SIGNS: *Showcasing Your Business on the Street*

The Importance of Signage for your Business

By. R. James Claus, PhD
And Susan L. Claus

Marketing Series

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Businesses exist in a highly competitive environment. To succeed, a business must be able to communicate with customers quickly and effectively regarding the products or services it offers. For most businesses, the most cost-effective and efficient form of advertising to potential customers is on-premise signage.

Signage is a business's basic link to customers. This is true whether the sign's purpose is to promote impulse "stop and shop," to create awareness for the product or service for future reference, to reinforce other forms of media advertising, to influence purchasing decisions once the customer has stopped, or to physically mark the building site and location to aid motorist safety.

Caption 1: Modern signs have evolved to meet every place-based commercial communication need. The most advanced form of signage is represented by the expansion of the old "false front" of early businesses to national franchise and chain identification signage systems, backed by major media advertising. Learning to use your sign skillfully will maximize your return on advertising dollars.

Functions of On-Premise Signage

On-premise signs serve six primary functions:

1. *To develop brand equity by emphasizing words, graphics or symbols that are associated with the products or services offered by a business.* Developing brand equity for a site includes the presentation of signage and architecture to create a unique awareness of the products or services offered at that site. Brand equity for a particular business is similar to the goodwill of an enterprise.

2. *To aid in recall and reinforcement of other media advertising efforts.* In addition to the business's name, if the business has a trademark or logo, the symbol should also appear on the sign and as part of any other choice of advertising. Often, when a site is successfully "branded" in the local trade area, the need for other media advertising is significantly reduced.

3. *To prompt a purchase, especially "impulse" purchases.* As consumers drive by, they often see a sign, stop at that business, and buy on impulse. On-premise signs increase your business. They offer a method for point-of-sale advertising.

4. *To change a purchasing decision or choice once the customer is on the premises or in the building.* Temporary signage, whether exterior or interior, is very useful in this context, particularly to call attention to "specials."

5. *To promote traffic safety by notifying motorists where they are in relation to where they want to go, and assisting their entry to the premises, should they decide to stop.* However, a sign cannot successfully perform this function unless it can be detected and read by a motorist in sufficient time to appropriately react in traffic.

6. *To complement community "aesthetic" standards.* Today's sign design and production technology makes it possible for on-premise signage to reflect the character or architecture of its surroundings, without sacrificing any of its other primary communication functions. Well-designed signs certainly can be employed as land use and business panning tools to create a sense of place in central business districts, neighborhood commercial blocks or corners, urban commercial corridors, entertainment centers, and tourist destinations.

Caption 2: Your sign performs many functions, from letting people know who you are and what you offer, to assisting safe driving decisions and wayfinding.

Caption 3: The right sign can brand your site, even if you are not part of a national franchise or chain. Your sign should display a logo or trademark that identifies your business and develops memory of your location in the minds of potential customers.

Caption 4: Most major media advertising is expensive. Your sign is an economical way to display and reinforce your message. Always use your logo or trademark in all television and print advertising efforts, including business cards and letterheads.

Americans live in a sophisticated, highly mobile, consumer-based society where billions of dollars are exchanged annually for goods, products, and services. The U.S. economy is no longer dominated by industrial or manufacturing commerce, but instead by retailing and service business activities. This change has elevated the role of commercial signage to one of paramount importance to both the individual business and the community at large. One example of increased awareness of this importance is reflected in the courts, both state and federal, where commercial signage has gained recognition as a form of protected speech under the First Amendment. (For the seminal case, see *Virginia State Bd. Of Pharmacy v. Virginia Citizens Consumer Council, Inc.* 425 U.S. 748 (1976))

Contributing to the growing recognition that on-premise signage is a valuable economic partner are two important trends: (1) the increasing reliance of consumers on their automobiles, and (2) the increasing number of people who are moving to unfamiliar geographic areas for new job opportunities, resulting in large shifts in population. These influences have fostered substantial changes in customer behavior, generating identification needs that businesses must recognize and address if they are to remain competitive. Nothing can meet these requirements as quickly, safely, and effectively as an on-premise sign that is appropriately designed and placed. In fact, the on-premise sign may well be the critical factor in a business's success or failure.

