

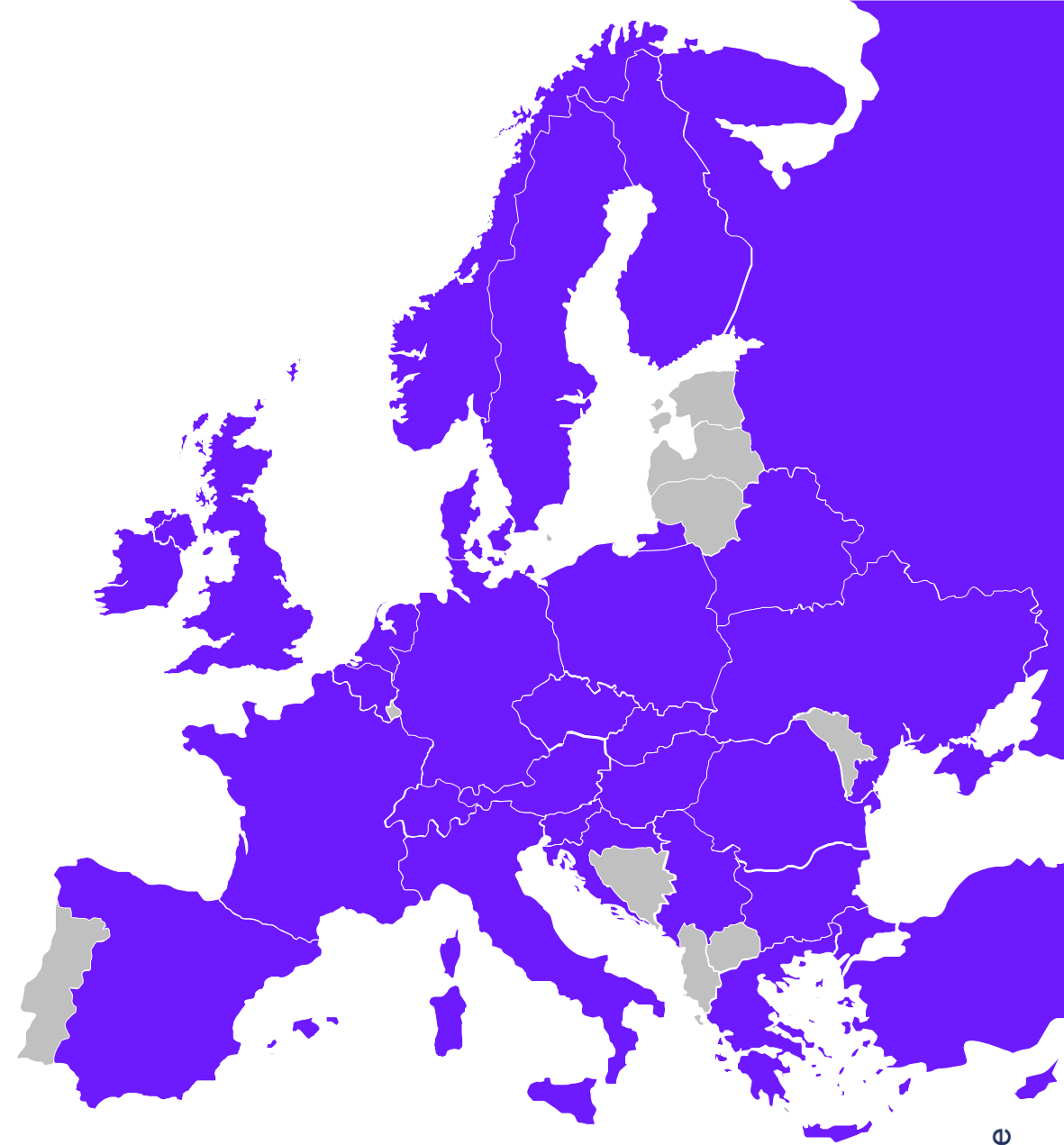
adex

BENCHMARK
2022

STUDY
MAY 2023

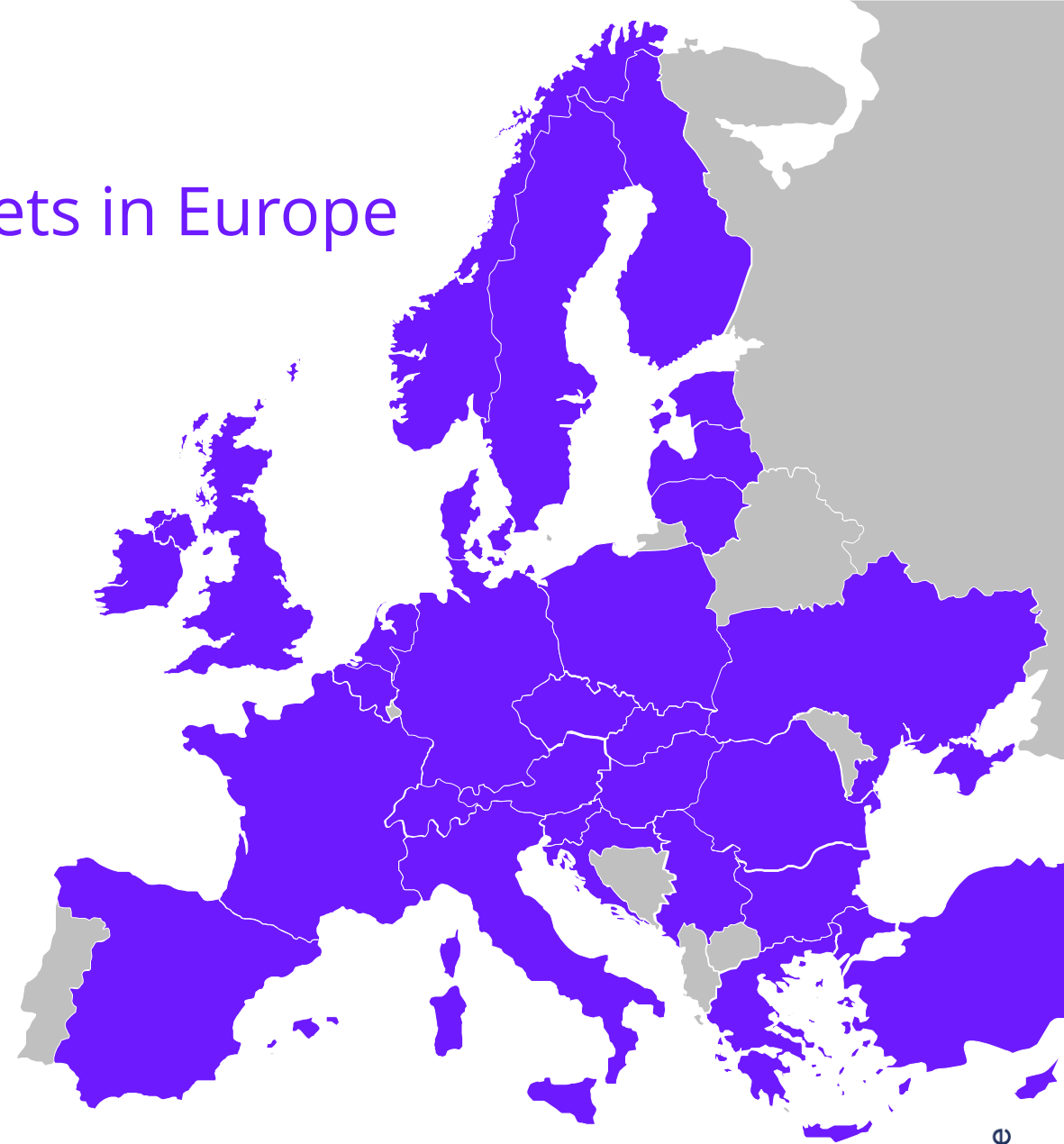
iab.europe

The Adex geography has changed



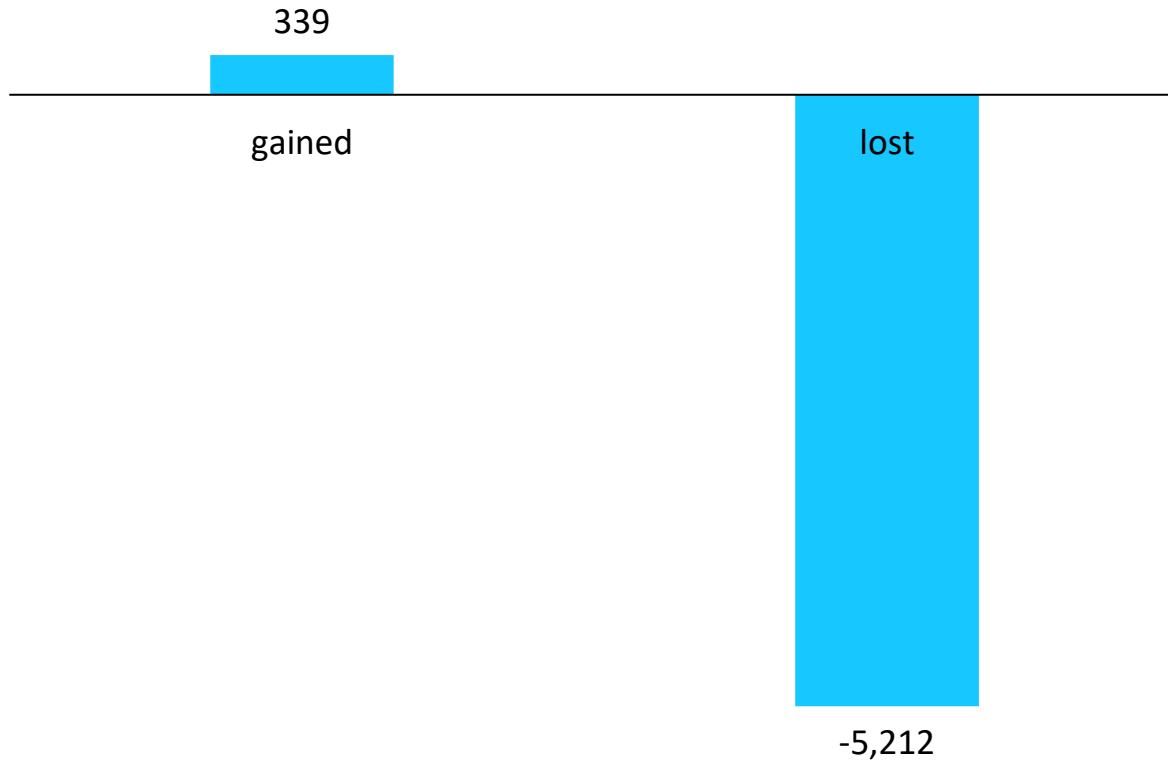
Report Coverage- Analysis of 29 markets in Europe

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



New 2021 ad spend basis due to changed market coverage

2021: Adspend added & removed (€m)



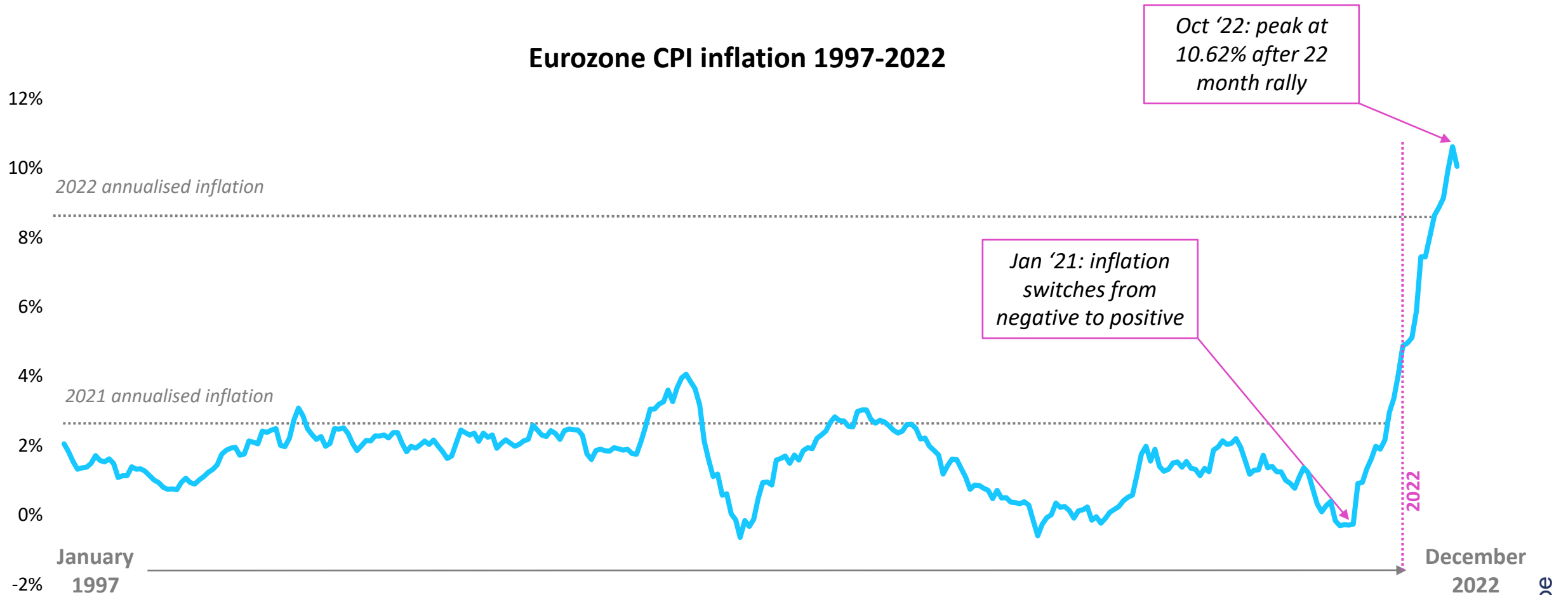
5.2% net
reduction in size
of market covered

