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DIGITAL TECHNOLOGIES ARE ADDING SPARK TO THE **OUT-OF-HOME** SEGMENT AND TURNING A MASS-MARKET PLAY INTO A MORE TARGETED CHANNEL **By Rob O'Regan**

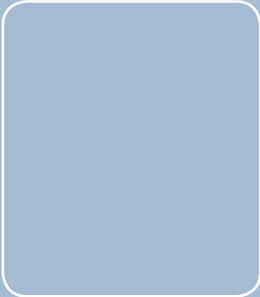
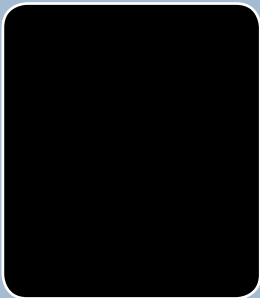
GET OUT!

That's the message for large brands seeking to connect with consumers. Time to leave the domicile and explore the new, digitally enhanced world of out-of-home (OOH) advertising. From highway billboards to interactive jukeboxes in bars, the OOH industry is undergoing a digital makeover that is reshaping the market and giving advertisers new options in just about every public venue for interacting with consumers, particularly younger demographics that have shied away from traditional media. "[Out of home] is a traditional medium that has changed dramatically because of technology," says Jay Kuhnie, director of communications for Jeep at DaimlerChrysler in Auburn Hills, Mich.

Granted, outdoor advertising has a long way to go to break out of its niche. According to Veronis Suhler Stevenson, annual spending totaled \$6.8 billion in 2006, representing just 3 percent of total ad dollars. However, the Outdoor Advertising Association of America (OAAA) says the industry is growing at around 8 percent annually — second only to online advertising — with even higher percentages in "alternative" subcategories, such as bars, restrooms, and health clubs.

Alternative categories in particular are tapping into digital media and changing the way many brands are viewing the out-of-home segment. "As long as it's in the new media space, we figure, strategically, it is important," says Ted Moon, director of digital marketing at Sprint Nextel in Reston, Va. "And we see digital out of home as one of the important areas for the new media space. Given where we think media consumption is going, [digital out of home] is definitely important for us to understand."

Considering the changing habits of consumers, a renewed focus on out-of-home advertising, with an emphasis on innovative technology, is almost a no-brainer. "The same technology that has facilitated consumer avoidance with [traditional media] has made outdoor even more compelling,"



says Paul Meyer, global president of Clear Channel Outdoor, in Phoenix. "With outdoor, there is no mute button, there is no off switch. The consumer cannot avoid it."



HEALTH CLUB PANEL NETWORK: The largest provider of advertising and marketing opportunities in U.S. health clubs, HCPN is the first company in the health club media space to have its member traffic data audited by Nielsen Media Research. HCPN offers its clients various ways to measure audience reach and determine how their campaigns impact brand perception and purchase behavior.

From Mass Market to Precise Target

Billboards — those hulking signs that dot the landscape of most major highways across the U.S. — remain a larger-than-life symbol of mass-market, offline advertising. And static billboards still account for 60 percent of out-of-home revenues, according to Veronis Suhler Stevenson. But the digital transformation of the nation's billboards is under way.

Although the OAAA estimates that only about 500 of the 450,000 billboards in the U.S. are currently digital, the organization expects digital signage to grow by several hundred units annually for at least the next few years. "Digital billboards allow us to be much more nimble and present content that is almost real-time," says Stephen Freitas, chief marketing officer of the OAAA in Washington. "You can potentially change it on the fly, offering multiple messages

throughout the course of the day."

Although billboards largely remain a mass-market play (with one notable exception; see "ANA Member Case Study" below), advertisers are experimenting with digital media in other venues to tap into certain consumer segments. "Billboards are still dominant, but we're seeing many other shapes and sizes," Freitas points out. "We have gone from strictly a mass-market tool to one that is extremely targeted." >>

ANA MEMBER CASE STUDY

ONE-ON-ONE DIALOG — FROM A BILLBOARD

THINK BILLBOARDS ARE strictly a mass-market play? Think again. Mini Cooper is testing a digital billboard campaign that offers Mini owners a uniquely one-on-one experience — while they're driving down a highway with thousands of other motorists.

