

H1 2013 Report – 2013 Forecasts
10th Edition – July 2013

L'Observatoire de l'e-pub

présenté par



réalisé par



En partenariat avec



Actors interviewed for the study



SRI and UDECAM members in 2013



- 24/7 Media
- 3W Régie
- Adconion Media Group
- AlloCiné
- Amaury Médias
- Au Féminin
- Caradisiac
- CCM Benchmark Advertising
- Dailymotion Advertising
- Express Roularta Services
- Figaro Medias
- France Télévisions Publicité
- HI-Média
- Horyzon Média
- Lagardère Active Publicité
- Leboncoin.fr
- M6 Publicité Digital
- M Publicité
- Microsoft Advertising France
- Orange Advertising
- Prisma Media
- Régie Obs
- SFR Régie
- Specific Media
- TF1 Publicité Digital
- Weborama
- Yahoo! France



- Agence 79
- Carat
- FMCG France
- Fuse
- Havas Media France
- Initiative
- KR Media
- MEC
- Mediacom
- Media Keys
- Neo@ogilvy
- Oconnection
- OMD
- Phd
- Poster Conseil
- Re-mind
- Starcom
- UM
- Vizeum
- Zenithoptimedia

Report methodology based on quantitative data collection & qualitative interviews

Collection of quantitative data under the control of a State-certified observer

The members of SRI and UDECAM completed a chart in which they recorded advertising investments in the different segments of digital advertising

Face-to-face interviews covered by a confidentiality agreement

PwC conducted a series of interviews with players in the market, on market trends and outlooks

Additional information sources

The study also entailed the analysis and cross-checking of additional information sources: financial results, internal PwC data, publications by trade associations, and so on



Consolidation and Analysis

The collected data were analyzed using top-down and bottom-up approaches

Evolution of the framework for analysis

To shed new light on the French digital advertising market, we made **two major changes** to our framework for analysis:

- The **breakdown of the market** is now structured around three analytical lines:
 - By sales method
 - By device
 - By format

- Information is provided to establish an **international perspective** that clarifies the trends that we have identified, based on studies conducted by PwC in other benchmark countries

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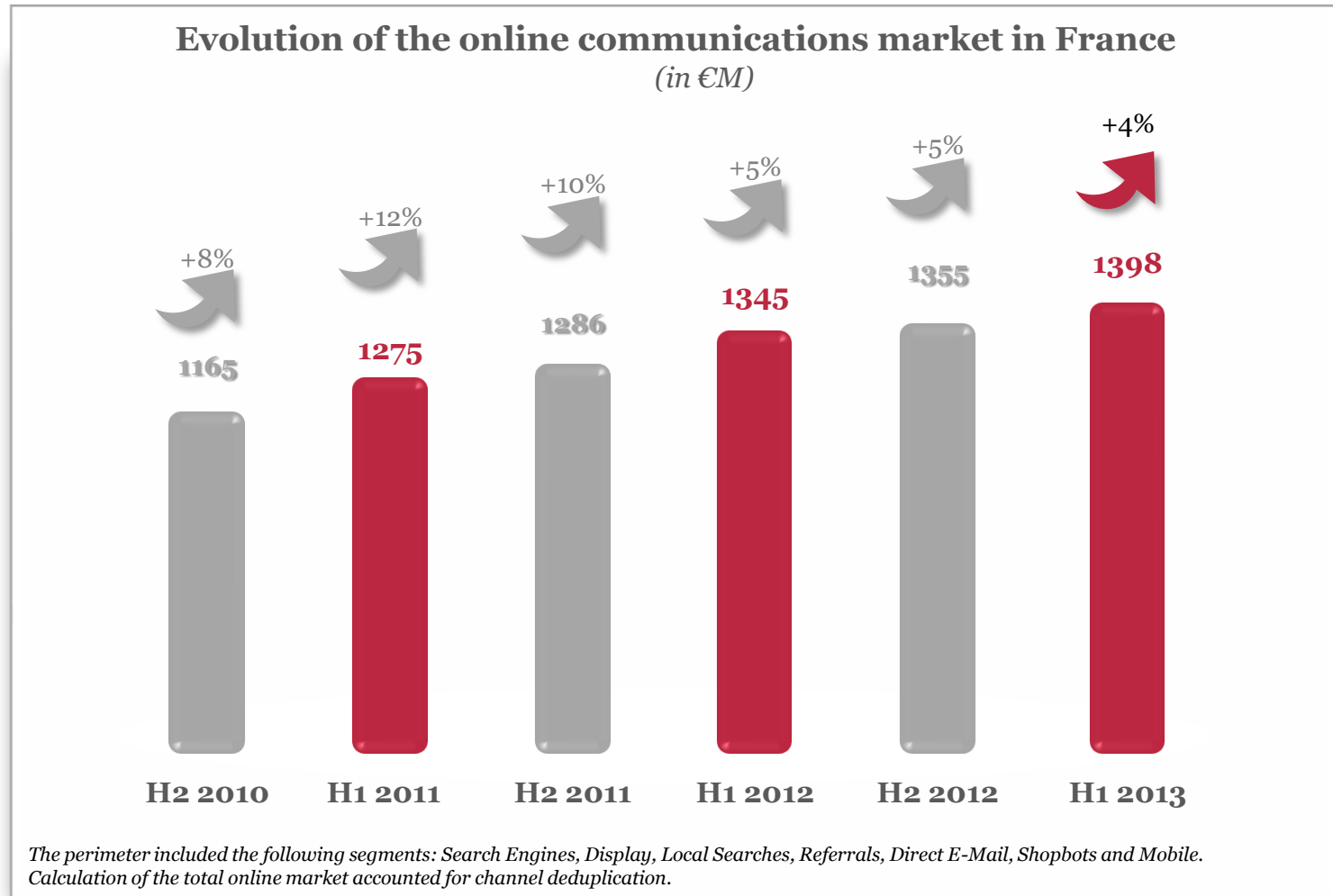
How has the digital market evolved?

