

2020 IAB Canada Internet Ad Revenue Survey

October 2021

2020 IAB Canada Internet Ad Revenue Survey

Despite the obvious challenges presented to the industry in 2020, history might show it to have been the most significant year in decades for the growth of the Canadian online advertising sector.

Digital advertising inherently offers the ability for brands to quickly pause, shift and optimize expenditures in real time. All of these qualities made it a critical part of the media portfolio for advertisers navigating the profound uncertainty experienced throughout 2020.

Internet Advertising Revenue in Canada recorded a **growth of 11.1% to \$9.62B compared to 2019** despite the initial shock of COVID-19 impact. The sector recovered by the end of the year as advertisers shifted budgets to expanding digital channels.

IAB Canada is pleased to present a new format for the annual Internet Ad Revenue Survey. Moving forward, we will be capturing emerging digital channels in greater detail and establishing trending based on new streams of inventory as well as capturing the evolving ways in which media is being purchased in Canada.

2021 has set the stage for a tremendous amount of innovation and energy around privacy-first advertising. As brands continue to invest in the digital advertising supply chain, the industry coming together to embrace privacy compliance through a lens of heightened quality of service and trust. The next decade of growth will stem from a foundation of responsible, trustworthy and innovative digital eco-system. IAB Canada looks forward to reporting on its continued growth.



Sonia Carreno
President, IAB Canada

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Methodology

Methodology



Objectives



Data sources



Revenue presentation



Sample profile and data collection

Methodology

Objectives

01

Internet Advertising Revenue

The main objective of this Survey, which IAB Canada has carried out annually since 2013, is to provide the digital advertising industry with a report on media buying trends and internet advertising revenue overview.

02

Basis of the survey

This survey is carried out based on the data provided by a number of market participants. This data has been collected under a strict confidentiality commitment to the survey participants. The data provided has been summarised, cleansed, analysed and presented in this report at an aggregated level.

03

Additional information

The survey results were supplemented by information provided by Standard Media Index, Comscore and PwC's Global Entertainment & Media Outlook.



Methodology

Data sources

Reported results

Information provided by the survey participants.
It includes revenue broken down in:

- Display (Non video, Video, Branded Content and Native Advertising),
- Social Networks,
- Search,
- Classifieds,
- Digital Out of Home,
- Advanced TV, and
- Digital Audio (streaming and Podcast).

Market tools and resources

Use of additional information sources:

- SMI: information on advertising activity by industry
- PwC's Global Entertainment & Media Outlook for international analysis
- Comscore: information on Desktop / Mobile and French / English split



Estimated results

Estimation of the remaining size of the market (companies not participating in the study) through a set of econometric models developed based on:

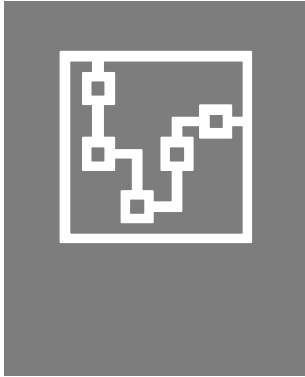
- Collected historical investment data
- Qualitative interviews with agencies
- Sector reports and available market information
- Macroeconomic data
- Publicly available annual accounts

Industry interviews

- Conducting interviews with sector experts to identify new market trends and industry concerns
- Validation of the results with the panel of experts from the IAB Canada board

Methodology

Revenue presentation



Display

Includes advertising investments through graphic formats including:

- Non-video display
- Video
- Native advertising

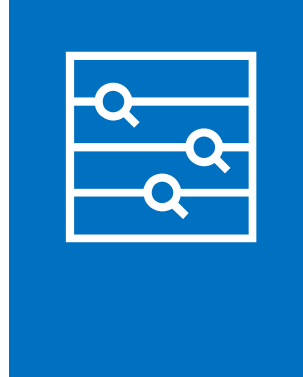
Does not include revenue from social networks, which are reported as a separate group.



Social Media

Includes advertising revenue from social media networks* in both video and non-video formats.

**Does not include YouTube, which is reported in the 'Display' video group.*



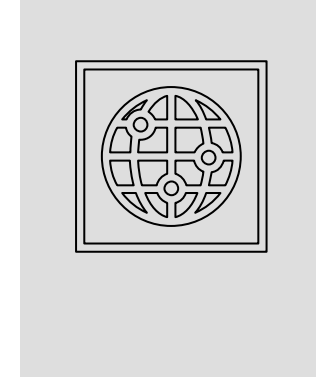
Search

Includes all advertising revenue generated by search engines.



Classifieds

Includes advertising revenue earned by the companies providing listing services for specific products or services (e.g., online job boards and employment listings, real estate listings, automotive listings, auction-based listings, yellow pages, etc.).



Other segments

Specific advertising revenue built around the following concepts:

- Digital Out Of Home (DOOH)
- Digital Audio
- Advanced TV

Methodology

Sample profile and data collection



Type of study

Collecting information annually with panel of companies.



Population

Companies that are members of IAB Canada, including: Canadian internet publishers, search, social and video sharing content platforms, ad networks, mobile aggregators, marketing companies and platforms, as well as agencies.



Selection method

An invitation to participate was sent based on the databases owned by IAB Canada



Data collection

- Structured questionnaires (closed questions).
- Qualitative interviews (open and closed questions).



Sample

Over 30 companies participated or were estimated, 5 of which were interviews with representative agencies



2

Results

Study Highlights

01

Internet Advertising Revenue in Canada recorded a growth of 11.1% compared to 2019 despite the initial shock of COVID-19 impact. Despite the decline experienced by all industries in the first half of 2020, the sector recovered by the end of the year.

02

Despite the impact of COVID-19 on the economic climate, the digital advertising sector expanded in segments such as search, social media and display, with more people working from homes in Canada and being present online throughout the day.

03

The impact of COVID-19 was felt the most by companies operating in classifieds and digital out of home segments, with ad inventory declining during 2020, however expected to recover in future years.

04

Based on direct responses from the survey participants, in 2020, there has been a greater emphasis on Standard format in display advertising, with a slight decline in Premium.

Results



Media overview

Search

Social media

Display (Excl. social media): Non-video display, Video and Native Advertising

Classifieds

Digital audio

Digital OOH

Advanced TV

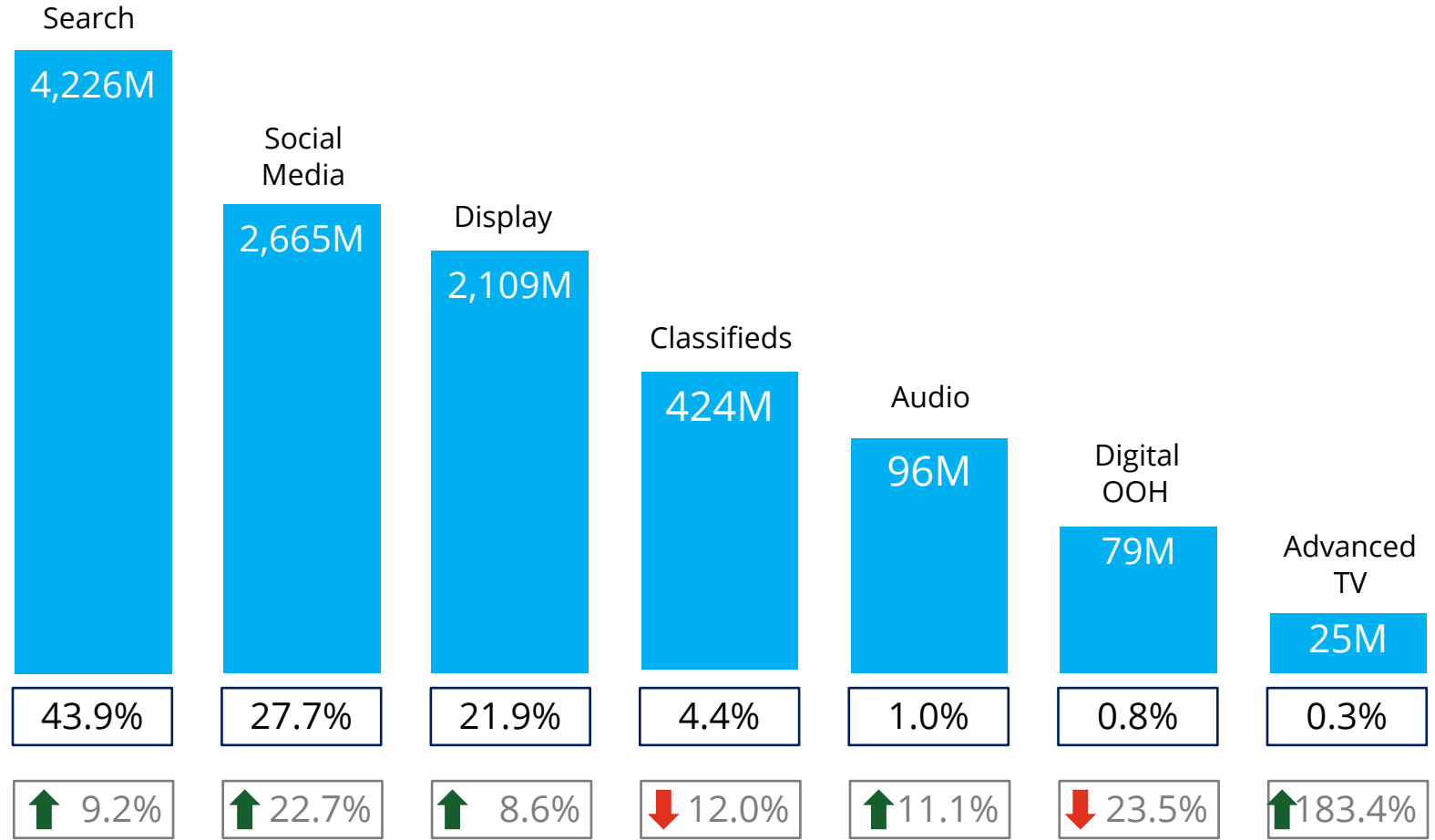
2020 Results

Internet advertising revenue in 2020 exceeded \$9.6 billion Canadian Dollars

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

Percentage of total:

Variance 2020 vs. 2019:



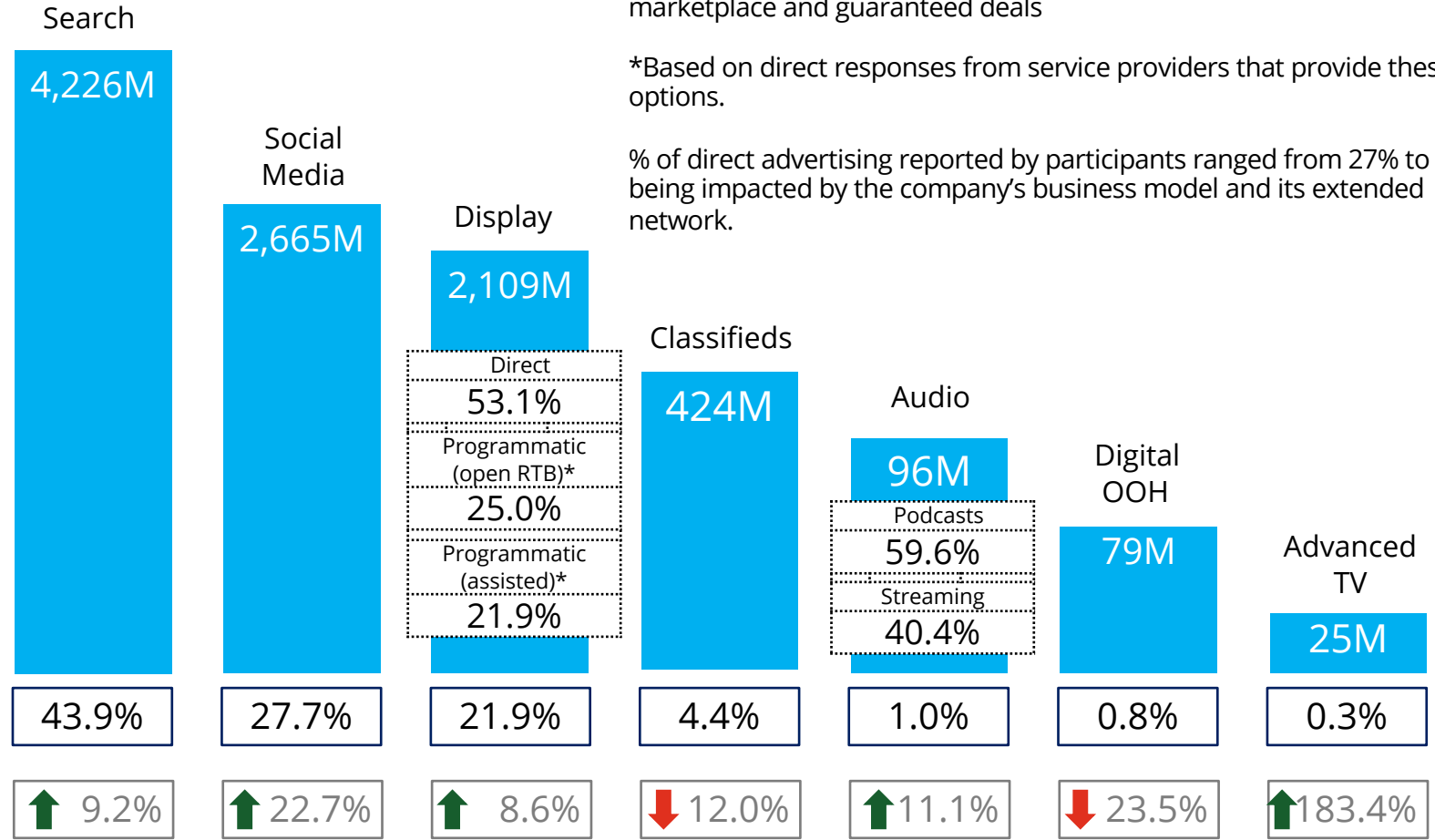
2020 Results

Year-over-year increase of 11.1%

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

Percentage of total:

Variance 2020 vs. 2019:



Direct – Client service driven revenue (high touch)
Programmatic (Open RTB) – fully automated via exchange
Programmatic (Assisted) - Influenced by sales teams, including private marketplace and guaranteed deals

*Based on direct responses from service providers that provide these options.

% of direct advertising reported by participants ranged from 27% to 82%, being impacted by the company's business model and its extended network.

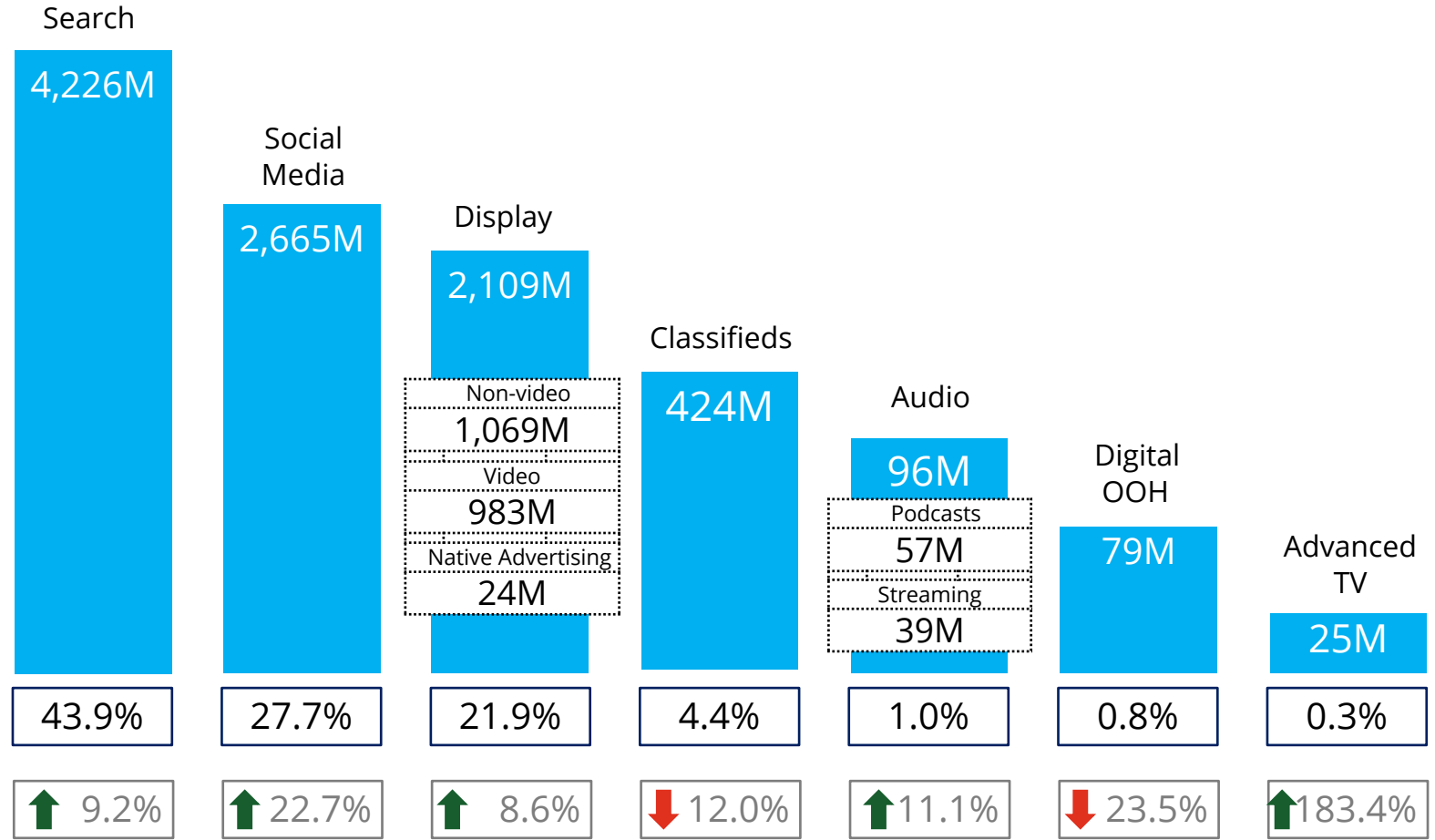
2020 Results

Year-over-year increase of 11.1%

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

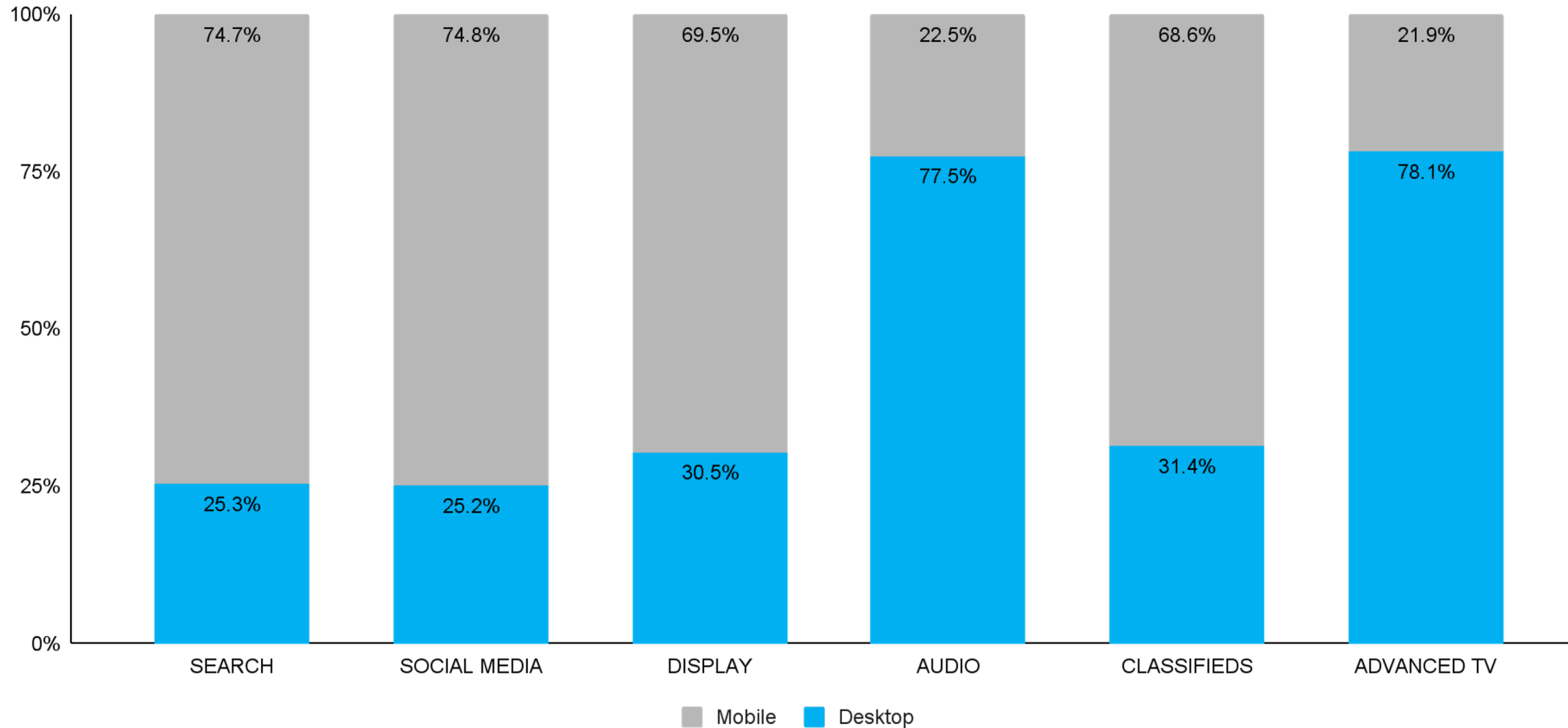
Percentage of total:

Variance 2020 vs. 2019:



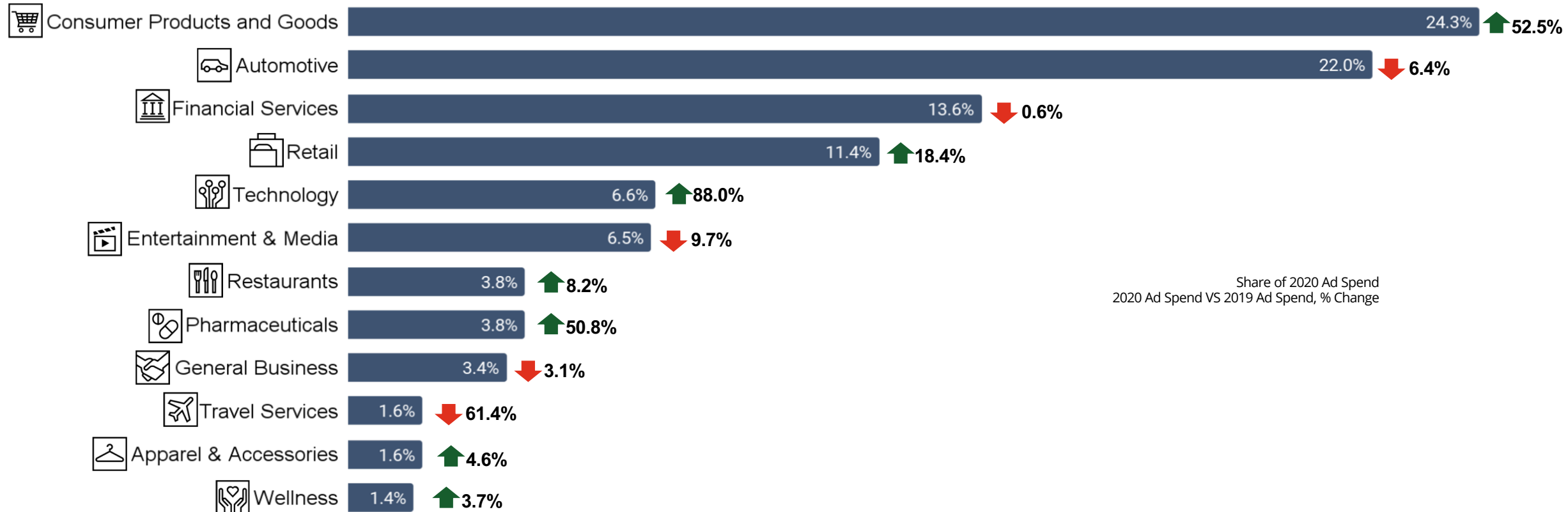
Desktop vs. mobile by category

Based on the direct response submissions and additional information from Comscore



Industries

Advertising activity by industry



Share of 2020 Ad Spend
2020 Ad Spend VS 2019 Ad Spend, % Change

Source for categories split:

Standard Media Index, Canada, Core, 2019 and 2020

SMI Pool includes agency partners: dentsu, IPG Mediabrands, GroupM, Havas, Omnicom, Publicis, and Horizon Media

