

# THE RECKONING OF NEW MEDIA: OOH + VIDEO EVERYWHERE BECOMES A REALITY

## PART I

A two-part series from  
PJ SOLOMON Media & Tech Services

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# PART I: 2019 IS ABOUT TAKING MORE WALLET SHARE FROM DIGITAL

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“ In 'Times Square Everywhere,' I highlighted how digital and mobile media are transforming the media industry in a manner highly favorable to out of home (OOH) media. ”

- **Mark Boidman**

These radical changes to the media landscape are coming to fruition and OOH media continues to dip into the media wallet of digital. Relative to digital, OOH creative commands greater attention, owns broader audience reach and benefits from ongoing technological innovation.

According to the Out of Home Advertising Association of America (OAAA), US OOH revenues grew by 4.5% year-over-year in 2018\*, nearing in on 10 consecutive years of growth. OOH will continue to grow and steadily take market share from other media channels, including digital due to the distinct and non-replicable advantages it offers advertising clients.

\*Press Release. "US Out of Home Advertising Up 4.5% to Record \$8 Billion in 2018." OAAA, March 7, 2019.



## **ASSURED REACH TO REAL PEOPLE**

Since OOH media assets exist in the physical world and are verified by mobile and other geolocation technologies, rather than relying on “clicks” as proxies for impressions, OOH advertising purchases drive “real” eyeballs to client products rather than fake “views,” which comprise a majority of digital advertising impressions. According to the Association of National Advertisers, only ~25% of digital advertisements are displayed to “real” people\*. The remaining are “viewed” by bots which tear into advertising wallets, yet present no real purchase potential for clients. In response to this phenomenon, numerous Fortune 500 companies have already reduced digital advertising spend. Advertisers will continue to augment OOH budgets in an effort to reclaim campaign transparency and drive real customers into the marketing funnel.



## **IMPROVED PRECISION IN TARGETING COMPLEMENTED BY UNIQUE DATA SOURCES**

One advantage that digital previously held over OOH media was a superior ability to target specific audiences or consumers.

However, mobile, geo-fencing and sensor technologies are meaningfully leveling the playing field between digital media, including YouTube, Facebook and OOH media. Mobile location and geo-fencing areas around billboard or other OOH assets allow for better monitoring of audience demographics. Sensing technology (cameras, eye trackers, facial recognition software, etc.) enables dynamic OOH assets, providing greater potential for customization by environment or individual. Sensory technology also provides an exclusive, proprietary dataset to OOH operators, a data source that is unavailable for digital targeting.

\*Harry Kabadaian, "How Bots Steal Your Online Advertising Budget". Entrepreneur, July 13, 2018.



## PRELIMINARY EFFECTS OF THE GENERAL DATA PROTECTION REGULATION (GDPR)

GDPR is a series of regulations that restrict the way corporations can collect, utilize and process consumer data.

While GDPR is a European regulation, it has extraterritorial reach and many US corporations are also choosing to conform to its standards. The US may also institute comparable guidelines in the medium-term. Even if one accepts that digital platforms have access to broader datasets than OOH, the use of incremental data to target consumers may now become more restricted. Moreover, since numerous OOH operators are currently in the process of building out systems to better leverage data, OOH media owners can be more nimble than their digital counterparts in adapting to GDPR.

Modern OOH data handling systems can be built from the ground up to insure GDPR compliance, whereas existing digital infrastructure will require costly retrofitting of non-compliant, legacy systems.



## OUT OF HOME MEDIA CAN'T BE BLOCKED

Both desktop and mobile ad-blocking is on the rise. Internationally, publishers lost ~\$42 billion in potential advertising revenue to ad-blockers in 2017, up ~50% year-over-year.\* In 2017, the number of US mobile sessions utilizing an ad-blocker increased ~3%.<sup>+</sup> Ad-blocking severely limits the potential for digital advertising to reach the consumer. Further compounding the issue of ad-blocking, consumers are

\*Laurie Sullivan. "U.S. Publishers: \$15.8B Annual Revenue Lost To Ad Blocking". Publishers Daily, October 16, 2017.

