Digital Advertising Spend 2023 the Netherlands

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Deloitte.

Since 2010, VIA and Deloitte have reported on digital advertising spend in the Netherlands by publishing the Digital Ad Spend Study. We hereby present our 2023 study, looking back on a year of continued growth. In this study, we strive to provide insights into the effects of trends and developments within the digital advertising market in the Netherlands.

The content of this study is driven by financial data and information gathered directly from companies within the digital media ecosystem in the Netherlands. The market analysis is based on financial data supplied by 30 companies, including media agencies, adtech companies and publishers.

Furthermore, we not only look back at the previous year, but also look forward to the months to come. Based on interviews with industry experts, we distilled an overview of what to expect in 2024.

Introduction

In 2023, the digital advertising landscape faced numerous uncertainties. The previous year's report foresaw the impact of changes in cookies, CTV, AI, and video, highlighting the dynamic nature of the industry's adaptation to emerging technologies. In the past year, significant shifts and advancements have characterized the digital advertising space, resulting in across-the-board growth. Nearly all digital media channels have shown an increase in activity, contributing to a year-on-year rise in digital's share of the overall media mix, now comprising 71% compared to offline media's 29%. As we enter 2024, we are poised to explore the implications of these developments for the year ahead. Will they set the stage for an even more impactful 2024?

Saskia Baneke
VIA | Managing Director

In recent years, the digital advertising sector has seen a series of regulatory developments that are increasingly defining its landscape. The adoption of the DMA & DSA, alongside the more recent AI Act and a number of sustainability related regulations such as the CSRD, show a significant shift toward greater regulation within the industry. This regulatory environment leads to new developments such as the decline of third-party cookies, the decrease in programmatic open auction and potential new constraints for social media platforms such as TikTok. Brand safety and reputation will be of growing importance and advertisers will increasingly emphasize this topic. The results of these developments will be shown in the coming years and I am curious to see the impact on the allocation of digital advertising spend.

Nathalie La Verge
Deloitte Netherlands | Director Technology, Media and Telecom

Executive summary

Digital advertising developments in the Netherlands

Total Digital Ad Spend +5%

Total Digital Ad Spend grew steadily in 2023. Macro-economic uncertainties led to an initially bumpy start to 2023, followed by a stronger second half of the year.

Paid search +3%

The growth percentage continues to decrease. As the potential for creativity and novel approaches within this category has been somewhat limited, AI-powered ad solutions are being embraced to expand the capabilities of paid search.

Online video advertising +7%

Advertising spending is continuously shifting from traditional broadcasting to digital platforms, where short-form and creator-driven content continuous its popularity.

Social advertising +11%

The number of social media users is still growing across platforms, and new platforms keep gaining traction. Growth percentages differ between platforms and questions on the ethical side of these platforms remain.

Digital Out of Home +24%

DOOH advertising benefited from an increase in screens in 2023, including an increasing number of indoor DOOH screens being installed in line with the growth of retail media.

Digital audio +16%

The NMO research leads to improved data analytics in the digital audio category, which continues to mature and grow, partly due to the popularity of podcasts.

Cookieless 56%

Third-party cookies are falling out of favor due to new guidelines on legislation and policy shifts from global parties. Currently, 56% of advertising is done without cookies. In 2020, this was 9%.

Respondents' Forecast 2024 +14%

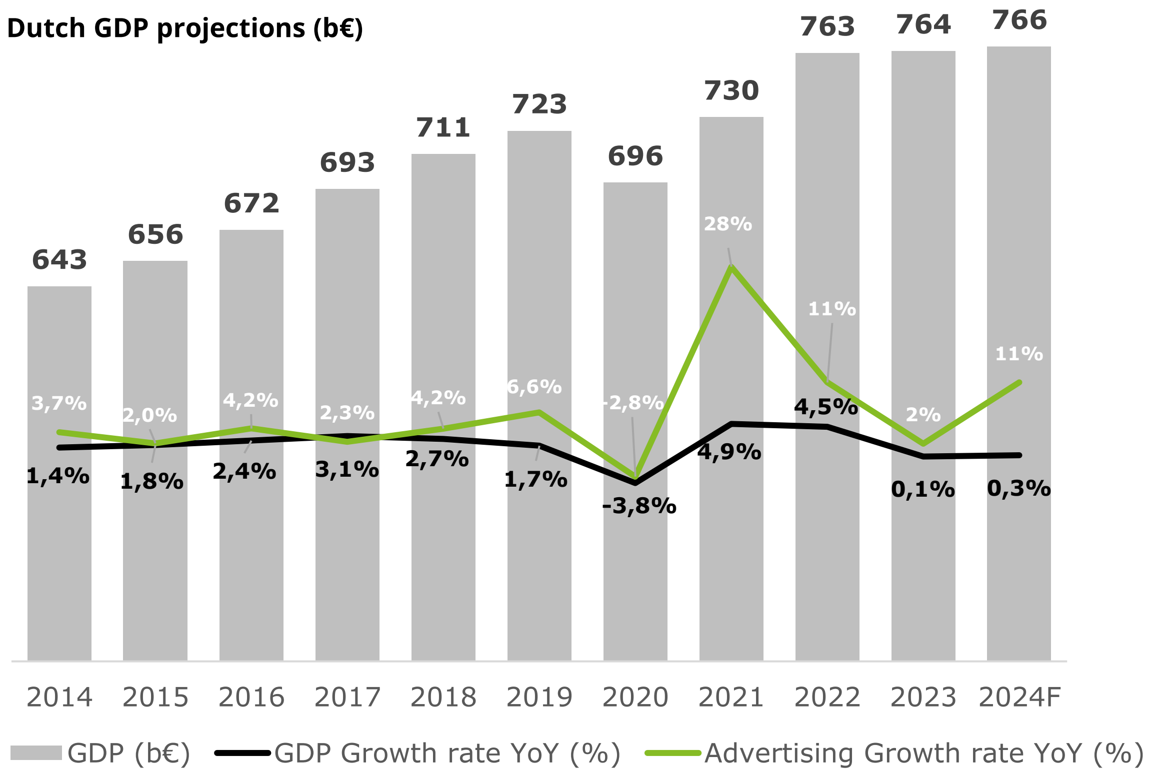
The forecast for 2024 is optimistic and aligns with the economic outlook for this year. This positive anticipation is partly influenced by two major sporting events scheduled for 2024: the Olympic Games in Paris and the European Football Championship in Germany.

Note: Growth percentages are compared to 2022

Economic context

The economic landscape in the Netherlands

The economy shows limited growth after a turbulent year



2023 marked a year with relatively low growth percentages of the Dutch GDP, growing with 0,1%. This was partly due to restricted trade internationally, caused by the tensions between China and the USA and the Ukraine war. Additionally, the European Central Bank took measures to combat rising inflation, resulting in a low growth of GDP.

The advertising market also grew, although slightly with 2%. After the enormous growth in 2022 (11%), it was expected that the advertising market would grow, but a stabilization was expected. This is also seen in the growth of this year.

For 2024, the GDP is expected to grow with 0,3%. This is in part due to the historically low unemployment (3,6%) in the Netherlands. Additionally, the inflation rate will drop further in 2024. The advertising market is expected to grow with 11% based on historic values.

Note: Real GDP based on constant prices;
Source: Deloitte analysis, CBS, CPB, European Commission

