E-AD OBSERVATORY - 9TH EDITION

2012 Report – 2013 Forecasts

January 15, 2013

#Eadobs

Actors interviewed for the study

24/7 MEDIA
3W Régie
adconion MEDIA GROUP
Adverline
ADVIDEUM
ALLOCINE.COM
amaury média
ASQ AUDIENCE SQUARE
aufeminin.com la régie des femmes
caloga.com Le portail high-tech
CANAL+
Cdiscount.com
commission junction
CPA COLLECTIF DES PLATEFORMES D'AFFILIATION
criteo
Dailymotion
EASY VOYAGE
searchvision human expertise, advanced technology
facebook
FIGARO MEDIAS affluent people
Google
HAVAS DIGITAL
hi media
HORYZON MEDIA
iProspect
kelkoo
Keyade
KRDS Facebook Marketing Agency
Lagardère publicité
leboncoin.fr
LeGuide.com POUR ACHETER MOINS CHER
M publicité
M6 DIGITAL PUBLICITE
matiro
Maximiles
IPG MEDIABRANDS
Microsoft Advertising
mbrand3 mobile marketing media
MINDSHARE
MOBILE MARKETING ASSOCIATION MMA WWW.MMAF.FR
mymedia
Nestlé Good Food, Good Life
OmnicomMediaGroup
orange Advertising
PRECOM
pagesjaunes
LAPLACEMEDIA audience premium en temps réel
PUBLIC IDÉES
re-mind
rubicon PROJECT
SAMSUNG
SFR Régie
sncd
Social Mix Media Group
SocialMoov
specificmedia
SpringBird network media solutions
groupe Télégramme
TF1 DIGITAL PUBLICITE
TOYOTA
TradeDoubler
UBISOFT
uda union des annonceurs
ValueClick
Voyages-sncf.com
weborama
YAHOO!
zanox we create partners
ZenithOptimedia

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
- Prisma Media
- Régie Obs
- SFR Régie
- Specific Media
- TF1 Publicité Digital
- 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 particular on the collection of quantitative data and on 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 players in the market, on market trends and outlooks

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 analyzed using top-down and bottom-up approaches

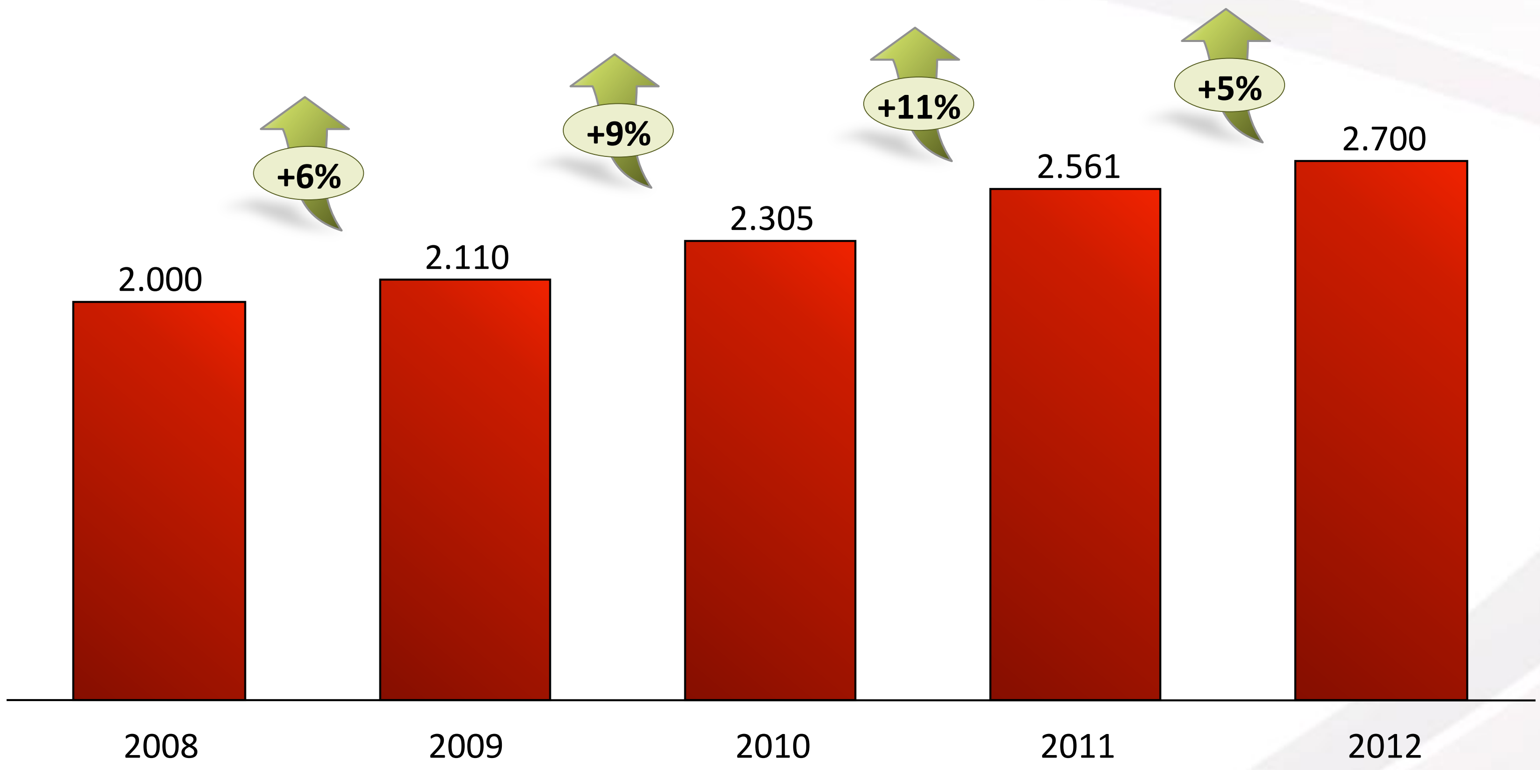
The markets for years N and N+1 were estimated through extrapolation

