

Investment Analysis: Measuring the Value of Vehicle Wraps

A New Segment of the Outdoor Advertising Market

About the Authors:
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Vehicle wraps, a growing trend in outdoor advertising, is a very rapidly growing sector of the advertising industry. The purpose of this white paper is to describe the market, clearly identify the value proposition for advertisers, and highlight three different companies that are approaching the market from different angles.

There are numerous questions to answer at a high level about the market. How can this new mobile media be measured? How does it compare to traditional outdoor advertising? What affect will it have on the brand? These and many other questions are common concerns that will need to be addressed prior to addition of Wrapped Vehicles to an advertising agency's Media Plan.

This paper's objective is to aid in understanding the measurement and effectiveness of passenger vehicles wrapped in advertising. We will provide background of the industry, beginning with the introduction of vinyl graphics in the early 90's, which paved the way for the use of passenger vehicles as moving billboards. From there, an overview of how traditional advertising is bought and sold will help relate those concepts to this newest form of outdoor marketing. Next, we will discuss the positive impact this head turning medium has on the advertiser's brand. Finally, we will conclude with a brief overview of three different companies that have three unique approaches to this exciting new market.

Wrapped Vehicles-A Brief History

The billboard has been around over 100 years and the poster dates back literally centuries. While locations have been limited by regulation, the creative applications have been endless.

Billboards really came of age in the 1950's as the national highway system was developed and automobile travel became the American standard for transportation.

Until the 1990s, most billboards were hand-painted plywood with inconsistent quality. Worse, when paint faded and wood chipped, billboards became eyesores. Today, computer-painting technology has all but eliminated the old-fashioned sign painter; plywood has given way to durable vinyl that can be cut to any size, and then rolled into tubes for easy shipping.

In 1993, SuperGraphics, Inc., a Silicon Valley based pioneer company in digital imaging, did the previously unthinkable. An entire bus was wrapped with a new vinyl adhesive product introduced by 3M Company. The bus was immediately turned into a huge rolling Crystal Pepsi ad that people could not help but notice. In comparison to the appearance of the average city bus, most consumers considered it a nice distraction. This advertising

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innovation gained popularity among many advertisers. Bus wraps and other creative outdoor advertising ideas are all in response to the lack of available outdoor advertising space. Soon, tractor-trailer owners began covering their fleets with full-color images selling the products and/or services of other companies.

In 2000, this mobile advertisement trend began spreading to privately owned vehicles. Numerous websites offer free cars or monthly payments for those willing to wrap their vehicles in an advertiser's message and logo. Some of these services also offer dedicated driver programs. This not only places the message in front of target consumers, but also provides the opportunity for direct customer contact through coupon distribution, sampling, and other promotional tactics. The vehicles can be equipped with Global Positioning Satellite tracking systems (GPS). This provides detailed vehicle tracking information and in some cases, audited reports necessary for monitoring the effectiveness of an advertising campaign. Accordingly, there is still an extremely limited supply of available data on the efficiency or impression rates attained by mobile vehicle advertisements.

Measuring Vehicle Wraps

Measuring the exposure of vehicle wraps is easier after an overview of how traditional advertising is bought and sold.

Fifty years of TV dominance has had an effect on measurements

The process of selecting time and space, in various media, for advertising in order to accomplish marketing objectives is known as media planning. Media planners often use three terms in describing a planning process: objective, strategy, and tactic. Although each type of media has unique characteristics, fifty years of TV dominance has had an effect on measurements. The TV standards: audience, target, reach, and frequency are all used for planning and buying.

The target audience is often defined by demographics, product usage and psychographics. Reach refers to the unduplicated proportion of an audience that is exposed to a media schedule (not necessarily to the advertising message) at least once during a designated time period (usually four weeks). Frequency refers to the number of times within a given period of time an audience is exposed to a media schedule. A frequency of 3.0, for example, means that the target audience is exposed to a media schedule three times during a given period of time. Of course, not all audience members are exposed exactly three times; some may be exposed more than three times and some less. A frequency distribution shows how many audience members are exposed at each level of frequency. With a frequency distribution, a media planner can determine effective frequency and effective reach. Effective frequency is defined as the level of frequency that is necessary to achieve the desired communication goals. Effective reach is the reach at the level of effective frequency. Gross rating points (GRPs) are the product of reach and frequency, representing the total gross delivery of a media schedule to the target audience.

