Reaching **Full Potential**

Examining attitudes towards programmatic across the global advertising ecosystem

European Report

November 2015

The future is programmatic. From buy side to sell side, a full two-thirds of the global advertising ecosystem are already using programmatic; and virtually all market participants agree that it will be important—dominant, even—in the years to come.

But even as programmatic stands poised to make global history, its benefits remain relatively obscure to those who stand most to gain by it. Operational transparency must be increased and knowledge gaps plugged.

From increased emphasis on viewability metrics to reducing latency in video advertising, the demand is for programmatic; and the demand is for knowledge, transparency and quality.

Achieve this and the opportunity is vast.

November 2015

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Methodology – robust european insights

The march of programmatic continues. With every passing month, the volume and value of programmatic advertising grows at an astonishing clip. Magna Global estimates that the global programmatic market will increase from $29.3 billion 2015 to $61.9 billion in 2018, representing a growth rate of almost 21 percent . Notwithstanding this robust rate of growth, market participants continue to harbor serious concerns.

These concerns often take the form of questions: "Will the bubble burst?" "Does the advertising ecosystem trust, appreciate, or even understand programmatic?" "Will programmatic reach its full potential or do barriers exist—whether currently or in the near-future—that may hold it back?" And just who exactly are these so-called 'programmatic players'? What what does the ecosystem really think of them?"

In 2014 we examined why and how programmatic was growing across Europe. We uncovered a wealth of benefits gleaned from improved targeting. That said, we encountered very low levels of understanding, low adoption amongst advertisers, and an ecosystem rife with mistrust.

This year, in a comprehensive global study, we continued to expand upon last year's findings and introduced new themes into the mix. In June 2015, Circle Research, in association with AppNexus, WARC and DDMA conducted an online survey of more than 1,200 professionals involved in advertising. This survey, spanning three continents and involving advertisers, publishers and advertising technology companies, is the first ever study to ask these key programmatic questions to the global ad tech industry.

This report focuses on the results from over 500 professionals across Europe. Those who took part together transact over $53 billion of annual advertising spend—both digital and traditional—at some of the world's largest advertising organizations.

To access the global, European or North American findings, together with ongoing programmatic news and insights, please follow us at @AppNexus or visit our blog at **blog.appnexus.com**

Truly global study

542 responses from Europe

Covering the entire ecosystem

Advertisers (137), Media Buying Agencies (70), Advertising Agencies (111), Agency networks (25), Publishers (118), and Ad Tech companies (81) companies (35)

[1] http://www.inma.org/blogs/mobile-tablets/post.cfm/programmatic-forecast-for-2015-advertising-world-domination

AppNexus

AppNexus Introduction

We exist to create a better Internet.

AppNexus is a technology company whose cloud-based software platform enables and optimizes programmatic online advertising. Our technology helps advertisers get the most out of their campaigns, publishers get the most out of their content, ad tech companies get the most out of their insights and data, and Internet users get full, democratic access to the digital world.

In order to realize our mission to create a better Internet, we have set our sights on building technology that can make digital advertising better, since ads are the circulatory system of the Internet. They fund most of the great content we're used to getting for free – from music, journalism, and film to games and instant information. They provide the means to innovate, investigate, and entertain.

The 2015 Trust Survey represents a key investment in our core mission. Together with our partners in Europe and APAC, we surveyed over 1,200 participants in the global programmatic market to better understand how they view the promise and future of digital advertising. We believe that all market participants benefit from a candid and comprehensive discussion of what works – and what doesn't work.

We all have a role to play in creating a better Internet. The questions that this report posed, and the answers it produced, go a long way in informing that process.

WARC Introduction

Warc is proud to partner with AppNexus to support this important industry research for the second year.

Our goal is to provide our users across the marketing profession with the knowledge they need to grow their businesses. When the first study was released in 2014, we remarked that programmatic offered huge potential, but was held back by confusion and lack of understanding.

One year on, it is clear those issues are coming to a head. This new wave of research highlights the major trust issues that the ad tech industry,
and more widely the digital economy, must resolve.

The stakes are high. Digital budgets are growing quickly: Warc's International Ad Forecast suggests global Internet ad spend will rise an average 14.5% this year and next, ahead of the 3.4% rise in total expenditure during that time. And programmatic is on course to be the default trading method for online advertising.

So the concerns highlighted in this report – about transparency, about trust, about measurement – must be taken seriously if programmatic, and by extension digital advertising, is to fulfil this growth potential.

Some of these issues may be resolved as marketers, the 'buy side,' gain better understanding of the tools and learn from experience in using them. Other issues may require more coordinated action across the industry. In particular, the findings around viewability and 'latency' in video underline that the 'sell side' still has work to do.

This study is an important step to opening up some of these issues and, we hope, giving marketers the knowledge they need to operate effectively in this area.

iab.
australia

IAB Australia Introduction

The Interactive Advertising Bureau (IAB) Limited is the peak trade association for online advertising in Australia. As one of over 43 IAB offices globally, IAB Australia's principal objective is to support and enable the media and marketing industry to ensure that they thrive in the digital economy.

In the Australian market Programmatic buying has grown from the simple idea of automating a process in order to gain efficiencies to an opportunity to help deliver on much of digital marketing's promises speed combined with smart, true data integration and creative flexibility. It is not a set and forget industry.

It needs people and machines to work to its fullest potential, and the best examples of what programmatic can be are those that integrate human judgement and creativity with the efficiency and processing power of computers. And we are seeing that marketers are getting more directly involved in the process, further proof of the need for a human factor in this automated process. As an industry, we can't just make noises about integration as in the past. Getting tech integration right is essential to push programmatic ad serving forward. And this incorporates new and more sophisticated ways of measuring "success" which need to be developed, particularly as programmatic buying is used increasingly for branding purposes. Going forward, programmatic will continue to stretch beyond desktop inventory buying into the areas of video, mobile, outdoor and TV advertising.

In such a fragmented and – at times – fickle world of media consumption, systems to automate and assist in audience buying are going to be ever more essential, and the quality and monitoring of inventory will be key to the success of this rapidly expanding industry.

