Parking Lot Market Opening: First-Cost

Asphalt costs are directly tied to the price of petroleum. Asphalt prices are further inflated by constrained supply as petroleum refiners increase profits by devoting an increasing share of each barrel of crude oil to gasoline. Concrete parking is already at first-cost price parity with asphalt in some areas and will have a growing price advantage in most areas if pricing trends from recent years extend a few more years into the future.

Concrete Industry Parking Lot Plan Taps “Historic Opportunity”

As the superiority of concrete parking lots is increasingly matched with a first-cost concrete advantage, the biggest challenge in growing market share will be overcoming the inertia of a marketplace where asphalt has been dominant. The opportunity is large, the trends are positive—and promotion is more important than ever.

By Glenn Ochsenreiter, Senior Vice President of Marketing and Promotion, NRMCA

The chart shows 20 year life-cycle costs for concrete and asphalt as estimated by Concrete Pavement Analyst software. 2002 and 2007 estimates are based on representative national pricing; 2012 estimates are based on a cost increase scenario beyond 2007 of 5% per year for concrete and 15% for asphalt. The chart shows that concrete in 2007 has a first-cost benefit in the “apples-to-apples” comparison with the structural equivalent Asphalt Institute recommendations. Under the scenario charted for the next five years, concrete first-cost is lower than even the structurally inferior “widely specified” asphalt that is commonly placed, with concrete at approximately half the 20 year total life-cycle cost. Prices for asphalt increased 17.8 percent in 2005 and 36.5 percent in 2006, according to an Associated General Contractors report. Public officials in some localities are expecting asphalt increases of as much as 40% in 2008.

Parking lots have long been seen as a key opportunity for the concrete industry. Unfortunately, concrete parking lot market share has declined in recent years, due to a market that has increasingly focused on first-cost and short-term concerns rather than long-term value. However, indications are that a number of rapidly emerging market developments along with a new level of planning and resolve by the concrete industry are turning the momentum around.

Opportunity Knocks

Estimated by PCA as having yearly potential of 88 million cubic yards with concrete market share at just 9.1% in 2005, there is no question that concrete parking is an enormous opportunity. The factors supporting market share growth for our industry are also compelling, including increasing commercial awareness of concrete as an environmentally friendly material, growing market concerns about the negative environmental impact of asphalt and the rising comparative cost of asphalt. Increasing collaboration among concrete promotion groups, the development and refinement of key promotion tools and new coordinated industry plans and strategies provide a “road map” that promise significant strides in coming years.

“With the growing commercial awareness of concrete’s environmental advantages and increasingly favorable life-cycle cost benefit, the concrete and cement industries have a historic opportunity to gain national momentum in parking lot paving over the next few years,” noted Bob Sells of Tarmac America, chairman of the NRMCA Promotion Committee and the working group that developed the new strategic plan for concrete parking lots.

Industry Meeting Leads to Parking Lot Working Group Creation

As the traditional market leader for the promotion of concrete parking lots, NRMCA organized a two-day industry meeting in early 2006 that reviewed existing parking lot promotion efforts and set a course for taking advantage of increasingly favorable market conditions. The group explored many creative ideas and possible initiatives and recommended the creation of a working group to finalize a strategic plan. Key elements endorsed by the group were the participation of all levels of the industry working together with shared goals, the development of innovative new promotion tools and the need for comprehensive market share measurement to evaluate promotion results.

As a broad industry effort, an aggressive multi-faceted plan was Excerpted from the Summer 2007 Issue.

By Glenn Ochsenreiter, Senior Vice President of Marketing and Promotion, NRMCA
Parking Lot Strategic Plan
The strategic plan’s stated mission is to expand markets for concrete parking areas through a collaborative industry effort with coordinated goals adopted by the states, regions and national organizations and their members. The plan calls for national concrete market share of new parking areas to increase to 15.1% in 2010 from 9.1% in 2005. Based on PCA projections that include the expectation for an expanding parking lot market in general, meeting the plan goal will more than double concrete yards placed in 2010 to 8.24 million cubic yards compared to 2005—just for new construction.

Collaboration, shared goals, dramatic new tools and effective market measurement are set as the foundation for the new plan. The Working Group also stressed the essential role of full-time promoters at the local level and the importance of adding more such positions as a key to success. Other goals and strategies outlined in the plan include:

**Enhance Promotion Communication, Organization and Cooperation**
- Expand industry recognition of the existing parking lot opportunity and the value of full-time local promoters making direct contact with decision makers.
- Gain cooperation and commitment among stakeholders at the local, regional and national levels to set concrete parking lots as a priority supported with market share goal-setting at all levels.
- Establish a national concrete promoter database, registry and regional networks among national and local promoters to maximize results at every level.

