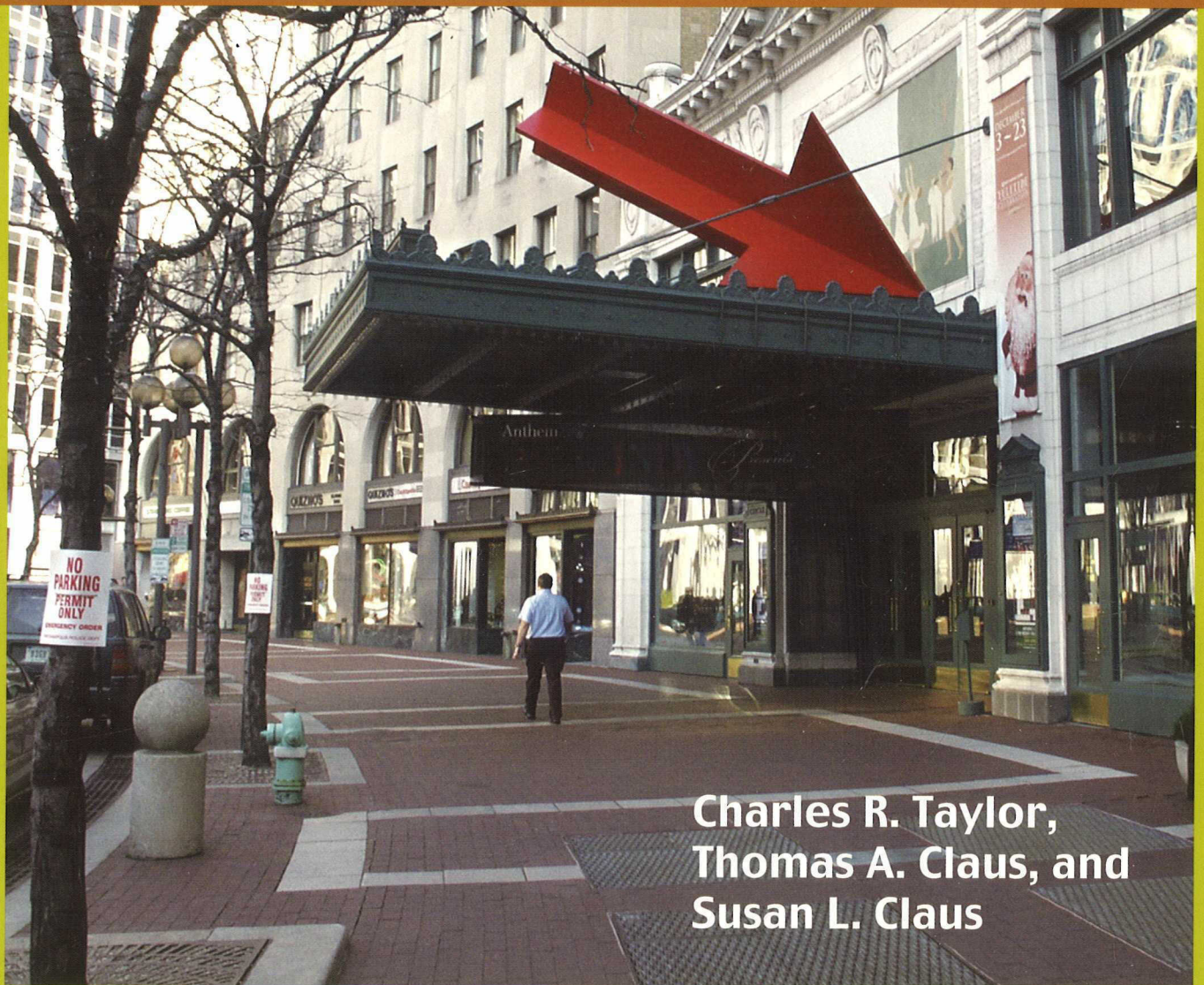


# On-Premise Signs as Storefront Marketing Devices and Systems



Charles R. Taylor,  
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With the assistance of R. James Claus, Ph.D. and Becky Miller

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# About the Authors

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Prof. Taylor has authored numerous books, academic articles and book reviews. His work has been published in journals, including *Journal of Advertising*, *Journal of Advertising Research*, *Journal of Public Policy and Marketing*, *Journal of Marketing*, *Journal of Marketing Research*, *Journalism and Mass Communication Quarterly*, *Journal of Current Issues and Research in Advertising*, and *Journal of International Marketing*. He serves on the Editorial Review Boards of *Journal of Advertising*, *Journal of Public Policy and Marketing*, *Journal of Business Research*, *Journal of Current Issues and Research in Advertising*, *Psychology and Marketing*, and *Journal of Consumer Affairs*.

Prof. Taylor has won a number of awards for his research work, including the Hans B. Thorelli Award for Best Paper that Advances International Marketing Theory and Thought in 1998; the Charles C. Slater Award for the best paper to appear in the *Journal of Macromarketing* in 1994; and the American Academy of Advertising Competitive Research Fellowship Award in 1994. Taylor was recently listed as one of the leading contributors to marketing and public policy research in an article appearing in the *Journal of Public Policy and Marketing*.

Prof. Taylor’s primary research interests are in the areas of advertising regulation and global and cross-cultural advertising. In con-



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Showcasing Your Business on the Street." Through the Signage Foundation and other co-sponsoring organizations, the Clauses also direct an annual research forum, the National Signage Research Symposium (NSRS) that gathers together experts from academia, government and industry to discuss and further study signage issues.



# Acknowledgements

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This text represents a synthesis of many decades of accumulated knowledge and expertise in the diverse fields of marketing and advertising, transportation engineering, First Amendment law, psychology and optometry, appraisal, construction, graphic design, and, of course, signage.

The authors have been influenced by a number of recognized experts, whose brilliant insights into marketing and signage have enriched our understanding of the economic and social fabric of North America. In particular, we acknowledge the following:

**Edwin T. Baker**, Executive Vice President of the American Society of Appraisers, was one of the first nationally recognized appraisal experts to recognize the contributory value of the on-premise business sign to real property sites. He has been an invaluable resource in the development and legitimization of signage appraisal methods.

**Robert James Claus, Ph.D.**, has brought a unique, multi-disciplined perspective to the subject matter of signage and is considered a leading expert in the field. Connecting the dots between land use planning, real estate appraisal, and business communication, he has spent much of his research life bringing numerous experts together to coordinate their knowledge for the benefit of sign users. He has spent over thirty years working with the sign industry and sharing his vision through numerous books, articles, and other publications, and his work has been fundamental to this book.

**Walter Hardwick, Ph.D.**, spent nearly 40 years as a member of the Faculty of Arts at the University of British Columbia. A specialist in urban affairs with an acute interest in political processes, Walter noted that in a mobile, fast-changing and innovative society, signage had become far more significant in creating a “sense of place” and facilitating changing trends than was generally appreciated. The subject was a focus of his study and interest throughout his lengthy career and his work was the inspiration for numerous subsequent experts in various aspects of the field.

**Robert M. Oliphant**, now deceased, devoted many years to the sign industry in Canada. Widely quoted in industry circles, he was a strong advocate of integrating on-premise identification and architecture. His work formed the basis of much of the material presented in this book on psychological factors inherent in sign design.

**Robert Venturi**, well-known modern architect, recognizes the necessity of designing public spaces that appeal to the culture in which they exist. Venturi's views have laid the groundwork for our understanding that rather than being austere, signage should incorporate popular symbolism and cultural icons if it is to appeal to the modern consumer.

Additionally, a number of individuals have, through the years, lent considerable support to the effort to understand how signage works, to protect commercial speech, and to educate the public about the benefits of signage. For their important contributions, we express our appreciation to:

**Jane A. Boorman**, U.S. Small Business Administration, Office of Business and Community Initiatives, has been a firm believer in the importance of the on-premise sign to the small business community, and she is working hard to bring that information to students, from high school to graduate level. Her recognition of the Internet as an educational tool has been invaluable to this educational effort.

**Kozell Boren**, owner of Signtronix, Inc., is truly dedicated to protecting the right of "mom and pop" to communicate effectively to their potential customers. He has been generous in his financial and emotional support, has personally taken on many valuable public education projects, and has worked hard to keep a diverse group of participants focused on their common goals.

**Jim Groh**, President, Brilliant Electric Sign Co., Ltd., has built upon the legacy of his predecessor, offering generous financial support, time, talent, and insight to the ongoing public affairs efforts of the sign industry.

**Steve Kieffer**, Chairman and CEO of Kieffer & Co. and former Chairman and current member of the Board of Directors for the

International Sign Association, has a passion for the First Amendment and a willingness to offer extensive feedback that was valuable in refining this text.

**Jim King** and **Darrin Conroy**, of the New York State Small Business Development Center, whose recent publication of the book *What's Your Signage? How On-Premise Signs Help Small Businesses Tap Into a Hidden Profit Center* directs to the entrepreneur a message similar to that of this text, underscoring the crucial nature of on-premise business signage for the success of small businesses.

**John Lamb**, President of Cincinnati Sign Supplies, Inc., has spent more than fifty years in the sign industry and has dedicated much of his personal time to helping educate members of the community about the value and function of signage. His combined expertise in signage, business management, and land use planning have made him a respected and credible resource.

**Richard Lapidus**, Associate Professor and Chair, Department of Marketing, College of Business, at the University of Nevada, Las Vegas, shared his considerable expertise in marketing, scrutinized the content of this book, and helped to shape its final form.

**Cal Lutz**, Owner of DaNite Sign Company and former Chairman of the International Sign Association, he has been a steady believer in the positive role of signage in the marketplace and worked hard to bring people together who could authenticate this view and educate others in a position to make a difference for small businesses.

**Fran Ruppelt**, former owner of Brilliant Electric Sign Co., Ltd., envisioned a program that would educate municipal authorities, appraisers, real estate brokers, legal professionals and sign users about the benefits of signage in Ohio. His vision inspired the Sign and Display Industry Promotion Fund, and today the efforts he began have grown in sophistication and size, reaching across the whole of North America.

**Wade Swormstedt**, Editor of Signs of the Times, has consistently made himself available to all those involved in this project. He has shared his considerable knowledge and information, reviewed



content, and provided ongoing support.

**Noel Yarger**, President of the Signage Foundation for Communication Excellence, has offered unwavering support and been an invaluable resource in the advancement of the message about the benefits of signage and its protection under the First Amendment.

**Ralph Zahnke**, former Regional Representative of the Sign Display and Allied Trades, Local 639 of the AFL-CIO, for his work in achieving a landmark legal decision that protected commercial speech rights.

**The Executive Committee of the International Sign Association**, including Greg McCarter, Ebbie Phillips, Thomas Cummings, III, and Bob Wallace. These individuals have offered their support and expertise to this effort by making industry studies available to us, by financially supporting the effort, and by directing us to individuals who could enrich the message.

In addition to these individuals, a number of people have generously donated their time and expertise by reviewing the material in this book, calling our attention to new resources, and helping to clarify issues. For this, we would like to thank **Hector Barreto**, Administrator, U.S. Small Business Administration; **John Scott**, District Director, Nevada Small Business Administration; **Sam Males**, **Michael Graham**, and **Kathy Carrico** of the Nevada Small Business Development Center; **Richard Flaherty**, Dean, University of Nevada, Las Vegas, College of Business; **John Commerford**, **Pamela Leffingwell** of Choice Hotels, **Anne Marie Melmon** of the Signage Foundation for Communication Excellence, **Cheryl Pollack** of Best Western International, **Tab Sims** of Accor North America, and **Sharon Tascher** of Walgreens.

Several books were very influential in providing content for this book. They were *Unmasking the Myths About Signs*, by R. J. Claus and Susan L. Claus; *The Value of Signs*, by R. James Claus, Susan L. Claus, and Thomas A. Claus; *Visual Communication Through Signage*, by Karen and R. James Claus; *The Mobile Consumer*, by R. James Claus and Walter G. Hardwick; and most notably, *The Signage Sourcebook*, by a distinguished panel of experts, each of which we hereby acknowledge and thank.

Finally, we would like to acknowledge the assistance of **Becky Miller** in editing, illustrating, and laying out this book. In particular, we would like to thank her for her dedication to the material and for her support of our effort to clearly, accurately, and attractively present it.

Many others have also played a role in this project, and though they are not mentioned by name, their efforts are greatly appreciated.

# Preface

---

A number of years ago, Walter Hardwick, who was an urban geographer teaching at the University of British Columbia in the Faculty of Arts, began to notice that it was not simply the automobile itself that was changing society, it was the entire concept of mobility. People's expectations and beliefs began to reflect the faster pace, and mobile consumers demanded increasingly innovative and prolific visual communication. Signage was increasingly being used to create a sense of place, whether in buildings like churches and universities, or in entertainment-oriented spaces such as amusement parks and gaming businesses. Walter was one of the first academics to consider signs to be a complex speech phenomenon derived in large measure from societal demands. He saw that members of society began to expect commercial signage, and businesses that did not incorporate it were less successful. He began to ponder this observation and promote the study of signage.

Though signage has been in existence and common use from the beginnings of recorded history, it continues to intrigue and confound. We have come to realize that society is increasingly information-driven, and that fundamentally, next to the human voice, signage is the most available and ubiquitous form of speech available for providing information to other members of society. As a subject matter, signage has much to tell us about consumer behavior, consumer perspectives, and the nature of society itself.

Universities and textbook authors seeking to educate advertising and marketing specialists have tended to under-inform their students in the subject of on-premise signs and their role as a marketing device. A primary reason for this is that despite the fact that on-premise signage is in many ways comparable to advertising media, it is not typically available for lease to third parties for advertising purposes. Advertising agencies, which seek methods for reaching consumers with a message promoting a particular business, product, or service, have focused their attention on media that was available for purchase (i.e. magazines, newspapers, television, and outdoor advertising).



On-premise signage has also been overlooked in curricula for students majoring in business. Until recently, business courses were aimed primarily at producing graduates who would work for corporations with training in specific areas or academic majors. Not until recently has entrepreneurship emerged as a field of study, aiming to prepare graduates to succeed as owners of small businesses. Now that the demand for entrepreneurial coursework is increasing, more attention is beginning to be focused on the marketing benefits of on-premise signage.<sup>1</sup>

Though often overlooked, the marketing role played by signage is of profound importance. Signs help to brand a business and they work to stimulate sales. Their facilitation of commerce strengthens the economy, opens the marketplace to all citizens, brings vitality to the retail district, and lowers consumer costs.

In spite of their crucial contribution to the economic health of modern society and the special importance they hold for small businesses, many local governments still believe signs provide limited value to business or society. This is very unfortunate, as it is clear that signs are, in fact, vitally important to business in several ways, and particularly from a marketing perspective. Dr. Hardwick believed that our consumer-oriented society was beneficial, and therefore, adaptations to make that society more functional, more friendly, and more pluralistic were worthy of pursuit. Further, he believed that signs were a useful tool to that end.

Thus, our purpose in writing this book is to change your perspective of signage by encouraging you to step outside your own sphere of influence and explore the role of communication in modern society as a whole. The opportunities for each of us to interact with society are increased every day through the use of signage. As we become more mobile in an increasingly global society, we have a greater need for speech mechanisms that provide us a clear voice, or that speak clearly to us. At the same time, we continually desire the sense of place that sets one space apart from another, enhancing familiarity and facilitating communication. Hence, this book seeks to clarify the marketing functions played by signs and the overall importance of signs to the economy and to society.

Why should signage be studied in a marketing context? The first

reason is that signs are frequently the least expensive and most available form of marketing speech. Like traditional media, their effectiveness can be measured in terms of reach, frequency, cost per thousand exposures, and readership. Second, signs are businesses' handshake with the public, and should be designed as a synergistic part of the overall marketing strategy. As a marketing professional, you will need to coordinate programs that will entail image-building, and the goodwill created by on-premise signage is vital to that effort. Third, signs offer an invaluable means for offsetting serious locational disadvantages for a business, pulling customers directly to the door – something that no other form of marketing can accomplish. Finally, the study of signage provides an excellent forum in which to increase your awareness of the influences of technology on commercial communication, which then translates into innovation and expansion of commerce.

Signage that communicates effectively works to make our consumer-oriented society more friendly and accessible, and helps to create a "sense of place." Its marketing functions facilitate the economic activity that creates jobs, optimizes the use of developed land, and reduces consumer costs. In many ways, the benefits of signage can be put to work to build places in which all North Americans can enjoy their daily lives. Signs say much more than, "We are open." They allow the least franchised citizens to compete with the most well-connected in a mobile, competitive citizen-friendly environment.

#### Endnotes:

1. See, New York State Small Business Development Center, *What's Your Signage? How On-Premise Signs Help Small Businesses Tap Into a Hidden Profit Center* (Albany, New York, 2004).



# Part 1

## Signs and Their Evolution



On-Premise Signs as Storefront  
Marketing Devices and Systems





# Defining Signs

# 1

## Street Speech and More

At a time when approximately 80% of the jobs in the United States are in the service sector,<sup>1</sup> it is ironic that one of the most important components of building a successful retail business – the on-premise sign – has been under-studied by academic researchers in marketing. The United States is home to more than one million retail establishments, the vast majority of which use signs. Yet far too little has been written about the importance of signs from a marketing and communications standpoint.

Probably no other form of speech has been as fraught with the level of confusion and misinterpretation as on-premise commercial signage. Some practitioners see signs as **wayfinding** devices, and to some extent they are.<sup>2</sup> On-premise signs help people find their way to a specific business site in order to participate in a commercial transaction, and by aiding in that transaction they are



serving a marketing purpose. Others, particularly those involved in government, see signs as **identification** devices, which is also true. Signs identify and brand a business, and in doing so they serve an advertising purpose. Any single term, however, falls short of capturing the essence of the phenomenon of on-premise business signage, and terms like “wayfinding” and “identification,” when used exclusively in regulatory documents to describe the purpose of signage, can result in the imposition of serious communication barriers for businesses.

The purpose of this book is to define signs and to identify how they serve the major marketing functions. Hopefully, the book will broaden the reader’s understanding of the value of signs and offer guidelines for the effective use of signs, to ensure that their impact is optimized. Because governmental regulatory sign codes are far too often based on an incomplete understanding of the role of signs, the book will also discuss the implications for regulators and how to more effectively deal with those codes.

### What Are Signs?

What is signage?<sup>3</sup> At first glance, this question appears elementary. Because signs are ubiquitous, most everyone has an opinion about them. Most people will immediately respond that a sign is a flat structure with words on it that is put up to tell people something. But is it really that simple?

Let’s suppose McDonald’s takes the word “McDonald’s” off its sign, so no words are displayed, and all that remains is a red box with golden arches above it. Is it still a sign? Well, yes. Even without words, it is telling us something. So, then, a sign is a flat structure that is put up to tell people something.

What if the sign is three-dimensional, rather than flat? Assume McDonald’s places an inflatable statue of Ronald McDonald on the roof of its restaurant. Is it a sign?

What if a mural is painted on the side of a McDonald’s restaurant showing Ronald McDonald playing with children, but it doesn’t have any words or logos on it? Is it artwork or a sign?

What if the golden arches are rendered in red and yellow flowers

planted on the embankment in front of the building? Are the flowers forming a sign?

If someone in a Ronald McDonald costume stands out front, waving to cars, is he a sign? What about someone without a costume wearing a shirt that says, “Tough guys eat Big Macs”?

If the restaurant keeps a corporate truck sporting the McDonald’s logo parked in its lot and oriented toward the street, is that truck a sign? What if the same truck is not oriented toward the street?

What if the restaurant has no placard, no inflatable statue, no mural, no landscaping, and no truck? If the business is simply



**Figure 1.1**

Signage takes many forms. Not only does it include traditional free-standing or ground-mounted signage, but it also includes the franchised or independent business’s storefront, as well as aspects of the appearance that lend themselves to the creation of a “sense of place.” In the extreme, signage can become an entire street of lights, as seen in Las Vegas’s Fremont Experience.



operating out of a building that has a red roof with white beams and an adjacent play structure – a building that looks exactly like every other McDonald's – does the restaurant have a sign?

Signs are anything but a simple phenomenon. Place-based street communication systems include traditional forms of freestanding and building-mounted signage, but they also include signature buildings, landscaping and other site design features, awnings, display windows, product displays (such as stacks of tires, racks of flowers, or rows of automobiles), banners, flags, balloons, and even people in costumes or uniforms waving customers in. Messages can include everything from sales pitches to public service announcements to expressions of political points of view. Technology utilized in this communication ranges from hand-scrawled messages on paper and taped to the inside of a window to extremely high-tech lighting systems incorporating television-quality video. Part of what makes the regulation of signage so incredibly difficult has been the North American entrepreneur's ability to develop forms of signage that expand the traditional code's definitions of signs. The way "signage" is defined can ultimately determine the quality of the outcome of any effort to study or regulate them. Unfortunately, if one is unable to step outside of a preconceived perspective of signage, a phenomenon which continues to change rapidly, then an understanding of the scope and innovation involved in signage is nearly impossible.

So how does one go about defining what is a "sign"? Believe it or not, this is one of the more difficult and important issues involved in both the regulation and study of signage. If the definition is too specific, a number of obvious forms of signage are overlooked. If the definition is too vague, those tasked to enforce the code will find that literally anything could be determined to be a sign, including architectural embellishments, landscaping, building orientation, and even a well-dressed person standing in front of the building.

Perhaps a good place to start is the story of Henry Silverman, who expanded the business format franchise concept. Silverman was adept at buying hotel chains that were struggling, improving them, and then collecting franchise fees and royalties. In 1992, Days Inn filed for bankruptcy protection, and Silverman was interested. Because the operation of the chain's real estate had to stay in

Atlanta, he purchased the franchise system without the real estate, and leased the rights to use the Days Inn storefront to independent hotels. Unlike business product franchises, in which the product purchased is consistent in all stores and each franchise outlet is corporately controlled, a business format franchisee owns and independently operates the business, purchasing only the benefits of a corporate identification package tied into national advertising.

Another major innovation in signage began many years ago when Alonzo Skaggs teamed up with Young Electric Sign Co. (YESCO) to design grocery stores that created an atmosphere that was attractive to shoppers. The entire storefront and interior were carefully planned with signage and layout that was aesthetically pleasing and stimulated sales. As a result, Skaggs supermarkets dominated throughout the western states for many years. YESCO took what it had learned from the Skaggs experience to Las Vegas and began to comprehensively design the exteriors and interiors of the casinos so that the tourists were invited inside and their movements guided within and between casinos.

These illustrations demonstrate the kind of innovative thinking in the sign industry that has worked to make American businesses more productive and profitable. It is also illustrative of the expansive and ever-changing nature of signage itself. On the one hand, signage becomes more standardized when broad appeal across a wide area is required. On the other hand, in tourist-oriented areas, signage is becoming more specialized and responsive to changing times and demographics.

Signs are emblematic of the age-old frustration that comes with defining certain organic concepts or objects. We know them when we see them, but because of their complexity, variety, subtlety, and ever-changing nature, we have great difficulty defining them succinctly and concretely. Signage is a complex, interactive place-based communication and graphic system designed to enhance modern living by satisfying the consumer, often through the utilization of scale economy. It can be a stand-alone device, but can also be an intricately coordinated total building system that is part of a commercial communication network.

While the task of defining a sign is indeed complex, we offer the following definition:



**Figure 1.2**

An on-premise sign is a sign related to activity conducted on the same premises as the sign.



A sign is any place-based outdoor visual or tactile communication device or system designed for the purpose of conveying a marketing, wayfinding, public, or political message.

As will be discussed more fully in Chapter 2, signs may be grouped into three major categories (a convenient tool for understanding legal distinctions). These categories are:

**On-premise signs:** A sign whose message and design relates to a business, profession, product, service, event, or other commercial activity sold, offered, or conducted on the same property where the sign is located. The structure and face are designed in unison, and are both integral parts of the sign's message. These signs may be owned or leased.

**Temporary signs:** Any sign not intended for permanent installation. Generally, these signs are intended to be used for a limited period of time for purposes such as announcing special events or sales, announcing the sale or rental of property, supporting political positions, or presenting other miscellaneous or incidental information or instructions. These signs are purchased for use in a variety of forms.

**Off-premise signs:** A sign directing attention to a specific business, product, service, entertainment event or activity, or other commercial activity that is not sold, produced, manufactured, furnished, or conducted at the property upon which the sign is located. Much of this signage is also known as third-party signs or outdoor advertising, and is considered out-of-home media. Unlike on-premise signage, only the face of the off-premise sign is typi-

cally considered to be a part of the message; the structure itself simply provides a vehicle by which to deliver the message. These signs are almost always leased.

#### Endnotes:

1. Russell Winer, *Marketing Management* (Upper Saddle River, New Jersey: Prentice Hall, 2004); and Louis E. Boone and David L. Kurtz, *Contemporary Marketing, 11th ed.* (Cincinnati, Ohio: Thomson/Southwestern, 2004).
2. Legislation such as the Americans with Disabilities Act requires certain signage for public safety, for example.
3. The term "signage" was coined by Robert James Claus, Ph.D., in 1971.

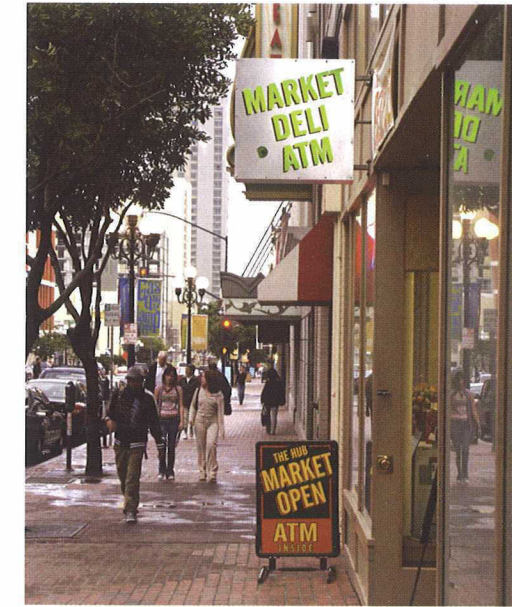
**Figure 1.3**

A temporary sign is not intended for permanent installation.

**Figure 1.4**

An off-premise sign is not located on the same premises as the activity to which it directs attention.





## Categorization of Signage

# 2

Signs fall into three distinct categories: on-premise signage, temporary signs, and off-premise signs.

### On-Premise Signs: The Expansive Storefront

The first category of signs is on-premise business signs.<sup>1</sup> Generally, an on-premise sign contains information concerning a good(s), product(s), service(s), or activity(ies) located on the premises.<sup>2</sup>

On-premise signs include only those signs that are mounted permanently to the building or ground. These are accessory, ground-mounted, and building-mounted signs, as well as signs that are incidental to the operation of the business (containing information relevant to the use of the property upon which they are placed, such as “no parking,” “no smoking,” “entrance” and “exit,” and credit card window stickers). The most common forms of build-



ing-mounted signage include channel letters, sign cabinets attached to the building, roof signs, canopies, awnings, marquees, and murals. Ground-mounted signs include high rise signs, pylon signs, monument signs, and more. On-premise signage also includes signature buildings and storefronts, which turn the building itself into a sign.

Materials used to construct signage are as varied as the imagination. Flexible fabrics are commonly used for sign faces today because they can be easily decorated and changed. Baked porcelain and neon were once very popular because of their durability, but are relatively expensive to manufacture; these signs typically have a different look at night than during the day. Plastics come in many varieties, including high impact plastic, plastic that lends itself to molding, and plastic that is easily cut and sculptured. They can be pigmented or painted. Metals may be cut, bent, formed, or molded into a variety of designs. Many people choose a carved or sandblasted wood or faux wood sign that is either painted or left natural. Lighting possibilities are very broad, and include the so-called “neon,” fluorescent, incandescent, high intensity discharge (HID), light emitting diode (LED), fiberoptics, electroluminescent lamps, holography, laser lighting, electroceramiescent (ECer) lighting, liquid crystal displays (LCD), solar powered lighting, and any number of other emerging lighting technologies. All of these elements can be combined in innumerable ways to produce the sign that most perfectly expresses the commercial message desired by the business owner.

On-premise signage includes far more than the ground-mounted or building-mounted placard, no matter how glorified it is. It also encompasses display windows, product displays, and architectural elements. The new Walgreens stores provide an excellent example. Their freestanding signs, which include that trademark Walgreens logo on a red field and often include an electronic message center, is an expensive sign, to be sure. But the store spends far more on its signature building, complete with a prominent, windowed architectural section at its front corner that is designed to frame a neon mortar and pestle. The architecture and neon are part of the Walgreens standardized signage package.

Because of the individuality of each client, the variety of materials involved and the unique characteristics of each sign and its

intended location, building and installing a sign is a complex task. Effective communication involves the use of a graphic designer who understands the visual acuity needs of the driver and how the sign will interact with motorists on the street, and who can satisfy the communication needs and artistic tastes of the client. It involves detailed knowledge of a wide range of materials, as well as how they hold up in the natural environment, what color variations are available, and how those colors will be visually altered when viewed in an outdoor urban environment. Expertise is required in lighting systems, including knowledge of how light interacts with the various materials that will be used in construction of the sign face, and how the lighting system will be affected by temperature, weather and atmospheric factors. It requires a high level of electrical and construction skill that takes into account issues such as wind-load. And it involves the ability to work with the local government to both understand the law and secure the proper permits and variances to install the sign.

On-premise signs are not a one-size-fits-all communication device. They are very personal expressions unique to each business and designed to meet the specific communication needs of a business and its customers. They are as essential to the functioning of a business as whether or not it has a useable driveway, or sufficient parking. Just as it would make no sense to limit a business's driveway to four feet in width, so it makes no sense to

*Continued on page 2.6*



**Figure 2.1**

On-premise signage is integral to the functioning of a business, but it can only fulfill its purpose when it is capable of being seen and read by passing motorists.



## The On-Premise Sign Industry: Designing, Installing and Maintaining the Speaker's Message

The on-premise sign industry is one of the more interesting and diverse industries in North America. Like all industries focused on the facilitation of communication, the industry has undergone a series of changes in order to keep pace with advancing technology and societal changes. But this one rule is paramount: the on-premise sign industry is almost exclusively made up of small businesses, and is one of the few almost perfectly competitive industries in North America.

Originally, most sign faces were manufactured one at a time and installed by the same company that made them. As North America became an increasingly mobile culture, and people began moving and traveling long distances on a frequent basis, businesses began to realize that people showed strong preferences for familiar brands. Synergistic advertising and storefront designs based on corporate identification were becoming an important part of these businesses' marketing plans. In order to be optimally effective, however, the signage needed to be consistent. Even if very careful specifications were written, signs built in different plants around the country, constructed according to identical specifications, would not always result in identical visual products.

Initially, four sign companies recognized the problem and conceived of the idea of building all of a company's sign faces in one concentrated location and shipping them around the country for installation by local sign shops. Today, at least 200 sign companies focus primarily on meeting the quantity sign production needs of chains, franchises, and corporations. Many other companies also produce quantity signage, though it is not their primary marketing strategy; these companies tend to perceive their primary market as being custom signage specifically designed for a single business location or a small local chain.

Attempts to categorize sign manufacturers according to the markets they serve are misguided, due to their tendency to regularly cross category lines on a regular basis. In fact, no one pure marketing strategy exists for the signage industry. For example, several full-service sign companies utilize multiple divisions, each specializing in a different type of signage. Many smaller sign companies consider themselves to be either custom or quantity sign producers, but frequently these companies perform work outside their primary specialty. Still, a number of other companies take orders and create designs for signs while never actually constructing them at all; these companies parcel some or all of the construction work out to other sign shops.

Additionally, the evolution of sign materials has resulted in a wide range of specialty sign shops, in part because the equipment for each type of signage entails a sizable investment and a certain level of specialized skill. Some sign manufacturers work only in particular forms of molded plastic. Others use only wood. Some specialize in neon or high-tech LED displays. Some are designed to fill a business's entire incidental and temporary signage needs – including sidewalk signs, banners, posters, flags, and even auto-wraps. Some companies produce fabric signs and awnings, while others focus their efforts on the very latest technological installations. Today, even a small shop can be fully capable of producing a highly complex sign, thanks to the flexibility and precision of the computer.

The industry is composed of approximately 30,000 sign companies ranging in size from less than \$100,000 to nearly \$200 million in volume per year. It is a perfectly competitive industry, in which no sector – other than specialized sectors such as soft drink and beer signs – is dominated by a single company. For this reason, tracking the total volume of business of the on-premise sign industry is nearly an impossible task (by contrast, it is relatively simple to determine the business volume of the outdoor advertising, or "billboard," industry, which tends to be oligopolistic).

In the early 1900s, Claude Neon, which dominated the industry through ownership of the patents for neon tubing, required its licensees to respect one another's territories. This limited the number of shops and ensured each would have a solid market share. Further, the technology involved in creating neon lighting impacted the number of sign shops capable of producing neon signage. Also, neon tubing is fragile and was difficult to transport over long distances, and because the industry developed prior to the construction of the interstate highway system, the development of a few large shops, each serving a local territory, was further encouraged.

Even after the neon patents expired, the high degree of skill required to properly design and build a neon sign continued to limit the number of sign shops that manufactured them. That changed following World War II when, funded by the GI Bill, thousands of people learned this skilled trade and spread it around the U.S. The concurrent investment in highway construction and improved packing methods that allowed neon signs to be transported over longer distances made this lighting source readily available throughout the country. Finally, development of tube bending forms and automated machinery enabled mass production of neon signage for large standardized programs.

Many other forms of lighting have been developed to meet a variety of illumination needs, including accurate color rendering, readability, energy efficiency, cost, and local weather conditions. Most common forms of sign illumination are ordered in standard-

*Continued on page 2.6*



ized sizes from the factory and installed in a cabinet. Incandescent, fluorescent and HID, for example, typically involve the use of standardized lamps and ballasts. Because of this, not all sign shops offer all forms of illumination.

The variety and mix of services offered by sign companies is nearly as diverse as the businesses themselves. Services available include sign design, manufacturing, installation, retrofitting of buildings, securing of permits, and even long-term maintenance agreements. Some companies specialize in building signs that the customer can easily install and maintain, while others have the construction ability to install freeway-oriented signage 120 feet into the air. Some companies offer only one or two illumination choices, while others offer all forms of illumination. Whether the sign buyer needs a simple banner for its grand opening or a complete tourist-oriented skin of signage covering the entire building, the industry's diversity is well suited to meet the individual communication needs of the wide range of American businesses.

restrict the effectiveness of a business's signage to the point that it cannot be seen or read in time for a driver to react and stop at the business.

On-premise business signs are accessory land uses, with a purpose that is attached to the land use itself. For example, where a city has made a decision to allow a liquor store, it must allow a driveway of such width that it facilitates safe ingress and egress from the business's parking lot. Similarly, the city must also allow the liquor store the necessary signage to facilitate the economic activity legally occurring at the site (see *44 Liquormart, Inc., et al v. Rhode Island et al.*).

### Temporary Signs: Special Purpose Speech

Temporary signs, whether off-premise or on-premise, are signs that are meant to be changeable and that are not permanently displayed. This category includes real estate signs, banners, posters, inflatable signs, and a myriad of other signs intended for temporary use. Temporary signs are rarely inspected, and usually are displayed for a few months to a year. Changeable copy signs provide an alternative to many forms of temporary signage by allowing the temporary message to be aesthetically displayed on a permanent structure.

**Table 2.1: Principle North American Sign Marketing Strategies**

Marketing Strategy	Principle Selling Feature	Organizational Type Needed	Common Customer Base
Custom sign design, manufacture, installation and maintenance.	They design the message unit, install and maintain it, and secure the permits.	Must be capable of manufacturing (or sub-contracting the manufacturing), installing, and obtaining permits for the sign that is designed, including any custom lighting systems.	Businesses needing unique designs, such as "mom and pop" stores, funeral parlors, dentists, and restaurants that are not participating in a national advertising program.
Quantity sign engineering, material/electrical/structural design, and manufacturing.	They focus on corporate identification needs, engineer the least costly system that will meet national codes and manufacture in quantities that keep costs low.	Must have complete manufacturing facilities and extensive national contacts for installation, maintenance and permits.	Fast food restaurants, gasoline service stations, economy motels, banks, automobile dealers, and other businesses operating as chains or franchises.
Comprehensive interior and exterior storefront design.	The total storefront is designed and manufactured to coordinate with the marketing plan.	Must have access to complete manufacturing facilities and have contacts for installation and maintenance.	Cruise ships, theme parks, hospitals, zoos, casinos, interpretive centers, and educational institutions.
Interior display or point of purchase advertising.	Point of purchase display systems are used to encourage the sale of items in a store.	Must know where to buy a variety of products used to build displays. Most of these are available off-the-shelf. Must understand consumer behavior and reactions.	Large department stores, mass merchandisers, and stand-alone complete category stores.



**Figure 2.2**

Temporary signs can serve a vital marketing function for a business. Like on-premise signs, these signs must be capable of being seen and read if they are to fulfill their marketing function.



The proper regulation of temporary signs, including garage sale, lost pet, real estate and political signs, can be especially confusing. Often, the only distinction that can be made between them is one of content. The recent proliferation of “work at home,” “lose 30 pounds in 30 days,” and other such signs has brought the matter to the forefront in many communities.

Temporary signs, though different from permanent signs, must be allowed to “speak” and to be read. The case of *Cleveland Area Board of Realtors v. City of Euclid*,<sup>4</sup> makes this clear. It pertained to an ordinance passed by Euclid, Ohio that allowed real estate signs to be displayed only in windows, and barred them from their normal placement on front lawns. The ordinance was struck down because it rendered the speech mute, without providing for any adequate alternative (because no alternative exists to front lawn signs for effectively communicating to the street that a home is for sale). If Euclid was going to allow homes to be bought and sold, then property owners had to be given an adequate opportunity to advertise their homes effectively to potential purchasers. Readability and conspicuity<sup>6</sup> were critical to the functioning of their signs. It was not enough that the homeowners be able to “speak” by putting their for sale signs in their windows, their message also had to be capable of being “heard.”

Political signs require special care. In one landmark case, a city ran into trouble because the exceptions section of its sign code overlooked political signs that were unrelated to campaigns. That case, *City of Ladue v. Gilleo*,<sup>7</sup> involved a woman who was prohibited from displaying an anti-war sign on her lawn by a city ordinance that banned all residential signs except those within ten exempted categories; her sign did not fit into one of these categories. The Court ruled that the ordinance violated the First Amendment rights of homeowners because (1) it totally foreclosed their opportunity to display political, religious, or personal messages on their own property via an important and distinct medium of expression – lawn signs, and (2) the city had failed to provide adequate substitutes for such an important medium. (It is worth noting that the Court observed that “[d]ifferent considerations might apply, if residents attempted to display commercial billboards on their property....”<sup>8</sup>).

With regard generally to political or election signs, an ordinance prohibiting such signs is clearly unconstitutional, and courts have struck down prohibitions on political signs that applied in both residential and other districts.<sup>9</sup>

Courts have also struck down sign ordinances that discriminated among different political messages. For example, in *City of Lakewood v. Colfax Unlimited Association*,<sup>10</sup> the Colorado Supreme Court invalidated an ordinance that restricted the content of political signs to the candidates and issues being considered in an upcoming election, finding that the ordinance violated the principle that “[g]overnment may not set the agenda for public debate.”<sup>11</sup>

Governments are, however, allowed to reasonably limit the time and number of political signs that may be displayed, provided the limits are part of a “comprehensive” program to seriously address aesthetic issues.<sup>12</sup>

Courts have also upheld content-neutral time limits placed on all temporary signs. For example, in *City of Waterloo v. Markham*,<sup>13</sup> a state appellate court upheld an ordinance limiting temporary signs to 90 days against claims that the ordinance unnecessarily restricted political speech and favored commercial over noncommercial speech.



While there is no definitive directive regarding time, place and manner regulation of temporary signs, one clear conclusion can be drawn from the above cases: temporary on-premise signs containing both commercial and noncommercial messages must be allowed in residential areas, barring substantial proof by the government that the offending signs are detrimental to public health, safety, or welfare.<sup>14</sup>

A court may strike down restrictions on temporary signs if the regulations are found to be irrational or overly restrictive. However, the regulations will likely stand if they are reasonable on the grounds of safety and aesthetics, and if they do not greatly censor the free flow of information, whether commercial or political. For example, a local government may not prohibit temporary real estate signs on private property, but may totally prohibit the posting of real estate signs on public property. But in a content-neutral sign code, this prohibition must extend to all privately-owned temporary signs - including garage sale signs, school fundraiser signs, lost pet signs, and the local mayor's campaign signs.

### Off-Premise Signs

The third category of signs is off-premise signage. Signs located on a different property than the business, product or service noted by the signs are classified as off-premise signage. Examples of this include real estate open house directional signs, sidewalk signs directing people to stores located down a side street, and signs near freeway exits directing motorists to local service businesses. Much of this category is devoted to outdoor advertising (the advertisement of a good(s), product(s), service(s), or activity(ies) that is not actually located or available on the site where the signage is located). These signs are considered media, and are typically owned by a third party who leases the sign's face for advertising purposes.

Outdoor advertising is very complex as a subject. Most people think of "billboards," which are outdoor structures that are usually standardized by size. The United States and Canada have developed different sets of standardized signs due to different models of printing presses. In both countries, standardization allows major advertisers to safely rely on the consistency of measurements of reach, frequency, cost per thousand exposures, and read-

ership from one city to another.

In the United States, one generic type of outdoor advertising is the "bulletin," which generally measures 10 x 36 feet to 14 x 48 feet. The other generic outdoor advertising type is the "poster" or "30-sheet poster," which refers to an approximate size of 12.3 feet x 24.6 feet. Other structure sizes may be referred to as "8-sheet," meaning a 72-square-foot poster panel, or "24-sheet," indicating posters measuring approximately 8.8 feet x 19.6 feet.<sup>15</sup> In Canada, standardized billboards mainly fall into four general categories: horizontal posters (10 x 20 feet), vertical posters (12 x 16 feet), series 10 superboards (10 x 24 to 14 x 60 feet), and series 14 superboards (14 x 48 feet). Billboards can be backlit, utilize extensions that allow visual elements to extend beyond the standardized border of the sign, or contain elaborate illumination devices, such as electronic message centers or "neon" lighting.<sup>15</sup>

Outdoor structures also include transit shelters, street furniture, advertising on transit vehicles, taxi-top advertisements, murals, and much more. Some transport trucks lease the surfaces of their trailers as outdoor advertising space. Similarly, many public transit agencies lease space on the sides and backs of buses, light rail trains, and transit shelters - all of which are located in the public right of way - for outdoor advertising. These various display surfaces can and do carry messages of all kinds.

In addition to providing a forum for the marketing of businesses, products and services, outdoor advertising sign faces are also fre-

### Top Ten Outdoor Advertising Categories<sup>16</sup>

1. Local Services & Amusements
2. Media & Advertising
3. Public Transportation, Hotels & Resorts
4. Retail
5. Insurance & Real Estate
6. Financial
7. Automotive Dealers & Services
8. Restaurants
9. Automotive, Automotive Accessories & Equipment
10. Telecommunications



**Figure 2.3**

Outdoor advertising is more than “billboards.” It can be found on street furniture, newsstands and bus stops, for example. It serves as a vital marketing tool, as shown by this municipal campaign in downtown Indianapolis.



quently donated for use by non-profit groups requesting donations or enlisting support for their efforts. The signs are used by political marketers for candidates and issues, or by individuals wishing to express their political views. The signs have even been used by people looking for abducted children, or seeking the perfect spouse. As the Supreme Court has recognized,<sup>17</sup> the exact same message may be interpreted very differently by different people. Further, the structure itself may carry a variety of different messages which themselves bear varying levels of constitutional protection. Thus, the highest court of the land has ruled that content-neutrality in regulation of outdoor advertising signs is required.

