



THE FRENCH ADVERTISING MARKET IN 2013

Downward trend confirmed

Advertising revenue from the media: **-3.6%**

Advertisers' communication expenditure: **-3.0%**

In 2013, **net advertising revenue from the media** was 13.3 billion euros, down by -3.6%. In 2012, this same item fell by -3.3%.

This meant that over one year, all categories of media lost 500 million euros in advertising revenue and 1 billion over two years.

In a mediocre economic climate, where GDP grew by + 0.3% in 2013, consumption expenditure grew by + 0.4% and with a 10.5% unemployment rate (up 0.6 points compared with the previous year), only the following sectors are making headway:

- Mobile (display): + 55% (+ 29% in 2012)
- Internet (display and search): + 3.1% (+ 5% in 2012).

In the face of a slowing market, it is worth noting the positive performance of transit advertising, with revenue up by + 2.5%. Advertising on outdoor furniture in urban areas and radio advertising were almost at equilibrium with - 0.4%.

For all other media, net advertising revenue was down when compared with 2012:

- Television: - 3.5% (- 4.5% in 2012)
- Newspapers: - 8.4% (- 8.2% in 2012)
- National daily newspapers: - 10.2% (- 8.9% in 2012)
- Regional daily newspapers: - 6.4% (- 6.7% in 2012)
- Regional weekly newspapers: - 3.9% (- 1.5% in 2012)
- Magazines: - 9.6% (- 5.5% in 2012)
- Specialised press: - 11.5% (- 7.0% in 2012)
- Free advertising publications: - 7.5% (- 23.7% in 2012)
- Free news publications: - 5.9% (- 2.5% in 2012)
- Outdoor: - 1.7% (- 1.7% in 2012)
- Directories: - 5.8% (- 5.0% in 2012)
- Advertising mail: - 7.5% (- 5.2% in 2012).
- Leaflets without addresses: - 1.8% (+ 0.6% in 2012)

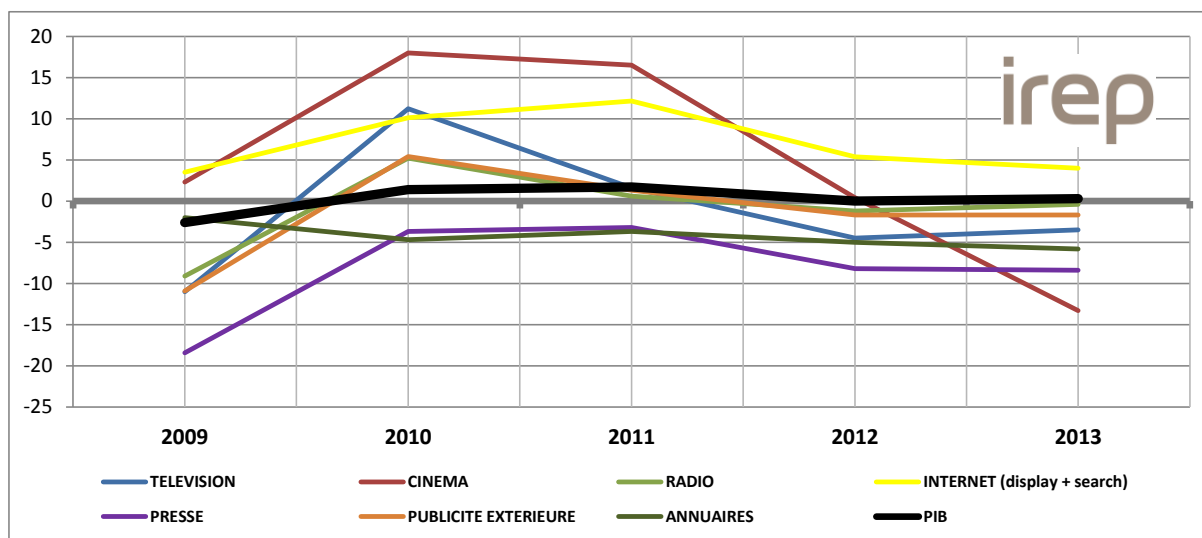
The general bad health of the media in terms of advertising revenue is not caused solely by the difficult economic circumstances which have lasted for several years, it is also the result of profound changes in our sector.

Developments, over a 5 year period, in advertising revenue and GDP (2009 - 2013)

Annual developments in advertising revenue for newspapers and directories are, over a five year period, consistently lower than economic growth.

For television, radio and external advertising, annual developments in advertising revenue are, four out of five years, below GDP.

Advertising revenue from the Internet always develops faster than GDP. The same goes for the cinema (with the exception of 2013).



