OLIVER WYMAN | SRI LES RÉGIES INTERNET | UDECAM

#Obsepub

Observatoire de l'e-pub

H1 2019 Report

22nd edition – July 2019

Agenda

PART I — PHILOSOPHY AND METHODOLOGY

PART II — SOCIAL, SEARCH & OTHER CHANNELS: CHALLENGING THE STATUS QUO?

PART III — DISPLAY IS GROWING

- Display split by formats: focus on Video and Audio
- Display split by device: Mobile keeps on growing
- Display by purchase type: Programmatic, new standard

PART IV — MAKE NATIVE ADVERTSING CLEARER!

- What is native ad?
- Market share vs Display and total market

PART V — CONCLUSIONS & FUTURE DEVELOPMENTS

- Market Summary and contributions to Growth
- Perspectives on Report evolution
- Conclusion & Focus on Digital Ad Trust Label

PART I

PHILOSOPHY AND METHODOLOGY

Report Philosophy

Transparency

- Precise description of each category perimeter
- Clear explanation of the methodology

Clearer reading

- Pragmatism: only meaningful trends are presented
- Simplified segmentation
- Appendix with detailed market breakdown

Opening view

- 40 experts interviews (Agencies, Ad Sales houses, Adtechs)
- International Benchmarks to validate data consistency on French market

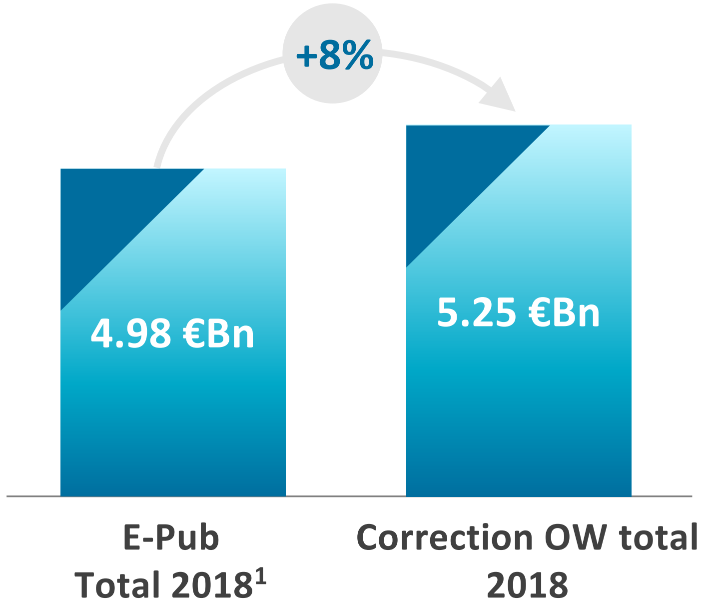
Evolution

- Display and Social presented separately
- Introduction of new segments (eg Retail Media)
- Specific Focus (eg Native)

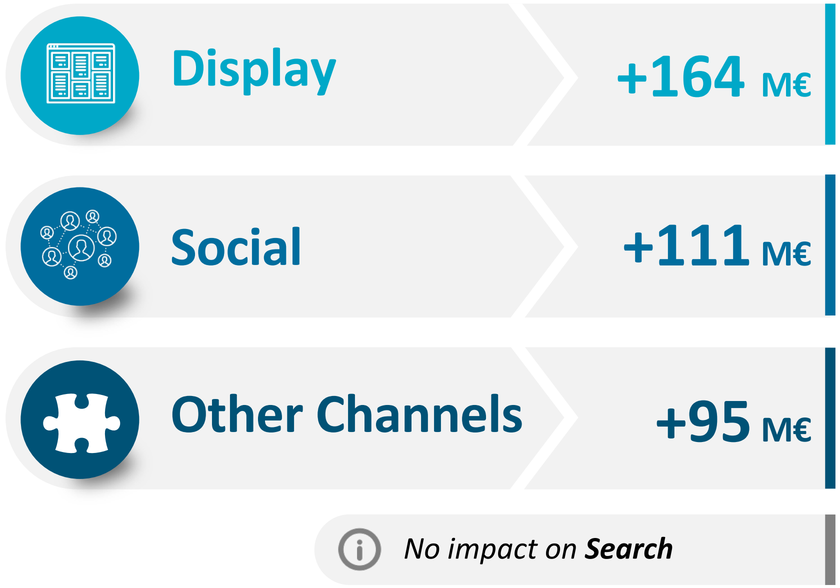
Source: Oliver Wyman analysis

How did we adjust the estimations of total market value?

Impact of the adjustment = +8% of market value



Differences by channels / total 2018



In-depth re-evaluation of all channels **by a more exhaustive valuation of the players,** in particular a **re-estimation of Video** (incl. YouTube) **and Retail Media** (incl. Amazon)

Note: 1. 21˚ edition released on Jan. 30, 2019
Source: Oliver Wyman analysis

Our digital ad market **segmentation**

	Format	Examples (non-exhaustive list)
Social	Classic	Facebook, incl Instagram, Twitter, LinkedIn…
	Video	Facebook, incl Instagram, Twitter, Snapchat…
Display	Classic	SRI members, Retail media, native ad companies, Webedia…
	Instream Video	SRI members, YouTube, Digiteka…
	Outstream Video	SRI members amongst Teads, Amazon…
	Audio	SRI members, Deezer, Spotify, Target Spot…
	SOs	SRI members, Webedia, Veepee, Konbini, Amazon, Reworld…
Search	Classic	Google, Bing…
	Retail Search	SRI members, Amazon, Carrefour, Fnac Darty…
Other Channels	Affiliation platforms	CPA (incl Kwanko, CJ Affiliate, Effinity, Awin, TimeOne)…
	Shopbots	CPA (incl Marketshot, Infopro Digital, Companeo, Dolead,Devis+, Devisprox)…
	Emailing	SRI members, CPA, Numberly, Caloga, Cardata, Darwin, Tagada Media, Web Rivage…

Méthodology

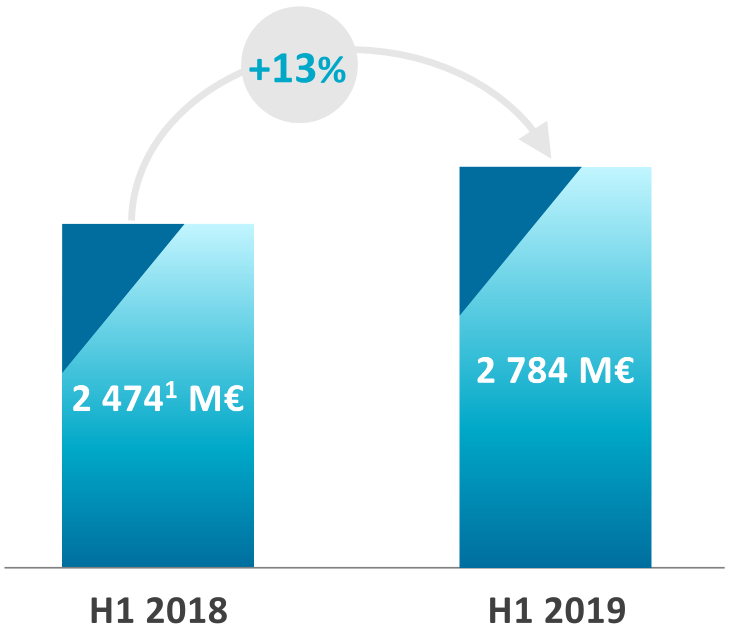
1. Declared revenues of SRI members
2. Declared revenues of Udecam members
3. 40 qualitative and quantitative interviews
4. Public information

