



IAB & DDMA REPORT ON SEARCH ADVERTISING

THE NETHERLANDS 2018

October 2018

Introduction

IAB & DDMA REPORT ON SEARCH ADVERTISING – THE NETHERLANDS

"We are proud to present the fourth edition of the Dutch National Search Study from the IAB and DDMA, performed by Deloitte. The goal of this study is to provide insight to agencies and advertisers on the trends that the market is moving towards and to provide a reference point on the current state of the market.

This year we moved from a quantitative study to a more qualitative study and we are delighted with the high number of participating professionals. Involved were over 86 participants, with 76 survey participants (of which 40 working in the field of agencies and 36 advertisers) together with ten market experts (incl. four search taskforce/council members) sharing their detailed knowledge of the Dutch search market.

We have tried to cover as many trending topics as possible, including: voice search, search automation and other new technologies. We hope that this report will inspire you to take your search campaigns to an even higher level next year. Happy reading!"



Nathalie La Verge
Deloitte



Justus Wever
IAB Search Taskforce

"I find it great to see that this study gives some qualitative examples of the topics that advertisers are working on and the challenges that they have. This study is great for every marketer that wants to compare it's activities against a significant amount of peers in the market."



Arjen Hoek
IAB Search Taskforce

"This study again shows how the Netherlands is a frontrunner in adopting new technologies. The Dutch search industry is embracing automation, feed driven marketing and attribution, enabling growth for the future!"



Jaime Infante Ferreira
DDMA Search Council

"This research provides strategic information about the main growth drivers for the increasing ad spend and revenue in the Dutch market. Better and sophisticated technology is the number one cause for this growth. It will change the role of the search marketer. Even more growth in ad spend and revenue is expected in coming years due to technologies such as machine learning."



Marnix Bakker
DDMA Search Council

"This study provides a good overview of the status quo in the Dutch Search market. A mature market that is still growing steadily. Adoption rates of automation and AI based tools are already significant and I expect an even bigger shift towards automation in the coming years."

Participating experts

This study has been completed thanks to:



Wijnand Meijer | TrueClicks

Wijnand is the Co-founder and CEO of TrueClicks, a PPC auditing and monitoring platform. As an agency veteran with 8 years of experience at iProspect in Amsterdam, Wijnand has managed everything from local SMB accounts to international accounts spending millions on paid search. Wijnand is an active guest-blogger and is probably best known for his 'Complete AdWords Audit' series. He regularly gives talks at conferences and has been voted one of The Top 25 Most Influential PPC Experts in 2015, 2016 and 2017.



Jeroen Maaijen | TUI

Before joining TUI in 2011, Jeroen worked as an online marketer for Landal GreenParks and HotelSpecials. From 2016 onwards, Jeroen determines the strategy and is responsible for the SEA team of all Tui labels in the Benelux (TUI.nl, Kras.nl, TUI.be and TUIfly.be) region. He is proud that his team is "best in class" in managing SEA campaigns and acts as a leading example in cooperation and approach for all other TUI countries.



Dennis Griemink | Wehkamp

Dennis has more than 8 years experience in online marketing. After starting at Traffic4u, he switched to a SEA specialist role at Wehkamp. At Wehkamp Dennis was responsible for achieving full automation of all SEA campaigns. He is currently the Manager Digital Marketing focusing on and maintaining responsibility for all performance driven marketing channels.



Arjen Hoek | Microsoft

Arjen is a Strategic Search Account Manager at Microsoft and helps advertisers to achieve more with Bing Ads. Besides that he's an active member of the IAB Taskforce Search. Arjen has a background in consultancy and retail.



Justus Wever | Traffic4U

Justus Wever is Performance Marketing Director at Traffic4u and is chairman of the IAB Taskforce Search, which consists of the major search marketing agencies and advertisers in The Netherlands. The mission of the taskforce is to promote the knowledge, transparency and innovation in the Dutch market for search engine advertising, both SEO and SEA. The taskforce organizes events, initiates market research and promotes education.



Bert van Dijk | Traffic4u

Bert van Dijk is the Search Advertising Product Manager at Traffic4u and responsible for the quality and innovation of the Search Advertising services. Bert has managed local and international clients within Travel, Finance, Retail & Fashion with paid search budgets ranging from small to millions. Bert thrives on the energy he gets from increasing results and efficiency for his clients, which he achieves together with his team. Bert is also an active member of the IAB Taksforce Search and contributes to the organisation of Friends Of Search.



