

Business Plan for 10 LED Mega Advertising Boards & 10 Advertizing Hoardings in Anuradhapura MC



Submitted to:
The Asia Foundation
30/1, Bagatale Road, Colombo 3.

Submitted by:
Udula Amukotuwa
Municipal Financial Specialist,
7B/ 16, Maitpe 3rd lane, Galle

December 2017

I. OVERVIEW

Advertising is a means of communication with the users of a product or service. Advertisements are messages paid for by those who send them and are intended to inform or influence people who receive them.

Advertising in business is a form of marketing communication used to encourage, persuade, or manipulate an audience (viewers, readers or listeners; sometimes a specific group) to take or continue to take some action. Most commonly, the desired result is to drive consumer behavior with respect to a commercial offering, although political and ideological advertising is also common.

With the rapid development of with new roads and infrastructure especially under town planning concept, the trend for businesses and communication are much exposed. As the results many business opportunities and services are enhanced. Anuradhapura town is the space wise largest town in Sri Lanka which exposed rapid development of infrastructure as well as in commercial activities.

In addition to that the town is much crowded in whole period of the year because of its' historical value and the Buddhists sacred places. The town is crowded with plenty of crowd both local and foreigners and it leads higher potential in marketing for to make awareness of brands, services, of the manufactures and the service providers. So that many companies use advertizing hoardings and digital advertizing boards to create first impression of their product / service in a short time period.

Advertizing hoardings (Billboard advertisements) are designed to catch a person's attention and create a memorable impression very quickly, leaving the reader thinking about the advertisement after they have driven past it. They have to be readable in a very short time because they are usually read while being passed at high speeds. Thus there are usually only a few words, in large print, and a humorous or arresting image in brilliant color.

Digital billboards are billboards which are created from computer programs and software. Digital billboards can be designed to display running text, display several different displays from the same company, and even provide several companies a certain time slot during the day. The constantly changing texts ensure maximum impact and wide exposure to target audiences.

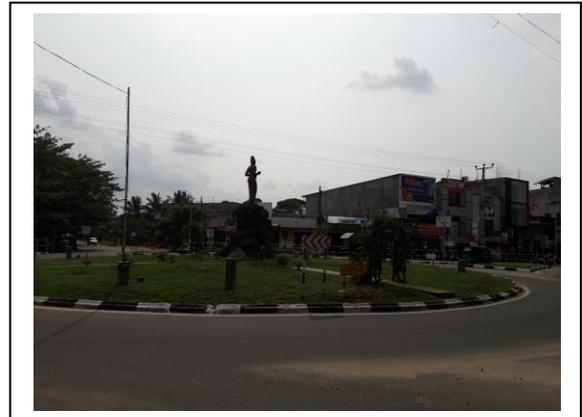
The Municipal council of Anuradhapura has an idea of paving good platform to the business community to perform well in the region by exposing the better environment to advertise the products and services of business community in the area. So that the MC planned to introduce a series of Advertizing hoardings (10) and LED mega digital screens (4) to advertise the products and services to the public on following objectives:

1. To enhance the economy of the area by supporting business community.
2. To create sound environment to consumers to get better goods and services through good awareness.
3. To minimize pasting posters and other materials and keep the town in aesthetic environment.
4. To provide the area by concerning on recreation activities according to the cultural and religious ethics and norms.
5. Creating entertaining environment by using this mega screen.
6. To generate income in order to provide better services to the public.
7. Ultimately the quality of the living status of people in the area to be enhanced.

Proposed locations for Digital screens



2nd Mile post



“ Kada 10 Junction”



