

OOH Growth Continues Amid Traditional Media Declines

OOH (+1.2%) and digital media (+18%) were the only core media channels to grow in 2017, as total core media (excluding elections and cyclical events) produced an increase of 4.5 percent. All other traditional media continued their downward trend and, as projected, OOH overcame magazines in total revenue and market share.

2017: 8 Consecutive Years of Growth

OOH ad revenue rose 1.2 percent to a record \$7.7 billion and extended its growth streak to 31 consecutive quarters. The growth was led by an 8.8 percent increase in Financial Services, followed by Miscellaneous Local Services & Amusements (+5.8%), Media & Advertising (+3.4%), Government, Politics and Organizations (+2.7%) and Restaurants (+0.3%).

Digital Billboards, Transit Drive Growth

Digital billboards now total a record 7,800 faces and posted the highest increase of all segments within the four primary OOH categories (billboards, street furniture, transit, place-based). Digital billboards also accounted for over 21 percent of the billboard category. Transit was the fastest growing category posting an increase of 3.7 percent. Both MAGNA and WARC estimate digital OOH represented over 22 percent of total OOH in 2017.

OOH Share Remains Steady

In the past decade all traditional media shares have declined significantly, except OOH, which has remained steady in the 4 percent range, ending 2017 at 4.2 percent. From 2007 to 2017, TV shrank from 33.9 to 31.2 percent, print from 37.4 to 7.5 percent, and radio from 12 to 6.8 percent. MAGNA projects OOH will continue to hold over 4 percent share through at least 2022.

The explosive growth of digital media led to another record year achieving 45.8 percent of ad spend in 2017. In the past decade, digital's share has almost quadrupled, but the real story is mobile.

Mobile advertising now represents almost 60 percent of digital advertising and almost 30 percent of total advertising in the US.

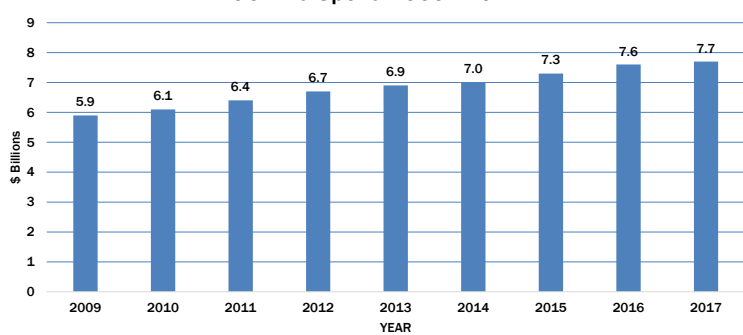
OOH, Tech Marriage Continues

The technology and digital sectors continue to invest heavily in OOH with nearly one-quarter of the 2017 MegaBrands OOH top 100 coming from these sectors. Four of the top 10 OOH advertisers are Amazon, Apple, Google, and Verizon. Netflix is number 11, and recently made a bid to purchase a major OOH company in Los Angeles.

Government, Political Ad Opportunities

2017 tied 2016 with record spend in the government, politics, and organizations category at \$244 million. 2018 offers sizable political ad revenue growth opportunities for OOH given the competitive nature of many local races across the country, along with the leap in spending by political action committees. State and local races are always the largest component of the political OOH sales segment. Looking back to the past two cycles of even-year political spend, 2016 increased 20 percent over 2014, reinforcing the opportunity 2018 offers.

OOH Ad Spend 2009 - 2017



Source: OAAA

Research Validates OOH Media Choice

Phase two of [Benchmarking's ROI/media mix optimization research](#), released at this week's Geopath/OAAA OOH media conference, recommends higher OOH allocations of 9 to 17 percent versus the current average allocation of 4.3 percent. Benchmarking's econometric model is designed to produce the media mix that optimizes media investment. Nielsen's 2017 OOH online activation study revealed OOH was the number one channel in efficiency at driving search, Facebook, Twitter and Instagram activity, outperforming all traditional media and banner ads.

