adex Benchmark 2017

November 2017

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- All data & analysis must be quoted as “IAB Europe & IHS Markit”.

About the study

A meta-analysis of online ad spend in Europe

GROSS

Spend Billed

NET

Revenue Billed
No Agency commissions

RATECARD

Campaigns x
Ratecard

About the data

The content of this analysis is informed by:

1. Reported H1 2017 data from local IABs where available (12 of the 27 countries covered)
2. Estimates by local IABs based on local insight, in collaboration with IHS Markit
3. Estimates by IHS Markit based on the IHS Markit Advertising Intelligence Service to:
    a) Fill coverage gaps and add granularity to the data provided by 13 IABs
    b) Provide data for markets where H1 2017 data was not available from IABs
4. Harmonisation of all reported data to ensure like-for-like comparison across markets

This is an interim update of the full year IAB Europe & IHS Markit AdEx Benchmark Report to provide nearer-term data on 2017 trends and facilitate understanding and decision-making in the European online advertising market.

All data refers to 'Total Europe' based on the 27 countries on the next slide, unless mentioned otherwise.

Data for 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

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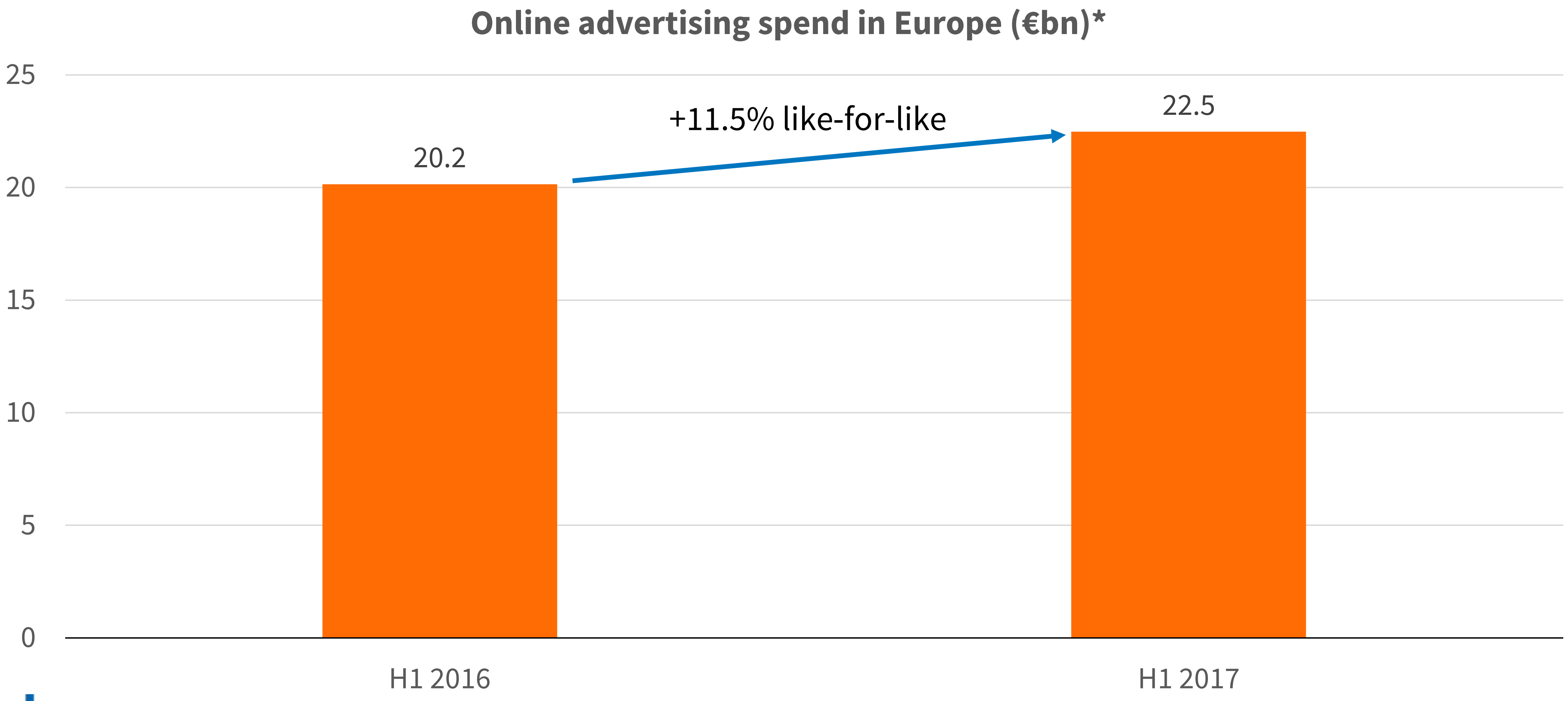
Big Picture

Europe: the value of online advertising in H1 2017

€22.5bn

Online advertising grew by 11.5% in H1 2017



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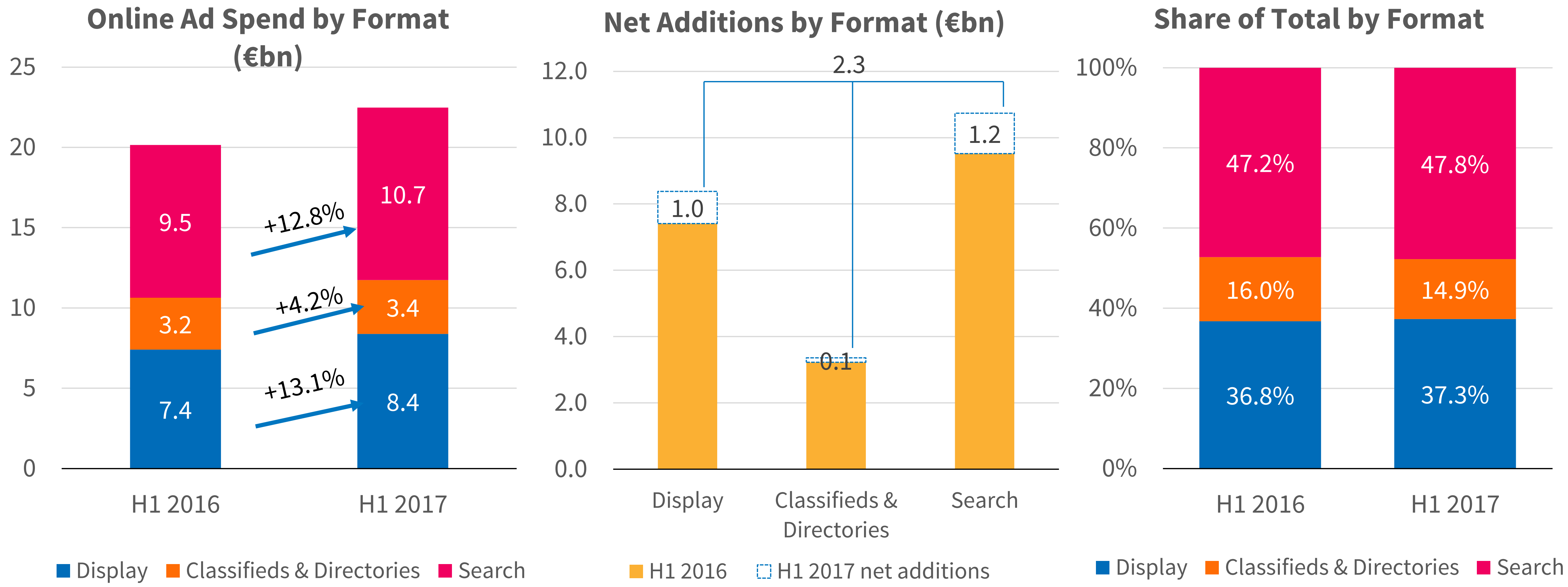
Source: IAB Europe & IHS Markit

iab.europe IHS Markit

€2.3bn added in H1 2017 across 3 formats: display grows fastest, search maintains lead, classifieds & directories relatively slower