The Motorby campaign, launched in January in four cities (New York, Chicago, Miami, and San Francisco), uses wireless technology to transmit personal messages to Mini owners as they approach digital signs. The boards pick up a signal from a key fob with a radio frequency identification chip that is unique to each owner and displays a lighthearted message gleaned from information the owner provides when signing up for the program.

Mini Cooper's marketing team sent invitations to 4,500 Mini users who live in or near the four metropolitan areas where the signs are located (owners had to meet other criteria as well, such as being a member of the automaker's Owner's Lounge program). By February, 800 owners had signed up to receive the key fob.

The campaign, developed with the San Francisco-based agency Butler, Shine, Stern, and Partners, is proving to be an effective way for Mini to cut through the clutter and provide a nontraditional out-of-home experience. "Anyone can put up an outdoor board," says Andrew Cutler, communications manager for the Woodcliff Lake, N.J., automaker. "It's using it unconventionally that gets the attention of owners and nonowners."

Mini hopes the combination of personalization techniques and the mass-market exposure of a highway billboard will have an impact not only on owners but also on potential customers.



Mini Cooper's recent campaign tests digital billboards in four metropolitan cities that give Mini Cooper owners the chance to see their names in lights by using the provided key fob.

"When an owner has a positive experience, they're likely to tell their friends and family," Cutler says. "They will invite friends to drive by the boards. They then become ambassadors for the brand."

Mini will track the current campaign before determining the next steps. Measurement shouldn't be a problem, since owners must opt in and will therefore be able to provide direct feedback. "We can ask them point blank what they think," Cutler says.

Depending on the results of the current campaign, Mini will consider a national rollout or at least an offer of the program in each of its 81 dealer markets. "It's a good opportunity for our dealers," Cutler says. "They can use [the message boards] to greet owners when they pull into dealerships." — R.O'R.

WAITS AND MEASURES

THERE'S NO SHORTAGE of metrics for measuring out-of-home media, but neither is there a silver bullet for doing so effectively. Media providers are the first to admit that current measurement systems leave plenty of room for improvement, particularly for outdoor advertising's cash cow: billboards. "We have the good fortune to be growing our business at a pace that outstrips all other media, other than the Internet, and we're doing that with the most primitive of measurements — counting the people who pass by our signs," says Paul Meyer, global president of Clear

Channel Outdoor. "We're now using supplemental tools like Scarborough and Arbitron, but the measurement systems are still not sophisticated."

Not yet, anyway. The New York-based Traffic Audit Bureau (TAB) is spearheading an effort to develop an integrated audience measurement system for both pedestrian and vehicle traffic. The goal, says President and CEO Joe Philport, is to move from traditional audience measures (people passing by) to a more specific measure of commercial exposure.

The system has three main components:

- Traffic counts from various state transportation departments that measure gross exposure
 - Travel surveys, by Mediamark Research, Inc., that use a combination of face-to-face computer-assisted personal interviews and 45,000 mail surveys to gather comprehensive trip information, including routes taken, mode of transportation, and the purpose of each trip
 - "Eyes on" tracking, a video-simulation system used to measure a consumer's likelihood of noticing an outdoor ad, be it a billboard on a highway or a poster on a bus shelter
- The TAB hopes to have the new system in place in 200 markets by the end of the third quarter in 2008. "We'll do the primary pieces [in terms of revenue] first — billboards, transit shelters, and kiosks," Philport says. "We've built a template, in which we can layer in new media types as their

measurement becomes viable." The initial rollout, however, won't cover all forms of outdoor media.

