OLIVER WYMAN | SRI LES RÉGIES INTERNET | UDECAM

#Obsepub

Observatoire de l'e-pub

2019 Report

23rd edition – January 2020

Summary

PART I

PHILOSOPHY AND METHODOLOGY

Report Philosophy

Transparency

- Precise description of each category perimeter
- Methodology explanation

Clear reading

- Pragmatism: only basic trends are presented
- Simplified segmentation
- Detailed appendix with all figures

Opening view

- 50 experts interviews (Agencies, Ad Sales houses, Adtech)
- International Benchmarks to validate consistency of French trends

Evolutions

- New view / display by type of actor
- More detailed view of programmatic
- Advertisers feedback on Digital Ad Trust Label
- Focus on publishers data strategy

Source: analyse Oliver Wyman

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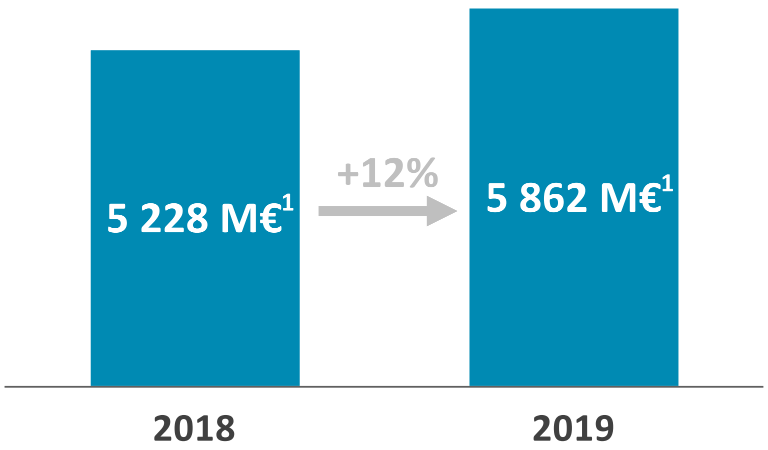
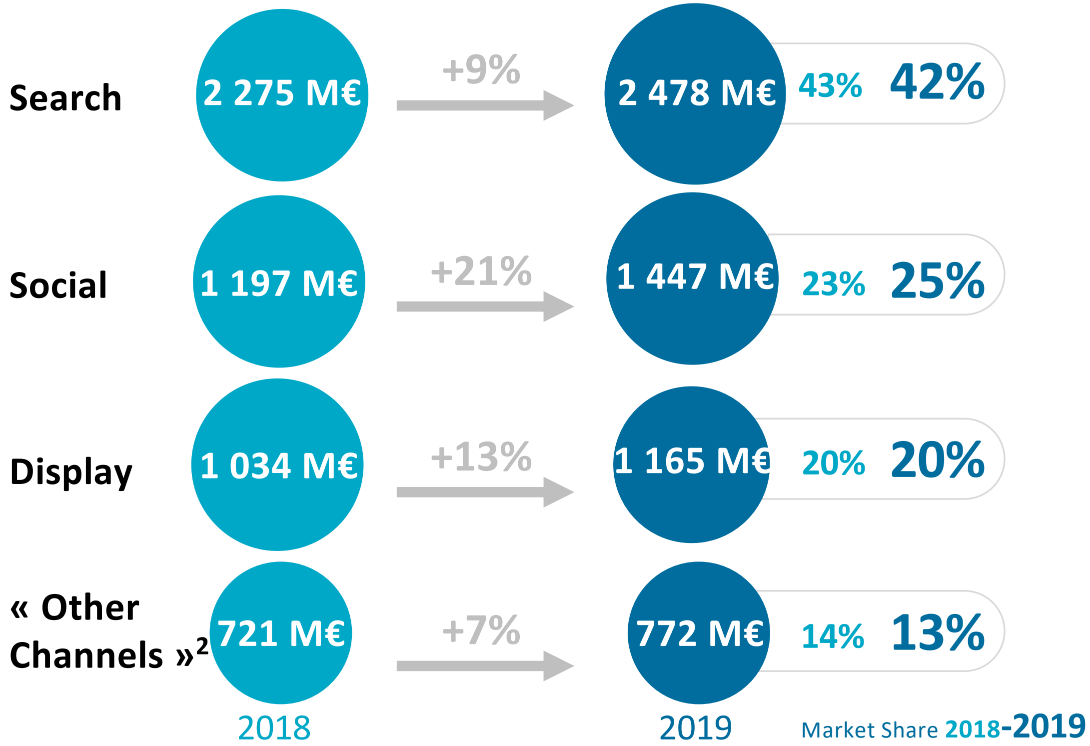
GLOBAL MARKET = **5 862 M€**

Digital Advertising market is increasing by **12% 2019 : all channels are growing**

French Digital advertising market
(revenues – in €M)



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



Notes : 1. Due to rounding, the total revenue is not equal to the sum of lever revenues; 2. Other channels nclude Affiliation, e-mailing, comparators
Sources : SRI, UDECAM, interviews conducted in june/july 2019 with key market actors, public informations, analyse by Oliver Wyman

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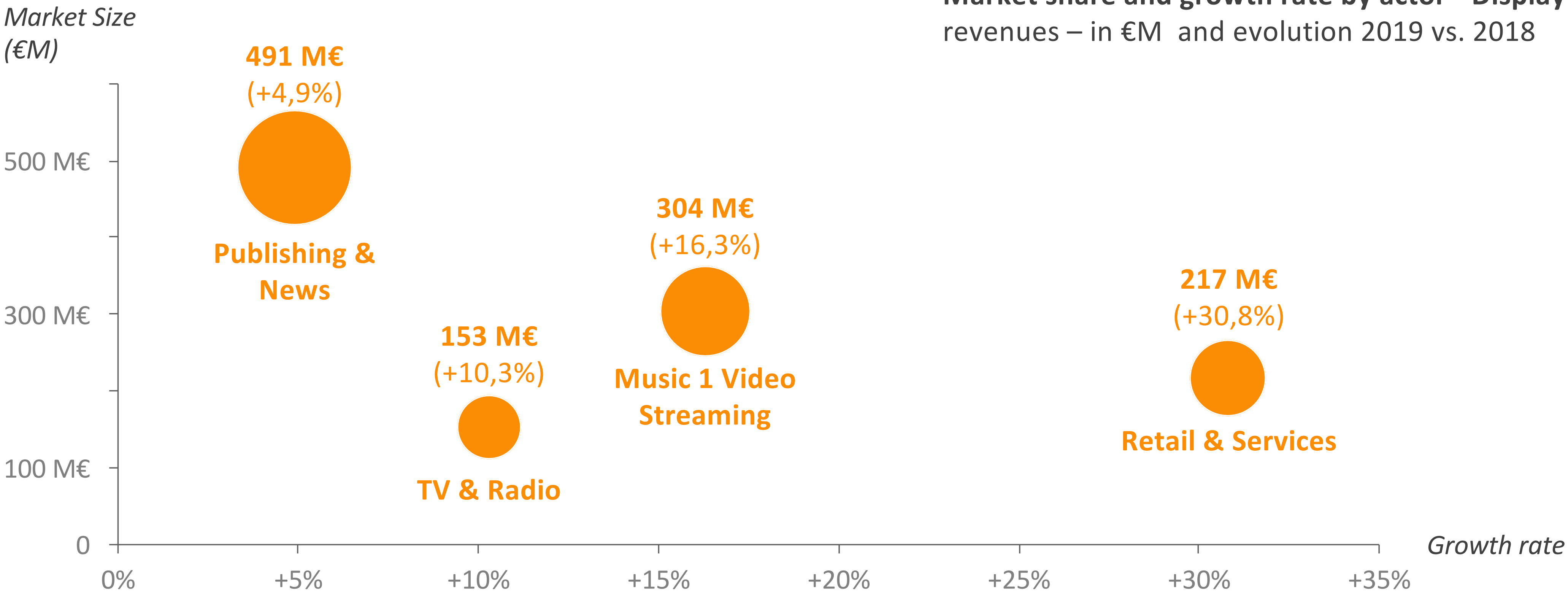
PART II

