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IAB Report on Online Advertising Spend

The Netherlands H1 2016

September 2016

Introduction

Since 2010, IAB and Deloitte have been reporting on the online advertising spend in the Netherlands by publishing the Online Ad Spend Study. The content of this half year study is driven by data and information gathered directly from the online community, including publishers, advertisers and media planners.
Due to a great number of participating key industry players from different areas we are able to gain extensive insight into the online advertising market. In this edition market analysis is based on data supplied by 22 companies.

Nathalie Peters
IAB Nederland | Chairman

Growth, Growth, Growth. With mobile and video leading the charge. And this in a year where it seemed like the pressure on online marketing was increasing, with the rise of adblocking and the global attention for the ANA papers as big topics in this period. Now that the smoke has cleared we can see that marketers have not been deterred from following the consumer to digital social, video and mobile platforms. Revenue growth is important to measure progress of our developing industry, but we need to keep in mind that this growth needs to be generated with the sustainable models for our industry.

Jeroen Verkroost
IAB Nederland | MD

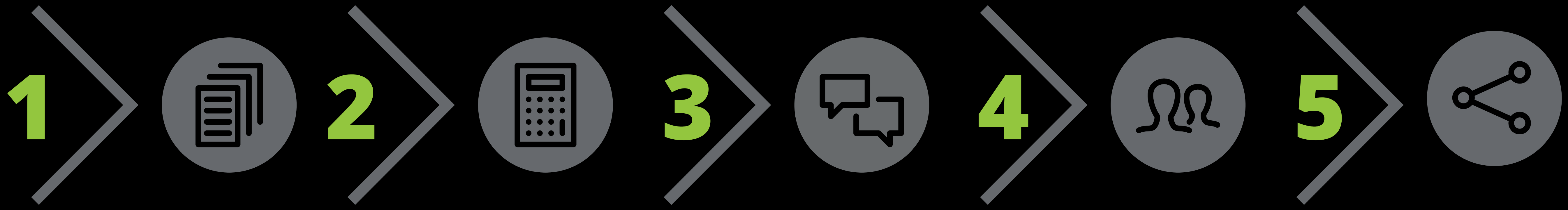
Even after over 10 years of strong digital growth, the first half of 2016 positively stands out. Mobile further accelerated its 2015 growth rate of 51% to reach a whopping 61%. The expectation that 2016 would be a breakthrough year for video was fully justified by a strong 55% online video revenue growth rate in H1. Local broadcasters are disappearing fast from the rear view mirror of the online pure players, who are growing twice as fast in digital video. Overall Digital continues on its rapid growth trajectory with double digit revenue growth in almost every display category measured.

Nathalie La Verge
Deloitte | Technology, Media & Telecom

While the previous years showed positive growth for digital advertising, a negative voice related to amongst others viewability and adblockers dominated the debate around digital advertising. However, figures of the first half of 2016 show that digital marketing is accelerating its growth.   Advertisers are pushing budgets to digital, realizing that they have to be where their consumers are.

Methodology

Realization of this study



Collection
Deloitte collects data covering the majority of the market

Aggregation
Participants data is processed based on desk research and expert opinions

Conversation
Initial findings are verified with industry experts and media buyers

Validation
Findings are cross-referenced and validated with selected respondents

Publication
Final findings are presented to IAB Netherlands and industry participants

Survey methodology
Our current report covers the total net online advertising spend in the Netherlands during H1 2016 and is based on information supplied by 22 participating companies.

Figures are adjusted for double counting, based on information provided by the survey participants
The figures are drawn up on the basis of company input and have not been verified by Deloitte
Only aggregated results are published, individual company information is held in strict confidence with Deloitte

Executive summary

Online advertising spend the Netherlands H1 2016

Online ad spend **+12%**

Spend on online advertising increased with +12% in revenues during H1 2016. The net spend on online advertising in the Netherlands currently totals 835m€ for H1 2016.

Classifieds **+11%**

Classifieds, directories and listings continues the growth figure of the last half year, with again a double digit growth figure of 11%.

Display advertising **+19%**

Due to increased popularity of Online Video and Social advertising in the first half of 2016. Online advertising category display outperforms all other categories, with +19% growth.

Search **+5%**

Search, for the first time in years, showed a substantial lower growth figure in H1 2016 with +5%.

Mobile **+61%**

Mobile increased its revenue compared to H1 2015 with +61% growth. Almost one third of the advertising budget is spent on mobile devices. Realizing a 32% market share in display advertising in H1 2016.

Online Video **+55%**

Online video is the best performing format in display advertising since 2013, with +55% revenue growth in H1 2016, totaling 65m€ in ad spend. Online video accounts for a 18% market share within display advertising.

