

Forum

The Need For Engagement

How is Out-of-Home responding to the challenge of achieving closer connection with consumers?

The advertising model is changing. Instead of being based on interruption and brands screaming for consumers' attention, the new model is likely to be based on engagement.

That means brands and media have to offer consumers the sort of content that's likely to appeal and encourage them to let advertisers into their lives.

So how should Out-of-Home respond to this new challenge and what does it need to do to keep up with changing consumer demands?

David Pugh, managing director at Maiden Group, points out that outdoor has been offering engagement opportunities for some time, through web addresses, phone numbers and now through Bluetooth technology.

"Seven or eight years ago the advertising convention was that outdoor couldn't be a direct response medium. We've proved that wrong," he says.

Maiden has just launched a campaign for Coldplay that allows commuters at railway stations with Transvision screens to download content from the band via their mobiles [see Case Histories, over the page].

But whatever the technology, Pugh argues, old-fashioned Outdoor values such as location are what makes Transvision a success.

"The key to the Coldplay campaign, and the Bluetooth capability that powers it, is that it's permission based – it isn't being thrust upon people. They have to switch their Bluetooth on and they are given the opportunity to download a file if they choose."

Jean Paul Edwards, head of media futures at MG OMD, is about to follow up his 'Living Room of the Future' research with a look at the future of media out of home, currently dubbed Project OOH.

He argues that what's most interesting about the possibilities in outdoor is the way it integrates with other media. A camera phone could be used to take a picture of an ad with a website address that the consumer then checks out at home or in the office.

"I'm excited by the fact that such response mechanics provide greater accountability: you can measure the number of Bluetooth downloads, capture phone numbers or other information.

I'm very interested in using technology to link outdoor into a more dynamic sales process," he says. "Also, you can test for £10,000 which isn't a huge amount of

money to risk, whereas testing something new on TV costs tens or hundreds of thousands of pounds."

Tim Bleakley, joint managing director at Viacom Outdoor, argues that Outdoor can compete in two ways in this new environment. "The first is by creating new digital platforms such as digital escalator panels that attract more attention from consumers on the move because they contain moving images. Nearly every person interviewed says: it's moving, therefore you notice it", he says. "It's not telly - it's going to have its own unique selling points and benefits."

The second is by harnessing the times when consumers are waiting to engage with them. He cites a recent Hypertag campaign for Transport for London that allowed consumers to download the number of the nearest licenced cab firm.

"If you're standing and you've got dwell time you've got no choice but to look at the advertising," he says. "Seventy percent of underground stations have already got a mobile signal and the Hypertag technology has a lot of capacity where there's that dwell time."

Malcolm Cox, partner at Lunch Communications, argues that the new environment has set a creative challenge for the industry.

"It's a very exciting area. To an extent the opportunities are only limited by our creative imagination. That's where the challenge is – you have to think differently every time when you're working in this way."

Cox says the Coldplay campaign shows

"OOH CAN HARNESS THE TIMES WHEN CONSUMERS ARE WANTING TO ENGAGE."

TIM BLEAKLEY, VIACOM OUTDOOR

"WITH OOH YOU CAN TEST FOR A FRACTION OF THE COST OF TV."

JEAN PAUL EDWARDS, MG OMD

"BUSINESS WILL PROBABLY DEVELOP A DUAL STRATEGY."

DEREK MORRIS, ZENITH OPTIMEDIA

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that the music business is getting its head around the new possibilities. "Coldplay and Gorillaz are both saying something about the brand by communicating in this way. Coldplay are distancing themselves from the pack like Keane and Travis by the way that they are communicating."

"The question brands need to ask is how they can add something to the experience. If other brands would like to talk to people while they've got time on their hands, the challenge is how can you talk to them in a way that adds something to the experience," he says.

"Engaging out of home media," he says, "can be a very powerful experience but that means you need to put more thought into the creative."

Matthew Mee, strategic planning director at MediaCom, says all these media represent a fantastic opportunity.

"It's a huge opportunity for the whole sector to be delivering appropriate messages at appropriate times," he says. "It's a massive creative challenge as well - just look at the model of the internet and how long it took the business to understand that it had to be done in a different way."

However he adds that the industry needs to consolidate them to create single standards for delivery - and that's before the issue of ownership is sorted.