1

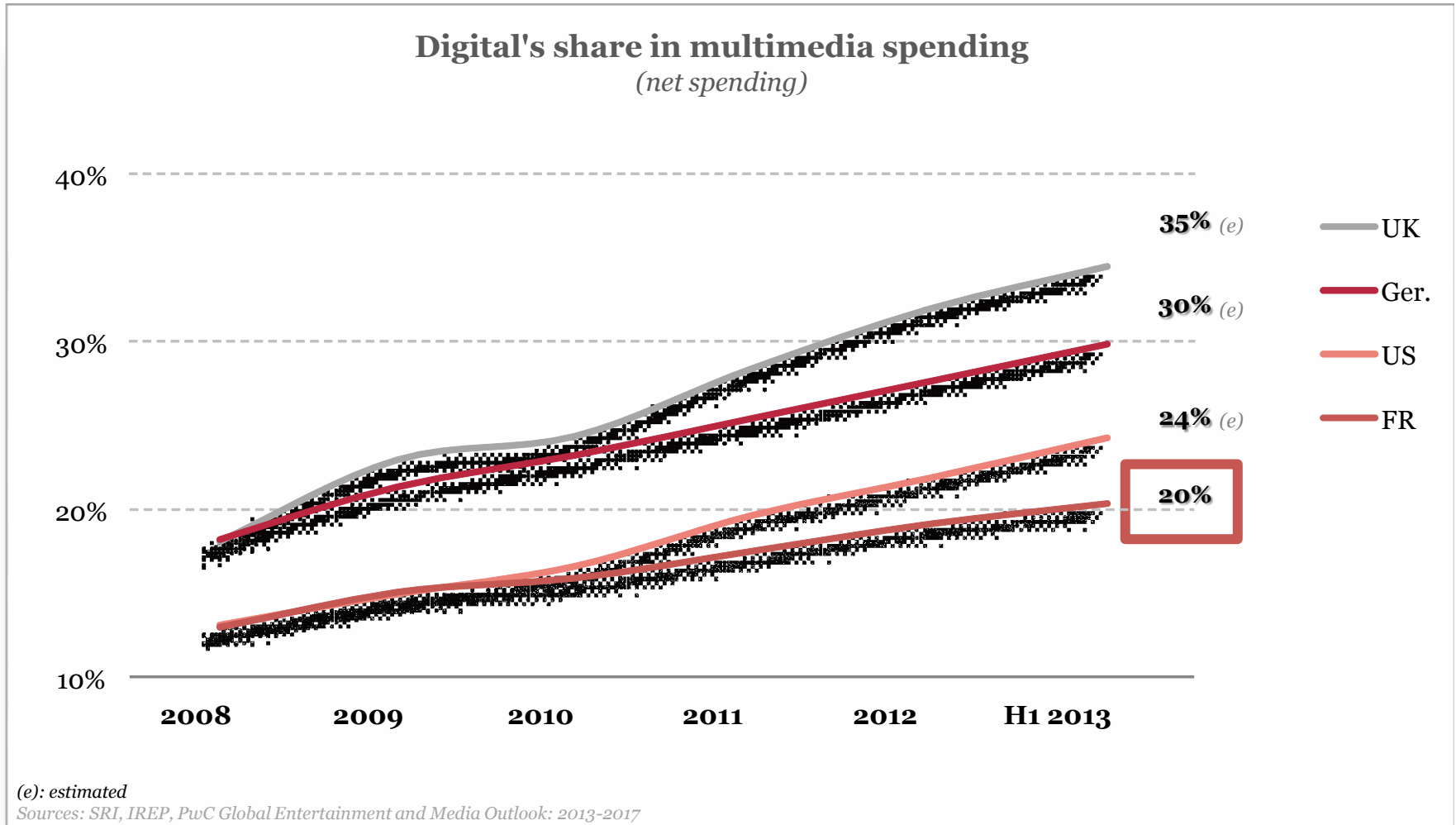
Key trends

- The digital market has maintained its **growth in a tense general media context**. Digital has been affected by the deflationary trend observed in other media.
- The **digital share** of total media spending on the French market remains significantly lower than in the other benchmark countries.
- **Ad exchanges are booming** - a trend that is reshaping the market - and are quickly opening up to include video and premium inventories.
- The **dynamic nature of video** and innovations in special operations are allowing publishers to revitalize their inventories. CPM is on the rise for premium inventories.
- Performance levels remain a major focus for advertisers. **Search engines are strengthening their position** in the digital mix.
- **Mobile advertising expanded dramatically** during the first half of the year, although it remains a largely underinvested area, in comparison with foreign markets.

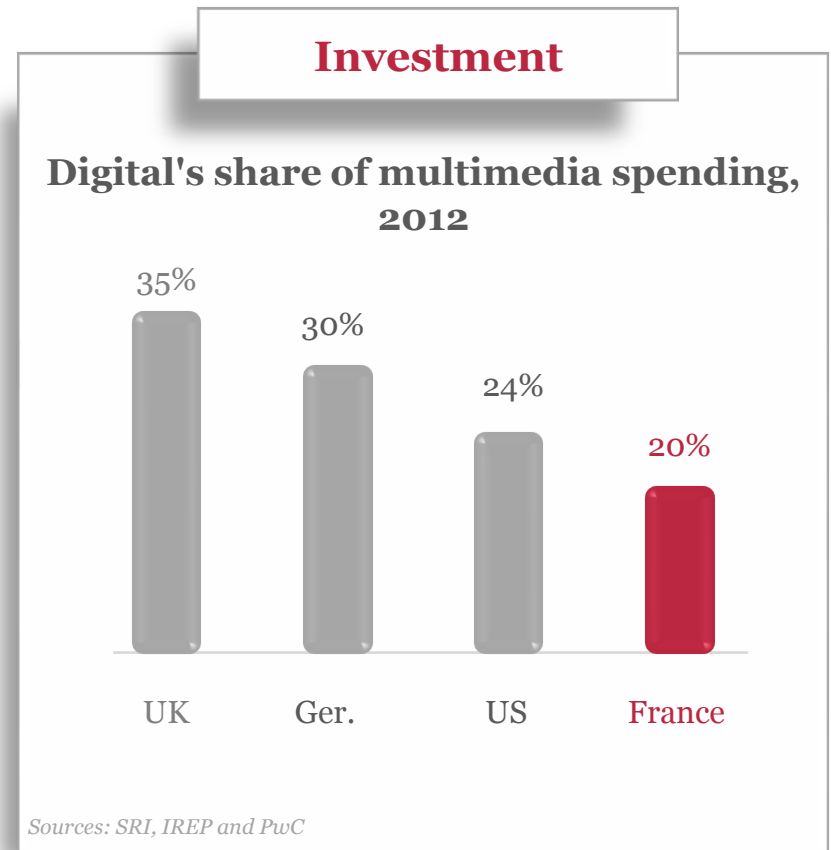
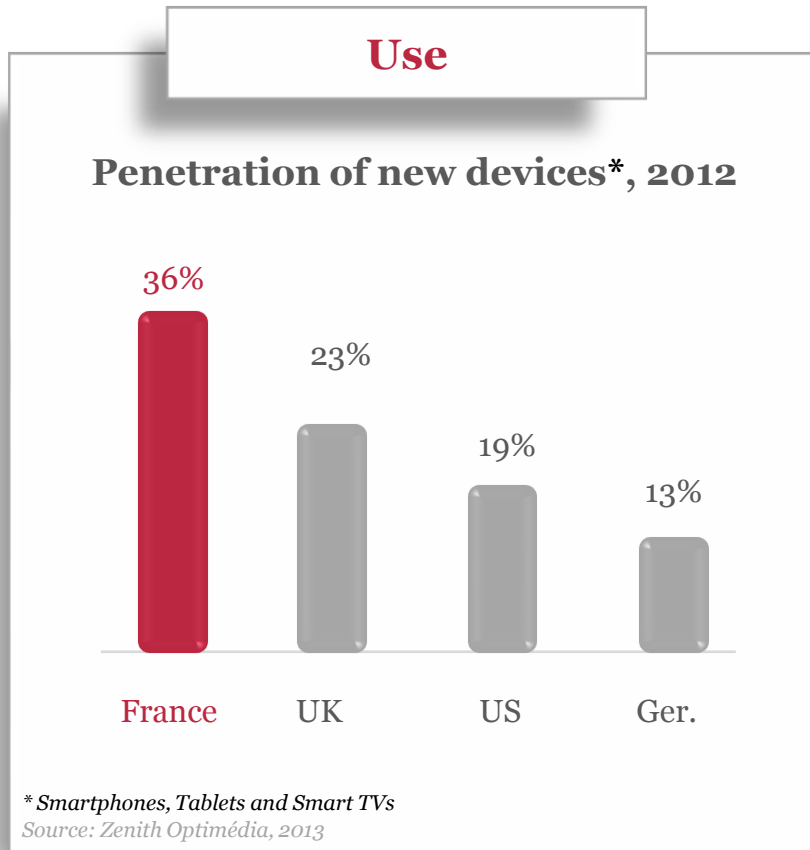
Digital advertising continues to grow, at +4% in H1 2013



Digital media accounted for 20% of advertisers' expenditures in H1 2013, still lower than in the UK, Germany and USA



This relatively low share is paradoxical, given the penetration of new devices in French households

