2018 Report

#Obsepub

Observatoire de l’e-pub

présenté par
réalisé par
en partenariat avec
Methodological reminder

1. Official revenues from SRI & UDECAM members

2. Total market estimation done by PwC

3. Qualitative interviews
1. Digital Advertising Market growth
2. Focus: Search and others channels
3. Focus: Display & Social Display split by formats & purchase type
4. Focus: Mobile Search & Display
5. Conclusion & Key facts

# 10YearsChallenge
Digital Ad-Trust Label update
FASTER DIGITAL ADVERTISING MARKET GROWTH IN 2018
Digital Advertising market growth is increasing in 2018 and now reaches nearly 4.9 billion euros

French Digital advertising market* annual evolution *
(in €M)

* Beginning with the 2017 edition, the E-Pub Observatory now includes (retrospectively) a broader perimeter for shopbots: banking/insurance, telecommunications, energy, etc., in addition to the usual shopping and travel bots
** Growth observed on the old perimeter *** New perimeters
The perimeter included the following segments: search engines, display, local searches, referrals, direct e-mail, shopbots and mobile. Calculation of the total online market accounted for channel deduplication.
Sources: PwC analysis, SRI and UDECAM statements, CPA, public information
**Search market share decreases In favor of Social Display**

Digital advertising media mix in France (in €M)

<table>
<thead>
<tr>
<th>Channel</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Search</strong></td>
<td>2,050</td>
<td>2,275</td>
</tr>
<tr>
<td>**Social Display ***</td>
<td>669</td>
<td>1,088</td>
</tr>
<tr>
<td>**Display non social ***</td>
<td>846</td>
<td>886</td>
</tr>
<tr>
<td>**Other channels **</td>
<td>695</td>
<td>735</td>
</tr>
</tbody>
</table>

**Digital market share*** (%)  
- **Search**: 48% → 45% 
- **Social Display ***: 16% → 22% 
- **Display non social ***: 20% → 18% 
- **Other channels **: 16% → 15%

* Display includes all formats, all devices and all purchase type  
** Referrals, direct e-mail, shopbots, search and display all include local advertising. Beginning with the 2017 edition, the E-Pub Observatory now includes (retrospectively) a broader perimeter for shopbots: banking/insurance, telecommunications, energy, etc., in addition to the usual shopping and travel bots  
*** Calculation of the share of the total online market accounts for channel deduplication  
Sources: PwC analysis, SRI and UDECAM statements, CPA, public information

+ 11%  
+ 63%  
+ 5%  
+ 6%
Digital strengthens its position in the global media advertising market

French advertising market Annual evolution
(share of revenue in the media *)

Note: Figures based on 2017 actuals, an annualized estimate of IREP revenue in 2018, and an estimate of the Digital Advertising market re-estimated retroactively to H1 2018 in 2017, providing some variations in percentages when these are reduced to figures published in 2017.
Sources: SRI-IREP figures 2017 and 2018, analysis and estimates PwC, CPA
* Media: TV, radio, print, display, digital, directory
** Affiliation, e-mailing, comparators. Search and Display include local advertising
*** Figures are based on estimate made by IREP
Legacy media account for 16% of total Display revenues

French digital advertising split
(% of display ad revenues)

- Total digital 2018: 100%
  - Search: 45%
  - Other channels: 15%
  - Total Display: 40%
  - Digital Contribution of historical media *: 6%
  - Pure players and social display share: 34%

Digital contribution to historical media is:
- 16% of total Display
- 36% of Display non social

Historical media are TV, radio, print
Sources: SRI-IREP figures 2017 and Q1-Q3 2018, analysis and estimates PwC, CPA
The calculation of the total online market takes into account the deduplication of the channels
Included: comparators, emailing, affiliation
SEARCH GROWTH DRIVEN BY MOBILE, OTHER CHANNELS KEEP ON INCREASING
Search market grows by 11% in 2018, driven by the growth of Mobile