The IAB helps drive the industry forward through the efforts of councils in various industry segments. IAB Working Groups are essential forums that reflect our varied member base, providing the industry with a collective voice to shape, educate and encourage the betterment and growth of the entire industry. AppNexus play an active role in IAB's Ad Technology Advisory Council which takes advantage of the IAB's scale, competencies and member base to identify and address critical issues in advertising technology innovation.

The goal of this council to focus on how technological innovations can deliver value and business outcomes for marketers Australia–wide, focusing on technical standards, operating guidelines, research, marketing, value-chain relationships and best practices.

1. Programmatic – the headline act

Programmatic has come a long way. Not long ago it was considered by many as the salvage yard of advertising—a convenient means by which to dispose and re-purpose low-cost, low-value remnant inventory disparate to overall advertising strategy. It was something of a niche interest; a garage hobby for as-yet unproven start-ups. Indeed, a mere 25% of the global advertising ecosystem thought that it was imperative for an agency to possess knowledge of programmatic even five years ago.

Five years later, the picture could hardly be more different.

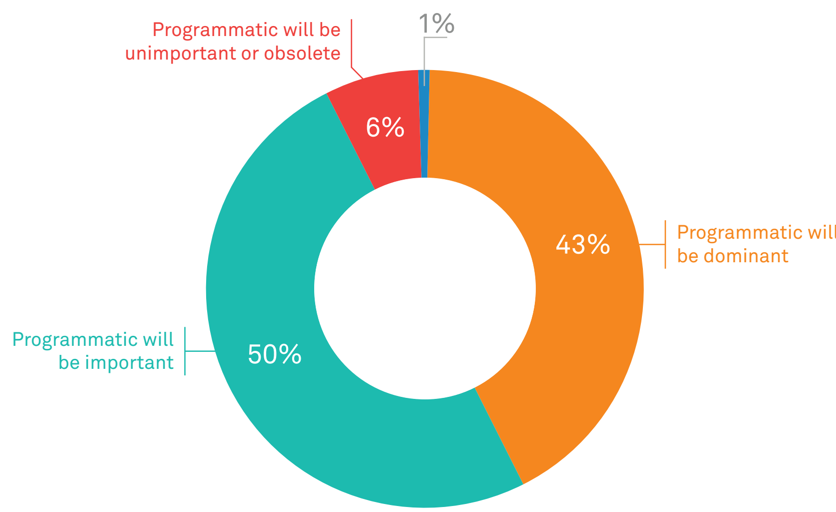
The view of programmatic as advertising's 'poor cousin' is out of date. If you're involved in advertising, chances are that you're among the two-thirds (70%) of market participants who now use programmatic. To put this in to context, in 2014's Programmatic Insights study, only 57% were using programmatic.

In fact, even this year's higher figure may actually be an under-estimate. While only half of advertisers (50%) and just over half of advertising agencies (57%) report that they use programmatic, nearly all media buying agencies are doing so (92%). If the advertisers and agencies who claim not to be using programmatic are running campaigns via media buying agencies, could it be that their ads are being placed programmatically—and that they simply don't know it?

This raises an interesting and larger question: If many advertisers don't realize that their advertising is being placed programmatically, do advertisers need to be made aware of what programmatic is? While it might be tempting to say that a fundamental grasp of programmatic is unnecessary—after all, for advertisers it's the results and not the methods that count –the anticipated dominance of programmatic suggests otherwise. In order for advertisers to flourish in future years, rigorous understanding of the subject is utterly paramount.

Programmatic is set to be here for the long haul. Only 7% of the ecosystem believes programmatic will have a small role to play in digital advertising in the future; the majority think it will be important. Already, over one-third of advertisers believe programmatic will be the dominant force in digital advertising in the years to come (43%), up from 30% in 2014. The former "garage start-up" attitude towards ad tech is now an anachronism.

