PricewaterhouseCoopers

IAB Online Advertising Expenditure Report

Quarter ended 30 September 2018
Report released: 28 November 2018

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 quarterly 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 Appendix B for more information. Individual company information is held 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 additional data sources, including:

- Estimates for Google search, display, video, and mobile advertising
- Estimates for Facebook display, video and mobile advertising
- Estimates for LinkedIn display and classifieds advertising (from March quarter 2014)
- Estimates for Twitter display, video and mobile advertising (from June quarter 2015, Video from June quarter 2018)
- Estimates for Snapchat display, video and mobile advertising (from Dec quarter 2017)
- Estimates for Spotify display, video and mobile advertising (from Dec quarter 2017)

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.

M.P. Brownlow

Megan Brownlow
Partner

PricewaterhouseCoopers
28 November 2018

Three months ended 30 September 2018

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Executive Summary

Key trends in the three months ended 30 September 2018

Total online advertising achieves 13.2% growth year on year in the September quarter 2018

All categories experienced strong growth compared to the same quarter in the prior year (Figure 1), with General Display delivering 18.1% growth.

Online advertising expenditure saw an overall increase of 1.6% compared to the June quarter, driven by growth in Classifieds at 4.5%, followed by Search & Directories at 2.3% (Figure 2).

Figure 1: Online advertising expenditure compared to prior comparative quarter (September quarter 2017)

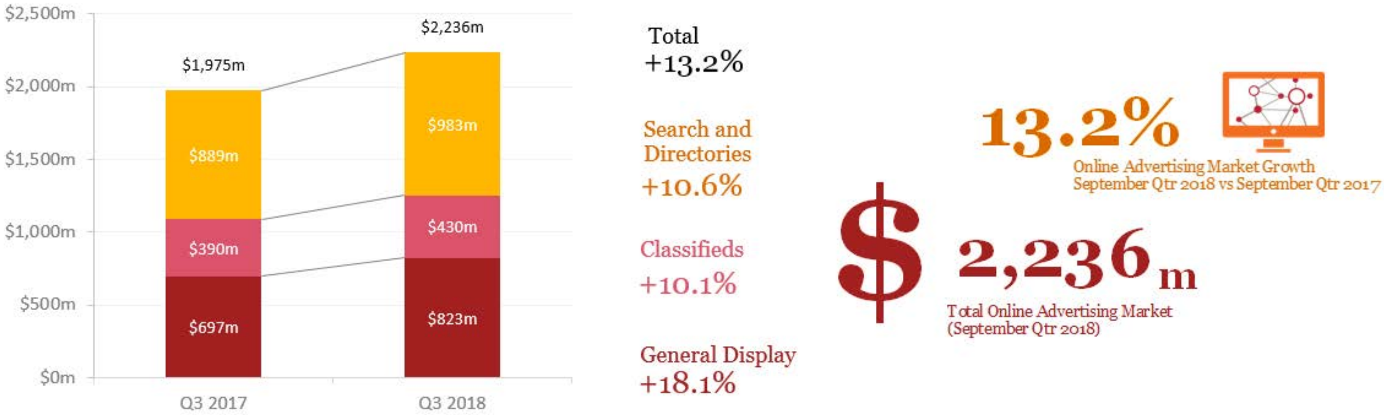
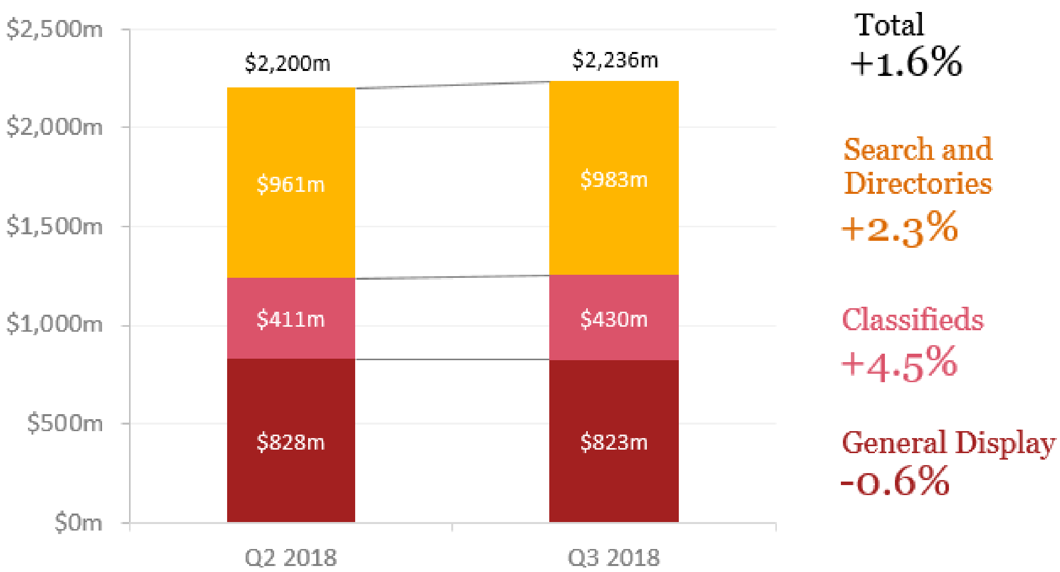


Figure 2: Online advertising expenditure compared to immediate prior quarter (June quarter 2018)



General Display maintains strong category growth

General Display performed strongly with 18.1% growth from September quarter 2017 to September quarter 2018, attributed to healthy growth across the Mobile and Video subsets.

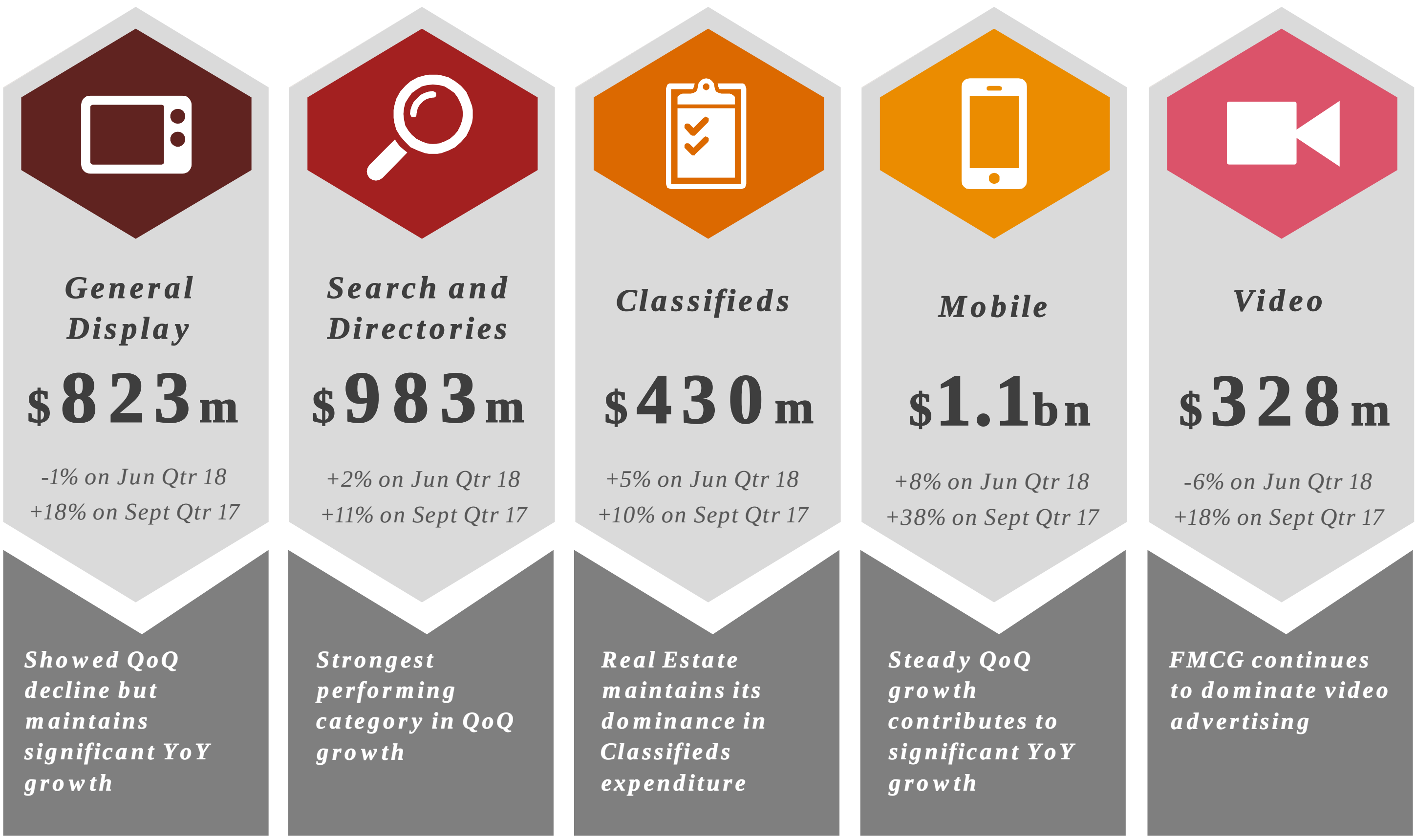
Video continues to record the greatest share of General Display advertising by format

