



# Turn Advertising Intelligence Index

May 2014

## New Frontiers, Maturing Markets: The Next Chapter for Programmatic Advertising

Programmatic is picking up speed: As brands and agencies search for customers across the media landscape, the amped-up real-time bidding (RTB) marketplace is changing rapidly beyond traditional display advertising.

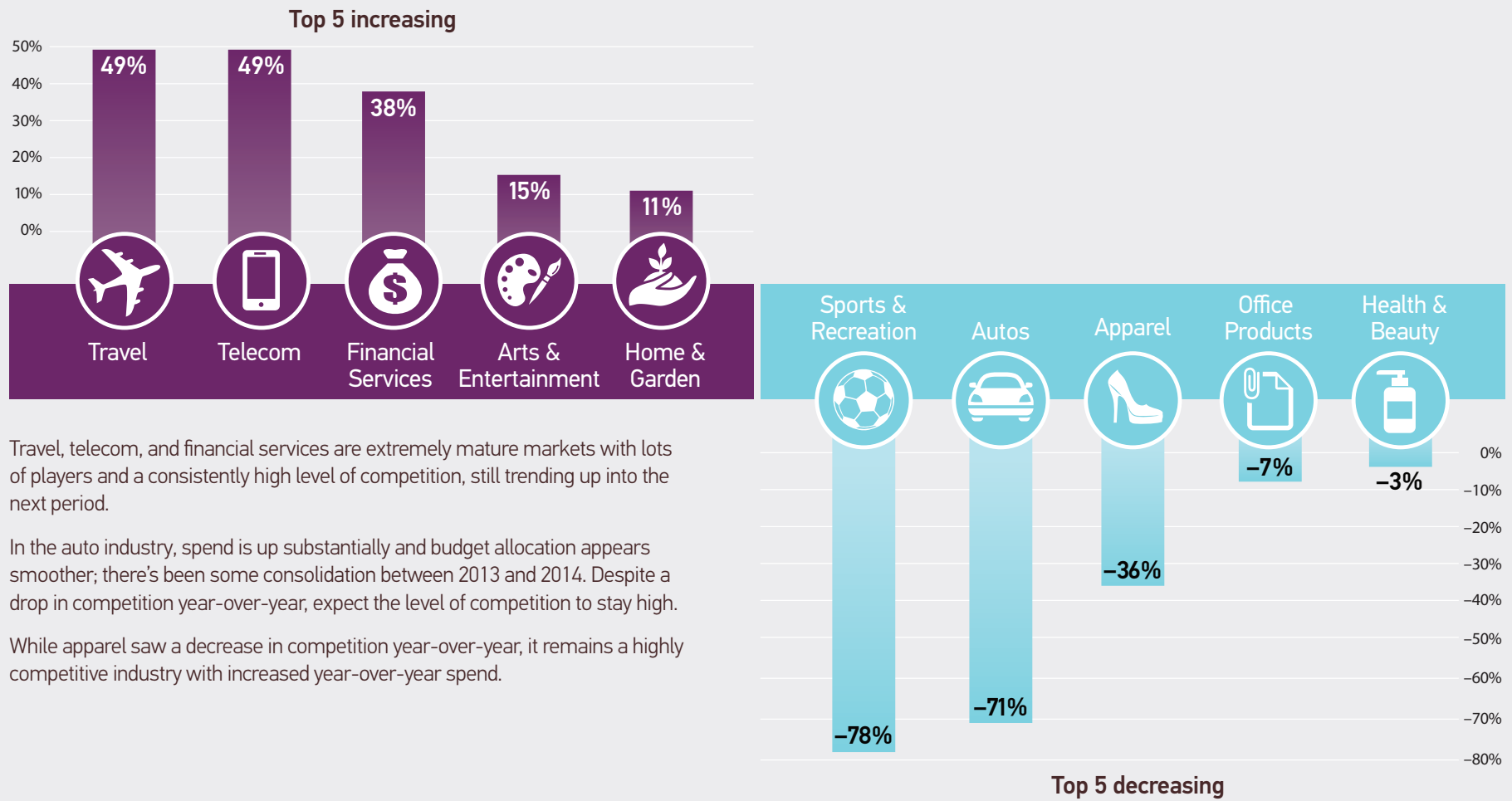
Display isn't static; far from it (and no pun intended). From January through April 2014, display advertising continued to be as competitive as ever, but other data-driven marketing channels are on fire. Across all channels, industries such as financial services and travel are stabilizing at high levels of both competition and spend. Industry verticals overall showed much less volatility in spending, as savvy marketers leverage data and approach planning with a new appreciation for cross-channel impact. Smoother spend indicates more proactive media planning. Compared to the same period in 2013, we are seeing far less budget allocated at the end of traditional marketing quarters this year—advertisers are planning programmatic strategies in advance and are preparing better for seasonal patterns and variations in the marketplace. Kudos to marketers for thinking more strategically about how to execute programmatic campaigns for maximum audience effect across channels.

