



IAB report on Programmatic Advertising

The Netherlands

October 2018

Participating companies

The following companies participated in the 2017-2018* programmatic study

Abovo Media

Funda

Massarius

Perform Media

TMG

Addurance B.V.

Improve Digital

MobPro

Sanoma

Traffic Builders

Adfactor

Mannenmedia BV

NDC Mediagroep

SDIM

Traffic4u

AppNexus

Marktplaats

NMPi

Semilo

Tweakers BV

De Persgroep NL

Massarius

Omnicom Media Group

Smartclip Benelux

Yoki Network B.V.

*All participants supplied programmatic data over 2017 and partially over 2018 (January - August)

Introduction & Summary

Introduction

A large share of online advertising is sold via programmatic exchanges in the Netherlands. Due to the GDPR implementation in May 2018 and its projected impact on online advertising, this edition of the study has been scheduled and released later in the year.

Deloitte commissioned by IAB taskforce Programmatic Trading, performed analysis on the programmatic market based on input directly from Publishers, Trading Desks, Ad Networks, Advertising technology Platforms, Data Providers and Agencies.

In this edition market analysis is based on data supplied by 25 companies.



Sabrina Schmidt

IAB Netherlands | Chairman Taksforce Programmatic

"2018 is the year of change and collaboration. With GDPR, our industry was under pressure and forced to collaborate. Programmatic growth is slowing a bit down to an expected 11% for 2018. However, we increasingly see full funnel and cross-media campaigns, branding KPI's and deeper personalization in the programmatic marketplace. Additional media types such as RichMedia, video, native and audio are being progressively executed programmatically. Media strategies are now adapted to the shift of media consumption on mobile screens as the programmatic mobile share is exceeding the threshold of 50% for the first time in 2018. The intensive dialogue about brand safety, transparency, efficiency, data and GDPR led to an improved collaboration between sellers, buyers, brands and tech providers to move the programmatic industry successfully forward in 2018 and beyond."



Yvonne de Jager

IAB Netherlands | MD

"Normally you may have expected this Programmatic Ad Spend report to be published earlier in 2018. However, we made the choice to publish later, to see if there would be a 'GDPR effect'. It could be expected that advertisers would withhold from spending after May 25th of this year, since so much was unclear around what was and was not allowed due to the GDPR legislation.. Conclusion: it's very difficult to see a direct effect. Although it can be said that growth is a bit slower than to be expected. Still, a growth of +11% is a very healthy increase of the Programmatic market. Especially the growth in in-app mobile (+32%) is impressive! Time spend versus Ad spend finally seems to become more balanced."



Nathalie La Verge

Deloitte | Technology, Media & Telecom

"Over the last decade, we have seen the programmatic landscape evolving from a new trading mechanism that was an expression of the new marketingtech reality into a solid phenomenon within the advertising ecosystem. Parallel to the transformation of "traditional" medium types like Video, OOH and Radio into digital, we see the next steps for these medium types gaining a significant presence within the programmatic market as well. So there are still exciting times ahead for programmatic advertising!"

Methodology



Survey methodology

- Our current report is based on information supplied by 25 participating companies.
- Figures are adjusted for double counting, based on information provided by the survey participants
- The figures are drawn up on the basis of company input and have not been verified by Deloitte
- Only aggregated results are published, individual company information is held in strict confidence with Deloitte

Executive summary

Programmatic advertising in the Netherlands

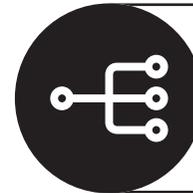
Programmatic advertising 2018



For the programmatic advertising market we have an estimated growth of +11% until the end of 2018, totaling 292 m€ in ad spend. Performing slightly below previous forecast of +15% growth.

**+11%
Growth**

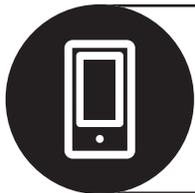
Header bidding H1 2018



The expected growth of header bidding in previous report materialized. Respondents indicate that as of H1 2018 9% of the revenue is being traded via header bidding.

**9%
Share**

Programmatic mobile 2018



Due to significant growth of in-app, the mobile share increases within the exchange, as a result more than half of the revenues (52%) are expected to originate from phone, tablet and in-app by 2018

**52%
Share**

Programmatic eCPM prices 2018



Due to significant growth in premium inventory and prices of mobile / desktop converging, the prices in the exchanges are expected to increase with +18% in 2018 compared to 2017.

**+18%
Growth**

Programmatic premium formats 2018



Premium formats (including video, rich media, native and the newly introduced programmatic audio) continue to increase share within the exchange with an expected revenue share of 47% in 2018 compared to 36% in 2017.

**47%
Share**

Programmatic advertising forecast over 2019



Over 2019 the expected growth of programmatic is +8%, as the impact related to GDPR is expected to be neutralized.