Types of On-Premise Signs

Signage design and construction is site specific and an essential component of any successful business strategy. Knowledge of the various types of signs available and the numerous functions they perform can provide dramatic bottom-line results to a business if properly integrated.

Signs are classified as either ground mounted or building mounted. Both types are valid and necessary forms of signage which, when applied to a business's unique needs and location, result in proper advertising of the business.

Ground-mounted, freestanding signs vary in size and height, as well as construction method. Freestanding signs are often the most effective in communicating your message to the public. They're typically placed close to the roadway with the sign face perpendicular to the road. When they're built to a proper height and size, they are the most readable of all signs.

Caption 5: A sign may be observed for later recall or it may prompt an immediate reaction and unplanned stop. The "impulse" trade is often the difference between profitability and business failure.

Caption 6: In a busy society with mobile consumers, the sign is more than a welcoming "handshake" - it is a safe wayfinding signal. The right on-premise sign can turn even a marginally visible site into a safe beacon for approaching motorists.

Building-mounted signs are further classified based upon where they are installed on the building, such as wall or fascia, canopy, marquee, parapet or roof. The appropriate size and height of building-mounted signs varies greatly based on the distance from the building to the street, viewing angle, viewing obstructions, and building site.

Additionally, it is possible to design a building to support and enhance the signage. This signcentric design principle results in a reinforcing synergy between the building architecture and the business's signage and is frequently used by regional and national retailers. A number of national retailers have taken this concept further, crating a standard signature building where the building's appearance further reinforces the advertising message and brand identity. Special site lighting and landscaping are often added to further the unique appearance of the business.

The market-wise retailer uses all of these methods to create a unique brand identity for the business. In today's ever-evolving business environment, whenever possible or feasible, the modern businessperson cannot simply consider traditional forms of on-premise signs, but must take into account all forms of signage and the way a site's overall visibility functions to inform, direct, identify and advertise the business.

Caption 7: Your sign can both customize your site and reflect the visual character or environment of its surroundings. Today's sign technology makes it possible for signs to meet nearly every aesthetic standard and effectively perform their vital communication function simultaneously

Caption 8: Signs represent the most basic form of speech. Commercial signs are a necessary component of informed consumer decisions. Your right to inform the public cannot be compromised, absent a substantial state interest that cannot be advanced except through censorship of your message.

Caption 9: Today's signs should serve the needs of society in a way that meets consumer information needs effectively, conveniently and safely.

The Role of Signage in a Dynamic Retail Environment

In the U.S. retail economy, on-premise business signage symbolizes the most universal of all advertising options, surpassing television, radio, print, and direct mail. Today's signage is expansive and innovative. It can effectively and attractively perform a vital communication function alone or in partnership with other advertising media.

Each business must develop a comprehensive business strategy, including an effective signage program. The signage needs of a local retailer are very different from those of a national franchise. The local retailer usually cannot rely on or afford expensive traditional media advertising to present and reinforce their message. Their signage is the primary method available for advertising and gaining customers, and may be the essential key to success.

The cost of media advertising is calculated in terms of "cost per thousand exposures." The on-premise sign is a permanent asset which, unlike other media, is exclusive to the business it advertises. Also unlike other advertising media, it is on the job 24 hours a day, 365 days a year.

Because a sign's exposure time to the passing public is continuous, evaluating its "cost-per-thousand exposures" is more complicated than for other media, such as television or radio, where exposure of the message is of limited duration.

Caption 10: Whether a sign is visible to the average motorist depends upon the visual acuity of the motorist. The sign must also be properly placed within the driver's cone of vision, and be legible and conspicuous. Whenever possible, it should be illuminated to enhance visibility at night or during inclement weather.

Caption 11: The right sign is worth a thousand words.

For the on-premise sign, the cost-of-the-message calculation is based on the original cost of the sign (design, production and construction, and placement costs) plus maintenance expenses and depreciation, as well as factors relating to trade area demographics and traffic counts (or readership). Take a look at how inexpensive an on-premise sign is compared to other forms of advertising.

