

Arbitron Custom Research



Arbitron Media Evaluation OOH Vision Networks Subway Vision Digital Signage Network Case Study: New York and Chicago

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Introduction

Welcome to Arbitron's Evaluation of the Subway Vision Network. This report examines the impact of OOH Vision digital signage on customers of the Subway sandwich shop chain.

Over the past few years, retail stores have been redefining the shopping experience through the introduction of digital signage. These place-based video networks are designed to engage and influence shoppers at the point of purchase, as well as provide traditional branding messages to influence buying patterns at a later date.



In this study, Arbitron focuses on one particular advertising platform available through the OOH Vision in Subway sandwich shops.

OOH Vision has installed a large and prominent video screen network within Subway restaurants. These displays, called Subway Vision, air a wide range of content geared specifically toward the Subway consumer and their lifestyle. In addition to engaging entertainment and information, Subway Vision airs :15 to :30 second video commercials. The goal of this study is to gauge consumer reaction to digital displays in this retail environment and its potential as an advertising medium.

Following The Consumer Throughout Their Day



Evaluating retail-based video programming and advertising can prove more challenging than appraising traditional at-home television counterparts. On the whole, people experience traditional TV and its advertising the same way regardless of the channel they are viewing. Place-based media are quite different.

Retail video networks need to study the unique behavior of consumers in their retail environment to maximize effectiveness. The size

and placement of a screen greatly affects visibility, and since the consumer cannot choose the content, it is up to the network to carefully program compelling topics that are relevant to the consumer's shopping experience. The nature of the advertising, both in terms of its relevance to the audience and presentation, also greatly impacts return on investment (ROI).

On the whole, the public's reaction to place-based networks has been exceedingly positive, particularly in areas where people need to wait in line. Many of these relatively new advertising platforms have quickly become vital components in successful media plans.

How the Study Was Conducted

On November 28th and 29th 2006 Arbitron completed 791 in-person interviews with visitors age 18 over at 19 different Subway sandwich shops in the New York and Chicago metro areas. 420 of the interviews were conducted as visitors exited 10 shops which aired Subway Vision programming (Test Group) and the remaining 371 were administered at 9 Subway shops which did not carry the Subway Vision network (Control Group). Randomly selected respondents were offered a \$2 incentive to take a five minute survey exploring their experiences in the Subway shop that day.

About OOH Vision¹

OOH Vision Networks (OVN) offers multimedia programming and advertising over its proprietary network of diner and retail locations with its real-time delivery infrastructure.

OVN is dedicated to creating digital media networks for advertising, promotion, and infotainment (e.g. stock quotes, sports scores, weather reports, and up-to-date news) to reach consumers wherever they eat, shop, and commune in public venues.

OVN delivers advertising and infotainment content to state-of-the-art plasma/lcd displays. Along with eye-catching infotainment content, the screens will display 15 and 30 second multimedia motion video commercials for national, regional, and local advertisers. OVN delivers video content from a central location using Internet-based technology and IP addressable media players attached to individual displays.

OVN has exclusive agreements with locations in North America including Subway's national chain of quick service restaurants, ensuring advertisers impressive reach and frequency. These exclusive relationships allow OVN to offer its advertisers the most desirable demographics in the industry.



¹This section contains information provided by OOH Vision.