INFLATION



Rauchen
verboten

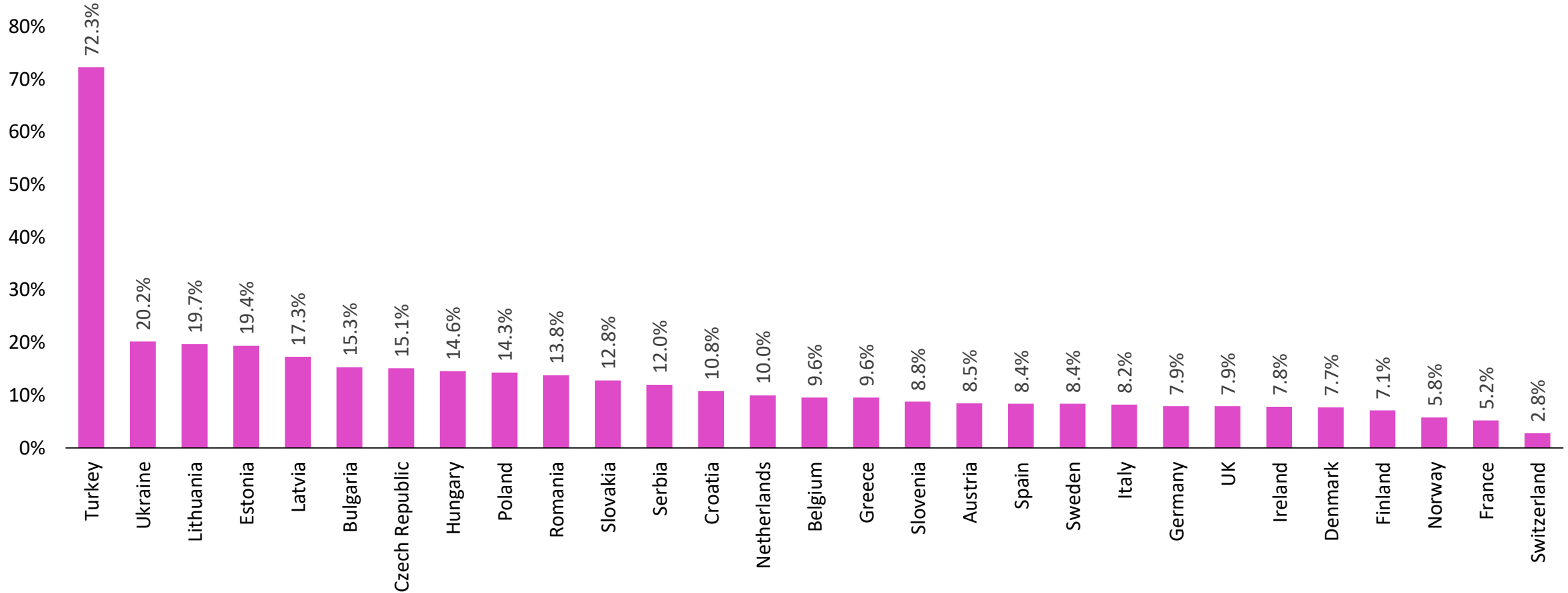
Study is conducted in high-inflation environment for 1st time



Source: European Central Bank. Percentage change over same month in the previous year.

...but inflation impact varies between markets covered

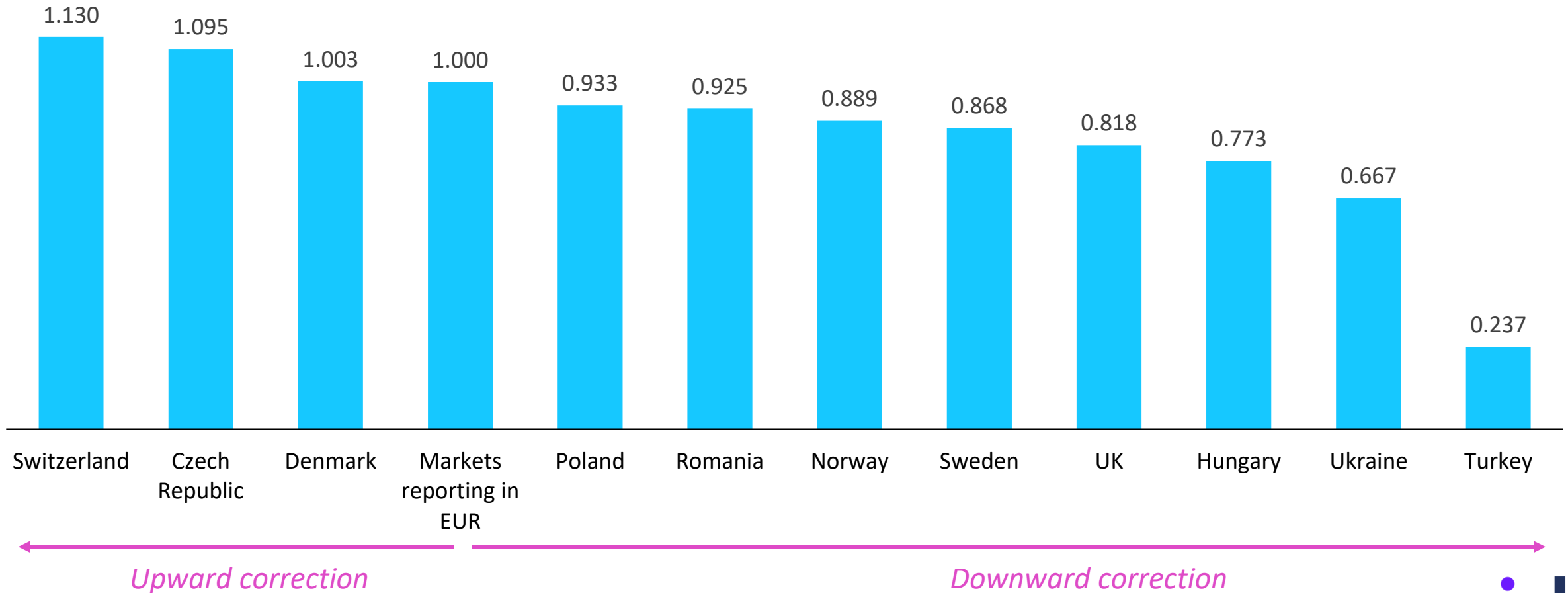
Consumer Price Inflation, growth 2022 vs 2021



Source: World Bank, headline consumer price index (hapi)

Using 2022 exchange rate avoids distortions in market size from highest inflation countries

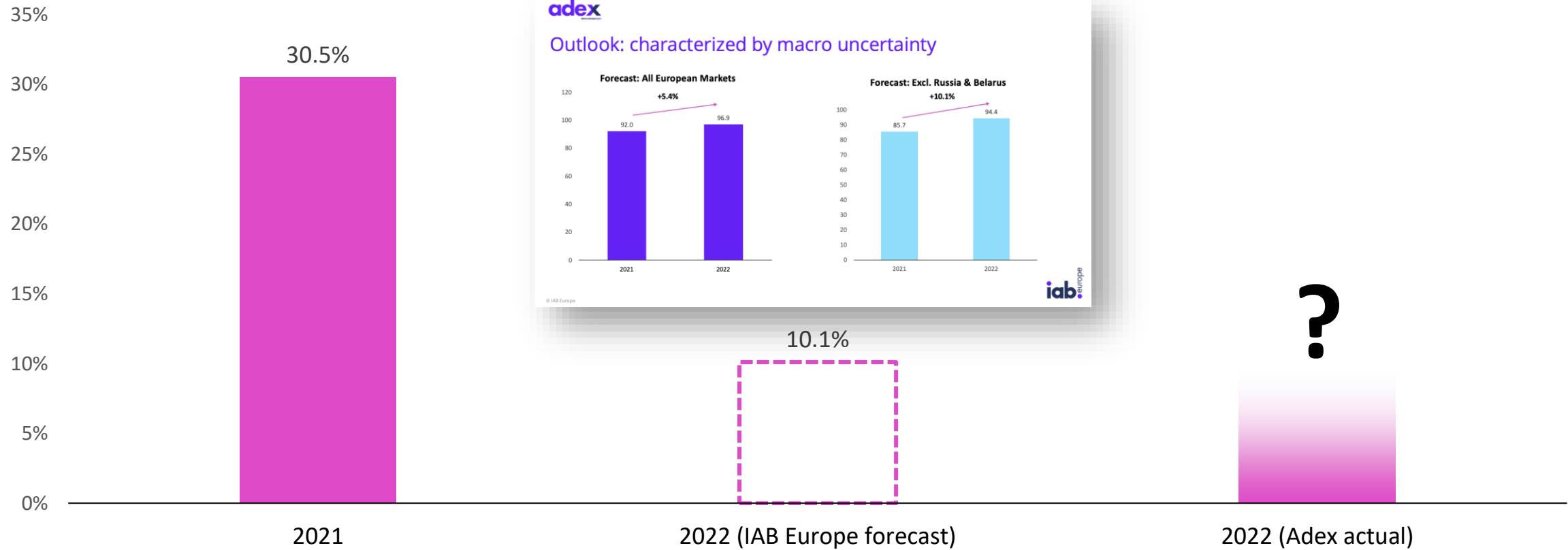
Using 2022 EUR vs 2013: Effect on Market Size



MARKET

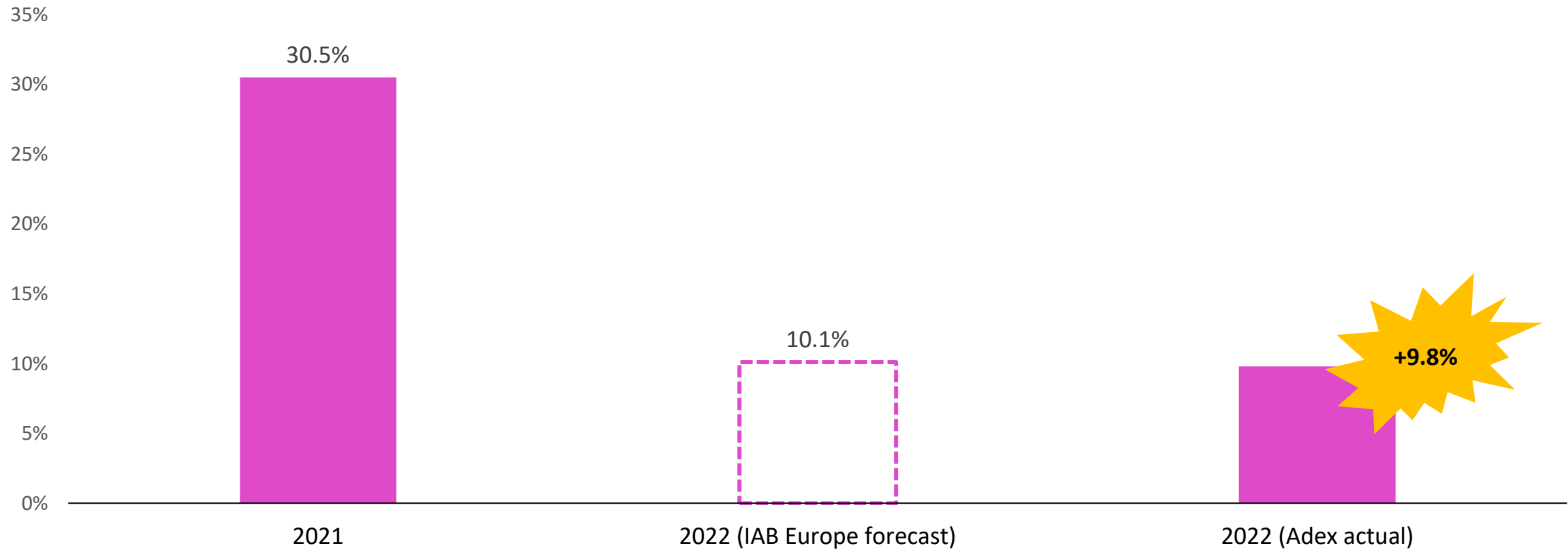
At the last Interact conference, we predicted +10.1% growth

