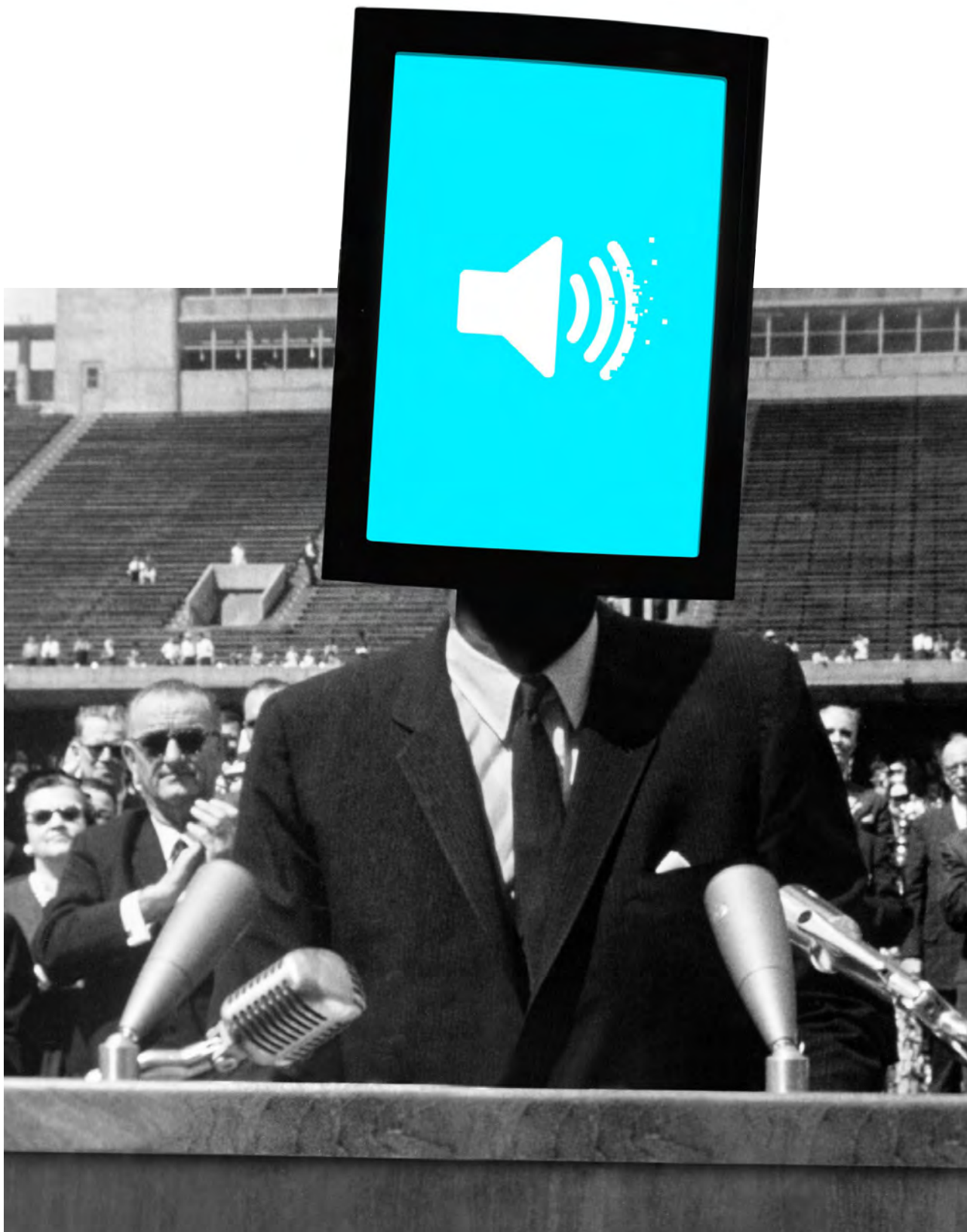


STATE OF THE NATION

WHITE PAPER

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.

This comprehensive State of the Nation report 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 are enlightening and most of all we were impressed by the genuine excitement about OOH's digital future. Inevitably, there is some small disconnect between what is possible and what is probable, in the short term at least — an education piece for us, perhaps.