Lauryan Feijen | TNT

Lauryan has been working in PPC since 2009. Currently, Lauryan is managing the team that is responsible for all global PPC, Organic Search, Display, Affiliates and Paid Social at TNT Express. Since 2015, Lauryan has built the in-house team from scratch and with the team has been developing the international strategy to maximize global performance across these digital acquisition channels. Lauryan has spoken at several SMX conferences, Hero Conf, AdWorld Experience and has written several guest blogs for international PPC blogs.



Hein van der Honing | Greenhouse Group

Hein is Head of Search within the Greenhouse Group responsible for all SEA activities. With over 12 years of experience with SEA, his focus includes determining the best SEA strategy for customers and securing quality, overall growth and innovation within the field.

With a critical view and strong opinion about SEA, he is helping brands gain results and progress, leveraging all Greenhouse Groups core values: Innovation, Dedication & Fun.



Jaime Infante Ferreira | Lead Today

Jaime is Head of Consultancy at Lead Today, a marketing consultancy agency focused on marketing and sales optimization, and has a background in B2B marketing consultancy and search automation. He was member of the DDMA Search Committee for four years. The aim of the DDMA Search Committee is to help Search marketers to stay up-to-date in Search marketing. The committee shares knowledge and initiates research, education projects, and publications.



Marnix Bakker | Nochii

Marnix is Team Lead at Nochii and has a background in paid search. He is an active member of the DDMA Search Council and organization of the annual Friends of Search conference. The DDMA Search Council is an advocate of the Dutch search industry by sharing knowledge, conducting research and organizing events.

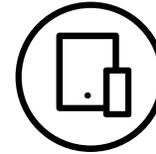
Executive summary

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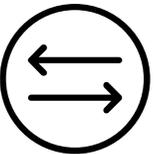
Paid search market

- 93% of the search professionals expect increased paid search spend for their company within 2018 compared to 2017.
- More than half of agencies (58%) increase search budget by shifting budget from traditional media towards search. This shift is performed by only 39% of the advertisers.



Device and platform delivery

- Search professionals indicate a large budget shift from desktop towards mobile search advertising.
- Mobile increases its value, compared to desktop, with the price difference between desktop and mobile clicks continuing to decrease in 2018 (reported by most survey respondents).



Keyword strategy

- Most professionals (72%) indicate an increase in CPC in 2018 compared to the previous year of 2017 when buying keywords for their campaigns.
- There is no noticeable effect in CPC rates for product listing ads since the admission of third party comparison shopping services.



