SIGN RESEARCH FOUNDATION
EXECUTIVE SUMMARY

THE ECONOMIC VALUE OF ON-PREMISE SIGNAGE
In 1997, the University of San Diego released a landmark study for the sign industry. It was the first time statistical analysis was used to determine the economic impact of on-premise signage to a business. The research used data from three case studies—a large fast food chain, a national home décor retailer and auto dealers in a metropolitan city—and the results are still widely quoted today.

In 2012, the University of Cincinnati’s Economics Center deepened the examination. Leaning heavily on the original work, the University of Cincinnati’s updates included numerous additional case studies: a national lodging chain, a national banking business, a specialty store small business and a car dealership.

Both reports are called “The Economic Value of On-Premise Signage.” They show how signs act as “silent salespersons”—branding businesses, providing information about products and services, and pointing customers to exact locations. In short, an on-premise sign’s economic impact on businesses—directly and indirectly—is significant.

Researchers tackled the topic by exploring how changes in on-premise signage affect business performance. Also part of the studies was the impact on consumers and the surrounding community.

Researchers

University of San Diego (1997):
Seth R. Ellis, Ph.D.
Robert Johnson, Ph.D.
Robin Murphy, M.B.A.

University of Cincinnati (2012):
Jeff Rexhausen, Principal Investigator
Henry Hildebrandt, Co-Investigator
Christopher Auffrey, Ph.D., Co-Investigator

Key Takeaways

Signs positively impact consumers and communities by making it easier for shoppers to obtain the information they need to make a purchase.

- Sign visibility and conspicuity are especially important. In the case study of eight San Diego auto dealers, for example, 68 percent of people surveyed said that the sign had been an important factor in finding the dealer’s location. In addition, 18 percent reported being aware of the service department because of the dealer’s sign. And when one of the dealers was forced to move a sign to comply with a new code, 21 percent of that dealer’s customer base reported that the business was hard to locate without the sign.

- Researchers determined that the addition of one sign at every fast-food outlet in Los Angeles would raise business revenues by $132 million; those businesses would in turn pay an additional $10 million in sales tax revenue to the local municipality.
CHANGES TO SIGNS DIRECTLY IMPACT BUSINESS PERFORMANCE.

- The studies proved that changes such as adding signs or replacing outdated or inoperable signs had positive effects on sales, number of transactions and profits. Roughly 60 percent of businesses studied reported average sales increases of 10 percent.
- Just one additional sign yielded sales increases of 4.75 percent, an impact greater than that brought on by a larger building, longer hours of operation or location longevity.
- Lower-performing stores benefitted the most from changes to signage, such as the addition of a sign to a building that previously didn’t have one.
- Updates and improvements to existing signs led to a 5 percent weekly sales increase for many stores; underperforming stores saw weekly sales increase by 15 percent.

POSITIVE BUSINESS PERFORMANCE IS ASSOCIATED WITH EFFECTIVE SIGN DESIGN, PLACEMENT, AND DIVERSITY OF MEDIA.

- In the 2012 study, the car dealership found that adding a digital sign board increased not only service department revenue and customer traffic; it also created goodwill as a place for community-related public service messages.
- A key aspect of effective signage is proper regulation. Ideally, sign regulations balance community design objectives with full knowledge of how sign design and location impact business success. When sign codes are overly restrictive, businesses can be directly affected—as can consumers who have trouble finding those businesses due to inadequate/ineffective signage.

WHAT’S A SIGN WORTH?

- 34% North American shoppers who associate sign quality with store and product quality
- 29% North American shoppers who make store choices based on the information communicated by store signs
- 16% Increase in weekly sales for one business that combined a major building sign modification with two additional minor changes
- 36% Decrease in occupancy rates when one hotel chain moved its highly visible sign to a less conspicuous location
