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INTRODUCTION

Our inaugural Media & Ad Sales - Pricing & Yield Trend Report provides insights to important topics and trends for Revenue Operations leaders. It is intended to be a companion to our annual Media Ad Sales Trend Report (MAST) focused on similar Ad Sales topics. The goal of this report is to provide useful benchmarks and insights to enable publishers to drive profitable growth.

We hope you find this report valuable and welcome your feedback on how we can improve.

Best, Patrick O'Leary



Patrick O'Leary
Founder and CEO
Boostr

KEY FINDINGS

"Don't call it a comeback, I've been here for years"

After years of challenges and headwinds, digital media companies came roaring back with a median growth rate of 49% in 2021. The pandemic accelerated consumer trends to digital media consumption which advertisers rewarded with a spike of ad dollars. The digital ad market is expected to grow by 13-17% in 2022 (by Magna), so it will be interesting to see if and how media companies will continue to capture the opportunity.

Happy Customers Spend More - what's your NARR?

Many media companies have a leaky bucket of client spend contraction and churn. Oftentimes they're losing 20-40% of their existing client revenue year over year. Those that retain a higher amount of revenue are growing above market rates. Net Advertising Revenue Retention (NARR) is a SAAS play metric for media companies to get control of the leaky bucket. All digital media companies should be asking, "what's my NARR" and "how do I compare"?

Soaring Digital Demand is a Boon for Pricing

Not only did the digital ad market expand in 2021, prices went up as well. The traditional IO channel showed modest 6% growth and publishers expect overall IO spend to grow in 2022. Perhaps programmatic hasn't eaten the IO world yet. Programmatic Guaranteed & Preferred Deal CPMs from GAM are up 13% and traditional PMP CPMs grew by 16%. The programmatic story is nuanced, not all categories are enjoying price increases as adoption and demand varies amongst buyers.



4 Is anyone making money?

In our May 2021 Media Ad Sales Trend Report (MAST) we shared that many publishers got to profitability in 2020 driven by the pandemic. This trend continued with publishers getting smarter about driving profitable campaigns and products. They found desktop, mobile and email the leading way in profit contribution.

5 Podcasts prove skeptics wrong!

While many wondered if podcasts would suffer as more consumers worked from home, the opposite is proving true. The US podcast market grew 38% last year and expected to exceed \$2 billion in 2022 according to Insider Intelligence. Podcasters have seen stable CPMs with audience growth and ad product innovation as priorities for growth.

1

"DON'T CALL IT A COME BACK, I'VE BEEN HERE FOR YEARS"...LL COOL J

2021 was a pivotal year for digital media companies, period. In our May 2021 Media Ad Sales Trend (MAST) Report we reported that 94% of digital media company's revenue had rebounded by Q4 2020. What ensued in 2021 was nothing short of an amazing come back for digital publishers. After years of challenging times, digital media roared back with a median growth rate of 49% in 2021. On top of that, 75% of digital media companies surpassed their 2019 pre-covid revenue levels signaling a significant increase in advertising dollars shifting to digital channels. Within the digital cohort included in this study, growth rates were particularly strong and the envy across many industries.

With Magna Global forecasting 13-17% increase in digital ad spend for the US market, will publisher growth rates decline? There's good reason for optimism. Consumer habits have shifted to digital formats. Publishers are extracting more synergies between ecommerce and ad spend. Many publishers have started shifting to a post third party cookie world and may find their first party data performs better and deserves a premium CPM. Plus publishers are adding new digital products and formats. We're optimistic digital growth will be strong and possibly higher than Magna's forecast especially for publishers with large audiences. 20-30% growth should attainable for many publishers.

2020-2021 Growth Rate Highest 162% 99th Percentile 151% 90th Percentile 100% 75th Percentile 70% Median 49%

2

HAPPY CUSTOMERS SPEND MORE - WHAT'S YOUR NARR?

It's long been known that happy customers spend more. But does that translate into the advertising industry? It's an emphatic Yes. Selling advertising has always worked on a transactional basis where publishers need to compete and win business on a deal by deal basis. Successful publishers have realized that revenue retention is a key to growth.

Unfortunately a majority of publishers are not able to retain significant client spend year over year and need to find more new logos every year. While there are many reasons for this, often times publishers don't have visibility into the problem. "When I'm talking to CROs and ask them what their churn is, half of them aren't sure, the other half often know, but it's a point in time view because it was so difficult to get the data", says Patrick O'Leary, CEO & Founder at boostr. Drawing inspiration from running a SAAS business and using the power of the Net Revenue Retention metric while working alongside publishers tackling the churn problem, boostr is excited to announce Net Advertising Revenue Retention or NARR. NARR provides a SAAS play metric for publishers to help them grow by retaining more revenue while improving their enterprise value. Publishers often trade on their ebitda multiple vs SAAS companies trading on their recurring revenue multiple, at higher valuations. Publishers who can look more SAAS like are more likely to fetch higher valuations, thus growing enterprise value for their stakeholders.



