



TV IS NOT DEAD

INTRODUCTION



Nicolas de Tavernost,
Chairman of the Executive Board



SVOD's TRUE FIGURES



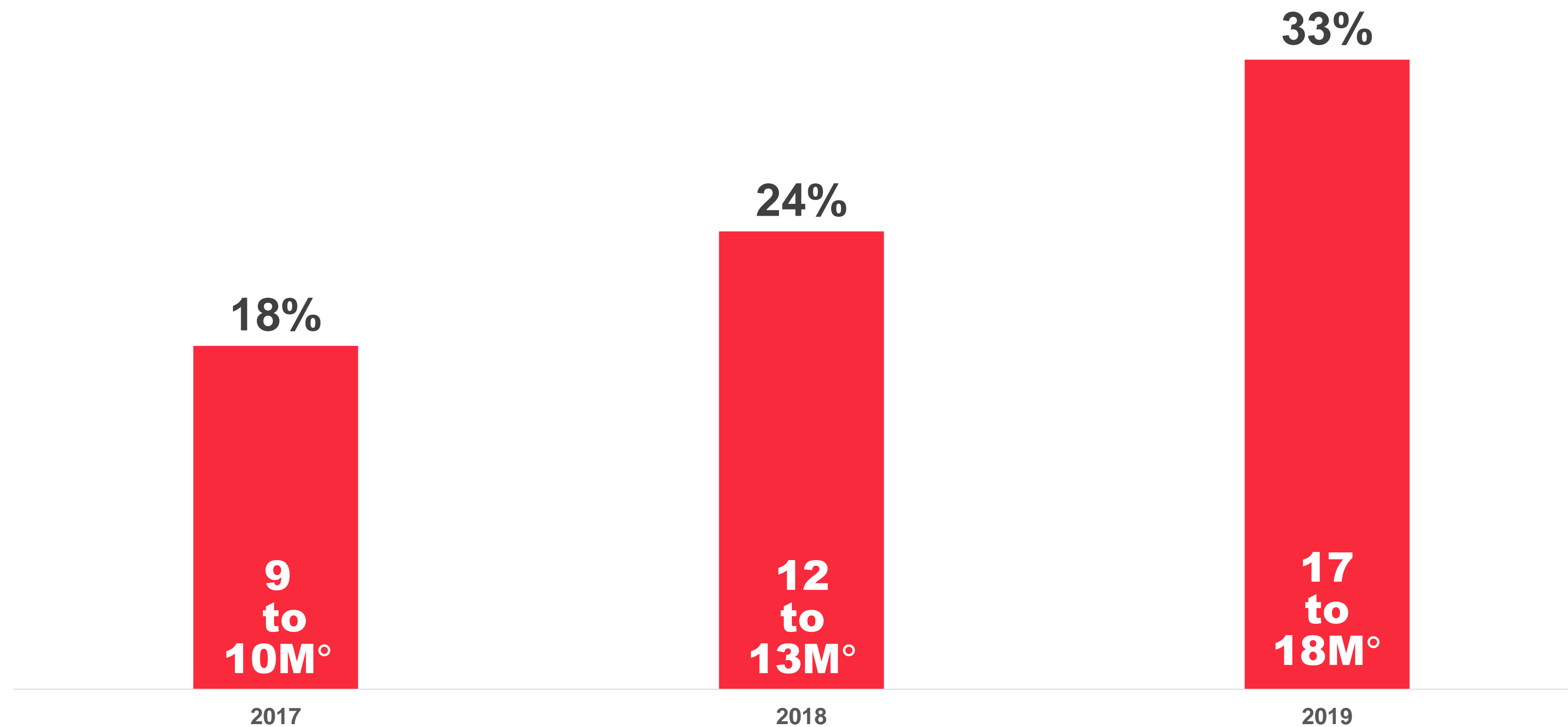
Thomas Valentin,
Vice-Chairman of the Executive Board



DESPITE DOUBLE-DIGIT GROWTH IN SVOD PENETRATION IN FRANCE...

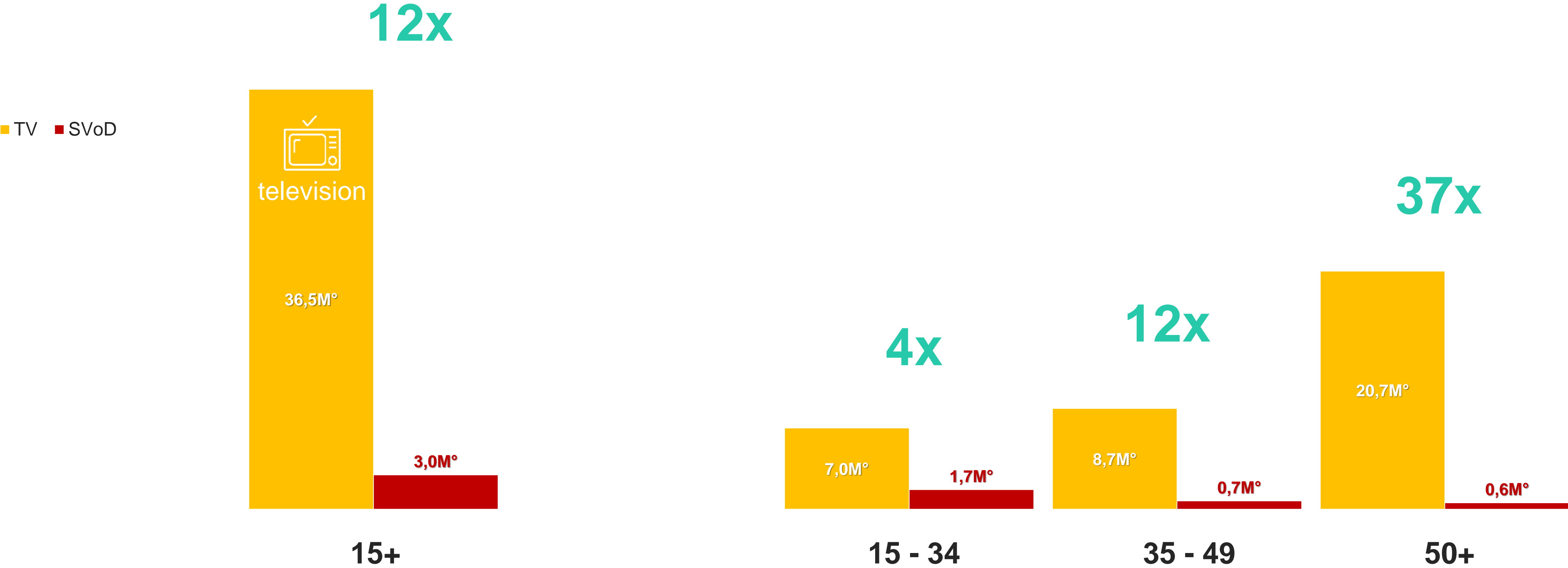
Number of French people aged 15+ who have used SVoD during the year

Estimate based on 3 different sources



... TV REACH STILL REMAINS SIGNIFICANTLY HIGHER THAN THAT OF SVOD:
12 TIMES HIGHER

Daily coverage of TV on TV screen vs SVoD across all screens



**(ALL THE MORE SO SINCE TV IS NOT CURRENTLY MEASURED IN ITS ENTIRETY
BUT WILL SOON BE IN 2020)**

Audimètre Individuel Porté (individual ported audience measurement)

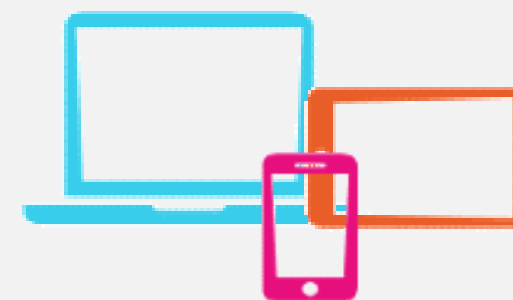
A portion of the TV audience **is not currently taken into account** by Médiamétrie.

From 2020, media measurement will be enhanced by:

- out-of-home audience



- 3-screen home audience

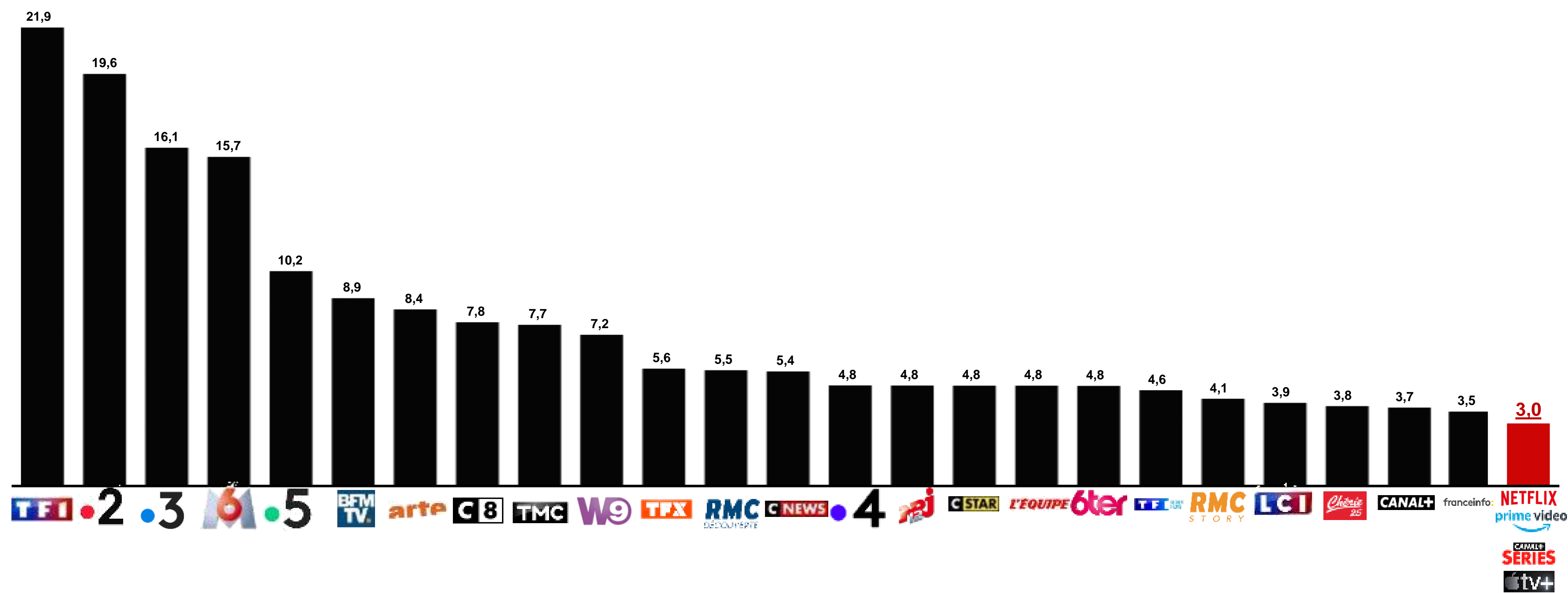


+6% 15+

+10% wrp>50

BY REACHING 3M° FRENCH PEOPLE EACH DAY, SVOD'S COVERAGE IS LESS THAN CANAL+ AND VIRTUALLY ALL FREE-TO-AIR CHANNELS

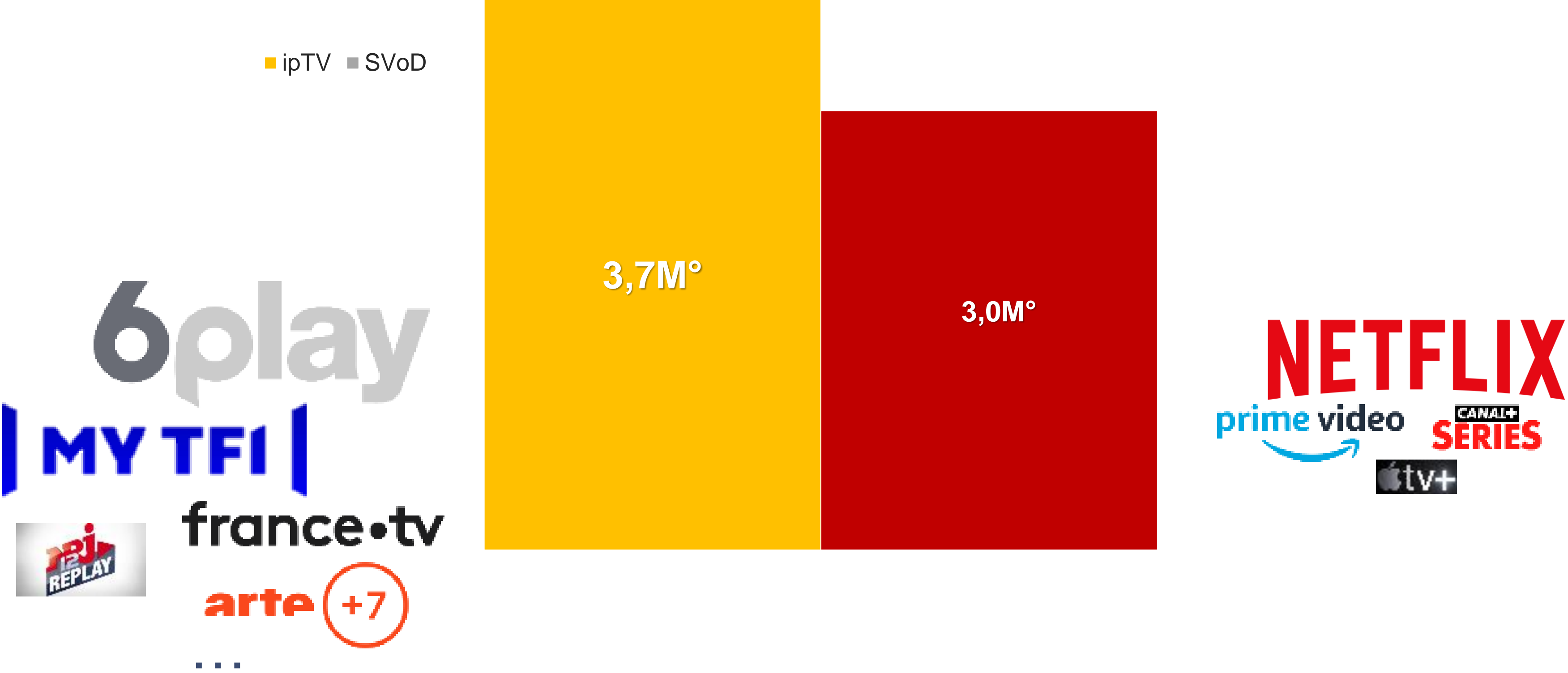
Daily reach of TV among over 15s on TV screen vs SVoD across all screens



6 W9 6ter gulli 20.3M° daily reach among over 15s, 7 times more than SVoD

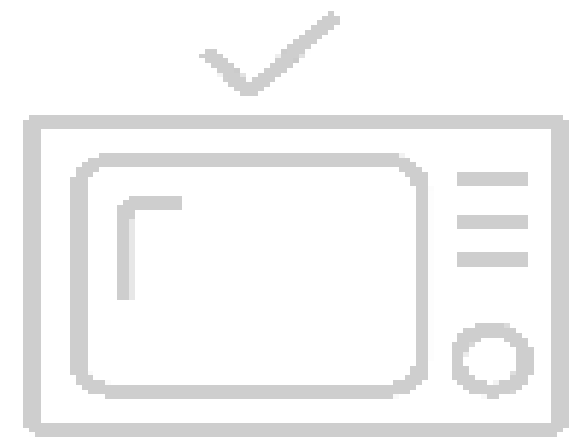
CATCH-UP VIA TV SCREEN MORE POPULAR WITH FRENCH PEOPLE THAN SVOD

Daily reach of TV among over 15s for catch-up ipTV vs SVoD across all screens



AT PRIME TIME, TELEVISION CAN REACH MORE THAN ONE THIRD OF THE FRENCH POPULATION AT THE SAME TIME – SVOD, 10 TIMES LESS

Average 15+ TV audience between 9pm and 10.30pm on TV screen vs SVoD across all screens



television

22.2M°



2M°

SVOD USAGE IS MOSTLY BENEFITING FROM NEW AND ORIGINAL SERIES

Weighting of the top 3 contributors to SVoD in terms of viewing time



Original (since s4)



Original (since s3)



