

MAGNA GLOBAL's New Programmatic Forecasts

Global Programmatic Ad Spend to Reach \$37bn by 2019

Programmatic will Account for 31% of Display and Video Ad Spend this Year

Key Findings

- Digital media buying is being revolutionized by programmatic buying technologies. Over the 41 countries analyzed by MAGNA GLOBAL in its new report, display and video inventory transacted through programmatic methods will reach **\$14.2 billion globally this year (+49%** compared to 2014).
- Growth will remain strong over the next four years, with an average annual growth rate of 31%, to reach **\$36.8bn by 2019**.
- The main drivers behind this growth include the opportunity to reduce transaction costs on both the buying and selling side, the opportunity to monetize a broader spectrum of digital media impressions, and the opportunity to leverage consumer data at scale to improve the efficiency of ad campaigns.
- Globally, programmatic spend as a share of banner display and video will grow to **31% of total display and video spend** this year (2015), compared to 24% last year, and will increase to 50% by 2019.
- The US is leading the global adoption of programmatic with \$7.7bn worth of transactions expected in 2015. The US represents 54% of the global programmatic market. Programmatic transactions will represent **43% of total display and video dollars** already this year in the US, growing to 62% by 2019.
- Real Time programmatic will represent **81%** of total programmatic spend in 2015, with most transactions occurring on open exchanges or through invite-only exchanges with additional constraints but ultimately auction-based pricing.

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 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), such as fixed price automated guaranteed transactions and fixed rate preferred transactions.

In a change from 2014, MAGNA GLOBAL has decided to exclude social media advertising from its programmatic coverage. While social media advertising is display-based, it is excluded for the same reason that search advertising is excluded from coverage: they are both essentially 100% programmatic and their inclusion would only dilute MAGNA GLOBAL's programmatic findings.

The US is leading the global adoption of programmatic technology: with \$7.7bn worth of transactions expected in 2015, the US represents 54% of the global programmatic market. Programmatic transactions will represent 31% of banner display and video digital dollars this year, growing to 50% by 2019. RTB programmatic will represent 79% of total programmatic spend in the US in 2015.

The transition to programmatic trading is now a global phenomenon, as a portion of digital media spend is now transacted through programmatic technology in every one of the 41 countries analyzed in the MAGNA GLOBAL Programmatic Intelligence report. The largest markets still dominate total global spend (89% of the total programmatic spend is represented by the largest 10 markets), however, with the US alone representing 54% of global programmatic spend.

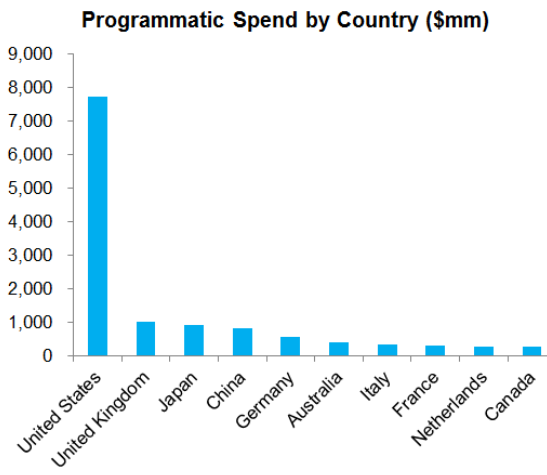
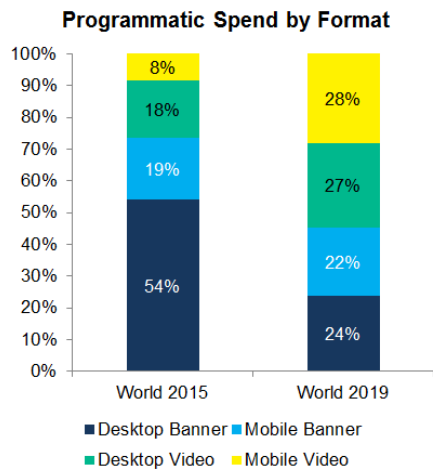
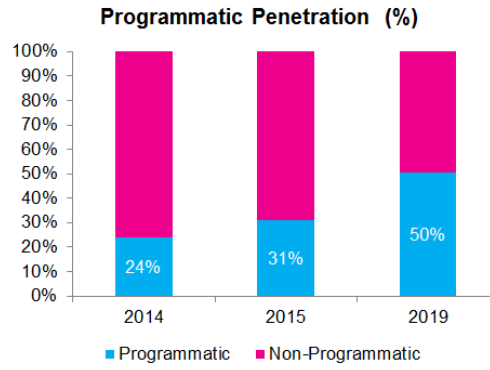
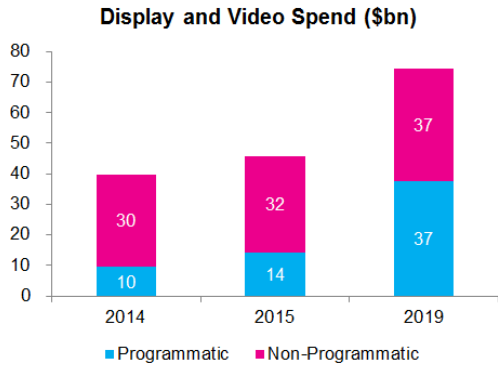
The largest markets in programmatic dollars are the US, UK, Japan, China and Germany. Germany, Japan and China, however, are currently lagging behind in terms of adoption (below 25% of display and video dollars). It's only the large total size of these markets that elevates their programmatic spending totals. In the US and UK, by contrast, programmatic spend already represents nearly half of total banner display and video dollars spent.

Beyond the numbers, the programmatic markets in various countries are developing in significantly different ways. In North America, Western Europe and Australia, established premium digital sales channels were already in existence when programmatic trading was introduced. For this reason, publishers typically only introduce premium inventory through their own controlled environments such as publisher cooperatives, a concept that originated in France. In Asia Pacific, global tech solutions that dominate elsewhere have real competition from local ad tech platforms. In combination with the entrenched incumbent transaction methods and relationship-focused sales channels, programmatic development has been comparatively slow. In Latin America, dominant publishing houses can exert significant control on the expansion of programmatic trading through their willingness to embrace programmatic platforms.

By format, programmatic is still dominated by display. In 2015, display formats will represent 74% of total programmatic spend. By 2019, however, video dollars will represent 55% of total programmatic dollars, up from today's 26% share. Not only is the size of total video spend increasing, but programmatic platforms are gaining access to an increasing share of premium video content. In the US, for example, Hulu is launching a new programmatic solution for marketers that makes Hulu's premium video inventory available across all platforms (desktop, mobile, connected TVs) for the first time. Similar moves are expected to happen across the globe as an increasing share of total available inventory is sold through programmatic platforms.

By device, programmatic is still dominated by desktop formats. In 2015, MAGNA GLOBAL expects 72% of programmatic dollars to be spent on desktop platforms. By 2019, however, desktop and mobile will be evenly split, each claiming half of the total programmatic spending pie. Mobile is smaller today, but mobile penetration is similar to desktop penetration. The expansion of app traffic, the proliferation of YouTube TrueView, and an emerging shortage of premium desktop inventory all have contributed to the improvement in mobile programmatic penetration. Offsetting these mobile tailwinds are the continued technological challenges involved with targeting and tracking users across multiple devices.

In the report, MAGNA GLOBAL analyzes programmatic spend in detail across 41 global markets, including information about RTB vs. Non-RTB programmatic, desktop vs. mobile spend and also banner display spend vs. video spend. MAGNA GLOBAL also explores important drivers and trends within the programmatic ecosystem.



Programmatic Penetration by Country

