

# Out-of-Home

## The Medium of the Future?

In a world facing the impact of Covid-19, which has devastated the global economy, sustainability has become a crucial part of the equation for businesses and consumers. Covid-19 has caused an energy crisis because of an increased dependency on fossil fuels, leading to a worsening in the impact on climate change. As a result, it has forced an increase in food prices globally and negatively impacting billions of people across the world. Sustainability is a pathway to improve the quality of lives, preserve natural resources and protect our ecosystems. In essence, it is the key to a better future, for the planet, people and therefore experiencing economic growth.<sup>1</sup>

# OVERVIEW

## FUNDAMENTALS OF GLOBAL SUSTAINABILITY



Sustainability is considered ambiguous, as it means different things to different people, which adds to the complexity. For some, it is about recycling and reusing. Others believe in the use of sustainable material, and some define it as a practice of fair-trade.

Global sustainability trends have changed over the years. The emerging importance of being eco-friendly is being driven by the target market and marketers. They are driving changes in the market and these include:

- **Increased Use of Renewable Energy Sources** - Use of solar and wind energy is set to increase
- **More Recycling** - An increase in recyclable advertising material
- **More Sustainable Materials** - Industries focusing on replacing and standardizing sustainable methods & materials
- **Increased Responsibility & Transparency** - Brands investing in wider initiatives that support carbon offsetting measures
- **Increase in Efficiency Technology** - Devices/technology to help brands reduce their carbon footprint.<sup>2</sup>

“ DID YOU KNOW that 50% of Out-of-Home advertising budgets are used to fund public infrastructure projects and local communities: from transport e.g. electric buses, to roads, job opportunities and apprenticeship schemes? <sup>3</sup> ”

When considering the changes being made by different media platforms to deliver the more sustainable practices demanded by consumers, Out-of-Home appears to be the best performer. 57% of Gen Z and Millennials agreed it is the most sustainable medium.<sup>4</sup> Currently the medium is taking the following steps towards making the world a better place.

### Re-purposing OOH

- Billboards are being turned into pollution fighters to purify the air throughout the campaign's duration.

### Using Sustainable material

- New billboards are being built which have a community garden built into the base. The billboard itself can be made of sustainable oak and large planters.

### Installing Solar panels to power equipment

- Stores the sun's energy during the day to illuminate the billboard at night.
- Prevent more than 125 million tons of carbon dioxide from entering the atmosphere.<sup>5</sup>

This emphasises how Out-of-Home has seized the unprecedented opportunity to make efficient improvements that align with environmental objectives. Therefore, the real question is 'Is Out-of-Home the Medium of the Future'?



# UNDERSTANDING THE MARKET

## Emergence of practicing sustainability within businesses

There are many examples of companies taking initiatives towards sustainability. However, the most important aspects for business practices are the following: firstly, the ability to understand the requirements of the target consumers. Secondly, how these consumers respond and engage with environmental and social claims made in campaigns.

Employees, younger audience (specifically Gen Z and Millennials), and marketers are expecting sustainability from brands. When respondents were asked about whether they would like to see brands practice sustainability, **80% of them agreed**.<sup>6</sup> Similarly, 60% of respondents agreed that they are social advocates when it comes to publicly calling for sustainability.<sup>7</sup>

Nonetheless, sustainability is not only about manufacturing in a sustainable manner, selecting raw materials and producing final products with low carbon emissions, **but also about choosing the most sustainable media**. Green advertising is expected to expand, Gen Z and Millennials are becoming considerably more environmentally conscious generations, therefore encouraging an ESG boost within companies. A recent study conducted by IBM, it indicated that sustainability is important to nearly **80% of consumers**.<sup>8</sup> According to WARC, 90% of the respondents agreed that companies/brands have a responsibility to take care of the planet and its people.<sup>9</sup> Among purpose-driven 18-42 year olds, who emphasise the importance of environmental and societal impact of their consumption, 68% tend to spend more on brands actively working towards sustainability.<sup>10</sup> In addition, Gen Z prefer to buy from sustainable brands and are willing to **spend 10%** more on sustainable products.<sup>11</sup> This is only expected to increase in the future. In our recent study it was revealed that **77% of the younger audience** are set to become more eco-friendly in the next 10-years, and 1 in 2 consumers will spend twice as much by 2025 on sustainable goods and services.<sup>12</sup>

