REPORT

# MENA Digital Adspend in 2020

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# The IAB GCC

The IAB aims to be the catalyst for growing the MENA digital advertising economy by nurturing the community, accelerating knowledge sharing and establishing accountability standards that cultivate trust and credibility.

We have over 40 members including advertising platforms, agencies, publishers, sales houses, measurement companies and advertisers.

# Introduction

**Ian Manning**
**Acting CEO**
**IAB GCC**

After forming in 2019, this is the first official IAB GCC Admarket sizing report for MENA. Like in other markets, we aim to have this report become the definitive guide to the MENA digital advertising market.

This first iteration, reports only at a MENA level, but we hope to add further granularity in future editions.

This report reveals that Digital Advertising within MENA is not only a significant part of the total market, accounting for well over 50% of the Admarket, but it is also showing strong growth, in the double digit figures for 2020 over 2019.

A first for our industry, this report's methodology, its approach and the final outcome have been agreed and aligned between the major digital players within MENA, including the 14 IAB board member companies which include agencies, digital publisher representatives and digital platforms

Townsend Feehan
CEO, IAB Europe

"The strong growth we saw in our own market sizing in Europe shows that digital advertising is going to be ever more important in the media mix post 2020. It is great to see the MENA region launch its own market sizing to put the evolution of digital advertising on a robust and evidence-driven basis."

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Rayan Karaky
Chairman IAB GCC
Head Google

"The significance of this study is well beyond the numbers; it's the first time we have truly come together as an industry in an effort to bring more transparency to the market. As you'll see from the results the digital adspend per capita in MENA is still severely below global benchmarks even in similar markets to ours, these numbers show the opportunity is significant and we as the IAB GCC will continue being the enabler of growth to the digital Ad ecosystem."

This methodology was in fact addressing an issue that many markets across the world had been grappling with in getting accurate figures - the lack of total platform spends. By including a mix of reported actuals, collaborative estimates, mathematical modelling and comparative benchmarks to come to an agreed industry figure, we were able to estimate the total market more accurately.

**Dr Daniel Knapp**
**Chief Economist**
**IAB Europe**

# About the Data

- This market sizing is based on the following methods:
  - Reported data from local Digital spends
  - Estimates by IAB members based on local insight
  - Estimates by IAB members in collaboration with IAB Europe's Chief Economist
  - Econometric modelling from IAB Europe based on public company filings & financial databases
- Due to the increasing complexity of the digital advertising market, we are modelling gaps and harmonizing data.
- All data is reported 'gross': after discounts, before commissions. Programmatic data is accounted for at the SSP level and excludes social.
- Currency is reported in USD
- 'Affiliate', Classifieds & Directories is included within 'Other'.

# Geographic Coverage

**Data from 17 markets in MENA**

- Algeria
- Bahrain
- Egypt
- Iraq
- Jordan
- Kuwait
- Lebanon
- Libya
- Morocco
- Oman
- Palestine
- Qatar
- Saudi Arabia
- Syria
- Tunisia
- United Arab Emirates
- Yemen

# Method: 5tier approach to ensure estimates are enriched, benchmarked and empirically robust

**Step 1**

Company 1 | Company 2 | Company 3 | Company n

*Share their estimates of the total market size, split out by key sub-segments (see following slides for explainer)*

**Step 2**

Anonymous estimates will be put in a large file to establish differences and similarities

**Step 3**

**Corporate filings** | **Checking estimates** | **Ad forecaster feedback**

**Step 4**

Development of benchmarks to establish ratios:
adspend/capita; adspend as share of GDP; adspend per 4g subscription; etc

**Step 5**

**Workshop with IAB GCC members to fine-tune estimates**

# Definitions

**Display:** Display advertising spend (*Banners, Native, Special Ads, Integrated Content, Newsletter Ads)* excluding Social, excluding Video, excluding Affiliate. Your estimate should include both i/o based and programmatic spend.

**Affiliate:** Fees paid to third party (affiliate) for traffic generation (e.g. pay-per-visit). These can be display-like units, paid-for listings or sponsored links.

**Video:** in-stream video advertising (pre-rolls, mid-rolls, post-rolls), in-stream banner overlays, out-of-stream, in-banner video advertising, in-text video advertising, contextual video advertising (e.g. branded video players, contextual banner advertising sold against video content). Excl. Social Video. Incl. YouTube.

**Audio:** Streaming audio advertising including pure-play music services, IP-based radio, podcasts.

**Paid-For Search:** Advertising appearing on specific word requests on search engines.

**Classifieds:** A fee is paid by an advertiser to display an ad or listing around a specific vertical such as automotive, recruiting and real estate, regardless of the outcome of the ad (i.e., the fee is paid even if there is no 'sale').

# Definitions

**Programmatic:** Advertising using transactional or workflow automation mechanisms embedded in an infrastructure that relies on a set of rules applied by software and algorithms, commonly known as 'ad tech'. Following the IAB's proposed taxonomy, 'programmatic' here is an aggregate category that is composed of four discrete transactional models, each of which we consider a sub-set:

(1) Automated Guaranteed,
(2) Unreserved Fixed Rate,
(3) Invitation-Only Auction,
(4) Open Auction.

Advertising spend is are recognised as 'programmatic' whenever any of those mechanisms applies, irrespective of the inventory owner's awareness of their involvement.

This means that spend is also considered programmatic if inventory that is originally sold to an intermediary through non-programmatic means (e.g. agency bulk buying) is re-sold to an end-buyer programmatically.

Spend is recognised as programmatic irrespective of whether the inventory owner acts directly, or indirectly via an intermediary.

