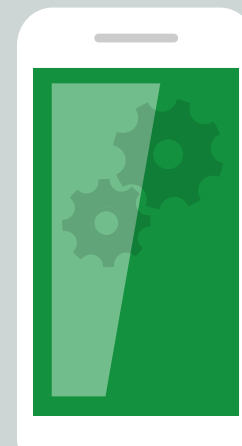


Programmatic Trading The Netherlands 2015

April 2016



Participating companies

The following companies participated to the 2015 programmatic study:

adform

JUSTPREMIUM

MOBPRO
MOBILE PROFESSIONALS

s a n o m a

BANNERCONNECT

MASSARIUS

OmnicomMediaGroup

SPOTX

CADREON

MARKTPLAATS.NL | zakelijk

PERFORM

tmg telegraaf media groep

GREENHOUSE GROUP

MEDIA
science

DE PERSGROEP
NEDERLAND

T 4 U
TRAFFIC4U

IMPROVE DIGITAL

161MEDIA

rtlnederland

voetbal
INTERNATIONAL

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Introduction and summary



Introduction

Worldwide the Netherlands is one of the most developed countries in which online advertising is traded via programmatic channels. The shift from traditional/manual trading to programmatic brings new business opportunities and the need for adjusted strategies. For this rapidly changing market Deloitte, commissioned by IAB taskforce Programmatic Trading, researched the latest trends in the programmatic ecosystem. This study is based on input directly from Publishers, Trading Desks, Ad Networks, Platform Solutions, Data Providers and Agencies.



Tim Geenen
IAB Netherlands | Chairman
Taskforce Programmatic

"Programmatic advertising has become leading for digital media buying and selling. The first drivers for growth have been the operational and targeting benefits through data and automation. Although we are increasing the relevancy to consumers; e-privacy, cross device, actionable attribution and marketing integration remain challenges we need to stay aware off."



Jeroen Verkroost
IAB Netherlands | MD

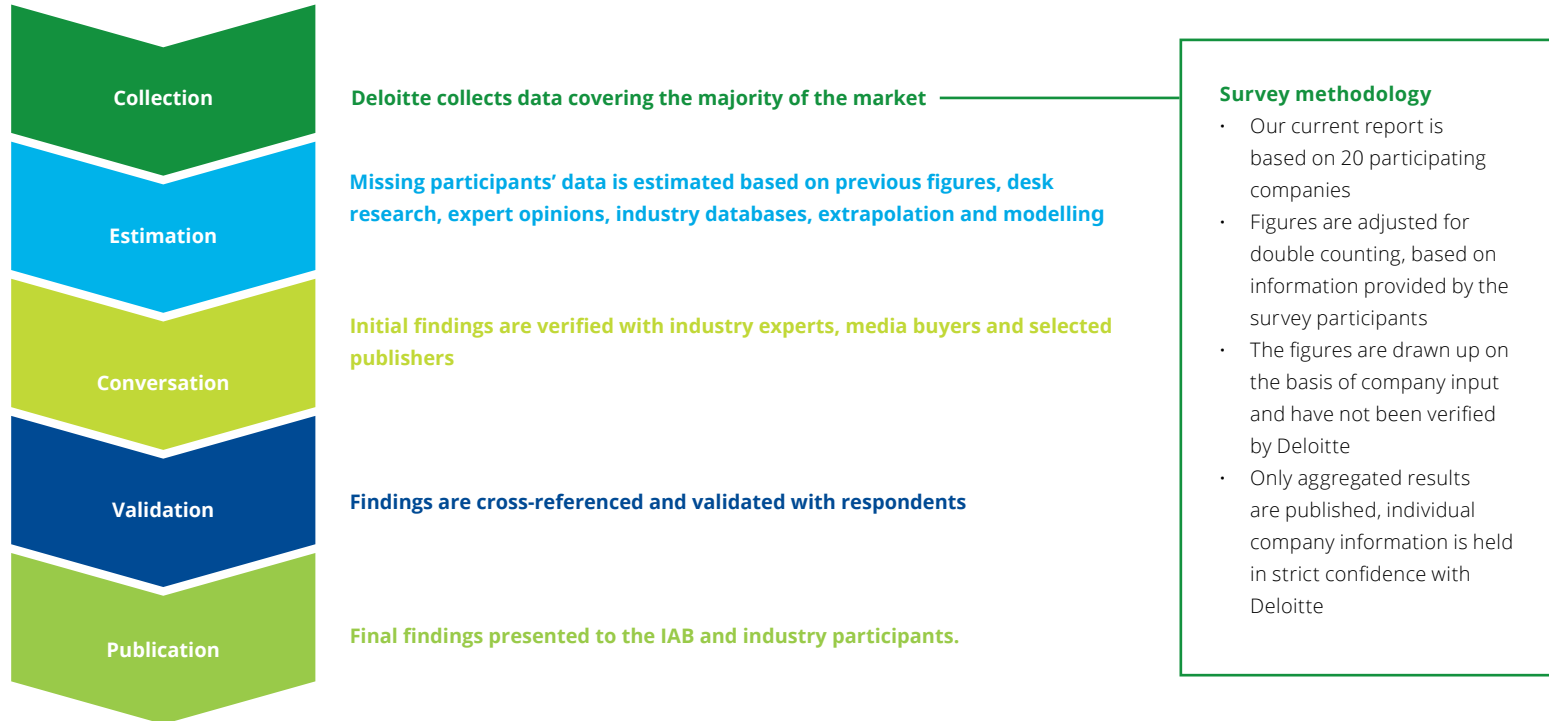
"Once perceived as just a low-cost way to buy performance based banner ad campaigns, today's programmatic market has fully delivered on its promise. Prices are increasing steadily, more than half campaigns delivered are brand advertising and over 25% of the revenues now come from video and rich media formats. Programmatic has matured, and will only continue to grow in importance. I fully expect to see sales of programmatic display advertising surpass TV commercial ad spend within three years."



