

Internet Advertising Revenue Report

Full-year 2023 results
April 2024

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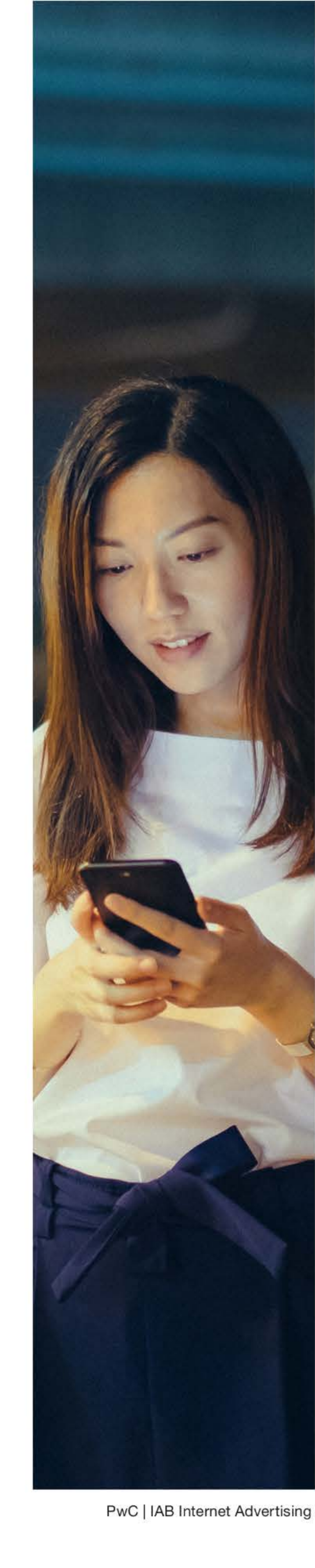


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Summary

1

Introduction

The US digital advertising industry demonstrated continued growth in 2023, achieving a record-high of \$225 billion in ad revenue and marking a 7.3% increase from the previous year. Despite challenges such as rising interest rates and job cuts, and the need to focus their budgets on digital advertising in a competitive market, companies adjusted by increasingly seeking talent in innovative digital fields like Generative AI (GenAI). The accelerated digitalization of the consumer journey this past year has led businesses to increasingly rely on digital advertising to reach their target audiences through shoppable ads, affiliate marketing, retail media and the growth of the creator economy.

Brands are strategically reallocating their digital ad spend towards retail media and user-generated content on social media platforms. Through the growth of e-commerce and changing shopping behaviors, retailers have become an effective way to deliver targeted advertising experiences, while the creator economy is experiencing substantial growth through the democratization of content creation and the shift in consumer preferences towards authentic and relatable content. Simultaneously, large holding companies are investing in GenAI to optimize campaigns, personalize content, and enhance targeting capabilities. While talent shortages pose a significant challenge to the successful implementation of AI initiatives, organizations are increasingly establishing Centers of Excellence (COEs) to further drive AI adoption. Meanwhile privacy regulations, including GDPR (General Data Protection Regulation) and CCPA (California Consumer Privacy Act), and increasing mistrust in the media¹ have significantly impacted data collection and usage within advertising. Advertisers are now adopting privacy-focused strategies aligned with the Digital Markets Act (DMA) and Digital Services Act (DSA), obtaining user consent, and embracing privacy-safe data collaboration solutions without the use of third party cookies.

Looking ahead to 2024, the digital advertising industry is poised for significant transformation. Connected TV (CTV) continues to scale, and continues to be a promising channel for marketers, offering access to brand-safe premium inventory, sophisticated audience targeting capabilities, and advanced measurement tools. Streaming services, including industry giants like Netflix, YouTube, and Amazon, continue to capture a growing share of consumer entertainment budgets, introducing ad-supported tiers to enhance profitability. Live sports programming is transitioning to streaming platforms, with players securing rights to live sports events.

The industry's outlook for 2024 appears promising, contingent upon compliance with evolving privacy regulations and adept adaptation to shifting consumption channels and consumer expectations. Embracing the power of CTV and retail media, leveraging Generative AI, and adopting privacy-first approaches will be pivotal in navigating the digital advertising landscape successfully.

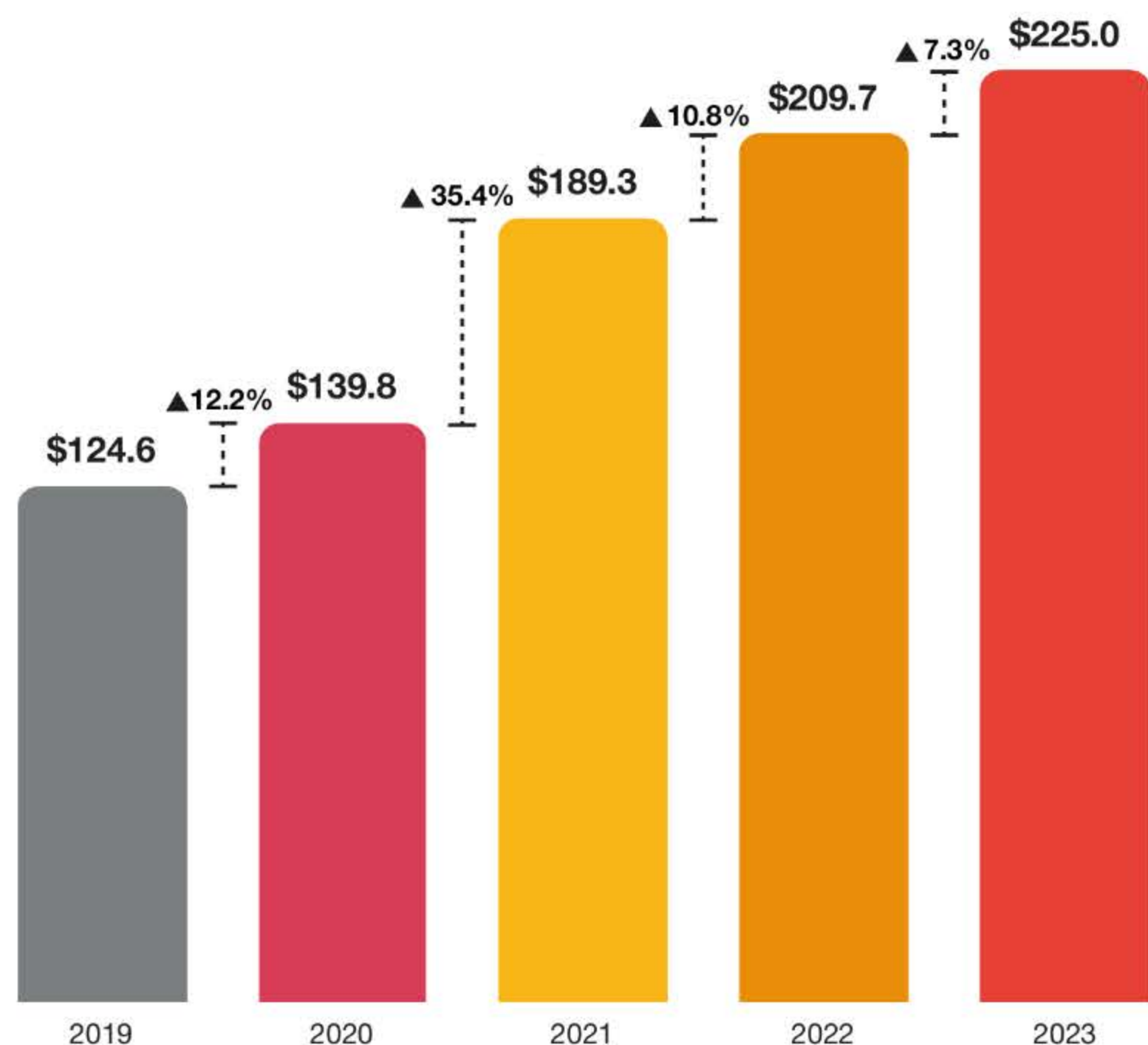
1. Gallup (October 19th 2023), Media Confidence in U.S. Matches 2016 Record Low

2023 vs. 2022 internet advertising revenues

Internet advertising revenues continued to grow in 2023 despite challenging economic conditions

Following the exponential year-over-year (YoY) growth of 35.4% in 2020-2021, a slow down in advertising revenue growth was expected in subsequent years. This has been magnified by the continuing economic uncertainty impacting marketing spend. Despite these headwinds, internet advertising revenues increased by 7.3% YoY between 2022 and 2023, to reach their highest recorded level of \$225.0 billion. This is only a minor slow down in growth compared to 2021-2022, demonstrating a continuation of the U.S. market's resilience despite challenges such as high inflation, rising interest rates and sector job cuts.

Five year (2019-2023) internet advertising revenue trend (\$ billions)



Source: IAB / PwC Internet Ad Revenue Report, FY 2023



2023 Highlights



Internet advertising revenues have continued to grow to its highest recorded levels yet, albeit at a slightly slower rate compared to previous years



Within advertising formats, video and audio continue to show the most promising growth

Digital advertising revenue and growth rate

- Internet advertising revenues increased by 7.3% YoY between 2022 and 2023, to reach their highest recorded level of \$225.0 billion.
- 2023 saw a growth in revenue quarter-over-quarter (QoQ) and consistently higher revenues than in each corresponding quarter of 2022. Q1 saw modest growth of 2.1% from the year prior, likely reflecting the challenging economic climate of early 2023. With more holidays and consumer spending in the second half of the year, year-on-year growth continued to increase in Q2 and Q3, culminating in a stronger Q4, which saw the highest growth rate of 12.3% from the year prior; revenues increased to \$64.5 billion from \$57.4 billion.
- The second half of 2023's contribution to overall revenues has increased slightly vs. 2022 (52% in 2022 vs. 54% in 2023). However, this continues to not be as high as in previous years, highlighting the importance of all quarters' contributions to full year advertising revenue.

Formats and programmatic

- Advertising revenues for search recorded a 5.2% YoY annual growth rate (\$4.4 billion increase) to reach \$88.8 billion in 2023. While search continues to have the largest market share at 39.5%, its YoY growth is slower than the majority of other formats.
- Video, including CTV and OLV, now accounts for 23.2% of all advertising revenue, bringing in \$52.1 billion over the course of 2023. This represents a sizable 10.6% YoY growth.
- Audio, which includes podcasts, streaming music and streaming radio continues to achieve strong growth while accounting for \$7 billion in revenue which is a 18.9% increase from 2022.
- Display saw a slower growth rate this year. Revenues remain high, totaling \$66.1 billion in 2023, but it achieved a YoY growth of 4%, down from 12% growth in 2022.
- In 2023, programmatic advertising revenue was \$114.2 billion, an increase of 4.4% or \$4.8 billion over 2022.

2023 Highlights (continued)



Social media advertising revenues started growing again in 2023, following a slow down in 2022



Retail media advertising revenues continue to show strong signs of growth in 2023

Social media

- After a period of slower revenue growth in 2022, social media advertising revenue rebounded with 8.7% YoY growth in 2023.
- Social media advertising revenues saw an increase of \$5.1 billion since 2022, totalling \$64.9 billion in 2023.
- Revenues in the second half of 2023 accounted for \$4.1 of the \$5.1 billion total increase over 2022.
- The allocation of digital ad spend towards user-generated content and the increase in international-based ecommerce revenues in the US are supporting this growth and are likely to help drive continued growth in the years to come.