Total Search (2018, m€) 2275

Search Split: Desktop/Mobile (2018, m€)
- Desktop: 975 (43%)
+ Mobile: 1301 (57%)

+ 11%
- 8%
+ 31%
**Other channels** up 6% in 2018

<table>
<thead>
<tr>
<th>Other channels*</th>
<th>735 m€</th>
<th>+ 6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliation platforms**</td>
<td>272</td>
<td>+ 7.5%</td>
</tr>
<tr>
<td>Shopbots*</td>
<td>322</td>
<td>+ 6%</td>
</tr>
<tr>
<td>E-mailing</td>
<td>141</td>
<td>+ 2%</td>
</tr>
</tbody>
</table>

Sources: PwC analysis, SRI and UDECAM statements, CPA, public information

* Beginning with the 2017 edition, the E-Pub Observatory now includes (retrospectively) a broader perimeter for shopbots: banking/insurance, telecommunications, energy, etc., in addition to the usual shopping and travel bots

** CPA member companies
DISPLAY GROWTH STILL DRIVEN BYSOCIAL NETWORKS
### Display advertising market segmentation

<table>
<thead>
<tr>
<th>Players</th>
<th>Formats</th>
<th>Purchase type</th>
<th>Devices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social networks</td>
<td>Classic</td>
<td>Programmatic</td>
<td>Desktop</td>
</tr>
<tr>
<td>Non social</td>
<td>Non social Native Ads *</td>
<td>Non programmatic</td>
<td>Mobile</td>
</tr>
<tr>
<td></td>
<td>Video</td>
<td></td>
<td>IPTV</td>
</tr>
<tr>
<td></td>
<td>SOs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Audio</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Native non-social = Formats respecting the nomenclature / definition Image + Title + Description (anchors top and / or middle of page) s & Recommendation modules (anchors at the bottom of page)*
What is « social networks » for this report ?

Definition

All websites and mobile sites that allow their users to build a network of acquaintances using tools and interfaces designed for interactions, presentations and communication.

For the purposes of this report, YouTube is not considered as a social network. Our definition excludes owned media* and earned media**.

* Owned: a corporate page or account on a social network
** Earned: the brand’s influencers and intermediaries on social networks
Source: PwC
30% growth in display still driven by social networks

Annual evolution of the digital display market in France (in €M)

- **2017**
  - Display non social: 846
  - Social Networks*: 669
  - Total: 1515

- **2018**
  - Display non social: 1088 (45%)
  - Social Networks*: 1974 (55%)
  - Total: 3062

* Social networks, including all formats, all devices and all marketing methods (excluding YouTube)
Sources: PwC analysis, SRI and UDECAM statements, public information

**+30%**
display growth in France in 2018 compared to 2017

**+63%**
of Social Growth in France in 2018 compared to 2017
VIDEO CONTINUES TO ENHANCE DISPLAY
Classic and Video keep on growing in 2018 and contribute to Display growth

Display* revenues, by format (in €M) and share of each format out of total display in France (as a%)

* "Classic Display" includes banner formats, standard IAB formats and native formats including recommendation platforms and "Display Social" - all commercialization / all devices
** Video format includes Instream & Outstream - all sales type / devices
*** Audio Digital includes web radio, voice assistants, podcasts (download or streaming) - all purchase type / devices
**** Native non-social = Formats respecting the nomenclature / definition Image + Title + Description (anchorages top and / or middle of page) & Recommendation modules (anchors at the bottom of page)

Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
**Social Networks Drives Growth in Classic Display and Video**

Display revenues evolution

**Classic***(m€)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Display non social</th>
<th>Social Networks*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>356</td>
<td>434</td>
<td>790</td>
</tr>
<tr>
<td>2018</td>
<td>628</td>
<td>434</td>
<td>958</td>
</tr>
</tbody>
</table>

Display revenues evolution

**video (m€)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Display non social</th>
<th>Social Networks*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>342</td>
<td>235</td>
<td>577</td>
</tr>
<tr>
<td>2018</td>
<td>460</td>
<td>235</td>
<td>847</td>
</tr>
</tbody>
</table>

* "Classic Display" includes banner formats, standard IAB formats and native formats including recommendation platforms and "Display Social" - all purchase type / all devices
** Video format includes Instream & Outstream - all purchase type / devices

Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
Video and Native formats remain key contributors to the growth of Social Display.

