

Programmatic advertising in Europe: Key growth drivers in 2022



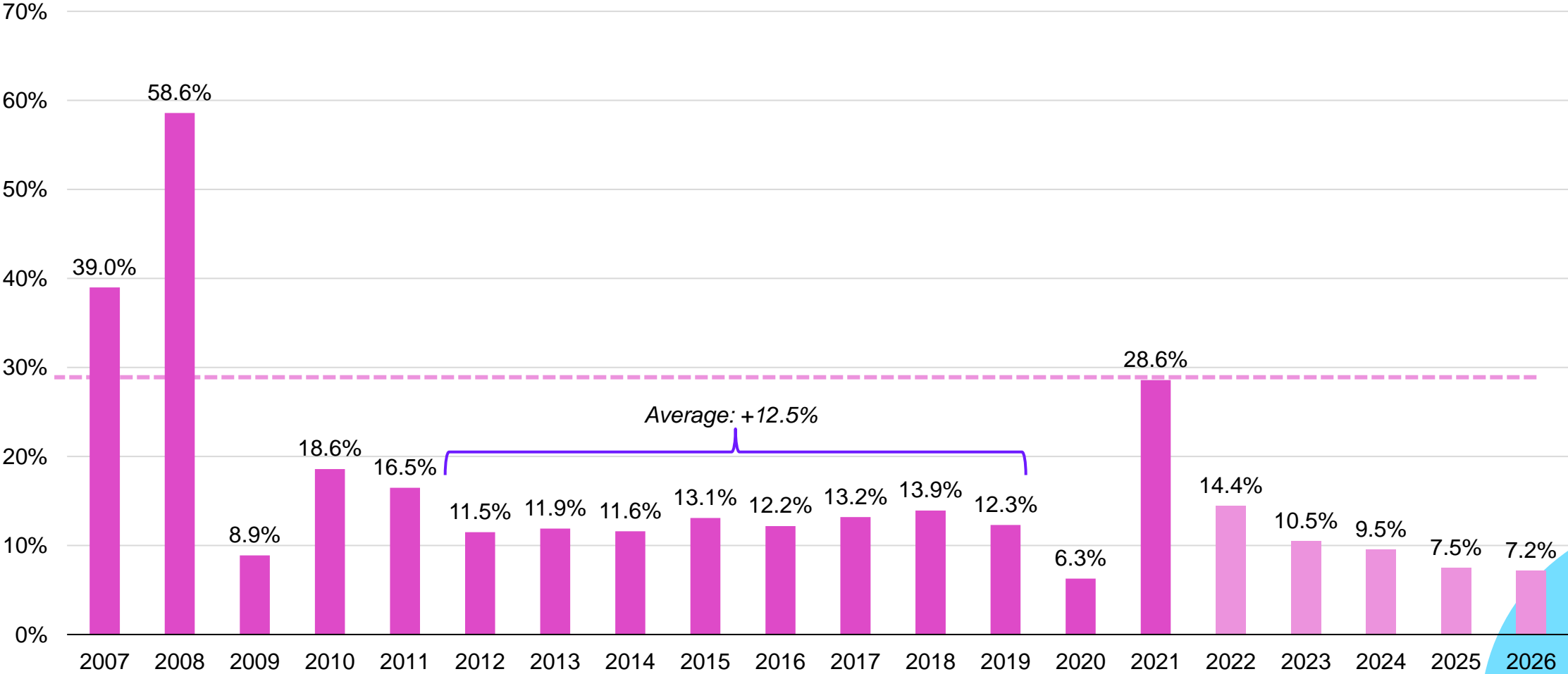
Tom Suttle

Senior Digital Advertising
Analyst, IAB Europe

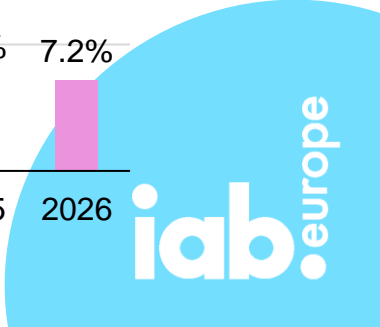
10th May 2022

Outlook 2022: digital ads to continue to accelerate in 2022

Europe: Digital Ad Spend Long-Term forecasts

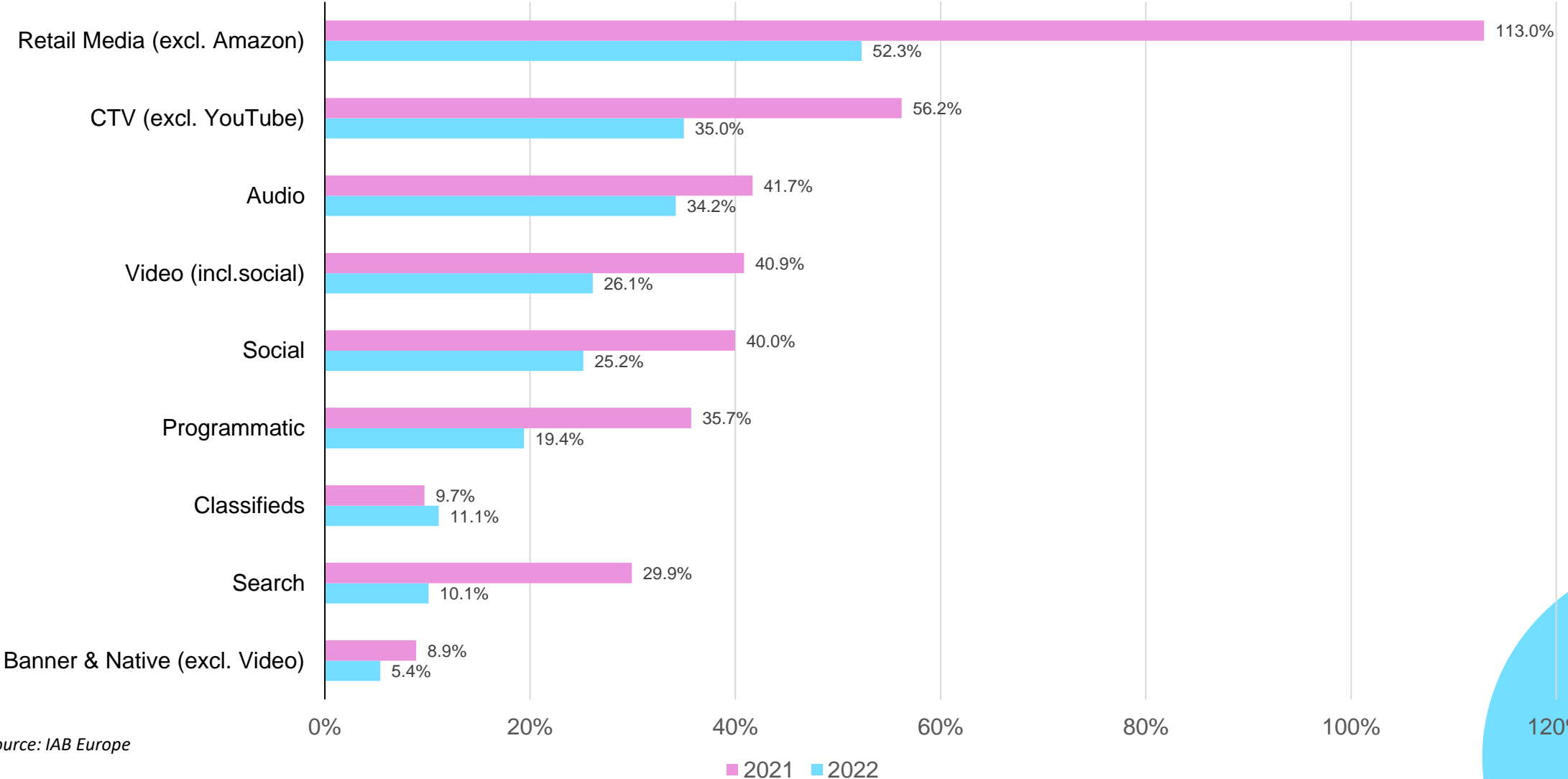


Source: IAB Europe

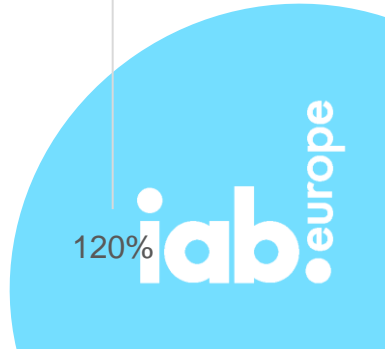


2022 strong growth is unevenly distributed

Europe: Digital ad spend growth by format & type

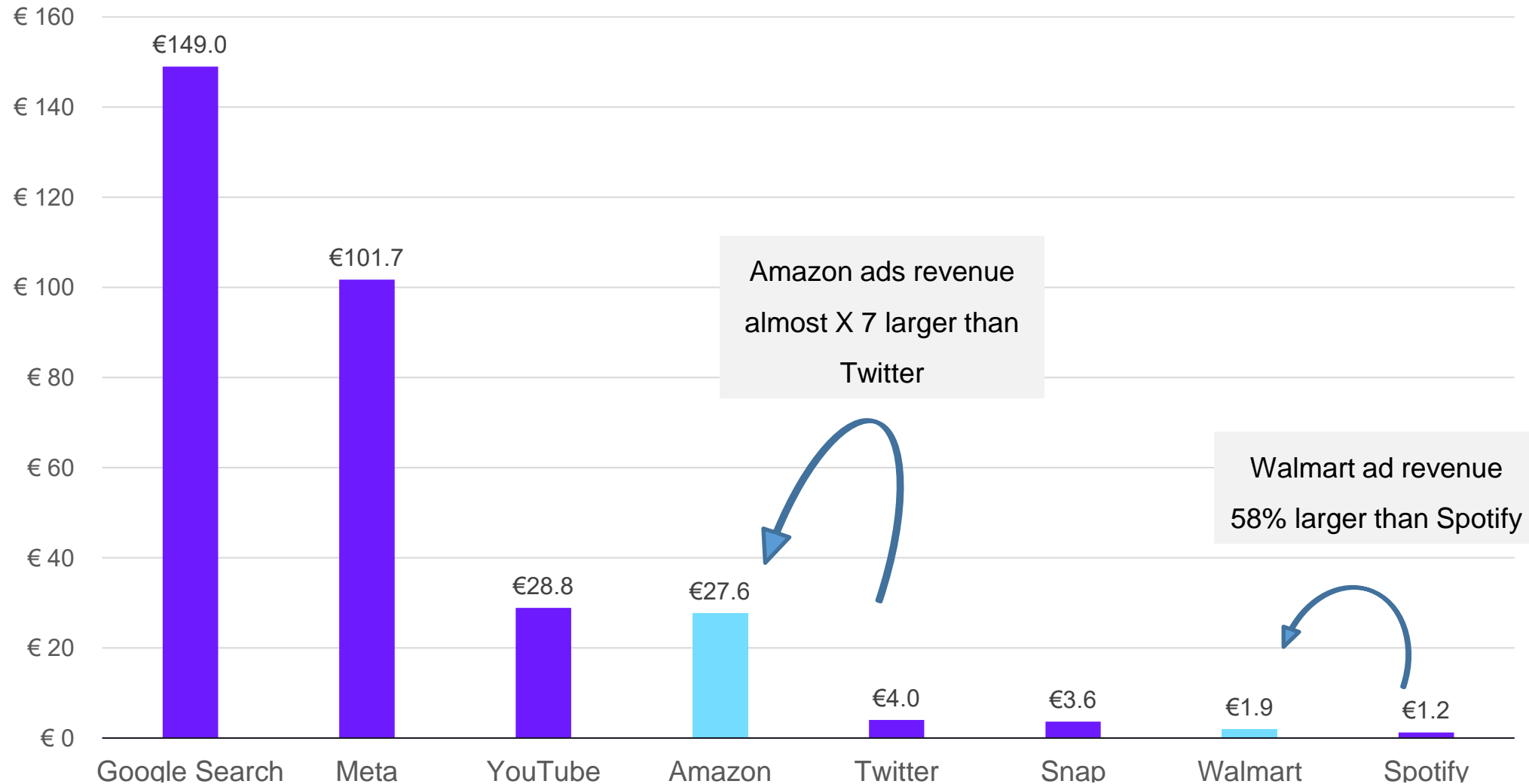


Source: IAB Europe



New players challenging the market in 2021