What is NARR?

NARR is similar to the SAAS metric Net Revenue Retention (NRR) in that it measures how much revenue is retained from a cohort of customers. NARR provides a measure of renewability and reoccurrence of revenue. NARR compares a cohort's current trailing revenue to that same cohort's trailing revenue from the previous period.

Net Advertising Revenue Retention (NARR)

sum (cohort's current period revenue)

sum(cohort's previous period revenue)

*100 = NARR%

The beauty of NARR is when it's over 100%, the publisher's future growth has a firm base to build upon similar to how compound interest works. For example, if a publisher desires to grow revenue by 25% and has a NARR of 105% they only need to find an incremental 20% in new revenue as the existing clients are expected to provide 5% growth if that revenue is truly reoccurring.

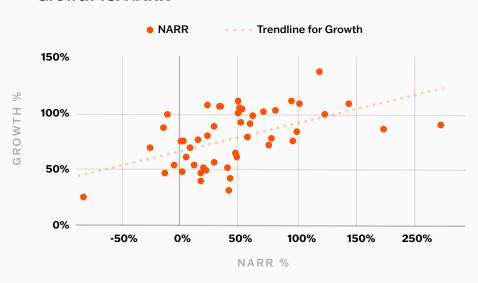
In SAAS an NRR > 115% is deemed world class. In media, without the contractual commitments for recurring spend, getting to those levels may take time to achieve on a sustained basis. Boostr observed the following NARR scores across digital publishers comparing 2020 vs 2021.

NARR 2020-2021

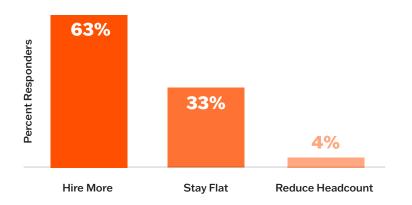
Best in Class	137%
99th percentile	125%
90th percentile	107%
75th percentile	100%
Median	78%

Not surprisingly, publishers with a strong NARR also grew faster. There was a positive correlation (R=0.45) between NARR and overall revenue growth.





Plans for hiring more account managers and ad operations personnel in 2022



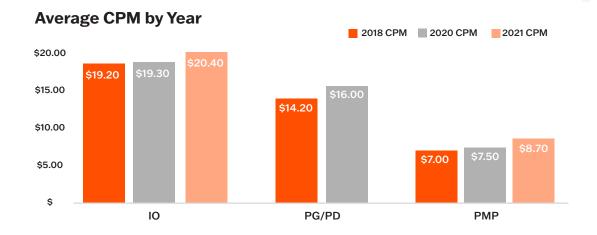
For Revenue and Ad Operations professionals, their link to customer success, revenue growth and creating enterprise value has never been clearer. Their ability to provide superior customer service is critical to business results. And publishers plan to significantly increase their investments in these roles in 2022.





SOARING DIGITAL DEMAND IS A BOON FOR PRICING

The theory of price is an economic theory that states that the price for any specific good or service is based on the relationship between its supply and demand. This theory became a favorable reality for media companies in 2021 as demand for ads increased. From 2020 to 2021, CPM's increased across all direct sold channels -

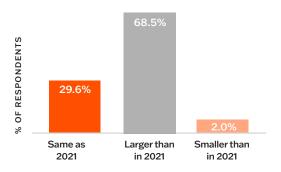


Channel	2019 CPM	2020 CPM	2021 CPM	YoY
IO	\$19.20	\$19.30	\$20.40	6%
PG/PD	n/a	\$14.20	\$16.00	13%
PMP	\$7.00	\$7.50	\$8.70	16%

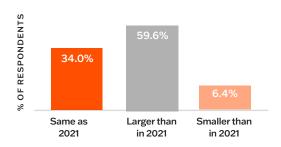
Not surprisingly, the IO channel continues to hold the top spot in terms of pricing due to the premium nature of the direct sold inventory. As more ad dollars move to the PG/PD channel, it's likely to converge with IO pricing.

For those thinking that programmatic is eating away at the traditional IO business, that's not what publishers are expecting. They're slightly more bullish on IO spend growth over the programmatic channels.

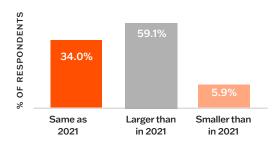
In 2022, what are your expectations for your IO based revenue



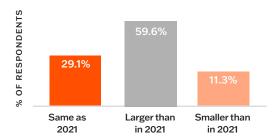
In 2022, what are your expectations for your Programmatic Guaranteed based revenue



In 2022, what are your expectations for your PMP (deal-id, PD, PA) based revenue



In 2022, what are your expectations for your Programmatic Open Auction based revenue



Diving into the pricing by channel and category provides a more nuanced story on what was driving the pricing growth.