Retail media

- Retail media advertising revenues saw an increase of \$6.2 billion since 2022, totalling \$43.7 billion in 2023.
- The growing importance of this sector is evidenced by the 16.3% YoY growth in advertising revenues.
- Retail media spend continues on its upper trajectory and is likely to see sustained growth as privacy regulations and performance potential make spend on e-commerce sites more appealing. Given this, retail media's current advertising revenues and rate of growth is a solid case for optimism for the future.



State of the Industry: 2024 and beyond

In 2023, the digital advertising industry in the US witnessed a transformative year for data privacy, innovation in the GenAI space, and the further evolution of channels like CTV, retail media, and the creator economy.

With the increasing emphasis on privacy and regulation, businesses are adapting their strategies to thrive in a privacy-by-design ecosystem, and growth channels like CTV are leveraging advanced targeting and measurement capabilities to reach audiences at scale. Retail media networks (RMNs) are evolving through strategic cross-platform partnerships, improved measurement capabilities, and the adoption of industry standards, presenting new opportunities for targeted advertising and allowing businesses to leverage the power of data-driven marketing strategies. This shift is complemented by the integration of GenAI which is streamlining existing creative processes and enhancing operational efficiencies. As the industry continues to evolve, it is crucial for advertisers to stay ahead of the curve, embrace innovation, and ensure responsible usage of AI technology. By doing so, they can deliver valuable advertising experiences while respecting user privacy and drive success in their campaigns in the years to come.

Below are three key trends industry leaders should focus on in the near future

1. Privacy and regulation

2023 has been a transformative year for data privacy in the US with the signing of the California Privacy Rights Act (CPRA) in four additional states including Utah, Virginia, Connecticut, and Colorado, and the emergence of over 350 consumer privacy bills.² The landscape of data privacy regulations has undergone noteworthy changes, and the industry is fully acknowledging the need for significant changes to their business and advertising strategies to survive and thrive in a privacy-by-design ecosystem.

In last year's report, the Interactive Advertising Bureau (IAB) predicted that the shift towards privacy-preserving advertising practices would not be a temporary trend but a permanent change.

This prediction is now being supported by the industry, as businesses are actively participating in the push for privacy regulation, aligning with US state-level privacy regulation such as the CPRA, and the DMA and DSA in the EU. Google has implemented new privacy requirements in Europe requiring the submission of consent parameters to their platforms.³ While these regulations have yet to migrate to the US, industry guidelines have been established in-lieu of national legislation.

The industry is adapting to potential regulatory changes by shifting towards alternative advertising methods such as first-party data, contextual advertising, privacy-safe data collaboration, and retail media.⁴ These approaches allow for targeted techniques that respect user privacy, especially in light of the deprecation of third-party cookies and the limited availability of data. Many industry professionals expect continued legislation and signal loss in 2024 and beyond, which could further decrease former methods of message personalization and monetization.

As regulated advertising and privacy concerns become the new norm, digital advertising organizations must focus on innovative solutions that strike a balance between personalization and privacy while publishers need to review their data strategies, including evaluating customer data platform (CDP) solutions and implementing data clean rooms to enable these strategies. Changes like Google's full deprecation of third-party cookies and the expectation of continued limitations on iOS will require further adaptation and innovation within the industry to ensure effective advertising practices in a privacy-conscious environment.

By embracing alternative advertising methods, reviewing data strategies, and addressing future challenges, media outlets can deliver valuable advertising experiences while respecting user privacy. The industry's adaptability and innovation will be crucial in thriving within the privacy-by-design ecosystem.

2. Forbes (May 17th 2023), The Impact of Privacy Regulations on Digital Marketing

3. Precis Digital (December 12th 2023): The DMA & DSA and the implications for advertisers

4. IAB Annual Leadership Meeting (2024), The In-Between Years: The Pivot Between The Past and The Future

State of the Industry: 2024 and beyond

2. Growth channels

The advertising landscape is undergoing a rapid transformation, driven by the proliferation of channels that offer addressable audiences at scale and personalized messaging in privacy-compliant ways. These channels, equipped with large first-party data sets, sophisticated contextual models, and native measurement capabilities, have gained a competitive edge in the industry.

As linear ad spend and viewership decline, content providers are focusing more on connected TV (CTV) advertising and exploring higher bundled and tiered subscription costs. Marketers are drawn to CTV's ability to address audiences at scale through efficient full-funnel outcomes, brand-safe premium inventory, and sophisticated audience targeting and advanced measurement tools. With combined spending on TV and CTV projected to grow by over \$12 billion between 2023 and 2027, CTV/OTT is expected to be the fastest growing media channel in 2024.⁵

The 2023 writers' strike in the Hollywood industry, coupled with decreased viewership of scripted shows and reruns, had prompted a redirection of advertising dollars this past year from traditional broadcasters towards independent and non-unionized streaming and social platforms. This shift has significantly impacted the world of live sports, traditionally dominated by linear TV. While live sports licensing contracts with broadcast networks remain in place, the NBA league broadcasting rights will be up for negotiation at the end of the 2024-25 season, prompting major legacy sports broadcasters and established streaming players to expand into digital TV and secure rights to live sports events. News broadcasters with sports rights have seized the opportunity to sell advertising at a premium as the industry expands. CNBC, NPR, Bloomberg, and other broadcasters are capitalizing on this trend, offering sports media coverage alongside their advertising offerings.⁶

Streaming sports presents a lucrative opportunity for direct-to-consumer (DTC) services, an approach already adopted by major leagues like NFL, NBA, MLB, and English soccer's Premier League. They incorporate real-time stat overlays, social media integration, live in-game chats, and archived content to create a fan ecosystem and maximize revenues.

These engagement vehicles have caused a shift in consumer behavior, prompting heightened competition among streaming ad sellers. The integration of traditional advertising with influencer collaborations within live sports is ushering in a new era of integrated marketing.

The continued growth of the influencer-based creator economy has allowed smaller consumer brands to capitalize on the growth of nano and micro influencers, enabling them to interact with their consumers at a more cost-effective rate, while bigger budget brands continue to focus on macro-influencers to drive reach and brand awareness. Social media platforms are now actively exploring opportunities to combine social commerce, reality technologies, and digital advertising through influencers, resulting in higher engagement and purchase conversion rates.

Retail Media Networks (RMNs) are also evolving through strategic cross-platform partnerships, improved measurement capabilities, and the adoption of industry measurement standards. M&A actions such as Walmart's acquisition of Vizio are bridging the gap between traditional retail advertising and streaming media, resulting in increased market power, expanded reach, and enhanced targeting and measurement capabilities for RMNs. Digital advertising agencies are expecting budget increases and investing more in retail media networks for targeted advertising opportunities, adapting to the retail media gold rush, and shifting ad spend from clients to capitalize on data-driven marketing strategies.⁷ Now RMNs have the potential to prove their value as a full-funnel channel and attract non-endemic brands, driving further growth.

The advertising landscape is being reshaped by the rapid growth of channels such as CTV, streaming services, and retail media networks. Marketers are embracing these channels for their ability to deliver addressable audiences, personalized messaging, and measurable outcomes. As the industry continues to evolve, it is crucial for advertisers to stay ahead of the curve and leverage these emerging opportunities to drive success in their campaigns. The future of advertising lies in the seamless integration of traditional and digital platforms, as well as the strategic utilization of advanced targeting capabilities.

5. Insider Intelligence (December 6th 2023), TV and Connected TV Ad Spending Forecasts H2 2023

6. Digital Content Next (August 2nd 2023), 5 ways the writers' and actors' strike will impact advertising

7. Digiday (November 7th 2023), How advertisers are grappling with the influx of retail media networks

State of the Industry: 2024 and beyond

3. Generative AI (GenAI)

GenAI is revolutionizing the advertising industry by optimizing various elements of advertising, including insight-driven idea generation, personalized content creation, and real-time optimization. Through AI content creation, meta tags, and headline changes, companies can now create numerous variations of the same ad at a lower cost. To adapt to the privacy-by-design ecosystem, leading companies are aggressively adopting AI to replace the lost signals that power personalization and measurement like Google's Performance Max and Meta's Advantage+. Social media platforms are also exploring AI opportunities for advertising with their own AIs in beta such as the Meta AI chatbot.⁸

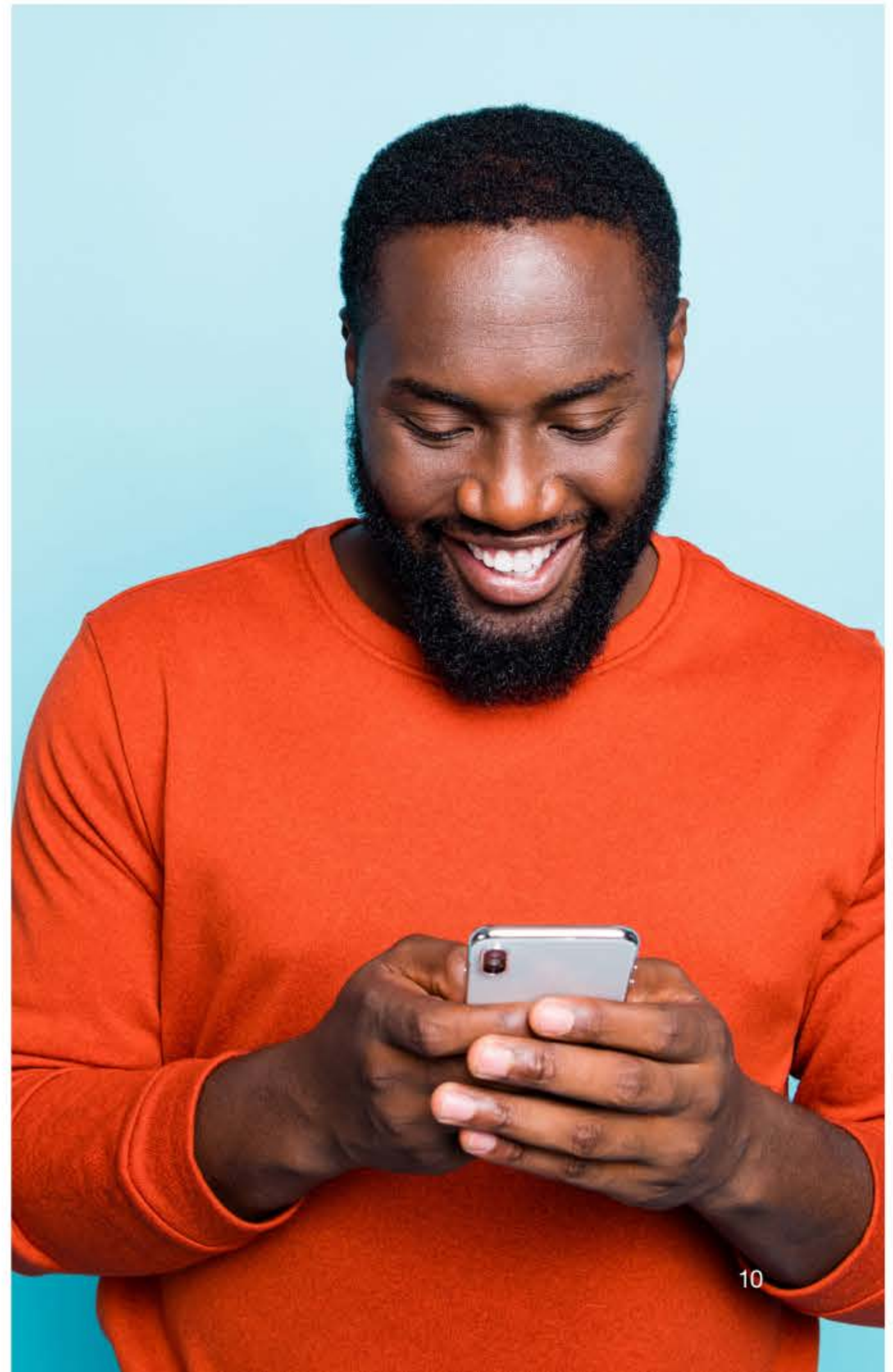
GenAI is being embraced on both the buy-side and sell-sides of advertising to streamline the production and optimization of ads and content. Brands and agencies are increasing their digital marketing budgets and reallocating current budgets to focus on hyper-personalized advertising through paid search, social media, and GenAI content creation. Meanwhile, publishers are utilizing GenAI to streamline back-end commercial processes, enhance revenue operations, and co-write compelling articles and headlines with tools like ChatGPT, improving margins and efficiency. AdTech/MarTech trends in 2023 highlight a focus on advancements in predictive analytics driven by AI technology, even though concerns about potential biases, copyright, and needs for SMEs to ensure responsible and effective usage of GenAI continue to arise.

