

Mall Advertising Still Pays Off as Traffic Goes Back Up

By Natalie Zmuda, *Advertising Age*

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America's malls are undergoing a sea change, as the recession pummels retailers and commercial property owners. But don't let the gloomy news reports taint the entire category. Malls are an increasingly popular advertising vehicle for a range of categories, from CPG to cable TV. And, as a medium, they are holding up fairly well in what has become the toughest media climate in decades.

Traffic at large, enclosed malls, which saw year-over-year declines between 2.5% and 5% between August and January, is now bouncing back. Since February, traffic has been relatively flat. And while retailers are struggling, consumers -- and teens in particular -- are still going to malls, even if they aren't spending.

A new study from Scarborough Research and Arbitron found that although 61% of teens surveyed said they had less money to spend at the mall, 62% said they are going to the mall more or about as often as they did six months ago. Just 12% said they had not visited a mall in the past 30 days.

"With people cutting back and not spending as much money, they're coming together in other ways. They're using [the mall] as an entertainment hub. It's very good for us, as advertisers," said Ray Rotolo, senior VP-managing director of Chrysalis, an out-of-home division of Havas. "We have a lot of clients that are asking about the space."

And it's not just fashion brands that are looking to the mall. Companies as varied as Procter & Gamble, Mars and the U.S. Navy are investing in the space, as they discover that it's a relatively inexpensive way to reach a mass audience.

Comparable to TV

"We are a mass medium. We reach 100 million people every month," said Bill Ketcham, senior VP-chief marketing officer at Adspace. "We're very efficient if you compare us to TV, a quarter to a fifth of the cost, on a CPM basis."

Adspace, which has a network of 1,400 digital billboards in malls nationwide, reported a 71% increase in first-quarter sales. Mr. Ketcham said Adspace has gotten traction with categories beyond those found in the mall by providing plenty of data points. For example, because CPG companies tend to rely on TV campaigns, they've been more receptive when audience metrics are presented in a way that can be compared to TV.

Norm Chait, senior VP-director of out-of-home at MediaVest, said the data provided by mall networks is a selling point for clients who are new to the space. Malls have emerged as a popular medium with much of MediaVest's client roster, in particular package-goods clients. "[They] are looking to break out from traditional television," he said. "Not that they're going away from TV, but they're recognizing that there are some limitations and audience erosion."

The recession has also pushed malls to provide more creative advertising solutions. Stephen Faso, VP-director of new media at Outdoor Services, a division of Mediabrand, said vacant store windows, wrapped escalators and murals are all finding their way into desirable properties.

"It's inventory that we can go in, and in a very effective way, secure these larger-than-life places that were not available when the economy was strong," Mr. Faso said. "[Malls] are a destination where people are spending a lot of time, though not necessarily money. And larger mall providers and developers are offering a lot of events and concerts and are drawing a crowd."

Where to capture teens' attention

There are plenty of options for reaching teens, ranging from more traditional media such as TV and magazines to emerging media such as Facebook, YouTube and MySpace. Here we go beyond that to highlight four categories that should be a part of your next media plan.

CELLPHONES

A majority of teens own cellphones, and a growing number are making the upgrade to smartphones. Eight percent own an iPhone, but 16% expect to buy one by the fall.

MALLS

An overwhelming number of teens say they notice in-mall advertising. Poster displays and hanging ad banners are the most effective, with 91% and 85% of teens, respectively, taking note of them.

MOVIES

Hollywood continues to enjoy a boom year, with box-office revenue up almost 15% and movie admissions up nearly 13% year on year. And savvy marketers are taking note, with mainstream brands such as Gap and Oreo buying in.

VIDEO GAMES

Video games have become hot properties, with in-game advertising projected to reach \$1 billion in worldwide sales by 2014. Teens are playing plenty, with video games accounting for 8% of their spending.