OOH's success continues to be rooted in its effectiveness, as demonstrated by OAAA's ongoing research initiatives, and its larger-than-life impact that reaches consumers at the most relevant moments. Sources: MAGNA, Kantar Media

Media Format	Growth Rate 2016	Growth Rate 2017	Projected Growth Rate 2018
OOH	3.1%	1.2%	2.1%
Total TV *	0.1%	-2.7%	-2.5%
Radio	-2.9%	-2.4%	-4.2%
Newspaper	-12.1%	-15.4%	-19.8%
Magazine	-8.7%	-13.4%	-15.5%
Total Traditional Media	-2.4%	-4.7%	-5.1%
OOH Variance to Total Traditional Media	+5.5%	+5.8%	+7.2%
Digital Media (search, display, video, social, mobile)	20.4%	18.1%	14.3%
Total Core Media	5.7%	4.5%	3.7%

Source: MAGNA March 2018

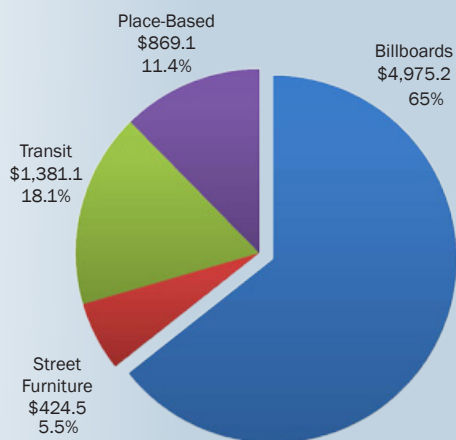
*Excludes cyclical events such as political, Olympics

OOH 2017 Revenue by Format

The four major categories of OOH advertising and their respective share of 2017 revenue are: billboards (65%), transit (18%), place-based (11%), and street furniture (6%). The transit category posted the greatest increase over 2016, while digital billboards led the growth of all segments within the four categories.

The OOH industry is a nationwide network of media companies represented across the four major OOH categories. These companies range from large, multinational media corporations to small, independent family-owned businesses.

2017 Total OOH Revenue: \$7.7 Billion



Note: Figures in millions. Source: OAAA

2017 Top 10 OOH Categories

Industry Categories

2017

Local Services & Amusements	\$1,721,209.9
Retail	\$772,632.0
Media & Advertising	\$680,834.1
Restaurants	\$581,386.5
Public Trans., Hotels & Resorts	\$527,837.7
Financial	\$466,639.1
Insurance & Real Estate	\$397,791.0
Government, Politics, Orgs	\$397,790.4
Automotive Dealers & Services	\$321,292.5
Communications	\$290,693.2

Note: Figures in thousands. Source: Kantar Media, OAAA

2017 Top 10 in OOH Spending

Advertiser

1. McDonalds Restaurant
2. Apple
3. Geico
4. American Express
5. Google
6. Amazon
7. Coca-Cola
8. HBO
9. Verizon
10. Chevrolet

Parent Company

1. Comcast Corp
2. Time Warner Inc
3. McDonald's Corp
4. Apple Inc
5. Berkshire Hathaway Inc
6. Walt Disney Co
7. American Express Co
8. Alphabet Inc
9. Coca-Cola Co
10. 21st Century Fox Inc

Source: Kantar Media

2017 Top 10 OOH Account Increases by \$

Advertiser	2017 Ad Spend (000)	\$ Increase over 2016
Google	\$44,887.9	\$26,485.4
American Express	\$51,444.5	\$18,009.6
Amazon	\$36,978.1	\$15,188.2
Barclays	\$15,261.6	\$14,953.3
Toyota	\$22,126.9	\$13,941.0
Netflix	\$29,161.0	\$11,533.1
State Farm	\$26,584.4	\$10,148.6
Coca-Cola	\$35,998.6	\$9,849.2
United Airlines	\$21,684.3	\$9,620.8
Hyundai	\$11,796.9	\$8,932.8

