ADEX BENCHMARK 2021 REPORT

JUNE 2022

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Introduction

Townsend Feehan
CEO, IAB Europe

IAB Europe's AdEx Benchmark report is the definitive guide to the state of the European digital advertising market. Now in its 16th year, the report details key facts and figures from across 28 markets in Europe, including market size, growth and digital advertising investment by channel and format.

The latest report reveals that the European digital advertising market grew by 30.5% in 2021 to €92bn. In 2021, all markets experienced double-digit year-on-year growth. Turkey was the most dynamic market posting an exceptional growth of 99.7%. Further, no markets experienced a decline in digital advertising, demonstrating that the digital advertising market has truly bounced back from the challenges and impact of COVID-19.

The market was driven by creative brand advertising channels in 2021. The study shows that audio saw the largest growth in 2021 at 51.3% to €700m. This still represents a small proportion of the digital advertising market but the growth demonstrates an exceptional opportunity.

Video also grew by an impressive 46.2% to €18.5bn. Meanwhile display grew by 34.5% to €45.6, with search experiencing a 29.9% increase to €39.5bn.

The past two years have been challenging for many and it is encouraging to be able to report such positive growth for our industry. This is a testament to the people, products and services that help steer and grow the digital advertising industry, even in the most exceptional circumstances.

As an industry association, our mission is to support and drive the digital advertising and marketing business. We continue to work hard to provide insights into the key industry growth areas and impacts of external events such as COVID-19. We look forward to seeing how the industry will continue to evolve and develop in 2022 and beyond, in this time of disruptive change and opportunity.

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About the data

- This market sizing is based on the following methods:
    - Reported data from local IABs
    - Estimates by local IABs based on local insight
    - Estimates by local IABs in collaboration with IAB Europe's Chief Economist
    - Econometric modelling from IAB Europe based on public company filings & financial databases
- This study is a meta-analysis of ad spend reports by local IABs. The data from local IABs remains the principal input for this study. Due to the increasing complexity of the digital advertising market, we are modelling gaps and harmonising data between local IABs. This ensures the best possible like-for-like comparision between markets, while taking account of key market trends.
- All data is reported 'gross': after discounts, before commissions. Programmatic data is accounted for at the SSP level and excludes social.
- Currency conversions made based on constant 2015 EUR – local exchange rate.
- Some local IAB collection methods have changed between 2020 and 2021. In these cases, we adjusted 2020 data to ensure comparable comparisons. Countries that changed their approach this year include: Turkey, Hungary and Switzerland.

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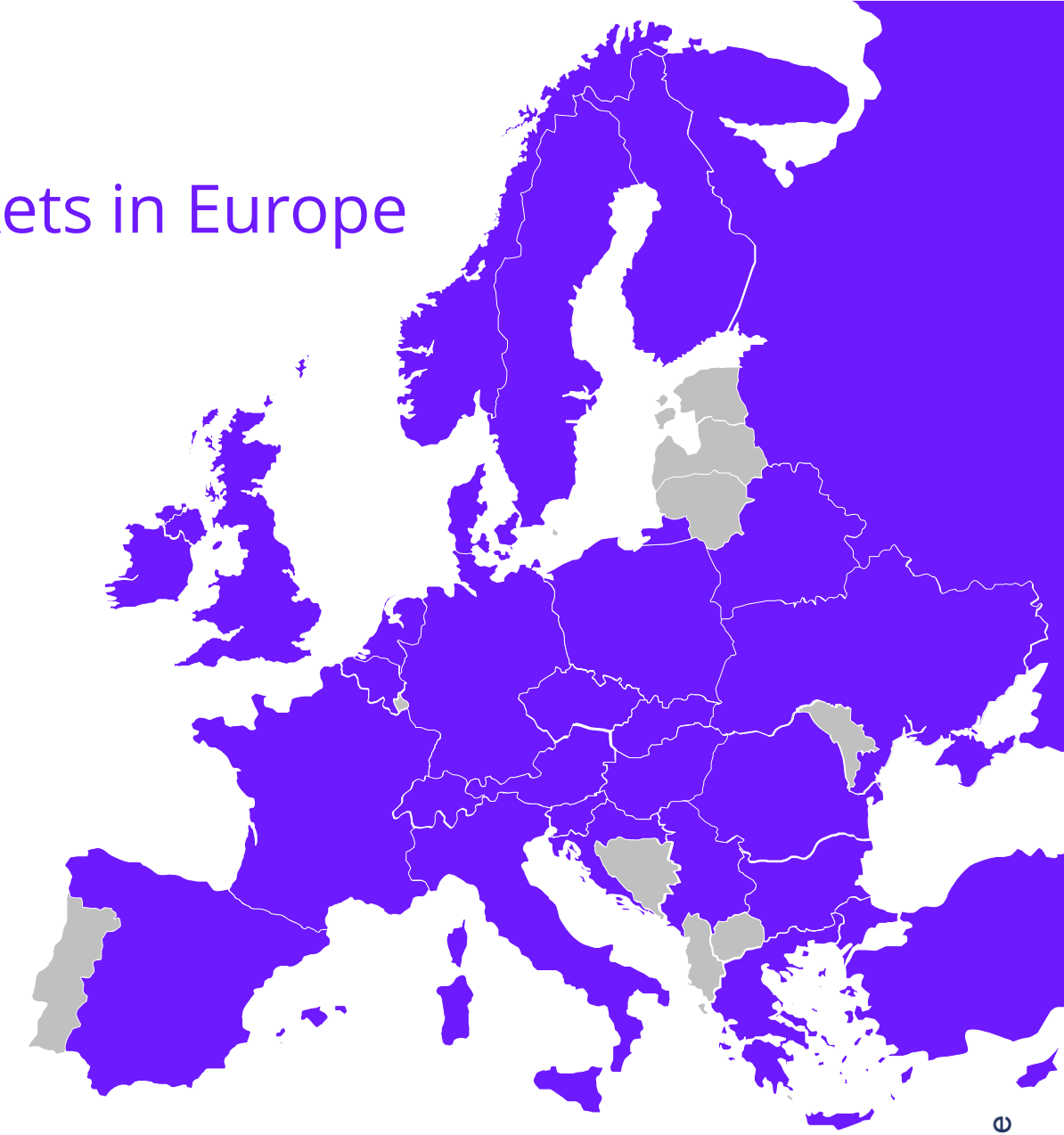
Report Coverage- Analysis of 28 markets in Europe

- 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
- Ukraine



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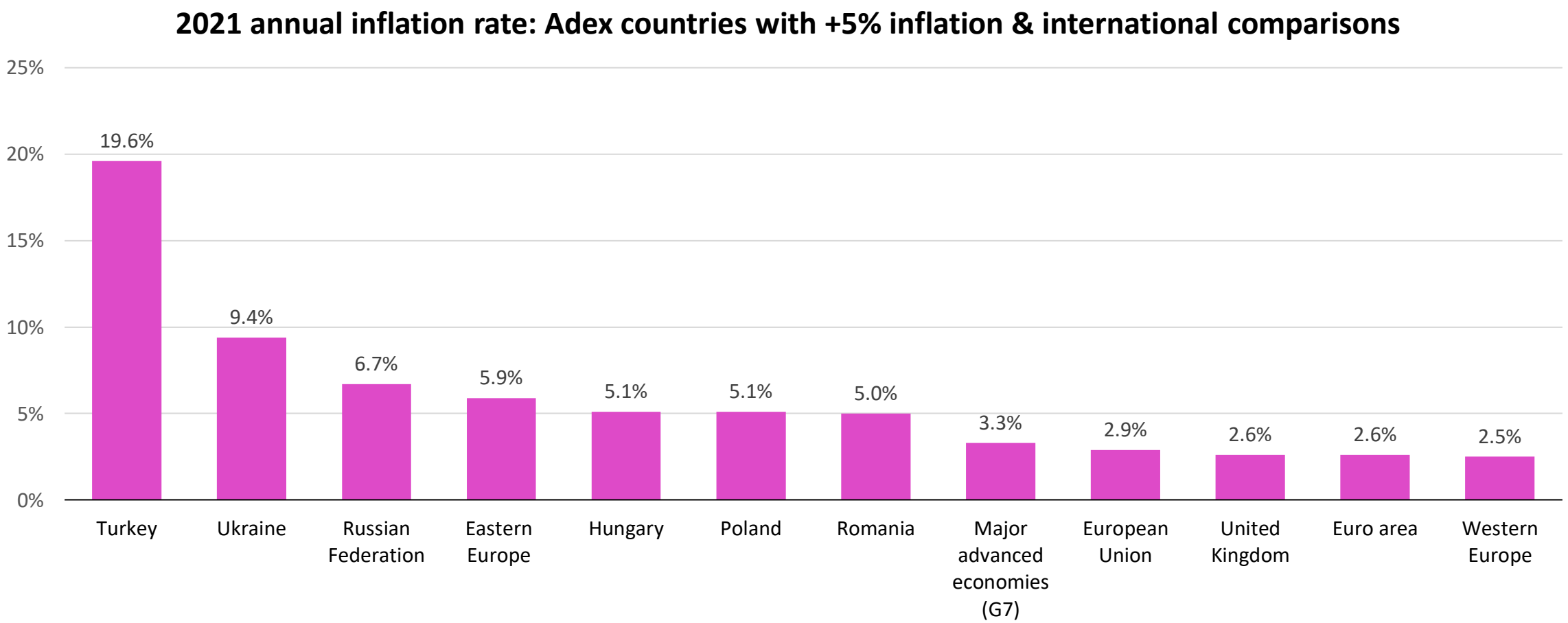
The spectre of inflation already came knocking in 2021, demanding caution in interpreting outlier growth markets



Source: IMF, April 2022 update

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Comments from our Chief Economist

Dr Daniel Knapp

Chief Economist, IAB Europe

Digital advertising had a record year in 2021 with the fastest growth since 2008. Market performance was fuelled by the dual forces of cyclical economic recovery from the pandemic, and structural acceleration of underlying trends in digital consumption and commerce. We expect the net impact of digital transformation that came out of the pandemic to have accelerated the long-term growth of digital advertising market ahead of pre-pandemic estimates.

All parts of digital advertising benefited from the 2021 bonanza, but most notably those formats and approaches that enable small and medium sized businesses, e-commerce related advertising, video-based storytelling and formats that provide access to new consumer behaviour at scale, such as audio and gaming.

Although market growth in 2021 was tightly clustered in the mid-20ies for most countries, European digital ad markets are heterogeneous with a wide range of ad spend per capita allocations even in markets of similar economic power. This signals that significant headroom for growth remains available.

Macro-economic uncertainty from a looming recession, high inflation, and war in the Ukraine implies low visibility for 2022. We are revisiting our growth forecasts regularly to provide market participants with decision support.

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MARKETS

Key findings – Markets

- Digital ad spending in Europe grew by 30.5% to €92bn in 2021. This is the strongest year-over-year growth since 2008.
- The net increase of €21.5bn in spend versus 2020 is larger than the total net increase from 2018 to 2020 (€19.4 bn) combined.
- Turkey has been the fastest growing country for the second year in a row with a growth rate of 99.7% in 2021, followed by Ukraine. Both countries also had the highest inflation rates in this study, which in addition to an underlying dynamic market contributed to their high growth.
- Seven markets grew above the average growth rate of 30.5%, with a mix of countries from Western and Central & Eastern Europe.
- All countries recorded double digital growth, with 16 countries growing in the narrow range between 20% and 28%.
- Digital ad spend per capita averaged €115, with the UK (€481) and Norway (€330) leading the way.
- By country growth in 2021 is correlated to a market's resilience during the 2020 Covid-19 induced market slowdown. Spain, for example, achieved high growth in 2021 following a decline in 2020 driven by the economic impact of Covid-19. Conversely, Germany, which demonstrated resilience in 2020 with a digital ad market outperforming the European average, grew below average in 2021. The two-year combined growth rate from 2019 to 2021 therefore is a more accurate representation of true digital advertising market growth.

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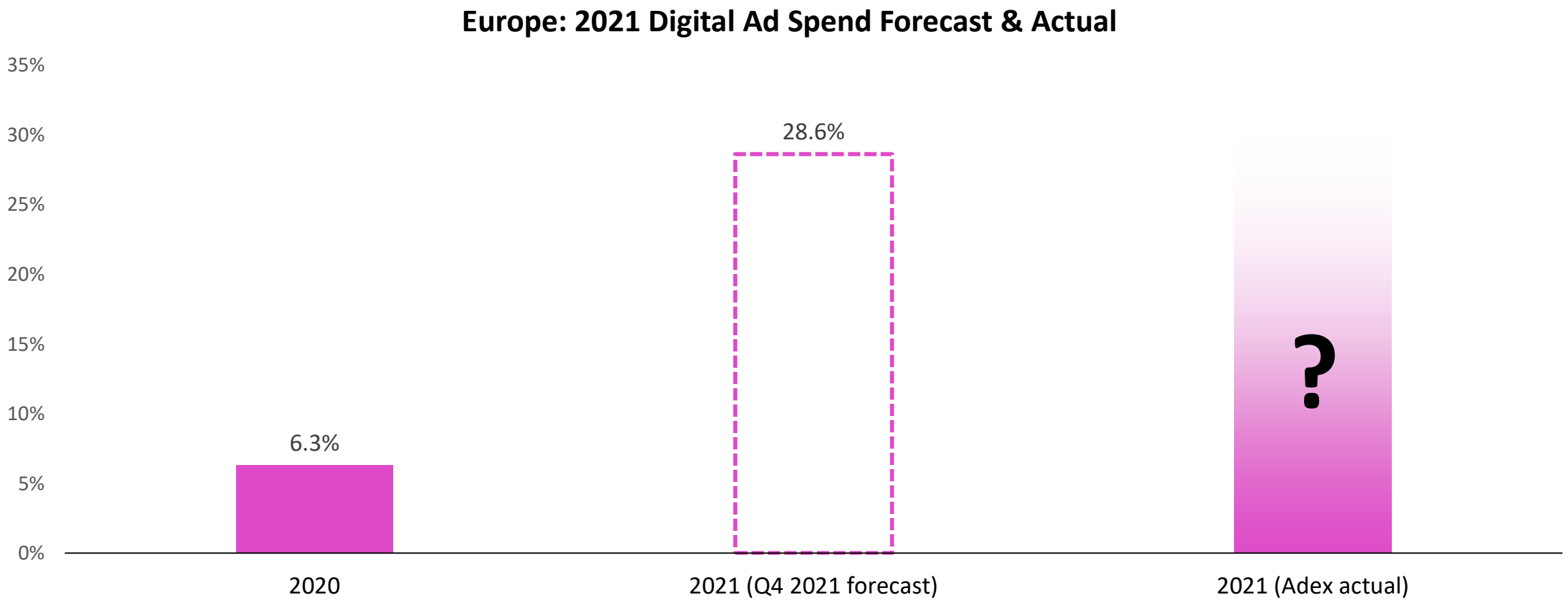
We forecast a strong market recovery in 2021…



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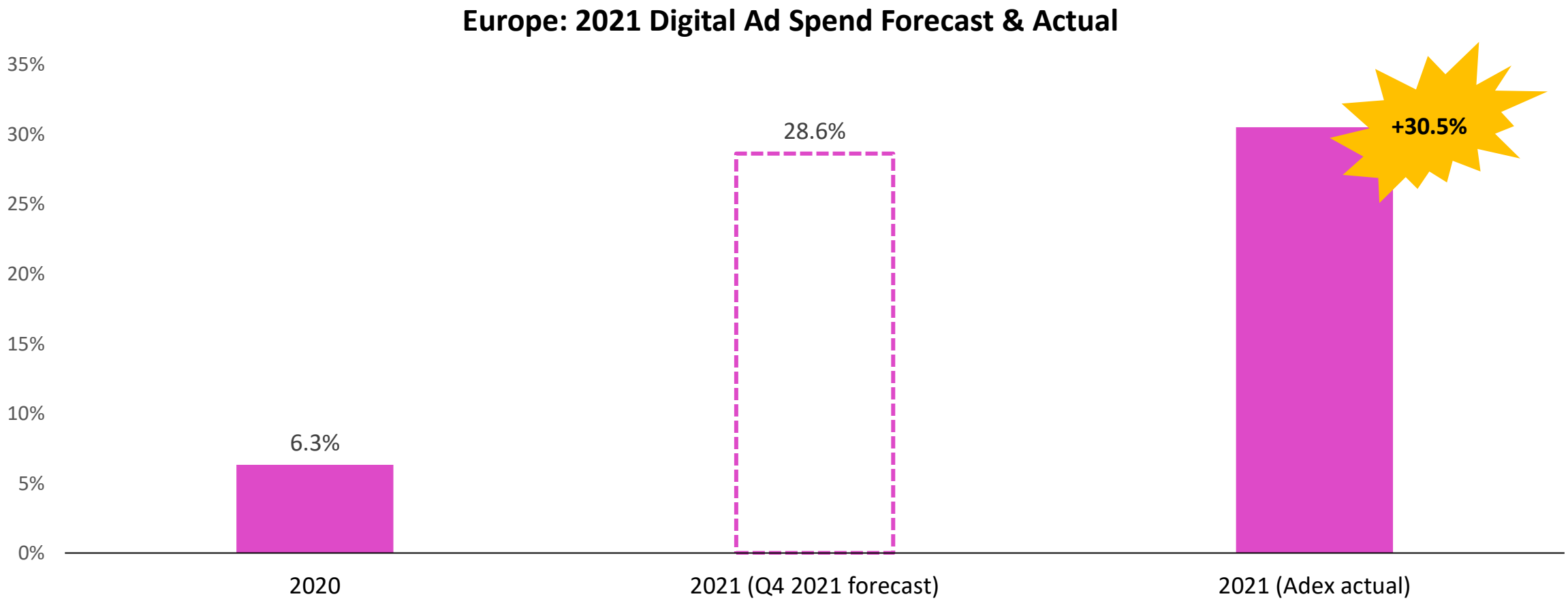
...and markets surged...