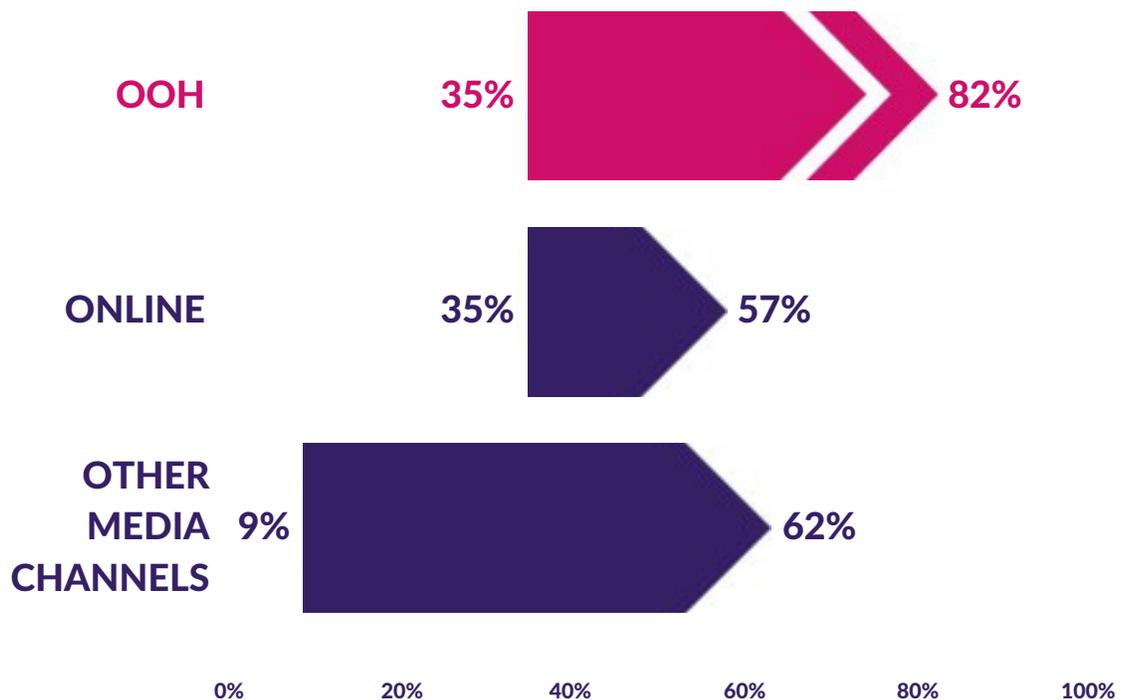
<sup>+</sup>Lucinda Southern. "Mobile ad blocking is becoming a bigger threat". Digiday, June 22, 2018.

# THE RECKONING OF NEW MEDIA: PART I

distracted on their digital devices. The average consumer is exposed to 4,000 – 10,000 advertisements per day\*, which limits recall of any given advertisement.

PJ SOLOMON's 2017 Advertisement Recall Meta-Study<sup>†</sup> (see figure below) demonstrates the higher recall rate potential of OOH advertisements (up to 82%) vs. online and other media channels (up to 57% and 62% respectively).

## ADVERTISEMENT RECALL RATES BY MEDIA CHANNEL



Given digital advertisement over-supply and widespread adoption of ad-blocking technology, clients are realizing OOH's creative provides a media format that cuts through the advertising clutter to best reach consumers.

\*Jon Simpson. "Finding Brand Success in the Digital Word." Forbes, August 25, 2017.  
<sup>†</sup>2017 PJ SOLOMON Recall Study



## **DEVICE FRAGMENTATION ACROSS DIGITAL CHANNELS**

Consumers today use a variety of devices to access the Internet, including laptops, desktops, mobile phones and tablets. As activity diffuses across devices, it has become tougher for digital advertisers to accurately record user identity across sessions. Specifically for tablets and smart phones, “mobile fragmentation” creates additional advertising display complexities.

Mobile fragmentation occurs when different mobile users run various versions of an operating system, e.g. various generations of iOS. Due to operating system differences between the devices to which a digital advertisement may be served, it becomes difficult to ensure campaigns are displayed as intended in any single session. OOH media does not face comparable fragmentation issues and better helps clients aggregate an audience.



## **RISE OF AUTOMATION & PROGRAMMATIC REDUCES CAMPAIGN PURCHASING FRICTION**

Previously, it was significantly easier to coordinate and negotiate a digital campaign as compared to OOH. However, programmatic-like exchanges specifically focused on OOH media now provide software platforms to automate the OOH buying process as a substitute for a less efficient procedure of RFPs, human negotiation and manual orders. Automated buying platforms are driving growth in OOH wallet share by easing the buyer purchase process and helping current asset owners better monetize inventory.

Let the reckoning continue – OOH media + video everywhere.



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Mark Boidman advises companies across media and tech, including digital media and media services with a focus on mobile, in-store media, retail tech, event tech, and out of home media. He has executed more than \$40 billion in completed transactions for clients.

Mark has been recognized for his significant contributions to the media and tech sectors including by The National Association of Certified Valuators and Analysts on their "40 Under Forty" and "Dealmaker of the Year" by Business Worldwide Magazine in 2015.

He is the author of Times Square Everywhere, a top selling analysis of how digital and mobile media are changing the media industry.

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