

## DIGITAL ADVERTISING FACT SHEET



### ADVERTISING IS THE LARGEST REVENUE STREAM OF ONLINE MEDIA PUBLISHERS AND APP DEVELOPERS

- In 2014, **75%** of total revenue for journalistic content online came directly from online advertising, only 25% of total online media revenue stems from paid-for alternatives.
- Since 2014 **more than 50%** of mobile content revenues are generated through advertising.<sup>1</sup>
- In 2015, the value of European online advertising stood at **€36.2bn** in total, with 13% year-over-year average growth rates driven mainly by improvements in data-driven programmatic technology, the proliferation of e-commerce, and rising online video content consumption.

### BEHAVIORALLY TARGETED ADVERTISING IS MORE VALUABLE AND EFFECTIVE THAN OTHER FORMS OF ONLINE ADVERTISING

- Already in 2009 advertising rates were significantly higher for behaviorally targeted (BT) ads.<sup>2</sup>
  - The average income for publishers per 1,000 ad-impressions (CPM) in 2009 was **\$1.98** for run of network (RON) non-targeted advertising; and **\$4.12** for BT ads.
  - On average the CPM of BT advertising is **just over twice** the average CPM for RON advertising.
- BT advertising is more effective than standard RON advertising, creating greater utility for consumers and clear appeal for advertisers.
  - Conversion rates for BT advertising were **more than twice** the rate for RON advertising.

### DATA-DRIVEN PROGRAMMATIC ADVERTISING DRIVES MOST MATURE MARKETS

- In 2015, programmatic advertising reached €5.7bn in Europe.<sup>3</sup>
- In mature European markets, programmatic trading already makes up the vast majority – and growing – of online advertising.
  - France: **77%** of all display advertising is programmatic advertising, **84%** in the mobile sector.<sup>4</sup>

<sup>1</sup> [http://www.iabeurope.eu/wp-content/uploads/2016/01/IAB\\_IHS\\_Euro\\_Ad\\_Macro\\_FINALpdf.pdf](http://www.iabeurope.eu/wp-content/uploads/2016/01/IAB_IHS_Euro_Ad_Macro_FINALpdf.pdf)

<sup>2</sup> [http://www.networkadvertising.org/pdfs/Beales\\_NAI\\_Study.pdf](http://www.networkadvertising.org/pdfs/Beales_NAI_Study.pdf)

<sup>3</sup> [http://www.iabeurope.eu/wp-content/uploads/2016/09/IAB-Europe\\_European-Programmatic-Market-Sizing-2015\\_Sept-2016.pdf](http://www.iabeurope.eu/wp-content/uploads/2016/09/IAB-Europe_European-Programmatic-Market-Sizing-2015_Sept-2016.pdf)

<sup>4</sup> <https://www.emarketer.com/Article/Two-Thirds-of-Display-Spending-France-Programmatic/1014481>

- UK: **70%** of all display advertising is programmatic advertising, **75%** in the mobile sector.<sup>5</sup>
- Germany: **32%** of display advertising is programmatic. With 45% year over year growth.<sup>6</sup>
- In 2016 more than **90%** of surveyed advertisers, media agencies and publishers reported to be deploying programmatic advertising.<sup>7</sup> **78%** of those surveyed stated that **efficiency** is their reason for investing in behavioral targeting.
  - This means that advertisers would not revert to less effective non-targeted ad products should regulation negatively impact targeting efficiencies. Instead, spending would concentrate with the few players who can offer the best targeting in the tougher regulatory environment.

## NO WILLINGNESS TO PAY FOR CONTENT

- Reuters Institute Digital News Report 2016 surveyed of over 50,000 online news consumers in 26 countries and found that most consumers are still reluctant to pay for general news online.
- In fact, only **9%** respondents average have paid anything at all for online news in the last year.<sup>8</sup>
- Another 2016 study investigating reasons for ad blocking, respondents were also asked how they thought websites should cover their costs. Again **only 9%** of respondents claimed they would be willing to pay for content. The **clear majority (68%)** stated that they prefer advertising to cover cost.<sup>9</sup>
  - A UK study showed that **61%** of ad block users preferred to access content for free and have ads present than pay to access content. Only **4%** stated they would be happy to pay to access content online without advertisements.<sup>10</sup>
  - A Dutch study showed that **69%** ad block users understood that advertising funds free content. However, only **2%** stated that they would be willing to pay for content.<sup>11</sup>

---

<sup>5</sup> <https://www.emarketer.com/Article/Programmatic-Will-Account-Three-Quarters-of-UK-Digital-Display-Market-Next-Year/1014475?cid=MX1086>

<sup>6</sup> <https://www.emarketer.com/Article/Germanys-Programmatic-Ad-Spending-Leap-45-2016/1014074>

<sup>7</sup> [http://www.iabeurope.eu/wp-content/uploads/2016/07/IAB-Europe-Attitudes-towards-Programmatic-Advertising-report\\_June-2016-v3.pdf](http://www.iabeurope.eu/wp-content/uploads/2016/07/IAB-Europe-Attitudes-towards-Programmatic-Advertising-report_June-2016-v3.pdf)

<sup>8</sup> <http://reutersinstitute.politics.ox.ac.uk/sites/default/files/Digital-News-Report-2016.pdf>

<sup>9</sup> <https://research.hubspot.com/reports/why-people-block-ads-and-what-it-means-for-marketers-and-advertisers>

<sup>10</sup> <https://www.iabuk.net/about/press/archive/new-iab-uk-research-reveals-latest-ad-blocking-levels>

<sup>11</sup> <http://iab.nl/kennisbank/onderzoek-toont-grootste-irritaties-bij-internetadvertenties/>