adex BENCHMARK 2019

JULY 2020

ADEX BENCHMARK 2019 REPORT

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Contents

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. The report details 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 12.3% in 2019 and that an average of €4bn has been added to the digital advertising market every year since 2006.

In 2019, a total of twenty-one markets experienced double-digit year-on-year growth, dominated by growth in the CEE region; Serbia grew by 28.4%, Ukraine by 28%, Belarus by 25.2%, Croatia by 22.3% and Turkey by 19.1%.

As an important channel for building brands, video continues to experience strong growth and grew by approximately 30% to almost €10bn; out-stream video was the driving force behind this growth with an increase of 36%. In some markets such as Finland, Greece and the UK, out-stream video experienced growth of more than 40%.

Whilst we are pleased to see another strong year of growth in 2019, we are well aware that 2020 will not follow the same trend due to the pandemic impacting all industries, businesses and lives. To prepare and help futureproof members and the wider industry, IAB Europe's Chief Economist, Dr. Daniel Knapp, has been providing a monthly economic impact assessment for the digital media sector in our [Economic Trends Forum]. In these updates, Knapp models his forecasts on macroeconomic indicators, paired with industry data to estimate 2020 investment levels. IAB Europe is also working with its members to provide a series of fact based content and insights to help companies navigate these uncertain times and understand the changes that are happening in our industry.

About the data

- This market sizing is based on the following methods:
    - Reported data from national IABs
    - Estimates by national IABs based on local insight
    - Estimates by national IABs in collaboration with IAB Europe's Chief Economist
    - Econometric modelling from IAB Europe

- This study is designed to be a meta-analysis of ad spend reports by national IABs. The data from national IABs remains the principal input for this study. Due to the increasing complexity of the digital advertising market, we are increasingly modelling gaps and harmonising data between national IABs. This ensures the best possible like-for-like comparision between markets, while taking account of key market trends.

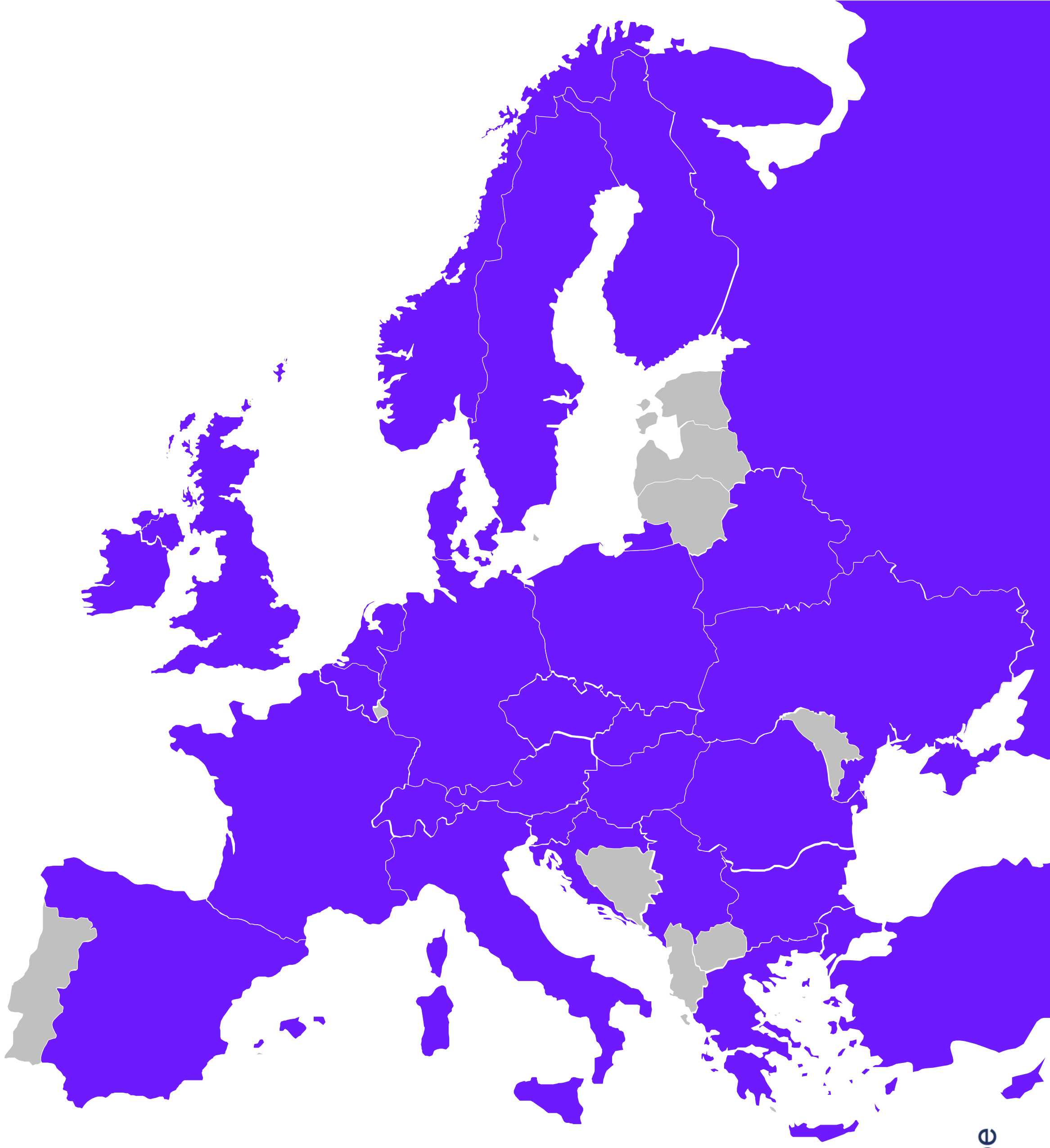
- All data is reported 'gross': after discounts, before commissions. Programmatic data is accounted for at the SSP level.

- Currency conversions are made based on constant 2015 EUR – local exchange rate.

- Unless indicated otherwise, the data in this study refers to 'total Europe' defined as all markets included in this study.

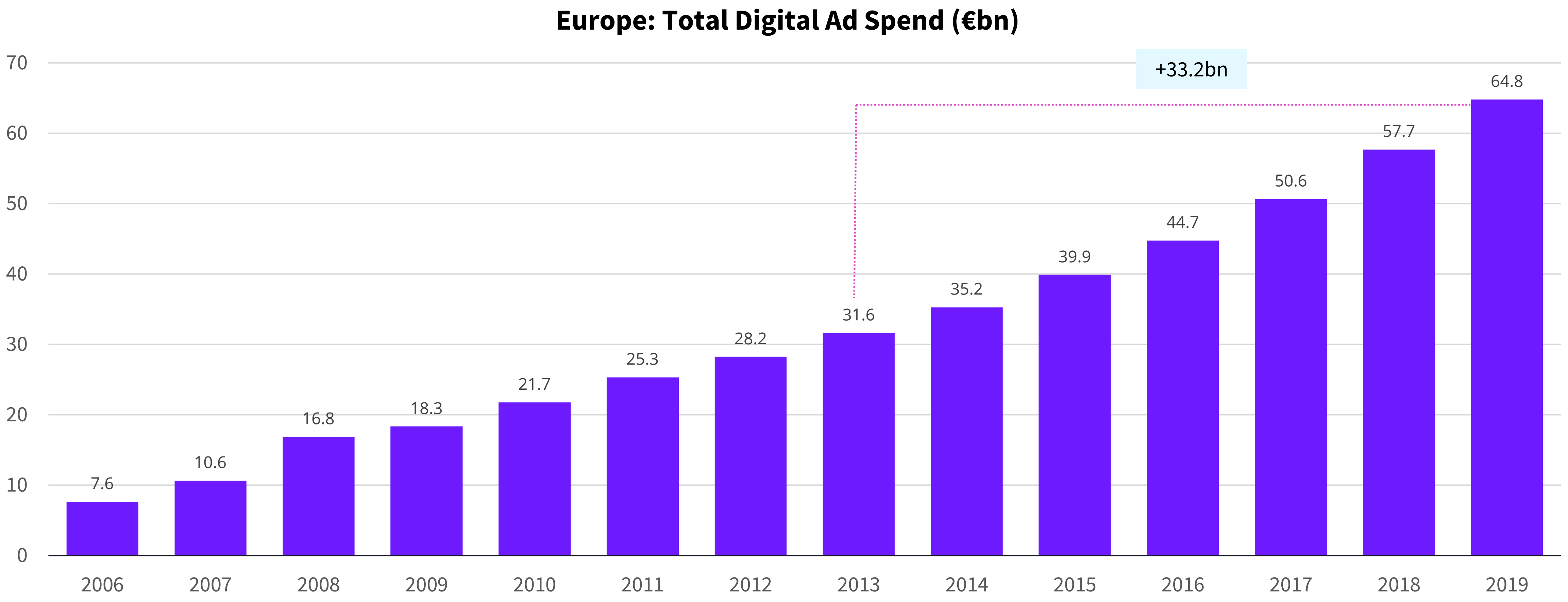
Data for 28 markets in Europe

- 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

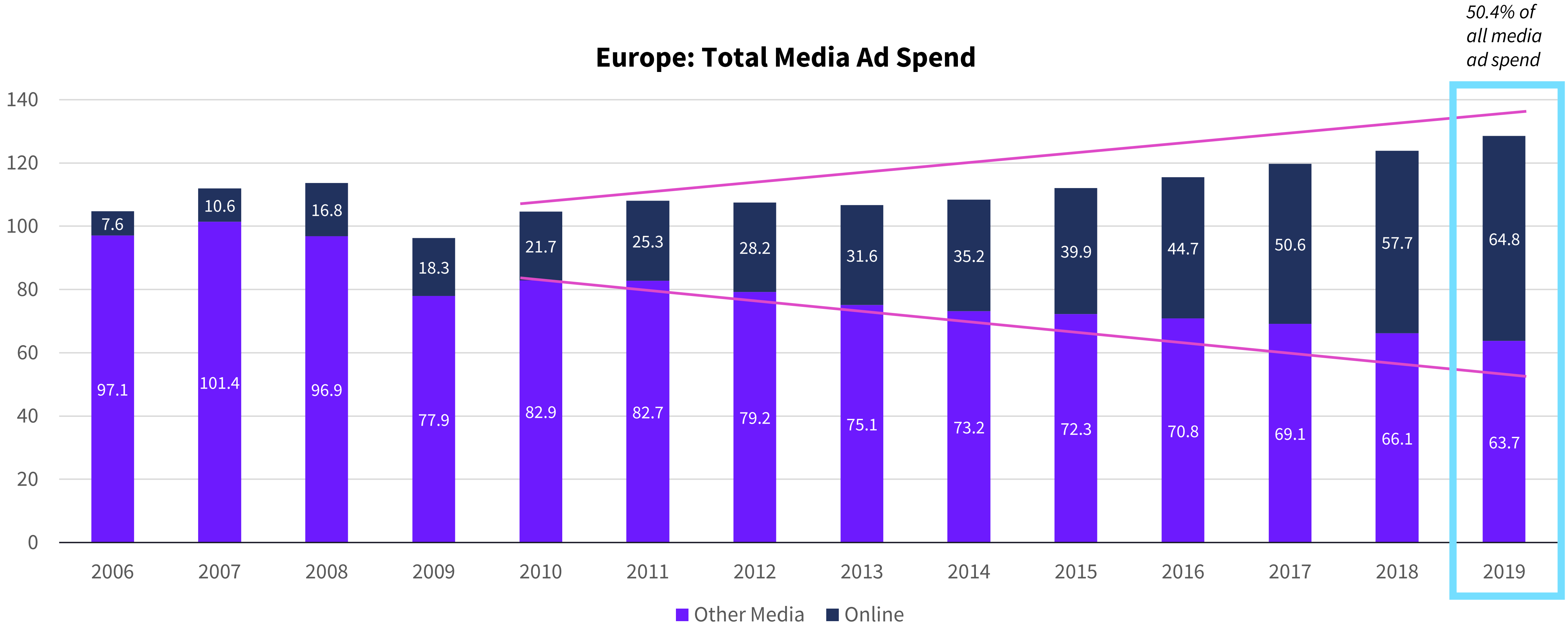


MARKETS

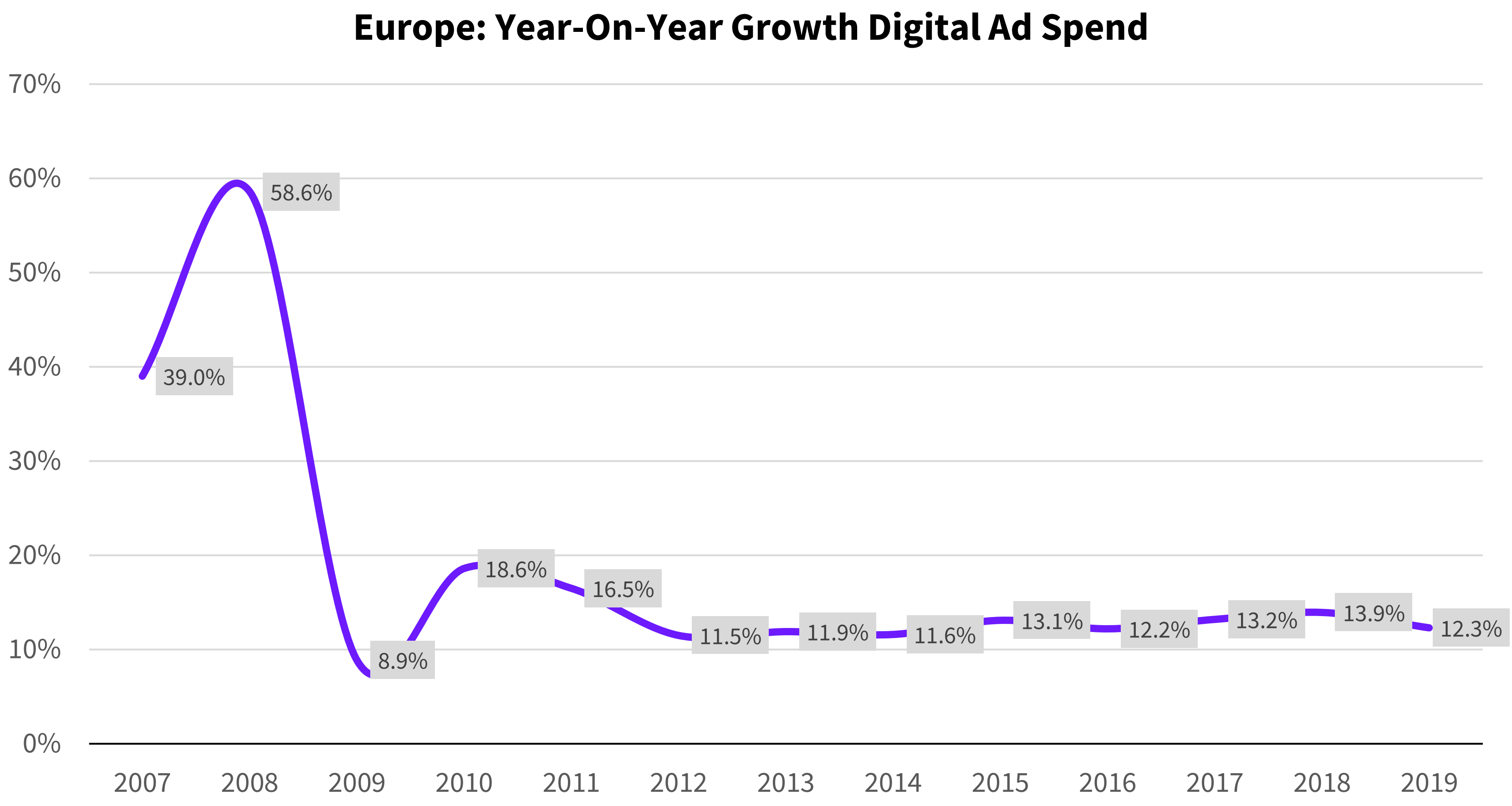
Market more than doubled since 2013 – on average €4bn added to the digital ad market every year since 2006