"Even if I had a will to go out and buy screens from 50 different sales points the major headache is when I have to deliver 50 different technical standards," he says.

Derek Morris, vice chairman at ZenithOptimedia, says the idea that outdoor can be an engaging medium is certainly true. ZenithOptimedia tied outdoor to mobile successfully for an Aussie haircare campaign for Procter & Gamble.

"The potential for Outdoor as a cue for downloads is high," he argues, "particularly as mobiles develop additional capabilities. When we all carry around this cool iPod/phone/diary and download music, radio shows and news reports, why shouldn't I get that off the poster," he says.

"Business will probably develop a dual strategy, sticking with more conventional formats for many sites, but adding technological developments in key locations," he argues.

Case studies

Client: Direct Line **Project:** Digital Escalator Panels

New formats and new technology are part of the Out-of-Home revolution, but new technology in proven and established environments raises the question of what it is adding to the brand image or consumer perception. Direct Line were one of the founder advertisers on the new tube Digital Escalator Panels. The sites run both sides of the escalator and are linked electronically so the moving images can transfer from screen to screen in keeping with the progression up or down the escalator.

Direct Line used the DEP's to tell two separate stories, one side for car and



the other for home insurance and the animated content followed the consumer on their journey on the escalator. Initial research shows high acceptance of the formats, and above average awareness of the advertised brands who benefited from the association with the new technology. Media Agency: Mediacom

Client: Parlophone **Project:** Launch of Coldplay's X&Y



Unarguably the most anticipated album of the year, Coldplay's X&Y demanded a distinctive, cutting-edge advertising campaign.

We ran 15-second teaser ads on Transvision screens on the six London termini stations, informing passengers that Bluecasting would start on May 30. From that date 15-

second and 5-second copy ran on the screens - with the copy changed every day. Any passengers within 100 metres of the screens who had enabled Bluetooth on their mobile were contacted automatically and asked if they would like to receive content, (anyone who declined was not contacted again).

Well over 10,000 downloads took place across the two-week campaign, making this the most successful Bluecast that has ever taken place anywhere in the world.

Media Agency: Carat

Client: P & O Ferries **Project:** Relaunch

The growth of budget airlines to European destinations focused the traveller's mind on price rather than comfort and service. How this proposition holds over time as the airline brands seek to maintain a loyal customer base is unclear, but they have eclipsed the ferries in awareness and cost understanding with consumers. P & O have fought back by re-launching ferry crossings amplifying the brand image and offering the traveller a price message. The campaign began with large formats to give P & O a broadcast presence on the street and



re-establish the brand proposition of service, convenience and quality. The second wave was on high street 6 sheets where the price message was the direct offer to the traveller and call to action. The campaign was successful in positioning P & O with the consumer as a comparable option as a route to Europe.

Media Agency: Media Planning Group

Worldwide

Chicago 2005

OOH Research is on the move at last in the US

Chicago was host to the Outdoor Advertising Association of America's National Convention in May, the theme of which was Maximum Exposure – "what advertisers want and consumers expect"

This was my first visit to an OAAA event and to the 'windy city' as Chicago is called – not for the winds coming across the plains, but a reference to a different convention, in the late 19th century, of the city fathers, when the rhetoric defined the speakers as 'wind bags' and the name stuck. So for any convention happening in Chicago, that's quite a challenge not to live up to.

As an overseas delegate my overall impression from the convention was of a comfortable marketplace; formats and creative executions for global brands are often the same the world over, so there are few barriers to understanding the media strategies. But I was surprised at the amount of time on the main conference platform given over to non-commercial papers.

Outdoor as the oldest medium is part of the advertising landscape both figuratively and geographically but how important is it to the communications strategy for advertisers in the US when Outdoor takes only circa 4% of advertising revenue? This fact was referred to by several speakers, and Unilever's worldwide head of media Alan Rutherford said that investment in research to demonstrate accountability was necessary if that share was to grow – our sentiments exactly.

The convention acknowledged this point, set a course to promote change but also demonstrated by the inclusion of so many public service speakers that the focus of the OAAA is broad.