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.

No matter that OOH is late to this particular party, this has given the industry the chance to learn from the growing pains that display and mobile have already gone through.

Digital only enhances what advertisers already love about OOH: a complementary medium, brand impact, visibility, contextualised insight and real audiences. Automation and programmatic enable transparency, brand safety, data-driven campaigns and dynamic content.

However, the industry must work better together to make the most of this opportunity. This is why VIOOH will always push for innovation alongside collaboration. Let the conversation continue!

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.

The industry is changing, so it's important to acknowledge and understand the market's perceptions. To that objective, during Q1 2019 we commissioned an in-depth qualitative research project, interviewing at length senior executives working across the outdoor and programmatic industries, to discover their view of the future.

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. To date, it has been a case of test and learn, and following successful campaign trials, brands are now starting to build digital and programmatic OOH into their marketing plans.

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

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

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

This is reflected in our findings: 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.

In the UK, Enders expects total programmatic DOOH ad spend to reach £200m this year, though with some £4.52bn to be spent via programmatic channels it really is all to play for.

In terms of delivery, OOH has always punched above its weight. It is quite literally impossible to miss: a tangible public outpost in the consumer journey. In fact, outdoor advertising in the UK reaches 98% of the population and 87% of adults every week, delivering more than 90% reach.

It has impact, is engaging and demands attention although in an age dominated by 'accountability' and 'measurability' the industry needs more than a gut feeling and legacy to secure bigger budgets.

Digital has changed everything. Through technology, 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, saying: "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."



DOOH will be one of the fastest growing digital mediums over the next three years. I expect to see a sales hype cycle as different competitors come into the market. That will bring both increased revenues for DOOH, and also increased scrutiny as to how that investment is spent, it is in this area I believe GroupM is taking the lead.

It is certainly a priority channel for GroupM and we've put significant resources into Digital OOH already both in terms of product and technical integrations. We see it as a great opportunity to further enhance our clients' media investment. We are bringing both advanced planning capabilities and our trading heft to ensure we are not only keeping pace but actually at the leading edge of OOH.

Stuart Hall
Managing Partner, Product, GroupM

DOOH is already becoming plannable using some of the same targeting capabilities we use for other media. For instance, we see parallels between this and our successful addressable TV unit Finecast and are already working to maximise these opportunities for our clients' benefit.

Will programmatic technology allow OOH to have measurability to the same degree as in other channels? Perhaps not. Conversion tracking for instance will be less definitive than what we can achieve online today. However one of the key skills our agencies bring to clients is the ability to interpret different performance metrics, attribute value and make the correct investment decisions. The digitisation of OOH is already helping us to enhance this capability.

PROGRAMMATIC, BUT NOT AS YOU KNOW IT

Is programmatic problematic?

Perhaps the term is, so it's imperative that it's well defined, and the market properly educated around its use in DOOH.

Advertisers in the online display market are increasingly facing challenging issues around fraud, viewability and brand safety. The term programmatic may be associated, even today, with remnant media where the drive is for low prices, and the content often low quality.

This won't be the case for DOOH. Our respondents overwhelmingly believe that the programmatic opportunity for OOH lies firmly in the areas of automation, flexibility and efficiency in the near future.

Automation is enabling huge efficiency to the planning and buying of OOH and programmatic trading 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 granularity and targeted audience planning and buying will increase efficiency and effectiveness, brand safety and measurement.

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.

There is some work to be done on the buyer side. The industry must educate the buyers on the difference in standards and promote that programmatic relates to the technology and data involved in the planning, trading and delivery of advertising, not to a specific channel.

As LiveRamp's 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."



One of the important things to highlight with OOH is how the digital picture differs between urban and non-urban settings, and also from country to country: the ecosystem is very fragmented.

The challenge is that the transformation of OOH requires heavy investment in infrastructure in order to digitise assets and we'll continue to see more consolidation in the industry.



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. It's a medium that lends itself very well to interaction because of the physical space it occupies, acting as a tangible bridge to the virtual world.

From a technology perspective 'programmatic' as a term differs somewhat in OOH from the display world. I think that to truly call it a programmatic buy, as in open exchange in display, you have to have that ad insertion in real time – and that's not something I have seen yet.