Social **+42%**

We estimate that the advertising spend on Social platforms grows with an average of +42% during H1 2016.

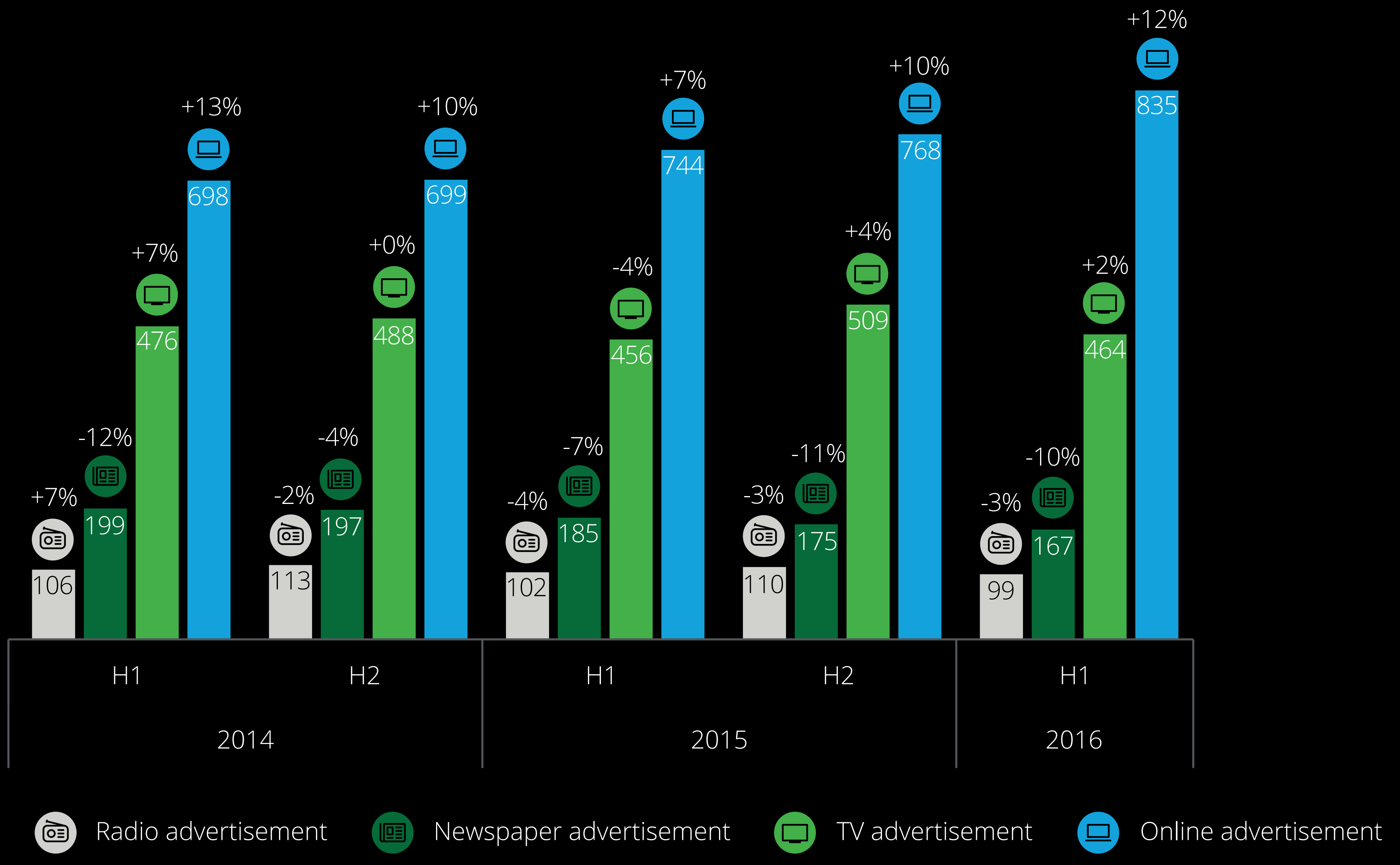
Programmatic **+29%**

Display advertising through programmatic channels continues to increase share in favor of manual advertising. Programmatic revenue realized a growth of +29% in H1 2016.

Advertising spend H1 2014 – H1 2016

The 4 largest advertising markets: Online, TV, Newspaper and Radio

Net advertising market (m€) / YoY* Growth (%)



Advertising markets

The net advertising revenues realized by the 4 largest markets (incl. Online, TV, Newspaper and Radio advertising) increased with +78m€ from a combined revenue of 1.487 m€ in H1 2015 to 1.565 m€ in H1 2016 (+5%).