Nathalie La Verge
Deloitte | Technology, Media & Telecom

"This year's study shows the grown-up phase of programmatic in the Netherlands. Programmatic is a leading theme on the agenda of all marketers, showing its established position within the Dutch marketing ecosystem, while putting the emphasis on the importance of data and technology, that requires a new breed of marketing."

Methodology



Executive summary

In 2015 the programmatic market for display advertising increased with +30%, resulting in 187 m€ spend on programmatic display in the Netherlands.

Programmatic video and rich media revenues almost tripled (+185%) and doubled (+85%) in growth respectively. Rich media accounts for 16% and video accounts for 9% of the total programmatic revenue.

The eCPM prices in the open exchange (RTB) have almost doubled during H1 2015 from 0,64€ to 0,99€. In the Netherlands almost 4 out of 5 programmatic impressions are sold via the open exchange.



We estimate that programmatic display will grow with +22% in 2016 and +21% in 2017. This results in a revenue of 228m€ in 2016 and 275m€ in 2017.

Prices of all sold inventory (on the private/open exchange and fixed pricing programmatic deals) increased more than the total volume in 2015. The average price increased with +27%, whilst the total volume only increased with +3%.

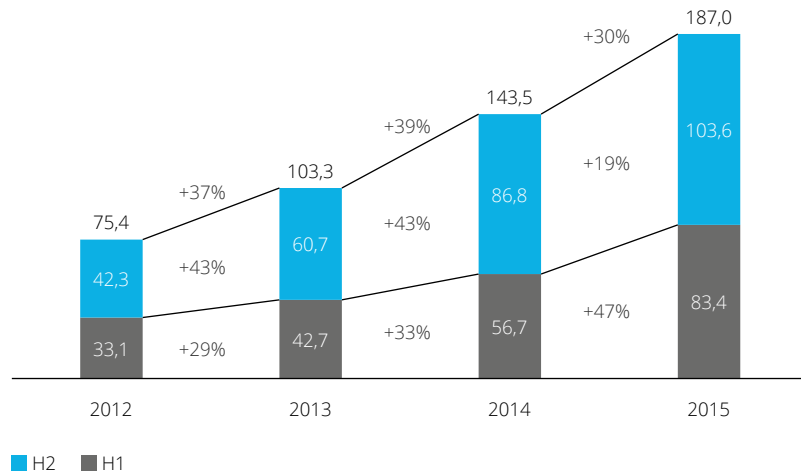
Results 2015



Programmatic trading 2012-2015

Programmatic traded display advertising realized a revenue growth of 30% in 2015 due to good performance of the first half year.

Display advertising revenue by programmatic trading (m€)



Programmatic display realized a full year net revenue growth of 30% in 2015. First half outperforms, due to significant higher prices and full integration of publishers in the programmatic market. Second half performs significantly less than the same period in previous years. The increase of video and rich media towards the exchange resulted in strong demand and additional revenues at the end of the year. In 2015 high value formats continued to shift towards programmatic exchanges, however due to high supply and a lesser demand (e.g. lower prices) of rich media formats, the growth in the second half of 2015 slowed down in respect to previous years.

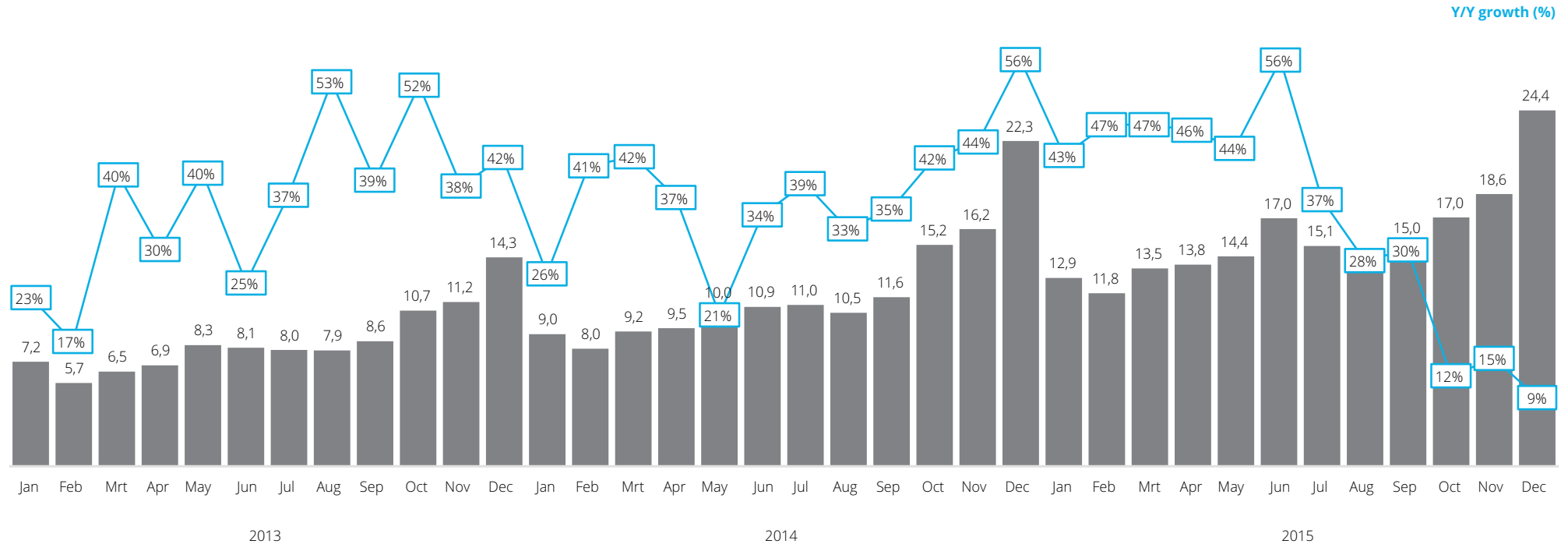
"I am proud to see the Netherlands continue to show a high growth of programmatic trading and that we are the forefront of many innovations. The estimated growth for programmatic display in 2016 is +22% and in 2017 +21%, so programmatic will continue to become more important."