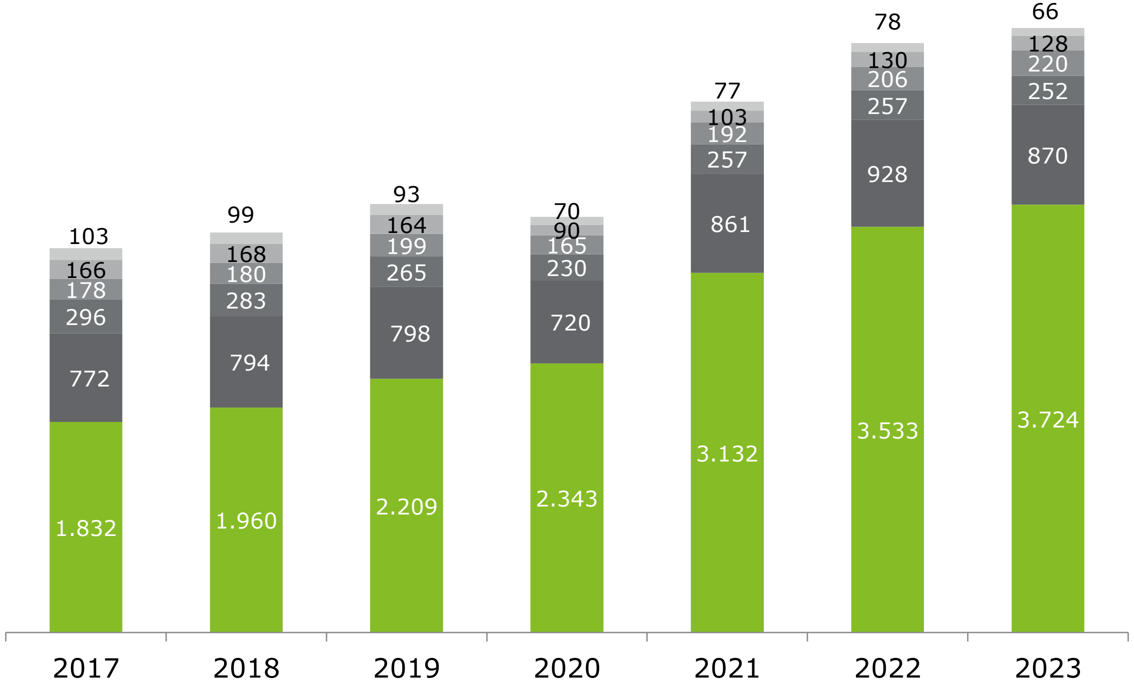
DRAFT

Advertising market in the Netherlands

The advertising market in the Netherlands

Multiple categories of traditional advertising methods show negative growth, digital advertising is still on the rise

Net advertising market (m€)



	CAGR** 2012-2023	YoY 2022	YoY 2023
Magazine	-10%	+1%	-15%
Out-of-home*	-2%	+26%	-2%
Radio***	+2%	+7%	+7%
Newspaper*	-6%	0%	-2%
Traditional TV***	+1%	+8%	-6%
Digital	+11%	+13%	+5%

2023 shows a mixed picture with growth in some categories and a small decline in others. Out-of-home, newspaper and traditional TV are among the categories which show negative growth percentages in 2023 compared to 2022. For traditional TV this is due to lower advertising spend on linear tv, while advertising spend on online video platforms increased. However, radio is growing together with the Digital Advertising category, as these categories have done for multiple years in a row.

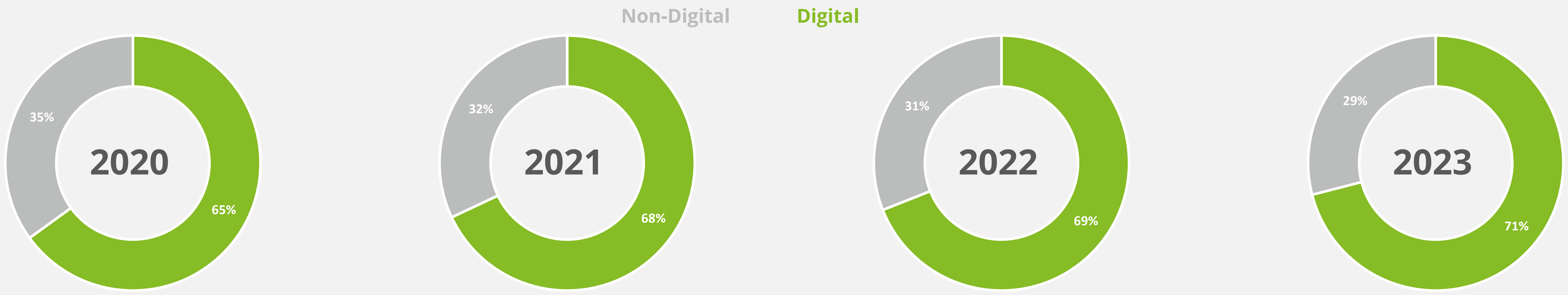
"In video the transformation into a new eco-system continues. The new kid on the block, next to the development of AVOD subscription, is FAST (Free Ad-supported Streaming Television). Operators such as Samsung, LG, Philips and Sony are offering distribution platforms for new OTT channels, leading into a further segmentation of the video eco-system and new opportunities for content distribution."

Danae Verpoorten
Insights Director| GroupM

* Excluding digital ad formats
** Compound annual growth rate
*** Due to the new data available for digital TV and Radio, the ad spend is also recalculated for the period 2016-2022, the total reported ad spend differs from the data reported in the previous studies.
Note: The digital figures we report are net/net figures, meaning that the figures are reported after the agency discount that in some cases may apply; The ScreenForce data is used as a basis for the TV calculation. The digital TV spend is calculated based on the data of 2015 and the digital growth percentages over the years. After deduction of the digital TV spend, the data results into an estimation of non-digital TV advertising spend. Ad revenue from digital content is excluded from Newspaper advertising figures; Digital (online) audio advertising is excluded from Radio figures; Digital out of home advertising is excluded from out of home advertising figures; Growth rate and/or additions may not equal presented numbers due to rounding.
Source: Audify, Nielsen, NDP Nieuwsmedia, ScreenForce, Annual reports, Deloitte analysis, Survey respondents

Digital advertising continues to grow

The share of digital advertising is still growing, surpassing the 70% in 2023



In 2023, digital advertising continues to expand, now exceeding 70% of total ad spend. While the sector's exponential growth rates seen before the pandemic have tempered, the digital advertising continues to grow at a higher pace than the non-digital advertising categories. As a result, the proportion of digital versus traditional advertising spend grows slightly, with digital maintaining a dominant share.

"Evidence-based marketing unlocks the true potential of digital ad spend; Prioritizing outcomes over impressions, crafting impactful campaigns that grab attention and drive results. This shift is crucial for maximizing value for modern consumers and building future-proof brands in today's crowded media landscape. Brands that invest heavily in the impact of today's media spend and technology will be tomorrow's leaders."

Mark Rijsdijk
Director of Operations Benelux| Dentsu

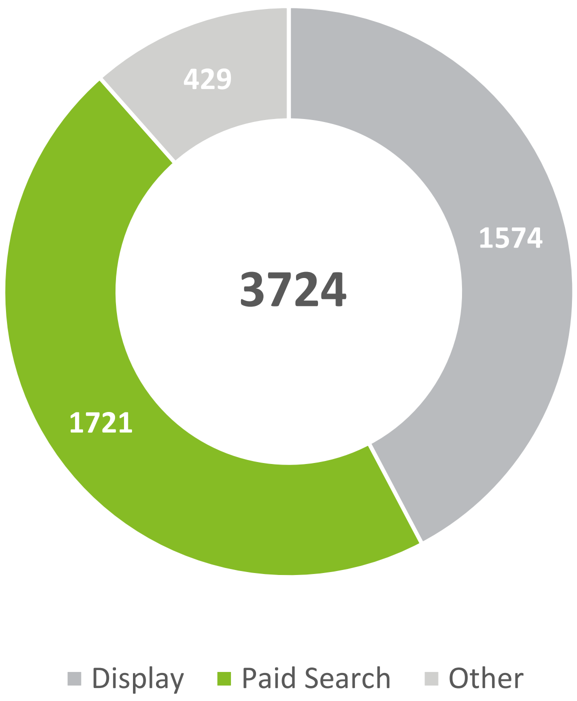
Source: Survey respondents, Annual reports, Deloitte analysis

Digital advertising

Limited growth due to stabilization and uncertainty

After the growth in 2022 (+13%), digital advertising spend growth reduces to single digit percentages (+5%)

Digital advertising market (m€)



During last year's report, participants were already anticipating the continuation of stable growth throughout 2023. The actual growth in 2023 showed an even lower growth percentage than the initially anticipated +13% from last year. The total digital ad spend grew by 5% in 2023.

Macro-economic uncertainties led to an initially bumpy start to 2023, with reduced advertising spend. However, advertising spending growth increased in the second half of the year. One contributing factor was the increased media prices caused by ongoing inflation over the course of 2023.

The market appears to be optimistic about new opportunities arising from generative AI in advertising, as well as the rising popularity of new advertising categories such as Retail Media.

"2023 was a year with much uncertainty for advertisers due to economic and geopolitical circumstances. Despite this, the investments in digital ad spends have continued to grow, further solidifying the position of digital in the Dutch ad landscape. We see continued growth for the global tech platforms and expect this to continue into 2024, with TikTok as the main driver."

