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AdEx Benchmark 2015 Interact Presentation
11th May 2016

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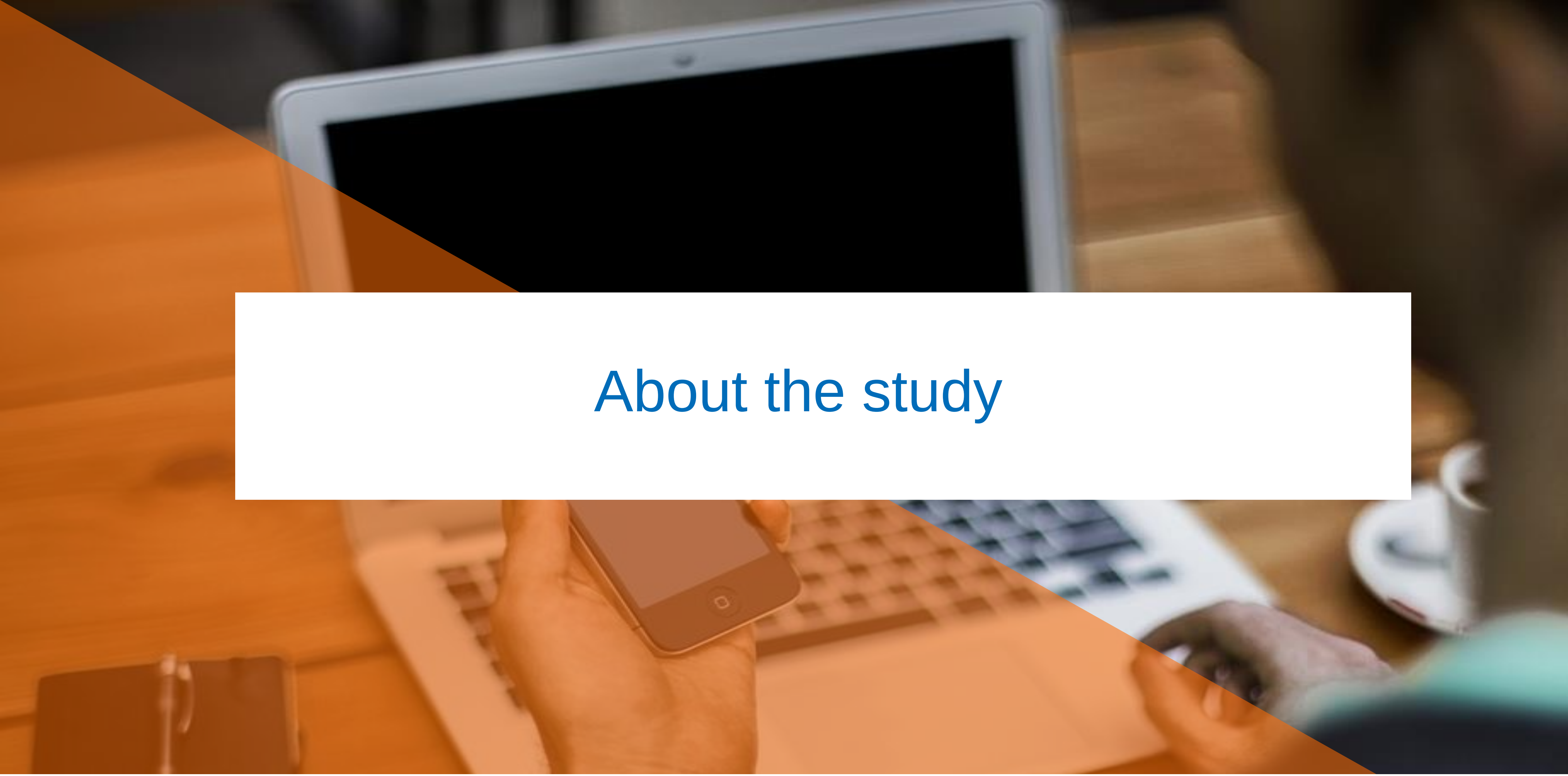
IHS



About the study

A meta analysis of online ad spend in Europe

GROSS

Revenue Billed

NET

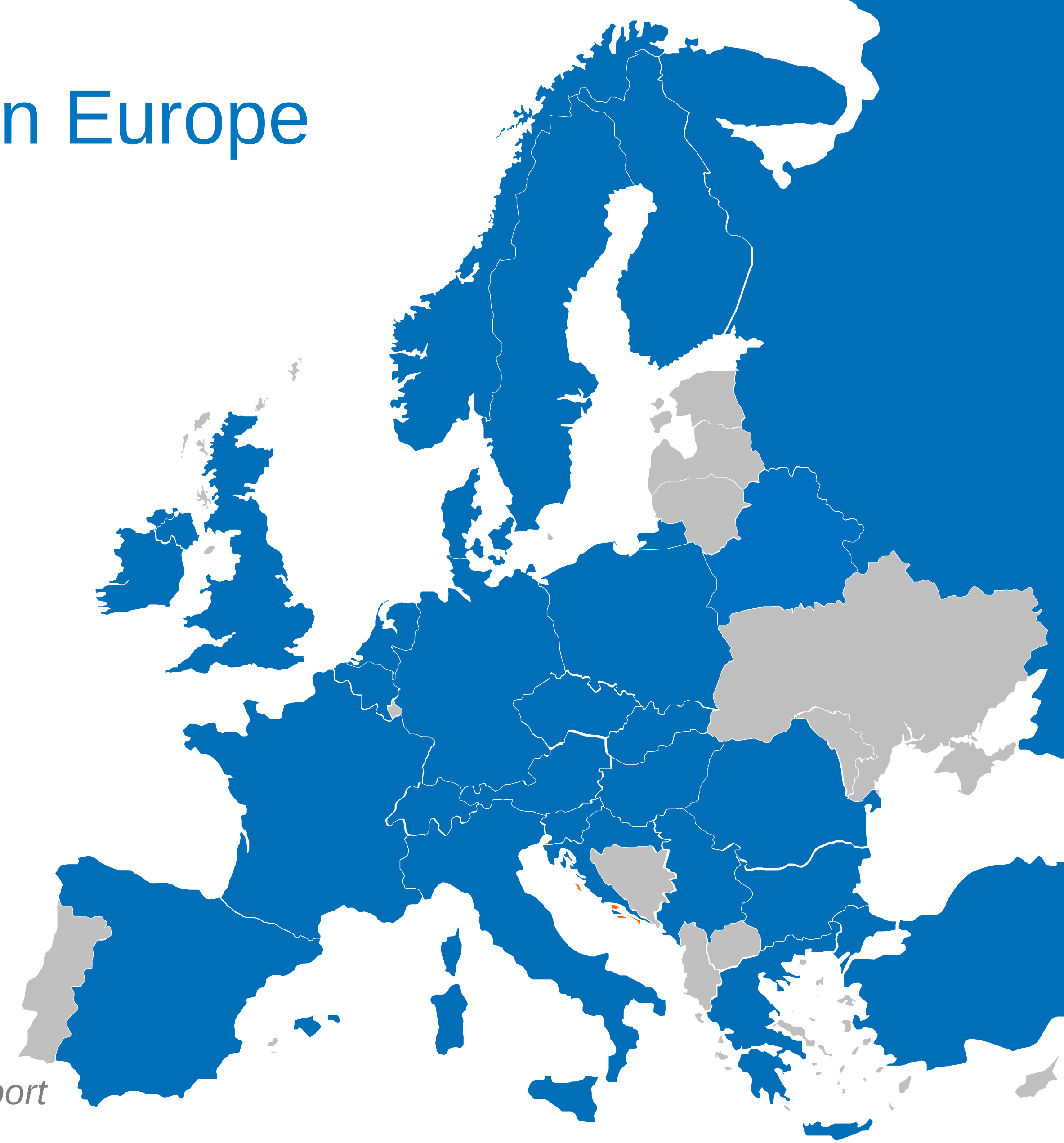
Revenue Billed
No Agency commissions

RATECARD

Campaigns x
Ratecard

Submissions from 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



*Have not submitted in time for Interact, but will be included in the final report