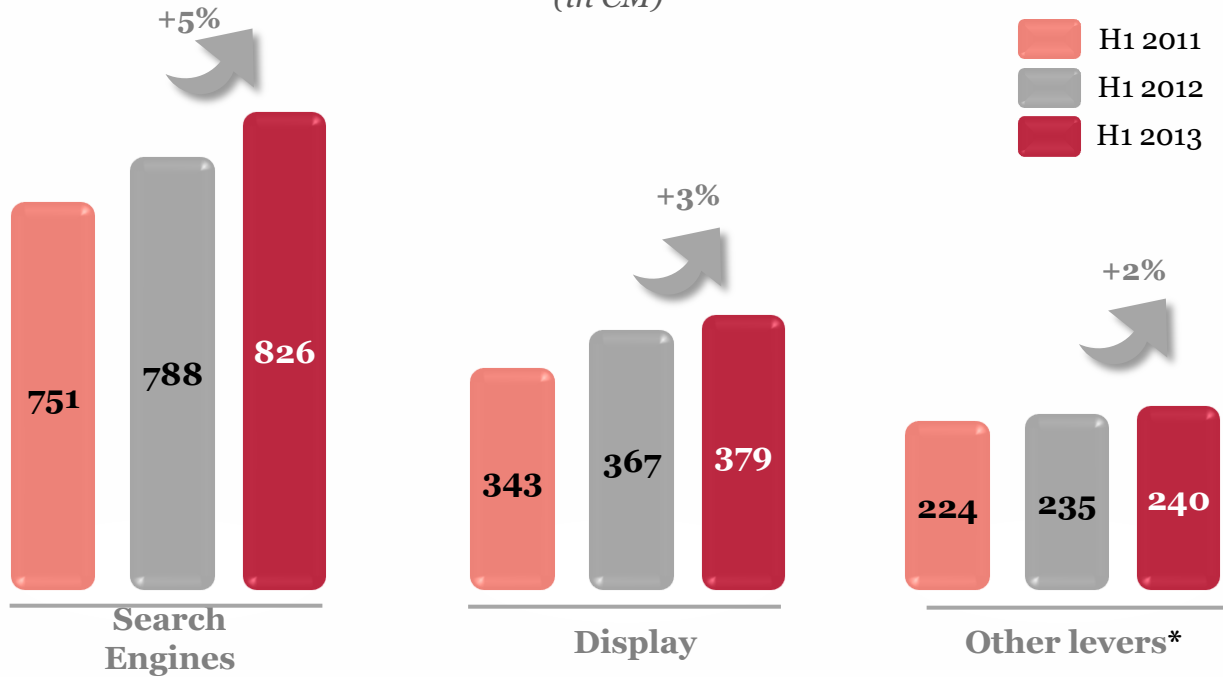


France represented the market with the 2nd-highest penetration of new devices in 2012, but only came in 16th in terms of the proportion of digital in its advertising investments

All digital levers on the rise in a globally flat advertising market (1/2)

Digital media mix in France

(in €M)



Share of digital advertising (H1 2013)

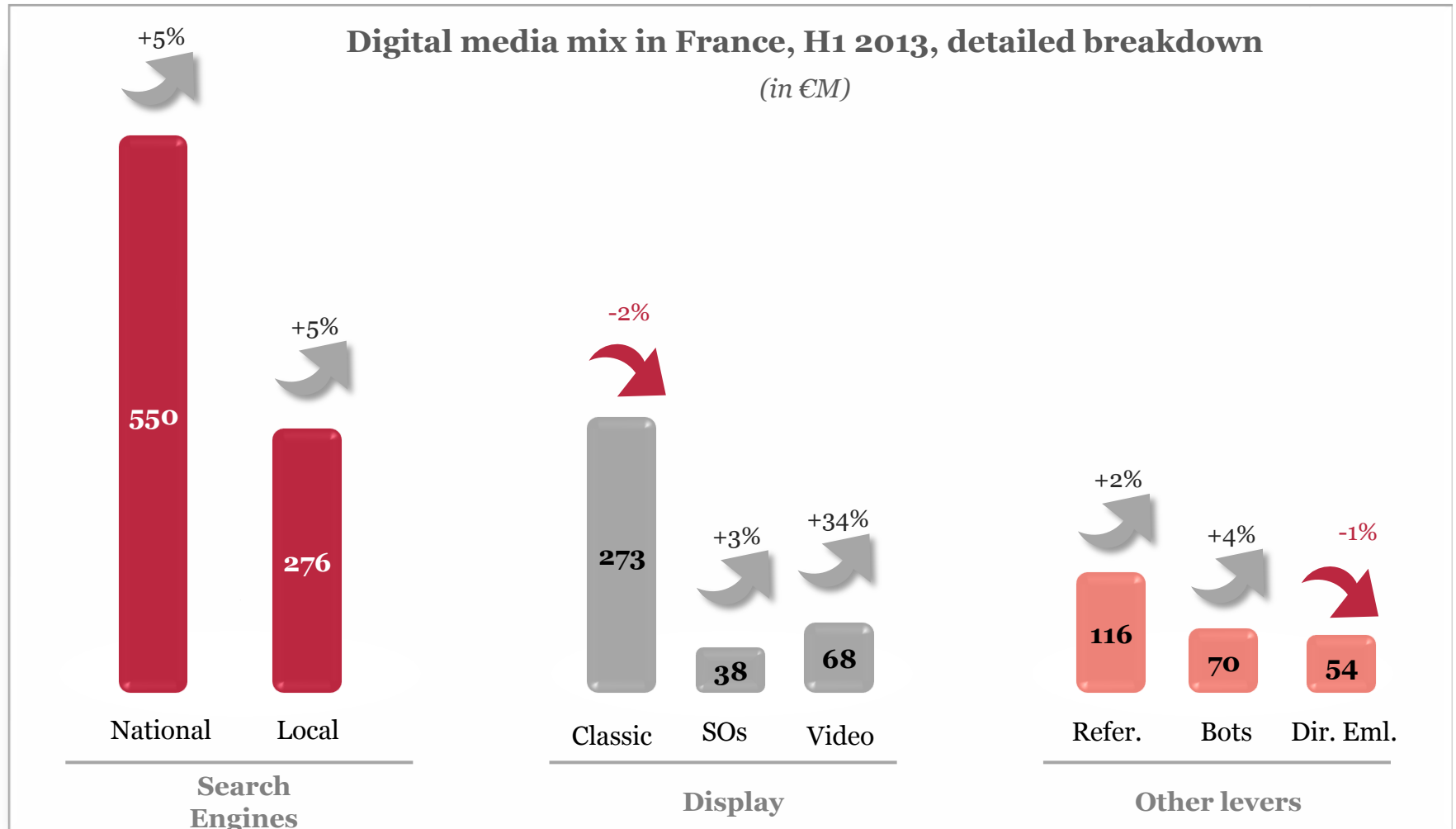
57%

26%

17%

* Referrals, Direct E-Mail and Shopbots
Search Engines and Display include local advertising.

All digital levers on the rise in a globally flat advertising market (2/2)



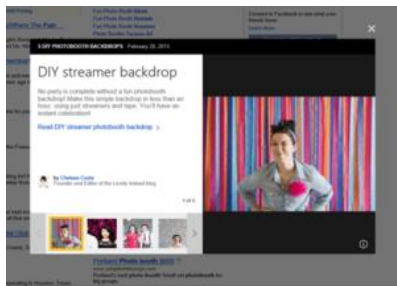
Search Engines: still dynamic, despite competition from other performance levers

€826M

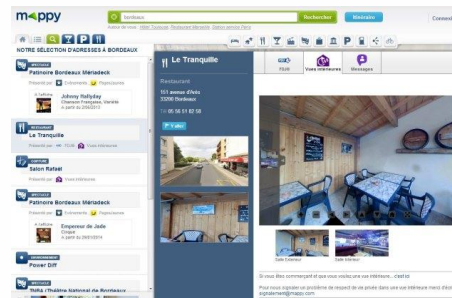
+5%

- Growth sustained by the rising **number of active advertisers** on the SME/microbusiness segment
- A new trend in **mobile searches**, driven by the creation of Google's Enhanced Campaigns, which include the purchase of keywords for both web and mobile
- **Tighter** management of search engine budgets in the face of an uncertain market
- Advertisers **diversifying** their ROI levers, in favor of performance display, social / video platforms, and RTB

- Players that continue to innovate in the fields of social searches and web-to-store