Online advertising

Online advertising is outperforming all other forms of advertising year on year, realizing a H1 2016 growth of +12% in respect to H1 2015.

TV advertising

Traditional TV advertising revenue only increased with +2% in H1 2016

Newspaper advertising

Newspaper is not able to stop the steep decline in advertising revenues and realized a -10 % loss compared to previous year.

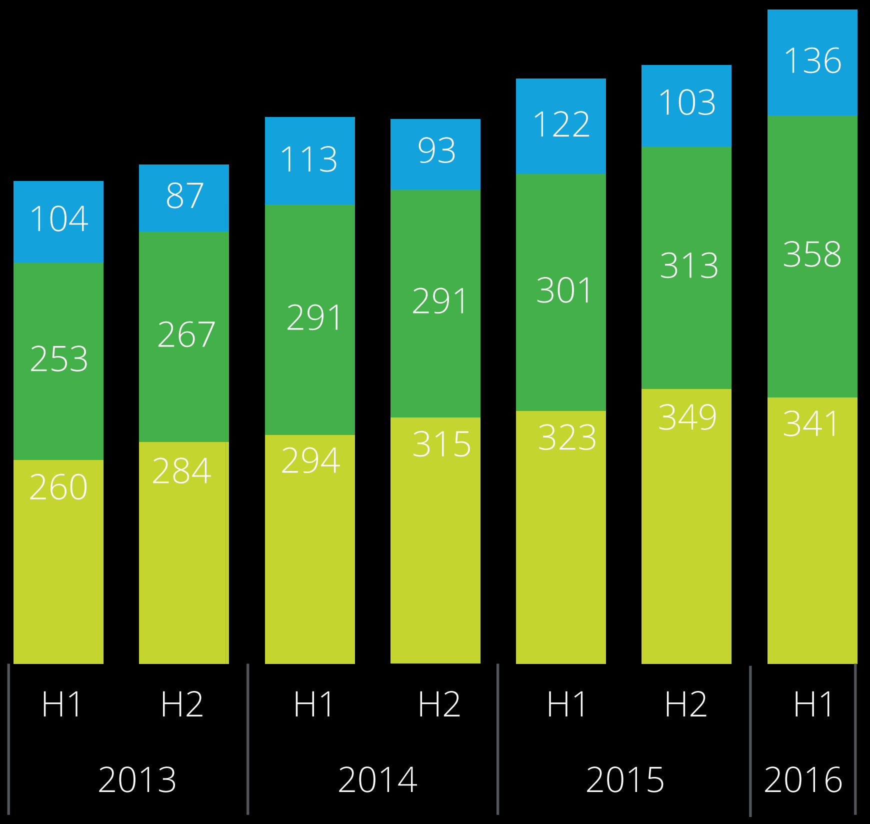
Radio advertising

Radio advertising shows a -3% decline in advertising revenues. However within the online advertising segment, digital radio advertising shows impressive growth figures in line with mobile and video growth, showing that in all different media segments, digital is on the rise.

*Year-on-year growth rate; Growth rate of a time period against the same time period last year.
Note: The Internet figures we report are net/net figures, meaning that the figures are reported after agency discount that in some cases may apply;
Source: RAB, SPOT, Annual reports, Survey respondents, Deloitte analysis

Online advertising half year spend
Revenue per online advertising category

Online advertising market (m€)



YoY Revenue Growth

	H1 2014	H1 2015	H1 2016
Classifieds	+9%	+8%	+11%
Display	+15%	+4%	+19%
Search	+13%	+10%	+5%

Classifieds, directories and listings

Equal to 2015, Classifieds shows a very good performance within online advertising. Revenues in this category increased with +11.3%

Display advertising

Online advertising through display advertising increased with +18.9%, due to impressive performance of video and social.

