2016 Report
17th Edition – January 2017

#Obsepub

Observatoire de l'e-pub

présenté par
SRI
LES RÉGIES INTERNET

réalisé par
pwc

en partenariat avec
UDECAM

We interviewed 29 actors for the report

Contents

01

DIGITAL MARKET EVOLUTION

Continued overall growth for the digital market

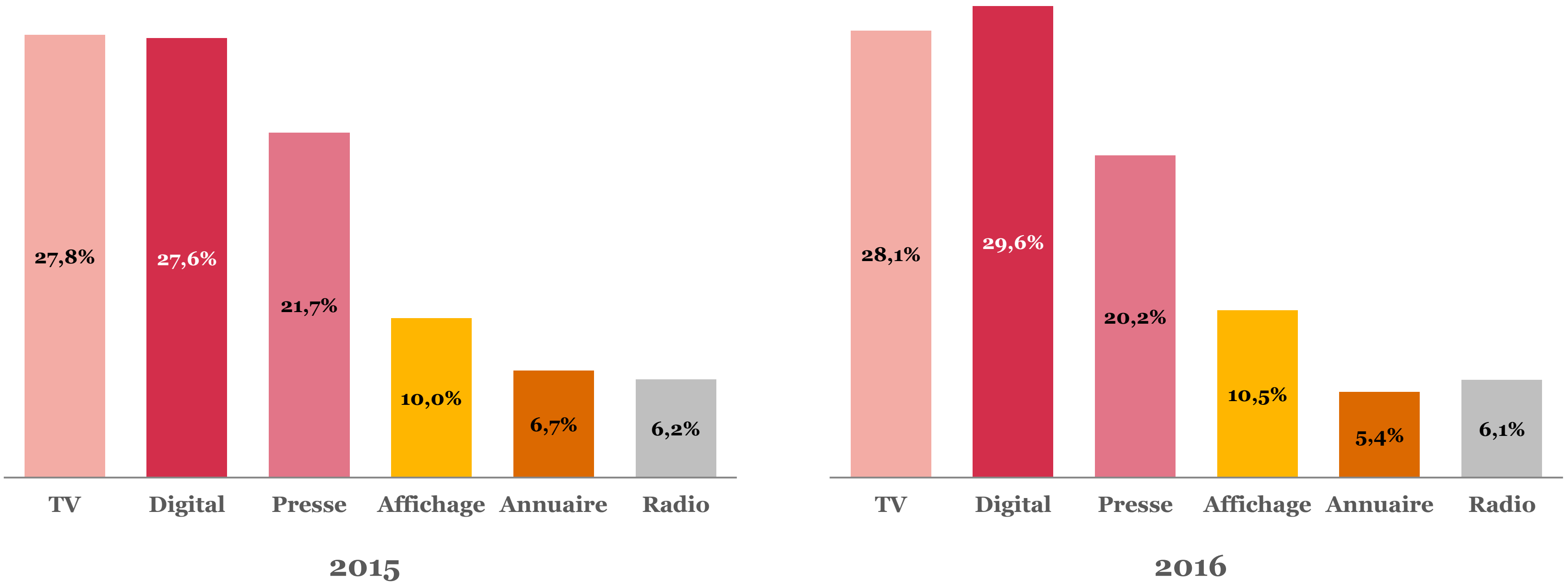
Annual evolution of the digital advertising market in France
(in €M)

** 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, UDECAM

Confirmation of digital's overtaking of TV in the 1st half of the year

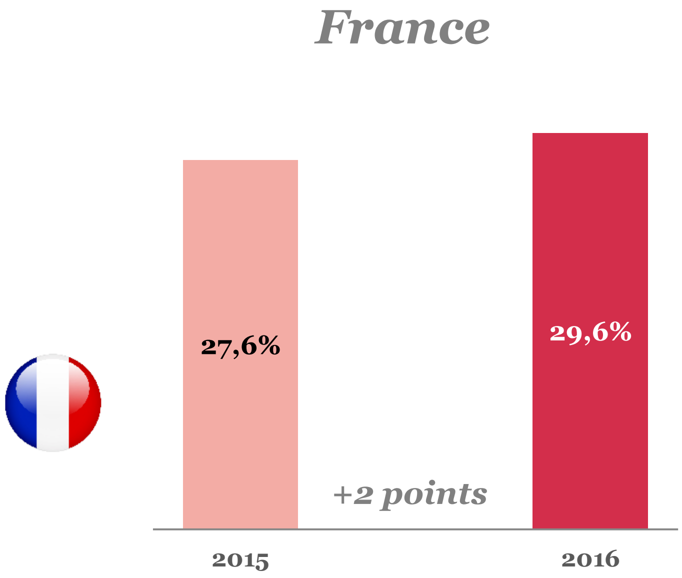
Annual evolution of the advertising market in France

