2021 Internet Ad Revenue Survey

June 2022

2021 IAB Canada Internet Ad Revenue Survey

After weathering the challenges faced in 2020, the 2021 revenue survey tells a story of tremendous recovery with an incredible 28.1% growth rate compared to 2020 bringing the industry to $12.32B in Canada.

As anticipated, in 2021 the industry leveraged the momentum from budgets that had shifted to digital in 2020 and grew across several key categories. The greatest volume of growth was derived from a significant increase in Search investment (up 35%) thanks to a major eCommerce boost from 2020 as well as greater competition in auction environments. Other key factors contributing to the growth of digital advertising revenue in Canada was the growth of Video and other channels like Audio and Out-of-Home.

As noted in our 2020 reporting, we were pleased to leverage a new template for reporting Canadian online advertising revenue. Given the rapid acceleration of the media landscape, we once again have updated our reporting format to more accurately assess the market. Changes in this year's reporting include:

- A stand-alone Social Media assessment which removes Display and Video counts leaving Social Media reporting to include any platform-specific format to its own category.
- A separate assessment of CTV expenditure that is explicitly categorized as such – included in overall Video estimates but broken out.
- The inclusion of the rapidly growing Retail Media category
- Forecasts have been reinstated.

2021 IAB Canada Internet Ad Revenue Survey

2021 marked a year of innovation and product development for our industry. New formats and capabilities have made digital advertising the natural go-to for businesses across all categories. Category reporting in our survey reflects the national advertiser expenditure and does not fully capture the long tail of online advertising which has been adopted as a crucial channel for hundreds of thousands of small to medium sized businesses across Canada.

With new advertising categories like iGaming entering the market and continued innovation around shoppable advertising, the industry outlook remains bullish while factoring in knock-on effects from continued supply chain issues and the war in Ukraine. Talent costs continue to put pressure on the value chain and media inflation is expected to rise particularly in areas of highest growth like Video.

As we move closer to cracking the cookieless future and a privacy-first media landscape for advertisers and consumers, the future for digital media in Canada remains brighter than ever.

Sonia Carreno

Sonia Carreno
President, IAB Canada

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Methodology

Methodology

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- Data sources
- Revenue presentations
- Sample profile and data collection

Methodology

Objectives

01

Internet Advertising Revenue

The main objective of this Survey, which IAB Canada has carried out annually since 2013, is to provide the digital advertising industry with a report on media buying trends and internet advertising revenue overview.

02

Basis of the survey

This survey is carried out based on the data provided by a number of market participants. This data has been collected under a strict confidentiality commitment to the survey participants. The data provided has been summarised, cleansed, analysed and presented in this report at an aggregate level.

03

Additional information

The survey results were supplemented by information provided by Standard Media Index, Comscore and PwC's Global Entertainment & Media Outlook.

Methodology

Data sources

Reported results

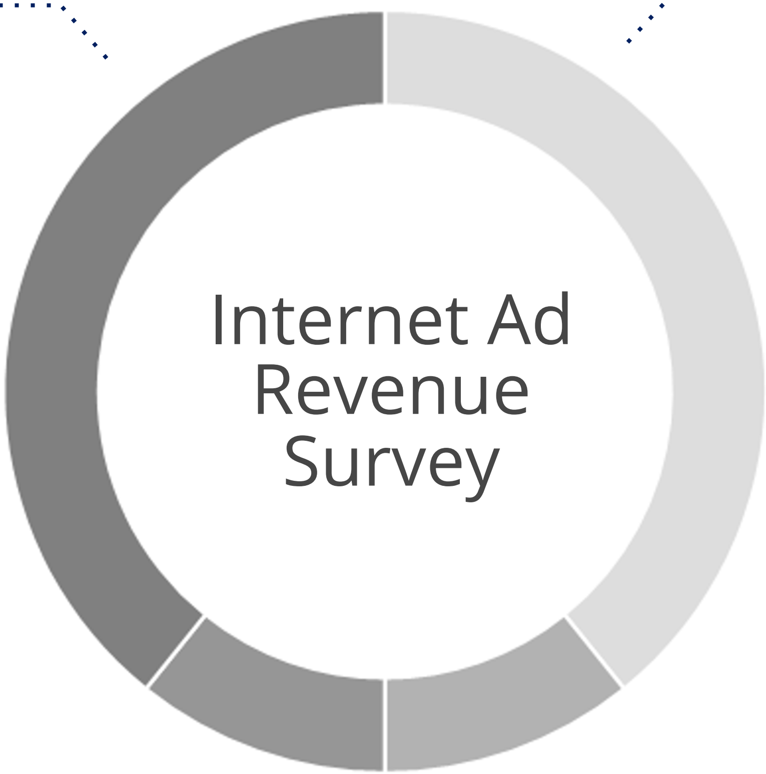
Information provided by the survey participants.
It includes revenue broken down in:

- Display (Non video, Branded Content and Native Advertising),
- Social Networks,
- Search,
- Video
- Classifieds,
- Digital Out of Home,
- Advanced TV, and
- Audio (streaming and Podcast).

Market tools and resources

Use of additional information sources:

- SMI: information on advertising activity by industry
- PwC's Global Entertainment & Media Outlook for international analysis
- Comscore: information on Desktop / Mobile and French / English split



Estimated results

Estimation of the remaining size of the market (companies not participating in the study) through a set of econometric models developed based on:

- Collected historical investment data
- Qualitative interviews with agencies
- Sector reports and available market information
- Macroeconomic data
- Publicly available annual accounts

Validation of results

- Validation of the results with the panel of experts from the IAB Canada board

Methodology

Revenue presentation

Display
Includes advertising investments through graphic formats including:

- Non-video display
- Branded content
- Native advertising

Does not include social media and video revenue, which are reported as a separate group.

Social Media
Includes advertising revenue from social media networks* in both video and non-video formats.

**Does not include YouTube, which is reported in the 'Video' group.*

Search
Includes all advertising revenue generated by search engines.

Classifieds
Includes advertising revenue earned by the companies providing listing services for specific products or services (e.g., online job boards and employment listings, real estate listings, automotive listings, auction-based listings, yellow pages, etc.).

Other segments
Specific advertising revenue built around the following concepts:

- Video
- Audio
- Digital Out Of Home (DOOH)

Methodology

Sample profile and data collection

Type of study

Collecting information annually with panel of companies.

Population

Companies that are members of IAB Canada, including: Canadian internet publishers, search, social and video sharing content platforms, ad networks, mobile aggregators, marketing companies and platforms, as well as agencies.

Selection method

An invitation to participate was sent based on the databases owned by IAB Canada

Data collection

• Structured questionnaires (closed questions).
• IAB Canada leveraged interviews from peripheral studies like Media Inflation 2022.

Sample

Over 30 companies participated or were estimated.

2 Results

Study Highlights

01 Internet Advertising Revenue in Canada recorded a growth of 28.1% in 2021 compared to 11.1% in 2020, with a recovery following a slower-than-anticipated growth in 2020.

02 The digital advertising sector continued expanding in segments such as search, social media, video, display, audio and DOOH, and a new arrival of retail media being factored into this year's estimate.

03 Advanced TV made up almost half of the Video category, with significant growth in Connected TV revenue through YouTube.

04 Branded content experienced an increase of 61.4%, driving the increase within the Display category.

Results

Media overview
Search
Social media
Display
Video
Classifieds
Audio
Digital OOH
Retail Media
Forecasts

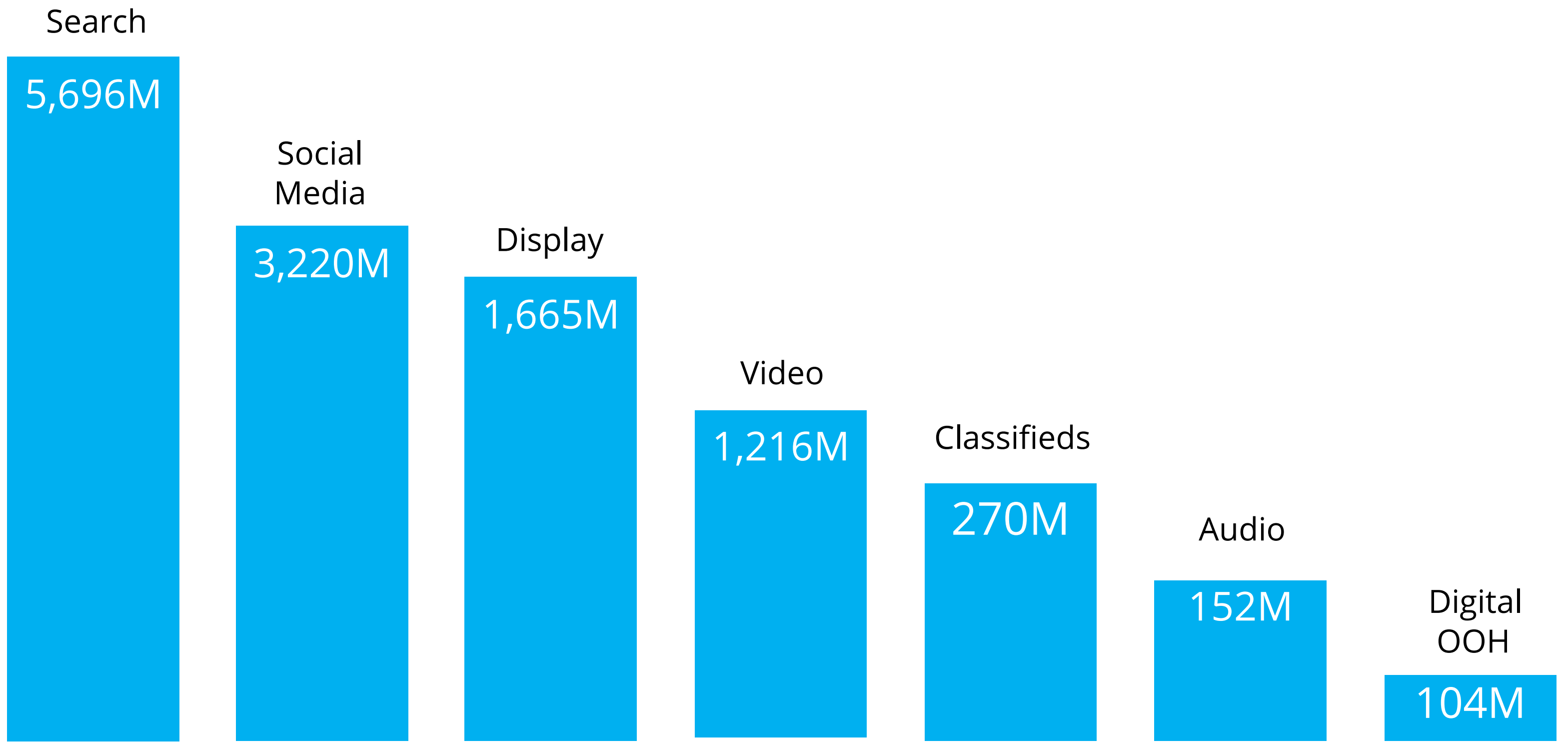
2021 Results

Internet advertising revenue in 2021 exceeded $12.3 billion Canadian Dollars

$12,323M

Total internet advertising revenue

Increase of 28.1% YoY



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Percentage of total:	46.2%	26.1%	13.5%	9.9%	2.2%	1.2%	0.8%
Variance 2021 vs. 2020:	↑ **34.8%**	↑ **20.8%**	↑ **47.9%**	↑ **20.7%**	↓ **36.4%**	↑ **59.0%**	↑ **32.1%**

