2022 IAB Canada Internet Ad Revenue Survey

June 2023

2022 IAB Canada Internet Ad Revenue Survey

Despite continued momentum from the 2021 post-pandemic recovery, 2022 represents a corrective year for the digital advertising sector. The industry grew by 15% to $14.2B bringing it in line with previous year expectations.

Often described as a year of uncertainty, advertisers continued to leverage digital media for its flexibility and effectiveness. The greatest volume of expenditure was seen across performance platform like search ($6.7B) and social media ($3.5B). As anticipated, video saw the highest rate of growth at 44% YoY bringing it to $1.7B. Other key factors contributing to the growth of digital advertising revenue in Canada was the growth other channels like audio and digital-out-of-home, and retail media.

Given the rapid acceleration of the media landscape, we once again made slight updates to our reporting format to more accurately assess the market. Changes in this year's reporting include:

- A continued 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 both in expenditure and now as a representation of share of devices.

2022 IAB Canada Internet Ad Revenue Survey

The digital advertising industry experienced a year that could best be described as unpredictable. A strong start in the first quarter showed recovery momentum from the Covid-19 pandemic. Emerging categories like CTV, Audio and Retail Media showed strong growth and innovation, while other channels performed as expected.

By Q2 of 2022, IAB Canada members were reporting slowed growth expectations and the industry at large adjusted investment strategies in the face of market uncertainty. Budget shifts towards the more tightly controlled performance media channels like search and social are evident in our reporting.

As in prior years, category reporting in our survey reflects the national advertiser expenditure via media agency reporting and does not fully capture the long tail of online advertising which has been adopted as the most important channel for small to medium sized businesses across Canada and accounts for upwards forty percent of media investment in the country.

Our industry faces several headwinds in the coming months. All stakeholders must turn their attention to compliance with increased regulations and invest in addressability strategies as the 2024 cookie deprecation deadline draws nearer. We also continue to monitor market instability caused by several factors including the elevated Consumer Price Index, continued supply chain issues and the war in Ukraine. Attracting and maintaining customer attention is becoming more challenging and loyalty is not guaranteed in a volatile economy.

The good news is that these factors are positive indicators for digital advertising. Always-on strategies to keep customers' attention coupled with assertive challenger brand activity bodes well for media. Moreover, advertisers are shifting their demand towards higher value inventory that meets several new areas of a focus including privacy preserving, environmentally acceptable and attention-driving. Digital media is by nature innovative, adaptive, and ready to deliver. For these reasons, we remain optimistic for the year ahead.

Sonia Carreno
President, IAB Canada

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- Objectives
- Data sources
- Revenue presentation
- 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.

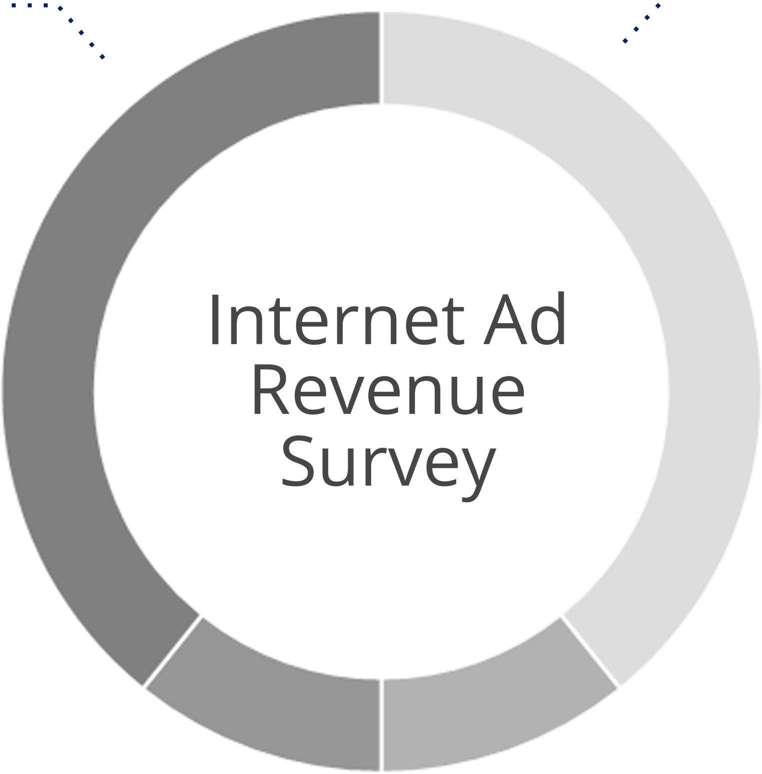
03

Additional information

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

Methodology

Data sources



Internet Ad Revenue Survey

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:

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

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
  - Includes Advanced TV and CTV
- 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 15% in 2022 compared to 28.1% in 2021, representing an industry that is back on track after a recovery in 2021.

02 Revenue is concentrated in performance channels like search and social media as marketers continue to navigate through an uncertain economy.

03 Video grew by 44% and CTV represented 38% of total video revenue.

04 Emerging channels like Audio and Digital Out of Home both saw 29% growth in 2022.

Results

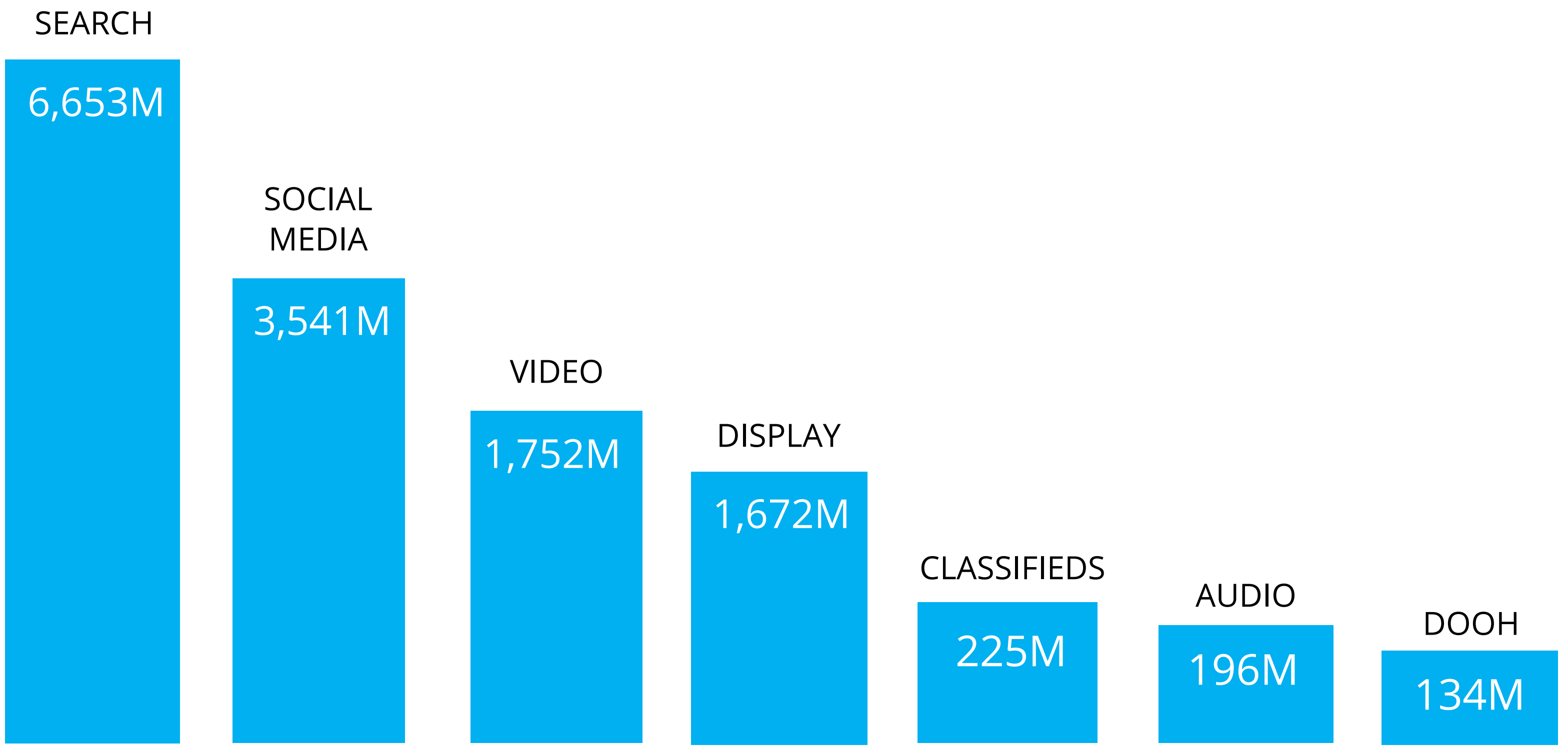
2022 Results

Internet advertising revenue in 2022 reached almost $14.2 billion Canadian Dollars

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY



Percentage of total:	46.9%	25.0%	12.4%	11.8%	1.6%	1.4%	0.9%
Variance 2022 vs. 2021:	**↑16.8%**	**↑10.0%**	**↑44.1%**	**↑0.4%**	**↓-16.8%**	**↑28.6%**	**↑28.9%**

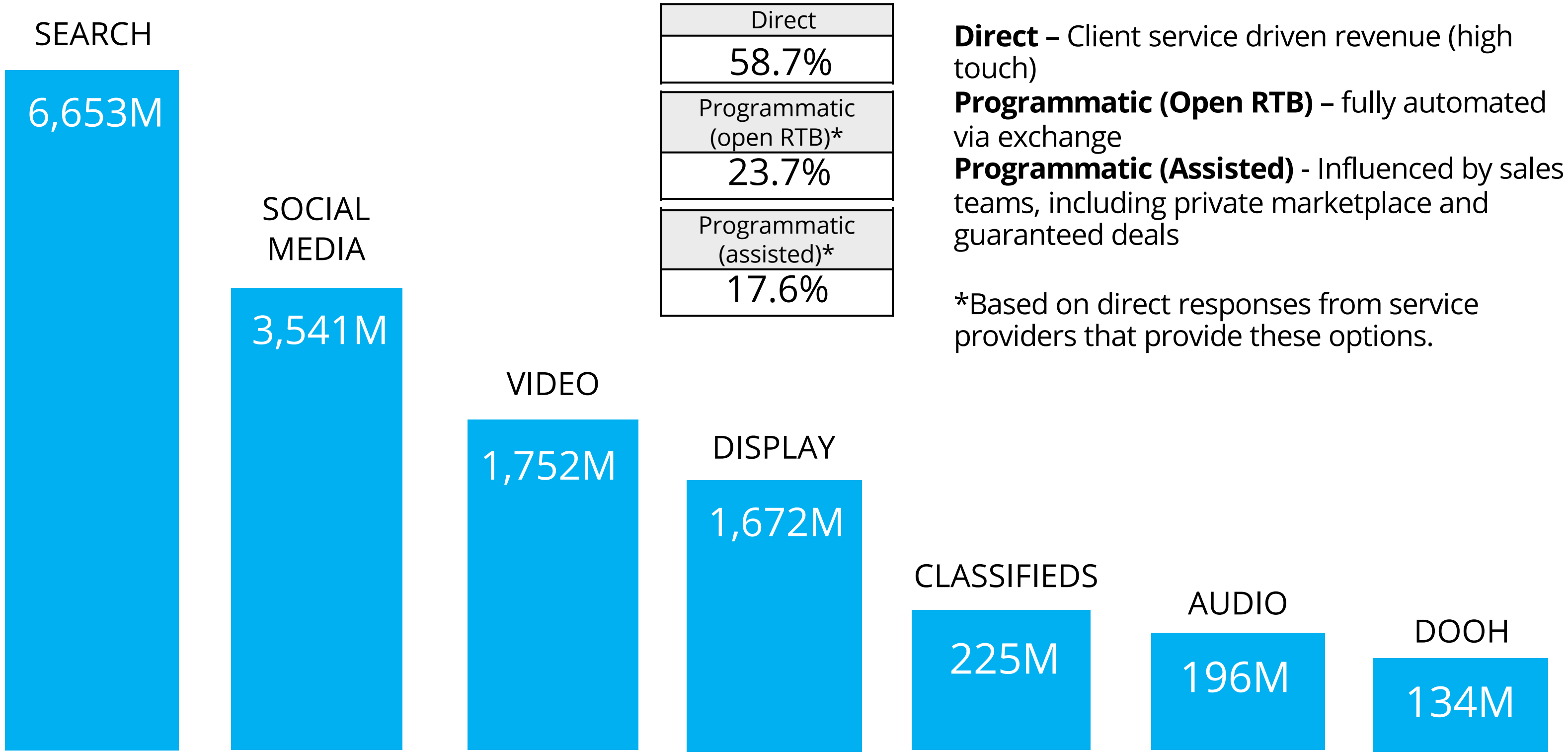
2022 Results

Programmatic Overall

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY



Direct	58.7%
Programmatic (open RTB)*	23.7%
Programmatic (assisted)*	17.6%

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.