#### Endnotes:

1. A number of trade associations have been formed to serve the sign industry. By far the largest, in terms of its trade show, publications, and membership benefits, is the International Sign Association, which can be contacted at 707 North Asaph St., Alexandria, VA 22314-1911, Phone: 703-836-4012, Fax: 703-836-8353, Web site: <http://www.signs.org>. Other national and regional trade associations also serve the industry.

2. The term “good” refers to a commodity (raw materials that have not been refined or manufactured). The term “product” refers to a refined or manufactured item.

3. *44 Liquormart, Inc., et al v. Rhode Island et al.* (94-1140), 517 U.S. 484 (1996).

4. *Cleveland Area Bd. of Realtors v. City of Euclid*, 88 F.3d 382, (6th Cir., 1996).

5. *Readability* is defined as that which enables the observer to correctly perceive the information content of letters, numbers or symbols grouped together in words, sentences or other meaningful relationships on the sign. It is the character of a sign which leads to comprehension of its intended message.

6. *Conspicuity* is defined as the capacity of a sign to stand out or be distinguishable from its surroundings and thus be readily discovered by the eye.

7. See *City of Ladue v. Gilleo*, 512 U.S. 43 (1994).

8. *Id.* at 50.

9. See, *Fisher v. City of Charleston*, 425 S.E. 2d 194 (W.Va. 1992).

10. *City of Lakewood v. Colfax Unlimited Association*, 634 P. 2d 52 (Colo. 1981).

11. *Id.* at 62.

12. See, *Collier v. City of Tacoma*, 854 P.2d 1046 (Wash. 1993) and *Tauber v. Town of Longmeadow*, 695 F.Supp 1358 (D.Mass. 1988).

13. *Waterloo v. Markham*, 600 N.E. 2d 1320 (Ill. App. 1992).

14. In the First Amendment arena, the governing entity seeking to uphold a challenged restriction on commercial speech has the burden of proving that the restriction advances the government’s interest in a direct and material way, and further, that the harms claimed to exist are real. A regulation will not withstand constitutional scrutiny if it only provides an ineffective or remote support for the government purpose, or does not alleviate an actual harm to a material degree. Mere speculation or conjecture by the government does not satisfy the burden. See *Rubin v. Coors Brewing Co.*, 514 U.S. 476, 487 (1995); and *Amelhin v. McClure*, 168 F. 3d 893, 998-99 (6th Cir. 1999).

15. These sizes take their names from the number of sheets of standardized paper rolls that were required to cover their surfaces. The size of the paper used was limited by printing technology. Since the time these “billboards” (or bills pasted on boards) were named, Weyerhaeuser developed wide-format printing that has significantly reduced the number of sheets of paper that are required to cover the boards (the “30-sheet” requires 8 sheets and the “8-sheet” requires 3 sheets), but the terms by which they are referred have remained the same.

16. CMR OAAA (Outdoor Advertising Association of America), “2004 January - December Outdoor Advertising Expenditures Ranked by Total Spending,” <http://www.oaaa.org/uploads/news/attachments/A7AF8EB1A-CCC40C28F8826D2ABD109AC.pdf>, accessed March 2005.

17. See, *Thomas v. Collins*, *supra*.





## Factors in the Evolution of Signage

# 3

Signs have been a part of the landscape and every day life throughout recorded history, and probably earlier. Technological and social factors have dramatically expanded and altered signage forms in ways that have increasingly enhanced their importance in the marketing of retail and service businesses. This chapter will examine some of the primary factors that have influenced the evolution of signage, beginning with the various technological developments that have changed street-oriented communication, followed by a look at how signage as a media form has evolved in response to social changes. As public opinion is also relevant to the evolution of signage, it will also be discussed.

### Sign Technology

Over the past century, innovative application of new technology by sign builders has dramatically expanded the possibilities for



signage. As a result, today's signs incorporate technology of many kinds, providing manufacturers with a myriad of options from which to choose.

Until the 1930s, signs were primarily made of wood, metal, or baked porcelain. Incandescent bulbs were often utilized in signage, but their short life span and difficult maintenance soon had inventors working to improve outdoor illumination methods.

In the 1930s, Georges Claude brought to the storefront the cold cathode illuminated tubing we know as "neon" lighting. Because it could be bent and formed into expressive custom shapes and offered a range of brilliant colors, its use by businesses quickly spread – and the public was entranced by it. Daniel Moore discovered how to stretch illuminated tubing to a length of 200 feet, broadening the concept of signage to include illuminated borders and other architectural accents. The development of incremental timing of flashing lights created the illusion of motion, and expansion of the color pallet further enhanced creative expression. Eventually, these concepts evolved into the dazzling displays that have helped create Las Vegas as a tourist mecca.

By the 1960s, plastics technology, refinement of paints and pigments, the development of fluorescent lighting, and 4-color print-

**Figure 3.1**

Neon has tended to dominate the lighting of individual channel letters because of its ability to be custom formed to a variety of shapes. Today, light emitting diodes (or LEDs) are increasingly replacing neon as the lighting system of choice for small letters with stroke widths of less than one inch. Brightness and durability issues, however, mean that only time will tell the extent to which this switchover will continue.



**On-Premise Signs as Storefront Marketing Devices and Systems**

ing processes had advanced to the point that on-premise signage could be inexpensively coordinated with other forms of media advertising and marketing. This, in turn, facilitated the emergence of franchiser programs, which rely on the creation of a consistent storefront that reinforces the franchise brand and reflects print advertising.

In the 1970s, the development of solid-state electronics enabled the production of the first time and temperature signs, which utilized incandescent bulbs. The energy crisis of the 1980s prompted a search for more energy-efficient changeable message signs, and "flip disk" displays, which relied on reflectivity, became popular. Eventually, however, mechanical difficulties opened the door for other alternatives. The next step in the evolution of electronic message centers was the development of the "wedge base" incandescent lamps, which were smaller, more energy efficient, brighter, and longer-lived than previous incandescent bulbs.

The refinement of compact computers and the rapidly growing use of light emitting diodes (LEDs) have made flip disk and wedge base displays less popular. Recent technological breakthroughs have expanded the available colors and dramatically increased the brightness of LEDs. Their energy-efficiency and size has resulted in a sign technology that allows for everything from instant simple copy changes to complex television-quality video displays, giving a business the ability to communicate effectively with the varying demographic on the street throughout the day.

Meanwhile, wide-format printing and vinyl sign materials have reduced costs and increased the visual quality of sign faces. They have allowed businesses the ability to cost-effectively design and purchase multiple identical large advertising signs of a consistent appearance for placement on outdoor advertising structures in numerous cities nation-wide. These advertising signs can be entirely coordinated with the on-premise sign, which today is often printed on flexible vinyl or fabric rather than solely on rigid plastic.

Sign manufacturers play the role of scientist, engineer and artist in their efforts to create innovative signage that will help their customers succeed. Businesses that underestimate the expansive nature of signage and how technology is impacting commercial



communication are missing out on the opportunity to take advantage of the technology that will allow them to utilize their own signage to its fullest potential.

Societal Changes

The second major influence on the evolution of signage has been the changing nature of our society. Electrification and the rapid development of a vast array of electrical labor-saving devices meant people had more time available to pursue entertainment and leisure activities. Joe could no longer count on a steady stream of local customers eating at his diner simply because they had known him for years and his was the only restaurant in town. As new competition entered the town, Joe had to make sure his diner was still an attractive alternative. And the new competition, going head-to-head against an established business, had to be capable of announcing its existence and attracting potential customers inside.

The need for commercial speech is derived from the demand of consumers for information. Because consumer and cultural preferences are in a constant state of flux, signage is continually morphing in an effort to satisfy consumer demand. Thus, in the consumer-driven North American economic system, signage is able to perpetually meet the information needs and cultural desires of consumers.

The Automobile and Increased Mobility

The rapid expansion of automobile use further spurred the adaptation of signage to meet the communication needs of people on the go. Not only did signs need to be oriented in such a way as to be visible to motorists, but they also had to appeal to more and more out-of-town visitors and newcomers who lacked any sense of familiarity with the business. Families on vacation, people on day trips, and traveling businessmen had no familiarity with Joe or his diner; in most instances, their choice would be based solely on the restaurant’s visual appeal.

America has become a highly mobile society. Consider:

- ♦ America’s nearly 212 million registered passenger cars, motorcycles and light trucks travel 4 trillion miles a year.<sup>1</sup>



Figure 3.2  
Emerging technology is expanding effective signage communication options for businesses and their potential customers who pass by on the street.

- ♦ Americans spend \$1,010,172 million on domestic travel each year.<sup>2</sup>
- ♦ The average American spends 443 hours per year behind the wheel driving 10,000 miles.<sup>3</sup>
- ♦ Each year, Americans buy 8.7 million new cars, 8.2 million new light trucks for personal use, and 39 million used vehicles.<sup>4</sup>
- ♦ Personal automobile insurance sales total \$120 billion annually.<sup>5</sup>
- ♦ The average household spends \$5640 per year to purchase, run, and maintain private vehicles (compared to \$4400 for food).<sup>6</sup>

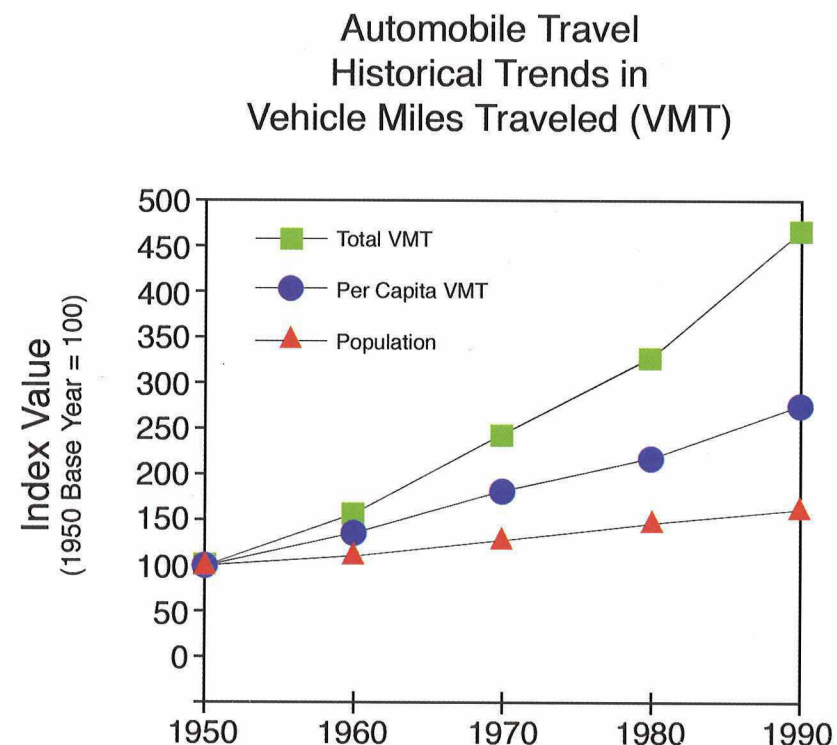
As Figure 3.3<sup>7</sup> shows, the number of vehicle miles traveled per person has increased steadily over several decades. Overall vehicle travel increased by 32% between 1983 and 1991.<sup>8</sup> The Federal Highway Administration forecasts that between 1992 and 2011, overall highway travel will increase at an average rate of 2.5% per year, for a total increase of about 65%.<sup>9</sup>

Social and technological changes have historically affected the advertising and marketing approaches of businesses. For example, an early study by Morgan<sup>10</sup> found that the number of people who



**Figure 3.3**

The number of vehicle miles traveled per person per year has steadily increased over the past several decades.



were arriving at vacation/business destinations by air was tending to increase. In response, motel owners began to redirect a portion of their informational/ directional advertising dollars toward traffic arriving from the airport.

The impact of mobility on marketing communications cannot be overstated. As the decades have passed, the number of out-of-town people or newcomers passing any given business has increased steadily, and the importance of the business sign has correspondingly increased. Each year, fully 16%<sup>11</sup> of Americans relocate – and that figure does not account for the number of people who change jobs each year and no longer commute to a particular trade area. Even if the relocation occurs within the same town, it often entails changes in travel patterns to and from work, school, and shopping. These individuals are often no longer exposed to signs they once saw every day, and may become aware of businesses they never knew existed before. Eventually their shopping patterns will change. Even a business that is well established in a community will lose customers every year to relocation and will need to replace those customers. When newcomers are combined with vacationers, business travelers, and commuters, it

**Figure 3.4**

Signage is essential for assisting a mobile public in identifying businesses.



is not unusual to find at least 35% of the people passing a business have never seen it before, and will only notice the business and stop if the sign appeals to them.

In 1936, when Duncan Hines published his travelers' dining guide *Adventures in Good Eating*, he recognized that people liked to know what they could expect to find on the inside of a business before they stopped. Today's busy consumer is perhaps even less willing to stop at an unfamiliar business when its sign does not clearly indicate what is for sale or lacks brand familiarity. This is a good part of why chains and franchises have become so popular – they have perfected the art of fulfilling consumers' expectations, and have responded to consumer mobility by tying their national advertising to their trademark storefronts. For example, most McDonald's restaurants look the same and serve the same food in the same way; consequently, an out-of-town traveler knows exact-



ly what to expect as soon as he or she sees the “golden arches.” Likewise, similar products are available at each nearly identical-looking Wal-Mart, no matter where it is located (with some exceptions, of course, due to local variations in need; i.e., heavy woolen scarves might be sold in Minnesota, but not in Florida). With a quick glance at the sign, the consumer knows whether to stop or move on. The business has been branded by the signage, or storefront.

Even in a strange new town, today’s mobile consumers can still feel “at home” by doing business with the franchises with which they are already familiar. Founding member of The Hollies, Graham Nash, told Matt Hurwitz of *Hemisphere Magazine*<sup>12</sup> about the band’s experience in staying at Holiday Inns. “There were no such things in England. You’d check into the next Holiday Inn hundreds of miles away, and it was as though you hadn’t moved. In a way, that was quite comforting.”

The more than 320,000 small businesses that are franchises in the U.S. account for more than \$1 trillion in sales and nearly one-third of all retail transactions each year, and employ one in every 16 workers. A new franchise opens every 8 minutes, and franchises have expanded to more than 75 different categories of business.<sup>13</sup> Franchise success is further accelerated because these businesses have access to a broad mix of national advertising with which to build name recognition; without exception, the first step is standardized signage to greet the public.

The more synergistic the franchise’s advertising is with its storefront, the more successful that franchise will be. Whether listening to the radio, watching television, reading the newspaper, scanning a magazine, or driving down the street, the consumers reached by integrated advertising hear a consistent message, and the consistency drives that message home. Franchises sporting corporate identification (particularly, if speaking through many forms of media with a singular voice) may occupy a 15% share of the land dedicated to a particular market in their trade area, but will easily be responsible for 23% of that market’s sales.<sup>14</sup> The corporate signage packages are so readily recognized, and their readability factor is so high, that more people are able to locate the businesses quickly and instantly feel comfortable enough with the brand to stop and shop.



As was demonstrated in Figure 3.3, mobility is increasing, not decreasing, which means consumers will increasingly demand automobile-oriented business strategies. Many businesses have successfully modified their sites and strategies to accommodate the popularity of the automobile. Drive-through businesses include fast food restaurants, drug stores, banks, dry cleaners, car washes, and more. Typically, these businesses cluster along arterials rather than in pedestrian-oriented downtown areas, and enlarge and orient their signs to be read by passing motorists. Other retail forms have also modified their strategies to please the mobile consumer, both through convenient location and by building large parking lots and multi-level garages.

In his book *Basic Economics*, Thomas Sowell discusses the failure of the White Castle chain to retain its standing as the dominant fast food service business in North America. Until the 1950s, its market share far exceeded that of McDonald’s. White Castle certainly did not have an inferior product; its hamburger would stand up against any fast food burger produced. But White Castle’s management failed to recognize two key interlinking trends: the movement to the suburbs and the increasing use of the automobile.

McDonald’s followed Americans into the suburbs. White Castle stayed with its old program, with its outlets placed in crowded

**Figure 3.5**  
Knowledgeable retailers look for sites with good visibility, accessibility, and parking. Where visibility or accessibility weaknesses are present, however, a well-placed and well-designed on-premise sign offers an opportunity for the site to be successful.



urban locations, near factories and in working-class neighborhoods. It stayed open all night so workers walking home could grab a bite to eat. Before long, White Castle found itself stuck in higher-crime areas, with less and less pedestrian traffic to support it. It failed to adapt its sites and strategy to the dynamics of the marketplace, and McDonald's pushed it out. By 2001, McDonald's had one restaurant in the United States for every 30,000 people, grossed nearly 50% more than all movie theater tickets sold, and, in a classic example of the North American mobile lifestyle, made 60% of its gross income from its drive-through customers.<sup>15</sup>

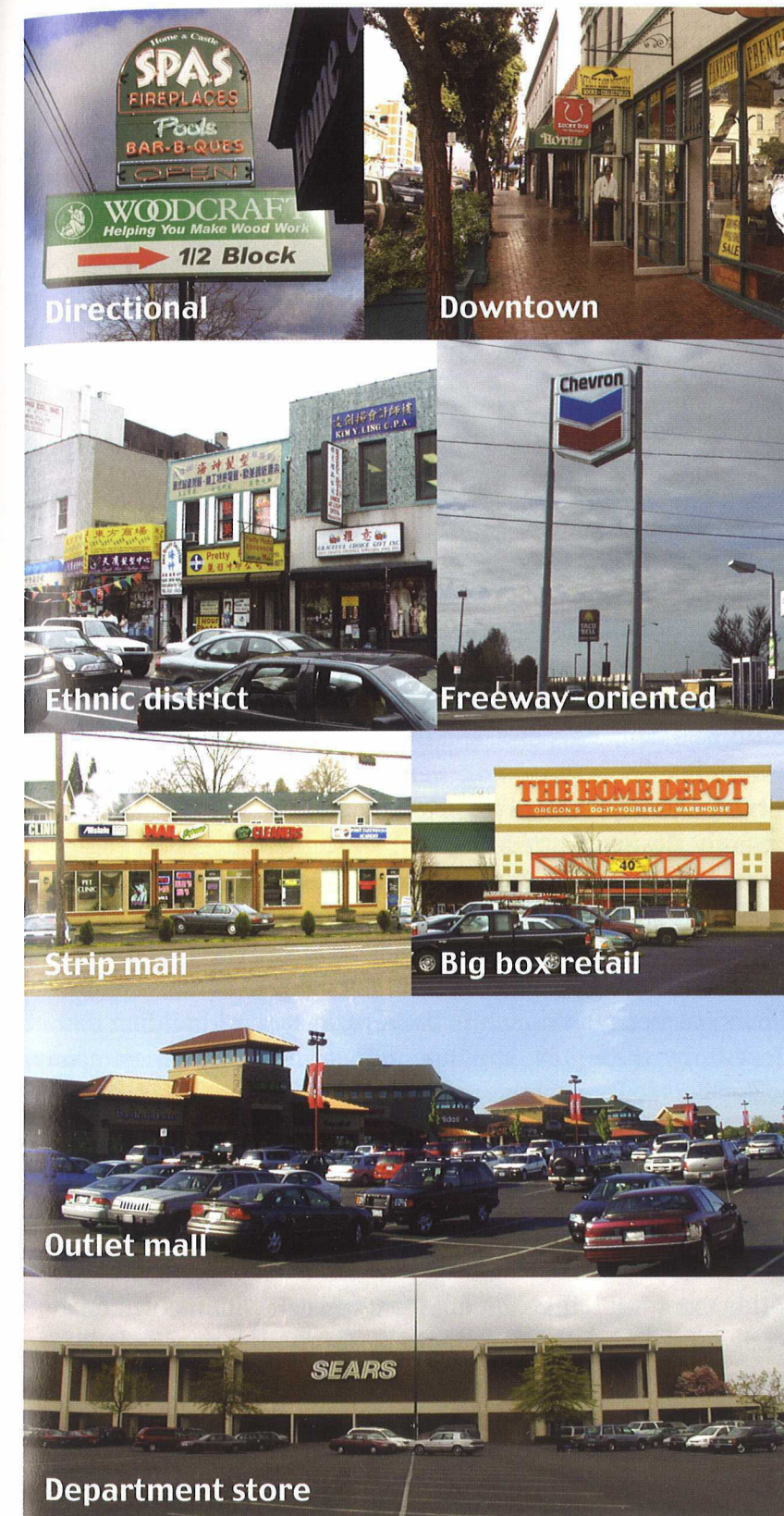
### Expanding Incomes and Specialization

Throughout the early- to mid-Twentieth Century, advancing technology and assembly lines steadily increased worker productivity and reduced the prices of consumer goods. At the same time, family sizes were decreasing and women were beginning to hold income-earning jobs outside the home. Disposable income grew throughout North America, and an era of vigorous consumerism emerged. As a result, businesses had to work harder to compete for consumers' attention.

America had changed from an agrarian society – in which mom and pop performed an array of tasks that included canning, cobbling the family's shoes, gathering eggs, butchering pigs, harvesting crops, and grinding flour – to a specialized society, in which people pursued specific careers and paid each other for goods and services. When the first national census was taken in 1790, more than 90% of all Americans were farmers; today, a mere 2% of the population consists of farmers. About 70% of Americans live in urban areas, and more than 40% live in areas with populations of 1 million people or more.<sup>16</sup>

In response to consumer demands, retailers have steadily looked for ways to optimally use the resources available to them in order to lower prices. Consolidation of smaller companies into larger ones has been a very effective way to reduce costs. During the Korean War, for example, 48,000 automobile dealerships were located around the country; today fewer than 22,000 remain due to consolidation (during the next twenty years that number is expected to drop to as low as 10,000). In 1993, 210,000 gas sta-

**Figure 3.6**  
Each type of retail location must adapt its visual presentation to accommodate its site development and selection strategy. Consumer-friendly signage has been treated as integral to the successful visual presentation in all retail models.





**Figure 3.7**

Businesses that cater to tourists, such as this well-known chain, tend to utilize flamboyant signage.



tions dotted the landscape, but by 2001 that number had dropped to 176,000.<sup>17</sup> Five major chain stores control 75% of toy sales. The eight largest grocery chains sell half of America's groceries. Consumers demand value, and industry responds.

In every one of these examples of retail concentration, comprehensively designed street-oriented communication has played a key role (in the signage industry, this type of all-over site design is called "sign centric" design). And in those industries which have experienced the greatest concentration – service stations and the food service industry (fast food) – the key to holding onto consumers has been the signature building, a style of building that in effect turns the entire structure into a sign for the company. McDonald's red and white roofed buildings offer a classic example. Signs have been vital in the never-ending effort by businesses to appeal to consumers through cost, convenience, and quality.

Marketplace adaptability and creativity has been allowed to flourish in North America to a greater extent than any other place in the world, and a full range of retail forms – each with its own type of signage – has been developed. These retail forms include the small independent business operator, the large department store, the strip shopping center (which mixes commercial and retail uses), the mall (strictly retail use when successful), and the single freestanding complete-category store (this most recent addition in

retail morphology includes such chains as Wal-Mart, Home Depot, and Toys R Us).

Recent additions include the so-called factory outlet stores, which are deliberately located away from malls and strip centers, and a number of shopping districts devoted entirely to businesses catering to particular ethnic groups, such as Olivera Street in Los Angeles, Robinson Street in Vancouver and Solvang, a Dutch town in California, which caters to the tourist industry. Tourist-oriented recreation districts and businesses are another new retail form. The Fisherman's Wharf area in San Francisco offers a wealth of tourist-oriented businesses sporting flamboyant signage, as do most of the Hard Rock Cafés across the country, which sport large and unique guitar-themed signage.

Some of these retail forms, like the strip mall, have been adopted from other countries and modified to suit the American consumer. Department stores are a clear example of a retail form adopted from another country (Japan). Initially embraced, department stores have gradually been abandoned as consumer preferences and lifestyles have changed. Today's fast-paced lifestyle is no longer conducive to the department store strategy of pulling people in and deliberately getting them lost so they spend more time shopping. Superstores such as Target and Wal-Mart, where interior signage clearly identifies the location of various items and can be seen from anywhere in the store, have taken their place.

The free market system – facilitated through the exercise of free speech and the guarantee of equal opportunity – is the principle reason North American retailing is the most productive and efficient retail system in the world. Department stores and malls have developed aggressive interior signage that works to create an environment that keeps the shopper shopping. Strip malls and freestanding stores have tended to utilize more aggressive exterior signage to attract customers to the store. Freestanding stores have developed sign-centric design and signature buildings to enhance the attractiveness of their comprehensive storefronts. The North American retail marketplace is a rough-and-tumble arena that serves the consumer, and if someone enters it with a better strategy, a better idea, or a lower price, the consumer is free to choose it. Each business calls out for the attention of the consumer via its signage. This competition works to benefit all consumers.



As outdated as the idea may seem today, some have promoted the view that advertising works against competition, but increasingly this view is being refuted.<sup>18</sup> Rather, advertising tends to increase consumers' knowledge about the products and services available for sale. This saves consumers time they would otherwise spend looking for the information on their own, and it also forces competitors to improve their products or services in order to retain customers. For most industries, the majority of the research is undermining the notion that advertising eliminates competitors and leads to market domination by a few providers.<sup>19</sup>

Because of the efficiency of the economic system, goods throughout North America typically sell for 15% to 50% less than they do in northwestern Europe or Japan, where strict government controls interfere with market response to consumer preferences. Due to regulations intended to protect manufacturers and established retailers from competition and to preserve certain social customs, consumers pay as much as 40% more for cars, video cameras, and other consumer goods in the UK than elsewhere in Europe or the United States.<sup>20</sup> Among Germany's considerable restrictions imposed on retailers is a prohibition against giving customers a break of more than 3% on retail goods. As a result of high prices and restricted shopping hours, Germans typically spend more on mail order than people anywhere else in the world.<sup>21</sup> Japan focuses its attention on shoring up industry, and as a result it places onerous requirements on consumers. For example, in order to protect and fuel its huge car parts after market, when an automobile is three years old, and every two years thereafter, it must go through the government's expensive – \$1600 – inspection system. This includes mandatory replacement of its transmission and engine – needed or not.<sup>22</sup>

The evolution and adaptability of the North American marketplace has extended beyond the retail form to the products themselves as consumers of varying income levels and personal tastes have demanded a wide range of products. Some want Rolex watches, while others are content with a \$6 fashion watch from Wal-Mart. Some prefer to drive Volkswagen bugs, while others want a Ferrari. Retailers have followed the consumer with every conceivable product that people are willing to buy. And as North Americans drive down their streets, the signage they see on retail stores gives them a relatively good indication of whether or not

**Figure 3.8**  
As consumers drive down the street, they rely on signage to tell them whether they are likely to find the items they want to buy at a given location.



they will find inside the items they are looking to purchase.

The United States and Canada have bountiful resources, and that fact is often credited as the reason this country has had such strong economic success. However, that is only part of the story. Other countries, too, have bountiful natural resources, but are relatively poor. The key is the utilization of speech to facilitate intelligent allocation of the resource base.

In making the change to a consumer society, we have needed more commercial information – and the First Amendment has ensured that we have it. Signage is part of the roughly \$500 billion per year that businesses spend on advertising and marketing to reach our information-driven society. This enormous investment in marketing and advertising increases the ease with which consumers can locate desired products and services, and it increases sales of those products and services. Thus, commercial signage presents information that the public wants in a manner that benefits both the person viewing the sign and the business or individual displaying the sign. It is a key reason behind our efficiency as a society.

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# Part II

## How Signs Create Value







## How Signs Function as Marketing Devices

# 4

Marketing is defined as the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.<sup>1</sup>

However, a 2003 study by Professor Richard Lapidus of the University of Las Vegas showed that signs received virtually no coverage in Principles of Marketing textbooks.<sup>2</sup> Because of this relative dearth of academic study of signage by marketing scholars, too little attention has been paid to signs, both in terms of marketing communications and in the role of signage in branding retail and service businesses. This lack of coverage is unfortunate, as signs serve important functions in marketing a business.



From a marketing viewpoint, signage plays at least four significant roles:

- 1) Communicating the location of the business (indexing the environment)
- 2) Reinforcing advertisements and other marketing variables as part of integrated marketing communications
- 3) Branding the site
- 4) Enhancing store image

The first two factors relate directly to marketing communications, while the latter two are influences on consumer behavior. It is notable that all of these functions help companies build brand equity, an asset that is critical in today's competitive environment. For this reason, we will begin with a discussion of the importance of brand equity and the public's perception of signage prior to discussing the four significant functions of signs.

### Brand Equity

Writing in the year 2000, Kevin Lane Keller of the Tuck School of Business at Dartmouth and a leading expert on branding stated, "Building and properly managing brand equity has become a priority for companies of all sizes, in all types of industries, in all types of markets."<sup>3</sup> The words, graphics, or symbols that are associated with the products or services offered by a business have an intangible but real value known as *brand equity*. Brand equity for a particular business is similar to the goodwill of an enterprise, and can be defined as the value that a brand name adds to a product that is above and beyond its physical attributes.<sup>4</sup> For well-known brands (such as Coca-Cola and McDonald's) the value of the brand name goes well beyond the formula for the product or the physical facilities owned by the company.

Companies can reap long-term benefits from associations that consumers build up over time if they use a product and are satisfied with it. Positive associations that consumers have with products or services (such as Wal-Mart offering low prices, or McDonald's offering food of consistent quality) may make consumers less likely to consider competing brands, more likely to pay a higher price for the strong brand, and more prone to be persuaded by well-designed marketing communications.<sup>5</sup> In place-

based commercial transactions, the sign acts as a critical indicator that the brand is available.

In addition to being a financial asset, it must also be realized that brand equity can serve a crucial role in building a strategic advantage.<sup>6</sup> Advantages such as consumers being loyal and less likely to buy competing products or being willing to pay a higher price, are extremely valuable to a company. As will be discussed later in this book, Congress has worked to protect the ability of businesses to use their registered trademarks, including trademark colors, in order to preserve the effectiveness of branding and facilitate a competitive marketplace.

Because signs help businesses build their brand, they are clearly able to contribute to brand equity. Indeed, corporate or business logos are an essential component of the brand. The reason has to do with the functioning of the human eye and brain. The eye scans for information, but the brain perceives. This is an important distinction. Not all that enters our visual field enters our conscious awareness. A message is perceived as meaningful only when it arouses certain patterns in the brain. Much of what we see is not registered in our conscious mind. Familiar patterns are "encoded" more rapidly than new configurations, thus a sign that bears a familiar logo is more instantly recognized than one seen for the first time and will more readily be noticed by the brain. However, if attention is being directed to something that has taken on a higher personal priority, even the familiar may be ignored. The conscious and unconscious human mind in dynamic combination readily process hundreds of simultaneous sensory inputs, sorting out unneeded visual stimulants.

The mind has an ability to recall even complex symbols (or logos) as individual items of information. Mitchell and Forbes (1943)<sup>7</sup> found that the average person takes approximately 0.33 seconds to recognize a familiar item of information (word or symbol).<sup>8</sup> The number of items and complexity of those items processed by the human mind during a short scan depends entirely on the viewer's past experiences and ability to recognize patterns of letters and graphic elements as single, identifiable pieces of information.

This has been demonstrated by highway signage research, which has found that symbolic traffic signs generally have superior



recognition distance when compared with a same-size sign containing a word message. For example, the stop sign is a typical symbol sign. Robinson (1967) reported a study in which driver recognition was tested by replacing a stop sign containing the word “stop” with a standard stop sign containing the word “tops.” Drivers continued to stop, and when questioned, 87 percent reported they had failed to notice anything unusual about the sign. The drivers paid attention to color and shape, and did not see – or read – the message.<sup>9</sup>

The same holds true for on-premise business signage that emphasizes corporate trademarks or logos – the equivalent of the “symbolic” highway sign. The colors and/or distinctive shapes of corporate signage provide legibility and conspicuity (ability to be noticed) at far greater distances than would otherwise be possible with standard sign faces containing nothing but lettered copy. And they do not have to be read to be understood.

The business format franchise system, as utilized and expanded by Henry Silverman of Cendant Corporation, has very successfully employed the principle of brand equity in its on-premise signage strategy. In the business format franchise, a standardized storefront signage program, unconnected to any real estate interest, is sold to independent businesses. These businesses, while remaining independently owned and operated, are able to take advantage of an integrated signage package and national advertising that dramatically increase reach, frequency and readership of the brand, thus reducing the overall cost of advertising.

Often, these businesses are the first ones that come to mind when someone is looking for a place to buy the particular products or services they offer. So powerful is this integrated signage that the independent businesses that utilize it can experience increases in income rivaling those experienced by chains, corporations and business product franchises. The signage works because it instantly communicates a familiar logo to the person passing the business, telling them exactly what product or service is available at the location. Independent businesses are willing to pay a sizable percentage of their gross revenue to franchises in exchange for use of the standardized signage packages because the recognition factor typically increases business volume 15% to 40%. The advantage to be gained through the use of instantly recognized logos is



**Figure 4.1**

The colors and distinctive shapes of corporate signage aid legibility and conspicuity, and in many cases signage that includes the name of the company is unnecessary due to logo familiarity.

especially pronounced in areas where local ordinances strictly limit on-premise signage.

## The Marketing Function of Signs

### Communicating the Location of the Business (Indexing the Environment)

Signs serve as valuable wayfinding devices, guiding customers safely through traffic to their intended destination, which is why the federal government has detailed specific guidelines for highway signage. In many instances, the sign is the primary way that consumers learn that a business exists at a given location. A sign that is of adequate size, height and illumination, and that is properly placed, will give drivers sufficient time to see the sign, determine whether they wish to respond to it, and maneuver through traffic to the business without having to go around the block. Parking lot entrance and exit signs are an important part of this process.

One sign company<sup>10</sup> compiled and published the results of several surveys performed in 1997 in an effort to determine where small businesses get their new customers. The survey was conducted by a cross section of 165 independent merchants throughout the United States, and involved 2,475 customers who made



purchases for the first time at those businesses. The surveys were conducted 30 to 45 days after installation of a new sign. Customers were asked, “How did you learn about us?” The results, shown in Table 4.1, clearly demonstrate two things: (1) the subject signs were effectively “speaking” to (being read by) potential customers; and (2) for small, independent merchants, signs are often the most effective marketing communication device.

Table 4.1: Number of Customer Responses

Their Sign	Word of Mouth	News-paper	Yellow Pages	TV	Radio
1,234	820	212	139	32	38
Percentage by Category					
50%	33%	9%	6%	1%	1%

The percentage of those who stopped at these stores due to the sign may actually be greater than the number reflected in the survey results. Only those who actually made a purchase were surveyed. Further, the surveys did not calculate the number of customers who came in due to word of mouth referrals by other customers who had initially located the business because of its sign. The surveys were conducted soon after the stores opened, and clearly demonstrate that signage is critical for a new business. Over time, the percentage of customers attributable to the sign will tend to decline, as a regular customer base is developed. However, because more than 16% of the people living in the local trade area will typically relocate each year, and because people need to continually be reminded of a business’s existence, the sign will continue to be a vital marketing tool for the business.

As Berman and Evans<sup>11</sup> and Lusch, Dunne and Gebhardt<sup>12</sup> note, high visibility is essential in communicating that the store exists at a given location, and the hours during which it is open for business. For that reason, the identification function of on-premise signage is fundamental to the success of most retailers.

No business should take its street presence for granted, but a business that relies on impulse sales has an especially acute need for a prominent street presence in order to attract the attention of the passing motorist and motivate a stop. Gasoline service stations,

fast food restaurants, value-oriented motels, and leisure/pleasure-oriented travel services are among those for whom being seen at precisely the right time by the person seeking to make an impulse purchase is critical. Often, these businesses also rely heavily on those who may come through the area only once (while on a business or vacation trip), as well as those who are new to the area. Prominent franchises understand this and have not only perfected the art of coordinating their on-premise signage with their national media campaigns, but also standardized their storefront communication to effectively target their customer base.

Businesses that serve immediate needs or rely on impulse sales should utilize signage that is primarily intended to be read and induce an immediate response. Even a business that relies more heavily on a regular clientele needs to consider the wayfinding function of a sign. The business’s sign must speak not only to those who live in the trade area and who see it on a regular basis, but also to the first-time traveler on the street.

Reinforcing Advertisements and Other Marketing Variables as Part of Integrated Marketing Communications

Over the past few decades, marketers have come to the realization that we are in the era of integrated marketing communications, in which various marketing and promotional elements must be blended in order to provide a unified image for the company or brand.<sup>13</sup> As noted by Professor Don Schultz of Northwestern University and his colleagues,<sup>14</sup> integrated marketing communications should be construed broadly to refer to all sources of brand or company contact that consumers or potential consumers have with the business. From this perspective, it is clear that signs play a distinct role in reinforcing other aspects of the communication mix and in building brands.

Marketing scholars George Belch and Michael Belch note in their book, Advertising and Promotion: An Integrated Marketing Communications Perspective, that the consumer’s perception of a company is a synthesis of the bundle of messages they receive and contacts they have with the business. The consumer’s opinion of a product is thus formed based on exposure to a combination of mass media advertising, the type of store in which the product is sold, the price of the product, its packaging, and other marketing



variables. Similarly, a retail store's sign contributes to the overall perception of the business as it communicates information on store location and store image to the consumer. An attractive, identifiable sign can do much to reinforce messages provided by other advertising. In particular, the sign itself can serve as a visual cue, prompting the consumer to recall those messages stored in memory.

Another way signs operate to reinforce advertising is by cueing consumers to the existence of the business at a given location. This leads the consumer to access his or her memory to call up associations they have with that business. The more prominent a business is in the minds of consumers, the greater that business's share of the market. Similarly, the greater the consumer's memory of a specific product, good or service, the greater is his or her inclination to purchase that particular product, good or service over any other. This phenomenon is known as **top-of-mind awareness**. A brand or store has top-of-mind awareness when it is the first brand or store to come to mind when the need for it arises. The outdoor advertising (or "billboard") industry specializes in building top-of-mind-awareness through coordination with other advertising campaigns and repeated viewing of the message through "showings." This function is particularly important for businesses that serve occasional needs.

The challenge the sign designer faces in reaching those who live or work in a trade area is in making sure that after being seen repeatedly, the sign is still interesting enough to be remembered. If the sign is memorable, it can enhance integrated marketing communications and help to brand the business site. That is one of the main reasons why so many companies have included time and temperature message centers in their signs. Studies spanning several years<sup>15</sup> have revealed that time and temperature information increases consumer attention and enhances retention or recall of the message. People have their memory of a sign refreshed and strengthened by changeable copy because it holds their interest.

Motorists passing a business on the street can absorb a great deal of information. Seventy-five percent will pick out the key word on the first trip by a sign that meets basic standards of readability and conspicuity.<sup>16</sup> When new information directed at the repeat sign user is added, long-term memory is developed for the sign. The

Figure 4.2

The time and temperature sign breaks habituation, a term that describes the situation in which a sign becomes so familiar it ceases to interest the mind enough to be noticed any longer.



sign functions in the same way as any advertisement – through repetition. With sufficient information to maintain a level of interest, a superior memory can easily be developed for a business. By facilitating this kind of memory and cueing the consumer to recall other remembered associations with the business, signage plays an important role in integrated marketing communications.

### Branding the Site

For retail and service businesses, signage can serve a vital function in helping to build and maintain brand equity by branding the site itself.

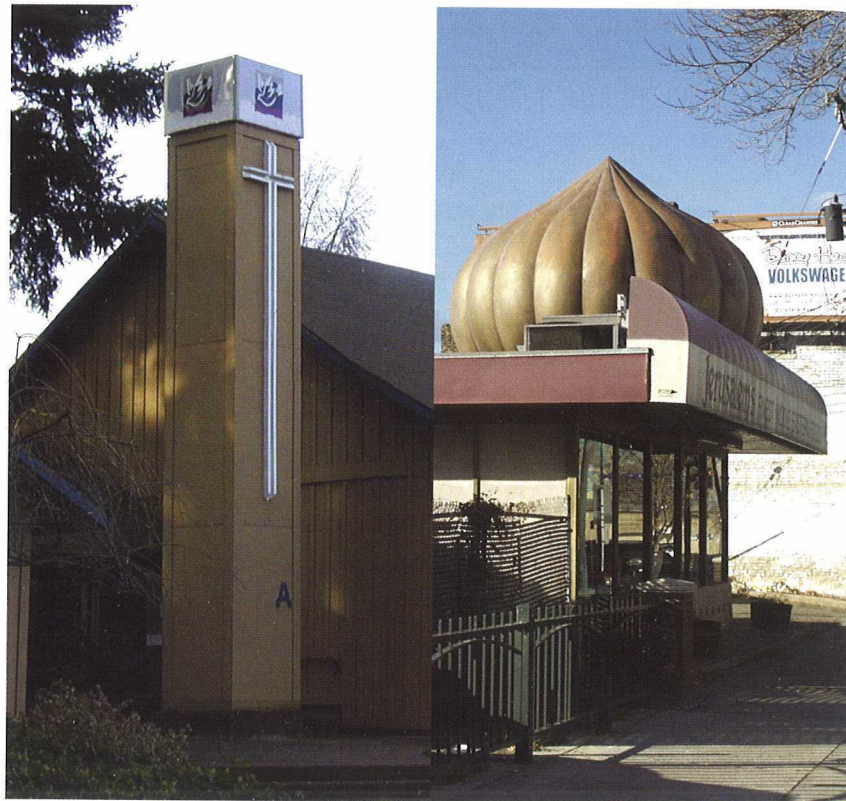
As noted by Belch and Belch, 2004, *brand identity* consists of many different factors, including the brand name, logo, symbols, distinctive packaging, performance of the product or service, and image-based characteristics and other associations the consumer makes. Thus, in addition to identifying the business, signs reinforce brand identity, which in turn allows for the opportunity to build brand equity. In the case of retail store or service business locations, signage systems are critical to branding the site.

Site branding occurs when the presentation of the business, known as "trade dress," is distinctive and memorable. Trade dress includes all characteristic, nonfunctional features of the signage and building, both outside and inside, which are intended to iden-



**Figure 4.3**

Buildings associated with various religious or ethnic groups often utilize signage that consists of a form of signature building in conjunction with distinct imagery to reinforce the appropriate presentation of the related groups' identities.



tify one business and differentiate it from any other, and which are intended to promote sales. Trade dress is protected under the Lanham Act,<sup>17</sup> whether or not it is registered, if a competitor's use of the trade dress would confuse the customer.

When people discuss the classification of signs, they frequently neglect the phenomenon of the storefront, or trade dress, itself. The use of standardized storefront, color schemes, or building and site design is expanding beyond fast food restaurants and gasoline service stations to include banks, "big box" retailers, and more. This form of trade dress is an important type of street advertising communication, which is not limited to chains and franchises. Even the independent small business can utilize distinctive trade dress that improves the success of the business.

On-premise signage is a critical part of trade dress. It helps to shape a business's image and is often the most characteristic feature of the business in the mind of its customers. As anyone who has visited Las Vegas can attest, signage, both interior and exterior, functions as critical trade dress. Pushed to the extreme signage

can be used to turn an ordinary empty box-shaped building into any environment desired to satisfy the tastes of customers the business wishes to attract.

