

IAB Canada 2018 Actual + 2019 Estimated Canadian Internet Advertising Revenue Survey

DETAILED REPORT

An Industry Survey:

Sponsored by the Interactive Advertising Bureau of Canada

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Despite continued pressures on the industry, we are pleased to report steady growth in digital advertising investment. The growth is a clear testament to digital advertising's undisputable effectiveness, and the industry's rapid innovation to meet complex challenges head-on. We noted in 2018 that while overall digital media expenditure in Canada has grown year over year by +12% (+\$821 million), due to shifting market dynamics, the domestically owned publishers collectively-experienced a major decline of -14% (-\$162 million).

One of the notable contributing trends to this decline is that advertisers are increasingly moving away from longer term brand building investments toward procurement goals that favour lower costs and higher volumes to generate desired actions.

2018 was a demanding year for the online advertising industry as advertisers leaned in heavily to ensure publishers and the industry at large took steps to protect their increased investment in the digital channel. Coined as the "year of adoption", many innovative solutions continued to be developed and released to help improve supply chain security and navigate unprecedented international regulatory changes.

We saw rapid adoption of Ads.txt as well as the launch and rapid adoption of App-ads.txt released by the IAB Tech Lab to help prevent unauthorized or domain-spoofed app inventory from being transacted across mobile, connected TV, and other devices. This initiative was a significant proactive step forward for the general security of inventory that will continue to be in high demand.

Continued efforts in the area of Policy and Regulatory Affairs included Health Canada's proposed ban on marketing certain food and beverages to kids, the new Cannabis bill, proposed amendments to PIPEDA and most famously, in 2018 IAB Canada spent a tremendous amount of time working with IAB Europe as they prepared a technical framework for consent to bring the industry into compliance with the GDPR, which came into effect in May 2018.

At IAB Canada, our active community of publishers, marketers, ad technology firms and agencies continue to collaborate and innovate with passion and commitment to drive responsible growth of this dynamic industry. We look forward to helping drive the Canadian Digital Media industry forward through our continued focus on solutions-based thought leadership.

Sonia Carreno

Sincerely,
Sonia Carreno
President, IAB Canada

A. EXECUTIVE SUMMARY

2018 Full-Year Highlights and 2019 Forecast

Canadian Internet Ad Revenue continued its double-digit annual growth in 2018 (+12%), rising \$821 million to \$7.6 billion, just 1.6% below forecast.

Canadian Digital revenues now exceed the next three measured media combined by 45%.

"While Canada's Internet Ad Revenue reporting indicates slowed year-over-year growth, digital media has clearly maintained its position as the largest share of marketing investment in Canada. IAB Canada continued to deliver on its commitment to provide the industry with tools that promote the responsible growth of the industry. We worked hard in 2018 to re-establish trust in the supply chain and also showcased the tremendous value digital advertising has to offer through projects like the Publisher Media Kit and a celebration of Direct to Consumer innovation in distributed media activity".

- Sonia Carreno, President, IAB Canada

Mobile continues to drive Internet expansion in 2018, up again by 37% (3x faster), surging by \$1.3 billion to \$4.8 billion. Mobile generated all new Internet revenue in 2018. Also drawing revenue from Desk/Laptop, Mobile now accounts for almost two-thirds of Internet dollars (63%).

"Clearly, a mobile-first digital marketing strategy is no longer an option for Canadian businesses. As a digital media agency, we're constantly testing, learning and innovating with our clients and media partners to leverage the huge potential mobile media and targeting offers".

- Jay Aber, President & Founder of The Aber Group Inc.

Digital Video grew quickest of the top-3 ad formats, up +18% to \$1.8 billion in 2018, almost one-quarter of total Internet revenue (24%), just under Display's \$1.9 billion. Video's dollar increase of \$274 million comes close to that of largest format Search (+\$288 mil.).

For the first time, due to survey changes, Digital Video reporting now includes OUTstream in addition to INstream. Outstream Video being transferred to Digital Video from Display. 2017 has been restated, to provide two years of trending on this basis. The combined reporting of INstream and OUTstream as Digital Video is to preserve confidentiality, since just a few sellers generate most OUTstream revenue.

French language Internet ad revenue grew +10%, from \$1.147 billion in 2017 to 1.257 billion this year, approximately as forecasted, maintaining its 17% share of Total Canada.

Some major survey participants have difficulty tracking French language Internet ad revenues; therefore reported percent share is also checked against agency input. French Language revenues by format are scaled down from Total Canada.



Revenue share concentration among the Top-10 / Top-20 survey respondents continues gradually edging-up over the years.

Top 10/20 concentration sits now at 90%/93% respectively of all Canadian Internet Ad Revenues in 2018, versus 88%/92% last year. The 5 largest reporting earners (up +15%) generated all Internet growth in 2018, partially at the expense of the Next 15 Largest sellers' smaller revenue base (down -5%).

Total Internet Ad Revenue is projected to rise by \$866 million to \$8.5 billion in 2019, up by 11%, with French Canada approaching \$1.4 billion (+10%). This forecast reflects a continuation of slowing growth last seen in 2013-2014 and now 2018 actuals.

Cautionary note: This forecast is an aggregate of projections submitted by survey respondents in the 1st and 2nd quarters of 2018. As such, it may be superseded by later marketplace developments.

Programmatic revenues increased 13% to \$1.4 billion in 2018 from \$1.2 billion.

Reporting of programmatic revenues resumes in the 2018 report after a one-year hiatus, with two years of trendable data 2017-18, based on an updated definition that now excludes Social Media for the first time, in addition to Search. Previously reported data is not trendable to 2017-18.

A modest share shift of 4 points moved from the dominant transaction-type of Open Auction into Programmatic Direct, resulting in a 2018 ratio of 73% / 27% respectively, compared to 77% / 23% last year.

"With the continued adoption and sophistication across the programmatic marketing sector we saw a modest shift in investment moving from open auction into a more programmatic direct deal structure including: private auctions, preferred and programmatic guaranteed deals. The overall benefits of automation are clearly continuing to build confidence in the Canadian market as more and more clients shift their spending from direct i/o business to programmatic. With the combination of automation and audience precision of real-time auctions we expect this growth to continue".

- Andrew Saunders, Chair, IAB Board of Directors / Chief Revenue Officer, The Globe and Mail

Of 15 Advertiser Categories reported annually, the top-4 reported industries have consistently included Automotive and Financial since 2015. This year they sit in the top-2 at 21% and 13% share respectively, followed by Packaged Goods and Technology tied at 10%.

Note that share size sequence among these categories varies by year.

"The risk-averse financial services category exercised notable caution in its investments in the digital channel in 2018. With greater attention to technical innovations designed to provide a secured supply chain, the category applied stringent evaluations and protocols to ensure steady efficiency while



leveraging digital media. Looking forward, we anticipate more complexity due to regulatory activity and continued industry efforts by IAB Canada and the industry enabling us to access the scale and value this channel has to offer”.

- Monika Federau, SVP & Chief Strategy Officer, Intact Financial Corporation

Domestic Canadian publishers with originating content (excluding platforms) are reported separately this year for the first time, with collective revenues for 2018.

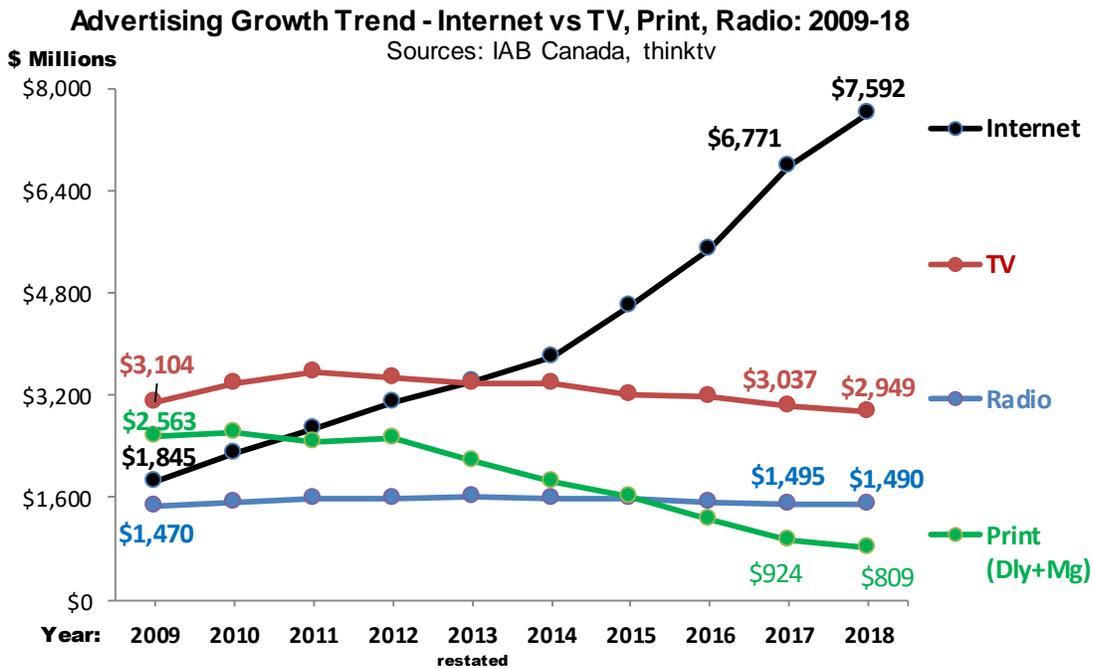
Actual 2018 Internet revenues of domestic Canadian Publishers were \$1 billion (\$999 mil.) for a combined 13% share of total 2018 Internet dollars in Canada. Canadian Publishers share of Total Mobile and Digital Video are relatively low, representing a major growth opportunity. Programmatic Direct is much more prevalent among Canadian Publishers than for the industry as a whole.

B. INTERNET ADVERTISING REVENUE FINDINGS - DETAILED

CANADIAN ADVERTISING REVENUES OF TOP-4 CHANNELS: TEN-YEAR TREND 2009-18

Internet continues double-digit annual growth (+12%), rising \$821 million to \$7.6 billion, just 1.6% below forecast.

Digital revenues now exceed the next three measured media combined by 45%.



