H1 2014
12th Edition – July 2014

#Obsepub

Observatoire de l'e-pub

présenté par SRI LES RÉGIES INTERNET

réalisé par pwc

en partenariat avec UDECAM

Actors interviewed for the report

PRISMAPUB VIVEZ LA PRISMA TOUCH
amaury médias
HORYZON MEDIA
Solocal GROUP
FIGARO MEDIAS affluent people
Microsoft Advertising
vivaki
mobvalue créateur de valeur sur mobile
SFR Régie
Ogilvy
LAPLACEMEDIA
esv digital
OmnicomMediaGroup
YAHOO!
TF1 DIGITAL PUBLICITE
MOBILE MARKETING ASSOCIATION
iProspect.
appnexus
orange Advertising
HAVAS MEDIA
TURN
Overviews
sncd l'expertise multicanal syndicat national de la communication directe
FLORENCE CONSULTANT
M6 DIGITAL PUBLICITE
ADVIDEUM
zanox.
COLLECTIF DES PLATEFORMES D'AFFILIATION CPA
RE—MIND.
nugg.ad predictive behavioral targeting
ezakus CAN YOU READ MINDS?
EASY VOYAGE .com Tout savoir pour mieux voyager

Report methodology based on collected quantitative data and 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

PwC's analyses account for changes in the perimeter, linked to the entrances and exits of different players, as signaled in the study responses.

Contents

Section *Page*

How has the digital market evolved?

1

5 growth trends in digital advertising

Mobile

Development of mobile Internet practices

+7 pts

36% of the mobile web audience in March 2014, compared with 29% in March 2013

Médiamétrie

E-Commerce

Smartphones & tablets stimulating e-commerce

+11%

growth in e-commerce revenue in Q1 2014, over Q1 2013

FEVAD

Multi-Tasking

Development of multi-tasking

1/3

of TV audiences multi-tasking (social networks, video, etc.) during the 2014 Soccer World Cup

France-Switzerland match, MédiAddict / Zénith Optimédia

Social Networks

Audience extension

+2 pts

38% of French people use a social network in 2014, compared with 36% in 2013

** eMarketer estimates*

Video

Growth in multi-screen video use

+7%

online video watchers in February 2014, over February 2013*

** Unique visitors, Médiamétrie*

Key trends in for H1 2014

+3%

Sustained growth of the digital market **during the first half of 2014**

The only segment on the rise on a slow advertising market

Search is maintaining its rate of progress, driven by Mobile and Local

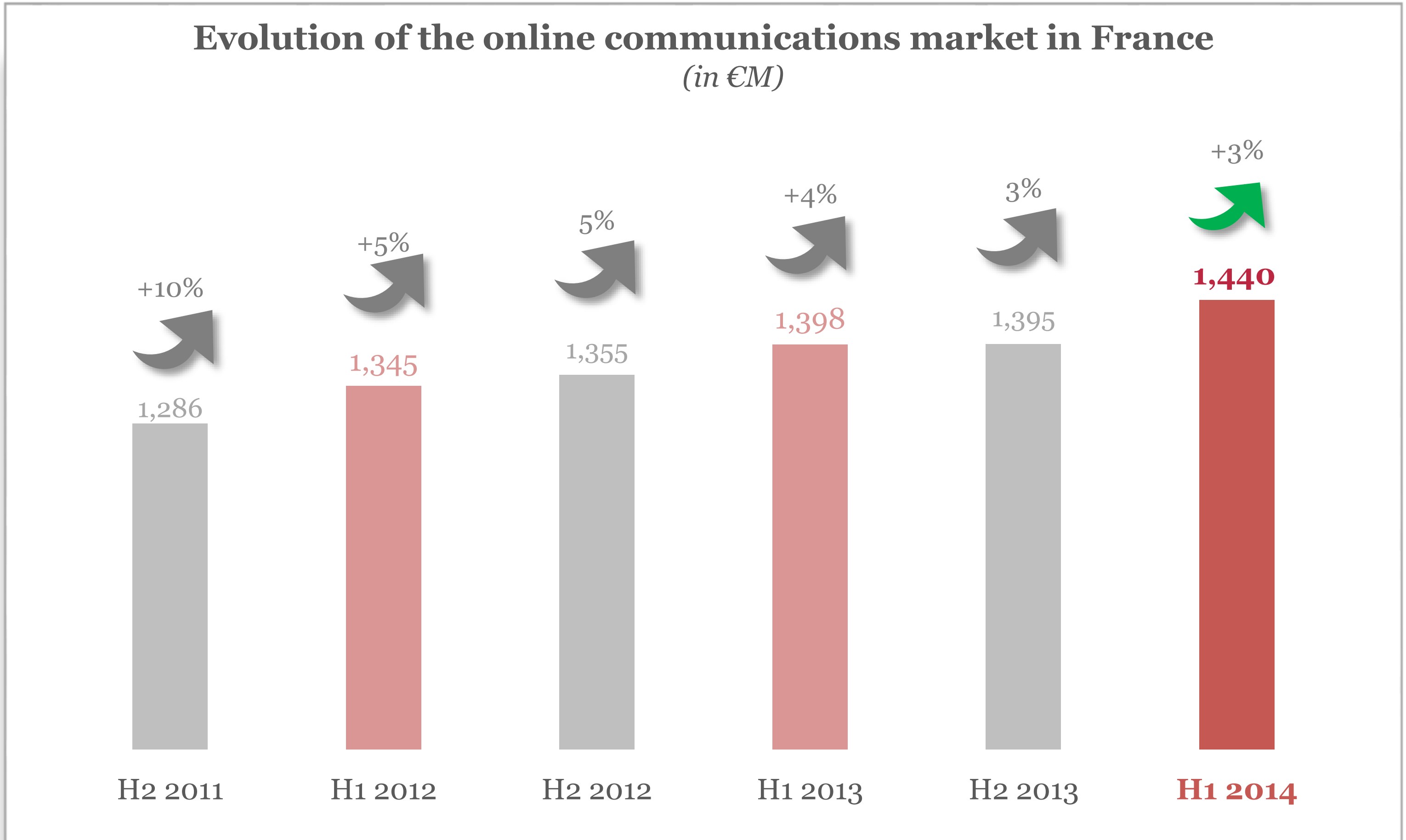
Media growth largely borne by smartphones and tablets, capturing a rising share of audiences and ad spending

