

Internet privacy concerns prompt advertisers to move money to DOOH

Written by Jason Kates, CEO, rVue, Inc.

As more light sheds on the inter-workings of internet advertising companies and social media outlets and how they manage their users' personal information, fears are beginning to grow around Internet privacy. People are beginning to discover what experts have known for awhile – that companies like Google, Facebook and other trusted platforms are leveraging users' personal information to allow advertisers to target relevant ads at them.

The user backlash is starting to generate uncertainty in the advertising community, leaving agencies and media buyers to wonder if the reactions will result in changes to the online advertising model being mandated by the government or self-imposed by the internet advertising community. As a result, advertisers are setting their sights on other forms of media that are similar to plan and execute and potentially more effective.

Internet privacy concerns on the rise

More than ever, people are realizing that the personal and private data they post on Facebook and even the web pages they visit through Google are being tracked and potentially sold to advertisers looking to build detailed profiles of online habits and preferences. The public concern has become so evident that the Federal Trade Commission has stepped in, creating a Do Not Track system in order to encourage Internet privacy. The White House's National Science and Technology Council has also formed a subcommittee with the goal of identifying internet policies that protecting the rule of law and individual privacy.

Facebook's growth to more than 500 million users has lead to users being tracked beyond the confines of the social networking site – if you're logged in to Facebook while surfing, it will know when you visit any site connected to Facebook's API. Facebook admits to storing information and lets you know this when you sign up, but people rarely pay attention. The site has also been prone to phishing attacks and hijacked profiles, which can become an ever bigger problem as credit cards enter the platform via online Facebook games.

Facebook even had to dodge a privacy bullet this month to avoid a user revolt. It recently disabled a new feature that lets users share their phone numbers and addresses with third party applications and websites, whether they are completely aware of it or not. It's another example of how the social media platform and its users are both becoming more self-aware.

http://www.mediapost.com/publications/?fa=Articles.showArticle&art_aid=143164

Even Google, arguably the largest and most profitable internet platform, has experienced user backlash regarding privacy issues. Google's social networking tool, Google Buzz, flopped when users found out Google was tapping into their private Gmail accounts and turning them into a public platform. Even though users could opt-out, it still caused a wave of bad press and stirred already-brewing fears about Internet privacy.

The United Kingdom has even been taken to court by the European Union on counts of allegedly allowing advertisers to target ads to British internet users based on their "internet traffic."

<http://www.independent.co.uk/life-style/gadgets-and-tech/news/uk-internet-privacy-breach-sparks-legal-action-2093888.html>

It's no surprise that a new Gallup poll shows that 67% of U.S. Internet users "do not believe advertisers should be allowed to match ads to your specific interests based on websites you have visited."

<http://www.gallup.com/poll/145337/Internet-Users-Ready-Limit-Online-Tracking-Ads.aspx> Even when respondents were told these measure often keep the sites free, 61% of those polled said these tracking techniques are "not worth the invasion of privacy involved."

Not just another option...

With trusted online advertising platforms like Google, Facebook and others coming under scrutiny for privacy concerns, advertisers are beginning to consider other means of reaching the same audiences via less-invasive means.

Advertisers looking to make the transition will find that **digital out-of-home advertising** (DOOH) is a highly viable option for getting their client's messages seen by captive, relevant audiences in a less invasive, yet highly effective way, without issues of cookies and tracking future or past behavior.

One of the largest media companies in China has already expressed the value of digital out-of-home advertising compared to Internet advertising. In July 2010, Focus Media (NASDAQ:FMCN) sold off its stake in Internet advertising business Allyes in favor of concentrating on its digital out-of-home roots. Focus' DOOH advertising network has approximately 196,000 displays and approximately 312,000 advertising in-elevator poster and digital frames, installed in 184 cities throughout China, with a daily audience of more than 170 million people.

Focus's founder, chairman and CEO Jason Jiang said his firm "will be more focused on our core businesses, striving to continuously enhance and expand our media platforms through our LCD display network, poster-frame network, in-store network and movie-theatre network."

