

IAB Canada 2019 Actual Canadian Internet Advertising Revenue Survey

OCTOBER 2020

An Industry Survey:

Sponsored by the Interactive Advertising Bureau of Canada

October 13, 2020

2019 Internet Advertising Revenue Indicates Mobile & Video Rise to Meet Audience

The online advertising industry in Canada grew by 15% in 2019 reaching \$8.8 billion.

IAB Canada's 2020 outputs and programming focus showed true consistency with market activity coming out of 2019. With mobile representing the major driver in expenditure (although showing signs of slowed growth as spending reaches market audience saturation) and a significant growth spurt in video as a format, it was not surprising to see the positive response to the IAB Canada Anatomy of Mobile buyers guide and outstanding attendance at Advanced TV week. We believe that these trends have continued well into 2020.

The industry was already seeing tremendous growth in eCommerce activity due to the notable volume of new DTC brands on the scene but with the acceleration of online purchase dependency spurred on by the 2020 Covid-19 pandemic, we expect to see continued stability for performance media like search and sustained spending on performance-based video particularly on mobile devices.

Notably, actual Internet revenues of domestic Canadian Publishers dropped 12% from \$1 billion (\$999 mil.) in 2018, down to \$0.9 billion (\$879 mil.) in 2019 with one leading Canadian publisher accounting for half of this revenue decline. Despite the overall growth of total Canada Internet revenue, the Canadian Publishers' share contracted from 13% down to 10%.

Our priorities at IAB Canada continue to focus on supplying leading edge content around trends that are impacting the digital media landscape and policy work that helps sustain a thriving economy. Importantly, our efforts have intensified towards developing technical solutions to support the domestic media publishers by enabling broad access and a level playing field. We look forward to continuing our service to the industry and recognize the urgency to deliver.

A handwritten signature in black ink that reads 'Sonia Carreno'.

Sonia Carreno
President, IAB Canada



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A. EXECUTIVE SUMMARY

2019 Full-Year Highlights

Actual total revenue up +15% to \$8.8 billion in 2019 vs +11% forecast of \$8.5 billion, a bit faster than 2018's 12% increase, in a decade of double-digit growth.

Mobile continues to drive Internet expansion in 2019, up this year by 24% to \$5.9 billion, the lowest rise in the past decade (+37% last year), accounting for almost all new revenue. Mobile's share of Internet revenues has risen to 68%, up from 63% in 2018.

Digital Video spiked +41% from \$1.8 to \$2.6 billion in 2019, over 2.5x faster than total Internet ad revenues. Video surged past its 2018 near-tie with Display, the latter declining 3% in 2019 to under 1.9 billion. The largest format Search grew +14% to \$4.2 billion.

The growth of Digital Video in 2019, drove its share of Internet revenue up to 29%, from 24% in 2018. Search share remained stable at 48%, while Display's shrank to 21% from 25%.

"Seeing steady growth in digital advertising isn't too much of a surprise anymore for most marketers. Just consider what "normal" media consumption is like in most Canadian households. The challenge is to make digital advertising compelling and effective, so people want to engage with advertised brands and act on messages they receive. Media platform research and my own years of experience agree - at least 50% of digital advertising effectiveness is due to the creative execution and strategy." ~ Jay Aber, President & Founder, The Aber Group Inc.

A similar pattern is at work with Mobile Video, which spiked by +52% in 2019, over 2x faster than total Mobile ad growth, jumping its share from 30% to 36% of Mobile revenue.

French language Internet ad revenue grew 16% to 1.5 billion, maintaining its 17% share of Total Canada. (Note: French share based on respondents that supplied data and agency percent share guidance).

Revenue share concentration among the Top-10 / Top-20 survey respondents remained stable at 90% / 93% respectively in 2019, after edging up in previous years. The 5 largest responses to this survey again generated more growth in Internet Ad Revenues for 2019, up +21% compared to +11% for the Next 15 Largest earners. However, the latter performed better in 2019 than in the previous 5 years.

Programmatic revenues increased 15% to \$1.6 billion in 2019 from \$1.4 billion. The still dominant transaction-type of Open Auction is very gradually losing share to Programmatic Direct, now 71% / 29% respectively vs 77% / 23% two years ago. (Note: excludes search and social media).

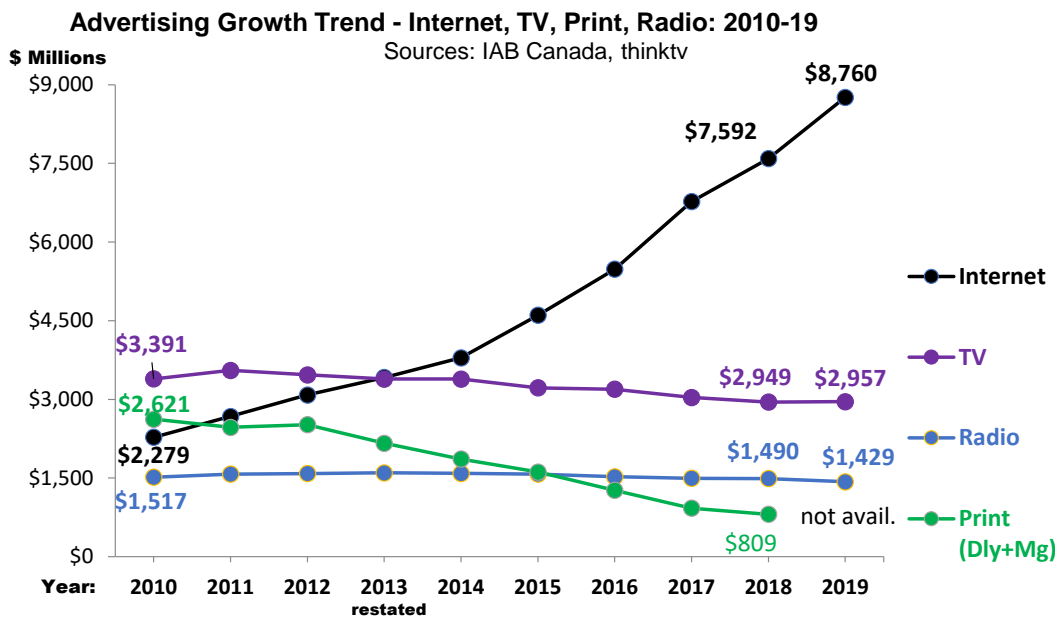


Of the 15 Advertiser Categories reported annually, two of the top-4 reported industries have consistently included Automotive and Financial since 2015. Packaged Goods continues in the top-4 from last year, while Retail has replaced Technology, taking first place at an unprecedented 21%. (Note that share size among the categories varies by year; the rise of Retail is due to first-time completion of this section by a major earner).

2019 is the second year that Domestic Canadian publishers with originating content (excluding platforms) are reported separately. Actual Internet revenues of domestic Canadian Publishers dropped 12% from \$1 billion (\$999 mil.) in 2018, down to \$0.9 billion (\$879 mil.) in 2019, half of the decline attributed to one leading Canadian publisher. Canadian Publishers' share of Total Canada Internet dollars contracted from 13% down to 10%, due to a Mobile revenue decline in the face of Total Canada's Mobile growth. Share of Total Programmatic remained stable (11%), with Programmatic Direct much more prevalent among Canadian Publishers, than the industry.

Please note that this report will not include a forecast for 2020 due to Covid-19 uncertainties.

CANADIAN ADVERTISING REVENUES OF TOP-4 CHANNELS: TEN-YEAR TREND 2010-19*



*Note: Daily Newspaper revenues not available at time of preparation (September 27, 2020).

B. INTERNET ADVERTISING REVENUE FINDINGS – DETAILED

Actual total revenue up +15% to 8.8 billion vs +11% forecast of 8.5 billion; a bit faster than last year's 12% increase.

Mobile up this year by 24% (vs +37% last year), to 5.9 billion, accounting for 98% of total Internet revenue growth. Mobile figures include Tablets and Other Connected Devices (latter just 1%).

Total 2019 Internet Advertising Revenue (net)			
Millions (CAN\$)	Actual 2018	Actual 2019	% change
Online (desk/laptop)	2,800	2,820	1%
Mobile (+Tablet, Other)	4,792	5,940	24%
Total Internet	7,592	8,760	15%

Mobile includes Tablets, Other Connected Devices (1%), exc prod'n

Mobile's share of Internet revenues therefore reaches 68% in 2019, up from 63% in 2018.