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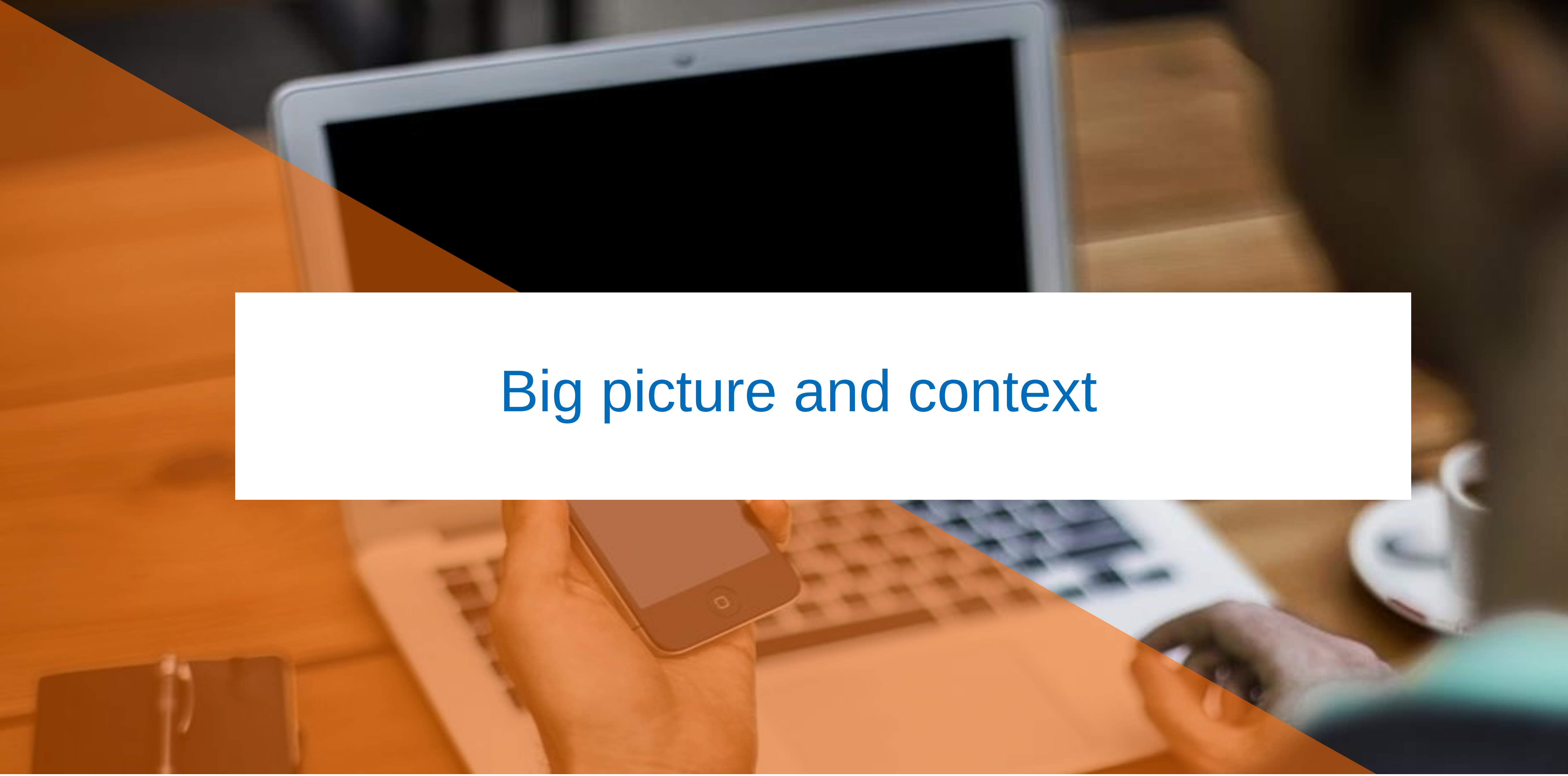

Big picture and context

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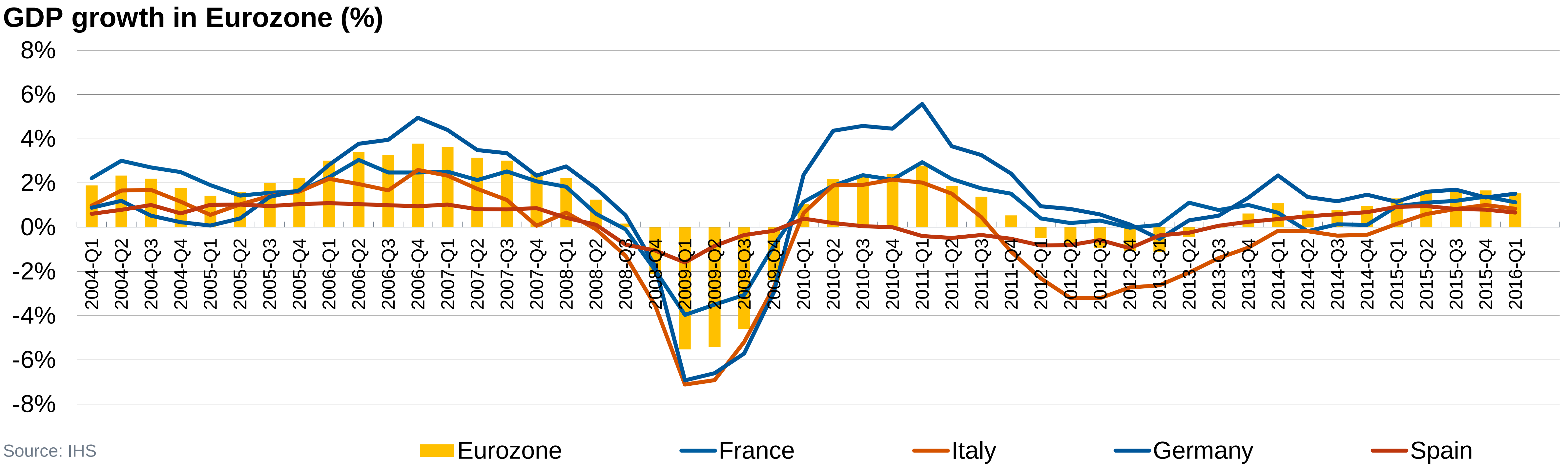
The value of online advertising in 2015

€36.2bn

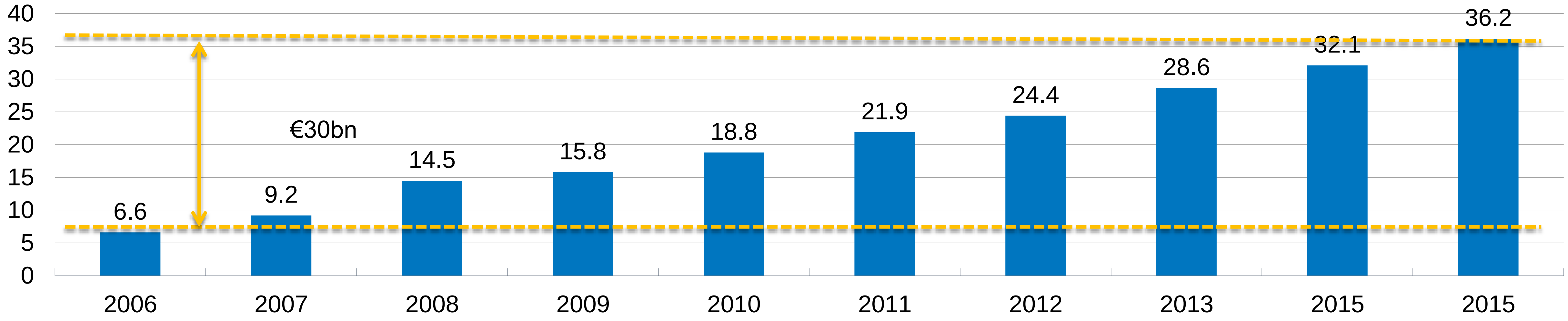
Acceleration in European GDP growth in 2015 boosts the online ad market



Source: IHS

€30bn net addition to the online ad market in 10 years…

Total online advertising spend (€bn)

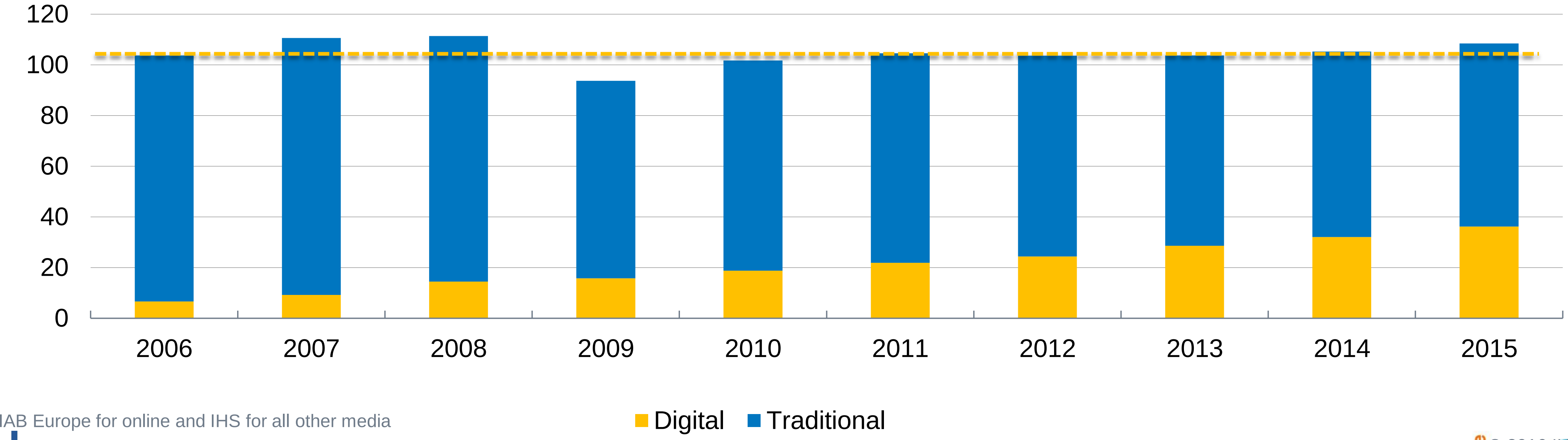


CAGR (2006-2015): +20.5%

Source: IAB Europe for 2011-2015; 2006-2011 retropolated based on IHS growth rates