Ad revenues of selected companies (Billions)

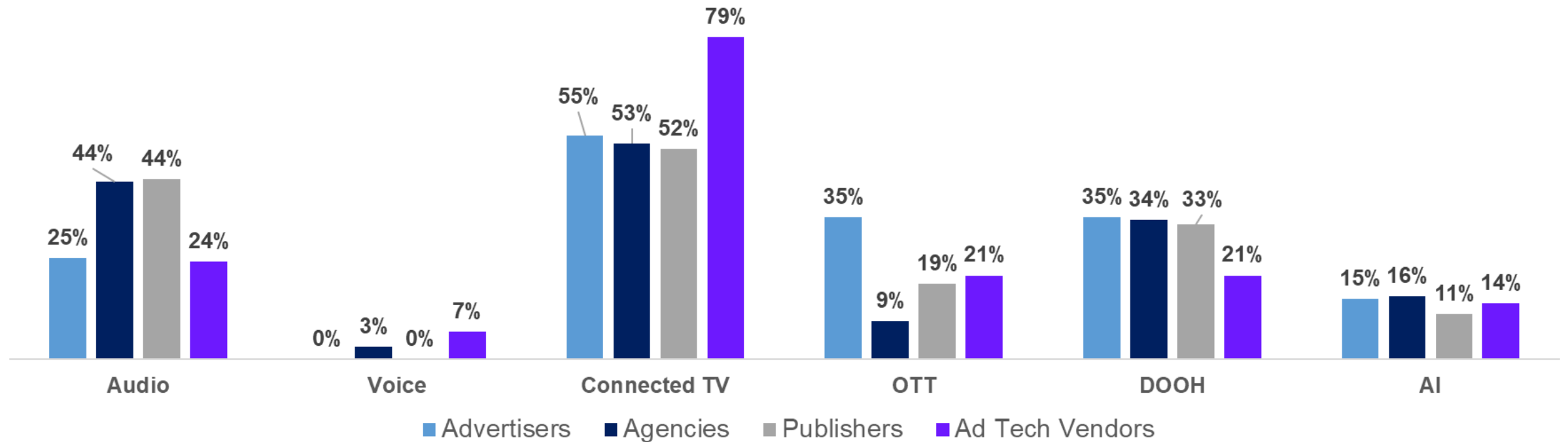


Driving Efficiency, Control, and Access are also Important to Programmatic Decision-Making

<i>What are the key drivers for your company to consider investing in / increasing its programmatic trading investment?</i>	Advertiser		Agency	
	2020	2021	2020	2021
Gaining access to premium inventory at scale	20%	50%	43%	41%
Lower cost of media	60%	42%	30%	38%
Trading / operational efficiencies	40%	33%	63%	71%
Increased granular control of media / inventory	50%	33%	55%	41%

Source: IAB Europe 2021

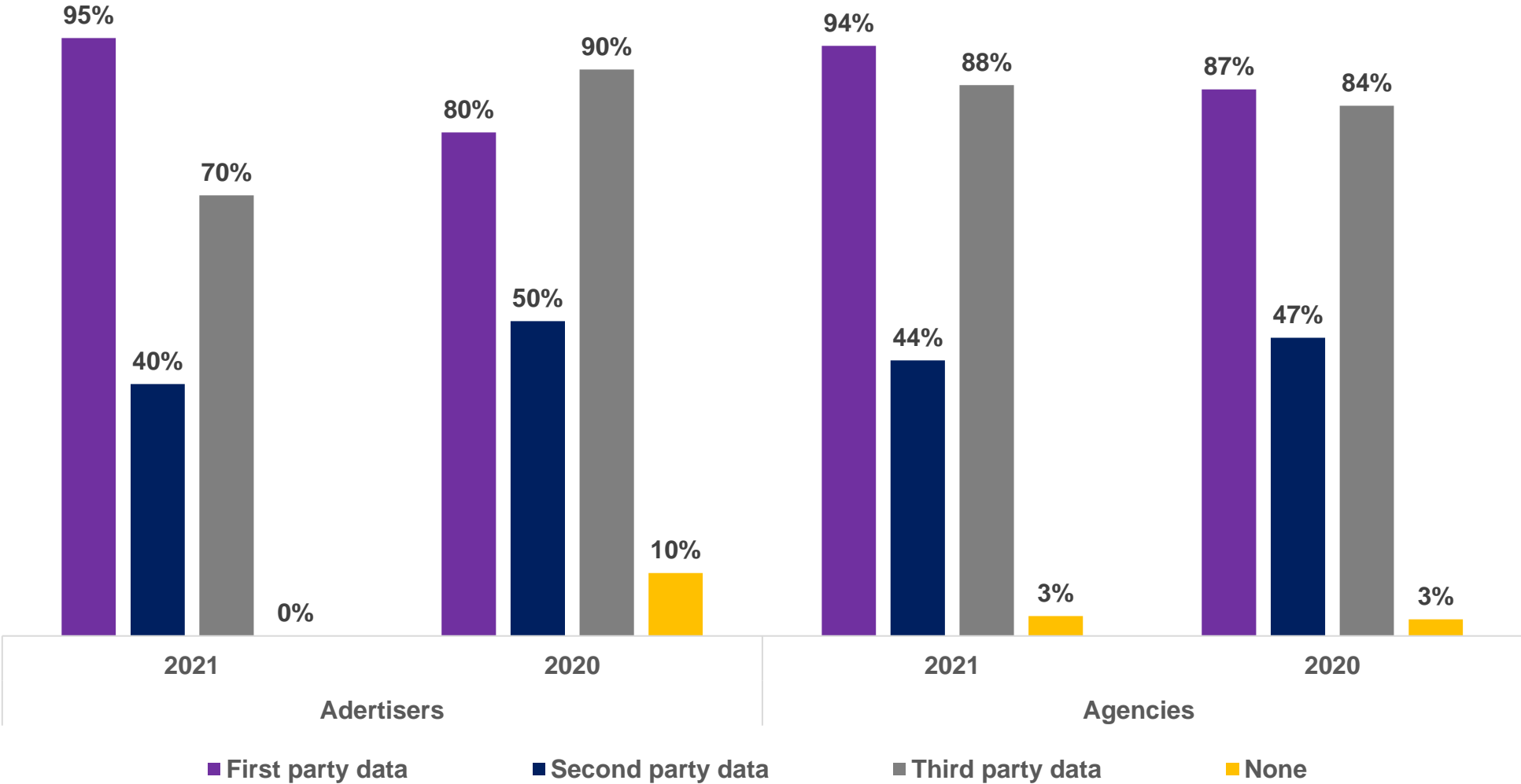
Survey we did backed up this growth expectations