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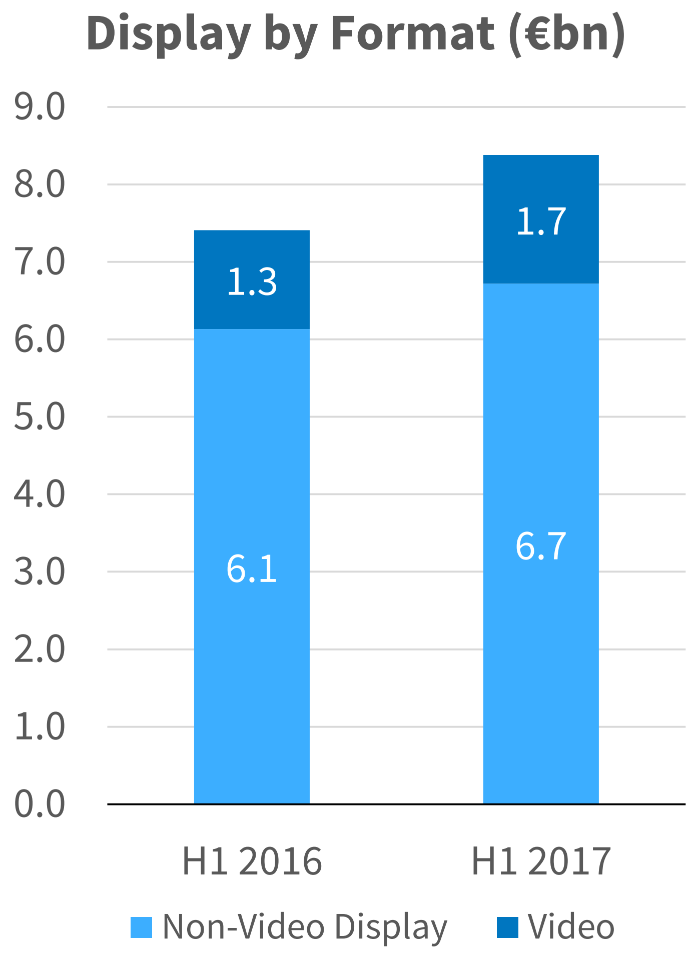
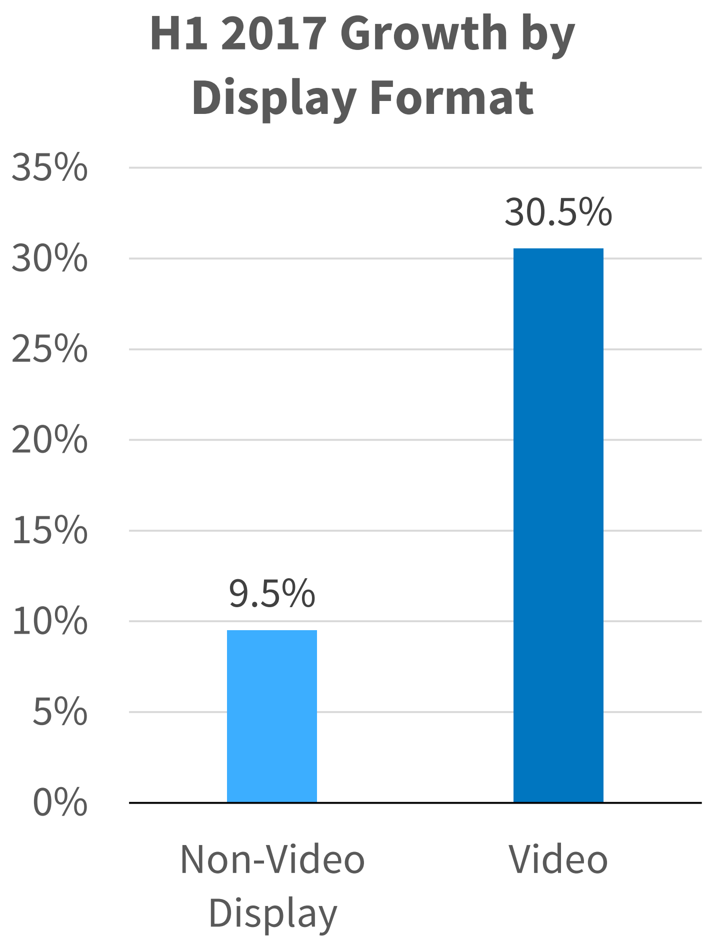
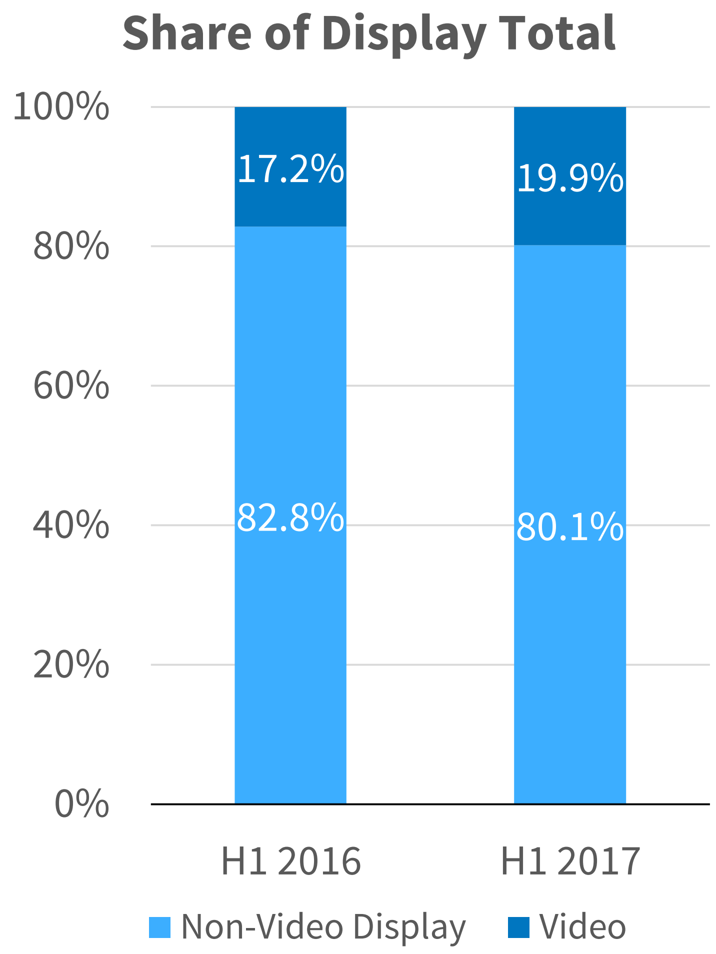
Source: IAB Europe & IHS Markit