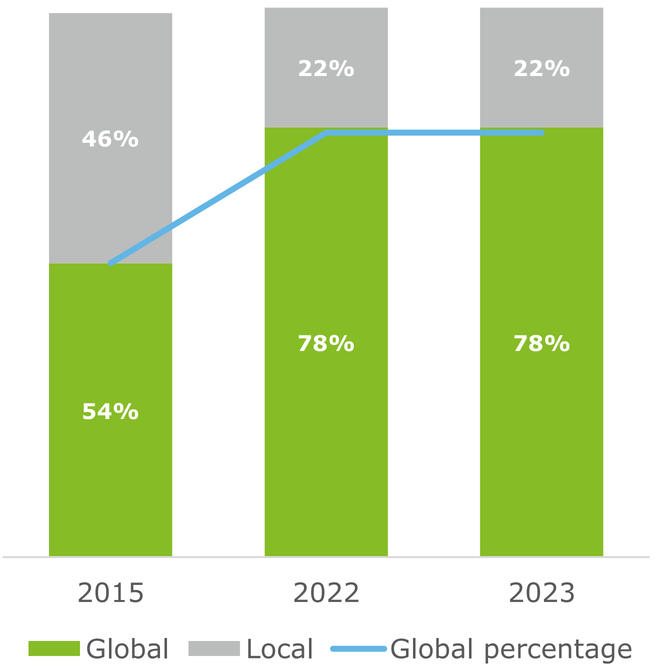
Ilja Loeffen
Director| Omnicom Media Group

Note: The digital figures we report are net/net figures, meaning that the figures are reported after agency discount that in some cases may apply; Search numbers are estimated based on annual reports, media buyers and media agencies feedback; Classifieds within the "other" advertising category are based on external data sources. Shares and/or additions may not equal presented numbers due to rounding off.
Source: Survey respondents, Media Buyers, Annual reports

The share of global versus local companies is stabilizing

Growth of local publishes surpasses the growth of global parties

Estimated share of revenue Global versus Local companies within digital advertising (%)



Last year marked a shift in the ongoing market dominance of global companies, showing the first signs of market stabilization. Despite the continued prevalence of global giants such as Google and Meta, a shift is visible where the growth of local publishers surpasses that of global entities.

Due to various factors, including investments made by local publishers and the new opportunities arising from that for media agencies, local publishers show higher growth percentages in comparison to global parties. Due to the already established dominance of the global parties, this creates a stabilization for the second consecutive year.

"In a healthy media ecosystem, there is a balance between international and national power. Over time, global tech became too dominant in the digital arena. Local players were having a tough time. Now, figures are showing a significant rise of local spend in 2023. Mainly due to heavy investment in their own digital solutions. This is the only way up."

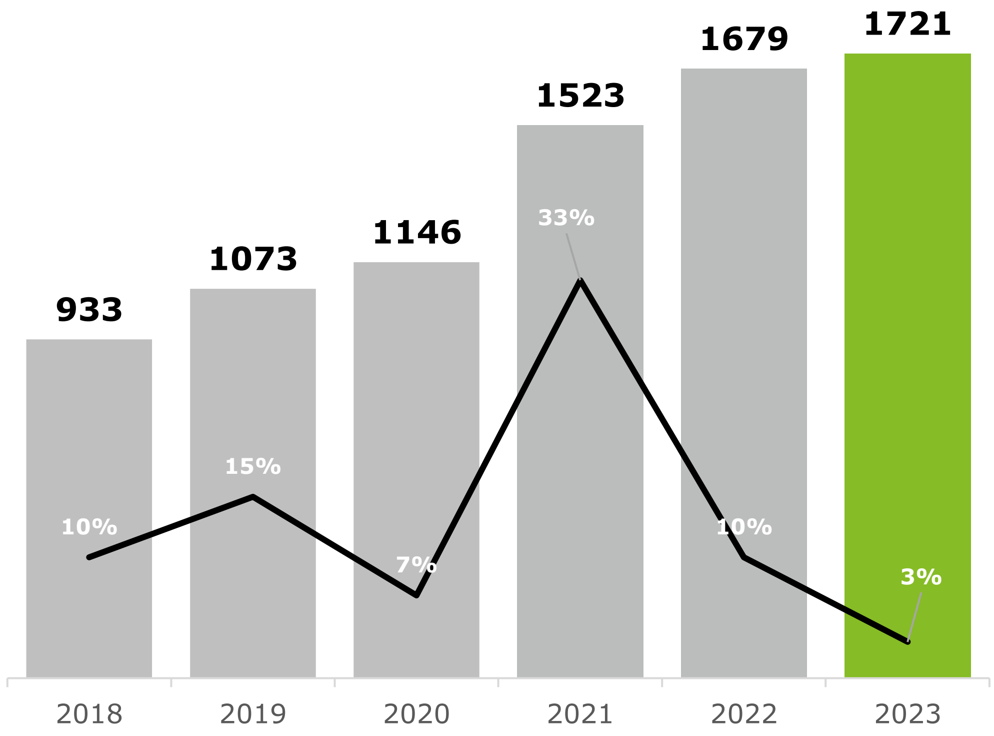
Willem-Albert Bol
CEO | Abovo Maxlead

Note: Global companies include global search, social publishers and global online video advertising;
Source: Survey respondents, Annual reports, Deloitte analysis

Paid search growth percentage is decreasing further

Paid search is focusing heavily on the opportunity of AI

Paid Search advertising (m€) / YoY advertising spend growth (%)



Source: Annual reports, Survey Respondents, Taskforce Search, Deloitte analysis

Paid search is user-friendly, offers precise targeting and measurement, and is rich in first-party data, making it particularly accessible for new advertisers to manage advertising in-house. This accessibility is a key factor in the prevalence of long-tail advertisers using paid search.

However, due to the method's proven effectiveness and the extensive existence of in-house expertise, the potential for creativity and novel approaches is somewhat limited.

AI-powered ad solutions are expanding the capabilities of paid search by helping advertisers engage with audiences throughout the customer journey. Both AI and machine learning tools aid in data analysis, enhancing the prediction of future ad conversions and, in turn, refining bidding strategies.

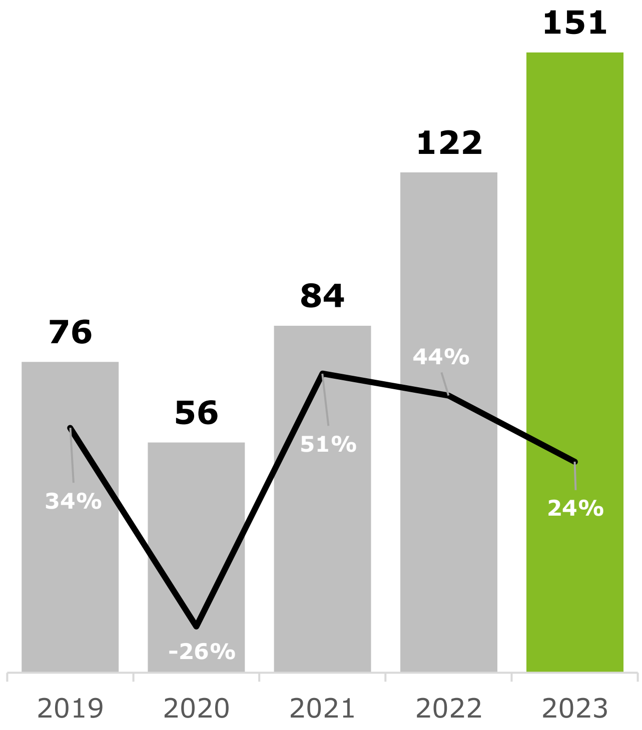
"Despite its prominent position in digital marketing strategies, search advertising's growth slowed in 2023. For some companies, the search market might be saturated; higher spend doesn't necessarily yield proportionate returns. It is interesting though to keep an eye on the impact of AI and the broadening search strategies, like the increasing adoption of broad match and performance max. Moreover, the shift towards alternative discovery platforms like social media as well as the stricter privacy regulations are dispersing advertising budgets. It is expected that these will be spread out even more to make sure customers are reached in the best way possible."

Vivianne van Strijland
Taskforce chairwoman Search | VIA

Digital Out of Home benefits from the rise of retail media

DOOH shows double-digit growth for the third year in a row

Digital Out of Home advertising (m€) / YoY advertising spend growth (%)



Source: Annual reports, Outreach research, Survey Respondents, Deloitte analysis

In 2023, Digital Out-of-Home (DOOH) advertising continued to grow, with one of the highest growth percentages across the digital advertising categories, being recorded at +24%. Q4 of 2023 saw a record high in DOOH advertising spend.

Part of this growth was attributable to the increase in the number of screens throughout 2023. The total number of screens is expected to reach a stabilized level in the future, which could potentially impact DOOH growth in the coming years. The growing trend of Retail Media is also evident, with an increasing number of indoor DOOH screens being installed. One of the prerequisites for success is the strategic placement of indoor screens adjacent to points-of-sale.