Situation compared with the market in 2004 and 2013

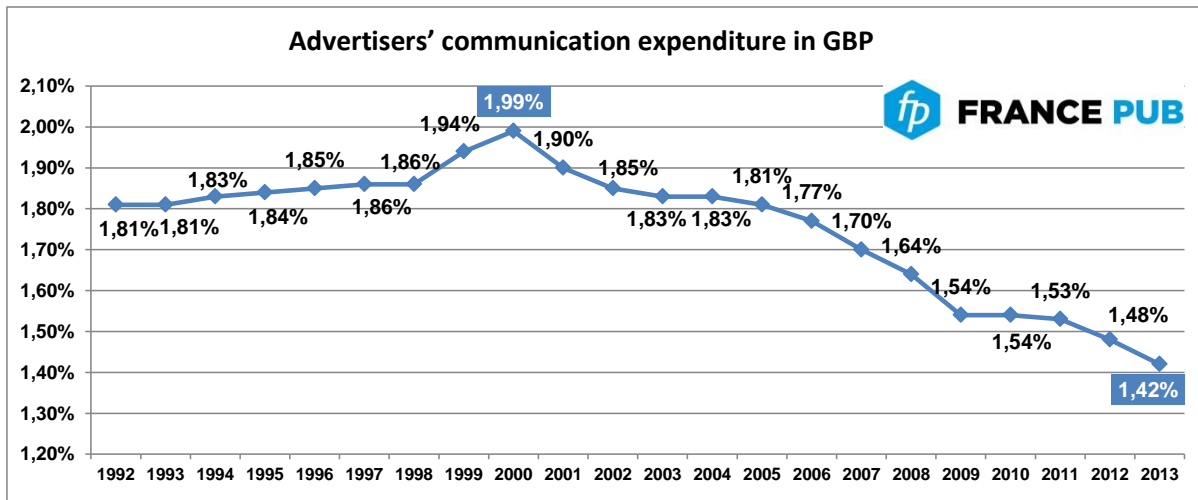
If we focus now on the net value situation of advertising revenue in 2013 and the situation ten years before, using the media for which we have the most extensive series of comparable data (television, cinema, radio, Internet, newspapers, outdoor and directories), we can make the following two observations:

- The 2013 market is at the same level as the market in 2004 in current euros,
- The difference in net advertising revenue between these two years is: - 48 million euros for television, + 24 million for cinema, - 90 million for radio, - 61 million for outdoor, - 35 million for directories, - 1764 million for newspapers and + 2000 million for the Internet.

Remember that in this decade, there have been a number of influential events which have changed the media behaviour of people in France and as a result have changed advertising investments among advertisers and, consequently, net revenue from the media. These events include the arrival of TNT and the launch of the flagship video sharing platform (2005), social media and micro blogging (2006), the smartphone (2007) and the tablet (2010).

Advertisers' communication expenditure accounts for 30.1 billion euros. This expenditure has decreased by - 3% (versus - 1.3% in 2012, + 1.9% in 2011, + 3.4% in 2010 and - 8.6% in 2009).

In an environment where economic growth is almost stagnating (+ 0.3% for GDP in 2013), the downward trend of the advertising market, which was first observed in the autumn of 2012, has continued into the 1st semester of 2013. Economic growth stabilised in the 2nd quarter, with signs of a return to the trends observed in the summer, which were not confirmed.



The global market closed at - 3%. As a consequence, the ADV/GDP ratio has continued to worsen at a structural level: the ratio settled at 1.42% in 2013 versus 1.48% in 2012, after having peaked at 1.99% in 2000.

This phenomenon has not actually caused a decrease in the advertisers' hankering for communication, quite the contrary. In fact, the - 3% decrease in the budgets in a stagnating economy is a form of resistance. In our 20 year history, this level of economic growth is reflected in much more significant decreases in the communication market.

In addition, significant investments are being made in advertisers' "proprietary media", such as the development of websites and Internet applications, CRM etc. These investments are mainly being made into commercial exploitation, and are only partially made into the limited field of communication. Nevertheless, these investments allow for strategic thinking surrounding communication to develop, with more relevant decisions motivated by data which is available on a very large scale. These new approaches improve the return on investment and begin therefore to noticeably increase the contact cost of some communication offers.

Outlook for 2014

These opinions are based on the budget declared (to date) by the advertisers from the FRANCE PUB panel, as well as on the following environment data:

- Economic activity, measured by GDP with a forecast of 1% for 2014.
- A rise in confidence indices which, if they are confirmed, would be positive for the advertising market.
- A sports' year marked by two major events: the Football World Cup in Brazil and the Winter Olympics, which typically stimulate the advertising market.

In this economic context, and bearing in mind the structural effects described above, we believe the communication market will stabilise, based on the prediction that the 1st semester of 2014 will remain at the level of the last quarter of 2013, and that in the 2nd semester, there will be some growth, even if it is limited.

