



adex

Benchmark 2015

AdEx Benchmark 2015 Interact Presentation
11th May 2016

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A background image showing a person's hands using a laptop and a smartphone. The scene is overlaid with a semi-transparent orange diagonal shape. A white rectangular box is centered over the image, containing the text 'About the study'.

About the study

A meta analysis of online ad spend in Europe

GROSS



Revenue Billed

NET



Revenue Billed
No Agency commissions

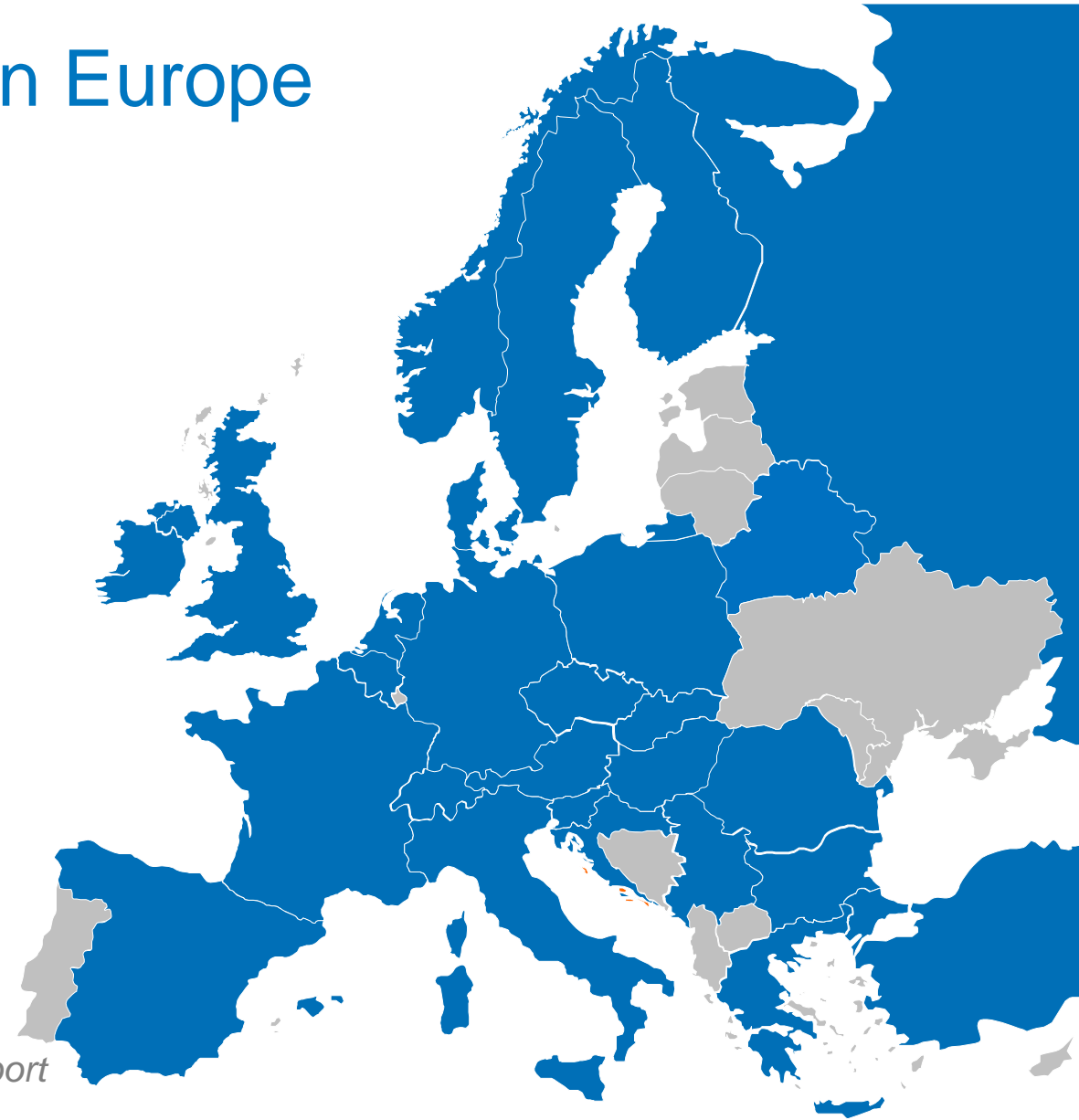
RATECARD



Campaigns x
Ratecard

Submissions from 27 countries in Europe

- Austria
- Belarus
- Belgium
- 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



**Have not submitted in time for Interact, but will be included in the final report*

A background image showing a person's hands using a laptop and a smartphone. The scene is overlaid with a semi-transparent orange shape on the left side. A white rectangular box is centered over the image, containing the title text.

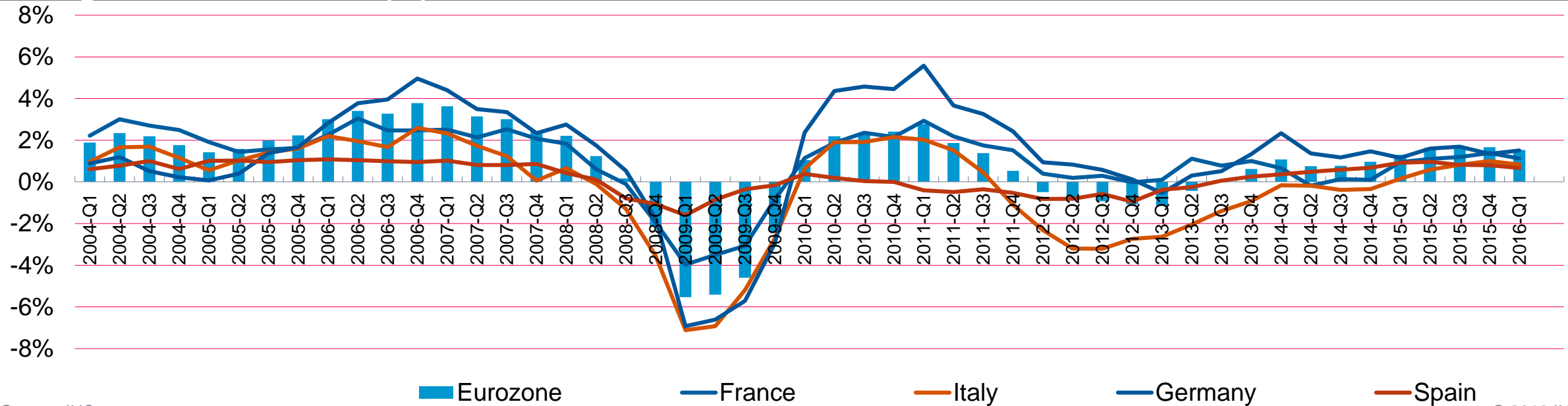
Big picture and context

The value of online advertising in 2015

€36.2bn

Acceleration in European GDP growth in 2015 boosts the online ad market

GDP growth in Eurozone (%)

