



Ref: TfL 94592

Prior Information Notice (PIN)

**TfL Advertising Concessions for Rail network
(including London Underground) and Bus
Shelters**

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1. BACKGROUND INFORMATION

INTRODUCTION

Transport for London (TfL) is seeking to place advertising concessions with a media partner(s) to commence from 1 April 2025 for both its rail network (including London Underground) and its bus shelters.

Tube & Rail Advertising Concession

This involves the right to sell and display advertising on all stations and trains on the following transport services:

- London Underground
- Elizabeth line
- London Overground
- Docklands Light Railway
- Trams
- Victoria Coach Station

This consists of various traditional assets of varying formats from 4 sheets to 96 sheets, as well as a range of digital opportunities including Digital 6 Sheets, Digital 12 Sheets, Escalator Panels, Escalator Ribbons, large scale Landmarks/Video Walls, and Digital Runways (integrated into platform edge doors).

The concessionaire will be responsible for the posting/scheduling of adverts and the installation and maintenance of all advertising assets.

Bus Shelter Advertising Concession

This involves the right to sell and display advertising on TfL's bus shelter estate throughout the Greater London area. This consists of approximately 5,000 bus shelters comprising 9,500 traditional paper advertising panels and 612 shelters with full digital advertising.

The concessionaire will be responsible for posting adverts on the traditional poster panels, as well as the scheduling of adverts across the digital network. The maintenance and cleaning of the bus shelters is conducted by third parties, but the concessionaire will be responsible for the installation, maintenance and cleaning of the traditional and digital advertising panels on bus shelters.

Bidding Lots

The advertising concessions will be tendered in three lots:

Lot A – Tube & rail advertising concession only

Lot B – Bus Shelter advertising concession only

Lot C – Tube & rail advertising concession and Bus shelter advertising concession combined.

Questionnaire

Any interested parties in the above concessions should complete the following questionnaire.

This questionnaire is part of a soft market testing exercise for TfL with the aim of further developing TfL's strategy to commercially exploit its advertising assets.

(Respondents completing the below questionnaire will do so at their own cost.)

MARKET SOUNDING QUESTIONNAIRE

Ref: TfL 94592

TfL Advertising Concessions for Rail network (including Tube) and Bus Shelters

1.0 Introduction and Purpose

The purpose of this Prior Information Notice (PIN) is to seek information from suppliers in the advertising market to further inform the development of TfL's procurement strategy and any related contract specification. Information provided will be used to inform TfL in its continued consideration of the nature of any future procurement activity. If deemed appropriate TfL may, at its sole discretion, enter into further discussions with respondents.

2.0 Structure and Format

Suppliers are requested to complete the following questionnaire. Suppliers must adhere to the format of the questionnaire when answering the questions. Where questions cannot be answered fully, please provide relevant explanations and details. Please keep responses concise. Questions should be answered in English.

3.0 Background Information about TfL

TfL was created in 2000 and is the integrated body responsible for the Capital's transport system. TfL implements the Mayor's Transport Strategy for London and manages transport services across the Capital for which the Mayor has responsibility. These services include:

- London's Buses
- London Underground (including Elizabeth line)
- Docklands Light Railway (DLR)
- London Overground
- Trams
- London River Services
- Victoria Coach Station
- Red route road network
- Santander Cycle Scheme
- Congestion Charging
- London Cable Car
- And many other services

Further information regarding TfL can be obtained at www.tfl.gov.uk.

4.0 Terms of the Market/ Suppliers engagement

TfL will not enter into a contract or contracts based solely on the responses to this PIN and no information contained in this document or in any communication made between TfL and any supplier in connection with this should be relied upon as constituting a contract, agreement or representation that any contract shall be offered in accordance with this PIN. Responding to this PIN is not a pre-requisite for participation in any future procurement activity, nor will the provision of a response (or lack thereof) be taken into account in the evaluation of any future procurement.

5.0 Confidentiality and Intellectual Property Rights

Except as expressly required for the preparation of a response to this PIN, suppliers must not without TfL's prior written consent, disclose to any third party any of the contents of this document or related information. Suppliers must ensure that their employees, consultants and agents are also bound and comply with this condition of confidentiality.

By responding to the PIN Questionnaire, the respondent gives TfL, the GLA and other GLA bodies (and their respective professional advisors) a licence to use the information provided within that response for the purposes of preparing and conducting future procurement activity for the services described in this document. Please do not provide information which you are not content to be used for this purpose.