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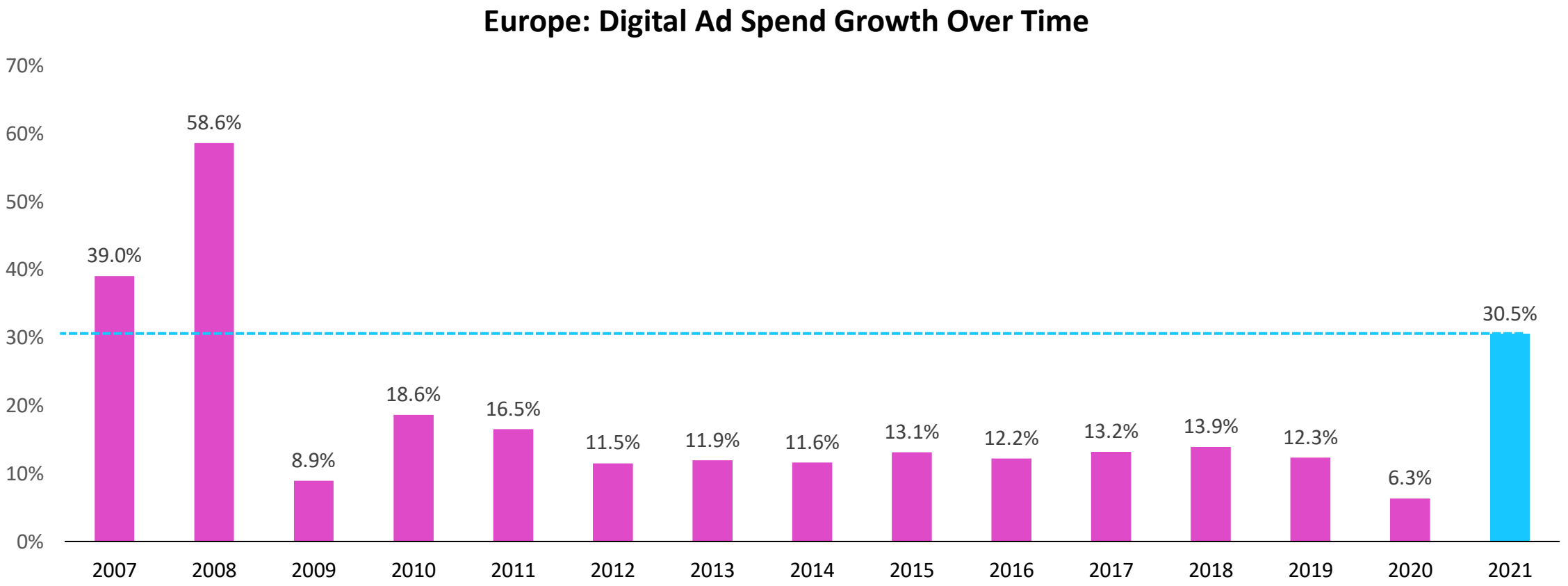
…propelling digital ad spend to the highest growth since 2008



Digital share of all media advertising: *19.2%* → *≈59%*

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The value of digital ad spend in Europe

€92.0bn

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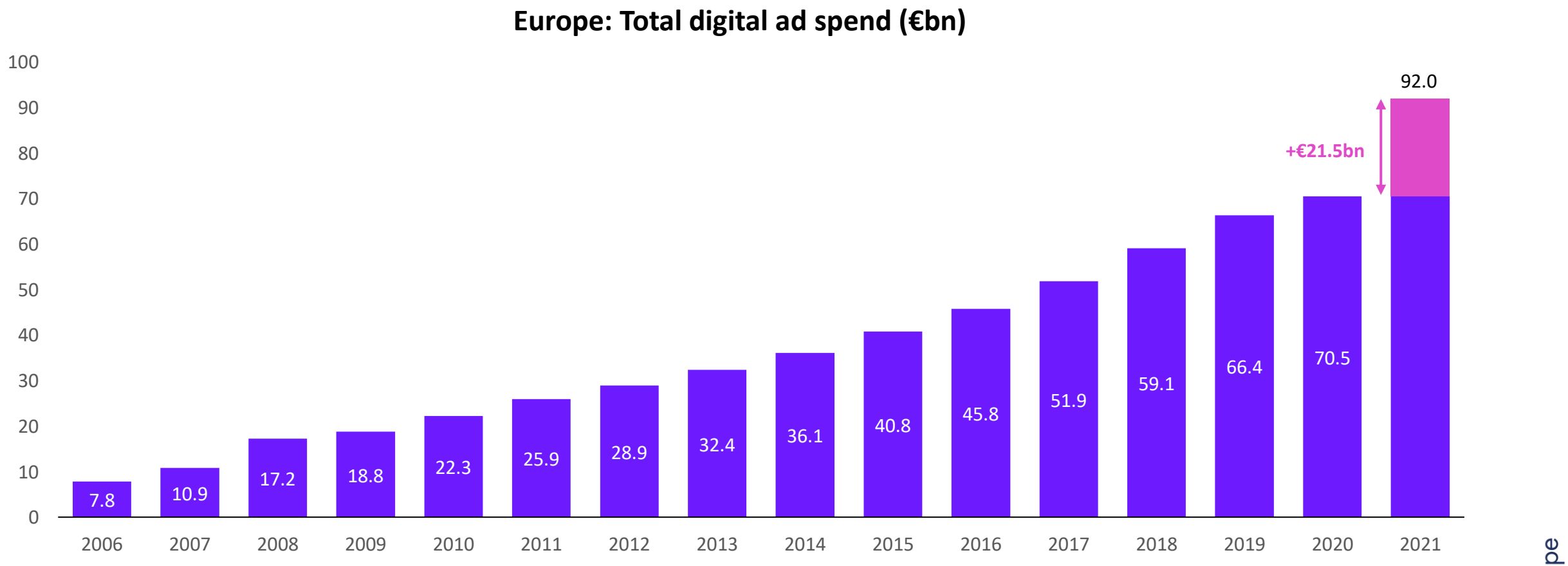
2021 added nearly the entire volume of the 2010 digital ad market



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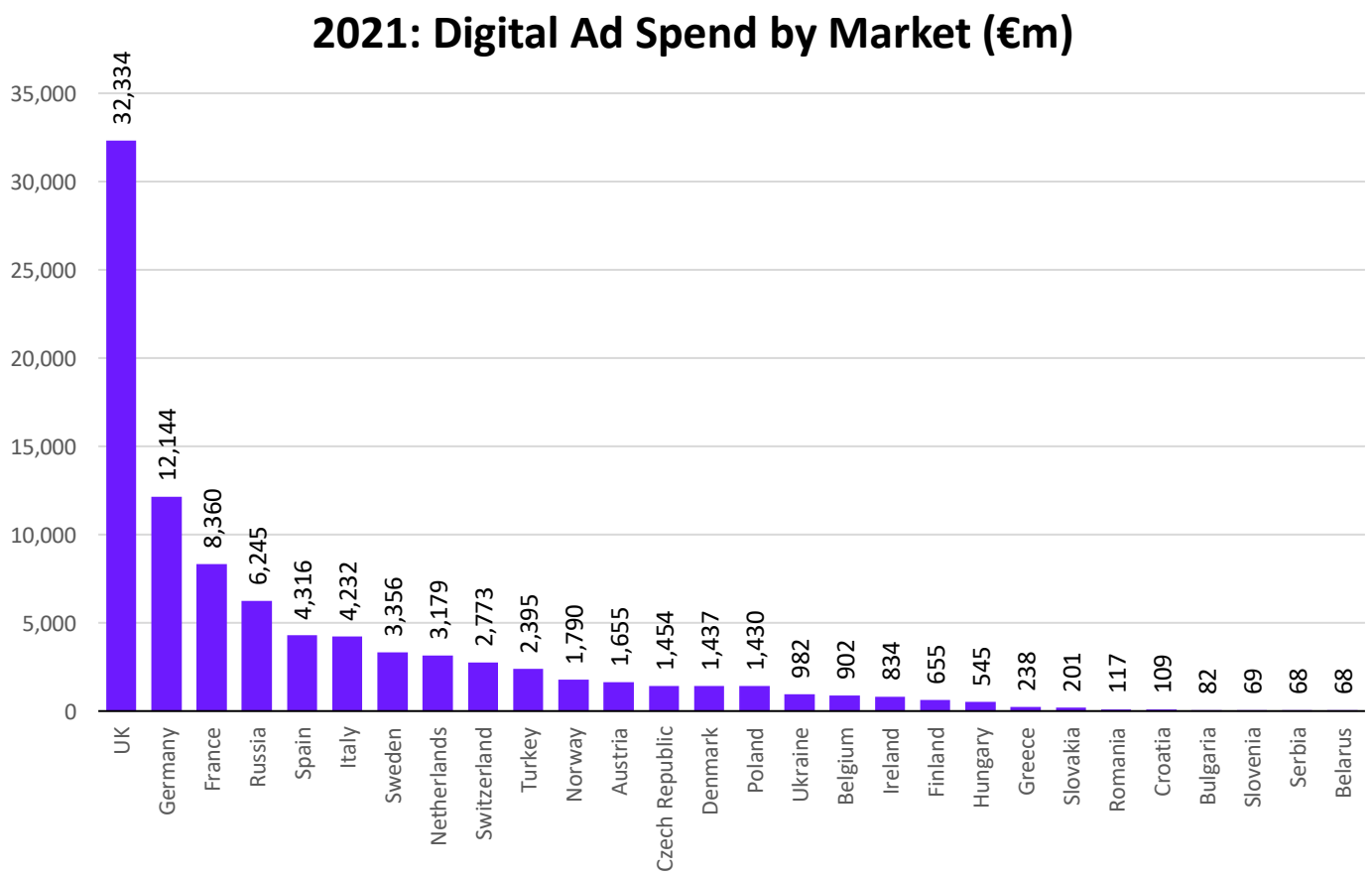
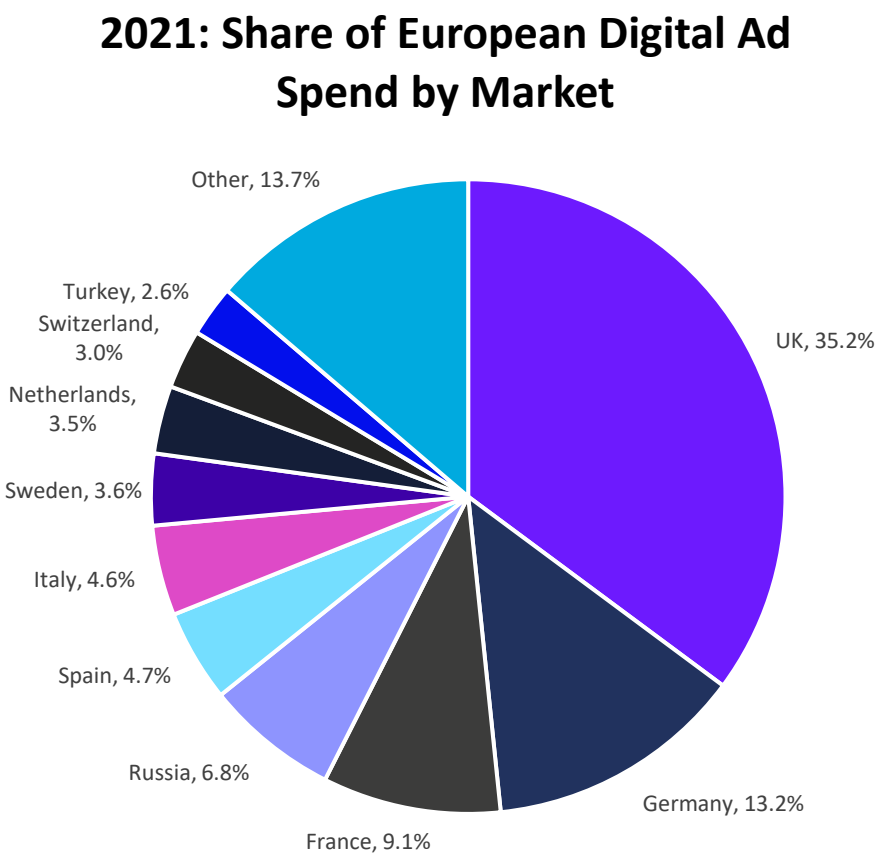
Top 3 markets have over 50% share of total European digital ad spend





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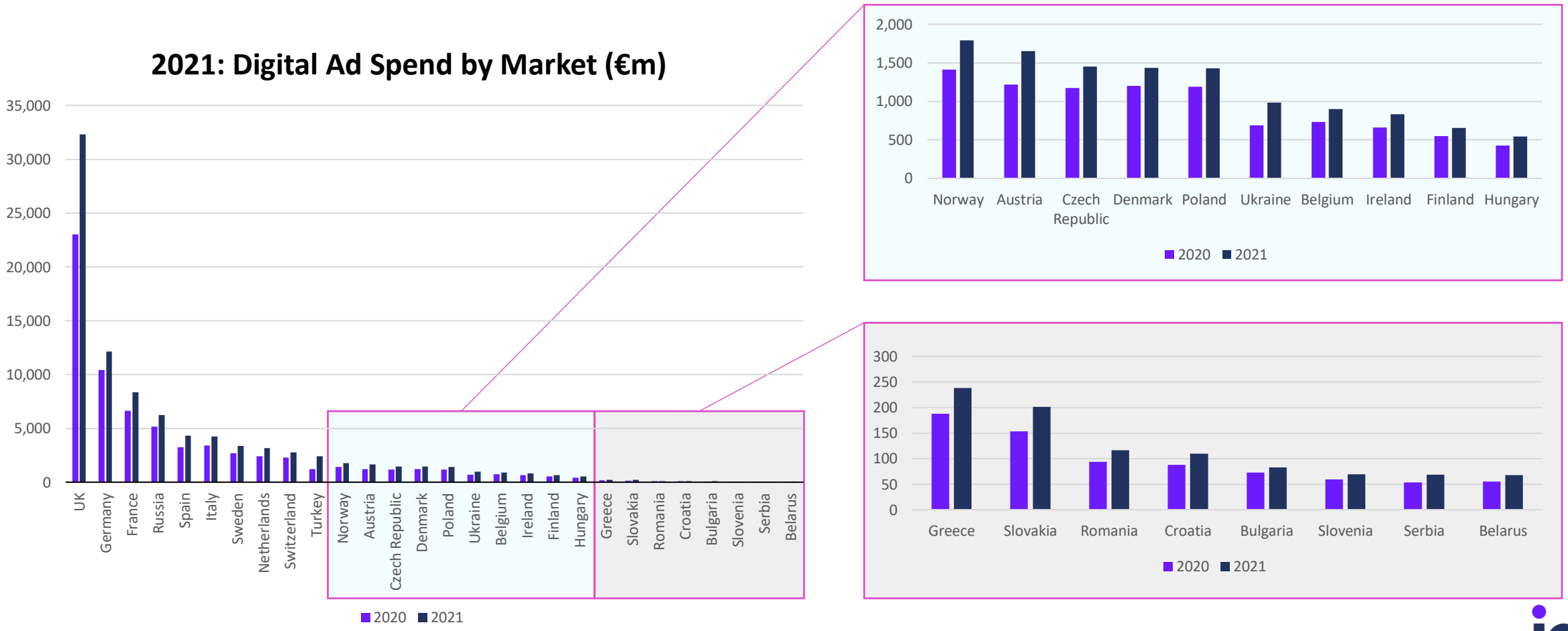
Zoom-in reveals nuances in size between markets



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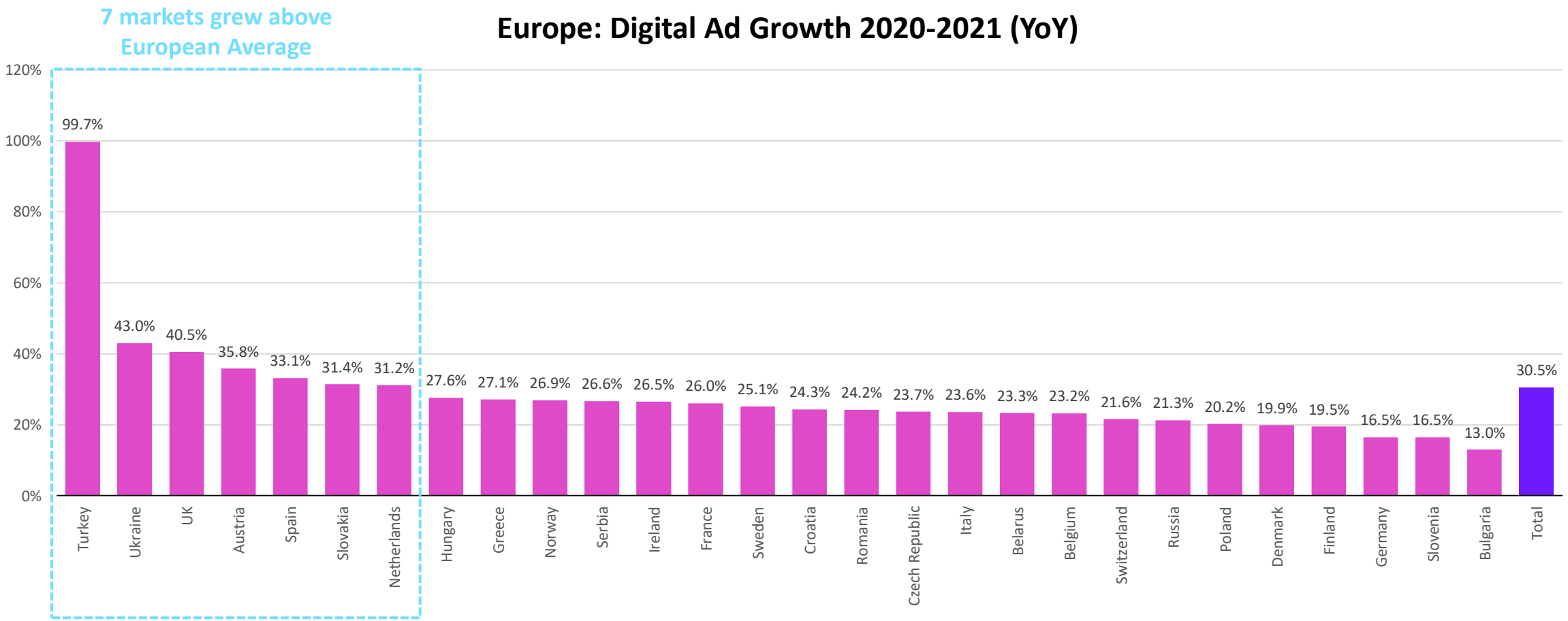
All markets grew double-digit, many within a narrow range of mid 20ies



