

Agency Awakening

Allan McLennan, President/Chief Analyst, PADEM Group talks about the evolution of out of home media – and why agencies are waking-up.

Many people were drawn-in at the beginning of Digital Out of Home media to the idea that a system could easily pay for itself with advertising, while as we know, it was not a simple task. We asked Allan McLennan to give us some ideas as to just which way the market is progressing today, in particular looking at the hotel, broadcast and hospital markets... three sectors that we believe are currently at a turning point...

There is a new business model emerging. Literally up to the past 12-18 months, the cost per Gross Rating Point had been a problem, because the reach was minimal. But that said, like Over-the-Top services and advanced broadband television, the quality of the recipient has started to go up. Consequently the value of that audience is becoming more real, versus what the agencies have seen for decades. This evolution has been linked to the acceptance of the viewer, the hospital patient, or the houseguest in a hotel to advertising that is acceptable and not intrusive or time wasting. What we have learned over time, coming from years in the agency business as well as the technical business, is that we have learned how to create advertising that is compelling and accepting to the individual who is now viewing it on private networks. Let's face it... a 60-second spot just doesn't work on a network that the individual is passing by on. A 20-second spot even on the web can be too long, if the person is anxious to get to their content. So the smart agency people have been able to figure out the creative content and the messaging and that has been more accepting from the viewer, because information advertising is very important for the individual who is interested in doing things or acquiring things in any particular location. Even as recently as 18 months or two years ago, the general population of most marketplaces – particularly the United States – but even in Europe, but not so much in France and the UK, because

the interactive television components in the home from the Red Button to Canal Plus, have been around for at least half a decade. There, people are a little bit more familiar with accessing interactive content and consequently choosing the advertising when they want to see it. The ease and familiarity now in the marketplace in having information and media in a somewhat “on demand” means has become more real. So what we're coming down to is that the psychology of the marketplace today is more accepting for new forms of information gathering or “advertising”, because due advances in media distribution are becoming more accepted. People are becoming comfortable with receiving video on the Smartphones... the same video that can be distributed on the Internet. So it is becoming more commonplace that this kind of “advertising” is being more accepted. On a “three screen experience” (eds: TV, PC and hand-held), individuals can now have what they were used to in their homes on their TV screens. In other words, this is part of a greater movement towards people receiving coherent and fluid messages outside their normal home environment. It's no longer a question of how difficult it is to establish distribution networks, but more about how to establish a good programming environment. This basis of understanding comes from decades in the agency and technology environments and networking and the distribution of messaging and programming to the individual as well as to the masses.



Allan McLennan

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Media Technology Chief Analyst, Allan McLennan covers the industry worldwide. He comes from holding senior executive, strategic and operational positions with global technology, media/entertainment and advertising agencies (Saatchi, Grey) in the launch and management of some of the world's largest and strongest brands (Lexus, P&G), all leading to his direct involvement, evolution and launch of offerings in Digital Signage, Advanced/Connected TV, and Mobile entertainment content worldwide.