Programmatic advertising within the DOOH sector continues to grow in absolute terms. However, its total share within the DOOH market showed a slight decline over the year.

“2023 showed a major growth in Digital Out of Home, making it a larger market than print out of home for the first time. We continue to see this growth, expected to be further fueled by BRO Next, the new commissioned outdoor media research. This new BRO Next will also be part of the National Media Onderzoek (NMO) allowing for truly x-medial planning. This will further position OOH as the winning media type to deliver reach in mass audiences!”

Walter Kraus
Chief Commercial Officer| JCDecaux

“In 2023, the DOOH market enhanced its footprint within the Dutch advertising landscape, expanding its presence with additional screens at key sites like airports and malls. The sector's growth is evident not only in revenue increases but also through advances in technology, sustainability efforts, strategic data utilization, and interactive features. Advertisers have successfully delivered more captivating and personalized user experiences by leveraging tech like programmatic buying and QR codes. Particularly at our airports, there's a noticeable uplift in such interactive campaigns in waiting areas, boosting audience engagement and improving brand recall. These trends suggest a bright future ahead for the DOOH advertising sector in the Netherlands.”

Maarten van Maaren
Director| Schiphol Media

Digital audio growth driven by targeting and programmatic buying

The NMO data increases traceability and insights in the digital audio category

Growth digital audio advertising spend (%)

+16%

Source: Audify, Annual reports, Survey Respondents, Deloitte analysis

Last year marked a significant increase in digital audio, with a growth percentage of 35%. This was mainly due to the increased interest in podcast advertising, which targets specific audiences and engages with more active listeners. This trend has continued into 2023, leading to a further growth of 16%.

Digital audio in the Netherlands is further maturing due to the *Nationaal Media Onderzoek (NMO)*, which provides new insights into listening behavior. The new methodology, using an app to track listening habits, can assess the impact of audio-advertising campaigns, including those not played on the user's own device. This may encompass audio played in supermarkets while shopping. The NMO contributes to more data-driven ad campaigns for agencies and can help target advertising more accurately.

Moreover, the maturation of digital audio as a category is evident in the innovative methods of advertising being adopted. Most notably, there has been growth in programmatic advertising within the sector. This is expected to further influence the future distribution of audio advertising spending.

"With 85% of Dutch listeners tuning in (35% via IP), alongside 33.3 million hours of digital radio streaming and 7.3 million podcast downloads per week, the Netherlands embraces the audio era. Leveraging its multi-device consumption and advertisers' preference for omnichannel campaigns, audio offers unparalleled engagement. With a 13.2% increase in net investments to €10.961.000, digital linear audio emerges as the linchpin, empowering brands across diverse listening contexts."

Liedewij Hentenaar
Director | Audify

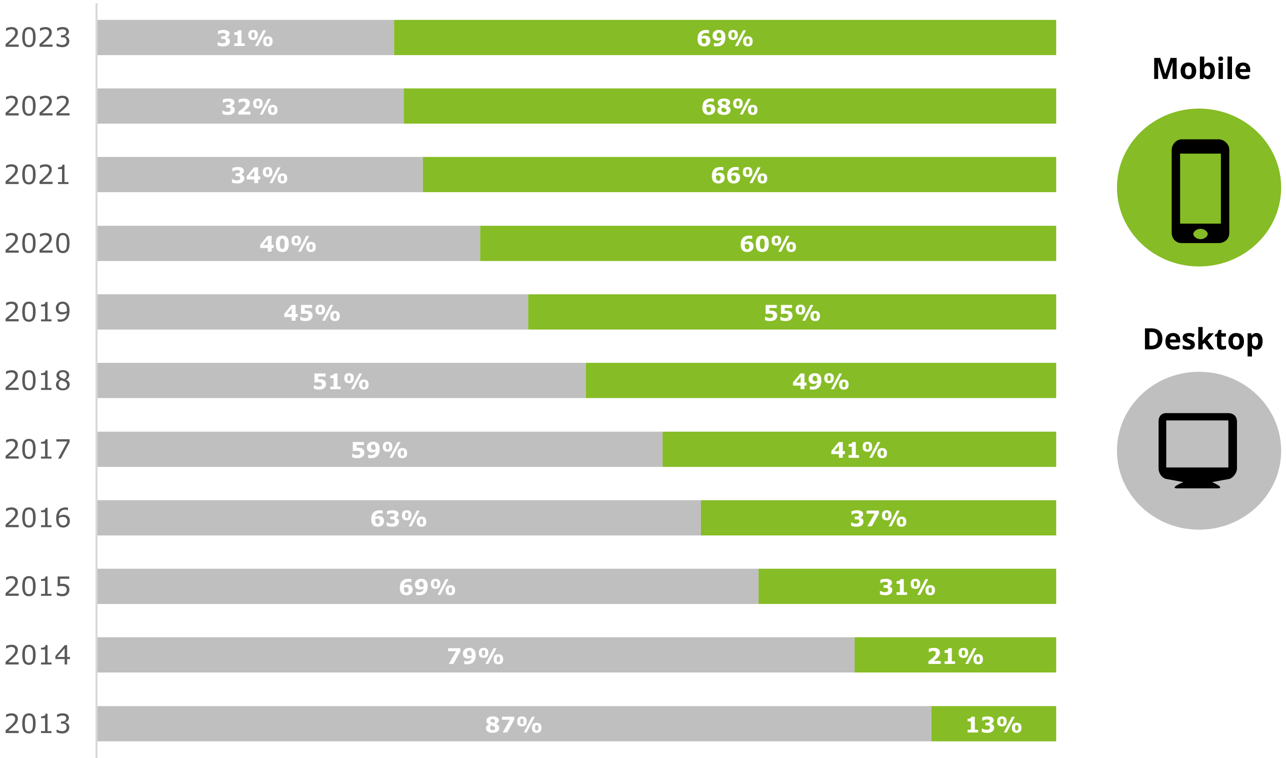
"Ad spend in digital audio is on the rise! This totally makes sense, given the fact that people spent a vast amount of their more than 2 hours listening per day on listening radio, podcasts and streaming through a connected device. Though, marketeers and planners should reconsider the position of digital audio within digital media plans. Digital audio counts for no more than 1% of the total digital ad spend. In no way does this mimics the position digital audio consumption has for the consumer. Follow the listener!"

Joris van der Pol
Chairman Audify & General manager OMS | Talpa Network

Mobile advertising is still growing in share

Mobile continues to be the go-to device for advertising spend

Share of digital advertising revenue per medium (%)



Within display buying, the two categories comprising the largest share are social and online video advertising. The majority of users access these platforms via their mobile devices.

The effects of past trends, which resulted in consumer behavior shifting primarily to mobile, were again visible this year. This resulted in an increased share of digital advertising on mobile devices.

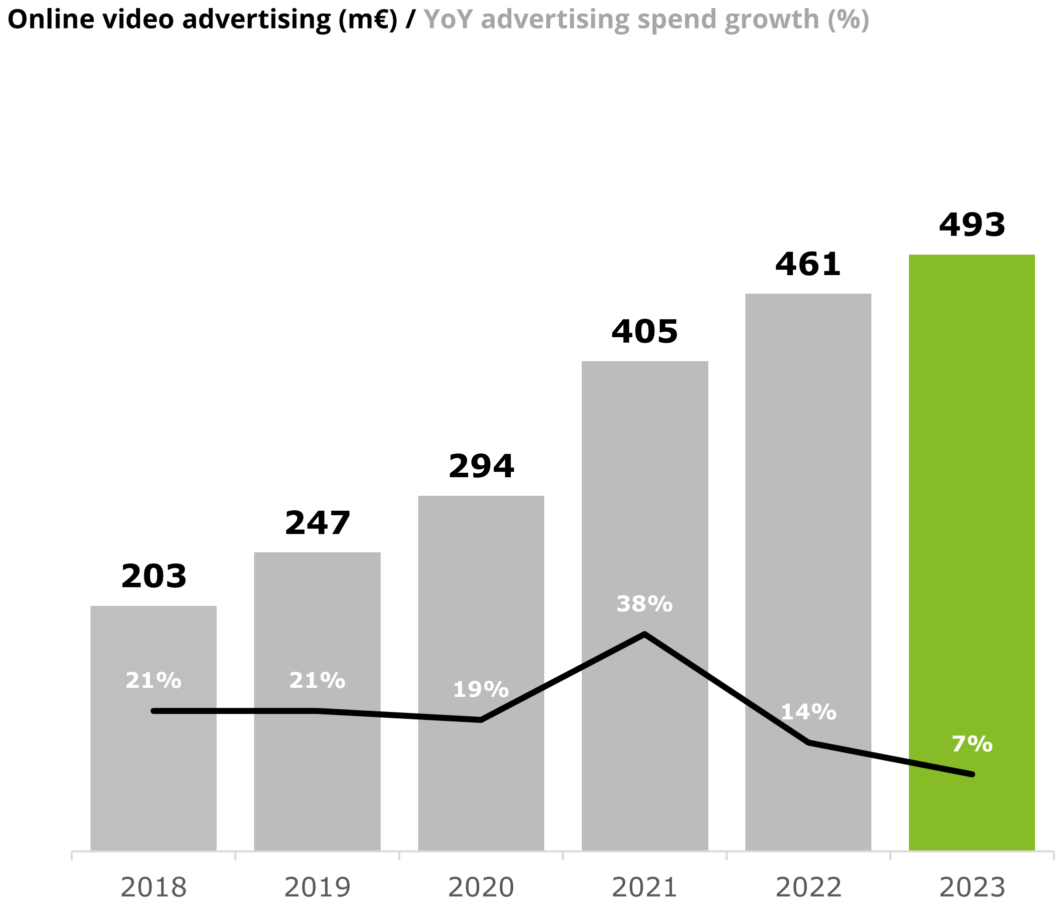
Within media buying, less attention is being given to purchasing on specific devices, but rather to targeting the intended customer at the right moment throughout the customer journey. As the flexibility of mobile advertising works well in combination with, for example, Retail Media or Digital Out-of-Home (DOOH), it is often used to reach the target audience.