IO Pricing Trends

CATEGORY	2019	2020	2021	YOY
Ad Networks	\$13.40	\$8.70	\$13.20	50.8%
Auto	\$18.40	\$20.70	\$16.30	-21.4%
Careers and Education	\$18.40	\$23.30	\$21.90	-6.2%
CPG	\$18.70	\$18.40	\$17.80	-3.1%
Entertainment	\$19.90	\$19.10	\$20.20	5.5%
Financial Services & Insurance	\$17.70	\$18.80	\$23.90	27.1%
Government	\$35.10	\$23.20	\$21.20	-8.6%
Health and Wellness	\$18.70	\$20.90	\$21.10	1.1%
Others	\$16.60	\$24.80	\$16.10	-35.1%
Personals & Social Services	\$14.20	\$14.80	\$16.50	11.3%
Real Estate		\$25.00	\$35.20	40.9%
Retail	\$20.60	\$18.20	\$18.70	3.1%
Technology & Telecom	\$16.20	\$18.90	\$19.10	1.0%
Travel and Transportation	\$22.00	\$22.40	\$22.10	-1.6%
IO Total	\$19.20	\$19.30	\$20.40	5.7%

Last year demand picked up significantly in Professional Services (50.9%) followed by Ad Networks (50.8%) and Real Estate (40.9%). However the highest CPMs come from Real Estate (\$35.20), Financial Services/Insurance (\$23.90) and Travel/Transportation (\$22.10) categories. These trends are reflective of the overall economy with the housing boom, consumers returning to travel and competitive financial & insurance markets. On the flip side, the declines in pricing were steep with the Other category (-35.1%) dropping the most followed by Autos (-21.4%) and Careers/Education (-6.2%)

PG/PD Pricing Trends

The Programmatic Guaranteed & Preferred Deal types are new from Google with nascent but increasing usage. These channels really came to life in the last two years so these are early, emerging pricing trends.

CATEGORY	2020	2021	YOY
Ad Networks	\$5.40	\$6.40	18.8%
Auto	\$11.00	\$14.20	29.4%
CPG	\$14.20	\$18.10	27.2%
Entertainment	\$16.80	\$16.60	-1.3%
Financial Services and Insurance	\$12.00	\$8.60	-28.4%
Government	\$12.70	\$8.00	-37.1%
Health and Wellness	\$17.60	\$20.60	17.5%
Others	\$12.60	\$6.80	-46.3%
Retail	\$12.50	\$15.30	22.5%
Technology & Telecom	\$18.30	\$20.70	13.0%
Travel and Transportation	\$10.90	\$5.50	-49.7%
Total	\$14.20	\$16.00	12.8%

While only two years of data doesn't provide a great trend, Autos (+29.5%), CPG (+27.2%), Tech/Telco (+22.5%) lead the way in YoY increase. Interestingly CPG and Tech/Telco PG/PD prices are higher than IOs in 2021 and also lead in programmatic total spend. Will this signal the shift in a larger trend away from IO for this category? Time will tell.

Traditional PMPs

PMP's are very fickle for publishers with most frustrated they're a land of unfulfilled promise. They're notorious for technical issues requiring troubleshooting, budgets that suddenly disappear, both making forecasting demand a challenge. They also represent the lowest tier of CPM for direct sold inventory but above the typical open exchange rates a publisher can expect.

CATEGORY	2020	2021	YOY
Ad Networks	\$3.20	\$5.00	58.1%
CPG	\$11.80	\$11.50	-2.0%
Entertainment	\$9.10	\$10.60	17.3%
Financial Services and Insurance	\$7.10	\$6.70	-5.3%
Others	\$6.10	\$6.30	3.1%
Retail	\$6.60	\$16.10	142.7%
Technology & Telecom	\$3.90	\$9.70	147.6%
Totals	\$7.50	\$8.70	15.3%

Tech/Telco (+147.6%), Retail (142.7%) and Ad Networks (+58.1%) lead the charge in PMP rates echoing a similar trend in PG/PD rates. Tech/Telco and Retail are often direct response buyers with large budgets hence the stronger pricing for preferred PMP inventory. Overall not much downward pricing changed in the PMP market last year.

When looking at PMP by prices by product type, unsurprisingly Video takes the top spot with Mobile catching up to Desktop Display.