Capgemini Consulting SRI LES RÉGIES INTERNET UDECAM

2012 Report on the Digital Market

Slow-down in the online advertising market extends to digital, particularly in the 2nd half of 2012

Evolution of the online communications market in France (in €bns)



** 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.

A more pronounced slow-down in France than on the American, British and German markets

French market's lag widening, compared to the US, UK and German markets

Change 2011/2012	France	USA[2]	UK[2]	Germany[2]
Multimedia	-1.9%[1]	+5%	+3%	+1%
Digital	+5%	+17%	+14%	+15%

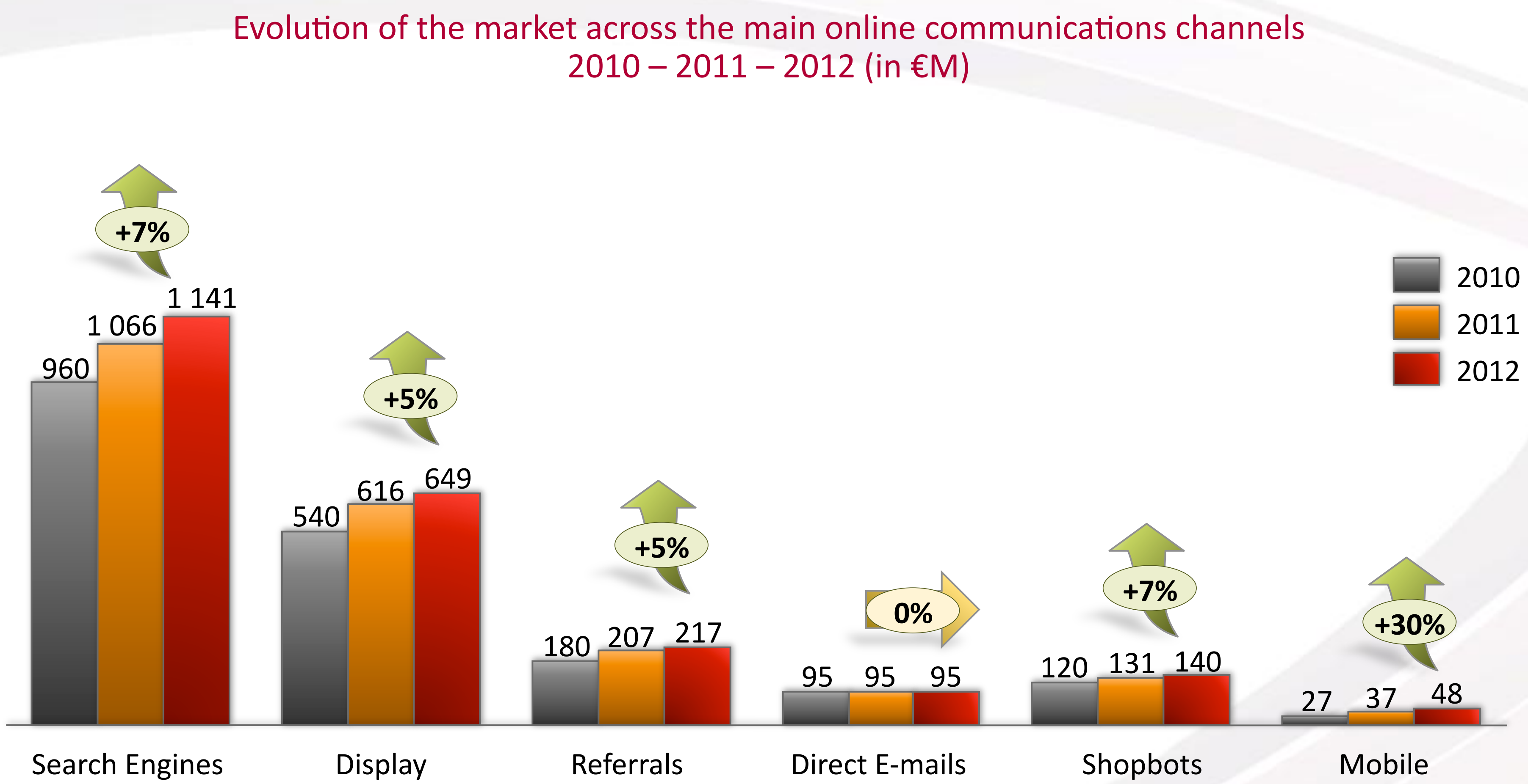
1: Market estimates as of H1 2012

Second half-year confirms the slow-down begun in H1

- Slowing growth in the French digital market, heightened in the second half-year (+5% in H2 vs. +6% in H1[3])
  - A difficult macroeconomic climate (GDP down 0.2%[4] in Q4 2012), particularly for the automotive industry, which has historically been a growth engine for digital (-13.8%[5] registrations in 2011/2012)
  - Advertising investments did not recover after the elections
  - The maturity of advertisers and of sectors that have historically emphasized digital media was not offset by the emergence of new, traditional advertisers
  - More aggressive pricing conditions for other media

Sources: 1: FrancePub; 2: eMarketer; 3: Capgemini Consulting; 4: INSEE; 5: CCFA

2012 assessment of the main segments for advertiser investment



