EUROPEAN PROGRAMMATIC MARKET SIZING 2017

REPORT

SEPTEMBER 2018

DEFINING PROGRAMMATIC

Advertising spend that is generated through transactional or workflow automation mechanisms embedded in an infrastructure that relies on a set of rules applied by software and algorithms that draw on data, commonly known as ‘ad tech’. Following the IAB’s proposed taxonomy, ‘programmatic’ here is an aggregate category that is composed of four discrete transactional models, each of which we consider a sub-set:

1. Automated Guaranteed
2. Unreserved Fixed Rate
3. Invitation-Only Auction
4. Open Auction.

Advertising spend is recognised as ‘programmatic’ whenever any of those mechanisms applies, irrespective of the inventory owner’s awareness of their involvement. This means that revenue is also considered programmatic if inventory that is originally sold to an intermediary through non-programmatic means (e.g. agency bulk buying) is re-sold to an end-buyer programmatically. Revenue is recognized as programmatic irrespective of whether the inventory owner acts directly or indirectly via an intermediary.

Market totals and definitions adhere to the IAB Europe Adex Benchmark, our annual study of overall digital ad spend, in order to ensure like-for-like comparability. All spend is recorded as gross (after discounts, before agency commission).

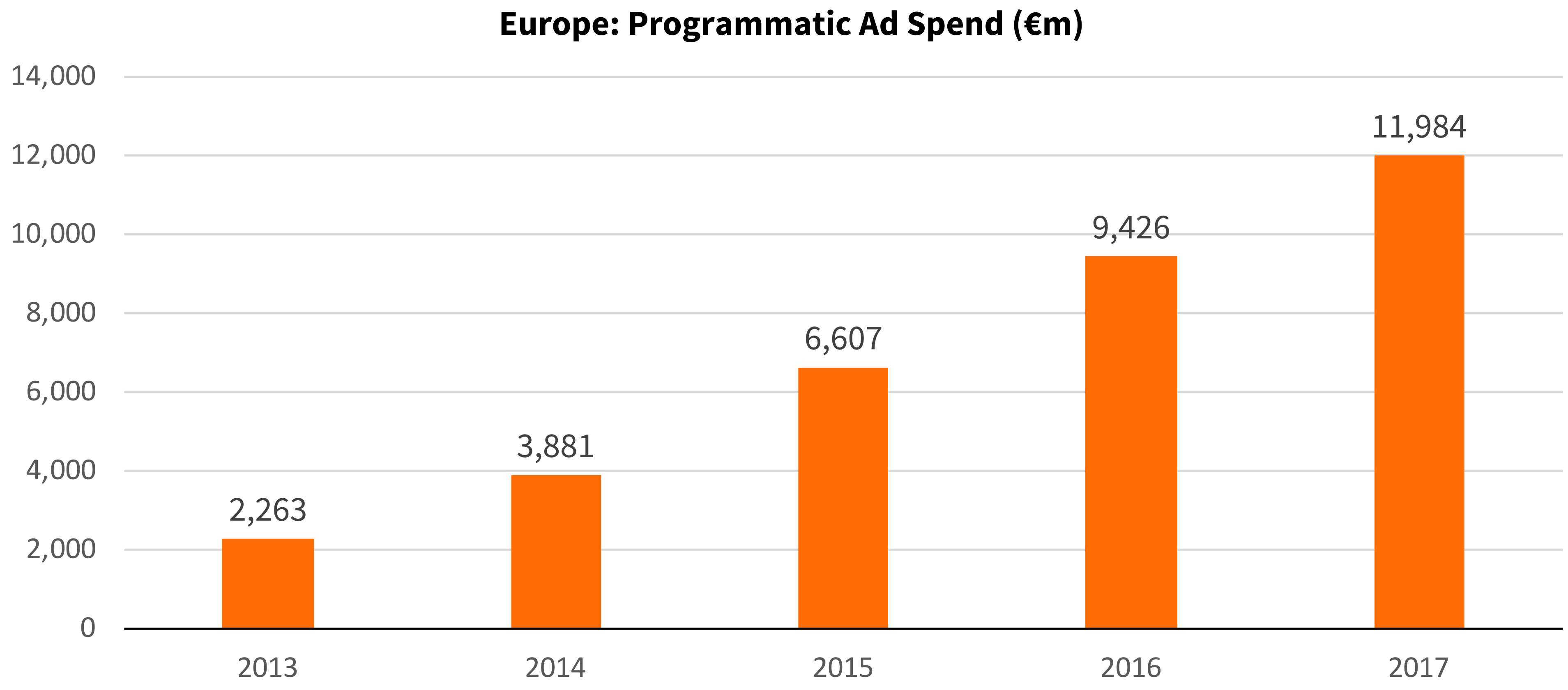
Data includes spend in Europe both on local/national media owner properties, and on global players like Facebook and Google.

Market coverage

- Austria
- Belgium
- Belarus
- Bulgaria
- Czech Republic
- Croatia
- Denmark
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Netherlands
- Norway
- Poland
- Russia
- Romania
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- UK