DISPLAY: MIXED REALITIES

DISPLAY = **1 165M€** (20% market share) **/** Type of actors

A **wide** variety of Display players for **different growth dynamics**

Market share and growth rate by actor [1] Display revenues – in €M and evolution 2019 vs. 2018



Note : 1. The actor-by-actor allocation of Display in each of the 4 categories is developed in the appendix. Native revenues have been re-ventilated in the majority partner categories (eg. Publishing and News)
Sources: SRI, interviews carried out from October 2019 to January 2020 with market players, public information, Oliver Wyman analysis

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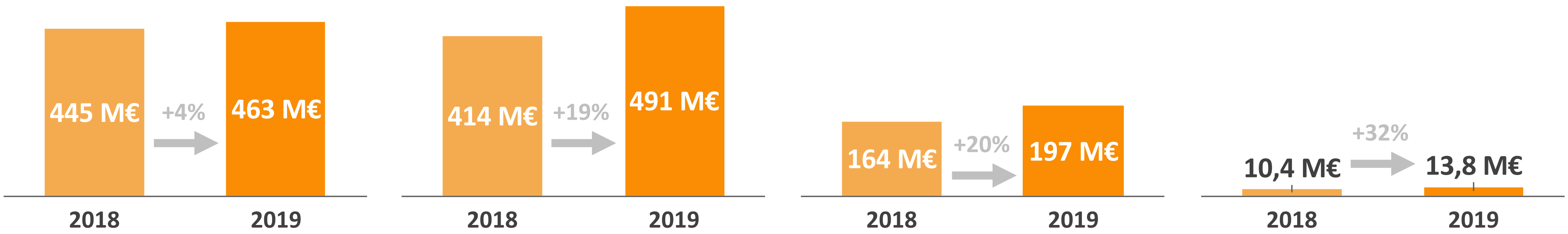
DISPLAY = **1 165M€** (20% market share) **/** Formats

Display growth (+13%) is mainly supported by **Video -** which is now **#1 format** – **and SOs**, as classic display decreases

Display Segments market shares
(revenues – in €M)



Classic[1]

43% ▶ 40%

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

Vidéo

40% ▶ 42%

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

SOs

16% ▶ 17%

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

Audio

1% ▶ 1%

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

Note : 1. "Classic" figures revised vs. July 2019 ePub Obs: adjusted H1 figures, market effect on S2
Sources: SRI, UDECAM, interviews conducted between October 2019 and January 2020 with market players, analysis by Oliver Wyman

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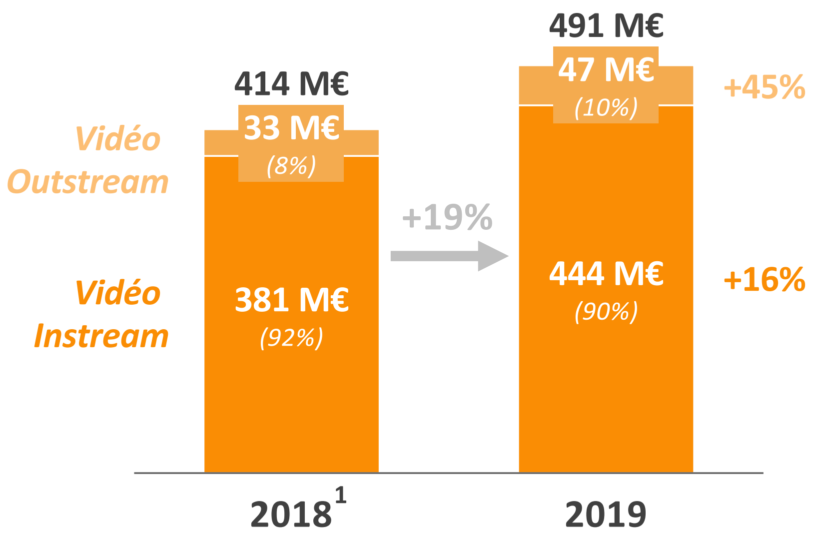
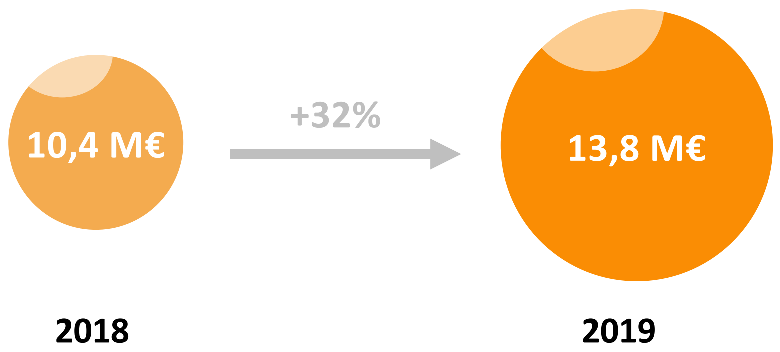
DISPLAY = **1 165M€** (20% market share) **/** Formats

Video & **Audio** are both increasing their revenues

Video Display evolution
(revenues – in €M)



Audio Display evolution
(revenues – in €M)



Note : 1. Due to rounding to the million, some totals or percentages of growth do not correspond to the exact sum of the categories that make them up.
Sources: SRI, UDECAM, interviews carried out from October 2019 to January 2020 with market players, analysis by Oliver Wyman

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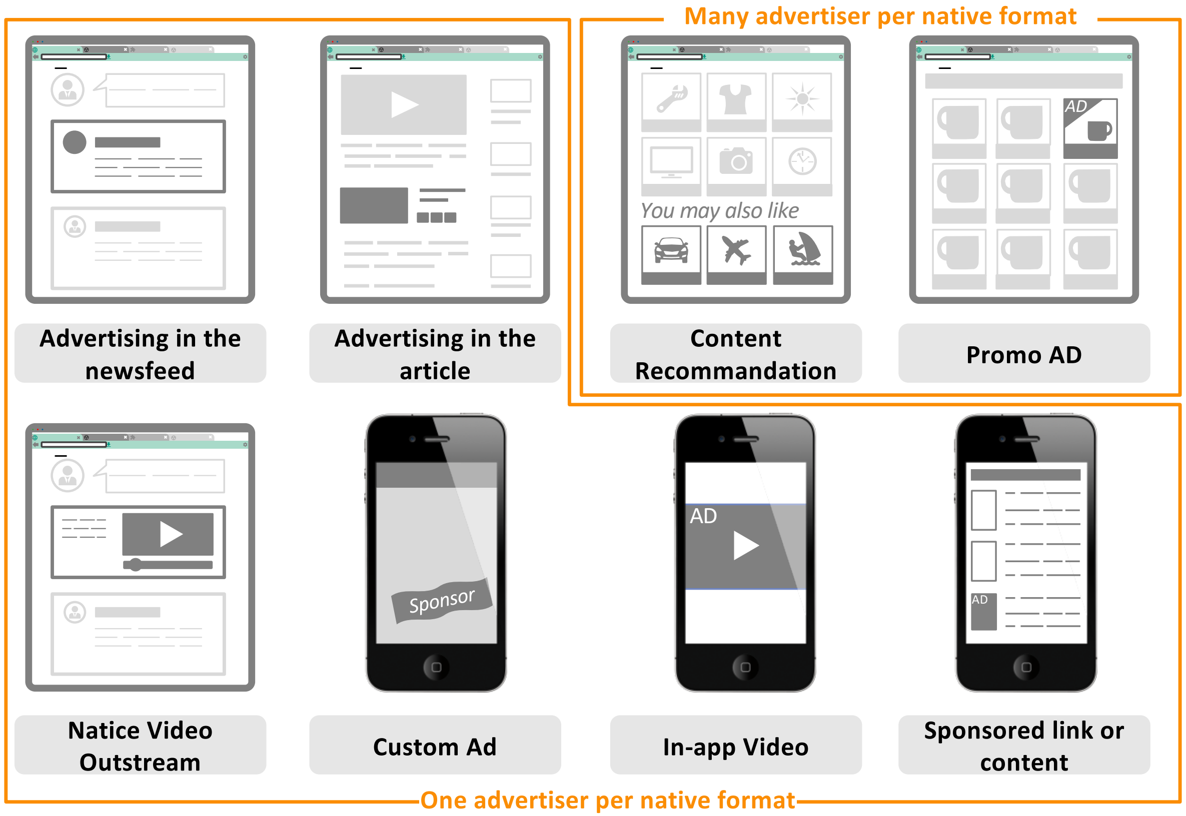
DISPLAY = **1 165M€** (20% market share) **/** Native

How do we **define Native** advertising ?



