



Driving Growth with Digital Signs:

LED Signage for Auto Dealers



LED Signs Are Powerful Tools for Auto Dealerships.

“People really notice it, and they comment on it. Just by raising people’s awareness that we’re here, it’s working.”

— Michael Sidney, Vice President
Merchants Auto, New Hampshire



“It seems any used vehicle we put up there gets sold.”

— Mike Pruitt, Owner
Mike Pruitt Honda, Ohio

“We advertise cars, the rental car department, repair shop and the cafe.”

— Tricia Lane, Customer & Employee Relations Manager
Long-Lewis Ford Lincoln , Alabama



“It allows us to showcase our daily, weekly, and monthly specials, highlight our community activity and has increased our floor traffic.”

— Charlie Lyter, Internet Manager
Bob Ruth Ford, Pennsylvania

“The signs have run non-stop since they were installed, and they have been a valuable asset in communicating our company messages to our surrounding community.”

— Joseph E. Sheridan, President
Sheridan Ford, Delaware

The Automotive Industry Is Changing; So Should Your Advertising Approach.

During the past few years, the automotive industry has been anything but stable. Unprecedented growth has followed on the heels of major market contraction. At times consumer preferences and market drivers have turned on a dime and left dealers a glut of inventory that has been hard to move. World events have had an astounding effect — even on local markets.

Not surprisingly, dealers of new and pre-owned cars have shown amazing agility. They are adept at using a variety of tools and resources to overcome market realities. In fact, few industries understand the value of advertising more.

But the advertising landscape is changing a mile a minute. Attention spans are getting shorter as consumers post, surf, and tweet their way to a new car purchase. Add on the fact that drivers are keeping older cars longer, and you have a challenging environment for auto dealers across the country.

Recent studies by the National Automobile Dealers Association (NADA) state that currently, the average person is keeping a car on the road longer — about 10 years. And despite the recent boom, new car sales have not yet recovered to 2000-2007 levels¹.

This situation presents new market opportunities for dealers who have a service component to their business, but can require increasing advertising expenditures to highlight products and services². Consider:

- Dealers spend about \$628 on advertising for each new car.
- Advertising is the third highest expense for dealers, after payroll and rent.
- New vehicle dealers spent a total of over \$6.7 billion dollars on advertising in 2011.
- More manufacturers are controlling branding across dealerships through factory image programs.

What if there were a way to target your advertising more effectively, reduce your overall ad budget, and reduce your inventory? What if you could achieve these goals, remain in compliance with your corporate facility program and maintain (or even increase) your margin?

Auto dealers are discovering they can with flexible advertising that speaks right to the people that pass by their dealership every day. They are achieving tangible, positive results — driving growth — with the help of LED signs.

¹ NADA, "State of the Industry Report," *NADA DATA*, 2012

² G.A. Mercer, "Factory Image Programs: An NADA Research Project," Presented at NADA annual conference, February 4, 2012.

Are You Getting the Most Bang for Your Advertising Buck?

Like most businesses, the majority of auto dealerships will try almost anything (streamers, balloons, inflatable figures on the roof) to advertise. They can only earmark a certain amount of money in the budget for advertising and marketing every year.

From a wide range of advertising options, dealers are challenged to determine which activities give the best return on investment (ROI). Dealerships that rely on traditional media – newspapers, radio, and TV – have found that ROI isn't as predictable as in the past.

Television and radio audiences are harder to reach.

DVR, Hulu, satellite radio, and literally thousands of channel options have made dealers wonder how they can cost-effectively target potential customers. Consider:

- The average cable/satellite subscriber has 200+ channels.
- 40% of American homes have a DVR.
- Over 60% of all digital cable subscribers have a DVR.
- It is estimated that 90% of DVR owners pre-record their favorite programs and fast-forward through the commercials.
- AM/FM radio ranked 10th overall in driver's music listening preference, after mp3 players, satellite radio, CDs and phones.

Newspapers are on the decline.