"IAB Canada took note of the incredible influence that new technologies had across all channels in 2018 including DOOH, audio and video. With increased focus and advancements in the area of making historically more traditional inventory available programmatically as well as concerted efforts to improve cross-device and cross-screen measurement, we are looking for the benefits of digital technology to drive growth in all channels in 2019 and beyond".

- Sonia Carreno, President, IAB Canada

Mobile continues to drive the Internet’s expansion, up again this year by 37%, surging 1.3 billion to \$4.8 billion. Mobile generated all new Internet revenue in 2018 and siphoned revenue from Desk/Laptop.

Canadian Internet advertising revenue reached almost \$7.6 billion in 2018, up 12% from 6.8 billion in 2017. This continued, albeit at a less aggressive pace, the double-digit growth reported in the 2017 survey (23%) and represents +\$821 million in new revenues over last year. The latter plus the unprecedented \$482 million decline in Desk/laptop revenues down to 2.8 billion (-15%), makes up the overall \$1.3 billion Mobile surge.

This year’s 12% increase in Internet revenues is similar to levels experienced in 2013 and 2014 (11% each).

Total 2018 Internet Advertising Revenue (net)			
Millions (CAN\$)	Actual 2017	Actual 2018	% change
Online (desk/laptop)	3,282	2,800	-15%
Mobile (+Tablet)	3,489	4,792	37%
Total Internet	6,771	7,592	12%

Mobile includes Tablets, Other devices (0.3%) & Msg, excl prod'n;

Mobile’s share of Internet revenues is now almost 2-in-3 Internet advertising dollars (63%), up from 1-in-2 in 2017 (52%).

Online desktop/laptop, which represented just under half of Internet ad revenue at last year (48%), saw its share decline further to 37% in 2018, due to losing 15% of prior year revenue over to Mobile in 2018.

Share of Total 2018 Internet Ad Revenue: Online vs Mobile (net)					
Millions (CAN\$)	Actual 2017	% share		Actual 2018	% share
Online (desk/laptop)	3,282	48%	▼	2,800	37%
Mobile (+Tablet)	3,489	52%	▲	4,792	63%
Total Internet	6,771	100%		7,592	100%

Mobile includes Tablets, Other devices (0.3%) & Msg, excl prod'n;

French language Internet ad revenue grew +10% from \$1.1 billion in 2017 to 1.3 billion this year virtually as forecasted, maintaining its 17% share of Total Canada.

French Canada: 2018 Internet Advertising Revenue (net)				
Millions (CAN\$)	Actual	Actual	%	
	<u>2017</u>	<u>2018</u>	<u>change</u>	
Total Internet: French	\$1,147	\$1,257	10%	
Share (Fre/Total)	17%	17%		

Based on respondents that supplied data & agency % share guidance.
 French PC/Mobile split na (some major earners don't track); Rounded;

Some major survey participants have difficulty tracking French language Internet ad revenues; therefore reported percent share is also checked against agency input.

2019 CANADIAN INTERNET REVENUE FORECAST

Total Internet Ad Revenue Projected to rise by \$866 million to \$8.5 billion in 2019, up by 11%, with French Canada approaching \$1.4 billion (+10%).

Respondents to IAB Canada’s 2018-19 Survey have forecasted that Internet Ad Revenues will grow 11% by the end of 2019, rising to \$8.458 billion in Total Canada. This forecast reflects a continuation of slower growth rates last seen in 2013-2014 and 2018 actuals.

French language ad revenues are projected to increase by 10% to \$1.377 Billion, its share of Total Canada revenue down 1 point to 16%, last seen in 2016 .

Cautionary note: This forecast is an aggregate of projections submitted by survey respondents in the 1st and 2nd quarters of 2018. As such, it may be superseded by later marketplace developments, that make it more or less certain of being achieved, or surpassed.

FORECAST of 2019 Total INTERNET Ad Revenue (net)			
Millions (CAN\$)	Actual	Forecast	%
	<u>2018</u>	<u>2019</u>	<u>change</u>
Total Canada	\$7,592	\$8,458	11%
French Canada	\$1,257	\$1,377	10%
Share (Fre/Total)	0.17	0.16	

French based on respondents supplying data + agency % share guidance.
 French PC/Mobile split na (some major earners don't track it); Rounded;

“With the advancements in measurement and transparency supported by the adoption of new marketing models that embrace today’s data sharing ecosystem, offering real-time integration across multiple platforms we expect the sector to continue to enjoy double digit growth in 2019”.

- Andrew Saunders, Chair, IAB Board of Directors / Chief Revenue Officer, The Globe and Mail

TOTAL AND FRENCH LANGUAGE ADVERTISING REVENUES: TEN YEAR TREND 2009-2018

Canadian Internet Advertising Revenues have continued growing at double-digit rates each year over the past decade, despite surpassing revenue milestones like the \$4 billion mark in 2015, the \$6 billion threshold in 2017 and 7 billion in 2018.

Online (desk/laptop-only) now accounts for a smaller 37% of Total Internet ad revenue having declined -15% in 2018, as Mobile (+Tablets) continues its upward momentum (+37% growth) to 63% share, partially at Desk/Laptop’s expense.

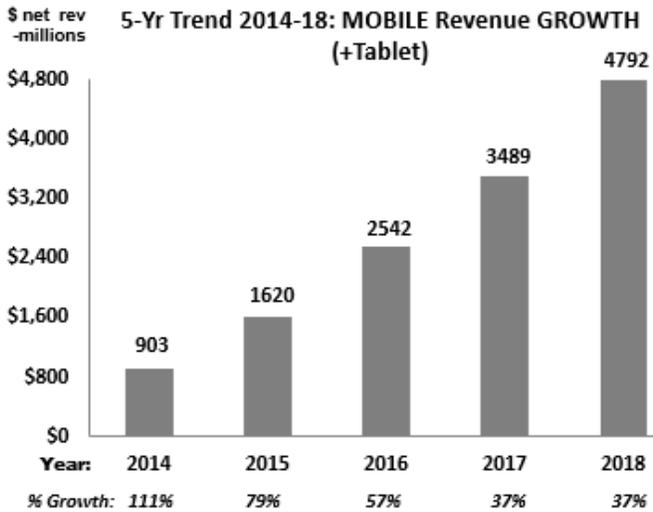
French language revenue grew at similar rates to Total Canada in earlier years, but was outpaced between 2013 and 2016 per trending below, surged ahead of Total Canada in 2017 and slowed a bit in 2018 relative to Total Canada growth. Note: the latter may be an artifact of the increasing difficulty some major survey participants have tracking French language ad revenues.

TEN YEAR GROWTH Trend of Actual INTERNET Ad Revenues: Online + Mobile 2009-2018 (net)											
		2009	2010	2011	2012	2013*	2014	2015	2016	2017	2018
TOTAL INTERNET		restated									
Total Canada:	Millions (\$)	\$1,845	\$2,279	\$2,674	\$3,085	\$3,418	\$3,793	\$4,604	\$5,484	\$6,771	\$7,592
	% growth/yr	15%	24%	17%	15%	11%	11%	21%	19%	23%	12%
French Cda:	Millions (\$)	--	--	--	--	650	679	\$794	\$900	\$1,147	\$1,257
	% growth/yr	--	--	--	--	--	4%	17%	13%	27%	10%
DESK/LAPTOP											
Total Canada:	Millions (\$)	\$1,822	\$2,232	\$2,593	\$2,925	\$2,991	\$2,890	\$2,984	\$2,942	\$3,282	\$2,800
	% growth/yr	14%	23%	16%	13%	2%	-3%	3%	-1%	12%	-15%
French Cda:	Millions (\$)	\$352	\$428	\$490	\$559	\$578	\$526	na	na	na	na
	% growth/yr	11%	22%	14%	14%	3%	-9%	na	na	na	na
MOBILE											
Total Canada:	Millions (\$)	\$23	\$47	\$81	\$160	\$427	\$903	\$1,620	\$2,542	\$3,489	\$4,792
	% growth/yr	248%	105%	74%	97%	167%	111%	79%	57%	37%	37%
French Cda:	Millions (\$)	--	--	--	--	72	153	na	na	na	na
	% growth/yr	--	--	--	--	--	113%	na	na	na	na

INTERNET = Online + Mobile; Mobile includes Tablets. Revenues exclude agency commission.
 French based on respondents that supplied data and agency % share guidance. French Online/Mobile not reported separately from 2015 on, as some major earners do not track this data/unable to respond.
 * 2013 restated to reflect 107 million reduction per retroactive advice by a major survey participant.

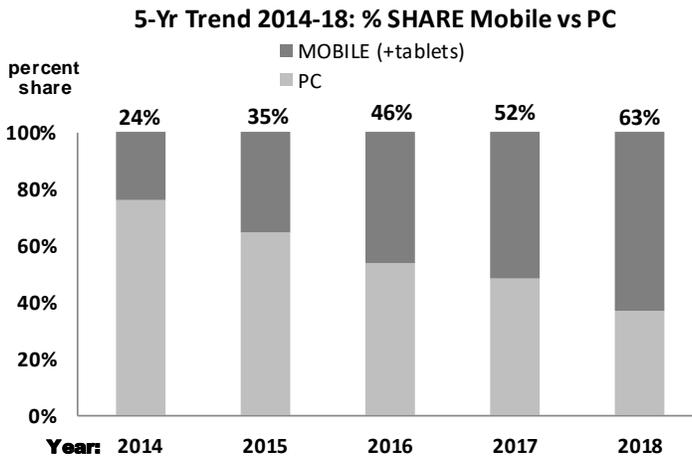
Even as Mobile’s growth rate slows, Mobile continues to drive the expansion of Canada’s Internet advertising revenues, generating all new Internet revenue in 2018. Mobile also grew partially at the expense of Desk/Laptop’s unprecedented -15% contraction this year.

Ongoing Mobile ad revenue growth is driven by the integral role of smartphones (especially) and less so by tablets in consumers’ lives. This is exemplified by the predominance of mobile devices in social media consumption and the migration by users from one screen to another and/or simultaneous multi-screen use, at different times of the day.