Screens.tv, a DOOH news publication, suggested that Focus "now has confidence that digital out-of-home can sustain the kind of growth that its Wall Street investors require."

http://www.screens.tv/article/111097/Focus_discards_Internet_unit_to_concentrate_on_DOOH.html

To the agency, planning for a DOOH campaign and an Internet advertising campaign will seem quite similar. DOOH allows planners to target their audience on a hyper-local level by demographic, but

instead of via websites, they are reached at places they go throughout the day. Research can determine where certain demographics are most likely to be throughout the day for multi-location ad planning. According to DOOH analyst PQ Media, 44% of media consumption occurs outside of the home.

The design of DOOH and Internet content is also similar in nature. Although Internet ads aren't as graphically appealing or hi-resolution, both DOOH and the Internet present ads in a rich media setting and must captivate the audience enough to interest them within a matter of seconds.

When it comes to media buying, DOOH can be placed via a Demand Side Platform (DSP), which brings together potential advertisers and available screens on an advertising network, much like the way Internet advertising companies do. Media planners who are familiar with Google AdWords should have no trouble operating a DSP.

...A better option

Given the security concerns around Internet privacy and the user backlash, Digital Out-of-Home advertising might actually prove to not only be a viable option, but a better option for advertisers looking for another channel to reach their audiences.

Agencies will first question the reach of digital out-of-home compared to that of the Internet. When it comes to reaching audiences, DOOH gets the job done and better yet, the messages resonate. According to the 2010 Arbitron Digital Video Display Study, 70% of teen and adult U.S. residents have viewed digital video displays at any measured venue in the past month, an estimated 181 million people. Also, 53% of teen and adult U.S. residents have viewed digital video displays at any measured venue in the past week, an estimated 135 million. http://www.arbitron.com/study/digital_video_display_study.asp

According to PQ Media, in the United States there are:

- 267 digital place-based operators & aggregators
- 426 digital place-based networks
- Over 1 million video screens installed nationwide
- 117 digital billboard & signage operators
- About 4,000 digital billboards & signs

Currently, DOOH represents only 4% of total ad spend, so agencies will also ask about the financial future of DOOH. Will an investment in a DOOH campaign be sustainable for several years? Will the medium continue to grow?

PQ Media says yes, continually forecasting and reporting industry growth over the past several years despite a recession. According to the firm, U.S. DOOH is estimated to have grown 14.8 percent in 2010 to \$2.07 billion. **actual 2010 numbers will be released at DSE in Feb.* The forecast for 2011 is also positive, with place-based networks poised to grow about 16%, digital billboards and signs to grow about 19% and overall DOOH predicted to experience almost 17% growth.

<http://www.digitalsignagetoday.com/article/178227/A-look-at-DOOH-by-the-numbers>

Advantages of Digital Out of Home

DOOH is quickly gaining reach and becoming part of integrated media solutions as it becomes more popular with brands and agencies alike. Much of this is owed to the laundry list of advantages of DOOH that strategically position it as an alternative to online advertising.

1. Contextual and place-based advertising

DOOH allows advertisers to reach the mobile consumer as they go through their day – giving them the ability to reach their audience multiple times with similar and relevant messages. This is opposed to the Internet, which can reach consumers via multiple websites, but only while they are at their computers. DOOH also gives advertisers the ability to influence audiences where buying decisions are made. Consider this retail example: POPAI revealed that 70% of all purchase decisions are made in-store and 68% of in-store purchases are impulse driven.

Also consider the kind of advertising research and development that is occurring now in the advertising world: mobile marketing, proximity-based advertising and promotional messaging based on where users “check-in.” Everyone is trying to reach consumers where they physically are at that moment, DOOH is one step ahead of the game. <http://popai.com/2010/10/22/embrace-and-cater-to-the-instinctual-not-the-rational/>

2. Captive audiences

DOOH advertisers that master the concept of “point-of wait” – placing screens in areas where people queue or stand for extended periods of time – are experiencing successful campaigns. Waiting audiences become captive audiences, giving advertisers access to their undivided attentions for up to minutes at a time – even the longest online roadblock ad only last about 15 seconds.