US+24

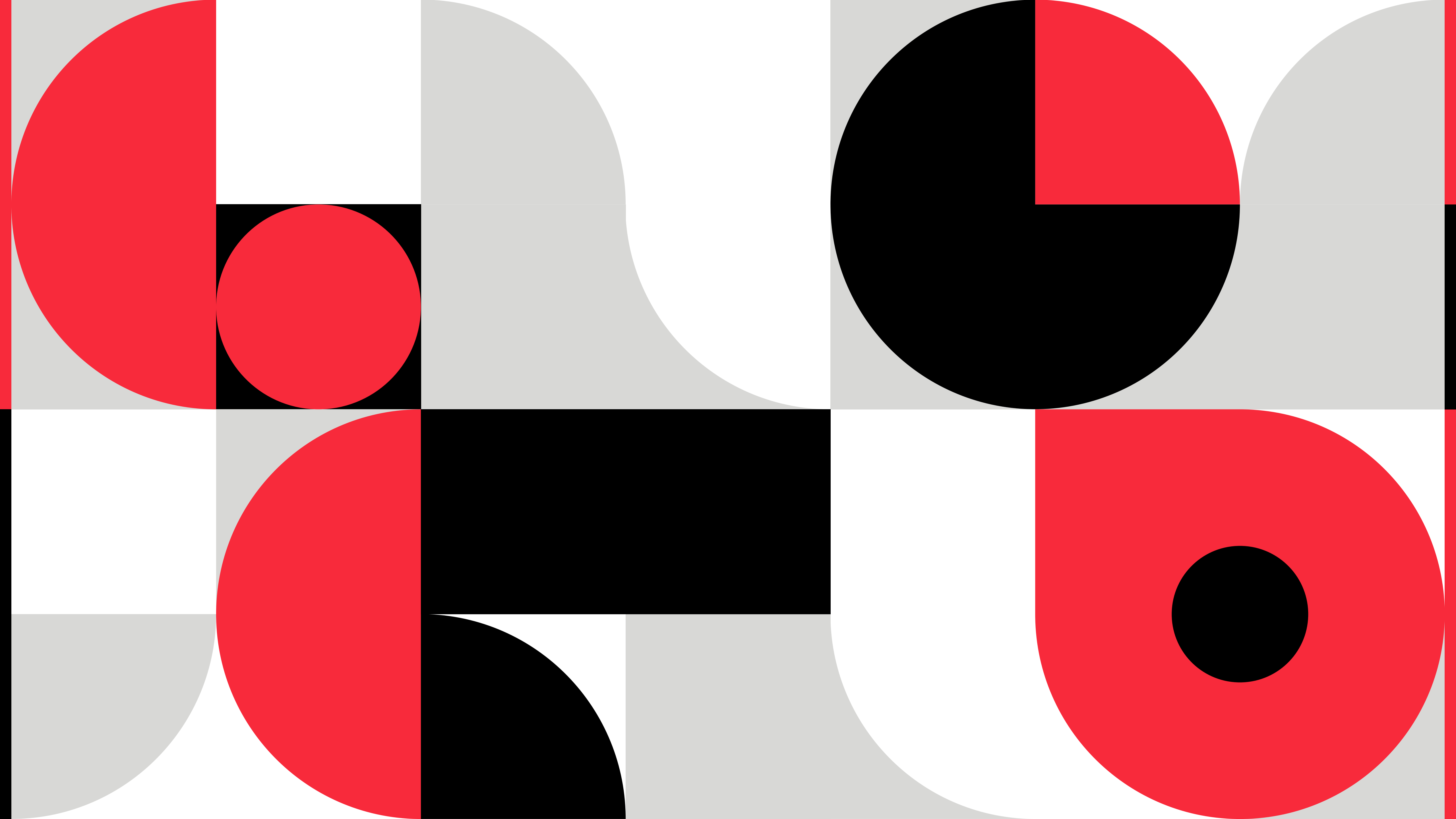
1/ Despite strong SVOD growth in France, **the balance of power is clear:**


- TV reaches **12 times** as many French people every day than SVoD
- Even among young people, TV remains much more popular than SVoD

Even if SVoD continues to expand, it will peak at a lower level than TV, which remains the dominant and high quality mass media

2/ The customer portfolio cannot be extended (telecom, music, SVOD, etc. subscriptions).

3/ However, advertising models have great potential in SVoD, just like they do in li





#ROI TV

The effectiveness & R.O.I.
of TV advertising

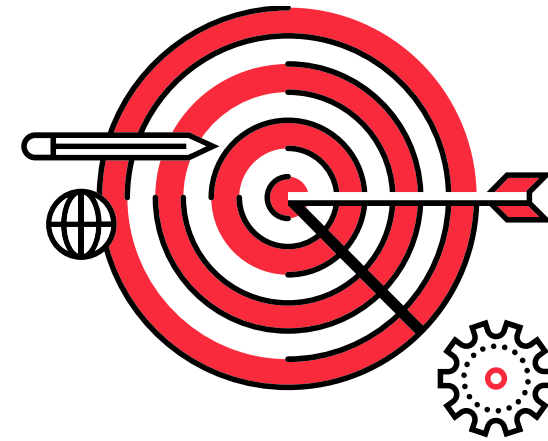
Novembre 2019



METHODOLOGY



Determine the contribution of media to sales and ROI



Analyse the performance of the different value-contributing factors for campaigns covering five of the main television advertising sectors.

Isolate among the different levers activated, the total contribution of media to sales.

Then, determine the contribution and ROI of each media implemented.

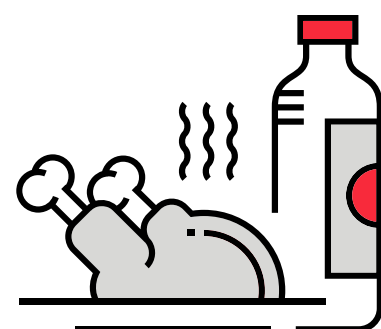


By the econometric modelling of the actions of 15 brands/products over 3 years.

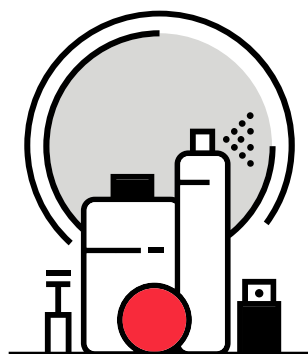
Corpus de l'analyse

5

Advertising sectors studied



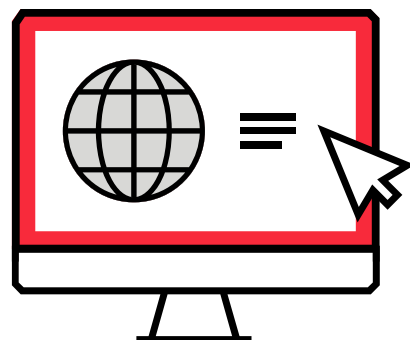
Food



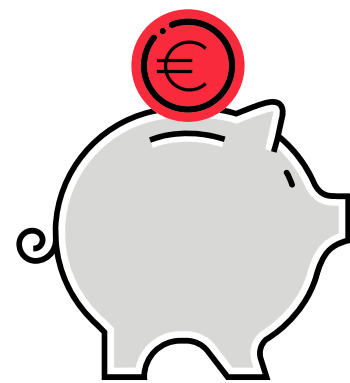
Hygiene & Beauty



Automotive



Pure Players



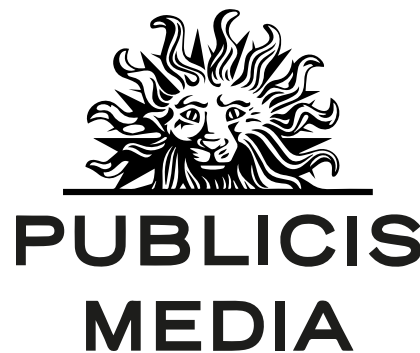
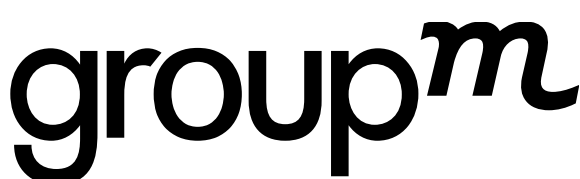
Banking & Insurance

15

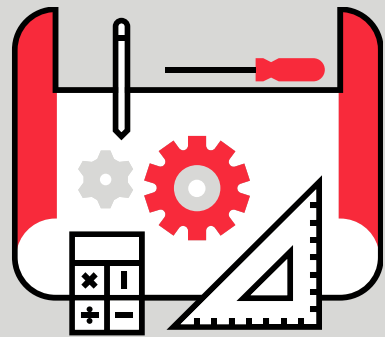
econometric models analysing the factors contributing to value over 3 years

5

contributing agencies



Steps



Pre-study

- Definition of the indicators used
- Homogeneity of the definitions and the scope



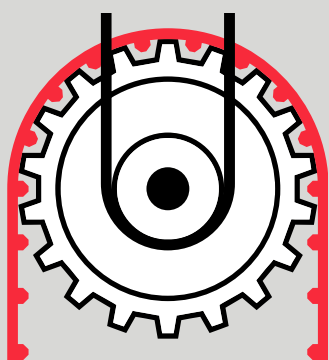
BearingPoint®

m·mz



Data collection

- Net investments devoted to each lever activated
- Sales/subscriptions in turnover

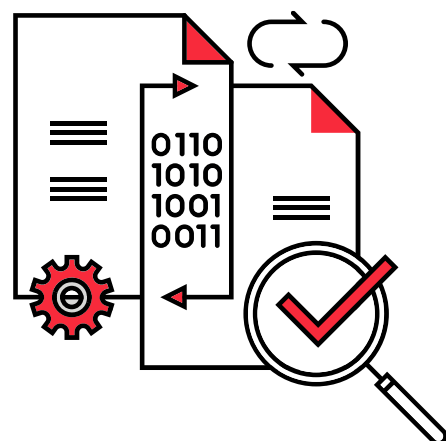


Modelling

- Production of models



group^m



Summary

- Centralisation of data
- Guarantee of coherence
- Confidentiality

BearingPoint®

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Quality of the results

Represent and explain sales to calculate KPIs by guaranteeing the quality of the models

Adjustment coefficient for the 15 models studied



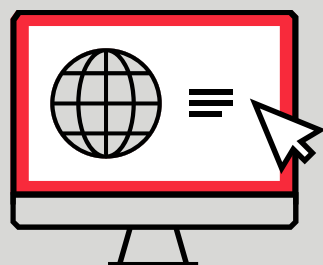
R² des 5 secteurs



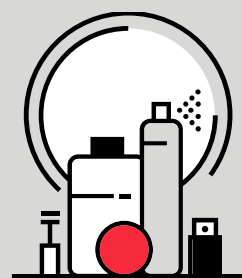
85%
Food



89%
Automotive



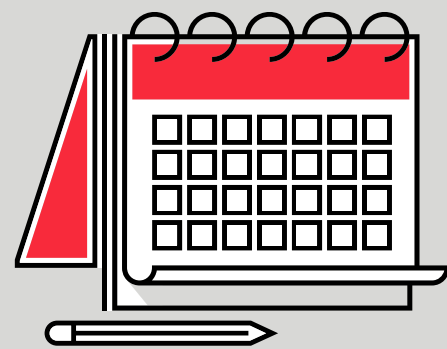
83%
Pure-Players



77%
Hygiene & Beauty

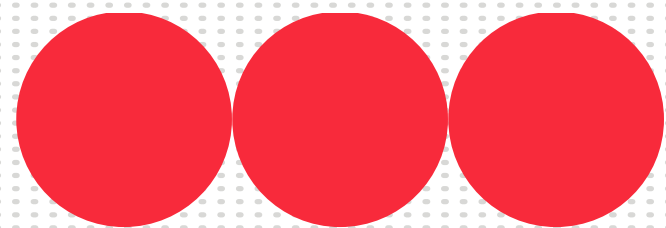


88%
Banking & Insurance

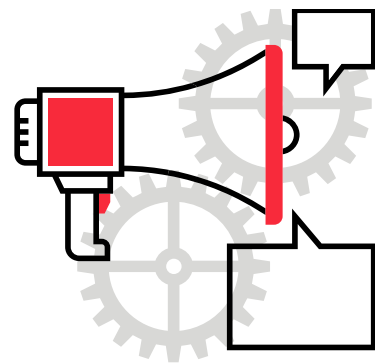


Depth of the data

3 years weekly



What was studied



85 waves of communication
for 15 brands

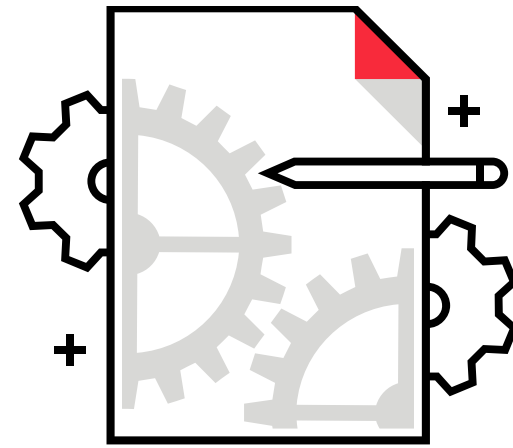


Corresponding net media
investments for each
lever activated

What was deduced from it

- ⊕ Basic sales
- ⊕ Incremental sales contributions from the media
- ⊕ ROI by media
- ⊕ Carryover effect and long-term effects
- ⊕ Synergies TV x other media

Two main criteria to observe



The contribution to sales

which should always be compared with the share of investment

ROI

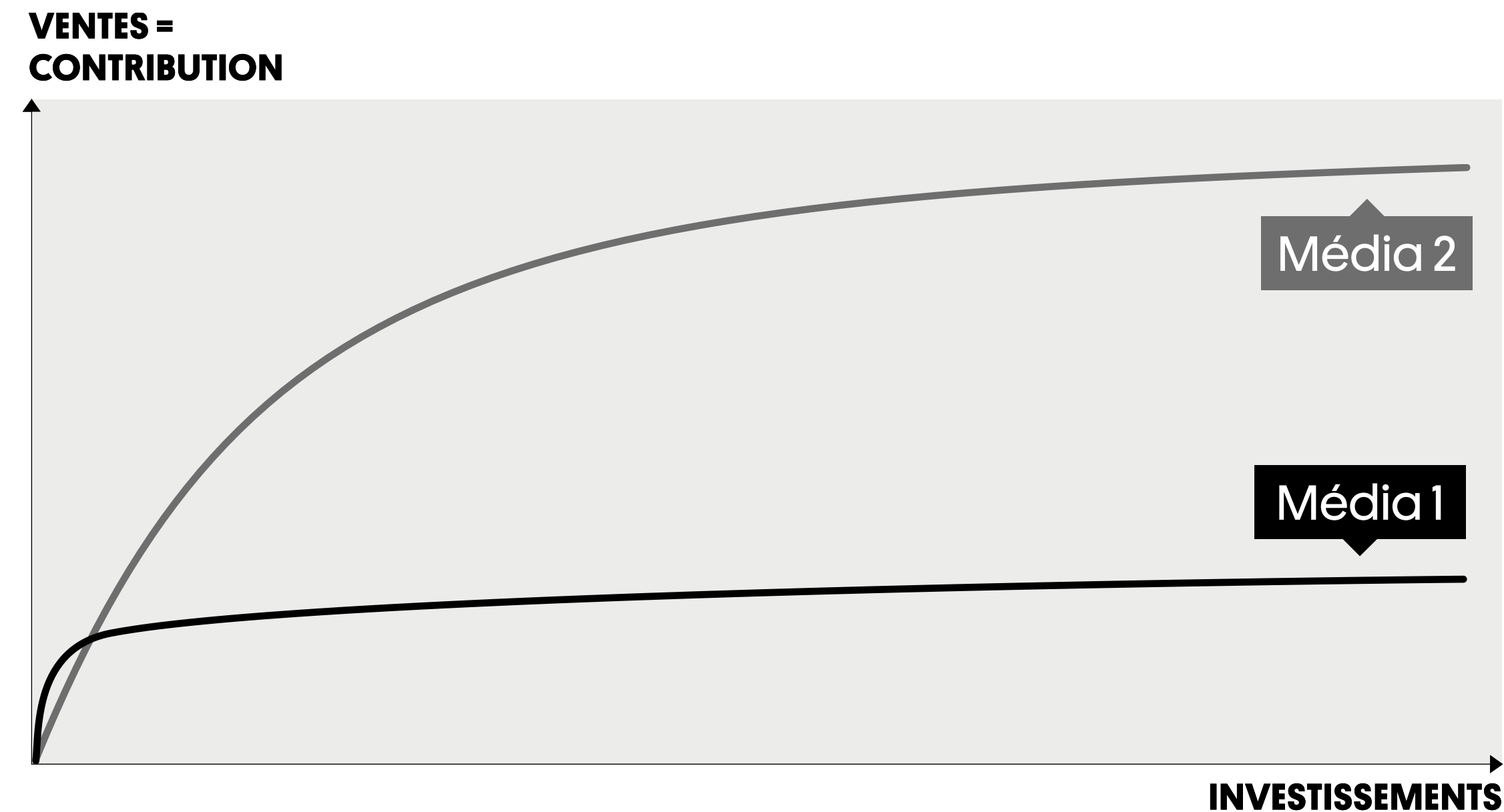
or what return on investment
[sales turnover or subscriptions] for €1 invested



