

REPORT

2018

ATTITUDES TO PROGRAMMATIC ADVERTISING

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EXECUTIVE SUMMARY

The fourth annual IAB Europe Attitudes to Programmatic report highlights four key findings:

1. Programmatic in-housing continues to increase and is now the favoured model for advertisers
2. Whilst programmatic trading is becoming the norm for most stakeholders, issues such as ad fraud remain key barriers to increasing investment
3. Private marketplaces are the dominant trading mechanism used for programmatic
4. Investments in programmatic are set to continue to increase

Advertisers continue to demand transparency, greater control, access to quality environments and inventory and are developing in-house strategies to achieve these. According to the research, in-house is now the favoured advertiser model with nearly 40% executing their programmatic trading via in-house operations. It also remains the primary model for publishers (50% now have an in-house model) and agencies (62% now have an in-house trading desk).

The amount of display, mobile and video inventory that agencies and publishers trade programmatically has continued to increase whilst the level of investment from advertisers has seen weaker growth.

However, more than 90% of all stakeholder groups state that they think their programmatic investment will increase over the next 12 months.

In spite of the positive outlook, there are potential warning signs that could impact growth in the future. The research highlights that advertisers, agencies and publishers all see challenges around recruiting people with the right skill-set as well as providing relevant training to drive their businesses forward. Not having access to the necessary resources could slow down programmatic adoption. Increased demand for relevant personnel could also drive up salaries which has an impact on the cost structures for all stakeholders. For the UK, Brexit will affect the flow of workers into the country which again will put pressure on the ability to attract programmatic expertise going forward.

A major opportunity for programmatic growth is to tap into brand budgets that are currently being invested in other channels, particularly TV. While positive developments have been implemented in the last 12-18 months to make programmatic more attractive to advertisers, there is still work to be done to realise this potential in the future.

The research highlights the ongoing challenges around campaign measurement for advertisers and a focus on sales KPIs for evaluating programmatic investment. This suggests that brand-specific metrics important to advertisers are still not being adequately addressed in a digital environment such as programmatic that has traditionally been direct-response led.



Increasing the confidence of advertisers in programmatic by addressing their requirements remains a key focus for the industry to ensure continued growth.

Another area to focus on in the future is transaction models and strategies. Private marketplaces are being used by the majority of stakeholders. Automated guaranteed is also making progress, utilised by agencies looking to secure more inventory at locked-in pricing, while being less of a focus for advertisers and publishers. As quality inventory increases in demand and becomes harder to identify in a world of auctions, headers, and exchanges, a need to safely procure inventory and guarantee its delivery is emerging.



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In its fourth year, the IAB Europe Attitudes to Programmatic Advertising research demonstrates how automated buying is quickly becoming the mainstream way to buy digital advertising. Investment levels continue to rise, and more advertisers than ever are becoming directly engaged in the process - moving to new ways of buying and working with partners on hybrid models to give them more understanding and control over their spend in this channel, as we see in the growth of private marketplaces. There are still challenges facing the industry, among them GDPR which of course was heavily prevalent on people's minds as the survey was in field, with the need for greater transparency still top of mind for many as progress is made with initiatives like ads.txt and the IAB Europe Transparency and Consent Framework to provide the groundwork for consumer consent for publishers. Talent is also highlighted as a key challenge, with the changing role of programmatic buying and selling within brands, agencies and publishers putting greater demand on marketers and planners to understand the process and benefits of programmatic more readily as bigger, brand-led advertising is brought together with the capabilities of the algorithms and analytics within platforms to drive greater ROI.

Simon Halstead,



**Chair, IAB Europe Programmatic Trading Committee
and Head of Open Demand, International, Oath**



1. INTRODUCTION

In order to understand the status of programmatic adoption across Europe, and the way in which it is being used for strategic competitive advantage on both the buy-side and sell-side of the digital advertising industry, IAB Europe's Programmatic Trading Committee developed the Attitudes to Programmatic Advertising survey in [2015](#). Now in its fourth year, the 2018 report shows how attitudes, adoption and strategies are evolving.

The survey attracted respondents who command significant volumes of advertising supply and demand. Over 75% of the respondents across advertisers, agencies and publishers manage annual advertising budgets of €1m or above and 5% manage budgets above €151m.

The survey asked about the following areas:

- How much programmatic is used for different formats (display, mobile and video)
- Drivers and barriers to programmatic investment
- Operational models used for programmatic
- Measurement and data strategy
- The future of programmatic investment

The report forms part of a comprehensive programme of pan-European educational and guidance outputs published by the [IAB Europe Programmatic Trading Committee](#). Other outputs that may be of interest:

- [Transparency Guide](#)
- [Header Bidding and Auction Dynamics White Paper](#)
- [Programmatic Mobile White Paper](#)
- [Key considerations for buy-side and sell-side programmatic strategies](#)
- [Using Data Effectively in Programmatic White Paper V2.0 with GDPR updates](#)

The previous versions of the Attitudes to Programmatic report can be accessed via the following links:

- [2017](#)
- [2016](#)
- [2015](#)



2. METHODOLOGY AND PARTICIPANTS

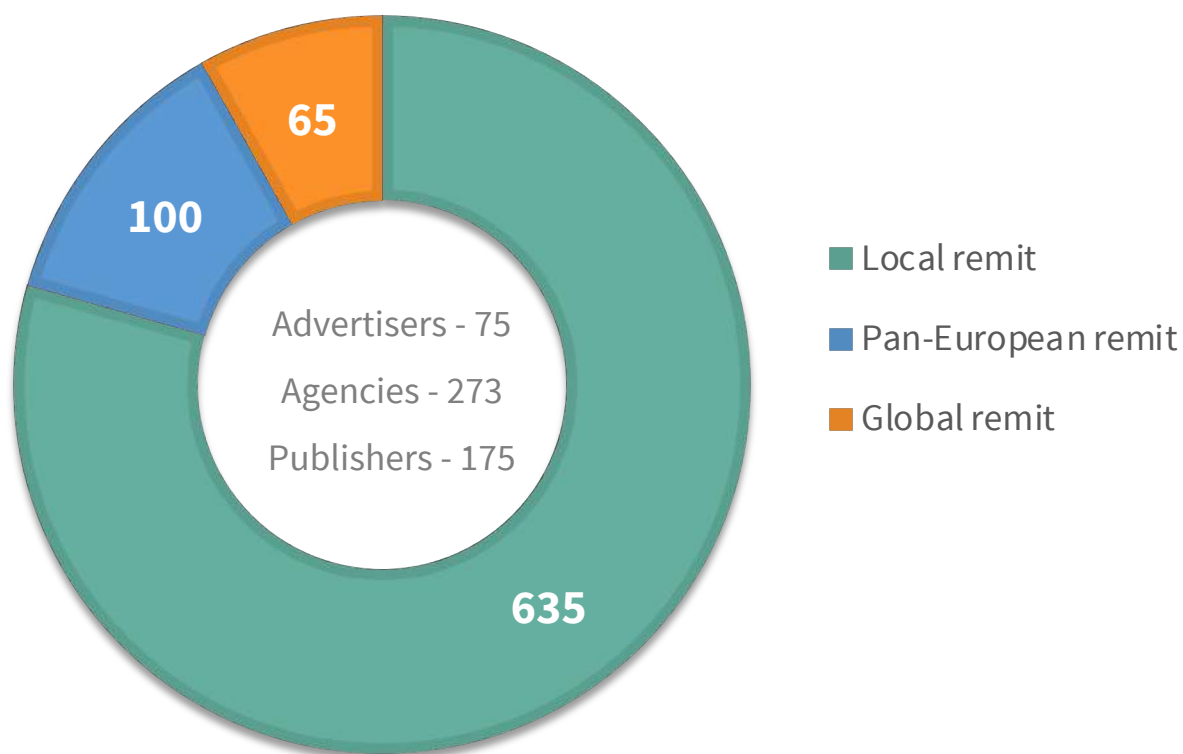
An online survey was used with the help of the national IAB network to ensure a representative sample across European markets. The survey received approximately 550 respondents between May and June 2018.