Audience Measurement

Audience size is the currency of advertising media; the basic measurement is exposure. Technically, exposure means, “open eyes or listening ears”. However, exposure measurements are different for each medium. In magazines, for example, persons exposed to a publication are counted if they say they read the publication. But persons exposed to a television program are counted only if they define themselves to be “watching” TV and press a button on a measuring device known as a “people meter”.

People who are not acquainted with measurements of media audiences are surprised to learn that audience numbers obtained from media research such as Simons Market Research Bureau, Mediamark Research Inc. (MRI), or Nielsen Media Research do not count the number of people or households exposed to the advertisements. Even some experienced professionals forget or never knew that media exposure measurements do not show how many persons have read advertisements. And it cannot be assumed that a large audience for a media vehicle automatically indicates that a large number of individuals saw a client’s advertisement.

Perhaps the biggest mistake agencies make is comparing the measurement of out-of-home advertising with that of other media. Out-of-home is not like T.V., which has programs carrying commercials, radio which has stations, or print which has editorial carrying ads. Outdoor has only the advertising. In concept, an outdoor exposure is an ad exposure, while a T.V. or print exposure may not be.

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Media Costs

Just as the statement “Potatoes: \$2.00” becomes meaningful when expressed as “Potatoes: \$2.00/pound,” advertisers use CPM (cost per thousand impressions) and CPP (cost per rating point) to compare media costs. CPM is used for both print and electronic media while CPP is more popular for electronic media.

CPM is calculated by multiplying the unit cost of a media type by 1,000 and dividing the result by the audience size. The unit cost of a media type is the cost for a single ad placement in that venue. For example, if a 30-second commercial in a T.V. program costs \$5,000 and the program has an audience of 250,000, then CPM for the commercial will be \$20.

CPP is calculated by dividing the unit cost of the media by the rating. If a 30-second commercial in a TV program costs \$5,000 and the program has a rating of 10 in the market, CPP for the commercial will be \$500. CPP can also be used to compare newspaper or magazine costs if the audience is described as a percentage.

Out-of-Home measurements

There are two approaches for measuring the audience of Outdoor: site-centric and consumer-centric. Site-centric measures start with

the location of the outdoor display and count the passing people. Consumer-centric measures start with a sample of people and count the outdoor displays they pass.

The Traffic Audit Bureau (www.tabonline.com) counts the cars passing each billboard on an average day in addition to validating outdoor site placements. This number is translated into "daily circulation," which is the basis for media sales. Other out-of-home media, such as ads on buses, airport posters, signage in baseball stadiums, and mass-transit advertising, estimates their audience with a variety of techniques that range from ticket sales to proprietary survey. The data can give estimations as to how many people passed an outdoor site, but give little information as to who they were.

Billboard advertising audiences can also be measured through driver surveys. A sample of drivers are asked about the routes traveled as shown on a map, and a transparent overlay is then placed on the top of each driver's map to reveal billboard structures that were passed. The number of passengers in a vehicle is estimated by a newly adopted vehicle load factor, 1.38 adults per vehicle.

Arbitron and Nielsen Media Research are working on systems, which will track every move of selected individuals. The goals of the new rating services are to provide information such as age, gender, driving patterns and shopping habits of consumers viewing outdoor displays. This newfound demographic data could put outdoors' ratings on par with those of radio and TV.

Successful test runs have been completed in Atlanta (for Arbitron) and Johannesburg, South Africa (for Nielsen). Although outdoor revenues have been remarkably stable in the weak economy, the industry still only accounts for about 4% of advertising dollars. After a similar ratings system was developed in the U.K., Outdoor's share of national advertising spending doubled in about four years.