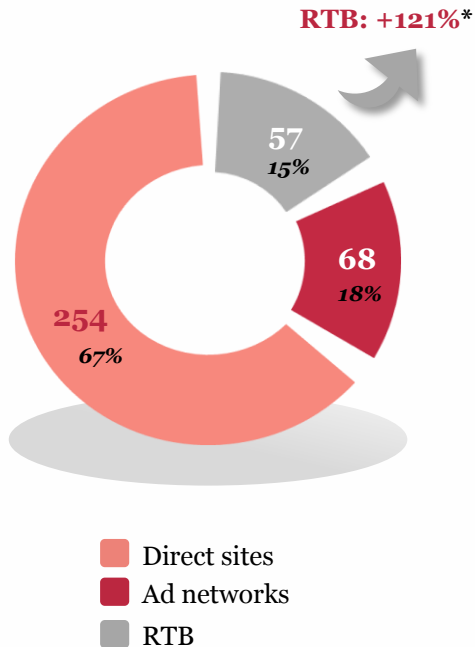
*Bing has developed **Bing Boards**, a curation tool through which bloggers and experts supplement search results with links, videos and images.*



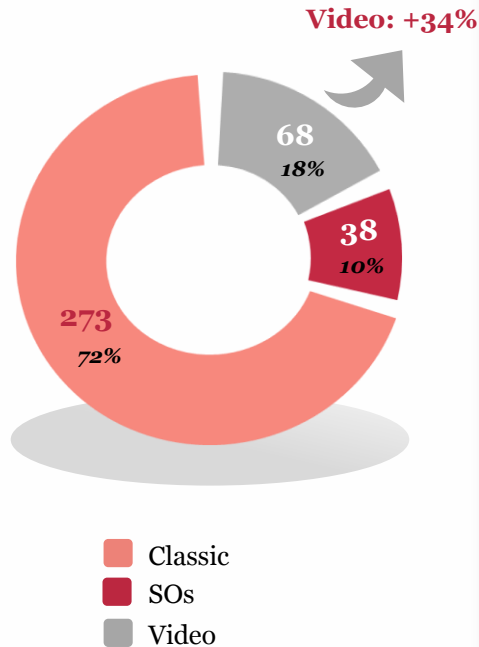
***Solocal** develops web-to-store. With **New Mappy**, users can visit their neighborhood stores virtually.*

Display: RTB, video and mobile driving growth

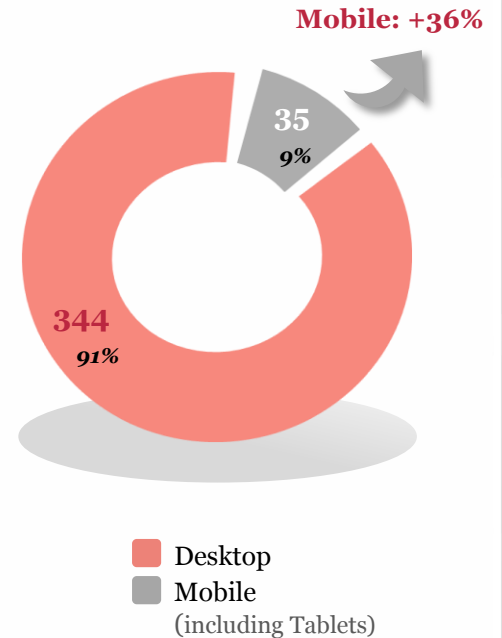
Breakdown of Display advertising by buying method
(in €M and as a % of Display)



Breakdown of Display advertising by format
(in €M and as a % of Display)



Breakdown of Display advertising by device
(in €M and as a % of Display)



The perimeter included local advertising.
Sources: SRI, UDECAM and PwC analyses
* Compared to 2012.

Other levers: Referrals and Shopbots on the rise, Direct E-Mail down slightly

Referrals

€116M

+2%



- Great dynamics in the home, clothing and finance sectors
- Reduced number of programs, with increased platform **selectivity**
- **Lower average purchase amount**, strong pressure from advertisers on acquisition costs
- Budgets affected by the emergence of trading desks

Shopbots

€70M

+4%



- Shopbot growth continues to be driven by the development of e-commerce
- Strong growth in mobile audiences, expansion of the practice of **showrooming**
- Prolongation of the crisis affecting certain sectors, like travel

Direct E-Mail

€54M

-1%



- Substantial increase in **retargeting e-mails**
- Emergence of **responsive design** e-mail practices, designed to deliver e-mails optimized for any device
- Increased **self-regulation** among advertisers
- Rising impact of ISP filtering on acquisition costs



How have buying methods evolved?

2

Bipolarization continues...

Bipolarization?