The responses came from advertisers, agencies and publishers in 31 markets and respondents with both pan-European and Global remits.

IAB Europe also segmented the markets according to their region:

- **Western Europe:** UK, France, Germany, Belgium, Switzerland, Netherlands, Austria, Ireland
- **Northern Europe:** Norway, Sweden, Denmark, Finland
- **Southern Europe:** Spain, Italy, Portugal, Greece
- **Central and Eastern Europe:** Belarus, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine

IAB Europe members can access the full data set with region breakouts by contacting Marie-Clare Puffett (contact details at the back of this report).

FIGURE 1 – Breakdown of respondents

3. CURRENT ADOPTION AND STRATEGIES

Advertising budgets

The results indicate that investment in digital is increasing. For advertisers, 29% invest more than 61% of their advertising budget in digital, this is up from 17% in 2017. However, advertisers lag behind other industry stakeholders as 50% of agencies invest more than 61% in digital and 44% of publishers.

Furthermore, advertisers who spend above 81% of their budget on digital doubled since 2017 (9% to 18%). Both agency groups and publishers also saw an increase in the amount of advertising budgets going to digital, 25% and 11% respectively now allocate more than 81% to digital. This increase in budgets being allocated to digital indicates that there is potential for further growth in programmatic trading. Indeed, the European Programmatic Market Sizing 2017 Report highlights that two thirds of display ad spend is now traded programmatically.

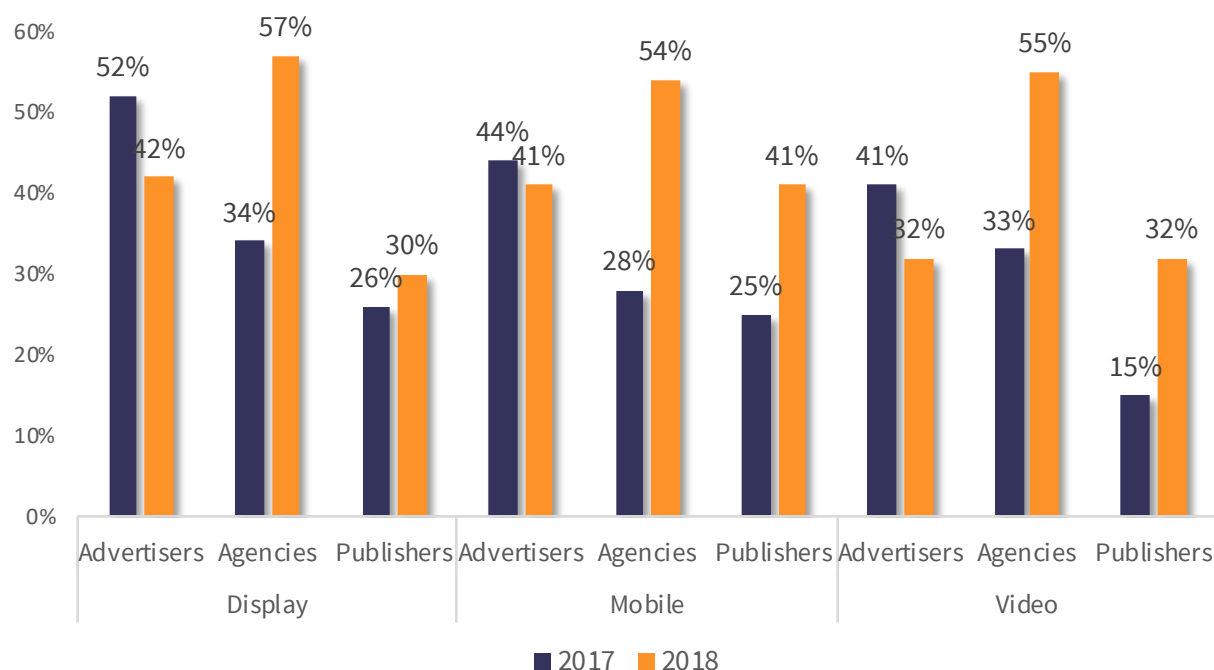
Adoption of programmatic trading

For agencies, programmatic trading of inventory has become the norm as they seek efficiencies for their investment.

However, the concerns that brands have around programmatic and fraud are reflected in these figures as the proportion of display, mobile and video bought programmatically fell compared with 2017. Ads.txt, an industry initiative introduced to combat ad fraud is seeing [high adoption](#).



FIGURE 2 – Percentage of stakeholders that use programmatic to buy / sell more than 41% of their display, mobile video inventory



The number of agencies trading the majority (61-80%) of their video, display and mobile budgets via programmatic buying has almost doubled since 2017 (video: 21% to 39%; mobile: 18% to 39%; display: 19-39%).

For publishers the majority (61-80%) of their mobile and video inventory sold programmatically also doubled since 2017 whilst display saw a lower increase (video: 8% to 20%; mobile: 28% to 39%; display: 10%-16%).

39% of agency respondents stated that the majority of (>81%) of digital advertising traded manually is purchased in-house. This does not indicate greater volumes of inventory is going to non-programmatic executions, but that there has been a reduction in third party buying arms such as ad networks.

Both the increase of programmatic buying and tighter scrutiny on supply chain management could have led to this.

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The programmatic buying of digital inventory still plays a significant role in our client's media mix. Some of our clients are aiming to invest between 50%-70% of their digital media dollars into programmatic. And this year we have seen a welcoming shift towards a focus of transparency, better measurement and quality over quantity.