Most communications channels continuing to grow

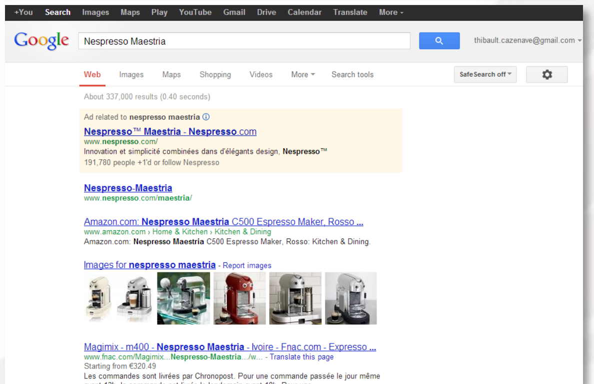
Main trends in 2012, by segment

Advertisers combining all communications channels to optimize their digital strategies

	1	2	3
Campaign goals	**Visibility** Developing brand and product image and reputation Capturing new audiences	**Engagement** Creating and maintaining a relationship between current / prospective clients and brands	**Performance** Generating leads
Communications channels	Display branding Reputation-building direct e-mails	Social networks Influential bloggers	Search Engines, Referrals & Shopbots Performance-based direct e-mails Performance-based display

High-impact advertising formats

Brand-focused community activities



Generation of traffic, sales, etc.

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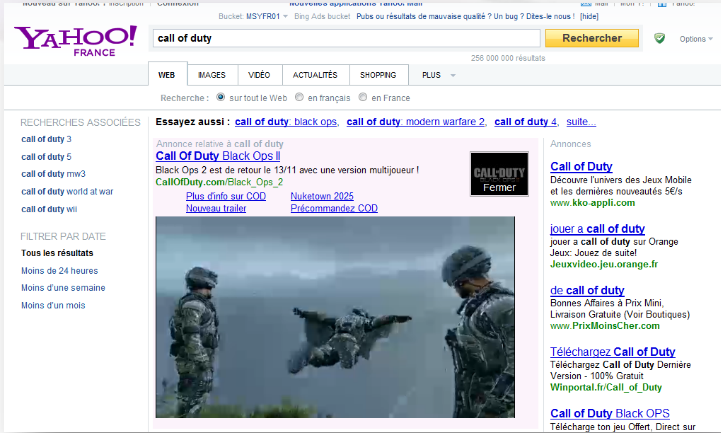
Investments in performance levers continued to grow, despite ever more difficult market conditions (1/2)

Performance

Search Engines (+7% at year-end 2012)

- **The trend in advertisers falling back on search engine advertising, seen in H1 2012, increased further in H2**
- French market driven by players in the agrifood and supermarket sectors
- Yahoo / Bing "search alliance" stimulates innovation on the market by offering new functionalities (e.g. *Rich Ad in Search* format, etc.)
- New special operations including emerging search components (e.g. Aufeminin's Brand Your Search – see p. 15)



