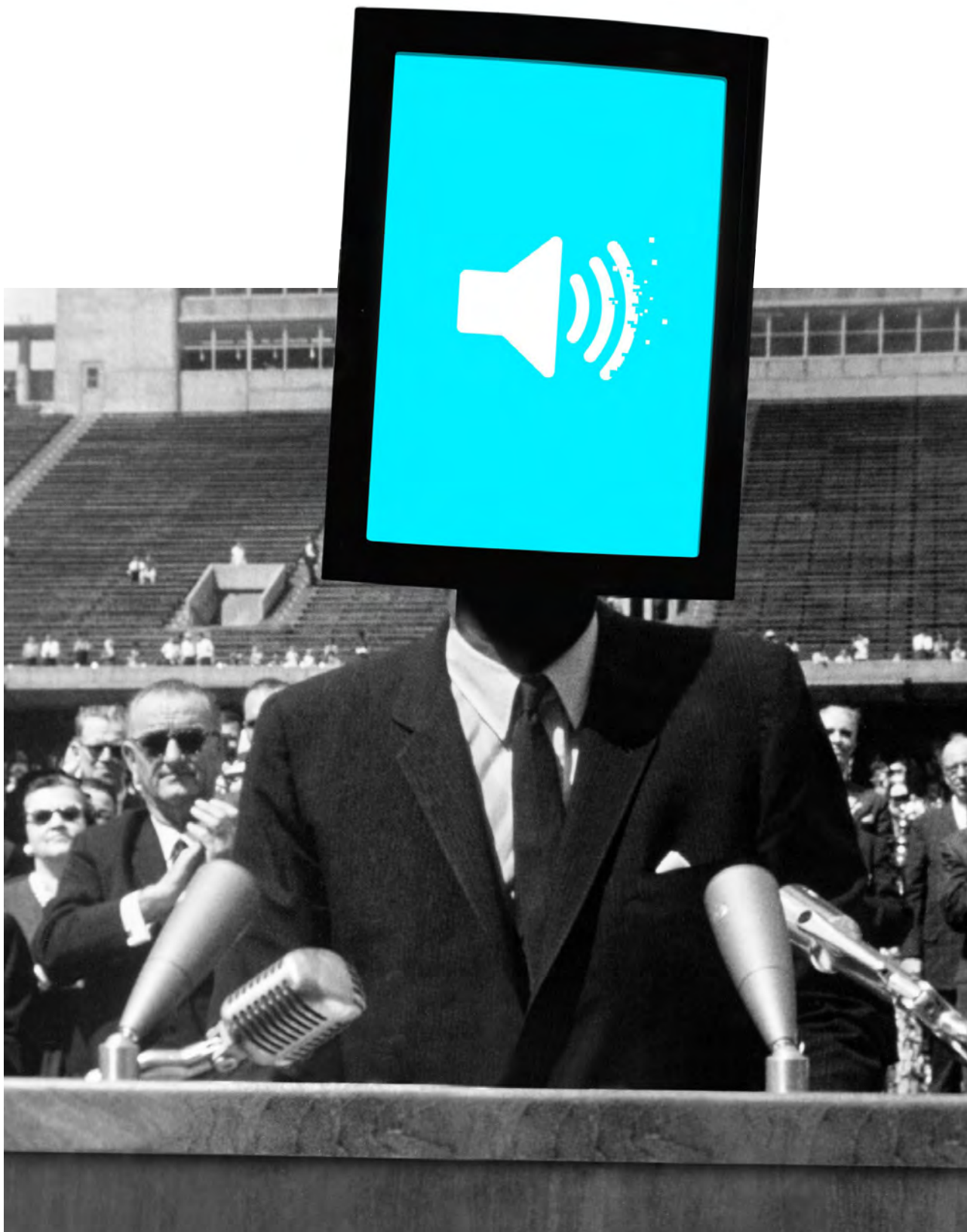


STATE OF THE NATION

SUMMARY REPORT

THE FUTURE OF
DIGITAL OUT OF HOME.



FOREWORD

At a time when advertisers and their agencies are asking more questions of their digital media buys, it's not surprising that digital out of home (DOOH) is stepping into the spotlight.



We commissioned a comprehensive State of the Nation report which aims to bring to light what advertisers, agencies and partners really think of the pace and direction of change: what they need, want and expect both now and tomorrow.

The results — a summary of which is on the following pages — are enlightening. Most of all we were impressed by the genuine excitement about OOH's digital future. There is work to be done, of course: different parts of the ecosystem display different levels of knowledge and understanding.

Programmatic in itself is nothing to be feared or mistrusted, rather a huge driver of growth. Crucially, programmatic should be seen as a trading mechanic not a channel, delivering a more automated process and flexible trading model. It is enabling access to DOOH inventory via a Demand-Side Platform (DSP), with ads traded on an impression basis, distributed through an hourly auction.

We must work together to educate everyone about the benefits that programmatic DOOH brings and assuage any (misplaced) fears they may have. Together, we must innovate and collaborate.