Europe: 2022 Digital Ad Spend Forecast & Actual



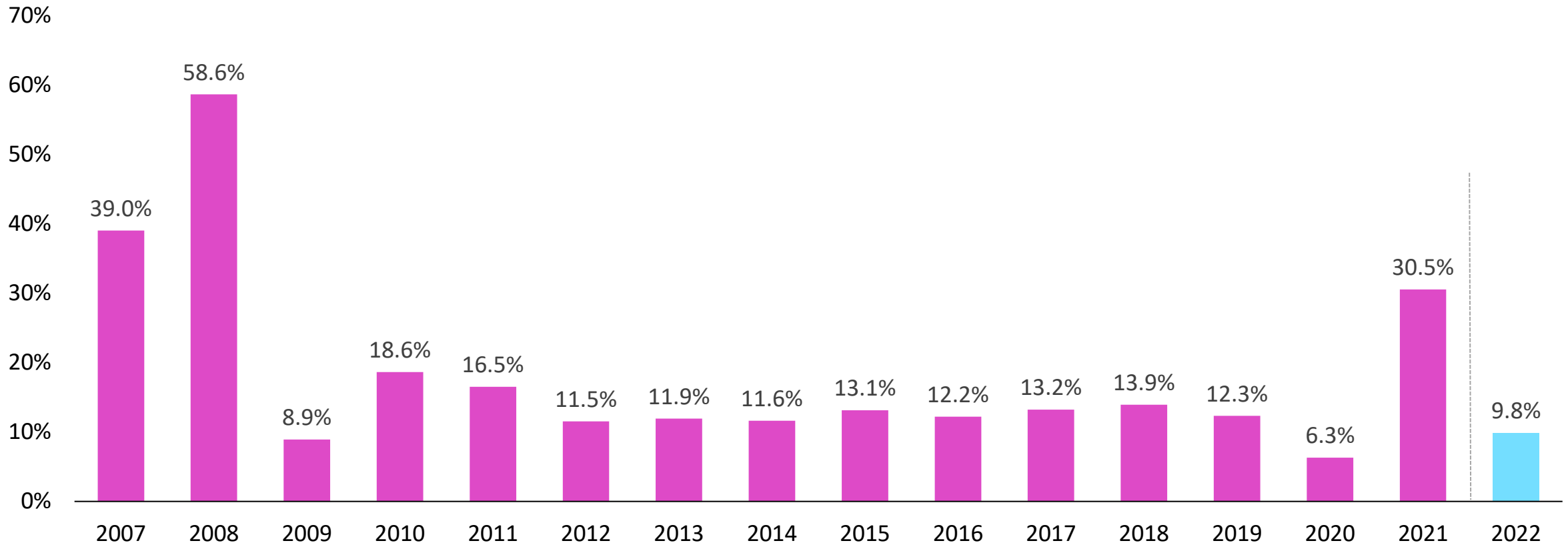
At the last Interact conference, we predicted +10.1% growth

Europe: 2022 Digital Ad Spend Forecast & Actual



Growth was achieved in light of tough comparatives and weak macro-environment but propped up by inflation

Europe: Digital Ad Spend Growth Over Time



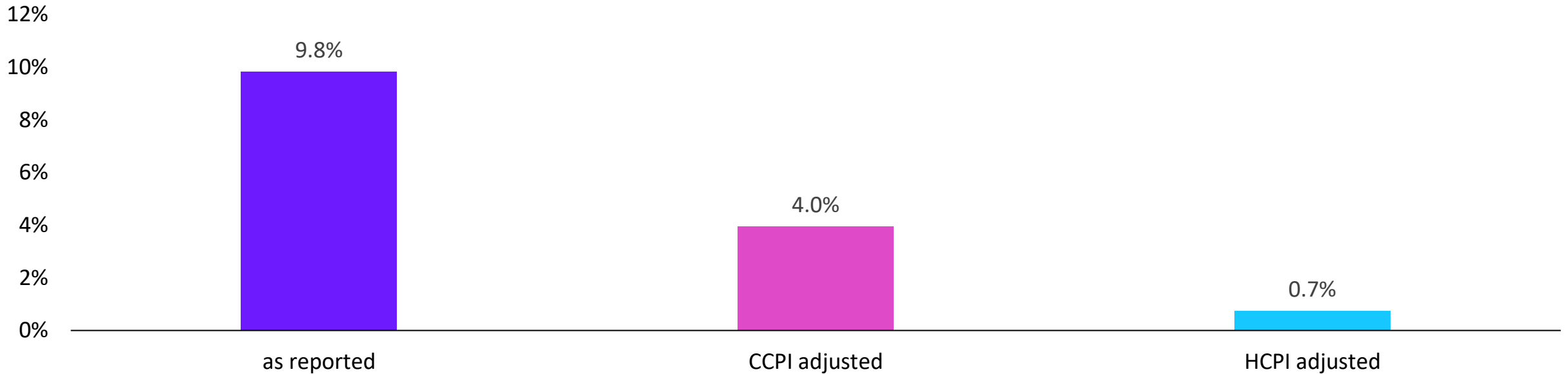
Note: Change in base currency & geographic adjustment affects comparability between 2022 and previous years. Restated & original time series available on www.iabeurope.eu

...but there are different “realities” that affect growth rates

Using 2021 exchange rate to capture growth rates as reported by local markets.

Excludes certain volatile categories, eg. food and energy prices, to provide a clearer view of underlying inflation trends.

Measures the total inflation within an entire economy. Includes volatile categories like food and energy prices.

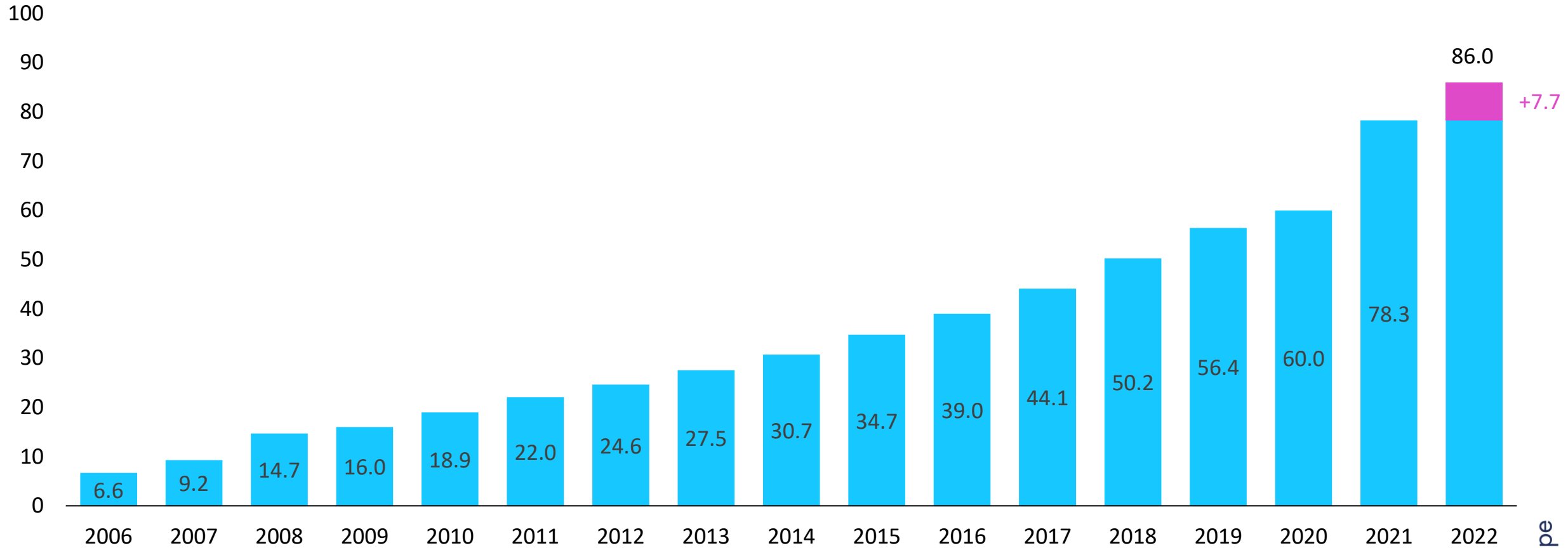


The value of digital ad spend in Europe

€86bn

Despite 2021 surge, €7.7bn added to market

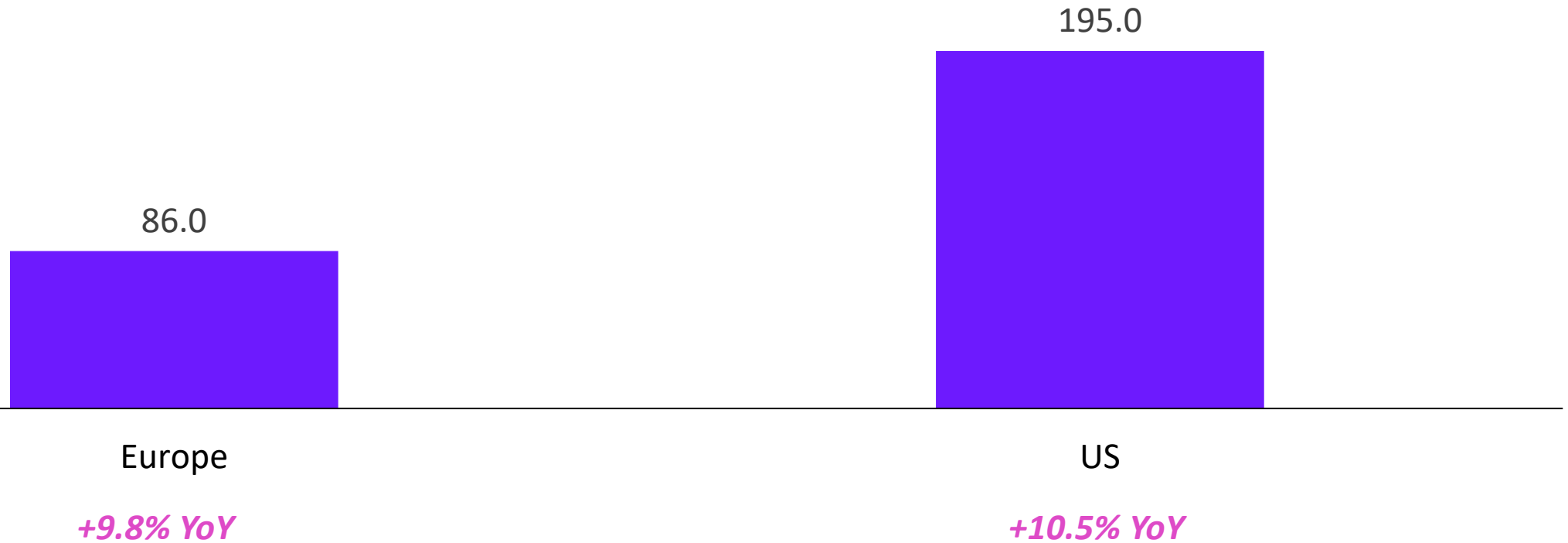
Europe: Total digital ad spend (€bn)



Note: Historical market size restated based on 2022 constant fx and historical growth rates, Russia & Belarus removed. For time series in other currency conversions, see www.iabeurope.eu