…in an otherwise flat media advertising market

Ad spend by category in Europe in 2015 (€bn)



Source: IAB Europe for online and IHS for all other media

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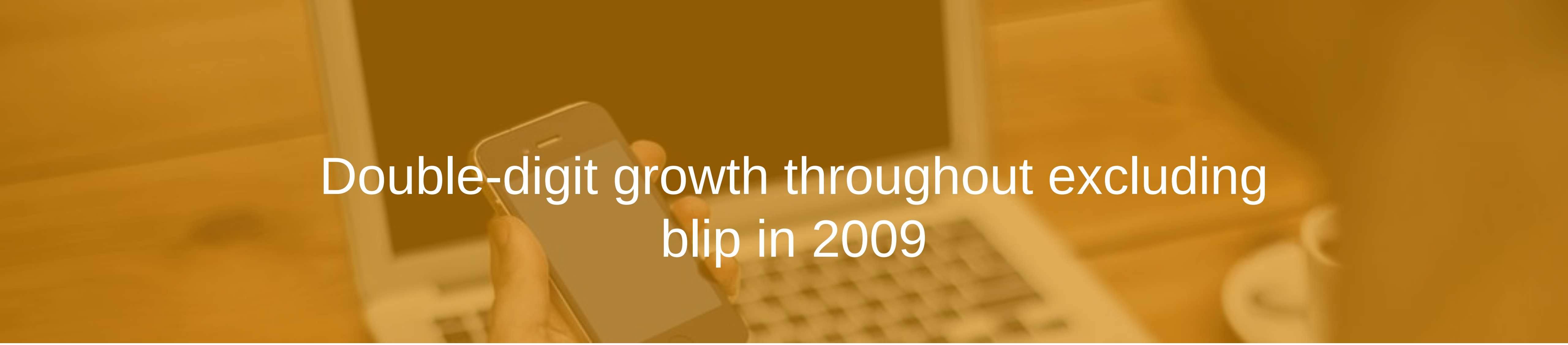
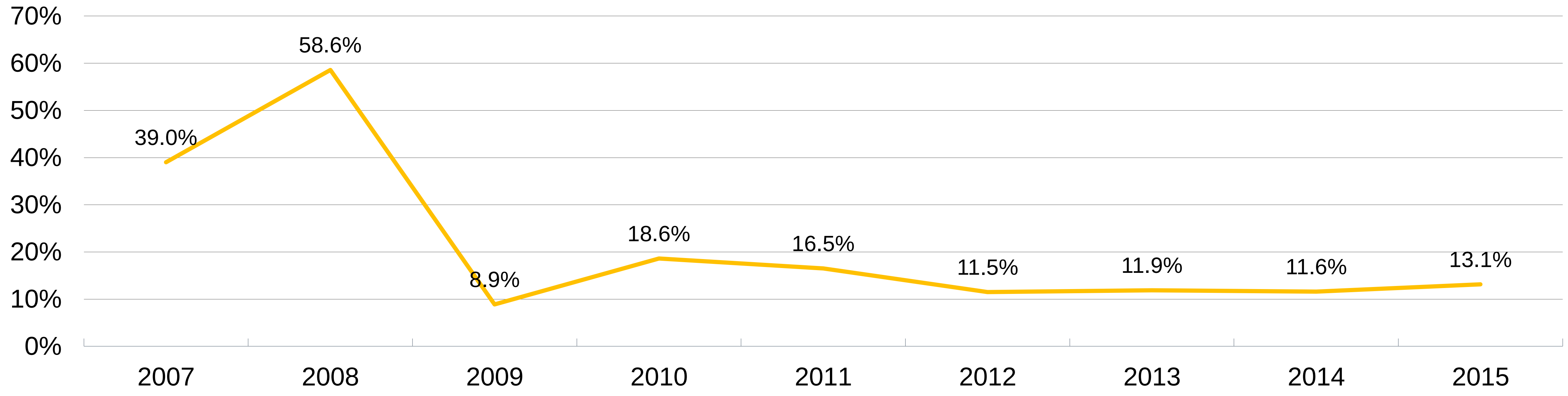
Double-digit growth throughout excluding blip in 2009



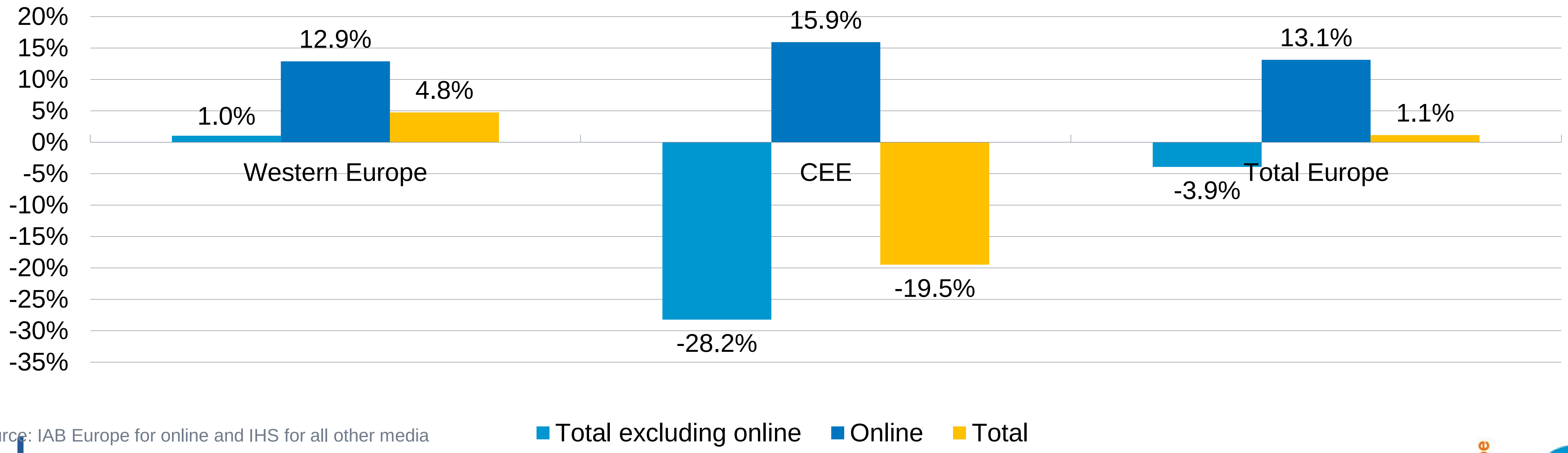
Online advertising year-on-year growth (%)



Source: IAB Europe and IHS

Online lifts a declining media advertising market in 2015

2015: advertising year-on-year growth (%)