MEDIACOM

Ina Arens,
Head of Programmatic Worldwide,
MediaCom

Programmatic native advertising

IAB Europe asked about the percentage of programmatic trading budgets that are invested in native advertising for the first time this year. Whilst it has seen an increase in popularity, the amount of investment via programmatic is low. This could be due to the fact that these are unique formats which have low demand outside of social channels.

45% of advertisers and publishers and 67% of agencies said that less than 20% of their programmatic trading budget is invested in native advertising. 37% of publishers, 21% of advertisers and 13% of agencies said that 0% of their programmatic budget was allocated to native advertising.



Transaction types

Whilst advertiser investment in private marketplaces (PMPs) is relatively low with just 24% investing more than 41% of their display inventory, 19% for mobile and 13% for video, it is still the most dominant transaction mechanism amongst advertisers. Advertiser concerns over transparency and control mean that the use of PMPs will likely increase as they allow them greater control over where their ads appear. Despite it's reported growth automated guaranteed is used less than open auctions by advertisers. Less than 20% of digital advertising is purchased via this route for the three formats, (display 60% purchased less than 20%, 57% for mobile and 60% for video).

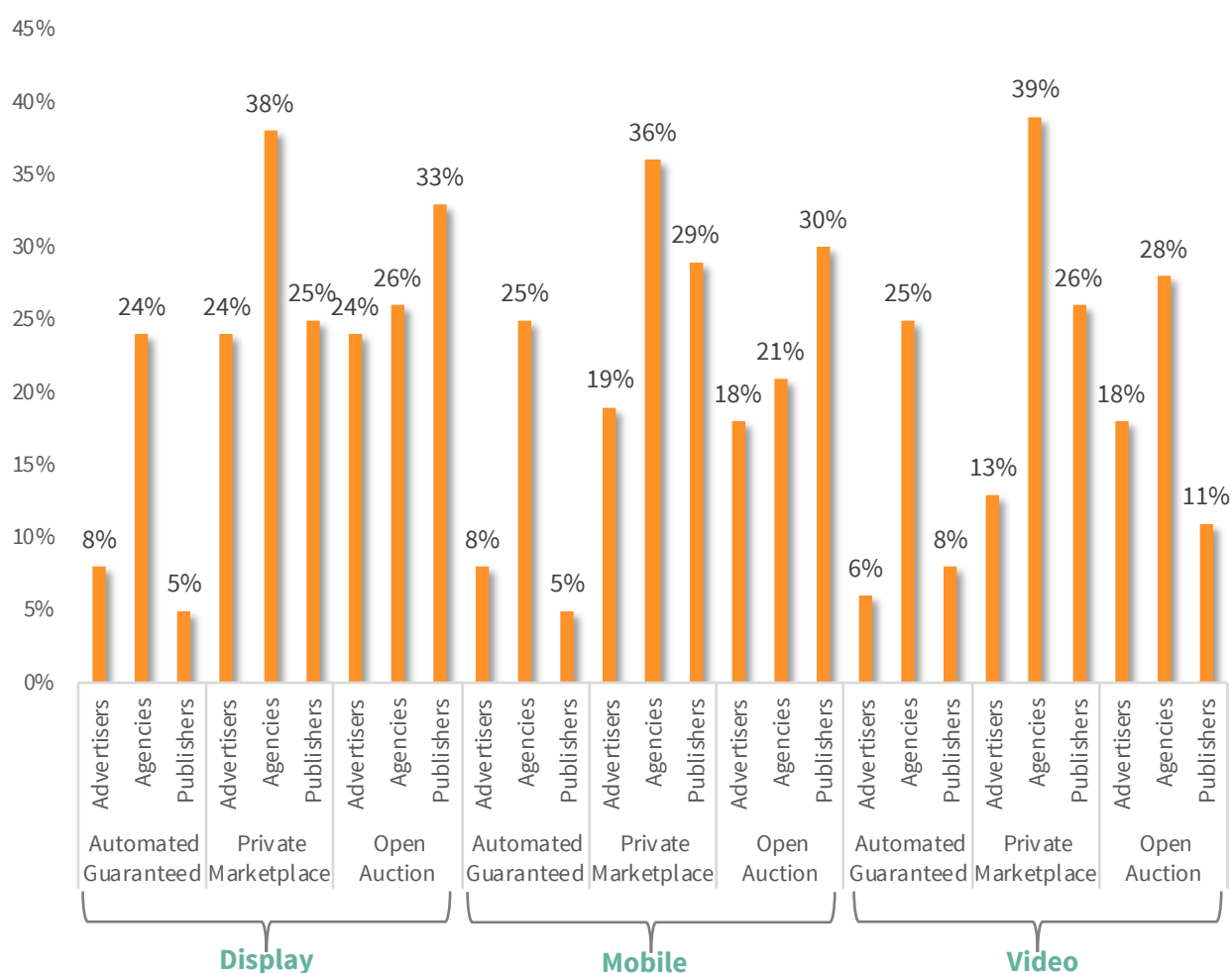
For agencies, there is also a preference for PMP driven buying. For display, nearly half of agencies (48%) are buying more than 41% of their display inventory via a PMP, 44% for mobile and 51% for video. Again, this may be driven by the need to ensure safe environments for advertiser clients. The use of open auctions is fairly similar across the three formats. 31% of agencies are using the open market to purchase 41%+ of display inventory, for mobile it is 35% and video 27% being purchased.

As display is the most mature of the formats, publishers are comfortable trading these programmatically. 52% of them trade 41%+ of their display inventory and 53% trade 41%+ of their mobile inventory via an open auction compared with 32% and 22% respectively via a PMP.



However, when it comes to video, which is of higher value, only 19% of publishers trade 41%+ and 62% trade less than 20% of their video inventory via an open auction. PMPs are the preferred method for video, 37% of publishers sell more than 41% of their inventory via this route as they seek more direct agreed upfront deals. As with advertisers the adoption of automated guaranteed on the sell-side is low with 83% of publishers trading less than 20% of their display inventory in this manner.

FIGURE 3 – Percentage of stakeholders that use programmatic to buy / sell more than 41% of their display, mobile video inventory



Operational models

2018 is the first year that we have seen in-house strategy become the favoured advertiser model (2018 = 38% v 2017 = 23% and 35% outsourcing to an agency) for programmatic trading. It also remains the primary model for publishers (50% now have an in-house model) and agencies (62% now have an in-house trading desk).