In the meantime, media companies and organizations are working to refine the largely observation-based measurement systems for other formats, such as in-store, in-mall, airport, and the like.

"WE'VE BUILT A TEMPLATE, IN WHICH WE CAN LAYER IN NEW MEDIA TYPES AS THEIR MEASUREMENT BECOMES VIABLE."

— Joe Philport,
Traffic Audit Bureau

Reactrix, for example, has completed 10 standalone studies that have leveraged metrics beyond simply counting the people who interact with its in-mall display systems, according to Mike Ribero, the company's chairman and CEO. Those metrics include recall (at the message level, not just the brand level), commu-

nication (how effectively the display communicated key brand attributes and drove attitudinal change), engagement (with a focus on likelihood to purchase or purchase intent), and advocacy (likelihood to recommend the brand after being exposed to it).

Another system that may hold long-term potential for the OOH sector is Arbitron's Personal People Meter. Currently in trials to measure radio audiences, PPM could play a role in retail and other environments. "We're trying to get the idea of PPM working to measure the nature and size of the audience for digital and retail media," says Bill Rose, senior vice president of marketing at New York-based Arbitron. "Anything that makes a sound can be measured through PPM."

As digital technology penetrates the OOH space, measurement capabilities will continue to improve. — R.O'R.

The precise nature of digital technology is helping advertisers reach out to consumers in familiar environments — in a bar, at the mall, at the health club. "[OOH] could be the final frontier from a media perspective, where marketers have an opportunity to connect with consumers in a place where they're not completely preoccupied, or otherwise disintermediated, with technology that has them multitasking," says Mike Ribero, chairman and CEO of Reactrix Systems, Inc., a Redwood City, Calif.-based company that has developed an advertising network of interactive floor displays now installed in more than 175 malls and movie theaters.

Place-based media often offer an additional benefit: engaging consumers close to the point of sale. Consider the Adspace Mall Network, a digital network for shopping malls that features a series of 60-inch plasma "smart screens." The

CAPTIVATE NETWORK: With more than 7,600 digital screens installed in office elevators across 22 major North American markets, Captivate claims an audience reach of 2.3 million.



ECAST: The company recently launched a network of 10,000 “jukeboxes,” which allow patrons to choose their favorite songs and click on ads. Pictured sponsors include Jeep, Absolut Vodka, Heineken, and Verizon.



network runs a feature called “Today’s Top 10,” in which promotions from mall-based retailers rotate through a series of 12-second spots, created automatically from a database that pulls pieces of data — a picture of the item, the retailer logo, text that describes the offer — into a digital template.

“We couldn’t have done this five years ago,” says Bill Ketcham, executive vice president and CMO of New York-based Adspace Networks, Inc. Adspace research indicates that almost 70 percent of passersby notice the screens, 46 percent look at them, and about 10 percent (17 percent of women) make a purchase based on the content on the screen during that visit.

Digital media networks give advertisers more options for targeting specific geographies. That was Land Rover’s goal when it bought spots for its new Land

Rover 3 vehicle on Ripple, an out-of-home digital media network that serves about 400 high-traffic retail locations, primarily in Southern California, Arizona, Hawaii, and Nevada. “[Land Rover] bought the entire network in Orange County, a very affluent, difficult-to-reach demographic,” says Ali Diab, cofounder and president of marketing, products, and technology at Ripple, in El Segundo, Calif.

Jumping on the Bandwagon

Reactrix, Adspace, Ripple, and the Health Club Panel Network are four prime examples of the alternative media companies springing up to serve the digital out-of-home space. Some, like

Ripple and Captivate Network, have layered an ad model around content. In Captivate’s case, that content appears on more than 7,600 screens installed in office elevators in 22 major North American markets. Captivate claims an audience reach of 2.3 million. “We’ve opened a new day part for advertisers to reach their audience,” says Mike DiFranza, president and general manager of Captivate Network, based in Westford, Mass. “There’s a high level of engagement in an elevator, since there’s not much else distracting you.”