The biggest reason for real time automation in display is the audience component: in OOH you'll never have that audience of one that helps you gauge the value of a single impression. That's a subtle nuance but it is important. You'll still buy tranches of time rather than audiences themselves, albeit with some notion of 'cohorts' of audiences that predominantly frequent a physical space.

From a supplier perspective the technology gives them the opportunity to monetise much more effectively and flexibly than before, with a placement that in the past would have been sold to a single advertiser and might now be split across different advertisers with a higher overall value.

Ruth Zohrer,
Global Client Lead for BBVA, Mindshare WW



Today, with media owners switching inventory over to digital, there is more opportunity and more flexibility in how we can deliver to clients. We are seeing large increases in the scale of DOOH allowing us to deliver much more national coverage.

These are exciting times and I think the onus is now on creative companies to catch up with the possibilities available 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.

That said, I'm wary about using the word programmatic because people automatically think of all the problems in digital display programmatic – things such as remnant inventory, fraud and viewability just don't exist in the OOH world. It means that all the things that we should be celebrating, such as viewability, potentially come into question simply by using that word.

With OOH there is always going to be room at the top of the funnel for brand awareness, however, digital offers slightly more opportunity to look at context and ambient conditions. Think what the opportunities are to make it more relevant to the surrounding environment, be that the weather, time, or data sets, to make OOH work at both branding and activation levels for mass audiences.

We can take the ambience around the screen and make the creative a lot more powerful, even by adding in something as simple as just location. However, that can mean that massive amounts of creative have to be produced and distributed. How can we make this easier to produce and distribute on a more automated basis?

The flexibility that DOOH offers allows us to increase money incrementally: we're seeing money come in from digital budgets – and it's important that we push DOOH's virtues.

John-Paul Major

Head of Programmatic Futures, MediaCom

CHANGING AN IND

DOOH is unique in being able to offer a high impact, accountable and brand-safe ad environment: it is a bridge between the digital and the physical, if you will: a key component in the customer journey.

USTRY

All of our experts agree that DOOH remains broadcast, a one-to-many medium rather than the one-to-one of online and mobile — although with a change towards buying by audience and on an impression basis, advertisers will start seeking ever more targeted audiences and niche pockets.

Think of a screen at Waterloo Station. That same screen might better target ABC1s in the morning rush hour, commuters heading for the City, but cater better to the out-of-towners and tourists during the weekends and off-peak day times.

Ben Wilkins of Regital suggests that OOH will continue to move quickly towards more of an audience-based sell, while Xaxis's Cecile Blanc suggests a similar journey that display and audio have already taken: moving from context as a proxy, through audience targeting to outcome-driven media.

Who do you buy it all through, though? Who will be in charge of this — will it be the OOH buyers integrated into programmatic teams, or programmatic experts coming over from other departments? This is one point on which our interviewees have more questions than answers. Each is looking at how their businesses are structured with an eye on business as usual and the likely shape of tomorrow's teams.

We are likely to see an influx of new entrants to the medium, predict our experts. They believe that the new wave of direct-to-consumer companies who have built their businesses online will come on board.

They have made great strides using social and digital media and now want a more broadcast, impactful and "high street" presence.

According to Adrian Witter, Head of Digital at Kinetic: "The most exciting thing is working with clients who haven't done OOH before. There's a tangibility to the medium versus online digital campaigns, that can feel that they disappear into the ether."

Brand building is crucial to sustainable business growth, particularly for those looking to find customers outside of internet silos.

And whilst DOOH is renowned for its brand building capabilities, our experts are telling advertisers — don't discount it for activation. They say that the flexibility, creativity, data-driven insight and trading response are what will help make the case for DOOH, and programmatic trading in particular, as a key medium for activation activity.

It's something that it could already do, according to Paul Sambrook of Rapport. In fact, a study that the agency carried out with the IPA showed that not only could OOH do both branding and activation but that best practice was to use them both in tandem — yet very few players are doing so.

He believes automation might be the trigger for brands to reconsider its power as an activation channel. "Suddenly brands can be much more agile in their communications," he says. "You can deliver messages in real time with data triggers."



