



Mark Boidman
@Mboidman
solomonpartners.com

2023 MEDIA TRENDS REPORT

IT'S MEDIA WORLD CHAOS

MARCH 29, 2023

SOLOMON PARTNERS OVERVIEW

INVESTMENT BANK FOUNDED IN 1989

Solomon Partners continues to grow

150+
Investment Bankers

29
Partners & Managing Directors

SECTOR EXPERTISE

- Business Services
- Consumer Retail
- Financial Sponsors
- FinTech
- Grocery, Pharmacy & Restaurants
- Healthcare
- Industrials
- Infrastructure, Power & Renewables
- Media
- Technology
- Telecommunications

PRODUCT CAPABILITIES

- Mergers & Acquisitions
- Activist Defense
- Financing Advisory
- Capital Transformation & Debt Advisory
- Special Committee & Fairness Opinion

WE LIVE AND BREATHE OUT OF HOME MEDIA

SELECTED RECENT OOH TRANSACTIONS

2023

UBG

Has sold its leasehold interest in its signage at 2 Times Square and 1600 Broadway to

 **PROVIDENCE**
EQUITY PARTNERS

In partnership with

OUTFRONT/

Served as financial advisor to Universal Branding Group

2022

Interstate Chicago, a JV between

 and 

Has sold its majority stake in **INTERSTATE** to **JCDecaux**

Served as financial advisor to Interstate Chicago

2022



Has acquired

watchfire

Served as financial advisor to H.I.G. Capital

2022



Has sold its Portland portfolio and other assets aggregating ~1000 displays to

OUTFRONT/

Served as financial advisor to Pacific Outdoor Advertising

2021



Strategic investment by



Served as financial advisor to Adams Outdoor

2021

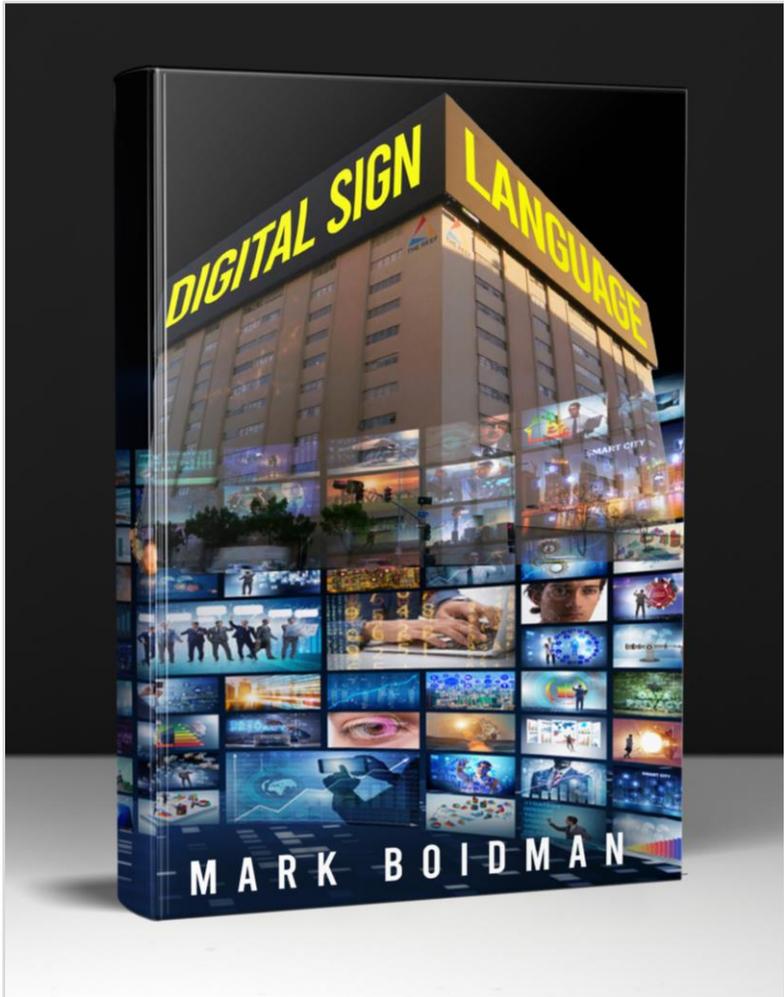
Has raised capital led from



To fund and expand **LinkNYC**

Served as financial advisor to CityBridge

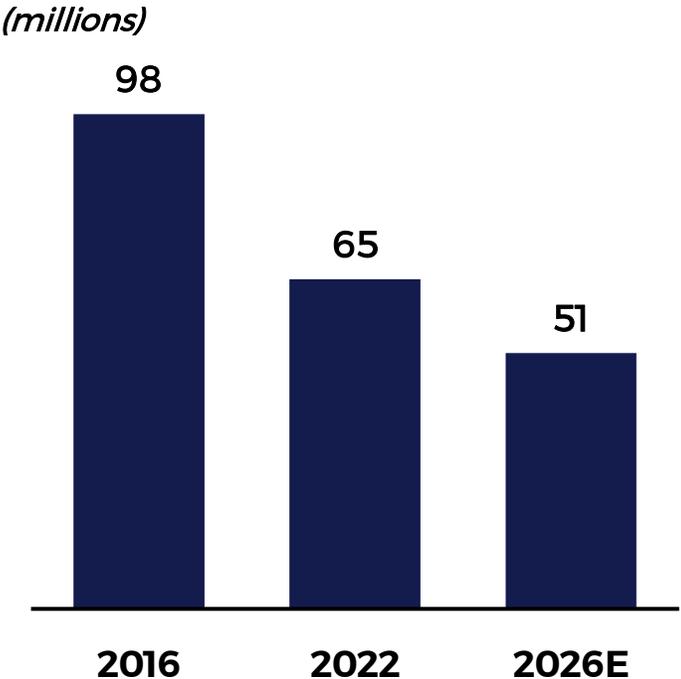
BOOK LAUNCH #2 SUMMER 2023



MEDIA COMPANIES ARE STRESSED WITH UNCLEAR FUTURE

TV NETWORKS LOSING VIEWERS AND ADVERTISERS

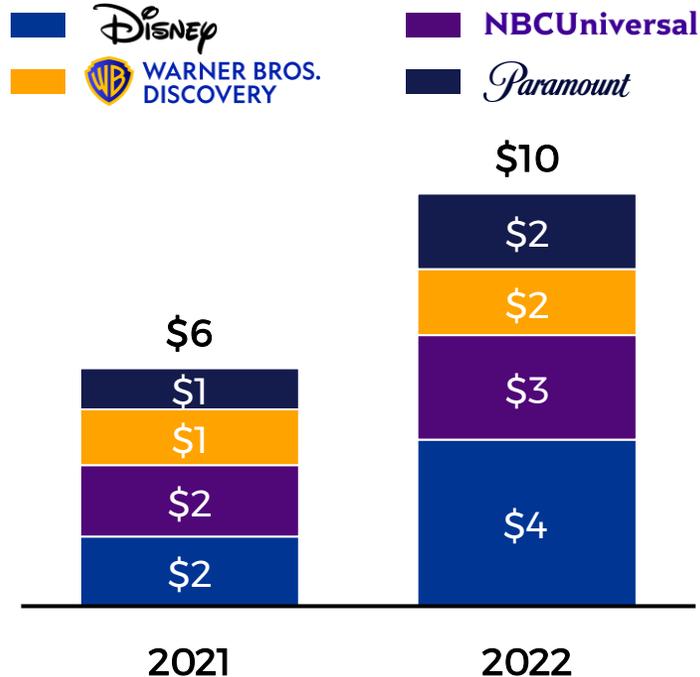
Number of Pay TV Households in the U.S.