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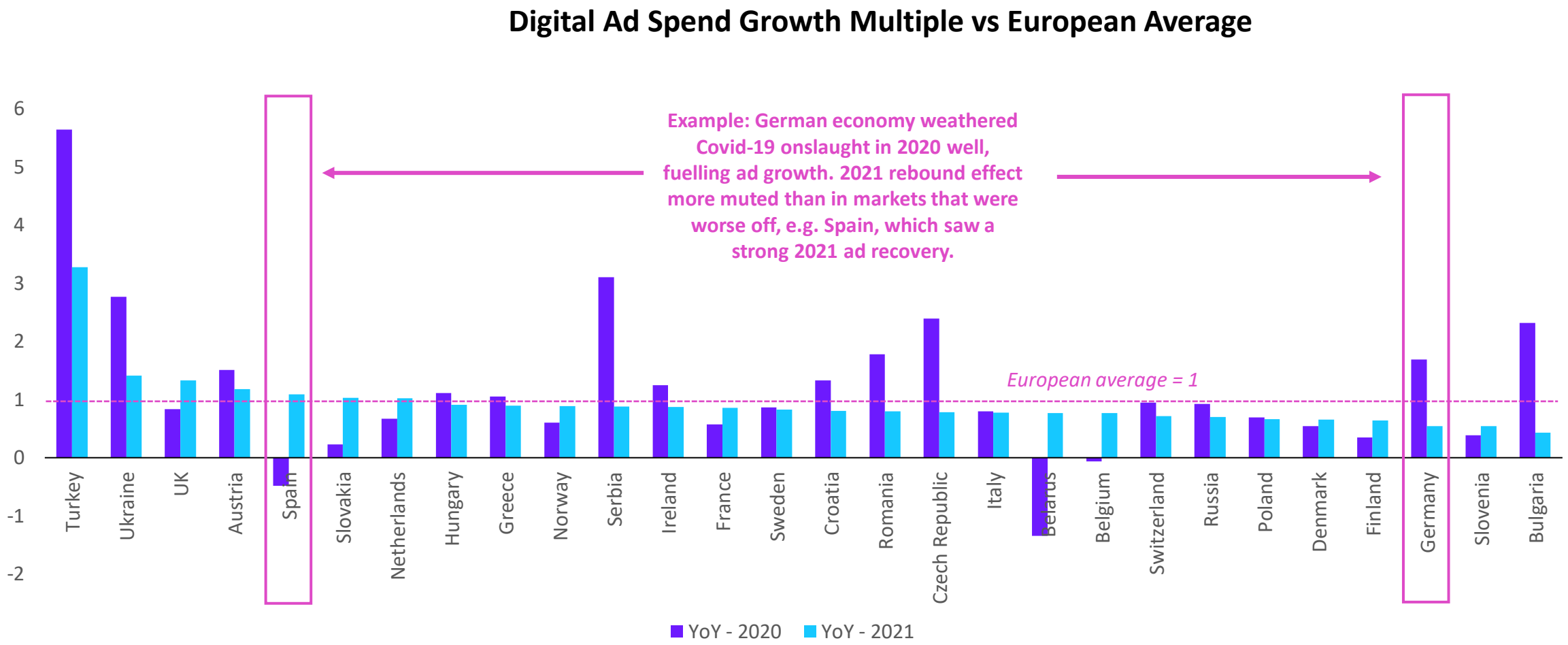
Tale of 2 recoveries: 2020 resilience meant slower 2021 growth and vice versa



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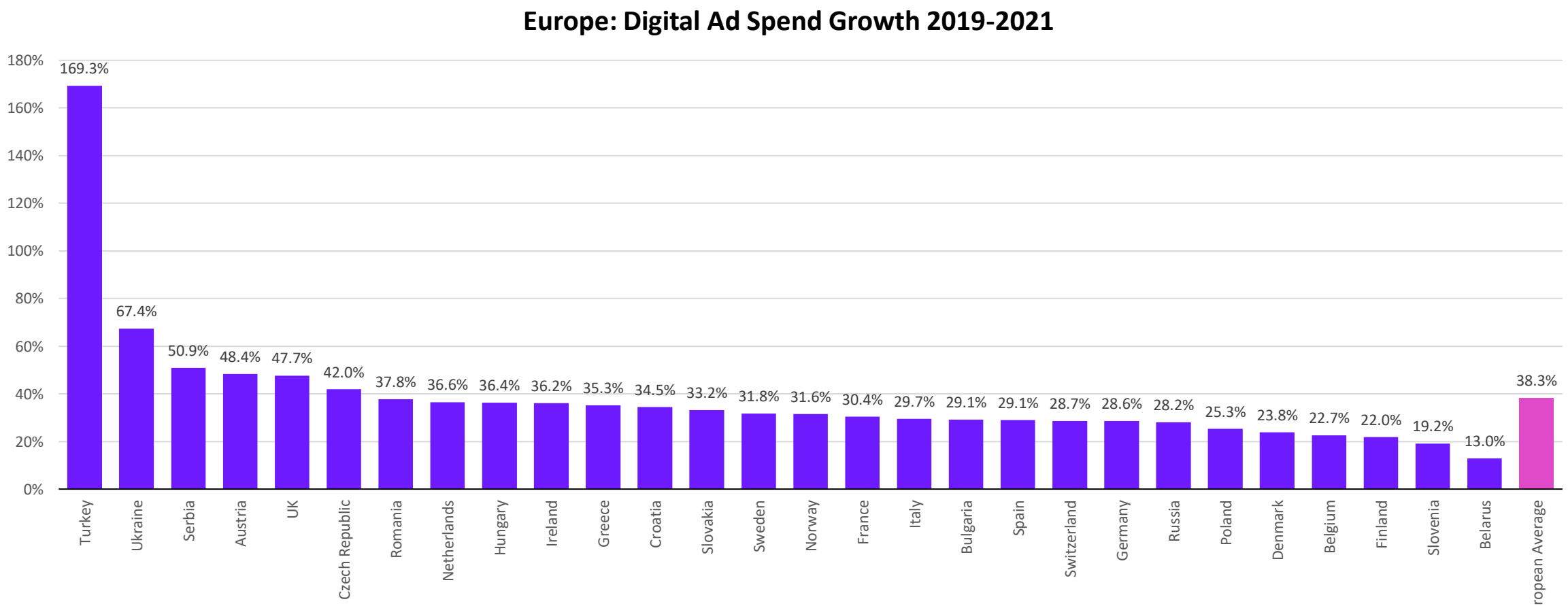
2019 to 2021 growth gives better picture of ‘true’ recovery



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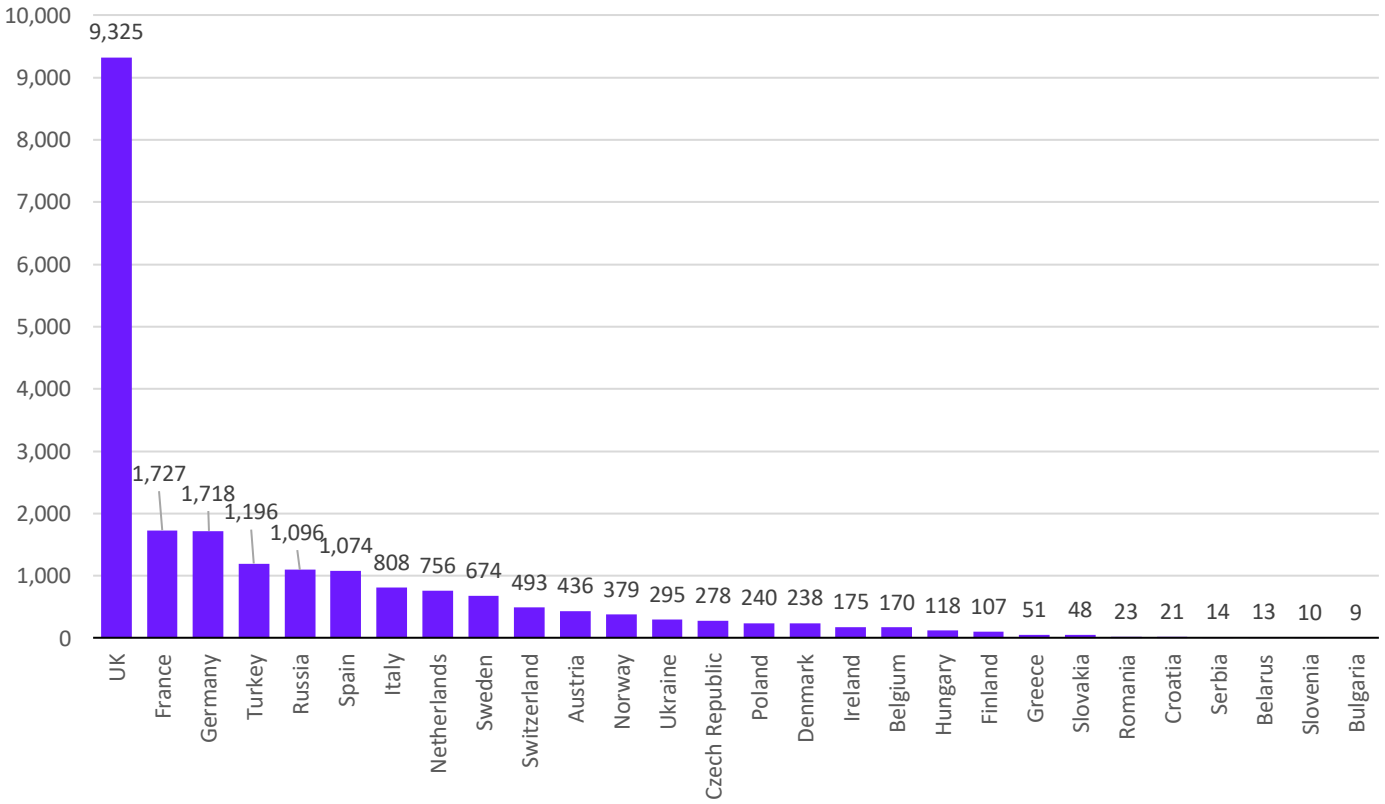
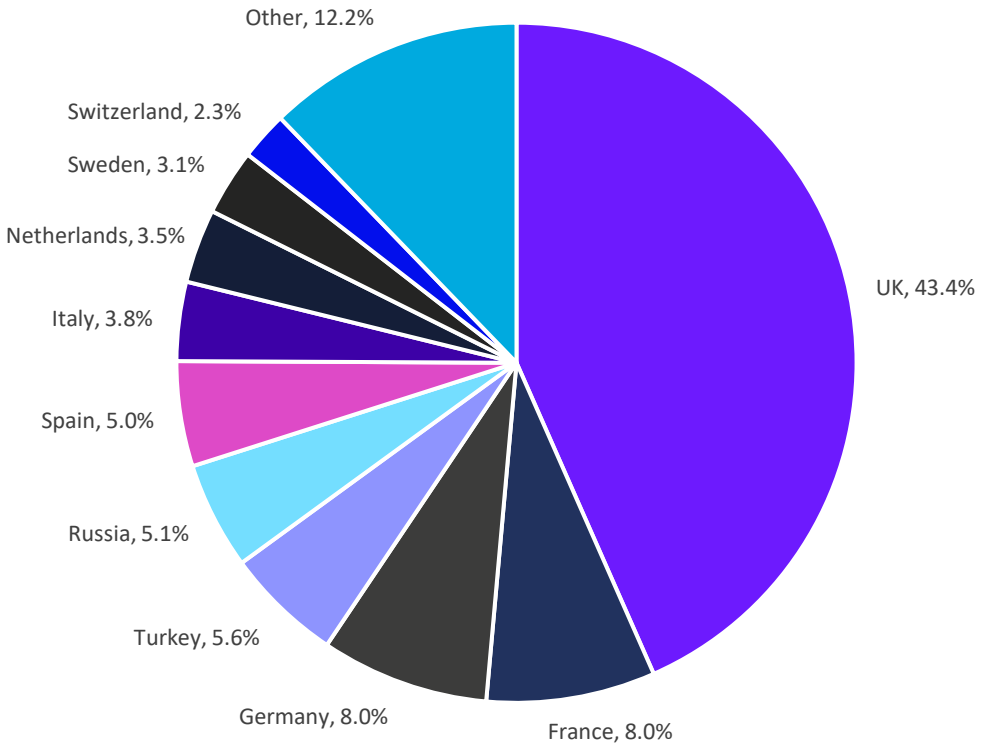
6 markets deliver ¾ of revenue gains 2021 vs 2020

2021: Digital ad Spend increase vs 2019 (€m)



Contribution to digital ad growth (share of 2021 revenue gains)



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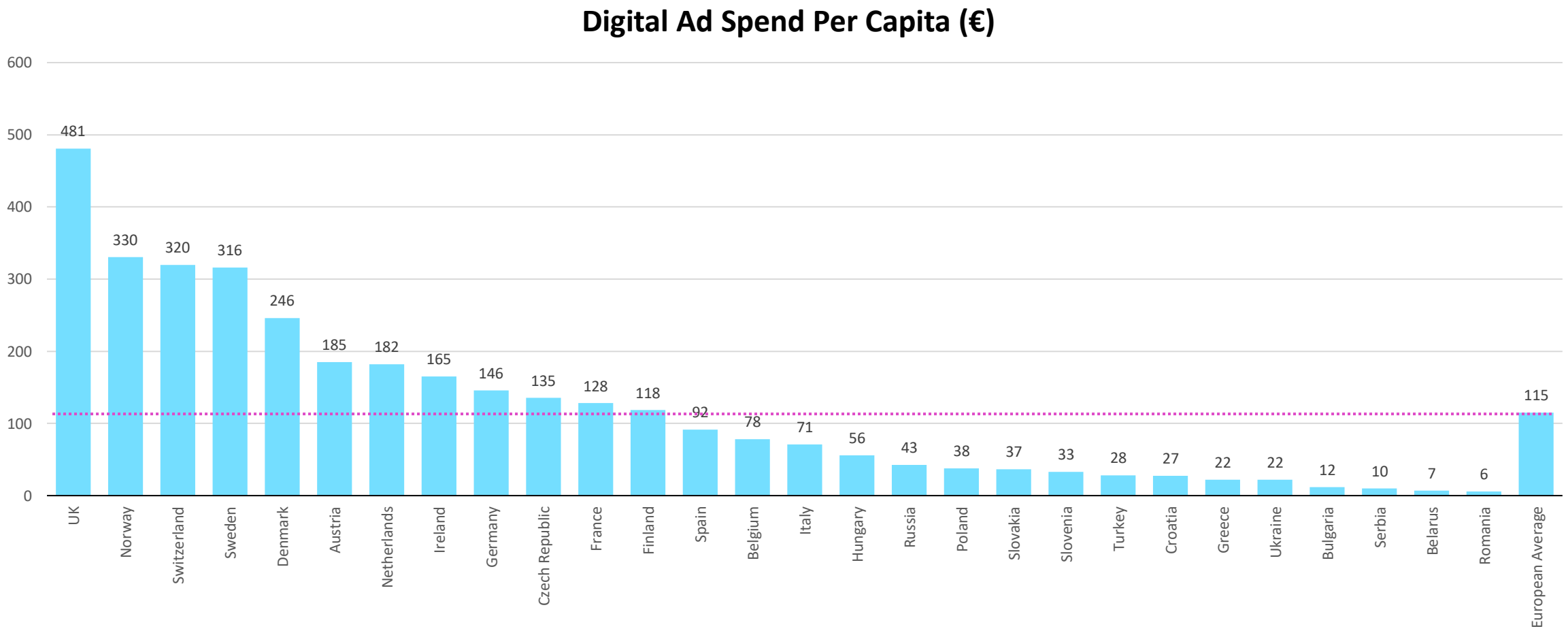
Headroom for growth: key markets still lag behind digital ad spend per head



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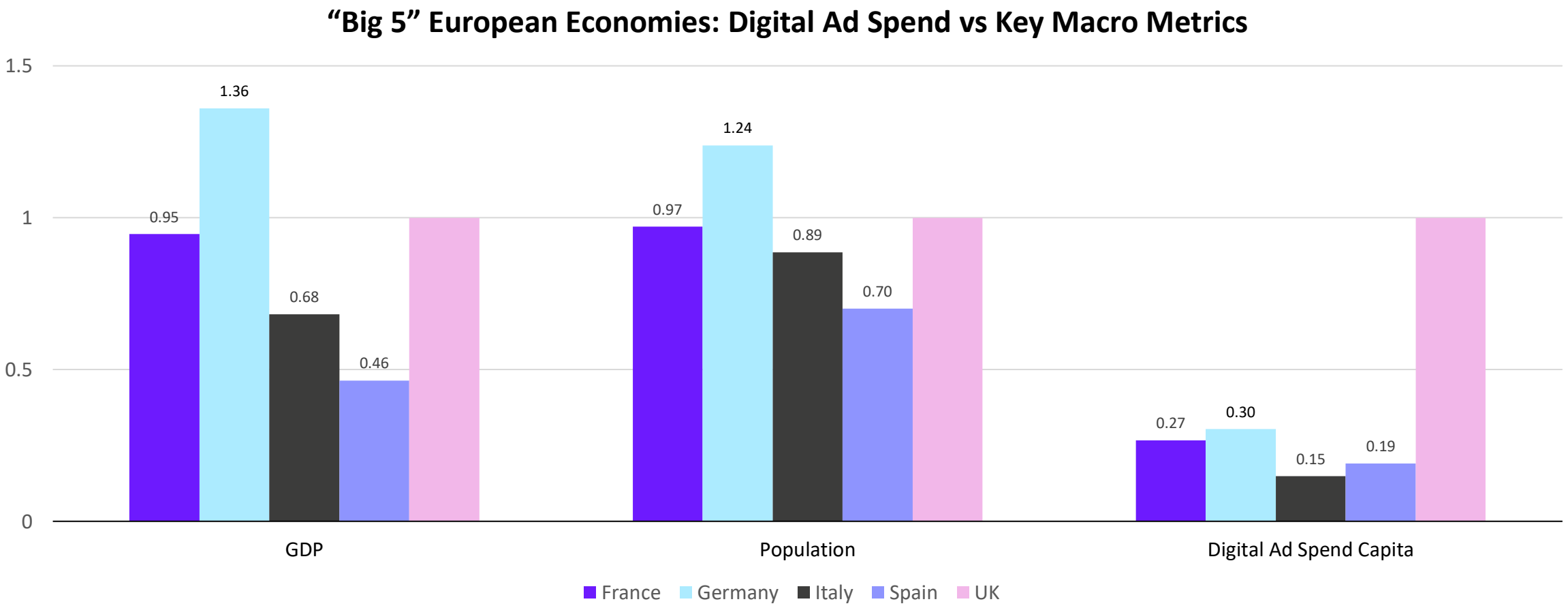
Example: European ‘Big 5’: Significant market potential to close gap with UK



Source & Notes: GDP and population data: World Bank. While digital ad spend comparisions need to factor in total ad spend across media channels and digital infrastructure, this comparison intends to illustrate the potential.