Before

**Premium
inventories**

VS

**General
inventories**



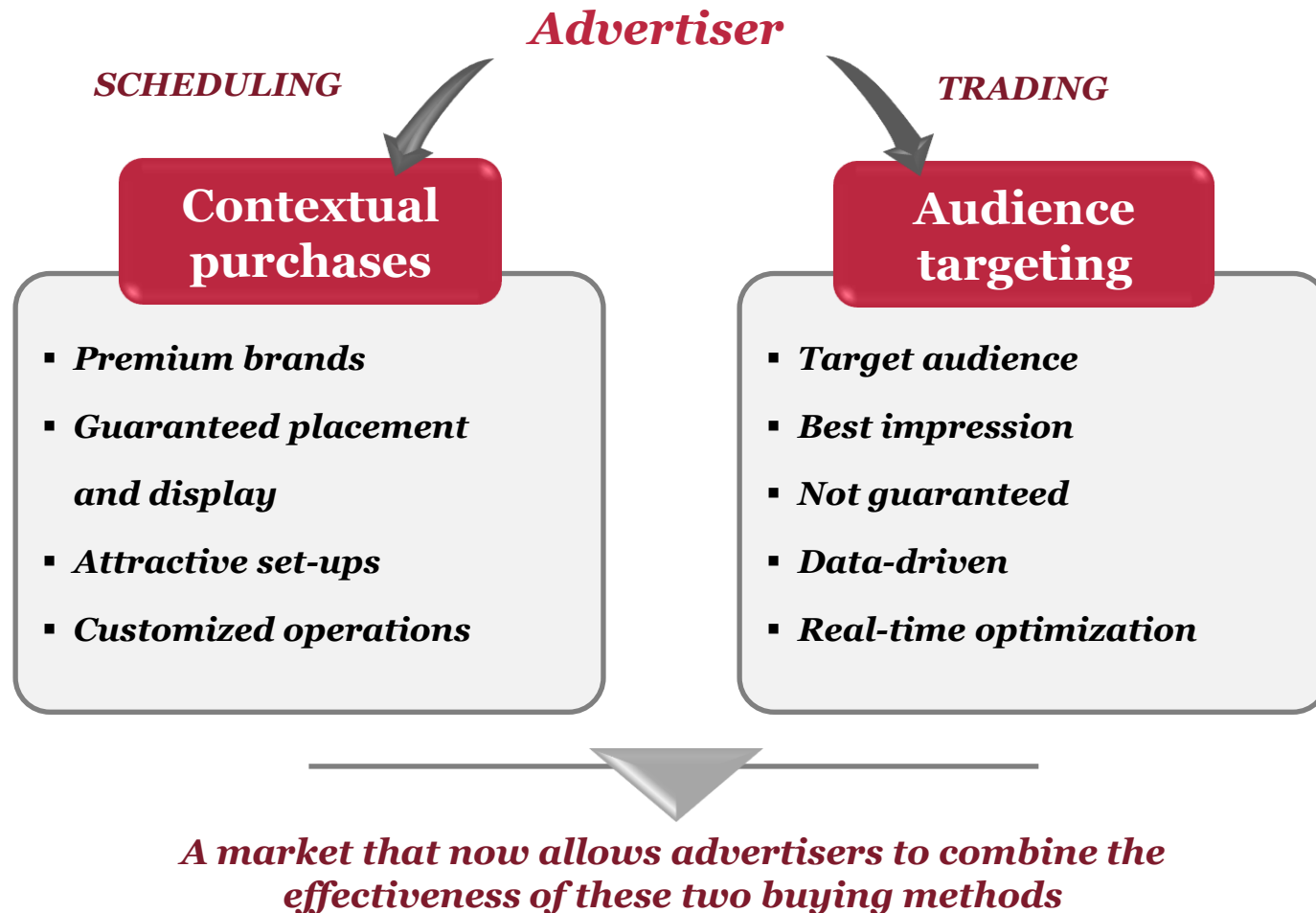
Today

**Contextual
purchases**

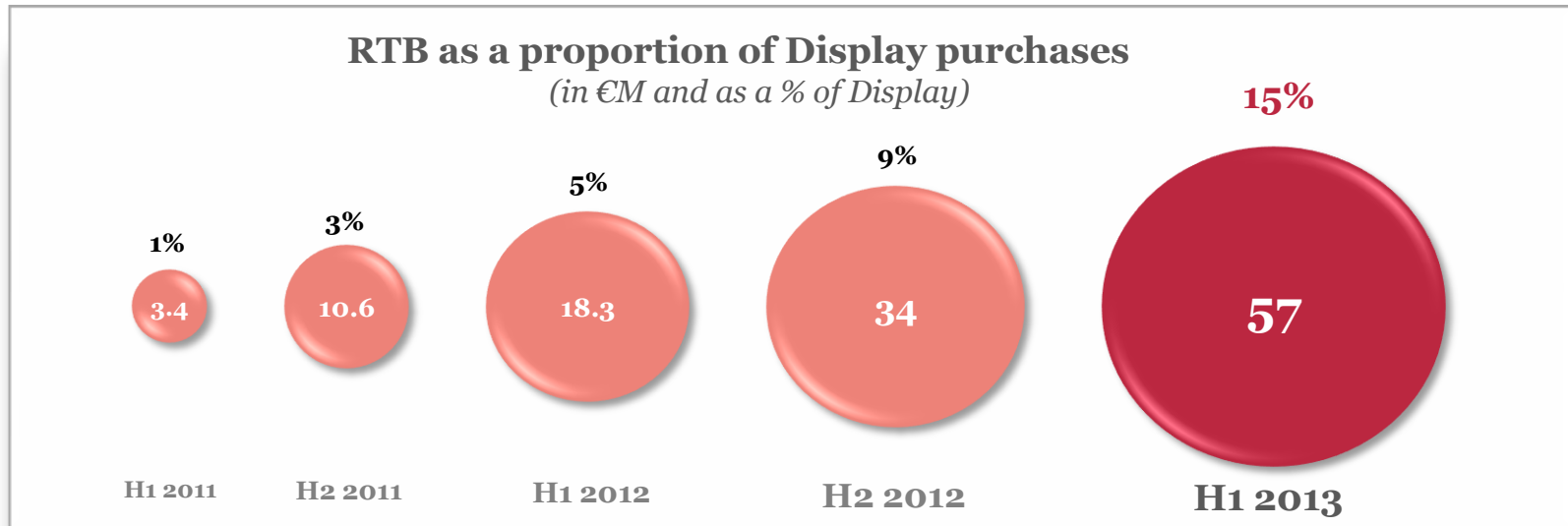
VS

**Audience
targeting**

... with the market organizing itself around two main strategies



RTB accounts for a growing share of digital advertising spending...



