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Can ATM advertising provide deployers with new revenue?

by [Gary Wollenhaupt](#) * • 14 Oct 2008

For years, the promise of revenue for independent sales organizations from third-party advertising on ATMs has lingered just around the corner.

Meanwhile, financial institutions have used ATM receipts and screens to promote their services.

But a stable revenue stream for ISOs from advertising heavy-hitters such as auto manufacturers and consumer packaged goods makers has not materialized.



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But an England-based ATM consultant and advertising specialist, [i-design](#), developed platform-agnostic software to deliver and manage advertising on ATMs. The company works with advertisers and agencies to implement campaigns for large companies such as British Airways and Nivea. The management aspect of the software overcomes some of the implementation hurdles that stymied previous advertising efforts in the United States. The success of ATM advertising in the U.K. should bode well for the U.S. industry.

Ana Stewart, managing director of i-design says market changes and technology advances have set the stage for success in the ATM-advertising arena. Though attempts over the last decade to make ATM advertising profitable faced numerous challenges,

platform and infrastructure limitations were the real culprits, not the ATM offering itself.

"There's a preconception that ATM advertising didn't work in the U.S., but the reasons it didn't work weren't because the customers didn't like it or there wasn't an appetite from advertisers," Stewart said.

The reasons related to technology. For one, ATM network infrastructures were not as robust as they are today, she says, and were unable to handle the data necessary for advertising content on a wide scale. Advertising content also had to be manually uploaded to each machine, rather than being remotely delivered across a network, as it is today, from a central server. Legacy software platforms also did not support advertising like Windows-based applications. And financial institutions, not in the business of selling advertising space to outside businesses, walked away from the proposition of third-party advertising with a bad taste in their mouths, since earlier advertising schemes called for FIs to sell and manage the ad content themselves.

Alternative ads

Advertising on ATMs is considered an alternative form of ad placement among all out-of-home media options, which typically include billboards and digital signs.

The PQ Media Alternative Out-of-Home Media Forecast 2007-2011 reports that total spending on out-of-home media will grow 13 percent to \$8.94 billion in 2008, and then an additional 13 percent through 2011.

Interest in advertising on ATMs is growing because the transaction environment offers advertisers unique ways to interact with consumers. Typically, when consumers use ATMs, their attention is focused on the machine and the transaction. Additionally, coupon capability via ATM receipts is especially attractive to advertisers, since few other outdoor media offer such a direct measurement of consumer response.

"ATM advertising is highly attractive to advertisers, since it is able to give them exact numbers of transactions and receipt take-ups," said i-design's Stewart, in an ATM-advertising report, *How to Generate Third-party Revenue from Advertising*.

While the Outdoor Advertising Association of America does not track ATM advertising specifically, it includes ATM advertising in the general outdoor advertising — a category the association says is going strong as advertisers seek new ways to reach consumers who "TiVO" past traditional 30-second spots and listen to commercial-free satellite radio.

"ATM advertising is an extension of the growth of out-of-home ads as companies look for new ways to surprise and delight people," said Jeff Golimowski, communications director of the association.

But connecting advertisers and ATM networks is a challenge. To remedy that, Columbus, Ohio-based DOmedia created an online marketplace for buyers and sellers of alternative media.

Owners of alternative media — buildings, parking lots, restaurant restrooms, ATM networks — list their properties on the site. Advertisers search the database using a variety of criteria, including type of property, size, location and so on.

Advertising marketplace

Since its 2007 launch, the DOmedia database has grown to more than 25,000 alternative and out-of-home media listings from hundreds of media owners.

Jeff R. Lamb, DOmedia's president, says advertisers are eager to include ATMs in their out-of-home advertising-campaigns. The challenge for the advertisers has been

connecting with the ATM deployers, since ATM deployers have not done a great job of promoting their networks for revenue generation.

"There's an increased awareness of how much more effective advertising on ATMs is in getting the message to a particular audience at a time when they're more open to hearing that message," he said.

Lamb says the greatest potential for advertising income in the United States comes from local and regional advertisers. About 70 percent of out-of-home advertising coming from local sources, because users are more connected to their "local" hot spots, whether the ATM they visit every Monday before work or the grocery store on the corner that displays digital signage that they visit every Saturday. Only about 30 percent of the OOH advertising market is national, and that market primarily comprises billboard campaigns, since billboards reach interstate travelers. The sheer size of the United States makes local or regional advertising more viable.

In England, whose square mileage matches that of the state of North Carolina, running a national advertising campaign is relatively simple, given the relatively small geographic landscape.

"The U.S. has thousands of banks and credit union, but in the U.K., about 10 networks make up about half the ATM base," said Stewart.

Financial institutions and merchants see the value from generating revenue from advertising compared with marketing only their own services and products on the ATMs. Grocers, for example, have moved beyond using ATMs to provide coupons and now focus more on the advertising revenue stream.

"In the U.K., the belief is that third party advertising will be more successful and will generate more customer satisfaction," Stewart said.

Technology barriers

Pete Severens, account executive with Strategic Alliance Group, works with more than 100 financial institutions that print advertising on receipts. He also works with other advertisers to send their messages via ATM networks.

However, to be an attractive platform, advertisers usually require high-end Windows-based ATMs with video-capable screens and receipt printers that read sensor marks. The sensor mark ensures the coupon or ad is printed on the receipt and not cut off on a variable-length receipt.

Severens said ISOs tend to use entry-level ATMs that don't use thermal receipt paper, therefore cutting them out of the third-party ATM advertising equation.

"That eliminates ISOs from a lot of opportunities, which is too bad, because they're the ones that want to have advertising revenue the most," Severens said.

Advertisers are looking primarily for networks of video-capable machines.

"Advertisers want to show full-color images or full-motion video, and if an ATM doesn't have that capability or what they do have is primitive, then advertisers aren't interested in block type on a screen," Severens said.

Managing advertising across an ATM network can be challenging, with a variety of hardware and software configurations. One solution is a platform-agnostic tool like ATM:ad, developed by i-design.

"Typical solutions for ATM advertising in the States have not been scaleable or equipped with the ability to provide platform-independent, end-to-end management, including a

fully managed third-party advertising component," i-design's Stewart says in "[How to Generate Revenue from Third-Party Advertising](#)," an ATM advertising report.

As more ATMs offer video capability and other advanced technology, ISOs should be aware of the revenue opportunities that advertising can offer.

"Networks may have hidden assets that could generate revenue," Severens said.

Gary Wollenhaupt is a frequent contributor to ATM Marketplace. To submit a comment about this article, please [e-mail the editor](#).

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