Branding is critical if the business is intended to cater to the destination shopper. Such a business must be seen and remembered for later recall when the need arises. Typically, unaided recall fades after 48 hours. The ability of the sign to be seen repeatedly to reinforce memory of the business is crucial. Memory is extended and reinforced and the business branded when it ties all of its various advertising messages together by utilizing the same message, color scheme, and graphic design in every contact with potential customers.

### Enhancing Store Image

As stated in a best selling retailing textbook (Berman and Evans 1992, pps. 463-464), retailing experts have clearly regarded the sign as a component of store image:

*"A retailer should not underestimate the importance of the storefront as a major component of the store's image. A...sign displays the store's name.... To be effective, the marquee should stand out and attract attention. Image is influenced because a marquee can be gaudy and flashy or subdued and subtle. Probably the most widely known marquee is the McDonald's golden arch, which some communities consider too overpowering."*

In fact, the McDonald's storefront is designed to accommodate a number of complex psychological factors. The reason McDonald's has worked to create a prominent storefront is so that it will appeal to the impulse buyer it seeks to serve. In many cases, the parents make the decision to eat at a restaurant, and allow the children to decide where the family will eat. McDonald's has responded to this phenomenon by designing its storefront to appeal to children. It is well-known that children are attracted to brighter colors such as the red and yellow utilized in the McDonald's signage – a color scheme that is anything but subdued. The restaurant's imagery, like its menu, is designed to respond to the demands of its customers, and it expresses an appearance that children like and remember.



The need for a retailer to create an image associated with its store is a widely accepted principle of marketing. As Berman and Evans (1992) state, “To be successful, a retailer must create and maintain a distinctive, clear, and consistent image.” Several authors have explicitly noted that the sign contributes to a store's image (e.g., James, Durand and Dreves 1976; Marks 1976; Pessemier 1980; Golden, Albaum and Zimmer 1987). In fact, well-designed store signs should be used to enhance, or at least be consistent with, the store's image.

Usually, the signage and storefront presentation can tell the consumer instantly whether the business is formal or casual in its atmosphere, reliable or erratic in its service, and seasoned or inexperienced in its management. If a sign is poorly maintained or cheaply built, it will project a poor image of the business. On the other hand, expensive signage, such as the kind utilized by The Limited and Nordstrom, helps build a positive image for a business. Signature buildings and consistent signage from one store in the chain to the next help to develop a coherent image for the overall brand. Image can also be built through a comprehensive face lift of an existing building, performing much the same job as that done by the signature building.

Stores seeking to enhance their image start with the lighting system. The so-called “neon” (cold cathode) lighting systems are high quality, durable and versatile lighting systems, offering many years of consistency. The tubing can be formed into letters and decorative elements, so that the lighting itself is the message, or it can be placed behind other elements, such as metal letters, to create elegant backlit effects. When the sign utilizes an illumination source that is placed behind a translucent plastic face the signs can be designed to look the same day and night. The sign may also be designed to produce a different, perhaps more exciting or exotic, appearance at night than during the day. The message must fit carefully with the theme of the particular business. If built properly, the sign will not only be readable and conspicuous, it will also build the appropriate image for the business and last for many years.

Most businesses want to stand out in a crowd and work to differentiate their storefronts from each other. In frontier towns, the traditional western storefront gave stores an appearance that differed from that of other buildings in town. Today's storefronts utilize

**Figure 4.4**

The first time you see the characteristic signage of this funeral home, on the “first read,” you know exactly what the business is. First read clarity is essential for businesses that are frequented only on occasion, and which rely upon the customer to recall them without assistance

unique architectural features, trademark colors, display windows, and signature buildings. The sign itself may be a sculptural element that functions as landscaping. It may be designed to match a local theme. Or its structure may be designed to match the building.

Businesses that rely on developing top-of-mind awareness in order to be recalled when needed, as opposed to more impulse-oriented businesses, must be particularly conscious of image. Banks and churches, for example, often use high quality sophisticated signage. One type of business that is very dependent upon its signage to create top-of-mind awareness in passing motorists is the funeral parlor business. These businesses have virtually no impulse customers and must rely on building a strong, positive image in the memory of future customers so their business is recalled at the time their services are needed. They need a sign that builds the image of a caring, locally owned facility; the more distinguished and memorable their sign is, the better the results.

Signs, like any form of speech, must be tailored to the intended audience. Before criticizing a sign, look at whom it is intended to reach. If it is working to attract the customers served by the business, and if it is creating the appropriate image for the business, then it is communicating its message effectively.

### Multi-Purpose Signs

On-premise signs do not fulfill these four basic functions in isolation from one another. To the contrary, a single sign will typically fulfill a combination of functions. It is for this reason that the sub-



ject of sign function is difficult. A sign can simultaneously guide people to the site, brand the site, reinforce advertising campaign themes, and, through the use of a changeable copy sign, influence specific purchasing decisions.

Every small business needs to understand the multifaceted value of its sign and storefront. Signage is more than a simple marker indicating the location of a business; it is the means by which a business begins a conversation that can lead to a transaction with members of the public. It begins the process of branding or indexing the business into the community's shopping need construct.

When a business does not sufficiently recognize that its signage is speech, it tends to underutilize what is a significant asset. That asset – the sign – is almost always the least expensive, most effective form of advertising available. In many cases, due to lack of an advertising budget or insufficiency of other advertising to reach customers, it is the *only* form available.

Whether the sign is providing motorists with directions to a business, showing them what the business will look like when they see it, acting as a point of interest in and of itself, reinforcing other advertising, or persuading specific purchases, it is without a doubt doing so more efficiently and at a lower cost than any other advertising or marketing medium available to the small business.

#### Endnotes:

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3. Kevin Lane Keller, "The Brand Report Card," *Harvard Business Review* 78 (January/February, 2000): 3-10; George E. Belch and Michael A. Belch, *Advertising and Promotion: An Integrated Marketing Communications Perspective*, 6th Edition (Boston: Irwin- McGraw Hill, 2004); and Adrienne W. Fawcett, "Integrated Marketing - Marketers Convinced: Its Time Has Arrived," *Advertising Age*, November 6, 1993, 14.
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  7. A. Mitchell and T.W. Forbes, "Design of Sign Letter Sizes," *Transactions of the American Society of Civil Engineers*, Paper No. 2177, Vol. 108, (1943) 233-246.
  8. This ability to synthesize information into more readily recognizable information units is addressed by marketing and advertising experts, cognitive and industrial psychologists, and transportation engineers. All conclude that as a known symbol, logo, or trademark becomes familiar, it can convey a complex set of information in milliseconds. A need for the product or service associated with the symbol, logo, or trademark increases its conspicuity.
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# The Value of Signs to Businesses and Consumers

A substantial body of research provides convincing evidence of the value added to a site through effective signage. Therefore, access to appropriate signage is extremely important for the success of retail and service businesses. In this Chapter, we explore the value of signs to major constituencies – businesses and consumers.

## The Value of Signs to a Business

Theoretical discussions of the value added to a site through effective signage are a starting point, but hard research is far more convincing, and a plethora of supporting research is available. One major, multipart study, "Research on Signage Performance," conducted between 1995 and 1997 by the University of San Diego looked at the effects of on-premise signage on the financial performance of retail sites.<sup>1</sup> The conclusion of the study was that "on-premise signage has a statistically significant and financially sub-



stantive impact on the revenues of a site" (CESA/ISA 1997, 20).

Part 1 of the study was a multiple regression analysis of a group of variables, including signage, on sales at 162 Southern California locations of a major fast-food chain. Signage variables included the total number of signs on a site, the cumulative square footage of all signs, the height of signs, and the presence of specific types of signs, including monument signs, directional signs, pole signs, building (e.g., wall or fascia) signs, and drive-thru menu boards. Other variables included the value of owner-occupied housing within 1.5 miles, median rents within 0.5 miles, building size, hours of operation, and other local geographic characteristics. Each variable was tested at every location to predict the effect on (1) annual sales dollar revenues; (2) the annual number of transactions at a site; and (3) the average dollar amount spent per transaction. The results indicate that the number of signs at a particular site has a significant positive impact on both the annual sales revenue and the number of annual customer transactions. For example:

- ♦ The model predicted that, on average, installing one additional sign at a site would result in an increase in annual sales of 4.75 percent at that site. For a typical store with annual sales revenue of \$500,000, this would mean an extra \$23,750 in revenue.
- ♦ One additional sign installed at a site is projected to increase the annual number of transactions by 3.93 percent. For a store with a yearly average of 100,000 transactions, this translates into more than 3,900 additional transactions.
- ♦ The impact on the average dollar amount spent per transaction as the result of additional signs ranged from \$0.06 per transaction where one additional 36-square-foot wall sign was added up to \$0.78 per transaction where one additional 144-square-foot pole sign was added.

The second part of the study combined a multiple regression analysis and a time series analysis of seven years of weekly sales data for Pier 1 Imports home furnishing stores to measure the effects of modifications, additions, or removal of on-premise signage on sales performance over time. For the multiple regression analysis, data from 100 stores was used; for the time series analysis, data from 50 stores was used. The researchers attempted to



**Figure 5.1**  
At least one study has demonstrated that repair of existing signage can increase sales by an average of approximately 5%.

find sites that were not subject to other major events that could affect sales performance, such as building remodeling, shopping center remodeling, severe weather, or road construction.

The results were grouped according to the effects on sales performance of: (1) a change to building signage; (2) a change in pole or plaza identity signs; or (3) the addition of new directional signage. The result bore out a strong correlation between new signage and increased sales.

- ♦ Changes to building signage (e.g., the addition or replacement of wall signs) resulted in an increase in weekly sales per store of approximately 5 percent. The building signage change variables included the replacement of aging signage, the addition of new signage to previously unsigned building faces, and the replacement of existing signage with larger signage. The increases to weekly sales at the 21 sites that experienced changes to building signage ranged from 0.3 percent to 23.7 percent. The store that experienced a less than 1 percent increase was noted to have atypically high sales for the chain, and, therefore, a large increase was not expected as a result of the signage change. The store that experienced the 23.7 percent increase was noted to have atypically low sales, resulting in a large percentage



**Figure 5.2**

Small directional signs showing motorists how to enter a business's parking lot can be expected to increase sales by 4% to 12%.



increase, although the increase in terms of dollars was comparable to other sites. Of the 21 sites that experienced a change to building signage, increases in weekly sales were generally in the 1 percent to 5 percent range.

- ♦ The addition of pole signs and plaza identity signs (e.g., a multi-tenant sign with Pier 1 Imports identified as a tenant) resulted in a 4 percent to 12 percent increase in weekly sales at the nine sites on which those two types of signs were added. Researchers attribute the increase to the advertising impact on passing traffic.
- ♦ The addition of small directional signs indicating ingress and egress routes resulted in weekly sales increases ranging from 4 percent to 12 percent. Researchers attribute the increase in these cases to the “signs’ ability to guide a site-bound shopper more than any specific advertising effect” (CESA 1997, 35).

The Pier 1 Imports signage study concludes that “on-premise signage is a significant constituent of the factors causing the success of a retail endeavor” (CESA 1997, 36). It noted that the “advertising effect” of additional building, pole, or multi-tenant signs can be credited with a 5 to 10 percent increase in a site’s revenues. The ability of directional signs to guide customers to a site can be credited with approximately a 10 percent addition to site revenues. The noted increases in revenues as a result of signage can have a dramatic effect on profitability at a specific site given that normal

profits in the retail industry are approximately 1 to 2 percent.

In summary, research on the impact of additions or changes to signage at fast food and home furnishing stores indicate that increases in the total amount of signage or the number of signs on a site can have a significant positive impact on the annual revenues at a site. The studies did not measure the impact on annual revenues of relatively small additions to the total amount of signage on a site.

A number of studies have been conducted to examine the effects of new or improved signage on individual businesses. These have repeatedly demonstrated that a large percentage of new customers are frequently attributable to the on-premise sign, and that the businesses’ who improved their signage saw dramatic increases in profits. One of these studies involved a business called Aztec Motors.

In late 1996, a Los Angeles site that was to become Aztec Motors was purchased and renovated. Prior to its purchase, three previous auto sales companies had failed over the years in the same location. In the first few months, the new owner invested much time, energy and money into improving the business’s image, and on saturation advertising – mostly print and radio ads, costing more than \$16,000 per month. Once building and lot renovations were complete, the new owner replaced the existing on-premise signs with two new ones – one wall and one pole, double faced – for a total cost of \$7,400. In-store customer surveys following placement of the new signs disclosed that the signs generated a minimum of ten new walk-in customers per week, resulting in at least six additional sales per week. According to the owner, the signs paid for themselves in less than a month, and even better, the signs enabled him to reduce his monthly advertising budget to \$4,000 per month – a savings of \$12,000/month, or \$144,000 per year. This savings allowed the owner to purchase three more locations, each with on-premise signage that reinforced other media efforts.

Another study involved a small restaurant in southern California called Frenchy’s Bistro, which specialized in authentic French cuisine. Frenchy’s fronts a busy local business street, with only a sidewalk between the building facade and street curb. The location had a small, tri-colored canopy, barely projecting from the building. Only the front of the canopy contained the name, so it



was scarcely visible and was not legible. The lack of optimally visible signage to the street essentially meant that only local residents familiar with local businesses patronized the restaurant. Yearly gross income had stabilized at \$279,000.

Frenchy's owner installed a V-shaped, internally illuminated sign with colorful graphics. The total cost of the old sign removal, prep work, the two single face signs with designer art and the installation was reported at \$10,045. The attractive new sign was both visible and legible to passing motorists. During the 12 months following installation, the restaurant realized an increase of 16% in sales, resulting in annual gross revenues of \$323,640. In the second year following installation, revenues increased another 32%, for an annual gross income of \$427,204.

The increased business allowed Frenchy's to expand into the location next door, which was vacated when that business, which also had an unreadable wall sign, failed. Frenchy's then added a larger V-sign and refinished its store front. Gross income exceeded \$600,000 in the year immediately following the signage enhancement and business expansion.

Signtronix has collected a large number of testimonial letters from business owners who initially did not believe a new sign would help them, but decided to trust the salesperson and replace an ineffective sign with a new, better-designed sign. One of these letters,<sup>2</sup> dated April 15, 2004, said:

*Today I am placing an order for another sign from your company. This will be the second time I have done so. I have been in business for over 18 years in a very small community. About 13 years ago a salesman from your company stopped in to show me a sample of your displays. He convinced me that my bar/restaurant would benefit ... He even went so far as to assure me that people would come in and say they never knew that my business was here. I seriously doubted that since this is a small community and everybody pretty much knows everybody. ...The very first weekend the new sign was up, SIX new customers did in fact tell me they never knew the business was here. ...I am now going to order another of your displays for my brand new 7-acre Banquet and Conference Center, located on the edge of town.*



**Figure 5.1**  
Frenchy's Bistro, before (left) and after (right) signage replacement nearly doubled its gross income.

Table 5.1 illustrates the average value (percent increase in sales revenue) attributable to various signage improvements as determined in scientific studies of large numbers of locations. Each improvement was the result of a business decision that the improvement was worthwhile.

Some business owners believe their customers already know where they are; others are satisfied that their business is sufficiently profitable and fail to consider its true potential. Additional signage, however, communicates more efficiently with the motoring public and can easily result in a 7% increase in sales volume. Every business has fixed overhead costs (such as lease payments, equipment rental, and insurance) and variable costs (such as employee salaries, products and packaging, utilities, and supplies). Once a business generates enough revenue to cover its fixed overhead costs (called the "break-even volume"), subsequent dollars generate more "net" profit. A business that passes that break-even volume can quickly become very profitable with relatively small increases in sales, as each additional dollar earned

**Table 5.1**

Signage Change	Fast Food <sup>3</sup>	Pier 1 Imports <sup>4</sup>
Add one monu- ment sign	9.3% Increase in sales revenue	
Add large pole sign (144 sq. ft.)	15.6% Increase in sales revenue	8.6% Increase in sales revenue
Add chain identity to plaza identity		7.7% Increase in sales revenue



is primarily profit. It is for this reason that the ability of the sign to attract one-time customers is essential for business profitability.

The following is a simplified example of the way a sporting goods chain would be affected by an 8% increase in sales due to the addition of a needed sign:

Sporting Goods Chain	
\$1,000,000 to \$3,000,000 sales	
37 Firms in this group	
Average total sales for each firm in this group is... \$1,829,871.00	
Cost of goods sold is.....	63%
Gross margin after variable costs .....	37%
Operating expenses (including other expenses of 1.5%)...	36.0%
Income taxes .....	35%
After tax profits for the year are .....	\$21,409.00

An 8% increase in sales caused by the addition of a needed sign would cause the following change in profits:

\$1,829,871.00	
x .08	
\$ 146,389.68	New sales
x .37	Gross margin after variable costs
\$ 54,164.18	Profits from new sales before income taxes
x .65	35% taxes
\$ 35,206.72	New profit
+ 21,409.00	Original profit
\$ 56,615.72	Total profit

The profit picture would move from \$21,409 to \$56,615.72 with the addition of the needed sign.

Table 5.2 shows how this principle would work for a number of other businesses, by assuming each business experiences a 7% increase in business volume as a result of a new or better sign.

Even for large well-known chains, the visibility generated by the on-premise sign can greatly affect profitability. The San Antonio, Texas Best Buy store offers a pertinent example. The store’s grand opening was held on August 18, 1995. It was to have two double-



**Figure 5.1**  
By using aggressive signage, Best Buy has managed to lower its all-over marketing communication costs. Given that advertising budgets can typically require 3-5% of a company’s budget, using effective signage to generate low cost exposures can result in cost savings that increase the profit to the business.

Table 5.2s

Type of Business All 1-3 Million Volume	Total 12 mo. After-tax Profits, Firms with sales of 1-3 Million	Total 12 mo. After-tax Profits, Same firms with 7% added sales from New sign
Shoes	\$ 9,780	\$ 43,033
Books	\$ 13,357	\$ 43,409
Stationery & Office Supplies	\$ 22,756	\$ 53,098
Hardware	\$ 28,877	\$ 57,755
Groceries and Meats	\$ 15,568	\$ 36,978
Restaurants (not fast foods)	\$ 34,579	\$ 79,533
Restaurants (fast foods)	\$ 49,629	\$102,933

faced pylon signs visible to an interstate highway, and the signs were, by contract, to have been installed by June 1, 1995. But the two signs were not erected per the contract; one became fully operational the day before the grand opening, and the other September 4, 1995.

An appraiser was hired to determine the compensation owed to Best Buy for the lost exposures due to the delay in completing the contracted work. The appraiser determined that the delay cost Best Buy 34.4 million exposures over the three month period.



Replacement of those exposures via newspaper would have cost \$424,767. The appraiser determined that a mix of alternative media could have helped to recapture some of those lost exposures for a more cost-effective \$213,000.

Next, a survey of Best Buy customers was conducted, which found that 25% said they first became aware of the store because of the signs. An additional 32% said the signs were “useful in locating the store.” The store averaged \$308,687 per month in sales its first year, meaning that \$77,172 a month (25%), or \$224,000 in sales, was directly attributable to the signs.

Finally, the appraiser looked for comparable real estate to help determine the value of the visibility component of the Best Buy site. The store paid monthly rent of \$34,626, or \$1,154.20 per day (approximately 75 cents per square foot). Comparable buildings that did not require retail signage in the area rented for 40 cents per square foot, for a daily rent of \$620.27. This meant that the value of the signage was an extra \$533.94 per day, and the rent directly attributable to the signs (25%) would be \$133.49 per day. In the final analysis, total damages from the lost exposures were calculated at \$227,536. The cost in lost exposure was greater than Best Buy’s total rent for the same period.<sup>5</sup>

Even an attractive, expensive sign, however, will not build business if it cannot be detected and read in sufficient time to safely exit traffic and make a stop. It must be the **right** sign to enhance business profitability. A car wash signage problem highlights these issues.

The Belmont Auto Spa in southern California was located on a busy, arterial street, and possesses sufficient access and parking. Its previous on-premise sign was expensive and well placed, close to the right-of-way and perpendicular to traffic. Yet the business, while operating at a profit, was not generating the revenues its new owner expected, based on local trade area demographics, optimum location and quality service. The monument sign, while visible and attractive, lacked “conspicuity.” In other words, it did not stand out from its background and was not easily readable by a motorist from a distance (conspicuity is more thoroughly defined in Chapter 8). As a result, the unfamiliar or infrequent passer-by could neither detect it nor read its message in time to safely enter the business.

The sign’s failure to attract non-local trade meant missed opportunities for a sale; revenues remained stagnant.

The owner purchased a new pole sign of the same size with a more visually conspicuous design for \$15,000. To enhance conspicuity, the colors were contrasting and vibrant. Large print and a strong first-read pictorial graphic enhance readability. The addition of a pole cover contributed to the sign’s “aesthetic” feel and provided space for address numbers. A variable message board was added to call attention to specials. Following the installation of the new sign, the car wash experienced a 125% increase in detailing business and a 15% increase in overall business, which translated into an additional \$135,000 in gross revenues in the first year – nearly nine times the cost of the sign.

In another example of the negative results of the wrong signage for a business, Claus and Claus<sup>6</sup> tell of a dress shop that offered a wide variety of fairly inexpensive, stylish clothing and catered primarily to teenagers and young women. The store installed a new sign, conveying an image of expense and elegance. Because the sign did not match the products available for sale inside the store, sales slumped. Those who had been attracted to the store by its elegant sign did not find the mature, expensive clothing they were looking for, and the store’s previous customers quit coming in, believing the store no longer carried the more economical and youthful product line they wanted to purchase.

In a final example of the impact of signage on a business, a motel in Gainesville, Florida opened for business in 1983. The site and surrounding areas were at the time of construction cleared of trees and vegetation, as is typical with new construction. The motel’s 40-foot tall pole sign was clearly visible. Over the next decade, however, the fast-growing pine trees indigenous to the southeast grew up and gradually began to obscure the sign, resulting in a corresponding gradual reduction in motel occupancy. In 1994, the motel received a variance from the County to increase the height of the sign to 65 feet. The results were immediate and dramatic. For the ensuing twelve-month period, occupancy increased 15.2%. The increase in business was solely due to the sign; no changes had occurred along nearby roads or highways, no new businesses had relocated to the area, no other renovations or special incentives were in effect, and the management team



remained consistent.<sup>7</sup>

These are but a few examples of how signage generates value for a business. This value-added process occurs because signage attracts – i.e. is attractive to – consumers. The attraction is more than a simple matter of catching their eye or being visually pleasing; in fact, in many ways, business signage benefits consumers.

Consumer Benefits of Signage

Consumers in modern America are typically busy people who feel considerable time pressure. They are often forced by circumstances into making quick decisions as to where to conveniently purchase the goods and services they need. Marketing communications help the consumer by differentiating one company and its products from other companies and their products. This is done by providing information about the existence of a product or service and its attributes, by providing directions for obtaining a product or service, and by creating an image or impression of the product in the mind of the consumer.

The information function serves to make a consumer aware of something he was not aware of before. The image-creating function serves to instill a preference for one product, service, or place over another. The directional function can either direct the consumer who is already convinced to buy a particular product to the outlet where that product can be purchased or it can attract a customer on impulse by showing him or her a convenient opportunity to purchase the product.

Consumers’ Preference for Signage

The business owner should consider site visibility and presentation to be vital. The reason is clear: consumers will shop at businesses that they can see and that readily express what is available at the site. For this reason, consumers like signage and find it helpful in their search for products and services they wish to buy.

A number of surveys have been conducted related to consumer preferences for signage, most notably in terms of the importance of signage to economy motels. A classic study by Morgan (1965)

involved interviews with 2000 motel guests throughout the country.<sup>8</sup> It found that 42% of respondents considered highway signs, and 41% considered on-premise signs, to be important information sources that helped them determine where to stay. By comparison, only 3% indicated Yellow Pages advertisements influenced their decision, 2% were influenced by newspaper advertising, and 1% were influenced by radio. The results, shown in Table 5.3, indicate that the information sources used by consumers varied according to income level and trip purpose. Lower-income guests tended to be more flexible and spontaneous in their choices and to “shop the street,” while higher-income guests tended to do more pre-planning of their trips.

Morgan’s research also found that the greater the size, height, visibility, and appearance of a motel’s signs, the higher its average sales per room and sales per dollar of market value. These sales figures also showed an increase proportional to the amount of expenditures for signs, especially for highway signs. Motels that spent amounts at the high end for more signs in one year showed unusually high sales per room. Table 5.4 shows these results.

In 1988, market researchers at the University of San Diego (Brown 1988) conducted another survey about automobile dealership signage. The City of San Diego had just enacted new restrictions on the size and placement of dealership signage. The purpose of the study was to ascertain citizens’ opinions about the signage. Survey questions pertinent to signage were embedded in a broader market survey of 350 customers visiting the service departments of eight San Diego automobile dealerships. The results indicated that 18% of the customers became aware of the service department when they saw the sign. More than 68% of respondents believed that signage was important in helping them locate the dealership.

A 2000 study of Vermont visitors looked at the effects of advertising on tourists’ choices to visit the state.<sup>9</sup> This study found that advertising had a strong effect on people’s decision to visit Vermont, but the activities they pursued, and the destinations and lodging choices they made were often based on other factors, primarily word of mouth and printed materials. Survey respondents were provided a list and asked to rank the top three important sources of information they used to learn about activities that they



pursued while they were in Vermont. Table 5.5 shows these results. Signage was an important source of information for 14% of the out-of-town tourists, influencing specific decisions about where to stay and which activities to pursue on impulse as people drove by the signs.

A 2004 Travel Poll from the Travel Industry Association of America found that 64% of leisure travelers – 83.1 million U.S. adults – plan at least one trip a year at the last minute. Of those, 26% planned all of their trips at the last minute, and 45% stay in a hotel, motel, or bed and breakfast. Entertainment reasons, such as sightseeing or attending a sporting event, account for 23% of leisure trips. Most of the last-minute trips (69%) are less than 500 miles from home, and 78% of leisure travelers are driving.<sup>10</sup> These

Table 5.3: Advertising Media and Other Sources Used by Guest in Choosing a Motel: By Guest Income and Trip Purpose, United States, Summer 1960

Percentage of Guests Reporting Use of One or More of the Following Advertising Media or Other Informational Sources in Choosing a Motel									
Gross Income (\$/yr)	No. of Guests	Off-Premise Signs	On-Premise Signs	Radio	Yellow Pages	News-paper	Stayed there before	Word of Mouth	Guidebook
Not reported	258	40	39	>1	2	2	36	37	15
<3,000	51	35	59	2	2	4	45	35	10
3,000-5,999	402	42	49	2	4	3	45	44	24
6,000-9,999	662	43	41	1	3	1	47	48	25
10,000-14,999	356	42	38	2	4	1	48	46	33
>15,000	226	44	31	1	3	1	54	50	35
All Guests	1,995	42	41	1	3	2	46	45	26
Purpose of Trips									
Not reported	52	12	15	0	0	0	12	13	12
Pleasure	1,151	44	43	1	2	2	43	41	30
Business	497	41	36	1	7	1	60	59	17
Business & Pleasure	216	46	44	1	4	2	44	43	26
Other	75	35	44	0	4	1	27	35	19
All Guests	1,991	42	41	1	3	2	46	45	25

Table 5.4: Expenditures on Advertising Signs and Financial Results of Motel Operation, Sample Motels, United States, 1960

Advertising Sign Expenditures in 1959 (dollars)	Number of Motels	Average Sales per Motel (dollars)	Average Market Value per Motel (dollars)	Sales per Room (dollars)	Sales per Dollar of Market Value (dollars)
Highway Signs:*					
Less than 100	144	15,902	94,409	1,032	.164
100-199	44	23,863	138,977	1,175	.176
200-299	37	24,729	135,000	1,362	.185
300-399	18	23,889	111,666	1,328	.221
400-499	8	28,750	150,000	1,670	.194
500-599	14	25,714	144,285	1,070	.170
600-699	8	18,750	127,500	1,318	.158
700-799	8	76,250	462,500	1,846	.186
800 and over	51	92,843	511,274	1,845	.205
On-Location Signs:**					
Less than 100	310	17,419	107,838	1,110	.177
100-199	74	31,081	160,945	1,272	.199
200-299	32	25,000	169,531	1,199	.186
300-399	18	27,222	156,944	1,113	.153
400-499	10	70,000	601,500	1,694	.173
500-599	6	21,666	140,000	967	.161
600-699	4	150,000	606,250	2,247	.242
700-799	4	32,500	175,000	1,573	.185
800 and over	37	52,837	263,513	1,609	.198
All Motels	1,308	\$ 23,249	\$ 136,529	\$ 1,186	\$ .183

\*Includes 976 motels not reporting highway sign expenditures and 813 motels not reporting on-location sign expenditures in 1959. Also includes motels which spent nothing for signs in 1959.  
\*\*Highway signs are those along highway at some distance from motel in contrast with on-location signs which are located in front of the motel.

individuals’ are generally open to suggestion as to where to stay, where to eat, what to do, and what to buy on these trips. For them, the on-premise sign is likely to be an important source of information.

Table 5.6 summarizes nine studies<sup>11</sup> that have been done to determine the effect of highway signs upon people’s choice of a motel. Overall, an average of 45% of the people interviewed said they used highway signs to choose their motel. These people were then able to match the information on the highway signs to the on-premise signs, which acted as a wayfinding device guiding them to their intended location.

Specific study of one Holiday Inn barred from having sufficient



Table 5.5: Information Source Importance

Information Source	Rank Score*	One of the Top 3 Sources
Friend or Relative	.62	36.5%
Newspaper or Magazine Content	.30	24.3%
Brochure	.29	24.6%
Guidebook	.24	19.0%
Advertising	.20	12.4%
Road Signage	.16	14.0%
Vermont Information Center/Kiosk	.08	7.3%
Chamber of Commerce	.05	4.3%
Internet	.04	3.5%
1-800-Vermont	.02	1.6%

\*An information source received three points for being ranked “1,” two points for being ranked “2,” and one point for being ranked “3.” A source’s rank score was calculated by dividing a source’s total points by the number of respondents.

Table 5.6: How Did You Find this Motel/Hotel?

Study	Highway Sign Response
California	43%
Fresno	55%
Memphis State	56%
Randolph House	47%
University of Arizona	42%
University of Washington	29%
University of Wyoming	38%
Valdosta	31%
Wilbur Smith	61%
AVERAGE	45% used highway signs (outdoor advertising)

signage to attract customers found that every day 17-20 individuals with reservations never showed up, as compared to most of the other inns in the chain, which would experience 4 no-shows per day. The business received an average of 5-6 complaints per day from customers who had trouble locating it, and occupancy rates were 21% below other similar properties not subject to the same restrictions.

Table 5.7: How Did You Find this Service Station?

Study	Site	Highway Sign Response
California	Fresno-Cal. 99	29%
California	Fresno-Cal. 99	21%
California	Tulari-Cal. 99	46%
California	Tulare-Cal. 99	67%
California	Fresno-Cal. 99	44%
California	Tulare-Cal. 99	47%
Iowa	Grinnel I-80	33%
Iowa	Grinnel I-80	33%
Louisiana	Shreveport I-20	37%
Nebraska	Seward I-80	42%
Wisconsin	Janesville I-90	34%
Wisconsin	Janesville I-90	50%
Wyoming	Rock Springs I-80	70%
AVERAGE		43%

Table 5.8: How Did You Find this Restaurant?

Study	Highway Sign Response
Dutch Pantry	51%
Morrison Cafeteria	28%
U. of Wyoming	76%
Wilbur Smith	56%
Average	53%

A second Holiday Inn with poor signage had experienced 48-56 no-shows per day. Once a new rooftop sign was installed, no-shows dropped to an average of 10-12 per day, occupancy rates increased by 23.8%, and the average 10 customer complaints received per day about the lack of signage fell to virtually none.

Concrete data has been developed to indicate the extent to which American travelers rely upon highway-oriented signage to choose a specific type of highway service. Service stations are an obvious case in point. In 1970, approximately 350,000 service stations were in operation in the United States, but only 8% of these were adjacent to highways, and many of these were not visible from the



**Figure 5.1**

Travelers rely on highway-oriented signage to help them locate the services they need. For these businesses, signage that is visible and readable to motorists traveling along the highway is essential.



highway. A 1970 study<sup>12</sup> surveyed 7,618 service station patrons about how they found the service station at which they were interviewed. The results are shown in Table 5.7. On an unaided recall basis, an average of 43% said that they made their decision on the basis of a highway sign (the individual station results ranged from 21% to 70%).

The same study also reported results of surveys of restaurant patrons, and the results are shown in Table 5.8. According to the survey, 53% of the patrons surveyed had used highway signs to find the restaurant at which they were interviewed (individual restaurant results ranged from 28% to 76%).

Following this study, the researchers in 1974<sup>13</sup> studied the effectiveness of changeable photographic displays in conjunction with Toffenetti's, a restaurant in Chicago. After a control period, during which purchases were recorded, the restaurant began to use the photographic displays. The recorded sales data revealed that 96.3% more portions of special feature items were sold when the photographic sign advertised them than when that item appeared only on the menu. In addition, interviews with the customers showed that 78.1% of them had seen the sign, and 19% felt that it had influenced their decision to eat at Toffenetti's.

The Chicago study also compared the exposures generated by the

signage of businesses located in a typical community and compared it to the exposures claimed by other media. The town studied had a population of 25,000, and an extended trading zone of 40,000, for a total of 65,000 people. Approximately 85% of these people shopped in the downtown area at least once per month (the average resident shopped there 10 times per month) and in driving to the area were exposed to the on-premise signage in front of each retail business. The signs could be said, then, to have a reach of 85% and a frequency of 10 repetitions.<sup>14</sup> The local newspaper, however, had just a 65% reach. To match the sign's frequency, a local retailer would have had to purchase 10 advertisements each month in the newspaper. Radio stations rarely exceed 5% exposure to a trade area for an average minute of listening, and while direct mail could dramatically increase the reach, the costs associated with one mailing could easily exceed the cost of a new sign.

In another study by 3M Company, the effectiveness of a changeable copy sign at a Ramada Inn restaurant was compared to a local newspaper ad through a survey. Ten times more respondents remembered seeing the changeable copy sign than recalled seeing the newspaper ad. In this study, the changeable copy display was changed each day to show that day's lunch special and its price. Sales of the higher profit item advertised on the changeable copy sign increased by 83.1% over when it was only listed on the menu. Of those responding, 13.1% said that they were influenced to eat at the Ramada Inn as a result of seeing the readerboard advertising.<sup>15</sup>

The North American retailer competes in a world where the consumer is the central focus of the retailer's efforts. Today's consumer demands convenience and speed, is highly mobile and often transient, and is greatly influenced by sophisticated media advertising.

Businesses pay a premium for retail sites that provide exposure to consumers. But the money spent by the business to secure its retail location – typically 25% to 50% more than would be paid for an industrial location that lacks street exposure or the zoning ability to erect consumer-oriented signage – is largely wasted unless the signage outside the building is successful at communicating to the passing public the products or services available inside the building. A third to a half of a retail business's monthly lease is directly due to the sign's ability to generate exposures. The on-



premise signage is simply the most available means by which to take advantage of the asset. In a consumer-driven, mobile, media-dominated world, if the business fails to maximize the cost-effective communication potential of its on-premise signage, it is operating at a marked competitive disadvantage.

On the other hand, the communication potential of the on-premise sign is so great that it can allow a small, independently owned business to compete on the street with even the most powerful chain or franchise.

#### Endnotes:

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2. Jim Banazek, Owner, Ambrosia Banquet Center, New Carlisle, IN, letter to Signtronix, April 15, 2004.
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11. Ray T. Anderson, "Public Attitude and Responses Toward Highway Travel Service Outdoor Advertising" (3-M National Research, 1970), quoted in R. James Claus and Karen Claus, *Visual Communication Through Signage, Vol. 2, Sign Evaluation* (Cincinnati, Ohio: Signs of the Times Publishing Co., 1975), 2-14.

12. R. James Claus and Karen Claus, *Visual Communication Through Signage, Vol. 2, Sign Evaluation*, 13.

13. Walter S. Meyers and Raymond T. Anderson, *The Advertising Media Value of the On-Premise Sign* (Illinois: 3M National Advertising Company, 1974).

14. Similar surveys in urban areas with a trading area of 250,000 people reveal that a typical on-premise sign will have a reach of 40% to 50%, but the frequency remains at 10 per month.

15. K.E. Claus and R.J. Claus, *The Sign User's Guide* (Palo Alto, California: The Institute of Signage Research, 1978), 114.





## The Value of Signs to Society

# 6

Clearly, businesses benefit when their on-premise signage communicates effectively with potential customers. But the benefits of effective signage do not accrue solely to the business that utilizes it; the community in which that business is located benefits as well. Among these many benefits are an enhancement of the standard of living, increased public convenience, improved safety, environmental protection, and enrichment of the community's geographic context.

### Standard of Living

Most indexes consistently rate the standard of living in the United States as one of the highest in the world. Indicators of our standard of living include a number of factors that contribute to individuals' ability to participate in society, to make their own choices, and to live comfortably. These indicators can include access to economic resources, quantity of material possessions, employ-



**Figure 6.1**

Signage is one of the most common means by which consumers learn about the products or services a business may offer. Often, they will make a decision about whether to enter the business based solely upon the business's signage.



ment levels, freedom to pursue individual lifestyle choices, and equality of opportunity. Much of our success as a nation in realizing a high overall standard of living is a direct result of our competitive economic environment, which is fueled by the need to satisfy the consumer. Those who do well in the American marketplace understand that consumers are free to choose products and services that best suit their needs, tastes, and budgets. The competition for the consumer keeps them on their toes.

Because signs are one of the primary means by which most retail businesses communicate with those who are making purchasing decisions, they foster healthy competition in the marketplace, to the benefit of consumers. Signage is also one of the most common means by which consumers learn about the products or services a business may offer. Often, consumers will make a decision about whether to enter a business based upon its signage and storefront presentation. Businesses' first opportunity to compete for the attention and interest of the consumer, then, is often via their on-premise signage.

If signage is effective in attracting customers, then ultimately the customers benefit along with the business. Business expenses generally are classified as one of two types of expenses – fixed overhead costs that stay consistent regardless how much is sold (such as rent, electricity, and basic employee costs) and variable costs that fluctuate based on quantity of sales (such as the cost of goods sold). Once a business has achieved a sufficient level of

sales to cover its fixed and variable costs, it becomes profitable and subsequent dollars it earns carry with them a higher profit percentage. A business with a very high level of sales can become even more competitive by reducing its profit percentage per item sold, thereby making its products and services a more attractive option to the consumer and winning an even greater share of the market. This is known as economy of scale. By reducing individual consumer costs, these businesses allow consumers more financial freedom and a greater sense of satisfaction with their standard of living.

Signage helps to ensure that participation in the marketplace is equally available to all Americans. The most inviting and open places in the world, and the most common places chosen for conventions and other meetings by the public, are characterized to a large extent by their signage: Las Vegas, Chicago, Orlando's Disneyworld, and New York City, with its Times Square and theatre district, to name a few. The message of a sign goes beyond simply stating what is for sale or indexing the street; the unspoken but clear message of a business's sign is "please come in," and that message is broadcast equally to every person who sees it.

The on-premise sign offers an opportunity for minority-owned businesses to competitively communicate with potential customers. Women and minorities are starting businesses at historically high rates and the federal government is engaged in broad efforts to encourage and support these businesses. Their ability to erect an effective on-premise sign epitomizes equal access, not only by welcoming all who see it to come in and do business, but also by giving everyone who wants to compete in the marketplace an opportunity to do so.

In many ways, signs also function as a community bulletin board, ensuring members are informed about various goings-on and are made a part of the whole. Businesses frequently post community-related information on the roadway system where people who are interested will see it and be able to respond. One recent example of this was the response of huge numbers of businesses to both the September 11, 2001 attacks and the 2003 war in Iraq. The patriotic messages so widely displayed helped unify the country by stirring and uplifting the spirits of the country's many communities and bonding Americans more tightly to each other.



Although commercial signs generally offer a business transaction, many businesses use their on-premise signs to express personal messages to their communities. Some use their signs to show support for a local sports team; others will post political messages; still others put up funny or insightful quotations. All of these messages are ways the businesses let the public know that they care about their community and have a vested interest in its well-being. Their speech is meaningful in the public arena, and helps the public remember the human beings behind the commercial activity at a time when some are feeling cynical about the corporate world. Even more importantly, they foster the sense that each of us – as a member of the community – is free to express his or her opinion in the public forum.

Properly designed, sized and placed signage helps support our high standard of living through its significant contribution to economic activity and its ability to facilitate equal opportunity in the marketplace for all Americans. Businesses rely heavily on their ability to communicate with potential customers, and signs offer a very efficient – and vital – means of communication. Signage that can be easily seen and read, and that clearly and attractively provides consumers with information they need and want, increases a business's volume, no matter who owns it, making it more profitable. Financially secure businesses in turn benefit all the residents of a community by providing them with well-paying jobs, by contributing to the tax revenues that support local public services, and by supplying them with a wide variety of goods and services in convenient locations and at affordable prices.

### Public Convenience

One of the primary motivators for zoning regulations is the enhancement of “public convenience.” This generally relates to ensuring that the development and use of land results in the proper service, accommodation, comfort and convenience level of the public. Cities work to create an atmosphere in which people can easily engage in the many varied activities of daily life without unreasonable restrictions on private enterprise or initiative.

As discussed in Chapter 3, America is a highly mobile society in which people relocate frequently and travel often. Typically, people turn to major chains in an effort to reduce their decision-making



time in unfamiliar locations. Small businesses can have a difficult time competing for these customers unless their signage is clear and credible. For people who are traveling in an unfamiliar area, the on-premise sign that is easy to see and understand is key to making them feel comfortable.

The freedom to move about with relative convenience and independence in one's own community is also highly valued. Signage is crucial in this regard. When signage is tall enough and large enough to be seen from sufficient distance, it helps people who live in a town to easily and safely locate the business that can meet their needs. In some cases, commercial signage even provides a system of navigational landmarks by which people find their way to other destinations. We have all had the experience of providing or following directions based on landmarks (“turn left just after the red and white ‘Joe’s Diner’ sign,” for example).

Despite our love of the freedom of mobility, we also are a culture in which people are hurried and seeking ways of conducting their business more quickly. Some types of businesses, such as grocery stores or gas stations, are used frequently and are easily remembered. Others, such as travel agencies or veterinarians, are used only on occasion and may be forgotten before they are needed again – or never discovered in the first place. When such local businesses have signage that functions well to keep local residents aware of their existence, people are able to easily recall the busi-

**Figure 6.2**

The highly mobile North American public typically turn to recognizable chains in an effort to reduce their decision-making time when traveling in unfamiliar locations.



**Figure 6.3**

These entrance and exit signs guide motorists safely from the street and onto the business's lot. In addition, the business's larger on-premise sign and signature building (not pictured) alert passing motorists that the business is ahead, giving them adequate time to prepare to safely exit the roadway.



ness that is most conveniently located when the need arises for its products or services. This reduces the amount of time they may otherwise be forced to spend searching for a business to satisfy their needs.

By guiding people safely to their destinations, speaking clearly to them about what local businesses have to offer, and reminding them of the convenient location of providers of the products and services they need, signage greatly enhances public convenience.

