



Not Staying in 'Place'

Digital place-based media can offer TV buyers inexpensive efficiencies

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-By Bill Ketcham

Place-based digital networks have typically been considered “out-of-home” media, and early adoption of the category has been led by out-of-home planning and buying agencies.

As a result, most networks have built their audience metrics and their rate cards around the out-of-home planning model, which relies on traffic as its primary surrogate for audience.

This worked just fine for a while, until a number of digital place-based networks became legitimate mass media, and deserved to be considered in a media plan that was television-driven.

Some of these networks, particularly those similar to ours in the upscale mall space, complement television plans quite nicely because they deliver light TV viewers that are hard to reach for a fraction of the price of television. In particular, as a TV plan approaches maximum reach, digital place-based media can add reach much more efficiently than simply adding more television, because incremental television loses its efficiency as the total reach starts to approach 80 percent. Combine this with a CPM that is probably a quarter of TV, and things get interesting.

Well, maybe, but maybe not. Broadcast planning and buying shops' margins have been cut to the bone by clients' cost-saving initiatives, so they don't exactly have the bandwidth to be aggressively exploring new alternatives to television. And, as we all know, no one ever got fired for buying television. Moreover, the out-of-home audience metrics based on traffic simply don't allow broadcast shops to look at digital place-based media using their reach and frequency models, making these networks even harder to plan and buy.

Many of us in the mall media space have been pointedly challenged by big consumer packaged-goods advertisers to provide audience metrics that show reach and frequency by demographic group, if we want a piece of that television pie. By the way, a very nice business can be built from a very small slice of that pie.

So what are we in the mall space to do? Our traffic figures have traditionally come from

the mall operators, either directly or through the Directory of Major Malls. Viewing behavior from suppliers such as Nielsen is applied to this traffic to get audience metrics. Mall operators use a broad range of techniques for measuring traffic, ranging from counting cars to using sophisticated ShopperTrak cameras. They are not incented to count low. Suffice it to say that out-of-home planners conveniently paint the traffic data with the car counting brush, and immediately cut it in half. So challenge No. 1 is finding a third-party traffic source that doesn't have a conflict of interest.

Challenge No. 2 is finding a third-party traffic source that can break traffic into its component parts, individuals visiting, and the number of times they visit. With these data, reach and frequency in the mall space can be determined and, of course, so can gross ratings points.

The third challenge is finding a way for broadcast planning and buying shops to make money on digital place-based media. The out-of-home planning and buying shops have nice margins—probably at least five times nicer than broadcast—so the agency powers that be make sure they have separate out-of-home planning and buying groups. I don't blame them, but the bean counters at their big clients are being penny-wise and pound-foolish, because they force digital place-based media to be planned separately and miss out on huge efficiencies in media spending that digital place-based networks might provide. I wish I could find a way to get more profit to the broadcast groups, but it's probably illegal.

But we can solve the first two challenges, at least in the mall space. Scarborough mall traffic data, when run through the right software, can provide info on individuals visiting malls and the number of times they visit. This allows us to provide traditional traffic figures for our out-of-home shops, and reach and frequency data by demo group for the broadcast shops.

Of course it's not perfect—it needs to be adjusted to add teens, because Scarborough measures adults 18 plus. But it provides much more confidence and flexibility to planners in both the out-of-home and broadcast groups.

So to my mall media friends, call your Arbitron rep and chat about Scarborough. There's a big money pie out there that you should start slicing into before someone else does.

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