Sathosa Junction

2. MARKETING PLAN

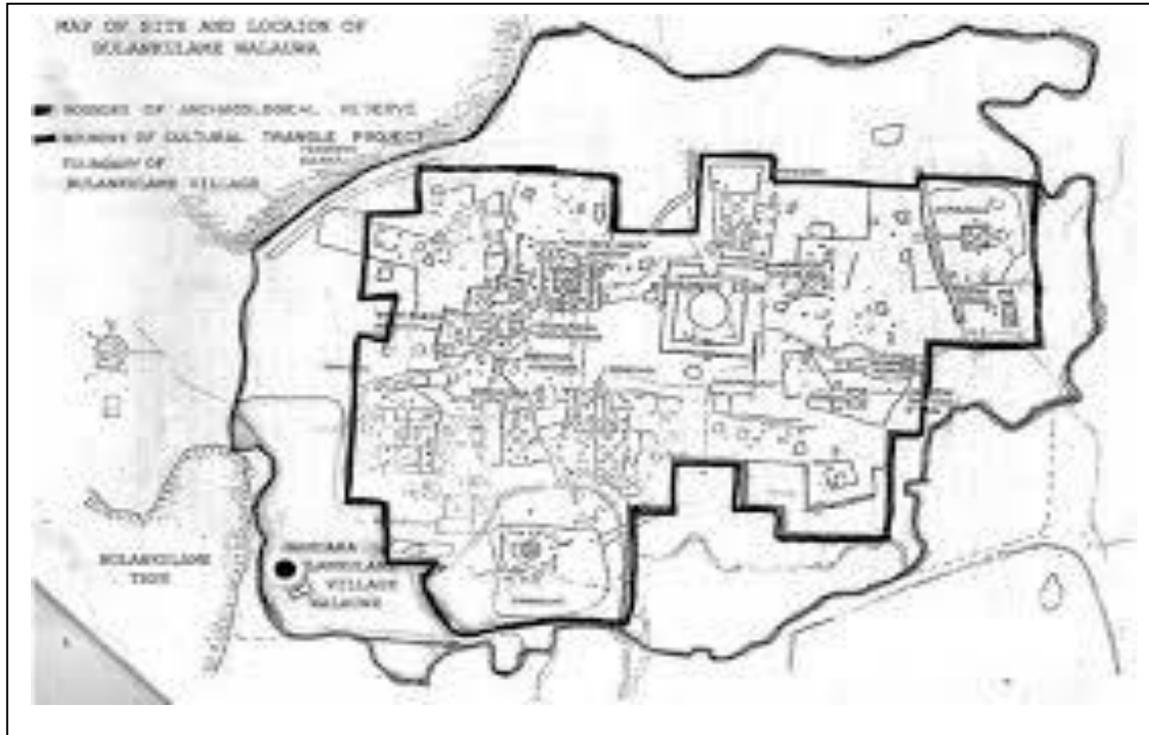
The MC is proposing 4 numbers of "LED Advertising Screens" (9' X 12') at following mentioned locations in the town .

1. 2nd Mile Post Junction
2. "Sathosa" Junction
3. "Kada 12" Junction
4. Near the MC & Library

In addition to that the MC is planning to establish 10 numbers of Advertizing hoardings at locations where the locations prevails with dense pedestrian traffics, motor traffics in the city and 5 digital backdrops at 5 bus stops.

Above locations will be ideal due to following reasons;

