2013 Report –2014 Forecasts
11th edition – January 2014

#Obsepub

Those we interviewed for the study

TURN
CPA Collectif des plateformes d'affiliation
HORYZON MEDIA
Solocal Group
LAPLACEMEDIA
3W Régie
criteo
Microsoft Advertising
vivaki
TF1 Digital Publicité
esv digital
mobvalue créateur de valeur sur mobile
amaury médias
SFR Régie
Ogilvy
orange Advertising
zanox.
M6 Digital Publicité
Spotify
YAHOO!
OmnicomMediaGroup
nugg.ad predictive behavioral targeting
appnexus
Lagardère publicité
Tradedoubler
hi-media groupe
iab.
sncd l'expertise multicanal syndicat national de la communication directe
ADVIDEUM
MOBILE MARKETING ASSOCIATION
Overviews
Keyade
RE—MIND.
HAVAS MEDIA
Microsoft Advertising
Next Régie
commission junction
CCM Benchmark Group
EULERIAN TECHNOLOGIES
ezakus CAN YOU READ MINDS?
iProspect.
LeGuide.com
leboncoin.fr
e-BUZZING
EASY VOYAGE .com Tout savoir pour mieux voyager

In their methodology, the studies draw primarily on the gathering of quantitative and qualitative data and on interviews

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

SRI and UDECAM members filled out a table setting out the advertising investments made in the various digital advertising segments

Face-to-face interviews covered by a confidentiality agreement

PwC conducted a series of interviews with prominent people in the marketplace, dealing with market trends and outlooks

Additional sources of information

The study also entailed the analysis and cross-checking of additional sources of information including financial figures, internal PwC data and publications by trade associations among other sources

Consolidation and Analysis

The data collected was analyzed using a top-down and bottom-up approach

Contents

Section *Page*

How has the digital market evolved?

1

2013 Key trends (1/2)

- The digital market **grew by 3%** during 2013 with a slight downturn later on compared to the first half-year, demonstrating the consequences of increased competition among different media.
- In 2013, the digital market was **the only growth segment** in an decreasing advertising market.
- The French digital advertising market remains **markedly less developed** than other advanced markets.
- This lag behind continues to be a **paradoxical situation** bearing in mind the digital equipment in French homes and the dynamic nature, notably where technology is concerned, of the French digital advertising environment.

2013 Key trends (2/2)

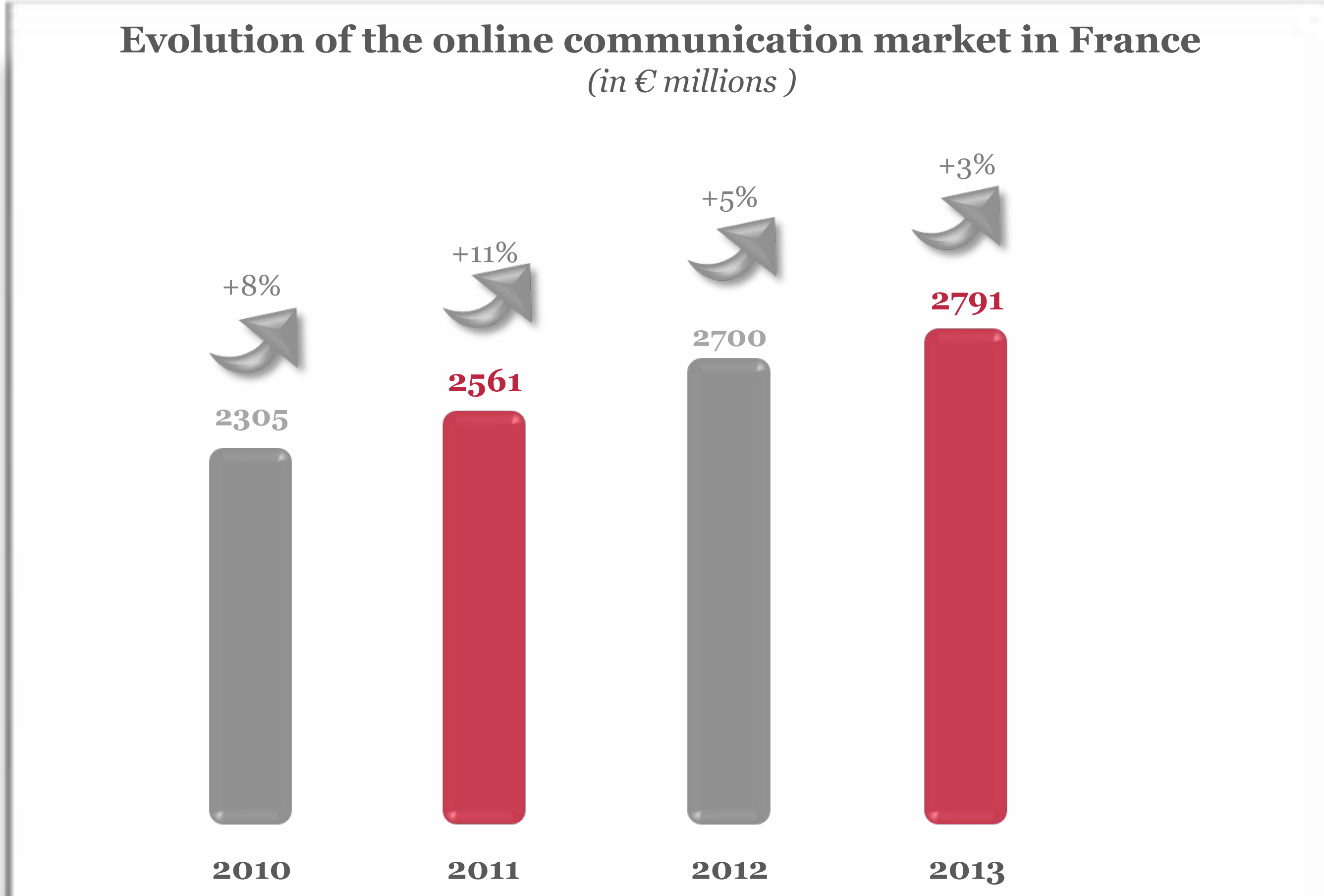
- The acceleration of RTB display means that access to display inventories is more fluid: it **reconfigures the market.** All parties involved are adapting their organization in order to respond to this evolution.

- The **audience swing towards mobile devices and tablets** manifests itself through increased investment in these devices that more systematically integrate media projects.

- The **dynamic nature of the video segment** supported by enhanced inventories show the interest of advertisers for this lever that combines coverage & effectiveness.

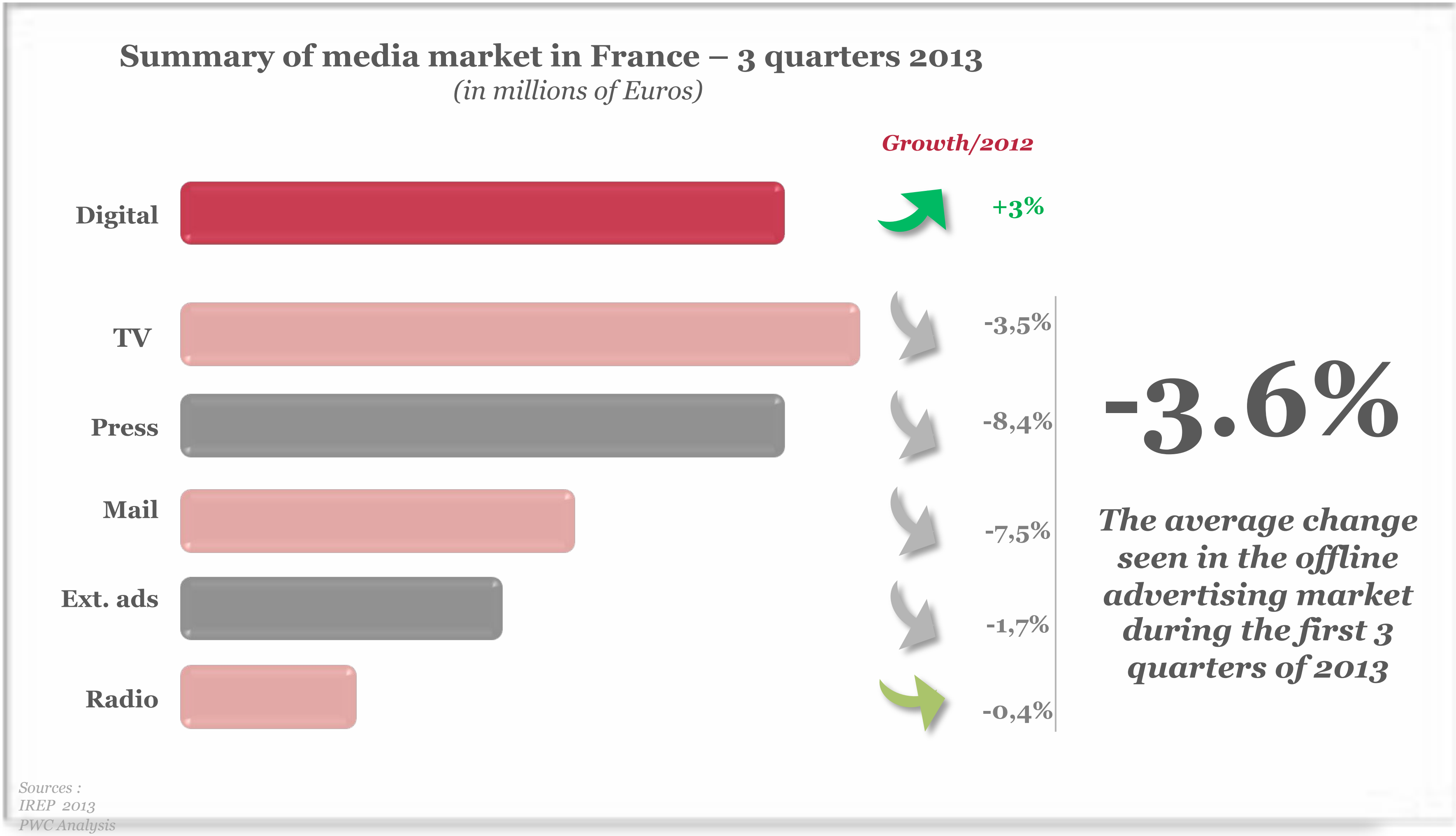
- The increased strength of programmatic is supported by initiatives launched by all parties to capture, integrate, analyze and **enhance the value of the data** (advertiser and publisher).