### Improved Safety

Public safety is a reason often cited by public officials for the creation of zoning regulations. Often, signs are restricted for safety reasons based on the erroneous belief that they are distracting to drivers. Sound scientific research,<sup>1</sup> however, demonstrates that signage that is too small or too inconspicuous actually works to undermine public safety. Readable and conspicuous signage that clearly marks a destination helps prevent last minute dashes across lanes of traffic to turn into a parking lot and reduces driver frustration that results from people missing a sign that they did not see until it was too late to respond safely. A 1998 study by Richard N. Schwab, a former Federal Highway Administration program manager for research on highway visibility and night driving safety, blamed “inadequate sign size or lighting, or inappropriate

placement, or a combination of these factors,” rather than the sign itself, for traffic safety problems.<sup>2</sup>

Research<sup>3</sup> has demonstrated that if a sign is not relevant to a driver's needs or interests it will generally be ignored. Certainly, the sign will have no distracting affect on the driver's ability to maintain speed, stay within the correct lane or avoid an unsafe maneuver or traffic infraction.<sup>4</sup> In difficult driving conditions, drivers are even more likely to concentrate their attention on the driving task and ignore commercial signage.<sup>5</sup> It is very difficult, if not impossible, under normal circumstances to “overload” the mind's information processing capacities. Due to its sensory gauging capabilities, the brain simply will not allow too much information to “blow its circuits.”

Not only has research demonstrated that signs are not distracting, they have also found that on-premise signs enhance safety. For example, well-designed and strategically placed signs “wake up” drivers, or direct their attention to the surroundings when alertness may be lagging<sup>6</sup> (this same knowledge has prompted highway engineers for years to intentionally design curves and elevation changes into roadway plans rather than to follow a straight line from one city to the next). Additionally, a study conducted by the Federal Highway Administration concluded that on-premise commercial high-rise signs located at high traffic volume intersections enhanced traffic safety, provided they met federal highway signing standards of legibility, readability and conspicuity (or contrast with background).<sup>7</sup>

In 2001, the AAA Foundation for Traffic Safety commissioned the University of North Carolina Highway Safety Research Center to conduct a new study<sup>8</sup> that focused on the approximate 284,000 serious “distracted-driver” car crashes that occurred each year during the years 1995 to 1999. The study results clearly demonstrated that (1) distraction is a problem for drivers of all ages and both sexes, (2) the specific sources of distraction vary considerably, and (3) roadside advertising structures (among other specified objects) were not significant distractions. This finding is in keeping with previous highway research spanning nearly 50 years.

Although highly distracting and irrelevant information on advertising signs can produce a statistically discernable decrease in



**Figure 6.4**

Signage that works to attract sufficient customers to keep a business healthy reduces the business's vulnerability to competition attempting to locate on the edge of town. This helps reduce urban sprawl, protecting undeveloped land on the perimeter of the urban area.



tracking or detection tasks, research on the distraction factor reveals that the decrease is so small that it has no practical impact on driving functions. More specifically, test results have disclosed the following:

1. Drivers look directly at the messages displayed and, usually within milliseconds, are able to collect the information sought or needed, provided the signs are easy to read and understand. This is so even in the presence of competing messages nearby.
2. The more complex the driving situation, the more easily the sign should be seen and read. This is particularly true for freeway interchanges where the driver is often required or needs to make split-second decisions.
3. Proper sign lighting or illumination enhances a sign's readability and, thus, a driver's safe-reaction times. A positive side effect of legible, well-placed and illuminated signs is the decrease in time that the driver is looking away from the road.<sup>9</sup>

Signs that do not communicate effectively because, for example, they are too small or are poorly placed, can create driver frustration or disorientation. Frustration often leads to unsafe driver responses, such as a left turn from a far right lane or an illegal U-turn. Disorientation is likely to cause a driver to vary speed, brake excessively, encroach on adjacent lanes, miss exits, or drive the wrong way on a one-way street. These driver behaviors are a common cause of accidents – accidents that could have been avoided had the pertinent sign been visible and readable in sufficient time for the viewer/driver to process its message and safely respond.

## Environmental Protection

Among some of the top environmental concerns with which many communities are grappling are the loss of open space and unique natural areas due to urban sprawl, deterioration of historic commercial centers, and air and water pollution due to congested streets and industrial applications. On-premise signage is a useful tool for cities in many regards, but perhaps one of their most outstanding features is their ability to be used to safeguard our natural resources in these specific areas.

Business expansion, or sprawl, into new areas on the outskirts of existing urban areas often occurs because the new members of a growing community are unaware of existing businesses that are capable of serving their needs, but which lack sufficient signage to garner their attention. Sprawl can also occur when established businesses with limited signage fail to attract enough customers to generate the profits necessary to keep their storefronts in good repair or to update them to match consumer preferences. These phenomena make established businesses vulnerable to competition from new businesses, even if the community could be adequately served by existing businesses. The new businesses often overcome signage restrictions by taking advantage of the instant credibility associated with being part of a franchise or chain. As a result, existing commercial centers stagnate or decline, while business activity shifts to new areas with better visibility. The older businesses may continue to serve their long-time customers, but the land they are using, which was zoned to serve the community's commercial and retail needs, is being underutilized as the newcomers seek other sources for the goods and services they need. Meanwhile, land that could have remained undeveloped is zoned to accommodate commercial uses that could have been served by existing businesses, had those businesses been allowed to communicate effectively with the public.

Urban sprawl also occurs as a result of the exodus of middle-class families to the suburbs. When businesses have access to sufficient signage to make the most of the retail zones in which they are located, they become more profitable and do a better job of maintaining and renovating their storefronts. These attractive storefronts in turn inspire customers to stop and shop. This urban renewal activity makes the commercial district more lively and



**Figure 6.5**

Theater owners learned early on that marquees create a sense of place and enhance the sense of expectation that one will be entertained. The decorative aspect of signage is often as least as important as the words the sign contains for attracting customers to a business.



enjoyable. Middle class families are far less likely to move away from a city when its downtown commercial district offers reliable employment, exciting entertainment, and quality retail options. Both the retention of middle-class families and the vitality of local businesses are essential to properly fund public services, such as schools and public safety.

Other environmental benefits can also occur as a result of effective signage. People who are new in town or who are just visiting often rely on signage as they drive around looking for places to stop and shop.<sup>10</sup> Even long-time residents may forget precisely where a less-used business is located, particularly if its signage is too small or inconspicuous to serve as a memory-building device for the business. In such cases, backtracking and repeated trips up and down the same street may be necessary before the desired business is spotted. These driving trips may not be lengthy, but that does not mean they are harmless. Automobile emissions are most damaging to air quality during the first few miles of driving,

when the car is still “warming up.” Further, the unnecessary mileage that results from ineffective signage to direct and inform countless drivers across the country each day adds up to a significant amount of wasted fuel and increased air pollution.

Finally, effective on-premise signage enhances a business’s investment in advertising, allowing the business to reduce its other advertising expenditures. Production of most forms of advertising that are affordable for the small business (including direct mail, coupons, newspapers, etc.) consumes natural resources and, in the process, generates pollutants that contribute to environmental degradation. In the case of illuminated signage, however, the amount of energy consumed is miniscule compared to the safety benefits and energy efficiencies created by the increased visibility of the store during non-daylight hours or inclement weather conditions.

### Geographic Context

The community in which a business is located has a stake in the success and appearance of that business. When businesses are successful and attractive, they create jobs, draw more revenue into the town, and generate more taxes for local government. They also benefit local residents by providing goods they want to buy close to home. For that reason, most local governments, which are run by members of the community who want their municipalities to be a pleasant place to live, establish rules governing signage.

Signs in general are both familiar and expected in the North American city. Just as sidewalks, parking lots, streets, and streetlights are essential components of a successful commercial area, so on-premise signs are necessary. Their bright colors, interesting shapes, and attractive lights enliven the commercial area and attract shoppers. They often are a key element contributing to the ambiance and personality of a city.

Unique signs play an especially important role in helping create a sense of geographic context, commonly referred to as a “sense of place.” Many old signs have gained historic designations because they have become integral to the identity of the city. One example of this is the well-known Chicago Theatre sign, which has been featured prominently in many publications advertising the city. In many cases, a community’s identity is shaped by or expressed sig-



nificantly through its signage. Eventually, many of these creations take on the character of public art commonly known as “Americana”, winning a place in the hearts of local residents.

One of the most common complaints levied against recent commercial development is the feeling that every town is beginning to look like every other town, as independent merchants are overrun by chains and franchises. Readable and conspicuous signage is essential if local merchants are to be expected to compete with the well-known brands that utilize national advertising, easily recognizable signature buildings, and corporate identification programs.

Obviously, chains and franchises are successful because they provide consumers with something they want. The consumer can readily identify the store and knows what to expect when he or she enters it. This is not always the case with the independent unfiliated business. Sometimes this is due to poorly-designed signage; other times it is due to harsh local restrictions that limit the signage’s ability to identify the business. No matter what the cause, in a consumer-driven economy all parties, whether attempting to make money or working to safeguard the public, must take into account the desires of the consumer and respond accordingly.

People may enjoy visiting quaint pedestrian-oriented environments, but often cannot indulge themselves in the time necessary to navigate through such places. Through voluntary programs that encourage the incorporation of local themes into sign structures and buildings, and through the use of modern technology to enhance the communication effectiveness and artistry of signage, communities can work toward enhancing local character and still give consumers what they need. This, in turn, will make more efficient use of existing commercially zoned land, will make the commercial district more attractive and lively, and will make the community more inviting to all.

### Community Benefits

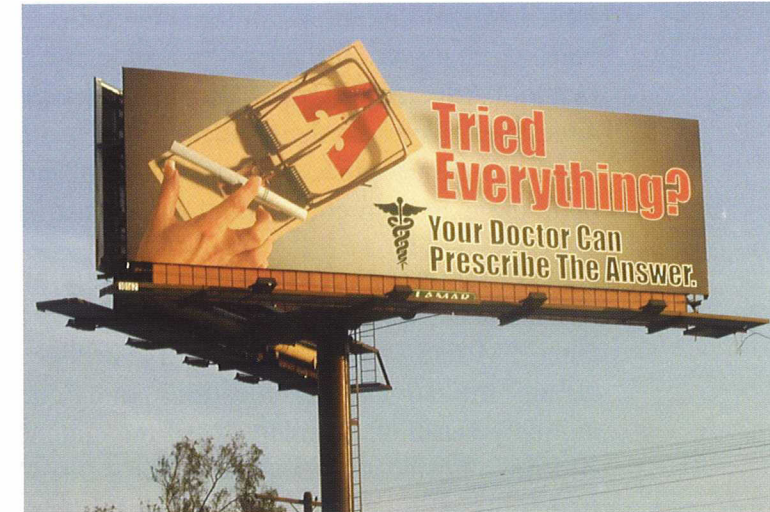
When the benefits and uses of on-premise signs are understood, and when signs are properly designed and not over-regulated, they benefit the entire community. The efficient, inexpensive commercial and personal communication they facilitate between the providers of products and services and the public helps support a

high standard of living, enhance the convenience of the public, improve public safety, fulfill planning goals involving efficient use of land, and contribute to a community’s sense of place.

#### Endnotes:

1. Gary Gittings, *Pennsylvania Tort Claims Study* (Pennsylvania: Pennsylvania Transportation Institute, 1985). This study found that 22% of the lawsuits arising from highway accidents (on both interstate and intrastate systems) alleged signage deficiency as either a contributory or primary cause of the accident. See also JA Cirillo, SK Dietz, and RL Beatty, *Analysis and Modeling Relationships Between Accidents and the Geometric and Traffic Characteristics of the Interstate System* (Washington, DC: GPO, August 1969, reprinted 1976). This study not only found that commercial signs did not adversely affect safety, but also that signing deficiency was the second leading cause of serious accidents on the Interstate Highway System.
2. Richard N. Schwab, *Safety and Human Factors: Design Considerations for On-Premise Commercial Signs* (Ohio: The Signage Foundation for Communication Excellence Inc. and the International Sign Association, 1998).
3. Jerry Wachtel and Ross Netherton, *Safety and Environmental Design Considerations in the Use of Commercial Electronic Variable-Message Signage*, Report No. FHWA/RD-80/051 (Washington, DC, Federal Highway Administration, June 1980); A.W. Johnston and B.L. Cole, “Investigations of Distraction by Irrelevant Information,” *Australian Road Research*, Vol. 6 No. 3, 1976, 3-23; D.M. Mace, P.M. Garvey, and R.F. Heckard, *Relative visibility of increased legend size vs. brighter materials for traffic signs*, Publication No. FHWA-RD-94-035 (Washington, DC: FHWA, 1994).
4. Most drivers can seek and process vast amounts of information, and filter out all but what is needed, in milliseconds. Additionally, drivers’ sampling of signage displays containing information unrelated to the driving task or traffic environment must be sound, or there would be more accidents in the vicinity of advertising signs. See, A.W. Johnston and B.L. Cole, “Investigations of Distraction by Irrelevant Information,” *Australian Road Research* 6, no. 3, 1976, 3-23.
5. See, A.W. Johnson and B.L. Cole, “Investigations of Distraction by Irrelevant Information,” *supra*.
6. E.g., Jack A. Prince, Professor of Ophthalmology, Ohio State University, in a 1958 study commissioned by the OAAA of the visual dynamics of outdoor advertising. Research conducted by both the Harvard Medical School and Iowa State College in the 1950s also suggested that roadside signs may relieve “highway hypnosis.”
7. See, JA Cirillo, SK Dietz, and RL Beatty, *Analysis and Modeling of Relationships Between Accidents and the Geometric and Traffic Characteristics of the Interstate System*, *supra*.
8. Jane C. Stutts, Donald W. Reinfort, Loren Stapline, Eric A. Rodgman, University of North Carolina Highway Safety Research, Chapel Hill, NC, *Distracted Drivers* (Washington, DC: AAA Foundation for Traffic Safety, 2001).
9. Richard N. Schwab, *Safety and Human Factors: Design Considerations for On-Premise Commercial Signs*, *supra*.
10. Interestingly, many tourist areas, which cater specifically to out-of-area guests and pedestrians, often are distinguished for their very large and eye-catching signage.





# Lessons Offered by Outdoor Advertising

# 7

## Historical Perspective

The 1958 Highway Act, subsequently amended in 1965 (commonly called the “Highway Beautification Act”),<sup>1</sup> required all states to enact legislation controlling outdoor advertising, especially billboard structures, within 660 feet of the rights-of way of both interstate and federal-aid primary highways, or risk losing a portion of federal highway funds. The Act set into motion events that ultimately strengthened the understanding of the value of outdoor advertising signs.

At the time it was enacted, 3M (formerly known as Minnesota Mining and Manufacturing) had developed a reflective material – Scotchlite – which it hoped to sell to outdoor advertising companies for use on signs located in rural areas that lacked illumination capabilities. Unable to penetrate the market to its satisfaction, however, 3M decided instead to purchase and consolidate small rural-oriented outdoor advertising companies. 3M’s foray into



informational/directional billboards put its legislative interests at odds with those of the outdoor industry trade association the Outdoor Advertising Association of America (OAAA). The urban advertisers were relatively unconcerned with the loss of outdoor advertising in rural areas, so long as they could continue to dominate the market in commercial and industrial areas.

Compensation for billboards was typically, at that time, being paid based on the structure as a percentage of the overall business. Once 3M had entered the industry, it developed a technique of selling the advertising locations individually, with the price uniquely based on a percentage of the income increase that resulted for the business placing the advertisement. Signs that had once cost \$150 per month to rent were now costing considerably more. The reason was that the businesses that used the signs experienced such dramatic increases in profits that even with the higher rate, the sign was still a worthwhile investment. Because of the “profit-sharing” method it had developed, 3M was able to prevail in obtaining compensation, based on the income appraisal approach, from the federal government for the specific value of each individual sign structure that was taken.

In order to make the most of its income-based rate system, 3M worked hard to ensure its signs would translate into increased sales for their customers. This required conducting highly sophisticated customer surveys to determine whether their signs were influencing stops at the featured businesses and precisely why customers were responding. For example, in Carlsbad, New Mexico, surveys found that 75% of customers were staying at Holiday Inn because of its signage. The motel was not a freeway-oriented business, and the figure was extraordinary. Through interviews of customers, 3M discovered that the motel attracted a high proportion of blue-collar workers. These individuals tended not to make reservations ahead of time and, preferring motels over hotels, tended to make their decision as to where to stay while driving through town. White-collar workers, on the other hand, tended to make reservations ahead of time and drove directly to the hotels where they had already planned to stay. The information listed on the motel’s reader board – including its swimming pool, restaurant, and proximity to Carlsbad Caverns – spoke directly to the needs of the very people who were choosing to stay at Holiday Inn. Similarly, a survey of Washington, DC tourists found them to be more interested in the proximity of a hotel to national monu-

ments and historic sites. Surveys such as these convinced 3M of the importance of profiling customers for the purpose of determining which information to put on their off-premise informational/directional signs (they also are instructive to businesses seeking to make the best use of their on-premise signs).

## Evaluation of On-Premise Signs

The on-premise sign industry, as well as regulators and users of on-premise signs, have not dealt with the on-premise sign in the way that 3M did, basing the price of the sign on the increase in income that resulted from using it. Because of this, the value of on-premise signage is far less understood overall. In the field of appraisal, however, solid methodology exists by which one can determine the value of an on-premise sign. The methodology arose out of the 1989 Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), passed by Congress in response to the failures of the savings and loans in the early 1980s in an effort to regulate the appraisers who had certified the value of the collateral on which defaulted loans had been based. The Act led to the development of the *Uniform Standards of Professional Appraisal Practice (USPAP)*, a professional standard throughout the United States today.<sup>2</sup>

As it does for all forms of real estate, the USPAP requires the use of established, accurate methodology in the appraisal of signs. The appraiser must estimate value utilizing the market, income, and cost-of-replacement valuation approaches. These are described as:

1. **Market Approach.** The market approach to appraisal typically refers to the most probable price at which a property could be sold given a reasonable exposure period in the market. The final determination of value assumes that amount to which a willing seller and a willing buyer of equal knowledge would agree, neither being, nor acting, under duress. In the case of signage, understanding first that the value of signage is that it makes the business visible to the street, one can compare the value of business property itself to that of similar business properties in the market which have poor visibility. In general, people are willing to pay more money per square foot for property with greater street exposure due to the greater income potential associated with street visibility.



2. **Income Approach.** The income approach is a valuation approach based on analyzing the types and durability of income and return rates associated with a property. In the case of signage, one typically measures the increase in business profits attributable to the increased visibility offered by the sign.
3. **Cost-of-Replacement Approach.** In this approach to estimating value, the appraiser analyzes the reproduction costs and/or replacement, minus any accrued depreciation. This approach does not merely include the hard costs of construction, but includes all soft costs such as interest, permits, and fees. In sign appraisal this concept analyzes the estimated cost of replacing the message delivered to viewers via other replacement advertising media, while achieving similar quality exposures.

Exposure to consumers is very valuable, as demonstrated by some of the new and creative outdoor advertising opportunities being made available. For example, of the \$5.2 billion spent on outdoor advertising in 2001, about \$150 million went to sky murals, some of which are even three dimensional and have sound effects.<sup>3</sup> Cities are also increasingly entering into contracts with corporations that include using their names and prestige to raise money. Negotiations are being made to designate a particular soft-drink the “official beverage” of the city, or to put company logos on public facilities. Cities are signing exclusive contracts for the provision of vending machines on city property, public vehicles, or wireless phone service. Portland, Oregon recently negotiated with Nike in which the company resurfaced 92 basketball courts in exchange for placement of its logo on the courts. Corporate sponsors have been known to pay for public jazz concerts, operas, and other city-hosted events, as well as naming rights for stadiums and arenas.<sup>4</sup> JCDecaux, a French company, provides public toilet facilities (at a cost of \$150,000 each) to cities for free in exchange for rights to set up advertising kiosks throughout the city. In San Francisco, the company’s contract allowed for the construction of 4.5 kiosks per toilet and in 2001, made \$4 million.<sup>5</sup> Under similar arrangements, several companies supply bus shelters, etc. to hundreds of cities worldwide. New York City is home to 500 parking meters adorned with advertisements that are so lucrative that the city’s share could reach \$90,000 annually.<sup>6</sup>

The outdoor advertising industry can provide a wealth of reliable information to help a person understand the value of their signage. Major outdoor advertisers publish rate cards that include traffic



**Figure 7.1**

These two businesses rely on their signs to perform different primary functions. The veterinarian operates a business that must be remembered when the need for its services arises. Its sign must perform a read/recall function. The convenience store, on the other hand, needs its sign to appeal to the passing motorist and convince that person to read/react and stop at the business on impulse.

counts, exposure multipliers, and rates per month. By locating outdoor advertising structures of similar size in close proximity to the subject on-premise sign, one can ascertain to a large degree the number of exposures generated for the business by its sign. Additionally, should the sign be lost and an investment in replacement exposures via an outdoor advertising structure is required, one can deduce the cost-of-replacement value. If the business utilizes a signature building, it can be comparable in visibility and exposure effectiveness to a large-format billboard.

The comparison demonstrates the value at its most fundamental level and is limited by extrinsic factors. On-premise signage is frequently located much closer to the street and is, therefore, more visible. Further, on-premise signage that is eight feet or more in height is typically more valuable than most advertising on transit shelters of similar size due to visual blockage of the shelters by



passing traffic. Additionally, outdoor rate cards typically supply rental rates for a one-sided sign, whereas the on-premise free-standing sign is typically two-sided. Finally, because the on-premise sign is located at the business, it tells the passing motorist precisely where to stop, while outdoor advertising typically does not provide on-site business identification.

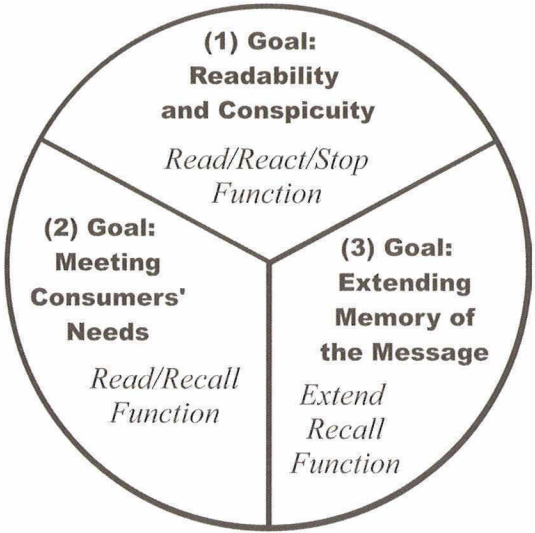
Effective and Efficient Communication

Advertising media (such as outdoor, print, or radio and television) is typically defined as such based on its ability to be measured in four ways: **reach**, **frequency**, **cost per thousand exposures**, and **readership**. The outdoor advertising industry periodically conducts studies to update these measurements for particular displays or for showings in order to determine the number of people who have seen and read the advertisements. This monitoring is the reason outdoor advertising commissions are typically 16%, rather than the 15% usually charged in other advertising placement commissions. The customer wants reassurance that the sign has a good outdoor visibility rating.<sup>7</sup>

On-premise signage performs many of the identical functions of outdoor advertising media. These include “**read/react**,” in which the sign is read and urges the reader to immediately react by purchasing the particular good or service to which the sign refers (in terms of outdoor advertising, this is known as the “informational/directional” sign); and “**read/recall**,” in which the sign is read and remembered later when the need arises for the good or service to which the sign refers. The signs also perform an “**extend recall**” function, in which repeated exposure to the message enhances the unaided recall period. See Figure 7.2.

Outdoor advertising structures are typically placed around the marketplace on major transportation arteries in an attempt to generate high reach and frequency. **Reach** refers to the number of people in the target audience exposed to the message at least once. **Frequency** is defined as the average number of times a member of the target audience is exposed to the message. The **cost per thousand exposures (CPM)** is simply a matter of dividing the total cost of the message by the number of members of the target audience who were reached by the message and then multiplying the resulting number by 1000. The CPM number is useful for

Figure 7.2  
Circle of Communication Effectiveness



comparing various communications vehicles in terms of their cost effectiveness in generating exposures. **Readership** is determined based on unaided recall surveys which attempt to determine how many of those exposed to a particular message actually “read” it. The value of the exposures (or impressions) provided by the subject medium is calculated according to formulas involving “gross exposures” (or impressions), and “cost-per-thousand exposures” (or impressions).

Outdoor advertisers have often demanded verification that their ads have been displayed as promised and that the ads achieved the promised exposure. The Traffic Audit Bureau (TAB), created in 1933 by several outdoor advertisers<sup>8</sup> as an independent auditor of traffic counts, works to improve this verification process. TAB is also working on methodology, based on eye-tracking studies, of determining whether a particular sign is **actually** being observed, rather than just **capable** of being observed.

The outdoor advertising industry has developed highly detailed and sophisticated methods for determining exposures for particular signs. Once known as Space Position Value (SPV), the industry’s billboard visibility rating system is known today as the Outdoor Visibility Rating system (OVRs). It was developed in the late 1980s (and adopted as the industry standard in 1989) by Peter Riordan and the American Association of Advertising Agencies. The system requires that a billboard be visible for five seconds<sup>9</sup> in order to be able to be included in a sign company’s Daily Effective



Circulation (DEC) audit (which verifies the number of 18+-year-olds who view a given sign in a given day).<sup>10</sup> Under the system, a billboard's rating is increased for various positive environmental attributes, including visibility for a period of six seconds or longer.

Studies of on-premise signs show that they, too, have measurable reach, frequency, cost per thousand exposures, and readership. People on the go see them repeatedly over time as they move around the trade area. Chains and franchises located in multiple areas function similarly to outdoor advertising, with increased frequency and readership, and both their cost-effectiveness and their communication-effectiveness are increased.

In terms of cost, on-premise signs are a far more efficient use of advertising dollars than outdoor advertising and other forms of advertising. Table 7.1 compares the exposure value of an investment of \$16,500 in an on-premise sign to a similar investment in a range of advertising media, including television, newspaper, and outdoor advertising.

The exposures generated by the on-premise sign usually cost far less than other media exposures, and are also far more effective for most small businesses. At least 98% of all retail sales are place-based – and the on-premise sign is right there on-site, marking the very location at which the purchase could occur, and only advertising to those who actually move through the trade area. This makes on-premise advertising extremely efficient.

It is worth noting that cost-effectiveness and communication-effectiveness are two different matters. Clearly, not every exposure to a message is of equal value. For example, “exposures” to a newspaper advertisement are counted based on the number of individuals expected to read that newspaper. But as anyone who has read a newspaper can attest, few people actually see many of the advertisements, let alone read them.

Even an on-premise business sign will not be noticed or attractive to every person who passes it. But often even a business that appeals to few of those who pass it will benefit greatly from its signage. For example, a truck stop will generate millions of exposures to automobile drivers, few of whom will ever stop. However, even though its customers – long-haul truckers – are a relatively small percentage of those who see its sign, the business

Table 7.1: Typical Cost Per 1000 Consumer Exposures Comparison

Assumptions	Television	Newspaper	Outdoor Advertising	On-Premise Sign
Trade Area	40,000 households	40,000 households	333,350 cars/day	30,000 cars/day
Consumer Exposures (30 days)	1.25 million	4.75 million	10 million	900,000
Consumer Exposures in Thousands	1,250	4,750	10,000	900
Cost	\$16,500	\$16,500	\$16,500	\$274*
Formula	Media Cost ÷ Consumer Exposures	Media Cost ÷ Consumer Exposures	Media Cost ÷ Consumer Exposures	Media Cost ÷ Consumer Exposures
Calculations Cost per 1000 Exposures	\$16,500 ÷ 1,250 <b>\$13.20</b>	\$16,500 ÷ 4,750 <b>\$3.47</b>	\$16,500 ÷ 10,000 <b>\$1.65</b>	\$274 ÷ 900 <b>\$0.30</b>

\*Although the initial cost of the sign is \$16,500, this cost is adjusted to account for a seven year depreciation period and the addition of 10% for finance charges and maintenance costs. This works out to a cost of \$274 for each 30-day period. Obviously, signs have a useful life far beyond a seven year period.

is making a smart investment in its tall, large freeway-oriented sign.

Cost-effectiveness is the reason trade shows are considered worthwhile for participants, despite the high cost to participate. For example, it is not uncommon for a trade show expecting 20,000 attendees to cost exhibitors \$20,000 or more to exhibit, including the cost of the display, staff, and materials it will distribute. The cost per potential exposure can easily run \$1.00 to \$3.00.<sup>11</sup> But the trade show has a high level of cost-effectiveness, because it allows the business to reach the very individuals who make up the market for its products or services. It is worth noting that the knowledgeable trade show exhibitor invests significantly in signage systems to draw attendees to the exhibit.

Every form of media has a certain waste factor, such as advertising to people who are far outside a business's trade area or who would never have an interest in the business. Direct mail, for example, is widely known to typically generate a mere 2% to 10%



response. Each business should analyze its customer base to determine its communications mix – including signage – that will most efficiently reach potential customers. It should be noted, however, that the U.S. Small Business Administration has recognized that signs can be the most effective, yet least expensive means of generating exposures for small business.<sup>12</sup>

The more differentiated and segmented the business, the less significant its on-premise signage is, because fewer of its potential customers are on the street. For example, a specialty store that serves the needs of a minority of the population within a very large trade area should probably rely relatively more on broad advertising or targeted mailings and less on its on-premise sign, because fewer of its customers are likely to pass by. On the other hand, a neighborhood-oriented convenience store that advertises on a radio station that broadcasts across a large metropolitan area is reaching a broader audience, but most of the listeners are outside the store's trade area. On-premise signage would better serve the store's customers, most of whom are passing it on the street.

Restaurants are a good example of this principle. Generally, restaurants fall into one of four basic categories: informal with drive-through (e.g., McDonald's); informal sit-down, no alcohol (e.g., Denny's); informal sit-down with alcohol (e.g., Red Lobster); and formal sit-down with alcohol (e.g., Ruth's Chris).

Restaurants like McDonald's, which serve relatively undifferentiated food (hamburgers and fries that are similar to those served at many other fast-food chains) rely heavily on their on-premise signage to attract customers. The typical McDonald's grosses \$1.2 - \$1.5 million per year, but its customers spend, on average, less than \$4 per person per stop. Even though approximately 75% of McDonald's business is generated by repeat customers, who typically frequent the restaurant between 3.5 and 4 times per month, more than half of the individuals who visit a McDonald's restaurant are first-time or one-time customers. In other words, approximately 25% of a typical McDonald's business is derived from customers who are not familiar with that particular location, but have stopped because they saw the restaurant's signage. McDonald's must catch that passing customer in order to be profitable.

Informal sit-down restaurants also rely on their on-premise sig-

nage, though not as heavily as fast food restaurants. Often people decide to go out to dinner, but do not have a particular restaurant in mind. They make their decision by driving through an area with a number of restaurants and seeing what strikes their fancy. Patrons of the more formal sit-down restaurants that serve alcohol usually planned their excursion. For these restaurants, the signage is less critical, though they will attract some impulse diners. More exclusive restaurants such as Ruth's Chris, on the other hand, typically do not attract the impulse diner. People usually intend to eat there and know where the restaurant is located. Some restaurants are very exclusive and will not even accept walk-ins. These rely very little on their signage or storefront message. But even in these situations the "wayfinding" service of the on-premise sign is important.

A business's sign and its message must be carefully tailored to the intended audience in order to ensure its effectiveness. The first order of business is to know the customer. The next step is to recognize the various functions of a sign, and then determine which of those functions should be emphasized in order to communicate effectively with the customer. The business will then be able to design on-premise signage that most effectively conveys what is for sale on the premises.

### A Sister Industry with Parallel Issues

Much of our knowledge of the value and function of signage has been broadened and strengthened through study of the outdoor advertising industry. Outdoor advertising is the area of street speech in which the greatest concentration of effort has been expended in researching the presentation of a uniform, measurable, and reliable communication system. This information, combined with the groundbreaking communication techniques advanced by the outdoor advertising industry, serves as an excellent resource for the development of an appreciation of the functions of on-premise signage, which are quite similar, but generally less familiar, to the lay person.

A survey of billboard users published in the *Journal of Advertising Research* in 2003 by Taylor and Franke<sup>13</sup> demonstrates the importance of the medium to the businesses that use them. Results of a large-scale survey found that 75% of the billboard users reported



that they would lose sales if they lost access to billboards. The average estimated sales loss among these businesses was 18%. The findings were even more striking for small businesses: 82.2% indicated that they would lose sales; the average estimated decrease in sales for these businesses was 20.7%. Additionally, billboard users overwhelmingly indicated that they did not see other media as being substitutable for billboards. The study also found that billboards were rated considerably higher than all other media in terms of 1) the ability to communicate information at a price you can afford; 2) ability to attract new customers; and 3) ability to increase sales. Thus it is clear that billboards provide value to companies and that taking them away can harm companies. Similarly, denying businesses access to appropriate on-premise signs is clearly harmful to their ability to be successful, and for the same reasons.

The outdoor advertising industry is very well researched. The individuals working in the marketing and advertising departments of the major media groups (primarily Viacom Outdoor, Clear Channel Outdoor, and Lamar Advertising)<sup>14</sup> are extremely knowledgeable. They compete in a \$5.5 billion marketplace<sup>15</sup> through arms-length transactions. Their research has produced high quality data.

Three areas of outdoor advertising research offer direct instruction: 1) the value of message uniformity; 2) effective design and placement of the message; and 3) public perceptions about signage.

### Uniformity of Message

The outdoor advertising industry emphasizes repetition of an identical image at various locations throughout an area to build and reinforce memory. The business format franchise system has been built on this concept, selling independent businesses nationally recognized standardized signage packages that link to national advertising campaigns. Business format franchises include many well-known brands, such as Midas Muffler, Century 21 Real Estate, and Comfort Inn, to name a few.

The *signature building* is a form of on-premise signage that was initially mastered by the gasoline service stations and fast food restaurants. It takes its cues in large part from the outdoor adver-



**Figure 7.2**

The informational/directional billboard (above left) works to direct the reader to react and adjust consumption decisions within a very short period of time. The billboard below left is part of a showing, and works to create and reinforce memory.

tising industry. Companies have learned to utilize this knowledge to turn each business storefront in the chain into an instantly recognized visual display that looks nearly identical to every other storefront in the chain. The signature building itself becomes the primary sign for the site. When multiple businesses within the same chain or franchise look identical, the buildings function the same way as a series of billboards, with each site helping brand and reinforce memory of the entire chain or franchise.

### Design and Placement of Message

Because humans have limited information processing capacity, part of the attraction of billboards is their ability to cut through clutter. In order to deal with the volume of advertisements seen, people engage in *selective perception*, which involves screening



out advertisements that are less relevant to them.<sup>16</sup> The average consumer is exposed to approximately one million marketing messages every year.<sup>17</sup> To avoid new information that contradicts prior beliefs, consumers control their own information processing and engage in selective perception. The result is consumers choose to process only a limited number of advertisements, and ignore many others.

Foxall and Goldsmith<sup>18</sup> define selective perception in the following way: “Selective perception means that, to some extent at least, people have the ability to see and hear what they want to see and hear, to screen out messages they do not wish to attend to, be influenced by, or even consider.” Selective perception has been conceptualized as a four-part process consisting of selective exposure, attention, comprehension and retention. In an advertising context, *selective exposure* refers to people limiting their exposure to communications to those that conform to their pre-existing ideas and attitudes.<sup>19</sup> *Selective attention* refers to actually paying attention to the ad once exposed to it. *Selective comprehension* involves the process by which the consumer reconciles what is in an ad with pre-existing beliefs. Finally, *selective retention* refers to people remembering messages that are more consistent with prior beliefs and their own self-image. When related to advertising, these four stages generally must occur before the ad reaches the consumer, or, at least, attention and retention must take place.<sup>20</sup>

A few studies have provided some very specific advice for designing effective outdoor advertising that can break through selective perception, and much of the advice is directly applicable to on-premise signage. Two studies, for example, found that a novel or very creative execution could improve recall or attention to billboards.<sup>21</sup> The two most effective methods for reaching potential customers, however, are visibility (the ability of the billboard to make a strong impression) and media planning based advantages (such as frequent exposure to a large percentage of the target audience).

In a content analysis of billboards, Blasko<sup>22</sup> examined whether advertisers were following accepted creative principles associated with outdoor advertising. Blasko listed five main principles of effective outdoor advertising, each of which is also a hallmark of successful on-premise signage. These included:

- 1) Short copy (8 or fewer words in headline copy)
- 2) Simple background
- 3) Product identification (billboard clearly identifies product or advertiser)
- 4) Simple message (a single message should be communicated)
- 5) Creative (use of clever phrases and/or illustrations)

A group of studies<sup>23</sup> found recall of outdoor advertising to be positively related to a variety of factors, including brand differentiation, emphasis on product performance in the ad, inclusion of price in the ad, use of a photograph in the ad, use of humor, use of color, and a good location for the billboard. In the 1993 study, the authors emphasized that recall can be enhanced by using fewer words and unusual executions. Sign users themselves, however, have not expressed as great a concern for creativity because of the limited space available and the greater stress on location and reinforcement of memory for the name of the business.

Outdoor advertising companies have long noted that motorists must be able to read a billboard for it to be effective. It is believed that billboards with poor contrast or too many words will not be effective because they are difficult for consumers to fully process in the brief time they are exposed to the message. It has frequently been observed, however, that small businesses are more likely to try and include more words on a billboard (e.g., Blasko 1985).

The outdoor advertising research has established as fact that reducing the size of a sign reduces its effectiveness – and its value. Larger billboards command higher lease prices, because they are more readable and visible. Since signature buildings behave similarly to billboards in terms of reinforcing memory of a brand through repetitive exposures to what amounts to a large sign, it is clear that tightly restricting the size of the typical ground-mounted or building-mounted business sign discriminates against the small, independent business and favors the chain or franchise using the signature building.

Concerning placement, the Outdoor Advertising Institute, the Outdoor Advertising Association of America, the Traffic Audit Bureau, and numerous private researchers<sup>24</sup> study origin-destination information on particular streets and can provide detailed data on the demographics and travel patterns on those streets, as well

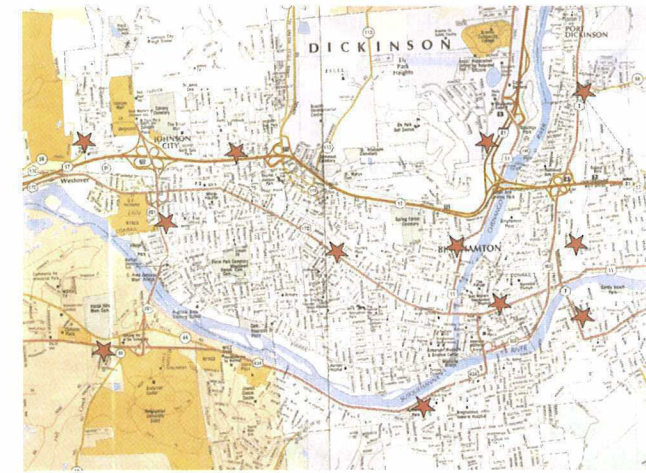


as the length of time drivers have – and need – to read a message. These experts understand where signs should be placed to allow drivers adequate time to make appropriate decisions or form a brand-building impression. They understand that in blue-collar areas, for example, effective outdoor advertising stresses information people need to make a stop, such as “HBO in every room” and “kids eat free.” On the other hand, in business communities effective billboards provide, for example, information pertaining to the distance to critical activities. This research has led to the development of sophisticated measurement techniques to calculate the benefits of a given street speech system or message.

About half of outdoor advertising occurs in “showings.” A “showing” is the simultaneous display of duplicate advertisements posted on advertising structures located strategically (see Figure 7.3) within a Standard Metropolitan Statistical Area (SMSA) (a term used by major media advertisers to describe a trade area). Placement of the structures is based upon carefully researched marketing data. When a message is part of a showing, it will be seen repeatedly by a large percentage of the population. The concept of a showing is important because an advertiser can compute the proportion of the target market exposed to the message at least once (reach) as well as the average number of times an individual in the target market will view the message (frequency). These structures are almost entirely located in busy urban areas, and are usually leased on a monthly basis for pure media advertising.

Showings are measured according to the percentage of the population that is exposed to the advertising message. The unit of measurement is called Gross Rating Points, or GRPs. A #50 showing, for example, means that the coverage offered by the showing within the SMSA has enabled 50% of its market population in a single day to be exposed to the advertising message. Depending on the location of the signs, varying numbers may be required to attain the desired GRPs. Advertisers’ costs for various levels of showings will vary depending upon purchasing power of different populations, as well as availability and size of outdoor advertising in the area.

Poster showings generally appear throughout an SMSA and achieve market coverage of close to 90%. The larger painted bulletins are placed adjacent to heavily traveled, urban arterial



**Figure 7.3**

A “showing.” The stars on this map depict outdoor advertising locations within a defined geographic district that represent a “showing.”

streets, and along primary and secondary highways; bulletins can achieve 75%–80% coverage of the market. New cellphone-sized gadgets are being tested in the greater Chicago area to help verify the outdoor advertising companies’ exposure data. The units, Nielsen Personal Outdoor Devices (Npod), use a satellite-based global position system to track the wearers’ locations, which are then matched to a map of outdoor advertising structures. Use of the devices is also providing valuable detailed demographic information of viewers.

Outdoor boards may also be leased individually. Usually these single boards are located on a highway and are leased by independent local businesses. Advertisement on single boards typically consists of an informational/directional (or non-media) message posted to help the traveling public find the local business. These locations are often leased for several months or even years. Local businesses are not major media participants; the advertising structures they use function for the local businesses much like on-premise high-rise signs, even though they are somewhat distant from those businesses’ locations.

In order to assure their clients that their message will reach a particular number of people, outdoor advertising companies conduct thorough research on traffic volume and demographics in front of their advertising structures.<sup>25</sup> The type of street on which the signs are located is very important in assuring large numbers of exposures. Outdoor advertising companies seek out new locations where large percentages of the population typically pass on a regular basis. Because such a large percentage of people passes the



location, the readership of the message located there is very high and, therefore, the location is very valuable. For example, in Hillsborough County, Florida, about 5% of all trips taken pass through a single interchange on the highway, a place known by locals as “Malfunction Junction” where Interstate 75 and Interstate 4 intersect.<sup>26</sup> The substantial number of people who pass through that area would make it a prime location for an outdoor advertising structure, which would command a very high lease price.

Street patterns in an urban area will normally develop into two kinds of streets – collectors and feeders. Even though only 10% to 20% of the streets in a given city will usually serve as collectors, often a significant portion of the local population can be counted on to utilize them because the smaller streets all feed into them. By locating outdoor advertising structures on collector streets, and by focusing the large painted bulletins on the collectors with the heaviest flows of traffic, outdoor advertisers ensure their clients’ messages achieve the desired reach and frequency.

Though businesses are usually located along collector streets, they are not always assured a high number of motorists will pass each day, and they do not always enjoy the level of visibility that outdoor advertising companies insist upon when selecting sites for their signs. Businesses often must deal with visibility impairments. It is for this reason that many communities allow businesses to utilize off-premise directional signage; these signs help compensate for poor visibility. It is also the reason that businesses located in shopping centers have both a storefront sign and a listing on a large directory sign.

Table 7.2: Response and Opinion to Highway Advertising

Study	For	Against
Arthur D. Little	73%	27%
National Interstate Survey	78%	22%
Oregon Referendum	65%	35%
Sindlinger	80%	16%
Starch	79%	12%
Virginia Dept. of Highways	70%	30%
Western Oil and Gas	81%	17%
AVERAGE	75%	25%

Public Perception

In the regulatory debate surrounding signage, critics of the industry often suggest that the public generally dislikes signs. However, a number of studies have been conducted related to how people actually feel about signage, particularly outdoor advertising. The results have clearly demonstrated that public perception of these signs is very different from what many regulators believe it to be.

