Programmatic Insights 2019

April 2020
Executive SUMMARY

According to Zenith Media, $106 billion USD was spent through programmatic channels in 2019, representing 19% growth over the prior year. That same report anticipated continued growth in dollars shifting to programmatic this year, with up to two-thirds of all digital media being executed through automated channels.

As the global leader in smart programmatic infrastructure, BidSwitch has a unique position in the digital ecosystem. Our technology facilitates more than 4,000 trading connections between 300+ DSPs and SSPs globally across all media channels and formats. Analyzing almost 50 trillion ad requests quarterly gives BidSwitch unparalleled visibility into both micro-movements taking place in the bidstream, as well as global trends shaping programmatic buying patterns. This report looks at data collected between 2018 and 2019 to present highlights into those changing dynamics, and the impact of various industry initiatives and market forces on programmatic activity.

FIVE KEY TRENDS Impacting Programmatic in 2019

1. Following shifts in user consumption patterns, marketer appetite for native and mobile inventory surges, as display and desktop continue to decline.

2. Traditional media channels such as DOOH, Advanced TV, and Audio are continuing to go programmatic and buyers are following suit.

3. Agencies to media buyers are looking for more direct pathways to premium supply and industry initiatives like ads.txt and app ads.txt are improving their ability to do so.

4. Deals are growing in importance as buyers look to lock up brand safe premium supply with maximum pricing and fee transparency.

5. As the lifespan of third party cookies grows increasingly short, unsynced traffic remains undervalued, presenting opportunity for performance buyers.
North America Continues to Dominate Programmatic Spend

Programmatic Spend by Region

- NA 69.6%
- EUR 18.0%
- APAC 9.3%
- Other 3.1%

Europe and APAC spend dominated by small group of major markets

European Programmatic Spend by Country

- UK 31.2%
- Germany 20.5%
- France 15.9%
- Italy 7.1%
- Spain 6.6%
- Other 18.7%

APAC Programmatic Spend by Country

- Japan 64.1%
- Indonesia 7.9%
- India 7.7%
- Australia 6.4%
- Rep. of Korea 3.1%
- Other 10.9%
Global ad spend is increasingly mobile, as desktop continues to decline

Global Spend by Device Type

- **2018**: Phone 48.7%, PC 43.9%, Other 7.4%
- **2019**: Phone 57.0%, PC 33.8%, Other 9.1%

Top 5 OS by Media Spend

- **2018**: Android 45.7%, Windows (desktop) 27.6%, iOS 19.7%, OSX (desktop) 5.5%, Linux (desktop) 1.5%
- **2019**: Android 42.9%, iOS 26.0%, Windows (desktop) 25.9%, OSX (desktop) 4.1%, Linux (desktop) 1.1%

Native formats gain strength as display stagnates

Display Bid Requests

- **2018**: [Graph]
- **2019**: [Graph] +7.5%

Native Bid Requests

- **2018**: [Graph]
- **2019**: [Graph] +70%

Display inventory growth slows while native inventory surges at similar CPM levels.
Inventory for emerging channels growing as “traditional” media shifts to programmatic

Audio Bid Requests
16% YoY growth

DOOH Bid Requests
107% YoY growth

Connected TV Bid Requests
39% YoY growth

Decisioning against ads.txt grows as buyers prioritize direct paths

Direct vs Reseller ads.txt Status by Media Spend
Q4 2018 vs Q4 2019

-45% YoY
-7% YoY
-39% YoY

Advertisers spending less on reseller and unauthorized inventory as SPO, brand safety, and transparency concerns continue to gain hold with brands and agencies.
Publisher adoption of ads.txt almost universal while app-ads.txt plays catch up

Publishers using ads.txt 2018 vs 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>In-app publisher domains with App ads.txt Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>69%</td>
</tr>
<tr>
<td>2019</td>
<td>88%</td>
</tr>
</tbody>
</table>