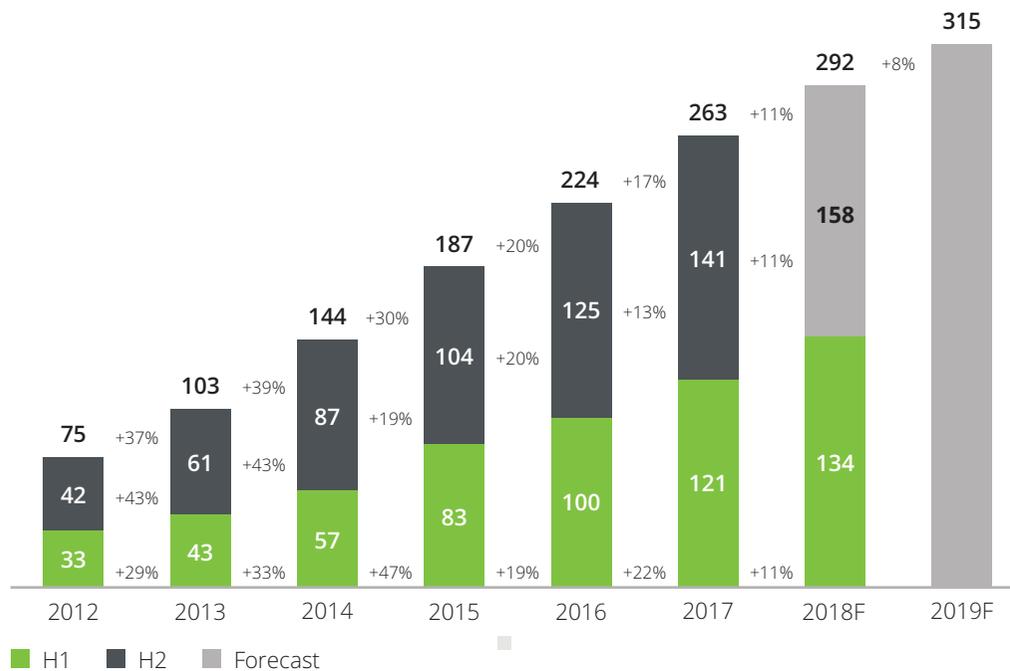
**+8%
Growth**

Programmatic Exchange

Programmatic traded advertising on exchanges 2012-2019

Programmatic traded display (incl. programmatic video and audio) advertising on exchanges is expected to realize a revenue growth of +11% over 2018

Display advertising (incl. video and audio) through programmatic exchange (m€)



The year on year growth of revenues of advertising sold via programmatic exchanges has been significantly impacted from a +22% growth realized during H1 2017 (compared to H1 2016), to a +11% growth in H1 2018 (compared to H1 2017).

For 2019 the programmatic market is expected to further stabilize with a growth figure of +8%.

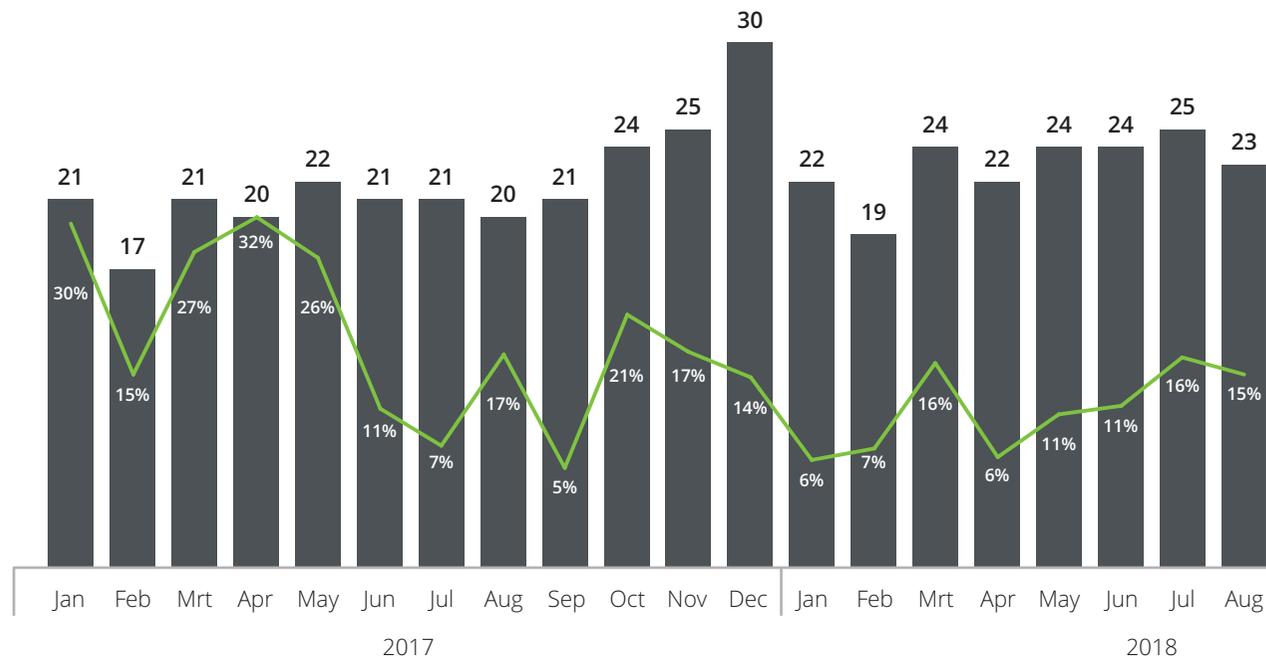
Note: 2018 forecast figure is based on actuals of January – August 2018 and adding an estimate for September – December 2018 (based on extrapolation of monthly YoY growth per respondent); 2019 forecast figure is based on each respondent provided financial forecast for 2019;

Source: Ad spend and programmatic survey respondents, Deloitte analysis

Programmatic traded revenue per month

After May 2017 the growth of programmatic has flattened. No significant impact was noted by respondents after GDPR implementation (May 2018).