Online video reaches 20% of total display spend as it grows 3.2x faster than non-video display to €1.7bn in H1 2017







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Source: IAB Europe & IHS Markit

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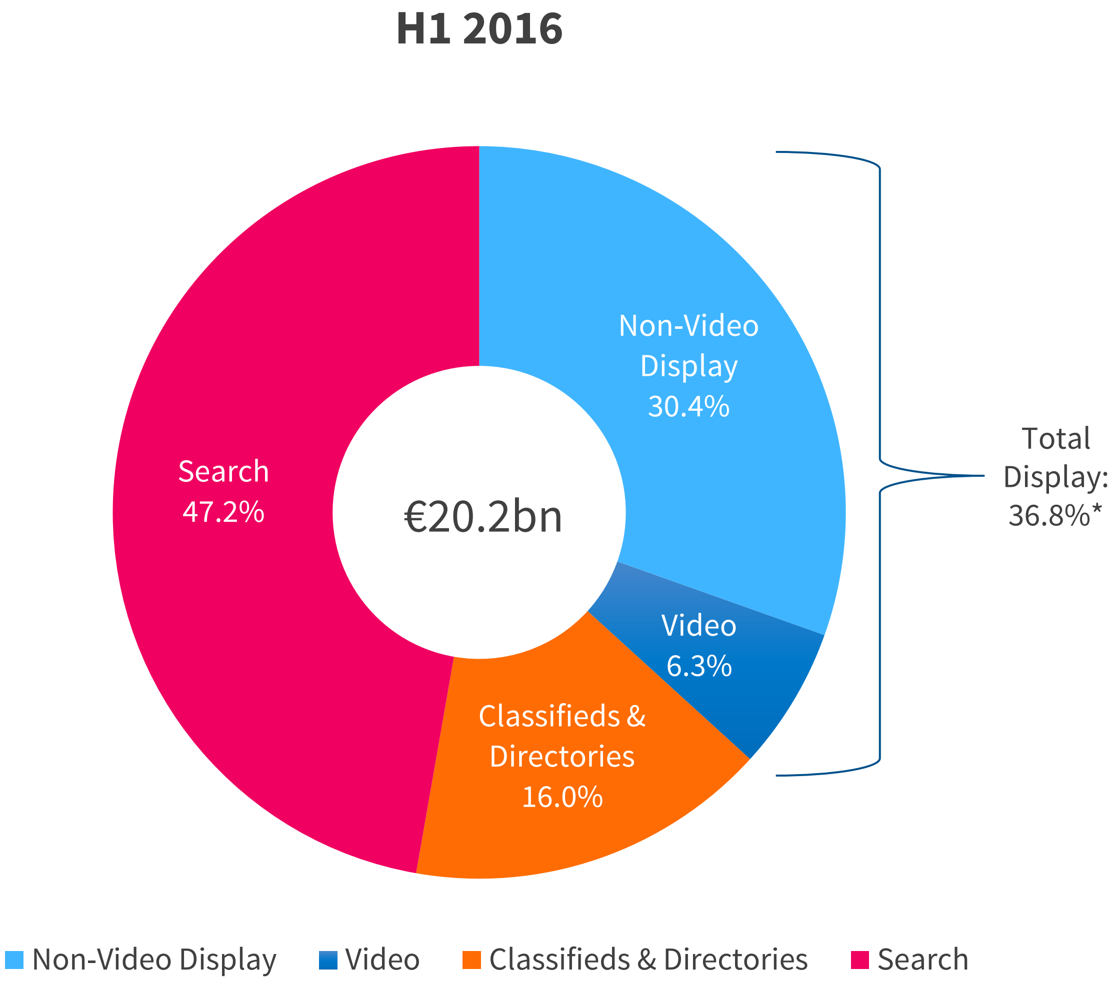
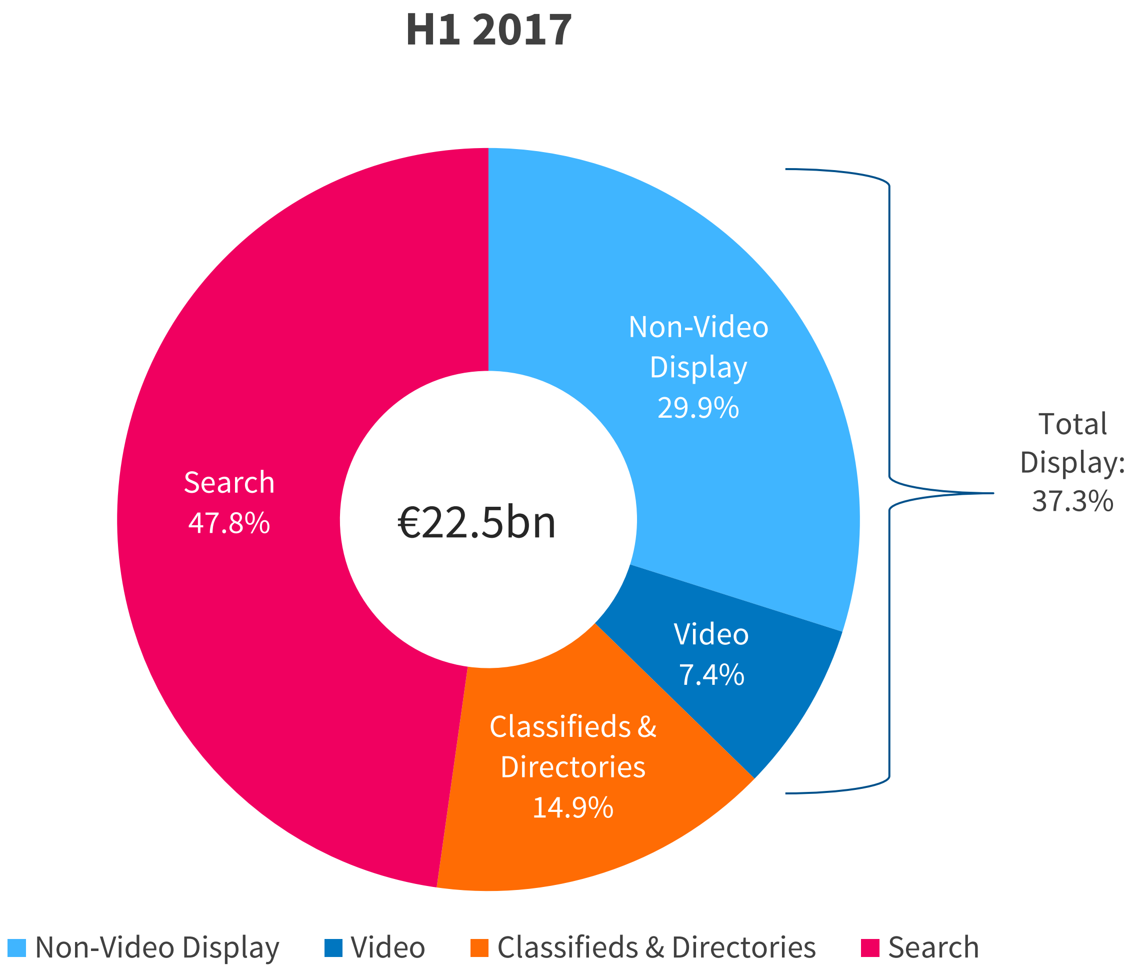
The expansion of video drives the share gains of total display