Nathalie Peters
IAB Netherlands | Chairman

Programmatic trading per month

Growth rates decreased strongly in Q4 2015

Display advertising revenue by programmatic trading (m€)

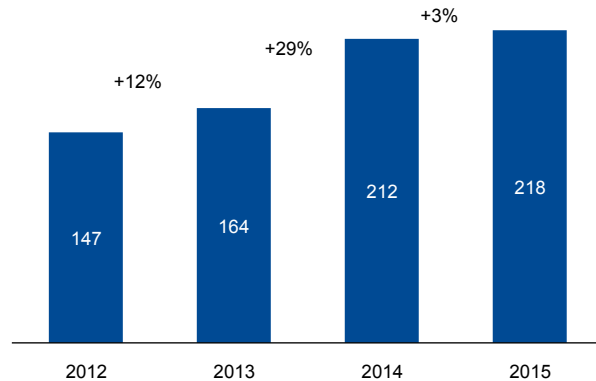


Source: Survey respondents, Deloitte analysis

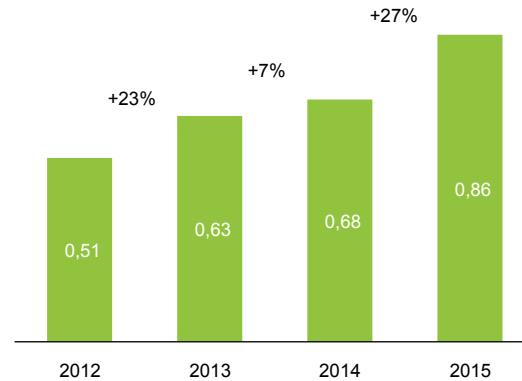
Programmatic traded volume & eCPM 2012-2015

The average eCPM prices have increased significantly more than the sold volumes in 2015

Programmatic volume sold (Billion impressions)



Average eCPM* (€)



In 2015 the average prices on all exchanges increased more than the volumes. More high value inventory and higher prices of banners and video formats resulted in a increase of average prices. Whilst volumes did not significantly change as no new large publishers were introduced in the programmatic marketplace during 2015.

"These 2015 charts are a mixed bag of transitions: rich media and mobile budgets added to H1 YoY CPM growth for desktop and phone-web, but the ongoing volume shift to mobile skewed the weighted average, helped by desktop adblockers. Another headwind to face in H2 was rich media price pressure, as a result of increased offering. We expect the transitions to balance out and recuperate slowly in 2016H1, supported by video and rich media on phone and emerging products for viewability, audiences and even native."

Bert Jan ten Kate
Massarius | Founder

*eCPM (effective cost per thousand impressions) = $1000 \times \text{Total spend} / \text{Volume of Impressions sold}$
Source: Survey respondents, Deloitte analysis

Programmatic traded volume & eCPM per month

Relatively more inventory is allocated to programmatic trading during December 2015

Impressions (billions)

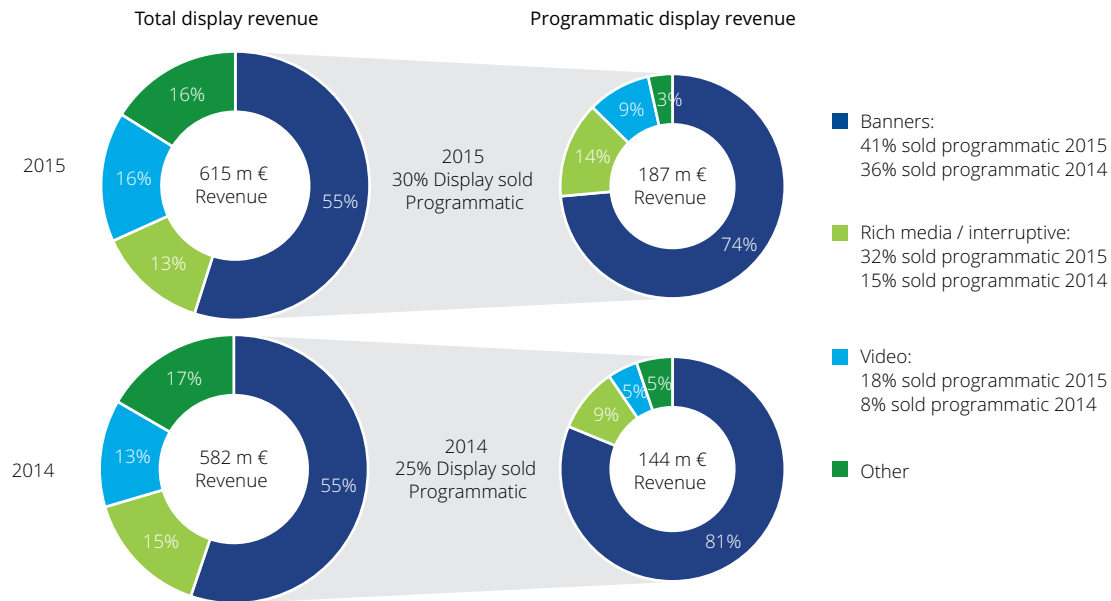


Source: Survey respondents, Deloitte analysis

Display advertising formats

Video and rich media shift from manual sales towards the programmatic exchange

Share of revenue of each display format



Rich media and video formats shifted most from manual sales towards programmatic sales.