Source: IAB Europe for online and IHS for all other media

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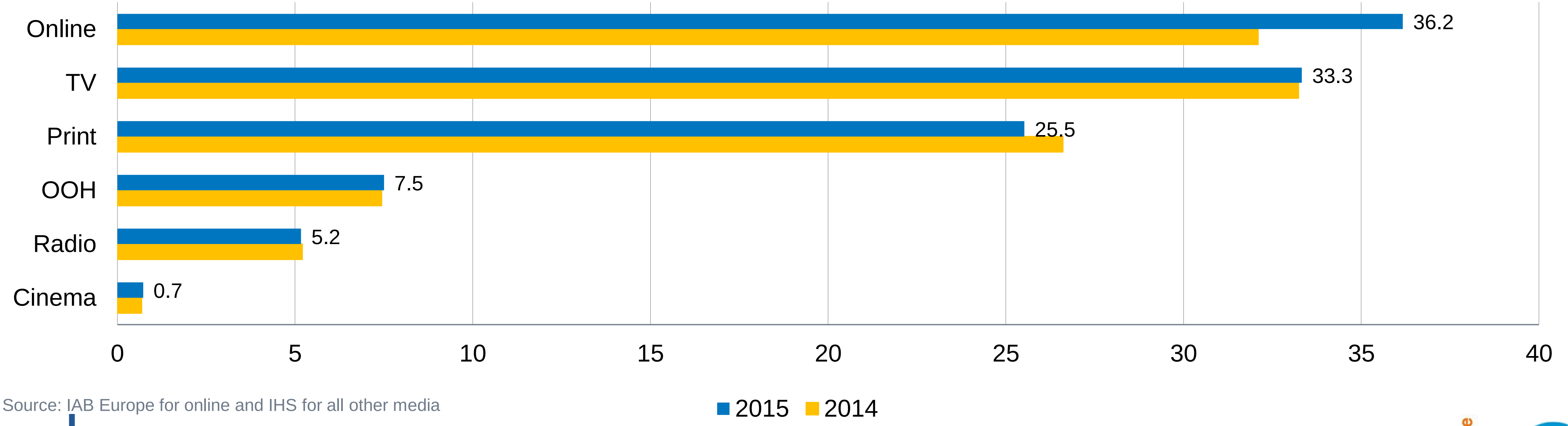
Online overtakes TV to become the largest advertising medium in Europe

Ad spend by category in Europe in 2014 and 2015 (€bn)

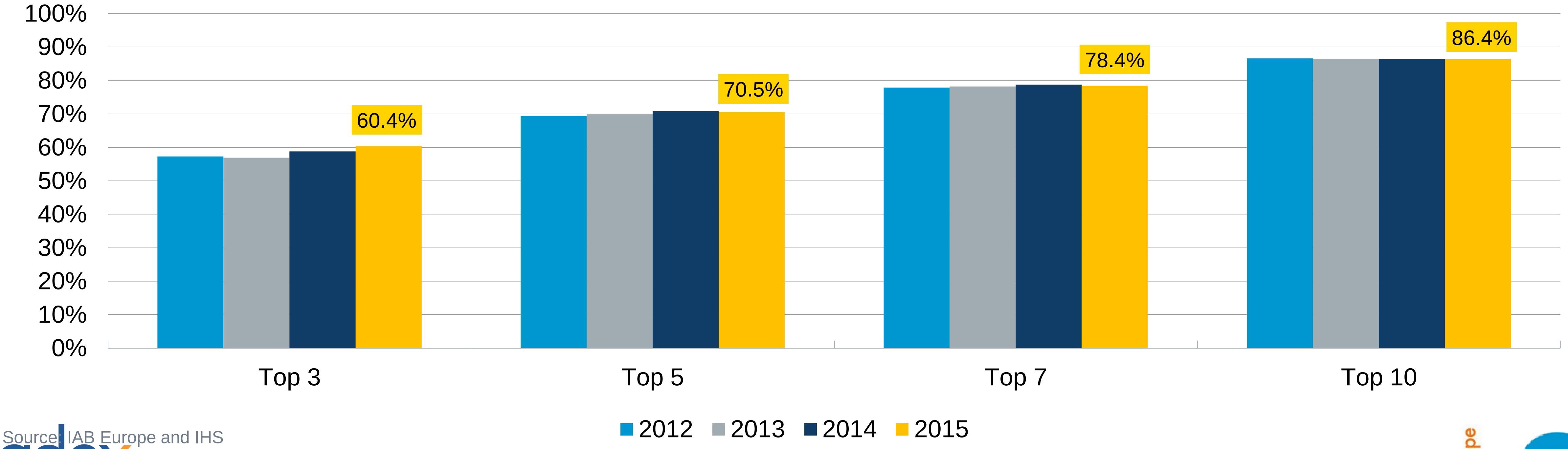


Source: IAB Europe for online and IHS for all other media

Markets

Top three markets still account for the lion's share of the European online advertising market

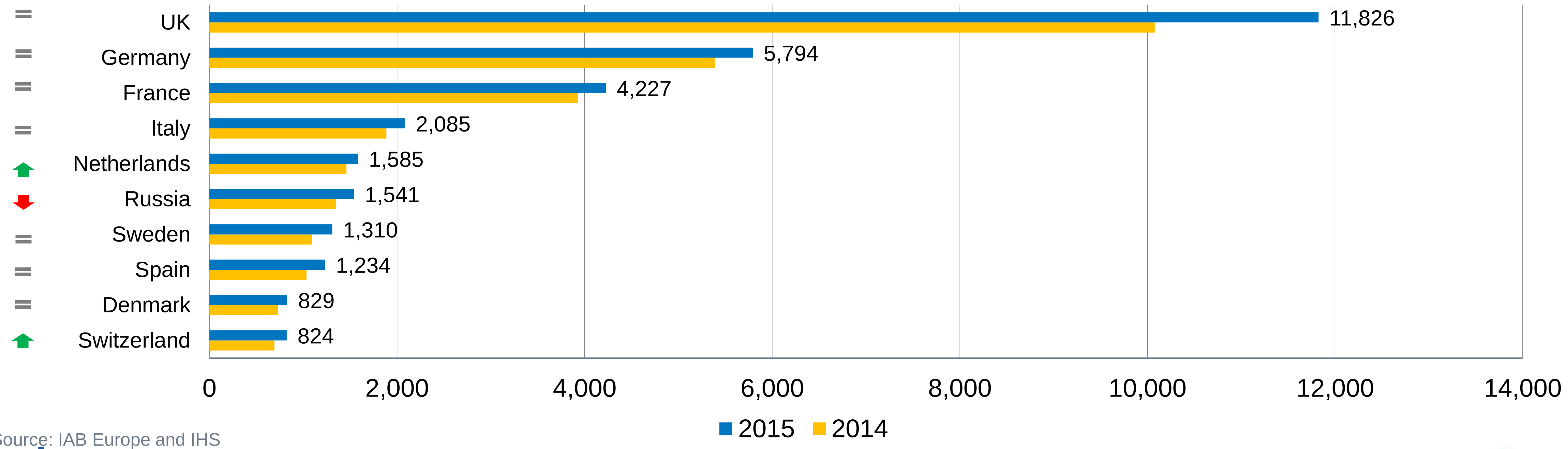
Share of European online ad revenue by market (%)



Source: IAB Europe and IHS

Top 10 online ad markets at a glance

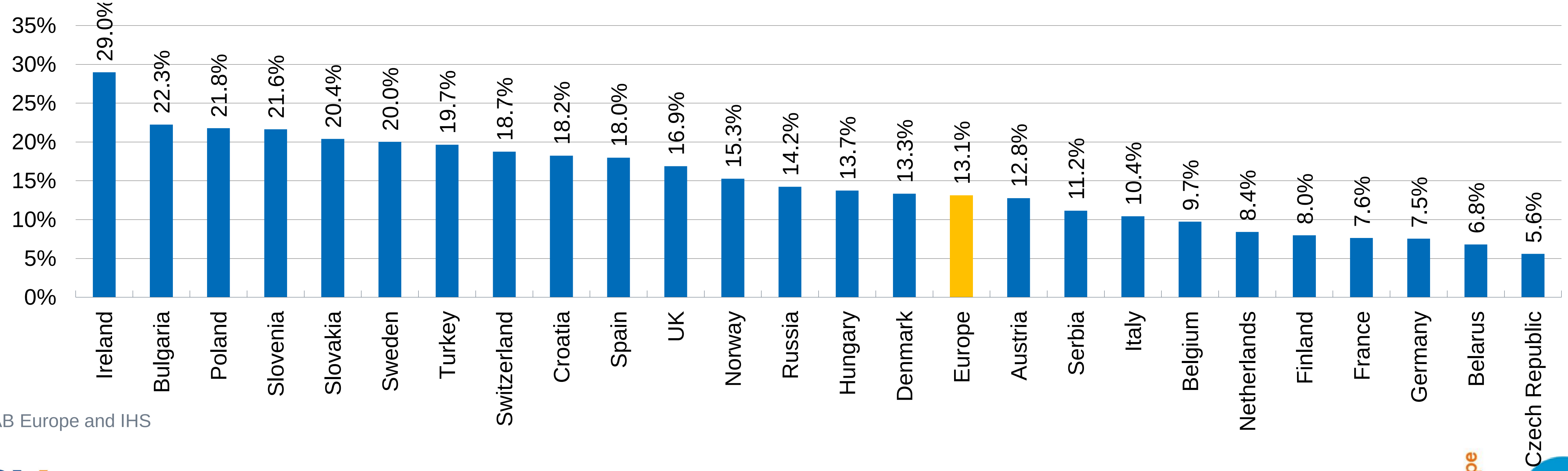
Top 10: total by country in 2014 and 2015 (€m)