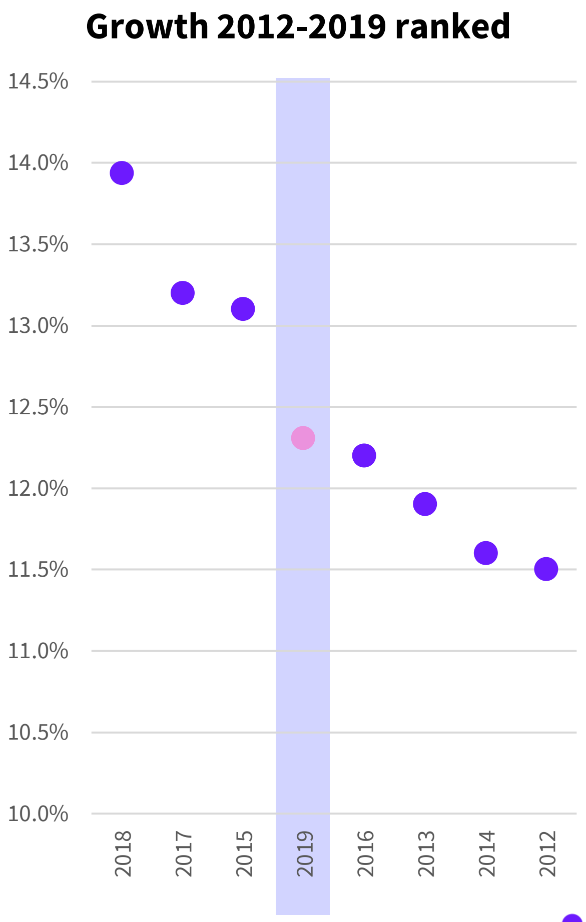


Digital drives European ad market to all-time high as aggregate category of 'other media' down since 2010 – digital exceeds 50% of all media ad spend for the first time

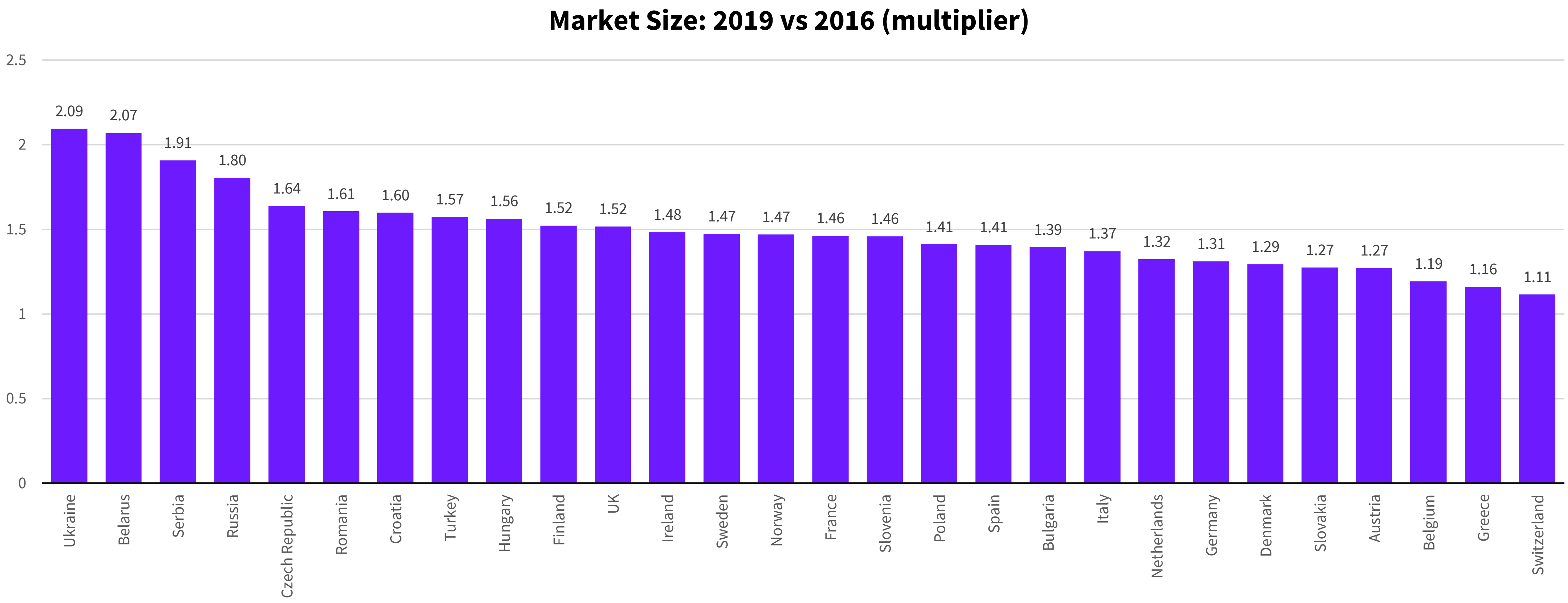


Double-digit growth despite maturing market: slower than previous two years, but still only 2.4 ppt variation between 2012 and 2019

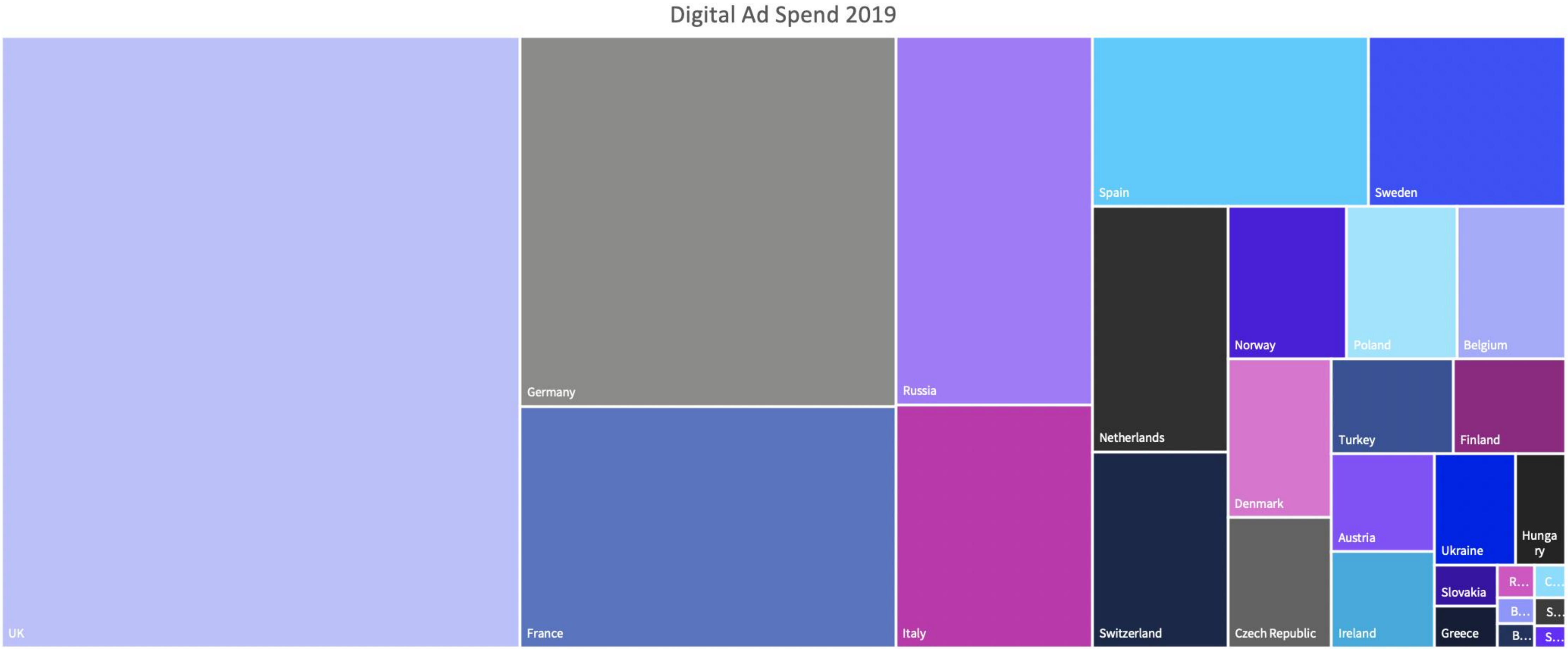




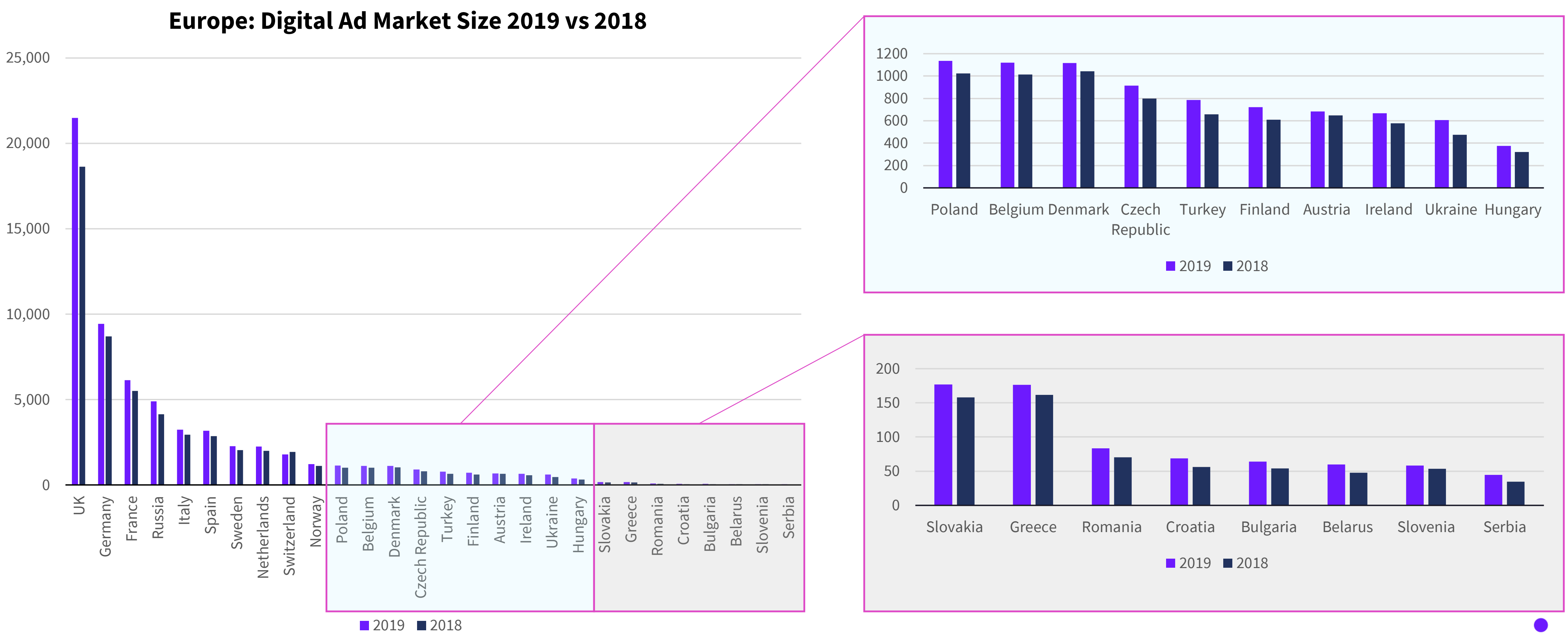
Long-term view: 9/10 fastest-growing markets are in CEE



Top 10 markets concentrate 86% of digital ad spend



Zoom-in reveals nuances in size between markets



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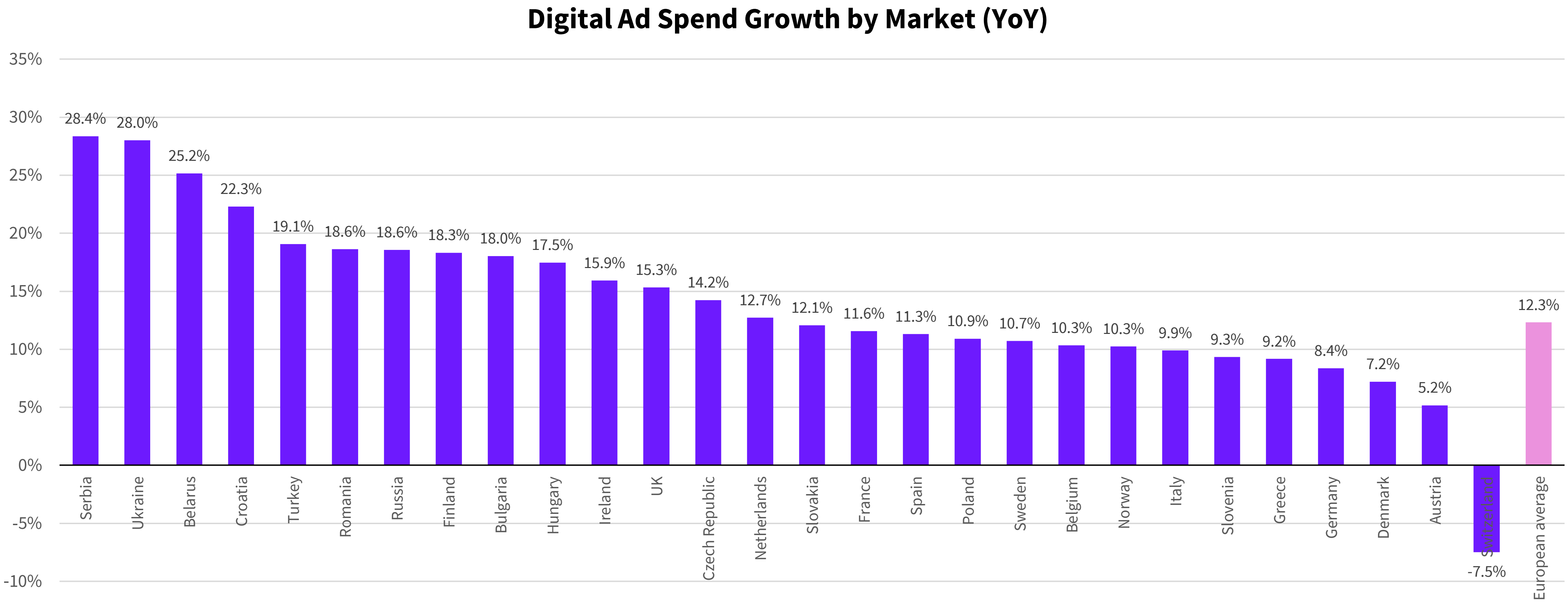
CEE markets lead growth: 10 out of 14 markets that grow above European average are from CEE



