

Report to Council



Date: November 23, 2020
To: Council
From: City Manager
Subject: Update – Sponsorship and Advertising Program
Department: Partnerships & Investments

Recommendation:

THAT Council receives, for information, the report of the Sponsorship & Advertising Manager dated November 23, 2020, with an update on the Sponsorship and Advertising Program.

Purpose:

To provide Council with an update regarding the Sponsorship and Advertising Program.

Background:

The Corporate Sponsorship & Advertising Policy, No. 376 was presented to Council and approved on October 30, 2017. Responsibility for implementation of the policy has shifted to the Partnership Office within the Partnerships and Investments division. The formation of the Partnership Office in 2019, enables consolidation of a number of focus areas, including alternative revenue generation, pro-active grants administration, and partnership outreach and management. The Partnership team has consisted of the Business and Entrepreneurial Development Director, Partnership Manager, Grants and Special Projects Manager, and a new Sponsorship and Advertising Manager who joined the City in June 2019.

Discussion:

Over the last sixteen-months, the Partnership Office has worked to build a solid foundation to be recognized as a corporate resource, with service reach throughout all divisions. The resource function is similar to a team of consultants, but it also includes building tools, systems, and connections internally and externally to drive new solutions and investments. We look to connect priorities to opportunities and opportunities to resources and collaborate with other departments in their partnership initiatives. The Sponsorship and Advertising Program has been reevaluated throughout this time to align within the new division and Partnership Office and strengthen the foundation of the policy and program to ensure success throughout the pilot and thereafter.

The overall long-term success of this program is based on the implementation and follow-through of a structured and proven process both internally and externally. Through internal engagement and promotion of the Partnership Office and Sponsorship and Advertising Program with other divisions and departments, we aim to not only identify new assets and future capital projects that may benefit from sponsorship but also look at current City initiatives and programs which can attract relationships with businesses who are interested in increasing their corporate visibility in the community and share in our corporate values and commitment to making life better in Kelowna.

Inventory Asset Valuation

In 2015, the City's sponsorship consultant conducted an Inventory Asset Valuation for the City of Kelowna. The report identified over 500 inventory benefits associated with assets owned and operated by the City. Some assets were excluded, including the Airport, H2o Centre, and Transit advertisements as they are operating separately. We continually look to establish new revenue streams by identifying new tangible and intangible assets and activations connected to the 10-year capital plan and other major planning initiatives. Assets can be an actual property or facility, a park or a feature within a park, title sponsorship of an event, an opportunity to reach a targeted audience, or a logo on social media post or City website. The sponsorship landscape and environment is dynamic and always changing. When one lead fades, another one appears in a similar or completely different direction. For that reason, the attractiveness of our changing and growing inventory and the values associated with particular assets will continue to be dynamic as we move forward throughout this pilot.



Tiers & Bundling

To ensure maximum potential revenue, assets are ranked as a tier 1, 2, 3 or 4, and are then bundled to create more robust packages based on those tiers. This allows us to prioritize our key assets, manage their use and, facilitate proper integration into customized packages for prospective sponsors. It also ensures that sponsors receive the highest possible return on their investment.

The program has identified four tiers of sponsorship based on an investment range per year:

- Tier 1: \$50,000 +
- Tier 2: \$25,000 - \$50,000
- Tier 3: \$10,000 - \$25,000
- Tier 4: Less than \$10,000

Prospect Pipeline

Through external relationship development, we continue to build a prospect pipeline. This is an ongoing process, as we strategically identify prospects through current relationships, generate new connections

and opportunities within our community and outside of it to establish a rolling list of potential sponsors that will flow through the pipeline process. Once identified and engaged, we then work through the discovery process to learn about the prospect and build the foundation for a long-term relationship. As part of the City's reputation management, initial ethics scans are conducted on all potential sponsors to ensure they are in good standing with the City and community at large and are conducted on a more comprehensive level based on tier. From discovery, we transition towards building custom sponsorship proposals, negotiate assets and terms, finalize the agreement, and then fulfill what we have promised to deliver in the contract. This process is designed for municipalities to build long term, mutually beneficial relationships rather than a short-term transactional connection. As the current average timeline for sponsorship in Canada from prospect clearance to closing is 18-22 months, this prospect pipeline is paramount to the future success of the program.