*share of total display slightly higher than sum of sub-formats due to rounding



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Source: IAB Europe & IHS Markit

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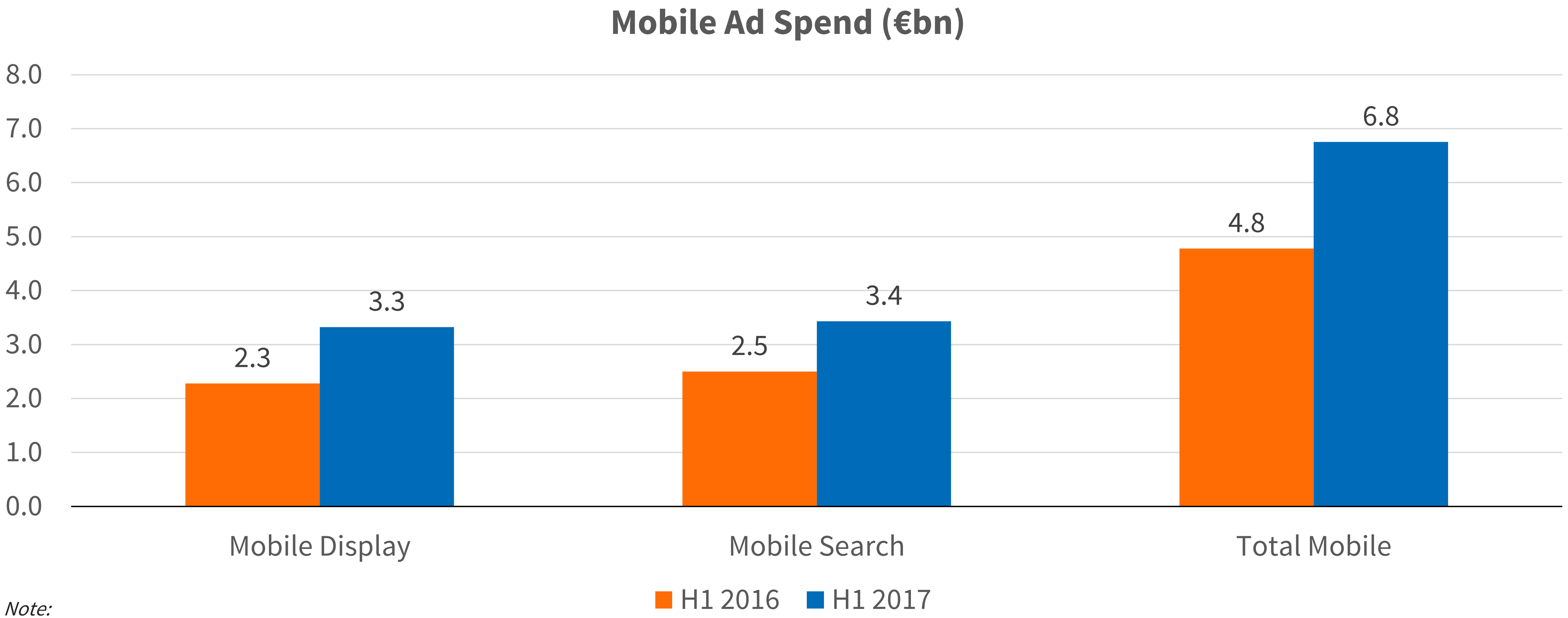
Mobile ad spend reaches nearly €7bn in H1 2017



Note:
(1) Mobile display is excluding Belgium, Greece, Slovakia, Slovenia, Switzerland.
(2) Mobile search is excluding Belgium, Bulgaria, Croatia, Denmark, Finland, Greece, Netherlands, Norway, Romania, Slovakia, Slovenia, Switzerland.
(3) Total may not exactly correspond to subcategories due to rounding.

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Source: IAB Europe & IHS Markit