Source: IAB Europe and IHS

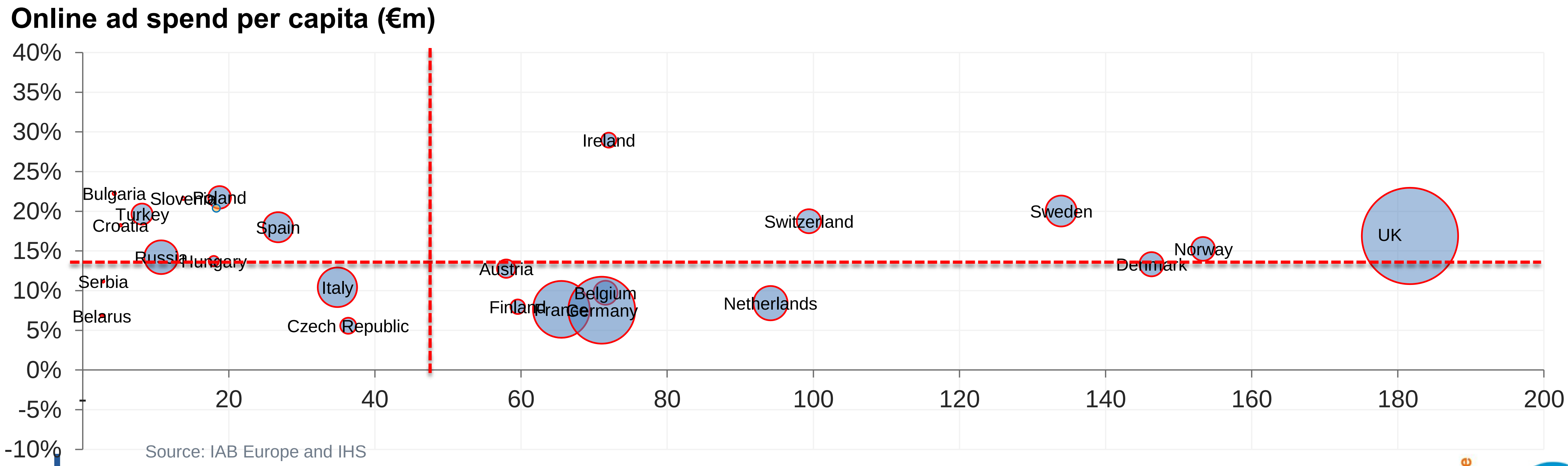
Strong growth across Europe in 2015…

Online advertising year-on-year growth in 2015 (%)



Source: IAB Europe and IHS

…at all levels of market maturity and market size



Source: IAB Europe and IHS

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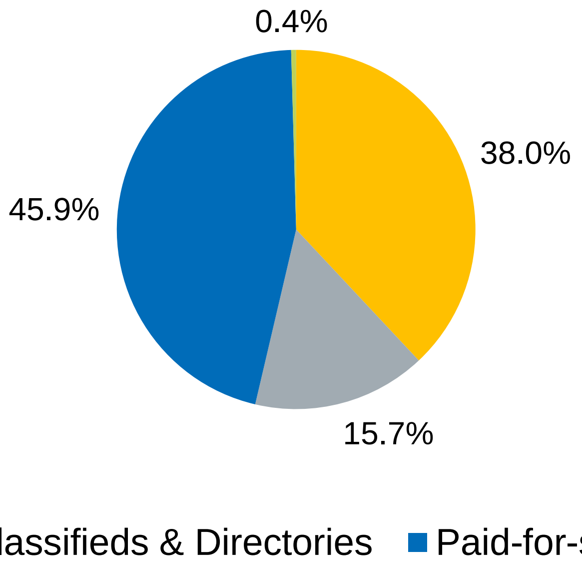
Western Europe: a snapshot

Western Europe: share of formats in 2015

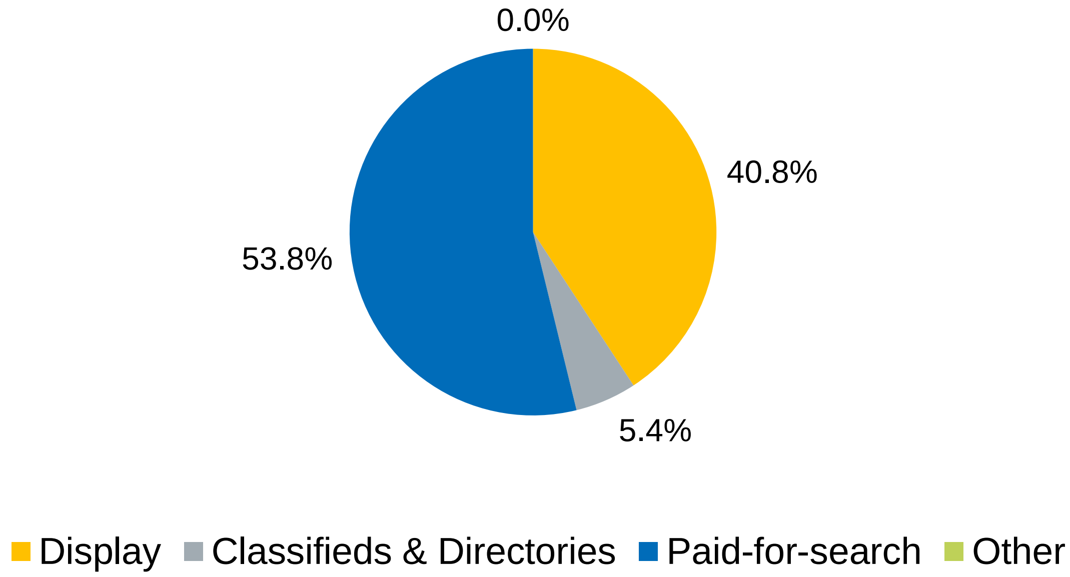


Source: IAB Europe and IHS

	2014 (€bn)	2015 (€bn)	Like-for-like growth (%)	Share of Total (%)
Display	10.5	12.3	17.7%	38.0%
of which video	1.5	2.1	37.3%	16.8%*
of which mobile	2.1	3.4	60.0%	10.9%*
Classifieds & Directories	4.8	5.1	4.8%	15.7%
Paid-for-search	13.3	14.9	11.9%	45.9%
of which mobile	2.1	3.3	55.4%	12.0%*
Total	28.7	32.5	12.9%	100.0%

CEE: a snapshot

CEE: share of formats in 2015



Source: IAB Europe and IHS

	2014 (€bn)	2015 (€bn)	Like-for-like growth (%)	Share of Total (%)
Display	1.3	1.5	14.2%	40.8%
of which video	0.2	0.2	25.4%	16.2%*
of which mobile	0.1	0.2	70.1%	11.0%*
Classifieds & Directories	0.2	0.2	3.3%	5.4%
Paid-for-search	1.7	2.0	17.2%	53.8%
of which mobile	0.03	0.5	208.6%	27.6%*
Total	3.2	3.7	15.1%	100.0%

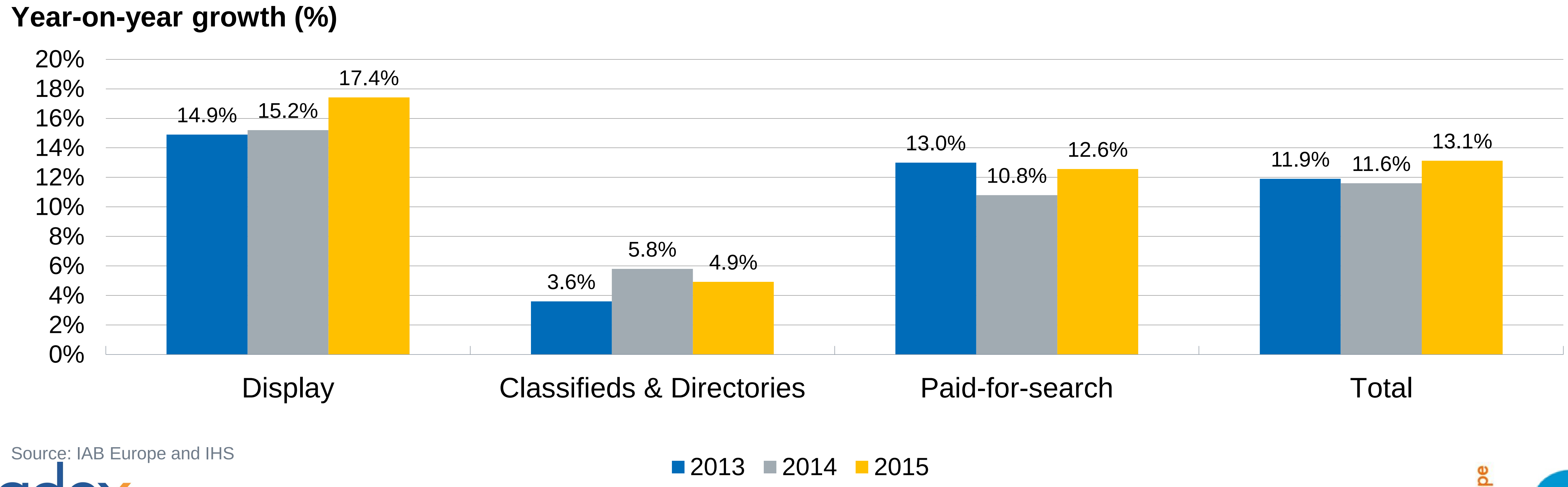
Drivers and hurdles in 2015 as reported by local IABs

