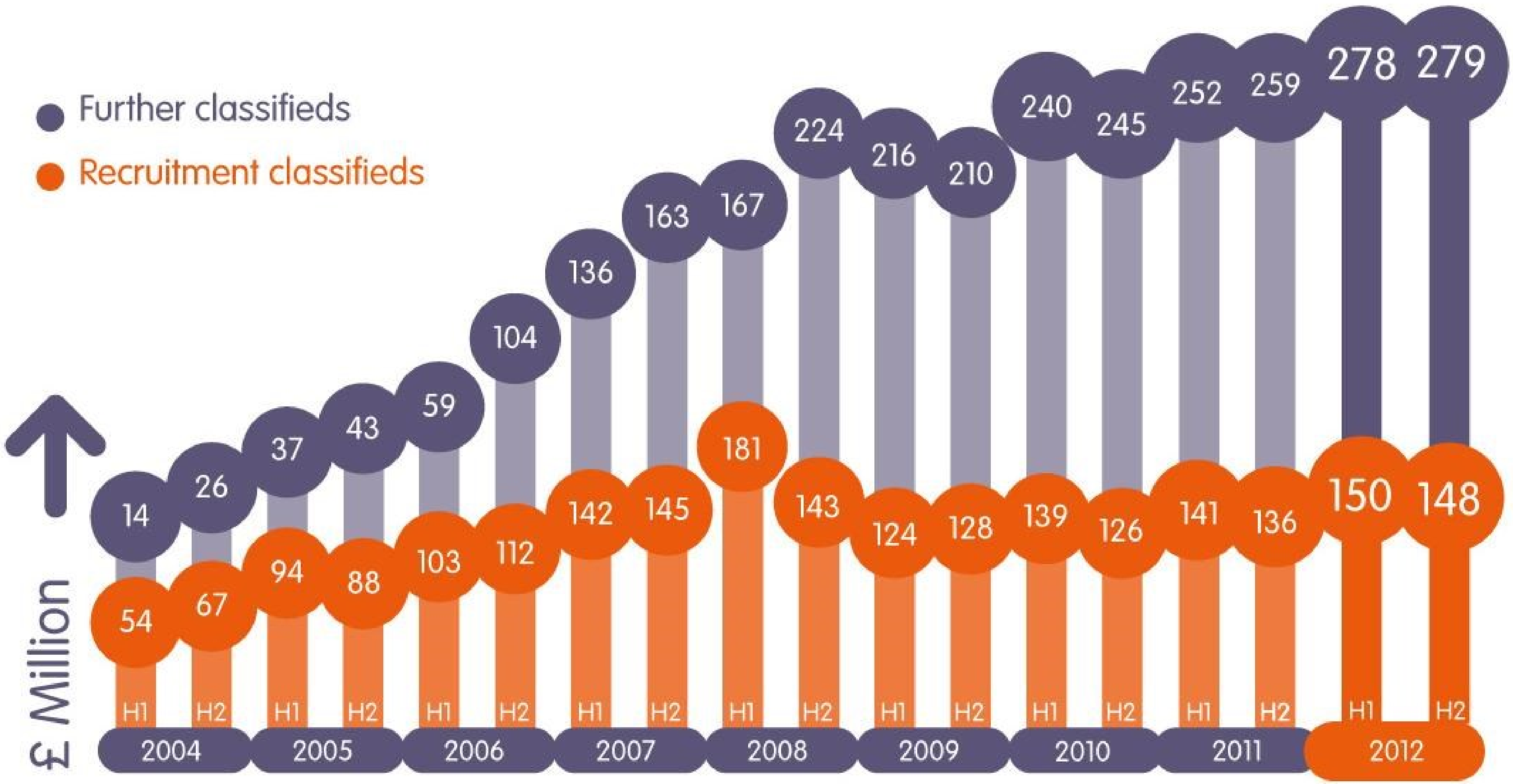


SOURCE: IAB / PwC Digital Adspend 2012

Search continues to show impressive growth

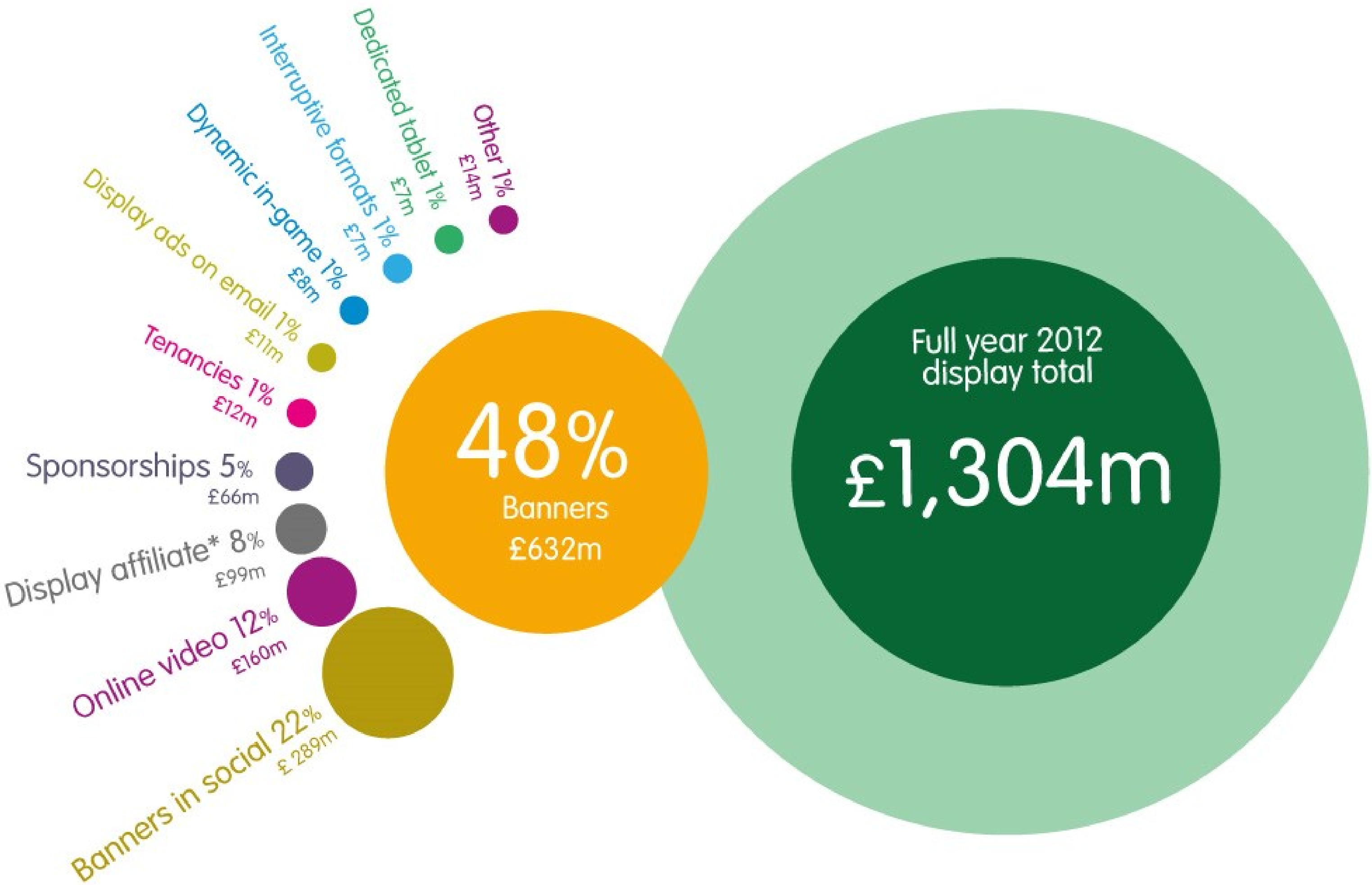
SOURCE: IAB / PwC Digital Adspend 2012

Further classifieds continues to grow in 2012



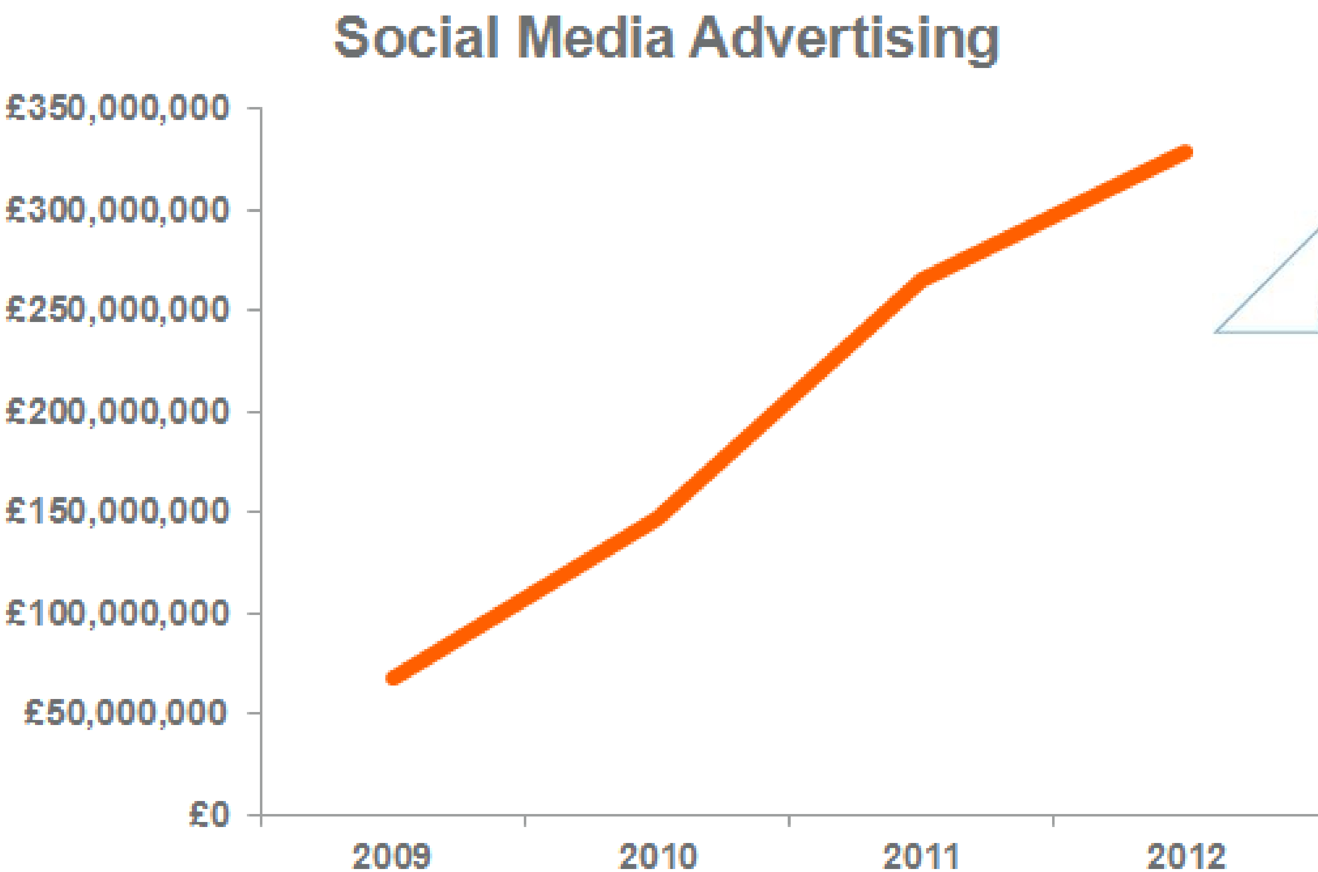
SOURCE: IAB / PwC Digital Adspend 2012

Banners & Banners in a social media environment = 71% of display



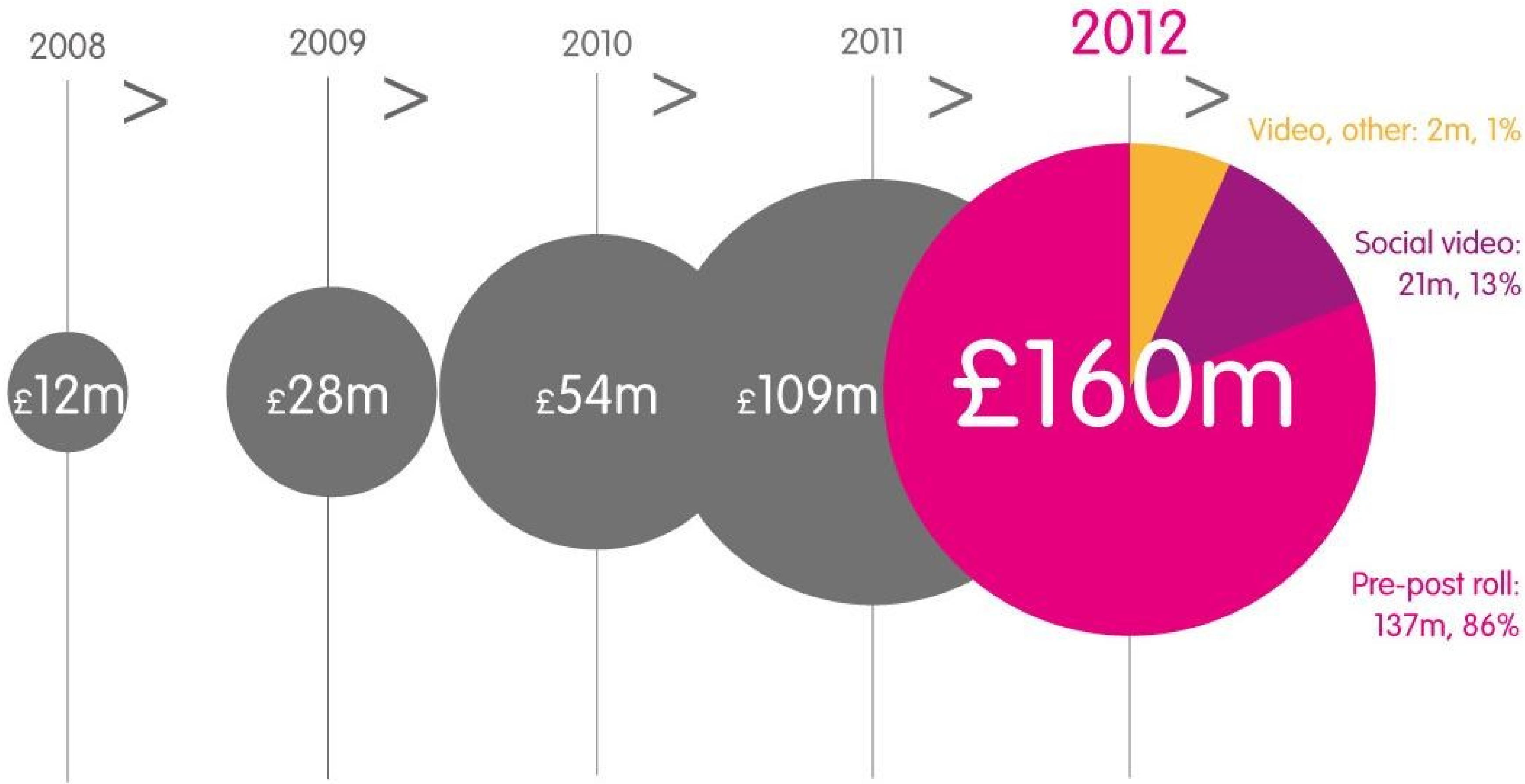
SOURCE: IAB / PwC Digital Adspend 2012