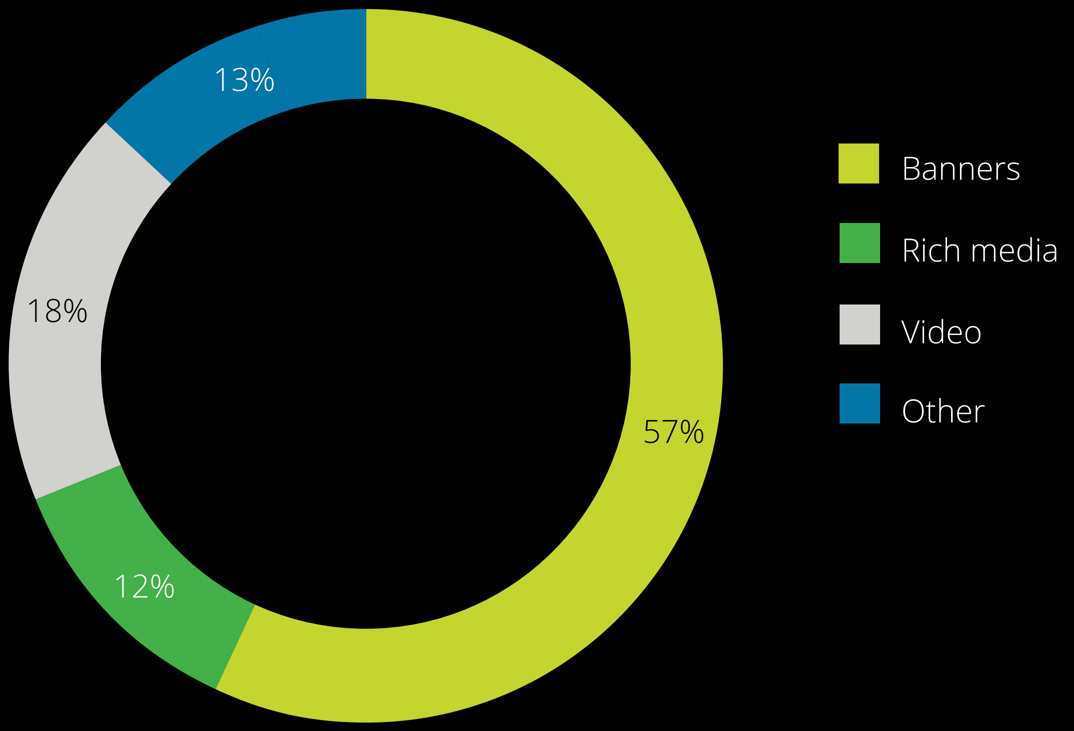
Paid search advertising

We estimate that spend on search engine advertising increased with +5.4% in H1 2016. However, within the broader search market there is a growing number of application- and machine-generated search requests. These queries can also be monetised, but this data is not available for this report. This growing revenue stream within paid search probably offsets the deceleration of the overall search revenue growth to some extent.

Note: Search and classifieds, directories & listings are based on a limited number of data points; Growth rate and/or additions may not equal presented numbers due to rounding;
Source: Annual reports, Survey respondents, Deloitte analysis

Display advertising spend
Share of display advertising revenue per format %

Allocation of display revenue per format H1 2016



	YoY Revenue Growth	
	H12015	H1 2016
Video	+27%	+55%
Other	+2%	+5%
Rich media	-13%	+19%
Banners	+9%	+16%

Online video
Online video shows an outstanding performance with +55%, and is from 2013 onwards the fastest growing format in terms of ad spend.

Banners
Spend on IAB and non-IAB format banners (embedded) increased with +16%, and still consists of more than half of total display advertising.

Rich media
The advertising spend on rich media (interruptive formats; incl. rich media, over the page and page takeover) increased with +19%.

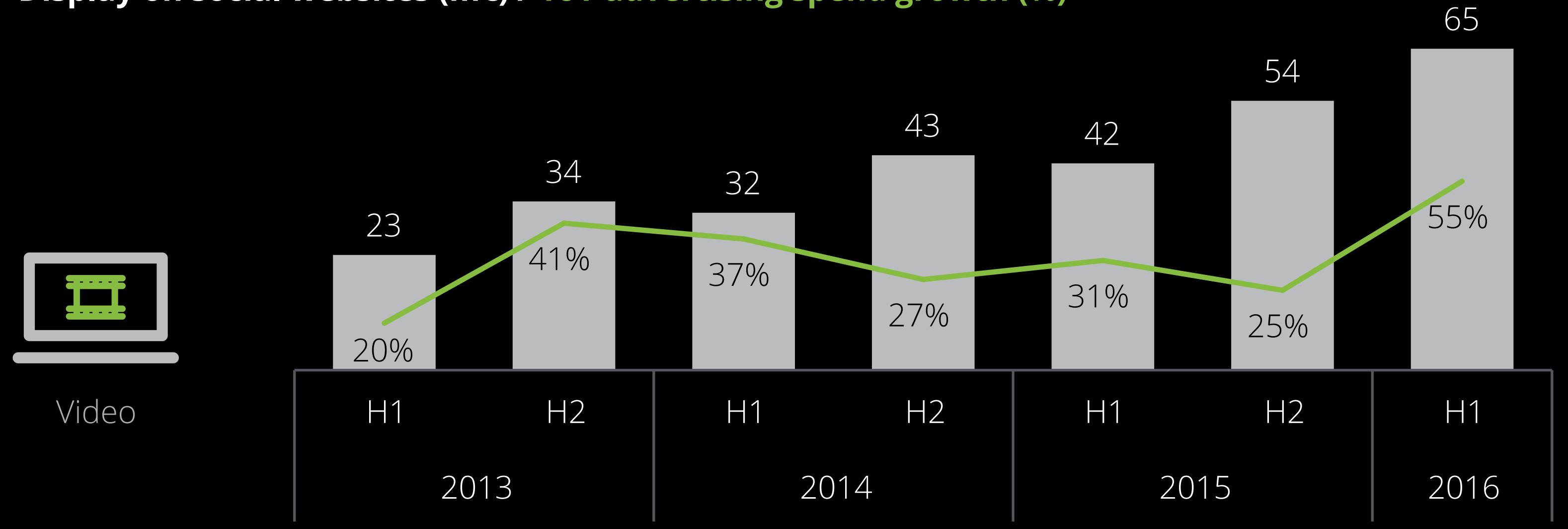
Other formats
Other formats shows +5% growth. We do see an increase on native advertising, but since budgets spent on native are sometimes allocated in other categories than display advertising, we don't see the trend of native advertising reflected in the figures yet.