Consistent with prior quarters, video represents the largest share of general display advertising when compared to infeed/content/native, banner and other forms of general display advertising. Although video remains the largest share, this share decreased from the June 2018 quarter from 42% to 40%. Infeed/content/native experienced a 2% gain in share from 35% to 37%.

Mobile maintains its share of General Display advertising

In the September quarter 2018 mobile display advertising contributed 62% of General Display expenditure, mobile's contribution increasing when compared to 56% in the June quarter 2018.

Mobile advertising comprises General Display and Search expenditures with 53% attributed to Mobile Search and 47% to Mobile Display.



Industry category highlights

Automotive continues to lead the General Display market in the September quarter 2018, representing 16.1% of the reported General Display advertising market.[1] Automotive has been the leading category for over 5 consecutive years.

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

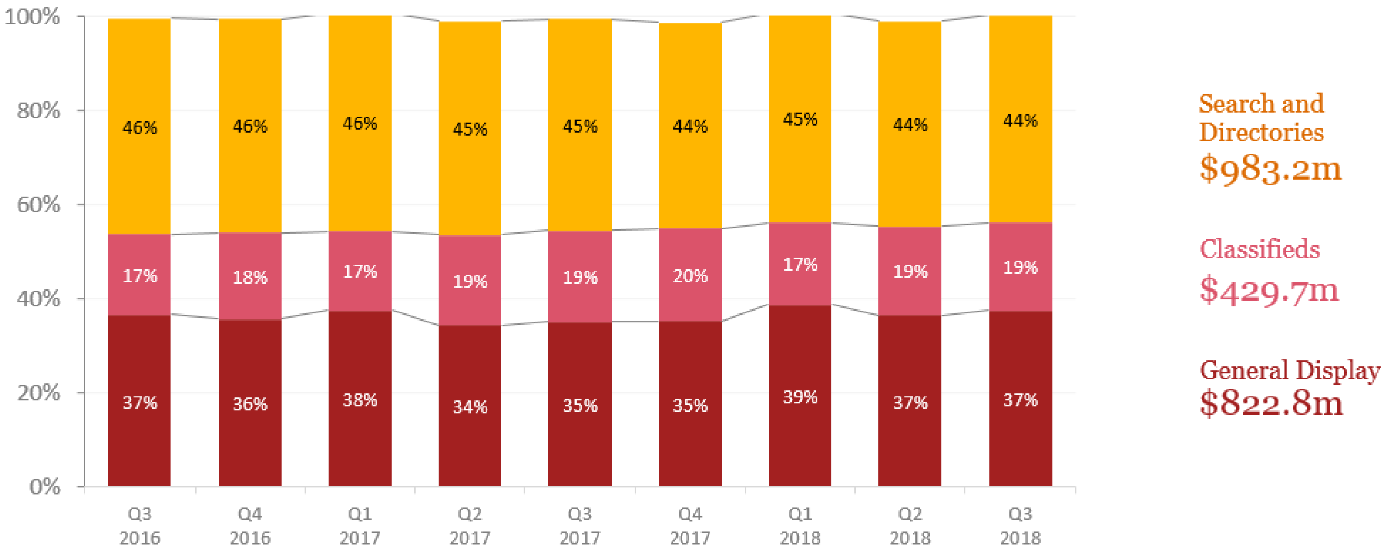
Detailed findings

Overall market – *Three months ended 30 September 2018*

Growth in the online advertising market slows in September 2018 quarter compared to June 2018 quarter

- Overall online advertising increased 1.6% from the prior quarter to $2,236 million in the September quarter 2018.
- Year on year growth in the online advertising market in the September quarter was 13.2%.
- Classifieds increased at the fastest pace, growing 4.5% in the September quarter 2018 compared to the June 2018 quarter, driven by growth in the real estate and recruitment sectors.

Figure 3: Online advertising expenditure – category share



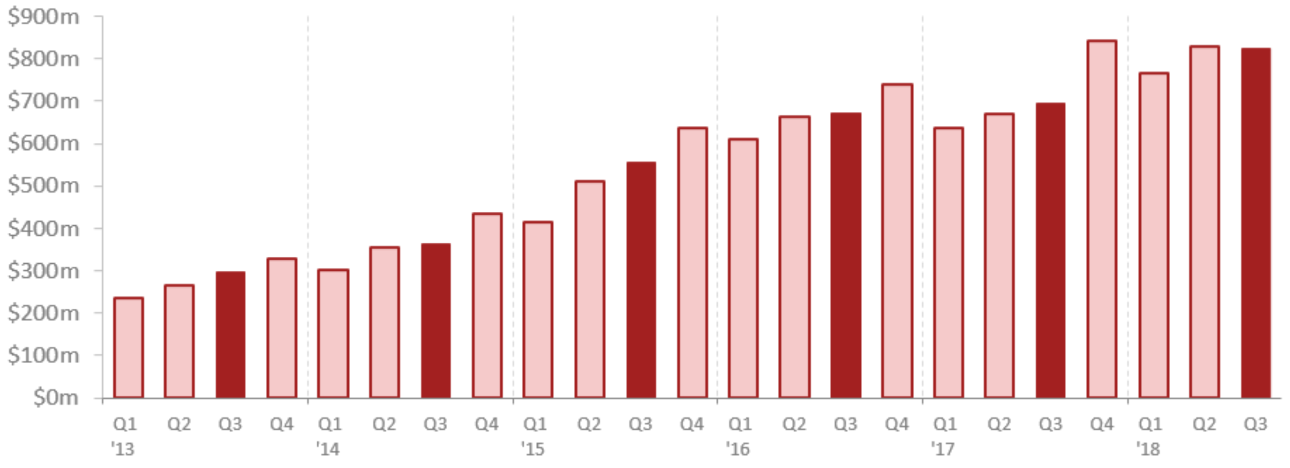
General Display Advertising Expenditure – *Three months ended 30 September 2018*

General Display shows consecutive year on year growth in the September quarter

Total General Display online advertising expenditure for the September quarter 2018 was $822.8 million. This expenditure represented a decrease of 0.6% on the June quarter 2018.

Compared to the same quarter in 2017, General Display online advertising expenditure this quarter grew 18.1%.

Figure 4: Total General Display advertising expenditure, by quarter



Note: Over the period since data has been collected, different methodologies have been adopted 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.

Video continues to record the greatest share of general display advertising

With a share of 40%, video represents the largest share of general display expenditure for the September 2018 quarter. This is followed by content, native and infeed at 37% and banner/ standard display formats at 21%.

Formats have maintained a steady share of general display advertising expenditure with a slight increase in infeed/content/native and a slight decrease in video noted bringing the share back to a level consistent with the September 2017 quarter.

Each segment has a component of mobile advertising expenditure with mobile advertising making up 62% of total general display expenditure (growing from 56% for the June 2018 quarter).