New technology

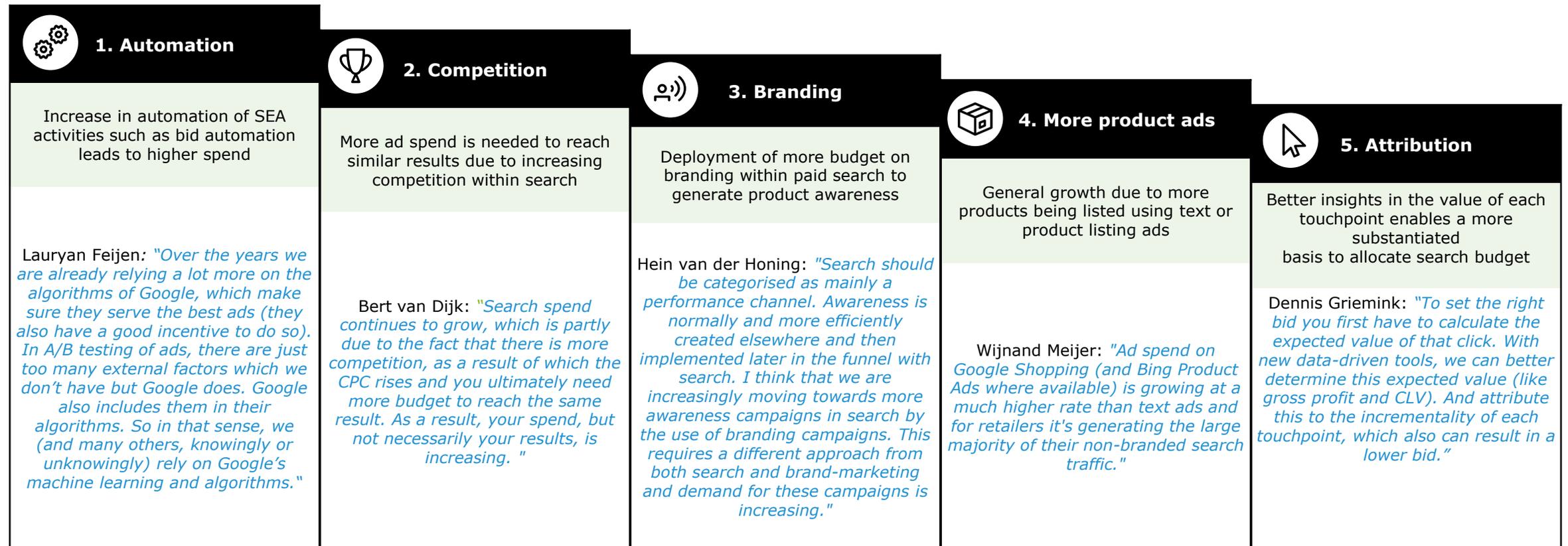
- Voice search development started, however, at a small scale as indicated by between 10% and 22% of the professionals depending on the industry.
- Developing and enabling automation of bid management is the top focus of most companies.
- Data driven attribution applied to a large group of companies, showing that companies are quick to embrace new technology features within paid search.

Paid Search Market (1/2)

Main market growth drivers

The Dutch paid search market is one of the leading examples within Europe mirroring the UK and US markets closely. Almost all of the survey participants (93%) indicate a growth in the search budget or revenue for 2018 compared to 2017. This indicator of strong growth has been present in every edition of this study since 2015. With newly emerging and evolving technologies, such as automation and voice search, there are no signs of this growth slowing down in the near future. To explain the strong growth, survey respondents and market experts identified multiple root causes within the market.

The growth drivers are ranked in order of importance according to the survey participants as followed:



Source: Survey respondents, Deloitte analysis

Paid Search Market (2/2)

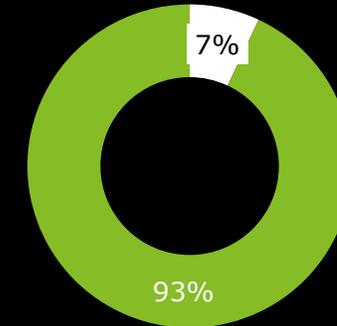
Shifting budgets within the paid search market

Many search professionals indicate a shift of media buying budgets towards paid search. Part of this budget shift originates from traditional media where there are more agency professionals encountering this (58%) compared to professionals working for advertisers (39%).

Hein van der Honing: *"I think agencies have a wider knowledge of the Paid Search market from their expertise and therefore have more digital reference information when optimizing media plans. Direct advertisers most likely do not have this information and while they are making small adjustments, they keep more to their traditional media because they are more comfortable with it and it works adequately for the time being."*

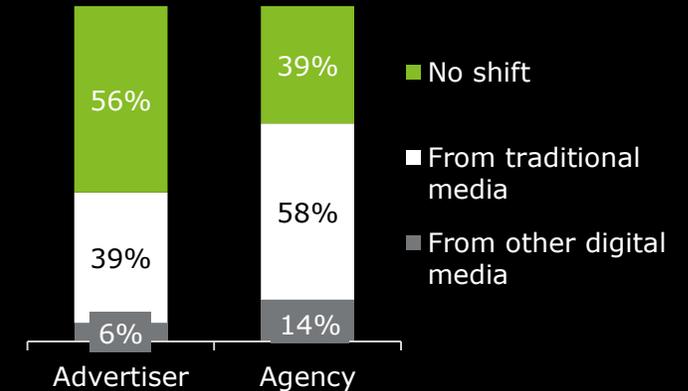
Dennis Griemink: *"In previous years, we (Wehkamp) saw a substantial growth towards paid search. Over the past year, we have focused more on which products and customers we actually want to advertise on in terms of value, and which ones we do not. In addition, moving away from Last Click attribution helped us to better allocate the marketing budget. Also in favor of paid search."*

Expected paid search revenue development over 2018 compared to 2017 (survey response)



■ Same or lower ■ Higher

Shift of ad budget to paid search (survey response)



Source: Survey respondents, Deloitte analysis

Keyword Strategy

The rise in CPC and changing keyword strategy

Changing keyword strategy and increasing CPC's are two of the main drivers of search spend growth. The average cost per click has been increasing year over year and this year 72% of the survey participants indicate that their prices have increased within their search advertising campaigns.