Source: Kantar Media

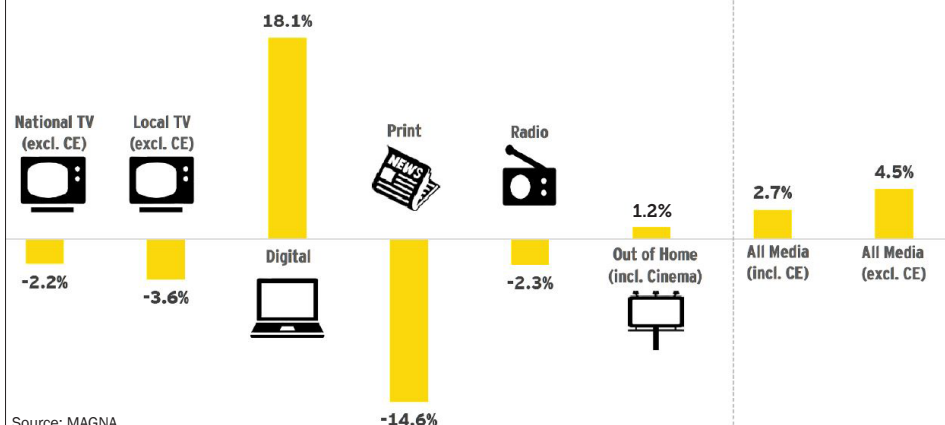
2017 Top 15 OOH Account Increases by %

Advertiser	2017 Ad Spend (000)	Increase Over 2016 (000)
Katy Perry Event	7,846.5	7,846,500.0%
Barclays	15,261.6	4,950.2%
Volkswagen	5,700.1	3,619.1%
Zoom Video Communications	6,443.4	637.1%
Hyundai	11,796.9	411.9%
Mattress Firm Store	5,706.9	324.9%
General Motors	10,324.8	295.5%
Toyota	22,126.9	270.3%
Google	44,887.9	243.9%
Hilton Hotel/Resort	5,392.3	216.9%
Nissan	9,352.5	204.9%
Progressive	10,856	200.7%
US Army	7,557.7	193.8%
United Airlines	21,684.3	179.8%
Amazon	36,978.1	169.7%

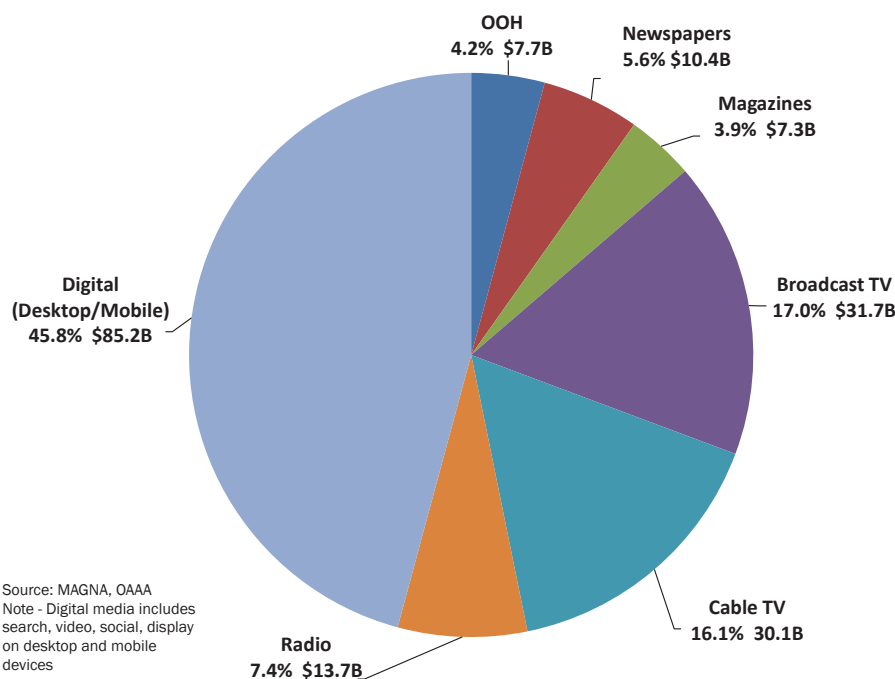
Source: Kantar Media

OOH's Solid Performance in Total Media Landscape

2017 FULL YEAR GROWTH



OOH Share of Overall Media Spend - 2017



NUMBER OF OUT OF HOME DISPLAYS (2018)

