

A **Bang! Advertising** White Paper



101 E. Park Blvd.
Suite 600
Plano, TX 75074
1 (877) BANG-ADS
bangadvertising.com

Why Exterior Signage Delivers The Best ROI for Retailers

*By Chris McKinney, President
Bang! Advertising, Inc.*

December 5, 2011

Contents

Introduction	2
Problem Statement	2
Previous Options	3
Praxis Solution	3
Implementation	6
Summary	7

Introduction

Exterior signage may not be the newest or most exciting form of advertising, but when implemented properly, it can deliver the best ROI for retailers.

According to the U.S. Small Business Association, “On-premise signage is the most effective, yet the least expensive form of advertising for small business.”

While this White Paper was written with the small business owner in mind, the same principles hold true for nationwide retail brands, particularly those who are dependent on consumer foot-traffic and drive-by traffic.

In addition, this paper will focus primarily on exterior (on-premise) signage and will examine why it’s cost effective for retailers, and how to implement it for promotional purposes.

Problem Statement

Today there are more marketing and advertising opportunities for retailers than ever before. With this many options, bad decisions increase and result in costly mistakes that threaten the growth of business.

Some advertising mediums, such as TV and radio, can be extremely expensive and thus too risky for some retailers.

Other options like social media marketing and word-of-mouth advertising can be affordable, but time consuming for driving store traffic, and as a result, not cost effective for boosting sales.

Of the countless advertising opportunities available, few (if any) can deliver the kind of ROI that on-premise exterior signage can bring.

Previous Options

Newspaper, radio and television advertising is somewhat of a shotgun approach. Even with demo-specific programs, it's still hit-and-miss.

Social media, word-of-mouth and one-to-one marketing sound sexy and exciting. But fail to deliver measurable results, at least when compared to exterior signage.

This paper is not suggesting other forms of media shouldn't be used. In fact, a good marketing mix is encouraged.

However, when it comes to a return on your advertising investment, one medium is head-and-shoulders above all the others: exterior signage for your building.

Praxis Solution

The solution to your advertising challenge is to maximize your real estate with strategic placement of exterior signage.

As a retailer, one of your biggest assets (and investments) is *where* you open your business.

We've all heard the retail maxim: "Location, location, location." But that's only the beginning. It's how

you leverage that real estate that makes it work for your retail business.

The U.S. Small Business Administration says, "Exterior signage is the most important part of your real estate when it comes to reaching your maximum profit potential."

Signtronix, a California-based consultancy has helped 488 independent small businesses measure [advertising results]. Each of the businesses surveyed 15 to 30 first-time customers to determine what prompted their visit.

In all, the businesses surveyed 7,203 first-time customers, each within 30 to 45 days after the installation of a new sign.

One of the survey questions was, "How did you learn about us?" Here's how they responded:

Your sign:	46% (3311)
Word of mouth:	38% (2708)
Newspaper advertisement:	7% (511)
Yellow Pages:	6% (450)
Radio commercial:	2% (133)
Television commercial:	1% (90)

(Signtronix Survey)

As a retailer, you must ask yourself why the on-premise sign out performed the other advertising. The answer is fairly simple: the best potential customers you have for growing your business are those that pass through your area of trade (i.e. those that drive by your store every day).

In addition, it is exterior signage that can most effectively—and affordably—help a business tie its other forms of advertising together, and communicate to its target audience.

Benefit 1

Increases store traffic.

Exterior signage is like POP for your building. When done correctly, it grabs attention. It incites an emotional reaction. And it points customers in your direction.

In the scope of retail advertising, if you don't have prominent external signage to identify your location, the money spent on other media is largely wasted.

Benefit 2

Boosts store sales.

According to the New York State Small Business Development Center, "On-premise signage can have a significant impact on a business' bottom line." The key is that signage must be "Well-designed and well-positioned."

The University of San Diego, on behalf of the International Sign Association, conducted another study of on-premise signage.

Part I of the study measured the impact of several variables (including signage, location, hours of operation, population density, and geographic characteristics) on sales at each of 162 southern California locations of a fast-food chain.

The results of Part I showed that the number of signs at a particular site had a significant and positive impact

on both annual sales and the number of annual customer transactions. Noteworthy findings include:

1. On average, one additional on-premise sign resulted in an increase in annual sales revenues of 4.75%. In other words, if a business had been grossing \$500,000 annually in sales, the addition of just one on-premise sign resulted in a \$23,750 increase.
2. On average, one additional on-premise sign increased the annual number of transactions by 3.94%.
3. On average, one additional 36-square-foot wall sign added \$0.06 per transaction, while one additional 144-square-foot pole sign added \$0.78 per transaction.

Benefit 3

24/7 advertising. One-time cost.

Your on-premise signage is an economical way to display and reinforce your marketing message.

You pay for your signs once, and they work for you 24 hours a day, 7 days a week. And in some cases, 365 days a year, depending on the promotion and the timetable you're working on.