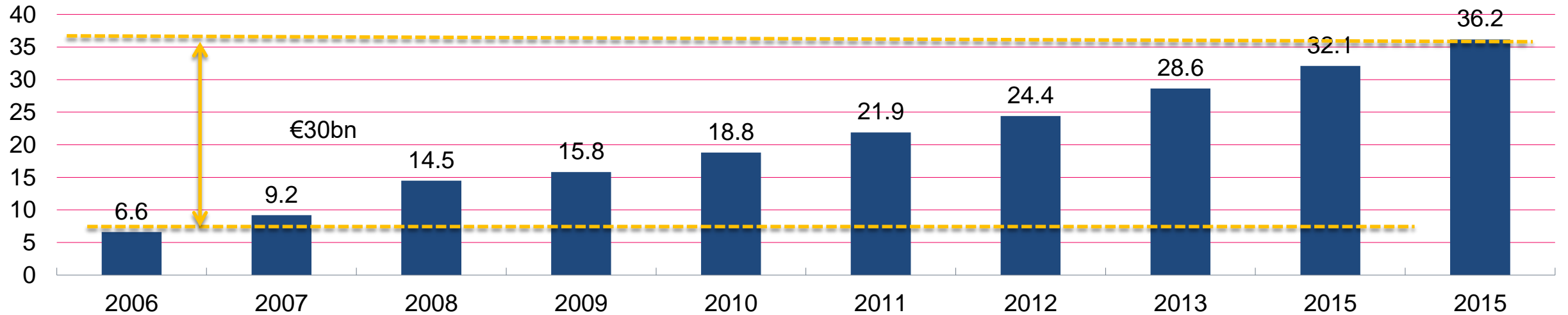


Source: IHS

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€30bn net addition to the online ad market in 10 years...

Total online advertising spend (€bn)

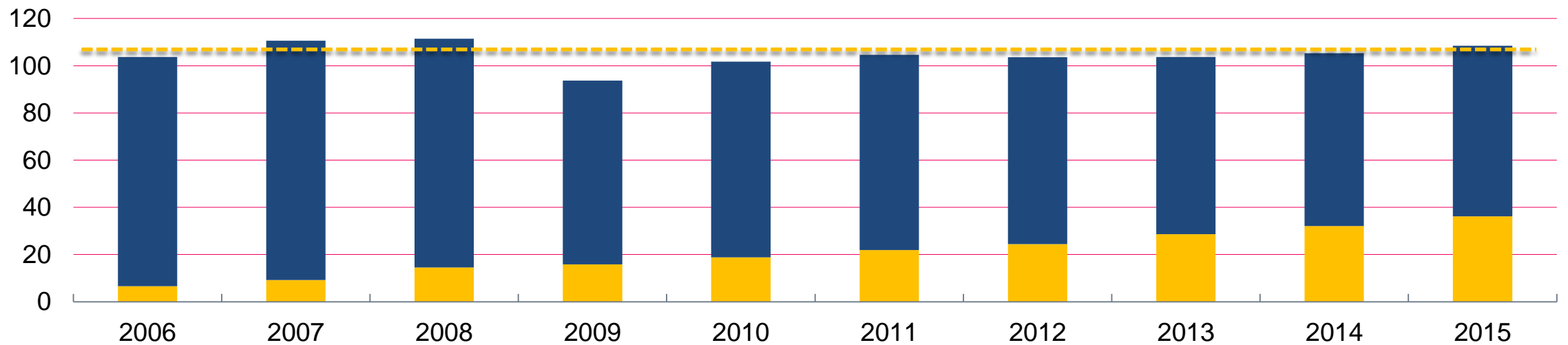


CAGR (2006-2015): +20.5%

Source: IAB Europe for 2011-2015; 2006-2011 retropolated based on IHS growth rates

...in an otherwise flat media advertising market

Ad spend by category in Europe in 2015 (€bn)



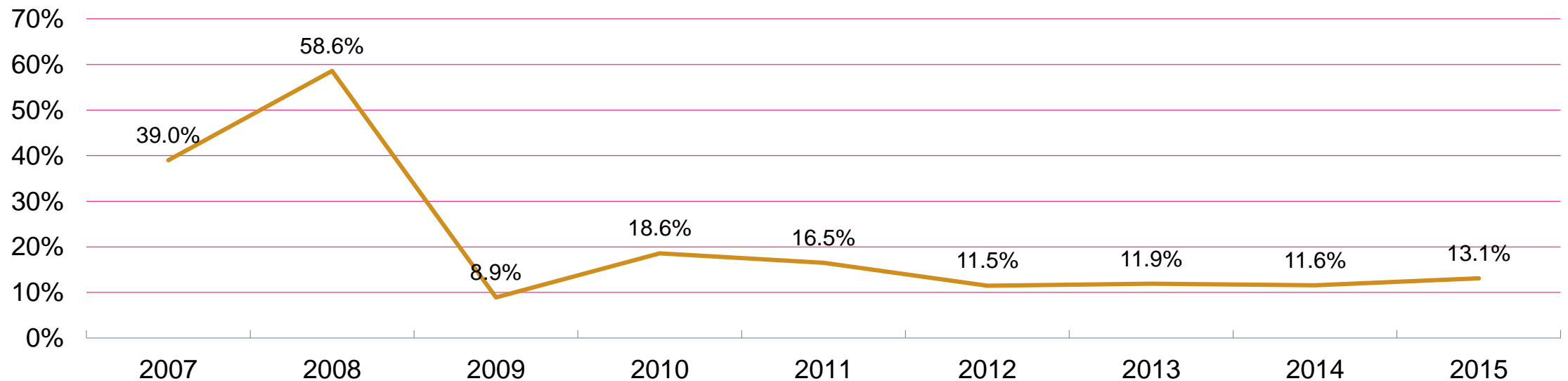
Source: IAB Europe for online and IHS for all other media

■ Digital ■ Traditional

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Double-digit growth throughout excluding blip in 2009

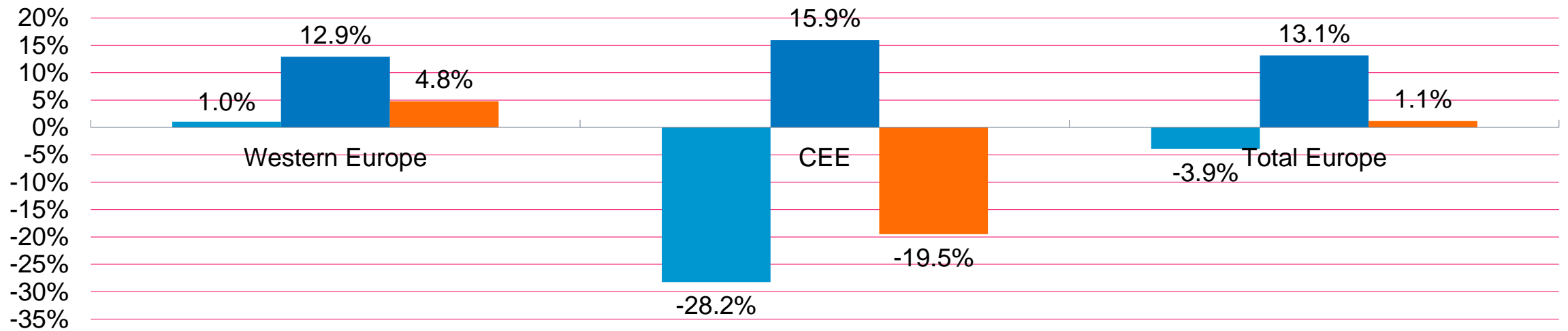
Online advertising year-on-year growth (%)



Source: IAB Europe and IHS

Online lifts a declining media advertising market in 2015

2015: advertising year-on-year growth (%)