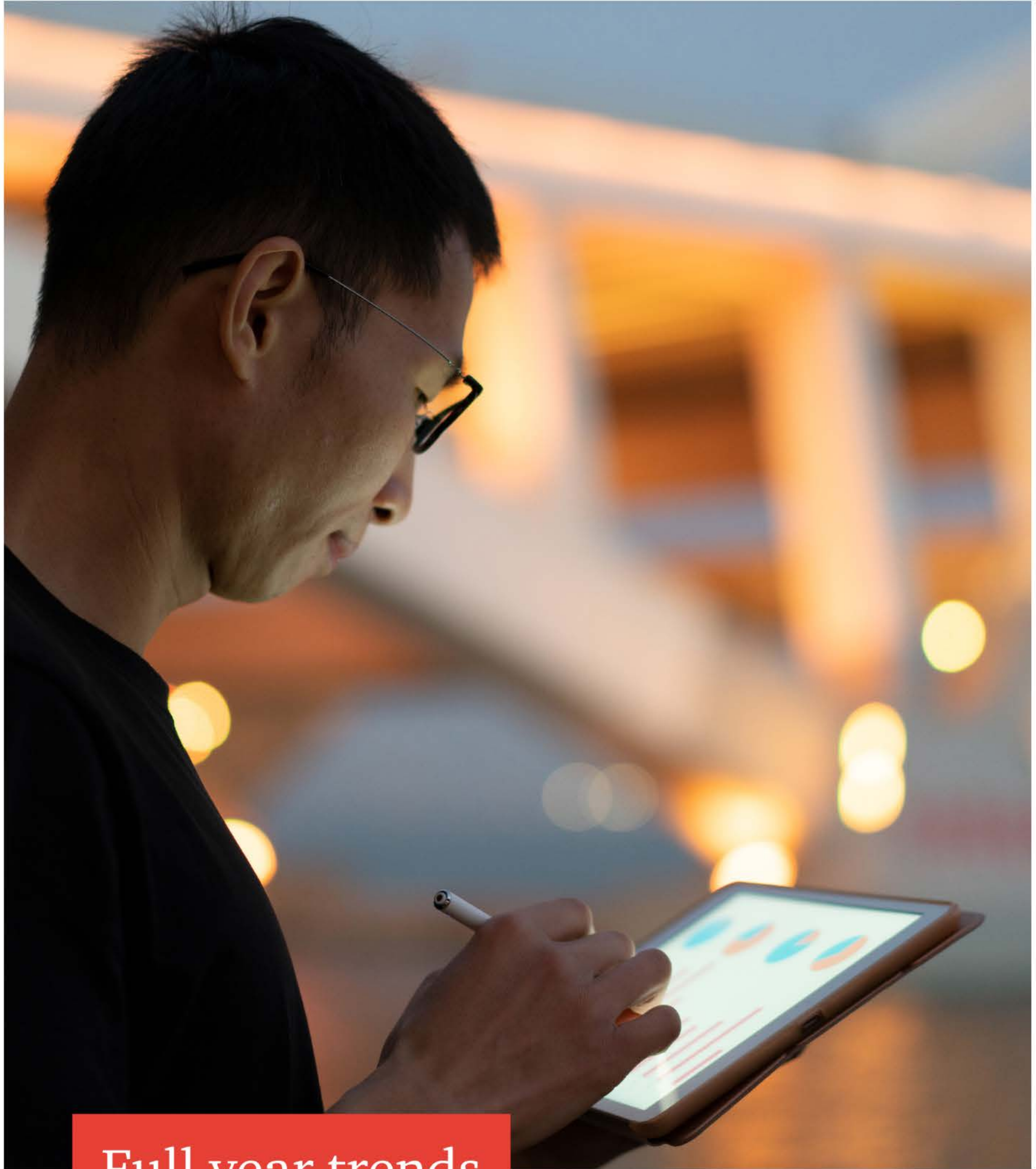
Talent shortages in the field of AI leadership also pose a challenge for businesses looking to incorporate AI into their operations. Larger agency holding companies are investing significant amounts of money into AI technology and talent, particularly AI leaders.⁹ Recruiting for these positions is becoming difficult, as individuals need to understand the business on both a macro and micro level before implementing GenAI.

GenAI is streamlining the creative process, reducing time inefficiencies, and promoting collaboration between humans and machines. Nevertheless, challenges such as talent shortages and ethical considerations need to be addressed as the industry continues to evolve.

8. Forbes (December 21st 2023), The Top Social Media and Digital Marketing Trends to Watch in 2024

9. Financial Times (February 11th 2024), How AI is transforming the business of advertising





Full year trends

2

Quarterly growth

2023 saw a modest but steady growth in revenue quarter-over-quarter when compared to 2022

In the first half of 2023 we saw only modest quarter-over-quarter (QoQ) growth rates of 2.1% in Q1 and 4.7% in Q2 when compared to the year prior. This slower QoQ growth was a trend also seen in 2022, likely reflecting the worsening economic climate. With more holidays and consumer spending, the second half of 2023 saw a return to more steady QoQ advertising revenue growth levels with 9.1% in Q3 compared to 2022. This culminated in a stronger Q4, which experienced the highest QoQ growth rate of 12.3% from the year prior, with ad revenues for this quarter increasing to \$64.5 billion from \$57.4 billion.

Quarterly ad revenue growth improved throughout 2023, from the lowest growth of 2.1% in Q1 to the highest growth of 12.3% in Q4



2022 vs. 2023 quarterly internet advertising revenues (\$ billions)

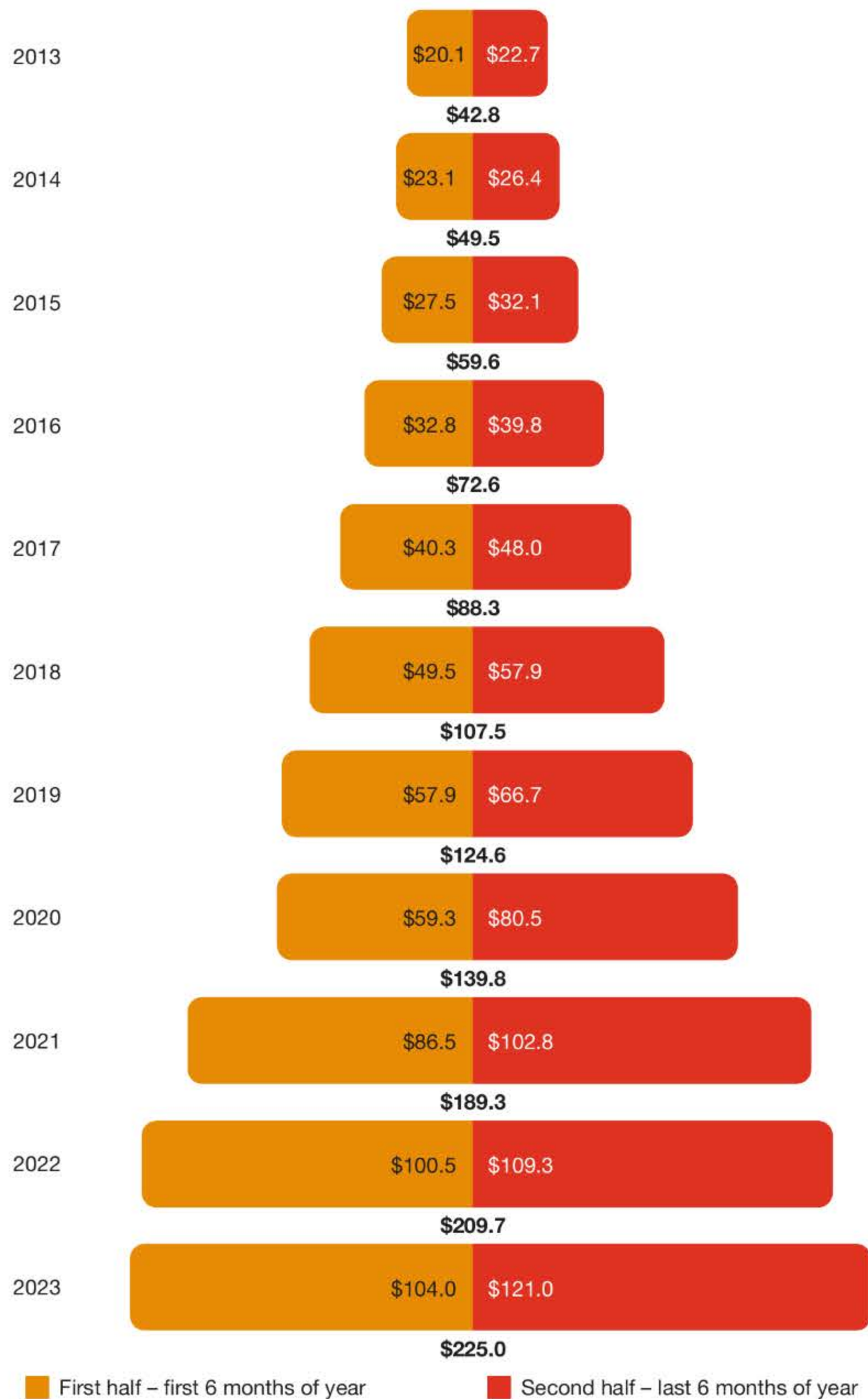


Note: Annual revenues may not sum to total of the quarters due to rounding

Source: IAB / PwC Internet Ad Revenue Report, FY 2023

Second half vs. first half revenues

Historical revenue mix, first half vs. second half (2013-2023) (\$ billions)



Note: First and second halves may not add up to total due to rounding

Source: IAB / PwC Internet Ad Revenue Report, FY 2023

Both the first and second halves of the year show strong revenues in 2023

The first six months of 2023 saw a 3.5% increase in revenues on 2022's first half performance. The second half of 2023 saw stronger growth, with a 10.8% increase in the second half of 2022. Q3's and Q4's contribution to overall 2023 revenues has increased slightly vs. 2022 (52% in 2022 vs 54% in 2023). Still, this difference continues to be not as pronounced as in previous years, highlighting the impact of internet advertising year round, rather than at fixed points throughout the year.