Native advertising *refers to a type of advertising that by its form, location and content* ***looks 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, analyse Oliver Wyman

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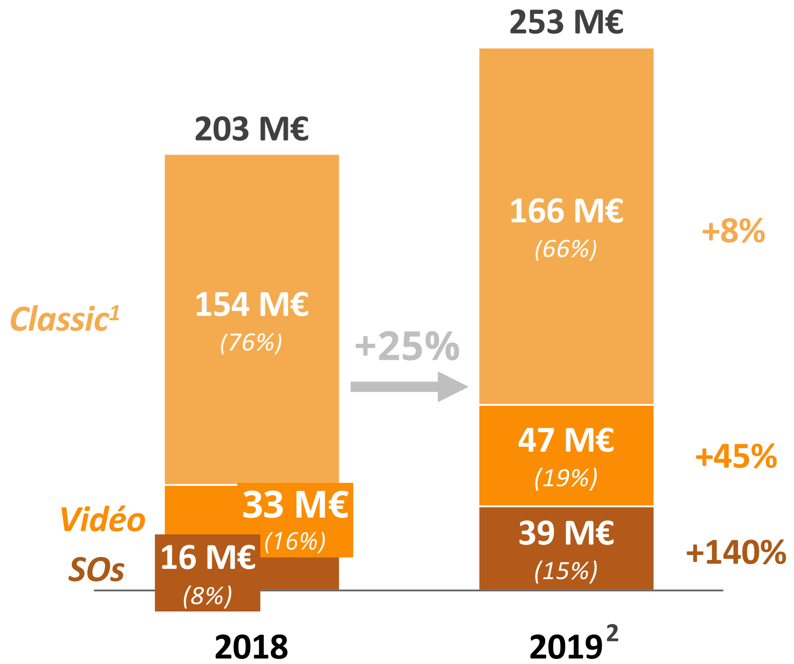
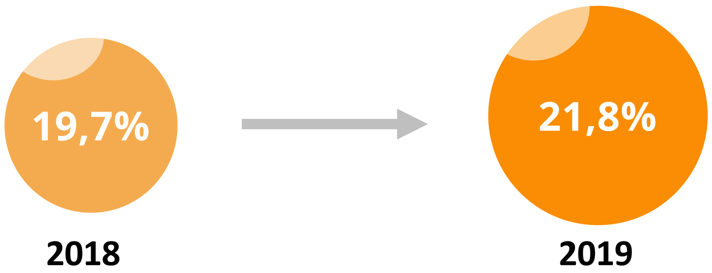
DISPLAY = **1 165M€** (20% market share) **/** Native

Native stands for **22% of Display**, and accounts for nearly **38%** of **Display growth**

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



Native market share among Display
% of total Display



Native contribution to growth

38%
Of Display growth

67%
Of « classic » Display growth

Notes : 1. Including recommendation modules & Native formats (top and middle anchors); 2. Due to rounding to the million, some totals or percentages of growth do not correspond to the exact sum of the categories that make them up.
Sources: SRI, interviews carried out from October 2019 to January 2020 with market players, public information, Oliver Wyman analysis

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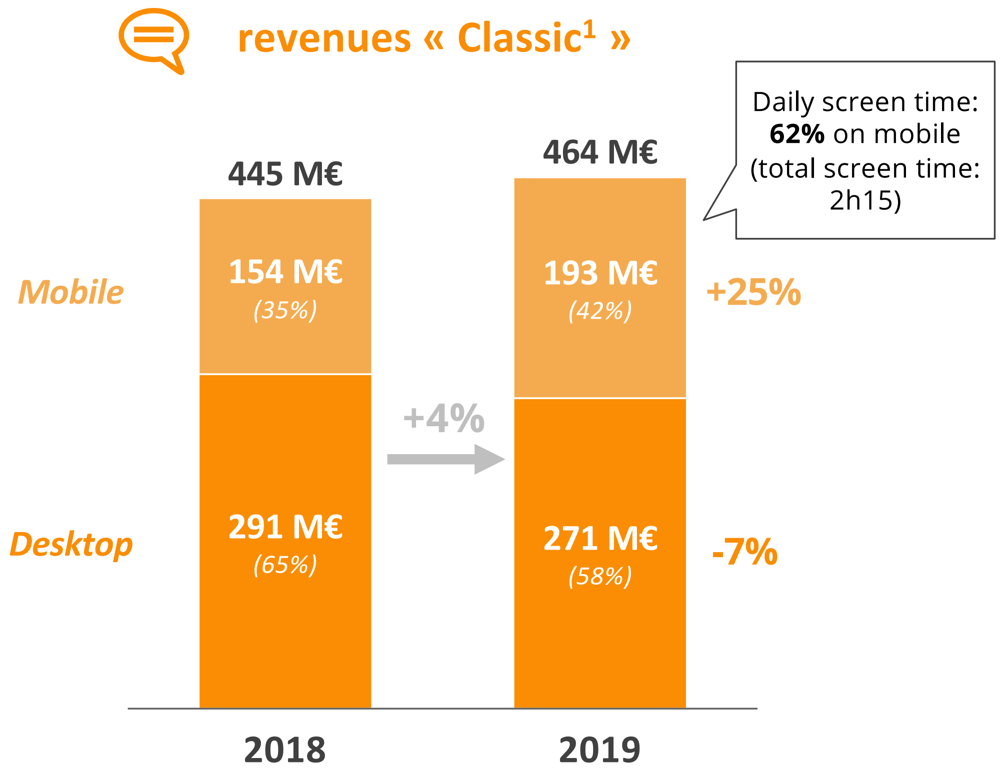
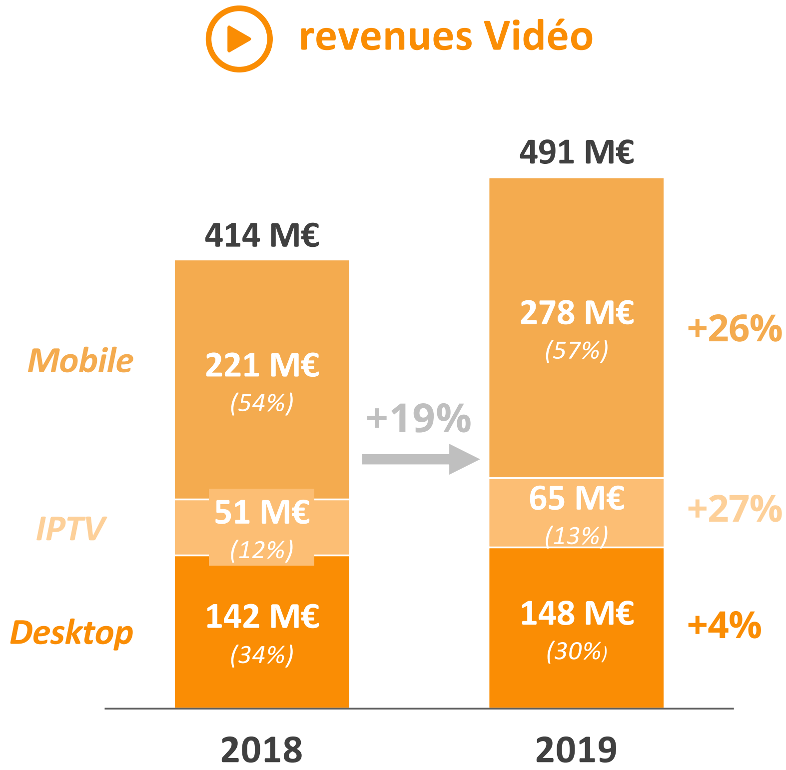
DISPLAY = **1 165M€** (20% market share) **/** Devices