Figure 1
Future of Programmatic in Digital Advertising

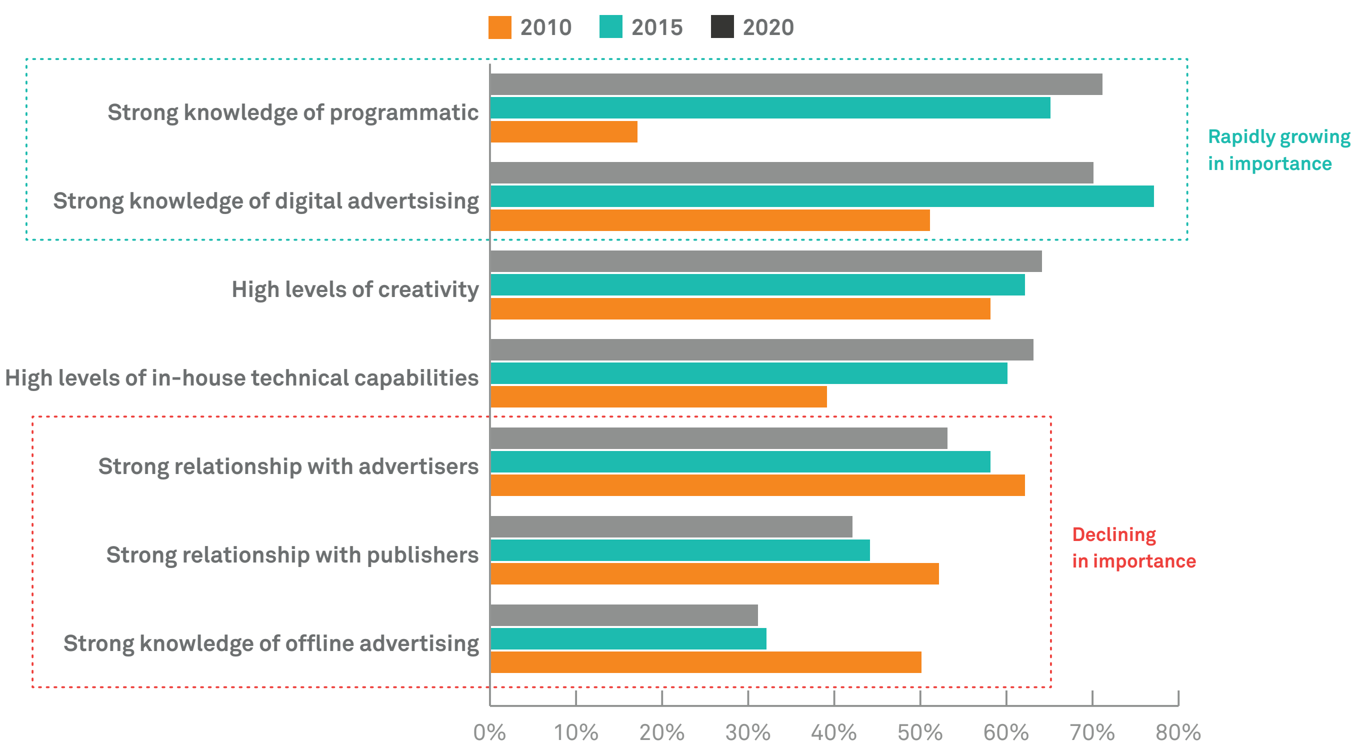


With programmatic destined for great things, an agency can no longer afford to be unfamiliar with the technology. Nearly three quarters of the ecosystem (71%) now recognize knowledge of programmatic as one of the most important capabilities that agencies will need to possess in five years' time. To put that into better context, only 64% of agencies believe that high levels of creativity will be important. Once something becomes more important to an ad agency than creativity itself, you know it's become a pretty big deal.

Moreover, knowledge of programmatic should no longer be placed on the backburner; it's a skill set that agencies need in the here and now. Nearly two thirds of survey respondents (65%) quoted strong knowledge of programmatic as being necessary for Agencies to possess in 2015, compared to 47% in 2014.

The pressing need for programmatic literacy also needs to be reflected on the sell-side where certain publishers risk becoming left behind. While the majority of publishers (53%) do now offer programmatic inventory, that still leaves almost half (47%) who are not yet on board. Now that media buyers who use programmatic and programmatic capabilities form an integral part of an agency's arsenal, can any online publisher afford not to be offering—and for that matter, learning—programmatic?

Figure 2
Capabilities that agencies need to possess



2. A rational choice

Programmatic is undoubtedly on the rise… but why? When asked to associate words with 'programmatic', respondents mentioned three words in particular:

- Automated (72%)
- Real-time (71%)
- Targeted (64%)

If a marketer was to write the ideal definition of programmatic, they could hardly come up with a better list.

Firstly, the perceived benefits of the top association—automation—are significant. 15% of buy-side organizations spend more than five hours every day on repetitive tasks like tracking and reconciling information for a single campaign. Virtually all buy-side organizations (93%) agree that automating these repetitive tasks would be beneficial. With programmatic heavily associated with automation, the benefits to buy-side agencies are pristinely clear.

Yet the benefits of programmatic stretch far beyond mere efficiency savings to the 'silver bullet' of advertising: segmented targeting. We saw in the programmatic insights report last year that 'targeting' was the priority in advertising in Europe – and it's become even more important since then.

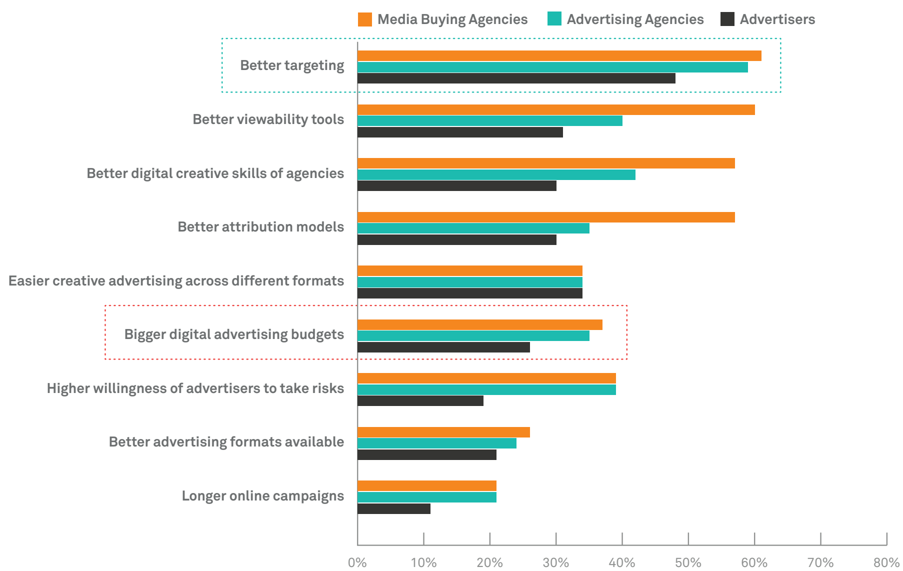
Both buy-side and sell-side respondents agree: success and targeting are intrinsically linked. For the buy side, targeting is what makes advertising more effective. Close to twice as many buy side organizations state that improving the ability to target specific audiences would benefit a campaign more than simply having a bigger budget (55% vs. 33%).

And for the sell side, targeting is what makes property attractive; sell side platforms quote 'relevance of audience' as being the biggest determiner of digital advertising property value.

Respondents from across the ecosystem were in strong accord: the ability to target specific audiences is the number-one consideration that makes a visual advertising campaign effective. Targeting is more important than high visibility; more important than creativity; more important even than having a large budget. It's not how many people see an ad that matters; it's who sees it. With targeting being synonymous with successful advertising, and programmatic being synonymous with targeting, it's no wonder that programmatic is entering the mainstream.

