

PricewaterhouseCoopers

IAB Online Advertising Expenditure Report

Quarter ended 30 September 2015
Report released: 14 December 2015



An industry survey conducted by
PricewaterhouseCoopers on behalf of
the Interactive Advertising Bureau
Australia

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Background

Welcome to the IAB Online Advertising Expenditure Report (OAER or Report). This September quarter 2015 report of online advertising expenditure in the Australian marketplace has been prepared by PricewaterhouseCoopers (PwC) on behalf of the Interactive Advertising Bureau Australia (IAB).

About the IAB Online Advertising Expenditure Report

The OAER provides an opportunity for stakeholders interested in the size of the online advertising market to access independently collated data about the state of online advertising expenditure in Australia. The online advertising markets reported in the OAER comprise expenditure on General Display advertising, Classifieds advertising, Search and Directories advertising, Mobile advertising and Video advertising.

Data and information reported directly to PwC by online advertisement selling companies representing over 1,000 web sites has been aggregated in this Report and is the only online industry sponsored and supported measurement of online advertising expenditure in Australia.

The survey is conducted and this report is prepared independently by PwC on behalf of the IAB; only aggregate results are published. PwC does not audit the information and provides no opinion or other form of assurance with respect to the information. Certain checks of submitted data are made – refer to the Report Scope, Methodology and Format section of Appendix B for more information. Individual company information is held securely in strict confidence with PwC.

The list of contributors is disclosed in Appendix B.

Approach

This Report has been prepared under the approach introduced in the June quarter 2012 OAER. In summary, the data collected from industry participants has been supplemented by:

- Estimates for Google display, video, and mobile advertising
- A refinement of prior methodology used for estimating Google search
- Estimates for Facebook display and mobile advertising
- Estimates for Twitter display and mobile advertising
- Estimates for LinkedIn display and classified advertising
- Historical mobile advertising data collected from industry participants from March quarter 2011 and combined with estimated Google, Facebook, and Twitter mobile advertising, to provide a picture of the aggregated mobile advertising market and the growth trends.

Comparative data for the period from September quarter 2010 has been restated to be consistent with the above methodology changes. From the March quarter 2014, the data has been supplemented by estimates for LinkedIn display and classifieds advertising expenditure, and from June quarter 2015, the data has been supplemented by estimates for Twitter display and mobile expenditure, and additional data sources.

Comparative data for the period from December quarter 2014 has been restated to incorporate further refinements of prior methodology used for estimating Google revenues.

Further details regarding scope and methodology are provided in the Report Scope, Methodology and Format section of Appendix B to this Report.

Percentages presented in this report are calculated based on the raw data and may differ from the percentages implied by the rounded expenditure figures in the text and tables.

From time to time, estimated expenditures are updated as new information, participants and data sources become available. This may cause a series break in the data and should be taken into account when considering historical trends.



David Wiadrowski
Partner

PricewaterhouseCoopers

14 December 2015



Megan Brownlow
Executive Director

PricewaterhouseCoopers

14 December 2015

Executive Summary

Key trends in the three months ended 30 September 2015

Total online advertising achieves 32.7% growth year on year in the September quarter 2015

All categories experienced growth compared to the same quarter in the prior year (Figure 1), with General Display performing strongly at 53.8% growth.

Online advertising expenditure compared to the June quarter increased across all three categories, with Classifieds having the strongest growth at 11.2% (Figure 2).

Figure 1: Online advertising expenditure compared to prior comparative quarter (September quarter 2014)

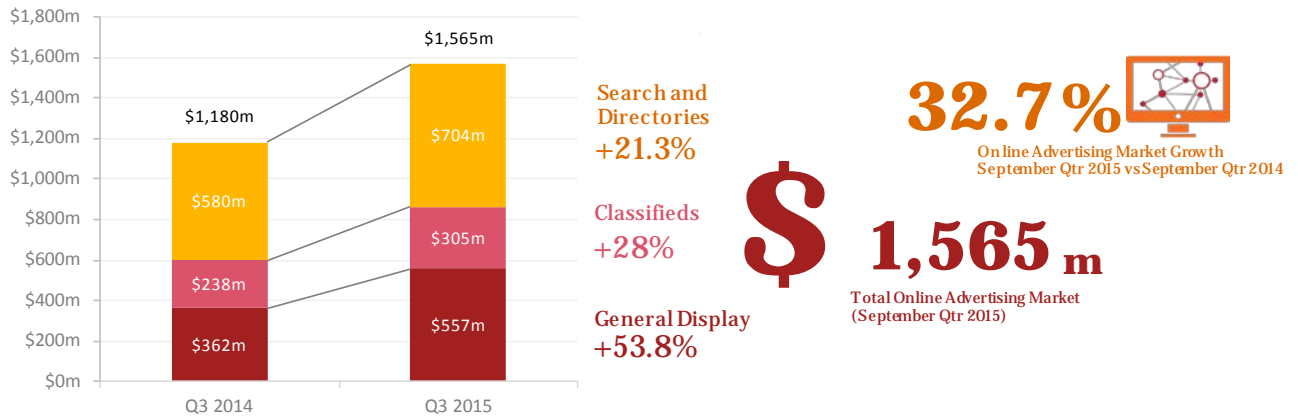
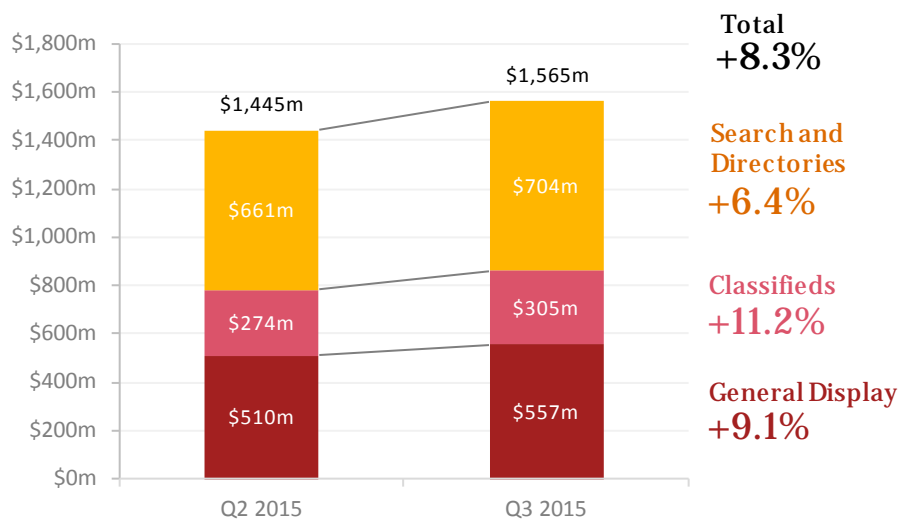


Figure 2: Online advertising expenditure compared to immediate prior quarter (June quarter 2015)



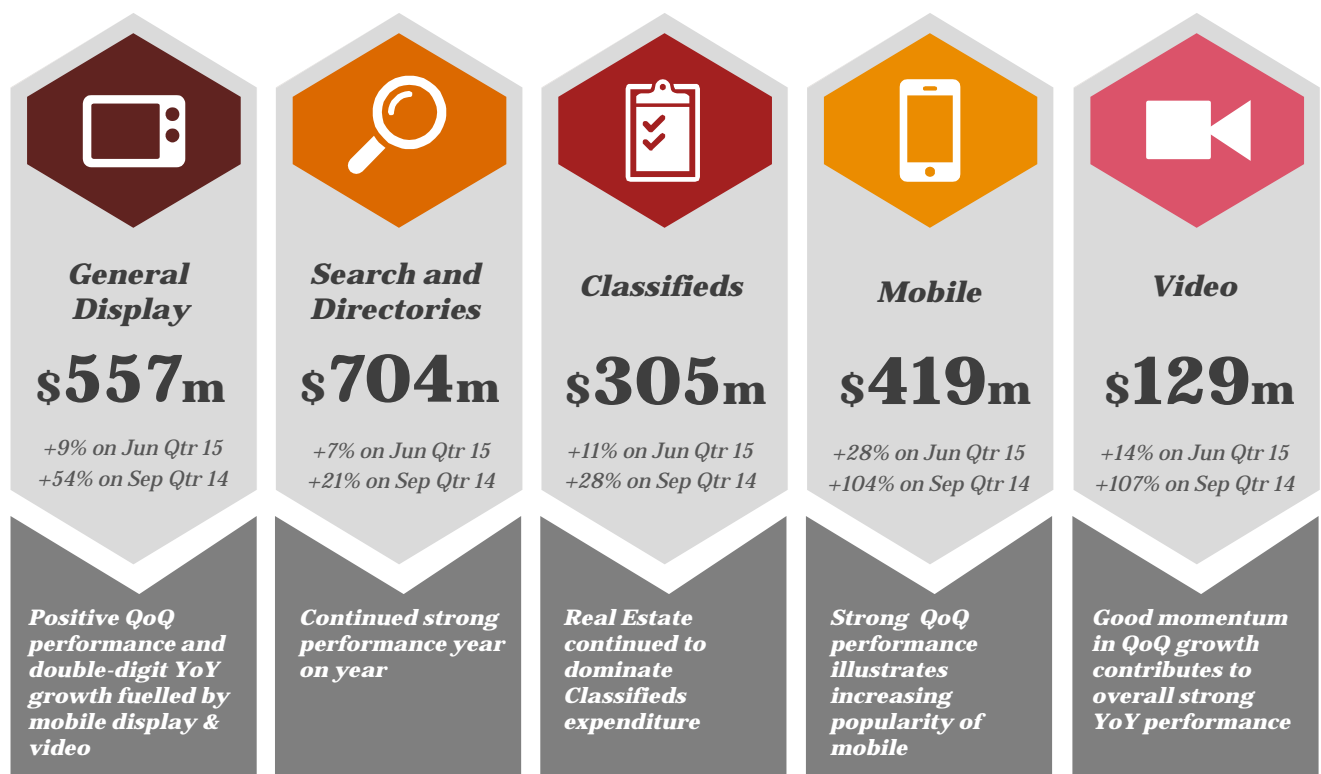
Classifieds leads category growth for the September quarter

Classifieds was the strongest performing category with growth of 11.2% from June quarter 2015 to September quarter 2015, largely due to the strong performance of Real Estate.