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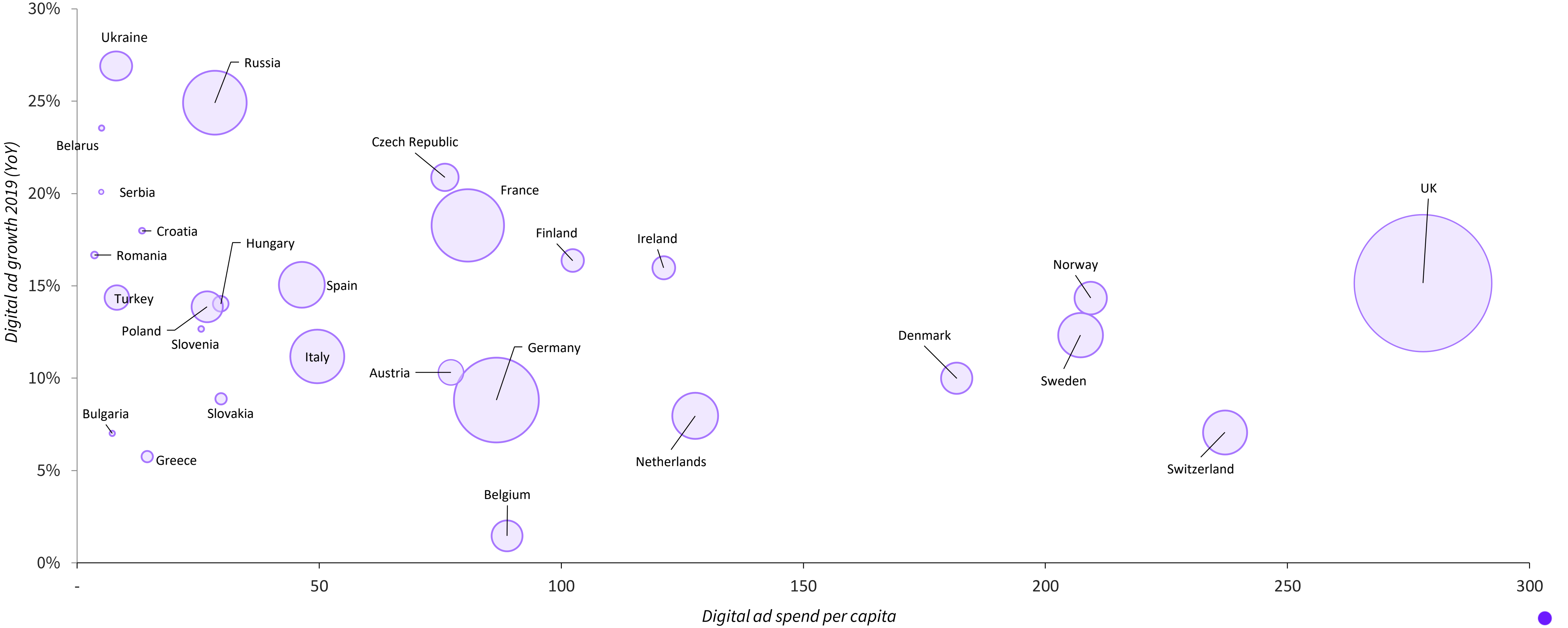
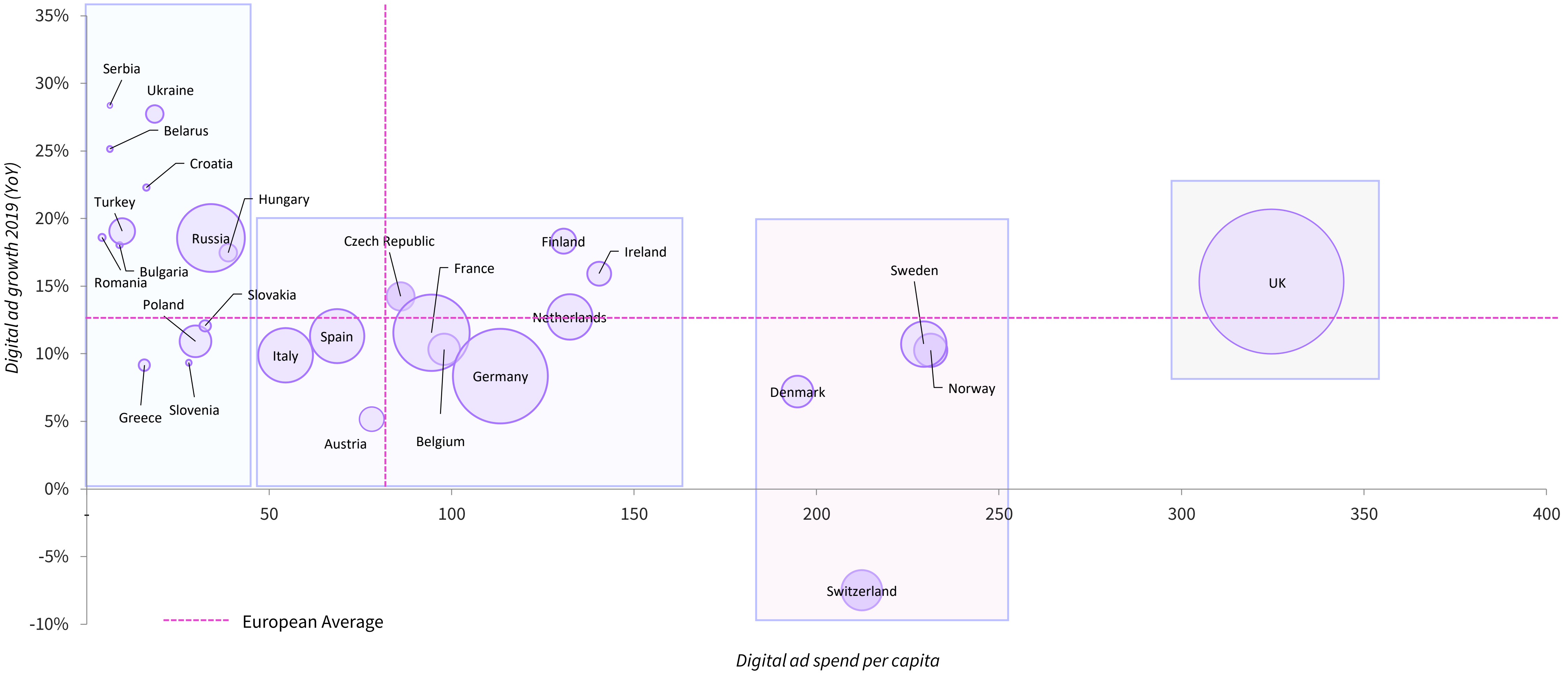
A look back at 2018…

