

UK Ad Industry Year in Review: Brexit and GDPR Effects Still Haven't Hit

Article

Three and a half years ago, the UK voted to leave the EU. The country then plunged into a deep depression, cities were razed and the ad industry collapsed into a heap of self-loathing—actually, maybe not. While things are not great, they're not as bad as some feared.

But one's for sure: The economy and ad industry have remained under a cloud of uncertainty throughout 2019.

Brexit still hasn't happened, and even though the Conservative Party just secured a decisive victory that could see Brexit enacted **by the end of January**, it will take time before the UK is fully extricated from the union with the necessary trade deals in place. In the meantime, certain industries are feeling the pinch.

The auto industry, for example, is facing tough market conditions. **In our July 2019 report** on UK digital ad spending, we detailed how car production in the country had dropped more than 20% year over year, while further cutbacks were being introduced on a regular basis. However, we estimated that digital ad spending in the auto industry would grow 9.2% for the year. It was below the market-average rate (11.2%) and was the slowest-growing industry we tracked, but it was still growth.

Digital Ad Spending Growth in the UK, by Industry, 2017-2020

% change

	2017	2018	2019	2020
Retail	16.8%	18.3%	12.8%	11.6%
Travel	12.6%	15.9%	11.6%	10.5%
CPG & consumer products	14.3%	14.1%	10.3%	9.2%
Financial services	12.5%	14.0%	9.4%	8.4%
Automotive	14.3%	15.0%	9.2%	8.1%
Other	14.6%	16.6%	12.2%	10.9%
Total	14.3%	15.9%	11.2%	10.1%

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices, and includes all the various formats of advertising on those platforms

Source: eMarketer, July 2019

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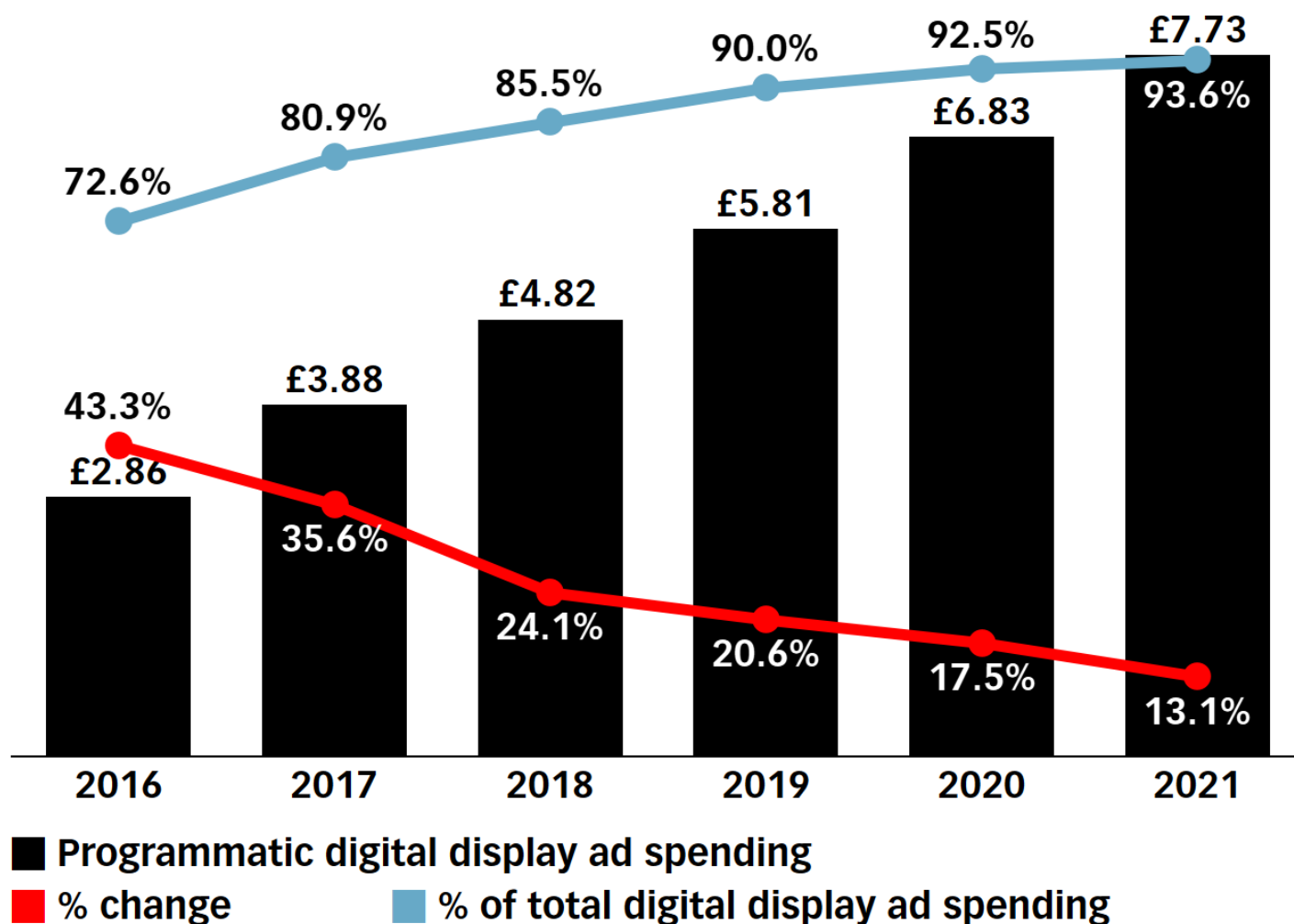
In our **March 2019 report**, we highlighted that Facebook and Google, the so-called duopoly, strengthened its grip on the UK ad market because it provides healthy doses of reach, audience data, control, measurement and price efficiencies—safety nets in the face of instability. Our latest forecast pegged the duopoly's share of total UK digital ad spending at more than 68% in 2019.

