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What the year holds for out of home

A recovery in ad spending taking hold in third quarter

By Diego Vasquez
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The out-of-home industry suffered right along with other media during this recession. Through third quarter last year, ad revenue was off by low-double-digit percentages. While some advertisers, such as McDonald's, Pepsi and Bank of America, increased their OOH investment, many others pulled back, and buyers say they still have not returned budgets to where they were pre-recession. The recovery may not begin in earnest until the second half of this year, after the broadcast upfront, when fast food chains, movie studios and banks are expected to ramp up their spending. Too, the category will be buoyed by new technology such as digital OOH, which allows advertisers to swap creative in and out at the flip of a switch, and the Traffic Audit Bureau's Eyes On Out of Home Media Measurement, which gives media buyers and planners more reliable data regarding who sees their ads. Posterscope U.S. chief executive officer Connie Garrido and senior vice president Ray Rotolo talk to Media Life about when the recovery will take hold, what categories will lead that recovery, and how

alternative media has been impacted by the recession.

What was the biggest story of the year in OOH?

Garrido: Out-of-home really did weather the storm of the economic fallout fairly well (even with big autos cutting back, etc.). It just shows the fundamentals of the business of strong and have been for many years.

What will be the three biggest storylines in OOH this year?

Rotolo: The year of the metric (Eyes On, Out-of-Home Video Advertising Bureau, etc.), continued growth in digital out-of-home, and marketplace consolidation.

Do you anticipate advertising in this category to begin recovery in first-half 2010? Why or why not? If not, then when?

Garrido: I think you will see real movement in the third quarter. The TV market will be the first to see progress (just look at the fourth quarter scatter market) and I think, after what I think will be a very interesting upfront, things will begin to move for OOH.

What categories (leisure/amusements, financial, etc.) will lead the OOH recovery?

Garrido: Entertainment is always strong in out-of-home, especially the studios, and they have had a great year. Also look for consumer packaged goods brands who are in tight battles for consumer awareness. Telecommunications is another strong sector.

How important is the Eyes On measurement to the future of OOH? Has this category suffered from the lack of reliable measurement in the past?

Rotolo: Suffered isn't the word; it's kept the industry from growing in significant numbers.

I believe Eyes On will have an impact in leveling the playing field and helping us all grow the market. We all have to be on the same page and be comfortable.

In what new ways will digital be employed in OOH advertising in 2010?

Garrido: Continued growth in place-based digital out-of-home and video ad networks (VANs) will be the scene. The OVAB has done a great job in trying to build standard measurements statistics for the industry and, similar to Eyes On for traditional OOH, it will help grow the market.

Have you seen clients become more wary of alternative advertising (street teams, flash mobs, other stunts) with the recession? Why or why not?

Rotolo: Not wary, but more focused on measurement, return on investment. What are we getting here?

Experiential forms continue to have a significant place in the marketing mix because of the one-to-one consumer engagement factor. Sponsorship dollars have suffered in 2009 as well, but look for a rebound in 2010 for sponsorship with the Olympics and World Cup.

What is the single-most important thing for media buyers and planners to know about OOH in 2010?

Garrido: Think holistic. How does out-of-home fit in the overall communication plan and what media forms make sense to achieve client goals? Put client needs and customer satisfaction first in everything.