More marketers are entering every channel, in every industry, leading to stiffer competition for available inventory. They are getting smarter about harnessing data and targeting spending to find customers across the media landscape. The degree of volatility varies across channels, but if we had to make an educated guess, we'd say that mobile, social, and video are all converging toward the stable, consistently high level of competition that we've seen in the display market for some time now. So if you want to know how markets are maturing, look to display for cues and look to this report for how the economics of data and insights are changing the landscape.

With that, we present the second Turn Advertising Intelligence Index (TAII). The TAII is based on the Herfindahl-Hirschman Index (HHI), the global standard methodology for measuring the level of competition in the marketplace, to evaluate the advertising industry. The lower the TAII, the more competitive a market is; the higher the TAII, the less competitive. Read on to see what we mean.

## New Frontiers, Maturing Markets: The Next Chapter for Programmatic Advertising—Top Industry Movers

Biggest increases and decreases in competition by industry—across all channels—January through April, year-over-year



Travel, telecom, and financial services are extremely mature markets with lots of players and a consistently high level of competition, still trending up into the next period.

In the auto industry, spend is up substantially and budget allocation appears smoother; there's been some consolidation between 2013 and 2014. Despite a drop in competition year-over-year, expect the level of competition to stay high.

While apparel saw a decrease in competition year-over-year, it remains a highly competitive industry with increased year-over-year spend.

### Applying economic models to the real-time marketplace

The Turn Advertising Intelligence Index (TAII) is based on the Herfindahl-Hirschman Index ([http://en.wikipedia.org/wiki/Herfindahl\\_index](http://en.wikipedia.org/wiki/Herfindahl_index)), the accepted global standard for measuring competition in a marketplace. The TAII substitutes advertisers' spend share of voice for market share: TAII = sum (advertiser i share of voice<sup>2</sup>). The index is based on a 0 to 10,000 scale, with lower numbers indicating greater competition.

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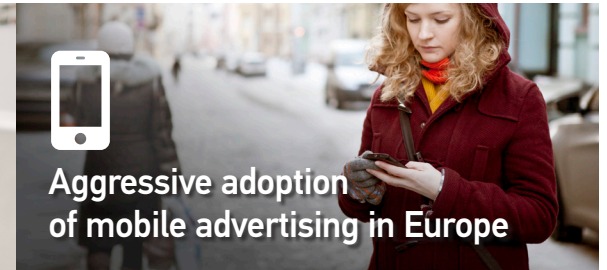
## New Frontiers, Maturing Markets: The Next Chapter for Programmatic Advertising



Spend up and less volatile on every channel



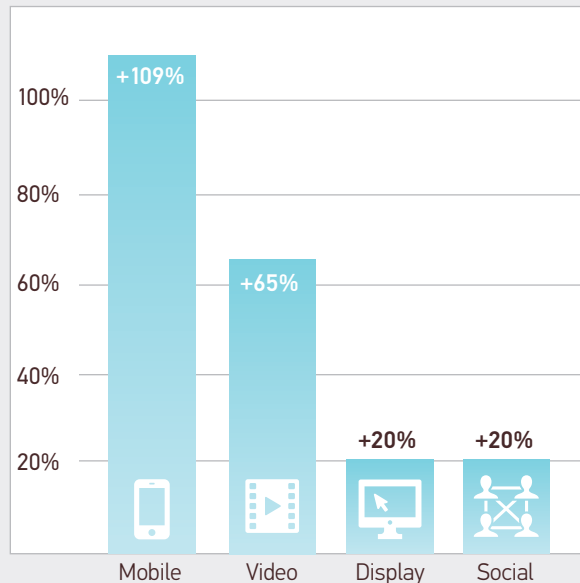
Display leading the way to better planning