Research was high on the agenda as the first afternoon had two key workshop sessions 'International Outdoor Media Research' and 'US Outdoor Media Research'. Posterscope's man in Atlanta, Chris Gagen, led the debate on how the US could learn from Europe on how OOH audience measurement had

developed in other markets. The message from the panel on the international session was that research is necessary to demonstrate the value of the medium back to advertisers who need to prove return on investment from their advertising budgets. There was little opposition to this but crunch time came with the session on US Outdoor Media Research.

Audience measurement has not been high on the OAAA's agenda, but that is changing. Chicago had, in Autumn 2004, been the location for a new Outdoor research measurement project run by AC Nielsen, jointly supported by advertisers, agencies and the OAAA. Using the NPOD – the Nielsen Personal Outdoor Device, a GPS tracking meter – records peoples' journeys and when downloaded, maps against the universe of sites to give respondent-based reach and frequency. However, at this session it was announced that the TAB (Traffic Audit Bureau) would, under the auspices of the OAAA, be commissioning new research to calculate Visibility Adjusted Contact scores (VACs) and follow the Postar route of providing a net audience of those that look at the poster, rather than the gross figure of those who pass it. The base audience figures will come from the TAB's own improved data collection and the Scarborough research will continue to provide the raw input for the coverage and frequency modelling. The GPS meter appears to be on hold and the TAB is directing the way. But is it enough?

The research truck is on the move but having research in itself is not a case of job done. The whole process has to be marketed to the advertising community and integrated with other media planning tools.



At Chicago 2005, research was an opt out session; at the OAAA's 2006 convention it has to be on the main platform, being talked about by the outdoor contractors, the outdoor specialists, the media agencies and the advertisers. Because if they are not all part of it, believing it and using it, the opportunity to grow Out-of-Home's share of the advertising cake in the US with a more accountable medium won't happen.



David Gordon
Research Director Worldwide
OOH Horizons

Some of the latest developments in the world of digital OOH

A new angle

JC Decaux have launched an 'off the shelf' adapted backlight product involving the fixing of an additional portrait, or angled, backlit poster frame on to the front of an existing backlit 96s panel. There are seven different positions that the extra panel can be placed in for maximum creative flexibility. At present there are five locations in London where this is possible.

Par for the Course

Cooler Media are in the process of installing LCD screens into the buggies at St Andrews Bay golf course in Scotland. The system uses GPS and WiFi technology which allows golfers to track their progress round the course enabling them to measure



KBH's taxi mobiles



JC Decaux's adapted backlit 96s panel

the distance to the pin at all times and compare scores with other golfers on the course. This technology also allows adverts to be uploaded remotely and updated in real time. Opportunities will range from full sponsorship of the system to individual hole sponsorships. Rollout is currently taking place and media will be available from August in St Andrews. A successful trial will lead to rollout in late 2005.

A fragrant option

Integrating smell into Out-of-Home campaigns is nothing new, with smelly postcards and poster based dispensers being just two examples. However, new developments in the technology now mean that a wider range of smells can be utilised. Previously aromas such as freshly baked bread and coffee have been difficult to replicate within advertising, but these can now be offered via an automatic aroma dispersion unit that can be fitted inside a 6

sheet lightbox. The units can emit smells constantly or on a timer and could be used with a client's existing fragrance or one of several hundred contractor-supplied aromas.

Stationery posters

A Grade Vending are launching a backlit poster product in September placed in the sides of stationery and IT vending machines within schools. These will initially be placed in 15 schools.

Hail a phone

KBH have developed a safe and secure system that allows a mobile phone to be placed in the back of a black taxi. This has been approved by the Public Carriage Office and could be used by a brand to offer free calls to passengers. Units would need to be purchased in conjunction with an exterior livery.



6s lightboxes can now emit aromas



A Grade Vending's schools units



Cooler Media's golf screens

Opinion

The Value of Longevity

Longer term contracts don't just benefit the media owners

Over the last couple of years there has been an increase in the number of corporate and public body Out-of-Home contracts that have been put to tender – and there's more to come. Among those already awarded are significant contracts for Maiden from Network Rail in mainline stations across a variety of formats, plus all of its roadside billboards; in London, Adshel has now won all of Transport for London's bus shelter facilities and the street furniture contracts for the major West Midlands boroughs; Viacom has won a number of rail contracts that now gives it a 25% share of the rail market; and in addition a number of important mall and shopping centre contracts have been awarded.