Figure 5: Breakdown of general display advertising by type for the September 2018 quarter

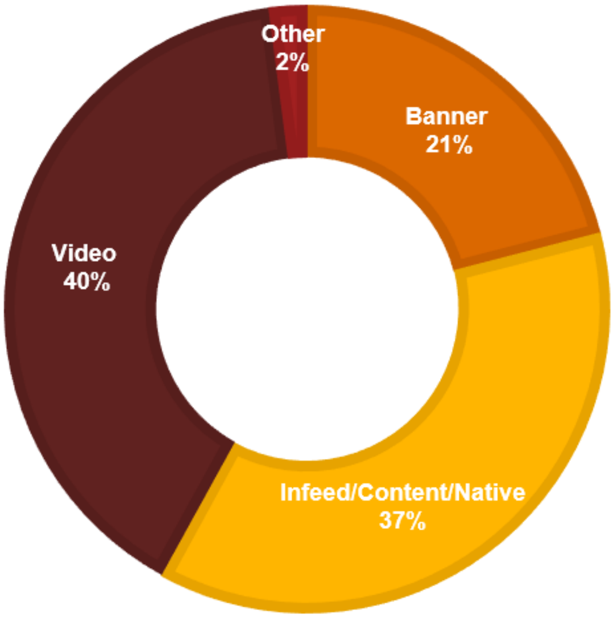


Figure 6: Breakdown of general display advertising by type for the September 2018 quarter

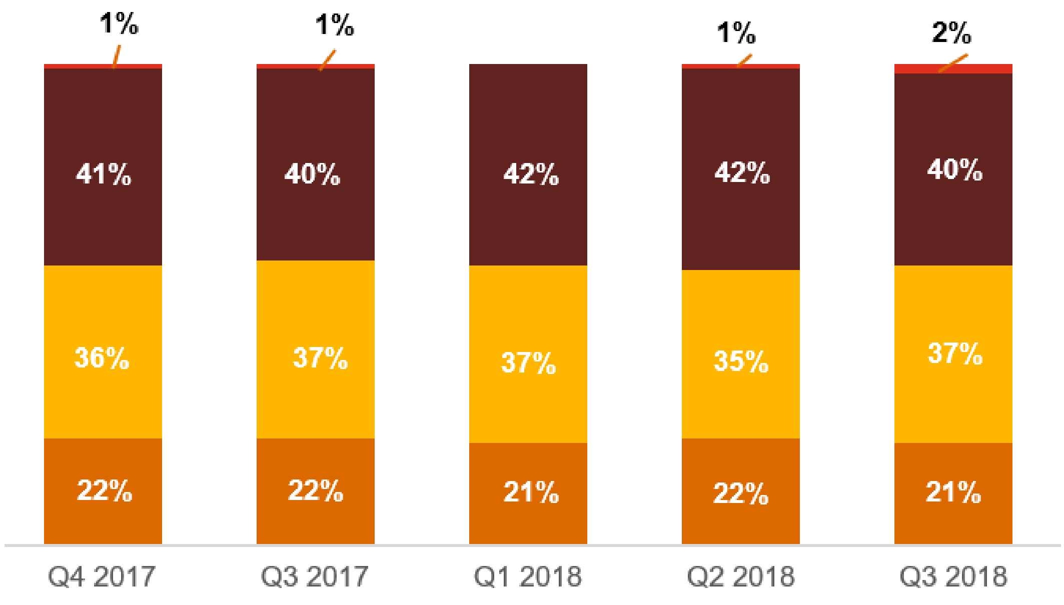


Figure 7: Breakdown of general display advertising by type for the June 2018 quarter

Period	Banner ($m)	Infeed/Content/Native ($m)	Video ($m)	Other ($m)	Total General display advertising market ($m)
Sept Qtr 18	178.3	308.1	328.4	8.0	822.8
June Qtr 18	179.8	290.0	351.0	6.9	827.7
Mar Qtr 18	162.1	280.8	320.0	4.3	767.2
Dec Qtr 17	184.8	305.5	344.2	8.9	843.4
Sept Qtr 17	155.0	256.0	278.5	7.0	696.5

Period	Banner %	Infeed/Content/Native %	Video %	Other %
Sept Qtr 18	21%	37%	40%	2%
June Qtr 18	22%	35%	42%	1%
Mar Qtr 18	21%	37%	42%	0%
Dec Qtr 17	22%	36%	41%	1%
Sept Qtr 17	22%	37%	40%	1%

Notes: General display expenditure information by type is aggregated for all publishers with the exception of Google, Facebook, Twitter, Snapchat, Spotify and Linked In. An estimate has been included for Google, Facebook, Twitter, Snapchat, Spotify and LinkedIn.

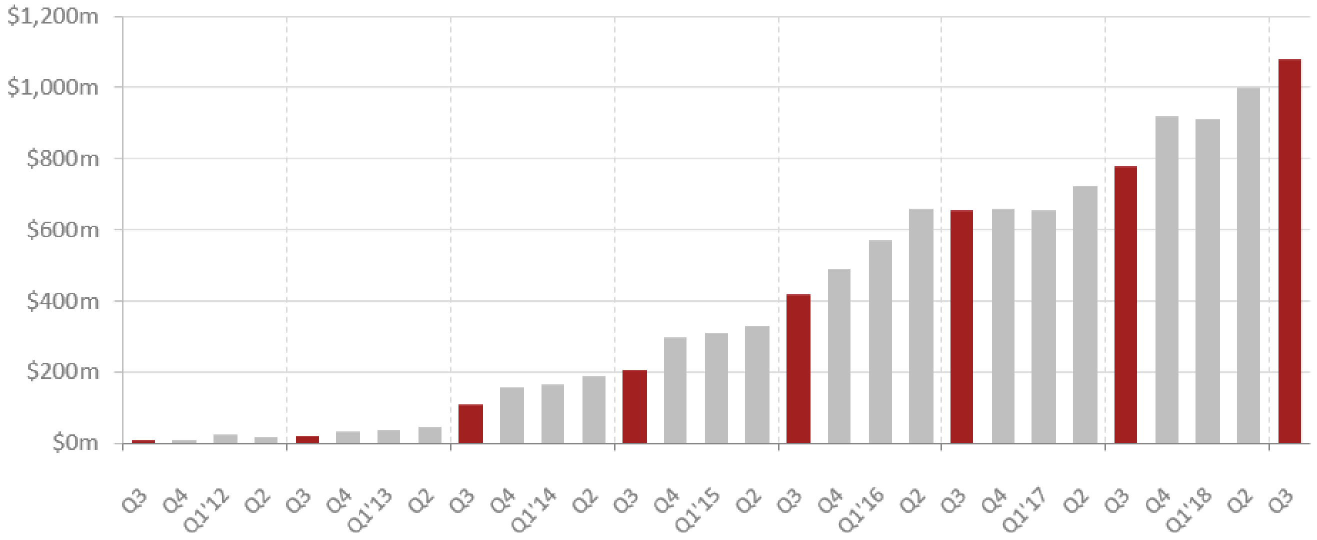
Mobile Advertising Expenditure – *Three months ended 30 September 2018*

Incremental growth noted in mobile's contribution to total online advertising expenditure

Mobile advertising comprises 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, estimates for Twitter, Facebook, Spotify and Snapchat mobile display revenues.

Mobile advertising expenditure increased to $1,078.3 million in the September quarter 2018, with 53% of mobile advertising expenditure attributed to Mobile Search and 47% to Mobile Display. Smartphones continue to attract a greater share of advertising expenditure at 86%, compared to tablets' 14% share, a slight shift from the prior June quarter (88% and 12% respectively).

Figure 8: Mobile advertising expenditure, by quarter



Note: Series breaks occurred between Q2-Q3 2013 and Q3-Q4 2014.