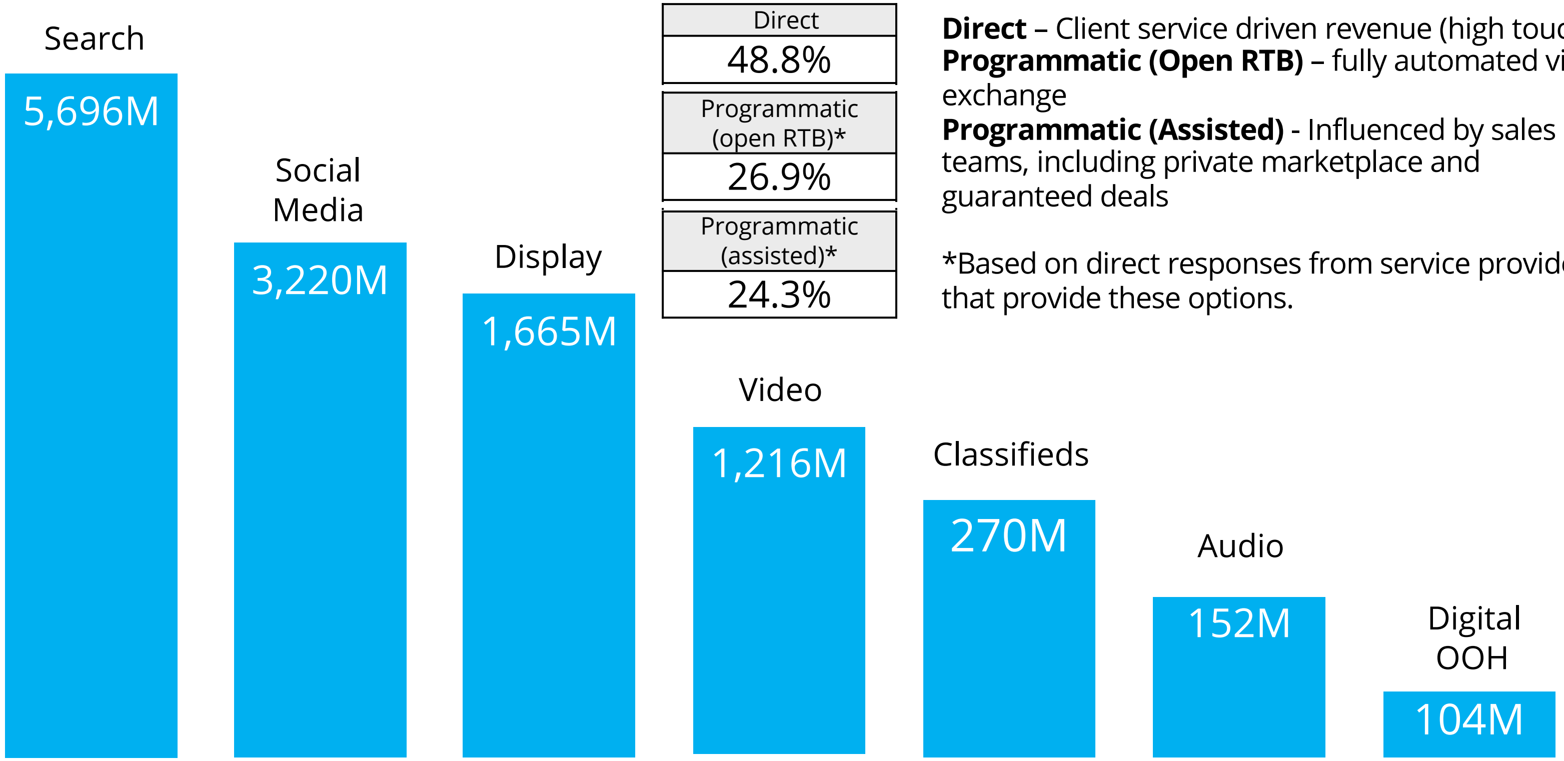
2021 Results

Year-over-year increase of 28.1%

$12,323M

Total internet advertising revenue

Increase of 28.1% YoY



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Direct – Client service driven revenue (high touch)
Programmatic (Open RTB) – fully automated via exchange
Programmatic (Assisted) - Influenced by sales teams, including private marketplace and guaranteed deals

*Based on direct responses from service providers that provide these options.

