Digital Out-of-Home

What is Digital Out-of-Home Advertising?

Digital out-of-home (DOOH) advertising includes any messaging to consumers found outside the home, in a public environment, that is dynamically and digitally displayed. Technology has enabled the digitization of outdoor screens and a host of new geofencing, tracking, retargeting, personalization and measurement capabilities that increase the impact and effectiveness of out-of-home advertising.

The most popular types of digital out-of-home ads are large format, place-based and point-of-purchase:

- **Large format** media includes digital billboards such as those seen in Times Square, along major highways, in bus shelters and across some sidewalk displays. Large format screens offer marketers the opportunity to feature creatives that change every few seconds and drive upper funnel metrics, such as product and brand awareness.

- **Place-Based** media, while not as flashy as billboards, are how most of DOOH advertising is presented. Place-based media is typically found in malls, gyms, gas stations, restaurants, bars, universities and other locations where consumers regularly spend time. Place-based media is used by marketers who want to execute a tailored creative experience that capitalizes on the time and attention that these leisure environments tend to command.

- Within place-based media, **Point-of-Purchase** ads are distinguished by their placement inside a retail location or proximity to a payment terminal. Point-of-payment media typically exist to reach customers and influence purchase decisions while they're in store and closest to purchase decision.
The Second Rise of Digital Out-of-Home

Digital out-of-home is one of the few mediums that is experiencing its second surge in popularity among advertisers in recent years. Excitement around DOOH was on the rise until 2020 when pandemic stay-at-home orders sharply curbed the need for nearly all out-of-home investments. Fast forward, as the public returns to normalcy, DOOH is retaking its stake of media budgets.

- Out-of-home ad spending was the hardest-hit sector during 2020, with DOOH seeing a $1B+ drop in ad spend.
- As of 2022, DOOH's share of the total out-of-home market is between 35% and 40%.
- The global market for DOOH is projected to reach US$24.9 Billion by 2024. The US represents the largest regional market for DOOH, accounting for an estimated 32.2% share of the global total.

### Digital Out-of-Home Ad Spending

US, 2018-2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Billions</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$2.33</td>
<td>16.6%</td>
</tr>
<tr>
<td>2019</td>
<td>$2.68</td>
<td>14.9%</td>
</tr>
<tr>
<td>2020</td>
<td>$1.58</td>
<td>-41%</td>
</tr>
<tr>
<td>2021</td>
<td>$2.06</td>
<td>30.3%</td>
</tr>
<tr>
<td>2022</td>
<td>$2.64</td>
<td>28.2%</td>
</tr>
</tbody>
</table>

Source: eMarketer 2022 & Business Wire

### Programmatic Impact on DOOH

Programmatic selling of DOOH inventory has been one of the primary drivers of its post-pandemic rise.

- Programmatic digital out of home offers marketers the flexibility and agility to pause and push schedules, and relocate campaigns to locations where intended audiences exist.
- Programmatic buying represents around 3% to 5% of total digital out of home inventory.
- In addition to offering massive scale and measurability, programmatic DOOH avoids the bot fraud, viewability and lack of precision other channels face.
DOOH Considerations

Digital out-of-home is continuing to grow its stake in the advertising mix but faces challenges not commonly traversed by other new and emerging channels.

- **Pricing:** Pricing metrics for DOOH are complicated, especially on the programmatic ad-buying side. Programmatic campaigns are typically priced on a one-to-one impression basis which is a challenge for a DOOH ad that can be seen by thousands of people at any given time. Most DSP and SSPs use an impression multiplier approach to convert a one-to-many media channel to be transactable via a one-to-one impression-based pricing model. Those impression multipliers are then generated and communicated in the bidstream.

- **Targeting & Measurement:** DOOH ads operate in a one-to-many environment which makes targeting individuals a challenge and reaching a certain, broader demographic more of a reality. On the other hand, this does make DOOH one of the few channels that will not be impacted by the deprecation of cookies.

- **Ad Delivery:** Location and time of day factors limit the real-time delivery of DOOH ads. DOOH ads sometimes require manual review and approval for quality based on the sensitivity of the time and place where the ad is being delivered. For example, extra steps are required to ensure age appropriate ads are being displayed near schools or shops with younger patrons. Screens are also sometimes shut off during off business hours which can create challenging pockets of ad delivery times when it comes to reporting.

---

DOOH Opportunities & Intricacies

With the help of evolving technology and artificial intelligence, DOOH offers a new level of personalized advertising that was previously thought not possible.

- Facial recognition technology is enabling brands to add sentiments, motivation and evoke emotions to creative execution in real time. For example, a popular coffee brand deployed a DOOH advertising campaign at a busy airport using a kiosk camera to detect the yawns of individuals. One yawn in front of the ad kiosk and a freshly brewed cup of coffee would appear, free of cost.

- Techniques such as face analysis, narrowcasting to a more specialized audience, and behavioral detection, are other opportunities distinct to DOOH. In another example, these techniques provided real time analysis to execute dynamic content to the audience to not only attract but also keep the attention of passers-by.