Supporting UK society:

The impact of the Out of Home advertising sector

in association with pwc

OUTSMART

Foreword

This new report shows that Out of Home (OOH) advertising directly supports services and infrastructure valued by the public. Specifically, the report reveals that over 40% of OOH revenues return to the UK economy through salaries, infrastructure, rates, rents and revenue shares.

The report reinforces the unique, if little recognised fact, that OOH virtuously supports brands, charities, councils and communities.

Based on a survey of OOH media owners representing 92% of industry revenue, OOH media owners have invested £1.1bn into installing and maintaining public infrastructure over the last 14 years. This infrastructure includes bus shelters, free telecommunications services and even lifesaving defibrillators.

OOH stands alone as a real-world, one-to-many media channel that is naturally inclusive and fully embraces and balances its responsibilities to both brands and the public.

Tim Lumb

Director of Outsmart

Introduction and methodology

Outsmart, the trade association representing the UK Out of Home (OOH) advertising industry, has commissioned PwC to produce a report summarising the positive impact that the UK OOH industry has on the economy and on society. This report is based on a survey sent to the UK Out of Home media owners. There have been 9 media owners who have responded to this study, collectively representing c.92% of 2021 OOH industry revenue. To estimate figures for the OOH industry, submissions have been scaled up based on revenue and panel count, to account for the remaining share of the market.

Not all media owners were able to provide a response to every question in the study. Therefore, the sample varies by question. However, it is scaled up where relevant to reflect the perspectives of the entire OOH industry.

This report is not a full economic study, nor an official audit measuring the total 'net' benefits to the UK economy. Statistics may include voluntary, contractual and legally required contributions. The report includes individual opinions collected as part of the survey process. As such, this report does not purport to represent the views of all participant companies. Additionally, 'indirect' or 'induced' impacts from investments in the sector on other companies, individuals or stakeholders are excluded from the findings.

Monetary values cited are based on gross, not net figures. PwC has also conducted 6 interviews with senior executives at leading OOH media owners.

Survey Participants

Council Members

Clear Channel

global

JCDecaux

OCEAN

Associate Members

Alight Media

BAYMEDIA
THE STREET DRESSING SPECIALISTS

blowUP media

MASS MEDIA

Wildstone

2021 saw the UK OOH sector contribute £411m to support public services, infrastructure, communities and employees

The UK OOH industry benefits society in three main areas:

1 Investment in public infrastructure

OOH Media owners:

Install and maintain public infrastructure (e.g. Bus shelters, phone boxes — including those that do not feature advertising), investing a total of c.**£89m**

Pay business rates of c.**£45m**, as well as rent, revenue and profit share of c.**£143m** to **public landlords**, which can be reinvested into public services

Invest in enhancing public infrastructure to provide extra benefits to society (e.g. Wi-Fi, LED lighting, public use defibrillators)

2 Broader contribution to the economy

OOH Media owners:

Employ c.**2,000 people**, distributing c.**£105m** in total compensation (including pensions, NI and bonuses). Many of these individuals are required to be employed locally as a condition of tenders

Pay c.**£202m** in rent and revenue share to **private landlords** which may be invested / re-circulated into the economy

3 Supporting charities and communities

OOH Media owners:

Donate free or heavily discounted media space to local businesses and partner with charities (**c.£27m**).

Provide local or national government Public Service Announcements (for example, during COVID)

Raise money for charity (c.**£1.5m**) through leveraging their scale, relationships and platforms

Support charities and local community campaigns through staff hours (worth c.**£0.2m**)

Overall the OOH industry "gave back" £411m to the UK economy in 2021. This included £1.7m in donations/staff hours to charities

Total historical contribution to public infrastructure (2008 - 2021)	
Investment in public infrastructure	£1.1bn
Total annual contribution	
Installing public infrastructure	£16m
Maintaining public infrastructure	£73m
Business rates	£45m
Public rent and revenue share	£143m
Total direct staff compensation	£105m
SUBTOTAL	£382m
Media space discounts for charity	£27m
Money raised for charity	£1.5m
Staff time donated to charity	£0.2m
TOTAL	£411m

This accounts for c.46% of overall OOH revenue in 2021

Source: Outsmart / PwC 2023

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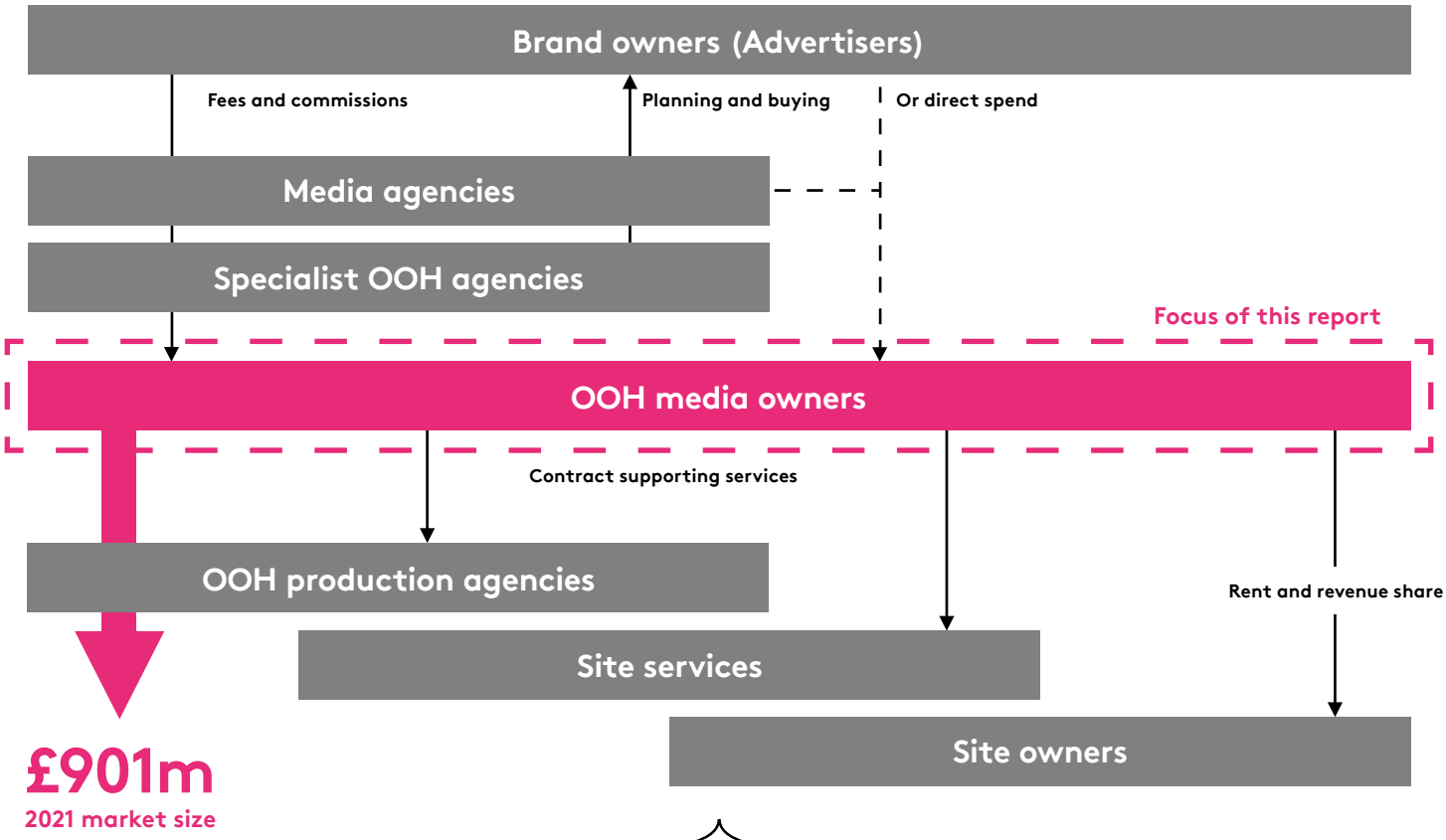
The UK OOH industry generated revenue of £901m in 2021

OOH value chain: Outlining the flow of services from the brand to the advert being displayed



