The Future and Early Potentials of Out-of-Home Advertising
By Ellen Romer

Outdoor advertising is as old as advertising itself, but new life is being breathed into the old medium. In fact, as digital, video and wireless technologies redefine the sector over the next few years, it will rank second only to Internet advertising in ad spending growth.¹

"The trends impeding traditional media - consumer fragmentation and control, advertising accountability and the emergence of digital technology - are the very catalysts stimulating the tremendous growth in alternative out-of-home advertising," said Patrick Quinn, President and CEO of PQ Media. "Unlike its mass media peers, alternative out-of-home advertising is impervious to channel or web surfing and is immune to audience fragmentation."²

Experian Consumer Research data shows when it comes to TV advertising, even adults who are self-proclaimed “channel switchers” notice out-of-home advertising at higher than average rates.

![Channel Switchers* Who Notice OOH Ads](image)

* Channel Switchers are defined as adults who agreed with the statement “Whenever commercials come on, I change the channel”

Source: Simmons National Consumer Study, Fall 2007 Full Year

Furthermore, out-of-home advertising seems to have a more positive image among consumers, especially those who tend to rely on advertised products when they shop. As displayed in the table below, adults who remember advertised products while shopping are more likely than the average adult to notice billboards and feel they can improve
urban landscapes. At the same time, they are more likely than average to have negative feelings towards TV advertising.

| Adults Who Remember Advertised Products While Shopping* Index to Adults 18+ |
|-----------------------------|-----------------------------|-----------------------------|
| Adults 18+                  | Vert %                     | Adults 18+                  |
| ANY AGREE:                  |                             |                             |
| I OFTEN NOTICE THE ADS IN BILLBOARDS | 45% | 65% | 144 |
| WELL DESIGNED OUTDOOR ADVERTISING CAN IMPROVE THE URBAN LANDSCAPE | 21% | 33% | 158 |
| I TYPICALLY AVOID WATCHING TV COMMERCIALS WHEN WATCHING TV, I DO OTHER THINGS | 45% | 53% | 120 |
|                             | 50% | 65% | 129 |

*Agreed to statement “I remember advertised products when I am shopping”
Source: Simmons National Consumer Study, Fall 2007 Full Year

eMarketer forecasts that out-of-home video advertising spending in the US will total $2.25 billion in 2011, up from $1.26 billion in 2007.iii

Mark Kaline, global media manager for Ford, said this about the industry potential: “Out-of-home is a sleeping giant. It is being kicked by technology. It’s being rustled by measurements. It’s being awakened in a way that’s very close to what the Internet is experiencing right now. It provides us with an event in a local market that we’re able to build launches around. It’s got the best of both worlds. It’s a national medium that can be localized in a way that allows you to geo-target. You can now tailor your ads using digital boards in a way that’s never been done before. With day parting, there is now the opportunity to reach a certain audience while they’re traveling in close proximity to whatever it is you’re selling—it’s great. You can tell a story over time with a lot of little simple messages that add up to a big story.iv

After compiling the results of online surveys conducted with nearly 1,800 U.S. residents between the ages of 13 and 55, the research revealed several compelling attributes of digital signage advertising. Here are a few of the key findings:

- **Digital signage advertising has stopping power**
  63% of adults say that it catches their attention. This is the highest level reported across all media surveyed, including billboards, magazines, TV, the Internet, newspapers, radio, and mobile phone advertising.

- **Digital signage advertising is more positively rated than any other media**
  In addition to the fact that advertising on this media catches people’s attention; it was also found to be more unique, interesting, and entertaining than most media.
Additionally, people reported that advertising on digital signage was less annoying than nearly all other media.

- **Awareness of digital signage advertising is high**
  62% of adults say they have seen ads on digital signage over the past week, and the figure is even higher for young adults between 18 and 24 at 75%.

- **Digital signage advertising intercepts people throughout their daily routines**
  On average, the general population recalled having seen digital signage advertising in six different locations during the past week. College-aged people (18 to 24 year-olds) reported seeing it even more frequently in eight locations in a week.

### Measurement Technology Ramping Up

In a move that could bring the kind of structure associated with traditional television to the burgeoning out-of-home video advertising marketplace, Nielsen plans to introduce TV ratings "pocketpieces" for a variety of place-based television networks. The plan, which was revealed by Senior Vice President Nielsen Strategic Media Research, Paul Lindstrom, is for Nielsen to publish pocketpieces for as many as 10 place-based television networks by September 2008.

Pocketpieces is a term used to describe printed TV ratings reports issued by Nielsen that are designed to fit in someone's vest pocket. Traditional TV networks and stations usually have them published weekly, but Lindstrom told MediaDailyNews that the place-based TV network reports would likely be published monthly due to the fact that their audience dynamics generally change less frequently than for traditional broadcast and cable TV outlets. Most media planners, buyers and researchers now get their TV ratings data from Nielsen electronically, but the publication of pocketpieces is a symbolic development for the out-of-home video marketplace, implying that it now has comparable market currency data to television.

Unlike television and online--where Nielsen manages big consumer panels to measure those media's audience estimates--Lindstrom said the place-based media network reports would rely primarily on compiling and modeling third-party data, such as membership data from health clubs, or transaction data at retail outlets of gas station pumps. He said this would be coupled with primary Nielsen research conducted by telephone that would ascribe demographics and other important information to the gross audience estimates. The method is similar to what Nielsen has been utilizing for the cinema advertising industry for several years, and the advent of Nielsen pocketpieces has helped that medium grow its share of advertising budgets.

Market analysts estimate that cinema currently accounts for about half of all out-of-home video advertising--an industry that is projected to take in an estimated $1.7 billion in advertising this year, according to Magna Global Director of Industry Analysis Brian
Wieser. viii Good news for these types of advertisers – more than half of frequent movie goers say they pay attention to ads that play along with previews.

### % of Frequent Movie Goers Who Pay Attention to Ads In Movie Theaters

- Pay Attention: 55%

Source: Simmons National Consumer Study, Fall 2007 Full Year

**Reaching Consumers Via Out Of Home**

Advertisers and media are constantly trying to come up with new and innovative ways of reaching people and keeping people interested in advertising.

**What’s Next?**

A few witty civil engineers in Japan have come up with what could be a new out-of-home advertising idea: a road that plays musical tunes…Small grooves built into the road surface, positioned between 6 and 12mm apart, emit an audible sound when a car passes over them. The size of the gap between each groove affects the pitch of the sound so it’s possible to make out an entire song as long as there’s enough road ahead. For optimal results, cars need to travel at just 28mph, which ensures that wind, engine and tire noise are at a minimum. ix
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With over 20 years of research experience, Ellen Romer leverages expertise gained across multiple sectors and in both customized and syndicated market research. In her current role at Experian Consumer Research, Ellen oversees brand management and new product development, placing special emphasis on providing unique and relevant solutions to clients using Simmons’ syndicated databases, proprietary modeling and data integration techniques.

About Experian Consumer Research

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ii  http://www.bizreport.com/2007/05/outofhome_media_spend_is_up_27.html, Out of Home Media Spend is Up 27% by Kristina Knight, Biz Report (May 2, 2007)