The digital advertising market grew by 3% in 2013

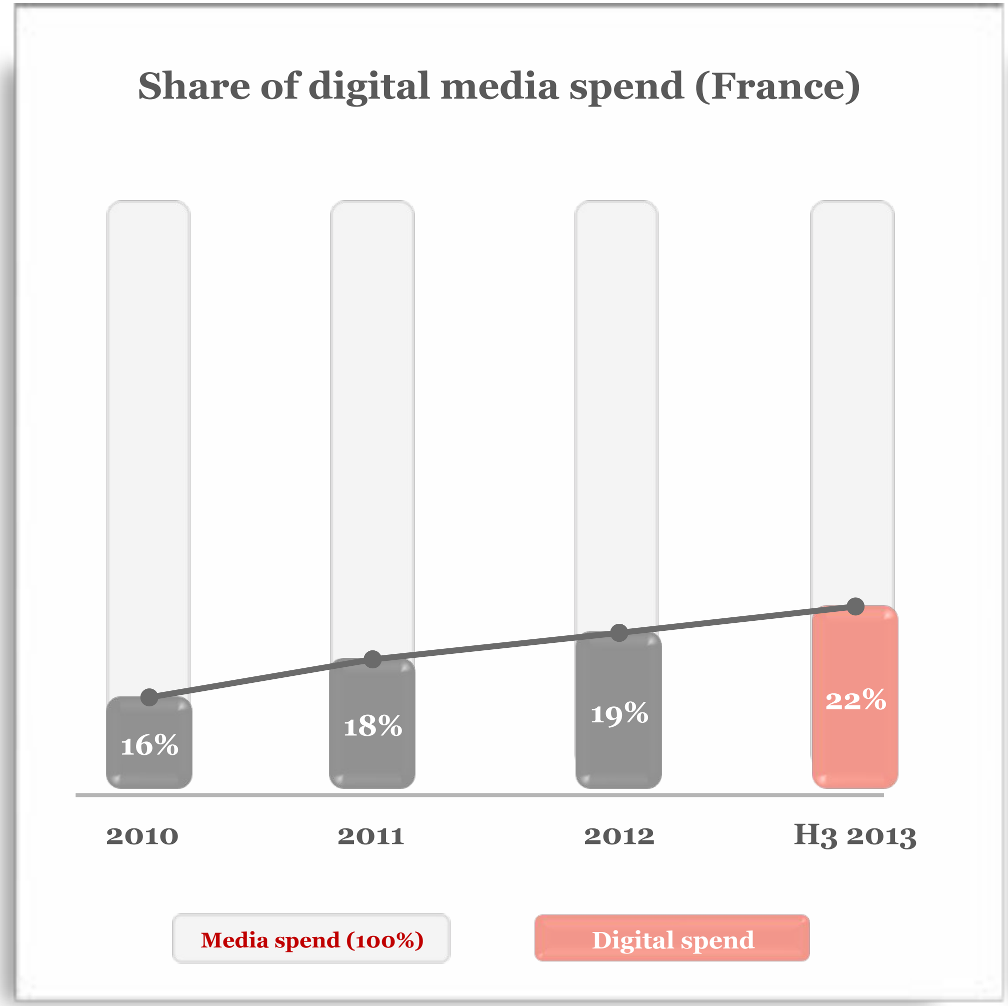


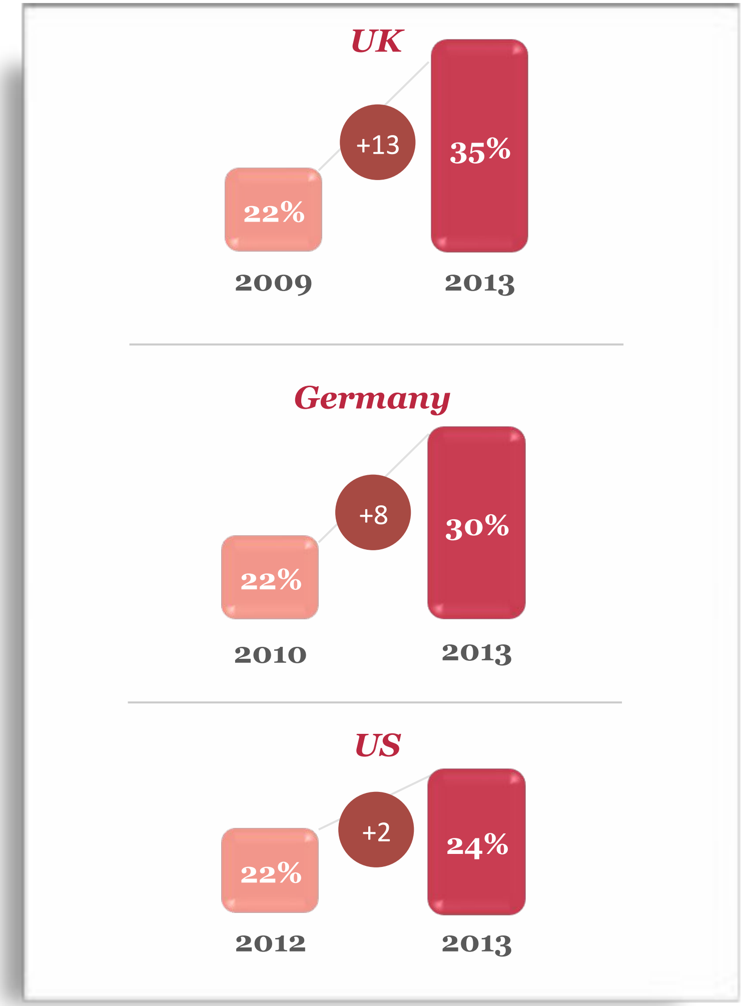
The scope of the figures comprises the following segments: Search, Display, Local, Affiliation, Emailing, Comparators, Mobile phones
The calculation of the total online market takes into account channel deduplication

Digital is the only growing advertising segment in 2013



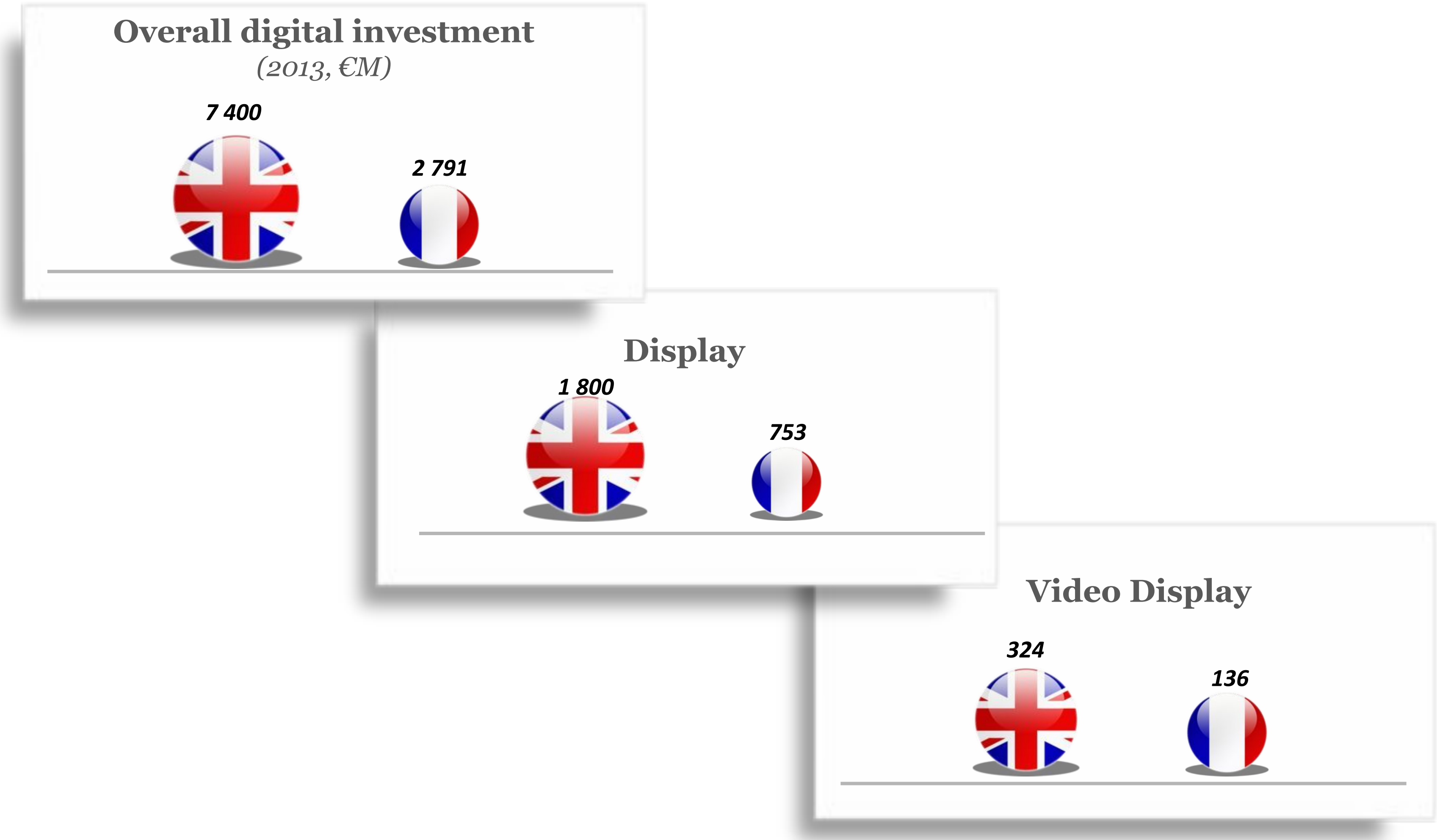
The digital share of advertising spend continues to grow, but France is still lagging behind advanced countries