Roadside

Retail

Transport

Source: Outsmart / PwC 2023

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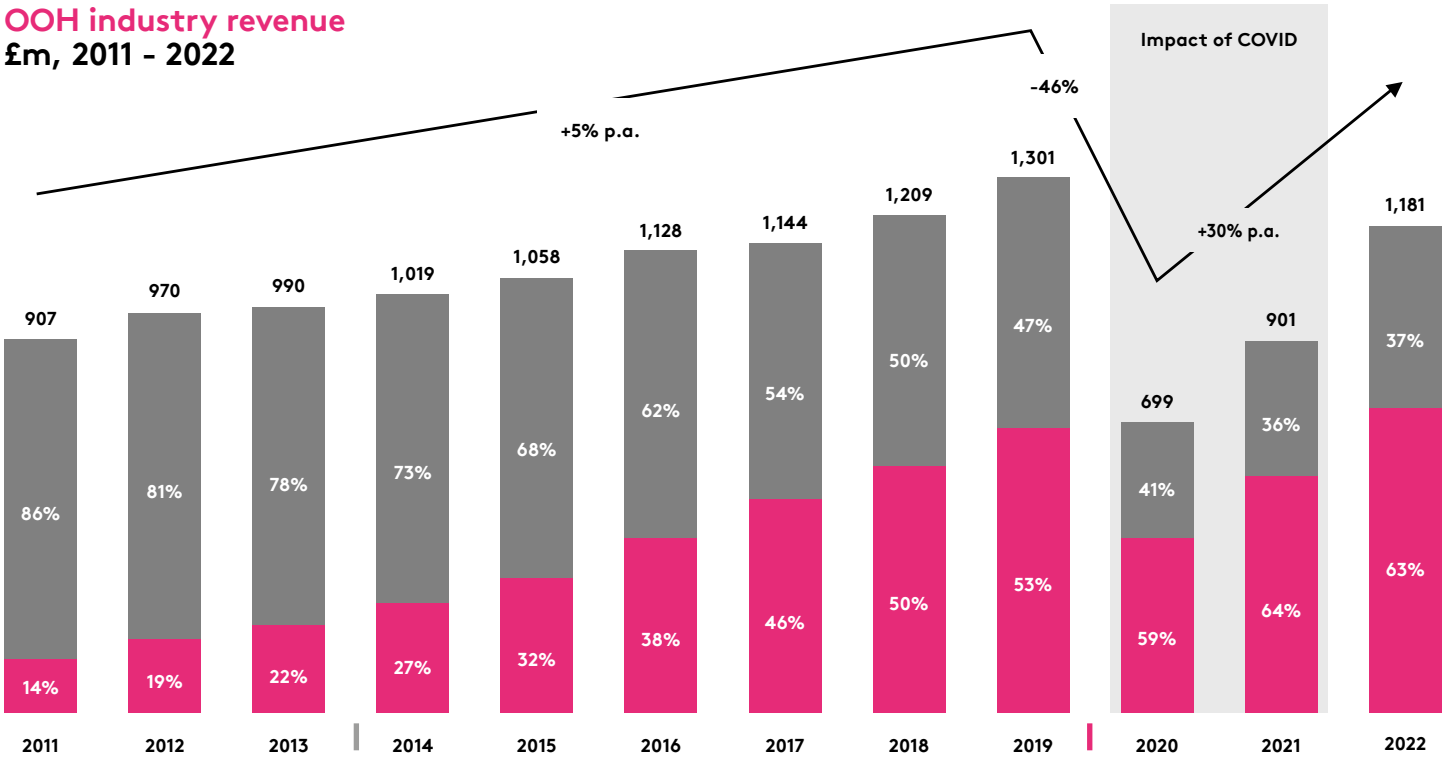
The pandemic disrupted the industry but strong growth since, especially in Digital

OOH industry revenue
£m, 2011 - 2022



Classic display

Digital display

Source: Outsmart / PwC 2023

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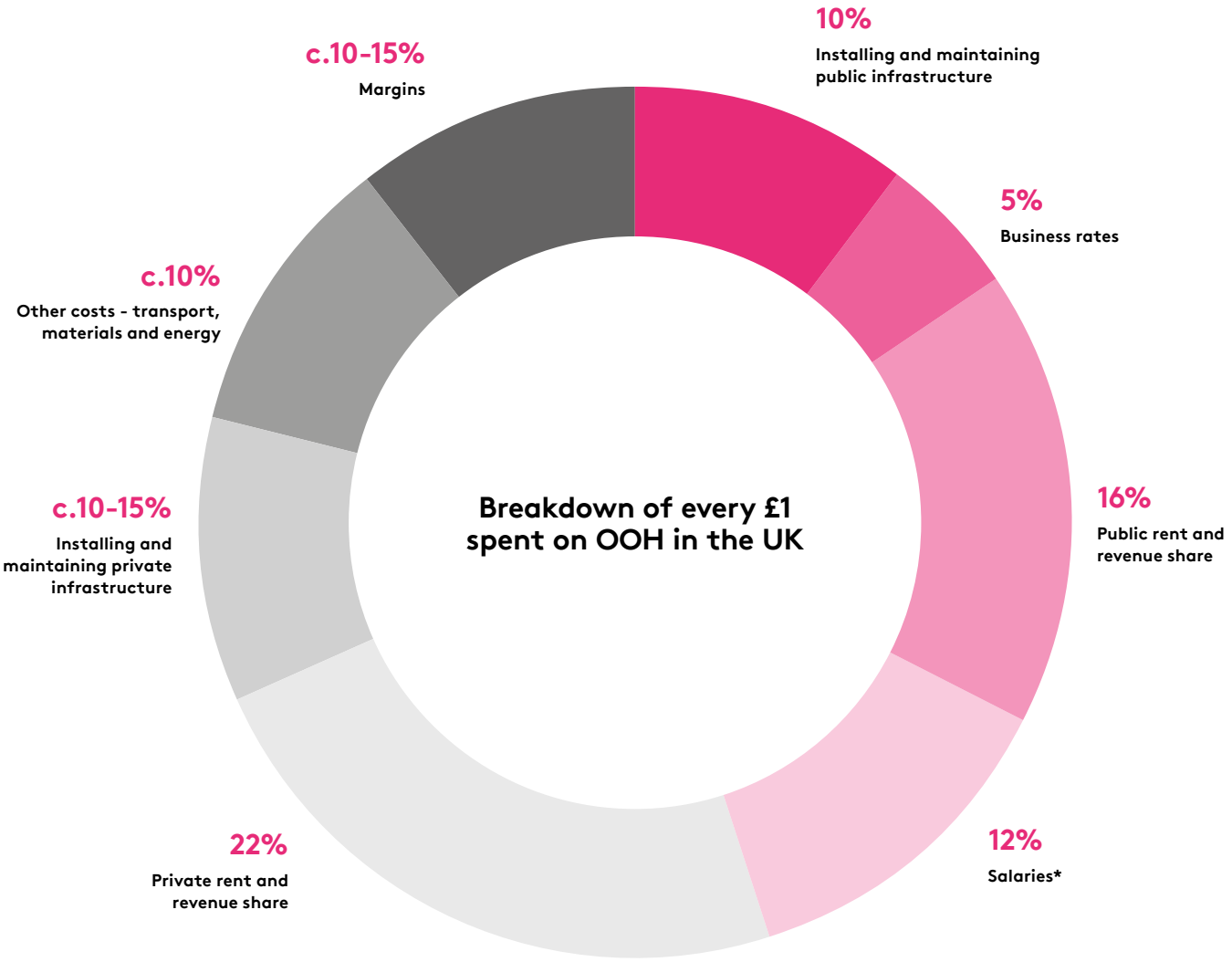
Despite this, the industry invested >40% of revenue back in taxes, salaries, communities, public services and infrastructure in 2021



+

£1.7m Charitable donations
£27m Discounted media space

* Salaries (including pensions, NI and bonuses, and including office as well as roles mandated to be provided to members of local communities)

Source: Outsmart / PwC 2023

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Funding public infrastructure:

The public think bus shelters are funded by the local council, but they're not only built and maintained by a private company, the council will often receive rent or revenue share payments on top of that.

Media owner 3

Source: Outsmart / PwC 2023

The OOH industry directly invests in and supports public infrastructure and services

OOH industry support for public infrastructure and services

Installation and maintenance of public infrastructure

- OOH media owners often bear the cost of building, installing and maintaining public infrastructure (e.g. bus shelters). This includes infrastructure both with advertising and without advertising
- As a result, local councils don't have to spend money to provide these public assets, relieving pressure on their budgets and providing key services to the public

Payments to local councils, public bodies and private landlords

- OOH media owners also pay to occupy the sites, through rent and/or revenue share to the landlords and business rates to the Government
- This money can then be reinvested by the local councils/public bodies back into the provision of a broad array of public services
- Private landlords include a range of individuals, small business owners (e.g. Newsagents), as well as corporate landlords

Enhanced features

- OOH media owners supplement the provision of infrastructure (e.g. bus shelters) with additional features/ services that are used by and benefit the public
- These can include Wi-Fi, phone charging points, voice activation for blind people, community noticeboards and real-time bus timetable information
- More recently, public infrastructure is being equipped with a wider variety of innovative public solutions (e.g. Free-to-use defibrillators, pollution detection equipment)

Support local initiatives

- Along with installing public infrastructure sites, OOH media owners engage in (and fund) initiatives that help the local community and support, for example, local government's own sustainability pledges
- These include improving the environment and communities through a wide range of programmes, including for example: undertaking tree planting schemes, removing plastic from beaches, de-cluttering pavements by removing old street furniture and building 'edible playgrounds' to teach children about growing and eating healthy food

Source: Outsmart / PwC 2023

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In 2021, c.£16m was invested into installing new public infrastructure and c.£73m on maintaining existing structures

OOH industry investment into public infrastructure and services
£m & number of installations, 2021

CAPEX	
Total spend on new installations	c.£16m
Volume of new installations (excluding replacements)	1,786