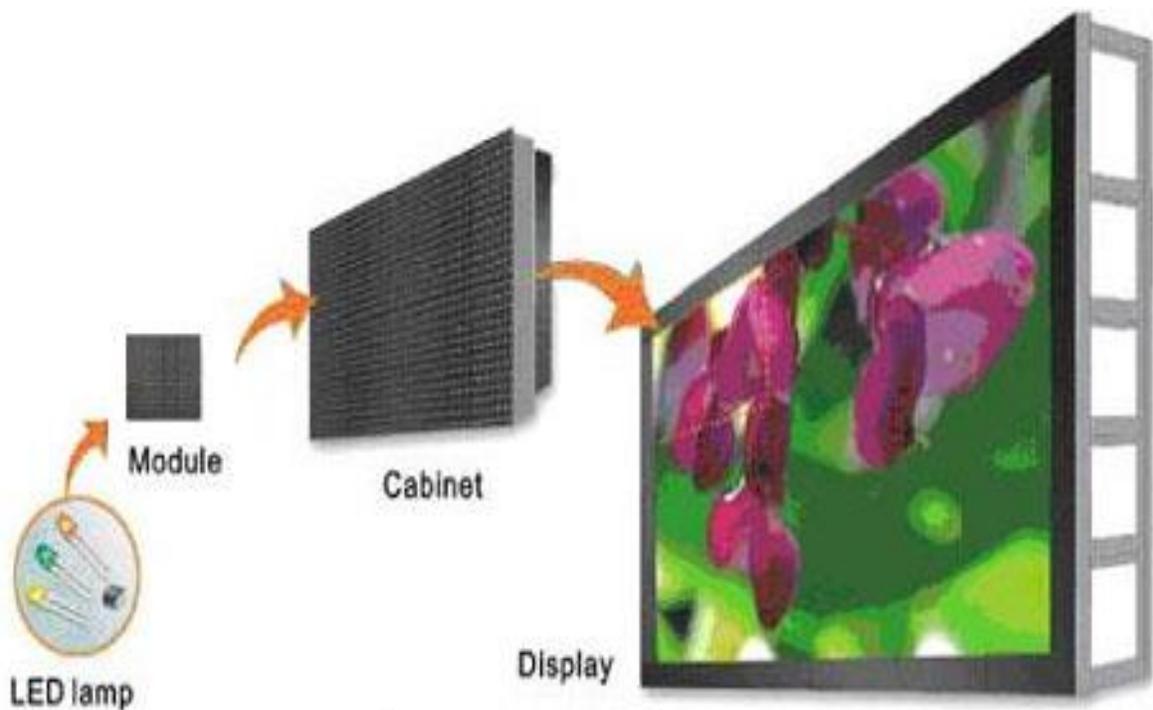
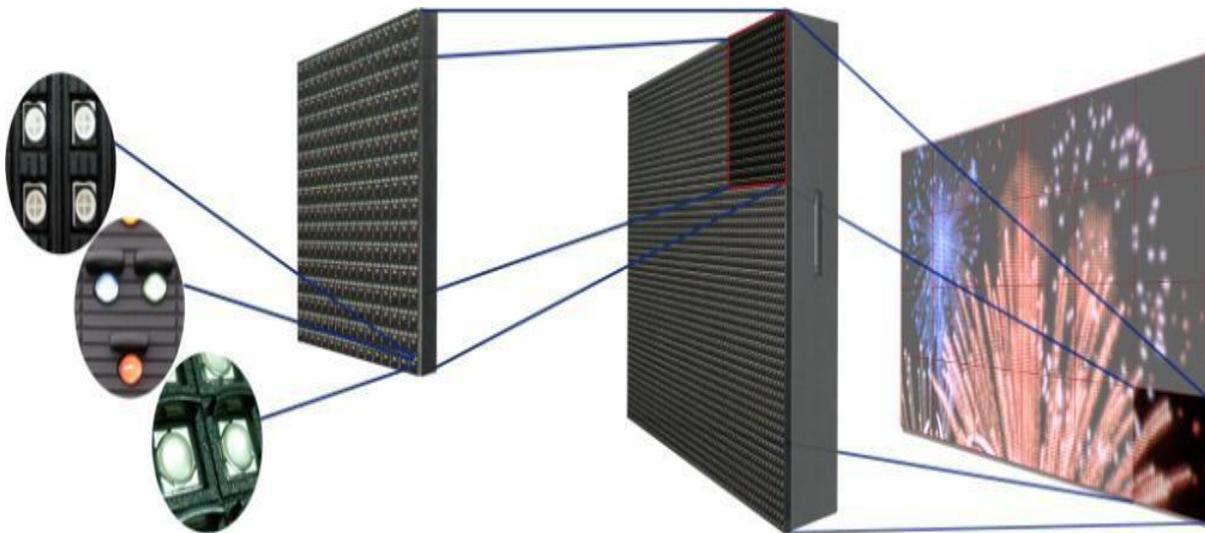
1. Since the area of the location is opened and enough space to gather more people.
2. The location is located just facing main roads and people can easily see the board by passing through the town.
3. These places having good vicinity and consists with good relaxing surrounding environment.
4. The location has its' central attraction quality.



City Plan of Anuradhapura Town

Advertising on Digital media

Digital signage is poised to become a major mass media because of its ability to reach larger audiences for less money. Digital signage also offers the unique ability to see the target audience where they are reached by the medium. Technological advances have also made it possible to control the message on digital signage with much precision, enabling the messages to be relevant to the target audience at any given time and location which in turn, gets more response from the advertising. Digital signage is being successfully employed in supermarkets, restaurants



LED Parameters

Item	Luminous Intensity	Viewing Angle	Wavelength	Test Condition
Red LED	800-1200mcd	120°/80°	625+2nm	25°C,20mA
Green LED	2000-2200mcd	120°/80°	525+2nm	25°C,15mA
Blue LED	400-600mcd	120°/80°	470+2nm	25°C,15mA
R:G:B:	3:6:1:			

Advertising on Mega Hoardings

Mega hoardings are varying from the digital boards since it expresses permanent picture or wording with time and not changing. We probably see hundreds of billboard ads every single week, but remember just a handful. With outdoor advertising upping the stakes and becoming increasingly more competitive, plus digital advertising becoming the medium of choice, it's important to know how to make the advertising count. But, it can still be an incredibly effective branding tool.