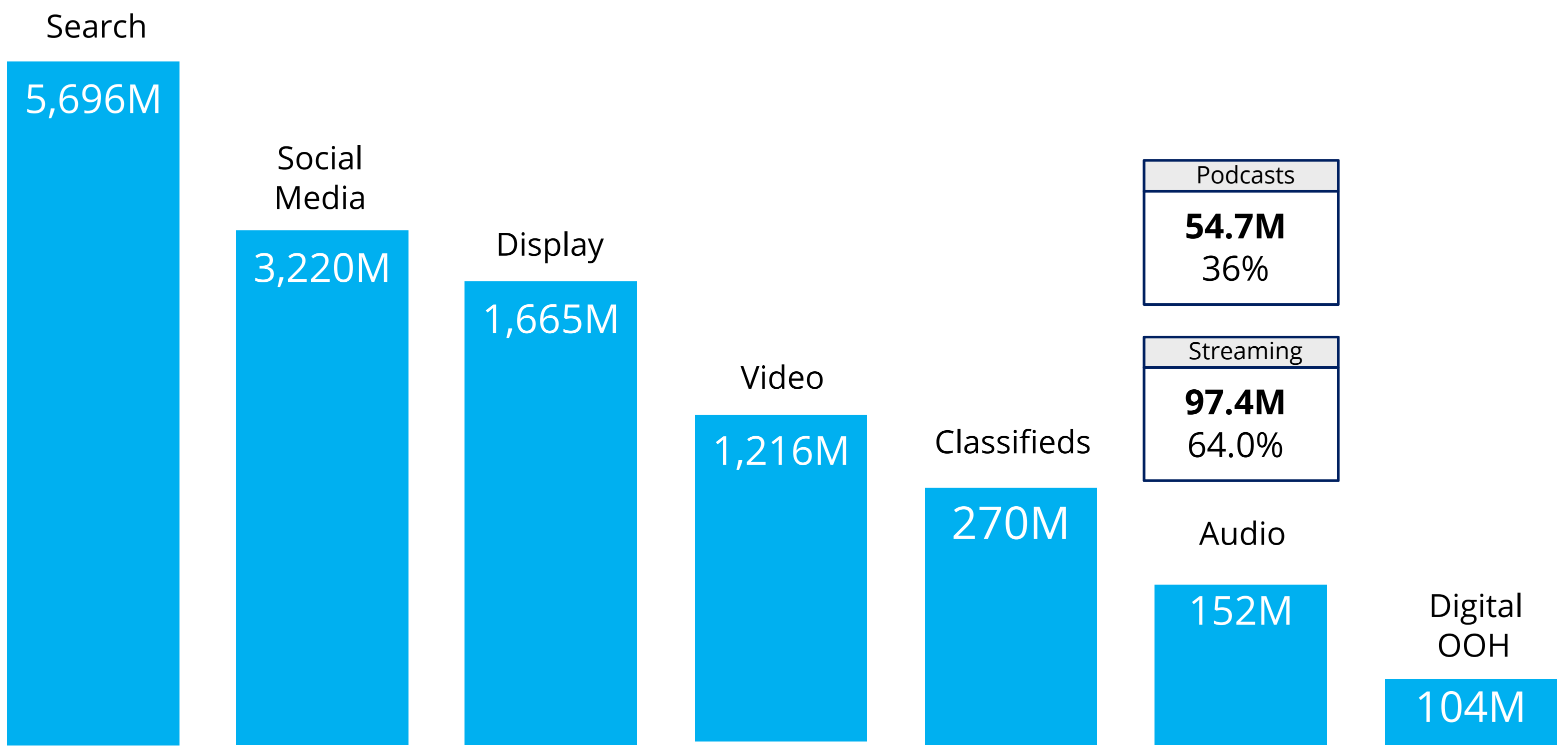
2021 Results

Year-over-year increase of 28.1%

$12,323M

Total internet advertising revenue

Increase of 28.1% YoY



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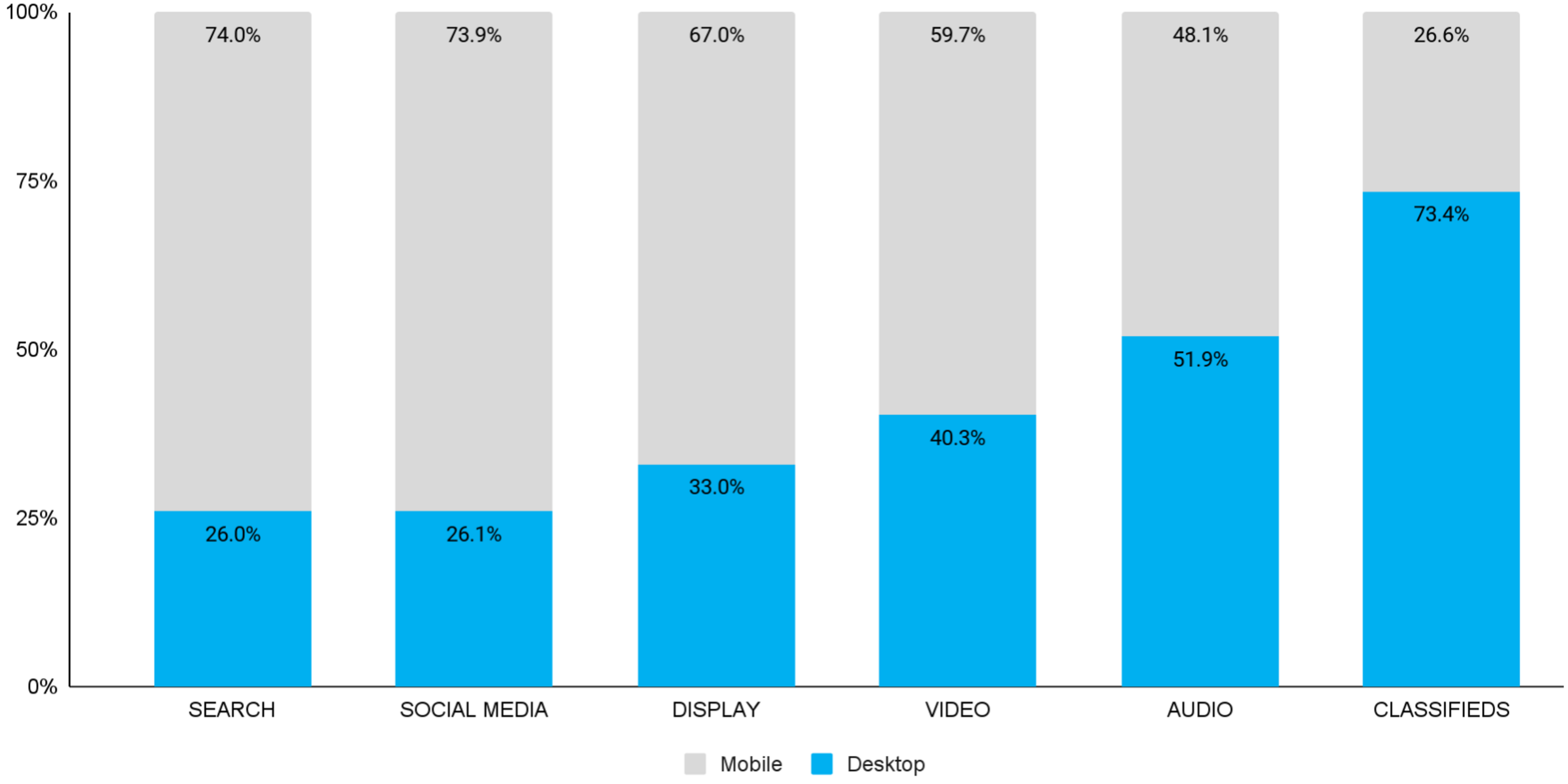
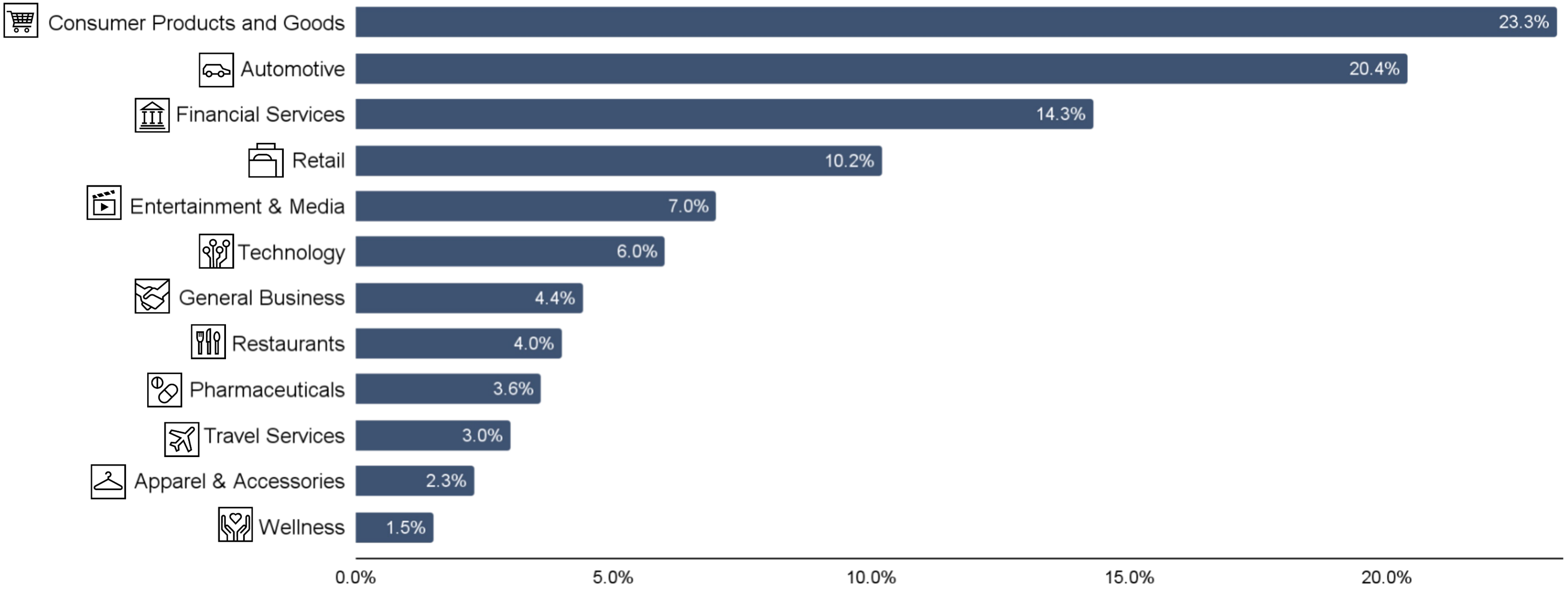
Desktop vs. mobile by category

Based on the direct response submissions and additional information from Comscore



Industries

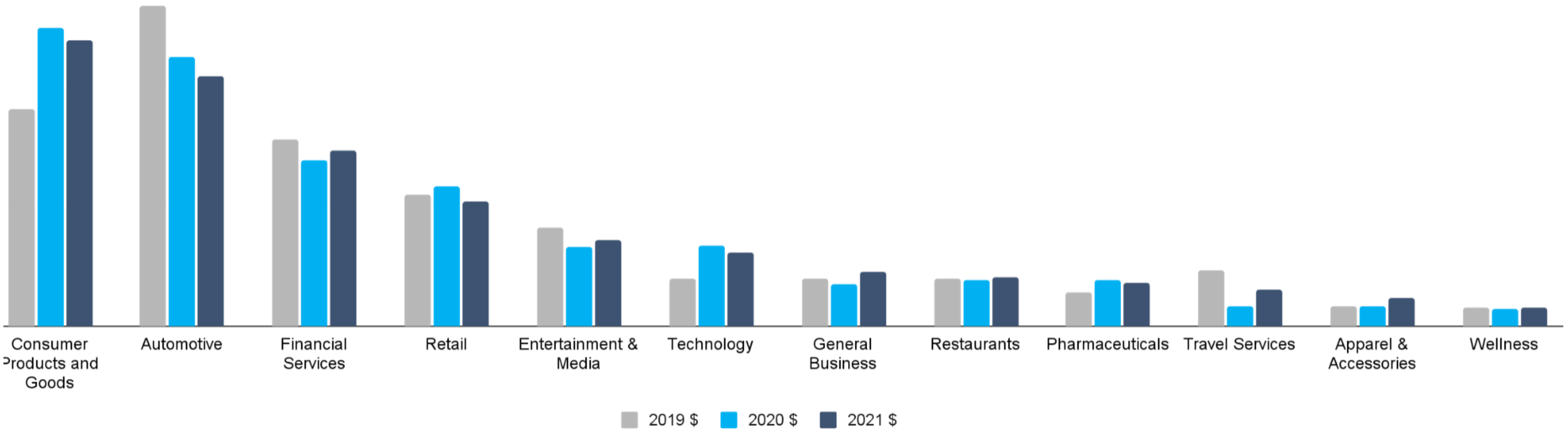
Advertising activity by industry



Source for categories split:
Standard Media Index, Canada, Core, 2021
SMI Pool includes agency partners: dentsu, IPG Mediabrands, GroupM, Havas, Omnicom, Publicis, and Horizon Media

Industries

2019 to 2021 change in advertising activity by industry



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Results

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- **Search**
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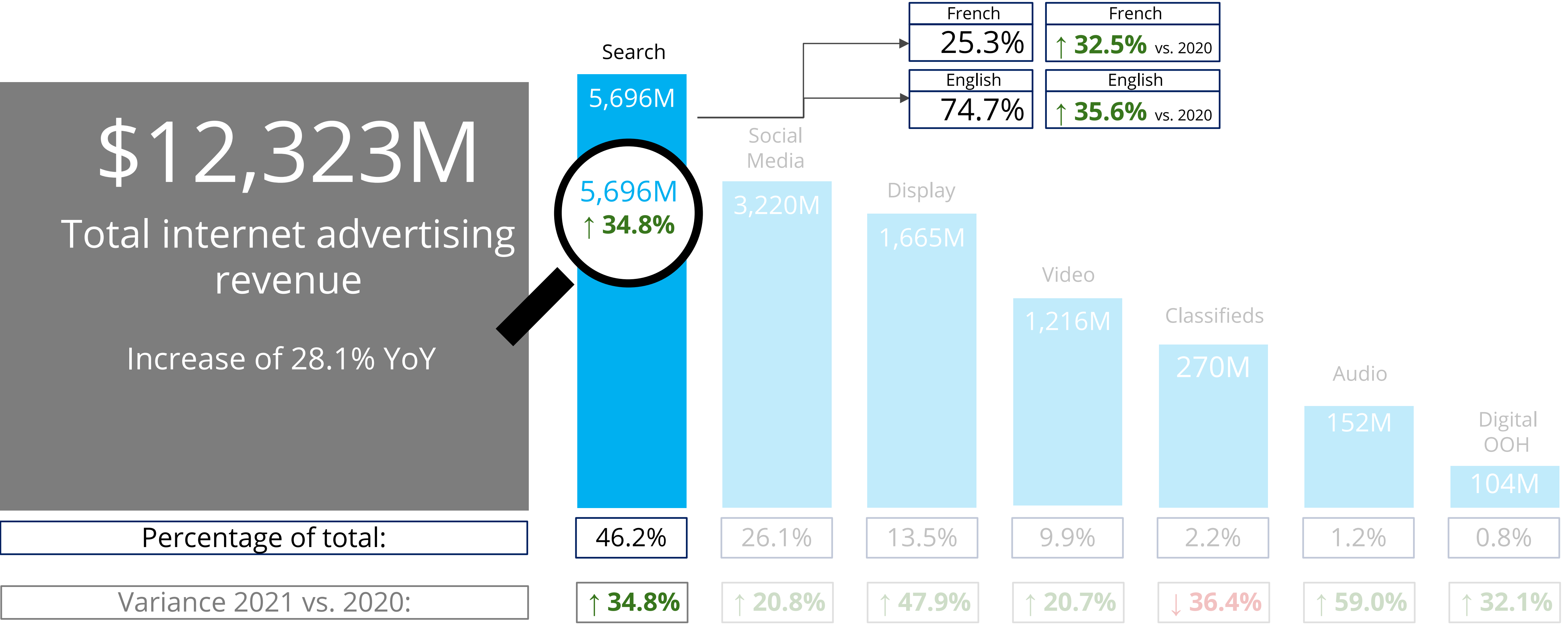
- Retail Media
- Forecasts

2021 Results

Search continues to generate the largest revenue, with a growth rate of 34.8%



Results

Media overview

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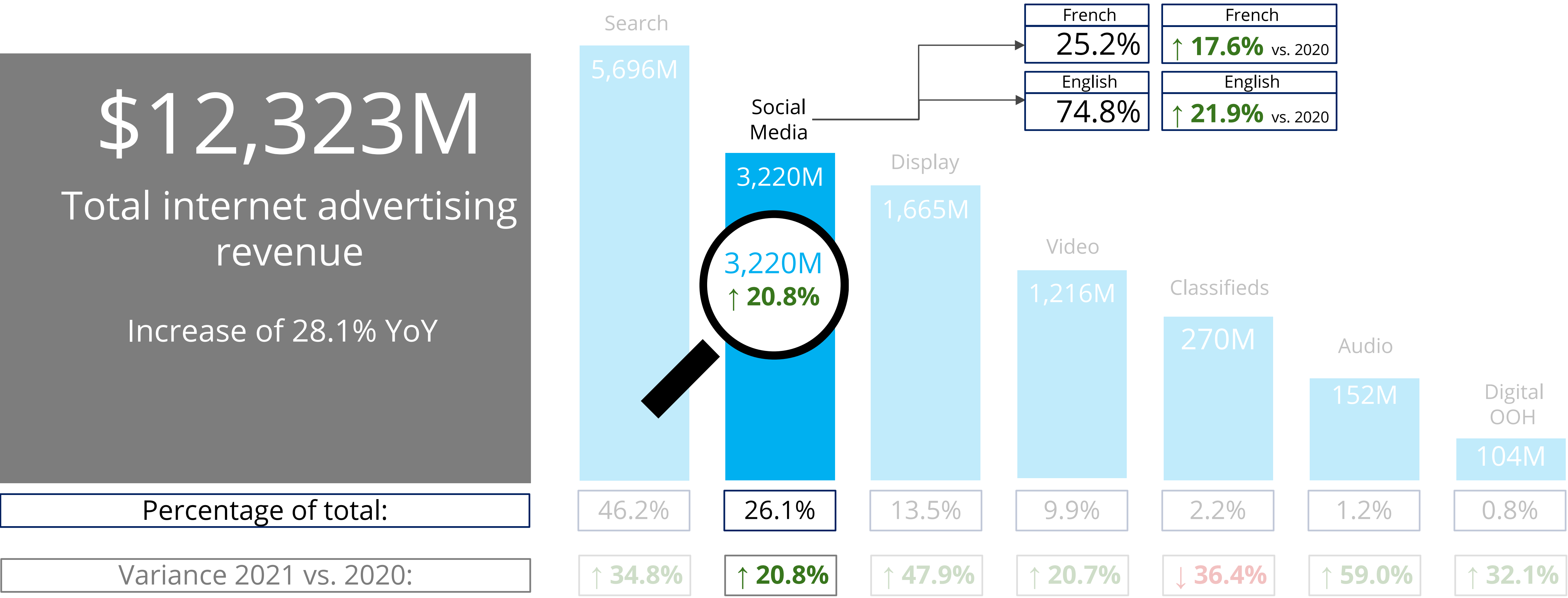
2021 Results

