



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: _____ Calum
Macaulay_____

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:
News UK & Ireland Limited
1.2 Contact name for enquiries about this submission:
[REDACTED]
1.3 Contact position (Job Title):
[REDACTED]
1.4 Main office address (including postcode):
The News Building 1 London Bridge Street London SE1 9GF
1.5 Telephone number:
[REDACTED]
1.6 E-mail address:
[REDACTED]@news.co.uk
1.7 Website address:
https://www.news.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.
News UK is one of the leading media businesses in the UK and Ireland. Our newsbrands include The Times, The Sunday Times, The Sun, The Sun on Sunday and the TLS. Our national broadcast brands include talkSPORT, Times Radio, Talk

Radio, TalkTV and Virgin Radio UK. We also have market-leading local stations across Ireland. Our world-famous brands provide news, analysis, opinion and entertainment to almost 40 million people each month. Spanning print and pixel, audio and video, events and experiences, our multi-format brands are home to a plurality of opinion, representing the diverse communities we serve. Relevant financial information can be found at (<https://newscorp.com/>).

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.

News UK is wholly owned by News Corporation Inc, a US\$10bn market capitalisation NASDAQ-listed global, diversified media and information services company (<https://newscorp.com/>). In its fiscal year to June 2022, News Corp reported revenues of \$10.4 billion and EBITDA of \$1.7 billion. At 31 March 2023 the consolidated net assets of News Corp were \$9 billion.

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.

In consultation with TfL, News UK would be prepared to consider a range of funding mechanisms to work in tandem with the appropriate commercial model so as to maximise capital efficiency and provide the right incentives to enhance the quality of the estate and drive revenue maximisation. As demonstrated in our answer to question 1.9 above, News UK has a robust balance sheet which it can deploy in the right circumstances.

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?

Ahead of seeing the detail in the tender document, we would assume an eight to twelve year contract might be optimal in order to fully recoup investment.

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.

News UK does not currently operate any such concessions and so are neither restricted by any legacy terms of trade, nor in our ability to take a fresh look at the contractual structure that would be most appropriate to create the right balance of risk and reward for today's circumstances.

3. COMMERCIAL TERMS

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

We would be prepared to consider a range of commercial models such as minimum revenue guarantee, revenue share, or flat fee, to work in tandem with the capital cost mechanism, once in receipt of the financial information following the forthcoming tender for advertising concessions for TfL.

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

News UK would be wary of any models that would place restrictions on driving through quality enhancements to the panel estate and that would hold back yield (e.g. panel quality or the percentage of digital inventory) and/or restrict volume (e.g. inventory utilisation/maximisation).

4. CRITICAL FACTORS

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

Outside being able to demonstrate to our own internal stakeholders the benefits of bidding, we would be concerned if there was a lack of ambition, commitment and/or clarity from TfL to move to more larger format, full motion sites in the key locations, including the Underground.

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?

We understand there are specific challenges in terms of installing electrically powered panels in the Underground.

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?

We would want to understand the roll out planned by TfL for the digitisation of the estate. As we understand it, only a relatively small percentage is currently digitised in the London Underground so this could limit our ability to maximise revenues in a fast moving digital world and limit our content led sell.

We also understand that it is a complex and sometimes time consuming process to get the range of permissions through for developments.

We would be keen to explore the ways TfL could work to mitigate these issues, for instance by providing and committing to a site development plan for the estate to ensure all stakeholders are joined up in desire to make this London estate a truly world-class, world-leading estate: leading by innovation, creativity and design.

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?

The UK leads the world in digital advertising. The ambition for TfL's estate should be to keep it firmly placed in the vanguard of digital innovation.

Automated or programmatic trading delivers a number of benefits that can be felt in real terms. Programmatic trading allows for the use of data and automation to quickly deliver campaigns at scale across multiple locations, increasing the effectiveness of campaigns and improving customer engagement. These campaigns can also be rapidly optimised based on real-time data, and analysed dynamically against data points such as weather conditions and foot traffic, ensuring campaigns are more timely, relevant and impactful.

Programmatic advertising is also more cost-effective for advertisers and can eliminate manual negotiations, and provide cost savings through reduced overhead and improved ROI. Programmatic can then be integrated further with digital advertising, with synchronised cross-channel campaigns which ensure consistent messaging, maximising reach and frequency across multiple touch-points.

The success of programmatic trading is dependent on the quality and functionality of the TfL sites in delivering real time programmatic trading opportunities.

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

Yes - we believe that allowing more than one SSP access to inventory brings several advantages. Multiple SSPs allow a broader range of demand - SSPs may have different partnerships with advertisers and increasing the potential reach creates diversity, minimises risk by providing redundancy and mitigates the impact of potential disruptions via technical issues or downtime. It also promotes competition across pricing, terms, and this competition drives better products within the SSPs, better rates and greater yields, making inventory work harder and more efficiently.

The creation of Private Marketplaces within the system - that can control the premium assets within the portfolio, set price thresholds and restrict access for less desirable categories - alleviate any concerns about the inventory becoming too commoditised.

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

Any programmatic deals must align with core commercial strategies around inventory purpose and can still do so when valuing brand building vs maximising impacts. However, it is critical that advertisers consider both together - focusing on impacts risks diluting brand message to the detriment of long-term brand equity. When programmatic advertising is executed strategically and in alignment with brand-building objectives, it can be a powerful tool for reaching and engaging with the audience.

Programmatic advertising should not only generate short-term results but also strengthen brand equity, build connections with the audience, and achieve long-term brand-building objectives.

Programmatic deals are also often a precursor to direct deals with valuable inventory.

Different levels of data targeting, brand suitability, geographic relevance and more importantly guaranteed inventory are all value adds that can be made available to buyers through direct activity, or through targeted partnerships or private marketplaces where advertisers are given additional levels of service and targeting based on spend or strategic importance.

All of these can come into play not just for the delivery of campaigns, but also across post-campaign analysis and brand uplift studies identifying positive impacts against key performance metrics for advertiser campaigns

6. ANY OTHER COMMENTS

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

We do not have any other comments at this point. News UK are excited to progress discussions with TfL around this opportunity.