Paris, 11 March 2014

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Advertising Revenue

	amount	2013/2012 development
	<i>in billions of euros</i>	<i>in percentage</i>
television	3219	-3.5
classic spaces	3043	-3.6
sponsorship spaces	0176	-3.1
cinema	0091	-13.3
radio	0736	-0.4
national advertising	0574	-0.1
local and Ile de France advertising	0162	-1.5
Internet (display) (1)	0640	-1.0
Internet (search) (2)(3)	1671	4.7
mobile (4)(5)	0068	55.0
newspapers	2939	-8.4
of which: <i>commercial advertising</i>	2420	-8.2
of which: <i>classified advertisements</i>	0519	-9.3
daily national newspapers	0209	-10.2
of which: <i>commercial advertising</i>	0175	-9.3
of which: <i>classified advertisements</i>	0034	-13.8
daily regional newspapers	0819	-6.4
of which: <i>commercial advertising</i>	0554	-4.3
of which: <i>classified advertisements</i>	0265	-10.5
weekly regional newspapers	0124	-3.9
of which: <i>commercial advertising</i>	0074	-5.8
of which: <i>classified advertisements</i>	0050	-0.9
magazines	1030	-9.6
of which: <i>commercial advertising</i>	0988	-9.6
of which: <i>classified advertisements</i>	0042	-10.5
specialised	0320	-11.5
of which: <i>commercial advertising</i>	0260	-12.0
of which: <i>classified advertisements</i>	0060	-9.2
free of charge	0437	-7.0
of which: <i>commercial advertising</i>	0369	-7.0
of which: <i>classified advertisements</i>	0068	-7.1
of which: <i>free advertising publications</i>	0304	-7.5
of which: <i>free news publications</i>	0133	-5.9
outdoor	1152	-1.7
of which <i>digital</i>	0066	55.7
billboards	0357	-7.3
transit	0295	2.5
outdoor furniture in urban areas	0411	-0.1
other (pedestrians, luggage trolleys, lights etc.)	0089	2.0
directories	0891	-5.8
paper edition	0353	-15.8
Internet	0526	3.9
other	0013	-38.5
advertising mail (6)	1252	-7.5
leaflets without addresses (6)	0623	-1.8
TOTAL TRADITIONAL MEDIA	8137	-4.9
TOTAL TRADITIONAL MEDIA + INTERNET + MOBILE	10, 516	-3.1
TOTAL	13, 282	-3.6

IREP

1) Not including shopping or mobile displays

2) Source: SRI e-advertising Observatory, performed by PwC, in partnership with UDECAM

3) Including mobile searches

4) This measurement includes displays on mobile Internet and displays on applications (mobile + tablet) but does not include searches

5) Mobile searches were estimated at 150 million euros in 2013, a 59% increase compared with 2012 (source: e-advertising Observatory)

6) This measurement only includes distribution revenue and does not include production and consultancy

Communication expenditure for advertisers

	amount	2013/2012 development	market share
	<i>in billions of euros</i>	<i>in percentage</i>	<i>in percentage</i>
television (catch up TV included)	3838	-3.4	12.8
cinema	0138	-13.0	0.5
radio	0873	-0.4	2.9
national advertising	0515	0.2	1.7
local and Ile de France advertising	0358	-1.2	1.2
Internet	1815	3.4	6.0
of which display (including PAC)	0644	2.1	2.1
of which links	1025	4.9	3.4
of which e-mails	0146	-1.0	0.5
newspapers	2852	-7.9	9.5
daily newspapers	0807	-5.8	2.7
daily national newspapers	0172	-9.2	0.6
daily regional newspapers	0635	-4.8	2.1
other forms of press			
magazine press	1056	-9.9	3.5
regional weekly newspapers	0076	-3.8	0.3
free advertising publications	0273	-6.9	0.9
free news publications	0172	-6.5	0.6
professional press	0281	-12.0	0.9
local communities	0187	-3.0	0.6
outdoor	1315	-2.0	4.4
billboards	0464	-5.8	1.5
transit	0361	1.2	1.2
outdoor furniture in urban areas	0389	0.9	1.3
other (small displays etc.)	0102	-5.6	0.3
directories (printed + Internet)	1037	-6.1	3.4
direct marketing	8621	-4.7	28.6
direct mail	3773	-7.5	12.5
leaflets without addresses	2908	-2.8	9.7
other advertising publications	1115	-3.2	3.7
other (tel mkg)	0825	0.6	2.7
special offers	5209	0.0	17.3
trade fairs and shows	1500	-1.0	5.0
sponsorship	0804	-3.2	2.7
cultural patronage *	0308	-3.0	1.0
public relations	1788	-0.5	5.9
TOTAL TRADITIONAL MEDIA**	9017	-4.6	30.0
TOTAL TRADITIONAL MEDIA + INTERNET	10, 831	-3.3	36.0
TOTAL MARKET	30, 098	-3.0	100

FRANCE PUB

* Excluding foundations

** Television, cinema, radio, press, displays

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ethodology for the studies

Since 2000, IREP and FRANCE PUB have been comparing the results of their respective measurements to better understand developments in the communication market and thus to add value to the market and its development based on net revenue and expenditure.

- **The IREP** collects advertising revenue from the five traditional media, directories, Internet display, mobile, advertising mail and leaflets without addresses.

The search data comes from the SRI e-advertising Observatory, performed by PwC, in partnership with UDECAM.

This before tax revenue is net, meaning that trade discounts have already been deducted. Barter exchanges are not included, however classified newspaper advertisements are included.

- **FRANCE PUB** measures expenditure for advertisers for all methods of communication which are available on the market. This expenditure includes net purchases, commissions and fees from agencies as well as technical and manufacturing expenses, while classified newspaper advertisements are not included.

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