Advertising revenue from social media continues to be the second highest in volume



Results

Media overview

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Forecasts

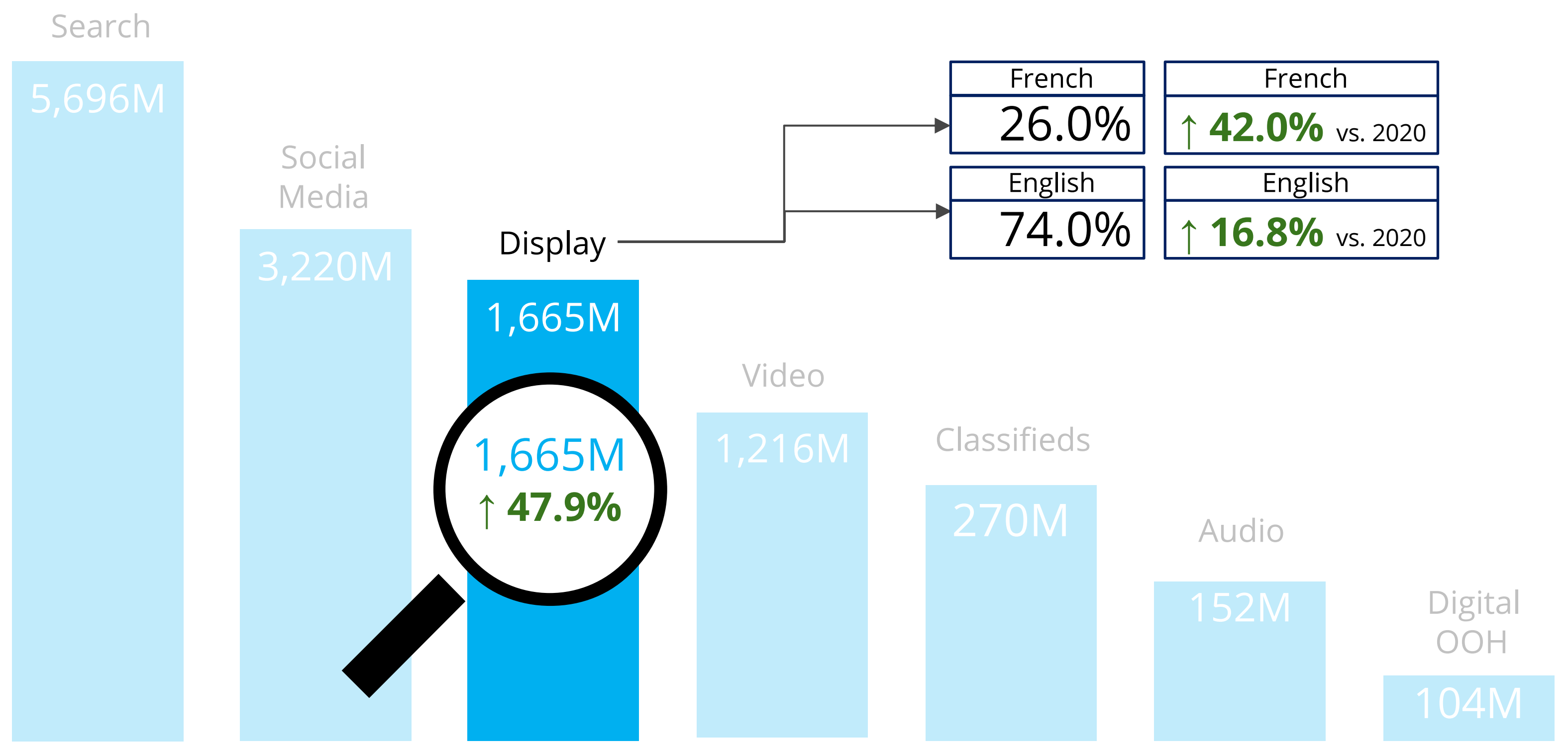
2021 Results

Display had a year-over-year increase of 47.9%, exclusive of the increase in Video

$12,323M

Total internet advertising revenue

Increase of 28.1% YoY



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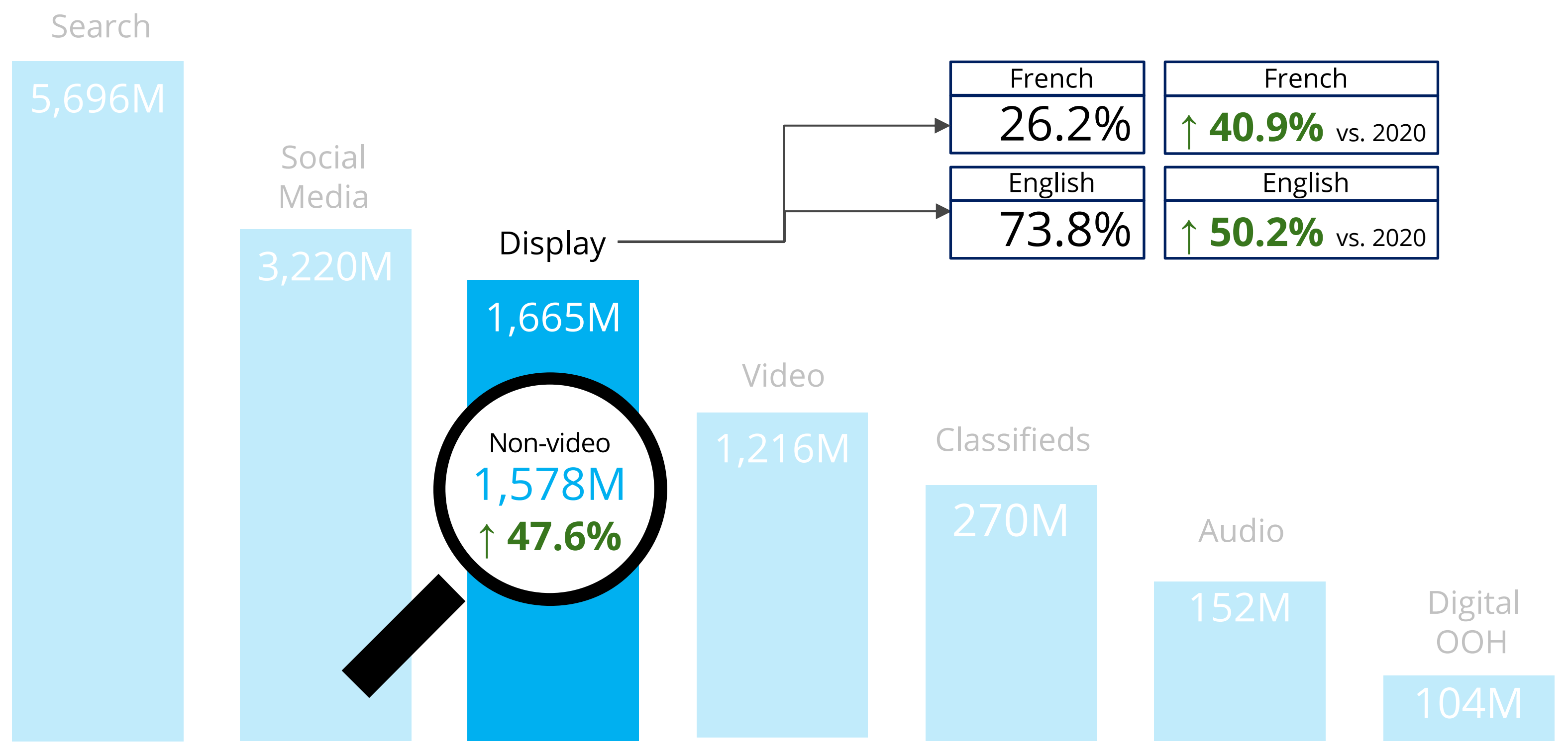
2021 Results

Non-video display had a year-over-year increase of 47.6%

$12,323M

Total internet advertising revenue

Increase of 28.1% YoY



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Non-video display results

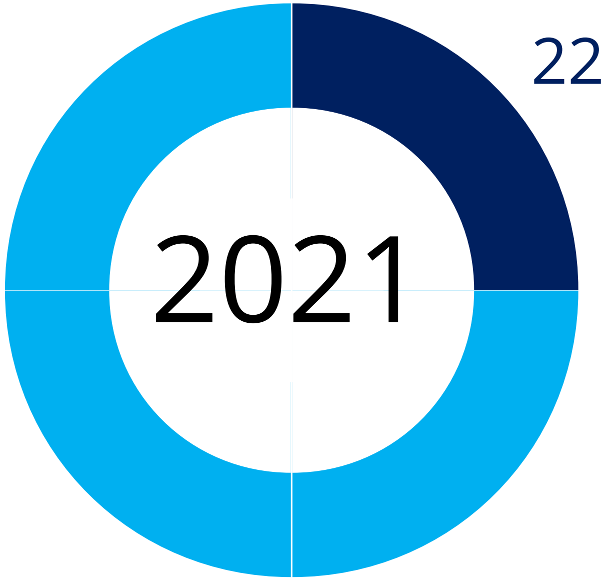
Distribution of investment by format (based on direct responses)

Format type

Distribution of advertising revenue by standard vs. premium formats.

Premium format
Brand takeovers, sponsorships, IAB Rising Stars, etc.

22.0% -15.2% vs. 2020



Standard format
Banners, mega banners, large formats, etc.