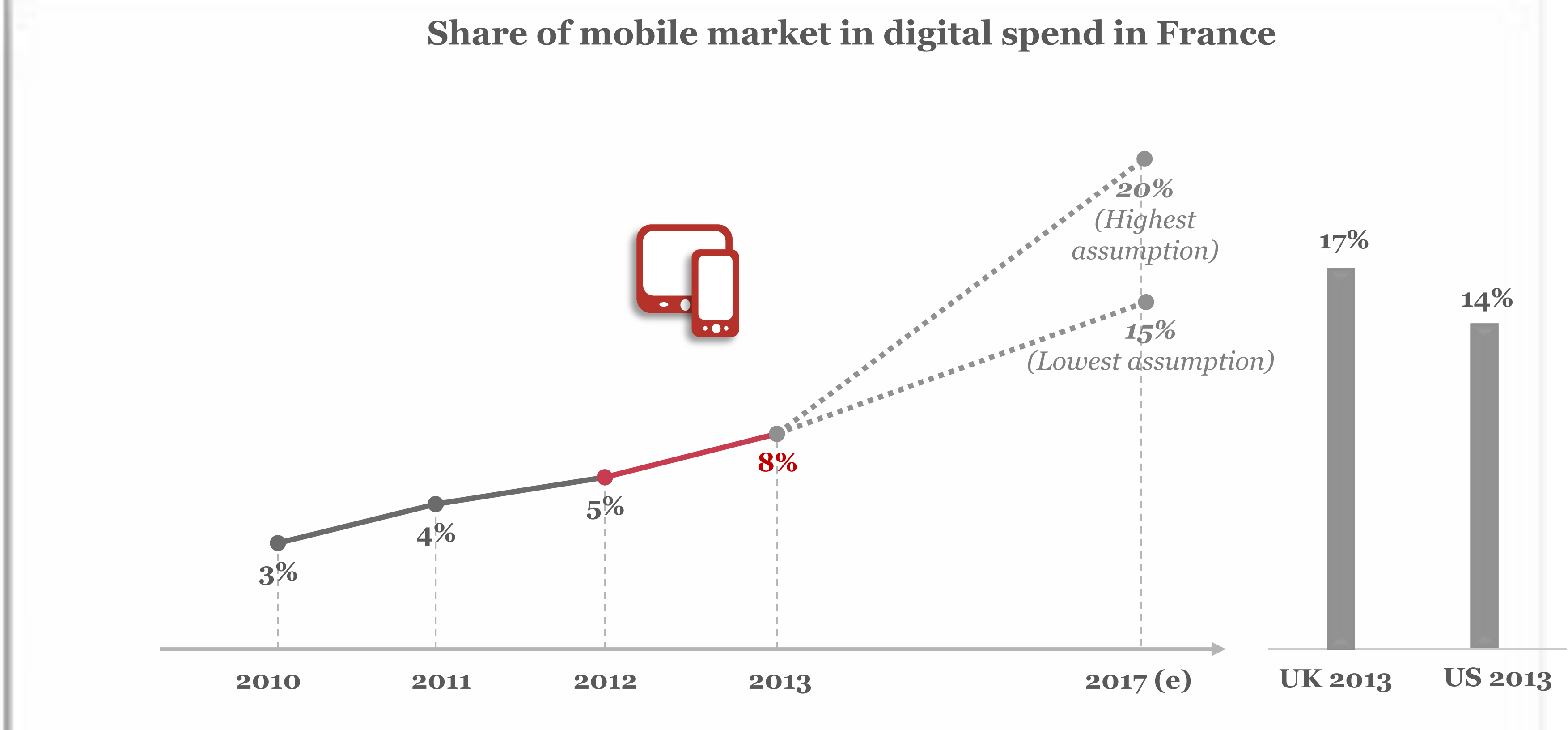
Sources : SRI, IREP, PwC Global Entertainment and Media Outlook: 2013-2017

This overall lag is reflected in the market's various sub-segments



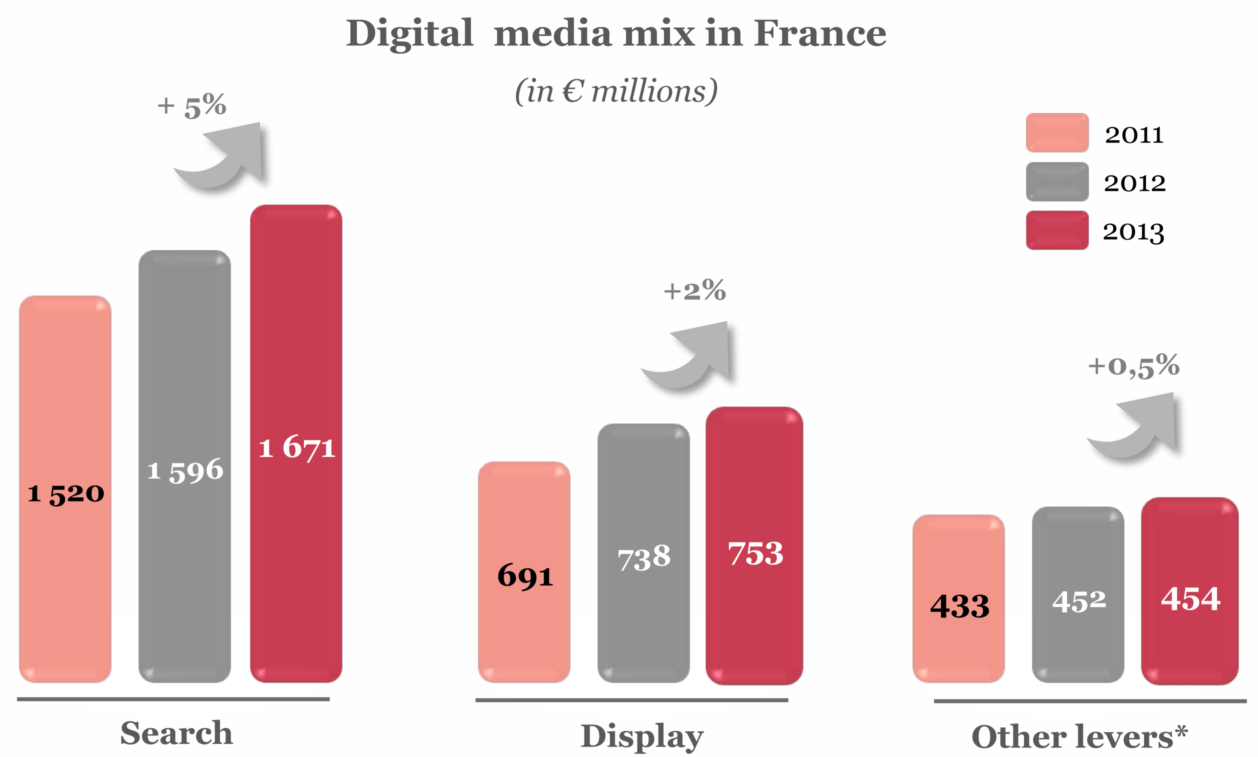
Sources: SRI / IAB UK Digital Adspend Results, Q1 data 2013 extrapolated for the whole year

A core trend to be more pronounced in2014: the increased power of mobile display investment



(e) : estimated
Sources: SRI, IREP, eMarketer2013, Global Media Outlook PWC

Growth dynamics vary depending on the digital levers (1/2)

