

Unboxing The Next Frontier of Digital Advertising



INVESTOR'S
DIGEST

Out-of-home is one of the oldest form of communication but it is now the fastest-growing advertising medium thanks to the advent of technological innovation and digitization

What is out-of-home advertising?

Anyone who has ever visited Times Square in New York or Piccadilly Circus in London has certainly in mind the dazzling lights coming from the myriad of billboards overlooking the street. Those majestic billboards are the manifestation of the out-of-home-advertising (OOH). OOH is a form of advertising that can be found outside of a consumer's home. It includes everything from billboards – of various dimension – to bus shelter benches. If during your stroll around your neighborhood or during your daily commuting you are gazing at an advertisement that it is not on your mobile, it is likely you are get caught in the out-of-home advertising.

The turning point for OOH

OOH is all but new. Traditionally OOH has been always relegated to a minority share of wallet of advertising campaign. According to market expert, OOH claims around 7% of the total budget for advertising. Traditional means of communication like radio, TV and newspaper have dominated the advertising sector for decades. Nevertheless, the advent of social network and the platform revolution upended the hierarchy in the communication channel. Consequently, big corporations have redefined their marketing effort with the aim of following the shift in consumers' behaviors and the increase usage of mobile data. Still, OOH remained below the radar.

Until now. The digitization of the physical billboard and the development of programmatic software have increased the appeal of the OOH segment.

Key Takeaways

- OOH is a form of advertising that can be found outside of a consumer's home. It includes everything from billboards – of various dimension – to bus shelter benches
- The digitization of the physical billboard and the development of programmatic software have increased the appeal of the OOH segment
- OOH is expected to command a growing share of wallet in the advertising campaigns as TVs and newspapers get out of favour
- The digital OOH is expected to drive the growth within the OOH sector



The next stop: digital and programmatic advertising

The advent of digital screens instead of the old-fashioned printed paper walls have transformed the industry for the better. The captivating video messages or bright images drive the attention of potential customers in a way that is more engaging and far less intrusive than other advertising channels. Moreover, the technological innovation coming under the name of programmatic advertising has increased the appeal for advertisers. With the programmatic advertising, specific messages can be directed to a specific target audience, thus increasing the efficacy of the message. Moreover, specific advertising campaign can be swiftly implemented or modified at short-notice. A great opportunity for a world where consumers' taste are changing even faster.

(D)OOH is here to stay and growing

Despite being one of the oldest form of advertising, the OOH sector is expected to reach \$14.3 billion by 2028, rising 12% CAGR for the forecast period driven by an acceleration of the digital OOH. Europe and USA will be at the forefront for the next phase. In Europe, UK, France and Germany are the most fertile countries for the segment.

The Market in Numbers

- **12% CAGR 2021-2028** for traditional OOH advertising
- **30% DOOH spending per Capita in UK** (Exhibit 1)
- **39% of digital media advertising comes from programmatic**
- **15% CAGR 2020-2024** for programmatic advertising

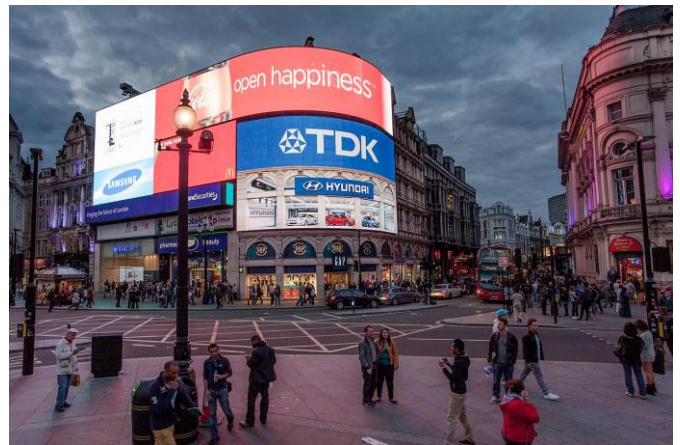
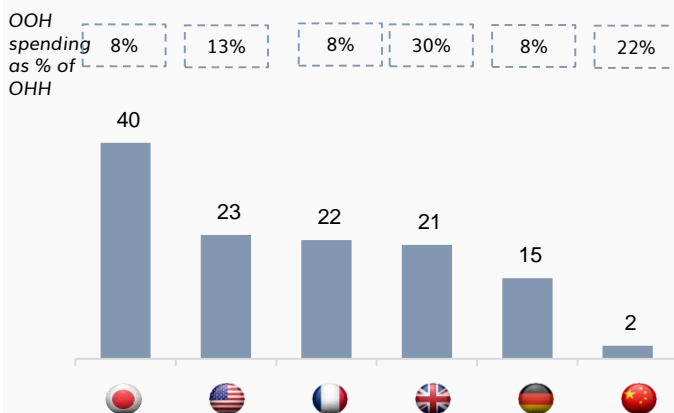