78.0% 5.3% vs. 2020

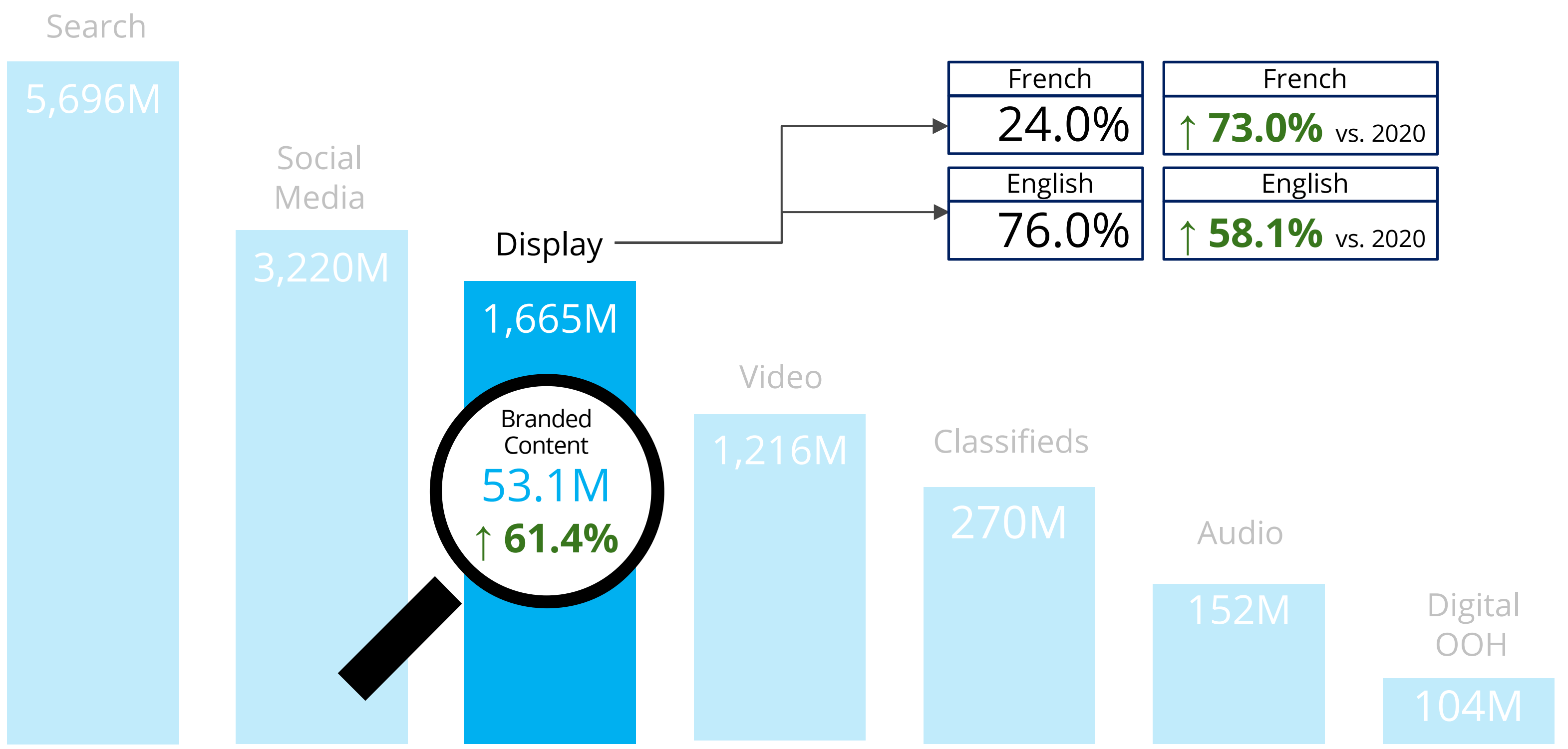
2021 Results

Branded content had a year-over-year increase of 61.4%, driving the increase in Display

$12,323M

Total internet advertising revenue

Increase of 28.1% YoY



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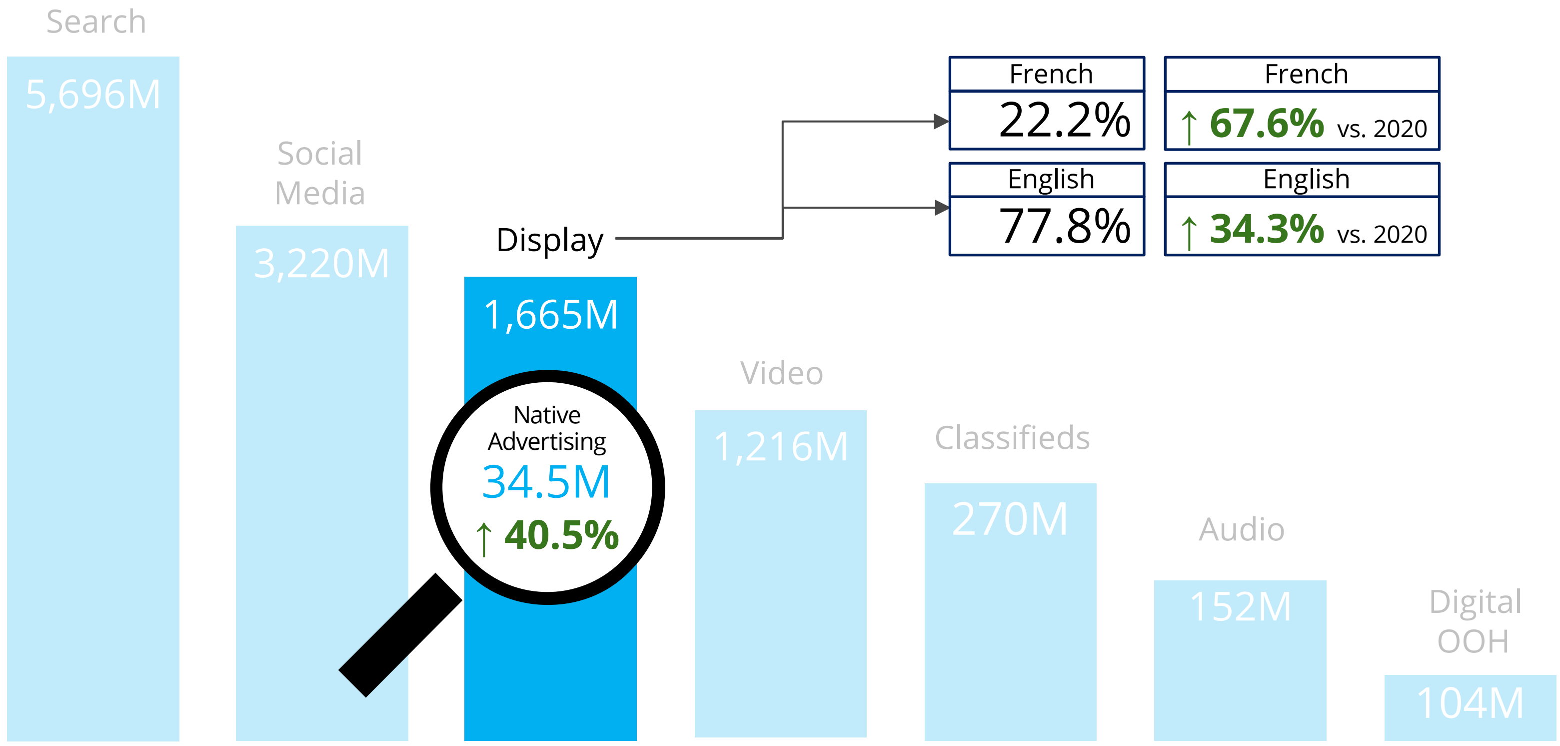
2021 Results

Native advertising had a year-over-year increase of 40.5%

$12,323M

Total internet advertising revenue

Increase of 28.1% YoY



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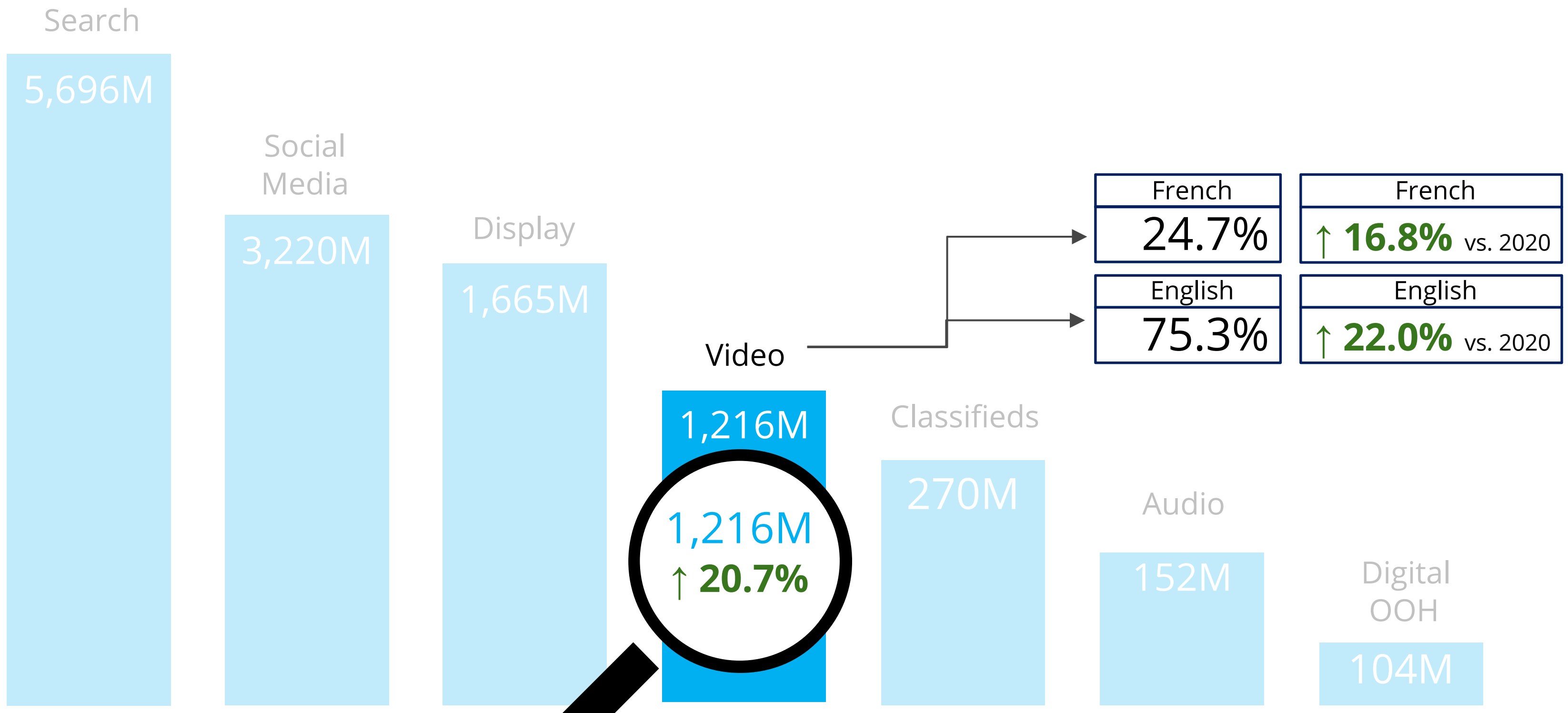
2021 Results

Video had previously been included in Display and has been separated out for purposes of reporting in 2021. The category experienced a growth rate of 20.7%.

