



e-pub Research - 8th report

H1 2012 Report – 2012 Forecasts
July 2012

Actors interviewed for the study



SRI and UDECAM members in 2012



- 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 Network
- Prisma Media
- Régie Obs
- SFR Régie
- Specific Media
- Springbird
- TF1 Publicité
- Weborama
- Yahoo! France



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

Study methodology based in part on the collection of quantitative data and the interviews conducted

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

Capgemini Consulting conducted a series of interviews (with SRI and UDECAM members and other actors on the market) on market trends and outlooks, over a period of two months prior to publication of the study

Additional information sources

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

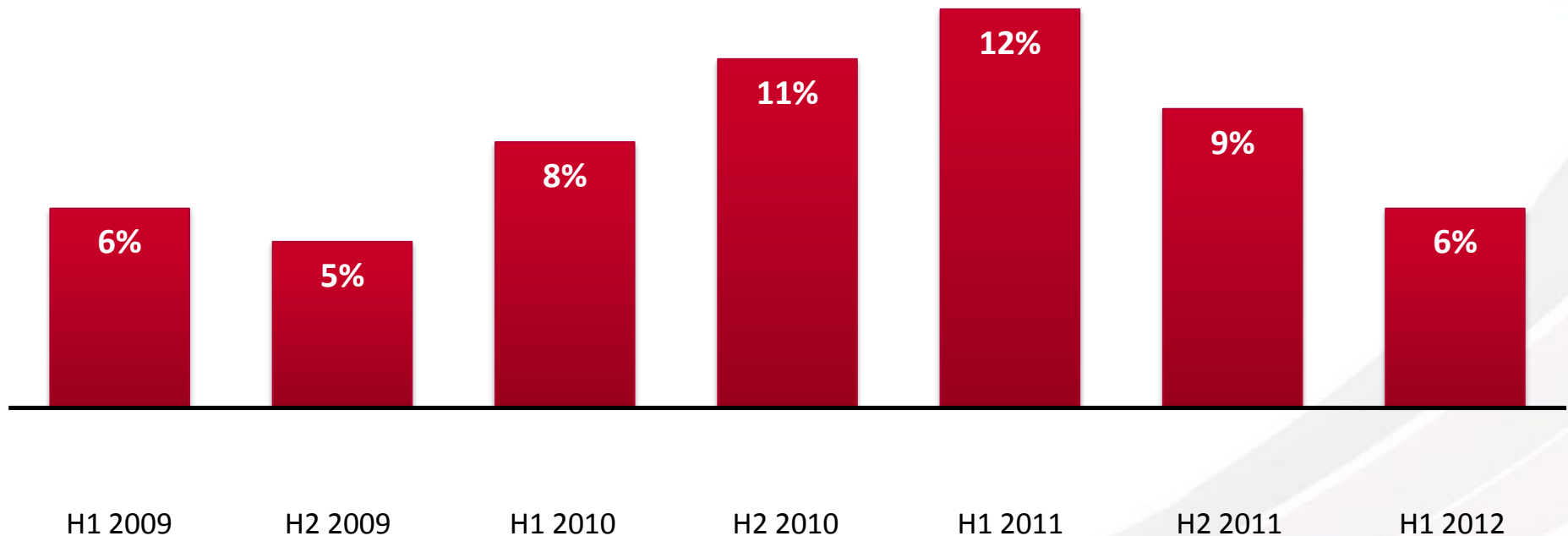
Consolidation and Analysis

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

The markets for years N and N+1 were estimated through extrapolation

Online advertising market recording a slow-down in growth during the 1st half of 2012

Y/Y growth of the online communications market in France (in €M)*



€1,345M

* The perimeter included the following segments: Search, Display, Local Search, Affiliation, Emailing, Comparators and Mobile. The overall assessment of the online market takes into account the deduplication of media channels..