	SEARCH	SOCIAL MEDIA	VIDEO	DISPLAY	CLASSIFIEDS	AUDIO	DOOH
Percentage of total:	46.9%	25.0%	12.4%	11.8%	1.6%	1.4%	0.9%
Variance 2022 vs. 2021:	↑16.8%	↑10.0%	↑44.1%	↑0.4%	↓-16.8%	↑28.6%	↑28.9%

2022 Results

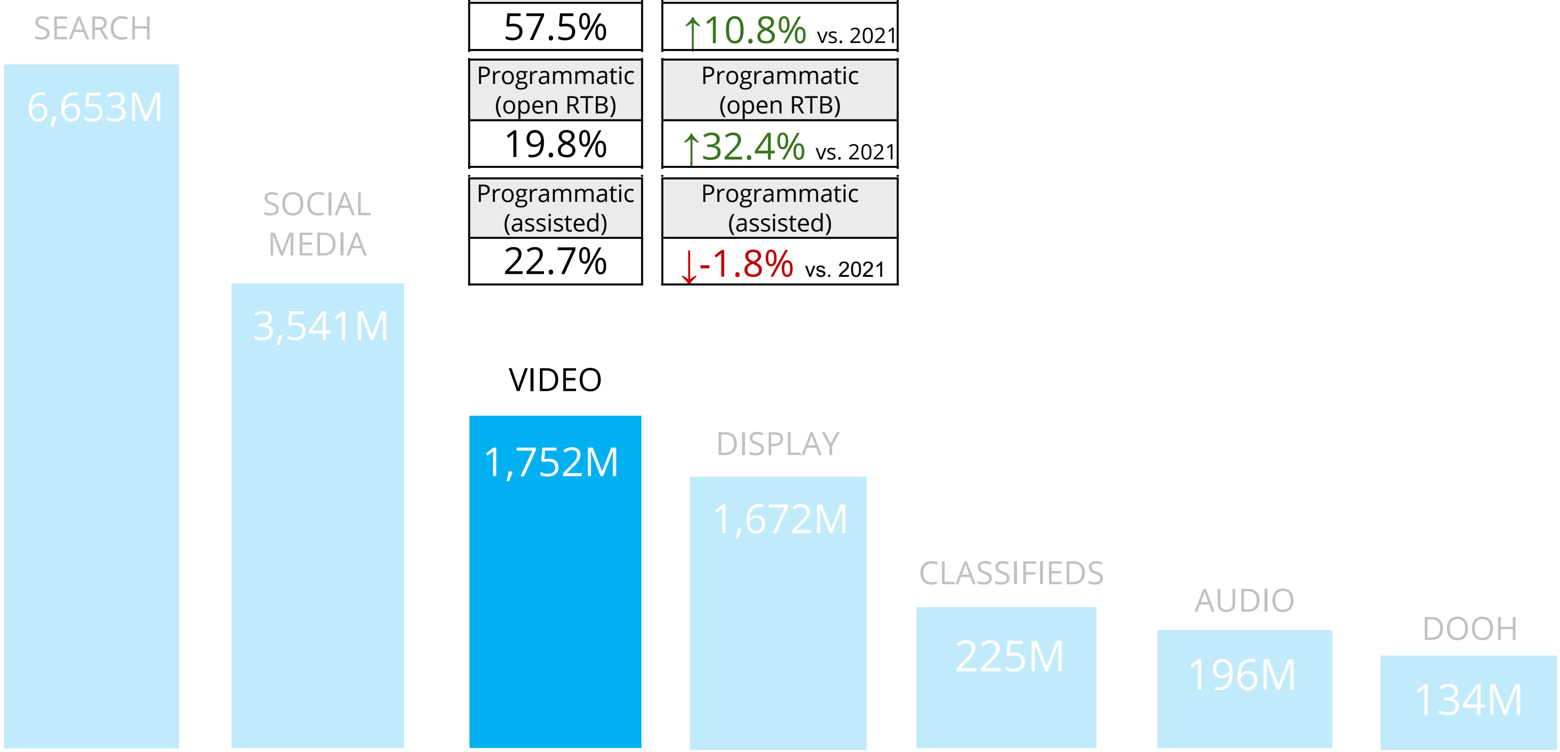
Programmatic by Video

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY

Direct	Direct
57.5%	↑10.8% vs. 2021
Programmatic (open RTB)	Programmatic (open RTB)
19.8%	↑32.4% vs. 2021
Programmatic (assisted)	Programmatic (assisted)
22.7%	↓-1.8% vs. 2021



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2022 Results

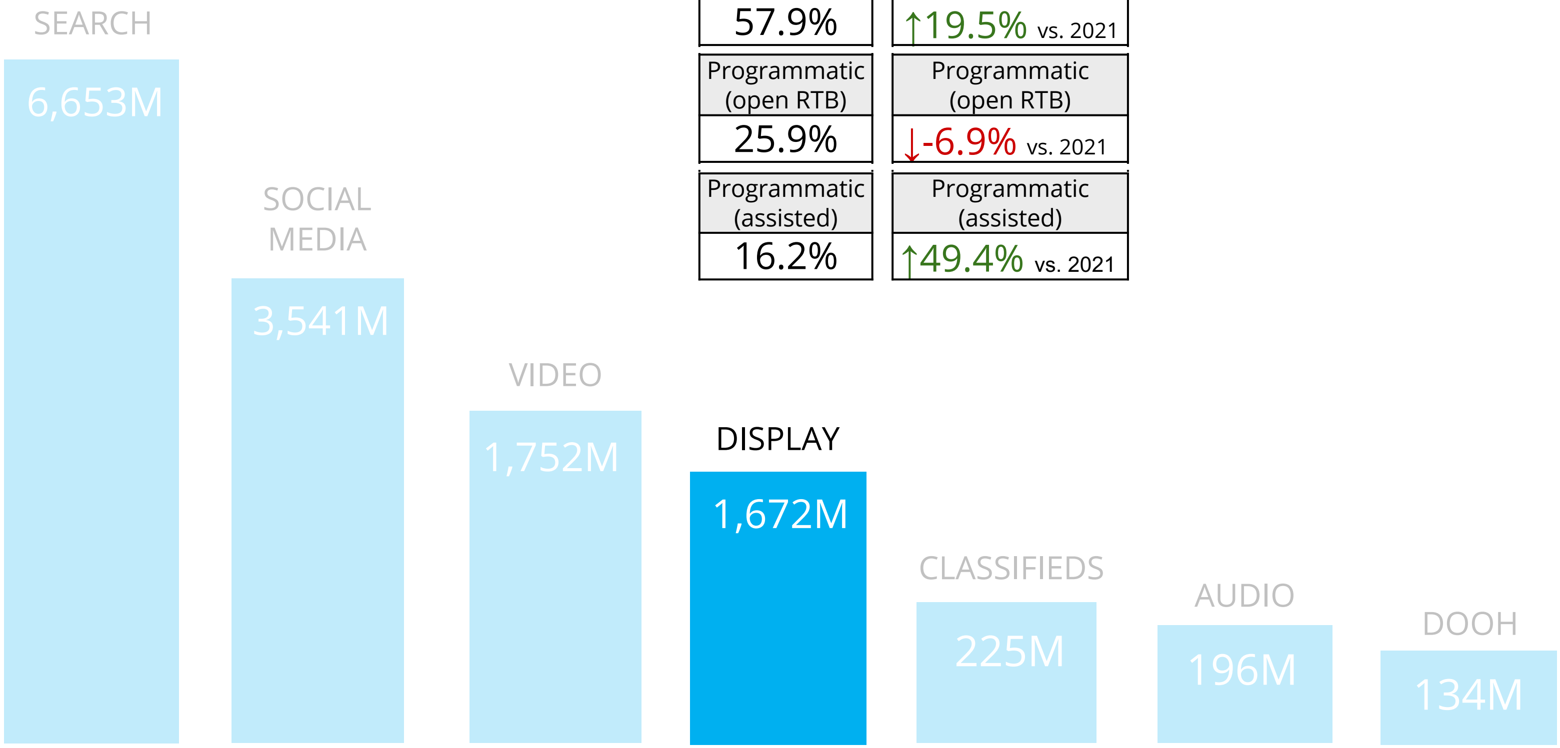
Programmatic by Display

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY

Direct	Direct
57.9%	↑19.5% vs. 2021
Programmatic (open RTB)	Programmatic (open RTB)
25.9%	↓-6.9% vs. 2021
Programmatic (assisted)	Programmatic (assisted)
16.2%	↑49.4% vs. 2021



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Variance 2022 vs. 2021:	↑16.8%	↑10.0%	↑44.1%	↑0.4%	↓-16.8%	↑28.6%	↑28.9%

