Eric Newnham, Global CEO, Kinetic Worldwide, spearheaded the creation of Kinetic in April 2005 following the merger of out-of-home specialists Poster Publicity and Portland. As Global CEO Eric has seen the rapid expansion of the Kinetic business worldwide. He has successfully launched profitable new commercial enterprises under the Kinetic brand including Joule (previously Kinetic Mobile), Kinetic Intelligence and Kinetic People. Throughout his career Eric has had an involvement with the out-of-home medium working both on the agency and media owner side of the industry. In this article, Newnham says that the recession is biting the media industry very hard. Some advertisers are pressurising their agencies on fees and commissions. But he argues that there are still good opportunities for growth, by marrying of the world's oldest medium, OOH, to the newest –- online.

The recession is biting the media industry very hard, a lot harder than most could have anticipated. Some advertisers are pressurising their agencies on fees and commissions whilst demanding that falling advertising budgets extract more value. Prices paid for media space are at a major discount to that of a year ago. The news that Proctor & Gamble cut its marketing budget in the last quarter of 2008 by $440million – and yet that lower investment extracted a 5 per cent increase in media impressions – highlights the dilemma facing media owners.
The outdoor advertising industry has had a fantastic growth record in recent years but it too is suffering in this recession. In fact, some of the same factors which contributed to the booming sector could now be responsible for undermining the medium’s relative performance. The profound consolidation, for example, has come at a price. Borrowings to finance acquisitions, mergers and investment have become millstones around the neck of some major players. At the time of writing, Clear Channel is struggling to refinance its $18 bn debt load. With this background, new investments are beginning to dry up and the hunger for further development is waning. The big media owners who fought hard to gain advertising rights with governments and transport authorities are now struggling to meet their guarantees and obligations. Renegotiation of these contracts is the order of the day, but in the outdoor medium it is not easy to "cut airtime" or "repaginate".
It is not all doom and gloom, however. There are still good opportunities for growth; the marrying of the world's oldest medium to the newest - online - has yet to be fully exploited. As access to the web moves rapidly away from inside buildings to outside via mobile devices, the signposter capabilities that outdoor advertising provides become increasingly important. Outdoor could very easily become the retail fascia for transactions on the web... the prompting of actions.

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Concert tickets, events, exhibitions, music, even the latest downloads of applications promoted at the right location at the right time, could bring enormous value recognition for the out-of-home medium.
One of the most important aspects that the industry needs to address is the concept of time-based inventory relative to a particular location. The potential audience - and indeed the behaviour of people – changes throughout the day and night at any given location. It is no longer right to define a billboard just by its address. As technology provides us with the ability to communicate from set positions digitally at various times, the value to any advertiser will ebb

and flow depending on the pertinence to a particular audience at that time. The cost of distribution through digital networks is virtually free; thus the opportunity to maximise coverage becomes paramount.

This is why with a mobile audience, understanding behavioral patterns and coupling that with knowledge of how to intercede their journeys with inventory and devices (both static and mobile) is now fundamental for an advertiser to effectively deliver its communication objective.

Whilst economically we have a rough period to face and accommodate, as a medium in the long term owning the advertising rights at critical locations - where you have the knowledge about the people who reside, work, shop, play or pass through - is seen to be ever more valuable as technology allows us to exploit the timing and movement of those people. I believe the medium will continue to evolve; the line-up in terms of ownership will probably change but the underlying power and purity that Out-of-Home media has will see it in good shape when we enter the next period of growth.

(Eric Newnham is the Global CEO, Kinetic Worldwide) You can contact Eric Newnham here