Aggressive adoption of mobile advertising in Europe

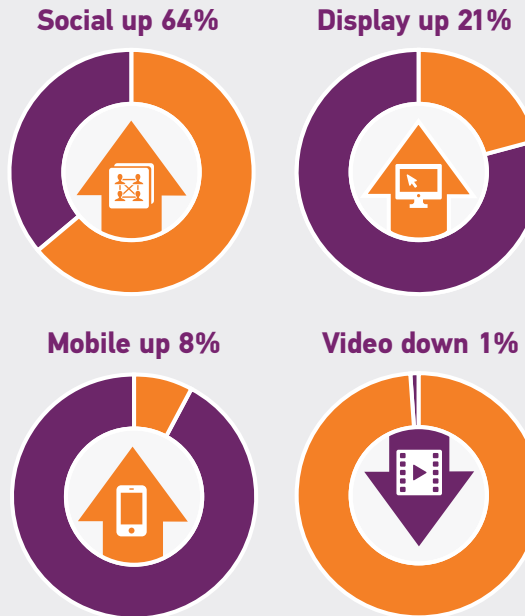
### Year-over-year change in spend by channel

From January through April 2014, marketers ramped up spend, especially in mobile and video, compared to the same period in 2013.

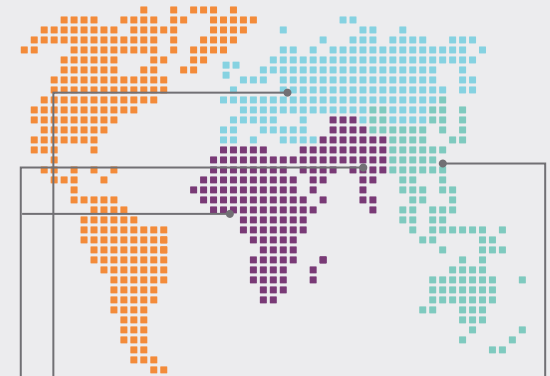


### eCPM by channel

eCPM rose in most channels in January through April 2014 over the same period in 2013. The surge in pricing aligns with increased competition in display and social advertising.