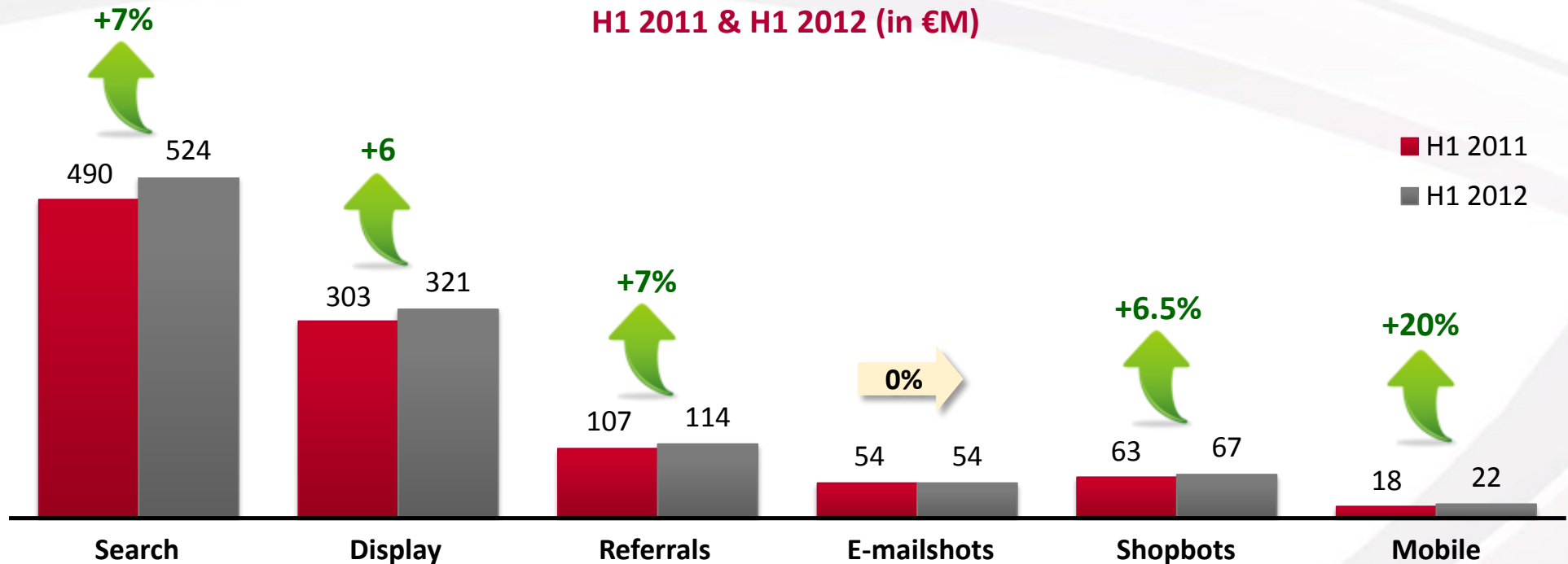
A difficult start to the year

Growth factors in H1 2012

- **Multimedia investments were heavily affected** by the challenging economic climate: +1% in 2012
- **Digital media did not escape the contraction – and sometimes freezing – of budgets for certain advertisers**, particularly in Q2 2012, but rose by +6% in H1 2012 (vs +11% in 2011)
- Advertisers **have refocused their investments on the highest performing formats** and have re-emphasised results tracking
- Over and above the economic situation in France, the 1st half year of 2012 was marked by a pronounced wait-and-see attitude on the part of advertisers, linked to the French elections
- Advertiser caution in H1 2012 did not lend itself to innovation

H1 2012 assessment of the main segments for advertiser investment

Evolution of the market across the main online communications channels H1 2011 & H1 2012 (in €M)



- **Performance levers** benefit from advertiser caution during periods of crisis
- **Search engines** were driven by advertisers' rising demands in terms of ROI
- **Display advertising** continued to grow thanks to the momentum enjoyed by video, social networks and special operations
- **Mobile marketing** pursued its development, thanks in particular to the arrival of HTML5

The display market includes media buying on social networks

The mobile market includes search engines, display adverts and push marketing

Trend in advertisers falling back on performance levers, driving growth in the search engine and shopbot markets in H1 2012

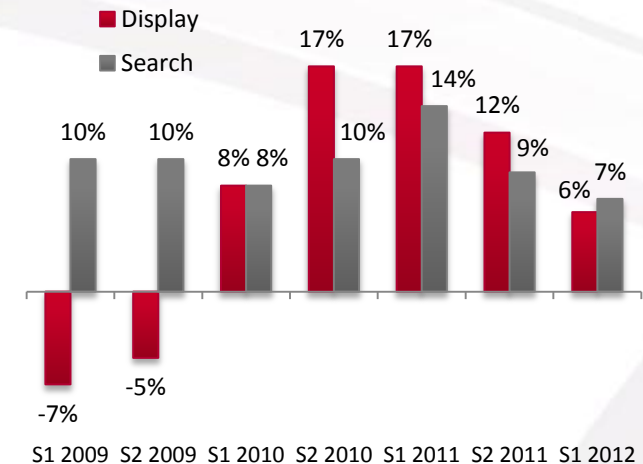
Search engines - Shopbots



Search engines: +7% in H1 2012

- Growth in search engines **greater than in display**, benefiting from advertisers withdrawing to investments that boast reassuringly high ROIs
- **Yahoo!+Bing search alliance finalised**

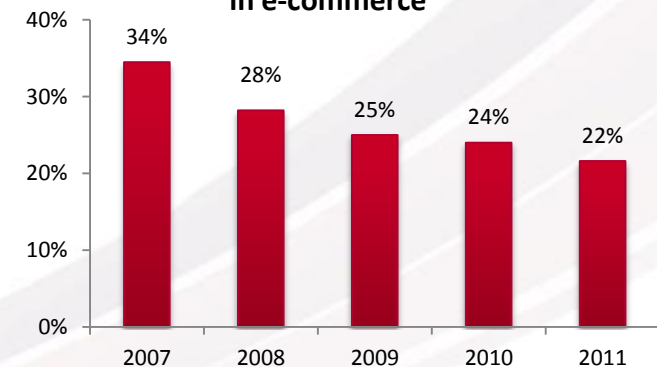
Comparative growth in Search and Display