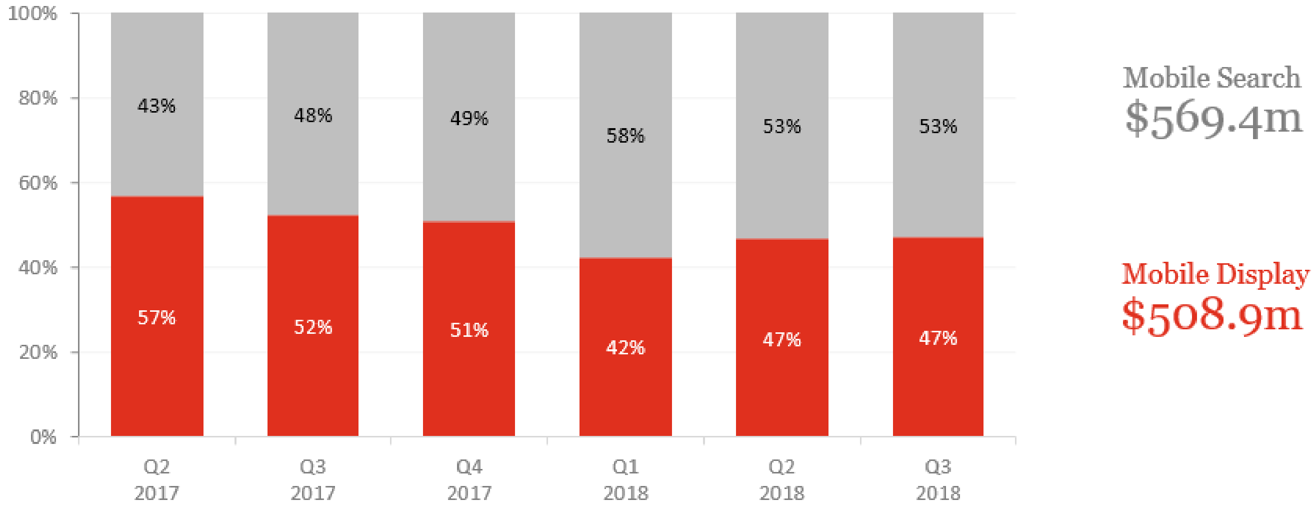
Figure 9: Quarterly historical mobile advertising expenditure data

Period	Mobile search ($m)	Mobile display ($m)	Total Mobile advertising ($m)	Mobile advertising growth	
				Qtr / Qtr	Year / Year
Sep Qtr 18	569.4	508.9	1,078.3	8.1%	38.2%
Jun Qtr 18	530.6	466.9	997.5	9.7%	38.3%
Mar Qtr 18	510.8	398.3	909.1	-1.2%	39.2%
Dec Qtr 17	481.8	438.6	920.4	17.9%	39.5%
Sept Qtr 17	406.0	374.5	780.5	8.2%	36.8%
Jun Qtr 17	354.4	366.9	721.3	10.4%	32.7%
Mar Qtr 17	312.1	341.1	653.2	-1.1%	28.7%
Dec Qtr 16	285.2	374.8	660.0	15.7%	33.7%
Sept Qtr 16	235.3	335.4	570.7	5.0%	36.2%
Jun Qtr 16	227.0	316.7	543.7	7.1%	65.5%
Mar Qtr 16	217.2	290.5	507.7	2.8%	64.6%
Dec Qtr 15	214.6	279.4	494.0	17.9%	67.0%
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	**	**
Jun 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%

** 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 September quarter 2014. This does not affect data reported at the aggregate General Display and Search and Directories level.

Search remains the dominant advertising category for mobile

Figure 10: Mobile Search and Mobile Display – category share



Based on submissions from publishers and estimates for Google, Facebook, Spotify, Snapchat and Twitter, the breakdown between Search and Display mobile advertising for the quarter is shown in Figure 10. Search's share of total mobile advertising expenditure has increased from 48% to 53% when compared to the comparative year.

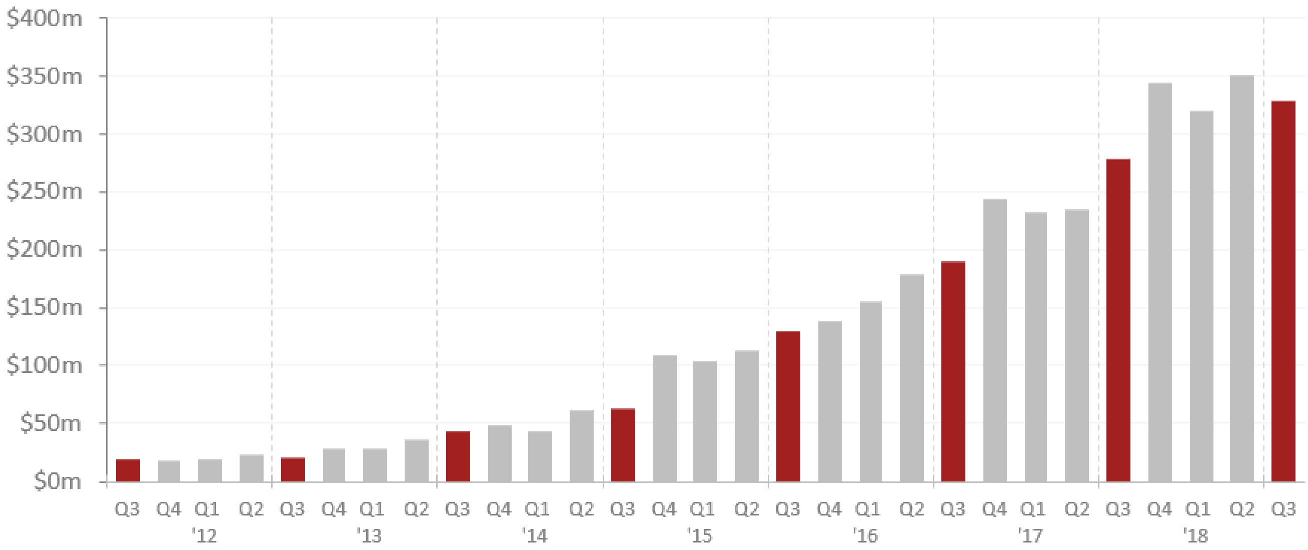
Video Advertising Expenditure – *Three months ended 30 September 2018*

Video advertising experienced a decline against a strong prior quarter

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/Facebook/Snapchat and Spotify, video advertising expenditure for the quarter is shown in Figure 11. Video advertising for the September quarter 2018 was $328.4 million. This was a decrease of $22.6 million (or -6.4%) on the prior quarter and an increase of $49.9 million (or 17.9%) on the September quarter 2017.

Figure 11: Video advertising expenditure, by quarter



Notes: A series break occurred between Q3-Q4 2014. Video advertising expenditure information was aggregated for all publishers with the exception of Google. An estimate has been included for Google.

Figure 12: Quarterly historical video expenditure data

Period	Video expenditure ($m)	Growth	
		Qtr / Qtr	Year / Year
Sept Qtr 18	328.4	-6.4%	17.9%
Jun Qtr 18	351.0	9.7%	49.2%
Mar Qtr 18	320.0	-7.0%	38.1%
Dec Qtr 17	344.2	23.6%	41.4%
Sept Qtr 17	278.5	18.4%	51.4%
Jun Qtr 17	235.2	1.5%	32.1%
Mar Qtr 17	231.7	-4.8%	49.8%
Dec Qtr 16	243.5	32.3%	76.1%
Sept Qtr 16	184.0	3.3%	42.7%
Jun Qtr 16	178.1	15.1%	57.8%
Mar Qtr 16	154.7	11.9%	48.6%
Dec Qtr 15	138.3	7.3%	26.0%
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%
Sept Qtr 13	43.1	20.7%	114.4%