Exhibit 1
Total Country OOH Spending per Capita

Data in USD

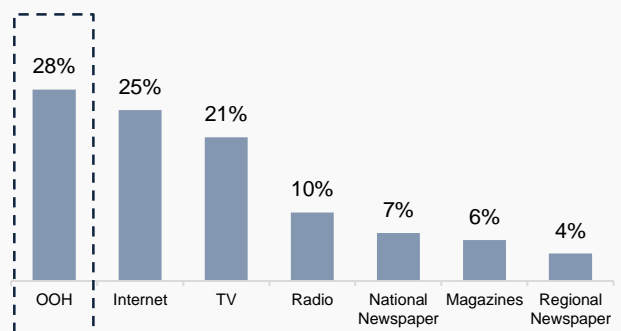


As of 2022
Source: OOH Association of American

Exhibit 2
% Reach of Different Media of Advertising

Data in %

OOH provides a higher % reach than other major media



As of 2022
Source: JCDecaux

SELECTED PUBLIC PLAYERS

STRÖER

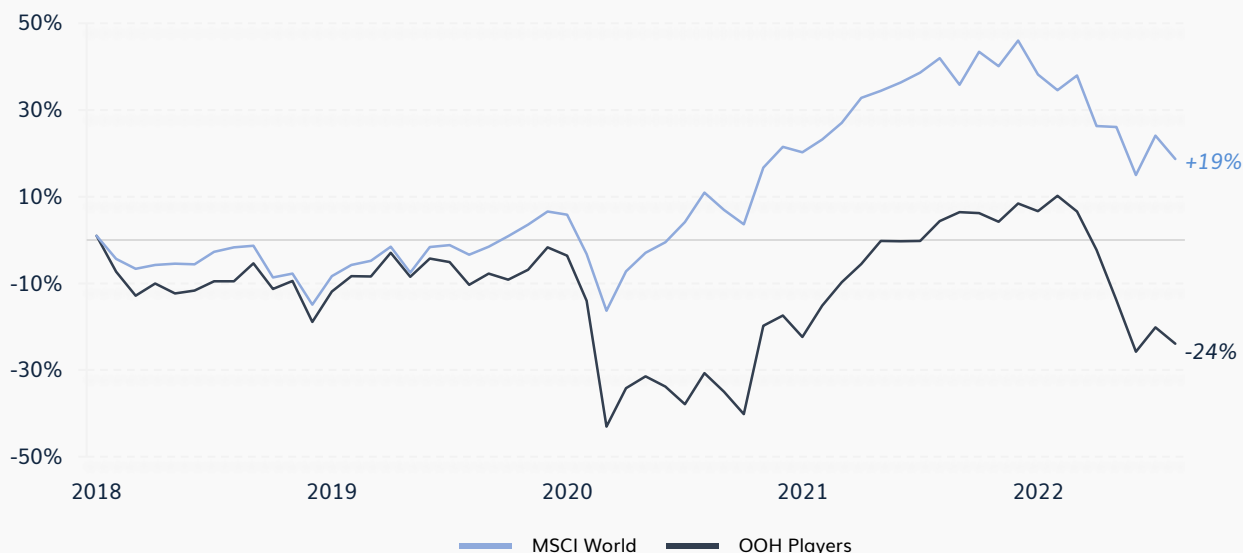
OUTFRONT



JCDecaux

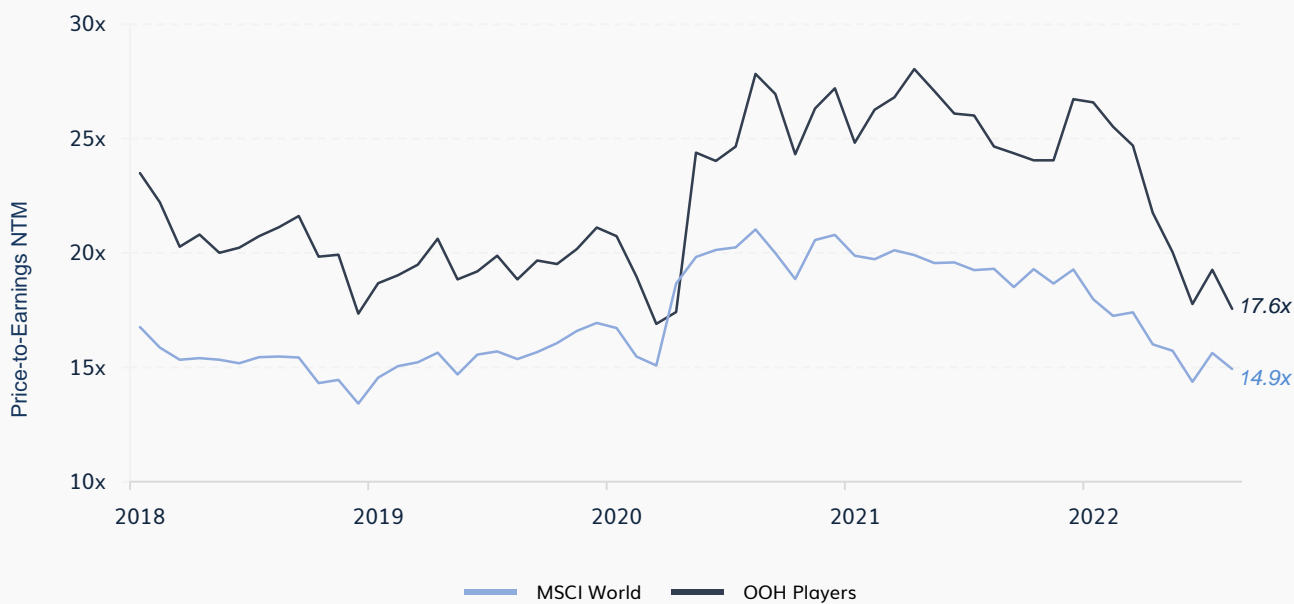


Sector Performance



As of 31/08/2022; Data normalized
Source: Bloomberg; Tendercapital Internal Analysis

Sector Valuation



As of 31/08/2022; Price-to-Earnings NTM
Source: Bloomberg; Tendercapital Internal Analysis

RELEVANT NEWSFLOW

Google Makes Out of Home Inventory Available in Display and Video 360 Campaigns

Source: Social Media Today

Date: August 25, 2022

Google has announced that all Display & Video 360 users will now be able to expand their campaigns to digital out-of-home ads, including screens in public places, like stadiums, airports, bus stops, shopping centers, elevators, taxis and more. As detailed by the same Google: "With digital out-of-home ads in Display & Video 360, brands can combine the emotional power and captivating formats of traditional out-of-home advertising with the efficiency of other digital channels. With a single plan, they can reach people on screens of all shapes and sizes, rapidly and efficiently". Marketers will be able to activate, pause, and optimize digital out-of-home campaigns in near real time, with a full overview of your online and outdoor promotional efforts.



UK's Ocean Outdoor inks \$580 million buyout deal with top shareholder

Source: Reuters

Date: May 3, 2022