These two criteria must always be observed simultaneously

The ROI must always be compared to the contribution

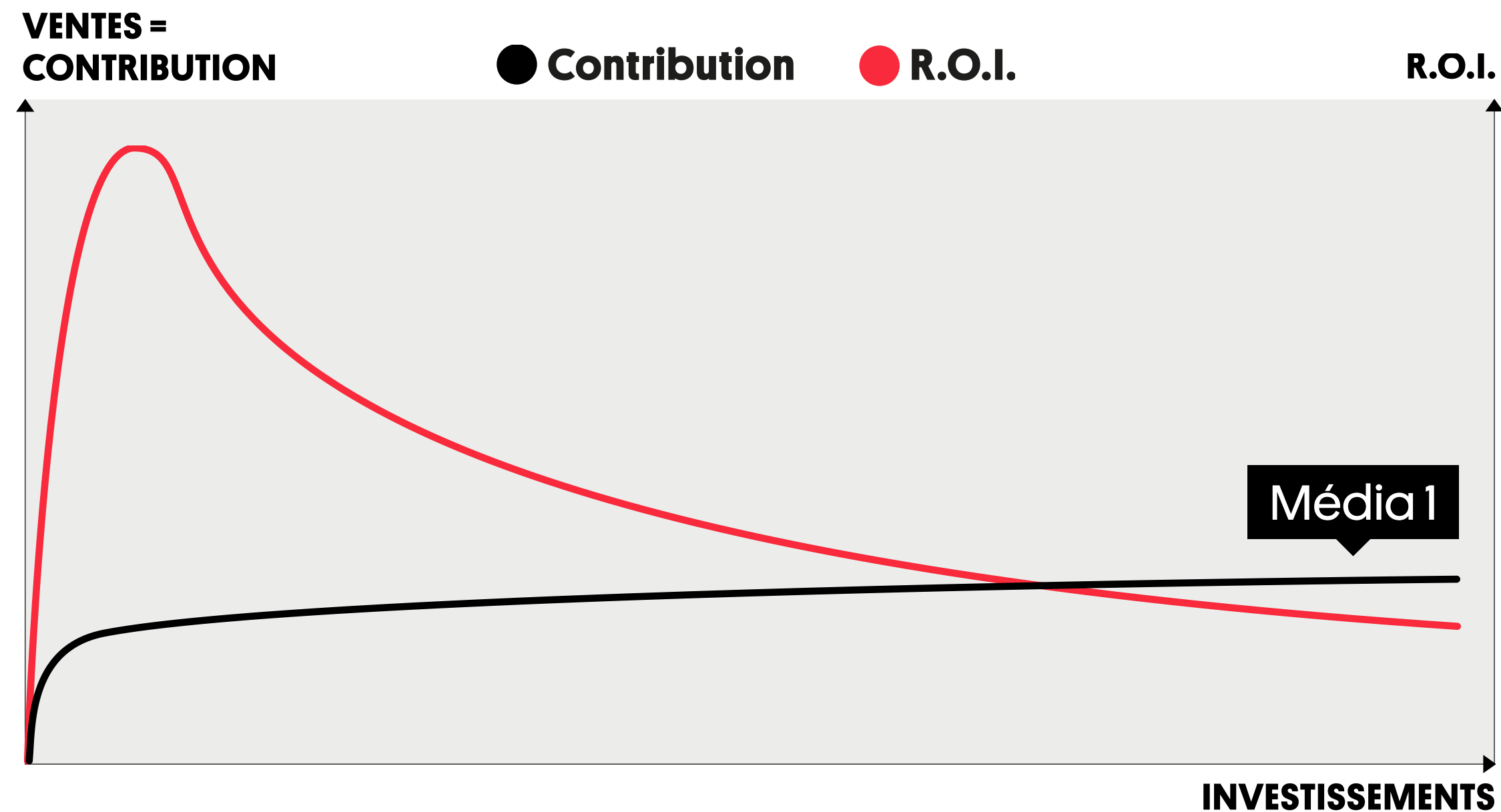
Let's start from the contributions made by two different media



For small investments: **Media 1 > Media 2**
Then quickly: **Media 2 >> Media 1**

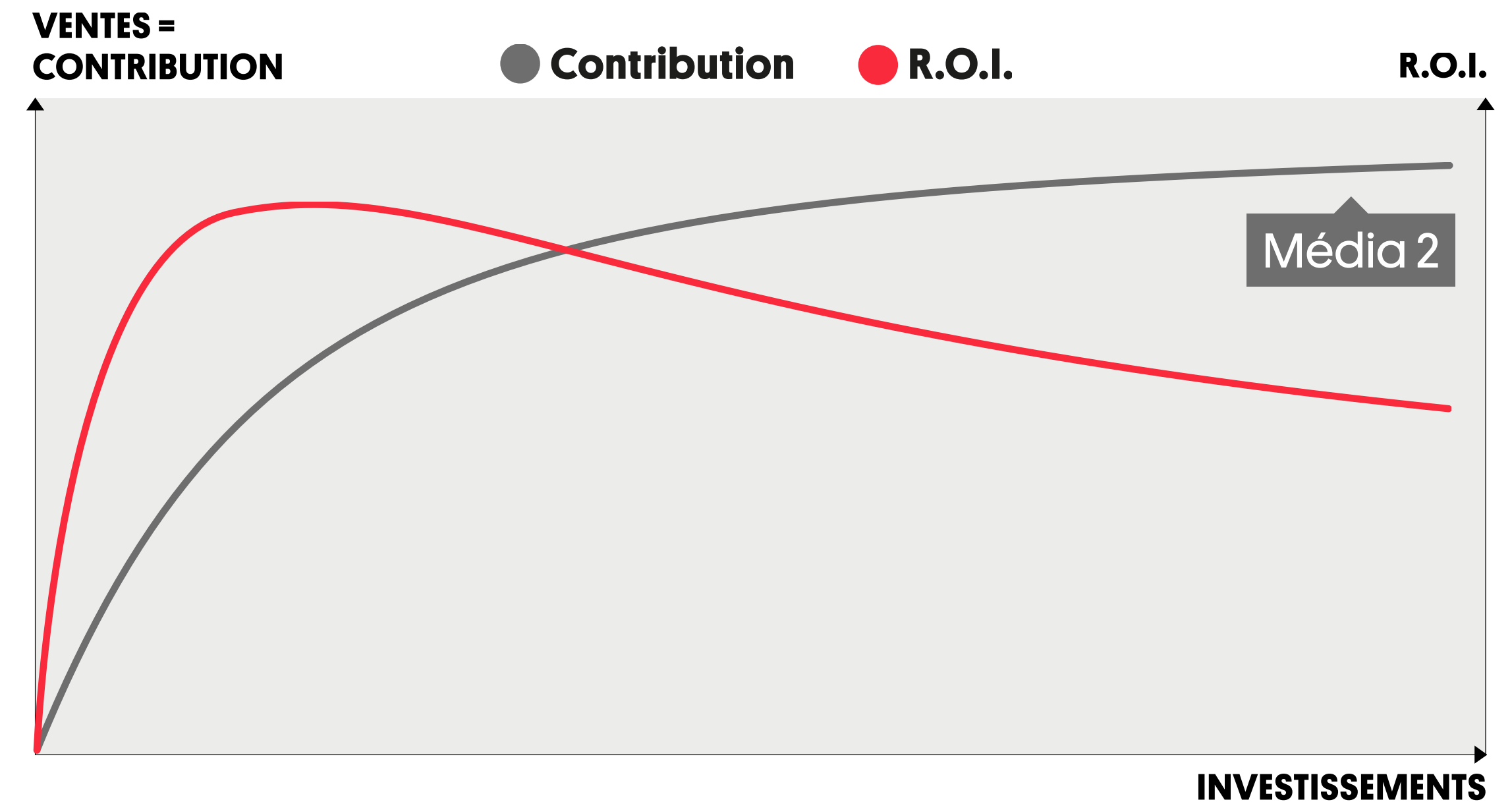
Which explains the need to compare ROI and contribution

The ROI must always be compared to the contribution



Small contribution that saturates quickly while investments continue to progress.

Large ROI initially which deteriorates quickly when the investments increase.



Large contribution that continues to progress with the investments.

ROI initially lower but resists much better.

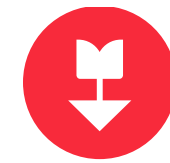


**This is the principle of diminishing returns.
A more noticeable phenomenon for some levers with a small contribution.**

ROI CONTRIBUTION and laws of diminishing returns



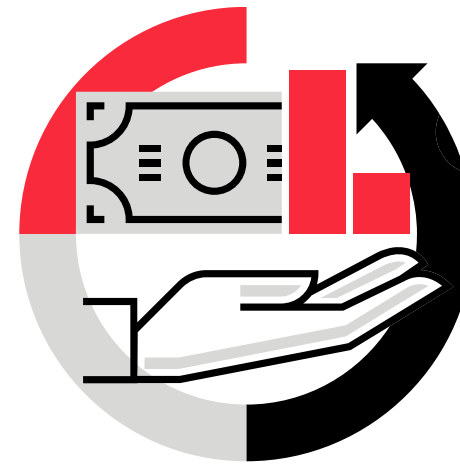
ROI is not a constant,
regardless of the investment.



The hierarchy of ROI is not an adequate indicator
of comparative return of media if it is used on its own.
It must be compared with the contributions
that the media make.

Some levers with a low contribution and a high ROI may see
their ROI decreases greatly when investments increase.

ROI and synergies between the levers

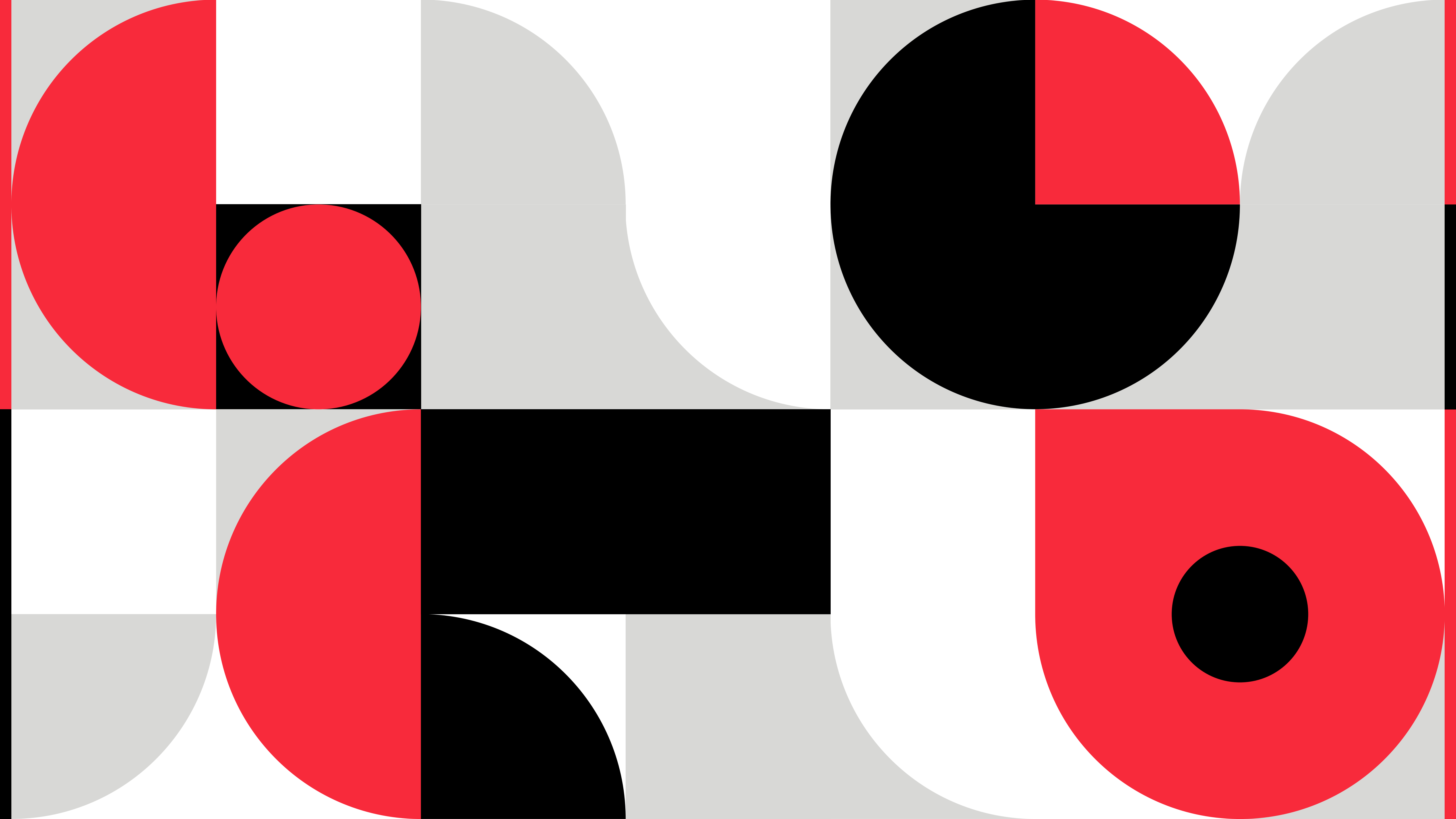


**One ROI may
hide another one...**

Synergy

When the combined effect of a set of levers is greater than the sum of the isolated effects. In this case, certain media benefit from the priming effect produced by others thanks to the effects of synergy.

Therefore, a share of the ROI of this media has been initiated by others.



#

CONTRIBUTION

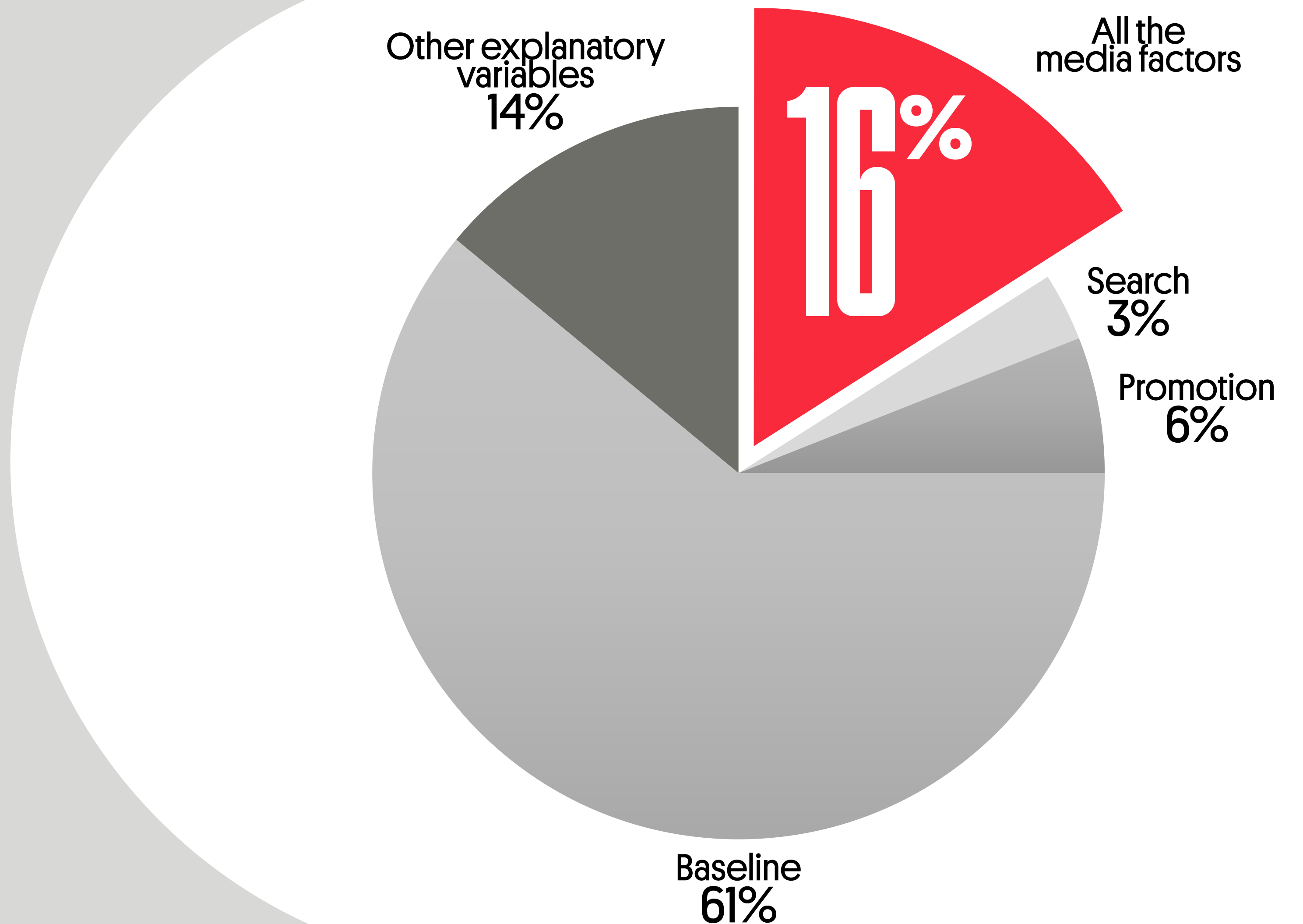
TO SALES



1 The contribution of media to sales

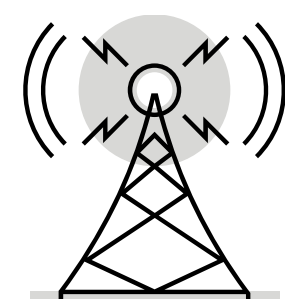


Media contribute on average to 16% of sales or subscriptions among the 20 factors studied