Mobile keeps on growing (+25%) and accounts for more than 46% of **Classics** et **Video advertising**





Note : 1. "Classic" figures revised vs. July 2019 ePub Obs: adjusted H1 figures, market effect on S2
Sources: SRI, UDECAM, interviews carried out from October 2019 to January 2020 with market players, Médiamétrie and Médiamétrie // NetRatings, Global Internet Audience, base 2 years and more, October 2019, analysis by Oliver Wyman

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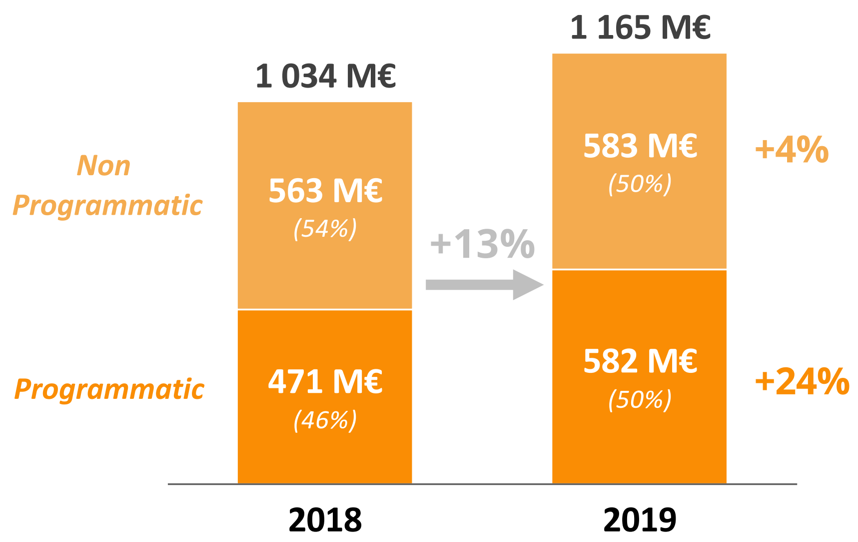
DISPLAY = **1 165M€** (20% market share) **/** buying method

Programmatic[1] accounts for **50%** of Display revenues

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



Share of automated purchases (Programmatic) in total Display & Social[2] is **78%** pour 2019 vs 75% en 2018

Notes : 1. Inventories sold via an automated link between buyers and sellers (including all automated sales models); 2. Social is 100% Programmatic
Sources: SRI, UDECAM, interviews conducted between October 2019 and January 2020 with market players, analysis by Oliver Wyman

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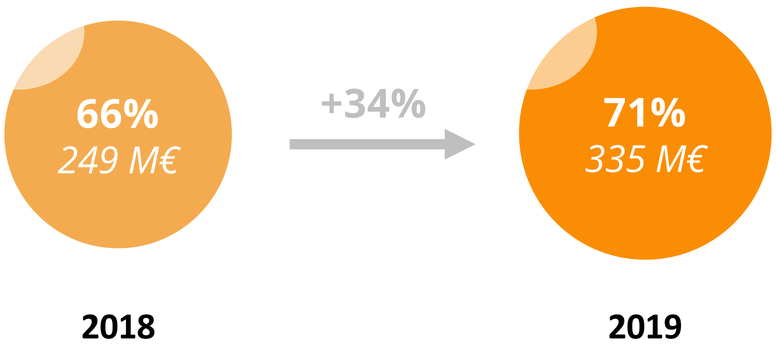
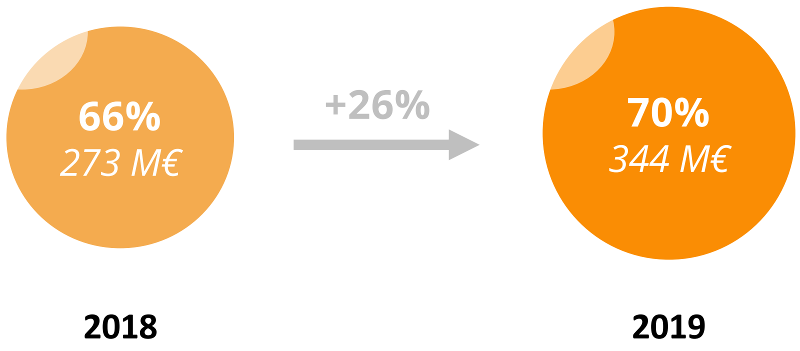
DISPLAY = **1 165M€** (20% market share) **/** buying method

Programmatic is strongly growing in **Mobile** (+34%) and **Video** (+26%)

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



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



Notes : 1. Inventories sold via an automated link between buyers and sellers (including all automated sales models)
Sources: SRI, UDECAM, interviews conducted between October 2019 and January 2020 with market players, analysis by Oliver Wyman

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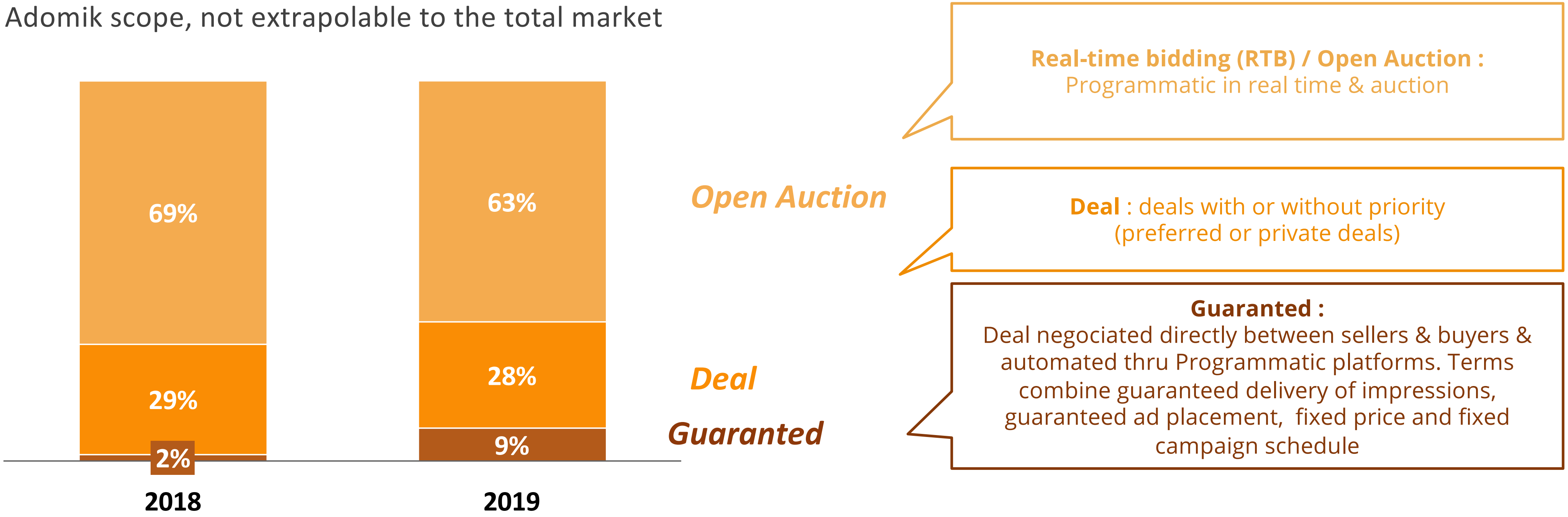
PROGRAMMATIC DISPLAY = **582M€**