**Deliver New and Updated Promotion Tools and Services**
- Deliver a low-cost subscription service for delivery of project-focused local leads (Building Under Design’s online “BUD” lead service is now available to NRMA sponsored programs for $50 per year).
- Offer centralized parking lot design-assistance service to specifiers through local promoters (this NRMA-sponsored program is scheduled for roll-out this summer).
- Simplify, enhance and update Concrete Pavement Analyst (CPA) software (scheduled for completion this fall).
- Develop a new Web site (www.ConcretePromotion.org) devoted to providing tools and information for concrete promoters (launch date: 9/1/07).
- Provide new flip-chart “pitch book” and PowerPoint for local parking lot promotion (planned for summer).

**Conduct decision maker attitude and perception studies as progress measure (PCA will update 2005 benchmark study in 2008 and 2011).**

**Expand Promoter Education and Develop New Resources**
- Expand promotion education efforts for promoters and specifiers with an emphasis on environmental benefits of concrete.
- Provide “how to” guides, model strategies, Best Promotion Practices Manual and “roadmap” for making use of promotion tools and services (complete by 7/1/07).
- Encourage and support regional meetings for state/area associations to develop parking lot strategic plans (throughout 2007 and 2008).
- Collect parking lot success reports and “best practices” in standardized format and provide on ConcretePromotion.org.

**Develop Shared Goals and Implement an Effective Measurement System**
- Report parking lot market share through 2010 on a rolling 12-month basis for states, regions and nationally (initially for new construction only) with 2005 set as benchmark. (PCA, working with Reed Construction Data, has developed a project “sampling” methodology showing a 9.1% national concrete share for 2005.)
- Create state and regional yearly market share goals through 2010 based on 2005 benchmarks that “roll-up” to a shared national goal (has resulted in 15.1% national goal in 2010, adopted by the Board of Directors as the NRMA’s goal during the March 2007 Annual Convention in La Jolla, CA).

**Executive summary and complete versions of the 2007-2010 Plan for Promoting Concrete Parking Areas, as well as state and regional 2005 market share benchmarks and 2010 plans, can be reviewed at www.nrma.org/ about/concrete/strategic_plan.asp.**

**New Tools Support Concrete Parking Lot Promotion**

**Project-Focused Local Promotion**—The consensus of the Working Group was that local promoters should be responsible for getting their own local leads but that assistance at the national level would be valuable. In support, NRMA has subscribed on a national basis to the online service Buildings under Design (BUD) from National Building News so that state affiliates can access the database for just $50/year. This service can provide early enough project awareness to assist promoters in improving success. A key additional element will be suggestions to local promoters for making effective use of the information based on successful programs already in place in several states.

**Centralized Parking Lot Design-Assistance**—The innovative concept is that local promoters can offer this NRMA-supported service to specifiers not familiar with concrete parking lots to encourage them to “go concrete” with good results. An experienced professional parking lot designer will be available to review existing parking lot plans and make design recommendations. The design assistance will provide suggestions for sub-base, thickness, design details, jointing, specifications and maintenance using ACI 330, NRMA CPA software, ACPA and PCA guidelines.

**Utilizing & Enhancing CPA Software**—An updated version of CPA software will be available by the end of the year. The key change will allow the user to input the square foot cost of asphalt instead of requiring the per ton cost for the life-cycle analysis. This will simplify the process as asphalt prices are often quoted by square feet and this is the parameter that specifiers tend to recall. Another CPA improvement will be simplified instructions along with recommendations for how to make most effective use of the program as a promotional tool.

Visit these Website for the Industry
ConcreteParking.org | PerviousPavement.org | NRMA.org

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**Parking Lot Market Opening: Environment**

Specifiers are increasingly recognizing concrete’s strong environmental benefits and taking advantage of them in the face of fast-growing “green” consumer awareness. In contrast, asphalt is coming under increasing environmental scrutiny and growing concern. According to a recent study in Texas by the U.S. Geological Survey National Water-Quality Assessment Program and the City of Austin, the black emulsion sealcoat applied to asphalt pavement has extremely elevated concentrations of polycyclic aromatic hydrocarbons (PAHs) and can significantly affect the quality of downstream water resources. PAHs are known to have adverse health effects on animals, plants and people. Small particles of sealcoat flake off as they are abraded by vehicle tires, and can wash into urban streams with rain and runoff.

Asphalt previously treated with sealcoat shows signs of wear.