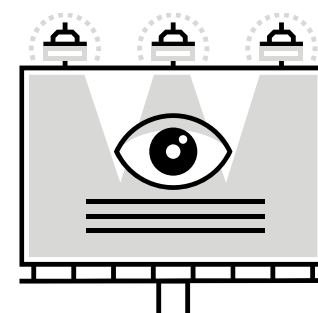


TV very involved but over-contributor

Among the other media



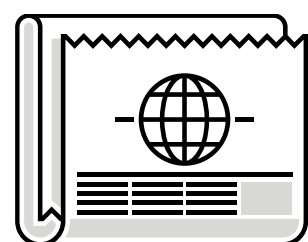
Radio



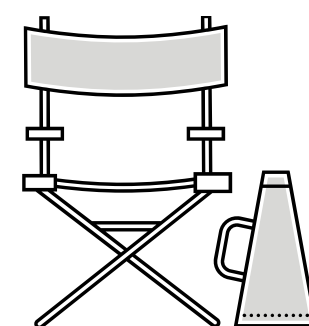
Display



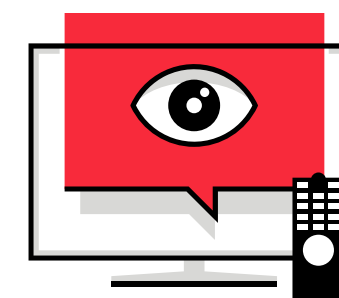
Digital levers



Press



Cinema



TV

Including Sponsorship & Catch-Up

62%

Share of investment

65%

Contribution

+

3

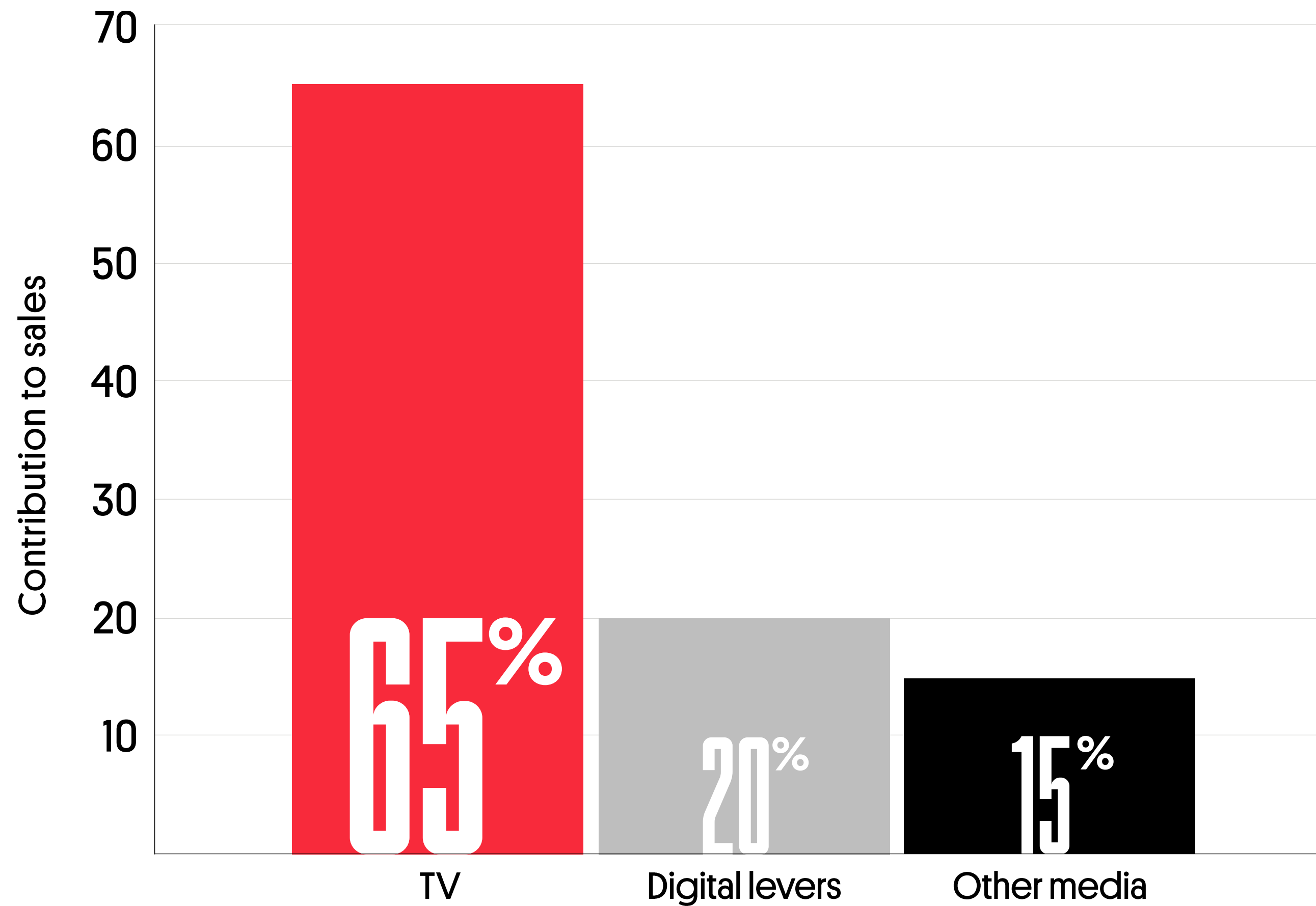
PTS

• VS •

investments
dedicated adverts



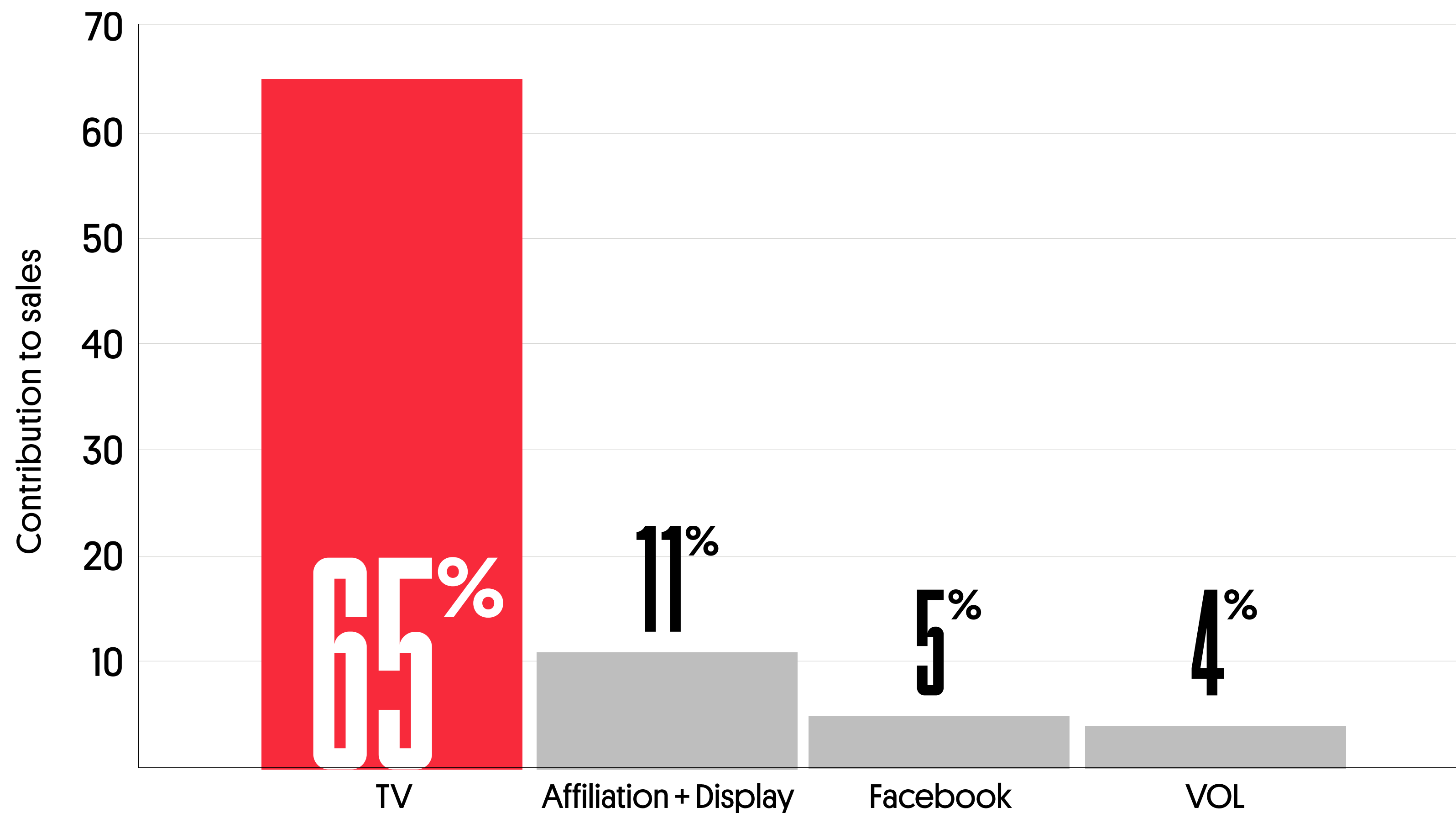
The aggregate of digital levers and TV over-perform



Advertising investment

- TV — 62% [TV + Sponsorship + Catch-Up]
- Digital levers — 19%
- Other media — 19%

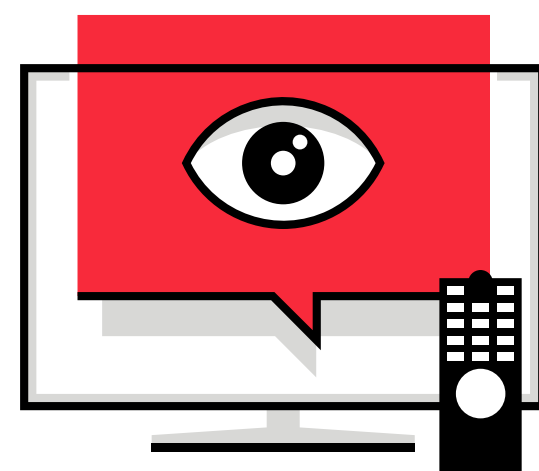
Disparate contribution of digital levers



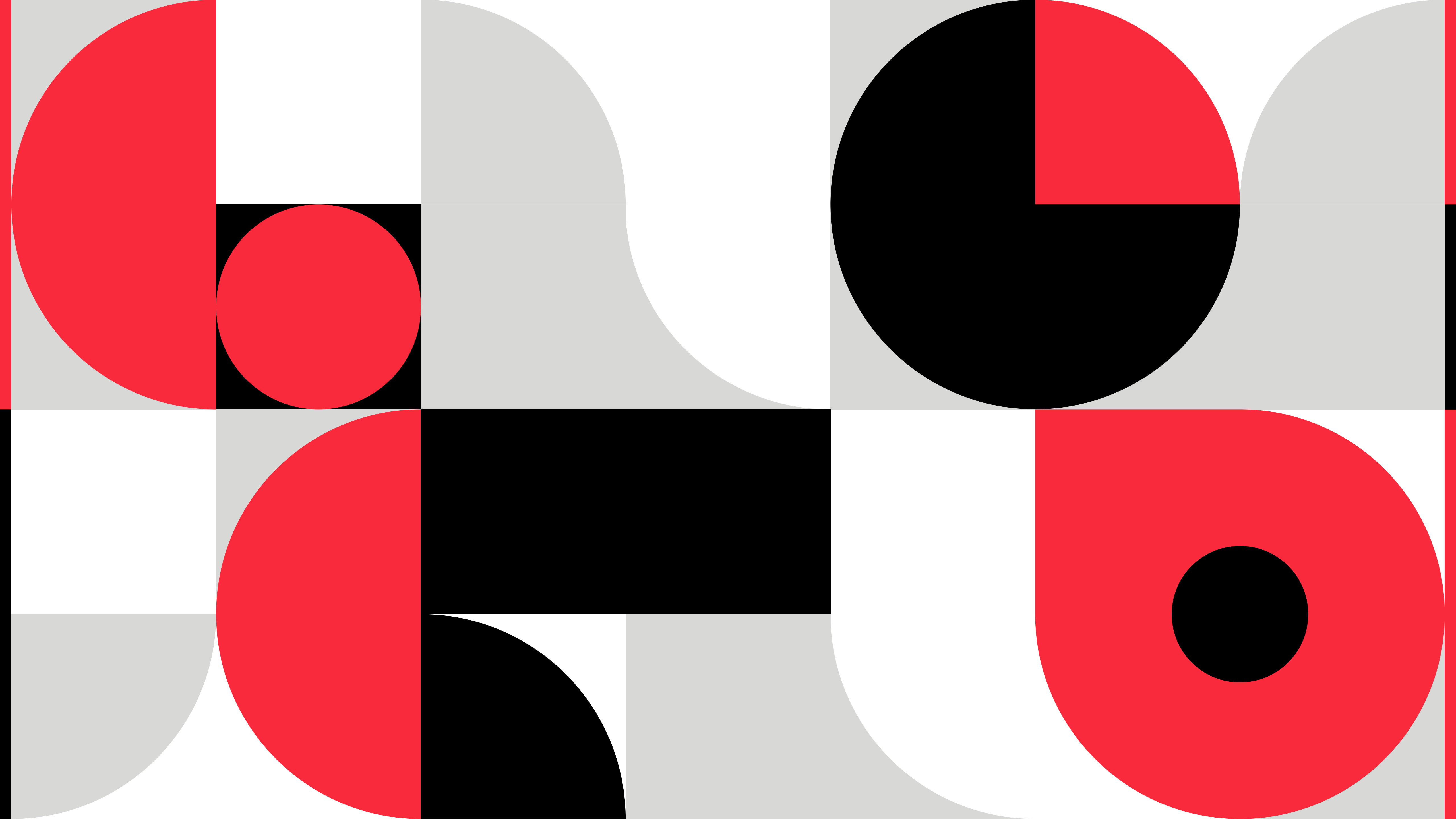
Advertising investment

- TV — 62% (TV + Sponsorship + Catch-Up)
- Affiliation + Display — 11%
- Facebook — 3%
- VOL — 5%

TV, the best contributor to sales

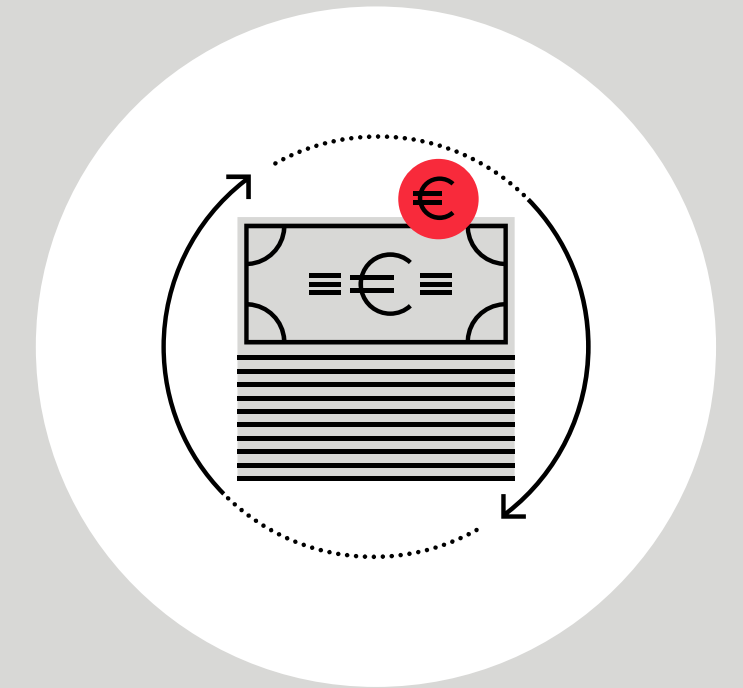


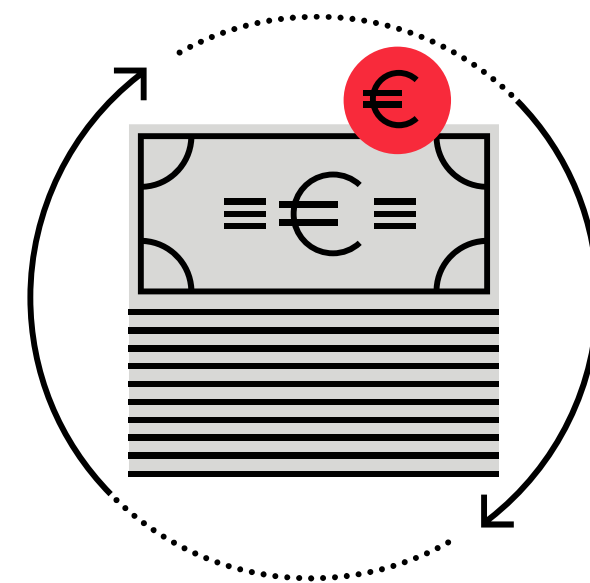
TV and the aggregate of digital levers
show very significant contributions
greater than their share of investment





R.O.I.