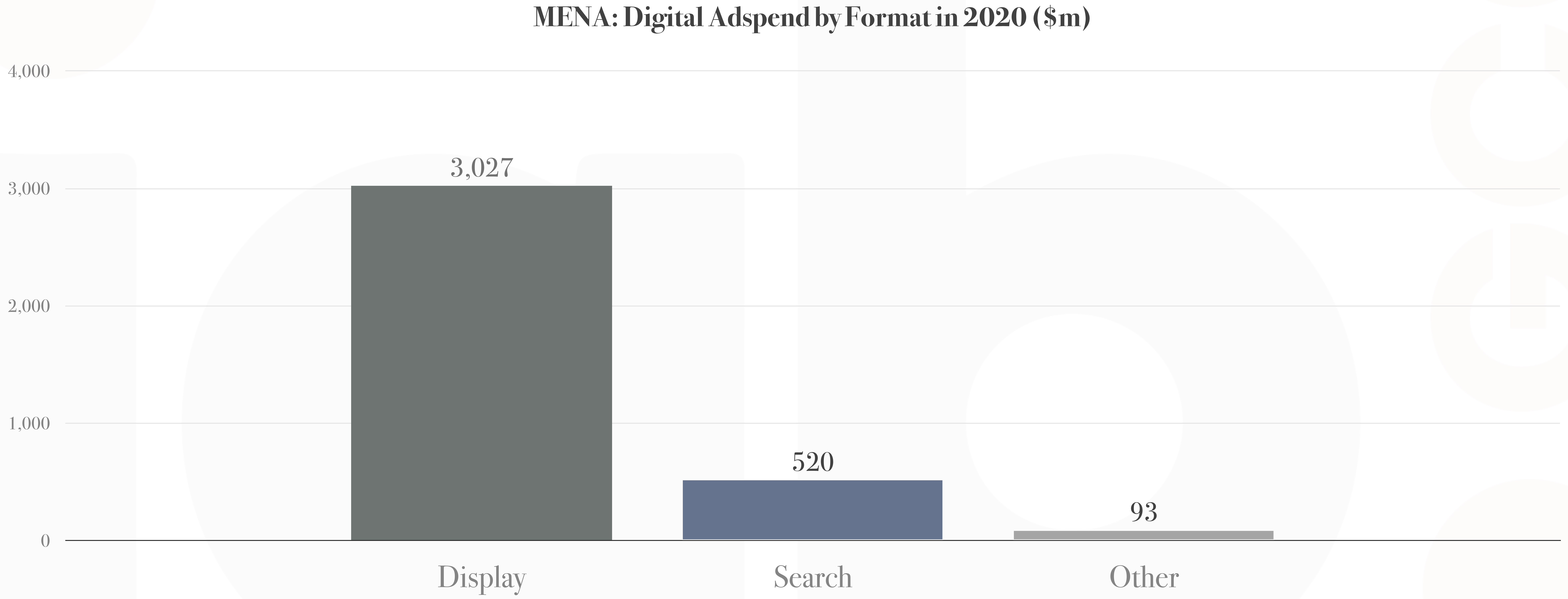
## *Aligning with international standard: "Gross Adspend" view*

| Ratecard | Gross | Net |
|---|---|---|
| Campaign x ratecard | after discounts, before agency commissions/ SSP fees to publisher | Media owner net revenue |