Share of Total 2019 Internet Ad Revenue: Online vs Mobile (net)				
Millions (CAN\$)	Actual 2018	% share	Actual 2019	% share
Online (desk/laptop)	2,800	37%	2,820	32%
Mobile (+Tablet, Other)	4,792	63%	5,940	68%
Total Internet	7,592	100%	8,760	100%

Mobile includes Tablets, Other Connected Devices (1%), excl prod'n;

French language Internet ad revenue grew 16% to 1.5 billion, maintaining its 17% share of Total Canada.

French Canada: 2019 Internet Advertising Revenue (net)			
Millions (CAN\$)	Actual 2018	Actual 2019	% change
Total Internet: French	\$1,257	\$1,454	16%
Share (Fre/Total)	17%	17%	

Based on respondents that supplied data & agency % share guidance.
French PC/Mobile split na (some major earners don't track); Rounded;

(Note: French share based on respondents that supplied data and agency share guidance).

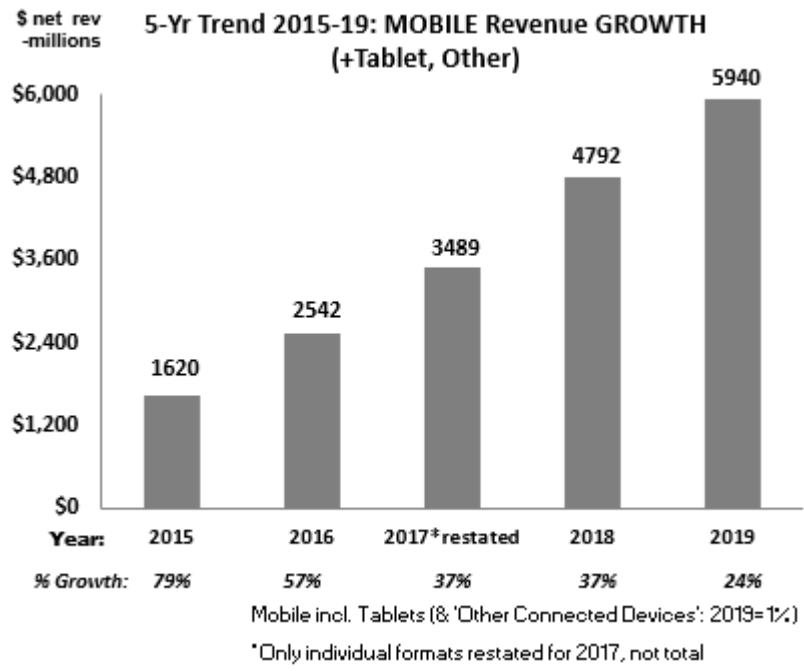
TOTAL AND FRENCH LANGUAGE ADVERTISING REVENUES: TEN YEAR TREND 2010-2019

The 2019 Internet growth rate of +15% exceeds 2018's 12% increase'

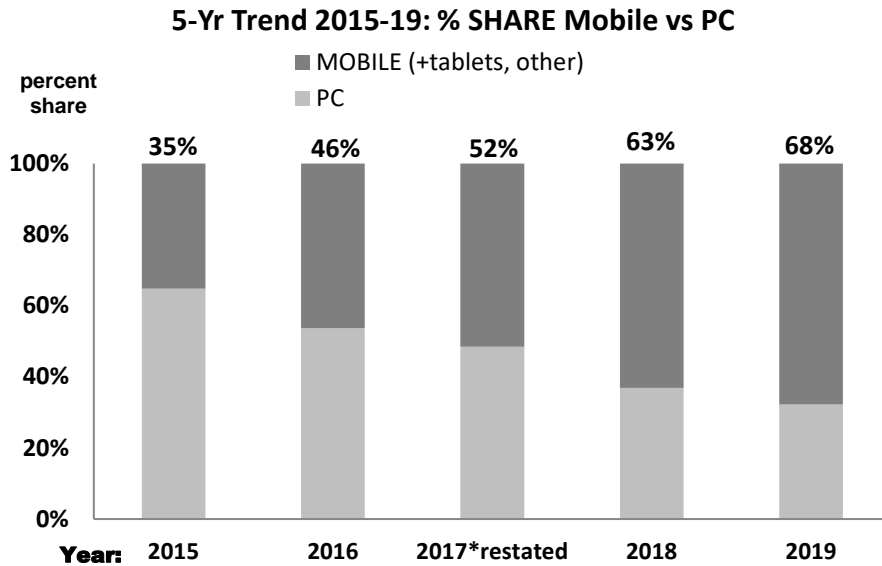
Conversely, Mobile's +24% rise is the lowest in the past decade, nevertheless lifting Mobile's share from 63% up to 68% of total.

TEN YEAR GROWTH Trend of Actual INTERNET Ad Revenues: Online + Mobile 2010-2019 (net)											
		2010	2011	2012	2013*	2014	2015	2016	2017	2018	2019
TOTAL INTERNET		restated									
Total Canada:	Millions (\$)	\$2,279	\$2,674	\$3,085	\$3,418	\$3,793	\$4,604	\$5,484	\$6,771	\$7,592	\$8,760
	% growth/yr	24%	17%	15%	11%	11%	21%	19%	23%	12%	15%
French Cda:	Millions (\$)	--	--	--	650	679	794	\$900	\$1,147	\$1,257	\$1,454
	% growth/yr	--	--	--	--	4%	17%	13%	27%	10%	16%
DESK/LAPTOP											
Total Canada:	Millions (\$)	\$2,232	\$2,593	\$2,925	\$2,991	\$2,890	\$2,984	\$2,942	\$3,282	\$2,800	\$2,820
	% growth/yr	23%	16%	13%	2%	-3%	3%	-1%	12%	-15%	1%
French Cda:	Millions (\$)	\$428	\$490	\$559	\$578	\$526	na	na	na	na	na
	% growth/yr	22%	14%	14%	3%	-9%	na	na	na	na	na
MOBILE											
Total Canada:	Millions (\$)	\$47	\$81	\$160	\$427	\$903	\$1,620	\$2,542	\$3,489	\$4,792	\$5,940
	% growth/yr	105%	74%	97%	167%	111%	79%	57%	37%	37%	24%
French Cda:	Millions (\$)	--	--	--	72	153	na	na	na	na	na
	% growth/yr	--	--	--	--	1.125	na	na	na	na	na

INTERNET = Online + Mobile; Mobile includes Tablets and Other Connected devices. Revenues exclude agency commission.
 French based on respondents that supplied data and agency % share guidance. French Online/Mobile not reported separately from 2015 on, as some major earners do not track this data/unable to respond.
 * 2013 restated to reflect 107 million reduction per retroactive advice by a major survey participant.



The Mobile vs Desktop revenue ratio trend:



CONCENTRATION OF INTERNET ADVERTISING REVENUES AND REVENUE GROWTH BY SIZE OF SURVEY RESPONDENT - REFLECTS DOMINANCE OF LEADING AD SELLERS.

Revenue share concentration among the Top-10 / Top-20 survey respondents remained stable in 2019 at 90% / 93% respectively, after gradually edging up in previous years.

Percent Total Revenue - Top 10 / 20 Earner Responses: 2014-19						
year...	2014	2015	2016	2017	2018	2019
	Internet	Internet	Internet	Internet	Internet	Internet
Top 10 Responses	83%	86%	87%	88%	90%	90%
Top 20 Responses	90%	90%	91%	92%	93%	93%

Base: Total Actual Annual Internet Revenues 2014-19

The 5 largest responses to this survey again generated more growth in Internet Ad Revenues for 2019, up +21% compared to +11% for the Next 15 Largest earners. However, the latter performed better in 2019 than in the previous 5 years.