Display advertising (incl. video and audio) through programmatic exchange (m€) / YoY growth (%)

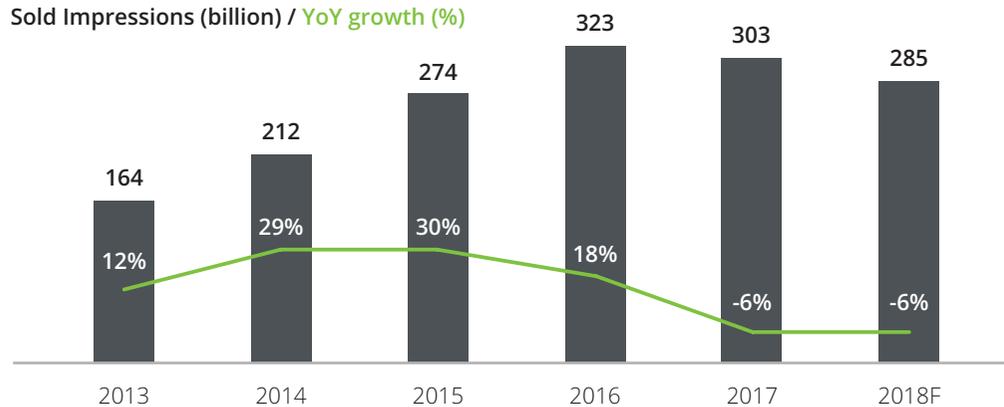


Source: Ad spend and programmatic survey respondents, Deloitte analysis

Programmatic volume & eCPM 2012-2018

Overall programmatic eCPM has increased significantly during 2017 and 2018

Sold Impressions (billion) / YoY growth (%)



Over 2017 and 2018 the average eCPM of sold impressions on the exchange have increased with +24% and +18% (expected) respectively. Main drivers behind this growth are a shift towards premium inventory (e.g. by replacing banners to higher priced rich media formats) and relative higher prices for mobile inventory (due to a converging price gap between desktop and mobile).

"There is a huge growth in CPM in 2018. On one hand due to the shift of spend to rich media and video, but also due to the introduction of the first priced auction since header bidding is adopted in the Dutch display market. Not all buyers have adapted a bid strategy based on first priced auction causing them to unnecessarily overpay for impressions. As not all bid algorithms cooperate with a first priced auction yet, it's advised to use separate bid strategies for 1st and 2nd priced auctions."

Dennis Stoffels

Persgroep | Manager Yield & Programmatic

Average price (eCPM) / YoY growth (%)



"Header bidding does not automatically lead to higher prices. This depends on the strategy of the advertiser. Header bidding does offer you the possibility to utilize all our inventory programmatically. Enabling you to reach the right user at the right time with the right message. Advertisers will no longer be constrained by concessions to inventory availability or limitations of a specific partner. Advertisers can switch from a spray gun to a sniper rifle getting much more bang for their buck. Intelligent targeting has a higher price but increased relevance will lead to a better ROI."

Note: 2018 forecast figure is based on actuals of January – August 2018 and adding an estimate for September – December 2018 (based on extrapolation of monthly YoY growth per respondent);

Source: Ad spend and programmatic survey respondents, Deloitte analysis

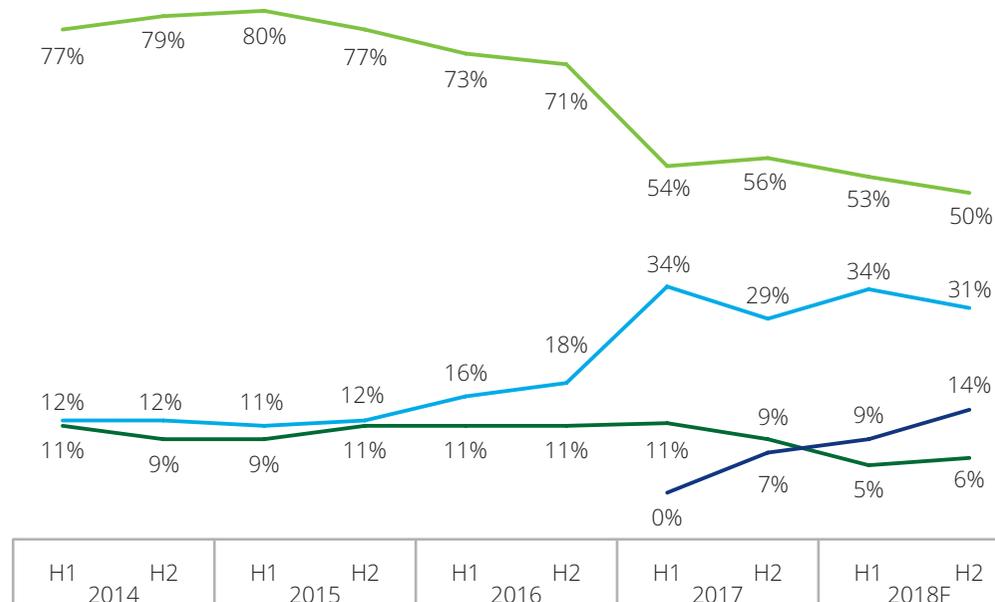
Clemens Timmermans

Marktplaats | Head of Programmatic Advertising

Programmatic exchange platforms

Header bidding is on the rise and is expected to reach 14% revenue share in H2 2018