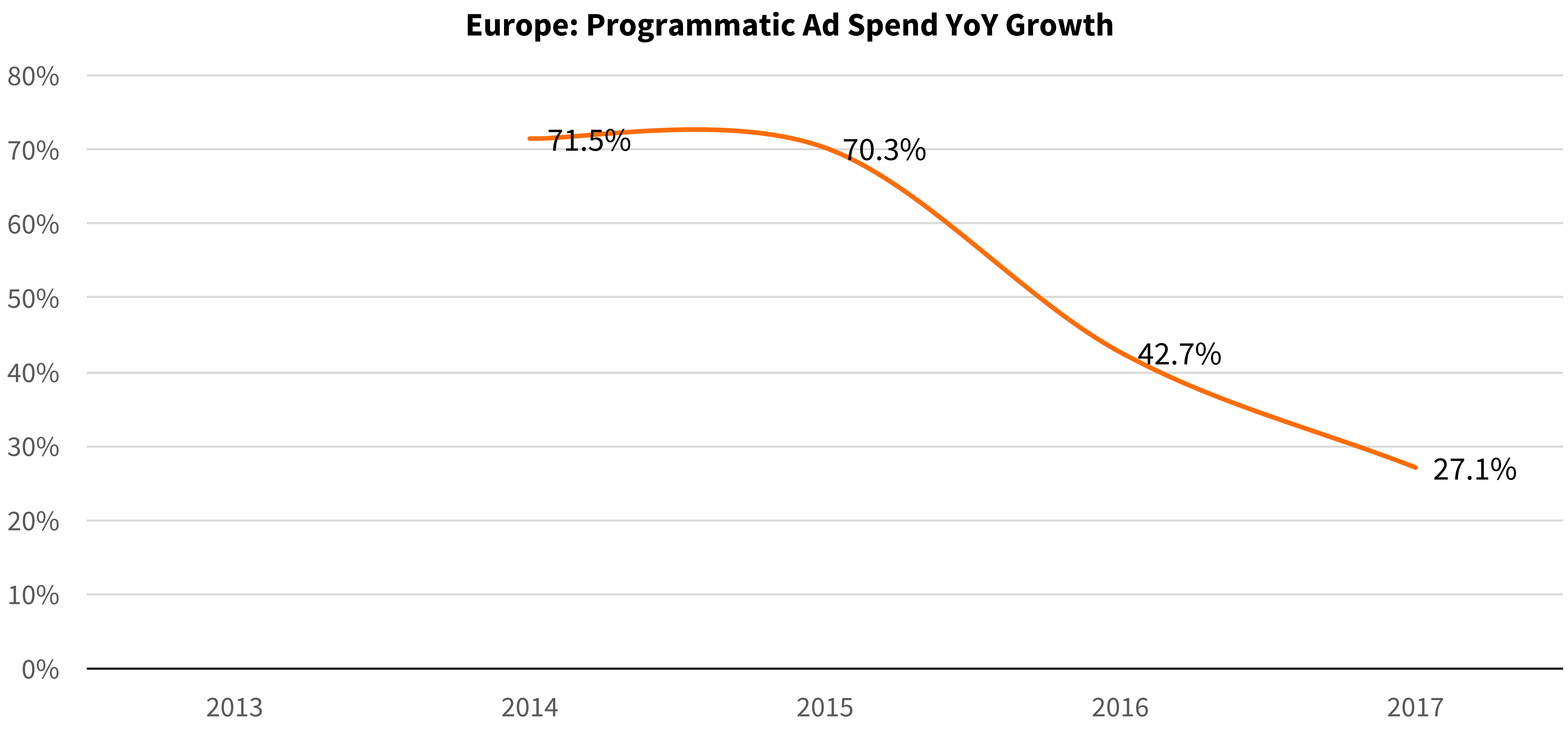
Source: IAB Europe & IHS Markit

European programmatic advertising is a €12bn market



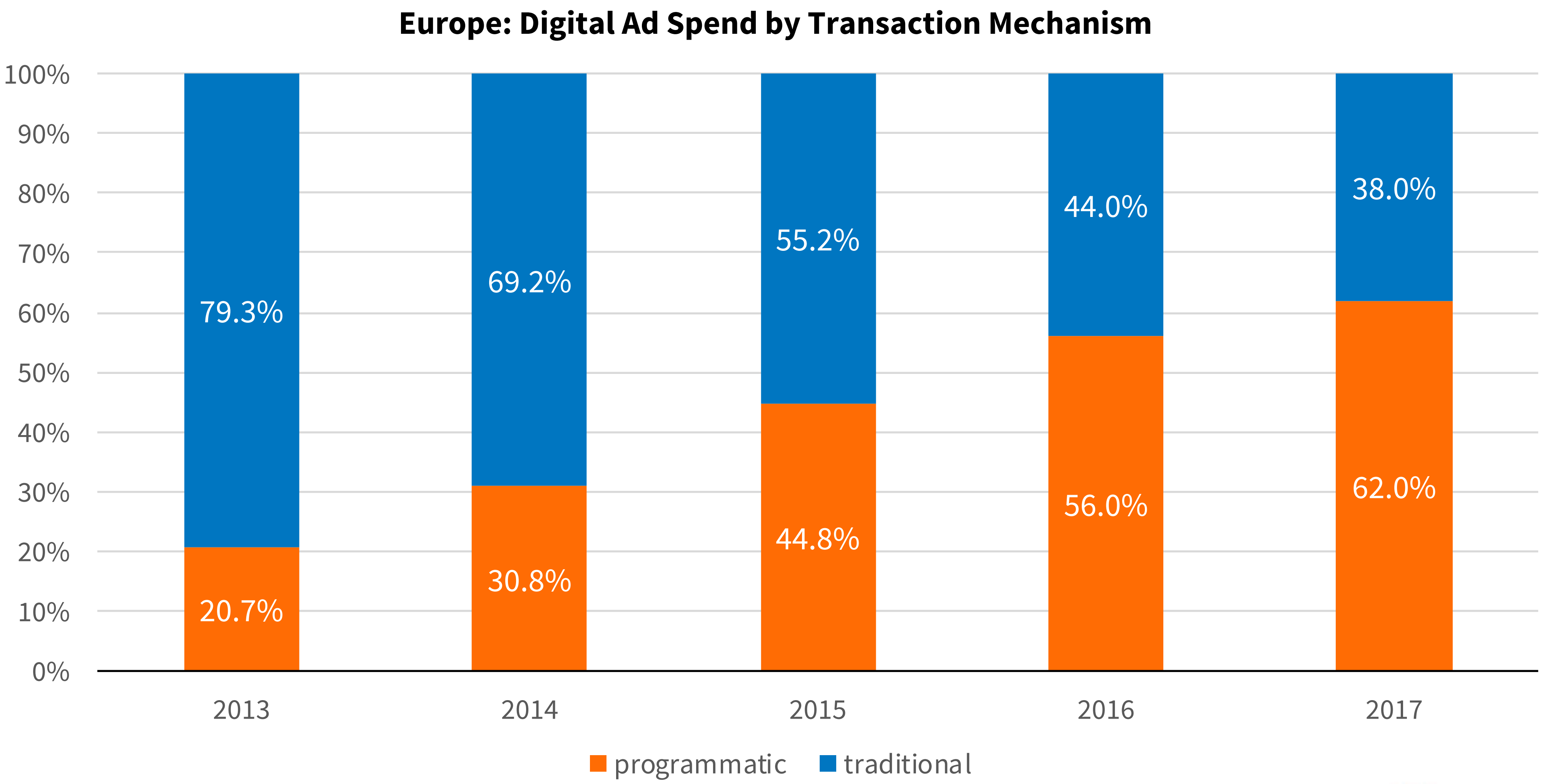
Source: IAB Europe & IHS Markit

Growth still double-digit but slowing as programmatic rapidly matures