- Programmatic and automation
- Proliferation of e- and m-commerce
- Rise of online video consumption
- Growth in premium video inventory – attracting TV budgets
- Improvement in ad quality
- Shift to a mobile-first advertiser mentality
- Social media advertising
- The emergence of native advertising

- Ad blocking
- Viewability and ad fraud
- Misuse of data
- Plateau of desktop advertising – adapting desktop ads to mobile
    - High production costs
    - Structural barriers
- Macroeconomic environment and adverse political conditions

Formats

Display continues to drive online advertising growth



Source: IAB Europe and IHS

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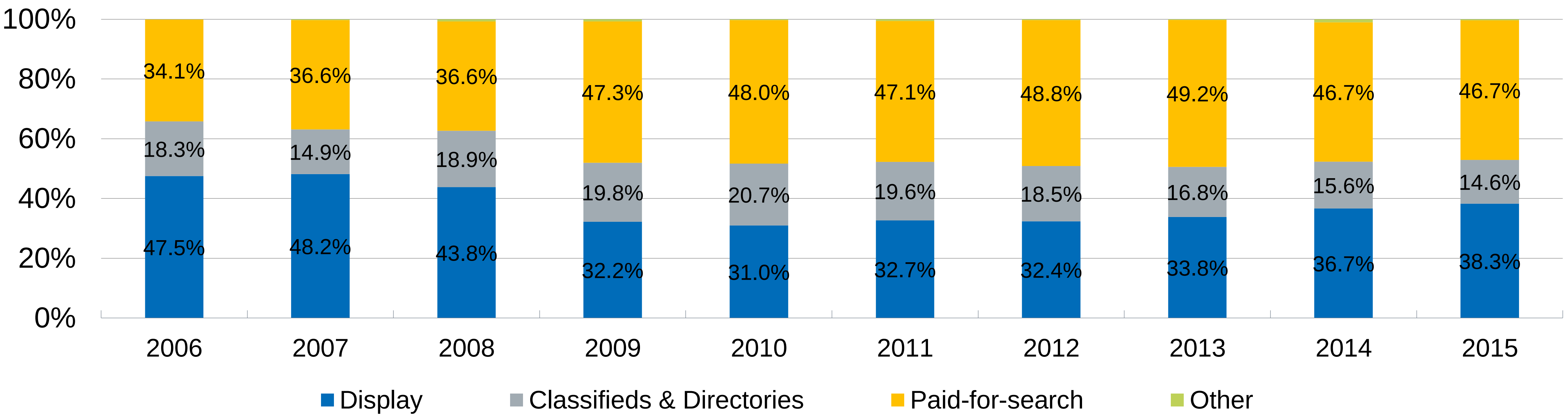
Display outpaces other formats to further increase its share

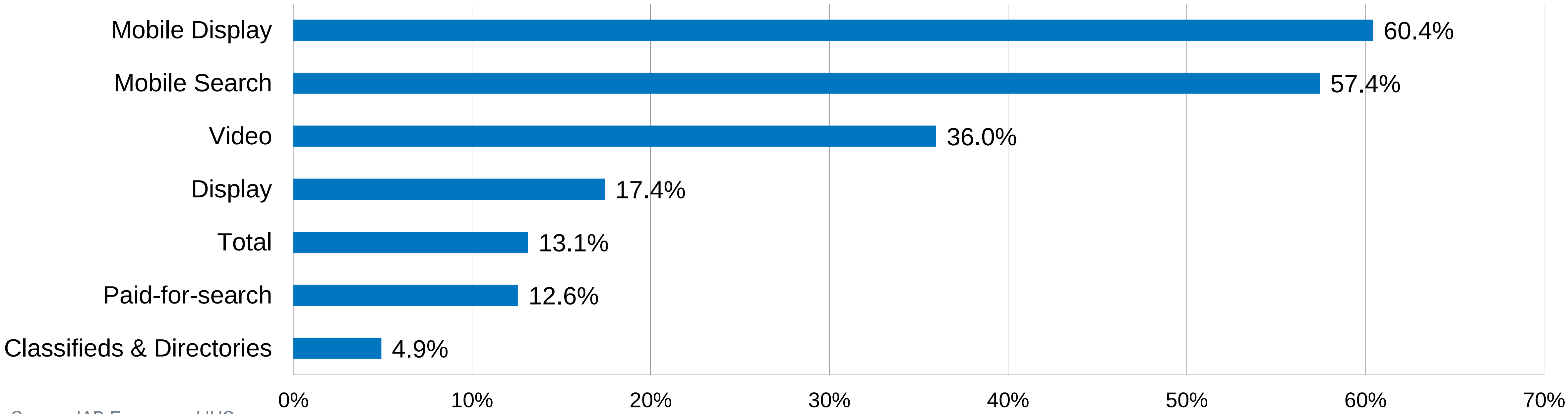
Format shares of online (%)



Source: IAB Europe and IHS

Mobile drives online ad market growth in Europe in 2015

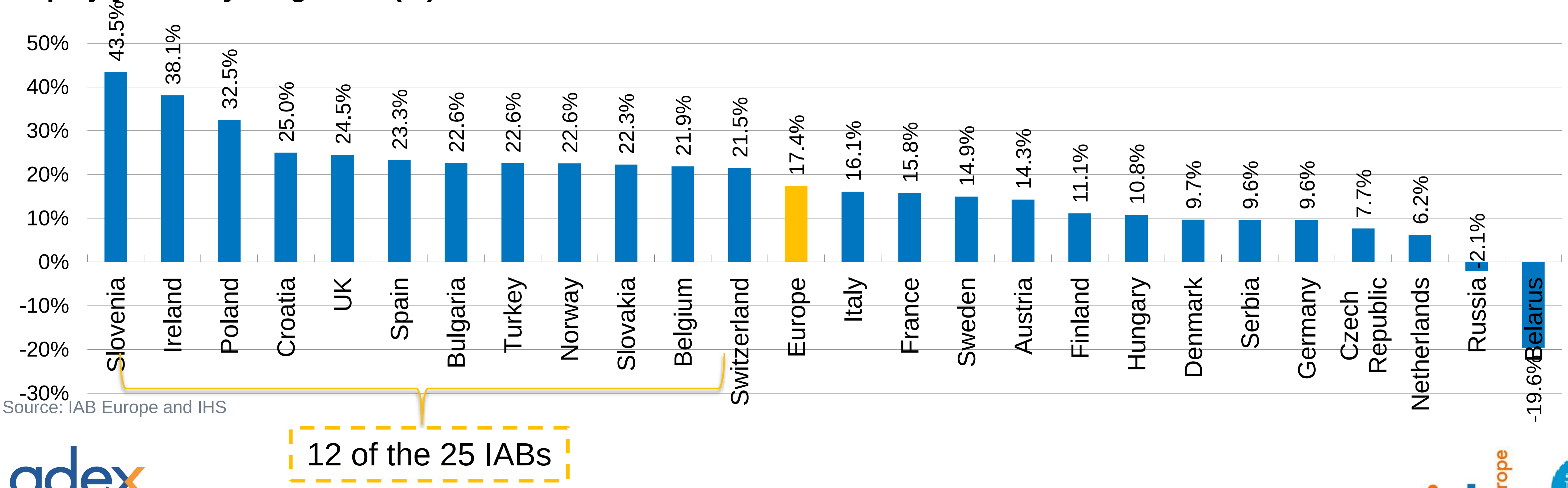
Year-on-year growth in 2015 (%)



Source: IAB Europe and IHS

Half of European display markets grow above 20%, three above 30%

Display year-on-year growth (%)