These findings demonstrate that sustainability is viewed as a critical issue by both consumers and marketers. For example, for **84% of marketers** it is important for their media choice to **deliver their goal of carbon neutrality**.

Considering the demands of the target market and marketers, when it comes to selecting a media platform, Out-of-Home is believed to be the most sustainable media choice.

The medium was ranked **number 1 by the younger audience (16-42 years old)** as the **'most sustainable channel'** in comparison to

other media channels and, **by marketers it was ranked number 2**. Furthermore, according to our research, **71% of Gen Z's** are attracted to Out-of-Home advertisements which reflect sustainability.<sup>13</sup>



To achieve significant transformation, it is important to fully understand how media platforms can help deliver sustainable goals. Knowing how the target audience feels about Out-of-Home raises the following question: which formats of Out-of-Home advertisements are considered the most sustainable? Our research revealed the following: interactive/immersive/experiential experienced advertisements **(70%)**; full motion advertisements **(66%)** and advertisements which incorporates 3D/Anamorphic effects **(60%)**.<sup>14</sup>

Understanding what the target market requires is one thing, but knowing how it will benefit businesses and what measures shall be taken is fundamental.

With continuing pressure on public resources, the private sector is now being seen as a key sustainability driver and therefore a major contributor to future success. Hence, looking for opportunities to influence sector leadership while fulfilling the demands of the target market is the way forward. The global market opportunity associated with sustainability is estimated to be more than **\$12 trillion** - a major business opportunity which highlights the need to embrace sustainability.<sup>15</sup>

Information and data underpins the ability to drive change in business practices and priorities. As companies seek to address new environmental and social imperatives, they are also required to understand connections to the broader dimensions of sustainability (such as the demands of the target market regarding sustainability), and act in a manner that advances both its broader elements and environmental and social impact.

**To address these aspects, there are several factors that needs to be considered by the companies, and they include: their choice of media, their reputation in the world of sustainability and their vision & mission about the future regarding sustainability.**

In the Global Risk Report 2020 by the World Economic Forum, there was an association between the top five business risk and environmental challenges: climate action failure, bio-diversity loss, extreme weather, natural disasters, and human-made environmental disasters.<sup>16</sup> Consequently, companies have initiated the inclusion of environmental challenges as part of their business continuity planning by allocating attention, resources, and their time to instil social and environmental responsibility. This is being executed through different campaigns. Despite what is being vocalised by businesses, the most important thing is what lies behind these claims related to social and environmental responsibility. For instance, whether they are achieving goals such as reducing carbon emissions or not? Is there a use of sustainable raw materials in the process? Is there a use of green electricity?<sup>17\*</sup> (Green electricity is produced from renewable resources such as wind, solar, low-impact hydro facilities etc). Is the company/brand supporting sustainable initiatives? Additionally, the choice of media is also included in the equation of 'how to become more sustainable'!

**A claim is one thing. Finding a path to strategise and take action towards benefiting society is another.**

Green advertising relates to communicating about brands through recycled/recyclable components or manufactured in a more energy efficient manner, while taking actions that benefit society. It promotes raising awareness about environmental issues, which leads to influencing the consumer's purchasing behaviour, resulting in higher revenue.<sup>18</sup>