Note on SRI Members: 20 Minutes, 366, 3W.relevanC, Amaury Media, Boursorama, Canal+ Brand Solutions, CMI Media, Drive Media, Dailymotion, France TV Publicité, GMC Media, Lagardère Publicité News, Leboncoin, Les Echos Le Parisien Médias, M Publicité-Régie Obs, M6 Publicité, MEDIA.figaro, Meltygroup, Mondadori MediaConnect, Next Media Solutions, NRJ Global, Orange Advertising, Prisma Media Solutions, SeLoger, Solocal, TF1 Publicité and Verizon Media
Sources: SRI, interviews conducted in June / July 2019 with key market actors, Oliver Wyman analysis

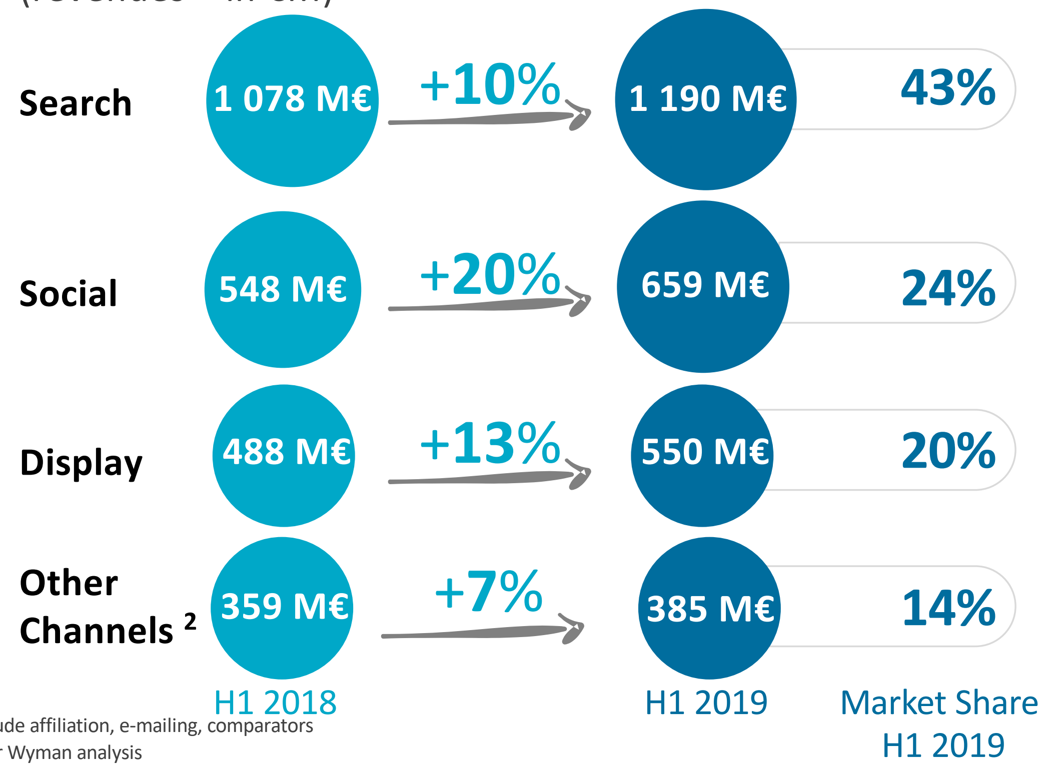
RESULTS SYNTHESIS

Digital Advertising market has increased by **13% in H1 2019: all channels are growing**

French Digital advertising market
(revenues – in €M)



Digital advertising media mix and growth in France
(revenues – in €M)



Notes: 1. Due to rounding, the total revenue is not equal to the sum of channels' revenues; 2. Other channels include affiliation, e-mailing, comparators
Sources: SRI, UDECAM, interviews conducted in June / July 2019 with key market actors, public information, Oliver Wyman analysis

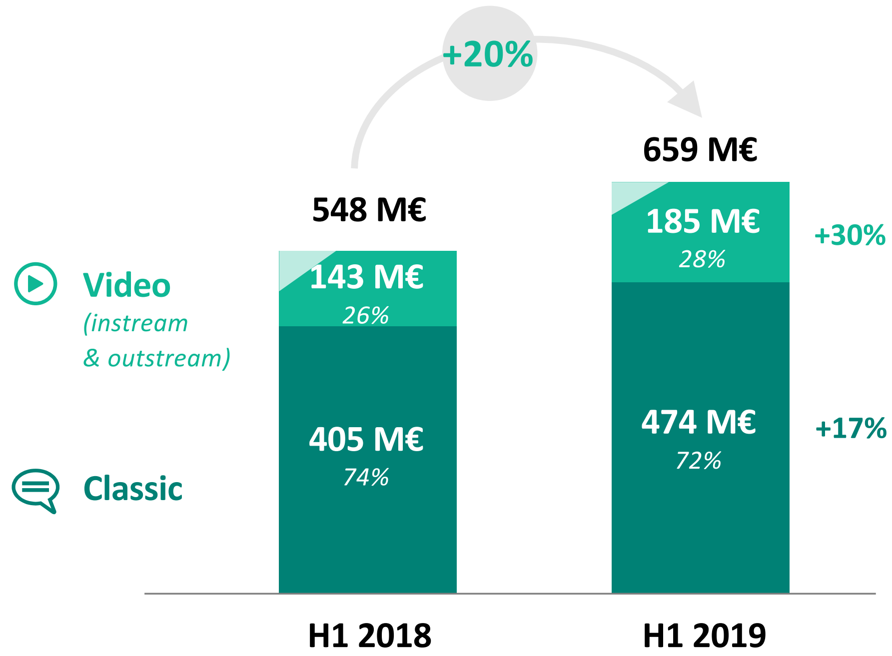
PART II

SOCIAL, SEARCH & OTHER CHANNELS: CHALLENGING THE STATUS QUO?

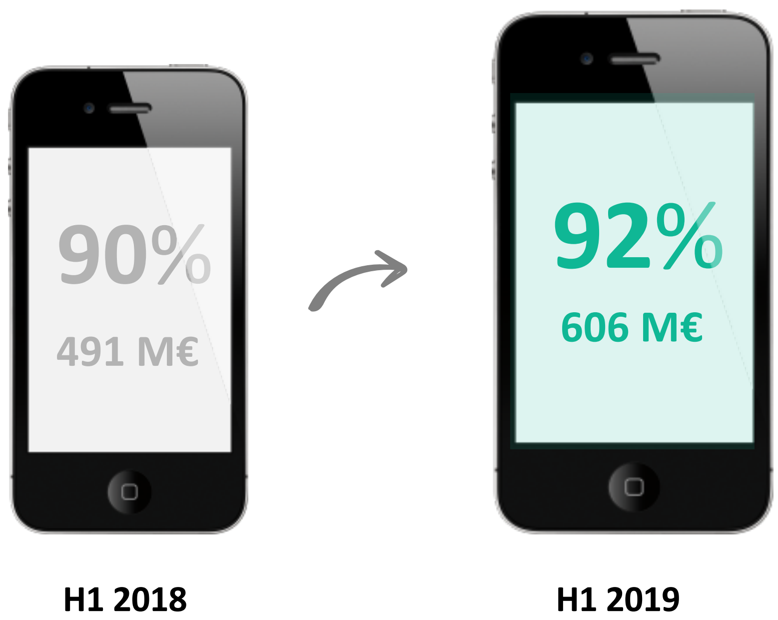
FOCUS ON SOCIAL (24% MARKET SHARE)

Growth remains strong in **Social** media with **+20% on** H1 2019[1]

