2018 Report
21th Edition – January 2019

#Obsepub

Observatoire de l'e-pub

présenté par

SRI LES RÉGIES INTERNET

réalisé par

pwc

en partenariat avec

UDECAM

Methodological reminder

1. Official revenues from **SRI** & **UDECAM** members

2. Total market estimation done by **PwC**

3. **Qualitative** interviews

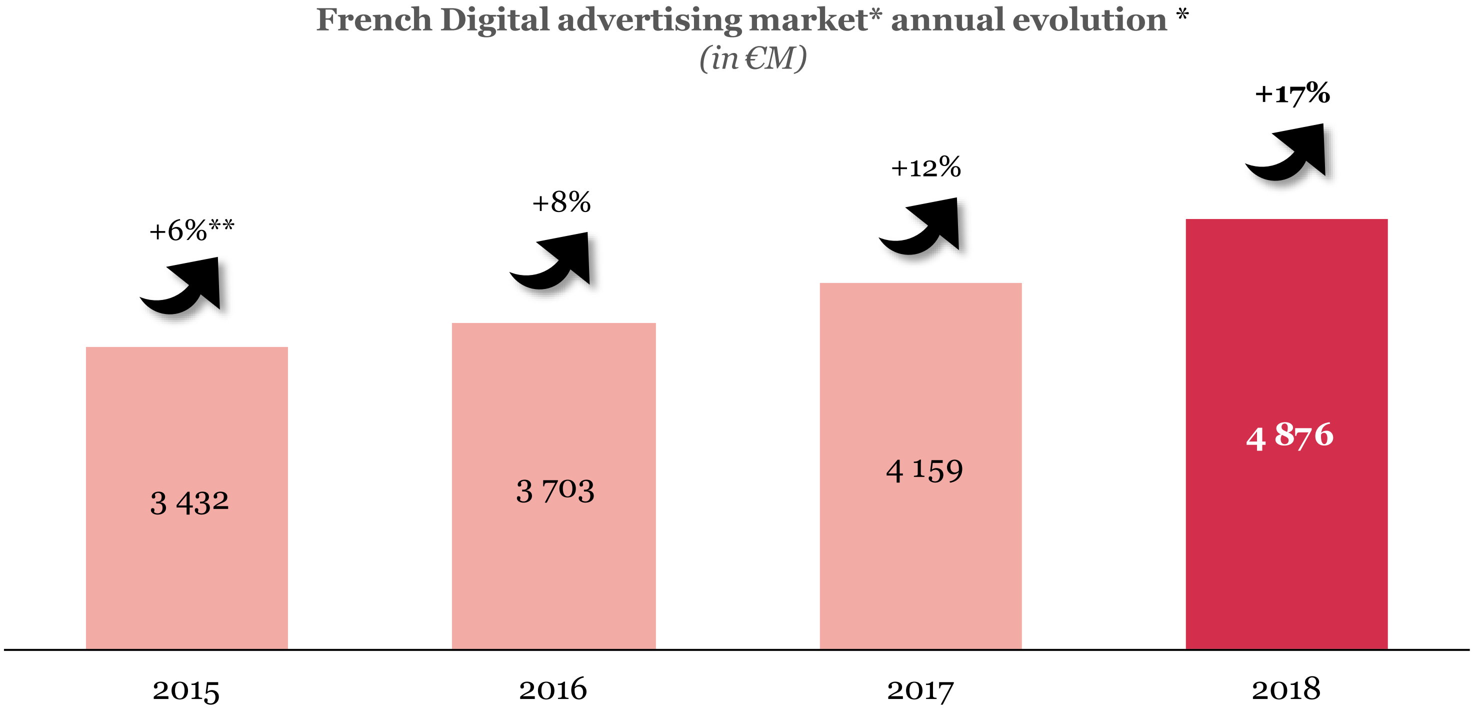
Agenda

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

01

FASTER DIGITAL ADVERTISING MARKET GROWTH IN 2018

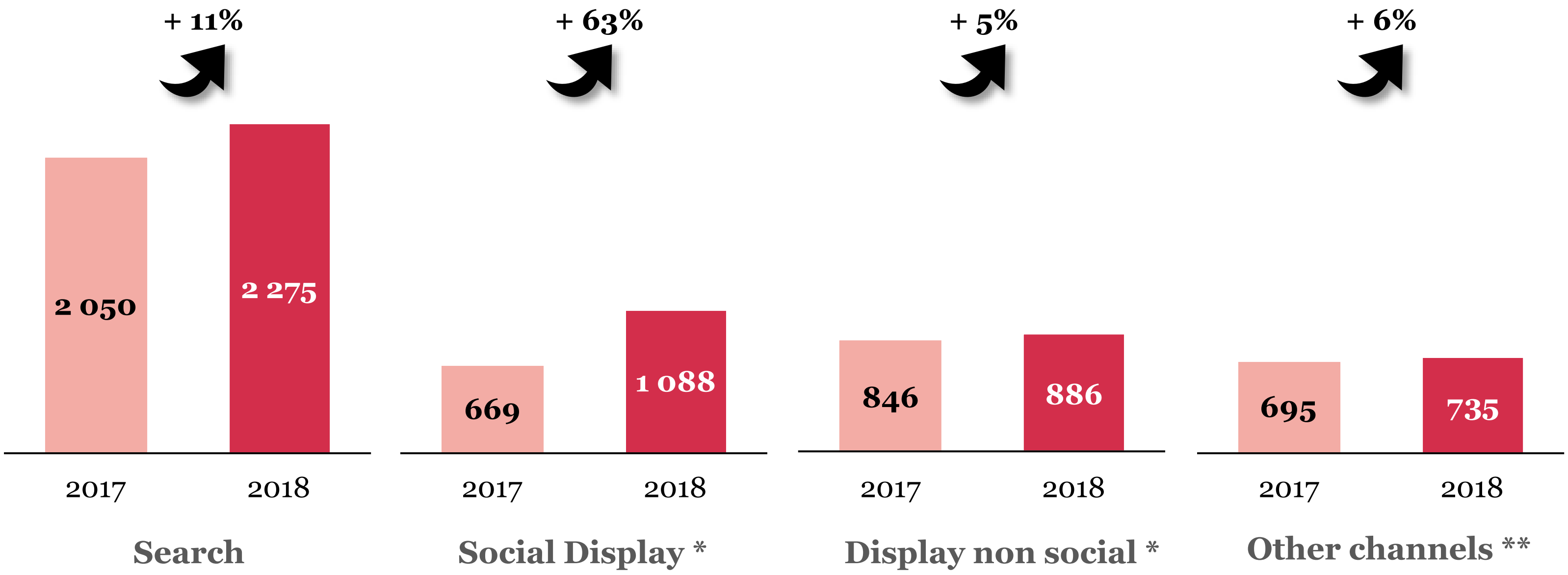
Digital Advertising market growth is increasing in 2018 and now reaches nearly 4.9 billion euros