$12,323M

Total internet advertising revenue

Increase of 28.1% YoY



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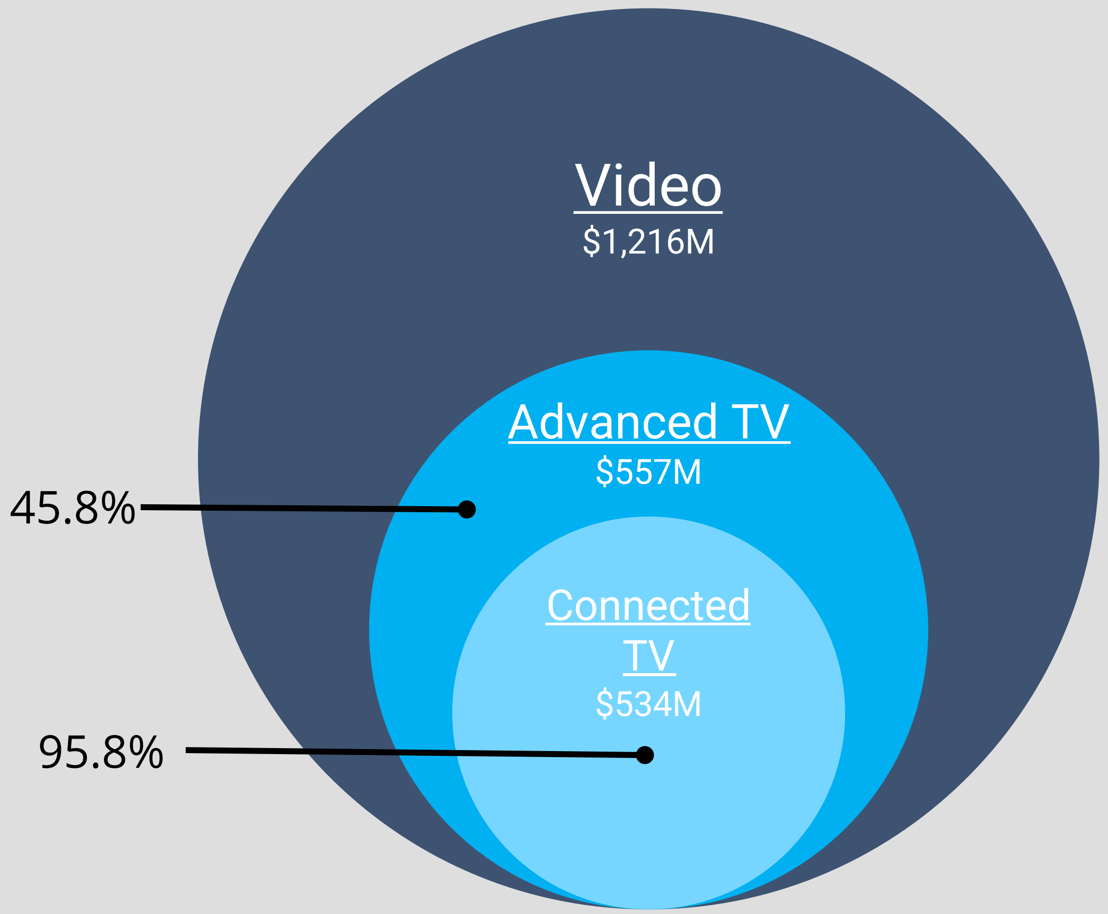
Advanced TV made up almost half of the Video category, which largely consists of Connected TV.



Results

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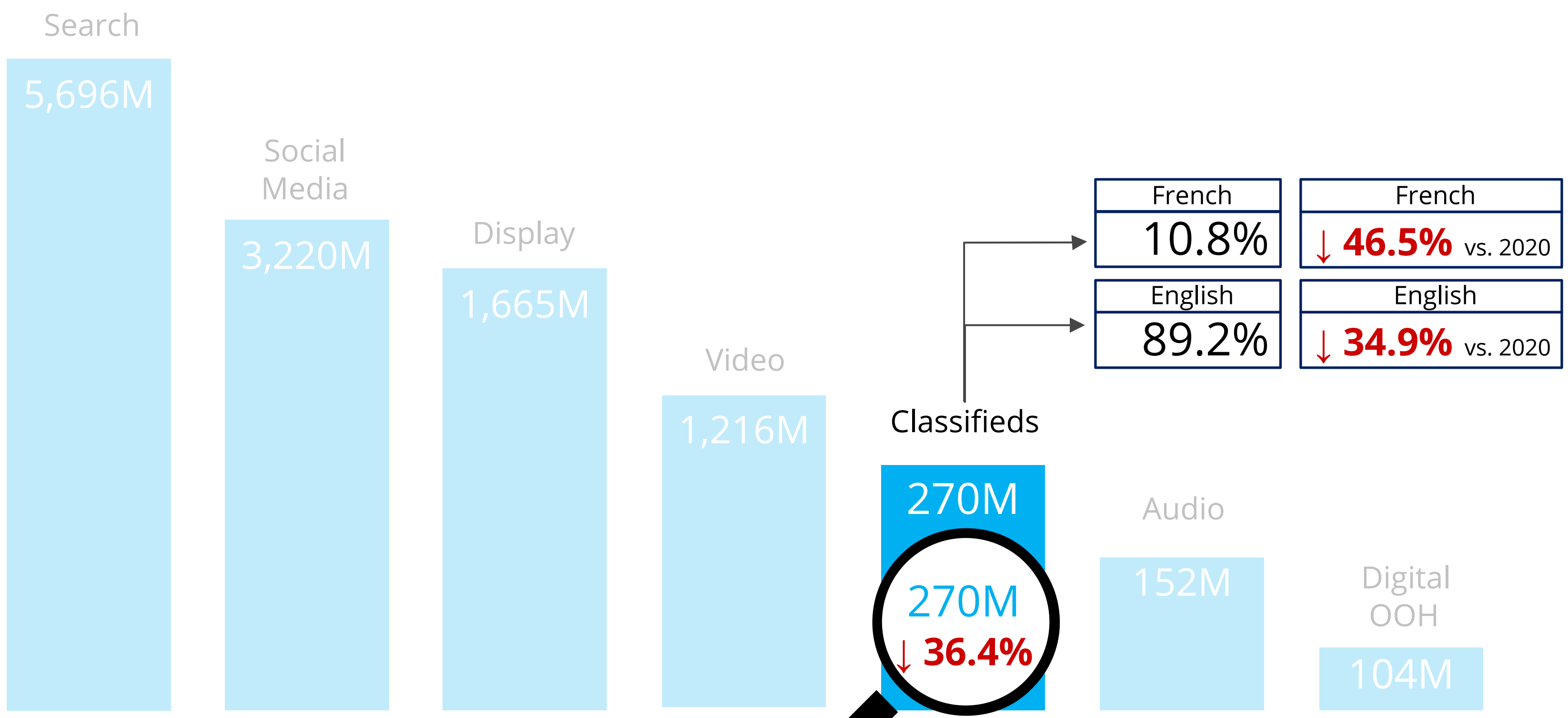
2021 Results

Classifieds had a year-over-year decrease of 36.4%

$12,323M

Total internet advertising revenue

Increase of 28.1% YoY



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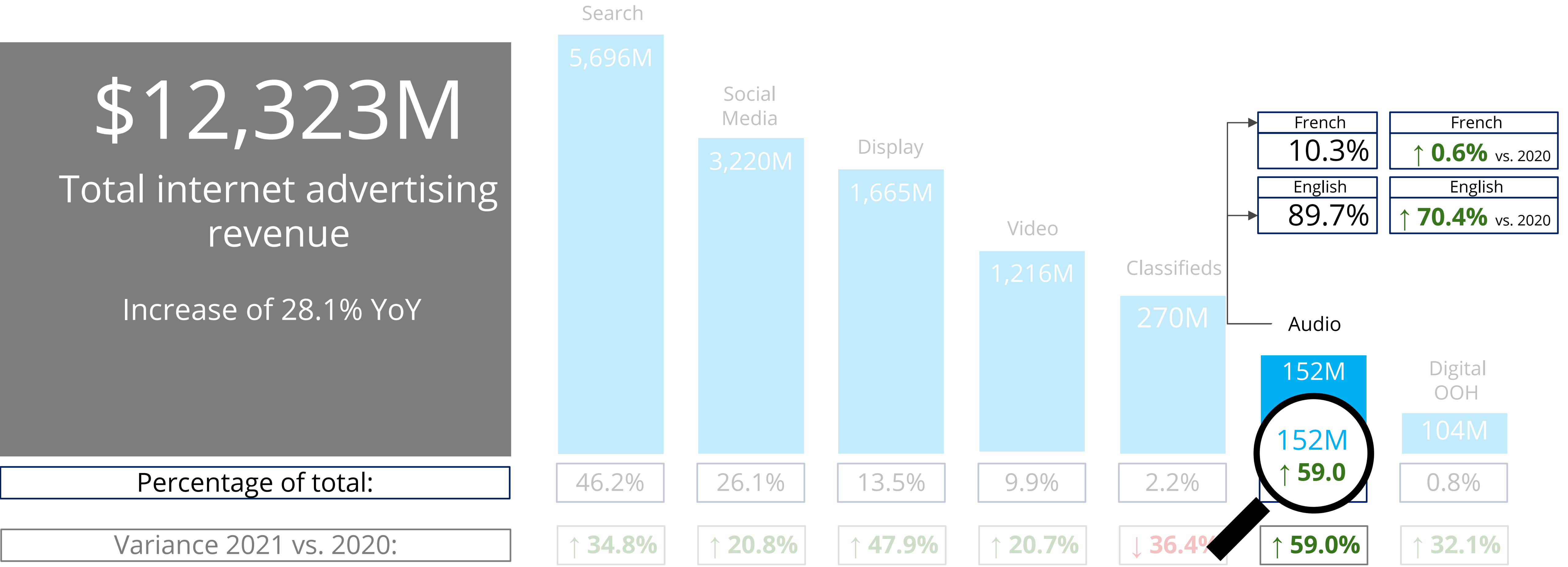
2021 Results

Digital audio had a year-over-year increase of 59%, compared to 11.1% in prior year



