

## The Problem With Programmatic Buying for OOH Media

The out-of-home media industry is starting to experiment with programmatic media buying. Success with programmatic buying in areas such as online and broadcast media has inspired partnerships among media agencies, OOH vendors, and technology companies. The goal of these partnerships is to develop and test platforms that promise real-time buying and campaign optimization. Although they promise far greater efficiency, speed, and flexibility, there are a number of fundamental obstacles to the universal adoption of programmatic media buying.

## Size and Variety of OOH Inventory

Programmatic media buying has worked best with highly standardized, virtually unlimited digital inventory with rich data. In contrast, OOH media is sold in a jumble of static and digital formats, with no real-time audience data. Wide differences in local market conditions mean that OOH is seldom bought in a single format or with an exclusive vendor, even for national campaigns. Furthermore, while digital place-based networks (the primary targets of initial programmatic tests) are growing fast, they represent only a fraction of the current OOH landscape.

## Lack of Standard Audience Data

It has been several years since the introduction of TAB's (Traffic Audit Bureau for Media Measurement) audience measurement data. However, many outdoor vendors who control valuable local inventory still do not subscribe to this methodology. Even digital place-based networks, which are far more homogeneous than traditional outdoor vendors, have not implemented standard audience measurement practices. Finally, alternative OOH media such as coffee sleeves, bar media, wild posting, etc. are not audited or measured at all - and are not likely to be any time soon.

## Lack of Addressability

Unlike digital or mobile advertising, which use "one-to-one" messaging, cookies and other addressability technology, OOH media is a "one-to-many" medium, which technologically does not support such an approach. Innovations like facial recognition and ad beacons (as well as expansion of digital outdoor inventory) offer some advances in this area, but also face potential resistance from consumers, municipalities and government regulators.

# Fragmented Trading Platforms

The three largest outdoor companies, who together control over half of the billboards in the U.S., have invested heavily in their own proprietary inventory management and sales systems. Even those currently participating in programmatic tests are resisting real-time buying in favor of more limited digital message optimization.

## Industry Inertia

The majority of outdoor spending is generated by local and regional clients and agencies, most of which have neither the resources nor the inclination to adopt programmatic buying technology. Also, vendors go to market locally through direct personal sales, tightly controlling market data to maximize profitability.

## Summary

Programmatic out-of-home media buying will at best be limited to a small range of digital place-based media, small homogeneous markets/properties, and proprietary partnerships between larger vendors and agency holding companies for their national and global advertisers. This constitutes a fraction of the OOH industry spectrum, raising questions about the near-term volume and profitability of such endeavors.

We welcome and embrace technological innovation that streamlines business practices in the OOH industry, but programmatic buying is a long way from providing the kind of universal, frictionless marketplace its proponents envision.

Out of Home America Wilkins Media is an out-of-home media specialist firm that helps companies and advertising agencies execute multi-market, multi-format out-of-home media campaigns. Out-of-home is all we do, and we've been serving the nationwide advertising community for over 50 years.

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