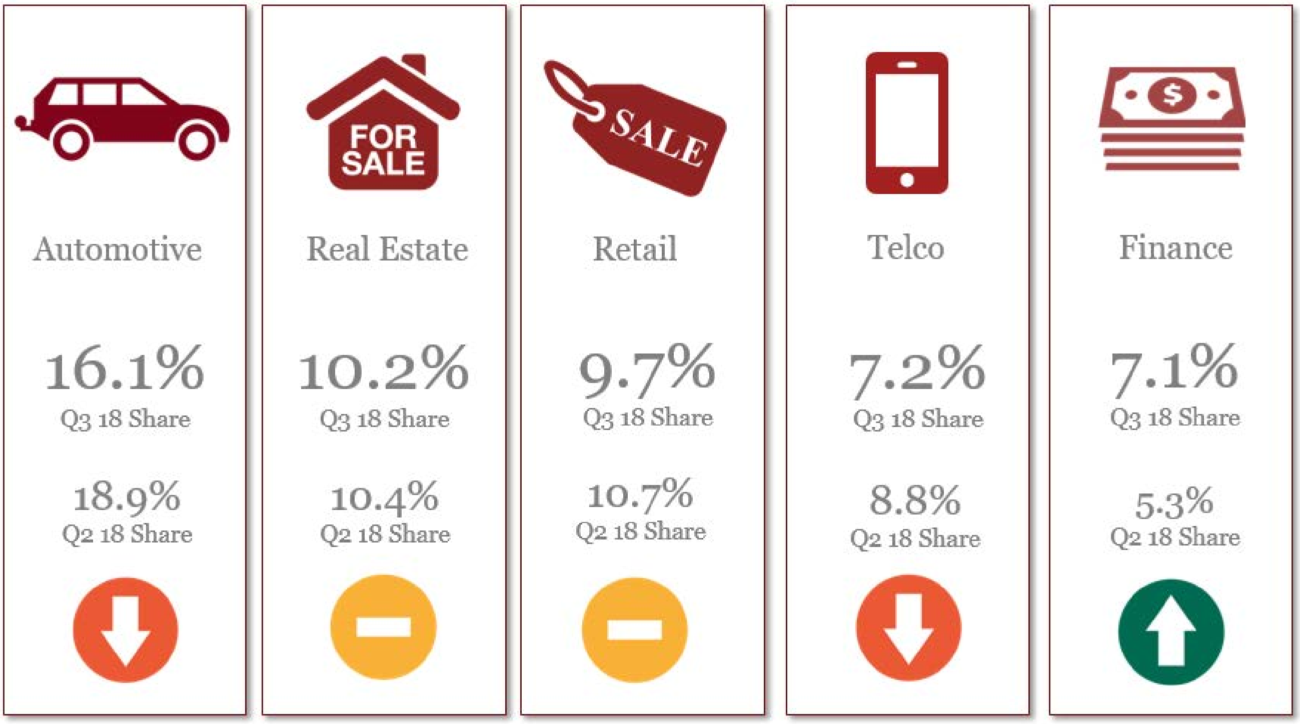
Note: Percentage changes are calculated based on raw data and may differ from the percentage changes implied by the rounded expenditure figures presented in the table.

General Display Expenditure by Industry Category – Three months ended 30 September 2018

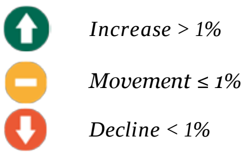
Automotive continues to lead General Display expenditure industry category share

Automotive, Real Estate and Retail dominated the General Display market in the September quarter 2018 representing 36% of the reported General Display advertising market.[2] However, it is noted that the contribution from these three industries in aggregate has decreased since the June 2018 quarter (Automotive, Real Estate and Retail made up 40% of General Display market in the comparative period quarter). Other industries such as finance and FMCG.

Figure 13: Top five industry categories by expenditure share, September quarter 2018

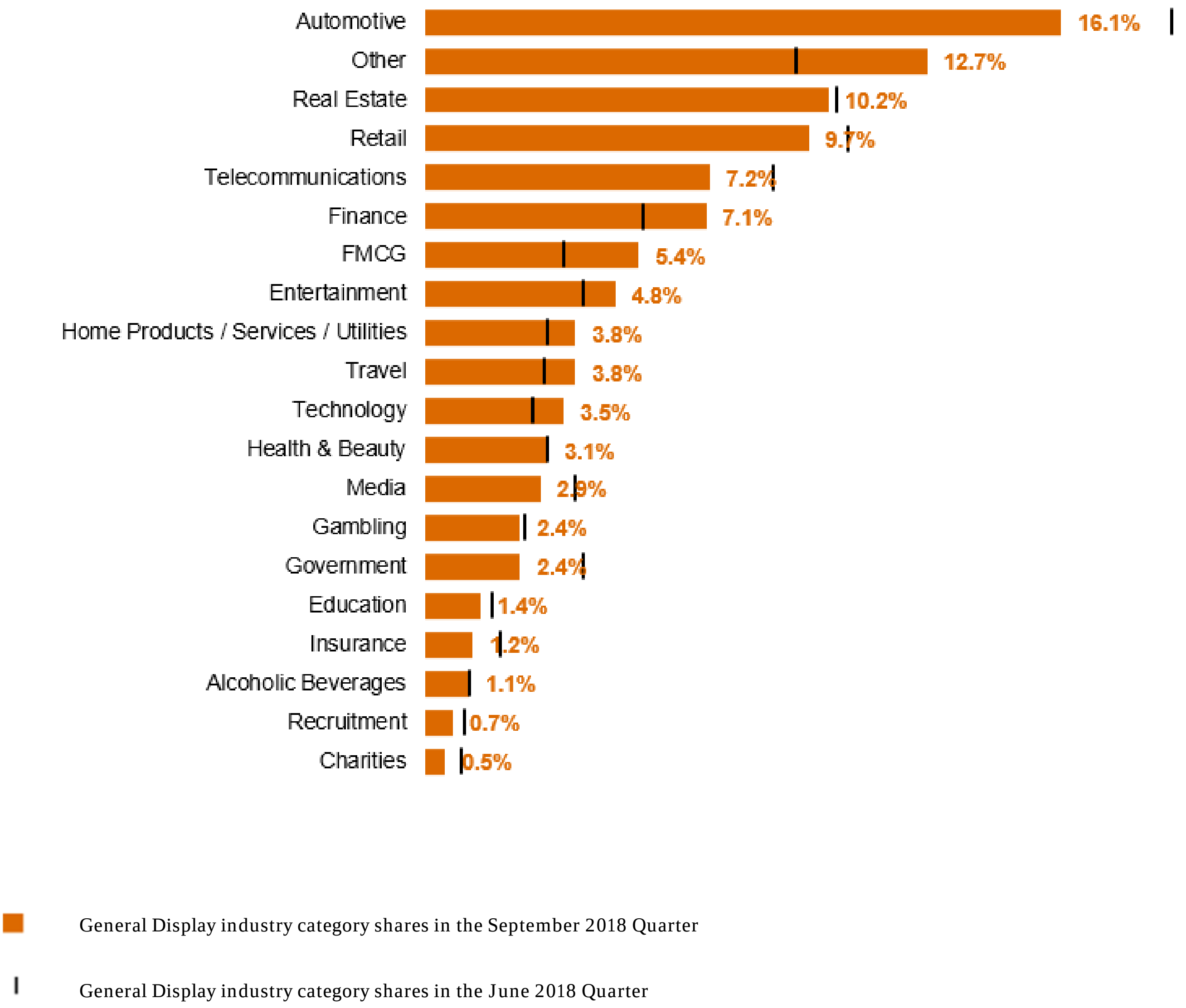


Note: Arrows indicate directional movement in share since the June quarter 2017.



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

Figure 14: General Display – Category share compared to total General Display industry category share, September quarter 2018 compared to June quarter 2018