Share of programmatic revenue per exchange model



— Open Auction (RTB) — Private Market Place (Deal ID)
— Fixed Pricing — Header Bidding

Note: Figure based on respondent data only; H2 2018 forecast figure is based on actuals of July – August 2018 and adding an estimate for September – December 2018 (based on extrapolation of monthly YoY growth per respondent);

Source: Survey respondents, Deloitte analysis

In the previous programmatic study (over 2016), respondents expected 5% of the programmatic revenues being sold via header bidding by 2017. This forecast has been overreached with a 7% programmatic revenue share during H2 2017. During 2018 the strong growth of header bidding continues with respondents indicating to expect next year (2019) to double in revenue (+88%).

"With an increase in Richmedia formats and branding KPIs in data driven advertising, the share of media traded via Deal IDs continues to increase – +34% in HY1 2018. Most Publishers only offer Richmedia or data via Deal IDs, to stay in control and ensure a qualitative user experience. On the buy side, Deal IDs are used to secure brand safety, transparency and better campaign optimization, as specific supply can be pre-filtered as agreed upon and therefore targeted more directly or precisely. With header bidding (supply access via multiple platforms) on the rise and the increase of 1st price auctions, Deal IDs provide better guidance on pricing and therefore less dependency on market dynamics. Positive side effect: Deal IDs give more control over the preferred supply path."

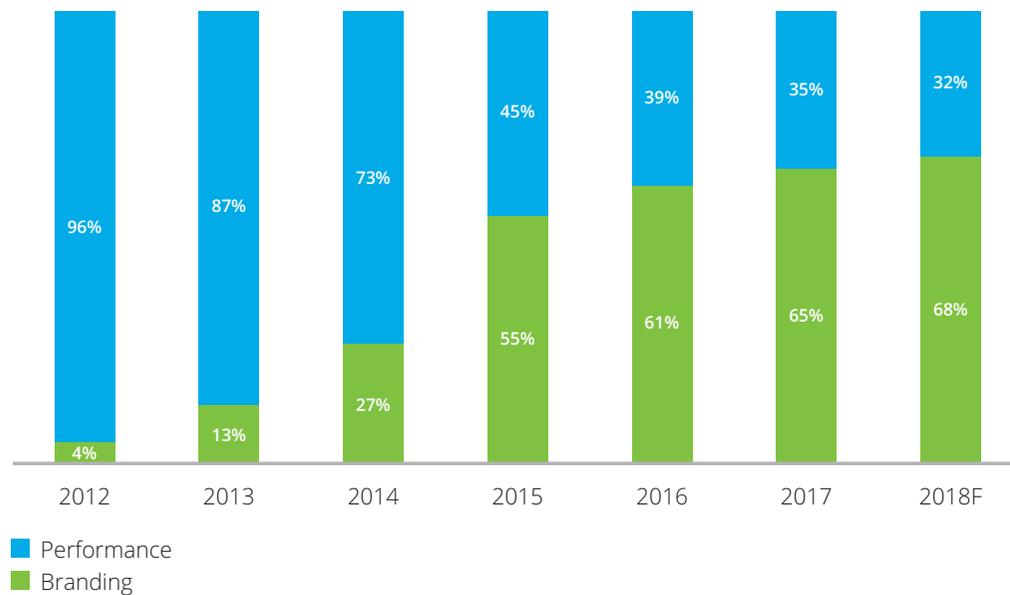
Sabrina Schmidt

AppNexus | Market Director, BENELUX, IE & PT

Performance vs Branding

Advertisers continue to spend more on inventory from the programmatic exchange for branding objectives

Share of programmatic revenue used for branding vs performance objectives



"As a company we see the shift to programmatic happening in full effect. We can confirm the trends in this report and expect the growth of programmatic to continue at least on the same pace in the immediate future. As a data-driven media agency, we are increasingly moving to audience driven planning, marrying consensual customer data from our partners' DMP's with our own 2nd and 3rd party data and audience building capabilities. Combined with increased relevance of programmatic audio and outdoor advertising in the future, our way of working will continue to drive more programmatic spend."