On the flip side, it's also interesting to note the words that respondents did not associate with programmatic. While there are strong associations between programmatic and its functional features (automated, real-time, targeted), there is very little 'emotional' engagement. While programmatic is not considered 'dangerous' (only 9% report it to be),

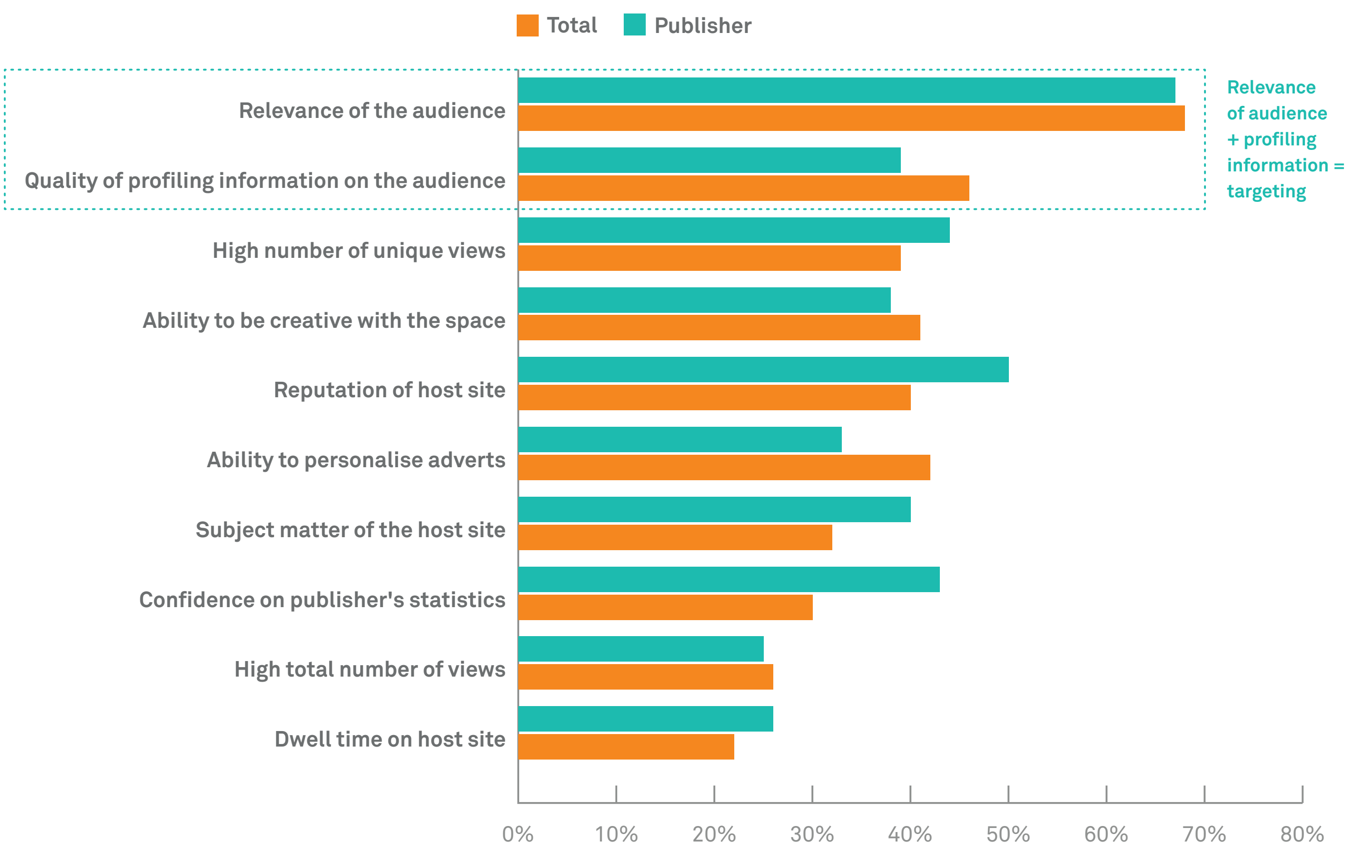
Figure 3
How to improve effectiveness of adverts



neither is it deemed 'safe' (12%) nor 'trusted' (13%). This suggests that much of the industry is still grappling with its feelings about programmatic; features are becoming increasingly understood. A strong, opinionated consensus has yet to emerge.

As we shall see, this lag may owe to a lack of understanding within the ecosystem about how programmatic works. While the problems programmatic can solve are being communicated, that doesn't necessarily translate into how well the actual processes and methodologies involved in programmatic are being explained. If the ecosystem truly wants to communicate that programmatic is a long-term, trustworthy solution that it needs to adopt (which the statistics on adoption and benefits certainly suggest) then the programmatic industry needs to inform and educate the market not only why they should appreciate programmatic, but the reasons they should trust and use programmatic.

Figure 4
What makes digital property more valuable



3. Do first; understand later

Use of programmatic is very high and growing. However, a concurrent understanding of what programmatic actually is, and the nuances of how it works, are far from universal. Over one third of the ecosystem (34%) understands very little or nothing about how programmatic works. This is particularly acute among advertisers (53%) and agencies (42%).

This lack of understanding is remarkable in and of itself; but perhaps even more astonishing is the lack of knowledge about programmatic runs concurrent with a high usage of it (70%). Discrepancies like these point to a likely conclusion: that a significant segment of the ecosystem is actually using programmatic despite knowing very little about it.

This lack of understanding manifests itself in all kinds of different ways. One obvious way is in daily operational challenges. If you don't understand something, it's hard to plan accurately for a whole range of requirements—from plugging skill set gaps and meeting training needs to internal strategy and reporting. As a result, 'lack of understanding as to how programmatic works' is by far the largest challenge to overcome before advertisers can effectively adopt and wield the technology (50%).

Lack of understanding also reduces overall trust. Only 20% of advertisers say that they are totally confident in knowing how effective their digital campaigns perform, whilst one in four advertisers have a lot of uncertainties.

Other manifestations of this fundamental lack of understanding are more subtle. On the surface, many advertisers who have not yet adopted programmatic believe that lack of budget is restraining them (34%). However, in reality, an advertiser using programmatic does not require any additional budget. Programmatic is about methodology and technology – not a channel in and of itself. It can be achieved through a re-allocation of resources as opposed to creating a separate budget— a point that, by contrast, isn't lost on media buying agencies (not a single media buying agency quoted lack of budget as a barrier). Here is a case study of a 'phantom' barrier conjured up by sheer incomprehension.

While all the data and market sentiment certainly implies that programmatic is poised for strong growth, greater education throughout the market can serve as a catalyst for programmatic to reach its full potential.