Source: IAB Europe 2021



What data is the buy-side leveraging?



Source: IAB Europe 2021



CTV



Connected TV mentions in company results 2022

Connected TV is our fastest growing screen, and we think there's a ton of runway ahead. Brands are getting the best of all worlds: the precision of digital with the scale of linear and a lot more relevance”

Philipp Schindler, SVP and CBO, Google

“Connected TV continued to be our fastest growing channel at scale around the world”

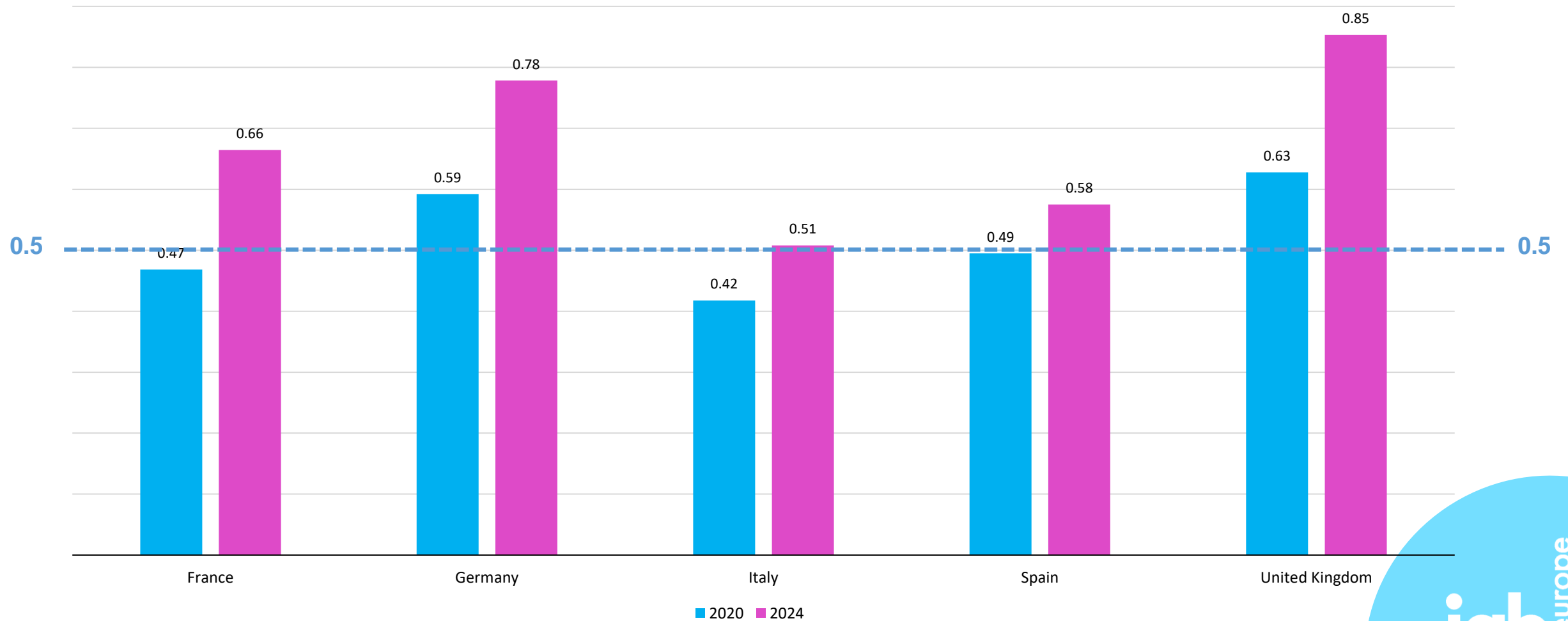
Blake Grayson, CFO, The Trade Desk

“Our CTV business, inclusive of OTT, grew more than 6 times over last year Q4”

Steve Pantelick, CFO, PubMatic

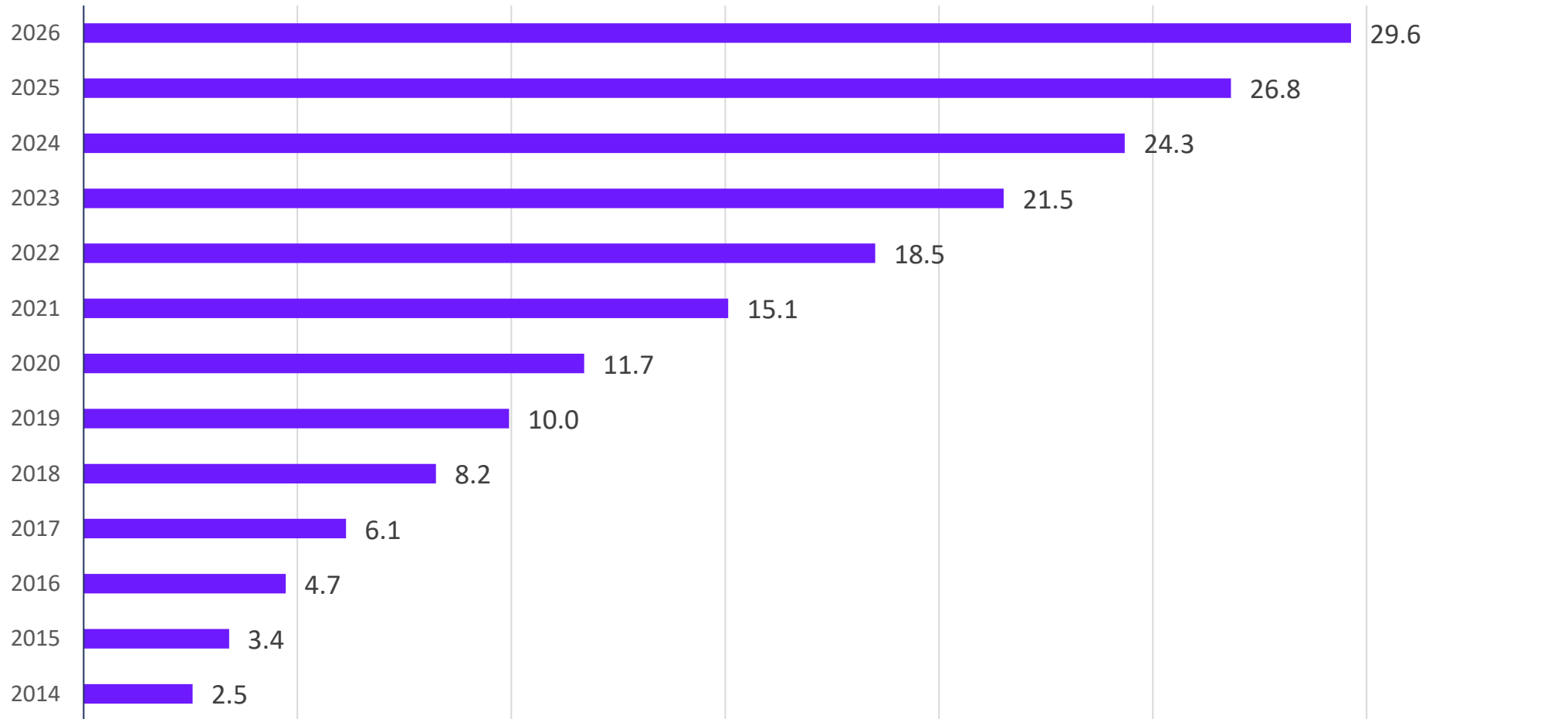
Smart TV adoption gains...