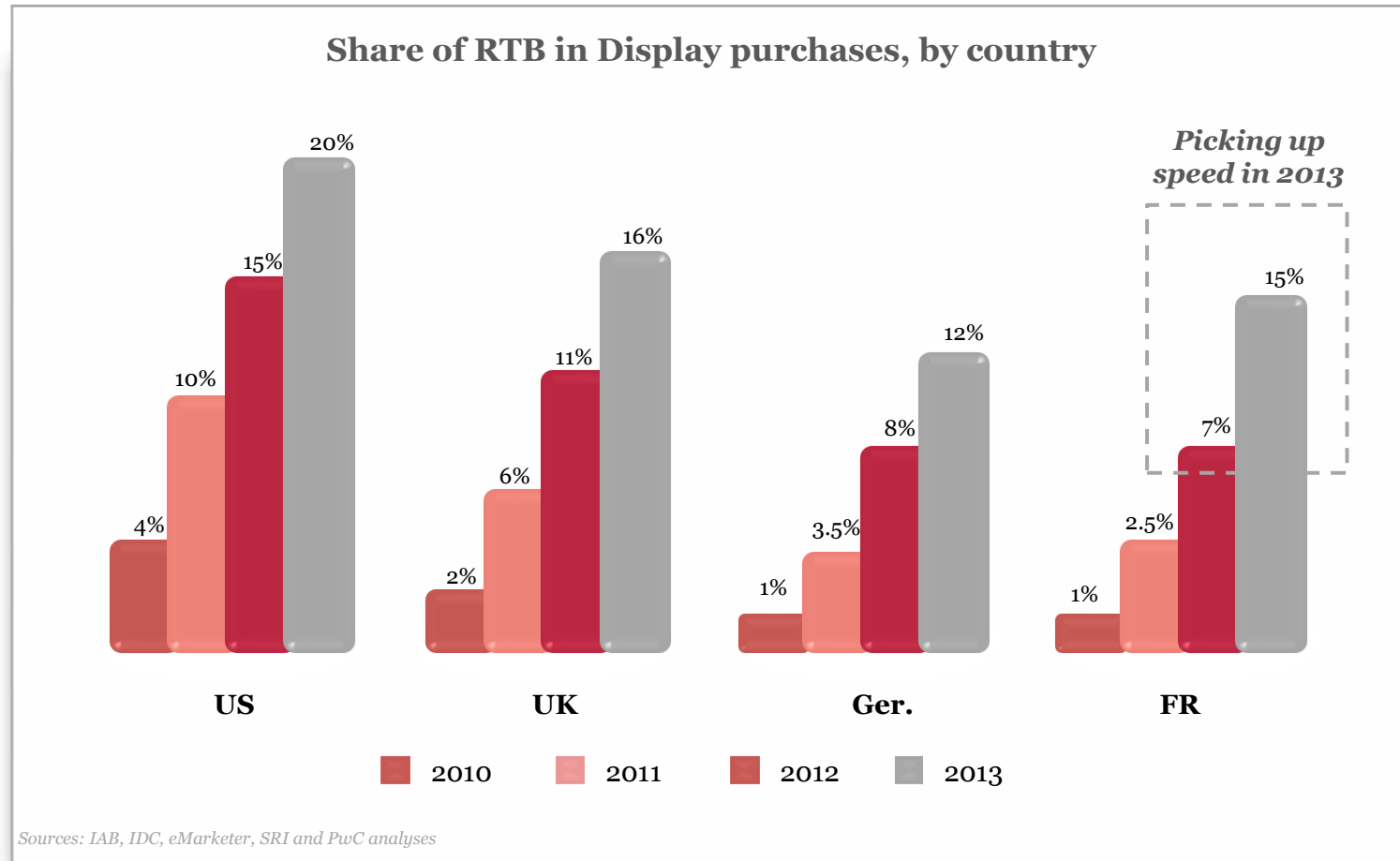
Advertisers

- Target audience
- Better CPM on targets
- Transparency on the rise

Publishers

- Better fill rates
- Development of new formats
- New advertisers

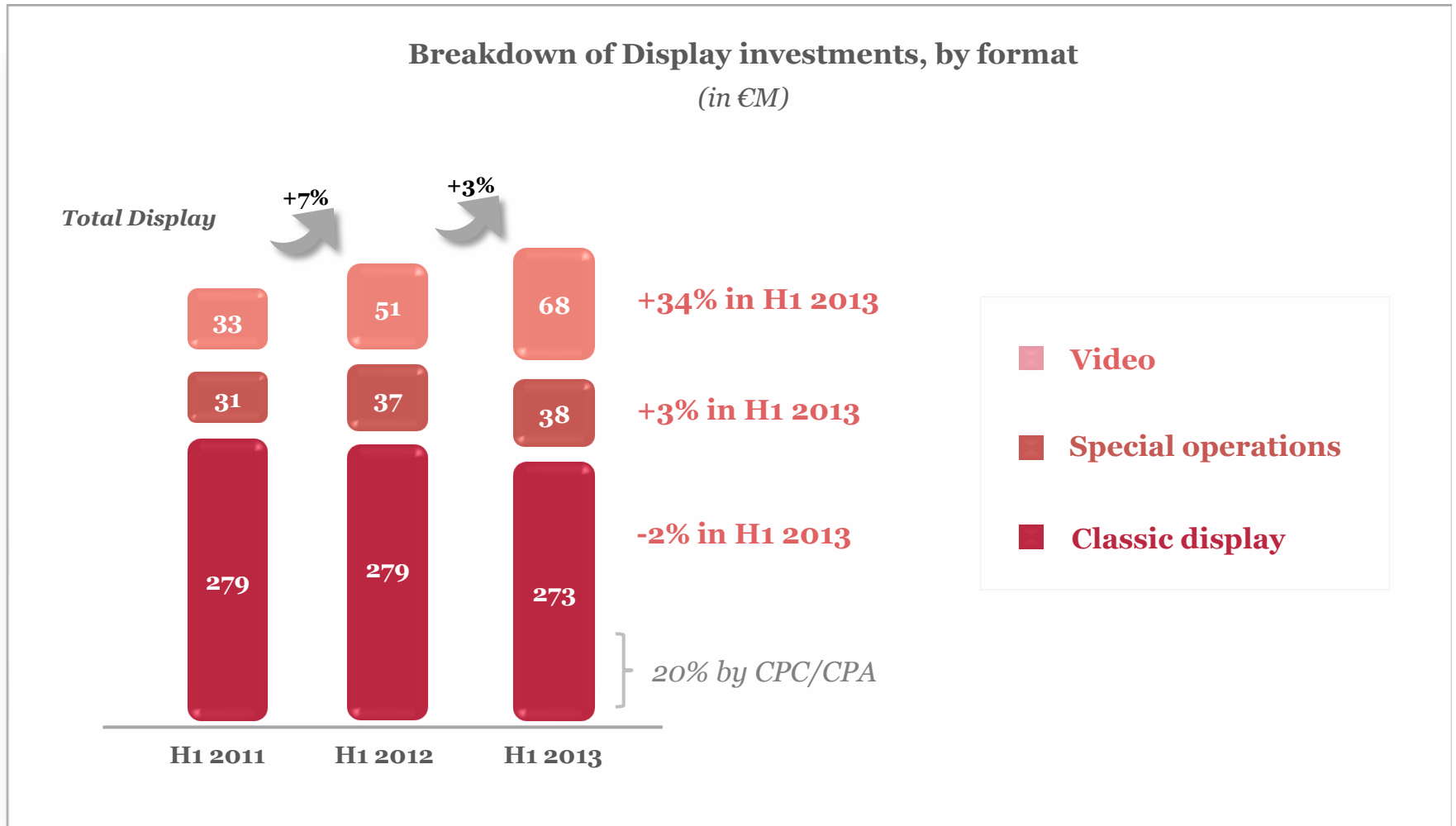
... and places France among the leading countries for RTB's share of media buying



How have formats evolved?

3

Display advertising maintains growth at 3%, thanks to video and special operations

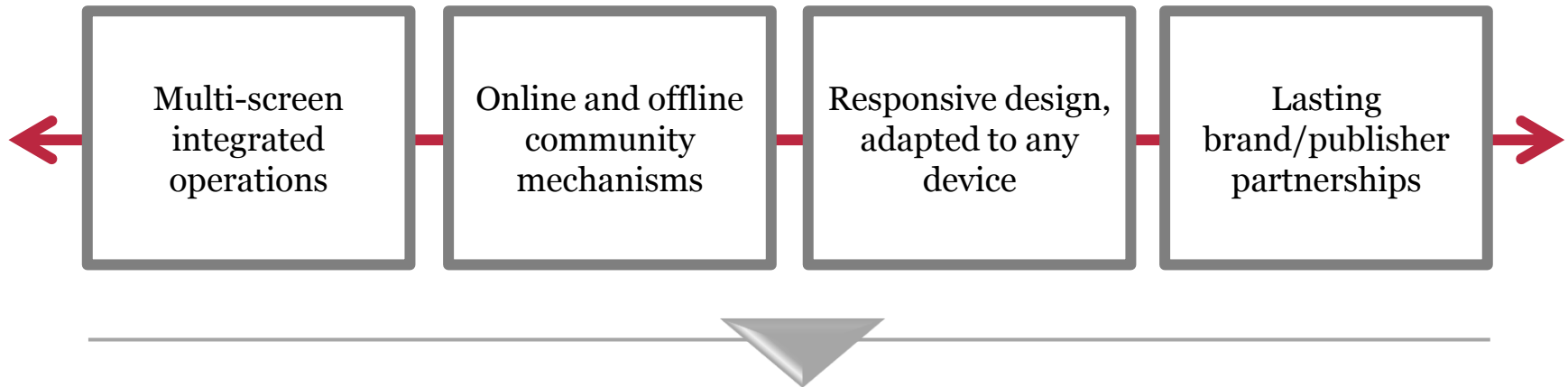


Special operations have strengthened their place in the Display ecosystem (1/3)

Special operations

€38M

+3%



Advertisers and agencies becoming increasingly experienced in implementing these systems and measuring their impact on engagement

Special operations have strengthened their place in the Display ecosystem (2/3)

Multi-screen campaigns



360° multi-screen campaign, incorporating a system of product placements on a second screen, visible using the M6 app.

Multi-tasking



TV/web synchronization, with an online game available alongside the program.

Community mechanisms

Dedicated space for parents, where they can view video advice and articles, and can share with the community.



Multi-screen campaign with "household" targeting.

Influence



Open exchange forum in the club, "My Hair, My Battle." E-influencers test new colors and share their opinions on social networks.



Organization of chats with pageant winners, to share their beauty secrets.

Special operations have strengthened their place in the Display ecosystem (3/3)

amajury media DIGITAL

Responsive design

Good weather



Bad weather





Creation of a fun, animated view with a cursor, in which articles are adapted to the weather and the user's state of mind. With online booking of test drives.


Mobile – Drive-to-store

SFR RÉGIE


PromosLive SFR: De 17 à 19h, votre conseillère MARIONNAUD vous offre 1 leçon de maquillage des yeux +1 surprise LANCOME. Jusqu'au 17 Mars, près de chez vous <http://s.promoslive.com/DoJML>

Geolocation-based text message campaign, including a link to identify the shop closest to the mobile user.

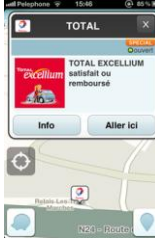


Creation of dedicated spaces



HORIZON MEDIA

Creation of an e-shop on eBay, dedicated to Vintage Sosh products, with the addition of self-promotion banners, plus strong promotion on outside sites to generate incoming traffic.



orange

Geolocation-based advertising system, combined with Waze's mobile GPS. A zero-speed pop-up* format that offers special coupons for nearby services.

* Format that displays whenever the vehicle stops for more than 10 seconds.

Video: a growing market stimulated by dynamic supply

Investments by premium brands to develop their video offerings

Publishers are investing in the creation of original video content to meet growing advertiser demand.

Development of video ad exchanges

*Video ad exchanges are moving rapidly forward.
Premium video ad exchanges are emerging, mixing premium formats with contextual display guarantees.*

A natural means of audience extension for TV advertisers, with a format that has proven its success on any device

Special operations incorporating video: a lever for brand differentiation



Dailymotion – Interactive in-video questionnaire



A campaign that plays on the users' engagement, for an experience of several minutes that they can share with their friends.



Le Figaro – In-stream video



An in-stream video campaign displayed outside the player.



Allociné – "Short film" advertisements

Accueil > Cinéma > Tous les films > Film Animation > Les Ours Coca-Cola, le film > Bandes annonces Les Ours Coca-Cola, le film

Les Ours Coca-Cola, le film 23

↑ Séances Bandes-annonces Casting Critiques Photos DVD, VOD Le savez-vous ?