Source: IAB Europe and IHS

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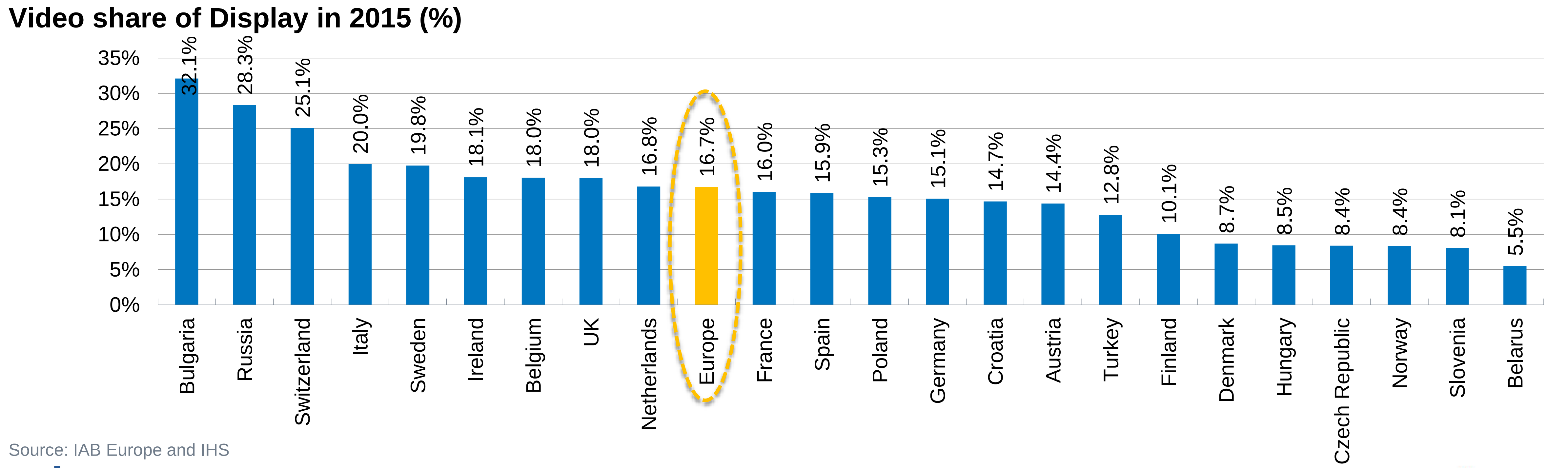
Video is an increasingly important part of display



Source: IAB Europe and IHS

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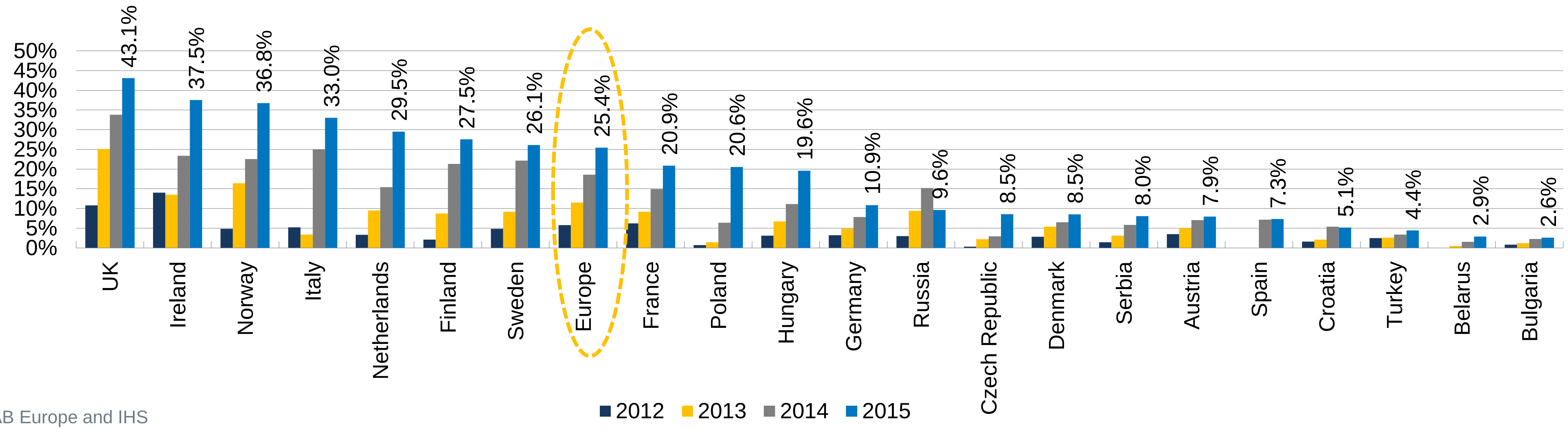
Mobile accounts for a quarter of all European display ad spend, approaching 50% in most advanced markets

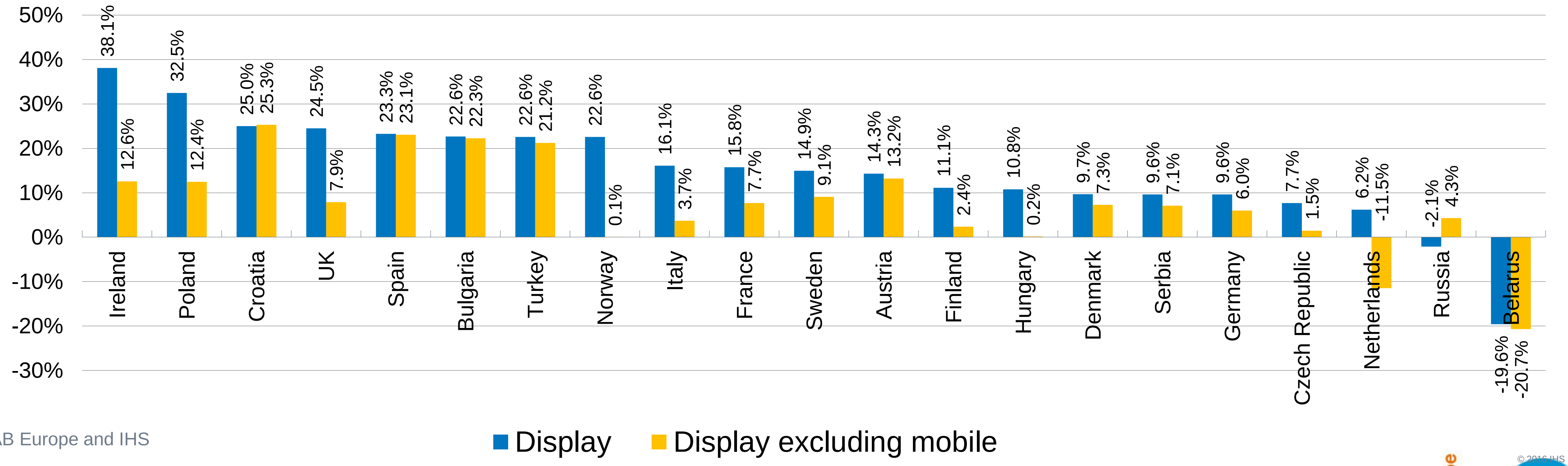
Mobile share of Display (%)



Source: IAB Europe and IHS

Mobile outperformed desktop display ad spend in all but two countries in 2015

Display advertising year-on-year growth in 2015 (%)



Source: IAB Europe and IHS

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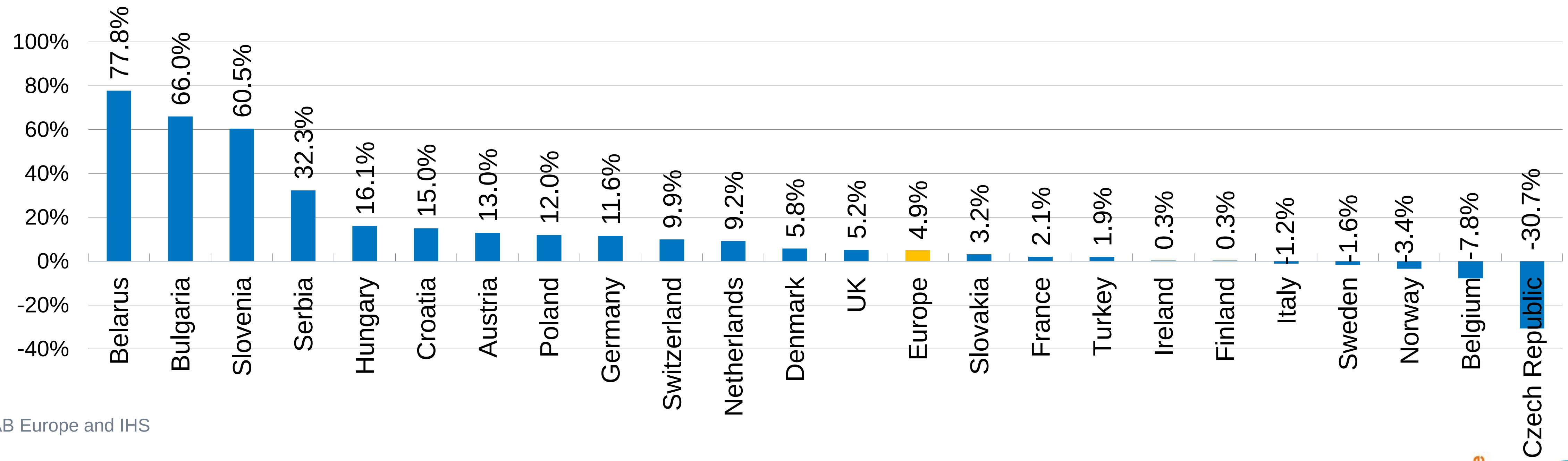
Fewer C&D markets experienced decline in 2015, but the rate of growth has slowed down in Europe