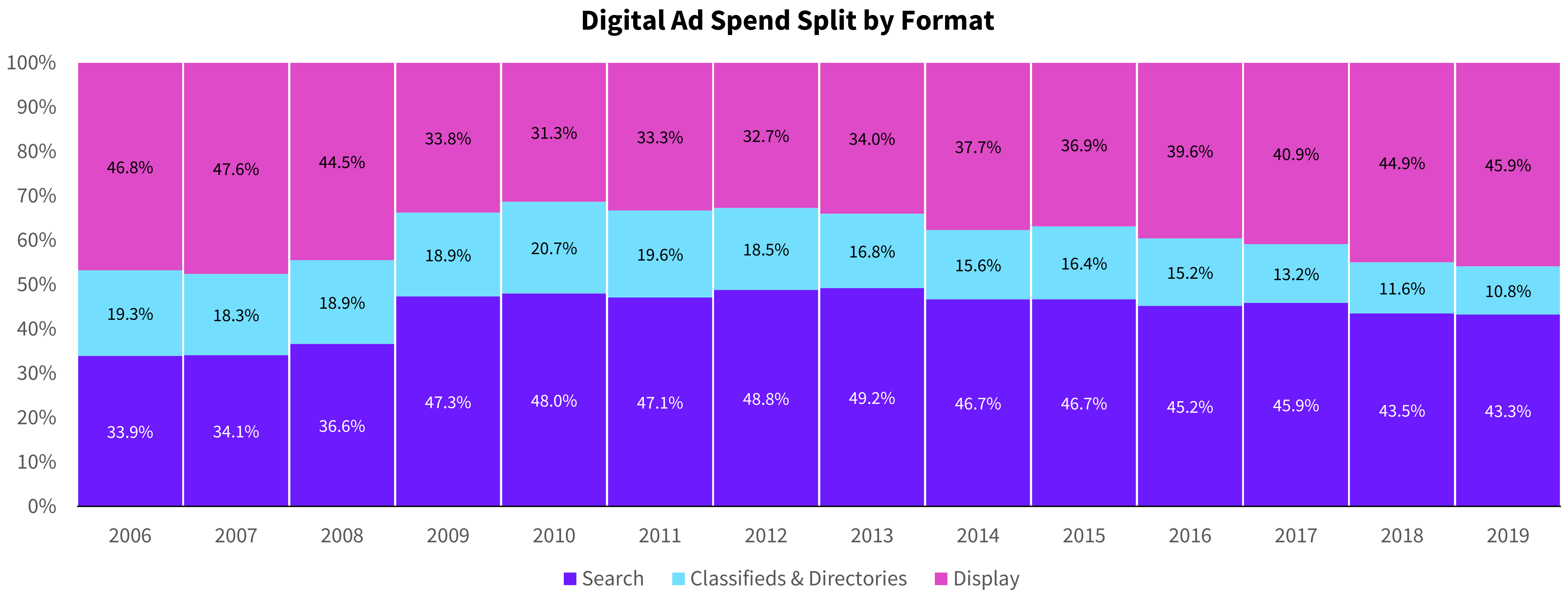


…reveals a tighter grouping of markets in 4 clusters

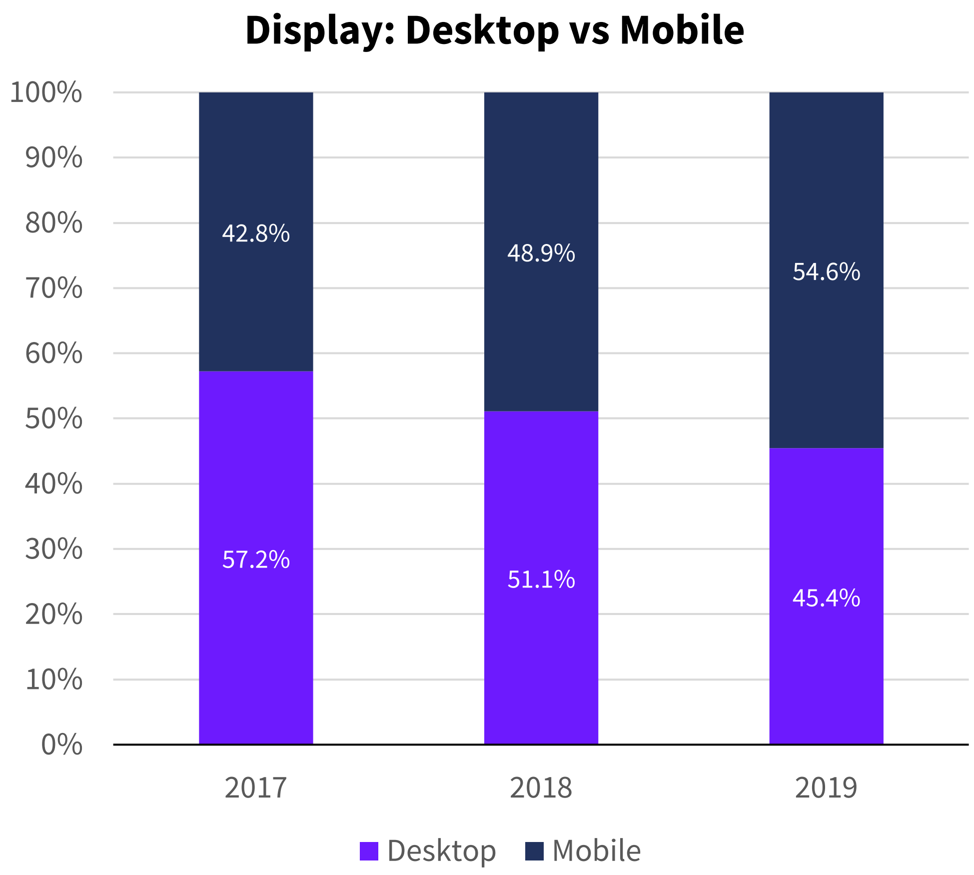


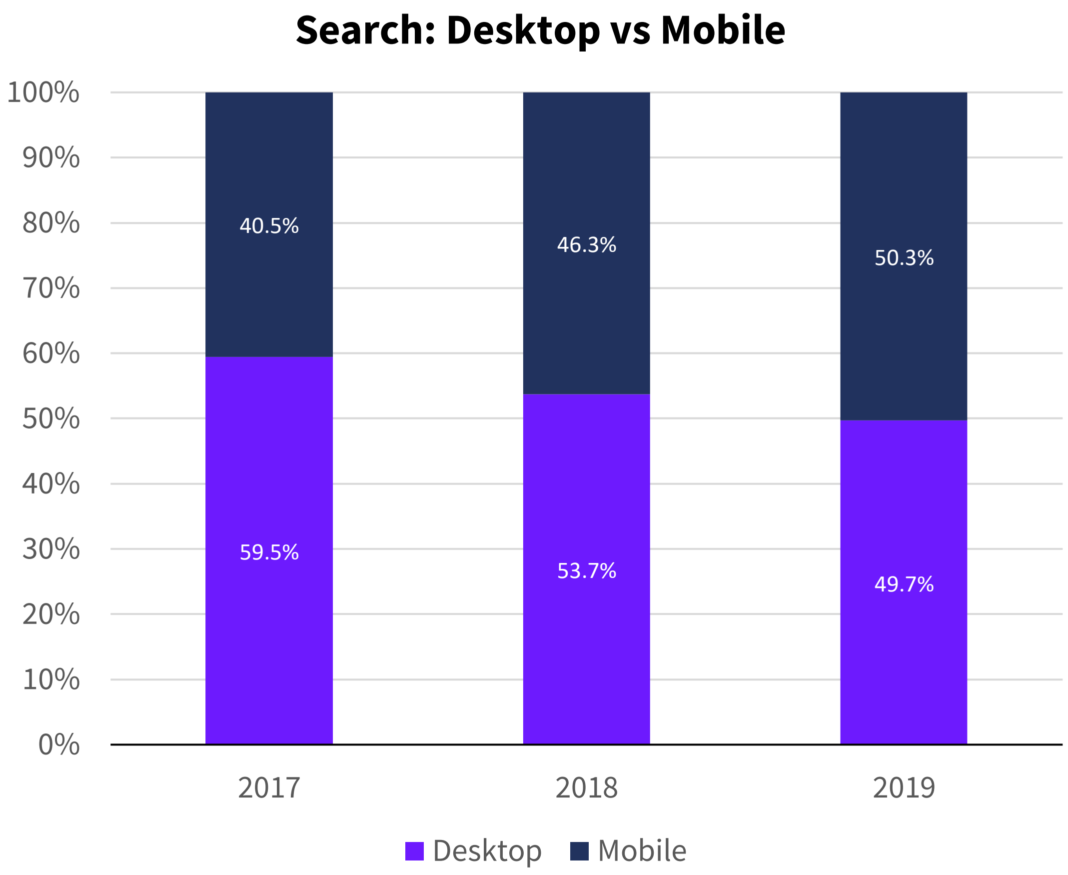
FORMATS

Display overtook Search as largest format in 2018, increases lead



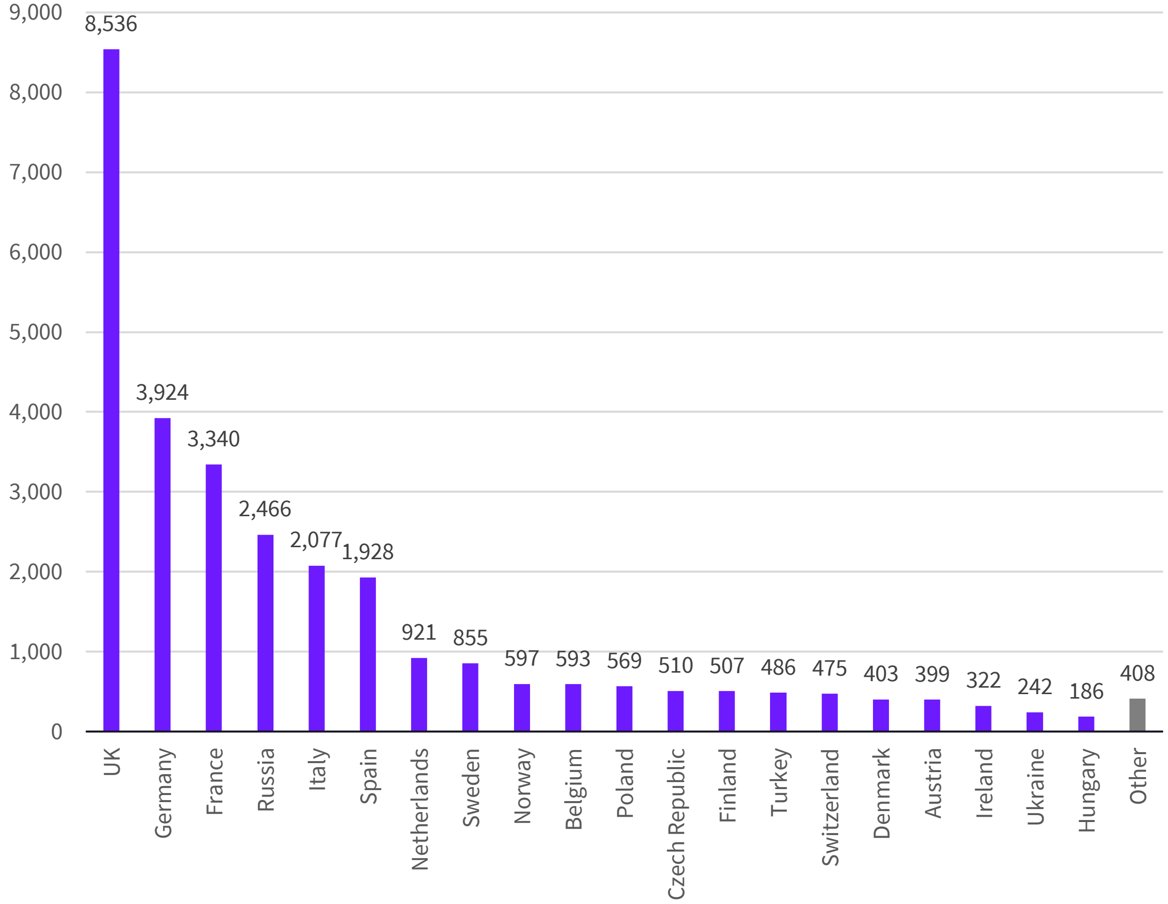
Mobile ad spend overtakes desktop



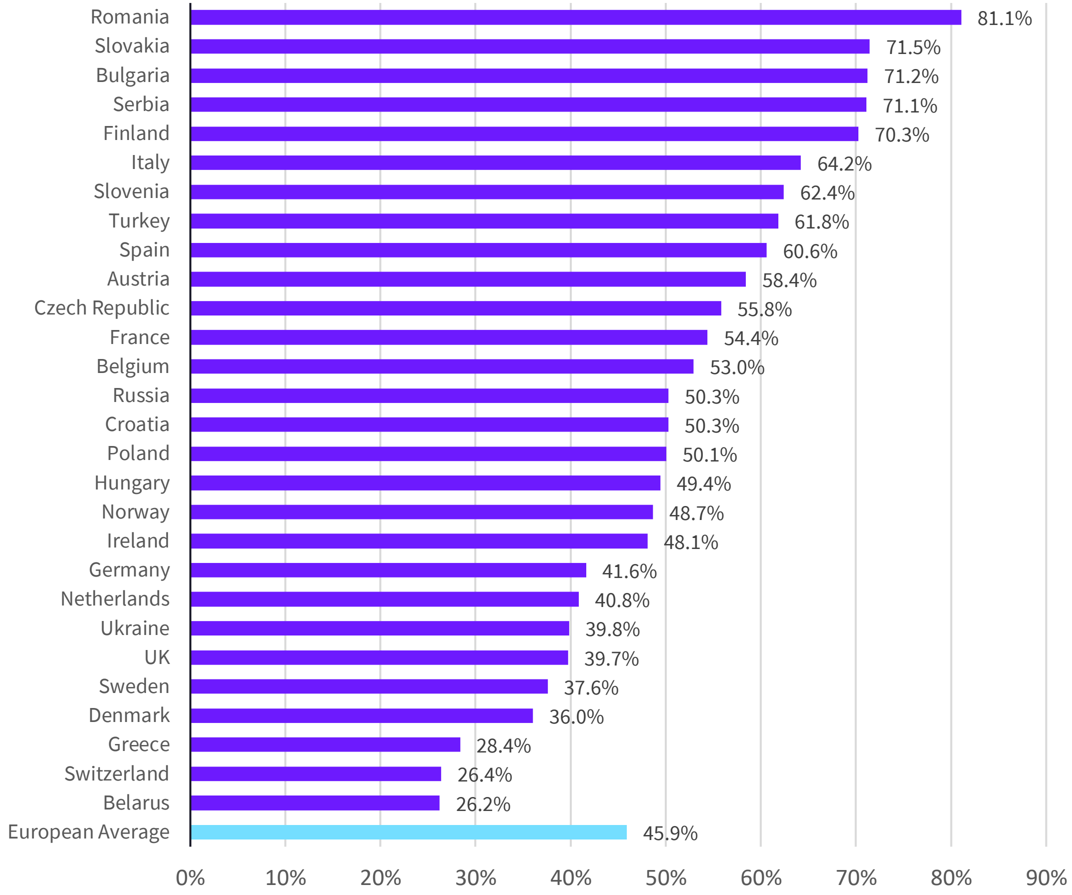


Display ad spend dominated by 6 markets - €1bn gap to next largest

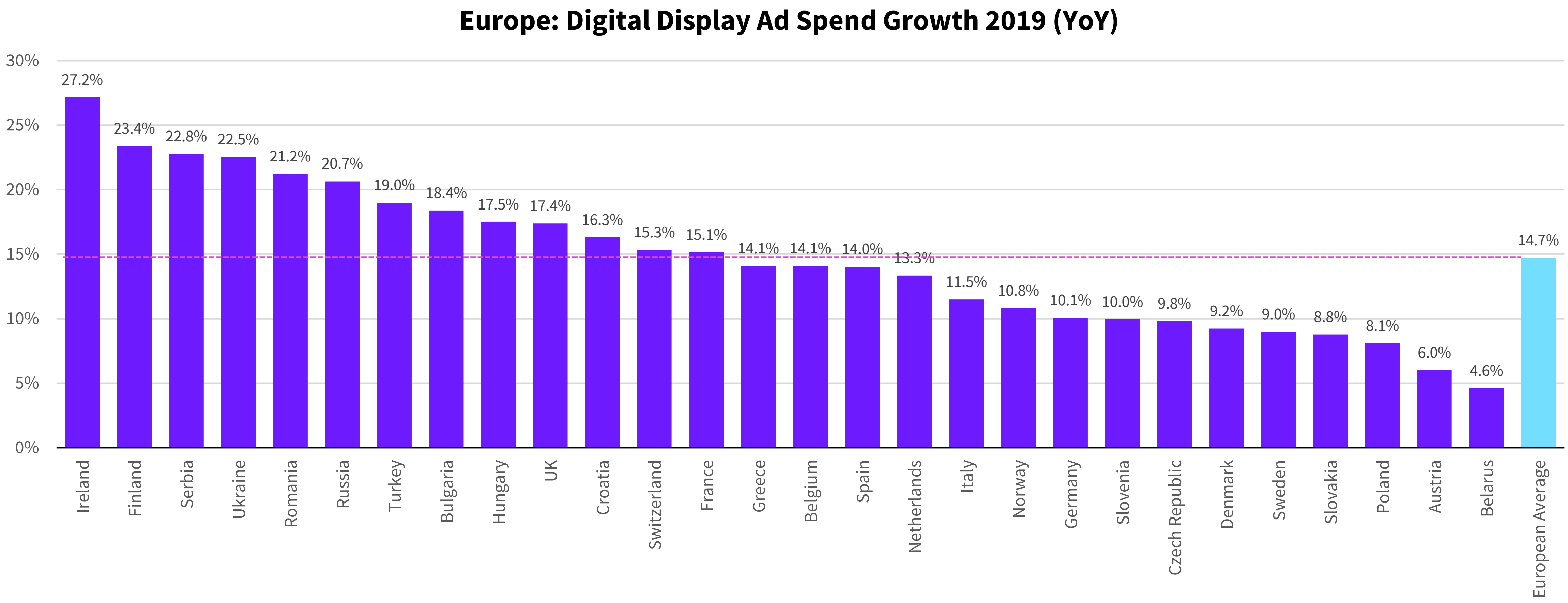
Display Ad Spend 2019 (€m)



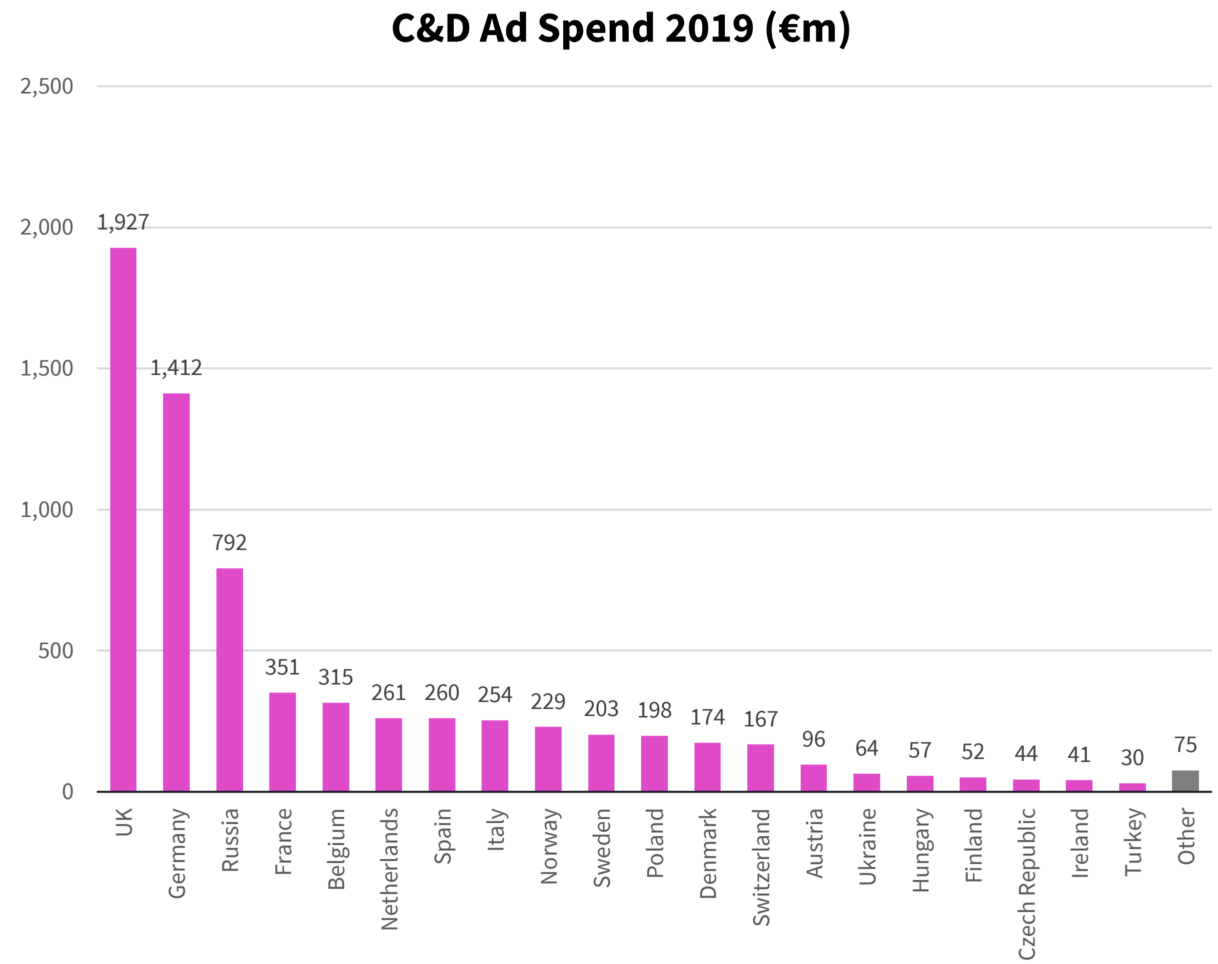
Display Share of Total (2019)