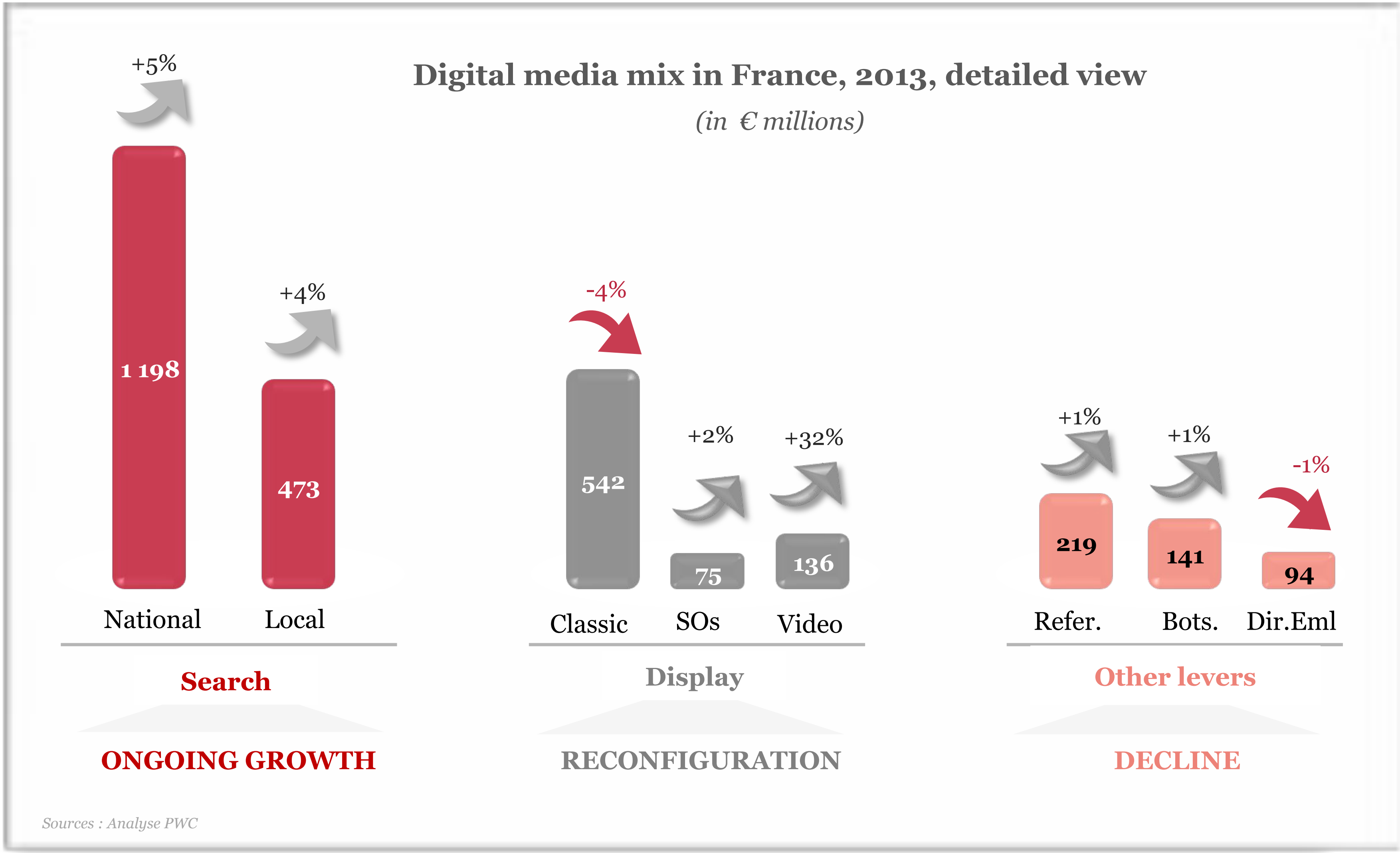


Share of digital (2013)	*58%*	*26%*	*16%*

Source : Analyse PWC

**Affiliation, Emailing, Comparators*
Search and Display includes local advertising

Growth dynamics vary depending on the digital levers (2/2)



Search: a segment that remained dynamic in 2013

1 671 €m
+ 5%

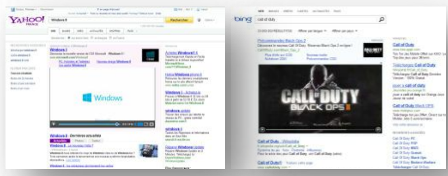
Search

+

- A **mobile search** momentum that drove the market forward in 2013 and that came in the wake of the dramatic rise in smartphone usage
- An increase in **local demand** supported by a drive to store rationale
- A significant increase in monetized requests on Bing
- An increasing maturity in advertisers performance-wise (Customer Lifetime Value)

\-

- Search budget management that is **still squeezed** with expectations of agility in the management of campaigns
- A balance is sought between search budgets and **natural referencing** in the acquisition strategy



Rich Ad In Search : A Brand click rate that has gone up from 15 to 55%
Yahoo for Microsoft
Bing for Activision

YAHOO! bing NETWORK

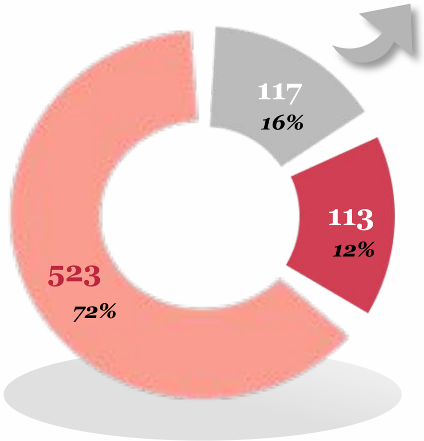
The Local Desktop offering enables store pages to be transformed into additional sales areas using the Store locator that is integrated into the brand's site
Solocal for Darty

Solocal GROUP

Display : The change becomes established in 2013

Display breakdown by buying method
(in € millions and % of display)

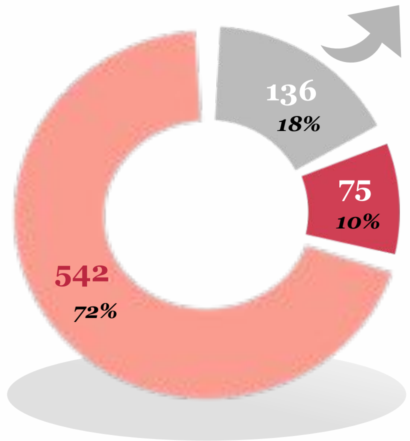
RTB Display : +125%*



Direct sites
AdNetwork
RTB display

Display breakdown by format
(in € millions and % of display)

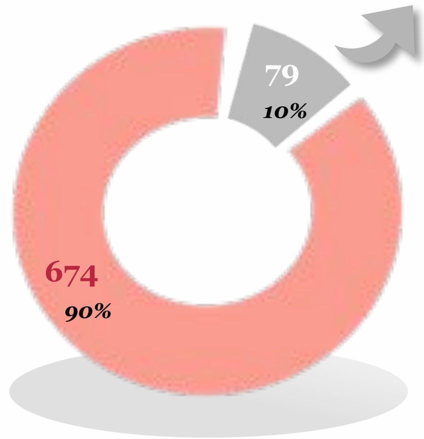
Video Display : +32%



Classic
Special Ops
Video display

Display breakdown by device
(in € millions and % of display)

Mobile Display : +55%



Desktop
Mobile Display (incl. tablets)

Scope incorporates the premises
Source: SRI, UDECAM, PwC analyses
**compared to 2012*

Other levers: performance models endured during this crisis period

€ 219 M — *Referral* — + 1%

- *Good e-commerce behavior driven by fashion/services/home/banking/ insurance sectors*
- *Transfer of a part of the performance devices to trading desks*
- *Stagnation of email activity, search and comparators vs growth of cashback/discount coupons*

€ 141 M — *Comparators* — + 1%

- *Powerful initiative from Google that integrates the market*
- *Some sectors are still impacted by the economic crisis (eg vacations sector)*
- *Mass market communication budgets seem to be crucial to out-performing the market*