Annual Percent Revenue Change - 2014-19: Top 5 / Next-15 Earner Responses						
	2014/13	2015/14	2016/15	2017/16	2018/17*	2019/18*
Top 20 Survey Responses	% change	% change	% change	% change	% change	% change
- Largest 5 Responses	11%	26%	22%	25%	15%	21%
- Next 15 Largest #6-20*	-3%	-2%	1%	3%	-5%	11%

* Effective 2018/17: "Next 15" based on 6th-20th earners in each year, irrespective of prior year survey participation;

- by contrast, 2017/16 and earlier comparisons exclude earners that didn't participate in previous surveys (i.e. constant)

REVENUE AND GROWTH TRENDS BY ADVERTISING VEHICLE/FORMAT: 2018-19

Digital Video rose +41% from \$1.8 to \$2.6 billion in 2019, over 2.5x faster than total Internet ad revenues. Video surged past its 2018 near-tie with Display, the latter declining 3% in 2019 to under 1.9 billion. The largest format Search grew +14% to \$4.2 billion.

Total INTERNET Revenue & Percent Growth by Ad Vehicle: 2018-2019 (net)						
Ad Vehicles: (CAN\$) (incl Desk/laptop, Mobile, Other)	Total Canada			French Canada		
	2018 \$ (millions)	2019 \$ (millions)	% change	2018 \$ (millions)	2019 \$ (millions)	% change
Search	3,652	4,172	14%	549	692	26%
Display*	1,928	1,870	-3%	328	310	-5%
Classified/Directories	190	150	-21%	36	25	-32%
Digital Video*	1,822	2,568	41%	343	426	24%
Total INTERNET	7,592	8,760	15%	1,257	1,454	16%

* Digital Video consists of INstream + OUTstream; Outstream moved to Video from Display eff. 2017-restated Digital Video (INstrm + OUTstrm) reported Combined for confidentiality, OUTstrm dominated by a few sellers
 - Instream definition: Pre, Mid, Post-Roll video ads in Videoplayer (not companion ads or In-Banner);
 - Outstream definition: video ads in video-player, unaccompanied by other video content (Native, In-feed)
 French Language revenues by format scaled down from Total Canada, some large vendors do not report.
 Display also includes In-Bnr Video, Sponsorships, Contest/Advertorials, DR; from 2017 Audio & Email (0.1%)

"Viewers rely on digital platforms, like YouTube and Search, as their go-to across every screen and every need, whether it's for looking for a new product or service, news updates, live streams from their favourite artists or to learn something new. In Canada, we're seeing over 10 million people watch YouTube on their TV screens. Investing in digital allows advertisers to stay nimble and reach hard-to-reach audiences at scale across various screens, which is more important than ever in the current environment." ~ Eric Morris, Managing Director, Retail, Google Canada

Note: As of 2018, Digital Video includes OUTstream Video in addition to INstream.

French Language revenues by format are scaled down from Total Canada ratios, as some large vendors are not able to report on this basis.

REVENUE GROWTH BY INTERNET AD VEHICLE/FORMAT: PAST FIVE YEARS 2015-19

Over the past five years, Video has grown faster annually than the other top 2 formats Search and Display.

Five Year Trend of INTERNET Ad Revenue Growth by Ad Vehicle: 2015-2019										
- ALL DEVICES -		2015	2016	%	2017*	%	2018*	%	2019	%
Ad Vehicles: (CAN\$)		\$ (millions)	\$ (millions)	change	\$ (millions)	change	\$ (millions)	change	\$ (millions)	change
	Search	2512	2920	16%	3364	15%	3652	9%	4172	14%
2017 restated->	Display*	1559	1911	23%	1713	-10%	1928	13%	1870	-3%
	Classif/Directories	162	167	3%	145	-13%	190	31%	150	-21%
2017 restated->	Digital Video*	358	481	34%	1549	--	1822	18%	2568	41%
	Email	13	6	-54%	merged in Display		merged in Display		merged in Display	
	INTERNET (incl Mobile)	4604	5484	19%	6771	23%	7592	12%	8760	15%

* Digital Video consists of INstream+OUTstream as of 2017-restated onward, by moving Outstream into Video from Display Rounding.

Until 2016, Digital Video consists of INstream Video only

Digital Video (INstrm + OUTstrm) reported Combined for confidentiality, due to OUTstrm dominance by a few sellers

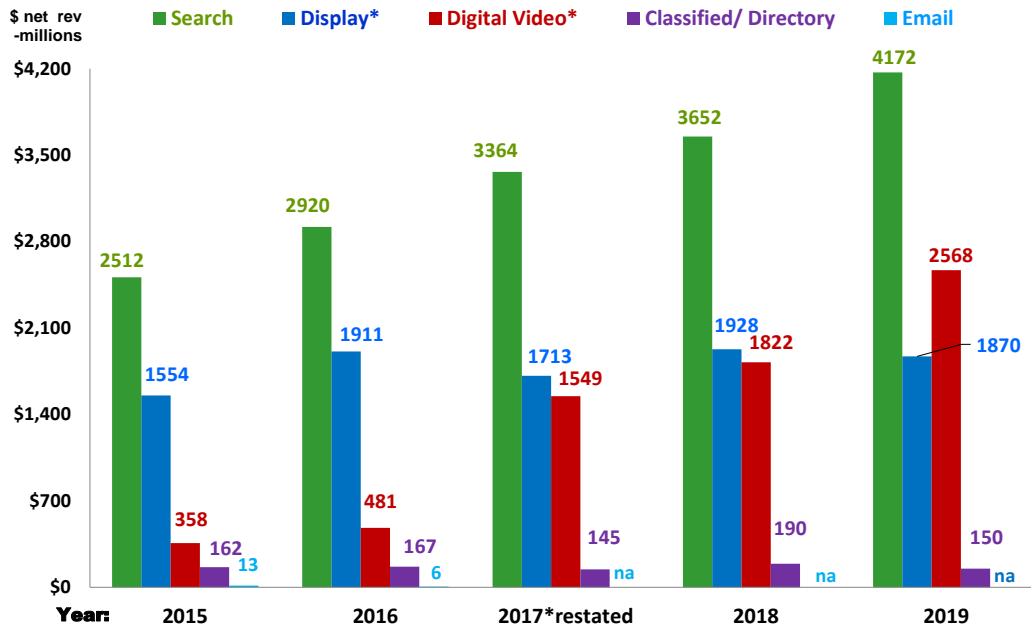
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Display also includes In-Bnr Video, Sponsorships, Contest/Advertorials, DR and from 2017 Audio & Email (0.1%)

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

5-Year Trend 2015-19: Total Internet Ad Revenue GROWTH By Type of Vehicle



SHARE OF TOTAL & FRENCH REVENUE BY VEHICLE/FORMAT: PAST FIVE YEARS 2015-19

The growth of Digital Video in 2019, drove its share of Internet revenue up to 29%, from 24% in 2018. Search share remained stable at 48%, while Display's shrank to 21% from 25%.

Share of Total INTERNET Revenue By Advertising Vehicle: 5-year Trend 2015-19									
- ALL DEVICES -	2015	2016		2017*		2018		2019	
Ad Vehicles: (CAN\$)	% TOTAL revenue	% TOTAL revenue	FRENCH % Total rev	% TOTAL revenue	FRENCH % Total rev	% TOTAL revenue	FRENCH % Total rev	% TOTAL revenue	FRENCH % Total rev
Search	55%	53%	9%	50%	8%	48%	7%	48%	8%
2017 restated-> Display*	34%	35%	6%	25%	4%	25%	4%	21%	4%
Classifieds/ Directories	4%	3%	0%	2%	0%	3%	0%	2%	0%
2017 restated-> Digital Video*	8%	9%	2%	23%	4%	24%	5%	29%	5%
Email	0%	0%	0%	merged in Display		merged in Display		merged in Display	
INTERNET (incl Mobile)	100%	100%	16%	100%	17%	100%	17%	100%	17%

French Language revenues by format are scaled down proportionately from Total Canada, as some large vendors unable to report this.

* Digital Video consists of INstream+OUTstream as of 2017-restated onward, by moving Outstream into Video from Display Rounding...