Online advertising expenditure for General Display for the September quarter 2015 was \$556.6 million, an increase of \$46.6 million (or 9.1%) on the June quarter 2015, and an increase of \$194.8 million (or 53.8%) on the September quarter 2014.

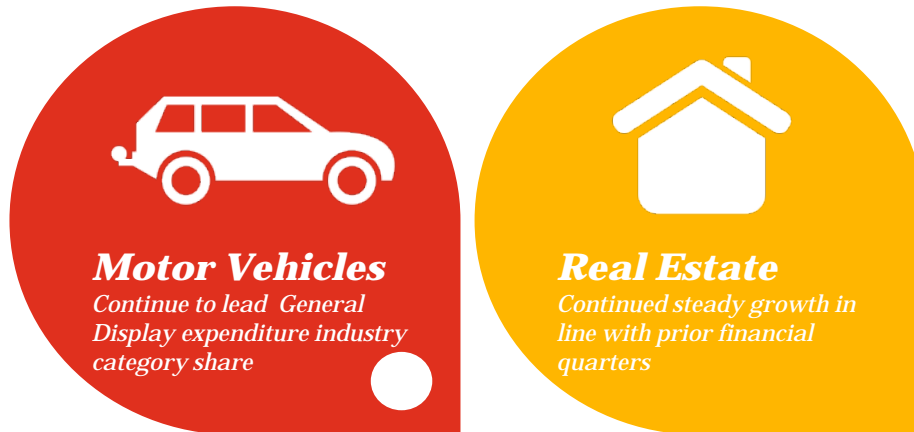
Mobile increases its share of General Display advertising

In the September quarter 2015 mobile display advertising contributed 41.5% of General Display expenditure, showing continued growth from its contribution of 37% in the prior June quarter 2015.



Industry category highlights

Motor Vehicles and Real Estate maintained their dominance of the General Display market in the September quarter 2015, representing 29.9% of the reported market.¹ The same two industry categories made up 27.3% of General Display in the equivalent prior year quarter.



- **Motor Vehicles** was the highest spending advertiser industry category in the September quarter 2015 with a 17.1% share, broadly consistent with the previous June 2015 quarter at 17.4%.
- **Real Estate** showed growth with a 12.8% category share, up from 11.3% in the June quarter.

¹ Reported General Display market refers to General Display expenditure reported by survey contributors and therefore excludes Facebook, Google, Twitter and LinkedIn General Display advertising.

Detailed findings

Overall market – Three months ended 30 September 2015

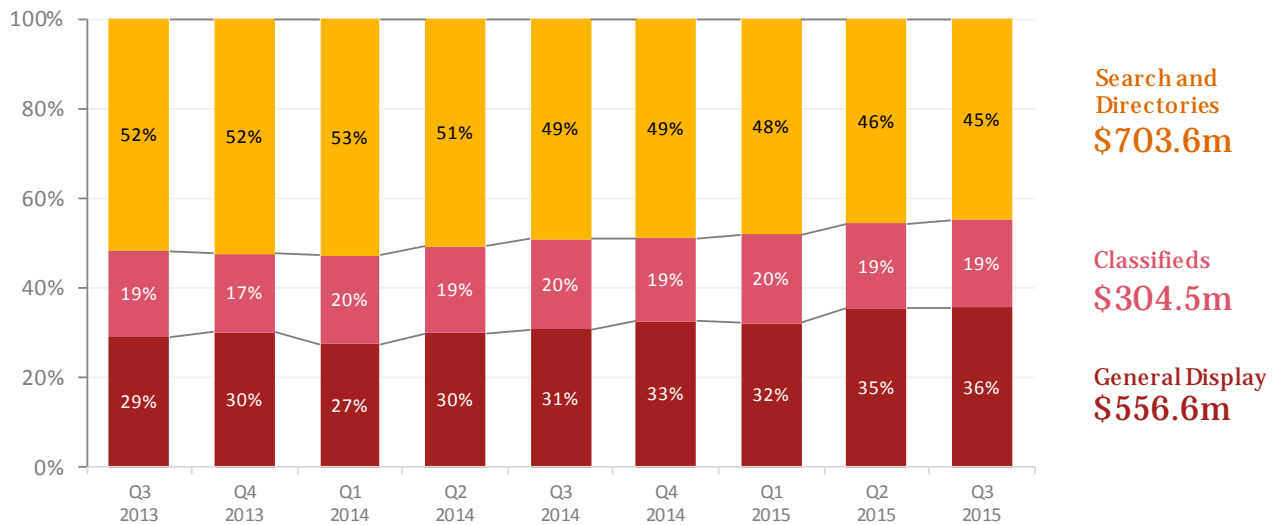
Online advertising market worth over \$1.6 billion in September quarter 2015

- Overall online advertising grew 8.3% from the prior quarter to \$1,565 million in the September quarter 2015.
- Year on year growth in the online advertising market in the September quarter was 32.7%.
- Classifieds showed the largest growth for the quarter, growing 11.2% in the September quarter 2015 compared to the June quarter 2015, however General Display continues to show the largest annual growth, increasing 53.8% year on year, largely due to the continued strength of mobile and video.

General Display continues to grow

- The Search and Directories segment continues to represent the largest portion (45%) of total online advertising expenditure with \$703.6 million in advertising expenditure this quarter.
- This was followed by General Display (36%) and Classifieds (19%).

Figure 3: Online advertising expenditure – category share

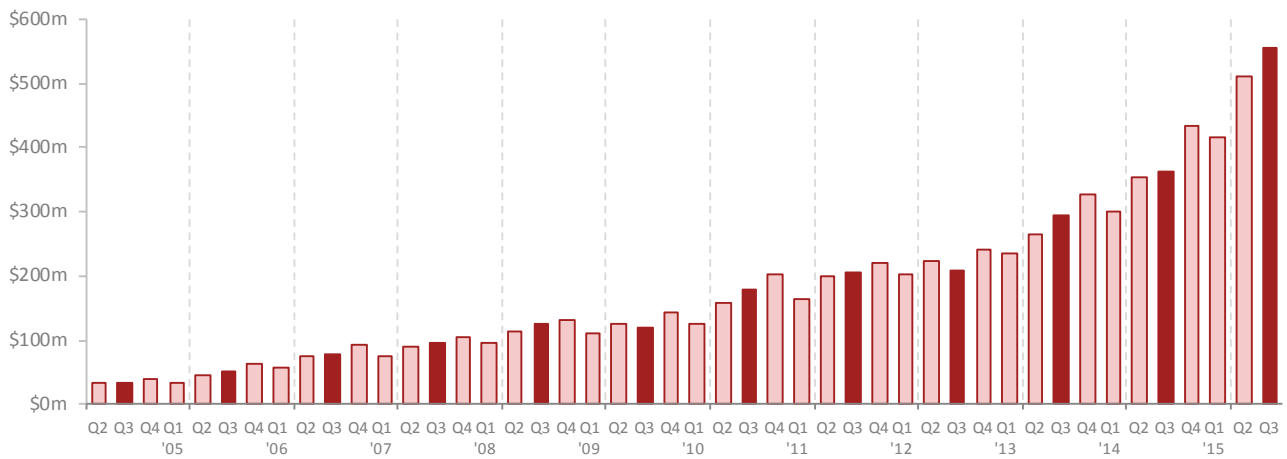


General Display Advertising Expenditure – Three months ended 30 September 2015

General Display experiences consecutive year-on-year increase in the September quarter

Total General Display online advertising expenditure for the September quarter 2015 was \$556.6 million. This expenditure represented an increase of 9.1% on the June Quarter 2015. Compared to the same quarter in 2014, General Display online advertising expenditure this quarter grew 53.8%.

Figure 4: Total General Display advertising expenditure, by quarter



Note: Since the commencement of data collection, methodologies have been refined over time and accordingly, growth trends may be affected at the point of change in methodology. Refer to the Appendix for more detail and historical quarterly data.