Results

Media overview

Search

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Classifieds

Audio

Digital OOH

Retail Media

Forecasts

2021 Results

iab.canada

Digital OOH had a year-over-year increase of 32.1%

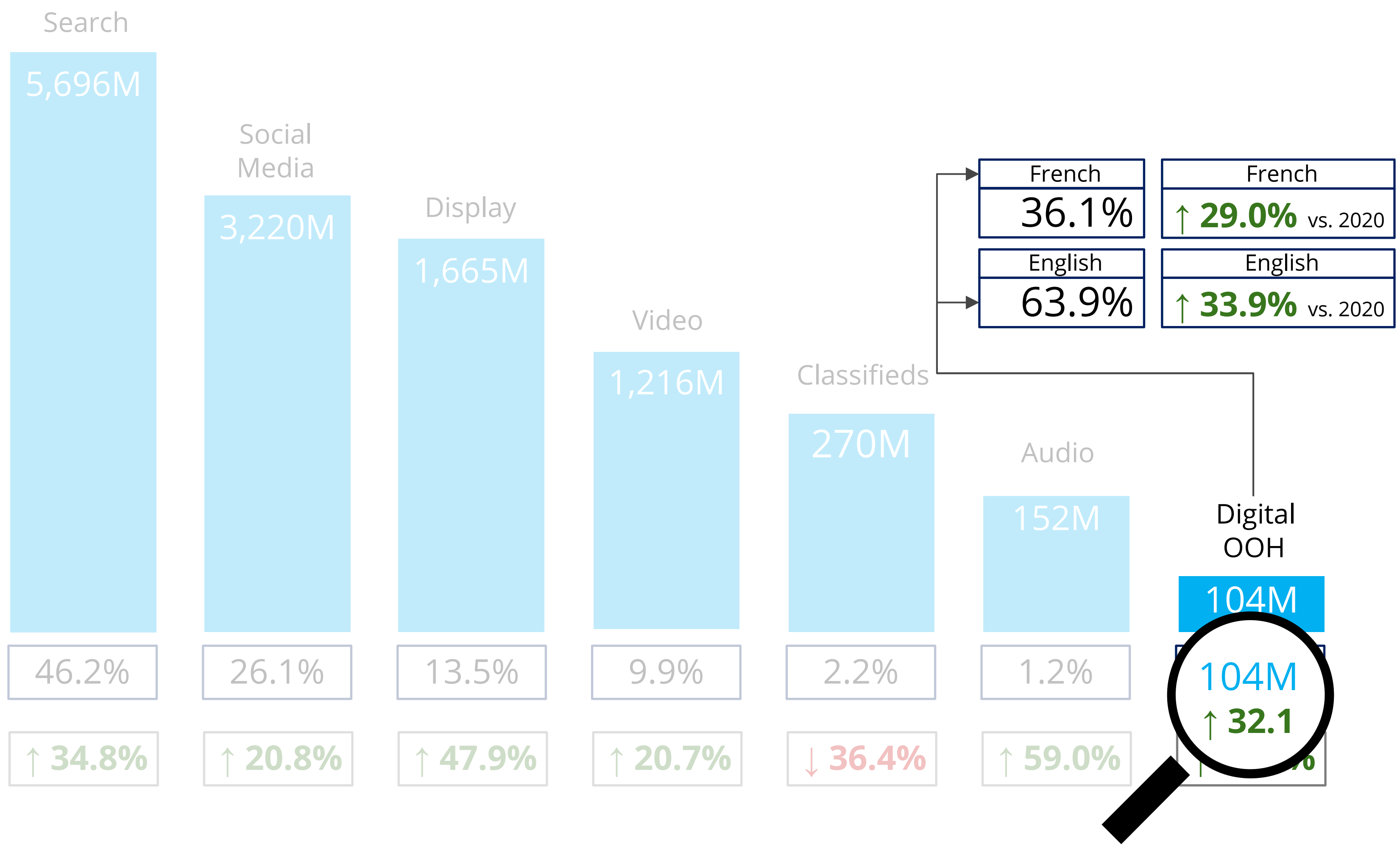
$12,323M

Total internet advertising revenue

Increase of 28.1% YoY

Percentage of total:

Variance 2021 vs. 2020:



Results

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- Audio
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- **Retail Media**
- Forecasts

Retail Media

The Retail Media space has emerged to make up notable portions of Search, Display and Video revenue. IAB Canada expects further growth within this category.

SEARCH	DISPLAY	VIDEO
Total: 5,696M	Total: 1,665M	Total: 1,216M
Retail Media: 547M	Retail Media: 172M	Retail Media: 63M
9.6%	10.3%	5.1%

Results

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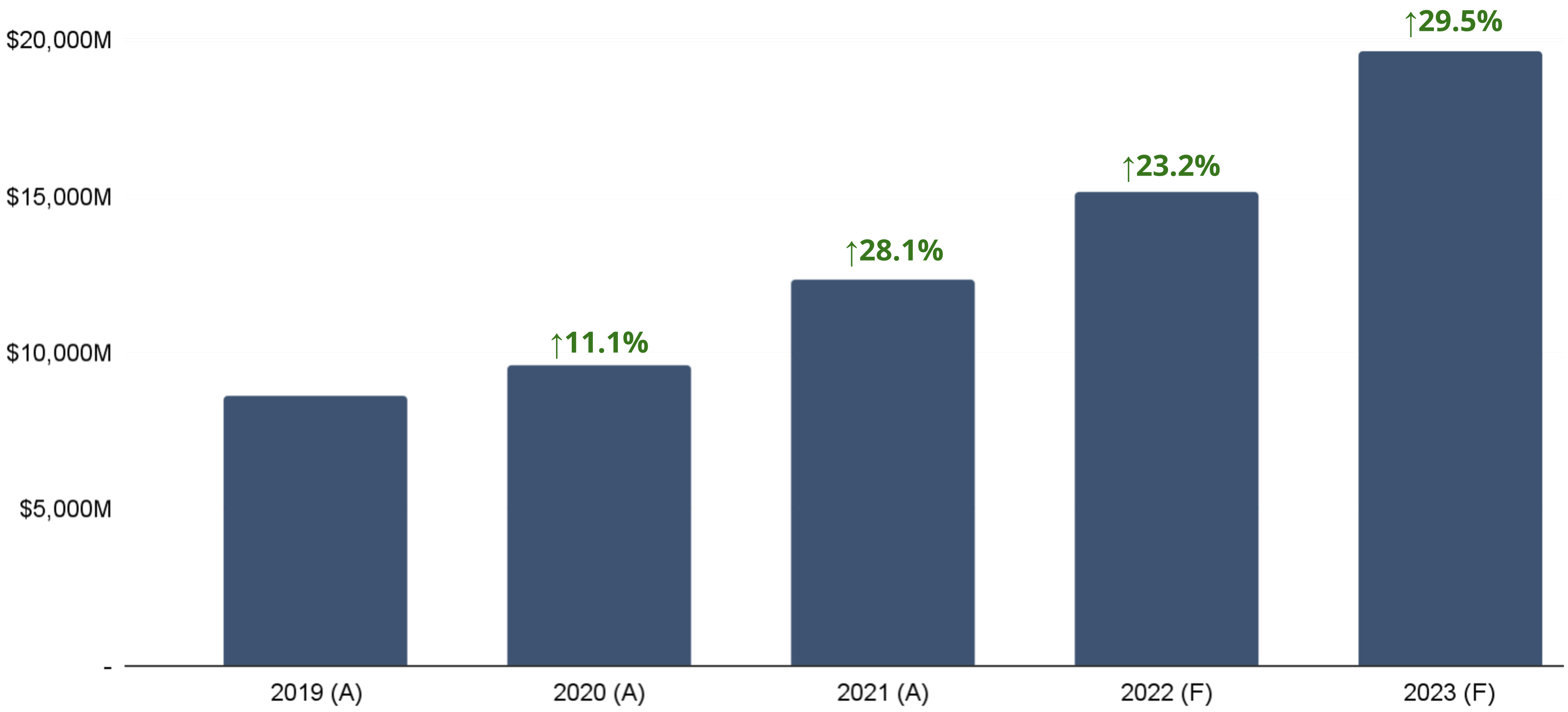
- **Forecasts**

2022/2023 Forecasts

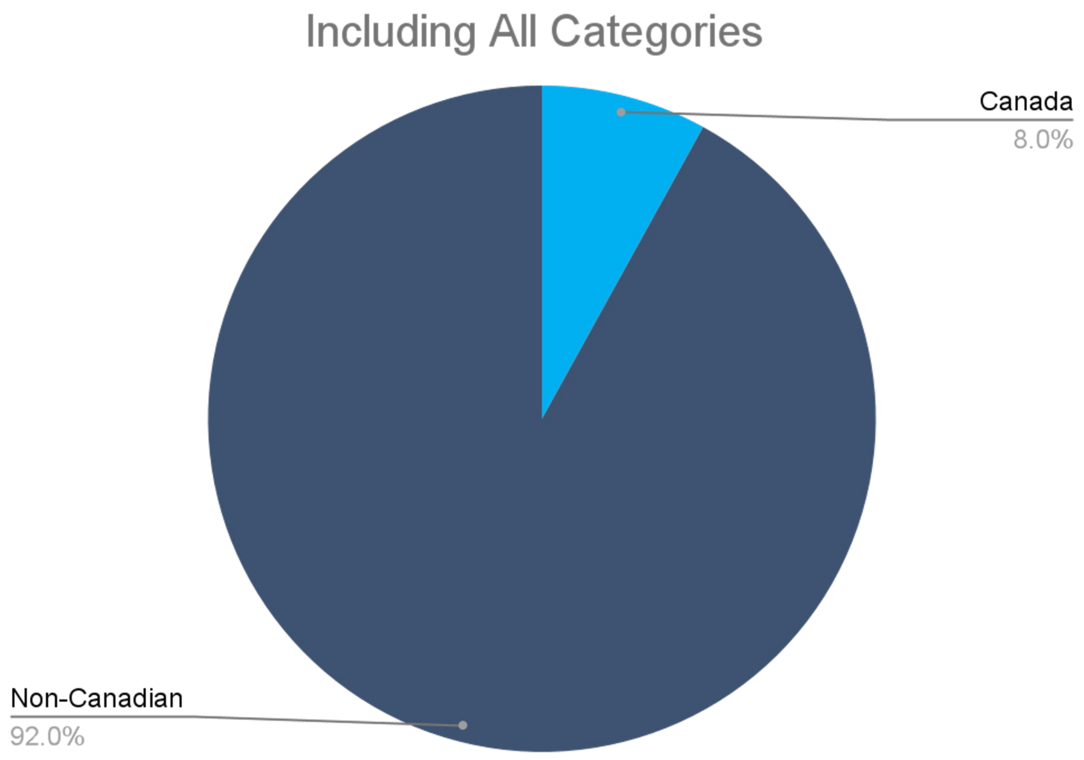
Forecasted Growth anticipated for the next two years

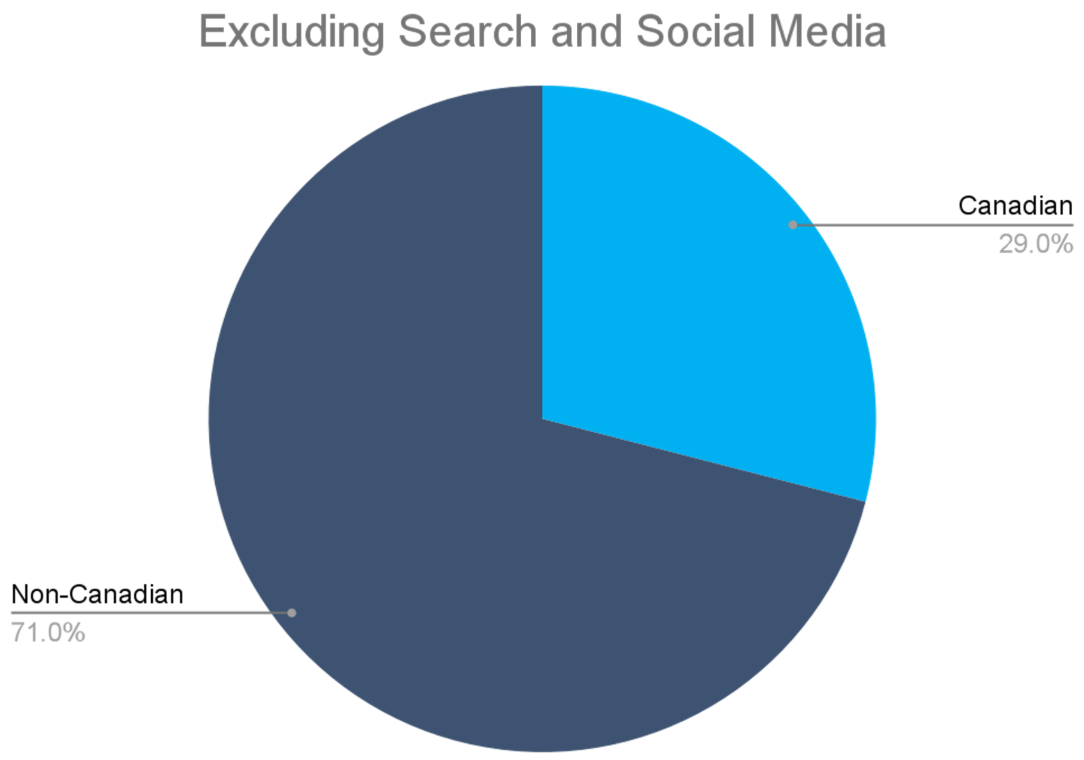


2019-2021 Revenues are based on responses and estimates included in the IAB Ad Revenue Survey.
2022-2023 Revenues consist of responses and estimates.