Below is a case study (by NYSSBDC) showing how a one-time cost for an on-premise sign paid for itself in six weeks:

Belmont Auto Spa, a car wash business, had a sign that was illegible and too low to the ground to be visible to passing vehicles. Additionally, the owner wanted to attract more customers to the new detailing services that the company was offering. A new pole sign, costing \$15,000 was erected with a reader board promoting specials. As a result, the

detailing segment of the business increased 125%. The new sign increased overall business by 15% creating additional gross revenue of \$135,000 in the first year. The sign paid for itself in just six weeks.

Benefit 4

Flexible messaging.

With temporary external signs, marketing messages are easily interchangeable.

Sometimes permanent signs such as the monument sign with the electronic display can be flexible in delivering new, updated promotions as well.

With a simple touch of a button your monument sign can display a number of promotions.

The drawback for those signs is cost. Not to mention the real estate you need to install it. These are normally dedicated to a free-standing building.

A more cost-effective alternative, one that gives you flexibility with your message, is the simple wall banner. The power of the banner is versatility. They can come in all shapes and sizes. Four-color. One-color. And can be changed out without the help of a trained professional.

The same goes for the Adversail™ flag. Once the flag (or flags) are installed, the store owner or manager can change the marketing message in a matter of minutes.

By simply unclipping the flag material, pulling it off the pole and replacing it with the new flag, the store has a new promotion everyone can see.

The hardware can be used over and over, so the after the initial purchase, any new promotion will have a minimal signage cost (fabric-only) moving forward.

Benefit 5

Creates impulse sales.

Today's consumer tends to purchase goods and services both by habit and by impulse. However, studies have shown that the majority of sales come from impulse buying.

For instance, recent research from the University of California at Berkeley (which analyzed 30,000 purchases of 4,200 customers in 14 cities) found that 68% of purchases were unplanned during major shopping trips and 54% on smaller trips.

In another study, the Institute of Transportation Engineers (ITE) analyzed traffic habits and attempts to estimate how selected business types (or what the ITE calls "business land uses") are affected by motorists' impulse stops. See table below:

IMPULSE STOP PERCENTAGES

Business Land Use	Impulse-Stop %
Shopping Center	
- Larger than 400,000 sq. ft.	20%
- 100,000 – 400,000 sq. ft.	25%
- Smaller than 100,000 sq. ft.	35%
Convenience Market	40%
Discount Club/Warehouse Store	20%
Fast Food Restaurant	40%
Sit Down Restaurant	15%
Service Station	45%
Supermarket	20%

As the table above demonstrates, the percentage of impulse stops varies by business type.

While the table doesn't show every possible business type, it is clear that impulse trade is very important to many businesses.

And because the stops are not planned, it is unlikely that drivers would stop without an effective sign to guide them.

Benefit 6

Low cost per impression.

According to the Department of Transportation's annual average daily traffic (AADT), the typical four-lane road that passes through a commercial business district in a mid-sized American city is 30,000 cars.

Over a 30-day period with a cost of \$115 per month, on-premise signage has a CPM (Cost per thousand) of \$0.13.

Based on comparable averages and industry standards of cost for each medium, external signage has the lowest CPM among TV, newspaper and billboard advertising. (*Source: The Signage Foundation for Small Business.*)

Implementation

To implement an effective on-premise advertising campaign, follow the ABCs of exterior signage:

- A – Attract New Customers
- B – Brand Your Store
- C – Create Impulse Actions

To **A**ttract new customers, you first have to catch their eye. Big signage is good. The bigger, the better.

For the cost, nothing can grab attention and attract new customers like a giant, 24-foot inflatable in the shape of a Hot Air Balloon.

It's the kid in all of us. We have to look at the balloon!

A 15-foot Adversail™ (Advertising Sail) can yield similar results, if installed safely close to the road for reaching drive-by traffic.

To **B**rand your store, you've got to do more than just attract attention. You've got to communicate your brand message. That includes integrating your company's colors and logo with the exterior signage. Consistency in look and feel is a key element in store branding.

Using the same Hot Air-shaped Balloon (HAB) as an example, a giant banner area (14' x 8') can be established on the side of the balloon. This banner area creates high impact for viewing from a distance.

According to findings based on N.E.S.A. tests compiled by California Institute of Technology, the standard letter size used on

the HAB (24") can be easily read from 1,000 feet.

A rule of thumb, according to the study, is to increase your letter size by an inch for every 10 feet.

To Create impulse action, it's imperative to have an irresistible offer.

Your offer must be displayed in the most concise manner possible. It's been said many times that you have three seconds to deliver a message. In today's over-messaged world, it's now probably closer to one second.

Every retailer is different, but one thing they have in common: less is more with on-premise signage.

When crafting your irresistible offer—regardless of business—the fewer words, the better.

Summary

Outdoor signage may be the oldest form of advertising, but there's a reason it's stood the test of time: it works.

Ask any successful retailer willing to give away her secrets, and she'll tell you temporary outdoor signage delivers the biggest bang for your advertising buck.

Chris McKinney can be reached directly by phone: 214-686-8822, or by mobile email: chrismckinney1@mac.com