Rich Ad in Search
Introduction of video directly on the search results page, in the sponsored links section

Referrals (+5% at year-end 2012)

- A reduction in the number of programs was offset by increasingly effective campaigns
- Growth sectors: Finance / Insurance, Household Goods, Sporting Goods / Sportswear

Increased effectiveness of referrals campaigns

Change in the number of campaigns	-15%
Change in net sales generated for e-merchants	+3%

** Source: Referrals barometer, H1 2012 Report*

Investments in performance levers continued to grow, despite ever more difficult market conditions (2/2)

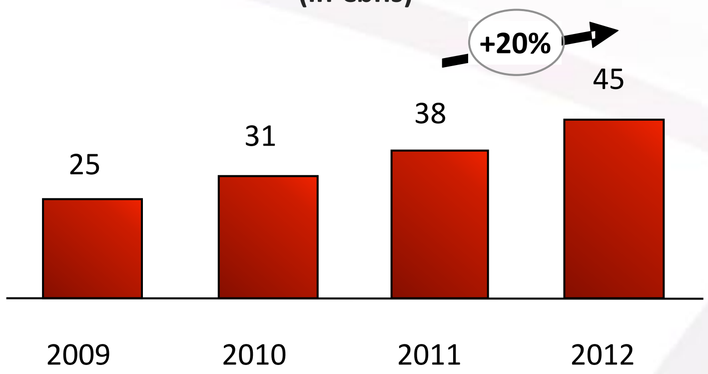
Performance

Shopbots (+7% at year-end 2012)

- **In 2012, consumers took advantage of shopbots to search for deals**
- Shopbots market driven by the growth in e-commerce and stimulated by the arrival of the Google Group (Google Shopping, Flight and Hotel Finder)
- The travel sector remains affected by the decline in household buying power
- In 2013, outside the continued growth of e-commerce, the main growth engines are expected to be the mobile market and local searches

LeGuide.com POUR ACHETER MOINS CHER · EASY VOYAGE · kelkoo

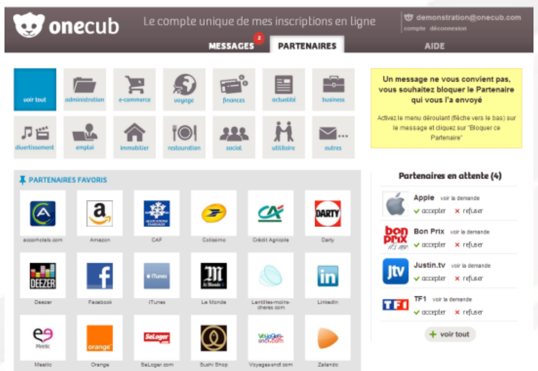
E-commerce market in France (in €bns)



Source: FEVAD, Nov. 2012

Direct e-mail (stable at year-end 2012)

- Direct e-mail displaying strong resistance to remain stable
- The self-regulating approach initiated by the main players is continuing, achieving more and more recognition from advertisers
- New players emerging around Vendor Relationship Management (VRM), such as the French start-up, OneCub



OneCub allows users to centralize and manage the commercial e-mails they receive

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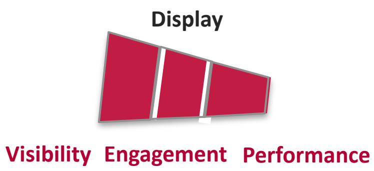
Spotlight on display advertising

Innovation in products and services and the development of new purchasing methods have preserved growth in display advertising



Display (+5% at year-end 2012)

- **Bipolarization of the market continues**: inventories linked to strong brands remain more attractive, with in-stream video, special operations and social networks as the main growth levers for display advertising

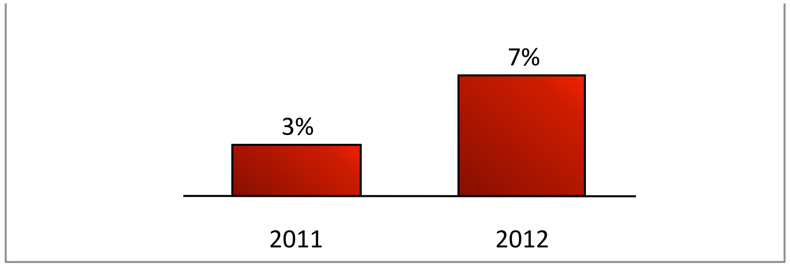
2012 evolution of display advertising segments

In-stream video	Special operations	Social networks	Classic display	Performance-based display
+50%	+18%	+35%	-9%	+4.5%