Growth is driven by Video
(revenues – in €M)



Social media is mainly Mobile
% of revenues in Mobile

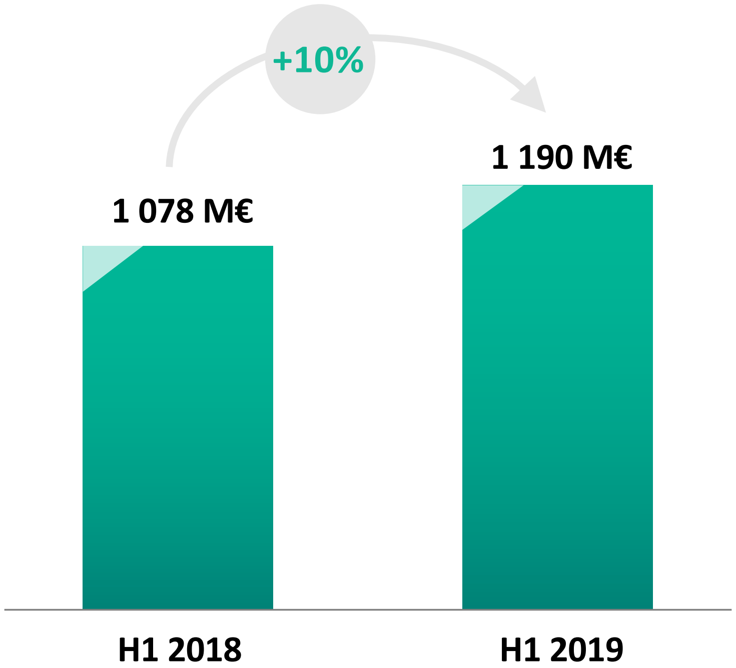


Note: 1. vs. +62% sur H1 2018 (20ème edition released in July 2018) ; 2. Social Video Revenues Total 2018 = 315M€
Sources: SRI, UDECAM, interviews conducted in June / July 2019 with key market actors, public information, Oliver Wyman analysis

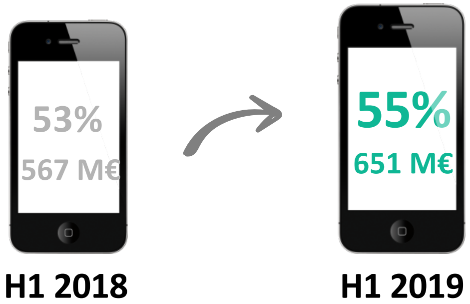
FOCUS ON SEARCH (43% MARKET SHARE)

Search market grew by **10%**

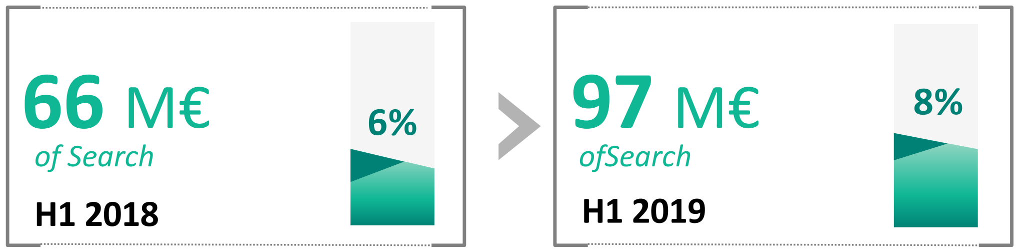
Evolution of Search[1]
(revenues – in €M)



Mobile share keeps on growing
% of Mobile revenues



Development of Retail Search[2]**: +47%**
(revenues – in €M) , % du Search

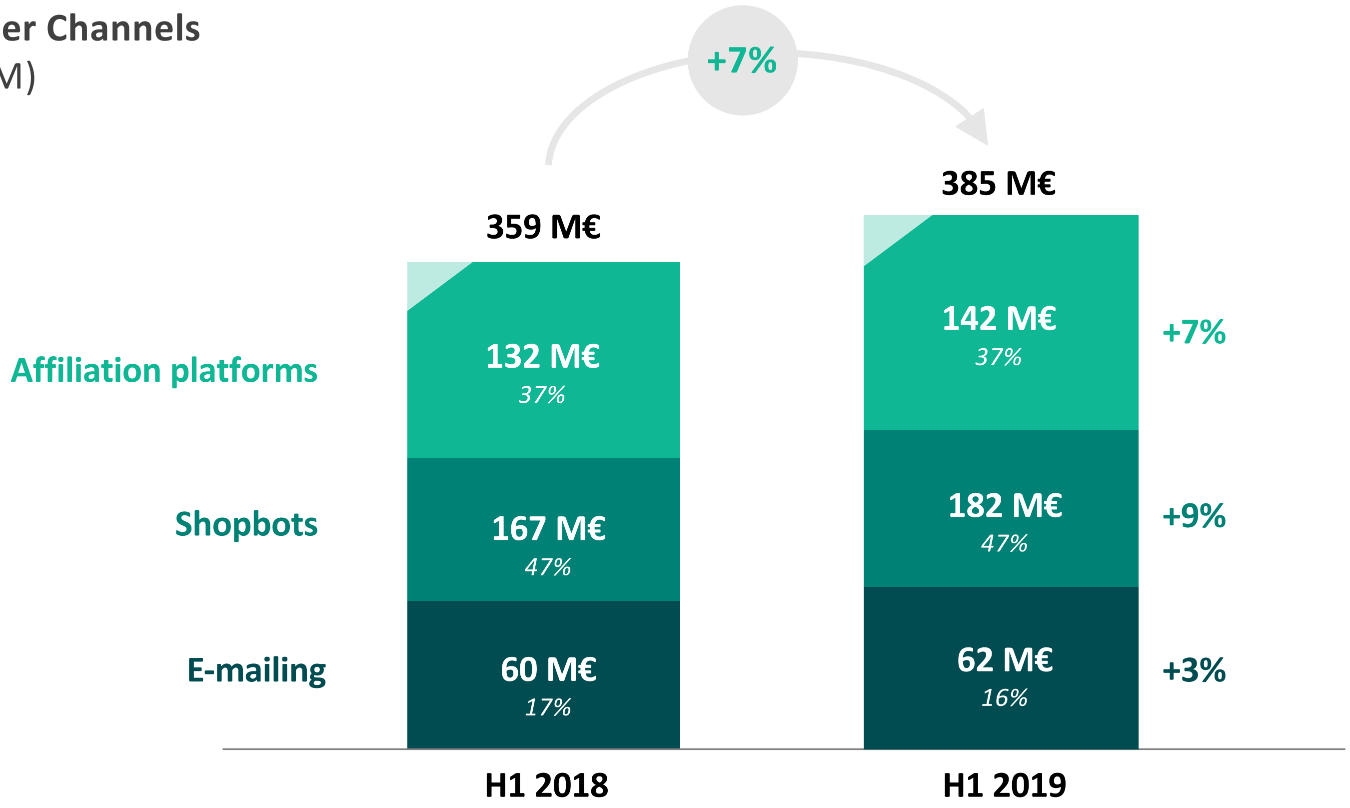


Notes: 1. Search figures represent actors' revenues after deduction of traffic acquisition costs (TACs) ; 2. Retail Search includes advertising space on site search engines Retail E-commerce and traditional
Sources: SRI, UDECAM, interviews conducted in June / July 2019 with key market actors, public information, Oliver Wyman analysis

FOCUS ON OTHER CHANNELS (14% MARKET SHARE)

Other Channels are up **7%**

Evolution of Other Channels
(revenues – in €M)