Research carried out with adomik

Open Auction decreases within **Programmatic Display**[1] in favor of Programmatic Guaranteed

Programmatic Revenues par transaction type
% of revenues, index 100, by type of transaction
Adomik scope, not extrapolable to the total market



Source: SELL France program on Adomik platform

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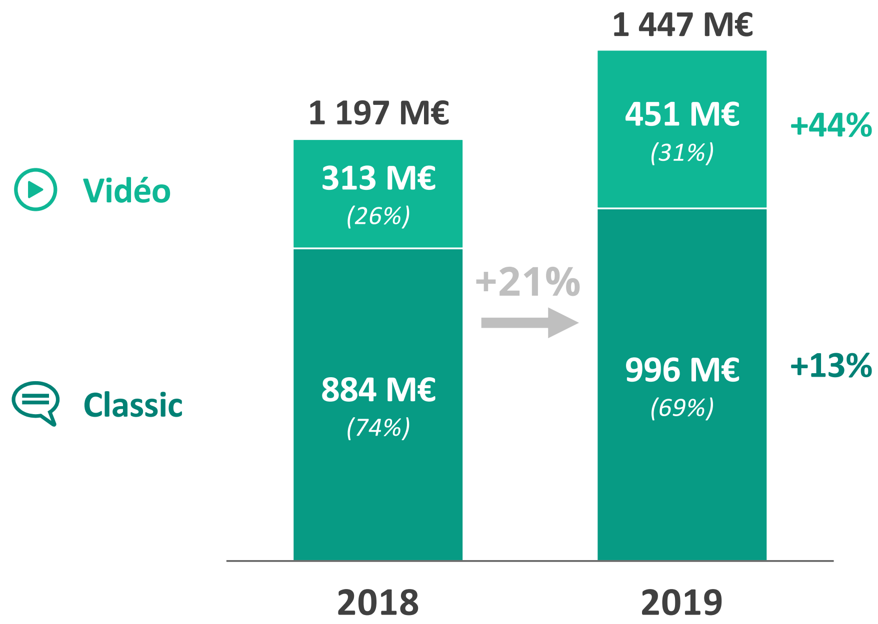
PART III

SOCIAL, SEARCH & "OTHERS CHANNELS" : SUSTAINED GROWTH

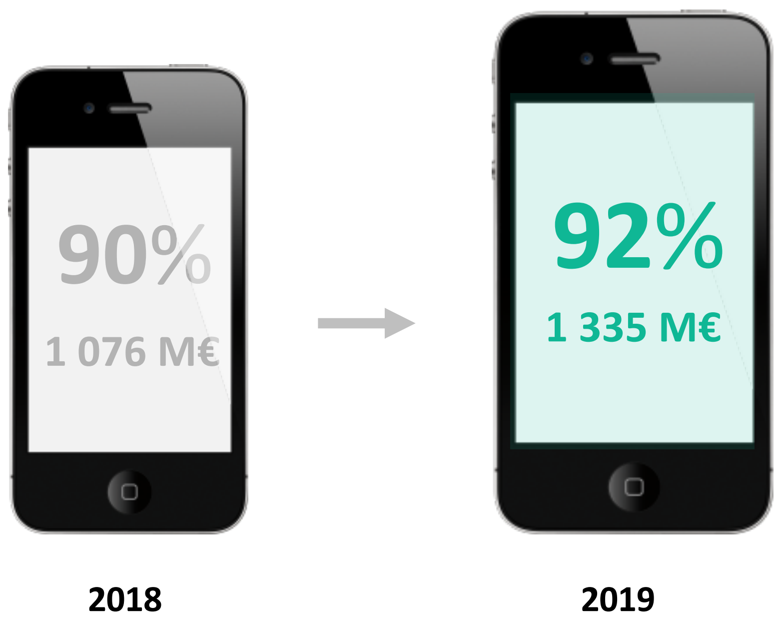
Zoom : SOCIAL = **1 447M€** (25% market share)

Social growth has been **divided by 3** vs. 2018 but still remains very strong at **+21%**

Vidéo drives the growth
(revenues – in €M)



Social is mainly Mobile
% of revenues generated on Mobile



Sources: SRI, UDECAM, interviews conducted between October 2019 and January 2020 with market players, analysis by Oliver Wymans publiques, analyse Oliver Wyman

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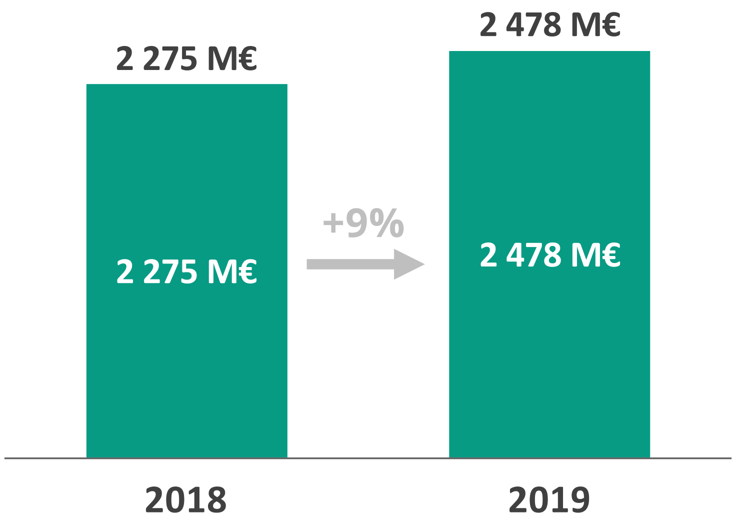
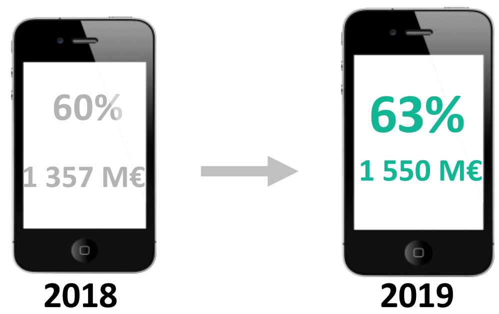
Zoom : SEARCH = **2 478M€** (42% market share)

Search revenues up to **9%**

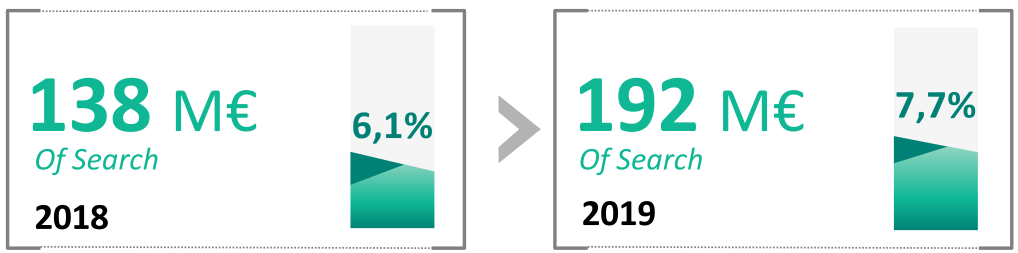
Search evolution [1]
(revenues – in €M)



Mobile share keeps on growing
% of revenues done on Mobile



Development of Retail Search[2] : +39%
(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 between October 2019 and January 2020 with market players, analysis by Oliver Wymans publiques, analyse Oliver Wyman