* See http://bit.ly/O_P_M for more details

Social media display up dramatically year on year



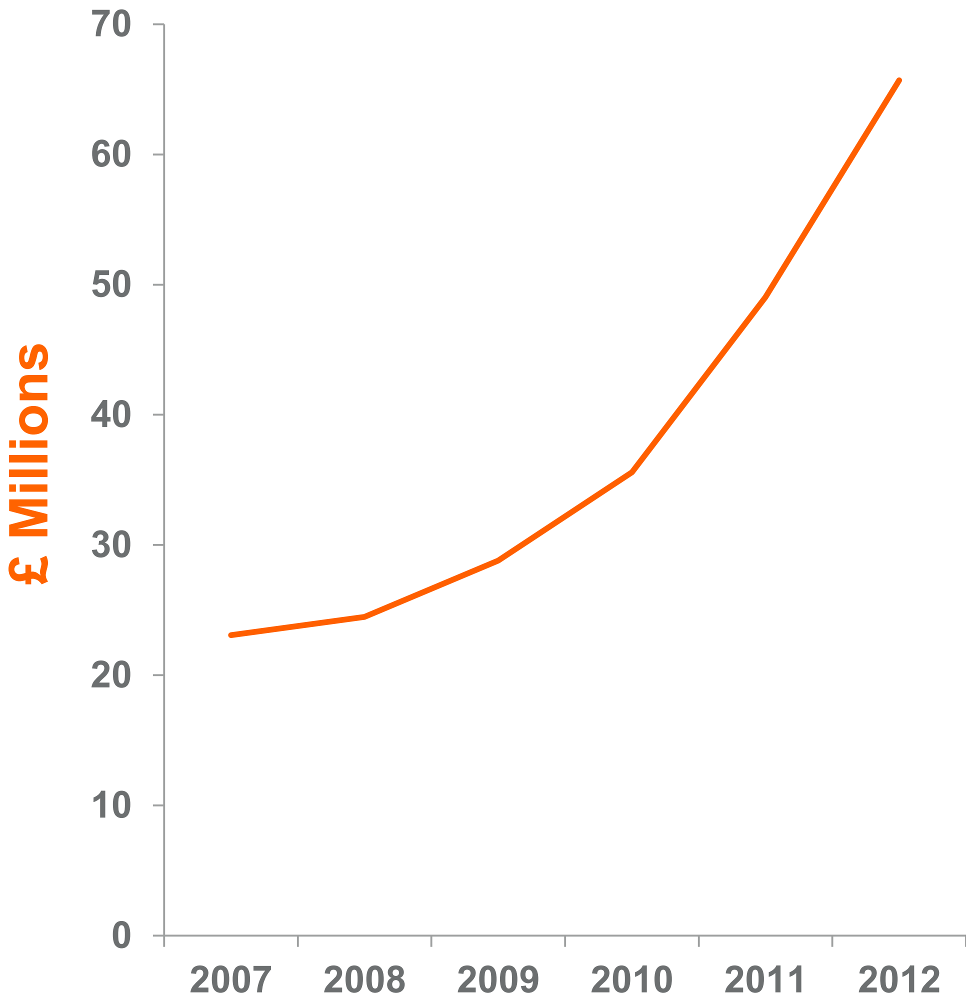
SOURCE: IAB / PwC Digital Adspend 2012

Online video increases by 46% year on year



NB: Social video and other video included for the first time in H1 2011
SOURCE: IAB / PwC Digital Adspend 2012

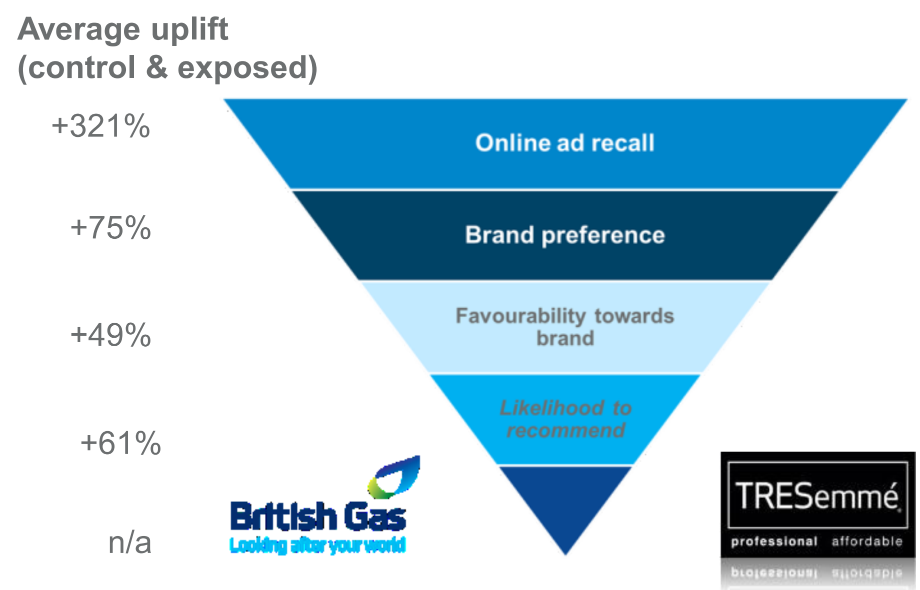
Sponsorship increases by 34%



SOURCE: IAB / PwC Digital Adspend 2012.