Display advertising remaining dynamic and **continuing its transformation**

Referrals, Direct E-Mail and Shopbots

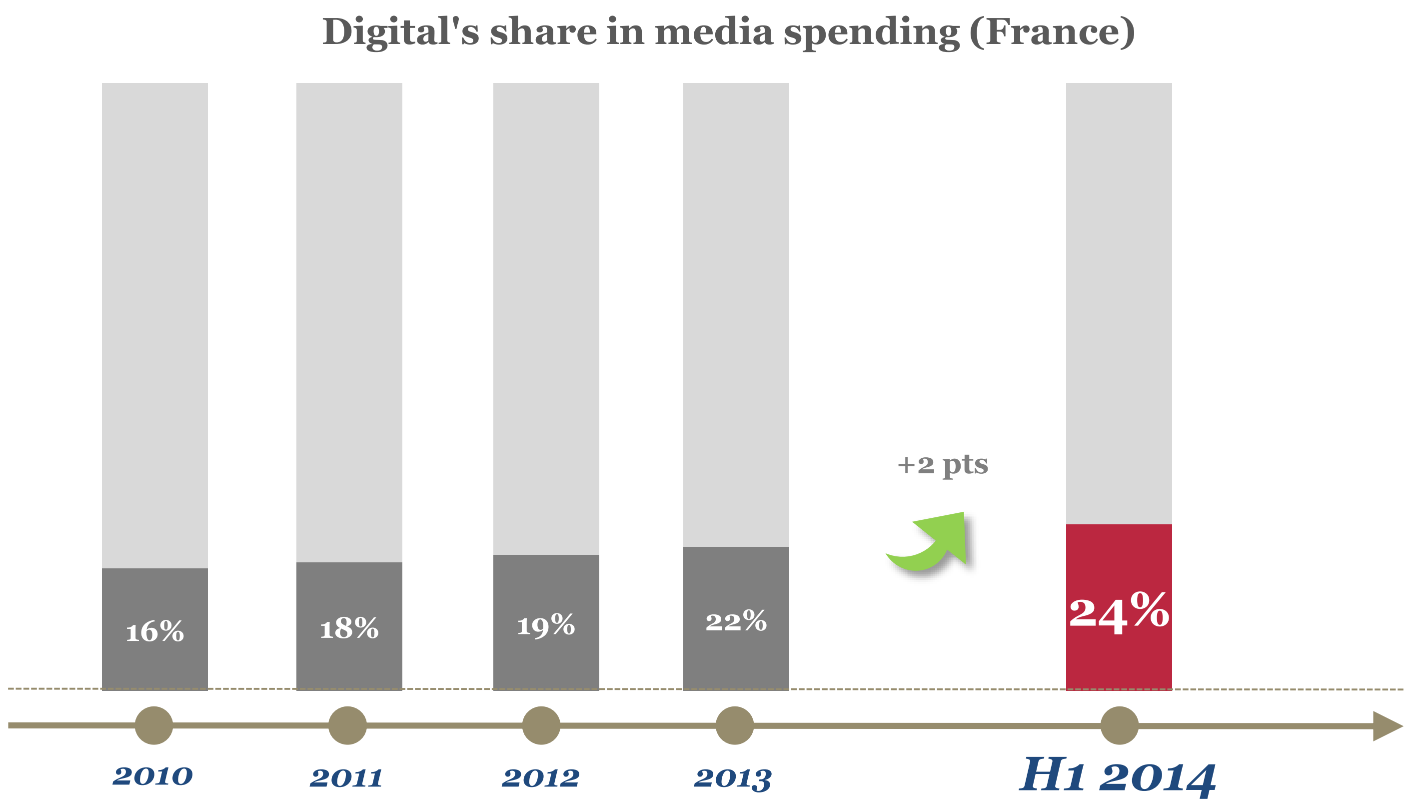
Others levers setting and **accelerating the pace of their reorientation toward a more quality-centric model**

Digital advertising experienced 3% growth in H1 2014, compared with H1 2013



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.

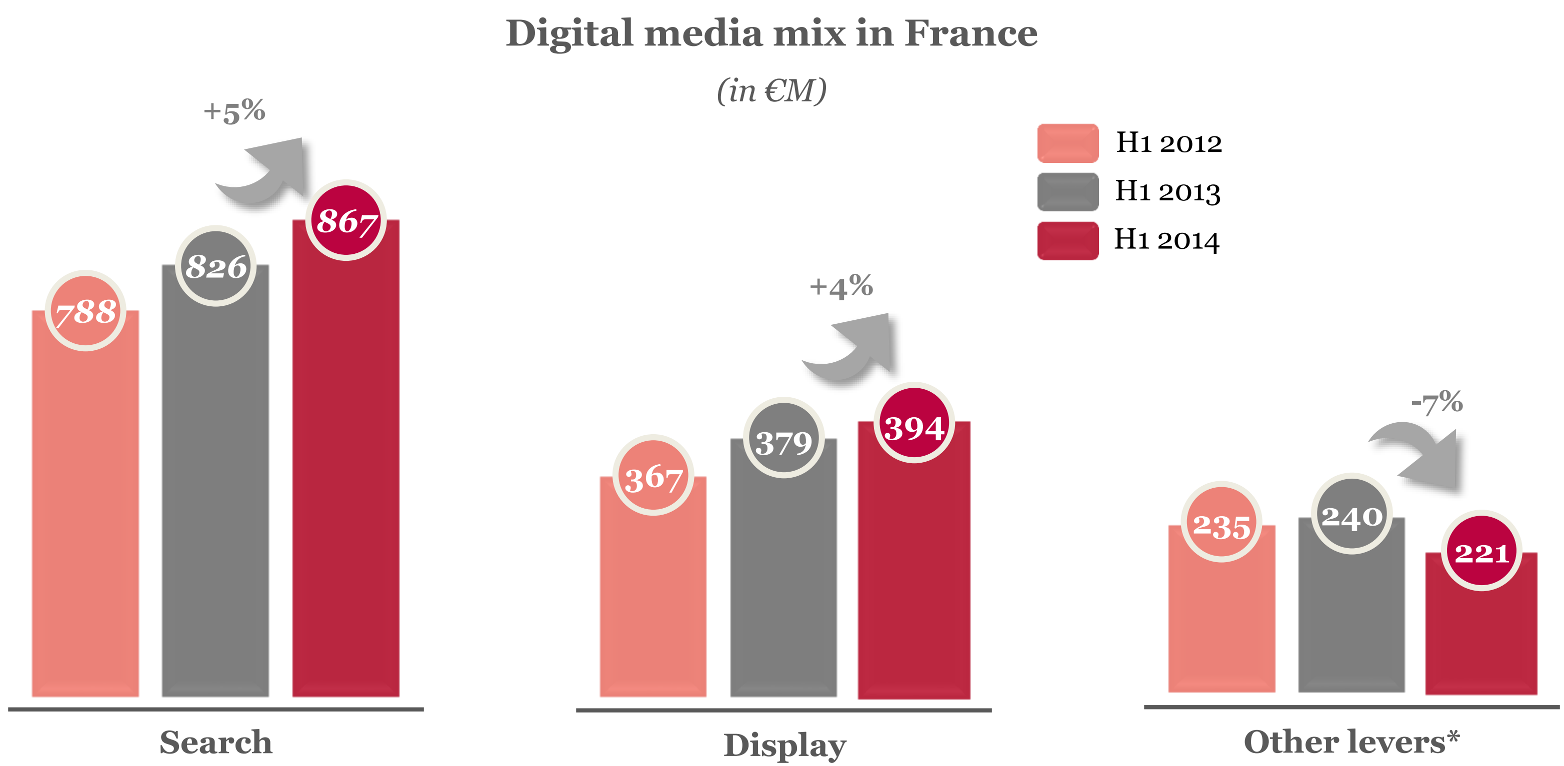
Digital's market share continues its rise, now accounting for 24% of media spending



Note: The size of the reviewed multimedia market was based on: 1) Offline IREP, extrapolated to the half-year based on Q1 2014 data and 2) Online H1 2014 SRI data

Sources: SRI, IREP, PwC Global Entertainment and Media Outlook: 2014-2018

Dynamic growth for Search and Display advertising while other levers move into a consolidation phase