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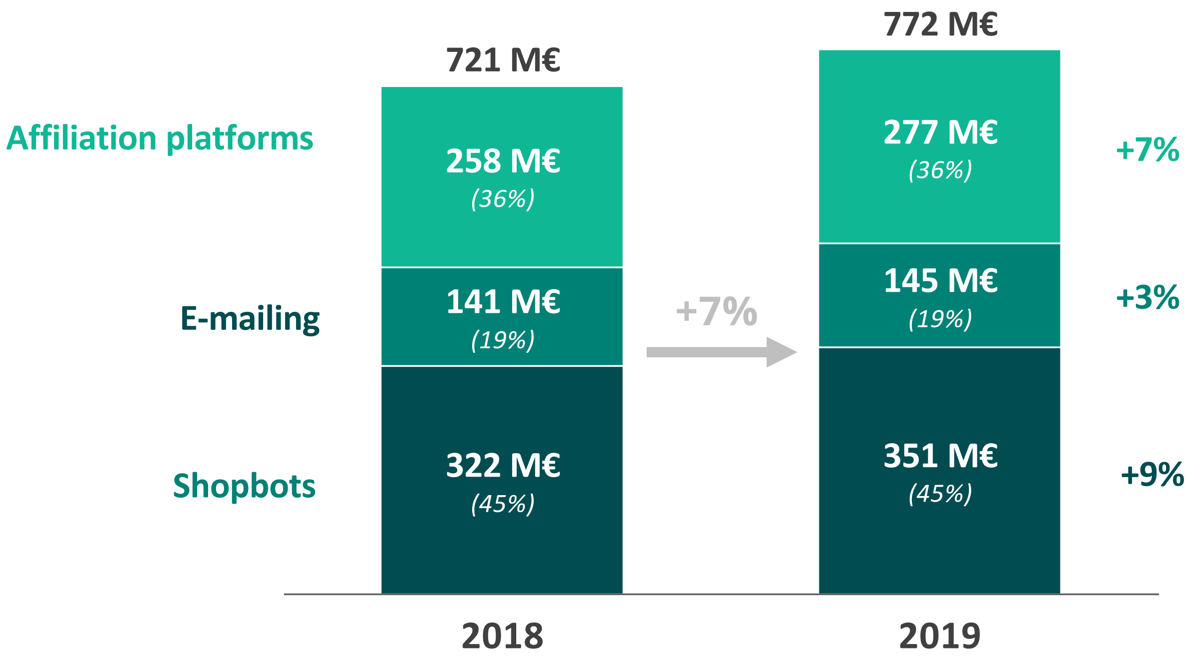
Zoom : OTHER CHANNELS = **772M€** (13% market share)

« Other Channels » up **7%**

Evolution (revenues – in €M)



Note : 1. Due to rounding to the million, some totals or percentages of growth do not correspond to the exact sum of the categories that make them up.
Sources : CPA, SRI, UDECAM, entretiens réalisés sur la période d'octobre 2019 à janvier 2020 avec les acteurs du marché, informations publiques, analyse Oliver Wyman

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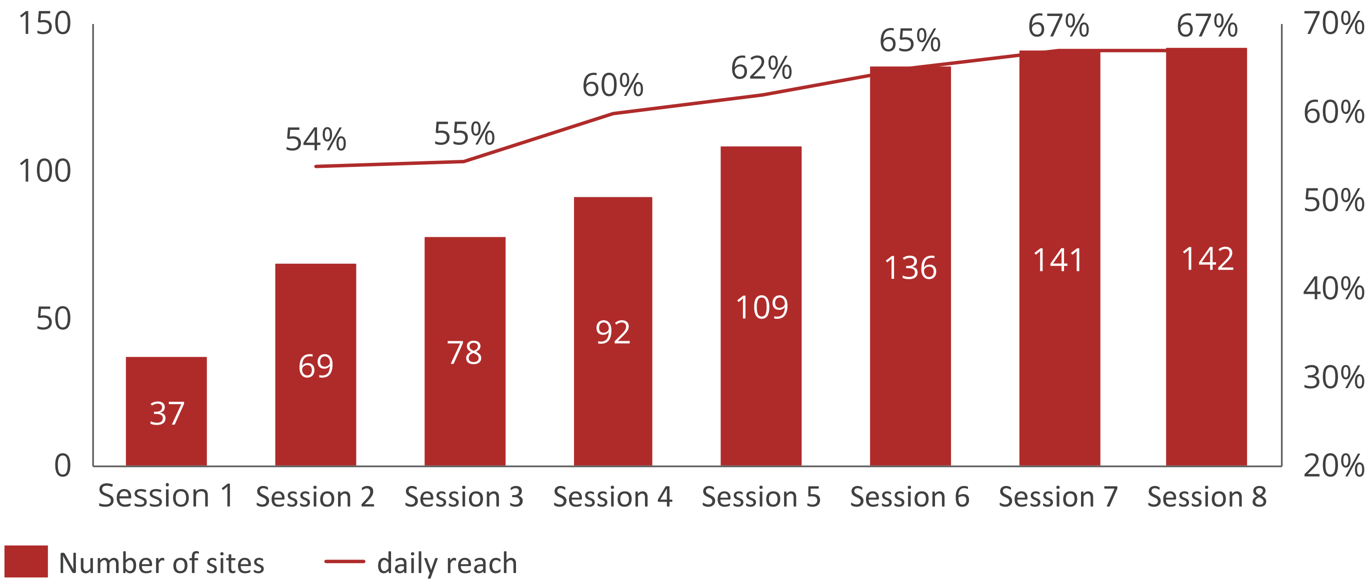
PART IV

ADVERTISERS AND DIGITAL AD TRUST LABEL

2 years of Digital Ad Trust label

Reach evolution by labeling sessions & number of labeled sites
Number of sites, daily reach (% internet users)



MUV / Day	-	22,7	22,8	26,2	28,0	29,5	30,0	30,4

- Of 142 sites labeled sites, 96 are SRI members, accounting 75% of the total SRI turnover in Q3 2019
- Turnover of labeled SRI sites (sessions 1+2) increased by 5 points between Q3 19 vs Q3 2018, at a higher rate than global SRI turnover

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ADVERTISERS AND DIGITAL AD TRUST LABEL

In February 2019, 15 advertisers committed to support Digital Ad Trust label

"These Advertisers are part of the "signatories of the responsible communication program of the "Union of Brands", FAIRe, wish to act for the development of a responsible digital environment, transparent and respectful of public expectations and democratic values. The sites labeled by Digital Ad Trust offer guarantees on the security of the environments in which our brands appear, visibility optimization for our communications, fight against fraud and respect for Internet users through user experience improvement, and information on their personal data usage.

This is why, we decided, in collaboration with our partner member agencies of UDECAM, to strengthen our partnership with the sites currently labeled by the Digital Ad Trust and those which could join the approach, within the framework of the strategies of investments of our brands. Pioneers, our brands are committed to strengthening everyone's confidence in digital uses and promoting a sustainable, more efficient and safer digital model"

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DAT was unanimously welcomed as it responded to advertisers’need for transparency, trackability and quality

Positive Feedbacks on DAT Label
(% of advertisers answers)

77%	**Formalize an identified need by defining** clear criteria committing publishers in terms of quality	« We were already pushing for the certification of publishers for greater transparency in digital campaigns »
54%	**Promote of "fair share" for** more economic balance vs GAFAs	« It is essential to protect French publishers, but it is not only out of conviction, there is value to gain »
31%	**Better balance** Publishers / advertisers / consummers	« It’s a virtuous system between publishers, advertisers & consumers: there is an editorial virtue, not just advertising »
23%	**Commitment** to respect customers and employees	« DAT is an additional commitment for more customers & employees respect »
15%	**Awareness -** reinforces awareness and communication to other market players	« This made us aware of our lateness on brand safety issues »

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All advertisers are on board: most have defined quantified mix / expenditure targets; efforts should intensify in 2020

