



**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: Vistar Media Inc.**

**TO BE RETURNED BY 26th May 2023 to:**

**[REDACTED]@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:
Vistar Media Inc.
1.2 Contact name for enquiries about this submission:
[REDACTED]
1.3 Contact position (Job Title):
[REDACTED]
1.4 Main office address (including postcode):
149 5 <sup>th</sup> Avenue, 6 <sup>th</sup> Floor, New York, NY 10010
1.5 Telephone number:
[REDACTED]
1.6 E-mail address:
[REDACTED]@vistarmedia.com
1.7 Website address:
<a href="http://www.vistarmedia.com">www.vistarmedia.com</a>
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.
Vistar Media is the leading global provider of programmatic technology for out-of-home, bringing enterprise-grade software that was purpose-built for the unique requirements of digital signage. Vistar provides a global demand-side platform (DSP) for buyers to activate data-driven programmatic campaigns and a supply-side platform (SSP & Mediation) to connect signage operators to digital revenue. Vistar also powers some of the world's most advanced signage networks with device and content management software (Cortex) and ad



serving technology. Vistar was founded in 2012 and is headquartered in New York, NY.

2022 = \$243M USD gross / \$32M ebitda

2021 = \$167M USD gross / \$28M ebitda

2020 = \$73M USD gross / \$1M ebitda [due to covid]

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.

Vistar Media Inc. is both the operational business and the ultimate parent company

## 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.

We believe TfL should consider bifurcating the capital needs from the media sales and technology required to operate a successful system for consumer communication and advertising monetization.

Paid advertising has drastically changed in the last 25 years with online media representing a larger portion of ad spend than any other channel. Given the requirements of the largest advertisers in the world around a data-driven, automated and measurable form of advertising, we recommend a modernised approach to the structure of transit advertising.

### 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?

Rather than a concern about the ultimate length of the contract, it is the ability of the incumbent to remain technologically agile during that period.

It is key that any concessionaire (and therefore TfL) are not encumbered with legacy technology that is not fit for purpose in a rapidly evolving media market. All media concessionaires could potentially bring technology that is either suboptimal or will become suboptimal during the life of the contract with little opportunity for upgrade or replacement, hence the idea to separate these needs of technology, media sales and capital costs for infrastructure

A suboptimal technology solution could significantly hinder the revenue returns available to TfL.

Separating the technology solution from the media concessionaire could bring both control and monetization benefits during the period of 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.

Vistar, while not the media concessionaire for any transit authority, provides programmatic services across 49 transit focused media owners with a total estate of approximately 17,000 screens.

### **3. COMMERCIAL TERMS**

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

From a media sales (gross revenue) perspective, to maximise revenues it is essential that the media assets are available to the market in a manner that is open and transparent with unfettered access.

The media assets should be presented in a manner that allows for both intra media comparison (between different Out of Home media options) and inter media comparisons (between all other media types).

Out of Home media is a fixed infrastructure medium and therefore is a time expiring asset much like hotel rooms or airline seats. The ability to purchase digital assets up to the point of expiry is key to maximising revenue.

The ability to present the media assets as viable alternatives to other non Out of Home media opportunities is key.

From an asset owner perspective. Media sales is typically based on a minimum guarantee for sales rights and a revenue share. That model tends to work well across all channels.

Software for advertising (ad tech) is a blend of monthly fee and transactional revenue share for any sales outside of the media sales direct efforts.

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

Any commercial model that supports a reduced or controlled marketplace.

There is a tendency around the world (including the UK) for Out-of-Home to be an inward looking marketplace. That is, a small number of players control spend which causes the market to compete with itself for share, rather than outwardly competing with all other media types, thereby expanding the overall market.

This type of model, very evident in the UK, slows growth dramatically and just encourages a shift between formats (in this case traditional to digital).

Anything other than the widest possible access to the media assets will hinder both short term yield and long term growth.

#### **4. CRITICAL FACTORS**

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

Depending on the scope, no.

**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?

No

**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

## **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?

TfL more than most Out-of-Home media asset owners have a highly definable audience that can be effectively quantified and behaviourally understood.

This understanding of audience value combined with power of London based media assets puts TfL in a very strong position when cross media plans are being considered.

This makes TfL one of the best placed media asset owners to benefit from intelligent programmatic trading as the connection with the active travelling public at work and play is very powerful.

The UK has the largest digital advertising marketplace (all media) in Europe, over 2.5 times larger than Germany (the next biggest). This enormous digital spend is largely traded programmatically. To maximise the revenue potential of the TfL media assets, a programmatic provider that can tap into these larger opportunities will be a key driver of both yield and growth.

As we discussed in 3.2 anything other than the widest possible access to the media assets will hinder both short term yield and long term growth.

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

The market now allows for mediation. Mediation enables a media owner to access revenue from multiple SSPs via a single connection with Vistar. Vistar's mediation solution will hold an auction across all enabled SSPs to compete for your ad space thereby maximising yield on your assets. This provides TfL with the security and simplicity of a single supplier relationship in the programmatic world while still allowing all SSP's access to the TfL media assets. Vistar has the most widely adopted mediation solution in the DOOH ecosystem globally.

We would strongly advise TfL to ensure that a mediation solution is part of any SSP proposition being considered.

**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

It is most common for programmatic rates to be higher than direct in DOOH and online video. Deterioration of rates was a common issue in online display advertising where the volume was high and quality was low. The economics of OOH and online video are the opposite.

An appropriate programmatic partner would put TfL in control, mitigating any deleterious effect of lowest common denominator media buying.

Pricing can be controlled with minimum base pricing. The type of transactions and advertisers categories are all parameters that can be managed to maximise both yield and media desirability.

A modern programmatic solution provides the asset owner with more control over asset usage and yield.

Maximising yield is complicated and currently most Out-of-Home digital assets globally do not enjoy the highest levels of occupancy. A delta between 30% and 70% occupancy is typical (depending on asset type, environment and seasonality). Therefore, the opportunity for growth is significant.

**6. ANY OTHER COMMENTS**

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

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