OPEX	
Spend on ongoing maintenance and upgrading/maintaining existing public infrastructure	c.£73m
Volume of existing installations	107,052

Examples of public infrastructure funded by the OOH industry

Bus stops

Telephone booths

Panels with device charging & Wi-Fi

> OOH media companies were originally established with the purpose of the: "provision of public infrastructure, free of charge, paid for by advertisers".
>
> Media owner 2

Source: Outsmart / PwC 2023, PwC Interviews

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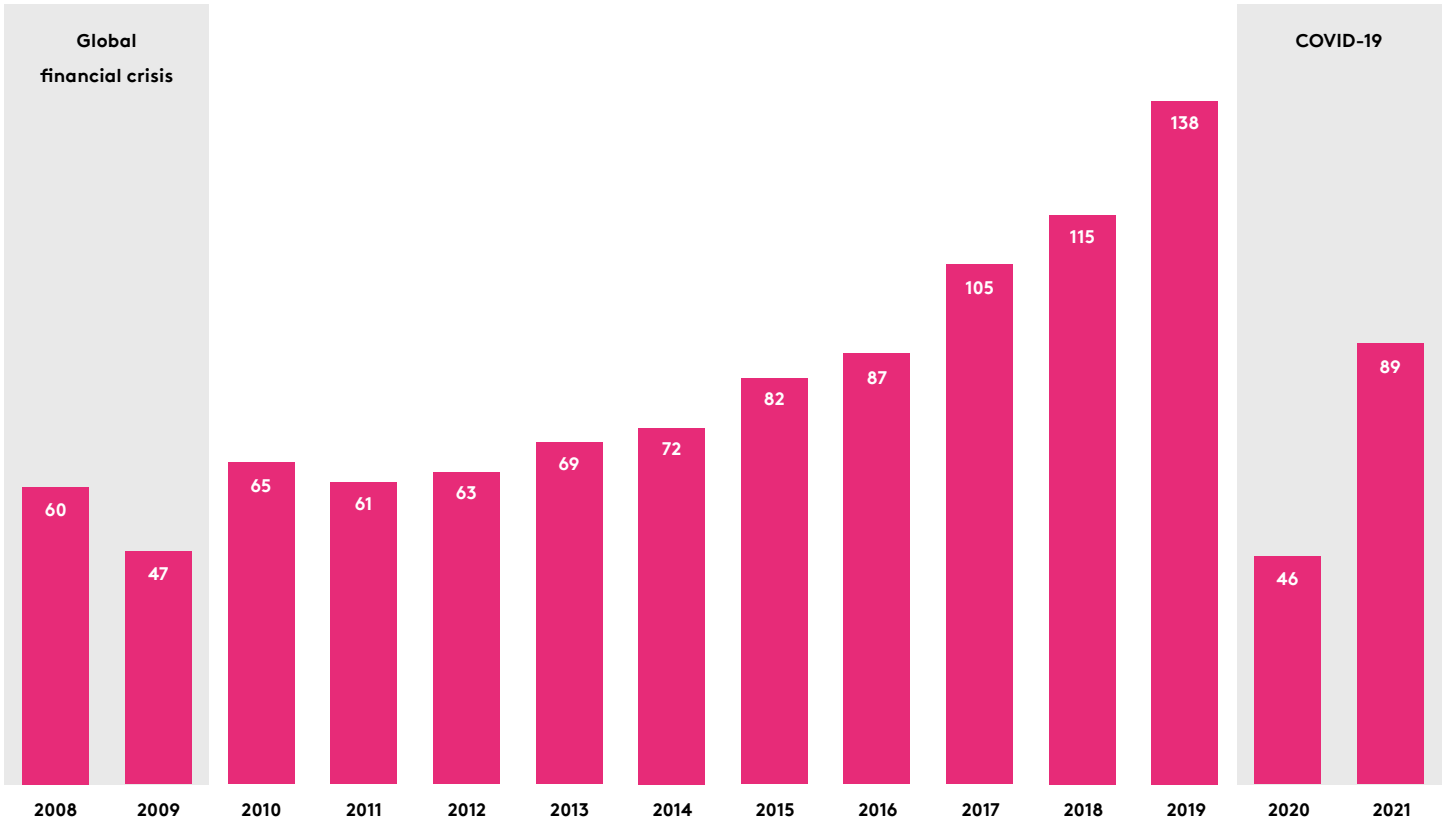
Over the last 14 years, OOH media owners invested c.£1.1bn into designing, installing and maintaining public infrastructure

Investment index into public infrastructure (includes CAPEX & OPEX)
£m, 2008 - 2021

£1.1bn has been spent on public infrastructure by the OOH industry since 2008

With the exception of 2020, the OOH industry's investment in public infrastructure has outpaced overall growth in OOH industry revenue. This is expected to increase as spend that was put on hold during COVID gradually returns



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Investment in infrastructure (Index 2017 = 100)	60	47	65	61	63	69	72	82	87	100	110	132	44	85
OOH revenue (Index 2017 = 100)	100	106	114	61	79									

Including councils such as:

MANCHESTER CITY COUNCIL

Birmingham City Council

Source: Outsmart / PwC 2023

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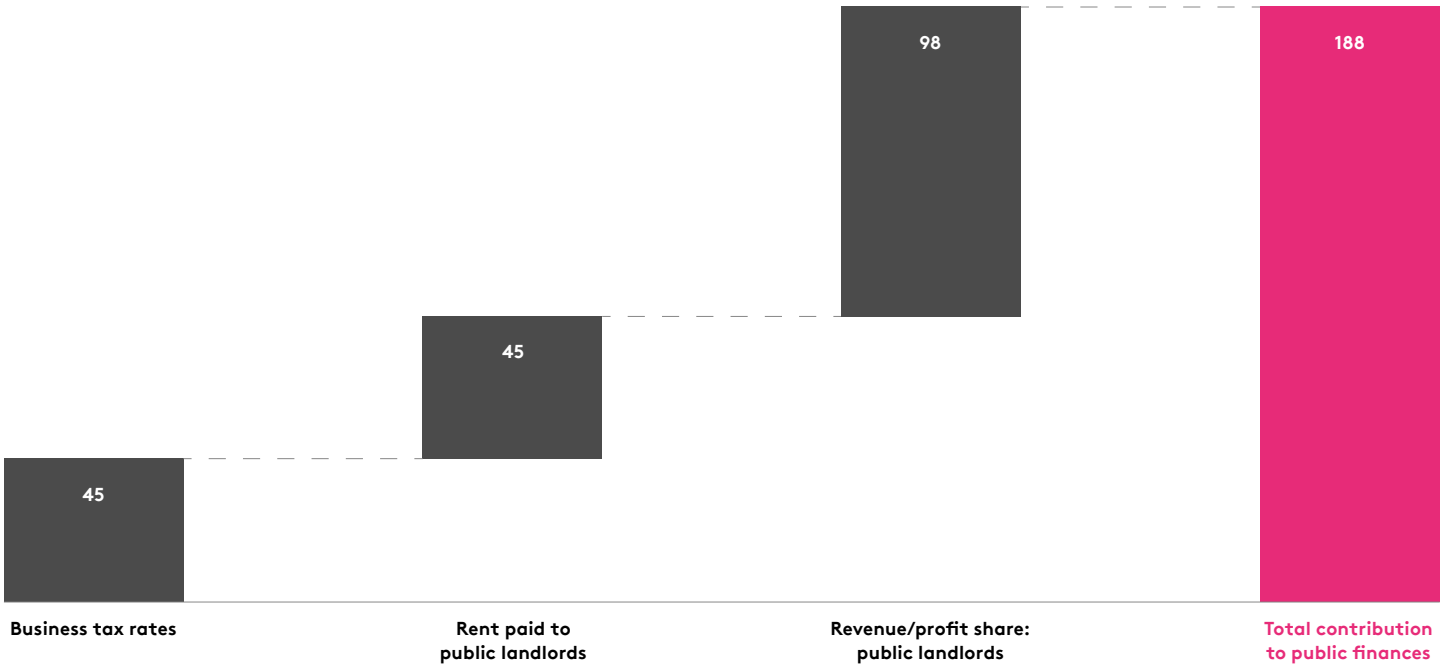
OOH media owners contributed £188m in 2021 towards public finances through business rates and rent

OOH revenue that contribute to public finances

£m, 2021



Public landlords reinvest revenue from out of home advertising into the provision of services

