



Interactive
Advertising
Bureau

2013 Actual + 2014 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. Introduction

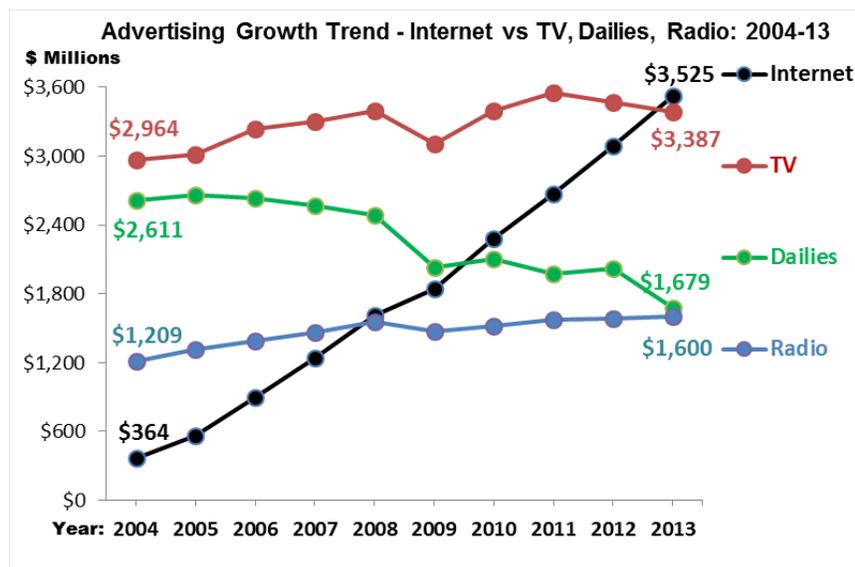
"IAB Canada is focused on empowering the media and marketing industries to thrive in the digital economy. Fundamental change is occurring both in terms of how audiences navigate the web, as well as with the tools agencies and marketers use to reach audiences on an increasingly mobile, social, and video web journey. Against this back drop, the role of IAB Canada is to help the media and marketing industries 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."

Joe Strolz, IAB Canada Chairman, General Manager of AOL Canada,

"The IAB Canada Annual Internet Advertising Revenue Report reinforces the fundamental position that digital media has earned over the last 20 years in the advertiser's toolbox. Given that Canadians rank among the most active internet users in the world it comes as no surprise that the largest share of spend is on digital platforms. We forecast continued double digit growth for 2014 with particular excitement for mobile and video formats."

Chris Williams, President, IAB Canada.

20 years after the first online advertising runs, digital advertising takes the largest share of ad spend. Double digit growth to continue in 2014 with forecast 14% increase.



"I have a high level of confidence that this report accurately reflects double digit growth of the digital industry in Canada. This confidence arises from the high response rate and active involvement in this survey from many of the publishers and industry leaders."

Martin Lundie, Canadian Media and Technology Leader, Ernst & Young LLP

B. Executive Summary: 2013 Full-Year Highlights and 2014 Forecast

2013 Revenue Trends

Canadian Internet Advertising Revenues, consisting of Online and Mobile rose to over \$3.5 billion in 2013, up 14% compared to \$3.1 billion in 2012 and exceeding the previous survey's 2013 forecast of \$3.4 billion, a 9% growth prediction. A surge in 2013 Mobile revenue (+177%) contributed significantly to overall Internet growth in 2013, almost trebling Mobile's share of Total Canada Internet revenues from 5% up to 13% in 2013 (includes Tablet). At \$3.1 billion, Online alone grew by 5%, in line with the previous survey's 2013 Online forecast. Canadian Internet Advertising Revenues have continued growing at double digit rates each year over the past decade, after crossing the 1 billion (2007), 2 billion (2010) and the 3 billion mark in 2012.

French Canada Internet revenue reached \$670 million in 2013 and continued to represent 19% of Total Canada Internet Ad Revenues. French Canada Online-only revenue grew by 6%, slightly more than Total Canada (5%), rising to \$595 million or 89% of the French total. French Mobile share amounts to 11% (Note: Until 2012, French Mobile revenues not reported separately).

"Growing advertising spend on Mobile is an indication of higher consumer acceptance of mobile devices like smart phones and tablets. As consumers make the switch from desktops and laptops to tablets and smartphones, Marketers are focusing spend on how audiences are interacting with the content irrespective of hardware. Future revenue surveys will align with the perspective".

*Peter Vaz, Chair of IAB Mobile and Emerging Platforms,
VP Director, Channel Engagement, MacLaren McCann*

2014 Forecast

Respondents to IAB Canada's 2013 Survey have forecasted that Internet Ad Revenues will grow 13% by the end of 2014, rising to \$4 billion in Total Canada. This forecast includes 10% growth in French language ad revenues which are budgeted to increase to \$740 million.

"Over the last 5 years, the industry has grown at a compound rate of 17% per year and shows no indication that this growth rate will decline. As media consumption continues to transition to new digital platforms, this double digit growth trend is expected to continue and the forecast growth of 13% is attainable and may even be considered a conservative estimate".

Martin Lundie, Canadian Media and Technology Leader, Ernst & Young LLP

Cautionary note: This 2014 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. Separate Online and Mobile forecasts are no longer available for 2014, because Survey respondents are now not asked for forecasts by ad format.

20 years after first banner runs, digital advertising takes largest share of ad spend.

In 2013, Internet ad revenue, including Online & Mobile, continued its double-digit growth rate (+14%), rising to \$3.5 billion from 3.1 billion, displacing TV, as the Canadian medium generating the highest ad revenue (4.1% lead). TV revenue declined by 2% in 2013 to \$3.4 billion, from 3.5 billion in 2012. Of the four other major media, the two print channels declined: Dailies by -17% and Magazines by - 3%. Conversely, Out-of-home grew 6% and Radio edged up 1%. Overall, major media advertising remained almost static during 2012-13.

“The audience shift to digital platforms has impacted the share of spend for all other media, but it is important to remember that broadcasters and print publishers are also participating in the digital economy. The development and promotion of their digital assets has been, in part, responsible for the growth of digital spend, as advertisers seek out quality content from trusted Canadian media companies”.