Sources: CPA, SRI, UDECAM, interviews conducted in June / July 2019 with key market actors, public information, Oliver Wyman analysis

PART III

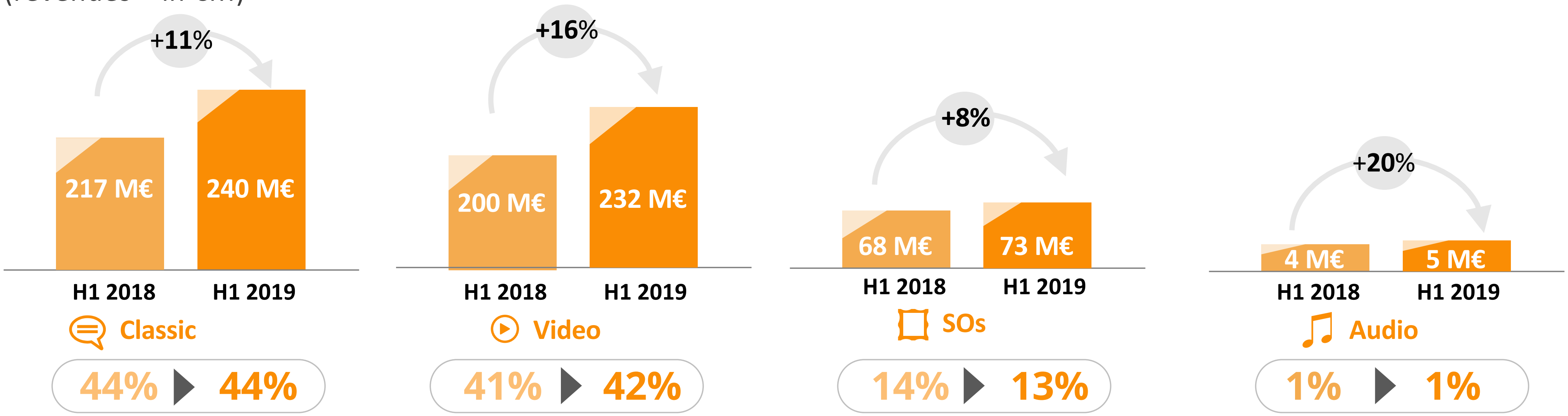
DISPLAY IS GROWING

DISPLAY IS GROWING (20% MARKET SHARE)

Display is doing well, growing by **13%**; Classic Display is mainly supported by recommendation platforms

Display revenues by format
(revenues – in €M)

Display total revenues: **550 M€**



Banners, site wraps, top and middle native anchors & recommendation platforms

Instream: Pre-roll, mid-roll & post-roll – Outstream: in-read, in-picture

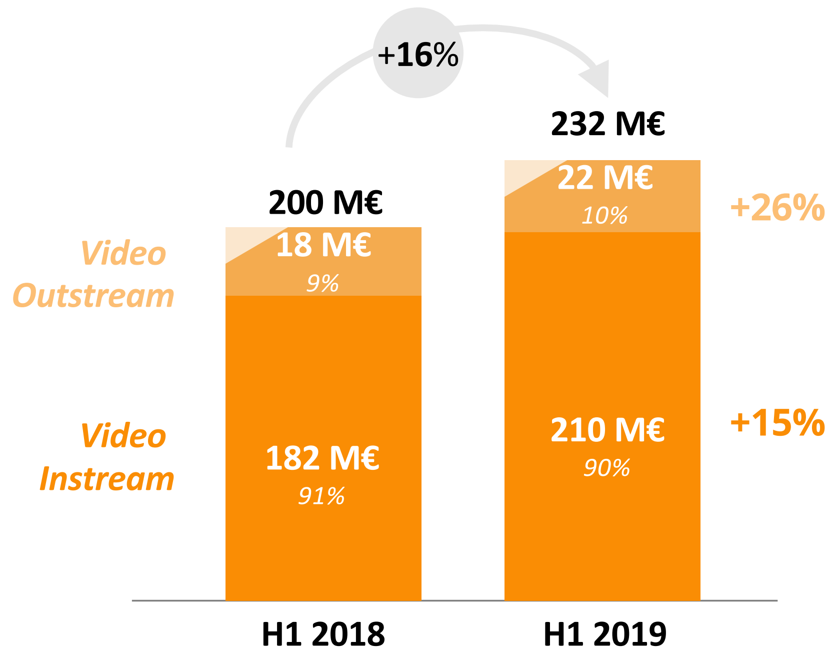
Special operations with dedicated produced content
Supported by Display format and native editorial

Web radios, music streaming musical, voice assistants, podcasts (download or streaming)

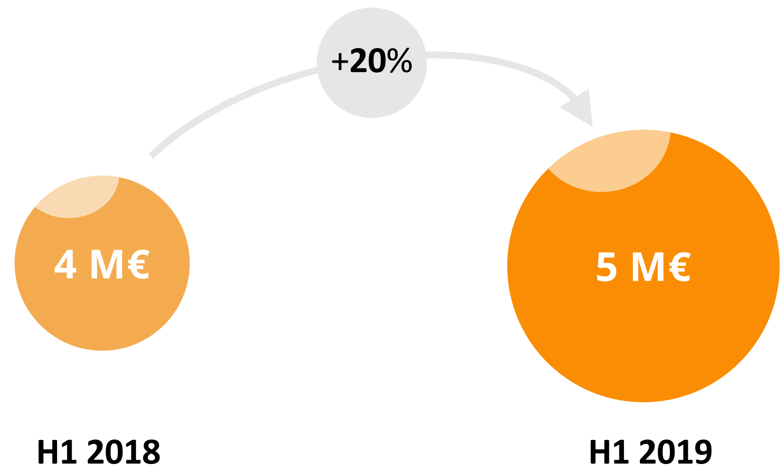
Sources: SRI, UDECAM, interviews conducted in June / July 2019 with key market actors, public information, Oliver Wyman analysis

Video & **Audio** are both growing, all formats combined

Video Display revenues
(revenues – in €M)



Audio Display revenues
(revenues – in €M)

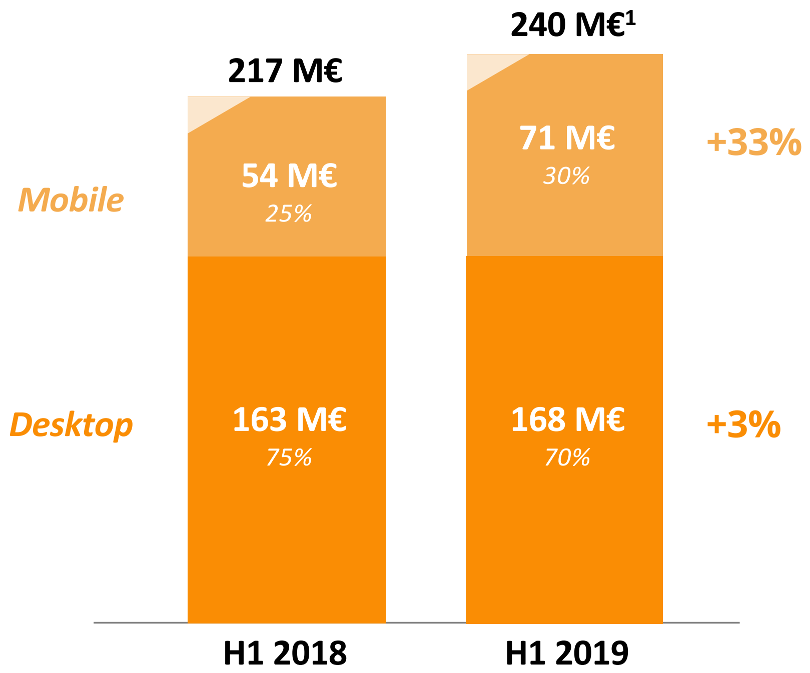


Note: 1. Display Video revenues Total 2018 = 456.8M€ dont 412.5M€ instream & 44.3M€ outstream
Sources: SRI, UDECAM, interviews conducted in June / July 2019 with key market actors, public information, Oliver Wyman analysis