Shopbots: +6.5% in H1 2012

- ✚ Continued **growth for e-commerce** (turnover **+24%** in Q1 2012*)
- ✚ Growth sectors: Luxury goods (private sales), Fashion / Apparel, High-tech
- ✚ Rising influence of **marketplaces** (Amazon, Pixmania, Cdiscount, etc.)
- New pressure on capturing audiences for smaller shopbots: Google algorithm (Penguin) and competition from **Google Shopping**
- **Increasing concentration of actors**: acquisition of Ciao by leguide.com
- **Travel sector** continuing to suffer from the Arab Spring

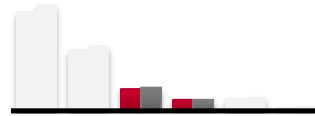
Evolution of the growth rate in e-commerce*



* Source: FEVAD 2012

Referrals still a preferred lever amongst e-merchants with the e-mailshots market remaining stable in H1 2012

Referrals - E-mailshots



Referrals: +7% in H1 2012

- Increase in investments from the **fashion / accessories** sector thanks to the development of their online businesses
- Emergence of **new mid-sized advertisers**
- Impact of automated purchases on referrals will require close monitoring

New mid-sized e-merchants participating in referrals



Deguisetoi.fr (accessories)



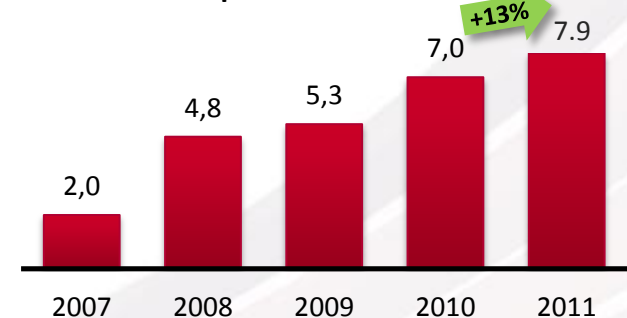
Fossil.fr (fashion)

E-mailshots: stable in H1 2012

- A **mature** market (major advertising sectors equipped with e-mail databases) suffering from a **pursuit of immediate returns** as a result of the crisis
- Ongoing enhancements in deliverability (image exposure, adaptation to mobile uses, etc.):
 - Growth in mobile e-mail practices: 15% of exposure exclusively through mobile channels (vs 7% in 2011)*

* Source: Florence Consultant

No. of e-mails received per day, per web user**



Rapid development of web user email practices leading to saturation of existing / prospective customer in-boxes

** Source: SNCD

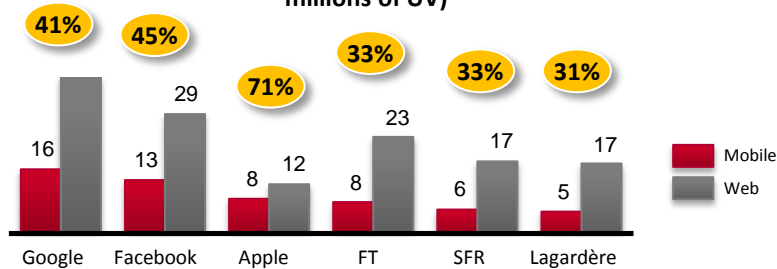
Significant advances on the mobile market

+20% in H1 2012

An explosion in equipment and audiences

- The leading groups' mobile audiences account for more than ¼ of all web audiences (but only some 4% of advertising investments)

Comparison of the main groups' mobile and web audiences in France (in millions of UV)*



- Improved tracking of mobile Internet practices: monthly reports from Médiamétrie since Jan. 2012

Actors making better use of mobile technologies, with a trend toward tie-in

- Integration of mobile space brokers with web brokers
- Agencies looking to optimise their mobile organisations (dedicated / cross-cutting teams)
- Growth driven by non-captive advertisers
- Investments remain centred around the development of websites and apps

Technical advances (HTML5) leading to more attractive, more interactive formats

Clickable interstitial



Orange Advertising Network
Renault Mauboussin campaign by Orange on the AuFeminin app

Video interstitial



Mobile & tablet pre-home video for Ice Age 4 on MyTF1

Mobile video pre-roll



Orange Advertising Network
Orange's video pre-roll on the Dailymotion app for Peugeot



SFR Régie
SFR's mobile video pre-roll on Allociné.fr for Nissan

Geolocated SMSs and banners



SFR's geolocated SMSs for Fanta

Admoove's geoloc banners for Brasseries Julien

Special operations



Special "become a sport journalist" campaign by L'Equipe in partnership with Hyundai, for mobiles and tablets