To better address the need for education, there needs to be a consequent effort to provide greater operational disclosure. This is an issue we identified last year, and is still one that is commonplace across the industry. When it comes to understanding day-to-day practices behind programmatic, nut-and-bolt issues like who are the key stakeholders involved in conducting programmatic campaigns; or who

Figure 5
Challenges to using programmatic

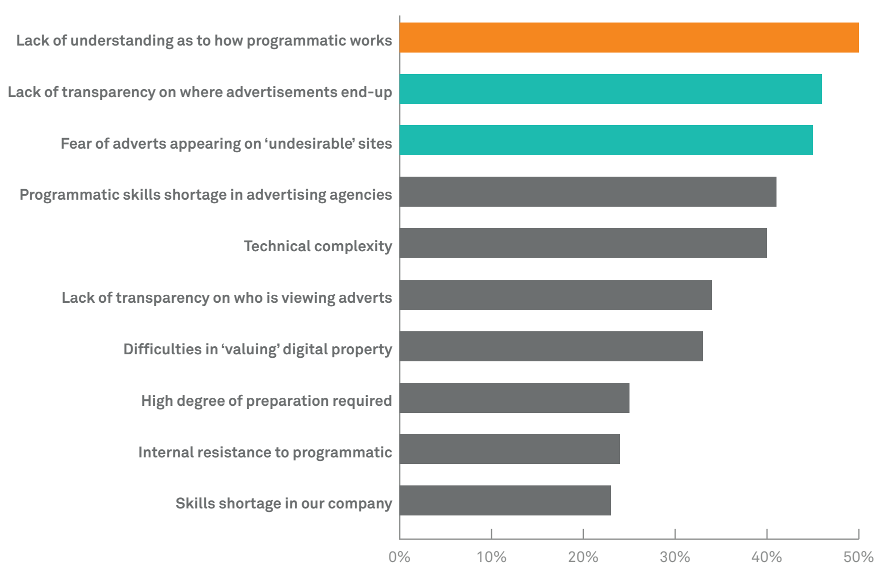


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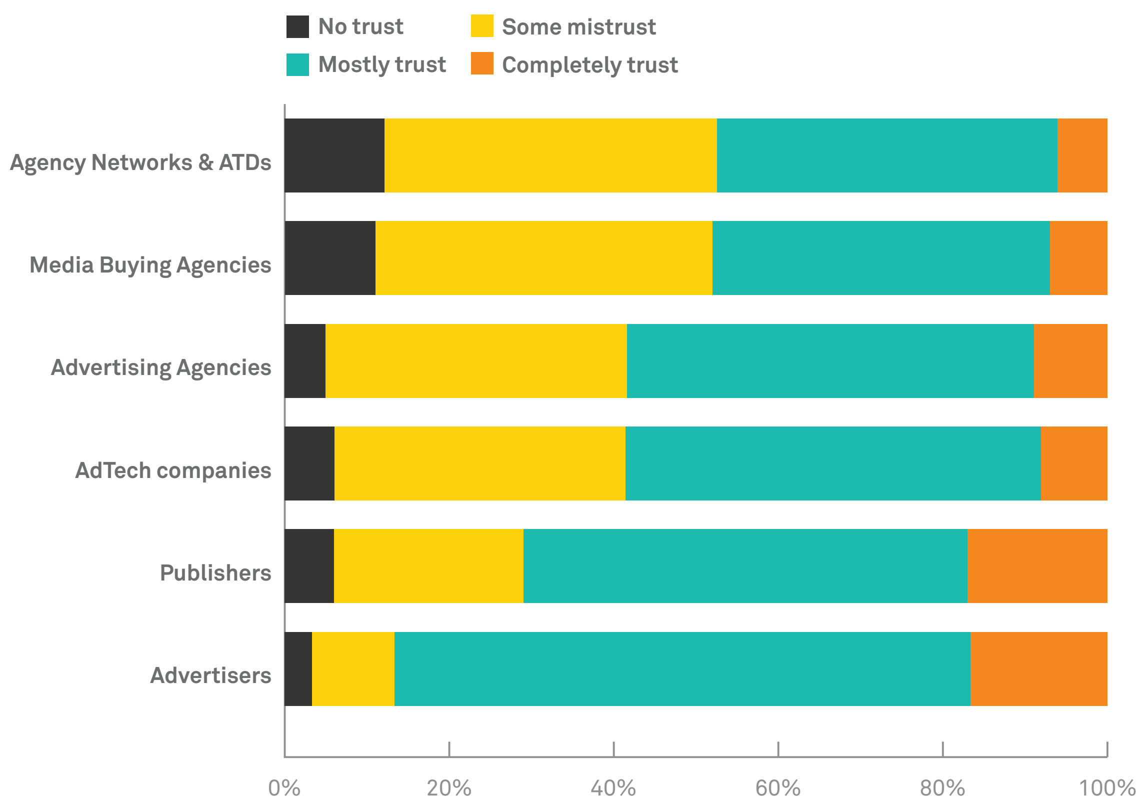
Figure 6
Level of trust in different parts of the ecosystem



gets paid what; or where ads get shown—only 5% of respondents describe their relationship as being fully transparent; 60% think it's not transparent. Those at the edge of the ecosystem have the greatest worries as far as transparency. While respondents placed greater amounts of faith in advertisers and publishers, they expressed less trust for the in-between players, in particular agency networks and media buying agencies.

This lack of transparency presents a significant obstacle to programmatic. After lack of understanding, the top two challenges related to programmatic are 'lack of transparency as to where advertisements will end up being displayed (46%) and 'fear of ads appearing on undesirable sites' (45%).

These concerns are also more prevalent among advertising agencies and media buying agencies than they are for end clients. This 'fear factor' may partly explain why many agencies are currently choosing to use ad tech companies to manage their campaigns for them, rather than executing programmatic themselves.

Whether or not increased knowledge of programmatic will lead to greater ownership of programmatic by agencies moving forwards will be interesting to observe.

In summary, programmatic is undoubtedly important and going through extremely strong growth. That said, as the market matures, issues of trust will be brought to the forefront and increased operational disclosure will be vital for enabling programmatic to reach its full potential.