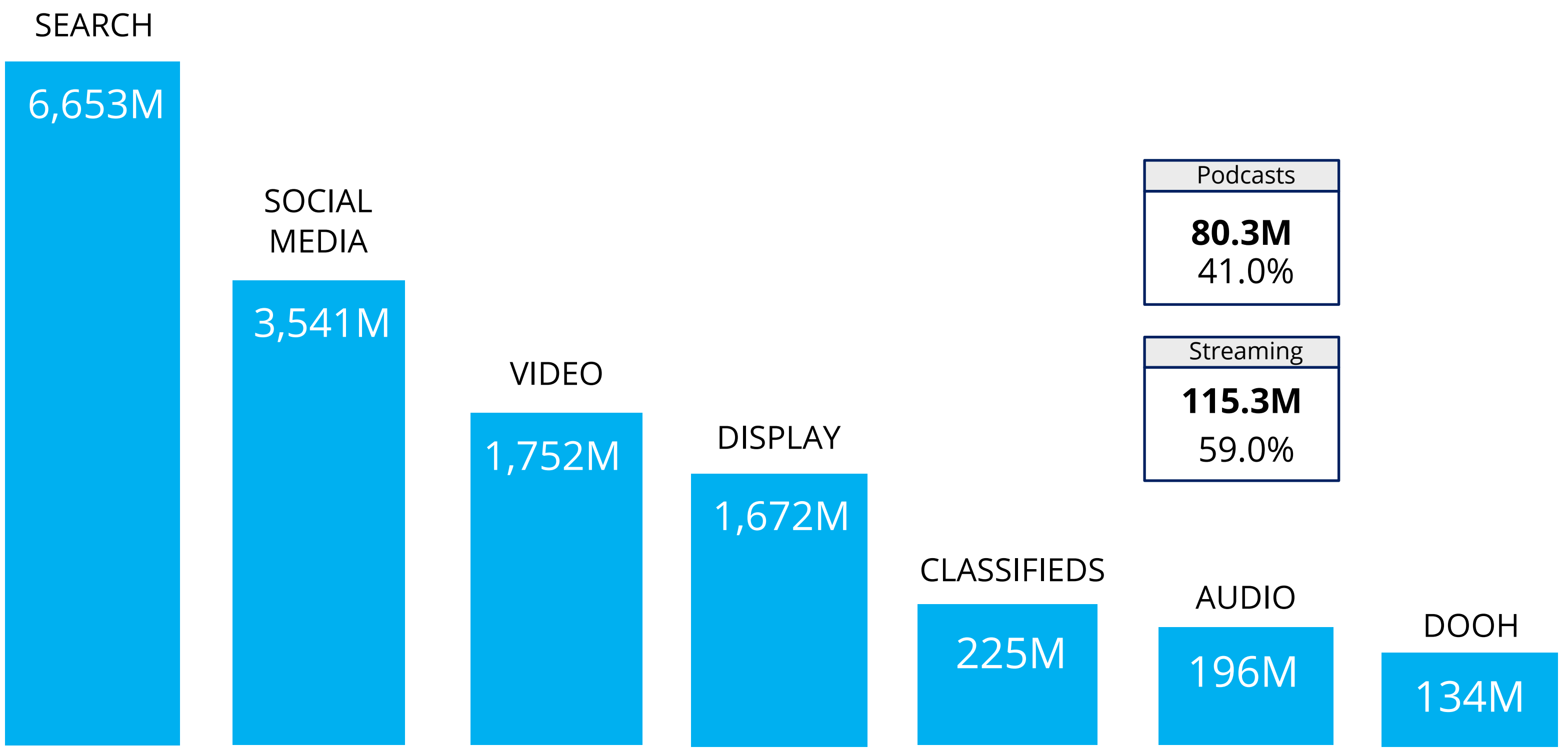
2022 Results

Audio increased by 28.6%

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY



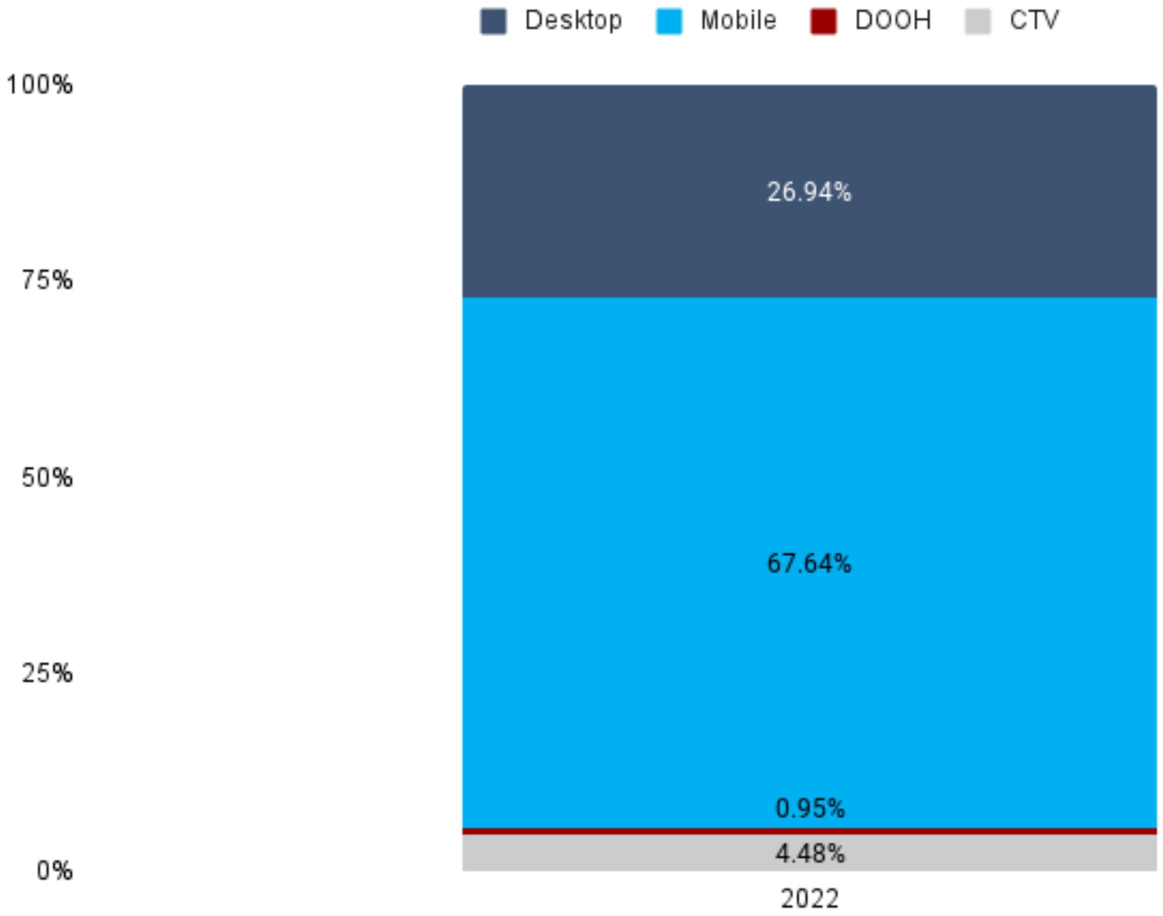
Podcasts
80.3M
41.0%

Streaming
115.3M
59.0%

	SEARCH	SOCIAL MEDIA	VIDEO	DISPLAY	CLASSIFIEDS	AUDIO	DOOH
Percentage of total:	46.9%	25.0%	12.4%	11.8%	1.6%	1.4%	0.9%
Variance 2022 vs. 2021:	↑**16.8%**	↑**10.0%**	↑**44.1%**	↑**0.4%**	↓**-16.8%**	↑**28.6%**	↑**28.9%**

Revenue Distribution by Device

Based on the direct response submissions and additional information from Comscore



Results

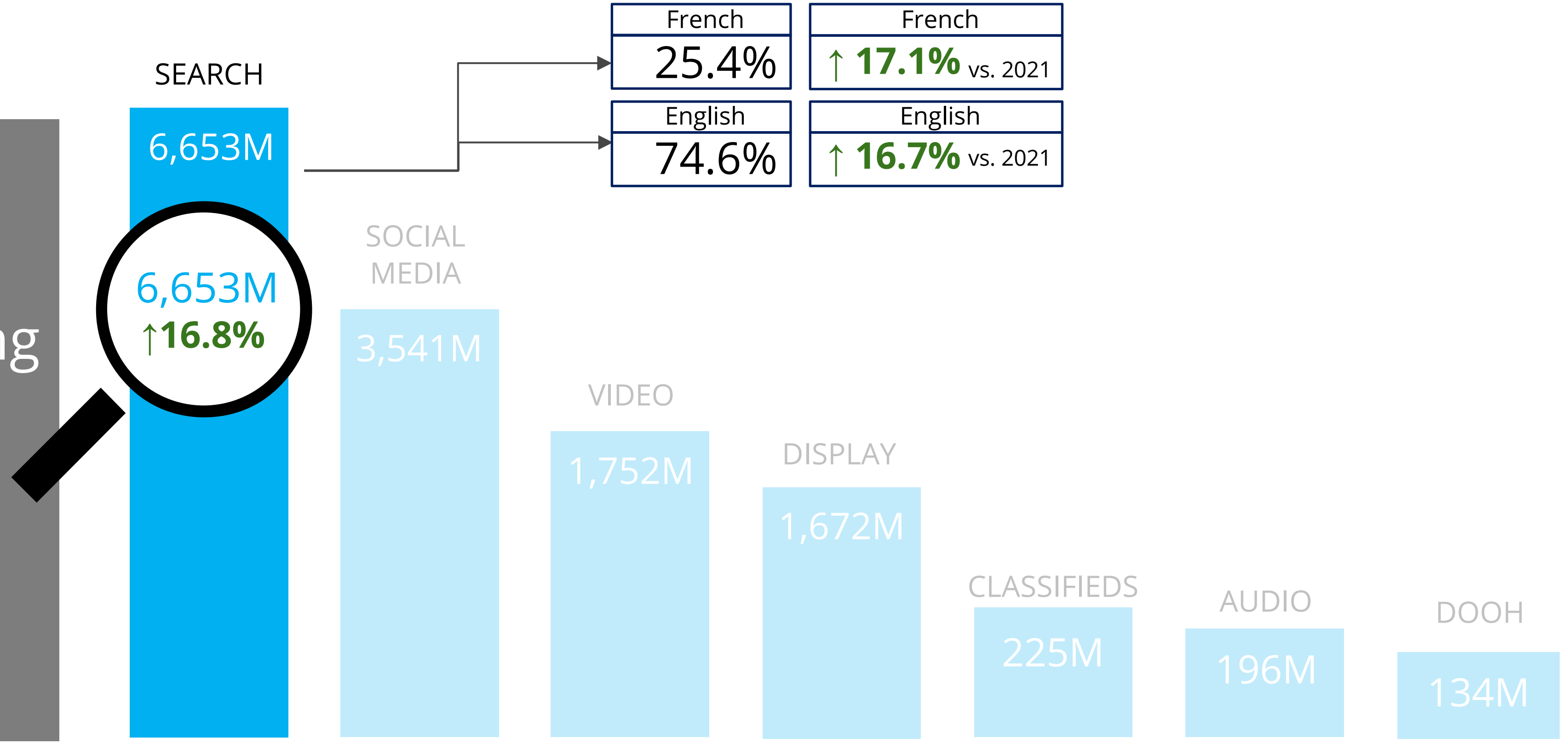
2022 Results

Search continues to generate the largest revenue, with a growth rate of 16.8%

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY



	Share	Change
French	25.4%	↑ **17.1%** vs. 2021
English	74.6%	↑ **16.7%** vs. 2021

	SEARCH	SOCIAL MEDIA	VIDEO	DISPLAY	CLASSIFIEDS	AUDIO	DOOH
Percentage of total:	46.9%	25.0%	12.4%	11.8%	1.6%	1.4%	0.9%
Variance 2022 vs. 2021:	↑**16.8%**	↑**10.0%**	↑**44.1%**	↑**0.4%**	↓**-16.8%**	↑**28.6%**	↑**28.9%**