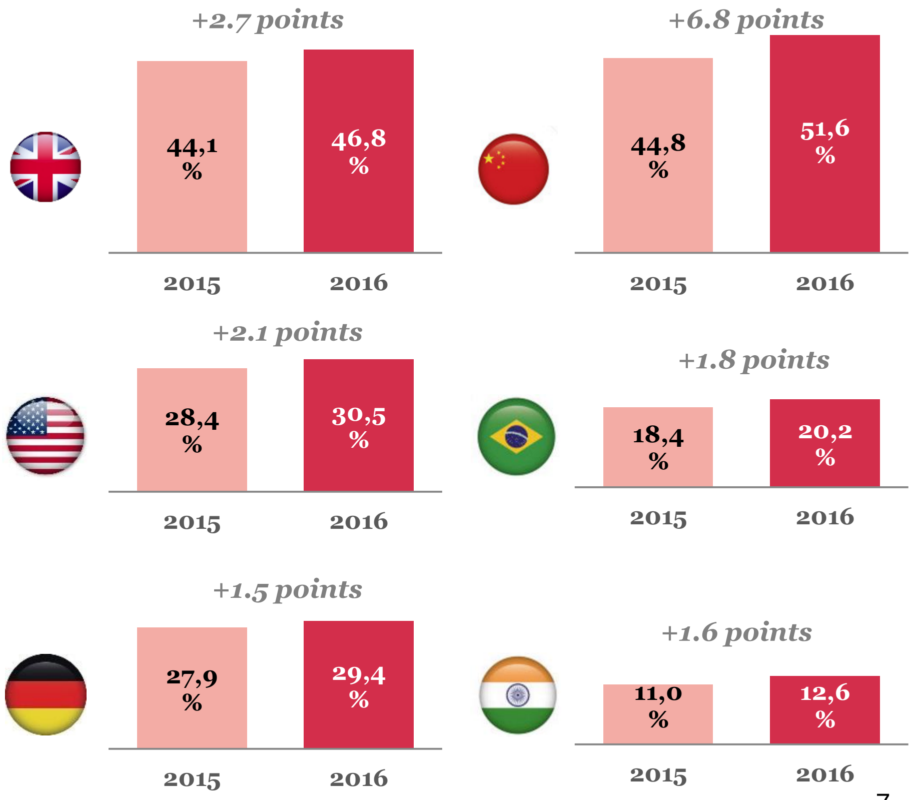
(as a share of media spending)*



Sources: SRI-IREP figures for 2015 and Q1 + Q2 + Q3 2016
** Media: TV, radio, press, display, digital and directory*

France in line with USA and Germany, but below UK and China

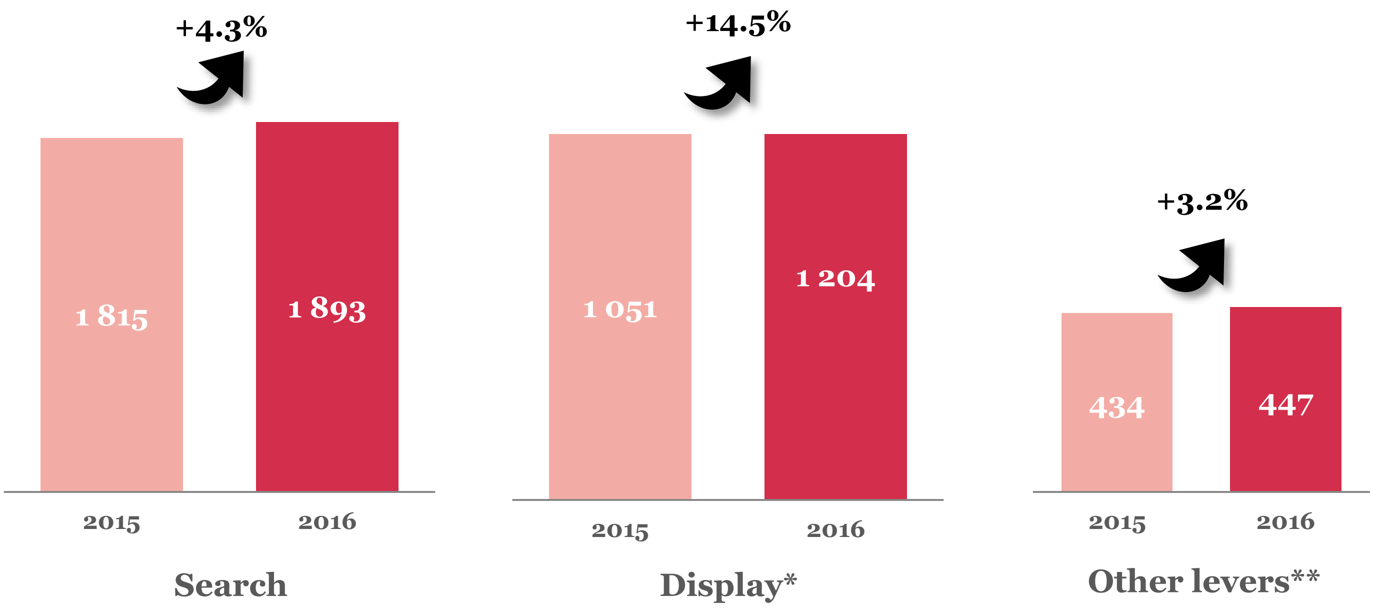




Sources: PwC Global Entertainment and Media Outlook: 2016-2020, SRI, IREP, eMarketer

Growth mainly generated by display

Digital media mix in France *(in €M)*



	Search		Display*		Other levers**	
Share of digital	*56%*	***55%***	*33%*	***35%***	*11%*	***10%***

** Here, display includes all formats, all devices and all marketing methods*
*** Referrals, direct e-mail and shopbots. Search and display include local advertising*
Sources: PwC analysis, SRI, UDECAM

Global growth of the market, masking heightened divides between players

A market on the rise, confirming its primary growth levers…

… but with inequalities in the distribution of that growth picking up steam

02

DISPLAY ADVANCING AT VARYING SPEEDS

A year full of change and new awareness for the display market

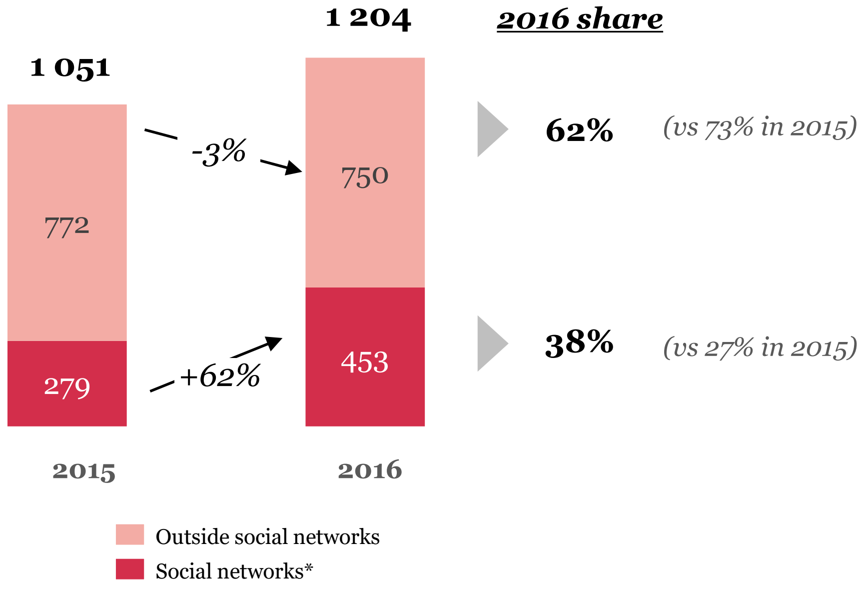
Experience: responses to increasing numbers of ad blockers