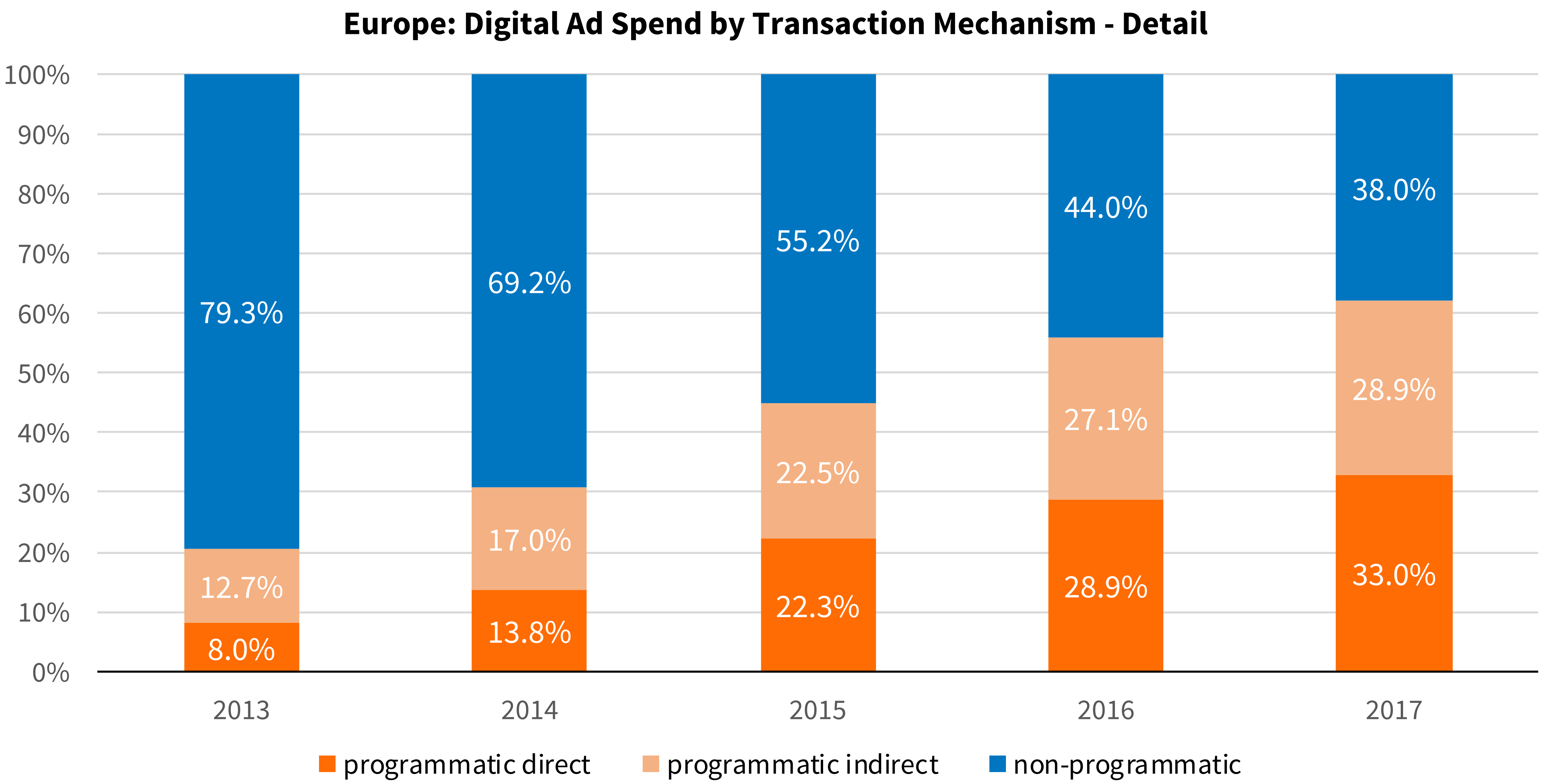
Source: IAB Europe & IHS Markit

Traditional vs programmatic ad spend



Source: IAB Europe & IHS Markit

Programmatic direct attracts the most programmatic spend



Source: IAB Europe & IHS Markit