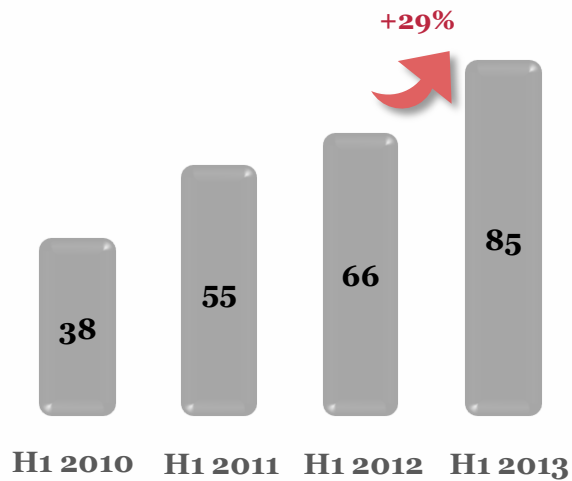
A 7-minute short directed by Ridley Scott for Coca-Cola, announced and promoted like a real movie release.

How have devices evolved?

4

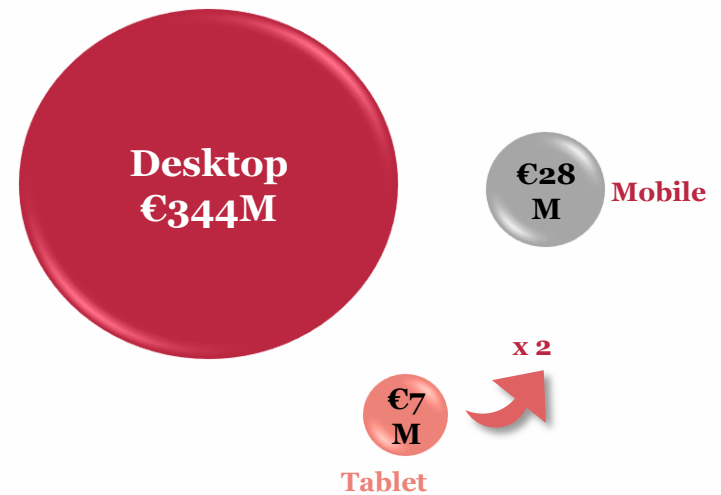
Mobile's share increased significantly over the half-year

Evolution of Mobile* Search Engine and Display investments in France
(in €M)



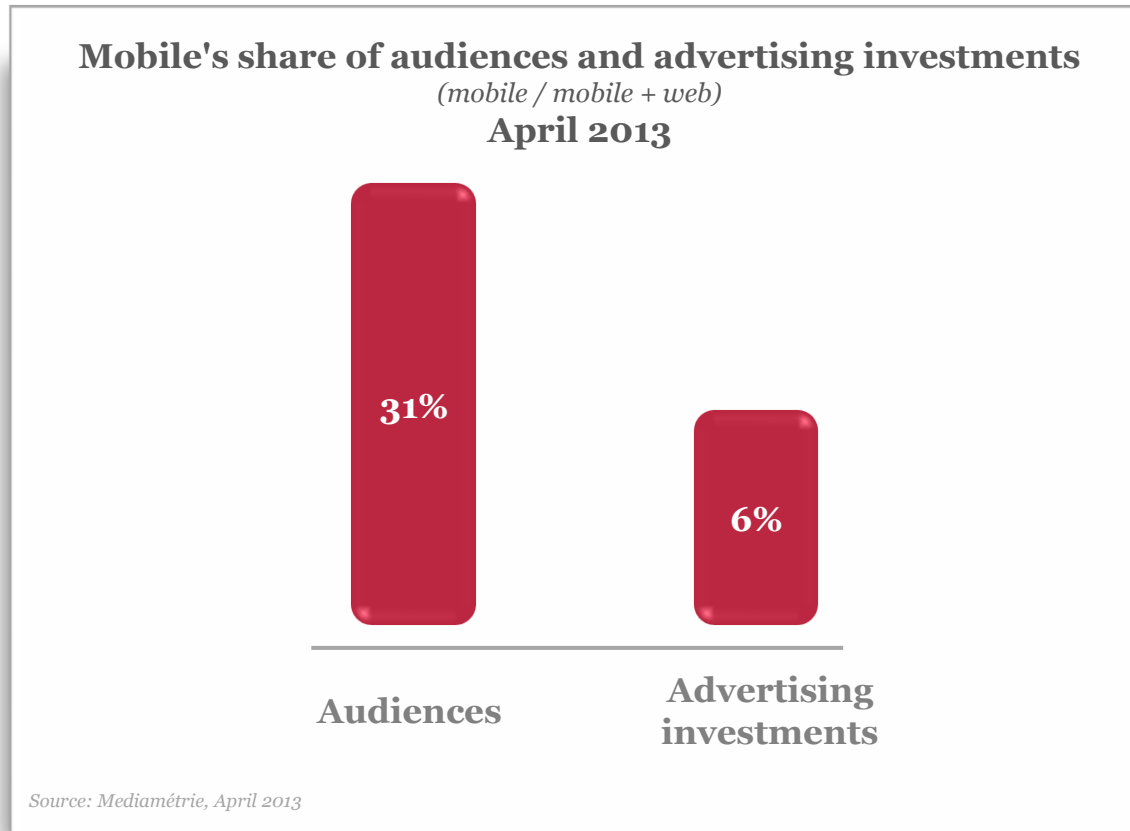
* Figures for mobiles and tablets, including local advertising.
Sources: SRI & PwC analysis

Weight of devices* in Display advertising



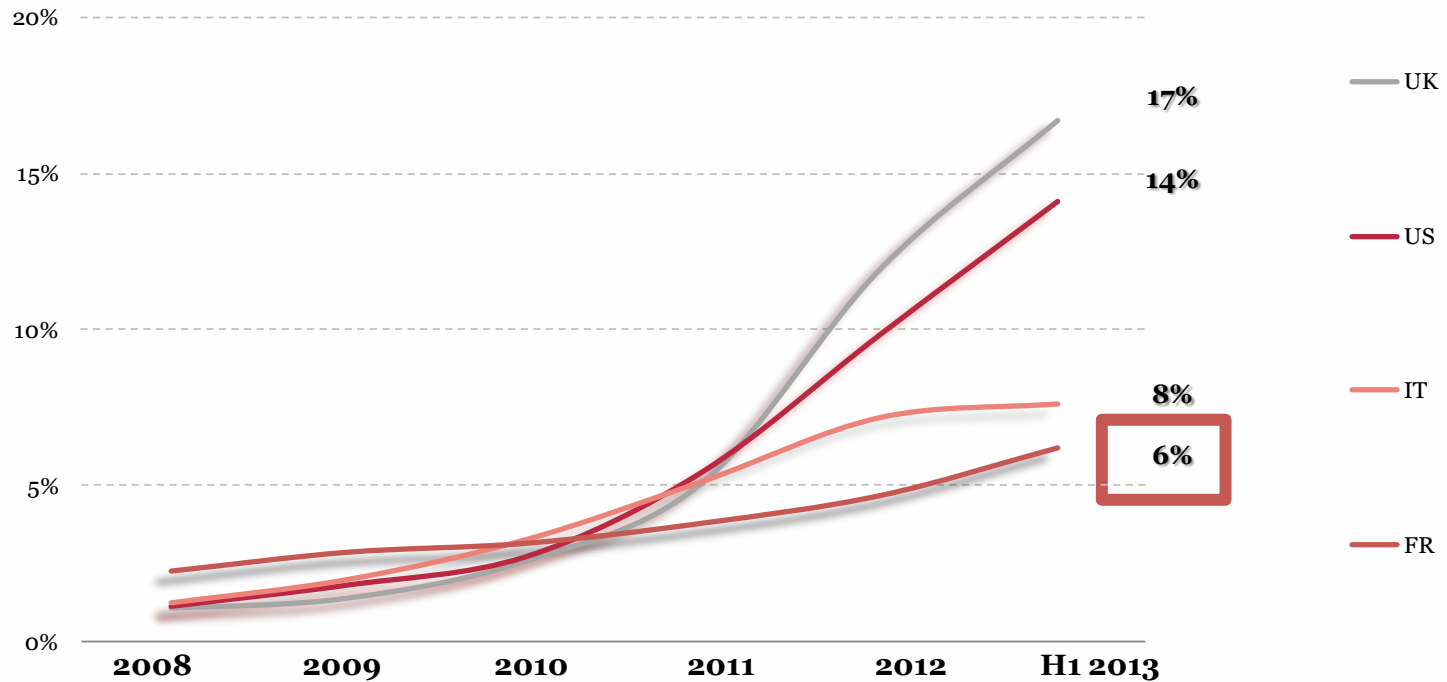
Mobile Display figures include local advertising.
* Excluding smart TVs
Source: PwC analysis

Mobile advertising remains underinvested, particularly in view of its audience...