Revenue concentration

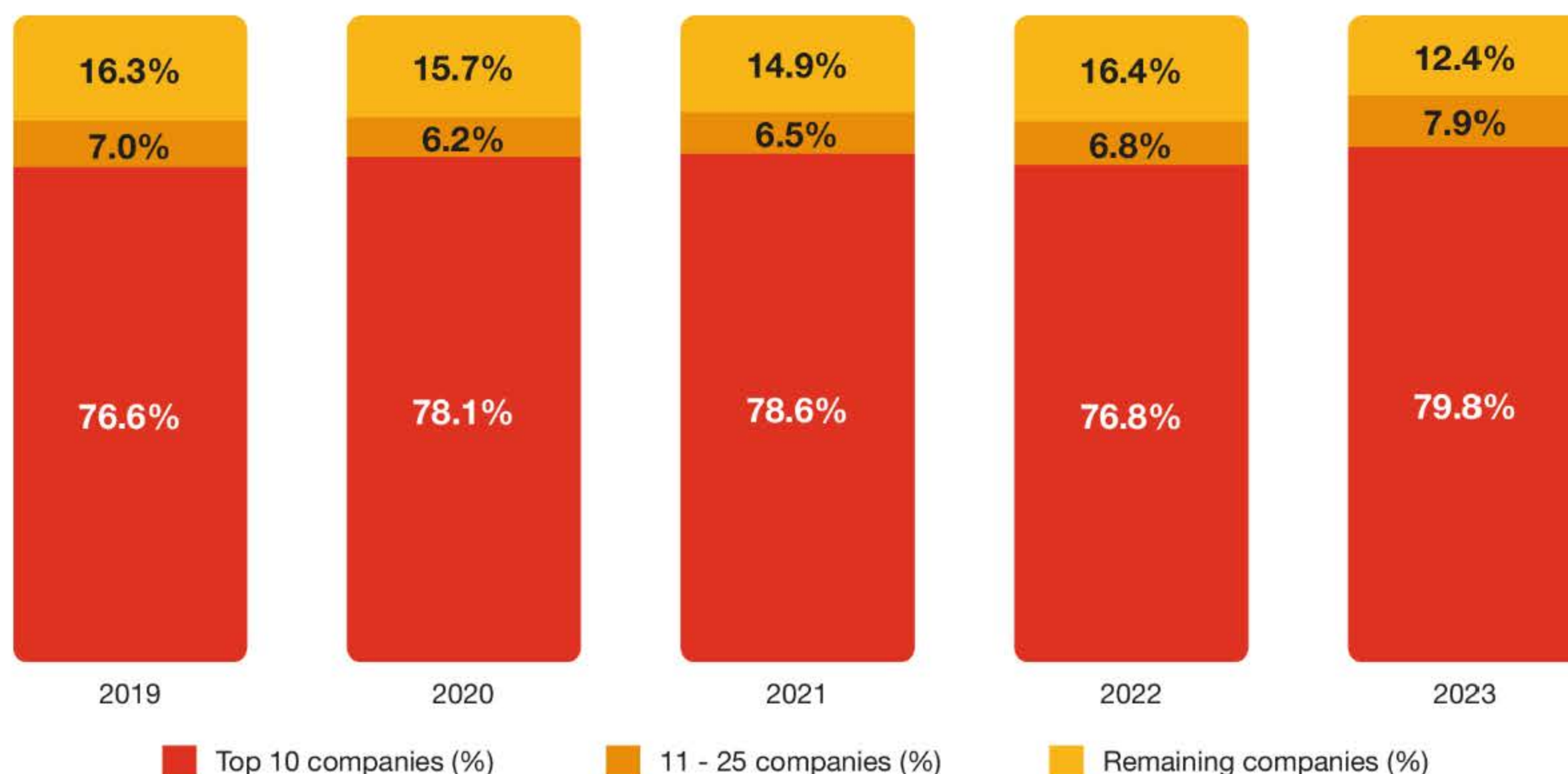
In 2023, the top and mid-tier companies have seen growth in their market share

Market share of the top 10 companies increased 3 percentage points in 2023. This is in contrast to 2022, where market share had declined versus the prior year. Increase in top 10 market share is likely attributed to Apple's privacy practices preferencing the largest players who have the most first party data and closed-loop reporting. Greater adoption of industry-leading AI-driven personalization and measurement capabilities is also likely to be helping larger companies drive stronger growth than their smaller competitors.

The top 11-25 companies have also increased their market share at a stronger rate than previous years. Now accounting for a 7.9% share in 2023 (+1.1 percentage points since 2022), their growth emphasizes the continued strengthening of mid-tier publishers' market position as they continue to compete with the big players.



Five year (2019-2023) internet advertising revenue concentration



Note: Totals may not equal 100% due to rounding

Source: IAB / PwC Internet Ad Revenue Report, FY 2023

2023 results, by format

Digital video and audio show the strongest growth across the year but search continues to grow and dominate in terms of overall market share of revenue



Search

Search has seen a \$4.4 billion increase in revenues in 2023 which equates to a 5.2% annual growth and an impressive \$88.8 billion in overall revenues. While it continues to have the largest market share (39.5%), its YoY growth is slower than the digital industry as a whole.



Display¹⁰

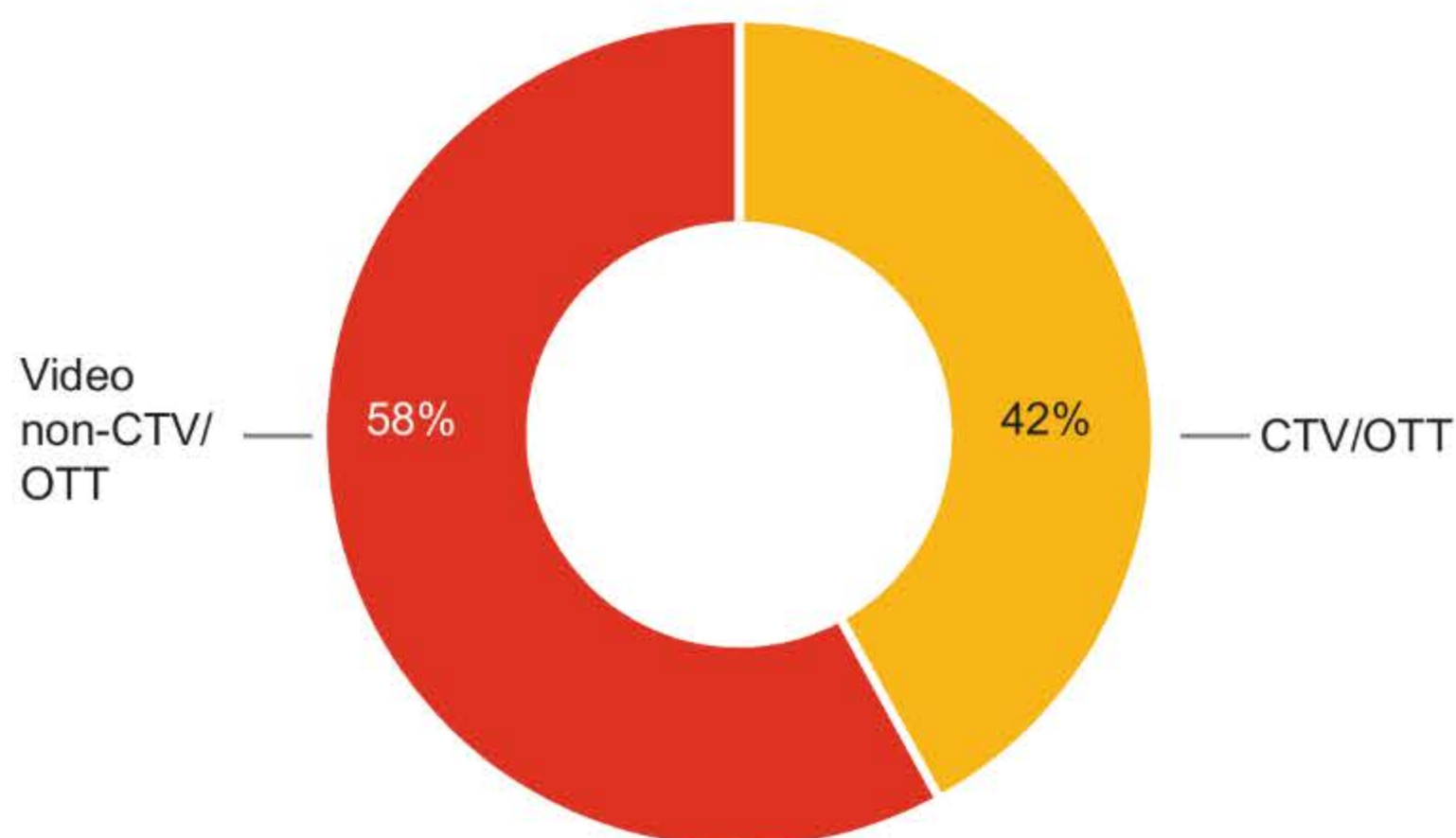
Overall revenues totalled \$66.1 billion in 2023. YoY growth has scaled back from 12% to just 4% this year, likely due to more advertisers pivoting to video. Survey submitters were asked for their anticipated outlook projections for 2024, and qualitative response to this question shows a mixed view as to whether Display will continue to increase or decrease ad revenues.



Digital Video

Video now accounts for 23.2% of all advertising revenue, bringing in \$52.1 billion over the course of 2023. While this growth is not as strong as in 2022, where revenues increased 19.3%, this represents a sizable 10.6% YoY growth.

Total video advertising revenue by type (2023)



42% of video revenue was generated from CTV/OTT in 2023.

The future continues to look bright for video. Qualitative response to our media outlook projections question - that asked submitters for their views on which formats would see sustained growth - showed that they anticipate further increases in revenues generated across OLV, CTV and OTT next year.

Source: IAB / PwC Internet Ad Revenue Report, FY 2023

10. Display includes Banner, Rich Media, Sponsorship and Native revenue



2023 results, by format



Digital Audio

While audio (which includes podcasts, streaming music and streaming radio) has not grown as much as in 2022, where YoY growth of 20.9% was achieved, it continues to outperform other formats in its growth figures, earning \$7 billion in revenue which is an 18.9% increase from FY22. Many services have now expanded their audio subscription offerings and introduced ad-supported tiers, making subscriptions accessible to more listeners. AI driven personalization is also likely to be contributing to this growth. Based on submission data, the outlook for 2024 remains positive with all participating companies signaling that they anticipate growth in the year ahead.