Smart TVs per HH



Global CTV market growing at fast pace

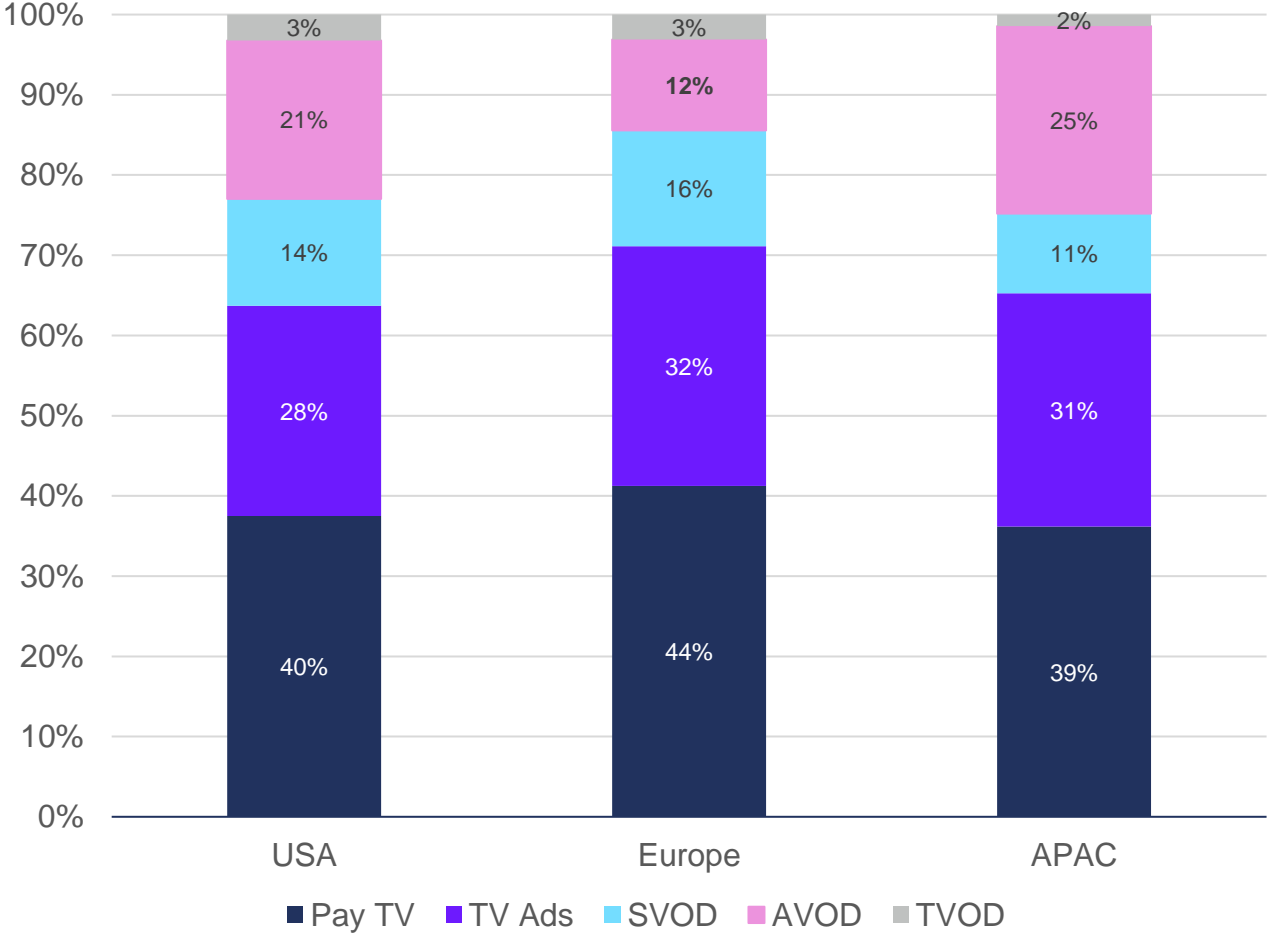
Global CTV advertising market (€bn)



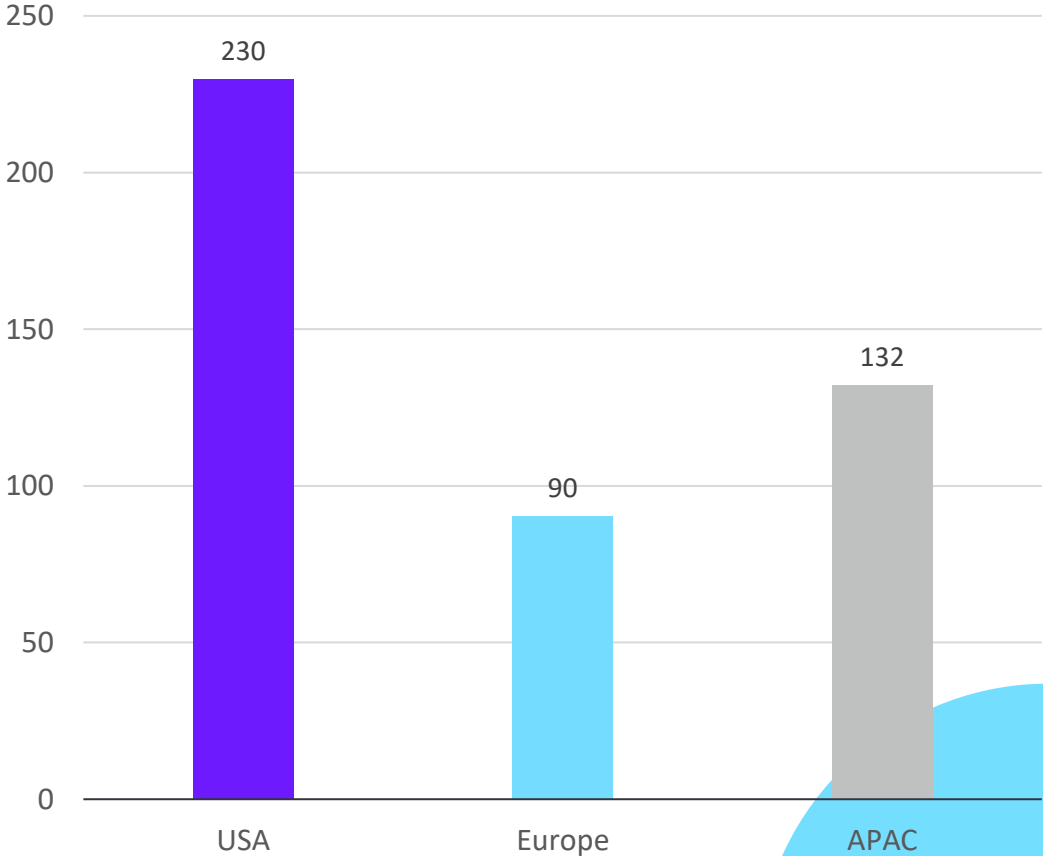
Source: Group M: This Year, Next Year.
Conversion based on latest exchange rates.

AVOD remains smaller in both relative and absolute terms

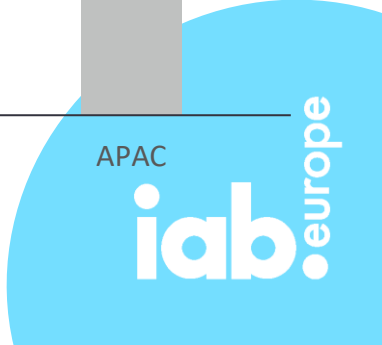
Global Visual Entertainment Revenue by Business Model % Splits



Global Visual Entertainment Revenue by Region (€bn)