4. Maturing and consolidating

All growing pains aside, programmatic is set to soar further and faster over the coming years. And as market value continues to rise, competition for a piece of the action will be ferocious.

While respondents view the industry as highly-fragmented, there is ample evidence of growing maturity and consolidation. In our survey, we asked participants from North America and Europe to spontaneously name as many programmatic technology companies as they could . The answers demonstrate heightened awareness of an elite group.

The leader in awareness is Google DoubleClick (42%). Following in clear second place, and spontaneously mentioned by more than one in five respondents, is AppNexus. Eight other organizations then follow with between 7-13% spontaneous awareness.

The prominence of Google DoubleClick is firmly cemented, with the highest spontaneous awareness scores for every audience across the survey spectrum. But DoubleClick aside, the recognition of other companies varies by audience.

While advertisers overall have lower awareness levels of programmatic companies in general, their focus on the consumer drives Facebook into second place. Meanwhile, and perhaps driven by a lack of internal knowledge necessitating outsourcing, advertising agencies put Rocket Fuel in second place.

Meanwhile, those closest to the ad-tech world like media buyers and publishers list AppNexus as their second most prominent organization, with Media Math and Rubicon coming in third place for each respective audience.

Overall, while awareness levels vary by audience, the market shows considerable maturity, with Google DoubleClick consistently retaining the top position across all organization types and AppNexus always appearing within the top four (and usually top three).

Slowly but surely, the long-fragmented programmatic market is consolidating itself.

The two leading organizations—Google DoubleClick and AppNexus—also share two common associations. We asked participants to associate words with the organizations they were aware of. Google DoubleClick and AppNexus were the only ones to emerge with both net-wide reach and professionalism above 10% .

Figure 7
Spontaneous awareness of programmatic technology companies

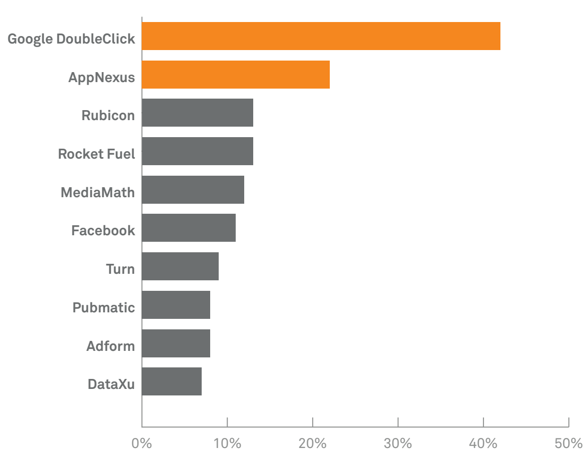
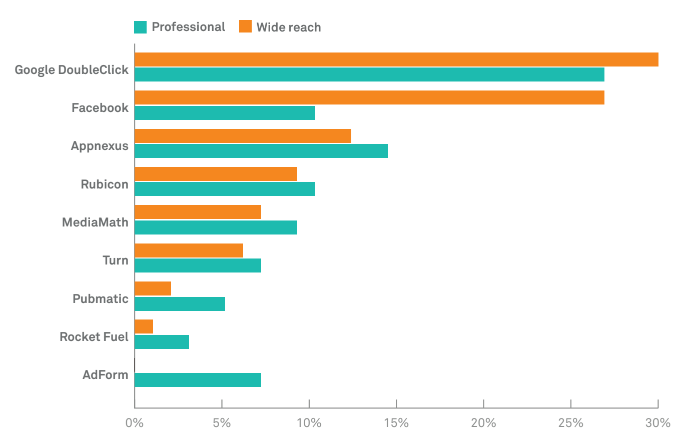


Figure 8
Associations with programmatic technology companies



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5. Viewability – bring it on!

As the market consolidates and demand for quality and transparency gains momentum, market participants place heightened emphasis on viewability metrics.

Rather than simply charging for each advertisement placed, viewability metrics require that an ad must be visible on-screen for a set period of time before it is deemed to have been, effectively, 'viewed'.

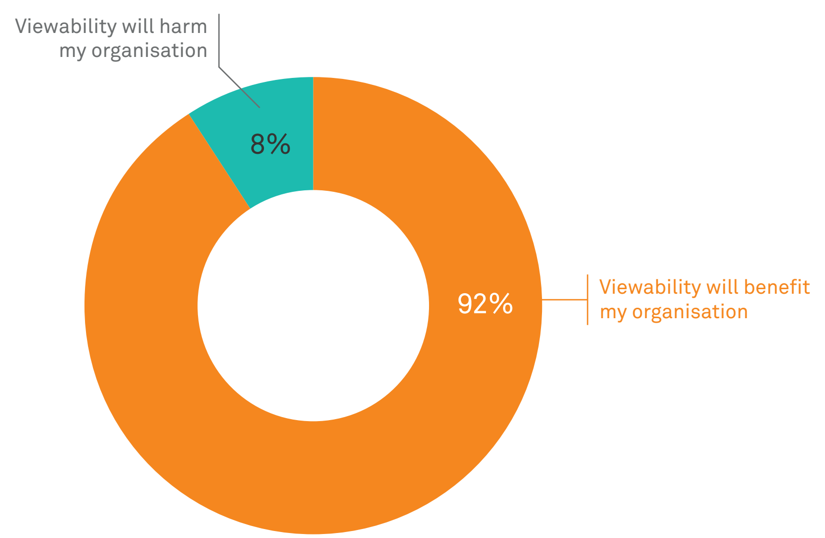
This metric, intended to provide buyers with reassurance that their advertising campaigns are being deployed effectively and remove 'unfair' charges for non-viewed ads, is (unsurprisingly) regarded as a positive feature across buy-side audiences. A landslide majority of buy-side respondents believe that viewability metrics will benefit their businesses (97%). However, many of these very same buyers expressed concern that publishers—who may risk seeing reduced revenues as a result of these new practices—might not feel similarly.

Luckily, those fears are unwarranted. Nearly all Publishers (92%) believe that increased emphasis on viewability metrics will benefit their businesses.

The resounding majority of market participants throughout the ecosystem stipulate that programmatic should provide quality, effectiveness and transparency.

