



Interactive
Advertising
Bureau

2014 Actual + 2015 Estimated
Canadian Internet Advertising Revenue Survey
DETAILED REPORT

An Industry Survey conducted by Ernst & Young
Sponsored by the Interactive Advertising Bureau of Canada

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A. Executive Summary: **2014 Full-Year Highlights and 2015 Forecast**

“Consumers’ hearts and minds are deeply ensconced in the multi-screen experience. IAB Canada’s Annual Internet Advertising Revenue Report underscores the importance of this new reality with clear shifts towards Mobile and Video formats. Forecasts for 2015 point towards a lessening gap between consumer behavior and brand marketing expenditures for mobile and video”. Sonia Carreno, President, IAB Canada.

2014 Internet Ad Revenue Trends: Up 11% to \$3.8 billion, Mobile nears \$1 billion

Canadian Internet advertising revenue reached \$3.79 billion in 2014, representing continued double-digital growth (11%) and an increasingly wider lead over Television revenue (13%), with 34% share of major media ad revenue this year (up from 31% in 2013) compared to TV’s 30% (Source: TVB; Base: TV, Internet, Dailies, Radio, Magazines, OOH). This is slightly below the previous survey’s 2014 forecast of 13% growth (\$3.977 billion).

2014 was the year of Mobile, at just under \$1 billion revenue (\$903 million), up from \$427 million in 2013. With a staggering triple-digit % growth rate for the second consecutive year (111%) and accounting for almost 1 in 4 digital ad revenue dollars in 2014, Mobile (including Tablets) is driving the Internet’s overall expansion. Conversely, Online - which still represents the bulk of Internet ad revenue (76%) - came in 3% under 2013 at 2.890 billion, as Mobile begins attracting some desk/laptop revenues away. Mobile’s 24% share of Canadian Internet ad revenue, double last year’s, is now virtually at par with the US in 2014 (25%).

French Language Internet advertising revenue grew by 4% to \$679 Million in 2014, with Mobile growth of 113% driving lifts in Search and Video. French language Internet revenue represents 18% of total Canada in 2014, down from 19% last year. The French Mobile ratio is similar to total Canada (23% vs 24% of Internet revenues respectively).

2015 Revenue Budgets: Up 11% to \$4.2 billion

Respondents to IAB Canada’s 2014 Survey have forecasted that Internet Ad Revenues will again grow 11% by the end of 2015, rising to \$4.229 billion in Total Canada. This forecast includes a return to 10% growth in French language ad revenues which are budgeted to increase to \$744 million. Cautionary note: This forecast is an aggregate of budgets submitted by survey respondents in the 1st and 2nd quarters of 2015. As such, it may be superseded by later marketplace developments that make it more or less certain of being achieved, or possibly even surpassed.

Concentration of Internet Revenues in Canada: Stable

The Top 10 Internet Advertising Earners in this survey brought in 83% of all Canadian Internet Ad Revenues in 2014, staying within the 81-84% range reported over the last five years. The Top 20 Earners accounted for 90% of total Internet revenues in 2014, also consistent with 2010 onward.

Revenue by Advertising Vehicle (Format): Top 3 now includes Video

The top two Internet formats of Search and Display collectively represent \$3.3 billion in 2014, which is almost 90% of total 2014 Internet revenue in Canada. With 14% growth, the \$2.1 billion in Search revenue was the key format driver behind the overall 11% revenue expansion in 2014, assisted by Display’s 17% rise to 1.3 billion. The 28% growth in Video to

\$266 million has placed it squarely in the top-3 formats this year, with 7% share of total. Email advertising grew slightly (8%) after a year of preparation for CASL, which went into effect in July 2014.

French Search and Video revenues were the principal drivers behind modest French Language revenue growth in 2014, with +12% and +39% increases respectively.

Note: 2013 format revenues have been adjusted upward from their desk/laptop-only revenue base, to reflect the inclusion of Mobile (+Tablets) for comparability with 2014 formats, which have been redefined to include both sets of devices.

Revenue by Advertising Product Category: Top 4 almost 50%

CPG, Automotive, Retail and Financial continue to be the four largest advertising revenue categories in 2014 out of a total of 15 reported, with a combined 47% of total Canadian Internet ad revenue coming from these sectors. Fluctuations from last year are very small, in the +/- 1-2 percentage points range.

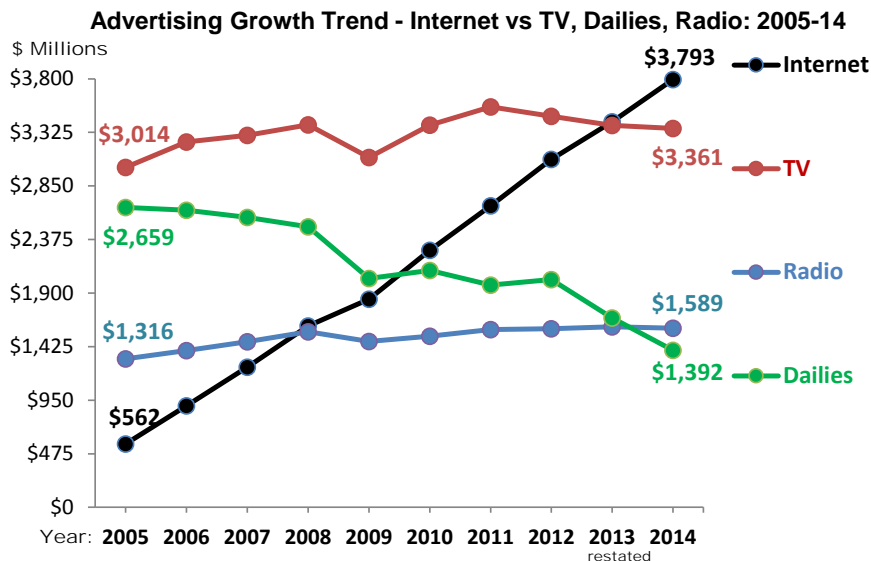
Internet Ad Growth & Share Compared to 5 Major Media: Lead Grows over TV

In 2013, 20 years after the first banner ran, Canadian Digital advertising rose above TV with the largest share of ad spend among the 6 major consumer media (latter also include Radio, Out-of-Home, Dailies, Magazines).

In 2014, Internet ad revenue, including Online & Mobile, continued its double-digit growth rate (+11%), increasing its revenue lead over TV to 13%. The Internet is the only channel exhibiting substantial growth this year in a flat market (-0.3%). TV revenue declined again by 1% in 2014 to \$3.361 billion (Source: TVB, IAB Canada).

The Internet's share of total advertising revenue in Canada grew from 31% in 2013 to 34% in 2014, broadening its lead over Television, whose share remained unchanged at 30%.

The top 4 major media are trended below over the past decade:



Internet Ad Revenue Share in Canada vs US - Compared to TV

Canada's Internet advertising market grew to a 34% share of measured major media advertising revenue in 2014 - up from 31% in 2013 - exceeding the U.S. Internet's 29% share in 2014. The major media revenue total (base) for each country is based on six channels: Internet, Television, Radio, Dailies, Magazines and Out-of-home.

Note: The Internet's share of US major media revenue is lower than in Canada, due to TV's much higher share in the US (39%) than in Canada (30%). Differing media landscapes, survey methodologies & data providers may also cause some of the observed differences.