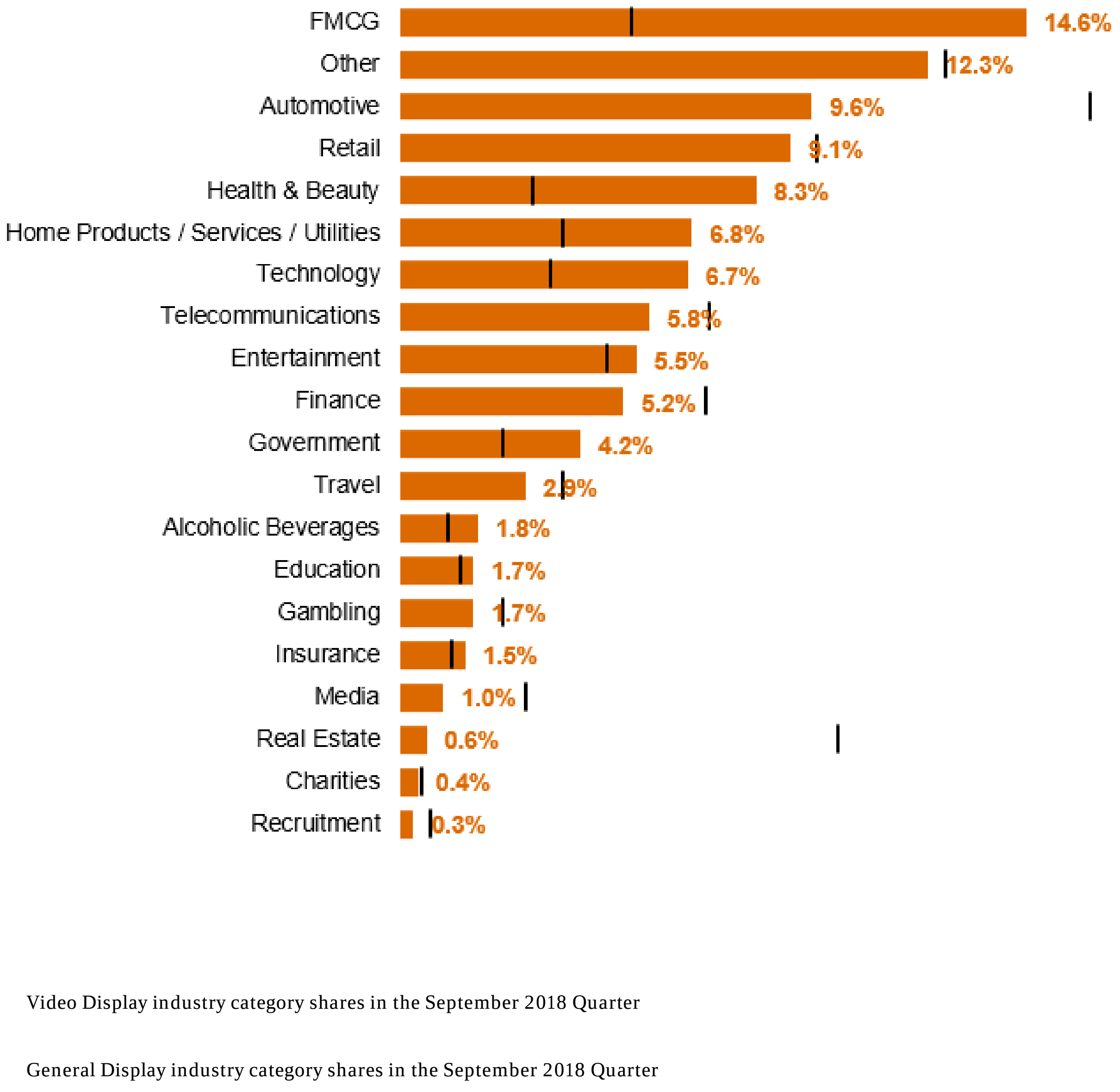


FMCG continues to dominate video advertising

FMCG (Fast Moving Consumer Goods) remains the dominant industry category for video advertising representing 14.6% of the reported Video Display advertising market. FMCG's share has increased from 11% in the June 2018 quarter. Automotive has increased its share since the June 2018 quarter increasing from 7.7% to 9.6%.

FMCG is overly represented in Video Display compared to General Display. FMCG is the dominant industry in Video Display with a 14.6% share, more than double its 5.4% share in total General Display.

Figure 15: General Display – Video industry category share compared to total General Display industry category share, September quarter 2018



Classifieds Advertising Expenditure – Three months ended 30 September 2018

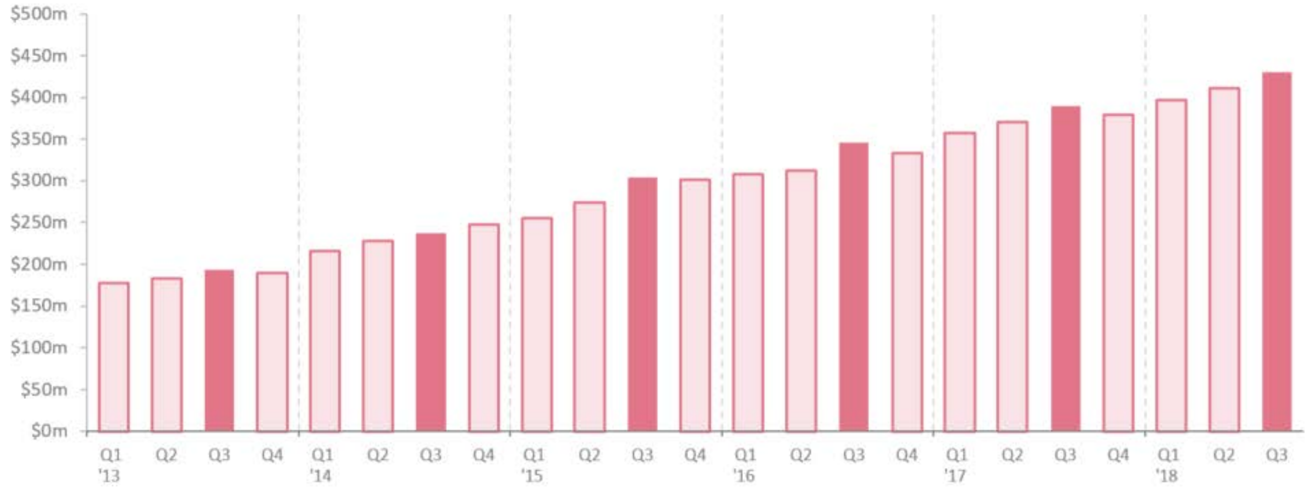
Real estate continues to dominate the classifieds category

Total online advertising expenditure for Classifieds advertising for the September quarter 2018 was $429.7 million, an increase of $18.5 million (4.5%) on the June quarter 2018, and an increase of $39.5 million (or 10.1%) on the September quarter 2017.

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 2018 followed by Recruitment, then Automotive. This was consistent with the June 2018 and September 2017 quarters.

Figure 16: Total Classifieds advertising expenditure, by quarter



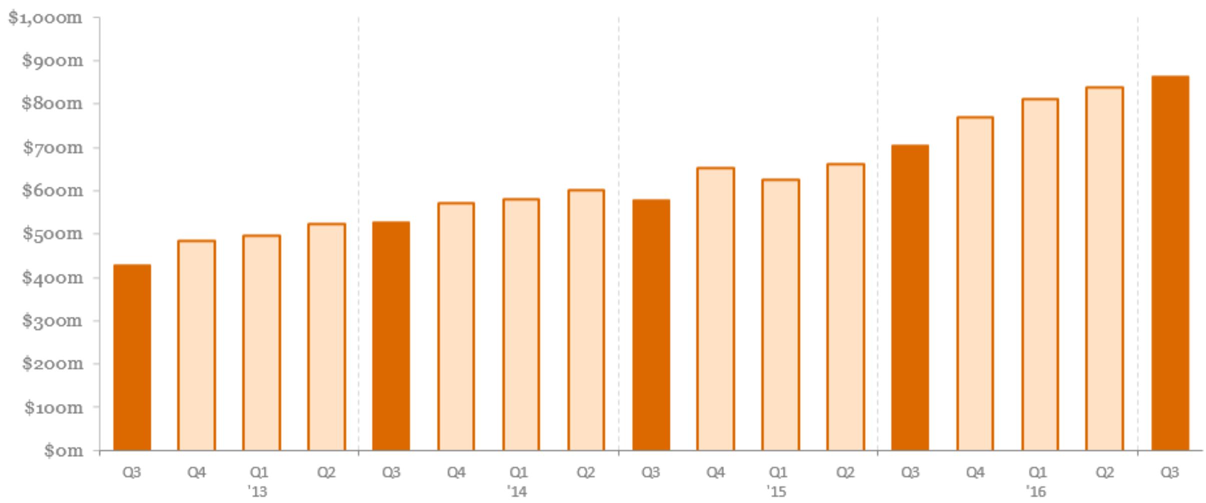
Note: New estimates for LinkedIn's recruitment classifieds revenues were introduced in the September quarter 2014 and accordingly, growth trends may be affected at the point of change in methodology. Refer to the Appendix for more detail and historical quarterly data.

Search and Directories Advertising Expenditure – Three months ended 30 September 2018

Search and Directories expenditure continues to show steady growth

Total online advertising expenditure for Search and Directories for the September quarter 2018 was $983.2 million, an increase of $22.4 million (or 2.3%) on the June quarter 2018, and an increase of $94.6 million (or 10.6%) on the September quarter 2017. Mobile search continues to be a key factor in driving growth in this segment. Search continues to lead online advertising expenditure in terms of segment share.

Figure 17: Total Search and Directories advertising expenditure, by quarter



Note: Over the period since data has been collected, four different methodologies have been adopted 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.