The conditions are being put in place to allow investments by more traditional advertisers to take off, like in the UK where mobile uses are expected to account for 9.5% of the online market in 2012** (vs 5.5% in 2011)

* Source: Médiamétrie, Feb. 2012

** Source: Enders, "UK mobile advertising begins to take-off"

Display advertising affected more than search engines but still being carried by the momentum of video, social networks and special operations

Display



Dynamic levers driving the market

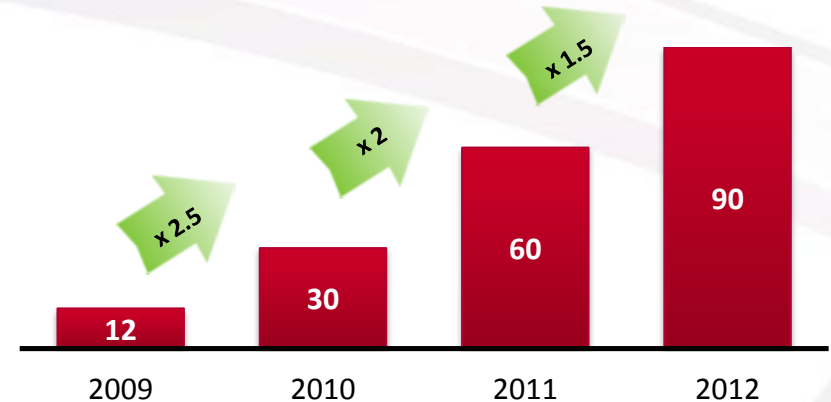
- **Video** continues to grow: **+40%** over H1 2012
- **Social networks** maintain their momentum despite advertisers questioning their ROI
- Investments in **special operations** remain high (**+17%** in H1 2012), with growing demand for customisation and user engagement

Market bipolarisation

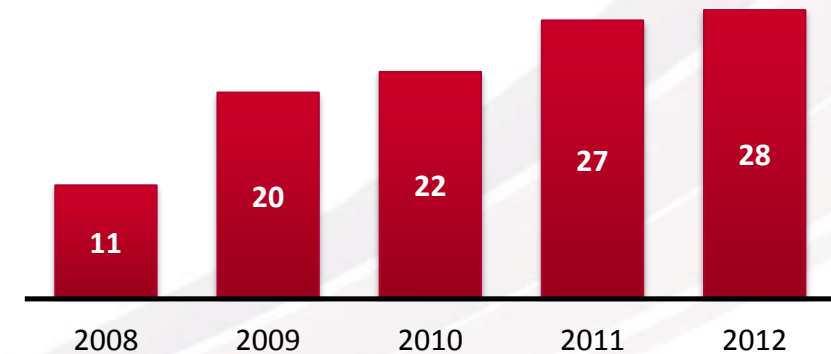
Performance-based ad space becoming industrialised

- Demand remains high for **performance** levers, which are reassuring in **crisis situations**, with however a demand for formats becoming more and more similar to branding
- **Development of investments in AdExes**, accompanied by a gradual **reorganisation** of the market
- **Traditional formats losing steam** with a declining market for classic display adverts

Video market in France (€M)*



Share of performance-based investments in display advertising (%)*



* Source: Capgemini Consulting analysis

Online video advertising market still one of the main vectors for the growth in display adverts

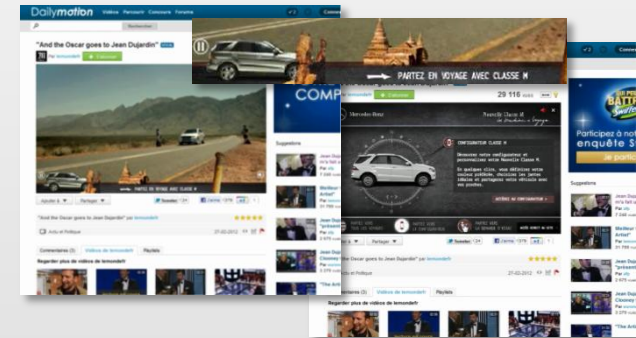
Growth and bipolarisation of the online video inventory

- **Viral videos** (embedded videos) driving audience growth (YouTube, Dailymotion, etc.)
- Bipolarisation of the market between:
 - Limited **premium** inventory (platforms and catch-up) sold at a premium CPM – **context-based purchases**
 - **Non premium inventory in rapid expansion** (e.g.: UGC websites, blogs and video networks) sold on a performance basis – **target-based purchases**

Appearance of innovative online video formats

Interactive/clickable video

Mercedes campaign on Dailymotion with clickable pre-roll redirecting to an interactive interface in the player, to explore the different models and generate leads



Interaction between in-banner video and pre-roll video



SNCF campaign on Dailymotion: the smoker in the in-banner video exhales his smoke into the pre-roll video



Personalised video based on geolocation or time of day viewed



McDonald's campaign on MyTF1.fr displaying the closest restaurant based on IP address location