**Mobile incl. Tablets & 'Other Connected Devices' (insignificant at 0.3%)

The impact of Mobile's still high 2018 growth rate (37%, 3x the Internet's 12%) is driving Mobile's dramatically rising share of total Canadian Internet ad revenue, as shown below:



CONCENTRATION OF INTERNET ADVERTISING REVENUES AND REVENUE GROWTH BY SIZE OF SURVEY RESPONDENT - REFLECTS DOMINANCE OF LEADING AD SELLERS.

Revenue share concentration continues gradually edging up over the years, among the Top-10 / Top-20 survey respondents.

The Top 10 Internet Advertising Earners in this survey brought in 90% of all Canadian Internet Ad Revenues in 2018, up 2 points over 2017. The Top 20 Earners now represent 93% of total Internet revenues in 2018, 1 point up from last year.

The gap has therefore narrowed this year by a percentage point - from 4 points down to 3 points - between Top-10 and Top-20 vendor share of revenue in 2018.

Percent Total Revenue - Top 10 / 20 Earner Responses: 2014-18					
year...	2014	2015	2016	2017	2018
	Internet	Internet	Internet	Internet	Internet
Top 10 Responses	83%	86%	87%	88%	90%
Top 20 Responses	90%	90%	91%	92%	93%

Base: Total Actual Annual Internet Revenues 2014-18

The 5 largest responses to this survey generated all the growth in Canadian Internet Ad Revenues for 2018, partially at the expense of the Next 15's smaller revenue base.

The 5 Largest reporting revenue earners experienced a +15% gain in 2018, while the Next 15 collectively saw revenues decline -5%.

The five-year trend below demonstrates that the greatest gains by far accrue to the largest digital ad sellers, and that some of their growth in the expanding Internet pie is at the expense of smaller vendors.

Annual Percent Revenue Change - 2014-18: Top 5 / Next-15 Earner Responses					
	2014/13	2015/14	2016/15	2017/16	2018/17
Top 20 Survey Responses	% change				
- Largest 5 Responses	11%	26%	22%	25%	15%
- Next 15 Largest #6-20*	-3%	-2%	1%	3%	-5%*

* Effective 2018/17: "Next 15" based on 6th-20th earners in each year, irrespective of prior year survey participation; by contrast, 2017/16 and earlier comparisons exclude earners that didn't participate in previous surveys (i.e. constant)

REVENUE AND GROWTH TRENDS BY ADVERTISING VEHICLE/FORMAT: 2017-18

Digital Video was fastest growing of the top-3 ad formats for 2018, rising +18% to \$1.8 billion, followed by Display's +13% to \$1.9 billion. Largest format Search grew +9% to 3.7 billion, with the greatest dollar increase of +\$288 million, but Video came close at +\$274 million.

"As share of time spent with digital video continues to accelerate amongst consumers, marketers are increasing their video budgets to leverage the power of digital video. Sight, sound, and motion have always been the most engaging way to capture attention, drive engagement, and build brands. Digital video's accountability through measurement and actionable insights, coupled with diversity in ad formats, and continued increase in premium supply give it a clear advantage. As we look ahead, convergence of TV and Digital, innovation in technologies that further secure the supply chain, advancements in cross-platform measurement, and rise in automation will positively impact digital video's revenue growth".

- Michka Mancini - VP, Digital & Emerging Media Sales, Rogers Media

For the first time, due to survey changes, Digital Video now includes OUTstream Video in addition to INstream, accounting for 1.822 billion, almost one-quarter of total Internet revenues (24%). This is a near tie with second largest format Display's 25% share, from which Outstream was transferred.

2017 has been restated versus the previous year's report, based on the above-noted survey changes, to provide two years of trending for Digital Video (including OUTstream) and Display (excluding OUTstream). The reporting of INstream and OUTstream revenues on a combined basis as Digital Video is to preserve confidentiality, as just a few sellers generate most OUTstream revenue.

Display revenues rose by 13% in 2018 to 1.928 billion from 1.713 billion in '2017-restated', while Search grew an additional 9% from 3.4 billion (3.364) to an unprecedented \$3.652 billion with a share of 48%, down from 50%.

"Search ads are a tried-and-true method for advertisers of all sizes. Whether it's a local coffee shop or a multinational brand, search ads are the helpful tool that connect businesses and customers in the moments that matter. As search revenue continues to increase year over year, it's clear that retailers are reaching an engaged audience and offering helpful recommendations for what they're looking for".

- Eric Morris - Managing Director, Retail, Google Canada

Total INTERNET Revenue & Percent Growth by Ad Vehicle: 2017-2018 (net)						
Ad Vehicles: (CAN\$) (incl Desk/laptop, Mobile, Other)	Total Canada			French Canada		
	2017*	2018	%	2017*	2018	%
	\$ (millions)	\$ (millions)	change	\$ (millions)	\$ (millions)	change
Search	3,364	3,652	9%	531	549	3%
2017 restated-> Display*	1,713	1,928	13%	294	328	12%
Classified/Directories	145	190	31%	25	36	47%
2017 restated-> Digital Video*	1,549	1,822	18%	298	343	15%
Total INTERNET	6,771	7,592	12%	1,147	1,257	10%

* Digital Video consists of...INstream+OUTstream as of 2017-restated and 2018, by moving Outstream into Video from Display

- Methodology changes by IAB Revenue Cmtee permitted this change in 2018 and in restating 2017 on this basis.

- Display incl In-Bnr Video, Sponsrshps, Contest/Advertorials, DR/LeadGen and from 2017, Audio & Email (under 0.2%).

Digital Video (INstrm + OUTstrm) reported Combined for confidentiality, due to OUTstrm dominance by a few sellers

- Instream definition = Pre, Mid, Post-Roll video ads in Videoplayer (not companion ads or In-Banner);

- Outstream definition = video ads appearing in video-player, unaccompanied by other video content... (e.g. Native, In-feed)

French Language revenues by format are scaled down from Total Canada, as some large vendors unable to report.

French Language percent revenue growth for Video and Search trailed their Total Canada counterparts somewhat in 2018 as follows: Video +15% vs +18%, Search +3% vs +9% respectively. Display grew at a similar rate to Total Canada (12% vs 13%).

REVENUE GROWTH BY INTERNET AD VEHICLE/FORMAT: PAST FIVE YEARS 2014-18

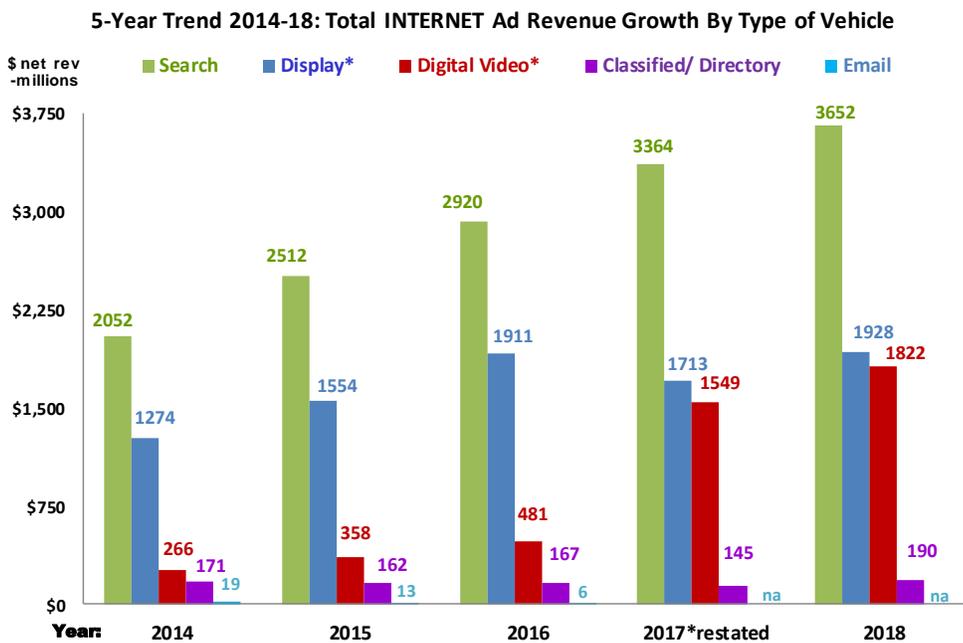
For the past five years, Video has grown faster annually than the other top 3 formats.

Display and Video were redefined in 2017, moving OUTstream from the former to join INStream in the latter. The changes in actual dollars earned by Publishers, Ad Networks and Exchanges/SSPs for Search, Display, Video and other Internet ad formats over time, are shown in the table below.

Five Year Trend of INTERNET Ad Revenue Growth by Ad Vehicle: 2014-2018									
- ALL DEVICES - Ad Vehicles: (CAN\$)	2014	2015	%	2016	%	2017*	%	2018	%
	\$ (millions)	\$ (millions)	change	\$ (millions)	change	\$ (millions)	change	\$ (millions)	change
Search	2052	2512	22%	2920	16%	3364	15%	3652	9%
2017 restated-> Display*	1274	1554	22%	1911	23%	1713	-10%	1928	13%
Classif/Directories	171	162	-5%	167	3%	145	-13%	190	31%
2017 restated-> Digital Video*	266	358	35%	481	34%	1549	--	1822	18%
Email	19	13	-32%	6	-54%	merged in Display		merged in Display	
VideoGaming	11	5	-55%	insufficient reportable		merged in Display		merged in Display	
INTERNET (incl Mobile)	3793	4604	21%	5484	19%	6771	23%	7592	12%

* Digital Video consists of...INstream+OUTstream as of 2017-restated and 2018, by moving Outstream into Video from Display. Rounded.
 Previous years, Digital Video consists of INstream Video only
 - Methodology changes by IAB Revenue Cmtee permitted this change in 2018 and in restating 2017 on this basis.
 - Display incl In-Bnr Video, Sponsorships, Contest/Advertorials, DR/LeadGen and from 2017, Audio & Email (under 0.2%).
 Digital Video (INstrm + OUTstrm) reported Combined for confidentiality, due to OUTstrm dominance by a few sellers
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The changes in ad revenue by Ad Vehicle over the past five years can also be expressed as a columnar chart, as seen below:



SHARE OF TOTAL & FRENCH REVENUE BY VEHICLE/FORMAT: PAST FIVE YEARS 2014-18

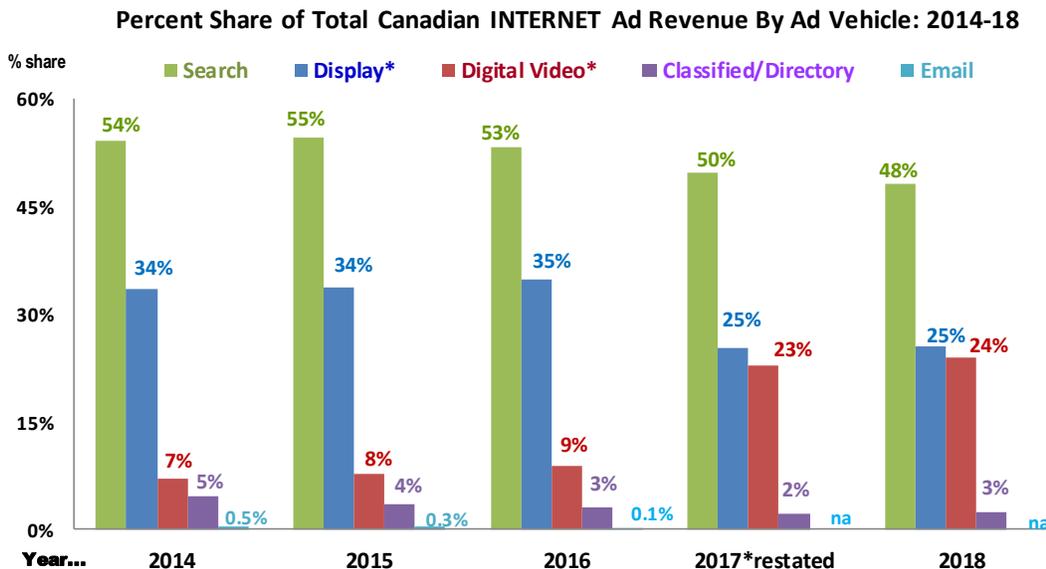
The changes in percent shares of Total Internet ad revenues earned by Search, Display, and the other Ad Vehicles (formats) over time are shown below for Total and French Canada.

Display and Video were redefined in 2017, moving OUTstream from the former to the latter format.

Share of Total INTERNET Revenue By Advertising Vehicle: 5-year Trend 2014-18										
- ALL DEVICES -		2014	2015		2016		2017*		2018	
Ad Vehicles: (CAN\$)		% TOTAL revenue	% TOTAL revenue	FRENCH % Total rev	% TOTAL revenue	FRENCH % Total rev	% TOTAL revenue	FRENCH % Total rev	% TOTAL revenue	FRENCH % Total rev
Search		54%	55%	9%	53%	9%	50%	8%	48%	7%
2017 restated-> Display*		34%	34%	6%	35%	6%	25%	4%	25%	4%
Classifieds/ Directories		5%	4%	0%	3%	0%	2%	0%	3%	0%
2017 restated-> Digital Video*		7%	8%	1%	9%	2%	23%	4%	24%	5%
Email		1%	0%	0%	0%	0%	merged in Display		merged in Display	
VideoGaming		0%	0%	0%	insufficient reportable		merged in Display		merged in Display	
INTERNET (incl Mobile)		100%	100%	17%	100%	16%	100%	17%	100%	17%

French Language revenues by format are scaled down proportionately from Total Canada, as some large vendors unable to report this.
 * Digital Video consists of...INstream+OUTstream as of 2017-restated and 2018, by moving Outstream into Video from Display. Rounded.
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The change in share of total Internet ad revenue by Ad Vehicle over the past five years can also be expressed as a chart – see below:



MOBILE (+TABLET) AD REVENUES BY FORMAT: 2015-2018

A similar pattern is at work in fast growing Mobile. Video grew quickest in 2018 (+58%), building share from 26% to 30%. Display followed at +49%, raising Mobile revenue share from 22% to 24%. Largest format, Search grew more slowly (+24%) eroding share from 51% to 46%.

MOBILE Advertising Revenue by Ad Vehicle: 2015-18 (net)									Revenue
Mobile (+Tablet, Cnctd Dev)**									% Chge
Ad Vehicles (CAN\$)	Total Canada								2018/17
	2015	% Total Mbl	2016	% Total Mbl	2017*	% Total Mbl	2018	% Total Mbl	
	\$(millions)	revenue	\$(millions)	revenue	\$(millions)	revenue	\$(millions)	revenue	
Mobile Search	873	54%	1230	48%	1770	51%	2189	46%	24%
Mobile Display*	631	39%	1065	42%	779	22%	1161	24%	49%
Mobile Video*	106	7%	227	9%	902	26%	1428	30%	58%
Mobile - Other	10	1%	20	1%	37	1%	14	0%	-62%
Total MOBILE	1,620	100%	2,542	100%	3,489	100%	4,792	100%	37%

* Mobile Video consists of...INstream+OUTstream as of 2017-restated and 2018, by moving Outstream into Video from Display

Rounded.

Previous years, Mobile Video consists of INstream Video only

-Methodology changes by IAB Revenue Cmtee permitted this change in 2018 and in restating 2017 on this basis.

-Display incl In-Bnr Video, Sponsorshps, Contest/Advertorials, DR/LeadGen and from 2017, Audio & Email (under 0.2%).

Mobile Video (INstrm + OUTstrm) reported Combined for confidentiality, due to OUTstrm dominance by a few sellers

-Instream definition = Pre, Mid, Post-Roll video ads in Videoplayer (not companion ads or In-Banner);

-Outstream definition = video ads appearing in video-player, unaccompanied by other video content... (e.g. Native, In-feed)

French Language revenues for Mobile not available, as some large vendors unable to report this.

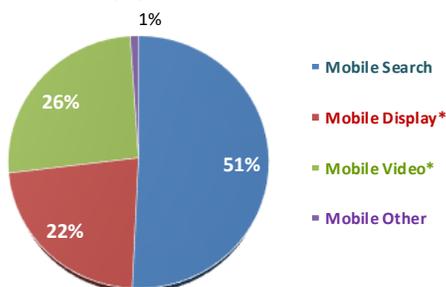
Here too, due to survey changes, Mobile Video now includes OUTstream Video in addition to INstream, accounting for 1.428 billion of Mobile's \$4.792 billion in 2018, making it second largest format in 2017-restated and 2018, exceeding Mobile Display's 1.161 billion from which Outstream was transferred.

2017 has been restated versus the previous year's report based on the above-noted survey changes, to provide two years of trending for Mobile Video (including OUTstream) and Display (excluding OUTstream). The combined reporting of INstream and OUTstream is to preserve confidentiality, as just a few sellers generate most OUTstream revenue.

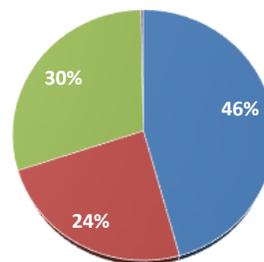
The change in share of total Mobile ad revenue by Ad Vehicle can also be shown as a pie chart below:

Mobile Percent Share by Format: 2017

*Display, Video restated



Mobile Percent Share by Format: 2018

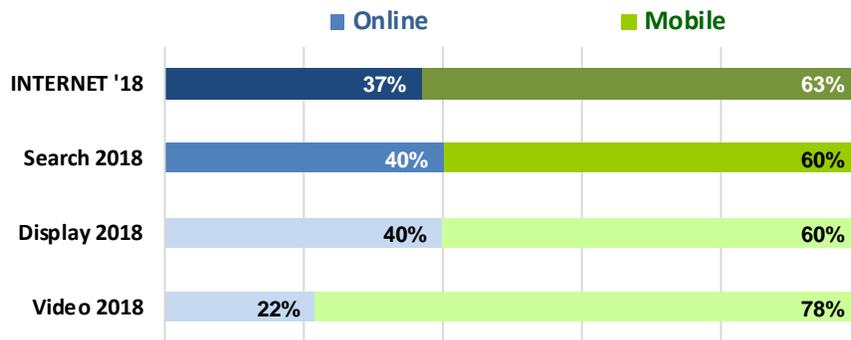


The Ratio of Mobile to Online (desk/laptop) revenues varies significantly for Video, which has the highest Mobile ratio relative to other formats,

Just as Mobile has grown overall to 63% of Total Internet revenue in 2018 - relative to Online's 37% - the Ratio of Mobile revenues to Online within the individual formats is also up, with Video on the "high side" at 78% and Search/Display slightly below average at 60%.

Percent Online/Mobile RATIO by Format:

Total Canada - 2018



Video ratio differs relative to other formats, due to a change in a major earner's Mobile revenues.

SNAPSHOT OF PROGRAMATIC REVENUES: 2017-18

Programmatic revenues increased 13% to \$1.4 billion in 2018 from \$1.2 billion. A modest shift of 4 share points moved from the still dominant transaction-type of Open Auction into Programmatic Direct, now 73% / 27% respectively vs 77% / 23% last year.

Reporting of programmatic revenues resumes in the 2018 report after a one-year hiatus, providing two years of trendable 2017-18 data, based on an updated definition of programmatic that now excludes Social Media for the first time, in addition to Search. Previously reported data is not trendable to 2017-18, due to this methodology change and due to new data from previous non-respondents.

Programmatic Revenue: % Open Auction vs % Prog Direct: 2017-18						
	Open Auction		Programmatic Direct		Total Programmatic	
	\$ (millions)	% Progrmtc	\$ (millions)	% Progrmtc	\$ (millions)	% Progrmtc
2018 Total	999		366		1,364	
% share		73%		27%		100%
2017 Total	923		283		1,206	
% share		77%		23%		100%
% Chge 2018/17	8%		29%		13%	

Programmatic Revenues exclude Social Media effective 2017 as well as Search.