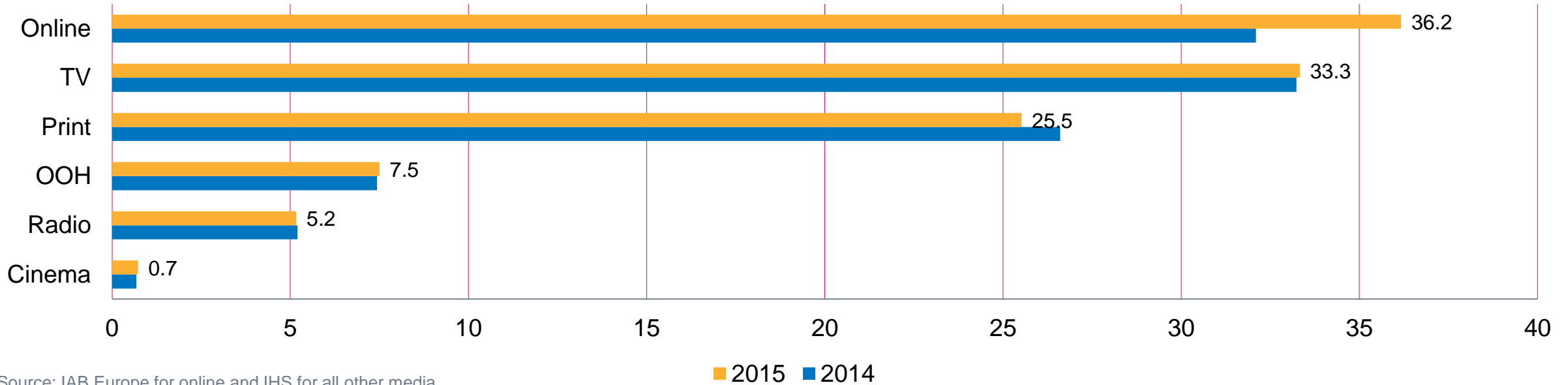


Source: IAB Europe for online and IHS for all other media

■ Total excluding online ■ Online ■ Total

Online overtakes TV to become the largest advertising medium in Europe

Ad spend by category in Europe in 2014 and 2015 (€bn)



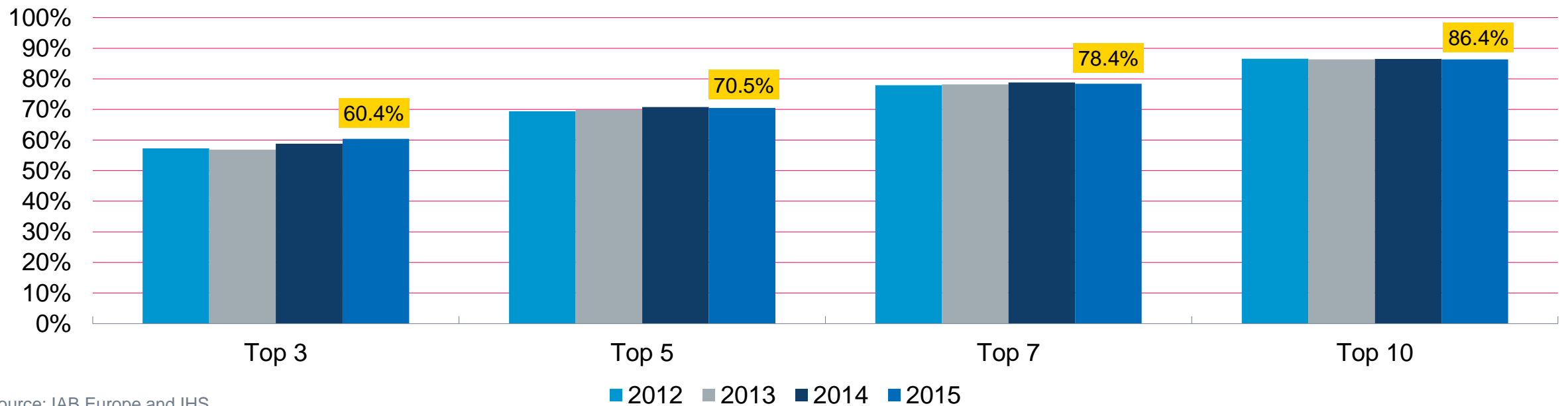
Source: IAB Europe for online and IHS for all other media



Markets

Top three markets still account for the lion's share of the European online advertising market

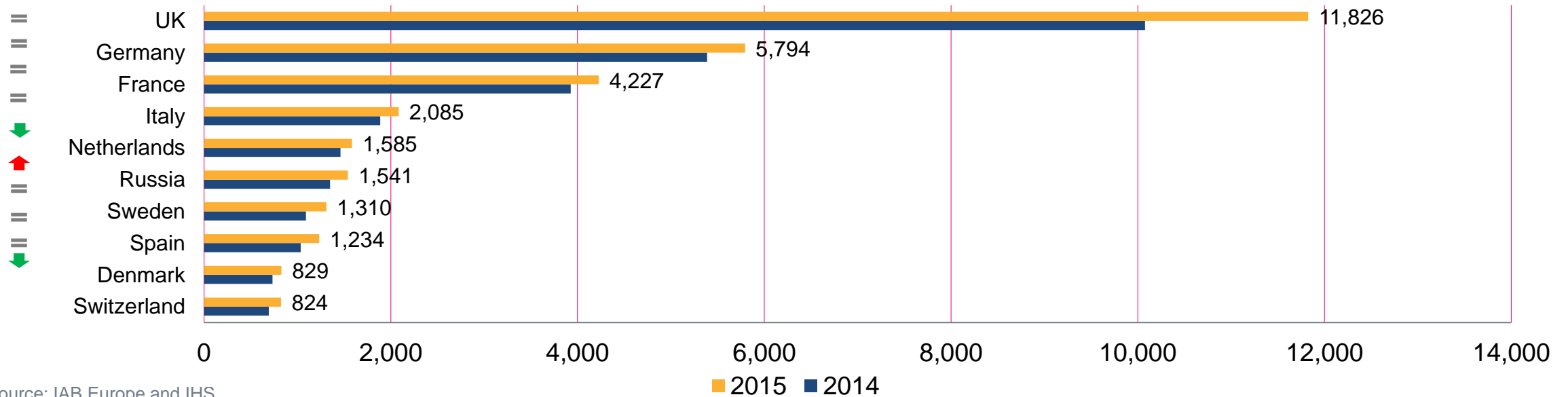
Share of European online ad revenue by market (%)



Source: IAB Europe and IHS

Top 10 online ad markets at a glance

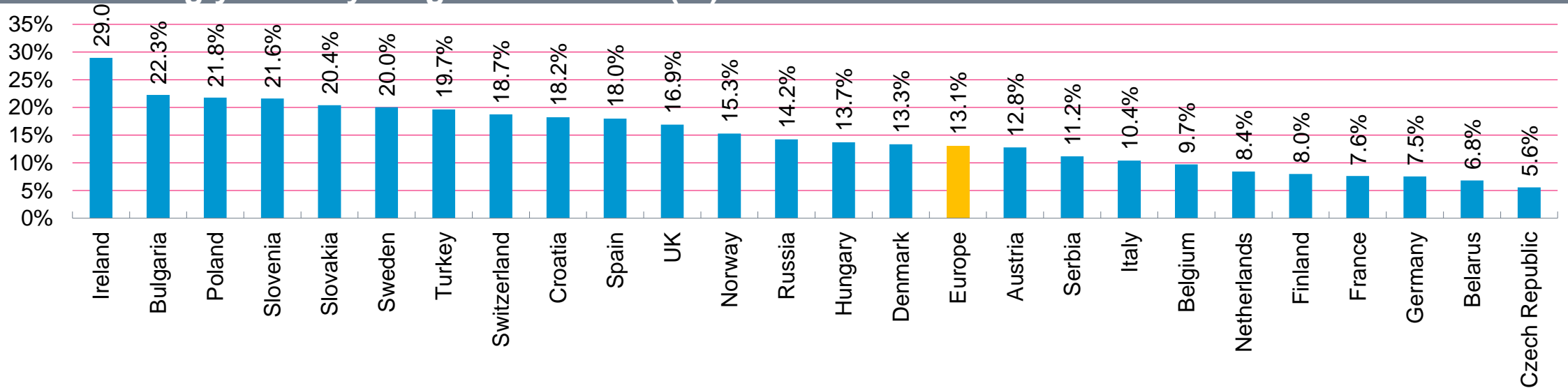
Top 10: total by country in 2014 and 2015 (€m)