Challenges + Opportunities: Past Year, Next Year and Three+ Years Out

The following points are derived from Survey respondent comments about the biggest challenges, changes and opportunities they face or foresee. They are anecdotal, based on individual business scenarios and are elaborated upon later in the detailed section of this report. Some reflect longer term trends that have been cited previously and continue to evolve.

- Accelerating Shift to Programmatic Buying & Commoditization: Demand for supply chain transparency/integrity.
- Monetizing Mobile Investment: Platform Revenue Growth Lags Audience
- Solving Tight Pre-roll Video Ad Inventory: More Quality Video Content Needed
- Premium Inventory Management: Essential for better publisher revenue yields
- Effective Publisher Differentiation: Makes for stronger direct buyer/seller relationships
- Sellers Face Accelerating Technology/Infrastructure Demands
- Emerging Technology / Devices to Stimulate Omni-channel marketing over the longer term

Beyond this financial survey of publishers, the voice of IAB Canada's members has identified three critical imperatives; protect the integrity of the digital media supply chain, provide tools to help make sense of measurement, and to continue to be the authoritative voice of the industry with policy makers.

“The 2015 digital media landscape has clearly been affected by the rapid shift to programmatic across all formats. Publishers have an opportunity to redefine premium content and restructure inventories to provide the transparent, measurable, human advertising units the market continues to demand”. Sonia Carreno, President, IAB Canada.

B. Internet Advertising Revenue Findings - Detailed

2014 Canadian Internet Revenue: Total Canada, French Language

Internet continues double digit revenue growth - reaching \$3.8 billion in 2014; Mobile just under \$1 billion, attracting some PC revenues.

Internet Advertising Revenues consisting of Online and Mobile rose to \$3.793 billion in 2014, up 11% compared to \$3.418 billion in 2013 (restated) and slightly below the previous survey's 2014 forecast of 13% (3.977 billion). The continued surge in 2014 Mobile revenue (+111%) contributed significantly to overall Internet growth, more than doubling to \$903 million, up from \$427 million in 2012 (restated) including Tablet. At \$2.9 billion, Online came in 3% under 2013, as Mobile begins attracting some desk/laptop revenues.

Note: 2013 revenues were restated downwards by -\$107 million to reflect retroactive advice from a major 2014 survey respondent.

Total 2014 Internet Advertising Revenue (net)			
Millions (CAN\$)	Actual 2013*	Actual 2014	% growth
Online (desk/laptop)	2,991	2,890	-3%
Mobile (+Tablet)	427	903	111%
Total Internet	3,418	3,793	11%

*2013 restated 107Mil. due to retroactive respondent advice (was \$3,525)
Rounded; excl agency com'n; Mobile incl Tablets & Msg, excl prod'n

Mobile's share doubles to almost 1 in 4 Internet dollars in 2014, nearing parity with US.

While Online still accounts for the bulk of Total Canada Internet revenues, its share has gradually edged downward from 97% in 2011, to 95% in 2012, 88% in 2013 (restated)... to 76% in 2014. This is due to the triple digit growth rate of Mobile (+Tablet) advertising, which doubled its share of Canadian digital revenue from 12% in 2013 to 24% in 2014. This is virtually at par with Mobile's 25% share of US Internet revenues.

Share of Total 2014 Internet Ad Revenue: Online vs Mobile				
Millions (CAN\$)	Actual 2013*	% share	Actual 2014	% share
Online (desk/laptop)	2,991	88%	2,890	76%
Mobile (+Tablet)	427	12%	903	24%
Total Internet	3,418	100%	3,793	100%

Rounded; excl agency com'n; Mobile includes Tablets & multiple formats
*2013 total rev restated due to survey respondent advice (was \$3,525mil)

French language Internet revenue Grew in 2014, but trails Total Canada.

To date, French Canada Internet revenue has grown at a similar rate to Total Canada Internet, representing a stable 19% share of total since 2009. However, in 2014 French language revenue lagged Total Canada growth, growing by 4% to \$679 million, trailing Total Canada's 11%. This resulted in a decline in French language share of total to 18% in 2014. The Online/Mobile ratio is similar to Total Canada (23%).

French Canada: 2014 Internet Advertising Revenue					
Millions (CAN\$)		Actual	Actual	%	% share
		2013*	2014	growth	of Internet
Online:	French	\$578	\$526	-9%	77%
Mobile:	French	\$72	\$153	113%	23%
Total Internet:	French	\$650	\$679	4%	100%
Share (Fre/Total)		0.19	0.18		

Rounded; excl agency com'n; Mobile incl Tablets & Msg, excl prod'n

*2013 total French rev restated due to survey respondent advice (was \$670mil)

2015 Canadian Internet Revenue Forecast

\$4.2 Billion in Total Internet Ad Revenue Projected for 2015 (11%)

Respondents to IAB Canada's 2014 Survey have forecasted that Internet Ad Revenues will again grow 11% by the end of 2015, rising to \$4.229 billion in Total Canada. This forecast includes a return to 10% growth in French language ad revenues which are budgeted to increase to \$744 million.

Cautionary note: This 2015 forecast is an aggregate of budgets submitted by survey respondents in the 1st and 2nd quarters of 2014. As such, it may be superseded by later marketplace developments that make it more or less certain of being achieved, or possibly even surpassed.

Projected 2015 Total INTERNET Ad Revenue (net)			
Millions (CAN\$)	Actual	Forecast	%
	2014	2015	growth
Total Canada	\$3,793	\$4,229	11%
French Canada	\$679	\$744	10%
Share (Fre/Total)	0.18	0.18	

INTERNET=Online+Mobile; Mobile includes Tablet+Messaging. Rounded.

Total and French Language Advertising Revenues: 2005-2014 Trend

Canadian Internet Advertising Revenues have continued growing at double-digit rates each year over the past decade, even after surpassing \$1 billion in 2007, \$2 billion in 2010, \$3 billion in 2012 and reaching 3.8 billion in 2014. While Online (desk/laptop-only) still accounts for the bulk of Total Internet ad revenue (76%), Online revenue shrank (-3%) for the first time in 2014 as Mobile (+Tablets) continues its upward momentum. French language revenues have grown at similar rates to Total Canada over the years, however considerably less so in 2014 for the first time (4% vs 11%).

TEN YEAR GROWTH Trend of Actual INTERNET Advertising Revenues: Online + Mobile 2005-2014 (net)											
	2005	2006	2007	2008	2009	2010	2011	2012	2013*	2014	
TOTAL INTERNET											
Total Canada: Millions (\$)	\$562	\$901	\$1,243	\$1,609	\$1,845	\$2,279	\$2,674	\$3,085	\$3,418	\$3,793	
% growth/yr	54%	60%	38%	29%	15%	24%	17%	15%	11%	11%	
French Cda: Millions (\$)	--	--	--	--	--	--	--	--	\$650	\$679	
% growth/yr	--	--	--	--	--	--	--	--	--	4%	
ONLINE											
Total Canada: Millions (\$)	\$562	\$900	\$1,241	\$1,602	\$1,822	\$2,232	\$2,593	\$2,925	\$2,991	\$2,890	
% growth/yr	54%	60%	38%	29%	14%	23%	16%	13%	2%	-3%	
French Cda: Millions (\$)	\$124	\$189	\$260	\$317	\$352	\$428	\$490	\$559	\$578	\$526	
% growth/yr	89%	52%	38%	22%	11%	22%	14%	14%	3%	-9%	
MOBILE											
Total Canada: Millions (\$)	--	\$1	\$2	\$7	\$23	\$47	\$81	\$160	\$427	\$903	
% growth/yr	--	--	137%	182%	248%	105%	74%	97%	167%	111%	
French Cda: Millions (\$)	--	--	--	--	--	--	--	--	\$72	\$153	
% growth/yr	--	--	--	--	--	--	--	--	--	113%	