Example Landlords

Transport for London

NetworkRail

Transport for Greater Manchester

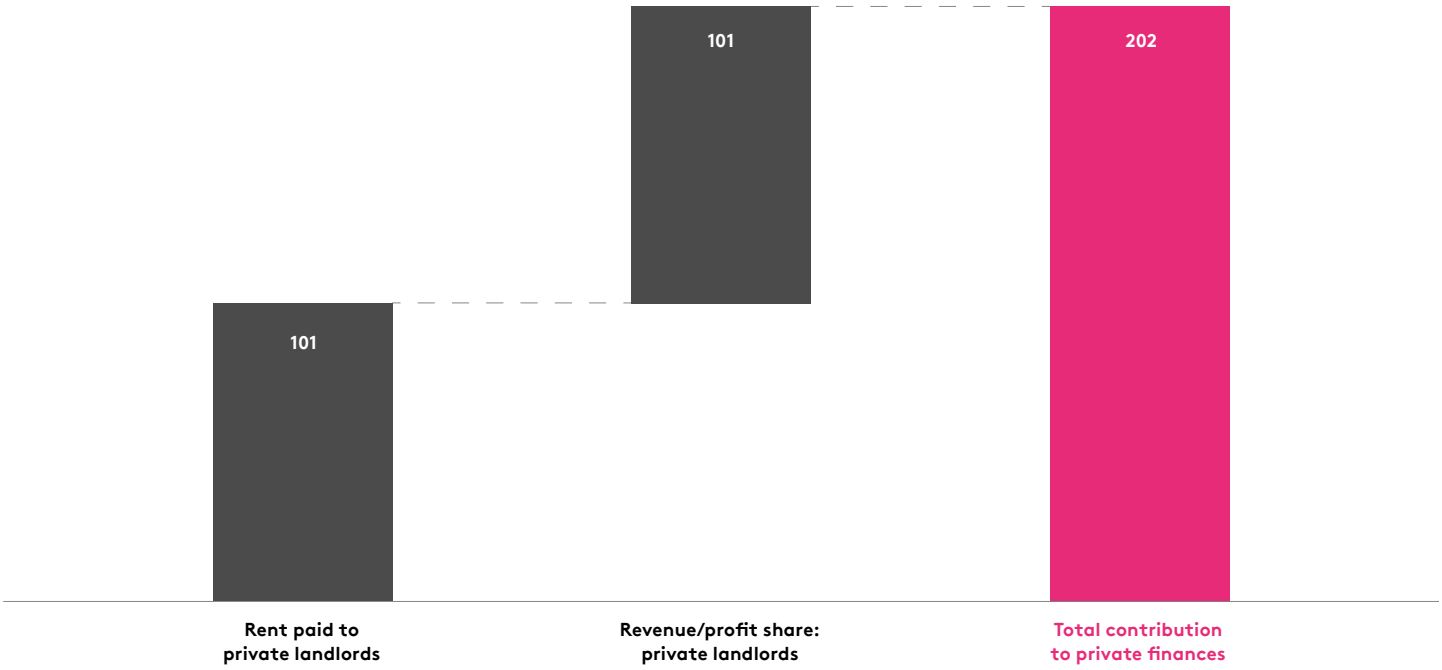
> The existence of advertising on public transport is to put revenue back in to try to make transport cheaper. In essence, we are leading efforts to try to change the environmental footprint and affect real change
>
> Media owner 1

> OOH is an institution of public infrastructure. The money goes to helping people get home safely, encouraging people to take public transport, keeping travel fares down, etc
>
> Media owner 3

Source: Outsmart / PwC 2023, PwC Interviews

OOH media owners further contributed £202m in 2021 towards private finances through rent and revenue shares

OOH revenue that contribute to private finances
£m, 2021



OOH advertising is a valuable source of revenue for private businesses helping to drive economic growth

Example transport Landlords

SOUTHERN

Heathrow

Example roadside Landlords

Coin Street community builders

savills

Landsec

Example retail Landlords

Sainsbury's

TESCO

Westfield

Source: Outsmart / PwC 2023

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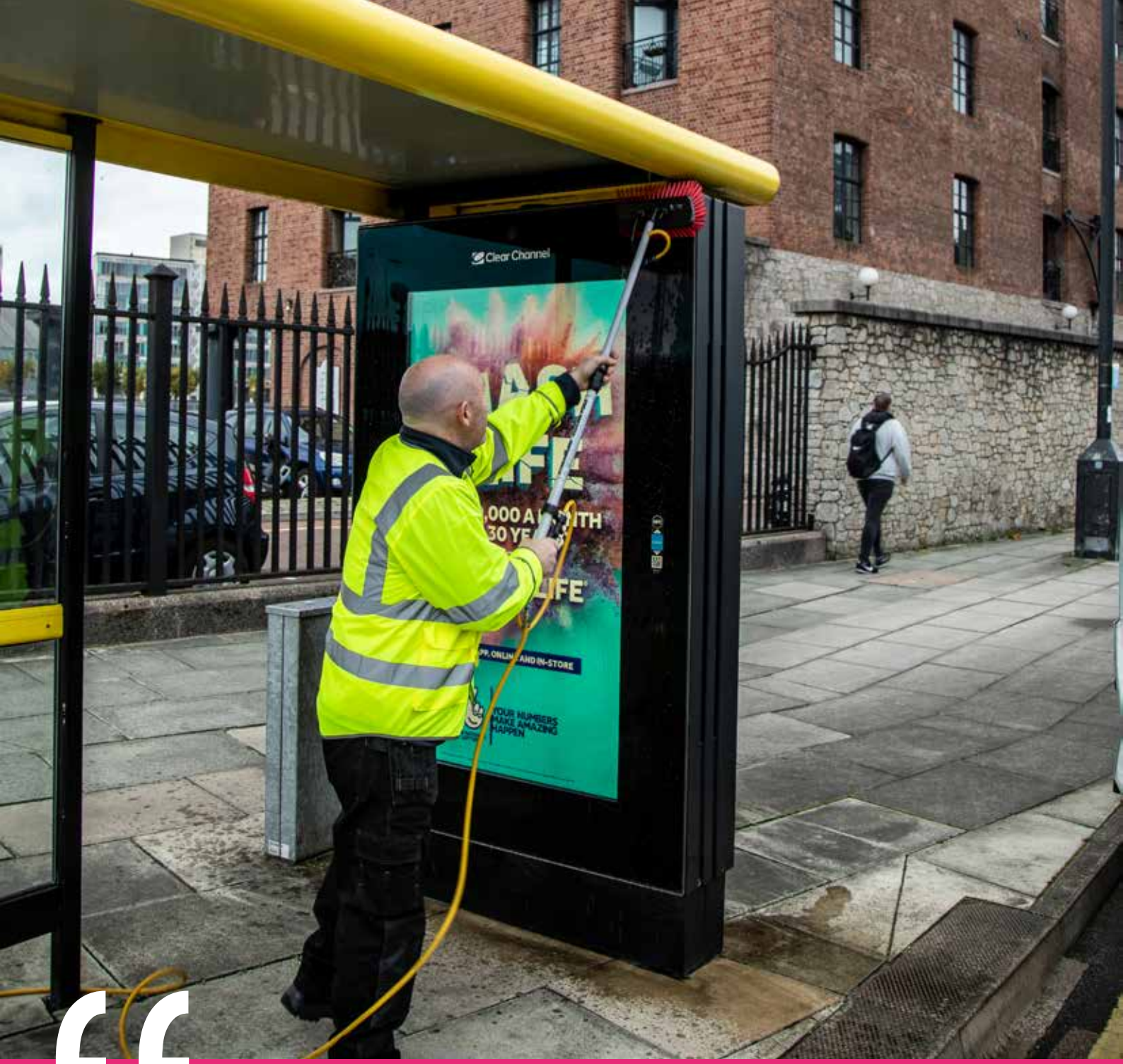


Social impact:
Unlike many other advertising industries, OOH adverts don’t seek to monetise “content” but rather the adverts fund public infrastructure, services and community support

Media owner 2

Source: Outsmart / PwC 2023

OOH media owners equip their public infrastructure with other services that support communities

Supporting communities through public infrastructure

12.7m new public infrastructure installations

Including → **1.8k new bus shelters**

JCDecaux

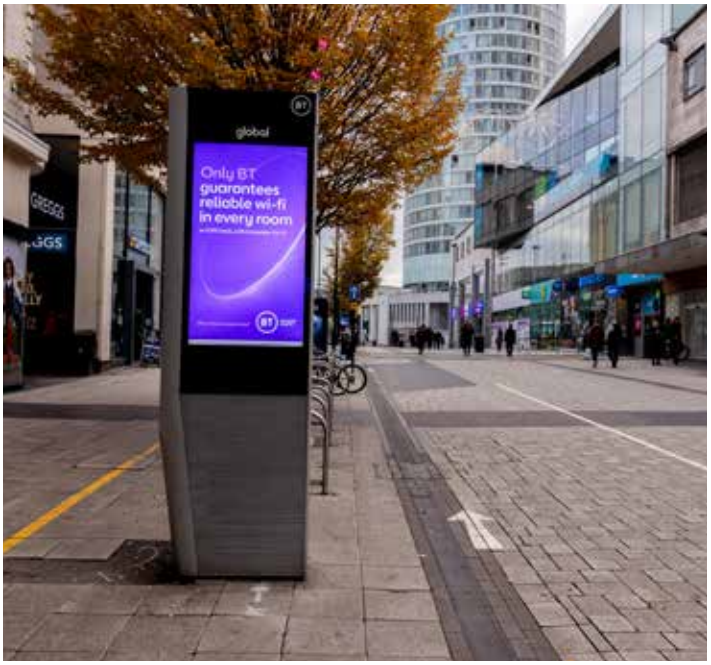
Provision of life saving defibrillators: 180+ defibrillators, which have been used 500+ times, were installed across 16 cities by JCDecaux UK