Open Auction: Overview = unreserved inventory, auction pricing, one-all participation

Programmatic Direct: = DEAL ID (non-guaranteed) + Automated Guaranteed

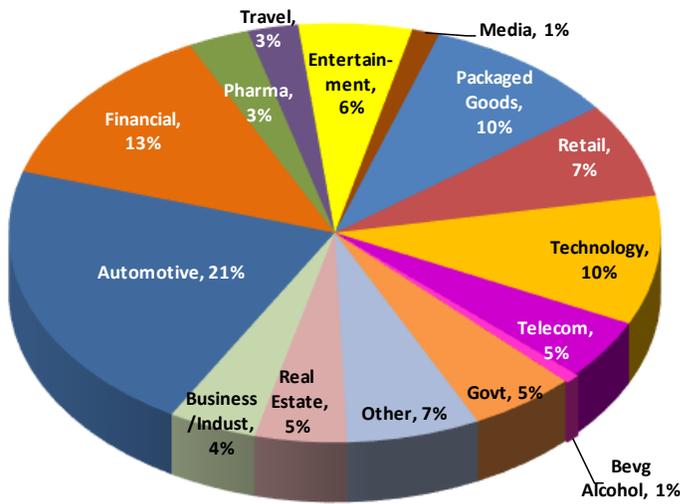
Note: Response insufficient to report breakout of Programmatic Direct into its two main components of Deal ID and Automated Guaranteed.

PERCENT OF INTERNET REVENUE BY ADVERTISING CATEGORY: TOTAL CANADA 2018

Of 15 Advertiser Categories reported annually, the top-4 reported industries have consistently included Automotive and Financial since 2015. This year they sit in the top-2 at 21% and 13% share respectively, followed by Packaged Goods and Technology tied at 10%.

The percent distribution of total Canadian Internet Advertising Revenue by major product/service category for 2018 is graphically expressed in the following pie chart:

% Canadian INTERNET Ad Revenues by Major Product Category: 2018



Total Canada; Based on companies answering this question.

Note that share size sequence among these categories varies by year and is based on companies answering this question.

DOMESTIC CANADIAN PUBLISHERS – INTERNET REVENUES 2018

Domestic Canadian publishers with originating content (excluding platforms) are reported separately this year for the first time, with collective revenues for 2018.

Note: Canadian publisher revenues are reported gross as compared to net for total internet revenues, because unlike the latter, no third-party resellers (i.e. ad networks, ssp/exchanges) are counted in the Canadian publisher numbers (i.e. no duplication).

EXECUTIVE SUMMARY

Actual 2018 Internet revenues of domestic Canadian Publishers were \$1 billion (\$999 mil.) for a combined 13% share of total 2018 Internet dollars in Canada. Canadian Publishers share of Total Mobile and Digital Video are relatively low, representing a future growth opportunity. Programmatic Direct is much more prevalent among Canadian Publishers than for the industry as a whole.

DETAILED RESULTS

Actual 2018 Internet revenues of domestic Canadian Publishers were \$1 billion (\$999 mil.).

Canadian Publishers’ combined share of total 2018 Internet dollars is 13%, however their 9% share of Total Canada Mobile is underdeveloped and represents a significant opportunity.

Canadian Publisher 2018 Internet Revenue			Total Internet	
Millions (CAN\$)	Actual 2018 (gross)	% Ratio	Actual <u>2018</u> (net)	Cdn Pub <u>% Share</u>
Online (desk/laptop)	575	58%	2,800	21%
Mobile (+Tablet)	424	42%	4,792	9%
Canadian Publisher Total	999	100%	7,592	13%

Gross Cdnian Publisher revenue incl. 3rd pty sales as no ntwk/exchg reported

Total Internet Revenue is net, avoids duplication with surveyed 3rd-pty platfms

French Language advertising as a percent of total 2018 Canadian Publisher Internet revenues is estimated at 17%. Canadian Publisher share of Total French advertising on reported sites is 14% this year.

French Language Revenue of Cdn Publishers			Total French (net)	
Millions (CAN\$) gross	Actual	% Cdn	Actual	Cdn Pub
	<u>2018</u>	Pub Total	<u>2018</u>	<u>% Share</u>
French Internet Revenue	\$172	17%	\$1,257	14%

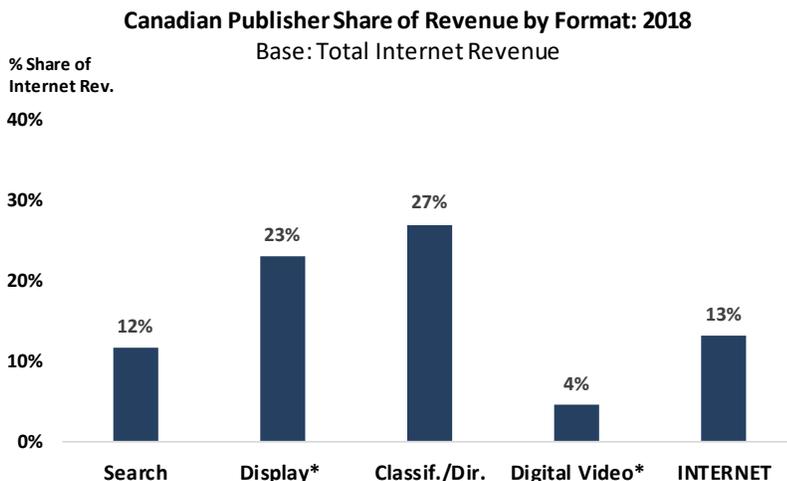
Cdn Publishers exclude platforms, hence Gross includes 3rd party sales
 Net Total Internet Revenue avoids duplication with surveyed 3rd-party platforms
 French based on respondents that supplied data and agency % share guidance.

Display at \$443 million is slightly ahead of Search as top source of 2018 revenue for Canadian Publishers (44%). Digital Video is their least developed format given a 4% share of total Video revenue in Canada, hence a potential source of future growth, as Video represents 24% of Total Internet dollars in 2018.

Canadian Publisher Rev. by Ad Vehicle: 2018			Total Internet (Net)	
Ad Vehicles: (CAN\$)	2018	% Cdn Pub	2018	Cdn Pub
(gross)	\$ (millions)	revenue	\$ (millions)	<u>% Share</u>
Search	423	42%	3,652	12%
Display*	443	44%	1,928	23%
Classified/Directories	51	5%	190	27%
Digital Video*	81	8%	1,822	4%
Total INTERNET	999	100%	7,592	13%

* Digital Video = INstrm+ OUTstrm, moving Outstream into Video from Display
 - Digital Video combined for confidentiality, as OUTstrm dominated by a few sellers

Canadian publishers' share of Total Internet revenue by ad vehicle/format in Canada is plotted graphically in the chart below for 2018:





Revenue share concentration among the Top-10 domestic Canadian Publishers accounted for 91% in 2018, comparable to overall Internet revenue concentration levels in Canada.

Cdn Publishers: Top-10 % Revenue	
2018	
Top 10 Responses	91%
Total Responses	100%

Base: Total Canadian Publisher Revenue

Canadian Publishers' generated 11% share of Total Programmatic revenue in 2018.

The ratio between Open Auction and Programmatic Direct sits at 47% / 53% in 2018 respectively for Canadian Publishers, compared to 73% / 27% for Total Canada.

	Programmatic Rev: Cdn Publishers 2018				Total Progrmtc	
	Open Auction (gross)	% Prog.	Progrmtc Direct (gross)	% Prog.	Total Canadian Programmatic (gross) % Prog.	Actual Cdn Pub 2018 (net) % Total
Revenue (\$mil.)	69		80		149	1,364
% Programmatic		47%		53%	100%	11%

Programmatic Revenues exclude Social Media as well as Search.

Open Auction: unreserved inventory, auction pricing, one-all participation

Programmatic Direct: = DEAL ID (non-guaranteed) + Automated Guaranteed

C. APPENDIX: BACKGROUND, SURVEY SCOPE AND METHODOLOGY

Background: About IAB Canada's 2018-19 Canadian Internet Advertising Revenue Report

The results of IAB Canada's Annual Canadian Internet (Online & Mobile) Advertising Revenue Surveys are based on data, that is compiled directly from information supplied by Publishers who sell advertising on Canadian Websites. Also polled are search, social and video sharing Content Platforms plus Online / Mobile Ad Networks and Exchanges/SSPs, that sell advertising on both the Canadian and U.S./other foreign Websites they represent to reach Canadians.

For the first year, IAB Canada engaged PricewaterhouseCoopers LLP (PwC) to perform procedures related to the data compilation described further below. Results of individual respondent submissions to IAB Canada's online survey platform are downloaded and held in strict confidence by PwC, and only released to IAB Canada in aggregate form. PwC is charged with analyzing revenue data submitted by each respondent and alerting IAB Canada of any financial inconsistencies or other relevant observations within each completed survey, based on trend analysis against the respondent's previous surveys and other factors. No individual respondent revenue data is divulged to IAB Canada in this process. When any noted inconsistencies are rectified, by normalizing affected data or a 'survey retake' where essential by a material respondent, PwC provides the summarized data to IAB Canada to prepare the survey report.

It should be noted that PwC does not formally audit the information supplied by participants in their Survey responses, and provides no opinion, attestation or other form of assurance with respect to their work or the information upon which their work is based. The procedures they performed does not constitute an examination or a review in accordance with generally accepted auditing standards or attestation standards. The data sets available to PwC are anonymous, as described in the double-blind methodology section below.

The technical summary that follows in this appendix contains basic Survey Methodology and the Definitions of the various Online/Mobile Advertising Vehicles (ad formats, programmatic transaction types), and Advertiser product/service categories reported on.



Survey Scope & Methodology

The Canadian Internet Advertising Revenue Report is a big part of IAB Canada's ongoing mission to provide an accurate barometer of Digital advertising growth in Canada.

IAB Canada continues to establish, maintain and update comprehensive Survey standards for measuring the growth of Online and Mobile advertising revenues in Canada.