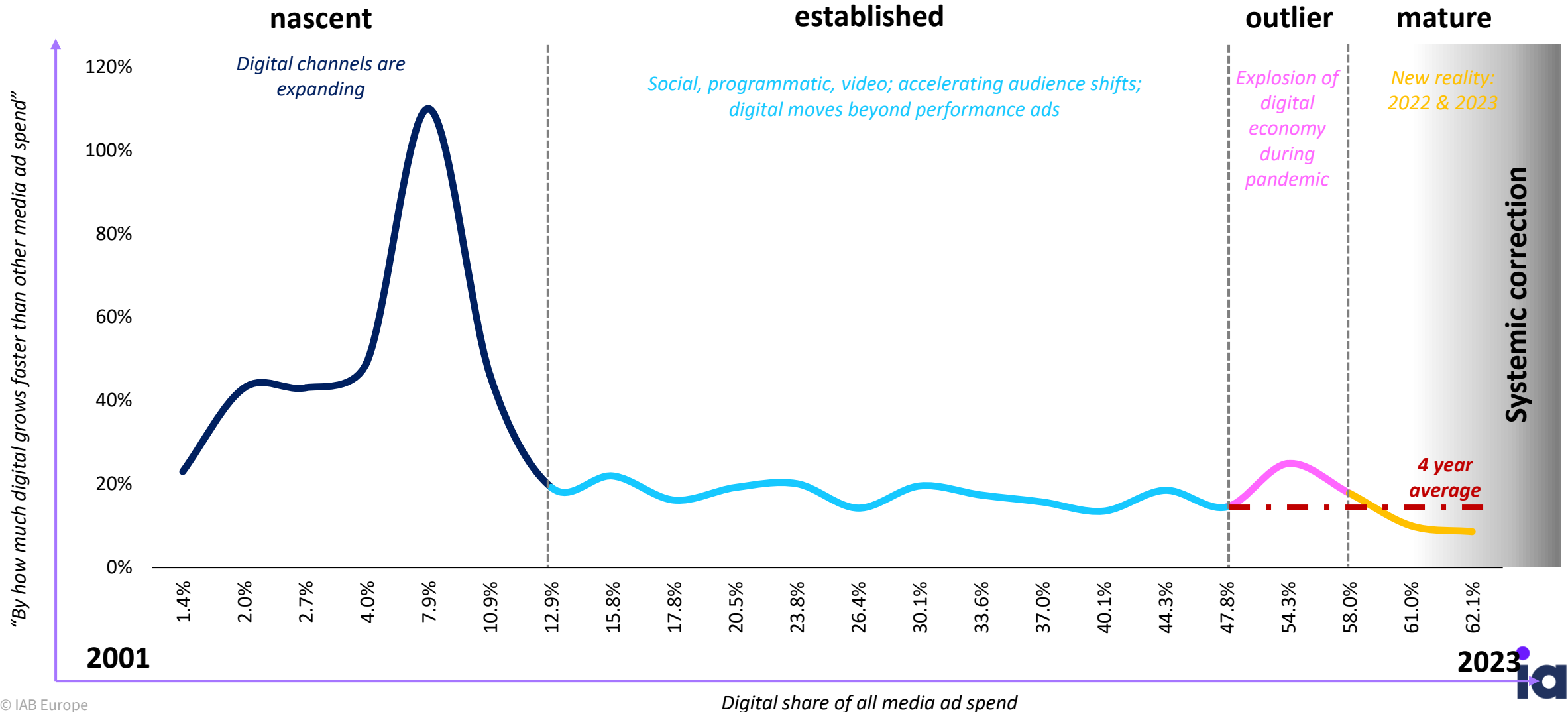
Europe & US comparison

Digital Ad Spend 2022, €bn



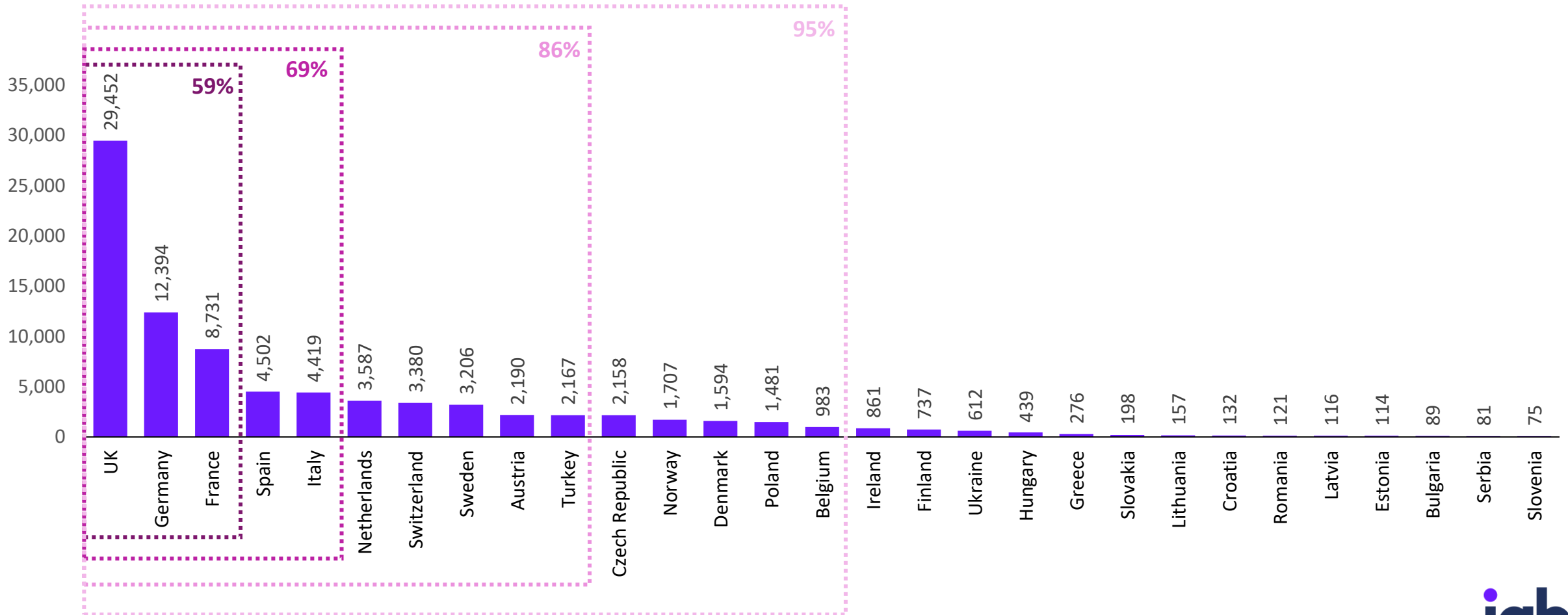
Digital ad market is mature but continues to outperform other media growth

Europe



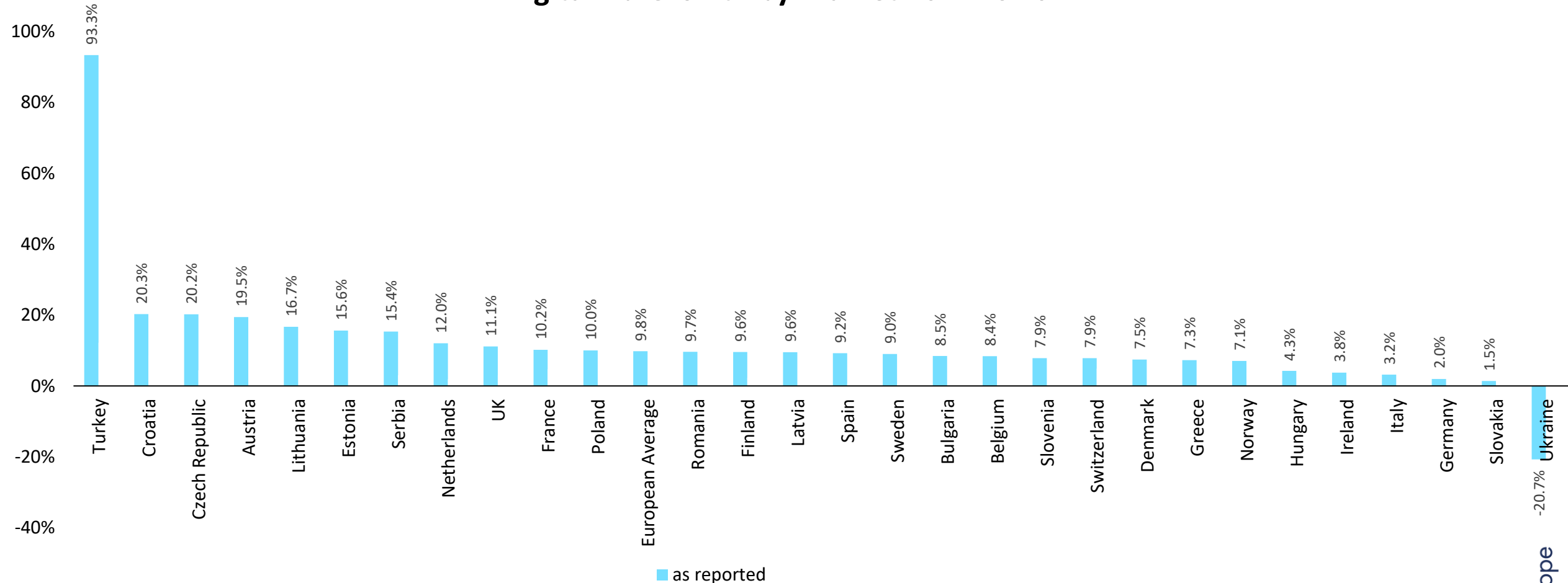
European ad spend remains concentrated on top markets

2021: Digital Ad Spend by Market (€m)



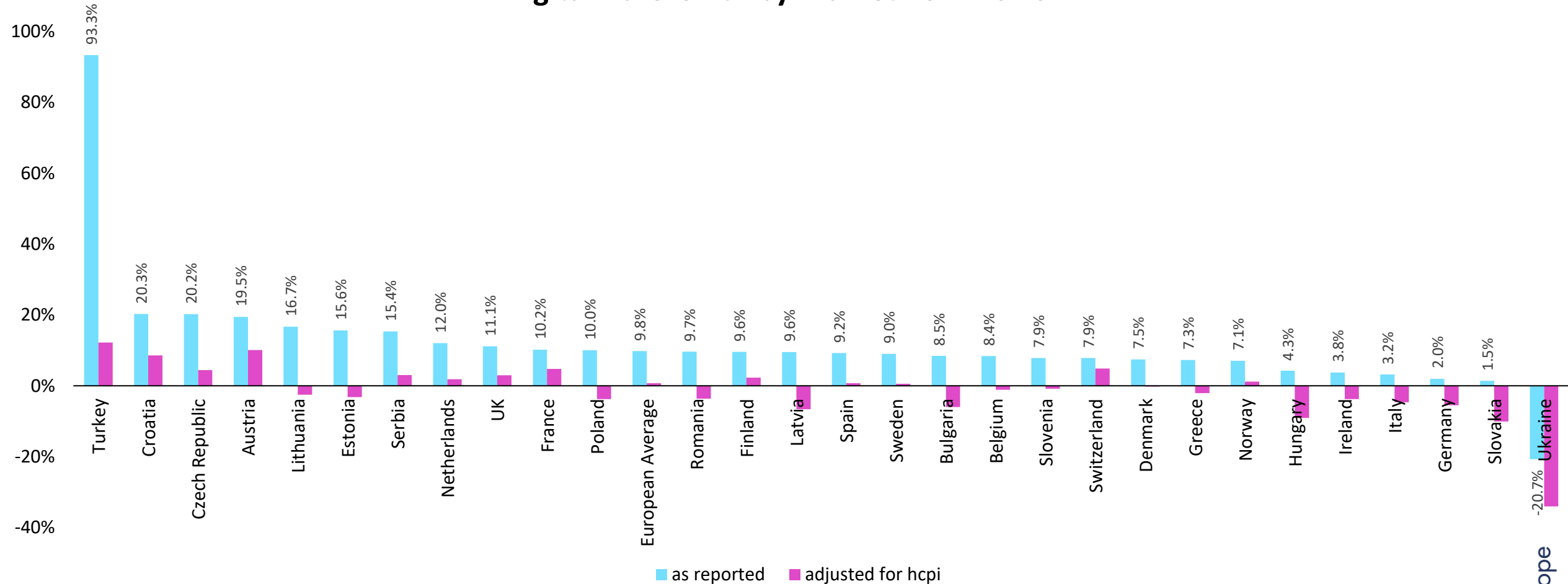
Most European markets show robust gains despite tough comparatives and weak macro environment...