Results

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

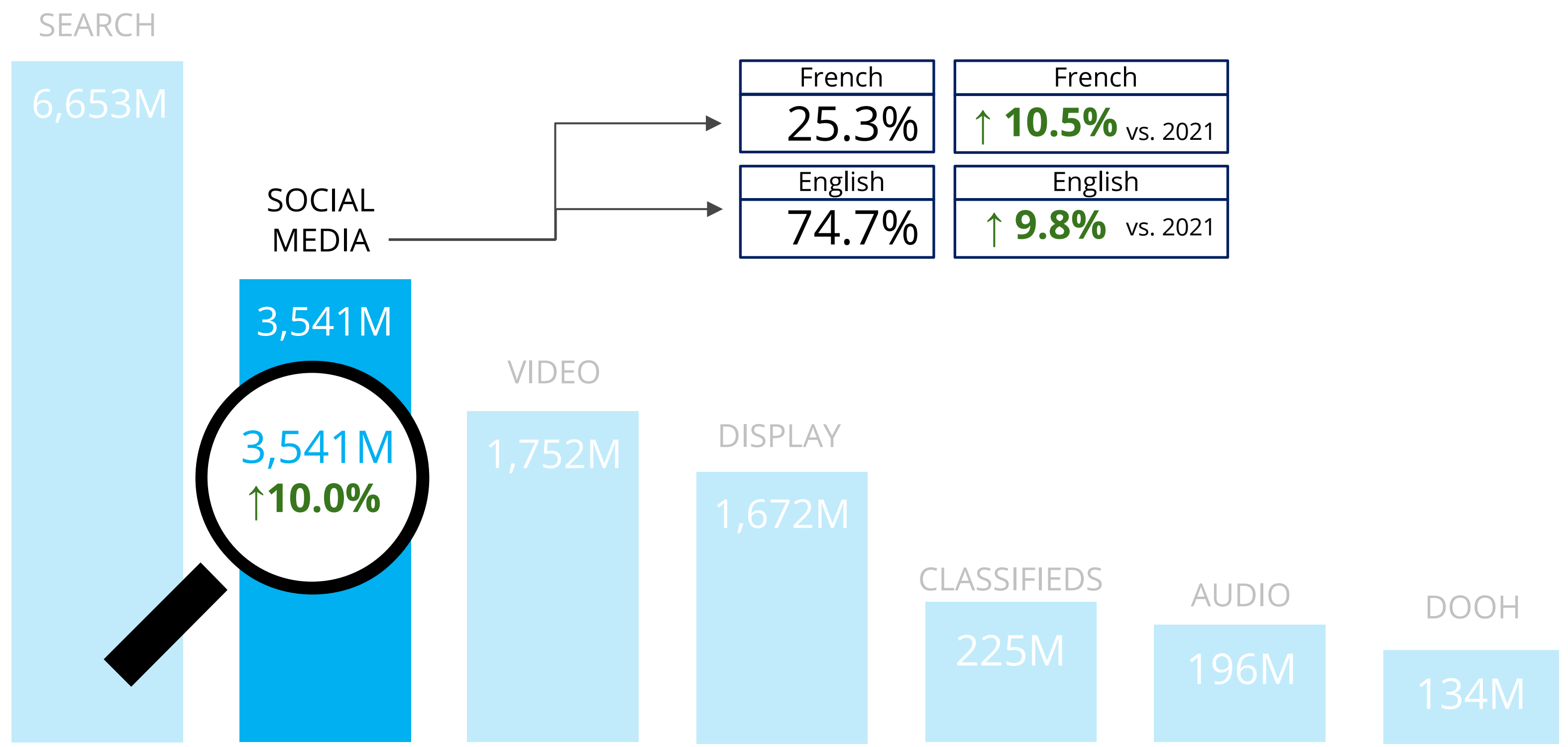
2022 Results

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

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY



Percentage of total:	46.9%	25.0%	12.4%	11.8%	1.6%	1.4%	0.9%
Variance 2022 vs. 2021:	↑16.8%	↑10.0%	↑44.1%	↑0.4%	↓-16.8%	↑28.6%	↑28.9%

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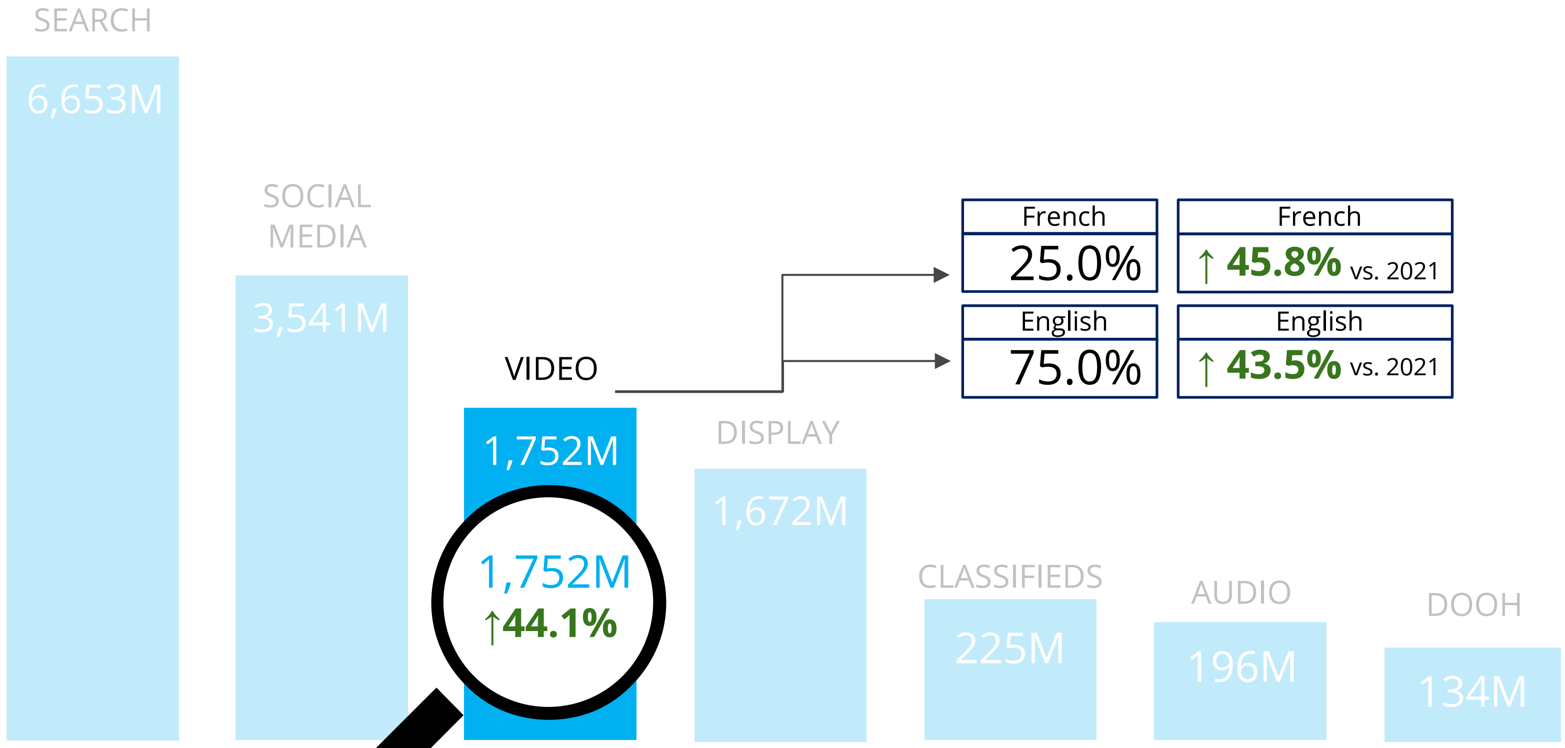
2022 Results

Video experienced a growth rate of 44.1%

$14,172M

Total internet advertising revenue

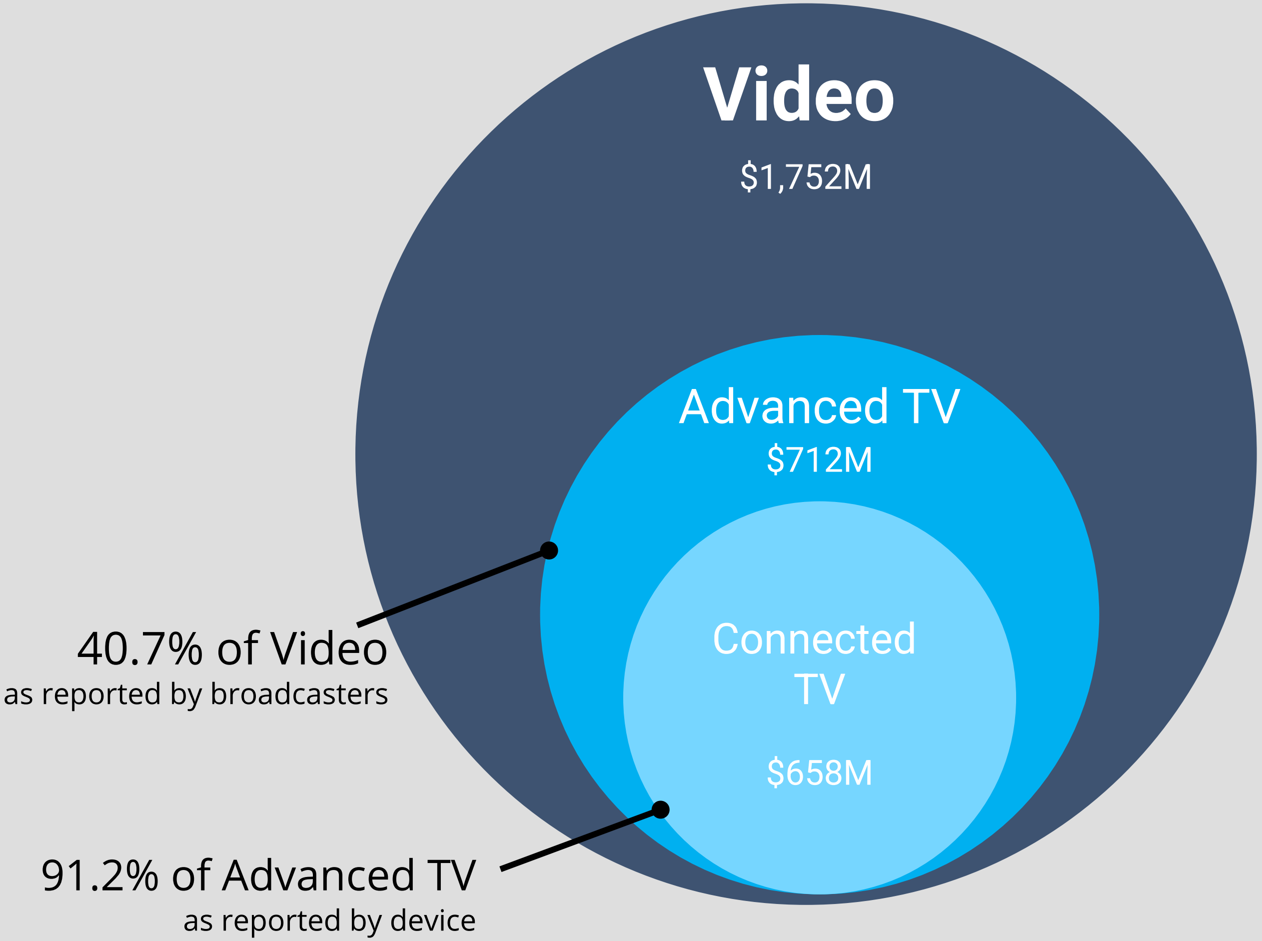
Increase of 15.0% YoY



French	25.0%	French ↑ **45.8%** vs. 2021
English	75.0%	English ↑ **43.5%** vs. 2021

Percentage of total:	46.9%	25.0%	12.4%	11.8%	1.6%	1.4%	0.9%
Variance 2022 vs. 2021:	↑**16.8%**	↑**10.0%**	↑**44.1%**	↑**0.4%**	↓**-16.8%**	↑**28.6%**	↑**28.9%**

> Advanced TV made up almost half of the Video category, which largely consists of Connected TV as reported by device.



