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*Sticky Business*

## Technology Boosts Outdoor Ads As Competition Becomes Fiercer

**CBS Spent Years Pursuing 'Glueless' Poster; Displays In London's Underground**

**Testing With a Sledgehammer**

By **AARON O. PATRICK**

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LONDON -- The last time billboard companies bid for the world's biggest outdoor advertising contract -- to hang up posters throughout the London subway system -- they offered to do just that: hang up posters. That was in 1994.

This year, when the contract came up again, it sparked a bidding war among the top providers of outdoor advertising space. The winner, **CBS Corp.**, promised to install hundreds of television screens and projectors to beam advertisements on the walls. It spent years developing a way to stick up posters without glue. Chief executive Leslie Moonves flew to London for a demonstration of the new adhesive. The company's proposal was 1,250 pages.

### IN THE TUBE

Watch an animation of how the CBS Outdoor video advertisements in the London Tube will work. (1:46)

[RealPlayer](#)<sup>1</sup> (Player required<sup>2</sup>)

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Outdoor advertising, one of the oldest forms of advertising, is reinventing itself. The \$23 billion industry is introducing digital technology to change ads faster, new ways of measuring viewers, and billboards that beam information to cellphones. As a result, outdoor advertising companies -- which provide billboards, posters and video screens in public places --


are now seeing bigger gains than many competitors.

Because outdoor advertising is much less expensive than TV spots, it still accounts for a smaller part of overall ad spending. But it has become the second-fastest growing form of advertising, behind the Internet, according to market-research and media-buying firms.

At the same time, customers are upping the ante. In London, subway officials figured advertising companies needed to provide sleeker and more innovative billboards so they could charge more to advertise in its tunnels and its stations, says Richard Squire, a senior business manager for the London Underground, the unit of government agency Transport for London.

The increased expectations of clients have created an arms race to win accounts, with outdoor-ad companies one-upping each other with new features. Paris-based **JCDecaux SA** is supplying

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thousands of bicycles for public use to the cities of Lyon, Brussels and Vienna, as part of its successful bids to control all the ads that appear on bus shelters and other street fixtures in the cities. Clear Channel Holdings Inc., based in San Antonio, is erecting digital billboards across London, built with tiny reflective cells that change color when an electric current runs through them.

"Outdoor has got its act together," says Charlie Hiscocks, head of global brands marketing for London-based **SABMiller** PLC, the beer giant. The company says it has increased spending on billboard ads 50% in the past five years. "Rather than a scruffy old piece of plasterboard that you throw some paste onto on the edge of a motorway, you now have high-quality sites."

Around the world, spending on outdoor advertising last year was \$23.2 billion, up 6.1% from the year earlier, according to ZenithOptimedia, a media buyer owned by **Publicis Groupe SA**. Spending on television ads was \$146.8 billion, up 3.8%, the group says. Global spending on Internet advertising was slightly less than on outdoor, at \$18.1 billion, but up 28.77% from the year before.

In the U.S., outdoor advertising rose 11% in the first quarter, ended March 31, compared with a 5% rise in spending on all advertising, according to TNS Media Intelligence. Outdoor advertising in the U.K. rose 29% from 2000 to 2005, says the Advertising Association, a U.K. trade group. Television advertising rose 4% over the same period.

The awarding of the London subway contract shows the new technology and intense competition at play in the industry. Transport for London, the government agency which oversees the subway, put the ad job up for bid, forcing incumbent CBS to compete with other outdoor advertising groups. (CBS, formerly part of **Viacom** Inc., inherited the subway account through its Infinity Broadcasting Corp. unit, which acquired outdoor advertising company TDI Worldwide Inc. in 1996.) In the U.K., CBS's outdoor advertising company is still called Viacom Outdoor.

The London Underground contract is valued at an estimated \$3 billion over eight-and-half-years. With big outdoor-advertising contracts, a city or government agency shares revenue generated from selling ads with the company that manages the billboards. CBS Outdoor wouldn't disclose how much it will receive and how much will go to the London Underground.

CBS began preparing its pitch two years ago. It set up a team of 18 people and converted the basement in its London offices into a workshop to build and test the new equipment. Andrew Oldham, joint managing director of CBS Outdoor's U.K. operation, recalls that he decided "the knock-out punch" would be glueless posters.

For years, advertisers including CBS have been looking for a new way to stick up posters. Using glue is expensive and time consuming. The glue is spread on both sides of a poster to help smooth it flat. But trains stir up dust, which sticks to the glue. Some advertisers won't buy ads which are likely to be covered in grime.

When "they get rid of the glue, it will make a dramatic improvement," says Mr. Squire of the London Underground.

The Tube, as the London subway is called, is a tricky place to hang ads. The walls are curved. Temperatures and humidity levels vary greatly. About 150 CBS employees, called "fixers," paste up several thousand posters, from 2 a.m. to 6 a.m. every day, carrying 50-pound buckets of glue.

To remove a poster, it takes three workers about an hour of scraping. Glueless posters could be peeled off in minutes.

In 2002, CBS had approached **3M** Co., of St. Paul, Minn., to help it develop a glueless poster, also known in the industry as a dry poster. It figured the maker of Post-it sticky notes and tape knew about adhesives. The companies had been unsuccessful in their quest, but with the prospect of the London subway contract, their work took on new urgency.

CBS envisioned an ad with adhesive on one side, like a giant Post-it note. 3M said that was too expensive. Posters in the Tube are printed by several companies, using different types of paper, and it would be costly to get them all to adopt a common standard.