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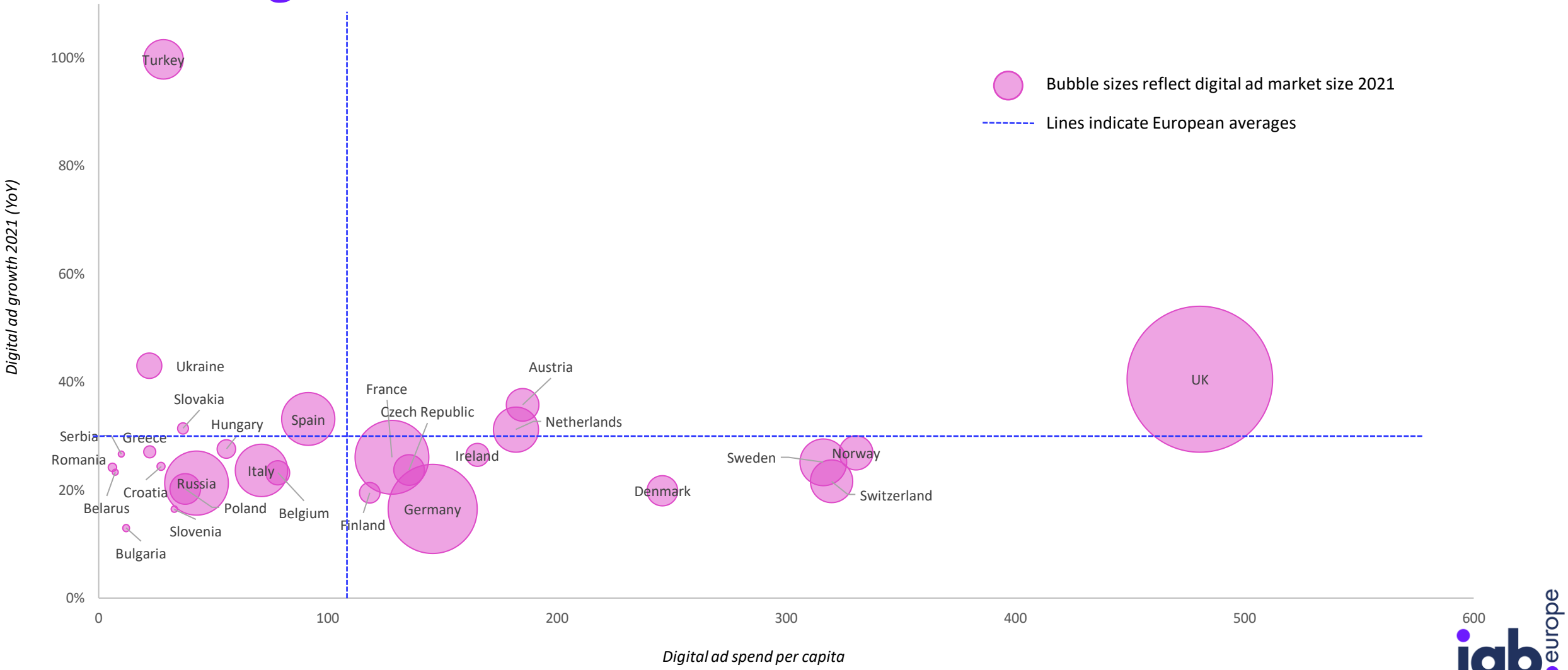
Markets vary in growth & maturity – but more mature does not mean less growth



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Reyes Justribo

Director General, IAB Spain

2021 has been a good year for the Digital Advertising industry in Spain. The data of the AdEx study that we conducted with PwC, shows a total of 4.1m Euros of digital investment which represents an uplift of 34,4% compared with 2020. Nevertheless, it is also important to compare 2021 data with pre-pandemic figures to better understand if the Spanish industry really recovered and improved its position. The fact is that, if we compare 2021 vs. 2019, the health of the Spanish digital investment can't be better with a total increase of 29.2%.

And what is also important to highlight is that digital media has been the preferred media channel for advertisers, as nearly 58% of the total advertising investment has been allocated to digital channels, clearly above the second media option which was television with only 25% of ad investment.

So, the conclusion for the Spanish market is that we have a healthy and thriving digital advertising industry, that year after year is improving its offering and performance with the recognition of the advertisers and their media plans. We, as an industry, need to keep on working on good practices, cross-device measurement, and the standardisation of formats to keep the investment strong and increase advertiser confidence year by year

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Ayşen Akalın

Chair of the Board, IAB Turkey

While the most striking data is that digital advertising investment in Turkey reached 18 billion Euros (867 million TL) with a growth rate of 99.7%, it is necessary to evaluate it from many perspectives. There are now 69.95 million internet users in Turkey and this increased by 3.9 million (+5.9%) between 2021 and 2022. According to Nielsen, the Z generation in Turkey constitutes 36% of the population which is above the global average. The digital world, which is enriched with new applications every day, has become an integral part of their lives in many areas such as socialisation, shopping and education.

The E-commerce volume in our country increased by 69% in 2021 and reached 381.5 billion TL. The number of orders increased by 46% from 2.3 billion units to 3.3 billion units. This growth is not only on the marketplaces, but also the brands invested heavily in advertising. The gaming industry was also key to growth which received an investment of 266 million dollars in 2021.

Besides all these developments Turkey is number 21 in terms of per capita advertising investments. This shows that the market has a huge opportunity to grow with maturity.

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Thomas Duhr

Executive Committee Member, Vice-President BVDW and Executive Vice-President IP Deutschland

The year 2021 marks a challenging year for all of us. The corona-effects had negative impacts on many areas of life. But in the overall industry we saw a massive shift of activities into the digital space, the most obvious was online shopping. The marketing budgets followed the trend. Focusing just on the digital display and video advertising, we saw a market growth of 24.7 per cent. To be fair, a part of the increase must be assigned to insecurities at the beginning of the pandemic in 2020, when many companies iced parts of their budgets.

In 2022 the high pandemic-related level of spending remains. For this year, we expect a moderate growth of more than ten per cent. According to BVDW's spring forecast the increase will be driven by an inventory expansion as well as new product offerings. Above-average growth with at least 20 percent is expected for newer formats and environments like digital audio advertising. But there is still uncertainty for the market: the Ukrainian war's impact on economy, which is not easy to predict. Thus, we all hope the war will end soon and the economy will be manageable.

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FORMATS

Key findings – Formats

- Growth in 2021 was robust across all formats. Display (incl. banner, video and audio) ads performed strongest (+34.5%), followed by paid-for search (+29.9%) and Classifieds, Directories and Affiliate (+11.3%).
- Display increased its share of formats to 49.6% of all digital ad spend, with many markets exhibiting a display share of over 50%.
- Social (+42.2%) was a key driver of display growth as non-social display ads grew by 27.5%. Social accounted for over 25% of total digital ad spend in 2021, and over 50% of display ad spend.
- Video also was a growth engine (+46.2%), both within and outside social. Video now accounts for 41% of all display ad spend.
- Paid-For Search rebounded sharply after growing 7.8% in 2020, returning to double-digit growth in 2021 (+29.9%). In three countries covered in this study, search accounts for more than 50% of digital ad spend.
- Digital Audio recorded the strongest percentage growth in 2021 (+50.7%). The audio market continues to grow rapidly, from a low base, reaching €700m in 2021, or 3% of display spend.
- After a 9.1% decline in 2020, the Classifieds, Directories and Affiliate segment recovered and grew by +11.3%. The segment's overall share of digital ad spend has fallen to 7.5% as growth trailed other formats.

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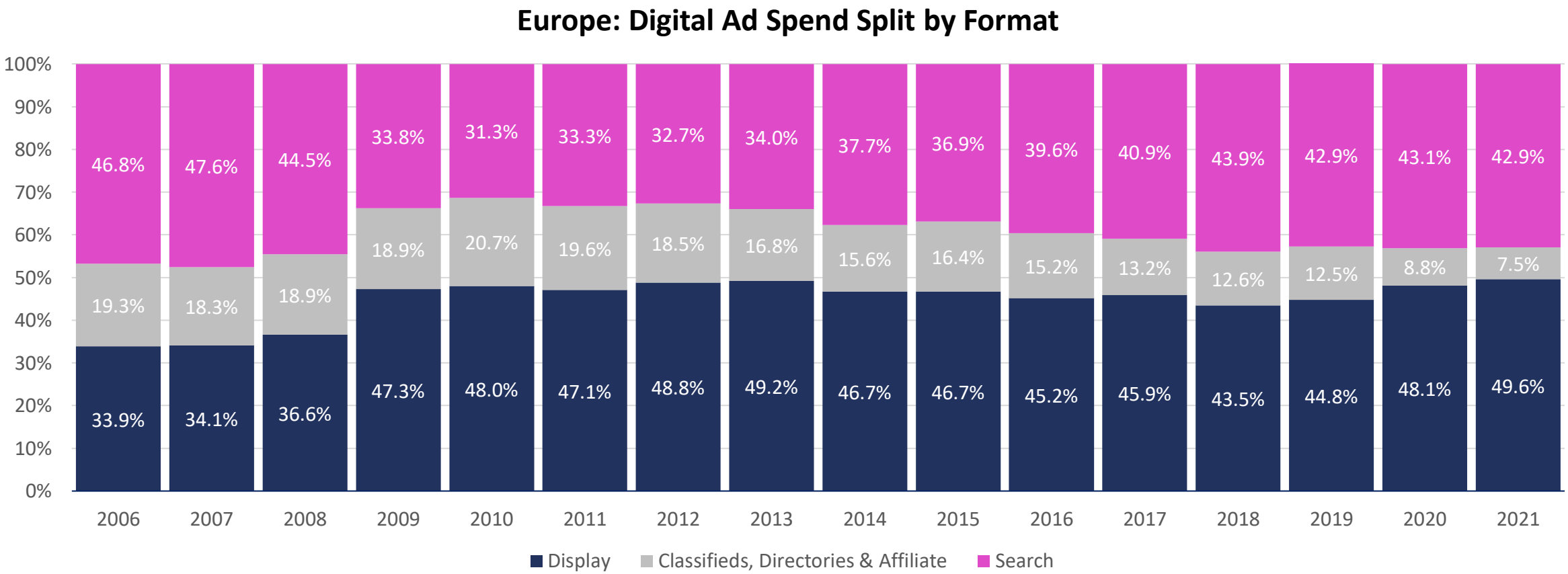
Display formats continued share gain after 2020 surge…



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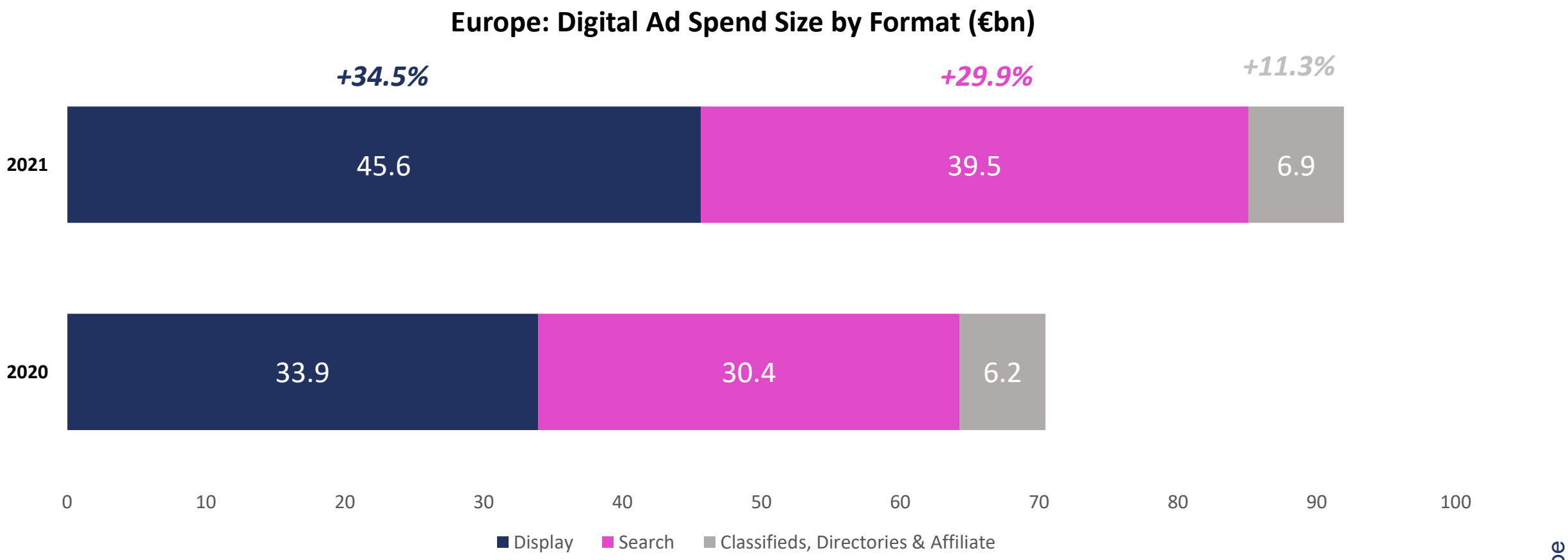
...exceeding €40bn driven by video and social