STREAMING SERVICES LOSING BILLIONS OF DOLLARS

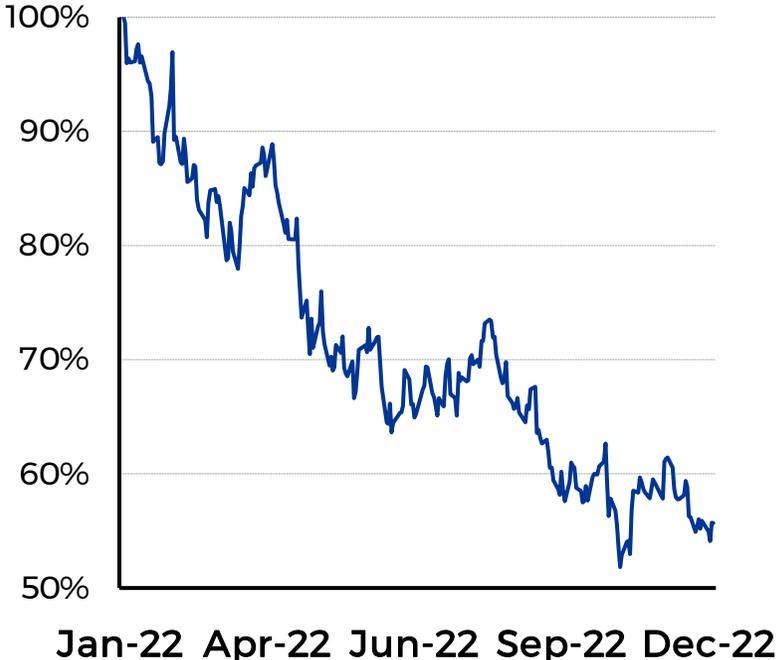
Losses on DTC Streaming Services

(\$ in billions)



