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Digital Signage becomes ubiquitous: Urban Screens everywhere

Major out-of-home advertisers have now started to go digital across Europe

DOOH spending will continue to grow in 2009 despite ad recession

London 28th January 2009: The number of digital out-of-home (DOOH) networks has dramatically increased over the past months in many European countries. After initial success in the UK, major Western European OOH advertisers have now started to launch larger digital media installations. Despite the ad recession and financial crises, DOOH spending will continue to grow and will boost the whole OOH sector to grow more than traditional media, according to the report 'Digital Signage in Europe' produced in collaboration by media analysts Screen Digest (www.screendigest.com) and Goldmedia (www.goldmedia.com).

The UK represents the most advanced digital signage market in Europe. CBS Outdoor's screens in London's underground and Westfield Shopping Centre, JC Decaux's deployment at Heathrow Terminal 5, Clear Channel's digital roadside network and Titan's Transvision 'digital 6-sheets' LCDs in railway stations are the UK's trailblazing digital installations. DOOH media is now gaining momentum, however, in other European countries, for example in Germany and France. Germany's leading out-of-home contractor, Wall AG, will replace all static posters at Berlin Friedrichstraße, one of the capital's main stations, during the first half of 2009 making it Germany's first completely digitally equipped railway station. In France, Metrobus is currently rolling out a large digital signage network in the Paris metro and in railway stations throughout the country.

Vincent Létang, head of advertising research at Screen Digest and editor of the report says, "2009 started with a lot more high quality digital inventory than 2008, and a much stronger commitment from big out-of-home contractors. That alone should fuel the growth of digital OOH revenues, even though overall OOH spending will be

under pressure. Media buyers and advertisers remain convinced of the added value of digital OOH compared to traditional static sites. However, the market is tough in the short term and the credit crunch will slow down the volume of new projects from big contractors in mainstream environments, and even more so in niche environments e.g. point-of-sale and ambient. Many digital signage technology providers and niche contractors may suffer and we expect consolidation in both sectors in 2009-2010. Nevertheless, in the long term, digital signage will still play an increasing and substantial role in enhancing OOH media."

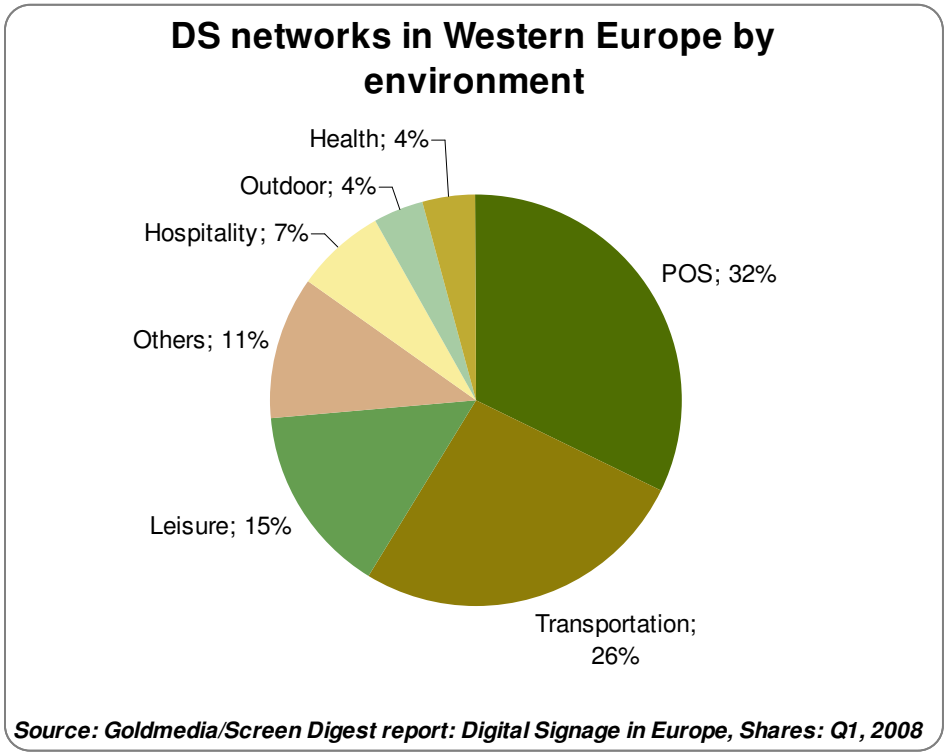
Goldmedia and Screen Digest forecast in the collaborative report "Digital Signage in Europe – The opportunities for digital out-of-home advertising" that DOOH net advertising revenues in Western Europe will triple over the coming years from €220m in 2008 to a forecast of €630m by 2012. This equals a compound annual growth rate (CAGR) of 29 per cent. Today advertising on digital screens already accounts for approximately four per cent of the total out-of-the-home media expenditure in Western Europe (2008). By 2012 this share is expected to grow to approximately 10 per cent.

