



10 Strategies To Succeed With Digital Billboards



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You're thinking about "going digital." Maybe you saw a digital billboard and were intrigued. Perhaps your traditional billboard customers have started asking about digital, or maybe market competitors have beat you to the punch.

Regardless of your reason, you must have a lot of questions. The biggest one may be, "How can I make money?"

In this document we try to anticipate your questions about how to succeed with digital billboards. We think you'll find it easier than you thought.

Here are 10 strategies to succeed with digital billboards.

1. Understand the unique strengths of the medium.
2. Build an appropriate rate card.
3. Know the return on investment you should expect.
4. Pursue appropriate advertisers.
5. Sell against the competition.
6. Understand the ABCs of dayparting.
7. Assemble and train the right sales team.
8. Fine-tune your sales pitch.
9. Educate advertisers and agencies.
10. Encourage advertisers to renew.

1. Understand the Unique Strengths of the Medium.

Digital billboards have more in common with radio, television and newspaper than they do with traditional billboards. That's because an advertiser's message on a digital billboard can be more timely and relevant than on a static billboard.

- Messages can be changed easily and quickly without the expense or production time associated with vinyl billboards. Digital artwork is uploaded into a software program and transmitted to the board via a high speed internet connection.
- Advertisers can decide what time of day their ads run, targeting their message to the audience much like radio and TV advertisers do.
- Advertisers who never would have previously considered outdoor advertising are now prospects for digital billboards.

Tips From The Pros

Digital billboards complement traditional billboards and can even draw in new advertisers. Static billboards cater to clients whose message is stable for long periods of time ("Good Eats, Exit 51"), but pay attention to businesses that spend time advertising on time-sensitive media, like radio and television. Targeting these types of businesses will help you build your digital billboard customer base.

2. Build an Appropriate Rate Card.

Perhaps you've already made the decision to go digital. Maybe you're running the numbers to make sure the site you have in mind will be profitable within a comfortable time period. In either of these scenarios, you'll need to know what you can charge advertisers.

The tool that advertisers and media buyers commonly use to compare the efficiency of different advertising media is the cost per thousand or CPM. CPM is a handy tool because it levels the playing field by giving a measurement of how much each medium costs to reach 1,000 impressions. Every time a person sees your digital billboard, it counts as one impression.

Most advertisers know how to prioritize their advertising budget. They may spend on television, radio, newspaper or digital outdoor. Calculating and comparing CPM is how they evaluate how to make the most of their advertising investment.

In general, digital outdoor operators around the country price digital billboards at a CPM of \$2–\$3. So how will you price your board?

It helps if you know what you'd like your **CPM** to be. Then you can use the following formula to figure out your advertising rate:

Standard CPM Equation:

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

If you know what you'd like your CPM to be (in this case, \$2), you can work backwards using the following formula to determine your monthly advertising rate:

$$\frac{\text{Exposures per Month}}{1,000} \times \text{CPM} = \text{Cost per Month}$$
$$\left(\frac{996,000}{1,000} \right) \times \$2.00 = \mathbf{\$1,992}$$

On your rate card, ads would start at **\$2,000 per month/per board**.

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Tips From The Pros

Some operators lease their boards in four-week increments instead of monthly, since this timeframe gives them 13 billable increments per year versus 12.

If you have a prime location, you may want to hold back an advertising slot and use it as flexible inventory to be available for a short-term contract at a premium price.

3. Know the Return on Investment You Should Expect.

Now that you know what to charge for your digital billboard, just how profitable can it be to go digital?

The Outdoor Advertising Association of America cites that revenue on a group of seven boards in Cleveland jumped to \$3.5 million annually from \$380,000 after converting to digital. It's not unusual for the monthly revenue to increase by six to eight times after converting to digital.

Most independent operators have a portion of their boards in what they consider A+ locations. These are locations that command the highest rates or have long waiting lists of prospective advertisers. For most operators, these A+ locations are candidates for digital billboards regardless of overall population, since digital billboards enjoy success beyond just major markets. In fact, digital billboards in great locations, with traffic counts that don't even reach 10,000 daily have been highly profitable.

How would you calculate your potential revenue based on a billing period of 28 days?