Visibility now a strategic KPI

Transparency continuing to rise

Social networks* responsible for all of the growth in display

Annual evolution of the digital display market in France *(in €M)*



+62%

growth in social in France in 2016, compared with 2015

** Social networks, including all formats, all devices and all marketing methods (excluding YouTube)*

EXCLUDING

Owned: *a corporate page or account on a social network*

Earned: *the brand's influencers and intermediaries on social networks*

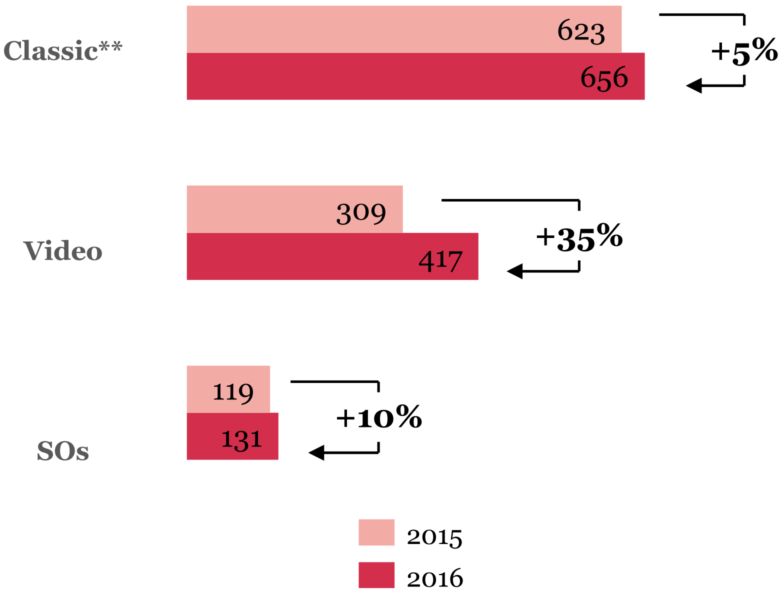
Sources: PwC analysis, SRI and UDECAM statements, public information

2A

FORMATS: STRONG GROWTH IN VIDEO

For display, video maintained strong growth in 2016

Display spending in France, by format *(in €M)*



2016 share

54%
(vs 59% in 2015)

35%
(vs 29% in 2015)

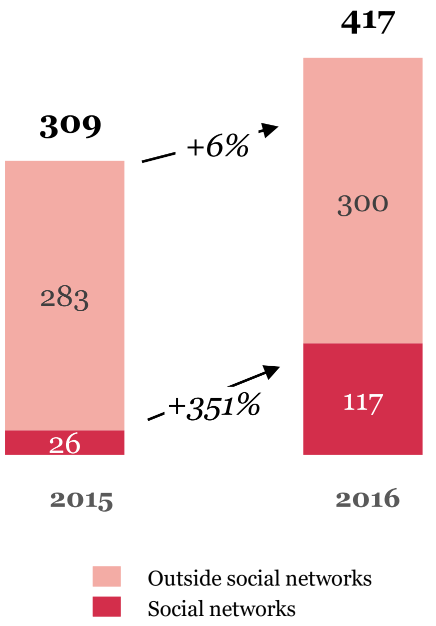
11%
(vs 11% in 2015)

** Display includes all formats (video, classic and special operations), all marketing methods (programmatic and non-programmatic) and all devices (mobile, desktop and IPTV)*

** Classic display includes banner formats, suggestion modules & content links, for all marketing methods and all devices
Sources: PwC analysis, SRI and UDECAM statements, Médiamétrie, public information

Social networks carrying a large proportion of video growth

Evolution of video* spending
(in €M)



2016 share

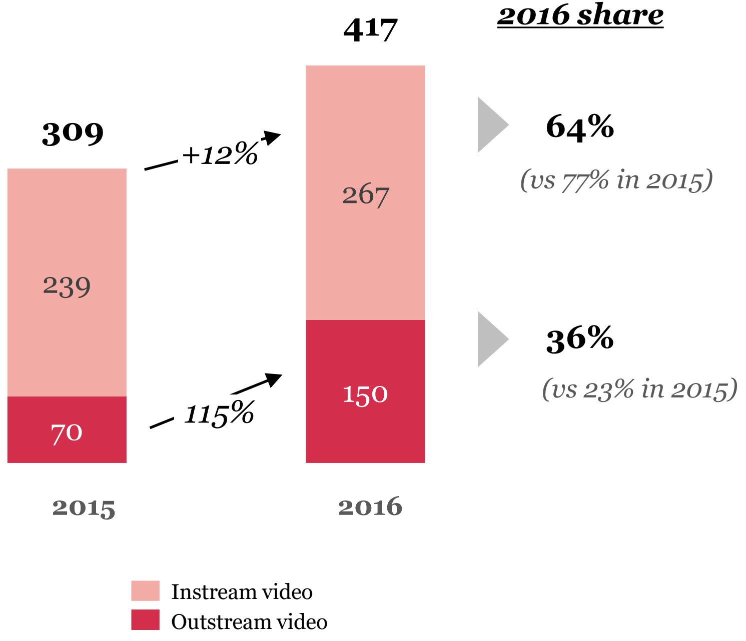
72%
(vs 92% in 2015)

28%
(vs 8% in 2015)

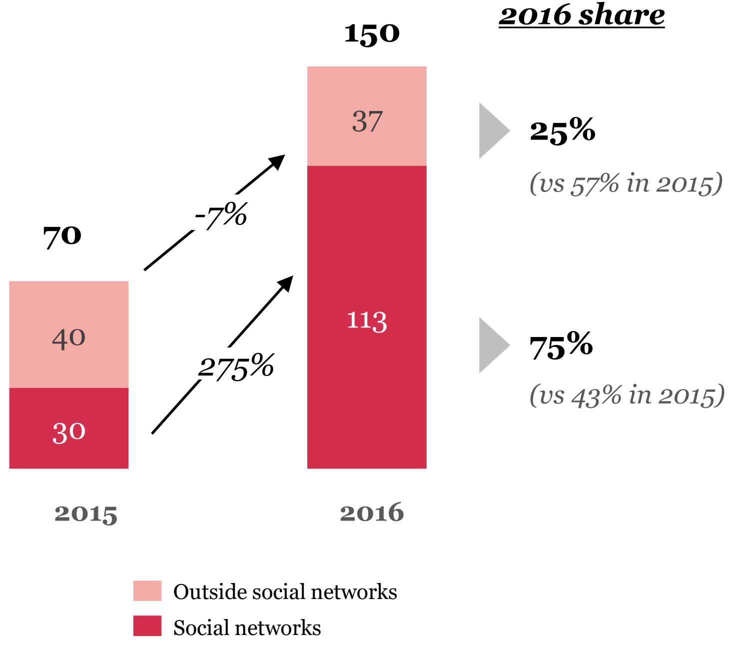
* All devices and all marketing methods;
YouTube is not counted as a social network
Sources: PwC analysis, SRI and UDECAM statements