Unlike Internet pop ups, road blocks or banners, which often serve as *barriers* or obstructions between the audience and the content they want to reach, DOOH can *compliment* an advertising venue, enriching the customer experience while delivering the message in an unobtrusive way.

3. A significant audience

The Internet may seem vast, but DOOH can offer pretty competitive audiences that are more targeted. In addition the previously mentioned reach statistics, consider the number of teen and adult U.S. residents that views digital video at the following venues, according to Arbitron:

Venue	Audience per month
Airport	28 million
Bar	20 million
Coffeehouse or sandwich shop	21 million
Convenience store	31 million
Drug store	30 million
Elevator	10 million
Fast food or casual dining restaurant	42 million

Gas station	43 million
Grocery store	72 million
Health club	18 million
Hospital or medical test facility	34 million
Large retail or department store	69 million
Medical office	52 million
Movie theater	50 million
Office building lobby	34 million
Shopping mall	70 million
Stadium or arena	28 million
Outside of a bus, bus stop shelter, train or taxicab	11 million
Inside a bus, train or taxicab	9 million

**Source: 2010 Arbitron Digital Place-Based Video study*

http://www.arbitron.com/study/digital_video_display_study.asp

4. Better engagement - Interactivity drives conversion

DOOH has the unique ability to drive customer interaction with the medium through a variety of multichannel technologies. Touchscreen interactivity, gesture-based control, SMS, Bluetooth, QR codes and graphic recognition all turn advertisements into experiences for the user.

According to OTX Research, more than half (53%) of adult texters say they are “likely” to text a response to a compelling DOOH message. <http://www.slideshare.net/benallen/kelsey-digital-out-of-home>. OTX also suggests that DOOH ads are “more eye-catching and unique, as well as more interesting, more entertaining, and less annoying than ads from any other medium” and also found that “over a third of respondents said they took direct action as a result of seeing ads on digital signage, and over half of 18- to 24-year-olds said they did so.” http://www.aba.com/NR/rdonlyres/7713C382-3800-4958-89CE-997724986A0E/62707/FinancialServices_DOOH_STRATAMedia.pdf

In conclusion

In today’s media landscape, agencies must be flexible and adapt to the changing needs of the audiences they are trying to reach. With increased insecurities about Internet privacy and online advertising platforms accessing personal information and browsing history, agencies are turning to other options to reach the contemporary mobile consumer.

Digital out-of-home provides agencies with an extensive reach and targets consumers where they eat, shop, socialize and travel throughout their days. It also provides brands with the ability to interact with their audiences at the places where buying decisions are made in a non-obtrusive way, representing the next step in advertising “alongside” consumers instead of directly “to” them.

About the Author - Jason M. Kates

Jason M. Kates has been paving new ground in the DOOH industry for over 15 years. As Founder, Chief Executive Officer and Chairman of the Board, Kates is the visionary behind rVue, Inc. as he steers the advertising technology company's strategic acquisitions, business and product development, and fiscal growth from its Fort Lauderdale, Florida headquarters. rVue provides the real time advertising platform and managed services for digital out of home and place based media which offers advertising agencies single-point buying access to Digital Out-of-Home (DOOH) screens throughout the United States and Canada.

Kates' career began at Oppenheimer & Co., Inc. where he managed corporate capital as an investment broker for such prestigious clients as Harley-Davidson. After a successful tenure as a Vice President at Oppenheimer, he founded Kates Communications, where he was charged with marketing products using the power of video. Leveraging his success from this and subsequent corporations, Kates created RMS Networks, Inc., where from 1995 to 2009, he served as President and CEO. In 2009, Kates officially launched rVue, Holdings, Inc. (OTC:RVUE) and took the company public in 2010.