Digital Ad Growth by Market 2022 vs 2021



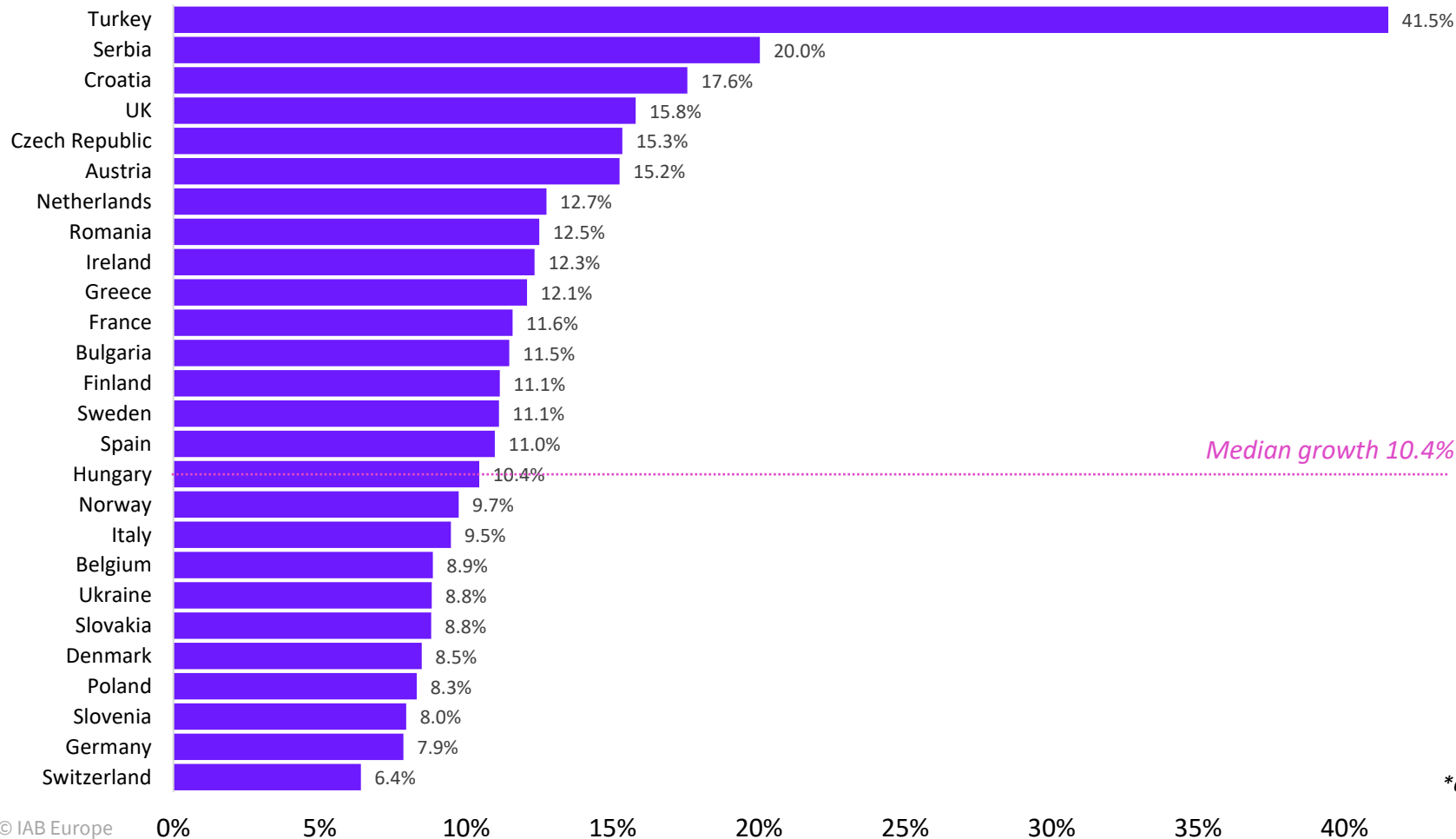
...but accounting for the effect of inflation changes the picture

Digital Ad Growth by Market 2022 vs 2021



After 3 years of turmoil, longer term perspective helps to understand real underlying growth by market

Real growth 2019-2022 (CAGR) by market*



1.

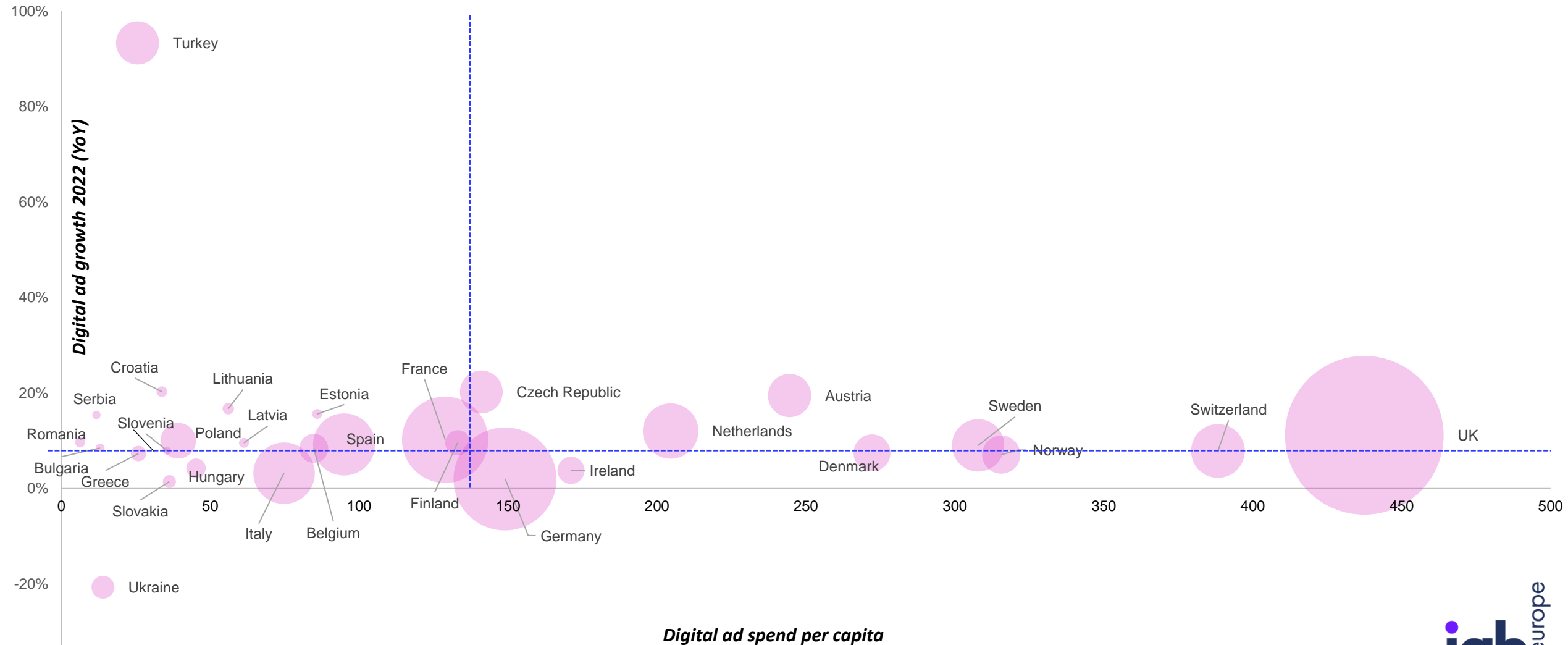
Long-term view 2019 to 2022 via compound annual growth rate

2.

Removing inflation to determine real underlying growth

*adjusted for inflation using World Bank HCPI data

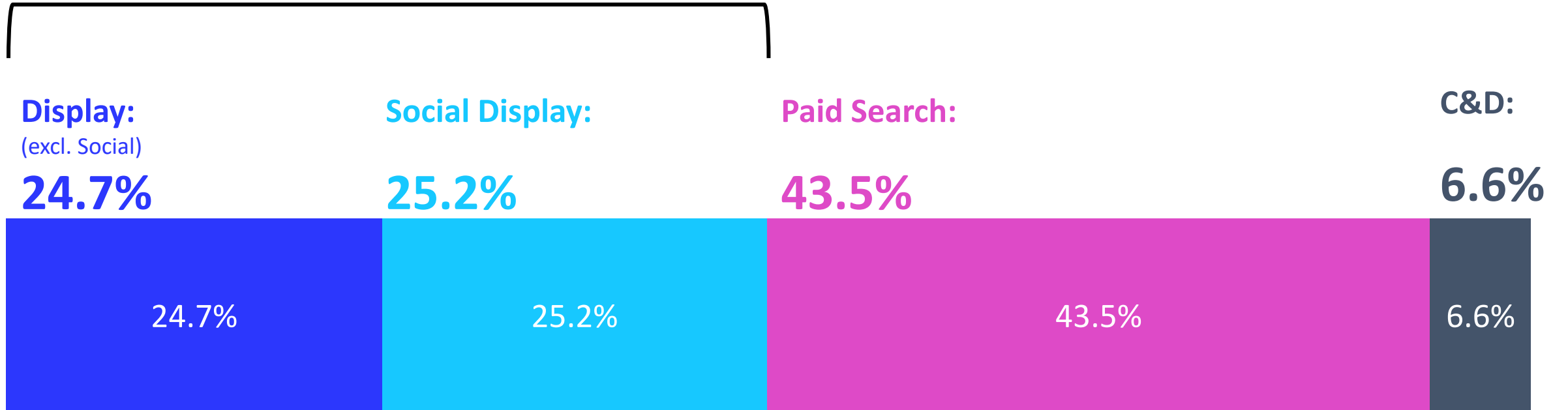
Composite view shows nuances between European markets



FORMATS

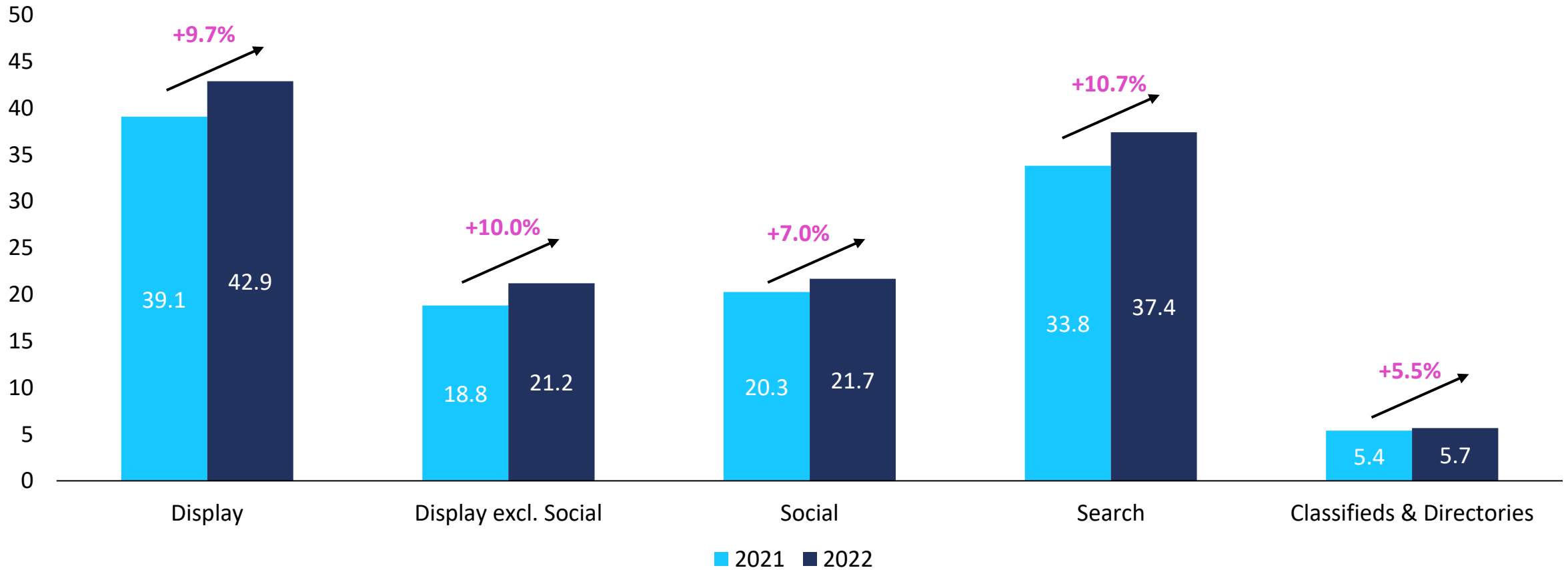
Display has highest share of European market