- JCDecaux UK partnered with local councils and Community Heartbeat Trust to install 180+ defibrillators, and are looking at ways to increase the number of defibrillators that can be deployed
- This provides a public benefit in the form of access to medical equipment that has helped ensure the survival of people suffering from a heart attack

global

Installation of BT Street Hub units that enable emergency public messaging, while providing free public Wi-Fi and phone calls

- Global is responsible for the sales and marketing of c.1.5k Street Hub units, and providing consultation on estate transformation
- These units provide public Wi-Fi and free phone calls, community and emergency messaging technology and device charging
- In addition, air pollution monitoring is also a functionality available in all newly built units, helping track air quality and safety



Source: Outsmart / PwC 2023, Company Websites, PwC Interviews

Donating and discounting media space and providing creative partnership is commonplace in the industry to promote messages of social importance

£27m worth of discounted media space

global

Pausing OOH advertising to celebrate the life of HM Queen Elizabeth II

OCEAN

Showcasing the beauty and importance of plant life with David Attenborough

Clear Channel

Exploring the concept of a fairer society in collaboration with artist Martin Firrell

JCDecaux

Celebrating Britain's diversity with the British Journal of Photography's 'Portrait of Britain'

Source: Outsmart / PwC 2023, Company Websites

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Additionally, media owners use their platforms to raise money and awareness for charities

£1.5m total amount raised / donated to charities
£200k worth of staff hours provided to charitable events

OCEAN

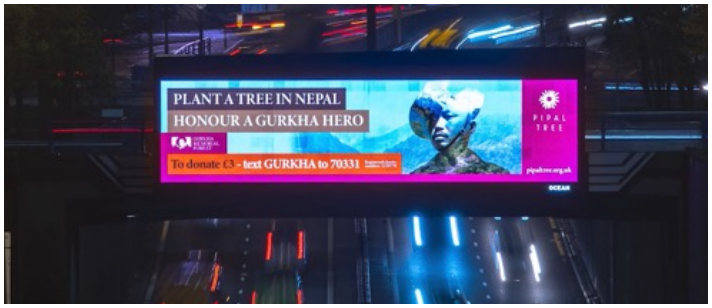
Ocean's 'Drops in the Ocean' initiative donates 2% of the group's annual reported revenues to environmental charities

- As part of this programme, a group of charities are selected and supported
- In 2022, five out of the six charities were registered in the UK. Some of the causes supported were: supporting indigenous people in their fight to protect rainforests, and fighting overfishing along with the impact it has on the ocean
- Alongside funding, Ocean provides charities with access to premium advertising locations across its portfolio of sites to raise awareness for its causes

Clear Channel

Clear Channel x Bristol City Council: A commitment to invest in communities and make a difference

- Clear Channel committed to empowering and supporting existing charitable organisations that are working to improve the lives of residents
- Charities identified include re:work in Filwood, with the aim of supporting young people into work, and Ambition Lawrence Weston, supporting environmental and social initiatives to improve lives in the community
- Two new charities will be nominated each year, allowing for 16 different organisations to receive support over the lifetime of the contract



Source: Outsmart / PwC 2023, Company Websites, PwC Interviews

Employees:
Our teams are our greatest asset. We create a comfortable environment where people can discuss issues in the workplace. We embrace diversity in our organisation.

Media owner 1

Source: Outsmart / PwC 2023

The OOH industry hires c.2,000 people across different ethnicities and genders, paying c.£105m in total compensation

Spend on employment
2021

2,003 employees

c.£105m in total compensation

(Includes salaries, NI contributions and pension contributions)

Ethnic diversity

Percentage of workplace from minority ethnic groups

Total workforce	15%
Office-based workforce	16%
Senior leadership	9%

Gender diversity

Percentage of workplace that identifies as female

Total workforce	36%
Office-based workforce	50%
Senior leadership	39%

Average base salary[1] by gender (2021)	Male	Female
Total workforce	£41k	£43k
Office-based workforce	£51k	£42k

Notes: 1) Salary, not total compensation – c.£105m figure above relates to total compensation.
2) Figures relate to employees only. Contractors and outsourced staff are not included.
3) Ethnicity is voluntarily declared whereas gender figures are audited under UK regulation.

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Media owners have been embarking on initiatives to improve diversity in their organisations

Clear Channel

- In an effort to better represent the communities that Clear Channel operates in, the organisation has developed a plan to deliver on its commitment to fairness, and diversity & inclusion
- Clear Channel's diversity strategy revolves around Action (representation, inclusion and allyship), Education, Celebration and Progress

Supporting the mental health of colleagues
Established an employee group, Headspace Crew, to work with the People team to drive conversations, reduce stigma and support colleagues across the business with mental health

Improving the experience and representation of women
Established Women's and Gender Equality Crew to create a safe space for those who identify as women, and allies of women to address issues affecting everyday lives. Introduced free period products for all UK offices, held an endometriosis awareness webinar, and launched the Street Safe app

Improving the experience and representation of disabled talent
Undertook an external audit of website accessibility, and acted upon the findings (e.g. Adding ALT text to imagery). Partnered with the ADHD Foundation Neurodiversity Charity to share expertise around neurodiversity

Improving the experience of LGBTQIA+ talent
Established Queer Channel, functioning as a collective voice for LGBTQIA+ and ally colleagues, with the aim of providing a community to champion LGBTQIA+ equality in the industry

JCDecaux

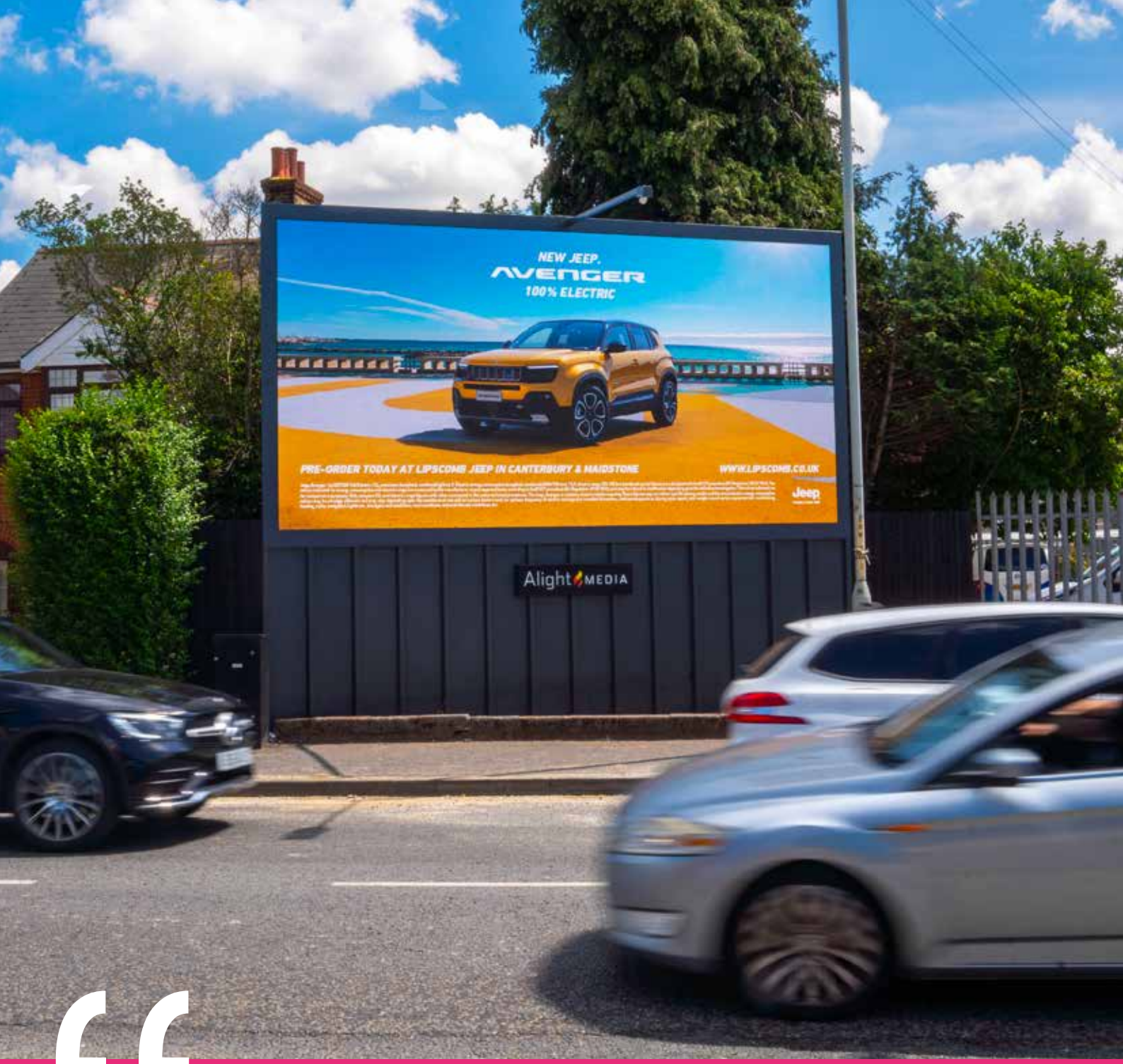
- JCDecaux has been driving initiatives to improve diversity within the organisation, and has placed this as one of its core objectives. For example, the organisation has an objective to have 40% of women within executive management committees by 2027
- As part of plans to further its employee proposition, it has focused its efforts on the following areas:

Actively engaging with diverse candidate pools via partnerships with organisations which run programmes to encourage socially disadvantaged and minority populations into work, some with a focus on media industry

Broadening its recruitment reach by using a variety of job boards to engage diverse audiences, across both ethnic and LGBTQIA+ communities

Presenting a broad representation of candidates for all roles and ensuring that at least 1 female is shortlisted for all manager roles

Source: Outsmart / PwC 2023



“

Sustainability:
We are conscious of the environmental footprint for every campaign we take on. We are constantly pushing the boundaries on sustainability, with the aim of caring for our planet

Media owner 6

Source: Outsmart / PwC 2023

A number of OOH media owners have made emissions reduction commitments across scopes 1, 2 and 3

Types of emissions

Scope 1

Scope 1 covers direct emissions from owned or controlled sources

E.g. Emissions from vans used for billposting

Scope 2

Scope 2 covers indirect emissions from the generation of purchased electricity

E.g. Emissions from the electricity purchased to run digital screens

Scope 3

Scope 3 includes all other indirect emissions that occur in a company's value chain (the majority of the OOH industry's emissions are concentrated in scope 3)

E.g. Emissions from procured materials, like billboard casing

Ambitious Net Zero targets have been set by the major players in the OOH industry

JCDecaux

"We have pledged to be carbon net zero by 2050 for Scope 1, Scope 2 and Scope 3 emissions. We will reduce Scope 1 and 2 emissions by 60% by 2030 and by 90% by 2050, and Scope 3 emissions by 46% by 2030 and by 90% by 2050. We have reduced our emissions by 27% against our 2019 baseline"

- JCDecaux Worldwide 2023

global

"Global achieved a 50% reduction from a 2012 baseline"

- Ad Net Zero (2022 Report)

Clear Channel

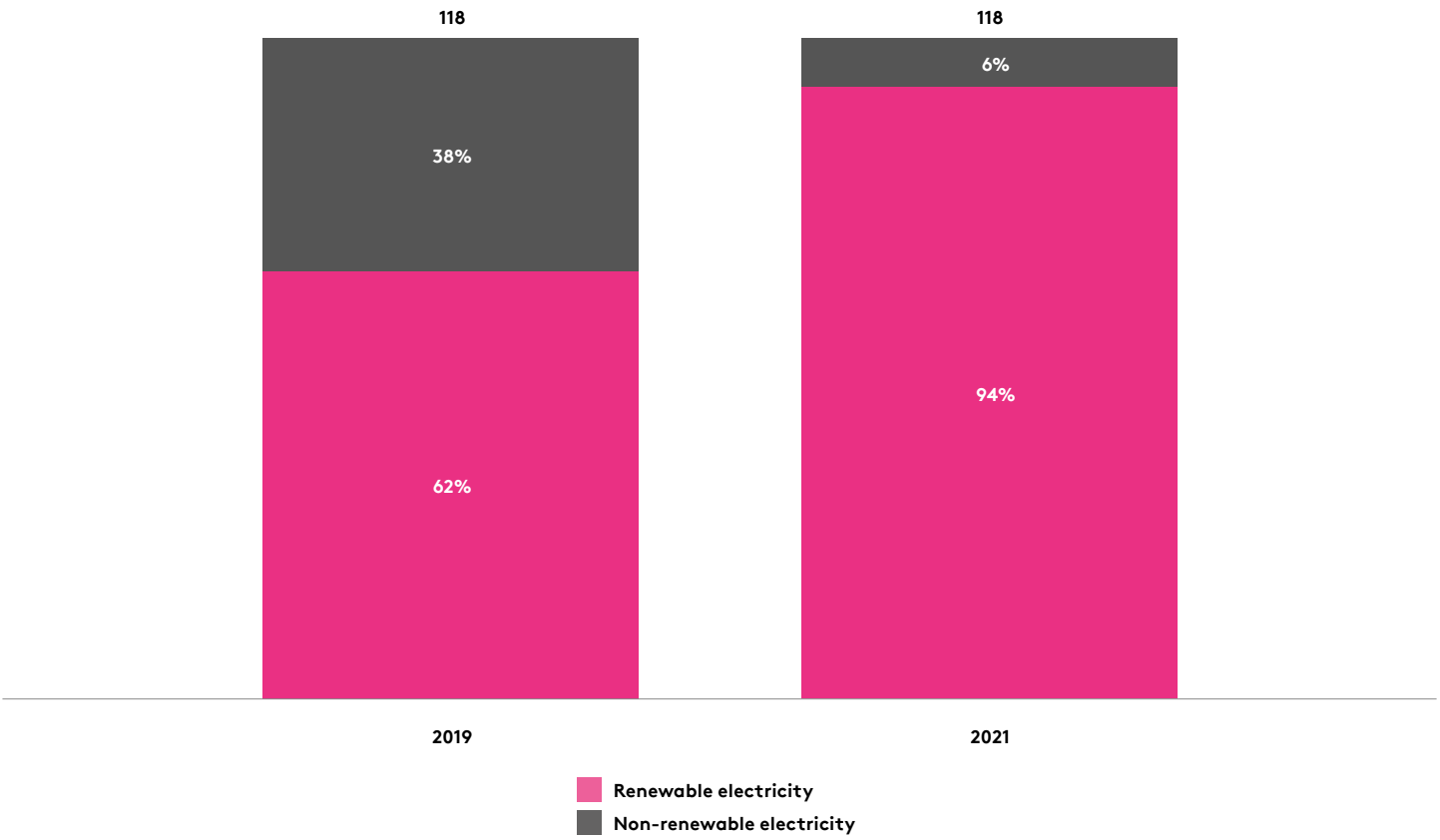
"Clear Channel UK aims to reach Net Zero across scopes 1 & 2 by 2030 and by 2045 for scope 3, and Clear Channel UK has achieved an 89% reduction in its carbon footprint since 2008"

- Clear Channel UK 2023

Source: Outsmart / PwC 2023, AD NET ZERO 2022 report

The industry has increased the share of renewables to >90% while maintaining similar levels of electricity consumption

Electricity consumption by OOH media owners
GWh, 2019 & 2021



Exclusive use of renewable electricity is widespread across the OOH industry

"Ocean have exclusively used renewable energy across the entire business since January 2020

Ad Net Zero (2022 Report)

"As of September 2021, Global uses 100% renewable electricity and gas across all sites we manage

Global's 'Global Goodness Report'

100% renewable energy is used worldwide by JCDecaux

JCDecaux

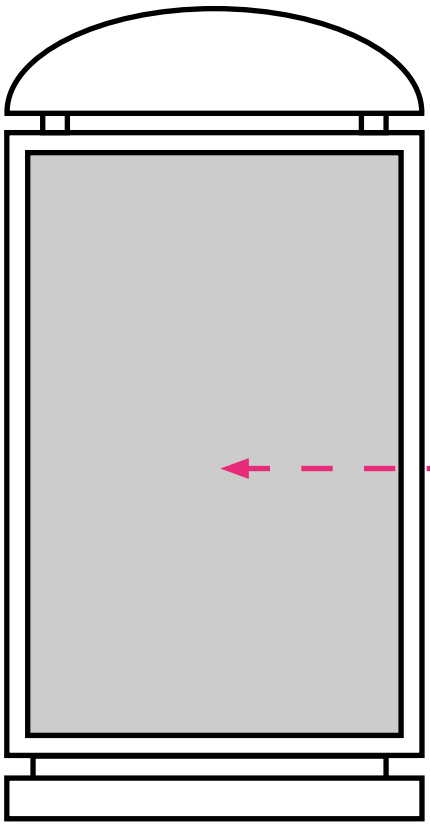
100% renewable energy is used across all Clear Channel-owned premises

Clear Channel 2022 ESG Report

Source: Outsmart / PwC 2023, Company Websites, AD NET ZERO 2022 report

Firms are innovating to reduce the use of raw materials, using a greater share of recyclable materials (1/2)

While a slow and difficult process, the industry is innovating to reduce the environmental footprint of OOH advertising structures



A steel casing wraps around the frame of an advertising board. There might be an opportunity to use other types of more environmentally friendly material for this purpose

LED is used on the screens of the advertising board. A reduction of the environmental footprint will require improvement in LED technology

Cement is used in the base of the advertising board. There might be an opportunity to use alternative materials, although this will require improvements in building technology

"

In OOH, carbon is a capital cost as the vast majority of the carbon footprint of the industry is created in the construction and installation of a billboard. We are exploring how to create a truly sustainable billboard but this requires innovation at each component level (e.g. The casing of each LED being recyclable)