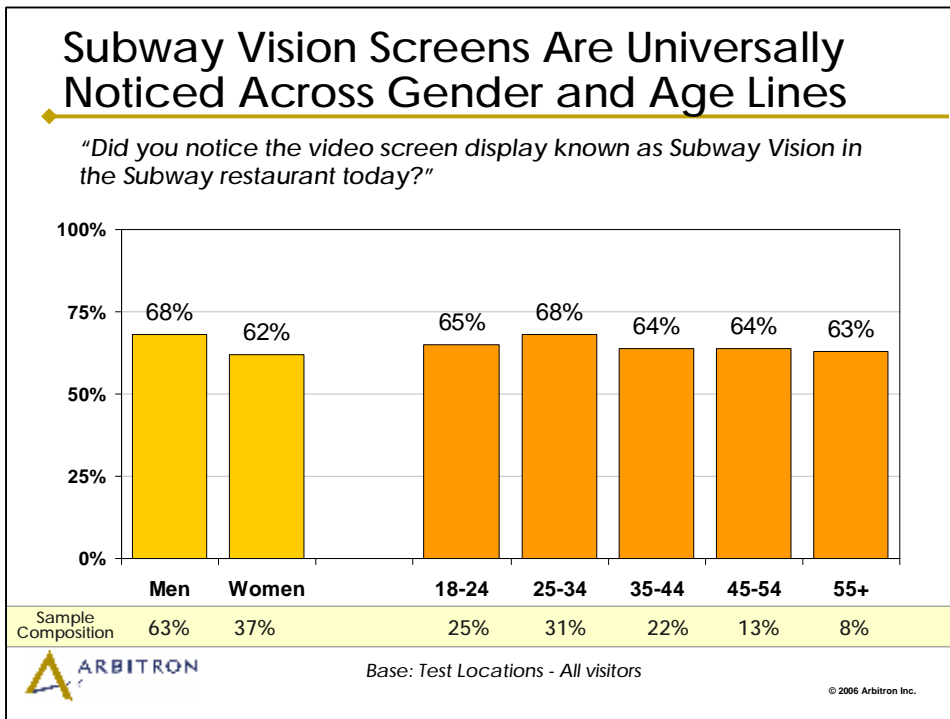
Summary of Key Findings

A. Visibility of Subway Vision Signage

1. Two-thirds of the customers who pass through a Subway restaurant will notice the OOH Vision screen.

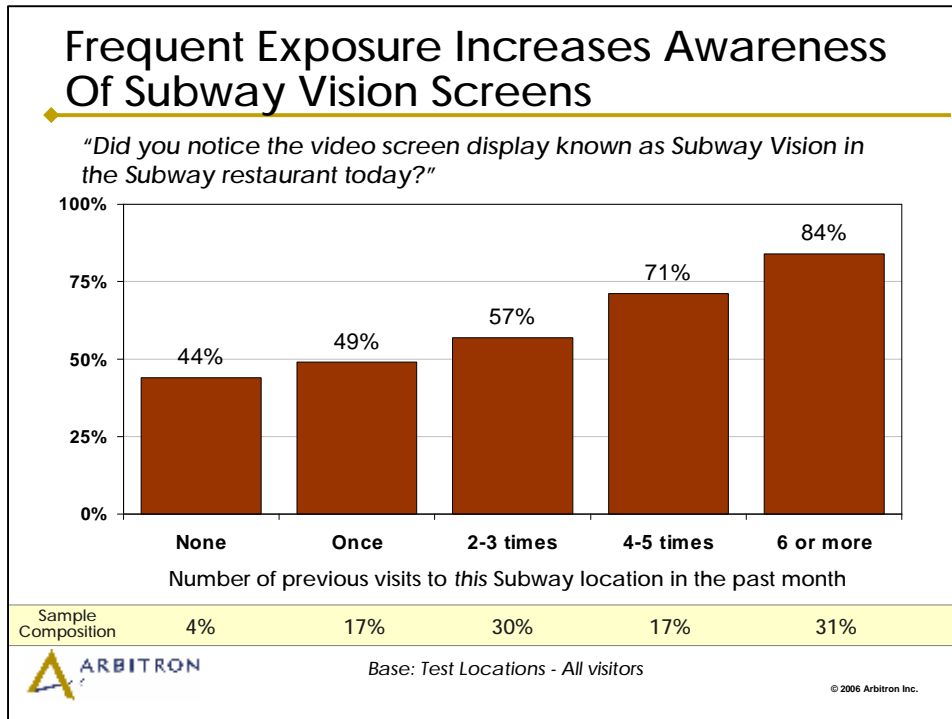
It is simply not enough to place an advertisement in the path of the consumer. The marketing campaign will only be effective if the consumer actually notices the signage. Visibility among out-of-home ad platforms varies widely depending on the nature of the presentation (static, dynamic), the size of the display and its placement within the environment.

Of the customers exiting the Subway sandwich shop locations tested, 66% noticed the OOH Vision display during that day's visit. Men were slightly more likely to take note of the screens than woman, but the difference was minimal (68% vs. 62%). The screens also had universal appeal regardless of age, a 20 year old was just as likely to notice the screen as a 50 year old.