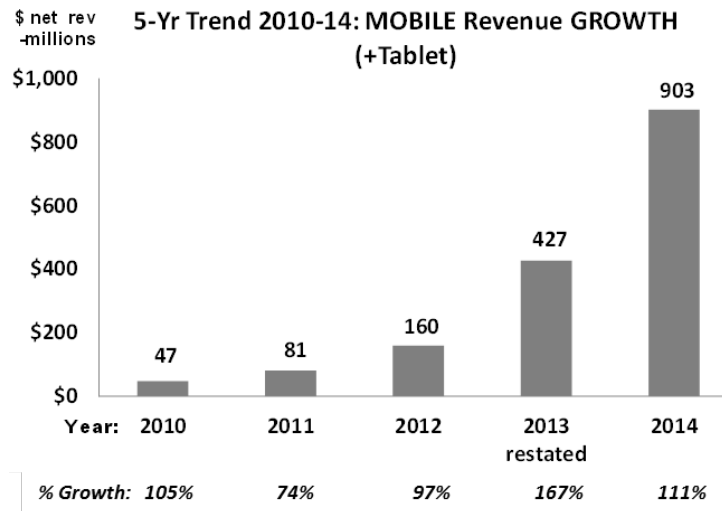
INTERNET = Online + Mobile; Mobile includes Tablets. Revenues exclude agency commission.

Reporting of Total Mobile Ad Revenues began in 2006; French Mobile was reported separately from Total Canada starting 2013.

* 2013 restated to reflect 107 million reduction per retroactive advice by a major survey participant.

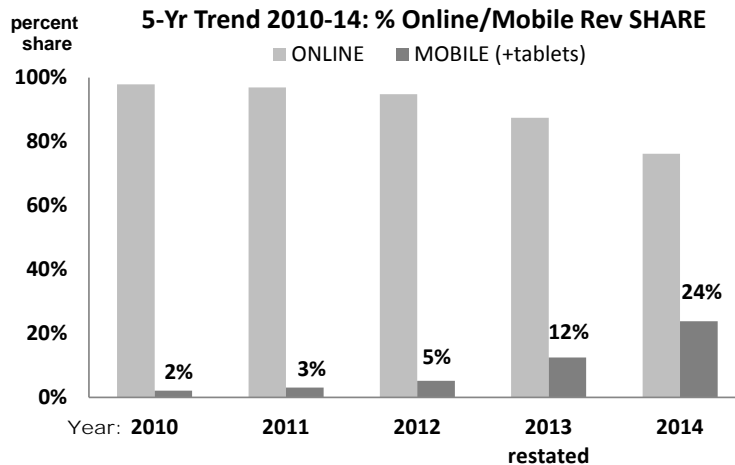
Mobile's triple-digit % revenue growth in 2013-14 is driving Internet advertising expansion.

Rapid Mobile ad revenue growth is being driven by the integral role of smartphones and tablets in consumers' lives, such as the shift in social media consumption towards mobile devices and the tendency to migrate from one screen to another and/or simultaneous multi-screen use, at different times of the day.



"The data reinforces what we've been telling our clients for the past few years, namely that having a mobile-friendly marketing strategy is no longer optional – it's a requirement for success". Jay Aber, The Aber Group

The impact of this high annual growth rate is behind Mobile's rising share of total Internet revenue, as shown below:



Concentration of Internet Advertising Revenues in Canada: Stable

The Top 10 Internet Advertising Earners in this survey brought in 83% of all Canadian Internet Ad Revenues in 2014, staying within the 81-84% range reported over the last five years. The Top 20 Earners accounted for 90% of total Internet revenues in 2014, also consistent with 2010 onward.

Top 10/20 Internet Ad Revenue Earners: 2009-2014						
yr...	2009	2010	2011	2012	2013	2014
	Online	Online	Online	Online	Internet	Internet
Top 10 Earners	77%	81%	84%	82%	82%	83%
Top 20 Earners	87%	90%	90%	90%	89%	90%

Online-only (excl Mobile): 2009-2012; Total Internet: 2013-14

Revenue and Growth Trends by Advertising Vehicle/Format

Search & Display account for most of the Internet's growth in 2014; Video moves up to join the top-3 formats.

The top two Internet formats of Search and Display collectively represent \$3.3 billion in 2014, which is almost 90% of total 2014 Internet revenue in Canada. With 14% growth, the \$2.1 billion in Search revenue was the key format driver behind the overall 11% revenue expansion in 2014, assisted by Display's 17% rise to 1.3 billion. The 28% growth in Video to \$266 million has placed it squarely in the top-3 formats this year. Email advertising grew slightly (8%) after a year of preparation for CASL, which went into effect in July 2014.

French Search and Video revenues were the principal drivers behind modest French Language revenue growth in 2014, with +12% and +39% increases respectively.

Note: 2013 format revenues have been adjusted upward from their desk/laptop-only revenue base, to reflect the inclusion of Mobile (+Tablets) for comparability with 2014 formats, which have been redefined to include both sets of devices.

Total INTERNET Revenue & Percent Growth by Ad Vehicle: 2013-2014 (net)						
Ad Vehicles: (CAN\$) (incl Desk/laptop + Mobile)	Total Canada			French Canada		
	2013*	2014	%	2013*	2014	%
	\$ (millions)	\$ (millions)	change	\$ (millions)	\$ (millions)	change
Search	1,802	2,052	14%	371	417	12%
Display	1,091	1,274	17%	189	188	-1%
Classified/Directories **	289	171	-41%	56	26	-53%
Video	208	266	28%	31	43	39%
Email	18	19	8%	2	3	24%
VideoGaming	11	11	8%	1	1	94%
Total INTERNET	3,418	3,793	11%	650	679	4%

* 2013 Total restated by 107mil to reflect a retroactive corporate reporting change (was \$3,525)

** 2013 standard format revenues adjusted upward from Online-only base (PC) to reflect Internet base (+Mbl)

** Class/Dir. decline in 2014 caused by \$100mil+ reduction in reported revenues by one survey participant

** Class/Dir. - in 2013 \$115mil (\$39mil Fr) was shifted to Search per a major corp. reporting chg.

Video = Pre, Mid, Post-Roll in Videoplayer environment (excludes companion ads or In-Banner); #s rounded.

“The continued strong growth in Search advertising, is a real testament to its effectiveness in connecting consumers and brands.” Jeff Lancaster, CEO, Catalyst Canada

“Gone are the days when ads lived in one medium and spoke at consumers. Brands and marketers have used online video to change that paradigm. Online ads are still vehicles for telling great stories, but now they’re much more than that. They allow advertisers to invite Canadians to interact, cultivate relationships, and build fandoms of their own -- in ways television viewers never could.” Eric Morris, Head of Performance, Google Canada

Revenue Growth by Internet Ad Vehicle (Format) over Past Five Years: 2010-14

The changes in actual dollars earned by Publishers, Ad Networks and Exchanges for Search, Display, Video and other Internet ad formats over time, are shown in the table below.

Note that up to 2012 all format revenues shown are based on Online (desk/laptop) revenues only, while 2013 (restated) and 2014 revenues now include Online plus Mobile +Tablet revenues; (2013 formats adjusted to include mobile for trending to 2014... therefore not trendable back to 2012).