Note: Figure based on survey respondents only; Revenue growth rate is calculated on a L4L basis; Amounts may not equal 100% due to rounding.
Source: Survey respondents, Deloitte analysis

Display advertising

Online video grows locally and globally

The rise of ad-based streaming platforms introduces new marketing opportunities



Source: Annual reports, Media Buyers, Survey respondents, Deloitte analysis

For online video campaigns to reach their full potential, measuring the correct statistics is crucial. Engagement, targeting, and interactivity are a few of the key differentiators for online video. However, accurately measuring the actual attention of the target audience remains a challenge.

The rise of ad-based streaming platforms introduces new marketing opportunities, with these platforms experiencing higher revenues per user through ad-supported models. As economic pressures affect consumers, these ad-supported options may become more attractive.

“The past year solidified the dominance of outstream video in the digital advertising landscape. With the demise of the third-party cookie, advertisers are seizing the future. They're prioritizing brand-safe havens and future-proof targeting strategies to deliver impactful messages that resonate deeply. This focus on responsible media placements isn't a trend; it's the cornerstone of thriving advertising in 2024 and beyond."

Geert Hoogeveen
Managing Director NL | Teads

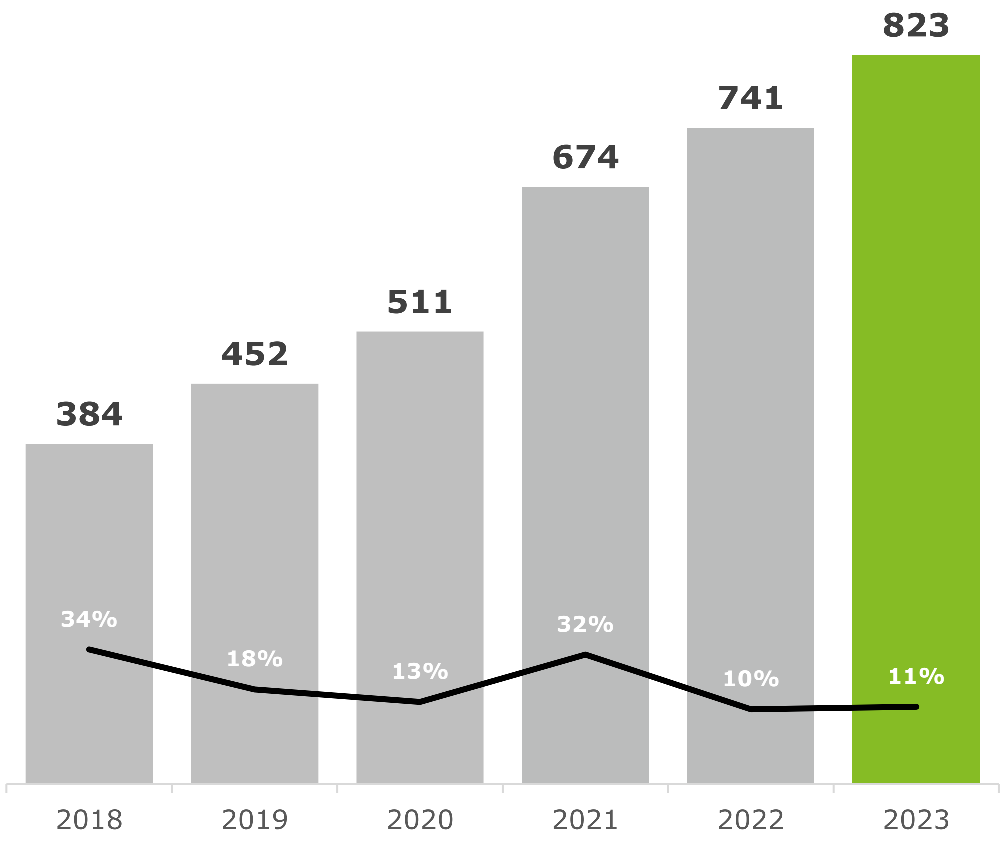
"Digital advertising is a booming industry, with video ads playing a key role in 2023. Advertisers must reevaluate how they invest in them to ensure their messages are delivered through entertaining video ad formats that respect consumers' browsing experience and are truly seen while leveraging attention metrics as the central key outcome to gauge true campaign performance.”

Michael Eedens
Managing Director Benelux | Ogury

Social advertising continues to grow steadily

TikTok drives the increase in social advertising budgets

Social advertising (m€) / YoY advertising spend growth (%)



Source: Annual reports, Media Buyers, Survey respondents, Deloitte analysis

Note: We have introduced the growth data of Snapchat and TikTok from the 2019 onwards

Social media became an inevitable part of consumers daily lives. The number of social media users increased during 2023 with the users spread across platforms, requiring multi-platform campaigns. The most popular platforms have a large number of monthly-active-users, making them a popular place for ad spend. Not only the number of users increased but also the time spend.

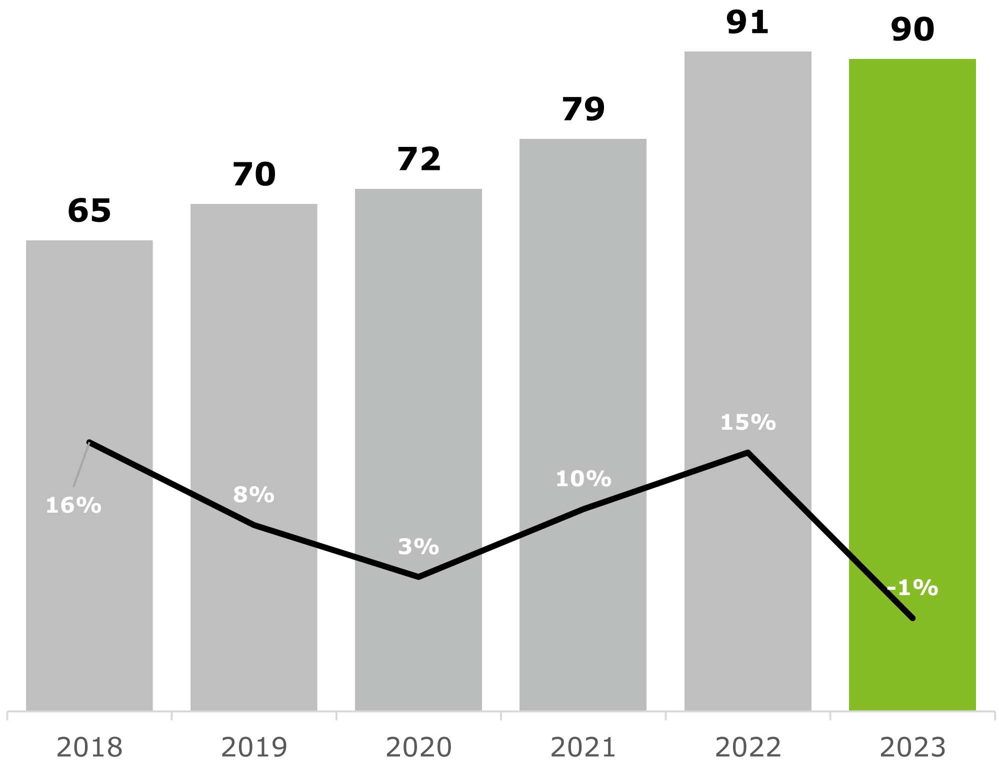
In 2023 Meta dominates the market with Facebook and the ongoing growth of Instagram. Platform X showed a strong decline over 2023 due to the advertisers' discomfort with the content moderation at the platform. TikTok on the other hand, continues to grow during 2023 as it enables brands to reach their broader target audience in a creative manner. Questions about the sustainability of this growth arise. In the US a bill has passed through the House to ban TikTok, however it is still under review of the Senate.