Source: IAB Europe and IHS

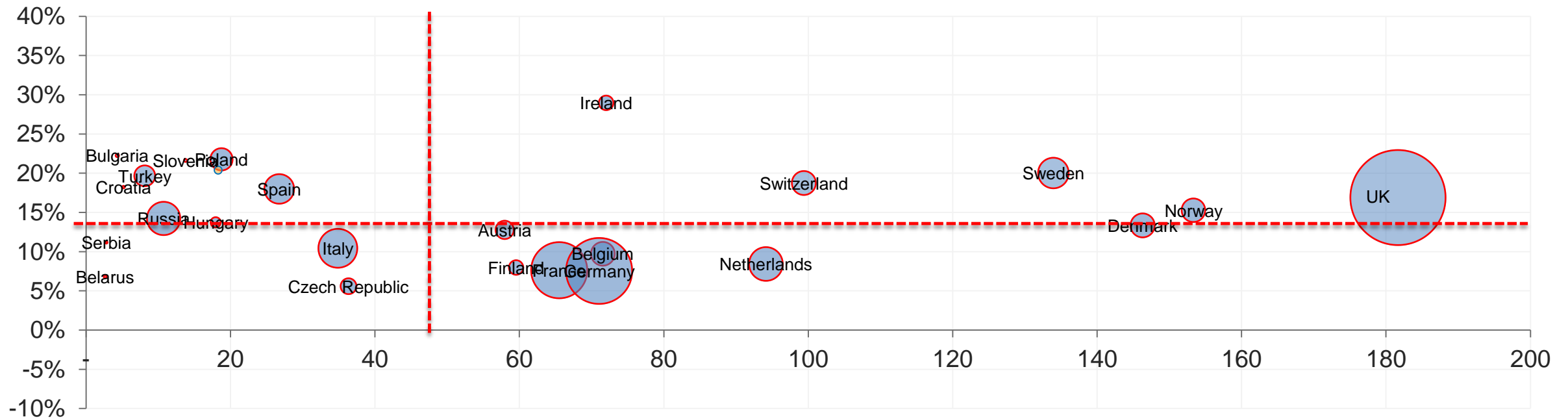
Strong growth across Europe in 2015...

Online advertising year-on-year growth in 2015 (%)



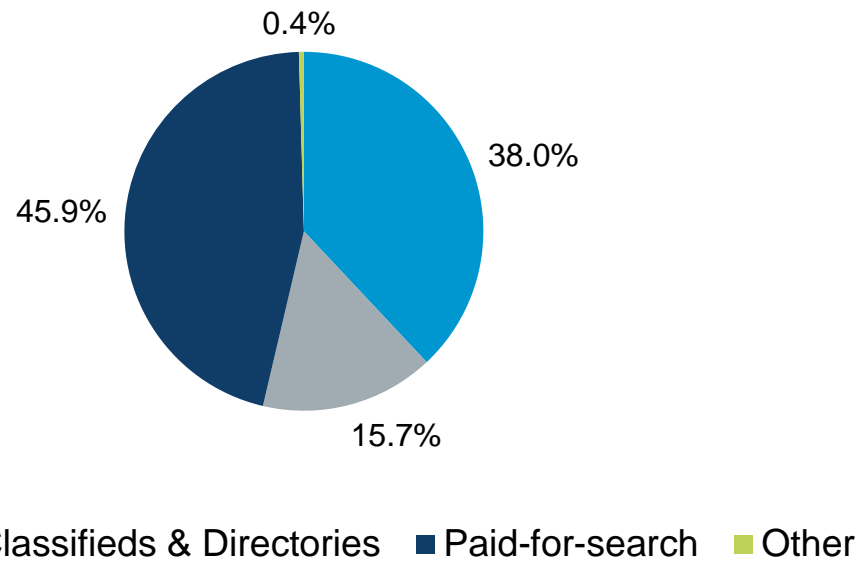
Source: IAB Europe and IHS

...at all levels of market maturity and market size



Western Europe: a snapshot

Western Europe: share of formats in 2015

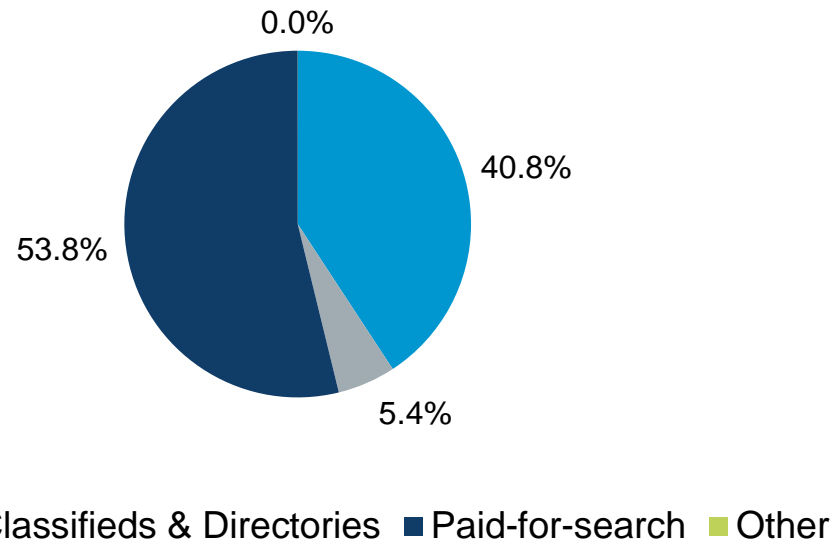


Source: IAB Europe and IHS

	2014 (€bn)	2015 (€bn)	Like-for-like growth (%)	Share of Total (%)
Display	10.5	12.3	17.7%	38.0%
of which video	1.5	2.1	37.3%	16.8%*
of which mobile	2.1	3.4	60.0%	10.9%*
Classifieds & Directories	4.8	5.1	4.8%	15.7%
Paid-for-search	13.3	14.9	11.9%	45.9%
of which mobile	2.1	3.3	55.4%	12.0%*
Total	28.7	32.5	12.9%	100.0%

CEE: a snapshot

CEE: share of formats in 2015



Source: IAB Europe and IHS

	2014 (€bn)	2015 (€bn)	Like-for-like growth (%)	Share of Total (%)
Display	1.3	1.5	14.2%	40.8%
of which video	0.2	0.2	25.4%	16.2%*
of which mobile	0.1	0.2	70.1%	11.0%*
Classifieds & Directories	0.2	0.2	3.3%	5.4%
Paid-for-search	1.7	2.0	17.2%	53.8%
of which mobile	0.03	0.5	208.6%	27.6%*
Total	3.2	3.7	15.1%	100.0%