Figure 1 shows the formula for calculating the cost-per-thousand exposures for an on-premise sign, using an example that applies $33,000 as the cost of the sign. As you can see, the monthly cost-per-thousand exposures of the on-premise sign in this example is $0.22.

Now look at how that amount - literally a fraction of a dollar - compares to the cost of other forms of advertising. The graphs in *Figure 2* compare the cost-per-thousand exposures of on-premise signage with other advertising media over a four-week period, with an equal amount (again, approximately $33,000) spent on each medium.

From the above media cost evaluations, one can quickly note that the on-premise sign provides exposure of its message to a large pool of potential customers at a fraction of the cost of other media. Hence, the lower your cost to gain top-of-mind customer awareness, the higher your return on your advertising dollars.

FIGURE 1 Cost/1000 Exposures Formula for an On-Premise Sign
This example applies $33,000 as the cost of the sign:

Assumptions:

Initial Cost of Design, Production and Installation:	$33,000 (for two faces)
Amortization Period:	7 years
Cost of Sign/Month:	$393.00
Estimated traffic count (cars/day):	60,000

Formula:

Cost/1000 Vehicle Exposures $\frac{\text{Monthly Cost}}{\text{Monthly Exposures}}$

Calculation: $\frac{393.00}{1.8 \text{ million}}$

Cost/1000 Exposures = 0.22

FIGURE 2 Given the costs of other media - all of which are "off-premise" - it's easy to see how effective and inexpensive an on-premise sign is.

Gross Impressions (in Millions):	
On-Premise:	2
Outdoor:	20
Radio:	6
TV:	3
Newspaper:	10

Cost Per Thousand Impressions:

On-Premise:	$ 0.22
Outdoor:	$ 1.90
Radio:	$ 5.90
TV:	$10.00
Newspaper:	$ 3.60

Asset Management of the On-Premise Sign: Its Value in the Marketplace.
On-premise business signs are an elemental component of successful business strategies and asset management. They are as important to a commercial zone's success as sidewalks, streetlights, curbs, parking and streets. Signage should receive the same careful attention to function as these other components. It also requires attention to cleaning and maintenance.

Signage must communicate an attractive image for the business to attract a clientele. In other words, it is just as important for today's businessperson to convey the proper image to the passing public as it is for the community to present an attractive retail environment.

The goal is to attract the attention of potential customers and convince a potential customer to stop. Signage is often the only visible clue that a business exists. In this situation, site planning and development must be "signcentric" (based around the signage) to optimize the site's economic value.

Street frontage offers a unique opportunity to interact with each passerby. If well-design signs, visible to the street, do not maximize this advantage, then potential patronage will be lost. These lost sales may ultimately represent the difference between the success and failure of a business.

For freeway-oriented businesses, as many as 50% of their customers are non-locals, neither living nor working nearby. There may be only one opportunity to capture their attention. Without a properly sized sign installed at the necessary height to be visible from the freeway, these businesses will be essentially invisible and will struggle to survive.

The on-premise sign, when standing alone, should be considered and treated as a full-function communication and design system. In any commercial setting, the sign should be easily detectable because it (1) is of sufficient size and height not to be masked or obstructed by intervening traffic or other objects in the visual field, (2) displays "content" (copy and/or graphics) that is legible, and (3) stands out from its background. In other words, it should be optimally visible, legible, and conspicuous.

On-premise signs are one of the most important ingredients of any advertising program. Whenever possible, they should be integrated into all media advertising campaigns. In addition, building design and colors, product displays and dispensers, landscaping,

lighting, and layout may all be part of the "signature" mix of an advertising program. When used correctly, on-premise signage provides immediate marketing advantages.

Caption 12: Your on-premise signage provides both an invitation to the potential customer to stop now and assists consumer memory and recall for future use. It gives you the competitive edge you may need to succeed.