According to our latest research, 84% of global respondents agree that they are more likely to buy from companies that practice sustainable media advertising. This emphasises how the perceived sustainability of a brand is influencing brand choices. **71%** of consumers say their **choice of purchase is influenced by how sustainable the brand** is and **74% of marketers** have **changed their media choice** due to the role they play in sustainability.<sup>19</sup> Furthermore, **83%** of consumers always pick the brand that has a better record of sustainability.<sup>20</sup> Another **72% of the younger audience promote brands which are socially responsible towards society**.<sup>21</sup> Hence, the sustainability imperative has been planted firmly at the heart of operational and boardroom management conversations as in the future, it is expected to increase as businesses have more to gain than lose from such practice. Nearly 100% of CEOs believe sustainability is critical to their company's future success. David M. Solomon, CEO of Goldman Sachs said, "Only by integrating sustainability across our businesses can we **deliver strong, long-term returns** for our shareholders". From Q1 2019 to Q2 2023 it has been quite a journey in terms of how the 'share of companies that mentioned the keyword 'sustainability' at least once in their earning call' has exponentially increased from **6% to 20%**.<sup>22</sup> Furthermore, it has been pointed out that there are numerous advantages for businesses in embracing sustainability. The top three are listed below:

#### **Competitive Advantage:**

55% of consumers agree that environmental responsibility is very or extremely important. Additionally, businesses known for sustainability can attract new customers and improve brand awareness amongst those who are inclined towards companies actively engaged in sustainable practice.

#### **Talent Acquisition:**

Attracting and retaining the employees seeking purpose-driven employment – working for socially responsible businesses.

#### **Revenue Growth:**

Sustainable practices lead to optimised operational efficiencies, leading in turn to higher long term revenue.<sup>23</sup>



In addition, the benefits of sustainable advertising also include: sustainability incorporated advertisements evoke stronger emotions, leading to **5% greater ad persuasion and engagement** and there is **+15% higher positive brand perception for sustainability advertisements** vs non-sustainability advertisements. Lastly, sustainability-led campaigns are more effective and lead to an **increase in recall by as much as 12%**.<sup>24</sup>

Furthermore, research indicates marketers care about sustainability: 83% employees would be more loyal to a company that helps them contribute to environmental and social issues;<sup>25</sup> **84% of marketers** believe they work for company/brand who are **actively working towards sustainability**;<sup>26</sup> **64% of Millennials** consider a company's environmental and social commitments when deciding where to work;<sup>27</sup> and **87% of marketers** expect the company/brand they work for should play a role in giving back more to the society **in the next 5 years**. 85% of global marketers encourage their company to invest in sustainable processes to deliver sustainable outcomes.<sup>28</sup> These beliefs are creating a new corporate agenda among companies. There has been active engagement in among leading companies and their employees in shaping environmental sustainability initiatives and strategy. For example, Unilever was ranked number 1 corporate sustainability leader for the **12th consecutive year**.<sup>29</sup> The organisation has sustainability "ambassadors" and, as a result, 76% of Unilever's 170,000 employees feel they can contribute towards delivering the sustainability agenda.<sup>30</sup> Their 'Sustainable Living' brands are accounting for 60% of the growth of the business.<sup>31</sup>

In the retail sector, Patagonia is radically reducing carbon emissions. They have been donating **1% of the company's annual sales** to good causes and recently added an extra **\$10m to the donation**. Their stores and offices throughout North America are powered by 100% clean energy and 87% of the materials they use are either of regenerative organic materials or recycled.<sup>32</sup>



BMW is considered the most sustainable company in the automotive world. The group aims to use up to 30% recycled and reused materials in vehicles to **reduce energy consumption by 70%. 50%** of vehicles sold will be fully electric by 2030 and their electric vehicles are all powered by 100% green electricity.<sup>33</sup>

L'Occitane has taken their future vision of contributing to a nature-positive world to another level. 90% of raw materials are plant-based ingredients with a positive approach to biodiversity, and by 2025, they pledge to use 100% renewable electricity.<sup>34</sup>

Lastly, Virgin Atlantic will be the first airline in the aviation industry in the world to operate their transatlantic flights using 100% Sustainable Aviation Fuel (SAF), in November 2023.<sup>35</sup>

# Out-of-Home

## Media of Sustainable Advertising

Previously the simultaneous pursuit of sustainability, growth, and inclusion has perhaps been regarded as a “nice to have”. However embracing them all together has become a MUST. JCDecaux’s progress in embracing inclusive growth and sustainability in society is significant.