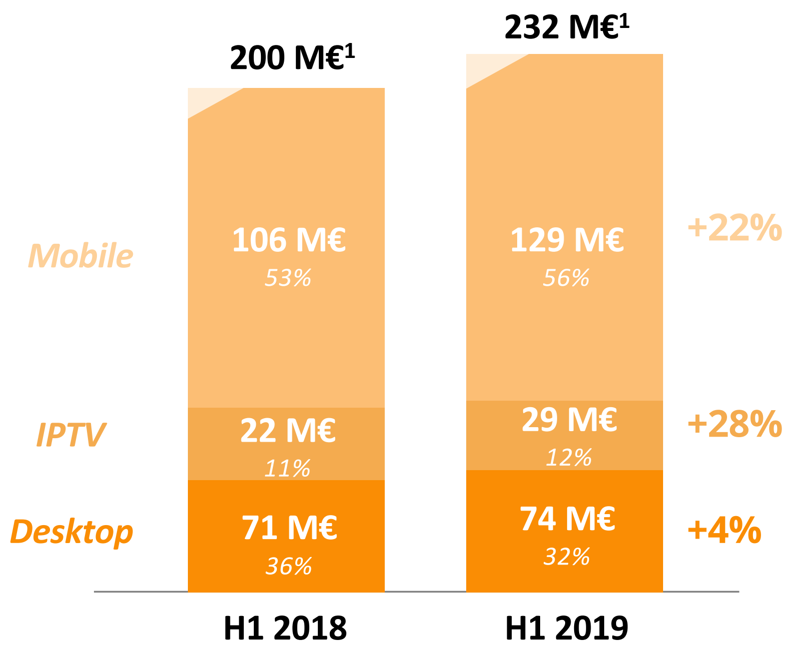
DISPLAY IS GROWING

Mobile part is growing in each Display segment, mostly among Video and "Classic"

« Classic » Revenues



Video Revenues

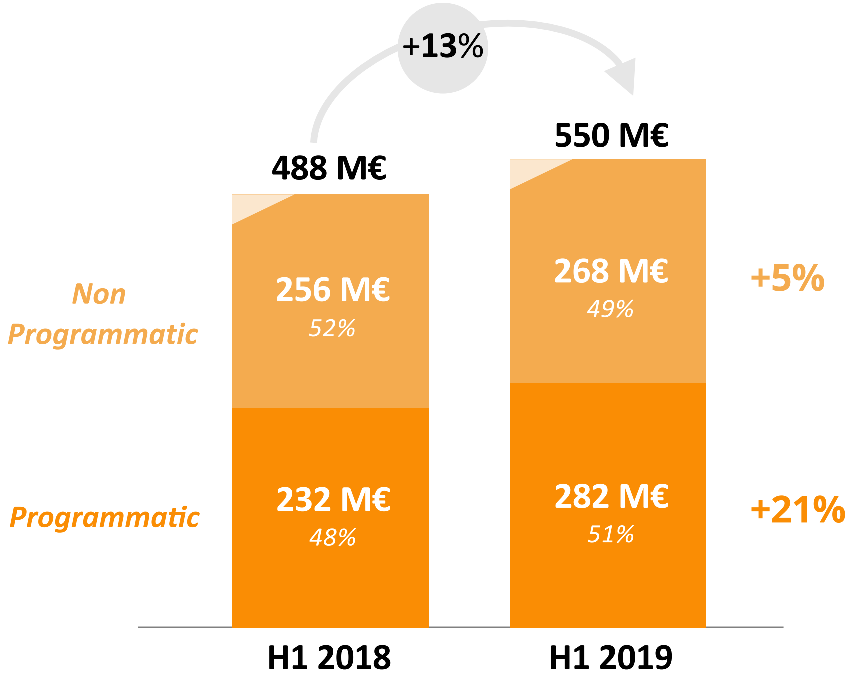


Note: Due to rounding to the million, some totals do not correspond to the exact sum of the categories
Sources: SRI, UDECAM,, interviews conducted in June / July 2019 with key market actors, public information's, Oliver Wyman analysis

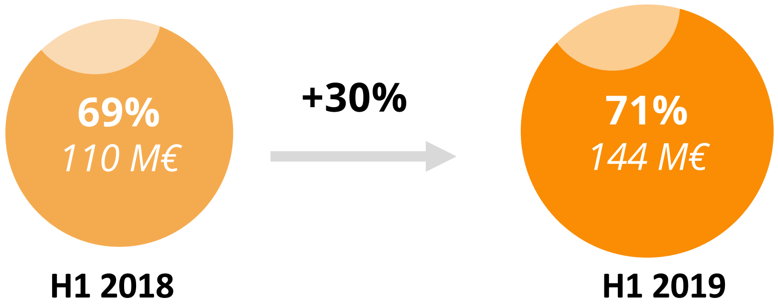
DISPLAY IS GROWING

For the first time, **Programmatic**[1] accounts for more than **50%**[2] of Display revenues

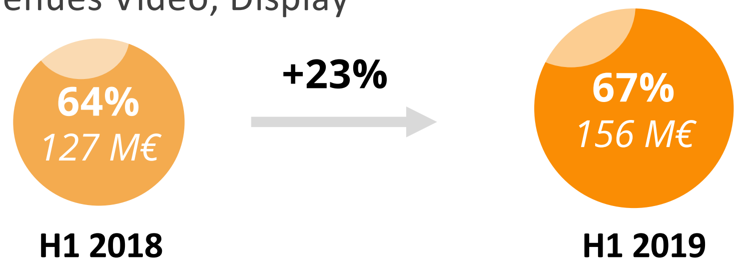
Display Breakdown by type[1]
(revenues – in €M) , non Programmatic / Programmatic