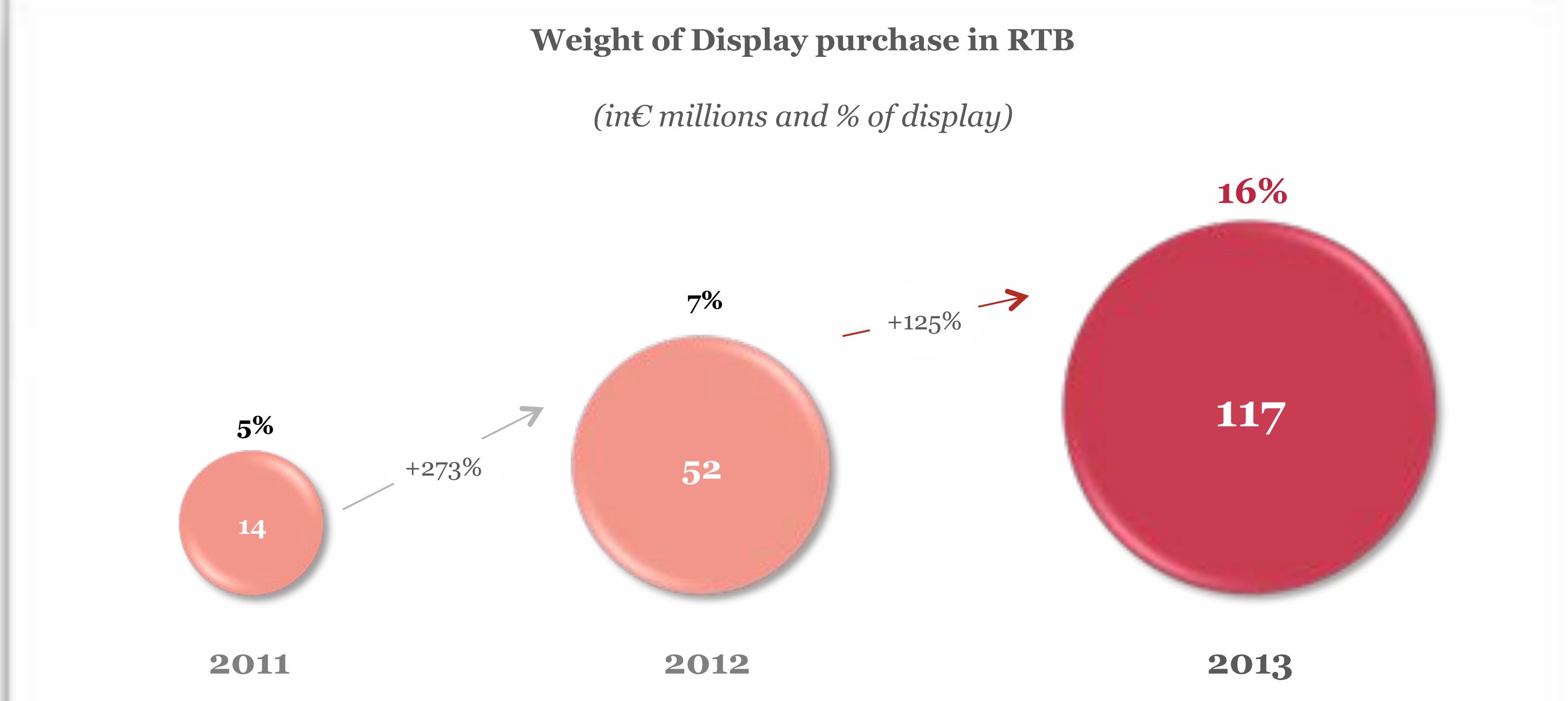
€ 94 M — *E-mailing* — - 1%

- *Stabilization of the volume of campaign advertisers, campaigns are better targeted and better scripted*
- *Growth in mobile device usage, not sufficiently monitored in terms of responsive design (email and target sites)*
- *Email retargeting continues to grow and accounts for almost 10% of the market in 2013*

How have buying methods evolved?

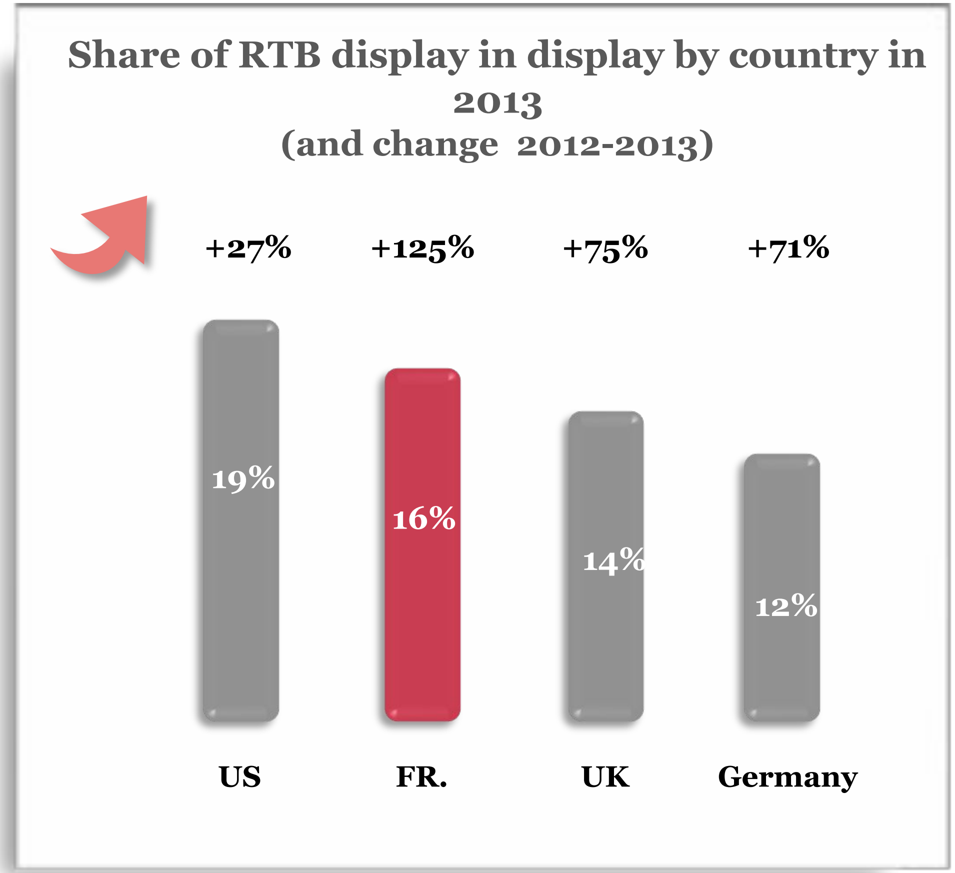
2

RTB has seen growth of 125% in 2013 and now represents 16% of display spending



Source PwC analysis

France is one of the leading countries in terms of RTB display deployment



Sources: IDC oct2013, SRI, e-marketer, PwC analyses

Specific features of the French market

- ***Considerable acceptance of French advertisers*** *under the impetus of trading desks*
- *Growth of* ***Ad exchange premiums***
- *Strong* ***retargeting*** *activity*
- ***Entrepreneurial drive*** *in the market (independent trading desks)*

2013 marked a turning point in the way the RTB display offer was structured

2011-2012, the emergence of…		What's changed in 2013…
Additional purchasing lever from direct purchase	Reach	Huge increase in audience numbers, massive rise in inventories (+184%)
Little to no data-media combination	Targeting	More frequent usage of data in RTB display, enhanced performance monitoring
Limited formats, non-garanteed, below the fold	Formats	Dramatic rise in video display, integration of premium formats

2014 is expected to feature pronounced growth in RTB display, driven by :

RTB Video

- **Attractiveness** of support to advertisers (coverage/impact)
- Ongoing growth of **inventories to be monetized**
- Growth of **Ad exchange premiums,** quality of inventories available

2014 : MATURITY

Data

- Better integration of DMP within SSP
- Advertisers: Integration of advertising data/CRM
- Ad exchanges: increase in power of data-media offerings

2014 : DEVELOPMENT

RTB Mobile

- Recent opening of several **Ad exchange** mobiles
- Significant mobile display **inventories** available ready for value-adding initiatives
- Progressive lifting of brakes to **tracking**

2014 : EMERGENCE

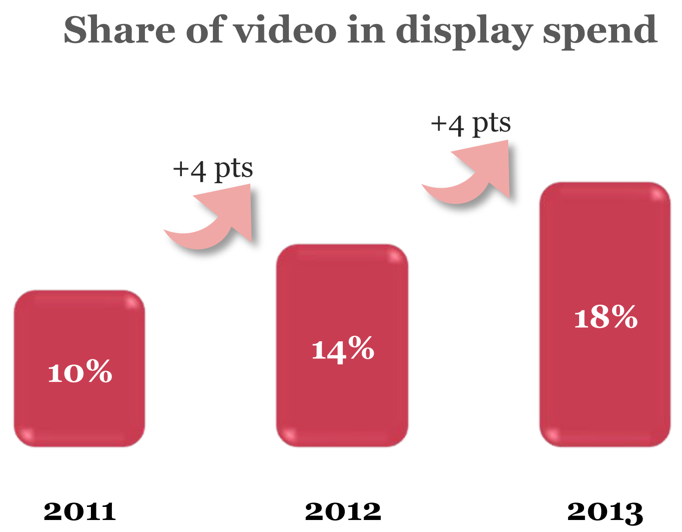
Technology

- Better **interoperability** of platforms to optimize inventories and transactions
- Strengthened **performance management** and visibility
- **Even greater transparency** in proposed formats and inventories

How have formats evolved?