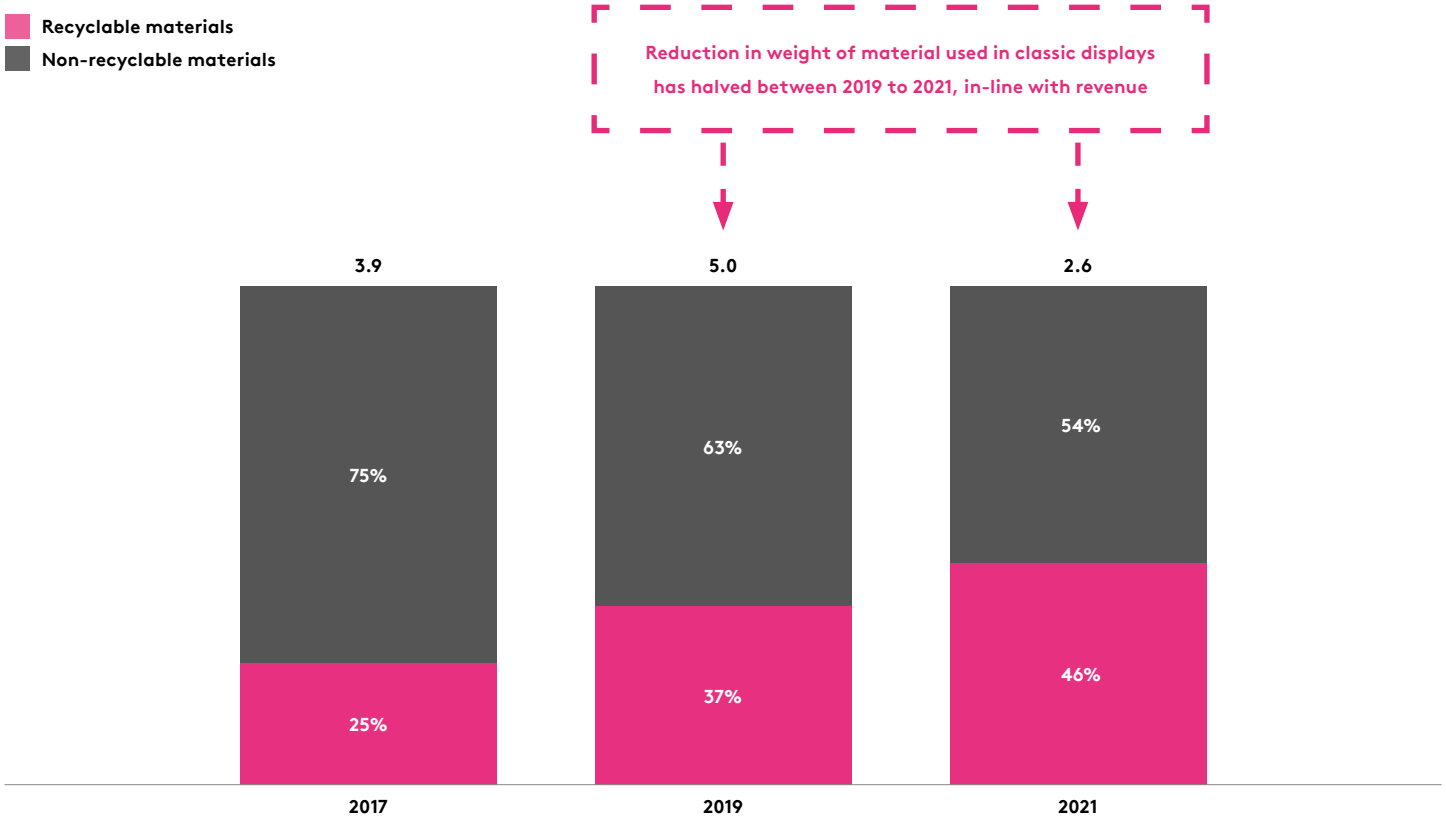
Media Owner 5

Firms are innovating to reduce the use of raw materials, using a greater share of recyclable materials (2/2)

The OOH industry has already been making progress towards its environmental objectives

Materials used for "classic" displays across the OOH industry

KT, 2017, 2019 & 2021



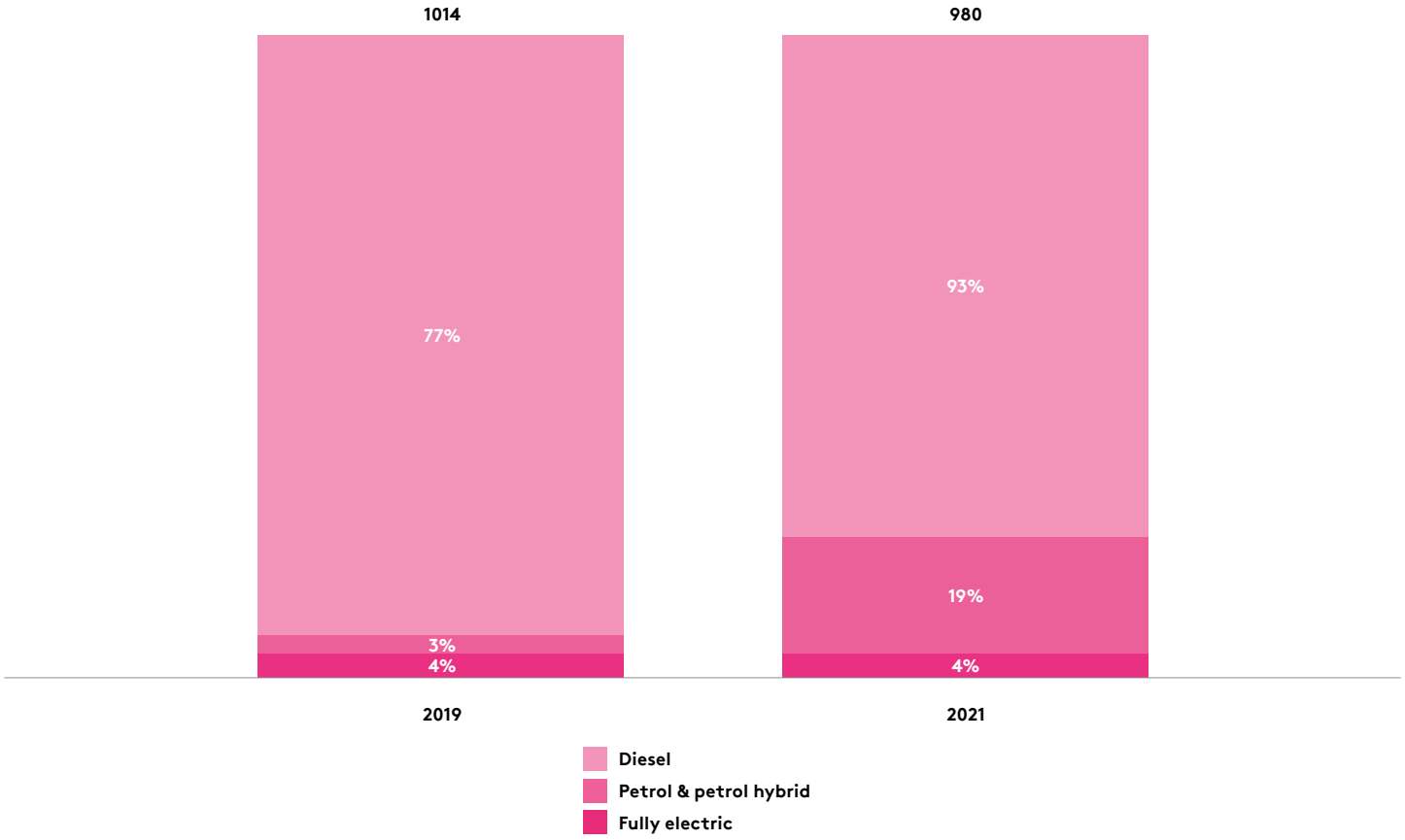
"We have already made strides towards using recyclable plastic that meets quality and fire safety standards. The use of some plastic is inevitable at present from a safety perspective, to prevent the vinyls from ripping. We are continuing to work on improving both the quality, and the environmental footprint of our product.

