

How OOH ad spend is evolving and how to respond in 5 charts

Article



The US ad market has declined **five months in a row**, according to MediaPost and the Standard Media Index's US Ad Market Tracker. But as people return to planes, trains, and automobiles, out-of-home (OOH) ad spend is growing. Here are five charts with what you need to know about this unique time for traditional, digital, and programmatic OOH advertising.

1. OOH spend has grown quickly, but don't count on that trend to continue

US Media Ad Spending Growth, by Media, Q1 2021-Q3 2022

% change

	Q1		Q2		Q3	
	2022 vs. 2020	2022 vs. 2021	2022 vs. 2020	2022 vs. 2021	2022 vs. 2020	2022 vs. 2021
Digital	50%	24%	84%	10%	42%	5%
TV	-2%	2%	19%	-9%	-17%	-23%
Out-of-home	-4%	71%	111%	38%	87%	14%
Radio	-18%	7%	70%	-5%	0%	-18%
Magazines	-46%	-23%	-30%	-16%	-20%	-11%
Newspapers	-28%	3%	13%	-10%	27%	22%
Total	19%	14%	52%	2%	15%	-6%

Note: based on data from SMI Core; excludes ad tech/fees and other
Source: Standard Media Index (SMI), "Core Release: September 2022," Oct 20, 2022

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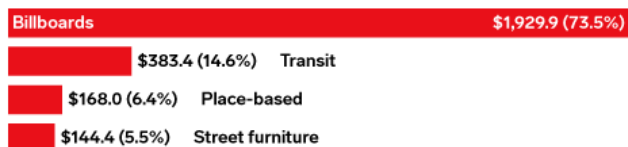
As people get back to travel and commuting, OOH spend has returned to normal quicker than anticipated. This year, we expect total spend in the US to hit \$9.22 billion, which is more than the \$8.65 billion we saw pre-pandemic in 2019.

Due to this normalization, OOH spend is rising even as other media channels take a hit. But don't count on this to bolster the ad economy: Starting next year, US OOH ad spend growth will shrink to single digits.

2. Pay attention to where OOH growth is occurring

US Out-of-Home Ad Spending, by Format, Q2 2022

millions and % of total



Note: Q2 2022 total spending=\$2.63B; includes alternative, billboards, cinema, digital platforms, street furniture, and transit
Source: Out of Home Advertising Association of America (OAAA) conducted by Kantar Media as cited in press release, Aug 18, 2022

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Billboards accounted for nearly three-quarters (73.5%) of US OOH spend in the second quarter, according to the Out of Home Advertising Association of America. But **billboards'**

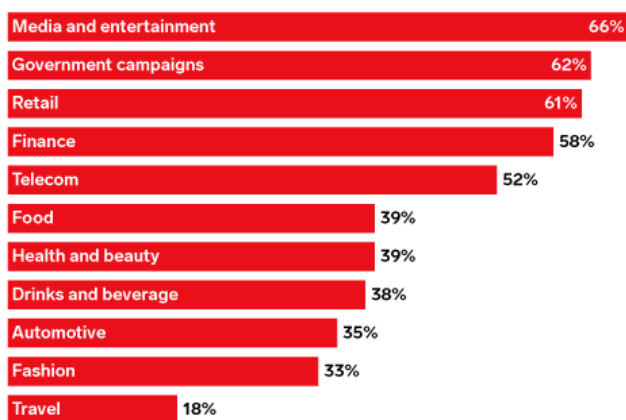
share decreased by 9 percentage points between the second quarter of 2021 and 2022 as ad dollars flowed back to transit.

You can also count on digital making up an increased share. Currently, traditional OOH spend accounts for 70.8% of total spend. By 2026, we forecast that figure declining to 62.0%, with digital accounting for the remaining 38.0%.