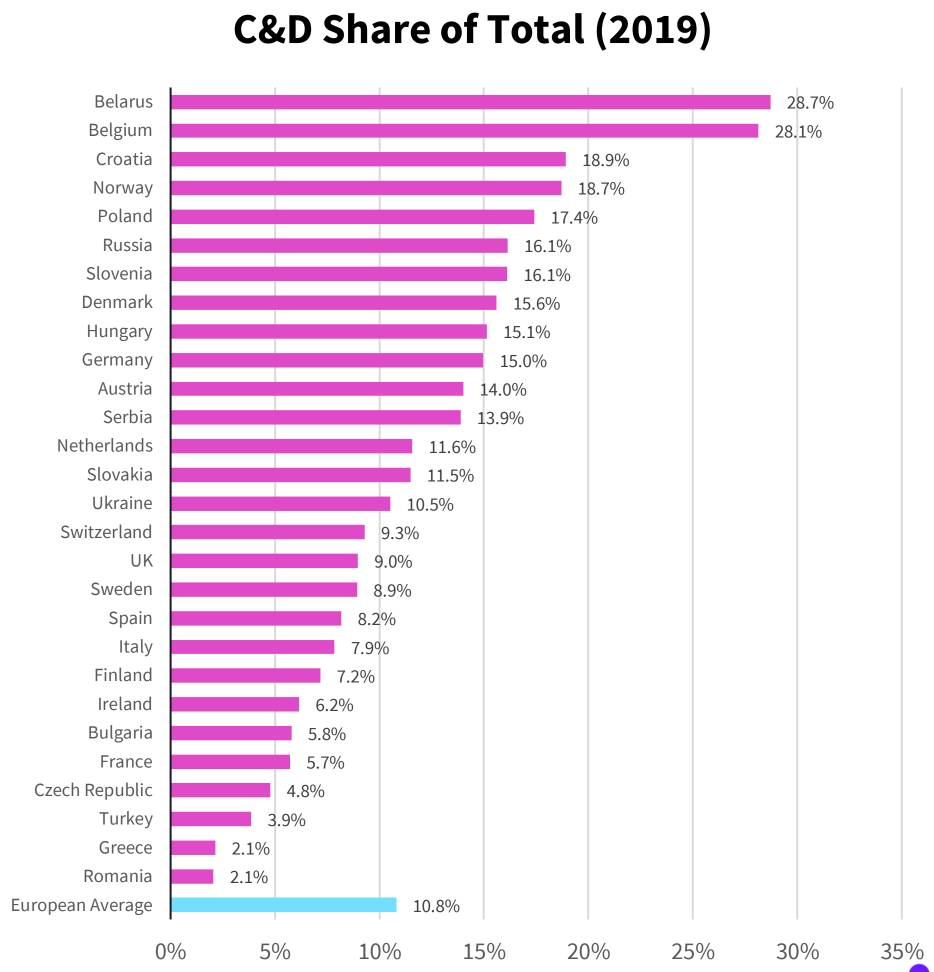


21 markets record double-digit display growth

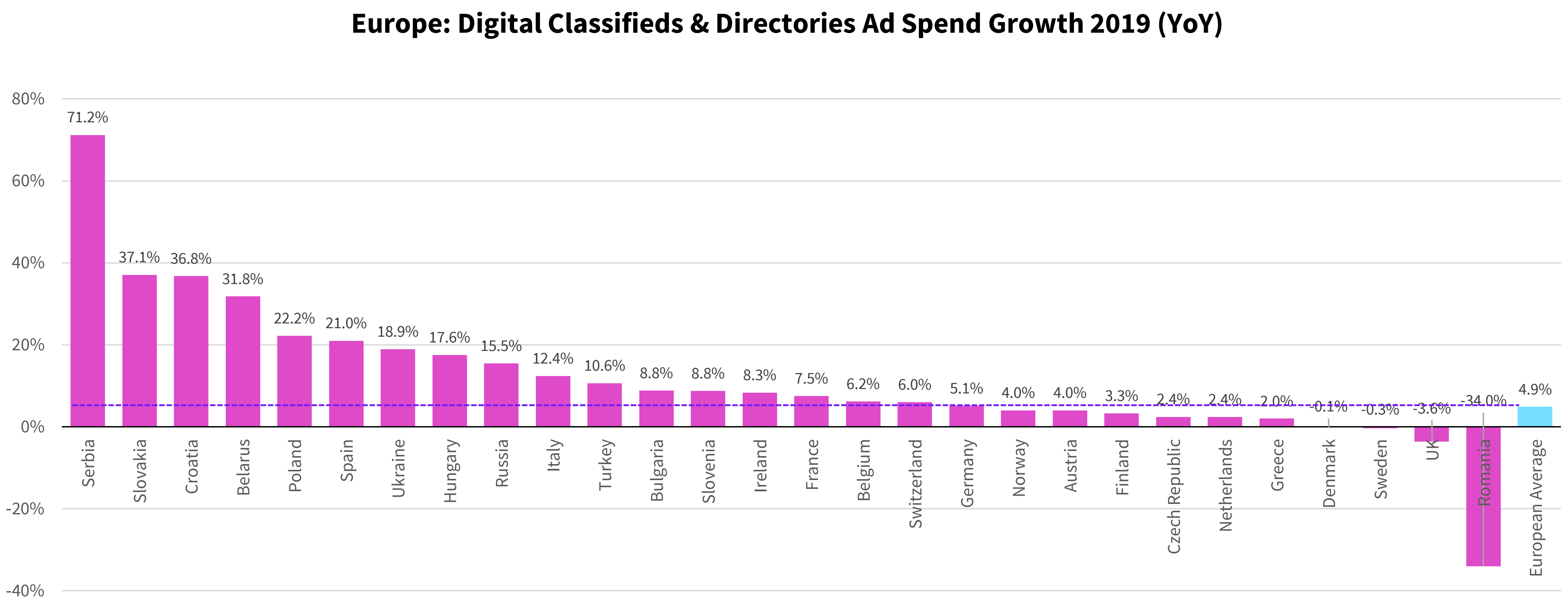


13 Classifieds & Directories (C&D) markets larger than €100m

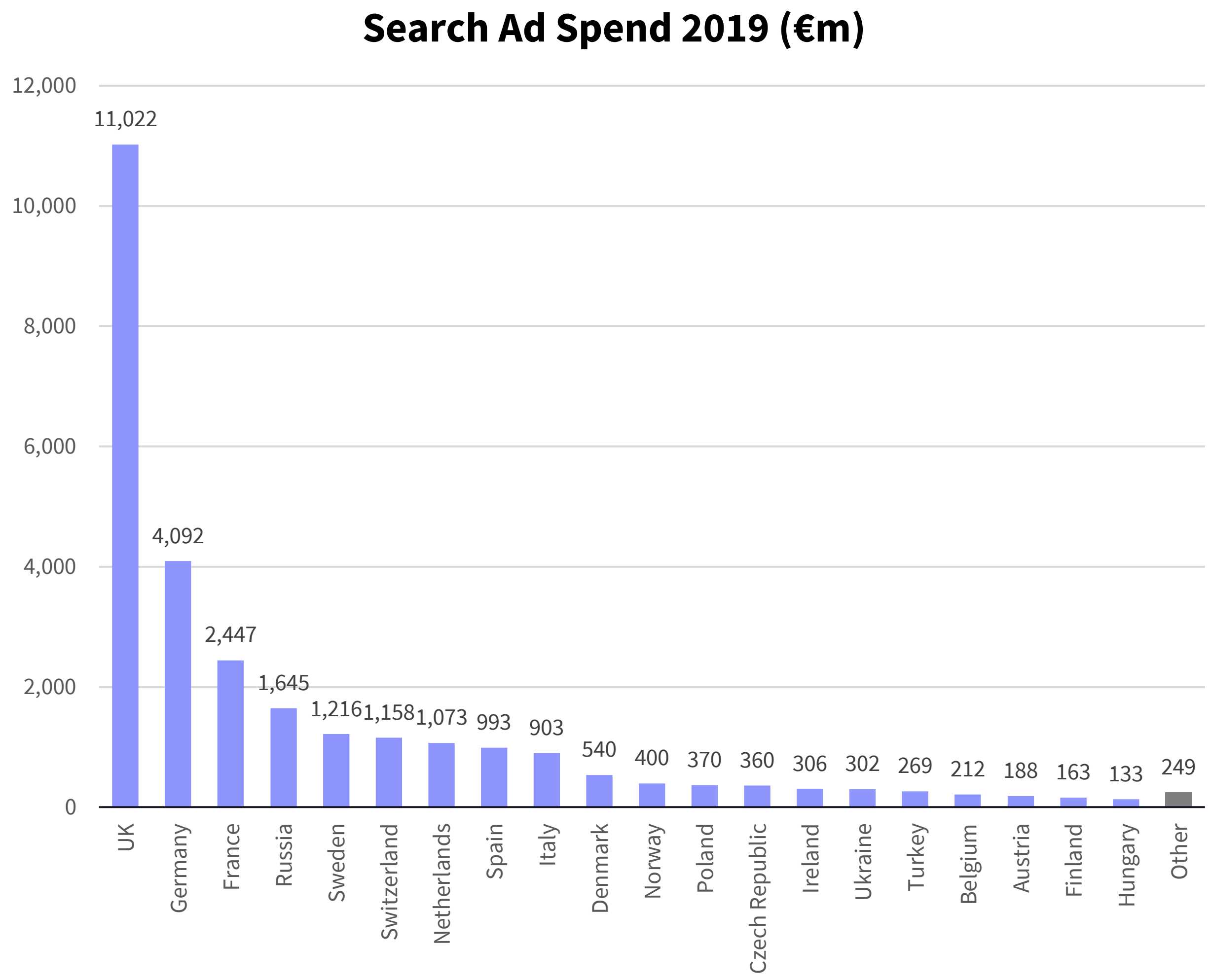


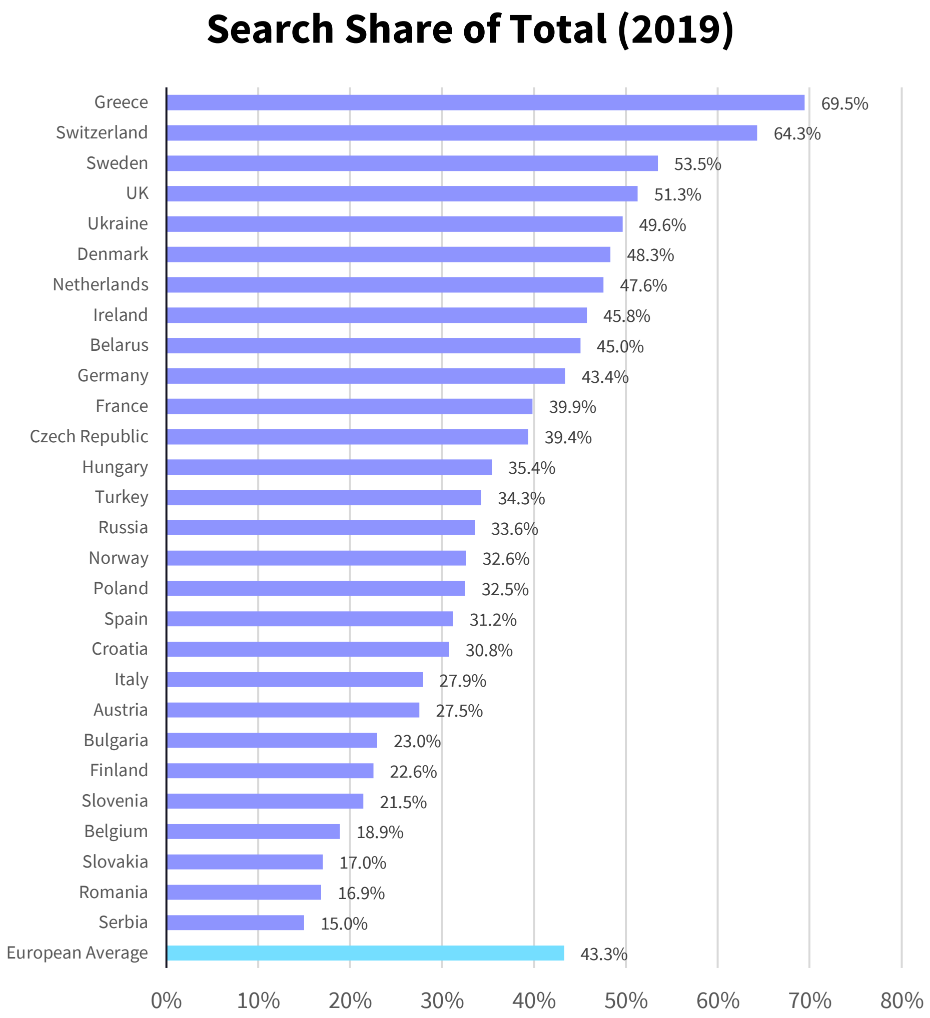


Strong variation of growth across Europe as sector consolidation drives scale effects