40.7% of Video
as reported by broadcasters

91.2% of Advanced TV
as reported by device

Results

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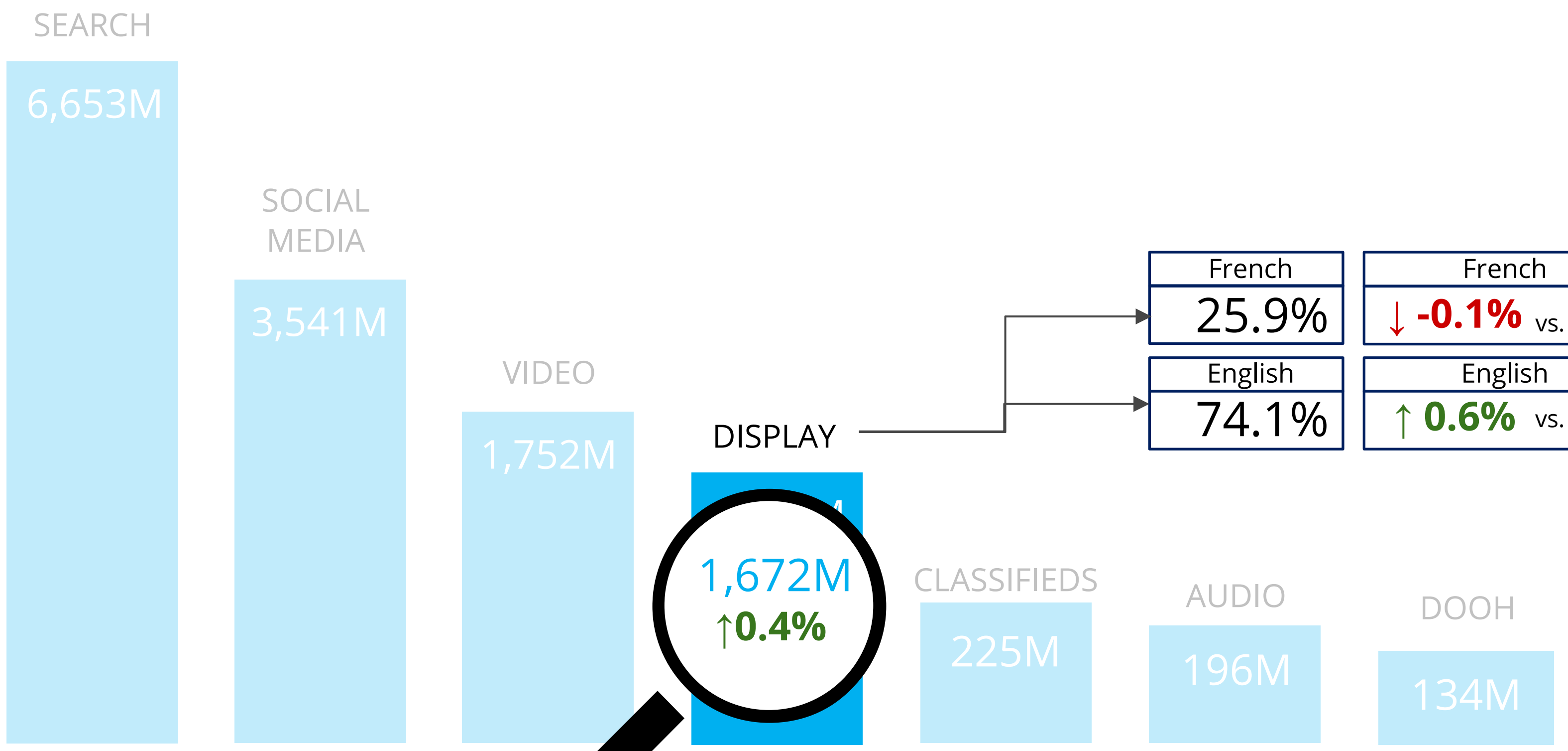
2022 Results

Display had a year-over-year increase of 0.4% exclusive of the increase in Video

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY



French	French
25.9%	↓ **-0.1%** vs. 2021
English	English
74.1%	↑ **0.6%** vs. 2021

Percentage of total:	46.9%	25.0%	12.4%	11.8%	1.6%	1.4%	0.9%
Variance 2022 vs. 2021:	↑16.8%	↑10.0%	↑44.1%	↑0.4%	↓-16.8%	↑28.6%	↑28.9%

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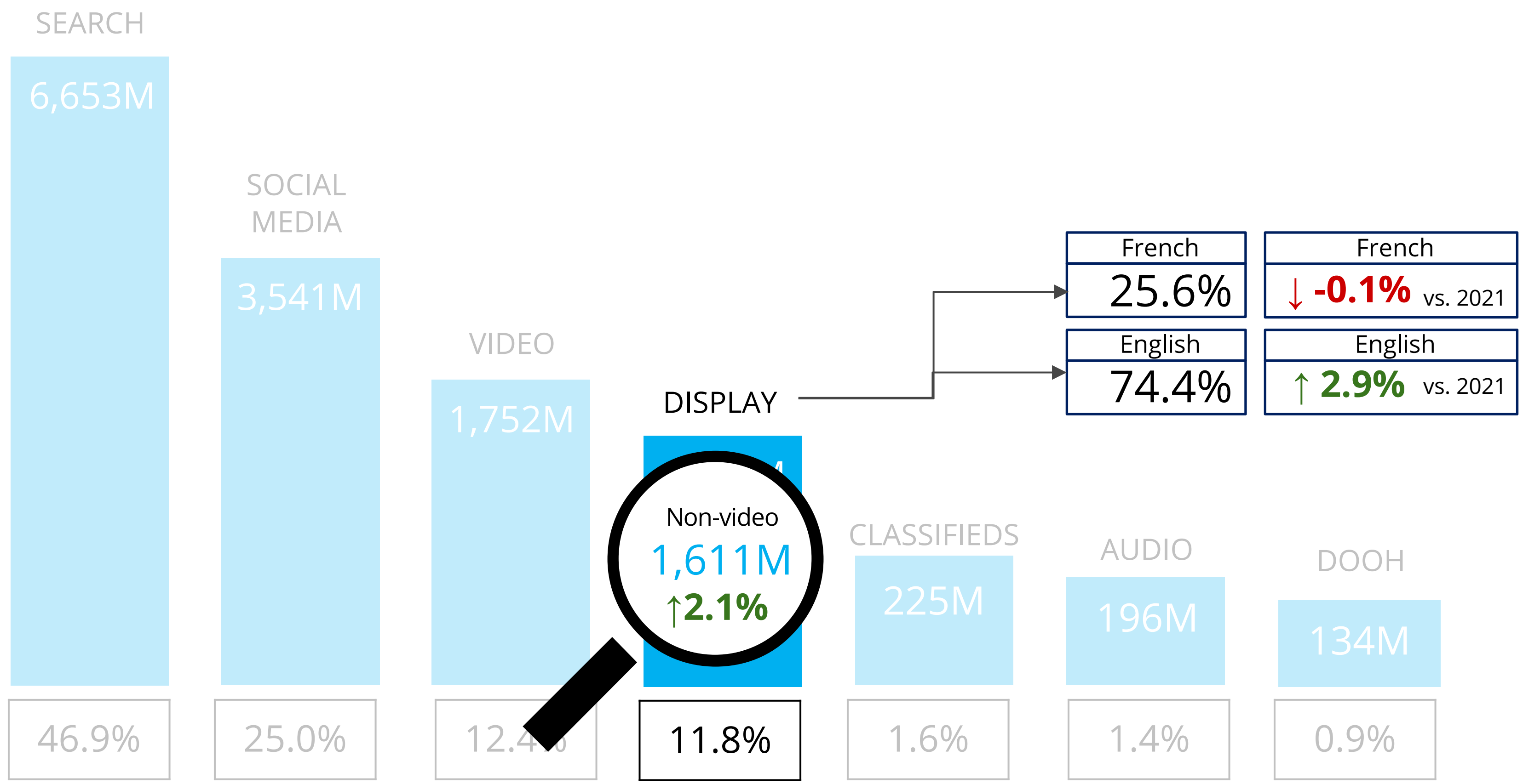
2022 Results

Non-video display had a year-over-year increase of 2.1%

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY



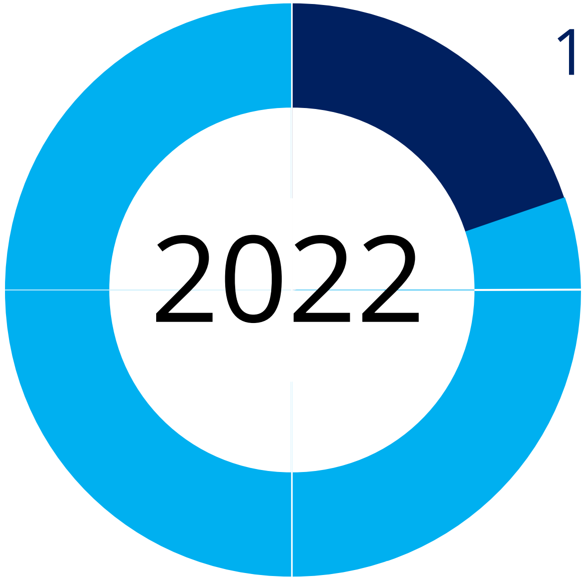
	SEARCH	SOCIAL MEDIA	VIDEO	DISPLAY	CLASSIFIEDS	AUDIO	DOOH
Percentage of total:	46.9%	25.0%	12.4%	11.8%	1.6%	1.4%	0.9%
Variance 2022 vs. 2021:	↑16.8%	↑10.0%	↑44.1%	↑0.4%	↓-16.8%	↑28.6%	↑28.9%

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.

