

## **Do-It Centers**

Matched pair analysis can effectively identify the differences in value of comparable commercial locations that are traceable to the visibility component. An excellent example of such analysis is provided by the experience of a small, four-store independent chain of home-improvement centers, known as the “Do-It Centers” and located in southern California.

The chain found itself faced with new competition from the incoming Home Depot, which had moved into the chain’s trade areas. The small chain owner decided to go head-to-head with Home Depot, and initiated a total remodel of his old stores to update their on-site marketing techniques and present a modern storefront. The chain’s stores were located in Cresenta Valley, Valencia, Simi Valley and Thousand Oaks. All of the stores, before and after remodel, were approximately 44,000 square feet in size. Prior to remodel, signage for all four stores was similar and gross sales were within 15% of one another.

Because the stores were located in different trade areas, with different municipal sign codes, the owner had to tailor each store to fit the relevant code. Storefronts were somewhat standardized in terms of corporate logo and colors, but the fascia and freestanding signs were of varying sizes among the four stores.

Cresenta Valley had a liberal sign code which allowed the chain owner to place a large storefront wall sign over the main entrance and border wall signs listing products (housewares, paint, electrical, and plumbing) along the sides of the building. A large, double-pole free-standing sign that included a variable message board was erected adjacent to the street.

Valencia’s code was similar, and the owner was able to place large wall signs over the main entrance and along the sides. However, in contrast to the Cresenta Valley location, the visibility of the freestanding sign was somewhat blocked by a landscape median between the street and the sign, as well as a parking barrier in front of the sign, which was also somewhat shorter in height.

Simi Valley had a much more restrictive sign code; consequently, the site’s storefront signage was considerably smaller, limited to narrow border wall signage. Although its freestanding sign was tall and close to the street, the store was required to share the sign with other businesses.

The sign code in Thousand Oaks was the most restrictive of the four. The site’s storefront signage was limited to a small entrance sign and two small “hanging” signs at either end of the building. The freestanding sign was located on a landscaped strip next to the road, but the size limit of 36 square feet resulted in severe masking of the sign by surrounding foliage.

Following the remodel, and despite Home Depot's presence, the Cresenta Valley store increased its sales by 45% and Valencia by 38%. On the other hand, the Simi Valley store's increase was only 20% and the Thousand Oaks's increase a mere 10%. Further, the difference in sales volume between the Thousand Oaks site and the Cresenta Valley site, which prior to remodel was only 15%, considerably increased. The chain owner had not increased local media advertising, thus the disparate increases in sales volume between all the stores could only be attributed to the availability – or lack thereof – of on-premise signage easily visible and readable to street traffic.

*Matched pair analysis is an effective tool in identifying the precise features of a property that affect value. These four "Do-It Centers," all located in southern California, carried the same products. The differences were pared down until a measurement of the financial impact of the local sign code could be made. The findings showed that effect was significant.*