building brands online

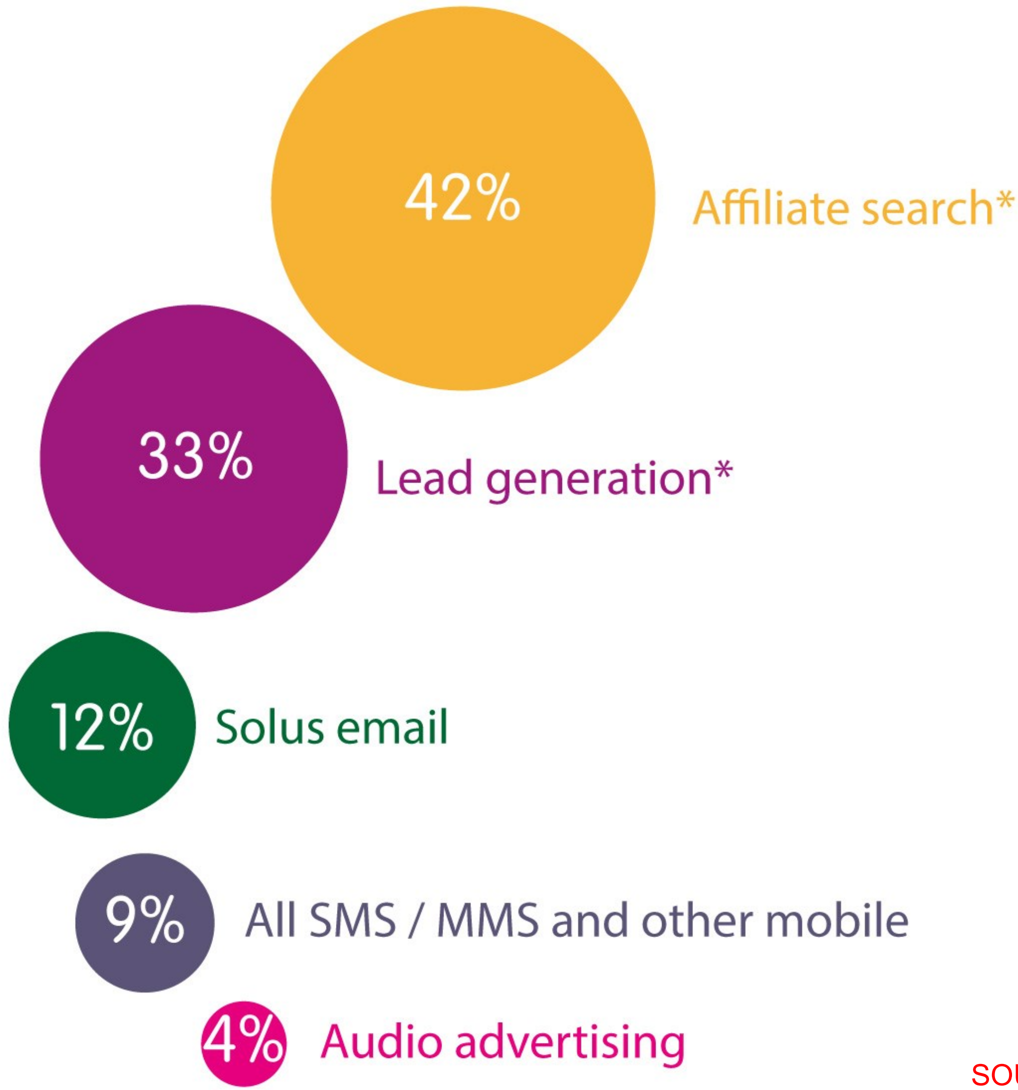
SPONSORSHIP



Research shows that sponsorships are impactful in **several parts** of the purchase funnel

SOURCE: Building Brands Online – Sponsorship Research 2012

Breaking out the ‘Other’ category



SOURCE: IAB / PwC Digital Adspend 2012
* See http://bit.ly/O_P_M for more details

5. INDUSTRY CATEGORIES

Top 20 online display advertisers

MandmDirect
Biggest Brands - Lowest Prices

audible.com
An Amazon company

ING DIRECT
A decent way to do banking

British Gas
Looking after your world

AXA

SUN LIFE

sky

VEVO

P&G

TotallyMoney
Beyond Comparison

ebay

vodafone

TESCO
Every little helps

YOUR M&S

gamesys

Three.co.uk

Google

Camelot

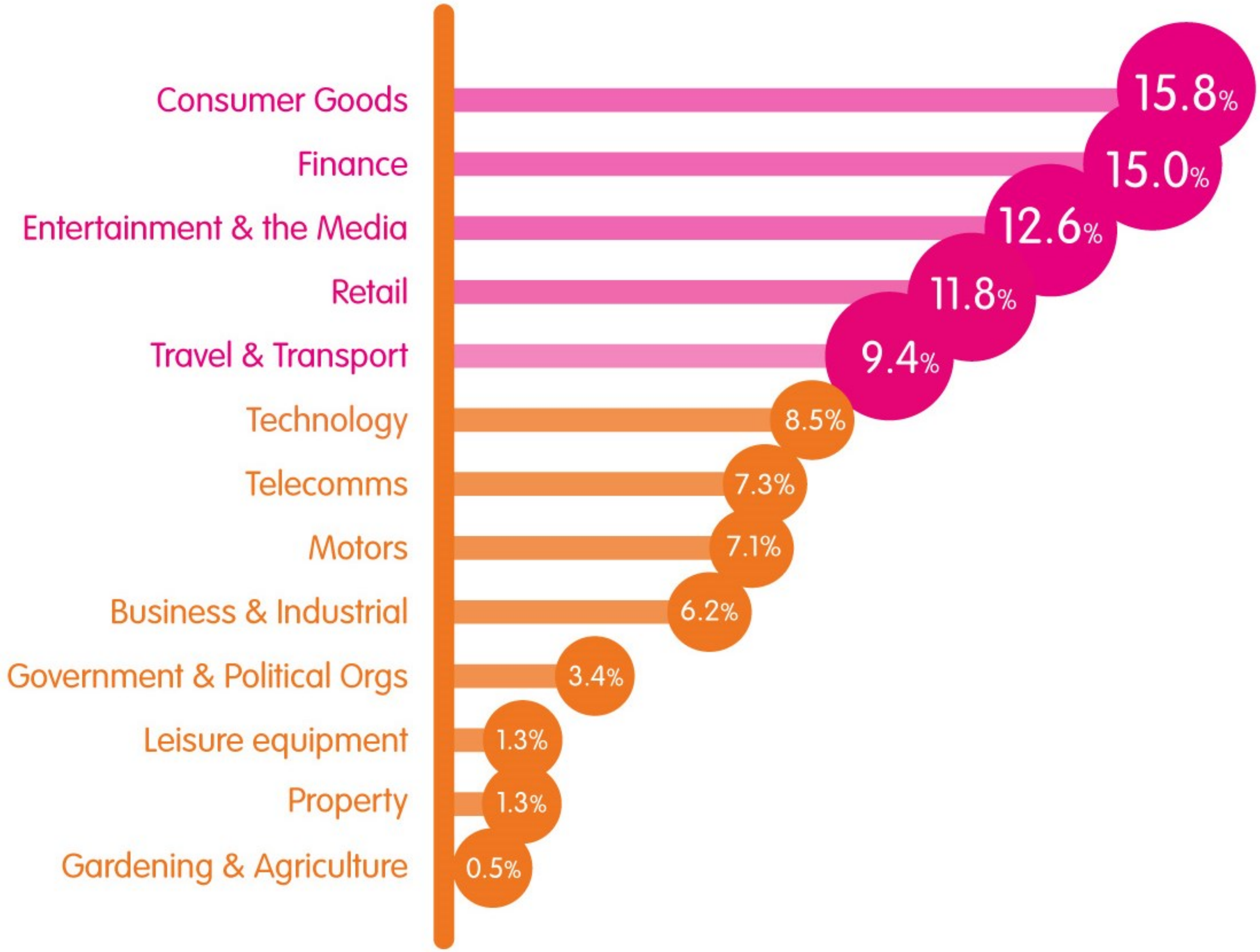
Virgin media

BARCLAYS

BT

SOURCE: Nielsen Media Research Jan – Dec 2012

Consumer goods takes the lead!