Generally there are few considerations on these advertizing boards,

- Consists with Less word.
- Get Noticed, But not be a Huge Distraction
- This is Not the Place for Direct Response.
- The advertisement should be Smart, But Not Too Clever.
- The idea of the advertisement should not be directly expressed but to show it for think about it.

Target Consumer Group

Service	Area	Target consumer group
Digital advertizing screens	4 junctions	Local and National Companies who seek promotions and Brand awareness Space to promote their Product and services to local and mass
Mega advertizing hoardings	10 locations identified by MC	
Bus Stop Digital backdrop branding space	5 bus stops	

Competitor Analysis

Service	Competitor	Current Market fraction from competitors	Market vacuum to be filled by the project
LED Screen near New Bus Stand	SLTB	50%	50%
Hoarding Sites	Advertisement agencies	40%	60%
Bus Stop Digital branding space	NO competitor	nil	100%

Clearly the financial goal of the proposed project is to be self-sustaining. This implies an operation that does not draw on the financial resources from Central Government or a sponsoring agency at its' running cycle. The initial capital investment is estimated to total Rs. **20.7 Mn** and additionally assumes the following:

- ❖ Private Public Partnership with:
 - Own equity (5.13 Mn)
 - Businessmen who willing to promote their products on pre paid package . (Rs. 7.6 mn).
 - A loan from bank . (8.0 Mn)

Annual Sales Forecast from 4 digital screens

Sections	Rate	No. Of advertisements per day per one screen	Monthly income (avg. 28 days) from 1 screen	Monthly income (avg. 28 days) from 4 screens	Annual income
Advertising income - 15 Sec X 20 display times per day	500/= per day	15	210,000/=	840,000/=	10,080,000/=
Advertising income - 30 Sec X 20 display times per day	1,000/= per day	10	280,000/=	1,120,000/=	13,440,000/=
Advertising income - 45 Sec X 20 display times per day	1,500/= per day	5	210,000/=	840,000/=	10,080,000/=
Total income from multi- media screen			700,000/=	2,800,000/=	33,600,000/=

(At the initial stage the total broadcasting time approximately 5 hours per day the it will be dramatically increased)

Annual Sales Forecast from 10 mega hoardings

Sections	Rate	No. Of hoardings	Annual income
Hoarding rent income	200,000/= per year	10	2,000,000/=

Annual Sales Forecast from 5 digital backdrops at bus stops

Sections	Rate	No. Of advertisements per day per one screen	Monthly income (avg. 28 days) from 1 backdrop	Monthly income (avg. 28 days) from 5 backdrops	Annual income
Advertising income - 15 Sec X 20 display times per day	100/= per day	15	42,000/=	210,000/=	2,520,000/=
Advertising income - 30 Sec X 20 display times per day	250/= per day	10	70,000/=	350,000/=	4,200,000/=
Advertising income - 45 Sec X 20 display times per day	500/= per day	5	70,000/=	350,000/=	4,200,000/=
Total income from multi- media screen			182,000/=	810,000/=	10,920,000/=

Annual Sales Forecast for 1st 3 years

Income	1 st Year	2 nd year	3 rd year
Income from 4 digital screens	33,600,000/=	36,960,000/=	40,320,000/=
Income from 10 mega hoardings	2,000,000/=	2,200,000/=	2,400,000/=
Income from 5 backdrops	10,920,000/=	12,012,000/=	13,104,000/=
TOTAL	46,520,000/=	51,172,000/=	55,824,000/=

Assumptions:

- At the initial stage the total broadcasting time approximately 5 hours per day the it will be dramatically increased
- The sales volumes (customers) will be increased by 10% by each year. So that sales income will be increased accordingly.
- At the initiation the first month advertising pre paid sum of 3,600,000/= will be utilized as initial capital of the project and it is the contribution of PPP.
- Deposi for two years will be charged from hoarding customers and it will be 4,000,000/= and it can be used as initial capital.
- So that the total income of pre deposits from the private sector will be 7,600,000/= ans it will be used as the private sector investment as the initial capital.

3. PRODUCTION/ SERVICE PLAN

3.1 Production / Service Process

The Service process of the proposed project is similar to the general services applied by specially appointed team, which consist with skilled personals in both IT and marketing aspects.