Total Display: 49.9%



...but changing trend as search outperforms and social growth slows

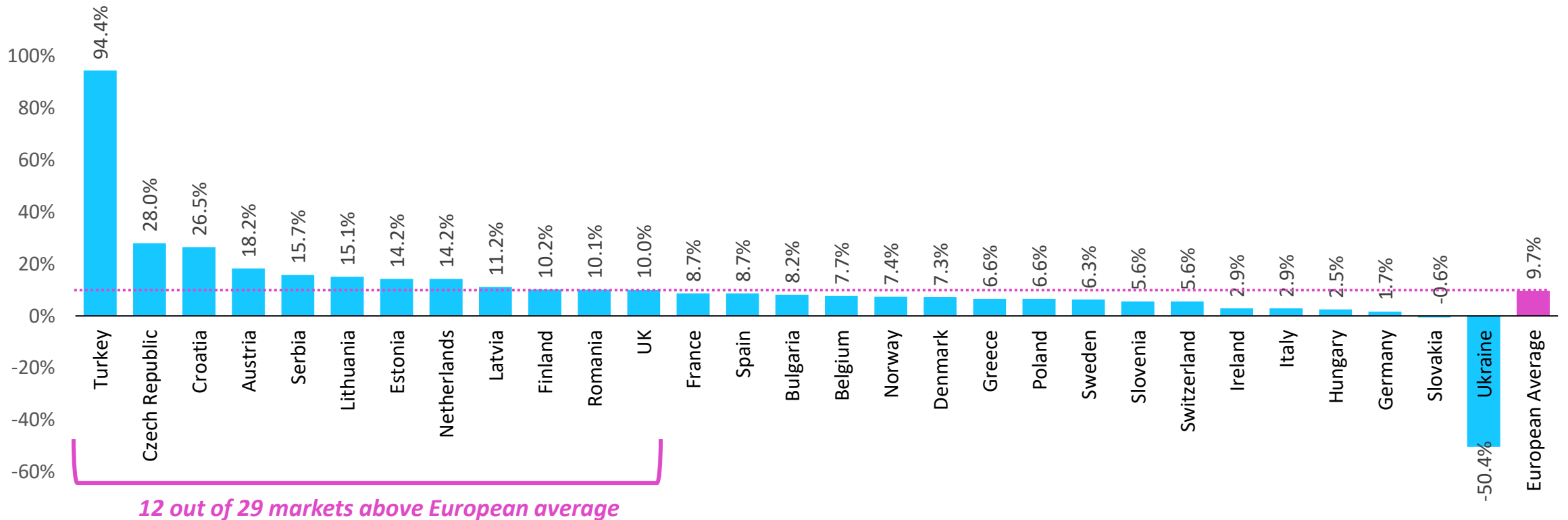
Digital Ad Spend by Format



Total market: +9.8%

Most markets saw single to low double digit growth in display framed by extremes

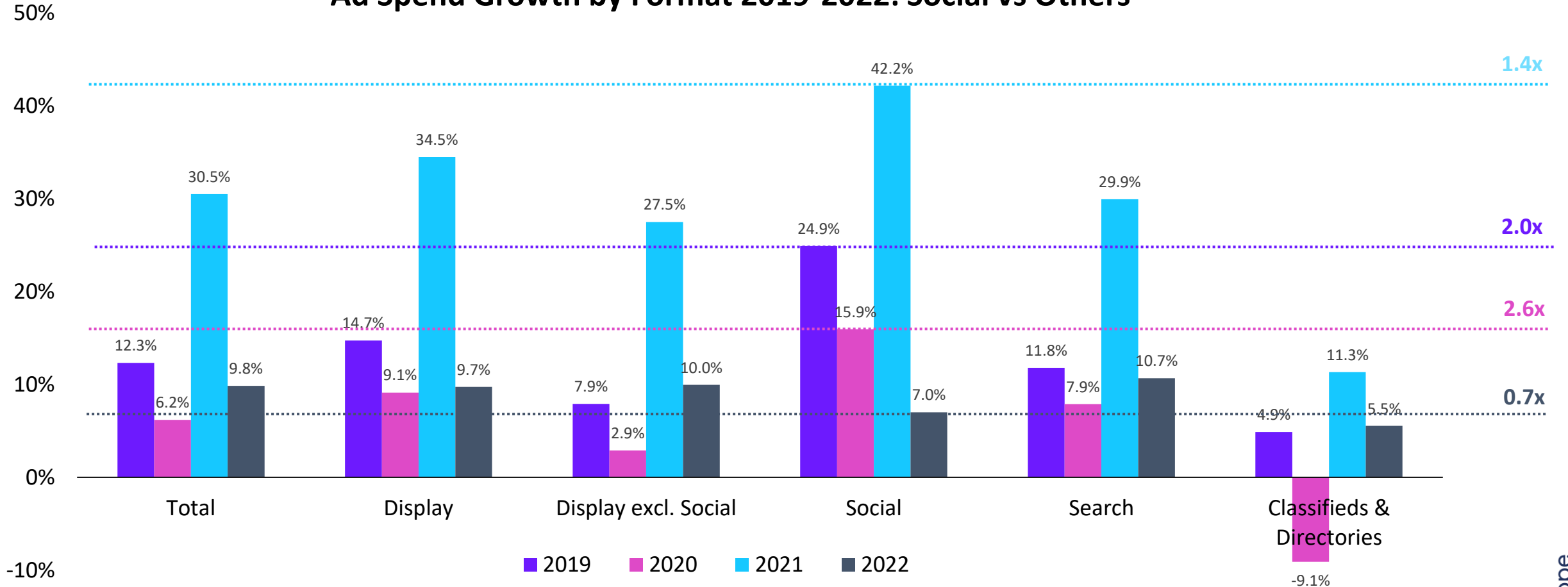
Europe: Display Ad Spend Growth (2022 vs 2021)*



*incl. social

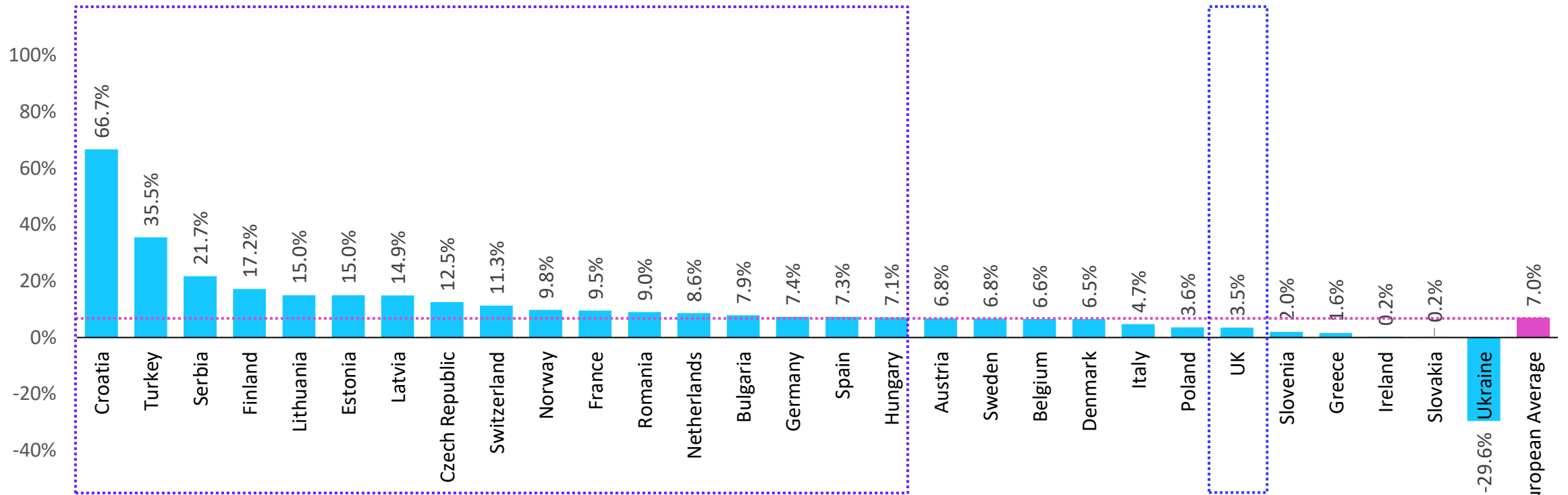
Social only grew 0.7x speed of market vs 2.6x in 2020

Ad Spend Growth by Format 2019-2022: Social vs Others



Yet individual factors place outsized drag on social growth

Europe: Social Ad Spend Growth (2022 vs 2021)*

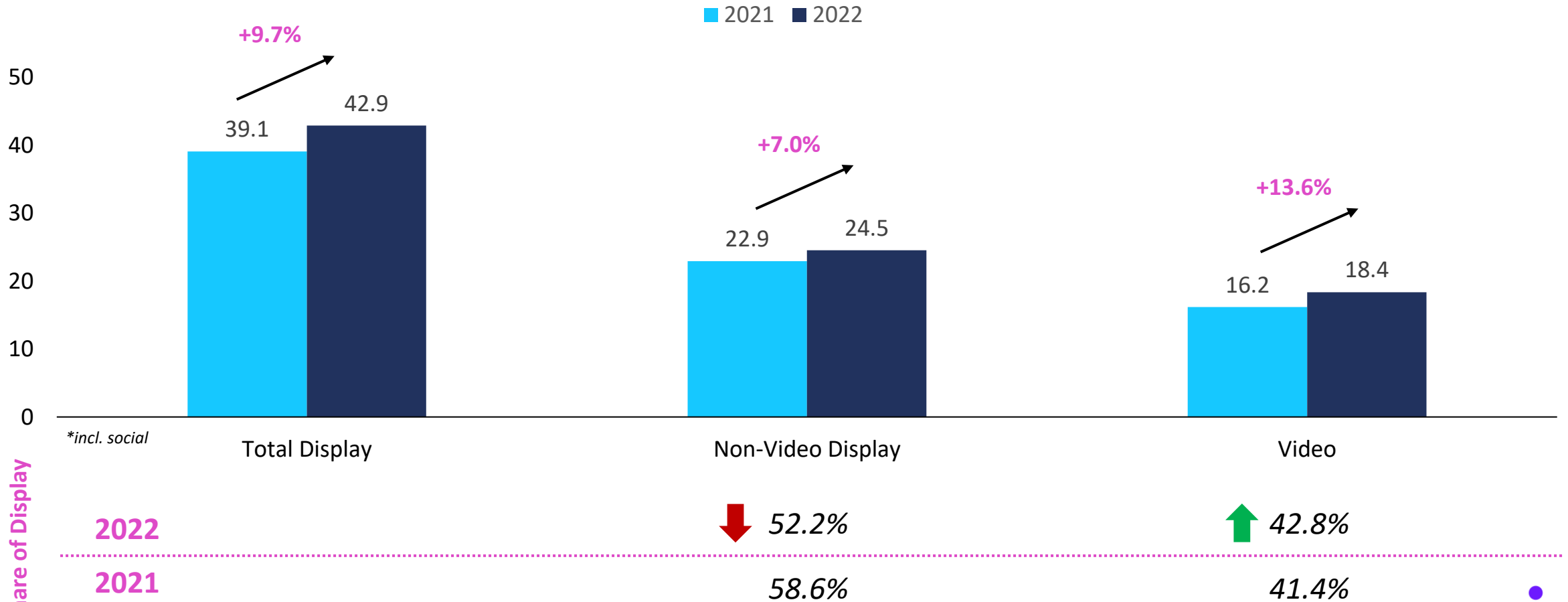


Above European average

Main drag factor (35% of total social ad spend grew 50% below European average)

Total display shows gains in video share...

