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The ATM advertising revolution

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Consumers redeem millions of coupons a year. The medium enjoys wide acceptance in the form of direct mail, newspaper ads and inserts, flyers and cash register receipt tape. Advertisers are able to track response accurately just by counting redeemed coupons.

ATM couponing, a fairly recent application, has burgeoned with the massive deployment of cash dispensers in off-premise locations. Store owners experience increased sales--the industry average runs about 10% according to experts--by dispensing coupons for instore items.

For banks the approach can be just as lucrative. Receipt paper expense in most cases falls to zero when the coupon company provides free rolls with pre-printed coupons.

Coupons on demand

While couponing will eventually bow to onscreen advertising, it won't necessarily bow out for good. Manufacturers have responded with thermal machines that print specific coupons onsite with very little waste and highly-targeted messages.

ATMs like NCR's PersonaS 40 and the Fujitsu 7010 are configured with a coupons on-demand option. When the user swipes his card he has the usual account inquiry and cash withdrawal choices, but he can also press another button for a coupon screen.

This screen offers numerous coupons to choose from, say a few cents off a Coke, a movie ticket discount or a deal on chips. If the consumer chooses the movie ticket, the ATM's receipt printer prints only that coupon and records the transaction for tracking reports.

One such ATM network, operated by XtraCash ATM in San Diego, offers coupons on demand in over 180 McDonald's restaurants.

Next-generation ATM advertising

"We're approaching a new paradigm in advertising delivery," said Randy Andrews, president of ATM Resources in Portland, Oregon. "As ATMs continue to proliferate, deployers will look for new ways to capitalize on their real estate. The emerging choice is selling ad space at the ATM site. It's such a prime spot--inside a store when a customer has fresh cash in his hands."

Mr. Andrews speculated the coming plateau of the surcharge would restrict profits for ATM owners. "In a few years when there's an ATM on every corner the only way to get people to use your machine is to offer a lower surcharge. That is, of course, unless there's something else going on at your machine."

This "something else" is the subject of visionary speculation and frenzied investment. A small number of aggressive companies are investing in technology and site acquisition as they build ATM media empires.

"What's happening right now is the birth of the major ATM networks," said Mr. Andrews. "Kind of like when the TV networks first formed and jockeyed for dominance. Whoever gets their hands on the largest number of ATM locations wins."

Scott Cox, president of Synergistic Media Group in San Francisco, specializes in electronic alternative media sales. "ATMs represent our largest growth segment. When we talk to advertisers they can pinpoint exactly who they want to reach- customers in supermarkets, c-stores, truck stops or fast food restaurants, for example--by picking and choosing which ATMs to be on."

Mr. Cox sees a flurry of activity in the near future. "Advertisers are becoming aware of what's out there. They're not too far behind the technology curve, but they're still cautious about what works and what doesn't. They want results."

Results are relative, said Mr. Andrews. "I've seen some instore coupon test results that have way outperformed competing media. But electronic multimedia, being so new, still has the jury out and will keep it there for a couple years until we can conduct research on a larger scale."

Toward the future

"The growth numbers we're seeing represent a staggering potential market for ATM advertising," said Mr. Cox. "As technology continues to deliver more bang for less bucks we're going to see very sophisticated advertising campaigns utilizing alternative ATM media. Some corporations are even developing 3D billboard screens that will put a product literally in the consumer's face."

Where is all this headed? Will ATMs become our communities' commerce centers? Or will they be replaced by a new technology twenty times cheaper and better?

If the computer industry is any historical indication of the speed of change and technological leaps, we're in for a wild ride.

All the way to the bank.

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