When more is less: Tackling oversaturation in the OOH industry

By Ben Harris , issued by Tractor Outdoor

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Inventory oversaturation is becoming a very real problem for the out of home (OOH) media industry. We're running out of space for new inventory in provinces that are typically in demand by advertisers, as well as high-footfall areas such as cities and other sought-after locations and iconic landmarks.

The ripple effects of oversaturation



Ben Harris, managing director at Tractor Outdoor

Conversely, while oversaturation can drive prices up as the demand for prime real estate increases – which comes with its own set of problems – it can also have the opposite effect, by forcing prices downwards.

Seem contradictory? I'll explain: when there are too many sites in a specific area, these sites will typically see lower occupancies. No media owner wants to be stuck with stock that no one wants to buy, as this can jeopardise other sites in their portfolio. This can often lead to a 'price war' as media owners drastically reduce their prices in a bid to sell their inventory, which not only devalues the stock but can impact the perception of value that the industry, as a whole, has to offer.

For landlords, oversaturation also has repercussions. If a site is let go due to lack of demand, the landlord will need to shop around for additional revenue that was previously brought in by the media owner, which puts them in a difficult position.

There are also sustainability concerns. With an oversupply of inventory, electrical consumption increases and more materials such as plastic and vinyl are used, which have an impact on the environment.

Oversaturation also makes it challenging for media buyers to review thousands of billboards — yet this is an important function, particularly from a regulatory and compliance perspective. Even in the case of digital out of home (DOOH), media schedules with single-site selection are becoming increasingly rare, due to the sheer volume of inventory.

Finally, for advertisers, it can also impact how well an advertisement resonates with audiences. As is the case with any other advertising medium, when there's too much noise, you risk consumers shutting down and becoming less receptive to your message.

What causes oversaturation?

There are many contributing factors, but one of the primary reasons is down to unscrupulous media owners not adhering to regulations that are there to protect the industry at large, without following the necessary protocols or obtaining approval.

In addition, certain amnesty periods, such as those implemented during the pandemic to assist the industry under pressure have opened the door for dubious companies to erect illegal signage. Furthermore, the passing of certain bylaws without widespread stakeholder buy-in can lead to an unfortunate situation that becomes adversarial in nature, rather than collaborative.

What can be done about it?

This is not a problem that can be solved overnight, but there are various ways we can start to tackle this as an industry.

Firstly, through compliance. We need to adhere to the bylaws; they're ultimately there for the protection of all of us. Working collaboratively with the councils and other stakeholders contributes to a more cohesive OOH industry, ultimately reducing the issue of oversaturation.

Finally, we can start getting more creative about how we select our inventory and more strategic in how we engage our target audiences. As space becomes a commodity in metros, we anticipate that smaller towns, suburbs and other areas of interest will begin to attract more advertising interest. While outer-lying areas might not see huge numbers of consumers, they can still provide incredible reach as well as the opportunity to be highly targeted in our advertising, thus reducing wastage.

Our landscape is ever-evolving in terms of new developments, landscape changes and growth. Media owners need to be both strategic and creative in their thinking, bringing new offerings and ideas to the table that will deliver genuine ROI to clients, while being sensitive and tuned in to the needs of *all* stakeholders.

ABOUT THE AUTHOR

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