** 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)*



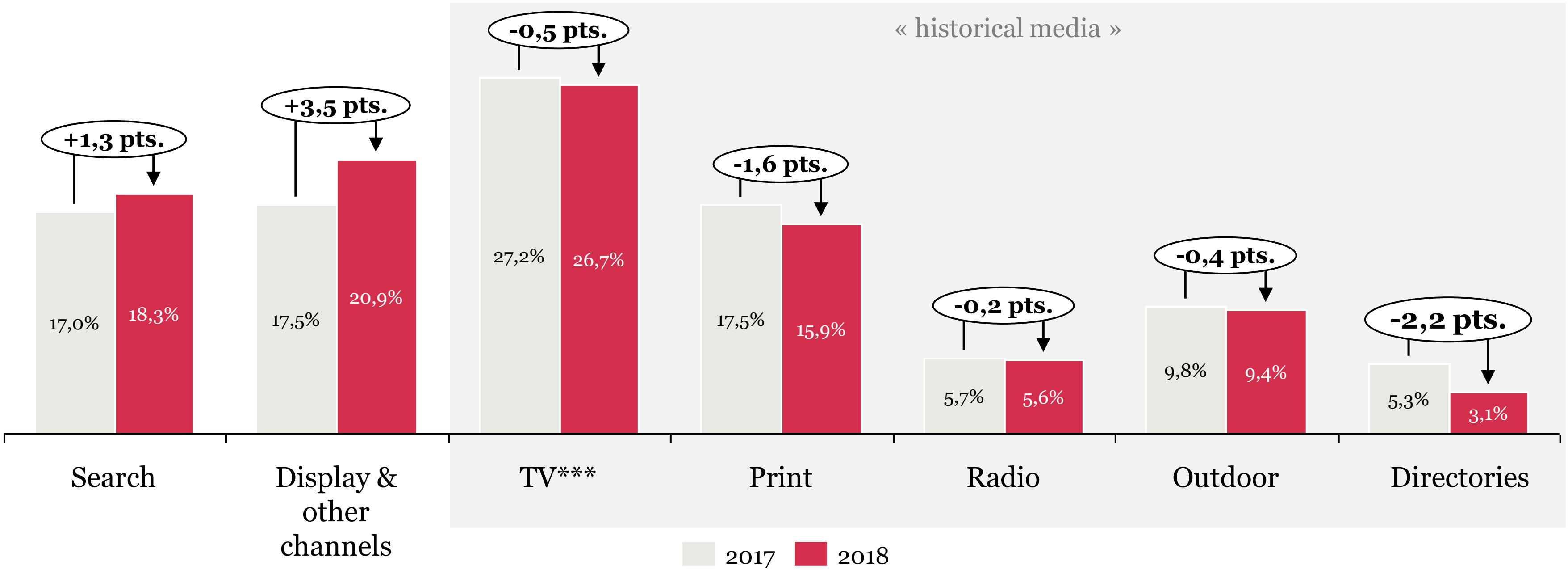
	Search	Social Display *	Display non social *	Other channels **
Digital market share* (%)	48% ▶ 45%	16% ▶ 22%	20% ▶ 18%	16% ▶ 15%

** 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

Digital strengthens its position in the global media advertising market

French advertising market Annual evolution

*(share of revenue in the media *)*

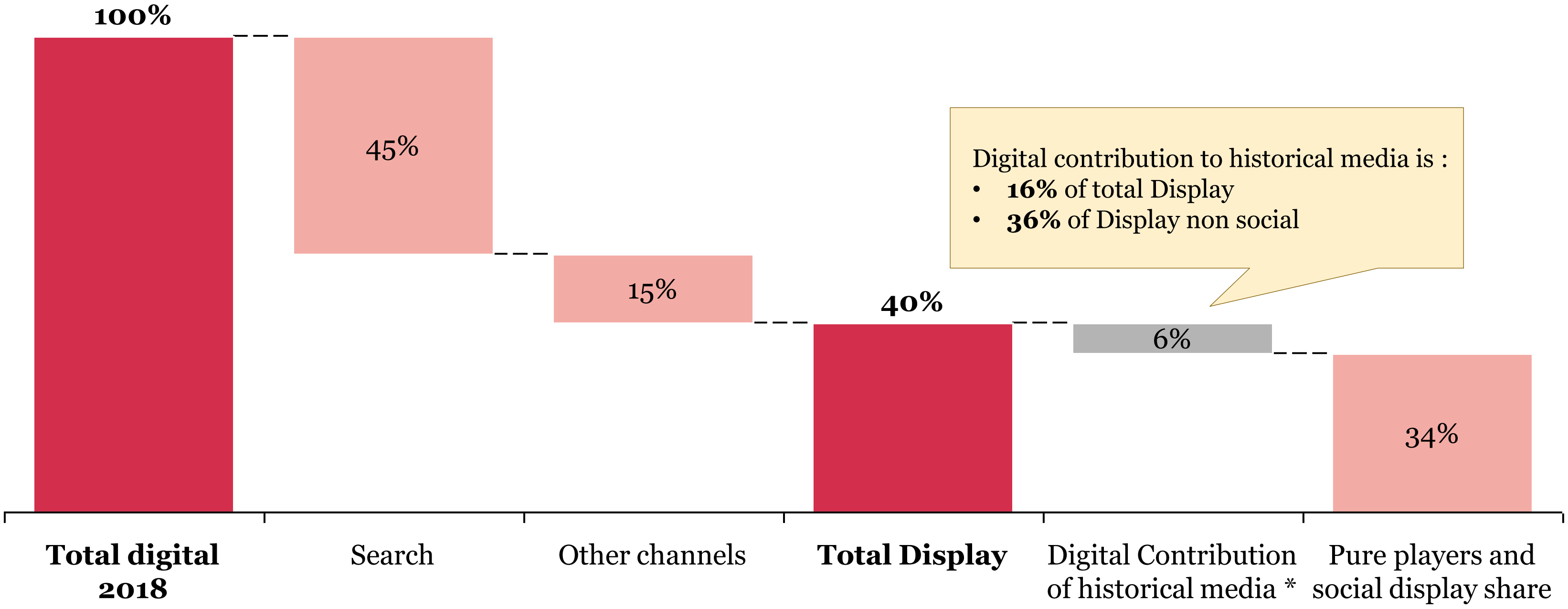


Note: Figures based on 2017 actuals, an annualized estimate of IREP revenue in 2018, and an estimate of the Digital Advertising market re-estimated retroactively to H1 2018 in 2017, providing some variations in percentages when these are reduced to figures published in 2017
Sources: SRI-IREP figures 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)



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

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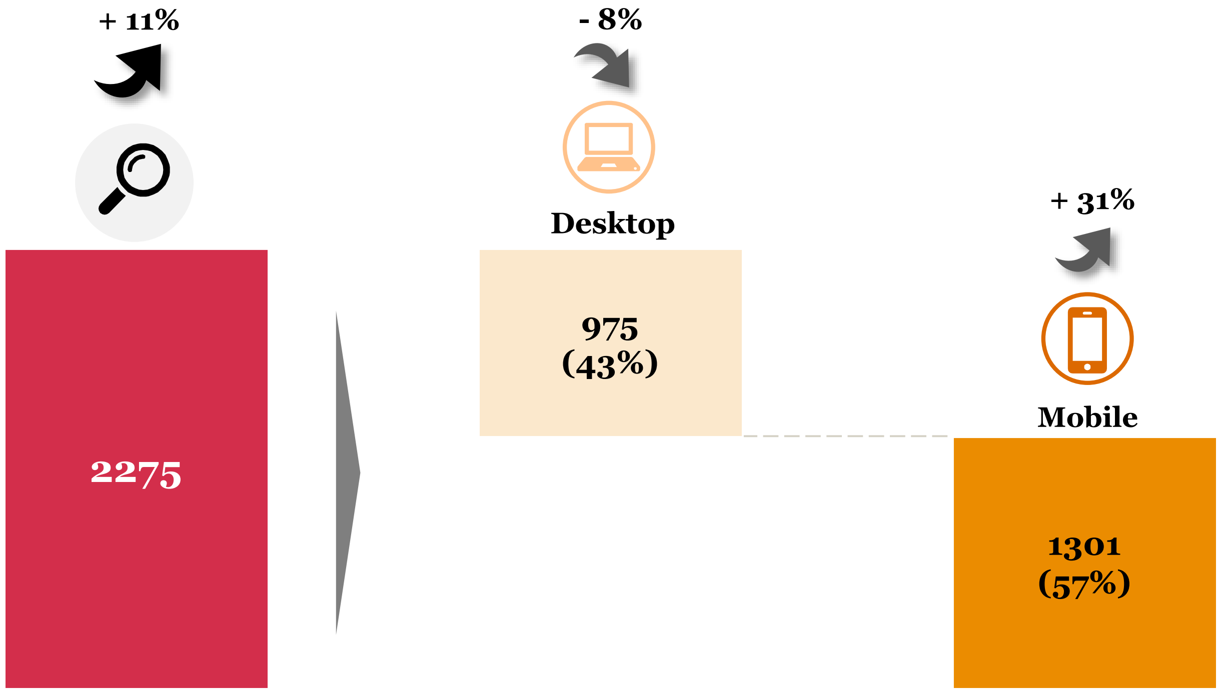
SEARCH GROWTH DRIVEN BY MOBILE, OTHER CHANNELS KEEP ON INCREASING

Search market grows by 11% in 2018, driven by the growth of Mobile



Total Search (2018, m€)

Search Split : Desktop/Mobile (2018, m€)

PwC Analysis, SRI and UDECAM Declarations, Public Information

Other channels up 6% in 2018

Other channels*	***735 m€***	***+ 6%***

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*

3

DISPLAY GROWTH STILL DRIVEN BY SOCIAL NETWORKS

Display advertising market segmentation

Players	Formats	Purchase type	Devices
Social networks	Classic	Programmatic	Desktop
	Non social Native Ads *		
	Video		Mobile
Non social	SOs	Non programmatic	
	Audio		IPTV

