

## VALUE OF BILLBOARDS TO BUSINESS

Leslie S. Kofoed  
Public Relations Director  
Harolds Club, Reno, Nevada

I am not an attorney and therefore cannot touch on the legal problems of highway beautification. I have, however, for more than 35 years, used highway billboard advertising in my own business as well as in my present position. With your kind indulgence, I would like to "set the stage" -- to so speak -- for my remarks.

Harolds Club of Reno was founded in 1935 by Pappy Smith and his two sons. Pappy, a former Vermont farmer is credited with bringing gaming out of the alleys and darkened back rooms and placing it out on the front streets. Gaming has become one of Nevada's leading industries, being largely responsible for attracting in excess of 20 million visitors per year to the state.

Our gaming industry in Nevada pays 30 million dollars in taxes annually to all levels of government. This amount is in addition to all of the usual taxes levied on all individuals or businesses and accounts for about 30% of the state's general fund revenue. I am proud to be asked to represent Harolds Club at this meeting, for, as you undoubtedly know, gambling, or gaming as we prefer to call it, is looked upon in Nevada as being just as honest and honorable a business as the corner drug store, the super-market or a service station or bank. I am doubly proud to represent Nevada, the only state in the union with legalized, open casino-type gaming and also the only state with no illegal gambling. If this sound like advertising ...I guess it is...but I feel that it is important to give you this background.

Harolds Club's outdoor advertising program started in 1941 with a meager 25 six by twenty-four foot signs located within a radius of 500 miles of Reno. At that time, the population of Nevada was about 110,000 persons scattered over 110,000 square miles. The gaming business, like a super-market, is a volume-type of business. Especially this is true of the slot-machine portion of the business where house percentages in some cases run below 3%. Without volume it is impossible to show a profit. So. . .in 1941, we went out looking for additional volume through the use of highway signs.

Within a year, Mr. Smith was jubilant over the results of the outdoor program and remarked, "That's our trouble. Our advertising is at least five years ahead of our expansion program." We continued to expand the club itself and also continued to expand the billboard program. In 1957 through actual physical count, we had a total of 2,715 signs located in nearly every state. Today, because of restrictions, such as county ordinances, and the interstate program, this number has shrunk to 756 signs located in 41 states. Without exception...and this has always been our policy... not a one of these 756 signs is in a scenic or residential area and every sign is on leased property. They are baked-enamel panels and are constantly maintained by our own roving sign crews.

The use of billboards has permitted us to carry on a nation-wide advertising campaign so necessary to the success of our business... at a truly remarkably low cost. We cannot carry on such a program through any other media or combination of medias at anywhere near the cost. Actually, the entire annual cost of leasing the property and maintaining a sign averages less than \$50.00 per year per sign location. Because we know that better than 80% of our customers arrive by car, we are, we feel, getting directly to our primary market, the individual motorist, in the best possible way through the highway sign program.

We honestly believe in some fair-minded system of highway sign regulation but it is obvious that a limitation of "660 ft. from the nearest edge of the right of way" is not regulation...instead, it is absolute abolition...absolute elimination of billboards on our interstate and primary highway system. In the first place, it would probably not be economically feasible to design and erect a billboard large enough to be read at that distance. But, more importantly, can you imagine a greater driving hazard than a person zipping along at speeds of from 70 to 90 miles per hour on our highways, and at the same time trying to read the copy on a sign more than 700 feet away, and probably located at nearly a 90 degree angle from the direction in which he is traveling? And this poses another question.

Are we to believe that a billboard automatically becomes a thing of beauty, regardless of its design or construction, because it is located more than 660 feet from the nearest right of way line?

Then too, we are worried over the appraisal or evaluation of our sign program. Under the law we are assured of just compensation. We wonder how this evaluation will or can be made. Are we to be compensated for the removal of the sign only? Are we to be reimbursed for

the period of time remaining on each lease? Do we receive as compensation only the actual depreciated value of the sign, or its intrinsic value, or in making such appraisals or evaluations, will we also be compensated for the economic impact on our business? If so, for what period of time? For the year 1970 only; or for 5 years, 10 years, or 25 years? We seriously doubt that even the finest computer can give us a fair and equitable answer to this last question. And finally, who makes the decision as to which advertiser is to be awarded a specific location in the event that satisfactory locations do become available, and if several advertisers are vying for the same location? What standard, other than favoritism, could possibly be set up on which to base such a decision? Even if all of these questions can be satisfactorily answered, we are faced with the loss of one of our very valuable rights -- the right to enter into a legal agreement with another person to use his property, or a portion of it, to inoffensively advertise and promote our own business.

Summarily, we feel that outdoor advertising has been the very backbone of our business and the primary reason for our success and almost daily our mail contains favorable comments in regard to our highway sign program. If we have the pulse of our customer, and we feel that we do, they too -- the motoring public -- feel as we do. Let's have controls where necessary but take no such drastic action against outdoor billboards as is outlined in Public Law 89-295. For in addition to the economic benefits of outdoor advertising signs, a highway sign need not be either a blight or an eyesore. A well designed sign, properly installed and maintained and located in a non-scenic or non-residential area with pictorial or inoffensive copy should be in itself a thing of beauty -- the very element which we are attempting to preserve through this legislation. We would welcome and would support proper regulation of outdoor advertising but are very fearful of the resulting loss to our business through absolute abolition such as has been proposed.