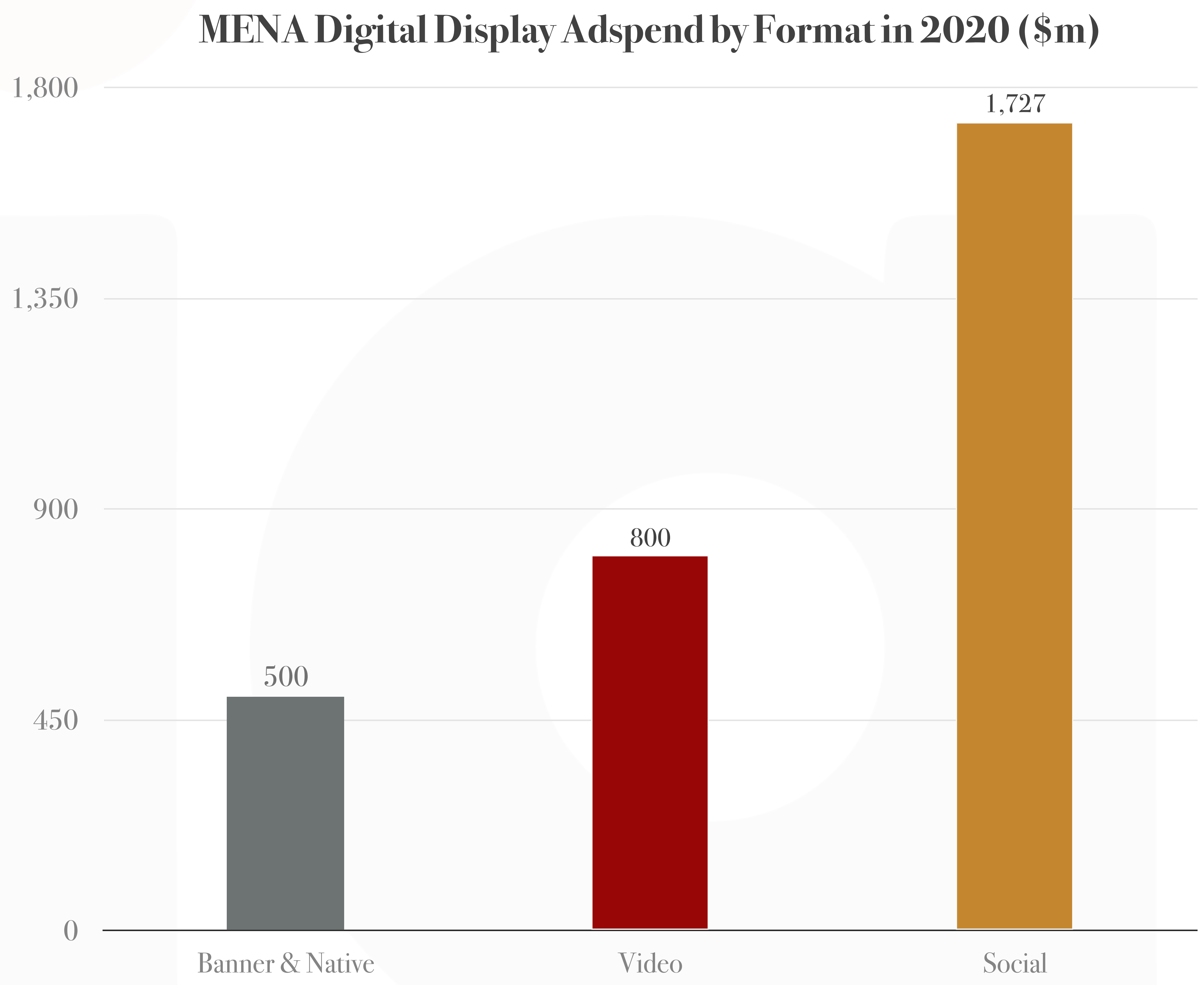
# MENA Digital Adspend 2020

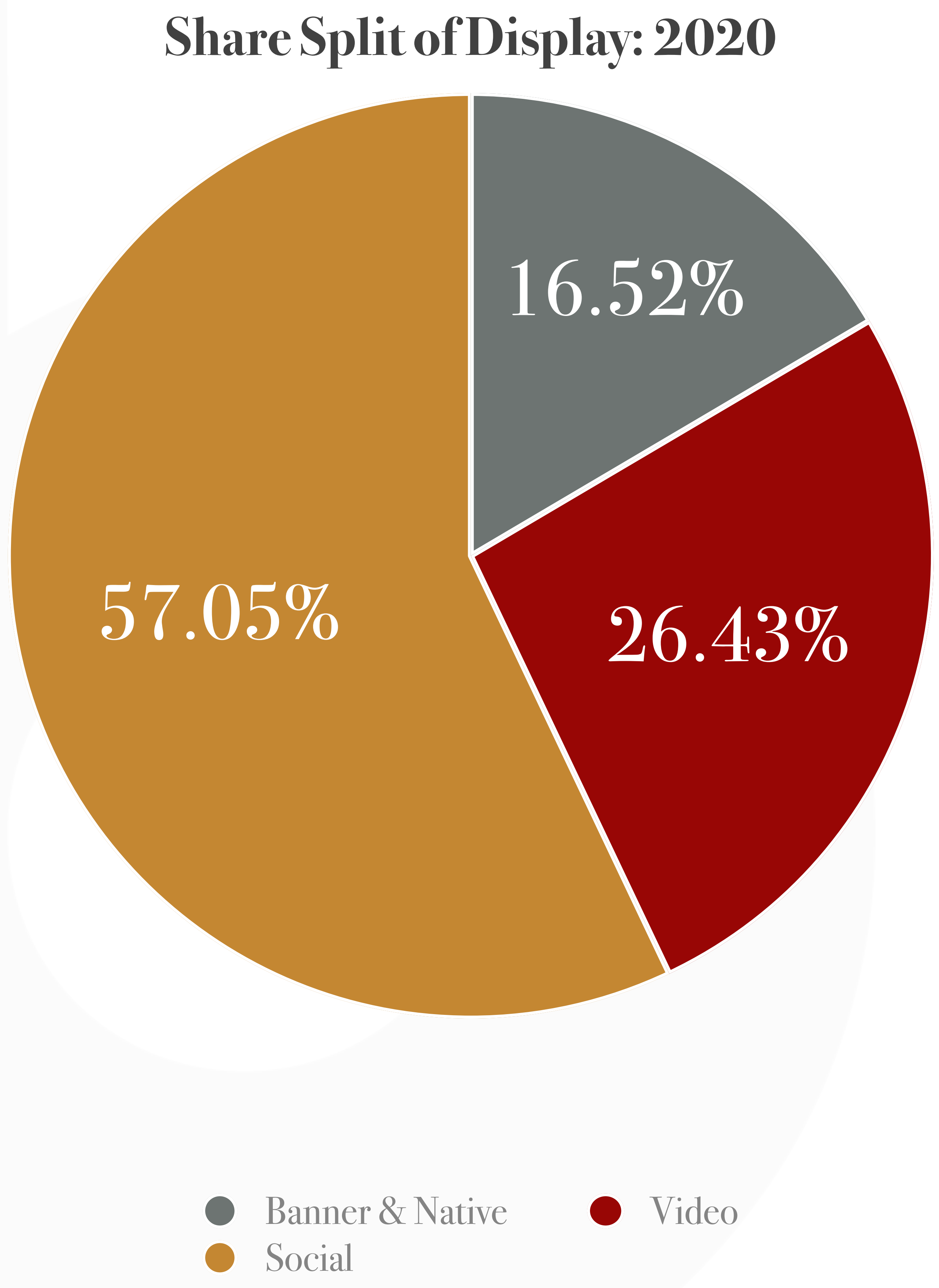
**$3.64bn**

# MENA Digital Adspend by Format



# Deep-dive into Display: Social is 57% of Display