Classifieds & Directories year-on-year growth in 2015 (%)



Source: IAB Europe and IHS

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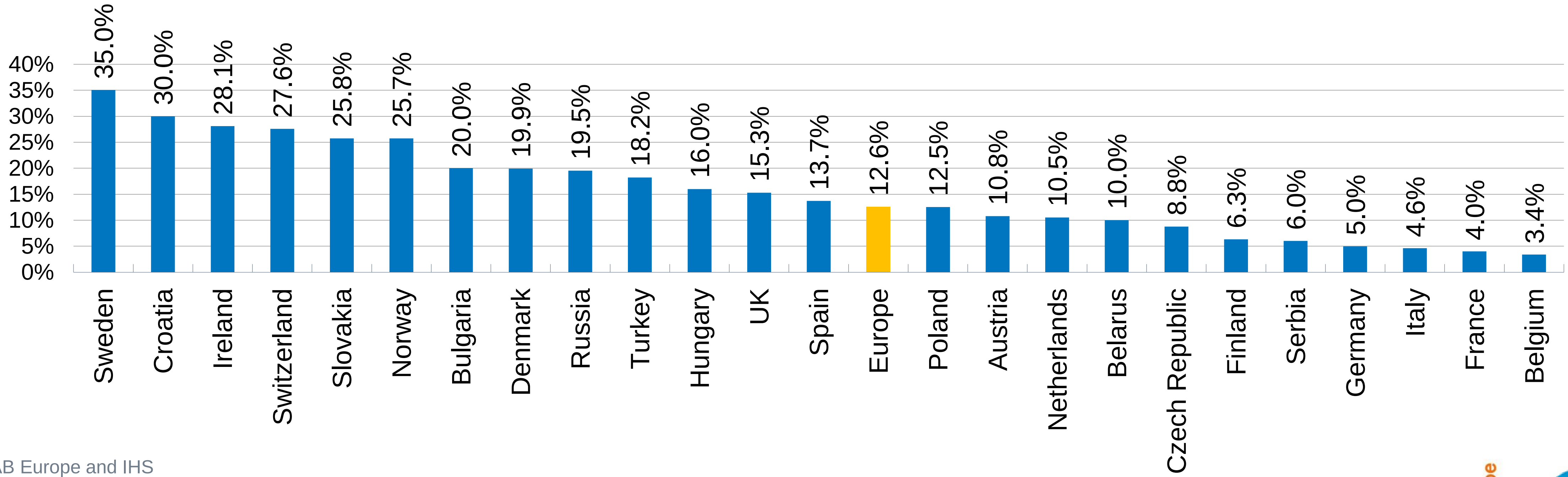
Paid-for-search maintains double-digit growth

Paid-for-search year-on-year growth in 2015 (%)



Source: IAB Europe and IHS

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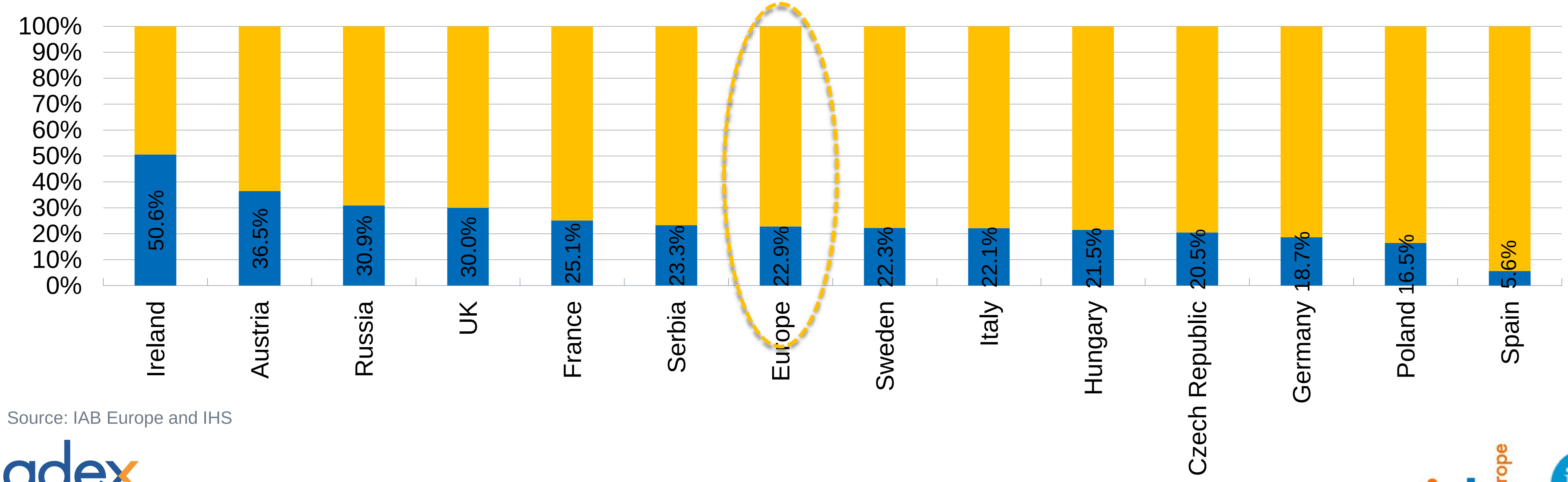
Variance across Europe in mobile share of search highlights national differences in search behaviour and monetisation

Mobile share of paid-for-search ad spend in 2015 (%)



Source: IAB Europe and IHS

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Outlook for 2016

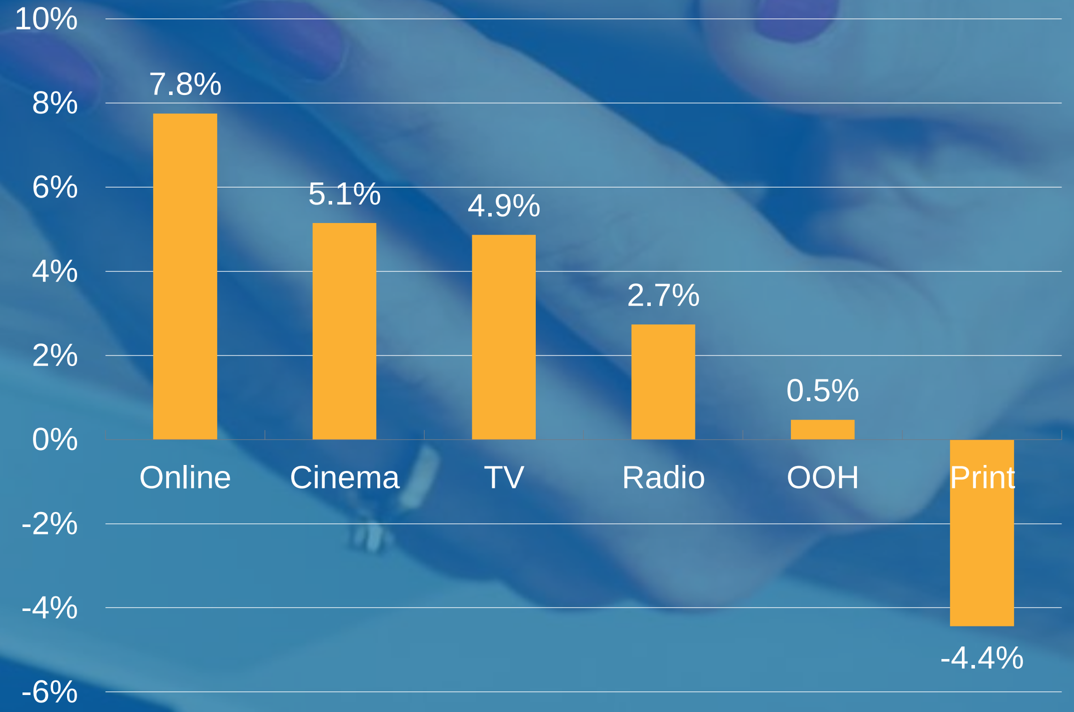
Drivers

- Favourable economic forecasts
- Large-scale sporting events:
  - Euro 2016
  - Rio Olympics
- Growth of video, facilitating the move of TV brand budgets online
- New native ad formats

Hurdles

- Tough comparatives
- Plateau of paid-for-search
- Complexity of devices, platforms, behaviours
- No universal digital currency
- Duplication & fragmentation of ad tech infrastructure

Media ad spend growth in 2016 (%)



Source: IHS

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