*Chris Goodridge, IAB Canada Board of Directors
SVP, Digital Ventures, Torstar Corp.*

Revenue by Advertising Vehicle (Ad Format)

The top two Online formats of Search and Display collectively represent \$2.6 billion in 2013, which is almost 75% of total 2013 Internet revenue in Canada (\$3.525 billion). With 6% growth, the \$1.7 billion in Online Search revenue for 2013 – by far the largest ad format - was the key driver behind the overall 5% Online (desk/laptop) revenue expansion, assisted by Online Video's 58% lift to \$146 million in 2013 and by the 15% growth in Online Classifieds/Directories. (Note: The Online Video format includes Pre, Mid, Post-Roll in a Videoplayer environment, but excludes companion ads and In-Banner placements, which are considered part of Display). The +177% Mobile (+Tablet) spike to \$443 million is what drove overall 2013 Internet (Online + Mobile) growth up by 14%. Mobile, followed by Online Video have been consistently outpacing overall percent Internet growth rates over the past five years. In addition, both ad formats saw much higher percent growth rates in 2013 over 2012 (Video: 58% vs 27% in 2012; Mobile: 177% vs 97%).

Conversely, Online Display saw a -4% decline in 2013 to \$938 million, down from 974 million in 2012, though still almost \$100 million above 2011. The 6% rise in Online Search in 2013, was well below the 19-22% rates seen in 2010-11¹.

While Online (desktop/laptop) still accounts for the bulk of Total Internet ad revenues, its share has gradually edged downward from 97% in 2011, to 95% in 2012 and then to 87% in 2013. This is due to the rapid growth of Mobile (+Tablet) advertising, representing 13% of total 2013 Internet revenues, up substantially from 5% in 2012. The two largest formats, Online Search and Online Display each lost several share points in 2013, 3% and 5% respectively. Classified/Directories is only a fraction of its previous size (22% in 2011, 8% in 2013), due to a change in revenue reporting by one major Canadian publisher¹.

NOTE: The Online formats (Display, Search, Video etc) exclude Mobile Display, Mobile Search, Mobile Video etc, which are aggregated under the Mobile number. While rapidly growing Mobile (+Tablet) has eroded the combined share of the Online formats, the Mobile platform itself is also comprised of multiple formats.

“Smartphones are the remote control for people's lives – they're personal, location aware, always with us, always connected. This is no longer a trend; it's a reality”.

Eric Morris, IAB Canada Board of Directors, Head of Performance Advertising, Google

¹ NOTE: Effective 2013 a leading publisher began reporting its Online revenues solely under the Search format, rather than across Directories and Display as previously for 2012 and earlier. This has resulted in a substantial shift of reported 2013 revenues into the Online Search bucket and away from Online Classified/Directories (primarily) and Online Display this year. Therefore for trending purposes, 2012 revenues have also been reclassified for all three formats in both Total Canada / French Canada. 2012 Revenues for Online Search, Display and Classified/Directories cannot be trended back to 2011 or earlier.

French Online Display revenues were healthier than Total Canada's, growing 5% in 2013 (vs -4%) to \$173 million, while French Online Search (\$342 million) matched Total Canada's 6% rise in 2013. Both Search and Display drove French Canada's healthier Online growth of 6% to just under \$600 million (vs 5% for Total Canada). French Online Video revenues grew by 42%. For the first time this year, French Mobile revenues are now reported separately (\$75 million in 2013). Therefore total French Internet revenues can also be reported as of 2013 (\$670 million).

"The share of spend in French market digital media is close to matching the share of population. This is encouraging and a direct result of the investments made in French-language content, platforms and applications.

Samuel Parent, Quebec Regional Director, IAB Canada.

Revenue by Advertising Product Category

Automotive and CPG continue to be among the largest advertising revenue categories in 2013, with 14 / 15% respectively of total Canadian Internet ad revenue coming from these sectors. Internet advertising revenues earned from Retail and Financial Services advertisers follow with 10% share each. The biggest fluctuations from last year affected Auto, CPG and Technology, in the order of +/-3 percentage points each. Cautionary note: Trending back to 2012 is affected as Mobile data is absent that year due to its very small base.

Internet Revenue Levels and Share in Canada vs Other markets

Canada's Internet advertising market grew to a 31% share of measured major media advertising revenue in 2013, up from 28% in 2012, exceeding the U.S. Internet's 25% share in 2013. 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 (43% in 2013) than in Canada (30%). Differing media landscapes, survey methodologies & data providers may also cause some of the observed differences.

Actual per capita dollar ad revenues in the US tend to be substantially greater than elsewhere. For example, while the Canadian population is roughly 11% of the US, Canadian major media advertising revenue is just 6.5% of the US (i.e. 40% lower on a per capita basis). This translates into proportionally much higher media revenue levels in the US, which has in large part been driven by TV in previous years".

Steve Rosenblum, Director of Research, IAB Canada

"As a digital media market, Canada resembles Australia or the UK as opposed to the US market despite a tighter integration with its neighbor. This extends beyond just the media spend levels but also is a feature of the policy and privacy landscape".

Alexandra Salomon, Senior Director, International, IAB US

Challenges + Opportunities: Past 12 months/Next 12 months

The following points are derived from Survey respondent comments about the biggest challenges, changes and opportunities they face. They are anecdotal, based on individual business scenarios and are elaborated upon later in the detailed section of this report. Many reflect longer term trends extending from our previous report.

- Rise of Programmatic Buying / Commoditization requires major publisher data management effort.
- Premium Inventory Management is crucial to improved publisher revenue yields.
- Monetizing Mobile Investment continues to be a major Publisher challenge.
- More Quality Video Content needed to leverage pre-roll placements.
- More Effective Publisher Positioning/Differentiation key to advancing direct buyer/seller relationships.
- Digital Technology/Infrastructure Demands are High: i.e. new systems, tracking, staffing, skill sets

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.

C. Detailed Internet Advertising Revenue Findings

Canadian Internet Advertising Revenue Exceeds \$3.5 Billion in 2013 (net)

Internet Advertising Revenues consisting of Online and Mobile rose to \$3.525 billion in 2013, up 14% compared to \$3.085 billion in 2012 and exceeding the previous survey's 2013 forecast of 3.364 billion (which had predicted 9% growth). A surge in 2013 Mobile revenue (+177%) contributed significantly to overall Internet growth in 2013, almost trebling to \$443 million, up from \$160 million in 2012 (includes Tablet). At \$3.1 billion, Online alone grew by 5%, roughly in line with the previous survey's 2013 Online forecast (\$3.124 billion).