18.8% ⬇ -14.6% vs. 2021

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

81.2% ⬆ 4.1% vs. 2021

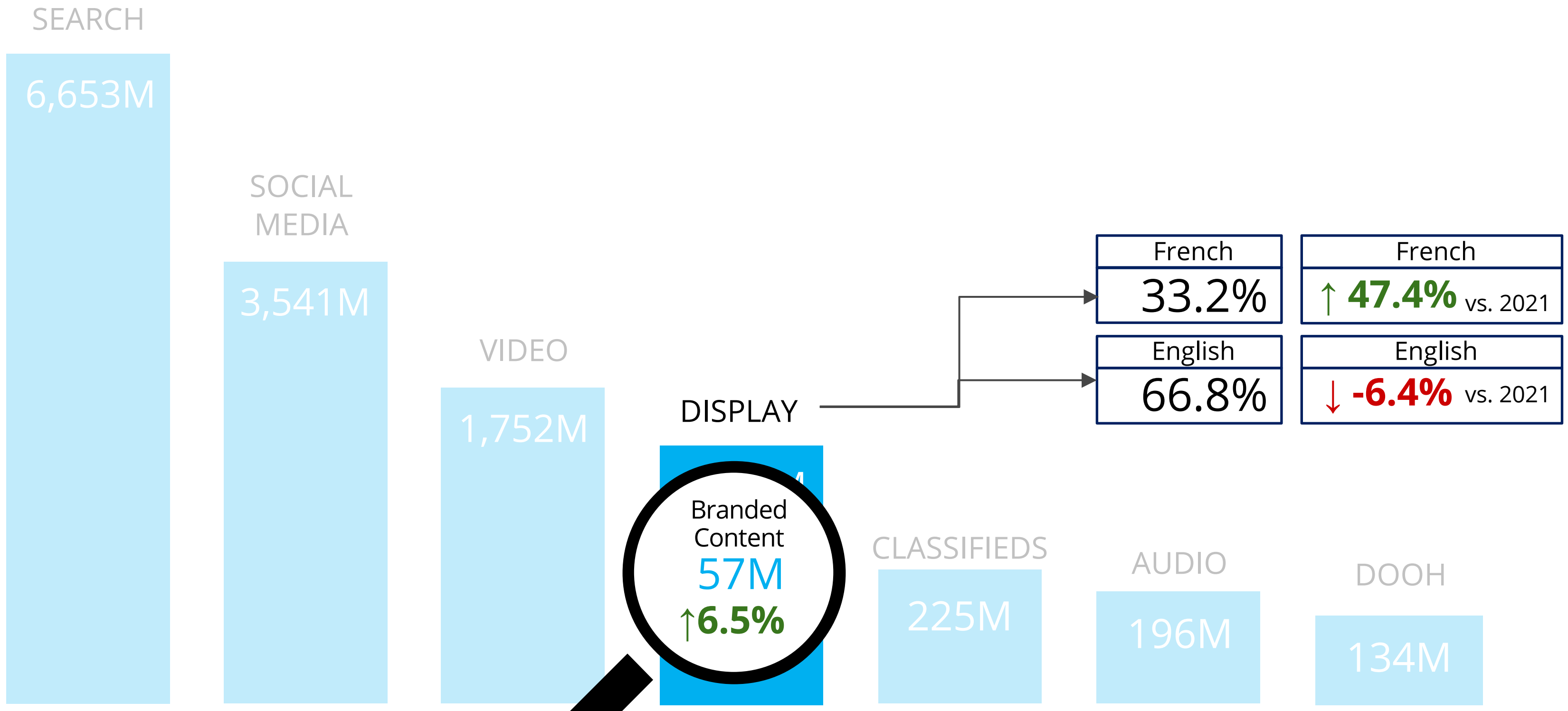
2022 Results

Branded content had a year-over-year increase of 6.5%

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY



Percentage of total:	46.9%	25.0%	12.4%	11.8%	1.6%	1.4%	0.9%
Variance 2022 vs. 2021:	↑16.8%	↑10.0%	↑44.1%	↑0.4%	↓-16.8%	↑28.6%	↑28.9%

Results

2022 Results

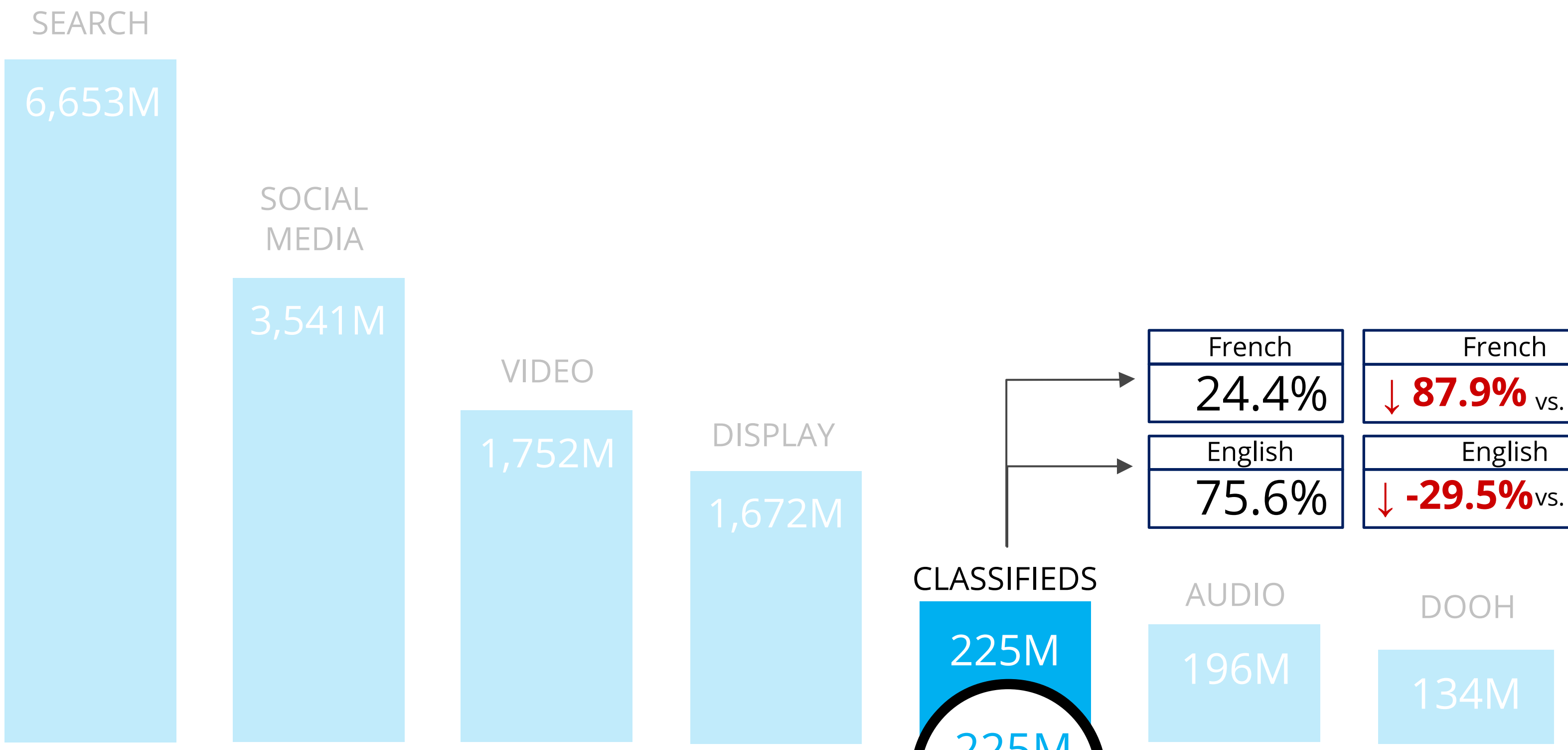
iab.canada

Classifieds declined by almost 17%

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY



French	French
24.4%	↓ **87.9%** vs. 2021
English	**English**
75.6%	↓ **-29.5%** vs. 2021

	SEARCH	SOCIAL MEDIA	VIDEO	DISPLAY	CLASSIFIEDS	AUDIO	DOOH
Percentage of total:	46.9%	25.0%	12.4%	11.8%	225M ↓-16.8%	1.4%	0.9%
Variance 2022 vs. 2021:	↑16.8%	↑10.0%	↑44.1%	↑0.4%	↓-16.8%	↑28.6%	↑28.9%

2022 IAB Canada Internet Ad Revenue Survey - June 2023

Results

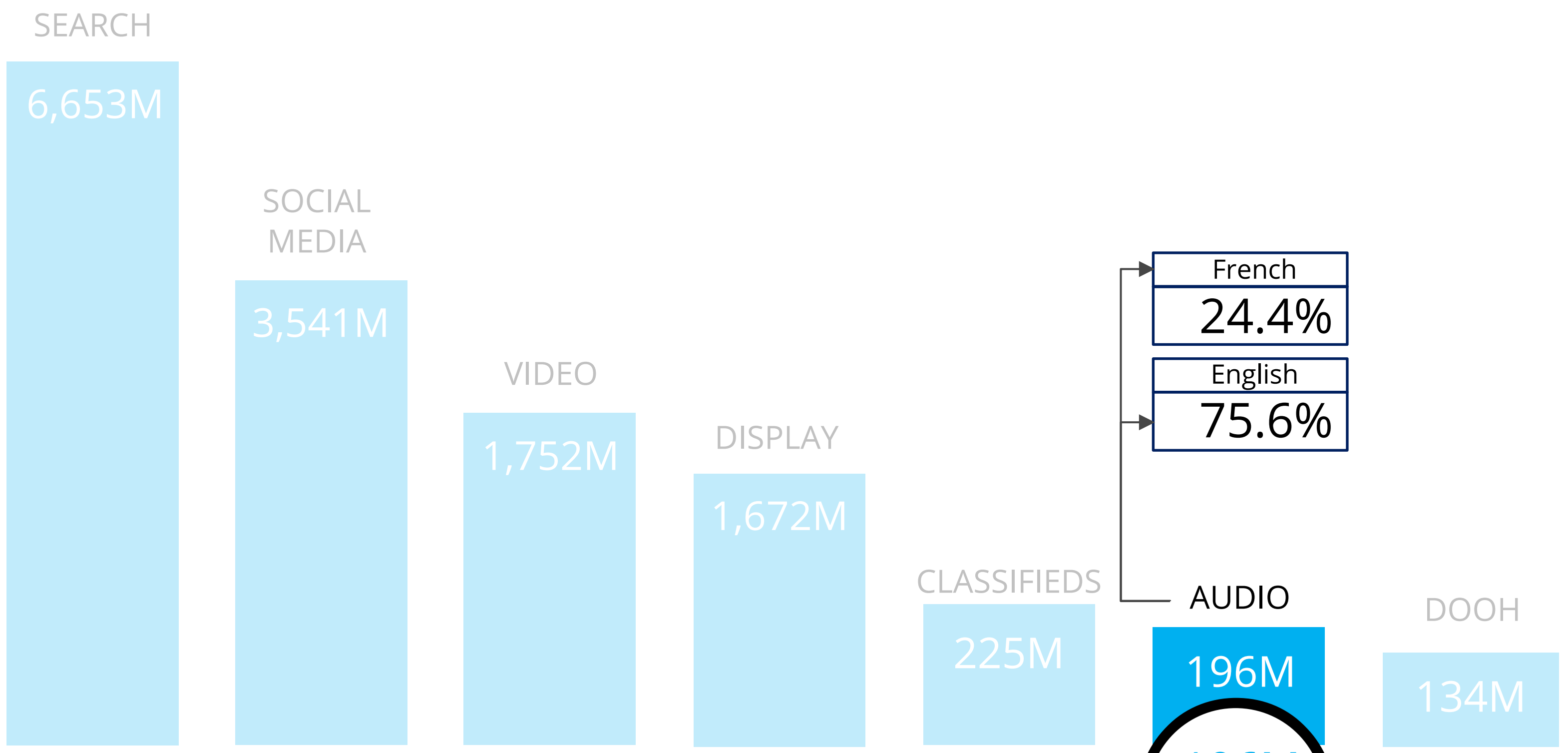
2022 Results

Digital audio had a year-over-year increase of 28.6% compared to 59.0% in prior year

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY



	SEARCH	SOCIAL MEDIA	VIDEO	DISPLAY	CLASSIFIEDS	AUDIO	DOOH
Percentage of total:	46.9%	25.0%	12.4%	11.8%	1.6%		0.9%
Variance 2022 vs. 2021:	↑16.8%	↑10.0%	↑44.1%	↑0.4%	↓-16.8%	↑28.6%	↑28.9%