BILLBOARDS	STREET FURNITURE	TRANSIT	PLACE-BASED OOH
Bulletins 152,367 Digital Billboards 7,800 Posters 154,291 Junior Posters 23,422 Wall Murals 4,029	Bus Shelters 60,897 Urban Furniture 32,122 Bus Benches Newsracks Newsstands Phone Kiosks Digital Furniture 4,029	Airports 68,560 Buses 1.01 million Rail / Subway 364,785 Digital Transit 3,760 Mobile Billboards 1,200 Taxis/ Vehicles 46,194 Truckside 2,732	Arena & Stadiums 1,352 Cinema 34,350 Digital Place-based 1.25 million Interior Place-based Convenience Stores Health Clubs Restaurants/Bars Exterior Place-based Airborne Marine Resorts & Leisure Shopping Malls 30,532

MegaBrands 2017

The [2017 MegaBrands](#) report is now available. The report reviews the top 100 OOH advertisers and top 100 total media advertisers, along with their ad spend by media channel, and ad agency listings. MegaBrands also includes a comprehensive list of all agencies for each of the Top 100 advertisers.

Of the top 100 OOH advertisers in 2017, 64 had increases in OOH spend equal or greater to the industry increase of 1.2 percent.

McDonalds and Apple retained the top two positions for the fifth consecutive year, while McDonalds has held the top spot since 1999.

Recognizing the powerful capacity of OOH, the technology and digital sectors continues to invest heavily in OOH. Almost one-quarter of the OOH top 100 were from the technology and digital sectors.

A dozen advertisers more than doubled their OOH investment in 2017. This list included Google, Hilton Hotels and Resorts, Hyundai, Katy Perry, Nissan, Progressive, Toyota, Volkswagen and Zoom Communications.

One-fifth of the companies appearing in the 2017 top 100 were not in the 2016 list including: Alaska Airlines, Barclay's, Boost Mobile, California State Lottery, Chanel, General Motors, Heineken, Hyundai, Kaiser Permanente, Mastercard, Mattress Firm Store, Morgan & Morgan Attorneys, Nissan, Progressive, Texas State Lottery, US Army, Volkswagen, Wendy's, and Zoom Video Communications.

Additional resources to assist with ad spend analysis and prospecting include:

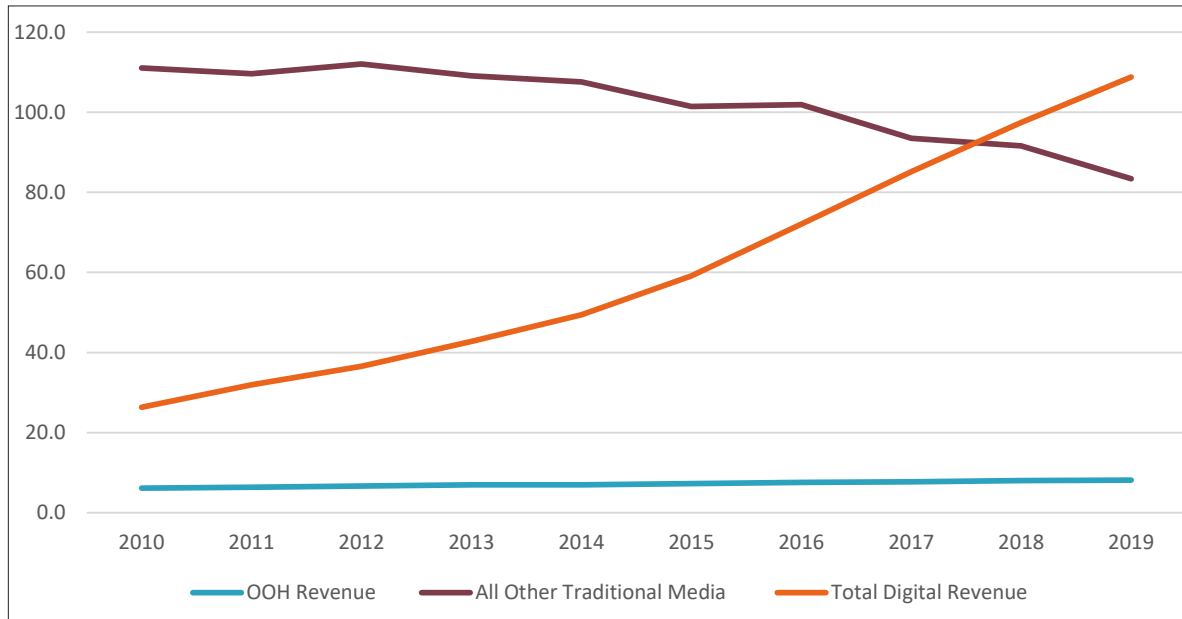
[2017 Local Ad Spend by Market and Media Channel](#) (top 102 markets)

[2017 Product Category Ad Spend by Month](#)

[2017 Product Category Ad Spend by Media Channel](#)

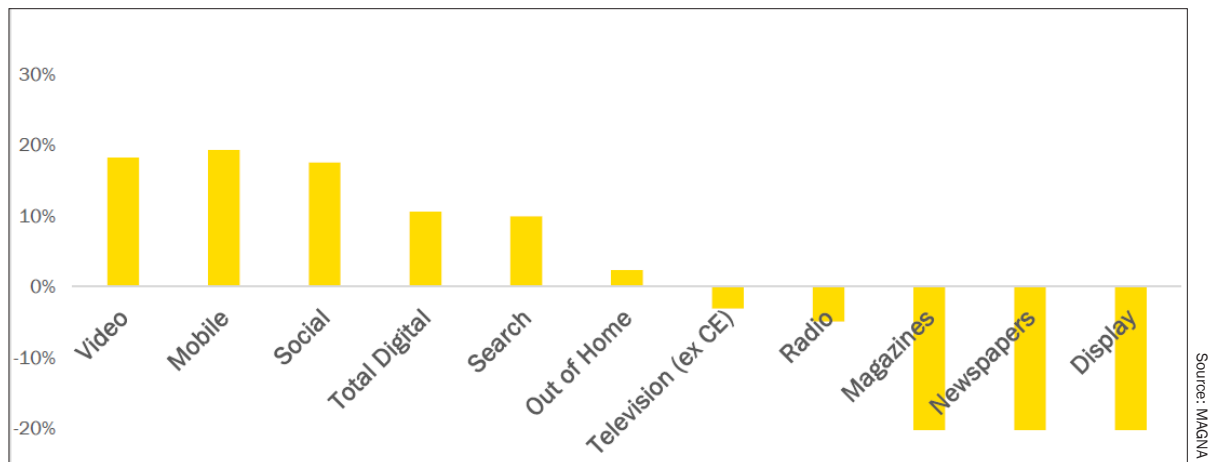
US Ad Spend 2010 - 2019

(billions)