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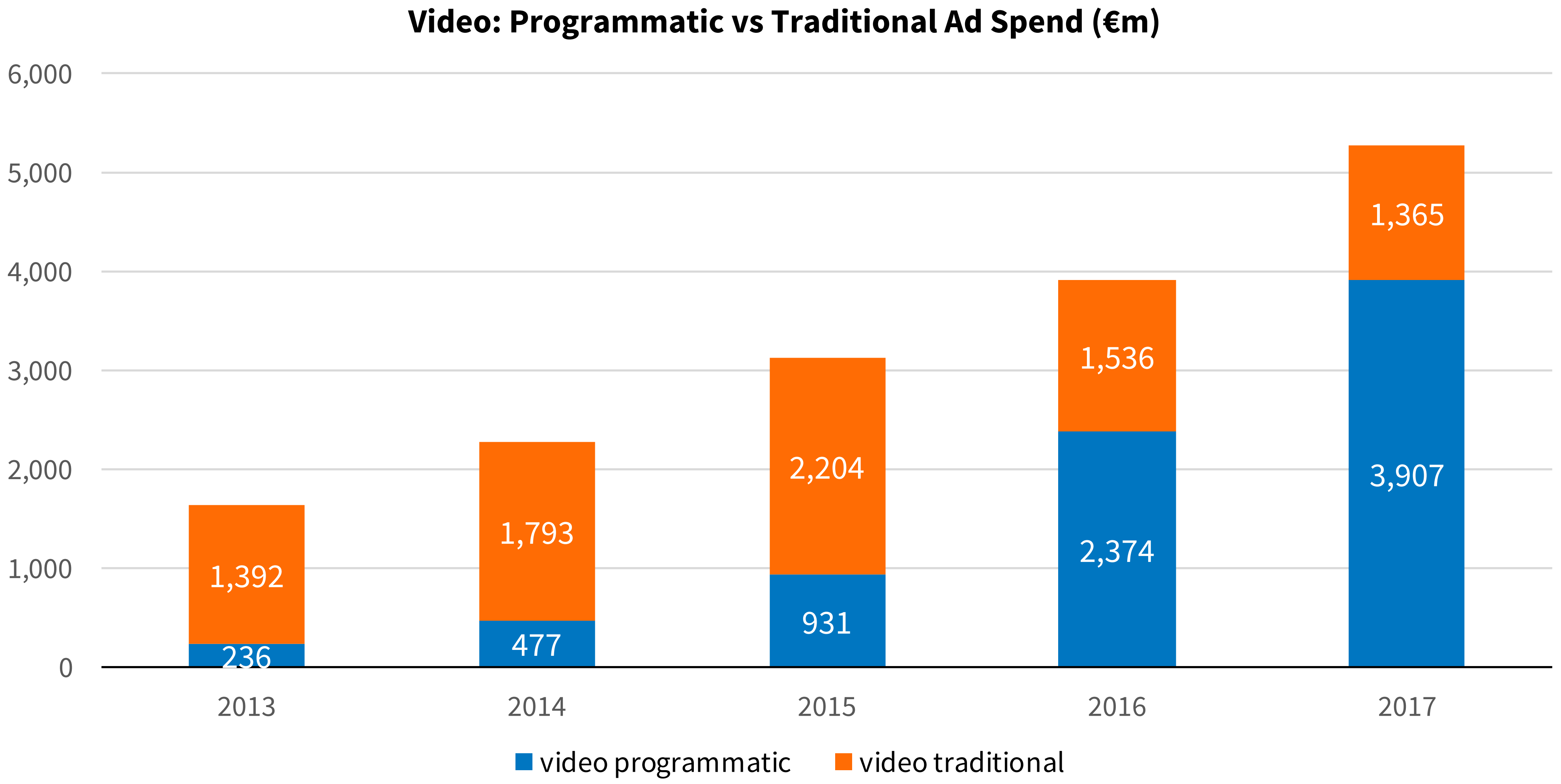
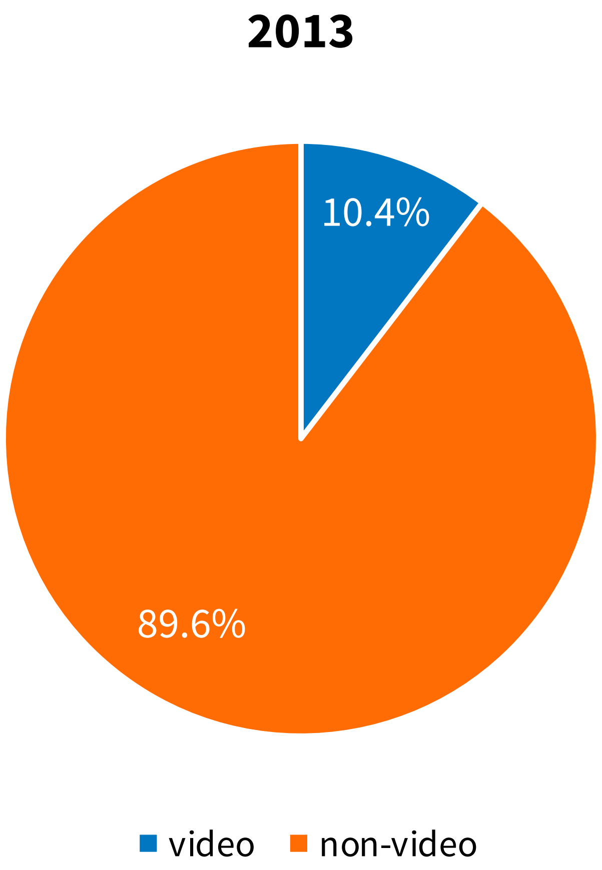
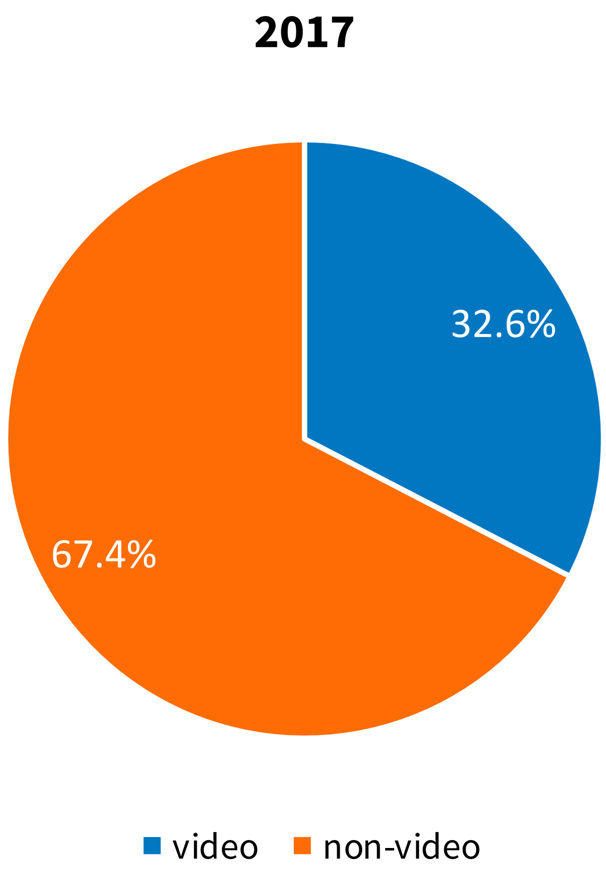
Programmatic drives the video ad market in Europe, which is now programmatic-first



