Out-of-home

Executive summary

The out-of-home (OOH) industry has seen immense growth in the last five years through the digitisation of their physical assets, increasing the quantity and quality of inventory. Maintaining the same trajectory over the forecast period will be hard fought, but can be achieved by moving from a location-focused real estate model to an audience-centred platform model. This vision can be realised by continued investment in technologies that provide rich audience insights to ensure advertisers can buy an audience, not a location.

Further, the OOH industry will look for growth through commanding share from other mass-reach broadcast channels, especially where the campaign objective is to build brand. OOH is well placed to do so, given that the reach of OOH assets does not fluctuate significantly, as people's use of public spaces is not subject to radical disruption.
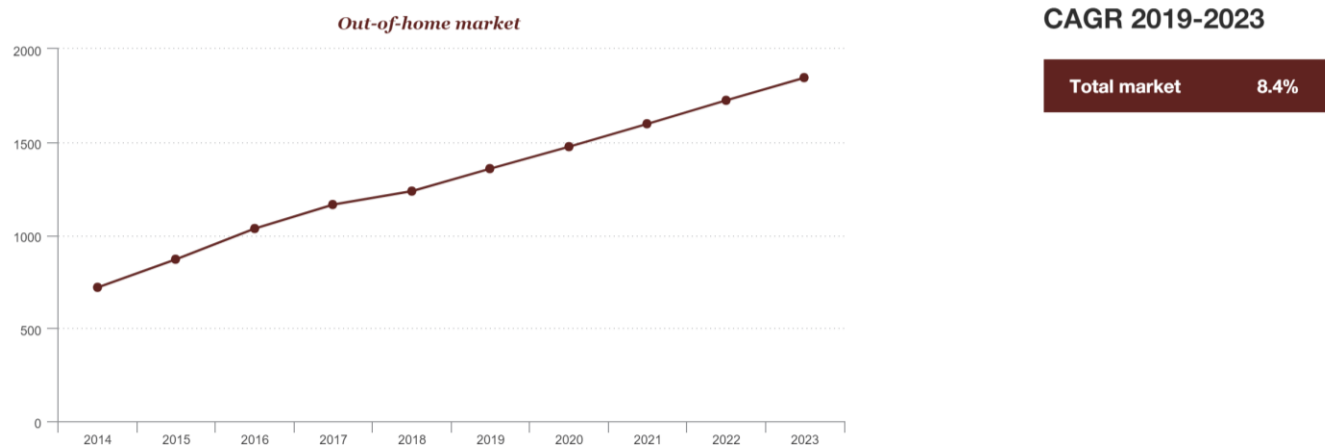

Out-of-home

Growth Drivers

1. Digitisation of remaining static assets
2. Advanced audience targeting
3. Increased reach (through infrastructure investment)

Forecasts at a glance

Substantial increase in digital revenue underpins the total market growth in out-of-home

Out-of-home market

CAGR 2019-2023

Total market	8.4%

2018 was a year of consolidation for the OOH industry, with two major players now dominating

In 2018, the ACCC cleared two major acquisitions in the industry, oOh!media's acquisition of Adshel and JCDecaux's acquisition of APN Outdoor. This has caused significant consolidation in the market, with oOh!media and JCDecaux now representing a majority of the total OOH market. Both now compete across almost all asset categories, and across all major capital cities. While this consolidation doesn't directly drive growth, gains from operational efficiencies will free up capital that can be deployed in improving product, fueling innovation and creating scale.

Digitisation will continue to drive growth

The digitisation of OOH companies' asset portfolio has increased supply, and with this comes an increase in revenue.

Digitisation improves supply twofold:

1. Available inventory will continue to increase due to digital functionality allowing for rotating advertising messages, which will accommodate for more advertisements on a single physical asset at any one time.

2. Emerging functionality such as dynamic creative messages and audience targeting improvements will entice new advertisers and increase investments, as well as retain existing advertisers

'Digital panels provide the best quality solutions in the most flexible environment for advertisers in OOH.'[1]