Drivers and hurdles in 2015 as reported by local IABs

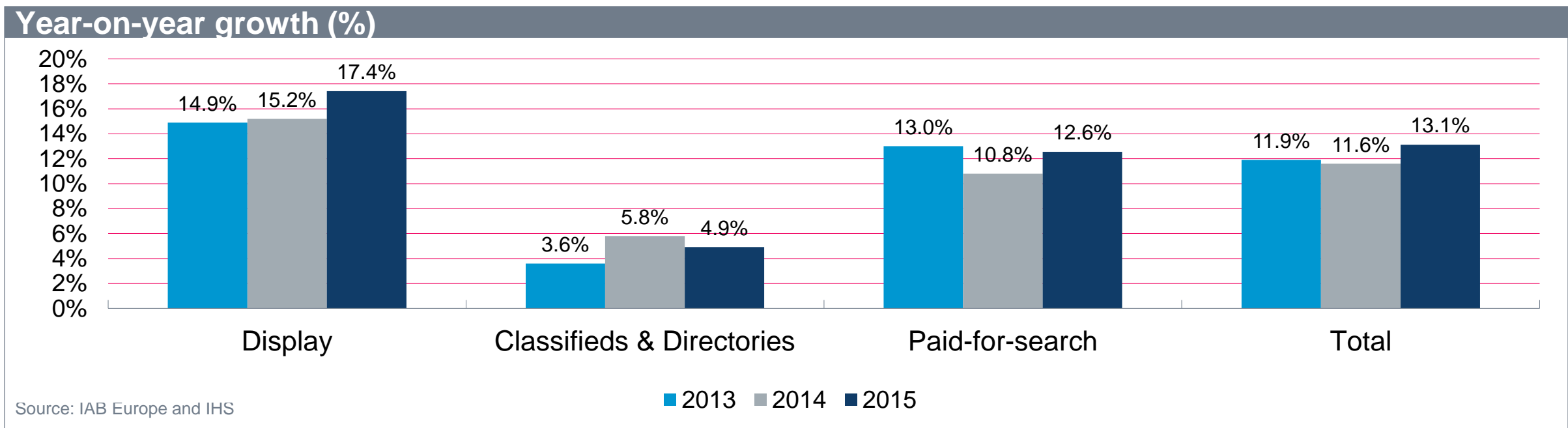
- Programmatic and automation
- Proliferation of e- and m-commerce
- Rise of online video consumption
- Growth in premium video inventory – attracting TV budgets
- Improvement in ad quality
- Shift to a mobile-first advertiser mentality
- Social media advertising
- The emergence of native advertising

- Ad blocking
- Viewability and ad fraud
- Misuse of data
- Plateau of desktop advertising – adapting desktop ads to mobile
 - High production costs
 - Structural barriers
- Macroeconomic environment and adverse political conditions

The background of the slide is a photograph of a person's hands using a laptop and a smartphone. The person is sitting at a desk, and the laptop is open in front of them. The person's right hand is holding a smartphone, and their left hand is on the laptop keyboard. The image is overlaid with a semi-transparent orange shape on the left side. A white rectangular box is centered on the image, containing the word "Formats" in a blue, sans-serif font.

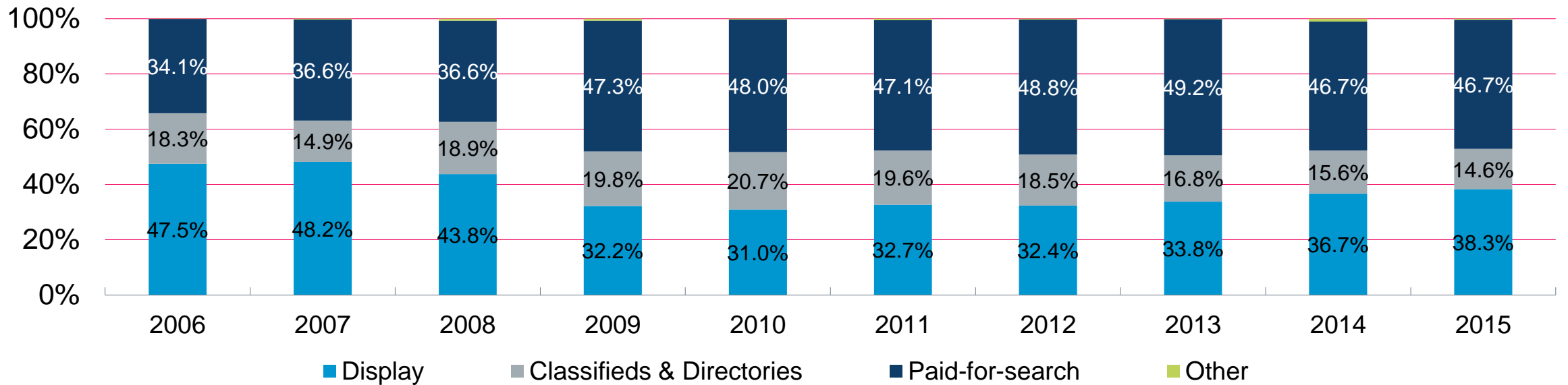
Formats

Display continues to drive online advertising growth



Display outpaces other formats to further increase its share

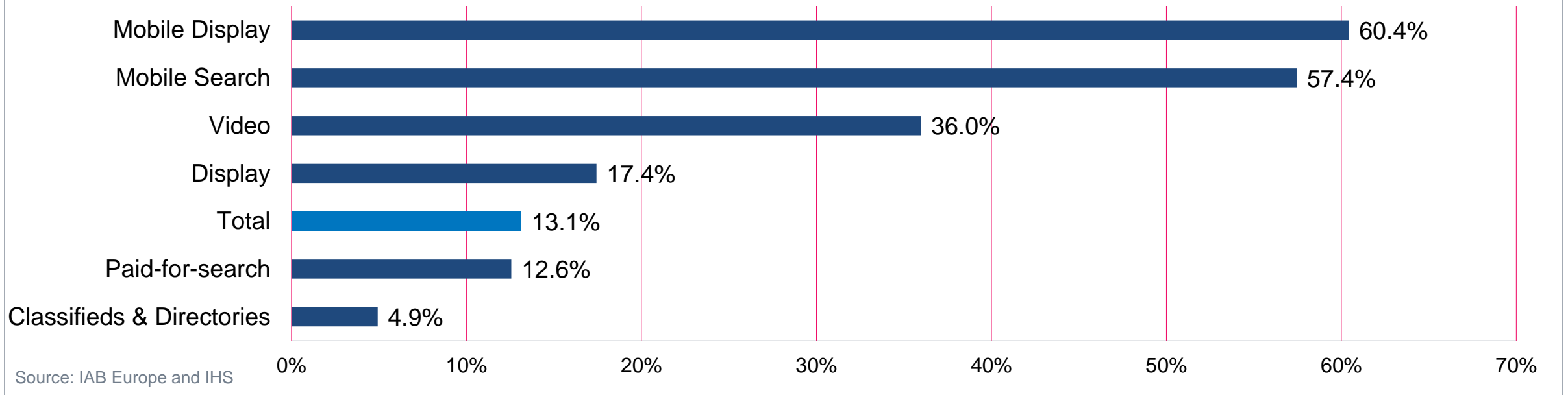
Format shares of online (%)