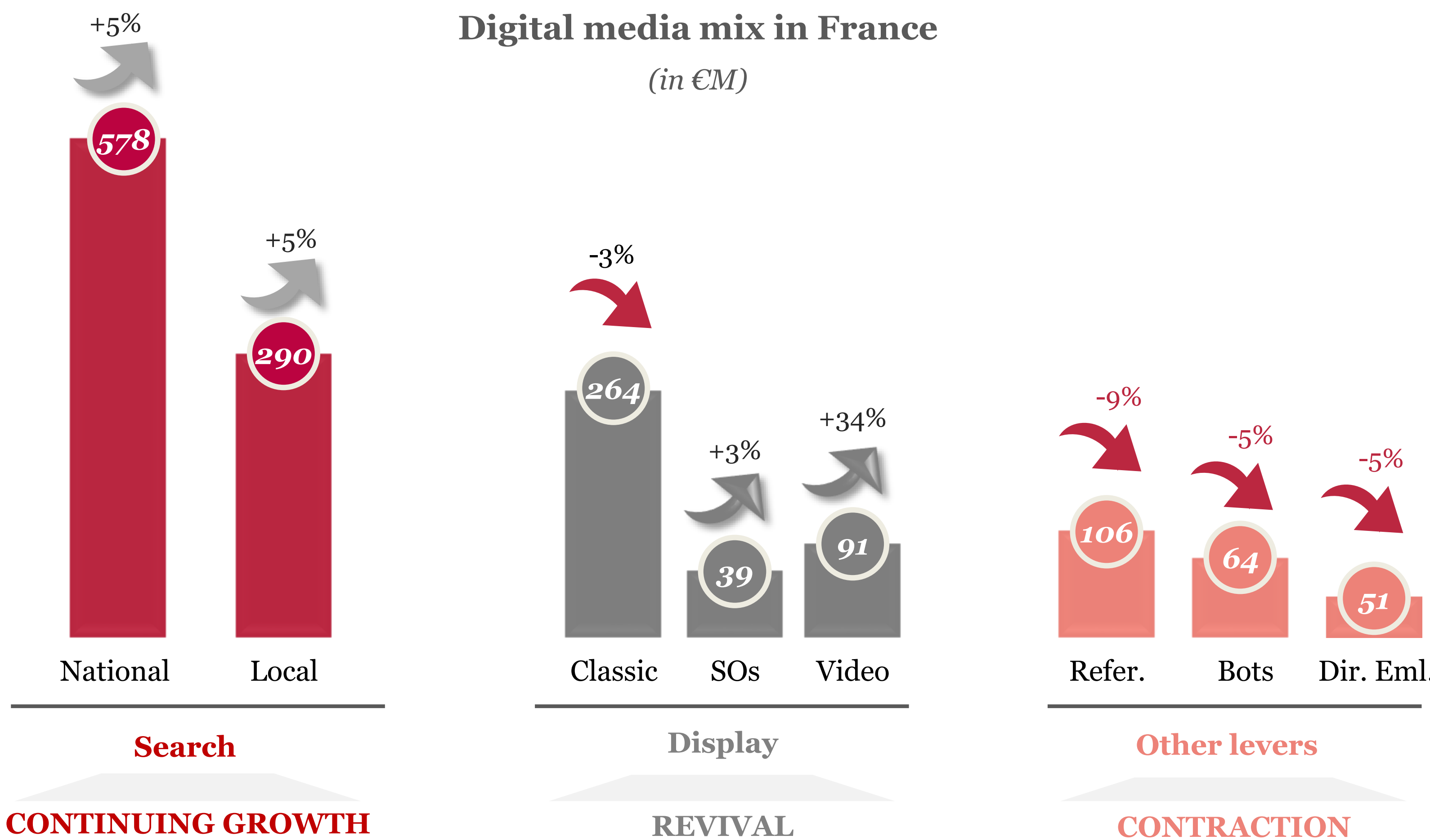


Share of digital ads (H1 2014)	*58%*	*27%*	*15%*

Note: The "other levers" include the following segments: Referrals, Direct E-Mail, Shopbots.
This analysis includes some duplication between Display, Referrals and Direct E-Mail.

Source: PWC analysis

2013 trends confirmed across all segments in H1 2014



Note: The "other levers" include the following segments: Referrals, Direct E-Mail, Shopbots.
This analysis includes some duplication between Display, Referrals and Direct E-Mail.

Source: PWC analysis

Search segment still dynamic in H1 2014, with a strong performance in Local Search

Search Engines

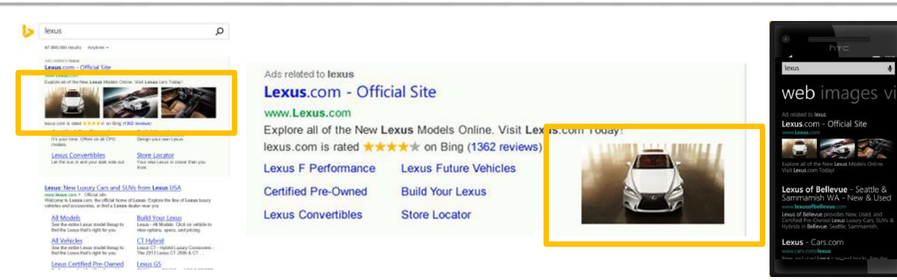
€867M +5%

- *Continued growth in SEM thanks to increased time spent on **smartphones** and **tablets**, stimulating **Mobile Search***
- *A more dynamic segment thanks to **new formats and new solutions***
- *Lively **local demand** driven by:*
  - ***Web-to-store:** importance of store visibility on the web and mobile devices, for boosting in-store conversions to sales (mini-sites, "click & collect," etc.)*
  - *The explosion in **transactional services** (e-commerce, hotel reservations, etc.)*

***Bing's Image Ad** solution can display up to 3 images in search results*

- *The images are expanded on the result appearing in first position.*
- *Focus on format standardization and reusing resources.*
- *Ads are displayed based on their relevance and quality thresholds.*

Bing for Lexus



Referrals, Shopbots and Direct E-mail suffering from changes in their markets

Referrals

€106M -9%

- Significant consolidation linked to the emergence of **third-party tracking** tools, the dominance of "**last-click**" attribution models and the **disintermediation** of programs
- Competition from RTB
- Loyalty / discount code / cash-back mechanisms holding strong, plus growth in Mobile, but not enough to curb the market's contraction

Shopbots

€64M -5%

- **Competition from Google**, which positions its shopbots at the top of its search results
- Traffic shifting toward smartphones and tablets, but with lower conversion rates than desktop computers

Direct E-Mail

€51M -5%

- Contraction of CPM campaigns linked to the drop in volumes and in mechanisms that increasingly combine **list rentals** with **performance-based direct e-mail**
- Continued pursuit of the segment's **self-regulation**, which should begin to bear fruit in the latter half of the year
- Ramp-up of **responsive design e-mails**, which should be accompanied by an increase in mobile uses