Wijnand Meijer: *"Most advertisers see a yearly increase in CPC's, both for branded and generic terms. However, if they apply a smart audience strategy across their search campaigns and include the cross-device and offline behavior from mobile clicks, they should also see an increased value per click, usually justifying the higher click prices."*

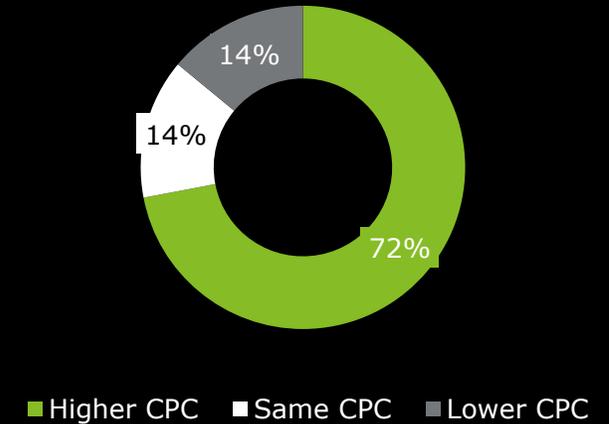
"What's interesting, is that at a global level, Google reports a decline in average CPC, likely due to a larger share of cheaper mobile and YouTube clicks. But it largely compensates for this by an increased amount of clicks, which is partly realized by showing more ads (e.g. 4 top positions instead of 3 and loosening the definition of 'exact match' and 'daily budget') and larger ads (e.g. expanded and responsive formats)."

Search experts indicate that they are changing their keyword strategy using different keywords, including longtail, high volume and branding keywords. Between the three types, there is no clear winner for advertisers whereas professionals within agencies are more likely to focus on longtail keywords, with 42% of the survey participants indicating this.

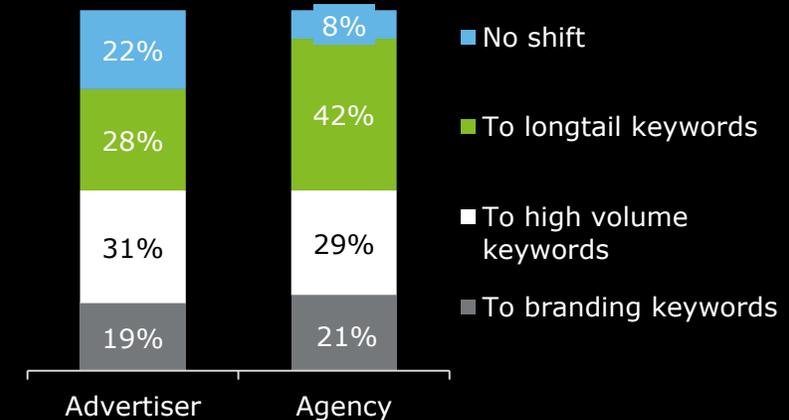
Jeroen Maaijen: *"Within the keyword strategies I see a shift from keyword based buying towards audience based buying. In the future the role of keywords will become increasingly less important and the account structures as we currently know them will become much simpler. I think some keyword match types might even be slowly phased out."*

Bert van Dijk: *"You see that more and more people are using automation and feed-driven advertising. As a result, the coverage on longtail is getting better. ... Moreover the early adopters with feed-driven advertising are shifting budgets to generic keywords. These parties are just looking at how they can attract people to their brand in the upper funnel with generic keywords. More and more people are realizing that through search you can also approach people in the earlier phase of the customer journey. Their attribution models prove that this works and this will also result in extra spending."*

CPC development of search campaigns in 2017 compared to 2016 (survey response)



Keyword strategies receiving more budget in 2017 compared to 2016 (survey response)



Source: Survey respondents, Deloitte analysis

Device and Platform Delivery (1/3)