Source: IAB Europe and IHS

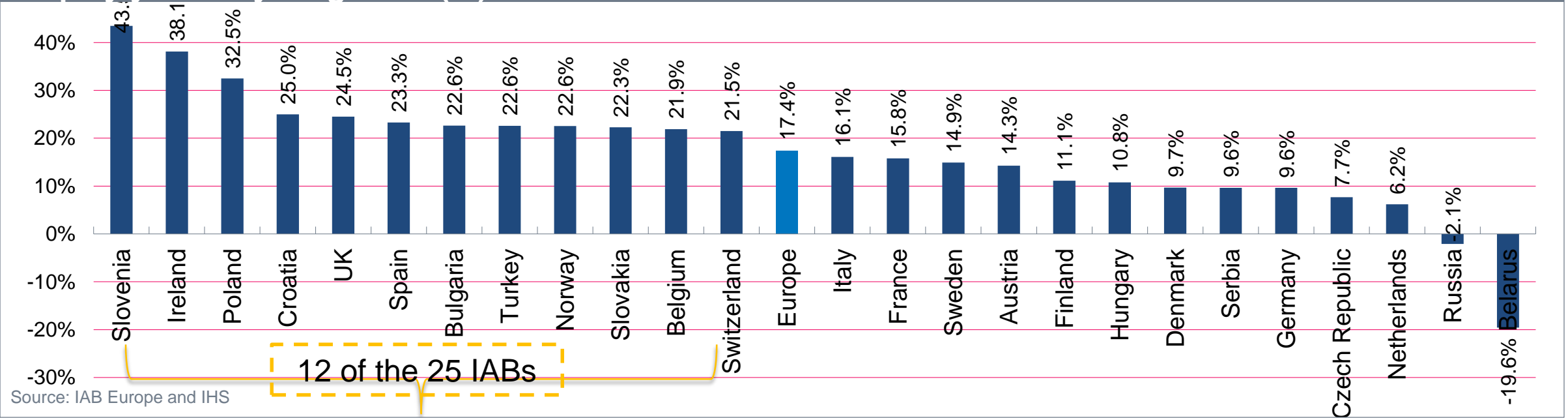
Mobile drives online ad market growth in Europe in 2015

Year-on-year growth in 2015 (%)



Half of European display markets grow above 20%, three above 30%

Display year-on-year growth (%)

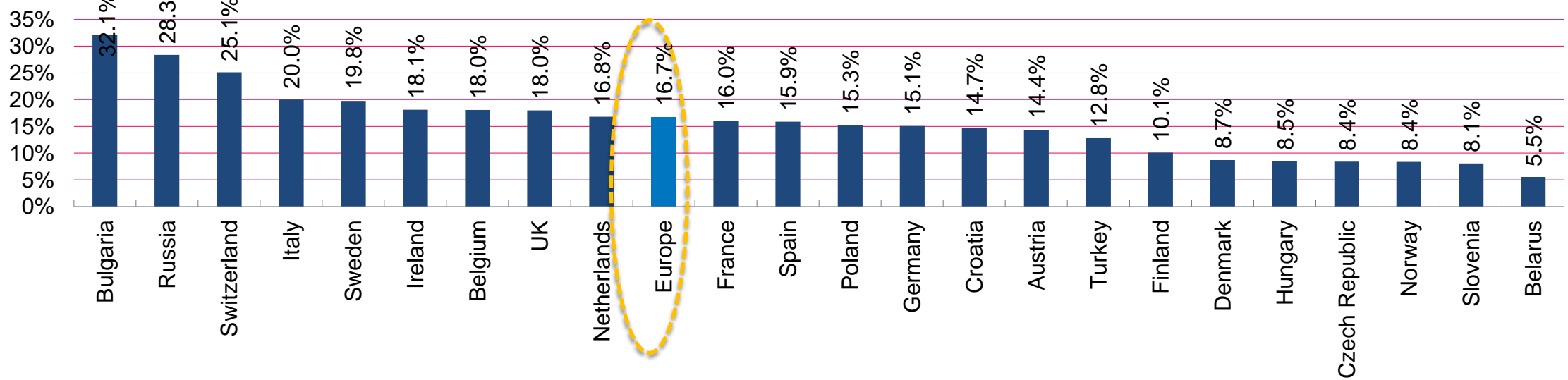


12 of the 25 IABs

Source: IAB Europe and IHS

Video is an increasingly important part of display

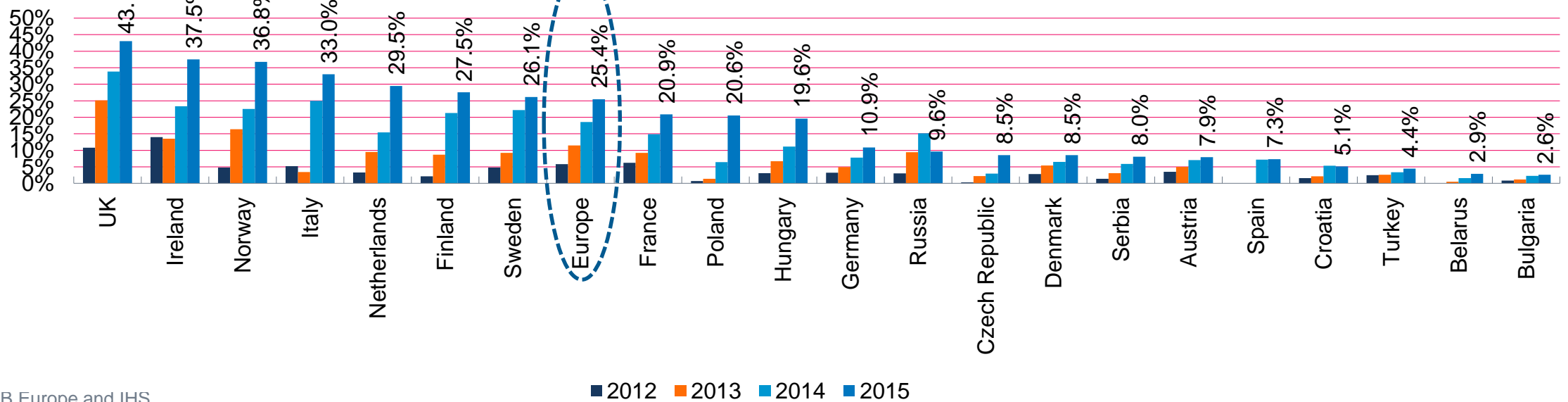
Video share of Display in 2015 (%)



Source: IAB Europe and IHS

Mobile accounts for a quarter of all European display ad spend, approaching 50% in most advanced markets