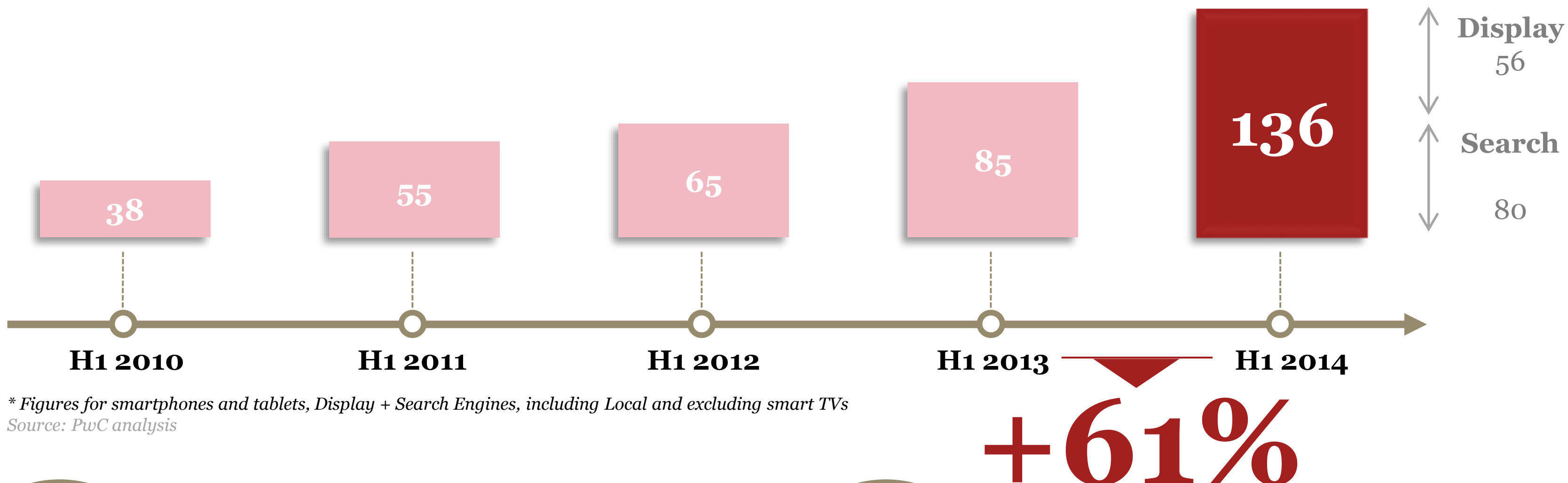
3 lines of analysis for Display advertising

How have devices evolved?

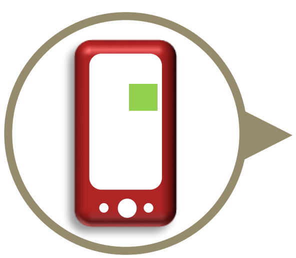
2

Spending on mobile advertising in France accelerating in H1 2014, under the combined influence of SEM and Display advertising

Evolution of Mobile* investments (Search & Display)
(in €M)

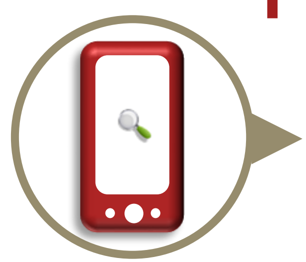


** Figures for smartphones and tablets, Display + Search Engines, including Local and excluding smart TVs*
Source: PwC analysis