Appendices

Glossary

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Appendix A – Historical Data

Overall Market – Quarterly historical expenditure data

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.

Period	General Display	Classifieds	Search and Directories	Total	Growth	
	$m	$m	$m	$m	Qtr / Qtr	Year / Year
Sept Qtr 18	822.8	429.7	983.2	2,235.7	1.6%	13.2%
Jun Qtr 18	827.7	411.2	960.9	2,199.8	4.7%	15.2%
Mar Qtr 18	767.2	397.3	936.6	2,101.1	-3.5%	13.2%
Dec Qtr 17	843.4	379.2	953.5	2,176.1	10.2%	10.5%
Sept Qtr 17	696.5	390.2	888.6	1,975.3	3.4%	4.9%
Jun Qtr 17	670.6	371.0	867.9	1,909.5	2.9%	5.2%
Mar Qtr 17	637.8	357.4	860.7	1,855.9	-5.8%	7.2%
Dec Qtr 16	738.8	333.6	896.7	1,969.1	4.6%	15.3%
Sept Qtr 16	673.3	345.4	863.9	1,882.6	3.7%	20.3%
Jun Qtr 16	664.5	312.9	837.2	1,814.7	4.9%	25.6%
Mar Qtr 16	610.4	308.4	811.8	1,730.6	1.3%	33.5%
Dec Qtr 15	637.6	301.0	769.7	1,708.3	9.2%	27.9%
Sept Qtr 15	556.6	304.5	703.6	1,564.7	8.3%	32.7%
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%
Sept Qtr 14	361.8	237.9	579.9	1,179.5	-0.5%	16.0%
Jun Qtr 14	355.3	227.8	602.3	1,185.4	8.0%	22.0%
Mar Qtr 14	301.3	215.8	580.4	1,097.5	1.0%	20.5%
Dec Qtr 13	327.4	189.3	570.4	1,087.1	6.9%	20.9%
Sept Qtr 13	295.6	193.7	527.4	1,016.7	4.6%	25.0%
June Qtr 13	265.6	183.3	523.0	971.9	6.7%	15.7%
Mar Qtr 13	236.4	177.2	497.2	910.8	1.3%	15.3%
Dec Qtr 12	242.3	172.3	484.8	899.3	10.6%	17.7%
Sept Qtr 12	209.5	173.8	430.0	813.3	-3.2%	9.6%
June Qtr 12	223.0	163.1	454.0	840.0	6.3%	21.8%
March Qtr 12	201.4	163.5	425.2	790.0	3.4%	25.2%
Dec Qtr 11	221.7	155.5	386.8	763.9	3.0%	15.5%
Sept Qtr 11	206.9	161.0	374.1	742.0	7.6%	22.7%
June Qtr 11	200.1	153.5	336.3	689.8	9.3%	24.9%
March Qtr 11	165.2	145.3	320.5	630.9	-4.6%	23.1%
Dec Qtr 10	201.8	140.3	319.7	661.7	9.5%	29.1%
Sept Qtr 10	177.4	140.5	286.6	604.5	9.4%	29.6%
June Qtr 10	158.8	128.5	265.3	552.5	7.8%	22.0%
March Qtr 10	126.0	121.8	264.8	512.5	0.0%	16.6%
Dec Qtr 09	141.8	111.3	259.5	512.5	9.9%	10.9%
Sept Qtr 09	120.8	108.3	237.3	466.3	2.9%	3.3%
June Qtr 09	126.0	104.5	222.5	453.0	3.1%	9.8%
March Qtr 09	109.5	105.0	225.0	439.5	-4.9%	14.3%
Dec Qtr 08	130.0	108.0	224.0	462.0	2.4%	22.0%
Sept Qtr 08	125.5	113.8	212.0	451.3	9.4%	29.8%
June Qtr 08	114.5	111.0	187.0	412.5	7.3%	26.7%
March Qtr 08	94.5	106.5	183.5	384.5	1.5%	21.3%
Dec Qtr 07	104.5	98.3	176.0	378.8	8.9%	19.5%
Sept Qtr 07	97.0	91.3	159.5	347.8	6.8%	32.2%
June Qtr 07	90.5	87.8	147.3	325.5	2.7%	44.0%

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 Share of Display (Direct buys)	Sep 14	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16	Jun 16	Sept 16	Dec 16	Mar 17	Jun 17	Sept 17	Dec 17	Mar 18	Jun 18	Sept 18	Trend 2013-2018
Alcoholic Beverages	1.6%	1.6%	1.2%	1.2%	1.5%	1.5%	1.4%	0.6%	0.9%	0.8%	1.0%	0.7%	0.3%	0.8%	1.4%	1.1%	1.1%	
Telecommunications	4.8%	4.2%	3.5%	6.4%	4.4%	3.4%	3.2%	3.1%	3.5%	3.4%	2.1%	3.8%	11.5%	9.8%	9.1%	8.8%	7.2%	
Charities	1.2%	1.3%	1.1%	1.1%	0.9%	0.7%	0.5%	0.8%	0.5%	0.6%	0.7%	0.6%	0.7%	0.5%	0.5%	0.9%	0.5%	
Technology	2.2%	1.9%	2.4%	2.7%	2.4%	3.5%	3.3%	2.0%	2.0%	3.6%	2.8%	2.3%	2.1%	2.2%	2.3%	2.7%	3.5%	
Education	2.3%	2.2%	1.6%	1.9%	2.4%	2.0%	1.3%	1.2%	1.7%	1.5%	1.5%	1.9%	1.4%	1.5%	1.5%	1.7%	1.4%	
Entertainment	6.1%	7.6%	8.1%	6.9%	9.7%	9.0%	8.4%	7.1%	9.2%	7.3%	6.6%	5.3%	6.1%	5.2%	4.0%	4.0%	4.8%	
Finance	11.6%	9.3%	8.9%	8.8%	8.0%	9.2%	7.9%	7.9%	7.4%	6.3%	6.9%	5.8%	4.2%	6.5%	5.3%	5.5%	7.1%	
FMCG	7.6%	6.9%	8.6%	5.3%	6.3%	5.1%	7.3%	8.2%	8.2%	6.0%	5.1%	4.9%	5.5%	3.5%	4.7%	3.5%	5.4%	
Government	2.9%	3.4%	3.6%	3.9%	2.4%	2.5%	3.2%	5.3%	2.8%	1.9%	3.0%	4.2%	2.1%	3.1%	2.9%	4.0%	2.4%	
Home Products / Services / Utilities	1.9%	2.0%	1.0%	1.1%	1.3%	2.2%	1.1%	1.6%	1.4%	1.6%	1.7%	2.1%	2.7%	2.8%	2.2%	3.1%	3.8%	
Health & Beauty	4.2%	4.6%	3.7%	4.1%	4.3%	4.3%	2.8%	2.9%	3.2%	2.5%	2.4%	2.2%	3.1%	3.5%	2.2%	3.1%	3.1%	
Insurance	2.0%	1.9%	2.7%	2.8%	2.2%	1.8%	2.6%	2.5%	3.1%	1.8%	2.1%	2.0%	4.1%	1.9%	2.3%	1.9%	1.2%	
Media	2.2%	2.8%	3.2%	2.9%	3.3%	2.9%	3.2%	4.1%	3.2%	4.0%	3.6%	3.7%	2.3%	3.0%	2.4%	3.8%	2.9%	
Automotive	17.7%	16.9%	17.5%	17.4%	17.1%	16.0%	17.2%	17.8%	20.2%	17.0%	20.3%	20.2%	17.0%	15.7%	18.3%	18.9%	16.1%	
Real Estate	9.7%	11.0%	11.2%	11.3%	12.8%	12.5%	14.0%	13.6%	8.8%	14.8%	12.1%	15.7%	14.7%	12.8%	14.5%	10.4%	10.2%	
Recruitment	0.6%	0.7%	0.5%	0.6%	0.5%	0.5%	0.9%	0.7%	0.6%	0.6%	1.5%	-	0.6%	0.5%	0.4%	1.0%	0.7%	
Retail	9.9%	10.9%	7.8%	8.5%	9.5%	13.5%	9.3%	9.2%	11.1%	11.9%	10.1%	7.6%	9.1%	12.2%	10.5%	10.7%	9.7%	
Travel	5.0%	4.4%	7.9%	6.2%	4.4%	4.3%	6.3%	4.6%	5.2%	3.8%	6.4%	3.5%	3.6%	3.5%	3.0%	3.0%	3.8%	
Gambling	**	**	**	**	**	**	**	**	**	**	**	0.7%	2.4%	1.3%	1.4%	2.5%	2.4%	
Other	6.5%	6.5%	6.6%	7.1%	6.6%	5.1%	6.2%	7.0%	6.4%	10.8%	10.3%	12.5%	3.9%	9.7%	11.0%	9.4%	12.7%	

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

** Data not previously captured.

Video General Display Advertising Expenditure – Advertiser Industry Category

The table below shows the percentage market share for all advertising industry categories in General Display advertising delivered via video for the last 2 years.