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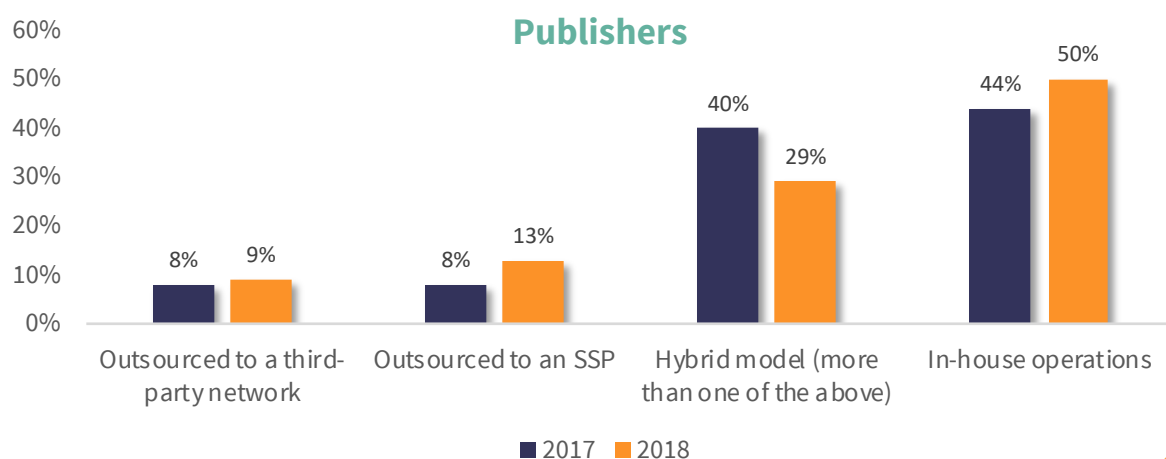
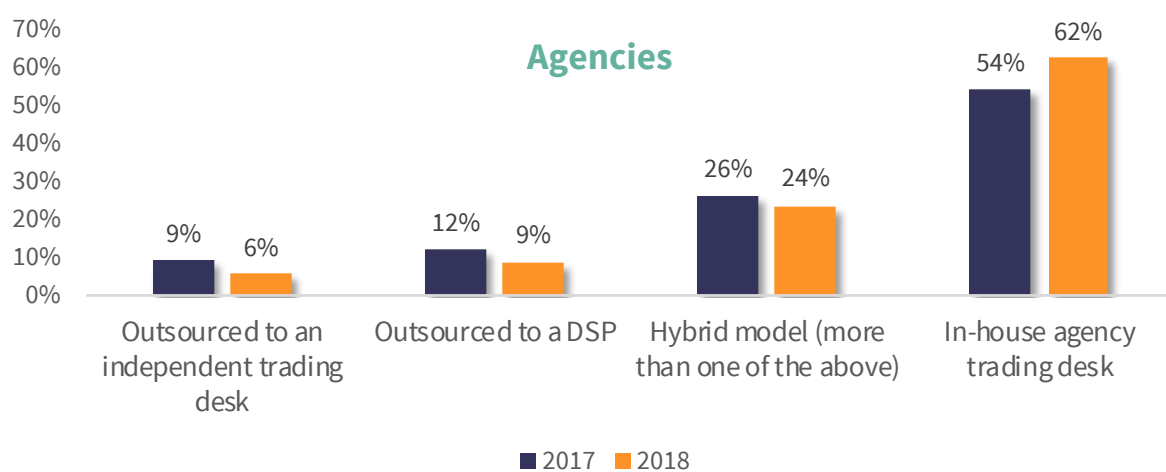
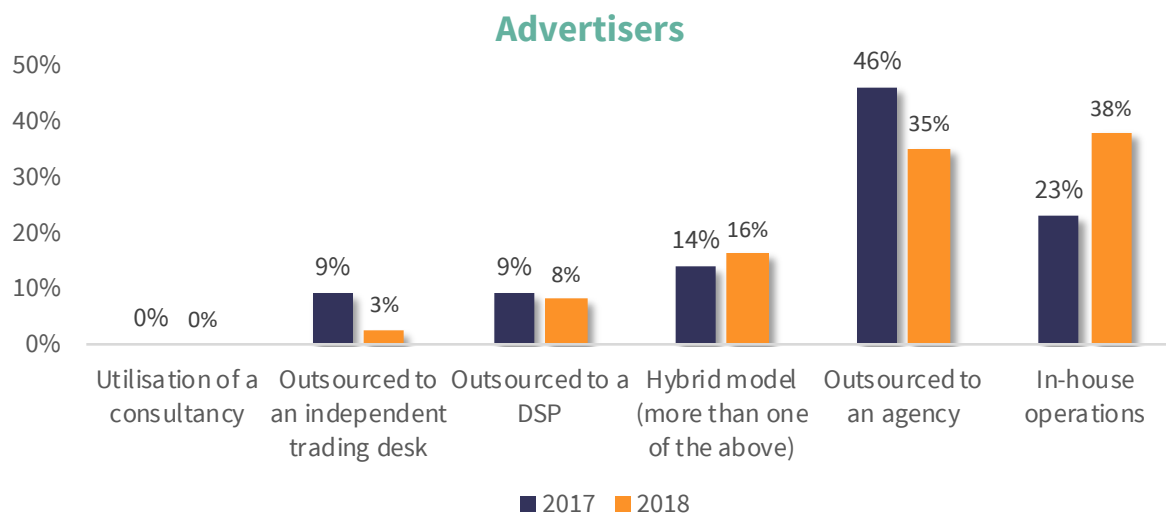
Advertisers today are looking to get the greatest possible efficiency, effectiveness, transparency, and flexibility in the way they manage their media investments. As this IAB Europe report clearly shows, Programmatic advertising forms a crucial part of the transformation for large brands to future-proof their media operations in response to the ongoing digitization of the media ecosystem. Although there are still many problems to solve and challenges to face, the report also highlights that advertisers who decide to take more control of the programmatic value chain can enhance the benefits they gain.

With the implementation of our new Media Operating Model (MOM), we at Deutsche Telekom are doing exactly that: increasing active guardianship and control over our paid media placements and outcomes, including in the area of programmatic media. Positioned as a hybrid model, one of the cornerstones of our model include the strengthening the company's internal competence to ensure media-neutral media strategy, planning & buying.

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**Gerhard Louw, Head of International Media
Management and Digital Transformation,
Deutsche Telekom**



FIGURE 4 – Operational models by stakeholder

In-housing programmatic trading

Two thirds of agencies (62%) and two thirds of publishers (63%) that don't currently have an in-house model are considering bringing programmatic in-house in the next 12 months. For advertisers it is a lower figure with 43% considering in-house.

The majority of these advertisers (56%) and publishers (71%) believe they have sufficient budgets to invest in staff and technologies to support in-housing while for agencies it's less than half (42%). However the same amount of agencies are unsure or still evaluating and 17% of agencies actually said they don't have the required budgets.