Previous years, Digital Video consists of INstream Video only

Digital Video (INstrm + OUTstrm) reported Combined for confidentiality, due to OUTstrm dominance by a few sellers

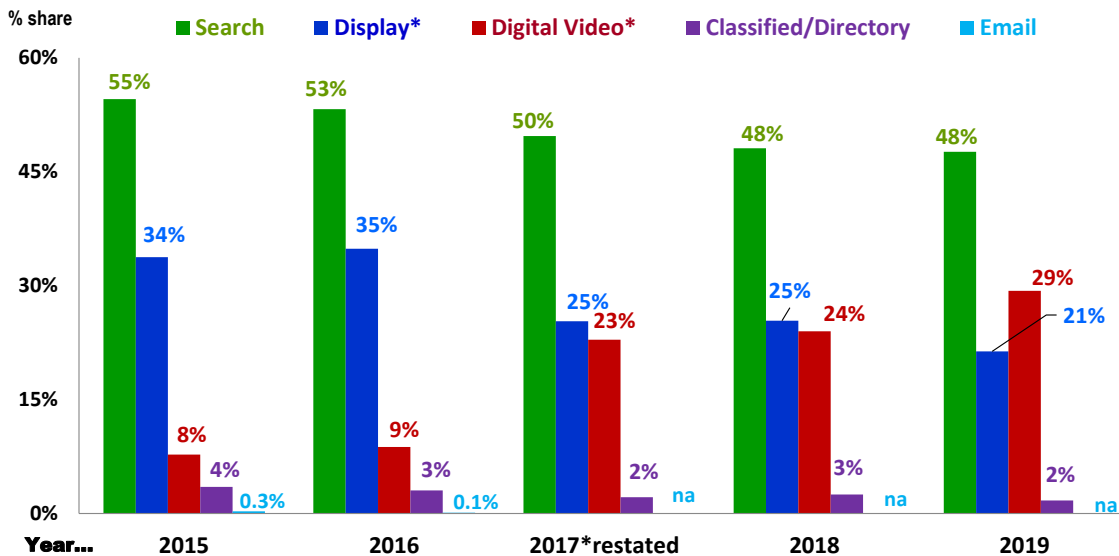
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Display also includes In-Bnr Video, Sponsorships, Contest/Advertorials, DR and from 2017 Audio & Email (0.1%)

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

Percent SHARE of Total Canadian Internet Ad Revenue By Ad Vehicle: 2015-19



MOBILE (+TABLET, OTHER) AD REVENUES BY FORMAT: 2015-2019

A similar pattern is at work with Mobile Video, which spiked by +52% in 2019, over 2x faster than total Mobile ad growth, jumping its share from 30% to 36% of Mobile revenue. (Mobile Video includes OUTstream Video in addition to INstream Video as of 2017).

Accordingly, Mobile Search and Mobile Display shares shrank from 46% to 45% and 24% to 19% respectively, despite a healthy 21% increase for the former, although display revenue declined 4%.

MOBILE Advertising Revenue by Ad Vehicle: 2015-19 (net)											-Percent Change-	
Total Canada											2019/18	2018/17
Ad Vehicles (CAN\$)	2015	% Total Mbl	2016	% Total Mbl	2017*	% Total Mbl	2018	% Total Mbl	2019	% Total Mbl		
	\$ (millions)	revenue	\$ (millions)	revenue	\$ (millions)	revenue	\$ (millions)	revenue	\$ (millions)	revenue		
Mobile Search	873	54%	1230	48%	1770	51%	2189	46%	2655	45%	21%	24%
Mobile Display* (2017 restated)	631	39%	1065	42%	779	22%	1161	24%	1119	19%	-4%	49%
Mobile Video* (2017 restated)	106	7%	227	9%	902	26%	1428	30%	2166	36%	52%	58%
Mobile - Other	10	1%	20	1%	37	1%	14	0%	merged in Display		--	-62%
Total MOBILE	1,620	100%	2,542	100%	3,489	100%	4,792	100%	5,940	100%	24%	37%

* Mobile Video consists of INstream+OUTstream as of 2017-restated onward, by moving Outstream into Video from Display

Rounded.

Mobile Video (INstrm + OUTstrm) reported Combined for confidentiality, due to OUTstrm dominance by a few sellers

- Instream definition = Pre, Mid, Post-Roll video ads in Videoplayer (not companion ads or In-Banner);

- Outstream definition = video ads appearing in video-player, unaccompanied by other video content... (e.g. Native, In-feed)

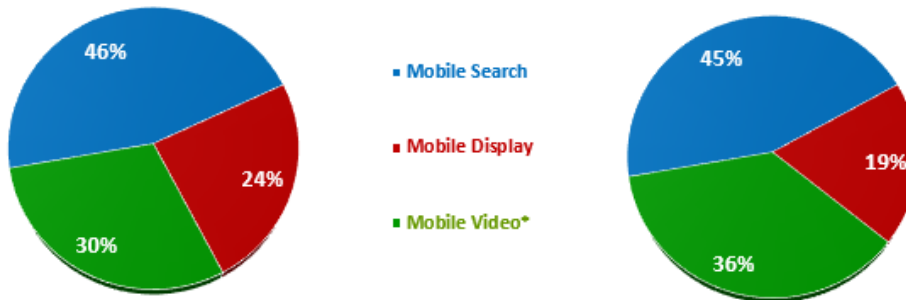
French Language revenues for Mobile not available, as some large vendors unable to report this.

Display also includes In-Bnr Video, Sponsorships, Contest/Advertorials; Note: DR and 'Other' messaging (2019) also included (0% reported)

A notable change in share of total Mobile ad revenue by Ad Vehicle:

Mobile Percent Share by Format: 2018

Mobile Percent Share by Format: 2019*



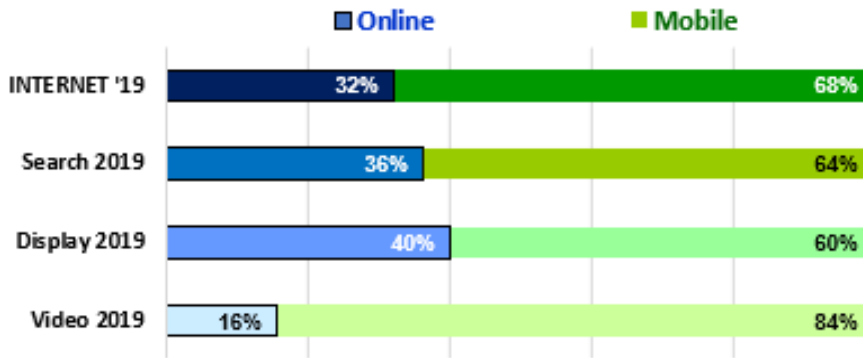
* 2019 Video share of Mobile up substantially in 2019 due to rapid growth.

The Ratio of Mobile to Online (desk/laptop) revenue is significantly higher for Video in 2019,

compared to other formats and to all Internet revenue.

Percent Online/Mobile RATIO by Format:

Total Canada - 2019



SNAPSHOT OF PROGRAMATIC REVENUES: 2017-19

Programmatic revenues increased 15% to \$1.6 billion in 2019 from \$1.4 billion. The still dominant transaction-type of Open Auction is very gradually losing share to Programmatic Direct, now 71% / 29% respectively vs 77% / 23% two years ago.

Programmatic Revenue: % Open Auction vs % Prog Direct: 2017-19

	Open Auction	%	Programmatic Direct	%	Total Programmatic	%
	\$ (millions)	Progrmtc	\$ (millions)	Progrmtc	\$ (millions)	Progrmtc
2019 Total	1,110		459		1,569	
% share		71%		29%		100%
2018 Total	999		366		1,364	
% share		73%		27%		100%
2017 Total	923		283		1,206	
% share		77%		23%		100%
% Chge 2019/18	11%		26%		15%	
% Chge 2018/17	8%		29%		13%	

Programmatic Revenues exclude Social Media effective 2017 as well as Search.