Jeroen Verkroost
OMG | Managing Director Digital

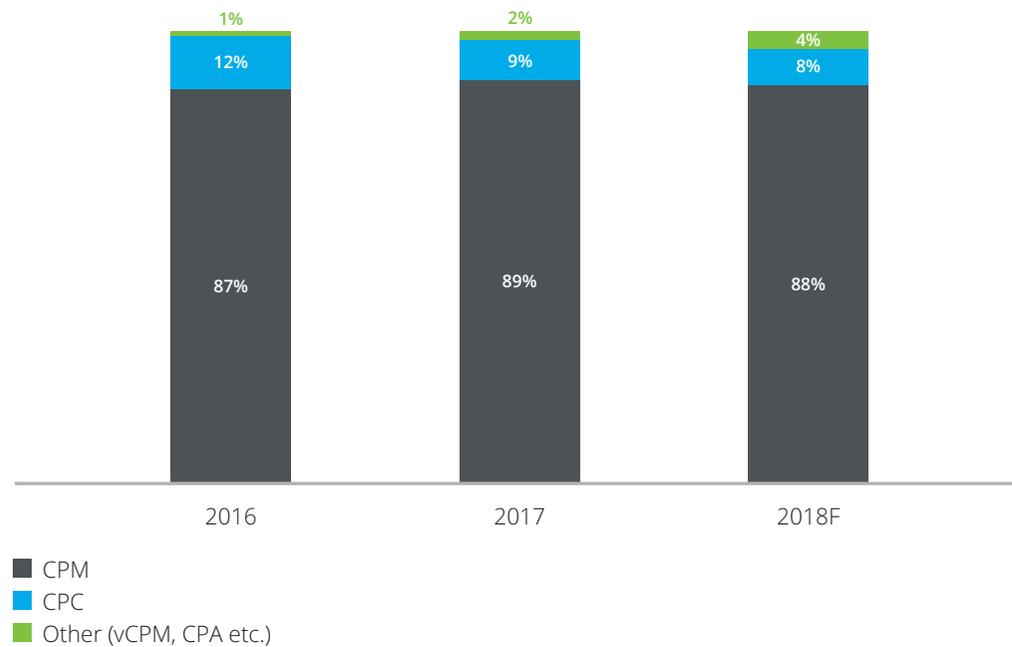
Note: 2018 forecast is based on each respondent provided forecast; Analysis based on limited number of data points;

Source: Survey respondents, Deloitte analysis

Exchange pricing model

Other payment methods begin to emerge at the programmatic exchange

Share of revenue sold per payment model



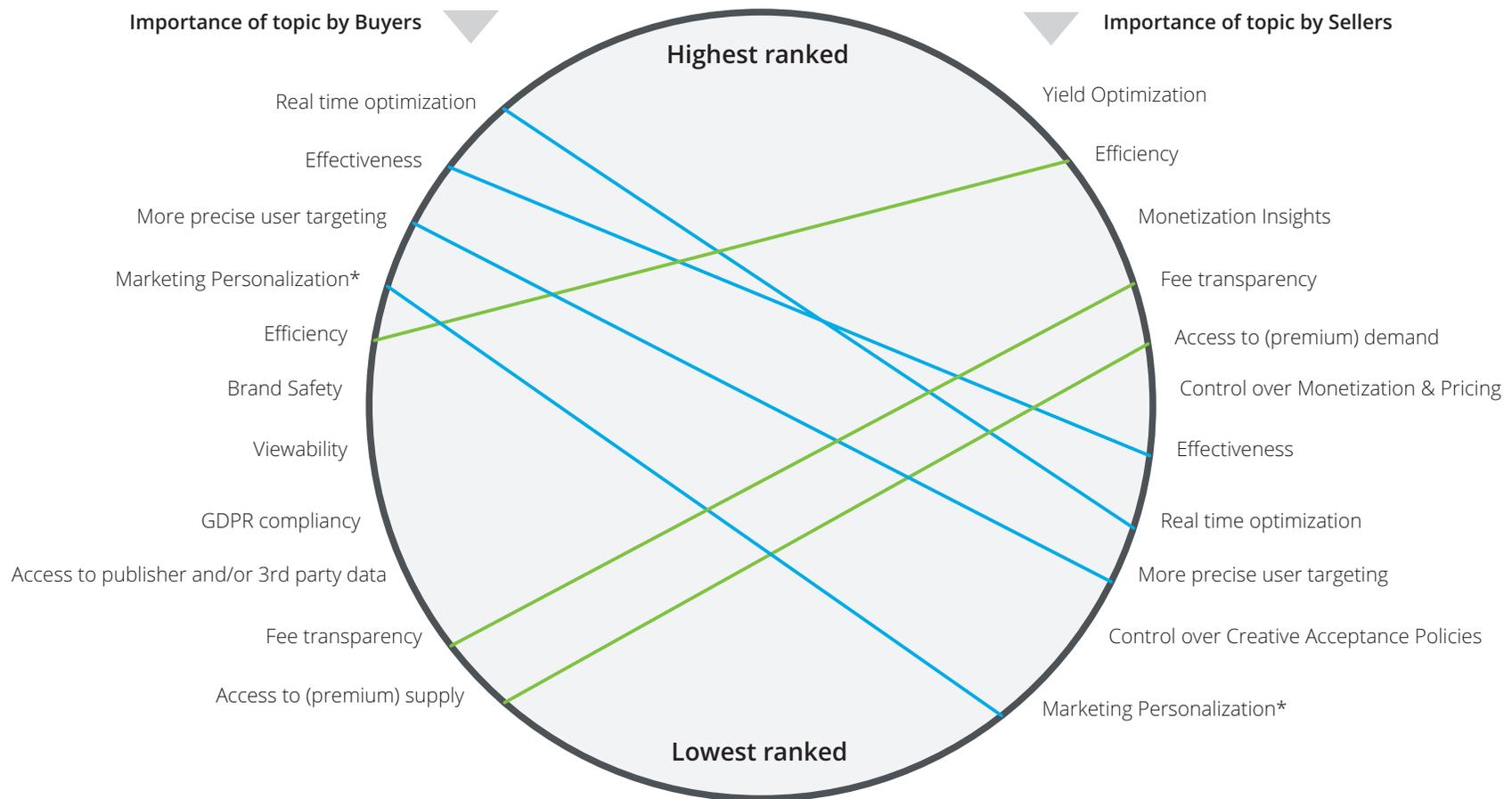
The standard method of pricing within the programmatic exchange is CPM (Cost per Mille). Advertisers can negotiate different payment methods via their programmatic buying channel and increasingly use more pricing models alongside CPM and CPC (Cost per Click), with examples such as vCPM (Viewable Cost per Mille) and CPA (Cost per Action).

