



# **IAB Canada 2017 Actual + 2018 Estimated Canadian Internet Advertising Revenue Survey**

## **EXECUTIVE SUMMARY**

An Industry Survey conducted by EY  
Sponsored by the Interactive Advertising Bureau of Canada

Published: December 10, 2018

2017 represented a critical global turning point in the online advertising industry. The world's largest advertisers took note of the implications of digital expenditures exceeding those of any other media. As a result, the industry was challenged to double down on practices designed to improve transparency, eliminate fraud and drive greater value in a brand safe environment.

The industry stepped up by introducing effective tools like IAB Ads.txt to help eliminate fraud, the Open Measurement SDK Kit to help drive consistent measurement and verification across mobile along with several best practice tool kits developed by the IAB Canada Councils.

2017 also saw major developments in the area of Policy and Regulatory Affairs. Health Canada's proposed ban on marketing certain food and beverages to kids led to several presentations on the unintended consequences of such regulation. The IAB also continued to testify to regulators on the strength of our current Privacy legislation indicating that PIPEDA is uniquely built to support industry innovation while respecting the privacy of Canadians through our Opt-Out regime. IAB Canada spent a lot of time with our IAB Europe office to help provide our members with on the ground developments regarding the GDPR.

Amidst all these challenges, we are truly pleased to see continued growth in our industry. This growth is a testament to the power of digital media to connect brands with consumers through powerful creative and innovative technologies. IAB Canada is proud of its active community of over 270 members who are leaning in, 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

### 2017 Full-Year Highlights and 2018 Forecast

**Canadian Internet Ad Revenue continued its remarkable, double-digit growth in 2017, rising sharply by 1.3 billion or +23% to \$6.8 billion, 9% over forecast.**

For the first time ever, Canadian Digital revenues now exceed the next three measured media combined.

*"While Canada's Internet Ad Revenue maintains its rapid year-over-year growth trend, IAB Canada continues to deliver on its commitment to provide the industry with actionable solutions designed to establish and promote a secure supply chain. In 2018, while we continue to drive adoption of industry leading tools to secure the supply chain, we have begun to re-focus our efforts on showcasing the tremendous value digital advertising has to offer."*

- Sonia Carreno, President, IAB Canada

**The shift to Mobile continues. Mobile, driving the Internet's expansion on an ongoing basis, surged 37% to \$3.5 billion this year, up from \$2.5 billion in 2016, accounting for almost three-quarters of new Internet revenue in 2017.**

*"With Canadians spending more and more time with digital media, marketers across all industries have come to appreciate that digital media, in all its various forms, is the most effective and cost-efficient way to build brands and achieve direct response goals."*

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

**Video led overall Internet growth in 2017, rising by an unprecedented 93% (+\$447 million) up to \$928 million. 2017 is the first year Video contributed a dollar volume increase as large as either Search or Display.**

Up to 2016, the two top formats of Search & Display - due to their sheer historic size, 88% last year - consistently accounted for most of the Internet's absolute dollar volume expansion. In 2017 however, the contributions to dollar revenue growth, were evenly distributed among three formats: Video +\$447 mil; Search +\$444 mil; Display +\$411 mil. Search and Display - up 34% and 10% respectively - collectively represented 84% of

total Internet revenue in 2017, down from 88% in 2016 due to Video's steep surge.

*"Video is an incredible resource for advertisers in today's digital age. The unprecedented growth in ad spend demonstrates just how effective it is in reaching and engaging consumers. Year over year we see Canadians appetite for online video grow, and there are no signs of it slowing."*

- Eric Morris, Director, Retail, Google

**French language Internet revenue jumped by +27% - much faster than total Canada – more than surpassing the forecasted \$1 billion dollar mark, reaching \$1.147 billion in 2017.**

As a result, French language share of Total Canada revenue edged up from 16% to 17% this year, as forecasted. French Language percent revenue growth for Video (+94%) paralleled Video's overall growth in 2017. Similarly, this impacted French language Search and Display, which despite +34%/+10% growth respectively, saw their combined share of total French revenue erode from 90% to 85% in 2017, due to Video's surge.

**Revenue share concentration among the Top-10 / Top-20 survey respondents, has been gradually edging-up, on average over the past five years.**

Top 10/20 concentration sits now at 88% / 92% respectively of all Canadian Internet Ad Revenues in 2017, versus 87%/91% last year. The 5 largest reporting revenue earners generated almost all of the Internet growth in 2017, similar to previous years, demonstrating that the greatest gains are accruing to the largest digital ad sellers.

**Total Internet Ad Revenue Projected to rise by over \$945 million to \$7.7 Billion in 2018, up by 14%, with French Canada approaching \$1.3 Billion (+10%).**

Cautionary note: This forecast is an aggregate of projections submitted by survey respondents in the 1st and 2nd quarters of 2017. As such, it may be superseded by later marketplace developments.

**Of 15 Advertiser Categories reported annually, the top-3 reported industries, consistently in the lead since 2015, are Automotive – 18%, Retail - 16%, and Financial - 14%.**

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

*"Continued industry efforts to secure the supply chain and develop a transparent marketplace are critical to the financial services category in order to continue its investment in this dynamic channel. Great progress has been made and we are starting to see the benefits. We look forward to increased activity on this front through IAB Canada and the industry as we look to leverage the tremendous value this channel has to offer."*

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

**IAB Members can find the [full 2017 annual revenue report in the home page Resources drop-down menu under Research.](#)**

**As well, here is the direct link:**

**[http://iabcanada.com/content/uploads/2019/02/IABCanada\\_2017-Revenue-Full-Report\\_Dec1018.pdf](http://iabcanada.com/content/uploads/2019/02/IABCanada_2017-Revenue-Full-Report_Dec1018.pdf)**

**For additional background, continue reading on the next page.**

## **Background:**

### **About IAB Canada's 2017-18 Canadian Internet Advertising Revenue Report**

First commissioned in 1998 by the Interactive Advertising Bureau of Canada (IAB), this marks the 20<sup>th</sup> consecutive year that Canadian Internet Advertising Revenues are being reported.

The results of IAB Canada's Annual Canadian Internet (Online & Mobile) Advertising Revenue Surveys are widely considered the most accurate measurement of Interactive advertising revenues for Canada. The data 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.

IAB Canada retains EY LLP to oversee the revenue studies. Results of individual respondent submissions are held in strict confidence under EY oversight and are released in aggregate form only.

It should be noted that EY LLP does not formally audit the information supplied by participants in their Survey responses, and provides no opinion with respect to the information submitted.

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.

Martin Lundie

Canadian Media and Technology Leader

Ernst & Young LLP

## 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

IAB Canada is an independently-organized and operated organization, and is neither owned, controlled nor operated by any other Interactive Advertising Bureau, Inc. and all trademarks and names are used under license.

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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