Programmatic[1] **market share in Mobile**
% of revenues in Mobile, Display



Programmatic[1] **Video market share**
% of revenues Video, Display

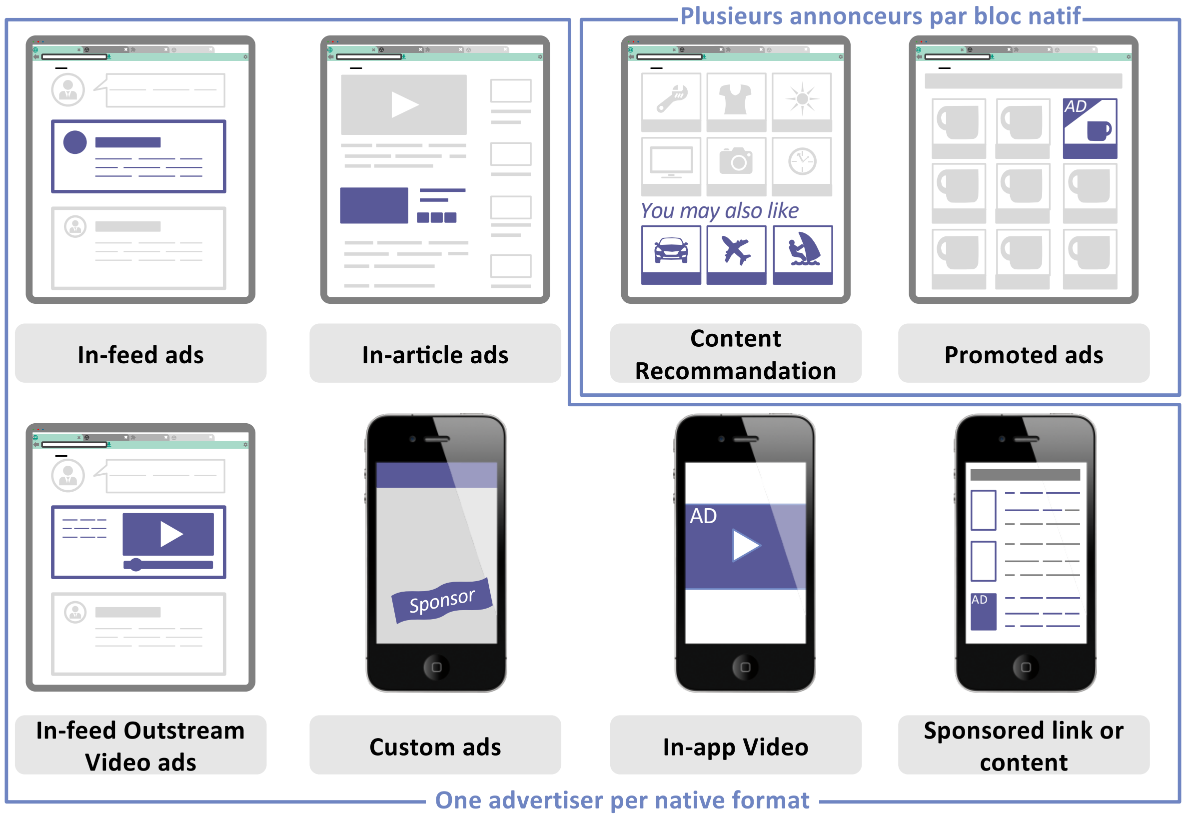


Notes: 1.Inventories sold through an automated relationship between buyers and sellers (Includes all automated sales models); 2. The share of automated purchases in total Display & Social revenues stands at 78% for Programmatic 2019 vs. 75% in Programmatic 2018
Sources: SRI, UDECAM, interviews conducted in June / July 2019 with key market actors, public information, Oliver Wyman analysis

PART IV

MAKE NATIVE ADVERTISING CLEARER!

How do we **define Native** advertising?



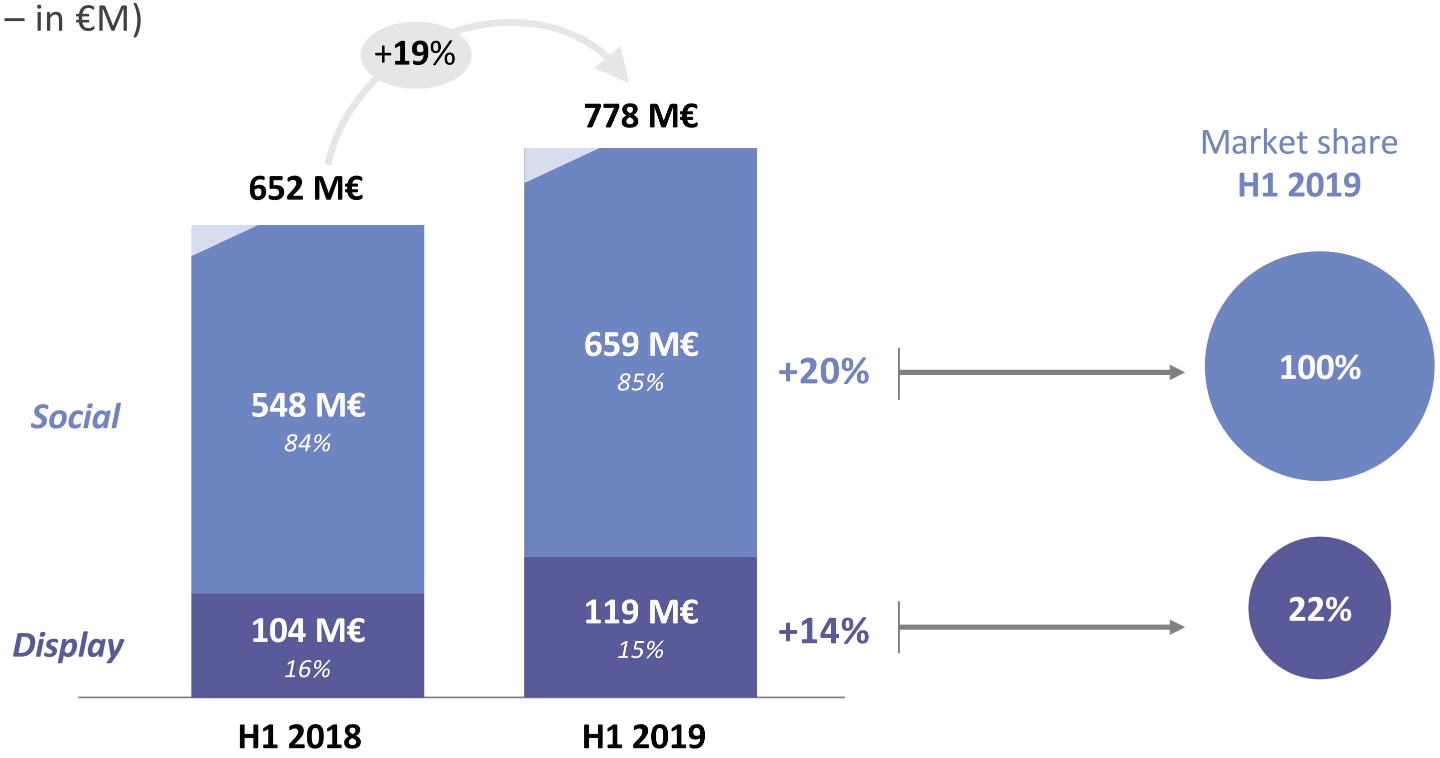
Native advertising** refers to a type of advertising that by its **format**, **location** and **content resembles and strongly integrates with editorial content, e-commerce, and UGC**[1] support site that disseminates it. **Social is therefore by nature Native

Note: 1. User-generated content
Sources: E-Marketer, Oliver Wyman analysis

MAKE NATIVE ADVERTISING CLEARER!

Native advertising is valued at **778 M€** in H1 2019, **up 19%** vs H1 2018

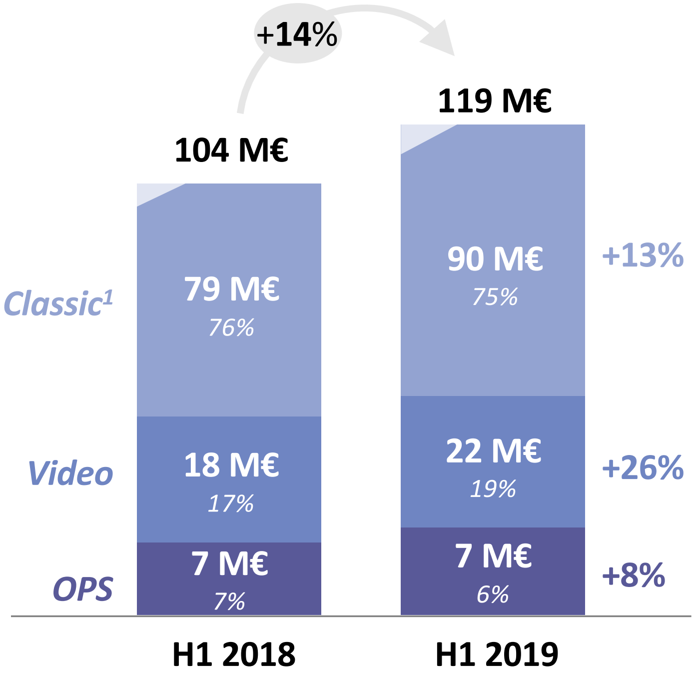
« Native » format revenue evolution
(revenues – in €M)