Source: Survey respondents, Deloitte analysis

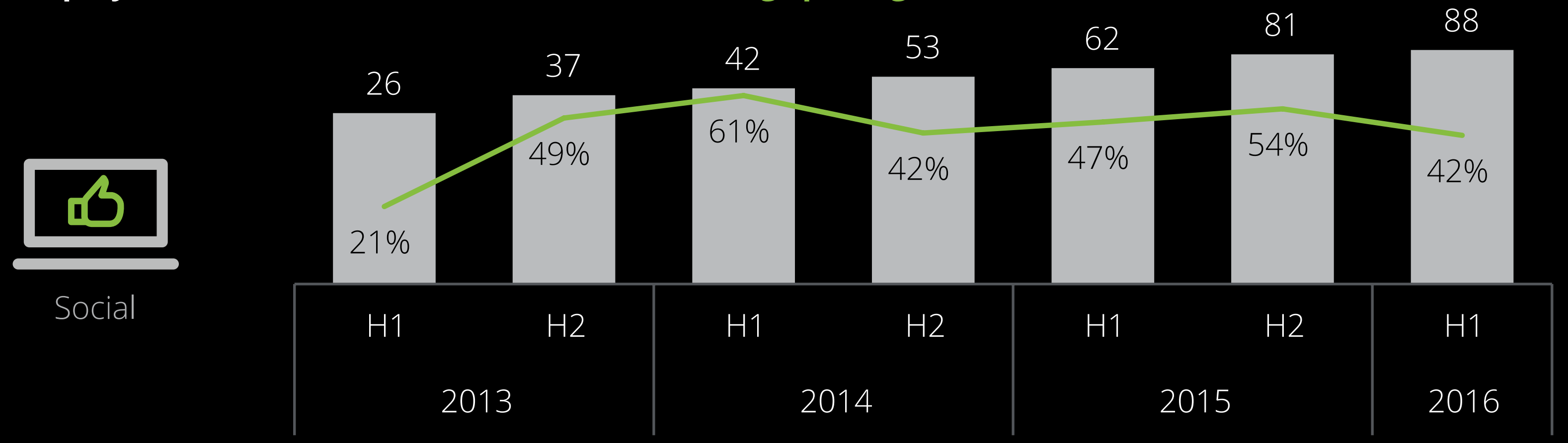
Display advertising spend

Trending topics; Video & Social

Display on social websites (m€) / YoY advertising spend growth (%)



Display on social websites (m€) / YoY advertising spend growth (%)



One of the trending topics in online advertising for several years is the spend on social and the spend on online video.

Online video

Advertisers spent more and more traditional TV money on online video and show an impressive growth of +55%. The growth at the online pure players is even bigger, outperforming the traditional broadcasters growth in this area.

