

MAGNA GLOBAL's New Programmatic Forecasts

Global Programmatic Spend to Reach \$53bn by 2018

Programmatic will Account for 42% of Global Display-Related* Ad Spend this Year

Key Findings

- Digital media buying is being revolutionized by programmatic buying technologies. Over the 35 countries analyzed by MAGNA GLOBAL, media inventory transacted through programmatic methods will reach **\$21 billion globally this year (+52%** compared to 2013), of which \$9.3bn will be transacted through Real-Time Bidding (RTB) methods.
- Growth will remain strong over the next four years, with an average annual growth rate of 27%, to reach **\$53bn by 2018**. The main drivers behind this growth will include the opportunity to reduce transaction costs on both the buying and selling side, the opportunity to monetize a broader spectrum of digital media impression (the “long tail”), and the opportunity to leverage consumer data at scale to improve the efficiency of ad campaigns.
- Globally, programmatic spend will grow to **42% of total display-related spend** this year (2014), compared to 33% last year, and to 48% of total spend on a global basis next year (2015).
- The pace of programmatic adoption varies by country, by format and by platform. Among the formats analyzed by MAGNA GLOBAL, social inventory is already predominantly traded programmatically. Display and video, starting from a much lower level today, will reach adoption rates of 54% and 43% respectively by 2018.
- The US is leading the global adoption of programmatic: with \$10.9bn worth of transactions in 2014, the US represents 53% of the global programmatic market. Programmatic transactions will represent **62% of display-related digital dollars** this year in the US, growing to 82% by 2018.

* Display-Related media inventory includes all display-related formats: banners, video and social, on both desktop and mobile devices.

Other Stories

Programmatic technologies are reshaping the way digital media inventory is bought and sold. They are now being used on a large scale in the US and in other advanced digital media markets. While other markets are lagging behind in the adoption curve, the programmatic phenomenon is global and irreversible.

In its latest study, MAGNA GLOBAL is defining “programmatic” trading as advertising transactions that are based on automated platforms and that are driven by consumer data. This definition includes real-time bidding (RTB), as well as automated transactions, where some aspects in the transaction (e.g. price) are pre-defined instead of being discovered in real-time (Non-RTB).

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transactions (RTB and Non-RTB) will represent 62% of display-related digital dollars this year, growing to 82% by 2018. By 2018, only the most premium digital inventory (sponsorship, full episode video, non-standard formats) will still be transacted through traditional mechanisms. In the last 18 months, adoption has been boosted by increased usage by large verticals (such as CPG, automotive and pharmaceuticals) and direct-response verticals (such as real estate, dating, gaming, and education). That large vertical usage was made possible by the availability of new tools allowing marketers to measure and benchmark the impact and efficiency of programmatic campaigns on branding goals (and not just immediate conversion).

The transition to programmatic trading is now a global phenomenon, as a sizable portion of digital media spend is now transacted through programmatic technology in every one of the 35 countries analyzed in the MAGNA survey. The largest 10 markets still dominate total global spend (91% of the total programmatic spend is represented by the largest 10 markets), however, with the US alone representing 53% of global spend.

By format, programmatic is still dominated by banner display. Among MAGNA Advanced Programmatic Markets (Australia, Canada, China, France, Germany, India, Japan, Netherlands, Spain, the United Kingdom and the United States), banner display represents 72% of total RTB spend. This will decrease significantly to 31% by 2019. Video (29%) and social (40%) will make up the remainder of total RTB spend, up from a combined 28% this year.

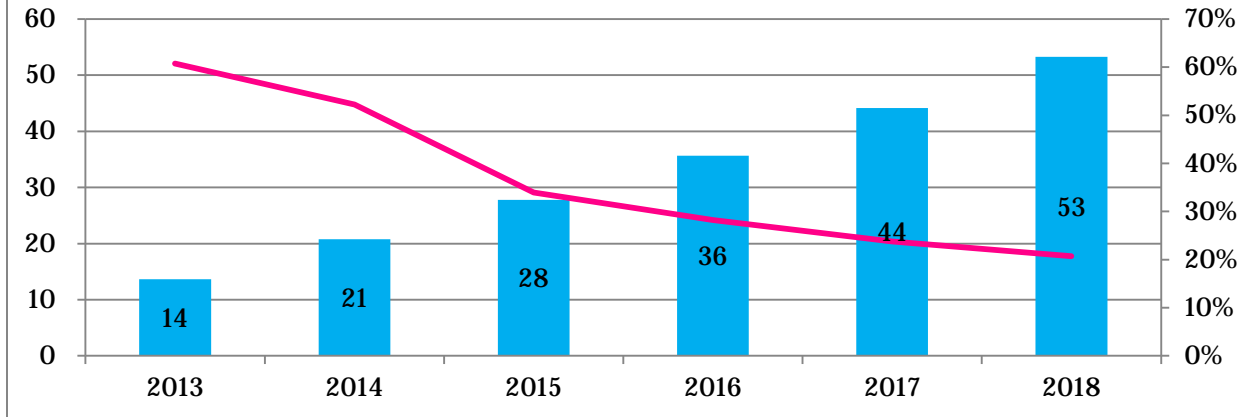
The largest markets in programmatic dollars are the US, UK, China, Japan and Australia. China and Japan, however, are currently lagging behind in terms of adoption (below 20%). It's only the massive total size of these markets that elevates their programmatic spending totals. In the UK, US, and Australia, by contrast, programmatic spend already represents 60% to 70% of total display-related ad dollars (RTB and non-RTB combined). Markets such as the Netherlands, France and Spain are more developed programmatically but are much smaller in total RTB spend.

By device/platform, programmatic is still dominated by desktop. Among MAGNA Advanced Programmatic Markets, desktop devices represent 80% of total RTB spend. Mobile growth (smartphone and tablets) is much higher, and by 2019, mobile will represent 55% of total RTB spend.

In the report, MAGNA GLOBAL also analyzes some of the most important drivers and inhibitors to the transition to programmatic: privacy concerns, inventory bridging, measurement and attribution, and viewability.

Finally, programmatic buying methods have the potential to move beyond internet media and affect trading mechanisms in other electronically-served media categories. In the report, MAGNA analyzes early developments in television and digital out-of-home. These developments are still nascent and represent a very small percent of total spend.

Global Programmatic Spend (\$bn) (includes RTB and non-RTB)



Advanced Markets Share of Total Display by Transaction Method