7 search markets worth more than €1bn





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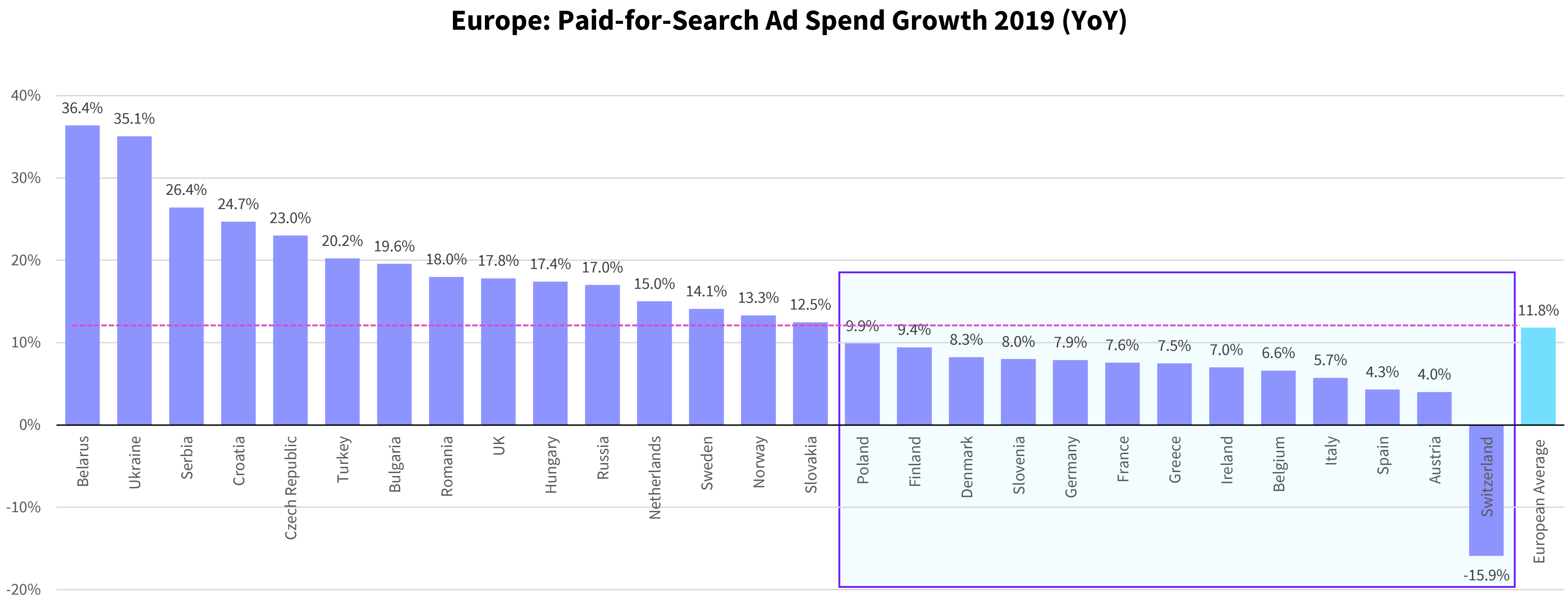
CEE markets lead Paid-for-Search growth, markets below average largely range in the middle of the ad spend per capita spectrum



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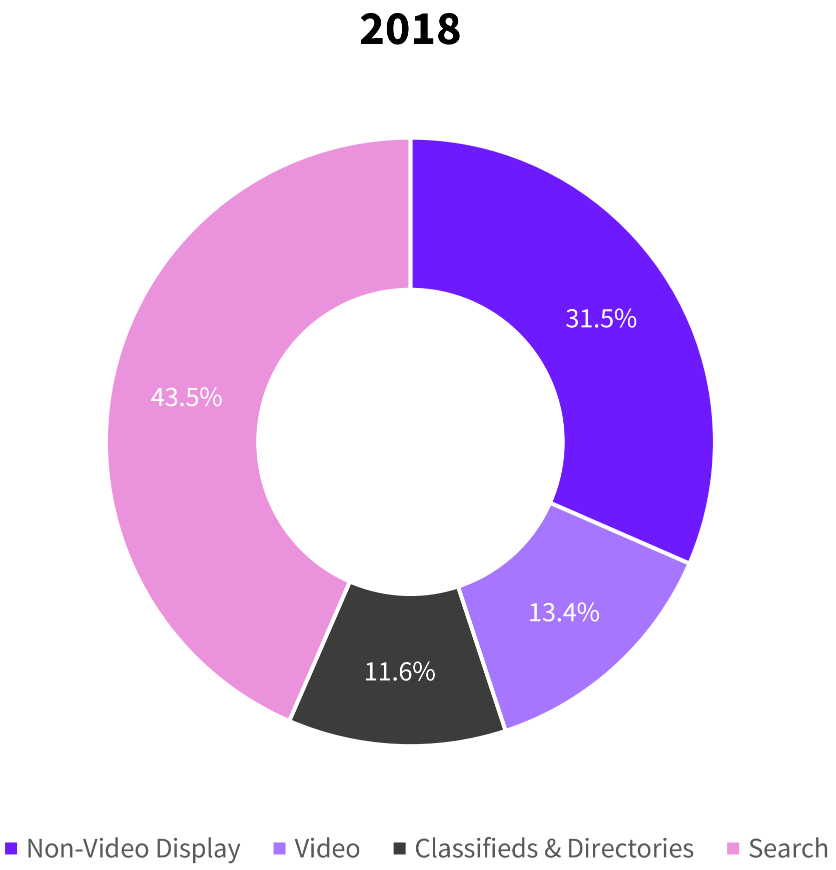
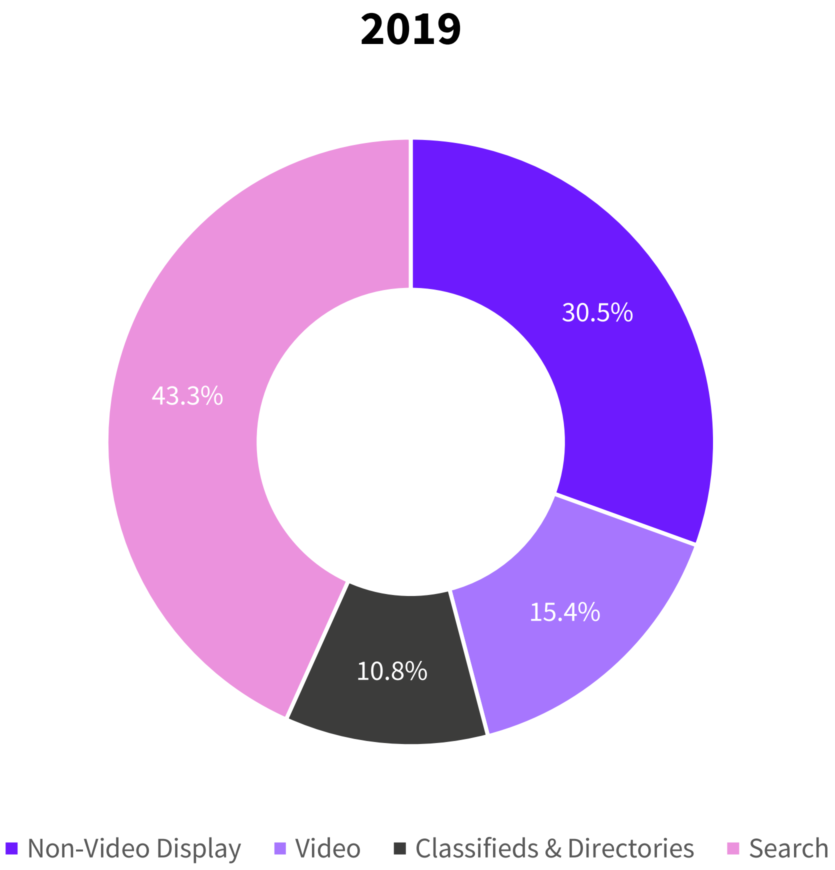
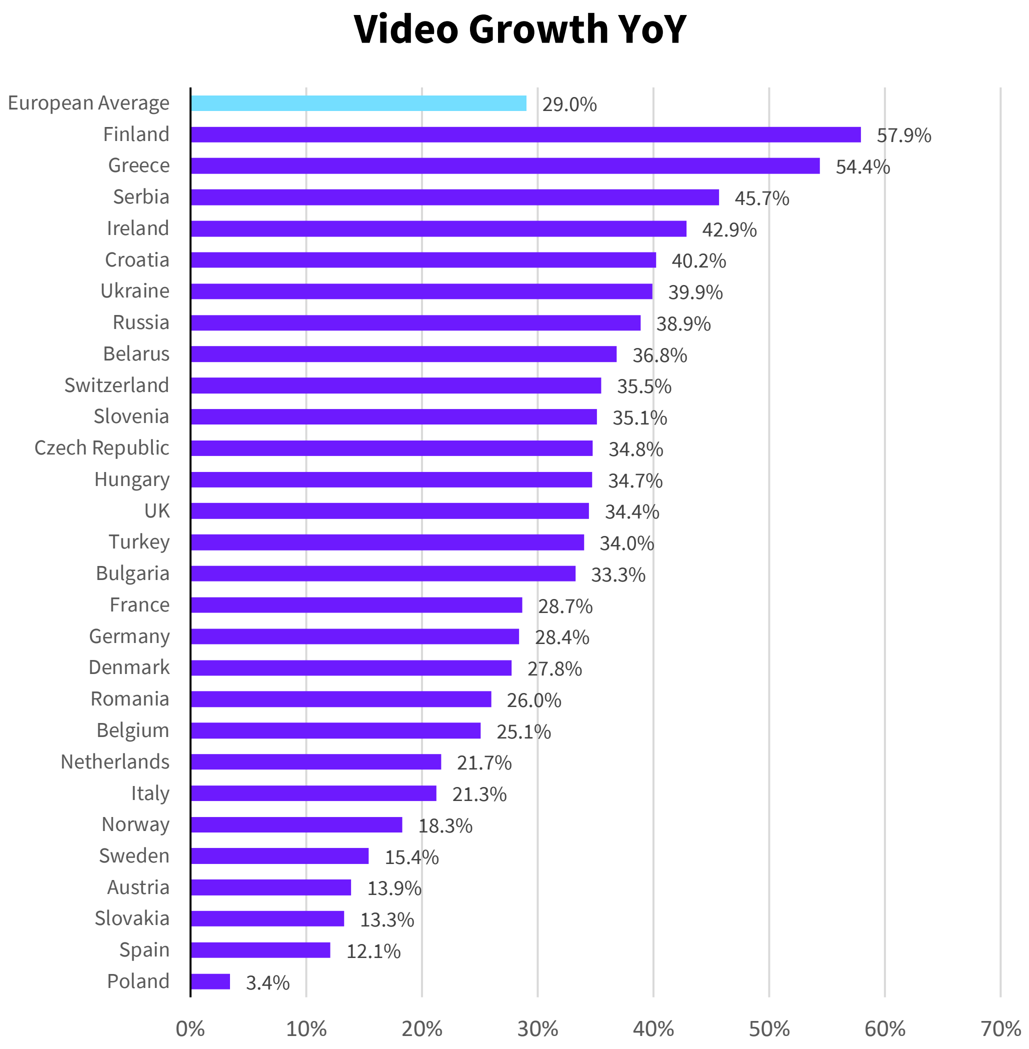
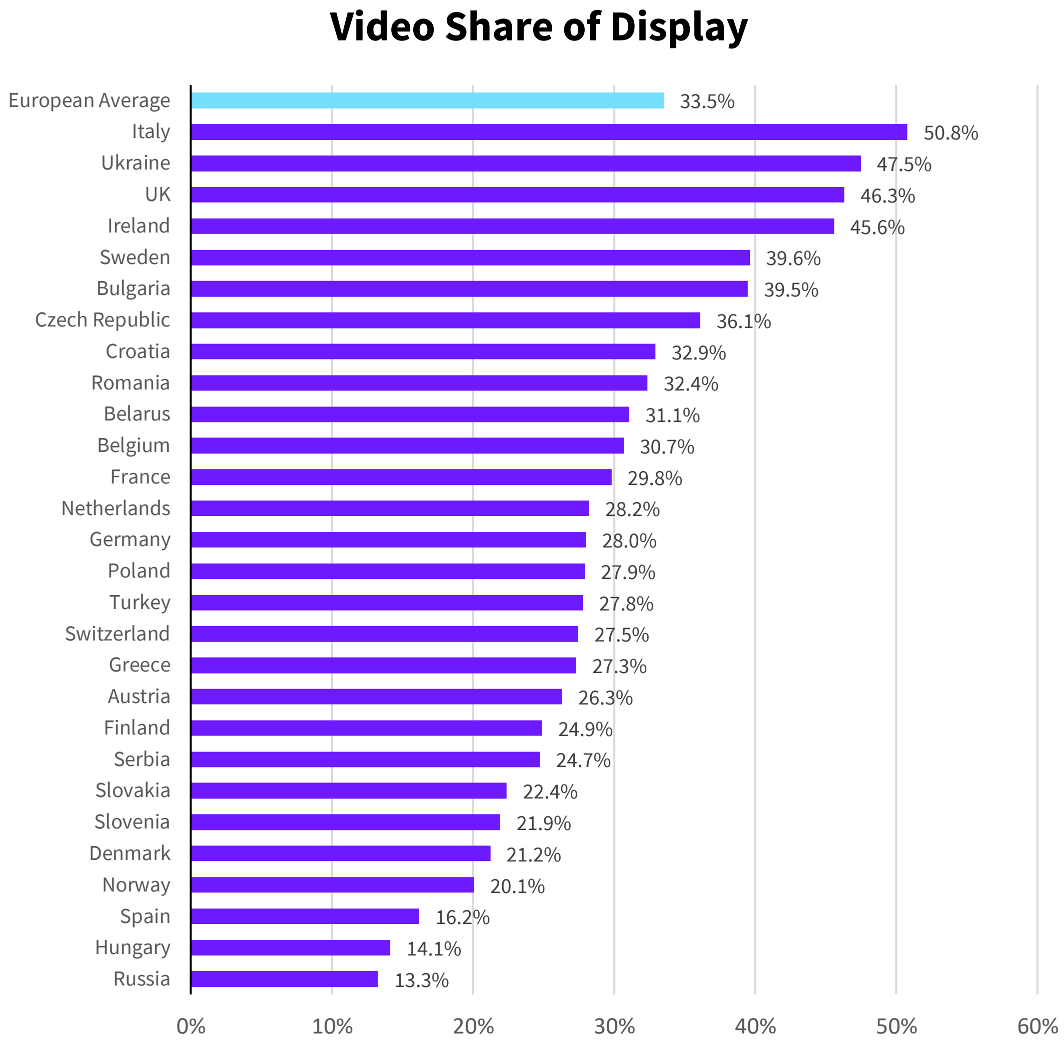
Video contribution to display growth increases