2. The consumers who account for the majority of traffic through Subway restaurants are also the ones who are most likely to view the ads.

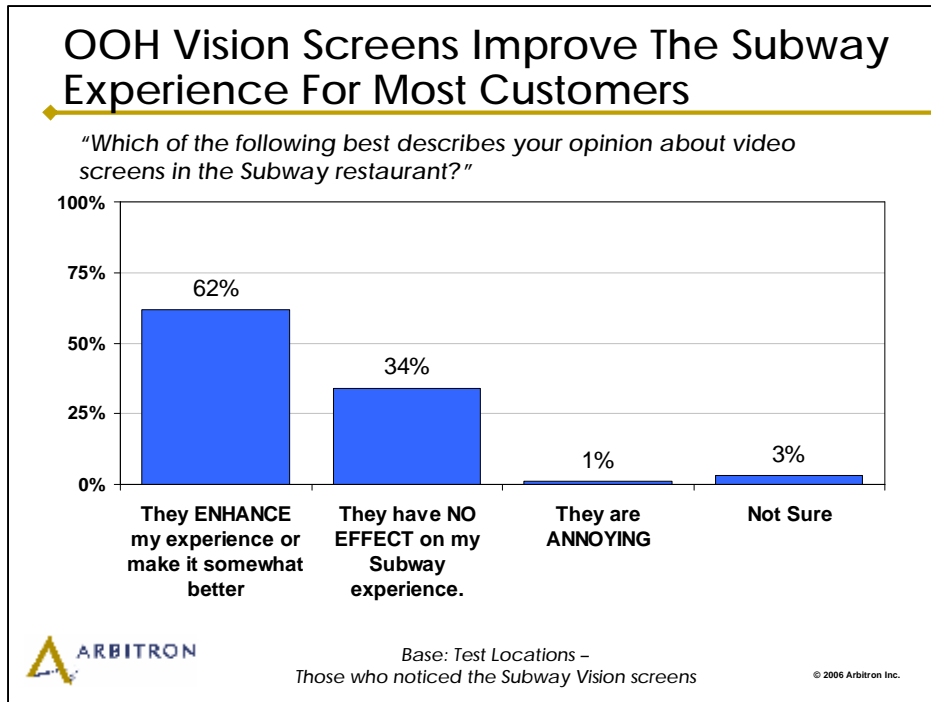
The more a consumer visits a Subway restaurant, the more likely they are notice the OOH Vision screen; 84% of those who have visited a Subway shop 6 or more times in the past month noticed the display compared to 44% of consumers who had not previously visited the location. This finding illustrates that awareness of Subway Vision increases with frequent exposures and shows that the consumers who account for the majority of Subway Vision ad impressions are also the ones who are most likely to take note of the ads.



B. Subway Vision and The Consumer Experience

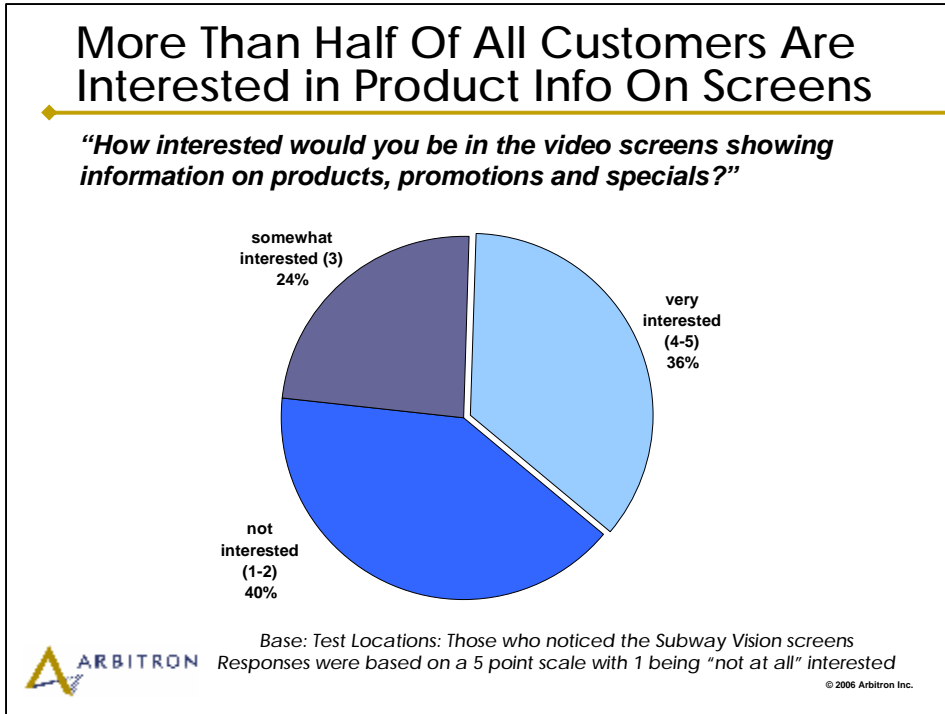
3. A majority of Subway customers had a positive attitude towards the digital video displays.