Social

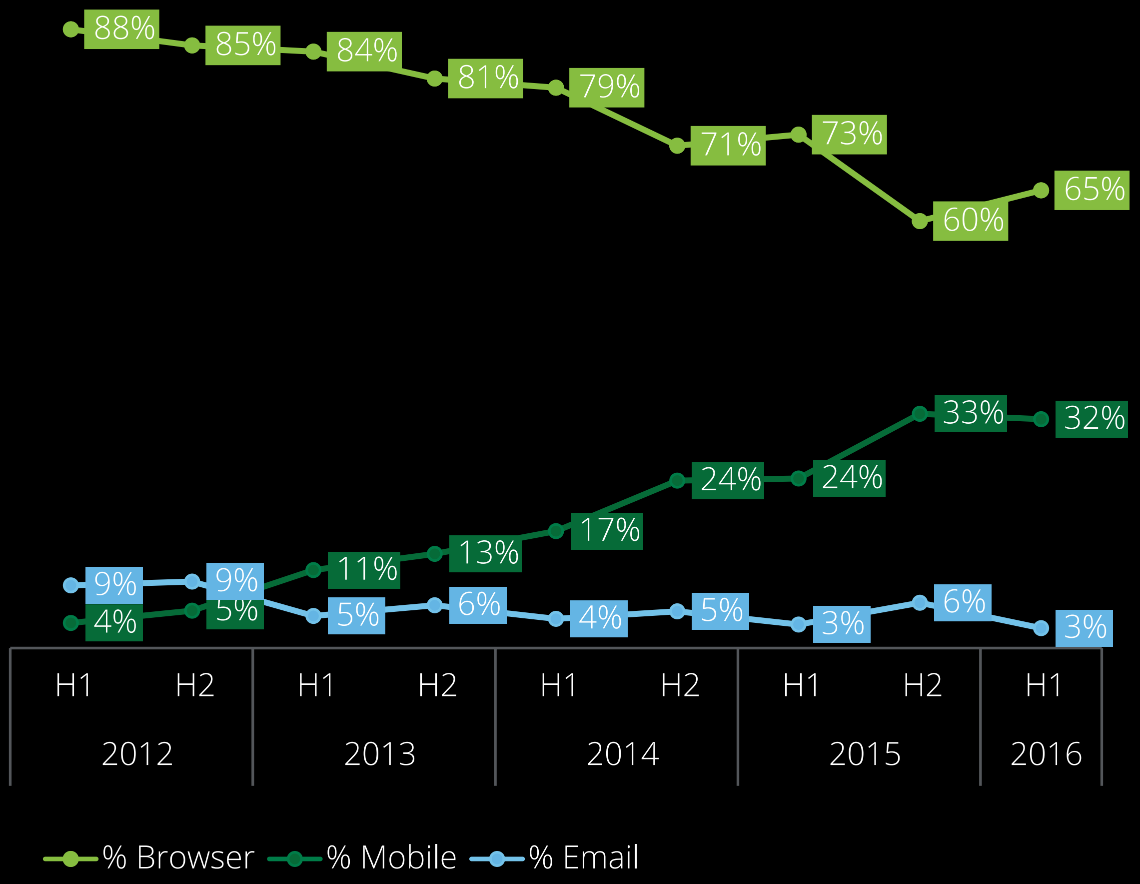
Advertising on social networks is growing fast and included in almost every media strategy. Because of the enormous amount of data insights and related targeting capabilities, advertisers are keen on using social networks to reach their target audiences.

Note: Adjustment in 2013/2014/2015/2016 data in Online Video due to extensive research and correction on Facebook and YouTube basis defined in 2013; Growth rate FB/Google is calculated by media buyers data.
Source: Annual reports, Media Buyers, IAB UK/US, Survey respondents, Deloitte analysis

Display advertising medium

Share mobile, web browser and email advertising

Share of display advertising revenue per medium



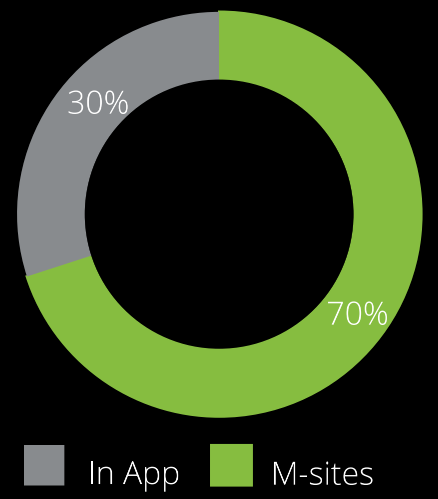
	YoY Revenue Growth	
	H1 2015	H1 2016
Web browser	-5%	+6%
Mobile	+50%	+61%
Email	-17%	+1%

Mobile advertising

Mobile advertising continuous the tremendous growth again, with +61% compared to the first half of 2015.

Within mobile the majority of the spend is generated by phone / tablet browsers, the remaining revenue is generated by In-App advertising.