Comparing Vehicles Wraps to traditional outdoor

Different media can do different things. That's why advertisers want them. The key media characteristics of Out-of-home are size, location and continuing presence. One of the big advantages that Transit Advertising has over traditional Out-of-home is placement. Messages can be placed on buses or the side of trucks with routes that are appealing to advertisers.

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The newest concept in Transit Advertising is sponsoring rental vehicles. In concept; rental vehicles wrapped in advertisements can be sent into zip codes where traditional billboards are limited or unavailable. Thanks to the fees collected from advertisers; vehicles will be available to the traveling public for as little as \$10 per day.

Some sponsors will go the extra mile by offering drivers coupons and other discounts for goods and services. Cars may even be given away to one lucky customer when the sponsorship is

complete. In short, the program develops legions of loyal ambassadors while generating considerable impressions.

Measuring Transit Ads

As with any other media, outdoor advertising requires a mechanism for accountability. That is to say, the advertiser should have some idea about the size as well as the quality of the audience, in order to evaluate the effectiveness. Unfortunately, compared to the broadcast and print media, the research methodologies for the measurement of the audience to outdoor advertising can be unsatisfying and controversial. This is complicated by the fact that there are various kinds of outdoor media, some of which are substantially more difficult to measure than others. In particular, measuring the impressions generated by moving signs gets even more challenging.

Transit media measurement is a constantly evolving and improving process. In January 2000, The Traffic Audit Bureau for Media Measurement (TAB) launched a new methodology designed to generate Truckside and mobile display impressions by linking Global Positioning Satellite (GPS) tracking technology with Federal Highway Administration traffic density data.

TAB Methodology

Mobile Advertising Report Generator or MARG is a measurement methodology that allows for audited reporting of Daily Effective Circulation (DEC) linking vehicle-mounted GPS signal transmissions with the Federal Highway Administration's advanced Highway Performance Monitoring System (HPMS) and ArcView Mapping Software. HPMS is an advanced and powerful database containing traffic density data capturing dozens of road characteristics used by the Federal Government to gauge roadway usage levels. Updated monthly, the system covers highways and major city arterials nationwide, enabling MARG to assess vehicular impressions being generated.

Vehicle advertising generates between 30,000 - 70,000 daily vehicular impressions

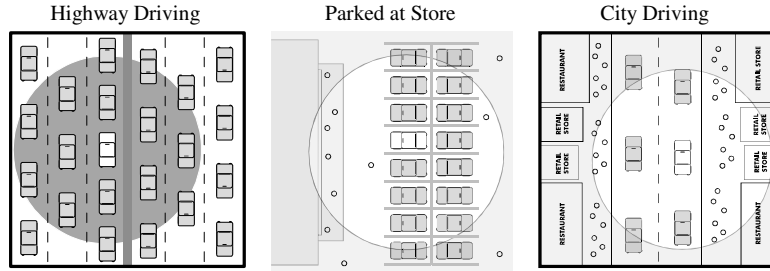
Impression Analysis

Preliminary testing using the new TAB measurement system indicates that individual vehicle advertising generates between 30,000 - 70,000 daily vehicular impressions. New campaigns are being measured on a regular basis, enabling transit companies to work with advertisers to gauge the number of vehicles needed to reach a desired audience level in a market or markets.

We will use South Florida as an example to further the understanding of how impressions are generated and Gross Rating points are determined. Miami is one of the most exotic cities of America and is sometimes called the capital of Latin America. With a population that is over 50% Hispanic, Spanish is as commonly heard as English. South Florida is a nationally and internationally recognized tourist destination. Busy airports and cruise ships from all over the world add 15 million visitors per year to its population for a combined total buying income of over 70 billion dollars.

South Florida lacks an effective mass transit system. Major attractions are spread out; making the Sunshine State's highways

and coastline highly traveled. It is not unusual for Tourists to fly into Fort Lauderdale International Airport and travel 4 hours (200+ miles) north to Orlando or the same distance south to Key West. Often visitors use the famous Alligator Alley when making the 255-mile drive to Tampa on the west coast.