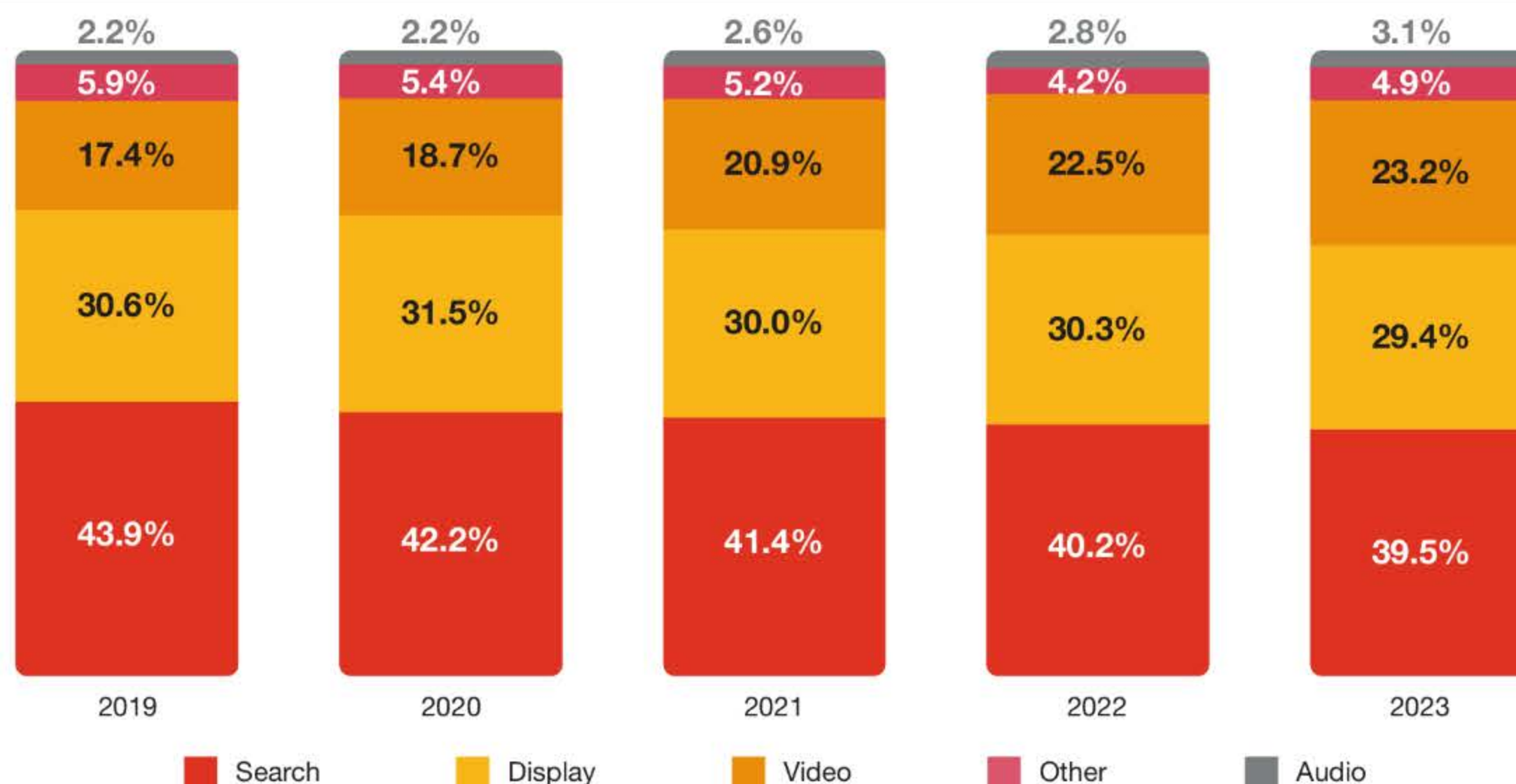


Other

Other formats accounted for \$11 billion in revenues with a 4.9% share of total internet advertising revenues in 2023. Other includes Classified and Directories and Lead Generation revenues.

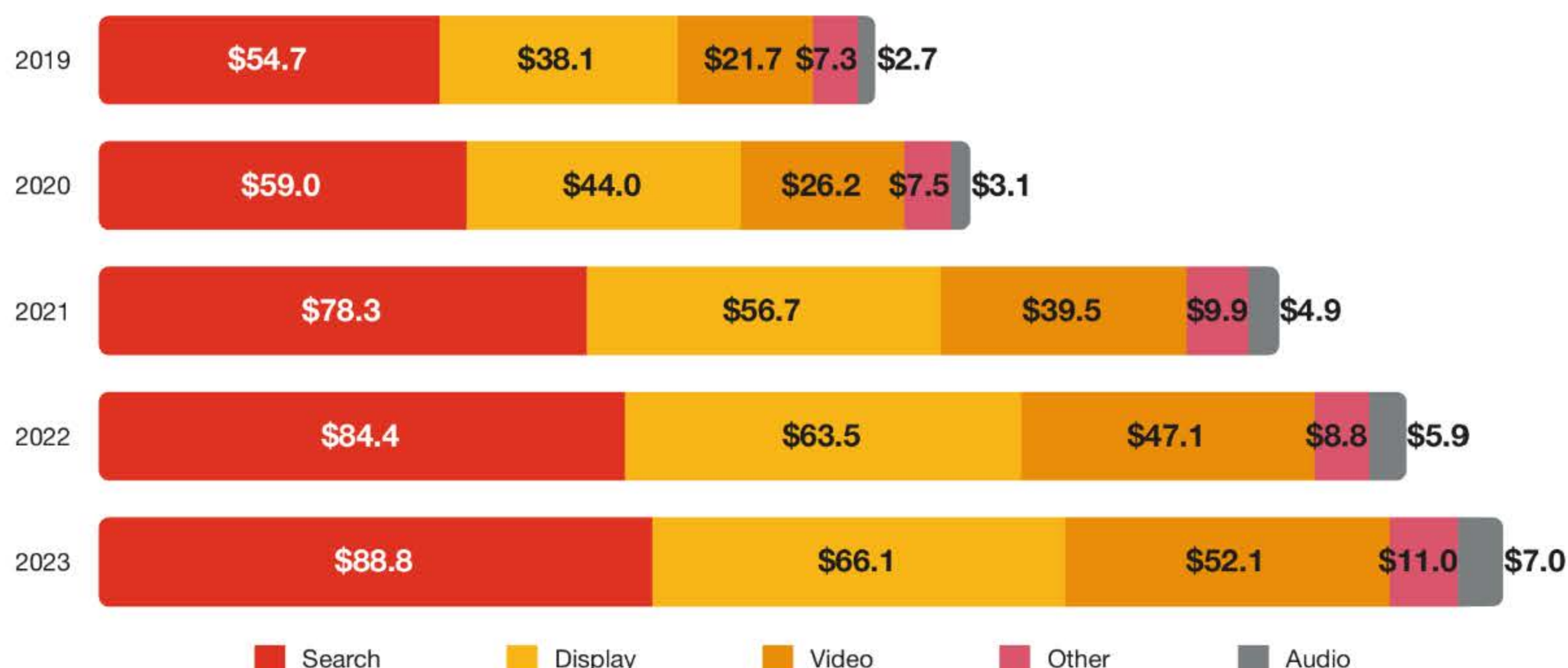
2023 results, by format

Five year (2019-2023) advertising format by share



Source: IAB / PwC Internet Ad Revenue Report, FY 2023

Five year (2019-2023) advertising format, by revenue (\$ billions)



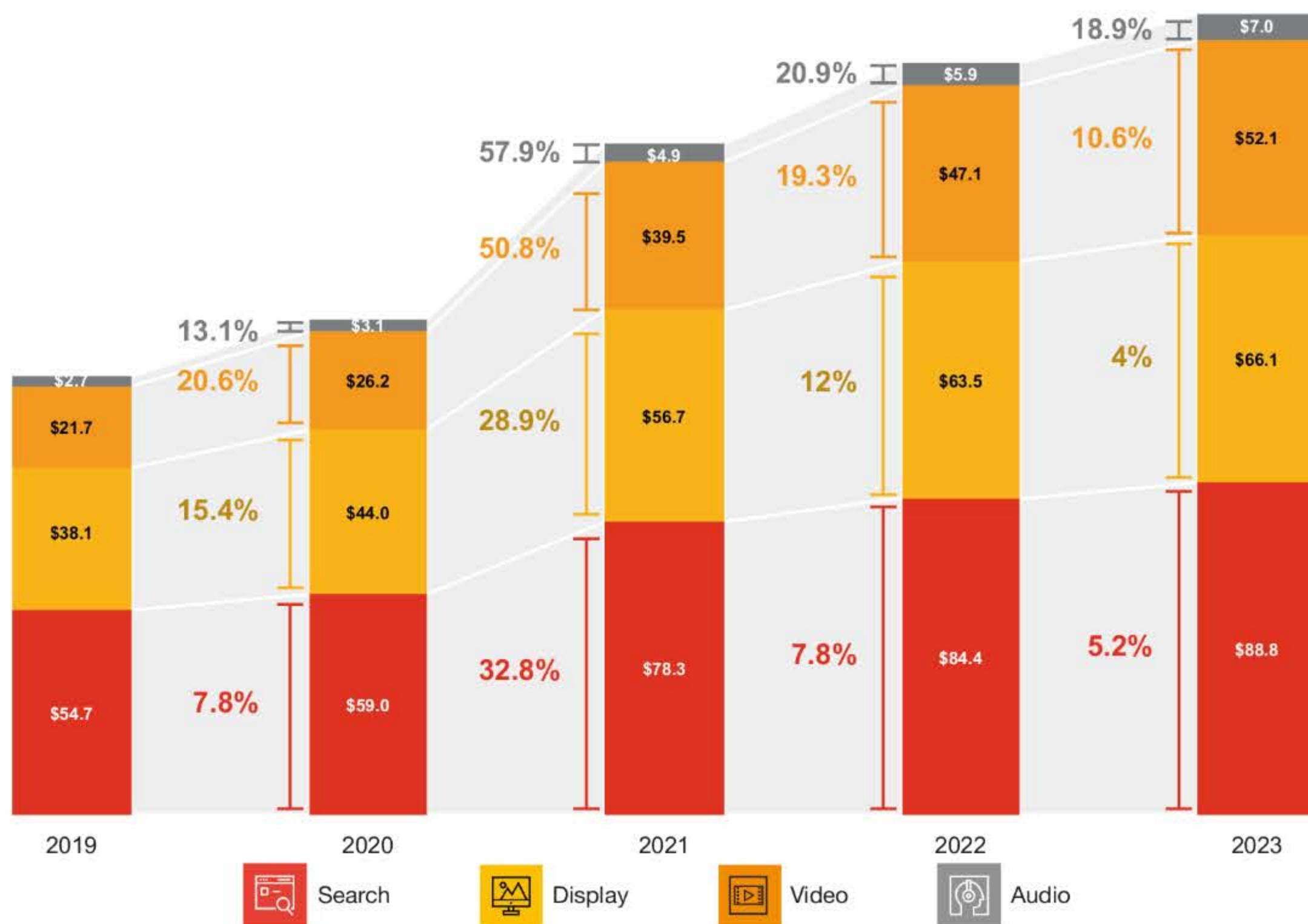
Source: IAB / PwC Internet Ad Revenue Report, FY 2023

Growth by advertising format

Growth rates have continued to decline across most formats in 2023, albeit at a lower rate

After unprecedented growth in 2021, 2023 has continued to see decreases in growth rates across formats since 2022. Still, growth remains healthy as streaming media (digital audio and digital video) continues to show the strongest levels of growth across formats.