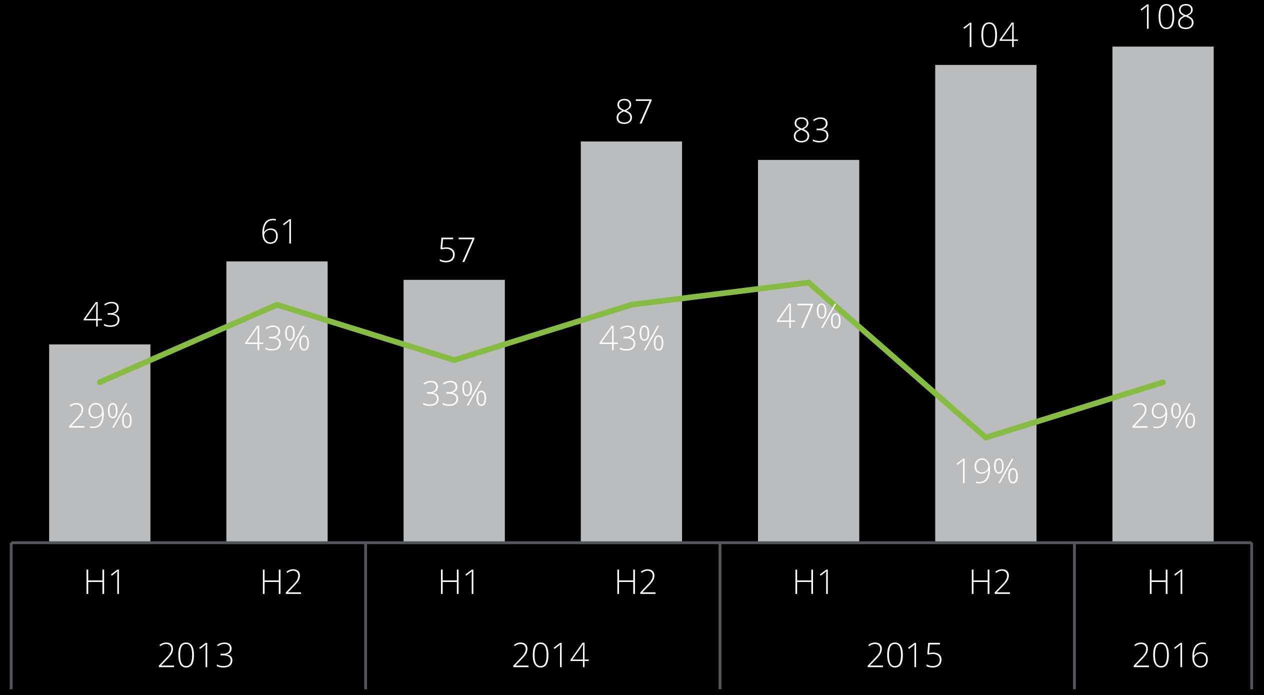
Mobile H1 2016



Programmatic advertising
Programmatic display advertising spend per format

Display advertising through programmatic channel(m€) / YoY advertising spend growth (%)

Programmatic
H1 2016



Programmatic display formats growth breakdown	YoY growth H12015	H1 2016
Banners	+33%	+24%
Rich media	+109%	+5%
Video	+262%	+82%

