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IAB/PwC Release Final Full-Year 2003 Internet Ad Revenue Figures

*ANNUAL INDUSTRY REVENUES GROW NEARLY 21%
AS YEAR TOTALS NEARLY \$7.3 BILLION*

Keyword Search Continues Strong, Rich Media Usage Grows

New York, NY (April 21, 2004)—Paced by continued strength in the Keyword Search category, the Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers (PwC) today released the Internet Ad Revenue Report including final figures for Q3, Q4 and full-year 2003. According to the report, Rich Media advertising and Classifieds experienced healthy year-over-year growth, as overall industry revenues rose nearly twenty-one percent, ending 2003 at just under \$7.3 billion. In February 2004, the IAB announced that the estimate for revenue in Q4 2003 was a record-setting \$2.2 billion and the full-year 2003 was estimated at \$7.2 billion. When actualized, Q3 (\$1.8 billion) came in slightly higher than previously estimated, resulting in a slightly higher full year revenue total than previously announced.

"In light of a seeming malaise in the advertising industry at large, we are gratified that the dynamism that our industry continues to demonstrate is clearly not being lost on marketers and advertising agencies," said Greg Stuart, President & CEO, IAB.

A copy of the full report is available for download at http://iab.net/resources/ad_revenue.asp. The Interactive Advertising Bureau (IAB) sponsors the Internet Ad Revenue Report, which is conducted independently by the New Media Group of PricewaterhouseCoopers (PwC). The full report is issued twice yearly for full and half-year data and top-line quarterly figures are issued for the first and third quarters.

"We look for the continued evolution of new and effective ad formats to aid in the growth of the sector, as marketers recognize the unique opportunities that are offered in the medium," noted Thomas E. Hyland, Chair PricewaterhouseCoopers New Media Group.

This year's report contains breakouts detailing the performance of particular industry categories. These include:

Ad Formats – As has been noted, the exceptional growth of keyword search, along with the general evolution of the medium, has had a major effect on the types of formats being used by marketers. Internet ad revenues broken down by ad formats for 2003 full year revenue are:

| | 2002 | 2003 |
|------------------------------|------|------|
| Display Ads (Banners) | 29% | 21% |
| Sponsorship | 18% | 10% |
| Classified | 15% | 17% |
| Slotting Fees | 8% | 3% |
| Keyword Search | 15% | 35% |
| Interstitial | 5% | 2% |
| E-Mail | 4% | 3% |
| Rich Media | 5% | 8% |
| Referrals | 1% | 1% |

Ad Categories – In 2003, consumer advertisers continued to lead the way in online advertising spending accounting for 37% of the dollars. The top five in this segment are:

| | 2002 | 2003 |
|---------------------------|------|------|
| Consumer | 32% | 37% |
| Computing | 18% | 20% |
| Financial Services | 13% | 12% |
| Media | 12% | 11% |
| Business Services | 07% | 10% |

Pricing Models – While CPM pricing continues to be the predominant choice for buyers and sellers, a dramatic increase in performance-based deals has come at the expense of hybrid deals.

| | 2002 | 2003 |
|--------------------------|------|------|
| Hybrid | 34% | 20% |
| CPM/Impression | 45% | 43% |
| Performance based | 21% | 37% |

Conducted by the New Media Group of PricewaterhouseCoopers the "Advertising Revenue Report" was started by the IAB in 1996, and represents data from all companies that report meaningful online advertising revenues. The results are the most accurate measurement of interactive advertising revenues because the data is compiled directly from information supplied by companies selling advertising on the Internet. The survey includes data concerning online advertising revenues from Web sites, commercial online services, free e-mail providers, and all other companies selling online advertising. First and third quarter revenue reports are estimates, with the actual figures being released along with second and fourth quarter data respectively.

About the IAB:

[PricewaterhouseCoopers](#) the world's largest professional services organization, helps its clients build value, manage risk and improve their performance. The PricewaterhouseCoopers New Media Group -- with offices in New York, Los Angeles, Seattle, San Francisco Bay Area, and Boston -- combines content and technology specialists to provide comprehensive service to dynamic entrepreneurial companies. Services include business assurance services, ad delivery and privacy attestation and consultation, assistance with mergers and acquisitions, tax planning and compliance, capital structuring and employee benefits and executive compensation packages.

About the IAB:

Founded in 1996, the Interactive Advertising Bureau (IAB) represents the leading companies in the interactive space. Membership includes companies that are actively engaged in, and support the sale of interactive advertising in addition to being responsible for selling over 85% of online advertising in the United States IAB members include AOL, CNET Networks, DoubleClick, MSN, Google, Overture, The Walt Disney Internet Group, Yahoo! and over 150 others. On behalf of its members, the IAB evaluates and recommends standards and practices, fields interactive effectiveness research and educates the advertising industry regarding the use of interactive advertising. For more information on the IAB please visit www.iab.net.

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