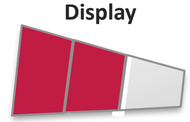
The Ad Exchange purchasing mode became firmly established in 2012

- Ad Exchange investments grew by 146% in 2012, with a display market share increasing from 3% to 7% (video, social networks, mobile and performance-based display)
- **Ad Exchanges accounted for nearly 10% of display advertising investments in H2 2012**

Evolution of the share of AdExes in total display advertising



Special operations, now incorporating more video, remain the spearhead for visibility campaigns



Special operations becoming ever richer, along the 3 lines identified by the last observatory report

Innovation / Format

Incorporation of search engine marketing

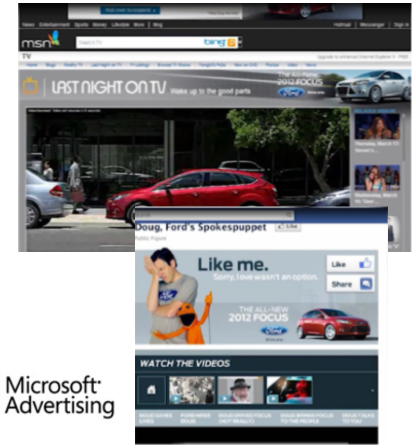
Brand Your Search

Aufeminin.com offers advertisers the possibility of using its excellent natural referencing

More and more multi-screen special operations

Social / Participatory

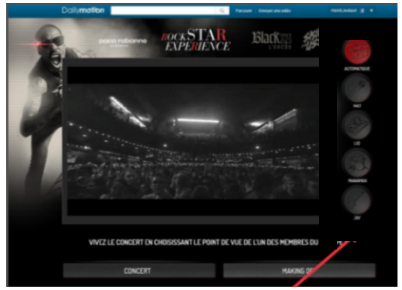
Social networks increasingly present



Advertising

Content / Editorial

More and more live coverage



Live concert coverage, with the possibility of switching between camera angles during the show

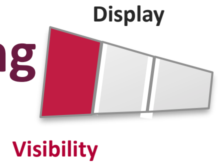
Creation of advertising videos

Dailymotion Studio

Original creation of a video series, "Les poubelles vident leur sac" ("Garbage cans talk trash"), for the Ile-de-France Region

Trend of accelerated growth in the second half of the year (+19% in H2 versus +17% in H1)

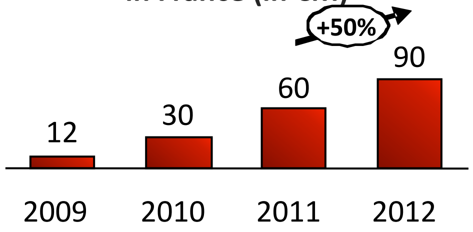
Video, dominated by in-stream, still the overwhelming favorite among advertisers



In-stream video: a dynamic segment driven by catch-up

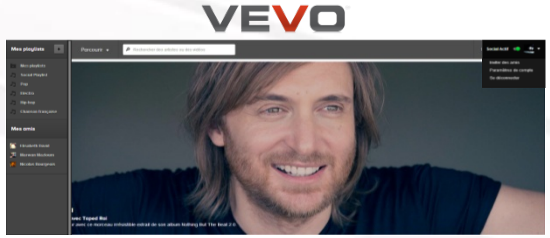
- **Strong ramp-up in investment growth** in H2 (+60% in H2 vs. +40% in H1)
- Supply still below demand, namely in catch-up advertising, breathing new life into the market
- Strategies for developing video options for all screen types, linked in particular to the development of new content offerings by players in TV (including new DTTV channels), press publishers, pure players and more

In-stream market in France (in €M)

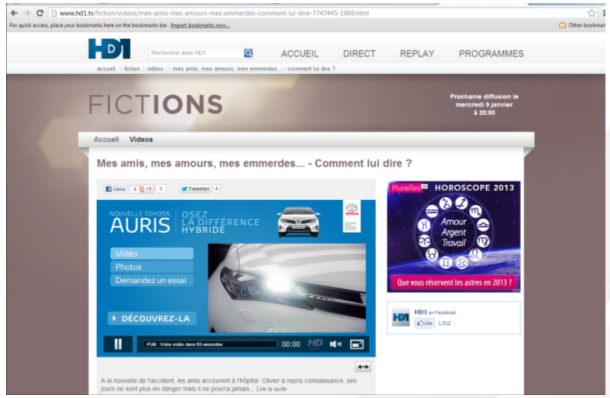


2013 trends

- Demand remains high
- Growth in tablet and smart TV ecosystems
- Development of investments via AdExes