Europe: Display Ad Spend Details (€bn)*

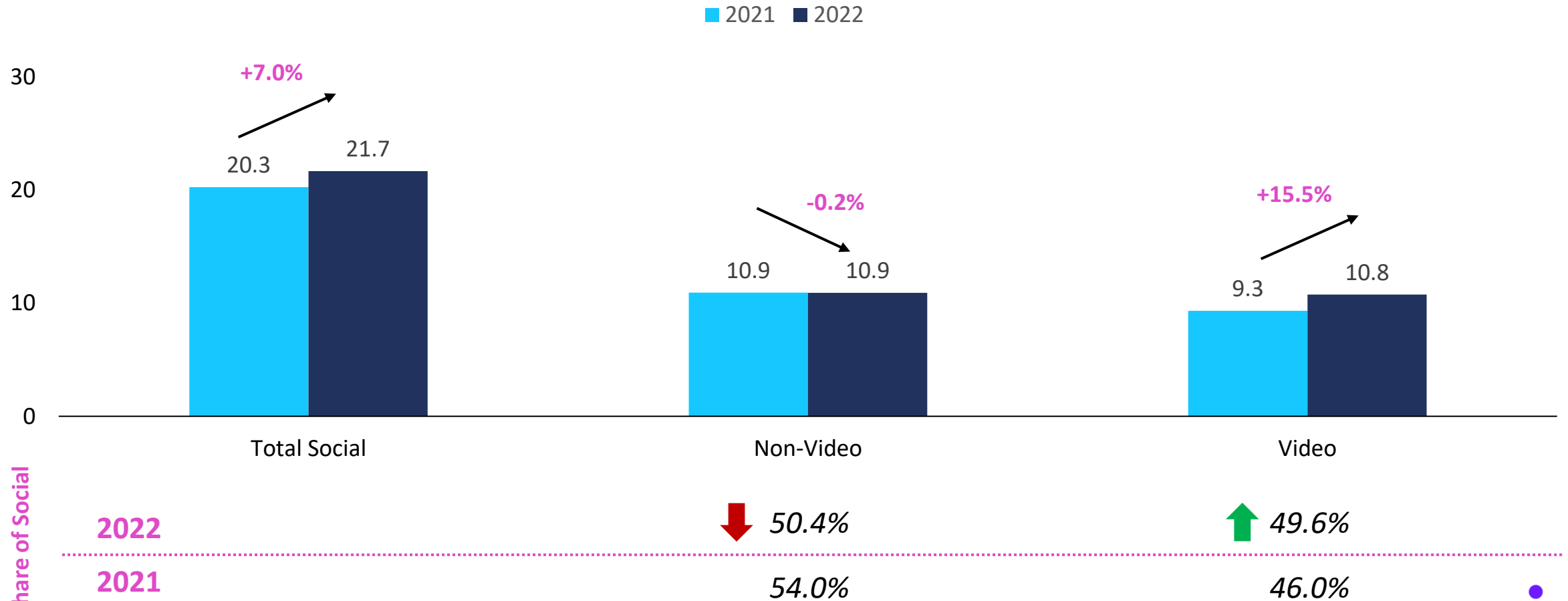


*incl. social

Share of Display

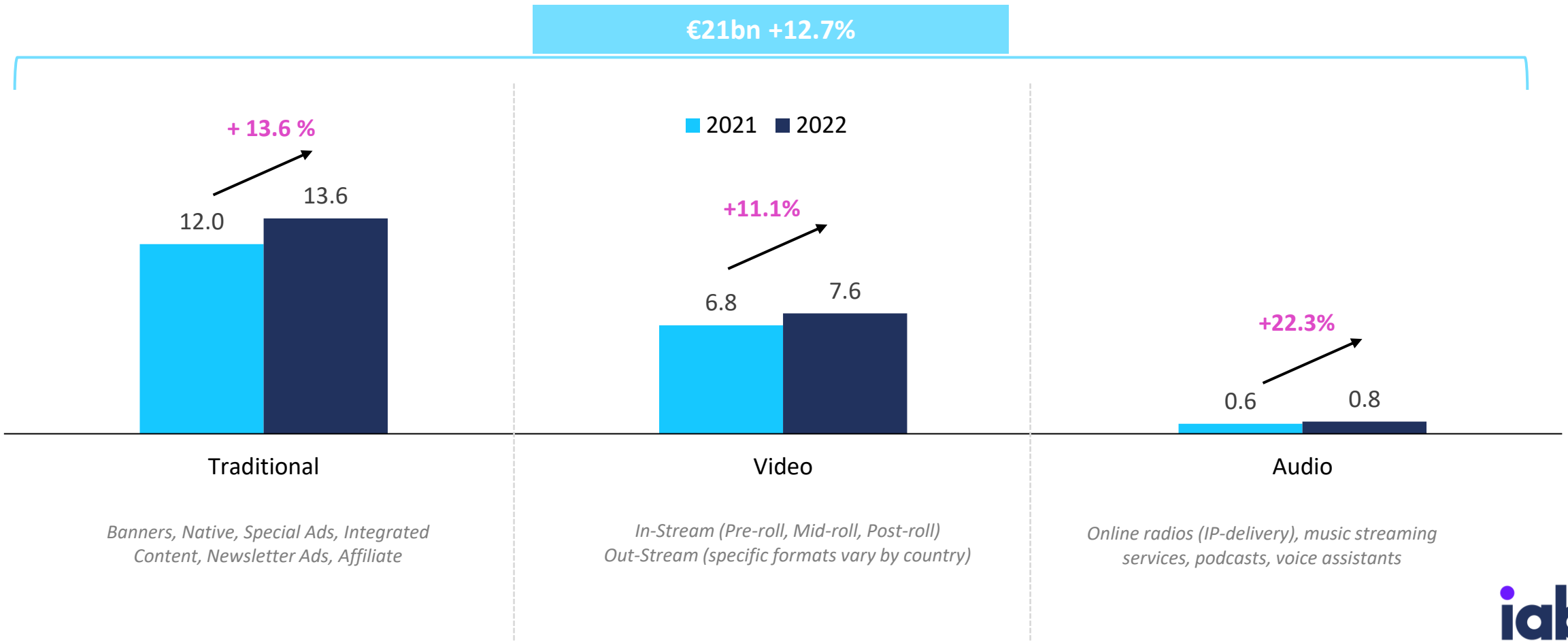
yet video growth was mainly driven by social...

Europe: Social Ad Spend Details (€bn)



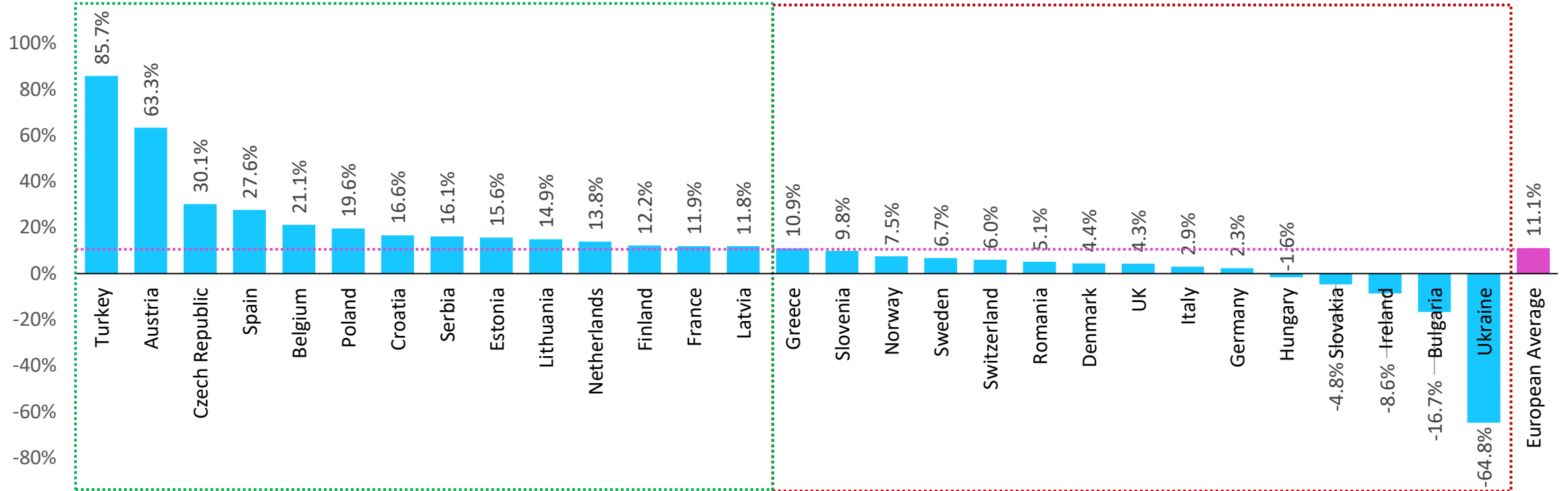
...whereas other formats grew faster in non-social display mainly due to tough comparatives for video with 2021

Europe: Display Ad Spend excl. Social (€bn)



Yet again, averages obscure the nuance of local markets

Europe: Other Display Video Ad Spend (2022 vs 2021)