SOURCE: IAB / PwC Digital Adspend 2012 based on 56% reported display revenue for H1 and 68% for H2 2012

6. MOBILE

£526.0m

Total mobile market 2012

£203.2m

Total mobile market 2011

SOURCE: IAB / PwC Digital Adspend 2012

59 Submissions up from 28 in 2011

Strong like for like growth 2011 to 2012

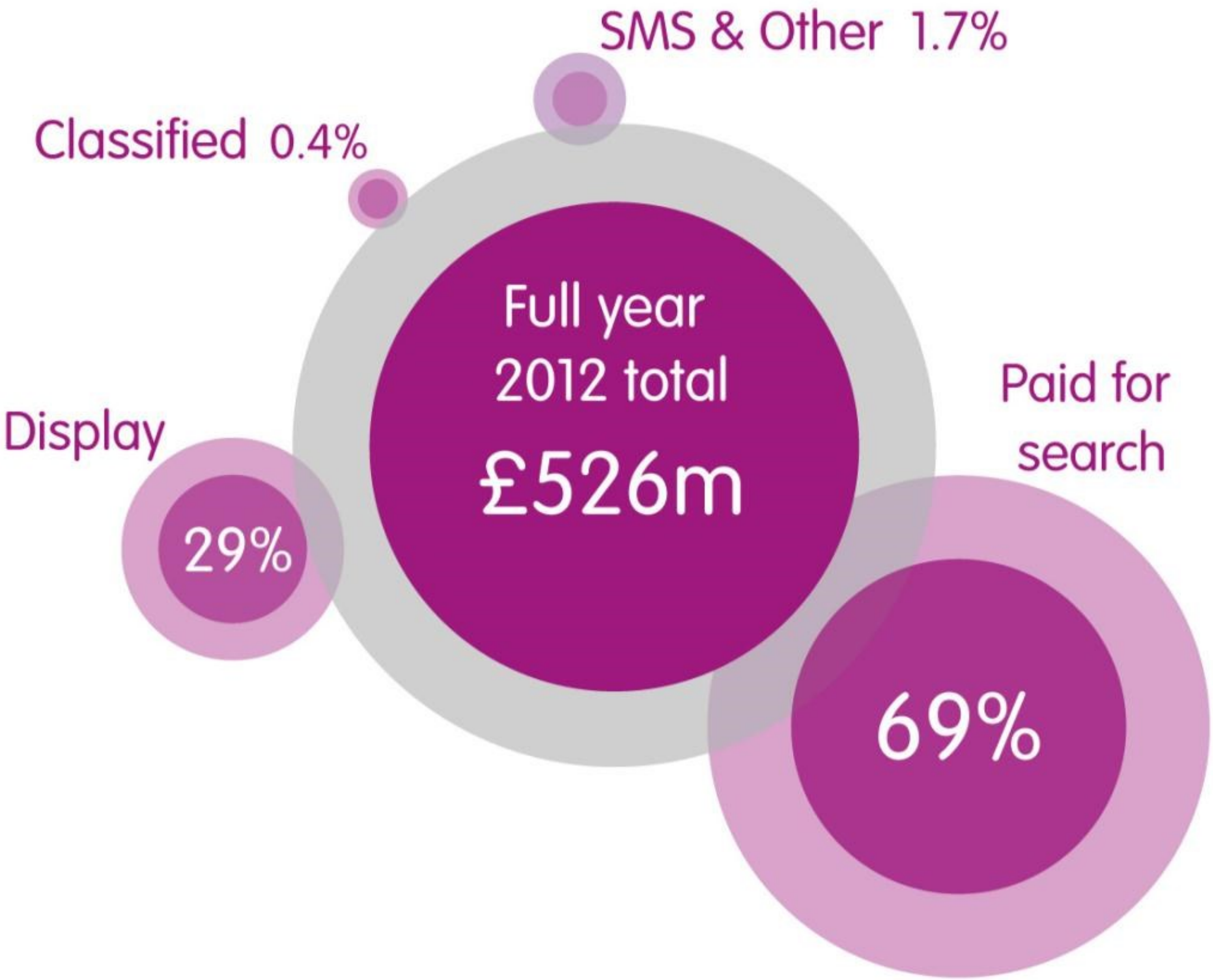
148%

Total mobile market
2011 vs 2012 like for like

SOURCE: IAB / PwC Digital Adspend 2012

The mobile media mix

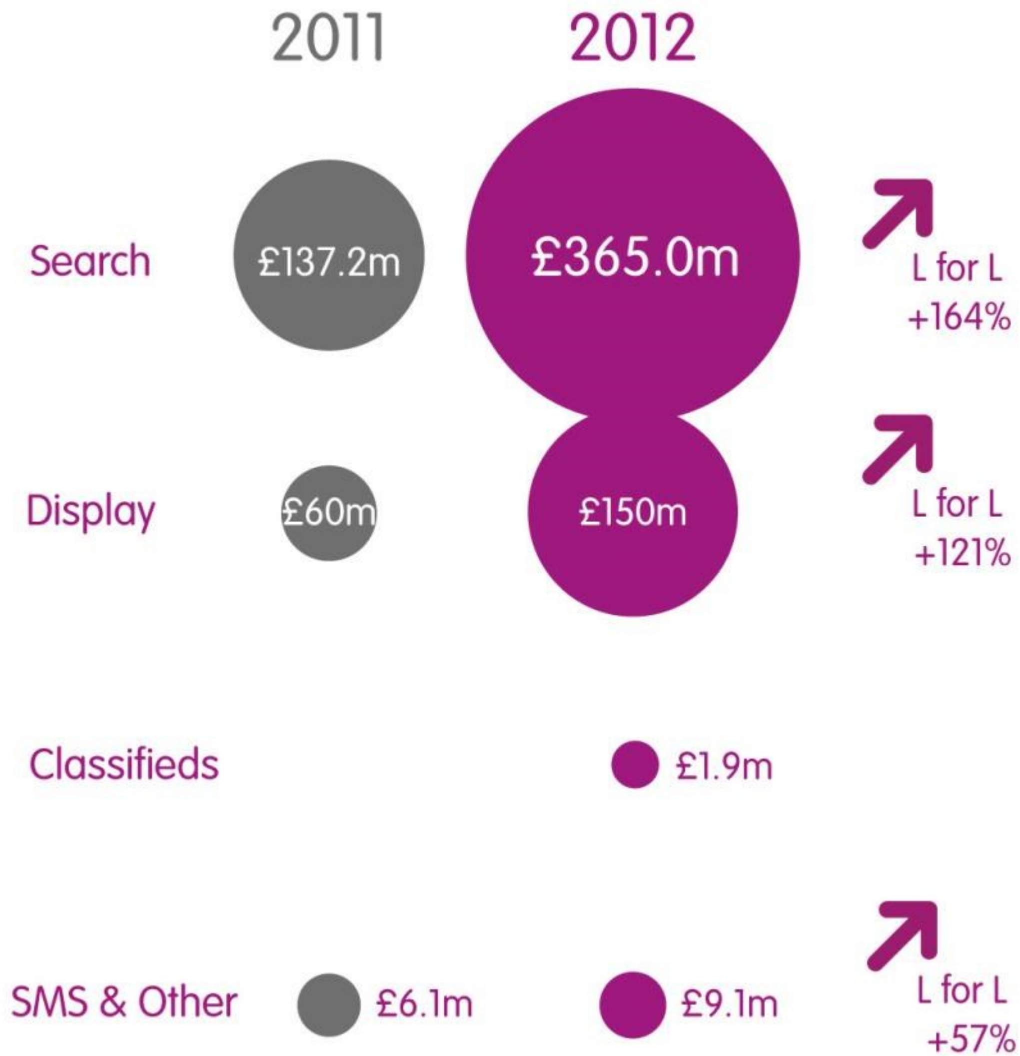
% share of revenues 2012



Category	2011 Share
Search	67%
Display	30%
Classified	0%
SMS & Other	3%

SOURCE: IAB / PwC Digital Adspend 2012

Mobile like for like growth

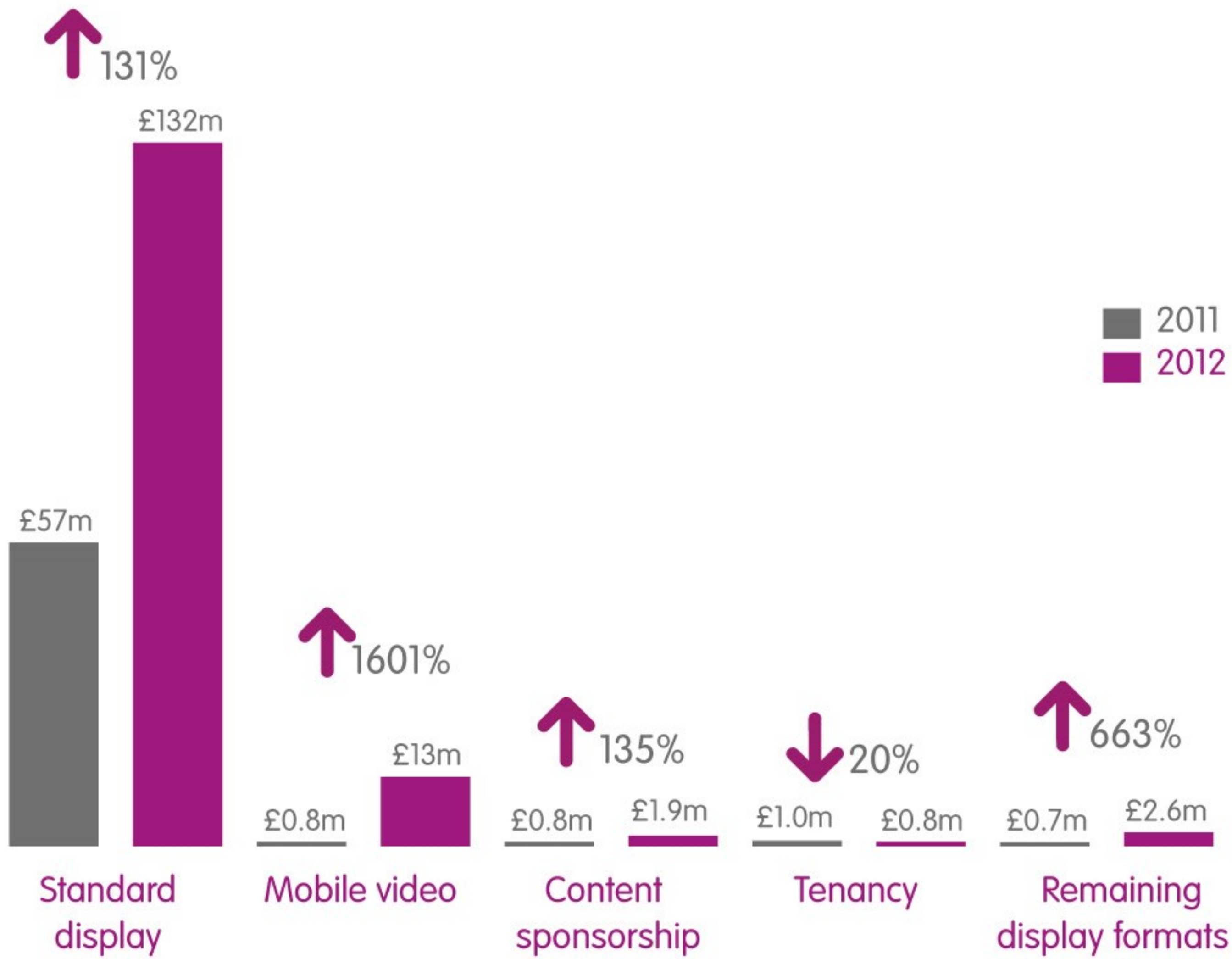