Market



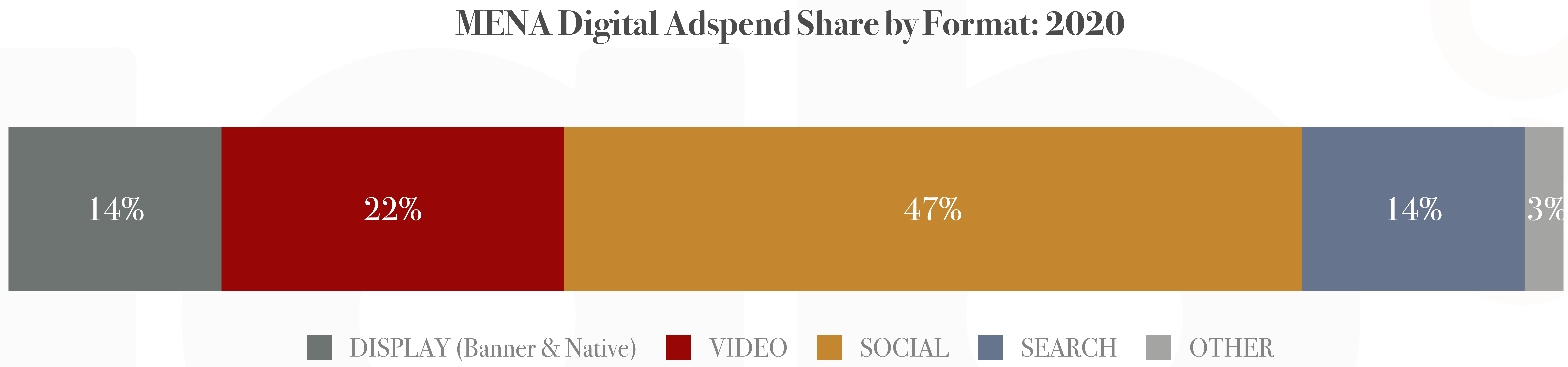



# 20% of Display Spend (excl. Social) is Programmatic

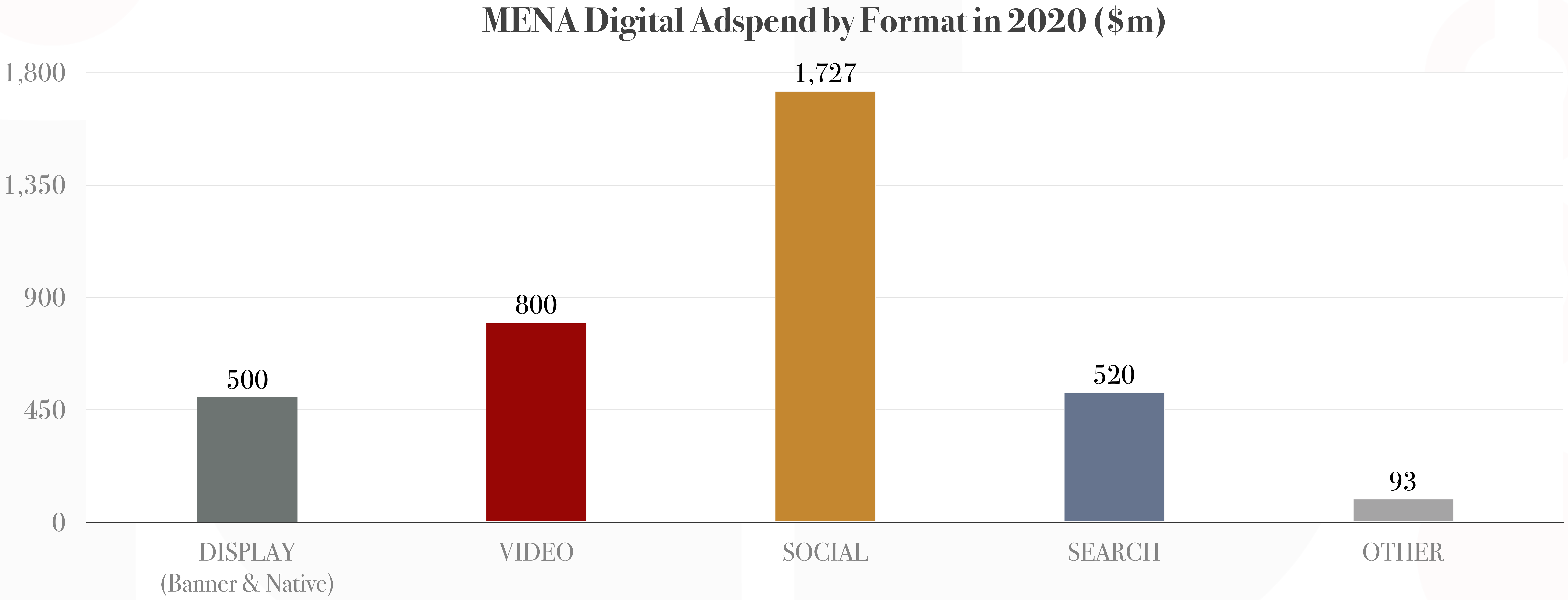
❖ MENA: Share of Display Adspend by Transaction Type*