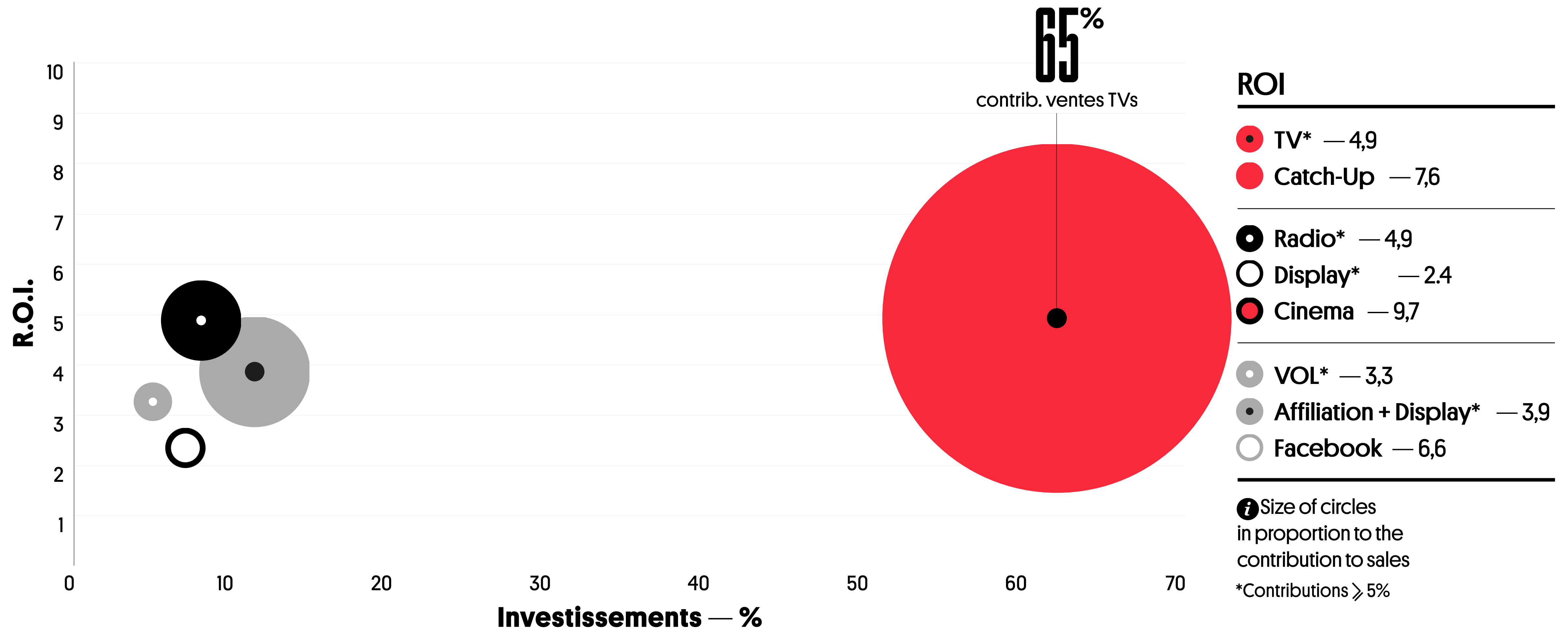
ROI media

Value created, or turnover in €
for €1 media invested

Calculation method

Contribution in media value
to sales ÷ media investment.

Traditional TV - Radio - Digital levers significant contributors / high ROI

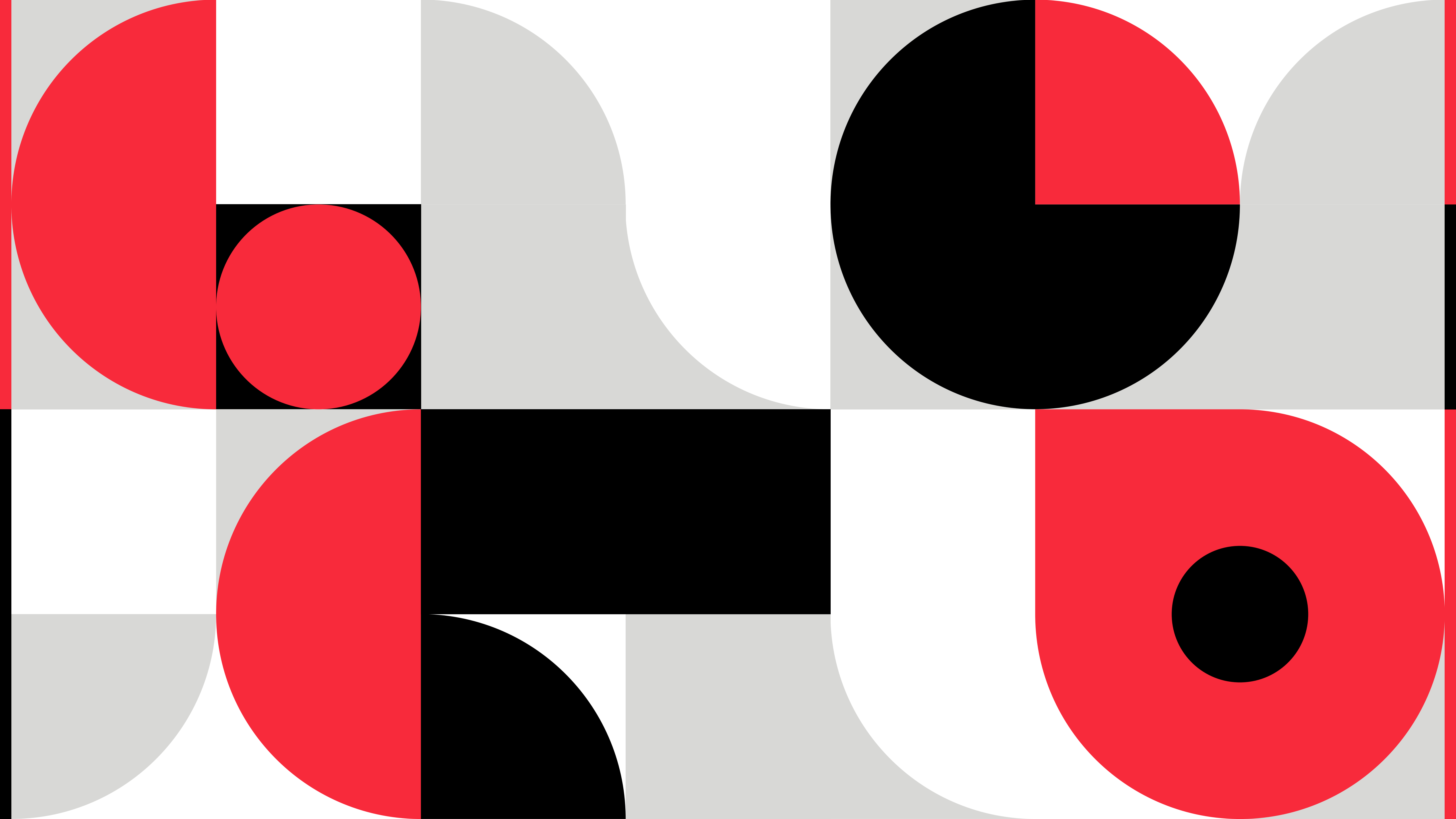


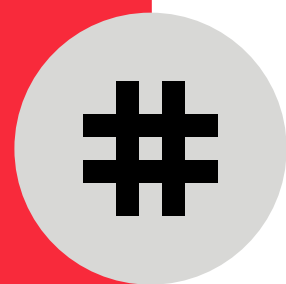
Only a combined ROI / contribution vision is relevant



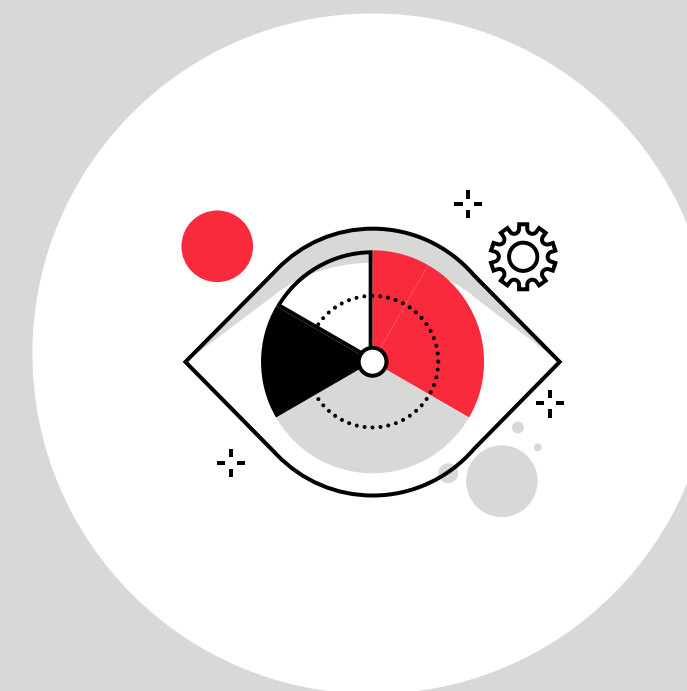
ROI cannot be an indicator observed in an isolated manner.

It only has meaning if you take account
of the share of dedicated advertising investment
and the contribution to sales generated,
not to mention the effects of synergies not deducted from ROI.

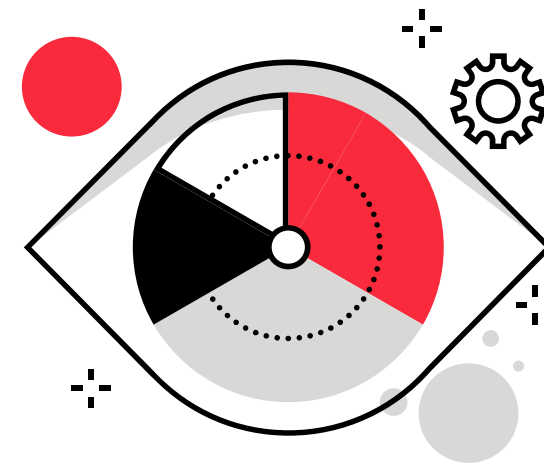




CARRYOVER EFFECT



The carryover effect on sales differs significantly according to the levers

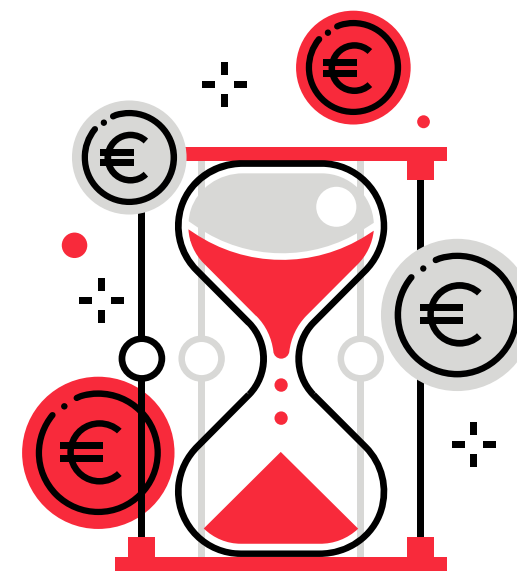


Phenomenon of the continued effect of advertising over time after exposure to the message.

Related to the notion of $\frac{1}{2}$ life which is the time expressed in number of days, when the campaign keeps half of its memory or business effect.

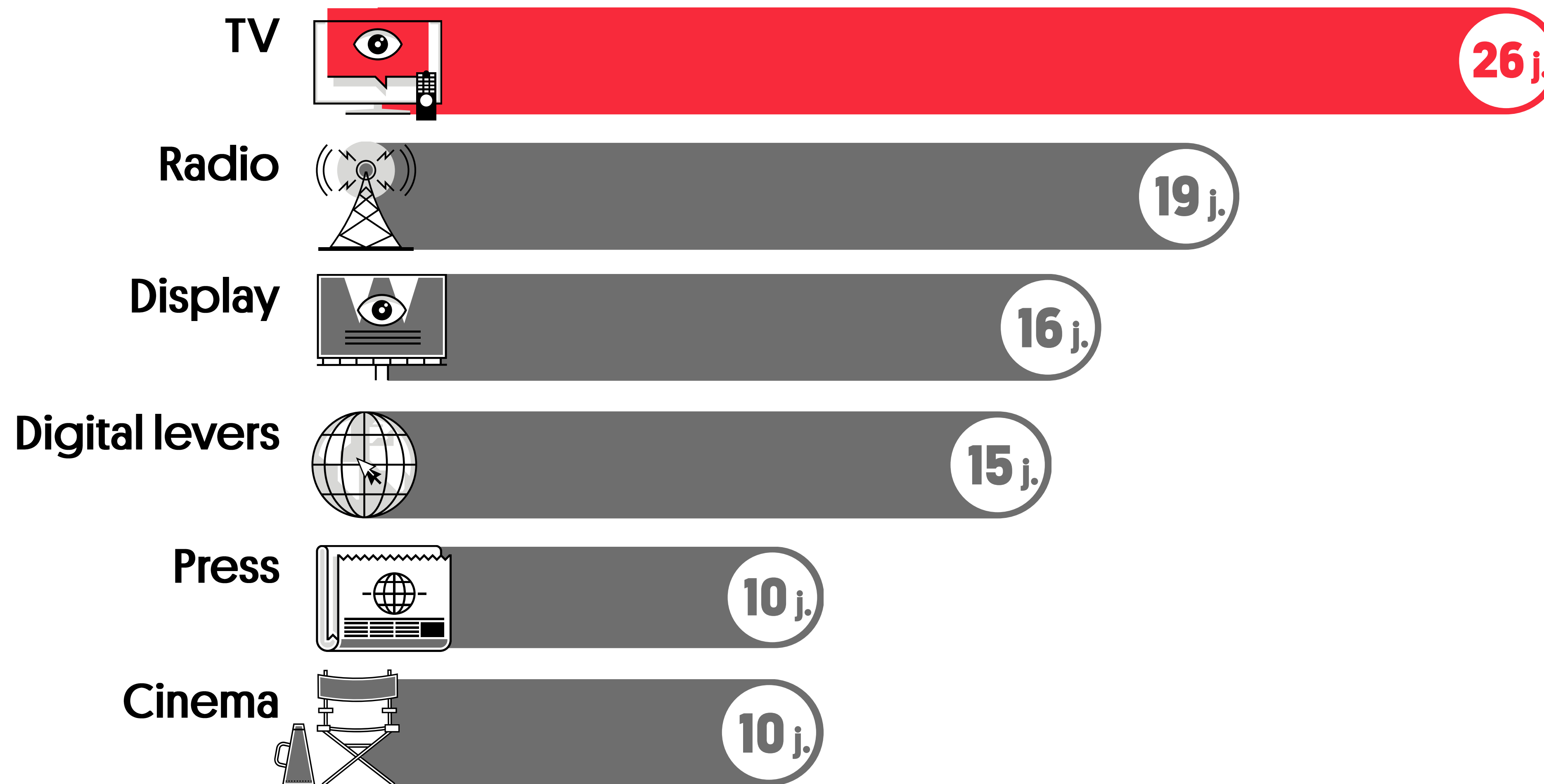
In our study, it is the **carryover effect of the media effect on sales** that was analysed.

The question which we answer



After how many days
after the end of a campaign,
is half of its impact on sales
maintained?

Television very largely the leader of the carryover effect...



