

# NSREC's Tangible Benefits

By Wade Swormstedt

## Taylor Documents Businesses' View of On-premise Signs' Benefits

Whenever I receive unsolicited manuscripts, my first advice to the author, 90% of the time, is "Show me; don't just tell me." Don't simply tell me that this process saved you time or money, or that this technology is an improvement. Prove it. Give me a specific example.

That's one of the reasons I was pleased with the content of the National Signage Research & Education Conference (NSREC), held October 13-14 on the University of Cincinnati (UC) campus.

**Table 1: Ratings of On-premise Signs Functions**

Helps attract consumers	5.73
Reinforces IMC	5.63
Builds the brand	5.90
Enhances store image	6.03
Cost effective	5.39
Provides ROI	5.28

(n=255; 7-point scale)

**Table 2: Ratings of Changeable-copy Signs**

Promotes additional business	5.13
Positive sales impact	5.29
Positive impact on community relations	4.79
Effective overall	5.22

(n=255; 7-point scale)

**Table 3: Impact of Loss of On-premise Sign on Sales**

Proportion indicating a decline in sales	85.0%
Lost sales (all)	29.1%
Lost sales (those reporting a loss)	34.6%

Specifically, Villanova marketing professor Charles R. "Ray" Taylor presented "On-premise signs as marketing devices: Measuring the value to the business enterprise in takings cases." More specifically, he presented some results of an end-users' poll in a study funded by the inimitable Kozell Boren, founder of Signtronix (Torrance, CA). And Boren, in turn, credits Dr. R. James Claus for having connected him with Taylor.

Although Taylor's abstract (which all attendees received in a bound notebook, along with all the other presentations) is too expansive to share here, some of the charts are not. These are based on a survey of 500 small/medium-sized businesses. The phenomenal response rate exceeded 60%.

Table 1 shows the survey asked participants to rate six ways in which on-premise signs benefit businesses, on a scale of 1-7. ("IMC" is an acronym for "integrated marketing communications," meaning that all marketing efforts should work together.) Consequently, a score of 4 would be neutral, i.e., that the sign didn't really hurt or help the business it identifies. However, the six scores range from 5.28 to 6.03, so the universal consensus believes on-premise signs provide these benefits.

Quite often, government officials seemingly believe on-premise signs' only function is mere identification: "I'm here." But clearly, the two most important functions are identified as "enhances store image" and "builds the brand." A sign presents an image of the business.

Table 2 concerns *electronic* changeable-copy signs, not the type with manual copy. Here, again, we see four suggested benefits, and all of them are viewed as positive. The biggest benefit, at 5.29, is *direct* positive impact on sales. Only negligibly less important, at 5.13, is the generation of *additional* business. The cause and effect is irrefutable.

Table 3 documents the expected negative impact that would occur if the on-premise sign was removed. Not only did 85% of respondents say taking away their sign would directly and negatively impact their sales, the ones who would anticipate a loss in sales estimate it to be *more than one third of their sales* (34.6%). And even if we factor in the average loss in sales for all participants, even those who don't think the loss of a sign would hurt sales, the average expected loss still measures 29.1%.

## NY SBDC Publishes Second Edition of "What's Your Signage?"

**D**arrin Conroy didn't make it to NSREC. He was a bit preoccupied, having just become a first-time father. But his colleague at the New York State Small Business Development Center (SBDC), state director James L. King, presented significant data extracted from the newly released second edition of *What's Your Signage?*, which Darrin recently birthed.

As Darrin explained, "Our mission was to take the hundreds of pages of existing research, legal opinions and technical jargon, as well as dozens of videos and conference transcripts, and distill them into a plainspoken introduction for the small-business owner. One year later, the 74-page book called *What's Your Signage?* was published.

"Six years, two awards for excellence, 10,000 copies [sent and sold all over the country as well as Hong Kong, Israel, and Canada], and one website [www.whatsyoursignage.com] later, and here we are in 2010."

King's presentation outlined the scope of the New York (and national) SBDC's work, provided numerous statistics on small business' impact on the U.S. economy, and presented some specific case histories about an individual sign's effect on the business it identifies.

The NYSBDC advises approximately 14,000 companies a year, trains 17,500 companies and creates 8,500 jobs via 24 regional centers, 28 outreach offices and 20 part-time satellites. Consequently, 98% of the state's population is within 30 minutes of an SBDC service location.

Here are some of the findings the book reports:

- In a study conducted by Burger King, in an effort to determine

"impulse" buys, 35% of the respondents said they first heard about an individual quick-service restaurant by driving past it. Another chart in the book calculates fast-food impulse buys at 40%.

- A 1985 report entitled "Pennsylvania Tort Claims Study" claims 22% of the traffic accidents with serious injuries were caused by "signage deficiency." Also, the book reports, "Further, such deficiency has been determined by the Federal Highway Administration to be the *second leading cause of serious accidents* on primary and interstate highways (emphasis added)."
- In a 1997 study conducted by the University of California – San Diego, researchers found, for one specific, fast-food chain,

one additional on-premise sign increased sales by an average of 4.75% and the annual number of transactions by 3.94%. Pier One Imports discovered new pole signs increased sales from 4.9% to 12.3%; small, reflective directional signs increased sales from 4.0% to 12.4%, and signage added to a previously unsigned side of the building increased sales from 2.5% to 7.1%

- As **Table 4** shows, the **cost per thousand (CPM) of an on-premise sign is significantly lower than for other forms of advertising.** Television is the most expensive at \$13.20; newspapers' rate is \$3.47; outdoor advertising is \$1.65, and on-premise signage is only \$0.13.

**Table 4: CPM Comparisons**

Assumptions	Television	Newspaper	Outdoor Advertising	On-Premise Sign
Trade area	40,000 households	Circulation of 40,000 households	333,350 cars per day	30,000 cars per day
Consumer exposure (over a 30-day period)	1.2 million	4.75 million	10 million	900,000
Consumer exposure in thousands	1,250	4,750	10,000	900
Cost per month	\$16,500	\$16,500	\$16,500	\$115
Formula	Media cost ÷ consumer exposures	Media cost ÷ consumer exposures	Media cost ÷ consumer exposures	Media cost ÷ consumer exposures
Calculations	\$16,500 ÷ 1,250	\$16,500 ÷ 4,750	\$16,500 ÷ 10,000	\$115 ÷ 900
Cost per 1000 exposures	\$13.20	\$3.47	\$1.65	\$0.13