Bars contain plenty to distract consumers. But it’s where another new player, Ecast, has launched its network of 10,000 touch-screen jukeboxes. As



STAYING CONNECTED

By Chuck Brymer

Every marketer must ask three questions: What unique message do I want to convey? Which audiences do I want to reach? What are the most effective and efficient channels for reaching those audiences? The last question is especially critical now that leading advertisers are predicting that out-of-home (OOH) media will be among the fastest growing communication vehicles in the coming years. Consumers are currently spending 18 percent of their time away from both home and office — up from 8 percent in 1960, according to industry figures. The challenge is to provide a brand experience that is engaging, interactive, and nonintrusive.

Changing lifestyle patterns are making consumers much more migratory than in years past. Although work and home still anchor our primary commute, between the two we wander far and wide to complete errands and seek entertainment. Another reason people are increasingly on the go is faster and more portable technologies, which allow us to stay connected while wandering. They have also enabled marketers to experiment with detailed targeting.

But the very breadth of available marketing options today can cause inertia, as effective and efficient choices are not always intuitive or readily apparent. To compete in the OOH space, marketers must consider the lifestyle of the target audience — including how, when, and where they are receptive to and absorb commercial messages. Remaining nonintrusive while aiming to engage is no small challenge. Just ask the people behind the guerrilla marketing scheme that went awry in Boston, when police believed the city was facing a terrorist threat.

FIND THE PERFECT SETTING

Ideally, OOH creates a dialogue within an ambient, deliberately selected setting that is compatible with the brand and the consumer's receptivity to the brand's promise. The corresponding message has to be focused, almost telegraphic, so that the audience understands its essence immediately for retention and engagement.

OOH can create awareness, drive immediate sales, and contribute to longer-term brand-building efforts. Nicorette's use of famous graffiti artists engaged target audiences in an unexpected way. OOH drove sales for McDonald's Spicy Chicken in Seattle, where, at rush hour, a large billboard appeared to be on fire and firefighters were employed to douse the flames.

As with any form of advertising, the intrusiveness of a campaign can raise questions about the utility of the communication. There is always the real possibility of consumer backlash, but if marketers can pinpoint who wants to be reached and who wants to participate, the downside is minimized. In terms of measurement, OOH campaigns can now be tracked more scientifically than other media, depending on the technologies used and opt-in methods of engagement.

Ultimately, it all comes back to the three questions noted earlier. And in answering how best to reach consumers, OOH may prove to be an important channel for your brand, with attractive opportunities to influence consumers while they experience highways, city streets, transit systems, shopping malls, college campuses, and major sporting venues. When considering OOH as part of your marketing mix, evaluate its ability and potential to move beyond a pure broadcast medium. To have real influence, it must move swiftly and creatively to provide an increasingly interactive and integrated brand experience.

Chuck Brymer is president and CEO of New York-based DDB Worldwide Communications Group, Inc.

with a traditional jukebox, patrons pop in a buck and choose their favorite song. But the Ecast system also has a broadband connection that lets users click on ads, an intriguing option for advertisers. Absolut, for example, is running a campaign that features a virtual bartender who mixes virtual drinks that consumers choose from a menu. The online bartender will walk through the ingredients, and then the consumer can go to the bar and order that drink. "It's an incredibly effective point-of-sale promotion," says Micah Berek, advertising brand manager for San Francisco-based Ecast.

Jeep discovered the effectiveness of Ecast as part of an integrated campaign last year for the launch of its new Compass SUV. "The Compass target was younger and more urban," Kuhnie says. "They multitask, they go everywhere, and they're always out at clubs and bars, restaurants, events. We saw an opportunity to reach them with an interesting message in places that might connect with them better than a TV. And Ecast gave us an interesting opportunity to connect with young people in one of their passion points: music. We ran the campaign for a couple of weeks and then stopped to make sure it was connecting with the young target and that it wasn't intrusive."