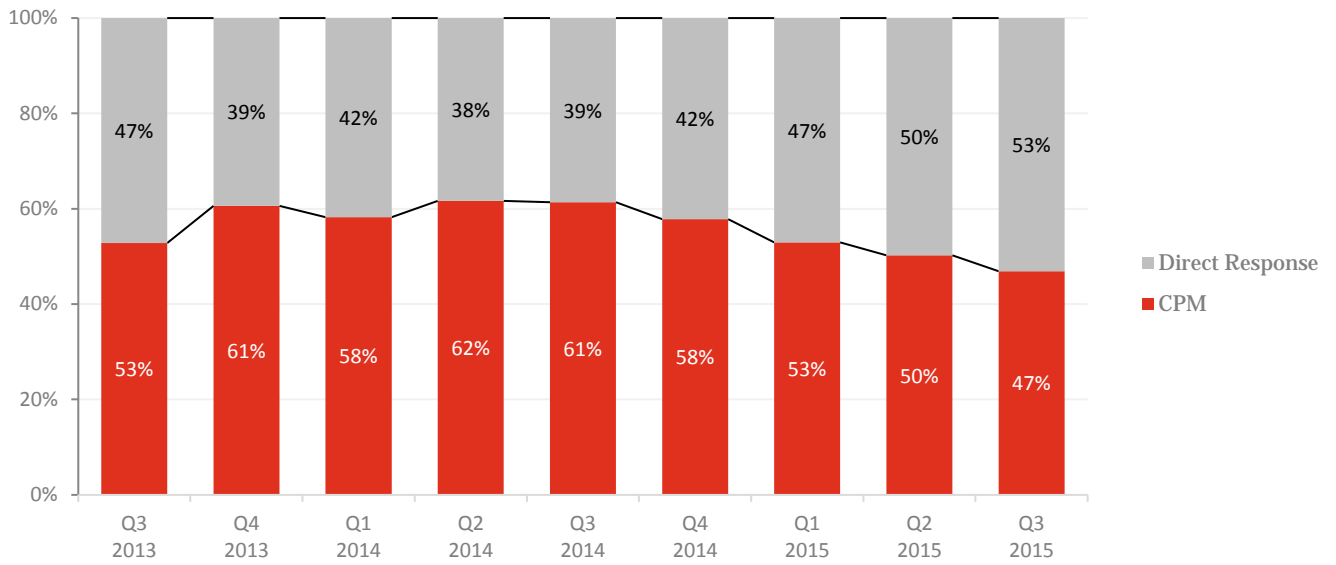
Pricing methods continue to shift to Direct Response

The pricing method categories are CPM and Direct Response. Definitions of CPM and Direct Response are included in the Glossary contained in Appendix B.

Based on submissions from publishers and estimates for Google and Facebook, the September quarter 2015 showed 47% for CPM and 53% for Direct Response, with Direct Response continuing to gain favour.

The longer term movements in pricing methods used in General Display advertising expenditures are shown in Figure .

Figure 5: CPM and Direct Response based pricing – category share



Mobile Advertising Expenditure – Three months ended 30 September 2015

Mobile increases its contribution to total online advertising expenditure

Mobile advertising is a sub-set of General Display and Search expenditures and also includes mobile video expenditure. Total advertising revenue is reported on a gross basis. The figures are based on participants' data, industry estimates for Google's mobile display and search revenues, Twitter's mobile display revenues and Facebook's mobile display revenues.

Mobile advertising expenditure increased to \$418.9 million in the September quarter 2015, with 45% of mobile advertising expenditure attributed to Mobile Search and 55% to Mobile Display. Device category shares showed smartphones at 67% and tablets at 33%, representing an increase in smartphones' share of mobile advertising over time.

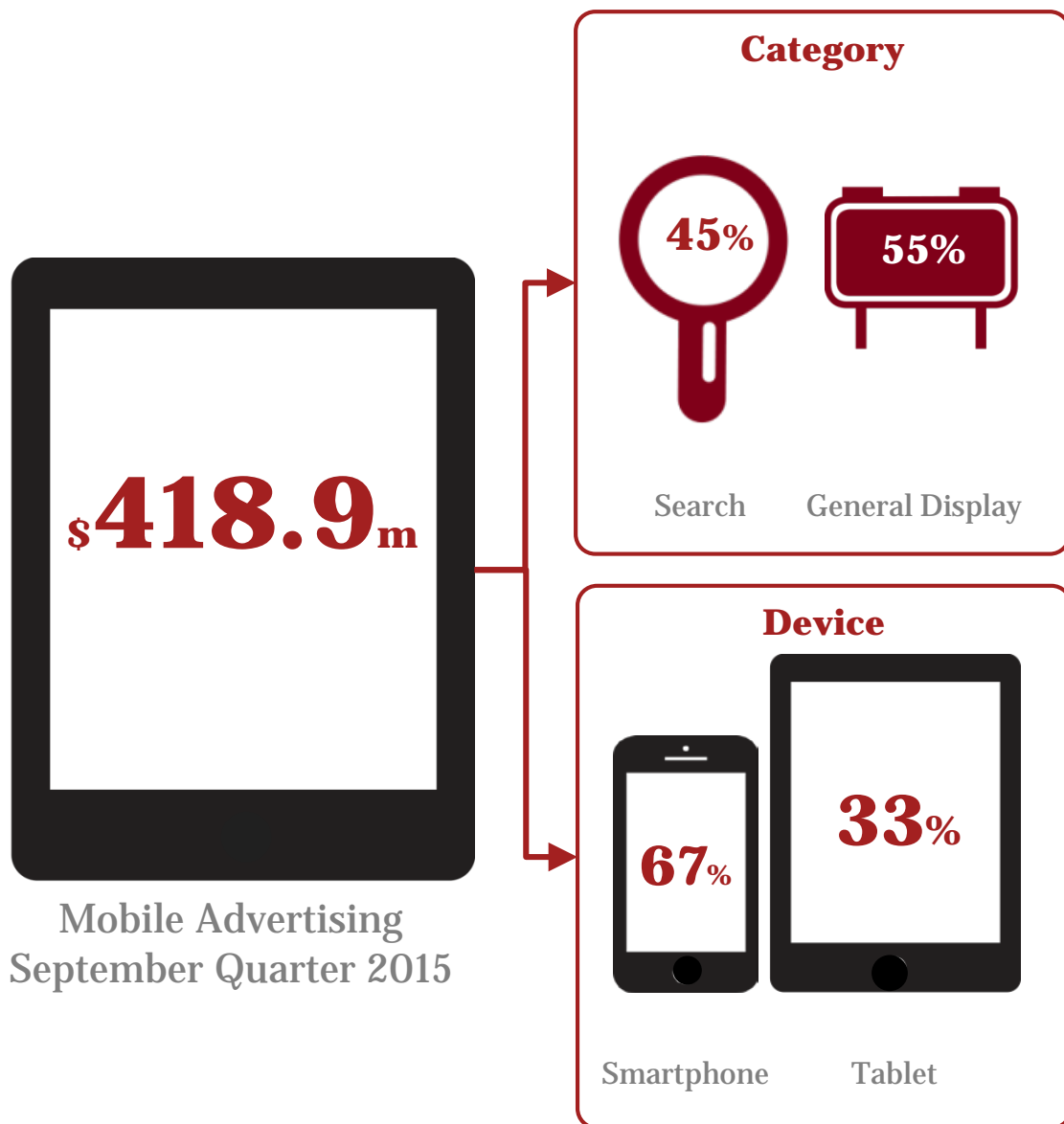
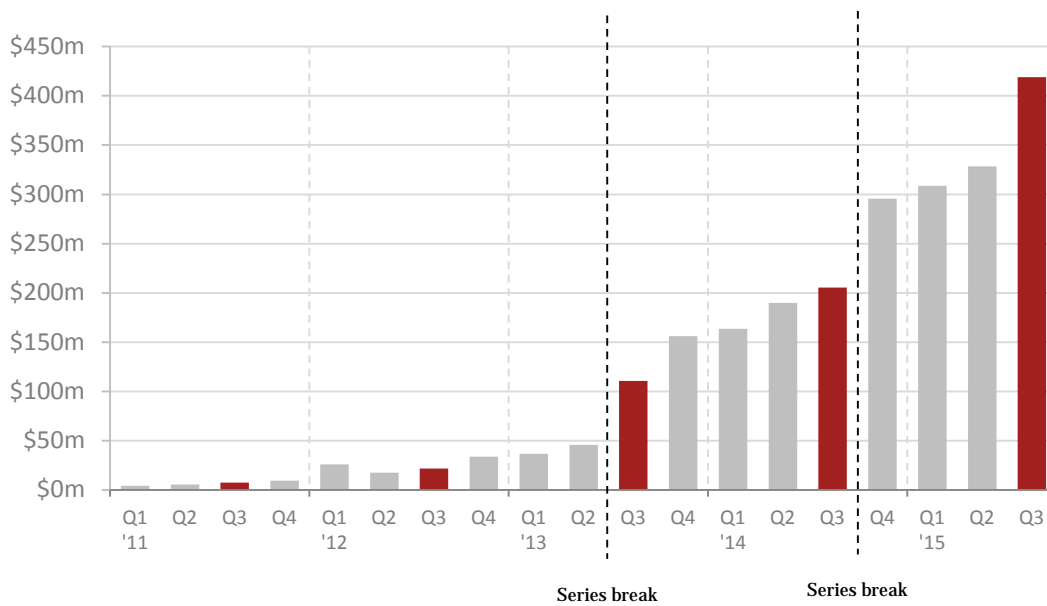


Figure 7: Mobile advertising expenditure, by quarter**Figure 8: Quarterly historical mobile advertising expenditure data**