+60%

Mobile Display advertising between H1 2013 and H1 2014

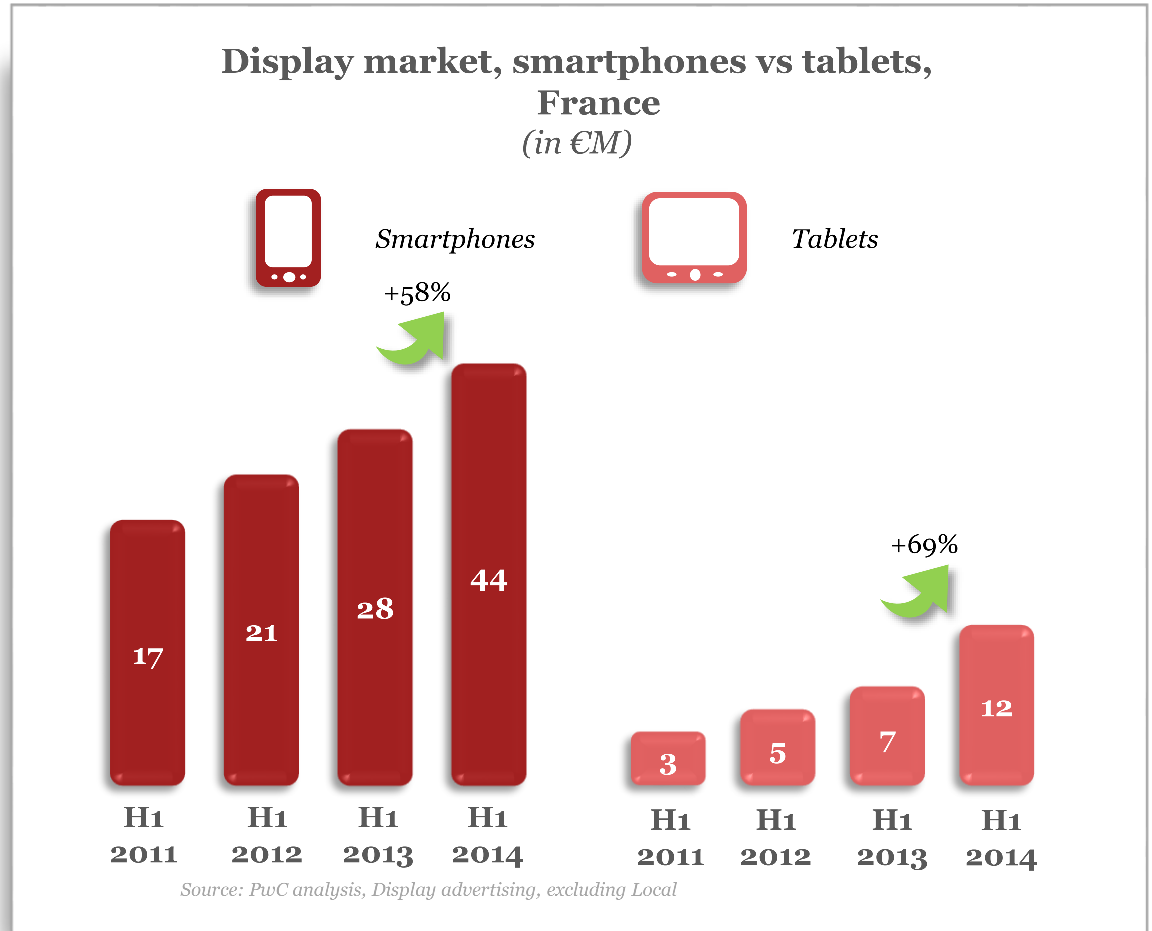


+61%

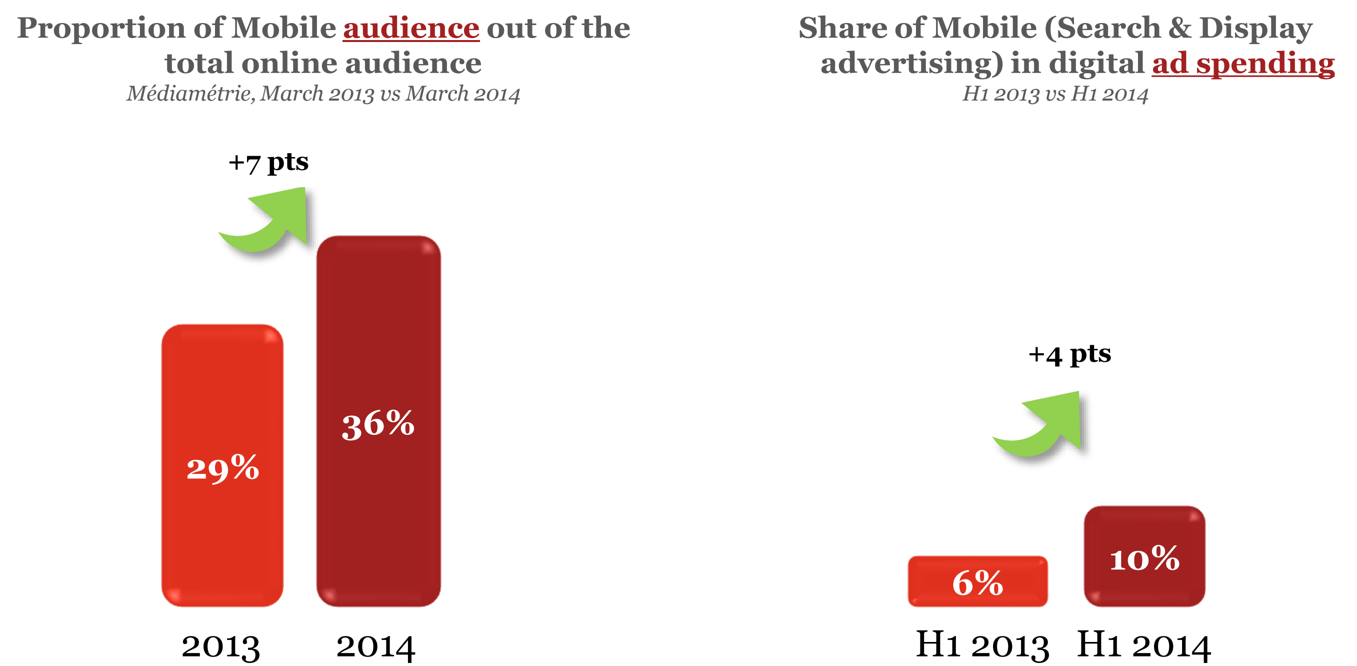
Mobile Search advertsing between H1 2013 and H1 2014

Source: PwC analysis, including Local

Continued double-digit growth in Display advertising on tablets and smartphones (up 58% and 69%, respectively)

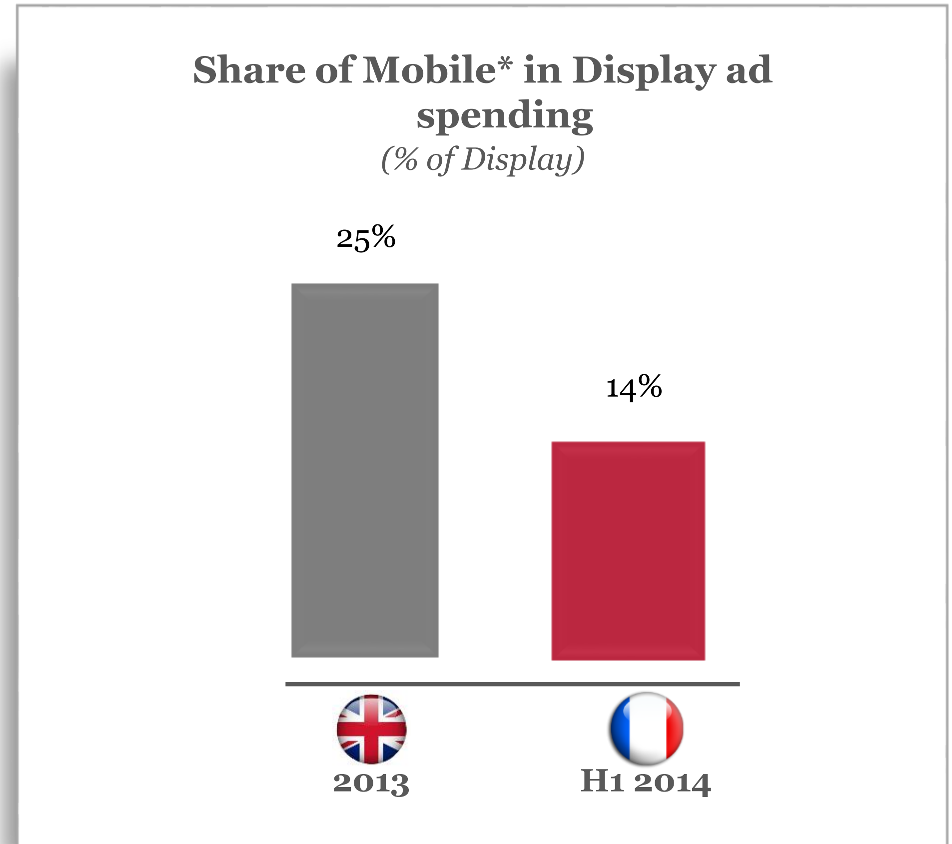


Mobile spending on the rise, but Mobile audiences moving at a more sustained pace



Source: Médiamétrie, March 2013, March 2014, PwC analysis

French Mobile advertising market still underinvested, compared to the UK



* Smartphones and tablets
Sources: IAB Europe Adex Benchmark 2013, PwC analysis

Mobile advertising market developing while barriers being removed

Audience numbers still rising dramatically

stimulated by the continued adoption of devices and the increase in time spent on smartphones and tablets

Strong increase in "Very Local"

benefiting from the development of mobile-to-store systems coupled with in-store interactions

Standardization of formats

under the concerted action of the main players on the market, facilitating advertisers' access to smartphone and tablet media

Gradual emergence of Mobile ad exchanges

a buying method that remains marginal for Mobile, but that can be expected to ramp up in the coming months

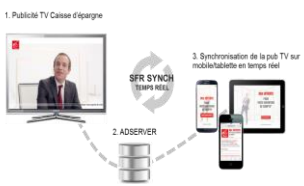
Source: Mobile Marketing Association, Quarterly Barometer, France, Q1 2014

Special advertising strategies developed for smartphones and tablets

SFR RÉGIE

SFR Régie – Synchronization of advertising messages for Caisse d'Epargne bank

in partnership with screenpulse



Real-time synchronization that activates the mobile campaign when the TV ad runs.
→ Goal: to reinforce the impact of the TV campaign with maximized coverage and more opportunities for conversions.

HORYZON MEDIA

Horyzon Média – Mobile system for McDonald's

Category sponsorships

POI Integration

Displayed on Mappy: Sponsoring for the "Restaurants" category, inclusion of POIs on maps, pages with useful, geo-personalized information and current promotions to generate traffic for the restaurants and orders placed on the McDonald's app.

YAHOO!

Yahoo Stream Ads – Native Advertising campaign for Uncle Jeans

New format for Native Advertising available on smartphones, tablets and computers, integrated with existing content, without disrupting the user experience, and that can be viewed in the news feed, along with the other articles.