More and more screens and displays are becoming a normal sight in everyday life and communication. Beyond advertising digital signage systems can be used for a number of purposes: public information (e.g. flight or traffic information), corporate TV, 'ambient media' (e.g. bars, gyms), sales promotion through in-store advertising on point-of-sale (POS), and finally third party advertising.

Digital signage networks are located in a number of specific environments and venues. Currently, the vast majority of ad-funded DS networks in Europe are located in indoor settings. With a 32 per cent share of all implemented networks in Western Europe, the retail point-of-sales (POS) environment is the most common application for digital signage. The transport sector, including airports, railway stations and all kinds of vehicles, follows with 26 per cent. Leisure (15 per cent) and the hospitality sector (7 per cent) represent further important DS environments. Although outdoor networks, for example large screens located at roadsides, represent a share of only 4 per cent of Western Europe's DS networks, they have a considerably bigger share in terms of advertising revenues due to their big audience reach. (See chart 1)

Marcel Piopiunik, consultant of Goldmedia and author of the report emphasizes the intrinsic benefits of digital signage from an advertiser's point of view: "Digital displays and the power of moving image allow for more creative and flexible advertising campaigns. Digital signage offers advertisers brand new options, among them the flexibility to run shorter and part day campaigns that refine focus to, say, specific commuter audiences; the opportunity to push dynamically-updated copy and the opportunity to combine DOOH campaigns with direct marketing operations involving interactive portable devices such as 3 G mobile phones."

Chart 1: Ad-funded digital signage networks in Western Europe by environment, 2008



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For more information please contact:

Media enquiries: Lucy Green

Tel: +44 (0) 7817 698366 lgreen@greenfieldscommunications.com

Screen Digest: Fay Hamilton, PR and Promotions Manager

Tel: +44 (0) 20 7424 2847 fay.hamilton@screendigest.com

Goldmedia: Dr. Katrin Penzel, Communications Director

Tel: +49 (0) 30 246 266-0, Katrin.Penzel@Goldmedia.de

About this research

The research in this press release is taken from the Goldmedia and Screen Digest report 'Digital Signage in Europe – The opportunities for digital out-of-home advertising.' Published in August 2008 and produced in collaboration by the two companies, it includes five-year forecasts to 2012 for advertising and hardware revenues as well as for the number of installed displays in ten European markets. Analysis includes market size data, comprehensive market overviews with identification of the key players in each analyzed market.

About Screen Digest

Screen Digest is the pre-eminent firm of industry analysts covering global media markets. Headquartered in London, with offices in New York and Carmel, California, we employ a team of 40 specialist analysts covering film, television, broadband, mobile, cinema, home entertainment and gaming. Our online services and reports provide the information and analysis that hundreds of media companies worldwide base their decisions on. Most recently we have launched Global Media Intelligence (GMI), a new service which provides research and analysis specifically for media-focused institutional investors. www.screendigest.com

About Goldmedia

Since 1998 Goldmedia has provided national and international clients with high quality consulting and research services in the fields of media, entertainment and telecommunications. Goldmedia offers: in-depth analysis of markets and competitors; forecasts and strategic consulting services; the implementation of new business models; and consulting for restructuring whole companies, including M&A processes in the field of corporate finance. Goldmedia-Group: Goldmedia GmbH Media Consulting & Research, Goldmedia Sales & Services GmbH and Goldmedia Custom Research GmbH. The company's head office is in Berlin, Germany. Goldmedia is a member of the international network European Media Consulting Association – EMCA. www.emca.tv
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