Total 2013 Internet Advertising Revenue (net)			
Millions (CAN\$)	Actual 2012	Actual 2013	% growth
Online (desk/laptop)	2,925	3,082	5%
Mobile (+Tablet)	160	443	177%
Total Internet	3,085	3,525	14%

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

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 and then to 87% of total Internet in 2013. This is due to the rapid growth of Mobile (+Tablet) advertising, now representing 13% of total 2013 Internet revenues, up substantially from 5% in 2012.

Share of Total 2013 Internet Ad Revenue: Online vs Mobile				
Millions (CAN\$)	Actual 2012	% share	Actual 2013	% share
Online (desk/laptop)	2,925	95%	3,082	87%
Mobile (+Tablet)	160	5%	443	13%
Total Internet	3,085	100%	3,525	100%

Rounded; excl agency com'n; Mobile includes Tablets & multiple formats

French language Internet Advertising Revenues in 2013 (net)

French Canada Online-only revenue grew by a comparable 6% vs Total Canada (5%), rising to \$595 million in 2013. French Internet revenue of \$670 million in 2013, which now includes Mobile for the first time in this report, continued to represent 19% of Total Canada Internet Ad Revenues. (French Mobile revenues not published for 2012).

French Canada: 2013 Internet Advertising Revenue			
Millions (CAN\$)	Actual 2012	Actual 2013	% growth
Online: French	\$559	\$595	6%
Mobile: French	NA	\$75	--
Total Internet: French	--	\$670	
Share (Fre/Total)	0.19	0.19	
	Online-only	Total Internet	

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

\$4 Billion in Total Internet Ad Revenue Projected for 2014

Respondents to IAB Canada's 2013 Survey have forecasted that Internet Ad Revenues will grow 13% by the end of 2014, rising to \$3.977 billion in Total Canada. This forecast includes 10% growth in French language ad revenues which are budgeted to increase to \$740 million.

Cautionary note: This 2014 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. Separate Online and Mobile forecasts are no longer available for 2014, because Survey respondents are now not asked for forecasts by ad format.

Projected 2014 Total INTERNET Advertising Revenue (net)				
Millions (CAN\$)		Actual	Forecast	%
		2013	2014	growth
Internet:	Total Canada	\$3,525	\$3,977	13%
Internet:	French Canada	\$670	\$740	10%
	Share (Fre/Total)	0.19	0.19	

INTERNET=Online+Mobile; Mobile includes Tablet+Messaging. Rounded.
Note: Forecasted revenues by ad format no longer published as of 2014.

Total and French Language Advertising Revenues over Time: 2004-2013 Trend

Canadian Internet Advertising Revenues have continued growing at double-digit rates each year over the past decade, even after crossing the \$1 billion (2007), \$2 billion (2010) and the \$3 billion mark in 2012. Internet Revenue grew 17% in 2011, 15% in 2012 and by 14% to exceed 3.5 billion in 2013. While Online (desk/laptop) still accounts for the bulk of Total Internet ad revenues, its rate of growth has slightly lagged Total Internet's since 2009 and more noticeably this year (2013: 5% vs 14%). This has been due to the rapid rise of Mobile advertising, growing by 177% in 2013 to \$443 million. Given the still low revenue base for Mobile, this is somewhat consistent with earlier high Online' growth rates prior to 2007.

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.

French language Online revenues have grown at similar rates to Total Canada Online over the years, slightly more so in 2012-2013. French language Total Internet and Mobile revenues are being separately reported for the first time in 2013.

Ten Year Growth Trend of Actual INTERNET Advertising Revenues: Online + Mobile 2004-2013 (net)										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
TOTAL INTERNET										
Total Canada: Millions (\$)	\$364	\$562	\$901	\$1,243	\$1,609	\$1,845	\$2,279	\$2,674	\$3,085	\$3,525
% growth/yr	--	54%	60%	38%	29%	15%	24%	17%	15%	14%
French Cda: Millions (\$)	--	--	--	--	--	--	--	--	--	\$670
ONLINE										
Total Canada: Millions (\$)	\$364	\$562	\$900	\$1,241	\$1,602	\$1,822	\$2,232	\$2,593	\$2,925	\$3,082
% growth/yr	--	54%	60%	38%	29%	14%	23%	16%	13%	5%
French Cda: Millions (\$)	\$66	\$124	\$189	\$260	\$317	\$352	\$428	\$490	\$559	\$595
% growth/yr	--	89%	52%	38%	22%	11%	22%	14%	14%	6%
MOBILE										
Total Canada: Millions (\$)	--	--	\$1	\$2	\$7	\$23	\$47	\$81	\$160	\$443
% growth/yr	--	--	--	137%	182%	248%	105%	74%	97%	177%
French Cda: Millions (\$)	--	--	--	--	--	--	--	--	--	\$75

INTERNET = Online + Mobile; Mobile includes Tablets and all ad formats including messaging. Revenues exclude agency commission.
Reporting of Total Mobile Ad Revenues began in 2006; French Mobile was reported separately from Total Canada starting 2013.

Concentration of Internet Advertising Revenues in Canada

The Top 10 Internet Advertising Earners in this survey brought in 82% of all Canadian Internet Ad Revenues in 2013, staying within the 81-84% range reported over the previous three years for Online-only (2010-12). The Top 20 Earners accounted for 89% of total Internet revenues in 2013, consistent with 90% for Online-only during 2010-12.

Top 10/20 Internet Ad Revenue Earners						
yr...	2008	2009	2010	2011	2012	2013
	Online ----->			Online Internet		
Top 10 Earners	77%	77%	81%	84%	82%	82%
Top 20 Earners	86%	87%	90%	90%	90%	89%

Online-only (excluding Mobile): 2008-2012; Total Internet: 2013

Revenues and Rate of Growth by Internet Vehicle (Ad Format) In 2013: Total/French Canada¹

The top two Online formats of Search and Display collectively represent \$2.6 billion in 2013, which is almost 75% of total 2013 Internet revenue in Canada (\$3.525 billion). With 6% growth, the \$1.7 billion in Online Search revenue for 2013 was the key driver behind the overall 5% Online (desk/laptop) revenue expansion, assisted by Online Video's 58% to 146 million in 2013 and by the 15% growth in Online Classifieds/Directories. The +177% Mobile (+Tablet) spike to \$443 million is what drove overall 2013 Internet (Online + Mobile) growth up by 14%.