In-house drivers

Regardless of whether or not a stakeholder has an in-house model already or is considering one over the next 12 months there is a similar theme in the drivers for in-house in each stakeholder group.

Publishers are driven by the need for efficiencies as well as the ability to gain a greater share of budgets through better monetisation and using data more effectively to drive up the value of inventory.

Agencies are driven by control, reducing costs to help with profitability and access to use data and insight to enable better campaign targeting and more effective campaigns.



For advertisers, control is also key. Control on where their ads run remains a priority and a key driver for bringing programmatic in-house. A backlash against the lack of transparency and hidden fees could be reflected in the desire to reduce agency costs and have better control of overall costs. The ongoing importance of first party data is highlighted as advertisers seek greater control of their data too. Integrating with other marketing teams is also a key reason for programmatic in-housing amongst advertisers.

FIGURE 5 – Top 3 in-house drivers cited by stakeholders with an in-house strategy

Advertisers		Agencies		Publishers	
Integrate programmatic with other in-house teams like CRM, customer service etc.	62%	Increase efficiency by managing inventory previously managed by ad networks	61%	Better monetisation of inventory	79%
Keep first party data under control	46%	Better ability to access audience insight	56%	Benefit from a more efficient sales and ad operations process	44%
Increase operational control / Reduce operational control	38%	Deliver brand campaigns at scale more effectively	55%	Gain greater transparency and control of operations	38%

FIGURE 6 – Top 3 in-house drivers cited by stakeholders considering an in-house strategy in the next 12 months

Advertisers		Agencies		Publishers	
Gain greater transparency on where campaigns run	56%	Increase operational control	75%	Better monetisation of inventory	81%
Reduce agency costs	56%	Better ability to access audience insight	54%	Benefit from a more efficient sales and ad operations process	52%
Keep first party data under control	44%	Better understanding of the consumer pathway / Better understanding of the consumer pathway	46%	Better integration of audience data into trading processes / Better integration of audience data into trading processes	43%

In-house barriers and challenges

While budgets may be in place, in-housing brings greater pressure on finding people with the right skills and experiences to support this strategy. Difficulty in hiring people with the right skills and training people adequately is a recurring theme amongst stakeholders whether they already have an in-house strategy, are considering developing one or are not looking into in-housing just yet.

A significant number of advertisers (56%), agencies (71%) and publishers (48%) that don't currently have an in-house strategy have all cited challenges around recruiting people with the right skill sets as the key barrier to not bringing programmatic in-house so far.



More than half of agencies (58%) and advertisers (58%) are also finding difficulties in training people, adding to the pressure on recruitment.

Further, for stakeholders that don't have an in-house strategy and are not currently considering one, difficulty in hiring people with the right skill set was cited as one of the key reasons for this. Demand across all stakeholders may also impact wage levels, increasing cost structures in the future which will affect the budget considerations.

For advertisers with an in-house operational model in place, measurement has increased as a challenge, perhaps reflecting the needs of brands for measurement that reflects brand metrics rather than the traditional direct response metrics.

FIGURE 7 – Top 3 challenges cited by stakeholders with an in-house strategy

Advertisers		Agencies		Publishers	
Campaign measurement	62%	Hiring people with the right skill set	78%	Assessing and vetting technology partners	50%
Assessing and vetting technology partners	46%	Assessing and vetting technology partners	66%	Training people adequately	44%
Data quality	46%	Campaign measurement	47%	Hiring people with the right skill set	41%

FIGURE 8 – Top 3 barriers cited by stakeholders considering an in-house strategy in the next 12 months

Advertisers		Agencies		Publishers	
Difficulty in hiring people with the right skill set	56%	Difficulty in hiring people with the right skill set	71%	Difficulty in keeping up with changing technology	62%
Difficulties in training people adequately	44%	Difficulties in training people adequately	58%	Difficulty in hiring people with the right skill set	48%
Difficulty in understanding the technology requirements	33%	Investment constraints	58%	Difficulty in understanding the technology requirements / Inability to change current budget structures	43%

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P&G Turkey initiated its programmatic investments in the past 12 months via its own DSP and DMP. This process has been a steep learning curve with two key learnings. Firstly, although open auction / real-time bidding provides lower CPMs, reaching premium publishers via this mechanism is still a challenge as publishers prioritise PMPs. Secondly, having the right team with the necessary skillsets is crucial not only during the set-up but also during the operational stages. As the IAB Europe research highlights, hiring the right skills is still a key challenge in programmatic trading. Our current solution involves a team of programmatic experts and data scientists within our media agency partner.



Esra Erdoğan,
P&G TCAU Media Group Manager,
P&G Turkey



4. ATTITUDES TO PROGRAMMATIC ADVERTISING

Drivers of programmatic investment

For all three stakeholder groups, data comes out as a key driver for considering investing in or increasing their programmatic investment. They all see the value that can be delivered by releasing data to drive more effective campaigns.

For the buy-side, both advertisers and agencies, campaign effectiveness is key with targeting the number one driver and data is key to enabling effective and efficient targeting. Lowering the cost of media has grown in importance amongst advertisers. The increase in video investment moving to programmatic channels may have had a hand in inflating this figure as eCPMs in programmatic appear to be on the rise. The desire to bring down the cost of media is also reflected in advertisers interest and move to in-housing programmatic.

Publishers are focused on driving greater revenue from their inventory and again data plays a role here. Client demand continues to be a key driver for more than half of (54%) publishers to enable inventory to be monetised via programmatic transactions. Gaining competitive advantage saw the biggest drop, which is unsurprising as programmatic trading is becoming the norm to trade digital inventory.



FIGURE 9 – Drivers of programmatic investment by stakeholder 2016-2018

	Advertiser			Agency			Publisher		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Lower cost of media	53%	22%	38%	41%	28%	29%	N/A	N/A	N/A
Targeting efficiencies	76%	71%	68%	78%	75%	73%	N/A	N/A	N/A
Better use of data (new for 2018)	N/A	N/A	62%	N/A	N/A	72%	N/A	N/A	42%
Maximising media value	N/A	N/A	N/A	N/A	N/A	N/A	55%	37%	34%
Trading / operational efficiencies	29%	29%	35%	55%	60%	42%	49%	34%	30%
Gain competitive advantage	26%	29%	24%	45%	38%	46%	44%	48%	30%
Increased value of inventory (new for 2018)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	51%
Delivery of brand advertising campaigns at scale to target audience	49%	40%	27%	45%	44%	36%	N/A	N/A	N/A
Gaining access to premium inventory at scale	21%	23%	19%	30%	28%	24%	N/A	N/A	N/A
Delivering audiences via programmatic mobile	N/A	N/A	N/A	N/A	N/A	N/A	30%	25%	20%
Reaching audiences via programmatic mobile	30%	26%	35%	41%	35%	27%	N/A	N/A	N/A
Increased engagement via programmatic video	19%	49%	24%	23%	21%	20%	15%	21%	15%
Agency recommendation		17%	14%	N/A	N/A	N/A	N/A	N/A	N/A
Client demand	N/A	N/A	N/A	29%	29%	24%	60%	71%	54%
Increased granular control of media / inventory	23%	48%	24%	37%	41%	50%	27%	29%	34%

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Efficiency is definitely one of the key drivers of programmatic buying adoption, however it goes beyond simply a better 'cost per' metric. We have seen clients adopt programmatic buying in ways that work the best for their brands. There is no one size fits all solution.