Note: 2018 forecast is based on each respondent provided forecast; Analysis based on limited number of data points;

Source: Survey respondents, Deloitte analysis

Importance of programmatic advertising aspects

Sellers and buyers indicate difference in ranking of priorities within programmatic advertising



*1:1 communication

Note: Figure based on respondent data only; Analysis based on limited number of data points

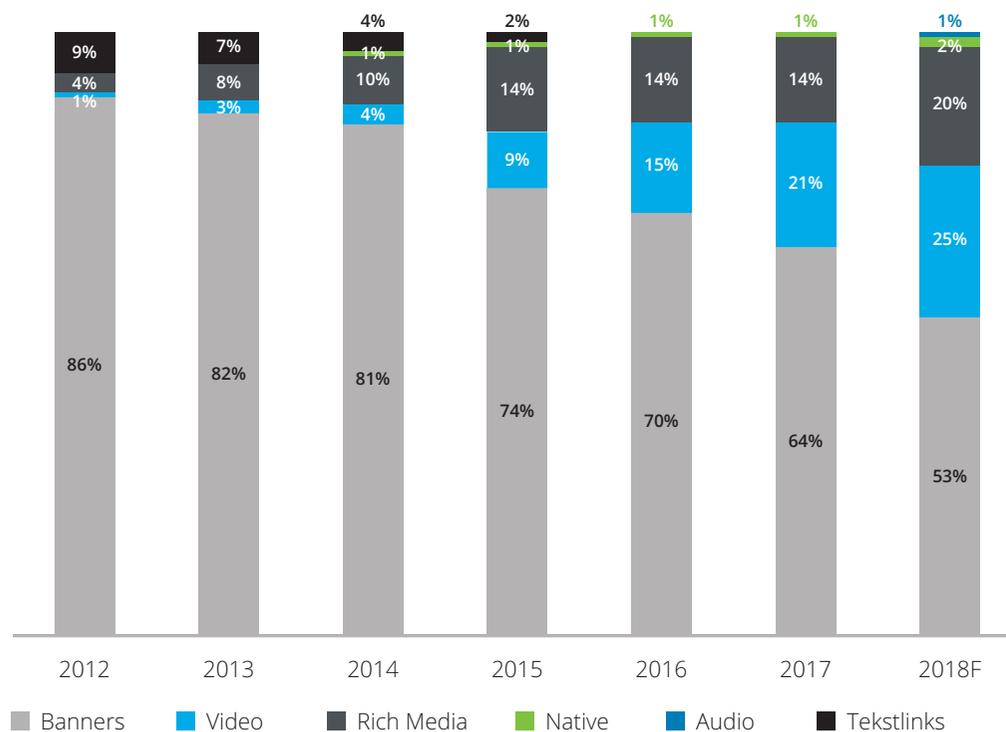
Source: Survey respondents, Deloitte analysis

Programmatic Display formats and devices

Programmatic advertising per format

All premium formats on the rise, including the introduction of programmatic audio to the exchange

Share of revenue per programmatic display format



YoY growth

	2017	Forecast 2018
Rich Media	+18%	+53%
Video	+62%	+34%
Banners	+7%	-8%

Biggest relative growth of all formats in 2018 is projected to be achieved by programmatic native advertising by doubling (+101%) in revenue compared to 2017. New kid on the block, programmatic audio advertising, has gained foothold within the exchange and is expected to reach a milestone 1% market share by 2018.