This change in 2014 format definitions was made due to the significant spike in mobile’s 2013 ad revenue.

Five-year Trend of INTERNET Ad Revenue Growth By Advertising Vehicle: 2010-2014 (net)									
Ad Vehicles: (CAN\$)	2010	2011	%	2012	%	2013**	%	2014	%
	\$ (millions)	\$ (millions)	change	\$ (millions)	change	\$ (millions)	change	\$ (millions)	change
*base:	Online	Online		Online		Internet	<i>restated</i>	Internet	
Search	907	1081	19%	1586	47%	1802	na	2052	14%
Display	688	840	22%	974	16%	1091	na	1274	17%
Classif/Directories***	587	576	-2%	249	-57%	289	na	171	-41%
Video	37	73	96%	92	27%	208	na	266	28%
Email	11	13	18%	12	-8%	18	na	19	8%
VideoGaming	2	10	419%	13	23%	11	na	11	8%
= Subtotal: Online-only	2232	2593	16%	2925	13%	--	--	--	--
INTERNET (incl Mobile)	2279	2674	17%	3085	15%	3418	11%	3793	11%

* Base: 2010-2012 format revenues are based on desk/laptop only; 2013 - 2014 format revenues are based on desk/laptop and Mobile/Tablets.

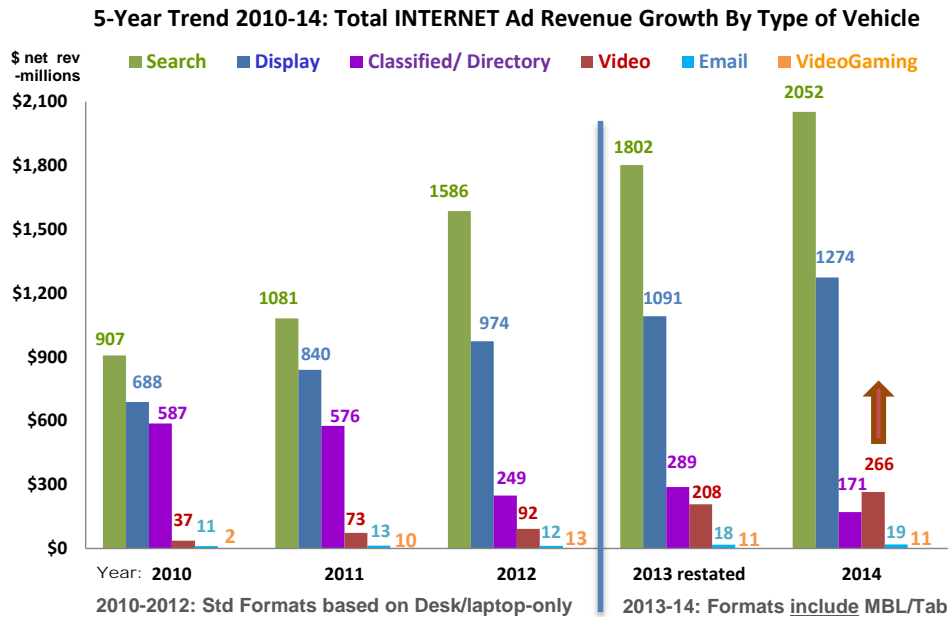
** 2013 Internet total restated by \$107 mil. to reflect retroactive survey respondent change (was \$3,525)

** 2013 standard format revenues projected up from Online-only base (PC) to reflect Internet base (including Mobile + Tablets)

*** Class/Directories adj down in 2012 for trending vs 2013, as 2013 revenues were shifted to Search per major corp. reporting chg; 2011 not trendable.

*** Class/Dir. decline in 2014 caused by significant \$100million+ reduction in reported revenues by one survey participant

The changes in ad revenue by Ad Vehicle over the past five years can also be expressed as a chart:



Share of Total & French Revenue by Advertising Vehicle (Format): 2010-14

Search & Display shares now dominate almost 90% of Total 2014 Internet revenue; Video rises to 7% of total.

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.

Note that up to 2012 all individual format revenues are based on Online (desk/laptop) only, while 2013 (restated) and 2014 revenues now include Online plus Mobile +Tablet revenues. The doubling of Video's share to 6% in 2013 is due to the inclusion of Mobile. (2013 formats adjusted to include mobile for trending to 2014 are not trendable back to 2012). This change in format definitions was made due to the significant spike in mobile's share of Internet ad revenues in 2013 to 12% (now 24% in 2014). Online's share shrank from 88% in 2013 to 76% in 2014.

Note: Classified/Directories is now a fraction of its previous size (22% in 2011, 8% in 2012-13, 5% in 2014), due to a change in revenue reporting by one major publisher in 2013 (2012 reclassified for trending to 2013, not trendable to 2011) and a significant drop in revenue reported by another major respondent for 2014.

Share of Total INTERNET Revenue By Advertising Vehicle: 5-year Trend 2010-14							
Ad Vehicles: (CAN\$)	2010	2011	2012	2013* restated		2014	
	% Total revenue	% Total revenue	% Total revenue	% Total revenue	FRENCH % Total rev	% Total revenue	FRENCH % Total rev
* base:	Online	Online	Online	Internet	Internet	Internet	Internet
Search	40%	40%	51%	53%	11%	54%	11%
Display	30%	31%	32%	32%	6%	34%	5%
Classifieds/ Directories**	26%	22%	8%	8%	2%	5%	1%
Video	2%	3%	3%	6%	1%	7%	1%
Email	0%	0%	0%	1%	0%	1%	0%
VideoGaming	0%	0%	0%	0%	0%	0%	0%
= Subtotal: Online-only	98%	97%	95%	--	--	--	--
INTERNET (incl Mobile)	100%	100%	100%	100%	19%	100%	18%

* 2013 Internet total and selected formats restated to reflect a significant retroactive survey participant change

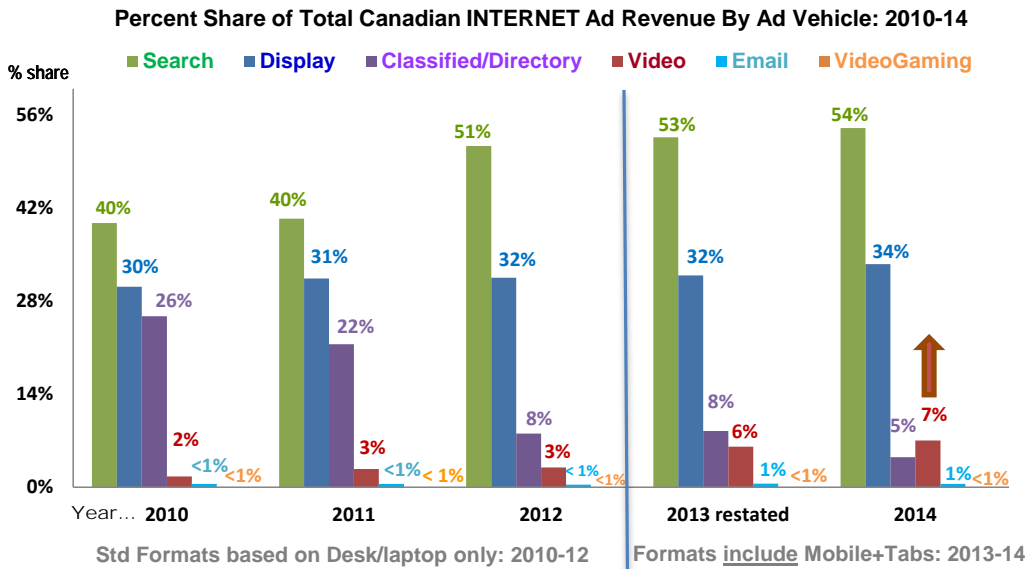
* 2013 standard format revenues projected up from Online-only base (PC) to reflect Internet base (+Mbl)

NOTE: % rounded; Video = Pre, Mid, Post-Roll in Videoplayer environment (excludes companion ads or In-Banner).