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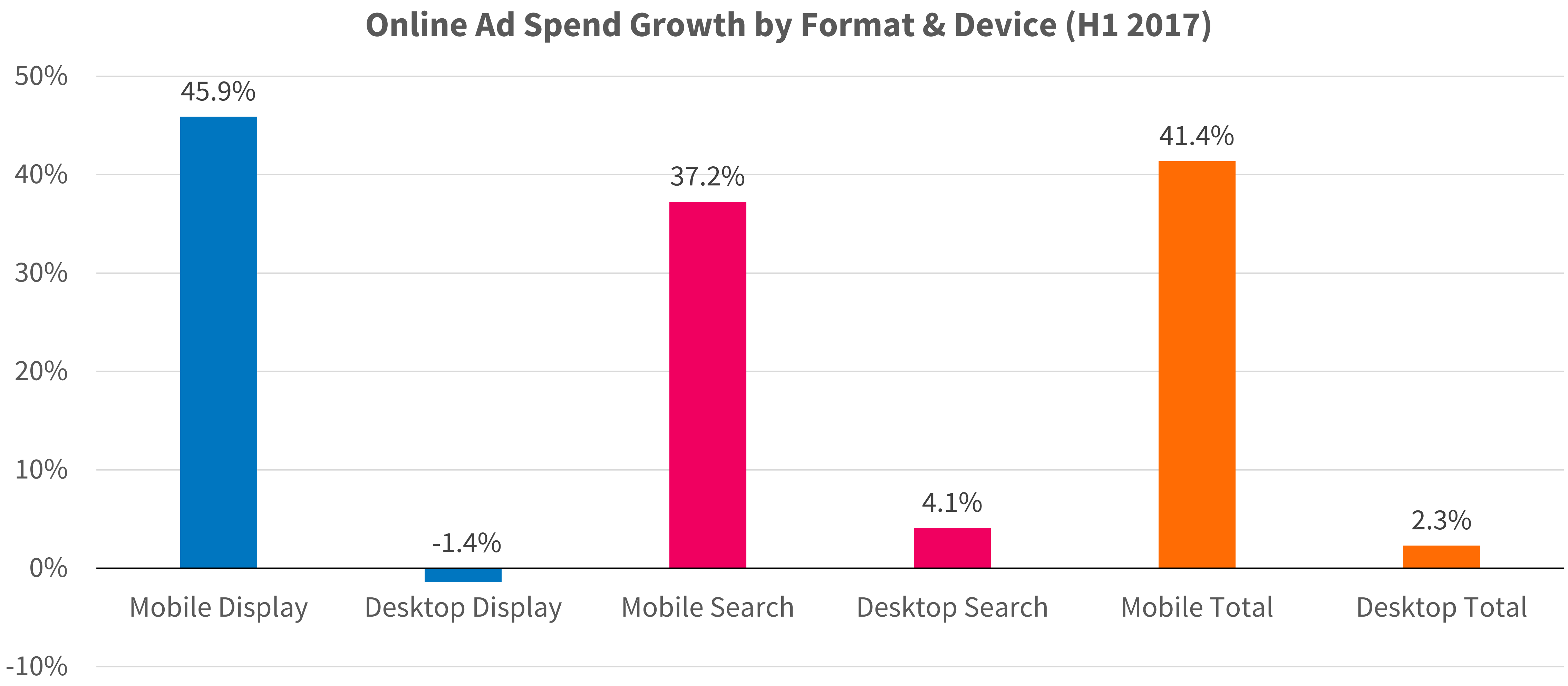
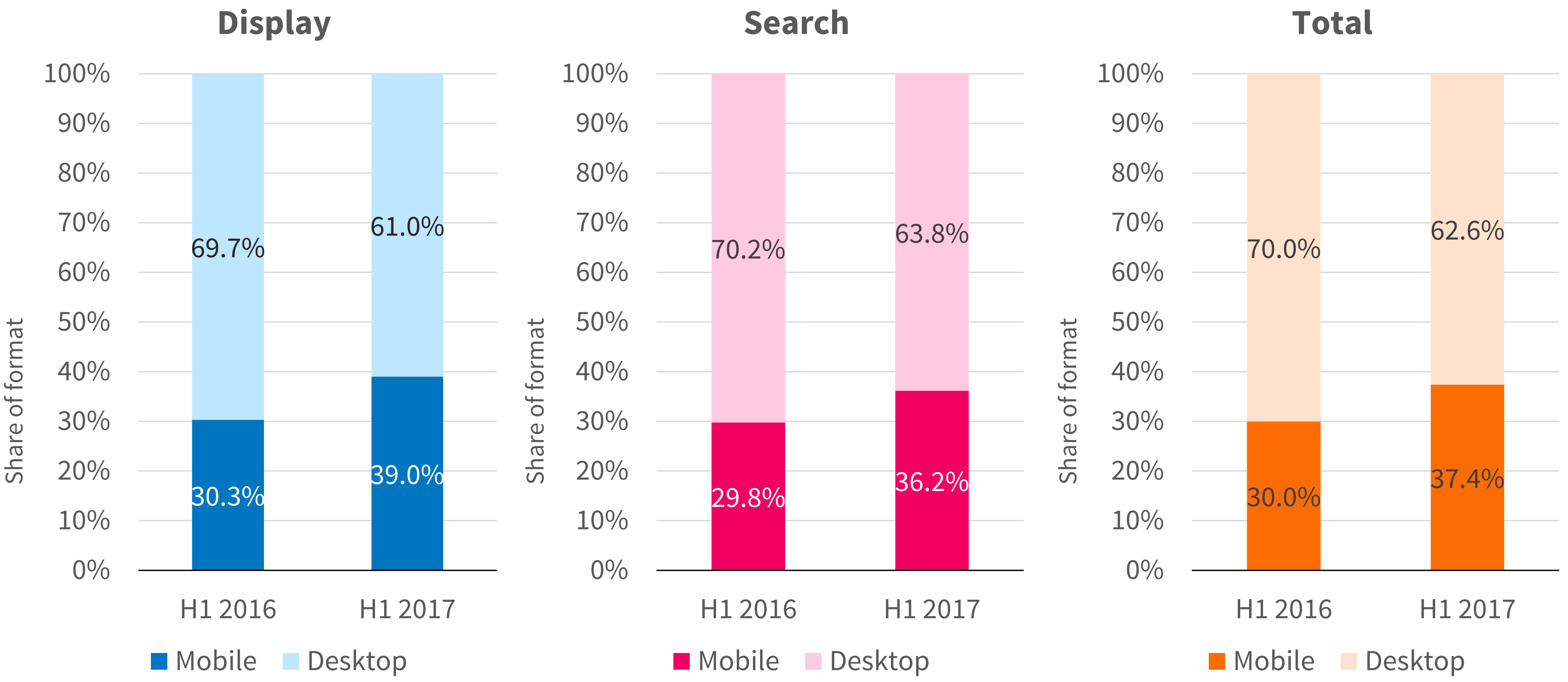
Nearly all growth in online ad spend is on mobile: desktop display investments are shrinking, desktop search grows at single digit rate



Source: IAB Europe & IHS Markit

More than 1/3 of online ad spend is on mobile in H1 2017



Note: shares based on extrapolation of mobile data to all countries

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Source: IAB Europe & IHS Markit