Distribution and ROI control

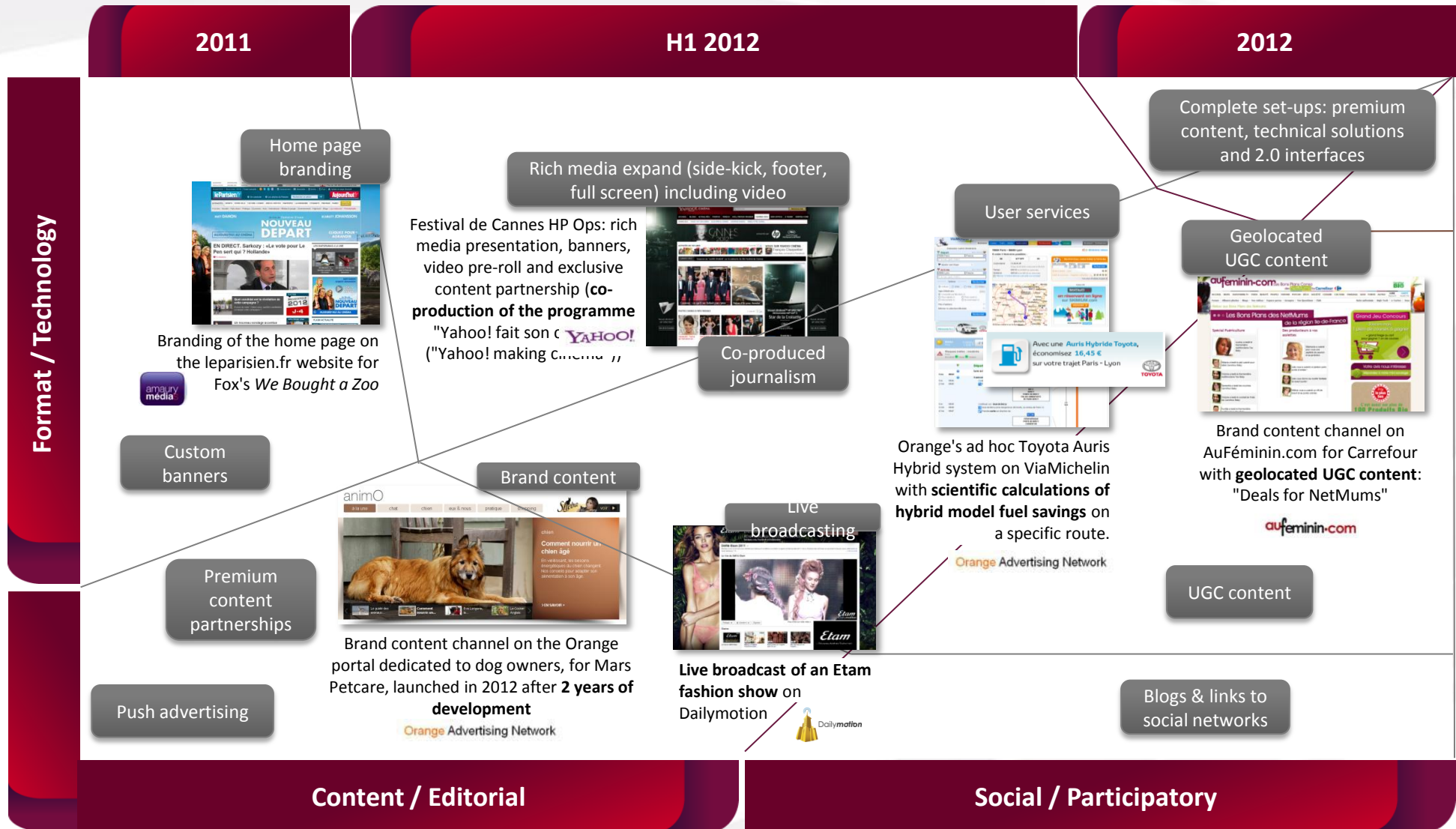
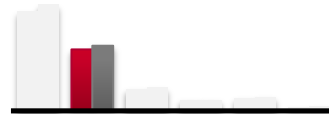
- Advertisers taking view statistics and player environments increasingly into consideration
- Measurement and enhancement of video effectiveness: +20% traffic on websites and +5% searches for the brand*

* Source: Google 2012 study

2. Special operations

Special operations moving toward more technical and social mechanisms, still based on high level premium content

Display



Advertisers perfecting their multimedia strategies

Multi-screen strategy

Simultaneous delivery of a single message on multiple media (TV + Web, Web + Mobile, Print + Tablet, etc.)