The majority of the American public seems to feel that outdoor advertising signs furnish them with essential information and ideas when they are on a trip. Table 7.2 is a composite of seven different studies<sup>27</sup> that were made to determine public attitudes toward highway advertising.

Recently, a meta-analysis<sup>28</sup> of more than thirty years of studies of public opinion attitudes toward outdoor advertising was conducted by Professor Charles R. Taylor of Villanova University.<sup>29</sup> Opponents of outdoor advertising have often argued that billboards are unattractive and provide nothing of value to the public. Thus, the study addressed specific issues, such as whether public support existed for a ban on billboards, whether consumers believe billboards provide value, and public opinion on the aesthetics of billboards. The results, shown in Table 7.3, demonstrate that the public uses advertising signage and supports it. It also stands to reason that the general direction of the results applies to the on-premise sign industry. This would seem logical as on-premise signs function in the environment in the same way that outdoor advertising does, calling the attention of the passing consumer to

Table 7.3: Public Attitudes Toward Signage – A Meta-Analysis

Question	Yes	No
Should billboards be banned?	21.3%	78.7%
Are billboards useful to travelers?	85.1%	14.9%
Does billboard advertising create jobs?	80.1%	19.9%
Do billboards help attract customers?	82.2%	17.8%
Are billboards interesting?	58.3%	41.7%
Are billboards informative?	83.7%	16.3%
Are billboards annoying?	27.8%	72.2%
Do the benefits of billboards outweigh the costs?	70.4%	29.6%
Should billboards be allowed in areas zoned commercial or industrial?	76.9%	23.1%



products and services that are available to meet his or her needs. Thus, as with outdoor advertising, it is very likely that the public believes the benefits of on-premise signage outweigh the costs.

#### Endnotes:

1. Pub. L. No. 89-285, Title I, § 101, 79 Stat. 1028 (1965) (codified as amended at 23 U.S.C., § 131). The 1965 Amendment, written by Sen. Orrin Hatch, added the requirement of just compensation.
2. For a more thorough examination of the process of establishing the value of signage, see, R. James Claus, PhD, Susan Claus, and Thomas A. Claus, *The Value of Signs* (Sherwood, Oregon: The Signage Foundation for Communication Excellence, Inc., 2002).
3. N.J. Wall, "Sky-Borne Signs Are on the Rise As Most Ad Budgets Take a Dive," *Wall Street Journal*, August 27, 2002, sec. B.
4. Larry Copeland, "Cities in need selling themselves," *USA Today*, June 10, 2003, sec. A.
5. Allyce Bess, "When Public Toilets Are a Public Nuisance," *Wall Street Journal*, July 19, 2002, sec. B.
6. "Is nowhere safe? Advertising comes to Upper Manhattan's parking meters," *The Economist*, September 28, 2002, 29.
7. Once known as Space Position Value (SPV), the industry's billboard visibility rating system is known today as the Outdoor Visibility Rating System (OVRs).
8. The Traffic Audit Bureau was created by the American Association of Advertising Agencies, The Association of National Advertisers, and the Outdoor Advertising Association of America and is made up of sign owners and advertising company representatives.
9. This was just one of four criteria that had to be met before a sign could be audited. The other three were: a maximum of two advertisements on the same structure facing in the same direction; face location within 150 feet of oncoming traffic; and faces angled toward the roadway rather than parallel to it.
10. This system is no longer used for the purpose of auditing due to lack of participation and its limited application to the full range of outdoor advertising types.
11. The Trade Show Bureau claims that the average total cost of closing a sale in the field is \$1,080, while the cost of closing a sale to a qualified trade show prospect is \$419. Quoted in Gaebler Ventures, "For Entrepreneurs, Exhibiting at Trade Shows," <http://www.gaebler.com/Exhibiting-At-Tradeshows.htm>, accessed June 6, 2005.
12. *Bulletin No. 101*, U.S. Small Business Administration, quoted by U.S. Small Business Administration, <http://www.sba.gov/startup/signage/why.html>.
13. Charles R. Taylor and George R. Franke, "Business Perceptions of Billboards in the U.S. Economy," *Journal of Advertising Research*, June 2003, 150-161.
14. Figures obtained from Outdoor Advertising Association of America, 2004.
15. In 2003, advertisers spent \$5.5 billion on outdoor advertising. Figure obtained from Outdoor Advertising Association of America, 2004.
16. Richard L. Celsi and Jerry C. Olson, "The Role of Involvement in

Attention and Comprehension Processes," *Journal of Consumer Research*, 15, September 1988, 210-224; and John C. Mowen and Michael Minor, *Consumer Behavior* (5th ed) (Upper Saddle River, NJ: Prentice Hall, Inc., 1998).

17. Seth Godin, *Permission Marketing: Turning Strangers Into Friends And Friends Into Customers* (New York: Simon and Schuster, 1999).

18. Gordon R. Foxall and Ronald E. Goldsmith, *Consumer Psychology for Marketing* (New York: Routledge, 1994).

19. Michael Burgoon, Frank Hunsaker, and Edwin Dawson, *Human Communication* (London: Sage Publications, 1994), 111-121.

20. Henry Assael, *Consumer Behavior and Marketing Action* (Boston: Kent Publishing Company, 1981), 106-110.

21. Wendell C. Hewett, "The Significance of Human Curiosity in an Outdoor Advertising Experiment," *Journal of Business*, 48 (1), 1975, 108-110; and Robert L. Fitts and Wendell C. Hewett, "Utilizing the Before After with Control Group Experimental Design to Evaluate an Outdoor Advertising Campaign," *Journal of Advertising*, 6 (1), 1977, 26-39.

22. Vincent J. Blasko, "A Content Analysis of the Creative Characteristics of Outdoor Advertising: National vs. Regional Differences," *Proceedings of the 1985 Conference of the American Academy of Advertising*, Nancy Stephens, ed., Tempe, AZ, 1985, 17-21.

23. Naveen Donthu Joseph Cherian and Mukesh Bhargava, "Factors Influencing Recall of Outdoor Advertising," *Journal of Advertising Research*, 33 (3), 1993, 64-72; and Mukesh Bhargava, Naveen Donthu and Rosanne Caron, "Improving the Effectiveness of Outdoor Advertising," *Journal of Advertising Research*, 34, March/April 1994, 46-55.

24. Much of this research is treated as trade information and is not shared, but those without access to the data should never presume that an outdoor advertising structure is placed without an enormous volume of data to support its expected income-producing potential.

25. The outdoor advertising industry has done an outstanding job of conducting the research essential to protecting the speech rights of sign users. For more information, contact the Outdoor Advertising Association of America, at its Washington, DC Headquarters, 1850 M Street, N.W., Suite 1040, Washington, D.C. 20036, Phone: (202) 833-5566 | Fax: (202) 833-1522, or check out the group's web site at <http://www.oaaa.org>.

26. Jeffrey Ball, "For Many Low-Income Workers, High Gasoline Prices Take a Toll," *Wall Street Journal*, July 12, 2004, sec. A.

27. Ray T. Anderson, Director of Research, *Public Attitude and Responses Toward Highway Travel Service Outdoor Advertising* (3-M National Research, 1970).

28. A meta-analysis is a statistical method designed to gather and correlate the results of several different independent studies that address a related set of research issues.

29. Material included 36 public opinion polls obtained from the archives of the Outdoor Advertising Association of America (OAAA); Prof. Taylor verified the quality of the methodology of the studies. Charles R. Taylor and George R. Franke, "An Assessment of the Highway Beautification Act's Consistency with American Public Opinion," *Proceedings of the 2004 Marketing and Public Policy Conference*, Debra Scammon, Marlys Mason, and Robert Mayer, eds, 2004, 83-85.



# Part III

## Using Signs Effectively







## The Message – Can You Read It?

# 8

Signage shares similar characteristics with advertisements found in magazines, newspapers, Internet advertisements, or direct mail; it often uses a logo and slogan, and it is designed to be eye-catching, to be easily read, and to establish a memory for the product, service, or business. The sign designer must also take into account that the sign will be located in an outdoor environment, competing with a vast array of other information and subject to the limitations of visual acuity. Complicating the task is the fact that the reader is moving and the sign must be seen and read within a limited period of time. This means that rather than relying on the reader to move the advertising medium into his or her fixed visual field so it may be read at leisure, as occurs with newspapers and magazines, the advertising medium (or sign) must be carefully placed, concisely written and cleverly designed and located so it is readable by the passing driver or pedestrian.

This chapter will deal with the design of the sign structure – its



size, height, placement, and illumination – and how to fashion the message it conveys to ensure it is seen, read and remembered.

## Visual Conspicuity

Before delving into a discussion of size, height, placement, and illumination, we first must understand sign conspicuity. A conspicuous sign, by definition, stands out from its visual surroundings and has a high probability of being noticed.

One way to think of conspicuity, as opposed to visibility, legibility or readability, is that the term relates to a sign in its surroundings. A sign in isolation may meet all the criteria for visibility (or detectability at some distance), legibility (letters and/or graphics can be easily differentiated), and readability (the legend in totality conveys a meaningful or understandable message to the viewer). However, when that sign is placed in the urban environment, where it competes visually with other signs, utility poles, traffic control devices, bus shelters, and right-of-way landscaping, it can become essentially invisible.

A sign that is conspicuous must noticeably contrast with its background. That contrast may be attributed to an exogenous (unplanned) or endogenous (planned) mindset, with the display having features that attract attention to the sign. In highway literature, this is described as “search conspicuity” and “attention conspicuity.”<sup>1</sup>

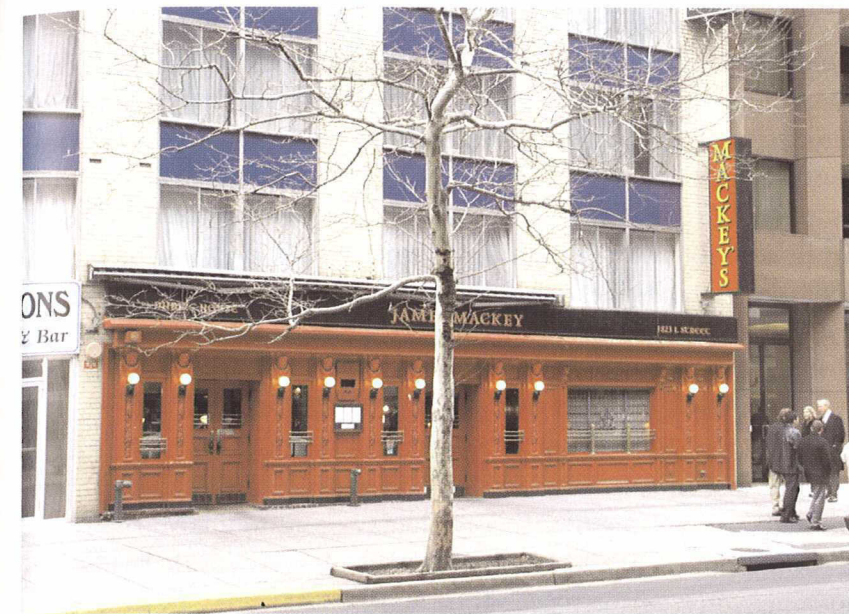
*Search conspicuity* is defined as a measure of a sign’s detectability when the driver is looking for it or the information it contains. This would be the case if a driver were looking for a particular destination, such as a place to eat. *Attention conspicuity* is the sign’s ability to attract attention when it is not expected by the driver, such as construction or warning signs.

Laboratory studies of sign detection have found that if signs are similar, those which are being sought (which have search conspicuity) are three times more likely to be seen than those which are unexpected (attention conspicuity).<sup>2</sup>

The principal factors that affect conspicuity are the sign’s placement within the visual field, its brightness, the complexity of the

**Figure 8.1**

A conspicuous sign is one that stands out from its visual surroundings. Such a sign is likely to be noticed.



visual environment, the status of peripheral vision (visual field), whether the sign contains borders, the fonts used, the recognizability of forms and shapes, flashing lights or moving elements, and the uniqueness of the sign’s features.

## Size

Normal visual acuity for people with 20/20 vision has traditionally been thought to be 1" of letter height to 50' of distance. That may work fine in a doctor’s office, where lighting and color are controlled and the viewer has the luxury of focusing his or her full attention on the eye chart. But that standard has been found by many experts to be insufficient for outdoor signage. One reason is that drivers are not required to have 20/20 eyesight. Most states allow drivers with 20/40 vision to drive without corrective lenses. Thus, experts are now recommending designing signs to accommodate the visual needs of drivers with 20/40 eyesight, which is 1" of letter height to 25' of distance.

The wording on one sign will obviously be different from that on another, and it is in large part the length of a message that determines the overall size of sign needed. The typical driver can comprehend one familiar word or symbol in about 1/3 of a second.

For example, if a business is located on a street with a speed limit



of 30 mph, and its sign contains six words, most people will need about two seconds to read it. Highway literature typically reports that once a sign has been read, drivers need between 4.2 and 7.0 seconds in which to react to the sign and make a decision, and an additional 4.0 to 4.5 seconds to safely maneuver the vehicle through traffic and stop. During the 10.2 seconds the driver will have taken to read the sign, react to it and stop, the vehicle will have traveled 449 feet (44 feet per second).

Written as a formula, this would be:

- V = Velocity (30 mph equals 44 fps)
- N = Number of words/symbols
- DT = Decision Time (4.2 seconds)
- MT = Maneuver Time (4 seconds)

$V [(N \times 0.33) + DT + MT] = \text{Reading Distance}$   
 $44 \text{ fps} [(6 \text{ words} \times 0.33 \text{ sec./word}) + 4.2 \text{ sec.} + 4 \text{ sec.}] = 448.8 \text{ feet}$

If the business’s sign must be readable from 449 feet, and letter height must be 1" to 25', then letters on the sign must be 18" in height (449/25). Assuming each of the six words is 7 letters in length, and allowing for 18" x 18" for each letter and the space around it, the copy area of the sign would total 95 square feet. Borders and margins typically add another 40% to the size of the sign, for a total of 133 square feet.

This formula is utilized with freestanding or building-mounted signage that is oriented perpendicular to the roadway. Size needs increase with obliquity, and signs that are mounted parallel to the roadway actually need to be 70% larger in order to function.

Height

Because signs are typically seen through a windshield, the height of the windshield determines the vertical angle at which a driver can see a sign. Normally this angle is 5 to 7 degrees. The greater the distance at which a sign is to be read, and the further it is set back from the road, the taller it can be.

Federal highway standards, as published in the *Manual on Uniform Traffic Control Devices (MUTCD)*, require a freestand-

ing sign, placed in the right-of-way and readable from only one direction, to be 5 feet in height from sign base to the bottom edge of the sign face in rural (or non-complex) driving situations, and 7 feet in business and commercial (or complex) driving situations. This “complex” standard recognizes that parked cars, curbside traffic and landscaping may block sign copy or legends if the face height is less than 7 feet from the ground. Obviously, on-premise signs cannot be located in the right-of-way; therefore, in order to achieve equivalent visibility as public signs, they must compensate for their setback through greater height.

Today, even the federal height standard may be inadequate, given the influx of 4-wheel drive pickups and sports utility vehicles on our roads. Many of these vehicles are 7 feet or more in height and prevent visibility of signs located beyond them. Businesses located on streets with heavy truck traffic also suffer from blockage problems, particularly when the streets have two or more lanes of traffic in each direction. Even on two lane roads, however, these large vehicles can be problematic because they frequently mask the sign from view of the drivers approaching a business from the opposite lane. Obscuring wayfinding information creates a traffic hazard, yet many municipalities exacerbate the problem by mandating monument signs with legend heights of less than 5 feet.

Although length and content of a sign’s message control the overall sign dimensions, Table 8.1 sets out generally accepted heights for a double-faced sign. These guidelines are based upon the

Table 8.1: Standard Sign Size & Height Guidelines for On-Premise Signs

Speed Limit	Number of Traffic Lanes	Sign Height (to top of sign face)
25 mph	2	12 feet
25 mph	4	12 feet
35 mph	2	20 feet
35 mph	4	20 feet
45 mph	2	35 feet
45 mph	4	35 feet
55 mph	2	50 feet
55 mph	4	50 feet
Urban Freeway	N/A	75 feet



assumption that the sign’s copy meets the mean Legibility Index (LI) distance for letter sizes, and the sign is mounted perpendicular to the vehicular path within 5-10 feet of the nearest edge of the public right-of-way. Note that although the table lists heights measured to the top of the sign face, the height from the base to the bottom of the face should always measure a minimum of 7 feet.

Placement

Before opening a business at a particular location, an attempt should be made to determine whether approaching motorists can see the business in time to respond. The next step in establishing communication with prospective customers is to determine whether the site can be made sufficiently visible to attract them.

In order to do this, the business owner needs to understand what customers will see on their approach. The topography and layout of the site, as well as any governmental restrictions in the local sign code, may affect sign placement. Once a sign’s location has been determined, it is relatively simple to establish whether it will communicate with passing motorists in time for them to react and stop.

A number of sources provide data on driver reaction times and stopping distances at various speeds. Two possible sources for this information are the Department of Motor Vehicles’ driver manual (see Table 8.2), which notes stopping distance in response to traffic emergencies and traffic signs/signals, and The Signage Sourcebook (Table 8.3), which takes into consideration time needed to read and respond to on-premise signage.

For purposes of illustration, assume the speed of traffic in front of the prospective business site is 30 mph, and the street has one lane in each direction. One can walk down the street from the site and stand at the legibility distance listed on the table (following the recommendations of Garvey, et al in Table 16, the distance would be a minimum of 225 feet), and look at the site. If the storefront is not visible, can it be made visible through the proper placement of a sign on the property? Is the view blocked by trees or other obstructions? Finally, is it possible under the local sign code to secure a permit for a sign that would be readable from that distance? These crucial topographical and governmental factors

Table 8.2: Stopping Ability of Standard Passenger Cars  
On Dry, Clean, Level Asphalt Pavement

Miles per Hour	Feet per Second	Perception Reaction Distance (feet)	Braking Distance (feet)	Stopping Distance (feet)	Stopping Distance on Ice (feet)
20	29	44	20	64	110
30	44	66	46	112	216
40	59	88	82	170	354
50	73	109	128	237	526
55	81	120	155	275	625
60	88	131	184	315	731
65	95	143	216	359	847
70	103	154	251	405	970
80	117	176	328	504	1,247

Oregon Driver Manual, Form #735-0037 (11-00), STK #300011, 2004, p. 33.

Table 8.3: Minimum Required Legibility Distances (MRLD) in Varying Situations

Speed (MPH)	MRLD @ 4 seconds (in feet) per MUTCD 4	MRLD @ 5.5 seconds (in feet) per Garvey, et al 5	MRLD with Maneuver (in feet) per McGee & Mace 6	MRLD without Maneuver (in feet) per McGee & Mace
25-30	175	225	410	155
35-40	235	325	550	185
45-50	290	405	680	220
55-60	350	485	720	265
>65	385	525	720	280

should weigh heavily in a decision as to whether or not to establish a business at any particular location.

The size of the sign and length of the message also greatly impact the legibility distance, so the above exercise should not be considered as anything other than a preliminary visibility check. Legibility distances must always be tested to ensure adequate reading and reaction time for the specific sign.

Illumination

Lighting is a critical feature of signage, heavily impacting its appearance and effectiveness. It ensures the sign is visible and



readable 24 hours a day, in all weather conditions. This is important for safe wayfinding because proper illumination enhances a sign's readability, which decreases the time that the driver is looking away from the road.<sup>7</sup> It is also important for advertising, or branding, purposes. Many people drive on urban streets throughout the night, visiting theaters, restaurants and bars. Even if the business is closed, they will see the sign and remember its location for later recall when they need it.

Sign lighting methods may be divided into three general types:

**External illumination**, such as floodlighting, where the light source is not integrated into the body of the sign, is commonly used to illuminate billboards and certain types of architectural signs. The lighting effect is achieved by the intensity and uniformity of light directed from this external source onto the surface of the sign.

**Internal illumination**, where the source projects lighting from the interior of the sign through a translucent "face" or "faces," is commonly used in conjunction with various types of rigid plastics or plastic fabrics. In this application, interaction between the color of the light source and the color of the translucent material is critical to the sign's illuminated appearance.

**Exposed illumination** refers to any light source that itself forms the message or lettering of the sign. Exposed "neon" tubing is the most common example of this type; however, incandescent and fluorescent light sources may also be used in exposed applications.

When a business selects its color scheme, it should consider lighting options simultaneously, because the available options can impact the ability to present the business's chosen image. Some owners want their storefronts to have a consistent appearance 24 hours a day. This is best achieved with internal or external illumination. Exposed illumination, such as cold cathode (or so-called "neon") tubing, may offer many benefits (longevity, creative design, or exceptional brightness, for example), but will not project an identical image both day and night.

In addition to around-the-clock consistency, some businesses

desire signage colors that precisely match their print and other media advertising. Precise color rendering relies on the spectral composition of the illumination source, which is measured according to the Color Rendering Index (CRI). Some forms of lighting contain a full spectrum of light, while others are deficient in certain colors. If accurate portrayal of the business's colors is important, a lamp with a high CRI rating should be selected.<sup>8</sup>

A business can create a soft, personable appearance through the use of lighting that is "warm" (at the red/yellow end of the spectrum). Warm colors work well for illuminating carved or sand-blasted signs, signs with gold or earth tones, floodlighted signs, or signs in areas with traditional or historical themes. If a more clinical or professional appearance is preferred, a cooler (or blue/white) lighting color should be utilized.<sup>9</sup>

A properly lighted sign not only projects the suitable image for the business, but is also bright enough that it is neither overshadowed by other lighting sources in its immediate vicinity, nor is so bright as to cause annoyance. Table 8.4 shows appropriate lighting levels for various applications.

## The Right Signage for the Business

A well-designed sign tells people what they will find on the inside of the building. A potential customer with an unmet need should begin to feel comfortable with the ability of the business to meet that need before he or she ever enters the building; once inside, that feeling of comfort should be further enhanced. The prospective retailer should expend the necessary time and effort to ensure that the business's sign will not only be seen and read, but also that its message will tell people what they want to know, and persuade them to stop, enter the store, and purchase the goods or services offered inside. Put simply, the sign should reach out and talk to people.

A business owner cannot know how to present the message without knowing whom it is intended to reach. Origin-destination studies are essential in this regard. An origin-destination study provides crucial information beyond generalized traffic counts. It also describes the demographics at any given time of the individuals on the street.<sup>10</sup> This information is critical to the development



**Table 8.4: Functional Surface Brightness Levels for Acrylic Signs<sup>11</sup>**

Surface Brightness, cd/ft <sup>2</sup>	Descriptive Word for the Illuminated Visual Appearance	Typical Function
6 - 32	Subtle	
24 - 32	Lustrous	Belt signs above storefronts
40 - 64	Vivid	Business signs in shopping centers
64 - 95	Radiant	Gasoline service stations and motel signs
94 - 130	Brilliant	Large or high-rise signs which must “carry” over long distances
130 - 160	Dazzling	Emergency traffic control conditions where communication is critical

of an effective communication system. If shoppers do not typically drive down a particular street, businesses located there will need off-premise signs to direct traffic to their sites. If a large number of delivery trucks use the road, they could easily mask low-level signs from view, making taller signs necessary. A large number of out-of-town visitors would necessitate larger and more conspicuous signage, as they would be unfamiliar with the town and businesses would be more reliant on impulse sales. And where a higher percentage of drivers are older, visual acuity needs are different, meaning sign lettering would need to be larger, particularly if certain color combinations were used.

On average, over 16% of the population will have recently relocated to a new area and be unfamiliar with local businesses. Some area populations are more transient than others – people may move or change jobs frequently, or the area may accommodate the needs of a high number of tourists. Transience of a customer base can impact a business significantly, because the higher the number of newcomers to an area, the more difficult it is to be profitable without a prominent storefront. A business that relies heavily on residential traffic, such as a laundromat, will be especially affected by the number of residents who relocate each year. A business that relies on commercial traffic, such as a deli that caters to the lunch time crowd, will be affected by the turnover rate of

## Federal Standard for Traffic Safety

The Manual on Uniform Traffic Control Devices (MUTCD), published by the Federal Highway Administration, is the most respected authority on factors relating to readability and conspicuity. The MUTCD defines the standards used by road managers nationwide to install and maintain traffic control devices on all streets and highways. Its sole purpose is to ensure traffic safety. The MUTCD requires the use of pole signs, and carefully specifies the distance from the height of the roadway to the bottom of the sign. The distance varies depending upon a number of factors, such as the number of lanes, the percentage of traffic made up of trucks, and the speed of traffic, for example. Traffic engineers understand and have acknowledged that a sign that is not visible causes traffic safety problems.

A city should exercise the same level of care in crafting its sign height regulations. Street-by-street specificity should be incorporated, taking into consideration the character of each street and the signage needs along it. A two-lane street with 25 mph traffic does not call for the same kind of signage as needed on a four-lane street with 45 mph traffic. Consideration should also be given to the type of vehicles typically on the street (for example, the number of delivery trucks). This information can only be found by conducting an origin-destination study of the street traffic.

businesses in its trade area or by whether or not local jobs tend to be seasonal. If a business is located in a trade area with demographics that change significantly throughout the year, prominent signage is essential to successfully attract replacement customers.

Even tourist-oriented businesses need to understand more about their customer base. For example, if a motel is serving the needs of the 8-to-5 employee base on their vacations, its reader board should display information people need to make a decision to stop, such as “no pets” or “free continental breakfast.” If its customers tend to be business travelers, the reader board might provide information pertaining to the distance to the convention center or other business-related locations. A luxury hotel might emphasize special services offered, such as in-room spa treatments or concierge and valet services.

All businesses need to know who their customers are, and their communications must be designed to meet the desires and preferences of those customers. Classic research conducted by Morgan revealed an array of information as to the correlation between a



motel guest’s income and his or her preferred motel features. Some of these are shown in Table 8.5. Travelers have specific preferences in mind when they choose motels and will give their business to that motel which seems most likely to be able to satisfy those preferences. The data has indicated that when motel users do not have a specific motel in mind, they often make a choice based on signage. By keeping in mind these variations and knowing what type of traveler it wants to attract, the motel management can act purposefully through its signage to attract new customers. For instance, according to the 1960 data in Table 8.5, a motel wishing to attract business travelers would want to emphasize its lounge, while one catering to pleasure travelers would emphasize its pool and location.

Another demographic matter to consider is the age mix of prospective customers. Currently, 13% of the population is older than 65, and 25% is over 50. By 2030, 66 million Americans will be over 65 years old. Aging eventually has an adverse effect on vision in most of the elderly population. All indications are that regardless of the deterioration in eyesight and reaction times, peo-

**Table 8.5: Importance of Selected External Auxiliary Features to Guests When Choosing a Motel: By Guest Income and Trip Purpose**  
United States, Summer 1960

		Percent of Guests Who Indicated Specified Importance to Them of the Following Features in the Choice of a Motel (Excerpted from Total List)								
		Location			Cocktail Lounge			Pool		
Guest Income (\$ / yr):	No. of Guests	Great	Some	None	Great	Some	None	Great	Some	None
Not reported	183	60	35	5	7	18	75	21	28	51
Less than 3,000	38	68	21	11	12	15	73	26	20	54
3,000 - 5,999	367	57	38	5	4	11	85	15	30	55
6,000 - 9,999	610	55	40	5	4	18	78	18	37	45
10,000 - 14,999	331	57	40	3	4	23	73	20	43	37
15,000 and over	210	49	44	7	7	21	72	29	40	31
All Guests	1,739	56	39	5	5	18	77	20	36	44
Purpose of Trip:	No. of Guests	Great	Some	None	Great	Some	None	Great	Some	None
Not reported	20	70	30	-	28	6	67	38	31	31
Pleasure	1,032	59	37	4	3	14	83	20	34	46
Business	458	50	45	5	7	25	68	17	41	42
Business and Pleasure	191	51	41	8	7	23	70	23	36	41
Other	64	61	31	8	4	21	75	15	32	53
All Guests	1,765	56	39	5	5	18	77	20	36	44

ple aged 65+ will continue to drive – probably into their mid-80s. Because this driver population is rapidly increasing, it is critical to assure that signage, both public and private, is optimally visible and readable in order to counter the affects of aging on visual acuity and reflexes.

Appropriate use of color is crucial in designing signs that can be easily read by older drivers. Combinations of colors that differ primarily in how much blue they contain create a great deal of difficulty for older drivers. Examples of these combinations are red and purple; turquoise and green; blue and gray; and blue and white. Additionally, because all colors are dimmer, colors that are only moderately bright will look dull. For example, a medium yellow may look brownish.

The use of colors with contrasting levels of brightness is very important for legibility. Color combinations using highly saturated colors that are similar in brightness or darkness are the most difficult to read. Using a white or yellow background with blue or black letters and plenty of space between lines of large, plain text will make a sign optimally readable. The brightest colors are white and yellow. Green, yellow-orange, and light gray are moderately bright. Red, purple, and a red-orange are medium-dark colors. Blue and black are the darkest colors.

The lifestyle of people in the community is an important demographic issue. Do people tend to have a slow, relaxed lifestyle, or are they hurried and stressed? In many key demographic groups, time is in very short supply. This is particularly true in families with very young or pre-teen children, where both parents are working, and in single parent households. Busy people who do not see a sign in time to stop will often continue on down the street to the next competitor, rather than take the time to maneuver through traffic, turn around, and come back. A business that respects consumers’ time will communicate clearly and ensure that entrances and exits are easy to locate and to use.

To effectively induce the busy consumer, first-time traveler or newcomer to stop, a sign must be designed so that the key information is easily recognized on the first pass. Ideally, the key word or key memory stimulus should be conspicuous, located at the top of the sign and read from left to right. If not, then the ability of



**Figure 8.2**

Each of these businesses utilizes a complex graphic element to speed up the communication process with the mobile consumer.



the person who is passing the sign for the first time to read and comprehend the sign, and the sign's ability to induce that stop, are significantly reduced.

Nevertheless, it does not follow that additional copy on the sign will result in lost readership; in fact, quite the opposite is true. The challenge the sign designer faces in reaching the 80% of the population who live or work in the business's trade area is not in having them read the key word. The challenge is in making sure that after being seen repeatedly, the sign is still interesting enough to be remembered. That is the reason so many companies have included changeable copy signs and electronic message centers in their signs. When the message is not static, people will continue

to look for the sign to see what it will say. Whether it is listing the latest special or a humorous quote for the day, people's memory of a sign is refreshed and strengthened by sign copy that holds their interest even after repeated exposures.

The principle of memory refresh was corroborated during research conducted by Rutgers University's transportation department of the Monmouth, New Jersey airport's electronic message center. After determining the profile on the street at various times throughout the day, they realized that the sign's message could be tailored to communicate varying information depending on the demographics of the motorists passing the airport at a particular time, and that doing so increased the sign's readership. The sign was subsequently programmed to display price and destination information during the early morning and late afternoon rush hours, when commuters who might be considering business trips or thinking about vacations were traveling to and from work. During the times parents were taking their children to and from school, and when shopping trips were occurring in the middle of the day, the sign was programmed to display vacation information, specials on flights, and community information.

The airport was a fixed destination familiar with the entire metropolitan area. However, by using changeable copy and treating its sign as a community blackboard, the airport was able to bring new life into its on-street presence. This resulted in an increase both in airport sales and in awareness (or "memory") of the facility itself.

### Designing an Effective Message

A critical factor in designing an effective message for a sign is understanding that the purpose of the sign is to tell potential customers what they can find inside the business. If they are unable to determine by looking at the sign what is for sale inside, they will not stop; and if they enter the store and do not find what they were expecting, they will leave with a poor impression of the business. The business owner should put together the marketing strategy and *then* create the speech to implement the strategy.

On-premise signs can either be custom-designed or, if the business is part of a chain or franchise, standardized. If the business is part of a chain or franchise, then most of the decisions about mes-



sage have been handled by headquarters. Typically, market research will have been conducted before finalizing the standardized signage, and the only real concern will be ensuring that the business can be easily recognized within the parameters allowed by the sign code. The success of the franchise will generally bear testament to the effectiveness of the sign's message.

Custom signs, on the other hand, are rarely market tested and have no track record of success. But that does not mean that an individual business seeking a custom sign is flying blind. Unlike businesses that conduct major media campaigns designed in top advertising agencies in New York, Chicago, and Los Angeles, local business owners have a feel for their local communities and have the freedom to design messages that uniquely communicate with local customers. They have the advantage of being more personal, but can fall short of communication effectiveness if their storefront is not linked to all of the business's other marketing efforts.

Small businesses can learn much by studying the successes of franchise signage. At the heart of corporate identification and icon systems is the knowledge that signs are often read almost in shorthand. Within very short snippets of time, a person will absorb "bits" or "chunks" of information from the sign's message. A person does not look at a McDonald's or Burger King sign and see a combination of letters that must actually be sounded out in order to be understood. Through the use of media advertising, these two businesses (and many others like them) have transformed their corporate identification, or logos, and even their buildings, into what are perceived as single units of information. They are symbols that are recognized in milliseconds. Precisely the same phenomenon occurs with many of our cultural icons.

In the design and creation of business signage, the small business should use the strongest cultural icons available. The hungry out-of-town visitor considering where to stop and eat does not care if the local diner is owned by Joe. He or she simply wants to eat lunch. If the sign emphasizes the word "Diner" it will do a much better job of communicating to passing drivers what is available inside the restaurant than if it emphasizes the word "Joe's." And if it contains a graphic of a hamburger or some other common type of diner food, it will communicate even better.



**Figure 8.3**  
Where architecturally appropriate, the sign structure can be designed to match a building, so that only the sign's face expresses the business's unique message.

As people drive up and down a street, they will see a business's sign each time. It is not uncommon for one family to be on a particular street 50 or more times a month (the trip to and from school can alone generate 80 trips per month for some families). Driving to and from work, to and from shopping, and to and from school will result in a large number of repeat exposures to signage. Top-of-the-mind awareness is built and reinforced through repetition. As with any advertising campaign, whether on television or radio, in newspapers or magazines, if the sign is developed properly, it will be read and recalled by potential customers.

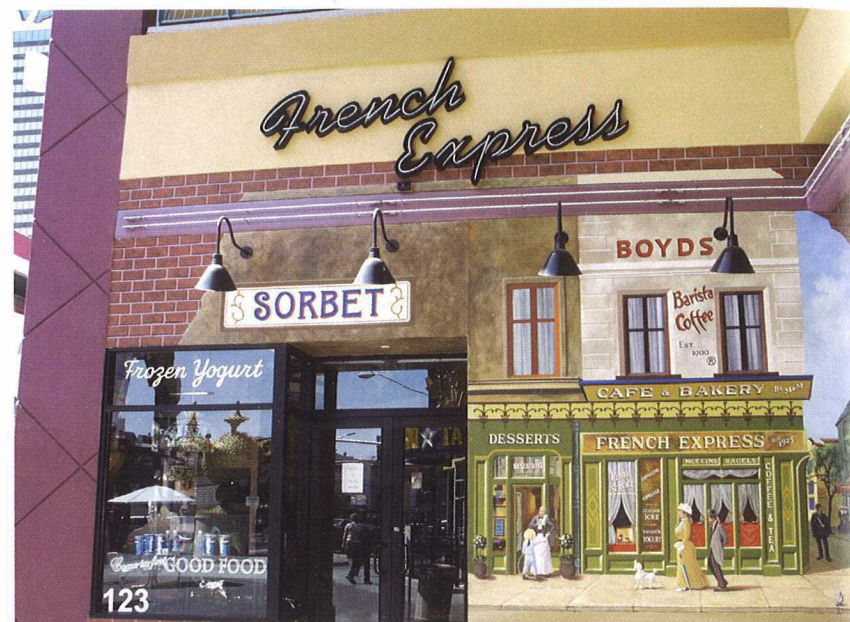
Many small business owners, without a graphic designer specifically trained in sign design, fail to design successful signage for their businesses. Creating a sign design that really works for a business is difficult. In the highly competitive and media-rich business world of today, an investment in professional sign design is worthwhile. The world of marketing and advertising is sophisticated, and no matter how good a product or service is, if it is not properly marketed it will not be able to compete in today's marketplace.

As discussed earlier, the more a business tends to meet impulse needs, the more its sign will need to be simple to read and understand, from a sufficient distance to react and stop on the first pass.



**Figure 8.4**

Storefront renovation can include an all-over face lift, applying a thin skin of signage to the entire building to create a theme for the business. Whether applied sparingly to an individual business, heavily to a large casino, or elaborately to a theme park, the concept is the same.



Impulse-oriented businesses include much of the service industry, such as car washes, convenience stores, bars, and fast food restaurants. A sign for this type of business, for example, could include a very clear graphic, symbol, or logo that readily identifies the business's products and services, and a short line of text, perhaps simply stating the name of the business and the product or service offered. Impulse sales are enhanced through the addition of temporary signage or a changeable copy sign that lists sales and other special information.

If a business serves occasional needs, such as most retail stores, its sign can contain more information. It should still have a readily identifiable graphic, symbol, or logo because even this type of business will attract one-time customers. However, the sign will likely be seen a number of times by a potential customer before that individual actually stops to shop. It could easily include as much as three lines of text, listing special or distinguishing features of the business or a company motto, for example.

Some businesses are only occasionally visited, such as veterinarians, mortuaries, or travel agencies. They must create a storefront that becomes imprinted – or branded – on the minds of those in their trade area, so that when a need arises for their services, they are the business that first comes to mind. Signage with multiple lines of copy can serve these businesses well, but they also may

need something more. Their signage and trade dress should somehow be unique so the business will be noticed. One very effective method for branding a site is the inclusion of an electronic time and temperature display that also allows the business to post custom messages. These messages provide useful or entertaining information in a manner that people enjoy and remember.

Finally, the business owner must understand that the public street is used for many purposes in addition to retailing, and that the business is part of the community. Because of this, thought should be given to how to ensure the business's sign, while readable and conspicuous, is maintained properly to be a visual asset to the community.

Businesses have found a number of ways to enhance the aesthetics (or design themes) of their districts. One common method is to build a sign that is consistent with a local theme or with the local character. For example, if the town has a western flare, the sign could incorporate wood or iron elements into its structure. A second method is to match the sign's structure to the building, creating a pleasing unified appearance for the site. A third means for enhancing a sign's aesthetic quality is to treat it as landscaping. Some common examples of how this can be done include the application of a pole cover, landscaping around the base of the sign, or incorporation of fountains, a berm, or other embellishments that add to the sign's decorative nature.

Storefront renovation that entails creating virtually a new skin on a building is one kind of signage that is not often considered by the small business. When the entire storefront is designed to work within the appropriate theme or character of the business, the storefront itself acts as a sign. Branding, memory, and visibility are all improved by this technique. A thin skin of signage on the big box buildings of Las Vegas takes this concept to its extreme. Other examples include the type of signage found in tourist-oriented areas, such as Fisherman's Wharf in San Francisco or City Walk in Orlando.

The primary function of the signage is to identify and contribute to the marketing of the business. No matter how beautiful the signage is as trade dress, if it cannot be seen and read in time for motorists to safely stop at the business, then its communication



effectiveness is limited. Trade dress is valuable, but what will work to market the business is a logo with colors and design that can be consistently translated into magazine, television, newspaper, Internet, and direct mail advertising, with graphics that are strong enough to communicate clearly what the business does. This element will ensure the signage investment is an asset that may be built upon, rather than merely serving as an indexing device.

### The Forward-Thinking Business Identification

Anyone who is building a small business would do well to remember that his or her business could be the next McDonald's. When a business designs its name and logo, it should work to get its image right from the very first sign, because it is designing what could be a great asset or a costly liability. According to one author, "Depending on the category, the name alone can represent the primary reason for the brand's success."<sup>12</sup> Therefore, excellent business identification is essential from the very beginning.

Kemmons Wilson, of Holiday Inns fame, got lucky. His idea for a hotel chain was inspired by the poor quality of the motels he stayed in on a holiday trip with his family. He was concerned that people had no way of knowing ahead of time what they could expect from a motel. He envisioned a chain of motels that would be consistent, so that people could know exactly what to expect when they stopped for the night. It was successful, as history has proven, and was a logical extension of Duncan Hines's concept of meeting the information needs of mobile consumers. But a few days before his first Holiday Inn opened he realized he did not have a logo or a sign for it. Wilson hired a Memphis-based sign company and gave them a week to build the sign. Knowing it would be impossible to engineer and build a satisfactory sign in a week, the company modified a sign that had already been built for a shoe company by scrawling the name "Holiday Inn" across its face. Wilson loved the sign and made the characteristic writing and colors of the sign the company's logo. Until McDonald's came along, Holiday Inns' "Great Sign" was the most widely recognized sign in the country.

But the design did have serious drawbacks for Holiday Inns. The problem was that the sign – a custom sign built with a single shoe

shop in mind – incorporated flashing devices, neon tubing, baked porcelain, and a reader board. The design utilized the predominant highest quality materials available at the time, and it was extremely expensive to build and maintain. Finally, with the influx of new sign materials such as plastic and fluorescent illumination sources, the company decided to move away from its trademark signage to a less expensive and more modern version. Changing its image midstream, however, undermined the chain's name recognition and undermined the brand, and in June of 2003 the company announced it would reintroduce the "Great Sign" iconography.

If an established business wishes to change its logo, that change should be very carefully planned. McDonald's is a good example of how to accomplish this. Early on, McDonald's freestanding signs contained an image of a character named "Speedee" – a very different logo than the one used today. The chain began to purchase existing small restaurants that had failed and put their equipment inside. The building was converted to a form of signature building by adding two large "golden arches" over the full length of the building. As the chain became more successful, however, it began to have difficulty with local sign codes that did not allow the large golden arches. The arches, rather than the logo, had become the characteristic feature by which McDonald's was known. The chain decided to eliminate its existing "Speedee" logo and moved the arches to its freestanding signs to create a new logo. It then designed a new signature building that would comply with local sign codes.

Another example of well-managed logo change is Shell Oil. Its original pecten sign was very difficult to maintain. The molded plastic face attracted dirt and made even light distribution very difficult. Shell knew it needed to change its signs, but research told them that a sudden change would negatively impact their brand recognition and they would lose customers. They decided to work the change in slowly, and did so over a fifteen-year period. First, the company worked its color pattern into signature buildings. The logo was then incrementally changed until it became the highly stylized logo of today. Throughout the process, carefully managed change resulted in retention of name recognition.

K-Mart attempted to change its signage a few years ago, as well, but poor execution resulted in a loss of customers. The chain



**Figure 8.5**  
Old and New Shell Signage



**Figure 8.6**

A business should use the same logo on all of its signage in order to maximize the advertising potential of its storefront. When the stores in a chain do not match, its potential customers' ability to become as familiar with the brand is diminished.



wished to replace its expensive signs with signs that were inexpensive, easy to maintain, and more modern in appearance. The goals were certainly worthwhile. But the move to the new signage was not accompanied with adequate research. First, without proper market testing they failed to realize that the new “Big K” signs would confuse their customers, who might think the store was no longer K-Mart. Second, they failed to adequately research the local sign codes in the various communities where their stores were located. The old signs were in many cases grandfathered, with updated codes restricting signs to smaller sizes. Had the new signs merely changed the face on the old structure, they would have been permitted. But the new sign design required the chains to erect entirely new structures. The new faces were incompatible with the old structures, and replacing the signs triggered conformity with the new codes. Consequently, in many cases the stores lost 70% or more of their allowable sign size. Compounding the error was the lack of budgeting for advertising to educate their customers that “Big K” was still the same “K-Mart.”