Social media offers opportunities to connect and communicate. However, despite the advantages it offers, ongoing discussion remains about the link between social media and mental health, potentially affecting the advertising spend in the future.

Content advertising has reached a maximum

A focus on quality content advertising over quantity can be seen

Content advertising (m€) / YoY advertising spend growth (%)



Source: Annual reports, Media Buyers, Survey respondents, Deloitte analysis

Content advertising has grown considerably in the past years but is reaching a maximum. In 2023, we see a halt to the growth of previous years, with a small drop in content advertising spend of -1%. This is a break with the double-digit growth percentages of 2022 and 2021.

It is expected that advertisers and broadcasters will focus on quality over quantity, limiting the amount of content advertising. Additionally, a focus on visual content can be seen. This is mainly driven by either TikTok or Instagram Reels. This type of content includes short videos, aimed to quickly impress audiences.

Next to this, data-led content marketing increases as brands or advertisers rely on first-party data to organize their content marketing strategy. Combined with AI technologies which enhance content planning, this will be a trend for the upcoming years.

"Branded content is a vital asset of the media spend, with creativity as a distinguishing factor: delivering high-quality content tailored to (niche) audiences. Although content advertising remains steady, quality video content campaigns can still lead to growth in this category."

Boaz Shkolnik
Director of Advertising | Mediahuis Nederland

"In an era where consumers seek independent and trusted content, advertisers tend to follow these media preferences. Advertisers are increasingly realizing the importance of their brands being visible in trusted and relevant environments. We have witnessed an ongoing shift towards a more brand-safe and brand-suitable approach."

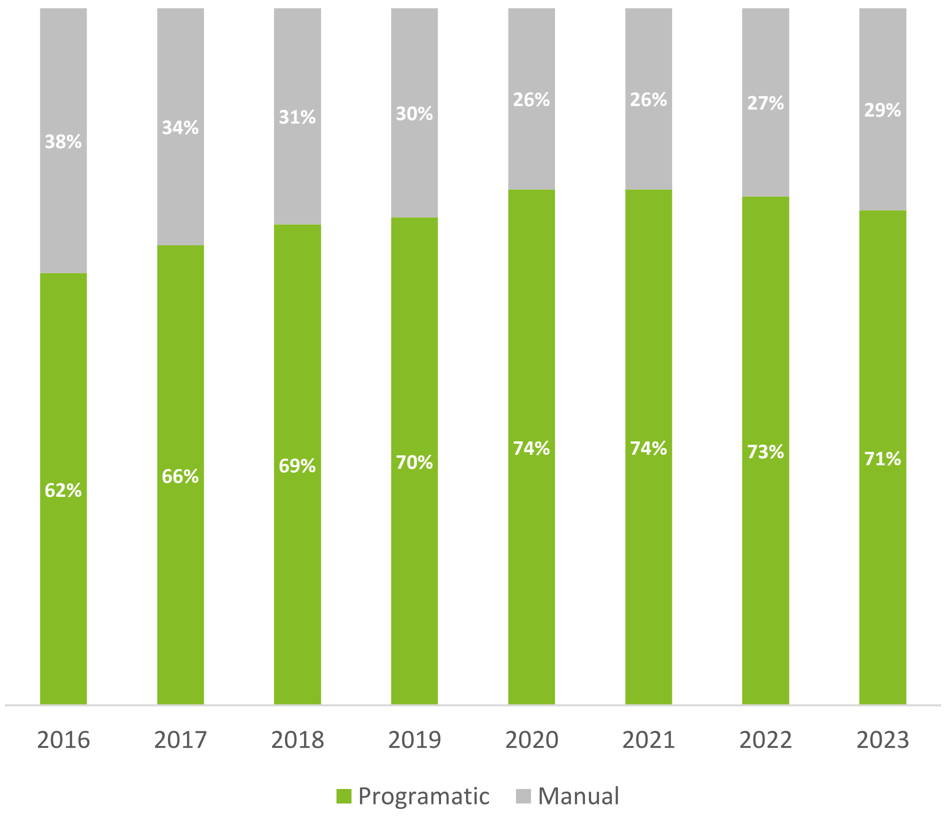
Barbara Hazenberg
Director Advertising NL|DPG Media

Programmatic versus manual

Programmatic advertising share sligthly decreases

Programmatic advertising is affected by the increased search for transparency

Share manual vs programmatic sold display advertising revenue (%)



The share of programmatic advertising has been slightly declining in recent years, and 2023 is continuing this trend.

New regulations regarding transparency and privacy have led to less available data to use for programmatic advertising. This is also driven by the dependency many programmatic solutions had on third-party cookies. Currently, multiple methods are being tested as alternative for third-party cookies.

Furthermore, there is a trend towards more direct deals, driven by a desire for greater clarity and control on the specifics of the advertising placed.

However, programmatic spending may increase in the coming years due to new initiatives; emerging categories such as DOOH (Digital Out-of-Home), retail media and digital audio are poised for programmatic expansion. These categories, although small in absolute numbers, could drive the programmatic spend up in the upcoming years.

"2023 clearly shows that Programmatic in Out of Home, has created a wider interest for the medium. Although digital spend is growing, the pace for adopting automated buy is relatively slow compared to Online. We need to prevent a horizontal growth line in 2024, by supporting and educating the buyers in its needs to understand all levels of use in Programmatic in Out of Home."

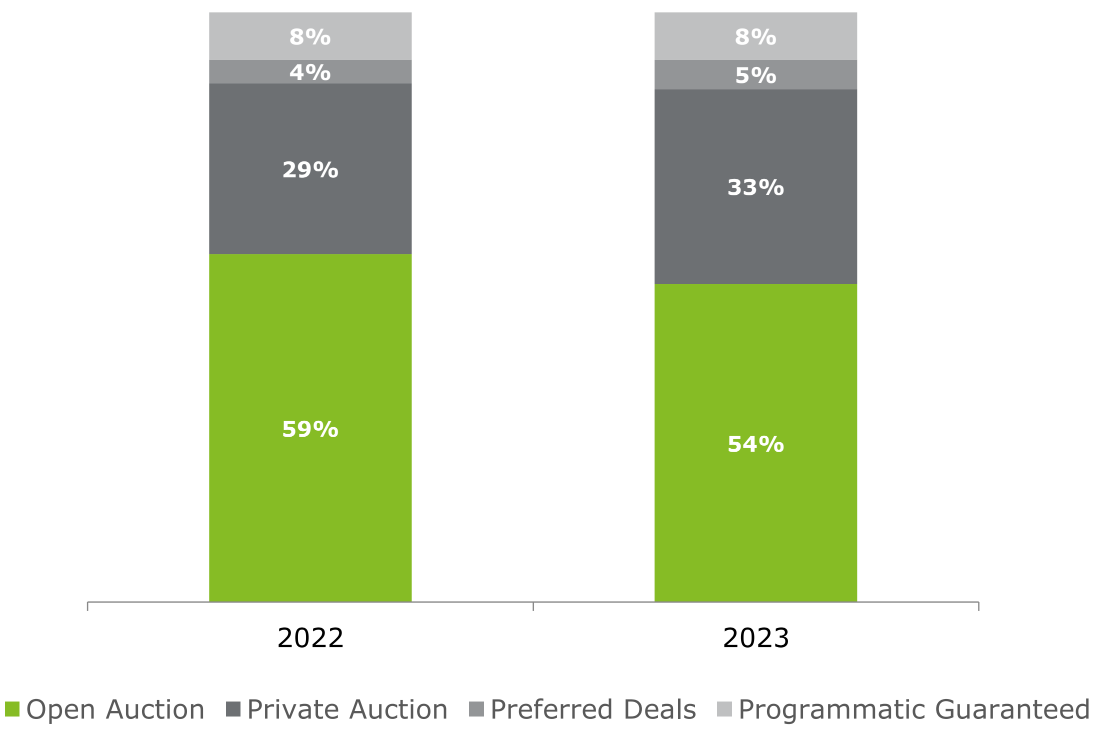
Radjen van Wilsem
Taskforce chairman Digital Out of Home| VIA Nederland

Note: Figure based on survey respondents only; excluding Global and Affiliates
Source: Survey respondents, Deloitte analysis

Programmatic advertising market in the Netherlands

Programmatic advertising continues to move away from open auction towards more control

Net Programmatic market (%)



In 2023, one of the largest Dutch publishers announced their stop on programmatic buying through open auction. A more closed ecosystem or 'walled garden', could act as a catalyst for other publishers to consider a similar direction. This trend reflects a desire for greater control over advertising environments, as well as a response to the increasing importance placed on privacy and data security.