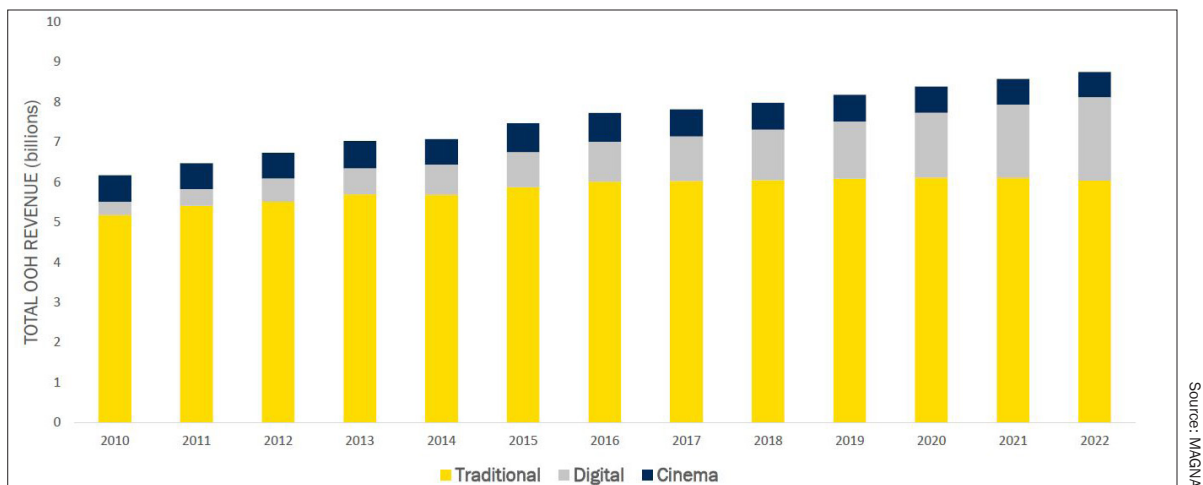


5-year Compounded Annual Growth Rate Projection

(2017 - 2022)



OOH: Consistent, Steady Growth Through 2022



Top Ad Spend Markets

2017 Top 50 Markets Overall Ad Spend

Rank	Market
1	New York
2	Los Angeles
3	Chicago
4	Dallas
5	San Francisco
6	Houston
7	Washington, DC
8	Philadelphia
9	Miami
10	Boston
11	Atlanta
12	Phoenix
13	San Diego
14	Tampa
15	Denver
16	Minneapolis
17	Orlando
18	Seattle
19	Detroit
20	Cleveland
21	Las Vegas
22	San Antonio
23	St. Louis
24	Sacramento
25	Baltimore
26	Pittsburgh
27	Hartford
28	Salt Lake City
29	Indianapolis
30	Portland, OR
31	Cincinnati
32	Charlotte
33	Austin
34	West Palm Beach
35	Milwaukee
36	Raleigh
37	Columbus
38	Greenville, SC
39	Kansas City
40	Nashville
41	Providence
42	Oklahoma City
43	Norfolk
44	Jacksonville
45	Buffalo
46	Rochester
47	Memphis
48	Albany
49	New Orleans
50	Louisville

Source: Kantar Media

2017 Top 50 OOH Markets by Ad Spend

Market	OOH Ad Spend (000)
New York	\$748,380.6
Los Angeles	\$481,095.7
Chicago	\$232,425.3
San Francisco	\$200,901.3
Dallas	\$146,726.7
Philadelphia	\$139,186.9
Atlanta	\$134,146.5
Miami	\$133,279.7
Boston	\$122,284.6
Houston	\$113,603.6
Washington, DC	\$113,035.3
Orlando	\$104,978.9
Tampa	\$74,057.9
Minneapolis	\$69,538.6
Las Vegas	\$68,965.0
Phoenix	\$65,259.8
Salt Lake City	\$57,827.5
Detroit	\$57,397.0
Seattle	\$55,203.5
San Diego	\$45,201.9
Denver	\$42,893.7
Nashville	\$41,813.5
Sacramento	\$39,136.3
Indianapolis	\$36,734.1
Austin	\$36,549.1
Pittsburgh	\$36,108.5
San Antonio	\$35,464.1
Hartford	\$34,663.8
Charlotte	\$32,263.5
St Louis	\$31,546.4
Milwaukee	\$30,530.4
New Orleans	\$30,259.6
Cleveland	\$29,842.3
Kansas City	\$28,583.3
Grand Rapids	\$27,799.8
Greenville, SC	\$26,777.4
Harrisburg	\$25,916.9
Jacksonville	\$25,379.5
Mobile	\$24,999.8
Birmingham	\$24,439.1
Richmond	\$21,069.4
Columbus, OH	\$20,218.9
Oklahoma City	\$19,759.0
Madison	\$19,623.1
Portland, OR	\$18,700.3
Cincinnati	\$17,705.2
Memphis	\$17,615.2
Louisville	\$17,161.9
Providence	\$17,088.5
Wilkes Barre	\$17,073.6