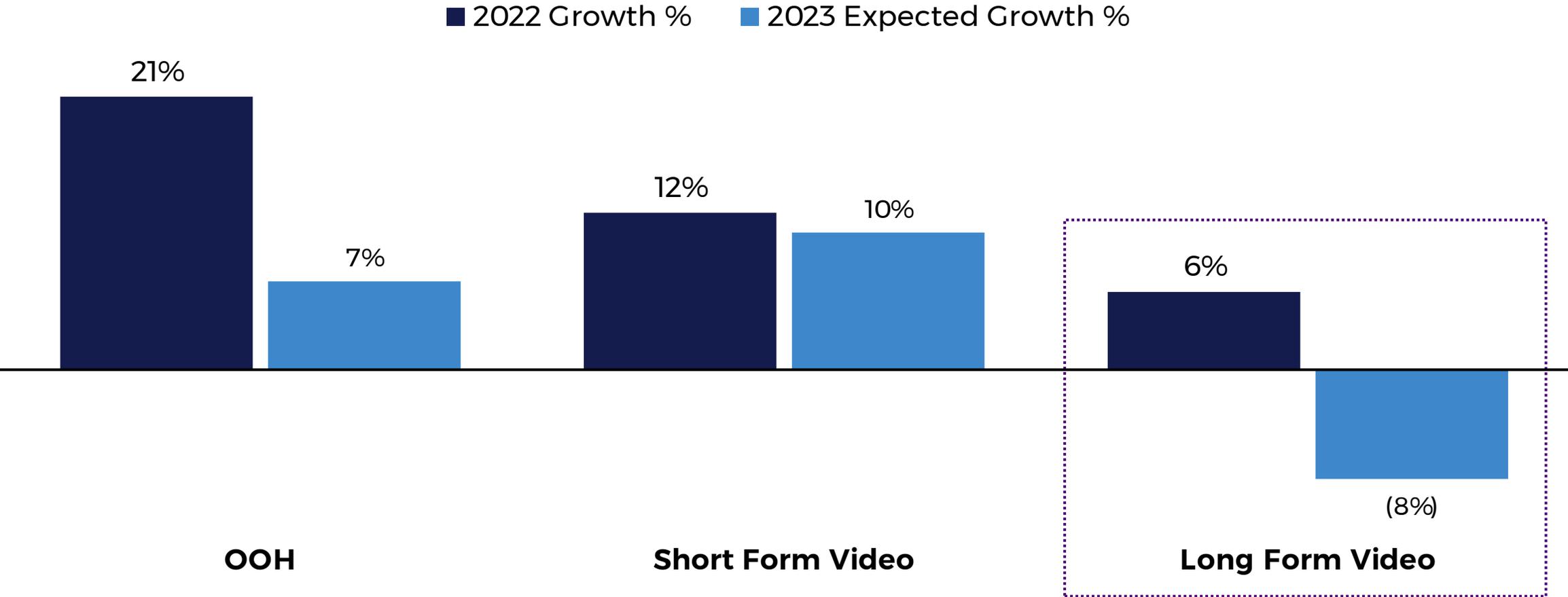
SHARE PRICES OF THE LARGEST MEDIA COMPANIES DROPPED ~50% IN 2022

S&P 500 Media & Entertainment Index Indexed Performance



CONSUMERS HAVE LIMITED PATIENCE

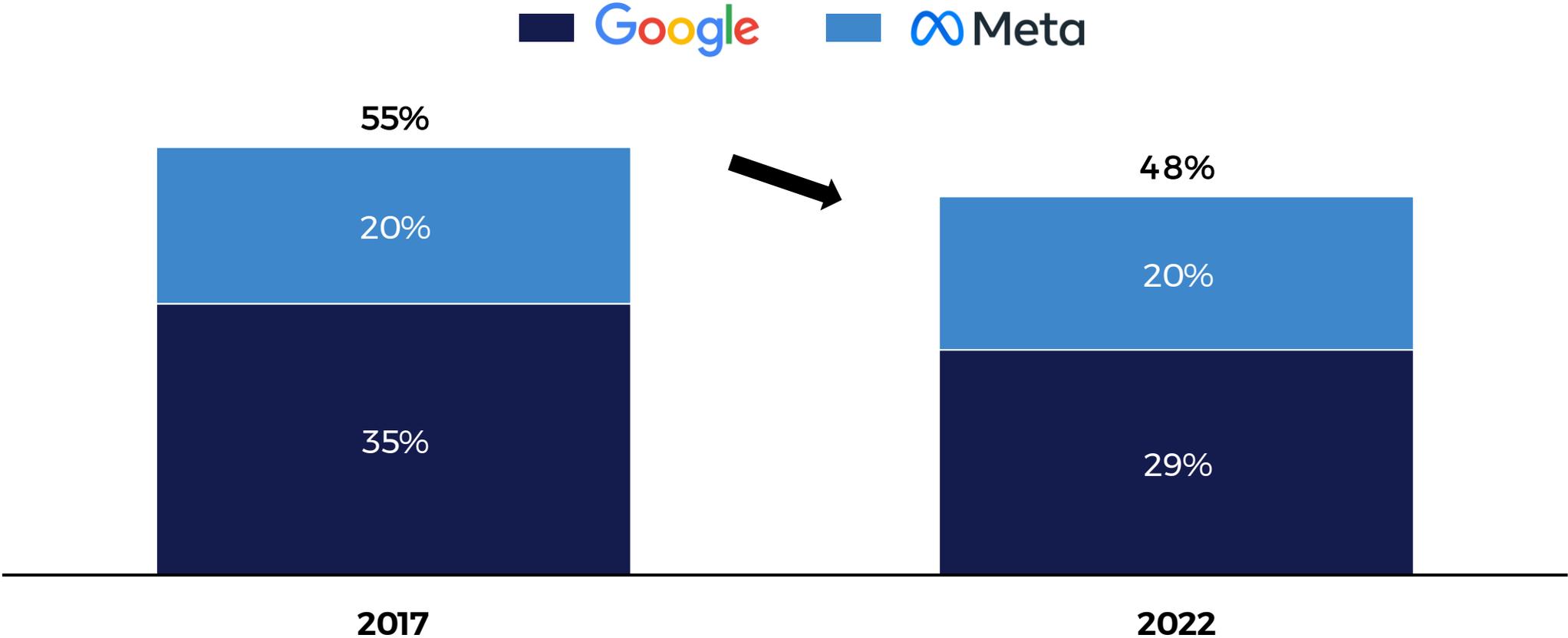
U.S. ADVERTISING MARKET – GROWTH BY SEGMENT



GOOGLE AND META LOSING ADVERTISING SHARE

FOR THE FIRST TIME SINCE 2014, GOOGLE AND META ACCOUNT FOR LESS THAN 50% OF U.S. DIGITAL ADVERTISING REVENUE

SHARE OF U.S. DIGITAL ADVERTISING REVENUE



EVEN STREAMING'S MOMENTUM IS SLOWING

NOW THE LARGEST TV FORM, BUT MOST STREAMING COMPANIES ARE UNPROFITABLE

STREAMING & ADVERTISING SLOWDOWN



Lost **2.4M** subscribers in Q4 2022



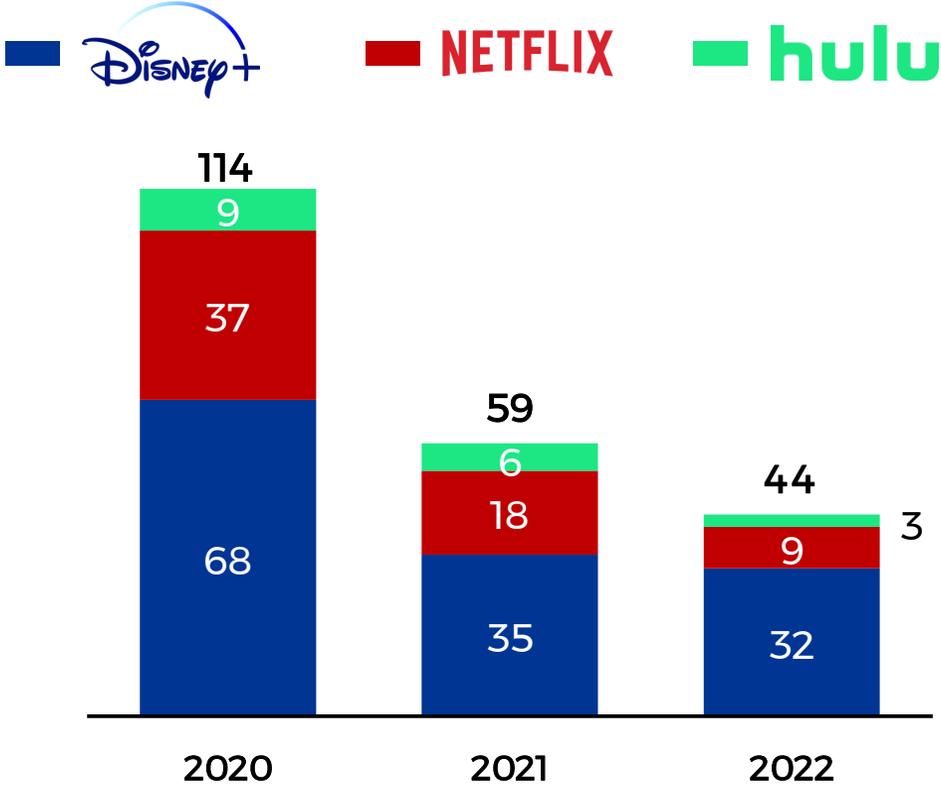
Lost **919K** paid subscribers in the U.S. & Canada in 2022



2 consecutive quarters of YoY ad revenue declines

STREAMING SERVICES ARE ADDING FEWER NEW SUBSCRIBERS EVERY YEAR

Annual Increase in Global Paid Subscribers (millions of subscribers)



RISE IN RETAIL MEDIA NETWORKS TAKING SHARE

RETAIL MEDIA NETWORKS NOW ONE OF THE FASTEST-GROWING AD MARKET SEGMENTS

ALMOST ALL MAJOR U.S. RETAILERS HAVE LAUNCHED RETAIL MEDIA NETWORKS



Best Buy. Ads



ROUNDEL™



NETWORKS LEVERAGE THEIR OWN FIRST-PARTY DATA AND ARE LESS VULNERABLE TO PRIVACY-BASED LIMITATIONS ON DATA USAGE AND TARGETING