** 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

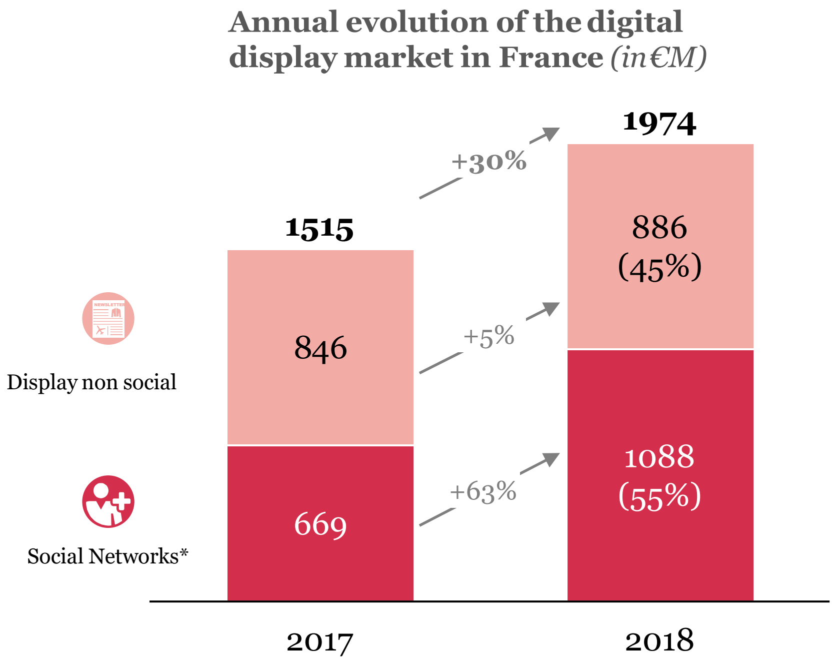
?

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



+30%

display growth in France in 2018 compared to 2017

+63%

of Social Growth in France in 2018 compared to 2017

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

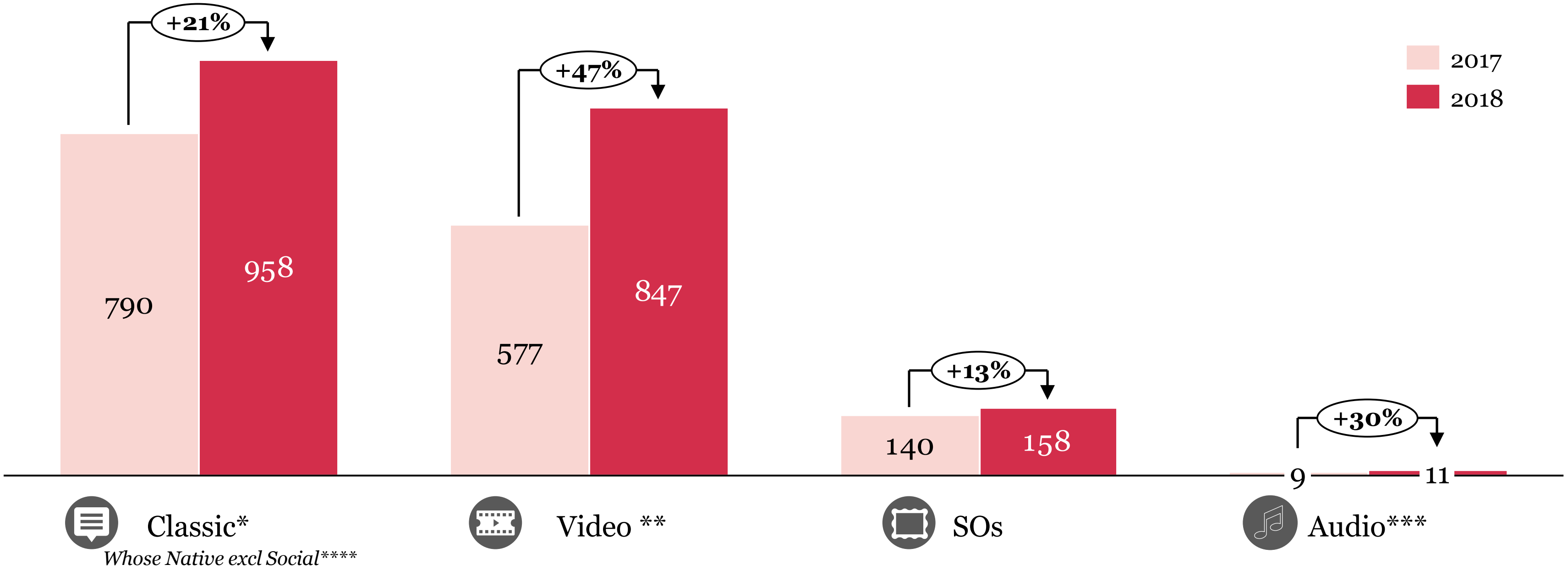
3A

VIDEO CONTINUES TO ENHANCE DISPLAY

Formats

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%)*



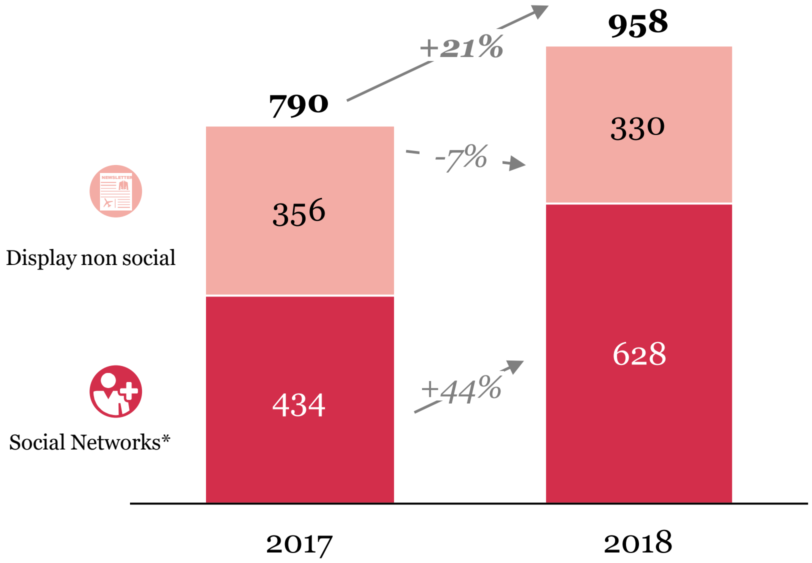
Formats share	2017	2018
Classic*	52%	49%
Video **	38%	43%
SOs	9%	8%
Audio***	0,6%	0,6%