### World view



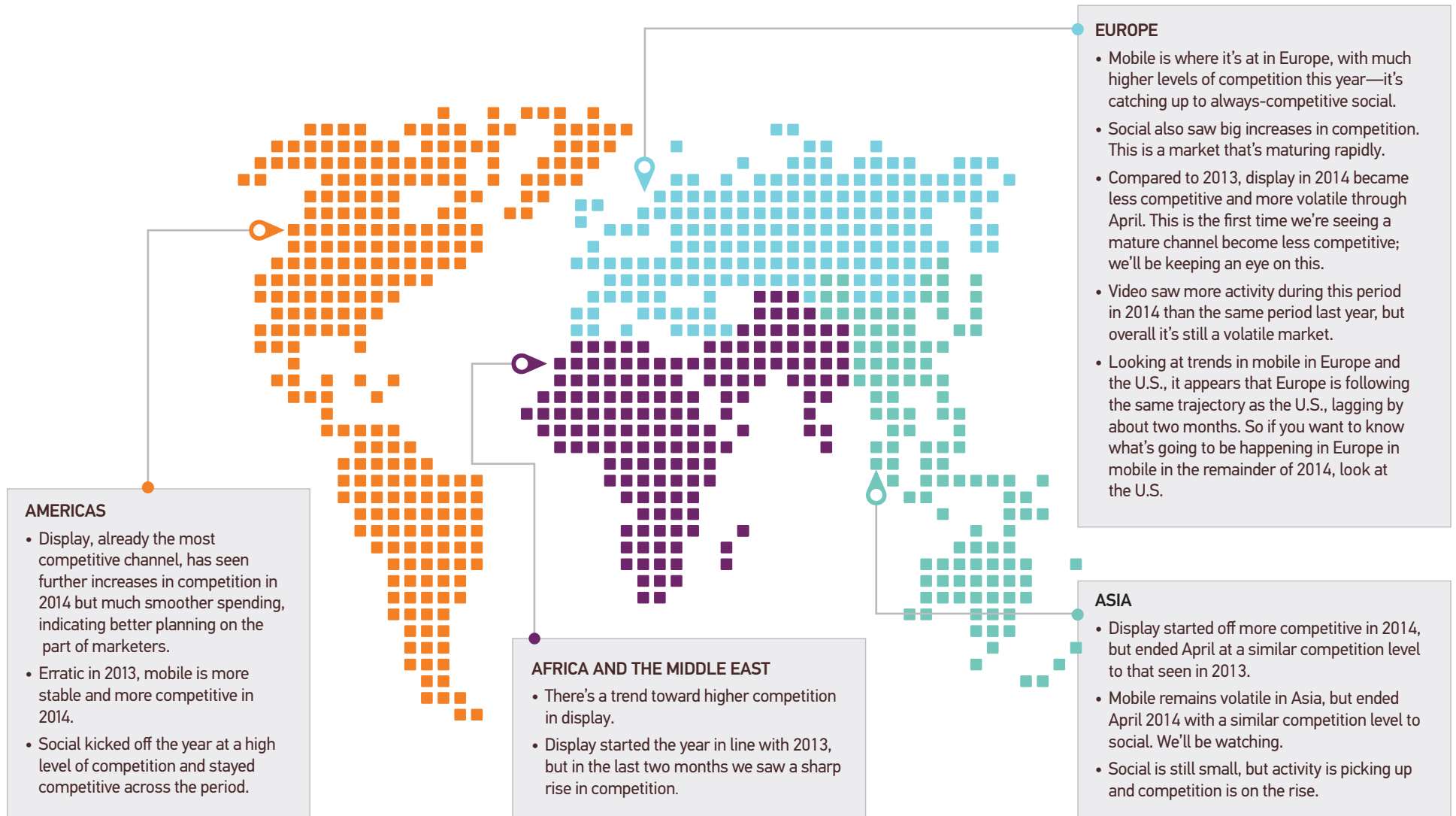
- The European market shows aggressive movement into the mobile space, with dramatic increases in spend and competition, while display competitiveness fell.
- In Africa and the Middle East, display is heating up with increasing spend in recent months.