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2022 Results

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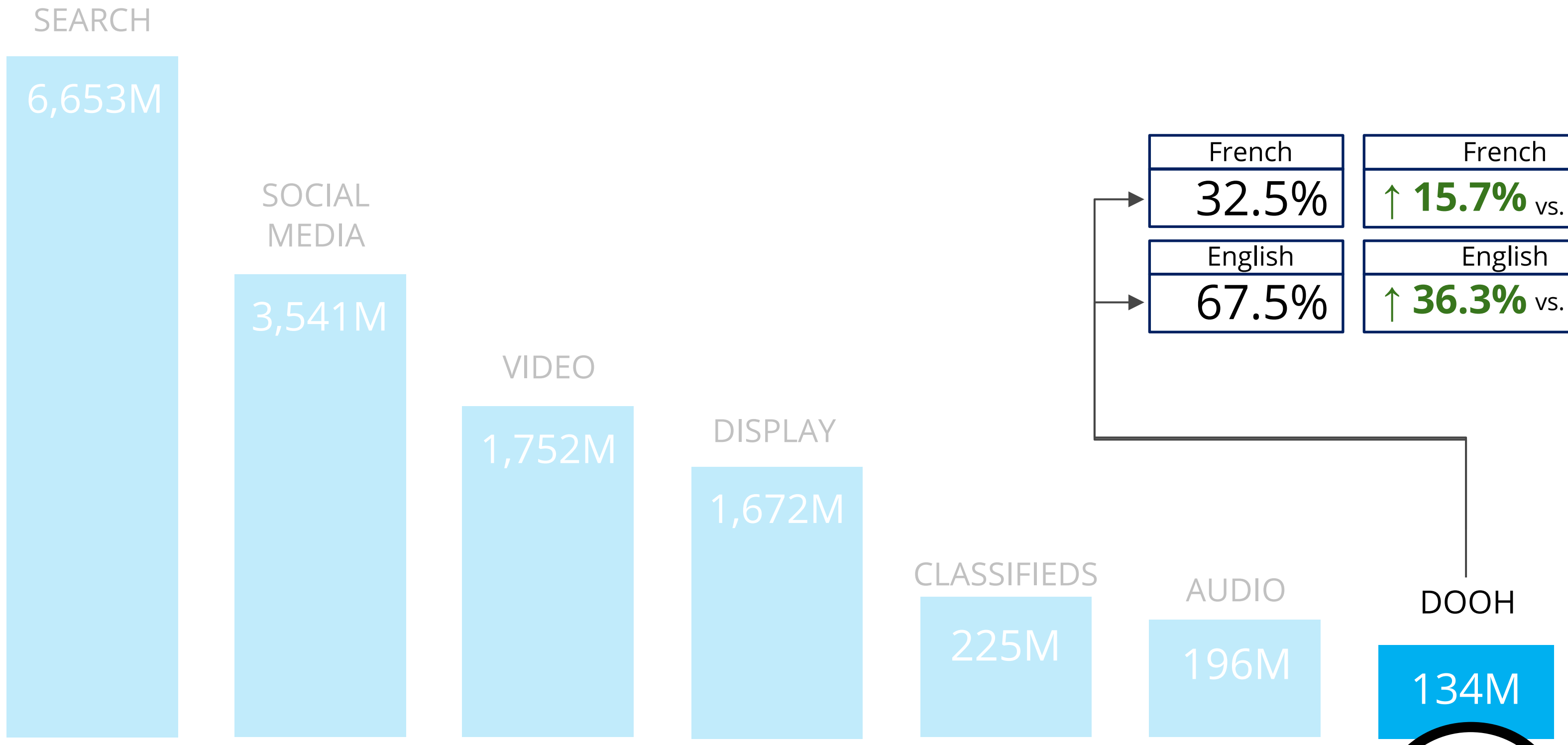
Digital OOH had a year-over-year increase of 28.9%

$14,172M

Total internet advertising revenue

Increase of 15.0% YoY



	SEARCH	SOCIAL MEDIA	VIDEO	DISPLAY	CLASSIFIEDS	AUDIO	DOOH
Percentage of total:	46.9%	25.0%	12.4%	11.8%	1.6%	1.4%	[illegible]
Variance 2022 vs. 2021:	↑16.8%	↑10.0%	↑44.1%	↑0.4%	↓-16.8%	↑28.6%	[illegible]

134M
↑ 28.9%

French 32.5%	French ↑ 15.7% vs. 2021
English 67.5%	English ↑ 36.3% vs. 2021

Results

- Media overview
- Search
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Retail Media

Retail Media grew by 26% to $982M and represented notable portions of Search, Display and Video revenue. IAB Canada expects further growth within this category.

SEARCH

$6,653M

Retail Media:
$687M

10.3%

DISPLAY

$1,672M

Retail Media:
$216M

12.9%

VIDEO

$1,752M

Retail Media:
$79M

4.5%

*IAB Canada expects categories to expand in coming years as Retail Media Networks build out inventory supply in areas like audio and DOOH.

Results

- Media overview
- Search
- Social media
- Video
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- Audio
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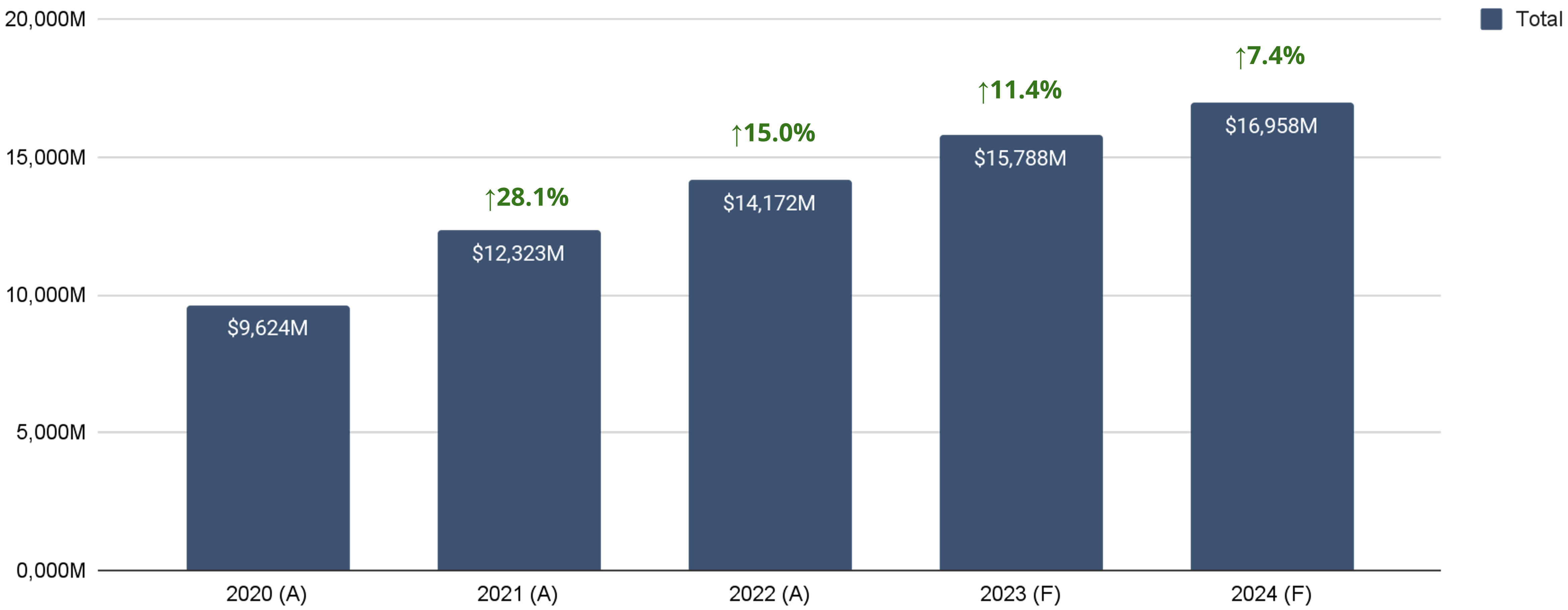
- Retail Media
- Forecasts

2023 & 2024 Forecasts

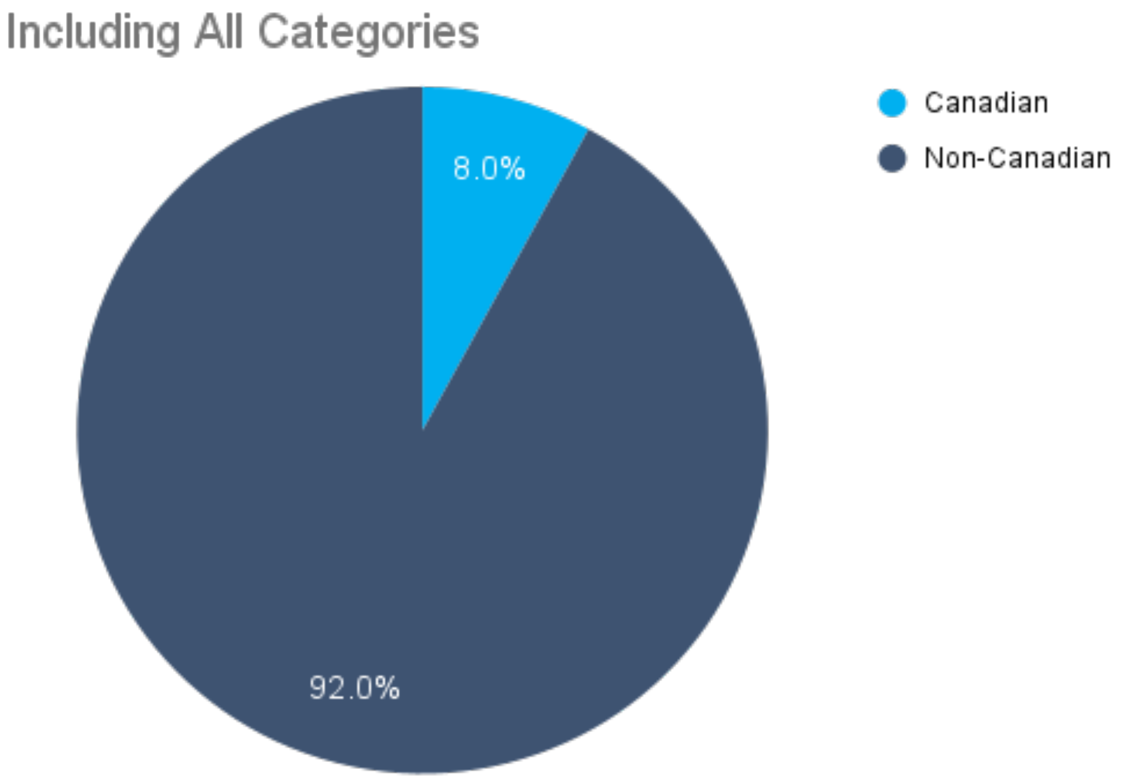
Total Year-over-year growth

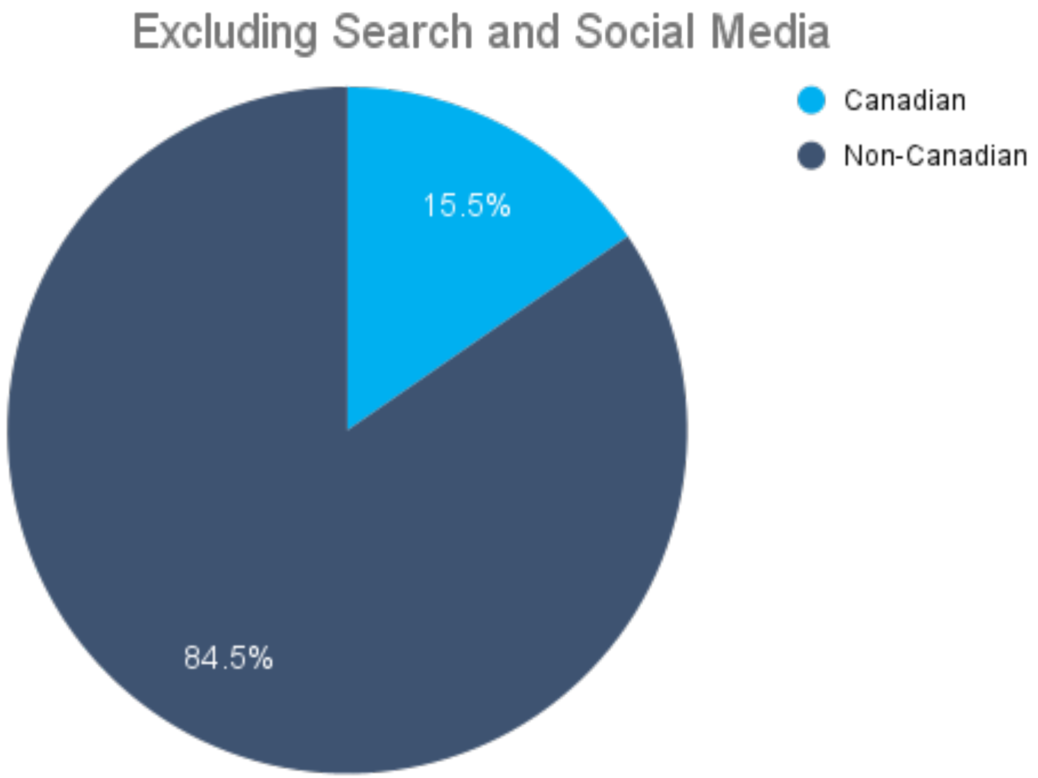


2020-2022 Revenues are based on responses and estimates included in the IAB Ad Revenue Survey. **2023-2024 Revenues** consist of responses and estimates.