Nearly two-thirds (62%) of those who noticed the Subway Vision screens felt the programming improved their experience at the restaurant and only 1% found the screens to be "annoying".



4. Subway customers are interested in seeing product information, promotions and specials on the digital screen.

Six in 10 (60%) of Subway customers are interested in seeing product information and promotions on the screen, demonstrating that consumers are open to receiving advertising messages in this environment.



C. Advertising Effectiveness

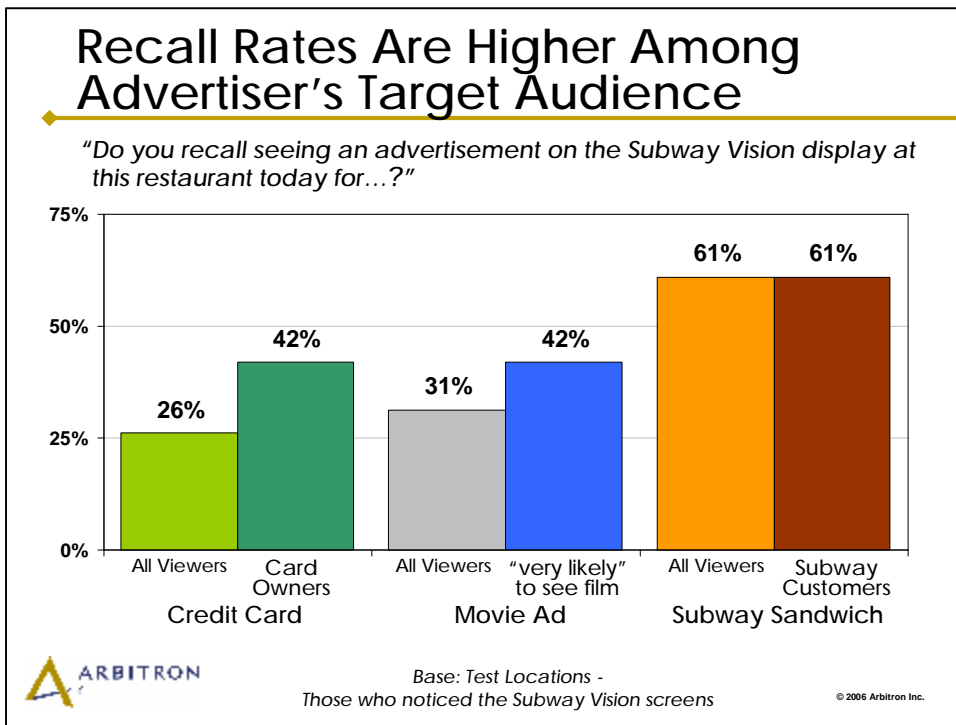
- Advertising recall for Subway Vision spots ranged from 26% to 61% among all customers.

On average, 40% of those who noticed the Subway Vision screen could recall the :15 to :30 second spots aired during the test period. The advertising recall ranged from 26% for a credit card company, 31% for a new movie release to 61% for Subway sandwiches.

- Recall rates for ads are highest among the spot's target audience.

