

UPDATED

# 10 STRATEGIES TO SUCCEED WITH DIGITAL BILLBOARDS



watchFire  DIGITAL OUTDOOR  
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## **10 STRATEGIES TO SUCCEED WITH DIGITAL BILLBOARDS**

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 being, "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.

### **TIP FROM THE PROS:**

Digital billboards complement traditional billboards and open up opportunities to divert advertising dollars from other forms of time-sensitive media, such as radio and television.

## 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. This is a handy tool because it levels the playing field between different media by giving a measurement of how much each medium costs to reach 1,000 impressions. Every time a person sees the digital billboard, it counts as one impression.

Most advertisers want to know how to most efficiently invest their finite advertising budget, whether it's in television, radio, newspaper or digital outdoor, and CPM is the tool they use to see how they can get the most for their advertising dollar.

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:

$$\text{CPM} = \text{total cost of advertising purchase} / (\text{gross impressions} / 1000)$$

For example, if you know you want to achieve a \$2 CPM and you know 996,000 people will see your billboard each month, you can work backwards:

$$\text{CPM} = \$2.00 \times 996 (996,000 / 1000) = \$1992$$

Round up to \$2000, and that's the cost of running an ad.

Total cost of running the ad: \$2,000/month

Total audience: 996,000 people

$$\text{The CPM: } \$2,000 \div (996,000 / 1,000) = \$2.008$$

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

Another factor to consider is how long you can lock up a board. The longer you can secure a board with the same advertiser, the less time and energy you have to spend finding another prospect. Typical advertiser contracts are four, 12, 24 and 52 weeks.

#### **TIP 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 are successful well beyond 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? Here's an easy formula:

#### **Revenue Formula:**

Daily Traffic x 1.38 Adults Per Car = Daily Impressions

Daily Impressions x 28-Day 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

28-Day Rate per Advertiser x Total Number of Advertisers on the Board = 28-Day Revenue

28-Day 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:

$25,000 \times 1.38 = 34,500$  daily impressions by adults aged 18+  
 $34,500 \times 28 = 966,000$  impressions per 28 days  
 $966,000 / 1,000 = 996$   
 $996 \times \$2 = \$1,932$  per advertiser every 28 days  
 $\$1,932 \times 6$  advertisers = \$11,592 total revenue per 28 days  
 $\$11,592 \times 13$  annual billing periods = \$150,696 total annual revenue

Your exact revenue will depend on your traffic, the inventory sold and what you can justify billing each advertiser.

Digital billboards provide a great way to open up a market that is stymied due to local ordinances and restrictions on new billboard installations. One way to look at digital outdoor is to consider one digital face a six to eight time cloning of the best face in your entire billboard inventory.

**TIP 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 menus, i.e. breakfast specials
Hospitals	Seminars, classes, health screenings
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

**TIP 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:

- :: The ability to change artwork with practically no lead time
- :: A captive audience that cannot avoid the ad by changing the channel or fast-forwarding through a commercial
- :: A CPM that is significantly lower than all other competing media
- :: Proximity to the buying decision that's at the very heart 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, flexible advertising opportunities that digital outdoor does.

### TIP FROM THE PROS:

Utilize digital outdoor as part of your inventory to create custom ad solutions for your advertisers.

## 6 :: UNDERSTAND THE ABCs OF DAYPARTING

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 most of a type of programming will take place. By dividing up the day, advertising can be better targeted toward a particular demographic.

Traditional billboards cannot daypart their advertising because their images are static. Therefore, digital billboards really have more in common with radio and television advertising than their static brethren.

Getting advertisers to understand the possibilities available to them by dayparting their message is important. Digital billboards provide an amazing level of scheduling flexibility to advertisers. 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 that are overspending wastefully on TV, radio and newspaper.

**TIP FROM THE PROS:**

Charge a premium for ads that run during prime traffic times.

## 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:

- :: People who understand the ins and outs of dayparting so they can thoroughly communicate the benefits to potential advertisers.
- :: People who understand scheduling and trafficking in order to effectively manage your advertisers' desires to have their dayparted messages displayed at the right time.
- :: People who are accustomed to handling large, detailed workloads, because a six-advertiser (or more) rotation will naturally come with some logistical issues.

**TIP 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 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 a month or more 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 advertise a rotating spectrum of events, and banks can advertise changing mortgage rates on the fly.

Digital billboards can also be updated remotely in minutes using 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.

Advertisers can even test messages for timing and impact and then immediately tweak their billboard messages for maximum return on investment (ROI).

**:: 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, 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 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.

<b>MEDIUM</b>	<b>CPM (COST PER 1,000)</b>
Digital Outdoor Billboards (14x48)	\$3.00
<b>Radio*</b>	
:30 Network	\$9.95
:30 Spot	\$11.75
<b>Television*</b>	
:30 Early AM network	\$15.60
:30 Primetime network	\$26.57
:30 Early news network	\$25.40
:30 Late fringe network	\$27.70
:30 Primetime cable	\$10.70
Newspaper (1/3pg B/W)	\$24.95

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

**TIP FROM THE PROS:**

No one tells your story better than satisfied advertisers. Gather specific stories about how your digital billboard helped an advertiser increase sales, make the phone ring or drive traffic. Make customers your evangelists.



## 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 that can be done through digital outdoor, including back-to-back ads, such as those showing 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.

### TIP FROM THE PROS:

Offer free ad changes to ensure viewers remain engaged and advertisers get a strong ROI.

## 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 is utilizing the flexibility of the digital medium to head off any potential issues. 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.

### TIP 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. They know the ins and outs of this business better than anyone, and we have been inspired by their success.

To speak with a **Watchfire Digital Outdoor** representative, please call **800-219-0496** or visit **watchfiredigitaloutdoor.com**.