As the industry progresses, the balance between direct and programmatic buying continues to be a strategic consideration for both publishers and advertisers. By reducing their presence in the open market, publishers are making a clear choice. However, it remains essential for both parties to weigh the benefits of assured revenue against the dynamic nature of programmatic advertising.

Note: Figure based on survey respondents only; Excluding Global and Affiliates
Source: Survey respondents, Deloitte analysis

Developments & Trends

Advertising with use of third-party cookies is rapidly declining

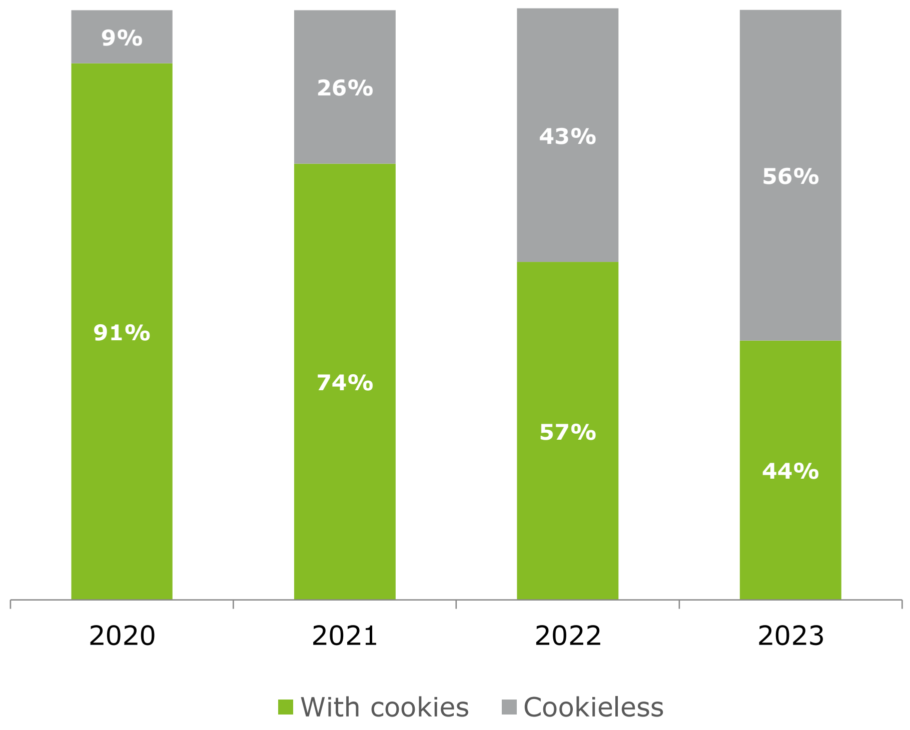
Influenced by privacy regulation and Google's decision to remove third-party cookies

Third-party cookies, previously the go-to method for targeting within digital advertising, are falling out of favor due to new regulations and policy shifts from global parties.

The ePrivacy Directive, otherwise known as ”the EU Cookie Law”, has been the baseline for cookie rules in Europe for years and mandates that website and app operators secure informed consent for the use of cookies. Although the law remains the same, new rulings by European judges have led to stricter interpretations of this directive. Additionally, the European supervising authority is trying to provide more clarity on this subject through new guidelines.

Moreover, Google's decision to phase out third-party cookies by 2023 has introduced uncertainty and is expected to drive up advertising costs on its platform, leading to a decline in cookie-based advertising. Nonetheless, first-party cookies continue to be utilized for functions such as website navigation and password retention. Data from first-party cookies is extensively used in retail media advertising, which has been on the rise in recent years. Furthermore, the removal of third-party cookies by Google has sparked debate, as it forces advertisers to rely on—and potentially incur higher costs for—data that is now kept exclusively within Google's ecosystem.

This move will undoubtedly lead to more innovation in the advertising industry and push advertisers toward new methods of reaching their target audience.



Source: Survey respondents, Deloitte analysis

Moving beyond the financial impact

The media industry start recognizing both its environmental and social impact

The media industry, traditionally not a sustainability frontrunner, is now starting to acknowledge its environmental and social responsibilities. It is important to distinguish between the environmental and social aspects associated with the impact of advertising spend.

A critical sustainability concern in digital advertising is the greenhouse gas emissions from the ad supply chain. To reduce the advertising industry's environmental footprint, precise data and robust measurement models are crucial. The necessity of such models underscores the opportunity and importance of industry-wide collaboration to facilitate this effort. These insights can inform strategic decisions regarding the allocation of advertising budgets.

With emerging ESG regulations, such as the CSRD and the EU Taxonomy, the industry must begin to identify its most significant topics and be prepared to transparently report on its progress in these areas.

Consumers are increasingly considering sustainability in their decision-making. Thus, the advertising industry faces challenges in adhering to ethical standards and excluding media campaigns that are not aligned with their organizational values. Will this lead to exclusion of unethical clients, changes in advertising strategies or perhaps new innovations to cut carbon emissions?

"Sustainability has been an important talking topic in advertising for the last years, but that is the problem. We need to shift from talking to actions. Advertisers have the key to push our industry in a positive direction and if they don't, the general public will make them. But also, us media owners need to step up. I believe Outdoor advertising is the frontrunner here, as it serves as a public medium that contributes the most to local governments and communities. It's time for action from all parties involved, including us as individuals, recognizing our role within society."

Guy Grimmelt
Marketing & Sales Director | Global Media & Entertainment

Source: Survey respondents, Deloitte analysis

Retail media enters a new phase of growth

The ongoing opportunities within this relatively new category drives the ad spend

Retail media provides marketers with the chance to engage consumers along their entire buying journey, with ads placed near the point of sale, fueling its rising popularity and increasing ad revenue. This ad revenue primarily stems from trade budgets, not media budgets, suggesting that it represents additional funds from trade departments rather than a redistribution of existing ad revenue.

Marketers are drawn to the availability of first-party data, seeking to capitalize on the precise timing to capture customer attention. As retail media continues to mature and grow, it challenges existing definitions due to its overlap with traditional advertising categories, such as the similarities with digital out-of-home (DOOH) advertising and retail media in settings like supermarket screen displays.

The formation of dedicated retail media teams within large media agencies signal a new phase of growth of this advertising category. Despite this, the already existing relationship between brands and retailers often leads to direct engagement, bypassing media agencies. This increases the complexity to estimate the total growth on retail media due to limited data visibility. Based on the available data, external sources, and validation meetings, growth in this sector is estimated to be between 25% to 35% in 2023.

Currently the programmatic buying possibilities are rather limited within retail media. With an increasing number of retailers stepping into the opportunity that retail media offers, the need for programmatic buying opportunities grows further. This will enable brands to further grow the ad spend on these platforms.

"Retailers becoming media vendors is an interesting development. This new kid on the block has been maturing in 2023 and we saw both buy and sell side are communicating closely to learn about the added value versus "regular" media channels. I expect media (not trade marketing) spends to increase from media agencies significantly, but not always at the pace that retailers are aiming/hoping for. In practice, adoption of new media channels can take a while."

Goof Plesman
Contracting Director & Head of Rapport | MagnaGlobal

Source: Survey respondents, Deloitte analysis

Connected TV & Free ad-supported streaming TV (FAST TV)

New advertising models appear as new technologies create opportunities for innovation

Connected TVs, which utilize internet connections instead of traditional broadcasting, have spurred innovation in advertising strategies. Advertisers can now target audiences with greater precision by leveraging data on geographical location, viewing preferences, and demographics.

Major players are evolving their revenue models; notably, Netflix has made a significant shift by adopting an advertising-supported video on demand (AVOD) model. This transformation has enhanced measurement capabilities and the development of new advertisement products and features. Other large companies like Disney+, HBO Max, and Amazon Prime are exploring similar subscription models.