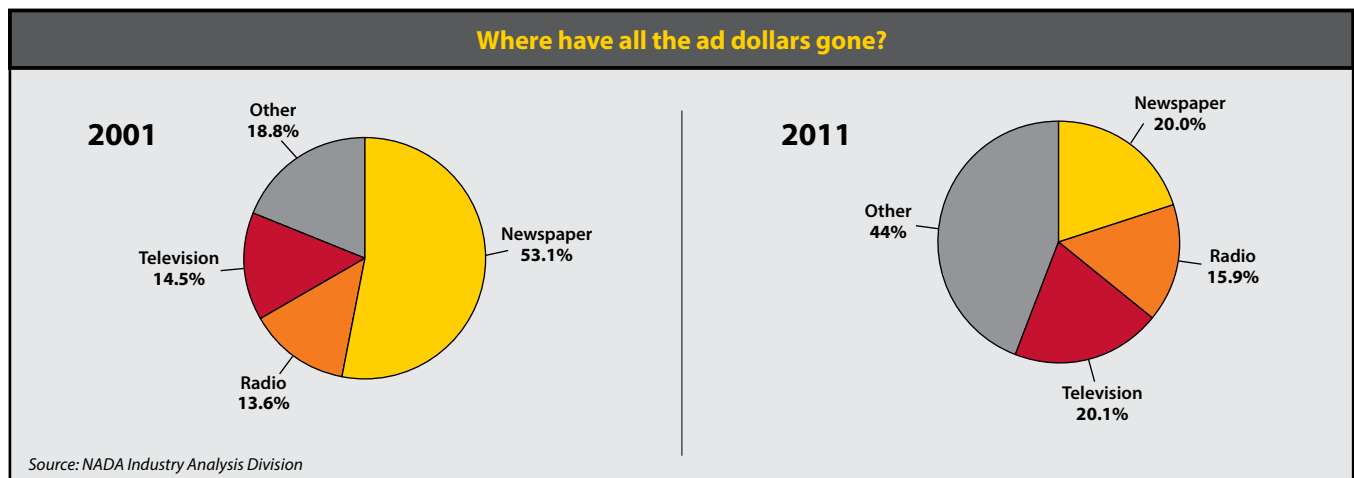
According to a 2009 article in *The New Yorker* titled "Out of Print," newspapers have lost over 42% of their marketing value from 2006–2009. In March 2010, *The New York Times* reported that this long-term decline continues for newspapers across the country.

But cars dominate our society.

No one has to tell auto dealers about America's love affair with cars. What's new, though, is that studies show our on-the-go society is spending more time driving.

In fact, American travelers in 2009 spent more than 20 hours per week on the road. That's an increase of 31% over 2003. And drivers report that most of their in-car time was spent driving the same route every day³.

When you put two and two together, it's easy to see that a well-placed advertising solution — an LED sign in front of your business — can help you reach out to passing traffic more efficiently and effectively than any other advertising medium.



In the past decade, auto dealers have redistributed their advertising budgets. They know traditional media yield is diminishing, and more flexible forms of advertising promise better results.

³ D. Williams, "The Arbitron National In-Car Study: 2009 Edition," *Arbitron*, 2009.

So, What Does This Mean for Your Dealership?

If you're spending heavily on TV, newspaper and radio, consider redirecting a portion of your budget to an LED sign. It will allow you to communicate timely messages to the right target audience — drivers who regularly pass in front of your business.

Manufacturer factory image programs may not have concrete success metrics to show their return on investment. But there are hard numbers that prove how effective digital signs are. Our customers typically see a 10-15% sales increase in just the first year after installing a Watchfire electronic message center (EMC). These results are not anecdotal or atypical; our customers achieve consistent success because of the flexible advertising capability digital signage provides.

But sales growth is just one part of the equation. The other is cost — advertising cost. An electronic message center is far more cost effective per ad impression (meaning, per viewer who sees your ad message) than any other traditional advertising medium.