3

2013 was a year of very strong growth for video that now represents over 18% of display advertising

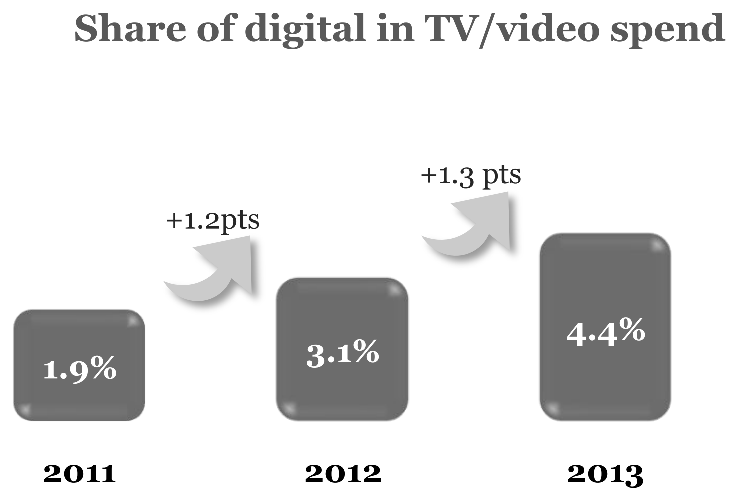


Source: PWC analysis

- *Growth in the number of campaigns*
- *Campaigns led by all major advertisers*
- *An increase in the power of premium inventories that is manifested as an overall stability in the CPM*
- *Pronounced increase in video purchases in RTB display*

Source: PWC analysis, IREP 2011 –2013 (last quarter of 2013 estimated)

Stronger links between TV and video have been observed as part of media planning



- *Video is becoming more important, particularly via the more frequent links to TV planning*
- *Video is still a secondary lever in relation to recorded TV budgets*

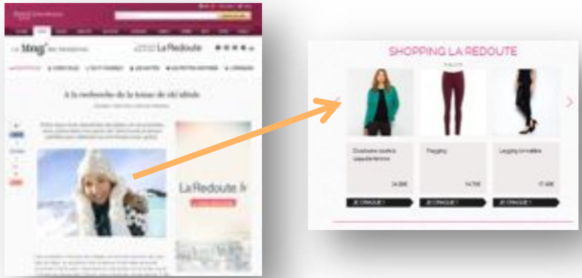
Source: PWC analysis, IREP 2011 –2013 (last quarter of 2013 estimated)

All players in the video segment have seen strong growth in 2013

TV channels	*Video display networks*	*Platforms*	*Social Video*
Dynamic	Dynamic	Dynamic	Dynamic
▪ Development of IPTV, increase in value of multi-screen offerings ▪ Integrated TV/digital campaigns, rationale of audience extension ▪ 2nd screen special operations	▪ Significant publisher investment in video inventories ▪ Increased demand for formats other than 'in-stream' ▪ TV synch offering means that individual multi-taskers can be reached	▪ Increased strength of Ad Exchange, accelerating monetization of inventories ▪ Pronounced development of mobile display video, linked to dramatic rise in audience figures	▪ Shift upmarket of content, contributing to viral marketing potential ▪ Good performance of Native Ad offerings ▪ Strong mobile growth with developments in structural framework

The growth in the video segment is supported by innovation in what is being offered by the players

Synchronization of media / inventory



Synchronization of fashion video and items promoted live: items are presented in advertising carousel format enabling their purchase at the same time as the fashion video sponsored by La Redoute is playing

Yahoo forL a Redoute

Synchronization of Web / TV

Synchronization means that a new interactive experience can be made available: for the test of the new Coccinelle car during the broadcast of the French car TV show 'Turbo' (live and replay) ad placements were synchronized and contextualized for 1st and 2nd screens for live and replay broadcasts.

Channel M6 Digital Advertising for Volkswagen

Branded channels on IPTV

Launch of the 'Miss Beauty' IPTV channel with a view to pre-empting the cosmetics territory on connected TV and enhancing customer proximity...whilst awaiting t-commerce

***Channel TF1* Advertising for Yves Rocher**

Retargeting video-to-email / email-to-video

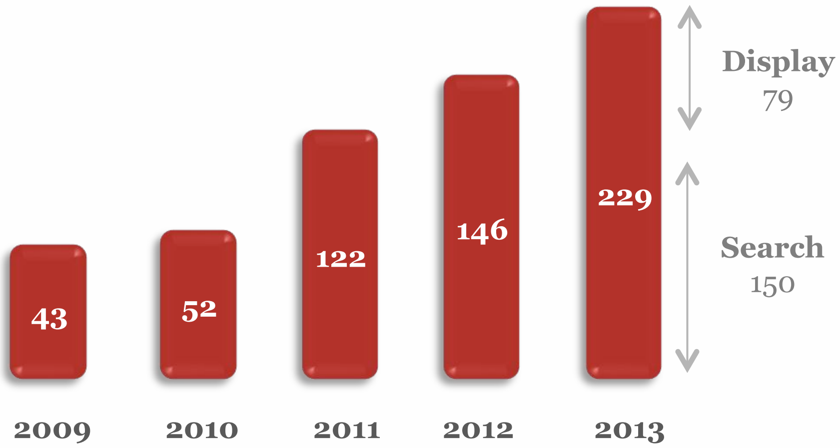
The **email retargeting** offering provided by **Advideum** means that the internet experience can be prolonged by establishing contact straight away with an individual exposed to a video ad. The feedback suggests that **email opening rates are 2.5 times higher** than the market average.

How have devices evolved?

4

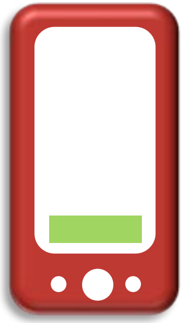
In France, the growth in Mobile display seen in 2012 is more pronounced in 2013

Change in Mobile investment (Search and Display)
(in € millions)



+57%

Figures for mobile Display+Search and local are integrated
**Not including connected TV*
Source PwC analysis



+55%

investment in Mobile Display between 2012 and 2013

Source PwC Analysis

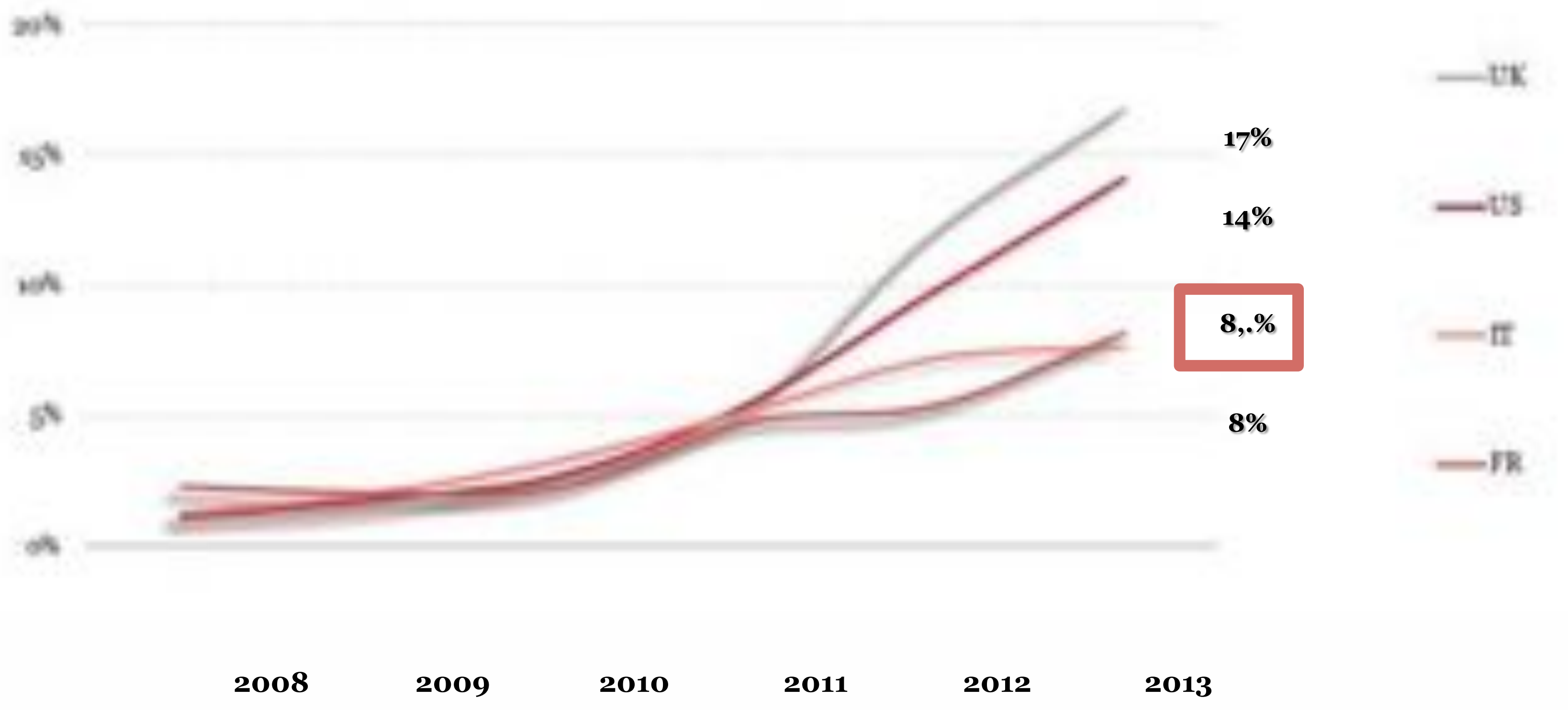
+59%

investment in Mobile Search between 2012 and 2013

Source PwC analysis, Local integrated

Mobile has exceeded 8% of digital spend but still lags behind other European leaders