Maintenance and repairs.

It is advice to establish good mechanism of maintenance and repairs of the screen and other sound system in the area. So that there should be trained people in the MC to maintain this screen in sustainable operation.

Marketing and attracting investors.

Proposed advertising services will be initiated through proper plan. At the outset there should be a proper consumer survey should be under took in order to verify the perceptions of businessman, producers on their products and services. A questionnaire to be distributed towards the targeted businessmen to decide their preferred advertising method and the time period and the frequency should be determined after that survey. (a sample questionnaire is annexed in Annexure 3) .

For the better service rendering a professionalized team should be formed or otherwise the MC can outsource the screen to private advertising firm on rental basis.

Marketing Strategies on attracting investors.

- Direct Mail to Key companies and register companies in Anuradhapura District
- E fliers campaign
- Advertising on own location
- Direct Selling agent (Freelancer) to visit companies
- PR article on Press

4. ORGANIZATIONAL & MANAGEMENT PLAN

4.1 Legal Status of the Business

Name of the implementing / Managing Organization	: Anuradhapura Municipal Council
Partners	: Private sector/ funding Agent (Bank)
Management body	: Steering Committee (7 persons)
Composition of steering committee	: Commissioner of Anuradhapura MC Engineer of Anuradhapura MC Chairman of Trade Association Revenue Officer (LA) 2 representatives from business community

4.2 Linear Responsibility chart

The Person	Number of employees		Proposed monthly Salary (per head)	Overall supervision	Operations	Marketing	Administration	Finance
	Existing	New						
Steering committee	7	-	-	✓			✓	✓
Revenue Officer	1	-	-					✓
IT officer for advertising board		2	35,000/=		✓			
Computer hardware technician		1	40,000/=					
Marketing Officer		1	40,000/=			✓		

As the above chart shows the overall management of the project is in the hand of the MC whereas the operational decisions will be made by a steering committee which consists of 7 persons. The composition of the 7 persons committee will be from MC as well as from 3 representatives from private sector investors of the market. (Instructions to Steering committee is annexed in annexure 1) 2 persons will be directly recruited to the advertising boards .

Preliminary arrangements to be considered by management Body

- A separate account to be opened to manage accounts of the project.
- Signing Authority for accounts and vouchers to be redefined. It should authorized by the Commissioner of MC.
- An agreement should be finalized by the MC to define terms and condition which has be signed between businessmen who willing to advertise their products/ service through this screens/ hoardings/ backdrops.

4.3. Cost of Constructions

4.3.1 Cost of one digital screen

Item	Cost (Rs.)
Imported Cabinet With LED Advertising Board 12' x 9' (256 x 192 Pixel Full Color)	Rs.2,500,000.00
Six Receiving Card and Sending Card	Rs. 150,000 .00
Video Processor (For Live Video)	Rs. 250,000 .00
HP Dual Core Branded Desktop with Monitor	Rs. 90,000 .00
Transport & Installation Charge	Rs. 80,000 .00
Construction cost of Frame structure	Rs. 200,000.00
TOTAL FOR ONE DIGITAL SCREEN	Rs. 3,270,000.00

Cost of 4 Digital Screens – 13,080,000/=

4.3.2 Construction Cost of Mega Advertizing hoardings

Item	Cost (Rs.)
Iron and Iron works for the frame	Rs.300,000.00
Installing cost / concreting	Rs. 100,000.00
Lighting arrangement	Rs. 100,000.00
TOTAL cost	Rs. 500,000.00

Cost for 10 mega hoardings = 5,000,000/=

4.3.3 Construction Cost of Digital Back drops

Item	Cost (Rs.)
LED screen	Rs.400,000.00
Processors and hardware items	Rs. 80,000.00
Installing cost	Rs. 50,000.00
TOTAL cost	Rs. 530,000.00

Cost for 5 back drops = 2,650,000/=

4.3.4 Total Project cost – 20,730,000/=

4.4. Pre operating Activities & Expenses

Table 2.2

Tasks	Time period (Weeks)										Date to finish each task	Expected cost	
	1	2	3	4	5	6	7	8	9	10			
Preparation of project proposal / BOQs/ validation of the corresponded LA area	■											2017/2/7	10,000/=
Submission of project proposal to donor Agent		■										2017/2/10	-
Obtaining approval from funding agent			■									2017/2/17	-
Marketing/application collection through questionnaire/ Preparing necessary legal and other correspondences to get public ,Private sector Participation.		■	■	■	■	■	■	■				2017/3/20	20,000/=
Construction				■	■	■	■	■	■			2017/03/25	20.730,000/=
Business launching									■			2014/04/01	
Pre operating cost													20,760,000/=