- **Objective:**
 - To optimise coverage by making use of target audience complementarity
- **Development of studies on the effectiveness of multi-screen operations:**
 - Gfk – IAB: combining TV + Web
 - 25% incremental coverage via the web
 - eGRP TV+Médiamétrie Web
 - Nielsen – Google: +48% advertising attribution when the advert is seen on TV, PC, mobile and tablet vs only seen on TV



360° Orange / Roland Garros service:
TV + Web + Mobile + Tablet

Orange Advertising Network



Le Figaro Print + Tablet
operation

FIGARO
MÉDIAS
attirer people

Cross-media strategy

Exploitation of the special features of different media via different formats and bouncing media off one another by delivering complementary information

- **Objective:**
 - To optimise the impact of the message by involving the audience in an interactive process
 - Taking advantage of the development of simultaneous media usage: 63% of television audiences view a second screen at the same time (45% of which are smartphones, 30% tablets)*
- **Development of studies on the effectiveness of cross-media operations**
 - GFK / Effcross: tool for measuring advertising effectiveness Cross-media



Sosh / MSN: Madonna
album campaign: TV,
websites / minisites,
Mobile, XboxLive,
Facebook competition,
etc.

Microsoft
Advertising



Microsoft apps for Mazda with
content adapted to each device:
Tablet, Table Surface 2, Kinect

Microsoft
Advertising



M6 HbbTV
campaign for Fiat
TV + mini website

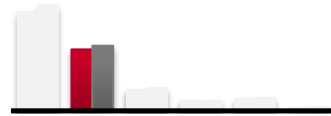


Kia TF1 / MyTF1.fr
advert check-ins

TF1
PUBLICITE

* Source: Ipsos Media CT

Social networks continuing to drive growth in display advertising with a more pragmatic approach on the advertiser side



Practices: maintaining audience levels

- Audience levels staying strong with **substantial engagement: 33.2M UVs in January 2012**

Actors: a new level of maturity after an initial test-and-learn phase

- Advertising effects** that appear to question the appeal of social networks for advertisers:
 - Facebook IPO
 - Shrinkage of media investments by General Motors
 - Advertisers' interest may drop in the coming months (-14% impressions in the UK, Y/Y in Feb. 2012)
- Beginning of a **more pragmatic investment phase** following the testing phase initiated in 2011:
 - Expectations of high ROI
 - Demand for tracking new KPIs (engagement, leads, etc.)
 - Extension of operations to multiple channels
 - Integration of the issues of e-reputation and e-influence

* Source: Comscore Audience Metrix, Age 6+, January 2012

** Source: Capgemini Consulting analysis

Formats: new page and advert formats



Timeline, the new Reach Generator solution: guaranteed visibility of posts for fans

New advertising formats (premium adverts):



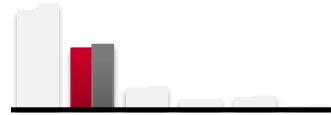
Real time statistics and new indicators for coverage (reach), amplification (brand resonance), impacts on sales (reaction) and feedback (customer insights)



Enhanced search personalisation with Google +: Search, plus Your World

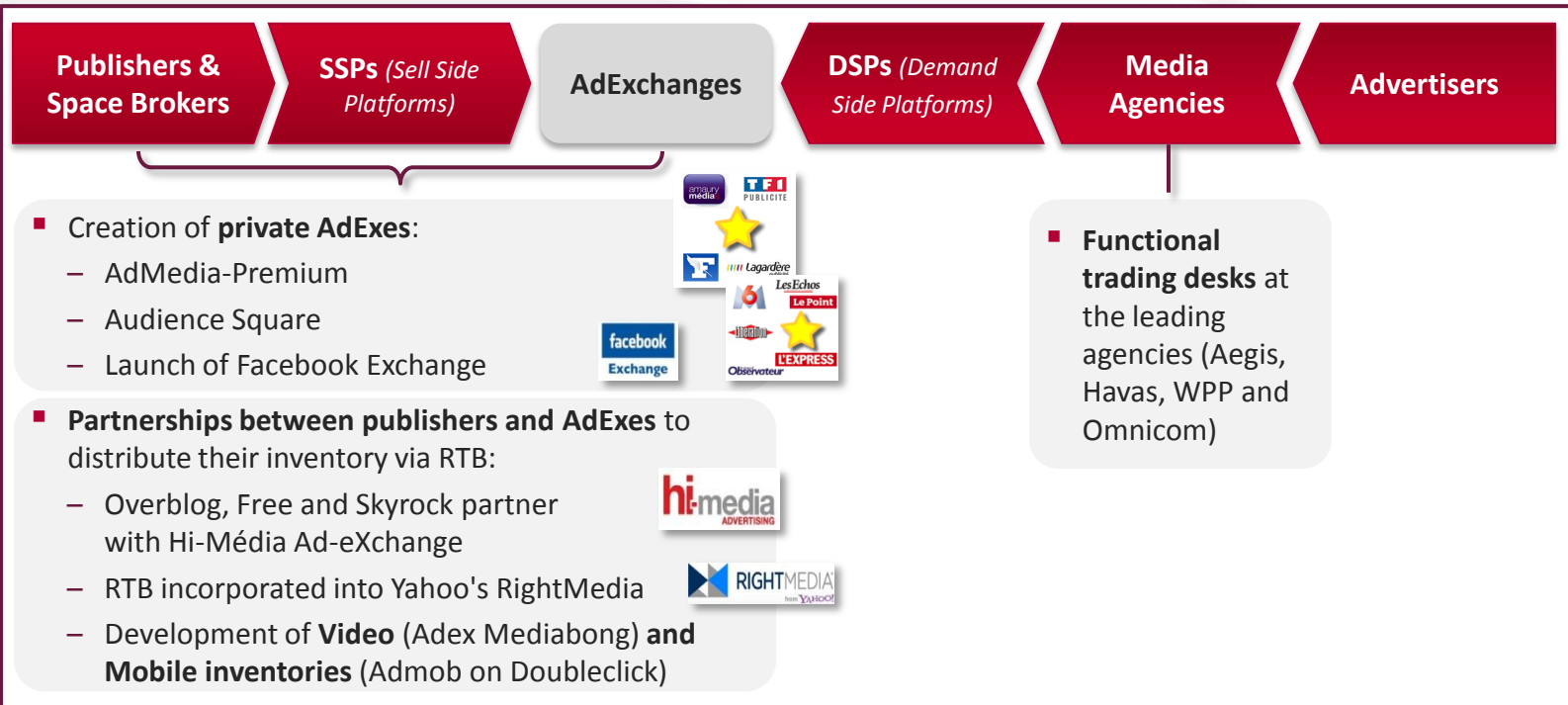
Market interest remains strong in H1 2012