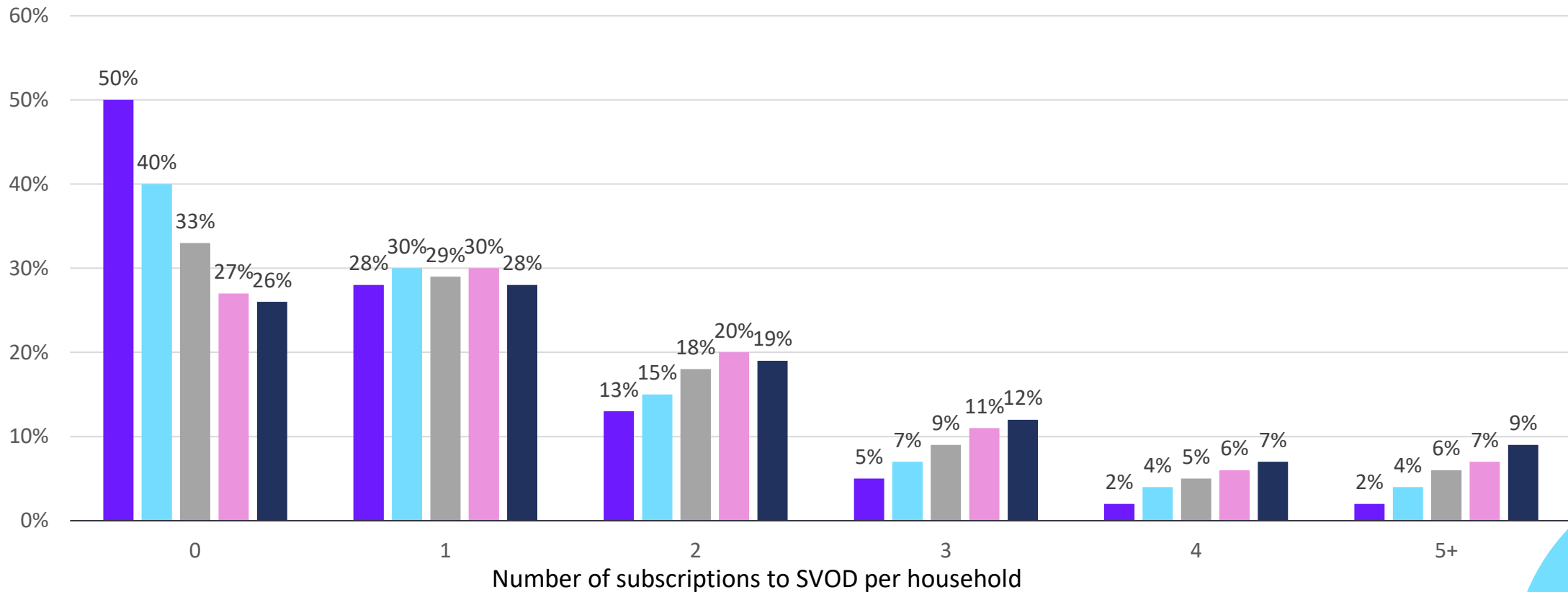
Source: OMDIA 2022



How many SVOD subscriptions to you have in your house?

Europe: SVoD packages per household

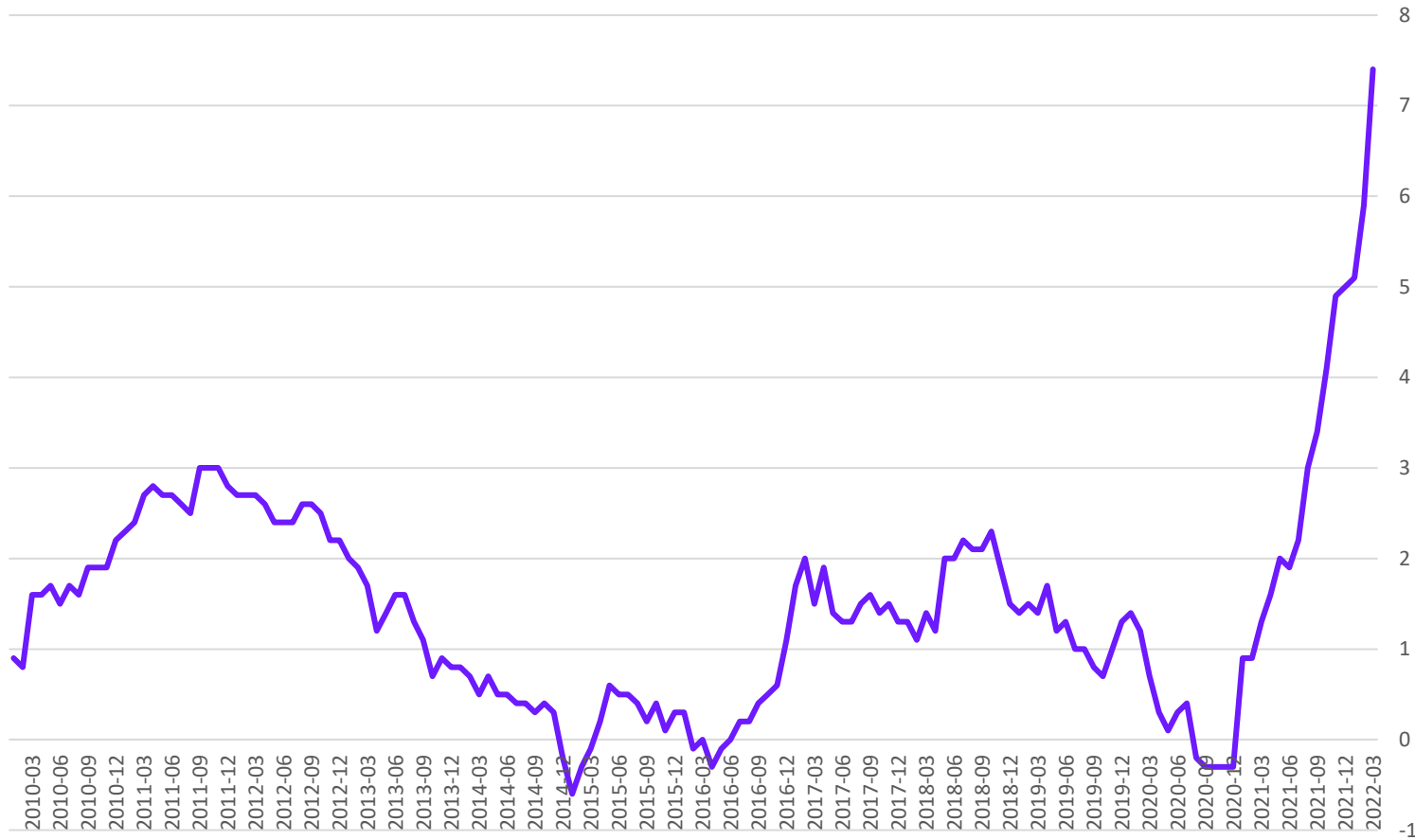
■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021



Source: Ampere analysis: The European VOD landscape

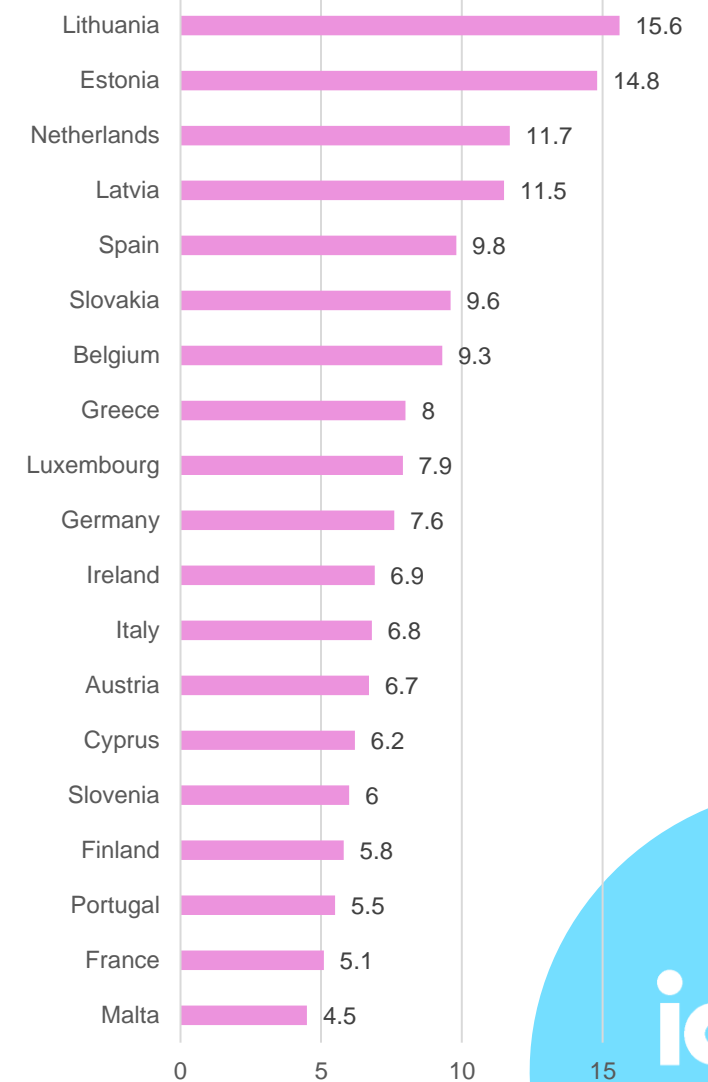
Inflation rise at start of 2022 – 7.4% in Euro area

Measuring inflation – the Harmonised Index of Consumer Prices (HICP)