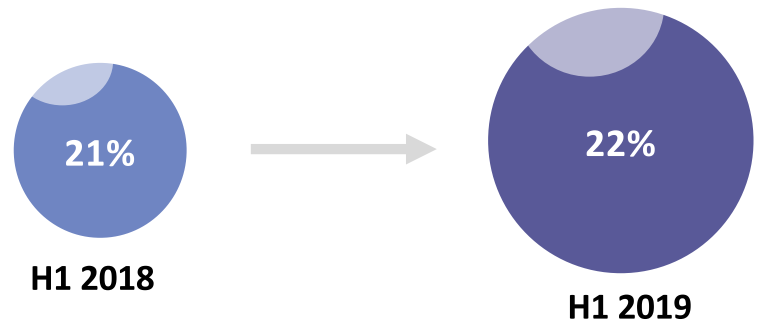
Sources: SRI, UDECAM, interviews conducted in June / July 2019 with key market actors, public information, Oliver Wyman analysis

Native Display market is valued at **119 M€** and accounts for **22% of Display market** in H1 2019

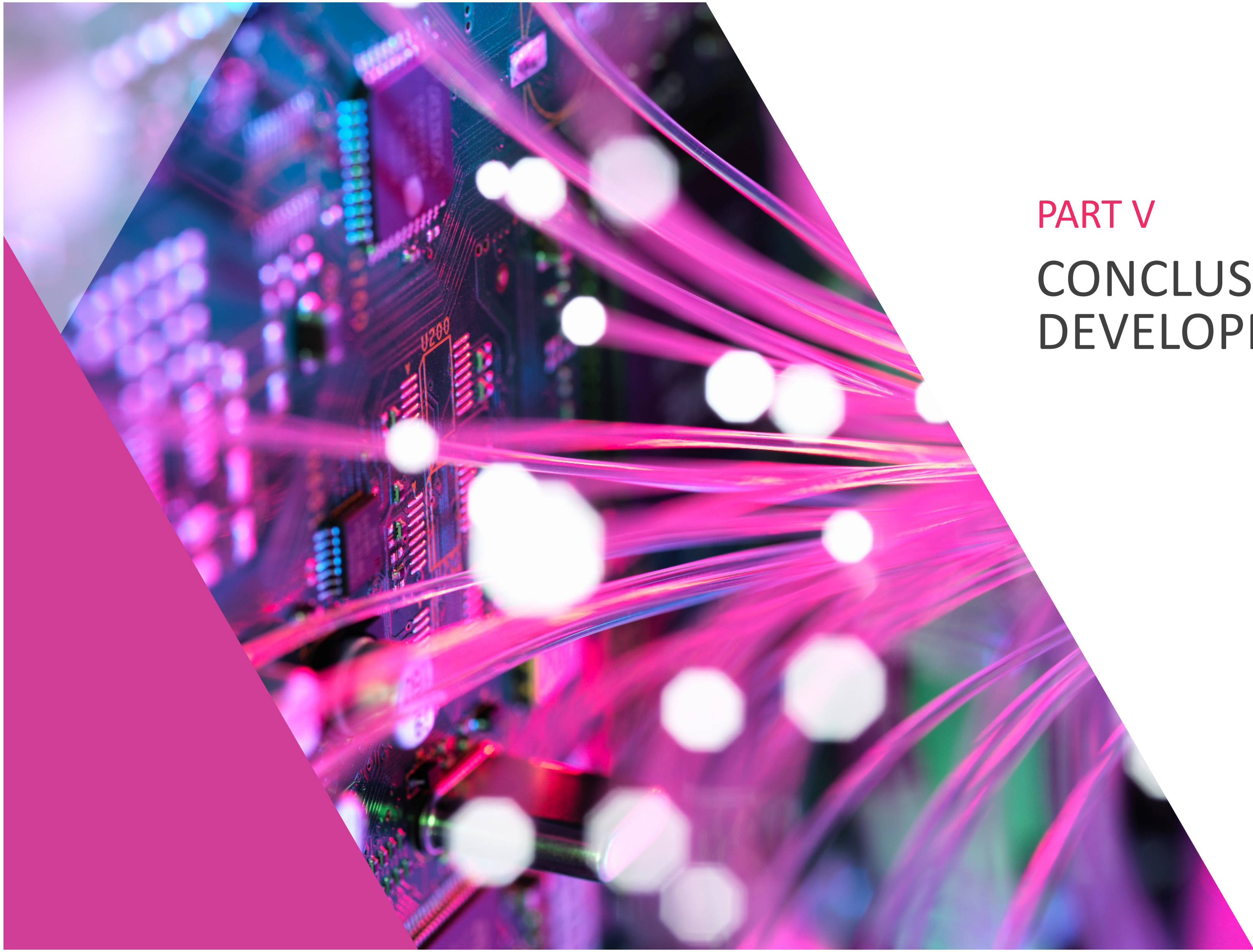
Evolution of « Native » format revenues
(revenues – in €M) , by format



Native market share in Display
% of total Display



Note: 1. Including recommendation platforms & native formats (anchors top & middle page), accounting for 58% of Classic Native revenues in S1 2019
Sources: SRI, UDECAM, interviews conducted in June / July 2019 with key market actors, public information, Oliver Wyman analysis



PART V

CONCLUSIONS & FUTURE DEVELOPMENT

Key figures at a glance (excl « other channels)

SOCIAL	DISPLAY	SEARCH
+20% | 659 M€	+13% | 550 M€	+10% | 1190 M€

61% revenues on Mobile

89% automated revenues [1]
(Display Programmatic + Social + Search)

Search and Social concentrate 77% of Digital Advertising Market (Excl Other Channels)

SOCIAL	DISPLAY	SEARCH
Contribute to 39% of growth	Contribute to 22% of growth: 12% platforms; 10% other actors	Contribute to 39% of growth

Search and Social contribute to 78% of growth

Note: 1. Inventories sold via an automated relationship between buyers and sellers. All automated sales models are included. By nature, Social and Search are automated.
Source: Oliver Wyman analysis

We identified **3 ways of development** for the future Report

01 More **advertisers** insights

- **Verticals by sector**
- **Local vs National** (even International)
- Advertiser vision **according to its size**

02 New **categories** in **segmentation**

- **Retail Media** platforms integrations
- **Campaign segmentation** (performance, branding, drive to store / web, special event)