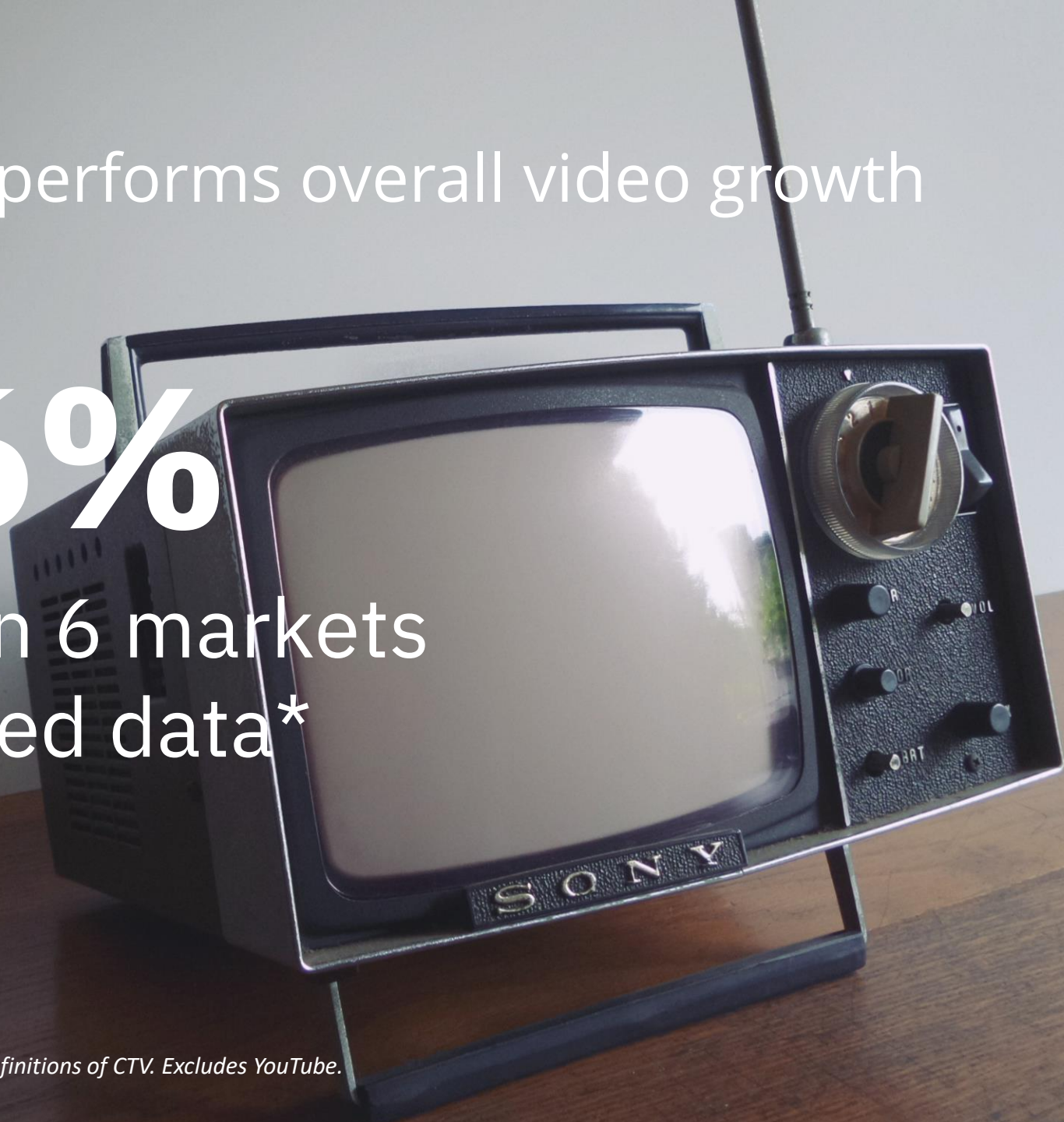
14 markets above European average

15 markets below European average

Connected TV outperforms overall video growth

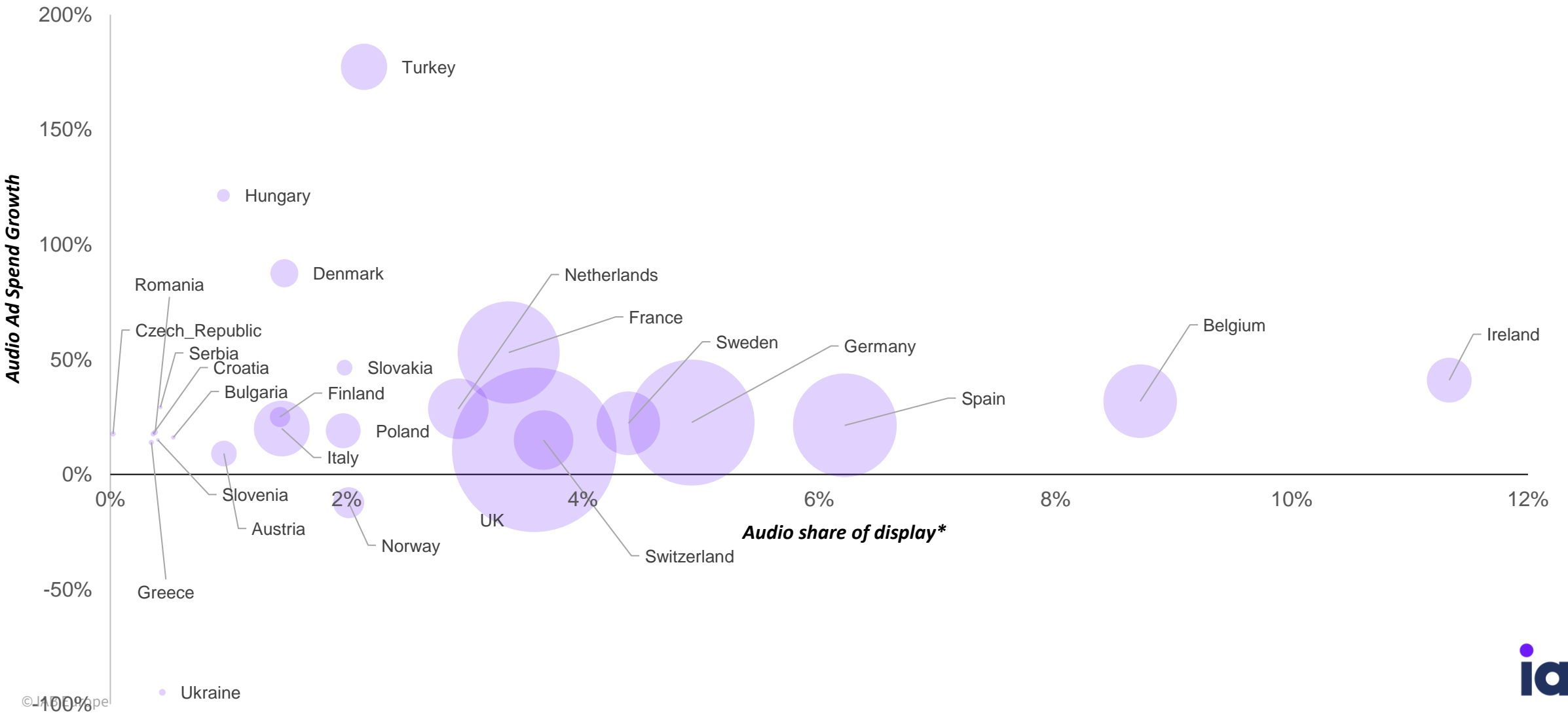
46.6%

growth based on 6 markets
who submitted data*



**submitted data not harmonised, may refer to different definitions of CTV. Excludes YouTube.*

Digital Audio market has different leaders than other formats



The programmatic slope: strong differences in adoption

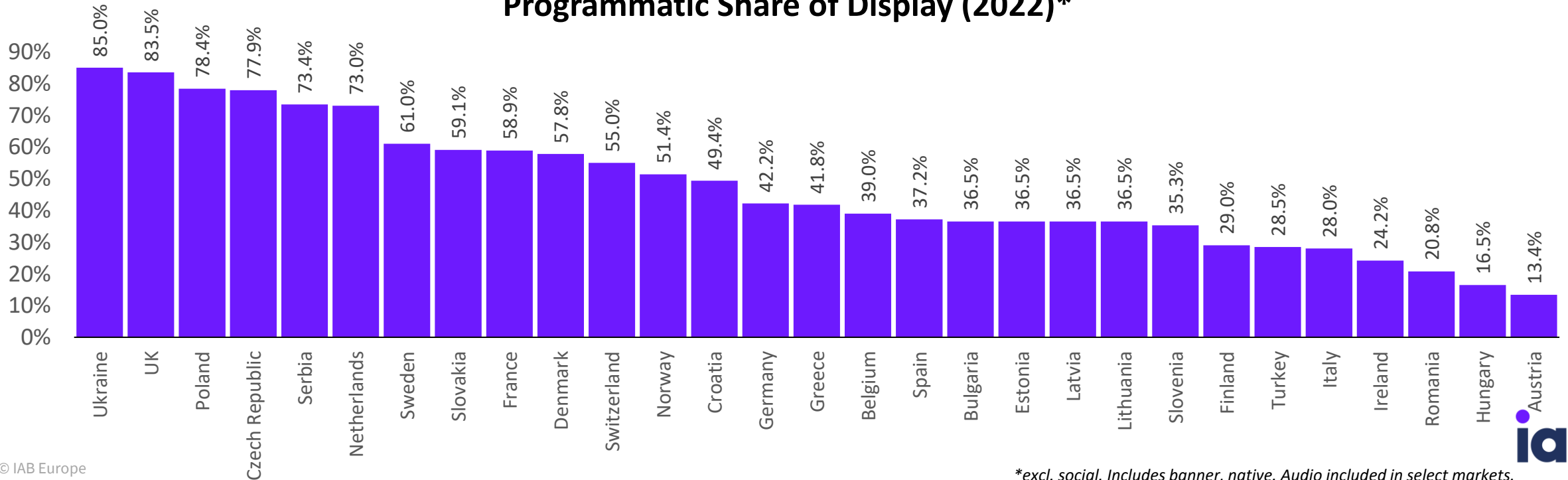
Value
€12.3bn

Growth
+13.9%

Share of Display
57.9%

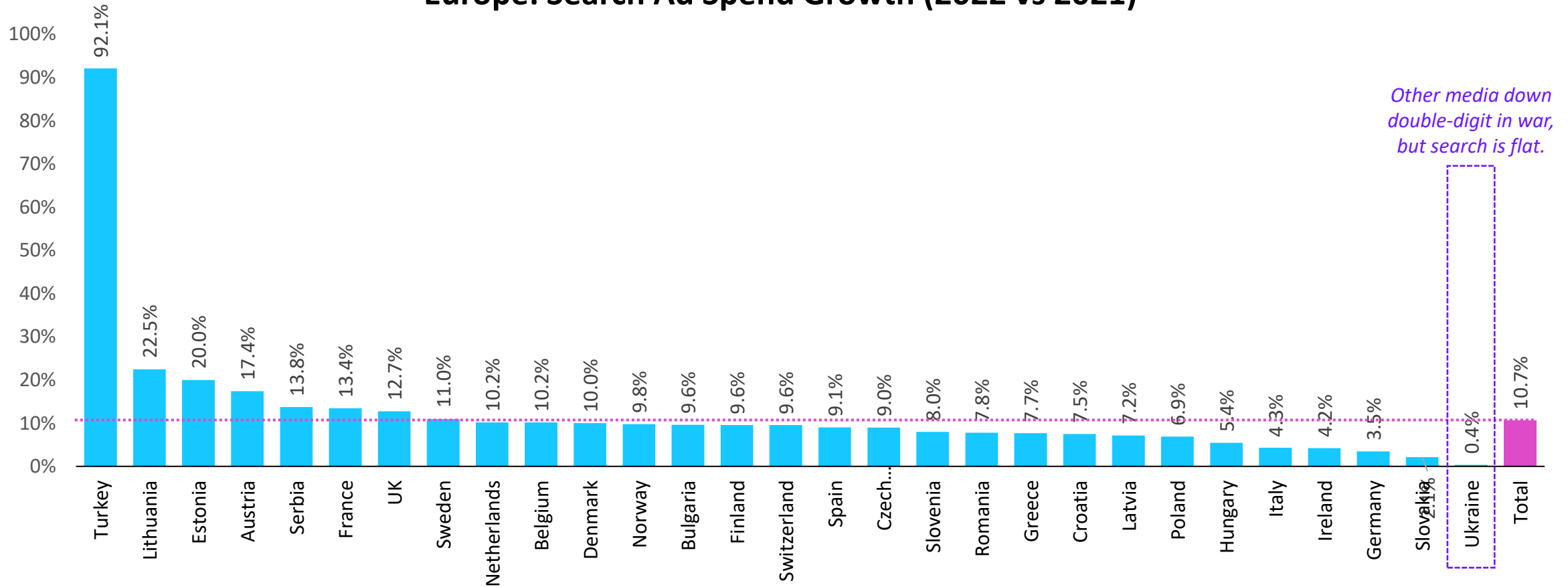
Video Share of Programmatic
52.8%

Programmatic Share of Display (2022)*



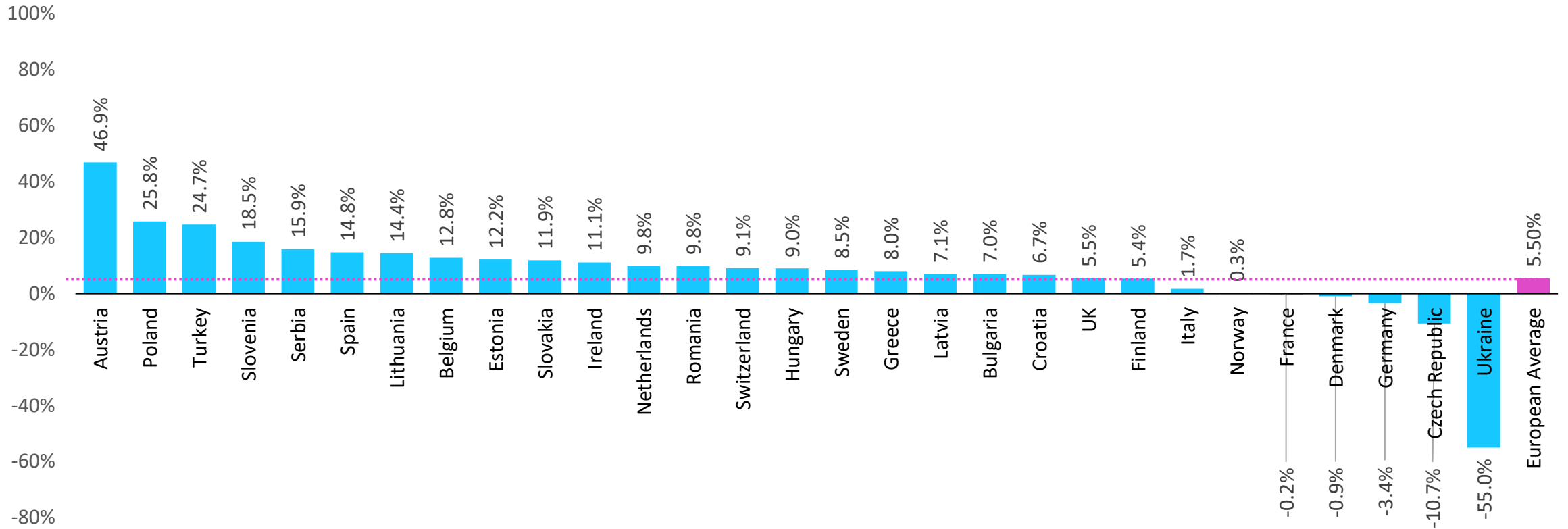
Search benefits from macro-environment, e-commerce, retail

Europe: Search Ad Spend Growth (2022 vs 2021)



C&D shows varied picture from double-digit to declines

Europe: Classifieds & Directories Ad Spend Growth (2022 vs 2021)



Outlook 2023

- Better-than-expected start to the year lifts the growth outlook for the EU economy to 1.0% in 2023 and 1.7% in 2024.
- Ad demand was weak in Q1 2023 but gradual improvement expected over the year.
- Gulf between digital and other media was widening again in Q1 as digital stabilises whereas other media see high-single or double-digit declines.
- Growth expected to be lower than 2022, but advertising recession unlikely.

+4.8%

€90.1bn

THANK YOU