M publicité

M Publicité – New Mobile formats for Sony and Land Rover

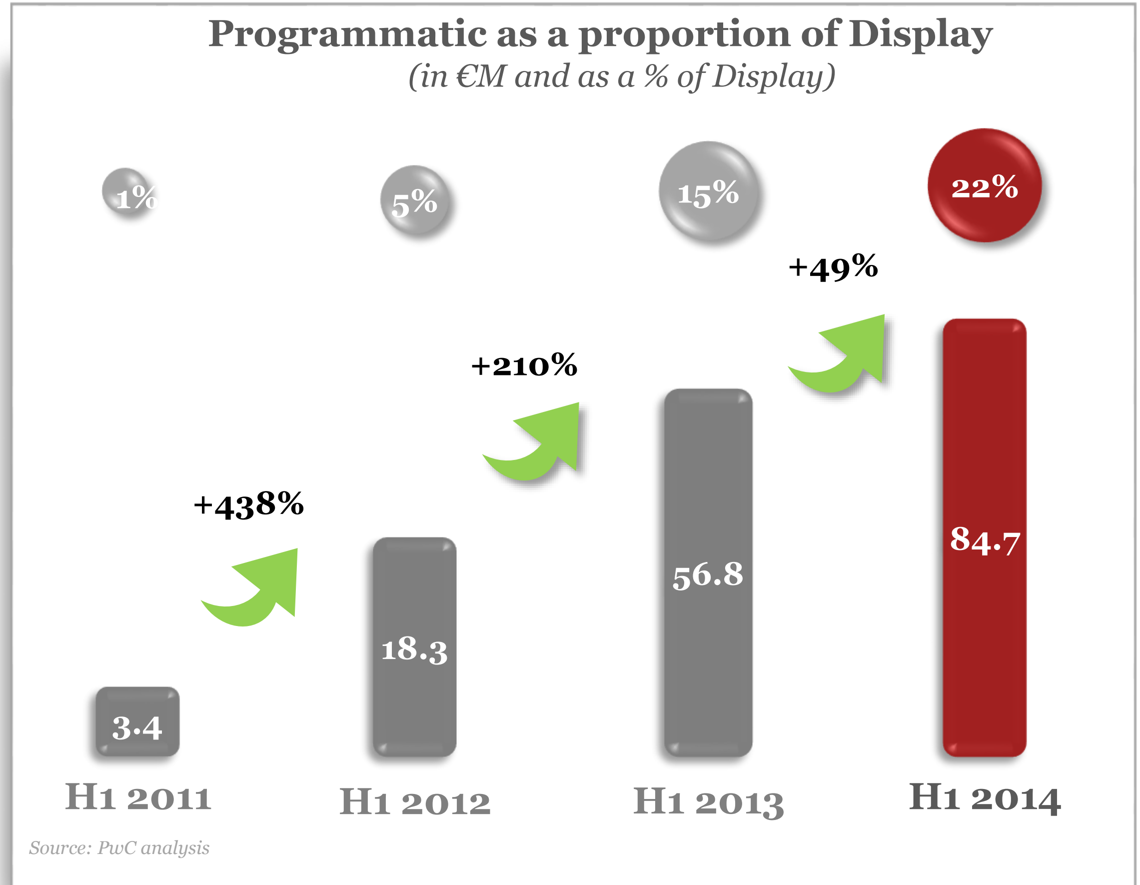
Creation of 4 novel formats based on MIRAID standards, for more creative rollouts:

- *Slider: a banner with animation that is controlled by the user's navigation*
- *Resized: a banner whose height increases, depending on navigation*
- *Topsticiel: a space covering 1/3 of the screen, above the article, animated for the format*
- *Parallax: a space that is revealed as the user scrolls down*

How have buying methods evolved?

3

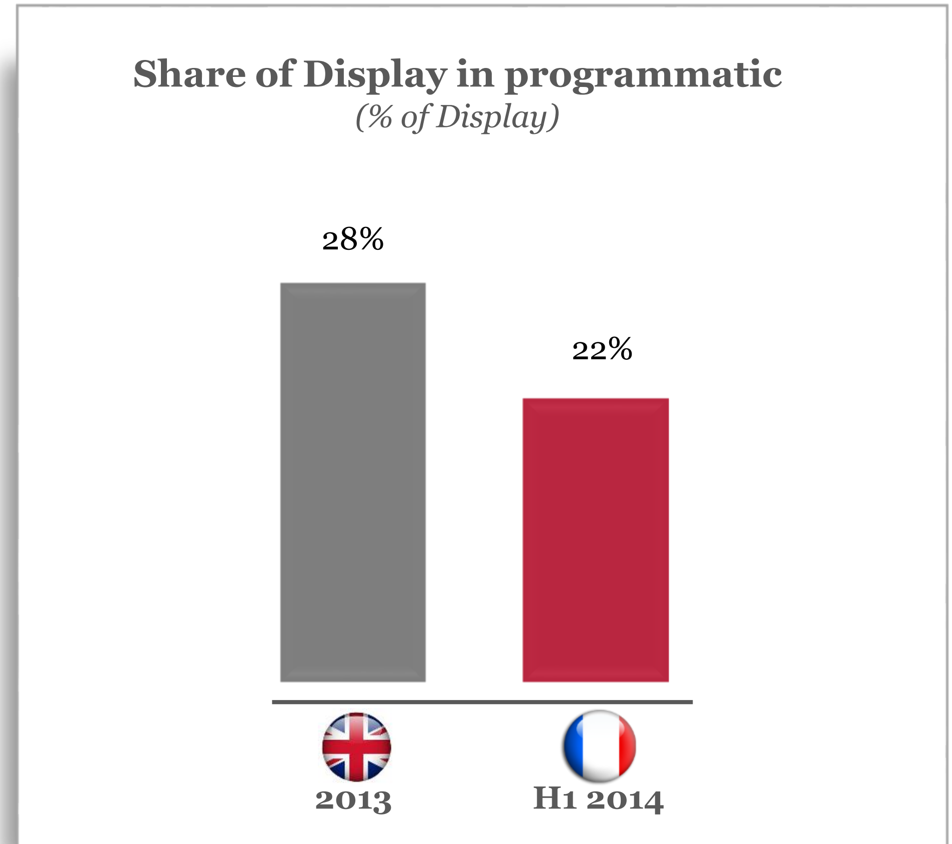
While 2013 marked by a massive adoption phase, the growth of programmatic continued in H1 2014



Spotlight on the market

- ***Massive adoption*** *of programmatic (particularly RTB) by all players*
- ***Structuring of marketplaces*** *(premium ad exchanges, etc.)*
- ***Shift from an approach*** *focused on* ***volumes*** *and unsold items* ***to optimizing the value*** *of each impression*
- ***Extension of RTB to new formats*** *with rich media, RTB-enabled skins, etc.*

Despite very strong progress, programmatic in France still less mature than in the UK



Sources: MTM study for IAB UK, PwC analysis

Premium placements, optimized buying methods, Data and Video RTB: the main trends in H1

PREMIUM impressions & placement locations

- Rising **demand for premium placements** linked to buyer maturity (top of form, etc.)
- Integration of technologies and **metrics** used to **measure** visibility and effectiveness

OPTIMIZATION of buying methods

- Optimized impression value thanks to synergies between **direct sales** and **programmatic**
- Ramp-up of **premium programmatic** (private deals, etc.)