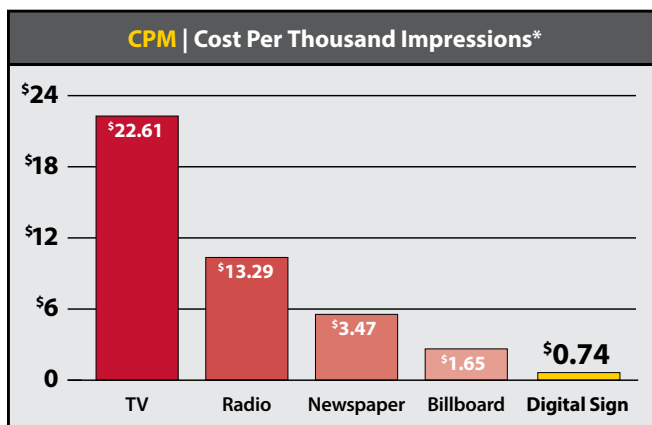
When amortized over five years, a new LED sign can cost as little as 74 cents per thousand impressions. It has the added benefit of reaching the very people who are geographically close enough to act on your message immediately (within 5-15 miles). These same customers have the opportunity to notice and visit your dealership on a regular basis.

TRAFFIC COUNT	
Two way car count per day	25,000
Adults per car	1.5
Exposures per day	37,500
Exposures per month	1,125,000

MESSAGE CENTER	
Cost of new sign	\$50,000
Cost per month (60 months)	\$833/mo

$$\frac{\text{Cost per Month}}{\text{Exposures per Month}} \times 1,000 = \text{CPM}$$

$$\frac{\$833}{1,125,000} \times 1,000 = \mathbf{\$0.74}$$



*CPM figures in red shaded bars based on national averages.

Return on Investment Is the Name of the Game.

As we've already stated, it can be helpful to understand the exact return on investment (ROI) you can expect from your advertising investment. The following table uses average new car dealer revenue (monthly and annual) to calculate the result of even modest sales growth (5%) as a result of an LED sign purchase.

BUSINESS REVENUE			
Monthly Revenue	\$416,016	Annual Revenue	\$4,992,196 ⁴
Electronic Message Center (EMC) Potential	% Increase	Monthly Revenue Increase	Annual Revenue Increase
EMC effectiveness 5% (minimum)	5%	\$20,801	\$249,610

ENERGY CONSUMPTION COSTS			
Hours of operation	18 (hrs/day)	Daily cost	\$3.01
Daily kw hours	25.06 (KWH)	Monthly cost	\$90.20
Cost/kw hour	\$0.12 (\$/KWH)	Annual cost	\$1,082.42

RETURN ON INVESTMENT			
Cost of new sign	\$50,000	Annual Revenue Increase	\$249,610
Annual operating cost	\$1,082.42		ROI
			0.20 yrs

With an outright purchase of a \$50,000 Watchfire color LED sign, even including the annual operating cost, a 5% increase in sales will allow your dealership to pay for the entire sign purchase in just 2-3 months. Beyond that point, future sales increases are money into your dealership's pocket.

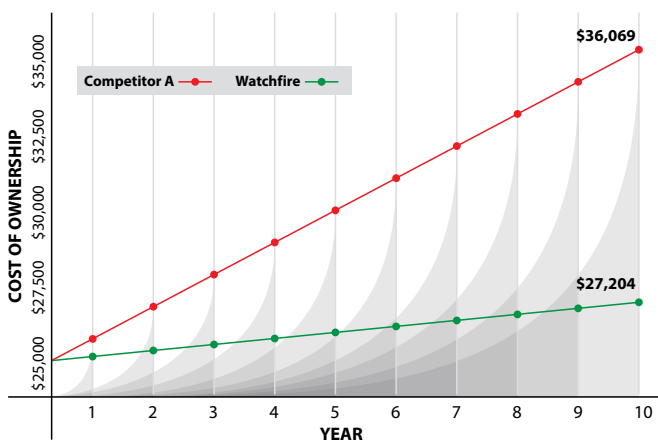
⁴ NADA, "State of the Industry Report," NADA DATA, 2012.

