

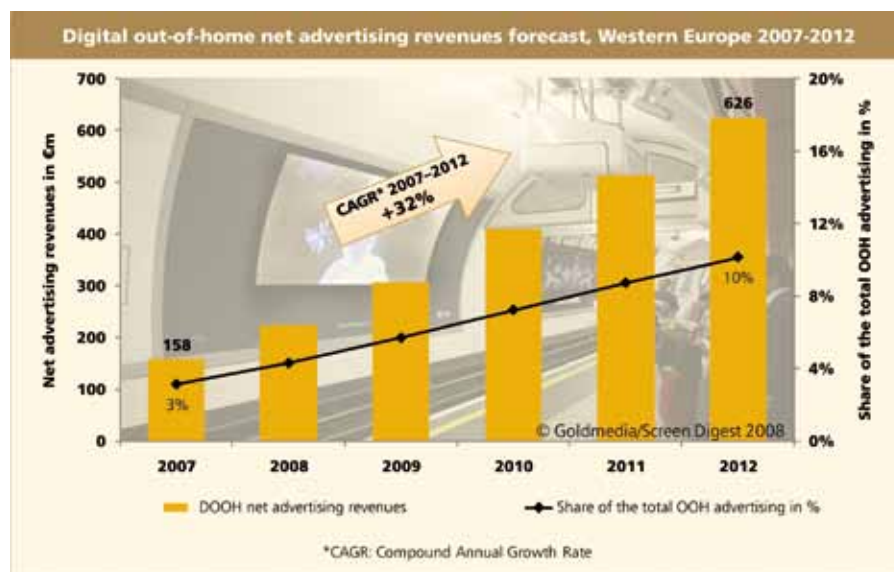
Digital signage ad revenues set to quadruple by 2012

Goldmedia/Screen Digest Report Bullish on Near Future of OOH Digital Media

In contrast to pure, ad hoc, ambient media formats, digital formats have the potential to become one of the leading out-of-home (OOH) advertising typical standard formats in the future. Following is an extract from Goldmedia and Screen Digest's latest report on the sector: "Digital Signage in Europe".



GOLD MEDIA



The number of digital out-of-home networks has dramatically increased over the past months, mostly because of the decreasing hardware costs: large flat-panel screen prices have dropped in recent years, as well as costs for data distribution and data storage. With a constantly growing number of networks and by replacing the classical billboard at various locations, digital signage will play an increasing and substantial role in the OOH media mix until 2012. After being very successful in the UK, digital out-of-home media (DOOH) is now gaining momentum in other Western European countries. Goldmedia and Screen Digest forecast in the collaborative report "Digital Signage in Europe – The opportunities for digital out-of-home advertising" that digital out-of-home net advertising revenues in Western Europe will quadruple over the next years from €158m in 2007 to a

"Digital displays and the power of moving image allow for more creative and flexible advertising campaigns (...)"

forecast of €626m by 2012. This equals a compound annual growth rate (CAGR) of 32%. Today advertising on digital screens already accounts for approximately 4% of the total out-of-the-home media expenditure in Western Europe. By 2012 this share is expected to grow to approximately 10%. Driven by the growth in digital displays, out-of-home advertising revenues as a whole are expected to increase from over €5bn in 2007 to approximately €6.5bn in 2012. This growth will happen despite the sluggish advertising market in traditional media, including TV and the press. Digital formats are driving out-of-home advertising spending and revenues in three ways: more sites, more advertisers, and higher rates justified by a better efficiency. Digital displays and the power of moving image allow for more creative and flexible advertising campaigns that can generate higher return on investment. The most

attractive new digital sites, such as 'Digital Escalator Panels' and 'Cross Track Projection' recently installed in the London Underground network by CBS Outdoor UK can generate three to 10 times more revenue than static formats. The state of digital out-of-home media across Western Europe varies widely from country to country in terms of market penetration and volume as well as growth potential. With a 34% share of the European digital out-of-home advertising revenues and with bullish players and innovative digital formats, the UK is at the forefront of DOOH in Western Europe. In most other countries, the market for digital out-of-home media is undeveloped. In France, for example digital out-of-home media is rarely common and thus represents only 0.9% of the total French out-of-home expenditure. In UK on the other side digital already accounts for approx. 5% of out-of-home media. Compared to the United States and Asia, digital out-of-home media is under-developed in Europe. Growth of this new advertising medium is currently hindered by the lack of standardised audience measurement, the small reach of the current screen networks, and a reluctance of media-buying agencies and advertisers to use it. Nevertheless, there is no doubt that DOOH will enjoy a healthy take-off in European countries too as soon as major OOH contractors start investing, when the business models of earlier networks have been fine-tuned. Marcel Piopiunik – Consultant Goldmedia GmbH Media Consulting & Research

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