5. FINANCIAL PLAN

5.1 Project Cost

Cost Item	Existing			Proposed			Total Cost (Rs.Mn)
	Loan (Rs.Mn)	Equity (MC) (Rs.Mn)	Private Sector (Rs.Mn)	Loan (Rs.Mn)	Equity (MC) (Rs.Mn.)	Private Sector (Rs.Mn)	
Assets – Fixed Assets							
Land (50.0 Purchases X0 .3 Mn per perch)	-	15.00	-	-	-	-	15.00
LED Screens/ Hoardings/ backdrops	-	-	-	8.0	5.13	7.6	20.73
Structure of the investment	0%	42%	0%	22%	14%	22%	35.73

5.2 Profit & Loss Account

Following assumptions were considered on predicting profit and loss account of the project.

- ❖ Initial capital of the project will be met on fraction of donation, pre collection of investors for 1 month period from businessmen who is willing to advertise. And it will be utilized as the initial capital for installment.
- ❖ The MC will obtain 8.0 Mn from a bank (probably LLDF) on 10% rate of interest for 5 years period. The monthly rental will be 170,000/-.
- ❖ At the initial stage (in first 6 months) the total broadcasting time approximately 5 hours per day and it will be enhanced by 10% in and another 10% in each year.
- ❖ 50% of annual net income will be transferred for next year budget and the balance 50% will be utilized for usage of other public services in the MC (for a new project or expansions).
- ❖ 10% annual depreciation of screen was considered (for 5 years)

Item	1 st year	2 nd year	3 rd year
Sales Income from Digital Screen/ hoardings/ backdrops	46,520,000	51,172,000	55,824,000
Net Sales	46,520,000	51,172,000	55,824,000
Less, <u>Variable cost</u>			
Electricity	18,000,000	20,000,000	22,000,000
Other Variable cost	200,000	400,000	600,000
Labour	2,000,000	2,200,000	2,400,000
TOTAL Variable cost	(20,200,000)	(22,600,000)	(25,000,000)
Contribution	26,320,000	28,572,000	30,824,000
Less, <u>Fixed cost</u>			
Production overhead cost (advertisement)	400,000	500,000	600,000
Administration expenses	300,000	400,000	500,000
Maintenance cost	5,000,000	6,000,000	7,000,000
Total Fixed Cost	(5,700,000)	(7,100,000)	(8,100,000)
Profit before depreciations & interest	20,620,000	21,472,000	22,724,000
Less,			
Annual Depreciations	4,146,000	4,146,000	4,146,000
Pre operating expenses (promotions)	30,000	0	0
Sub total	(4,176,000)	(4,146,000)	(4,146,000)
Profit Before tax	16,440,000	17,324,000	18,578,000
Less , Income tax	0	0	0
Profit After Tax	16,440,000	17,324,000	18,578,000

5.3 Cash Flow Statement

Item	Pre Operating period	1 st Year	2 nd Year	3 rd year
Cash Inflows				
Equity	5,130,000	-	-	-
Preliminary deposit from investors	7,600,000	-	-	-
Bank Loan Receivable	8,000,000	-	-	-
Total Sales Income	-	46,520,000	51,172,000	55,824,000
Cash balance		-	10,310,000	15,891,000
Total Cash Inflows	20,730,000	46,520,000	61,482,000	71,715,000
Cash Outflows				
Cost of constructions	20,700,000	-	-	
Administration / maintenance expenses	-	5,700,000	7,100,000	8,100,000
Variable cost	-	20,200,000	22,600,000	25,000,000
Pre operating expenses	30,000	-	-	-
Total cash Outflow	20,730,000	25,900,000	29,700,000	33,100,000
Cash Balance	Nil	20,620,000	31,782,000	38,615,000
50% reserves for other services	-	10,310,000	15,891,000	19,307,000
Cash balance for next year usage	-	10,310,000	15,891,000	19,307,000

Financial Ratios

Ratio	1 st Year	2 nd Year	3 rd Year
Profitability	<u>16,440,000X 100</u> 46,520,000 =35%	<u>17,324,000X 100</u> 51,172,000 = 34%	<u>18,578,000X 100</u> 55,824,000 = 34%
Return on Investment	<u>16,440,000X 100</u> 35,073,000 =47%	<u>17,324,000X 100</u> 35,073,000 =49%	<u>18,578,000X 100</u> 35,073,000 =53%

Annexure 1

Instructions for Steering Committee

1. Selection of investors to be done according to a proper selection criteria on transparent process and it should be consisted with a tender procedure.
2. Establishment of management body and defining responsibilities of each person is to be clearly identified.
3. The Steering committee should maintain well balanced procedures and ethics with the maximum participation of private sector participation. The involvements of trade union and other trading associations have to be encouraged.