Fulfillment and Renewals

Since the program's establishment, we have worked with five partners, on seven sponsorship and advertising initiatives. Each contract with varying lengths of terms from four months to three years, with a range in sponsorship amount of \$2500 to \$91,000. In total, the Sponsorship and Advertising program has secured approximately \$220,000.00 in finalized contracts since its inception. It is important to note that the work is not done when the contract is signed, and the sponsorship amount is collected. The next stage in the process is paramount to the success of the sponsorship as it is to ensure that everything that is promised in every contract is delivered. Well executed Activation and Fulfillment leads to stronger relationships, with long term partners that renew when their term is over. In 2021, we will have two partnerships transition to the renewal process as their contracts end and hope to have one renewal from 2020 that was paused due to Covid-19 resumed.

Impact of COVID-19

Prior to COVID-19, several active leads were being developed in the prospect pipeline for continued revenue growth and program build-out. At this time, some of those conversations have been placed on hold due to corporations placing a freeze on sponsorship and discretionary budgets until 2021 and others are continuing to move forward with relationship development during this unforeseen time.

Our prospect pipeline has aimed to target key categories for sponsorship development in 2021 based on the impact of Covid-19, including credit unions and financial institutions, recreation, automotive, home builders, real estate services, and current City partners and service providers.

Over the last 7 months staff have participated in online webinars and sessions to connect with those in the sponsorship landscape, from other municipalities to brands and consultants from across Canada and internationally to share lessons learned, perspective, and future direction.

To learn more about the impact of COVID-10 on sponsorship, SponsorshipX, a global intelligence hub for sponsorship marketers conducted several surveys on topics such as return to normalcy, a shift in sponsorship priority, impact on sponsorship budgets, revealing a number of lessons and recommendations that were shared in virtual webinars. Some of the most noteworthy results shared included a shift in strategic opportunities and themes sponsors are interested in.

Themes included:

- Focus on Cause Sponsorship: Front line workers, Purpose, Food insecurity

- Shift to Support Community Sports Properties: Minor sports, return to sport
- Community Engagement: Community and neighborhood events, Grassroots

Looking Ahead

As this is a pilot program, we will continue to learn and discover as we move forward over the next two years. We are guided by our compass of Council priorities, Imagine Kelowna's vision and our community's needs, and will pivot to bring that vision into action. The focus for the next year will be on seeking strategic multiyear tier 1 and tier 2 sponsorships with national and local corporations that want to reach their employees and/or customers and value a balance between business objectives and corporate responsibility. We will continue to work to ensure that the Partnership Office, including Partnerships and Grants are linked to current and future initiatives led by other departments and divisions that could have the potential for sponsorship activities.

Community Consulting and Mentoring

In 2021, we will work with City partners and community non-profits to host our second capacity building workshop. This is part of the program's strategy to build sponsorship capacity by providing professional opportunities to build knowledge and skills and provide support to City Partners on joint projects and initiatives.

Fund Development

Fund development or philanthropy associated with civic capital projects led by either the City or community interests has been an ongoing topic of interest for several departments. While not every capital project is appropriate for a donor campaign, there are a number of significant initiatives within the current 10-year capital plan that could be the subject of such a campaign in order to supplement taxation and grant contributions toward capital costs. In 2021, the feasibility of philanthropic fund development as a City function will be reviewed internally. Depending on the outcomes of the review, a business case may be developed for future consideration.

Conclusion:

The Sponsorship & Advertising program will continue to be guided by the principle to generate non-taxation revenue that will be used to enhance facilities, programs, and services for residents. To do so, we will continue to build awareness and increase corporate understanding of the program through the internal and external promotion of current and future sponsorship opportunities. With our wide variety of tangible and intangible inventory ranging from buildings and events to publications and public spaces, we will look to engage with local and national partners to establish and nurture long term positive relationships with organizations that share in our values and want to demonstrate a commitment to their employees and customers by contributing to the community where they live, work and play.

Internal Circulation:

Partnership & Investments

Considerations not applicable to this report:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

Existing Policy:

Financial/Budgetary Considerations:

External Agency/Public Comments:

Communications Comments:

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