Period	Mobile search (\$m)	Mobile display (\$m)	Total Mobile advertising (\$m)	Mobile advertising growth	
				Qtr / Qtr	Year / Year
Sep Qtr 15	188.1	230.8	418.9	27.5%	103.8%
Jun Qtr 15	139.6	188.9	328.5	6.5%	73.0%
Mar Qtr 15	157.8	150.8	308.5	4.3%	88.6%
Dec Qtr 14	164.9	130.9	295.7	43.9%	89.6%
Sep Qtr 14	112.7	92.8	205.5	8.2%	85.6%
Jun Qtr 14	109.8	80.1	189.9	16.1%	**
Mar Qtr 14	99.0	64.6	163.6	4.9%	**
Dec Qtr 13	92.0	64.0	156.0	40.9%	**
Sept Qtr 13	64.6	46.1	110.7	**	**
June Qtr 13	20.1	25.8	45.9	25.4%	160.8%
Mar Qtr 13	17.6	19.0	36.6	8.3%	181.5%
Dec Qtr 12	14.9	18.9	33.8	54.3%	255.8%
Sept Qtr 12	8.8	13.1	21.9	24.4%	192.0%
June Qtr 12	7.0	10.6	17.6	35.4%	214.3%
Mar Qtr 12	*	*	13.0	36.8%	200.4%
Dec Qtr 11	*	*	9.5	26.7%	*
Sept Qtr 11	*	*	7.5	33.9%	*
June Qtr 11	*	*	5.6	30.5%	*

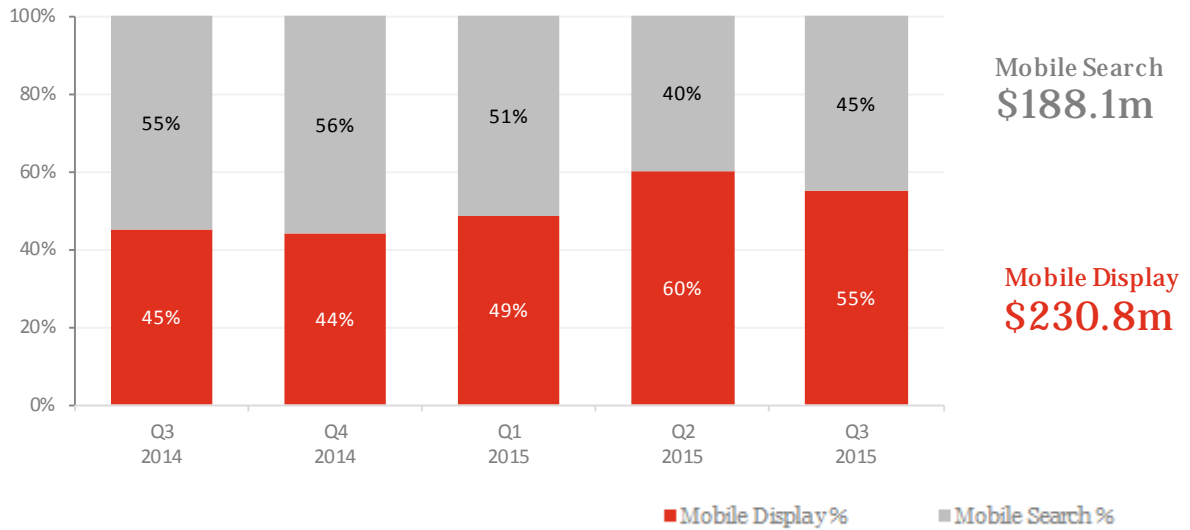
*Comparable data not available

** Changes are not applicable for these periods due to a break in the data series resulting from the availability of new sources of data used in the estimation of Google and Facebook revenues in the March quarter 2014. This does not affect data reported at the aggregate General Display and Search and Directories level.

Display continues as the dominant advertising category for mobile

Based on submissions from publishers and estimates for Google, Facebook, and Twitter, the breakdown between Search and Display mobile advertising for the quarter is shown in Figure . In the September quarter 2015, Search accounted for 45% of Mobile Advertising expenditure, and Display accounted for 55%.

Figure 9: Mobile Search and Mobile Display – category share



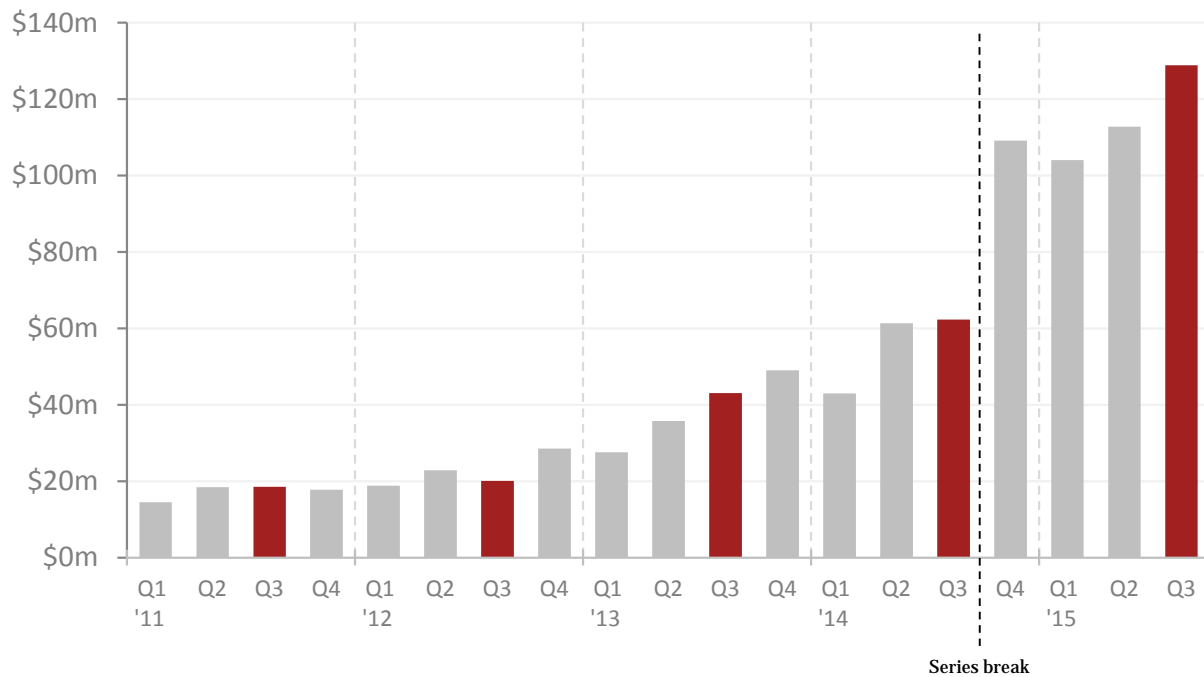
Video Advertising Expenditure – Three months ended 30 September 2015

Video advertising continues its strong performance

The video advertising expenditure reported below is included in the total General Display expenditure for the relevant periods. The definition of the video category is included in the Glossary.

Based on submissions from publishers and estimates for Google, video advertising expenditure for the quarter is shown in Figure . Video advertising for the September quarter 2015 was \$128.9 million. This was an increase of \$16 million (or 14.1%) on the prior June quarter 2015.

Figure 10: Video advertising expenditure, by quarter



Note: Video advertising expenditure information was aggregated for all publishers with the exception of Google. An estimate has been included for Google.

107%
▶▶

Online Video Market Growth
 September Qtr FY14 vs September Qtr FY15

\$128.9m

Total Video Market, September Qtr FY15

Figure 11: Quarterly historical video expenditure data

Period	Video expenditure (\$m)	Growth	
		Qtr / Qtr	Year / Year
Sep Qtr 15	128.9	14.1%	106.9%
Jun Qtr 15	112.9	8.5%	83.9%
Mar Qtr 15	104.1	-5.1%	142.1%
Dec Qtr 14	109.7	76.2%	124.0%
Sep Qtr 14	62.3	1.5%	44.5%
Jun Qtr 14	61.4	42.8%	72.0%
Mar Qtr 14	43.0	-12.2%	55.8%
Dec Qtr 13	49.0	13.7%	71.9%
Sep Qtr 13	43.1	20.7%	114.4%
Jun Qtr 13	35.7	29.3%	55.9%
Mar Qtr 13	27.6	-3.2%	46.8%
Dec Qtr 12	28.5	41.8%	60.1%
Sep Qtr 12	20.1	-12.2%	8.6%
Jun Qtr 12	22.9	21.8%	24.5%
Mar Qtr 12	18.8	5.6%	29.7%
Dec Qtr 11	17.8	-3.8%	*

*Comparable data not available

Note: Percentage changes are calculated based on raw data and may differ from the percentage changes implied by the rounded expenditure figures presented in the table