While large national corporations understand the value of logos

and standardization of on-premise signage, many small business merchants and proprietors are, unfortunately, less aware of its impact. The on-premise sign can be used as the primary medium for attracting customers and branding the business. But if an independent chain fails to take advantage of the branding capability of the storefront by creating a non-uniform appearance between its various stores, it cannot reap the full benefits of its signage investment.

The business logo or graphic should be universally used by the business. It should be incorporated into the business site on all signage, placed on the doors of the business' vehicles, on its letterhead, on all publications and mailers, and on all advertisements. Repetitive exposure to the logo will build meaning for it in the minds of potential customers. Like any other symbol that is commonly recognized, the logo becomes synonymous with the products and/or services it represents, so that viewed on the sign, a great amount of meaning can be inferred in a fraction of a second.

#### Endnotes:

1. G.L. Cole and P.K. Hughes, “A field Trial of Attention and Search Conspicuity,” *Human Factors*, 26 (3), 1984, 299-313.
2. Richard Schwab, Past Chairman of the National Academy of Science's Transportation Research Board's Visibility Committee.
3. Richard N. Schwab, *Safety and Human Factors: Design Considerations for On-Premise Commercial Signs* (Sherwood, Oregon: The Signage Foundation for Communication Excellence Inc. and the International Sign Association, 1998).
4. *Manual on Uniform Traffic Control Devices* (Washington, DC: Federal Highway Administration, GPO, updated regularly). This manual is available on the Internet at <http://www.mutcd.fhwa.dot.gov/index.htm>.
5. P.M. Garvey, and others, *Sign Visibility: Research and Traffic Safety Overview* (Bristol, PA: The United States Sign Council, 1996).
6. Hugh W. McGee and Douglas L. Mace, *Retroreflectivity of Roadway Signs for Adequate Visibility: A Guide*, Report No. FHWA/DF-88-001 (Washington, DC: Federal Highway Administration, November 1987).
7. Richard N. Schwab, *Safety and Human Factors: Design Considerations for On-Premise Commercial Signs*, supra.
8. Bill Dundas, “Lamps and Lighting,” *Signs of the Times*, April 1997, 182.
9. Ibid., 183.
10. Often this information is available from state highway departments, local regional governments, or municipalities.
11. *Plexiglas: Sign Manual* (Philadelphia, Pennsylvania: Rohm and Haas Company, 1969), 38.
12. Al Ries and Laura Ries, “The Origin of Brands,” *HarperBusiness*, New York, 2004, 5.





## Psychological Factors

# 9

Signs are a complex medium of communication. The reasons for acceptance or rejection of a company or its products are often extremely subtle. Subconscious reaction to a sign's logo, typography, color scheme, or proportion can consist of either positive or negative feelings. The technical components of lettering, or typography, and the way in which these factors interact with the subconscious perception of the viewer affect the success of the sign as a communications device.

The importance of lettering and symbols to a sign cannot be overstated. Indeed, the essence of most signs is the display of language symbols, which are meant to communicate a message clearly and quickly.

### Lettering

Lettering is the fundamental characteristic of a sign, thus it is the most critical tool of the sign builder. It is both an art form and a



communication device. In the 1920s, the German Bauhaus school of typography taught that the typographer must not only be a skilled technician but must also be an artist. The same is true for the specialist in sign lettering. Although digital and mechanical processes have come to dominate sign lettering, still hand-lettering may be used for its visual impact. The individual artist's touch is sometimes necessary in order to achieve the unique nuances appropriate to satisfy the speech needs of a particular business and avoid a generic appearance. It is important that the sign designer have fluency in the range of typestyles available and have knowledge of the psychological connotations that these type styles convey. This two-fold knowledge enables flexibility and creativity in sign design.

For a sign to be effective, design is as important for the single letter as for the entire panel, both for legibility and for psychological inference. Problems in either letter execution or poor layout will reflect on both the sign manufacturer and the business. The psychological connotations of such problems constitute hidden dissuaders, which can subvert the communication purpose of the sign.

Visual perception is primarily dependent on two factors: 1) the physical properties of the eye and mechanics of vision, which are common to all people; and 2) the learned cultural reactions and other psychological perceptions, which are different for everyone. The human brain engages in a considerable degree of subconscious interpretation of abstract designs. Further, extensive studies have indicated that people's handwriting and script forms indicate certain personality traits or influence the reader's perception of the writer. These forms include the slope of a line of lettering, the slant of individual letters, the thickness of letters, the compression of words, the height of capitals, and the general geometric shape of letters. These are important aspects to consider in the design of a business's sign, which will convey unconscious messages to potential customers.

An upward slant in a line of text is often associated with positive attributes, such as exuberance, enthusiasm, and ambition, while a downward slant may indicate negative attributes such as a melancholy attitude, grief, or worry.

Most lettering is straight up and down, or slightly slanted to the

right. These slants do not convey any emotion to the viewer in Western culture. Backward slanted writing is generally associated with a cold calculating manner or nature. Forward slants are generally associated with emotional attributes. Right slants generally indicate generosity and self-sacrifice. The most extreme right slants, however, indicate nervousness and an extremely emotional nature. Two or more slants in the same word or group of words tend to indicate moodiness and unreliability.

Letters that are thin or have extremely fine upstrokes or downstrokes indicate refinement and spirituality, simplicity, modest tastes, or a high sense of honor. Lettering which is somewhat thicker than standard can indicate materialism and self-confidence. If an even block type is used, the capacity for work is indicated. Generally, the thicker the letter, the stronger the will or the dominance conveyed. A thick letter which is rounded may indicate voluptuousness or sensuousness.

Feather-edged shading or uneven down and upstrokes in lettering may indicate coarseness, vulgarity, or a lack of intellectual or moral stability. This is often the form found in the writing of criminals and "degenerates." At best, it conveys a low level of skill on the part of the artist designing the sign.

A very compressed set of letters, particularly when coupled with a small size, may indicate exclusiveness or reservedness. Lettering which is large and extended, on the other hand, indicates friendliness, good entertainment, or an amiable attitude. It can also indicate a boastful nature.

Capital letters that are extremely low tend to indicate humility, simplicity or modesty. The sign designer should be wary of using capitals which are lavishly flourished and extremely tall because this tends to indicate pretentiousness, vanity, or conceit.

Kirkpatrick (1964)<sup>1</sup> lists three qualities desired in a type face:

- 1) **Readability.** Some people believe legibility is the key to readability, but in fact, readability depends in large part on the design of the face and on familiarity. A common, familiar word accompanied by an easily recognized graphic will be far more readable than even a highly legible phrase using less



common words and lacking any illustrative graphic. Further, some fonts retain their legibility at greater distances than others.

- 2) **Appropriateness.** Letter styles can convey a number of impressions. The sign designer should understand the character of the client's business and its customers. An elegant font should not be used for a trucking company, for example, and neither should a bold angular font be used for a beauty salon. The font should also be designed to be consistent with the architectural features of the building.
- 3) **Attractiveness.** While Kirkpatrick highlighted attractiveness, Lewis (1966)<sup>2</sup> put a different spin on the concept. He believed that "any typographic trick is justified" in order to attract attention, and pointed out the subjective nature of aesthetics. It is probably true, however, that a sign that is unbalanced or poorly designed will convey negative feelings to the subconscious mind and will not be perceived as attractive no matter how classic the font.

One of the most common mistakes in sign manufacture is to simply enlarge a desired typeface. But type does not look the same in twenty-inch letters as it does in 60 point. Fonts that have very thin strokes will be invisible from a distance. This problem is accentuated with the use of lettering on an illuminated background because the light spreads as it moves toward the eye and obscures the thin lines. Each sign will require some discrimination on the part of the designer to make it as balanced and legible as possible.

Another common mistake involves failing to adjust spaces between letters to please the eye. As Figure 9.1 shows, letters that are centered on equidistant points end up appearing uneven, but when adjusted to equalize white space they please the eye. Thus, the distance required between two letters with straight sides, such as "M" and "N," is substantially greater than that expected by the viewer between such letters as "T" and "I." The eye unconsciously measures all of the background space, and a block containing a letter such as "T" has a large amount of background area within its own dimensions.

Compressing a wide letter to fit into the same space as a narrow one will cause it to appear blacker and heavier than the other let-

Figure 9.1

T I L M E N

T I L M E N

ters, while stretching a narrow one will make it appear lighter. Generally, adjustments should be made in the spacing between letters (known in the printing industry as **kerning**), not in the width of the letters themselves. However, compression or stretching of words or lines of text in order to force a fit on a particular size sign face impairs legibility and creates the impression of poor planning and execution of the design.

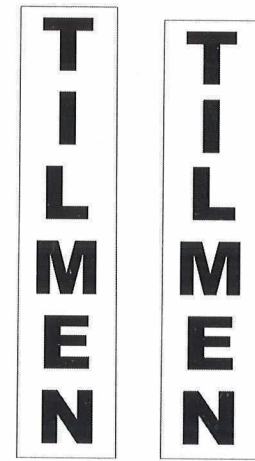
Sometimes individual letters create problems due to optical illusions, and call for specific correction by the sign designer. Italicized letters such as "i" or "l" can feel like they are about to tip over and can cause eye discomfort. Another common correction involves the letter "O," which often must be slightly enlarged. The reason for this involves the relationship between flat-topped letters and round letters. The round letters meet the imaginary top and bottom guidelines at only one point, while the flat surfaces of the other letters form a substantial part of the line itself.

Western writing techniques have been developed exclusively for scanning left to right, horizontally, and it is this orientation that provides the greatest legibility. Due to the limit of sidewalk widths and city legislation, however, some on-premise signs have been designed to read vertically, and these signs create a whole new set of optical illusions to be resolved. Upper case letters such as "I," "T," and "L" may need to be adjusted down in height, for example, because each letter is surrounded by a large amount of white space (see Figure 9.2). Letters such as "M" and "N," with very little white space surrounding them, can appear very heavy and squat in such a sign. Radical changes in white space between narrow letters in a vertically oriented sign can help bring the sign into balance and please the eye.

Another technique for lettering vertical signs involves horizontal rather than vertical lettering (see Figure 9.3). Because we read from left to right and one instinctively tilts one's head toward the lettering, it would seem logical that the sign on the viewer's left



Figure 9.2



must be read up, and that on the right, it should be read down (see Figure 9.4). A sign on the viewer's right which is lettered upwards presents the top of the letters toward the viewer, further confusing legibility (see Figure 9.5). Since most people will tilt their heads toward the lettering, it could improve legibility to slant the lettering, italicizing it on the left and reverse-italicizing it on the right (Figure 9.6).

Some years ago, Hilton erected a standard vertically oriented sign with straight block lettering at their hotel near an airport. The vertical orientation of the individual letters was chosen in order to conform with the company's standardized brand, which had not been designed to accommodate a vertical format. The hotel soon realized the sign was not engendering a positive response or bringing in customers the way the company had anticipated. The

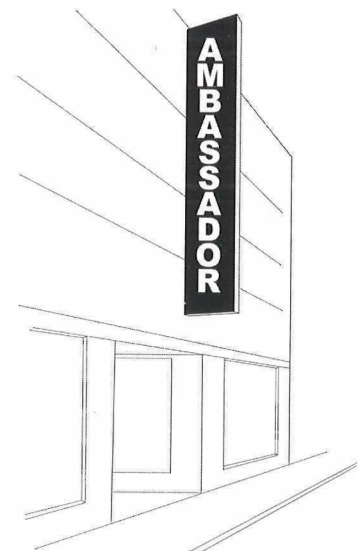
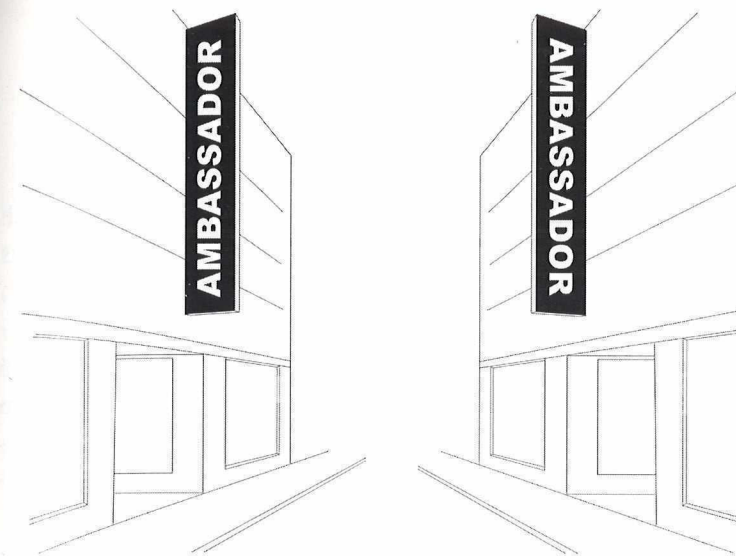
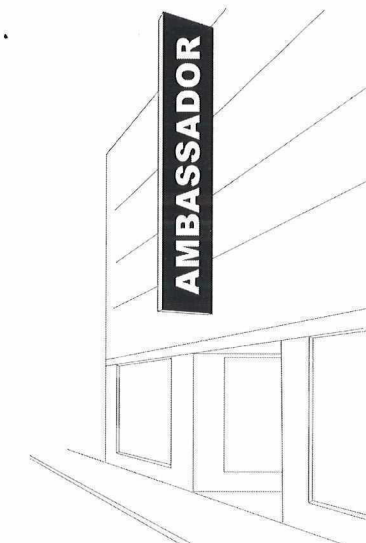
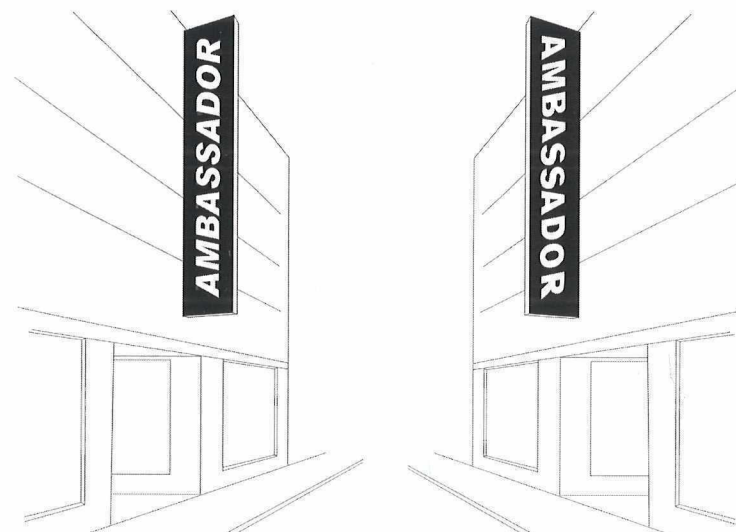
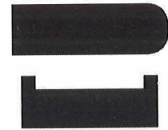
Figure 9.3  
Vertical Lettering

Figure 9.4  
Horizontal Lettering

Figure 9.5  
Upward Lettering

Figure 9.6  
Horizontal Italicized Lettering




Figure 9.7

**BED**  
bed



sign was changed so the letters were oriented horizontally to the edge of the sign closest to the road (as in figure 9.4), and business improved noticeably.

Traditionally, sign designers have tended to utilize all upper-case letters in their signs. Interestingly, lower case letters are far more legible. The primary reason for this is that the portions of the letters that extend above or below the main body of the letter give many words a recognizable profile or shape, even when they eye is unable to bring the word into clear focus (see Figures 9.7 and 9.8). This facilitates reading by words, phrases or sentences rather than a letter at a time. Experiments have demonstrated that people's ability to read words depends more upon the shape, size and context of the words than on any individual deciphering of letters.<sup>3</sup> This is especially important when reading signs from a distance. Upper-case words have little or no distinctive variations from a distance, while lower-case letters create recognizable shapes even when blurred.

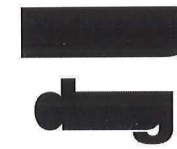
### Symbols and Logos

The universal use of logos for businesses is a relatively new occurrence, but traces back to the Thirteenth Century. One of the earliest modern logos was designed in 1910 for RCA, and is still in use today. Probably most people are familiar with the image of the dog ("Nipper") sitting in front of a phonograph and listening to "his master's voice." Another early logo, the Insurance Rock of Gibraltar, was designed in 1896.

A business logo should be carefully designed with the consumer in mind. Psychological cues can make or break a brand. In fact, consumer perception of a brand is so powerful that a recent marketing book states, "[I]s it product quality or perception of product quality that guides the consumer's decision? The evidence strongly suggests that perception plays the major role."<sup>4</sup> The use of symbols and the style in which they are rendered and presented help shape the consumer's perception of the business.

Figure 9.8

**DOG**  
dog



Two recent examples show how psychological responses were utilized in the redesign of a corporate logo. Sunsweet, best known for dried plums (otherwise known as "prunes"), recently redesigned its logo to update its image and appeal to a younger customer base. Like most logo updates, the new Sunsweet logo retained recognizable features of the old, but utilized more stylish colors and graphic forms. Its cheery new logo was designed to express the brand characteristics as described by its customers in the company's consumer research: fresh, natural, wholesome, and sweet.<sup>5</sup> Wisconsin Cheese has also recently updated its logo based on consumer research. The new logo uses an old-fashioned artistic style, and depicts rural Wisconsin and cheesemaker imagery – including a muscular arm, sleeve rolled up, holding a block of cheese – that reminds one of World War II-era American pride artwork. The company's consumer research demonstrated the importance of emphasizing tradition, pride, and multi-generational all-American expertise.

One example that demonstrates the importance of the impact of consumer perception on sales involves a revision of Burger King's logo. The company spent more than \$300,000 on a study to determine how changing the shade of brown of the hamburger pictured on its signs might affect sales.<sup>6</sup>

The use of religious, mystical, and emotive shapes and symbols in lettering and logo systems is commonplace (see Figure 9.9). Logos that incorporate crosses, stars, diamonds, triangles, pyramids, symbolic eyes, and circles often involve ancient symbolism. Many new logos are incorporating symbolism that conveys the theme of global service.

Geometric shapes themselves convey many emotions. Pointed or triangular letters and shapes indicate energy, activity and quick thinking. Rounded letters and shapes indicate a docile or peace-loving, gentle nature. Too much roundness can convey laziness or dullness. Square shapes and letters tend to indicate mechanical ability, scientific taste or inventiveness.

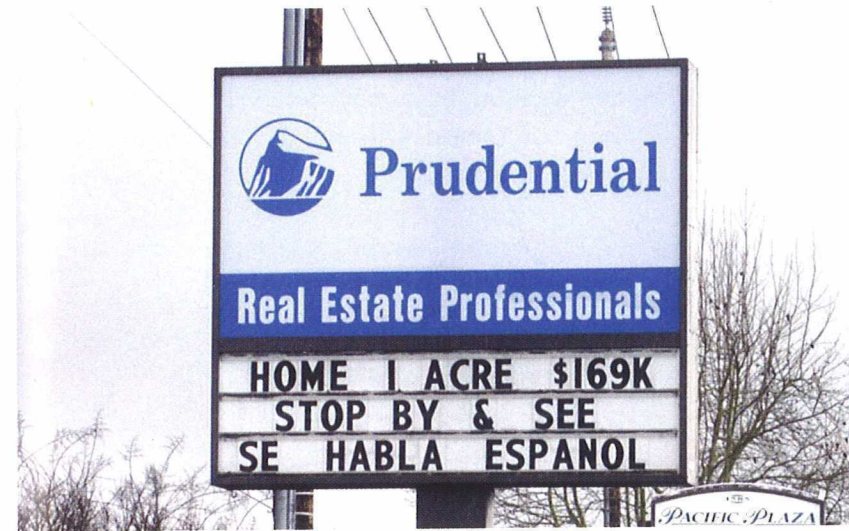


Figure 9.9



Just as handwriting styles convey personal characteristics, so does the rendering of particular graphic designs or symbols. Psychologists have found, for example, that people who work hard, learn quickly and are competitive tend to construct designs that are angular and bold.<sup>7</sup> Evidence indicates that this holds true cross-culturally and historically, both for individuals and for entire civilizations. Angular designs have been found to accompany periods of glory and ascendancy, while wavy floral patterns have accompanied the weakening of ancient civilizations.<sup>8</sup> Because these attributes seem to be so universal, the knowledgeable designer will avoid portraying a dynamic business establishment with soft, curvy letters and symbols. By the same token, a boutique could not be suitably portrayed using a bold, mechanical letter style.

Colors, too, have symbolic qualities that impact the viewer's perception. In the natural landscape one rarely finds colors in the upper end of the spectrum (red), and few of those that exist are bright objects. Signs with these colors, therefore, tend to be more conspicuous. From a psychological point of view, red is perhaps the most conspicuous color, as it is associated with excitement, heat and adventure, and is often used for warning or alert. Blue, on the other hand, is associated with calmness, serenity, and meditation (this is why blue is often featured on institutional signage such as that utilized by banks and hospitals). Green denotes freshness, youth, and nature's vitality, while yellow invokes cheerfulness, warmth and novelty. Yellow is often emphasized in restaurant signage – the most famous, of course, being the yellow arch signage of McDonald's.



Generally speaking, blue is the most widely preferred color among all European age groups. Men prefer deep shades of color, while women tend to prefer lighter tints. Pure hues or bright shades and tints attract and hold the attention of children, with red and yellow being the most magnetic. Fast food restaurants typically emphasize bold colors and color contrasts on their signage precisely to appeal to young age groups.<sup>9</sup>

Years ago, Pure Oil discovered the importance of consumers' responses to color in its signage. During the summer months, its freeway-oriented stations always sold remarkably more gasoline to tourists than their competition. Potential buyers tried to peg Pure Oil's secret, and at first thought the company had a secret locational strategy. At the time, corporate identification systems were not as well developed or as consistent as they are today. Every expert brought in to look at the sites was unable to find the reason for the unusual summertime success of these stations. Finally, in desperation, an industrial psychologist was hired to survey the vacationers and determine why they had stopped at Pure Oil. Within days, the reason was clear. Repeatedly, he was told that the clean and crisp looking blue and white signs created a perception in women that the restrooms would also be clean.<sup>10</sup>

The sign designer must always remember that others may be affected differently by the design than the people involved in designing it. This is because our perception is often colored by our expectation. Most people have experienced the phenomenon of writing or typing a word incorrectly and being unable to see their

**Figure 9.10** Blue is the most widely preferred color among all European age groups. It is associated with calmness, serenity, and meditation and is commonly used by businesses seeking to project a sense of steadiness and trustworthiness.



mistake. A disinterested party, however, will spot the error immediately. Typists often proofread their own work by reading the text starting at the end and working backward, which erases the expectation that is clouding perception. It is for this reason that many artists look at their work in a mirror. When the image is reversed, the preconception of the intended image is sidestepped and the artist can see the work as it actually exists. Because such subconscious expectations on the part of the sign designer or the business owner can impair the ability to see the sign as a customer would see it, it may be helpful to have a disinterested party look at the design and provide feedback.

### Cultural Considerations

Logos are increasingly important in today's world economy. They have the capacity to transcend language barriers because they are symbols. But culture can play a very great role in the perception of a logo or advertising slogan, whether in the United States or abroad. Cultural mistakes can harm a business, and owners should always be aware and respectful of the traditions and cultural mores of potential customers.

Starbucks is an example of a company that was stung by a cultural faux pas. Though U.S. Starbucks customers draw a positive meaning from the company's round green logo (for them, it is a symbol of rich, flavorful specialty coffee drinks), that is not the case everywhere. After a Starbucks store was open in Beijing's Forbidden City in December 2000, a survey was reported stating 70% of people would not go to the store. They did not think of Starbucks' delicious coffee when they saw the company's logo. To them, the logo was an icon of American imperialism, and the offense was that it was plopped in the middle of a historical symbol of China. The Chinese resisted the coffee shop despite Starbucks' efforts to reduce the size of its corporate identification elements.<sup>11</sup>

Poorly researched international advertising campaigns can easily wind up as embarrassing failures when the recipient culture is not understood. Some of the better known examples include:

- ♦ The Scandinavian company that manufactures Electrolux vacuum cleaners came up with a clever little rhyming slogan for use in



**Figure 9.11**  
Sensitivity should be employed when designing a sign. This McDonald's storefront has been dramatically modified from its typical franchise storefront in order to blend in with the more austere visual environment that characterizes the Chicago banking district.

the United States: "Nothing sucks like an Electrolux."

- ♦ Gerber decided to expand its sales of baby food into Africa, and retained its logo of a chubby cheeked baby on its baby food jars. Unfortunately, it was the custom in Africa, where literacy rates are low, was to put pictures on the label of what was inside the container.
- ♦ Pepsi mis-translated its slogan "Come alive with the Pepsi Generation" into Chinese. The result was "Pepsi will bring your ancestors back from the dead."
- ♦ Coca-Cola's first phonetic translation into Chinese (Ke-kou-ke-la) came out, translated, "Bite the wax tadpole" in one dialect and "female horse stuffed with wax" in another. After further study, the company was able to find a slightly different phonetic equivalent (ko-kou-ko-le) roughly meaning "happiness in the mouth."
- ♦ In another erroneous translation into Chinese, Kentucky Fried Chicken's "finger-lickin' good" became "eat your fingers off."
- ♦ Revlon's Brazilian advertising campaign for camellia flower scented perfume failed because the company did not realize camellia flowers were perceived as funeral flowers in Brazil.
- ♦ Kellogg's attempts to sell cold cereal in India flopped because Indians always have their milk hot. As soon as the milk was poured on the cereal, it turned into a soggy mess.



**Figure 9.12**

Pier 1 Imports has utilized a font that recalls the stenciled lettering commonly used on shipping crates. Though the store's logo consists solely of type, it expresses a character reflective of the products for sale inside.



Often marketing strategies in foreign countries must be completely altered. General Motors' initial attempts to market the Chevy Nova in South America flopped until the company realized that "no va" meant "it won't go." The car was renamed "Caribe" and sales improved. Procter & Gamble's Japanese campaign advertising Cheer laundry detergent as "all-temperature Cheer" flopped because the Japanese, who only wash their clothes in cold water, were unable to see the benefit. An understanding of the needs and cultures of the company's proposed customers would have guided it toward a more productive approach.

One fast-food burger chain, Jollibee, has figured out how to approach the Philippines market, where it is outselling McDonald's. The reason is Jollibee burgers are sweetened to appeal to local tastes. The same owner of Jollibee also owns another chain called Chowking, which is capitalizing on the realization that the Philippines is in the midst of rediscovering its Chinese culture. McDonald's has learned to alter its menu in other parts of the world to attract customers, too. In Hong Kong, McDonald's serves steamed chicken and rice, in the Philippines it offers rice and chicken porridge for breakfast, and in India it serves a chicken "Maharajah Burger" with masala sauce. Burger King, also looking to expand its market, sells sweetened spaghetti with fried chicken in the Philippines.<sup>12</sup>

Even within the United States, culture must be taken into consid-

eration. Although franchises are popular in part because of their consistency, standardization can be a drawback for some industries that must present a more personal, caring image. Funeral home and veterinary service franchises are good examples of these types of businesses. The potential customer will make an initial determination about whether or not to entrust their loved one or their pet to the care of the business based upon the ability of the sign to communicate a satisfactory level of care and sensitivity. People prefer the perception of intimacy involved in using a local business for the care of their pets or loved ones. For these businesses, the ability of the sign to project a sense of warmth and caring is extremely important, and the corporate identification must be downplayed.

#### Endnotes:

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# Signage as Part of Integrated Marketing Communications

# 10

## Getting the Most from Your Advertising Dollar

The on-premise sign is one of many means by which a business communicates with potential customers. Through signs, as well as a variety of media forms, businesses have the opportunity to introduce themselves to the public, publicize special purchasing opportunities, and build recognition of their brand. Common media choices include radio, television, directories (such as the Yellow Pages), magazines, newspapers, direct mail, outdoor advertising, and Internet advertising. As was discussed in Chapter 4, to maximize efficiency and effectiveness, all communications with the consumer must be carefully coordinated. In particular, these efforts are most effective when designed to reinforce each other.



As the on-premise sign is part of integrated marketing communications, it is important to understand the relationship between a business's on-premise signage and the advertising conducted by the business. As the quantity of advertising in our society increases, so does the difficulty faced by businesses that wish to stand out in the crowd. A properly coordinated approach to integrated marketing communications – based on an understanding of a business's customers, its trade area, and the media forms that are an appropriate “fit” – is essential.

We will explore the salient features of each of the major media forms, but our position is that each exists and flourishes because it fills unique communication needs not met by the other forms of media. In other words, individual media types have different strengths and weaknesses. Thus, no one medium can fully substitute for another. It must also be acknowledged that the advantages and disadvantages of each medium can change over time due to the reality that media is constantly evolving under the pressures of new technology, cultural shifts, regulatory barriers, competition, and economics.

### Choosing the Right Mix of Integrated Marketing Communications Tools

A business must be careful in its selection of media. Advertising is an expense that cannot be justified unless it has some positive impact on the business. Because of the simultaneous operation of various controllable marketing variables as well as changes in the external environment, it is often difficult to isolate the exact impact of an individual advertisement or advertising campaign. A classic quote by the early retail giant and a leading advertiser, John Wanamaker, stating that “Half of my advertising is wasted, I just don't know which half,”<sup>1</sup> still resonates today. Even though advertising evaluation procedures have become more sophisticated over time, measuring the precise impact of an individual advertisement or campaign remains a difficult undertaking. While it is important to make the best possible effort to assess the success of individual campaigns, it is now also critically important to assess the impact made by the totality of integrated marketing communications with the customer.

Choosing appropriate media to achieve both short-term and long-term objectives is a fundamental component of successful inte-

grated marketing communications. As different media have different strengths and weaknesses, it is important to make the right choice for the given objective. For some goals, such as exposures to the target audience, this will lead to some media or communications vehicles being more appropriate than others. For example, for businesses with small trade areas, media such as radio and television involve considerable waste circulation (exposures to people who are not members of the target audience). Meanwhile, outdoor advertising and local newspapers can provide more precise exposure to the target audience, as can the on-premise sign.

For longer term goals, such as building brand equity, it is important to consider the simultaneous impact of all communications with the consumer. Carefully crafted promotion, including various advertising media and on-premise signs, can result in enhancement of brand image.

To some extent, various media forms are interchangeable. A large company utilizing a variety of media for advertising might shift expenditures from one form to another due to economical advantages, for example. But that is far more the exception than the rule. Typically, each medium stands on its own and functions uniquely on its own, and usually no single media form can serve all of an advertiser's needs or fully substitute for another media form.

In nearly every case, however, the on-premise sign is the one tool that can interact with all other media forms and unify the business's marketing plan. It serves as a wayfinding device for people who have heard or seen an advertisement and are looking for the business, it reinforces the image of the business created by all its various advertising and marketing efforts, and it can even reinforce specific sales messages.

Following is a basic description of each of the major media forms, as well as some of the major advantages and disadvantages of each (bear in mind that many key characteristics of any media form can change rapidly):

### Radio

Some of the primary advantages of radio include audience selectivity, relatively low cost, and flexibility, and mental imagery.<sup>2</sup>



Radio stations allow for high audience selectivity and tend to target specific segments of the population. A station will typically provide potential advertisers with a description of the demographic make-up of its audience. This allows the advertiser to match its own business demographics to that of a particular station or a mix of stations. A clothing store catering to young people, for instance, might choose to advertise on a station that plays popular music, while a store that sells western wear will advertise on a country radio station.

Radio advertising is relatively inexpensive, allowing businesses to run ads frequently to ensure they are heard multiple times. Low production costs mean that a business can change its message almost right up to the time the advertisement airs, or create a variety of advertisements that rotate throughout the day or build upon each other over a period of weeks. Further, radio stations often provide multiple advertising opportunities that include news and traffic sponsorships, charity and other event sponsorships, on-air giveaways, grand opening events, and other promotional events. Sometimes these can be coordinated with supplemental information linked to the station's Web site. Radio also has the advantage of not requiring a great deal of lead time for placement of most advertisements.

The radio station's format can lend itself to the creation of excitement and enthusiasm for a business's products or services. This is in part because radio station listeners tend to be loyal. When well-known radio personalities record a business's advertisement, loyal listeners tend to consider the ads to be more credible and may even become enthused about the advertised business, product or service if they perceive that the radio personality to whom they frequently listen is enthused about it.

But radio also has weaknesses. These include fragmented audiences, limitations on creativity, limits on listener attention, and chaotic buying procedures.<sup>3</sup> Because there are normally many radio stations in a given market, the number of listeners to one station is normally limited. Any radio station's audience represents only a small segment of the total population; even a highly popular station may never reach more than 2% of the population in a given week. The growth of satellite radio may lead to even more fragmentation in the future.<sup>4</sup>

Radio also benefits for its ability to create mental imagery. Creative use of sound invites listeners to use their imaginations. But, by relying solely on sound to convey its message, radio is unable to provide a visual image that could accommodate product demonstrations or create visual impact.<sup>5</sup>

Radio is also characterized by limited attention. Listeners often switch stations or make cell phone calls during commercial breaks, and many listeners simply have the radio turned on for background noise, so their attention is limited. Other advertisements running back to back will tend to create auditory clutter that diminishes the effectiveness of a particular advertisement.

Another limitation is that radio often involves a chaotic buying process. Placing advertising on multiple stations can become complicated and often requires the services of an agency to ensure proper market coverage and frequency. Lack of standardized rates sometimes presents a problem, though a recent trend toward more radio networks and syndicated programs offering packages has lessened this problem.<sup>6</sup>

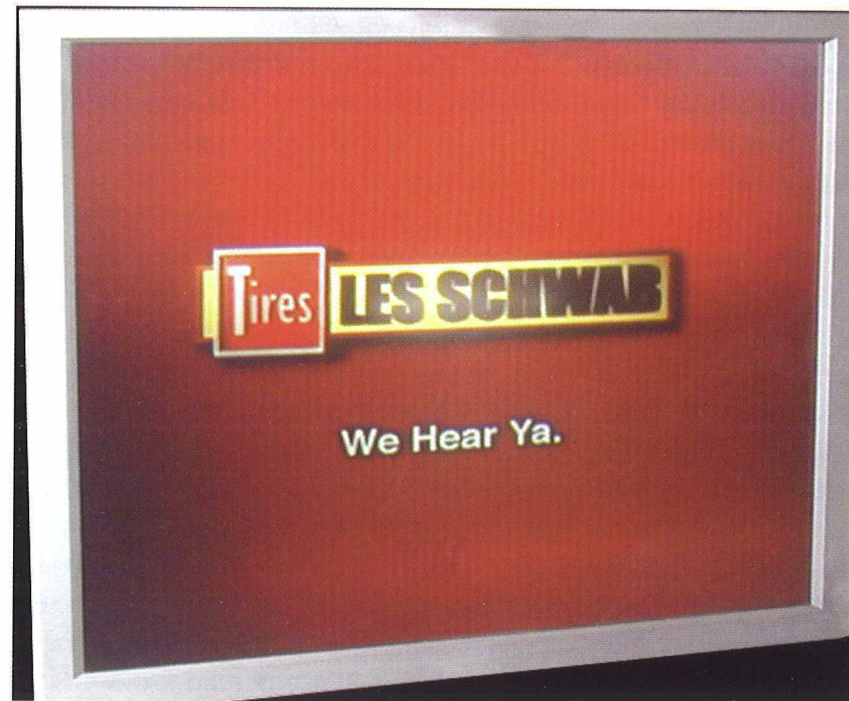
If a radio station's listener demographic and coverage match a business's needs, it can be a good medium for advertisements that either work to build memory of a business or attempt to influence impulse shopping trips. This is due to the fact that the radio audience tends to be split into two groups – one made up of people at home or work who cannot act immediately upon the information they are receiving, and one made up of people already out driving through the trade area who can respond to an impulse message.

A business that seeks to make the most of its radio advertising should ensure that its on-premise signage jogs the memories of those who heard its advertisements earlier (some ways this can be done include the use of temporary signs and banners, changeable copy signs or electronic message centers, or changeable full color sign panels, such as those often seen on fast food restaurant signs). Some radio advertisers even include a description of their signs in their radio advertisements. When advertisements are designed to encourage an impulse sale, they will be worded in such a way that the person seeking the business will readily recognize it as the one they heard about. In either case, the on-premise sign will amplify the effectiveness of the advertising investment.



**Figure 10.1**

This television advertisement reinforces the business's on-premise signage, helping to brand the business. Because it uses the same colors in its advertising as it uses on its signature buildings and emphasizes its distinctive signage in all its advertising, including echoing the image on its company vehicles, this chain is making effective use of its advertising dollars to develop top-of-mind awareness with potential customers.



## Television

Key advantages of television advertising include its high impact, high coverage and reach, high repetition, and high viewer attention levels.<sup>7</sup>

Television advertising is well known for its creativity and impact. The combination of sight, sound and motion allows for creative approaches that maximize impact.<sup>8</sup> As a result, television can be highly effective in building an image or demonstrating a product. As anyone who has watched the Superbowl knows, sometimes advertisements can be as entertaining as the programming itself.

During times such as the Superbowl or other popular programs, large percentages of the population will be watching the same program, offering prime opportunities to reach many people over a wide area with a single advertisement. Even with less popular programs, reach and coverage are often greater on television than in alternative media.<sup>9</sup> Indeed, network television advertising can reach million of consumers, and even many cable programs reach large audiences in terms of raw numbers. Television also offers the ability to provide repeated exposures of the same message to an audience.

Usually, people will sit through commercials that fall in the middle of a show they are enjoying, particularly if those commercials take advantage of the creative possibilities of the medium. While there are technologies that allow consumers to ignore commercials, it is likely that the majority, who do view them (about two thirds of viewers), are attentive to the message.<sup>10</sup>

Some of the disadvantages of television advertising include high absolute cost, limits on selectivity, clutter, and the fleeting or temporary nature of the message.<sup>11</sup> Costs to produce and run television commercials tend to be quite high, making it prohibitive for many independent businesses. While cost per thousand exposures to the target audience is often quite reasonable if a mass market is targeted, network advertising may simply be cost prohibitive for smaller businesses or those with narrower target markets. This is related to the idea of limited selectivity, in that network television is not as effective as some other vehicles in targeting small geographic areas, or even narrow demographic segments.

Clutter has been an increasing problem for advertisers in general, but the effect is profound on television. The large number of television advertisements to which consumers are exposed may make it more difficult to remember individual advertisements. Clutter is likely responsible for the increase of TiVo as well as zipping and zapping. Like radio advertising, television commercials typically run in blocks, reducing the impact of one particular advertisement, and many viewers leave the room or switch channels during commercial breaks. Moreover, the message is fleeting for the reason that, unless it is recorded, it does not stay physically present once it has run.

Cable television stations offer an alternative to the independent business because they allow commercials to be targeted to a smaller geographic market. Cable television also offers a wide variety of programming targeted to specific interest groups, creating opportunities for niche businesses to effectively reach their potential customer base. Cable television subscribers tend to be more affluent than non-subscribers. Further, cable advertising rates are typically lower than network television advertising rates. The ability to run infomercials on cable creates additional opportunities for advertisers to engage in in-depth customer communication. Often, however, these programs have very limited audiences.



Television advertising can be effective in branding a business or its products or services, or in announcing and building memory for special sales events. Unlike radio advertising, television is not a medium that reaches people on the road (rapidly advancing technology may change this, however, resulting in potential for more success in impulse-oriented television advertising). Like radio advertising, television advertising messages should be echoed in the on-premise signage, ensuring that anyone who has seen both the commercial and the business will better remember the advertising message.

## Magazines

Strengths of magazine advertising include good selectivity, quality illustrations, creative opportunities, and long life. Like radio and non-network television, magazines tend to target specific segments of the market. For example, magazines such as *Sailing*, *Dog Fancy*, or *American Rifleman* each appeal to an audience that shares similar interests. For this reason, they provide excellent opportunities for businesses to reach a precise group of potential customers. No matter what your business sells or what service it provides, chances are good that a magazine caters to the very group who would be interested in your business. The question is whether the demographic makeup of its readers matches up well enough with the advertiser's trade area to make the investment worthwhile.

Print quality in a magazine is considered to be very high, allowing for highly creative and beautiful graphics in an advertisement. Many people enjoy the artistry of these advertisements. They are, however, expensive to produce and must be planned and purchased at least several weeks prior to publication.

Other creative opportunities also exist, as magazines often have the capability of including inserts. These may be an entire section printed on a special paper stock and bound inside the magazine, or a section that is intended to be removed and kept. Coupons may be clipped from the magazines or samples included. Sometimes special fold-out sections are offered.

A person reading a magazine is typically quite interested in the topics it addresses and is receptive to the advertisements it con-

tains. The magazine is usually read at leisure, giving the reader plenty of time to view the advertisement. Often magazines are kept for months or even years, giving the advertisement a long life and enabling it to be read numerous times.

Some of the drawbacks of magazines include long lead times, limited reach, frequency, and cost. Because of the long lead time involved in placing magazine advertising, often as much as 90 days in advance,<sup>12</sup> as well as the long life of magazines, this media form is best suited to advertising messages intended to build the image of a business and is less conducive to messages with any real immediacy. As an outgrowth of their selectivity, most magazines offer limited reach and the finite number of issues allows for only limited frequency.

Because popular magazines contain many advertisements, magazines face some of the same clutter issues as television. While generally less expensive than television advertising, magazines with large circulations can be expensive.

## Newspapers

While there are some similarities between newspapers and magazines, there are also important differences from the standpoint of advertisers. Key strengths of newspapers include geographic selectivity, flexibility and timeliness.<sup>13</sup> Major newspapers allow advertisers to communicate with potential customers spread out over a very large area, while many local newspapers provide an opportunity to reach a local market.

Newspapers allow for a wide variety of advertising options. Advertisement possibilities range in size from the small classified advertisement all the way up to the full-page spot. These advertisements may be black and white, may contain a single spot color, or may incorporate full color.

Newspapers offer additional flexibility in that advertisers sometimes hire a print house to produce material that is in turn supplied to the newspaper for insertion. This material can be a simple flier, a multi-page catalog, or a special die-cut 4-color advertising piece. Many newspapers allow for the inserts to be placed solely in newspapers being delivered in particular zip codes or distribu-



tion areas for a more targeted approach that allows the advertiser to avoid purchasing wasted exposures. These inserts are most heavily used in Sunday editions, as many Sunday newspaper readers, while relaxing in the morning, are willing to spend some time looking through them to see what might be of interest. Whichever format a business chooses, its message should always be reinforced by its on-premise signage.

Newspaper advertising does not require a lengthy lead time, which means that advertising that is time-sensitive can work successfully in this medium. Adjustments to ad copy are fairly simple and costs tend to be affordable.

In terms of the drawbacks of newspaper advertising, reproduction quality is poor (due to the printing process utilized in newspaper publication), the life span of the advertisements is relatively short, and selectivity is limited. Further, advertisements can easily be “lost” in competition with news and other advertising clutter for the reader’s attention, particularly if the reader is hurried and focused primarily on skimming the headlines.

A more recent concern with newspapers is that circulations for many newspapers have been declining. This has led the newspapers to emphasize readership<sup>14</sup> and the time readers spend reading the newspaper, their demographic profile, and the length of time they have been subscribers. Many newspapers have also responded to circulation issues by publishing on-line editions that feature interactive advertisements through the Internet.