Open Auction: Overview = unreserved inventory, auction pricing, one-all participation

Programmatic Direct: = DEAL ID (non-guaranteed) + Automated Guaranteed

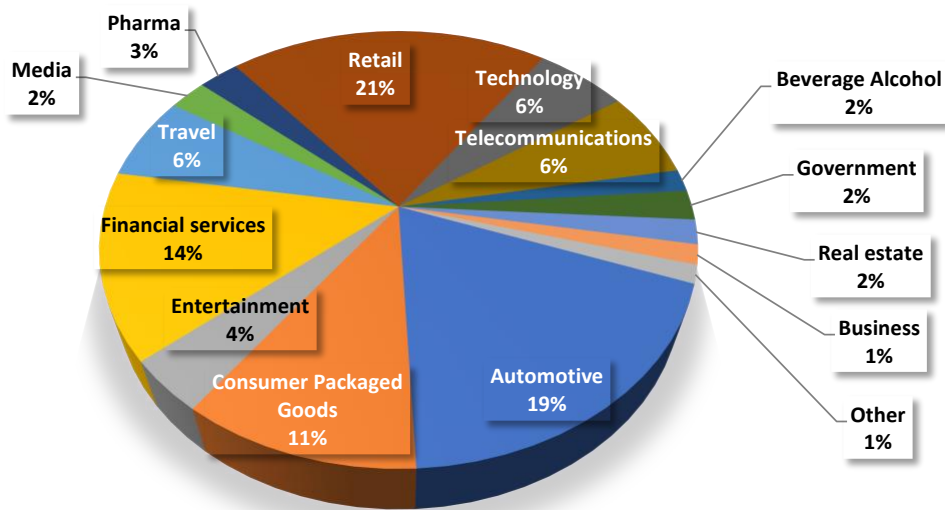
Reporting of programmatic revenues excludes Social Media and Search.

PERCENT OF INTERNET REVENUE BY ADVERTISING CATEGORY: TOTAL CANADA 2019

15 Advertiser Categories are reported annually. Two of the top-4 industries have consistently included Automotive and Financial since 2015. Packaged Goods continues in the top-4 from last year, however Retail has replaced Technology, taking first place at an unprecedented 21%.

The percent distribution of total Canadian Internet Advertising Revenue by major product/service category for 2019:

% Canadian Internet Ad Revenues by Major Product Category: 2019



Total Canada; Based on companies answering this question.

Note that share size rankings among these categories varies by year and is based on ad sellers answering this question. Some changes from 2018 are due to the first-time completion of this section by a major earner in 2019, resulting most notably in the higher % retail.

DOMESTIC CANADIAN PUBLISHERS – INTERNET REVENUES: 2018-2019

The survey reports Domestic Canadian publishers with originating content (excluding platforms) in a separate section for the second year, with collective revenues for 2018 and 2019.

Note: Canadian publisher revenues are reported *gross* as compared to *net* for total internet revenues, because unlike the latter, no third-party resellers (i.e. ad networks, ssp/exchanges) are counted in the Canadian publisher numbers (i.e. no duplication).

DETAILED RESULTS

Actual Internet revenues of domestic Canadian Publishers dropped 12% from \$1 billion (\$999 mil.) in 2018, down to \$0.9 billion (\$879 mil.) in 2019. One leading Canadian publisher accounted for half of this revenue decline.

Canadian Publishers' share of Total Canada Internet dollars contracted from 13% down to 10%, given 15% growth in Total Canada Internet revenue.

Canadian Publisher revenue declines were entirely in Mobile (-29%). This and the 24% rise in Total Canada Mobile revenue caused Canadian Publishers' Mobile share to drop from 9% to 5% in 2019.

Canadian Publisher 2019 Internet Revenue				Total Canada Internet Revenue			CDN PUB % SHARE	
Millions (CAN\$)	Actual 2018 (gross)	Actual 2019 (gross)	% change	Actual 2018 (net)	Actual 2019 (net)	% change	2018 %Total	2019 %Total
Online (desk/laptop)	575	579	1%	2,800	2,820	1%	21%	21%
Mobile (+Tablet, Other)*	424	300	-29%	4,792	5,940	24%	9%	5%
Canadian Publisher Total	999	879	-12%	7,592	8,760	15%	13%	10%

Half the 2019 revenue decline caused by a leading Canadian Publishing earner. *Connected Devices = 0.2% of rev

Cdn Publishers exclude platforms, hence Gross is used which includes 3rd party ad network/programmatic sales

Total Canada Internet Revenue is net, to avoid duplication with surveyed 3rd-pty platfms

Consequently, the Desktop / Mobile ratio for Canadian Publishers went from 58% / 42% in 2018, to 66% / 34% in 2019 respectively, compared to the Total Canada Desktop/Mobile ratio of 32% / 68%.

Canadian Publisher 2019 Internet Revenue: Online / Mobile Ratio				
Millions (CAN\$)	Actual	%	Actual	%
	2018	Ratio	2019	Ratio
	(gross)		(gross)	
Online (desk/laptop)	575	58%	579	66%
Mobile (+Tablet)	424	42%	300	34%
Canadian Publisher Total	999	100%	879	100%

Mobile includes Tablets; Other connected devices 0.2% of total, excl prod'n;

French Language advertising as a percent of total 2019 Canadian Publisher Internet revenues is estimated at 17%, comparable to last year. Canadian Publisher share of Total French advertising on reported sites declined from 14% to 10% this year.

French Language Revenue of Canadian Publishers: 2019/2018				Total French Language Revenue (net)				
Millions (CAN\$) gross	Actual	% Cdn	Actual	% Cdn	Actual	Cdn Pub	Actual	Cdn Pub
	2018	Pub Total	2019	Pub Total	2018	% Share	2019	% Share
French Internet Revenue	\$172	17%	\$152	17%	\$1,257	14%	\$1,454	10%
% change 2019/2018	---		-11%		---		16%	

Cdn Publishers exclude platforms, hence Gross is used which includes 3rd party ad network/programmatic sales
 French based on respondents that supplied data and agency % share guidance.

The largest format, Search generated the principal decline (-29%) in Canadian Publisher revenues from \$423 million down to \$302 million, driven substantially by one major earner. (Note: Prior to 2014, this publisher submitted its revenues under Directories).

Display revenue increased 3% to \$457 million and accounts for 52% of Canadian Publisher revenues in 2019. Display commands the highest Canadian Publisher revenue share (vs Total Canada) at 24%. Digital Video grew quickest although spend is low.

Canadian Publisher Revenue by Ad Vehicle: 2019/2018					Total Canada Internet Revenue (Net)			
Ad Vehicles:	2018	2019	%	Cdn Pub	2018	Cdn Pub	2019	Cdn Pub
Millions (CAN\$)	(gross)	(gross)	change	% 2019 rev	(net)	% Share	(net)	% Share
Search	423	302	-29%	34%	3,652	12%	4,172	7%
Display	443	457	3%	52%	1,928	23%	1,870	24%
Classified/Directories	51	14	-73%	2%	190	27%	150	9%
Digital Video	81	106	31%	12%	1,822	4%	2,568	4%
Total INTERNET	999	879	-12%	100%	7,592	13%	8,760	10%

Cdn Publishers exclude platforms, hence Gross is used which includes 3rd party ad network/programmatic sales

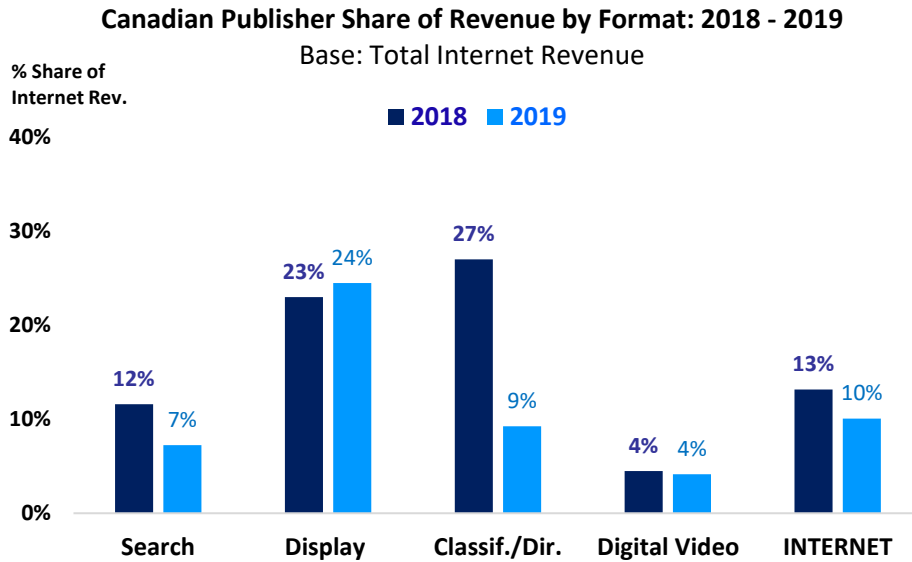
Total Canada Internet Revenue is net, to avoid duplication with surveyed 3rd-party platforms

Digital Video = Instream+ Outstream: reported combined for confidentiality, as Outstream dominated by a few sellers

Display also includes In-Banner Video, Sponsorships, Contest/Advertorials, DR; Audio & Email as well (0.9% of total)

Search revenue dominated by a leading earner which prior to 2014 recorded all income as Directories

Canadian publishers' share of Total Internet revenue by ad vehicle/format in Canada is plotted graphically in the chart below for 2019:



Revenue share concentration among the Top-10 domestic Canadian Publishers accounted for 91% in 2018/2019, comparable to overall Internet revenue concentration levels in Canada.