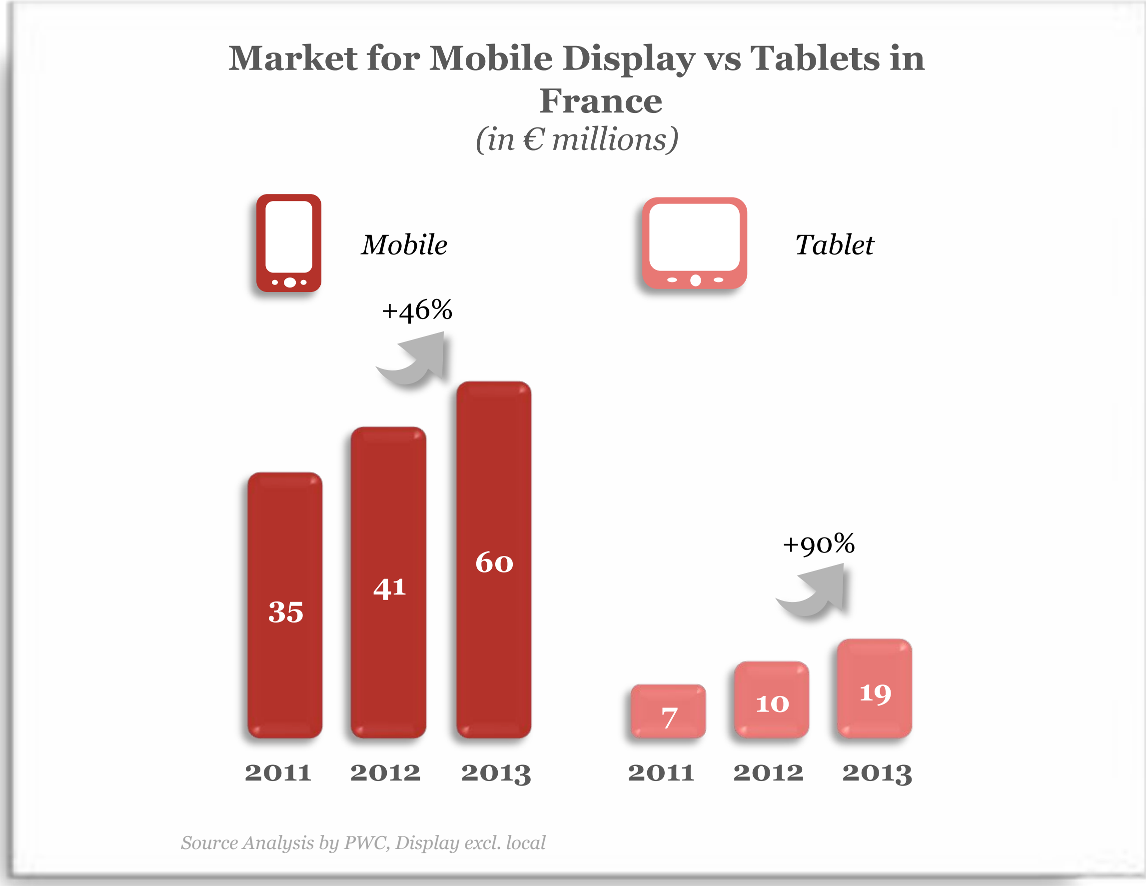
Share of mobile*
In digital spend by country



**Mobile and tablet Search and Display*

Sources: PwCGlobal Entertainment and Media Outlook: 2013-2017, SRI

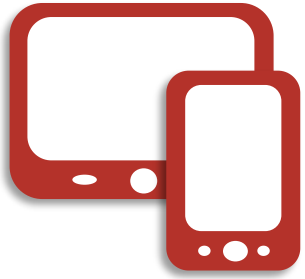
Driven by high usage, investment in tablets is making a significant contribution to the growth of the Mobile segment



4 factors contributed to the growth of Mobile in 2013

Innovative formats
enabling added value to be given to differentiated usage of mobile (touch, voice etc) and development of measurable engagement

Social mobile usages
have mainly been developed and monetized via native formats

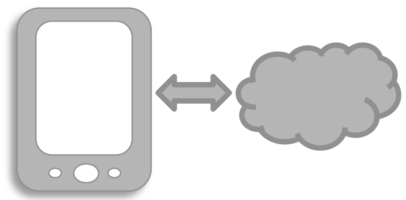


Mobile benefits from dynamic video*: 26.5% of video-surfers in 2013, +77% vs 2012, effective viral marketing potential for brands*

Drive to store mechanisms
are rapidly increasing in number and enable audiences to be geo-targeted in catchment areas

4G, RTB, retargeting - new growth levers for Mobile in 2014

Rapid growth of mobile RTB that stimulates the monetization of inventories



Increased power of 4G that stimulates the development of inventories and formats

50%

More traffic on the move compared to 3G

Increased power of mobile advertising that is geolocalized with development of local market

Dramatic growth in web display
Lined to systematization of responsive development

Mobile, campaign formats take full advantage of the specific features of the devices

orange Advertising

Orange – Drive to store mechanism for Assu2000 insurance brokers

Geolocalised advertising mechanism linked to GPS mobile Waze
Integration of pins representing Assu2000 offices at the core of the taken over Waze application maps
Clicking on a pin highlights the new promotional offer

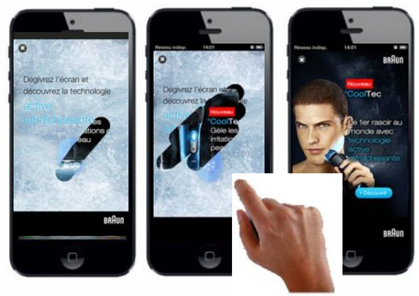
TF1 PUBLICITE

TF1 – Multi-screen mechanism for Renault

A hyper events-driven format enabling maximum cross-device coverage for a campaign
1 exclusive day of interstitial video on 4 screens (mobile, tablet, PC, IPTC) and 6 sites

SFR Régie

SFR – Touchscreen -scratch format for Braun



A Mobile format that invites the mobile browser to de-ice the screen by scratching it to explore underlying technology > Reinforced interaction

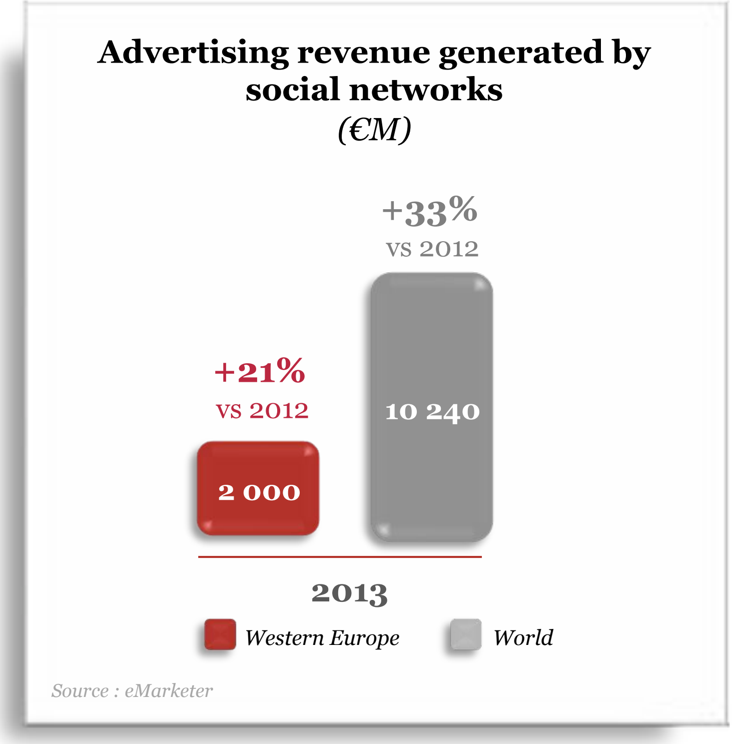
Spotlight on trends in 2013

5

Social

5.1

Advertising on social networks has seen continued growth and represents 5% of the digital spend



5%

of digital spending in France was allocated to social networks in 2013.

Source: analysei byPwC

EXCL.

Owned *page Or corporate account on social network*

Earned *brand influencers and generators on social networks*

Social Ads: experiences and content echo with usage and expectations

A powerful social presence for a special initiative by the **Public Glam Award (PGA)** for **Gemey Maybelline**:
•Cover Picture co-branded on Facebook
•Co-branded thumbnail leading to Facebook section dedicated to Public Glam Award
•Dedicated co-branded Facebook page
•Public Glam Award articles with advertiser citation
•Tweets from Public Glam Award sent to advertiser site

Lagardère Advertising for Gemey Maybelline

In order to gain new mobile users, Keyade turned to the Facebook's Mobile App Install advertising format. Its ease of use and its high-impact format (presentation text, image and call-to-action) acted as powerful downloading incentives.