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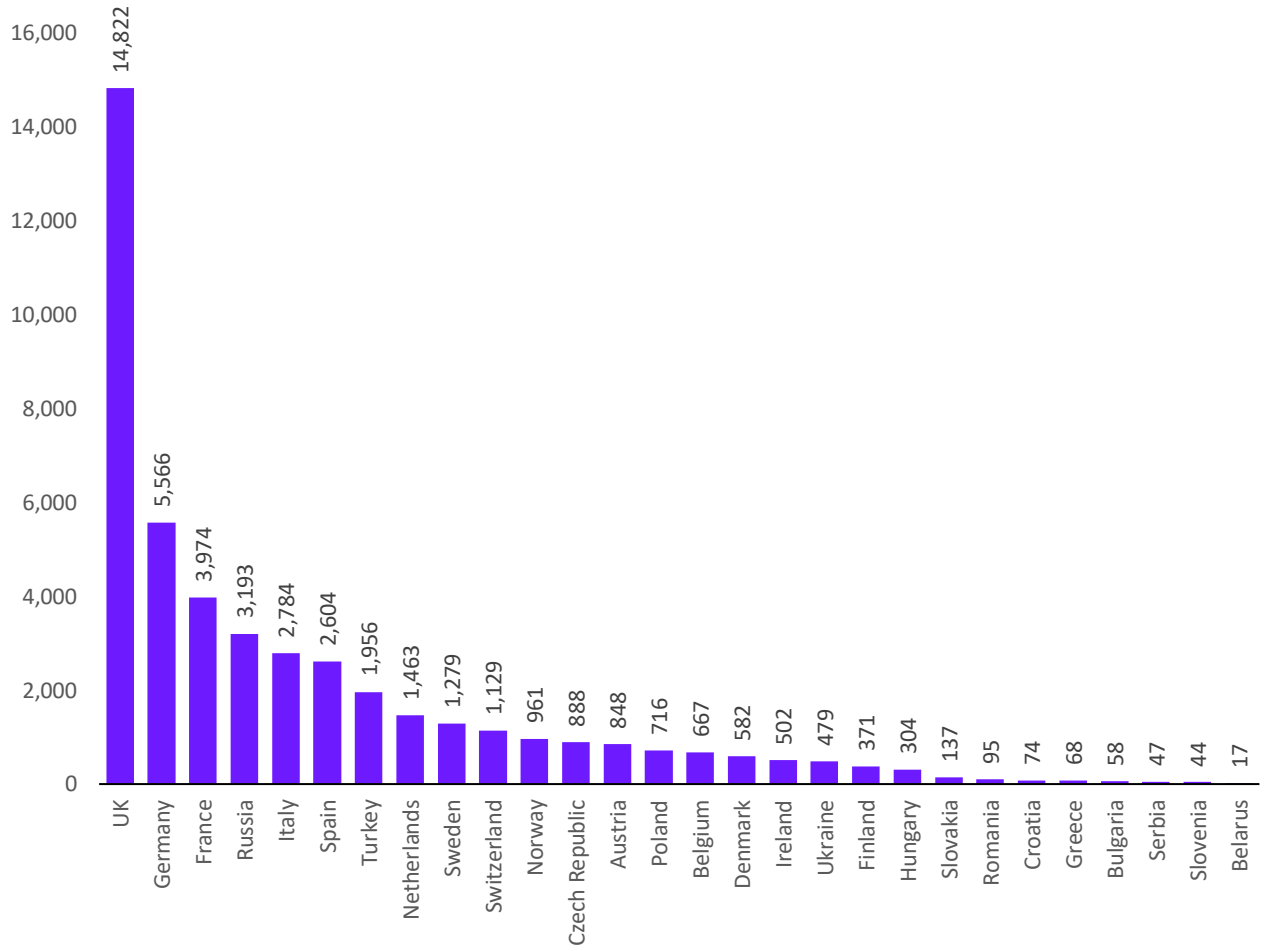
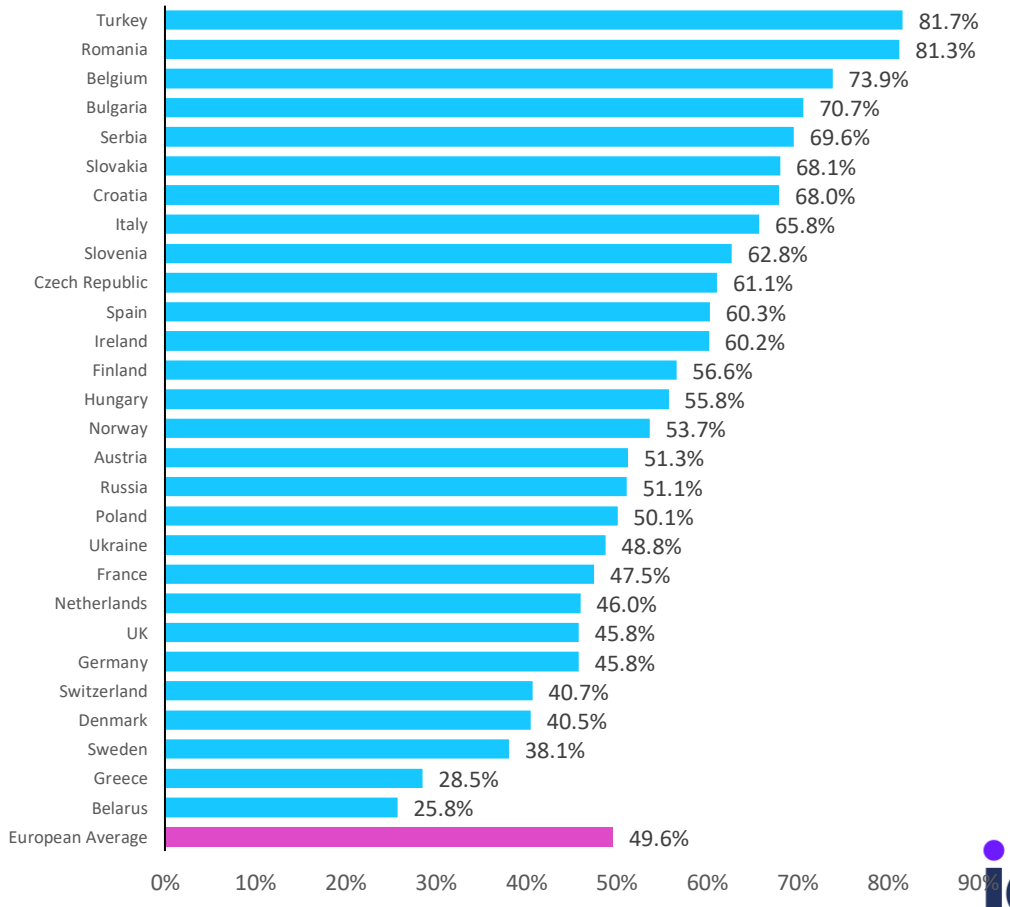
Display is over 50% of digital ad spend in a majority of markets

Digital Display Ad Spend in 2021 (€m)



Note: includes social

Display Share of Total Digital Ad Spend (2021)



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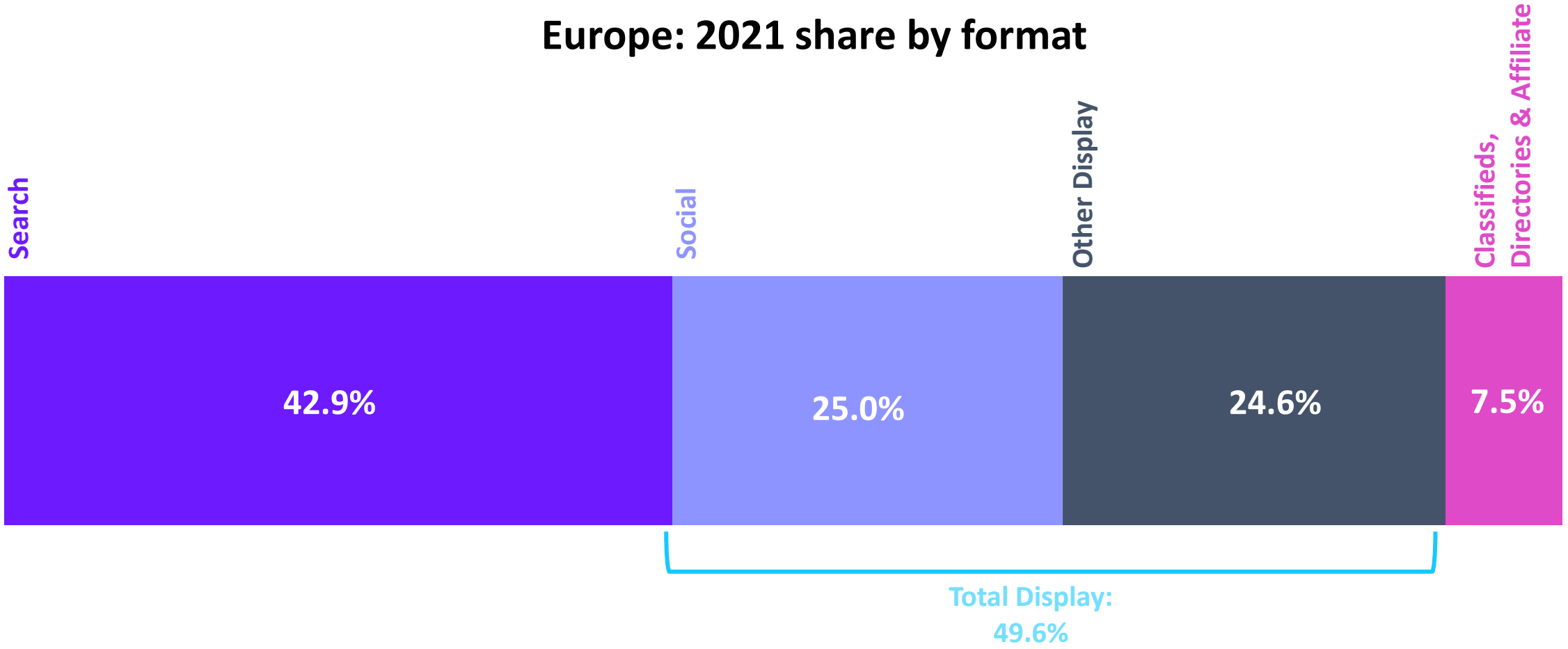
Social is 25% of all digital ad spend...



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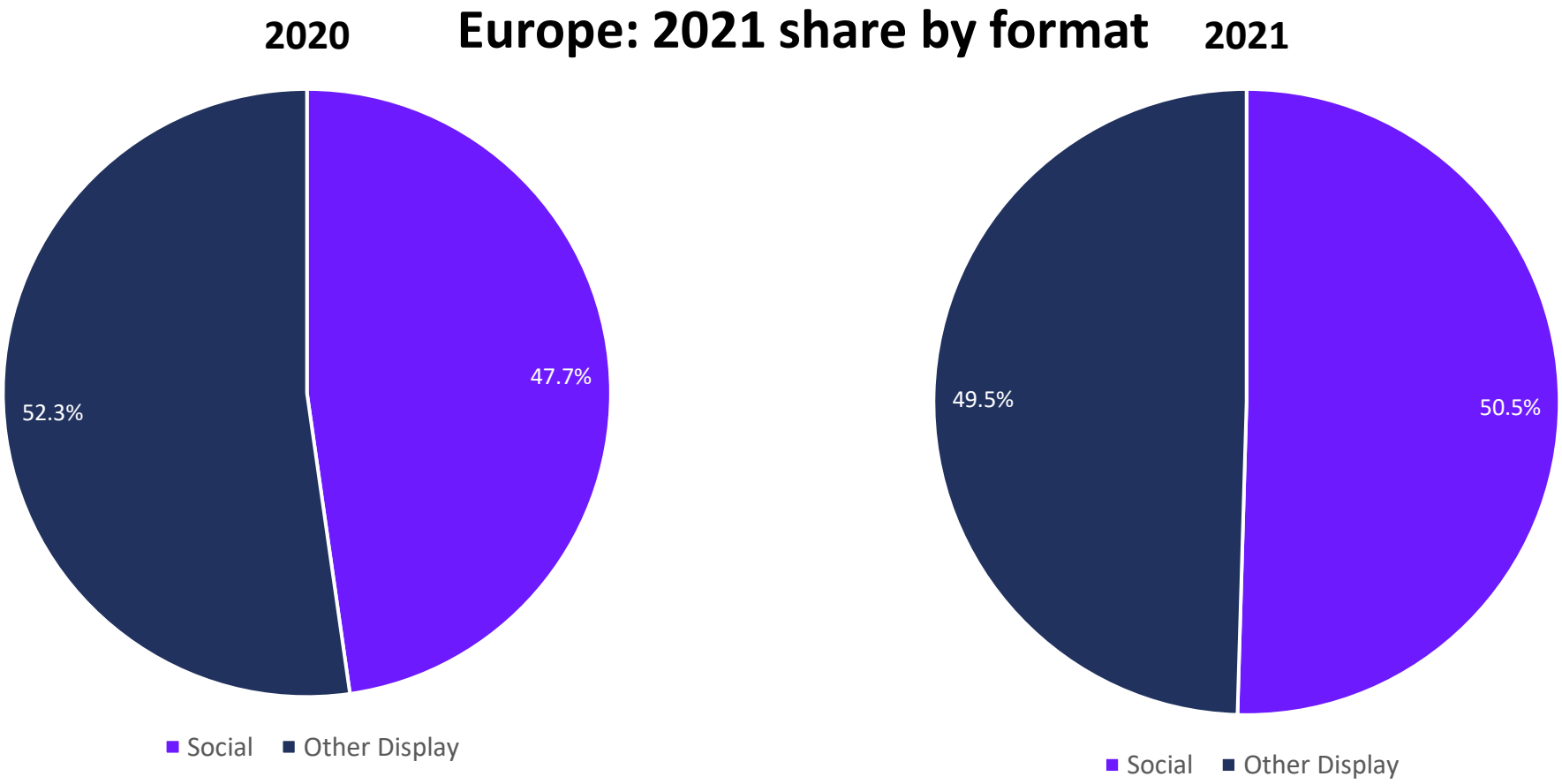
...and 50% of display spend



Note: Data on social share is not comparable with previous IAB Europe Adex Benchmark reports due to changes measurement of social and 'long-tail' display ad spend by national markets.

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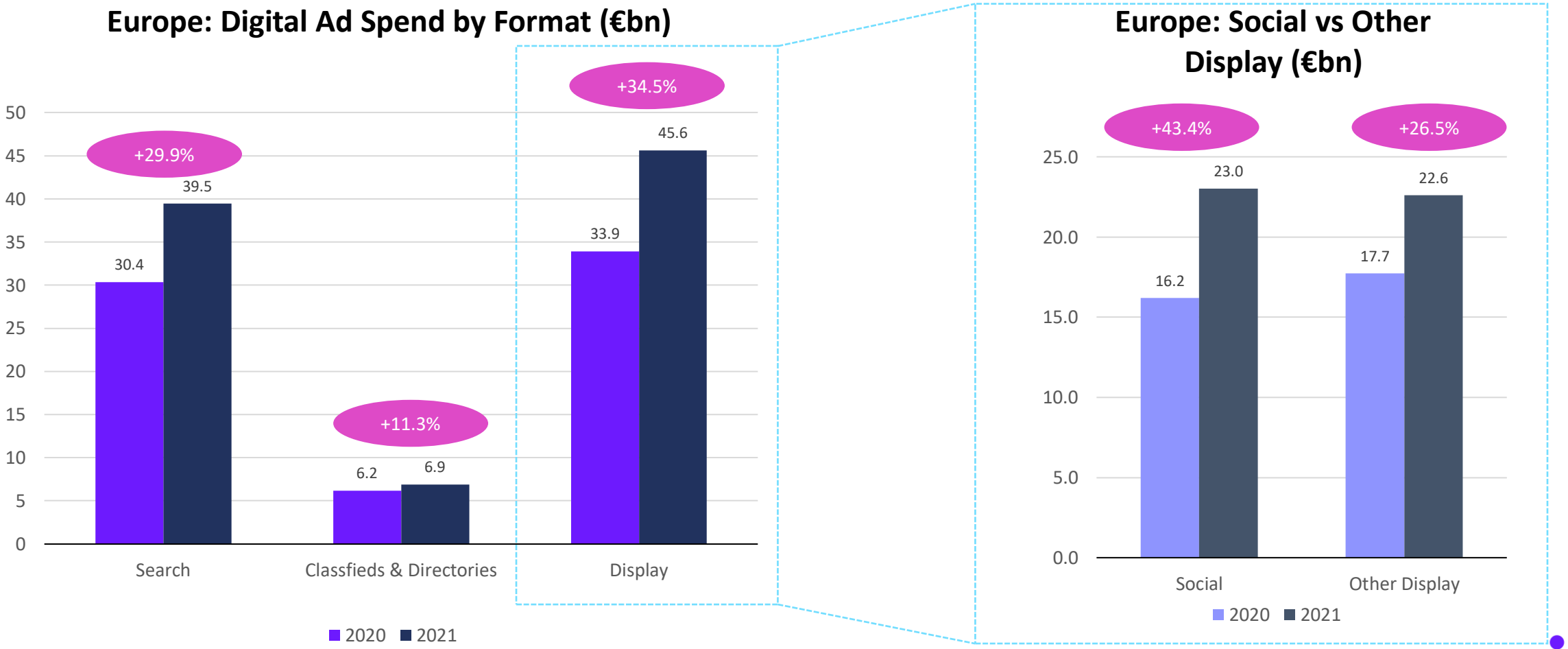
Social grew faster than other display, while search outperformed non-social display



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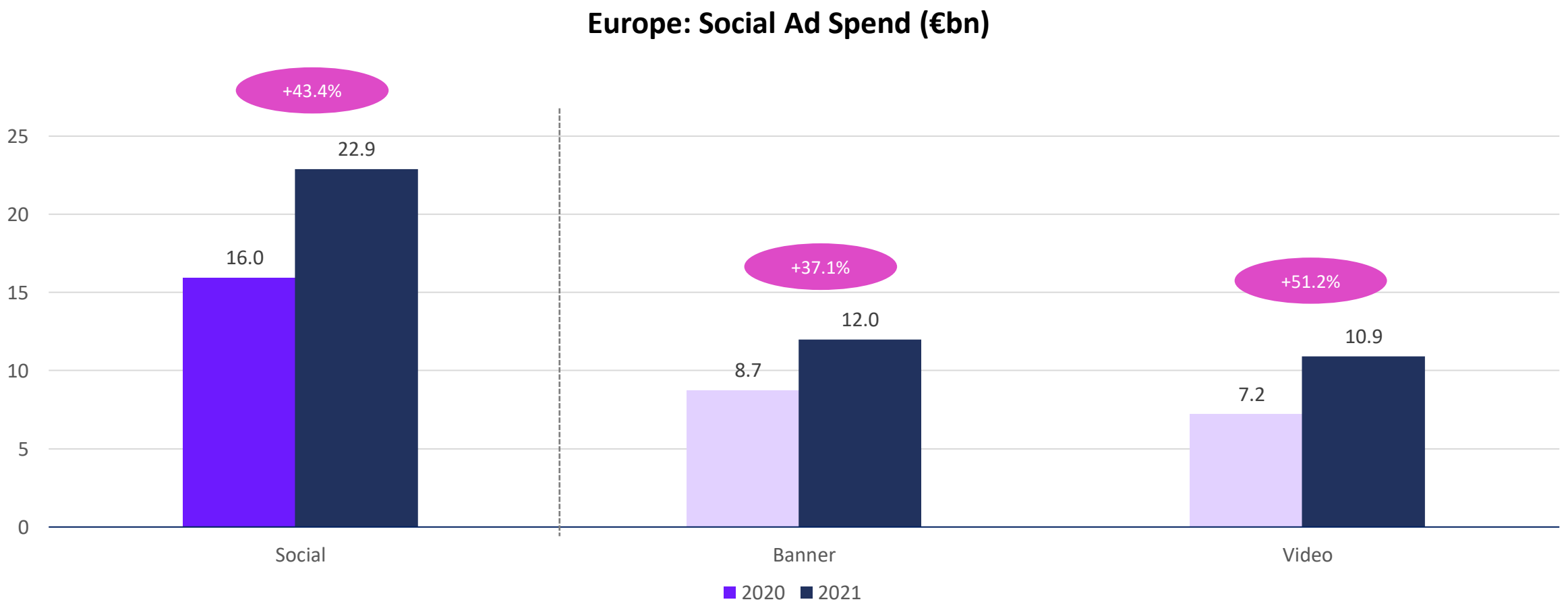
Video was the fastest growing segment within social