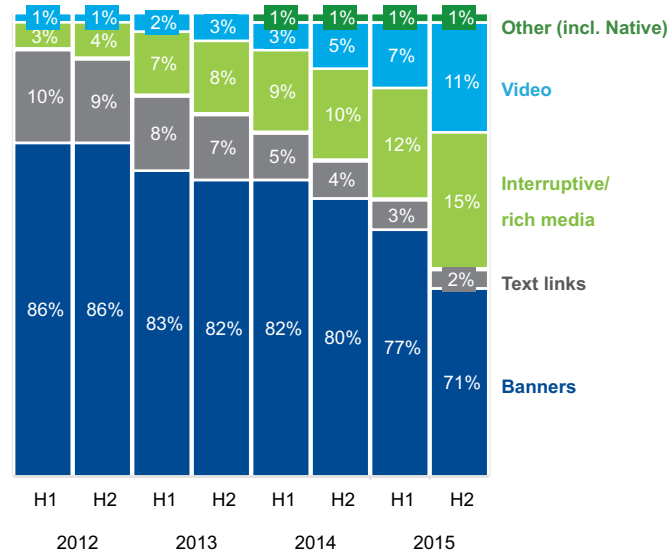
In 2015 both video and rich media formats doubled their share programmatic in respect to manual sales. From all display, 30% is sold via programmatic channels. This is less than the 45% and 48% share programmatic (as of 2014) in the UK and US respectively, whereas the open RTB exchange in the Netherlands, with 20% of the display market, is relatively similar sized as that of the UK market; 21% in 2014. The private exchange is still relatively small with only 5% in the Netherlands and 24% in the UK in 2014.

Note: Adjustment in 2014 figures due to revised and/or additional respondent data;
Source: Survey respondents, Deloitte analysis

Programmatic traded formats

Online video advertising and Interruptive/Rich media formats increase their share in the programmatic market, the share of text links keep declining

Share of revenue of each display format



Revenue Growth Y/Y

| | 2014 | 2015 |
|-------------------------|-------|-------|
| Banners | +36% | +19% |
| Text links | -18% | -41% |
| Interruptive/rich media | +76% | +85% |
| Video | +126% | +185% |
| Other (incl. Native) | | |

In 2015 the programmatic video growth rate increased strongly in comparison to 2014 with programmatic video tripling in revenues.

"The growth of programmatic video is enormous and that will not change any time soon. To fully benefit from this immense opportunity we have to avoid one big pitfall in particular, which is a straightforward copy of how we bought video on TV to digital. Let's think as an industry (both AV - and digital specialists) about how we could and should smartly adapt video to digital by changing the way we account for it, by smartly leveraging the wealth of data available, by creating smart and dynamic video creatives that actually tell stories and by tailoring video in a convincing way to digital-only platforms like Facebook and YouTube. A tough but exciting challenge!"

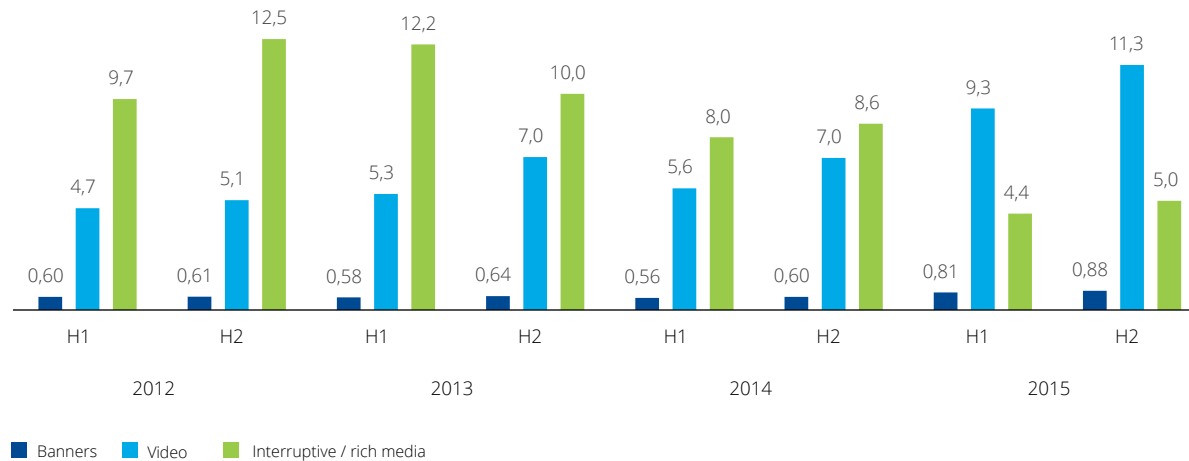
Pim van Boekhold
Greenhouse Group | Head of Programmatic Buying

Note: Figure based on respondent data only; Adjustment in 2013 and 2014 figures due to revised and/or additional respondent data;
Source: Survey respondents, Deloitte analysis

Prices programmatic traded formats

Average eCPM prices for online video and Banners increases whilst the prices for interruptive formats decline

Average eCPM prices per display format (€)



"Online video in the Netherlands is still in its infancy. However, increasingly large media budgets are allocated to video. In 2016 we see top publishers tap into the opportunity of programmatic, where budgets still significantly outpace available premium supply."