* "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

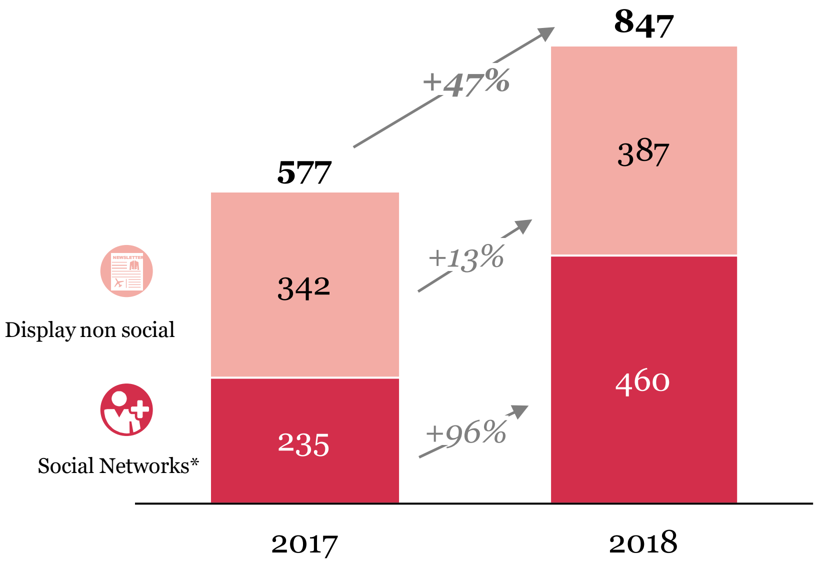
Formats

Social Networks Drives Growth in Classic Display and Video

Display revenues evolution
Classic* *(m€)*



Display revenues evolution
video *(m€)*

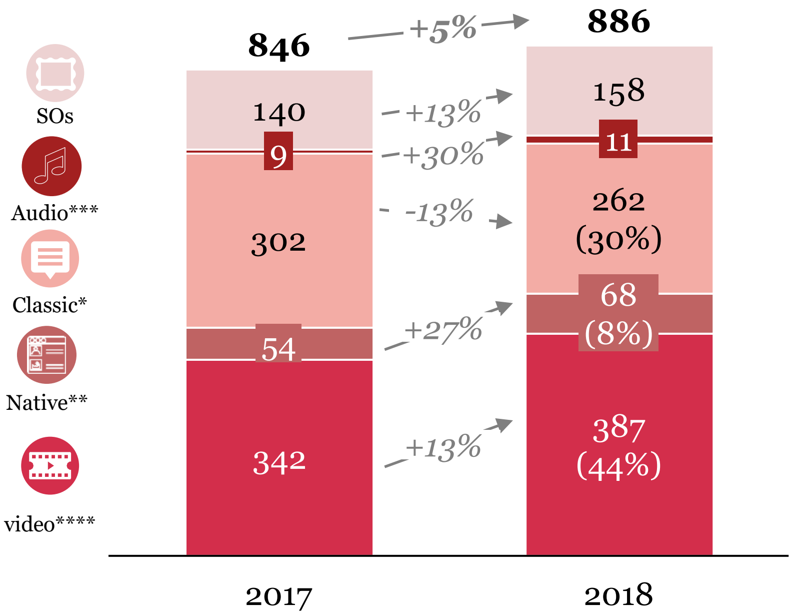


* "Classic Display" includes banner formats, standard IAB formats and native formats including recommendation platforms and "Display Social" - all purchase type / all devices
** Video format includes Instream & Outstream - all purchase type / devices
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information

Video and Native formats remain key contributors to the growth of Social Display.

Formats

Display revenue evolution (non social) *(m€)*

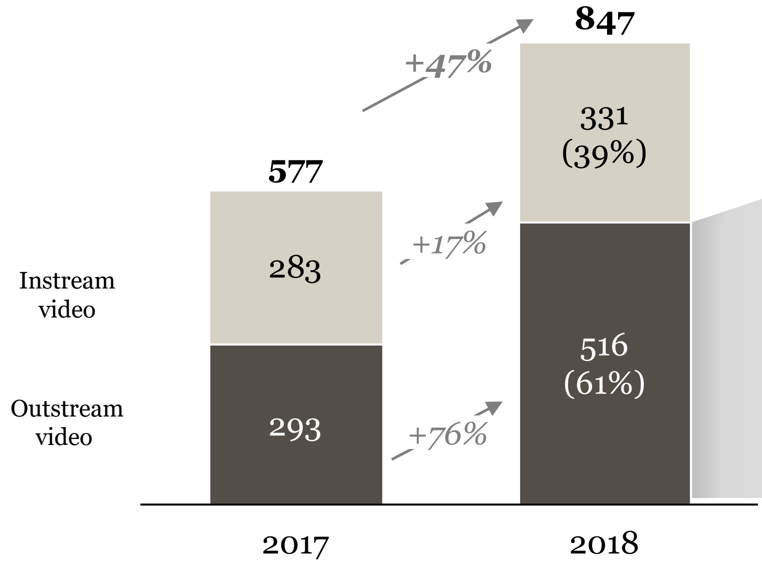


* "Classic Display" includes banner formats, standard IAB formats, excluding Native, excluding Social Networks - all purchase type / all devices
** The native includes native formats excluding social networks - all purchase type / all devices
*** Audio Digital includes web radio, voice assistants, podcasts (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

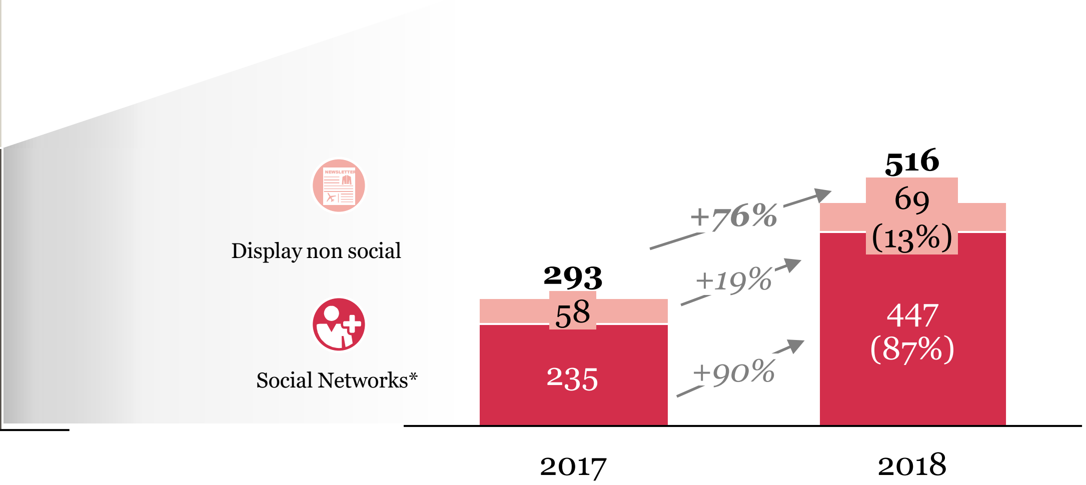
Formats

Video remains primarily outstream
Thanks to social networks

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



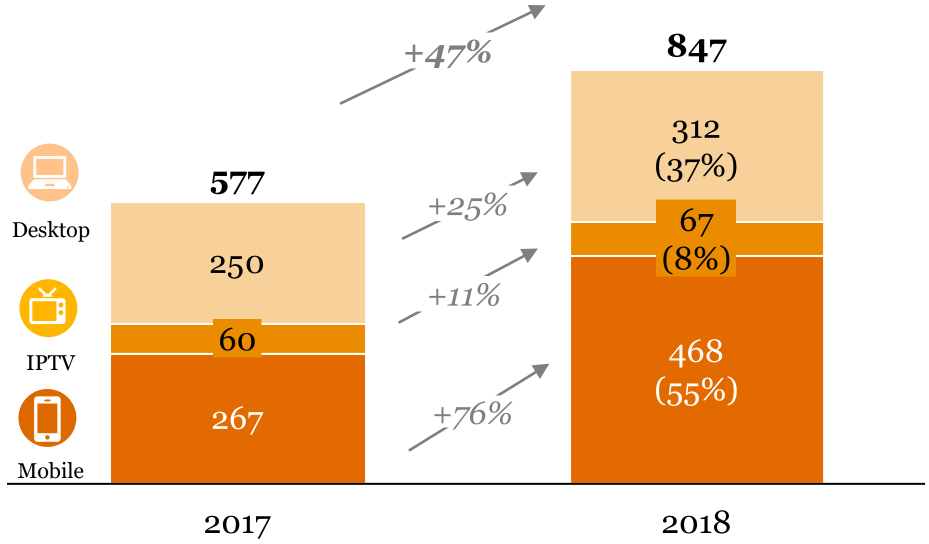
Outstream video* revenues evolution social network share *(in €M)*



**All devices, all purchase type,*
YouTube is not considered as a Social Network
Sources: PwC 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