Growth by advertising format (2019-2023)



Source: IAB / PwC Internet Ad Revenue Report, FY 2023

Note: Totals may not equal 100% due to rounding

Programmatic

Programmatic advertising continues to grow, with non-programmatic placements revenues also continuing to increase in revenue share

Programmatic advertising revenue has increased \$4.8 billion since 2022, with revenues now totaling \$114.2 billion in 2023. This represents a YoY increase of 4.4% and a relative slow down in growth compared to previous years. Lack of competition, advertiser presence, and lack of pricing pressure are all possible reasons for this.¹¹

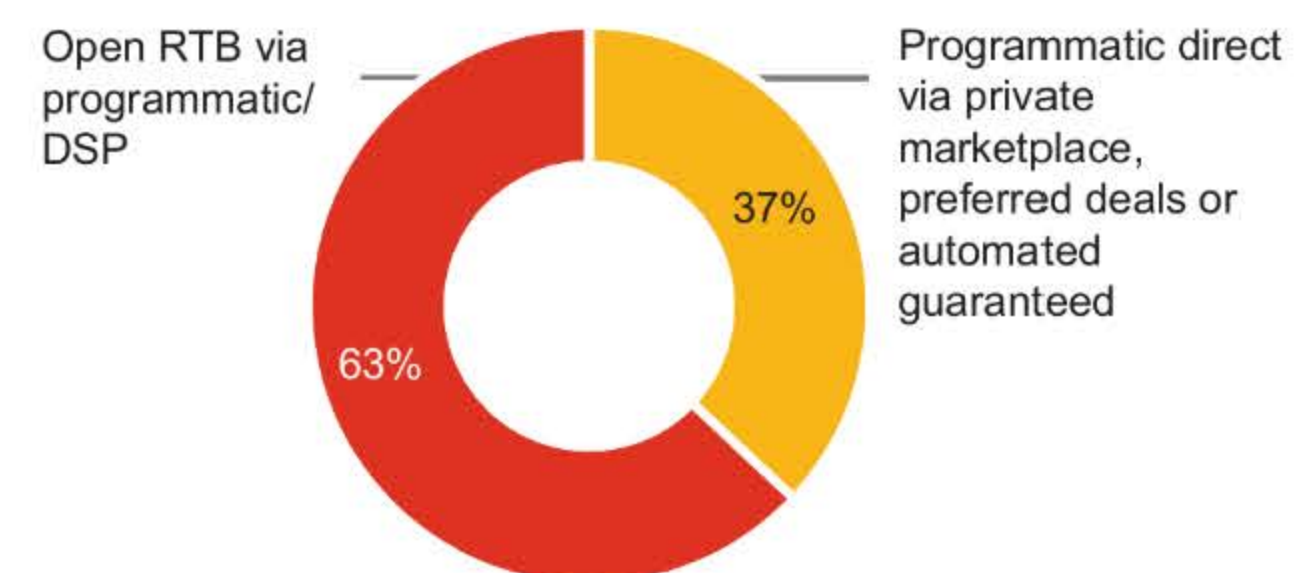
Programmatic (excluding search), full-year results (2019-2023)



Source: IAB / PwC Internet Ad Revenue Report, FY 2023

Survey submitters said that 63% of revenues are attributed to a programmatic marketplace where real time bidding (RTB) occurs, and any advertiser or publisher can participate. The remaining 37% was accounted for direct via private marketplace, preferred deals and automated guaranteed revenues.

Programmatic ad revenue by type (2023)



11. Digiday (February 1, 2023): 'The programmatic open marketplace is faltering, but publishers see a bright spot in private programmatic deals'

Source: IAB / PwC Internet Ad Revenue Report, FY 2023

Social media

Social media growth has picked up again after a slower 2022

Social media advertising revenues totalled \$64.9 billion in 2023, an increase of \$5.1 billion since 2022. After a period of slower revenue growth last year, social media advertising revenue growth rebounded in 2023 with 8.7% YoY growth. Second half revenues saw the majority of growth with an increase of \$4.1 billion, reaching its highest recorded advertising revenues yet at \$35.5 billion. This can in part be attributed to the continued proliferation of social media and creator marketing growth across multiple platforms and new social media forms.¹²

Social media advertising revenue, full year results (2019-2023) (\$ billions)



Source: IAB / PwC Internet Ad Revenue Report, FY 2023

Note: Individual values may not sum to total due to rounding

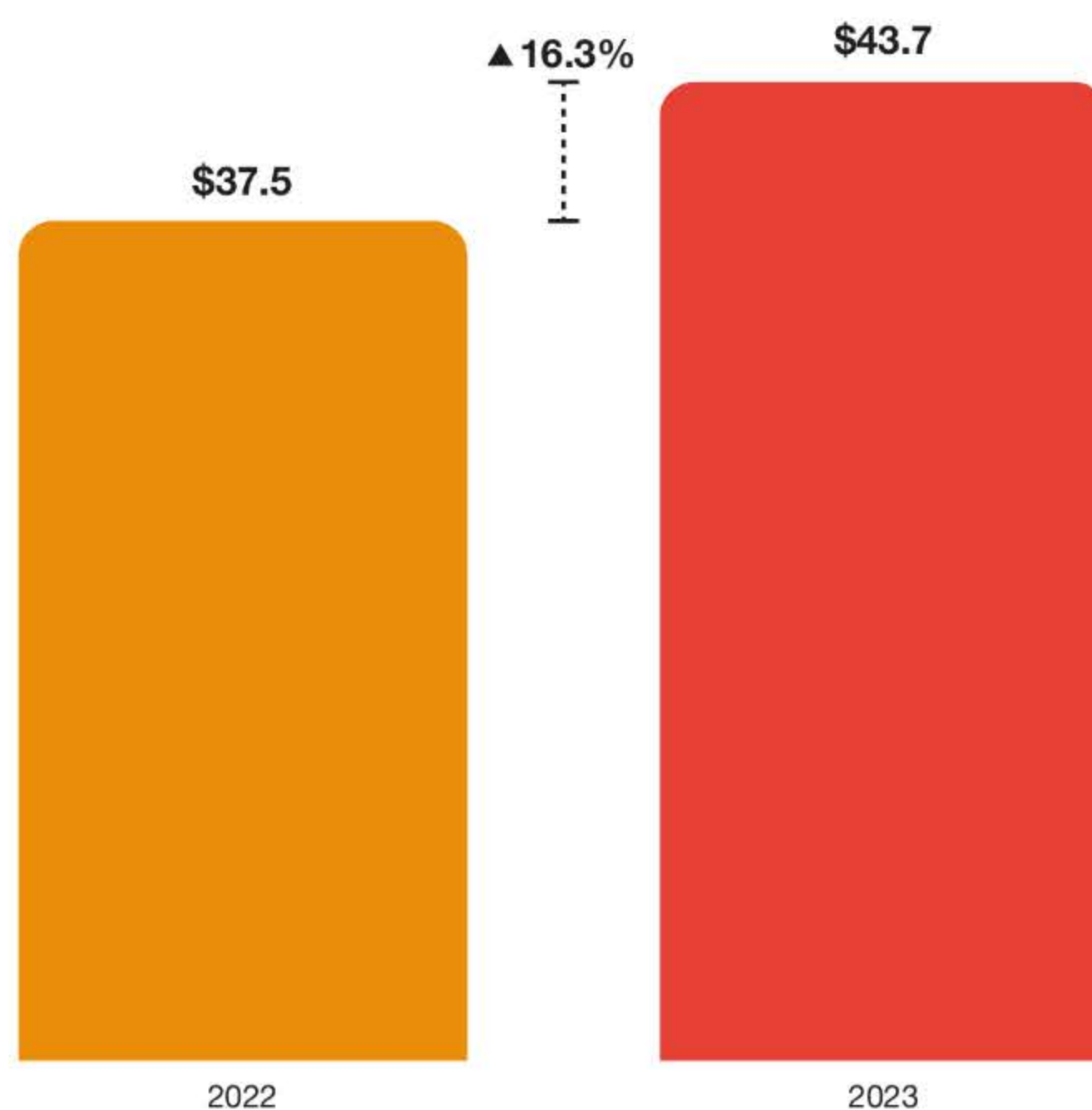
12. Forbes (December 21st 2023): The Top Social Media And Digital Marketing Trends To Watch In 2024

Retail media

Retail media advertising revenues show strong signs of growth

Retail media advertising revenues totalled \$43.7 billion in 2023, an increase of \$6.2 billion since 2022. This 16.3% year-on-year growth in advertising revenues emphasizes the growing prominence of this sector, with key e-commerce players all expanding their retail media platforms. Given that advertising revenues were estimated to be \$1 billion in 2016,¹³ retail media's current advertising revenues and rate of growth shows that the future is positive for this sector.

Retail media advertising revenue, full-year results (2022-2023) (\$ billions)



Source: IAB / PwC Internet Ad Revenue Report, FY 2023

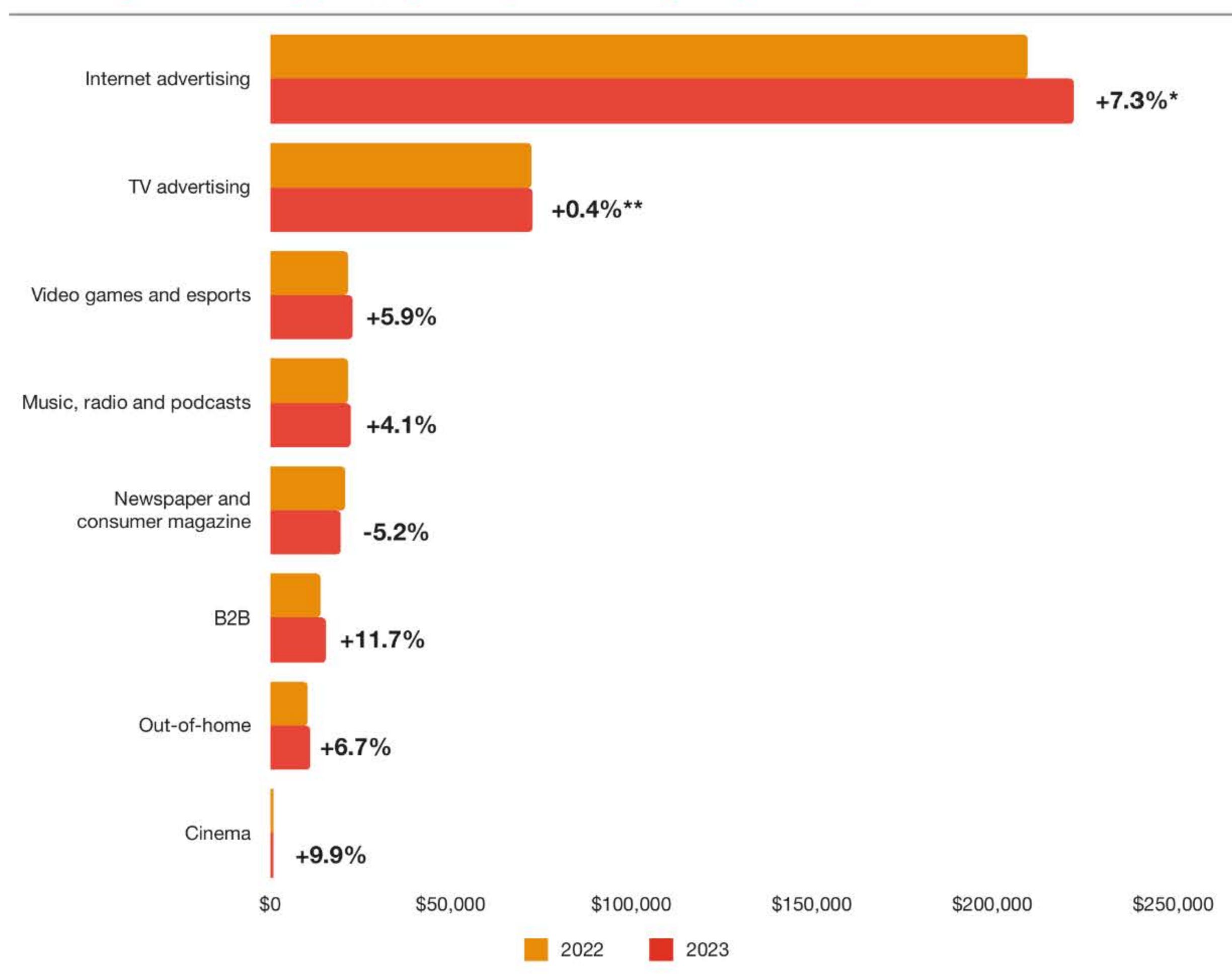
13. Insider Intelligence, (May 20, 2023) After 10 straight months of ad spends declines, what's next for the industry

Advertising revenues and growth, by media (digital and non-digital media)

Business-to-business (B2B) and internet advertising have seen some of the most positive revenue growth since 2022, with revenues across other media types staying largely consistent over the same period

After strong levels of revenue growth across a number of media types in 2022, growth in 2023 has been somewhat more conservative. B2B (+11.7%), internet advertising (+7.3%) and cinema (+9.9%) were the strongest growth areas, while newspaper and consumer magazines were the only media type to see a year-over-year decline in revenue (-5.2%), continuing a downward trend also seen in 2022. TV advertising shows negligible growth at (+0.4%).