At 3M's laboratory in Berkshire, west of London, technical service manager Mike Killner had an alternative plan. It was inspired by a bulletin board he had in his office, a 3M Wall Pad which is sticky on both sides, so one attaches to the wall and the other holds notes.

Mr. Killner imagined covering the subway walls with giant adhesive strips that were sticky on both sides like the Wall Pad. One side would attach to the wall. Posters could be pressed on the other side. Mr. Killner figured the adhesive strips would lose their stickiness and need to be replaced every six months.

For two years, Mr. Killner tested chemical combinations for adhesives. In early 2004, Mr. Killner took a prototype to CBS's offices in London. A group of CBS executives gathered in the basement workshop. Mr. Killner showed them an advertising poster stuck to one of his adhesive strips. He grabbed the edge of the poster and pulled. Instead of coming off easily, it ripped. The adhesive was too strong.

CBS assigned six people to work with Mr. Killner. 3M put another five people on the project. The team tried different combinations of polypropylene and polyester films. After about a dozen versions and laboratory tests using different papers and in various temperatures and humidity levels, in early 2005, the team found what it deemed the perfectly balanced adhesive. It was strong enough so that passing trains wouldn't send the posters flying, but gentle enough to pull down the posters easily.

"I've never worked on a project which has taken so long," Mr. Killner says.

Meanwhile, the rest of the CBS bid team was looking to add more advertising to the Tube. To go alongside its glueless posters on the train platforms, CBS decided to try mounting projectors on the ceiling which could beam ads directly onto the walls. These projectors could show TV ads or cycle through still images. CBS technicians would control them remotely from their offices and send in new ads easily. CBS found a supplier to make the projectors but they were expensive, at about \$95,000 each.

Also, the projectors' lightbulbs were too hot and presented a possible problem for the Tube's fire code. CBS hired an engineering firm to design metal boxes to enclose the projectors, ensuring flames couldn't spread if they should catch fire. CBS added the projectors to its pitch.

For the escalators into the deep subway tunnels, CBS's Mr. Oldham wondered if CBS could install flat-panel-television screens to show ads.

In a test at one station last year, CBS mounted 66 screens above the escalators, linked to a central computer. Commuters seemed to like them, often standing still to stare, CBS observed. CBS research indicated that the Tube's three million daily riders spend an average of two minutes each day riding the escalators. In one ad for a Sony television set, CBS made a series of rubber balls bounce from one screen to another, following commuters as they rode down the escalator.

Concerned the screens could be vulnerable to vandalism, CBS staffers smashed the screens with sledgehammers. It took five hits to shatter the glass. CBS's Mr. Oldham deemed them tough enough.

The only remaining blank space: the corridors between the train platforms and station entrances. There, CBS decided to install thousands of light boxes. Light boxes have lightbulbs mounted behind transparent posters. The light is intended to make the ads more attractive than paper posters, so advertisers will pay more for them. CBS considered its original boxes too big for many corridors because they might slow down pedestrians. So, CBS designed a light box with about half the depth, at 2.2 inches. It proposed to install 4,500.

In June 2005, Mr. Moonves, CBS's chief executive, flew to London to inspect preparations for the bid. With local CBS Outdoor executives, he traveled by car to a train station to look at the existing ads. Back in the CBS basement workshop, he was given a demonstration of the glueless posters, video screens and projectors. Everything worked.

"I was extremely impressed with the advertising technology because this is one area that's going to change dramatically over the next three to four years," Mr. Moonves said in a recent interview. In London, "they were further ahead of what we are doing in the U.S." Last year, CBS Outdoor's revenue rose 4% and operating profit rose 13%, the largest increases in those categories of all of CBS's divisions.

Mr. Moonves discussed negotiating tactics with his local executives. He spent about 48 hours in London, then flew back to New York and approved their plan. CBS would offer to spend about \$136 million on new advertising equipment in the Tube, including 8,300 glueless poster sites, 150 projectors, about 2,000 video screens and 4,500 light boxes.

In July 2005, CBS and five other companies submitted bids to Transport for London. CBS's offer was seven volumes and 1,250 pages. A JCDecaux spokeswoman said its own bid was as long as the novel "War and Peace."

A few weeks later, however, when a CBS engineer tried to remove the adhesive strips from a metal frame in the office basement, they ripped. That would be a huge problem in the Tube. CBS had overlooked the back of the strips which attached to galvanized steel frames on the Tube walls. 3M suggested using coated aluminum frames, a smoother surface, instead. The strips came off easily. CBS didn't need to change its bid.

Last October, Transport for London announced the shortlist. Clear Channel didn't make the cut. The world's largest outdoor advertising company by revenue hadn't developed a glueless poster. A spokesman for Clear Channel declined to discuss its bid. Transport for London declined to discuss the losing bids.

Two bidders went to the final round: CBS and JCDecaux, the second-largest outdoor advertising group. JCDecaux and CBS included additional details such as how they would handle safety,

security and recycling, but not new features, and submitted their proposals in March. JCDecaux chairman Jean-Francois Decaux says his company also developed a glueless poster but he declined to discuss the pitch in detail.

On May 23, Transport for London said it had awarded the contract to CBS. It felt the CBS proposal would make the Tube look more modern, says the London Underground's Mr. Squire, who helped select the winner. Transport for London also thought the projectors, light boxes, digital screens and glueless posters would generate more advertising revenue, he says.

The new posters are likely to attract marketers who have shied away from the Tube, says Glen Wilson, deputy managing director at Posterscope, a London-based firm that buys outdoor advertising and is owned by Aegis Group PLC. "You don't want to advertise food on posters that become covered in dust," he says.

The contract started Aug. 15. The first glueless posters have gone up. Ad executives say London is the first place they have been used.

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