3. DOOH growth will be driven by entertainment, government, and retail

Industries That Ad Executives Worldwide Believe Will See the Biggest Increase in Digital Out-of-Home (DOOH), Feb 2022

% of respondents



Note: in the next 12 months
Source: Alfi as cited in press release, June 23, 2022

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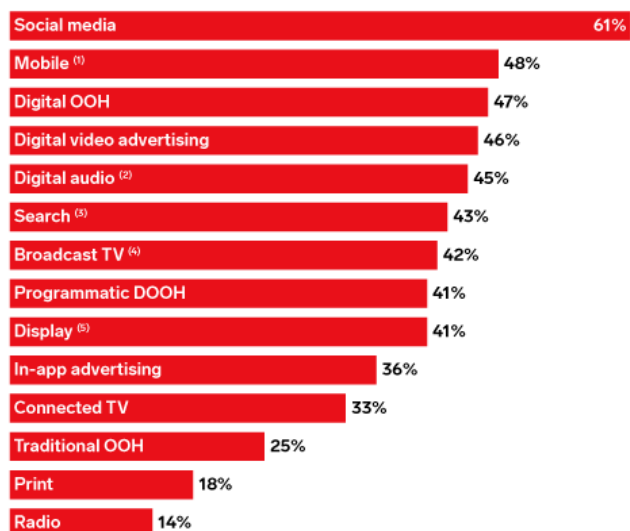
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Ad execs expect those three categories to drive digital OOH (DOOH) ad growth worldwide, according to Alfi. As innovations lead to better measurement tools, these industries are best positioned to take advantage of the technology, the study notes. Automotive and travel, two of the industries that result in people actually seeing OOH ads, will see smaller increases compared to these other categories.

4. DOOH is innovating, execs say

Media Which Are Developing the Most Innovative Opportunities for Advertisers According to US Agency and Ad Executives, June 2022

% of respondents



Note: n=200; (1) in-app ads; (2) includes streaming audio, streaming, and podcasts; (3) includes pay-per-click; (4) excludes TV advertising served via the internet; (5) excludes social

Source: VIOOH, "The State of the Nation: Programmatic DOOH 2022 (US)" in partnership with MTM, Oct 11, 2022

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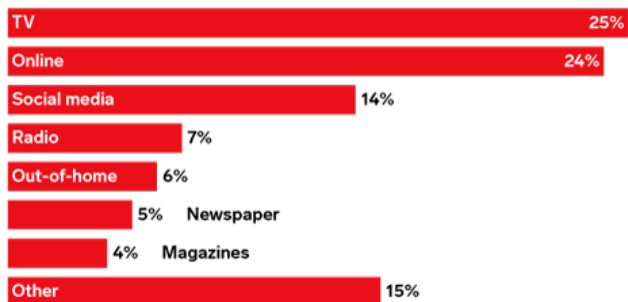
Some 47% of US agency and ad execs think DOOH is developing the most innovative ad opportunities, according to VIOOH, a DOOH marketplace. That puts it behind only social media and mobile advertising. Programmatic DOOH falls a bit lower, but 41% still consider the format innovative.

As retail media takes off, programmatic DOOH will present a huge opportunity for advertisers. We project programmatic DOOH will be a billion-dollar category by the end of 2024, more than doubling its revenues for this year.

5. Right now, OOH is not catching consumers' attention

Types of Advertising to Which US Adults Pay the Most Attention, Sep 2022

% of respondents



Note: ages 18+

Source: CivicScience as cited in company blog, Sep 6, 2022

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Just 6% of those surveyed by CivicScience say they pay the most attention to OOH advertising, while nearly a quarter pay the most attention to TV or online ads. TV and online advertising are also better at measuring returns than OOH ads, which are generally at the top of the funnel.

As the programmatic ad revolution takes hold, DOOH ads may be better suited to attract consumer attention, but don't expect them to compete with entertainment-based ads on TV, the internet, and social media.

The big takeaway: OOH is in good shape compared to 2020, but don't expect rapid growth to keep up. The category on the whole has normalized and ad spend growth is slowing. But within the category, ads are increasingly digital and increasingly programmatic. While OOH may not be the biggest driver of consumer action, programmatic DOOH is definitely an area to watch as retailers get creative with how they use consumer analytics.

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