Instream still the #1 video* format, with outstream rising significantly on social networks

Evolution of instream vs outstream video* spending *(in €M)*



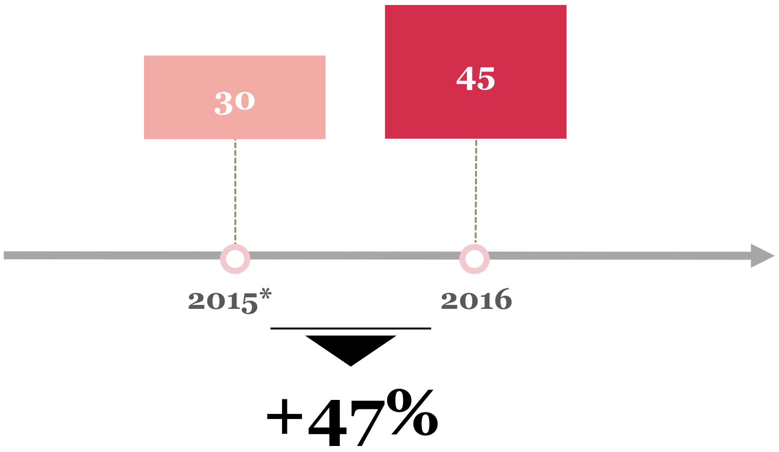
Evolution of outstream video* spending, social network share (in €M)



Sources: PwC analysis, SRI and UDECAM statements, Médiamétrie, public information
* All devices and all marketing methods

Strong growth continues for IPTV

Evolution of IPTV display spending in France
(in €M)



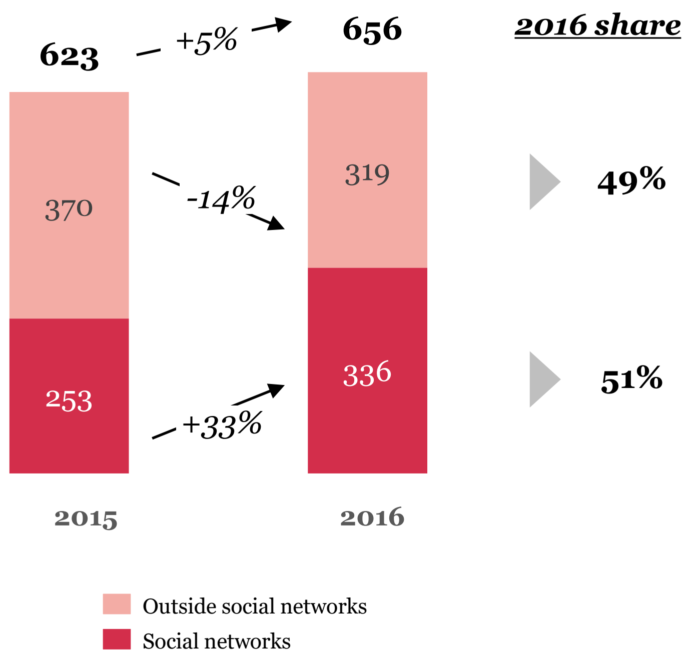
Sources: PwC analysis, SRI and UDECAM statements, Médiamétrie, public information

2B

FORMATS:

A HARD YEAR FOR CLASSIC DISPLAY

Opposite evolutions within classic display*



In 2016, suggestion modules pursued their growth

€47.6M

7.3% of classic display

+18% growth vs 2015

* Classic display includes banner formats, suggestion modules & content links, for all marketing methods and all devices
Sources: PwC analysis, SRI and UDECAM statements, Médiamétrie, public information