Keyade for OLX

The French TV channel TF1 Digital's TWITTER AMPLIFY solution provided the opportunity to dive into the heart of the social conversation

•During the match, TF1 tweets the best moments to its 960,000 followers
•Sponsoring of videos of the best match moments

TF1 Advertising for Playstation

Data

5.2

Data in the digital advertising market: an fast developing offer, a key issue for all players

- DMP project publishers
- Construction of data-media bundle

- Growing inter-connection of platforms with DMPs

- Increased strength of Data marketing
- Significant increase in number of DMP projects
- Increasing use of third and first party data

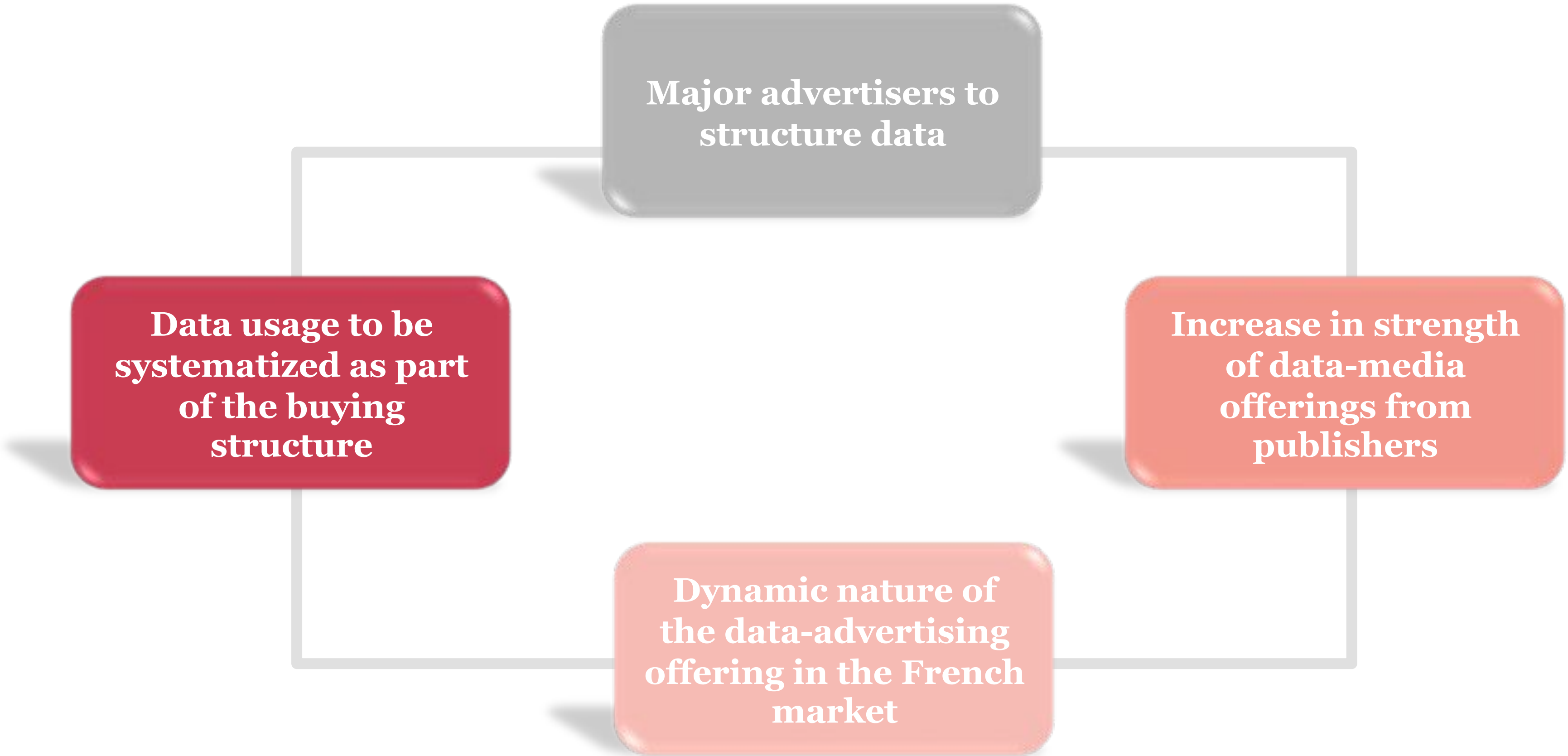
Publishers/Producers | **Technology providers** | **Agencies** | **Advertisers**

Data specialists

DMP | **Data exchange** | **Advice** | **Segmentation** | **Analytics** | **Predictive targeting**

Development of body of specialized players
(different specialty areas and different core make-up)

The market for data will strengthen in 2014



SSources: WinterberryGroup -The Data Management Platform: Foundation for Right-Time Customer Engagement

:

Data: greater campaign effectiveness, proven by analysis

YAHOO!

Yahoo – Consumer Connect, Drive to store for Coke Zero

1.Selection of relevant consumers *depending on their in-store behavior*

2.Analysis of these consumers' behavior *Online and creation of a profile type (predictive)*

3.Targeting of Yahoo campaign *based on created profile*

4.Measurement of impact *of the campaign through exposed/non-exposed panels*

The Yahoo value proposition enables a designated target to be reached and the campaign's effectiveness on in-store sales to be measured
Recorded ROI of €4.9

3W|Régie

WWW management – targeting of potential buyers of Nikon cameras/video cameras

Nikon promotional initiative
Analysis of actual data of websurfer navigation (product information sheets) and targeting of potential buyers
+200% click rate during the initiative

TURN

Turn/Adventori – Dynamic display for Spirit

=Advertiser data (price, stock etc)
+ Actual data (geo-localisation, weather etc)
+ Publisher data (contextual information, predictive or actual behavior)
=
Display of a page / promotion

Native Advertising

5.3

Native Advertising a new feature in the digital landscape

«Advertising that aims to integrate brand content into an editorial environment in order not to interfere with the reading experience»

Source Adyoulike–Ifop October 2013

Over and above editorial advertising, multi-device content is being viewed on demand

Strong signals of a sustainable presence in the market

Success stories in the US

- Buzzfeed : 100% of revenue as Native Advertising.
- Forbes : 53% native ads, a 27% increase in 2013
- NY Times : over 100 000 dollars for a special initiative on the publisher Home Page sending the reader to native content

Dramatic increase in native formats on social media

- FB : Native = 5 to 10%of ad impressions in 2013, 60% of revenue
- Twitter promoted tweets : 100% native
- Pinterest : tests in progress relating to introduction of promoted pins

Increased strength of specialized players

- Recommendation platforms based on targeting algorithms
- Outbrain : new funds raised to value of €25 millions at end2013
- Purchase of Hubbl (native advertising platform on mobile) by Airpush for $15 million

As far as Content is concerned, publishers now structure their brand publishing offer to boost advertiser brands

Increase during 2013 of announcements of the creation of structures dedicated to brand publishing

les ateliers FIGARO CRÉATEUR DE SOLUTIONS ORIGINALES

Dailymotion Studio

M6 CRÉATIONS

Amaury Publishing

PRISMA creative MEDIA

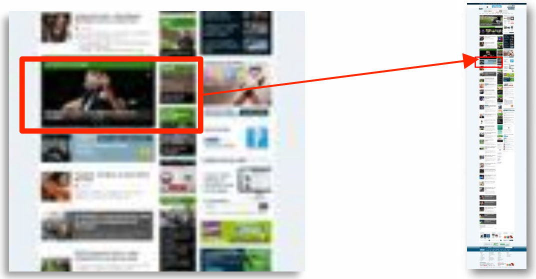
TF1 PUB PRODUCTION

M Publishing

- **Journalistic expertise boosted**
- **Content co-created between producer and advertiser**
- **Teams that are integrated but distnict from editorial input**
- **Specific skills (webodesign, strategic planning, technological)**

Market trends that are conducive to offerings being developed

Native Ads: formats more integrated than ever that blend into the customer experience



Editorial slots integrated into the news flow that send the reader to a purely Brand Content page where an advertising partner describes what they do
Amaury Media for Renault

Creations that are integrated into the Viamichelin roadmap: an innovative native format (**Orange Advertising for French Government Home Office)**

Format is fully integrated into the structure: the column is used to present the profile associated with emails when an email is displayed.
Native format generates twice as many clicks as the average display market
Microsoft Advertising -Outlook

Cross-media fashion styling tutorial from **Prisma Press for the TEX brand:** creation of a space dedicated to the brand's colors including stylist advice and editor's favorites

What is the outlook for 2014?

6

The evolution of the market is characterized by 3 dimensions that are expected to persist through 2014

CHANGE

in audiences
in players
in organizations

CONVERGENCE

Of screens
of initiatives
of digital levers

TECHNOLOGY

Data
real-time
structure

2014 Outlook

•**The share of digital and in particular of mobile to continue growing** within the global advertising market

•**RTB to become increasingly prominent** within the display purchasing strategy, the French market to continue to lead and innovate for this buying model

•**Significant increase in DMP projects** (Data Management Platforms) to showcase the growing interest of advertisers and publishers in boosting the value of their data

•Publisher initiatives aimed at strengthening their **Brand Publishing** offers to energize the special initiatives segment

•Increased power of **Native Advertising** to showcase the renewal of classic display around formats suited to web-surfer expectations

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Annexes

7

Members of the DRI and UDECAM

- 3W Régie
- Adconion Media Group
- Amaury Médias
- Au Féminin
- Caradisiac
- CCM Benchmark Advertising
- Com Quotidiens
- Dailymotion Avdertising
- Express Roularta Services
- Figaro Medias
- France Télévisions Publicité
- HI-Média
- Les Echos Médias
- GMC Connect
- Horyzon Média
- Lagardère Active Publicité
- Leboncoin.fr
- M6 Publicité Digital
- M Publicité
- Microsoft Advertising France
- Next Régie
- Orange Advertising
- Prisma Media
- Régie Obs
- SFR Régie
- TF1 Publicité Digital
- 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