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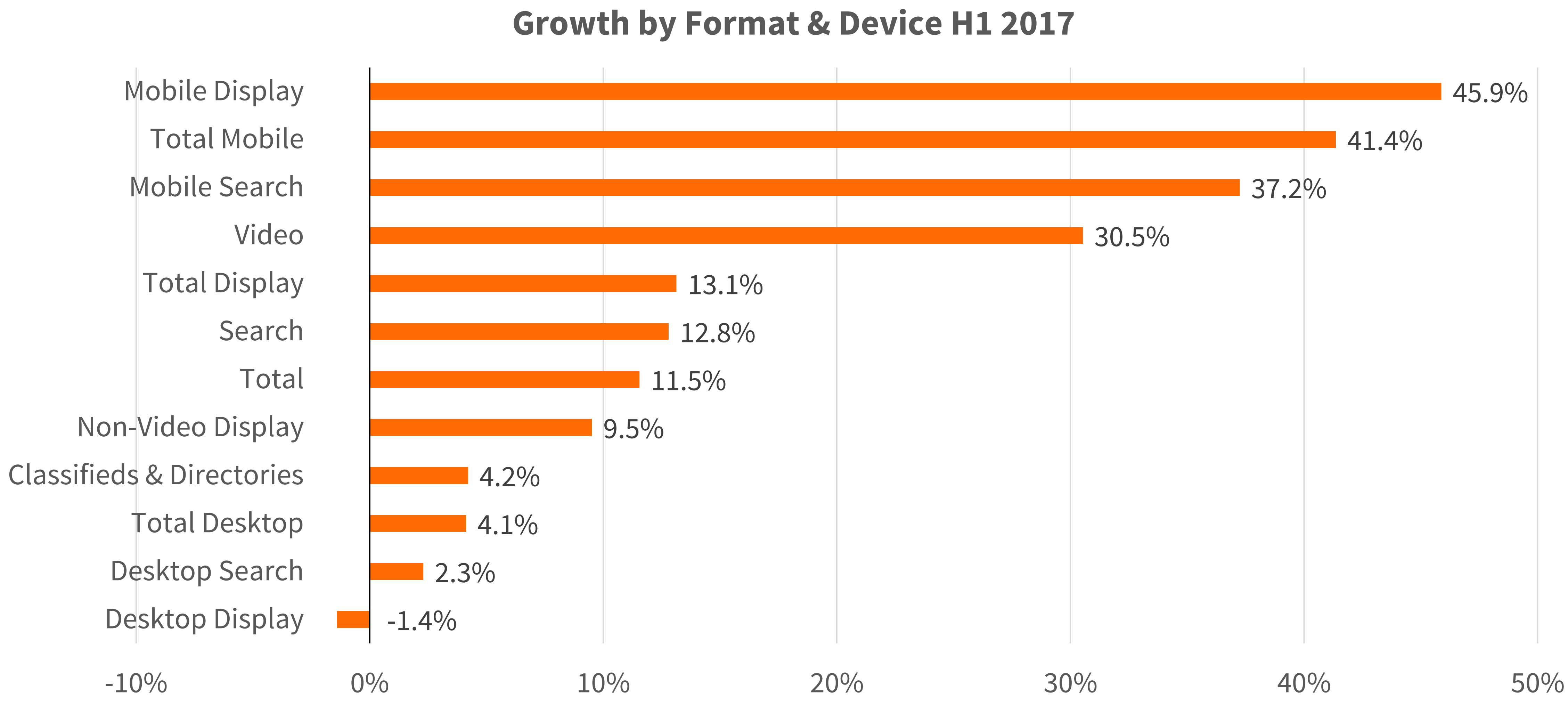
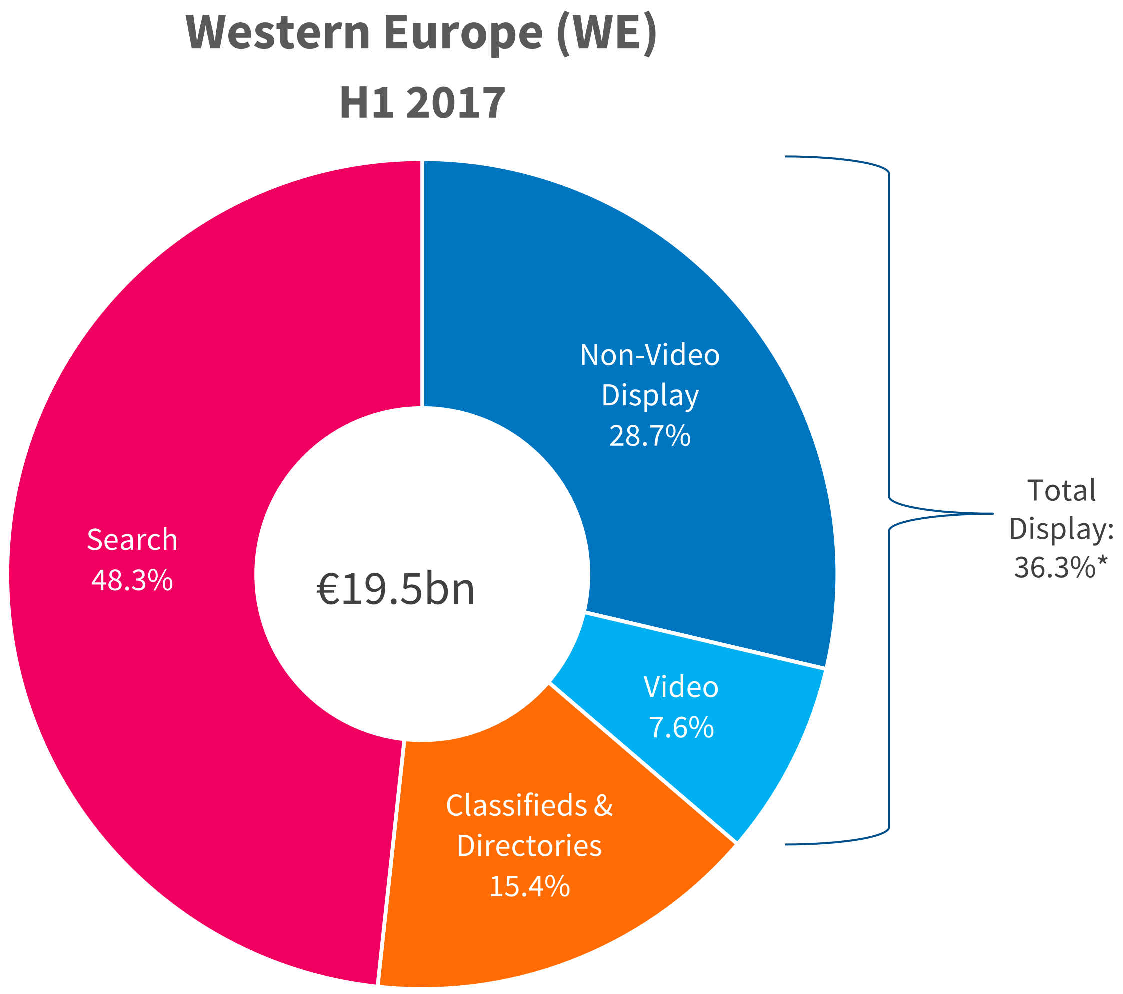
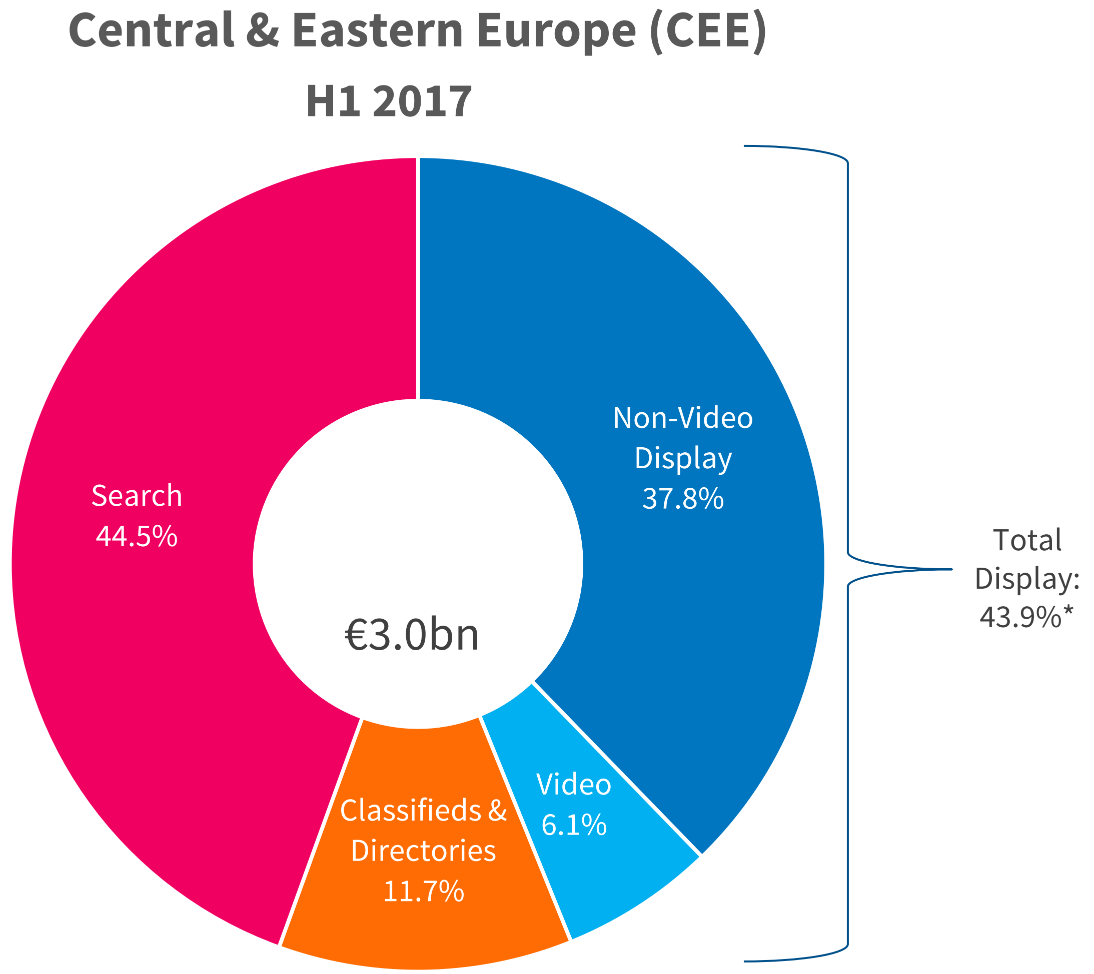
Growth in context: mobile & video fuel the online ad market