Media Owner 6

Note: 1) Materials include vinyl, paper, plastic wraps, etc
Source: Outsmart / PwC 2023, Company Websites

The industry has invested in moving away from diesel vehicles, though is still on the journey to a more electric fleet

Vehicles in the OOH industry's fleet
#, 2019 & 2021



There are major initiatives across the OOH industry to electrify fleets

"

JCDecaux's fleet produces 31% less CO2 than in 2012...Global reduced its fleets' carbon footprint by 24.5% in 2019

Ad Net Zero (2022 Report)

"

In the major cities where we operate, the transfer of our fleet from fossil fuels to electric is a major step forward in aiding this process even further

Media owner 2

We are aiming to increase our fleet of electric vans

Global's 'Global Goodness Report

Clear Channel aims to have a zero-emissions fleet by 2030

Clear Channel 2022 ESG Report

Source: Outsmart / PwC 2023, Company Websites, AD NET ZERO 2022 report

OUTSMART

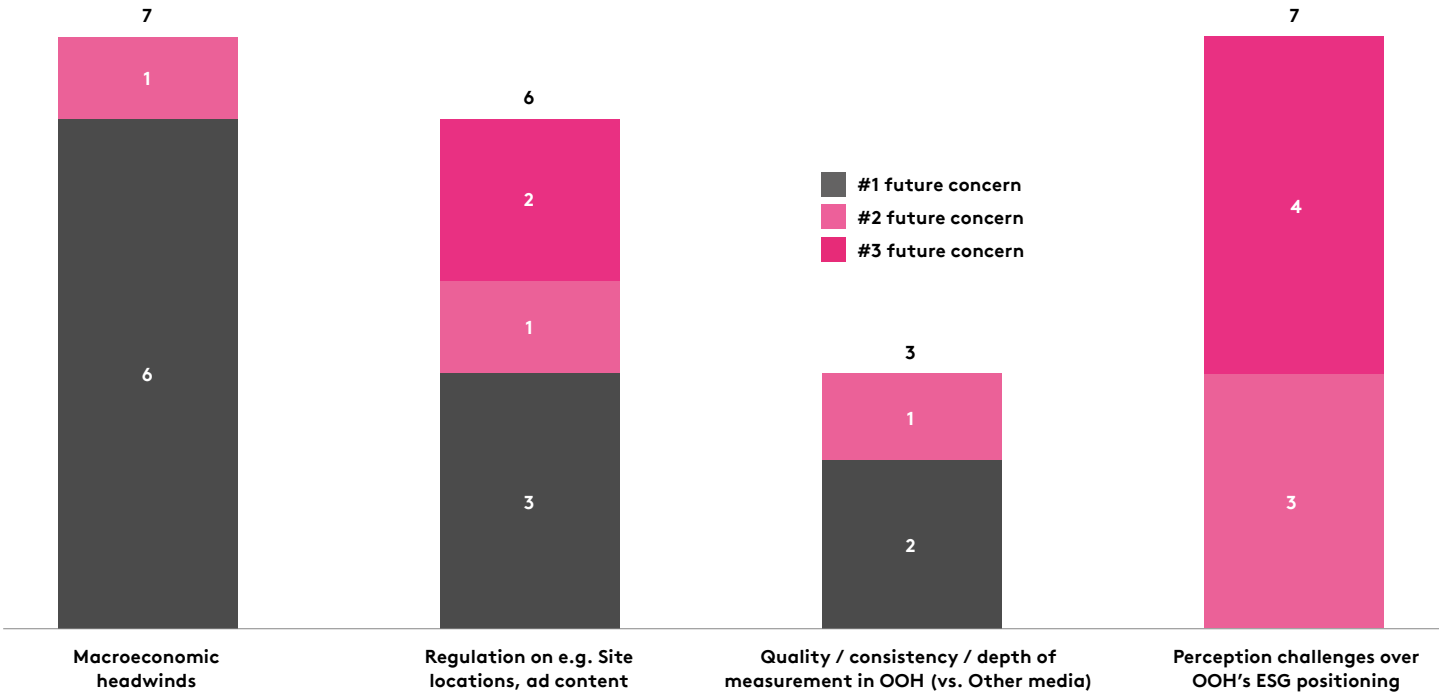
Challenges and opportunities for OOH:
The OOH sector is in a unique position to reach a broad cross-section of society. People like going out, so you can get mass reach. The future is exciting, and we have to position ourselves to make the most of it

Media owner 5

Source: Outsmart / PwC 2023

The most common concerns among executives in the industry are around the economy, regulation and measurement

Concerns in the OOH industry
n = 9



Macroeconomic

While I believe that the fundamentals driving the OOH market are strong, the impending economic slowdown is definitely something to take note of. We are watching the impact of the slowdown very closely

Media owner 1

Regulation

There is likely to be more scrutiny around regulation and the role of government. We are likely to see this extended to petrochemicals and gambling. There should be better controls over where these things are allowed to be advertised, what is allowed, etc.

Media owner 1

The OOH industry has been very good at self-policing around things like alcohol and tobacco advertising. We have been trying to grapple with challenges such as responsible gambling. The question moving forward is whether there will be too much regulation?

Media owner 6

We are a highly regulated business, considering our reach and visibility. As an industry, we are good at being on the front foot when it comes to regulation. This puts us at an advantage relative to other forms of media when it comes to brand safety

Media owner 4

OOH's ESG positioning

There is a lot of public scrutiny on the OOH industry because it is visible, and easy to pick at. This means that there is more expectation on us, and that we are held to a high standard, including on issues such as ESG

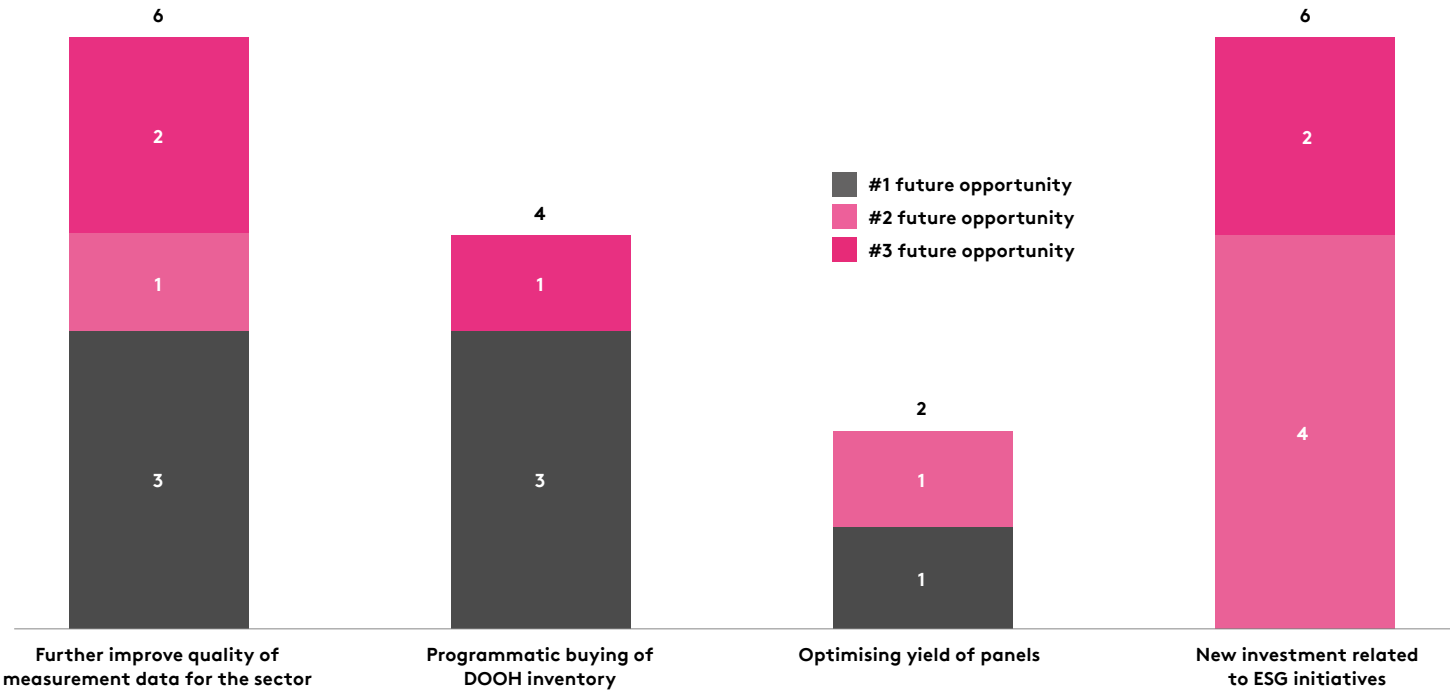
Media owner 1

Source: Outsmart / PwC 2023

OUTSMART

Firms see improving measurement and embracing programmatic buying as key opportunities in the sector

Opportunities in the OOH industry
n = 9



Opportunities for the OOH industry are rooted in its uniqueness and importance as an advertising medium

"There will be an inherent need and demand for OOH. From that perspective, the fundamentals are strong. Brands need an avenue to speak plainly and directly to people. OOH provides that"

Media owner 6

"OOH is a very powerful medium. It is unmissable, and operates in a very brand safe environment. It unites communities in a very unique way, where everybody is seeing the same things. In an increasingly divisive community, these things that brings communities together is something worth celebrating"

Media owner 4

To further drive growth, there is opportunity for improved quality of measurement, which would support programmatic adoption

"I believe there are opportunities to be more clever with digital OOH. You can achieve the flexibility of being a digital format, offering advertisers better value"

Media owner 5

"I believe programmatic, if used correctly, can be a good addition. It allows you to get your message out there in a savvy way"

Media owner 4

Source: Outsmart / PwC 2023

Thank You

Thank you for taking the time to read our report.
Reach us at **info@Outsmart.org.uk** with any further queries.

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