Cdn Publishers: Top-10 Share of Revenue		
	2018	2019
Top 10 Responses	91%	91%
Base - Total Responses	100%	100%

Base: Total Canadian Publisher Revenue

Canadian Publishers generated 11% share of Total Programmatic revenue in 2019, stable since 2018.

The ratio between Open Auction and Programmatic Direct sits at 43% / 57% in 2019 respectively for Canadian Publishers, compared to 71% / 29% for Total Canada.

	Programmatic Rev: Cdn Publishers 2018-19			Total Canada	
	Open Auction (gross)	Programmatic Direct (gross)	Total Canadian Programmatic (gross)	Total Cdn Pub (net)	% Share % Total
2019 Rev (\$mil)	77	102	178	1,569	11%
% Programmatic	43%	57%	100%		
2018 Rev (\$mil)	69	80	149	1,364	11%
% Programmatic	47%	53%	100%		
% Chge 2019/18	11%	28%	20%	15%	

Programmatic Revenues exclude Social Media as well as Search.

Open Auction: unreserved inventory, auction pricing, one-all participation

Programmatic Direct: = DEAL ID (non-guaranteed) + Automated Guaranteed

C. APPENDIX: BACKGROUND, SURVEY SCOPE AND METHODOLOGY

Background: About IAB Canada's 2019 Canadian Internet Advertising Revenue Report

The results of IAB Canada's Annual Canadian Internet (Online & Mobile) 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.

For the second year, 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 or a 'survey retake' where essential by a material respondent, PwC provides the summarized data to IAB Canada to prepare the survey report.

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. The data sets available to PwC are anonymous, as described in the double-blind methodology section below.

The technical summary that follows in this appendix contains basic Survey Methodology and the Definitions of the various Online/Mobile Advertising Vehicles (ad formats, programmatic transaction types), and Advertiser product/service categories reported on.



Survey Scope & Methodology

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 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.

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, web-served Survey with the above industry players; note that Publisher surveys before 2013 were conducted through the mail (Canada Post)
- Request and compile several specific data items from digital media vendors
 - These include total annual Gross Advertising Revenue (excluding agency commission) and total annual Net Advertising Revenue.

- Acquire supplemental data with publicly-disclosed information.
- The Netting-down procedure: Net Revenue is calculated by subtracting the following from the Gross figure: (a) Publisher Revenues derived from Ad Networks and Exchanges/SSPs (b) Ad Network/ Exchange/SSP Revenues derived from other Ad Networks and Exchanges/SSPs, (c) Mobile Carrier fees (as applicable). In other words, media advertising sellers are requested to report net revenues earned only from direct sales transactions between themselves and the advertisers and/or the advertisers' media agencies and/or Trading desks/DSPs. This is to help ensure no double-counting of ad revenues occurs.
- Annual Net Internet Revenues are requested to be broken down by Advertising Vehicle (i.e. Display, Search, Classified, Video, etc.) along with a percentage breakdown for each Vehicle based on English and French Canada. The survey asks for a break down by programmatic transaction-types, along with separate annual Net Mobile (+Tablet) Revenues, by Advertising Vehicle.
- 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 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.
- Request a remedial 'survey retake' in exceptional cases where an inconsistent or incomplete respondent return can materially alter the reporting of aggregate industry results. If the survey retake fails to remedy or is not forthcoming, a conservative solution will then be applied (as above).
- 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 PwC.

IAB Canada's role:



- Identify supply-side industry participants who sell Internet advertising;
- Assign a unique, non-identifying, anonymous, alpha-numeric code to potential Survey participants;
- Send out Survey invitations by email to these potential participants, including (i) a non-traceable generic link to access the survey and (ii) a confidential anonymous code that is unique to each media seller, in order to log-in to the survey.
- Report on the results of the Survey, as tabulated and reported in aggregate by PwC.

Double-Blind Methodology

- Internet Publishers/Ad Networks/Exchanges-SSPs/Mobile aggregators, etc. to be surveyed are derived from IAB Canada Member lists, from comScore's AdFocus list (a list of Web properties selling digital advertising in Canada) and from members of the IAB Revenue Methodology Committee.
- Each Internet Publisher/Ad Network/Exchange-SSP/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 unique alpha-numeric codes for each participant to log-in.
- Once completed by a respondent, the secure online survey platform automatically sends notification of this to IAB Canada. The system aggregates data from each completed survey in the online survey system database, with access restricted to PwC.
- Once all the Surveys are in, the responses are averaged and extrapolated by segment to the total Canadian Internet advertising market. NOTE: Respondent data cannot be traced back to its origin within the survey platform.
- 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.
- 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.), device (Online vs Mobile) and by Advertiser Category (Automotive, Financial, Technology, etc.).



Industry Survey and Report Guidance Provided to IAB Canada

- Internet Revenue Methodology Committee

This specially-convened annual member committee, representing a cross-section of Canada's leading Internet ad revenue earners (as defined earlier in this document), as well as selected ad agencies with trading desks, was created to recommend and oversee updates to IAB Canada's Annual Canadian Internet Advertising Revenue Survey distribution lists and questionnaire design, when/as needed, in response to changing conditions within the Canadian Internet advertising marketplace.

Contents of following Section: Detailed Definitions of Advertising Vehicles (Formats), Programmatic Transaction Types and Advertiser Categories: 2019

Section A: 2019 Definitions of Internet Advertising Vehicles (Formats)

Section B: 2019 Definitions of Mobile (+Tablet) Advertising Vehicles (Formats)

Section C: 2019 Definitions of Programmatic Transaction Types

Section D: 2019 Definitions of Leading Industry Categories

D. APPENDIX: DETAILED DEFINITIONS

SECTION A – Definitions of INTERNET Advertising Vehicles/Formats: 2019

Includes revenue from ALL Devices: i.e. Desktop/laptop Computer, Mobile, Tablets & Other Connected Devices - EXCLUDES Production, eCommerce, or Barter

Introduction:

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

What We Mean By “NET Revenue”:

To ensure there is NO duplication of reported ad revenues between Publishers, Ad Networks or Exchanges/SSPs (SSP = supply-side platforms), **ONLY report revenues that you earned from sales of your own advertising inventory or inventory you sold on behalf of a 3rd party**. These must consist of DIRECT TRANSACTIONS between your company and the ADVERTISERS themselves and/or their Media AGENCIES and/or their PROGRAMMATIC Trading Units / DSPs. **Do NOT subtract the cost-of-sale**, i.e. revenues you paid back to an original (3rd party) vendor for your selling their inventory”. (Contact Steve Rosenblum, Research, with questions: srosenblum@iabcanada.com).

The INTERNET Advertising Formats:

Standard/Rich Media Display Advertising (CPM, CPE* only) –

Advertiser pays an Internet Publisher or Ad Network/Exchange for space to display the following:

(a) STANDARD - hyper linked text, banner, big box, skyscraper, button, or other basic unit (can animate, contain Flash or utilize HTML5), 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 allowing interaction with products or services (including the ability to fill out forms, play games, expandable mouse-over areas for more info, clicking within the ad for a “virtual test-drive” etc.) and/or Video or XML ad content (e.g. In-Banner Video executions), as opposed to solely animation. All IAB Rising Stars ad formats are considered Rich Media; so are Interstitials (i.e. full/partial-page server-push ads appearing in the transition between two pages of content) or overlays (appearing over top of the page).

* Note: CPE = Cost per Engagement

Not included:

- Video ads that appear in a video-player unaccompanied by other video content (i.e. OUTstream – in the page feed) are considered Digital Video Ads, NOT Rich Media.
- Video Pre, Mid, Post-roll etc. (i.e. INstream Video) in a Video-player environment are also considered Digital Video Ads - NOT Rich Media.