To achieve and sustain industry-wide acceptance, key aspects of IAB Canada's Annual Canadian Internet Advertising Revenue Surveys include:

- Making the Survey as inclusive as possible, encompassing direct data results from companies engaged in digital media ad sales on the supply-side of the business. These include Canadian Internet Publishers who sell advertising on Canadian Websites. Also included are search, social and video sharing Content Platforms as well as Ad Networks and Exchanges/SSPs who sell advertising on both Canadian and U.S./other foreign websites to reach Canadians. Mobile Aggregators, Mobile Marketing companies and Platforms offering Mobile advertising solutions are also polled.
 - Agencies, Trading Desks and DSPs with no supply-side involvement do NOT participate in this survey. Vendors engaged in both SSP and DSP transactions must only report their SSP-related revenues, NOT their DSP-related revenues.
- Ensuring and maintaining a confidential process in terms of releasing only aggregate data and analyzing historical data from within the Survey to identify broader trends over time.

Survey Methodology

The survey is executed as follows, with input from the IAB Canada Revenue Committee, to:

- Compile a database of potential revenue earners to survey annually, in relation to Online and Mobile advertising revenues, in both the Total and French Canada markets;
- Conduct an annual quantitative, web-served Survey with the above industry players; note that Publisher surveys previous to 2013 were conducted through the mail (Canada Post)
- Request and compile several specific data items from digital media vendors
 - These include total annual Gross Advertising Revenue (excluding agency commission) and total annual Net Advertising Revenue.
- Acquire supplemental data through the use of publicly-disclosed information.
- The Netting-down procedure: Net Revenue is calculated by subtracting the following from the

Gross figure: (a) Publisher Revenues derived from Ad Networks and Exchanges/SSPs (b) Ad Network/ Exchange/SSP Revenues derived from other Ad Networks and Exchanges/SSPs, (c) Mobile Carrier fees (as applicable). In other words, media advertising sellers are requested to report net revenues earned only from direct sales transactions between themselves and the advertisers and/or the advertisers' media agencies and/or the latter's Trading desks/DSPs. This is to help ensure no double-counting of ad revenues occurs.

- Annual Net Internet Revenues are requested to be broken down by Advertising Vehicle (i.e. Display, Search, Classified, Video, etc.) along with a percentage breakdown for each Vehicle based on English and French Canada. A break down by programmatic transaction-types is also requested. Annual Net Mobile (+Tablet) Revenues are requested separately, to be broken down by Advertising Vehicle.
- Percentage breakdown of Annual Net Revenues is also requested across fifteen (15) different Advertiser product/service categories that sum back to 100% of the Net Revenue reported by respondents answering this question; examples include Automotive, Financial, Technology, etc.
- Review each actual respondent return for internal as well as inter-survey year inconsistencies and normalize affected data to remedy discrepancies.
- Identify incomplete responses from actual respondent returns and apply a conservative revenue estimate for missing answers.
- Request a remedial 'survey retake' in exceptional cases where an inconsistent or incomplete respondent return can materially alter the reporting of aggregate industry results. If a survey retake is submitted that fails to remedy or is not forthcoming, a conservative solution will then be applied (as above).
- Identify non-participating revenue earners, and apply a conservative revenue estimate for these companies, based on available public sources.
- Report the aggregate findings of the Survey, and report key trends within the Survey responses.

Confidentiality Procedure

All the information submitted by respondents within IAB Canada's annual Canadian Internet Advertising Revenue Surveys is completely confidential, due to the "double-blind" data collection methodology that is rigorously employed by IAB Canada and PwC.

IAB Canada's role:

- Identify supply-side industry participants who sell Internet advertising;

- Assign a unique, non-identifying, anonymous, alpha-numeric code to potential Survey participants;
- Send out Survey invitations by email to these potential participants, including (i) a non-traceable generic link to access the survey and (ii) a confidential anonymous code that is unique to each media seller, in order to log-in to the survey.
- Report on the results of the Survey, as tabulated and reported in aggregate by PwC.

Double-Blind Methodology

- Internet Publishers/Ad Networks/Exchanges-SSPs/Mobile aggregators, etc. to be surveyed are derived from IAB Canada Member lists, from comScore's AdFocus list (a list of Web properties selling digital advertising in Canada) and from members of the IAB Revenue Methodology Committee.
- Each Internet Publisher/Ad Network/Exchange-SSP/Mobile aggregator, etc. selected for surveying is assigned a unique alpha-numeric code that only the IAB Canada President and Research Director are aware of, and sent a Survey invitation by email, containing a non-traceable generic link to the survey and unique alpha-numeric codes for each participant to log-in.
- Once completed by a respondent, the secure online survey platform automatically sends notification of this to IAB Canada. The data from each completed survey is aggregated in the online survey system database, with access restricted to PwC.
- Once all the Surveys are in, the responses are averaged and extrapolated by segment to the total Canadian Internet advertising market. NOTE: Respondent data cannot be traced back to its origin within the survey platform.
- Aggregated Canadian market totals are sent to the IAB Canada President and Research Director for verification, and then presented to the IAB Canada Board for final approval. The IAB Board confirms that the Survey methodology is sound and the tabulations are correct, and votes to approve the publication of the Revenue Survey numbers.
- Report detailing final Survey actuals and respondents' estimated next year's Canadian Internet Advertising Revenues (for both English and French markets) is created. The Report also includes estimates of percent revenues by Advertising Vehicle (i.e. Display, Search, Mobile, Video, Classifieds, etc.), device (Online vs Mobile) and by Advertiser Category (Automotive, Financial, Technology, etc.).



Industry Survey and Report Guidance Provided to IAB Canada

- Internet Revenue Methodology Committee

This specially-convened annual member committee, representing a cross-section of Canada's leading Internet ad revenue earners (as defined earlier in this document), as well as selected ad agencies with trading desks, was created to recommend and oversee updates to IAB Canada's Annual Canadian Internet Advertising Revenue Survey distribution lists and questionnaire design, when/as needed, in response to changing conditions within the Canadian Internet advertising marketplace.

Contents of following Section: Detailed Definitions of Advertising Vehicles (Formats), Programmatic Transaction Types and Advertiser Categories: 2018-19

Section A: 2018-19 Definitions of Internet Advertising Vehicles (Formats)

Section B: 2018-19 Definitions of Mobile (+ Tablet) Advertising Vehicles (Formats)

Section C: 2018-19 Definitions of Programmatic Transaction Types

Section D: 2018-19 Definitions of Leading Industry Categories

D. APPENDIX: DETAILED DEFINITIONS

SECTION A – Definitions of INTERNET Advertising Vehicles/Formats: 2018-19

Includes revenue from ALL Devices: i.e. Desktop/laptop Computer, Mobile, Tablets & Other Connected Devices - EXCLUDES Production, eCommerce

Introduction:

This survey is meant only for companies involved in the SELLING/supply-side of the Internet media advertising space business. For details refer to APPENDIX C- Survey Scope & Methodology.

What We Mean By “NET Revenue”:

To ensure there is NO duplication of reported ad revenues between Publishers, Ad Networks or Exchanges/SSPs (SSP = supply-side platforms), ONLY report revenues that you earned from DIRECT SALES of your own advertising inventory or inventory you sold on behalf of a 3rd party. These consist of DIRECT TRANSACTIONS between your company and the ADVERTISERS themselves and/or their Media AGENCIES and/or their TRADING DESKS/DSPs. REPORT 100% of any DIRECT SALES revenue you earn. Do NOT subtract the cost-of-sale; i.e. revenues you paid back to an original (3rd party) vendor for selling their inventory”. (Contact Steve Rosenblum, Research, with questions: srosenblum@iabcanada.com).

The INTERNET Advertising Formats:

Standard/Rich Media Display Advertising (CPM, CPE* only) –

Advertiser pays an Internet Publisher or Ad Network/Exchange for space to display the following:

- (a) STANDARD - hyper linked text, banner, big-box, skyscraper, button, or other basic unit (can animate, contain Flash or utilize HTML5), on one or more of the Publishers’ Web pages.
- (b) Revised!! RICH MEDIA - hyper linked banner, bigbox, skyscraper, expanding or floating ad, etc., that contains user interaction functionality of various types allowing interaction with products or services (including the ability to fill out forms, play games, expandable mouse-over areas for more info, clicking within the ad for a “virtual test-drive” etc.) and/or Video or XML ad content (e.g. In-Banner Video executions), as opposed to solely animation. All IAB Rising Stars ad formats are considered Rich Media; so are Interstitials (i.e. full/partial-page server-push ads appearing in the transition between two pages of content) or overlays (appearing over top of the page).

* Note: CPE = Cost per Engagement

Not included:

- Video ads that appear in a video-player unaccompanied by other video content (i.e. OUTstream – in the page feed) are considered Digital Video Ads, NOT Rich Media.
- Video Pre, Mid, Post-roll etc (ie. INstream Video) in a Video-player environment are also considered Digital Video Ads - NOT Rich Media.

Revised!! Sponsorship / Contest / Advertorial / Advergaming Advertising (Flat Fee) –

An Advertiser sponsors part or all of a targeted Internet Publisher Website, usually existing content (e.g., entire Website, site area, an event, etc.). Sponsorships may contain a Display advertising component (e.g. banners, pre-roll, etc), but are usually negotiated on a flat fee basis.

Contests/Advertorials are custom branded sponsorships created for the Advertiser, and often contain listing fees, as well as net contest/microsite creation revenue. Advergaming can range from an advertiser buying all the ad units around a game or a “sponsored by” link, to creating a custom branded game experience.

Direct Response / Lead Generation Performance Advertising (CPC, CPA*, CPLed only) –

Fees Advertisers pay to Internet Publishers that refer qualified purchase inquiries/potential customers (e.g., auto dealers which pay a fee in exchange for receiving a qualified purchase inquiry over the Internet) or provide consumer information (demographic, contact, behavioral), where the consumer opts into being contacted by a marketer (email, postal, telephone, fax). These processes are priced on a performance basis (e.g., cost-per-action, cost-per-lead or cost-per-inquiry), and can include user applications for service (e.g., applying for credit card, mortgage or insurance), surveys, contests or registrations.

* Note: CPA = Cost per action/acquisition

NOTE - In final report: Display = Standard/Rich Media Display, Sponsorship + Direct Response (sum of all the above).