Situation	Hours per day	Passing Vehicles*	Impressions Per Hour**	Daily Totals
Driving - Highway	2	900	1311	2600
- City / Coast line	2.5	1500	2070	5175
- Residential	1.5	1200	1656	2500
Parking*** - City	3	300	414	1250
- Beach / Attraction	5	250	345	1725
- Hotel/Resort	10	150	207	2000
	24			15,250

* Based on # of cars per mile – 15 highway / 40 surface street

** Using TAB vehicle load factor of 1.38 adults per vehicle

*** Includes pedestrians

Example of Estimated Gross Ratings

Population Adults 18+	Average number of impressions per day per vehicle	Gross Rating Points Recommended number of vehicles		
		10 Daily GRPs	25 Daily GRPs	50 Daily GRPs
2,753,000	15,000	19	48	95

Miami-Fort Lauderdale, FL
 - Daily Commute Time:
 28.9 (minutes)
 - Pop. Density:
 4,055 (Persons/Sq. Mi)

Demographic Breakdowns Available For DECs

To provide Out-of-home advertising buyers with more descriptive audience estimates, The Traffic Audit Bureau's 'User Friendly Data Committee' has released multipliers for various age breakdowns between 5+ and 50+ and for gender that can be applied to adjust DEC's derived from TAB's newly adopted 1.38 factor for calculating Daily Effective Circulation (DEC). The factors required to convert official 24-hour counts and 15-minute hand counts to DECs can be found in TAB's brochure, Calculating Daily Effective Circulation (DEC).

AGE BREAKDOWNS	NEW LOAD FACTORS	MULTIPLIERS TO ADJUST A 1.38 BASED DEC
18+	1.36	1.152
MALE	.87	.548
FEMALE	.72	.452

Above based on personal miles traveled in privately owned vehicles.

Effect on Brand

For years companies have been sponsoring events, athletes, and racing vehicles. Consumers enjoy music and sitcoms yet rarely do advertisers get credit for making the programming free. With wrapped vehicles individual vehicle owners or renters directly benefit from advertising. By sponsoring rental vehicles advertisers can link the pleasures of vacationing and saving money to their brand.

A brand is a person's gut feeling about a product service, or company. It is not what you say it is. It's what THEY say it is. Today, buying decisions are made more on symbolic cues than features, benefits, and price. Through differentiation, brand has evolved from a focus on "what it is," and "what it does," to "how you'll feel" and "who you are." While features, benefits, and price are still important to people, experiences and personal identity are even more important.

Advertising does two things: (1) It influences brand choice of customers who are ready to buy now (2) It builds brands awareness among consumers who are not ready to buy. In an information-rich and time-poor world, the value of your brand grows when customers can quickly say yes to your offering.

The fact that a person uses a brand is likely to create awareness of the campaign as a result of the known psychological phenomenon of Selective Perception.

The fact that a person uses a brand is likely to create awareness of the campaign as a result of the known psychological phenomenon of Selective Perception. Although wrapped vehicles are not the same size as tractor-trailers there is a similarity in the attention they draw on the road. The American Trucking Association's study; The Visual Impact of Trucks in Traffic, showed:

- 96% noticed truck side ads
- 98% said fleet graphics created a positive image for the company
- 96% said fleet graphics had more impact than billboards
- 75% of people developed an impression about a company and its products
- 29% would base a buying decision on the impression

In outdoor, the media is the message. There is no delivery device but the advertising itself, nothing to hide behind. Thus knowing what factors consumers notice and respond to is paramount in creating effective outdoor advertising.