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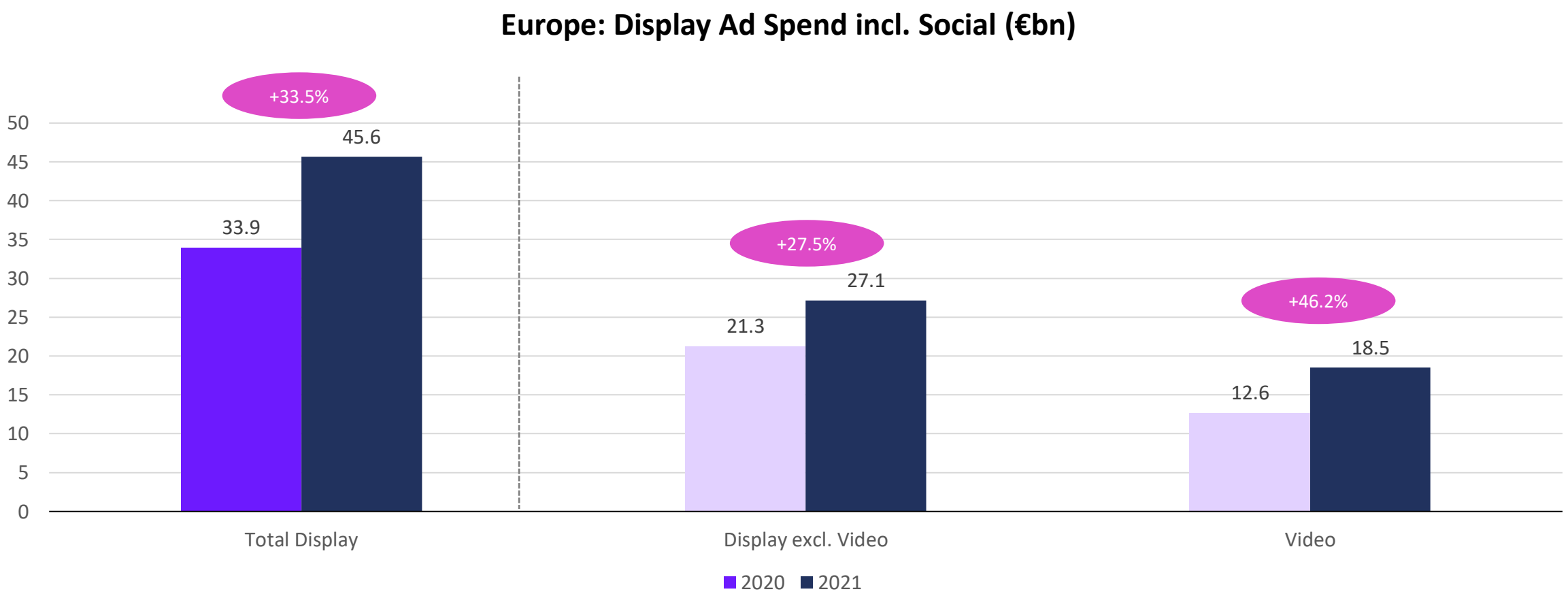
Video is a crucial driver for display growth



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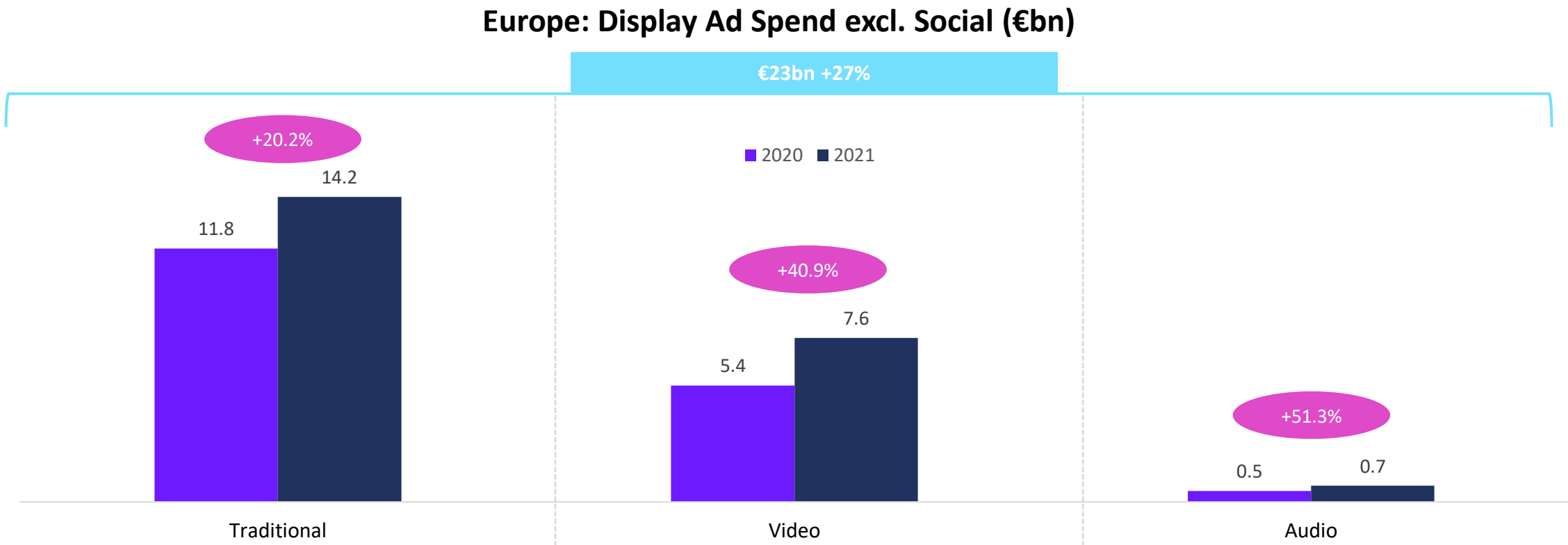
Outside of social: sectoral shift towards video – audio nascent but growing



Banners, Native, Special Ads, Integrated Content, Newsletter Ads

In-Stream (Pre-roll, Mid-roll, Post-roll) Out-Stream (specific formats vary by country)

Online radios (IP-delivery), music streaming services, podcasts, voice assistants; covered for the first time; European total modelled from 11 markets that report audio

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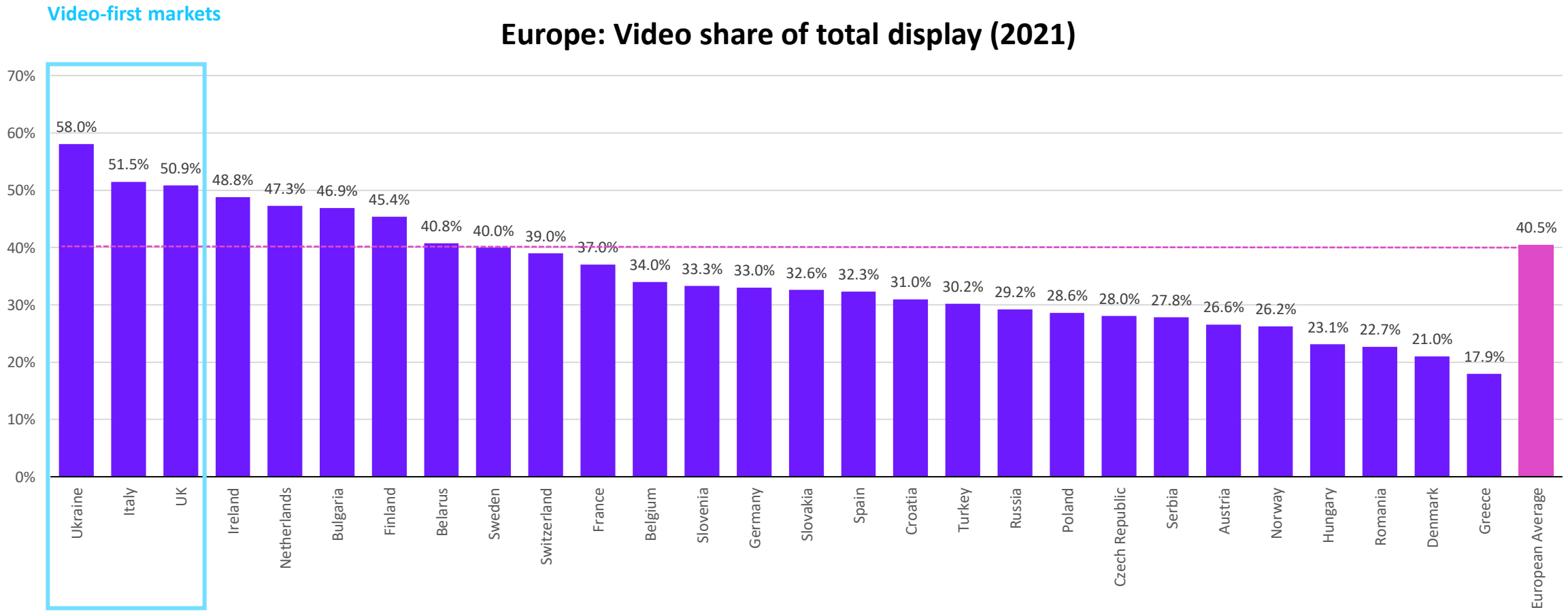
Video now exceeds half of total display spend in 3 markets

Video-first markets



Note: includes social

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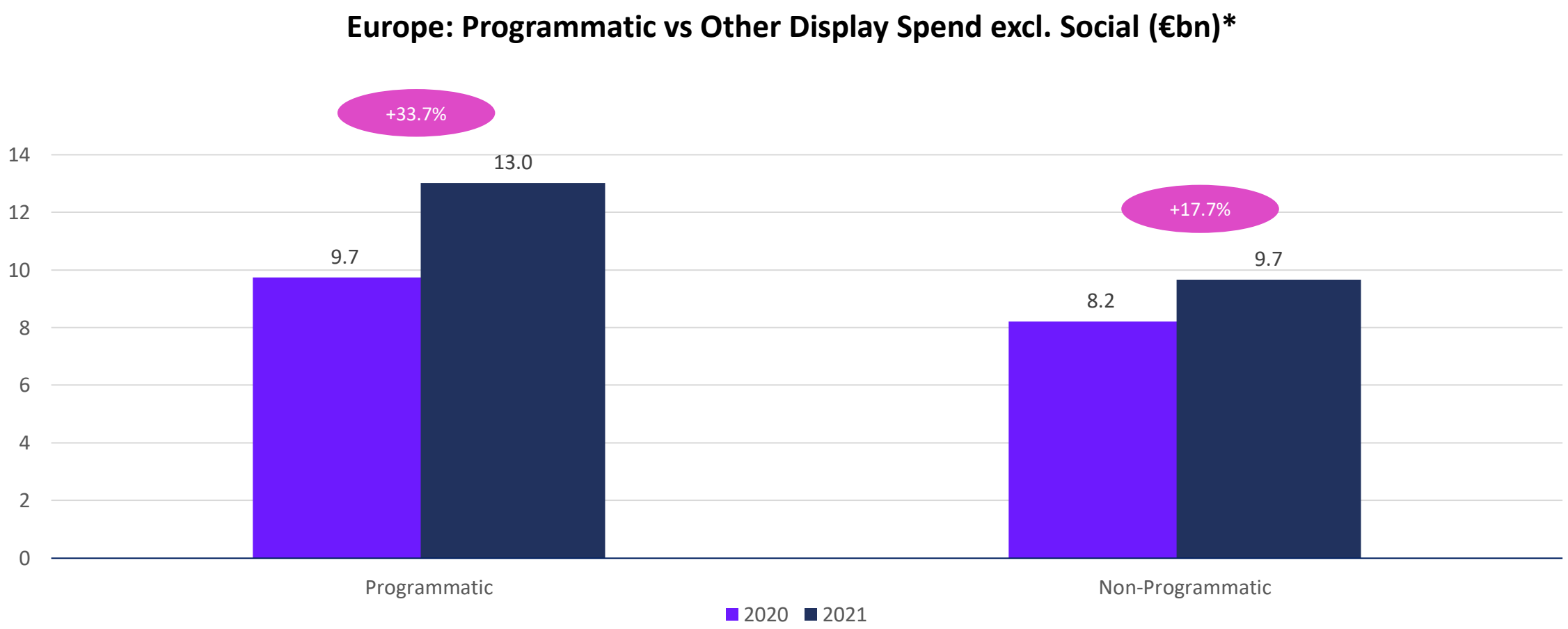
Programmatic outperformed I/O based display…



Programmatic excludes social. Includes banner, video and audio.

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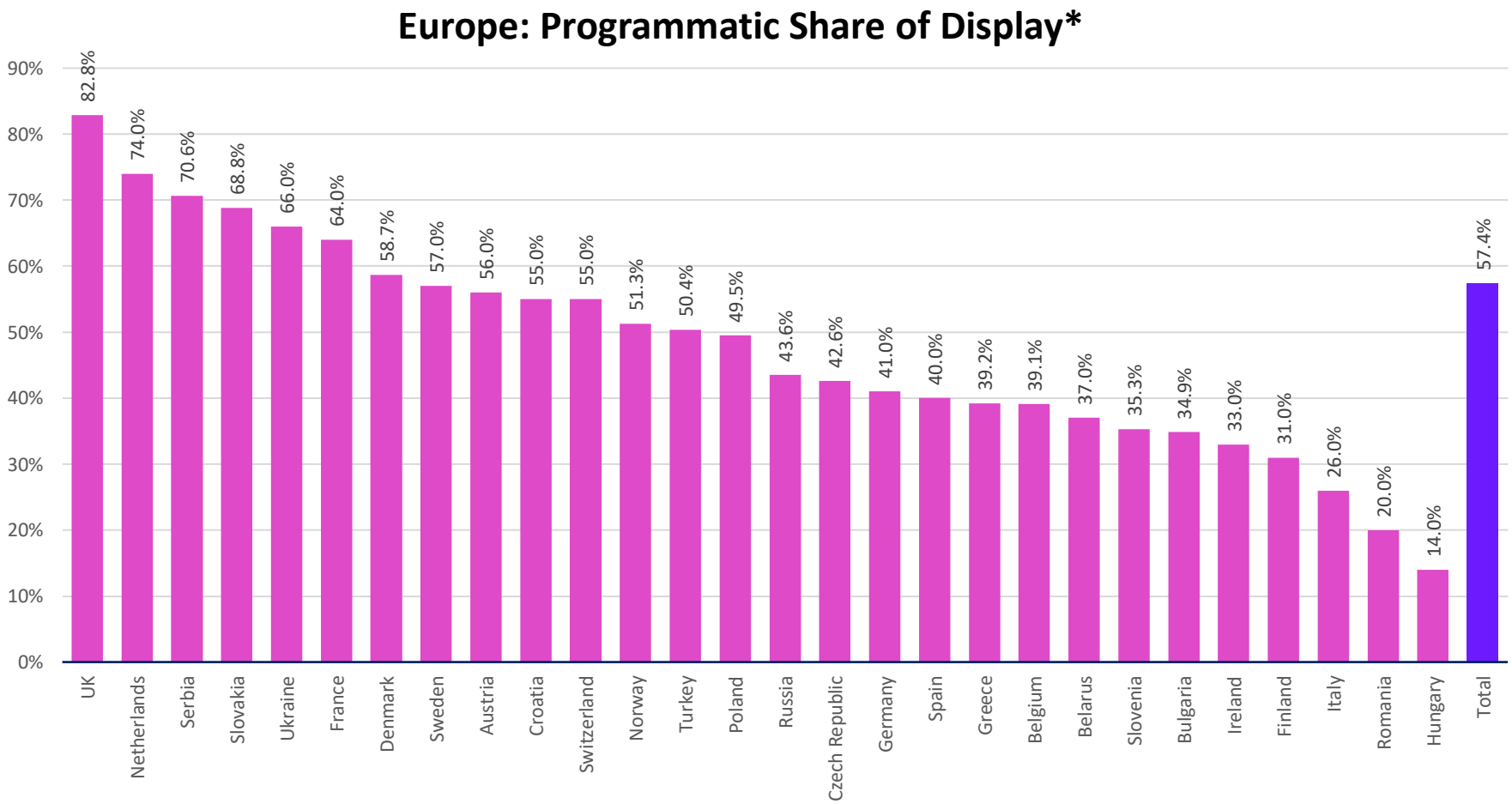
...and now commands 57% of display



- Programmatic defined as excluding social
- Publisher approach & concentration of sell-side influence programmatic adoption between markets
- Fast ramp up of second mover markets, especially in CEE
- Move to private market places as open market share declines

**Programmatic excluding social, share calculated based on non-social display. IAB Europe estimates: Some IABs provide programmatic data including social, which we have adjusted to ensure like-for-like comparison.*