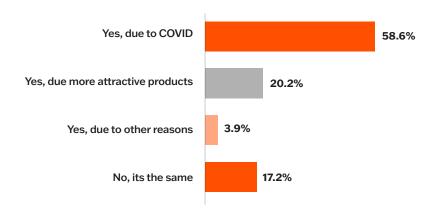
PRODUCT TYPE	2020	2021	YOY
Desktop Display	\$8.46	\$8.43	0%
Mobile	\$7.77	\$8.58	10%
Video	\$15.32	\$17.67	15%

For the cohort of digital publishers in this study, the overall PMP revenue increased a modest 2.3% from 2020 to 2021.

Sponsorship Pricing Trends

Sponsorships are usually reserved for direct sales teams and command strong prices for their exclusivity. While CPM trends aren't available in this study, our survey found that over 80% of publishers report a decline in Sponsorship CPMs with the majority related to Covid. This is somewhat surprising as one might think there were less sponsorship opportunities available due to changes in sports and other tentpoles and anchors. Apparently any decreased supply didn't result in increased pricing.

Are you seeing a decrease in CPMs for sponsorship products?

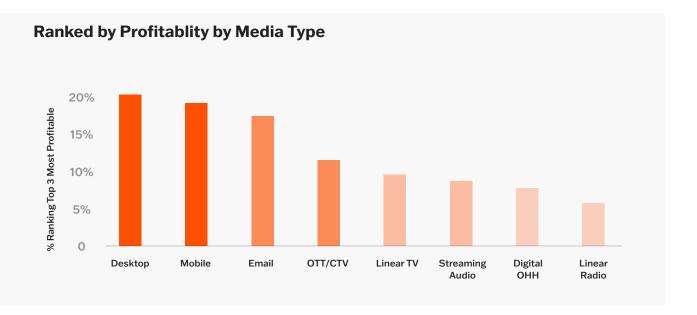




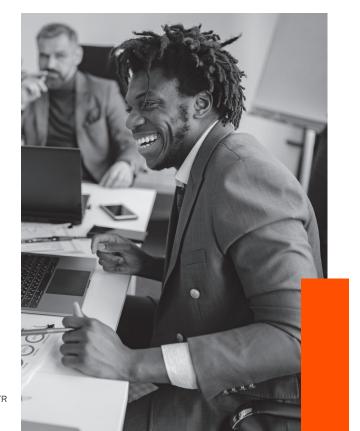


SHOW ME THE \$\$\$!

While pricing trends are favorable for digital media companies and many native digital companies reached profitability in the last two years, where is the healthy business coming from? Publishers provided insights into specific ad formats driving their profitability.



Desktop and Mobile provide the highest profitability according to publishers closely followed by Email and OTT/CTV. While Desktop and Mobile's likely huge supply and mix of buying channels enables profitability, Email is surprisingly close. In the last few years Email has been a popular add-on product for native digital publishers while it's been a starter product for wildly successful new digital players such as The Skimm and Morning Brew. Digital OOH is another popular add-on for publishers innovating with new digital formats which we predict will grow in popularity.

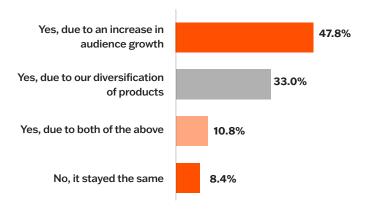




PODCASTS PROVED THE SKEPTICS WRONG

While many wondered if podcasts would suffer as more consumers worked from home, the opposite is proving true. The US podcast market grew 38% YoY to \$1.3B and is expected to grow 30% exceeding \$2B in 2022 (Insider Intelligence) indicating this new format is here to stay. Both startups and established media companies rushed into this new format. Revenue growth for podcasting was strong with over 80% of podcast publishers citing strong growth from 2020-2021 driven by larger audiences and new products.

Did you see an increase in podcast/audio revenue within the last year?



Podcasts command a premium over digital display products by 206%. CPMs have leveled off around \$24 over the last three years. Keep in mind these are averages and street conversations indicate advertisers are willing to spend significantly higher rates for big name podcasters with large audiences. We estimate podcast rates are now comparable or better than traditional linear audio due to to their scarcity.

	2019	2020	2021
Podcast CPMs	\$24.30	\$24.10	\$23.90

This is still a nascent market and we expect continued growth and innovation in ad formats with dynamic ad insertion leading the charge.



ABOUT THIS REPORT

The insights in this report were derived from two sources. We analyzed a cohort of primarily digital U.S. based media companies within the Boostr platform from January 2019 to December 2021. Additionally, we conducted a survey of 200 media executives across sales, ad operations, revenue operations, finance and marketing functions.

ABOUT BOOSTR

Boostr is the only platform that seamlessly integrates CRM, OMS and Commissions capabilities to address the unique challenges of media advertising. With Boostr, companies gain the unified visibility necessary to effectively manage, maximize and scale omnichannel ad revenue profitability with user-friendly workflows, actionable insights, and accurate forecasting.

For more information about Boostr, visit www.boostr.com.