Source: IAB Europe & IHS Markit

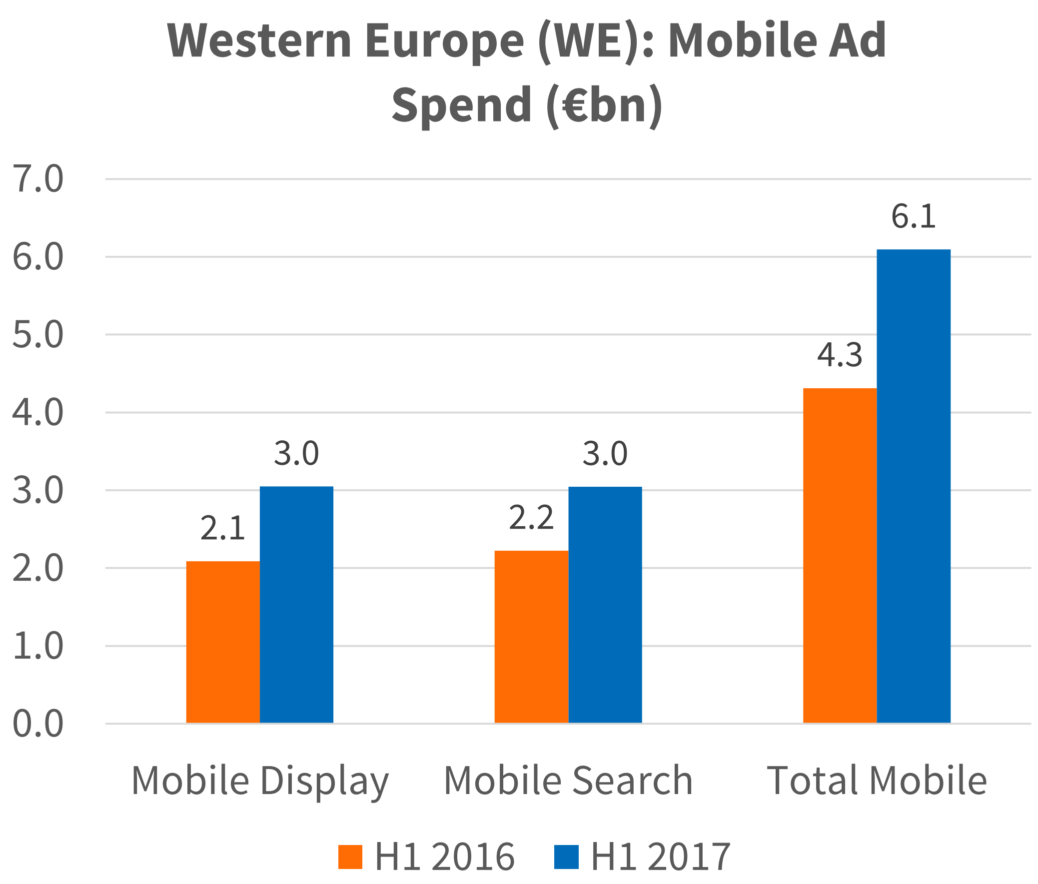
Regional comparison of online ad spend by format