Launch of the music video platform, Vevo, in France in November 2012



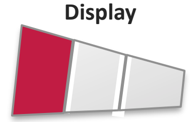
Launch of the new channel, HD1, and its catch-up website in November 2012

In-banner video: a mode of communication complementary to in-stream

- New format: emergence of in-read, marketed under Cost-Per-View (CPV), is contributing to the expansion of video inventories
- In-banner retains some potential, thanks to its complementarity with in-stream, which still remains underexploited

__In-read format__: videos are displayed by pushing aside the article when the reader has scrolled down a certain distance

Advertisers continue to experiment with cross-screen systems, to increase the impact of their campaigns



Multi-screen campaigns enjoy increasing success

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

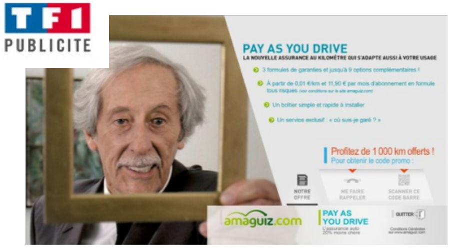
- Complementary uses
  - **Diverse use** of each screen, depending on time of day
  - **Simultaneous uses**, particularly TV + Mobile: 34% of people ages 15-60 (48% of people ages 25-43) in France watch TV and are connected via their cell phones, at the same time*
- Advertising effectiveness of TV campaigns reinforced by multi-device marketing (see TF1 Publicité study, "Le replay à l'air du multi-device" – "Replays to the tune of multi-device")

* Source: Baromobile, SFR Régie & Omnicom Media Group

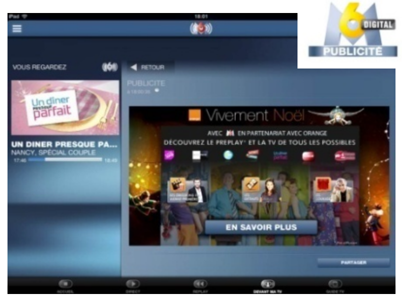
Cross-media campaigns booming in 2012

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

- Taking advantage of complementary uses to develop advertising formats that are more interactive and more attractive

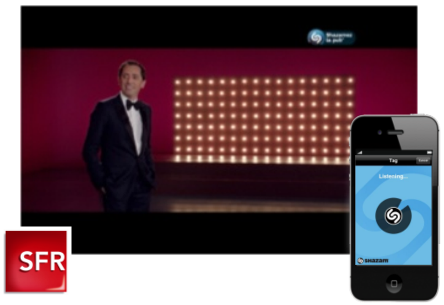


Amaguiz interactive campaign
Viewers are redirected to the web or mobile mini-site (via QR code) or can request that an operator call them back



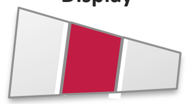
"**Second screen**," allowing viewers to obtain additional information relating to TV commercials, on their tablets

Shazam interactive campaign
4G-ready mobile / tablet devices allow Shazam viewers to switch from short to long format TV commercials



In 2012, social networks reached a new level in their perceived effectiveness, in the eyes of advertisers

Display



Engagement

Audience levels staying strong

- More than 3 of 4 users belong to a social network
- 1.6 million new users enrolled between July 2011 and June 2012
- On some social networks, users spend up to an average of 5 hours and 20 minutes each month

Sources: Médiamétrie & Nielsen

A channel for customer relations

- Companies are seeing social networks more and more as a channel to be incorporated into their customer relations strategies

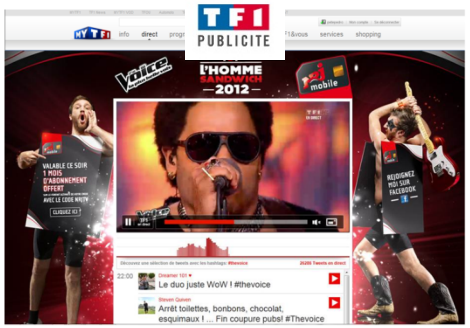
Social Enterprise

A new wave of advertising options

Facebook
Many new options developed in 2012
For example: "Offers": a format for promoting advertisers' special offers, coupons and discounts in the news feed, on the advertiser's page or in the "right column"

Insertion of "sponsored" tweets in the Twitter feed

Media making full use of social networking



Tweet feed alongside a live concert

Comment feed alongside a TV program

- The program, *The Voice*, ended in the Top 3 most tweeted subjects in 2012 (Source: Twitter)

Investments in social networks rose by 35% in 2012

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2012 was marked by a boom in AdExes, which are likely to account for a growing segment of the market, going forward

Display

Performance

Publishers → Space brokers → SSPs (Sell Side Platforms) → AdExes → DSPs (Demand Side Platforms) → Communications groups → Advertisers