Revenue Formula

Daily Traffic	x	1.5 Adults Per Car	=	Daily Impressions
Daily Impressions	x	Billing Period	=	Impressions per Billing Period
Impressions per Billing Period	/	1,000	=	Thousands of Impressions per Billing Period, or, M
M	x	Cost Per Thousand or CPM	=	28-Day Rate per Advertiser
Rate per Advertiser	x	Total Advertisers per Board	=	28-Day Revenue
Revenue	x	13 Annual Billing Periods	=	Total Annual Revenue

Assuming you have daily traffic of about 25,000 and a CPM of \$2, the formula would compute like this:

Sample Calculation

25,000	x	1.38	=	34,500
34,500	x	28	=	966,000
966,000	/	1,000	=	996
996	x	\$2	=	\$1,932
\$1,932	x	6 advertisers	=	\$11,592
\$11,592	x	13 annual billing periods	=	\$150,696

Your exact revenue will depend on the site traffic, the inventory sold and and the exact billing rate.

Consider a digital billboard a savvy alternative to putting up (and permitting) yet another static face in your market. A single digital face can yield six-to-eight times the revenue of a new traditional board. Converting existing placements to digital can open up markets where the regulatory environment stands in the way of new placements — and maximize your profit potential at the same time. Now, that's a big step forward.

Tips From The Pros

Offer advertisers the ability to automatically pull information into their ad using RSS feeds, and charge extra for this feature. Information that can be featured includes time, temperature, sports scores, interest rates, movie times and more.

4. Pursue Appropriate Advertisers.

Digital billboards open up a new market of advertising prospects. While traditional billboard advertisers benefit from ads that display directions, hours, and other static messages, digital billboard advertisers will have dynamic, time-sensitive messages.

Examples include:

The best potential advertisers for digital billboards are not utilizing your traditional billboard plant right now. Prime prospects value relevant, timely marketing, which your traditional plant is not equipped to deliver. As a result, these advertisers have been turning to more costly media, such as radio, television and daily newspapers.

Now, with a digital billboard, these advertisers can be your customers.

Advertiser	Optimal Message on a Digital Billboard
Banks	Mortgage rates, CD rates
Restaurants	Time sensitive promotions, dayparting to advertise breakfast, lunch, late-nite specials
Hospitals	Seminars, classes, health screenings, birth announcements, new doctors and services
Auto dealers	Specials, finance rates, cars in stock/on sale, promotions, wait times for oil changes
Television, Radio stations	What's on TV tonight, what song is playing on the radio now

Tips From The Pros

Be flexible. Allow businesses to run short promotional campaigns, such as weekend sales, on your digital billboard.

5. Sell Against the Competition.

To successfully sell advertising on a digital billboard, make sure you are competing against television, radio and newspaper and not against traditional billboards. Because of digital outdoor's scheduling flexibility and ability to communicate time-sensitive messages, it has much more in common with these other forms of media.

Digital outdoor offers many unique selling points that you won't find in broadcast or print:

- You can change artwork with practically no lead time.
- Passing drivers cannot avoid the ad by changing the channel or fast-forwarding through a commercial.
- Digital billboard CPM is significantly lower than all other competing media.
- You can appeal to drivers in a position to buy immediately. That proximity to purchase is a core benefit of outdoor advertising.

For the advertiser to reach a consumer, digital billboards cost significantly less than broadcast and print. Many advertisers probably aren't maximizing—or even using—outdoor because traditional billboards don't offer them the time-sensitive,

Tips From The Pros

Utilize digital outdoor to supplement your inventory and create custom ad solutions for your advertisers.

6. Understanding the ABCs of Dayparting.

flexible advertising opportunities that digital outdoor does.

Dayparting is advertising terminology used in the radio and television industries, and it's now used by the digital billboard industry. It is the practice of dividing the day into several parts — usually morning, afternoon and evening — during which a certain category of programming will take place. By dividing up the day, advertising can be better targeted toward a particular demographic or purchasing pattern.

Traditional billboards cannot daypart their advertising because they run a single ad for weeks at a time. Therefore, digital billboards really have more in common with radio and television advertising than their static brethren.

Opening up the possibilities dayparting can have for advertisers is important. Explain to them the advantages of agile advertising, for instance:

- **Department stores** can advertise individual sales throughout the month.
- **Sports teams** can promote specific games and the outcomes of these games in near-real time.
- **Real estate agents** can advertise specific or multiple listings, even on open house days.
- **Restaurants** can use a digital board to promote their breakfast menu in the morning and dinner specials in the evening.
- **Hospitals and clinics** can promote multiple wellness programs or seminars.
- **Retailers** can respond quickly to weather events, like a hardware store promoting snow blowers when a blizzard is forecast.
- **Car dealerships** can feature sales or pique interest with something new every weekend.
- **Banks** can update mortgage rates and loan products in real time.
- **Radio stations** can promote their personalities and songs that are “now playing.”