Revenue generated by Canadian vs Non-Canadian Publishers (2022)

8% (~$1.2 Billion) of Total Revenue in Canada is Attributable to Domestic Companies. While 16% of Market Addressable Revenue is attributable to Domestic Companies





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International Analysis

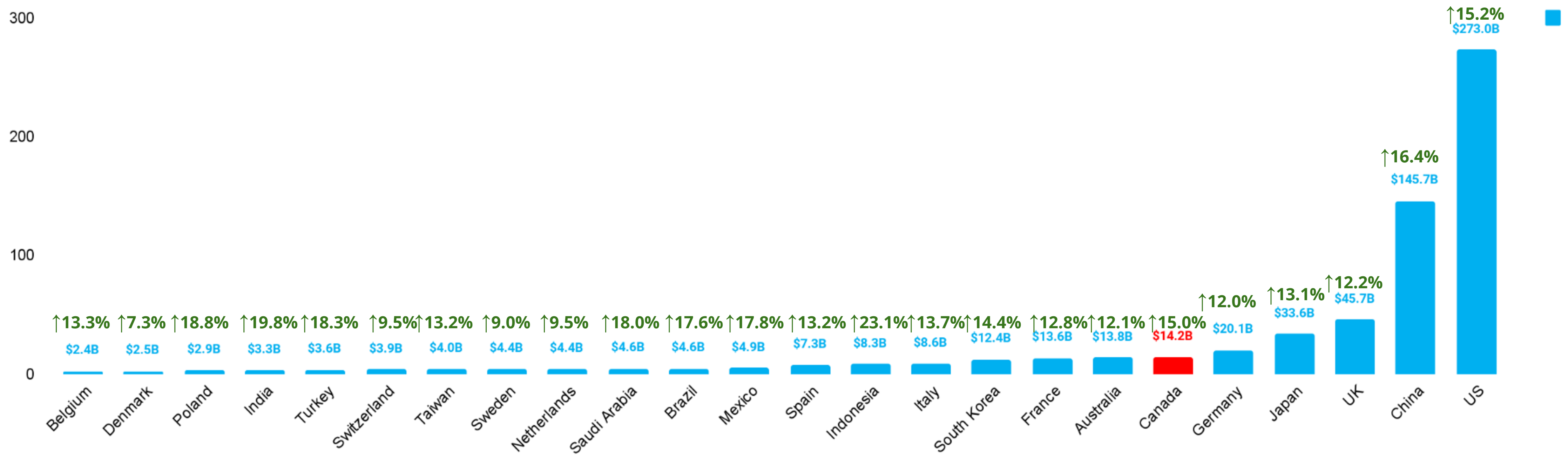
2022 Global Internet Advertising

Canada vs. other territories

Source for Canada: 2022 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



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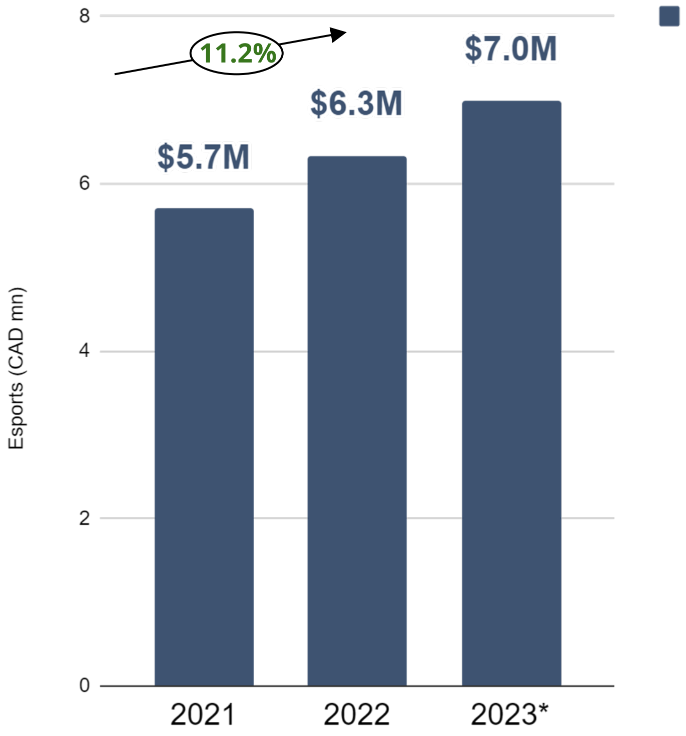
E-Sports and Video Games

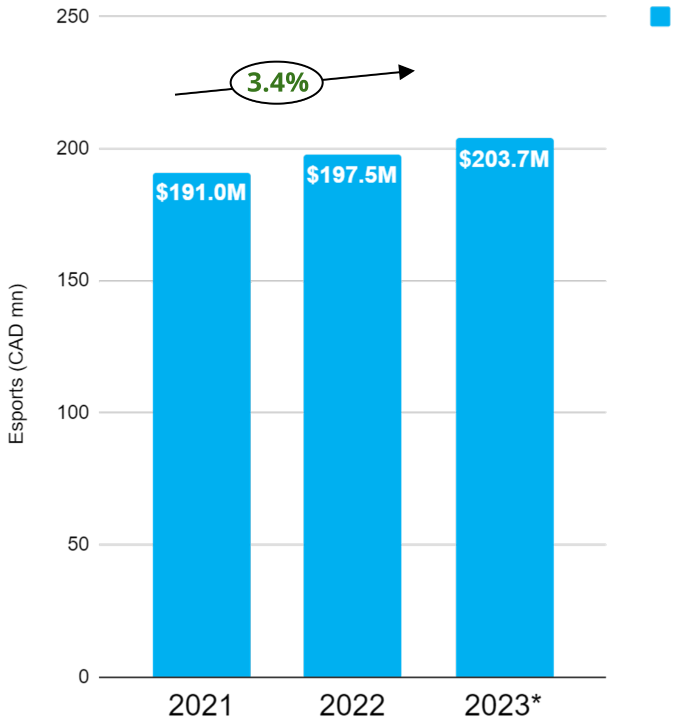
E-sports and Video Games Advertising in Canada

From PwC Global Entertainment & Media Outlook

Esports



Video games



*2023 figures are projections
Sources: PwC, Omdia

Figures in millions of Canadian Dollars

5

Conclusion

Conclusions

01 Internet Advertising Revenue in Canada recorded a growth of 15% in 2022 compared to 28.1% in 2021, representing an industry that is back on track after a recovery in 2021.

02 Revenue is concentrated in performance channels like search and social media as marketers continue to navigate through an uncertain economy.

03 Video grew by 44% and CTV represented 38% of total video revenue.

04 Emerging channels like Audio and Digital Out of Home both saw 29% growth in 2022.

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

IAB Canada is an independently organized and operated organization, and is neither owned, controlled nor operated by any other Interactive Advertising Bureau, Inc. and all trademarks and names are used under license. IAB Canada and global IABs work together closely on major projects and endeavours, but each country requires individual memberships. Click here for more about IAB Canada and about IAB Globally that IAB Canada fully endorses.

For Any Inquiries about the report, please contact:
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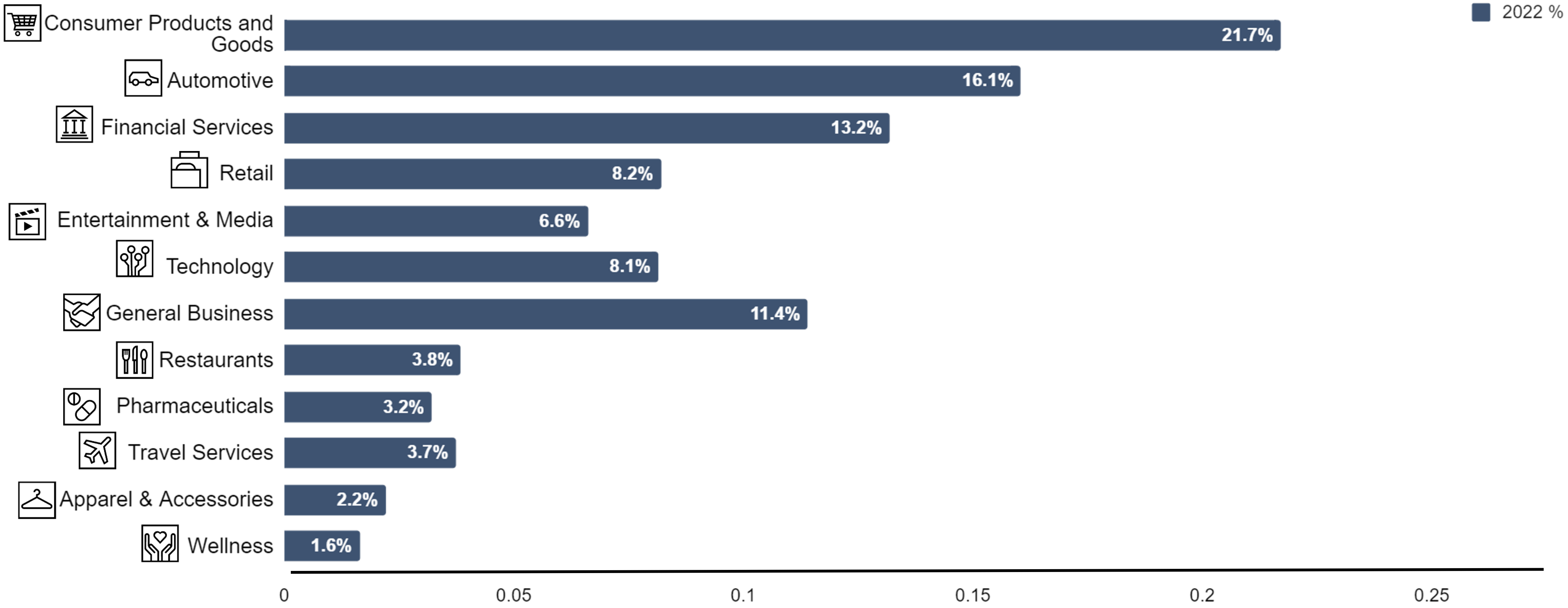
Appendix

Industries

Advertising activity by industry



Share of 2022 Ad Spend

Source for categories split:
Standard Media Index, Canada, Core, 2022
SMI Pool includes agency partners: dentsu, IPG Mediabrands, GroupM, Havas, Omnicom, Publicis, and Horizon Media