Elwin Gastelaars
SpotX | MD Benelux and Nordics

"At Sanoma | SBS we have seen a further increase in demand for both video content as well as video ad formats in 2015. We expect this development to continue in 2016 and beyond."

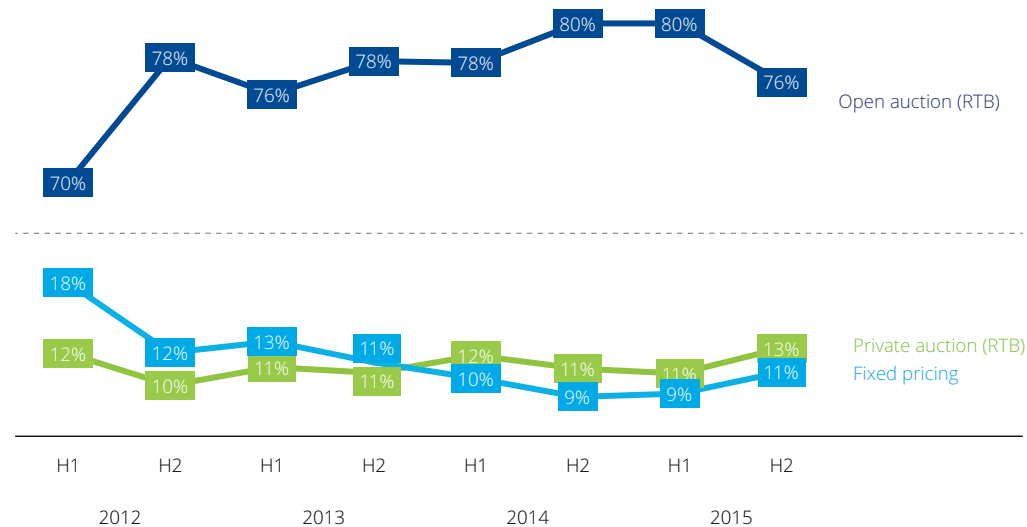
Stefan Havik
Sanoma SBS | Director Marketing & Advertising

Note: Figure based on respondent data only;
Source: Survey respondents, Deloitte analysis

Programmatic exchange platforms

Share of revenue via the various exchange platforms remains stable

Share of revenue per exchange model



The share of revenue via the various exchange models remains stable in 2015. Increase of high valued inventory did not lead to the expected growth of private auctions, due to the additional effort in configuration and setup complexity.

"There is a growing demand for not only qualitative inventory, but also for transparency, publisher added data and priority within the exchange platforms. All factors which could be covered when private auctions are created. Unfortunately, the market works with multiple DSP's and SSP's which gives an overflow of Deal ID's/custom setups to access these private auctions. The setup should be broad so that the amount of Deal ID's is limited and useful for multiple campaigns and most of all; provides inventory with an added value. Hopefully we see an uplift in 2016 so that programmatic advertising can keep growing on non-standard ad sizes in a transparent way."

Dennis Stoffels

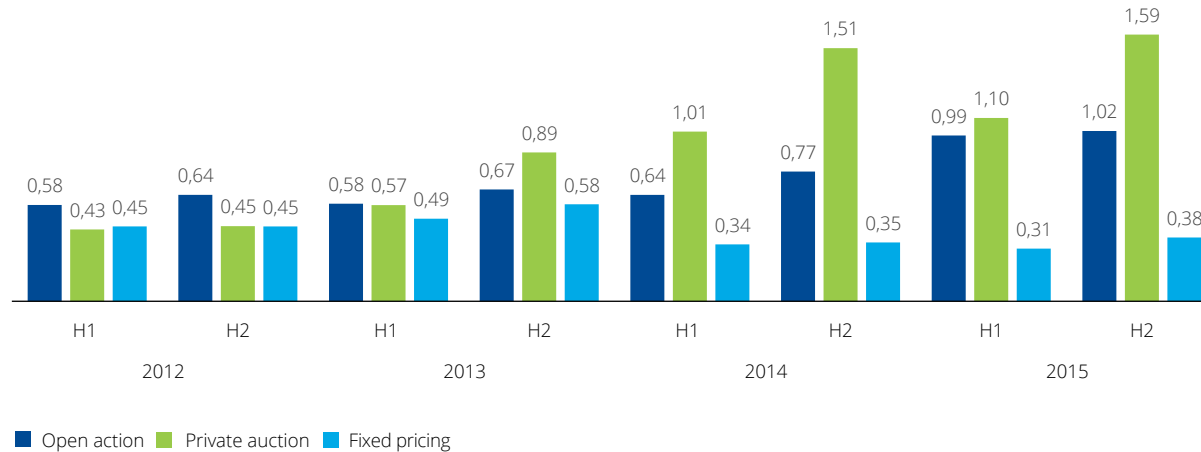
De Persgroep | Manager Programmatic Trading

Note: Figure based on respondent data only;
Source: Survey respondents, Deloitte analysis

Price development programmatic exchange platforms

The prices in the open exchange have increased more than in the private exchange

Average eCPM prices per exchange model (€)



"The lines between classic direct sales and programmatic are blurring at high speed. Publishers are screaming for a holistic solution that would simplify their technology patchwork today and bring transparency, control and ownership of their business."