Advertising revenues and growth, by media (2022 vs. 2023 growth) (\$ millions)



*Source: Internet advertising data from IAB / PwC Internet Ad Revenue Report, FY 2023.

**This segment comprises all TV advertising revenue, including broadcast and online. Broadcast television covers all advertising revenues generated by free-to-air networks (terrestrial) and pay-TV operators (multichannel). Online TV advertising consists of in-stream adverts and reflects revenues from pre-roll, mid-roll and post-roll ads around TV content distributed.

Source: All other data points from PwC Entertainment and Media Outlook.

Note: Definitions for the above media types can be found in the appendix.



Appendix

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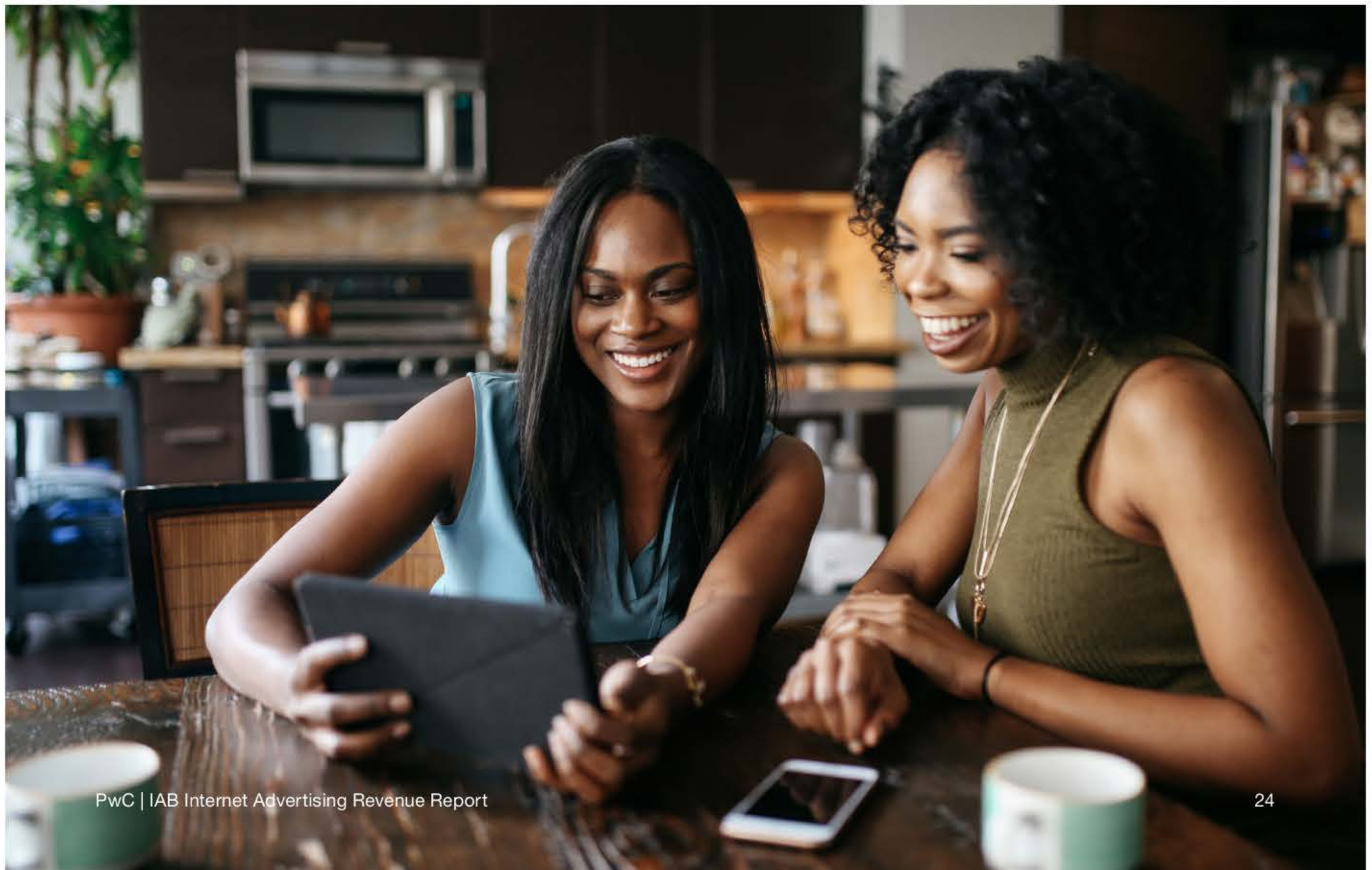
About the IAB Internet Advertising Revenue Report

Commissioned by the IAB and conducted by PwC Advisory Services LLC (“PwC”) on an ongoing basis, with results released annually, the IAB Internet Advertising Revenue Report was initiated by the Interactive Advertising Bureau (IAB) in 1996.

This report uses data and information reported directly to PwC from companies selling advertising on the internet as well as publicly available corporate data. The results reported are considered to be a reasonable measurement of internet/online advertising revenues because much of the data is compiled directly from information supplied by companies selling advertising online.

The report includes data reflecting online advertising revenues from websites, commercial online services, ad networks and exchanges, mobile devices and email providers, as well as other companies selling online advertising.

The report is conducted independently by PwC, including data collected by their global center of excellence, PwC Research, on behalf of the IAB. PwC does not audit the information and provides no opinion or other form of assurance with respect to the information. Only aggregate results are published, and individual company information is held in strict confidence with PwC. Further details regarding scope and methodology are provided on page 29 in the appendix of this report.



Survey definitions

Audio (Podcasts, Streaming Music, Streaming Radio)	Advertising that is served within an online audio environment, e.g. through a streaming audio platform or website
CTV/ OTT	“TV-like” internet-delivered content, typically long-form and delivered via a Smart TV or OTT device, via subscription or non-subscription streaming video services. Some inventory may be distributed in the mobile or desktop environments of those services, likely less than 20%. Includes the following: AVOD: Free ad-supported streaming TV services, aka “FAST” (e.g., Pluto TV, Tubi, Xumo) Ad-supported paid subscription video services (e.g., Hulu, Paramount+) vMVPDs (virtual MVPDs) e.g., Hulu Live TV, YouTube TV, Sling
Desktop/laptop	Advertising tailored to and delivered to computers (e.g. desktop or laptop computers).
Display (Banners / Rich Media)	Ad banners (also known as banner ads) are one of the most dominant forms of advertising on the internet. Banner ads are a form of display advertising that can range from a static graphic to full motion video. Ad Types included Horizontal, Vertical, Tiles, Full Page Portrait, Full Page Landscape and Feature Phone Sizes. Interactive features that engage the user and initiate new content experiences. Interactive features could be animation or elements that trigger ad expansion or video play or other interactive experiences. Rich media experiences that require files or creative assets in addition to initial load and subload limits should be user initiated. This definition also includes any advertising experience where visiting a website in an initial browser window initiates a secondary browser window to deliver an ad impression directly above the initial browser window. Video commercials that appear in video players are considered Digital Video Ads, not Rich Media. “Interstitials” are defined as between-the-page ad units, also known as “interstitial” ads, between-the-page ad units display as a user navigates from one webpage to the next webpage. The ad appears after the user leaves the initial page, but before the target page displays on the user’s screen. The ad is self-contained within its own browser window and may not appear as an overlay on the target page content. Forms of interstitials can include a variation of the following terms: • Splash screens – a preliminary page that precedes the regular home page of a website that usually promotes a particular site feature or provides advertising. A splash page is timed to move onto the home page after a short period of time. • Superstitials – ads that are distinct from interstitials because of the much higher ad quality, and that they play instantly (ads are fully downloaded before they are displayed). • Expandable Ads – Rich media ads that can be enlarged to dimensions beyond the initial dimensions of the placement they fill on the webpage. The user initiates expanding events, sometimes after the ad initially expands briefly on its own to catch the user’s attention. • Overlay – An ad unit that displays over the webpage content briefly when initiated. • Pop-up ads and pop-under ads – an advertisement that appears in a separate window which automatically loads over an existing content window, without an associated banner.

Survey definitions (continued)

Mobile In-App Advertising	Advertising that takes place within mobile applications.
Mobile web advertising	Advertising that takes place in an internet browser.
Programmatic Ad Revenue	Earned revenue for machine-based buying and selling of digital media including, but not limited to: programmatic direct via private marketplace or automated guaranteed, open RTB via programmatic/DSP, publisher direct via a proprietary ad platform (i.e. self-serve), ad network. (Note: Programmatic refers to different ways of selling ads overall; it is not a separate format. Therefore, revenue may appear duplicative to other revenues listed.)
Programmatic direct via private marketplace, preferred deals or automated guaranteed	Private marketplace: A programmatic marketplace where real time bidding (RTB) occurs, yet only select advertisers are allowed to bid on a vendor's inventory; Preferred deals: Programmatic buying where pricing is guaranteed but inventory volume is not. Automated guaranteed: Programmatic buying where inventory and pricing are guaranteed.
Retail Media Network ads (Retail Media / Shopper)	Retail Media Network ads that allow a retailer to promote/sponsor their own white-label products and/or the products they sell from their vendors directly on their own eCommerce site or on other sites.
Search (SEM)	Fees advertisers pay online companies to list and/or link their company site domain name to a specific search word or phrase (includes paid search revenues). • Paid listings – payments made for clicks on text links that appear at the top or side of search 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 – payments made for clicks on text links that appear in an article based on the context of the content, instead of a user-submitted keyword. Payment only occurs when the link is clicked. • Paid inclusion – payments made to guarantee that a marketer's URL is indexed by a search engine (i.e. advertiser isn't paid only for clicks, as in paid listings). • Site optimization – payments made to optimize a site in order to improve the site's ranking in search engine results pages (SERPs). (For example, a site owner pays a company to tweak the site architecture and code, so that search engine algorithms will better index each page of the site).

Survey definitions (continued)

Social	Social media ads are ads that reach targeted audiences through social media platforms, messaging apps, and social media news feeds.
Total GAAP commissionable earned revenue	Amounts reported should be on an earned basis in accordance with Generally Accepted Accounting Principles (“GAAP”). An earned basis means that advertising revenues should be reported to the extent that the related service or advertisement was provided or displayed, e.g., number of impressions delivered, banner display period, number of clicks, number of site visits, etc. Only include U.S. based revenues in this spreadsheet.
Total traffic acquisition costs	Traffic acquisition costs (TAC) should be reported to the extent that the submitting company acquires traffic and reports GAAP revenue on a “Gross basis”. The company reports on a GAAP Gross basis if you include in gross commissionable revenues, amounts charged for acquired traffic.
Video	Advertising that appears before, during or after digital video content in a video player (i.e. pre-roll, mid-roll, post-roll video ads). Digital Video Ads include TV commercials online and can appear in streaming content or in downloadable video. Display-related ads on a page (that are not in a player) which contain video are categorized as rich media ads.