In this connection, following steps should be implemented,

- Separate Bank account to be maintained in every transaction pertained in the project.
 - The Management body should be consisted with at least three officials from MC including managerial and subordinate staff categories. Each and every activity to be implemented through these two people and they should report to the steering committee on their activities, progress and accounts.
 - The management body should maintain a proper book keeping and accounting process to report the financial status to the steering committee.
 - The management body should have a marketing plan as well as activity monitoring plan at the initiation of project. A simple marketing plan should be focused towards the sustainable process of identifying income generation activities through the income gain from this project.
 - The monitoring plan (by listing out each activity and tasks involved in this operation and allocating responsibilities and time frame pertained in each activity) should be implemented by the steering committee according to the well set up activity plan, and output monitoring plan.
4. Awareness of rules and regulation set forth with the agreement (annexure 2) is very important and MC should execute an awareness program to the private sector (investors) before signing the agreement.
 5. The collection of monthly rentals to be implemented through proper collection process and computerized accounting system. The defaulters should be treated with proper recovery mechanism through penalty system against over dues.
 6. Income gaining from this project should be under gone with proper accounting procedure and the facts should be in transparent in order to use of 50% of annual income for expansion of project in second stage as well as to use the balance 50% in other projects that enhance revenue of the MC and providing extended service to the public.
 7. MC has to establish mid-term review (6 months) as well as review at the end of 1st year to ensure the impacts and benefits of the project before expanding the second stage.

Annexure 2

Advertising LED Screens at Anuradhapura Town

We would like to invite you to advertise your product and services on the LED TV wall (9' X 6') which will be planed to install at the Gandhi Square adjoined to Gate of Baticola . Since there are plenty of people gathering and passing this location we believe that you can get good attention for your product and services by advertising through this LED advertizing screen.

The screen wall will be operated every day from 5.00 a.m to 9.00 p.m.

Do you believe that you will get good popularity for your product and services through this LED TV wall ?

Yes

No

If yes, please fill this questionnaire.....

Municipal Council - Anuradhapura

1 Your Business information		
1.1	Name of the business	
1.2	Business address	
1.3	Contact numbers of business	Land line: Mobile:
2 Advertising methods which you performs at present		
2.1	Methods of advertising	<input type="checkbox"/> TV <input type="checkbox"/> News papers <input type="checkbox"/> Leaflets and brochures <input type="checkbox"/> Banners / cut-outs <input type="checkbox"/> Posters <input type="checkbox"/> Other methods (please specify) ----- -----
2.2	Your current annual expenses for advertising	Rs. -----
2.3	Do you believe that your sales were increased by current advertising effort?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No idea

3 Your choice of advertisement through the LED TV Wall		
3.1	Preferred Type of advertisement (please tick your choice)	<input type="checkbox"/> Video clip <input type="checkbox"/> Still with out animation <input type="checkbox"/> Still with animation
3.2	Preferred length of advertisement (please tick your choice)	<input type="checkbox"/> Seconds <input type="checkbox"/> 30 seconds <input type="checkbox"/> 45 seconds <input type="checkbox"/> 1 munite
3.3	Number of times displaying per day (please write the number)	<input type="text"/>
3.4	Preferred display time in the day (you can choose more than one option)	<input type="checkbox"/> 5.00 a.m to 8.00 a.m <input type="checkbox"/> 8.00 a.m to 12.00 noon <input type="checkbox"/> 12.00 noon to 2..00 p.m <input type="checkbox"/> 2.00 p.m to 5.00 p.m <input type="checkbox"/> 5.00 p.m to 9.00 p.m
3.5	How much you hope to spent for this advertising	15 Seconds <input type="text"/> Rs. 30 seconds <input type="text"/> Rs. 45 seconds <input type="text"/> Rs. 1 munite <input type="text"/> Rs.