Source: IAB Europe & IHS Markit

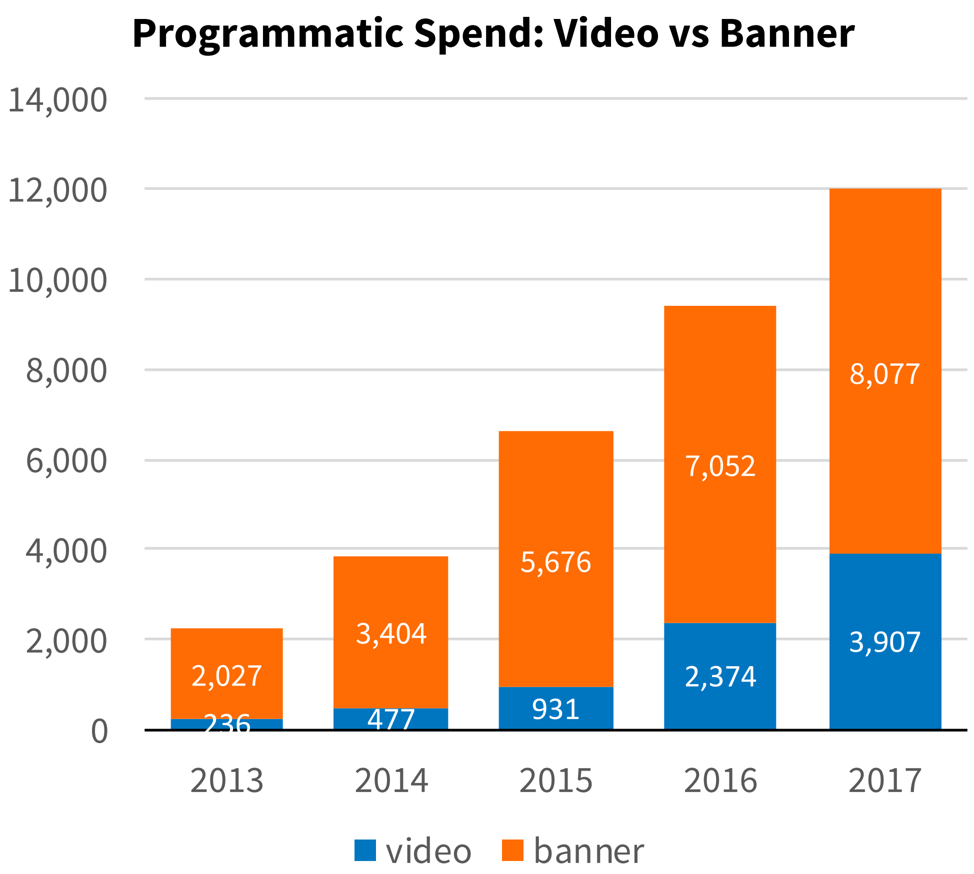
1/3 of programmatic ad spend is video

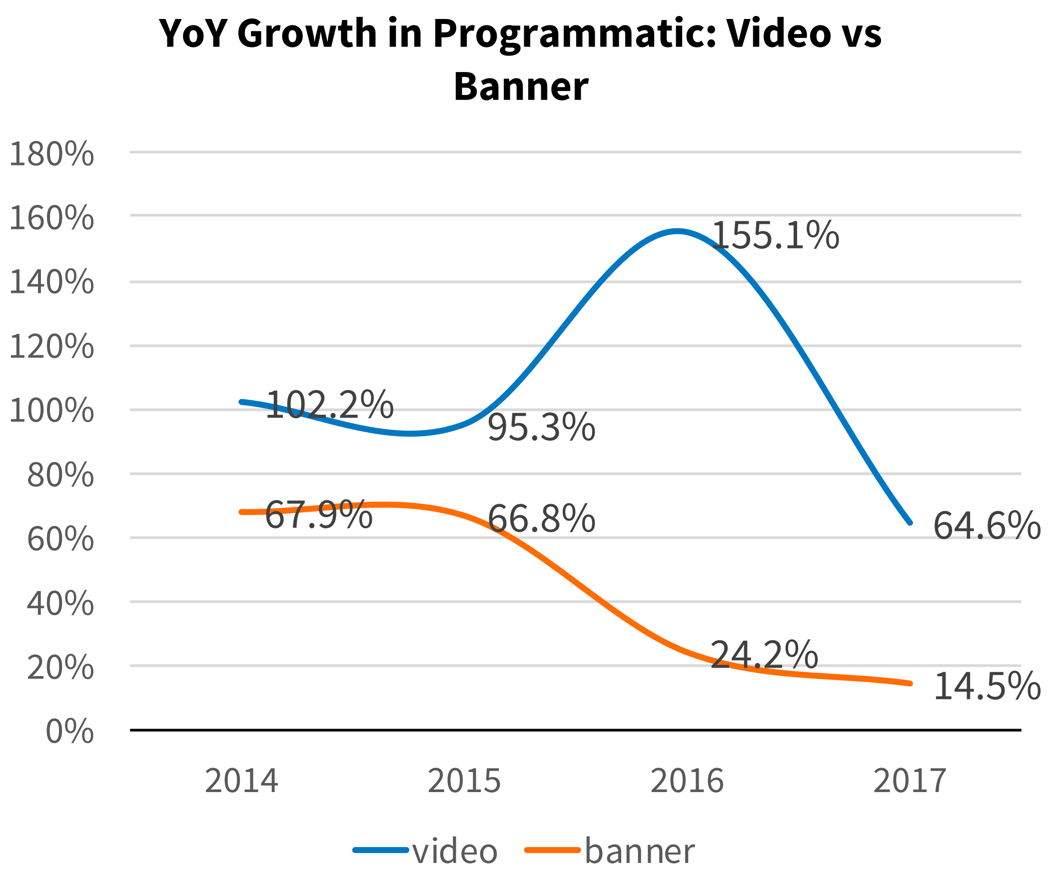




Source: IAB Europe & IHS Markit

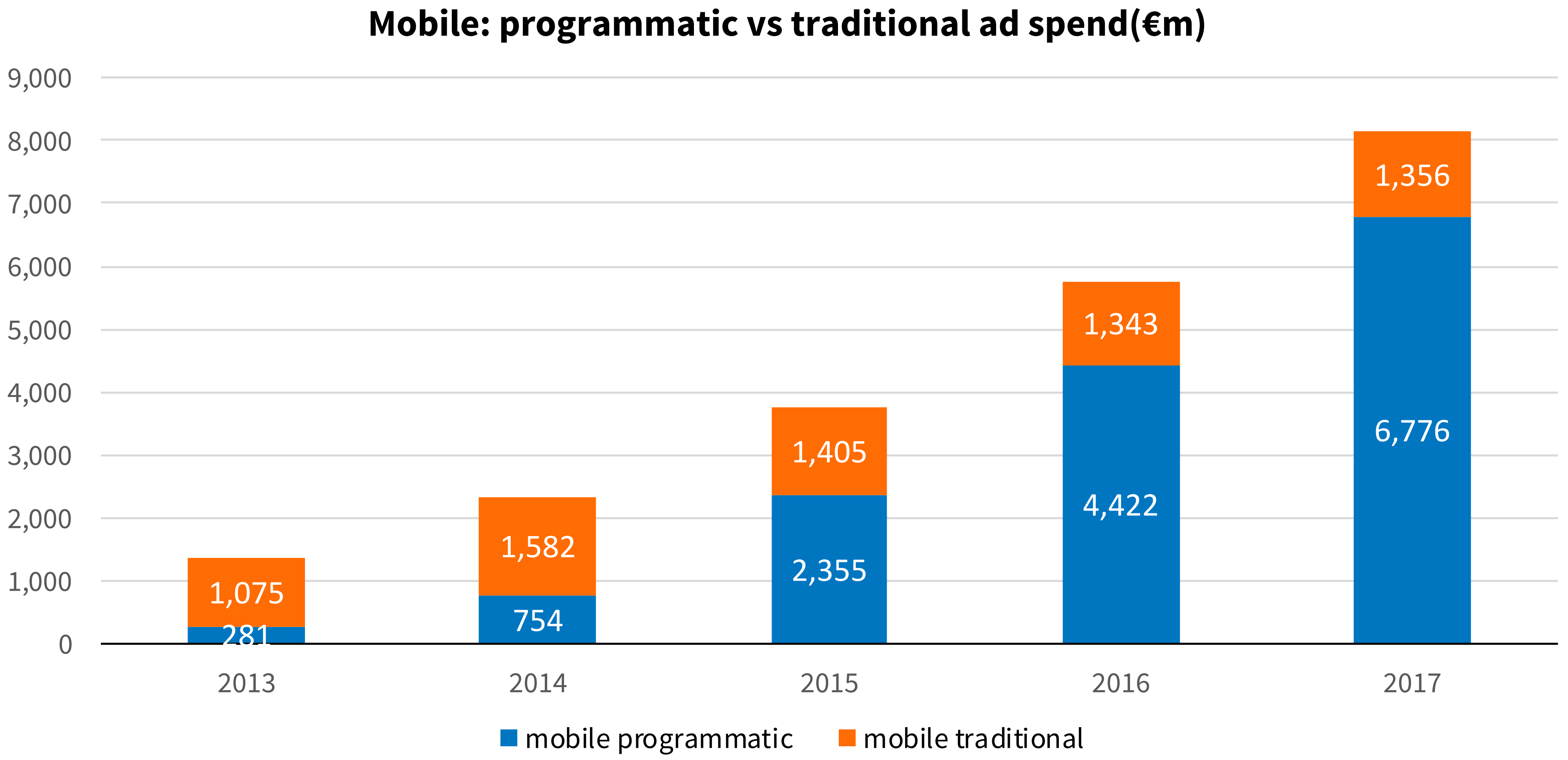
Programmatic video is a €4bn market, growing 4.5x faster than banner in 2017