This is a mandate. An emphasis placed on developing clearly-defined viewability metrics would ensure that the mandate was met—and that programmatic would continue unimpeded in its adoption.

Figure 9
Publishers' opinion on viewability

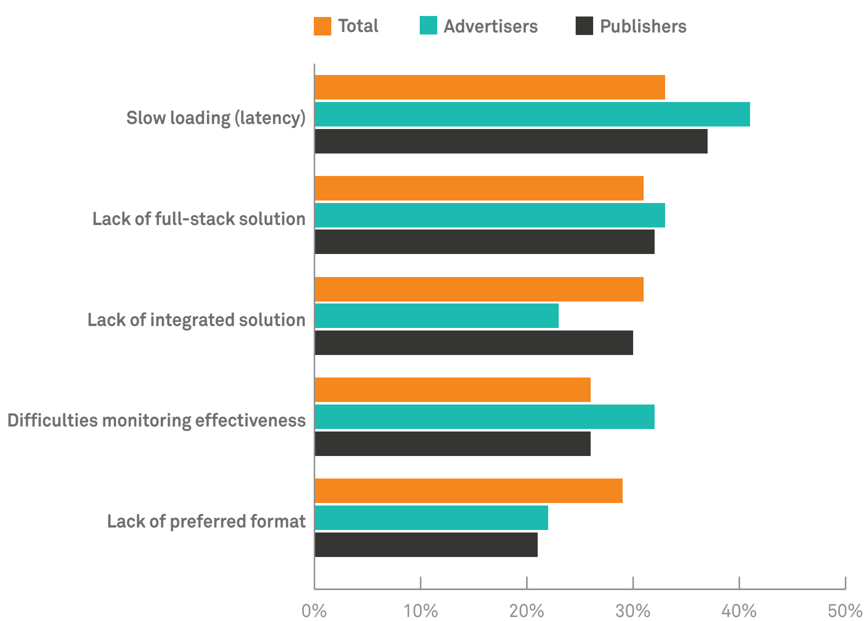


6. The impatient video

As programmatic continues to become increasingly popular, different formats will rise to the foreground. Already, three quarters of programmatic adopters (75%) are also using the technology for mobile advertising. Lagging slightly a few percentiles behind (at 56%) is the use of programmatic video.

This statistic should not come as a huge surprise, especially given the struggles programmatic has grappled with in the past when it comes to video advertising. Much has been said already about the challenges of providing integrated video solutions and appropriate video formats. For media buying agencies and ATDs, these are the two top considerations standing in the way of programmatic video adoption.

Figure 10
Challenges to programmatic video



That being said, advertisers and publishers tend to have their eyes elsewhere. Being closer to the consumer, these organizations concern themselves more with user-experience and in particular with slow loading times (latency).

Slow loading times are widely known to impact user behaviour negatively. Radware claims a mere one-second delay can cause an 11% reduction in page views and 16% lower customer satisfaction . Google even uses loading time as one of the metrics to determine search result rankings. For publishers and advertisers, both of whom want high traffic and excellent user satisfaction, demanding quick loading times must therefore be a top priority.

As such, latency will become the new buzzword in programmatic video as organizations seek to satisfy an increasingly demanding consumer, one without the time to wait.

Executive summary

Programmatic has well and truly arrived. Already used by over two-thirds (70%) of digital advertisers and seen as having a vital part to play in all future digital advertising (93%), programmatic is ready to make history.

The reasons are compelling. In an advertising world where success is driven by ability to reach the most relevant audiences, programmatic is synonymous with segmented targeting. Both buy-side and sell-side respondents are firmly aligned on this point: programmatic can deliver more efficient and more effective advertising campaigns.

But in order for programmatic to reach its full potential, hurdles must be overcome. One particularly significant hurdle is the overall lack of understanding and transparency across the ecosystem. More advertisers and agencies use programmatic than ever before—but don't fully as yet understand how it works. In short, there are underlying, valid concerns that require immediate address: the need to educate advertisers and agencies on who is involved in a programmatic campaign, what they get paid, and where the ads get placed online. In order to allay these workaday fears and drive programmatic forwards, increased operational disclosure is imperative.

Another key takeaway is the name-brand value of both Google DoubleClick and AppNexus. Each of these organizations stands apart at the top of spontaneous awareness tables. Likewise, respondents see each as having a wide reach and a professional approach.

These organizations in particular are in unique position to drive programmatic forwards into an era of immense potential and of high growth, particularly in meeting demands for advertising quality, effectiveness, and transparency.

But how to be more qualitatively effective and transparent? Two keys to unlocking this opportunity reside in the increased use of viewability metrics and improved programmatic video advertising. The vast majority of the ecosystem (including publishers) see viewability metrics as a positive development, while advertisers and publishers clamour resoundingly for reduced latency in video advertising.

Provided these challenges are met head on (and they already are), it's safe to say that all roads lead to programmatic.

We hope you've found this report useful and though-provoking. To register for further insights, please go to: www.appnexus.com/subscribe.

Country focus

Across Europe there are varying levels in adoption of, and attitudes towards, programmatic advertising. Over the following few pages we extract some of the key country-level differences from Germany, UK, Spain, Italy and France.

However, before we do so, it is also important to note that many things were very consistent across all of the major European markets.

For example, whilst the level of understanding of programmatic fluctuates significantly between continents, across Europe it is much more consistent. Between 25% and 27% of respondents in all of Germany, France, UK, Italy and Spain state that they 'completely understand' programmatic.

In addition, when it comes to those who have already adopted programmatic, there are also consistencies. The top reason given for adopting programmatic is the same across every European country in the study: 'to gain a competitive advantage'. Programmatic is not merely about efficiencies or cost-cutting, it's a significant business differentiator.

There are numerous other instances of similarity but let's now explore the differences.

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Country focus – Germany

Confidence in the effectiveness of advertising is riding particularly high in Germany. Whereas across Europe as a whole only 14% of the ecosystem is 'totally confident' that they know how effective their ads are; in Germany this number more than doubles to 32%.