Increasing integration of DATA

- Ramp-up of **Data/Media offers** (sociodemographic data, etc.) used to better qualify target audiences
- **Emergence of advertiser DMPs** to structure their proprietary data

Significant rise in Video RTB

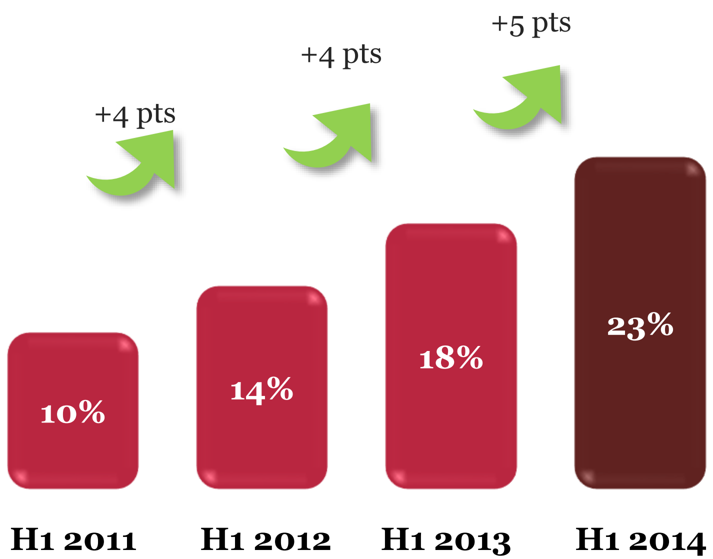
- Growth sustained by strong **advertiser demand** and video inventories that is **still smaller than demand**
- Enhanced **TV/Video complementarity** (coverage/frequency)

How have formats evolved?

4

Video's success confirmed, with 5-point growth over H1 2013

Share of Video in Display ad spending



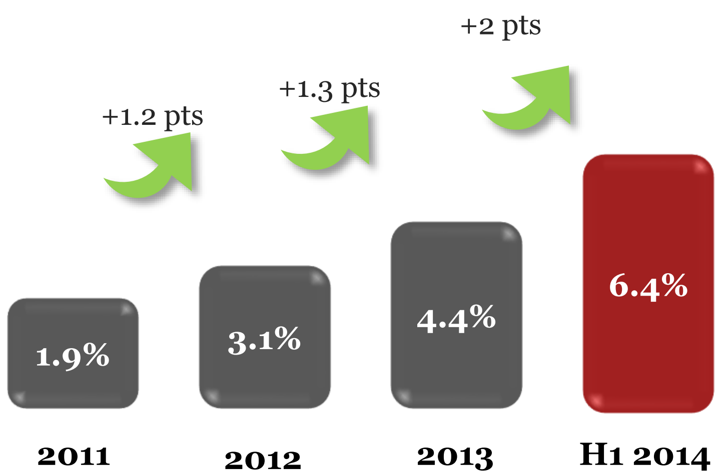
Source: PwC analysis

- *Increases in the* ***number of campaigns****, the* ***average amounts invested*** *and the entry of new advertisers*
- *More and more* ***interactive*** *formats that can combine branding with traffic generation*
- *Gradual integration of innovative* ***formats*** *and* ***tailor-made*** *campaigns with RTB as the buying method*

Source: PwC analysis

Reconciliation of TV & Video at 3 levels: budgets, campaigns and measurement indicators

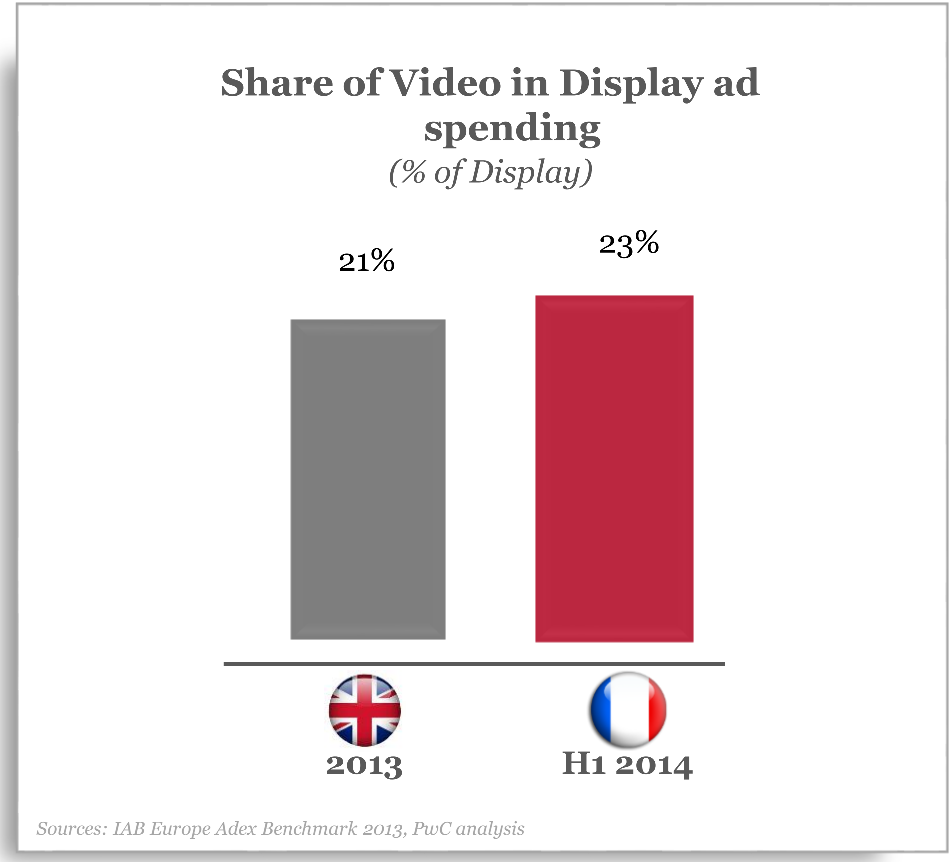
Share of digital in TV/Video spending



- ***Convergence of TV/Video*** *budgets and TV/Web teams at media agencies*
- *Significant development of* ***synchronization*** *between TV ads / online Video campaigns and* ***new, multi-format, multi-screen solutions*** *to reach multi-taskers (synchronization of second-screen advertising, interactive experiences and social networks)*
- *The emergence of improved* ***measurement tools*** *(work by Médiamétrie on a Video GRP)*

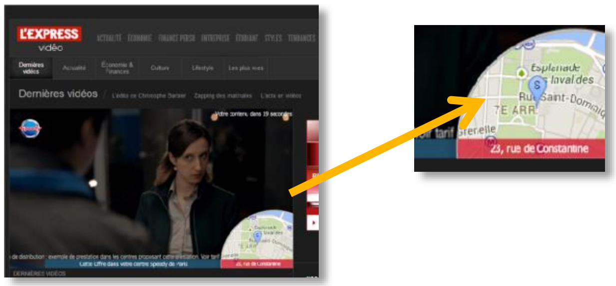
Sources: PwC analysis, IREP (H1 2014 estimated based on Q1 2014 data)

Proportion of Video out of total French Display ad spending in H1 2014 equals UK in 2013



New Video solutions tapping the potential of multi-device marketing and geolocation