- In Asia, competition in mobile is catching up with social.

### Applying economic models to the real-time marketplace

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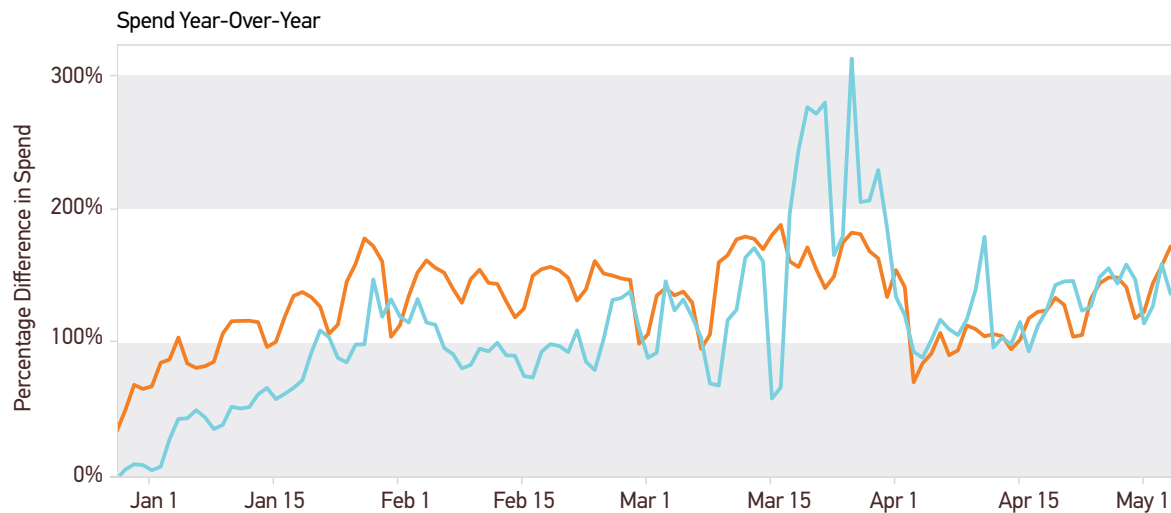
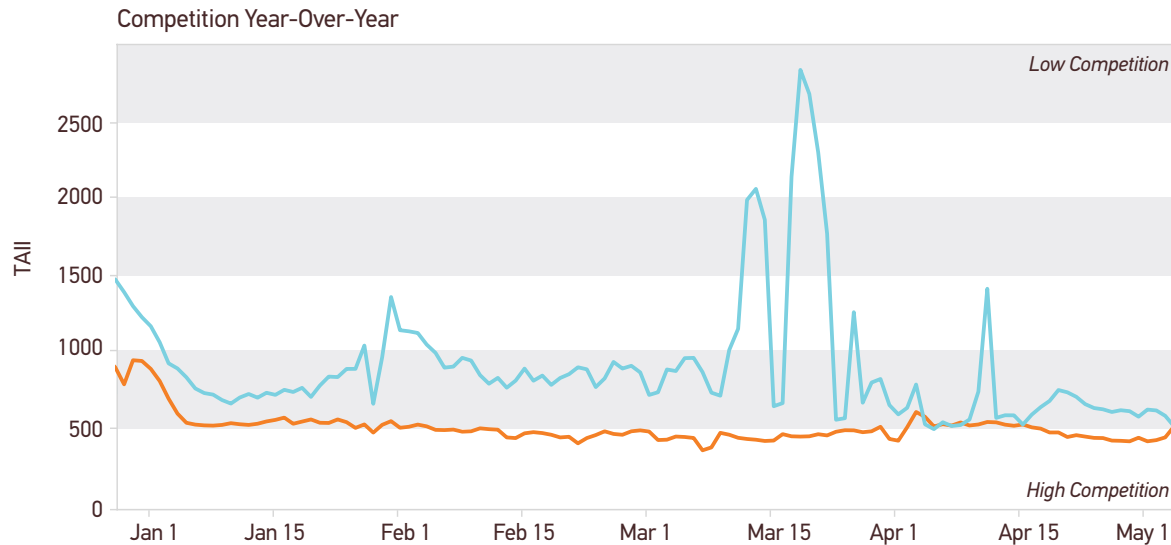
# Turn Advertising Intelligence Index | May 2014