Source: European Central Bank: Measuring inflation HICP

March 2022 by country



Changing landscape: SVODs are announcing ad supported tiers



Good news for the digital ad industry, as users choose ads

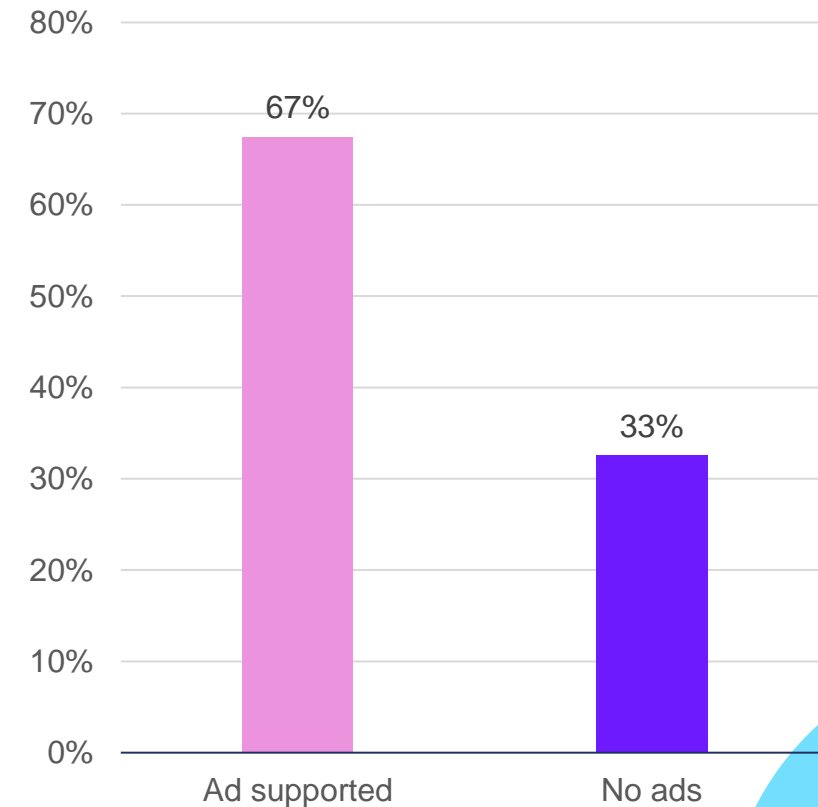


Select Your Plan

No hidden fees, equipment rentals, or installation appointments.

Plan	Price	Features
HULU (NO ADS)	Get 1 month free, then \$11.99/month	A few shows play with an ad break before and after the video.
HULU (Most Popular)	Get 1 month free, then \$5.99/month	
HULU + LIVE TV	Get 7 days free, then \$44.99/month*	*Price will increase to \$54.99/month on 12/18/19.

Estimated Hulu subscribers by tier

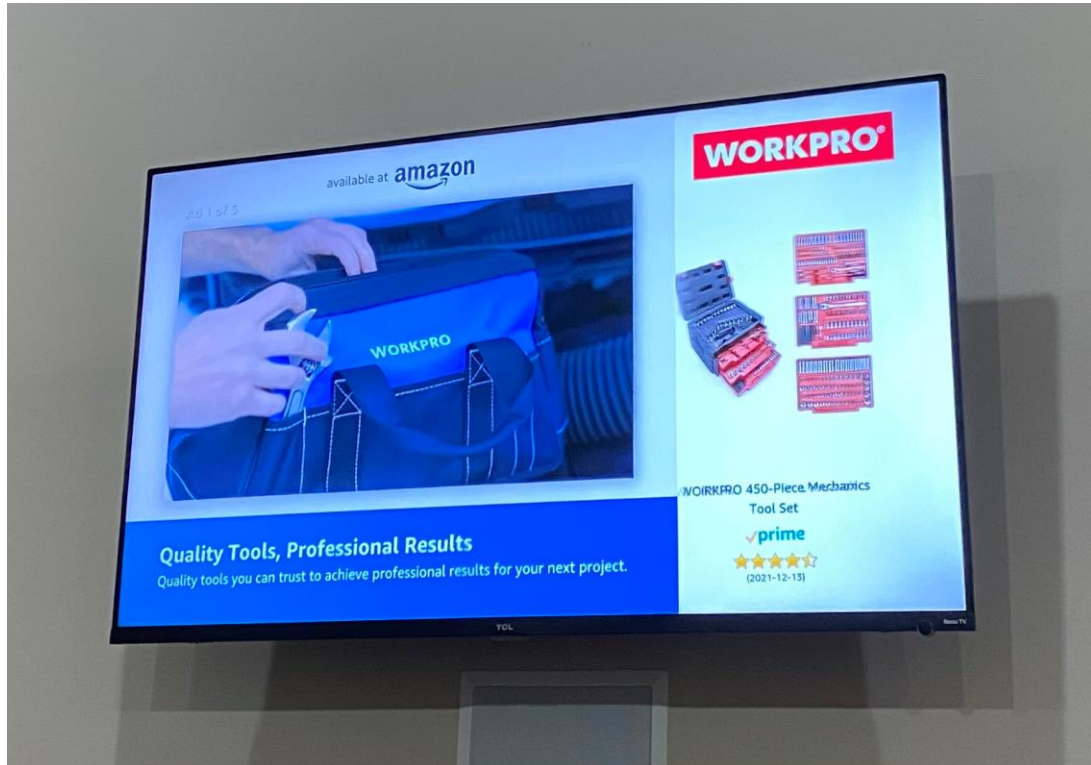


Source: Hulu SVP interview in Variety; IAB Europe estimates; Antenna

Hurdles to growth

- Measurement. Efforts underway but still a long way to go.
- Fragmented market, and ecosystem, especially in Europe.
- Inventory concerns remain in certain regions in Europe.
- Development and investment in programmatic eco-system for CTV. Direct and Programmatic direct remain predominant.
- Budget controllers and expertise in CTV.
- CTV targeting, need for sophisticated contextual targeting (privacy proof).

You can take action on CTV – IMDB TV



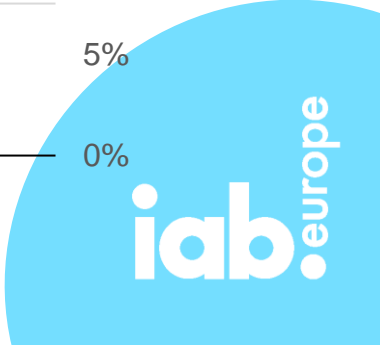
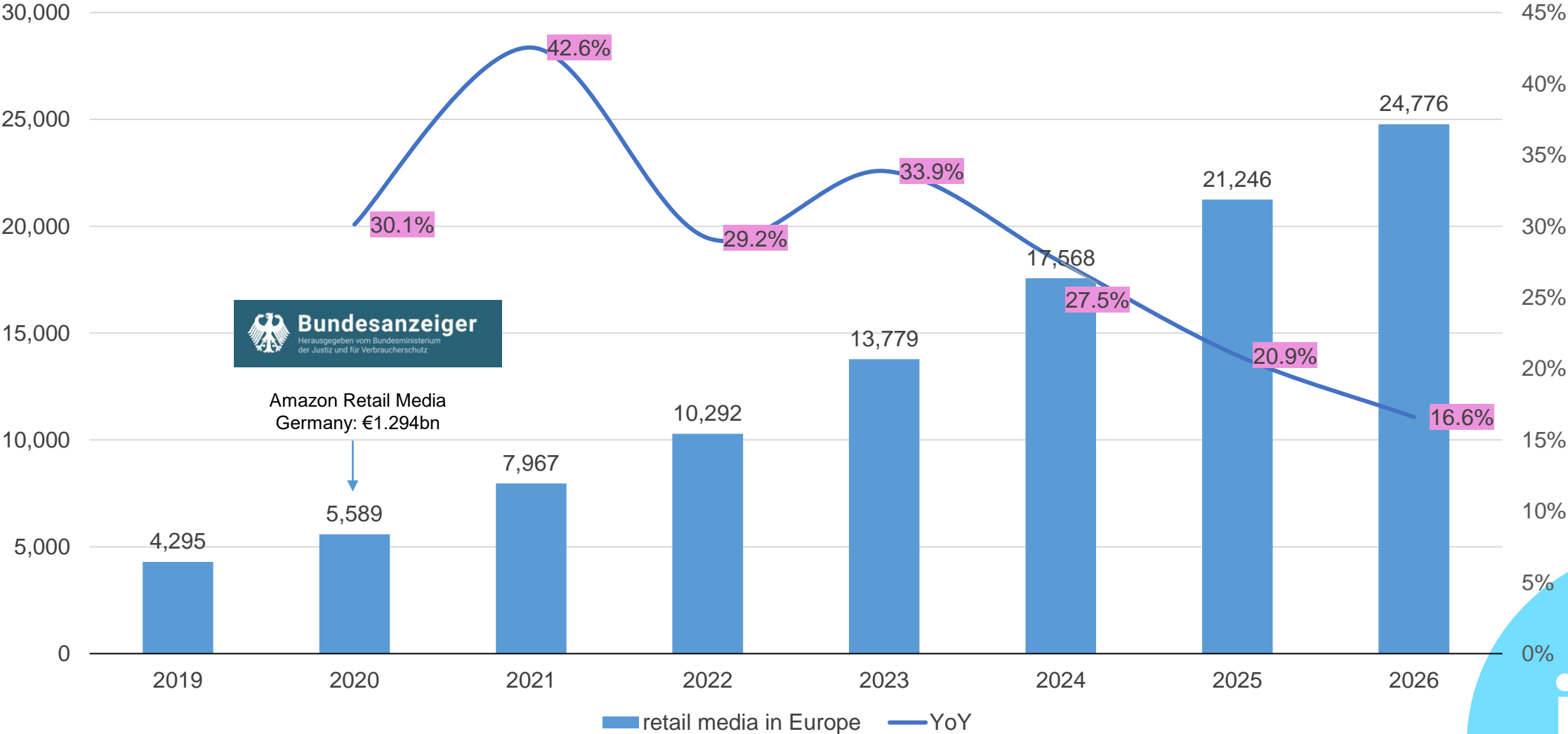
- Retail media growth is capitalising on new transactional datasets.
- Opportunities for this new data to be combined with CTV.
- IMDB TV leading the way.