6.0 Freedom of Information

TfL is committed to open government and to meeting its legal responsibilities under the Freedom of Information Act 2000. Accordingly, all information submitted to TfL may need to be disclosed by TfL in response to a request under the Act. TfL may also decide to include certain information in the publication scheme, which TfL maintains under the Act.

If a supplier considers that any of the information included in their expression of interest is commercially sensitive, it should identify it and explain (in broad terms) what harm may result from disclosure if a request is received, and the time period applicable to that sensitivity.

Suppliers should be aware that, even where they have indicated that information is commercially sensitive, TfL might be required to disclose it under the Act if a request is received.

Suppliers should also note that the receipt of any material marked 'confidential' or equivalent by the TfL should not be taken to mean that TfL accepts any duty of confidence by virtue of that marking.

Suppliers are asked to include a single point of contact in their organisation. TfL will not be responsible for contacting suppliers through any route other than the nominated contact.



MARKET SOUNDING QUESTIONNAIRE

Ref: TfL 94592

for TfL Advertising Concessions for the Rail network (including London Underground) and Bus Shelters

Name of Respondent: Clear Channel UK Ltd

TO BE RETURNED BY 26th May 2023 to:

██████████@tube.tfl.gov.uk

1.0 Details of Your Organisation

(Please insert your responses in the white boxes below the questions)

1.1 Name of the organisation submitting this response:
Clear Channel UK Ltd
1.2 Contact name for enquiries about this submission:
██████████
1.3 Contact position (Job Title):
████████████████████
1.4 Main office address (including postcode):
Clear Channel UK 33 Golden Square London W1F 9JT
1.5 Telephone number:
Head office - 020 7478 2200 ██████████ ██████████
1.6 E-mail address:
██████████@clearchannelint.com
1.7 Website address:
www.clearchannel.co.uk
1.8 Please provide details of your organisation including its principal business. Please also state your annual turnover and profit / loss after tax for the past 3 financial years, and net assets for the last financial year.
Clear Channel UK is part of Clear Channel Outdoor Holdings (NYSE: CCO) - one of the world's leading Out of Home media owners. In the UK we operate more than 35,000 street furniture and out of home advertising sites nationwide, from Inverness in Scotland to Truro in Cornwall and in every major urban area in between. For over 50 years, we have been a trusted partner to local authorities, funding and delivering essential public utility for local communities. We have installed over

20,000 bus shelters and clean and maintain these using our own in-house staff, ensuring consistent quality of service.

As a responsible media company, we are committed to striking the right balance between delivering effective advertising solutions for global brands and local advertisers, providing leading bus shelter and street furniture solutions, while making a positive contribution through our own ventures and partnerships across many community, environmental and social projects.

