

# Digital Out of Home rejuvenates the market

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The Out of Home environment has remained dynamic and exhilarating throughout the substantial changes that have been seen within the broader marketing environment over the last couple of years. We did see a shift in the 2014/2015 period and it proved to be a catalyst of change within the industry. For the first time, static Out of Home started reflecting negative growth.



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This was however more than compensated for by the rapid growth of Digital Out of Home. This did not signal the end of the Out of Home market, but rather, a rejuvenation. The industry as a whole has shown consistent growth with the OOH industry in South Africa valued at R4.2 billion in 2015. Digital accounted for 22% of the total industry, compared to less than one half of a percent a mere four years prior.

The overall OOH growth represents a CAGR of 2.6%. Impressive when we consider that newspapers and magazines have shown substantial declines in advertising revenue.

The current PWC estimates are that our industry will be worth R4.8 billion in 2020, reinforcing South Africa's position as the largest OOH market on the African continent. It is clear that the continued growth will be spurred on by digital – expected to grow at a CAGR of 13.75%. It is estimated that it will be worth R1.8 billion by 2020 – 37% of the total OOH market. (Source: PWC Media and Entertainment Outlook 2016).

But clearly digital is not the only space that will change. It is a key component for OOH media companies, but there are many other areas we need to look at. Areas that have impact on the broader OOH environment as we look to the future of the industry.

## **Credible research**

The provision of credible efficacy research is crucial and the launch of the Outdoor Measurement Council (OMC) will fuel OOH media growth. OMC has received broad-based market acceptance, which is key. No longer will there be questions unanswered about the true value of OOH as information will be drilled down to its essence, providing statistics for a specific site on a particular stretch of road, for example.

## **Media agency consolidation**

Media Agencies and centralised media buying has most certainly consolidated and it is therefore the trend for smaller agencies to become part of a sizeable media organisation that controls and offers a large part of the marketing value chain.

## **Regulation**

We will see increased regulation with regards to OOH media in the coming months. While it has been a substantially challenging regulatory environment for some time, we see a substantial shift coming, particularly attributable to the recent election results.

## **Infrastructure**

Worldwide, OOH develops and benefits from substantial infrastructural investment, and this is no different in South Africa. Major projects and further development of existing networks will create greater opportunities and growth for OOH media. These projects include the likes of the BRT and its expansion.

## **Social media**

Rather than detract, Social Media is seen as being a further enabler and growth driver for the OOH industry. We will see increased integration of social and mobile platforms with OOH offerings and campaigns, leading to increased efficacy in campaign ROI.

## **Value exchange**

In order to cope with mass urbanisation and service delivery, SMART cities will be looking for 'value exchange partnerships'. It is the OOH media companies that are best positioned to assist, and this will provide for increased opportunities.

## **Industry consolidation**

Currently we have in excess of 150 OOH media owners in the country. There have been limited levels of consolidation, but going forward, we see this continuing to the extent that there will eventually be three large diversified OOH companies in Sub-Saharan Africa.

These are the key trends that are likely to affect the broader industry as we enter a period of slower growth within a more mature market. Rising above all, however, are measurement and regulation. These areas remain the primary challenges facing the South African OOH industry.

## ABOUT THE AUTHOR

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