*banner & video, excl. social

# 20% of Display Spend (excl. Social) is Programmatic

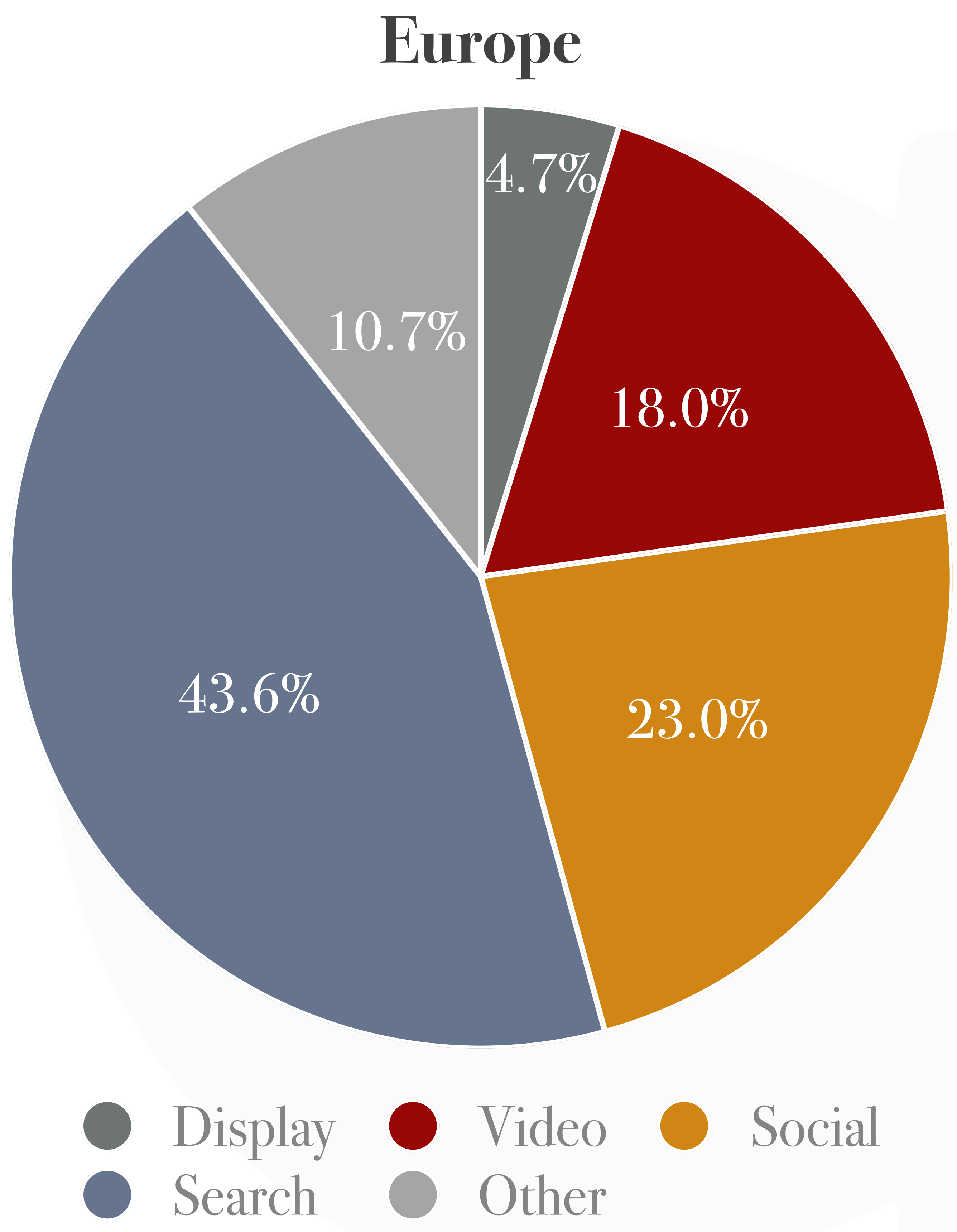


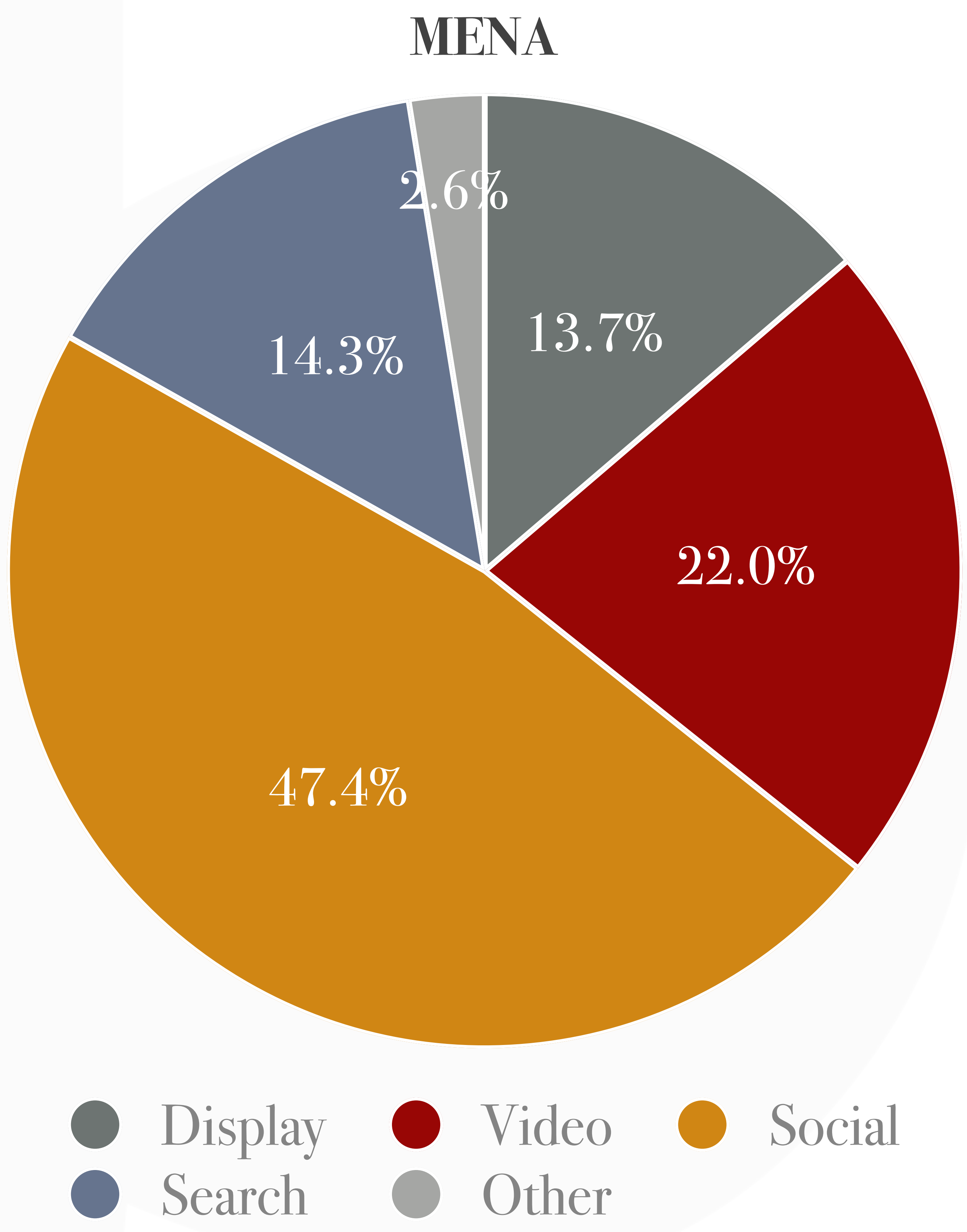