Clear Channel UK Limited

*Financial Information
Summary:*

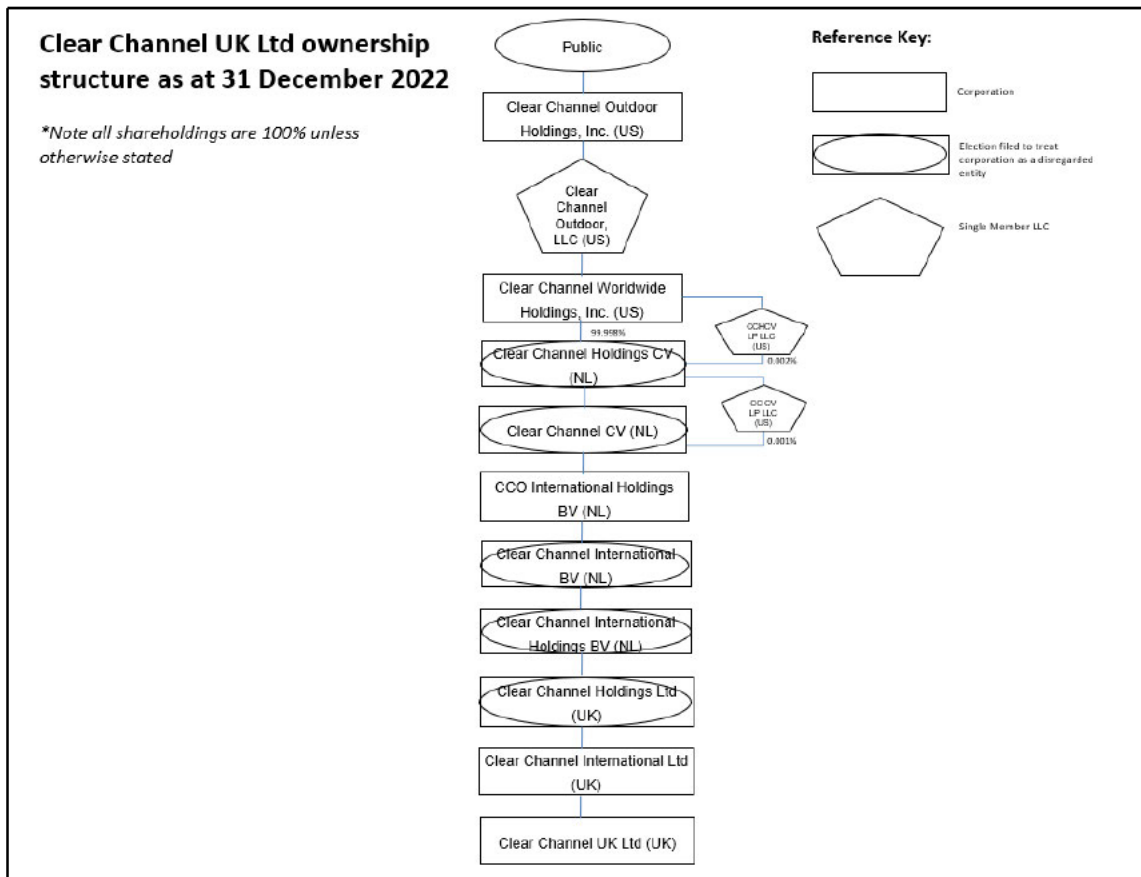
	<i>2018 £000's</i>	<i>2019 £000's</i>	<i>2020 £000's</i>	<i>2021 £000's</i>
Turnover	141,607	155,570	124,307	158,604
Operating profit	4,804	6,419	- 4,358	4,347
Profit after tax	6,213	8,058	- 2,953	8,451
Retained profit	5,745	8,058	- 2,953	8,451
Net worth	136,425	145,040	142,238	150,977

Fully signed accounts can be found on:

[CLEAR CHANNEL UK LIMITED filing history - Find and update company information - GOV.UK \(company-information.service.gov.uk\)](https://www.gov.uk/company-information-service)

1.9 If applicable, please provide full details of your ultimate parent company/ holding organisation. You should also attach an organisational chart showing the organisation structure.

Clear Channel UK ultimate parent company:
 Clear Channel Outdoor Holdings, Inc. (US), 20880 Stone Oak Pkwy, San Antonio TX 78258



2.0 Scope of the Consultation

1. CAPEX COSTS

It is envisaged that TfL will meet the up-front capital costs associated with all asset refreshes and new assets. These costs will be repaid to TfL by the advertising partner on a straight-line basis over a period that is likely to be 5 years. In addition, the advertising partner will pay interest on outstanding capital balances at a rate that is expected to be 6.29%.

What are your thoughts on this mechanism for capital costs as detailed above or would you prefer to fund asset renewals yourselves? Please state the reasons for your answer.

Clear Channel are comfortable with TfL's proposed approach to fund capital and the mechanism to recover this.

It has the benefit of ensuring capital investments continue over the course of the contract term to maximise the revenue opportunity, rather than in the initial years only (as has been seen with the bus shelter agreement where screen numbers have been static in recent years).

The key requirement for us, as an advertising partner, will be the ability to control the investment programme in partnership with TfL, alongside a requirement to stipulate the products procured.

It would be helpful to understand, as we go through the tender process, the capital investment pot that TfL can/will make available across each of the lots together with the capital balances/annual interest charges that will roll forward from the existing Rail concession.

Whilst the TfL cost of capital is competitive and the model proposed would allow for investment over the term, we could also consider funding the capital.

We have access to funding, either through leasing or purchasing outright, that has allowed us to deploy the UK's largest digital 6 sheet network and could be used for the benefit of these concessions. Mechanisms would need to be in place to repay outstanding asset values at the end of the contract.

2. CONTRACT DURATION

2.1 It is envisaged that the concessions will run for a period of eight years. What is the ideal contract period which you believe will maximise revenues for both parties?

Clear Channel operate out of home advertising contracts that range from between 5-20 years. The variance very much depends upon who is funding the capital investment, the scale of investment required and the size of the overall contract.