Source: Kantar Media. Note: Kantar under-reports OOH spend by approx. 35% so figures are not actual.

2017 Top 50 OOH Markets by OOH Share of Local Ad Spend

Market	OOH % of Local Market Ad Spend
Madison	26.2
Flint	24.5
Mobile	24.1
Grand Rapids	23.3
Cedar Rapids	23.3
Huntsville	23.1
New York	22.6
Champaign	21.7
Waco	21.1
Nashville	21.0
Harrisburg	20.7
Columbia, SC	20.4
New Orleans	20.3
Spokane	20.1
Johnstown	20.1
Jackson, MS	20.0
Birmingham	19.8
Evansville	18.9
Wilkes Barre	18.6
Salt Lake City	18.4
Baton Rouge	18.1
Orlando	17.5
Richmond	17.4
Los Angeles	17.2
Shreveport	17.2
Savannah	16.8
Toledo	16.5
San Francisco	16.2
Las Vegas	16.0
El Paso	15.9
Knoxville	14.7
Atlanta	14.4
Austin	14.3
Kansas City	14.3
Tucson	14.1
Lexington	14.1
Milwaukee	13.8
Green Bay	13.7
Youngstown	13.7
Jacksonville	13.5
Albuquerque	13.4
Roanoke	13.4
Boston	13.1
Greenville, SC	13.0
Des Moines	12.9
Greensboro	12.8
Philadelphia	12.6
Springfield, MO	12.6
Colorado Springs	12.4
Miami	12.2

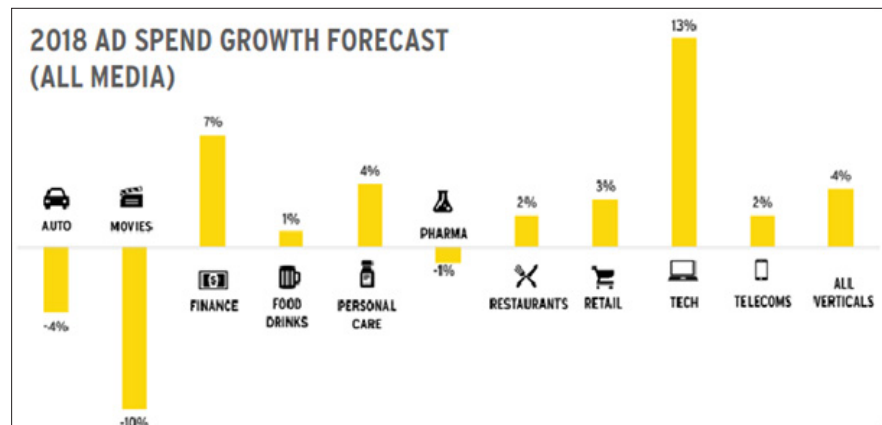
Source: Kantar Media

General Ad Market Trends

In its March US advertising forecast, MAGNA observed two important patterns emerging in the advertising industry: the vertical divide and the growth paradox.

Vertical Divide

Verticals that traditionally display high usage of national TV (Movies, Pharma, Food/Drinks, Personal Care, Restaurants,) have remained mostly loyal to national linear television in 2017. Conversely, industries that already under-index national TV in their media mix (Technology, Retail, Telecom, Finance, Travel) have further reduced the share of national TV in their investment, and most of these were growth categories for OOH in 2017.