While investigating the space we met players who are optimistic about automated buying and are jumping into it, and others who are sceptical because of fragmentation and concerns about the non-standardisation of hardware and software used.

As a business we're excited about the channel and the opportunities it opens for our clients. We have seen the journey that display and audio have taken from context as a proxy to audience, to audience targeting, to outcome-driven media which is what marketers want.

It's not about targeting individual customers, it's still going to be about impact and brand awareness and respecting the benefits that come from OOH's legacy. I also think that we can reach new pockets of customers for brands who might traditionally have shied away because of a perceived lack of accountability.

For instance, 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.

Challenge and opportunity will come hand in hand. One eMarketer study shows 41% of marketers were exploring new channels but only 7% were buying in them. 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. It's a macro trend we've already seen in mobile and other channels: it was difficult to buy at first but supply will follow the customers.

I don't think we should be so focused on real-time bidding that we forget the benefits that programmatic and automation bring to OOH.

Cecile Blanc

Senior Director, Global Solutions and Innovation, Xaxis



There is a knowledge gap, without a shadow of a doubt. Clients need to understand they should consider digital OOH in the first place. If we aren't able to answer 'why' it doesn't matter how many new trading methods there are: we can't just rely on a 'field of dreams' approach.

It is a legacy medium and we have absolutely got knowledge gaps and language issues that people don't understand. People don't really understand what programmatic OOH means. What are the expectations? This all causes confusion in the marketplace and makes it challenging to cut through for anyone in that buying chain.

That said, 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. A word of caution, however, we must ensure these new entrants have the knowledge to create effective campaigns, otherwise I worry that it will damage the reputation of the medium in the longer term.

The biggest thing digital brings from an activation point of view is flexibility: suddenly brands can be much more agile in their communications and be much more real time – that only elevates its status as an activation channel.

Paul Sambrook
International Marketing Director, Rapport

LET'S BE MORE SOCIAL

Digital and programmatic technologies allow OOH to be easily included in multimedia digital campaigns. Several of our interviewees point to Global for proof of this. The radio company has bet big on outdoor, recognising the synergies and opportunities across a wider digital portfolio.

We already know that OOH is effective when used in tandem with other media. Nielsen research showed that it was the most powerful offline medium in driving online activity – delivering four times more online activity per ad dollar spent than TV, radio and print.

And the OutPerform study from Outsmart reveals that OOH activity drives a 17% uplift in smartphone brand actions, and even more among Millennial and Gen Z audiences.

“Programmatic OOH holds the key to unlock the true value of the medium,” says Ben Wilkins of Regital, specialists in programmatic strategy, planning and delivery, which now offers OOH alongside their wider digital and social expertise. “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.”

All of our interviewees were positive about the parallels between planning across mobile and social with OOH and GroupM’s Stuart Hall notes the synergies between addressable TV advertising, which it provides through its Finecast unit.

“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,” says Ruth Zohrer, Global Client Lead for BBVA, Mindshare WW.



At heart, we're programmatic specialists: effective digital ads at scale is what we do. To date our campaigns have been delivered in personal, one-to-one environments, i.e. display, video, mobile and social, so OOH is an exciting new thing for us. Last year we ran our first DOOH campaign, which was delivered in part programmatically and opened our eyes to what is possible. We quickly realised that this is a really powerful medium, with high-quality screens in impactful locations and the potential to use data and creativity to make every outdoor moment more relevant.

The opportunity for DOOH is to become a more effective channel for both brand and performance marketers. We get most excited about integrating it into the overall digital advertising mix, in particular its complementary impact alongside mobile, and the use of geo-location data to inform more intelligent strategy, planning and delivery. Ultimately it's a huge opportunity to make the medium more effective and accountable.

OOH has become increasingly premium with the advent of digital screens and it benefits from being free from many issues that have historically affected display. It is viewable, brand safe and free from fraud. Yet no two screen locales are the same, and the environment or context of each and every screen changes from moment to moment. For example, the consumer experience of an ad on a high-street will change massively depending on if it's light or dark, hot and sunny or cold and snowing. But what else is happening in that locale at that time? Is there a local event on, are there transport issues? These are all signals to audience reception that we can factor in programmatically to the campaign delivery and messaging.