NOTE: The Online formats (Display, Search, Video etc) exclude Mobile Display, Mobile Search, Mobile Video etc, which are aggregated under the Mobile number. While rapidly growing Mobile has eroded the combined growth/share of the Online formats, the Mobile platform itself is also comprised of multiple formats.

French Online Display revenues were healthier than Total Canada's, growing 5% in 2013 (vs -4%) to \$173 million, while French Online Search (\$342 million) matched Total Canada's 6% rise. Both Search and Display drove French Canada's healthier Online growth of 6% to just under \$600 million (vs 5% for Total Canada). French Online Video revenues grew by 42%. For the first time this year, French Mobile revenues are now reported separately (\$75 million in 2013). Therefore French Internet revenues can also be reported in total as of 2013 (\$670 million).

Total INTERNET Revenue & Percent Growth by Ad Vehicle: 2012-2013 (net)						
Ad Vehicles: (CAN\$)	Total Canada			French Canada: ONLINE-only		
	2012**	2013	%	2012**	2013	%
	\$(millions)	\$(millions)	change	\$(millions)	\$(millions)	change
Online						
Search	1,586	1,685	6%	322	342	6%
Display	974	938	-4%	164	173	5%
Classifieds/Directories	249	286	15%	57	56	-2%
Video	92	146	58%	15	21	42%
Email	12	17	43%	0	2	200%
VideoGaming	13	10	-22%	1	1	-32%
Subtotal:	2,925	3,082	5%	559	595	6%
MOBILE	160	443	177%	NA	75	--
Total INTERNET	3,085	3,525	14%	--	670	--

INTERNET = Online+Mobile; Other formats excl Mobile/Tablets (M/T=Msg+Search+Display+Perf; NO prod'n).

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

** NOTE: 2012 RECLASSIFIED FOR SEARCH, DISPLAY, CLASSIF/DIR TO TREND WITH 2013.

Total Cda was \$1,308 (S), \$916 (D), \$584 (C/D); French Canada was \$261 (S), \$151 (D), \$131 (C/D).

Revenue Growth by Internet Ad Vehicle (Format) over Past Five Years: 2009-13 ¹

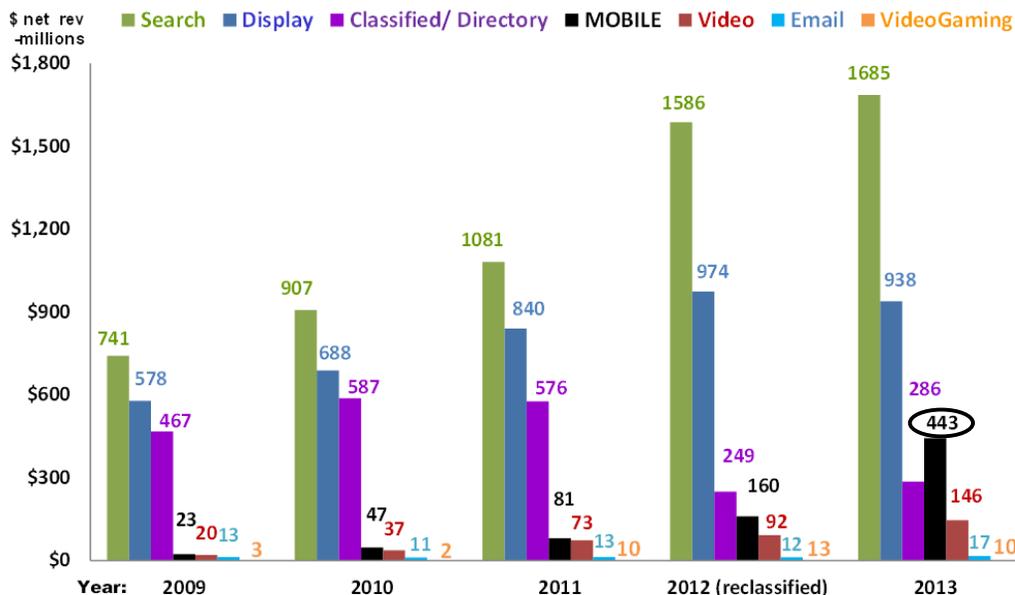
Mobile, followed by Online Video have been consistently outpacing overall percent Internet growth rates over the past five years. In addition, both ad formats saw much higher percent growth rates in 2013 over 2012 (Video: 58% vs 27% in 2012; Mobile: 177% vs 97%). It is still early days for these 2 formats, with relatively small revenue bases. Conversely, the much larger Online Display format saw a -4% decline in 2013 to \$938 million, down from a 974 million in 2012, though still almost \$100 million above 2011. Online Search, by far the largest format grew by +6%, well below the 19-22% rates in 2010-11. Note the slowing growth trend for Online as a whole, compared to Mobile, over the past 5 years: 23%(2010), 16%, 13% and now 5% (2013). *As stated earlier, the Online formats are based on desktop/laptop only and exclude Mobile (+Tablet), which itself consists of multiple formats.*

Five-year Trend of INTERNET Ad Revenue Growth By Advertising Vehicle: 2009-2013 (net)									
Ad Vehicles: (CAN\$)	2009	2010	%	2011	%	2012**	%	2013	
	\$(millions)	\$(millions)	change	\$(millions)	change	\$(millions)	change	\$(millions)	change
Online									
Search	741	907	22%	1081	19%	1586	47%	1685	6%
Display	578	688	19%	840	22%	974	16%	938	-4%
Classifieds/ Directories	467	587	26%	576	-2%	249	-57%	286	15%
Video	20	37	85%	73	96%	92	27%	146	58%
Email	13	11	-15%	13	18%	12	-8%	17	43%
VideoGaming	3	2	-33%	10	419%	13	23%	10	-22%
Subtotal:	1822	2232	23%	2593	16%	2925	13%	3082	5%
MOBILE	23	47	104%	81	74%	160	97%	443	177%
Total INTERNET	1845	2279	24%	2674	17%	3085	15%	3525	14%

INTERNET=Online+Mobile; Other formats exclude Mobile+Tablets; Mobile = Messaging, Search, Display, Performance; NO production.
 Online = Laptop/Desktop only; Video = Pre, Mid, Post-Roll in Videoplayer environment (excl companion ads / In-Banner); rounded.
 ** NOTE: 2012 RECLASSIFIED FOR SEARCH, DISPLAY, CLASSIF/DIR TO TREND WITH 2013; Total Cda was \$1,308 (S), \$916 (D), \$584 (C/D);
 2012 Revenues for Online Search, Display and Classified/Directories cannot be trended back to 2011 or earlier.