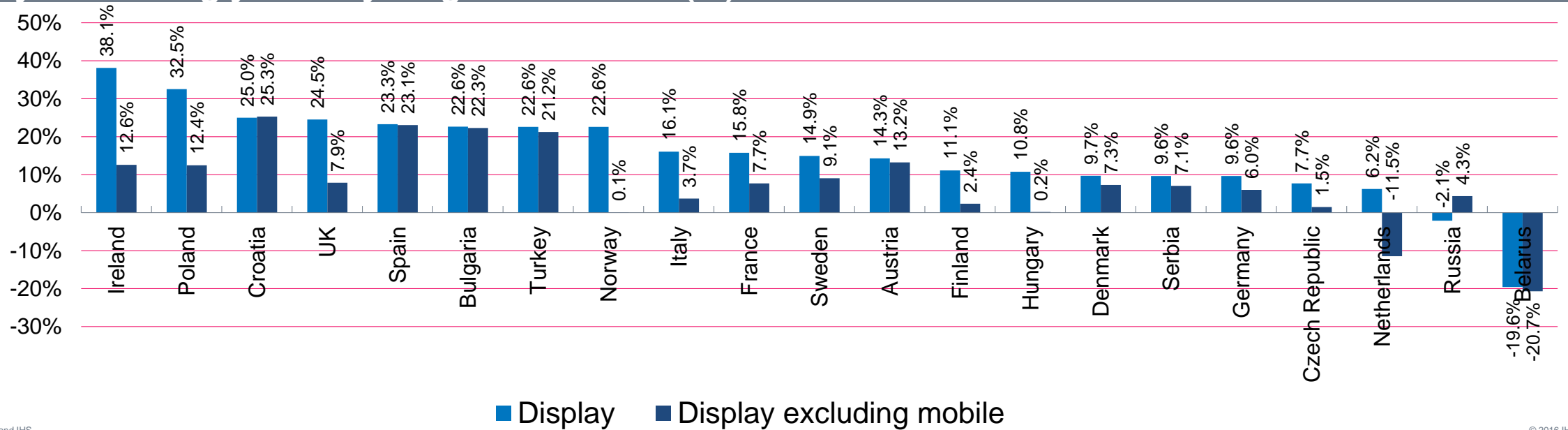
Mobile share of Display (%)



Source: IAB Europe and IHS

Mobile outperformed desktop display ad spend in all but two countries in 2015

Display advertising year-on-year growth in 2015 (%)

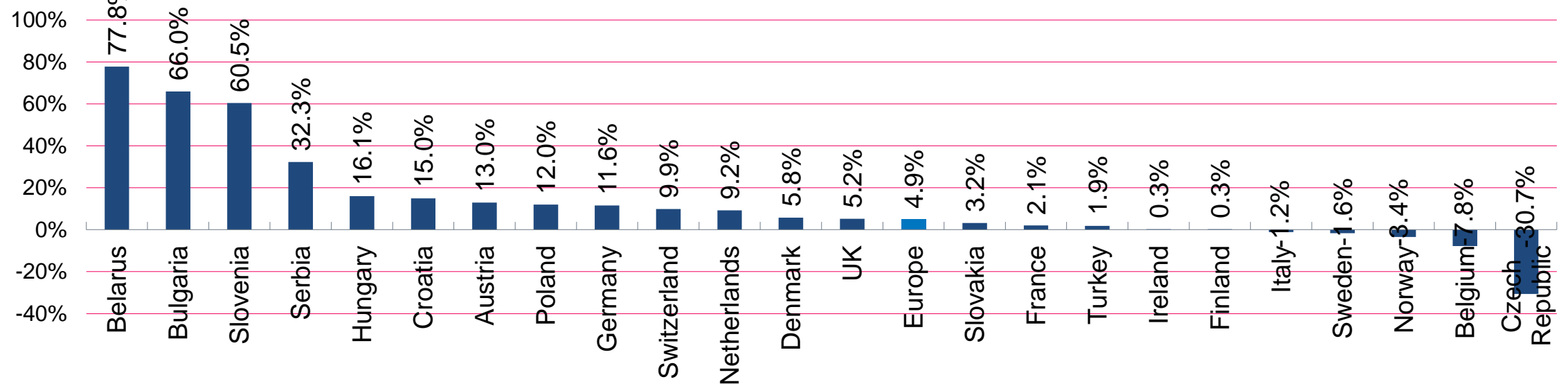


Source: IAB Europe and IHS

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Fewer C&D markets experienced decline in 2015, but the rate of growth has slowed down in Europe

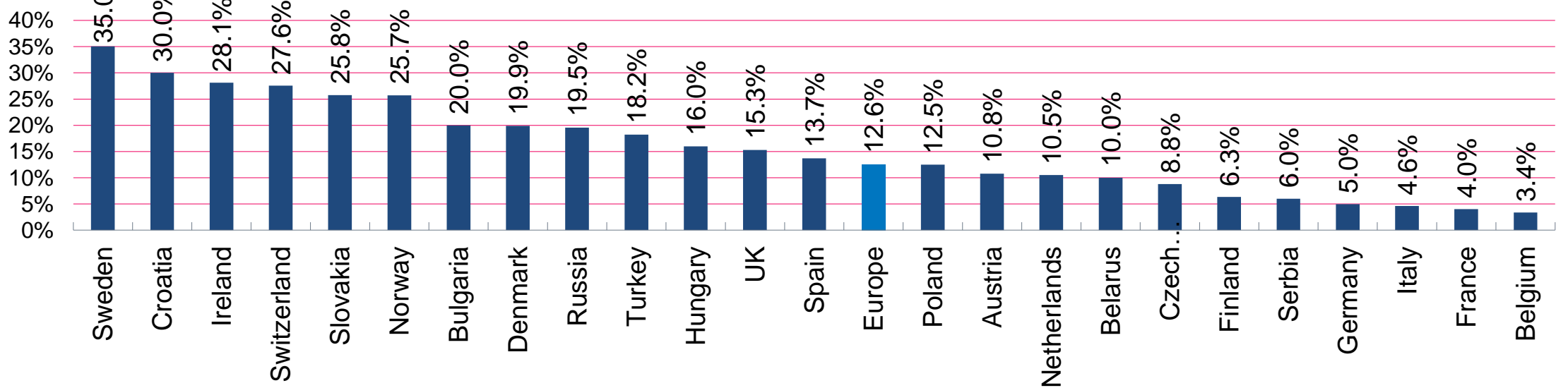
Classifieds & Directories year-on-year growth in 2015 (%)



Source: IAB Europe and IHS

Paid-for-search maintains double-digit growth

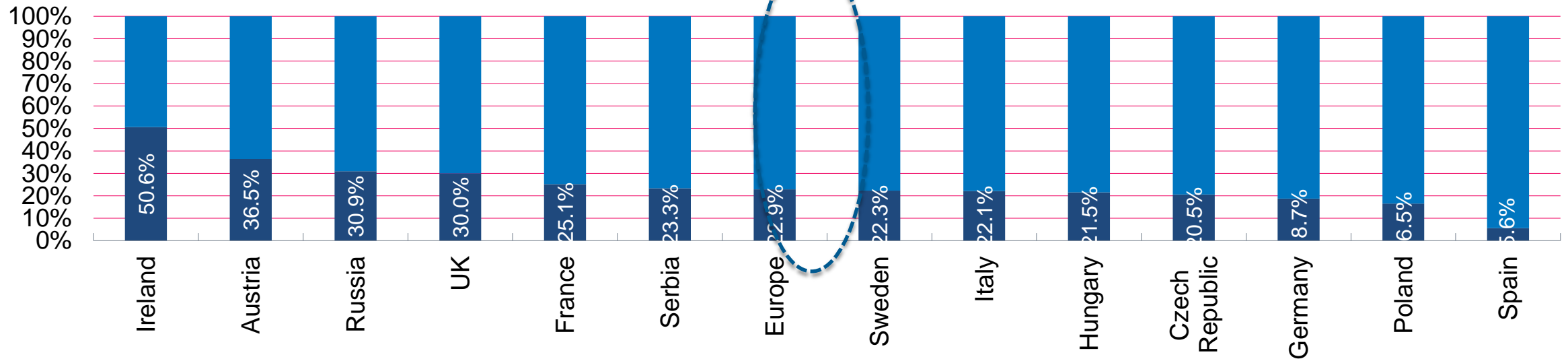
Paid-for-search year-on-year growth in 2015 (%)