The company is significantly differentiated in the marketplace due to its application of new technologies and human capabilities in advancing environmental sustainability. The business conveys this through compelling interactions with the audience and marketers.

Sustainability is part of JCDecaux’s DNA. Together with brands and businesses, cities are also gravitating more and more towards sustainability to bring positive change. Out-of-Home is a part of that change, it underpins future city communities.

Practise sustainable advertising and be part of the change  
with Out-of-Home and JCDecaux.



Out-of-Home has changed significantly over the years. **59%** of the younger audience believes **OOH is the sustainable media of the future** and **57%** of the respondents are likely to **purchase a product advertised on an OOH platform** as it is a trusted sustainable media. Similarly, **77% of marketers** believe they are taking a **step towards sustainability** if they advertise on an OOH platform and **74% of marketers** are likely to advertise on an OOH media as **they trust the media to be sustainable**.<sup>36</sup>

**What has Out-of-Home at JCDecaux achieved, and what is its commitment for the future to make consumers and marketers believe the media is sustainable? Why is it considered the 'sustainable media of the future'?**

JCDecaux has committed to a pledge to work towards sustainability. The business is always looking for ways to increase efficiency. This incorporates data and insights and the capabilities of the organisation to achieve greater value while achieving positive environmental outcomes.

This resulted in the following innovations: **100%** green renewable energy used for billboards, **since 2022**; there has been 43% reduction in electricity usage since 2012; there has been 27% reduction in emissions against the 2019 baseline; Filtereo: a bus shelter to contribute to the reduction of urban pollution [by placing a carpet (made up of moss) on top of the bus shelter which captures and absorbs pollutants from the air]; **one to many media**, it is seen by 1000s of people therefore, **carbon footprint per impression is quite low, overall**; green roof bus shelters, green walls and planting trees to purify our air and combat climate change. Furthermore, the company has pledged to be Carbon Net-Zero by **2050**; **By 2035, zero waste-to-landfill**; **by 2030, deploy a water and biodiversity policy**; **by 2025, 80% of the adjusted annual revenue contribute to supporting one to more of United Nations' SDGs**.<sup>37</sup>

Furthermore, JCDecaux is considered the highest rated media company. It is ranked well above the media sector average in 5 top sustainability indices worldwide which are: CDP, Ecovodis, MSCI, FTSE4Good and Sustainalytics.<sup>38</sup>

The company have also pledged to Net Zero Carbon. The road to achieve this pledge will be marked by intermediate stages along the way, which are as follows:

#### Objectives for 2030:

- carbon emissions reduction scopes 1+2 (market-based\*\*): at least 60% compared to 2019 levels.
- carbon emissions reduction scope 3: at least 46% compared to 2019.

#### Objectives for 2050:

- carbon emissions reduction scopes 1+2 (market-based): at least 90% compared to 2019.
- carbon emissions reduction scope 3: at least 90% compared to 2019.<sup>39</sup>

JCDecaux has not only committed to positive environmental outcomes but has also been galvanising change in the world through giving back to the community. For instance, charging points and free phone-calls (some bus shelters); free Wi-Fi available at some bus shelters; air quality sensors to monitor air quality in cities; **180+** defibrillators installed to date which have been used **500+** times to help save lives in the UK; supplying self-service bikes (**31,000+** bicycles were made available in **57 cities** worldwide) and apprenticeship schemes have been launched to help improve skills of employees.<sup>40</sup>

**In conclusion, Out-of-Home is the sustainable Medium of the Future!**