Jean-Christophe (JC) Conti
Chief Executive Officer, VIOOH

WELCOME TO THE 'SOCIABLE' MEDIUM

It's a great story to tell — advertising's oldest medium is becoming its most exciting new channel. In an era dominated by digital and shaped by technology, OOH is delivering incredible new levels of innovation, effectiveness and efficiency.



Certainly, the introduction of programmatic technology to outdoor will help make it more accountable and accessible, more flexible, and more creative. Automation, and in turn, programmatic, promises to take the best of outdoor — and enhance it.

Our experts believe that technology will help grow the medium, although their views of how, when and perhaps why, differ.

Growth will be fuelled by digital advertisers spending more on DOOH, in some cases syphoning spend from their mobile and social budgets. Respondents also expect to see new clients come to the medium.

However, there remain some common misconceptions and barriers to greater adoption: things that the industry must tackle together to build an even bigger, better world of outdoor for partners and clients alike. Automation and efficiencies are only the beginning.

Sue Hunt
Chief Revenue Officer, VIOOH

"We are already seeing evidence that innovations such as programmatic out of home are facilitating growth, and I'd expect that to only accelerate."

Adrian Witter
HEAD OF DIGITAL, KINETIC

KEY FINDINGS

- + Outdoor will continue to grow fuelled by digital growth and, increasingly, programmatic trading and technologies
- + Accountability, measurability and accessibility are expected to open up DOOH to a new generation of brands
- + Automation and efficiency are cited as key reasons why programmatic will resonate with advertisers. Programmatic methods offer more flexible trading with a wide range of enhanced targeting and data triggers
- + Following this first wave of programmatic trading, practitioners are expecting to see more reliance on bidding techniques
- + Outdoor has always complemented other media. Now digital and programmatic technologies are amplifying mobile, social, TV and, most recently, audio and enabling a unified strategy across the whole digital ecosystem
- + Creativity will be boosted by data-driven content powered by contextualised insight and situational triggers, increasing relevance and impact
- + Perceived challenges include a fragmented marketplace and metrics which differ from established programmatic norms, in a one-to-many, not a one-to-one, medium

Outdoor will continue to grow fuelled by digital and programmatic growth.

Methodology:

VIOOH wanted to understand the UK OOH industry as it exists today and look ahead to what is on the horizon. We conducted qualitative research with expert practitioners in the space including in-depth interviews with: Cecile Blanc (Xaxis), Stuart Hall (GroupM), JP Major (MediaCom), Adrian Witter (Kinetic), Ben Wilkins (Regital), Ruth Zohrer (Mindshare WW), Graham Tricker (Liveramp) and Paul Sambrook (Rapport).

Between them they represent media and digital agencies and buying houses, out-of-home specialists and those who are looking to add OOH to their suite of programmatic capabilities. Their opinions and predictions have helped shape this report, which aims to both celebrate how technology is transforming OOH and provide a springboard for debate to help shape the future direction of OOH.

OUTDOOR, AMPLIFIED

Many of our interviewees expect that DOOH will be one of the fastest growing, if not the fastest growing, part of the advertising ecosystem over the next three years.

"The industry needs to make the buying easier because there is demand: we need to make it possible to address that demand in a simple way."

Cecile Blanc

SENIOR DIRECTOR, GLOBAL SOLUTIONS
AND INNOVATION, XAXIS


Indeed, Zenith's global ad spend forecasts for 2019 predict that OOH will grow by US\$4.4bn between 2018 and 2021. They report OOH will experience "the fastest growth of traditional media as digital screens and programmatic trading become more prevalent".

It demands attention, it's unmissable: it has impact, it is engaging. But in an age of accountability and measurability no medium can rely on gut feeling and legacy to secure bigger budgets. Digital and the technology behind it changes that.

The industry suddenly has flexibility in the formats to buy and for how long; the ability to run video content and messages tailored to the location, occasion, time of day, weather and other situational triggers.

Rapport International Marketing Director Paul Sambrook agrees: "I 100% believe that new trading methods will work to drive growth based on the increase in the number of distribution channels: it opens it up to new buyers, and off the back of that we expect to see new money coming in."

OOH in the UK reaches 98% of the population and 87% of adults every week, delivering more than 90% reach.



PROGRAMMATIC, BUT NOT AS YOU KNOW IT

The term programmatic is often misunderstood or allied to issues in the online display market such as fraud, viewability and brand safety.

Our respondents can see vast differences between display programmatic and DOOH programmatic. They know that the measurements and mechanics must be different, because even with an audience sell it will never be – nor would it want to be – one-to-one.

So let's celebrate the positives of programmatic in DOOH. It brings in to play the DSP and third-party data sets, enabling advertisers to deliver a unified strategy across the whole digital ecosystem, including DOOH.

Programmatic trading offers media buyers even more granularity and less wastage – you no longer need to buy specified frames and days, instead you can buy targeted impressions and audiences by the hour.

Advertisers will be getting more from their budgets, because situational triggers and targeted audience planning and buying will increase efficiency and effectiveness, brand safety and measurement.

As Liveramp UK Sales Director, Graham Tricker says: "Ultimately if you have got programmatic trading capabilities it should drive more automation and efficiency within that channel, and from a brand perspective it provides a lot more control and transparency to the media they're able to buy."