AMAZON REPRESENTS THE LION'S SHARE OF DIGITAL RETAIL MEDIA

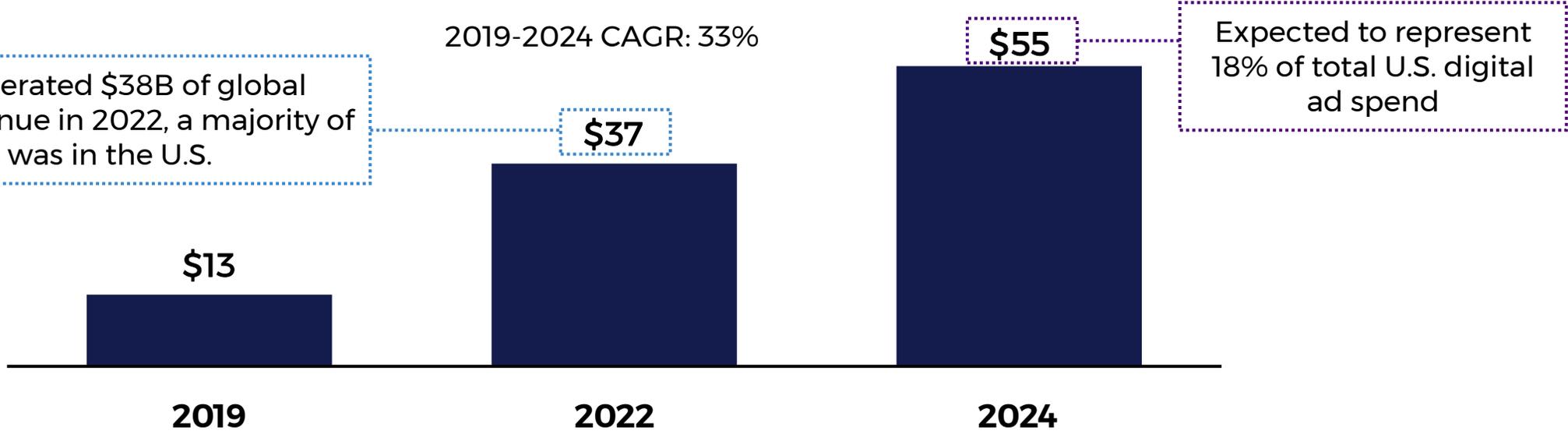
FAST-GROWING SEGMENT PLAYING A LARGER ROLE IN THE DIGITAL AD MARKET

U.S. DIGITAL RETAIL MEDIA AD SPENDING

(\$ in billions)

Amazon generated \$38B of global advertising revenue in 2022, a majority of which was in the U.S.

2019-2024 CAGR: 33%

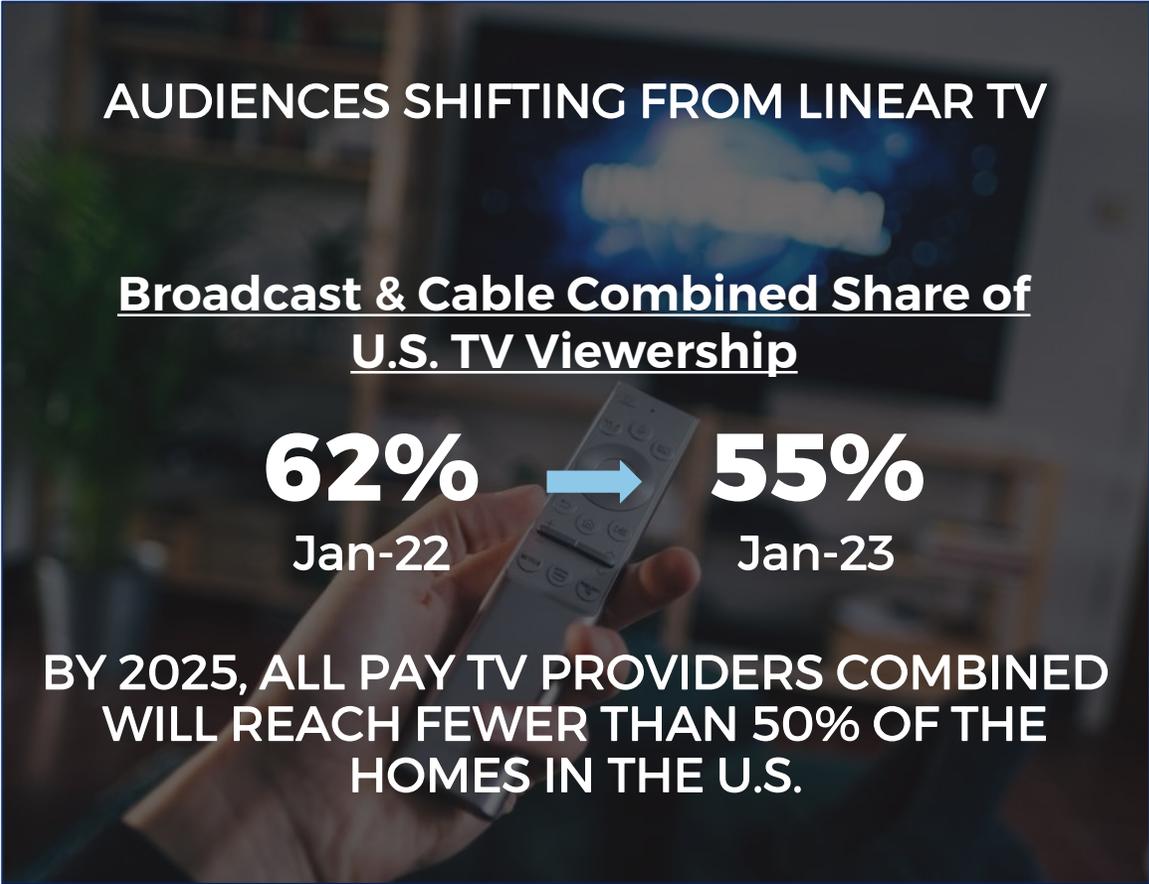
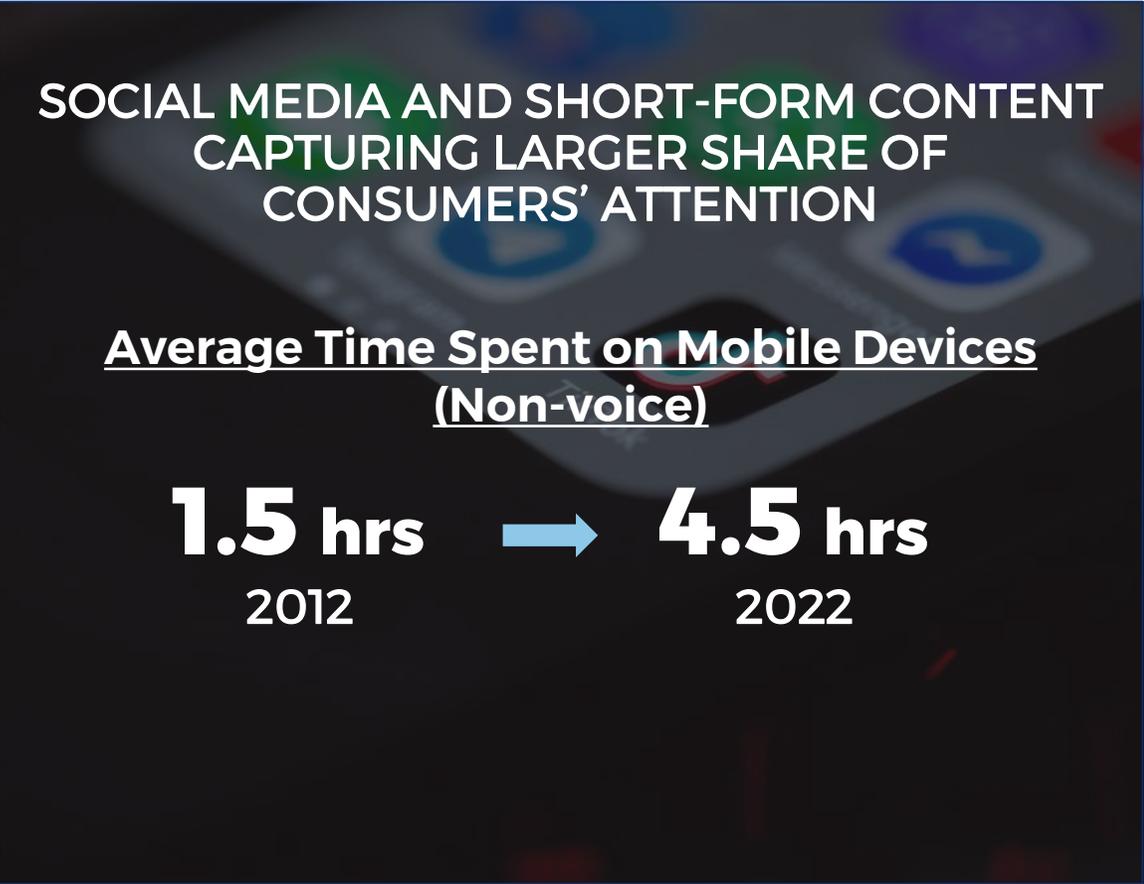


