



**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.)

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# 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](http://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: \_\_\_\_\_**

**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:				
Ocean Outdoor				
1.2 Contact name for enquiries about this submission:				
[REDACTED]				
1.3 Contact position (Job Title):				
[REDACTED]				
1.4 Main office address (including postcode):				
25 Argyll Street, W1F 7TU				
1.5 Telephone number:				
[REDACTED]				
1.6 E-mail address:				
[REDACTED]@oceanoutdoor.com				
1.7 Website address:				
www.oceanoutdoor.com				
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.				
<p>We operate 4 main UK trading companies: Ocean Outdoor UK Limited, Signature Outdoor Limited, Mediaco Outdoor Limited, Forrest Outdoor Media Limited. Our Financial Year ends 31<sup>st</sup> December. 2022 accounts are expected to be signed off by Audit first week of June. I have rounded to the nearest £100,000.</p> <p>For the 4 UK trading entities:</p>				
Year Ending	31/12/2019	31/12/2020	31/12/2021	31/12/2022
	£	£	£	£
Turnover	101,600,000	55,500,000	90,000,000	122,300,000



Net Income after tax	11,100,000	(8,600,000)	300,000	10,600,000
Net Assets @ 31.12.22				49,200,000

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.

Company Group S structure attached.

## 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.

Ocean's preference would be a TFL capex funded model. We can be flexible on the deal mechanics however it is our opinion that a revenue share underpinned by a minimum guarantee would be the most suitable for all three concessions.

### 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?

On the provision that the capex and opex is landlord funded 8 years would work for Ocean. Our preference would be a 10-year contract with a 5-year break clause - based on sales performance. I.e should Ocean not achieve 'X' gross revenue TFL have the right to break.

**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.

Ocean operate two external street furniture contracts:  
The Loop - Birmingham City Council  
The Loop - Manchester City Council

Comprising of 83 full motion displays.

<https://oceanoutdoor.com/the-loop/>

### **3. COMMERCIAL TERMS**

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

A revenue share model which includes sales incentive kickers (revenue share % increases) should Ocean achieve above certain gross revenue levels on an annual basis. In Ocean's experience this has helped to incentivise the sales team and maximise gross revenue.

Ocean operate a number of contracts whereby the MG is set based on the prior year's sales performance (this is also underpinned by a base rent). I.e MG is 65% of prior years revenue share to the landlord. This allows the MG to move with market conditions and helps to derisk.

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

No, however it is critical that we work closely with TFL to help identify, optimise and upgrade the best revenue driving assets.

#### 4. CRITICAL FACTORS

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

If it was essential that the Capex and/or Opex was funded by the media operator for any of the concessions.

We would require the inclusion of a fair Force Majeure clause.

**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?

At this stage we cannot foresee any technical challenges that pose a concern to Ocean.

**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?

No foreseen issues at this moment in time.

#### 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?

Automation & Programmatic still represent a relatively small proportion of DOOH spend. However, it is growing in popularity so it would be naïve not to be involved at all.

What is important when getting involved is doing so on your own terms in order to protect your yields.

**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 as different clients are signed up to different SSP's. By allowing more you would be casting your net wider.

**5.3** How would you protect yields on programmatic deals; is Tfl potentially devaluing its estate by trading impacts rather than as a brand building, broadcast medium

There is a risk of devaluing the environments if programmatic trading is not implemented with care. To protect yields on programmatic deals we would implement an number of strategies to create a point of difference, minimize the risks and optimize performance. Including Guaranteed Deals, to only allow access to key inventory on a minimum investment basis, guaranteeing volume of spend per deal and networking inventory to only allow clients to bid across a network rather than individual screens.

**6. ANY OTHER COMMENTS**

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