Assuming TfL fund the investment, we would propose an 8–10-year term; this is driven by the scale and complexity of the advertising opportunities. Mobilising and integration (including TUPE) of the two advertising concessions is a significant operational undertaking that is potentially transformative for the organisation and this term would allow for the opportunity to be fully developed and monetised.

The minimum contract term we would recommend is 8 years, to align to the useful life of a digital screen product. We will require visibility on the age of the existing digital screens in the contract.

2.2 If you currently operate advertising concessions for Metro / railway authorities and/or street furniture/ bus shelter advertising, what is the usual period of time you contract for? Please give brief details of such contracts below.

In the UK, Clear Channel operate c180 street furniture contracts with local authorities and public transport executives. As noted in Q2.1, contract lengths vary between 5-20 years depending upon a variety of factors. Our average contract length is 10-15 years.

Recent contract wins include Plymouth, Leicester and Barnet. In each case the contracts are 10+5 or fixed 15-year terms.

Our experience of UK transit contracts is that they tend to be shorter in length. We currently operate the LNER advertising concession which is a 7-year term.

Across our wider European business, our experience is replicated. Street furniture contracts tend to last 10-15 years with rail/metro typically 10 years. This includes Belgium Rail: 10 years, Oslo Metro: 10 years, Stockholm Metro / Rail: 7 years.

3. COMMERCIAL TERMS

3.1 What commercial model(s) do you think would best maximise gross revenues? (Please state your reasons)

The widely accepted practice is to have a minimum guarantee (MG) and a profit or revenue share element. The advertising operator is then incentivised to maximise revenue to cover the MG (and operating costs) and earn an income on revenues generated above this, whilst at the same time delivering incremental value to the landlord.

This is a standard model for TfL to use to maximise revenues across both the shelter and rail advertising contracts.

The challenge is the level of MG and who defines this. On previous iterations of the rail contract, the level of MG proposed by media owners has bankrupted them. The alternative is to go with a pure revenue share model, but this does not incentivise the media owner to maximise revenues, particularly if a high percentage of the revenue is paid over to the landlord.

One approach could be for TfL to set the MG they expect in each year of the contract. Depending on the level set, TfL de-risk their revenue stream and de-risk the possibility of a media owner being bankrupted by overestimating their sales capability. TfL then receive the greater of the MG and the revenue share.

Revenue share could then be tiered, increasingly in favour of the media owner, to incentivise them to maximise the revenue on the contract.

The impact of other costs e.g. business rates and electricity need to be factored into the model. Both of which have experienced and will continue to experience significant variability over the next contract term and bids received by TfL will incorporate media owner assumptions which will differ. To remove forecasting bias on these costs and in turn potential risk to TfL, we believe TfL could consider taking responsibility for these costs.

Whether an MG with a revenue share top up, straight revenue share or an alternative, Clear Channel will always provide full transparency to TfL.

Clear Channel also requests protection/mitigation clauses incorporated into the agreement to mitigate risk from these fluctuations.

3.2 Are there any commercial models which you believe would risk maximising revenues? (Please state your reasons)

As outlined above, a model that operates purely on a revenue share basis runs the risk of not maximising revenue to TfL.

4. CRITICAL FACTORS

4.1 Are there any critical factors that would **deter** or prevent you from bidding for these concessions?

Commercial risk would be the primary factor in deterring Clear Channel from making a bid.

We would urge TfL to mitigate this as much as possible, primarily on the Rail concession. This would be done through detailed information provision and setting a level playing field as the incumbent has a huge operating advantage. Example information includes:

- Detailed specification including historic and forecast audience data and revenues (e.g., pre and post Covid)
- Tender structure so bidding against pre-defined revenues rather than media owner forecasts.
- Detailed TUPE information/requirements are essential for all contracts including number of individuals, roles and Union information.
- Full breakdown of products and locations on the Rail contract and detailed maintenance/replacement process by asset type.
- Clear and detailed exit/transition plan from the incumbent operators is essential.

4.2 Are there any specific **technical challenges** that may pose concern at this stage? If so, what mitigating action do you think can be taken by TfL to minimise these risks?

Technical challenges are most likely to result from knowledge gaps.

We will require full details of the advertising products in place across the contracts. For digital assets this should include IP information, software and hardware specifications, operating systems/how they are managed, connectivity, interfaces with TfL systems etc.