Sponsorship / Contest / Advertorial / Advergaming Advertising (Flat Fee) –

An Advertiser sponsors part or all of a targeted Internet Publisher Website, usually existing content (e.g., entire Website, site area, an event, etc.). Sponsorships may have 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 have listing fees, as well as net contest/microsite creation revenue. Advergaming 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.

Direct Response / Lead Generation Performance Advertising (CPC, CPA*, CPLed only) –

Fees Advertisers pay to Internet Publishers that refer qualified purchase inquiries/potential customers (e.g., auto dealers which pay a fee in exchange for receiving a qualified purchase inquiry over the Internet) or provide consumer information (demographic, contact, behavioral), where the consumer opts into being contacted by a marketer (email, postal, telephone, fax). These processes are priced on a performance basis (e.g., cost-per-action, cost-per-lead or cost-per-inquiry), and can include user applications for service (e.g., applying for credit card, mortgage or insurance), surveys, contests or registrations. * Note: CPA = Cost per action/acquisition

NOTE - In final report: Display = Standard/Rich Media Display, Sponsorship + Direct Response (sum of all the above).

Digital VIDEO Advertising (CPM, CPV, CPCV* only) –

Consists of **INSTREAM Pre-, Mid-, Post-Roll** TV-like advertisements that may appear as Video commercials before, during, and/or after a variety of streaming video content – AND/OR - **OUTSTREAM** on a Standalone basis**. These appear 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 Instream Video commercials that appear in live, archived, and downloadable / streaming content.

**OUTstream Video Ads (that appear in a video-player, unaccompanied by other video content) are categorized as Digital Video ads, NOT Rich Media. Examples include Native Video, In-Feed Video such as Social Infeed, In-Article Video, and Interstitial Video.

Video overlays include small ads that appear on top of digital video content. They can appear to be display, video, rich media, text or another ad format but are contained within the video player.

NOTE: DO NOT include companion ad revenue or In-Banner ad revenue, unless your Digital Video package is sold in such a way that you cannot separate the revenue (i.e. please DO NOT record companion ad revenue in both Video & Display). DO NOT include revenue from Video within in-banner executions (i.e. not in a player) in this category, as it is covered in the Standard/Rich Media Display Advertising section above.

* Note: CPV = Cost per View / CPCV = Cost per Completed View

→ SEE DETAILED SEPARATE DEFINITIONS FOR INSTREAM VS OUTSTREAM VIDEO FOLLOWING SECTION B.

Streaming Digital AUDIO Advertising –

Refers to partially or entirely advertising-supported audio programming available to consumers on a streaming basis, delivered via the wired and mobile Internet. This includes advertising served in a wide range of services, such as the following:

- o Online audio streams of terrestrial radio stations;
- o Purely online radio stations, with either professional or amateur DJs;
- o Personalized (i.e., without human editors/DJs) and on-demand, streamed audio services that create playlists based on user preferences of artists, tracks, or genres;
- o Music or spoken word audio content delivered within a different website or application, e.g., in-game music services, podcast.

Search Advertising –

Fees advertisers pay Internet Publishers to list and/or link their company site/domain name to a specific search word or phrase via paid listings or contextual search.

Search categories include:

- *Paid listings* – Text links appear at the top, bottom, or side of search engine’s results for specific keywords. The more a marketer pays, the higher the position it gets. Marketers only pay when a user clicks on the text link.
- *Contextual search* – Text and image ads appear in an article on a Publisher’s site, based on the context of the content. Marketers only pay when a user clicks on a link.

Note: EXCLUDES SEO (search engine optimization) techniques, that can be used to make a website ‘search engine friendly’, in order to improve the site’s ranking in search engine results pages (SERPs).

E-mail –

Banner ads, links or advertiser sponsorships that appear in Internet Publisher’s e-mail newsletters, e-mail marketing campaigns and other commercial e-mail communications. Includes all types of electronic mail (e.g., basic text or HTML-enabled).

Classifieds / Auctions, Directories–

Classifieds / Auctions –

Revenues that Internet Publishers receive to list specific advertiser products or services (e.g. Internet job boards and employment listings, real estate listings, automotive listings, personals listings, business to business, auction-based listings and merchandise). NOTE: please DO NOT include e-commerce revenue.

Directories –

Revenues that Internet Publishers receive to list specific advertiser products or services on city sites, yellow or white pages, etc.



SECTION B - Definitions of MOBILE Platform Advertising Vehicles/ Formats: 2019

NOTE – INCLUDES Mobile + Tablets; EXCLUDES Computers (desk/laptop) or Other Connected Devices -- EXCLUDES any Production or eCommerce or Barter

Introduction:

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

Definition of Mobile:

Advertising tailored to and delivered through wireless mobile devices such as smartphones, feature phones (i.e. lower-end mobile phones capable of accessing mobile content), and tablets. 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 or Tablet devices running proprietary (iOS, Android), or open operating systems), text messaging services (i.e. SMS, MMS) or within mobile search results (i.e., 416 listings, directories, mobile-optimized search engines).

What we mean by “NET’ Revenues”:

To ensure there is NO duplication of reported ad revenues between Publishers, Ad Networks or Exchanges/SSPs (SSP = supply-side platforms), **ONLY report Mobile (+Tablet) revenues that you earned from sales of your own advertising inventory or inventory you sold on behalf of a 3rd party**. These must consist of DIRECT TRANSACTIONS between your company and the ADVERTISERS themselves and/or their Media AGENCIES and/or their PROGRAMMATIC Trading Units / DSPs. **Do NOT subtract the cost-of-sale**, i.e. revenues you paid back to an original (3rd party) vendor for your selling their inventory. (Contact Steve Rosenblum, Research, with questions: rosenblum@iabcanada.com).

The 4 Formats that make-up the Mobile (+Tablet) Advertising Platform:

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

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



1) Mobile DISPLAY/SPONSORSHIP Advertising Revenue (Standard/Rich Media; Sponsored App, Game, "Push" e.g. location-based etc.) – CPM/CPE/Flat fee only

Mobile Display/Sponsorship advertising consists of advertising served specifically to mobile devices on Mobile Optimized sites (e.g. m., .mobi, /mobile), Responsive sites or within Mobile Applications (such as on News and Weather or within Mobile Games). Please EXCLUDE Production Revenues for the development of Mobile Content or Mobile-only/Tablet-only Applications, if any.

Here we include all revenues received for:

- (a) Standard Display ads (Banners; Interstitial or Full-page ads; Mobile Flyers; etc.)
- (b) Sponsorship ads (this includes Sponsored "push" notifications e.g. date, contextual or location-based notifications; Sponsored Apps, Games, etc. "brought to you by...").
- (c) Rich-media ads (i.e. expandables, take-overs etc., and/or in-banner video executions, as opposed to solely animation). The Survey considers display-related ads on a page (that are not in a player) that contain video to be Rich Media Ads. Same is true for digital audio.

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

Not Included: INstream Video Advertising in a video-player environment (pre, mid, post-roll), and Video ads that appear in a video-player, unaccompanied by other video content (i.e. OUTstream – in the page feed), which are considered Digital Video Ads, NOT Rich Media. Mark-up by ad Agencies (gross); Ad creation/production revenues; End-user data charges; Barter

NOTE: For a full description of Standard Display, Rich Media, Sponsorship and Audio, see Section A on Internet Advertising.

2). Mobile PERFORMANCE Advertising Revenue – (e.g. QR codes) – CPC, CPA, CPLoad only

Fees Advertisers pay to Digital or Mobile Publishers that are priced on a Mobile performance basis (e.g. cost-per-click, cost-per-action, cost-per-download, cost-per-lead or cost-per-inquiry), and can include user applications for service (e.g., applying for credit card, mortgage or insurance), surveys or registrations. They can also refer to qualified purchase inquiries (e.g. auto dealers which pay a fee in exchange for receiving a qualified purchase inquiry via Mobile) or provide consumer information (demographic, contact, behavioral), where the consumer opts into being contacted by a marketer (alerts, SMS, email, postal, telephone, fax).

Included in Mobile Performance Revenue: CPC, CPA, CPLoad only.

Not Included: Mark-up by ad Agencies (gross); Production revenues; Barter.