# Full Digital Advertising Market View by Format



# Comparison with Europe: MENA region skews more towards Social & Video

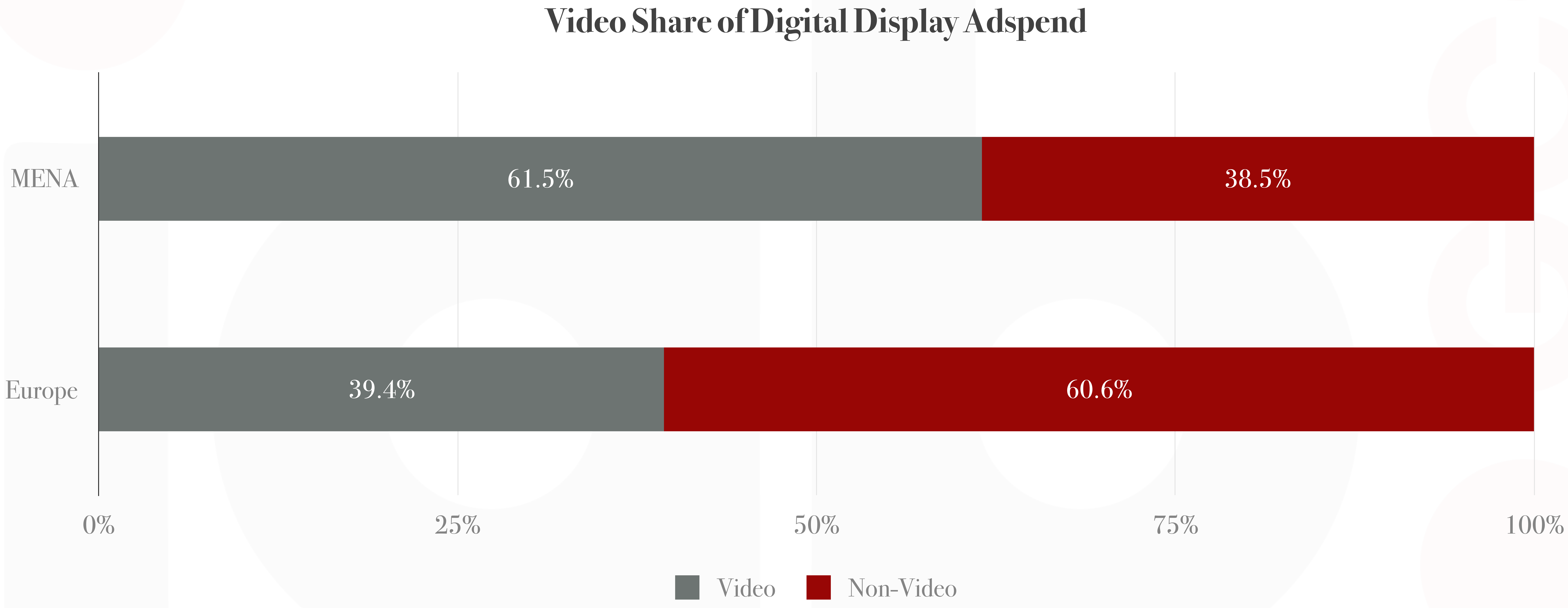
## Digital Ad Market Shares by Format 2020