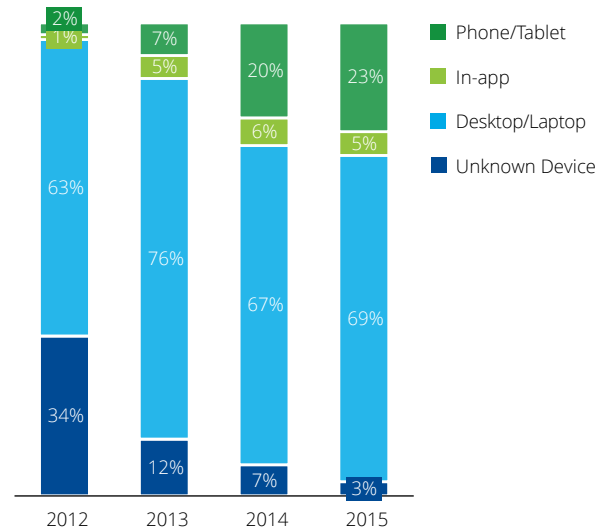
Angela Pellaupessy
Improve Digital | Country Manager Benelux

Note: Figure based on respondent data only;
Source: Survey respondents, Deloitte analysis

Programmatic media

The market share of programmatic In-app stays constant

Share of revenue within programmatic display (including unknown / undisclosed devices)



The market share of programmatic mobile (Phone/Tablet/ In-app) increased to +28% in 2015. Mobile ad budgets are not yet allocated to in-app preventing further growth.

“Currently, the biggest driver of the programmatic mobile ad spend is mobile web. Mobile campaigns, however, work better in - app than on mobile browsers. When done right, in - app media buying is a huge opportunity for all programmatic buyers and marketers.”

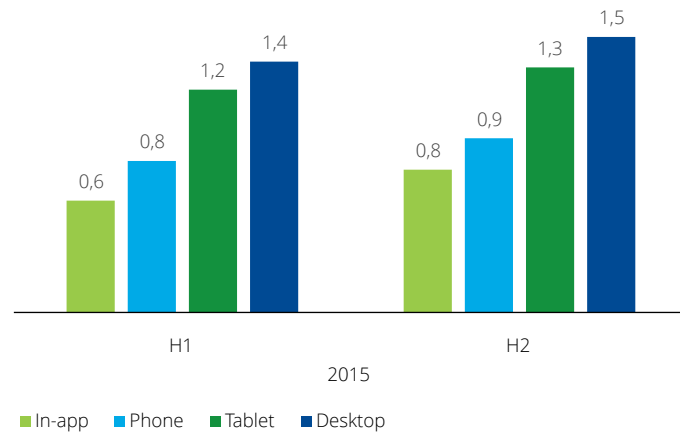
Diederick Ubels
MobPro | General Manager

Note: Figure based on respondent data only;
Source: Survey respondents, Deloitte analysis

Programmatic media

In-app eCPM prices increase relatively more during second half of 2015

Average eCPM prices per device (€)



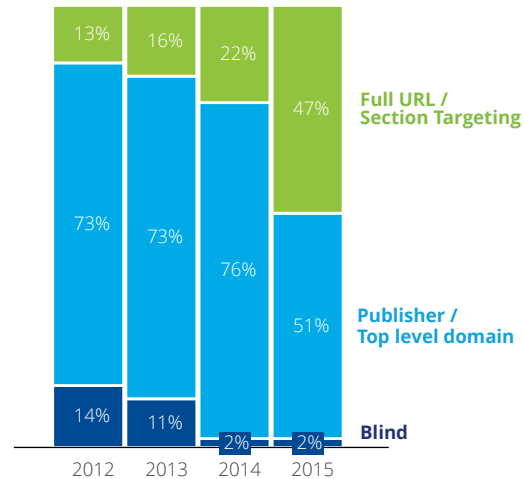
We measured a strong price increase over all devices. The overall programmatic revenue would in theory be much higher without the volume shift towards lower priced mobile inventory.

Note: Figure based on respondent data only;
Source: Survey respondents, Deloitte analysis

Transparency

Additional URL information is shared through programmatic trading

Share of revenue URL information



More information on the location of the programmatic ad is shared and known by the buyer. Minimal information in the form of publisher and top level domain (e.g. website) is changed to Full URL and Section Targeting (e.g. topic section within website).

“Programmatic is growing-up and is merging with manual order processes. This coming year will be characterized by the quality of the inventory by putting a greater focus on trusted-audience sources, fraud detection and ad-safety. These modifications will lead to changes in the ecosystem that will in turn cause Programmatic to go mainstream. Google and Facebook will mostly likely take the lead in first and second place, so the question is which company will act as the local alternative – that will be a commercial battle.”

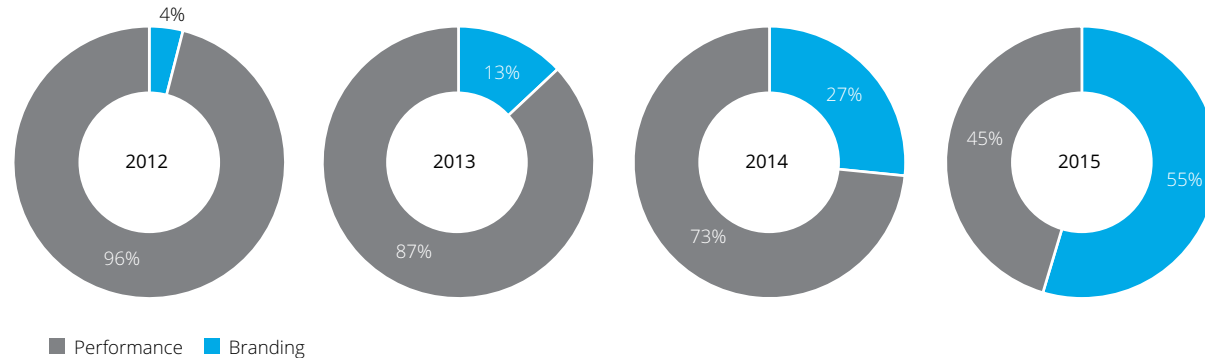
Wouter Hulst
201 Connected media | Founder