Revised! Digital Video Advertising (CPM, CPV, CPCV* only) –

Consists of INSTREAM Pre-, Mid-, Post-Roll TV-like advertisements that may appear as Video commercials before, during, and/or after a variety of streaming video content – AND/OR - OUTSTREAM** on a Standalone basis. These appear in an actual Video-player environment ONLY, including but not limited to streaming Video, animation, gaming, and music Video content. Video overlays contained within the video-player are also categorized as digital video ads. This definition includes Digital Instream Video commercials that appear in live, archived and downloadable / streaming content.

**OUTstream Video Ads (that appear in a video-player, unaccompanied by other video content) are categorized as Digital Video ads, NOT Rich Media. Examples include Native Video, In-Feed Video such as Social Infeed, In-Article Video and Interstitial Video.

Video overlays include small ads that appear on top of digital video content. They can appear to be display, video, rich media, text or another ad format but are contained within the video player.

NOTE: DO NOT include companion ad revenue or In-Banner ad revenue, unless your Digital Video package is sold in such a way that you cannot separate the revenue (i.e. please DO NOT record companion ad revenue in both Video & Display). DO NOT include revenue from Video within in-banner executions (i.e. not in a player) in this category, as it is covered in the Standard/Rich Media Display Advertising section above.

* Note: CPV = Cost per View / CPCV = Cost per Completed View

SEE END OF SECTION B FOR DETAILED DEFINITIONS OF INSTREAM VS OUTSTREAM VIDEO

New! Streaming Digital AUDIO Advertising –

Refers to partially or entirely advertising-supported audio programming available to consumers on a streaming basis, delivered via the wired and mobile Internet. This includes advertising served in a wide range of services, such as the following:

- Online audio streams of terrestrial radio stations;
- Purely online radio stations, with either professional or amateur DJs;
- Personalized (i.e., without human editors/DJs) and on-demand, streamed audio services that create playlists based on user preferences of artists, tracks, or genres;
- Music or spoken word audio content delivered within a different website or application, e.g., in-game music services, podcast.

Search Advertising –

Fees advertisers pay Internet Publishers to list and/or link their company site/domain name to a specific search word or phrase via paid listings or contextual search.

Search categories include:

- *Paid listings* – Text links appear at the top, bottom or side of search engine’s results for specific keywords. The more a marketer pays, the higher the position it gets. Marketers only pay when a user clicks on the text link.

- *Contextual search* – Text and image ads appear in an article on a Publisher’s site, based on the context of the content. Marketers only pay when the link is clicked.

Note: EXCLUDES SEO (search engine optimization) techniques, that can be used to make a website ‘search engine friendly’, in order to improve the site’s ranking in search engine results pages (SERPs).

E-mail –

Banner ads, links or advertiser sponsorships that appear in Internet Publisher’s e-mail newsletters, e-mail marketing campaigns and other commercial e-mail communications. Includes all types of electronic mail (e.g., basic text or HTML-enabled).

Classifieds / Auctions –

Revenues that Internet Publishers receive to list specific advertiser products or services (e.g. Internet job boards and employment listings, real estate listings, automotive listings, personals listings, business to business, auction-based listings and merchandise). NOTE: please DO NOT include e-commerce revenue.

Directories –

Revenues that Internet Publishers receive to list specific advertiser products or services on city sites, yellow or white pages, etc.

NOTE - In final report: Classifieds / Directories = Classifieds / Auctions + Directories (summed).



SECTION B - Definitions of MOBILE Platform Ad Vehicles/Formats: 2018-19

Note – INCLUDES Mobile + Tablets; EXCLUDES Computers (desk/laptop) or Other Connected Devices - EXCLUDES any Production or eCommerce

Introduction: This survey is meant only for companies involved in the SELLING/supply-side of the Internet media advertising space business. For details refer to APPENDIX C- Survey Scope & Methodology.

Definition of Mobile:

Advertising tailored to and delivered through wireless mobile devices such as smartphones (e.g. iPhone, Android, Blackberry), feature phones (i.e.. lower-end mobile phones capable of accessing mobile content), and tablets (e.g. iPad, Samsung Galaxy Tab). Typically taking the form of static or rich media display ads, text messaging ads, search ads, or audio/video spots, such advertising generally appears within mobile websites (i.e. websites optimized for viewing on mobile devices), *adaptive or responsive sites (i.e. which adjust correctly to fit the screen of the device it's being served on)*, mobile apps (i.e. applications for Smartphones or Tablet devices running iOS, Android, Windows Mobile or other operating systems), text messaging services (i.e. SMS, MMS) or within mobile search results (i.e., 416 listings, directories, mobile-optimized search engines).

What we mean by “NET’ Revenues”:

To ensure there is NO duplication of reported revenues, ONLY report Mobile (+Tablet) ad revenues that you earned from DIRECT SALES of your own advertising inventory or inventory you sold on behalf of a 3rd party; i.e. ACTUAL Insertion Orders issued DIRECTLY to your company by the ADVERTISERS themselves and/or their Media AGENCIES, and/or their Trading Desks / DSPs. Report 100% of any DIRECT SALES revenue you earn. Do NOT subtract the cost-of-sale; i.e. revenues you paid back to an original (3rd party) vendor for selling their inventory”. (Contact Steve Rosenblum, Research Director with any questions, srosenblum@iabcanada.com).

The 4 Formats that make-up the Mobile (+Tablet) Advertising Platform:

Mobile advertising formats include: 'Display/Sponsorship' (banner ads, digital audio, sponsorships, and rich media), 'Search', 'Video' and 'Other' advertising served to mobile and



tablet devices. Mobile revenues include Tablets; Tablet revenues include all advertising served on Tablet devices, including Apps & Websites. Production excluded.

MOBILE PLATFORM SPEND BY FORMAT = Mobile Display/Sponsorship + Mobile Search + Mobile Video + Mobile Other (i.e. Mobile Messaging + Mobile Performance)

1) Mobile DISPLAY/SPONSORSHIP Advertising Revenue (Standard/Rich Media; Sponsored App, Game, "Push" e.g. location-based etc) – CPM/CPE/Flat fee only

Mobile Display/Sponsorship advertising consists of advertising served specifically to mobile devices on Mobile Optimized sites (e.g. m., .mobi, /mobile), Responsive sites or within Mobile Applications (such as on News and Weather or within Mobile Games). Please EXCLUDE Production Revenues for the development of Mobile Content or Mobile-only/Tablet-only Applications, if any.

Here we include all revenues received for:

- (a) Standard Display ads (Banners; Interstitial or Full-page ads; Mobile Flyers; etc.);
- (b) Sponsorship ads (this includes Sponsored "push" notifications e.g. date, contextual or location-based notifications; Sponsored Apps, Games, etc. "brought to you by...");
- (c) Revised! Rich-media ads (i.e. expandables, take-overs etc., and/or in-banner video executions, as opposed to solely animation). Display-related ads on a page (that are not in a player) which contain video are considered Rich Media Ads. Digital audio is also included..

Included in Mobile Display/Sponsorship Revenue: CPM/Flat Fee revenues only

Not Included: INstream Video Advertising in a video-player environment (pre, mid, post-roll), and Video ads that appear in a video-player, unaccompanied by other video content (i.e. OUTstream – in the page feed), which are considered Digital Video Ads, NOT Rich Media. Markup by ad Agencies (gross); Ad creation/production revenues; End-user data charges.

NOTE: For a full description of Standard Display, Rich Media, Sponsorship and Audio, see Section A on Internet Advertising.

2) Mobile SEARCH Advertising Revenue



In this category, include all revenues received for Paid Search advertising directed specifically at Mobile devices. See Section A for details.

Not Included: Mark-up by ad Agencies (gross); Search Ad creation/production revenues; Search Engine Optimization (SEO) revenues.

3) Revised! Mobile VIDEO Advertising Revenue – (CPM/CPV/CPCV-only)

Mobile Video advertising consists of Video Pre/Mid/Post-roll INstream and Standalone OUTstream** video commercials in a video-player environment, served specifically to mobile devices on Mobile Optimized sites, Responsive sites or within Mobile Applications.

**OUTstream Video Ads (that are not in a player) are also categorized as Mobile Video ads, NOT Rich Media. Examples include Native Video, In-Feed Video such as Social Infeed, In-Article Video and Interstitial Video.

Video Overlays are also categorized as Digital Video Ads. Video overlays include small ads that appear on top of digital video content. They can appear to be display, video, rich media, text or another ad format but are contained within the video player.

Not Included: Mark-up by ad Agencies (gross); Video creation/production revenues; End-user data charges; Companion ad revenue or In-Banner ad revenue, unless your Digital Video package is sold in such a way that you cannot separate the revenue (i.e. please DO NOT record companion ad revenue in both Video & Display); Video revenue from within in-banner executions (i.e. not in a player), which are considered Rich Media.

SEE END OF SECTION B FOR DETAILED DEFINITIONS OF INSTREAM VS OUTSTREAM VIDEO

4) Mobile / OTHER Advertising Revenue: Messaging, Performance

Mobile MESSAGING (SMS, MMS, Bluetooth, IVR) Advertising Revenue

Revenue generated from Mobile advertising/marketing campaigns that promote a product or service via Messaging delivered to and from short-codes/long-codes. This encompasses standard, zero-rated and premium-rated Messaging. When counting revenue for Mobile Messaging campaigns, the goal is to calculate the total amount of money that the brand is spending on the Mobile Messaging campaign, which could include premium Messaging revenue from consumers that is used to offset these costs.



Included in Mobile Messaging Revenue: Campaign set-up and operating fees; Short code fees; Transactional fees charged to the brand (Message, hosting and maintenance) or to consumers (premium end-user Message fees).

Not Included: Mark-up by ad Agencies (gross); Mobile Messaging production revenues; Contest prizeing or redemption charges; Mobile Content (e.g. Ringtones, Wallpapers, etc.).

Note: For Carriers completing the Survey: Please do not count any revenue generated on cross-Carrier Short-code/long-code programs, as this will be captured by the Mobile marketing providers

Mobile PERFORMANCE Advertising Revenue – (e.g. QR codes) – CPC, CPA, CPLLead-only

Fees Advertisers pay to Digital or Mobile Publishers that are priced on a Mobile performance basis (e.g. cost-per-click, cost-per-action, cost-per-download, cost-per-lead or cost-per-inquiry), and can include user applications for service (e.g., applying for credit card, mortgage or insurance), surveys or registrations. They can also refer to qualified purchase inquiries (e.g. auto dealers which pay a fee in exchange for receiving a qualified purchase inquiry via Mobile) or provide consumer information (demographic, contact, behavioral), where the consumer opts into being contacted by a marketer (alerts, SMS, email, postal, telephone, fax).