Source: MAGNA

Growth Paradox

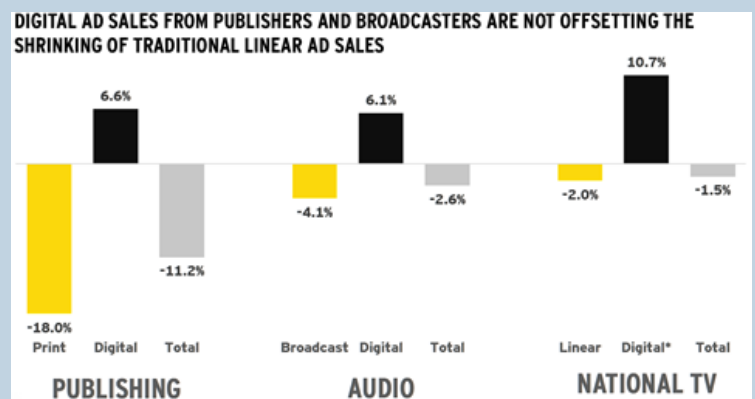
The ad market that grew modestly in 2017 is part of a macro economic environment that is one of the best in the last 20 years. Historical statistical models suggest ad spending should be much higher in this type of economic environment. The explanation for the paradox is that US consumers are indeed spending their growing disposable income but not primarily in products and services that re-invest a high proportion of their revenues in advertising (CPG, Food, QSR, Personal Care, Automotive, which dedicate 4 to 10 percent of their revenues to advertising). Instead, consumers have increased spend on tech products, travel, home improvement, and financial products, which typically dedicate a much smaller share of their revenues to advertising (1% to 3%). In addition, within every vertical, high-end or niche products/services are the ones benefiting from the expansion of consumption, not low-end commoditized products, and these niche entities typically dedicate much less to advertising than mass products and large chains.

Auto Category

The important automotive category is distinct. Car sales declined 3 percent in 2017 after eight years of continued growth. The market is still healthy with an all-time high of 17 million vehicles, but marketers and dealers choose to support incentives rather than increase media spend in what appears to be a saturated market. Hence, a modest dip in car sales led to massive cuts in auto ad spend in 2017.

Competitive Media: Digital Sales Not Offsetting Offline Losses

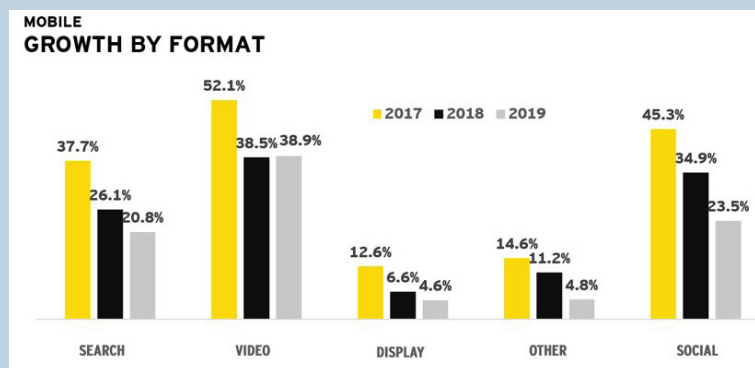
Print ad sales have been decreasing for the last ten straight years due to the erosion of readership and the competition of digital media, but there has been an acceleration in the rate of decline of print ad revenues starting in early 2017. While digital ad sales are now 28 percent of total print ad revenues, they still don't offset legacy print business. Combining the "paper" ad sales and digital revenues will still produce an 11 percent decrease in total print ad revenues for 2018.



Source: MAGNA

Competitive Media: Mobile Growth by Format, Video Leads the Way

While mobile accounted for almost 60 percent of total digital advertising in 2017, its trajectory will continue. Mobile is now almost 30 percent of total advertising in the US, but by 2022 it will account for half of all ad sales. This trend holds opportunity for OOH due to its convergent nature with mobile users as big screens drive consumers to small screens. The [OOH and Today's Mobile Consumer](#) study highlights the strong connection between OOH viewers and consumers using mobile devices.



Source: MAGNA