SOURCE: IAB / PwC Digital Adspend 2012

Mobile display breakdown

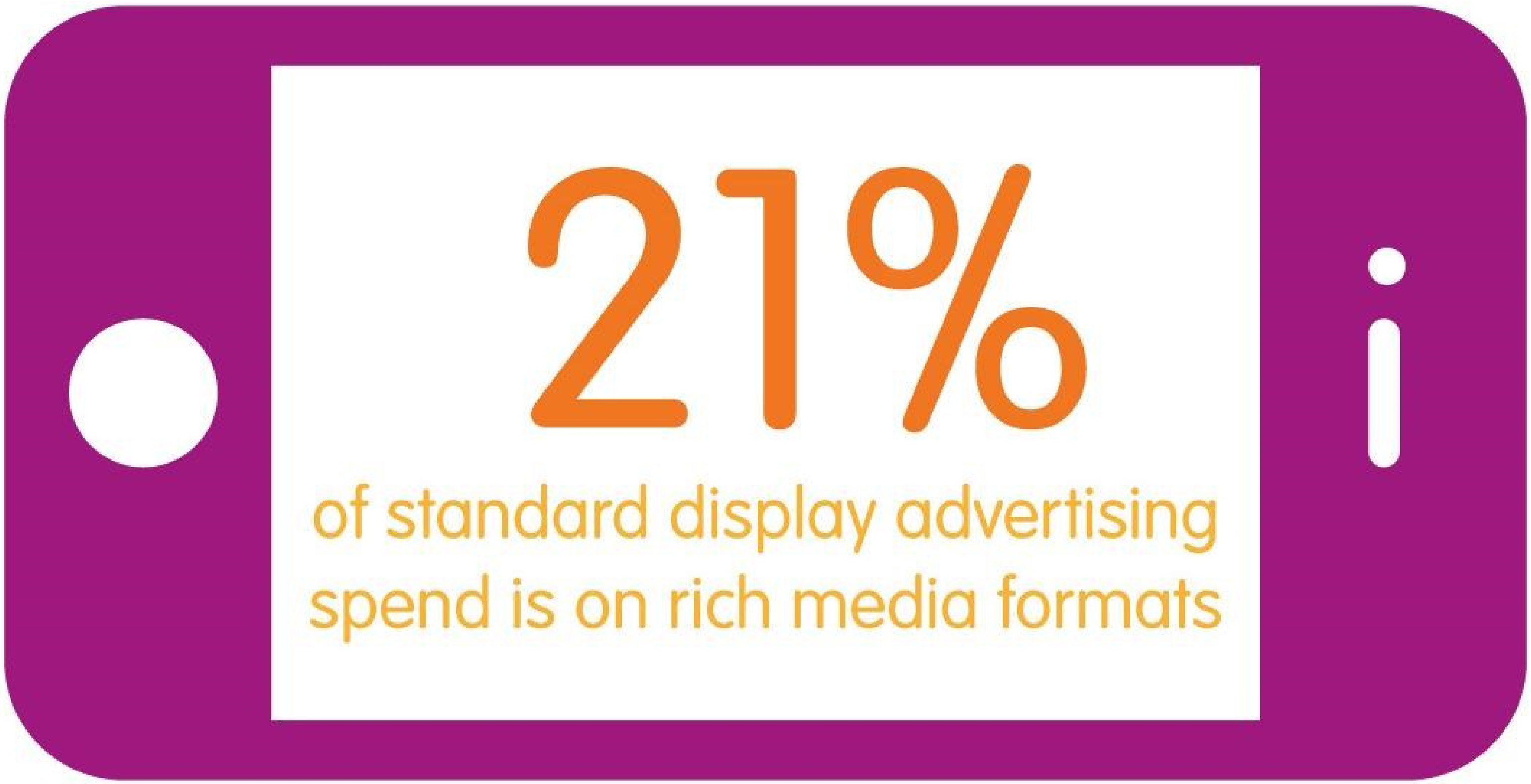
SOURCE: IAB / PwC Digital Adspend 2012

Mobile display growth



SOURCE: IAB / PwC Digital Adspend 2012

2012 mobile rich media spend

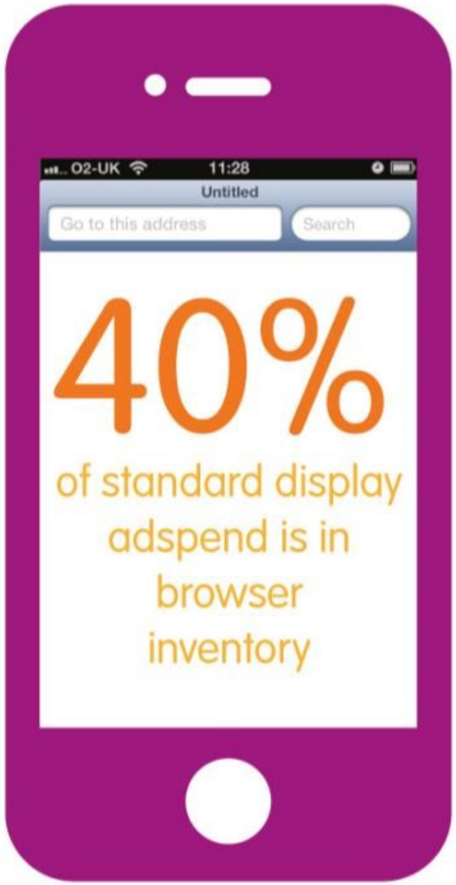


2011 19%

*Based on a sample of 34 participants and 3 estimated companies, accounting together for c.76% of total standard display revenue

SOURCE: IAB / PwC Digital Adspend 2012

2012 mobile display in app vs browser



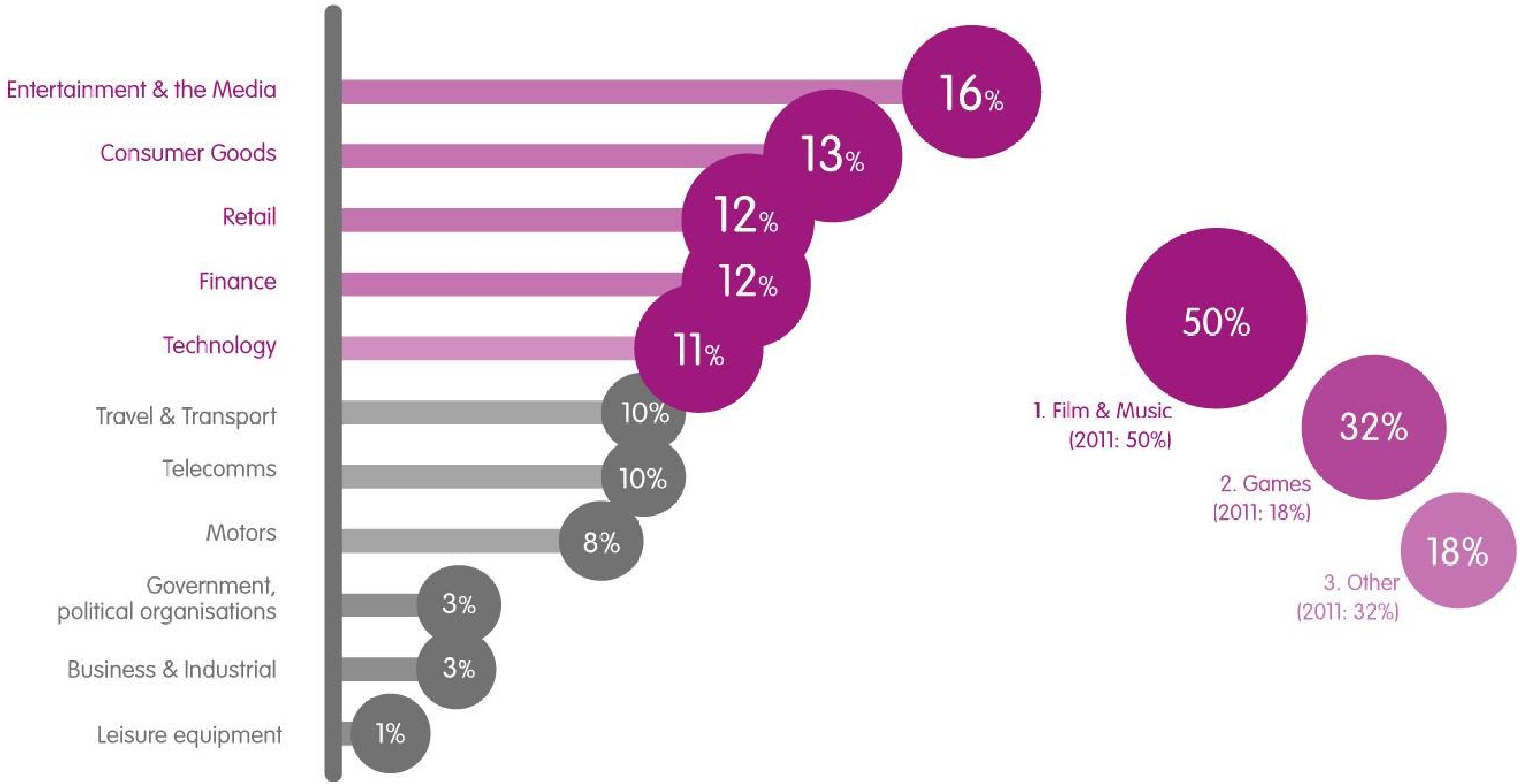
2011 46%

2011 54%

*Note: Based on a sample of 20 participants and 3 estimated companies, accounting together for c.60% of total standard display revenue