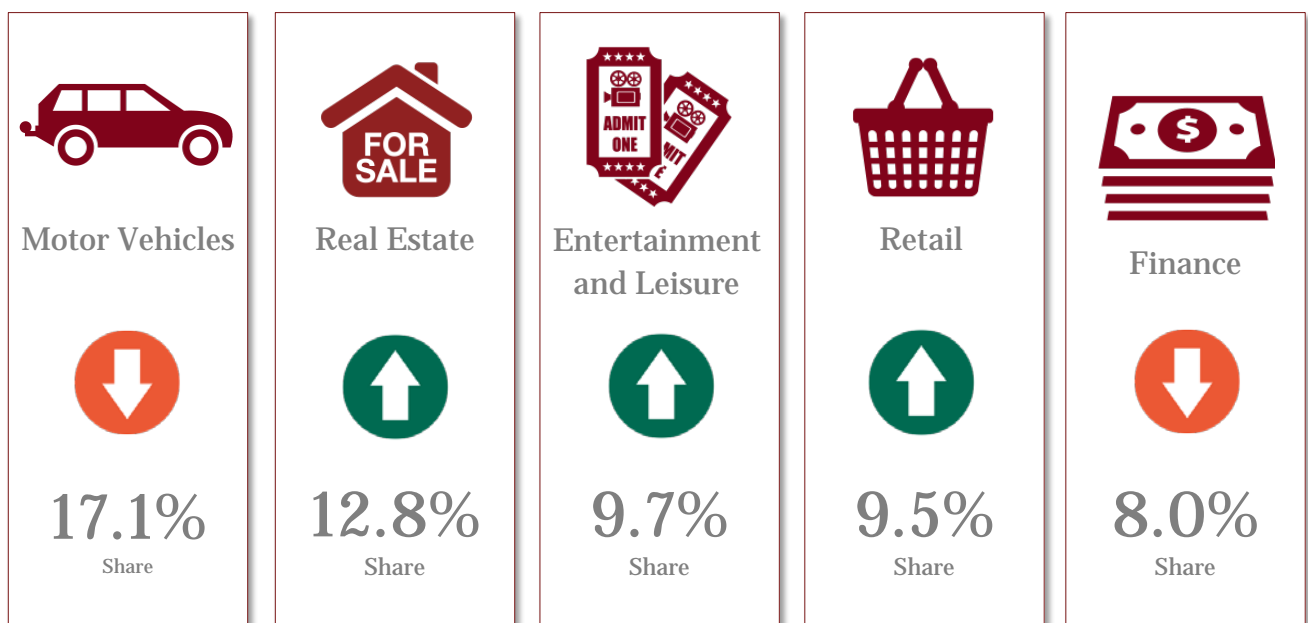
General Display Expenditure by Industry Category – Three months ended 30 September 2015

Motor vehicles continues to lead General Display expenditure industry category share

Motor Vehicles and Real Estate dominated the General Display market in the September quarter 2015, representing 29.9% of the reported General Display advertising market.² The same two industry categories made up 27.3% of General Display in the comparative prior year quarter.

- **Motor Vehicles** was the highest spending advertiser industry category in the September quarter 2015 with a 17.1% share, broadly consistent with the previous June 2015 quarter at 17.4% and September 2014 quarter at 17.7%. ‘Motor Vehicles – Manufacturers’ remains the largest subcategory, making up 11.7% of the reported General Display spending for the quarter.
- **Real Estate** showed growth with a 12.8% category share, up from 11.3% in the June quarter and up from 9.7% in the September 2014 quarter.
- In the lead up to Christmas, **Retail** continues to grow its share of general display increasing from 8.5% in June quarter 2015 to 9.5% in September quarter 2015. Its share in the September 2014 quarter was 9.9%.

Figure 42: Top five industry categories by expenditure share, September quarter 2015



Note: Arrows indicate directional movement in share since the June quarter 2015.

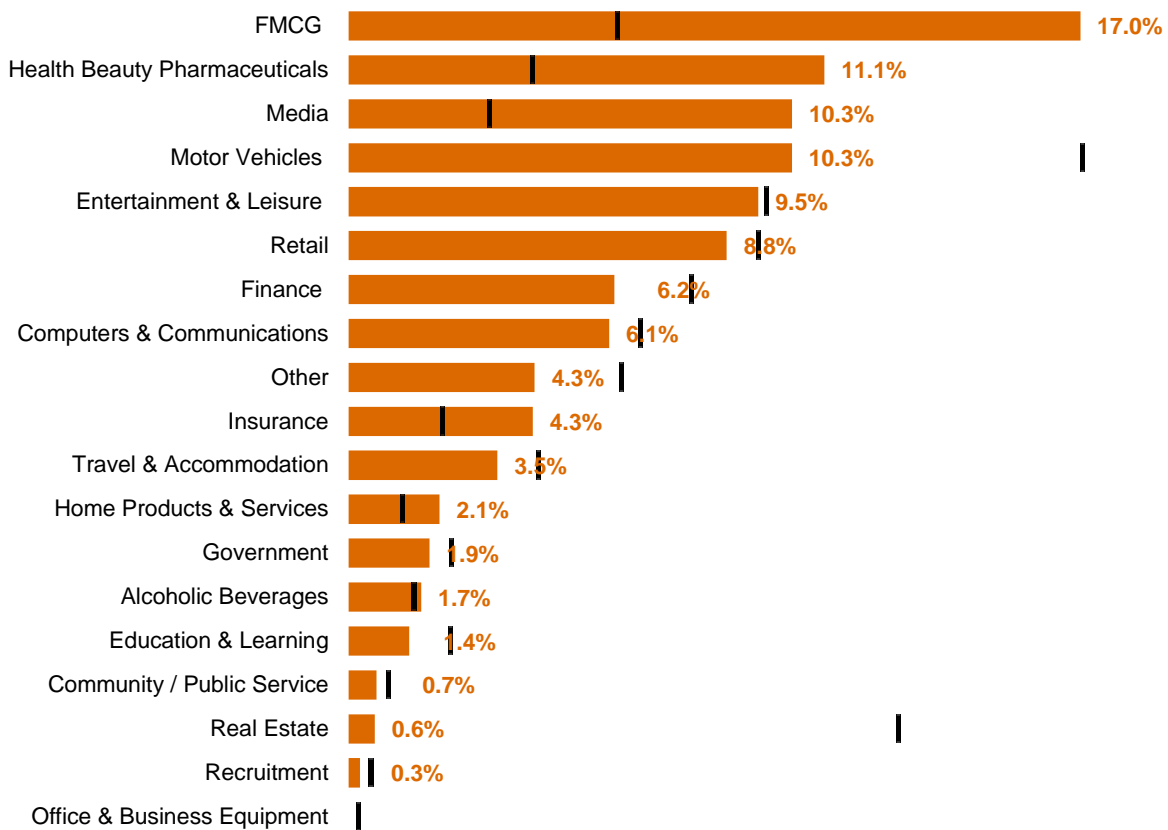
² Reported General Display market refers to General Display expenditure reported by survey contributors and therefore excludes Facebook, Google, Twitter and LinkedIn General Display advertising.

FMCG dominates video advertising

FMCG, Health/Beauty/Pharmaceuticals and Motor Vehicles were the top three dominant industry categories for video advertising, representing 38.4% of the reported Video Display advertising market.³

FMCG is overly represented in Video Display compared to General Display. FMCG is the dominant industry in Video Display with a 17% share, almost 3 times higher than its 6.3% share in total General Display.

Figure 13: General Display – Video industry category share compared to total General Display industry category share, September quarter 2015



- Video Display industry category shares in the September 2015 Quarter
- | General Display industry category shares in the September 2015 Quarter

³ Reported Video Display market refers to Video Display expenditure reported by survey contributors and therefore excludes Google Video Display advertising.

Classifieds Advertising Expenditure – Three months ended 30 September 2015

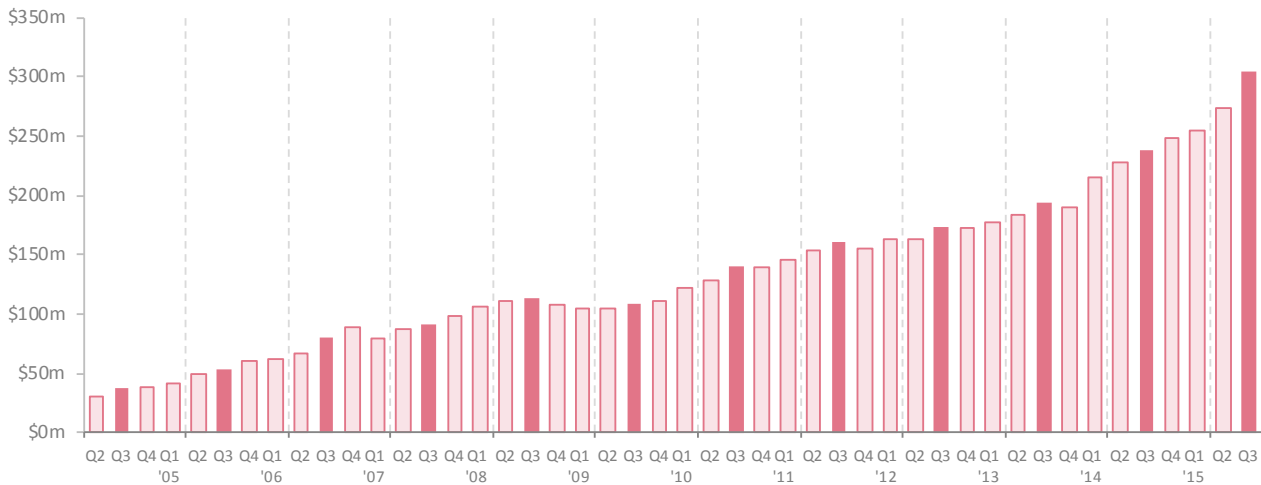
Real estate continues to dominate the classifieds category

Total expenditure for Classifieds advertising for the September quarter 2015 was \$304.5 million, an increase of \$30.6 million (11.2%) on the June quarter 2015, and an increase of \$66.6 million (28%) on the September quarter 2014.