Results

Media overview



Search

Social media

Display (Excl. social media): Non-video display, Video and Native Advertising

Classifieds

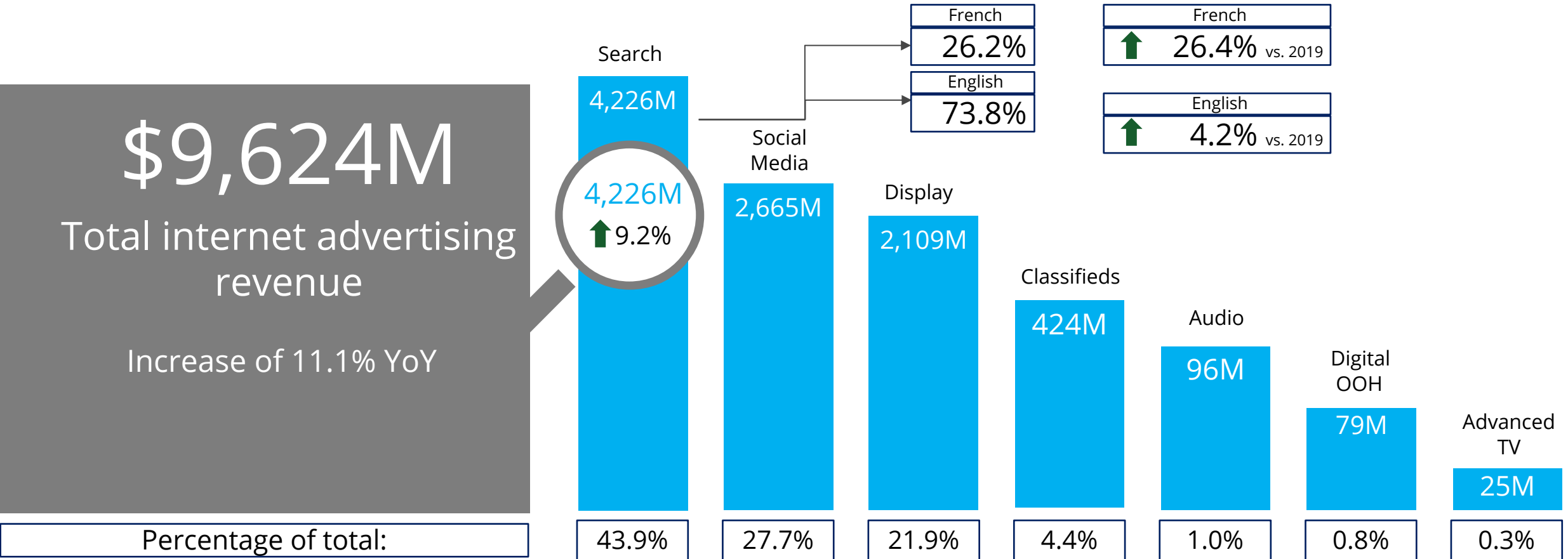
Digital audio

Digital OOH

Advanced TV

2020 Results

Search generates the largest revenue, moderating its growth



Results

Media overview

Search



Social media

Display (Excl. social media): Non-video display, Video and Native Advertising

Classifieds

Digital audio

Digital OOH

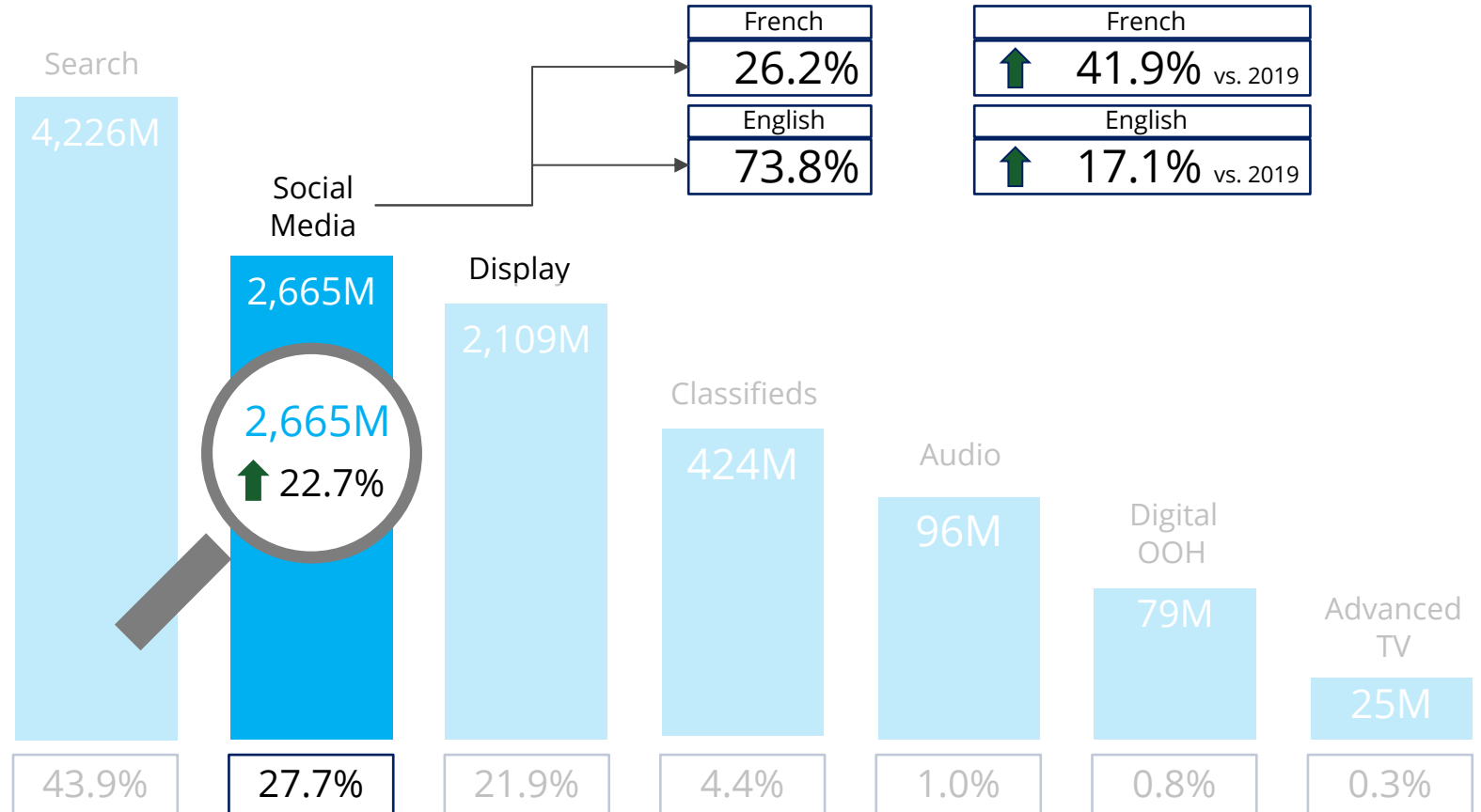
Advanced TV

2020 Results

Advertising revenue from social media is the second highest in volume

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

Percentage of total:



Results

Media overview

Search

Social media



Display (Excl. social media): Non-video display, Video and Native Advertising

Classifieds

Digital audio

Digital OOH

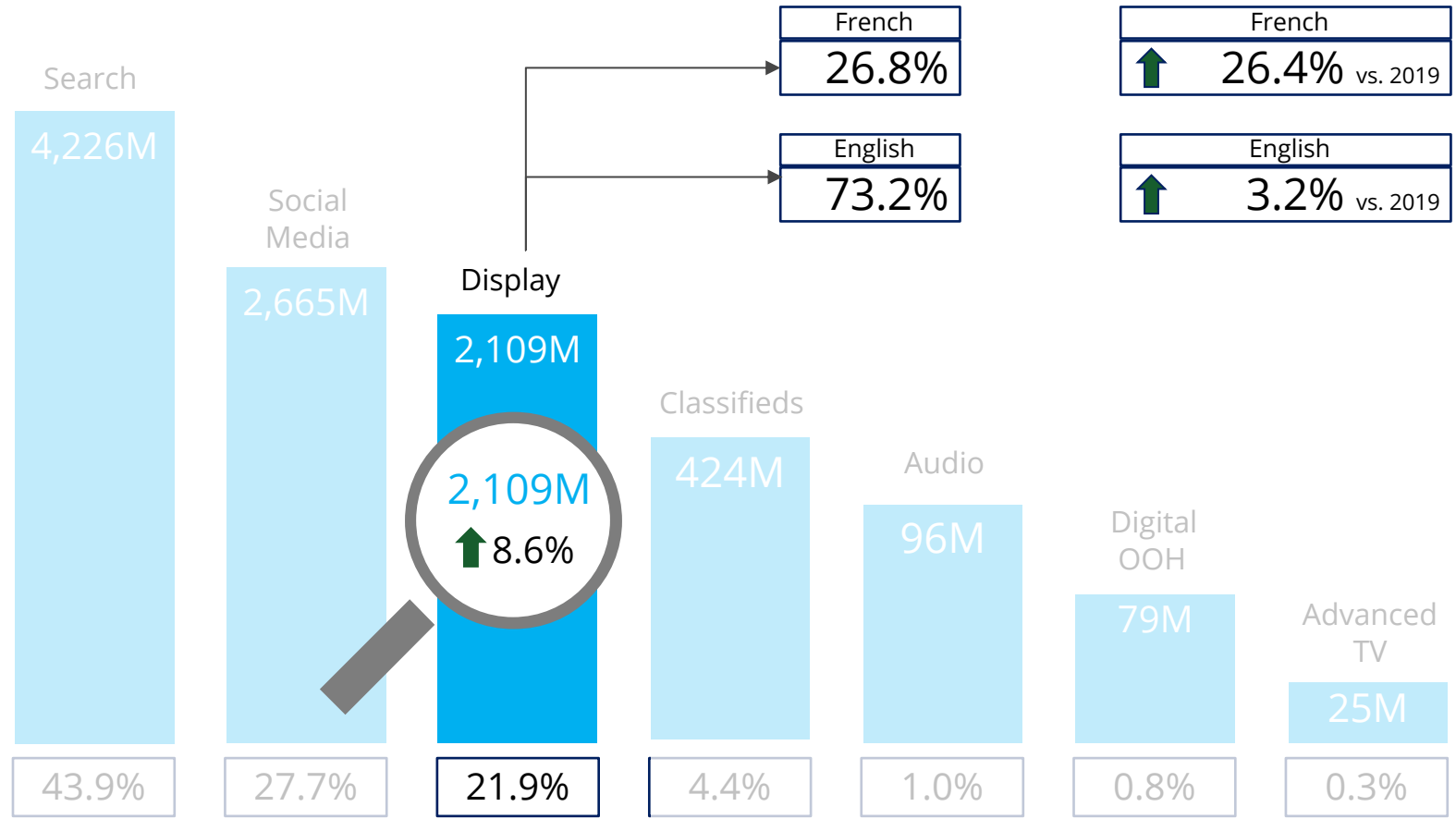
Advanced TV

2020 Results

Display had a year-over-year increase of 8.6%

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

Percentage of total:

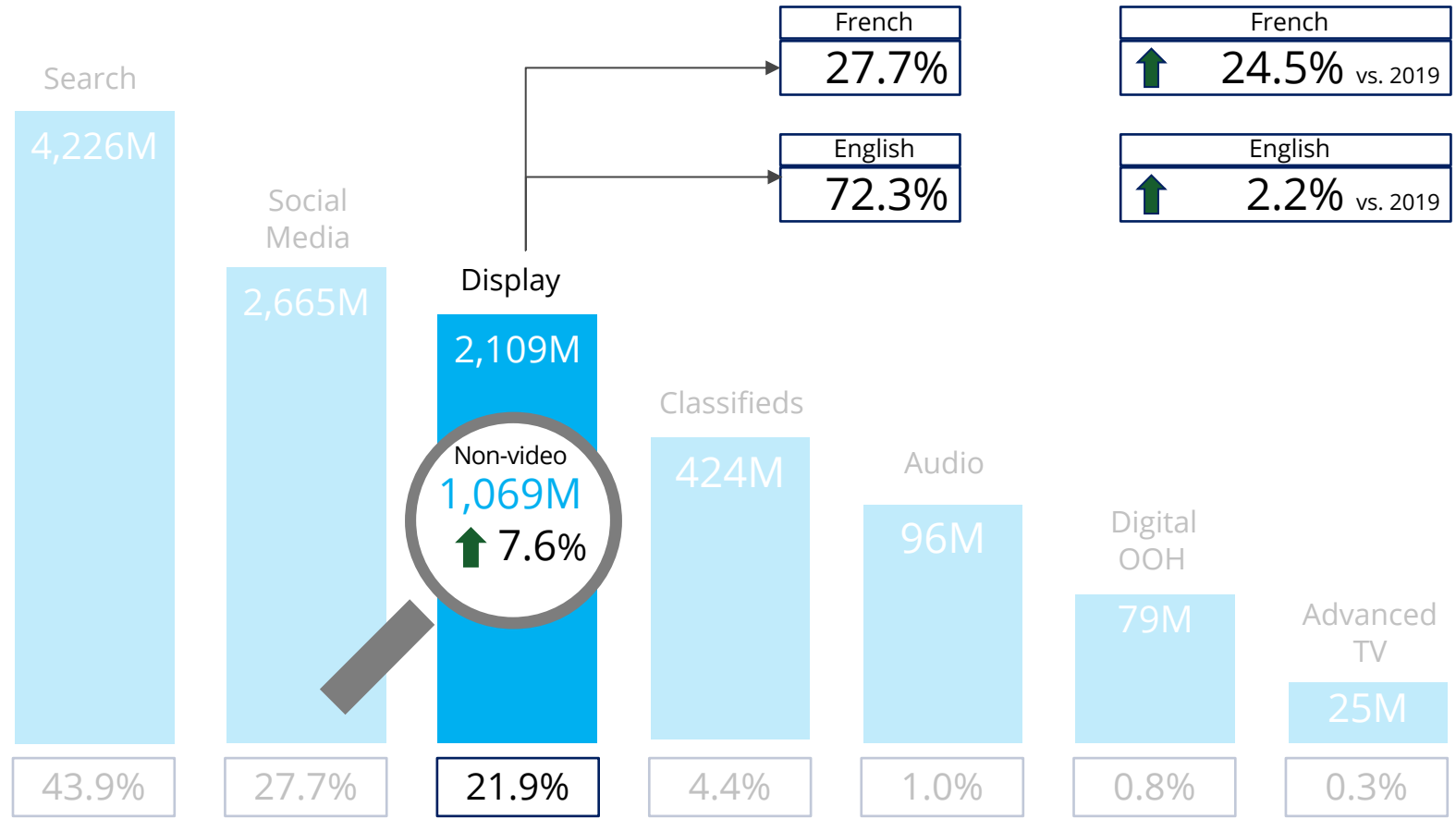


2020 Results

Non-video display had a year-over-year increase of 7.6%

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

Percentage of total:

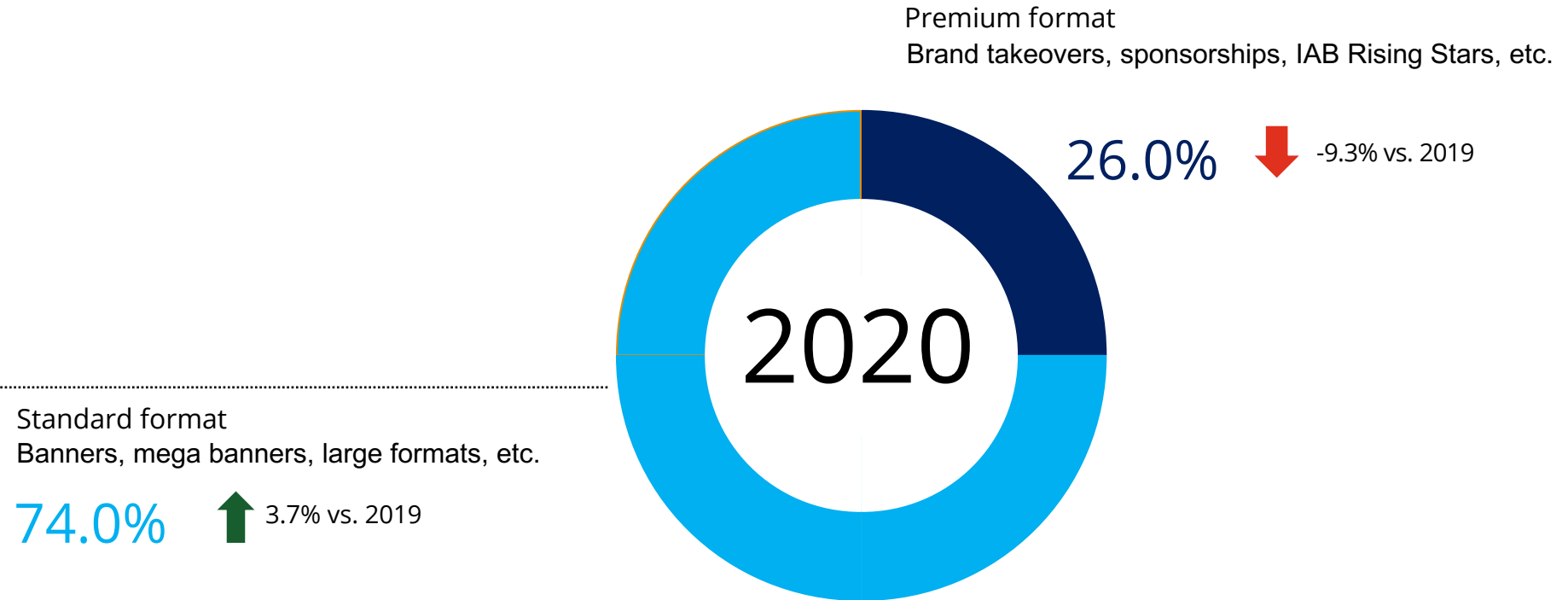


Non-video display results

Distribution of investment by format (based on direct responses)

Format type

Distribution of advertising revenue by standard vs. premium formats.

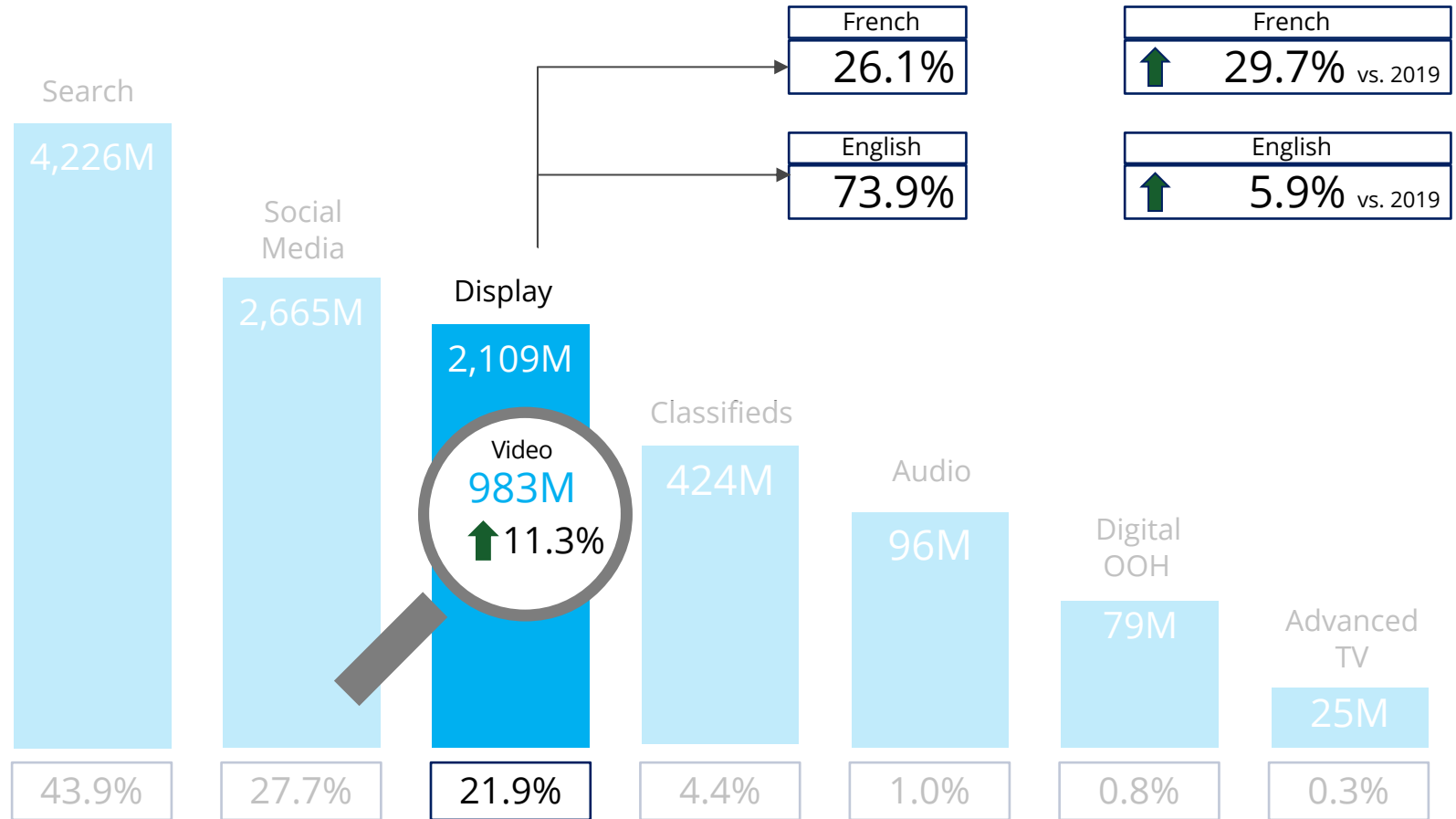


2020 Results

Video display had a year-over-year increase of 11.3%

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

Percentage of total:

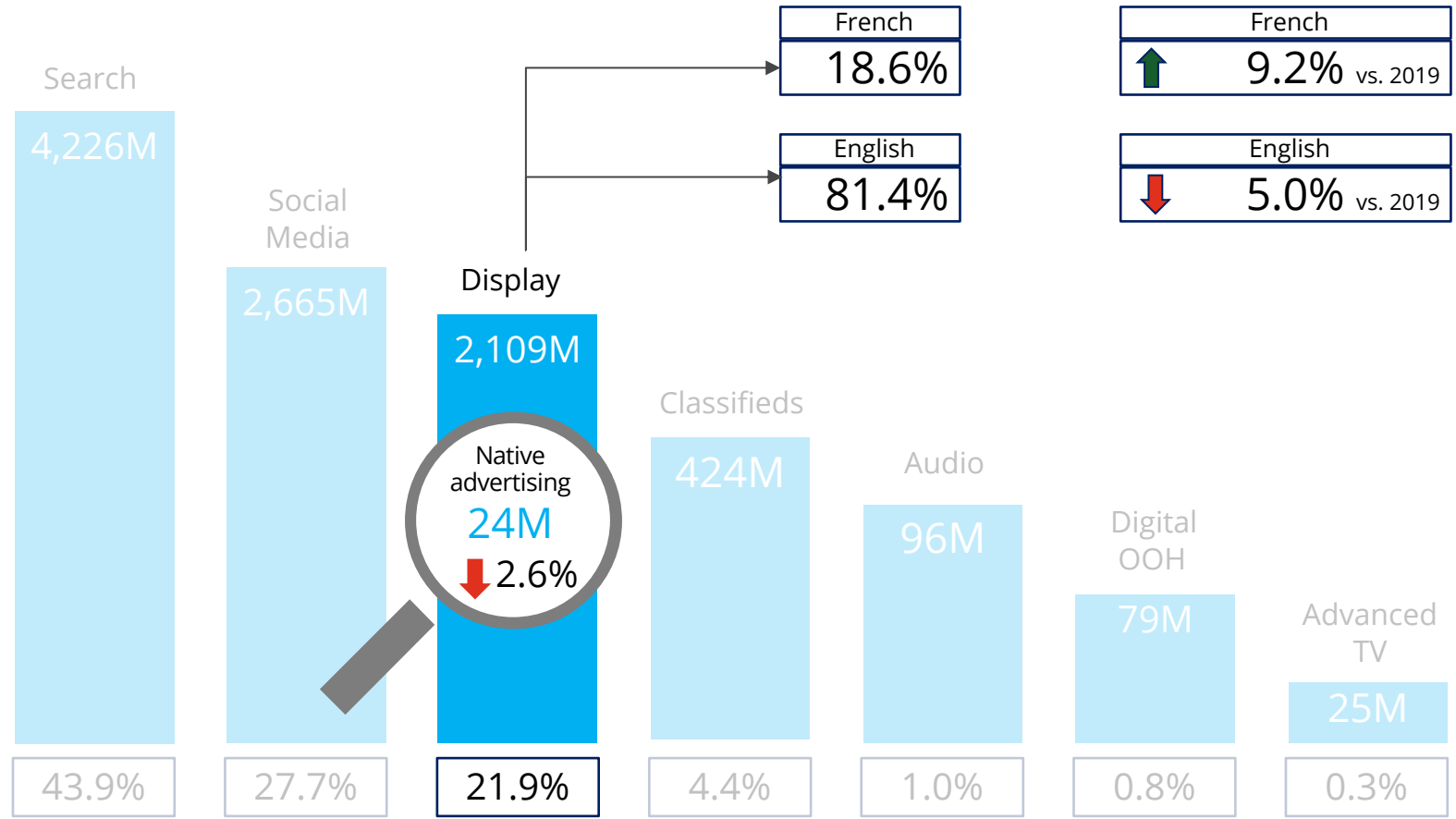


2020 Results

Native advertising display had a year-over-year decrease of 2.6%

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

Percentage of total:



Results

Media overview

Search

Social media

Display (Excl. social media): Non-video display, Video and Native Advertising



Classifieds

Digital audio

Digital OOH

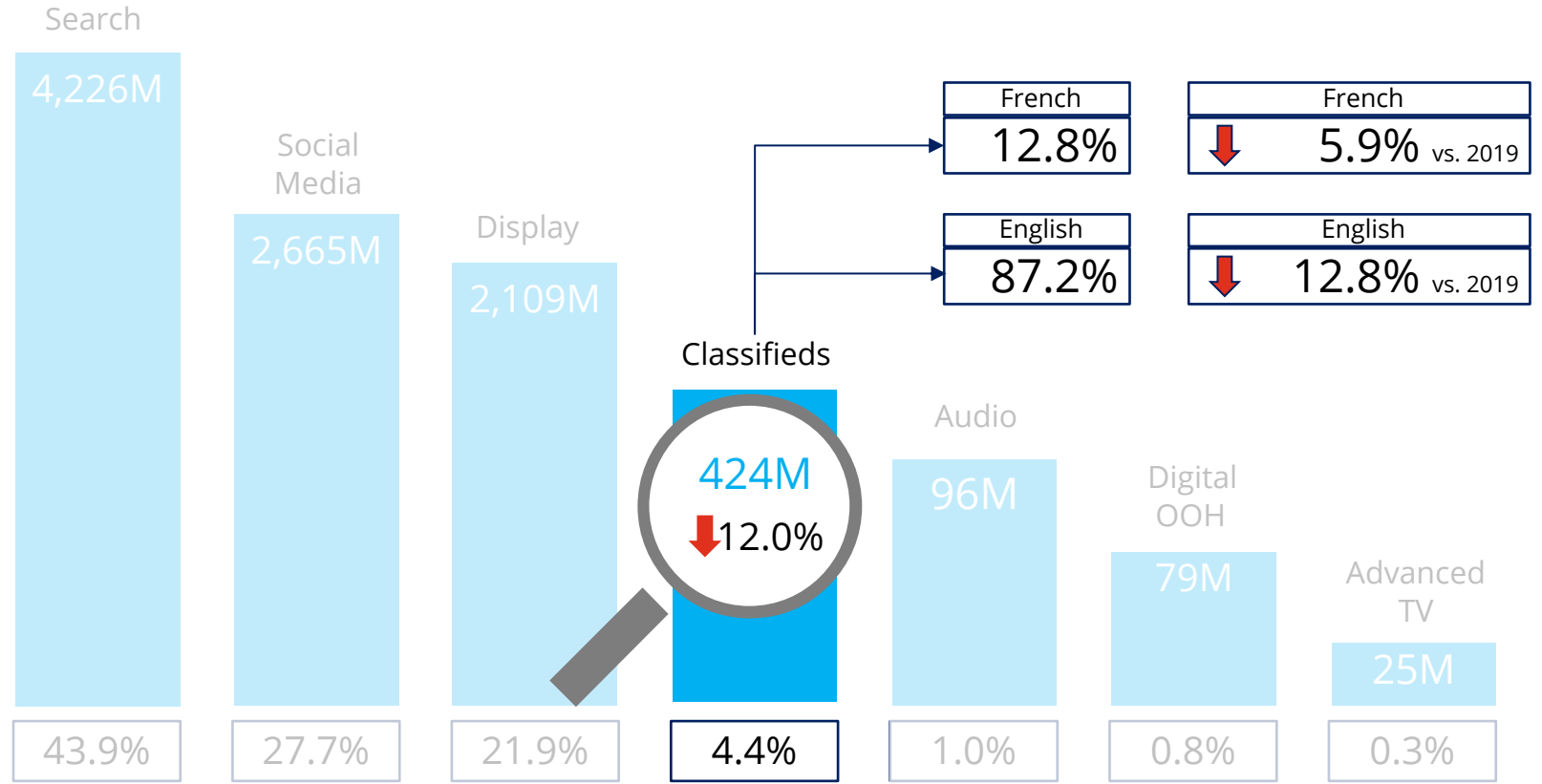
Advanced TV

2020 Results

Classifieds had a year-over-year decrease of 12.0%

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

Percentage of total:



Results

Media overview

Search

Social media

Display (Excl. social media): Non-video display, Video and Native Advertising

Classifieds



Digital audio

Digital OOH

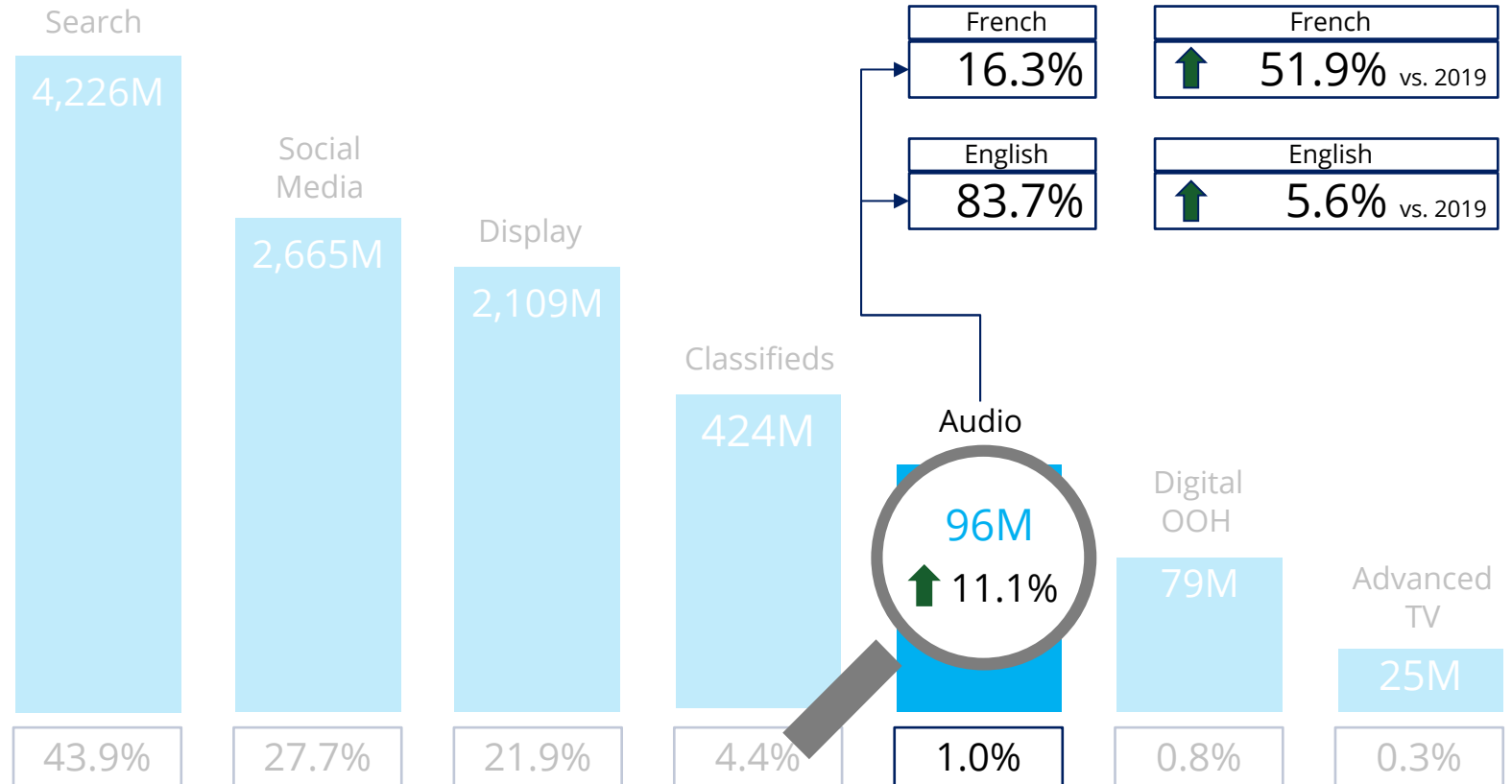
Advanced TV

2020 Results

Digital audio had a year-over-year increase of 11.1%

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

Percentage of total:



Results

Media overview

Search

Social media

Display (Excl. social media): Non-video display, Video and Native Advertising

Classifieds

Digital audio



Digital OOH

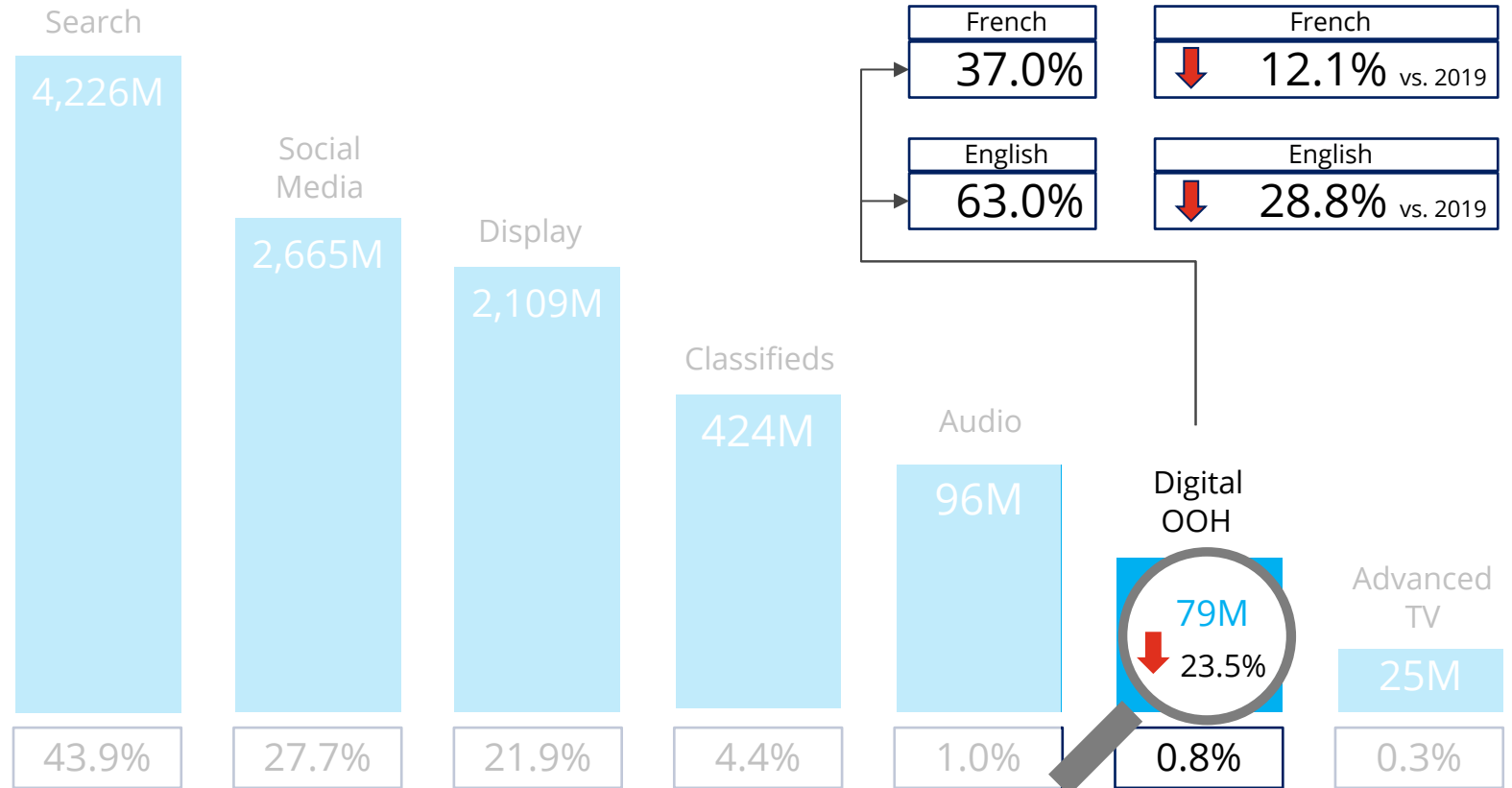
Advanced TV

2020 Results

DOOH had a year-over-year decrease of 23.5%

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

Percentage of total:



Results

Media overview

Search

Social media

Display (Excl. social media): Non-video display, Video and Native Advertising

Classifieds

Digital audio

Digital OOH



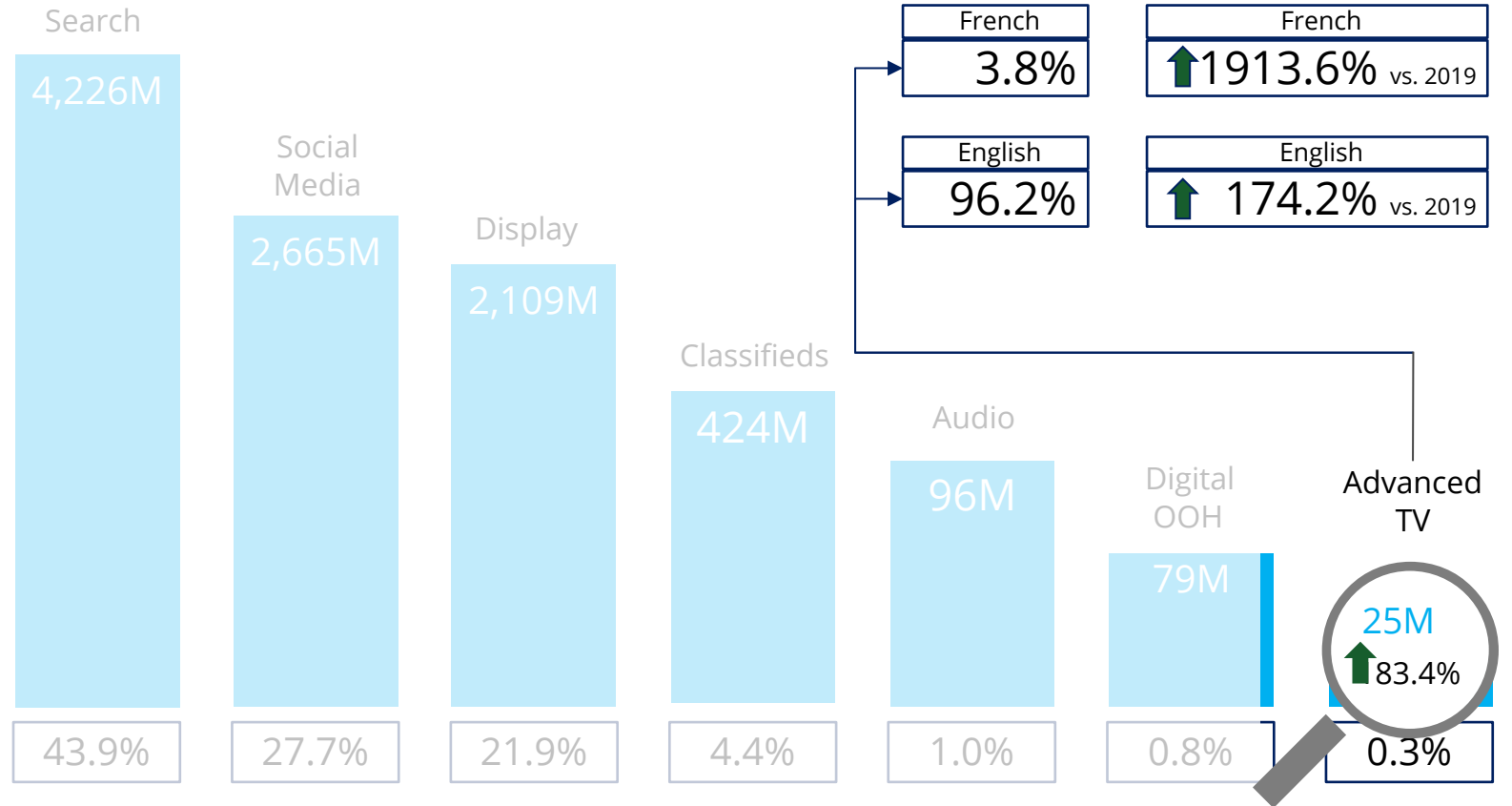
Advanced TV

2020 Results

Advanced TV had a year-over-year increase of 183.4%

\$9,624M
 Total internet advertising revenue
 Increase of 11.1% YoY

Percentage of total:



3

International
Analysis

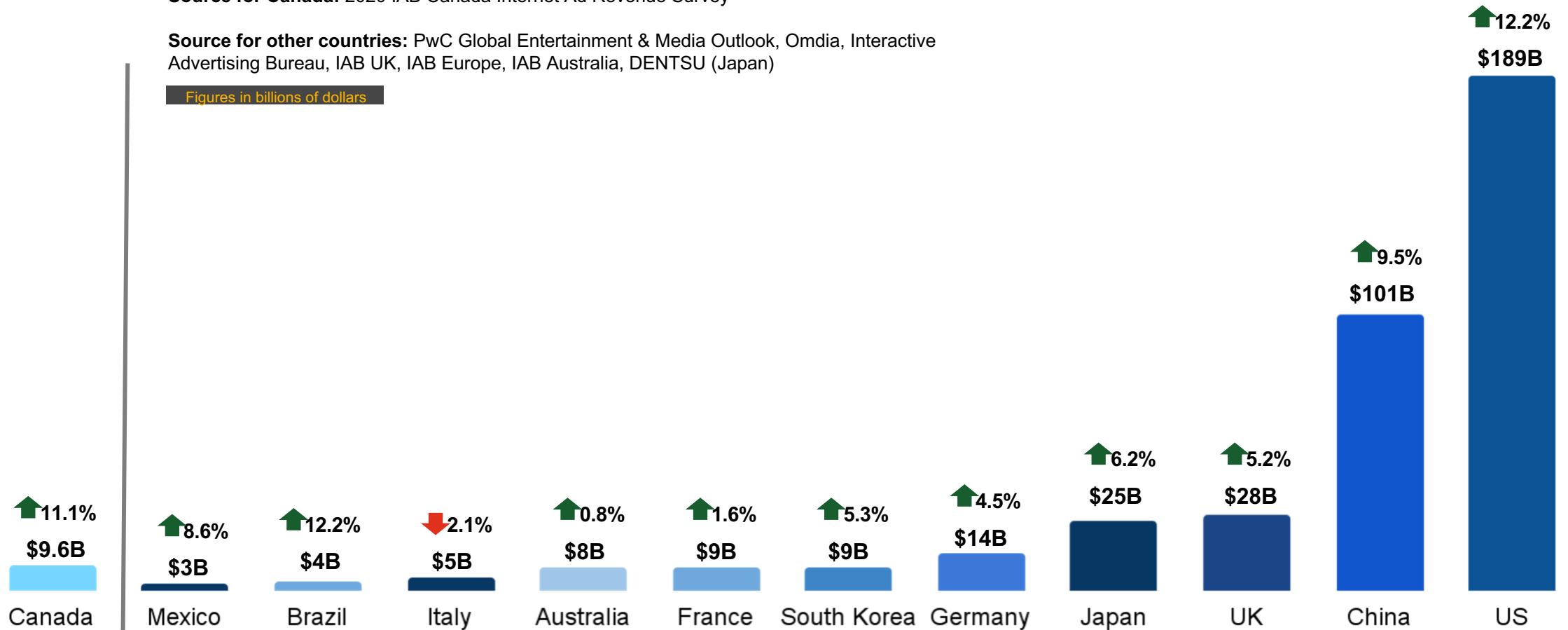
2020 Global Internet Advertising

Canada vs other territories

Source for Canada: 2020 IAB Canada Internet Ad Revenue Survey

Source for other countries: PwC Global Entertainment & Media Outlook, Omdia, Interactive Advertising Bureau, IAB UK, IAB Europe, IAB Australia, DENTSU (Japan)