Display revenue evolution (non social) (m€)

<table>
<thead>
<tr>
<th>Formats</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOs</td>
<td>140</td>
<td>158</td>
</tr>
<tr>
<td>Audio***</td>
<td>302</td>
<td>262</td>
</tr>
<tr>
<td>Classic*</td>
<td>54</td>
<td>68</td>
</tr>
<tr>
<td>Native**</td>
<td>342</td>
<td>387</td>
</tr>
<tr>
<td>Video****</td>
<td>9</td>
<td>11</td>
</tr>
</tbody>
</table>

* Classic Display includes banner formats, standard IAB formats, excluding Native, excluding Social Networks - all purchase type / all devices
** The native includes native formats excluding social networks - all purchase type / all devices
*** Audio Digital includes web radio, voice assistants, podcasts (download or streaming) - all purchase type / devices
**** Video format includes Instream & Outstream - all purchase type / devices

Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
Video remains primarily outstream
Thanks to social networks

Instream vs outstream video* revenues evolution (in €M)

- Instream video:
  - 2017: 283
  - 2018: 331 (39% growth)

- Outstream video:
  - 2017: 293
  - 2018: 516 (61% growth)

Outstream video* revenues evolution social network share (in €M)

- 2017:
  - Display non social: 293
  - Social Networks*: 58

- 2018:
  - Display non social: 235
  - Social Networks*: 447 (87% growth)

*All devices, all purchase type,
YouTube is not considered as a Social Network
Sources: PoC Analysis, SRI and UDECAM Declarations, Public Information
Mobile consolidates its #1 position as “first screen” for Video

Video display ad revenues evolution (m€)

Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
PROGRAMMATIC KEEPS ON GROWING

... AGAIN AND AGAIN
What is « Programmatic » for this report?

**Definition**

Inventory sold by automatically connecting buyers and sellers. It includes all automated sales models: guaranteed or not, fixed price or RTB, private marketplaces or open auctions, self-serve platforms or trading desks. Social network sales are also considered programmatic sales.

*Sources: PwC*
Programmatic continues its strong growth and now represents more than 2/3 of the Display

France revenues and share of programmatic* out of total display revenues evolution\(^\text{in €M}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues (€m)</th>
<th>Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>423 (40%)</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>639 (51%)</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>901 (59%)</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>1315 (67%)</td>
<td></td>
</tr>
</tbody>
</table>

*All devices, all formats
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information

Programmatic share out of total display revenues

\(^{(x\%)}\)Programmatic share out of total display revenues
Non Social Programmatic reaches 46% of revenue, growing strongly

Programmatic Revenue and market share (non social and SOs *) in France (m€)

% Programmatic non social and SOs**

- 2015: 21%
- 2016: 28%
- 2017: 38%
- 2018: 46%

Programmatic Revenues (m€)

- 2015: 144 m€
- 2016: 186 m€
- 2017: 268 m€
- 2018: 336 m€

* All devices, all formats
** Programmatic share excluding Social Networks, excluding special operations

Note: The share of the Programmatic 2017 on Social Networks has been re-estimated retroactively to H2 2018
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information

+26%
Non Social revenues keep on shifting to programmatic

Display revenues evolution (non social and Sos) (m€)

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-programmatic</th>
<th>Programmatic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>438</td>
<td>268</td>
</tr>
<tr>
<td>2018</td>
<td>392 (54%)</td>
<td>336 (46%)</td>
</tr>
</tbody>
</table>

Note: The share of 2017 Programmatic on Social Networks has been re-estimated retroactively to H2 2018
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
Non Social programmatic grow in all formats

