

# The future of digital out-of-home advertising in Canada remains uncertain

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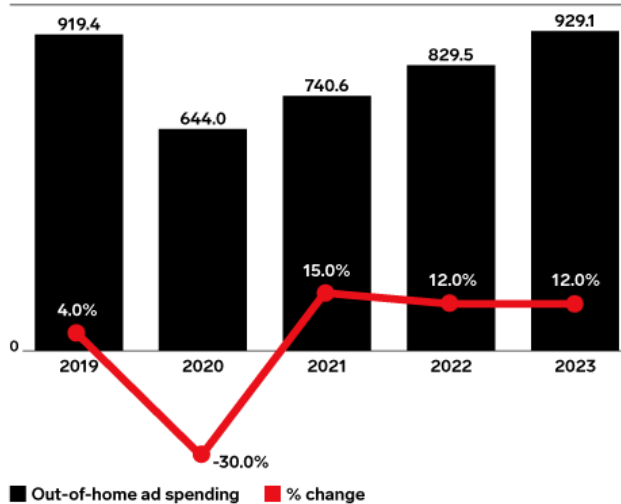
The hardest-hit ad sector in 2020 was out-of-home (OOH) ad spending, according to our estimates. Lingering concerns about crowded public spaces will potentially drag on the sector for years. On the road to recovery, we expect programmatic buying of digital out-of-home (DOOH) ad inventory will claim a larger share than the small slice it holds today.

In our pre-pandemic ad spending forecast for Canada, we anticipated OOH would be the sole traditional format to experience positive growth in 2020. After a relatively normal Q1, when sector growth was relatively flat and concerns about the coronavirus were just starting to surface, the market plunged in Q2 as quarantines were fully enacted in Canada. The market for these ads never fully recovered even as lockdowns eased, summer arrived, and more people ventured outdoors.

The result was OOH ad spending declining massively in 2020, down 30.0% from 2019. We forecast OOH totaled CA\$644.0 million (\$485.4 million) in 2020. We don't expect a recovery of this ad market to pre-pandemic levels until 2023.

## Out-of-Home Ad Spending in Canada, 2019-2023

millions of Canadian dollars and % change



Note: includes alternative, billboards, cinema, street furniture, and transit  
Source: eMarketer, Oct 2020

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Ad spending data recapping the summer months (July to September) from Standard Media Index (SMI) showed OOH spending in Canada was down 51% compared with 2019. It foreshadowed the potentially drawn-out recovery for this sector, as public spaces in Canada were fairly unrestricted in the 2020 summer months.

## Coronavirus Impact: Change in Total Media Ad Spending in Canada and the US, by Media, July-Sep 2020

% change vs. same period of previous year

	US	Canada
<b>TV</b>		
Broadcast TV	-14%	-12%
Cable TV	-1%	4%
<b>Digital</b>		
Video	12%	4%
Social	9%	-6%
Search	14%	-14%
Audio	-12%	3%
Ad network/exchange	9%	6%
<b>Other</b>		
Radio	-31%	-29%
Print	-46%	-33%
Out-of-home	-57%	-51%
<b>Total</b>	<b>-5%</b>	<b>-10%</b>

Note: agency spending  
Source: Standard Media Index (SMI) as cited in Canadian Marketing Association (CMA), Oct 22, 2020

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“This is the most difficult year to predict what lies ahead, especially as we’ve had cities and provinces go back to heavy restrictions in the second wave,” said Roseanne Caron, who recently retired from her position as president of the Canadian Out of Home Marketing and Measurement Bureau (COMMB). “But we did see our tracking of travel and foot traffic activity become similar to the pre-pandemic activity during the summer.”

During lockdowns, eyeball traffic dropped immediately in key OOH locales like downtown cores and transit hubs, as well as along heavily traveled highways. In the first wave of the pandemic in April, traffic dropped by up to 95% in dense urban settings, according to a Chameleon Digital Media study commissioned by Novus Media.

Fall 2020 research by Vancity Community Investment Bank (VCIB) and the Canadian Urban Institute examining seven city main streets in Ontario and British Columbia showed that foot traffic was down between 35% and 70% compared with the same time in 2019.

In addition to general foot traffic declines, the suspension of attendance at sporting events crushed place-based OOH revenues. Both the NBA and NHL finished their 2020 seasons in bubbles without fans. The Toronto Blue Jays played their entire 2020 MLB season in Buffalo, New York, because the federal government restricted them from operating in Canada. The NBA’s Toronto Raptors were restricted from playing in Canada for the 2021 season, meaning they will play “home” games in Tampa. It remains to be seen whether Canada’s stricter rules for gatherings will impact all of the country’s sports teams throughout 2021, including the Canadian Football League, which canceled its 2020 season, and subsequently the associated lucrative place-based inventory of ads.

Airport traffic was historically off in 2020, impacting airport advertising. The heaviest air travel month in Canada is August: In 2020, passenger traffic in that month was down 86.8% from August 2019.

A key part of the recovery of the OOH ad market in 2021 will be greater reliance on DOOH and the programmatic placements of ads

in those venues. Compared with traditional billboards, digital screens offer greater flexibility to adapt messaging and creative on the fly. What's more, programmatic buying allows greater flexibility in budget expenditure, which is especially valuable when foot traffic in public places is directly related to public policies to protect against the coronavirus. The efficacy of vaccines, which started being administered in Canada in December, is also uncertain. If the vaccines are proven effective, DOOH investments could accelerate again later in 2021.

"Part of what has transpired with the pandemic is advertisers are now looking to have greater flexibility and control over their messaging," COMMB's Caron said. "They can do that with digital more than they can with static out-of-home. Advertisers are going to be very cautious going forward. They want to know they have control and flexibility if they need to change their messaging on the fly or respond to something that's going on."

DOOH's share of the total outdoor market is between 35% and 40%, Caron estimated. Programmatic buying of DOOH inventory is still a small slice of that, around 3% to 5%.

"This pandemic has given opportunity to programmatic DOOH because of its flexibility and targetability," said Debbie Drutz, president of Novus Media. "For example, capabilities that can target key neighborhoods that were open. Today, we are accelerating DOOH planning and buying because supply is more readily available on every tech platform and will see the largest growth in the next few years."

To learn more about the pandemic-driven trends that we think will stick this year, Insider Intelligence subscribers can read our recent report:

**Report** by Paul Briggs Jan 21, 2021

## Canada Digital Outlook 2021