The opportunities are endless and create an additional—not replacement—audience segment for outdoor advertising. More importantly, digital billboards provide a cost-effective alternative for advertisers who may be overspending on TV, radio and newspaper.

Tips From The Pros

Charge a premium rate for ads scheduled to run during high-traffic periods, like morning or evening rush hour.

7. Assemble and Train the Right Sales Team.

Since digital billboards are sold more like television and radio than traditional billboards, you'll want to make sure your sales team is up to speed. Rate cards, billing and scheduling—all will be more like those of TV and radio.

You also want a sales team that can bring in prospective advertisers that are looking for the benefits you can only find in digital outdoor: cost effectiveness, audience reach and scheduling flexibility.

Here are some of the strengths to look for if you're hiring or training a sales team:

- Salespeople who understand the benefits of dayparting — they should be able to communicate these benefits well to a potential advertiser.
- Salespeople who understand how to schedule advertising — they should be able to explain advertising logistics to a client and how to make the most of your digital billboard's traffic pattern.
- Salespeople who are accustomed to handling large, detailed workloads with precision — they will have to manage multiple accounts and priorities (and keep your clients coming back for more.)

Tips From The Pros

If you're hiring a new sales representative, look for someone with contacts in the radio and TV industry, as these advertisers can be an immediate source of potential customers for your digital billboard.

8. Fine-Tune Your Sales Pitch.

When it comes to digital billboards, there are four ideas that make advertisers really respond. When independent operators stick to these points, they dramatically increase their chances of landing a sale.

Digital outdoor is more targeted and harder to ignore.

Consumer behavior is changing and opening up a new media opportunity for advertisers. Americans are spending more time in their cars than ever before, and traveling tends to be along the same routes each day. This means that Americans spend less time consuming traditional media.

As the audience for traditional media dwindles, the cost of advertising with them remains high. Advertisers want to make sure they invest their budget most efficiently and reach the right audience.

With a network of digital billboards, you can give your customers the reach and relevancy of media, like TV and radio, at a competitive cost.

Additionally, digital billboards hold a unique advantage. Unlike television and radio, there is neither an attention-seeking alternative (other channels) nor a digital video recording mechanism (DVR) that lets users record programs and then skip over advertisers' messages. Unlike the internet, there are no pop-up blockers or delivery filters.

Digital outdoor is a viable solution for any size advertiser.

Advertisers of nearly any size are potential customers for digital billboards. That's because digital billboards are the most affordable, most flexible and most targeted of any mass media.

While most operators choose to sell space on long-term contracts, some hold back a spot or two for short-term promotions that can be sold at a premium.

In Omaha for example, a contractor advertised his services to get rid of ice jams on roofs during a particularly icy period. He took out a three-day ad to see if it would work. He didn't renew after three days because he had more work than he could handle.