Revenue generated by Canadian vs Non-Canadian Publishers (2021)

8% (~$1Billion) of Total Revenue in Canada is Attributable to Domestic Companies. While 28% of Market Addressable Revenue is attributable to Domestic Companies





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International Analysis

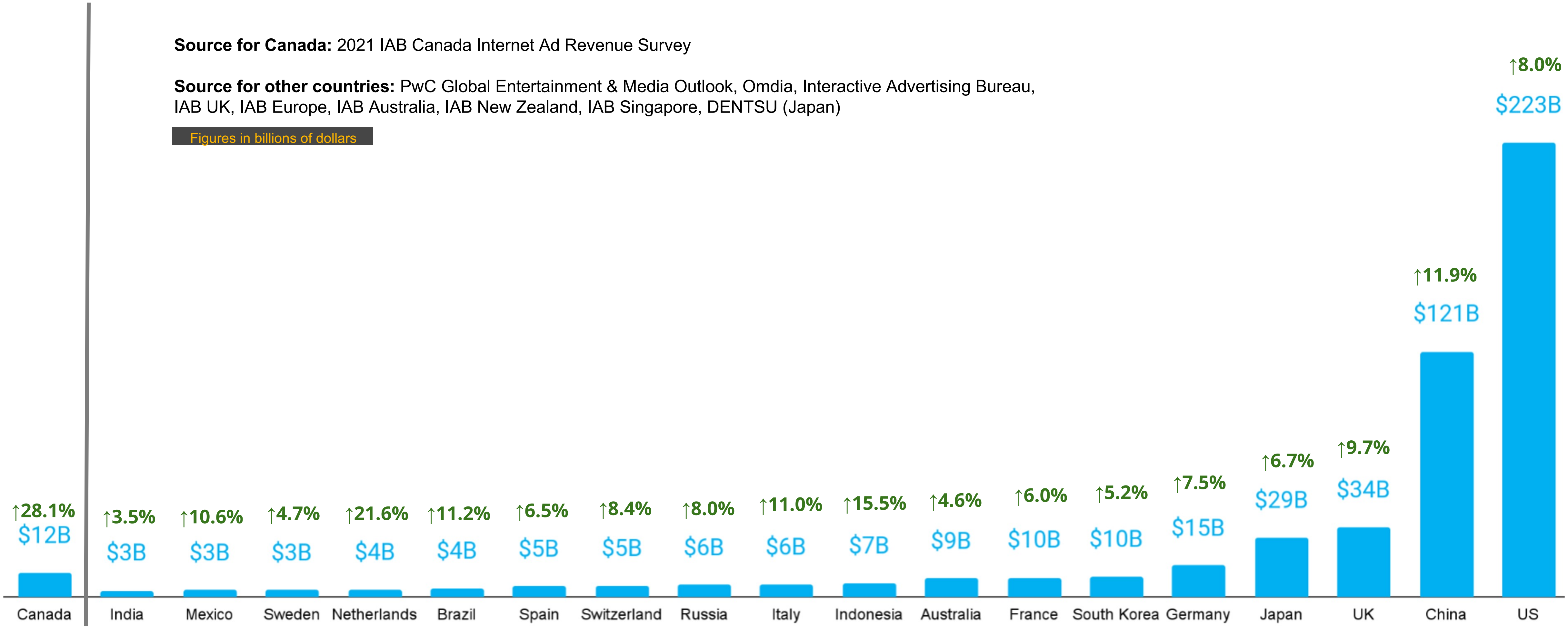
2021 Global Internet Advertising

Canada vs other territories

Source for Canada: 2021 IAB Canada Internet Ad Revenue Survey

Source for other countries: PwC Global Entertainment & Media Outlook, Omdia, Interactive Advertising Bureau, IAB UK, IAB Europe, IAB Australia, IAB New Zealand, IAB Singapore, DENTSU (Japan)

Figures in billions of dollars

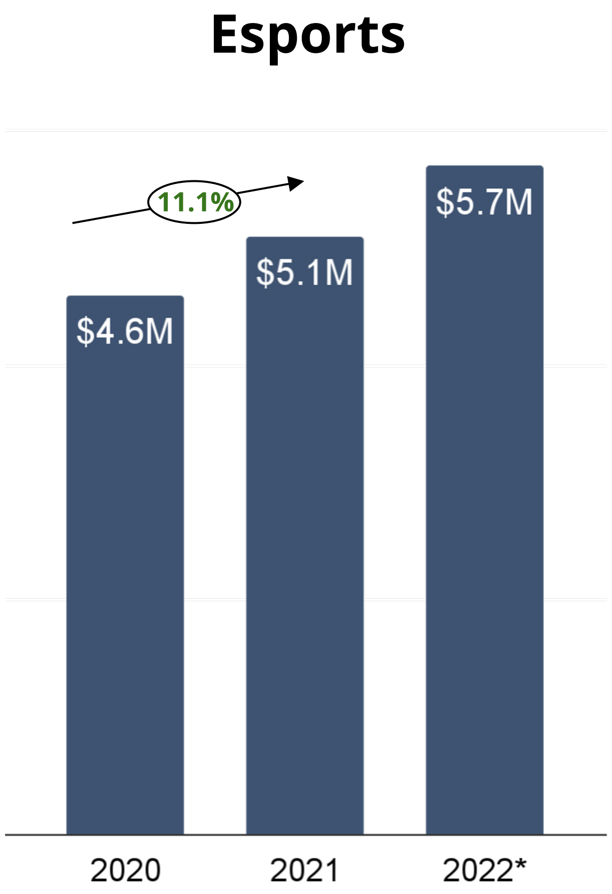


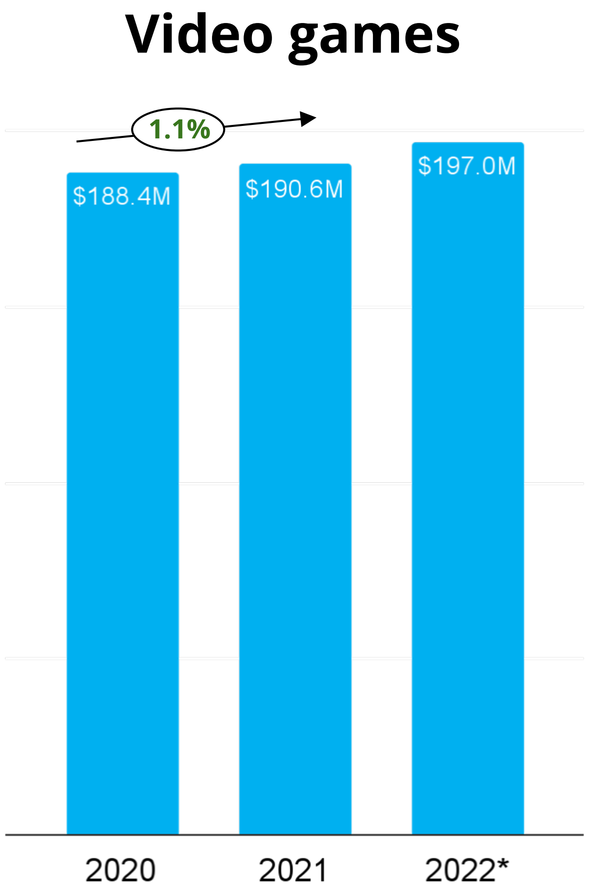
4

E-Sports and Video Games

E-sports and Video Games Advertising in Canada

From PwC Global Entertainment & Media Outlook





*2022 figures are projections
Sources: PwC, Omdia

Figures in millions of dollars

5

Conclusion

Conclusions

01

Internet Advertising Revenue in Canada recorded a growth of 28.1% in 2021 compared to 11.1% in 2020, with a recovery following a slower-than-anticipated growth in 2020.

02

The digital advertising sector continued expanding in segments such as search, social media, video, display, audio and DOOH, and a new arrival of retail media being factored into this year's estimate.

03

Advanced TV made up almost half of the Video category, with significant growth in Connected TV revenue through YouTube.

04

Branded content experienced an increase of 61.4%, driving the increase within the Display category.

6

Scope & Methodology

Scope and methodology

Background

The results of IAB Canada's Annual Canadian Internet Advertising Revenue Surveys are based on data, which 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 engaged PricewaterhouseCoopers LLP (PwC) to perform procedures related to the data compilation described further below. Individual respondent submissions are held in strict confidence by PwC, and released to IAB Canada in aggregate form only. PwC is charged with analyzing revenue data submitted by each respondent and alerting IAB Canada of any financial inconsistencies or other relevant observations within each completed survey, based on trend analysis against the respondent's previous surveys and other factors. IAB Canada never has access to individual respondent revenue data in this process. When any noted inconsistencies are rectified, by normalizing affected data, PwC provides the summarized data to IAB Canada to prepare the survey report. For areas requiring estimates, those were built based on the publicly available information, market research and input from the IAB members and committee.

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

Scope and methodology

Survey scope & methodology

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

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

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

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

Scope and methodology

Survey methodology

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

- Compile a database of potential revenue earners to survey annually, in relation to Online and Mobile advertising revenues as well as Other Connected devices, in both the Total and French Canada markets;
- Conduct an annual quantitative Survey with the above industry players;
- Request and compile several specific data items from digital media vendors;
- Acquire supplemental data with publicly-disclosed information;
- Annual Internet Revenues are requested to be broken down by Advertising Vehicle (i.e. Display, Search, Video, etc.) along with a percentage breakdown for each Vehicle based on English and French Canada. The survey asks for a break down by programmatic transaction-types, along with separate annual Mobile Revenues, by Advertising Vehicle.
- Percentage breakdown of Annual Revenues is also requested across twelve different Advertiser product/service categories that sum back to 100% of the Net Revenue reported by respondents answering this question; examples include Automotive, Financial, Technology, etc.
- Review each actual respondent return for internal as well as inter-survey year inconsistencies and normalize affected data to remedy discrepancies.
- Find 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; and
- Report the aggregate findings of the Survey, and report key trends within the Survey responses.

Information with regards to Advertising activity by industry is presented based on data provided by Standard Media Index, which aggregates information reported by a set of advertising agencies in Canada.

Scope and methodology

Confidentiality procedure

All the information submitted by respondents within IAB Canada’s annual Canadian Internet Advertising Revenue Surveys is completely confidential, is presented at the aggregated level and not used for any other purposes that this report.

IAB Canada’s role:

- Identify supply-side industry participants who sell Internet advertising;
- Together with PwC develop survey questionnaires;
- Review data aggregated by PwC for any major anomalies and unusual trends; and
- Report on the results of the Survey, as reported in aggregate by PwC.

IAB Canada maintains full ownership and responsibility for the report and presented information.

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About IAB Canada

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 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 help the industry in attracting, training and motivating human resources;
- Act as an advocate for the Canadian digital/interactive advertising industry to the Canadian government; and,
- Organize networking events that enhance communication between members.

IAB Canada & IAB Worldwide

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Thank you