The figures above are based on participants' data and estimates for LinkedIn's recruitment classifieds revenue through their Talent Solutions product.

Real Estate was the leading category for Classifieds in the September quarter 2015 followed by Automotive, then Recruitment.

Figure 14: Total Classifieds advertising expenditure, by quarter



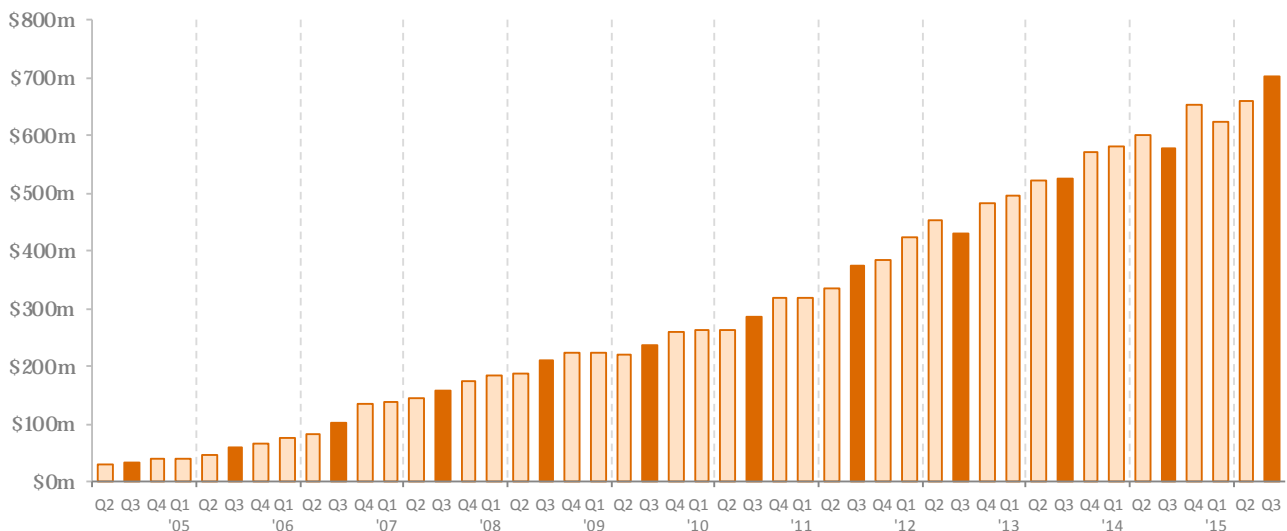
Note: New estimates for LinkedIn's recruitment classifieds revenues was introduced in the March quarter 2014 and accordingly, growth trends may be affected at the point of change in methodology. Refer to the Appendix for more detail and historical quarterly data.

Search and Directories Advertising Expenditure – Three months ended 30 September 2015

Search and Directories expenditure shows seasonal decline

Total online advertising expenditure for Search and Directories for the September quarter 2015 was \$703.6 million, an increase of \$42.5 million (or 6.4%) on the June quarter 2015, and an increase of \$123.7 million (or 21.3%) on the September quarter 2014. Search continues to lead online advertising expenditure in terms of segment share.

Figure 15: Total Search and Directories advertising expenditure, by quarter



Note: Since the commencement of data collection, methodologies have been refined over time and accordingly, growth trends may be affected at the point of change in methodology. Refer to the Appendix for more detail and historical quarterly data.

Appendix A – Historical Data

Overall Market – Quarterly historical expenditure data

Period	General Display \$m	Classifieds \$m	Search & Directories \$m	Total \$m	Growth	
					Qtr / Qtr	Year / Year
Sep Qtr 15	556.6	304.5	703.6	1564.7	8.3%	32.6%
Jun Qtr 15	510.0	273.9	661.1	1,445.0	11.5%	21.9%
Mar Qtr 15	416.1	255.3	625.1	1,296.5	-3.0%	18.1%
Dec Qtr 14	434.7	247.7	653.5	1,336.0	13.3%	22.9%
Sep Qtr 14	361.80	237.90	579.90	1,179.50	-0.5%	16.0%
Jun Qtr 14	355.30	227.80	602.30	1,185.40	8.0%	22.0%
Mar Qtr 14	301.30	215.80	580.40	1,097.50	1.0%	20.5%
Dec Qtr 13	327.40	189.30	570.40	1,087.10	6.9%	20.9%
Sep Qtr 13	295.60	193.70	527.40	1,016.70	4.6%	25.0%
Jun Qtr 13	265.60	183.30	523.00	971.90	6.7%	15.7%
Mar Qtr 13	236.40	177.20	497.15	910.75	1.3%	15.3%
Dec Qtr 12	242.25	172.25	484.75	899.25	10.6%	17.7%
Sep Qtr 12	209.50	173.75	430.00	813.25	-3.2%	9.6%
Jun Qtr 12	222.95	163.10	453.95	840.00	6.3%	21.8%
Mar Qtr 12	201.40	163.50	425.15	790.00	3.4%	25.2%
Dec Qtr 11	221.65	155.50	386.75	763.90	3.0%	15.5%
Sep Qtr 11	206.90	161.00	374.10	742.00	7.6%	22.7%
Jun Qtr 11	200.05	153.50	336.25	689.80	9.3%	24.9%
Mar Qtr 11	165.20	145.25	320.45	630.90	-4.6%	23.1%
Dec Qtr 10	201.75	140.25	319.65	661.65	9.5%	29.1%
Sep Qtr 10	177.40	140.50	286.60	604.50	9.4%	29.7%
Jun Qtr 10	158.75	128.50	265.25	552.50	7.8%	22.0%
Mar Qtr 10	126.00	121.75	264.75	512.50	0.0%	16.6%
Dec Qtr 09	141.75	111.25	259.50	512.50	9.9%	10.9%
Sep Qtr 09	120.75	108.25	237.25	466.25	2.9%	3.3%
Jun Qtr 09	126.00	104.50	222.50	453.00	3.1%	9.8%
Mar Qtr 09	109.50	105.00	225.00	439.50	-4.9%	14.3%
Dec Qtr 08	130.00	108.00	224.00	462.00	2.4%	22.0%
Sep Qtr 08	125.50	113.75	212.00	451.25	9.4%	29.8%
Jun Qtr 08	114.50	111.00	187.00	412.50	7.3%	26.7%
Mar Qtr 08	94.50	106.50	183.50	384.50	1.5%	30.8%
Dec Qtr 07	104.50	98.25	176.00	378.75	8.9%	19.5%
Sep Qtr 07	97.00	91.25	159.50	347.75	6.8%	32.2%
Jun Qtr 07	90.50	87.75	147.25	325.50	10.7%	44.0%
Mar Qtr 07	75.00	79.50	139.50	294.00	-7.3%	50.8%
Dec Qtr 06	91.50	89.00	136.50	317.00	20.5%	66.8%
Sep Qtr 06	78.00	81.00	104.00	263.00	16.4%	57.5%
Jun Qtr 06	76.00	67.00	83.00	226.00	15.9%	55.9%
Mar Qtr 06	57.50	62.00	75.50	195.00	2.6%	65.3%
Dec Qtr 05	62.00	60.00	68.00	190.00	13.8%	59.7%

* Comparative data not available

Note: Numbers may not add due to rounding. Percentage changes are calculated based on raw data and may differ from the percentage changes implied by the rounded expenditure numbers presented in the table.

General Display Advertising Expenditure – Advertiser Industry Category

The table below shows the percentage market share for all advertising industry categories in General Display advertising for the last 4 years.