On the seller side, the players' ecosystem is expanding, offering an ever broader range of options across all formats

2005 // 2009 — 2013 *Launch date*

Classic display

double click, Microsoft Advertising Exchange, REAL MEDIA GROUP, Orange Ad Market, Facebook Exchange, rubicon, Hi-Media Ad Exchange, LAPLACEMEDIA, RIGHTMEDIA from Yahoo!, ASQ AUDIENCE SQUARE

Video

double click, MEDIABONG, STICKY ADS TV

Mobile

admob, SFR Régie Market Place

Buyer side, supply has been strengthened by specialized players / trading desks

AMNET, affiperf, audience ON DEMAND vivaki nerve center, Accuen The Trading Desk, CADREON, GroupM Trading, infectious media, Gamned! Media desk, AGENCE79, matiro, criteo, Tradelab

Evolution of the share of AdExes in total display advertising

Source: eMarketer

Source: Capgemini Consulting

* Projected

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Display

Performance

Better analysis and use of the data should yield new gains in effectiveness

Data, namely obtained from Ad Exchanges, allow all of the players to optimize their products and services, as well as their advertising effectiveness

	Publishers	Space brokers	SSPs	AdExes	DSPs	Comms. groups	Advertisers
Goals	To better understand their audience structure and adapt their content to their viewers	To qualify their audiences and make good use of their inventories				To optimize their campaign performance	To define target segments

Sales or consulting

Sales or consulting

exelate · Weborama · ezakus · Acxiom

Targeting techniques continue to evolve

Mature technology	Contextual & socio-demographic targeting
Somewhat mature technology	Behavioral targeting & retargeting
New technology	Household targeting & pretargeting

Offline data as a complement to online data, for even better performance

- Online and offline players partner to offer innovative targeting opportunities and effectiveness measures

Yahoo! Consumer Connect with Carrefour médias

Creation of a *single-source* panel, from 2 exclusive, high added-value databases

16,500 opt-in panelists

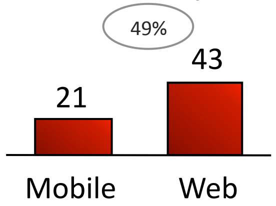
Spotlight on the mobile market

French mobile market still underexploited

Mobile
Visibility Performance

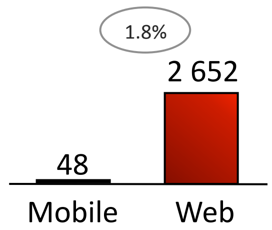
Audience vs. investment: still out of step

Deduplicated audience levels for the Top 20 groups *(in millions of UVs)*



Source: Médiamétrie/Netratings, Nov. 2012
Parent level

Investments in 2012 *(in €M)*

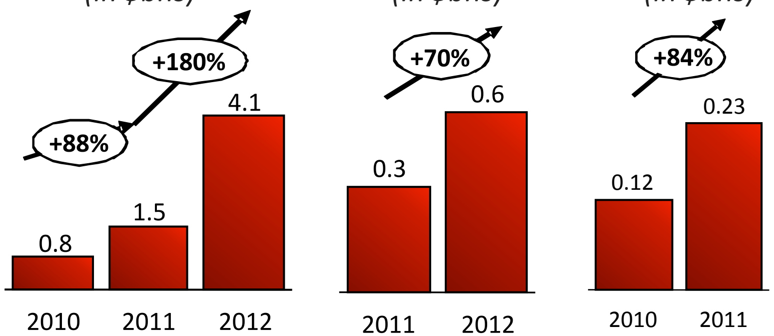


Source: Capgemini Consulting

French mobile lagging behind other advanced markets

- The mobile market in France (+30% in 2012) is not as dynamic as on other advanced markets

USA *(in $bns)* | **UK** *(in $bns)* | **Germany** *(in $bns)*



Source: eMarketer

But signs of renewed vitality are stacking up

- The HTML5 standard is stabilizing, and responsive design is becoming more widespread
- The M-commerce market has increased fourfold since Q1 2011 (FEVAD)
- Advertisers are coming on board with the new drive-to-store capacities provided by smartphones, driving trade marketing budgets upward, in particular

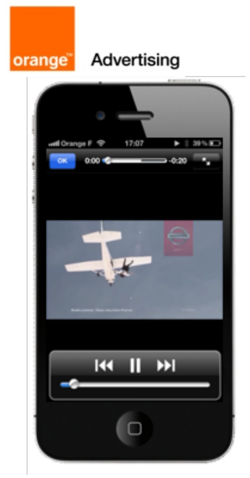
The launch of 4G supply to the general public will ramp up video advertising in 2013