“The third wave of digital advertising – retail media – is upon us, and it’s going to be the biggest we’ve seen”

- Insider Intelligence

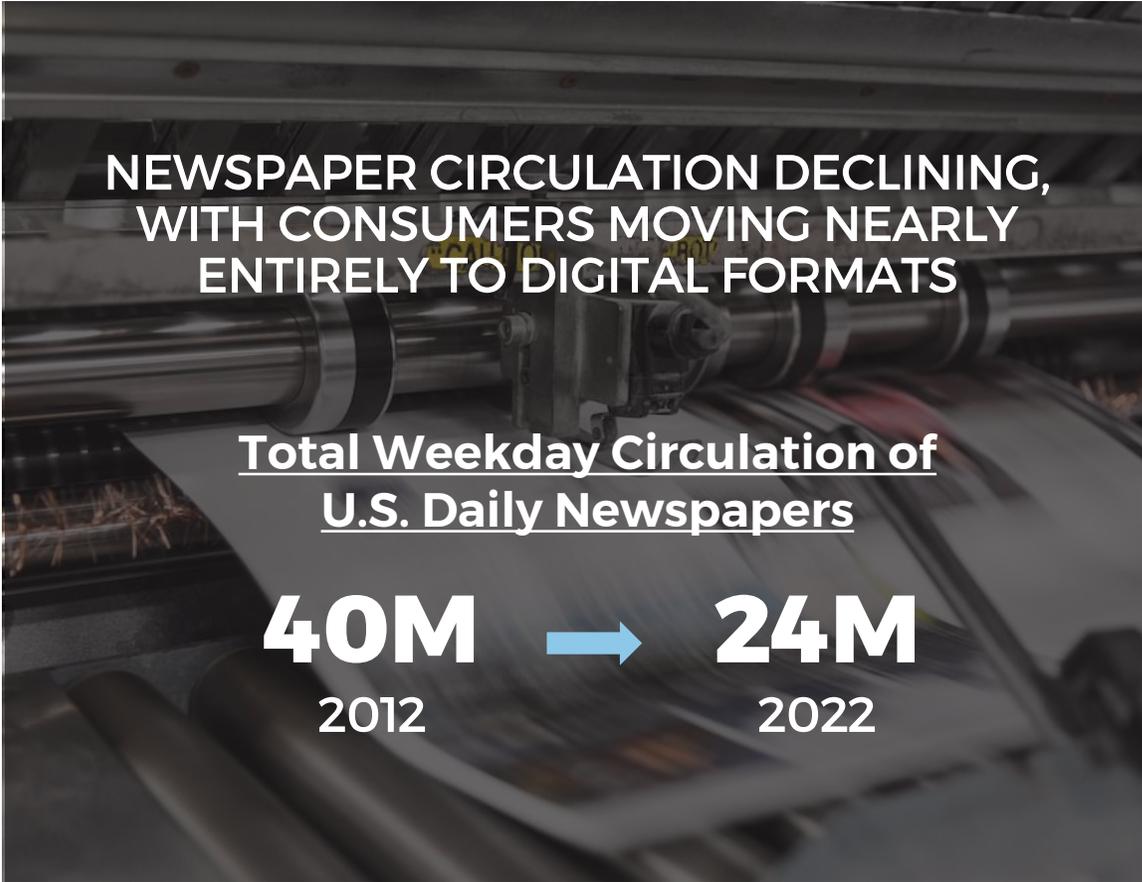
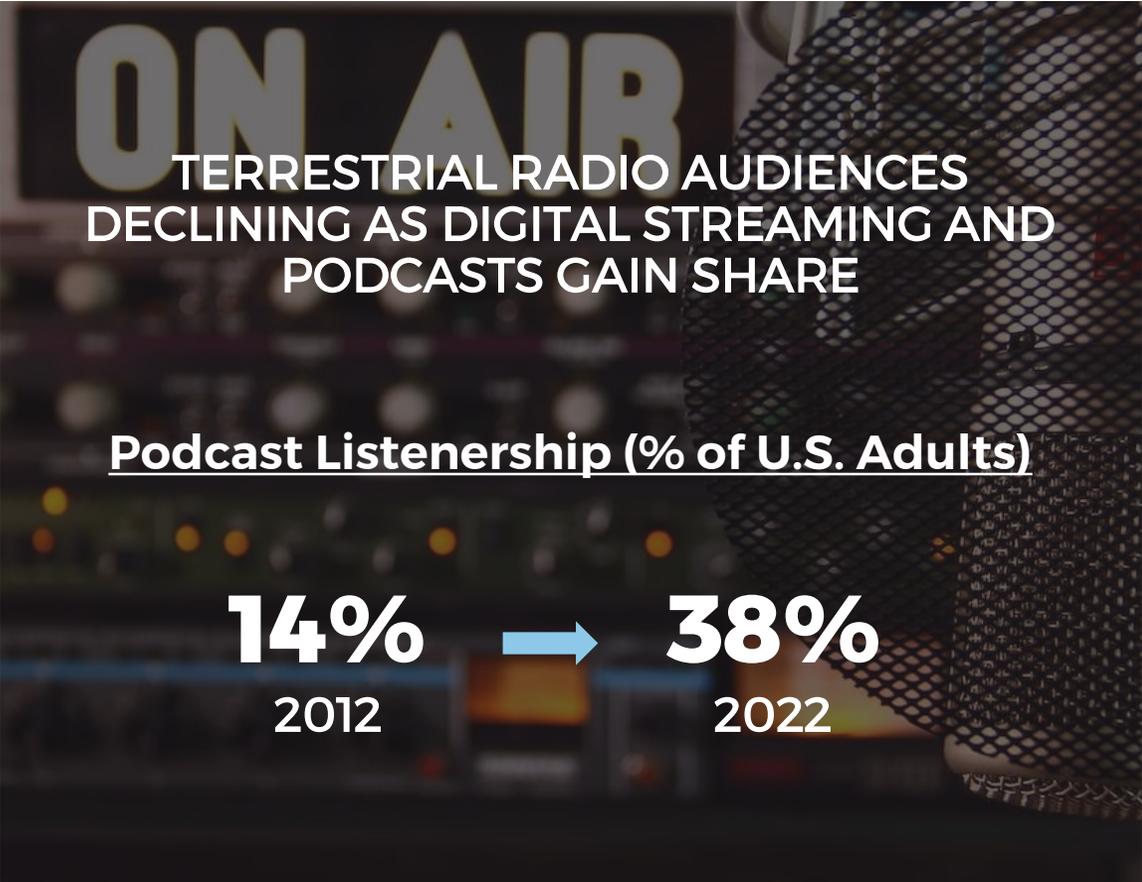
FRAGMENTATION OF MEDIA – CREATING CHAOS

