



Media Outlook 2011: Out of Home

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-By Janet Stilson

Out-of-home's future looks as splashy as a giant display on the Las Vegas strip.

While zoning laws have clipped the wings off some giant wallscape opportunities, revenue is expected to enjoy a healthy improvement next year, thanks to continued expansion of digital boards, the rise in 3-D cinema screens, an ever-growing array of place-based media opportunities and more accurate measurement.

Most analysts contacted for this story forecast overall OOH percentage gains for 2011 in midsingle-digit territory when compared with 2010. That's an uptick from the positive 2.3 to 3.3 percent range most expect for full-year 2010.

Some predict a slight percentage bump up in fourth-quarter 2010, subject to economic improvements, before settling into lower numbers in Q1 2011—a quarter where there's typically a lull. But overall, there's secular growth ahead.

Among the most optimistic prognosticators is Zenith Media, which puts overall OOH year-over-year growth at 7.3% for 2011. Damon Pierson, vp, director of OOH and local print for Zenith Media, notes that it's one of the top media sectors, when ranked by annual revenue growth. "Out-of-home steadily grows every year," he says.

One reason for OOH's rising fortunes is a changing perception of its value. "Instead of being a subset of advertising, now we're being weaved in with other media as a legitimate and validated portion of the media plan," says Jack Sullivan, a vp and OOH activation director at Starcom USA.

Sullivan notes that much more accurate and granular data is now available in the Traffic Audit Bureau's Eyes On research, which rolled out this year and gives demographic, frequency and reach information for traditional billboards. Others say that Eyes On will really start to have an effect on the buying process next year.

Sullivan, who is chairman of the TAB, sees a "coming of age" for newer OOH sectors, such as place-based media, which appears in locations like sports bars, gyms and shopping malls. "Clients are loving the heck out of all of those because it gives them presence where they couldn't build presence before, right at the point of purchase," Sullivan says.

Indeed, the placed-based category could enjoy a 21 to 25 percent revenue leap in 2011, according to Jim Harris, CEO of the Wall Street Journal Office Network, which has digital screens in office buildings around the country.

Harris notes that in general, agencies are placing their ad buys in smaller increments and closer to the time the ads actually run than they used to. That's a challenge from the standpoint of knowing what revenue will look like in a given quarter ahead. "But we've been the beneficiary of it because advertisers can come to place-based media companies and know they can get on air very quickly," Harris says.

Patrick Quinn, president and CEO of the research firm PQ Media, says that digital OOH is now in a "shakeout phase" due to a consolidation of distributors. As a result, there will be "a better set of operators with better scale, better content and more cohesive metrics," he says.

PQ Media, which provides new media data for Veronis Suhler Stevenson's media forecasts, estimates that OOH will have doubled its share of traditional media ad spend over a 10-year period, to 6.2 percent in 2014. One key reason for that is the increasing number of digital boards. At the end of 2009, there were about 1,600 digital billboards out of 450,000 total boards in the States, Quinn says.

By 2014, Quinn expects there will be 3,700 digital boards. And because they can accommodate multiple advertisers at one time and garner two or three times a traditional board's CPM rate, that will add to the sector's overall revenue rise.

Cinema advertising is also among the hottest OOH sectors. Starcom's Sullivan expects cinema to exhibit double-digit growth this year and increase "nicely" in the next couple of years, thanks to a rising number of lobby opportunities and an increasing number of 3-D-capable screens, which generate higher CPM rates. "It's basically TV on steroids," Sullivan quips.

There is a slight dark side to the OOH moon. In some markets like Miami and Los Angeles, there have been regulatory crackdowns on the giant wallscreens that cover large areas of buildings. And Zenith's Pierson notes that not all the money that was displaced out of those banned opportunities is staying in the OOH category.

What's more, despite all the growth, "out-of-home was a bit of a laggard going into the recession, and similarly it's been a bit of a laggard in taking part of the recovery," says Stefanie Kane, a partner in PricewaterhouseCoopers' entertainment and media practice. She attributes this to the desire by clients to primarily place their money in media that gives them reach, such as TV, as the economy improves.

Yet OOH's long-term trajectory is stable compared with other local media, in the view of Brian Wieser, global director of forecasting at MagnaGlobal, "There are so many ways to do OOH," he says. "Notwithstanding regulation preventing it, [OOH opportunities are] really subject to the imagination."