Revenue non Social in Classic *, Native ** and Audio *** by purchase method evolution (m€)

- 2017:
  - Non-programmatic: 364,5 m€ (207,3 m€ -18%)
  - Programmatic: 157,2 m€ (+10%)

- 2018:
  - Non-programmatic: 341,7 m€ (169,4 m€ -18%)
  - Programmatic: 172,3 m€ (50%)

Revenue non Social in video **** by purchase method evolution (m€)

- 2017:
  - Non-programmatic: 341,5 m€ (230,9 m€ -3%)
  - Programmatic: 110,6 m€ (+48%)

- 2018:
  - Non-programmatic: 387,2 m€ (223,1 m€ -3%)
  - Programmatic: 164,1 m€ (42%)

* "Classic Display" includes banner formats, standard IAB formats, excluding Native, excluding Social Networks - all purchase type / all devices
** The native includes native formats excluding social networks - all purchase type / all devices
*** Audio Digital includes web radio, voice assistants, podcasts (download or streaming) - all purchase type / devices
**** Video format includes Instream & Outstream - all c purchase type / devices

Note: The share of the Programmatic 2017 on Social Networks has been re-estimated retroactively to H2 2018
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
MOBILE REVENUES FINALLY ALIGNS WITH CONSUMERS USES
Mobile share surpasses desktop in line with consumers uses

Display et Search revenues split by device (m€)

Uses*

- French population spend an average of 33 minutes a day on the internet on desktop
- The French spend an average of 52 minutes per day on the internet on mobile screens and 19 minutes on tablets
- 50% of the time spent on the internet is on a mobile device (68% on tablets)
- GAFA accounts for 44% of time spent on mobile

Taking into account the Desktop and Mobile (smartphone and tablet) for Search and Display out IPTV
* Médiamétrie - Global Internet audience in France, November 2018
Sources: PuC analysis, SRI declarations and UDECAM,
Continuous growth in mobile in 2018, led by display

Mobile Search and Display media revenues evolution (m€)

Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
Mobile accounts for nearly 60% of non social display growth, and is now the “1st screen”

**Display revenues evolution, by device (in €M)**

- **Desktop**
  - 2017: 750
  - 2018: 794 (40%)
  - Growth: +30%

- **IPTV**
  - 2017: 60
  - 2018: 67 (3%)
  - Growth: +6%

- **Mobile**
  - 2017: 705
  - 2018: 1114 (56%)
  - Growth: +58%

**Sources:** PwC Analysis, SRI and UDECAM Declarations, Public Information
Social networks now reach 80% of mobile revenues

Mobile Display media revenues evolution (m€)

* Smartphone and tablets
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
Outside Social, Mobile accounts for nearly 60% of Display growth

Display media revenues evolution by devices non social (m€)

Desktop

IPTV

Mobile*

2017

2018

846

886

616

626

(71%)

+5%

+2%

170

193

(8%)

+14%

60

67

886

(22%)

* Smartphone and tablets

Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
KEY FACTS
Digital display advertising market in France at a glance

**Breakdown by buying method (in €M)**
- **Programmatic***: +46%
  - 1315 (67%)
- **Social**: +63%
  - 1088 (55%)

**Breakdown by actors (in €M)**
- Non Social: +26%
  - 886 (45%)
- Non Social: +5%
  - 659 (33%)

**Breakdown by device (in €M)**
- IPTV: 67
- Desktop: 794 (40%)
- Mobile**: +58%
  - 1114 (56%)

**Breakdown by formats (in €M)**
- Video: +47%
  - 847 (43%)
- Classic: 158
- Audio: 11
- Non Social: +14%

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*Programmatic is always off SOs
**Mobile = smartphones and tablets
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
Digital advertising market in France at a glance

Digital market
(excl other channels) (m€, %)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classic non social</td>
<td>3 565</td>
<td>4 250</td>
</tr>
<tr>
<td>Video non social</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Classic social</td>
<td>57%</td>
<td>54%</td>
</tr>
<tr>
<td>Video social</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Search</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Display non social</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>Audio SOs</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Social Networks*</td>
<td>0.2%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