INCREASINGLY DIFFICULT FOR ADVERTISERS TO REACH A MASS AUDIENCE

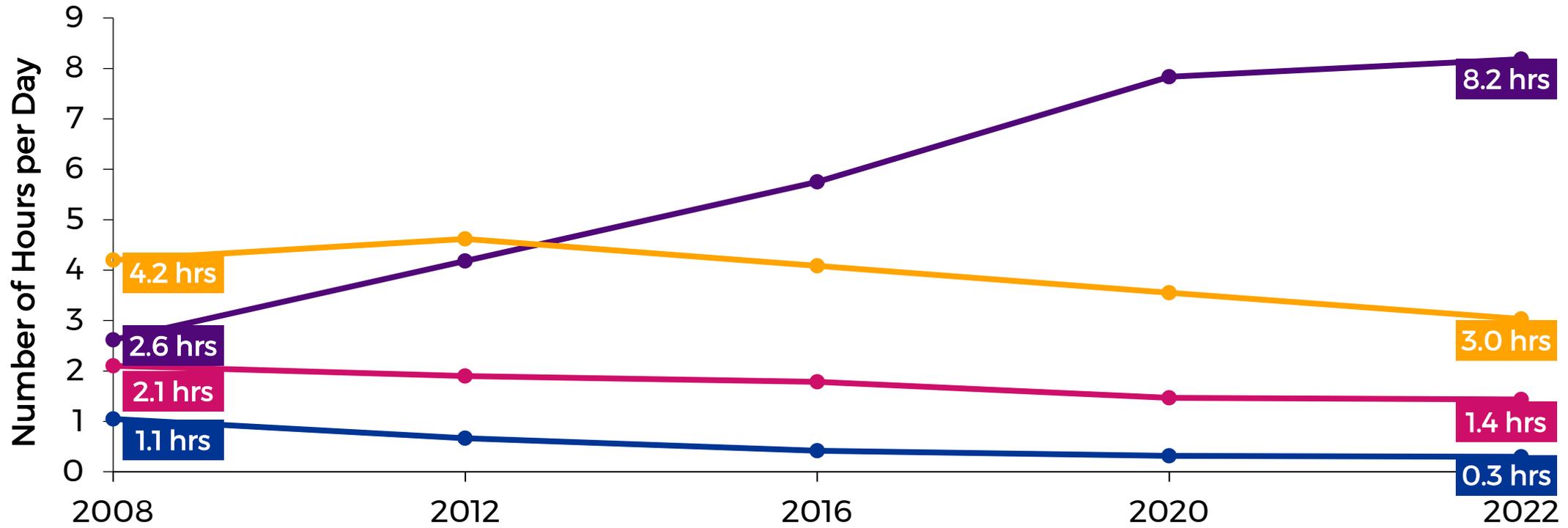


RADIO AND NEWSPAPER AUDIENCES CONTINUE TO SHRINK

CONTINUED OPPORTUNITY FOR OOH TO TAKE SHARE OF LOCAL ADVERTISING SPEND

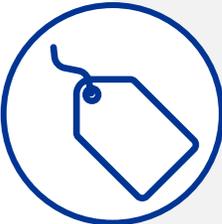


TIME SPENT CONSUMING DIGITAL / MOBILE MEDIA CONTINUES AT THE EXPENSE OF OTHER CHANNELS



IN AN INCREASINGLY MOBILE SOCIETY, OOH WINS

KEY 2023 MEDIA TRENDS



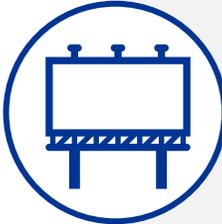
#1
Price Matters



#2
OOH Ad Recall Outpaces
Digital / Mobile



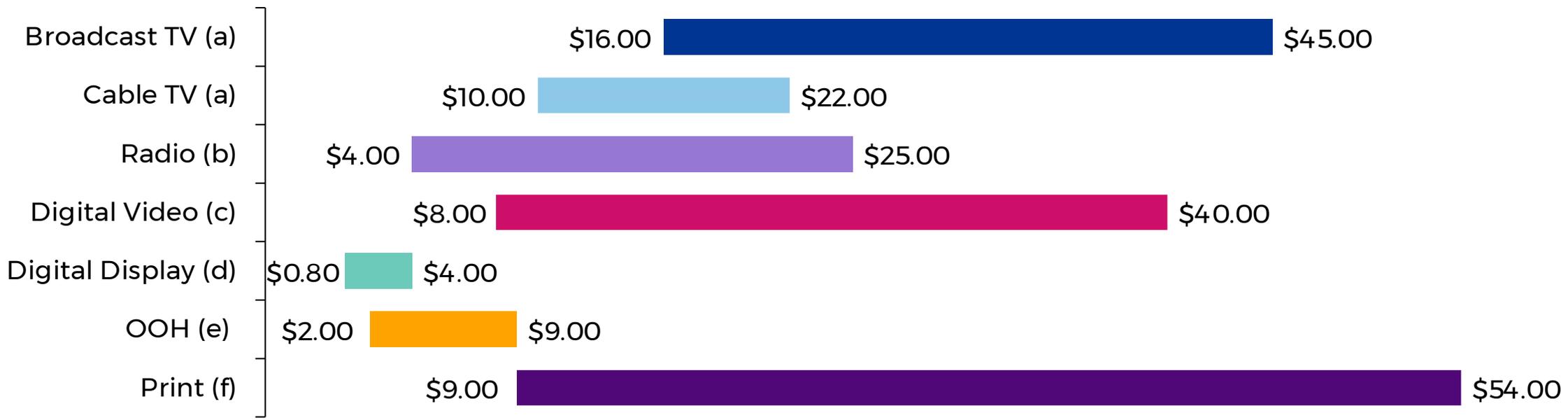
#3
Advertisers Moving To
Brand Marketing



#4
Brands Want Reach + Impact
With Large Format Media

TREND #1: PRICE MATTERS

SOLOMON'S CPM COMPARISON



OOH IS THE BEST BANG FOR YOUR BUCK

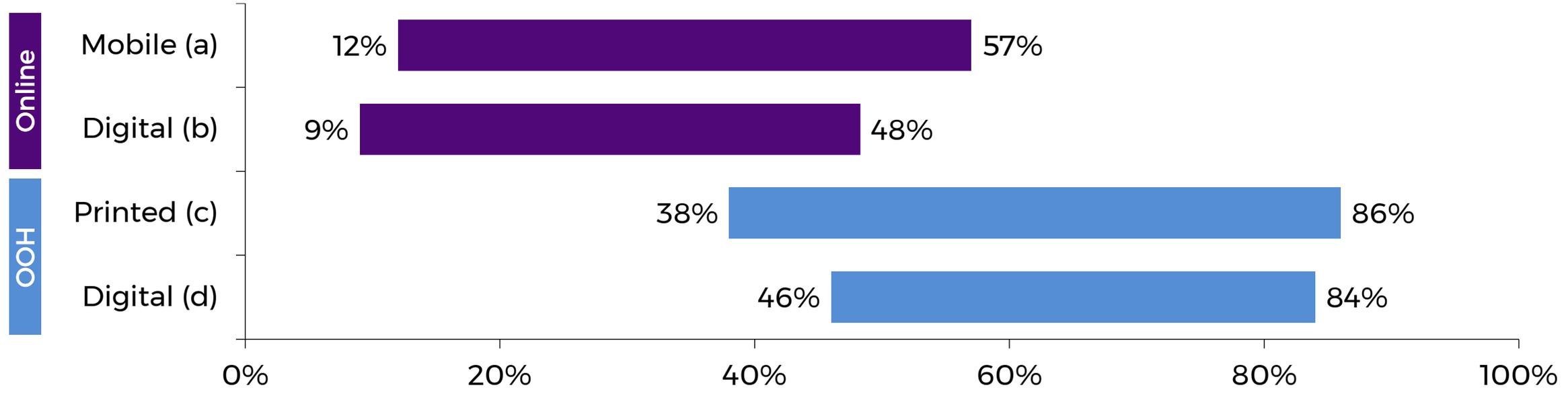
Source: Solomon Partners Estimates as of January 2022 based on SEC filings, news, research and other industry sources.

- a) 30-second advertisement. Includes both primetime and non-primetime viewing.
- b) Represents range for radio and podcasts. Represents 60-second advertisement for podcasts and 30-second advertisement (both spot and network) for radio.
- c) Represents range for OTT, mobile video and desktop video. OTT dataset includes various network and subscription streaming services. Mobile and desktop video represents data from 2018. Mobile dataset includes mobile web, phone and tablet for both Android and iPhone.
- d) Represents range of mobile display and general display 300x250 banner ads. Data from 2018. Mobile dataset includes mobile web, phone and tablet for both Android and iPhone.

- e) Represents range of bulletins, posters, transit shelters and digital place-based media. Calculated using SQAD reporting from OOH media companies. Digital place-based media represents a range of average realized direct and programmatic rates on various on-premise media / place-based digital networks.
 - f) Represents range of newspapers and magazines. Newspapers represent 1/2-page ads, calculated using estimated readership. Magazines represent full-page color ads, calculated using estimated readership.
- © 2023 | Solomon Partners. All rights reserved.