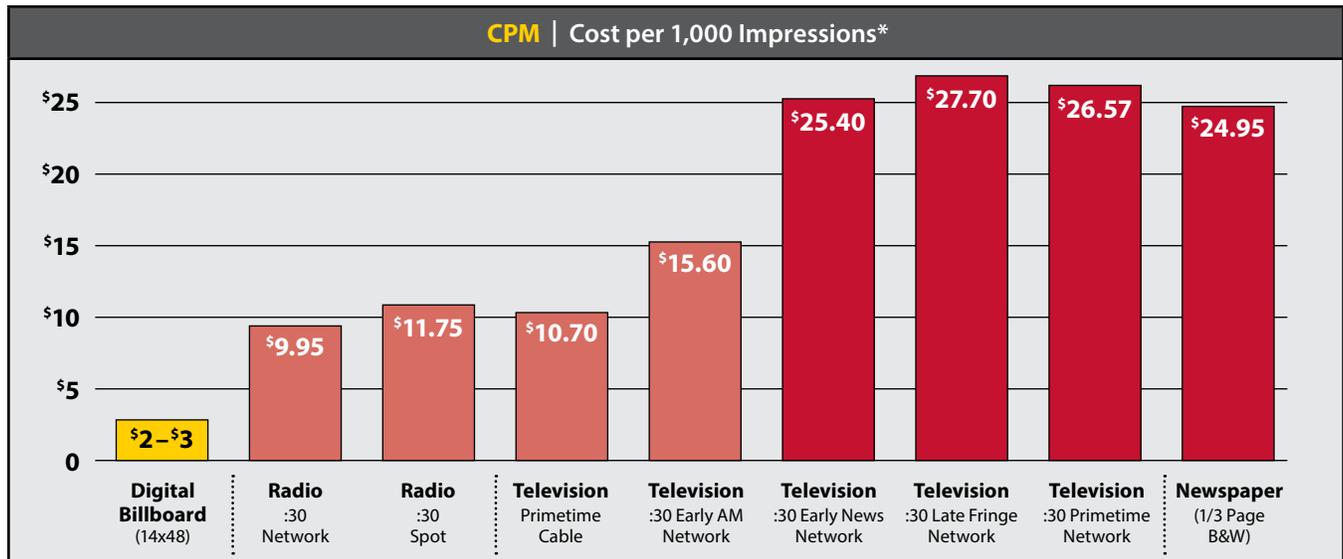
Digital outdoor offers unparalleled flexibility and responsiveness.

With digital billboards, advertisers now have the ability to daypart their ads. This is revolutionary for billboards, which typically leave the same message up for weeks at a time due to the expense, labor and time required to develop and install the ads. Now a restaurant can advertise different menu items based on time of day. Entertainment venues can promote ticket sales for their most current events, and banks can advertise changing account options and interest rates on the fly.

Digital billboards can be updated remotely in minutes using web-based software and a high-speed internet connection, allowing advertisers the opportunity to respond quickly to a changing situation. For example, a hardware store can promote auxiliary generators if severe weather is forecast for the community.

Digital outdoor is a sound investment.

Digital outdoor is an efficient investment on several fronts. It does not require high-cost production fees, dayparting provides a cost effective ad buy, and the average CPM of digital outdoor is very competitive with other mass media.



* Based on the top 100 markets in the U.S. Source: SQAD (Winter 2005), Media Dynamics, Inc.

Tips From The Pros

Encourage your clients to make the most of digital billboard advertising by testing ads for timing and impact and tweaking their creative or ad schedule to maximize return on investment.

9. Educate Advertisers and Agencies.

If you own a plant of traditional billboards, your advertisers will expect business as usual when it comes to buying digital outdoor. It's important that you take time up-front to educate advertisers and ad agencies about:

- The unique strengths of the medium, including the ability to deliver timely and relevant messages through dayparting.
- The benefits of frequently updating ad messages — and the extreme ease of doing so — to keep viewers engaged.
- The ability to dynamically update their ad content by pulling in real-time information through RSS feeds.
- Unique ad creative possible only through digital outdoor, including back-to-back ads, before and after images, promotional ads, etc.

It's also important that advertisers understand the difference between Watchfire and competitors. If you are in a market with competing digital billboards, take customers and agency reps on a tour to view competing boards — especially on sunny days — so they can see the quality difference between your Watchfire investment and competitors'. The difference will be clear.

Tips From The Pros

Offer free ad updates to ensure viewers remain engaged and advertisers get a strong return on investment.

10. Encourage Advertisers to Renew

The goal of every billboard operator — digital or traditional — is to ensure their boards are fully leased, because a full board can command higher advertising rates. To ensure your advertisers renew, don't wait until renewal time to check in to make sure everything is going well.

Get in touch at least monthly to make sure artwork is fresh and engaging. Frequent contact will help you answer questions and address concerns; it will also enable you to reinforce the benefits of flexible digital advertising. This also is a great time to make note of customer success metrics and ask if you can use these on your website or as sales references.

Tips From The Pros

Offer a price break to encourage longer advertising contracts. For current advertisers, offer to renew their contract at the current rate — without a price increase — for an extended contract period.

A Few Final Words

At Watchfire, we want you to succeed. Many of these pointers have been compiled with insight from our independent billboard operators. We hope you will find these 10 strategies an effective roadmap to digital billboard success and that you will choose Watchfire as a partner in building your business.

Go digital. Watch your business grow.

Call us at **800-219-0496** or visit watchfiredigitaloutdoor.com.

