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Unconventional pitch

Westport firm's ads land in many places

By Peter Healy

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"Big Brother," the ubiquitous, omnipotent dictator from George Orwell's "1984" novel, has morphed into a 21st-century life form.

He can reach you, the consumer, from signs atop buses and cabs, from digital billboards on highways and Times Square, digital signs in shopping malls, store shelves, elevators and doctors' offices. Ads can find you through video images seen from the windows of a subway train darting through a tunnel. WMI of Westport can secure advertising space in those and about 300 other types of alternative media for its 500-plus clients from 170 vendors.

"Any inventory in the world is inventory we can pursue for our clients," said Doug Fierro, 52, president and chief executive officer of WMI and its Global Outdoor Services unit. "We can show a client a billboard on any street from all different angles with the click of a mouse."

As ad spending has fallen in traditional media, such as newspapers and broadcast television, revenues at the Global unit have tripled since privately held WMI acquired the company in July 2005. Founded in 1982, WMI employs about 30 people at 1221 Post Road East.

Global Outdoor Services provides about 25 percent of WMI's total annual revenues of just under \$200 million. WMI's core business is buying ad space in about 350 magazines, such as *Cosmopolitan* and *Vogue*, for clients that include Tiffany's jewelry, Sketchers footwear and Yellowtail wines, Nina Footwear and Abercrombie & Fitch. WMI's digital media unit focuses on advertising over the Internet. WMI's competitors include Kinetic, Posterscope and Outdoor Media Group. WMI has adapted to the evolution of the media industry, said Dominick Porco, company chairman.

"The main trend is that mass audiences have become more difficult to reach," Porco said. "Consumers are spending less time tuned into big broadcast events, with the exception of the Super Bowl."

"But people are spending substantially more time out of the home," he said. "They are commuting longer distances and spending more time driving."

That gives them more time to look at billboards, Porco said.

But like TV ads or telemarketers, not everyone welcomes billboards, especially Connecticut Gov. M. Jodi Rell.

Rell, who calls outdoor advertising "clutter," issued an executive order in February that stops any new contracts to build or maintain outdoor ads on state property. However, her face and a message about statewide energy conservation appeared on a billboard this past winter near Exit 8 of Interstate 95 in Stamford.

The Outdoor Advertising Association of Connecticut claims Rell's order will cost its members more than \$4.5 million annually and lead to job cuts. The state would lose about \$1.3 million annually in lease payments and permit fees, the association said. According to the state Department of Transportation, most of the 120 billboard spaces on state-owned property are along rail lines, and those leases run until 2016. About a half-dozen are on Bradley International Airport property, and those leases expire in 2015. That would mean that Rell's order would immediately affect about a dozen spaces. The state has about 1,200 billboard spaces, including two digital signs on I-95 in Fairfield.

The digital variety, which can deliver a new message in as little as six to eight seconds and sell the same space to multiple advertisers, has prompted objections, too. Critics claim they distract motorists and cause accidents.

Last year, the Washington, D.C.-based billboard lobby group, the Outdoor Advertising Association of America, cited two studies that claimed no significant link existed between digital billboards and traffic accidents.

The national group said last week that about 900 of the country's 450,000 billboards are digital.

"We are expecting the number of digital billboards to grow at a rate of several hundred a year," outdoor advertising group spokesman Jeff Golimowski said, adding that local companies buy the bulk of outdoor billboard space. "They (digital billboards) provide a great deal of value to the community and local advertisers." The association said spending on out-of-home advertising reached \$7.3 billion last year, a 7 percent increase over 2006 levels. Revenues include ads on billboards, benches, mass transit stations and alternative outdoor media. The alternatives include out-of-home video on subways and ads in health clubs and retail stores, Golimowski said.

Porco said digital ads comprised about \$1.3 billion of last year's total, and he predicts the digital segment to rise to \$3 billion by 2011.

Competition for that expanding market is intense, said Robert "Kam" Kamerschen of New Canaan, a media consultant and board member of MDC Partners Inc., a Toronto-based marketing communications company.

He said the average American is exposed to 5,000 ads daily. But the old cliches and time-worn slogans won't capture their dollars. The Internet has given consumers loads of knowledge about products, Kamerschen said. He also is the retired chairman and chief executive officer of Advo Inc., a Windsor-based direct mail marketing company.

The global market for advertising is about \$600 billion annually, \$200 billion generated in the United States, Kamerschen said. The Internet accounts for about 12 percent of the advertising market, he said.

"Marketing is about knowing who your customer is and how to reach them," Kamerschen said. "Marketeers have to spend more time to find out what is motivating customers and find out how to connect with them."

Kamerschen said pinpointed ads, such as sending credit card promotions to recent college graduates, are effective.

Imagination helps, too. Kamerschen said an ad agency bought a block of tickets for seats near the 50-yard line at the Super Bowl in February and removed the seats. Game-time cameras caught three to four glimpses of a MINI Cooper automobile placed there, which was a lot cheaper than buying TV ad time for the big game at \$5.4 million per minute, Kamerschen said.

Unconventional new ad venues are ready for customers, said Fierro, head of WMI. Although none of his customers have requested it yet, ads on subway windows are appearing on the Los Angeles County Metropolitan Transportation Authority line. Static images on walls next to the tracks light up and mimic a movie as the train passes them, he said.

Sidetrack Technologies Inc. produces the subway ads, which can be seen at www.sidetrack.ca on the Web.

WMI's innovation and growth potential impressed Halyard Capital, a New York City-based private equity firm that acquired a controlling interest in WMI in June 2005, said Stamford native Robert Nolan Jr., managing partner at Halyard.

"WMI had established a strong position in the magazine sector, providing growing companies and brands an attractive way to gain access to the millions of readers of America's top magazines," said Nolan, 56, who now lives in Greenwich.

"Halyard's investment thesis sought to build on the strong base in magazines and expand into other forms of media, most importantly, out-of-home and digital advertising," he said. "We have looked at numerous digital signage investment opportunities since Halyard Capital's inception in 2000.

"We have seen screens in elevators, subways, grocery stores, doctors' offices and airports," Nolan said. "Some of the opportunities have done well, but many did not, as some models had difficulty reaching the scale required to attract significant advertiser interest."

Halyard has more than \$600 million of capital under management and invests in media, communications and business services companies, including Spanish-language newspapers such as *La Opinion* in Los Angeles and *El Diario La Prensa* in New York City.

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