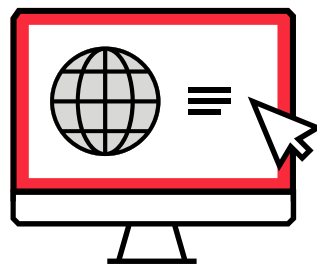
i Carryover effect expressed in days

...Whatever the versions of it

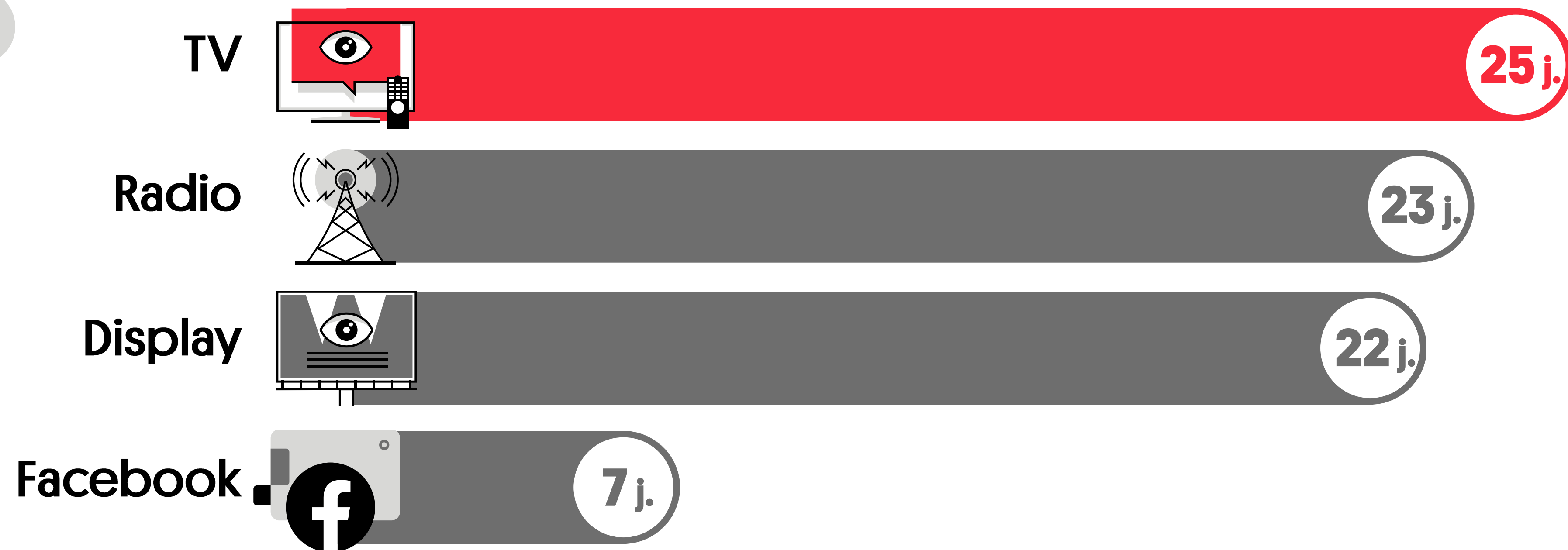


i Carryover effect
expressed in days

High carryover effect of mass media for Pure-Players

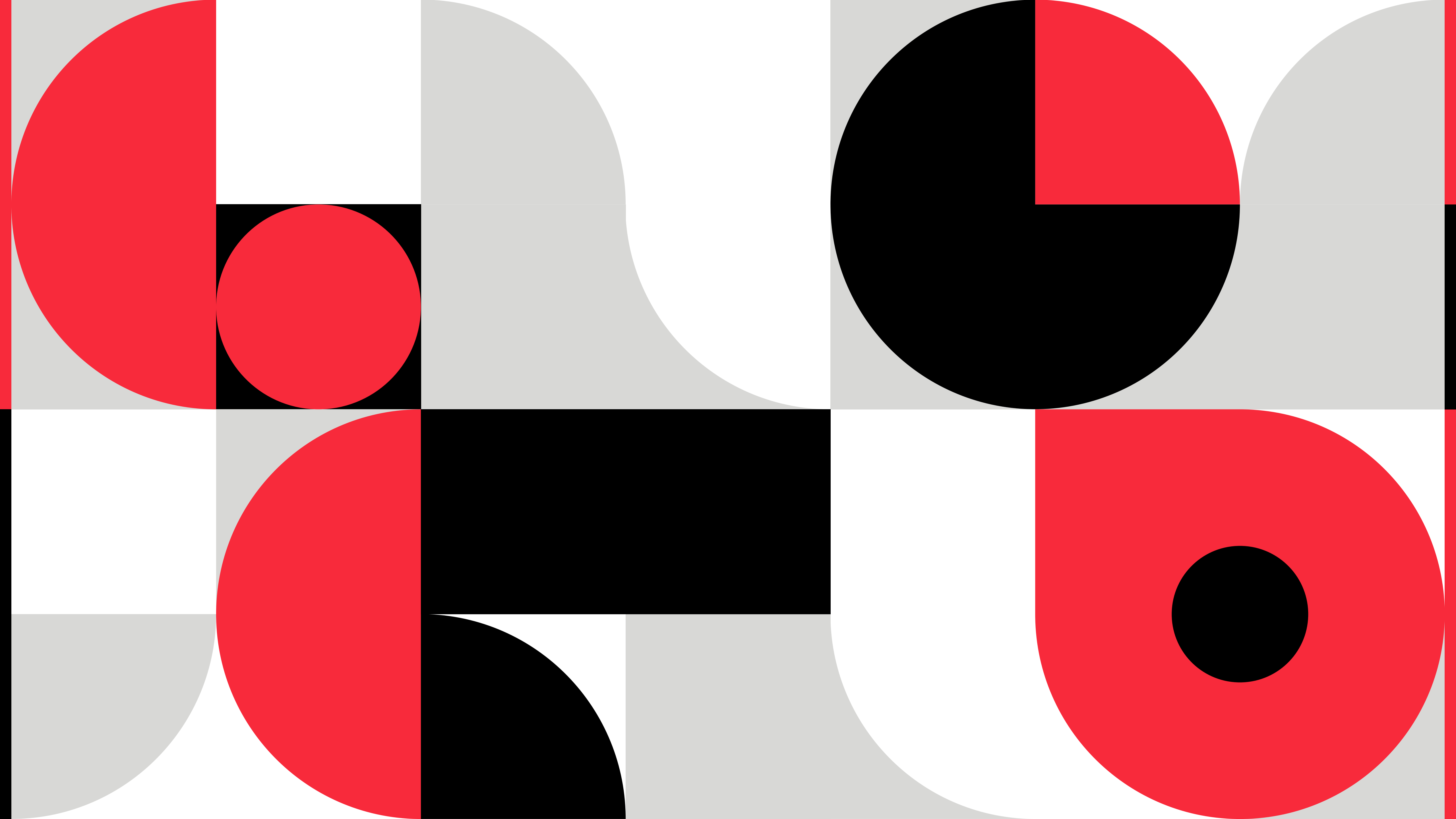


Pure-Players



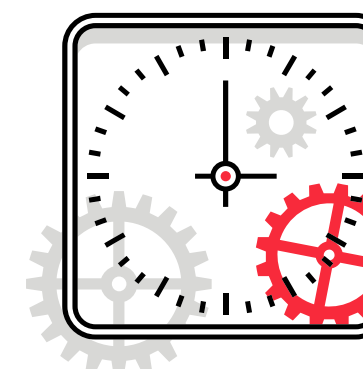
Investissement \geq 2%

i Carryover effect
expressed in days

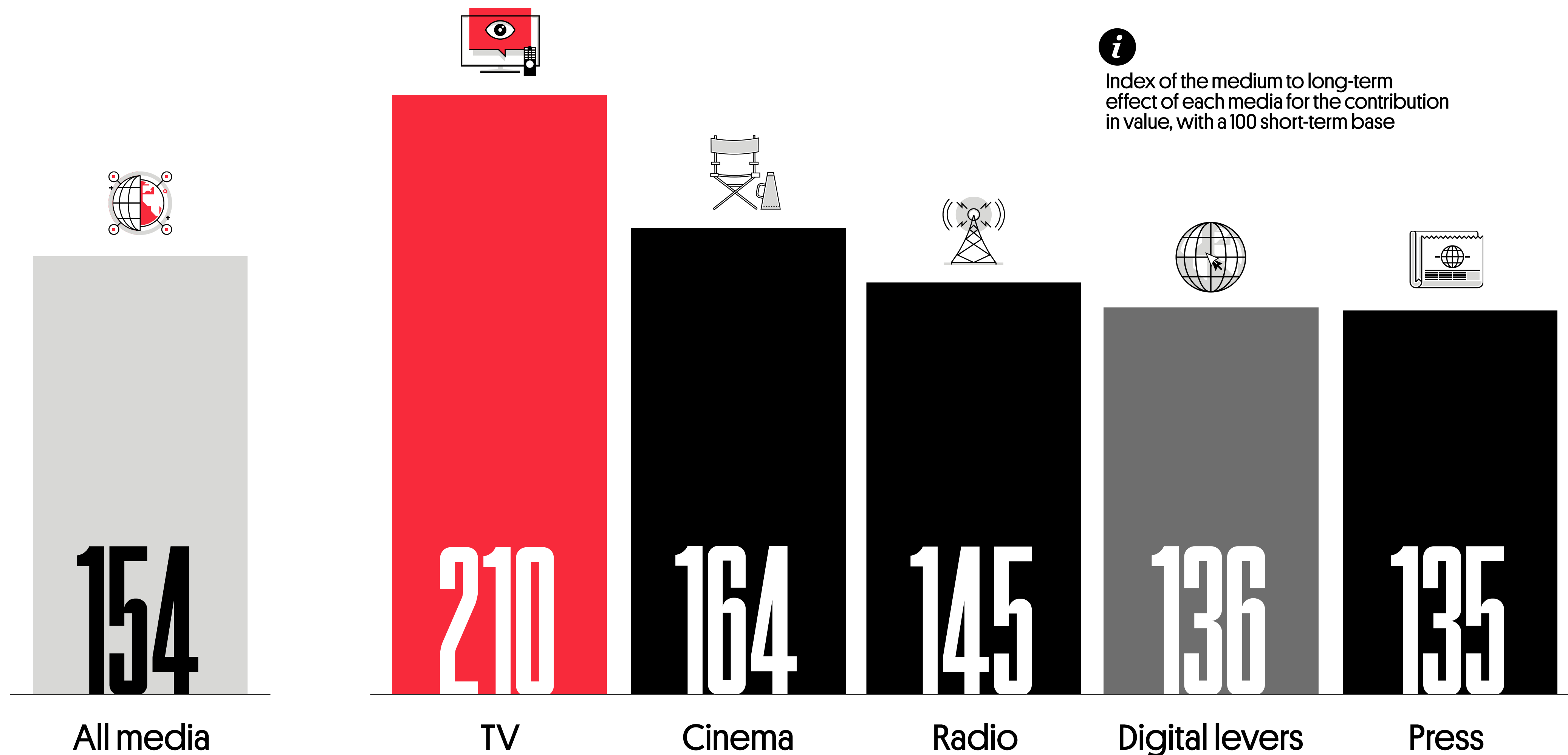


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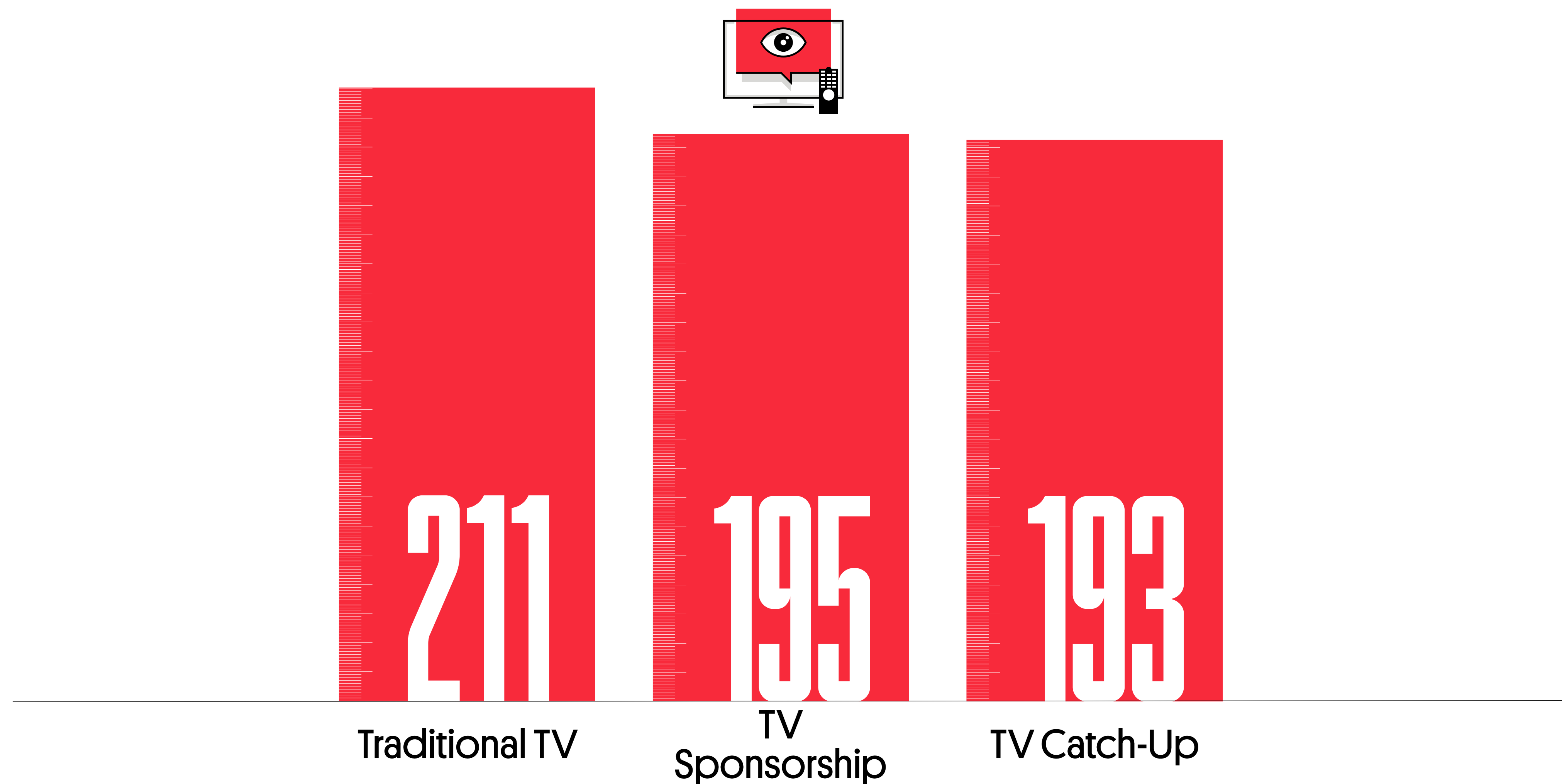
LONG-TERM EFFECTS



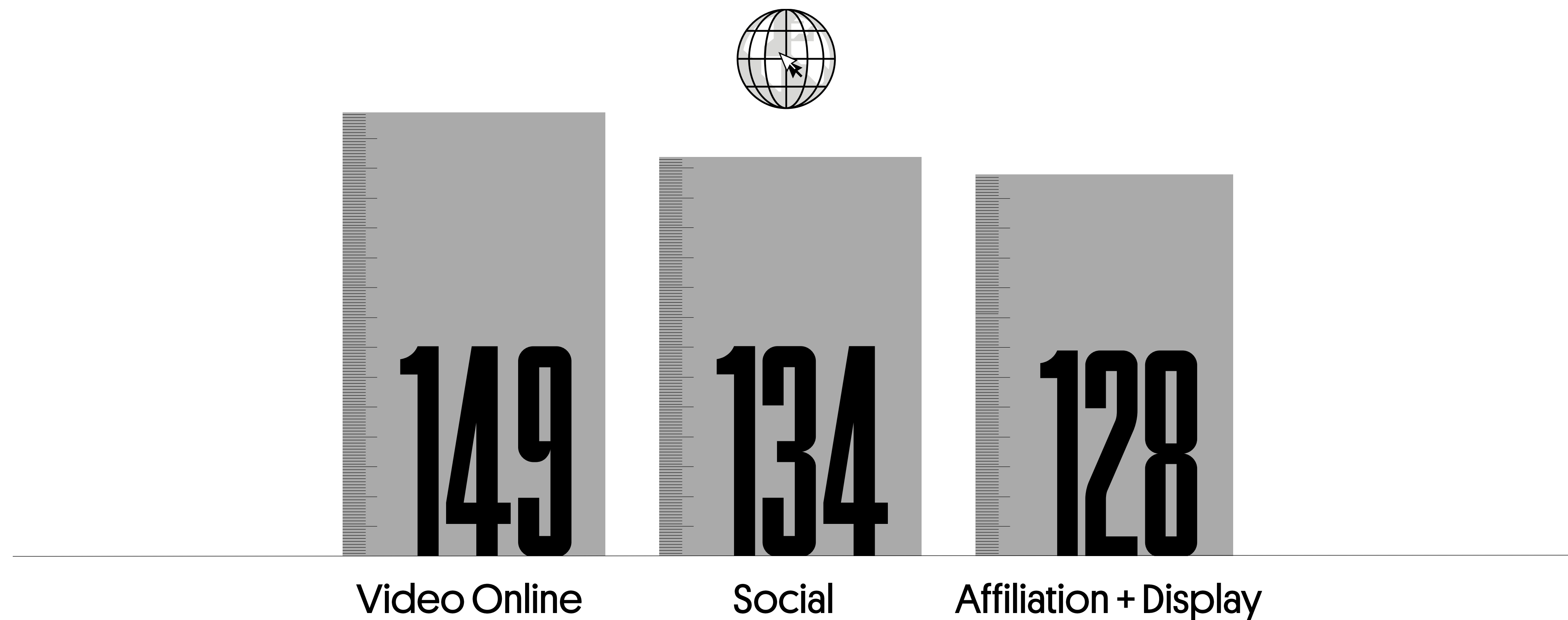
The audiovisual leader for long-term effects



Effective in the short-term, TV doubles its effects in the long-term

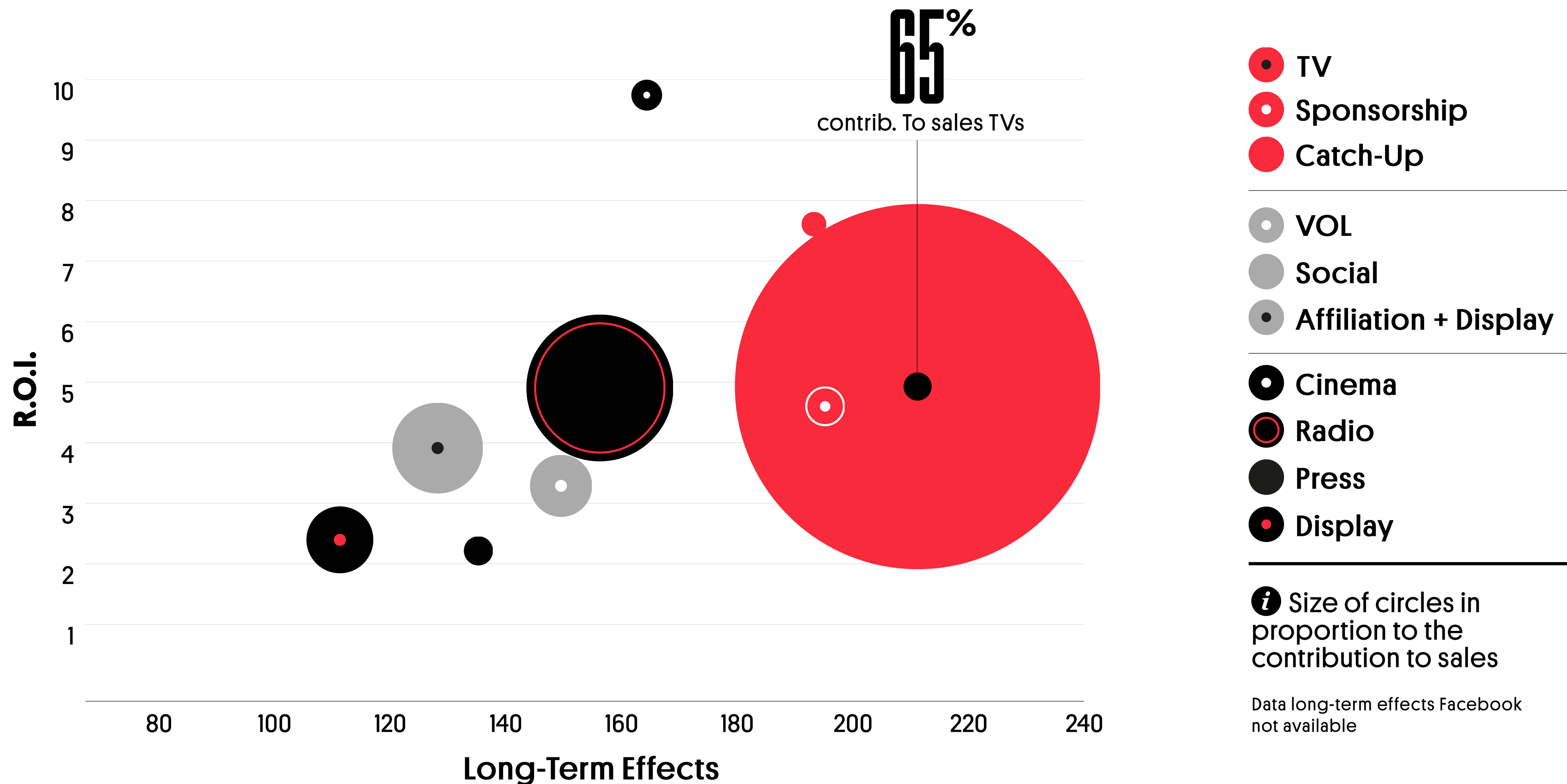


Lesser effects in the digital universe



Contribution — ROI — Long-term effects: over-performance of TV

Comparison of media according to their ROI, their long-term effects and their contribution to sales