2C

PROGRAMMATIC NOW DOMINATING DISPLAY

Definition used by the Observatory

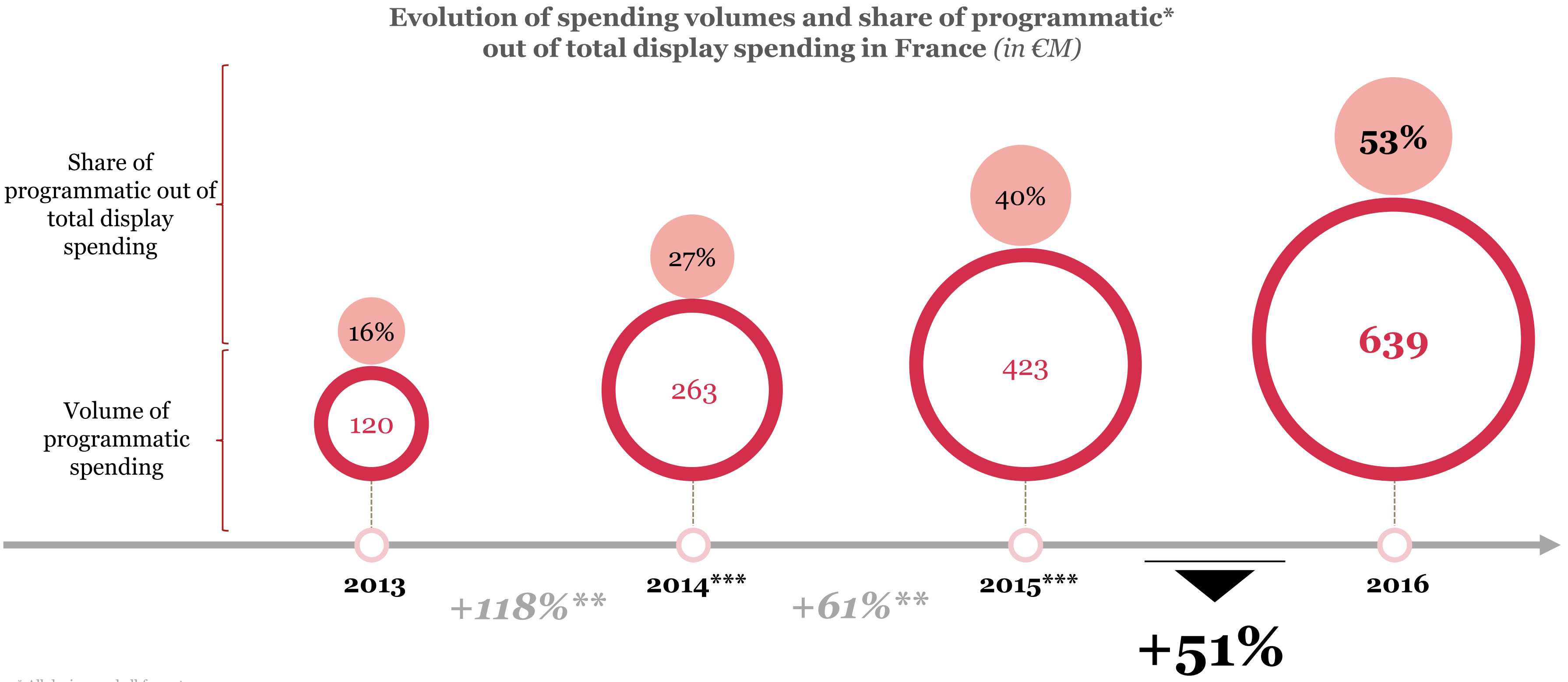
Definition of programmatic

?

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

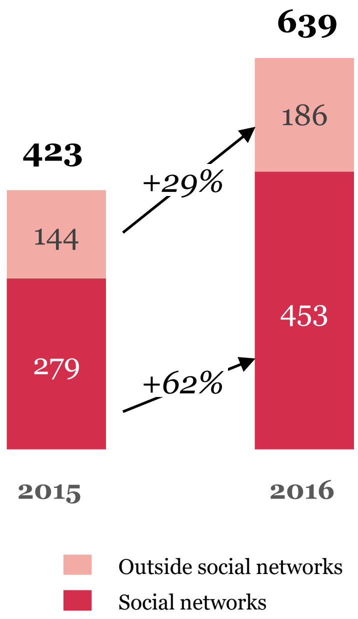
Programmatic* takes the majority in display



* All devices and all formats
** Growth observed on the old perimeter
Sources: PwC analysis, SRI and UDECAM statements
*** New perimeters

Social networks generating most programmatic* growth

Evolution of programmatic* spending
(in €M)



2016 share

29%
(vs 34% in 2015)

71%
(vs 66% in 2015)

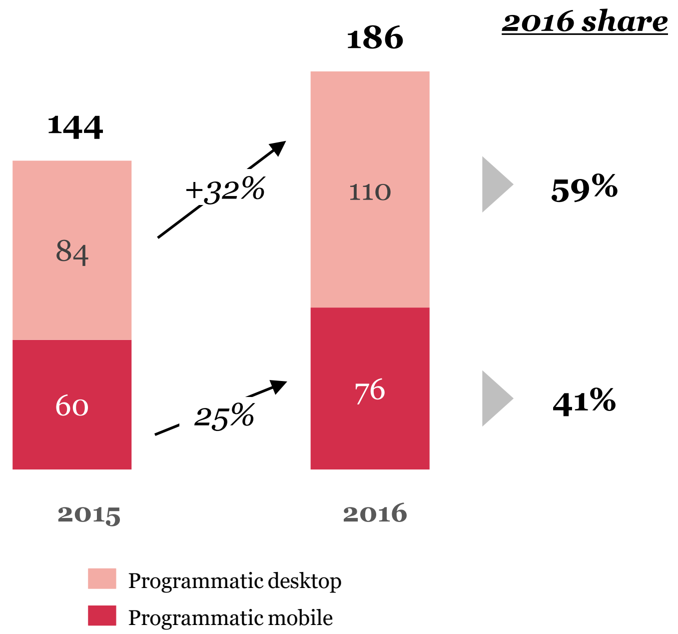
Programmatic spending out of total display, excluding social networks = 30%

* All devices and all formats
Sources: PwC analysis, SRI and UDECAM statements, public information

Mobile also contributing to programmatic growth

81% of programmatic mobile spending generated by social networks

Evolution of programmatic spending, excluding social networks*, by device *(in €M)*



Sources: PwC analysis, SRI and UDECAM statements, public information

Programmatic trends

Programmatic premium is growing stronger

Sharp rise in videos deals and in deals incorporating data. Gradual extension to premium inventories.

Spending is becoming algorithmic

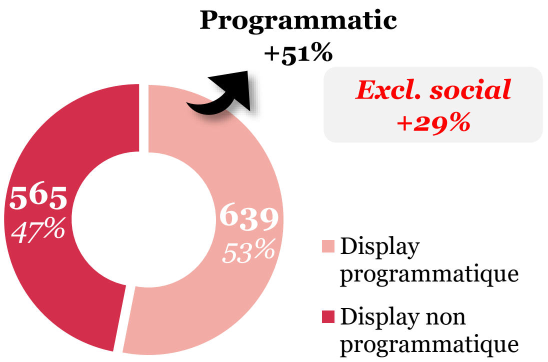
Technical solutions based on machine-learning algorithms are emerging, to automate the optimization of programmatic campaigns.

Private deals are continuing to rise

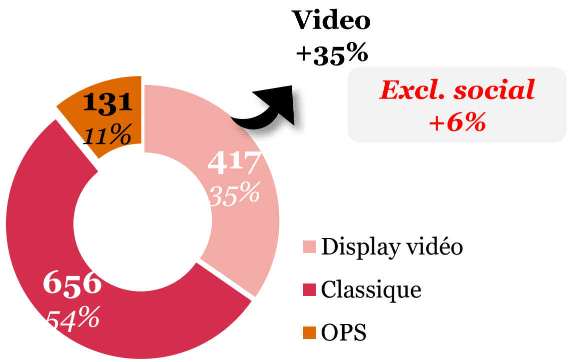
Private deals are capturing advertising on the lookout for inventory volume, price and quality guarantees.

