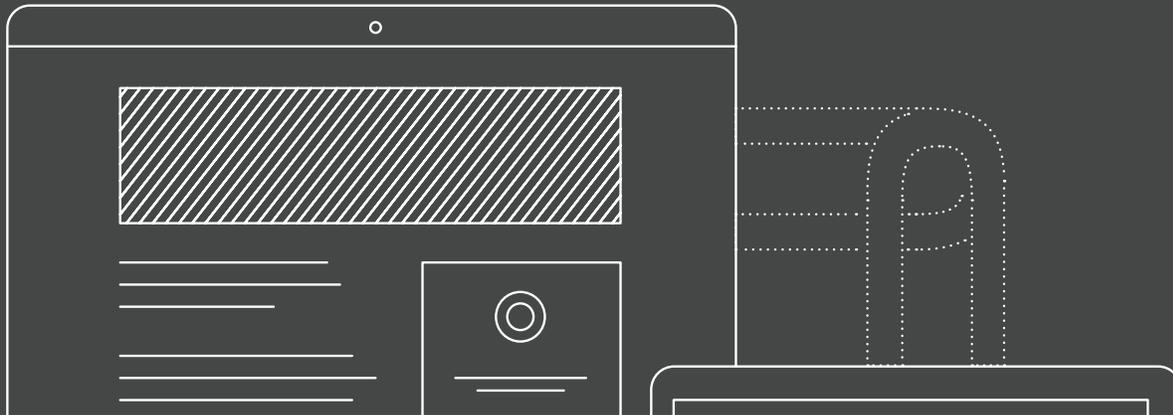


A brief history of digital advertising

We tend to think that digital advertising started well after the turn of the millennium, but in truth, the first ad banner to ever appear online originated in.... 1994. The same year the Web was commercialized.

Let's take a look back at how this fairly recent industry (compared to many others) evolved exponentially over the past two and half decade and how it went from a highly fractured and "lawless" ecosystem to a more structured and normalized one. This is in no way an exhaustive list of all the developments that have impacted the digital advertising industry, but it's still a pretty good one! Let's begin:



1994

The first ever banner appeared in 1994 on the website [Hotwired](#) and looked like this:



Rumor has it that the first internet users were so impressed by this new format that the banner got a 46% click-through-rate. By comparison, today, a decent CTR is around 0.6%.

At this point, the low number of websites available on the net had allowed advertisers and publishers to connect directly and to manually insert ads on websites.

1996

The number of active websites evolved rapidly over a couple of years and the task of ad management became much more complex, as advertisers found it hard to track which of their banners were displayed where.

Enter [DoubleClick](#) - one of the world's first ad servers. Often believed to have been launched by Google, it was actually acquired by them in 2008. By now, the web was growing at an unprecedented pace, meaning it did not take long before relationships between all parties became difficult to manage again.

1996 saw the start of the [IAB - Interactive Advertising Bureau](#). The mission of this key player was to set standards to regulate the advertising industry, to conduct research to identify growing trends and provide legal support to actors of the industry.

1998

1998 saw the birth of the one player that, to this day, still leads the digital advertising industry: [Google](#). Its original intent was to provide a search engine which would determine the relevance of the website by the number of pages linking back to that site, contrary to other existing engines which ranked pages by the number of searched keyword instances found in the page.

Also, two years after the first ad server, ad networks appeared to make the online media buying process more manageable for advertisers. This new process didn't last long until the technology had a hard time keeping up with the development of the web, especially with the dot-com boom. This created a fragmented landscape that made it all the more difficult to advertise effectively.

2003

Now that it had provided advertisers with a way to launch campaigns, [Google](#) launched three years later [AdSense](#) to balance it out to by giving publishers a tool to monetize their inventory with display advertisement.

QUICK FACTS



719 million internet users

2005

As the web kept on growing and the number of publishers and advertisers grew, relations between the two parties, eased by ad networks, became increasingly opaque. In a hope to bring more transparency to the media buying process, ad exchanges started to surface, notably Ad ECN (bought by [Microsoft](#) in 2007) and Right Media (bought by [Yahoo!](#) in 2007 as well). The new process aimed at giving a clearer view on the price impressions were sold for.

At that point, real-time bidding did not yet exist, but was only a few years away. However, digital advertising had become prominent enough that the industry would see the rise of a somewhat unexpected technology : ad blocking. [AdBlock Plus](#) released in 2005 its initial software, causing much concern for the future of the industry.

QUICK FACTS



1.024 billion internet users worldwide



\$12.5 billion in digital advertising revenue in the U.S.



[YouTube](#) is founded on February 14th, 2005.

2000

[Google](#) quickly jumped on the opportunity and launched [AdWords](#) in October 2000, a platform allowing advertisers to display their ads not just on Google's search result pages, but also on all websites part of the network. At the beginning of the millenium, it meant virtually all websites.