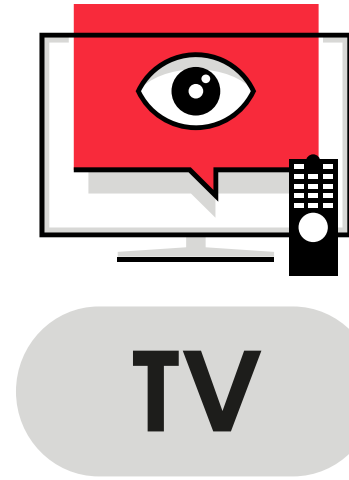


The long-term effects are particularly spectacular for consumer goods

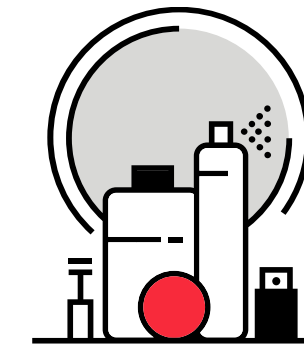


316

Food



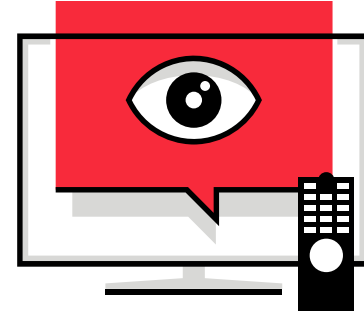
TV



274

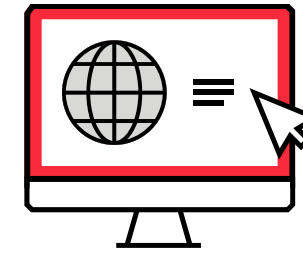
Hygiene & Beauty

Even for Pure-Players, TV is effective in the long-term

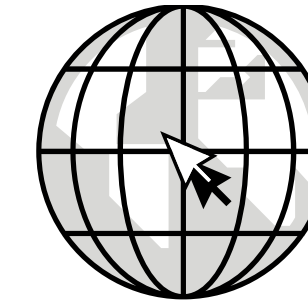


139

TV



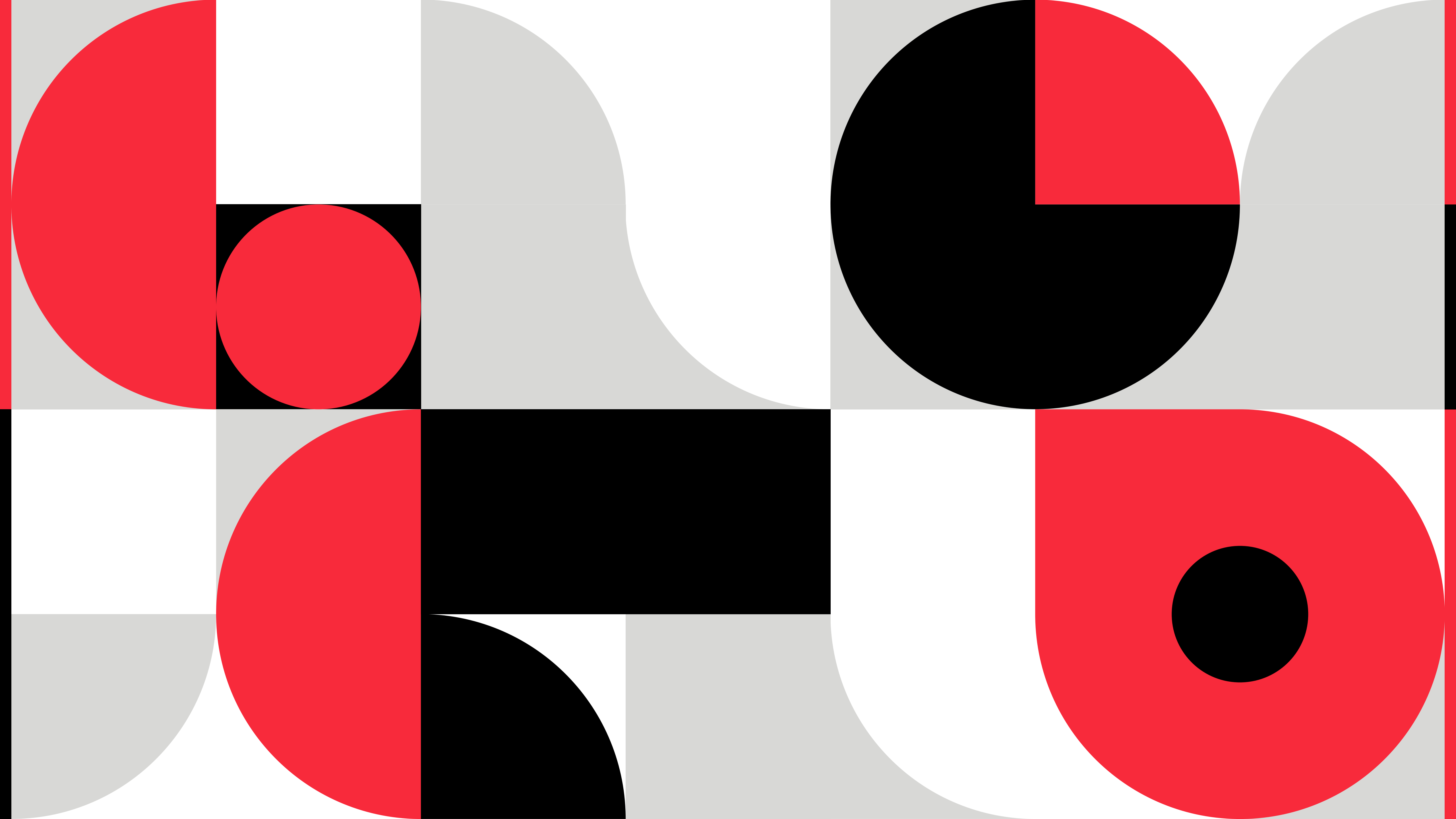
Pure-Players



113

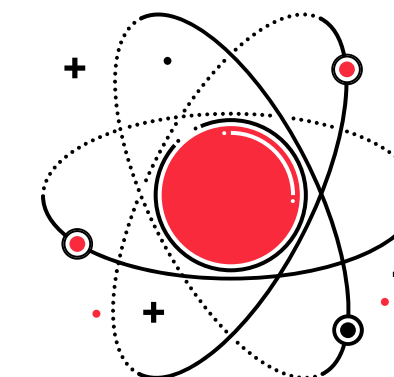
Digital levers

TV booster of
drive-to-web campaigns



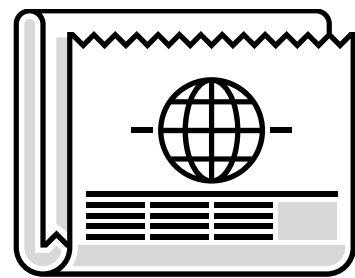
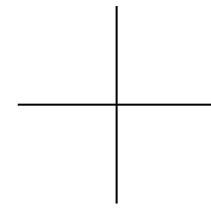
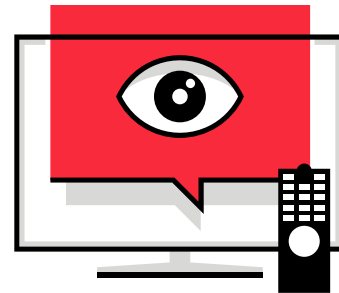
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SYNERGIES



Activation by TV significantly increases the effectiveness of other media

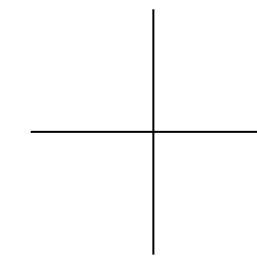
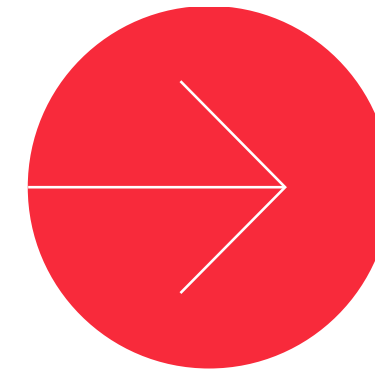
TV + 1 other media



Presse

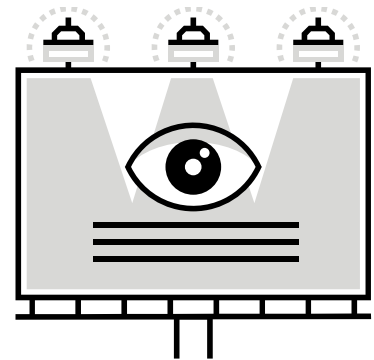


Leviers digitaux

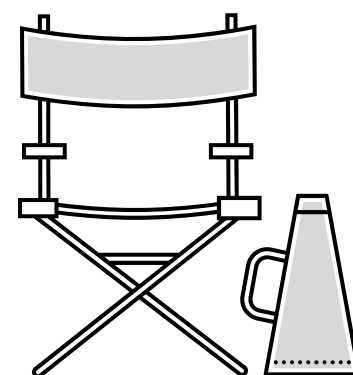


25%

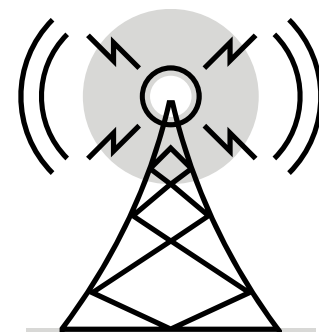
effectiveness on sales



Affichage

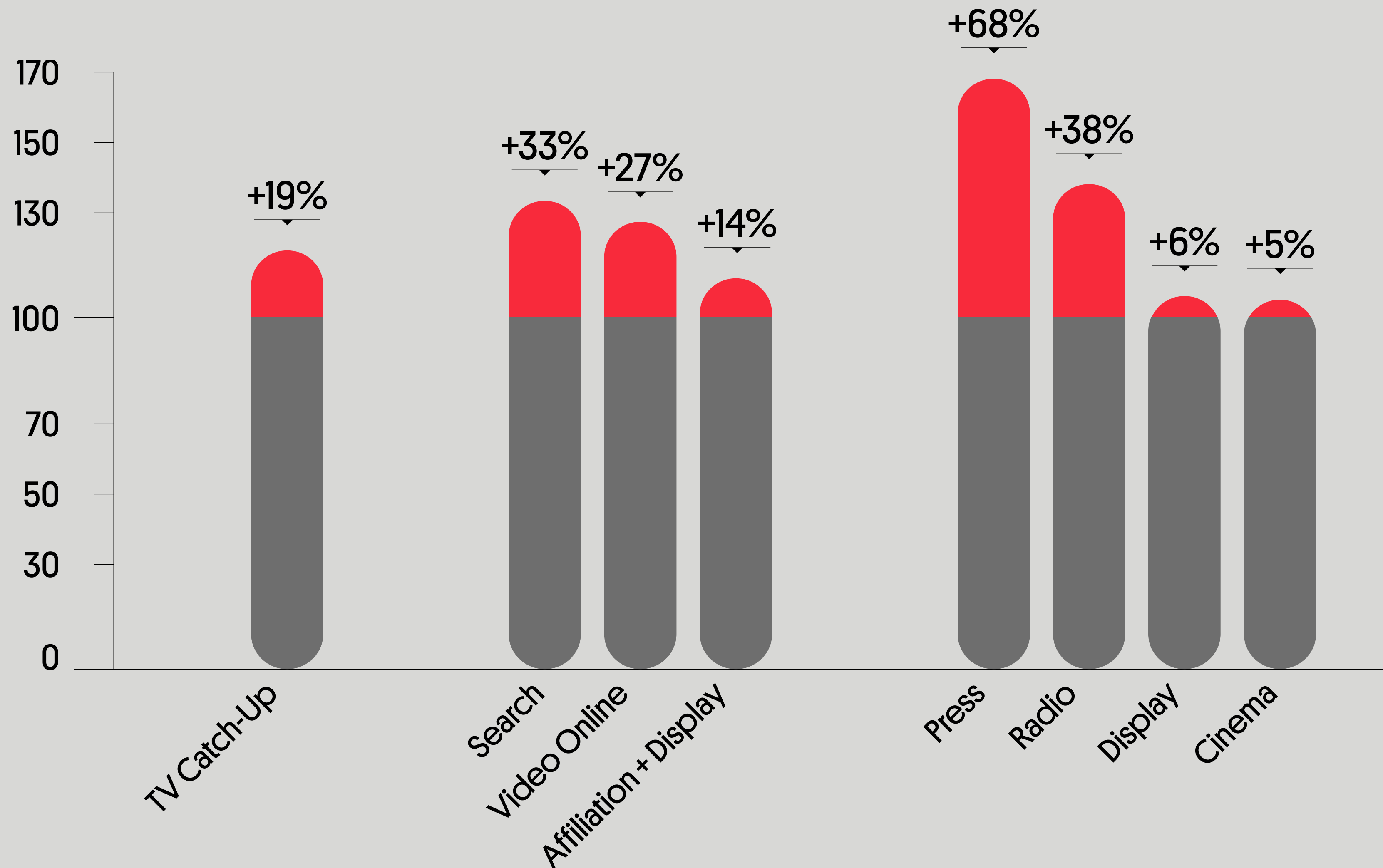


Cinéma



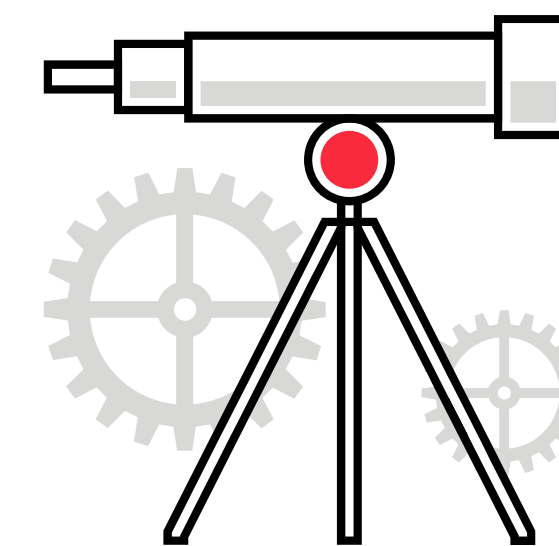
Radio

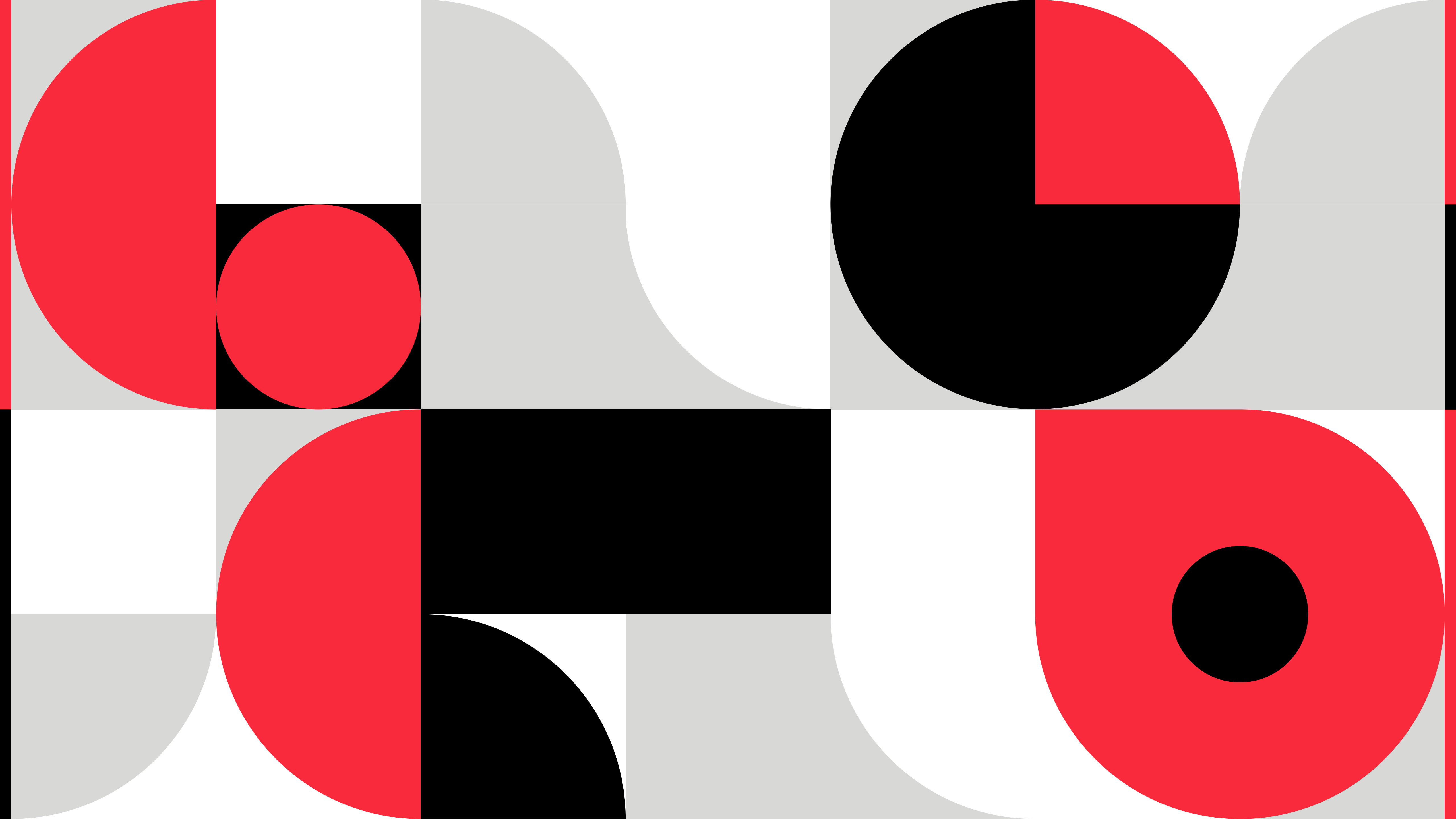
From 5 to 68% more activation thanks to the synergy of TV



The effectiveness of a Search campaign combined with TV increases by 33%

Inversely, it might be thought that there is no positive synergy from Search to TV.