Questions, Questions: Can I Make Digital Signage Work for My Dealership?

1. Will an LED sign work with my manufacturer's facility or factory image program?

Yes! Because image programs don't typically regulate signage the same way they may regulate other interior and exterior features of your dealership, you may be free to choose the LED sign that is right for you. Pay attention to the specifics of your factory image program, and choose a sign manufacturer experienced at helping sign owners conform to brand standards. You will find that a sign that can display your corporate colors and logos accurately will help you conform to your manufacturer's brand-consistency expectations.

Digital signs not only have a modern design that will help your image, but they also increase sales and are a worthwhile investment for dealerships.



A Watchfire LED sign will cost 25% less over 10 years than a less energy-efficient product.

2. How can I save — and even earn — money with my Watchfire LED sign?

Increase Sales. Digital signs save money in a few ways. In the previous section, the digital sign at the sample dealership drew more customers, increased sales and lowered marketing costs. All of these factors make LED signs a valuable part of your advertising strategy.

Energy Savings. A Watchfire sign will boost your ROI even further because of its energy-efficient design. Our signs meet or exceed California's Title 24 energy use standards and were the first outdoor digital signs in the industry to earn UL Energy Efficiency Certification.

Co-op Advertising. Co-op advertising programs enable you to earn money by displaying manufacturers' logos and vehicles. So, you can use your digital sign advertising to offset your sign purchase investment.

Rebate Programs. Your local energy company or state and local government may also offer special rebates for using energy-efficient equipment. Just ask the manufacturer or utility company about special offers and rebate programs. With their help, you could be on the way to incredible savings.

3. How can I make flexible advertising work for my dealership?

You'll experience the freedom of instantly designing and managing content that appeals to your customers. The flexibility to display messages that fit your unique needs is priceless. Digital signs are more adaptable to common situations, such as:

- As you grow, create ads for repair specials and other new services.
- Stand out in competitive environments by cutting through visual clutter.
- Advertise overstocked vehicles to instantly improve turnover.

- Tailor your messages to the current season or manufacturer promotions.
- Spend more time on selling instead of designing, cleaning and replacing static signs.
- Promote high-margin accessories, rebates, financing and dealer warranty programs.
- Use sign networking features to manage advertising at multiple locations from a single computer.

An LED sign is an outdoor point-of-purchase display that attracts customers to your parking lot. Even if a customer doesn't stop in today, it will be a reminder every time he/she drives by your location.

Why Watchfire?

Watchfire has been designing and manufacturing outdoor electronic signs since 1932 and is one of the world's leading LED sign manufacturers. We offer:

High Reliability. Watchfire signs have the highest uptime of any manufacturer in the industry. This is because we've driven the number of connections in our signs to the minimum. Fewer connection points systematically increases reliability for the life of your LED sign.

Easy-to-use Software. Ignite® Graphics Software makes creating and scheduling messages a snap. Our creative team can also provide custom artwork that features your logo, vehicles and promotions.

Unmatched Durability. Watchfire fully encapsulates every LED module in a thick bed of silicone gel for superior weather resistance. Our products are rigorously tested for durability and are proven to withstand internal cabinet temperatures from -40° to 140° F. So wherever your dealership is located, from Florida to Maine to Arizona and beyond, you can count on your Watchfire sign to perform.

Stellar Service. When you buy a Watchfire LED sign through our broad dealer network, Watchfire will be with you as long as you own your sign. We provide unmatched customer support to both the sign dealer and you.

A Watchfire LED sign can help you sell more new vehicles, used vehicles and services than ever before. How do we know? We have more than 40,000 Watchfire LED signs in daily operation worldwide.

Advertise smart. Grow your dealership.

Your Watchfire representative can show you how.

Call us at **800-637-2645** or visit **watchfiresigns.com/auto**.

