

Shifting global media spend patterns

By  Greg Benatar

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It is not news that print is in decline globally. According to Bloomberg, In the US in 2018 newspaper spend is set to decline by 18.7% and magazines by 14.5%. Magna tells us that in the US "TV ad sales are expected to drop if cyclical events like Fifa's World Cup and elections are not factored in." We also know about the growth of digital, which according to Statista will grow by 12.6% in 2018, which interestingly has come down from 2017's 15% growth and 2016's 17.1% growth.



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The big recipients of this income from digital growth are predominantly the FAANG's (an acronym for the market's five most popular and best-performing tech stocks, namely Facebook, Apple, Amazon, Netflix and Google) and other such social media and paid search entities. What is interesting is that these Silicon Valley titans push online ads, but then choose to spend this income on Out of Home Advertising.

Largest media market spending on OOH

In 2017 in the US (the largest media market on the planet), Apple, Google, Amazon, and Netflix made the top 10 spenders and users of OOH. This is driving growth in one of the oldest forms of marketing and is one reason why the category is the only traditional channel expected to grow this year.

The conviction that these tech companies have in OOH is so strong that Netflix concluded the purchase of billboards owned by OOH company Regency in West Hollywood in the second quarter of this year. The idea behind the purchase was to lock up prime advertising space for their own use.

This phenomenon is not particular to the US alone. Asia's tech monolith, Alibaba has as recently as July '18 purchased a minority stake in Chinese OOH Company, Focus Media, for a notable price of USD\$1.43bn.

OOH drives more online activity

Possibly this is the case because according to Nielsen, OOH drives more online activity per ad dollar spent than any other traditional media. OOH is 382% more effective than TV, 200% more effective than print, and 63% more effective than radio in driving consumers online.

“ Things that people can physically see and touch are much more believable. ”

Said Chris Garbutt, global chief creative officer for ad agency TBWA, which works with top tech companies including Apple and Intel. "It makes sense for these tech companies to use outdoor advertising."

This renewed belief in Out of Home, presented by the smartest minds of Silicon Valley, known to be pundits of big data and ROI prove to show the medium as more relevant and more important than ever before. OOH is therefore seen as more of a "core" media buy than it was previously.

ABOUT GREG BENATAR

Greg Benatar is Joint Managing Director of Alliance Media, Africa's leader in Billboard & Airport Advertising. Alliance Media offers OOH opportunities on 25,000 sites in 23 African Countries.

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