### Internet Advertising

High audience selectivity, interactive capabilities, exposure/flexibility, and low cost are commonly cited advantages of Internet advertising.<sup>15</sup> Whether via e-mail (or mailing lists), Usenet, or the Worldwide Web, the Internet has established itself as an important medium. Because of the ability to target very specific groups of people, either with similar demographics, lifestyles or interests, the Internet’s audience selectivity can help with targeted marketing. Advertising opportunities on particular Web sites offer niche businesses a chance to reach a very specific group of potential customers who may be interested in the products or services they offer.

Another advantage of Internet advertising is that it offers an interactive capacity that cannot be matched by any other media form, in that the reader can click on the advertisement to make a purchase on the spot, to learn more about the business, product or service advertised, or to provide feedback through surveys and competitions.

The Internet also offers strong exposure and flexibility. As technology rapidly advances and interest in the Internet grows, on-line advertisements are increasingly utilizing many of the creative features of television, including sound and motion. In addition, they can be semi-permanent; rather than playing in a matter of seconds and then disappearing, they are available 24 hours a day, 7 days a week. The Internet advertisement has the potential to reach people located all over the world. For some businesses, this is of great benefit.

Initial set-up of an Internet advertisement costs considerably less than a comparable print advertisement. It can also be updated regularly – even instantaneously – so as to provide timely information. Cost per thousand exposures, while higher than some media, are still lower than for magazines, newspapers, and direct marketing. Also a few notable exceptions exist, most Web sites are still viewed by far fewer people than the local newspaper.

Disadvantages of Internet advertising include user irritation, limited production quality, measurement issues, and security and privacy issues. In terms of user irritation, it is well documented that many consumers go to considerable lengths to avoid advertising when they are on the Internet.<sup>16</sup> Studies show that consumers regard the Internet as more intrusive than other media.<sup>17</sup> Thus, it is no surprise that recent studies show very high click through rates, as well as a phenomenon known as “banner blindness” whereby consumers ignore banner ads.<sup>18</sup>

While advances in technology are improving production quality of advertisements on the Internet, it still lags behind some competitive media.<sup>19</sup> It is also clear that many consumers have concerns about privacy issues, and that issues in measuring effectiveness of Internet advertising remain.<sup>20</sup> Consumers may also have concerns about the placement of unwanted “cookies” on their computers, catching a computer virus or receiving “junk e-mail”



if they click on a banner advertisement.

## Outdoor Advertising

The main advantages of outdoor advertising include visibility, media efficiency, local presence, and tangible response.<sup>21</sup> This category includes a steadily growing list of display formats, such as bus shelters, auto wraps, transit and taxi-top advertising, subway and airport displays, kiosks, and newsstands.

Outdoor advertising's visibility is a key feature of the medium, giving it important media efficiency advantages. Outdoor ads appear for 24 hours a day, 7 days a week, and can typically be illuminated at night to maximize exposure possibilities. It is possible to get nearly complete market coverage through proper placement of outdoor advertising. Its cost per thousand exposures is low because of the number of people who see it while driving, riding or walking around a trade area. Outdoor advertising also allows for high frequency of exposure to the message. Many people will see an outdoor advertisement multiple times as they go about their daily and weekly routines, and that repetition builds memory for the message.

As pointed out elsewhere in this book, surveys have clearly demonstrated that the majority of people consider outdoor advertising to be a useful source of information that they value. As an informational/directional tool it guides people to locations they are interested in finding. It is especially effective as a tool for building memory. Often, as people travel along a familiar street, they are bored and are looking for something to read, making them more receptive to the message.

Outdoor advertising offers many opportunities for creativity. Freestanding outdoor advertising structures (commonly called "billboards"), for example, may be enhanced with cut out extensions, three-dimensional features, or electronic or illuminated displays to creatively communicate with passers-by. On the other hand, advertisers must be careful to keep messages simple enough to be almost immediately understood, as motorists will primarily devote their attention to the roadway.

In terms of local presence, outdoor advertising can be highly



**Figure 10.2**

This billboard emphasizes the company's use of its trademark logo on its packaging and its signage. This synergistic approach to marketing helps businesses become more profitable because consumers prefer to frequent familiar businesses.

effective in reaching a locally targeted geographic area and can often have the ability to reach nearly all of the potential customers located specifically in their respective trade areas.

An additional advantage of outdoor advertising is that users, in particular many retailers and service businesses, report that outdoor advertising helps to increase store traffic and generate sales.<sup>22</sup> In this way, the medium provides a tangible response for the advertiser.

Outdoor advertising can take several weeks to place and may require a display commitment of several weeks to several months for each advertisement. This ensures an advertisement is seen repeatedly by the broadest number of people possible, but it also limits flexibility. While outdoor advertising is generally effective in targeting a specific geographic segment, it does not allow for the high demographic selectivity that some other media, such as magazines and the Internet provide.

Outdoor advertising is useful either for building memory of a business, product or service through showings, or for inducing impulse shopping by providing key information and directions to the business. Whether the purpose of an outdoor advertising cam-



**Figure 10.3**

Effective directory advertising emphasizes the same company logo as displayed on the business's sign. Once a potential customer has made a decision to visit a business based on its directory advertisement, its similarity to the on-premise sign assures the potential customer that he or she has reached the intended business. The image consistency inspires confidence in the business.



paign is to build memory for a business or inspire an impulse sale, the business's logo (as seen on its on-premise sign) or even an image of its sign is an essential element of the advertisement. A well-placed showing will expose the business's logo to a large number of people, who will then recognize the business when they see its actual location.

Many businesses that rely on highway traffic, such as hotels and restaurants, and businesses that are in locations with impaired visibility, buy space on individual structures rather than buying showings. Such advertisements, however, need to be used as part of a wayfinding system that includes the business's on-premise sign itself. Thus, usually these advertisements will include a picture of the business's sign or logo and directions on how to find it, such as "Exit 236" or "2 miles ahead, turn left."

### Directory Advertising

The most common form of directory advertising is the local phone directory, such as the Yellow Pages. Such directories typically provide an alphabetical listing of businesses grouped by category, and provide room for a variety of sizes of advertising. Directories can also include those distributed by local Chambers of Commerce, trade associations, and others. Directories offer

advantages that include low cost, good local coverage, and ability to reach those seeking purchase information.<sup>23</sup> Businesses usually utilize these advertisements to differentiate themselves from their competitors, to expand the information provided to the potential customer, or to help the customer locate the business.

The cost is generally low, and the directory is often accessed right at the point when a customer is considering a purchase. One of the greatest advantages of advertising in a directory is that those using these publications are usually individuals who are ready to make a purchase and are simply seeking a source for the product or service they have already decided to buy. Many businesses include their logos in these advertisements, which helps the potential customer locate the business once he or she has decided to make a purchase.

Local coverage is also an advantage, as most local residents do keep directories in their homes. Directories tend to be kept as a reference and are used often.

One disadvantage of directory advertising is that it typically offers limited creative opportunities. Some directories offer only black and white, while others have a limited selection of spot colors available. Some offer the potential for full color advertisements, and some utilize printing processes that allow for magazine-quality advertisements. Options for formatting the advertisements are typically limited.

An additional limitation of directories is that advertisements are rarely able to include any information of limited duration, as the advertisement, once placed, cannot be changed until the next directory is published. This is exacerbated by the long lead time required to prepare and place an advertisement for publication in the directory.

It is also difficult to stand out in many cases. In a number of product or service categories, a large number of businesses typically place advertisements, making it difficult to stand out from the competition.

The interaction between directories and on-premise signs is obvious. Once a consumer has determined which business they wish to



patronize and writes down an address, the on-premise sign becomes part of a wayfinding system, helping the consumer to identify the location of the business. If the sign does not adequately resemble the consumer's expectations, as prompted by the directory advertisement, the consumer may become confused, or even be dissuaded from doing business with the business.

## Direct Mail

Direct mail provides advantages that include high audience selectivity, ability to personalize the message, and high flexibility.<sup>24</sup> Perhaps the most striking advantage of direct mail is that it can serve as an effective means of communicating with a specific, targeted demographic group.

Mailing lists can be purchased or created through various means in order to get a message precisely to those most likely to be receptive to it. For example, businesses often keep records of customers and then send those individuals announcements of special events or sales. New businesses sometimes announce their grand openings by sending post cards or other direct mail pieces to all households located in their trade area. For repeat uses, however, it is crucial that the mailing lists be kept up-to-date. Effective direct mail is dependent on having a solid mailing list; a poorly maintained mailing list is likely to lead to considerable waste (either in duplicated mailings, mailings to uninterested parties, or undeliverable mail).

Direct mail offers many creative options that include the ability to personalize the message to the individual consumer by programming a computer to insert names and other personal information into each individually printed advertising message. Just about anything that can be printed can also be mass-mailed and personalized. Options include fliers printed in black and white or full color, fancy invitations, catalogs, coupons, product samples, and just about anything else that is small enough to be delivered to a mail box. Direct mail also has high flexibility in that it can be created relatively quickly and the advertiser has control over when it is sent out.

Disadvantages of direct mail included cost, consumer resistance, and, as already stated, dependence on an effective mailing list.<sup>25</sup>

As mailing costs have increased in recent years, the cost of direct mail has also increased.<sup>26</sup> Moreover, more elaborate mailings that include color and creative personalization can involve considerable expense. Direct mail has an image problem in that some consumers view it as "junk mail," and associate unsolicited mail with undesirable products. The more creative and personalized it is, however, the less likely it is to be thrown away without having been read.

As with all other advertising forms, a failure to include an image of the business's on-premise sign or logo, or to reinforce the advertising message on the business's signage, amounts to a wasted opportunity to attract customers and increase the business's sales volume. Whatever advertising method is chosen, it should always be coordinated with the storefront itself.

## The Role of the On-Premise Sign in Integrated Marketing Communications

On-premise signs are an important element of integrated marketing communications. Each time the consumer sees the on-premise sign, something is being communicated to the consumer. Signs not only communicate information about the location of the business and store image, they also interact with advertising media to build an overall impression of the business. If the impression created is positive, the company can build brand equity. Because it normally contains the company's trademark and/or logo, the on-premise sign must be viewed as playing a central role in branding the site, and a key role in the overall branding of the business.

Sometimes a business will engage in a wonderfully creative advertising campaign and still fail to win sufficient new customers. This is particularly the case when the advertisements create expectations that are not met by the business's storefront. A customer who has first learned of a business from an advertisement and who is attempting to find it will have in mind a picture of what he or she expects to find upon arrival. That mental picture will have formed as a result of the advertisement. As that customer is searching for the business, his or her expectation will greatly impact the conspicuity of the business's sign. If the sign does not match the customer's expectations, that customer may not be able to see the business. For that reason, it is crucial that the store's



signage reflect the same image and message as that portrayed in its advertisements.

This is why a business's on-premise signage should be designed from the beginning to provide a solid foundation for its future advertising and marketing efforts. The fonts and graphics used in the sign should consistently be repeated in all advertisements. Where possible, a reader board or electronic message center can greatly enhance the coordination possibilities between sign and advertising.

Most large companies have learned the importance of prominently placing a consistent image of their signage, logos, or signature buildings in all their media advertising. Unfortunately, one of the most common marketing errors that independent businesses make is to send out a series of unconnected messages that must each stand alone. When nothing in one message reminds viewers or listeners of previous messages they have received from a business or reinforces their memory of the business storefront itself, the advertising dollars fail to reinforce that business's brand. However, when all marketing and advertising efforts are coordinated with the on-premise sign, each builds upon the other, making the business's use of its advertising dollars more efficient and effective, and ultimately reducing the volume of advertising needed to retain market prominence.

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# Part IV

## Legal Considerations in Sign Regulation







# The Law

# 11

## An Overview

As the complexity and use of signage has increased, its legal protections as a form of speech have also expanded and changed. The study of the historic progression of signage regulation can help to round out the student's understanding of commercial speech today and provide basic insight into the development and current application of First Amendment protections.

Marketing and advertising are derived demand phenomena that manifest themselves in commercial (and occasionally, political) speech, either through the spoken word or by text, symbol or graphic, and the Court has recognized their value to society as a whole. Knowledge of the Court's current and historical perspectives on the dissemination of consumer information is, therefore, a prerequisite to the understanding of how and why signs do their job.



Based on numerous U.S. Supreme Court decisions, a sign ordinance is required to be content-neutral in the regulation of time, place and manner of display. Sign ordinances are also required to serve a substantial government interest in a direct and material way, and to be narrowly tailored to serve that interest, allowing for feasible and effective alternative means of communication. Moreover, unlike regulations of activity or general land use, upon challenge the burden of proof is on the government, not the challenger.

Sign codes are no longer presumed to be constitutional. Moreover, they may not be based merely on vague precepts of “common sense” (e.g., signs are in public view and, therefore, must be unsafe) or subjective personal tastes (e.g., signs are ugly). Instead, a sign ordinance must be based on scientific research and provable assertions.

Furthermore, neither the content of the message displayed nor the identity of the messenger can be a factor in determining whether a sign complies with the regulations. Simply, if the permit process requires a government official to review what the sign says in order to determine which rules apply, it violates content-neutral dictates, as well as due process and equal treatment guarantees of the Fourteenth Amendment. Under the Civil Rights Act, Title 42 U.S.C., §§ 1983 and 1988, if a sign ordinance is successfully challenged, the government may be required to pay the attorney fees and associated litigation costs incurred by the challenger.

In addition to protection by the First Amendment, signage also enjoys protection under the equal protection clause of the Fourteenth Amendment, which is interpreted to protect individuals from unequal treatment affecting a fundamental civil right. The Amendment faults unequal treatment of similarly situated sign owners based solely on who they are or the message they are conveying. Moreover, due process issues arise under the due process clause whenever an ordinance fails to provide narrow, objective and definite standards, makes no provision for timely decision and appeal, or grants too much discretion to the permitting authority.

As noted above, regulation of speech in any form may give rise to unconstitutional **prior restraints**. In signage related issues, the

## Rationale Behind Content-Neutrality

The 1945 case *Thomas v. Collins*<sup>1</sup> offers sound reasoning for refraining from content-based regulation, in that different people can sometimes perceive the same message entirely differently. For instance, a grocery store reader board stating “1 doz. eggs \$1.00” is clearly a marketing sign. A sign displaying the “Safeway” logo is clearly advertising. And if the two messages are on the same sign, the sign serves both an advertising and marketing function. It is for this reason that sign codes must remain content-neutral. Similarly, a typical McDonald’s sign serves both functions. It contains the McDonald’s logo (an advertising feature) and a reader board (a marketing feature).

In many ways, however, the separation between advertising and marketing is not so simple. Some would say that the word “hamburgers” on so many of McDonald’s signs is a marketing message; others might go so far as to say that the yellow “M” reminds them of french fries and lures them inside. To complicate the distinction even further, the widely recognized logo carries what some might term “emotional baggage” all around the world. Americans who grew up with the company often feel a sense of nostalgia they want to share with their own children. Some see the McDonald’s sign as a symbol of masterful advertising success. Others view it as an icon of western imperialism. Still others see it as a symbol of America’s ever-increasing waistline.

However, the complexity of commercial communication does not end there. For instance, McDonald’s, like many chains, is almost always housed in the same kind of building (known as a “signature building”). Whenever a person passes the McDonald’s building – even if that person does not see the freestanding sign – the structure itself helps to remind the person of McDonald’s; therefore, the building itself acts as an advertising device. The same building can induce an impulse-shopper to stop, and can facilitate a sale; in this case, the signature building is marketing the business. These mixed functions occur to some extent with nearly all on-premise signage, but are greatly enhanced when the signage is part of a regional or national chain’s advertising program.

Layers of messages, combined with a variety of recipients, are common in signage, and it is this aspect that creates difficulty in attempting to separate its advertising and marketing functions. In terms of sign codes, it is not the place of the government to determine the message(s) carried by a sign prior to determining how that sign will be regulated.

question of prior restraint will appear during the application process to acquire a sign permit. In this process, the problem is always potentially present, because without the requisite permits, the right to communicate through signage is impeded. A busi-



ness's ability to communicate its presence and stand a chance for effective marketplace entry and competition is almost entirely dependent upon its sign. New or emerging businesses must be able to obtain timely decisions on sign applications and have these decisions based on narrow, objective, and definite standards that cannot be unduly or subjectively manipulated by the permitting authority.<sup>2</sup>

### Complex and Changing

Protection of speech under the First Amendment has evolved into the substantial protections we see today, especially for noncommercial expressions of belief or opinion. The Court's protections of signage are expanding and changing along with the signage itself. These protections are grounded in the First Amendment, made applicable to state and local governments through the Fourteenth Amendment,<sup>3</sup> and, of course, are generally applicable to all forms of commercial speech.

Most students are surprised when they first learn of the Alien and Sedition Acts of 1798, adopted by Congress during the John Adams' administration. The Sedition Act imposed fines up to \$5,000, and imprisonment for as many as five years, on persons who spoke or wrote in criticism of the President or Congress, or otherwise acted to arouse discontent with the federal government. The Alien Act gave the President the power, by simple order, to expel or imprison any foreigner he thought dangerous to the government. Included in the Alien Act were naturalization provisions that made it necessary for persons to live in the United States for fourteen years before they could become citizens and vote. The Acts were prompted by opponents of Thomas Jefferson, primarily for the purpose of stifling support for him by many foreign writers and speakers who were living in the United States at the time of his running for the presidency. Led by Jefferson, a storm of disapproval erupted by persons claiming that the Acts violated the Constitution's guarantees of freedom of speech and of the press. In fact, the legislatures of Virginia and Kentucky adopted resolutions declaring the Acts unconstitutional.

In part due to the Alien and Sedition Acts, Jefferson defeated John Quincy Adams for the presidency in 1800. With the exception of the naturalization provisions, the Alien Act expired in 1800; the

Sedition Act in 1801. Congress repealed the naturalization provisions in 1802. Action at the federal level to inhibit speech that found fault with government officials or their actions was not again taken until the Civil War, when Abraham Lincoln invoked extraordinary limitations on speech, essentially by fiat. These restrictions were primarily aimed at prohibition of pro-Confederacy statements in the press.

The United States Supreme Court first considered the First Amendment in 1907, at which time it decided that the main purpose of the Amendment was to prohibit previous or prior restraints upon speech. However, the Court went on to say that the First Amendment did not prevent the punishment of speech deemed to be contrary to the public welfare.<sup>4</sup>

Based upon what it deemed to be in the public welfare, Congress passed the Espionage Act of 1917, in order to silence dissenting views during World War I. This Act, which remained in force through World War II, was invoked against persons charged as enemy agents or who were perceived as either making seditious statements or engaging in seditious acts tending to undermine the war effort or to stir up discontent against established government authority.

One of the early cases that explored the limits of governmental powers in the suppression of speech in the context of the Espionage Act was *Schenck v. United States*.<sup>5</sup> Schenck had been arrested for sending out circulars the government claimed were calculated to cause insubordination in the armed services and obstruction of the draft. While upholding the government's action in the case, the Court recognized that the Act could lead to abuses of power. To guard against this possibility, the Court created the "clear and present danger" test for evaluating whether the words used are of such a nature as to create a clear and present danger that they will bring about the substantive evils a government has a right to prevent. As Justice Holmes explained in the decision, the "most stringent protection of freedom of speech would not protect a man in falsely shouting fire in a theatre and causing a panic."

The clear and present danger test was later refined to require a present danger of an immediate evil.<sup>6</sup> Then, in 1951, the Supreme Court decided *Dennis v. United States*,<sup>7</sup> a case involving the pros-



ecution of eleven leaders of the Communist Party of the United States for advocating the overthrow of the government in violation of the Smith Act. Here, Justice Vinson, writing for the Court, explained that even though the organization had not attempted to overthrow the government in the past, the Communist Party could be ready to do so, and that was sufficient to satisfy the First Amendment. In 1969, the watered-down clear and present danger test adopted in *Dennis* was abandoned by the Supreme Court in *Brandenburg v. Ohio*.<sup>8</sup> *Brandenburg* established the test currently used today: “The constitutional guarantees of free speech and free press do not permit a State to forbid or proscribe advocacy of the use of force or of law violation except where such advocacy is directed to inciting or producing imminent lawless action and is likely to incite or produce such action.”<sup>9</sup>

The interplay between the First Amendment and government exercise of police powers often gives rise to a corollary issue – “prior restraint.” Generally, a system of prior restraints exists when speech is conditioned upon the prior approval of public officials that may work to inhibit or suppress communication before it reaches the public. Of particular concern to the Supreme Court is prior restraint upon publication. Although the Court first decided in 1907 that prior restraints were unconstitutional, the issue would not be given serious consideration again by the Court until 1931 in *Near v. Minnesota*.<sup>10</sup> Expressing a view most of us today take for granted, Chief Justice Hughes, writing for the Court, said it was essential that the press have the liberty to closely examine the conduct of public affairs. A more recent case reiterates this position. In *Southwestern Promotions Ltd. v. Conrad*,<sup>11</sup> the Court stated in its opinion that “[w]hile prior restraints are not necessarily unconstitutional per se, any such system...bears a heavy presumption against its constitutional validity.”

At this point it can be fairly stated, at least as a general rule, that in times of peace, the public and the courts have little tolerance for restrictions on words or actions expressing noncommercial political or personal opinions and beliefs, unless the words or actions are intended, with likely success, to produce imminent lawless behavior. However, explicit First Amendment protection for commercial speech is a fairly recent development. An initial step toward protecting this speech began in 1945 when the Supreme Court decided *Thomas v. Collins*.<sup>12</sup> In this case, a union official



Figure 11.1

This message in opposition to a burgeoning wine industry in the town of Dundee, Oregon was emphatically communicated not only by the wording, but also by the owner's decision to paint the building purple (to depict grapes) and trim the porch posts in a light green (to depict grapevines). The message may be offensive to some, but it expresses the opinion of the speaker and others and is protected by the First Amendment.

had been served with a restraining order preventing him from giving a speech at a rally without first obtaining an organizer's card. He gave the speech anyway and was jailed. The argument in part was over whether the speech, which was intended to solicit union membership, was commercial in nature or political, and whether it was constitutionally protected speech. The Texas Supreme Court viewed the speech as merely the conduct of business by a paid union organizer (comparing the conduct to that of a “salesman”), and not the expression of an individual's views.

The Court recognized the intrusive nature of unbridled discretion, and underscored in its decision that First Amendment freedoms could only be curbed when doing so was “justified by clear public interest, threatened not doubtfully or remotely, but by clear and present danger...that is actual or impending.”<sup>13</sup>

In overturning the Texas court's decision, the U.S. Supreme Court found the court's notion that First Amendment safeguards did not apply to business or economic activity was “not sound.” In part, the reason for this determination was that the Court recognized that the meaning of what was spoken depended not only on the speaker, but also on the listener; hence, what one person perceived as a sales pitch, another might find educational. This recognition set the stage for the later move by the Court to require content-neutrality in speech regulation.



Subsequent to *Thomas*, the Supreme Court increasingly imposed limitations on governmental exercise of police powers when speech rights were negatively impacted. In 1976, this judicial trend was specifically directed to commercial speech in *Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council*<sup>14</sup> – a landmark decision in which the Court held that commercial speech was entitled to protection under the umbrellas of the First and Fourteenth Amendments.

The issue presented in this case concerned whether pharmacists would be allowed to advertise the prices of prescription drugs. The State, supported by the Board of Pharmacy, argued that its regulation prohibiting price advertising was necessary to maintain the professionalism of licensed pharmacists and to protect them from unfair competition. The Court agreed that the State had a legitimate interest in maintaining professionalism and preventing unfair trade practices, but found that these legitimate ends could be attained by means other than placing restrictions on speech.

Justice Blackmun, in writing for the Court, first noted that “the notion of unprotected ‘commercial speech’ [has] all but passed from the scene,” and then continued:

*As to the particular interest in the free flow of commercial information, that interest may be as keen, if not keener by far, than an interest in the day’s most urgent political debate ... Advertising, however, tasteless and excessive it sometimes may seem, is nonetheless dissemination of information as to who is producing and selling what product, for what reason, and at what price. So long as we preserve a predominantly free enterprise economy, the allocation of our resources in large measure will be made through numerous private economic decisions. It is a matter of public interest that those decisions, in the aggregate, be intelligent and well informed. To this end, the free flow of commercial information is indispensable.*

The opinion concludes:

*Our question is whether speech which does ‘no more than propose a commercial transaction’ ... is so removed from any ‘exposition of ideas,’ and from ‘truth, science, morality, and*

*arts in general, in its diffusion of liberal sentiments on the administration of Government,’ that it lacks all protection. Our answer is that it is not.*

Thus, the Court firmly established that commercial speech is entitled to First Amendment protection, subject to restriction only if the restriction is (1) justified without reference to the content of the regulated speech, (2) serves a significant governmental interest, and (3) leaves open ample alternative channels for communication of the information.”<sup>15</sup> It was a recognition that advertising is a derived demand, and that as consumer choices and expendable income increased, the commercial speech needed to be allowed to increase with it.

Prior to the decisions in *Near*, *Thomas* and *Virginia Pharmacy Board*, activities associated with advertising were considered by most judges, lawyers and legal scholars to be outside the free speech parameters of the First Amendment. It was not that these activities were thought to be unworthy of legal protections, but simply that they did not represent the type of speech our forefathers had in mind when they crafted the First Amendment. Following *Thomas* and *Virginia Pharmacy Board*, however, the metamorphosis that had begun with *Near* accelerated in *Central Hudson Gas & Electric Corp. v. Public Service*.<sup>16</sup> In its holding, the Court articulated the prototype test for determining whether a regulation violated the First Amendment:

*Time, place or manner restriction of truthful commercial speech concerning a lawful activity is permissible only if (1) the government interest served by the regulation is substantial, (2) the regulation directly advances the government’s interest, and (3) the regulation is no more extensive than necessary to serve that interest.*<sup>17</sup>

In 1981, the Supreme Court tackled its first case in which application of the *Central Hudson* holding was germane – *Metromedia, Inc. v. City of San Diego*.<sup>18</sup> This “billboard” case arose partially out of San Diego’s interpretation and enforcement of the 1965 Highway Act and its amendments,<sup>19</sup> requiring states to control outdoor advertising, especially billboard structures, within 660 feet of the rights-of way of both interstate and federal-aid primary highways, under threat of withholding of a portion of federal high-



way funds.<sup>20</sup> San Diego sought a means of removing the billboards without having to pay compensation.

While the goal of the Act was to eliminate most outdoor advertising structures from the federal highway system, its drafters did not intend that those impacted would not receive just compensation for the loss of a valuable property interest. Because the Act's intent that just compensation would be paid upon removal was more implicit than explicit, several states, during the years 1965 to 1974, attempted to avoid payment of just compensation by granting a certain grace period during which the signs could remain in place before removal was required. Signage regulators refer to this method of compensation avoidance as "amortization" (though it defies the logic inherent in traditional amortization).

In 1974, Congress had reacted to the inequities of amortization by amending the Act to firmly state, "Just compensation shall be paid upon the removal of any outdoor advertising sign, display, or device lawfully erected under State law."<sup>21</sup> In response to this amendment, some state and local governments continued their attempts to avoid paying just compensation by alleging the signs posed a safety hazard, were of little value, or were opposed by local residents, and for those reasons could be removed without compensation as nuisances. San Diego originally attempted to assert this set of rationale; it was unable to prove the allegations, however, so the Court rejected the city's efforts to avoid compensation.

Although the *Metromedia* opinion is not a majority opinion, but rather a plurality showing the Justices arriving at their conclusions from various directions, the decision establishes several leading principles. One is that although "aesthetics" is a valid reason for banning outdoor advertising structures (and indeed that is what the "Beautification" Act is all about), just compensation must be paid for the removal. Another is that while safety concerns are also a valid reason for banning outdoor advertising structures, the government must prove the nexus between the presence of the subject sign and traffic hazard if it is to avoid compensation. Gone was the presumption of constitutionality in sign regulations based on mere rational assertions; from that point forward, commercial speech restrictions would be presumed unconstitutional, and the burden of proving otherwise placed upon the government.



**Figure 11.2**

If a state or local government attempts to remove an outdoor advertising structure located within an area protected by the Federal Government, it must pay the owner just compensation or risk losing federal highway funds.

The final principle, and the one most concerning the Court, centered on content-based provisions of the ordinance in which certain kinds of commercial speech were preferred in the regulatory scheme over certain kinds of noncommercial speech. The Court determined that such distinctions never have a logical (or rational) premise, and struck down the ordinance, holding:

*The ordinance is unconstitutional because it distinguishes in several ways between permissible and impermissible signs at particular locations by **reference to their content**...these distinctions take the regulation out of the domain of [content neutral] time, place and manner restrictions.<sup>22</sup>*

Following *Metromedia*, the Court hit its stride. In deciding *Bd. of Trustees of State Univ. of New York v. Fox*,<sup>23</sup> the Court expanded the third prong of the *Central Hudson* test to include the caution that the means chosen by the government to advance a defensible substantial interest must be **narrowly tailored** to achieve the desired result. A subsequent major case finding fault with content-based codes was *City of Cincinnati v. Discovery Network*.<sup>24</sup> Here the Court held:

*A ban of lawful activity based on its commercial nature, while permitting similar noncommercial activities to continue, is a content-based regulation in violation of the First Amendment.<sup>25</sup>*



The above cases firmly established that commercial speech, including speech displayed on signs, whether on-premise or off-premise, is entitled to First Amendment protections. Today, the constitutionality test for commercial speech can be stated as follows:

*Time, place or manner restriction of truthful commercial speech concerning a lawful activity is permissible only if (1) the government interest is substantial, (2) the regulation directly advances the government's interest, (3) the regulation is narrowly tailored and no more extensive than necessary to serve that interest, and (4) ample and feasible alternative methods of communication remain open to the regulated party.*

The above test is referred to as “intermediate scrutiny” and applies to sign regulations that are “content neutral,” or in other words, do not regulate based upon either the content of the message displayed, or the identity of the messenger. If any provision of a sign code is “content based,” imposing restrictions based upon either the content of the message or the identity of the messenger, it is subjected to an intensified form of judicial scrutiny (or intermediate scrutiny with “bite”) that nearly approaches the level of “strict scrutiny” (which requires the government interest served to be compelling, and the means chosen to be the least restrictive possible).

Regulation of noncommercial speech on the basis of content is almost always entitled to strict scrutiny. In recent decisions, the Supreme Court is coming very close to granting commercial speech the same scrutiny level as noncommercial speech. For example, in *Lorillard Tobacco Co. v. Reilly*,<sup>26</sup> while the Court noted that the state's interest in protecting children from tobacco advertising might even be compelling, it found that the statute restricting tobacco advertisements failed the “narrowly tailored/reasonable fit” requirement set out in *Central Hudson* and its progeny and was, therefore, unconstitutional.

In addition to judicial overview of signage regulations, Congress has occasionally interceded. Clearly, Congress stepped into the area of sign regulation via the Highway Beautification Act and its amendments, but this does not represent its first or only incursion.

Of especial importance to our commercial communication purposes and protections is the “Lanham Trademark Act,” passed by Congress in 1958.<sup>27</sup> This Act prohibits states, and their political subdivisions, from requiring alteration of federally registered name, marks, and colors where included within the registration. The first clause of Section 1121(b) reads as follows:

*No state or other jurisdiction of the United States or any political subdivision or any agency thereof may require alteration of a registered mark, or require that additional trademarks, service marks, trade names, or corporate names that may be associated with or incorporated into the registered mark be displayed in the mark in a manner differing from the display of such additional trademarks, service marks, trade names or corporate names contemplated by the registered mark as exhibited in the certificate of registration issued by the United States Patent and Trademark Office.*

The plain language of the Lanham Act clearly proscribes state or local government legislation that will require alteration of a registered mark. This prohibition applies to signage regulation. An oft-cited case addressing the issue is *Sambo's of Ohio v. City Council of Toledo*.<sup>28</sup>

In *Sambo's*, the City would agree to issue the plaintiff a sign permit only if the plaintiff would agree to change its registered trade name and mark. This decision was based on the City's determination that the name was racist. The Court ruled against the City, finding that the City's effort, on alleged racial grounds, to require alteration of a federally registered trade name as a condition of issuing a permit was unwarranted, overly broad, and in violation of both the Lanham Act and the First Amendment. The Court further noted that one cannot have freedom of speech if only innocuous utterances are permitted.<sup>29</sup> (See also, *Texas v. Johnson*,<sup>30</sup> wherein the Court stated: “One bedrock principle underlying the First Amendment is that government cannot prohibit expression of an idea simply because society finds [it] offensive or disagreeable.”)

At this writing, there is a split among federal courts concerning whether the Lanham Act preempts a local government's ability to foreclose the display of a trademark unless it conforms to a com-



munity's uniform *aesthetic* zoning standards.<sup>31</sup> However, in those cases in divergence, First Amendment issues were neither raised nor discussed. Should these issues be raised in later cases, a total ban of trademark or logo signage for aesthetic reasons is likely to be found unconstitutional under the expanded *Central Hudson* test, because the trademark itself is the message, and prohibition of its display would constitute impermissible content control without any defensible justification.

A limited ban of certain registered trademark colors or designs because they are viewed by some as "aesthetically-deficient" is also suspect under First Amendment tests. The subjective aesthetic benefits associated with the regulation would have to be weighed against the cost of interference with the right of the trademark owner to convey a message to the public, free of content control, and the public's right to receive information and make informed decisions based upon familiarity with the mark. In such a balancing, it is unlikely the aesthetic benefit would prevail.

Prior to the *Virginia Pharmacy Board* decision of 1976, commercial speech was generally considered a constitutional orphan. Because of this, signs displaying commercial information were not viewed as purveyors of speech, but rather as just another manifestation of advertising activity – an activity not always seen as reputable or deserving of any special protections. Moreover, because most signs appeared on land, their use was deemed a land use, and accorded regulatory treatment in the same manner as any other land use – through zoning ordinances.

We now know that a sign ordinance is regulating speech, not activity or use. The distinction here is important because the two types of regulations are subject to entirely different levels of judicial scrutiny. Ordinarily, when an aggrieved person challenges a government regulation of an activity or general land use, the courts assume the regulation is constitutional if the regulation appears to demonstrate, on its face, a "rational nexus" between the regulation and the alleged government purpose to be served. Additionally, the burden of proof that the regulation is not reasonably or rationally related to the stated government purpose is on the challenger, not the government. But when the complaint involves speech – a fundamental civil right protected under the First Amendment – the presumption of constitutionality no longer

exists, and the burden of proof shifts to the government, as with any civil rights case.

While commercial speech is not yet entitled to as much First Amendment protection as noncommercial political, religious, or personal opinion expression, it nevertheless enjoys an elevated level of protection, requiring more from the government than a mere claim of "rational nexus" between a purported goal and the regulatory means chosen to get there. As discussed above, intermediate judicial scrutiny applied at this level minimally requires that a sign ordinance is essentially content-neutral in its regulation of time, place and manner of display, serves a substantial government interest in a direct and material way, and is narrowly tailored to serve that interest, allowing for feasible and effective alternative means of communication. Moreover (and unlike regulations of activity or general land use), upon challenge the burden of proof is on the government, not the challenger. Thus, in *Metromedia*, for example, the city's bare assertion of safety hazard in defense of its failure to pay just compensation was insufficient, without actual proof, to withstand the higher levels of judicial scrutiny imposed by the First Amendment.

In sum, the progression of legal and legislative protections for commercial speech has left regulators, particularly those at the local government level, constrained in two new ways. First, they are restricted in the regulation of certain speech behaviors; and second, if they do choose to regulate those behaviors, they are required to follow a set of rules that will satisfy constitutional tests. Science and hard data played an essential role in the development of these new constraints, and continue to be critical in their implementation. Simply put, governments are required to be able to demonstrate that their regulations are based on fact and in compliance with constitutional imperatives if they are to successfully enforce or defend them.

The shift in the Supreme Court's interpretation of constitutional protections for commercial speech is in part a recognition of the fact that in a speech-driven society, efficient resource allocation only occurs when speech is allowed to do its job. Efficient resource allocation in any society cannot occur unless it is facilitated by the broadcasting of information. Today's fast paced society demands ever increasing levels of efficiency, and it is facili-



tated by an unprecedented richness of speech.

The mobile consumer relies on signage for guidance and information. Thus, signs must be allowed to communicate effectively – and to do that, they must be visible and readable from behind the wheel of a moving automobile. Because commercial speech is protected under the First Amendment, sign regulations that impair communication effectiveness through content-based restrictions are instantly suspect as violating that Amendment, unless backed by sound evidence that the restriction is necessary to protect substantial or compelling governmental interests that are defined with specificity<sup>32</sup>

In short, as the need for commercial communication has increased, the Court has seen fit to ensure that government ability to restrict commercial signage has decreased. This judicial trend is of major importance to successful marketing and advertising strategies. In order to better serve their clients, professionals in these areas are well advised to be aware of the legal protections and rights that attach to commercial speech.

### Federal Protections for Registered Trademarks

Once a logo has been designed, it is important that it also be protected so others cannot misuse it and impair its ability to brand the business. Registering the logo also protects the business from regulations requiring alterations that could also weaken the brand. The Federal Lanham Trademark Act<sup>33</sup> protects federally registered names, marks, emblems, slogans, and colors, if included in the registration. It prohibits regulators from requiring the alteration of a registered mark. For example, a city could not legally require a Safeway store to reverse the red and white of its well-known “S” logo (although at least one city has actually tried).

Cities have on numerous occasions attempted to tell businesses, both independents and franchises, that they must alter the colors or their logos or trade dress so that they “fit in” with the desired color scheme of a shopping center or district. This is contrary to federal law. An oft-cited case addressing the question is *Sambo’s of Ohio v City Council of Toledo*,<sup>34</sup> which we have already discussed.

A more recent case is *Blockbuster Videos Inc. & Video Update v. City of Tempe (AZ)*,<sup>35</sup> in which the city required mall signage to conform to a particular color scheme. Video Update’s registered colors were different than the colors allowed (the city wanted them changed from red to white), and Blockbuster was not allowed to install its trademark blue awning, though it could display its ticket-shaped logo sign. The Court ruled against the city’s requirements that Video Update change its trademark color, reasoning that trademarks must have a uniform appearance to effectively communicate. It upheld the city’s refusal of Blockbuster’s awning, however, saying that while an ordinance cannot require alteration of a mark, it can entirely preclude display of a mark.

In *Lisa’s Party City Inc. v. Town of Henrietta*,<sup>36</sup> the Court ruled that limiting the colors and fonts that could be used for an exterior sign at a particular location was not the same thing as requiring an alteration of a registered trademark. Thus a city could prohibit a business from displaying its own unique logo and colors altogether without having violated the Lanham Trademark Act. It should be noted, however, that in neither *Blockbuster* nor *Lisa’s Party City* did the sign user assert First Amendment protection.

Requiring a change in color, shape, form, or graphic can unduly restrict the communication effectiveness of the storefront and signage, and can undermine the business’s investment in other synergistic advertising programs. The Courts are beginning to recognize that the ability for a logo and a trademark storefront to instantly communicate a large amount of information is a valuable asset, and that some sign regulations are significantly impeding the use of that asset without achieving any legitimate, substantial public benefit.

Obtaining copyright protection is simple and inexpensive. Copyright ownership is actually legally established at the time of creation of the original item of artwork. The additional step of registering the copyright is necessary to fully protect the original work, and is required prior to initiating a lawsuit for copyright infringement. In most cases, the registration process is very simple, requiring the filing of a registration form, copies of the original work for which a copyright is claimed, and payment of a registration fee of about \$30.



Prompt registration is also important for the copyright owner's ability to obtain a full recovery under the Copyright Act by making statutory damages, attorney fees and court costs available in an infringement action

#### Endnotes:

1. 323 U.S. 516 (1945). The case involved a union organizer who was arrested for giving a speech that was deemed commercial in nature, without having secured the proper permit to do so, because in the speech he had discussed the benefits of and solicited union membership.
2. For example cases, see *FW/PBS v. Dallas*, 493 U.S. 215, 225-26 (1990); *Forsyth County v. The Nationalist Movement*, 505 U.S. 123, 130 (1992), citing *United States v. Grace*, 461 U.S. 171 (1983); *Desert Outdoor Advertising, Inc. v. City of Moreno Valley*, 103 F.3d 814 (9th Cir. 1996); *Nightclubs, Inc. v. City of Paducah*, 202 F.3d 884, 889 (6th Cir. 2000).
3. *Gitlow v. New York*, 268 U.S. 652 (1925).
4. *Patterson v. Colorado*, 205 U.S. 454 (1907).
5. 249 U.S. 47 (1919).
6. *Abrams v. United States*, 250 U.S. 616 (1919); *Whitney v. California*, 274 U.S. 357 (1927).
7. 341 U.S. 494 (1951).
8. 395 U.S. 444 (1969).
9. Other forms of speech deemed less-protected by the First Amendment are "fighting words" in a face to face confrontation on the street (*Chaplinsky v. New Hampshire*, 315 U.S. 568 (1942)), and obscenity (*Miller v. California*, 413 U.S. 15 (1973)). Although government may ban these forms of speech outright, there are limits to viewpoint based regulations of these categories of speech (*R.A.V. v. City of St. Paul*, 505 U.S. 377 (1992)). The Supreme Court has often protected the right of individual citizens to display words or signs which are offensive to other people to express dissatisfaction with government activities or laws (*Cohen v. California*, 403 U.S. 15 (1971)).
10. 283 U.S. 697 (1931).
11. 420 U.S. 546 (1975).
12. 323 U.S. 516 (1945).
13. The reproductive rights cases of the 1960s and 1970s (*Poe v. Ullman*, 367 U.S. 497 (1961), *Griswold v. Connecticut*, 381 U.S. 479 (1965), and *Roe v. Wade*, 410 U.S. 113 (1973)) represent another significant change of course by the Court in determining the constitutionality of regulation of certain activities. A new right – the right to privacy – was created. Local governments could only infringe upon this right if the law advanced a legitimate government interest in the least intrusive manner.
14. 425 U.S. 748, 761-773 (1976).
15. *Virginia Pharmacy Board*, supra, 771.
16. 447 U.S. 557 (1980).
17. In the context of the test as applied to communication via signage, "time" refers to when (e.g., permanently or temporarily), "place" refers to where (e.g., on-premise or off-premise), and "manner" refers to how (e.g., free-standing or

attached; illuminated or nonilluminated).

18. 453 U.S. 490

19. See, Pub. L. No. 89-285, Title I, § 101, 79 Stat. 1028 (1965) (codified as amended at 23 U.S.C., § 131).

20. Within less than a decade of enactment, all states were in compliance.

21. See, Pub. L. No. 93-643, section 109, 88 Stat. 2284 (1975).

22. Thus, even if safety or aesthetics may be presumptively valid reasons to ban a particular type of sign, this presumption will disappear if the regulatory scheme embraces content control as one determining factor.

23. 492 U.S. 469 (1989).

24. 507 US 410, 428-29 (1993).

25. The Court further found itself "unwilling to recognize Cincinnati's bare assertions that the 'low value' of commercial speech was sufficient justification for the selective ban on news racks dispensing 'commercial handbills'." An additional reason advanced by the Court for rejecting the city's arguments was that the regulation was not "narrowly tailored," as required by its holding in *Fox*, supra.

26. 533 U.S. 525 (2001).

27. 15 U.S.C., Section 1051, et seq

28. 466 F.Supp. 177 (N.D. Ohio 1979).