... and by comparison with other major international markets

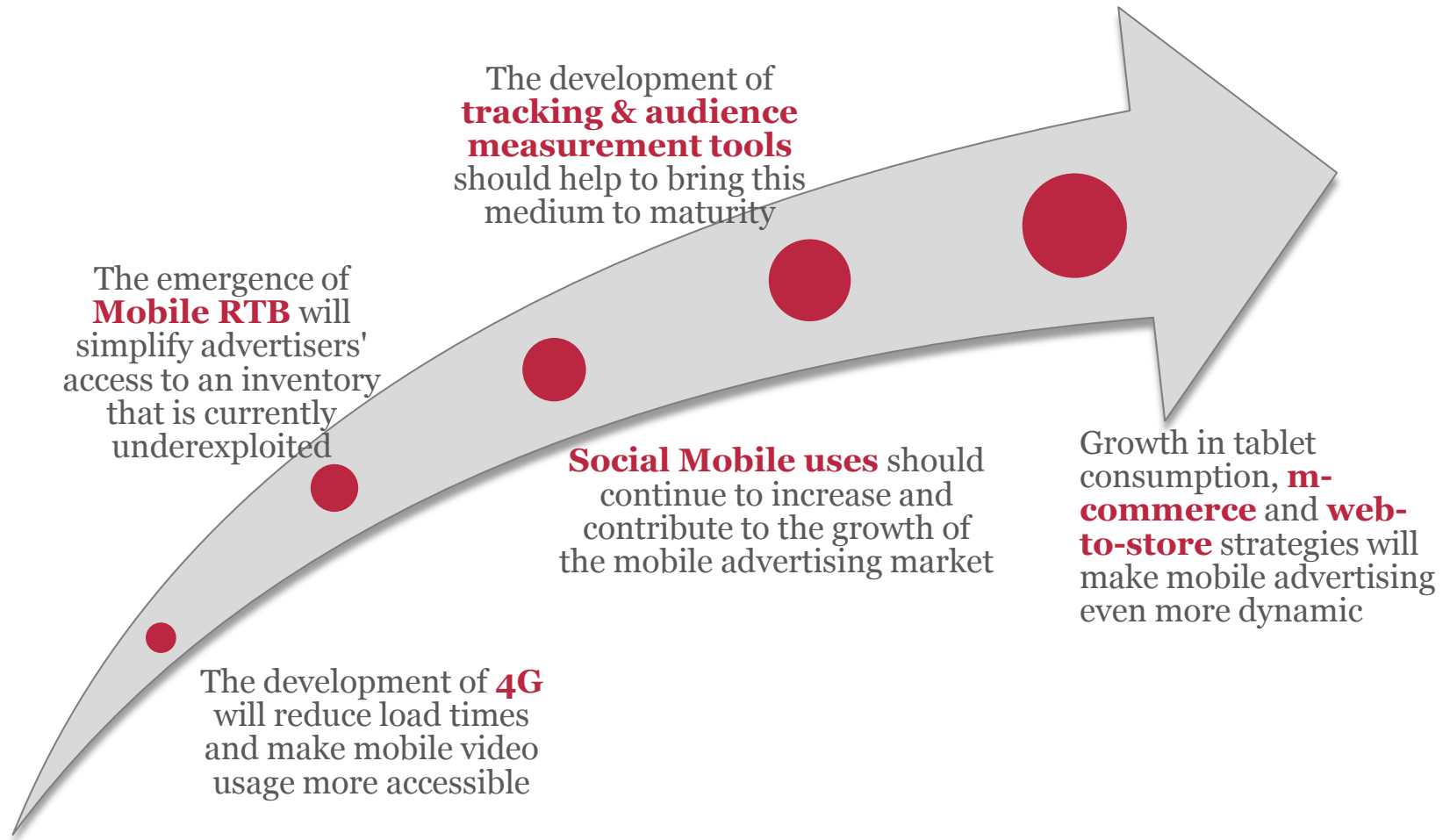
Share of Mobile* advertising
in total digital spending, by country



* Mobile and tablet Search and Display.

Sources: PwC Global Entertainment and Media Outlook: 2013-2017, SRI

Mobile advertising should continue its strong growth



*Spotlight on trends from the first half
of 2013*

5

Social networks: users are ever more active in their relationships with brands

Web users are ever more engaged with social networks

- **82%** of web users are members of at least one network
- **29%** of likers click on "Like" to get special offers
- On average, users belong to **3.5** networks
- **47%** of followers subscribe to keep up-to-date on the company's services and special deals

Sources: Ifop / ExactTarget, 2013

74% of users have a second screen open while watching television



Source: CSA, Feb. 2013

Social networks are expanding their advertising options

In June 2013, Facebook reduced its number of advertising formats, so as to simplify navigation



In April 2013, Twitter allowed advertisers to target its users based on keywords in their tweets



In June 2013, Viadeo launched Vmail, which lets brands target its members



Native ads, pursuing greater integration of digital advertising with content

NATIVE ADS

- *Editorial and visual integration of the ad with the publishing site's identity*
 - *Appealing content (articles, longer-length videos, mini-sites, etc.)*
 - *Potential for automated publishing*

Widely acknowledged benefits

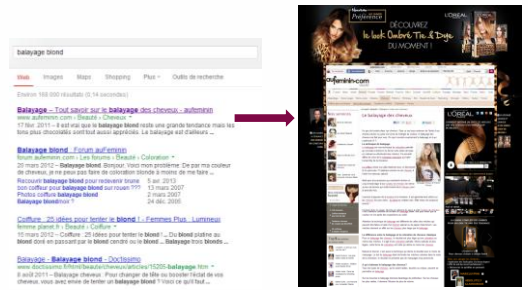
- A less intrusive design
- Advertising in a quality environment
- Higher click rates
- Greater audience engagement

Walking the line


A line must be drawn, to avoid the risk of confusion between editorial / advertising content that would leave only the media/advertiser brands

An emerging trend on the market that should boost the dynamics of Display, going forward


Native ads: a strategy with a variety of approaches and formats




Linking a brand's image to the top web results. Aufeminin is a leader in certain searches and offers qualified, branded results. Aufeminin for L'Oréal



Special reports on local alliances, integrated with the TF1 website – Text + video testimonials. TF1 for Leclerc



Posts integrated with a website's editorial content, with videos launched in an iframe and redirecting to the advertiser's site. SFR



Posts integrated with the editorial content of a mobile website, with videos launched at the tap of a finger. Adyoulike for TF1

What is the outlook for the rest of 2013?

6

Outlook for H1 2013

- Digital growth should **remain moderate**, at 3%, with a degree of uncertainty as to a possible upturn in media investments
- RTB's rapid development should proceed, possibly reaching **close to 20%** of all Display advertising by the end of the year
- Two segments will continue to drive growth in Display:
 - **Video**, thanks to the impetus of RTB and the explosion in multi-device consumption times
 - **Mobile**, with the penetration of 4G and the growth in mobile audiences

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