Direct ads.txt buyer paths are preferred, but at varying levels across media types

ads.txt Direct vs Reseller
Media Spend Q4 2019

<table>
<thead>
<tr>
<th>Media Type</th>
<th>Direct</th>
<th>Reseller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Display</td>
<td>14.8%</td>
<td>85.2%</td>
</tr>
<tr>
<td>Video</td>
<td>30.6%</td>
<td>69.4%</td>
</tr>
<tr>
<td>Native</td>
<td>1.6%</td>
<td>98.4%</td>
</tr>
</tbody>
</table>
Header bidding spend and eCPMs continue to grow globally

<table>
<thead>
<tr>
<th>Region</th>
<th>Header Bidding Media Spend by Region</th>
<th>Header Bidding eCPM by Region</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q4 2018</td>
<td>Q4 2019</td>
</tr>
<tr>
<td>APAC</td>
<td><img src="header_bidding_media_spend_apac.png" alt="Graph" /></td>
<td><img src="header_bidding_eCPM_apac.png" alt="Graph" /></td>
</tr>
<tr>
<td>NA</td>
<td><img src="header_bidding_media_spend_na.png" alt="Graph" /></td>
<td><img src="header_bidding_eCPM_na.png" alt="Graph" /></td>
</tr>
<tr>
<td>EUR</td>
<td><img src="header_bidding_media_spend_eur.png" alt="Graph" /></td>
<td><img src="header_bidding_eCPM_eur.png" alt="Graph" /></td>
</tr>
<tr>
<td>LATAM</td>
<td><img src="header_bidding_media_spend_latam.png" alt="Graph" /></td>
<td><img src="header_bidding_eCPM_latam.png" alt="Graph" /></td>
</tr>
</tbody>
</table>

Q4 2018: APAC +159%, NA +60%, EUR +7%, LATAM +27%
Q4 2019: APAC +17%, NA +24%, EUR +5%, LATAM +9%

High viewability is worth more to advertisers

Viewability Q4 2019

eCPMs for 100% viewable inventory were 2.5x higher than impressions with low viewability in 2019.

![Graph](viewability_q4_2019.png)

Viewability Estimate (1 = 100% viewable)
Second price auctions experience rapid decline as first price take preference

**Bid Requests**
FY 2018 vs FY 2019

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Price</td>
<td>111%</td>
<td>YoY growth</td>
</tr>
<tr>
<td>Second Price</td>
<td>-30%</td>
<td>YoY growth</td>
</tr>
</tbody>
</table>

**Media Spend**
FY 2018 vs FY 2019

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Price</td>
<td>181%</td>
<td>YoY growth</td>
</tr>
<tr>
<td>Second Price</td>
<td>-24%</td>
<td>YoY growth</td>
</tr>
</tbody>
</table>

Deals surge as advertisers pay premium for transparency and pub access

**Private and Public Deal Request Growth**

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Deals</td>
<td>53%</td>
<td>YoY Growth</td>
</tr>
<tr>
<td>Public Deals</td>
<td>79%</td>
<td>YoY Growth</td>
</tr>
</tbody>
</table>

3.7x higher eCPM for Private Deals
1.56x higher eCPM for Public Deals

Over OpenRTB sold inventory in 2019

With an increased focus on transparency and privacy regulation, media buyers and sellers are looking to have more direct media transactions. eCPMs are higher for both private and public deals than ORTB, although at a lower delta than in 2018.
Cookieless traffic represents an untapped opportunity for performance buyers (or an indicator of CPMs to come)

**eCPMs - Matched vs Unmatched Users**

- 2x higher eCPMs

**eCPMs by Browser**

- 1.8x higher eCPMs

Bid rates for matched SSP requests are 57% higher than not matched SSP requests. The difference between Chrome and Safari CPMs has increased from .8x to 1.8x in the past year.

**About BidSwitch**

Engineered by IPONWEB, BidSwitch helps programmatic ad-tech and media companies overcome increasing marketplace complexity by providing partners an efficient and transparent way to manage access to supply and demand at global scale. Unlike an exchange, BidSwitch operates as a neutral, infrastructure network, intelligently routing and filtering the bidstream to ensure optimized, non-fraudulent access for buyers and sellers. Today, BidSwitch facilitates more than 350 supply and demand technology partners globally to connect and trade media across the display, mobile, video TV, native and DOOH ecosystems, all via a single standardized integration.

Visit bidswitch.com to learn more.