

The Most Effective Way for Small Business Owners to Spend Their Advertising Dollars

By Matthew Valentine 11/12/2009

These days the single greatest challenge facing every small business owner is the economic recession. The simple fact is small businesses have been hit hardest by the recession. According to *The Small Business Economy: A Report to the President* produced by the U.S. Small Business Administration, “more than half of the 763,000 jobs lost in the first two quarters of 2008 were lost in small firms.”

Effective

This has made finding ways to spend money more efficiently and effectively paramount for a small business to remain successful. While most people will continue to talk about the damaging effects the recession has had on their business, a savvy business owner will recognize the recession as an opportunity to grow their business.

In the past 60 years America has been through nine recessions and recovered from every one. While it may sound strange to think of the recession as an opportunity, if the right investments are made you can easily increase your profits and outpace your competition.

That's because during a recession most small business owners cut back on spending and especially on advertising. Yet, numerous studies have shown that this is a mistake. In a joint study done by *Oregon State University* and *Western Oregon University* dated April 19, 2009 they found that:

“Firms that are able to increase advertising during recessions are likely to have stronger future earnings.” The researchers studied data from five recessionary periods since 1971, sampling data from more than 3,000 firms listed on the public stock exchange.

Another study done by *MarketSense* compared 101 household name brands that increased ad spending during the recessionary period 1989-1991. For those who cut spending on advertising, it took 2 years after the end of the recession to regain their original position. By that time, aggressive competitors had almost tripled their market share, while less than 30% of those who cut advertising ever regained their market share in the following expansion period.

The question becomes how should a small business owner invest their advertising dollars? Many small business owners will turn to traditional forms of advertising such as: television, radio, newspaper or the Yellow Pages. The fact is however, that these forms of advertising are cost prohibitive and simply not as effective as they once were.

Reaching an audience through traditional forms of media is harder today than ever before. According to *Arbitron* only 1 out of 3 Americans read a daily newspaper, Ohio-based *BIGresearch* found that just 1 in 20 people actually watch television commercials. Bill Gates stated: "The Yellow Pages are going to be used less and less... These things always take time, but Yellow Page usage among people, say, below 50, will drop to zero — near zero — over the next five years." As for radio, according to the *Outdoor Advertising Association of America* (OAAA) advertisers must buy deep (multiple stations and formats) to accumulate audience reach of over 50%, offsetting the cost effectiveness of radio if the target is a large, broad group of consumers.

Traditional forms of advertising are also cost prohibitive for a small business owner looking to reach the widest audience with a limited budget. Advertising in a regional or local newspaper for a 3 x 5¼ ad running twice per week for 52 weeks can cost as much as \$792 a week. At those rates one year of advertising in the paper twice per week would cost \$41,184.

A twenty six week sponsorship of a local news program with a thirty second spot running once a week and four additional thirty second spots, one in each locally produced sporting event (high

school and college) would cost \$2,000 per month. Meaning a twenty six week sponsorship would cost \$11,000.

A 2½" x 6" ad in the Yellow Pages for one year is \$3,447.00. A half-page ad would cost \$7,567.20 for the year. In the top 100 Radio Markets a 60 second drive time ad would cost \$8.61 per 1,000 customers reached.

The most effective way for a small business owner to reach a large consumer base on a limited budget is a "non-traditional" form of advertising known as a vehicle wrap. A vehicle wrap is the marketing practice of completely or partially covering a vehicle in an advertisement or livery, thus turning it into a mobile billboard.

A vehicle wrap and fleet graphics is the most cost effective form of advertising that exists today. An average vehicle wrap is a one time fee of around \$3,500. A wrap produced by a company with expertise and experience should last at least 5 years, that's a cost of just \$700 a year.

Studies have shown that vehicle wraps have numerous advantages over traditional forms of advertising. In a survey done by the Outdoor Advertising Association of America (OAAA) 96% of survey respondents said vehicle wraps method of mobile advertising is more effective than advertising through traditional methods. 91% of the people surveyed by the American Trucking Association (ATA) reported that they do notice words and pictures on vehicles. Add to that the fact that a vehicle wrap works around the clock, 24-7 and there is no tuning out, changing the station, or turning the page.

Vehicle wraps and Vehicle graphics also generate far more impressions for far less money than any other form of traditional advertising. According to the *Traffic Audit Bureau for Media Measurement*, a vehicle wrap generates anywhere between 30,000 and 70,000 impressions daily, that's more than 11,000,000 impressions a year at a cost of just \$0.77 per thousand impressions. The next closest form of advertising (billboard advertising) costs more than twice as much (\$2.18) to generate the same amount of impressions.

There are additional benefits to purchasing a vehicle wrap as well. A vehicle wrap is a powerful visual message that will reach audiences of all ages, gender, backgrounds, income, profession and families and it will reach them where they are, with 96% of Americans traveling in a vehicle each week as either a driver or passenger. .

If small business owners are looking for a smart investment in these tough economic times a vehicle wrap provides the perfect solution.

Stephen Hoey is the President of KDF Reprographics, Inc. providers of Large Format Printing, Vehicle Wraps, Fleet Graphics, Color Scanning, Posters, Banners and Trade Show Displays. To contact Stephen or setup an interview please call 888-533-2667 or visit our website @ <http://www.kdf-comp.com/>

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