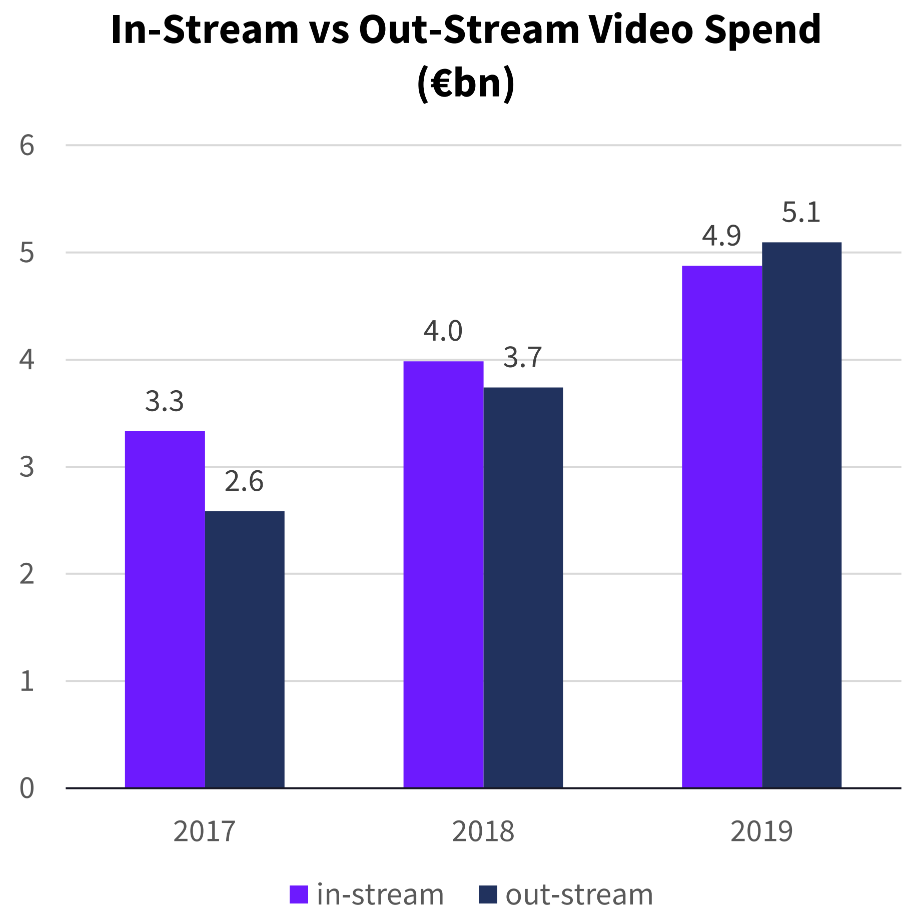


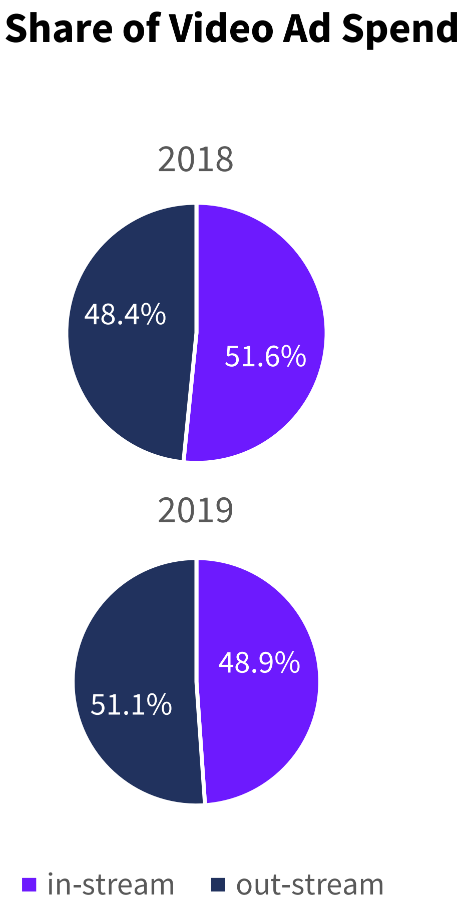
1/3 of display is video, growth steady vs 2018 (+30.8%)

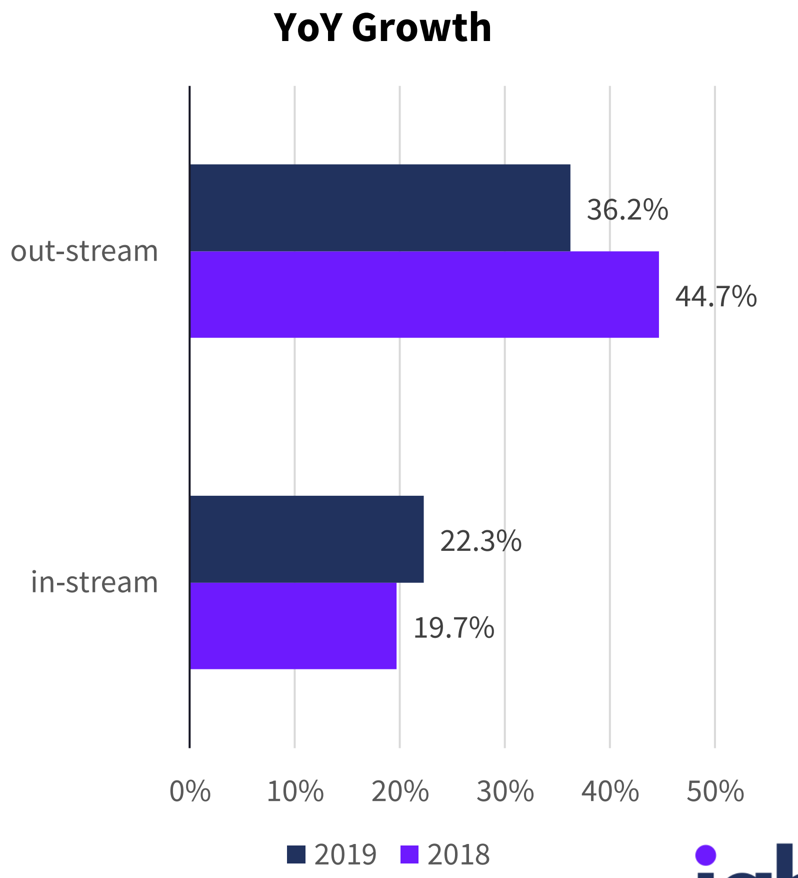




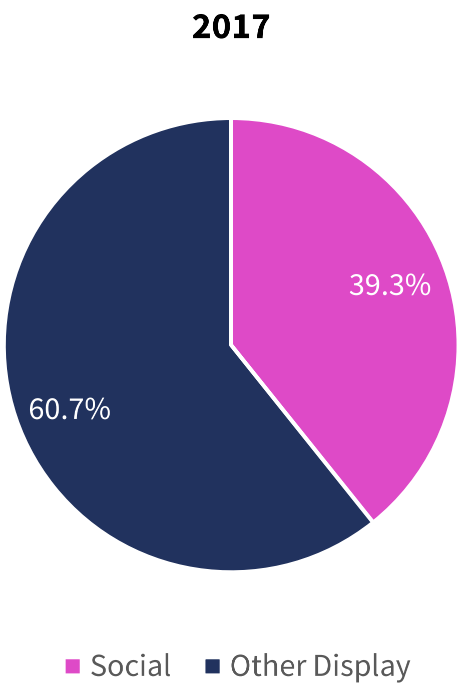
Out-Stream Video now dominates, but In-Stream Video growth is accelerating

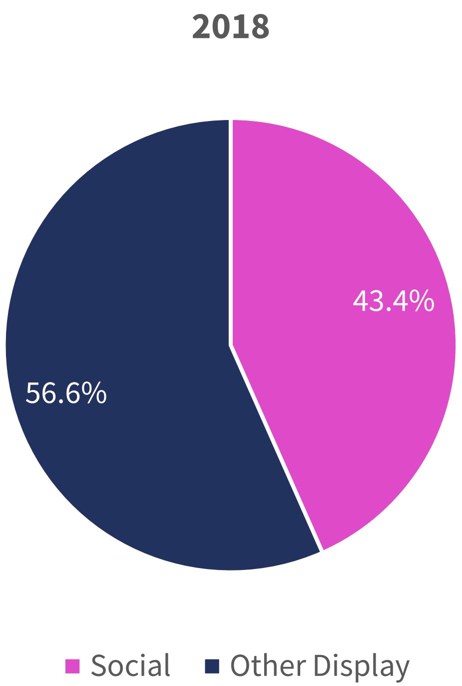


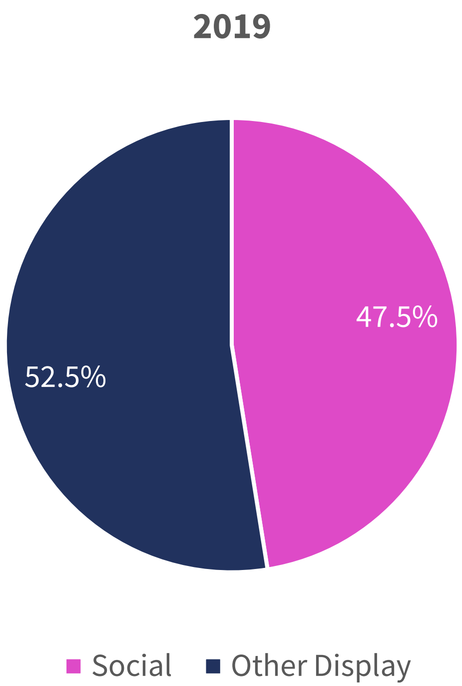




Social gained ~4 ppt share annually over the last two years

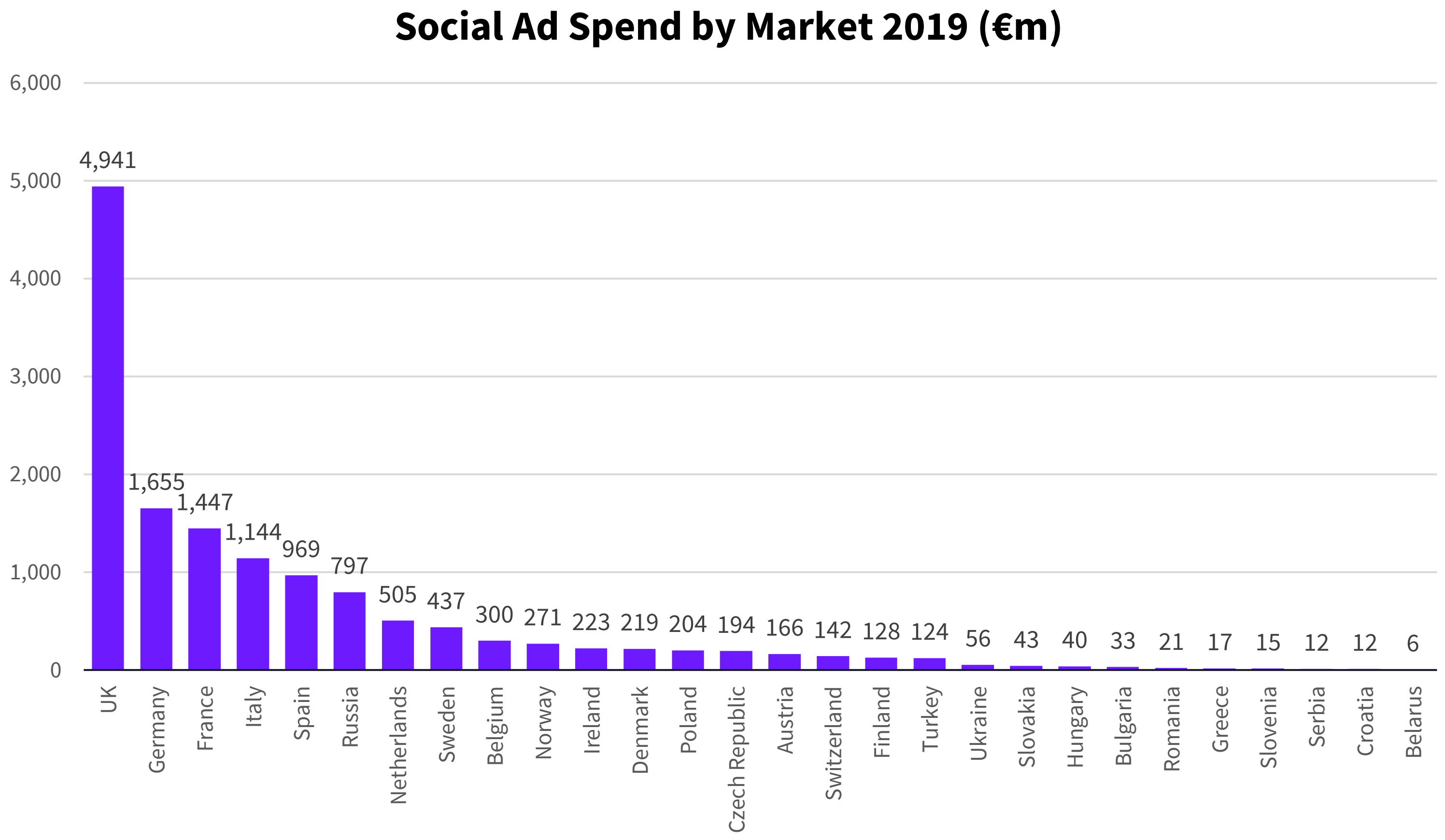






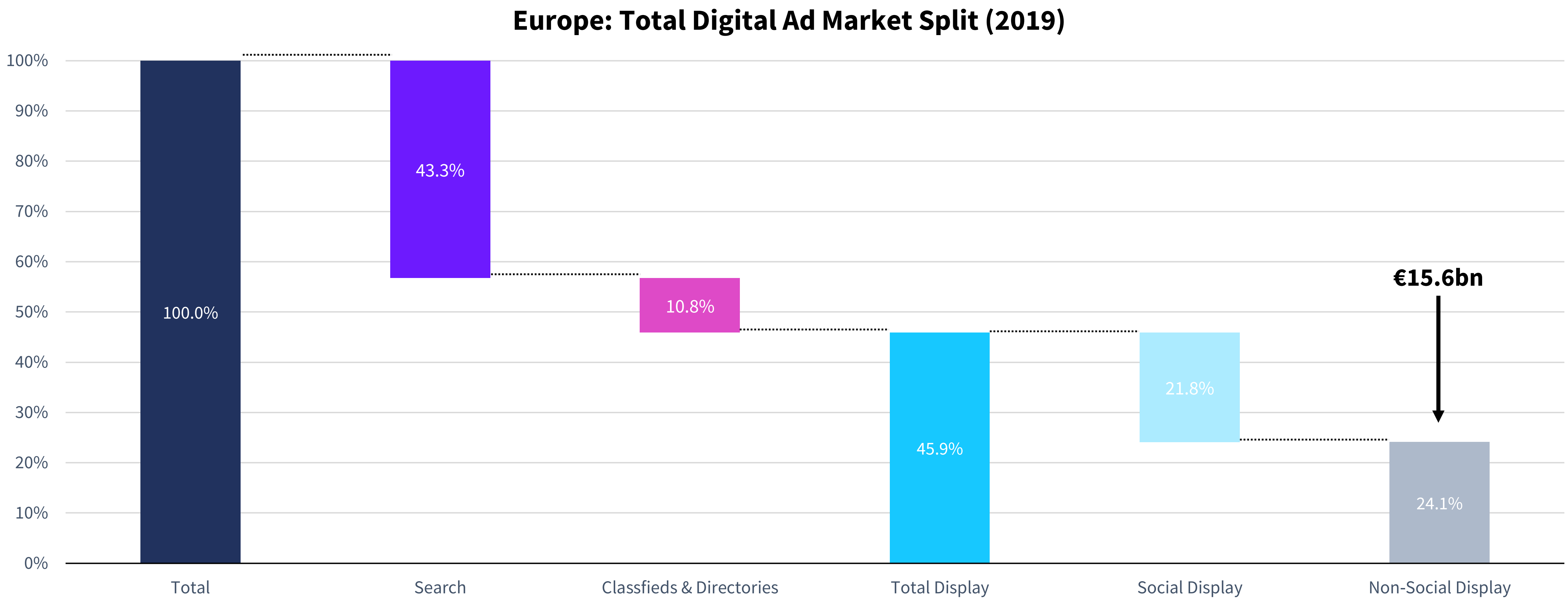
Note: numbers restated vs 2018 study due to revised methods of measuring social from national IABs