AdEx market still in its set-up phase



Actors
on the market
continuing to
organise

Market
complexity
holding
advertisers back



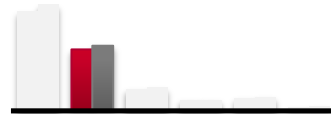
- RTB / Non RTB: not all purchases on AdExes are done in real time
- Market readability: multiplicity of actors/positioning, inventory quality, inventory purchases/resales by agencies, etc.

In H1 2012, approximately 5%* of display adverts were purchased through automated marketplaces (vs 3% in 2011);

AdExes will develop more significantly once all the actors are in place
and are already contributing to an in-depth change in the advertising ecosystem

* Source: Capgemini Consulting analysis

Data and targeting at the core of new trading models with Ad Exchanges



Challenges

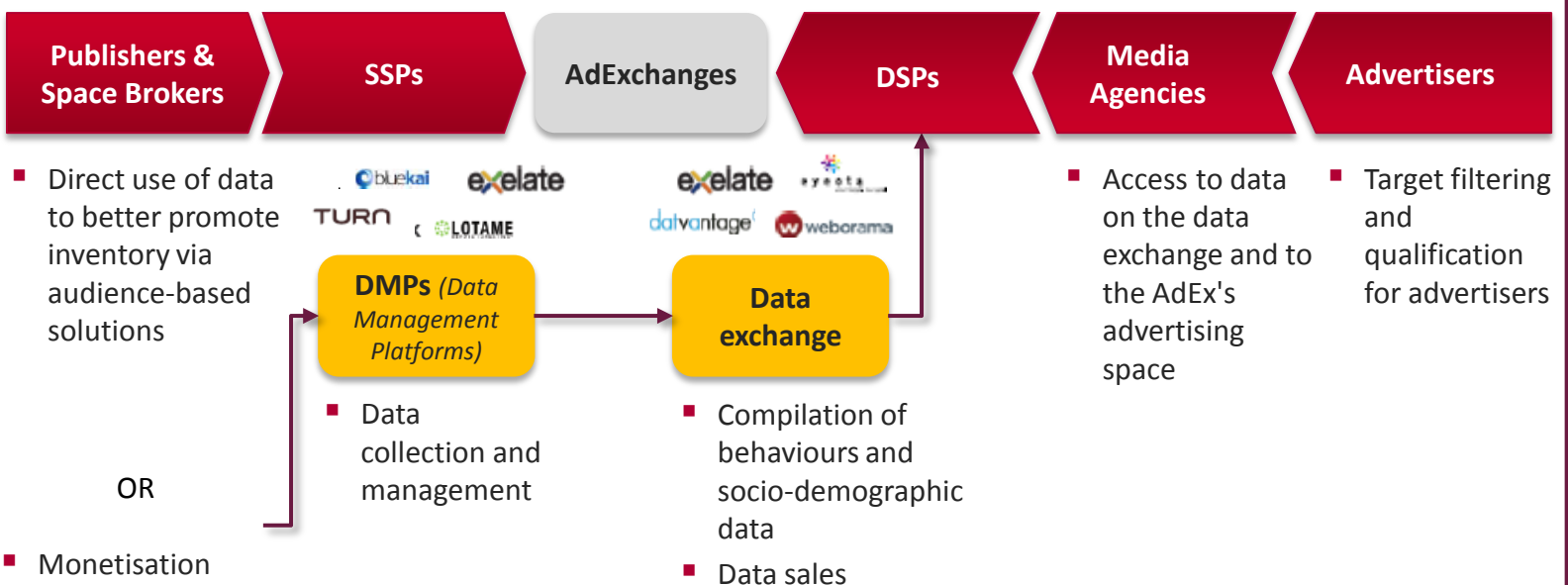
In the face of the **emergence of trading desks and RTB**, ability to be more accurate in **targeting**:

- **For publishers:**
 - Audience qualification
- **For advertisers, agencies and space brokers:**
 - Target qualification
 - Study of acquisition funnels and channel contributions
 - Study of online/offline contributions and the link between the 2

Type of data collected

- Socio-demographic data: gender, age, marital status and professional category
- Centres of interest data, e.g. online users of catch-up TV, golfers, foodies, etc.
- Intentions data, e.g. web users looking to purchase a computer, a car or travel arrangements

Actors



Local advertisers markets in development, both online and on mobile

Website creation

- Market growth estimated at **+10% in 2012**
- Substantial development linked to the continuation of **equipment being installed at microbusinesses / SMEs**: 34% have been equipped to date (vs 30% in 2011)
- Development of demand for **site referencing and the creation of Facebook pages**
- Development of low cost solutions for creating standardised websites with no support

Local advertiser expenditures*

- Market estimated at **€1,056M in 2012 (+8%)**
- Growth of local markets driven by dynamic investments in **directories / local searches**, particularly for **mobiles** (development of usage and the possibilities afforded by geolocation)
- Maintenance of substantial growth in local display advertising, representing approximately 10% of the total display market in 2012
- Markets for **stable classified ads** and **direct marketing** for local advertisers

Dynamic mobile market

- 24% of local searches performed on mobiles
- 37% of smartphone users search for local information at least once a week, 12% daily**
- 59% of these then went to the shop and 34% completed a purchase**

* Local display adverts, direct marketing, local search engines and professional classified ads

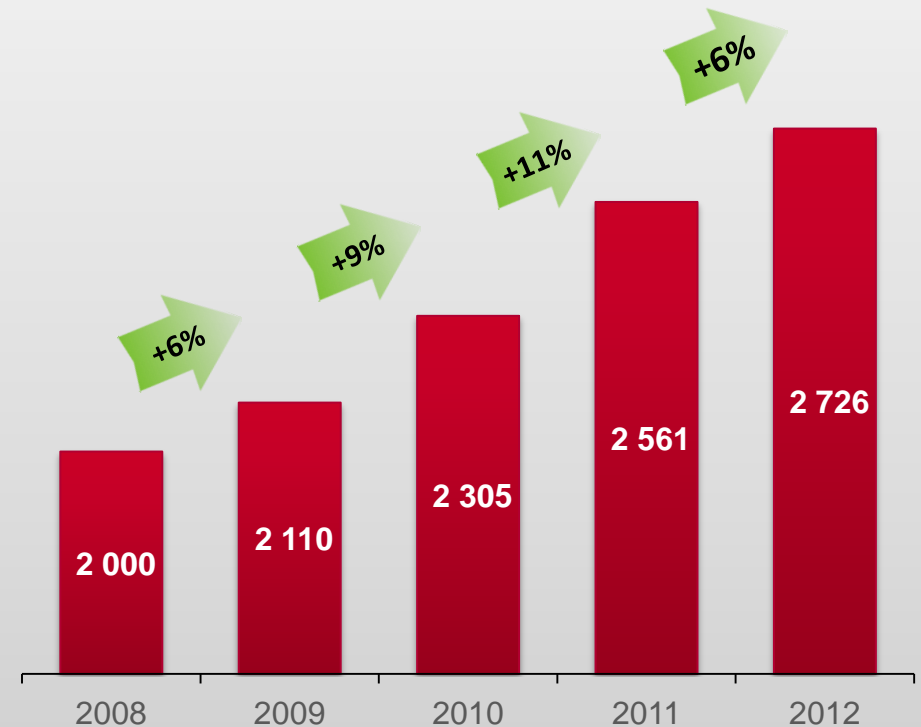
** Source: Google, Our Mobile Planet

The higher than expected slow-down of the first half year likely to limit growth in the online advertising market to 6% in 2012

Trends for H2 2012

- **An expected but uncertain return** to online investment growth in H2 2012, reducing our **forecast for annual growth to +6%**
 - Economic climate still gloomy (2012 growth in GDP revised to +1.3%)
 - + Possible catch-up in H2: carry over of budget allocations not utilised in H1
- The end of 2012 should be characterised by the continued **transformation of the market**:
 - Acceleration of the bipolarisation between premium inventories and the industrialised rest of the market
 - Evolution of operating methods and of the roles of space brokers/media/agencies

Evolution of the online communications market in France (in €M)*



Source: Capgemini Consulting analysis

* Reminder: Calculation of the total online market accounted for channel deduplication.

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