

# Private Marketplace Ad Spending to Surpass Open Exchange in 2020

Article

**T**his year, for the first time, programmatic ad spending on private marketplaces (PMP) will surpass that on open exchanges. PMPs—a subset of real-time bidding (RTB) in which some sort of private deal exists between a publisher or a small group of publishers and select ad buyers—will see double-digit growth throughout the forecast period. Growth in PMP ad spending will outpace that of the open markets by about 3 to 1 in 2020 and beyond.

## Real-Time Bidding (RTB) Digital Display Ad Spending in the US, by Segment, 2017-2021

billions, % change, % of total programmatic and % of total RTB

	2017	2018	2019	2020	2021
<b>Open exchange*</b>	<b>\$8.92</b>	<b>\$10.14</b>	<b>\$11.21</b>	<b>\$11.81</b>	<b>\$12.33</b>
—% change	22.0%	13.7%	10.5%	5.4%	4.4%
—% of total RTB	58.0%	54.0%	51.4%	48.9%	47.1%
<b>Private marketplace (PMP)**</b>	<b>\$6.46</b>	<b>\$8.64</b>	<b>\$10.60</b>	<b>\$12.34</b>	<b>\$13.85</b>
—% change	57.1%	33.7%	22.7%	16.5%	12.2%
—% of total RTB	42.0%	46.0%	48.6%	51.1%	52.9%
<b>Real-time bidding (RTB)</b>	<b>\$15.38</b>	<b>\$18.78</b>	<b>\$21.80</b>	<b>\$24.15</b>	<b>\$26.18</b>
—% change	34.7%	22.1%	16.1%	10.8%	8.4%
—% of total programmatic	43.4%	40.8%	38.1%	35.3%	32.8%

*Note: includes native ads and ads on social networks like Facebook and Twitter; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; includes programmatic ads that are transacted in real time, at the impression level; numbers may not add up to total due to rounding; \*includes ads transacted through a public RTB auction in which any buyer or seller can participate, also known as open auction or open marketplace; \*\*includes ads transacted through an invitation-only RTB auction where one publisher or a select group of publishers invite a select number of buyers to bid on its inventory*

Source: eMarketer, October 2019

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Many of the factors limiting open market investment are driving dollars into PMPs, which buyers and sellers deem safer and more compatible with their long-term strategies.

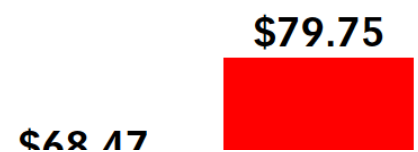
Also driving investment in PMPs over the next 24 months are:

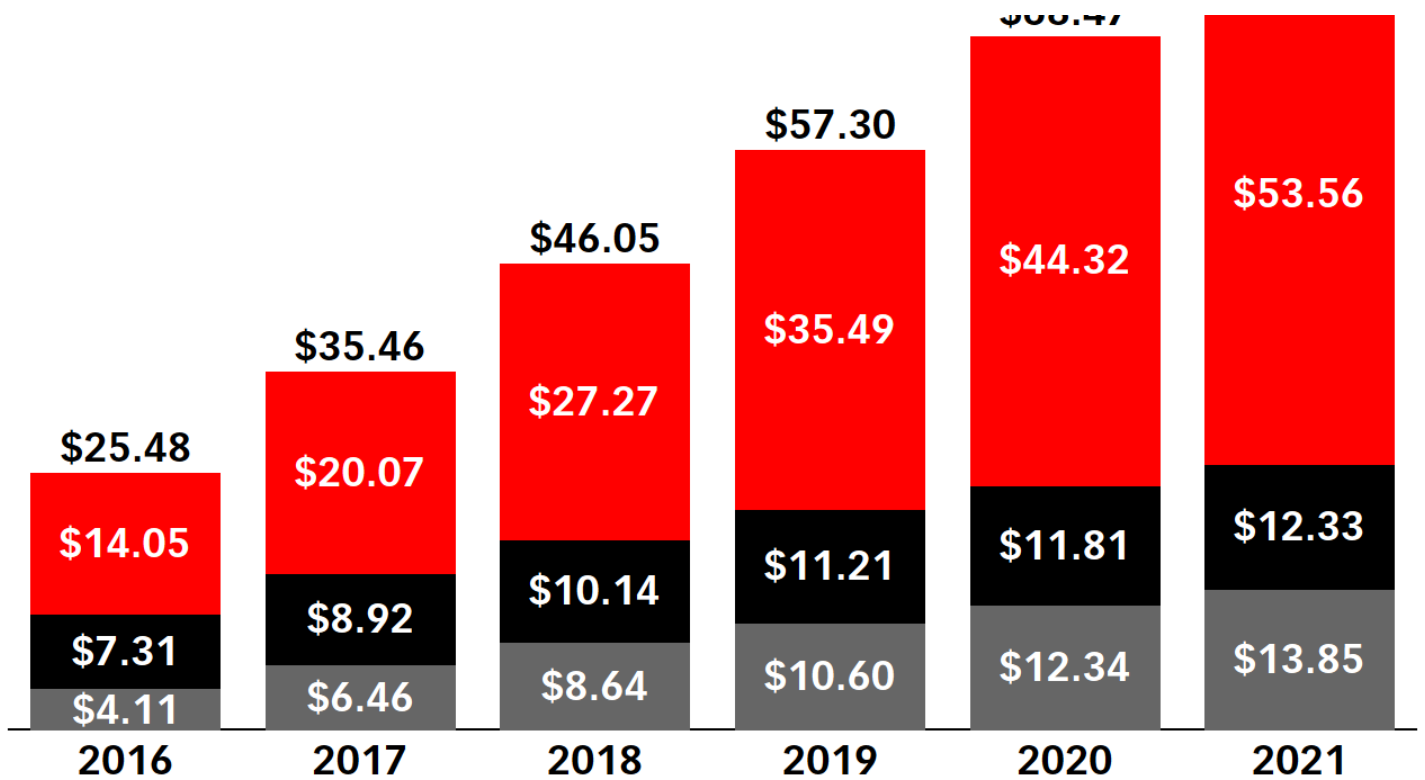
- **Improved capabilities for discovering, planning and transacting in PMPs.** Experts interviewed for our [latest report on US programmatic trends](#) noted that the past 12 months have brought greater sophistication and advancement to PMP inventory discovery and campaign planning and management tools. These tools are making PMP setup and maintenance less cumbersome and labor intensive. They also noted these advancements are making it easier to transact against key performance indicators (KPIs) and campaign metrics beyond CPMs.
- **Continued emphasis on first- and second-party data.** In recent years, buyers and sellers have acknowledged the importance of first- and second-party data (second-party data is first-party data owned by a publisher, platform or other partner) for building stronger identity graphs and sharing unique audience insights. But with the fate of third-party tracking and data on the line, focus has intensified. PMPs continue to prove a primary real-time means of bringing first-party data into a campaign or gaining access to premium audience insights selectively shared by publishers. “As the cookie starts to go away and the shelf life is diminished, third-party data won’t be able to be used in as many places,” said Ryan Fleisch, head of product marketing for Adobe Advertising Cloud. “We’re seeing clients really care about making the most of every impression that we’re serving because in certain cases, we might not have the same luxury of scale in the next 12 to 24 months that we’ve had in the past.”

But while PMPs will comprise a growing portion of total RTB ad dollars, RTB’s overall share of programmatic display ad spending will decline during the next 24 months.

## Programmatic Digital Display Ad Spending in the US, by Transaction Method, 2016-2021

*billions*





■ Programmatic direct\*
 ■ Open exchange\*\*
 ■ Private marketplace\*\*\*

*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 and Twitter; includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices; numbers may not add up to total due to rounding; \*includes all programmatic ads that are transacted as blocks of inventory using a non-auction-based approach or via an API; \*\*includes ads transacted through a public RTB auction in which any buyer or seller can participate, also known as open auction or open marketplace; \*\*\*includes ads transacted through an invitation-only RTB auction where one publisher or a select group of publishers invite a select number of buyers to bid on its inventory*

Source: eMarketer, October 2019

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During this timeframe, spending on programmatic direct (a category largely dominated by social) will also expand, thanks to continued investment in social advertising and premium ad formats like audio, over-the-top (OTT) and connected TV ads, which all often transact via guarantees.

For more insights on programmatic display trends in the US, eMarketer PRO subscribers can read our recent report:

**Report** by Lauren Fisher Nov 21, 2019

# US Programmatic Digital Display Ad Spending



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