

What's In-Your-Face and TiVo-Proof? LED Billboards

If you find yourself stuck in traffic in Cleveland this summer and staring out the window in a daydream, don't be alarmed if a billboard suddenly comes alive. That's right, a little bit of Times Square is descending on the Buckeye State.

On July 1, Clear Channel Outdoor is launching a trial with seven giant electronic billboards around Cleveland that will change their advertisements dozens of times a day. All the boards cost about \$3 million collectively, but Clear Channel believes the investment will be well worth it. The state-of-the-art light-emitting-diode (LED) displays are sparking something of a revolution in the industry: Suddenly, advertisers will be buying time, not space. And in doing so, they'll be giving other local media, from the newspapers to Clear Channel's own radio and TV stations, a serious competitive challenge. Boasts Michael Hudes, executive vice-president for corporate development at Clear Channel Outdoor: "We will deliver an audience each day that is greater than the number reading Cleveland's *Plain Dealer*."

With the changeable billboards, car dealers, banks, and department stores will have more control over their messages and their timing. Let's say department store Dillard's finds that certain items aren't moving and wants to hold a clearance sale for the coming weekend. It can dial up

Clear Channel and get the message out on the boards ahead of the sale. "Billboards are the only medium out there you can't avoid," says Clear Channel Outdoor CEO Paul Meyer. "And the new technology is



DRIVING FORCE Clear Channel sells Cleveland

about to transform our business." Clear Channel Outdoor last year reported revenues of \$2.4 billion.

Buying slots of time—or "day-parts"—on a billboard, combined with more precise measurement systems for billboard audiences, could spell real trouble for other media that rely on local advertising. "It would be silly not to be concerned," says

Rich DeMeiros, director of advertising for the *Plain Dealer*, which has a daily circulation of 365,000, "but I am confident we can withstand this threat, especially since our **print and online editions** reach 1.3 million people on any given day."

Others in the lucrative outdoor-ad business are also rolling out digital technologies. Viacom Outdoor, JCDecaux and LaMar Advertising have all begun to test LEDs. But Clear Channel is boldly pulling away from the pack. Until now, major advertisers tended not to include outdoor displays in their budgets. "There wasn't a whole lot of flexibility," says Jack Sullivan, an outdoor ad buyer for Starcom Worldwide. "You made a buy, and you were stuck on the billboard for 30 days." The Clear Channel boards in Cleveland can change static messages every eight seconds.

Indeed, as the potential sinks in with marketers, U.S. spending on out-of-home advertising, ranging from billboards to bus shelters, is expected to grow 26% by 2008, to \$7.1 billion, according to PricewaterhouseCoopers. Numbers like those are leading Clear Channel execs to hold on to the lion's share of the outdoor unit, earmarking only 10% of it for an initial public offering slated for later this year.

Nobody likes being stuck in a traffic jam, but Clear Channel executives are coming to love them. "Hey, traffic is a good thing," quips Clear Channel Communications Inc. CEO Mark Mays. "People listen to more radio, and they have more time to look at billboards." Now that's a captive audience.

—By Tom Lowry in San Antonio