SOURCE: IAB / PwC Digital Adspend 2012

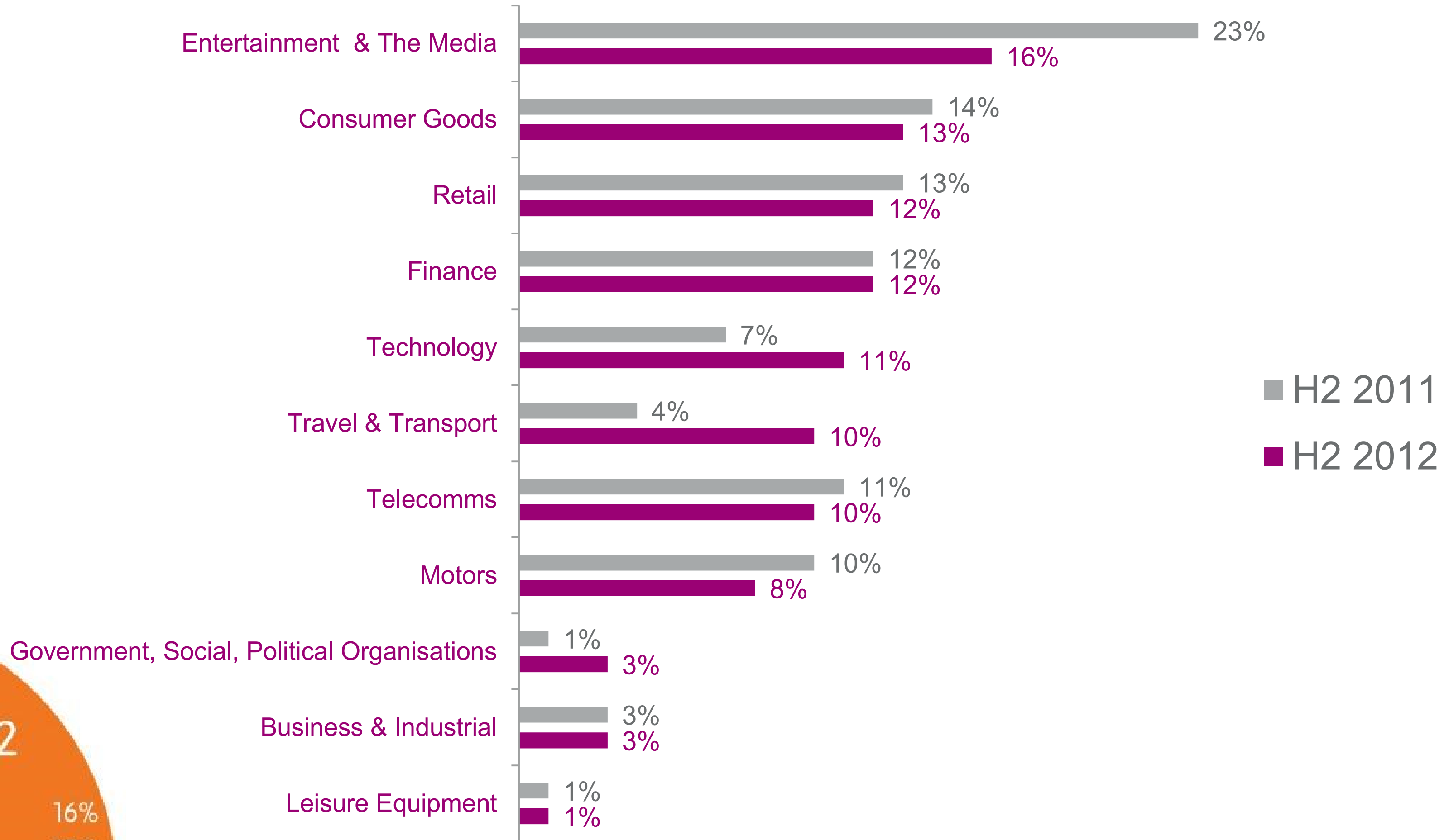
2012 industry sector mobile display market shares



*Note: Based on participants who submitted breakdown of the total Entertainment & Media spend into above sub-categories, together accounting for c 100% of the Entertainment & the Media category spend

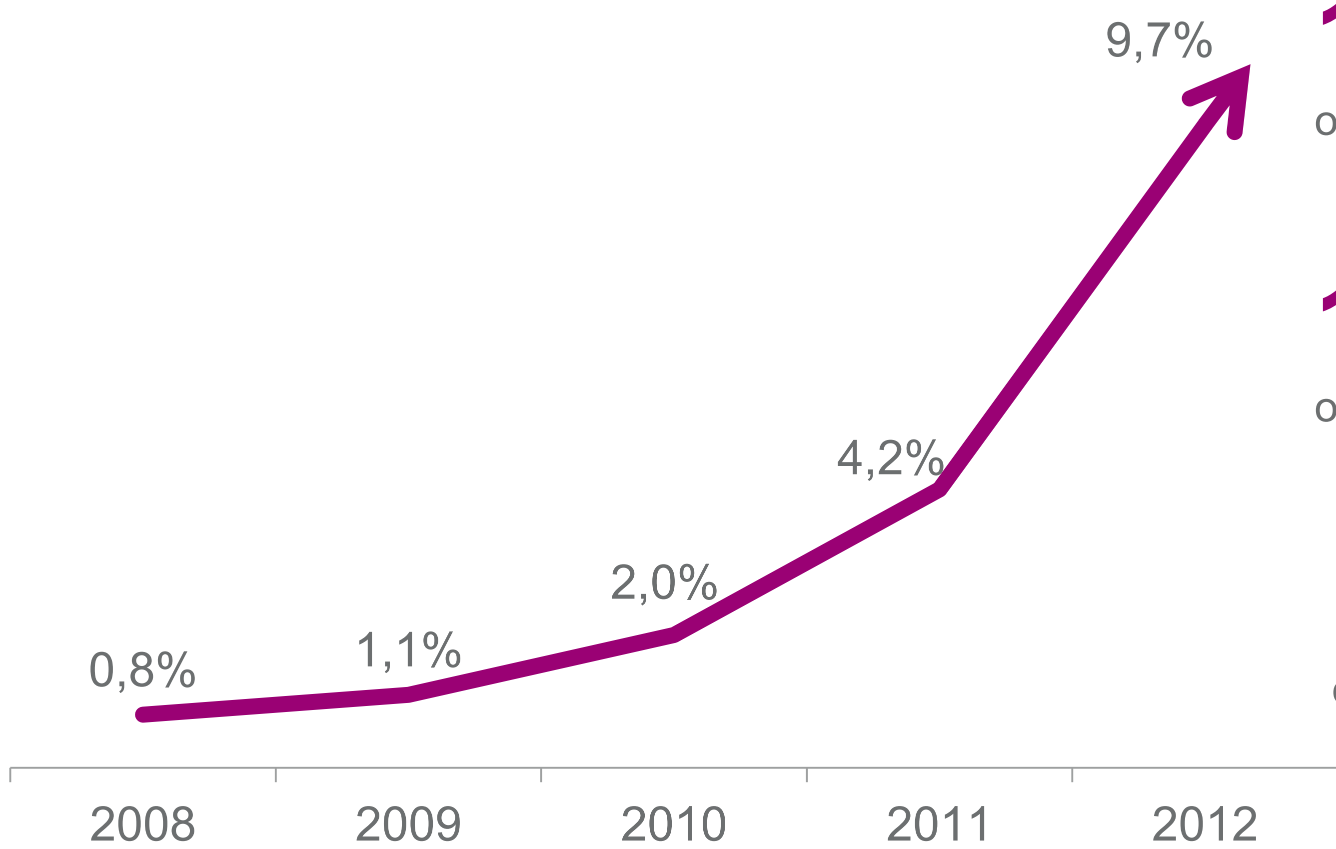
SOURCE: IAB / PwC Digital Adspend 2012

Change in industry sector mobile display market shares 2011 to 2012



Based on 86% of submitted display ad spend
SOURCE: IAB / PwC Digital Adspend 2012