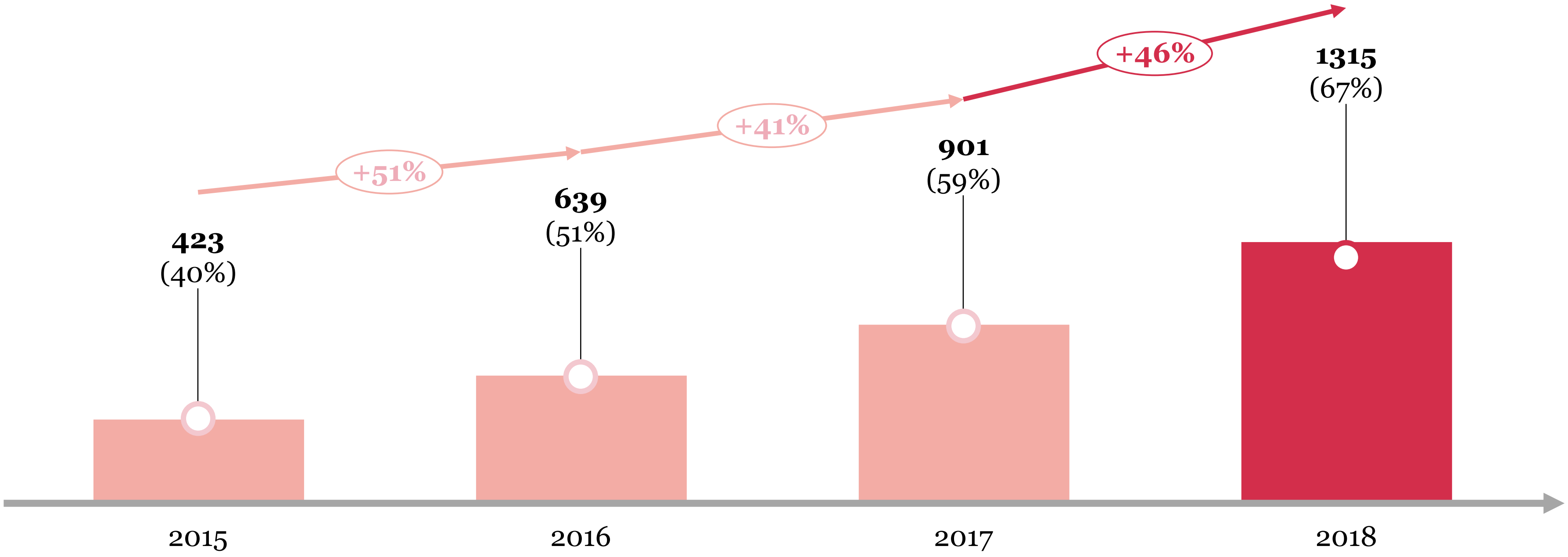
Inventory sold by automatically connecting buyers and sellers. It includes all automated sales models: guaranteed or not, fixed price or RTB, private marketplaces or open auctions, self-serve platforms or trading desks.
Social network sales are also considered programmatic sales.

Sources : PwC

Purchase type

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 *(in €M)*



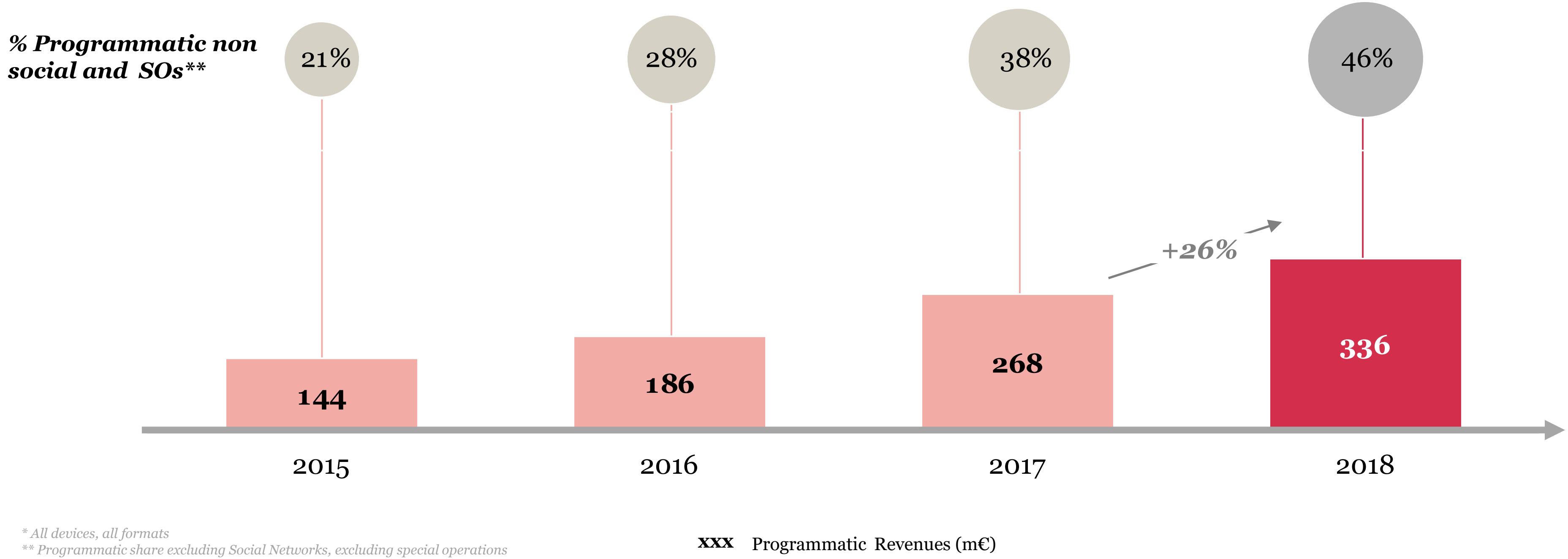
** All devices, all formats*
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information

xxx Revenues (m€)
(x%) Programmatic share out of total display revenues

Purchase type

Non Social Programmatic reaches 46% of revenue, growing strongly

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

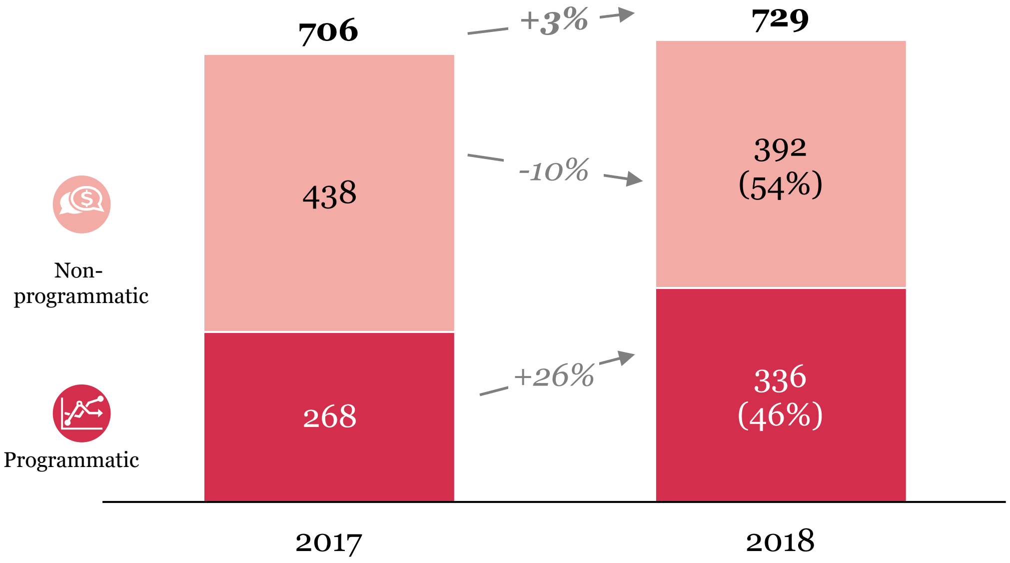


** All devices, all formats*
*** Programmatic share excluding Social Networks, excluding special operations*
Note: The share of the Programmatic 2017 on Social Networks has been re-estimated retroactively to H2 2018
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information

Purchase type

Non Social revenues keep on shifting to programmatic

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

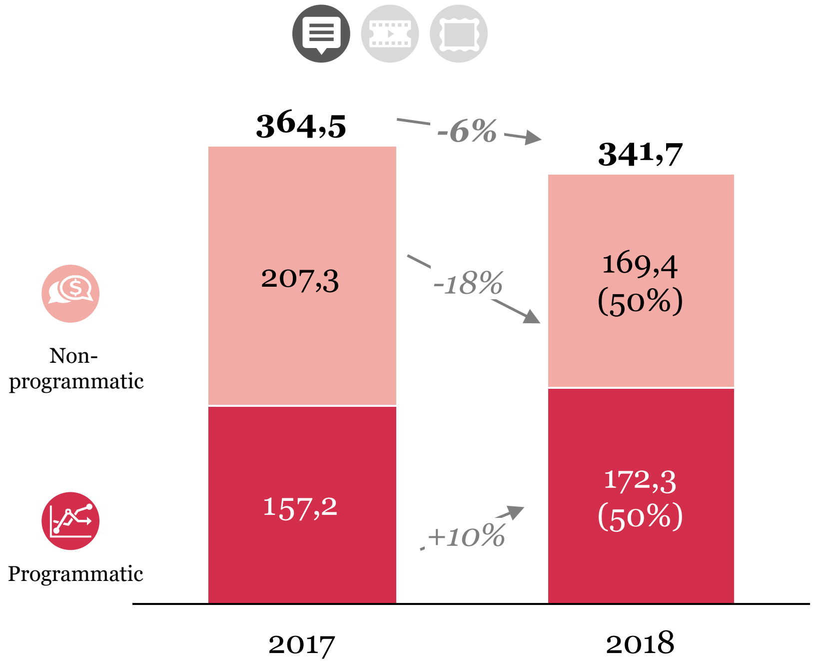


Note: The share of 2017 Programmatic on Social Networks has been re-estimated retroactively to H2 2018
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information