From our agency point of view, the key here is to help our clients intelligently and selectively leverage the capability that programmatic has to offer, while keeping the clients business objective at its core. It's this flexibility that really contributes towards the adoption we have seen to date.



Zenith
The ROI agency

Yu-Hsuan Lin (SAM)
Head of Programmatic,
Zenith



Barriers to programmatic investment

For advertisers, adequate training is a growing concern and has risen in importance since last year, while hiring has decreased in importance. Interestingly, brands still need convincing of the financial benefit that programmatic can deliver for them with the impact on total revenues cited as their joint second barrier. This may well feed into advertiser concerns around fraud, brand safety and transparency which could cause them to question programmatic as a solution for brand campaigns.

A consistent theme across all stakeholders is around supply chain transparency as the industry tackles this issue and looks to deliver greater transparency and confidence in programmatic. One of the key industry initiatives to address these concerns is the IAB Europe Transparency Guide which provides questions for each stakeholder category to be asked at different stages of the supply chain.

Agency concerns around brand safety reflect the concerns of their advertiser clients and they still see data quality as a barrier, although this fell compared with 2017.

Cost and transparency are important to publishers but recruiting the right people still remains the number one challenge in 2018.

With the GDPR coming into force in May, it may have been expected that concerns around data protection may have been a barrier. However, this concern comes relatively low down the list for all three stakeholders groups.

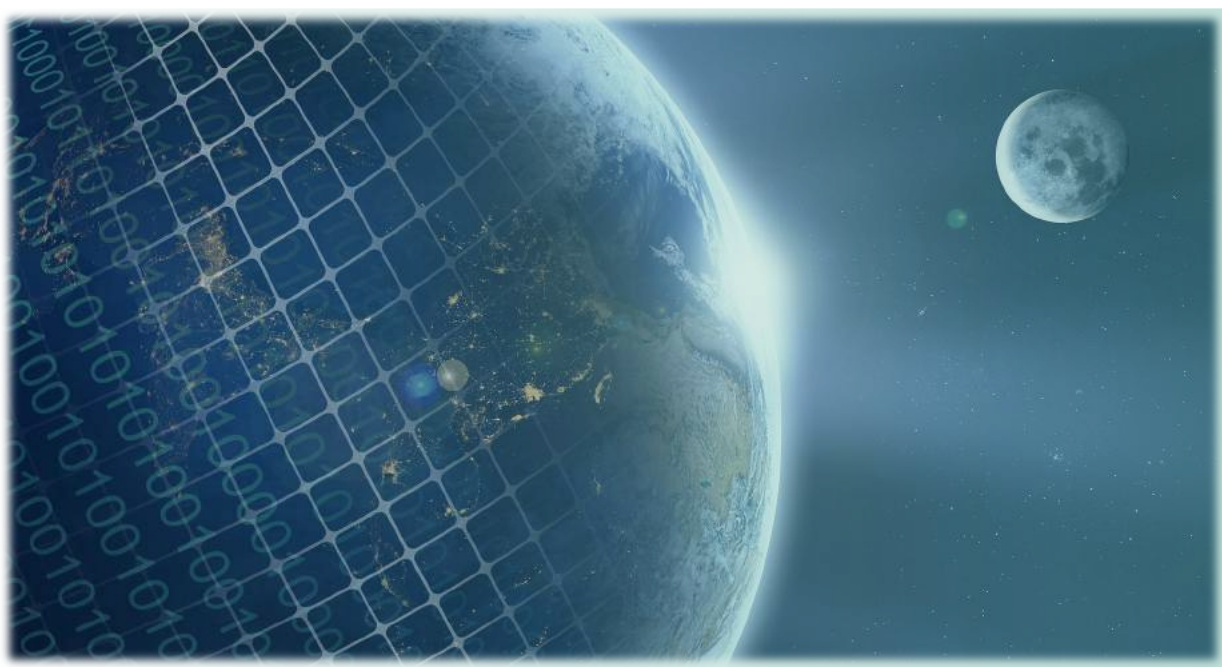


FIGURE 10 – Barriers to programmatic investment by stakeholder 2016-2018

	Advertiser			Agency			Publisher		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Hiring people with the right skill set	31%	43%	32%	42%	52%	29%	46%	46%	46%
Training people adequately	21%	34%	38%	35%	42%	25%	40%	37%	38%
Cost of technology	20%	42%	35%	35%	29%	29%	37%	48%	39%
Cost of data	19%	26%	16%	23%	20%	20%	18%	20%	17%
Quality of data	37%	34%	27%	45%	53%	38%	27%	27%	32%
Data protection concerns (new for 2018)	N/A	N/A	24%	N/A	N/A	24%	N/A	N/A	30%
Supply chain transparency (new for 2018)	N/A	N/A	35%	N/A	N/A	56%	N/A	N/A	41%
Selecting and setting up the right technology	27%	26%	11%	29%	22%	32%	40%	37%	31%
Having a clear understanding of the impact of programmatic trading on total revenue	31%	23%	35%	31%	30%	25%	42%	43%	32%
Brand safety	30%	37%	24%	40%	44%	49%	23%	33%	27%
Fraud	26%	46%	30%	45%	40%	32%	25%	33%	27%
Viewability	30%	14%	24%	37%	30%	24%	24%	22%	17%
Creative optimisation	17%	9%	11%	17%	15%	10%	11%	10%	4%
Campaign performance	N/A	11%	19%	N/A	18%	17%	N/A	14%	18%
Campaign measurement and reporting	27%	20%	27%	17%	2%	33%	19%	16%	11%

The survey results demonstrate that whilst many of the barriers are shared across Europe, there are some differences in the level of impact of these barriers. In Western Europe supply chain transparency is a barrier to more than 50% of advertisers and agencies, whereas in Southern Europe it is cited by less than 20% of advertisers as a barrier. Almost two thirds (62%) of agencies in CEE also share this concern. In Northern Europe the majority of advertisers (80%) have data protection concerns, whilst in WE and CEE this is reduced to a third of advertisers.