Note: Figure based on respondent data only; Analysis is based on a limited number of data points;
Source: Survey respondents, Deloitte analysis

Performance vs Branding

Buyers indicate more than half of the programmatic inventory are used for branding objectives in 2015

Campaign marketing objective from buyers perspective



"Publishers are increasingly able to provide a better way of presenting their inventory for various purposes, in this case branding. By focusing more on qualitative inventory associated with other metrics such as viewability, many publishers provide their advertisers with the opportunity to use branding campaigns more effectively. In addition, agency trading desks have increasingly better staffed teams, know-how and technology, which allows better organized branding campaigns, for both mobile and desktop. In 2015, the Programmatic market in the Netherlands has made a major leap that is followed internationally."

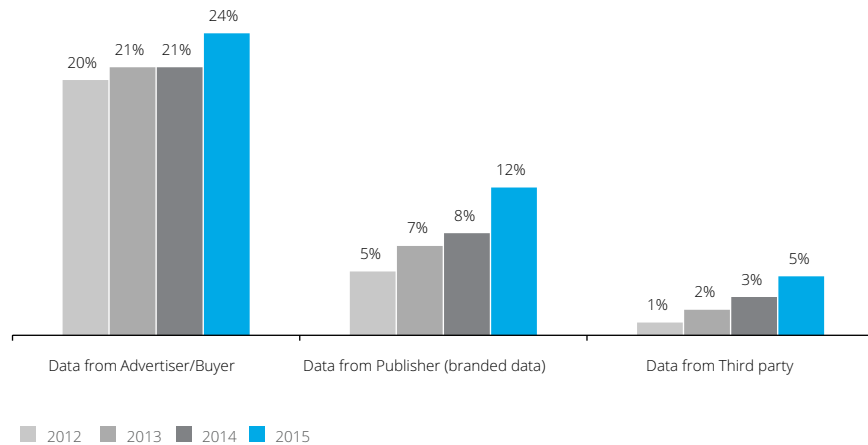
Jeremy Noya
Voetbal International | Manager Digital Trading

Note: Figure based on respondent data only; Analysis is based on a limited number of data points
Source: Survey respondents, Deloitte analysis

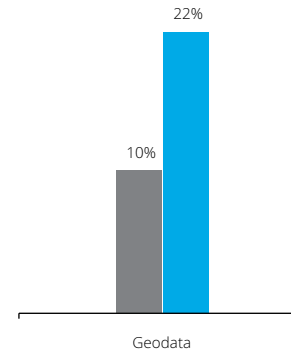
Data enrichment

In 2015 more data is used by advertisers and publishers in programmatic advertising

Volume of Impressions enriched by data



Volume of mobile Impressions enriched by Geodata



"Data" and "mobile" are the two most used words in our industry. Finally this is also reflected in the numbers!"

Bas Seelen

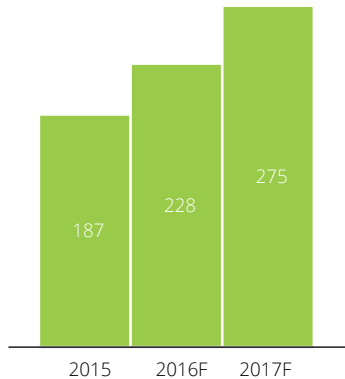
Adform | VP Benelux & France

Note: Figure based on respondent data only; Analysis is based on a limited number of data points
Source: Survey respondents, Deloitte analysis

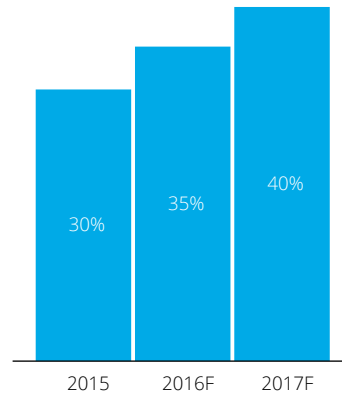
Outlook

We estimate that the programmatic display market will growth with +22% and +21% in 2016 and 2017 respectively.

Display advertising revenue by programmatic trading (m€)



Share of programmatic revenue in display advertising (%)



We predict that programmatic display will grow around +22% in 2016. Participating companies are optimistic and have set high targets as they expect that their programmatic revenues will grow with an weighted average of +41% in 2016

"Thanks to the endless creative possibilities, targeting options and measurement solutions programmatic marketing belongs at the heart of every media plan."

Gerard Moussault
Cadreon | Managing Director

"Within 5-10 years the majority of all advertising will be sold through digital, automated systems. So advertisers and agencies will have no excuses anymore to not being relevant at all times in each step of the customer journey."

