



Medium Well Done

Shopping Malls Continue Their Transformation To Advertising Medium

BY BRIAN DIEDRICK

SHOPPERS YEARN for convenience; buyers lust after sales. Not unlike a couple of lovelorn teenagers, these two elemental economic forces find an ideal union at the mall. Indoor shopping spaces featuring multiple vendors date back at least to the 11th century's Persian Grand Bazaar of Isfahan, while the American mall as we know it emerged 51 years ago in suburban Minneapolis. Fast-forward to 2007, and thousands of shopping malls dot the American landscape, accommodating over 190 million visitors per month. Malls have been big business for a long time, but only recently has the business community begun to realize malls are also something else: a mass advertising medium.

U.S. malls capture 190 million pairs of eyeballs per month right at the point of purchase. And not just any eyeballs: mall shopper demographics skew towards affluent suburbanites with readily disposable income, the ever-elusive teenage audience, and women of all ages.

Over the last five to 10 years, mall advertising has transformed from a sleepy backwater – with a few placements on mall directory kiosks as the unimaginative standard – to a burgeoning industry featuring cutting-edge digital media networks, pop-up stores, interactive video projections, human billboards, even ads on stairways and food court tables. With ever-increasing competition and capacity in the retail space, mall players are turning en-masse to advertising to help them stay competitive. In-store marketing was the sixth-biggest advertising vehicle in the country in 2005, accounting for 18.6 billion dollars in spending, with solid growth projected for the next several years. For businesses looking to increase sales, and property owners looking to generate additional revenue, mall advertising presents a win-win situation.



Simon Malls' "OnSpot" digital signage division demonstrates the retailer's strategy to cover high traffic locations.



Creatable Media plans to make their food court table advertising Bluetooth compatible in the near future.

According to Stan Eichelbaum, of Cincinnati-based Marketing Developments, U.S. mall properties currently generate about 10 percent of their revenues from advertising, while similar properties in the Middle East and Latin America are deriving over 30 percent of their income from ads and marketing. This trend suggests significant growth for U.S. mall advertising is in the offing, and so do the optimistic moods and expansion plans of many companies competing in this still-maturing industry.

Take, for instance, leading mall digital media network Adspace: "We're in 45 malls right now, and we'll be in 100 by the end of this year," says Adspace EVP and CMO William Ketcham. "By 2008 we'll be in 140 ... and by 2010 our plan is to be in 300. We've had a lot of success developing distribution contracts with mall operators like Westfield and General Growth Properties, and we'll be announcing more later this month."

Based in New York, Adspace operates a network of 8.5 feet tall digital video screen enclosures, housing 60-inch plasma screens in portrait format. Content is distributed via satellite to a server in each of the company's partner shopping malls. Then, the content is pushed through to individual screens over a wireless network. Originally the company provided only static digital billboards, but has since upgraded, now offering full motion video. "What we do, you couldn't have done five years ago," Ketcham relates. "That's the power of digital."

Continues Ketcham, "We've done lots of research, and it

turns out the most compelling mall advertising content from an interest standpoint is 'What's on sale?' Literally 80 percent of everyone in a mall wants to see what's on sale on our screens. So to do that, we go to the retailers in the mall and ask them for their ten best deals and produce each one of those items into a 12-second commercial. We call it 'Today's Top 10,' and we change it weekly, which means we have ten different 12-second commercials in each of our 45 malls."

Sound labor-intensive? Actually, it's not. A digital media network like Adspace offers a retailer an efficient, low-overhead, yet highly-targeted advertising option, "Because it's digital, we have a 12 second commercial template that pulls key elements of each retailer's offers out of a database that we maintain. ... Once the process is set up, the commercial creates itself without any help from us."

Ketcham says the next step technologically for Adspace is integrating cell-phone text messaging into its campaigns: "Say a retailer in a mall wants to deliver a coupon for merchandise on sale this week. Up on our screens could appear 'Text 222,' and if you do that, we'll be able to deliver a coupon for the sale item immediately to your phone."

Similarly excited about integrating cell phones into his company's mall advertising business model is Poom Chantha, Chief Operating Officer at Woodland Hills, Calif.-based Creatable Media. In contrast to the sophisticated digital network of AdSpace, Creatable offers its clients a decidedly more low-tech, but no-less-innovative ad placement: the top of a mall food court table.

Fitting specially installed tables with 11 x 17 ad posters, Creatable boasts about "a 30-minute dwell time and 80 percent recall," says Chantha. "We serve a static audience



Besides convention centers, Stareways finds malls to be one of the preferred venues for their unique advertising medium.



AdSpace Networks offers advertising as well as content in the form of discounted items in the store, on its digital signage network.

with a static advertisement, but it's highly effective."

Having appeared on 20,000 tabletops in 67 malls nationwide at the end of 2006, Creatable expects to have a presence in 100 malls by the end of this year.

Going forward, Chantha says he hopes to make Creatable the first Mall advertising outfit to integrate Bluetooth technology into its campaigns. "With our level of engagement, we think Bluetooth can really help consumers get what they want. Shoppers would be able to opt in through a tabletop call to action and receive content on their cell phones via Bluetooth. The technology has existed for years in Asia, but we're hoping to be the first to integrate it over here."

With time to kill in the food court, it's not hard to imagine shoppers of the future clamoring to have a 'Spider Man 5' game or a Trivial Pursuit "Naughties Edition" contest beamed to their mobiles. The possibilities are myriad.

Real time sale notifications, coupons via text message, Bluetooth-beamed entertainment at the food court? What else can shoppers expect to improve their mall-going experience in the near-future? Well, ads on the staircases for one.

For over a year, the Millburn, N.J.-based StareWays has been using its patented adStep® system to turn drab mall staircases into outsized, one-story advertisements. "We're in a place you don't expect to see an ad, but also right at eye level ... At malls, we really get noticed," says Stareways CEO Barry Roberts.

Noticing StareWays recently was the Indianapolis-based Simon Property Group – the largest retail real estate company in North America. Simon decked out several of its 285 North American properties with StareWays ads promoting its Simon Giftcard brand.

For Simon, using new advertising solutions like StareWays is a natural fit. Through its Simon Brand Ventures division, the company is making an aggressive push to transform its mall properties into a multi-faceted advertising medium.

Want to reach shoppers at a Simon food court? Simon will work with Creatable to make it happen. Interested in making a high-visibility branding splash? Simon offers sky banners atop main mall corridors, windowscapes, even gigantic interior and exterior walls. Looking to target kids and parents? Simon mall strollers can now double as rolling billboards.

Are you an experientially inclined marketer? Simon has increasingly been leveraging its 285 properties as event venues —'American Idol' at the mall anyone?

And if you're a national advertiser looking to put a :30 in front of a large mall audience, Simon recently launched its own digital media network, OnSpot, in May of last year. OnSpot currently reaches millions of shoppers in 49 Simon properties, on roughly 1,300 screens, with expansion plans currently in the works. "Simon is building a comprehensive strategy for our mall properties that includes indoor media and outdoor media, digital media and static media," says Simon Chief Marketing Officer and President of Simon Brand Ventures Stewart Stockdale, who notes Simon's audience outstrips the combined attendance at professional and college sporting events combined. "And remember, these are people at the point of purchase."