Definitions of advertising media from PwC's Entertainment and Media Outlook

Internet advertising	This segment comprises spending by advertisers either through a wired Internet connection or via mobile devices. The types of advertising (wired or mobile) are classified primarily by format rather than transport mechanism or device. This revenue is digital, and from advertiser spending. Total Internet advertising comprises online television, newspaper, consumer magazine, trade magazine, directory advertising and online radio (for North America only), which are also all included in their respective segments. The wired sub-segments consider paid search, display and classified formats. Display is broken out further between video and other display.
TV advertising	This segment comprises all TV advertising revenue, including broadcast and online. Broadcast television covers all advertising revenues generated by free-to-air networks (terrestrial) and pay-TV operators (multichannel). Online TV advertising consists of in-stream adverts and reflects revenues from pre-roll, mid-roll and post-roll ads around TV content distributed.
Music, radio and podcasts	This segment comprises consumer spend on music, including both physical and digital recorded music and live music played at concerts, as well as revenue from sponsorship of live music, but does not include revenue from merchandise or concessions at live music events. It also includes revenue from consumer spend on radio license fees (where applicable) and all advertising spend on radio stations and radio networks. Finally, it includes revenue from podcast advertising, podcasts being defined as a piece of principally spoken-word recorded audio content delivered over the internet, excluding audiobooks, that can be either downloaded or streamed. This segment includes both digital and non-digital revenue, and revenue from both consumer and advertising spending.
Cinema	This segment comprises cinema revenue (including box office and advertising). This revenue is non-digital, and includes both consumer and advertising spending.
Newspaper and consumer magazines	This segment comprises revenue from both circulation (consumer spend) and advertising in newspapers and consumer magazines. It considers both physical print editions and digital editions. It includes all daily newspapers, including weekend editions and free dailies. Weekly newspapers are included in markets where data is available. This revenue is both digital and non-digital, and is from both consumer and advertising spending.
OOH	The out-of-home (OOH) advertising market consists of advertiser spending on out-of-home media. OOH comprises total advertiser spending on all formats of out-of-home media, and is split between physical and digital. Advertising spend is tracked as net of agency commissions, production costs and discounts. Traditional physical out-of-home media includes billboards, street furniture (bus shelters, kiosks) transit displays (bus sides, taxi toppers), sports arena displays, and captive ad networks (in such venues as elevators). Digital OOH includes any out-of-home advertising media that is Internet-connected (e.g. smart billboards).
Business-to-business (B2B)	This segment covers business-to-business media, comprising business information, trade magazines, professional books and trade shows.
Video games and esports	This segment comprises consumer spending on video games software and services (not hardware or devices) across both traditional and social/casual gaming, as well as revenue from advertising via video games. It also includes revenue from consumer and advertiser spend on esports.

Survey scope and methodology

Survey scope

The Interactive Advertising Bureau (IAB) retained PwC to establish a benchmark for measuring the growth of internet/online advertising revenues. The IAB Internet Advertising Revenue Report is part of an ongoing IAB mission to provide an accurate barometer of internet advertising growth.

To achieve differentiation from existing estimates and accomplish industry-wide acceptance, key aspects of the survey include:

- Obtaining historical data directly from companies generating internet/online/mobile advertising revenues;
- Making the survey as inclusive as possible, encompassing all forms of internet/online/mobile advertising, including websites, commercial online services, ad networks and exchanges, mobile devices and email providers; and,
- Ensuring and maintaining a confidential process, releasing only aggregate data.

PwC performs the following:

- Compiles a database of industry participants selling internet/online and mobile advertising revenues;
- Conducts a quantitative web-based survey with leading industry players, including web publishers, ad networks and exchanges, commercial online service providers, mobile providers, email providers and other online media companies;
- Acquires supplemental data through the use of publicly disclosed information;
- Requests and compiles several specific data items, including monthly gross commissionable advertising revenue by industry category and transaction-type;
- Identifies non-participating companies and applies a conservative revenue estimate based on available public sources; and,
- Analyzes the findings and identifies and reports key trends.

Historical data findings

Annual and quarterly revenue growth

	Revenue (in mil)	Q/Q growth	Y/Y growth
Q1 2003	\$1,632	3%	7%
Q2 2003	\$1,660	2%	14%
Q3 2003	\$1,793	8%	24%
Q4 2003	\$2,182	22%	38%
Total 2003	\$7,267		21%
Q1 2004	\$2,230	2%	37%
Q2 2004	\$2,369	6%	43%
Q3 2004	\$2,333	-2%	30%
Q4 2004	\$2,694	15%	24%
Total 2004	\$9,626		33%
Q1 2005	\$2,802	4%	25%
Q2 2005	\$2,985	7%	26%
Q3 2005	\$3,147	5%	35%
Q4 2005	\$3,608	15%	34%
Total 2005	\$12,542		30%
Q1 2006	\$3,848	7%	37%
Q2 2006	\$4,061	6%	36%
Q3 2006	\$4,186	3%	33%
Q4 2006	\$4,784	14%	33%
Total 2006	\$16,879		35%
Q1 2007	\$4,899	2%	27%
Q2 2007	\$5,094	4%	25%
Q3 2007	\$5,267	3%	26%
Q4 2007	\$5,946	13%	24%
Total 2007	\$21,206		26%
Q1 2008	\$5,765	-3%	18%
Q2 2008	\$5,745	0%	13%
Q3 2008	\$5,838	2%	11%
Q4 2008	\$6,100	4%	2%
Total 2008	\$23,448		11%

	Revenue (in mil)	Q/Q growth	Y/Y growth
Q1 2009	\$5,468	-10%	-5%
Q2 2009	\$5,432	-1%	-5%
Q3 2009	\$5,500	1%	-6%
Q4 2009	\$6,261	14%	3%
Total 2009	\$22,661		-3%
Q1 2010	\$5,942	-5%	9%
Q2 2010	\$6,185	4%	14%
Q3 2010	\$6,465	5%	18%
Q4 2010	\$7,449	15%	19%
Total 2010	\$26,041		15%
Q1 2011	\$7,264	-2%	22%
Q2 2011	\$7,678	6%	24%
Q3 2011	\$7,824	2%	21%
Q4 2011	\$8,970	15%	20%
Total 2011	\$31,736		22%
Q1 2012	\$8,307	-7%	14%
Q2 2012	\$8,722	5%	14%
Q3 2012	\$9,236	6%	18%
Q4 2012	\$10,307	12%	15%
Total 2012	\$36,572		15%
Q1 2013	\$9,806	-5%	18%
Q2 2013	\$10,260	5%	18%
Q3 2013	\$10,609	3%	15%
Q4 2013	\$12,106	14%	17%
Total 2013	\$42,781		17%
Q1 2014	\$11,414	-6%	16%
Q2 2014	\$11,678	2%	14%
Q3 2014	\$12,207	5%	15%
Q4 2014	\$14,152	16%	17%
Total 2014	\$49,451		16%

Historical data findings (continued)

	Revenue (in mil)	Q/Q growth	Y/Y growth
Q1 2015	\$13,179	-7%	16%
Q2 2015	\$14,302	9%	23%
Q3 2015	\$14,688	3%	20%
Q4 2015	\$17,382	18%	23%
Total 2015	\$59,551		20%
Q1 2016	\$15,872	-9%	20%
Q2 2016	\$16,917	7%	18%
Q3 2016	\$18,204	8%	24%
Q4 2016	\$21,647	19%	25%
Total 2016	\$72,640		22%
Q1 2017	\$19,404	-10%	22%
Q2 2017	\$20,847	7%	23%
Q3 2017	\$21,832	5%	20%
Q4 2017	\$26,183	20%	21%
Total 2017	\$88,266		22%
Q1 2018	\$23,913	-9%	23%
Q2 2018	\$25,628	7%	23%
Q3 2018	\$26,573	4%	22%
Q4 2018	\$31,373	18%	20%
Total 2018	\$107,487		22%
Q1 2019	\$28,019	-11%	17%
Q2 2019	\$29,898	7%	17%
Q3 2019	\$31,271	5%	18%
Q4 2019	\$35,425	13%	13%
Total 2019	\$124,613		16%

	Revenue (in mil)	Q/Q growth	Y/Y growth
Q1 2020	\$30,952	-13%	11%
Q2 2020	\$28,350	-8%	-5%
Q3 2020	\$34,925	23%	-12%
Q4 2020	\$45,601	31%	29%
Total 2020	\$139,828		12%
Q1 2021	\$40,507	-11%	31%
Q2 2021	\$45,998	14%	62%
Q3 2021	\$47,814	4%	37%
Q4 2021	\$54,991	15%	21%
Total 2021	\$189,310		35%
Q1 2022	\$49,035	-11%	21%
Q2 2022	\$51,442	5%	12%
Q3 2022	\$51,834	1%	8%
Q4 2022	\$57,416	11%	4%
Total 2022	\$209,728		11%
Q1 2023	\$50,078	-12.8%	2.1%
Q2 2023	\$53,875	7.6%	4.7%
Q3 2023	\$56,551	5.0%	9.1%
Q4 2023	\$64,450	14.0%	12.3%
Total 2023	\$224,954		7%

Source: IAB / PwC Internet Ad Revenue Report, FY 2023

About IAB

The Interactive Advertising Bureau empowers the media and marketing industries to thrive in the digital economy. Its membership comprises more than 700 leading media companies, brands, agencies, and the technology firms responsible for selling, delivering, and optimizing digital ad marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing. In affiliation with the IAB Tech Lab, IAB develops technical standards and solutions. IAB is committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry.

Through the work of its public policy office in Washington, D.C., the trade association advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, IAB is headquartered in New York City.

The IAB Global Network brings together a total of 45 IAB organizations, including three regional organizations, to share challenges, develop global solutions, and advance the digital advertising industry worldwide. IABs are located in North America, South America, Africa, Asia Pacific and Europe. Each association is independently owned and operated, functioning under bylaws consonant with local market needs to further the best interests of the industry they serve.

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PwC's technology, media and telecommunications practice

As business, accounting and tax advisors to many of the world's leading technology, media and telecommunications (TMT) companies, PwC (www.pwc.com/us/tmt) has an insider's view of trends and developments driving the industry. With approximately 1,200 practitioners serving TMT clients in the United States, PwC is deeply committed to providing clients with industry experience and resources. In recent years, our work in TMT has included developing strategies to leverage digital technology, identifying new sources of financing and marketplace positioning in industries characterized by consolidation and transformation. Our experience reaches across all geographies and segments, including broadband, wireless, film, television, music, publishing, advertising, gaming, sports, theme parks, computers and networking, software and technology services. With thousands of practitioners around the world, we're always close at hand to provide deep industry knowledge and resources.

Our services include:

- Business assurance services
- Web audience measurement and advertising delivery auditing and advisory
- IAB Measurement Certification Compliance auditing
- Privacy policy structuring, attestation and compliance advisory
- Mergers & acquisitions assistance
- Tax planning and compliance
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PwC Research is the firm's global center of excellence for bespoke research and insight, working with clients to help them build world-class insight capabilities and solve their business challenges.

Our agile real-time insight and analytics and unique advisory frameworks help businesses achieve sustained outcomes as they transform in the digital age.

For nearly 30 years we have been trusted to undertake some of the most prestigious and thought-provoking research in the UK, Europe, the Americas and Asia Pacific. We deliver impactful and visual insight for global clients ranging from Fortune 500 companies to national governments, informing strategy, driving performance improvement and supporting change.

With the unique ability to connect with subject-matter experts across the PwC global network, we can integrate and embed global citizen, customer, market and employee insight at the right time within an organization's decision making.

Our research and insight services include:

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- Customer and employee engagement
- Experience measurement and management
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