

**Understanding the Economic Value of On-Premise Signs:  
A Study of the Impact of On-Premise Signage and Criteria for Evaluation**

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Overview

**Background**

The success of local retail businesses is important for creating jobs, generating tax revenues and providing access to goods and services in communities both large and small. For all businesses, but especially those that serve household consumers, on-premise signs are a vital component of providing information to prospective customers.

Fifteen years ago, researchers at the University of San Diego conducted a seminal investigation resulting in a study of the *Economic Impact of On-Premise Signs*. Although this was important, its applicability to a broad range of current signage decisions is limited. Subsequently, others have contributed important and useful research in this area, yet none are capable of estimating the economic value of on-premise signs across diverse business and local government contexts. Consequently, decisions by businesses and local governments are frequently based on limited or no research because the results of existing studies are not adequately disseminated or are simply inapplicable. There is a clear need for an updated, rigorous study of the economic value of on-premise signage to guide both business and public policy decision-making. The purpose of this study is to address that need.

**Objectives of the Study**

The aim of this research project has been to advance both the theory and the practice of on-premise signage in assembling a multidisciplinary team of academic scholars and professionals to embark on an in-depth study of the economic value of on-premise signs. The objectives of this study have been to:

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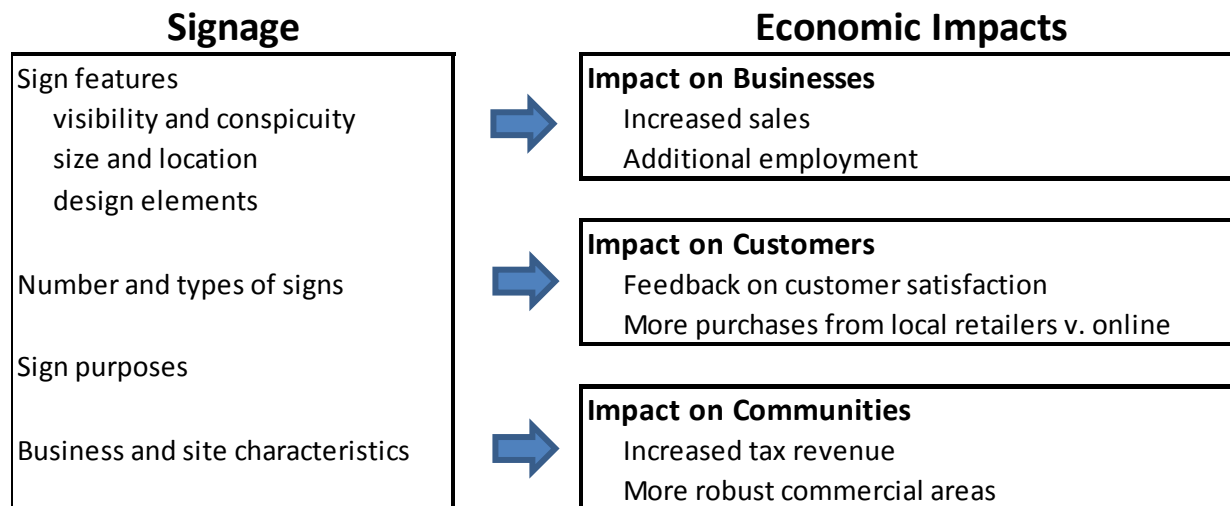
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- Collect, organize, and analyze valid and reliable data about the economic value of signs to businesses and local governments from survey responses, case studies and corporate proprietary databases; and
- Report the results of the analyses and draw appropriate and useful conclusions, with a focus on the Implications for economic value of on-premise signage for businesses and local governments.

## Study Approach

This study attempts to broaden both the signage considerations being evaluated and the economic impacts being examined. As shown in Figure 1, the study approach uses information about sign features, the number and types of signs, sign purposes, and specific business and site characteristics to assess signage’s economic impacts on businesses, customers and communities. Both the survey and the case studies are used to obtain information that contributes to filling in this overall research framework.

**Figure 1. Signage and its Economic Impacts: a Research Framework**



An internet survey of businesses that use signs was developed and implemented. Questions covered sign changes the businesses had experienced and impacts of those changes on business performance. In addition, detailed questions asked about the nature of the business and the use of signs (number, size, location, type). Survey questions were developed through an extended process of research into signage issues, identification of potential factors affecting on-premise signage impacts, and consultation with knowledgeable persons in the business, signage, design, and

planning communities. Most of the questions concerned the signage characteristics shown in Figure 1, with additional questions that covered sign changes and the resulting economic impacts on businesses.

Multiple strategies were employed to gather survey responses. Respondents were asked to complete the survey online through email, post cards, newspaper and newsletter articles, and personal contacts. Networking through the business contacts of Signage Foundation members produced the greatest number of responses, but information was also distributed at the Sign Expo in Las Vegas, articles were developed for both local and national news outlets, and the research team pursued a number of other contacts. The objective was to obtain a combination of large and small businesses, representative of the actual business landscape. [Note: The survey is still active at: <http://business.uc.edu/uc-sign-survey.html>, so that additional businesses can still provide data for this and/or future analyses.]

Case studies of businesses with multiple location (ranging from 4 to 100+) employed a range of techniques, including in-depth interviews, field observations, archival data and document review, and review of proprietary sign design and location performance data. In addition, businesses, local government, residents and customer for a prototypical suburban commercial corridor were interviewed and/or surveyed. Businesses were solicited for participation through the internet survey and industry contacts. Businesses were sought that invest heavily in their on-premise signs and/or rely greatly on signs to generate business. Both large and small businesses were sought, the latter because they constitute a majority of businesses establishments (by number) in the retail sector and are frequently more dependent on signage for reaching potential customers because they lack substantial budgets for electronic and print media.

Besides the impact on businesses, this study also includes an initial examination of the economic impacts that on-premise signage has on customers and communities.

1. Impact of Signs on Customers. This is an often overlooked, but highly important dimension of the impact of on-premise signs. The recipients of last year's Nobel Prize in Economics were recognized for their research into situations when markets do not work efficiently (search and matching theory); this research has implications for the sign industry because the primary purpose of on-premise signs is to inform potential buyers of a) the existence of willing sellers, and, often, b) the types and prices of the items for sale, thus reducing the most significant inefficiencies that customers typically face. To the extent that signs effectively communicate the information sought by prospective customers, those signs reduce costs for consumers; conversely, when signs fail to communicate this information, those signs impose a variety of costs on consumers, and businesses and communities may also experience costs.

2. Impact of Signs on Communities. By facilitating the sales by businesses to customers, this impact is extended to the broader community through economic growth (especially through increased employment and wages) and a stronger base for sales, income and property taxes. Just as important are the aesthetic impacts on communities of quality signage. These include contributions to a sense of place and identity, as well as building bonds of identity, social capital and community pride.

Given this broader view of the research question, the case studies being analyzed have a broader range and content. First of all, they include business types that invest heavily in their on-premise signs and/or rely greatly on those signs to bring in business; second, they include more in-depth study of small businesses, which constitute the majority of the retail sector; and third, they examine issues that have received little previous attention, particularly the issues of design/branding and community/customer impacts.