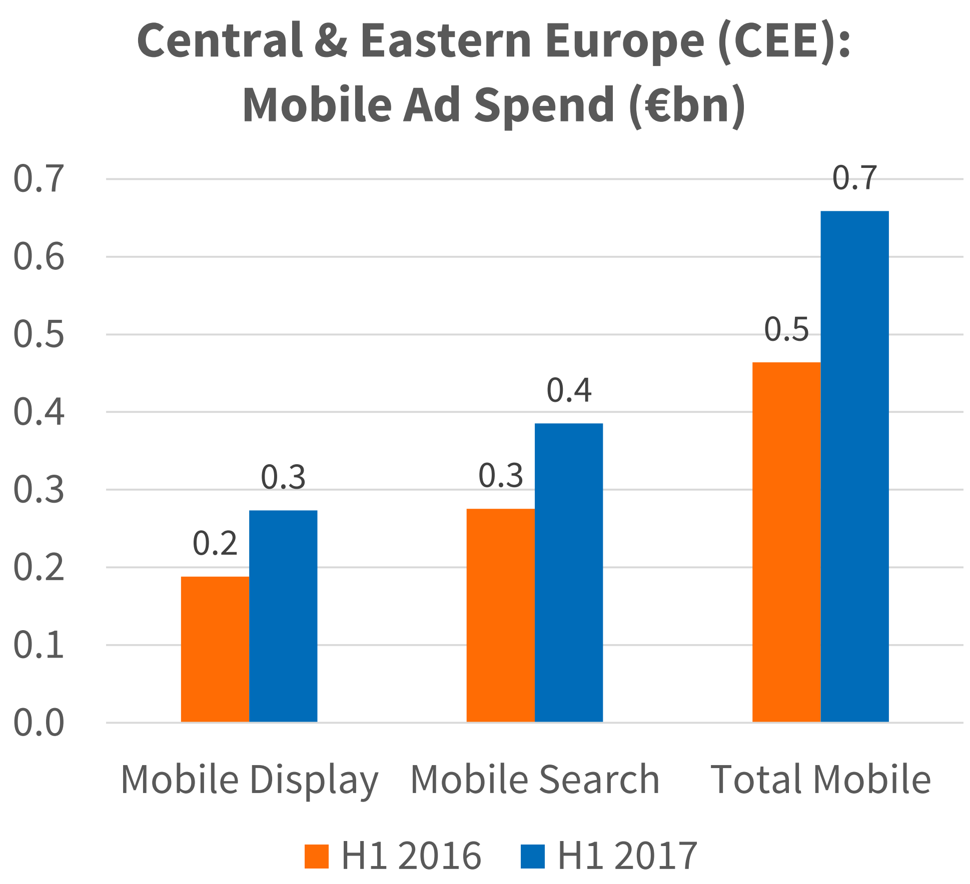




Source: IAB Europe & IHS Markit

Mobile exhibits similar trajectories in WE & CEE





Note:
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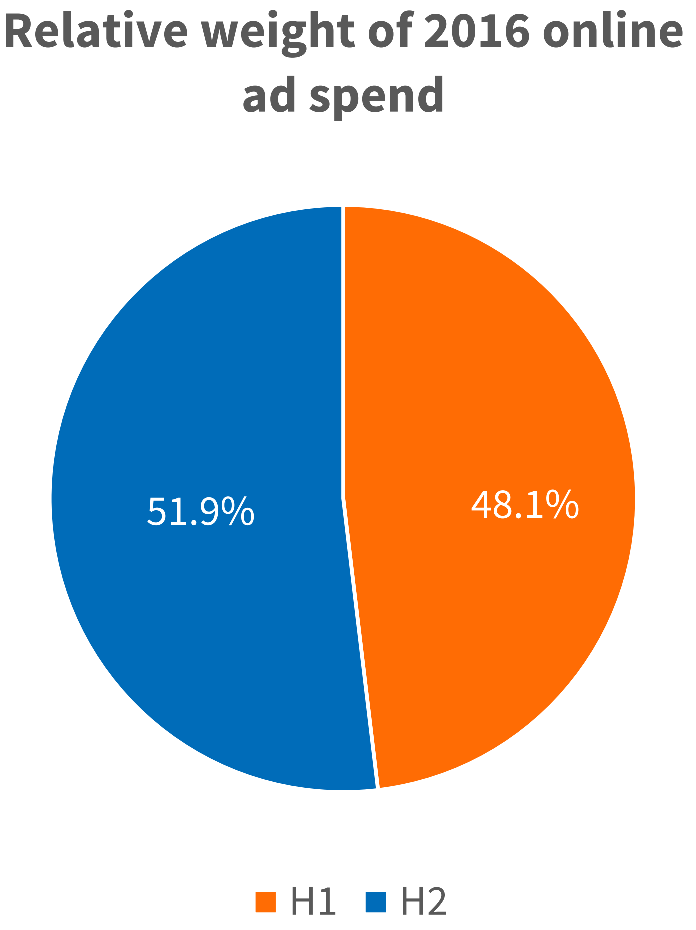
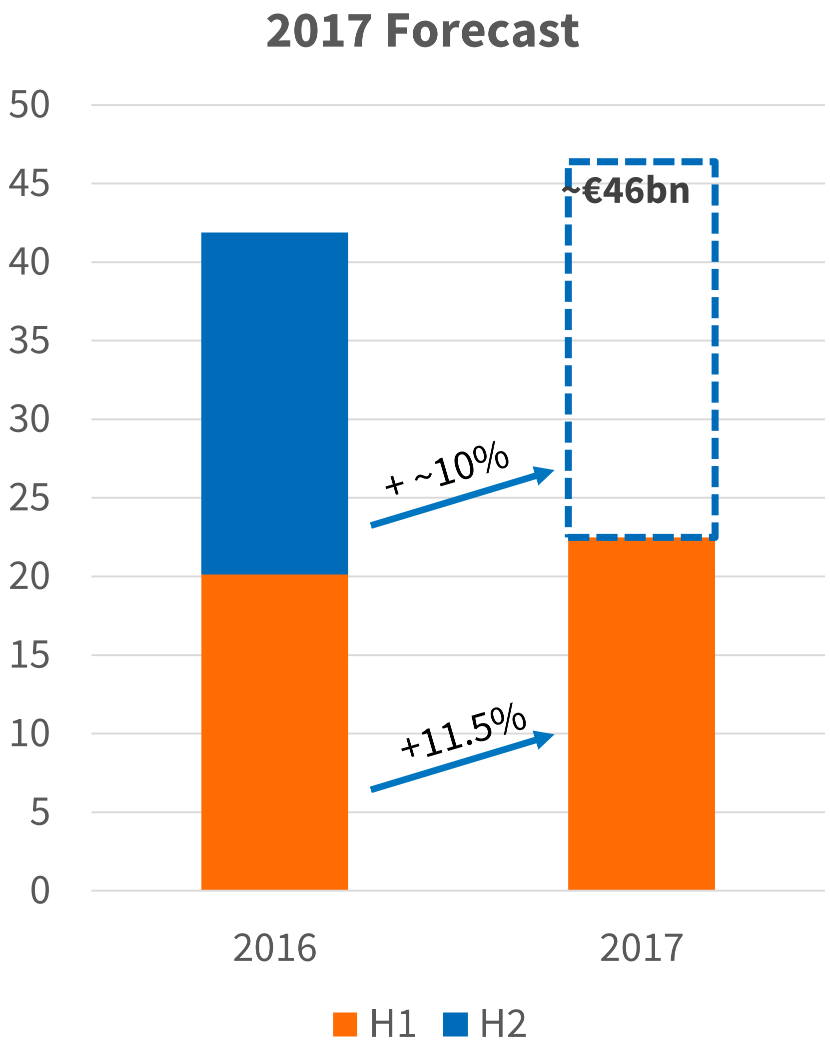
Outlook to full year 2017





- In a stable macro-environment, H1 typically has marginally lower weight in terms of its contribution to full-year online ad spend.
- H2 is fueled by the traditionally important Q4 Christmas business.
- Assuming a slight slow-down in H2 growth to 10%, we estimate the 2017 market to arrive at in the region of €46bn.
- Factoring in measurement artifacts*, full-year growth for 2017 is likely to be between 9.5% and 11%.

*

(1) Only a minority of national IABs report half-year data, and often less granular than their full year reports;

(2) We need to rely on estimates and our proprietary database to a higher degree instead;

(3) Measurement methods & survey scope of national IABs may change for full year 2017.

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Source: IAB Europe & IHS Markit

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Appendix: reported and estimated data by market (H1 2016 / H1 2017)

Partial or full data reported by local IABs:

- Denmark
- Finland
- France
- Germany
- Ireland
- Netherlands
- Norway
- Poland
- Russia
- Slovakia
- Spain
- Sweden
- Turkey
- UK

Estimated / modelled data:

- Austria
- Belarus
- Belgium
- Bulgaria
- Croatia
- Czech Republic
- Greece
- Hungary
- Italy
- Romania
- Serbia
- Slovenia
- Switzerland

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