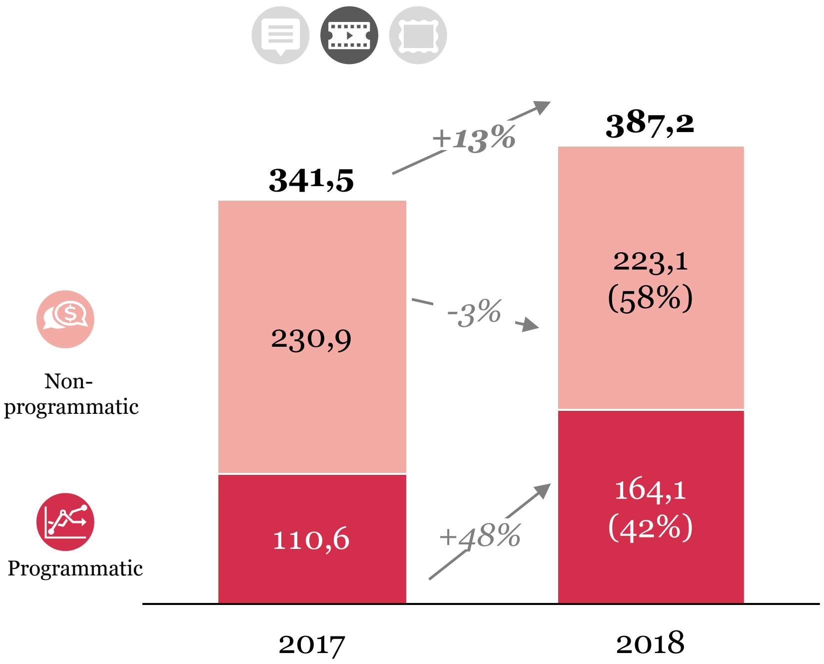
Purchase type

Non Social programmatic grow in all formats

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



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



** "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

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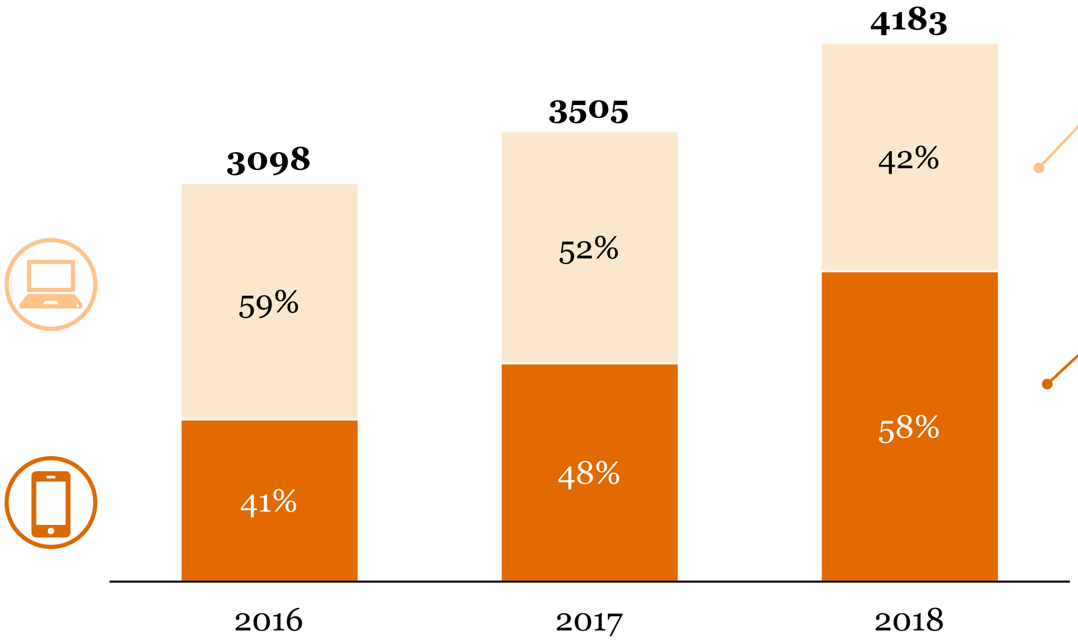
MOBILE REVENUES FINALLY ALIGNS WITH CONSUMERS USES

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

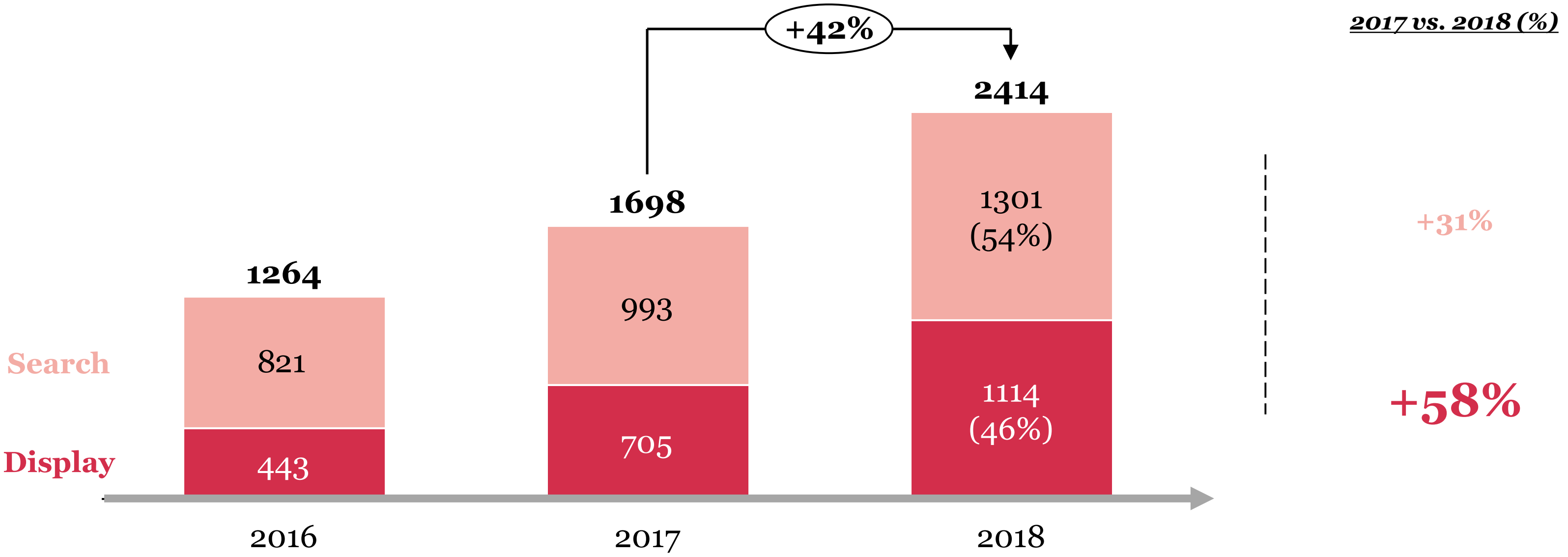
- The French spend an average of 52 minutes per day on the internet on mobile screens and 19 minutes on tablets
- 50% of the time spent on the internet is on a mobile device (68% on tablets)
- GAFA accounts for 44% of time spent on mobile

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: PwC analysis, SRI declarations and UDECAM,