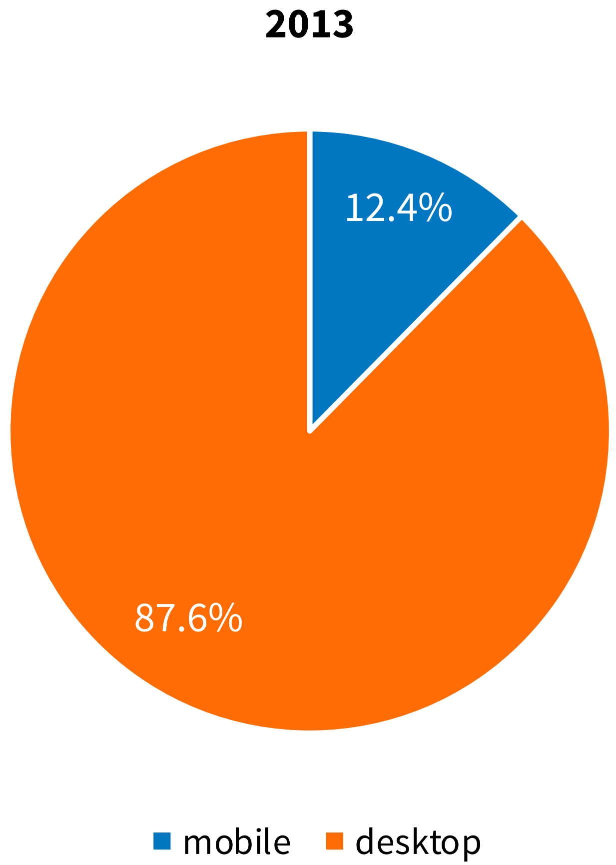
Source: IAB Europe & IHS Markit

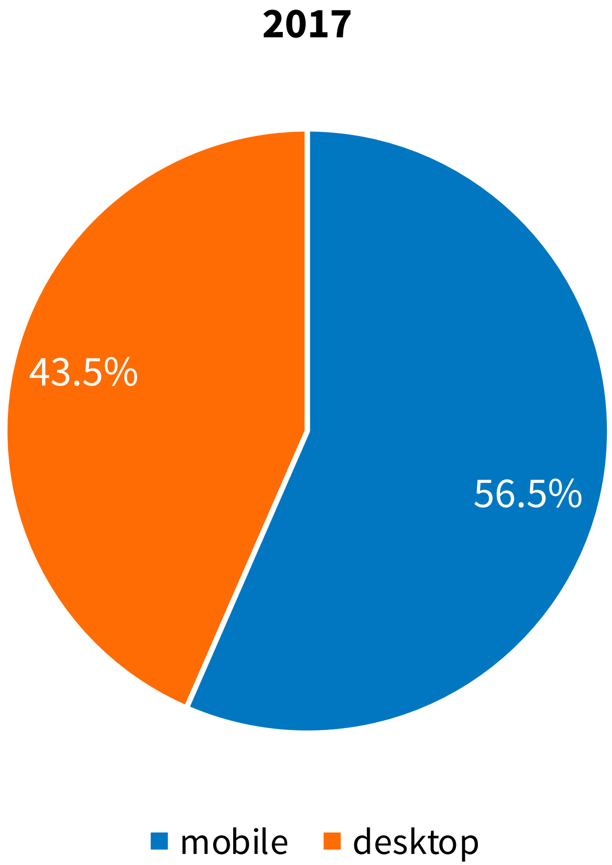
Programmatic dominates the mobile ad market