The results: 61 million impressions and 35,000 consumers who "touched through"

REACTRIX: Installed in more than 175 malls and movie theaters, Reactrix interactive digital floor displays engage consumers of all ages.



COURTESY OF REACTRIX

to the Compass sign-up page, out of which nearly 13,000 completed the form in full. Jeep was impressed enough to run the program again for the Compass, as well as for the launch of its new Jeep Patriot model in April.



ECAST: In addition to the modern wall-mounted screens, the company's interface is available to patrons in traditional jukeboxes.



The Holy Grail?

The interactivity that Ecast and other emerging media platforms enable may be the Holy Grail for out-of-home advertisers. "You have an opportunity to create unique, robust, interactive experiences in media forms that were previously limited to inside the home," Reactrix's Ribero says. "You can now shift the location of even the most immersive online campaigns. What TiVo did with time shifting, we can now do outside the home."

Reactrix certainly is a proof point in that argument. The company's digital floor displays are engagement magnets for a simple reason: consumers like to stomp on them. "It's very interactive," says Moon, from Sprint Nextel, which completed a six-month trial with the Reactrix system in February. "It has an interesting effect not just on people who are interacting but on others who are watching them interact."

Moon's team will measure the campaign using traditional brand metrics — engagement, intent, and willingness to recommend — before deciding whether to continue its investment in the network. But Moon sounds bullish on the consumer engagement the Reactrix platform offers. "Interactivity is critical because the days of people shoving media down consumers' throats is over," he says. "That's where digital OOH could really play an important role."

Future campaigns for Sprint Nextel could involve integration of the Reactrix display with other digital media — mobile, for example. "The opportunities to coordinate with other digital plays are limited only by our imagination," Moon adds.

The transition to digital OOH is not

without its challenges, or its skeptics. Measurement systems are still in flux for both traditional and digital out-of-home media (see "Waits and Measures," page 28). New platforms also require new creative. "You can't simply take in-home programming and replicate it outside the home," Ribero notes. "It fades from consciousness very quickly."

Digital out of home calls for a new model for media buying. A handful of media companies, including Captivate Network, Adspace, and Reactrix, have formed the Out-of-Home Video Advertising Bureau, whose charter is to work with agencies and clients to identify the tools needed to play effectively in OOH environments. "Ad agencies are optimized to buy certain types of media," says Captivate's

DiFranza, who is serving as chairman of the group. "They're structured to buy broadcast and print. They have all the research. When new media comes along, none of those processes or research exists. So they try to cobble something together, and it's very inefficient."

Finally, advertisers must be wary of falling into the trap of embracing technology for technology's sake. "Just because we can design a hologram into [our network], doesn't mean we should," DiFranza says.

The current state of the technology is, in fact, keeping some advertisers from embracing the medium. Discussions of Bluetooth connectivity and other innovations have given advertisers pause. "One of the biggest issues is making sure it works," says Moira Davis, vice president of media strategies and synergy at New York-based ESPN. "It's great to see sports scores scrolling on a taxi top, but if it doesn't work, it hurts the brand."

Davis says she leans toward billboards, posters, and other traditional media when planning out-of-home campaigns, but she certainly doesn't ignore the innovation that's taking place in the digital space. "We're always looking for the next version of the taxi top," she says. "We're 24/7. We have to be as timely as possible, and digital media is a great way to do that."

Digital out of home is also emerging as a great way to reach hard-to-reach consumers, particularly the Gen-Yers who have tuned out traditional media — on their own turf. "The younger crowd doesn't mind being marketed to in a non-overt situation," Jeep's Kuhnle says. "But they don't want to be pandered to. They want you to be cool. If you can touch that emotion, they will come to you and give you a chance." ■

Next Steps

To learn more about out-of-home advertising, visit the Marketing Insights Center at ana.net/mic.
Keyword search: "Out-of-home."