Devices

Continuous growth in mobile in 2018, led by display

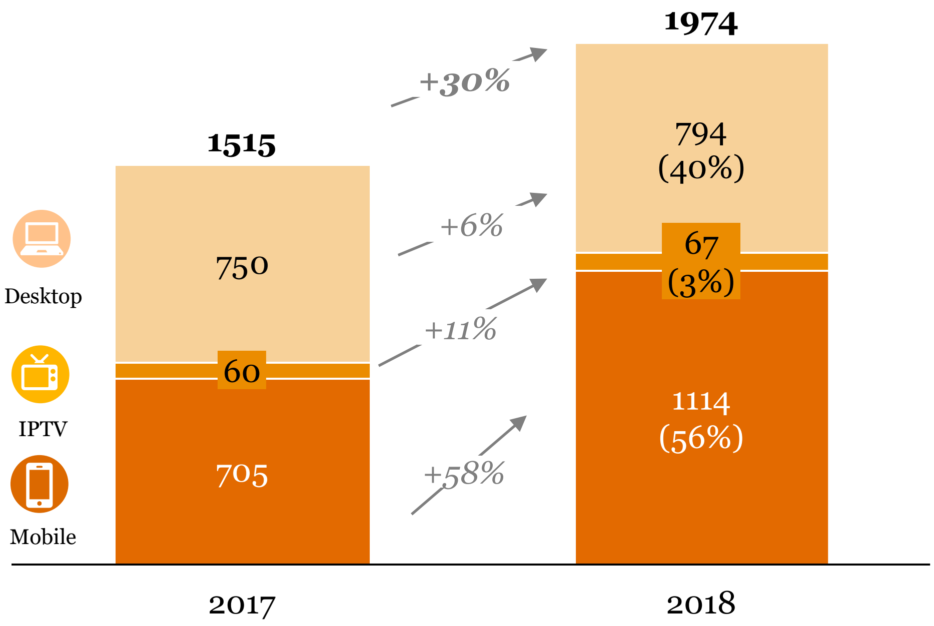
Mobile Search and Display media revenues evolution *(m€)*



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"

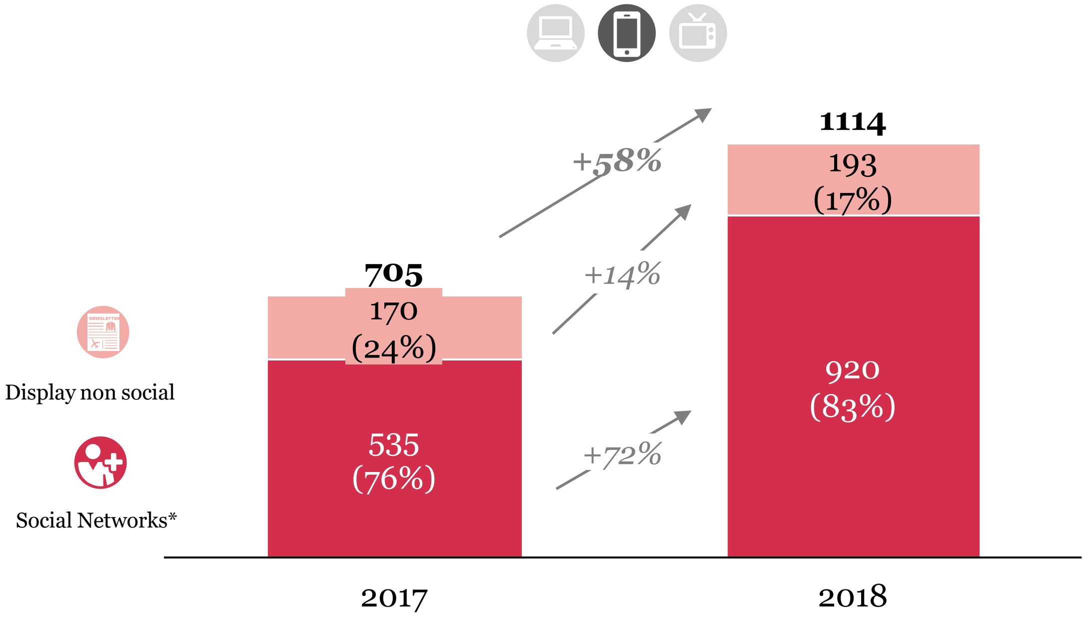
Display revenues evolution, by device *(in€M)*



Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information

Social networks now reach 80% of mobile revenues

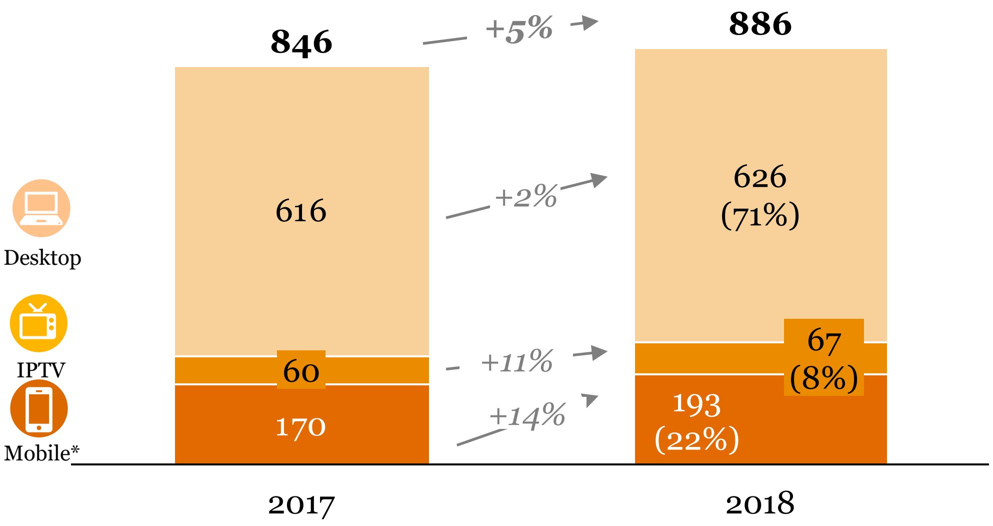
Mobile Display media revenues evolution *(m€)*



** 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€)*



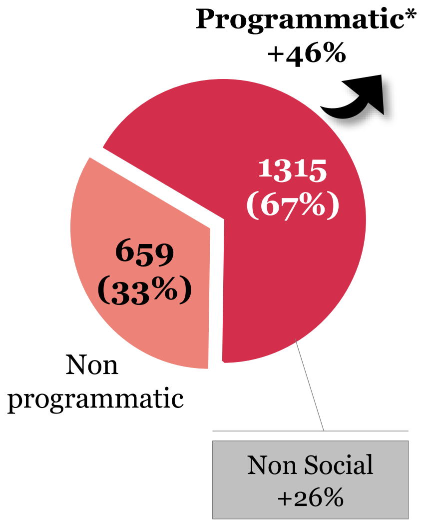
** Smartphone and tablets*
Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information