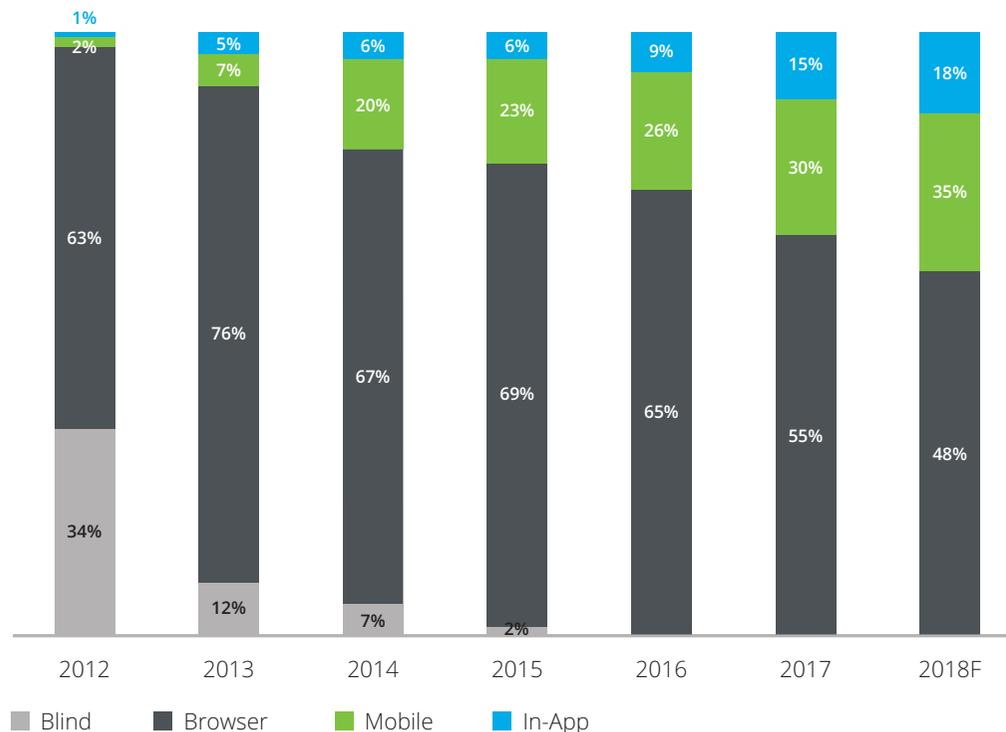
Note: 2018 forecast figure is based on actuals of January – August 2018 and adding an estimate for September – December 2018 (based on extrapolation of monthly YoY growth per respondent);

Source: Survey respondents, Deloitte analysis

Programmatic advertising per device

After years of marginal growth, In-App is starting to gain market share

Share of revenue per programmatic display format



YoY growth

	2017	Forecast 2018
In-App	+93%	+32%
Mobile (Phone/Tablet)	+36%	+28%
Browser (Desktop/Laptop)	-1%	-4%

“As we all know in-app is a whole new ball game. It is great that more and more brands are finding successful solutions for the challenge of the small screen. Relevancy of the impression is even more important than on web. Together with our advertisers we are continuously developing new in-app possibilities such as native formats. Next to the creative part the distribution strategy is also crucial. On Marktplaats we offer the possibility to follow a user cross device and serve her or him the right message at the right time. If done rights you can guide your customers through your own conversion funnel.”

Clemens Timmermans

Marktplaats | Head of Programmatic

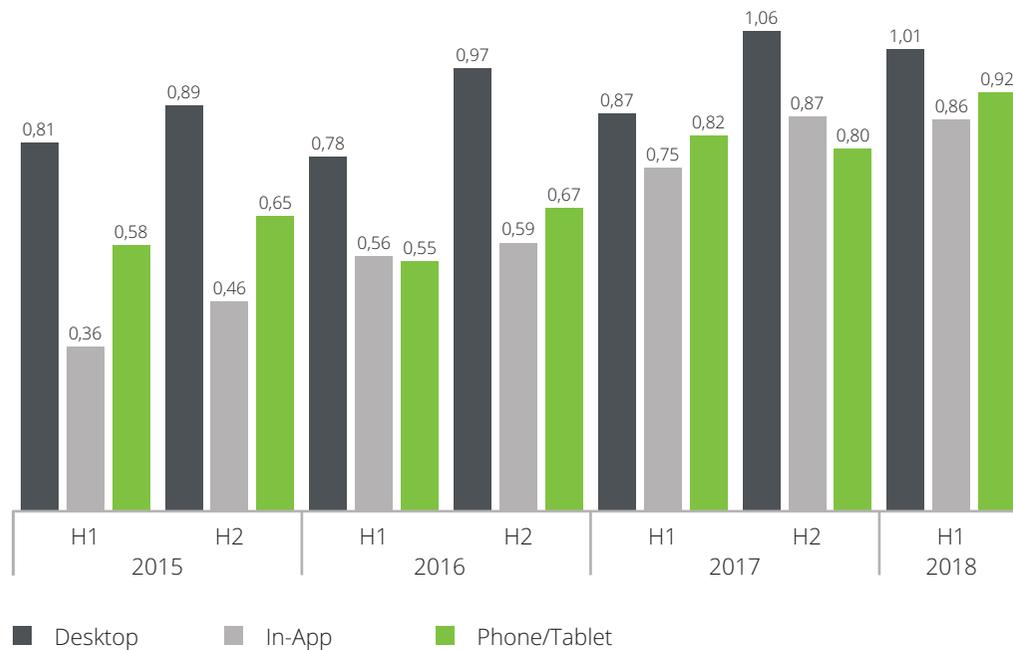
Note: 2018 forecast figure is based on actuals of January – August 2018 and adding an estimate for September – December 2018 (based on extrapolation of monthly YoY growth per respondent);

Source: Survey respondents, Deloitte analysis

Programmatic price per device

The eCPM of desktop, in-app and tablet / phone slowly converges

Average eCPM prices per device (€)



"For many brands mobile is now their most important digital advertising channel. Yet consumers really hate mobile ads, so we clearly have an issue. Showing less, more relevant, more qualitative and less annoying ads is the solution to this problem. Programmatic buying can help in achieving this but only when we use data and targeting to be as impactful and relevant as we can be. This does not mean: stalk consumers around the internet with the same low quality ads and super high frequencies. My expectation is publishers will continue to increase the quality of their ad products, one part of this being to decrease the amount of ads consumers are shown. Therefore I expect prices to rise."