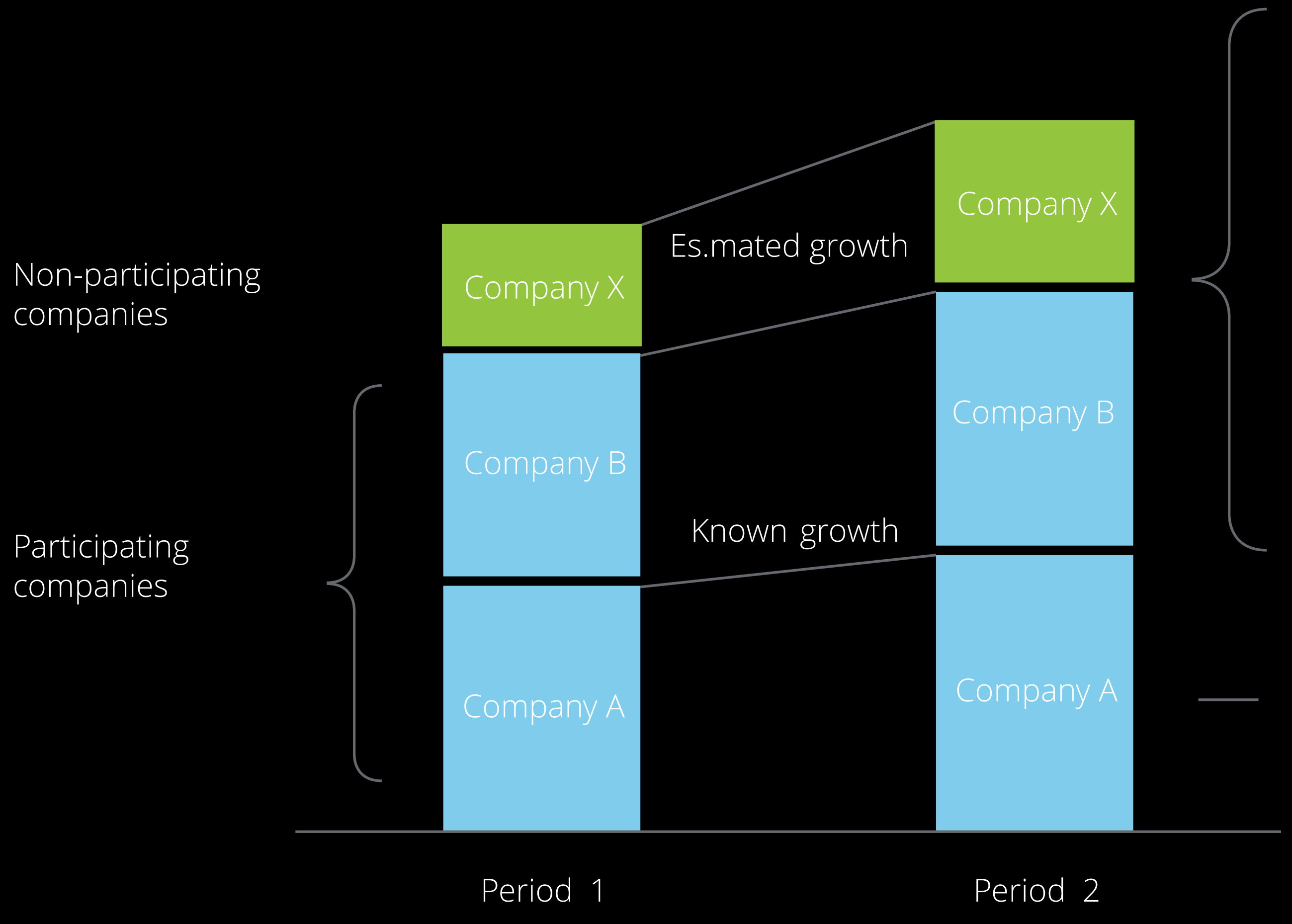
Programmatic market
The online display advertising spend through programmatic channels increased with +29% in H1 2016, totaling 108m€ in revenues.

Programmatic formats
Video is widely available at the programmatic exchanges, showing the biggest growth +82% in H1 2016. With the continuous growth in demand for video, we expect to see this trend reflected at the exchanges in the second half of 2016.

Note: Programmatic market includes estimates of the size of FBX and GDN.
Source: IAB programmatic study, Survey respondents, Deloitte analysis

Methodology: Estimation

For each report Deloitte tries to include as many companies as possible to ensure an accurate representation of the online advertising market, however due to various reasons we cannot collect figures from all companies active in the online advertising market.



Growth of medium to small non –participating companies

- Trend in growth from previous submissions
- Known growth of similar companies (proxy)

Growth of large non –participating companies

- Trend in growth from previous submissions
- Results from annual reports
- Known growth of similar companies (proxy)

Known revenue

- Realized net/net revenue is disclosed to Deloitte

Google and Facebook related revenue:

- Quarterly earnings
- Google and Facebook media buyers feedback
- Public datasets

Participating companies

The following companies participated to the H1 2016 Ad Spend study

Addurance
Adfactor
Adform
Funda
LVB Networks
Mannenmedia
Marktplaats
Massarius
Mediabrands
Mediaexchange
MediaScience
MobPro
S&D Interactive Media
Sanoma
SpotX
Telegraaf Media Groep
Traffic4u
Trafficbuilders
Tweakers
Vergelijk.nl
Yoki
Zanox

Contact

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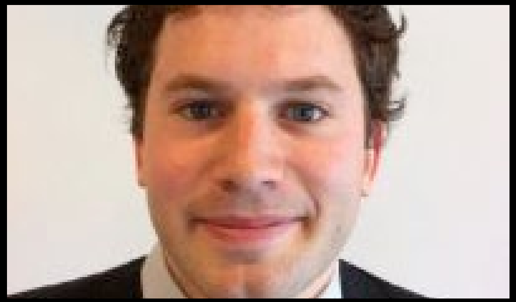
Nathalie La Verge is a Manager with the Risk Services practice from Deloitte with more than 10 years of experience in risk consulting for companies in the Technology, Media & Telecommunications (TMT) industry. Nathalie leads all Deloitte projects commissioned by IAB Netherlands.



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Jorrit Sloot is a Senior Consultant within the Deloitte Risk Services practice and specialized in risk analytics, data modeling, mathematical and quantitative data analyses for the digital industry. Jorrit supported the research of all IAB Ad Spend/ Programmatic and Search studies for the Netherlands since 2013.

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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.