John O'Neill, CEO, QMS Media
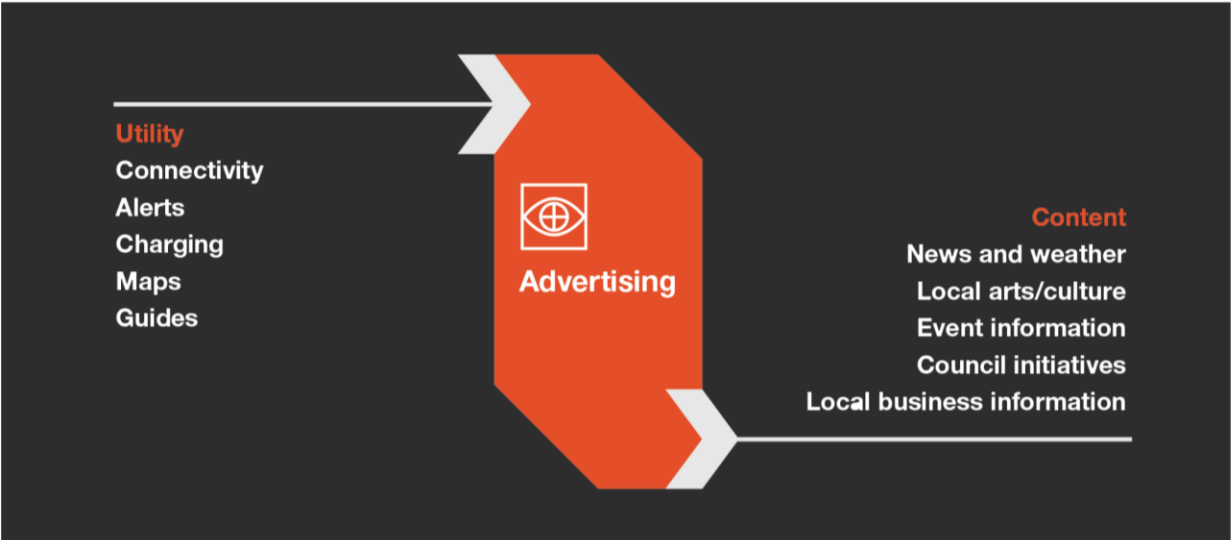
Audience data has become more sophisticated

The more a media company knows about who its assets reach at any given time, the greater the premium they are able to command from the advertising market. Rich audience insights can uncover where consumers who exhibit a propensity to buy a certain advertiser's product are located. To achieve this, oOh!media has invested in their data offering through a partnership with Quantium, just as JCDecaux launched a new Data Division in 2018. These insights allow OOH advertising campaigns to be planned with the audience front of mind, not asset location. For advertisers, this allows them to reach a more valuable audience and reduce waste. For OOH companies, assets in less prestigious locations are able to command an increased price as they can now objectively prove the relevance of the audience these sites reach.

Measurement within OOH is currently focused on verification rather than efficacy

The measurement methods used within the OOH industry have traditionally focused on verification and transparency, rather than efficacy and audience validation.

Current audience measurement within the OOH industry is conducted via MOVE (Measurement of Outdoor Visibility and Exposure), which analyses a demographic's 'Opportunity to See' and 'Likelihood to See' based on static measurement figures. This means that audience reach numbers are consistent before and after a campaign, which doesn't demonstrate the impact an investment in the medium has had. There have however been significant improvements in the transparency of the performance of OOH campaigns. For example, Seedooh (which entered the market in 2017) is a cloud-based platform that automatically verifies the delivery of OOH advertisements. To date though, the lack of sophistication of this measurement approach has not inhibited growth within the category.

Native content integration will drive consumer engagement

While the digitisation of OOH assets increases available reach, driving engagement is key to ensuring that the reach is valuable. In order to increase engagement, OOH advertisements must provide value to consumers through the delivery of relevant and engaging content.

An international example is LinkNYC, a first-of-its-kind communications network. LinkNYC is an ad-funded public space media that provides both utility and content to the citizens and visitors of New York City. The initiative benefits all stakeholders including consumers, advertisers, advertising operators and the city. Telstra and JCDecaux provide examples of this in the Australian market, where advertising revenue is used to fund the integration of charging docks and wifi stations throughout metropolitan hubs.

'At JCDecaux, we very much believe in transitioning the industry to an audience-led planning focus, as opposed to planning campaigns based on site locations.'[2]

Steve O'Connor, Chief Executive Officer, JCDecaux

'We see ourselves as a public space medium that captivates, connects, and informs citizens in a way that helps advertisers, but also benefits people's lives when they're out and about.'[3]

Brendon Cook, Chief Executive Office, oOh!media

Total Out-of-home market (A$ million)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2019-2023
			Historical data				Forecast data				CAGR
OOH advertising market	719	870	1,035	1,164	1,236	1,357	1,475	1,598	1,724	1,846	
% change		21.1%	18.9%	12.5%	6.2%	9.8%	8.7%	8.3%	7.9%	7.1%	8.4%

*2014-2017 figures have been updated to reflect most recently available information