The changes in actual dollars earned by Publishers, Ad Networks and Exchanges for Search, Display, Video and other Online ad formats over time (desk/laptop only), are shown graphically in the following columnar chart. Mobile (including Tablet) is shown separately from the others. Note: reclassified 2012 revenues cannot be compared to 2011.

5-Year Trend 2009-13: Total INTERNET Ad Revenue Growth By Type of Vehicle



Share of Total & French Canada Ad Revenue by Ad Vehicle (Format): 2009-13¹

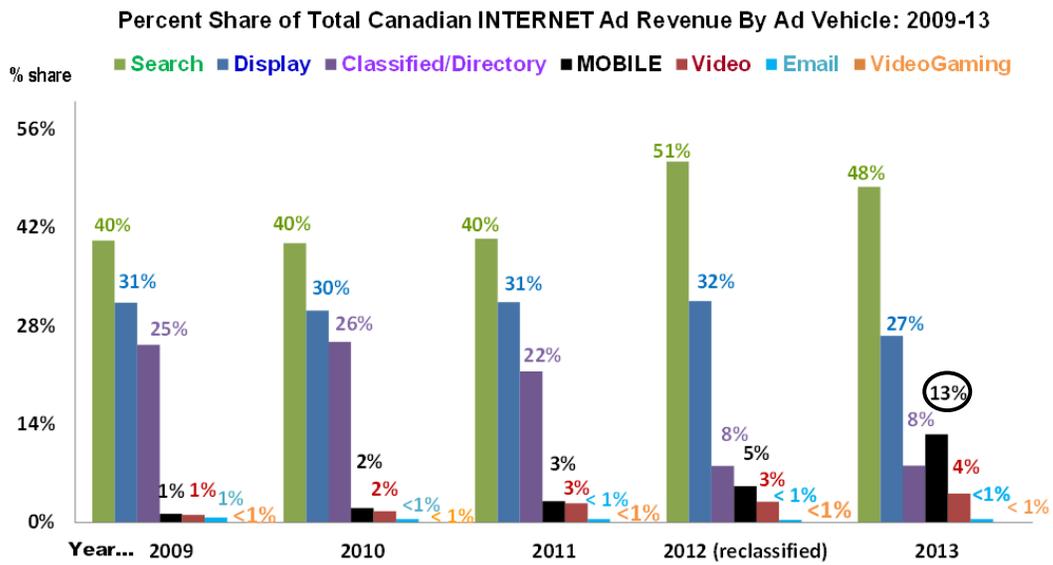
While Online still accounts for the bulk of Total Canada Internet revenues, its share has gradually edged downward from 97% in 2011, to 95% in 2012 and then to 87% of total Internet in 2013. This is due to the rapid growth of Mobile (+Tablet) advertising, representing 13% of total 2013 Internet revenues, up substantially from 5% in 2012. The two largest formats, Online Search and Online Display each lost several share points in 2013, 3% and 5% respectively, but still account for 75% of total Canada Internet revenues (Online + Mobile). Classifieds/Directories is only a fraction of its previous size (22% in 2011, 8% in 2013), due to the change in revenue reporting by one major publisher. Reclassified 2012 and 2013 shares cannot be trended against 2011. *NOTE: Remember that while Mobile (+Tablet) has eroded the combined share of Online formats, the Mobile platform itself is also comprised of multiple formats.*

The change in share of Total Internet ad revenues earned by Search, Display, and other Online Ad Vehicles over time is shown below for Total and French Canada. Mobile is tracked separately (French Canada as of 2013).

Share of Total INTERNET Revenue By Advertising Vehicle: 5-year Trend 2009-13								
Ad Vehicles: (CANS)	2009	2010	2011	2012**		2013		
	% Total revenue	% Total revenue	% Total revenue	% Total revenue	FRENCH % Total rev	% Total revenue	FRENCH % Total rev	
Online								
Search	40%	40%	40%	51%	10%	48%	10%	
Display	31%	30%	31%	32%	5%	27%	5%	
Classifieds/ Directories	25%	26%	22%	8%	2%	8%	2%	
Video	1%	2%	3%	3%	0%	4%	1%	
Email	1%	0%	0%	0%	0%	0%	0%	
VideoGaming	0%	0%	0%	0%	0%	0%	0%	
Subtotal:	99%	98%	97%	95%	18%	87%	17%	
MOBILE	1%	2%	3%	5%	NA	13%	2%	
TOTAL INTERNET	100%	100%	100%	100%	--	100%	19%	

Percents rounded; Mobile = Tablets/Messaging, NO production; French format details first published in 2010.
 Online = Desk/Laptop only; Mobile SEPARATE from Online. French Internet/Mobile 1st reported separately 2013.
 ** NOTE: 2012 RECLASSIFIED FOR SEARCH, DISPLAY, CLASSIF/DIR TO TREND WITH 2013;
 Total Cda was 42% (S), 30% (D), 19% (C/D); French Canada was 8% (S), 5% (D), 4% (C/D);
 2012 shares for Online Search, Display and Classifieds/Directories cannot be trended back to 2011 or earlier.

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



Note: The Online Video ad format includes Pre, Mid, & Post-Roll in a Videoplayer environment, but excludes companion ads and In-Banner placements which are instead part of Display. See Appendix D.

“The increased ad spend in online video and significant revenue growth, particularly from “premium” publishers, demonstrates the market’s voracious appetite for video as stream-hungry Canadians spend more time with online video”.

*Eric Morris, IAB Canada Board of Directors,
Head of Performance Advertising, Google.*

Percent of Internet Revenue by Advertising Category: Total Canada 2013-12

Automotive and CPG continue to be the among the largest advertising revenue categories in 2013, with 14 / 15% respectively of total Canadian Internet ad revenue coming from these sectors. Internet advertising revenues earned from Retail and Financial Services advertisers follow with 10% share each. The biggest fluctuations from last year affected Auto, CPG and Technology, in the order of +/-3 percentage points each. Cautionary note: Trending back to 2012 is affected as Mobile data is absent that year due to its very small base.

