

THE A-HEAD | JUNE 23, 2011

What Drives People to Take a Creative License?

Facing Budget Crunches, States Appeal To Vanity; 'Territory Markers' and Honking

By NANCY KEATES



Caroline Adams Miller

Performance coach Caroline Adams Miller says vanity plates can boost self esteem. Pictured, her own.

To boost state coffers, Texas sold a Dallas doctor a "PORSCHE" for \$7,500.

Then it sold him "AMERICA" for \$3,000.

Both were license plates, sold at auction. "I will get my American citizenship next month, so it means a lot to me," says Salman Waheed, an intensive-care physician. He also wanted "FERRARI," but dropped out when bidding for that one went too high—eventually netting \$15,000, the top price paid.

After years of selling vanity plates as a modest sideline—charging as little as \$5—states think there's more money to be made in whatever drives people to buy them. Facing budget crunches, states are raising surcharges or proposing annual fee hikes for custom plates.

Texas has gone a step further. It hired a private company to raise \$25 million over the next five years by auctioning off vanity plates. "People like to express themselves, especially in Texas," says a spokesperson for the Texas Department of Motor Vehicles. This year, at the nation's first such auction, Texas sold 33 plates for \$139,400.

Videos on Auto

GT-R, A Supercar at a Not-So-Super Price

Small Cars Not Just Economical, but Stylish Too

American Muscle Car: Chevy Small Block 5

In the U.S., there's room for vanity to grow. Despite having 9.3 million motor vehicles with vanity plates, the 46 states that charged annual fees for them collectively raised only about \$177 million, according to a 2007 study by the American Association of Motor Vehicle Administrators.

Many motorists, such as 60-year-old Lee Weaver, are devoted to their plates—even if they may cause trouble. Mr. Weaver lives in Virginia, but he's a hard-core Boston Red Sox fan, whose license plate says "8BOSOX." His Toyota Solara has been scratched "to pieces," he says, and he's endured insults and obscene gestures on the highway—especially when he's driving north on I-95 near New York.

Yet rather than opting for less-noticeable plates, he wouldn't get rid of his "in a million years," he says. "I absolutely love my tags."

Other countries have already mined this vein, with big results. A businessman in Abu Dhabi bought a license plate with "1" at an auction for \$14.3 million in 2008. Last year, in England, a retired businessman bought "1 RH"—his initials—for about \$400,000. Hong Kong sold a plate that read "STORAGE" for \$12,000.

The U.S. state with the highest "vanity plate penetration rate" was Virginia, with 16% of all vehicles, the 2007 study found. New Hampshire was second, followed by Illinois. The state with the lowest rate at the time: Texas, at 0.56%.

Does that mean Virginia has more vain people than Texas? Psychologists and researchers say it's more complicated than just vanity.

Displaying signs and symbols of who they are helps people predict and control what's happening in their lives, says Brett Pelham, an expert in "implicit egotism" at the National Science Foundation in Arlington, Va.

It's "one of the ways you can let the world know what you are and how people should treat you," he says.

A paper published in the *Journal of Applied Social Psychology* in 2008 found that drivers with vanity plates, bumper stickers and other "territory markers" were far more likely to use their vehicles to express rage—by honking, tailgating and other aggressive behavior.

"We were surprised that something as simple as a vanity plate or having some personal identity attached to a car relates to a willingness to cut someone else off," says Jake Benfield, who is now an assistant professor at Penn State University-Abington, but did the research with colleagues at Colorado State University.

The same researchers in Colorado then followed up with an unpublished study: They stopped their cars at red lights 307 times and didn't move once the traffic signal turned green. Who honked at them an average of two seconds sooner? Drivers in cars with vanity plates and other personal markers.

Vanity plates can boost self esteem, says Washington-based performance coach Caroline Adams Miller, who urges all her clients to get them. Vanity plates say "who I am and what I want people to know about me. It's like a mission statement," says Ms. Miller, whose plate says "WEHVFUN."

In Delaware, people can transfer their license plates to others—creating a private market. Frank Vassallo drives a Mercedes coupe with a Delaware license plate "9," which he says his father-in-law bought decades ago for \$185,000. In 2008, Mr. Vassallo says he and his son spent \$675,000 at a private auction for the plate "6," for his 81-year-old father-in-law to put on his Mercedes.

Low number plates signify prestige, says Mr. Vassallo, who works at his family's commercial property development firm. "People figure you know somebody or you are somebody," he says. "Other drivers honk their horns and roll down their window to try to buy it."

Delaware, which issues license plate "1" to the governor, doesn't have plans for public auctions of plates, although it recently started promoting special historic plates for \$100.

States have long denied certain combinations of letters or numbers considered obscene or inappropriate, sparking battles with motorists. But now there's scrutiny even for approved plates. Websites, Facebook pages and blogs list vanity plates they don't like. Some examples: "3XWYVS," "H8CATS" and "TROFYWIF."

Even if people like vanity plates, that doesn't mean they'll be willing to pay more for them. Erik Craft, an associate professor of economics at the University of Richmond, did a study on the elasticity of demand for vanity plates published in 2002 that found that each dollar increase in the price of vanity plates decreased the percentage of plates personalized by about 0.1%. He says that is statistically significant.

However, Mr. Craft's study also found a positive correlation between vanity plates and age: Each increase of the proportion of the population aged 25-34 raised the percentage of personalized plates by 0.8%.

That fits with Mr. Craft's personal theory that one reason people buy vanity plates is to attract members of the opposite sex. After all, he says that's why he owned plates when he was single that said "SVEV," a reference to a sensual Swedish folk dance that he hoped would get the attention of Scandinavian women. After he married, he took the plates off his car.