



Out-of-Home Advertising and the Retail Industry

February 2011

Executive Summary

Introduction

As the economy is gradually improving and consumer confidence is improving, forward-thinking marketers are looking for new ways to revitalize 2011 sales, capitalize on technology innovations and market with diversified, impactful messages to consumers. Identifying the best marketing strategies requires an evaluation of the fit of available marketing vehicles for the products being offered and consumer segments being targeted, in essence, an optimal marketing mix. An optimal marketing mix delivers the right message in the right place at the right time with the appropriate vehicles and results in maximizing the sales lift from a firm's total marketing spend.

According to a new report from Clear Channel Outdoor, in conjunction with MarketShare, the leading cross-marketing optimization company, high impact digital innovations and geographic effectiveness of Out-of-Home advertising is linked to positive retail business results and illustrates why the medium is an integral component of a healthy marketing mix.

This new report entitled, "Out-of-Home Advertising and the Retail Industry," provides a comprehensive analysis into Out-of-Home's marketing benefits for the retail sector, which includes a broad, yet targeted reach to consumers on-the-go, tailored brand messages for precise geographic locations and an opportunity to strengthen brand image. The report also evaluates an ideal media mix, showcasing how OOH works synergistically with TV, radio, print, and online to increase sales, profit and return on investment (ROI), with decreasing total spend.

Key Takeaways

The main findings of this paper are that Out-of-Home is an impactful marketing vehicle that contributes growth for the retail sector and to a brand's overall advertising campaign effectiveness. Additionally, OOH offers a creative, interactive means to engage with consumers at a high impression frequency in desired locations, providing further value of OOH advertising.

Amongst the other key findings:

- A. OOH allows retail marketers to connect with consumers while they are on the go by capturing their attention outdoors, close to retail locations;
- B. Marketers are also able to tailor their messages for specific geographic locations by varying their OOH advertisement for each local market;
- C. OOH allows retailers to strengthen their brand awareness by advertising their logo or striking images that evoke the brand;
- D. The most effective approach to utilizing OOH is through a coordinated, multiplatform media campaign, especially capitalizing on the interaction between TV and radio and OOH;
- E. New digital outdoor advertising allows retailers the ability to change their creative more frequently for campaigns, events, etc., in addition to being able to react to market activities in a timely manner.

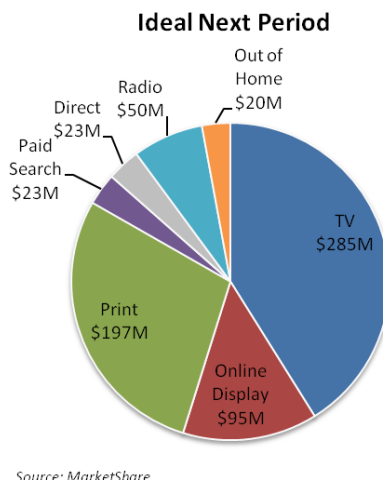
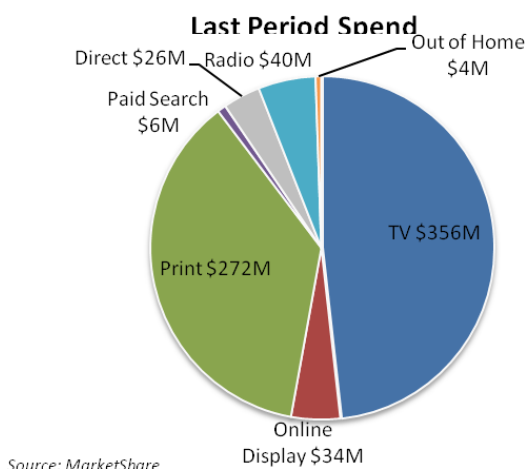
MarketShare previously released an in-depth analysis of the value of OOH advertising when used in combination with other media in the “How Out-of-Home Advertising Works” report, released in October 2010.

Big Box Retail: Case Study

For this report, MarketShare developed a typical case scenario for a mature Big Box retailer based on actual data and learnings from MarketShare Planner. MarketShare Planner is a web-based expert system that furnishes marketing effectiveness analytics, which provides insight into OOH as an effective vehicle for marketers in the retail industry.

The case example shows how OOH is underspent relative to its influence and the incremental sales resulting from an increase in OOH spend is greater than what would be experienced with other marketing media.

OOH advertising is known to reinforce brand messaging that a consumer has seen or will see in other media. In fact, a schedule of branded OOH ads can work in conjunction with other media to make the entire campaign more effective in reaching the consumer and driving sales. Moreover, in this case, the recommended OOH allocation is a five-fold increase going from \$4 million to \$20 million.



Our Methodological Approach

MarketShare is an analytics company that focuses on empowering brands in their demand generation investment decisions. MarketShare utilized CompassSM, a marketing analytics expert system developed by marketing scientists, practitioners, and agency executives, and its library of real-world marketing impacts and models, as well as the marketing effectiveness analytics that the company has conducted over the years, to provide insights into how Out of Home advertising provides benefits to brand marketers and the role it plays in an optimal marketing mix.

Conclusion

Out-of-Home is an effective marketing medium for the retail industry. When marketers are evaluating their brand's optimal marketing mix, it is important for them to consider the strength of OOH's effectiveness, its synergistic impact on other marketing vehicles and the strength it provides to brand messaging and calls to actions.

Consideration of these findings will hopefully lead marketers to contemplate a number of questions when reviewing their advertising plans:

- How much benefit will we achieve by shifting (incremental) marketing dollars to OOH?
- Are we spending enough money on Out of Home advertising for our product?
- Are we considering the benefit of including OOH in the marketing mix with all of our other marketing vehicles?
- Are we considering the responsiveness of different geographic markets to our products and advertising when we plan where to focus our advertising spending?
- Are we coordinating our OOH advertising efforts with our television campaigns?
- If we have a call to action campaign, are we supporting our marketing efforts with an OOH campaign that reinforces the radio advertising?

Marketers should also recognize that as the factors impacting the effectiveness of their marketing efforts change – including the category market, the economy, competition, product attributes and new product launches – it is important to dynamically reevaluate their brand's optimal marketing mix and reallocate as is warranted.



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