"From a technology perspective 'programmatic' as a term differs somewhat in DOOH from the display world...The opportunities lie in the creative space, particularly for more brand-led campaigns, and DOOH's ability to pair nicely with other media such as social and display particularly through mobile."

Ruth Zohrer

GLOBAL CLIENT LEAD FOR BBVA, MINDSHARE WW

CHANGING AN IND

All of our experts agree that DOOH remains broadcast but will change towards buying by audience and on an impression basis, allowing advertisers to target niche audiences.

USTRY

Such benefits are likely to attract new entrants to the medium, such as the new direct-to-consumer businesses who have thus far built their brands online but need to attract customers outside of internet silos.

According to Adrian Witter, Head of Digital at Kinetic: "We are already seeing evidence that innovations such as programmatic out of home are facilitating growth, and I'd expect that to only accelerate... There's a tangibility to the medium versus online digital campaigns, that can feel that they disappear into the ether."

We already know that OOH is great for brand building and DOOH only enhances that. Less known, though, is programmatic DOOH's case for activation activity. Suddenly brands can be much more agile in their communications and deliver messages in real time with data triggers.

It also promises to boost OOH's reputation as an amplifier. As an offline medium Nielsen research shows that it drives online activity more than four times as much as TV, radio or print. Digital and programmatic technologies allow OOH to be easily included in multimedia digital campaigns.

"Programmatic OOH holds the key to unlock the true value of the medium," says Ben Wilkins, Managing Director of Regital, specialist in programmatic strategy, planning and delivery. "We expect to see OOH enhance performance as part of a connected media campaign, for both brand and direct response advertisers — namely because of how complementary it is to other digital media."

"As an offline medium, Nielsen research shows that it drives online activity more than four times as much as TV, radio or print: digital and programmatic technologies allow OOH to be easily included in multimedia digital campaigns."

Stuart Hall

MANAGING PARTNER, PRODUCT, GROUPM



"I see direct-to-consumer brands, who are savvy at digital and social media buying, who want to find incremental customers. Digital OOH will help them achieve more brand awareness, and then drive customers back down the funnel where they can be engaged or retargeted in more one-to-one environments, as part of an omnichannel strategy."

Cecile Blanc

SENIOR DIRECTOR, GLOBAL SOLUTIONS AND INNOVATION, XAXIS

BETTER, TOGETHER

OOH is in growth mode, driven by digital, and has the potential to grow even further and faster. It cannot afford to be complacent as barriers remain. The OOH industry needs to work together to grasp the opportunities that automation and programmatic bring.

With programmatic, DOOH can (and will) push for a share of budgets currently allocated to digital and social – the overwhelming majority of which still goes to the duopoly of Google and Facebook.

Advertisers are increasingly focused on trust, transparency and brand safety in their digital transactions and advertising.

This is a clear opportunity for DOOH, which can deliver just that through automation and programmatic trading: true motivation for advertisers to redirect spend from the duopoly to DOOH.

The industry needs gravitas, technology, data and enhanced commitment to integration, both inside and outside the medium, to make the most of the opportunity.

Would this also mean the key players working together on standardisation? Right now there are no set protocols and media owners use different hardware and software. It's worth asking how we as an industry – traders, DSPs, platforms and media owners – look to define standards or best practice in programmatic DOOH: watch this space!

*A recent IAB survey shows:
84% of advertisers, publishers
and agencies stated monitoring
brand safety as a priority.*

"These are exciting times in DOOH... The opportunity is already there with the tech, you can buy on a more granular basis than ever before and we're putting in trading practices in order to do so.

JP Major
HEAD OF PROGRAMMATIC FUTURES, MEDIACOM



"As programmatic DOOH matures, I would expect to see it become central to most digital media campaigns. Traditional planning and buying methods will be challenged, and standardisation on both the buy and sell side is essential, but if the industry can come together to solve these challenges it will see its share grow exponentially as advertisers uncover the true value of the medium."

Ben Wilkins

UK & IRELAND MANAGING DIRECTOR, REGITAL



A MAGICAL MEDIUM?

DOOH is on fighting form and our research shows that there is a healthy appetite to use it and the new, evolving programmatic tools to provide a best-in-class environment for both brand building and activation activities.

It's important to remind ourselves that programmatic purely relates to the trading mechanic, not to a specific channel.

So, let's focus on the positives of programmatic and redefine the expectation: flexibility of budget allocation and execution, efficiencies of technology and application of data, a premium, transparent marketplace, and most of all, making DOOH accessible to digital buyers.

The issues seen in display and mobile should not foreshadow the amazing steps forward DOOH is taking. And that also applies to measurement. It is clear that we as an industry must fill in these knowledge gaps, and inform and help shape developments in how we both report and measure the success of the medium.

We have a chance, together, to learn from the success and failures of other media before us and deliver what promises to be a magical medium.

Ultimately, we're better together and the OOH industry needs to collaborate to grasp the opportunities that automation and programmatic bring. Together we can make marketing strategies more aligned across mediums to deliver unified and memorable brand experiences for those who matter the most — the consumers.

Sue Hunt
Chief Revenue Officer, VIOOH