

# What's driving the growth of OOH?

 By [Terry Murphy](#)

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Below, find seven of the main drivers behind the current surge in growth of the out of home (OOH) industry.

Primedia Outdoor has been having a very good year, something which the out of home advertising industry as a whole seems to be experiencing. Globally, the industry is on an upwards trajectory: Carat predicts an optimistic growth forecast for OOH, second only to digital. McKinsey and Company note that OOH's share of global adshare has increased, with further share gains expected during the next five years. Australia's OOH industry has shown consistent growth over the past five years. Similarly, in the United States, OOH advertising has increased its revenue for more than five years in a row. (This was up just over 4% in the third quarter for 2015, when it brought in \$1.71 billion. According to Kantar Media, total spending on advertising was down 4 percent for the same quarter).



Corona billboard that won an award at the Obies this year.

PwC places the global forecast growth rate for OOH between 2013 and 2018 at 4.6%, with the rate surging to 16.2% for digital out of home (DOOH).

So what's driving all this growth?

## 1. The increasing sophistication of measurement tools

Technological innovation has made increasingly detailed and effective measurements possible. This has contributed to a surge in the growth of the industry globally: When Postar, an audience research body for the out-of-home ad sector, was launched in the UK in 2000, OOH's share of the advertising pie was between 3% and 4%; by 2014, it was around 10-11%.

A similar trend was noticeable in Singapore, following the introduction of a three year OOH currency in 2012. This is why Primedia Outdoor, along with other key industry players, anticipates the Outdoor Measurement Council's forthcoming release of South Africa's first measurement currency with some excitement

In 2011 the Australian OOH industry released MOVE (Measurement of Outdoor Visibility and Exposure). The industry has recently announced its sixth year of consecutive revenue growth, posting a 17%\* overall increase on net revenue year-on-year, taking the industry's net revenue to an all-time high of \$677.8 million, up from \$579.3 million in 2014.

## **2. OOH is a winner**

OOH fares relatively well in "Winners and Losers in Time Spent". According to Veronis Suhler Stevenson (2012), and Borrell (2013) many media, including magazines, newspapers, television and radio, fare increasingly badly in indexes of "time spent". OOH, on the other hand, showed positive growth, at around 1.2% between 2008 and 2013, and expected to reach 2.3% by 2018. Only cable, pure-play mobile, and pure-play internet fared better, although for pure-play internet, this trend is expected to reverse between 2013 and 2018.

## **3. Reach for the sky**

As mass mediums go, many digital out-of-home advertising networks now have greater reach than comparable mediums, including television. Urbanisation and an ever growing population of on-the-move consumers mean greater audiences for OOH formats.

## **4. Digital killed the television star**

Traditional television is losing viewers as people turn to laptops, desktops, tablets and smartphones to watch video content. Watching movies and TV programmes on a television screen has declined by 13% globally, while watching sports on TV screens declined by 10%. This made television the only media category to suffer uniform, double-digit declines in usage across viewers of nearly all ages.

So brand marketers need to find new ways to reach mass audiences. The obvious answer would be to go for digital – if it weren't for the rise of adblocking. Adblocking alone cost more than \$21 billion in advertising revenues in 2015, a figure expected to increase to more than \$41 billion worldwide in 2016, as more and more people implement it. On top of this, Kraft is now rejecting about 85% of all ad impressions on the grounds that they were 'fraudulent, unsafe, non-viewable, or originating from unknown sources'.

In the face of these pitfalls, the appeal of OOH - where "what you see is what you get" – is looking rosy.

## **5. OOH hearts digital**

While digitisation has been detrimental for most traditional advertising media, it remains a key driver of OOH growth. Converting to digital panels allows OOH providers to generate higher revenues. Digitisation also opens the door to a whole range of possibilities – from mobile graphics and immediate upload of new content, to interaction with viewers and turning an OOH format into a point of sale. Add to this, OOH's inherent [synergy](#) with digital and social media, plus its ability to amplify digital campaigns, and both the digital explosion and proliferation of the mobile phone mean more growth for OOH.

## **6. Location, location, location – and geo-fencing**

Location has always been a selling point for OOH, as its messages reach people at the right time and place – keeping brands top of mind just where it counts. Add to this the increasing use of geo-fencing, which marks out a digital perimeter

and triggers messages to a person's mobile phone as they enter that perimeter, for example to highlight special offers or discounted products within their vicinity. OOH providers can offer geo-fencing mobile ads along with out of home formats, so that a person passing by a billboard or taxi rank advertisement could automatically receive an alert to their mobile phone.

## 7. Election time again

Elections typically mean a boom for billboard sales, as politicians and parties seek to reach the greatest possible number of voters. According to the OAAA, in the US in 2012, out of home advertising spending jumped more than 4% to reach nearly \$6.7 billion, "boosted by technological improvements, the election year and OOH's ability to reach young and affluent Americans better than many other media". Political advertising is forecast to hit a record \$11.4 billion in 2016, up 20% from 2012.

## ABOUT TERRY MURPHY

Since 2011, Terry has been with Primedia Outdoor, where she is currently marketing and marketing services executive.

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