Advertiser Industry Category	Sep 11	Dec 11	Mar 12	Jun 12	Sep 12	Dec 12	Mar 13	Jun 13	Sep 13	Dec 13	Mar 14	Jun 14	Sep 14	Dec 14	Mar 15	Jun 15	Sep 15	Trend 2011-2015
Motor Vehicles	13.4%	14.6%	20.4%	14.7%	20.4%	19.5%	20.4%	19.3%	20.0%	18.5%	20.7%	17.8%	17.7%	16.9%	17.5%	17.4%	17.1%	
Finance	20.0%	17.8%	13.3%	12.8%	12.3%	11.9%	13.0%	12.5%	11.3%	12.3%	10.7%	11.0%	11.6%	9.3%	8.8%	8.8%	8.0%	
Retail	5.6%	5.9%	5.0%	6.5%	7.2%	8.8%	7.3%	7.4%	6.8%	10.5%	9.3%	9.7%	9.9%	10.9%	7.8%	8.5%	9.5%	
Computers & Communications	10.9%	12.0%	7.2%	8.3%	5.9%	6.9%	6.8%	7.8%	6.6%	8.6%	6.1%	8.2%	7.0%	6.2%	5.6%	9.0%	6.8%	
Entertainment & Leisure	6.9%	9.5%	7.8%	7.7%	8.4%	9.1%	8.2%	6.7%	7.8%	7.5%	7.1%	6.5%	6.1%	7.6%	8.1%	6.9%	9.7%	
Real Estate	4.4%	3.7%	8.4%	8.2%	8.8%	8.0%	8.5%	7.7%	9.6%	8.7%	10.4%	8.9%	9.7%	11.0%	11.2%	11.3%	12.8%	
Travel & Accommodation	5.6%	5.7%	6.3%	5.6%	5.2%	4.2%	4.8%	4.5%	4.7%	5.2%	5.0%	4.9%	5.0%	4.4%	7.9%	6.2%	4.4%	
Health Beauty Pharmaceuticals	6.4%	5.1%	4.0%	5.1%	5.5%	3.6%	4.2%	4.3%	5.2%	4.2%	3.8%	3.5%	4.2%	4.6%	3.7%	4.1%	4.3%	
FMCG	5.3%	4.4%	8.0%	8.2%	5.9%	6.2%	5.5%	5.5%	6.8%	4.1%	5.5%	7.2%	7.6%	6.9%	8.6%	5.3%	6.3%	
Government	4.9%	4.0%	3.2%	3.4%	2.9%	3.0%	3.5%	5.2%	5.9%	3.3%	4.0%	4.5%	2.9%	3.4%	3.6%	3.9%	2.4%	
Education & Learning	1.5%	1.6%	1.1%	1.4%	2.2%	2.0%	1.7%	1.7%	1.8%	2.2%	2.4%	2.0%	2.3%	2.2%	1.6%	1.9%	2.4%	
Media	3.4%	3.3%	3.3%	3.6%	3.6%	2.8%	3.7%	3.8%	2.6%	1.9%	3.8%	2.9%	2.2%	2.8%	3.2%	2.9%	3.3%	
Insurance	3.4%	3.0%	3.1%	5.0%	1.8%	1.7%	1.9%	2.8%	2.1%	1.6%	1.6%	1.3%	2.0%	1.9%	2.7%	2.8%	2.2%	
Home Products & Services	0.9%	0.8%	1.9%	1.4%	1.4%	1.7%	1.4%	1.3%	1.4%	1.7%	1.2%	1.3%	1.9%	2.0%	1.0%	1.1%	1.3%	
Community / Public Service	0.8%	1.0%	0.7%	0.9%	0.9%	0.9%	1.0%	0.7%	0.9%	1.2%	1.5%	1.9%	1.2%	1.3%	1.1%	1.1%	0.9%	
Alcoholic Beverages	0.9%	1.3%	0.7%	0.8%	1.1%	1.9%	1.4%	1.2%	0.8%	1.1%	1.4%	1.2%	1.6%	1.6%	1.2%	1.2%	1.5%	
Recruitment	1.0%	1.0%	0.7%	0.8%	0.7%	0.7%	1.0%	1.3%	0.7%	0.5%	0.7%	0.6%	0.6%	0.7%	0.5%	0.6%	0.5%	
Office & Business Equipment	0.3%	0.3%	0.2%	0.1%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.4%	0.3%	0.2%	0.1%	0.2%	0.2%	
Other	4.4%	5.0%	4.8%	5.6%	5.6%	6.7%	5.4%	6.3%	5.0%	6.7%	4.8%	6.3%	6.2%	6.3%	5.7%	7.0%	6.3%	

Note: Numbers may not add to 100% due to rounding. DSPs and sales to resellers are not included in the table above.

General Display Advertising Expenditure – Advertiser Industry Category, quarterly historical

Advertiser Industry Category	Sept Quarter 2015 % Share	Sept Quarter 2014 % Share	Percentage point change
Finance	8.0%	11.6%	-3.6%
- Business Banking	0.6%	0.9%	-0.3%
- Credit Cards	0.6%	1.2%	-0.6%
- Home Loans	2.3%	2.8%	-0.5%
- Superannuation	0.2%	0.9%	-0.7%
- Personal Banking	2.4%	2.2%	0.2%
- Wealth Management	0.5%	1.1%	-0.6%
- Other	1.3%	2.6%	-1.3%
Computers & Communications	6.8%	7.0%	-0.2%
- Computer Hardware	0.9%	1.1%	-0.2%
- Computer Software	1.5%	1.1%	0.4%
- Telecommunications	3.7%	4.2%	-0.5%
- Internet/ISP	0.7%	0.5%	0.2%
Motor Vehicles	17.1%	17.7%	-0.6%
- Internet Sites	0.2%	0.4%	-0.2%
- Manufacturers	11.7%	13.0%	-1.3%
- Dealers	0.7%	0.4%	0.3%
- Other	4.5%	3.9%	0.6%
Travel/Accommodation	4.4%	5.0%	-0.6%
- Flights	1.1%	1.3%	-0.2%
- Accommodation	1.0%	0.8%	0.2%
- Car Hire	0.0%	0.1%	-0.1%
- Holiday Packages/Agents	1.5%	1.4%	0.1%
- Other	0.8%	1.5%	-0.7%
Entertainment & Leisure	9.7%	6.1%	3.6%
- Music	0.5%	0.5%	0.0%
- Movies	1.8%	0.9%	0.9%
- Games/Consoles	2.3%	0.5%	1.8%
- Other	5.1%	4.2%	0.9%
Media	3.3%	2.2%	1.1%
FMCG	6.3%	7.6%	-1.3%
- Food	3.9%	4.1%	-0.2%
- Beverages (non-alcoholic)	0.6%	0.6%	0.0%
- Other	1.8%	2.8%	-1.0%
Real Estate	12.8%	9.7%	3.1%
Retail	9.5%	9.9%	-0.4%
Insurance	2.2%	2.0%	0.2%
Health Beauty Pharmaceuticals	4.3%	4.2%	0.1%
Government	2.4%	2.9%	-0.5%
Other	6.3%	6.2%	0.1%
Recruitment	0.5%	0.6%	-0.1%
Alcoholic Beverages	1.5%	1.6%	-0.1%
Education & Learning	2.4%	2.3%	0.1%
Home Products & Services	1.3%	1.9%	-0.6%
Community/Public Service	0.9%	1.2%	-0.3%
Office & Business Equipment	0.2%	0.3%	-0.1%

Note: Numbers may not add due to rounding. DSPs and sales to resellers are not included in the table above.

Appendix B – Report Scope, Methodology and Format

Scope

The Interactive Advertising Bureau (IAB) has retained PricewaterhouseCoopers (PwC) to establish a comprehensive standard for measuring online advertising expenditures. The IAB OAER is an ongoing IAB mission to provide an accurate barometer of online advertising expenditure growth.

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

- Obtaining data directly from companies earning online advertising expenditures
- Making the OAER as inclusive as possible, encompassing all forms of Internet/online advertising, including web sites, mobile and video advertising and email providers
- Ensuring and maintaining a confidential process, only releasing aggregate data
- Performing “spot checks” of data submitted by participants to increase the overall integrity of the data.

The online advertising expenditure measured by the OAER is based on amounts charged to the advertiser before any reductions for agency rebates. Therefore, the amount reported is the gross commissionable advertising revenue.

Methodology

Data capture for the OAER commenced in the March quarter 2002. All reported amounts are made up of participant verified actual data and estimates as disclosed below. Over this period, different approaches have been adopted which impacted reported growth and this should be taken into account when analysing trends. These changes in methodology reflect the IAB’s view of how the interactive advertising market should be reported, given changes in industry participants over time and the availability of alternative data sources to use for estimation.

The changes in methodology mean growth rates in periods of change are distorted as follows:

- Growth rates are understated when comparing 2007 figures to 2006 figures.
- Growth rates are overstated when comparing June 2010 to subsequent periods.
- Growth rates are overstated when comparing September 2014 to prior periods.

Based on information provided by contributors, approximately 31% of the data in this report is derived from participants whose underlying financial records have been, or will be, audited.

Participant data

Participants of the OAER are required to submit an online advertising expenditure return to PwC at the end of the relevant quarter. PwC compiles the submissions and conducts a review of the reported figures for reasonableness in light of past submissions and general industry trends.

PwC may conduct a “spot check” of information submitted by a participant to confirm the accuracy of the data submitted. A “spot check” may include general queries, enquiries to confirm submission data and that expenditure reported is in accordance with the definition of expenditure being applied in the OAER. Spot checks may also include a sample check of the allocation of expenditure to categories. These checks do not constitute an audit.

To ensure the protection of participant’s data and market share information, industry category breakdowns will only be referred to where at least three or more unrelated participants have contributed to the aggregate.

Due to the dynamic nature of the internet industry, the number of participants in an industry category may change from time to time which may result in the category not being referred to separately in the report. Where new participants contribute data or participants change their method of capturing data, efforts will be made to collect historical data and to update the appropriate comparative data. Adjustments to historical data will only be made once there are three new participants providing data.

Estimates

Given their increasing participation in the General Display and Search markets, estimates for Google display, video, and mobile advertising as well as Facebook display and mobile advertising, have been developed and incorporated since September quarter 2010 to the current quarter being reported. Additionally, LinkedIn are becoming an increasingly larger participant in the online advertising space, in particular in online classifieds. Estimates for LinkedIn display and classifieds advertising have been developed and included in this since the March quarter 2014. Additionally, estimates for Twitter’s general display and mobile revenues have been included for the first time in this September quarter 2015 OAER.