The Mobile Consumer: A Case in Point

Without a properly designed and placed on-premise business sign, a commercial site cannot function at its full economic potential. Generally, appraisal of commercial real estate addresses three location factors - visibility, accessibility and parking. When assessing a sign's contributory value to its site, appraisers concentrate on the so-called visibility factor. This factor has two components: (1) the site's overall visibility, and (2) the visibility of the sign in terms of how easily it can be seen, understood and safely reacted to from the road.

The importance of signage to mobile consumers is underlined by the fact that many are in a hurry. The example below sets out a survey conducted by Burger King Corp. over several weeks. The survey results were part of evidence submitted in a legal action brought by Burger King, among others, against Agoura Hills, California, to prevent the removal of its freeway-oriented, high-rise on-premise sign, as required under a new sign code. The subject Burger King sign was visible to the Ventura freeway; the building was not.

Surveys were conducted at quick-service food (QSF), family, and atmosphere restaurants. The participants were asked how they first became aware of the restaurant. The results are tabulated below in *Table 1*:

TABLE 1	QSF %	Family %	Atmosphere %
SAW THE SIGN	35	26	13
ALWAYS KNEW	29	27	19
WORD-OF-MOUTH	14	30	54
ADVERTISING	10	6	4
ALL OTHER	6	7	7
DON'T KNOW	6	4	3
TOTAL	100	100	100

The spontaneous nature of the QSF visit (in the above example, 35%) has critical implications for all business strategies, particularly advertising in the form of on-premise signage that is optimally visible to passing motorists. In the Agoura Hills case, without the sign, business revenue losses would have amounted to $3.2 million over the 15 years remaining on the lease. Most of the loss would have occurred in the first two to three years, and the store could not have stayed in business for the full term of its lease. Burger

King and its co-plaintiffs won the lawsuit, and the city was permanently enjoined from enforcing its high-rise pole sign ban against them. (See, *Denny's Inc. et al v. City of Agoura Hills*, 56 Cal. App. 4th 1312, 66 Cal. Rptr 2d 382 (1997))

The Impulse Trade

As described previously, another primary function of on-premise signs is to prompt consumers to stop and shop. This type of consumer behavior is measured by the Institute of Transportation Engineers (ITE) based on trip-generation rates.

While typical trip-generation rates are derived from counts taken at the driveways of various land uses, such as a business, not al trips generated at the driveway represent new trips made for the express purpose of entering that particular site; instead some are made by motorists who did not set out for the site, but who enter it as an intermediate stop on the way to or from another destination. This type of stop is referred to by the ITE as a "pass-by trip;" for our purposes, it is defined as an "impulse stop."

The percentage of pass-by trips, or impulse stops, varies by land use. Table 2 sets out ITE estimates regarding the percentage of stops attributable to motorists for whom the site is not the primary destination. It is clear from the Table that impulse trade is very important to many businesses. And because the stops are not planed, it is unlikely such stops would be made without optimum communication to the street by the sample businesses.

TABLE 1 Impulse-Stop Percentages

Business Land Use	Impulse-Stop %
Shopping Center	
-Larger than 400,000 sq. ft.	30%
-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	25%
Service Station	45%
Supermarket	20%

The Bottom Line

On-premise signage can be a business's single most important advertising vehicle. Whether used to create brand equity, to promote impulse buying, or to safely guide customers to your door, on-premise signs can mean the difference between business success or failure. In the modern market-place, the right place-based advertising will

effectively and economically permit the local shopkeeper to successfully compete, even with the mass merchandiser or large retailer.

Safe Passage (or Wayfinding)

Signs are critical to safe movement by the traveling public and are the primary wayfinding device employed on U.S. streets, roads and highways. Traffic risks and accidents occur in part because people are not provided easy access to information necessary to their purpose. Drivers look for, and expect to find, signs telling them where to go and what is available once they get there. A sign that is too small, inadequately placed, poorly illuminated, inconspicuous, or in disrepair will be frustrating to mobile consumers. Frustrated consumers often make unsafe traffic maneuvers to get where they want to go. Furthermore, as the present driving population ages, the visual acuity of the average driver decreases, and the need for the signage to be more conspicuous and legible will correspondingly increase.