Mobile search development

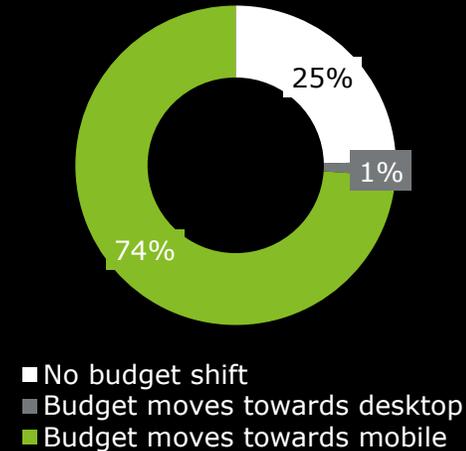
Over the last years, mobile budgets have risen and surpassed the desktop budgets that were seen in earlier editions of this study. The majority of participating search professionals (74%) indicate that budgets for paid search continue to shift towards mobile this year and the CPC gap between both devices continues to decline. Due to increasing mobile searches, better mobile conversions and the ability for cross device attribution, mobile search has gained strong momentum that is not likely to be stopped anytime soon.

Bert van Dijk: *"Mobile is definitely increasing and the difference in CPC's is getting smaller. This is because mobile is becoming an increasingly important part of everyone's life. When I look at myself, I am always on my mobile. Anytime I have doubts about a purchase, I first do research on my mobile. I haven't touched my laptop for personal purchases in over a year."*

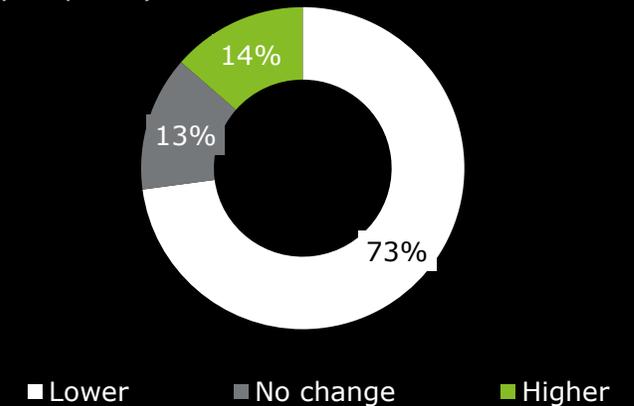
Wijnand Meijer: *"Big steps have been made the last couple of years when it comes to mobile conversion and payment, which makes it easier for consumers to pay with their phone or tablet, which obviously also makes it easier for advertisers to see the return on their mobile ad investments and shift more budget towards mobile."*

Call tracking is still underused in the Netherlands, but it's a must for advertisers that care about phone calls. And advertisers with offline stores should spend a significant amount of effort in quantifying the incremental effect of mobile ads on their in-store sales. It's hard, but it's worth it."

Development of paid search budget between devices (survey response)



Development of CPC gap between mobile and desktop (survey response)



Source: Survey respondents, Deloitte analysis

Device and Platform Delivery (2/3)

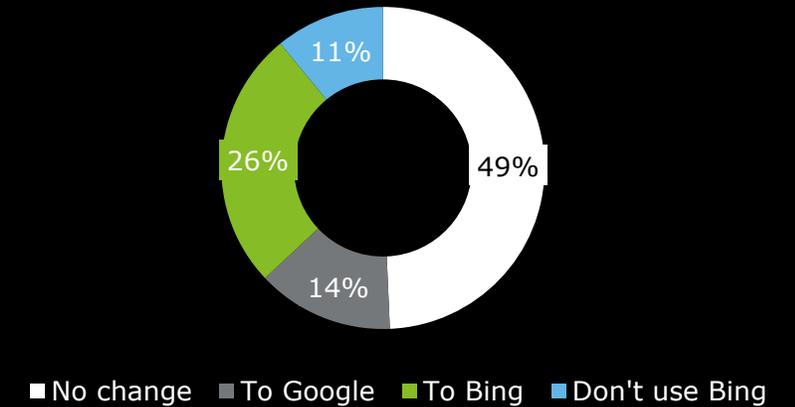
Bing vs Google

In the Netherlands, Google is the most frequently used search engine. We observed in our previous search study that Bing gained market share within desktop impressions. This year, more professionals indicate that they relatively increased their spending more on Bing (26%) compared to Google (14%). However, most professionals (49%) indicate there that is no difference in budget allocation between the two search engines. Due to improved accessibility, through automatic synchronization and search automation, we expect more advertisers to increase and combine activities on both platforms.