TREND #2: OOH AD RECALL OUTPACES DIGITAL / MOBILE

SOLOMON'S AD RECALL COMPARISON



OOH STANDS OUT AND HAS THE BEST RECALL

Sources: Vistar (2022), Nielsen (2022), tvScientific (2021), The Drum (2021), Kickstand Communications (2021), Nielsen (2020), Thinkbox (2020), Comcast (2020), National Library of Medicine (2020), Talon Outdoor (2019), Comcast. Effectv and MediaScience (2019), Survata (2019), The Harris Poll (2019), IAB (2019), Ipsos (2019), Coda (2016-2018), Magna Global (2018), Nielsen Case Campaign Effect Study (2017), True Impact, Canada Post.

Note: Advertising recall defined as advertising effectiveness in which respondents were exposed to an advertisement and then at a later point in time, respondents were asked if they remembered the advertisement on an aided or unaided basis.

Note: Represents aggregation of publicly available studies on advertising recall from 2017 - 2022. Ranges shift depending on aided vs. unaided recall basis, length of time for recall and sample size / nature and scope.

- a) Includes interactive and non-interactive banner ads that appear embedded in mobile websites, downloaded apps or in mobile games on smartphones and tablets. Does not include text ads via short message service (SMS).
- b) Includes all forms of desktop display advertising on websites, including text, image, flash, video and audio.
- c) Includes all forms of outdoor advertising, including billboards, posters, wallsapes, rotary programs, transit, airport advertising and in retail venues.
- d) Includes digital media used for marketing outside of the home and includes digital billboards, digital placed based networks and digital signage..

TREND #3: ADVERTISERS MOVING TO BRAND MARKETING

SHIFT AWAY FROM PERFORMANCE MARKETING REPRESENTS MAJOR OPPORTUNITY FOR OOH

OOH IS AT THE FOREFRONT OF BRAND MARKETING



CASE STUDY: **airbnb**

In 2021, Airbnb shifted marketing from short-term lead-generation and performance marketing to brand-building

“Our brand marketing results are delivering excellent results overall with a strong rate of return, and it’s been so successful that we’re actually expanding...”