Included In Mobile Performance Revenue: CPC, CPA, CPLLead only;

Not Included: Mark-up by ad Agencies (gross); Production revenues;

Sections A & B: Detailed Definitions of INstream vs OUTstream Video

Digital INstream Video Advertising

This is a form of digital video advertising that is specific to the streaming video of which it is attached, and not that of a static web page. This encompasses pre-roll, mid-roll, and post-roll video advertisements, presented before, during and/or after streaming video content that is viewed in a video-player environment. Video overlays when contained within the same video player environment as the streaming video content, are categorized as digital instream ads. This definition also includes digital instream video ads that appear in live, archived, or streaming content.



Includes: Includes pre, mid, post roll in video-player; Includes ads that appear in live, archived, or streaming content.

Excludes: Does not include video games; does not include in-banner video (any video unit loaded in a standard display ad placement), or other forms of rich media.

Digital OUTstream Video Advertising

This is a form of digital video advertising that is NOT associated or connected to streaming video-based content. This encompasses native video, in-feed video (such as social infeed), in article video and interstitial video advertisements, presented in the page content as users scroll past or engage with page elements. Video overlays when contained within the same video player environment as the Digital Outstream content are categorized as digital outstream ads. This definition also includes digital outstream video ads that appear alongside syndicated, sourced and journalistic articles, as well as user generated content.

Includes: Includes video elements that load/start in the page content

Excludes: Does not include video games; does not include pre, mid or post roll; does not include in-banner video (any video unit loaded in a standard display ad placement), or other forms of rich media.



SECTION C - Definitions of PROGRAMMATIC Transaction-types: 2018-19 (rev'd)

Overall definition: Programmatic Trading includes 'Any Systems-Driven, machine-enabled Buying' (and selling) of digital media via Trading Desk and Inside Agency – *not including Paid Search or Social Media*.

The Main Programmatic Transaction-types:

Total Programmatic consists of these two key components: 'Open Auction' + 'Programmatic Direct'

Programmatic Direct consists of these two key components:

a). DEAL I.D. (Non-guaranteed) consists of 'Invitation-only (or Private) Auction' + 'Unreserved Fixed Rate'

(b). Automated Guaranteed includes Programmatic guaranteed.

Programmatic Advertising by 2 Main Transaction Types (and sub-types): Detailed Definitions

Open Auction – A publisher will generally allow any and all buyers to participate in accessing their inventory through this tactic. Usually there is no direct relationship with the buyer. Publishers may choose to use Blocklists and floor pricing to prevent advertisers from gaining access. On the advertiser side they are often unaware of what publisher they are buying on. DSP's usually present a list of exchanges/SSPs to the buyer that they automatically opt into. Buyers may not know or care that they are buying a publisher's inventory. Because of this, publishers can participate in the Open Auction on a blind basis

Programmatic Direct/Other – Leading Canadian vendors define the following collectively as "Programmatic Direct", which consists of 2 main components as follows = DEAL I.D. (non guaranteed) + Automated Guaranteed

Only Publishers may include 'Programmatic Direct' Revenues: Exception - Fees charged by Exchanges/SSPs to manage Programmatic Direct should be included by Exchanges/SSPs.

A. DEAL I.D. (Non guaranteed) which in turn is made up of two sub-types...

Invitation-only auction – Sometimes referred to as **Private Auction**, this auction type is very similar to an Open Auction except a publisher restricts participation to select buyers/advertisers via Whitelist/Blocklist. A publisher may choose to not participate in an Open Auction and only



run an Invitation-Only Auction. It is important to note that an Invitation-Only Auction is an auction and buyers will be expected to bid on inventory. A publisher may choose to expose different information such as transparency or data, through the use of Deal IDs or Line Items to add value to this select group of buyers while participating in this tactic.

Unreserved fixed rate – Transactions that fall into this category exist within an exchange environment, but have pre-negotiated, fixed pricing (CPM, CPC, etc.). Typically, Unreserved Fixed Rate deals sit at a higher priority than the Open and/or Invitation-Only Auction. A deal of this type typically is necessitated by advertiser demand for a more predictable offering within the exchange space.

B. Automated guaranteed – Includes Programmatic Guaranteed:

This type of transaction most closely mirrors a traditional digital direct sale. The deal is negotiated directly between buyer and seller, the inventory and pricing are guaranteed, and the campaign runs at the same priority as other direct deals in the ad server. The programmatic element of the transaction that differentiates it from a traditional direct sale is the automation of the RFP and campaign trafficking process. Negotiation through to fulfillment can be, should the publisher desire, completed within the technology platform providing the automated reserve functionality.

Recapping the Two Main Programmatic Transaction-types and their components:

Open Auction: Unreserved Inventory, Auction Pricing, One – All Participation

Programmatic Direct (2 sub-types):

a). **DEAL I.D. (Non-guaranteed)** ...in turn made up of: Invitation-Only Auction (or Private Auction) = Unreserved Inventory, Auction Pricing, One-Few Participation; Unreserved Fixed Rate = Unreserved Inventory, Fixed Pricing, One-One Participation

b). **Automated Guaranteed (incl. Programmatic Guaranteed)** = Reserved Inventory, Fixed Pricing, One-One Participation



SECTION D - Definitions of Leading Industry Advertiser Categories: 2018-19

The product and service categories in IAB Canada's Internet Advertising Revenue Surveys are consistent with many used by the U.S. IAB and/or U.K. IAB for their Internet Revenue Studies. The categories were initially drawn from the North American Industry Classification System (NAICS) - an index of types of business establishments with corresponding descriptions - developed jointly by the U.S, Statistics Canada and Mexico for comparability in business statistics among North American countries. These are updated by IAB Canada for clarity in light of later technological / industry changes.

Alcoholic Beverages – includes fermented and distilled alcoholic beverages; i.e. Beer/Ale, Wine and Liquor.

Automotive – includes all automotive-related categories including sale/purchase of vehicles and parts and maintenance.

Business & Industrial – products and services, this also includes manufacturing

Consumer Packaged Goods – includes manufacturers of packaged goods, food products, household products, and tobacco.

Entertainment (rev'd) – music recordings, film box office, live arts box office (theatre, dance, opera and concert etc), the arts (museums, art galleries etc), videogames, amusement/recreation such as theme parks, sports events)

Financial Services – includes commercial banks, credit agencies, personal credit institutions, consumer finance companies, loan companies, business credit institutions and credit card agencies. Also includes companies engaged in the underwriting, purchase, sale or brokerage of securities and other financial contracts.

Government, Social, Political Organizations – includes federal, provincial, and local government departments/agencies that administer, oversee and manage public programs; social and political organisations including unions and political parties, charities, educational institutions and services.*

Travel (rev'd) – Consists of **Leisure Travel** and **Business Travel**, comprising travel agencies and online booking services; tourism; hotels, resorts and other paid lodging; other hospitality services; airlines and other paid transportation modes such as rental vehicles.

Media (rev'd) – includes institutions primarily engaged in radio and television broadcasting (network and station) including commercial, religious, educational, cable & online stations. Also includes



establishments primarily engaged in publishing on the internet and ebooks as well as of traditional newspapers, periodicals and books.

Pharma & Healthcare – includes pharmaceutical and medicine manufacturing of prescription and non-prescription/ generic and brand drugs/remedies; healthcare and social assistance services including offices of health practitioners, home health care services/other ambulatory services, medical/diagnostic laboratories, nursing/residential care & community care facilities for the elderly. *Also includes personal care, toiletries and cosmetic products manufacturers.*

Real Estate – includes establishments primarily engaged in managing real estate for others; selling, renting and/or buying of real estate for others; and appraising real estate.

Retail (rev'd) – includes physical (brick & mortar) and online stores (on the internet) that are purveyors of most products and services such as apparel, restaurants/fast food, home furnishings/textiles, toys/games, pet food/supplies, appliances, jewelry, drug / cosmetics stores, sporting / athletics goods retailers, consumer electronic/computers and related services, etc. Also includes mail order / catalog.

Consumer Electronics & Computers (rev'd) – includes hardware manufacturers and importers, excludes retail (computers, computer storage devices, and computer peripheral equipment), consumer electronics manufacturers and importers/not retailers, prepackaged software creators (operating, utility and applications programs), local area network systems and network systems integration, computer processing and data preparation and data processing services.

Telecommunications – includes point-to-point communications service providers, including telephone voice and data communications, two-way mobile/cellular communications services and other non-vocal message communications services (e.g., electronic mail, texting etc); includes internet service provider or ISPs, multi-channel video providers on a subscription fee basis or BDU's (e.g., cable, IPTV and satellite services)



ABOUT IAB CANADA

Who We Are

The Interactive Advertising Bureau of Canada (IAB Canada) is the national voice and thought leader of the Canadian interactive marketing and advertising industry. We are the only trade association exclusively dedicated to the development and promotion of the digital marketing and advertising sector in Canada.

As a not-for-profit association, IAB Canada represents over 250 of Canada's most well-known and respected advertisers, ad agencies, media companies, service providers, educational institutions and government bodies. Our members represent a diverse range of stakeholders in the rapidly growing Canadian digital marketing and advertising sector, and include numerous small and medium sized enterprises.

What We Do

As the only organization fully-dedicated to the development and promotion of digital/interactive advertising in Canada, IAB Canada works with its members to:

- Conduct original, Canadian digital/interactive research;
- Establish and promote digital/interactive advertising standards & best practices;
- Build human capital, through educational courses, certification, our job board, and other initiatives that assist the industry in attracting, training and motivating human resources;
- Act as an advocate for the Canadian digital/interactive advertising industry to the Canadian government; and,
- Organize networking events that enhance communication between members.

IAB Canada & IAB Worldwide

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IAB Canada and global IABs work together closely on major projects and endeavours, but each country requires individual memberships. [Click here](#) for more about IAB Canada and about IAB Globally that IAB Canada fully endorses.

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