Mobile as a % of digital



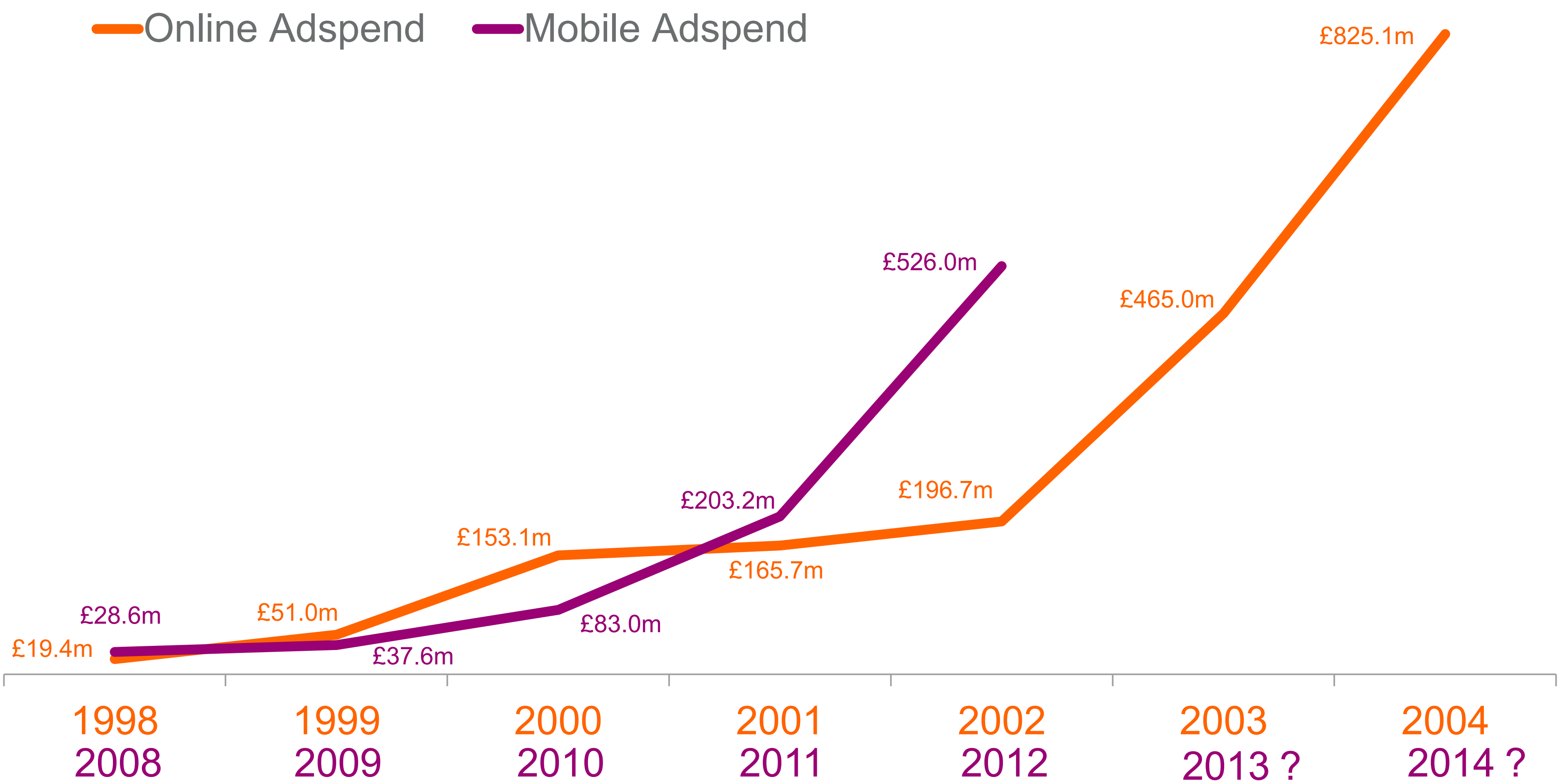
11.5%
of total search

11.5%
of total display

0.2%
of total classifieds

SOURCE: IAB / PwC Digital Adspend 2012

Mobile growth vs online 10 years ago



SOURCE: IAB / PwC Digital Adspend 2012

Tablet display Adspend

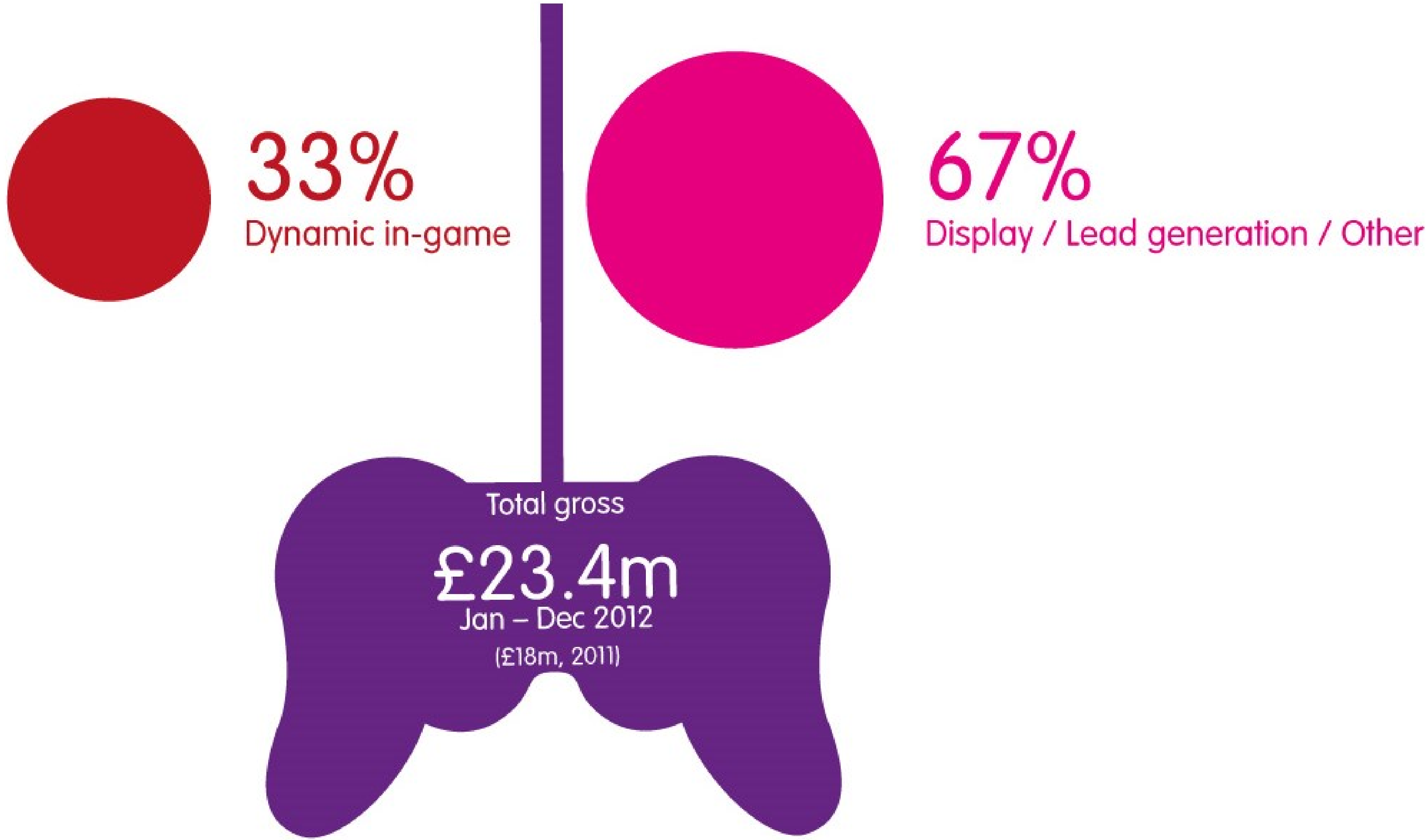
2011 £2.5m

*Note: This figure relates to tablet specific advertising only (i.e. not including internet advertising displayed on a tablet by default). It is based on revenues reported by companies participating in the online and mobile surveys who were able to report this figure separately, and can thus underestimate the overall size of the tablet dedicated advertising spend