Video & real-time geolocation



Interactive Video campaign with real-time geolocation of the auto centers closest to the viewer
Advideum for Speedy

Multi-screen brand channels

Launch of a multi-screen channel with brand integration and media exposure of the brand's video content on the home page, redirecting to play on a dedicated brand page (skin, expanding ads, large display ads, pre-rolls, etc.)
M6 ad for Studio Canal/Robocop

360° Video content

Video content with 360° angles for the Soccer World Cup, with multi-screen replays of goals (pre-roll ad format with player background skin)
TF1 ad for Chanel

Advertiser channel and exclusive content

Broadcast of exclusive web content and creation of an advertiser channel: Tropicana Court at the 2014 French Open
Dailymotion for Tropicana

Sources: PwC analysis, SRI

Special operations: media brands capitalizing on their brand content structure to offer original campaigns

Le Figaro – Digital partnership with Elie Saab for the Cannes Film Festival

A system intermingling brand integration on LeFigaro.fr/Madame, rallying of the online community through pre-festival contests, followed by media coverage and traffic generation throughout the festival (direct e-mails + e-ads on the Figaro Cannes platform)

Prisma – Special operation for Bonduelle

"À table!" ("Dinner's ready!"): The brand offers more than 60 dinner recipes and has partnered with culinary expert Nathalie N'Guyen to offer a delectable web series, while the Cuisimix contest invites users to test their creativity in the kitchen

M6 – Live 2nd-screen content for OTBs

The concept: To allow viewers of the M6 Group's TV shows to place best on questions directly related to the programs, to try to win a free trip.

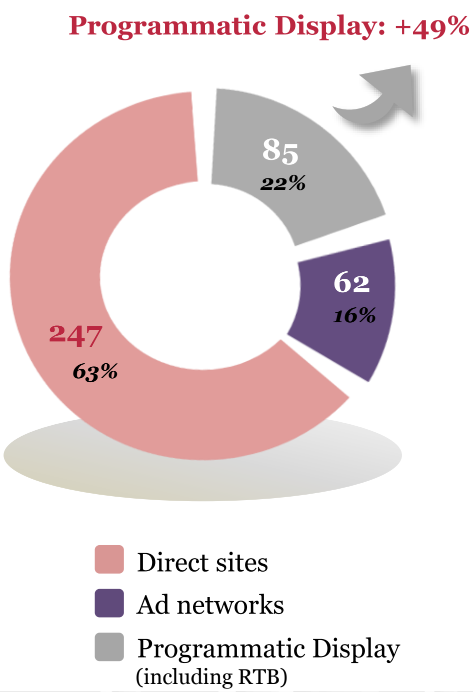
Sources: PwC analysis, SRI

Assessment & Forecasts for H2 2014

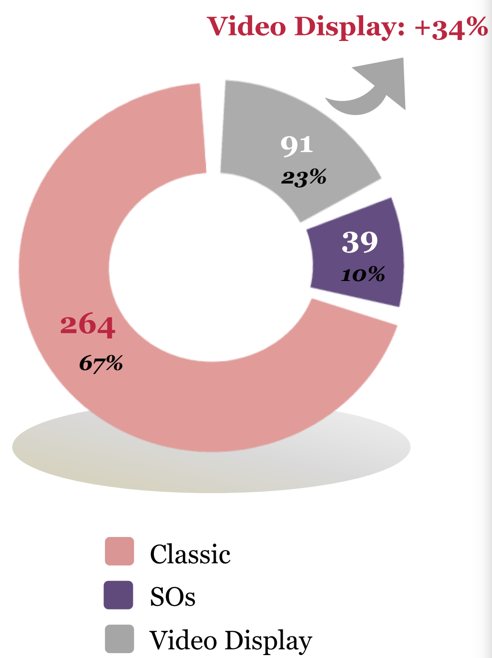
5

Transformation of Display advertising confirmed, with strong growth in programmatic, Video and Mobile at the start of 2014

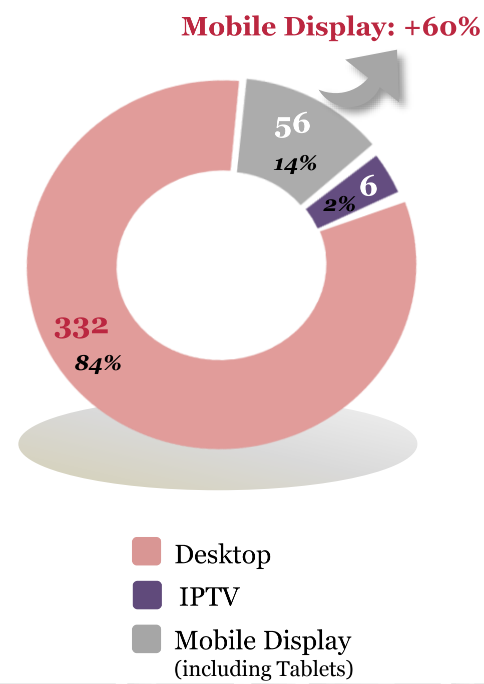
Breakdown of Display advertising by buying method
(in €M and as a % of Display)



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)



Sources: SRI, UDECAM and PwC analyses

Key trends for H2 2014

Digital's share, particularly **Mobile and Video digital, should grow** on an advertising market that is expected to continue its slow down

The transformation of **Display advertising should proceed**, driven by data/media publisher portfolios and **new programmatic solutions**

Multi-tasking practices should increase, leading to an expectation of platforms/tools that will make it possible to produce more and more **multi-device campaigns**

The **complementarity between TV and Web** should continue to benefit from evolving user practices, namely as a result of multi-tasking

The penetration of **new measurement tools** should boost the dynamics of Display advertising, enabling better steering of digital campaign performances (visibility / effectiveness)

Contacts

6

SRI and UDECAM members

- 3W Régie
- Adconion Media Group
- Amaury Médias
- Au Féminin
- Caradisiac
- CCM Benchmark Advertising
- Web 66
- Dailymotion Advertising
- Ebuzzing
- Express Roularta Services
- Figaro Medias
- France Télévisions Publicité
- HiMedia
- GMC Connect
- Lagardère Active Publicité
- Leboncoin.fr
- Les Echos Médias
- M6 Publicité Digital
- M Publicité
- Microsoft Advertising France
- Next Régie
- Orange Advertising
- Prisma Media
- Régie Obs
- SFR Régie
- Solocal Network
- TF1 Publicité Digital
- Yahoo! France

- Agence 79
- Anacrouse
- Carat
- Ecrans & Média
- FMCG France
- Fuse
- GroupM
- Havas Media France
- IPG Média France
- KR Media
- MEC
- Mediacom
- Media Keys
- Mindshare
- Neo@ogilvy
- Oconnection
- OMD
- Phd
- Poster Conseil
- Re-mind
- Repeat
- Starcom
- Vizeum
- Zenithoptimedia

Contacts

Matthieu Aubusson, Partner
matthieu.aubusson@fr.pwc.com

Sébastien Leroyer, Senior Manager
sebastien.leroyer@fr.pwc.com

LES RÉGIES INTERNET

Hélène Chartier, General Manager
hchartier@sri-france.org

Myriam de Chassey Waquet, Communications Manager
mdechassey@sri-france.org

UDECAM

Françoise Chambre, General Manager
francoise.chambre@udecam.fr