Retail media & Social Commerce



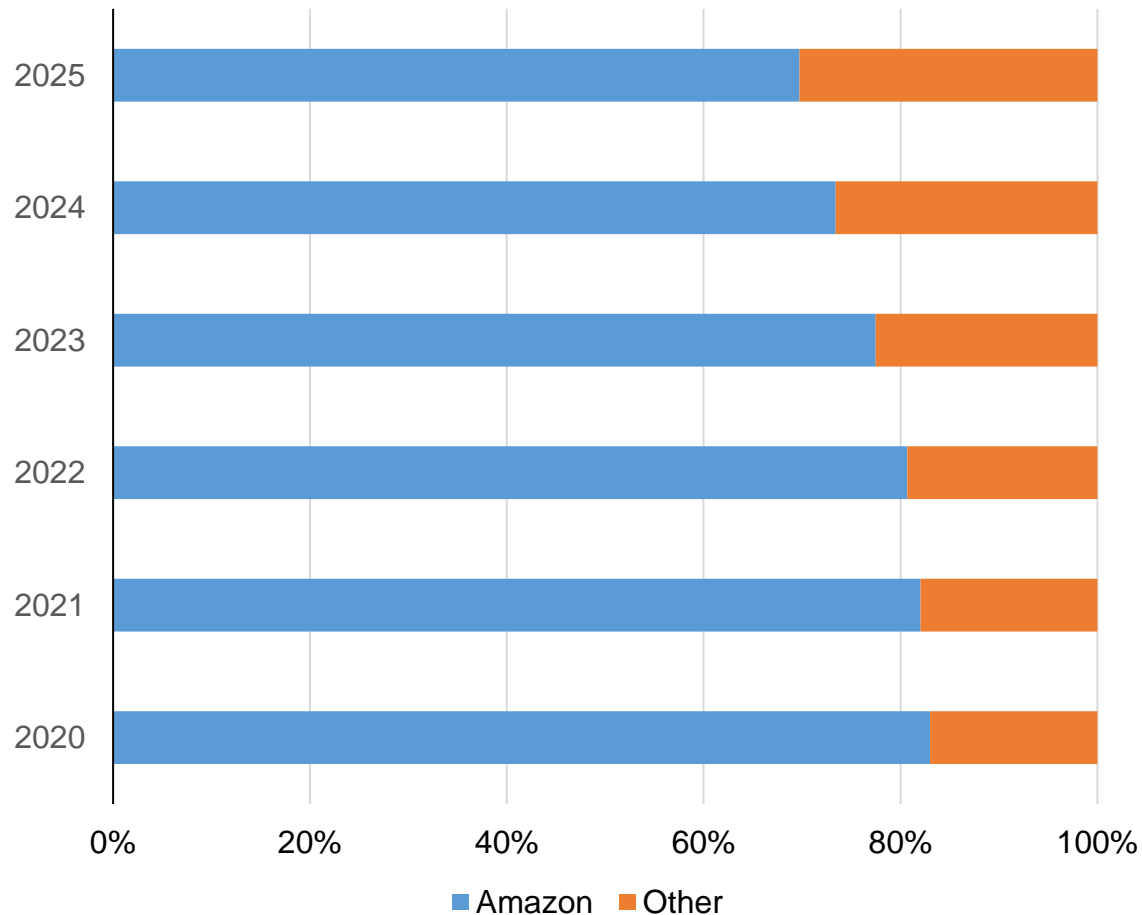
The European market is accelerating quickly

Europe: Retail Media Advertising (€m)



Significant opportunity outside Amazon

Europe: Retail Media Ad Spend: Amazon vs others



Source: IAB Europe

- Retail media is not a winner takes all market
- Amazon is market leader, but share of market grows for 'other', which are mostly European endemic players
- Significant local market opportunity

Amazon

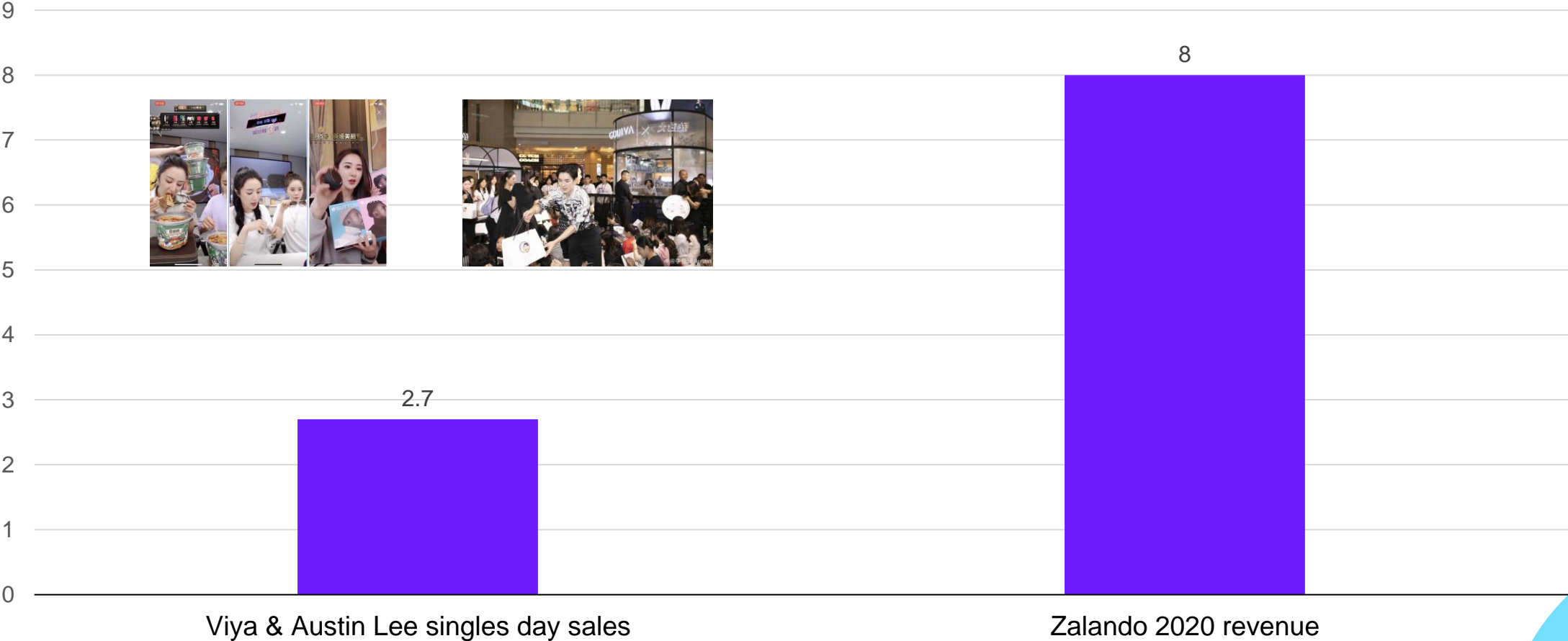
- 65% of Amazon ad revenue is 3rd party marketplace, which is mostly small businesses
- 30-40% of Amazon ad business is Chinese sellers
- Specialist vendors & niche agencies

Other retailers

- Driven by large advertisers from FMCG, Beauty, etc
- High reliance on national and international brands
- Strong opportunity for media agencies that have ties with brand advertisers

Two creators in China generated equivalent of 34% of Zalando 2020 revenue in a single 10 hour live streaming session in 2021