QUICK FACTS



361 million internet users worldwide

2004

2004 is now famous as the year that Mark Zuckerberg launched the first version of a social network that would revolutionize human interaction, but also digital advertising: Facebook. The platform was launched from a Harvard dormitory on February 4th and was originally intended to serve as a student directory for the university, but would evolve to so much more over the next couple of years.

QUICK FACTS



745 million internet users worldwide



\$9.6 billion in digital advertising revenue in the U.S.

2006

Only a year after its creation, [YouTube](#) had already reached 100M views per day. Despite its standard display ad revenue, the video-streaming company was looking for a new way to monetize its content. Unlike typical news channels, video offered incredible advertising opportunities. In August 2006, YouTube launched its first ad concept, the Participatory Video Ad (PVA) program. The company was acquired by [Google](#) later that year.

QUICK FACTS



1.14 billion internet users worldwide



\$16.9 billion in digital advertising revenue in the U.S.

2007

2007 was a revolutionary year in the tech industry, for many reasons. The first one is obviously the birth of one key product: the first iPhone, by Apple. Android would launch its first phone only one year later. This new release opened up new, unprecedented opportunities for advertisers and publishers: mobile advertising.

At the same time, the ad exchange ecosystem became more complex: Data Management Platforms such as [Bluekai](#) and [Lotame](#) were launched and DSPs made a big breakthrough, with five major companies launching in the same year: [DataXu](#), [Invite Media](#), [BrandScreen](#), [MediaMath](#) and [AdBuyer.com](#). These companies simplified the process for the buying-side, by allowing it to access multiple exchanges at once without having to aggregate inventory via direct relationship with the publisher.

QUICK FACTS



1.36 billion internet users worldwide



\$21.2 billion in digital advertising revenue in the U.S.

2008

The industry growth kept on accelerating, with the new players making digital and programmatic advertising increasingly accessible at scale. The amplitude of this technology made the need for regulations more pressing. Audit and verification tools appeared to regulate the quality of ads and were launched by companies like [Doubleverify](#) and [AdXpose](#) (acquired by ComScore in 2011).

QUICK FACTS



1.54 billion internet users worldwide



\$23.4 billion in digital advertising revenue in the U.S.

2009

2009 was when real-time bidding (RTB) finally appeared. With inventory being offered at large and buyers having easy access to it, RTB was the missing piece to make the whole process happen faster. By 2009, exchanges started building real-time bidding APIs and over the next year or so, the majority of the main exchanges, like DoubleClick, OpenX and PubMatic, announced their support of RTB.

QUICK FACTS



1.73 billion internet users worldwide



\$22.7 billion in digital advertising revenue in the U.S.

2010

In 2010, digital ad spend worldwide had already reached \$61.8 billion. More and more consumers were being targeted, but were they targeted by the right ads? RTB provided one half of the solution, by allowing data collected on the user to be used to optimize ad placements. However, advertisers were seeking a technology to reconnect with their existing or potential customers. That's when retargeting started to appear, with several platforms offering dynamic retargeting solutions.

QUICK FACTS



1.99 billion internet users worldwide



\$26.0 billion in digital advertising revenue in the U.S.



“ With inventory being offered at large and buyers having easy access to it, RTB was the missing piece to make the whole process happen faster.

2011

Maybe it was due to the increasing number of adblock users or by an overdose of intrusive and annoying ads, but 2011 was the year the term “Native” was first used by an investor named Fred Wilson at the OMMA Global conference. Wilson was not talking about advertising but rather native monetization.

2011 is also the year that [Facebook](#) launched its sponsored stories. A study conducted by Marin Software between April 2011 and March 2012 shows that the launch of sponsored stories resulted in a 20% increase in CTR, but also in the costs associated: 51% increase in CPM and 26% in CPC, showing that the efficiency of social advertising also proved to be more expensive for advertisers.

QUICK FACTS



2.18 billion internet users worldwide



\$31.74 billion in digital advertising revenue in the U.S.

2012

As the channels to reach consumers multiplied, but also as the number of internet users grew (2012 - 2.4 billion worldwide), digital advertising was in a crucial need for more targeted solutions. [Facebook](#) launched its ad exchange (FBX) in June 2012 to offer to advertisers the opportunity to reach their consumers on the social media platform.

The way this new exchange worked closely resembled retargeting, and hoped to join social media advertising and search ads.

QUICK FACTS



2.4 billion internet users worldwide



\$36.57 billion in digital advertising revenue in the U.S.

2013

Only two years after the first mention of the term “native”, native advertising had reached such a scale that the [IAB](#) set out to publish a [Native Advertising Playbook](#), which aimed at providing definitions and structures, but also a consistent framework for this new practice.

The original playbook identified six core ad formats that evolved in the native landscape as well as multiple considerations for advertisers to have to determine how native advertising could meet their brand objectives. The six ad types were In-Feed Units, Paid Search Units, Recommendation Widgets, Promoted Listings, In-Ad with Native Element Units and Custom/ “Can’t Be Contained”.