Another key difference is the skills and training concern. 80% of advertisers in Northern Europe; 50% of advertisers and agencies and 40% of publishers in Southern Europe are concerned about training people adequately, but less than a third of advertisers and agencies in Western Europe and CEE share this concern. Half of publishers in CEE see the cost of technology as a barrier but less see hiring and training as a barrier.



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Programmatic digital buying has witnessed another year of increased investment and growth, coupled with industry challenges, that have encouraged key publishers and tech partners to pull together in order to overcome. I believe that the IAB Europe Attitudes to Programmatic survey is quickly becoming a crucial piece of research, benchmarking not only how the industry have dealt with previous challenges, but also a useful barometer for the year ahead. Overcoming barriers will allow the programmatic ad industry as a whole to maximise ROI and look forward to continued growth into



David Goddard,
Global Head of Programmatic Trading,
BBC

Key business impacts of programmatic investment

For the buy-side, the data shows us that programmatic is helping to drive more effective campaigns and efficient use of budgets by reducing wastage, enabling better targeting, reducing costs and introducing greater campaign control and flexibility.

For publishers, programmatic is helping to build revenues as CPMs rise while the greater trading efficiencies they are experiencing affect costs to support their bottom line.



5. MEASUREMENT AND DATA STRATEGY

The number of buy-side stakeholders using the same success metrics for programmatically traded display campaigns as those traded non-programmatically has increased since 2017: more than 80% of agencies are now using the same metrics. Doing so has certainly contributed to reinforce that notion of programmatic as an automated way of transacting digital media, rather than a synonym for a lower-quality ecosystem.

KPIs used to evaluate programmatic campaigns

There are no surprises in seeing alignment between advertisers and agencies when it comes to considering sales trends as a core metric in evaluating programmatic display campaigns. The same applies for publishers' choice of CPMs. To put it in other terms, it should be no surprise that a business' core focus is to monitor success or lack thereof based on fluctuation of income.

In that regard it is promising to see an alignment between advertisers and publishers in associating the same high value to viewable impressions and the correlation they have with providing a baseline for an ad-exposure to be effective and thus highly valued. Overall, there is a strong correlation between the responses of advertisers and publishers, compared to 2017. This is a testimony of the efforts publishers have put in place in addressing advertiser's needs and requirements, executing more closely on them.



When it comes to agencies, there has been a strong shift compared to 2017 from viewability in favour of sales KPIs. If we think of agencies as those executing on an advertiser's strategy, such change of perspective could be interpreted with the level of maturity achieved by the market on this aspect. By pushing the definition of viewability further, they can better align with advertiser's needs, evolving the notion of effectiveness to be tailored around each brand's specific goals.

If in 2017 we had seen a shift away from the click to more branding metrics for the evaluation of programmatic display campaigns, in 2018 the element that transpires across the board is a consolidation of an approach that focuses back on core business objectives and seeks to operate on metrics that can prove to be consistent proxies for them.

FIGURE 11 – Top 3 metrics used by stakeholder

Advertisers		Agencies		Publishers	
Sales KPIs	48%	Sales KPIs	63%	Cost per mille (CPM)	48%
Brand awareness	29%	Targeting accuracy	38%	Brand awareness	32%
Purchase intent / Cost per mille (CPM) / Viewability	26%	Reach and frequency	27%	Sales KPIs / Viewability	29%

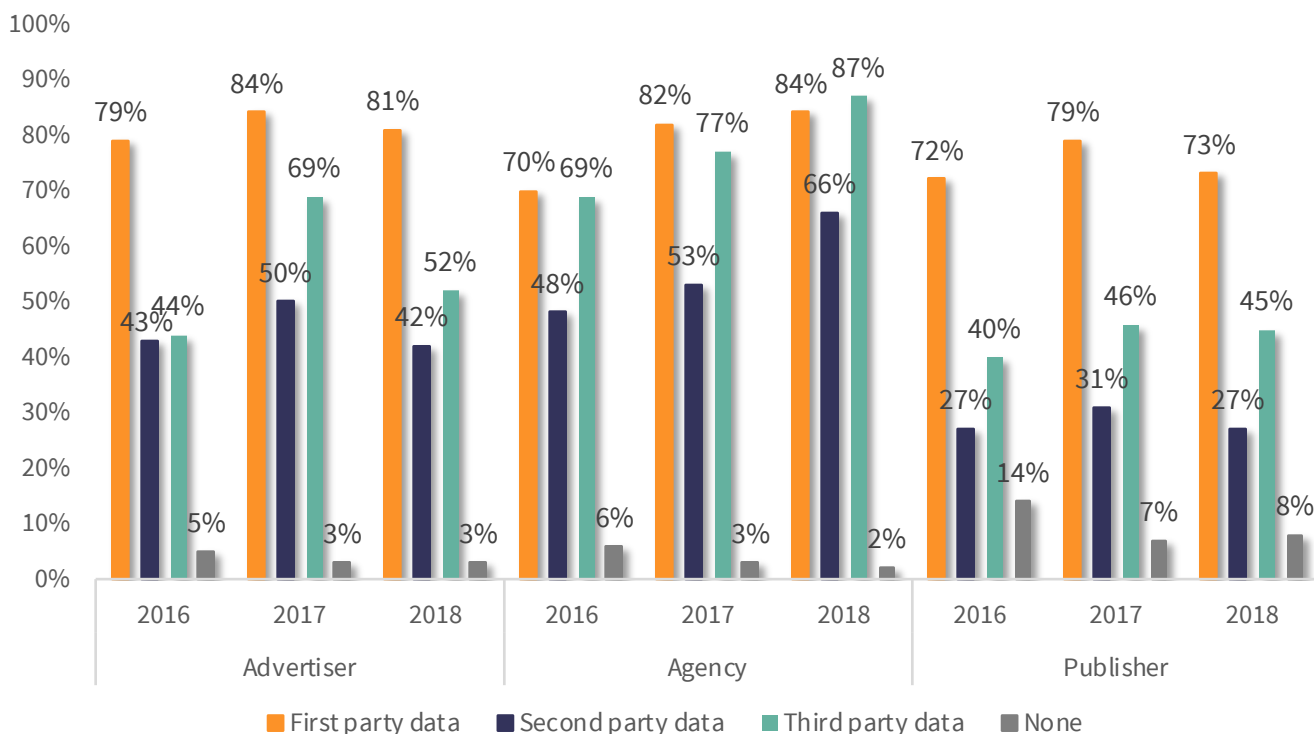
Type of audience data used

With the implementation of GDPR and concerns around data control, it is perhaps not surprising to see that of all audience data types, first party is the principal source used by all stakeholders and this has remained stagnant since 2016.