Distribution of % INTERNET Advertising Revenue by 15 Major Product/Service Categories - Total Canada: 2013																
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)
Total ONLINE-only																
2012	100%	17%	11%	4%	4%	12%	12%	6%	4%	3%	3%	2%	5%	1%	2%	15%
Total INTERNET																
2013	100%	14%	10%	3%	5%	15%	10%	3%	3%	3%	5%	1%	4%	2%	4%	18%
Difference:		-3 pts	-1 pt	-1 pt	+1 pt	+3pts	-2 pts	-3pts	-1pt	--	+2pts	-1pt	-1pt	+1pt	+2pts	+3pts

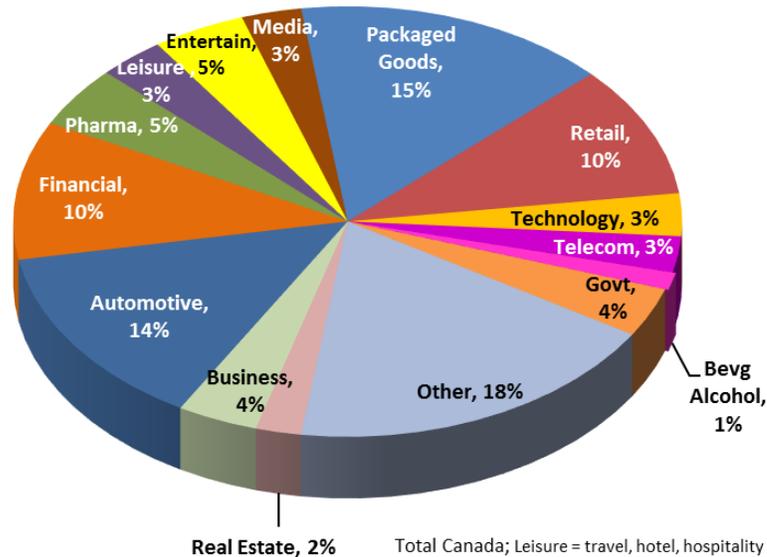
Note: All percentages rounded and based only on respondents answering this question. Total Canada base 2012 excludes Mobile.

“Traditionally, auto, finance and tech were the largest investors in digital media. In 2013, CPG has emerged as the lead category. This growth has been enabled by the reach and scale of digital media and its ability to influence consumer behaviour, particularly of the branding power of online video and the connection and engagement of social platforms.”

*Veronica Holmes, IAB Canada Board of Directors,
President, Digital at ZenithOptimedia*

The percent distribution of total Canadian Internet Advertising Revenue by major product/service category for 2013 is graphically expressed in the following pie chart:

Distribution of Canadian INTERNET Ad Rev by Major Product Category: 2013



Internet Ad Growth and Share Compared to 5 Other Major Canadian Media: 2013-12

20 years after the first banner ran, Digital advertising has now taken the largest share of ad spend. Double digit growth is projected to continue in 2014 with a forecasted 14% increase.

In 2013, Internet ad revenue, including Online & Mobile, continued its double-digit growth rate (+14%), rising to \$3.5 billion from 3.1 billion, displacing TV by 4.1%, as the Canadian medium generating the highest ad revenue. TV revenue declined by 2% in 2013 to \$3.4 billion, from 3.5 billion in 2012. Of the four other major media, the two print channels declined: Dailies by -17% and Magazines by -3%. Conversely, Out-of-home grew 6% and Radio edged up 1%. Overall, major media advertising remained almost static during 2012-13.

The following two tables show the percent change in net ad revenue (excluding agency commission) in actual reported dollars per medium, as well as the percent share of total Canadian ad revenue by major medium by year.

Ad Revenue Growth by Major Media in Canada: 2012-13				
(CAN\$)		2012	2013	percent
Rank		\$ Millions	\$ Millions	change
1	INTERNET	\$3,085	\$3,525	14%
2	Television	\$3,467	\$3,387	-2%
3	Daily Newspaper	\$2,019	\$1,679	-17%
4	Radio	\$1,585	\$1,600	1%
5	Magazines	\$573	\$558	-3%
6	Out-of-home	\$486	\$514	6%
Total - All Media		\$11,215	\$11,263	0.4%

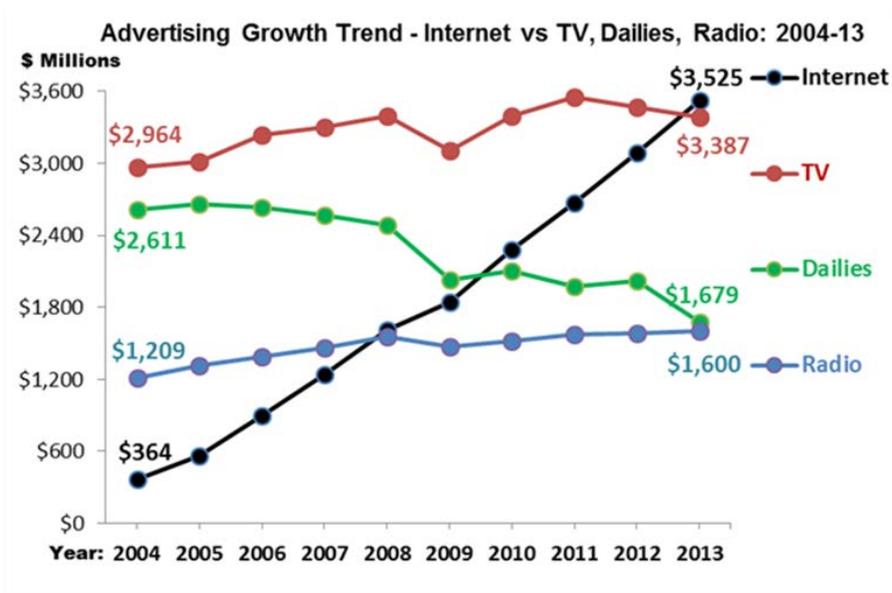
Sources - IAB Canada: Internet; TVB: all other media; #s rounded, excludes agency commission

The Internet's share of total advertising revenue in Canada, including Online & Mobile, grew from 28% in 2012 to 31% in 2013, while Television's share moved down slightly from 31% to 30%. Third ranked Daily Newspapers' share declined 3 points from 18% to 15%. See below:

Percent Share of Ad Revenue by Major Media in Canada: 2012-13					
Rank	(CAN\$)	2012	percent	2013	percent
		\$ Millions	of total	\$ Millions	of total
1	INTERNET	\$3,085	28%	\$3,525	31%
2	Television	\$3,467	31%	\$3,387	30%
3	Daily Newspaper	\$2,019	18%	\$1,679	15%
4	Radio	\$1,585	14%	\$1,600	14%
5	Magazines	\$573	5%	\$558	5%
6	Out-of-home	\$486	4%	\$514	5%
Total - All Media		\$11,215	100%	\$11,263	100%

Sources - IAB Canada: Internet; TVB: all other media; #s rounded, excludes agency commission

Internet ad revenues were also 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 now TV in 2013. The Internet's steep revenue growth curve becomes dramatically evident in the following line graph:

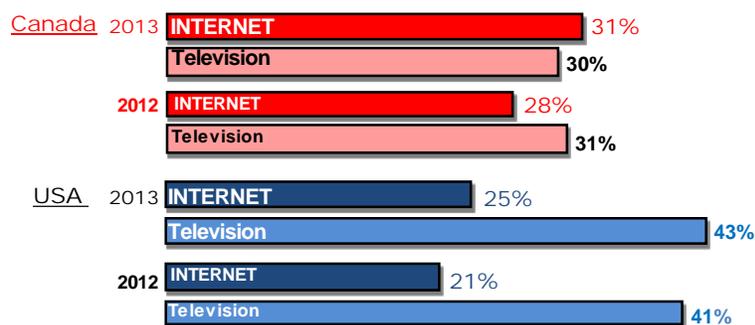


Comparison of Internet Revenues and % Share of Major Media Ad Revenues: Canada vs US

Canada's Internet advertising market grew to a 31% share of measured major media advertising revenue in 2013, up from 28% in 2012, exceeding the U.S. Internet's 25% share in 2013. 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 (43%) 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 : 2012-13
--- 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.

Actual per capita dollar ad revenues in the US tend to be substantially greater than elsewhere. For example, while the Canadian population is roughly 11% of the US, Canadian major media advertising revenue is just 6.5% of the US (i.e. 40% lower on a per capita basis). This translates into proportionally much higher media revenue levels in the US, which has in large part been driven by TV in previous years.

Challenges + Opportunities: Past Year/Going Forward

The following reflects commentary from Survey respondents about the biggest challenges, changes and opportunities they individually encountered in the past 12 months (2013), and their expectations for the next 12 months (2014). Many similarities exist with the previous survey's comments. The issues summarized below are anecdotal in nature and reflect respondents' particular business scenarios, as reported in early-mid 2014.

Implications of Programmatic Buying/Commoditization

The majority of Internet Survey commentary this year again centered on the growth of Real-time-bidding and the ongoing shift towards Agency Trading Desks and DSP (demand-side platforms) / SSP (supply-side platforms) Exchanges. By eroding publisher leverage, this has put significant downward pressure on display CPMs and it is posited, post-campaign transparency. Publishers therefore feel the need to increase their audience targeting capabilities (i.e. behavioral etc) and be able to leverage their data towards higher CPMs for branding campaigns, as in retargeting (as distinct from performance-based CPC/CPA/CPE buys). Setting-up private exchanges is one key means of getting there, to offset the erosion of direct sales, while addressing high programmatic ad clutter concerns. Meanwhile, ad tech companies are offering Agencies self-serve technologies, that make it easier for brands to exert direct control over programmatic buys, with more transparency in terms of brand safety, viewability of ad placements, as well as efficiencies. However, rapid automation has

birthed a confusing new lexicon of trading terms and concepts, which publishers must help agency personnel to understand better.

Monetizing Mobile Investment a continuing publisher challenge

Another leading challenge is accelerating mobile audience growth, requiring publishers and ad networks to manage their user traffic migration from desktop (i.e. protect) to multiple mobile devices (i.e. grow), as well as monetize publishers' mobile traffic including mobile video inventory, at a rate which justifies continued investment in development and resources. This includes the transition from mobile web to mobile apps, while sustaining customer engagement. All the preceding involve high set-up costs and maintenance, like enabling non-cookie-based behavioral audience targeting and segmentation of look-alike mobile audiences, as well as the development/adaptation of mobile content suitable to responsive site design and operating system applications, by both publishers and advertisers. The growth in Mobile display inventory still significantly exceeds agency demand, due to less than frequent use in media plans. One possible challenge important to regional advertisers is the concern that Mobile campaigns cannot be geo-targeted, which will require system upgrades that allow for GPS based ad targeting. It is being suggested that attracting more branded campaigns to mobile platforms will require publisher/mobile marketer effort to demonstrate consistent engagement levels across device screens, possibly entailing custom digital content and cross-platform ad integrations.

Other comments from Internet survey participants addressed the following areas:

More Quality Video Content needed to leverage pre-roll placements

Publishers consider video advertising one of the largest revenue growth opportunities. A concern among publishers however, is not being able to meet the demand for quality video content to put pre-roll and other video ads against, which is causing sell-out situations in pre-roll. Furthermore, video content consumption is being led by rapidly evolving consumer tastes, forcing the business to adapt more quickly. Programmatic for video is lagging display but here too publishers/ad networks need to acquire audience data and the ability to target ads behaviorally.

Premium Inventory Management key to better publisher revenue yields

The key to building Publisher revenues lies in increased emphasis and more compelling rationale for selling premium CPM placements like sponsorships, custom solutions and multi-platform / 360⁰ integrations, in order to increase revenue yields for the same inventory. This can work in parallel with private exchange trading. A big challenge is accurately forecasting premium inventory audience delivery, which further complicates revenue forecasting.

More Effective Publisher Differentiation crucial to direct buyer/seller relationships

Publishers must continue to help the advertiser/agency community be better-informed about massive changes taking place in Interactive media, whether in automation or the surge in native advertising – while more effectively differentiating their respective market offerings, to strengthen and grow their direct buyer/seller relationships. A big challenge is trying to engage the agency or advertiser with innovative new ways to display their messages. Whether through display, sponsorship integration or social extensions, a steep new product adoption curve is key to growing sellers' direct, guaranteed programmatic revenues. The surge of native advertising is another development that has negatively impacted direct sales success; however the sheer complexity of native opens an avenue for publishers to simplify it for the buying community, while ensuring the continued integrity of media brand content.

