Kinetic View

Point of sale 6-sheet market - Implications of the sale of Titan to JCDecaux

The sale last week of Titan Outdoor to JCDecaux has been widely seen as a positive move within the OOH market. With the majority of JCDecaux's and Titan's revenue being generated from roadside and rail advertising respectively, the takeover complements JCDecaux's portfolio and equally ensures that that the necessary investment is injected into a key sector of the OOH industry.

However in addition to Titan's rail portfolio, they have been responsible for selling Point of Sale 6-sheets (POS6s) at Asda and Morrisons retailers while JCDecaux has contracts with Tesco and Waitrose. While a fusion of sales operations may be welcomed by the advertising industry, the situation may not sit so well with the competing retailers.

For the foreseeable future, the two sales operations will remain separate, however JCDecaux will effectively control 75% of all major supermarket stores within which POS6s are available.

Implications:
For retailer

It is likely that (predominantly) both Tesco and Asda will need assurances from JCDecaux that their interests will remain safeguarded. Given that Asda have historically opted to operate with Titan rather than their own Asda Media Centre, it remains likely that they could wish to keep their 6-sheet portfolio with one of the larger OOH media owners. However, as Clear Channel already sells Sainsbury's, they will be limited to Primesight should they wish to operate with a media owner that offers scale. Given Asda's aspirations to develop in the south of the UK, it is likely that Tesco will need a greater degree of persuading that the merger is beneficial to them.

Given that the majority of customer marketing briefs are retailer specific, the retailers should not experience a haemorrhaging of revenue as a result of the acquisition.

Sales house	Retailer	Universe panels	Stores covered
JCDecaux	Tesco	2000	416
JCDecaux	Waitrose	273	69
JCDecaux (Titan)	Asda	940	190
JCDecaux (Titan)	Morrisons	1200	220
Clear Channel Outdoor	Sainsbury's	1705	283

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For media owner:

The scale that JCDecaux now inherits will enable them to offer a credible national housewife 6-sheet network that will deliver a high percentage of all housewives within a two week period. Providing unit costs are competitive, it will supply an alternative to national roadside 6-sheets under one roof.

Equally, economies of scale in terms of site replacement, development, research and other operational aspects should be beneficial to both the media owner, and ultimately the advertiser. While the majority of customer marketing activity is retailer specific, the benefit of knowledge of what an advertiser is interested in planning in one retailer will enable (on occasion) JCDecaux to ‘up-sell’ an advertiser onto another retailer, particularly where a different POS format may have been considered.

For advertisers:

Given the breadth of in-store opportunities that both Asda and Tesco offers, the acquisition need not lead to concerns that JCDecaux will leverage their majority share to affect rate increases. As JCDecaux grasps the retailer specific nature of most briefs and the potential operational savings listed above, it remains possible that rates could marginally fall. With JCDecaux’s propensity to invest and develop their plant, it is likely that this acquisition, like the acquisition as a whole should be viewed positively by the advertising community.

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