*Classic format includes banner formats, standard IAB formats and Native formats - all purchase type / devices
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
Search and Social Levers account for nearly 80% of the whole Display + Search market

Breakdown of revenues between social network search and display and non-social display, and share of the total* (in €M and as a %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Search + Display social networks</th>
<th>Display non social</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>75% (2346)</td>
<td>25% (797)</td>
</tr>
<tr>
<td>2017</td>
<td>76% (2719)</td>
<td>24% (846)</td>
</tr>
<tr>
<td>2018</td>
<td>79% (3363)</td>
<td>21% (886)</td>
</tr>
</tbody>
</table>

For mobile, share of social network search + display is 90% (+2 pts vs. 2017)

Search and Social Networks contribute 94% of growth

* Digital market, excluding other channels
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
1. **GDPR Implementation** had structuring impacts for the market: #DBMgate, CMP implementation by publishers, integration of IAB Transparency & Consent Framework of #GDPR

2. Social, video and mobile growth are now permanently established. For non-social actors, native and audio formats offer promising revenues, especially in programmatic growth. #Growth

3. Programmatic continues to grow, on all types of actors, and naturally follows the US & UK trends (+80% of display) #Programmatic

4. **Quality Data** is the key issue. Demand for data is always stronger and at the same time, the expectations in terms of targeting guarantees and impact on targets are growing. The challenge will be to give easy access to campaign performance reporting: more transparency, for more confidence. #Data

5. Will the advertisers’ requirements for higher quality and the market initiatives that meet them succeed in shifting trends and rebalancing #FairShare?
Digital Advertising market key figures
2018 vs. 2008

Total digital ad

2008

2,0 Bn €

2018

4,9 Bn €

+17% vs. 2017

Total Display

2008

0,5 Bn €

2018

2,0 Bn €

+30% vs. 2017

Total Display nonsocial

(social/non social split did not exist)

2008

0,9 Bn €

2018

18% market share

+5% vs. 2017

Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
#10yearschallenge – Digital Advertising market has multiplied by 2.5 in 10 years

<table>
<thead>
<tr>
<th>Total market</th>
<th>Channels</th>
<th>Segmentation</th>
<th>Logos</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 2,000</td>
<td><strong>Search</strong></td>
<td><strong>Social networks</strong>&lt;br&gt;Classic&lt;br&gt;Native Ad&lt;br&gt;Video</td>
<td>High growth sub-segments&lt;br&gt;Mobile video</td>
</tr>
<tr>
<td>2018 4,876</td>
<td><strong>Display</strong>&lt;br&gt;<strong>Directories</strong>&lt;br&gt;online (local Search)&lt;br&gt;<strong>Other channels</strong></td>
<td><strong>Non social</strong>&lt;br&gt;SOs&lt;br&gt;Audio</td>
<td><strong>Players</strong>&lt;br&gt;<strong>Formats</strong>&lt;br&gt;<strong>Purchase type</strong>&lt;br&gt;<strong>Devices</strong>&lt;br&gt;Programmatic&lt;br&gt;Desktop&lt;br&gt;Mobile&lt;br&gt;IPTV</td>
</tr>
</tbody>
</table>

Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information
DIGITAL AD-TRUST LABEL
UPDATE
**Digital Ad-Trust label celebrates its 1 year**

- **92 labeled sites**

  A significant reach now after 1 year on main advertising targets:
  - 47.3 M UV / month - 26.2 M daily UV
  - 63.2% reach on +15 yo target
  - 70% reach on women « household purchase decision maker » target

  Support of the entire advertising ecosystem, in particular via UDA (Advertisers Association) position

  Progressive integration with market tools: Médiamétrie (audience measurement and media planning)
  Programmatic: Google, Smart, Appnexus, Oath

  41% of SRI sales revenue with a +7% growth (higher than the 5% growth on non social display)

Strong initiatives in media agencies
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