Figures in billions of dollars

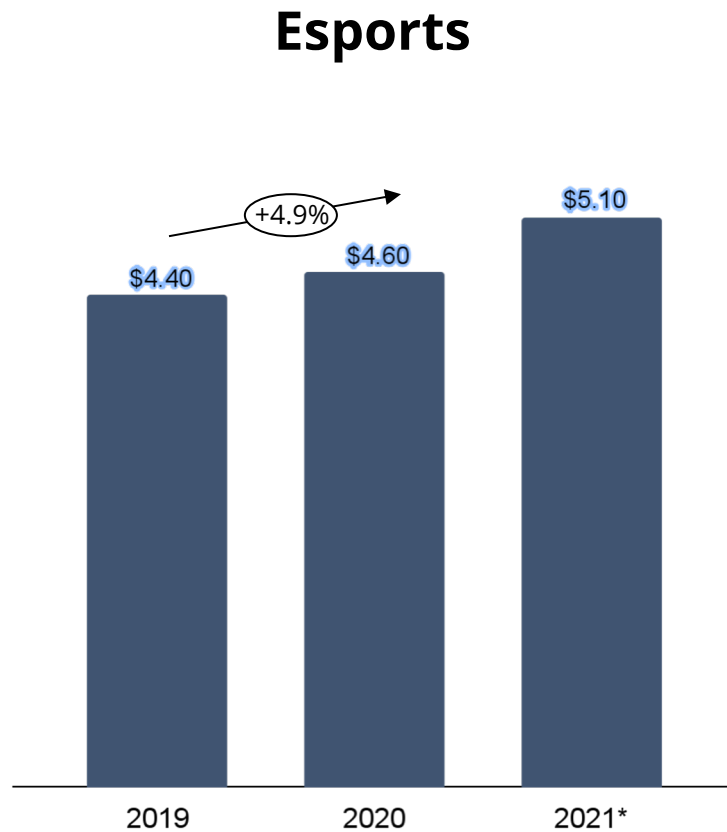


4

E-Sports and Video Games

E-sports and Video Games Advertising in Canada

From PwC Global Entertainment & Media Outlook



*2021 figures are projections

Sources: PwC, Omdia

Figures in millions of dollars

5

Conclusion

Conclusions

01

Internet Advertising Revenue in Canada recorded a growth of 11.1% compared to 2019 despite the initial shock of COVID-19 impact. Despite the decline experienced by all industries in the first half of 2020, the sector recovered by the end of the year.

02

Despite the impact of COVID-19 on the economic climate, the digital advertising sector expanded in segments such as search, social media and display, with more people working from homes in Canada and being present online throughout the day.

03

The impact of COVID-19 was felt the most by companies operating in classifieds and digital out of home segments, with ad inventory declining during 2020, however expected to recover in future years.

04

Based on direct responses from the survey participants, in 2020, there has been a greater emphasis on Standard format in display advertising, with a slight decline in Premium.

Buy-Side Feedback..

Insights from interviews conducted with executives of various media buying agencies including major holding company representatives.

1

Google removal of third-party cookies delayed to 2023 is a relief and is giving the industry additional time to experiment with and assess scalable alternatives, e.g. deterministic matching, probabilistic matching, cohorts, etc

2

The stress generated by the loss of third-party cookies and Apple's focus on privacy helped refocus marketers to their fundamental role and longer term impact, that of using creativity and building meaningful relationships between consumers and brands.

3

New approaches to measurement and attribution are being looked at. There is still a focus on being able to measure at the granular level (e.g., impressions) but also connecting attribution from digital media to traditional media and observing correlations in behaviour. The focus is expanding to looking at the broader business impact of marketing.

4

We will see an increase in pricing given not only data issues but also because of audience erosion, inventory challenges, investments in new technologies, strategic diversification across media types, and other changes impacting the industry.

5

Executing programmatic takes effort but it allows data to be prepared in a way that allows for optimization; it will continue to grow and become ubiquitous on how we buy media but this will require addressing datasets and interplay of technology.

6

Scope &
Methodology

Scope and methodology

Background

The results of IAB Canada's Annual Canadian Internet Advertising Revenue Surveys are based on data, which is compiled directly from information supplied by Publishers who sell advertising on Canadian Websites. Also polled are search, social and video sharing Content Platforms plus Online / Mobile Ad Networks and Exchanges/SSPs, that sell advertising on both the Canadian and U.S./other foreign Websites they represent to reach Canadians.

IAB Canada engaged PricewaterhouseCoopers LLP (PwC) to perform procedures related to the data compilation described further below. Individual respondent submissions are held in strict confidence by PwC, and released to IAB Canada in aggregate form only. PwC is charged with analyzing revenue data submitted by each respondent and alerting IAB Canada of any financial inconsistencies or other relevant observations within each completed survey, based on trend analysis against the respondent's previous surveys and other factors. IAB Canada never has access to individual respondent revenue data in this process. When any noted inconsistencies are rectified, by normalizing affected data, PwC provides the summarized data to IAB Canada to prepare the survey report. For areas requiring estimates, those were built based on the publicly available information, market research and input from the IAB members and committee.

It should be noted that PwC does not formally audit the information supplied by participants in their Survey responses, and provides no opinion, attestation or other form of assurance with respect to their work or the information upon which their work is based. The procedures they performed does not constitute an examination or a review in accordance with generally accepted auditing standards or attestation standards.

Scope and methodology

Survey scope & methodology

The Canadian Internet Advertising Revenue Report is a big part of IAB Canada's ongoing mission provide an accurate barometer of Digital advertising growth in Canada.

IAB Canada continues to establish, maintain, and update comprehensive Survey standards for measuring the growth of Online and Mobile advertising revenues in Canada as well as Other Connected Devices.

To achieve and sustain industry-wide acceptance, key aspects of IAB Canada's Annual Canadian Internet Advertising Revenue Surveys include:

- Making the Survey as inclusive as possible, encompassing direct data results from companies engaged in digital media ad sales on the supply-side of the business. These include Canadian Internet Publishers who sell advertising on Canadian websites. Also included are search, social and video sharing Content Platforms as well as Ad Networks and Exchanges/SSPs who sell advertising on both Canadian and U.S./other foreign websites to reach Canadians. Mobile Aggregators, Mobile Marketing companies and Platforms offering Mobile advertising solutions are also polled.
 - Agencies, Trading Desks and DSPs with no supply-side involvement do NOT take part in this survey. Vendors engaged in both SSP and DSP transactions must only report their SSP-related revenues, NOT their DSP-related revenues
- Ensuring and supporting a confidential process in terms of releasing only aggregate data and analyzing historical data from within the Survey to identify broader trends over time.

Scope and methodology

Survey methodology

The survey is executed as follows, with input from the IAB Canada Revenue Committee, to:

- Compile a database of potential revenue earners to survey annually, in relation to Online and Mobile advertising revenues as well as Other Connected devices, in both the Total and French Canada markets;
- Conduct an annual quantitative Survey with the above industry players;
- Request and compile several specific data items from digital media vendors;
- Acquire supplemental data with publicly-disclosed information;
- Annual Internet Revenues are requested to be broken down by Advertising Vehicle (i.e. Display, Search, Video, etc.) along with a percentage breakdown for each Vehicle based on English and French Canada. The survey asks for a break down by programmatic transaction-types, along with separate annual Mobile Revenues, by Advertising Vehicle.
- Percentage breakdown of Annual Revenues is also requested across twelve different Advertiser product/service categories that sum back to 100% of the Net Revenue reported by respondents answering this question; examples include Automotive, Financial, Technology, etc.
- Review each actual respondent return for internal as well as inter-survey year inconsistencies and normalize affected data to remedy discrepancies.
- Find incomplete responses from actual respondent returns and apply a conservative revenue estimate for missing answers.
- Identify non-participating revenue earners, and apply a conservative revenue estimate for these companies, based on available public sources; and
- Report the aggregate findings of the Survey, and report key trends within the Survey responses.

Information with regards to Advertising activity by industry is presented based on data provided by Standard Media Index, which aggregates information reported by a set of advertising agencies in Canada.

Scope and methodology

Confidentiality procedure

All the information submitted by respondents within IAB Canada's annual Canadian Internet Advertising Revenue Surveys is completely confidential, is presented at the aggregated level and not used for any other purposes than this report.

IAB Canada's role:

- Identify supply-side industry participants who sell Internet advertising;
- Together with PwC develop survey questionnaires and interview themes;
- Review data aggregated by PwC for any major anomalies and unusual trends; and
- Report on the results of the Survey, as reported in aggregate by PwC.

IAB Canada maintains full ownership and responsibility for the report and presented information.



About IAB Canada

About IAB Canada

Who We Are

The Interactive Advertising Bureau of Canada (IAB Canada) is the national voice and thought leader of the Canadian interactive marketing and advertising industry. We are the only trade association exclusively dedicated to the development and promotion of the digital marketing and advertising sector in Canada.

As a not-for-profit association, IAB Canada represents over 250 of Canada's most well-known and respected advertisers, ad agencies, media companies, service providers, educational institutions and government bodies. Our members represent a diverse range of stakeholders in the rapidly growing Canadian digital marketing and advertising sector and include small and medium sized enterprises.

What We Do

As the only organization fully dedicated to the development and promotion of digital/interactive advertising in Canada, IAB Canada works with its members to:

- Conduct original, Canadian digital/interactive research;
- Establish and promote digital/interactive advertising standards & best practices;
- Build human capital, through educational courses, certification, our job board, and other initiatives that help the industry in attracting, training and motivating human resources;
- Act as an advocate for the Canadian digital/interactive advertising industry to the Canadian government; and,
- Organize networking events that enhance communication between members.

IAB Canada & IAB Worldwide

IAB Canada is an independently organized and operated organization, and is neither owned, controlled nor operated by any other Interactive Advertising Bureau, Inc. and all trademarks and names are used under license. IAB Canada and global IABs work together closely on major projects and endeavours, but each country requires individual memberships. [Click here](#) for more about IAB Canada and about IAB Globally that IAB Canada fully endorses.

For Any Inquiries about the report, please contact:

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Thank you