I see a shift to a more audience-based sell, with programmatic at the centre, joining up and planning the customer journey. That's the true power of having data talking to each other, connecting screens to deliver a campaign across all platforms. It makes planning and execution more efficient, and measurement more accurate, which will be a huge benefit to everyone involved.

As programmatic OOH 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



Programmatic OOH brings automation, increased efficiency and the ability to bring biddable trading to the fore. 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 much more control and transparency to the media you are able to buy. If it's done right, a brand can ensure it is targeting the right panels to reach the audiences they want to engage with more precision than they can today.

At the moment I don't hear digital teams talking daily about OOH, but I imagine that will change as it increasingly moves into the programmatic space. However, we must remember: what is that currency and how will it be alike or dissimilar to the currencies already in play?

That's a challenge because historically programmatic has been about one to one, and in outdoor it is inevitably one to many. So here it is about many impressions because of the number of eyeballs viewing one screen at any one time.

At LiveRamp we see an increasing desire from brands to use data and the stitching of data sets from point of sale to measure the effectiveness of each marketing channel at delivering actual sales. Get that right and it will drive budgets upwards for those channels that deliver a real ROI.

As programmatic OOH becomes more mainstream it will become increasingly available for traders. Upstream, how is this media bought and what agencies will be involved, for instance will the buying move to the digital trading teams rather than through traditional specialists?

OOH offers premium, physical pieces of inventory, but establishing that will be an interesting challenge from the digital buying perspective. Will programmatic trading teams push budget through these premium channels or will they stick to the cheaper tried-and-tested alternatives?

That said, OOH is in a strong position: we're talking about physical inventory so this is vastly different to online programmatic where quality and transparency can be a challenge.

Graham Tricker
UK Sales Director, LiveRamp

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.

There are only a small number of players within OOH, yet the industry remains fragmented. If the media owners all work individually, they won't be able to affect the level of change that is required to drive DOOH forward and grow the medium significantly. Working together they can demand (and win) bigger budgets from more sources.

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, as numerous surveys and studies show. In a recent IAB survey 84% of advertisers, publishers and agencies stated monitoring brand safety as a priority; a 2018 WFA report reveals increasing transparency levels with programmatic partners is on the agenda for 41% of advertisers.

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

New digital formats and more flexibility in the buying space when combined with the complementary attributes of DOOH are adding to its appeal. 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!



The perception of DOOH is changing rapidly – and that's manifesting itself in the types of briefs and budgets we see. Clients are definitely in a test-and-learn phase: they increasingly want to explore opportunities to include OOH in the overall media mix, and particularly the digital media mix. This is a bridge between the digital and physical: expect to see many more multichannel campaigns where OOH is added.

We are already seeing evidence that innovations such as programmatic OOH are facilitating growth, and I'd expect that to only accelerate. This has been an underutilised premium format that has been one of the slowest to adapt to digital buying techniques and has such as been left out of the mix.

For one, something that has inhibited us before was the lack of flexibility in the buying marketplace, but that's fading away now. People have approached this very cautiously but conversely it means that outdoor will avoid many of the missteps we've seen in other media.

The most exciting thing is working with clients who haven't done OOH before. There's a tangibility to the medium versus online digital campaigns that can feel that they disappear into the ether. There is power in the heritage media and now new digital technology and trading methods are giving them the accountability and efficiency in planning, buying and delivery marketers expect elsewhere.

One of DOOH's most redeeming qualities is how sophisticated the delivery is already based on a variety of triggers – both basic and customer bespoke – activated at a screen level. That's still missing from the programmatic piece but once that comes on board we have something that boosts an already compelling proposition. Prestige and perception in the market will drive another boost of investment.

Adrian Witter
Head of Digital, Kinetic



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.

Let's also 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. 'Programmatic' itself should not be about measurement. As many of our interviewees responded, OOH will never be the one-to-one of other channels traded programmatically, though audiences can now be targeted far more efficiently. Measurement and reporting must reflect this.

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 in doing so avoid overhyping and underwhelming what promises to be a magical medium.

Let's work together — both within the industry and outside, to 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