While publishers and advertisers leverage first-party data more, agencies are currently utilising a greater mix of first, second and third party data, something we also saw in the 2017 report. This trend continues in the responses to the question of what type of data they are planning to leverage in the future: agencies are looking to slightly increase their leverage of first party data, while relying slightly less on third party data. The real uptake for agencies, however, can be seen in utilising second party data sold by publishers. 73% of respondents of agencies in Southern Europe are planning to leverage second party data. This is up from 55% of currently leveraged second party data.

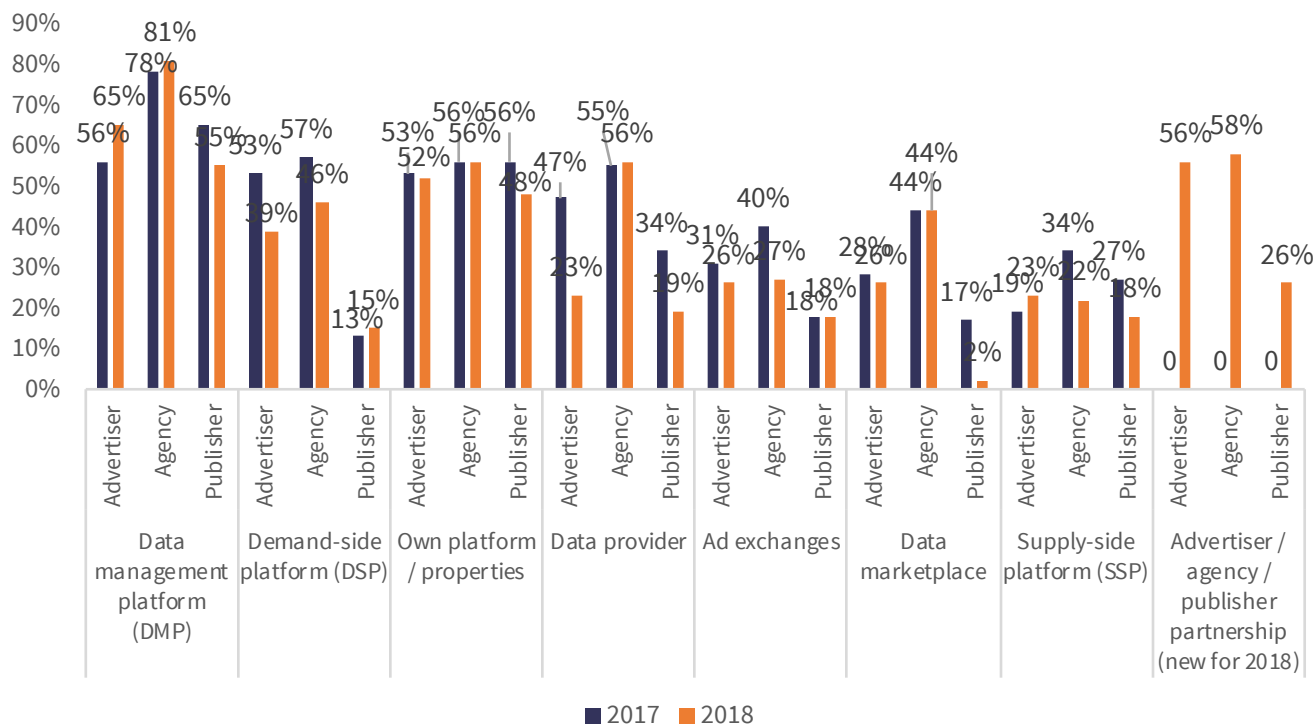
With GDPR in full swing since 25 May of this year, this is not a surprising trend. There is a general concern around data control but also data modelling and therefore the accuracy of data that can be bought programmatically. This has led to a general re-thinking of how our industry leverages various data sources. We might see a slow move away from modelled data towards verified data and contextual data.



FIGURE 12 – Type of audience data used by stakeholder 2016-18

Data sources used

DMPs are considered the primary source of data, across all three categories of respondents and especially for agencies, whilst the use of DSPs as a data source amongst buy-side stakeholders has decreased. Likewise, own platforms and properties are generally confirmed as a strong source of data. Furthermore, advertisers and agencies in particular leverage own partnerships as solid data sources. Out of the three stakeholder groups, agencies are mostly taking advantage of data providers for enhancing their campaigns.

FIGURE 13 – Data sources used by stakeholder 2017-18

The 2018 data essentially confirms what was observed in the 2017 report with two key differences to highlight; a drop in the use of third party data by advertisers and publishers and DSPs decreasing in use as a data source.

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The European data ecosystem has obviously gone through dramatic changes in 2018. Marketers' goals have stayed the same, however, and they still know that the relevancy of the audience matters. Great creative, a viewable ad unit, or a compelling offer will never overcome the wrong audience. Audience-centric media buys remain critical for performance, whether the KPI is click, conversions, or other actions, and the right audience data enables marketers to capitalise on relevancy.

As the industry has matured, we've also seen increased scrutiny and demand for transparency in many facets of ad tech, including ad units, open RTB, viewability, etc. As a result, we've seen common currencies emerge, along with improved understanding within the industry, enabling marketers to make better decisions.

Is it an art or science? We'd argue it's a bit of both but having transparent standardised metrics can be the key to guide you.

Ben Geach,

ORACLE®
Data Cloud

**Global Product Strategy Director,
Oracle Data Cloud**



6. FUTURE OF PROGRAMMATIC TRADING

Not surprisingly, the shift to programmatic continues unabated. As was the case in 2017, we see continued growth and investment in this area from all stakeholders - if we consider how many sectors of advertising are still not fully automated (out of home billboards, print, most OTT), we can agree that there is still plenty of room for growth and augmentation. Indeed, more than 90% of all stakeholder groups state that they think their programmatic investment will increase over the next 12 months.

It's interesting that compared to 2017, less advertisers think that their programmatic investment is going to increase by 31% - 50%: the majority anticipate it will increase by 11% - 30%. Perhaps advertisers perceive a saturation point in their investment across programmatic display, video and mobile campaigns. As new channels such as digital out of home and connected TV grow their programmatic capabilities and offering then this may see an uplift in future years.

For agencies on the other hand, compared to 2017 there is a big increase in those who believe spend is going to rise by more than 51%. For publishers, the majority see their investment being 30% or less, with a decline in those who believe programmatic investment will increase by more than 51%, compared to last year.



7. WITH THANKS

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ABOUT IAB EUROPE

IAB Europe is the leading European-level industry association for the digital advertising ecosystem. Its mission is to promote the development of this innovative sector and ensure its sustainability by shaping the regulatory environment, demonstrating the value digital advertising brings to Europe's economy, to consumers and to the market, and developing and facilitating the uptake of harmonised business practices that take account of changing user expectations and enable digital brand advertising to scale in Europe.

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