## New Frontiers, Maturing Markets: The Next Chapter for Programmatic Advertising—Regional Insights



# The Competitive Landscape: Industry Close-up

## Global Programmatic Ad Spend Trends—Financial Services



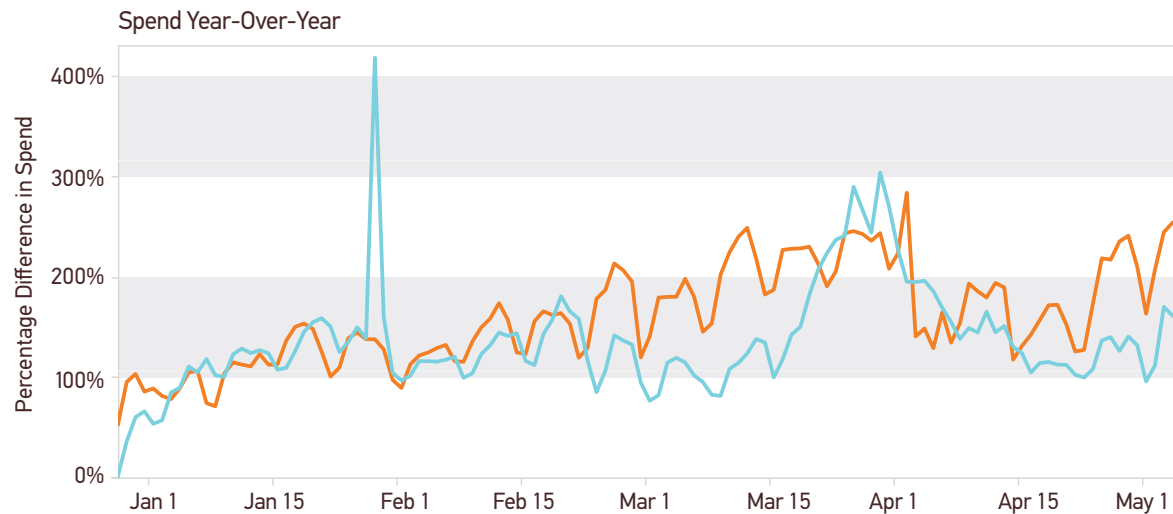
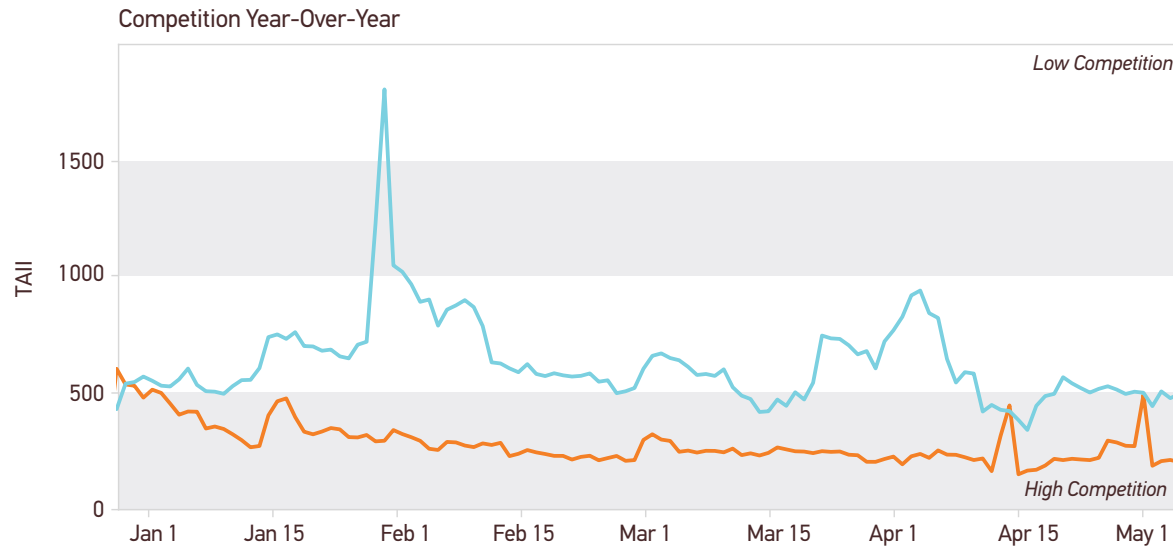
### Insight for marketers

- Financial services was already extremely competitive, yet still saw a 38% increase in competition January through April, year-over-year.
- Spending remains high but less volatile than last year.
- The high level of competition makes strategic, data-driven planning especially critical in this industry.

