

## MEDIA RELEASE

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### **Digital advertising billboards set to replace traditional paper billboards**

Digital advertising is increasingly replacing traditional paper billboards across South Africa. The next generation in out of home (OOH) advertising is internet-connected digital screens that vary in size, provide more effective advertising to consumers through their flexibility and timeliness, and afford advertisers the opportunity to stream media and showcase dynamic graphics.

Vicki Myburgh, PwC Entertainment & Media Leader for South Africa, says: “OOH advertising is moving with the times and like other parts of the media, such as newspaper and magazine publishing, is transforming into a digital environment.

“It is reasonable to predict that more than a quarter of traditional paper billboards could be converted to digital within the next decade.”

“Advertisers are looking to engage with consumers while they are out of their homes and the OOH industry provides a number of ways in which to do so, from the traditional roadside billboard to interactive digital panels inside shopping malls,” adds Myburgh.

This means serious revenue opportunities for the OOH advertising industry. According to the fifth edition of PwC’s *‘Entertainment and media outlook: 2014-2018’*, by 2018 traditional South African OOH revenues will begin to decline – a trend that will have occurred on a global level by 2015 – but digital OOH (DOOH) revenues will replace them. DOOH revenues will grow at a compound annual growth rate (CAGR) of 20.3% and account for 31% of the market by 2018.

The OOH market in South Africa reached revenue of R4.1bn in 2013, up from R3.7bn in 2012. South Africa’s OOH market is expected to grow at a CAGR of 5.9% and will see revenues of R5.5bn in 2018.

The fifth edition of PwC’s *‘South African Entertainment and Media Outlook’* presents annual historical data for 2009-2013 and provides annual forecasts for 2014-2018 in 12 entertainment and media segments. *The Outlook* also includes detailed information for South Africa, Nigeria and Kenya.

The OOH advertising market is evolving from one dominated by traditional posters, besides roads and in shopping malls, to one where the posters are replaced by digital panels, offering advertisers more flexibility in terms of content and display campaigns.

South Africa’s general election of May 2014 boosted the OOH advertising market – the Democratic Alliance (DA) used roadside billboards to inform drivers in Gauteng about their opposition to e-tolls. “The use of OOH advertising is an extremely powerful medium, particularly in political campaigning channels. The use of this method of advertising has the ability to reach and target a large audience especially where they spend a substantial amount of their time: away from their homes,” adds Myburgh. Such political campaigning is expected to result in revenues reaching R4.4bn at the end of 2014, a year-on-year increase of 7.9%.

Although billboards are considered an important platform for the growth of OOH advertising, the industry faces a number of regulatory challenges. These include issues around height, light pollution if they are situated in residential areas, their proximity to schools or the side of the highway, and the minimum distances between fascia on the highway. Another issue facing the OOH market and the advertising industry overall, is the proposed ban on alcohol advertising.

Over the last decade the South African OOH market has benefitted from the improvements made to the country's transport infrastructure, especially the launch of the Gautrain and the expansion of OR Tambo International Airport in Johannesburg. Many site owners are now transitioning from static to digital panels, now offering advertisers the scope to engage with consumers directly at airports or shopping malls.

Advertisers are continuously looking for ways to reach the 21.6 million people who travel to work using public transport every week. It is estimated that 18 million South African use minibus taxis as their main form of transport, while only 2.8 million people commute using buses. Street furniture such as bus shelters and house billboards are visible to passing vehicles and foot traffic. The City of Cape Town and the affluent Gauteng region have witnessed an upgrade to many of their bus shelters.

Taxi ranks are also considered an excellent way by OOH advertisers including TRANSIT.TV to reach consumers. One advertiser in the food industry placed ads inside 1000 taxis in early 2014, using different vernacular in different regions to advertise its special offers.

Proponents of building wraps contend they have massive impact and have the potential to leave a lasting imprint. Advertisers are also able to combine campaign and corporate social investment budgets by utilising mural billboards.

One of the major inhibitors to the OOH advertising industry is the lack of tools to measure audience and campaign effectiveness compared with other types of advertising. Media measurement research in South Africa is currently in a state of flux.

## ***Nigeria***

Nigeria's OOH market will be worth around US\$261 million in 2018, growing by a CAGR of 6.1%. Total OOH revenues in Nigeria were US\$ 193 million in 2013, 8.9% up on 2012.

## ***Kenya***

The Kenyan OOH market is forecast to be worth US\$137 million in 2018 growing by a CAGR of 8.3%. Total OOH revenues in Kenya had reached US\$92 million in 2013 up on 2012 and almost twice the figure of 2009.

Myburgh concludes: "OOH can provide advertisers with the opportunity for great innovation – more so than any other advertising medium. DOOH will increasingly continue to grow at a time when the advertising industry is at a taxing time regarding its ability to engage with consumers."

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