Source: IAB Europe and IHS

Variance across Europe in mobile share of search highlights national differences in search behaviour and monetisation

Mobile share of paid-for-search ad spend in 2015 (%)



Source: IAB Europe and IHS

Outlook for 2016

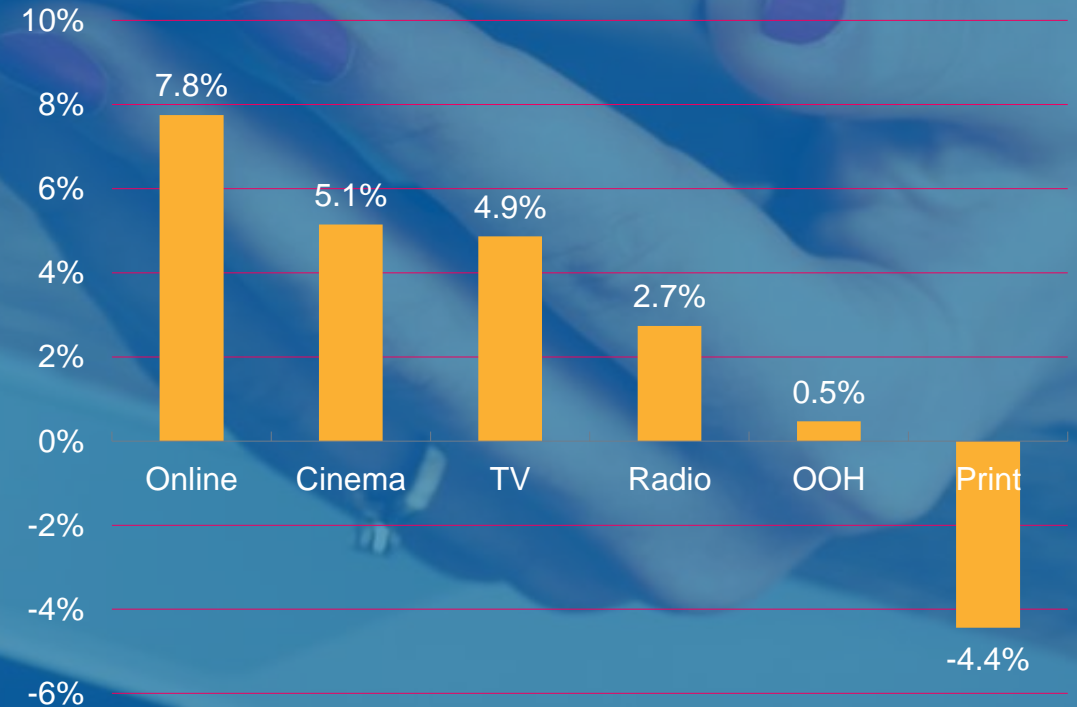
Drivers

- Favourable economic forecasts
- Large-scale sporting events:
 - Euro 2016
 - Rio Olympics
- Growth of video, facilitating the move of TV brand budgets online
- New native ad formats

Hurdles

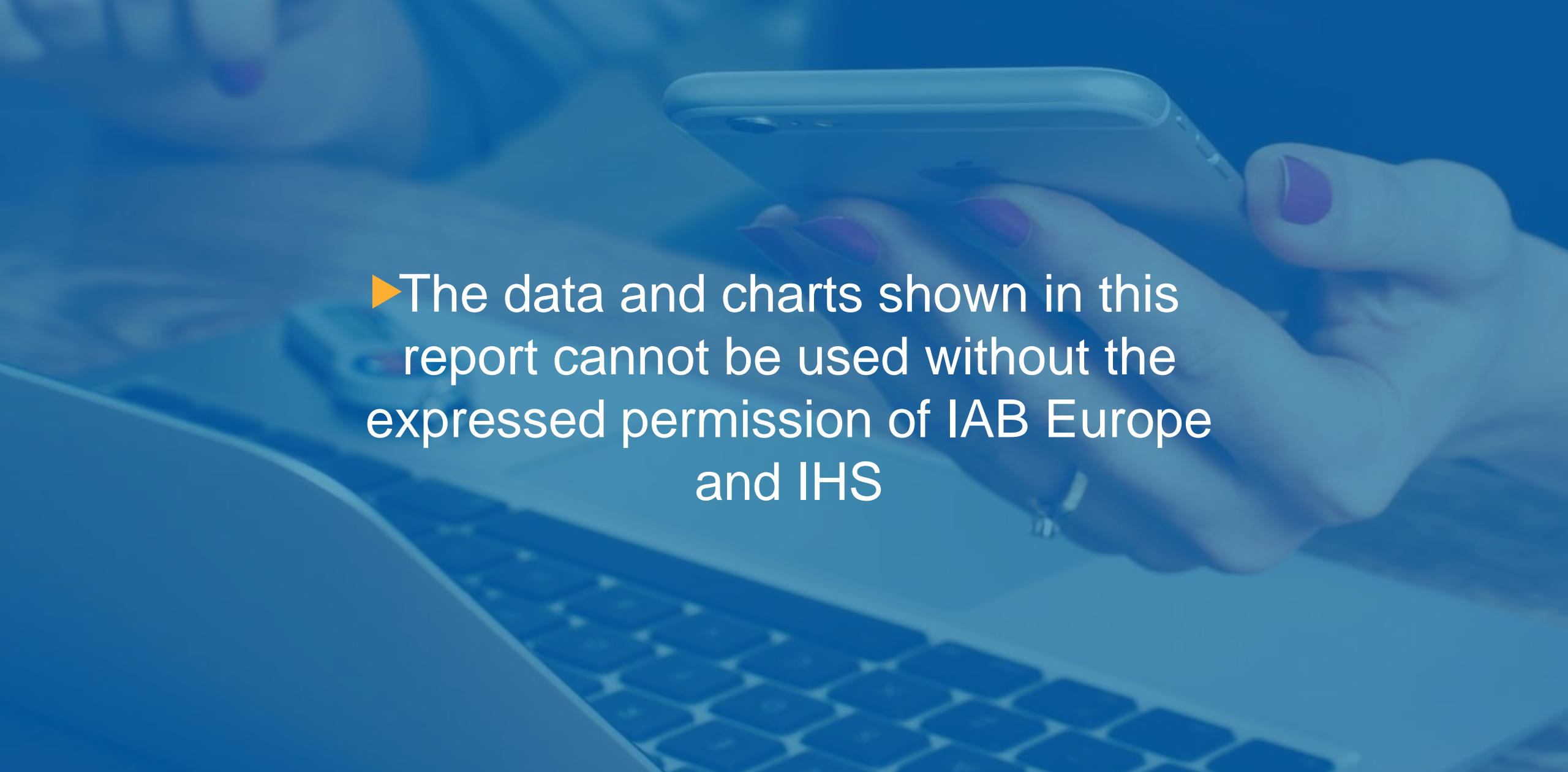
- Tough comparatives
- Plateau of paid-for-search
- Complexity of devices, platforms, behaviours
- No universal digital currency
- Duplication & fragmentation of ad tech infrastructure

Media ad spend growth in 2016 (%)



Source: IHS

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