Bert van Dijk: *"Many advertisers have started with Google Ads due to potential. These advertisers have grown and are now at a point where CPCs in Google are getting higher, the competition has increased and they are very dependent on Google. Previously, they might have left Bing out of their media plans because Bing "only" has 8-10 percent of the potential market share, but now they are also taking the step towards Bing. Bings CPCs are generally lower, the competition is lower and it's easy to sync all existing campaigns from Google."*

Hein van der Honing: *"It has become easier to integrate Bing into your search strategy. Particularly due to the development of the platform, DoubleClick integration and the customer service that is delivered by Bing."*

Shift of marketing budget between Google and Bing (survey response)



Source: Survey respondents, Deloitte analysis

Device and Platform Delivery (3/3)

Search on classifieds platforms and CPC trend of PLA

Based on the IAB Ad Spend Study, classified platforms are relatively stable in terms of advertisers' spend. An emerging trend within classifieds platforms (such as Amazon, Ebay and Bol.com) is that consumers are beginning to use them in similar fashions as search platforms. From a budget perspective, the market is still undecided with 42% of the professionals indicating that advertising on these classifieds platforms is allocated to the search budget.

Wijnand Meijer: *"The person or team that manages the Google Shopping campaigns should always be able to make changes to the product feed that is used, and therefore, should also be responsible for any type of feed-based advertising. It would be a shame to split this knowledge and experience across different teams, as you will lose the ever-increasing benefits from a centralized 'feed knowledge hub' in your company or agency."*

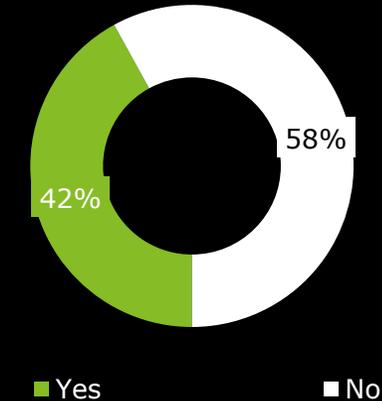
Bert van Dijk: *"Until a year ago SEA was really disconnected from retail platforms. You now notice that retailers are starting to realize that advertisements on a classified platform are an essential part of a customer journey. In the USA, 52% of product searches start on Amazon. That indicates how important it is."*

At the end of 2017 Google granted access to comparison shopping services (CSS) to compete for the top positions within product listing ads (PLA) of Google Shopping. Only 3% of the participants indicate that this change resulted in lower CPC rates for their listings. This percentage might be changed during the release of this study as Google recently introduced its CSS incentive program (including financial incentives for advertisers).

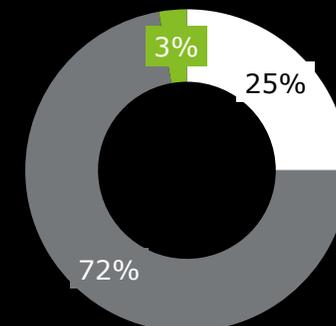
Hein van der Honing: *"At the moment we certainly don't see a price change within PLA. I only expect this to change if the EU increases their demands on Google to enable more inventory to be available to the comparison sites."**

*Statement before Google CSS started its incentive program

Advertising on Amazon, Ebay and Bol.com is part of the search budget (survey response)



Effect on CPC of product listing ads after granting access to comparison sites end 2017* (survey response)



■ CPC increased ■ No effect on CPC ■ CPC lowered

Source: Survey respondents, Deloitte analysis

New Technology (1/2)

Importance of search automation and attribution

New and better technology enables the basics of SEA to run in a more automated manner, with improved efficiency. The range of solutions keeps growing and together with it, the importance of search automation among companies grows. Resulting in a change of role for search marketers, who move from setting up and optimizing the fundamentals of a SEA campaign to more strategic activities. Almost all professionals indicate that search automation has become one of their top development priorities within their organization. The level of search automation importance depends on the advertising profile and what a business is seeking to accomplish. Based on input from the survey, we observe that the position of automation on a company's agenda is directly linked to the company market size.