PwC develops its estimates through a meta-analysis of company earnings reports, estimates from research firms, reported data from major advertising publishers, and other sources. PwC also conducts interviews with executives at agencies, intermediaries and publishers who provide their opinion on the development of the Australian market. Facebook, Google, Twitter, and LinkedIn do not disclose revenues based on geography or by product line, therefore these estimates are opinions and no warranty is given that the actual revenues are as stated. The information contained in this report has not been subject to an audit.

Due to the growing market share of mobile advertising, from September 2015 PwC has adjusted its assumptions for estimating Google’s search revenues and as a result no longer include search page views in its formula. However, PwC continues to include reported data such as quarterly revenue changes in like markets such as the US.

Format

The OAER reports Australian online advertising expenditure sourced from 3 broad categories:

- General Display Advertising, which includes revenues from display ads such as banner advertisements of many different sizes and formats, affiliate marketing programmes, partnerships, sponsorships and emails;
- Classifieds Advertising, which includes revenues from ads placed to buy or sell an item or service; and
- Search and Directories Advertising, which includes revenues from online directory and search engine listings.

Mobile Advertising, which includes revenues from smart phones and tablets in both General Display and Search form, and is a subset of these two categories, is also reported.

General Display Advertising is further reported by advertiser industry categories and their share of the total General Advertising pool. Classifieds Advertising also lists the order of the top industry categories for the reporting period. Search and Directories Advertising is reported as a single figure due to the limited number of participants in the individual segments in this category.

Glossary

Advertising Expenditure Types

Advertising Term	Description
General Display	Expenditure on advertising such as banner advertisements of many different sizes and formats, affiliate marketing programmes, partnerships, sponsorships, and emails.
Classifieds	Expenditure on ads placed to buy or sell an item or service, or to report an item of information.
Search and Directories	Expenditure from online directory or search engine listings.
Mobile	Expenditure from general display or search engine listings intended to be viewed on a mobile device such as a smart phone or tablet.

Please note: This report does not include any e-commerce or transaction-based expenditure.

Email and Video Definitions (sub-advertising types of General Display)

Term	Description
Email	Banner ads, links or advertiser sponsorships that appear in email newsletters, email marketing campaigns and other commercial email communications. Includes all types of electronic mail (e.g. basic text or HTML-enabled).
Video	TV-like advertisements that may appear as in-page video commercials or before, during, and/or after a variety of context in a player environment including but not limited to, streaming video, animation, gaming, music video content. This definition includes broadband video commercials that appear in live, archived, and downloadable streaming content.

Pricing Methods (used within General Display)

Term	Description
CPM Based	Pricing is based on a straight Cost per Thousand pricing methodology, sponsorship, or CPM-like pricing.
Direct Response Based	Pricing is based on a non-CPM display methodology. This may include any pay per click, pay per sale, pay per action, pay per lead, etc

General Display Advertising Industry Categories

Term	Description
Alcoholic Beverages	Any business that is involved with the manufacturing, distribution and sale of any liquid/beverage intended for drinking that contains an intoxicant. This includes beer, wine, spirits and pre-mixed alcoholic products.
Communications	
Telecommunications	Any business involved in the manufacture and sale of telecommunications products. This includes telephones (landline and mobile), pager systems, radio communication services, air time resellers, etc. and companies involved in the retail of telecommunication services.
Internet / ISP	Any business that provides internet and web-related services. This includes internet web hosting, internet service providers (ISP) and ISP hosting, and businesses involved in the retail of Internet/ISP services.
Community & Public Service	This pertains to community service and charity organisations that provide products and services for the benefit of the community. It includes organisations such as the Salvation Army, Red Nose Day etc.
Computers	
Computer Hardware	Any business involved with the manufacturing, sale and provision of products and services relating specifically to computer hardware (the physical components of a computer).
Computer Software	Any business involved with the manufacturing, sale and provision of products and services relating specifically to computer software (programs installed on a computer). Excludes entertainment software.
Education & Learning	Any business, organisation or institution in either the private or the government sectors that provide education and training services. This includes any primary, secondary, tertiary educational institutions, adult education centres, colleges, TAFE institutes, correspondence schools and cultural learning centres.
Entertainment and Leisure	
Music (Live Events / Distributors)	Any organisation or business that provides products and viewing content related directly to music entertainment including businesses associated with live entertainment, concert promoters, music publishers/promoters, etc.
Movies (Home entertainment, cinema)	Any organisation or business that provides entertainment and leisure products associated with movies, including cinemas, DVDs, film production and distribution companies, etc.
Console / electronic games	Businesses involved in the production and distribution of electronic computer games software and associated devices such as consoles.
Other	Additional entertainment and leisure organisations/products/services that do not meet the parameters of other the entertainment categories.

Term	Description
Finance	
Business Banking and Services	Any business providing banking products or services on a corporate basis. Services can include business advice, business loans and corporate bank accounts, etc.
Credit Cards	Any business involved in the provision or distribution of credit cards. Such companies can include banks, other financial institutions and specific credit card companies such as Visa, MasterCard, etc.
Home Loans	Any business involved in the provision of personal mortgages, including banks, other financial institutions and private lenders.
Superannuation	Any business involved in the provision and management of superannuation funds, including both public and private companies and industry funds.
Personal Banking and Services	Any business providing banking products or services on a strictly personal basis. Services can include financial advice, personal loans and bank accounts. Excludes credit card or home loan products.
Wealth Management (excluding super)	Any business involved in the management of investments, excluding superannuation. This includes financial advisers, stockbrokers' and fund managers.
Other	Any businesses that do not meet the parameters of the other finance categories.
FMCG (Fast Moving Consumer Goods)	
Food	Any business involved in the production, distribution and sale of foodstuff items which can be considered supermarket goods.
Beverages (non-alcoholic)	Any business involved in the production, distribution and sale of beverage items (excluding alcohol) which can be considered supermarket goods.
Other	Other fast moving consumer goods that cannot be classified into the preceding categories.
Government	Any organisation providing services for, or on behalf of, an Australian, State or Local government body, agency or department.
Home Products & Services	Any business providing products, services and product advice relating to house or unit renovations and construction, fittings, building materials and furnishings.
Health, Beauty & Pharmaceuticals	Any business providing products, services and product advice relating to health, beauty and/or Pharmaceuticals.
Insurance	Any business involved with consumer related insurance products or services. This includes motor vehicle insurance, house and household contents insurance, life insurance, health insurance, corporate and professional insurance or any other insurance.
Media	Any business involved with or related to mass communication. This includes mediums such as radio, television (either cable or free to air), cinema and publications (such as newspapers, magazines and websites).
Motor Vehicles	
Motor Vehicle Internet Sites	Any business involved in the creation of internet websites providing motor vehicle information. This category can involve online businesses, motor vehicle enthusiasts, etc
Vehicle Manufacturers	Any business specifically involved in the manufacture of motor vehicles, which includes cars, trucks, motorbikes and motorised scooters.
Motor Vehicle Dealers	Any business specifically involved in the sale, marketing and servicing of motor vehicles.
Other	Any motor vehicle business that cannot be classified into the other Motor Vehicle categories.

Term	Description
Office & Business Equipment	Any business providing products, services and product advice in regards to office and business equipment.
Other	Any business that does not meet the general parameters of any other category.
Real Estate	Any business providing commercial or residential property advice, information and retail services for the sale and management of real estate.
Recruitment	Any business involved with the process of attracting, screening and hiring personnel.
Retail	Any business or organisation involved in the sales of goods directly to the consumer or via a bidding process. This includes department stores, mail order businesses, street vendors and markets and auctions of real estate, motor vehicles, white goods, electrical goods, manufacturing and retail equipment, antiques, furniture and general household items.
Travel & Accommodation	
Flights	Any organisation or business involved in the provision of domestic and international airfare, such as airlines.
Accommodation	Any organisation or business involved in the provision of temporary lodgings, including hotels, motels and hostels.
Car Hire	Any organisation or business involved in the organisation and provision of temporary motor vehicle hire.
Holiday Packages/ Travel Agents	Any organisation or business involved in the provision of holiday tours and/or event packages, which may often include a combination of flights, accommodation and car hire.
Other	Any other travel and accommodation organisation or business that cannot be classified into the other travel & accommodation categories (e.g. rail travel, cruises, etc.).

Contributors

The IAB Online Advertising Expenditure Report includes financial data from over 1,000 websites and is supported and promoted by the following companies:

Ad-2-One
Amobee
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Network Ten
News Corp Australia
PermissionCorp (including Digital Network Sales)
REA Group
SEEK
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About the IAB

The Interactive Advertising Bureau (IAB) Limited is the peak trade association for online advertising in Australia and was incorporated in July 2010. As one of over 40 IAB offices globally, and with a rapidly growing membership, IAB Australia's principal objective is to increase the share of advertising and marketing dollars that interactive media captures in the marketplace.

IAB Australia's board includes representatives of Carsales.com, Fairfax Media, Google, Mi9, News Corp Australia, REA Group, Telstra Media, TressCox Lawyers and Yahoo!7. It has four objectives:

- To develop, coordinate and promote industry standards and guidelines that make interactive advertising a simpler and more attractive medium for agencies, advertisers and marketers
- To prove and promote the effectiveness of interactive advertising to advertisers, agencies, marketers and the press
- To be the primary advocate for the interactive marketing and advertising industry
- To expand the breadth and depth of IAB membership while increasing direct value to members.

For further information about IAB Australia please visit: www.iabaustralia.com.au or contact:

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