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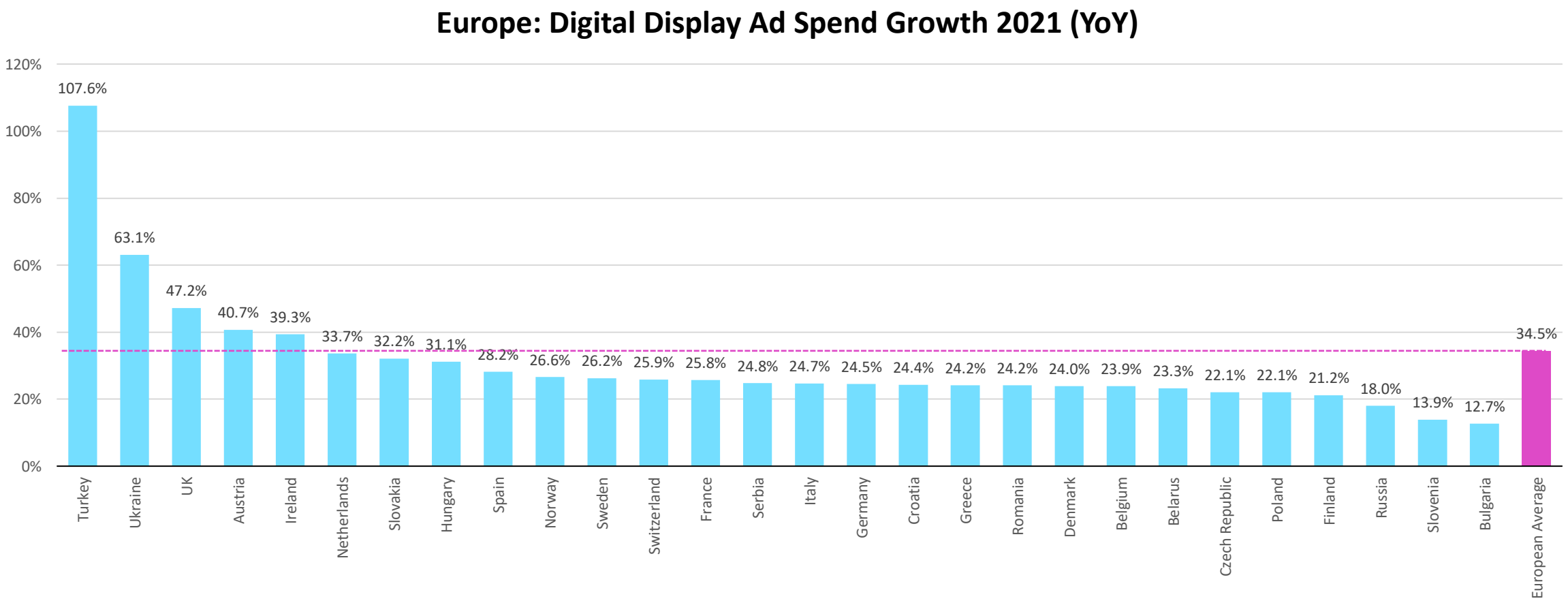
All markets recorded double-digit growth in display…



Note: includes social

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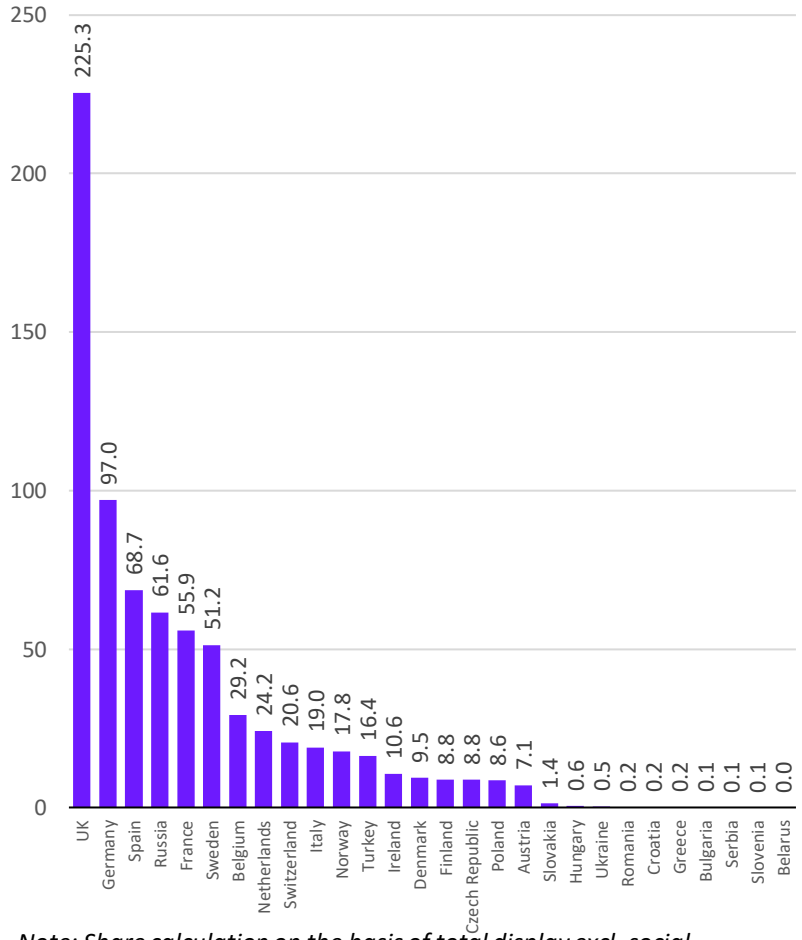
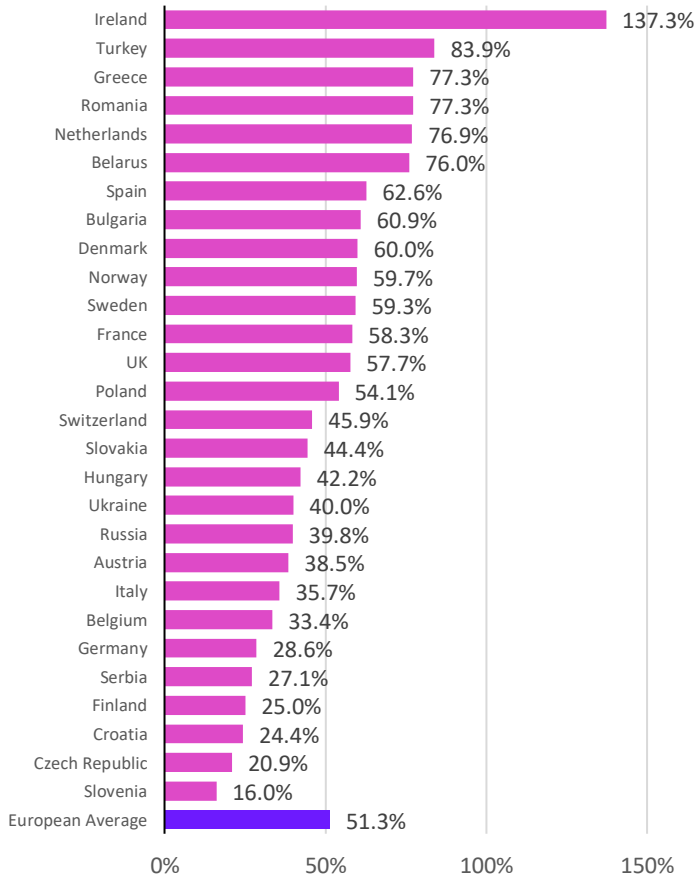
Digital audio remains nascent but fast growing

Digital Audio Ad Spend in 2021 (€m)

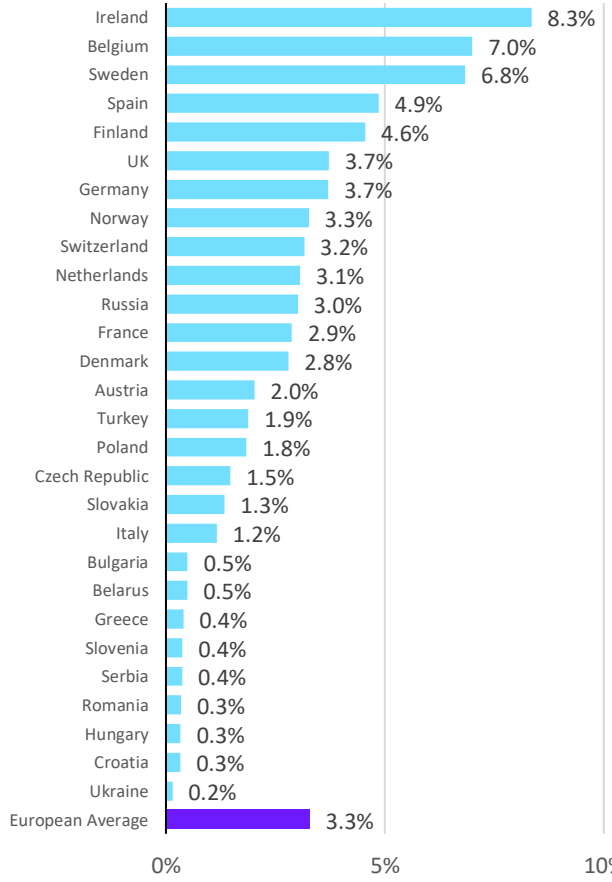


Note: Share calculation on the basis of total display excl. social

Digital Audio Ad Spend: YoY Growth 2021 vs 2020



Digital Audio Share of Display Ad Spend excl. Social (2021)



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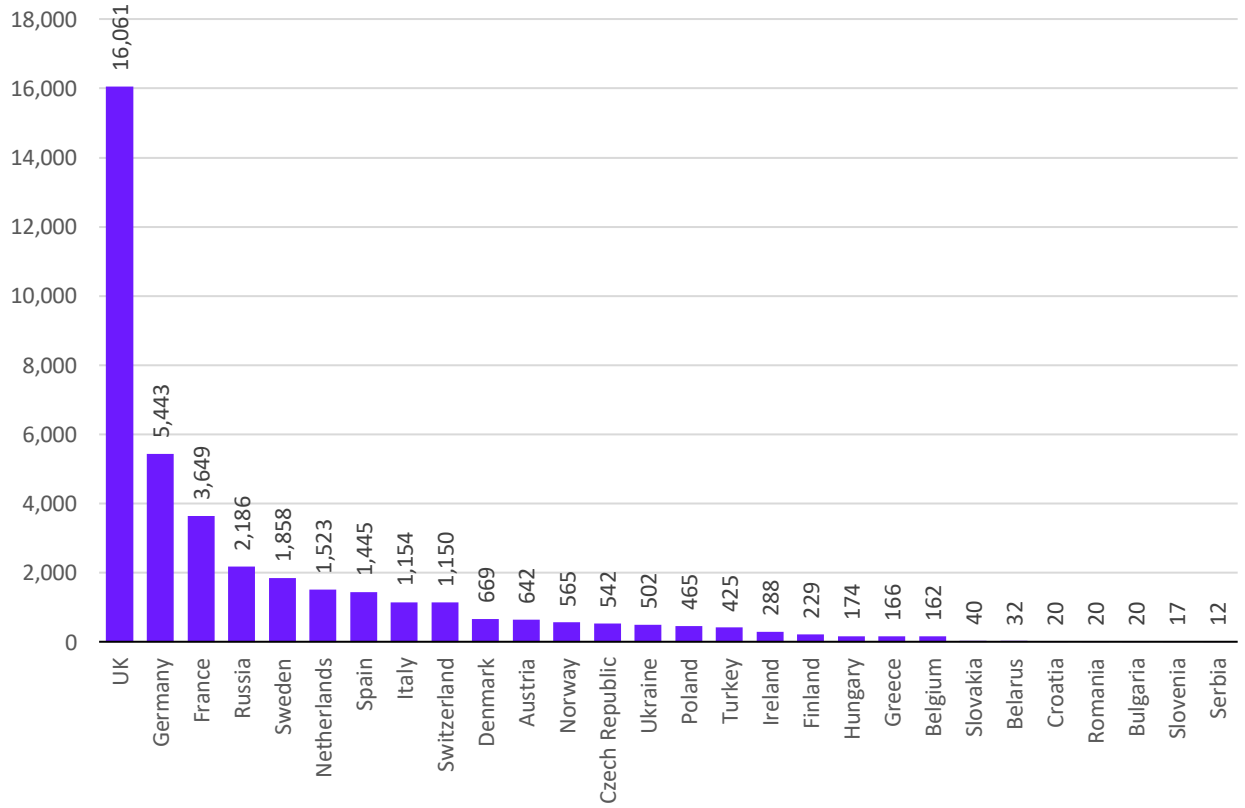
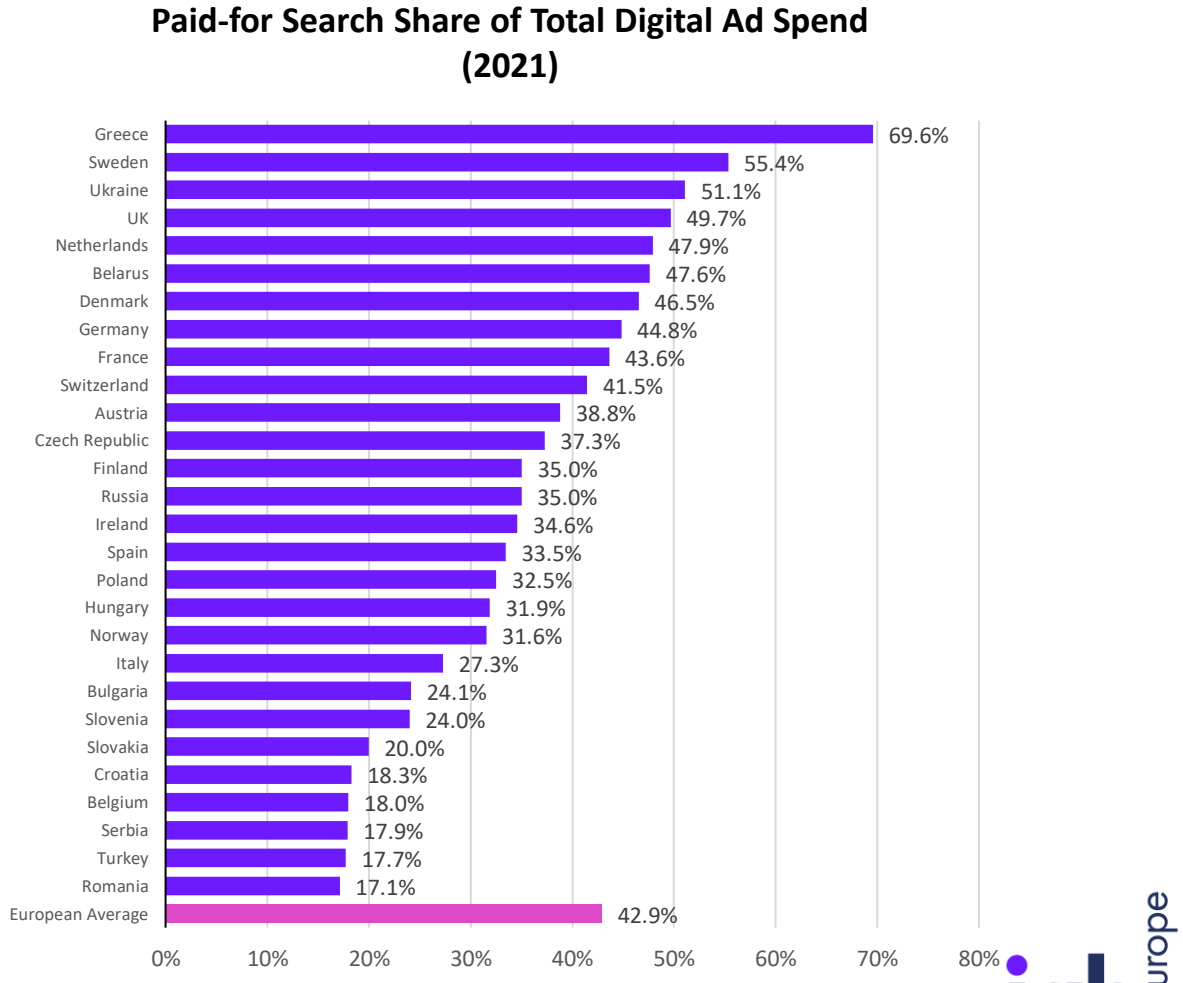
UK dominates Paid-for Search, which is over 50% of digital ad spend in 3 European markets





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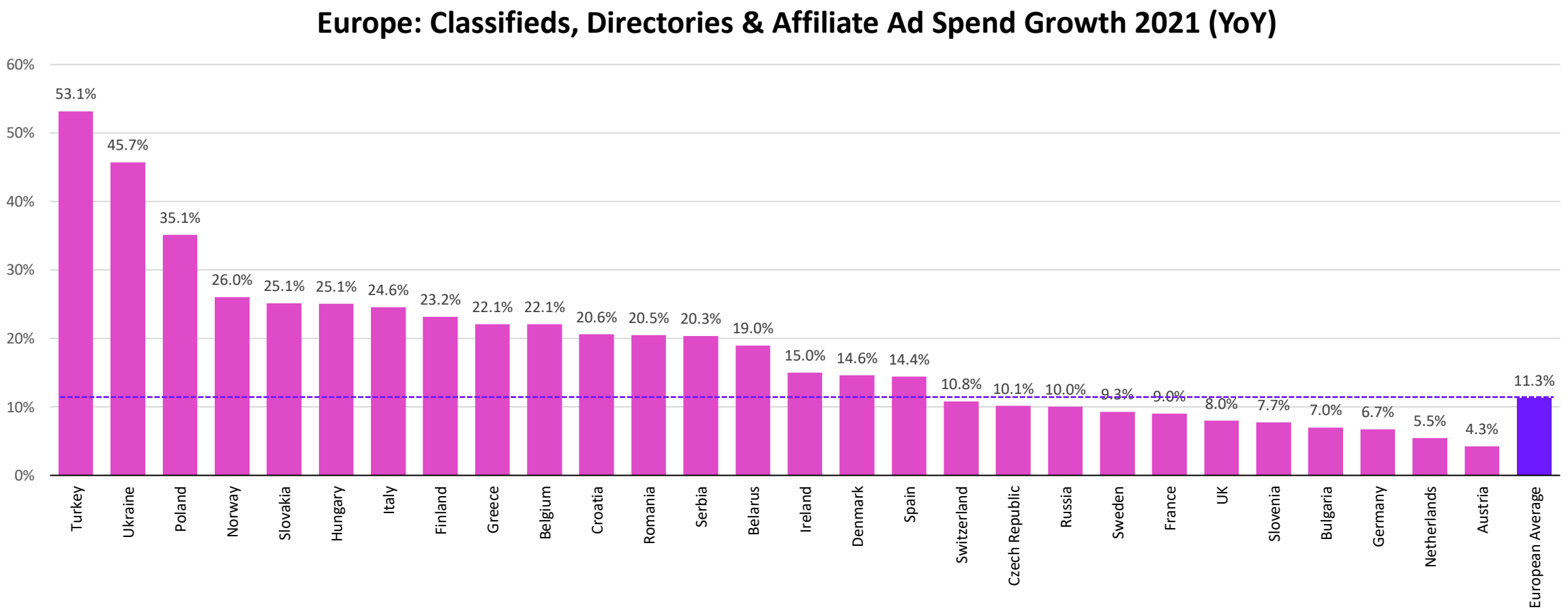
Growth across the board in the Classifieds, Directories & Affiliate category



Note: Affiliate added to Classifieds & Directories constitutes approx. 15% of the category total. Methodology change in 2020 to account for changing IAB reporting standards and divergent definitions of 'affiliate' in local markets.