One of the biggest advantages of sponsored vehicles is the word-of-mouth effect. The uniqueness of this type of marketing generates a viral marketing unlike other of out-of-home methods. To maximize the buzz factor; advertisers should take advantage of each of the touch points a rental vehicle could have:

- Rental Car Companies Website
- Rack displays within the rental location
- Sponsored Driver Educational handouts

- Fully wrapping the vehicle for maximum effect
- Press releases and news stories this type of rental is sure to generate in the beginning

Noteworthy Vehicle Wrap Companies

AdCar Rentals (<http://www.adcarrentals.com>):

Ft. Lauderdale, FL based AdCar rentals provides a compelling, geographically targeted vehicle wrap advertising solution. AdCar rentals wraps budget rental vehicles in markets that are highly attractive for advertisers. AdCars initially has 20 wrapped cars in the South Florida area and will be expanding to other top markets with the next 18-24 months. The model is very simple, the budget minded car renter pays a reduced rental charge in exchange for driving a car wrapped with an advertisement. AdCars has excellent information on budget rental car usage and can provide quality impression data to advertisers.

FreeCar Media (<http://www.freecarmedia.com>):

Los Angeles, CA based FreeCar Media offers advertisers the opportunity to wrap their name and logo around a vehicle model of their choice, driven by a driver of their choice. This model differs from AdCar Rentals in that they have individuals wrap their personal vehicles with advertisements. The key problem with this model has been getting consistent car usage/impressions from individuals with wrapped cars.

Mobile Ad Group (<http://www.mobileadgroup.com>):

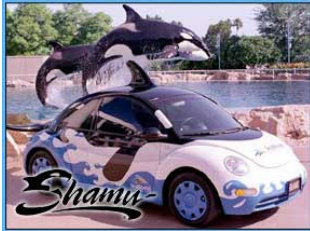
Mobile Ad Group is dedicated to helping companies extend their brand recognition by using high quality advertisements on fleet vehicles, which travel in metropolitan areas of the United States. They have provided truck side advertising for major advertisers like Coca-Cola and Cadbury Schwepps.

Conclusion

Advertising is more than creating first-time buyers and persuading current buyers to buy more. Advertising should be used to maintain a brand's existing users and their buying levels. This is known as protecting the brand's franchise and keeping up the current levels of purchase frequency. Vehicle wraps can reach people when they least expect it and their minds are more open. The fact that a person uses a brand is likely to create awareness of the campaign as a result of the known psychological phenomenon of Selective Perception.

Vehicle wraps, on rental cars in particular, are an outstanding addition to an integrated marketing strategy. These mobile signs offer a high impact, high visibility medium with outstanding head-turning ability. Capable of delivering millions of impressions in densely populated areas, these cars demonstrate the power of a true mass medium. Current measuring methods allow confidence when purchasing CPM and CPP at dollar amounts significantly lower than traditional mass media and direct mail.

With 45-pound tails, a nine-pound dorsal fins and a killer paint jobs, SeaWorld's fleet of Shamu Cruisers have traveled the country.



SeaWorld's fleet of Shamu Cruisers may be the best example of what this type of marketing is capable of. The Shamu Cruisers are 2001 Volkswagen Beetles customized with 45-pound tails, a nine-pound dorsal fin and a "killer" paint job. Thirty of these cars have traveled the country touching the lives of millions and getting free press everywhere they stopped.

Unlike billboards, additional thought must be taken when developing a Wrapped Vehicle program. Predetermining the destination zip codes of these vehicles can deliver the razor-sharp attributes of direct marketing. By educating each driver about their sponsor, a branded message can be delivered to a specific audience where they live, work and play. Even more powerful is the fact that this message will come from people that they call family, friends and associates.

For additional information:

["Outdoor Media Consumers and Their Crucial Role in the Media Mix"](#)

By Arbitron Inc., September 2001

[Visibility Achieved by Outdoor Advertising](#)

By Scott Young, Perception Research Services

[Nationwide Personal Transportation Survey](#)

<http://www.fhwa.dot.gov/ohim/nptspage.htm>

Shows that the number of vehicles and drivers continues to grow at a faster rate than the growth of the U.S. population.

[OUTDOOR ADVERTISING "The Brand Communication Medium"](#)

OAAA Outdoor Advertising Association of America, Inc.