E-commerce revenue in €bn

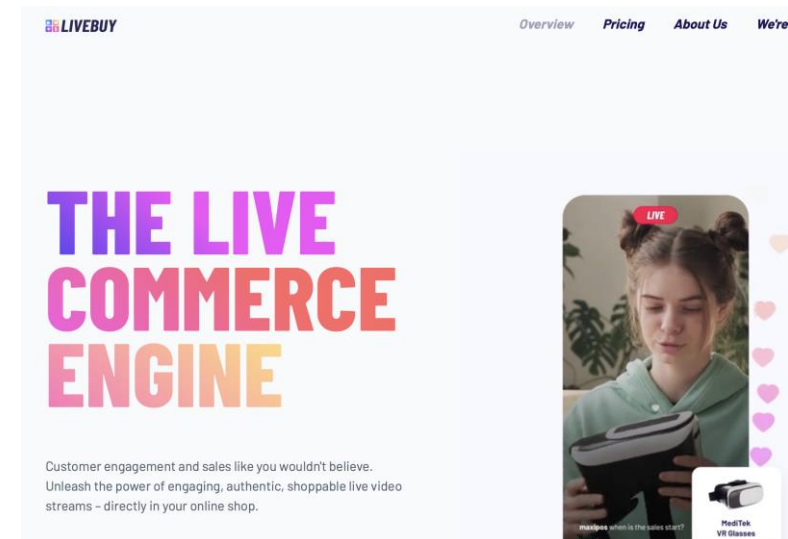
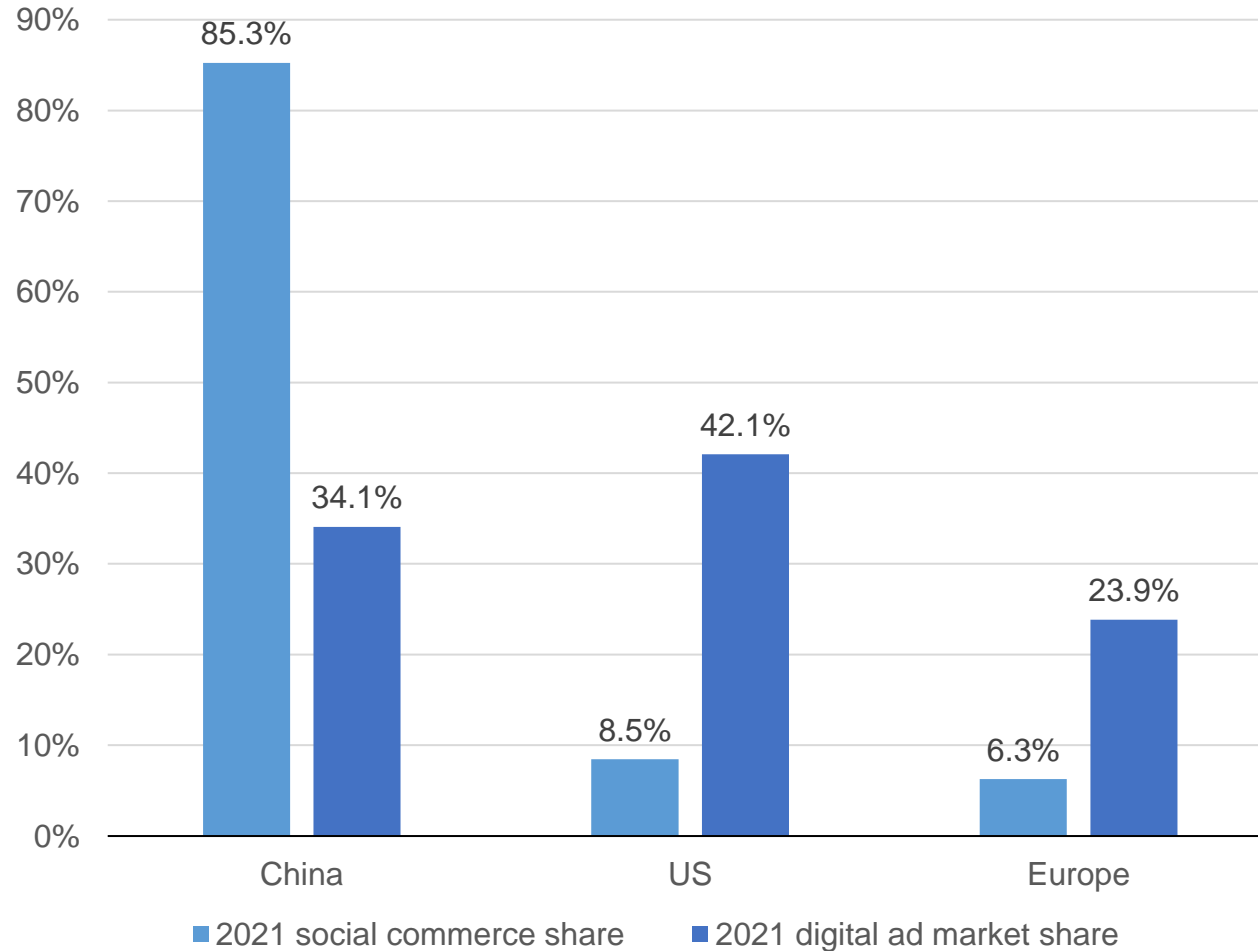


Source: Taobao, Zalando

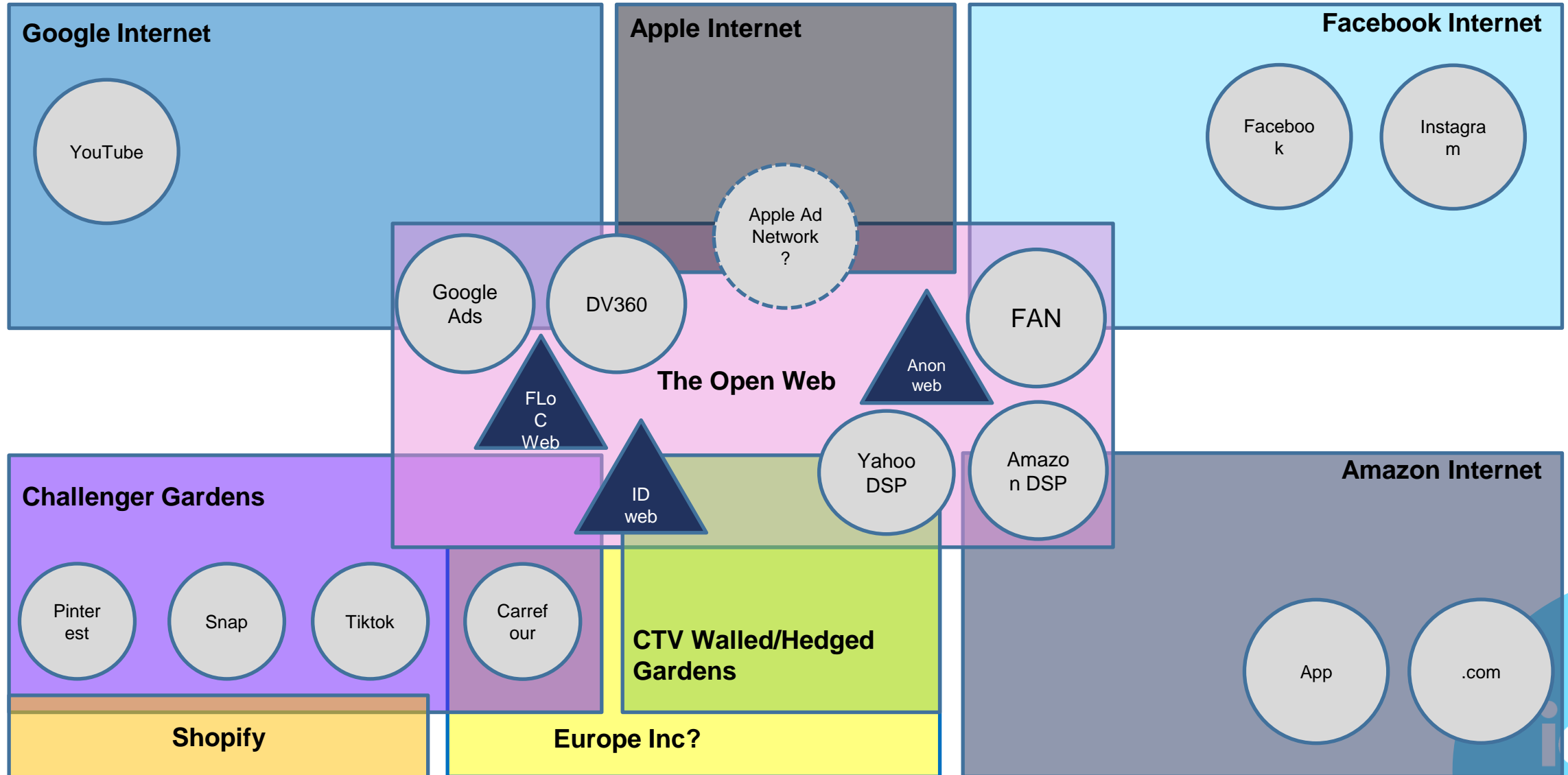


China leads, West still far behind – retailers esp beauty are innovators

Share of social commerce vs share of digital advertising across 3 geographies



CTV and Retail media in the context of the many internets



Summary

- Digital ad market continues to be in strong health.
- CTV is growing fast, and new AVOD/SVOD hybrids will further this growth.
- Retail media and commerce advertising is the fastest growing area of digital advertising, fuelled by Amazon.
- These changes to lead to a further fragmented eco-system.

Thank you!

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