The common denominator is both long term contracts, typically 10 years, and high levels of return for estate owners – TfL quoted a trebling of the annual return from its bus shelter tender. Following on from these will be other

major appointments, most significantly TfL's London Underground and Docklands Light Railway concessions to be concluded later this year, where all the OOH majors including Decaux will be competing.

So are these long terms contracts a good thing? We believe they are.

TfL QUOTED A TREBLING OF THE ANNUAL RETURN FROM ITS BUS SHELTER TENDER

For those concessions already awarded, the media owners are banking on c.£1.5billion in advertising revenue to fulfil them. To compete effectively and achieve this level of advertiser investment they will need to supply highly attractive, innovative and effective OOH opportunities. But the strength of these longer term agreements

is the security they provide to the winning media owners, allowing them to make the significant capital investment needed in the advertising facilities to recoup their outlay. As the Out-of-Home landscape continues to be transformed at an even faster rate by the development of higher quality, higher delivery formats including backlights, digital and interactive sites, they will be delivered primarily where the security of long term contracts warrants this investment.

So with estate owners who are increasingly conscious of the revenue opportunities available to them, advertisers can anticipate continued improvements in facilities from forward thinking media owners prepared to put their money where their mouths are – and where estate owners operate in the public sector, more investment funds for the benefit of the public generally. This feels like a win, win, win to us.

News

Out-of-Home expenditure in the first quarter of 2005 grew to £213,000,000 according to figures released by the OAA. This represents a 14% increase over Q1 2004.

Transport for London (TfL) has announced a new agreement with Adshel, worth an estimated £250,000,000 following a tender for the sale of media space and the maintenance and design of street furniture across half of TfL's portfolio of London-wide bus shelters. The 10-year contract will more than treble the annual revenue TfL currently receives from the business. This replaces the current partnership arrangement with Adshel, who will also manage the remaining 50 per cent of TfL's estate under the terms of a separate deal.

Chris Townsend, TfL's Director of Group Marketing, said: "This is good news for London, with the extra income funding

further improvements to London's transport system as part of TfL's £10bn 5-year investment programme."

Julie France, Group Managing Director of Adshel, said "As part of our submission we have proposed a range of state of the art bus shelters from leading designers including Richard Rogers and the introduction of high-tech information solutions at bus stops."

Separately TfL have launched a bidding process for rights to the Underground advertising contract. Responses to this are required by mid-July.

Maiden has been awarded a 10 year outdoor advertising contract from Network Rail for all its roadside billboards. The contract is worth some £350 million in advertising revenue and covers more than 3,100 poster sites, mainly in 48 and 96sheet formats. The contract was previously

shared between JC Decaux and Maiden.

JC Decaux has become a Harvard Business School case study. The study will initially be used in the second year MBA programme's core course, 'Strategy Formulation and Implementation', and Professor John R. Wells will start teaching the study in September.

JCDecaux announced that it has acquired 98.36% of the shares in MediaNation Inc.

The company operates advertising services for the Beijing metro network and two lines of the Shanghai metro. It is also the leading supplier of advertising services on the bus network in the People's Republic of China (15 cities) and holds a contract for the installation and advertising on 1,000 newspaper kiosks in Shanghai.

Jean-Charles Decaux stated "We are now the number one outdoor advertising company in China".

The market

OOH continues to grow in both total expenditure and share of display advertising, despite a drop in Q2 core product unit rates. This is driven by a mutually beneficial cycle of increased supply, being supported by increased demand. But there are times

when this cycle gets a little out of shape e.g. the wealth of high quality backlit billboards which remained under-demanded in the first 2 weeks of July. A quick market correction, however, has seen firmer demand later in July and into August. For clients prepared

to be flexible with budgets and creative treatments, such market opportunities can be valuable, but there is no section of the OOH market which is consistently underperforming. Looking towards the end of the year PRISM Forecast reveals a pattern of demand which is

similar to last year, with an early focus on 6 sheets and backlit large format products. In contrast to last year, there is also an increase in demand for 96 sheets. Our current expectation is that OOH will deliver a 2005 full year revenue growth of 7-8%.