Source: IAB Europe & IHS Markit

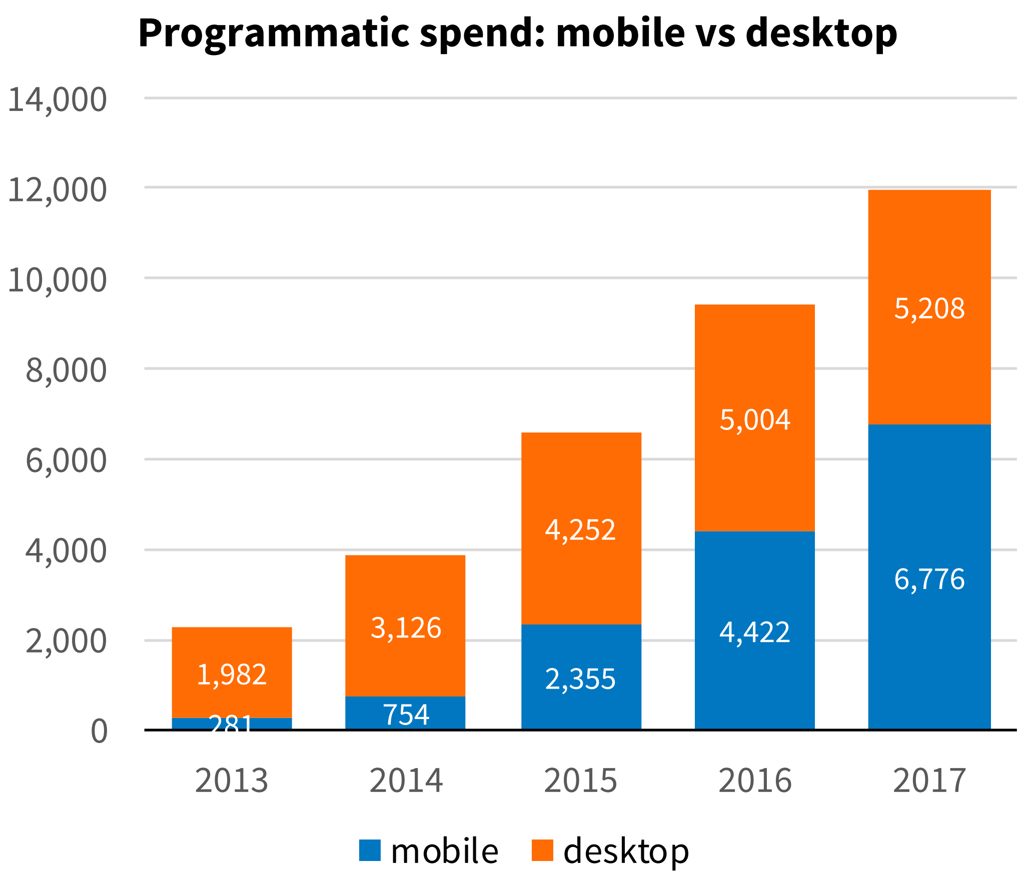
Rapid change: more than half of programmatic spend is now mobile