British digital advertising operator Ocean Outdoor Ltd said on Tuesday that its largest shareholder Atairos would buy the remaining shares it does not already own in a deal that valued the company at about \$580 million. Atoll Bidco, a unit of private investment company Atairos, will pay \$10.40 per share in cash to shareholders, the London-listed company said.



Vistar Media Secures \$30M Series B Investment from Lamar Advertising Company

Source: Business Wire

Date: July 12, 2021

Vistar Media, the leading global provider of programmatic technology for digital out-of-home, today announced a Series B funding round of \$30M from Lamar Advertising Company. The investment reflects Lamar and Vistar's belief that technology will be the driving factor behind an accelerated growth rate for the out-of-home (OOH) industry at large. With the adoption of programmatic now widespread, Vistar is focused on helping digital signage networks transition beyond automation to true revenue management, while enabling buyers to leverage data to drive all media decisions and prove ROI through accurate measurement toward all KPIs.



Ströer Extends Partnership with Hivestack

Source: Exchange Wire

Date: March 23, 2021

Hivestack, one of the world's leading programmatic digital out-of-home (DOOH) ad tech companies, and Ströer Group, the leading German provider of out-of-home media (OOH), have extended their partnership. The new agreement will see Ströer continue to utilise Hivestack's Ad Server, SSP and Storefront products for an extended period of four years. The strength of Hivestack's Ad Server allows media owners to optimise their inventory distribution and create a new stream of revenue from selling impressions and audiences in the same fashion as other digital channels.



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