High Technology/Infrastructure Demands

The need to incorporate efficient new systems and tracking - e.g. for content management across devices, viewable impressions. data acquisition and campaign ROI reporting, implementing brand safety, setting- up pay walls, building-out and monetizing social media offerings etc – as well as finding/acquiring qualified staff and effective organization structures, are all cited as major ongoing challenges for media owners.

D. APPENDIX: Background, Survey Scope and Methodology

Background: About IAB Canada's 2013 –14 Canadian Internet Advertising Revenue Report

First commissioned in 1998 by the Interactive Advertising Bureau of Canada (IAB), this marks the 16th consecutive year that Canadian Internet Advertising Revenues are being reported and the 8th consecutive year reporting Mobile ad format revenues (which also include Tablets).

NEW this year, for the first time the Online and Mobile Surveys were consolidated into a unified 2013 INTERNET Advertising Revenue Survey.

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 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 Ernst & Young 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 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

Ernst & Young 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, Mobile Carrier fees (as applicable).

Annual Net Revenues are requested to be broken down by Advertising Vehicle (i.e. Mobile including Tablet, and separately Online Display, Online Search, Classified, Video and other Online formats for desk/laptop etc, along with a percentage breakdown for each Vehicle based on English and French Canada.

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 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 anonymous codes to log-in to the survey.
- (d) Report on the results of the Survey, as tabulated and reported in aggregate by Ernst & Young.

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 (no data) of this to Ernst & Young and IAB Canada. The data from each completed survey is aggregated in the online survey system database, with access restricted to Martin Lundie, Ernst & Young.
- IV. Once all the Surveys are in, the responses are averaged and extrapolated by segment by Ernst & Young 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 selection 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.

Definitions of ONLINE Advertising Vehicles (Formats): 2013-14

NOTE: Does NOT include MOBILE or TABLET Revenues in ONLINE Ad Revenues; EXCLUDES Production, eCommerce

Introduction:

This survey is meant only for companies involved in the SELLING/supply-side of the media advertising space business. The advertising formats described below pertain only to ONLINE. The MOBILE format is totally SEPARATE and MUST be EXCLUDED from any/all ONLINE formats listed in this document. (Note: Mobile includes Tablets).

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: rosenblum@iabcanada.com).

The ONLINE Advertising Formats:

Standard/Rich Media Display Advertising (CPM, CPE* only) – Advertiser pays an Online 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 such as Say Media’s VideoEgg; Exponential’s Firefly; Casale Media’s VideoBox, etc.), 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 audio content are also considered rich media. NOTE: Video Pre, Mid, Post-roll etc (ie. In-Stream Video) in a Video-player environment should be entered in the Digital Video section.

* Note: CPE = Cost per Engagement

Sponsorship / Contest / Advertorial Advertising (Flat Fee) – An Advertiser sponsors part or all of a targeted Online 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 Online Publishers that refer qualified purchase inquiries (e.g., auto dealers which pay a fee in exchange for receiving a qualified purchase inquiry Online) 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 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 or in-big-box executions such as Say Media's VideoEgg; Tribal Fusion's Firefly; Casale Media's VideoBox, etc. 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 Online 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'.

E-mail – Banner ads, links or advertiser sponsorships that appear in Online 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 Online Publishers receive to list specific advertiser products or services (e.g. Online 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 Online 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 (added together).

Definitions of MOBILE Platform Advertising Vehicles (Formats): 2013-14

NOTE – Also INCLUDES Tablets; EXCLUDES Online, any Production or eCommerce

MOBILE Advertising Overview:

This survey is meant only for companies involved in the SELLING/supply-side of the 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 media 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).

Introduction to Mobile Platform Formats:

Following are detailed descriptions of 4 individual advertising formats that comprise the NEW!! CONSOLIDATED MOBILE PLATFORM FORMAT that you are being asked to provide your advertising revenues for, in the IAB Canada 2013-14 INTERNET Advertising Revenue Survey. (Note: The single INTERNET survey replaces two separate Online and Mobile surveys disseminated and reported on last year). These four MOBILE format descriptions will guide you in determining which forms of advertising to INCLUDE in your CONSOLIDATED MOBILE PLATFORM REVENUE for 2013-14. ANY OTHER formats you encounter in the revenue survey questionnaire are meant for ONLINE ONLY and must NOT include ANY MOBILE-RELATED revenues. Mobile revenues include Tablets; Tablet revenues include all advertising served on Tablet devices, including Apps & Websites. Production is excluded in its entirety.

Calculation of Consolidated MOBILE PLATFORM revenues:

MOBILE PLATFORM FORMAT SPEND = Mobile Messaging + Mobile Display/Sponsorship + Mobile Search + Mobile Performance (Excludes All Production Revenue)

What we mean by “NET’ Revenues”:

To ensure there is NO duplication of reported revenues, ONLY report Mobile 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 CONSOLIDATED MOBILE Advertising:

1) 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.

2) Mobile Display/Sponsorship Advertising Revenue (Standard/Rich Media; Video Pre/Mid/Post-roll etc; Sponsored App, Game, Video, "Push" e.g. location-based etc)

Mobile Display/Sponsorship advertising revenue is the closest analogy to Online Display/Sponsorship advertising revenue -- served specifically on Mobile Optimized sites (e.g. m., .mobi, /mobile), Responsive sites or within Mobile Applications (such as on News and Weather widgets 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.

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.

3) 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.

4) Mobile Performance Advertising Revenue – (e.g. QR codes)

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;

Definitions of Leading Industry Categories: 2013-14

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

Mission Statement

IAB Canada empowers the media and marketing industries to thrive in the digital economy.

Who We Are

IAB Canada (www.iabcanada.com), is the national voice and de facto thought leader of the Canadian Digital marketing and advertising industry, and is a not-for-profit association representing Canada's most well-known and respected Advertisers, Agencies, Media Companies, Mobile and VideoGame Marketers & Developers, Measurement Companies, Service Providers, Educational Institutions and Government bodies operating within the space.

What We Do

As the only organization fully-dedicated to the development and promotion of digital/interactive advertising in Canada (Online and Mobile channels), IAB Canada works with its Members to:

- Conduct Original, Canadian digital/interactive Research;
- Establish and Promote digital/interactive Advertising Standards and 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.

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

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