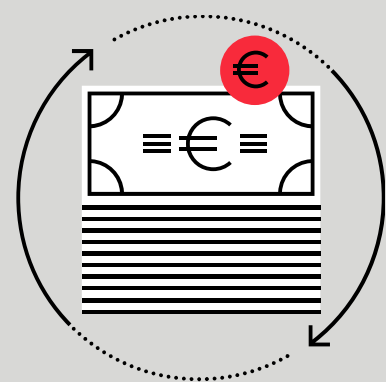
TV, the leading media for sales effectiveness criteria



Contribution to sales

65%

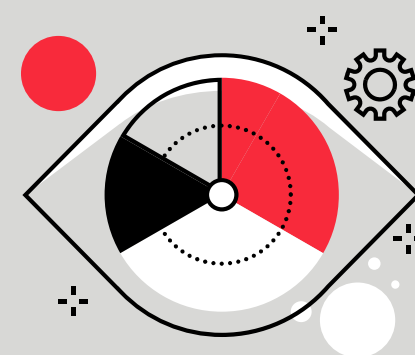
sales initiated by TV,
namely 2/3 of sales



R.O.I.

4,9

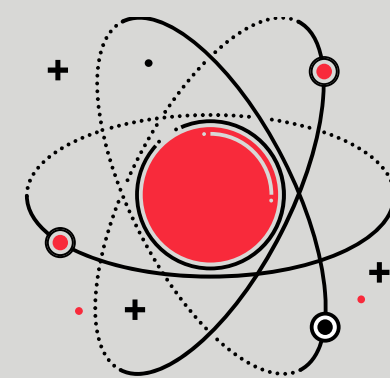
for €1 invested



Carryover effect

26

days of carryover effect
of TV after the end
of the campaign



Synergy

+ 25%

TV activates the effectiveness
of sales generated by the other
media by +25% on average



THANK YOU

BearingPoint®

m·mz

csa
DATA CONSULTING

data2decisions
pour

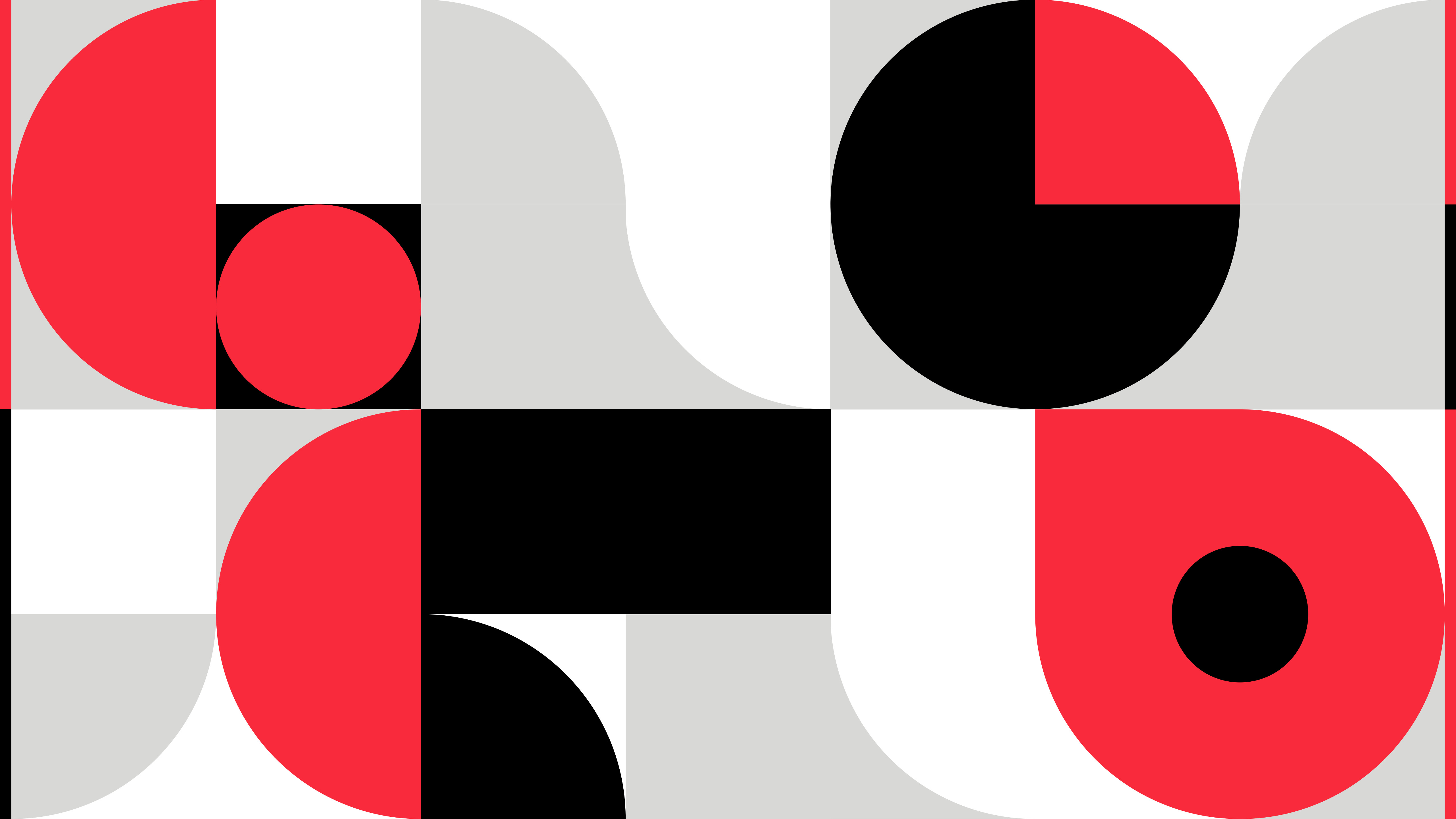
dentsu
ÆGIS
network

groupm

annalect
pour
Omnicom
MediaGroup

PUBLICIS
MEDIA





Advertising market outlook



David Larramendy,
Membre du Directoire



Our trust in the TV medium is based on 2 pillars:

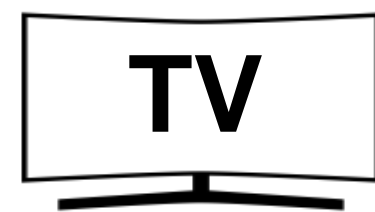
▶ **ATTRACTIVENESS**

▶ **CAPACITY TO
INCREASE PRICES**



The TV market remains a priority for advertisers

NET 2018 MEDIA REVENUE (€ MILLIONS)

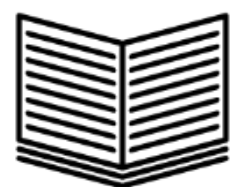


3,430



INTERNET

2,313



PRINT

2,172

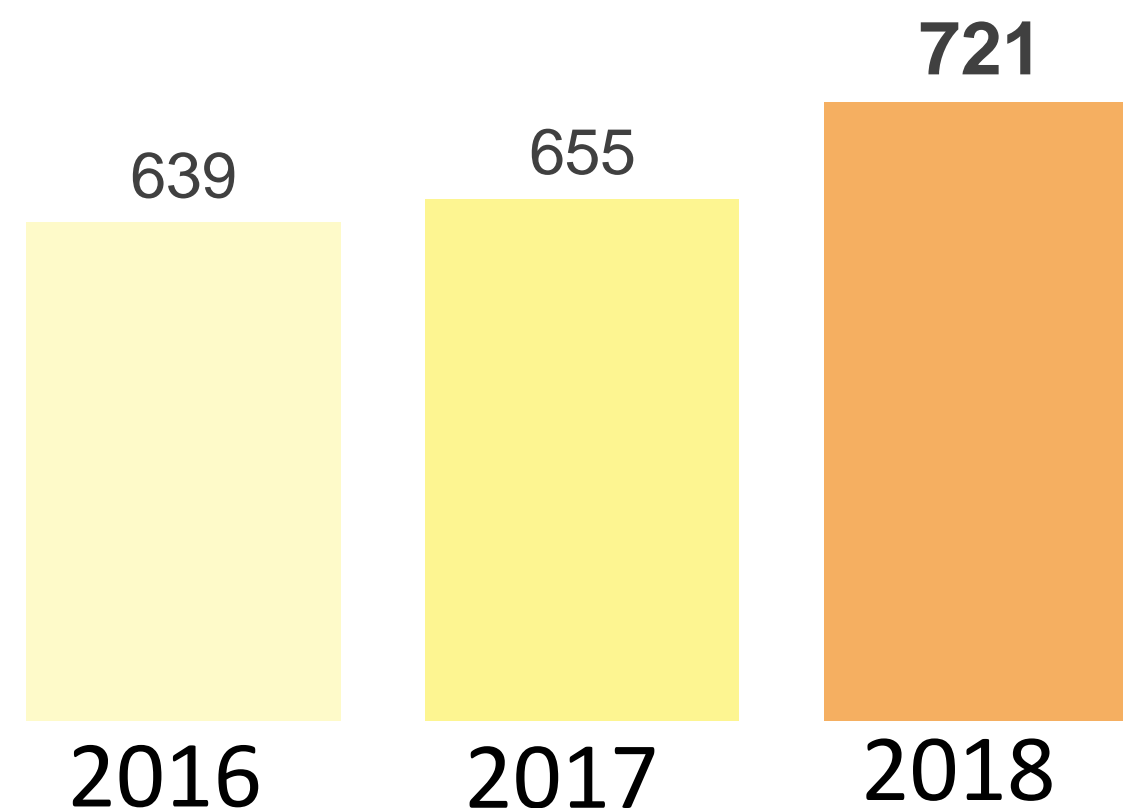


The appeal of TV is going from strength to strength

700 additional TV advertisers in 2018



Number of new TV advertisers per year



up 91%

TV investment between 2016 and 2018

More than **€220 m** gross investment

The TV medium still has significant growth potential in France

~4% inflation per year

Average inflation since 2017 for the medium

But ...

-30% vs



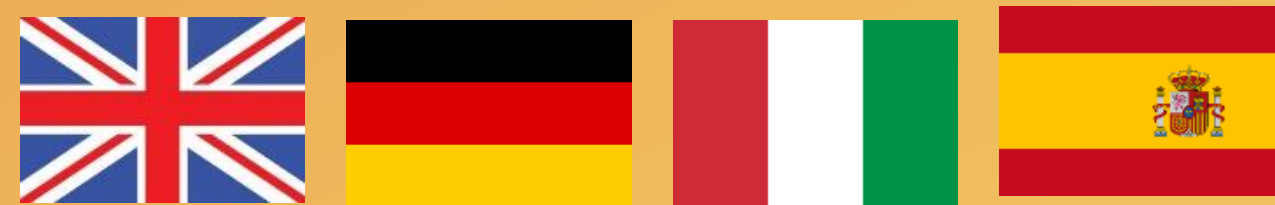
-50% vs You**Tube**

TV is under-invested in France

TV REVENUE / POPULATION

-22%

VS AVERAGE 4 EURO COUNTRIES



Regulatory restrictions are easing



SEGMENTED ADVERTISING

New customers

High CPM

*TV/Digital
convergence*

OPENING UP TO CINEMA ADVERTISING

Robust advertising performance

€1,067 M ▶ 2018 multimedia advertising revenue

up 34% in 4 years

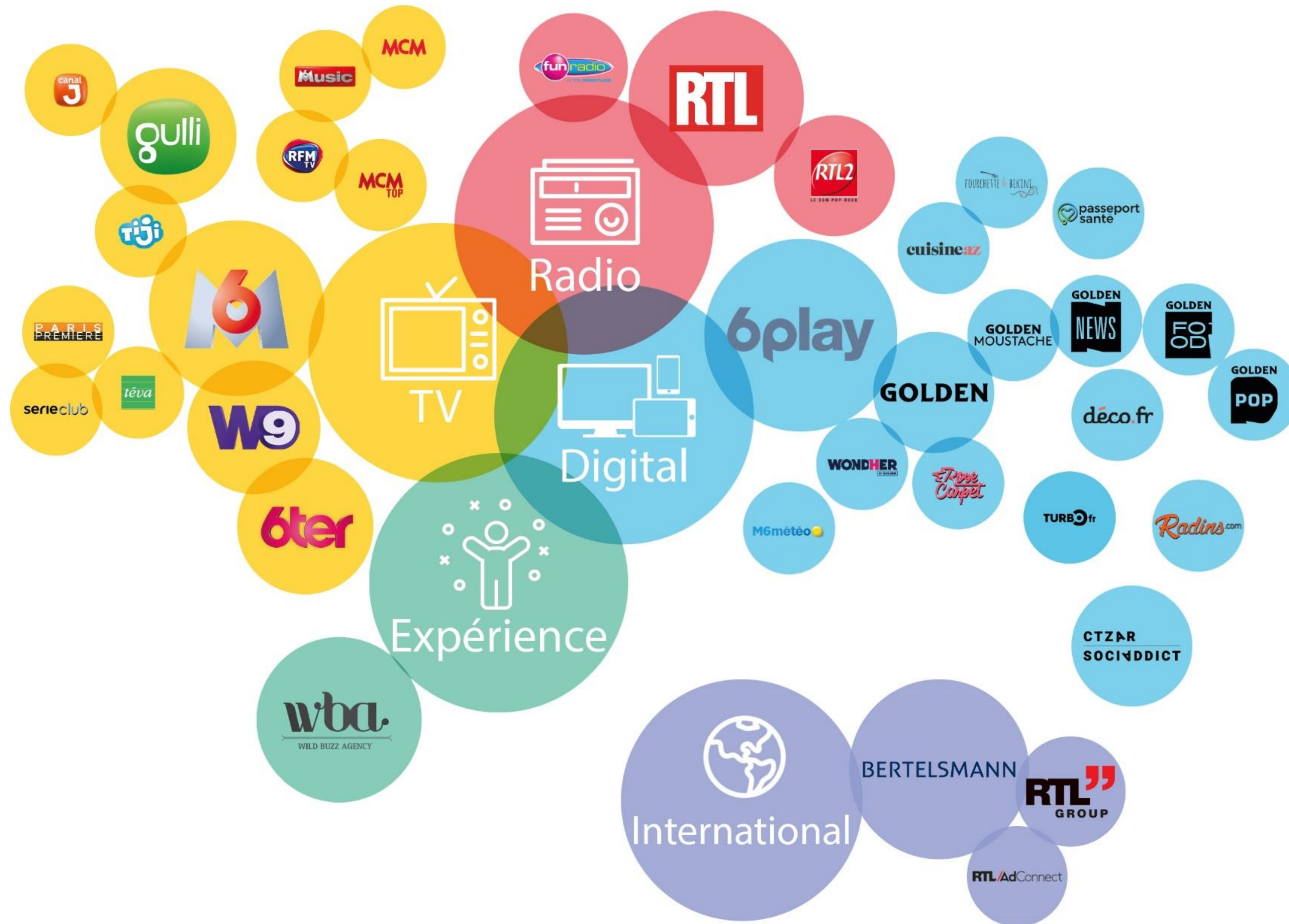


Record net market share
for the free-to-air channel business in Q3 2019

27%



M6 Group is well prepared for the future





TV IS NOT DEAD

Q & A



CONCLUSION

