

IAB SA/PwC SA Online AdSpend Report: Digital sees sustainable growth, social becomes a key contributor

Digital growth continues in South Africa, spurring an increase in advertising investment, says the Interactive Advertising Bureau (IAB) South Africa's annual Internet Advertising Revenue Report.



Source: © 123rf [123rf](#) the Interactive Advertising Bureau (IAB) South Africa's annual Internet Advertising Revenue Report has been released

Released today, the Report, more commonly referred to as the IAB SA/PwC South Africa Online AdSpend Report, is part of IAB South Africa's aim to empower the digital media and marketing industries with valuable industry insights that align business and industry growth strategies to enable growth for the sector's people, brands, agencies, platforms and publishers.

Conducted in partnership with PwC, which coordinates similar studies in other territories, the main objective of the Report is to effectively quantify the size of domestic media revenues on the Internet, including mobile.

Sustainable growth landscape for digital

Building on the high digital growth reported in 2021, this year's Online AdSpend Report reiterates a sustainable growth landscape for digital with a remarkable 10% year-on-year (YoY) growth.

Key findings from the Report include:

- Internet advertising has reached a new high of 34% of the overall advertising market, up from 32.3% in 2021 and 29.6% in 2020.
- Digital advertising spend is between 21% and 40% of total advertising spend.
- Total internet advertising revenue amounted to R14.51 billion, exceeding 2021's R12.1bn.

The Report also addresses more detailed areas of growth.

This includes:

- Paid search dominates internet advertising in South Africa.
- Paid social advertising is the second-largest category in the South African digital advertising market, with Meta a dominant player.
- Finance, FMCG and alcohol remain the categories with the highest percentage of media spend while gaming, media and entertainment — as well as apparel and footwear, and retail — all increased from 2021



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Key themes

The Report also highlights key themes from the IAB SA Research and Measurement Council, that arose within the digital landscape as part of the organisation's readiness to create progress and innovation in the industry.

These include:

- **Generative AI**

The boom in machine learning and generative AI — which uses tools such as ChatGPT, Midjourney and DALL-E 2 to create images and content from text-based prompts — has the potential to have a huge impact on the digital advertising market.

As technology advances, advertisers will be able to use AI and machine learning to drive personalisation at scale and adapt ads based on the age, location or context of users. This is particularly useful in a world where it is increasingly difficult to track users online, with Google's forthcoming sunsetting of third-party cookies in its Chrome browser and privacy updates to Apple's iOS.

- **The use of AR and VR in advertising**

Meanwhile, AR and VR offer the opportunity to create interactive virtual environments that allow users to explore and engage with a brand. VR also extends into the metaverse, which presents potential opportunities for personalised ads and product placement, AI brand ambassadors or influencers, and try-before-you-buy virtual shopping experiences and showrooms.

This could have a huge impact on brand value as companies will be able to use this technology to engage with audiences in personal, contextually relevant ways with tailored experiences for individual users.

- **Looking beyond the giants in the advertising market**

Although they dominate the Internet advertising market both in South Africa and globally, marketers and advertisers can look beyond Google and Meta for advertising solutions. Publishers, in particular, provide an opportunity for targeted advertising beyond the walled gardens of Meta and Google as first-party data becomes increasingly key to the digital advertising market.



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"The expertise of the Research & Measurement Council members has allowed us to strengthen both the research and measurement practices to more effectively address key topics without duplication. This report provides a transparent and realistic view of available ad revenues over time and is a powerful tool for marketers to manage trends and expenditure," says Clare Trafankowska, iProspect managing director and Council chair.

"Over the last few years, digital media in South Africa has increased rapidly, and with the introduction of new digital innovations and technology — such as the metaverse, applications of generative artificial intelligence (AI) and augmented and virtual reality (AR and VR) in the global market — further re-aligning growth strategies with online publishers, this year's key themes dip into these innovations, running in parallel with the 2023 IAB South Africa theme of breaking barriers for business impact," says Razia Pillay, CEO at IAB South Africa.

"We will continue to keep these conversations top of mind as we continue to understand the evolution of the customer," adds Pillay.

Enabling industry stakeholders

Now in its 11th iteration, the Report includes input and insights from various stakeholders within the sector and is driven by Paula Hulley, IAB South Africa Advertising Revenue Report lead and managing director at Digitas Liquorice as part of IAB's newly merged Research & Measurement Council.

"The Online AdSpend Report has been crucial to enabling industry stakeholders to use the provided data to compare their digital channels against international benchmarks," says Hulley.

"In the past, it has provided an improved understanding and evidence of the growth and size of online media revenues in South Africa; transparent and accurate comparisons of the size, growth and trends prevalent in the South African market when compared to other territories; and high-quality, reliable data that assists in decision-making," adds Hulley.

For in-depth data, the 2022 IAB South Africa Internet Advertising Revenue Report, conducted by PwC ('Online AdSpend Report'), is available to IAB South Africa members on the [IAB portal](#).

Participants* of the 2022 report can access the report by contacting debbie@iabsa.net. To become an IAB South Africa member, you can now easily sign up on the IAB South Africa [website](#).

*Survey participants of the 2022 IAB South Africa Internet Advertising Revenue Report, conducted by PwC, include Bizcommunity, Dentsu (on behalf of ABSA), Discovery, Vodacom, Wunderman Thompson, DStv, M&C Saatchi Connect and Old Mutual, amongst others. A full list of participants can be accessed in the 2022 report.