– Brian Chesky, Chief Executive Officer of Airbnb

First large-scale global brand-building campaign ‘made possible by hosts’ resulted in a

>20%

increase in traffic



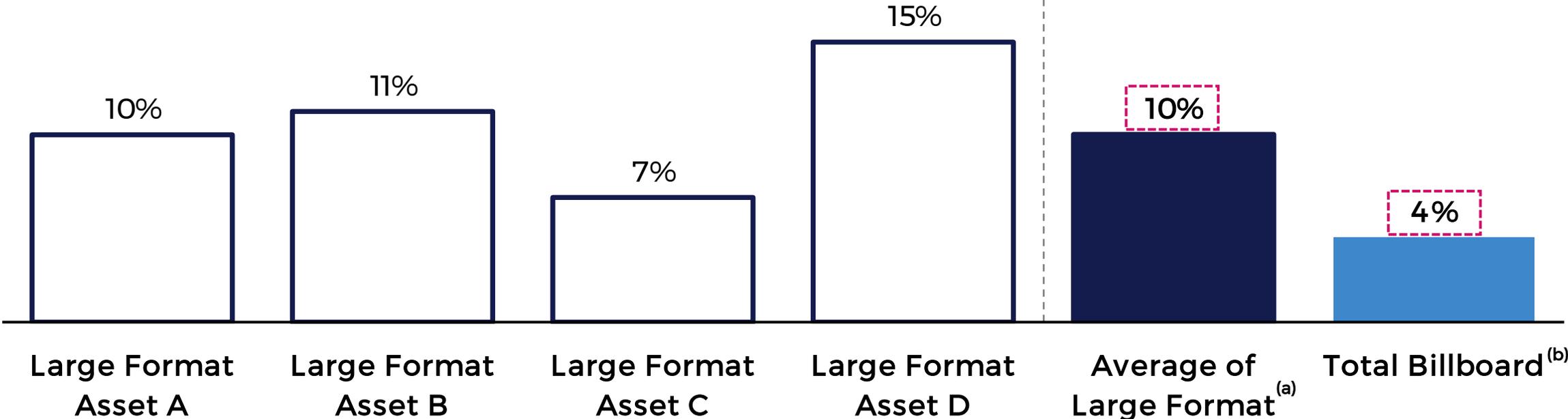
TREND #4: BRANDS WANT REACH + IMPACT WITH LARGE FORMAT MEDIA

HIGHLY SOUGHT-AFTER DUE TO SIZE, DESIGN AND LOCATION WITHIN URBAN CORE MARKETS, AS WELL AS AMPLIFICATION FROM SOCIAL MEDIA IMPRESSIONS

2019-2023E REVENUE COMPOUND ANNUAL GROWTH RATE

LARGE FORMAT BILLBOARDS

TOTAL BILLBOARDS



WHY INVESTORS ARE SPENDING TIME IN OOH

OOH WILL GROW AS WE ADAPT TO CHANGING MEDIA ENVIRONMENT & CHAOS

MANY MEDIA CHANNELS ARE DYING



NEW MEDIA CHANNELS (STREAMING) FACING HEADWINDS



Streaming services continue to lose billions of dollars

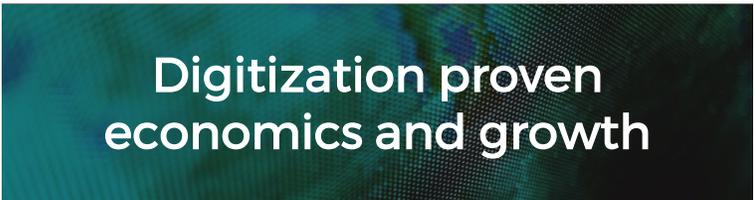


Subscriber growth is stagnating



Increasing number of platforms competing for engagement

OOH IS HERE TO STAY



WHAT'S NEXT FOR OOH?

KEY RECOMMENDATIONS FOR ADAPTING TO THE NEW WORLD OF MEDIA

1

REDUCE CAMPAIGN PURCHASE FRICTION



2

OPTIMIZE MEASUREMENT AND ATTRIBUTION



3

WORK HAND-IN-HAND WITH RETAIL MEDIA NETWORKS





Thank You

Mark Boidman

 @Mboidman

Mark.Boidman@solomonpartners.com

DISCLAIMER

This document is a marketing presentation. It has been prepared by personnel of Solomon Partners or its affiliates and not by Natixis' research department. It is not investment research or a research recommendation and is not intended to constitute a sufficient basis upon which to make an investment decision. This material is provided for information purposes, is intended for your use only and does not constitute an invitation or offer to subscribe for or purchase any of the products or services mentioned. Any pricing information provided is indicative only and does not represent a level at which an actual trade could be executed. Natixis may trade as principal or have proprietary positions in securities or other financial instruments that are the subject of this material. It is intended only to provide observations and views of the said personnel, which may be different from, or inconsistent with, the observations and views of Natixis analysts or other Natixis sales and/or trading personnel, or the proprietary positions of Natixis. Observations and views of the writer may change at any time without notice.

This presentation may contain forward-looking statements and comments relating to the objectives and strategy of Solomon Partners. Any such projections inherently depend on assumptions, project considerations, objectives and expectations linked to future events, transactions, products and services as well as on suppositions regarding future performance and synergies.

Certain information in this presentation relating to parties other than Solomon Partners or taken from external sources has not been subject to independent verification, and Solomon Partners makes no warranty as to the accuracy, fairness or completeness of the information or opinions in this presentation. Neither Solomon Partners nor its representatives shall be liable for any errors or omissions or for any harm resulting from the use of this presentation, the content of this presentation, or any document or information referred to in this presentation.

Nothing in this presentation constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances. Each individual or entity who receives this document or participates in any future transaction shall be responsible for obtaining all such advice as it thinks appropriate on such matters and shall be responsible for making its own independent investigation and appraisal of the risks, benefits and suitability of the transactions as to itself. Any discussions of past performance should not be taken as an indication of future results, and no representation, expressed or implied, is made regarding future results. No person shall have any liability whatsoever (in negligence or otherwise) for any loss arising from any use of this document or its contents or otherwise arising in connection with this document or any other written or oral communications transmitted to the recipient in relation hereto.

Solomon Partners and/or its affiliates, officers, directors and employees, including persons involved in the preparation or issuance of this material, may, from time to time, have long or short positions in, and buy or sell, the securities or derivatives mentioned in this material.

The information contained herein may be based in part on hypothetical assumptions and for certain models, past performance. These assumptions have certain inherent limitations, and will be affected by any changes in the structure or assets for this transaction. This material is confidential and any redistribution is prohibited. Solomon Partners is not responsible for any unauthorized redistribution.