5

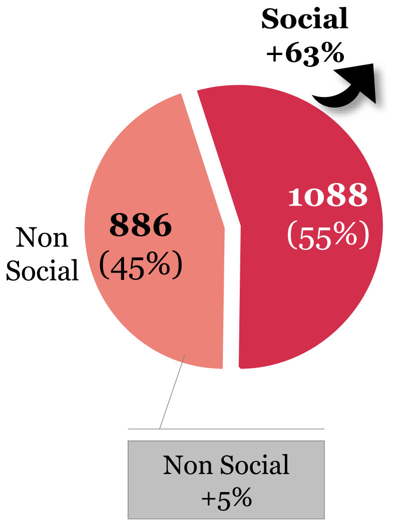
KEY FACTS

Digital display advertising market in France at a glance

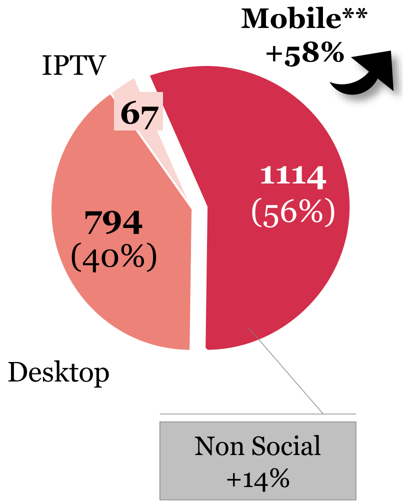
Breakdown by buying method *(in €M)*



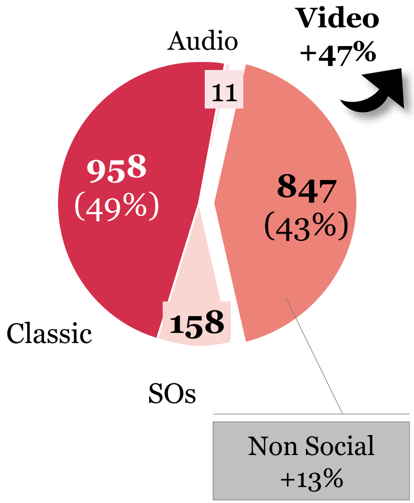
Breakdown by actors *(in €M)*



Breakdown by device *(in €M)*

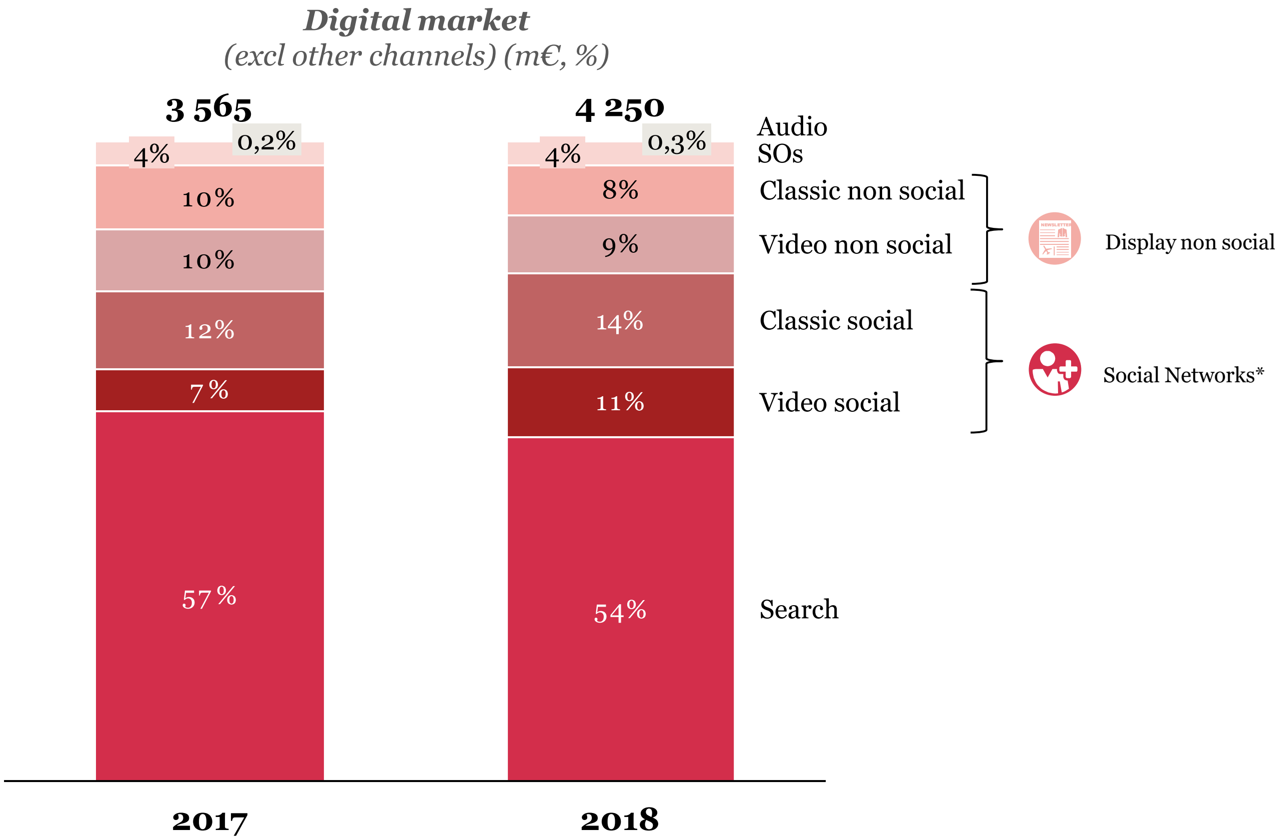


Breakdown by formats *(in €M)*



** 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

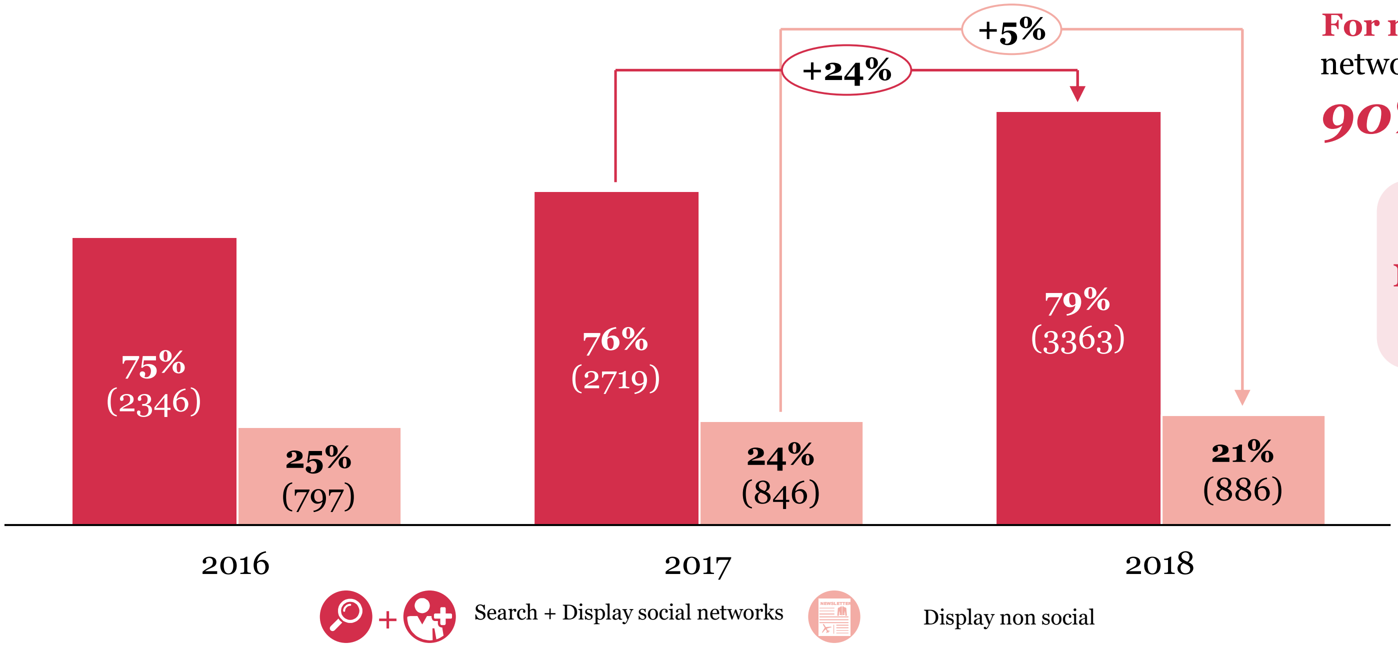


* Classic format includes banner formats, standard IAB formats and Native formats - all purchase type / devices

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 %)*



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

#10YEARSCHALLENGE

2018 : a transition year for digital advertising in France

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 esay 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	Total Display	Total Display nonsocial
2008	2,0 Bn €	0,5 Bn €	*(social/non social split did not exist)*
2018	4,9 Bn €	2,0 Bn €	0,9 Bn €
	+17% vs. 2017	**+30%** vs. 2017	**+5%** vs. 2017
		40% *market share*	**18%** *market share*

Sources: PwC Analysis, SRI and UDECAM Declarations, Public Information

#10yearschallenge – Digital Advertising market has multiplied by 2.5 in 10 years

Total market	Channels	Segmentation	Logos

2008 — **2,000** — **+23%** vs. 2007

- **Search**
- **Display**
- **Directories** online (local Search)
- Other channels

Players	Formats	Purchase type	Devices
Social networks	Classic	Programmatic	Desktop
	Non social Native Ads *		
Non social	Video	Non programmatic	Mobile
	SOs		IPTV
	Audio		

High growth sub-segments

Mobile video

x 2,5

2018 — **4,876** — **+17%** vs. 2017

- **Search** (incl. Local Search)
- **Display Social**
- **Display non Social**
- Other channels

Players	Formats	Purchase type	Devices
Social networks	Classic	Programmatic	Desktop
	Native Ad Excl Social*		
Non social	Videos	Non programmatic	Mobile
	SOs		IPTV
	Audio		

High growth sub-segments

- **Social**
- **Mobile**
- **video**
- **Programmatic**

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

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)

DIGITAL AD TRUST

Strong initiatives in media agencies

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

SRI LES RÉGIES INTERNET · UDECAM · UDA ANNONCEURS EN MOUVEMENT · Les éditeurs de contenus et services en ligne GESTE · ARPP autorité de régulation professionnelle de la publicité · iab france

Sources : Internet Global Médiamétrie
Mediametrie//NetRatings – Audience Internet Global – France – novembre2018

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