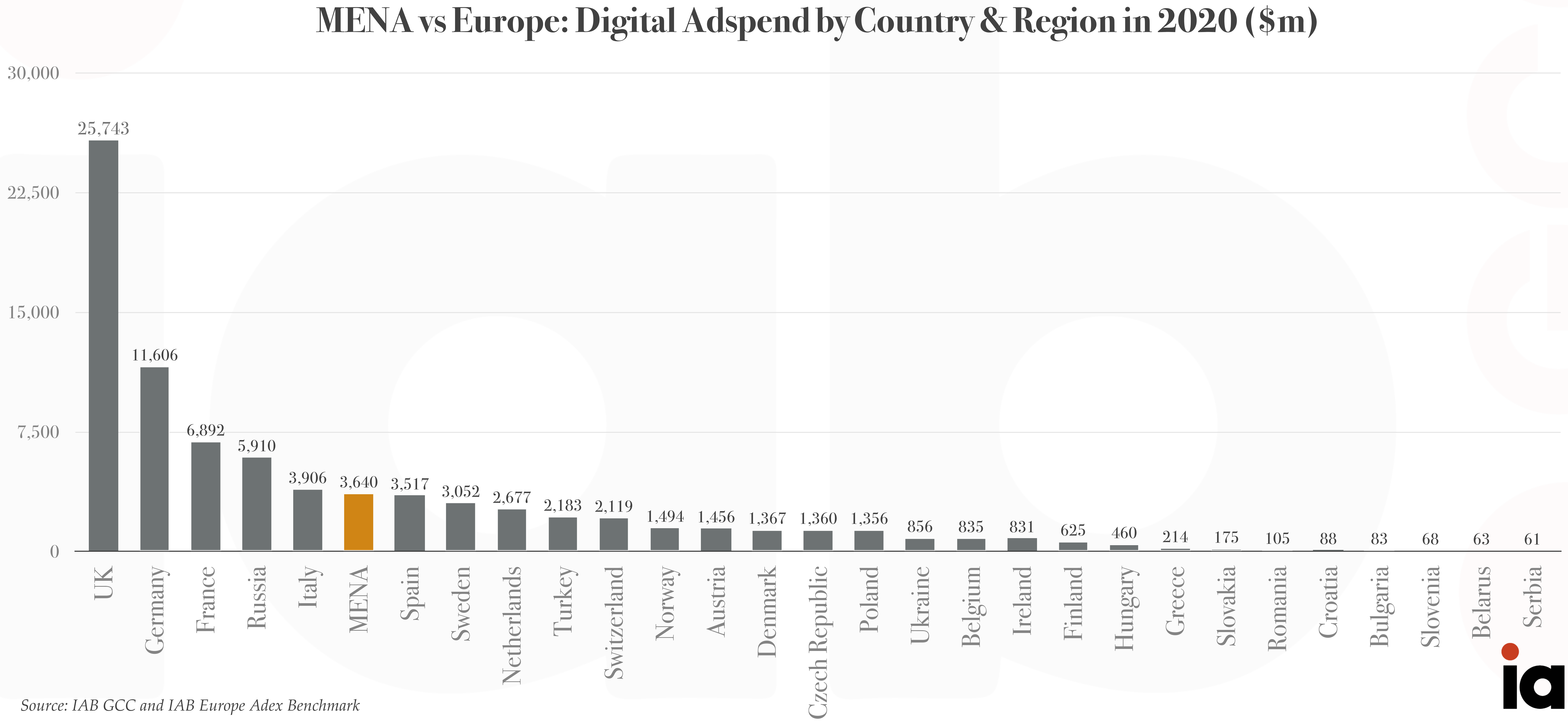

*Source: IAB GCC and IAB Europe Adex Benchmark*

# …and MENA is 'video-first' ahead of Europe



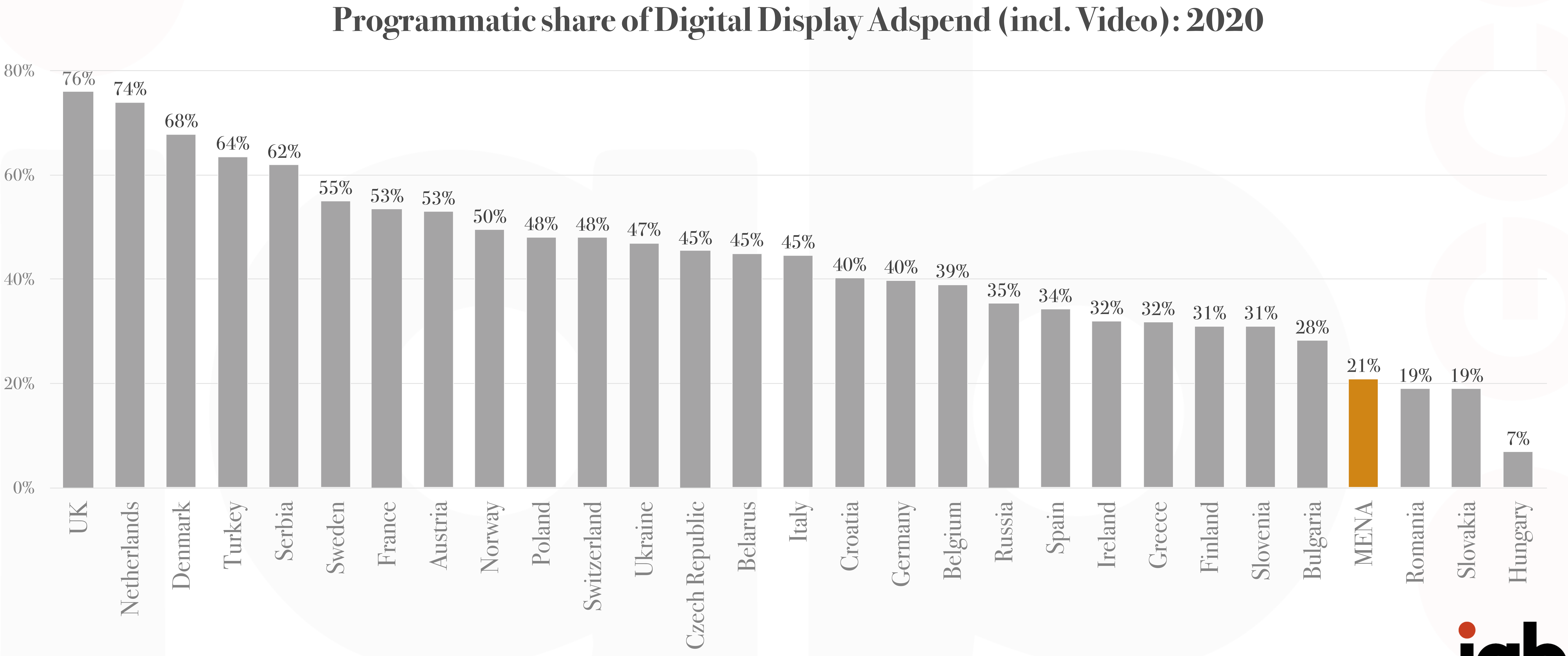

*Basis: IAB GCC MENA Digital Display Ad Spend excl. Social, IAB Europe Adex Benchmark*

# MENA Digital Admarket Size is between Italy & Spain




*Source: IAB GCC and IAB Europe Adex Benchmark*

# State of programmatic adoption in MENA illustrates further development potential

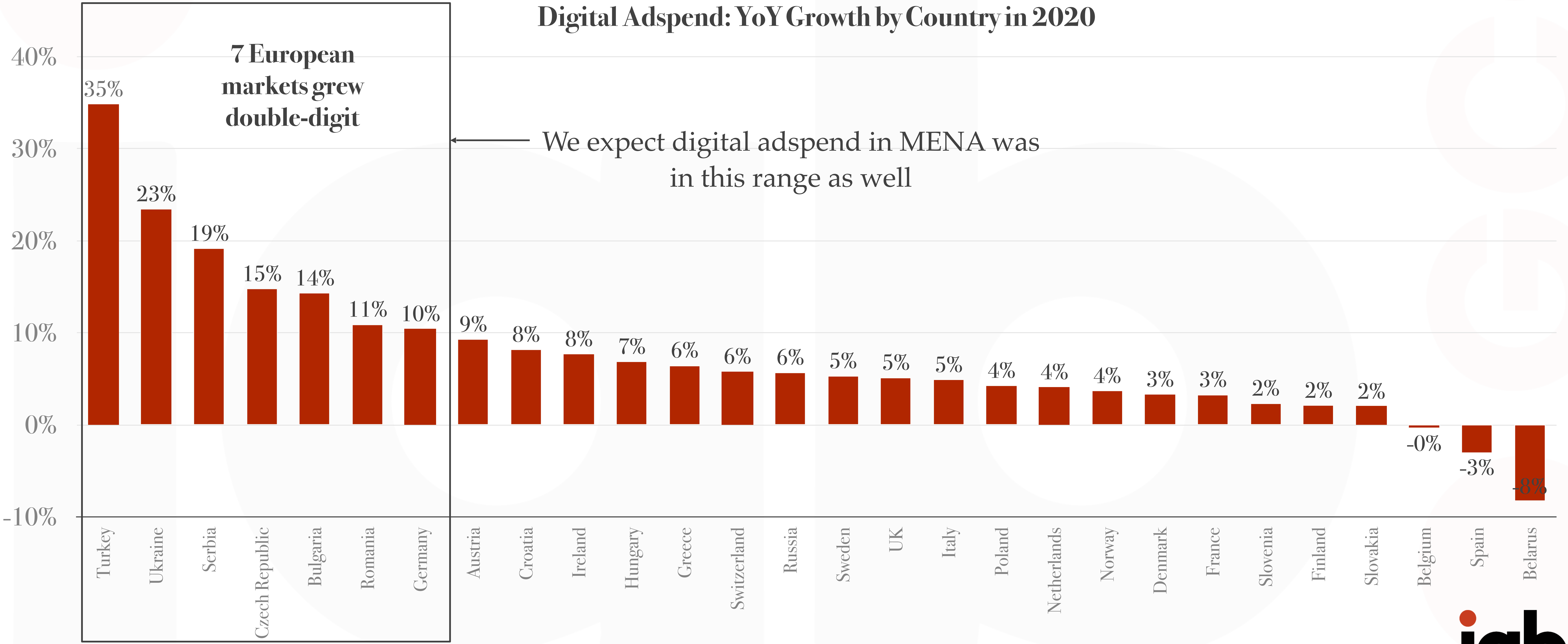



Source: IAB GCC and IAB Europe Adex Benchmark

# Adspend per capita: MENA is between Serbia & Bulgaria with a very high population size


Source: IAB GCC, IAB Europe Adex Benchmark, International Monetary Fund

# …this means that there is a lot of headroom for growth as in Europe emerging markets outperform others




*Source: IAB Europe Adex Benchmark*

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# Conclusion & Key Learnings

- Ad market sizing in MENA pioneered a new hybrid method that combines granular estimations from market participants with extensive econometric modelling
- Versions of this model will successively be applied by other markets, as the standard model of revenue reporting surveys only reflects part of the market
- MENA is an early market to adopt programmatic market sizing which is still undergoing a lot of development internationally
- Despite its classification as an 'emerging' digital ad market in terms of international Adspend per capita comparisons, the MENA Adspend emphasis on key growth areas of video and social suggest that MENA is already ahead of format adoption compared to other, more 'mature' markets