Mixed trends on the digital display market in France

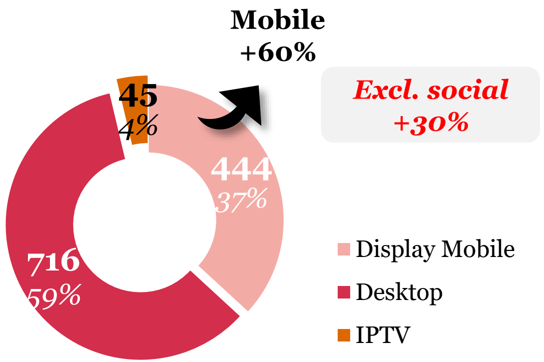
Breakdown of display, by buying method *(in €M)*



Breakdown of display, by format *(in €M)*



Breakdown of display, by device *(in €M)*



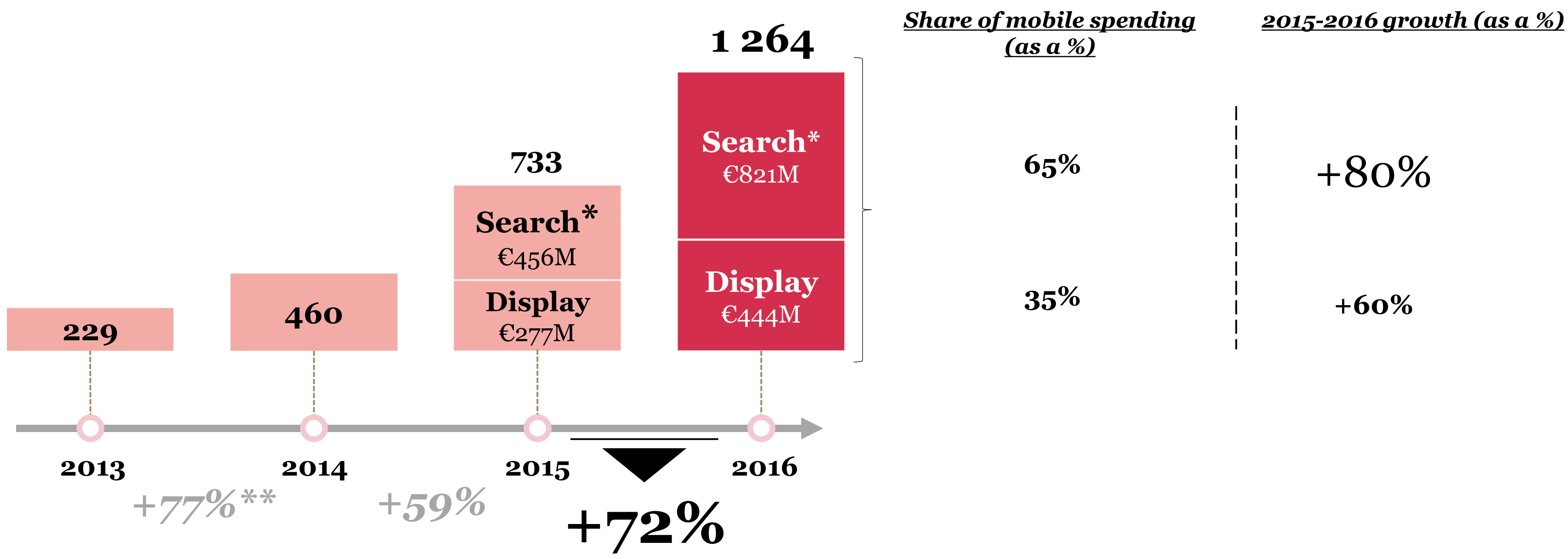
Sources: PwC analysis, SRI and UDECAM statements, public information

03

MOBILE CONTINUING TO PICK UP, THANKS TO SOCIAL AND SEARCH

Growth in mobile continuing to pick up in 2016

Evolution of mobile spending on search* and display *(in €M)*

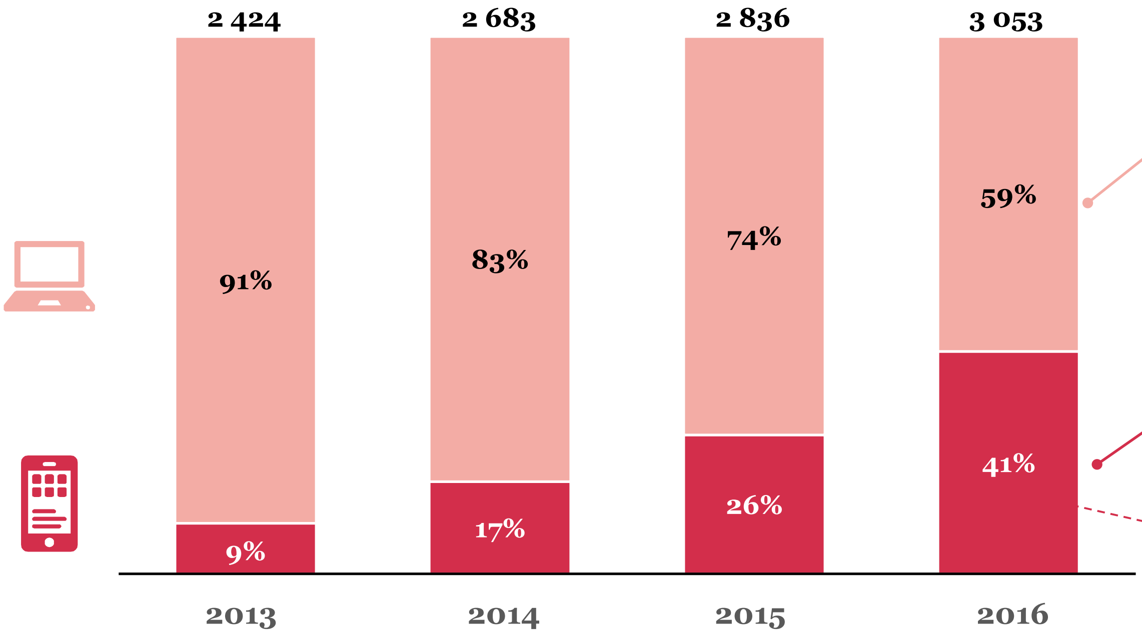


* SEM

Sources: PwC analysis, SRI and UDECAM statements, public information

Mobile share finally approaching desktop share

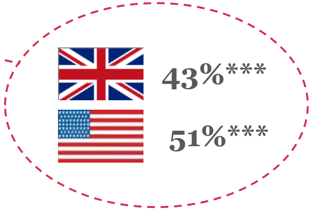
Split between display and search* spending, by device *(in €M)*