Advertiser Industry Category Share of Video Display (Subset of GD)	Sept 16	Dec 16	Mar 17	Jun 17	Sept 17	Dec 17	Mar 18	Jun 18	Sept 18	Trend 2016-2018
Alcoholic Beverages	1.1%	1.1%	1.7%	0.6%	0.5%	0.3%	2.0%	1.9%	1.8%	
Telecommunications	6.4%	6.4%	0.1%	5.2%	9.3%	9.5%	8.7%	7.5%	5.8%	
Charities	0.2%	0.2%	0.4%	0.5%	0.2%	0.4%	0.3%	0.4%	0.4%	
Technology	0.1%	0.1%	4.5%	5.8%	6.3%	3.3%	5.8%	5.9%	6.7%	
Education	0.9%	0.9%	0.5%	0.6%	1.5%	1.3%	1.6%	1.1%	1.7%	
Entertainment	10.1%	10.1%	7.6%	6.1%	5.9%	6.9%	3.9%	2.9%	5.5%	
Finance	4.7%	4.7%	8.1%	9.1%	10.2%	9.4%	10.8%	8.9%	5.2%	
FMCG	23.5%	23.5%	17.9%	14.9%	13.6%	9.9%	12.2%	11.0%	14.6%	
Government	2.5%	2.5%	5.6%	5.4%	4.0%	5.8%	3.2%	4.8%	4.2%	
Home Products / Services / Utilities	2.7%	2.7%	3.2%	5.0%	4.9%	6.2%	4.3%	4.7%	6.8%	
Health & Beauty	3.2%	3.2%	5.2%	5.1%	5.8%	7.4%	4.8%	5.3%	8.3%	
Insurance	4.7%	4.7%	3.8%	4.8%	2.1%	2.5%	6.2%	6.9%	1.5%	
Media	7.5%	7.5%	1.4%	6.8%	4.0%	4.2%	5.5%	5.2%	1.0%	
Automotive	13.6%	13.6%	8.7%	8.4%	13.0%	9.6%	7.4%	7.7%	9.6%	
Real Estate	0.4%	0.4%	0.4%	0.2%	1.7%	0.9%	1.3%	1.3%	0.3%	
Recruitment	0.5%	0.5%	1.2%	1.1%	0.2%	0.3%	0.1%	0.2%	0.6%	
Retail	10.6%	10.6%	16.7%	9.9%	6.9%	9.0%	8.3%	10.4%	9.1%	
Travel	4.2%	4.2%	8.0%	4.2%	4.2%	6.6%	6.0%	5.3%	2.9%	
Gambling	**	**	**	0.4%	0.6%	0.4%	0.6%	1.0%	1.7%	
Other	3.1%	3.1%	5.0%	5.9%	5.1%	6.1%	7.0%	7.6%	12.3%	

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

** Data not previously captured.

General Display Advertising Expenditure – Advertiser Industry Category, quarterly historical

Advertiser Industry Category	Sept Quarter 2018 % Share	Jun Quarter 2018 % Share	Percentage point change
Alcoholic Beverages	1.10%	1.10%	0.00%
Automotive	16.10%	18.90%	-2.80%
Charities	0.50%	0.90%	-0.40%
Education	1.40%	1.70%	-0.30%
Entertainment	4.80%	4.00%	0.80%
Finance	7.10%	5.50%	1.60%
FMCG	5.40%	3.50%	1.90%
Gambling	2.40%	2.50%	-0.10%
Government	2.40%	4.00%	-1.60%
Health & Beauty	3.10%	3.10%	0.00%
Home Products/ Services/ Utilities	3.80%	3.10%	0.70%
Insurance	1.20%	1.90%	-0.70%
Media	2.90%	3.80%	-0.90%
Real Estate	12.70%	9.40%	3.30%
Recruitment	10.20%	10.40%	-0.20%
Retail	0.70%	1.00%	-0.30%
Technology	9.70%	10.70%	-1.00%
Telecommunications	3.50%	2.70%	0.80%
Travel	7.20%	8.80%	-1.60%
Other	3.80%	3.00%	0.80%

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

** The Gambling category was introduced in the June 2017 quarter. This expenditure was previously captured in the 'Other' category.

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. These approaches are summarised below:

The changes in methodology mean growth rates are overstated when comparing September 2014 to prior periods.

Participant data

Participants in 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 participants' 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 is 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 since the September quarter 2014. Additionally, estimates for Twitter's general display and mobile revenues have been included since the 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 opinions 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 in its formula 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 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.

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.
Automotive	Any business involved in the manufacturing, marketing, sales and servicing of motor vehicles, which includes cars, trucks, motorbikes and motorised scooters. Includes auto-specific online sites and apps.
Charities	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.
Education	Any business, organisation or institution in either the private or the government sectors that provides 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	Any business or organisation providing music (live, recorded or published), movies (cinema or home entertainment), games and gaming consoles and other entertainment services e.g. theme parks.
Finance	Any business providing banking products or services for personal or business purposes. Services can include credit card services, loans and wealth management (excluding superannuation). Any business involved in the provision and management of superannuation funds, including public and private companies and industry funds.
FMCG	Any business involved in the production, distribution and sale of foodstuff items which can be considered supermarket goods. Any business involved in the production, distribution and sale of beverage items (excluding alcohol) which can be considered supermarket goods.
Gambling	Any business involved in the wagering of money including online betting and lotteries and the manufacturing of poker machines.
Government	Any organisation providing services for, or on behalf of, a Federal, State or Local government body, agency or department.
Home Products/Services/Utilities	Any business providing products, services and advice relating to home renovations, construction, fittings, furnishings, appliances or utilities.
Health & Beauty	Any business providing products, services and product advice relating to toiletries, cosmetics 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 the creation and delivery of content for news or entertainment purposes. This includes mediums such as radio, television (either cable or free to air), cinema, publications (such as newspapers, magazines) and online sites and apps.
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.

Term	Description
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.
Technology	Any business involved with the manufacturing, sale and provision of products and services relating to computer hardware and software (excludes entertainment software).
Telecommunications	Any business involved with the manufacturing, sale and provision of products and services relating to telecommunications products (phones, pagers) and internet services including web hosting.
Travel	Any organisation or business involved in the provision of domestic or international travel services, including accommodation, car hire, flights, tours and travel agent services.
Other	Any business that does not meet the general parameters of any other category.

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 (formerly Adconion)
carsales.com.au
CBS Interactive
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Here, There & Everywhere (formerly APN News & Media)
Mamamia
Multi Channel Network
Network Ten
News Corp Australia
Nine Entertainment Company
REA Group
SEEK
Seven West Media
SpotXchange
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We thank them all for their contribution to this industry information.

About the IAB

The Interactive Advertising Bureau (IAB) Limited is the peak trade association for online advertising in Australia. As one of over 43 IAB offices globally and with a rapidly growing membership, the role of the IAB is to support sustainable and diverse investment in digital advertising across all platforms in Australia.

The IAB Industry Charter, which was announced in October 2018, details the organisation's focus on helping marketers and agencies understand how digital advertising can deliver on their business objectives. Foundation elements of the IAB Industry Charter include a renewed focus on standards that promote trust, steps to reduce friction in the ad supply chain; and ultimately improve ad experiences for consumers, advertisers and publishers.

Beyond the IAB's continued focus on content and ad measurement, the Charter outlines four additional areas of activity: digital ad effectiveness, data and data privacy; standards and guidelines; and improving the digital value chain.

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

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