Additionally, Free Ad-Supported Streaming TV (FAST TV) is gaining popularity among viewers. FAST TV is a form of streaming that delivers content similar to that of TV, but with the opportunity of targeted advertising. FAST TV presents a free alternative to paid subscription services, with advertisements incorporated into the viewing experience. As economic considerations have become more important in the last years, FAST TV is expected to see growth, aligning with consumers' increasing financial consciousness.

"The CTV ecosystem is evolving rapidly, with advancements in technology driving new opportunities for advertisers. From personalized content recommendations to interactive ad formats, CTV offers a wealth of possibilities for brands to connect with consumers. By embracing the opportunities presented by CTV, advertisers can not only reach their target audiences more effectively, but also create memorable and engaging experiences that drive results in the ever-changing landscape of television and digital media."

Tim Samsom
Country Manager Netherlands | ShowHeroes

"The surge in the Free Ad-Supported Streaming Television (FAST) market reflects a growing preference for budget-friendly options over conventional cable TV and the increasing aversion to pay more for streaming services. To meet rising demands, FAST platforms are diversifying content, embracing original shows and live sports. Moreover, advancements in targeted advertising, fueled by data and analytics facilitate advertisers in reaching specific audiences, which will lead to a rise in investment in the FAST market. It is expected that by 2027 the number of FAST users in the Netherlands will be almost 4 million."

Tobias Evers
Taskforce chairman Online Video| VIA Nederland

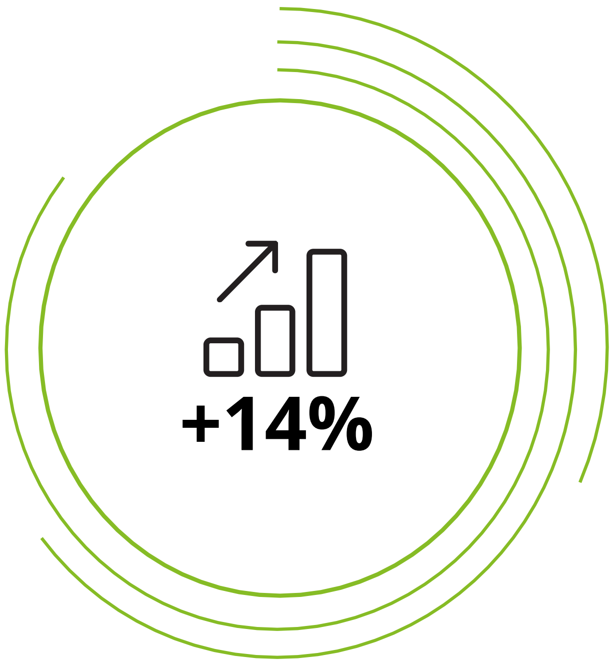
Source: Survey respondents, Deloitte analysis

Forecast 2024

Respondents’ Forecast 2024

2024 is expected to be a year of double-digit growth

Expected Digital Ad Spend Growth in 2024 according to the survey respondents (%)



This year has been one of digital advertising maturity with a slowdown in growth. Multiple categories have exhibited lower growth figures or even a decline following the significant growth surge experienced after the pandemic. However, respondents remain optimistic in their forecast for 2024, expecting an average growth of 14%.

This anticipated growth could be partly due to two major sports events taking place in 2024: the European Football Championship in June and the Olympic Games in July and August. Both events are widely watched in the Netherlands and are geographically proximate, typically resulting in increased consumer enthusiasm and higher advertising expenditure.

Furthermore, the economic outlook for 2024 is more positive than that of 2023. Inflation is on the decline and GDP is projected to rise. Nevertheless, as observed in previous years, geopolitical events can exert significant impacts on the economy, and consequently, on advertising spending.

Note: Figure based on survey respondents only; requested on 25-01-2024
Source: Survey respondents, Deloitte analysis

Methodology

Methodology

Realization of this study

Data Collection

Deloitte collects data from 30 participants

Aggregation & Estimation

Participants' data is processed based on desk research and expert opinions. For the remaining part of the market an estimation is made based on publicly available data

Conversation

Initial findings are verified with industry experts and media buyers

Validation

Findings are cross-referenced and validated with selected respondents

Publication

Final findings are presented to VIA and industry participants

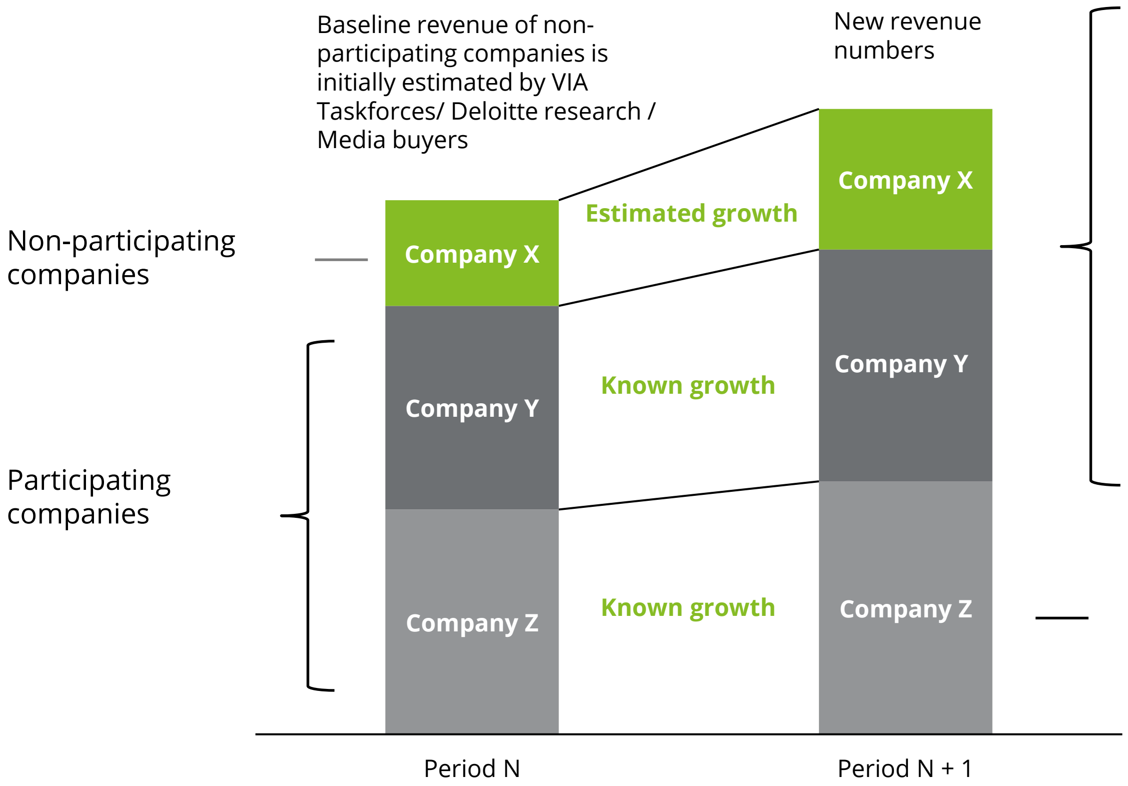
Survey methodology

Our current report covers the digital advertising spend in the Netherlands during 2023 and is based on information supplied by 30 participating companies.

- Figures are adjusted for double counting, based on information provided by the survey participants
- The study is conducted independently by Deloitte on behalf of VIA
- The figures are drawn upon the basis of survey participant input and have not been verified by Deloitte
- Only aggregated results are published, individual company information is held in strict confidence with Deloitte

Methodology: Estimation

Deloitte tries to include as many companies as possible to ensure an accurate representation of the Digital advertising market. Due to varying reasons not all Digital advertising companies disclose financial information to Deloitte, and missing information is estimated based on the methodology below.



Estimated revenue

- **Growth of medium to small non–participating companies**
  1. Trend in growth from previous submissions
  2. Known growth of similar companies (proxy)
- **Growth of large non–participating companies**
  1. Trend in growth from previous submissions
  2. Results from annual reports
  3. Known growth of similar companies (proxy)
- **Global parties advertising companies**
  1. Quarterly and annual reports
  2. Public datasets

Known revenue

- **Realized net/net revenue is disclosed to Deloitte**

List of participating companies*

Omnicom Media Group

Teads

Happy Horizon

ShowHeroes

Daisycon

DPG Media

CS Digital Media

SageArcher

SDIM

Maxlead

Magna Global

Dentsu

Publicis

Mediahuis NL

Mediahuis

NRC

ZIGT

Massarius

FD Mediagroep

Global

JCDecaux

* 9 participants of the Ad Spend study remained anonymous

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