3) Mobile SEARCH Advertising Revenue

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



devices. See Section A for details.

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

4) Mobile VIDEO Advertising Revenue – (CPM/CPV/CPCV-only)

SEE DETAILED DEFINITIONS FOR INSTREAM VS OUTSTREAM VIDEO AT THE END OF SECTION B.

Mobile Video advertising consists of Video **Pre/Mid/Post-roll INstream** and **Standalone OUTstream**** video commercials in a video-player environment, served specifically to mobile devices on Mobile Optimized sites, Responsive sites or within Mobile Applications.

**OUTstream Video Ads (that are not in a player) are also categorized as Mobile Video ads, NOT Rich Media. Examples include Native Video, In-Feed Video such as Social Infeed, In-Article Video and Interstitial Video.

Video Overlays are also categorized as Digital Video Ads. Video overlays include small ads that appear on top of digital video content. They can appear to be display, video, rich media, text or another ad format but are contained within the video player.

Not Included: Mark-up by ad Agencies (gross); Video creation/production revenues; End-user data charges; 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); Video revenue from within in-banner executions (i.e. not in a player), which are considered Rich Media.

5) Mobile OTHER Advertising Revenue

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

Appendix: Detailed Instream vs Outstream Definitions

Digital INstream Video Advertising

This is a form of digital video advertising that is specific to the streaming video of which it is attached, and not that of a static web page. This encompasses pre-roll, mid-roll, and post-roll video advertisements, presented before, during and/or after streaming video content that is viewed in a video-player environment. The survey includes video overlays when contained within the same video player environment as the streaming video content, and are categorized as digital instream ads. This definition also includes digital instream video ads that appear in live, archived, or streaming content.

Includes: Includes pre, mid, post roll in video-player; Includes ads that appear in live, archived, or streaming content.

Excludes: Does not include video games; does not include in-banner video (any video unit loaded in a standard display ad placement), or other forms of rich media.

Digital OUTstream Video Advertising

This is a form of digital video advertising that is NOT associated or connected to streaming video-based content. This encompasses native video, in-feed video (such as social infeed), in article video and interstitial video advertisements, presented in the page content as users scroll past or engage with page elements. We consider video overlays when contained within the same video player environment as the Digital Outstream content, to be digital outstream ads. This definition also includes digital outstream video ads that appear alongside syndicated, sourced, and journalistic articles, as well as user generated content.

Includes: Includes video elements that load/start in the page content

Excludes: Does not include video games; does not include pre, mid or post roll; does not include in-banner video (any video unit loaded in a standard display ad placement), or other forms of rich media.

SECTION C – Definitions of Programmatic Transaction Types: 2019

Overall definition: Programmatic Trading includes ‘Any Systems-Driven, machine-enabled Buying’ (and selling) of digital media via Trading Desk and Inside Agency – *not including Paid Search or Social Media*. Note: ‘Video sharing sites’ are included.

Programmatic Advertising by 2 Main Transaction Types (and sub-types): Detailed Definitions

Open Auction – A publisher will allow all buyers to participate in accessing their inventory through this tactic. Usually there is no direct relationship with the buyer. Publishers may choose to use Blocklists and floor pricing to prevent advertisers from gaining access. On the advertiser side they are often unaware of what publisher they are buying on. DSP’s usually present a list of exchanges/SSPs to the buyer that they automatically opt into. Buyers may not know or care that they are buying a publisher’s inventory. Because of this, publishers can take part in the Open Auction on a blind basis

Programmatic Direct – Leading Canadian vendors define the following collectively as “Programmatic Direct”, which consists of 2 main components as follows = DEAL I.D. (non guaranteed) + Automated Guaranteed

A. DEAL I.D. (Non guaranteed) which in turn is made up of two sub-types...

Invitation-only auction – Sometimes referred to as **Private Auction**, this auction type is very similar to an Open Auction except a publisher restricts participation to select buyers/advertisers via Whitelist/Blocklist. A publisher may choose to not participate in an Open Auction and only run an Invitation-Only Auction. It is important to note that an Invitation-Only Auction is an auction and buyers will be expected to bid on inventory. A publisher may choose to expose different information such as transparency or data, through the use of Deal IDs or Line Items to add value to this select group of buyers while participating in this tactic.

Unreserved fixed rate – Transactions that fall into this category exist within an exchange environment, but have pre-negotiated, fixed pricing (CPM, CPC, etc.). Typically, Unreserved Fixed Rate deals sit at a higher priority than the Open and/or Invitation-Only Auction. A deal of this type typically is due to advertiser demand for a more predictable offering within the exchange space.

B. Automated guaranteed – Includes Programmatic Guaranteed:

This type of transaction most closely mirrors a traditional digital direct sale. The deal is negotiated directly between buyer and seller, the inventory and pricing are guaranteed, and the campaign runs at the same priority as other direct deals in the ad server. The programmatic element of the transaction that differentiates it from a traditional direct sale is the automation of the RFP and campaign trafficking process. Negotiation through to fulfillment can be, should the publisher desire, completed within the technology platform providing the automated reserve functionality.

CAVEAT: Only Publishers may include 'Programmatic Direct' Revenues: Exception - Fees charged by Exchanges/SSPs to manage Programmatic Direct should be included by Exchanges/SSPs.



Recapping the Two Main Programmatic Transaction-types and their components:

Open Auction: Unreserved Inventory, Auction Pricing, One – All Participation

Programmatic Direct (2 sub-types):

a). **DEAL I.D. (Non-guaranteed)** ...in turn made up of: Invitation-Only Auction (or Private Auction) = Unreserved Inventory, Auction Pricing, One-Few Participation; Unreserved Fixed Rate = Unreserved Inventory, Fixed Pricing, One-One Participation

b). **Automated Guaranteed (incl. Programmatic Guaranteed)** = Reserved Inventory, Fixed Pricing, One-One Participation

SECTION D - Definitions of Leading Industry Categories: 2019

The product and service categories in IAB Canada's Internet Advertising Revenue Surveys are consistent with many used by the U.S. and/or U.K. IABs, as they originate from the the North American Industry Classification System (NAICS) - an index of types of business establishments with corresponding descriptions for comparability among North American countries. The research team at IAB Canada updates the classifications for clarity and technological or industry changes.

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, this also includes manufacturing

Revised: Consumer Packaged Goods – includes manufacturers and importers of packaged food products, household products, personal care and toiletry products, tobacco and e-cigarettes.

Entertainment – music recordings, film box office, live arts box office (theatre, dance, opera and concert etc.), the arts (museums, art galleries etc.), videogames, amusement/recreation such as theme parks, sports events)

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 organizations including unions and political parties, charities, educational institutions and services.*

Travel – Consists of **Leisure Travel** and **Business Travel**, comprising travel agencies and online booking services; tourism; hotels, resorts and other paid lodging; other hospitality services; airlines and other paid transportation modes such as rental vehicles.

Media – includes institutions primarily engaged in radio and television broadcasting (network and station) including commercial, religious, educational, cable & online stations. Also includes establishments primarily engaged in publishing on the internet and eBooks as well as of traditional newspapers, periodicals and books.

Revised: Pharma & Healthcare – includes pharmaceutical and medicine manufacturing of prescription and non-prescription/ generic and brand drugs/remedies; healthcare and social assistance services including offices of health practitioners, home health care services/other ambulatory services, medical/diagnostic laboratories, nursing/residential care & community care facilities for the elderly. *Also includes cosmetic manufacturers as well as recreational cannabis producers and retailers.*

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 physical (brick & mortar) and online stores (on the internet) that are purveyors of most products



and services such as apparel, restaurants/fast food, home furnishings/textiles, toys/games, pet food/supplies, appliances, jewelry, drug / cosmetics stores, sporting / athletics goods retailers, consumer electronic/computers and related services, etc. Also includes mail order / catalog.

Consumer Electronics & Computers – includes hardware manufacturers and importers, excludes retail (computers, computer storage devices, and computer peripheral equipment), consumer electronics manufacturers and importers/not retailers, prepackaged software creators (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 service providers, including telephone voice and data communications, two-way mobile/cellular communications services and other non-vocal message communications services (e.g., electronic mail, texting et c.); includes internet service provider or ISPs, multi-channel video providers on a subscription fee basis or BDU's (e.g., cable, IPTV and satellite services)



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.



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