Pieter Voogt
PauwR Digital Marketing | Managing Partner

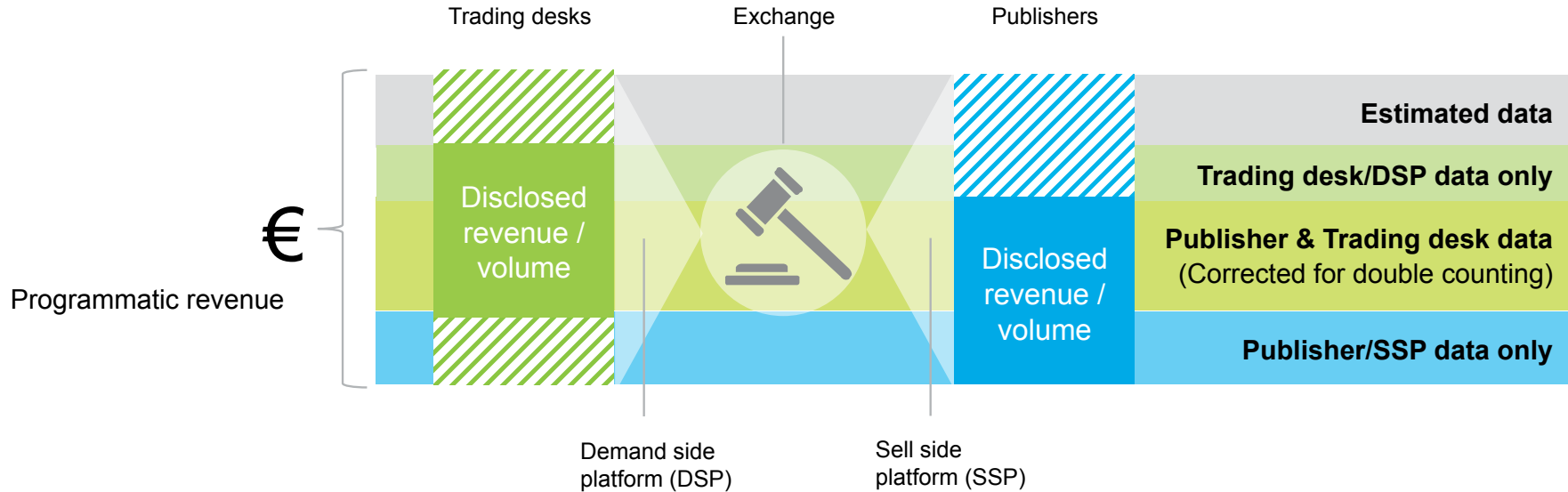
Note: Outlook is calculated by estimating the individual future performance of major market participants using YoY regression and trend analysis; Share of programmatic revenue in display advertising includes estimates of non-participating companies.
Source: Survey respondents, Deloitte analysis

Background information and contact details



Methodology

Schematic overview of programmatic display revenue



Note: Analysis in this report is based on approximate 70% of the total programmatic display market.

Definitions

Programmatic

Programmatic is a holistic approach through which media buyers and sellers may align organizational processes with automation technology in support of ongoing, channel-agnostic customer engagement.

Types of programmatic transactions

Within programmatic we define 2 groups of programmatic transactions through RTB (Real Time Bidding) and Non-RTB.

RTB

Available impressions are traded on an instant and individual basis to the highest bidder in an auction. Within the RTB auction model two types of programmatic transactions are defined:

“Open Auction”

In an Open Auction a publisher will generally allow

any and all buyers to participate in accessing their inventory through this tactic. Usually there is no direct relationship with the buyer. Publishers may choose to use Blocklists and floor pricing* to prevent advertisers from gaining access. On the advertiser side they are often unaware of what publisher they are buying on. DSP's usually present a list of exchanges/SSPs to the buyer that they automatically opt into. Buyers may not know or care that they are buying a publisher's inventory. Because of this, publishers can participate in the Open Auction on a blind basis.

“Private Auction”

This auction type is very similar to an Open Auction except a publisher restricts participation to select buyers/advertisers via Whitelist/Blocklist. A publisher may choose to not participate in an Open Auction and only run a Private Auction. It

is important to note that a Private Auction is an auction and buyers will be expected to bid on inventory. A publisher may choose to expose different information such as transparency or data, through the use of Deal IDs or Line Items to add value to this select group of buyers while participating in this tactic.

Non-RTB

Impressions are pre-negotiated and pre-sold in one package deal. On availability, the impressions are served to the buyer. Within the Non-RTB model two types of programmatic transactions are defined:

“Reserved Fixed Rate”

This type of transaction most closely mirrors a traditional digital direct sale. The deal is negotiated directly between buyer and seller, the inventory and pricing are guaranteed, and the campaign

runs at the same priority as other direct deals in the ad server. The programmatic element of the transaction that differentiates it from a traditional direct sale is the automation of the RFP and campaign trafficking process. Negotiation through to fulfillment can be, should the publisher desire, completed within the technology platform providing the automated reserve functionality.

“Unreserved Fixed Rate”

Transactions that fall into this category exist within an exchange environment, but have pre-negotiated, fixed pricing (CPM, CPC, etc.) Typically, Unreserved Fixed Rate deals sit at a higher priority than the Open and/or Invitation-Only Auction. A deal of this type typically is necessitated by advertiser demand for a more predictable offering within the exchange space.

*Publishers are able to set a rate below which they are not willing to sell the inventory or exclude certain buyers. This option is only really relevant for auction based transactions.

Source: IAB Programmatic US, Winterberry group

Contact

For questions concerning this research feel free to contact:



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IAB Nederland

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jeroen@iab.nl

Dutch IAB research includes the IAB Netherlands/ Deloitte Ad Spend Study, all IAB commissioned research, and assisting Dutch IAB members with their research projects. Also responsible for shaping the IAB knowledge base so that it meets members' needs moving forward.



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