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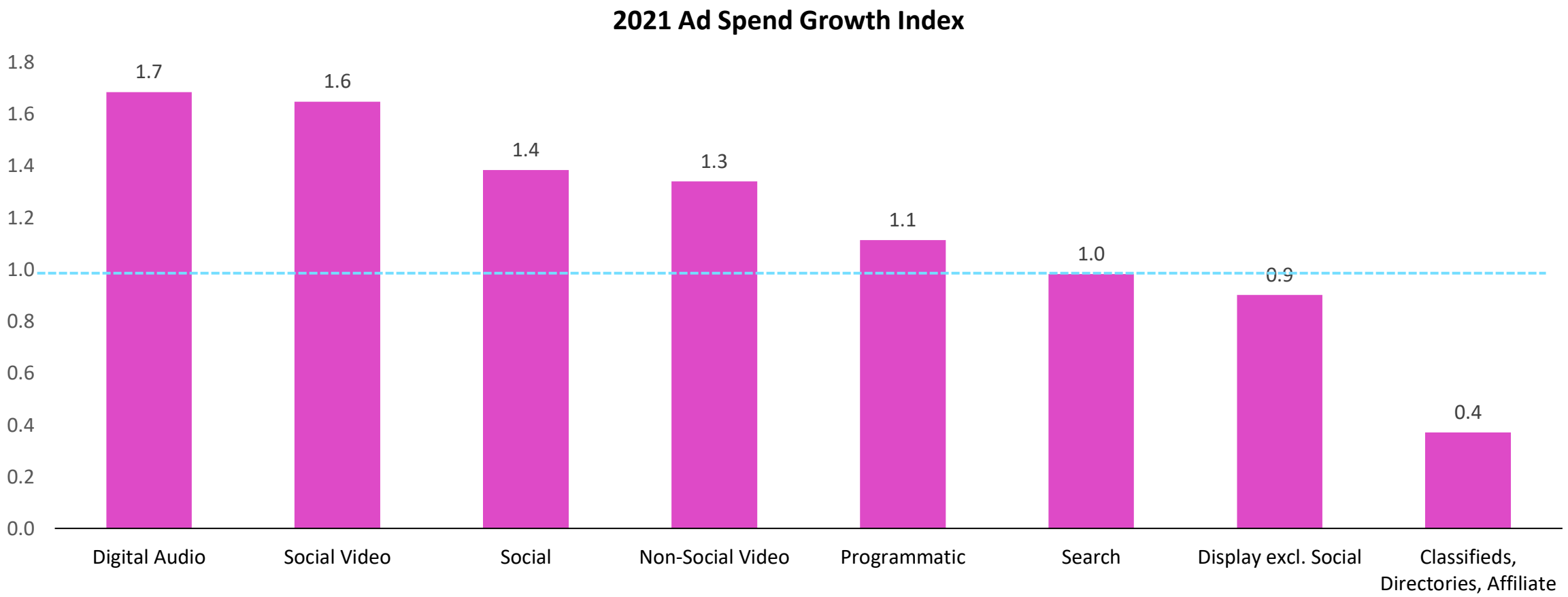
Audio and social video ahead of other formats



Note: By format growth indexed against total

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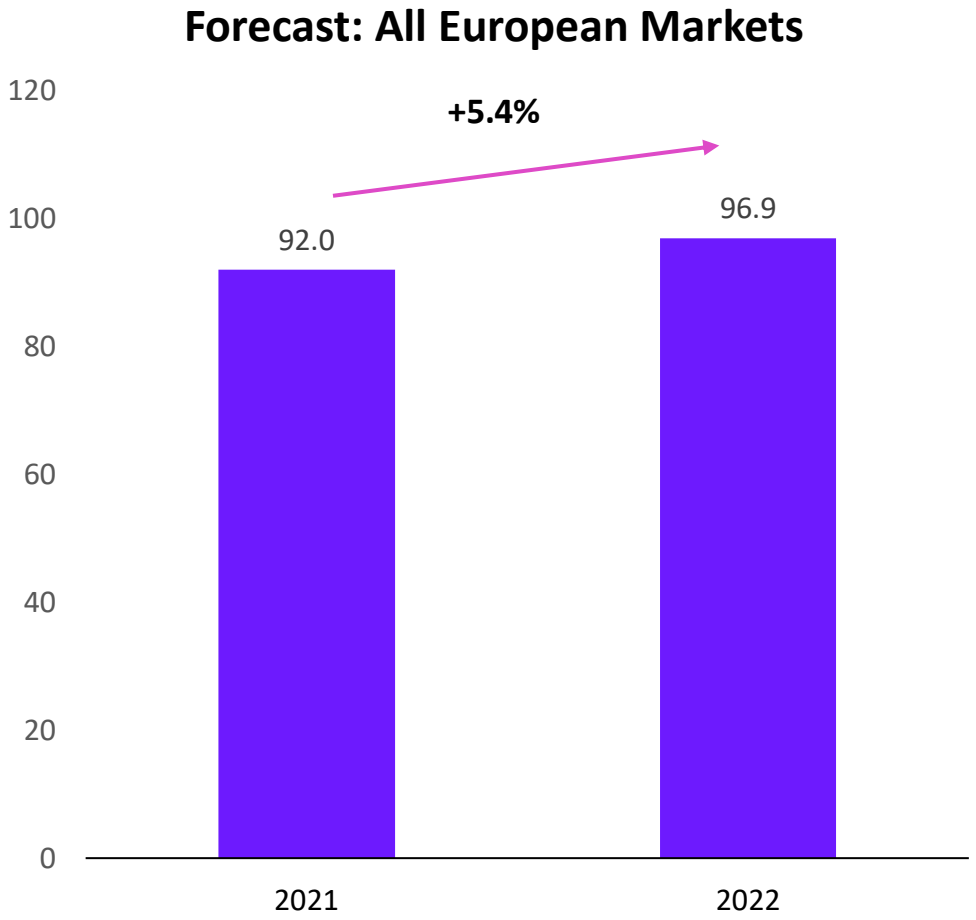
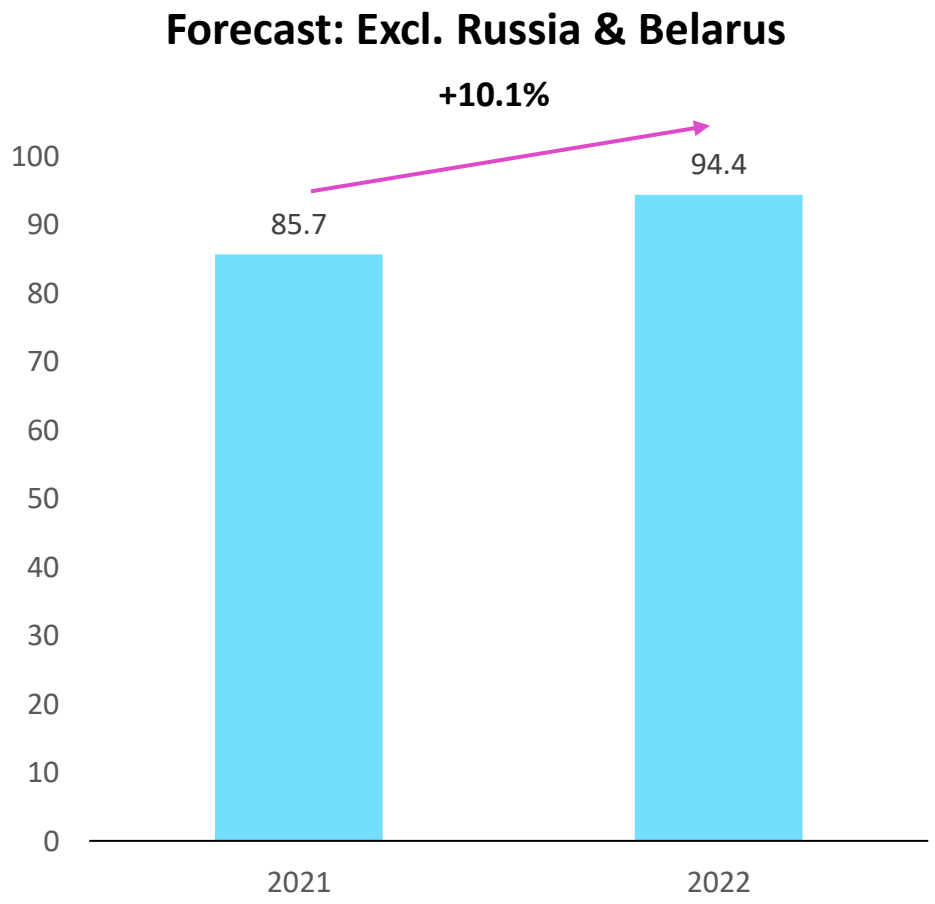
Outlook: characterized by macro uncertainty





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Daniel Clayman

General Manager Northern Europe, Xandr

With digital ad spend at its highest growth since 2008, this is an exciting time to be part of this industry. IAB Europe's AdEx Benchmark study, portrays a sense of real recovery for digital. Display formats have continued to gain share after the 2020 surge, growing by 34.5% in 2021. Video, and specifically CTV, has been front of mind for the advertising industry for the last few years now. Growth is steady but this report shows that interest continues and brands need to ensure they are putting video at the forefront to reach targeted audiences.

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Maria Shcheglakova

EMEA Marketing Director, PubMatic

Video advertising is increasingly being automated. As the volume of video ad dollars grows, advertisers are turning to programmatic for efficiency and scale. Buyers and publishers appear to be diversifying their investments and working with a wider range of formats and tech providers. While growth on this scale is truly brilliant to see, what matters most is how we sustain investment in the long term, in the face of growing regulatory scrutiny. As an industry, we should take confidence from the results shared in this report and channel that into pulling together to ensure a sustainable future for digital advertising.

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Mart Postma

Industry Trades Lead, Europe, Middle East & Africa, Meta

The digital advertising industry is always evolving. The significant growth in short form video taking place on social media unlocks great opportunities for advertisers to engage with our growing audiences.

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KEY METRICS

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Austria	
Digital Ad Spend	€1,655m
Year-on-Year Growth	35.8%
Digital Ad Spend per Capita	€185.0

Belarus	
Digital Ad Spend	€63m
Year-on-Year Growth	23.3%
Digital Ad Spend per Capita	€7.3

Belgium	
Digital Ad Spend	€902m
Year-on-Year Growth	-23.2%
Digital Ad Spend per Capita	€78.2m

Bulgaria	
Digital Ad Spend	€82m
Year-on-Year Growth	13%
Digital Ad Spend per Capita	€12.0m

Croatia	
Digital Ad Spend	€109m
Year-on-Year Growth	24.3%
Digital Ad Spend per Capita	€27.3

Czech Republic	
Digital Ad Spend	€1,454m
Year-on-Year Growth	23.7%
Digital Ad Spend per Capita	€135.5

Denmark	
Digital Ad Spend	€1,437m
Year-on-Year Growth	19.9%
Digital Ad Spend per Capita	€246.1

Finland	
Digital Ad Spend	€655m
Year-on-Year Growth	19.5%
Digital Ad Spend per Capita	€118.4

France	
Digital Ad Spend	€8,360m
Year-on-Year Growth	26%
Digital Ad Spend per Capita	€128.0

Germany	
Digital Ad Spend	€12,144m
Year-on-Year Growth	16.5%
Digital Ad Spend per Capita	€145.8

Greece	
Digital Ad Spend	€238m
Year-on-Year Growth	27.1%
Digital Ad Spend per Capita	€22.3

Hungary	
Digital Ad Spend	€545m
Year-on-Year Growth	27.6%
Digital Ad Spend per Capita	€55.8

Ireland	
Digital Ad Spend	€834m
Year-on-Year Growth	26.5%
Digital Ad Spend per Capita	€165.3

Italy	
Digital Ad Spend	€4,232m
Year-on-Year Growth	23.6%
Digital Ad Spend per Capita	€71.0

Netherlands	
Digital Ad Spend	€3,179m
Year-on-Year Growth	31.2%
Digital Ad Spend per Capita	€182.1

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Norway	
Digital Ad Spend	€1,790m
Year-on-Year Growth	26.9%
Digital Ad Spend per Capita	€330.5

Poland	
Digital Ad Spend	€1,430m
Year-on-Year Growth	20.2%
Digital Ad Spend per Capita	€37.8

Romania	
Digital Ad Spend	€117m
Year-on-Year Growth	24.2%
Digital Ad Spend per Capita	€6.0

Russia	
Digital Ad Spend	€6,245m
Year-on-Year Growth	21.3%
Digital Ad Spend per Capita	€42.7

Serbia	
Digital Ad Spend	€68m
Year-on-Year Growth	26.6%
Digital Ad Spend per Capita	€9.9

Slovakia	
Digital Ad Spend	€201m
Year-on-Year Growth	31.4%
Digital Ad Spend per Capita	€36.9

Slovenia	
Digital Ad Spend	€69m
Year-on-Year Growth	16.5%
Digital Ad Spend per Capita	€33.0

Spain	
Digital Ad Spend	€4,316m
Year-on-Year Growth	33.1%
Digital Ad Spend per Capita	€91.5

Sweden	
Digital Ad Spend	€3,356m
Year-on-Year Growth	25.1%
Digital Ad Spend per Capita	€316.2

Switzerland	
Digital Ad Spend	€2,773m
Year-on-Year Growth	21.6%
Digital Ad Spend per Capita	€319.8

Turkey	
Digital Ad Spend	€2,395m
Year-on-Year Growth	99.7%
Digital Ad Spend per Capita	€28.3

UK	
Digital Ad Spend	€32,334m
Year-on-Year Growth	40.5%
Digital Ad Spend per Capita	€480.6

Ukraine	
Digital Ad Spend	€982m
Year-on-Year Growth	43%
Digital Ad Spend per Capita	€23.8

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FORMAT DEFINITIONS

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Display (1/2)

General display advertising	Banners, buttons, skyscrapers, overlays, interstitials, native ads.
Online video advertising	A subset of display. Included are: • in-stream video advertising (pre-rolls, mid-rolls, post-rolls) • in-stream banner overlays • out-of-stream & in-feed video advertising (e.g. self-play video on social network, not embedded in non-advertising video content) • in-banner video advertising • in-text video advertising • contextual video advertising (e.g. branded video players, contextual banner advertising sold against video content).
Social	A subset of display advertising. Can include banner and video. Refers to advertising on social networks such as Facebook, LinkedIn, etc. We do not count YouTube as 'social'.
Newsletter advertising	Advertising (text or banner) that appears around the unrelated editorial content of email newsletters.
In-game advertising	Fees paid for advertising, sponsorship or product placements within an online game.
Integrated content	Advertising space without a direct link to the advertiser's website, including tenancies and sponsorships (see below for detailed definitions of these).
Tenancies	Long term partnership between advertiser and media owner. Media owner benefits from content or service offered by tenant to their customers, although media space may be paid for in usual ways.
Sponsorships	Advertiser sponsorships of content areas.
Interruptive formats	A type of internet display advertising that interrupts the user experience with the page content e.g. pop ups, overlays.
Digital audio	Streaming audio advertising including pure-play music services, IP-based radio, podcasts.
Connected TV	Video ads consumed on a TV screen, delivered via an internet connection. This includes TVs directly connected to the internet (Smart TV), as well as hardware that enables a TV to become connected, e.g. TV sticks, games consoles and set-top boxes that are connected to the internet. Measurement of CTV ad spend is in its infancy and not separately broken out by most IABs participating in this study.

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Display (2/2)

Mobile display	Any display advertising viewed or read on a mobile phone, including rich media advertising and online video advertising. This could be browser-based as well as in-app.
Programmatic	Advertising using transactional or workflow automation mechanisms embedded in an infrastructure that relies on a set of rules applied by software and algorithms, 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 are recognised as 'programmatic' whenever any of those mechanisms applies, irrespective of the inventory owner's awareness of their involvement. This means that spend 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. Spend is recognised as programmatic irrespective of whether the inventory owner acts directly, or indirectly via an intermediary.

Paid-for Search

Paid-for Search Advertising	Advertising appearing on specific word requests on search engines.
Mobile search	Advertising appearing on specific word requests on search engines, viewed on a mobile device.

Classifieds, Directories, Affiliate

Online classifieds	A fee is paid by an advertiser to display an ad or listing around a specific vertical such as automotive, recruiting and real estate, regardless of the outcome of the ad (i.e., the fee is paid even if there is no ‘sale’).
Online directories	Online version of printed yellow pages (business listing paid for by advertiser).
Affiliate marketing	Fees paid to third party (affiliate) for traffic generation (e.g. pay-per-visit). These can be display-like units, paid-for listings or sponsored links.

Exclusions

E-Mail marketing and search engine optimiation are excluded.

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