Wasn't the General Data Protection Regulation (GDPR) supposed to nobble ad tech with "unauthorized" data sharing and cost the industry billions? Well, it might, but it never came to fruition this year.

Digital ad spend has continued to rise. And by digital, that increasingly means programmatic. According to our **latest report on UK programmatic trends**, programmatic advertising will account for 90% of digital display ad dollars in the UK in 2019, a proportion that will continue to steadily increase.

Programmatic Digital Display Ad Spending in the UK, 2016-2021

billions of £, % change and % of total digital ad spending



Note: digital display ads transacted and fulfilled via automation, including everything from publisher-erected APIs to more standardized RTB technology; includes native ads and ads on social networks like Facebook, Snapchat, and Twitter; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices
Source: eMarketer, October 2019

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This automated method of trading display ad inventory was particularly prone to the “GDPR effect,” given its reliance on data for ad placement. However, the numbers kept rising through 2019.

The Information Commissioner’s Office (ICO), responsible to policing GDPR infringements in the UK, has begun to get tough on ad tech, though. In June, it published a detailed report into ad tech and real-time bidding (RTB), giving the industry until the end of the year to snuff out the questionable practices employed in the programmatic space.

Next year, GDPR may finally affect the industry, but we’ve seen a subtle shift away from those methods of transacting that will come under increasing scrutiny. This year, the majority of programmatic display inventory—£3.81 billion (\$5.07 billion)—will be transacted via programmatic direct deals, accounting for 65.5% of the programmatic total. The RTB portion—the bit that the ICO is concerned about—while still growing, shrank proportionally in 2019. And within RTB, the amount of spend going to open markets, where data sharing is hardest to track, is diminishing proportionally, too.

Marketers, it seems, are already steeling themselves for what’s to come. 2019 wasn’t all bad for the ad industry in the UK. Things could have been better, and the twin specters of Brexit and GDPR caused a great deal of uncertainty, but no cities were razed and the ad industry didn’t collapse into a heap of self-loathing.

For more analysis on the UK ad spending by industry, eMarketer PRO subscribers can read our report:

Report by Bill Fisher Jul 25, 2019

UK Digital Ad Spending by Industry 2019



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