In addition, whilst a perceived lack of transparency in the industry is also something that we found to be a real issue across the world, this challenge is slightly less potent in Germany. Only a third (35%) quote lack of transparency on where adverts are placed as a challenge compared to nearly half (46%) across Europe. And only 18% in Germany quote a lack of transparency over who is seeing adverts as a challenge compared to 34% across Europe.

Despite this, programmatic adoption is no higher in Germany than in other European markets. Two thirds (66%) of the ecosystem in Germany has adopted programmatic in some form – broadly in line with other European markets (70% overall).

Holding back growth in programmatic are two challenges that are just as prevalent in Germany as they are in other nations. A 'lack of understanding as to how programmatic works is a challenge for over two fifths (43% - same as across Europe); whilst difficulties getting to grips with technical complexities is also a challenge for 40% (trailing only Spain at 43%).

Furthermore, the technical complexities mean that levels of programmatic for video adoption are lower than average in Germany. Fewer than half (49%) of those using programmatic in Germany do so for video advertising compared to 56% across Europe. The top challenge holding back programmatic video in Germany is a 'lack of preferred format' (mentioned by 45%).

Whilst the ecosystem in Germany is good at measuring programmatic effectiveness, more needs to be done to educate and inform the ecosystem on how programmatic works and provide users with the confidence to fully embrace the technology.

Country focus – UK

Currently the UK is in the middle of the pack in terms of programmatic adoption, with just over two thirds (69%) currently using it, but this looks set to grow. Looking to the future, the UK is the market most likely to say that it will be important for agencies to possess programmatic skills in five years (77%), and equal most likely (with France) to say that programmatic will be the dominant form of online advertising by 2020 (44%). The future looks bright for programmatic in the UK.

Respondents in the UK are also more likely to be using programmatic for mobile (80% of all programmatic users) the highest number of any European market. Programmatic video is currently no higher than in the rest of the region (54% to 56%) but with mobile already entrenched this may soon be about to change.

Driving adoption in most global markets is audience targeting. The factor considered of utmost importance in making an advertising campaign successful is 'who' sees they advert – i.e. the relevance of the audience and high visibility.

However, in the UK, more importance is placed on 'where' than on 'who'. The context in which adverts are placed is considered as the most important factor in successful campaigns (61%) whereas this factor is only fourth most important across Europe.

One thing that could be hold the UK back though is transparency. Only 30% of the ecosystem thinks the industry is at least quite transparent, compared to 41% across Europe. Similarly 'lack of transparency over where adverts end up' is more of an issue here than in any other market, with 54% of respondents quoting this as an issue.

Although the UK has high aspirations for programmatic, transparency concerns need to be dealt with quickly.

Country focus – Spain

Overall, use of programmatic is slightly lower in Spain than in other major European markets with only 61% currently using programmatic (70% across Europe). This discrepancy is likely due to Spain playing catch-up. Fewer than one in ten respondents in Spain (7%) think that programmatic was a skill needed by agencies 5 years ago compared to 19% across Europe. Wind forward to the present day and just as many in Spain recognise the importance of programmatic skills as their counterparts across Europe, but a period of time will be required for agencies to acquire the skills given the slow start.

In addition, there appears to be more confusion in Spain when it comes to the advantages of programmatic advertising. Whilst programmatic is considered dynamic (58%) and efficient (52%) in Spain, associations with the key benefit of targeting are much weaker. Only just over a third of the ecosystem in Spain (39%) associates programmatic with targeting compared to nearly two thirds (64%) across Europe.

This failure to recognise the targeting possibilities of programmatic is demonstrated by the fact that rather than rating relevance of the audience as the most important determinant in digital property valuable (as is the case across most of Europe), in Spain, more emphasis is place on the reputation of the host site (50% compared to 40% across Europe).

With only 12% of the ecosystem in Spain totally confident in the effectiveness of their current adverts, programmatic presents a significant opportunity. However, associations with targeting need to be embedded if programmatic is to reach its potential in Spain.

Country focus – Italy

Digital advertising is considered more critical in Italy than any other market (73% vs. 66% across Europe). But it's not just a numbers game. Although the ability to target audiences is an important factor in the success of visual campaigns (54%), resonance of the message is considered even more important (67% vs. 44% across Europe).

Programmatic should therefore hold fantastic potential in Italy with increased ability to target individuals with personalised and resonant messages. However, resistance to programmatic in this market is higher than might be expected. Gaining a competitive advantage is still the main reason for programmatic adoption, but far below other markets (50% in Italy vs. 78% across Europe).

Instead, in Italy, pressure rather than choice is often forcing the move to programmatic. Nearly half of programmatic users in Italy (39%) had adoption dictated by policy from above compared to only one in seven (14%) across Europe. Similarly over a quarter (28%) have received pressure from publishers (vs. 10% across Europe) and over a fifth (22%) have received pressure from advertisers (vs. 10% across Europe). In Italy, external pressure is arguably having as much influence on the growth of programmatic as the actual business benefits.

Perhaps the 'lack of internal enthusiasm' arises from fear of adverts being shown on undesirable sites – the top challenge to programmatic adoption in Italy (51%). With so much emphasis behind digital in Italy, the market should be ripe for programmatic but fears need to be allayed before it can be truly embraced.

Country focus – France

International researchers often cite "l'exception française" – in essence, the nature of France to be very different from every other market! It is somewhat ironic therefore that in this study we found France to probably be the 'least distinctive' or 'most average' of all of the European markets.

The use of programmatic for video is slightly higher in France than elsewhere (67% vs. 56%), whereas use for mobile is slightly lower (69% vs. 75%) with some difficulties remaining in monitoring effectiveness and understanding who is viewing the advert (35%).

Overall though, France was in agreement with European norms – "le français prévisible"?

About AppNexus

AppNexus is a technology company whose cloud-based software platform enables and optimizes programmatic online advertising. Its enterprise technology platform maximizes yield and campaign performance for sellers and buyers of online inventory. As the world's leading independent ad tech company, AppNexus is led by the pioneers of the web's original ad exchanges. Headquartered in New York City with 23 global offices, AppNexus employs more than 1000 of the brightest minds in advertising and technology who believe that advertising powers the Internet. For more information, follow us at @appnexus or visit us at www.appnexus.com.

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