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DIGITAL AD TRUST ★★★★★

DAT : 3 different advertisers positionning

~23%	In which the efficiency on the DAT perimeter (media exposure & business KPI) has been valued and **the investments increased**	• « The DAT scope is more effective on all criteria: coverage / completion, fraud and brand safety » • With some media agencies ahead on the subject, some advertisers are in the process of tracking the effectiveness of their spending
~62%	For whom the DAT rise to the definition of **concrete actions** (increasing share of DAT investment in the mix), without measuring the impact in efficiency	• « we aim at **100% Display spendings ont DAT, excluding Social** » • **55%** of these advertisers have implemented KPIs around DAT expenses (e.g. increase in investments, DAT weight in the media mix excluding Search, DAT weight in the Display mix, improvement in the branding investment mix) • **For 64%** of them, the DAT is an external framework given to internal purchasing rules already initiated, often more strict and restrictive
~15%	See the DAT above all as a CSR posture; **no concrete action has been defined**	• « We need to gain maturity with a strong mid funnel strategy before investing the DAT websites » • **100%** of these advertisers plan to "intensify their efforts to promote the Label in 2020" internally and with their media agency

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ADVERTISERS AND DIGITAL AD TRUST LABEL

The main improvement is about reach , which seems often restrictive to match brand media targets

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DIGITAL AD TRUST

Improvement feedbacks for the DAT Label (% of advertisers answers)		**Suggested areas for improvement**
77%	**Volume / Reach** – range of sites offered is small vs brand targeting strategy	• Expand the DAT scope (e.g. sponsor technical efforts) • More "DAT-compliant" inventory
62%	**Effectiveness / performance** – strong competition from GAFAs, efficiency to be demonstrated as "business 1st" constraint	• Prove incremental efficiency (third party research?) • Strengthen the performance offer • Differentiation proven by quality
46%	**Lack of information** – Ignorance of the DAT sites offer , lack of media agency proactivity, superimposed on other tools with no real difference	• Reporting Udecam, meetings UdM/publishers • Incentives for media agencies
31%	**Price** – High CPM	• Prove additional ROI via use cases (not just efficiency) • Highlight the service & the premium advertising context
23%	**Dependence** on global constraints & GAFA deals	• Trans-national cooperation on quality criteria
23%	**Requirement**: few KPIs and low requirement for DAT thresholds defined with publishers, doubts about the validity of the Label on some sites	• Several quality levels in the label • More KPIs & review of their levels

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PART V

DATA AT THE CENTER OF PUBLISHERS'STRATEGY

Data in digital advertising: 4 main types of data use cases

Analytics Data

- to measure & monitor display and campaigns performance : exposure, capping, viewability, completion, CTR, ...

Targeting data / personalized advertising

- **Buy side**: advertisers, retargeters, paid providers (Gravity, Orange OAD, Axciom ...) and "free" providers (Google)
- **Sell side:** advertising management, providers such as Weborama, etc. -> Incremental turnover in the media, a growing market driven by Programmatic purchasing and boosted by development of addressableTV

Efficiency measurement data

- Measurement tools for drive to web or drive to store campaigns (3W-RelevanC, TV2Store…)
- New business line for data operators, merchants, etc.

Data "insights“

- Enhancement of customers/targets knowledge
- Creation of agency platforms: Epsilon, GroupM's M Insights, Iprospect, etc.

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Publishers sales houses offer an increasing weight of data among sold inventories

Main data used and origin

- **Socio demo** data via CRM and Log-In (subscriptions, email accounts and Replay platforms)
- **Geolocation** data
- **Intentional** or transactional data via merchant sites (distributors, e-merchants)
- **Interest/Context** data via thematic content publishers

Share of data in Display revenues

% of revenues of "Classic" Display

11,3% → 12,3%

2018 2019

Direct: 9,3% (+0,3 pts)

Programmatic: 16,3% (+1,6 pts)

Share of data in video revenues

% of revenues of video Display

16,8% → 25,4%

2018 2019

Direct : 27,3% (+10,0 pts)

Programmatic: 21,5% (+6,3 pts)

Note : 1. Any addition of data from the adserver and / or DMP functions is considered to be data. The constitution of affinity or socio-demo packs based on audience is not considered as data
Source: survey carried out in December 2019 with a sample of management / publishers who are members of the SRI

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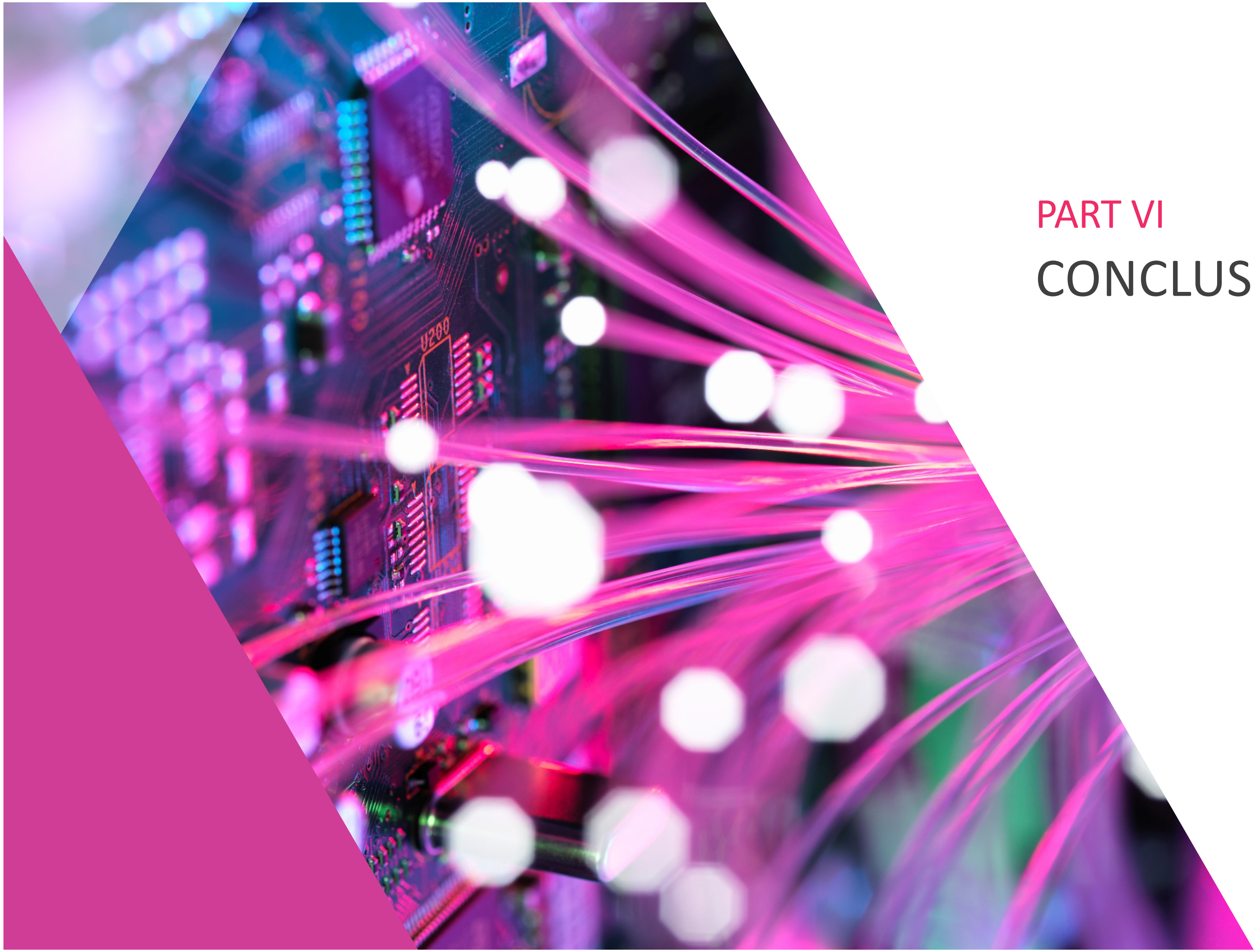