Social ad spend exceeds €1bn in 4 markets, and €100m in further 14 markets

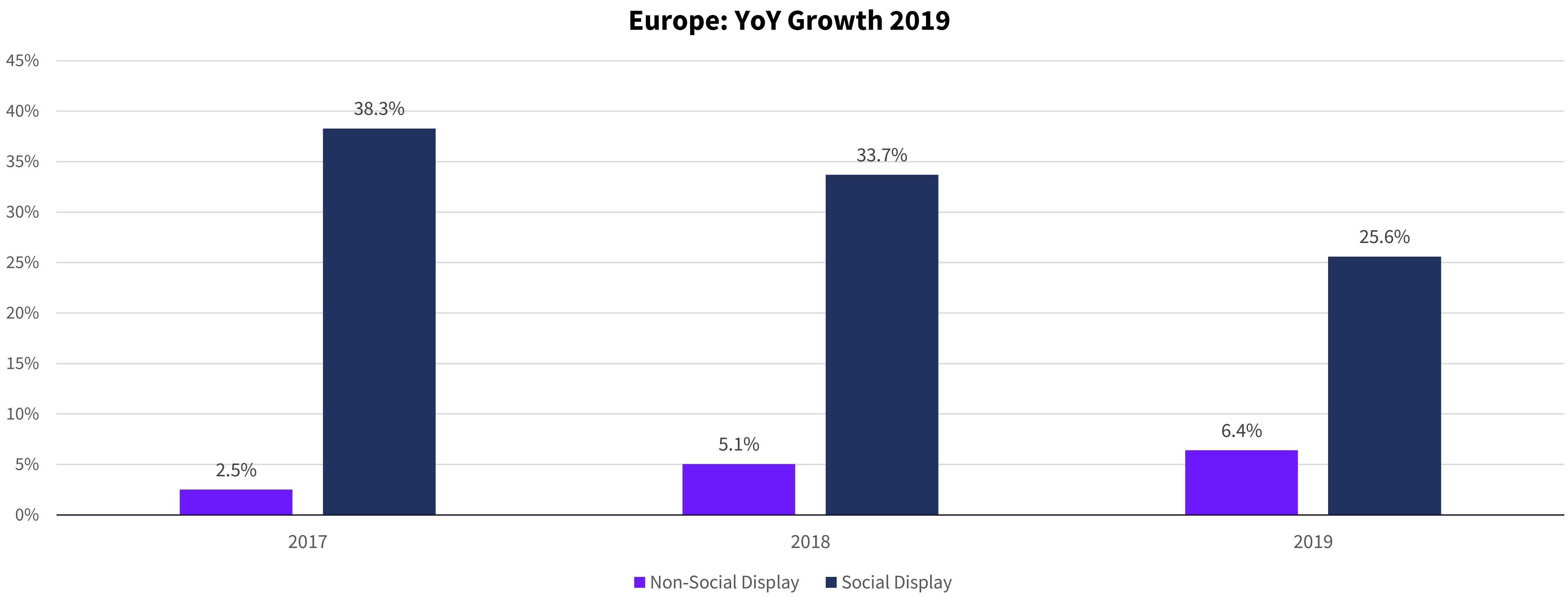


- For the first time, IAB Europe is providing a by-country breakout of social ad spend
- Country-split data are estimates
- Modelled based on reported data by national IABs, company filings, agency reports, local market expert committees
- Local data has been adjusted and harmonised where possible due to different local definitions of social and data collection methods

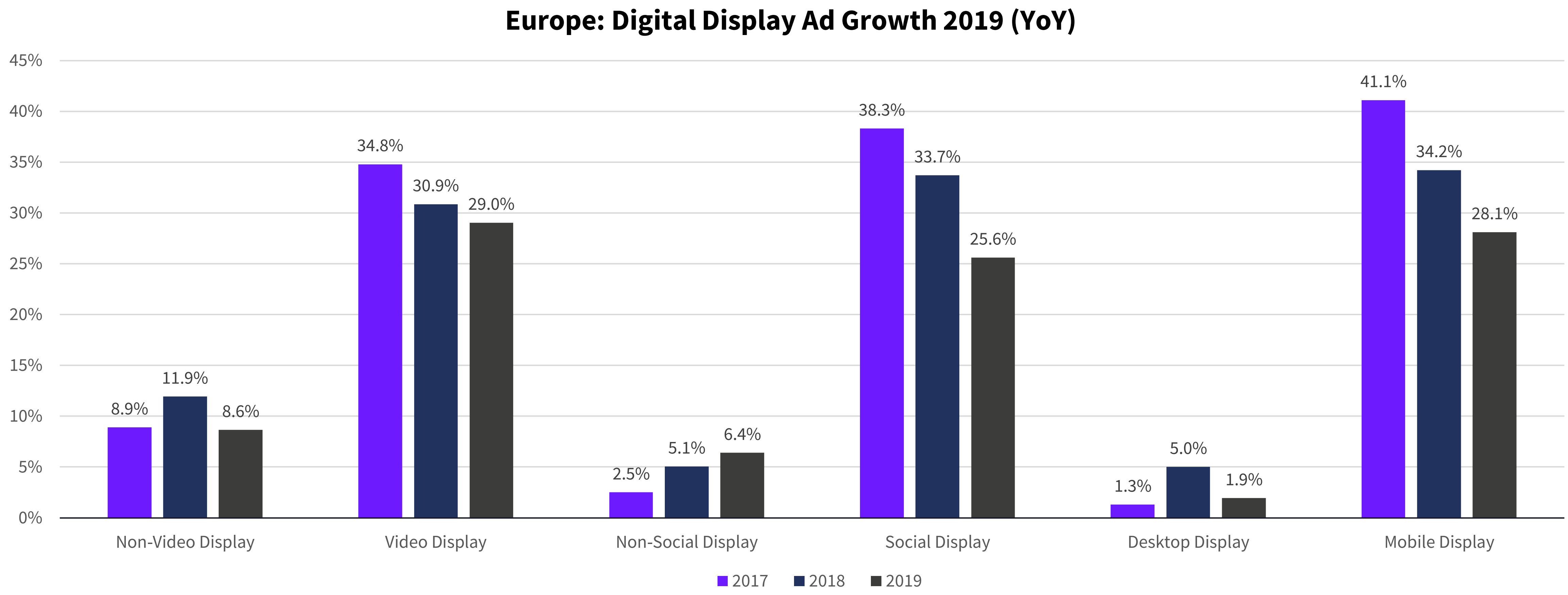
Non-Social Display is 24.1% of the market



Non-Social Display sees growth acceleration for 2nd year in a row…



…while video and mobile remain other display drivers



SUMMARY

Summary

- Digital ad spend in Europe recorded its tenth consecutive year of double-digit growth in 2019. This is despite a growing maturity of digital ad markets. In aggregate, digital exceeded 50% of all media ad spend for the first time in 2019.

- The display category continues to be the main growth driver and largest category having displaced search from the top spot in 2018. Within display, growth is predominantly coming from video and social.

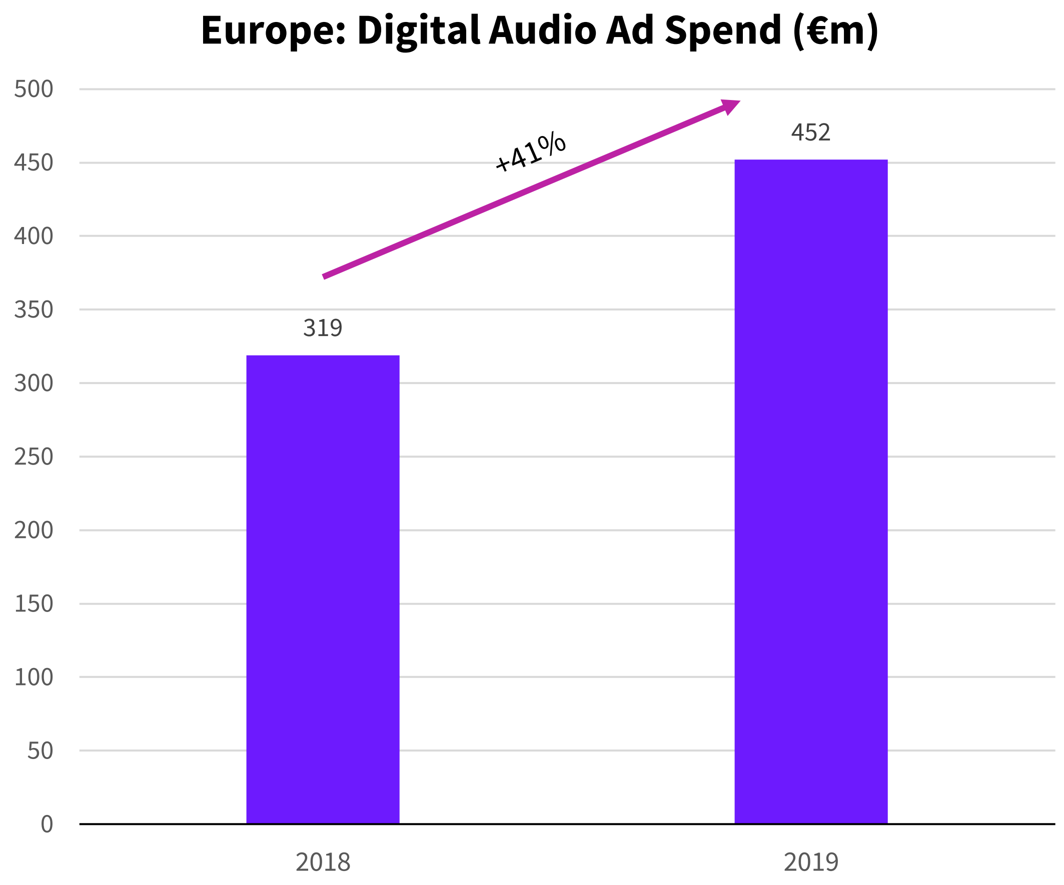
- Out-stream established itself as the largest format within video. However, while in-stream video growth has slowed in recent years, it accelerated again in 2019.

- While social increased its share of total display to 47.5% in 2019 and outperformed non-social display growth over the past years, the display market outside of social experienced accelerated growth in 2019.

- The European digital ad market is now mobile-first: mobile ad spend crossed the 50% threshold in 2019 both for display and search.

FUTURE ADDITIONS

Evolution of AdEx Benchmark: addition of new formats



- For 2019, we have provided a first estimate of digital audio ad spend. It is not yet included in the total of this study due to local differences in definition.
- We will provide further addition of emerging channels and formats(e.g. CTV) in the next iterations of this study.
- The maturity and growth of digital audio will be reflected in more detailed breakouts in future studies.
- Currently, we release a separate study on programmatic ad spend each autumn. As of next year, we will add programmatic data to this study.

KEY METRICS

Austria	
Digital Ad Spend	€682m
Year-on-Year Growth	5.2%
Digital Ad Spend per Capita	€78.1

Belarus	
Digital Ad Spend	€60m
Year-on-Year Growth	25.2%
Digital Ad Spend per Capita	€6.3

Belgium	
Digital Ad Spend	€1,120m
Year-on-Year Growth	10.3%
Digital Ad Spend per Capita	€98.0

Bulgaria	
Digital Ad Spend	€64m
Year-on-Year Growth	7.0%
Digital Ad Spend per Capita	€9.0

Croatia	
Digital Ad Spend	€69m
Year-on-Year Growth	22.3%
Digital Ad Spend per Capita	€16.4

Czech Republic	
Digital Ad Spend	€913m
Year-on-Year Growth	14.2%
Digital Ad Spend per Capita	€86.0

Denmark	
Digital Ad Spend	€1,117m
Year-on-Year Growth	7.2%
Digital Ad Spend per Capita	€194.8

Finland	
Digital Ad Spend	€722m
Year-on-Year Growth	18.3%
Digital Ad Spend per Capita	€130.7

France	
Digital Ad Spend	€6,139m
Year-on-Year Growth	11.6%
Digital Ad Spend per Capita	€94.5

Germany	
Digital Ad Spend	€9,428m
Year-on-Year Growth	8.4%
Digital Ad Spend per Capita	€113.4

Greece	
Digital Ad Spend	€176m
Year-on-Year Growth	9.2%
Digital Ad Spend per Capita	€15.8

Hungary	
Digital Ad Spend	€377m
Year-on-Year Growth	17.5%
Digital Ad Spend per Capita	€38.8

Ireland	
Digital Ad Spend	€669m
Year-on-Year Growth	15.9%
Digital Ad Spend per Capita	€140.4

Italy	
Digital Ad Spend	€3,234m
Year-on-Year Growth	9.9%
Digital Ad Spend per Capita	€54.5

Netherlands	
Digital Ad Spend	€2,255m
Year-on-Year Growth	12.7%
Digital Ad Spend per Capita	€132.4

Norway	
Digital Ad Spend	€1,227m
Year-on-Year Growth	10.3%
Digital Ad Spend per Capita	€231.3

Poland	
Digital Ad Spend	€1,137m
Year-on-Year Growth	10.9%
Digital Ad Spend per Capita	€29.8

Romania	
Digital Ad Spend	€83m
Year-on-Year Growth	18.6%
Digital Ad Spend per Capita	€4.3

Russia	
Digital Ad Spend	€4,902m
Year-on-Year Growth	18.6%
Digital Ad Spend per Capita	€34.1

Serbia	
Digital Ad Spend	€45m
Year-on-Year Growth	28.4%
Digital Ad Spend per Capita	€6.4

Slovakia	
Digital Ad Spend	€177m
Year-on-Year Growth	12.1%
Digital Ad Spend per Capita	€32.5

Slovenia	
Digital Ad Spend	€58m
Year-on-Year Growth	9.3%
Digital Ad Spend per Capita	€28.0

Spain	
Digital Ad Spend	€3,180m
Year-on-Year Growth	11.3%
Digital Ad Spend per Capita	€68.6

Sweden	
Digital Ad Spend	€2,273m
Year-on-Year Growth	10.7%
Digital Ad Spend per Capita	€229.4

Switzerland	
Digital Ad Spend	€1,800m
Year-on-Year Growth	-7.5%
Digital Ad Spend per Capita	€212.4

Turkey	
Digital Ad Spend	€785m
Year-on-Year Growth	19.1%
Digital Ad Spend per Capita	€9.7

UK	
Digital Ad Spend	€21,486m
Year-on-Year Growth	15.3%
Digital Ad Spend per Capita	€324.7

CONTACTS

Daniel Knapp – danfknapp@gmail.com
Helen Mussard – mussard@iabeurope.eu
Marie-Clare Puffett – Puffett@iabeurope.eu