** Class/Dir. adjusted in 2012 to trend vs 2013 -revenues were shifted to Search per 2013 corp. reporting chgs.

** Class/Dir. decline in 2014 caused by significant \$100mil+ reduction in reported revenues by one survey participant

The change in share of total Internet ad revenue by Ad Vehicle over the past five years can also be expressed as a chart:



Percent of Internet Revenue by Advertising Category: Total Canada 2013-14

Almost half of 2014 Internet ad revenue is generated by 4 Ad Categories - led by CPG, then Auto and Retail / Financial.

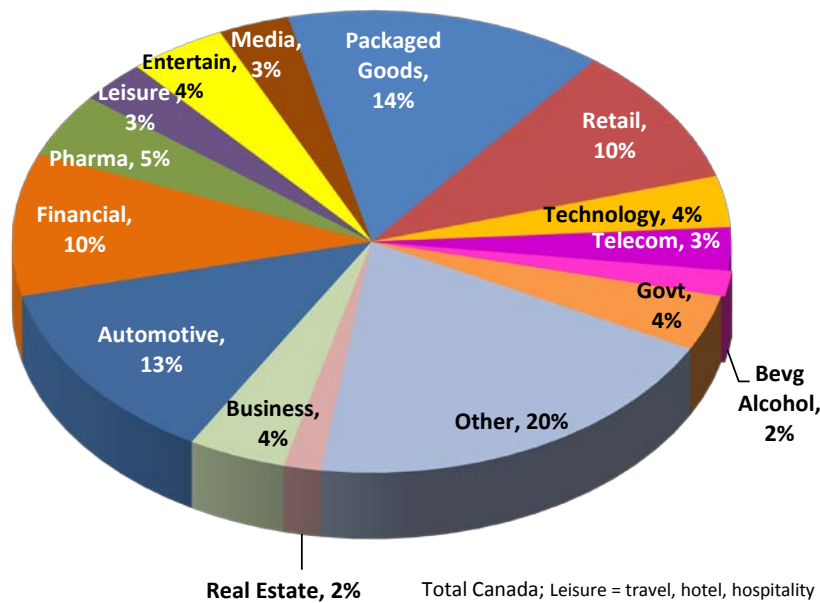
CPG, Automotive, Retail and Financial continue to be the four largest advertising revenue categories in 2014, with a combined 47% of total Canadian Internet ad revenue coming from these sectors. Fluctuations from last year are very small, in the +/- 1-2 percentage points range. See below:

Distribution of % INTERNET Advertising Revenue by 15 Major Product/Service Categories - Total Canada: 2014																
Year	Total Online (% rev)	Auto (% rev)	Financial (% rev)	Leisure Travel (% rev)	Entertainment (% rev)	Cnsmr Pkgd Goods (% rev)	Retail (% rev)	Technology (% rev)	Telecom (% rev)	Media (% rev)	Pharma / Health (% rev)	Bevg. Alcohol (% rev)	Government (% rev)	Real-estate (% rev)	Business (% rev)	Other (% rev)
2014	100%	13%	10%	3%	4%	14%	10%	4%	3%	3%	5%	2%	4%	2%	4%	20%
2013	100%	14%	10%	3%	5%	15%	10%	3%	3%	3%	5%	1%	4%	2%	4%	18%
Difference:		-1 pt	--	--	-1 pt	-1 pt	--	+1pts	--	--	--	+1pt	--	--	--	+2pts

Note: All percentages rounded and based only on respondents answering this question.

The percent distribution of total Canadian Internet Advertising Revenue by major product/service category for 2014 is graphically expressed in the following pie chart:

Distribution of Canadian INTERNET Ad Rev by Major Product Category: 2014



Comparing Internet Revenue Growth/Share vs Other Major Media

Internet widens 2014 lead over TV to 13% and is alone among the six major media to grow significantly in a flat market.

In 2013, 20 years after the first banner ran, Digital advertising took the largest share of ad spend among the 6 major consumer media.

In 2014, Internet ad revenue, including Online & Mobile, continued its double-digit growth rate (+11%), increasing its revenue lead over TV to 13% and is the only channel exhibiting substantial growth this year in a flat market (-0.3%). TV revenue declined again by 1% in 2014 to \$3.361 billion.

The following table shows the percent change in net ad revenue (excluding agency commission) of actual reported dollars per medium.

Ad Revenue Growth by 6 Major Media in Canada: 2013-14					
	(CAN\$)	2013*	2014	percent	
Rank		\$ Millions	\$ Millions	change	Gap vs TV
1	INTERNET*	\$3,418	\$3,793	11%	13%
2	Television	\$3,387	\$3,361	-1%	
3	Daily Newspaper	\$1,679	\$1,392	-17%	
4	Radio	\$1,600	\$1,589	-1%	
5	Magazines	\$558	\$472	-15%	
6	Out-of-home	\$514	\$521	1%	
Total - All Media		\$11,156	\$11,128	-0.3%	

Sources - IAB Canada: Internet; TVB: all other media; #s rounded, excludes agency commission
 *2013 total rev restated due to retroactive survey respondent advice (was \$3,525mil)

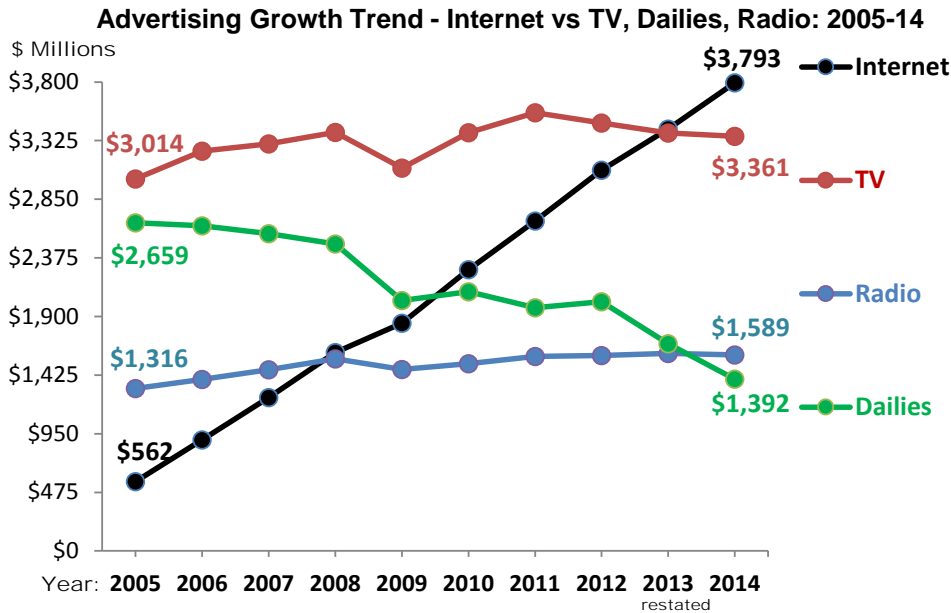
The Internet's share of total advertising revenue in Canada grew from 31% in 2013 to 34% in 2014, broadening its lead over Television, whose share remained unchanged at 30%. See below:

% Share of Ad Revenue by 6 Major Media in Canada: 2013-14					
	(CAN\$)	2013*	percent	2014	percent
Rank		\$ Millions	of total	\$ Millions	of total
1	INTERNET*	\$3,418	31%	\$3,793	34%
2	Television	\$3,387	30%	\$3,361	30%
3	Daily Newspaper	\$1,679	15%	\$1,392	13%
4	Radio	\$1,600	14%	\$1,589	14%
5	Magazines	\$558	5%	\$472	4%
6	Out-of-home	\$514	5%	\$521	5%
Total - All Media		\$11,156	100.0%	\$11,128	100.0%

Sources - IAB Canada: Internet; TVB: all other media; #s rounded, excludes agency commission
 *2013 total rev restated due to retroactive survey respondent advice (was \$3,525mil)

"Media Investment in Canada is going through an evolution and digital will continue to take a larger share of the pie due to the diversity of options available to advertisers that are measurable". Peter Vaz, VP, Director, Channel Engagement, MacLaren McCann

Internet ad revenues have been trended back over the past 10 years in comparison to Television, Daily Newspapers and Radio ad revenues. In the past decade, Internet advertising revenue (including Mobile) moved past Radio in 2008, Daily Newspapers' in 2010 and TV in 2013. The Internet's steep revenue growth curve becomes dramatically evident in the following line graph:

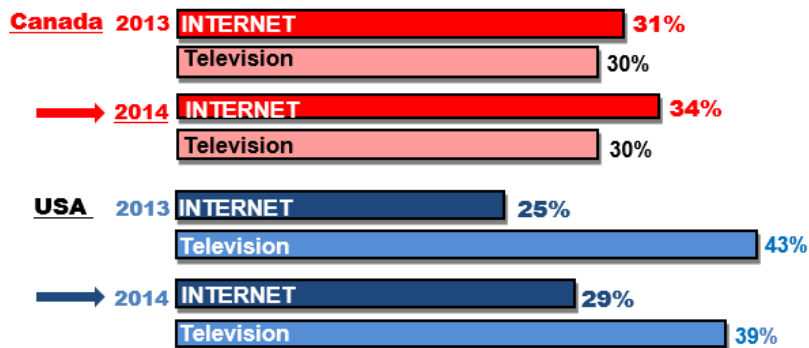


Canada/US Comparison: Internet % Share of Major Media Ad Revenues

Canada's Internet advertising market grew to a 34% share of measured major media advertising revenue in 2014 - up from 31% in 2013 - exceeding the U.S. Internet's 29% share in 2014. The major media revenue total (base) for each country is based on six channels: Internet, Television, Radio, Dailies, Magazines and Out-of-home.

Note: The Internet's share of US major media revenue is lower than in Canada, due to TV's much higher share in the US (39%) than in Canada (30%). Differing media landscapes, survey methodologies & data providers may also cause some of the observed differences.

Percent Share of Major Media Spend - INTERNET vs TV : 2013-14
--- Canada / US ---



SOURCES: Canada - Ernst & Young, IAB Canada, TVB; USA - PWC & IAB US; NOTES: Internet includes Mobile (all formats including messaging) & Tablet; Media Totals (base) include Internet, TV, Dailies, Radio, Magazines, Out-of-home; Media Totals exclude Community Pprs, Catalogue/ Direct Mail, Yellow Pages/Directories, Cinema.

Challenges + Opportunities: Past Year, Next Year and Three+ Years Out

The following reflects commentary from Survey respondents about the biggest challenges, changes and opportunities they individually encountered in the past 12 months (2014), and their expectations for the next 12 months (2015). In addition, for the first time in this year's report, publishers responded to an important new question that looks 3 years into the future, as to which top developments they foresee impacting the consumer - and by extension the interactive industry - by 2018. Some survey participants also shared longer range perspectives. The issues summarized below are anecdotal in nature and reflect respondents' particular business scenarios, as reported in early-mid 2015.

Accelerating Shift to Programmatic/Commoditization: Demand for supply chain transparency/integrity.

Past year/Next year Perspective:

Survey verbatims this year focused on the *accelerating* migration to Programmatic (machine to machine) buying and selling practices/technologies, particularly real-time-bidding auctions - versus direct 1:1 sales between people - involving Agency Trading Desks, DSPs (demand-side platforms), Ad Exchanges and SSPs (supply-side platforms). This mounting revenue shift to RTB continues to occur at much lower CPMs, as falling demand for display on a direct basis negatively impacts display revenue growth.

Publishers have begun to respond to this shift to automation by integrating programmatic with their current direct offerings, setting-up private exchanges to offset CPM erosion and adopting improved verification technologies addressing the transparency, viewability and ad clutter concerns found in RTB. Publishers acknowledge that defining a programmatic strategy must extend beyond display to encompass video and mobile. They recognize the need to extend their audience targeting capabilities (i.e. behavioral), leveraging theirs (and others) valuable data towards higher CPMs for branding campaigns, e.g. retargeting (as distinct from performance-based CPC/CPA/CPE buys).

Currently, the barriers to entry appear to be relatively low in the programmatic landscape. The following comment suggests a fairly competitive adtech environment, with the possibility of future market consolidation: *"As agencies and brands become smarter and more sophisticated in media buying, inventory suppliers must be able to deliver. To date, anyone with a little technology - e.g. a fancy front-end interface - and some traffic can call themselves a DSP. The true value of what suppliers deliver isn't in their distribution, but rather in their logic, analytics, optimization, algorithms and execution. This value should push real technology players forward"*.

The Next 3 years and beyond:

With the rising demand for data-driven targeting in the form of programmatic, publishers will continue to feel price pressure on their overall inventories. Longer term, programmatic will eventually drive the convergence of legacy (linear TV) media systems with digital business systems, enabling companies to manage media transactions across platforms. More powerful targeting tools will be needed for marketers to serve the right content, at the right time, to the right users across devices, throughout the consumer journey. Given the challenges with transparency and viewability plaguing this buying mechanism, there is a significant urgency placed on the industry to tackle these issues to restore customer confidence.

Monetizing Mobile Investment: Platform Revenue Growth Lags Audience

Past year/Next year Perspective:

Accelerating mobile audience growth - now exceeding half of total measured digital audiences in Canada - is driving up the proportion Mobile users represent of overall audiences for many websites. Publishers continue to espouse 'managing' user traffic migration to Mobile, while building traffic across all their digital properties.

Mobile ad revenues surged in Canada to almost one-quarter (24%) of 2014 digital revenues. However publishers' ability to monetize mobile impressions - in order to fund product development and resource investments (e.g. responsive site content, apps, behavioral targeting) - is not keeping up with consumption due to lower Mobile CPMs and lagging mobile ad budgets. Since mobile screen sizes afford fewer advertising opportunities on some websites relative to PCs, one possible solution is to move campaigns away from small 300x50 banner ads towards more desirable, larger mobile formats. Also, more innovative mobile ad tool kits - e.g. enabling clickable mobile pre-roll - will help spur creativity in the medium. However, attracting more brand campaigns and larger budgets to mobile will require publisher / mobile

marketers to demonstrate consistent engagement levels across device screens.

The Next 3 years and beyond:

Mobile behavioral targeting limitations will gradually improve, propelled by the spread of beaconing / other new methodologies. Farther out in time, Mobile will be the main beneficiary as a new generation of omni-channel targeting and multi-touch attribution tools go into development, enabling marketers/retailers to serve the right content at the right time to the right users across platforms, throughout the consumer journey. Advertisers and the media will in turn build content/advertising for mobile-first and 'screen-up/down' to other devices from there.