Uses

33.5%**
of connections are made from a desktop environment

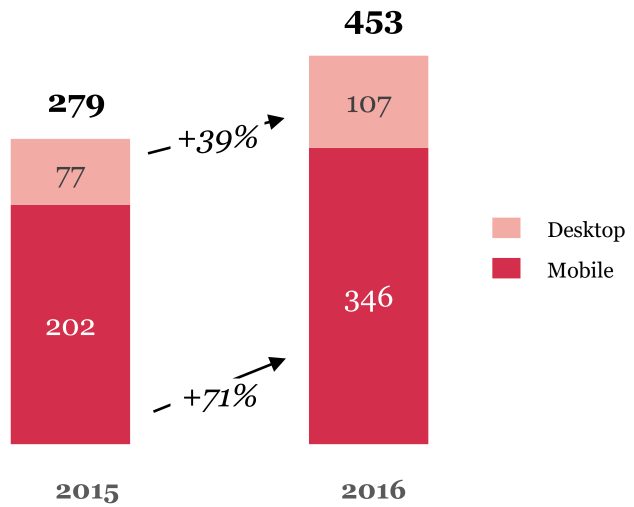
66.5%**
of connections are now made via mobile



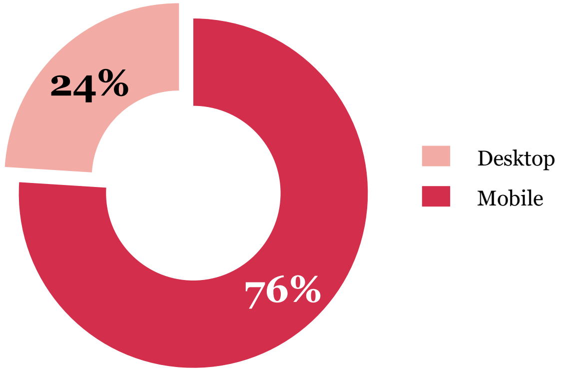
Inclusion of desktop and mobile (smartphones and tablets) for search and display, excluding IPTV
** SEM; ** Médiamétrie, eStat'Web, December 2016; *** IAB Internet Advertising Revenue Report, HY 2016, November 2016 & IAB UK, H1 2016 Digital Adspend Results, October 2016*
Sources: PwC analysis, SRI and UDECAM statements

Social, which is "natively mobile," accounts for most mobile display spending

Evolution of ad spending on social networks, by device *(in €M)*



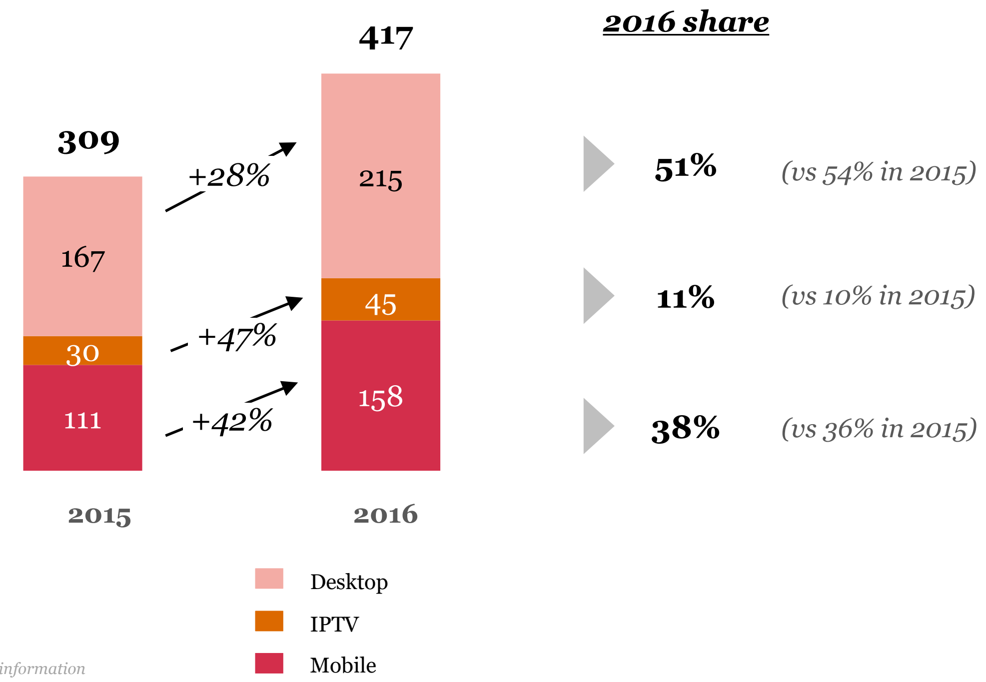
Share of mobile in social network spending in 2016 *(as a %)*