4.3 Are there any **critical or long lead time items** that may impact on the successful delivery of these concessions? If so, what mitigating action do you think can be taken by TfL to minimise these risks?

In our experience, securing advertising consent (planning) is one of the longest lead times for developing street furniture contracts. This is closely followed by the time spent liaising with the relevant highways authorities and utility providers to allow us to install advertising panels once planning is secured.

Anything TfL can do to facilitate a smooth transition in any proposed changes to the advertising estate would mitigate the risk of delays. This could be departments within TfL or using TfL's influence and understanding of wider changes on the street to motivate third parties to cooperate in a timely manner.

Similarly for Rail, obtaining planning (where needed) and installation of new technologies/screens in this environment in a timely manner. Working closely with TfL and partners to mitigate against this.

Understanding in advance the time taken to approve new technologies and suppliers thereof that we may want to deploy across the environments and the process needed. Together with a list of the current technology partners/products, this could allow us to mitigate and select the right products.

5. FUTURE DEVELOPMENTS

5.1 To what extent do you believe automated and /or programmatic trading will benefit TfL in real terms over the contract period?

Automated and Programmatic have a number of key benefits for OOH which will have a positive impact for TfL over the contract period:

1. Enables OOH to access new buyers, advertisers and budgets that we currently haven't reached increasing our total addressable market. This is evident from the incremental revenue that we are generating through this channel; as well as the growing demands from omnichannel DSPs who are used by non-traditional OOH buyers.
2. Makes our medium significantly easier to buy, in terms of time and effort, as well as even more transparent. This is making OOH more attractive compared to other advertising channels and will help increase OOH market share.
3. Enables campaigns that are: more data driven; more targeted; enabled by triggers and context; and in on a real-time basis. A recent example of this was a cinema chain using real time seat booking data from their cinemas

to drive campaigns in locations with low sales to increase occupancy. This provided a compelling new set of advertising propositions to advertisers.

4. Provides large volumes of granular real time data on what customers are interested in and what they are willing to pay for inventory to drive improved pricing, packaging and yield management.
5. The programmatic OOH market is not mature and the OOH buying community is still determining how these channels fit with their traditional approach. It is a necessity to have all these channels open to preserve existing business as well as capture business that migrates across channels.

We have been investing in strong commercial and technology capabilities with our proprietary LaunchPAD solution to unlock these opportunities for our landlord partners such as TfL.

5.2 Would there be advantages for TfL if it were to allow more than one Supply Side Platform access to its digital inventory?

Clear Channel have publicly communicated on many occasions that we have a multi-SSP strategy as we believe there are a number of advantages to this on the supply side.

This approach drives competition in the market-so platform fees remain competitive, incentivises the eco-system to create broad awareness and demand for our inventory, as well as enabling individual ad requests to achieve the highest price through competition. This approach also enables inventory to be connected to a broad set of demand sources increasing demand as well as accessing the best technology features.

However, there are a lot of complexities with doing this well, including potential impact on standard campaigns, yield optimisation, technical setup and reporting - Clear Channel's proprietary LaunchPAD solution combines all of these features to ensure that we have a technically and commercially optimised Automated and Programmatic solution across multiple SSPs.

5.3 How would you protect yields on programmatic deals; is TfL potentially de-valuing its estate by trading impacts rather than as a brand building, broadcast medium

Automated and Programmatic buying for Out of Home is predominantly fixed price deals, which allows us to protect yields and define our pricing.

As mentioned above, Trading on Impacts allows us to open-up inventory to additional buyers who trade in this way, using programmatic systems - improving opportunity to sell.

To succeed with Automated and Programmatic we in no-way see them as “zero touch” self-service channels. Just like any other channel to market they still require strong Marketing and Business Development to create the right awareness and understanding of the value of TfL’s inventory so buyers appreciate that two impacts can have very different quality levels. Beyond this we also value a strong focus on Customer Success to continuously educate and support the Customer to achieve their campaign outcomes so they keep coming back and we can maximise revenue from each deal. By telling the story, educating, and proving the value of TfL’s inventory we will help protect yields.

6. ANY OTHER COMMENTS

Are there any other comments you would like to make regarding these tenders?

Are there any accreditations/qualifications/minimum requirements that Clear Channel should be aware of? This may be related to Health & Safety, safe systems of work, cyber security etc.

Given the size and complexity and to promote a competitive tender that delivers the best result to TfL we urge full disclosure of relevant information and current operational performance at the earliest possible stage.