Solving Tight Pre-roll Inventory: More Quality Video Content Needed

Past year/Next year Perspective:

Publishers consider video advertising one of the most significant revenue growth opportunities (up 28% in 2014). Despite rising competition however, publishers still struggle to meet the demand for quality video content to put pre-roll and other video ads against, causing ongoing sell-out situations in pre-roll due to insufficient inventory. Since video content consumption is driven by rapidly evolving consumer tastes, the business also needs to adapt more quickly. Programmatic for video is gathering momentum, though still lagging display. Publishers must leverage audience viewability and behavioral ad targeting to maximize revenue yields.

The Next 3 years and beyond:

Longer term, as programmatic takes on legacy (linear TV) inventories and dynamically-served IPTV permits more distribution of cable video content over the internet, barriers to the transferability of media investments between digital video and linear TV will fall, prompting the channeling of more TV dollars into Video.

Premium Inventory Management: Essential for better publisher revenue yields

Past year/Next year Perspective:

The key to building Publisher revenues lies in increased emphasis and compelling rationale for directly selling premium CPM placements like sponsorships, custom solutions and multi-platform / 360° integrations, in order to increase revenue yields. This can include private exchange trading (aka programmatic direct), removing this inventory from the Open Exchange. To succeed, publishers will need to demonstrate measurable viewability, total brand safety, minimal non-human traffic and data-driven targeting.

The Next 3 years and beyond:

Sellers hope that CPMs for premium direct advertising will begin to stabilize over the next few years. 'Data democratization' is advocated, whereby data mining capabilities become more widely accessible to sellers at lower cost, including access to agency-sourced consumer data. Increased adoption of multi-touch attribution tools is hoped for, if this enables better demonstration of how premium inventory impacts the consumer path to purchase.

Effective Publisher Differentiation: Makes for stronger direct buyer/seller relationships

Past year/Next year Perspective:

The digital media marketplace is rapidly fragmenting, with proliferating content providers and programmatic trading firms. Time-strapped agencies privately describe how difficult it has become, to familiarize with/differentiate between individual vendors, outside of standard audience rankings. This presents a significant publisher opportunity to stand out from each other and from all the trading desks, DSP's and Exchanges. As one survey participant observed: *(quote) "The number of companies that have a real value proposition and can make an impact is in fact much smaller than what most think. With so many new features, technologies and distribution channels being created, making sure that quality traffic and results are delivered remains an essential part of our value proposition"*.

A stronger push for education: Publishers can help the advertiser/agency community become better-informed about the massive changes taking place in Interactive media, whether in automation or in native advertising – while more effectively differentiating their respective market offerings (e.g. through partnerships).

A big challenge is trying to engage the agency or advertiser with innovative new ways to display their messages. Whether through display, video, custom sponsored integrations or social extensions across platforms, a steep new product adoption curve with unique new content offerings, is key to growing seller revenues. The complexity of native opens an avenue for publishers to simplify it for the buying community, while ensuring the continued integrity of media brand content.

The Next 3 years and beyond:

The continued proliferation of content providers and programmatic firms will continue to threaten effective media brand differentiation, in terms of evolving consumer preferences and the buyer-seller interface. A lot of thought is being given to the sort of coping strategies sellers will have to adopt in the coming years to survive and grow.

Sellers Face Accelerating Technology/Infrastructure Demands

Past year/Next year Perspective:

The shift to automation and the changing mix of the business (desktop to mobile, Flash to HTML5, etc.) has made it necessary for media vendors to incorporate efficient new, scalable systems and tracking resources... and to find/acquire/retain qualified staff, while ensuring effective organizational structures geared to an ever-changing environment. Many undertakings must be addressed, such as: responsive site redesign, content management across devices, premium inventory management, better measurability of viewable impressions, improved data acquisition and campaign ROI reporting, better verification and brand safety solutions, building-out/ monetizing social media offerings and so on.

The Next 3 years and beyond:

Eventually media sellers will have to bridge the chasm between online and offline campaign behavior tracking across media properties, as long term, programmatic begins to drive the convergence of legacy (linear TV) media systems with digital business systems.

Emerging Tech / Devices to Stimulate Omni-channel marketing over the Long term

The Next 3 years and beyond:

The list of emerging technologies and growing mobile options will continue to expand available consumer touchpoints and content/advertising distribution possibilities. This will fuel industry demand for enhanced who/when/where targeting data and multi-touch attribution tools that bridge consumer offline and online behavior patterns across devices, throughout the shopper journey. These emerging options include the following:

- Accelerating growth of Mobile consumption
- Greater “smart” use of Connected TVs
- Smart Watches and Other wearables
- The Internet of Things (machine to machine/human to machine communication)
- More advanced Virtual Reality devices
- Automation of non-internet video ad transactions (Linear to Programmatic TV)

Continued growth of mobile consumption will drive media and advertiser alike to build content/messaging for mobile first and screen-up or down from there. As first mobile and later wearable devices become significant consumer payment methods, concern over the safety of consumer privacy will lead to increased industry/regulatory body dialogue. As consumers get information from a broadening array of devices such as wearables and home appliances, publishers are questioning whether / how this will hinder or stimulate further monetization through advertising.

C. APPENDIX: Background, Survey Scope and Methodology

Background: About IAB Canada's 2014-15 Canadian Internet Advertising Revenue Report

First commissioned in 1998 by the Interactive Advertising Bureau of Canada (IAB), this marks the 17th consecutive year that Canadian Internet Advertising Revenues are being reported and the 9th consecutive year reporting Mobile ad format revenues (which also include Tablets).

The results of IAB Canada's Annual Canadian Internet (Online & Mobile) Advertising Revenue Surveys are widely considered the most accurate measurement of Canadian Interactive advertising revenues. The data is compiled directly from information supplied by Canadian Publishers who sell advertising on Canadian Websites, Online/Mobile Ad Networks and Exchanges who sell advertising on both the Canadian and U.S. Websites they represent to reach Canadians, leading Mobile Carriers, Mobile Aggregators, Mobile Marketing companies and Publishers offering Mobile advertising solutions (including Mobile Search advertising).

It should be noted that Ernst & Young (now known as EY) does not formally audit the information supplied by participants in their Survey responses, and provides no opinion or other form of assurance with respect to the information submitted. Results of individual respondent submissions are held in strict confidence by EY and are released in aggregate form only, so as to maintain individual participant confidentiality.

The technical summary that follows in this appendix contains basic Survey Methodology and the Definitions of the various Online/Mobile Advertising Vehicles (Ad Formats) and Advertiser product/service categories reported on.

Martin Lundie
Canadian Media and Technology Leader
Ernst & Young LLP

Survey Scope

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 has retained EY (Ernst & Young) to jointly establish, maintain and continuously 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 Canadian Internet Publishers who sell advertising on Canadian Websites, Online/Mobile Ad Networks and Exchanges who sell advertising on both the Canadian and U.S. Websites they represent to reach Canadians, leading Mobile Carriers, Mobile Aggregators, Mobile Marketing companies and Publishers offering Mobile advertising solutions (including Mobile Search advertising).
- Ensuring and maintaining a confidential process, both in terms of methodology, and in terms of releasing only aggregate data; and,
- Analyzing historical data from within the Survey, to identify broader trends over time.