Unit price index (Q2 2005)

6-sheet	-4%
48-sheet	-12%
96-sheet	N/C

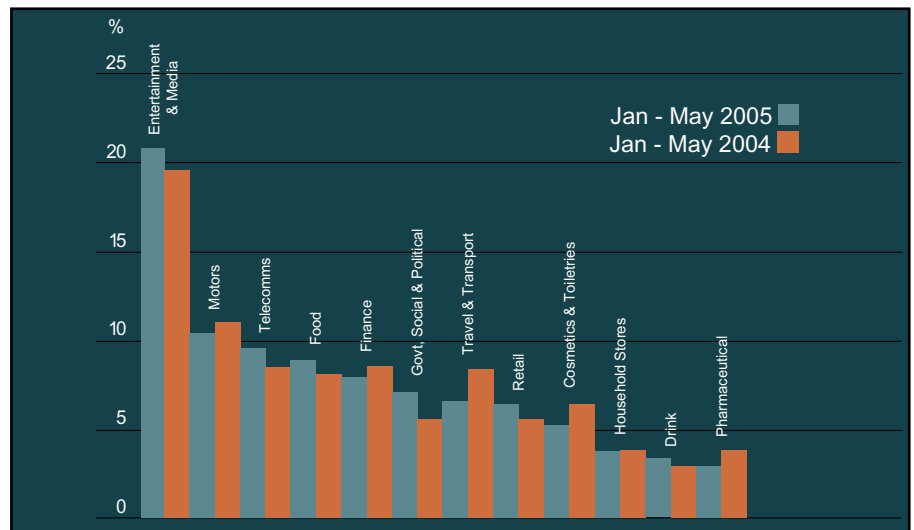
Source PRISM

Percentage of revenue by format Jan - May 2005 vs. 2004

Bus	13.3%	11.2%
Tube	12.7%	14.3%
6 sheets	38.0%	34.3%
48 sheets	15.5%	18.5%
96 sheets	5.4%	9.5%
Specials	15.1%	12.2%

Source: Nielsen Media Research

Outdoor expenditure by sector (year on year)

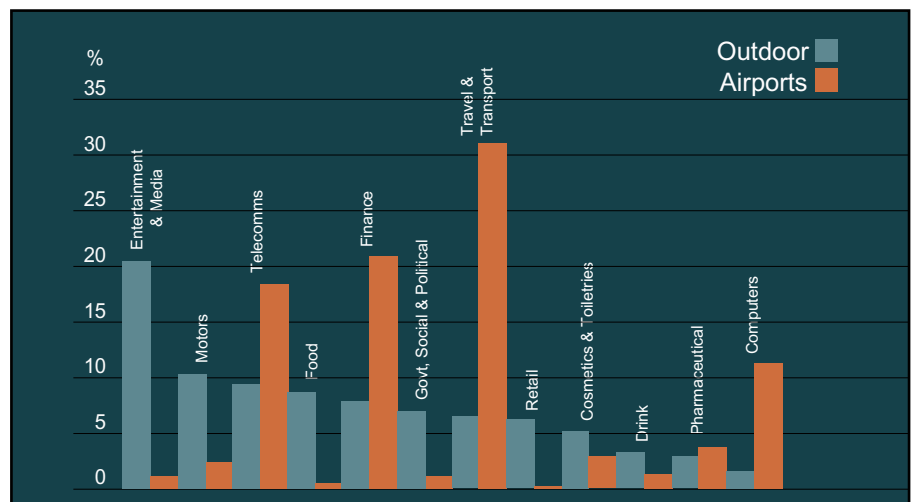


Source: Nielsen Media Research

Entertainment & Media continues to nudge ahead, running at 20.6% of Outdoor spend in 2005 year to date, with Telecomms gaining a point of share year on year. Being Election year we would expect a spike in the figures for the Govt. Social and Political category, and while there is movement it is understated as the Labour Party have withheld their spend figures from publication.

Nielsen Media Research has been publishing the spend data for Airport sites since January 2005 and comparison with the UK figures shows the dominance of four advertising categories in this environment - Travel & Transport, Finance, Telecomms and Computers account for 82% of the spend. Where Entertainment & Media dominate elsewhere in the UK, it only accounts for just over 1% of the airport revenue.

Outdoor expenditure vs Airport expenditure (Share by category Jan-May 2005)



Source: Nielsen Media Research

Growing the Out-of-Home medium

Posterscope is the UK's leading OOH communications agency.

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