Caption 12: Sign design and placement must concentrate on the goal of providing optimally visible and legible information to the passing motorist or pedestrian. Both design and placement should assure that at the first read, and within 2-3 seconds, the viewer is aware of what you consider your most important message. If the targeted viewer is a motorist, the advance viewing times should be long enough to permit a safe response.

Interior Signage

The Americans with Disabilities Act (ADA) became effective on January 1, 1992. This sweeping civil rights act forever changed the way buildings and landscapes were conceived and designed. As part of the process, signage was impacted in a similar fashion.

Interior signage has two major purposes. First, it serves as a guidance or wayfinding system to move people through a building safely. You must always consider how the legal requirements from the Disabilities Act impact your signage, both exterior and interior, to make sure you are in compliance.

Its other purpose is to provide point-of-purchase advertising. National retail executives will tell you that effective point-of-purchase ads can influence 85% of purchases in a store. Also, major brand producers will pay substantial amounts to a storeowner to acquire this space.

A more complete discussion of interior signage, as well as store layout - another important ingredient in a successful advertising and marketing mix - is beyond the scope of this advisory.

Outdoor Advertising in a Nutshell

The difference between on-premise business signage and outdoor advertising (or off-premise signage) is that the former communicates information concerning goods, products, or services available in very close proximity to the sign while the latter references goods, products, or services, and sometimes activities, available somewhere else.

Although the focus of this publication is on-premise business signage, a brief discussion of outdoor advertising is useful at this point. Outdoor advertising is a big player in the major media advertising mix of U.S. corporations, and advertising measurements applicable to on-premise signage are derived from those routinely used by outdoor advertisers. This is especially true for "cost-per-thousand exposures" calculations.

Outdoor advertising is commonly referred to as "billboard" advertising, although this is an inaccurate definition as many varieties exist. For example, advertising that appears on public buses, bus stop shelters, or benches is outdoor advertising. The term "billboard" itself derives from the colonial American custom of attaching a "bill" (or paper poster) containing a written or pictorial message on a "board" and then displaying the device about town or out on the road. Today's outdoor structure is typically defined by size. The structures seen on major interstates and highways generally are produced and owned by large companies, and are standardized by size. The structures seen on secondary roads generally are owned by smaller companies or individual landowners and are not standardized by size.

Outdoor advertising structures dramatically expand street communication for the retailer. They develop specific memory about a business by offering convenient and useful information along travel paths. Industry studies show that informational/directional outdoor signage that directs motorist attention to locations and activities nearby will increase business an average of 15%. These studies also disclose that signs that include time-and-temperature information increase consumer attention and enhance retention or recall of the commercial message. [Research data available at Outdoor Advertising Association of America Inc. (OAAA), 1859 M Street, N.W., Suite 1040, Washington, D.C. 20036.]

The viewer of a message displayed on an outdoor structure may act immediately upon an informational/directional message, like the weary driver observing the advertisement for a motel located two exits away. At times, the message may function as a reinforcement device for a regional or national major media campaign, which also includes television, radio, and newspaper advertising. Other times a message may provide public-service information, such as road conditions, the location of a rest stop, time and temperature data, or gasoline availability and pricing information.

The multiple street frontage provided by outdoor advertising is very valuable. For example, it is not uncommon for a "bulletin" structure, measuring approximately 10-14 feet x 36-48 feet to lease for $2,500-$3,500 per face, per month. Anyone questioning the

value of street frontage as provided by an on-premise sign, should check the advertising rates for outdoor structures in their area.

Members of the business community are not alone in recognizing the value of outdoor advertising. Increasingly, cities are leasing public space to advertisers. This space is found, for example, on buses, bus shelters, transit stations, and sidewalk kiosks. Although public advertising space is generally much smaller than that offered by traditional outdoor structures, in recognition of the intrinsic value of such exposure, lease rates of $500 per month per poster face are not uncommon.

Caption 13: Outdoor advertising displays are varied, multi-dimensional, and expensive in comparison to on-premise signage. As a barometer for the value of commercial signage in general, however, they cannot be bested. A call to your local outdoor advertising agency for local "rate cards" will dramatically demonstrate how valuable your on-premise street exposures are.

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