Survey Methodology

EY and IAB Canada work jointly 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 (i.e. online) Survey with the above industry players; note that surveys previous to 2013 were conducted through the mail (Canada Post)
- Acquire supplemental data through the use of publicly-disclosed information.
- Request and compile several specific data items:
These include total annual Gross commissionable Advertising Revenue, and total annual Net Advertising Revenue. Net Revenue is calculated by subtracting the following from the Gross figure: (a) Agency commissions, (b) Publisher Revenues derived from Ad Networks and Exchanges (c) Ad Network/Exchange Revenues derived from other Ad Networks/Exchanges, (d) Mobile Carrier fees (as applicable).

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. Annual Net Mobile (+Tablet) Revenues are also requested separately, to be broken down by Advertising Vehicle. The latter breakdown may start being reported following the 2015 revenue survey, once two years of data have been collected.

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: examples include Automotive, Financial, Technology, etc.

- Identify incomplete responses from actual respondent returns and apply a conservative revenue estimate for missing answers.
- 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 EY (formerly known as Ernst & Young).

IAB Canada's role is simply to ...

- (a) Identify industry participants who sell Internet advertising;
- (b) Assign a unique, non-identifying, anonymous, alpha-numeric code to potential Survey participants;
- (c) Send out Survey invitations by email to these potential participants, including a non-traceable generic link to access the survey and their respective confidential anonymous codes to log-in to the survey.
- (d) Report on the results of the Survey, as tabulated and reported in aggregate by EY.

Double-Blind Methodology

- I. Internet Publishers/Ad Networks/Exchanges/Mobile aggregators etc to be surveyed are derived from IAB Canada Member lists, from comScore Media Metrix's AdFocus list (a list of Web properties selling Online advertising in Canada) and from members of the IAB Revenue Methodology Committee.
- II. Each Internet Publisher/Ad Network/Exchange/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 the unique alpha-numeric codes for participants to log-in.
- III. Once completed by a respondent, the secure online survey platform automatically sends notification of this to EY and IAB Canada (no data). The data from each completed survey is aggregated in the online survey system database, with access restricted to Martin Lundie, EY.
- IV. Once all the Surveys are in, the responses are averaged and extrapolated by segment by EY to the total Canadian Internet advertising market. NOTE: Respondent data cannot be traced back to its origin.
- V. 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.
- VI. A 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.), and by Advertiser Category (Automotive, Financial, Technology, etc.).

Industry Survey and Report Guidance Provided to IAB Canada

Internet Revenue Methodology Committee

This specially-convened 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.

Detailed Definitions of Advertising Vehicles (Formats) and Categories: 2014-15

SECTION A – Definitions of INTERNET Advertising Vehicles (Formats): 2014-15

NEW: Includes revenue from ALL Devices: i.e. Desktop/laptop Computer, Mobile and Tablets.
EXCLUDES Production, eCommerce

Introduction:

This survey is meant only for companies involved in the SELLING/supply-side of the Internet media advertising space business.

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 Director, 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 or contain Flash), on one or more of the Publishers Web pages.

(b) RICH MEDIA - hyper linked banner, bigbox, skyscraper, expanding or floating ad, etc., that contains user interaction functionality of various types (including the ability to fill out forms, play games, mouse-over areas for more info, etc.) and/or Streamed Video or XML 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). Digital audio ads that appear before, during or after streaming audio content are also considered rich media. NOTE: Video Pre, Mid, Post-roll etc (i.e. In-Stream Video) in a Video-player environment should be entered in the Digital Video section - NOT Rich Media.

* Note: CPE = Cost per Engagement

Sponsorship / Contest / Advertorial 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.

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).

In-Stream Video Advertising (CPM, CPV* only) – Pre-, Mid-, Post-Roll TV-like advertisements that may appear as Video commercials or before, during, and/or after a variety of content, or on a Standalone basis, 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 Video commercials that appear in live, archived and downloadable / streaming content. 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

Videogaming / Advergaming Advertising – This 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.

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 (sum).

SECTION B - Definitions of MOBILE Platform Advertising Vehicles (Formats): 2014-15

NOTE – INCLUDES Mobile + Tablets; EXCLUDES Computers (desktop/laptop), 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.

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

Mobile advertising formats include: ‘Search’, ‘Display/Sponsorship’ (banner ads, digital video, digital audio, sponsorships, and rich media), and ‘Other’ advertising served to mobile devices. Mobile revenues include Tablets; Tablet revenues include all advertising served on Tablet devices, including Apps & Websites. Production is excluded in its entirety.

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

1) Mobile DISPLAY/SPONSORSHIP Advertising Revenue (Standard/Rich Media; Video Pre/Mid/Post-roll etc; Sponsored App, Game, Video, "Push" e.g. location-based etc) – CPM/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.); or Sponsorship ads (this includes Sponsored “push” notifications e.g. date, contextual or location-based notifications; Sponsored Videos and Apps, Games, etc. “brought to you by...”). Also included are (b) Rich-

media (expandables, take-overs etc.) and (c) Video Pre/Mid/Post-roll and Standalone video commercials played in a video-player environment only. Digital audio is also included.

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

Not Included: Mark-up by ad Agencies (gross); Ad creation/production revenues; End-user data charges.

2) Mobile SEARCH Advertising Revenue

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

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

3) Mobile OTHER Advertising Revenue

A. 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 prizing 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

B. 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;

SECTION C - Definitions of Leading Industry Categories: 2014-15

The product and service categories in IAB Canada's Internet Advertising Revenue Surveys are consistent with those used by the U.S. IAB for its Internet Revenue Study. The categories were drawn from the North American Industry Classification System (NAICS), which is an index of types of business establishments with corresponding descriptions, developed jointly by the U.S., Statistics Canada and Mexico to allow comparability in business statistics among the North American countries.*

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*

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

Entertainment – includes film, music, TV, box office, video games and amusement & recreation.

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.*

Leisure Travel – includes travel, hotel, airlines and resorts.

Media – includes establishments primarily engaged in radio and television broadcasting (network and station) including commercial, religious, educational and other radio or television stations. Also includes establishments primarily engaged in publishing newspapers, periodicals and books.

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

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 – includes mail order/catalog, apparel, restaurants/fast food, home furnishings/textiles, toys, pet food/supplies, appliances, jewelry, drug stores, retail stores and cosmetics.

Technology – includes hardware (computers, computer storage devices, and computer peripheral equipment), consumer electronics, prepackaged software (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 services, including telephone voice and data communications, two-way mobile/cellular communications services and other non-vocal message communications services (e.g., cablegram, electronic mail and facsimile); includes multi-channel video providers on a subscription fee basis (e.g., cable television, wireless cable television and direct broadcast satellite services).

* Exceptions: The 2 classifications "Government, Social, Political Organizations" and "Business & Industrial" are consistent with the definitions used by the IAB/PWC UK revenue surveys.

About IAB Canada

Who We Are

IAB Canada is a non-profit association that represents Canada's most recognized and respected agencies, advertisers, media companies, researchers, educational institutions and tech solution providers. A thought leader and industry influencer, IAB Canada is an established force putting digital at the forefront of media and is dedicated to continuing the development and growth of digital and interactive advertising in Canada.

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 US

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IAB Canada and IAB US work together closely on major projects and endeavours, but both require individual memberships. View the [Global IAB](#) list as well as our synopsis of [IAB US guidelines](#) that IAB Canada fully endorses.

Have a Question about IAB Canada's Annual Internet Advertising Revenue Survey?

Please don't hesitate to [Contact Us!](#)