- TAI January through April 2014
- TAI January through April 2013

# The Competitive Landscape: Industry Close-up

## Global Programmatic Ad Spend Trends—Travel



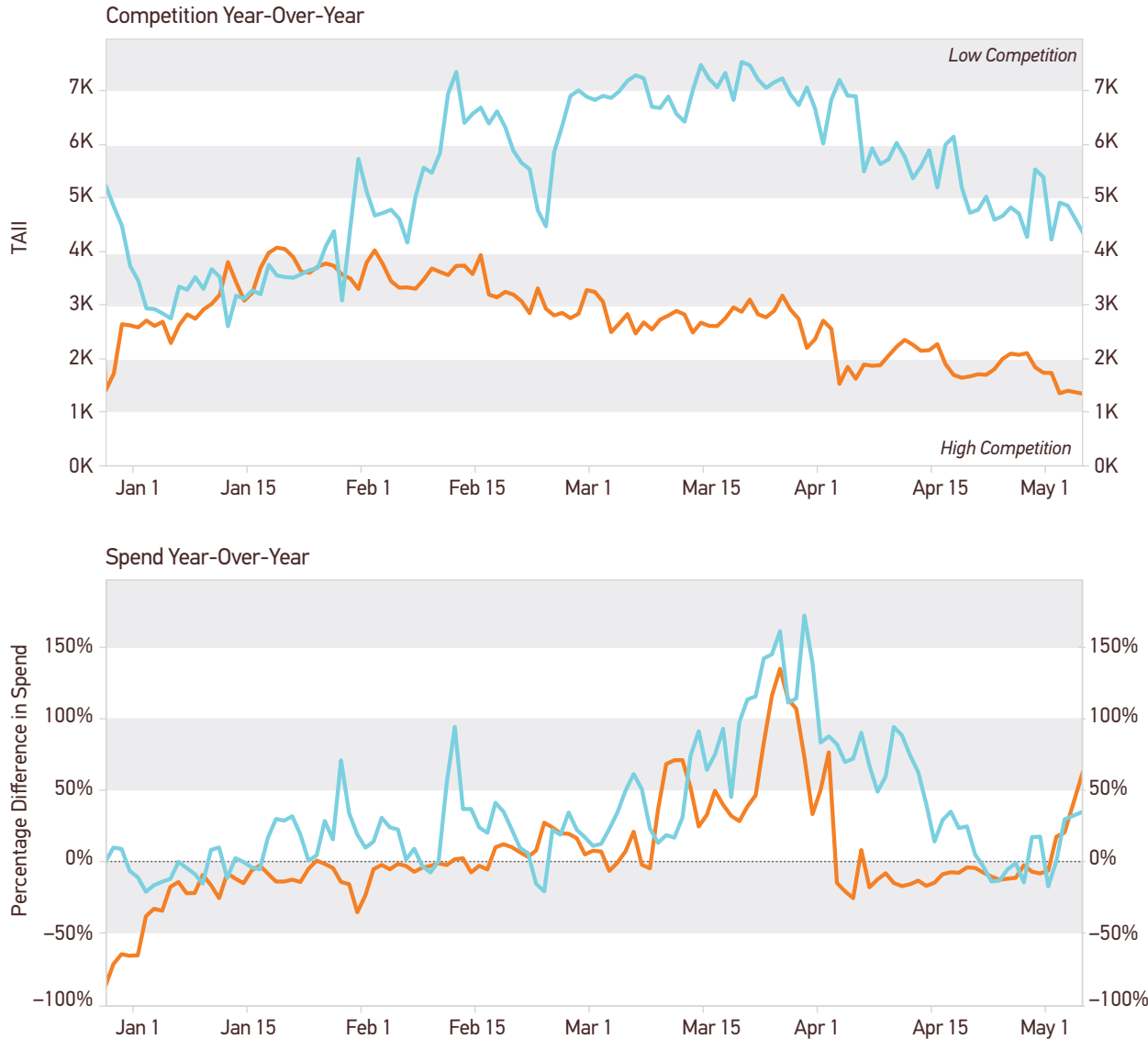
### Insight for marketers

- Travel is one of the most competitive industries.
- Competition increased January through April compared to the same period last year.
- Spend is up somewhat year-over-year, and spend patterns throughout the period are much more stable than in 2013.

- TAII January through April 2014
- TAII January through April 2013

# The Competitive Landscape: Industry Close-up

## Global Programmatic Ad Spend Trends—Telecom



### Insight for marketers

- Overall, telecom saw more competition in 2014 compared to the previous year, but with a slight softening in spend.
- We also saw this pattern within the electronics industry.
- This is the first time we've seen these two trends occurring at the same time. We'll be keeping an eye on this as the year goes on.

- TAI January through April 2014
- TAI January through April 2013



# About Turn

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Turn delivers real-time insights that transform the way leading advertising agencies and marketers make decisions. Our cloud applications and Internet-scale architecture work together to provide a complete yet anonymous picture of customers, execute cross-channel campaigns, and connect with a worldwide ecosystem of more than 150 partners.

Every day, the Turn marketing software and analytics platform makes nearly 100 billion advertising decisions and analyzes more than 1.5 billion customer attributes. Our robust architecture provides instant access to over 2 trillion display, mobile, social, and video advertising impressions every month, with response times under 10 milliseconds.

Data for this Advertising Intelligence Index is based on activity on the Turn platform from January 2013 through April 2013 and January 2014 through April 2014. It was prepared by the Turn Customer Success team, with special thanks to Max Knight and Jungmoo Kim.

Turn provides its platform, products, and services worldwide. Company headquarters are in Silicon Valley.

Visit [www.turn.com](http://www.turn.com). Follow us @turnplatform.

## For more information:

### Americas

Quynh Cline  
quynh.cline@turn.com  
1.650.362.6891

### Europe

Antonia Mitsana  
antonia.mitsana@turn.com  
+44.20.7255 5686

### Asia-Pacific

Rita Vannithone  
rita.vannithone@turn.com  
+852.6087.4576

## For press inquiries, please contact:

Jonathan Gardner  
jonathan.gardner@turn.com  
1.646.339.8626