BMW's invitation to the Paris Motor Show via Passbook

SFR Régie

Interactive HTML5 advertising format

orange Advertising



Pre-roll video format on Dailymotion's iPhone web app

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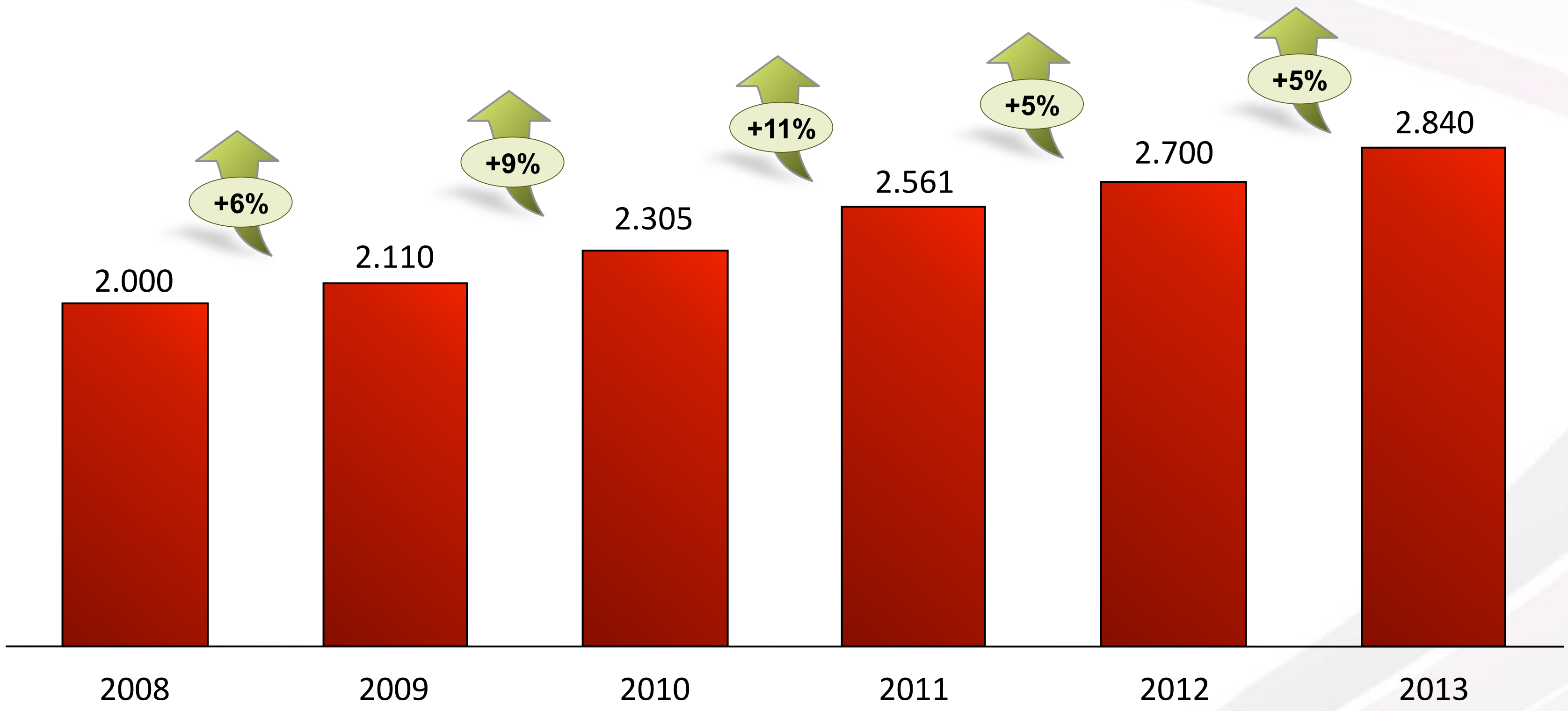
Outlook for 2013

2013: another growth year for digital advertising



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Main trends in 2013

- **The climate will remain tense and uncertain**: the forecast growth for the French economy, during the first two quarters of 2013, is +0.1% (INSEE)
- **A difficult start to 2013**, following on from H2 2012, should be **favorable to performance**, as illustrated in particular by the expected development of Ad Exchanges
- **In the second half of the year**, a re-balancing of the various levers should generate **new growth in visibility**
- **Engagement: sustained growth in 2013**, linked to corporate investments in this customer relations channel and to a massive expansion of advertising options
- **Continued digitization of the traditional media** and development of new equipment, in terms of smart TVs, tablets and other connected devices
- These assumptions point at **2013 growth** comparable to the growth recorded in 2012 – **5%** – **bringing the market's total value up to €2.84 billion**

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