03 A zoom on **Data**

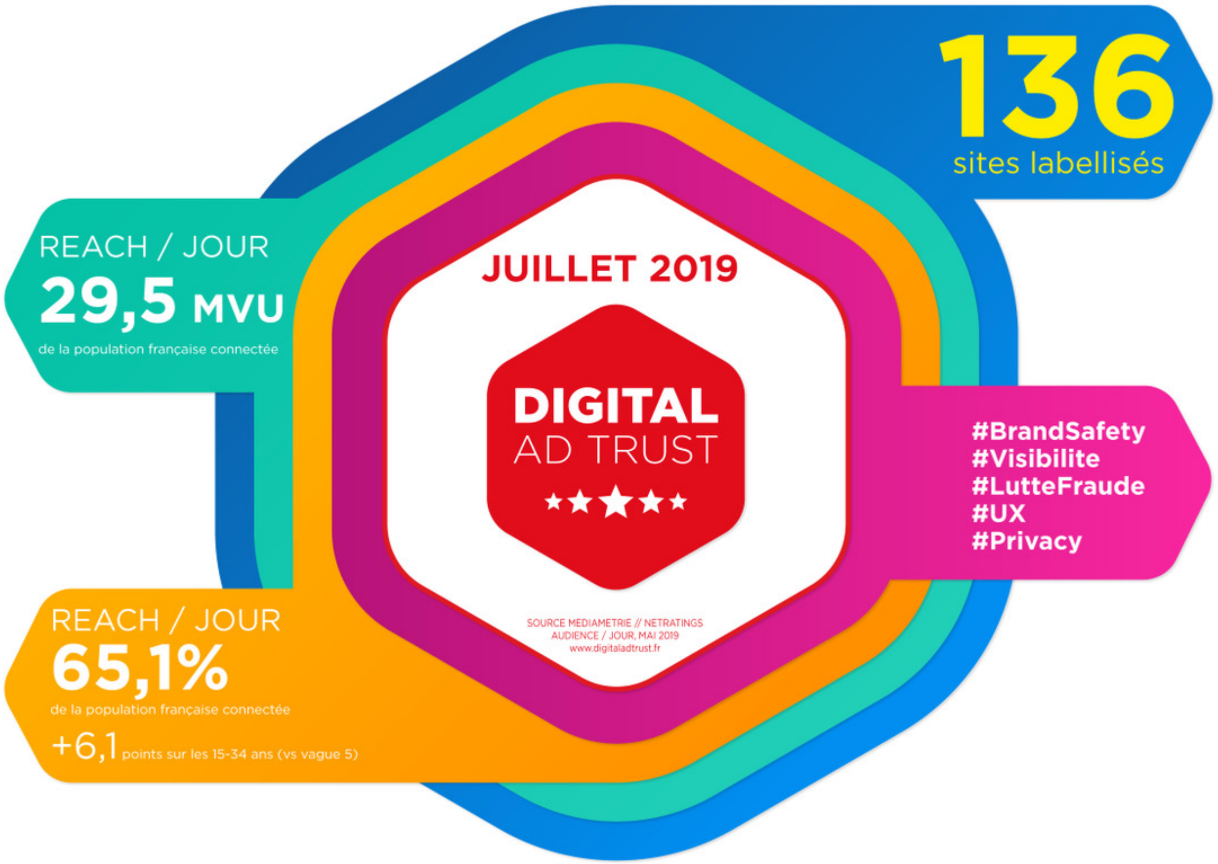
- **Mapping of activated data within the value chain**

International benchmarks will be integrated to illustrate **structural specificities** of the French market

Source: Oliver Wyman analysis

PERSPECTIVE ON REPORT EVOLUTION

Digital Ad-Trust label update



Source: SRI

APPENDIX

Appendix

Total Social & Search revenues estimation in H1 2018 and H1 2019

Evolution of revenues by channel

(revenues – in €M)

Revenues by channel (M€)	H1 18	H1 19	% evol
Search	1 078.4	1 190.4	+10.4%
Social	548.3	659.0	+20.2%
Display	488.1	549.7	+12.6%
Other channels	359.1	385.2	+7.3%
Total	**2473.8**	**2784.3**	**+12.6%**

Evolution of revenues by type

(revenues – in €M)

Search revenues by type (M€)	H1 18	H1 19	% evol
Revenues Search Classic	**1 012.4**	**1 093.3**	**+8.0%**
Search Classic Mobile	539.9	610.1	+13.0%
Search Classic Desktop	472.5	483.3	+2.3%
Revenues Search Retail	**66.0**	**97.1**	**+47.0%**
Search Retail Mobile	27.1	40.6	+49.6%
Search Retail Desktop	38.9	56.5	+45.2%
Total Search	**1078**	**1190**	**+10.4%**

Note: figures presented in the core of the document are rounded to the million.

Evolution of Social revenues by format

(revenues – in €M)

Revenues Social par format (M€)	H1 18	H1 19	% evol
Revenues Classic	**405.4**	**473.8**	**+16.9%**
Classic Mobile	360.9	433.9	+20.2%
Classic Desktop	44.5	40.0	-10.2%
Revenues Video	**142.9**	**185.2**	**+29.6%**
Video Outstream	142.9	181.9	+27.3%
Outstream Mobile	130.2	169.5	+30.2%
Outstream Desktop	12.7	12.4	-2.4%
Video Instream	0.0	3.3	-
Instream Mobile	0.0	3.1	-
Instream Desktop	0.0	0.2	-
Total Social	**548.3**	**659.0**	**+20.2%**

Appendix

Total Display & Other Channels revenues estimation in H1 2018 and H1 2019

Evolution of Display Video revenues
(revenues – in €M)

Revenues by format (€M)	H1 2018	H1 2019	% evol
Video Revenues	199.7	232.4	16.4%
Instream Video	**181.9**	**210.1**	**+15.5%**
Instream Mobile	94.5	113.5	+20.1%
- Programmatic	77.9	95.3	+22.3%
- Non Programmatic	16.5	18.2	+9.8%
Instream Desktop	65.1	68.0	+4.5%
- Programmatic	37.7	41.5	+10.2%
- Non Programmatic	27.5	26.5	-3.4%
Instream IPTV	22.4	28.6	+27.9%
- Programmatic	3.2	5.5	+71.2%
- Non Programmatic	19.2	23.1	+20.6%
Outstream Video	**17.7**	**22.3**	**+25.6%**
Outstream Mobile	11.5	16.1	+39.9%
- Programmatic	5.1	9.5	+86.8%
- Non Programmatic	6.5	6.7	+3.1%
Outstream Desktop	6.2	6.2	-0.9%
- Programmatic	3.1	3.8	+21.4%
- Non Programmatic	3.1	2.4	-23.5%

Note: figures presented in the core of the document are rounded to the million.

Evolution of Display Classic, SOs, Audio revenues
(revenues – in €M)

Revenues by format (€M)	H1 2018	H1 2019	% evol
Classic Revenues	216.7	239.6	10.5%
Classic Mobile	53.7	71.4	+33.1%
- Programmatic	27.3	38.8	+42.0%
- Non Programmatic	26.3	32.6	+23.8%
Classic Desktop	163.1	168.2	+3.1%
- Programmatic	70.3	75.8	+7.8%
- Non Programmatic	92.7	92.3	-0.4%
SOs Revenues	67.7	72.9	+7.8%
-Programmatic	7.3	11.0	+49.9%
-Non Programmatic	60.3	62.0	+2.7%
Audio Revenues	4.0	4.8	+20.0%
- Programmatic	0.2	0.6	+146.0%
- Non Programmatic	3.8	4.3	+12.4%

Evolution of Other Channels revenues
(revenues – in €M)

Revenues split by channel (€M)	H1 18	H1 19	% evol
Affiliation platforms	132.1	141.7	+7.3%
Emailing	60.0	61.5	+2.5%
Shopboats	167.0	182.0	+8.9%
Total	359.1	385.2	+7.3%

Contacts

Emmanuel Amiot

Partner Communication, Media & Technology

emmanuel.amiot@oliverwyman.com

Hélène Chartier

Managing Director

hchartier@sri-france.org

Françoise Chambre

Executive Officer

Françoise.chambre@udecam.fr

Bruno Despujol

Partner Pricing, Sales & Marketing

bruno.despujol@oliverwyman.com

Myriam Waquet

Communication & PR

myriam@sri-france.org