Diederick Ubels
MobPro | Co-Founder & CEO

Note: Figure based on respondent data only

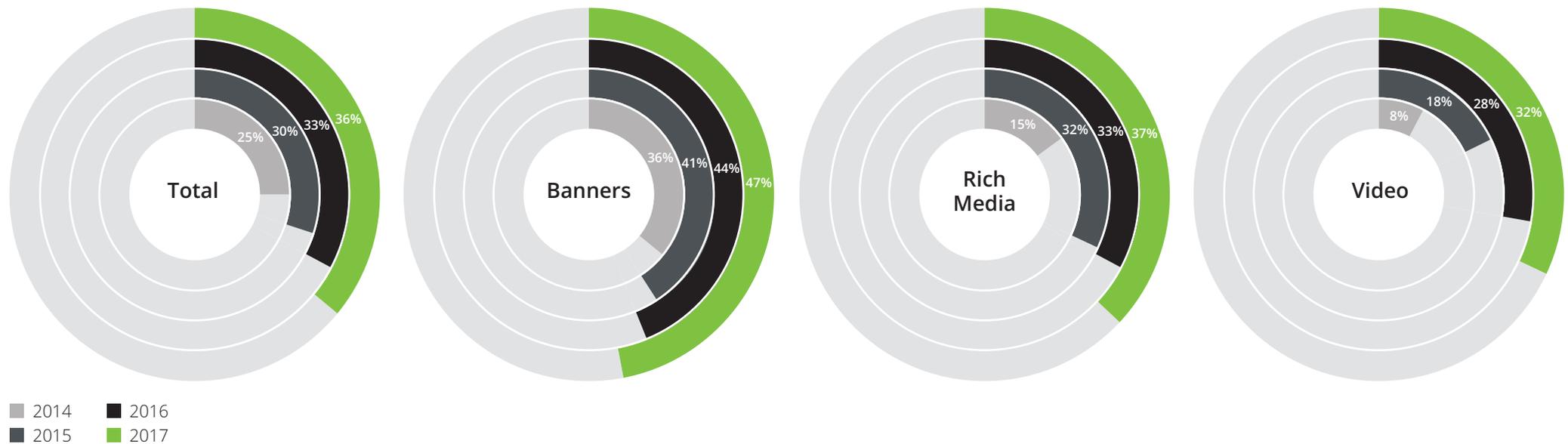
Source: Survey respondents, Deloitte analysis

Programmatic versus Direct

Share Programmatic Exchange vs Direct Sales

Video and rich media are the drivers of revenue shift towards the programmatic exchange

Share of programmatic revenue within display advertising / format



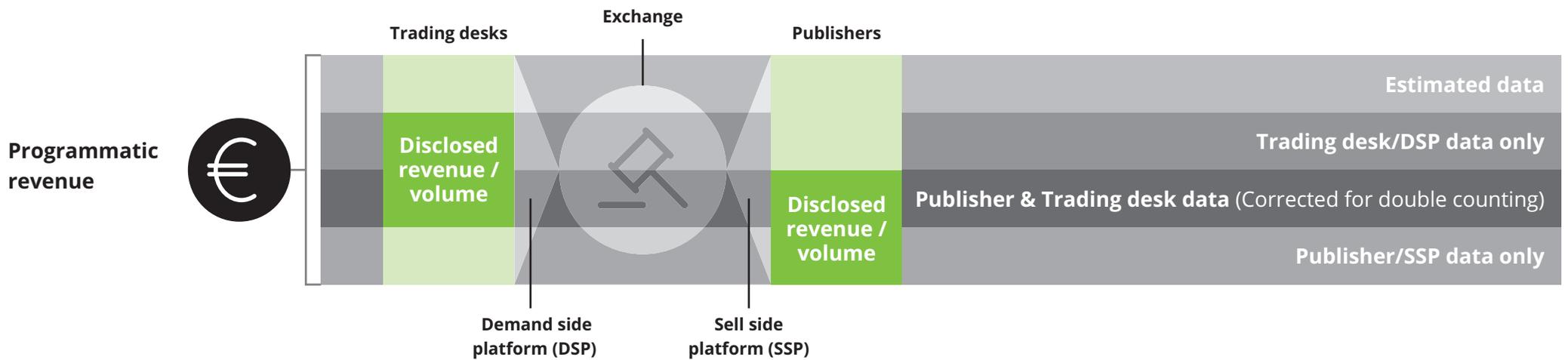
Note: Figure based on respondent data only; 2018 figure not reported due to missing direct sales data for 2018

Source: Survey respondents, Deloitte analysis

Methodology

Methodology

Overview of programmatic display revenue



Contact

For questions concerning this research feel free to contact



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Yvonne de Jager is responsible for Dutch IAB research, including the IAB Netherlands/ Deloitte Ad Spend Study and all IAB commissioned research. She also assists Dutch IAB members with their research projects. Yvonne is also responsible for shaping the IAB knowledge base so that it meets members' needs moving forward.

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