29. Id., 180.

30. 491 U.S. 397, 414 (1989).

31. *Blockbuster Video Inc. & Video Update v. City of Tempe (AZ)*, 141 F.3d 1295 (9th Cir. 1998); *Lisa's Party City, Inc. v. Town of Henrietta (NY)*, 185 F.3d 12 (2nd Cir. 1999).

32. For example, see, *Desert Outdoor Advertising, Inc. v. City of Moreno Valley*, 103 F.3d 814 (9th Cir. 1996), in which the Court held: "Impermissible prior restraint exists when an ordinance gives the permitting official discretion to approve or deny a sign permit when the only standards controlling the exercise of his discretionary power are "[the sign] will not have a harmful effect upon the health or welfare of the general public...[and] will not be detrimental to the aesthetic quality of the community."

33. 15 U.S.C., § 1051, et seq.

34. 466 F.Supp 177 (N.D. Ohio 1979).

35. 141 F3d 1295 (9th Cir. 1998).

36. 185 F.3d 12 (2d Cir. 1999).





## Working with Local Government

# 12

### Applying for a Variance

Unfortunately, signs are an afterthought in about 95% of commercial development plans. Most members of the business community assume they are going to be able to get the signage required to meet their advertising and marketing needs, and are not typically aware of the problems involved in that process. But what happens when a business discovers the signage it needs is not allowed under the local sign code?

The business will need to apply for a variance. A variance is a legal exception from the code. Every municipality has its own sign code, and the requirements vary greatly from one place to another. The process can be cumbersome and lengthy. Often the sign manufacturer will be able to help the business get through this process, though the services of an attorney may also be needed. Typically, a variance may be granted only in cases of hardship



**Figure 12.1**

The businesses associated with this sign are not visible to motorists traveling along the roadway above. To ensure their retail sites functioned effectively as zoned, these businesses needed signage that would both indicate and advertise their presence.



or some physical difficulty involved with using the land, which are not self-created.

Some reasons why a business owner may wish to seek a variance include:

1. Permitted signage cannot be easily seen by passing motorists in one or both directions due to the configuration of existing buildings, trees, traffic (particularly large trucks), or other obstructions.
2. Permitted signage could not be seen by passing motorists in sufficient time to permit safe deceleration and exit.
3. Existing signs on nearby parcels would substantially reduce the visibility or advertising impact of a conforming sign on the subject parcel.
4. Construction of a conforming sign would obstruct the vision of motorists or otherwise endanger the health or safety of passers-by.
5. Construction of a conforming sign would require removal or severe alteration of natural features on the parcel, such as removal of trees, alteration of the natural topography, filling of

wetlands, or obstruction of a natural drainage course.

6. Variance from certain sign regulations would be offset by increased building setback, increased landscaping, or other such enhancements, so that the net effect is an improvement in appearance of the parcel, compared to the result that would be otherwise achieved with construction of a conforming sign.
7. A sign that exceeds the permitted height or area standards of the code would be more appropriate in scale because of the large size or frontage of the subject parcel or building.

In the variance application, it is important that the business show how its request is in the interest of the local community. This is done by clearly laying out how the improvement to the property will contribute to a revitalization of the district itself, or how the resulting increases in income and property value will increase tax revenues to the local government. Safety benefits that will result from the enhanced readability of the proposed sign are another subject which should be stressed. It can even be a good idea to show how the proposed sign will fit in with and enhance the character of the district in which it is located.

A 7% increase in sales after the installation of a needed sign is not unusual, even for a recognized chain. Holiday Inns discovered in the mid-1970s after analysis of its records that only 31% of its guests arrived with a previously made reservation, despite the fact that the chain had the most sophisticated reservation system in the industry.<sup>1</sup> Fully 59% of its business was determined to be “drop-in” customers (36 million people in 1973 alone). The chain credited its outdoor signage program with attracting at least 9% of its customers at each location, thus helping its motel system “considerably.” A study by *Hospitality* magazine had backed up their findings, showing that typically 79% of travelers did not make reservations prior to stopping at any motel.

A thorough examination of the rationale behind a business’s signage choices is always a beneficial exercise, but it can be critical to put this information down on paper and include it as part of the variance application. The more the municipality understands about why the business has chosen particular colors, graphics, and sizes, the better it will understand the business’s need for a variance. The following case studies provide clear examples of how valuable a visible, readable, and conspicuous sign is to a business.



## Loss of Sign and Corresponding Business Decline

Sign appraisers have shared many case studies demonstrating sobering losses in business profits when signs were damaged or removed. Many of these are associated with legal actions.

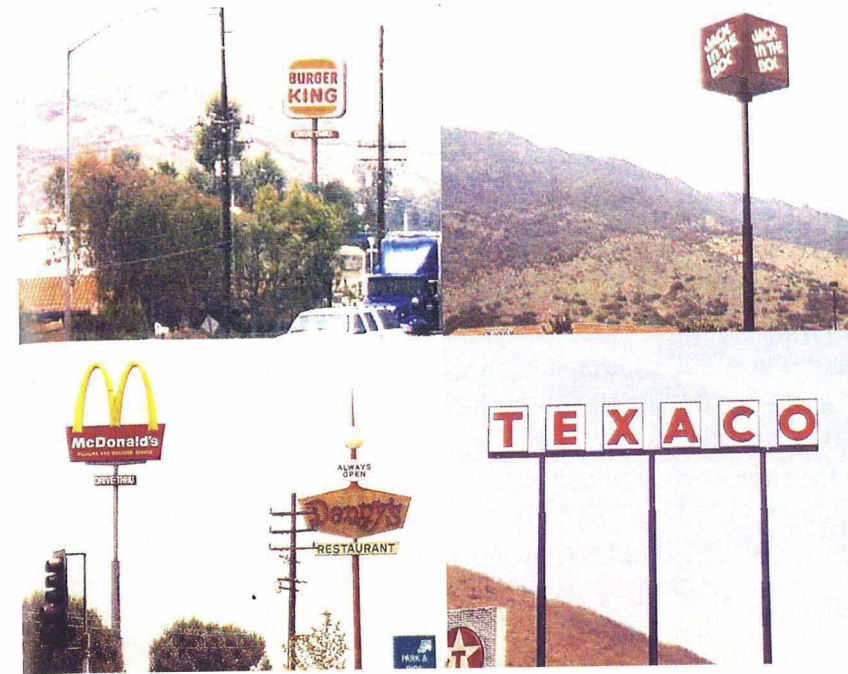
One such case, *Caddy's v. Hamilton County, Ohio*,<sup>2</sup> involved a jury trial in a lower court in Hamilton County, Ohio. Ohio is one state that recognizes the "visibility component" of a commercial site as a partial real estate interest. In *Caddy's*, the business's building was to be "taken" under exercise of eminent domain to make way for a municipal stadium. The county tax assessor placed a value of \$1.3 million on the land and building and no value on the business's signage, which had been "grandfathered" and was highly visible to adjacent streets and highways. Because *Caddy's* very distinctive 3,000 square foot wall murals and roof sign were non-conforming under present codes, they could not be duplicated on the replacement buildings used by the county as comparable relocation sites; neither did the comparables have equal or similar exposures to the freeway. Therefore, if income levels were to be maintained after relocation, alternate forms of commercial communication, such as outdoor advertising or television and radio commercials, would have to substitute for the lost on-premise visibility to potential customers.

During the trial on the issue of just compensation for lost visibility, expert testimony established that the cost of visibility replacement in the form of outdoor advertising was \$180,000 per year. This number was based on how much the subject signs would have rented for, had they been "outdoor advertising" instead of on-premise signage.

In addition to an award of \$1.3 million for the real property and building, the jury, using a capitalization rate of 10%, awarded \$1.8 million for the value of the lost on-premise signage, an amount which, if invested at 10% interest per annum, would permit the owner, annually, to afford the cost of off-premise (or "outdoor advertising") exposures for a new location lacking on-site signage visibility.

The importance of the on-premise sign was the subject of another

**Figure 12.2**  
The affected freeway-oriented businesses of Agoura Hills.



case, this one in California (*Denny's Inc., et al v. City of Agoura Hills*).<sup>3</sup> A portion of the city of Agoura Hills is bisected by a major high volume freeway which is part of U.S. Highway 101, locally referred to as the Ventura Freeway. The city wanted to enhance its visual aesthetics, and it enacted a sign ordinance which, among other things, prohibited all pole signs, with the exception of a few under six feet in height. The affected business proprietors were identified by the city as being in violation of the ordinance, and their traditional pole signs exceeded the new height limit considerably. Under the new code, the pole signs became non-conforming on March 20, 1985, and following an amortization period of eight years, were subject to removal on March 20, 1992. Eventually litigation ensued.

One business affected by the city's ordinance was a Burger King franchise located adjacent to the Ventura Freeway. Its pole sign was highly visible to potential customers traveling in both directions along the freeway. Traffic counts showed that 88% of the vehicles passing the restaurant did so via the freeway; the other 12% passed by on local frontage roads. Due to surrounding topographical circumstances, a sign of the type and height required by the ordinance could not be seen from the freeway, and the business premises itself was also not visible to the freeway until it was too late to safely exit. Thus forced removal of the sign would ren-



der the business essentially invisible and incapable of attracting the freeway motoring impulse buyer.

The business had been built specifically to service motorists traveling along the Ventura Freeway, and its profit structure was designed with that in mind. Corporate field studies found that nearly 60% of the store's business was attributable to its on-premise sign. Even after factoring down the potential loss in business attributable to loss of the sign from 60% to 37.5% (a compromise "averaging" of Burger King's data and that of the city's expert), corporate accountants found that the franchisee would lose a profit of \$2 million over a 15 year period – the term left on the lease at the time of the controversy. Using the higher 60% business loss calculation, which the corporation believed was more accurate, the lost profit would be closer to \$3.2 million, perhaps forcing the franchisee out of business.

A comparison was also made between the Agoura Hills Burger King and another Burger King located in nearby Camarillo. As with the Agoura Hills site, the Camarillo premises were not visible from the freeway, and although the store had a pole sign, the sign was visible only to southbound traffic and could not be seen until the motorist had passed the appropriate exit. Because of a lack of visibility and ready access from the freeway, the Camarillo Burger King relied much more on the local population and local frontage road traffic than the Agoura Hills store, and its sales were only 48% of the sales achieved by the Agoura Hills site, which tended to support the corporation's loss estimate for Agoura Hills. In fact, Burger King Corporation had permitted a deviation from its customary practice of siting only one franchise per five mile radius trade area because the Agoura Hills franchise was strictly "point of distribution" or freeway oriented, while the nearby Camarillo store was considered trade-area oriented.

The studies provided by all business litigants similarly found that extensive adverse impact to business revenues and profits would result if their pole signs, visible to the freeway, were removed. The city's expert disclosed that McDonald's would suffer a 35% loss in revenue by complying with the city ordinance, and that the freeway-oriented Texaco station would also lose 35% of present revenues. McDonald's would have lost \$1.3 million the first year, rising to \$2.3 million within five years as non-local motorist recall

**Table 12.1: Sample Tax Rates**

1)	<u>Sales Taxes</u>	<u>5% of Gross Sales per Annum</u>
	State	5.50%
	City	<u>2.25%</u>
	TOTAL	7.75%
2)	<u>Real Estate Taxes</u>	<u>Per \$100 of 25% Assessed Value</u>
	County	\$2.88
	City	\$1.34
3)	<u>Personal Property Tax</u>	<u>Per \$100 of 25% Assessed Value</u>
	County	\$2.88
	City	\$1.34

of the site diminished. In Texaco's case, its loss estimates were set at \$336,000 for just the first year of sign take-down. The court concluded that enforcement of the ordinance would result in a limitation of the businesses' ability to adequately and effectively continue to communicate with the public due to topographical conditions and visual impediments, and the city was permanently enjoined from enforcing the ordinance against them.

### Signage as a Generator of Tax Revenues: A Case Study

Many cities considering restrictions on signage do not realize the impact those restrictions will have on their own budgets. In order to understand just how significant the economic loss of signage can be, the total amount of taxes a business generates needs to be analyzed. Most cities utilize three primary tax sources: sales, real property, and personal property. By way of illustration, we will consider a case study that was conducted a few years ago involving a Pier 1 Imports store that functioned as the anchor store of a strip mall in Germantown, TN. At the time, 17% of city revenues were generated by the 3% of land zoned for retail activity. Table 12.1 shows the applicable tax rates at the time of the study.

The chain's calculations showed that the store should be generating \$1,200,000 in gross sales, but its sales were only reaching 70% of its expectations. The store had a wall sign that was only visible to traffic traveling in one direction. Pier 1 believed the lack of a sign visible to traffic traveling in the opposite direction was the reason its sales were unable to match expectations, and filed a



variance request with the City to allow it to install an additional sign. Its application made the case to the City that it was in Germantown's best interests to grant the variance request.<sup>4</sup>

Well over 64% of Pier 1 Imports Germantown store business came from the Germantown area; Pier 1 Imports was a positive contributing economic factor to the city. If the store did not have adequate signage for effective identification, revenues would be lost to competing areas in other cities where shoppers either could find the store they were looking for or could easily identify a retail location and stop by on impulse.

If shoppers left Germantown, the city likely would have to zone more retail space in attempt to get that business back. Germantown's planning goals for future development stated that the land use percentages should remain stable. Pier 1 helped the city see that at some point it might need to increase the percentage of land set aside for commercial/retail use to compensate for business and tax revenue losses related to inadequate signage.

Table 12.2 illustrates the difference in local tax revenues between the store's projected income and the 30% lower actual business the store was experiencing. The value of the real estate improvements, personal property and gross sales generated by this particular store are based on actual data. The value used in the real estate improvements is part of the shopping center and would not be sold separately, but the value used in these calculations is consistent with its contributory values as indicated.

An appraiser makes an estimate of fair market value for a property in order to assess a tax rate. In Germantown, where the property tax rate was not less than 1.5% of the fair market value of the property, if the property values decreased by 50%, the property taxes collected by the city also decreased. Fair market value of an income property is partially determined based on what is called the capitalization rate for the property.

Retail property is sold and appraised based on capitalization rates. The appraiser looks at the net income from the property, i.e. what the landlord will net after a lessee pays for the building and land. Based on that income the appraiser estimates the value of the property.

**Table 12.2: Valuation and Assessment Information  
Pier 1 Imports, Germantown, TN**

Valuations			
\$1,200,000 Gross Sales			
\$ 600,000 Real Estate Value			
\$ 180,000 Personal Property (Inventory)			
Gross Sales	Sales Tax Rate	Total Tax	Taxing Entity
\$1,200,000 x	5.50% =	\$ 66,000	State
\$1,200,000 x	2.25% =	\$ 27,000	City
\$1,200,000 x	7.75% =	\$ 93,000	TOTAL
Real Estate Value	Property Tax Rate	Total Tax	Taxing Entity
\$600,000 x (.25) x	2.88% =	\$ 4,320	County
\$600,000 x (.25) x	1.34% =	\$ 2,010	City
Personal Property Value	Personal Property Tax Rate	Total Tax	Taxing Entity
\$180,000 x (.25) x	2.88% =	\$ 1,296	County
\$180,000 x (.25) x	1.34% =	\$ 603	City
Total State Taxes (65.2% of total taxes paid)		\$ 66,000	
Total County Taxes (05.6% of total taxes paid)		\$ 5,616	
Total City Taxes (19.2% of total taxes paid)		\$ 29,613	
		<b>Total Taxes Paid</b>	\$101,229
Valuations - 30% Reduction			
\$840,000 Gross Sales			
\$420,000 Real Estate Value			
\$180,000 Personal Property (Inventory)			
Gross Sales	Sales Tax Rate	Total Tax	Taxing Entity
\$ 840,000 x	5.50% =	\$ 46,200	State
\$ 840,000 x	2.25% =	\$ 18,900	City
\$ 840,000 x	7.75% =	\$ 65,100	TOTAL
Real Estate Value	Property Tax Rate	Total Tax	Taxing Entity
\$420,000 x (.25) x	2.88% =	\$ 3,024	County
\$420,000 x (.25) x	1.34% =	\$ 1,407	City
Personal Property Value	Personal Property Tax Rate	Total Tax	Taxing Entity
\$180,000 x (.25) x	2.88% =	\$ 1,296	County
\$180,000 x (.25) x	1.34% =	\$ 603	City
Total State Taxes (64.7% of total taxes paid)		\$ 46,200	
Total County Taxes (6.0% of total taxes paid)		\$ 4,320	
Total City Taxes (29.3% of total taxes paid)		\$ 20,910	
		<b>Total Taxes Paid</b>	\$ 71,430



**Figure 12.3**

A city benefits when the retail property it encompasses functions to maximum economic capacity. Successful businesses generate important tax revenues that fund infrastructure, school systems, and other city government functions.



As an example, assume that a property will generate \$10,000 per month net to the landlord after he pays for maintenance, management and upkeep as our sample business's lease does. By the end of the year, the landlord will have collected about \$120,000. Using a capitalization rate of 10%, the property is worth \$1.2 million ( $\$120,000/0.10$ ). If the net to the landlord falls to \$5,000 per month with the same capitalization rate, the property falls in value from \$1.2 million to \$600,000 ( $\$60,000/0.10$ ). With the decrease in property value, the tax collected based on the assessed value decreases by one half.

The city benefits when retail property functions to maximum economic capacity. Once a city has decided to zone a property and allow a business to be established, it is in its best interest to see that the property functions in its maximum economic capacity while not directly conflicting with such goals as aesthetics and traffic safety. If the property is functioning to its capacity, the city should have corresponding economic growth with a broad tax base providing for ample revenues to fund infrastructure, city management, school systems, and other public resources.

Assume Pier 1's annual sales reached \$1.2 million, the store had merchandise on the shelves worth \$180,000 and the fair market value of the property was \$600,000. The tax rate was based on 40% of the actual market value multiplied by \$1.34 of assessed value per \$100. This figure calculates to \$3,216. This revenue would go directly to Germantown. Given the local sales tax revenue 0.011%, approximately \$13,200 per year would also be directed to Germantown's coffers from this store's annual sales alone. This would by no means be the total return to the city because the multiplier effect on other stores must be considered; its destination-oriented clients would pay sales tax on purchases made in other stores located nearby and visited on an impulse basis. Germantown needed to realize it must maximize this tax base if it was to realize its own general plan goal of making its land use planning optimally effective in an economic sense. If this Pier 1 was not able to increase its gross sales, the economic hardship it would face would also fall to Germantown's bottom line. With retailing's high fixed costs and cyclical sales volume, if Pier 1 was not able to use its space to its maximum capacity, it was looking at the real possibility that it might not survive in that location.

If, on the other hand, Pier 1 reached its goal of \$1.2 million annually, after it took an annual discount of \$48,000 for capital improvements it would be realizing approximately a 9% return on its investment. That would be its total yield on cash flow. It is important to note that this would not be profit, but rather the total cash flow on the store. Tennessee had a 7.75% sales tax plus approximately 0.7% in property and inventory taxes. When all was said and done, the state, its counties and municipalities would collect almost 9% of that same gross. In other words, the state actually would realize an almost equal profit out of the typical retail use as the retailer itself. If, given an environment such as this, a city is attempting to promote economic growth and avoid the results of inconsistent planning, such as urban sprawl, it becomes mandatory that the state recognize its role as a partner in business ventures and allow businesses to use their marketing tools in a reasonable manner to promote and protect health, safety, welfare and general economic growth of the community. Finally, it must be noted that when a business has a major partner taking a profit share equal to or greater than its own, that partner must offer a stable, low risk environment or the business cannot afford to remain in business in such a community or state.



When Pier 1 lost profits, the city lost tax revenues, and in fact Germantown lost the most in this situation. The amount of capital being manipulated if the city was required to replace the sales tax contribution of \$13,200 alone would require the purchase of a bond of \$140,907 annualized at 8% over twenty-five years, or a \$119,817 bond at 10% annual interest for 25 years to make an equivalent yield to the sales tax returns for the Pier 1 store alone. If the real property taxes of \$3216 were added to the net present value of the annual payment of \$16,416 at 8% for 25 years, \$175,237 would be required. These are among the most profitable type of revenues for the city in that neither schools nor many other infrastructure costs are increased by retail activities.

A business should be able to assume the city in which it is locating fully understands that when it sets aside land for retailing and allows businesses into the town, it wants those businesses to maximize their use of the property.

Finally, a business's low sales volume lowers the net to its landlord. Pier 1 had a 5% gross lease which meant that it paid 5% of its gross sales or a minimum of \$6,000/month to its landlord. Based on its actual income, its rent would never have exceeded \$6,000/month because its gross would never have exceeded the projected \$1.2 million/year based on current performance. As a result, the property would always stay below the assessed value that it could have because its rents would not come in to a higher category. Based on rents paid to the landlord, with a capitalization rate of 10 percent, the property would be worth \$720,000. If gross sales increased, the rent would increase and the property value would increase.

In light of all the evidence presented, Pier 1 was allowed to add its sign. North American Signs and Pier 1 Imports subsequently commissioned Market Development Associates of Memphis to conduct an in-store survey at the store to determine the opinions of the Pier 1 customers on the subject of public safety and signs and to test reactions to their additional outside sign on the west side of the Pier 1 Imports store.

Two hundred interviews were conducted over a three day period, September 20-22, 1991.<sup>5</sup> Researchers found respondents overwhelmingly supported the additional sign.

#### Endnotes:

1. Charles E. Novel, Assistant Vice President, Corporate Identity, Holiday Inns, Inc., testimony before the Los Angeles City Council, quoted in Karen Claus and R. James Claus, *Street Graphics: A Perspective* (Cincinnati, Ohio: Signs of the Times Publishing, 1975).
2. A lower court case, no West Law cite.
3. 97 C.D.O.S. 6341 (1997), Second Appellate District.
4. Since the time this study was conducted, Pier 1 has discovered that typically only one in four people who stop at the store actually make a purchase. This fact makes every new customer generated by the sign even more important than they realized at the time.
5. The methodology and more detailed information about this case study and subsequent survey are available at <http://www.signagefoundation.org>.



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# Glossary of Signage Terms

**Advertising Media:** The means by which an advertising message is carried to potential customers; includes Internet, magazine, newspaper, radio, television, and signage.

**Advertising Structure:** A term indigenous to outdoor advertising referring to the physical structure constructed by a media company on which to display advertising. The structures are typically built to standard specifications; the advertising messages are applied using many different techniques.

**Aesthetics:** A term dealing with form, design, and/or quality of construction of a particular sign, building, site or structure that presents a subjective statement concerning the level of beauty or artistic value.

**Alternate Outdoor Advertising Media:** Alternative or out-of-home media include, but are not limited to, stadium/arena/speedway signage; airborne/airship displays; marine vessel displays; beach panels; ski resort panels; golf course panels; rest area panels; bicycle racks; gas pumps; parking meters; and “postcards” – small panels located in public areas in malls, airports, and transportation stations.

**Amortization:** (1) In accounting terms, this refers to the method by which an intangible asset is depreciated over a specified period of time. (2) In terms relevant to signage, it refers to the use of a “grace period” during which time a previously conforming sign, which, due to a change in the regulations, no longer conforms to code, may remain in use. This process makes a sign structure, which was legally erected or placed pursuant to permit, a legally nonconforming sign for a period of time – the amortization period. After the amortization period expires, the sign becomes illegally nonconforming and must be removed. Non-removal often invokes severe penalty. Many states view amortization as a form of uncompensated regulatory taking. The legality of its use depends on state law and numerous other conditions, and it is frequently unenforceable.



**Animated Sign:** A sign depicting action, motion, light, or color changes through electrical or mechanical means. Although technologically similar to flashing signs, the animated sign emphasizes graphics and artistic display.

**Annual Average Daily Traffic Count:** Measurement representing the total number of vehicles passing a given location, based upon 24-hour counts taken over one year. Counts are adjusted to estimate annual average daily traffic, taking into account seasonal variances, weekly changes, and other variables. These counts are most often obtained from state highway departments.

**Awning Sign:** A building-mounted sign that provides additional functionality as shelter.

**Backlighting Letter:** An illuminated reverse channel letter with an open or translucent back so that light from the letter is directed toward the surface behind the letter, producing a halo lighting effect around the letter; also referred to as silhouette- or halo-lighted.

**Banner:** A temporary sign of lightweight fabric or similar material that is typically mounted to a pole or building. Promotional banners include those used to announce open houses or grand openings, or to advertise special events. Ornamental banners use images or colors of a decorative nature.

**Billboard (Outdoor Advertising Structure):** A large, typically standardized third-party/off-premise structure displaying advertising intended for viewing from extended distances, generally more than fifty feet. Billboard/outdoor advertising displays include, but are not limited to, bulletins, wall murals, wrapped vehicles, 30-sheet posters, and eight-sheet posters.

**Brand Equity (Branding):** The intangible but real value of the words, graphics or symbols that are associated with the products or services offered by a business. Brand equity is similar to goodwill and can be defined as the value that a brand name adds to a product that is above and beyond its physical attributes. Development of site branding includes the presentation of signage and architecture to create a unique awareness and memory by the potential customer of the products or services offered at that site.

**Building Fascia:** That portion of any elevation of a building extending vertically from the grade to the top parapet wall or eaves, and horizontally across the entire width of the building elevation, including slanted wall surfaces sometimes referred to as a mansard.

**Building-mounted sign:** A sign that is applied or attached to a building.

**Bulletin:** The largest standard format of the outdoor advertising media. The most common size is 14 feet high x 48 feet wide, plus extensions, if any. Design copy is most commonly reproduced on vinyl and then wrapped around the surface of a bulletin structure. Design copy may also be painted directly onto the surface or printed on paper and applied to the surface. Bulletins are sold either as long-term displays or in rotary packages. Most bulletins are situated in high-density traffic locations.

**Cabinet Sign:** A sign structure consisting of the frame and face(s), not including the internal components, embellishments, or support structure.

**Canopy Sign:** (1) A building-mounted sign functioning as a marquee. (2) A sign mounted on a marquee or attached to or printed on the fascia or valence of a canopy, awning, or marquee, or hanging from the soffit (underside) of such a structure (see awning sign; marquee sign).

**Changeable Copy Sign:** A sign or portion thereof on which the copy or symbols change, either automatically through electrical or electronic means (for example, time and temperature units), or manually through placement of letters or symbols on a panel mounted in or on a track system.

**Channel Letter:** A fabricated or formed three-dimensional letter that may accommodate a light source.

**Cold Cathode:** (1) An electric-discharge lighting system that uses an electrode with a large metal mass to emit electrons. Neon tubing is a cold-cathode type of lighting system. (2) A generic term employed to specify custom interior lighting produced through the use of use of large-diameter cold-cathode tubing.



**Cone of Vision:** The area that is clearly visible to a driver, generally described as a “fan-shaped envelope” preceding the driver.

**Conforming Sign:** A sign that is legally installed in accordance with federal, state, and local permit requirements and laws.

**Conspicuity:** The capacity of a sign to stand out or be distinguishable from its surroundings and thus be readily discovered by the eye. It is the noticeable contrast between a sign and its background, attributed to an exogenous (unplanned) or endogenous (planned) mindset, with the display having features that attract attention to the sign. Conspicuity is considered a subjective outcome.

**Content-Neutral Sign Code (Time, Place and Manner):** Consistently applicable, reasonable and nondiscriminatory sign regulations that specify when, where and how a sign can be installed, without reference to the content of the message displayed. Physical parameters that are addressed in time, place and manner regulation include, but are not limited to, height, size and location. The regulations should minimally ensure that the sign will be easily discernable and readable by targeted viewers.

**Contrast:** The difference or degree of difference between things having similar or comparable natures, such as light and dark areas, colors or typefaces.

**Copy:** The words or message displayed on a sign.

**Copy Area:** That area which encloses the actual copy on a sign.

**Cost Per Thousand Exposures:** A common measurement of the cost for an advertiser to send a message to 1000 receivers. The measure is calculated by dividing the amount of money spent for a given advertisement by the number of people exposed to it. (Based on this measure, signs are usually considered to be the least expensive form of advertising.)

**Coverage:** A marketing term that refers to the percentage of the total market population reached by an advertising message displayed or broadcast within a defined geographic area by a given medium; measured at least once a month.

**Cross-Read:** An advertising display that is visible across traffic lanes on the opposite side of the roadway.

**Custom Sign:** A sign designed, manufactured, and installed to meet the requirements of a specific location.

**Daily Effective Circulation (DEC):** The average number of daily potential exposures to a display or group of signs. DEC is determined by counting only those vehicles traveling toward the face of the sign and then multiplying that number by the average number of people per car during the hours the sign is visible. Pedestrian and mass-transit circulations are not included. This is the basic measure in establishing cost-per-thousand exposures on signs. The basic traffic numbers can usually be obtained from state departments of transportation.

**Demographic Profiles:** Audience breakdowns based on various characteristics, such as age, sex, income, education, and ethnic composition.

**Directional Sign:** Signs designed to provide direction to pedestrian and vehicular traffic.

**Directory Sign:** A sign that identifies the names and locations of tenants in a multi-tenant building or in a development made up of a group of buildings.

**Efficiency:** The degree of value delivered by the sign (in terms of exposures to potential customers) relative to its cost; usually expressed as either cost per thousand or cost per gross rating point. This measurement is common to all media.

**Eight-Sheet:** A 72 square foot poster panel generally placed for exposure to pedestrian and vehicular traffic along city streets.

**Electric Sign:** Any sign containing or using electrical wiring.

**Electronic Message Center (or Variable Electronid Message Center):** A variable-message sign that utilizes computer-generated messages or some other electronic means of changing copy. These signs include displays using incandescent lamps, LEDs, LCDs, or a flipper matrix.



**Embellishments:** Letters, graphics, mechanical devices, fiberoptics, lighting, cutouts, extensions, structure coverings, vicinity landscaping, or any other special-effect addition to a sign that will enhance its appearance and ability to effectively communicate its message.

**Eminent Domain:** The power of the state to take private property for public use.

**Extensions:** the area of design made as a cutout that extends beyond the basic rectangular space of a sign face or message.

**Exterior Illuminated Sign:** A sign that is illuminated by a light source that is directed toward and shines on the face of a sign; also called direct illumination.

**Face:** The surface area of a sign on which the message is displayed. A sign may have more than one face.

**Fascia Sign:** A building-mounted sign.

**Flashing Sign:** A sign with an intermittent or flashing light source. Generally, the sign's message is constantly repeated, and the sign is most often used as a primary attention-getting device. Government highway departments frequently use flashing signs to improve highway safety.

**Fluorescent Lamp or Tube:** An electric-discharge lighting system, utilizing glass tubing and a hot tungsten cathode. Unlike neon tubing, it is manufactured to standard lengths and can be mass produced.

**Font:** A set of letters, numerals and shapes that conform to a specific set of design criteria.

**Freestanding Sign:** A sign that is not attached to a building.

**Frequency:** The average number of times an individual has the opportunity to see an advertising message during a defined period of time. Typically measured over a four-week period.

**Full-Service Sign Companies:** Sign companies that complete the

entire signage project, including site survey and sign design, engineering, manufacturing, permitting, installation, and maintenance.

**Gross Rating Point (GRP):** A method common to all media for measuring an audience with duplicated circulation over a period of time. GRP levels for on-premise and outdoor advertising signage refer to daily circulation expressed over a week or a month (30 days). One rating point represents the circulation equal to 1% of a market population.

**High-Rise Sign:** A tall freestanding sign, usually of pole design and construction.

**Highway Beautification Act:** Federal legislation enacted in 1965 – commonly called the “Lady Bird Johnson Act.” This act, as amended from time to time, controls outdoor advertising along the 306,000 miles of federal-aid primary, interstate, and National Highway System roads throughout the United States. The Act allows for the location of outdoor advertising structures in commercial and industrial areas; mandates a state compliance program and development of state standards; promotes the expeditious removal of illegal signs; and requires the payment of just compensation (that is, cash) to billboard owners for the acquisition and removal of legally constructed and located outdoor advertising structures.

**Illegal Sign:** A sign unlawfully erected or maintained.

**Impulse Buying:** An unplanned or shifted purchase.

**Incandescent Bulb:** A lamp that produces light through the application of electrical energy to a wire filament, which glows when it is heated. Its application is limited because it is a point source light, not easily diffused. It generates considerable heat and its lifespan is limited by the filament degradation factor. Unlike neon tubing, it can be mass-produced.

**Illuminated Sign:** A sign with electrical equipment installed for illumination at night or in early morning darkness, either internally illuminated through its face by a light source contained in side the sign or externally illuminated by reflection of a light source aimed at its surface.



**Just Compensation:** The full monetary value to be paid for property taken by the government in accordance with the Fifth Amendment of the U.S. Constitution. Just compensation is generally determined by obtaining and appraisal.

**Legibility:** The physical attributes of a sign that allow for differentiation of its letters, words, numbers or graphics, which directly relate to an observer's visual acuity. Legibility is considered an objective stimulus. (See Conspicuity.)

**Logo:** A design or symbol that represents a product, identity or service.

**Luminance:** The perceived brightness of an illuminated sign.

**Manual on Uniform Traffic Control Devices (MUTCD):** A manual produced by the Federal Highway Administration that establishes, among other things, minimum size, height and placement standards to which a sign must conform to achieve readability and conspicuity – and to prevent traffic accidents. The manual specifically addresses three types of signs: guide, warning and directional. Although intended for public transportation authorities, the manual is directly relevant to private signage as well.

**Marquee:** A permanent canopy, often made of metal and glass, projecting over an entrance.

**Marquee Sign:** (1) A sign mounted on a permanent canopy. (2) A traditional industry term for the variable-message section of a canopy sign. (3) An integral sign and permanent canopy.

**Message Area:** The area within the sign panel describing the limits of the message.

**Message Center:** An electronically or mechanically variable message sign enabling changes to be made from locations other than at the sign. (See Variable Message Sign.)

**Mobile Sign:** A portable sign mounted on a trailer.

**Monument Sign:** A ground sign with low overall height. Typically the base is nearly as wide as the sign itself.

**Nonconforming Sign:** A sign that was legally erected and maintained but does not comply with subsequently enacted sign restrictions. Under the Highway Beautification Act, removal or acquisition of legal nonconforming outdoor advertising structures requires the cash payment of just compensation. Amortization is not a permissible form of compensation under the act.

**Neon Sign or Tube:** A sign utilizing a cold-cathode gas discharge tube produced in straight or formed configuration; generally referred to as a neon gas discharge tube, whether filled with neon or a mixture of two or more other inert gases (argon, helium, krypton, or xenon). Neon tube lighting is a custom-designed, optimally visible lighting system that may be shaped to form letters, parts of letters, skeleton tubing, outline lighting, and other decorative elements or art forms in various colors and diameters. The cold-cathode tube can operate for many years, while the hot-cathode fluorescent lamp is limited to a relatively short life, as in the incandescent bulb.

**Outdoor Advertising Association of America (OAAA):** Outdoor advertising trade association located in Washington, D.C.

**Off-Premise Sign:** A sign directing attention to a specific business, product, service, entertainment event or activity, or other commercial activity that is not sold, produced, manufactured, furnished or conducted at the property upon which the sign is located. Also known as a third-party sign or outdoor advertising and is considered out-of-home media.

**On-Premise Sign:** A sign whose message and design relates to a business, profession, product, service, event, or other commercial activity sold, offered, or conducted on the same property where the sign is located. Signs in the on-premise category are not considered out-of-home media.

**Open Channel Letter:** A dimensional letter that has no face and, if illuminated, has a visible light source. A clear face for physical protection of internal components may be used.

**Origin-Destination Studies:** Research that provides sign owners and advertisers with information about audiences passing their signage. Collected license-plate data or toll-booth research is corre-



lated with residence data and demographics to pinpoint the origin and destination of persons having potential exposure to the signage.

**Outdoor Media:** Advertising that is displayed outside of the home and on sign structures that are owned by a media company or other third-party entity.

**Out-of-Home Media:** Generally, advertising that is intended to reach individuals outside the home. All forms of outdoor advertising are considered out-of-home media, while on-premise signage is not.

**Outside Panel:** An advertising panel located closest to the edge of the street, where two or more panels are positioned side by side.

**Panel:** An outdoor advertising display with a standardized size dimension.

**Permanent Sign:** A sign attached to a building or structure, or to the ground in a manner that enables the sign to resist environmental loads, such as wind, and that precludes ready removal or movement of the sign.

**Pole or Pylon cover:** An enclosure for concealing and/or decorating the poles or other structural supports of a ground sign.

**Pole Sign:** A freestanding sign with a visible support structure in the form of a pole.

**Portable Sign:** A sign not permanently attached to the ground or a building and easily removable using ordinary hand tools.

**Poster:** Paper or vinyl advertising sheets that are hung by hand onto outdoor advertising structures.

**Poster Panel:** An outdoor advertising structure generally measuring 12 x 25 feet. Poster panels represent the largest number of outdoor advertising signs.

**Poster – 30-Sheet:** An outdoor advertising panel with copy area measuring approximately 12 feet 3 inches high x 24 feet 5 inches

wide. Poster panels are widely distributed throughout a market on primary and secondary arterials to provide complete coverage to vehicular residents and inbound and outbound commuters.

**Poster – 8-Sheet:** An outdoor advertising panel with copy area measuring 6 feet high x 12 feet wide and concentrated in urban areas along mixed-use streets and corridors. These panels reach the pedestrian as well as vehicular traffic and are sometimes placed at or near a point of purchase.

**Projecting Sign:** A building-mounted sign with the faces of the sign projecting from and perpendicular to the building fascia.

**Pylon Sign:** A freestanding sign with a visible support structure, which may or may not be enclosed by a pole cover.

**Rating Point:** One rating point equals 1% of a market's population.

**Reach:** That percentage of the total target audience who will be potentially exposed to an advertising message one or more times during the advertising program. Reach measurements are common to all advertising media.

**Readability:** That which enables the observer to correctly perceive the information content of letters, numbers or symbols grouped together in words, sentences, or other meaningful relationships on the sign. Readability is the character of a sign which leads to comprehension of its intended message, and depends upon legibility and other considerations of contents and time restraints. It is considered a subjective outcome. (See Conspicuity.)

**Recall:** The ability of a viewer or listener to remember an advertising message. The recollection stimulus may be verbal or visual.

**Recognition:** The ability of a viewer or listener to identify a message and connect it with the particular advertiser.

**Revenue:** An accounting term referring to an entity's gross or net receipts.

**Reverse Channel Letter:** A fabricated dimensional letter with



opaque face and side walls.

**Right of Way (ROW):** The land on which a public thoroughfare is located and certain lands adjacent thereto. Permanent commercial signs are generally located on private land adjacent to the public right of way.

**Roof Sign:** A building-mounted sign erected upon and completely over the roof of the building.

**Sandwich Board/sidewalk Sign:** A sign not secured or attached to the ground or surface upon which it is located, but supported by its own frame and most often forming the cross-sectional shape of the letter A when viewed from the side.

**Showing:** The number of outdoor advertising panels in a given market required to reach a fixed percentage of its population on a daily basis. A showing is generally represented as 25, 50, 74, and 100, figures which refer to the degree of "intensity" of the showing and not to actual numbers of panels in the showing. Indigenous to the outdoor advertising industry, the term is being phased out in favor of more accurate gross-rating-points levels.

**Sign:** Any device, structure, fixture, painting, or visual image using words, graphics, symbols, numbers, or letters designed for the purpose of conveying information or attracting attention.

**Sign Face:** The area of a sign on which copy is intended to be placed.

**Signage:** A system of place-based communication devices and graphics intended to impart information or attract attention, that includes signature buildings and product displays and dispensers, as well as traditional projecting, wall, roof, and freestanding signs.

**Signature Building:** A building architecturally designed and/or painted or decorated to reinforce a traditional sign's message or display; it also reinforces major media advertising programs.

**Sign Centric Design:** Building or site design that makes the on-premise signage the prominent visual feature of the building or site.

**Target Audience:** The most desired consumer prospects for a product or service, profiled by characteristics such as demography, lifestyle, brand or media consumption, and purchasing behavior. Identifying a target audience is common to all advertising media.

**Temporary Sign:** Any sign not intended for permanent installation. Generally, these signs are intended to be used for a limited period of time for purposes such as announcing special events or sales, announcing the sale or rental of property, supporting political positions, or presenting other miscellaneous or incidental information or instructions.

**Time and Temperature Display:** A variable message sign that displays current time and temperature in a stationary or alternating manner. Some also display simple messages.

**Trade Area:** Most retail businesses have a relatively fixed area from which business is derived. In general, the trade area is either the residence or work locale of the potential customer or client. The trade area for most small businesses is three to five miles; however, the high mobility of the consumer population makes it difficult to establish all sources of business or to clearly define trade area demographics and boundaries.

**Trademark:** Used by a business to distinguish itself and its products from those of the competition. A trademark may include a name, symbol, word or any combination thereof. Trademarks are protected by the federal government and considered to have financial value. The circled "R" or "Reg. T.M." printed with the mark indicates that it is a registered mark. See United States Trademark Act 15 U.S.C. Section 1127 (1988).

**Traffic Audit:** The authentication of circulation as applied to on-premise and outdoor advertising. Data is collected either by official (government) count or by hand count. For the outdoor advertising industry, the Traffic Audit Bureau (TAB) verifies the data.

**Traffic Audit Bureau (TAB):** Founded in 1934, the TAB is a third-party, independent organization supported by advertisers, advertising agencies and outdoor advertising media owners. The TAB applies statistically reliable counting procedures and is the official national authority for circulation authentication of outdoor



advertising displays.

**Traffic Count:** The recording of the vehicles and pedestrians passing a given point, usually in a day. Traffic counts are provided by a government or other reliable counting agency. The outdoor advertising industry relies on the Traffic Audit Bureau (TAB) to authenticate the potential exposure of its outdoor advertising displays.

**Variable Message Sign:** A sign that includes provisions for message changes. Also called changeable copy sign, time and temperature sign, or electronic message center.

**Variance:** Special administrative procedure by which one may obtain an exception to zoning rules such as height, setback and type of use.

**Visibility:** The physical attributes of a sign and its contents that allow for detection at a given distance, although legibility may be uncertain. Visibility is considered an objective stimulus.

**Visual Acuity:** The acuteness or clarity of vision (which depends on retinal focus ability, nervous sensitivity, and the brain's ability to interpret incoming visual information) that allows one to perceive the message on a sign at a given distance.

**Wall Sign:** A building-mounted sign either attached to or displayed or painted on an exterior wall in a manner parallel with the wall surface, and not projecting more than 16 inches from such surface.

**Wayfinding:** A term used to describe the task of finding one's way to a given location using information found along the travel path.

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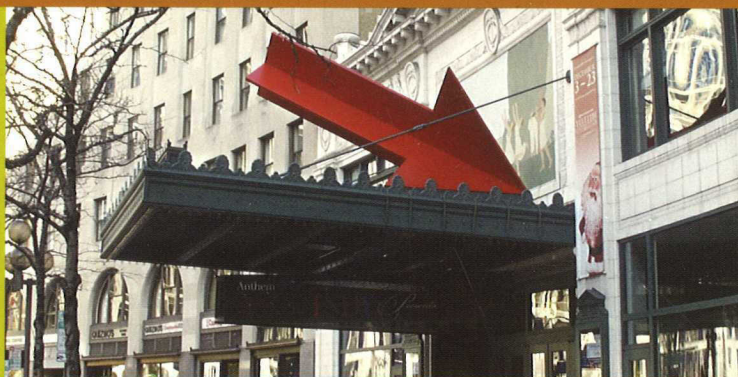


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**First Edition**  
**June 2005**

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