QUICK FACTS



2.8 billion internet users worldwide



4.01 billion mobile users worldwide



\$42.78 billion in digital advertising revenue in the U.S.



district m is founded

2014

With retargeting proving to be a highly effective technology - in 2014, 71% of marketers were adding it to their strategy - advertisers were increasingly looking for more targeting options. Retargeting was working to bring back past visitors, but they needed ads that would adapt to their audience, no matter if it was new or old.

In 2014, [DoubleClick](#) introduced its dynamic creative solution, which was made to build ad creatives that would adapt to the user viewing it.

Also, with the art of digital advertising become increasingly complex, and with it, its performance measurement, The [Media Rating Council](#) (MRC) published Viewable Ad Impression Measurement Guidelines, intended to complement the general display advertising standards set by the [IAB](#). This guide included definitions of the different types of ad impressions as well as the requirements for an ad to be considered viewable.

QUICK FACTS



3.03 billion internet users worldwide



4.23 billion mobile users worldwide



\$49.45 billion in digital advertising revenue in the U.S.

2015

2015 was a key milestone for programmatic, for many developments and breakthroughs occurred that year.

First and foremost, 2015 was coined as the year the term “header bidding” really appeared and the technology was widely adopted across the industry. It’s still unclear who can be attributed with the name “header bidding”, but after it was used in an [AdExchanger article](#), it spread like wildfire and became a hot buzzword, but more importantly, a key technology that allowed the industry to finally move away from the waterfall model.

Another major shift that some players did not see coming in 2015 was the [IAB](#)’s announcement, in August, setting HTML5 as the new standard for interactive marketing, which was backed by [Adobe](#), [Google](#), [Yahoo!](#) and [AOL](#). The main reason for the shift was the security vulnerabilities that Flash users were subjected to. The new standards also promised to make delivering rich, immersive digital advertising content possible in a cost-effective manner.

Programmatic audio also made its big breakthrough that year, with [Triton Digital](#) launching the first-ever audio ad exchange, a2x.

QUICK FACTS

- 

3.27 billion
internet users
worldwide
- 

4.43 billion
mobile users
worldwide
- 

\$59.6 billion in
digital advertising
revenue in the U.S.

2016

Programmatic quickly caught on after a2x was launched, with [iHeartRadio](#) starting to sell audio ads programmatically as early as April of that year, followed closely by [Spotify](#), who launched its programmatic ad service in July of that year.

Meanwhile, publishers were still feeling the harsh repercussions of ad blocking - in 2015 alone, ad blocking usage had resulted in a \$22 billion revenue loss. Advertisers were also increasingly conscious that a bad ad experience can do more damage than good amongst their audience. In September 2016, a group of international trade associations and key players of the online advertising industry regrouped to look into what makes a bad ad experience in an attempt to create a healthier relationship between the consumer and advertiser. And so the [Coalition for Better Ads](#) was founded.

QUICK FACTS

- 

3.63 billion internet
users worldwide
- 

4.61 billion mobile
users worldwide
- 

\$72.5 billion in
digital advertising
revenue in the U.S.
- 

\$2S connections
are developed



“ 2015 was coined as the year the term “header bidding” really appeared and the technology was widely adopted across the industry.

2017

With many issues having arisen around ad blocking, transparency and user experience over the past years, 2017 could be seen as the year of initiatives and standards. Of course, some had already been put in place by the [IAB](#) and the [MRC](#), but the regulations that were adopted that year intended to make the industry healthier and more transparent.

In April, little over 6 months after its inception, the [Coalition for Better Ads](#) released its initial set of standards. This announcement was backed by key players of the industry, such as the [IAB](#)'s different chapters, agencies, publishers and several national advertising associations.

The biggest supporter was without a doubt [Google](#), which announced in June of that year that the next Chrome version would block all ads that were not compliant with the Better Ads standards.

Around the same time, the [IAB](#) launched its own initiative to bring more transparency to the programmatic landscape with Ads.txt, which was designed to combat issues such as domain spoofing and unauthorized reselling of inventory. The solution consisted of a simple .txt file that would be integrated in any publisher's website's header code, and would serve as a list of the domain's authorized sellers.

On another note, 2017 was also the year programmatic advertising reached 80% of ad spend in the U.S, and the first year that mobile ad spending surpassed desktop in the U.S.

QUICK FACTS

 **3.88 billion**
internet users
worldwide

 **4.77 billion**
mobile users
worldwide

 **\$88 billion in digital**
advertising revenue
in the U.S.

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Where do we go now?

It's sometimes hard to see how far this industry has come in a relatively short period of time; from a no-man's land with few rules and where every party would fend for themselves, we have seen, especially since 2010, the players of the industry come together to standardized and regulate the processes to ensure a healthier ecosystem, where trust and transparency have risen as the top priority for most players. We also can't overlook how important the consumer has become in the midst of all those developments and how its voice is being increasingly heard.

The capacities of programmatic advertising have definitely not reached their full potential yet and we will see the channels and platforms for ad delivery evolve tremendously over the next years, for example, with OTT and connected homes. But now, the industry has gained sufficient maturity to regulate those developments as they appear and grow, rather than having to react to the issues that may arise from them.