Sources: PwC analysis, SRI and UDECAM statements, public information

Mobile share of video display spending up slightly

Evolution of ad spending on video display *(in €M)*

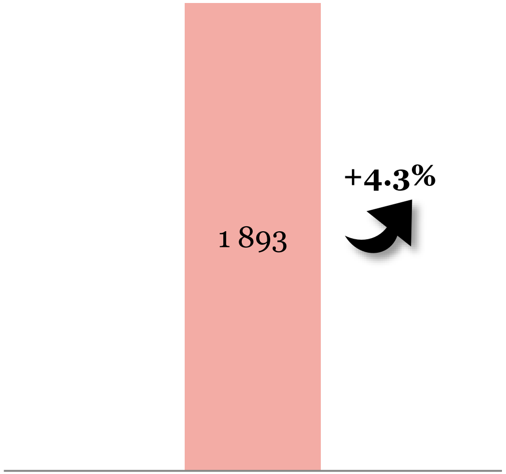


Sources: PwC analysis, SRI and UDECAM statements, public information

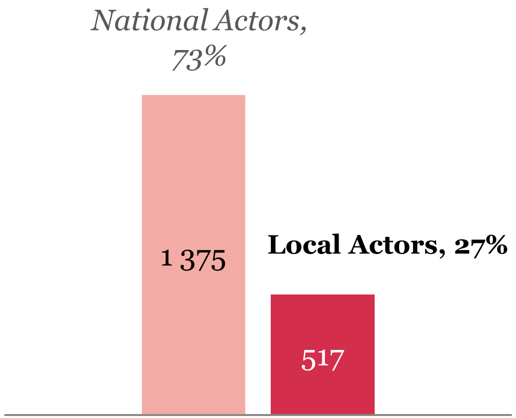
04

SEARCH AND OTHER LEVERS

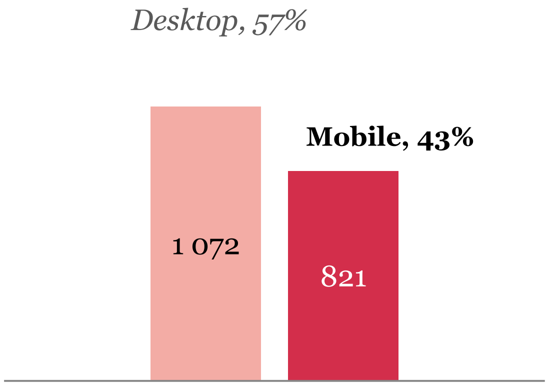
Search market in 2016



Search (2016, m€)



Repartition search National/Local (2016, m€)



Repartition search Desktop/Mobile (2016, m€)

Sources: PwC analysis, SRI and UDECAM statements, public information

Unequal growth in other levers

Other levers €447M +3.2%

Referrals – €226M

Shopbots – €85M*

Direct E-mail - €136M

Sources: PwC analysis, SRI, UDECAM, CPA

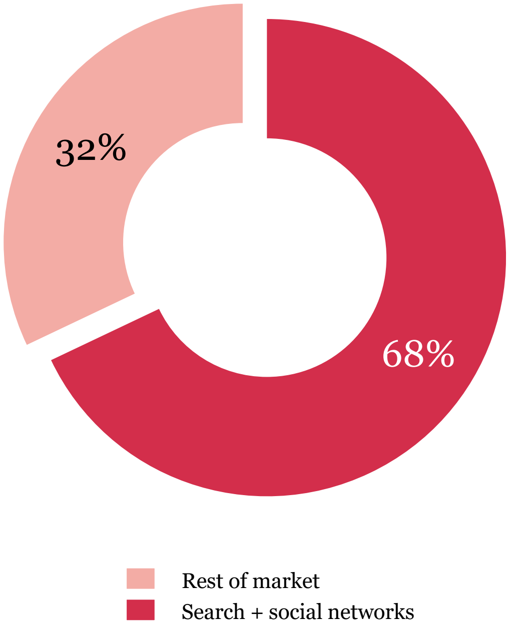
*The current perimeter, focused on shopbots and travel comparison websites, does not include the other sectors (banking & insurance, energy, automobile, telecoms, etc.)

05

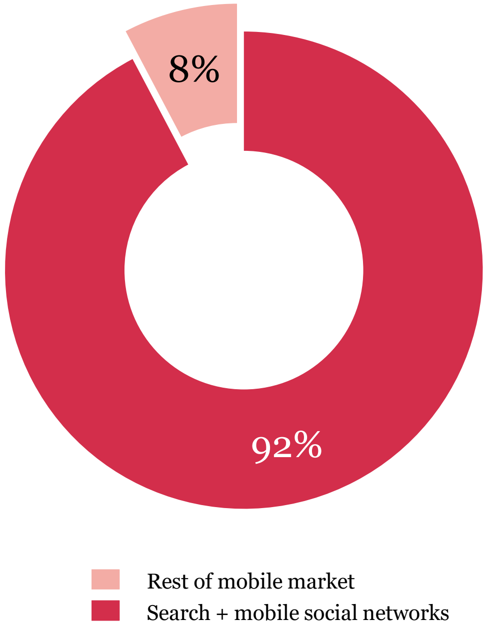
KEY TRENDS

Search and social networks account for a predominant share of the market, primarily captured by two actors…

Share of search + social networks in the total digital market, 2016 *(€M)*



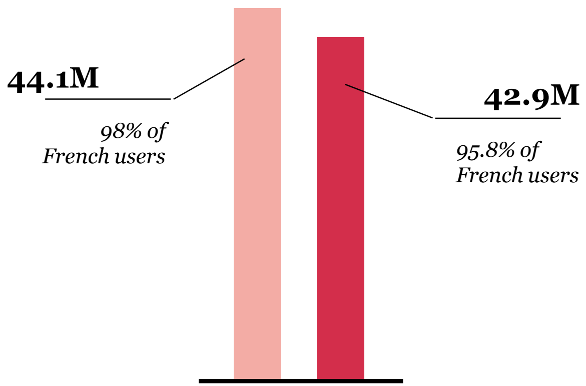
Share of search + social networks in the mobile* market, 2016 *(€M)*



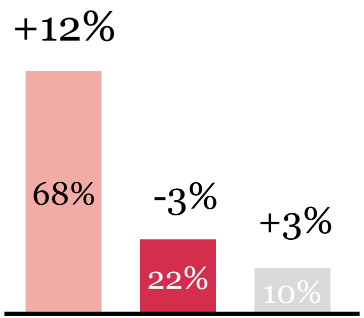
** Mobile (smartphone and tablet) search + display market*
Sources: PwC analysis, SRI and UDECAM statements, public information

... and capture a major proportion of the market's growth, at almost equivalent market share

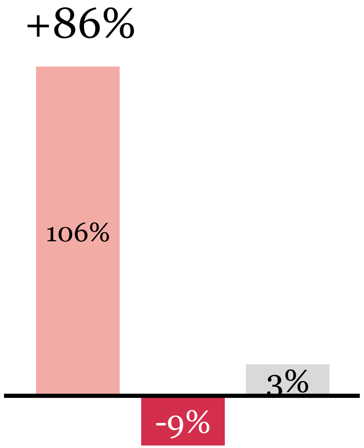
Deduplicated audience volume, 2016 (in millions of UV*)



Share of ad spending, 2016 (in €M)



Contribution to growth, 2016 (in €M)



Search + social networks
Other levers
Display, excluding social networks

Sources: PwC analysis, SRI, UDECAM, CPA
** Source: Médiamétrie, Global Internet, October 2016*

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