SOURCE: IAB / PwC Digital Adspend 2012

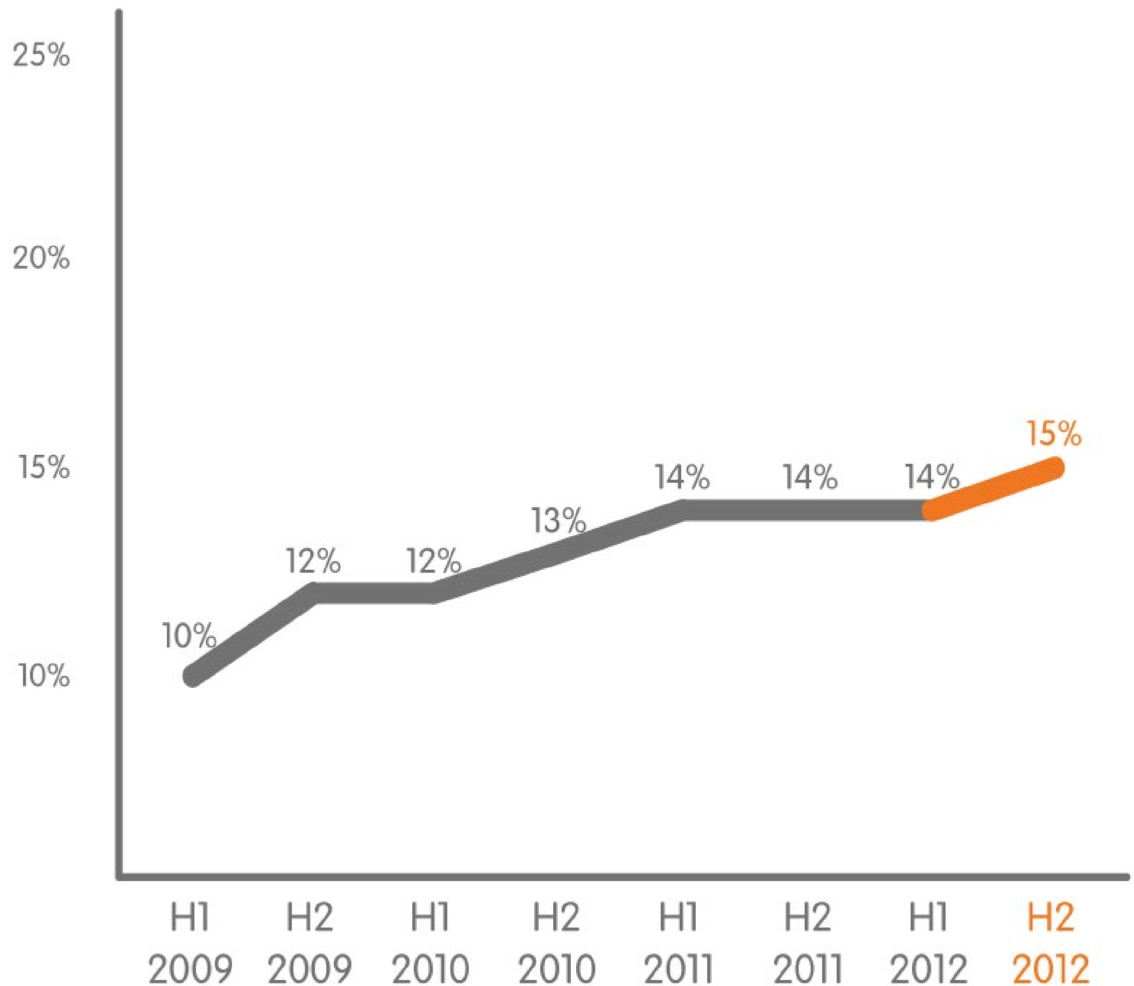
7. ADDITIONAL DATA

Games revenue in 2012, up 30% from 2011



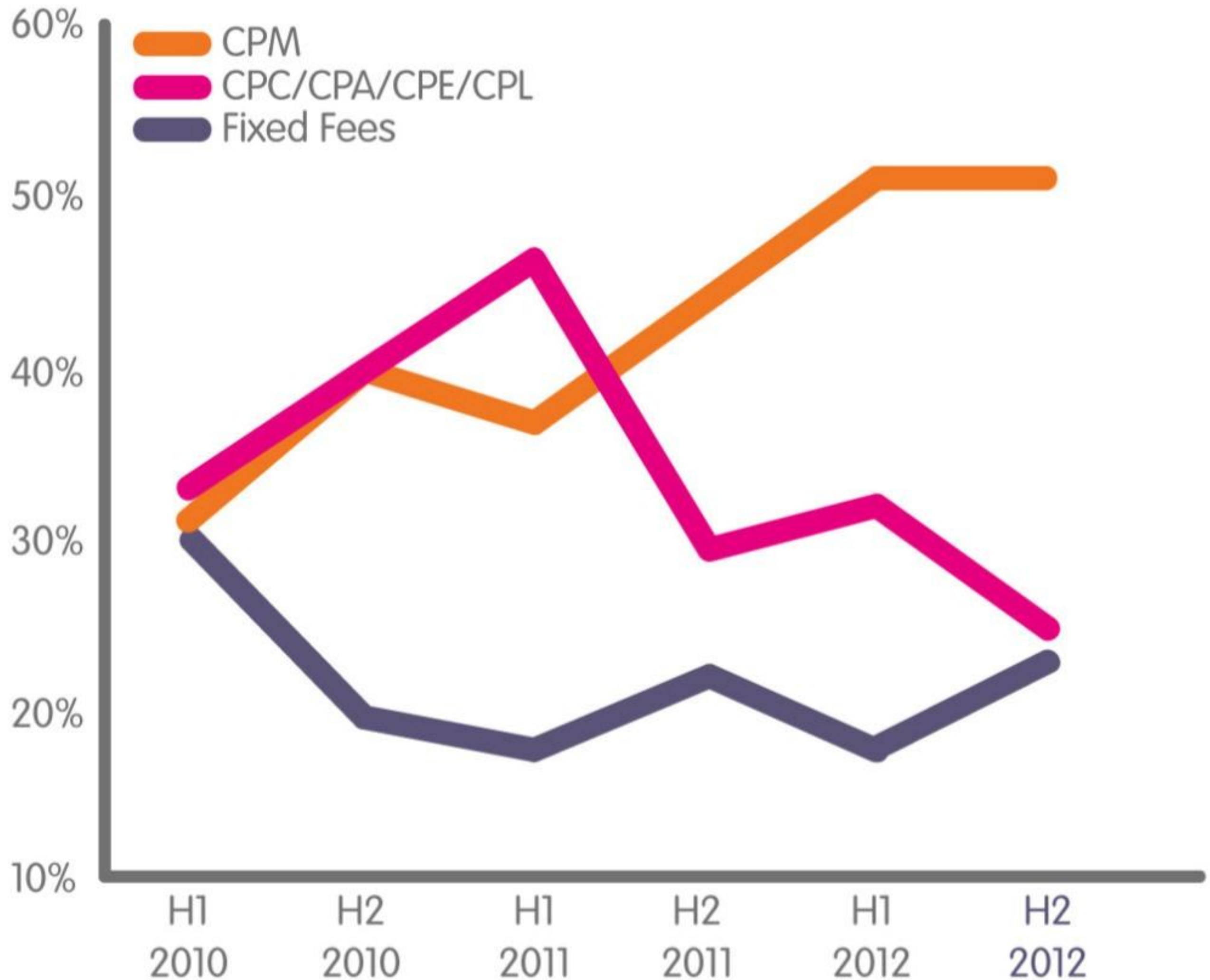
SOURCE: IAB / PwC Digital Adspend 2012

Brand advertising online is 15% of total



SOURCE: IAB estimate based on IAB / PwC Digital Adspend 2012

2012 showed a shift in revenue models?



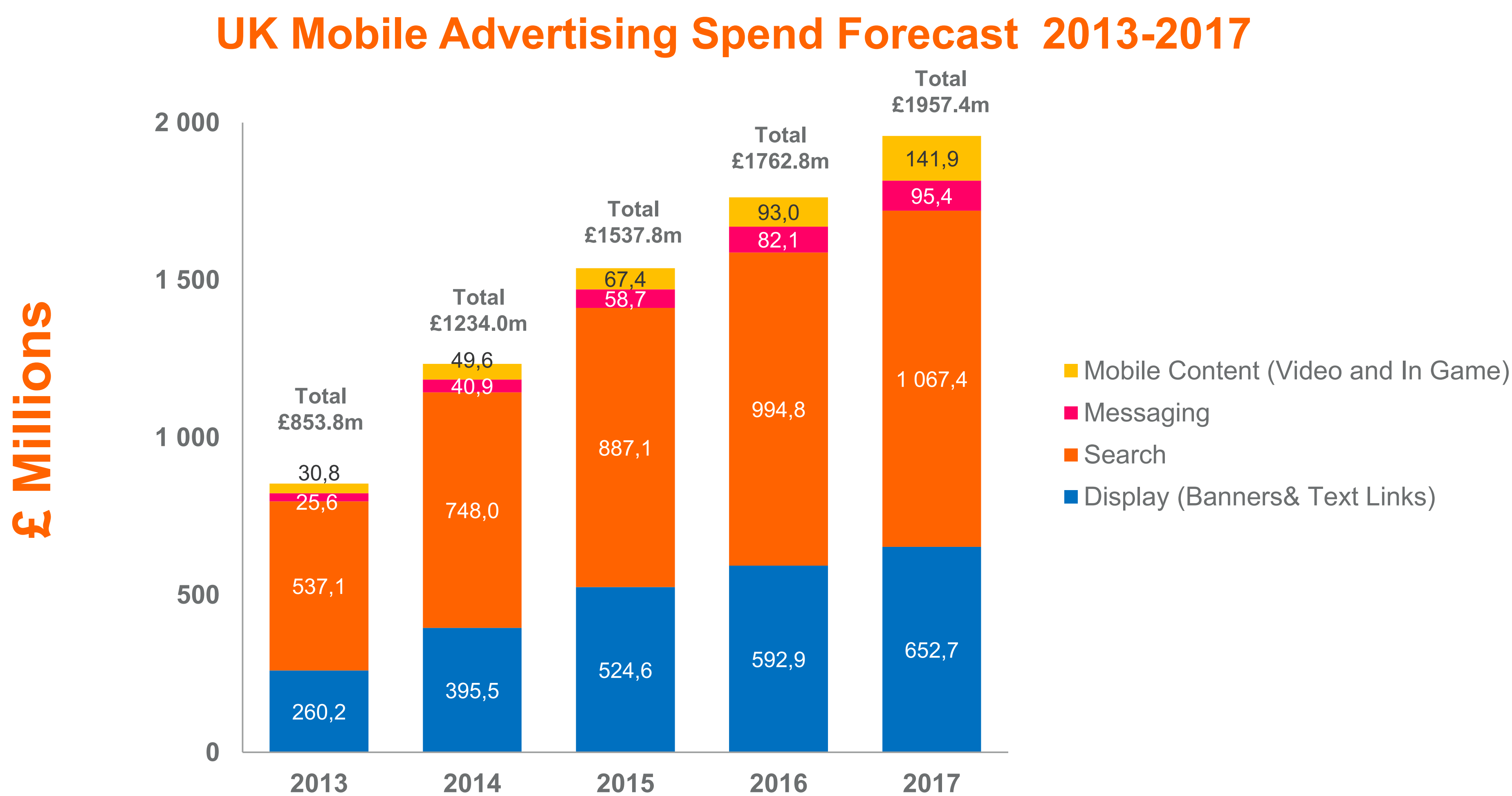
Estimate only – based on 33% of measured revenue
SOURCE: IAB / PwC Digital Adspend 2012

8. LOOKING AHEAD AND SUMMARY

Forecasts for 2013

Full year 2013 forecast	GroupM	Enders Analysis	*Average*	Full Year 2014 forecast – Enders Analysis
Advertising Market	+3.5%	n/a	***+3.5%***	-
Online	+12.4%	+11.7%	***+12.1%***	+11.7%
Display	+10%	+12.4%	***+11.2%***	+10.8%
Search	+14%	+14.6%	***+14.3%***	+11.9%

FirstPartner Forecasts for 2013-2017



FirstPartner

Source: FirstPartner Western European Mobile Ad Spend Forecast 2013-2017

Summary for 2012

- Digital Adspend grows to £5.416 billion in 2012
- Up 12.5% on a like for like basis
  - Display up 12.4% on a like for like basis - £1,303.8 million
  - Classified up 6.3% on a like for like basis - £853.8 million
  - Search up 14.5% on a like for like basis - £3,167.9 million
- Video, Social and Mobile continue to power display
- Consumer Goods and Finance are the top spending display sectors, Entertainment and the Media now third
- Mobile spend soars by 148% to reach £526.0m

SOURCE: IAB / PwC Digital Adspend 2012

Big thank you

pwc

warc

and all contributing media owners

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Disclaimer

The IAB retained PricewaterhouseCoopers LLP (the UK firm) (‘PwC’) to compile the online Adspend figures collected by the IAB from its members in H1 2012 and to deliver to the IAB the topline figures collated from this review; PwC has not verified the information which it received from the IAB, and provides no opinion or other form of assurance with respect to such information.

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