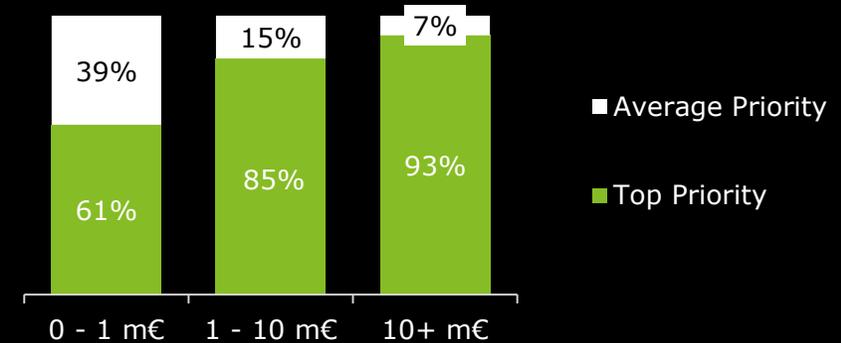
Wijnand Meijer: *"Automation works best when the process is repeating and consistent. As not everything in search matches these criteria, we'll still have a job for the coming years! And when it comes to making changes based on performance (e.g. change bids, pause keywords, pause ads), automation needs sufficient and preferably predictable (conversion) data to perform its magic. So in short: make sure you know what to automate and regularly check if the automation works as it should. These steps are often skipped which causes people to automate things that shouldn't be (such as enhanced CPC for new campaigns) and do things manually that can be automated (most things you do at least twice in Excel)."*

For attribution models, there is a different approach among agencies and advertisers. Last click is still one of the most used models for attribution used by advertisers (40%). Whereas the majority of the agencies have adopted a data-driven model (44%).

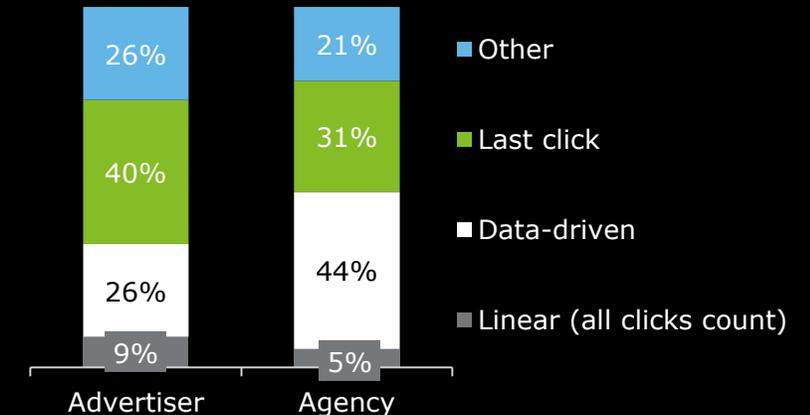
Lauryan Feijen: *"Currently, we still attribute most interactions to the last click but are exploring data-driven attribution methods. We're also busy mapping all touch points. Ideally, we take all things into consideration: on- and offline, but then again: when will we get there? I think an important next step is when we can see what the impact of a display impression is; I want to be able to include this as a touchpoint. Another example is to take email opens and clicks into consideration as touchpoints and interactions. The ultimate goal is to still to be able to combine off-site interactions as well as non-digital interactions. Until we reach that we have to aim to open up as much data as possible, not only within Search but across channels."*

Wijnand Meijer: *"In 2013, Avinash Kaushik wrote: "The only use for last click attribution now is to get you fired. Avoid it." 5 years later, it's still widely used. So we either need to fire some marketers or we need to - finally - switch to just any type of multi-touch attribution, as long as it's not last or first click. I love to see a keyword with 2,5 conversions in Google Ads, as it shows me the credit has been distributed across multiple keywords, as it should have been. And it enables me to bid accordingly."*

Importance of search automation within each company per revenue size (survey response)



Attribution model used (survey response)



Source: Survey respondents, Deloitte analysis

New Technology (2/2)

Development of tooling and new technology

Technological innovations like Artificial Intelligence (AI) (including machine learning) enable search marketers to achieve more automation and drive the growth of search advertising. This results in high adoption rates of AI across all industries. And within the wide range of search activities being automated, 25% of the professionals indicate that bid management is the most important one.