Advertising recall rates are a function of the compelling quality of the creative copy and its relevance to the consumer. All Subway customers, by the very nature of eating in the restaurant, are in the target audience for Subway sandwich advertising and the 61% advertising recall rate among those who noticed the screen reflects that notion.

Among all customers who noticed the screen, 26% remembered seeing the advertisement for a major credit card, but among *card owners* who noticed the screen, the recall rate jumps to 42%. The recall rate for the movie also increased from 31% to 42% among Subway Vision viewers who say they were "very likely" to see the specific movie advertised.



MEDIA PLANNING IMPLICATIONS

Advertising needs to move with the consumer. Advertisers need to follow today's busy consumers wherever they go. Digital place-based commercials extend the communication power of video commercials beyond the home.

Place-based digital advertising is an antidote to commercial avoidance. Tech-savvy, and even not-so-tech-savvy, consumers are taking more control over their media experiences at home through DVRs (TiVo®), MP3 players (iPod®), DVDs and the Internet. The by-product of this on-demand culture is the ability to skip advertising messages and get straight to the content. Subway Vision counters this trend by exposing consumers to video commercials outside the home.

The digital advertising network in Subway sandwich shops place the advertising message right in the consumer's path when they have the ability to make an immediate purchase. Retail digital advertising reaches consumers with a video commercial while they are in the shopping frame of mind. Noted media researcher Erwin Ephron has popularized the Recency theory of media planning, which emphasizes the importance of reaching people while they are ready to buy. Ephron states: "Recency is the idea that the advertising media 'sell' those consumers that are ready to buy the product. It is as if there is a window of opportunity for the ad messages preceding each purchase. Advertising's job is to influence the purchase; media's job is to put that message in that window." Digital advertising in the quick service restaurants provide an opportunity to reach consumers while they are out of the house and in the shopping mode.

Not all place-based digital advertising is created equal. Screen size, quality, placement, creative execution, and the size and quality of the venue can all differ greatly from company to company, yielding dramatically different results. In traditional television, a :30 is a :30, but in the world of digital out-of-home advertising, the right formula is needed to achieve the greatest impact.



Appendix: Demographic Composition For Subway Vision Viewers in New York & Chicago Metro Areas

Sex		Income	
Men	63%	Less than \$25,000	8%
Women	37%	\$25,000 - \$40,000	12%
		\$40,000 - \$75,000	32%
		\$75,000 - \$100,00	12%
		More than \$100,000	23%
Age Group		Credit Cards Carried	
18-24	25%	American Express	31%
25-34	32%	Discover Card	15%
35-44	22%	MasterCard	58%
45-54	12%	Visa	70%
55-64	7%	None of the above	13%
# of Subway Visits Per Month			
1	4%		
2	17%		
3-4	30%		
5-6	19%		
7+	31%		



About Arbitron Inc.

Arbitron Inc. (NYSE: ARB) is an international media and marketing research firm serving radio broadcasters, cable companies, advertisers, advertising agencies and outdoor advertising companies in the United States, Mexico and Europe. Arbitron's core businesses are measuring network and local market radio audiences across the United States; surveying the retail, media and product patterns of local market consumers; and providing application software used for analyzing media audience and marketing information data. The Company is developing the Portable People Meter (PPMSM), a new technology for radio, broadcast television and cable ratings.

Arbitron's marketing and business units are supported by a world-renowned research and technology organization located in Columbia, Maryland. Arbitron has approximately 1,700 employees; its executive offices are located in New York City. Through its Scarborough Research joint venture with VNU, Inc., Arbitron also provides media and marketing research services to the broadcast television, magazine, newspaper, outdoor and online industries.

Arbitron's Out-of-Home division provides training, consumer shopping data and audience profiles for out-of-home and outdoor media. Currently, more than 100 outdoor plants, place-based media and thousands of agencies and advertisers utilize Arbitron Out-of-Home consumer shopping data and software. The company is currently working with the industry to develop an outdoor audience ratings service.

Credible third-party measurement helps advertisers justify their investment in the medium. The company's 50+ years of audience measurement experience help sellers focus on selling the value of their advertising rather than justifying the credibility of their measurement. Arbitron research studies about cinema advertising, the outdoor industry and traditional and nontraditional media can be found on the company's Web site at www.arbitron.com and can be downloaded free of charge.