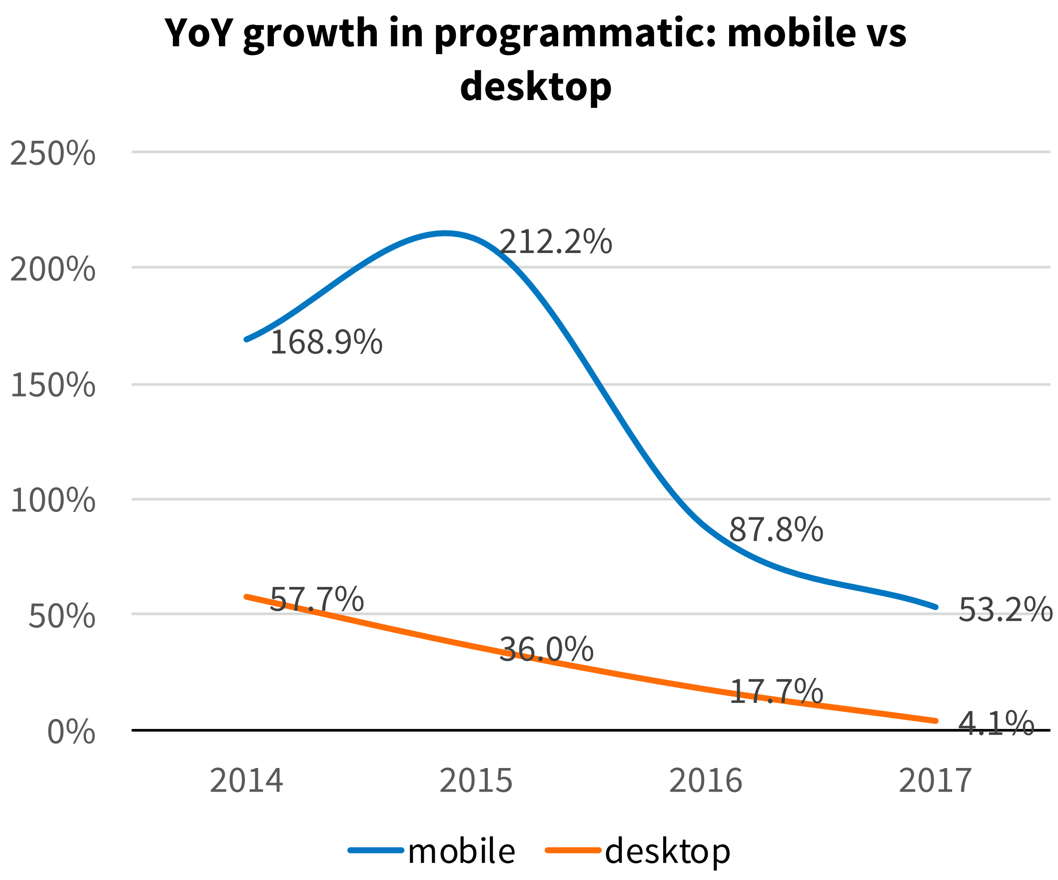




Source: IAB Europe & IHS Markit

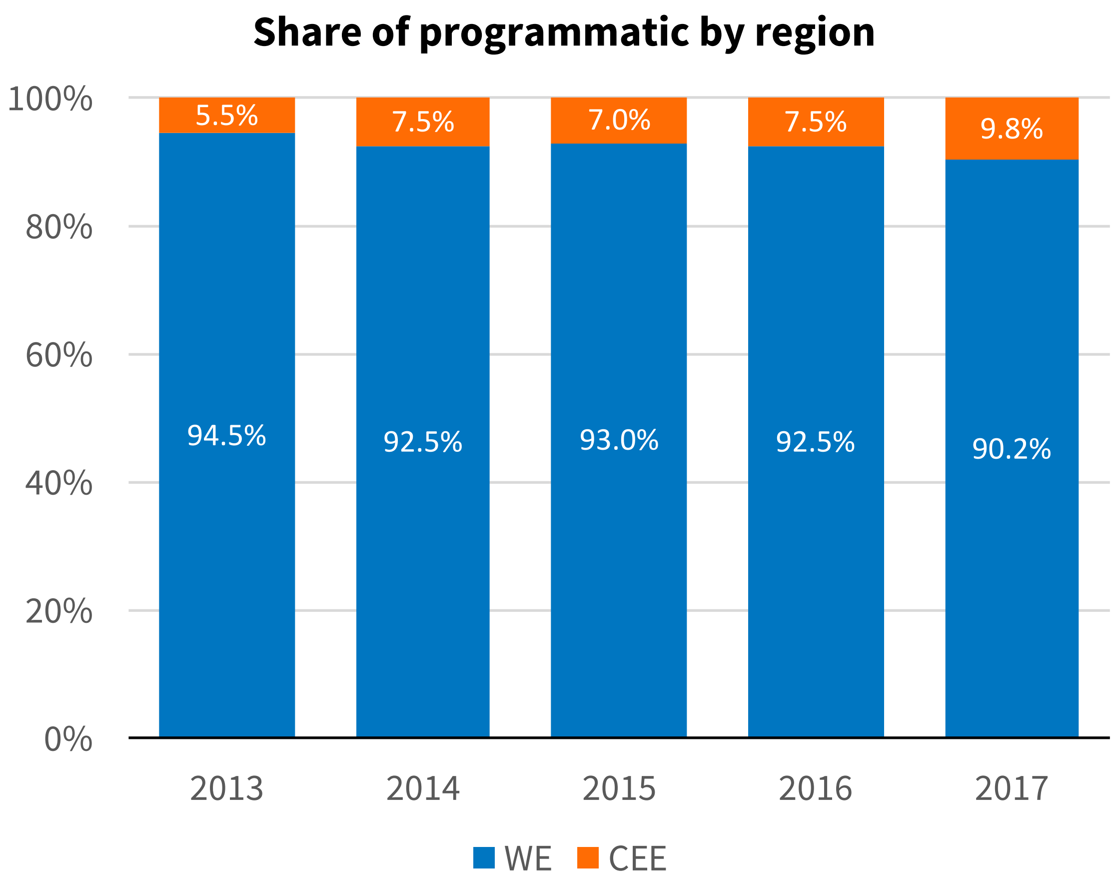
€6.7bn of programmatic spend is mobile, desktop growth nearly flat

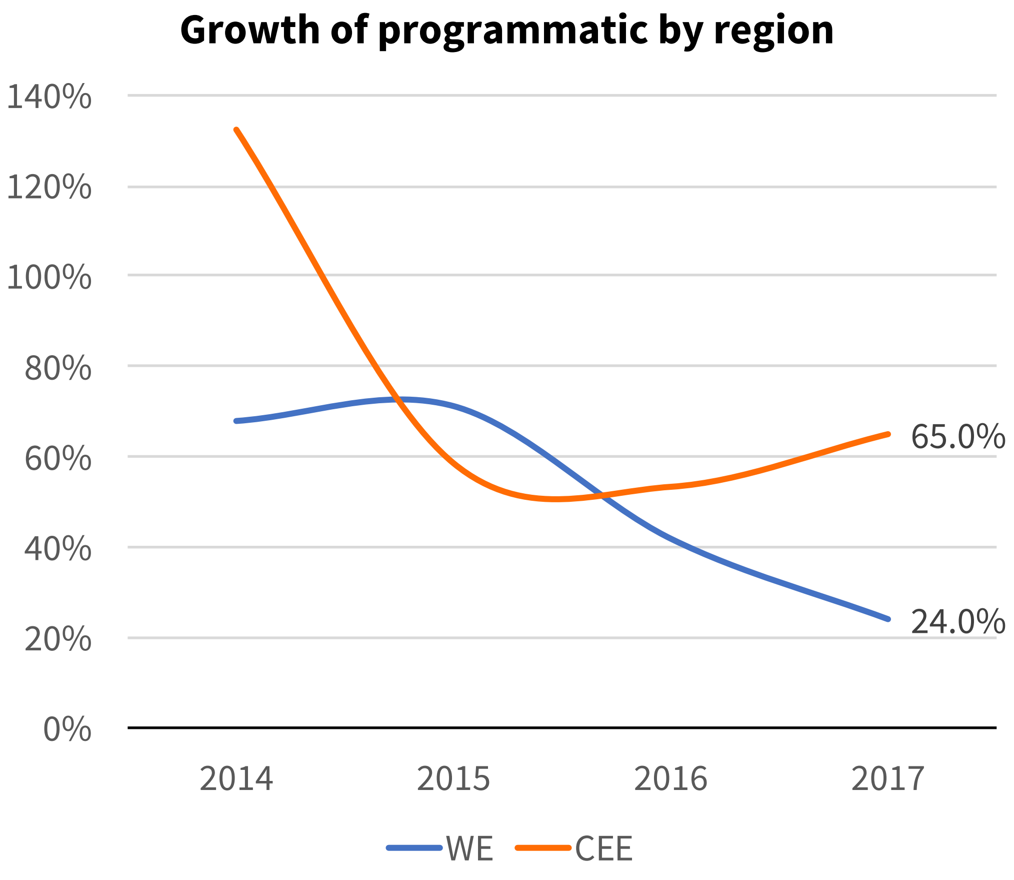




Source: IAB Europe & IHS Markit

Programmatic trends between Western and Central & Eastern Europe





Source: IAB Europe & IHS Markit

METHODOLOGY

- This study is based on raw data submitted by national IABs. Data has been edited and supplemented to ensure a full market picture and like-for-like comparison.
- Out of the 27 IABs, each representing a country, 16 IABs provided data on programmatic spend, 9 IABs submitted data on programmatic video spend, and 4 reported programmatic mobile spend.
- We have harmonised the data submitted by local IABs to ensure they refer to the same rate (gross media owner revenue), and cover the same spectrum of market participants, formats and buying models.
- Coverage gaps (no or only partial reporting) have been filled with estimates from IHS Markit's Advertising Intelligence database, and custom econometric modelling.

Schematic illustration of market sizing process

Collect
- Raw data provided by national IAB for country A
- Raw data provided by national IAB for country B
- No data provided by national IAB for country Z

Check
- all formats (mobile, video, banner) included?
- Google/Facebook/ global platforms counted as programmatic?
- correct rate (gross spend on media owners?

Define
- harmonise definitions & rates

Model & adjust
- Google/Facebook /global platform models
- Programmatic mobile model
- Overall programmatic model
- Programmatic video model

Benchmark
- compare country trends
- reference with CPM/CPC & inventory data
- expert validation

Publish

Source: IAB Europe & IHS Markit

**models based on total digital ad spend/subsegments per market, structural market factors, CPM/CPC & inventory trends, similarities with markets that have provided full information)*

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ABOUT IAB EUROPE

IAB Europe is the leading European-level industry association for the digital advertising ecosystem. Its mission is to promote the development of this innovative sector and ensure its sustainability by shaping the regulatory environment, demonstrating the value digital advertising brings to Europe's economy, to consumers and to the market, and developing and facilitating the uptake of harmonised business practices that take account of changing user expectations and enable digital brand advertising to scale in Europe.

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