PART VI

CONCLUSION

KEY FIGURES (EXCLUDING OTHER CHANNELS)

Social and Search account for 77% of the French Digital advertising market excluding "Other channels"

SOCIAL	DISPLAY	SEARCH
+21% | 1 447 M€	**+13%** | 1 165 M€	**+9%** | 2 478 M€

2019 Digital Advertising market is increasing by 12%

- All channels are increasing
- Slower Social growth vs. 2018 but which remains strong
- 89% of revenues are automated (Programmatic Display + Social + Search)
- 66% of revenues are Mobile (Search + Social + Display)
- Video grow fast (+ 29%) and accounts for 18.5% of the total market (Search + Social + Display)

Note : 1. Hors Audio et SOs
Source : analyse Oliver Wyman

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SYNTHÈSE DES CHIFFRES CLES (HORS AUTRES LEVIERS)

Social and Search contribute for 77,5% of market growth (excl other channels)

SOCIAL

contributes **42,8%** of growth

DISPLAY

contributes **22,5%** of growth

- **8,8%** Retail & Services
- **7,3%** Vidéo & Musical Streaming
- **4,0%** Publishing & Info
- **2,4%** Radio & TV

SEARCH

contributes **34,7%** of growth

Source : analyse Oliver Wyman

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APPENDIX

Our **segmentation** of Digital Advertising market

	Format	Players (non-exhaustive list)
Social	Classic	Facebook of which Instagram, Twitter, LinkedIn, Pinterest, Twitch…
	Vidéo	Facebook of which Instagram, Twitter, Snapchat, LinkedIn, Tik Tok…
Display	Classic	Régies SRI, Retail media, acteurs du Native, Webedia, Unify…
	Vidéo Instream	Régies SRI, YouTube, Digiteka…
	Vidéo Outstream	Régies SRI of which Teads, Amazon…
	Audio	Régies SRI, Deezer, Spotify…
	SOs	Régies SRI, Webedia, Veepee, Konbini, Amazon, Reworld…
Search	Classic	Google, Bing…
	Retail Search	Régies SRI, Amazon, Carrefour, Fnac Darty…
Other Channels	Affiliation platforms	CPA (inc. Kwanko, CJ Affiliate, Effinity, Awin, TimeOne)…
	Shopbots	CPA (inc Marketshot, Infopro Digital, Companeo, Dolead,Devis+, Devisprox)…
	Emailing	Régies SRI, CPA, Numberly, Caloga, Cardata, Darwin, Tagada Media, Web Rivage…

Methodology

1. Official revenues from SRI
2. Official revenues from Udecam
3. 50 interviews
4. Public reports & financial analysis

Note : 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 et TF1 Publicité et Verizon Media
Sources : survey carried out in December 2019 with a sample of management / publishers who are members of the SRI

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Total revenues estimation Display, Social & Search 2018 et 2019

Revenue evolution split by channel
(revenues – in €M)

Revenues per channel (M€)	2018	2019	% var
Search	2 275.3	2 477.8	+8.9%
Social	1 197.4	1 447.3	+20.9%
Display	1 033.9	1 165.0	+12.7%
Other channels	721.4	771.8	+7.0%
Total	**5 228.0**	**5 861.9**	**+12.1%**

Search Revenue evolution split by type
(revenues – in €M)

Search revenues by type (M€)	2018	2019	% var
Revenues Search Classic	**2 137.6**	**2 286.1**	**+6.9%**
Search Classic Mobile	1 300.6	1 469.7	+13.0%
Search Classic Desktop	837.0	816.4	-2.5%
Revenues Search Retail	**137.8**	**191.7**	**+39.1%**
Search Retail Mobile	56.5	80.4	+42.3%
Search Retail Desktop	81.3	111.3	+36.9%
Total Search	**2 275.3**	**2477.8**	**+8.9%**

Social Revenue evolution split format
(revenues – in €M)

Social revenues per format (M€)	2018	2019	% var
revenues Classic	**883.8**	**996.3**	**+12.7%**
Classic Mobile	791.2	914.3	+15.6%
Classic Desktop	92.6	81.9	-11.6%
revenues Vidéo (€M)	**313.6**	**451.0**	**+43.8%**
Vidéo Outstream	311.3	438.2	+40.7%
Outstream Mobile	285.3	408.7	+43.3%
Outstream Desktop	26.0	29.4	+13.1%
Vidéo Instream	2.2	12.9	+474.9%
Instream Mobile	2.0	11.8	+496.7%
Instream Desktop	0.2	1.1	+311.5%
Total Social	**1 197.4**	**1 447.3**	**+20.9%**

Note: the figures presented in the full document are rounded to the nearest million

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Total revenues estimation Display & Other channels 2018 et 2019

Display Video revenue Evolution
(revenues – in €M)

Revenues by format (M€)	2018	2019	% var
revenues vidéo	414.3	491.2	18.6%
Vidéo Instream	**381.5**	**443.8**	**+16.3%**
Instream Mobile	201.3	246.6	+22.5%
Programmatic	170.5	214.8	+25.9%
non Programmatic	30.8	31.8	+3.4%
Instream Desktop	129.3	132.5	+2.5%
Programmatic	79.2	89.5	+13,0%
non Programmatic	50.1	43.0	-14.1%
Instream IPTV	50.9	64.8	+27.2%
Programmatic	7.9	14.4	+81.9%
non Programmatic	43.0	50.4	+17.1%
Vidéo Outstream*	**32.8**	**47.4**	**+44.6%**
Outstream Mobile	20.2	31.6	+56.8%
Programmatic	9.5	17.8	+87.5%
non Programmatic	10.7	13.8	+29.5%
Outstream Desktop	12.6	15.8	+25.1%
Programmatic	5.7	7.9	+38.7%
non Programmatic	6.9	7.9	+13.9%

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

Revenues by format (M€)	2018	2019	% var
revenues Classic	444.9	463.2	+4.1%
Classic Mobile	153.8	192.7	+25.2%
Programmatic	69.2	102.4	+48,0%
non Programmatic	84.6	90.2	+6.6%
Classic Desktop	291.1	270.6	-7,0%
Programmatic	128.8	134.9	+4,7%
non Programmatic	162.3	135.7	-16.4%
revenues SOs	164.3	196.8	+19.8%
Programmatic	-	-	-
non Programmatic	164.3	196.8	+19.8%
revenues Audio	10.4	13.8	+32.3%
Programmatic	0.6	1.1	+67.4%
non Programmatic	9.8	12.7	+30.0%

Other channels revenues Evolution
(revenues – in €M)

Revenues split by channel (M€)	2018	2019	% var
Affiliation platforms	258.4	276.6	+7.0%
Emailing	141.0	144.7	+2.6%
Shopboats	322.0	350.5	+8.9%
Total	721.4	771.8	+7.0%

Note: the figures presented in the full document are rounded to the nearest million.
* 2018 total re-estimation by Oliver Wyman

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Additional segmentation for Display : **by type of player**

Retail & services	Publishing & info	TV & Radio	Vidéo & Musical Streaming
Amazon, Carrefour Media, Drive Media, Fnac Darty, Le Bon Coin, Se Loger, Solocal, Veepee, 3W RelevanC, …	Amaury Média, Boursorama, CMI Pub, GMC, Konbini, Lagardère News, M6 (sites pureplayers), M Publicité, Media.Figaro, Meltygroup, Next Media Solutions, Orange Advertising, Prisma Média Solutions, Reworld, Les Echos Le Parisien, Unify, Verizon (Yahoo & MSN), Vice, Webedia, 20 Minutes, 366…	Canal +, France Télévisions, Lagardère News, M6 (replay), Next Media Solutions, NRJ Global, TF1 Publicité …	Dailymotion, Deezer, Spotify, Target Spot, YouTube, …

Sources : survey carried out in December 2019 with a sample of management / publishers who are members of the SRI

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