Hein van der Honing: *"Bid management is one of the first things that you automate. There is a lot of repetitive work in the daily adjustment of bids. Automating bidding saves a huge amount of time. Having said that, it is very important to not just implement a standard bidding solution. You have to understand the auction as well as the solution in order to get the best results. There is no 'one size fits all'."*

Jeroen Maaijen: *"The operational role as we know it today will be increasingly obsolete because of automation. We need marketeers to change their background towards a more data savvy and technical profile."*

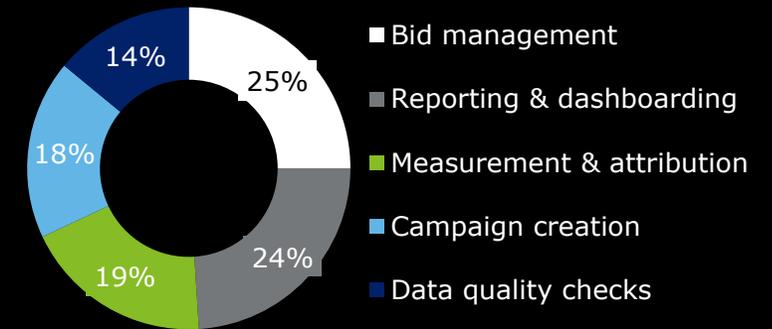
Automation of reporting and dashboarding is almost as important as bid management, according to 24% of the respondents.

Lauryan Feijen: *"The basis for reporting will not change that much, but with one-off analyses or ad hoc optimizations things will stand out and lead to a need to map reporting more structurally. I distinguish ad hoc analysis as something you perform once with a tool like Excel or a quick visualization solution. If you then discover that you will need it structurally, then you want to build that out in a report, in order to prevent you having to do the same analysis every time."*

Voice search is in development within the market and has not yet gained full traction. On the other hand, the majority of the survey participants do expect that voice search has a beneficial effect on the search revenue now and will continue in the near future.

Bert van Dijk: *"You can't figure out the actual percentage of queries that are spoken. It is not released by the suppliers as voice-driven. If you do thorough analysis on all your queries, you may see that 2-4% is voice-controlled. Then there is also the question, what is the impact of the effort you are now investing in? I do expect that the launch of Google Home will speed up the trend towards voice search."*

Main focus of search automation development (survey response)



Tech development per industry (survey response)

Industry	Main focus area of automation	AI adoption	Voice Search development
Finance	Reporting & dashboarding	60%	10%
Retail	Measurement & attribution	70%	22%
Travel	Measurement & attribution	87%	20%

Source: Survey respondents, Deloitte analysis

Contact details

For questions regarding this research feel free to contact



Nathalie La Verge
Deloitte | Technology, Media & Telecommunications
Tel: +31 (0)6 23 367 886
Email: nlaverge@deloitte.nl

Nathalie La Verge is a senior manager within Deloitte Risk Advisory. She has over 10 years of experience in providing risk advisory services for companies in the Technology, Media & Telecommunications (TMT) industry.



Yvonne de Jager
IAB Nederland
Tel: +31 (0)85 401 0802
Email: yvonne@iab.nl

Yvonne de Jager is responsible for Dutch IAB research, including the IAB Netherlands/ Deloitte Ad Spend Study and all IAB commissioned research. She also assists Dutch IAB members with their research projects. Yvonne is also responsible for shaping the IAB knowledge base so that it meets members' needs moving forward.



Jorrit Sloot
Deloitte | Financial Advisory
Tel: +31 (0)6 82 019 387
Email: jsloot@deloitte.nl

Jorrit Sloot is a senior consultant within Deloitte Financial Advisory. He specializes in risk analytics, data modeling, mathematical and quantitative data analyses for the Digital industry.



Diana Janssen
DDMA
Tel: +31 (0)20 4528413
Email: dianajanssen@ddma.nl

Diana Janssen is DDMA's Director General. DDMA conducts and commissions a number of researches each year, with the aim to quantify markets, to identify trends and to track down changing consumer demand. Together with our members, we share knowledge and information on how to optimise interaction with your customer.



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