

It's only a crazy dream until you do it.

ATTACHMENT C



ADVERTISING & COMMERCIAL SPONSORSHIP UPDATE

Executive Management Committee
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File #2020-0456

Revenue Generation / Marketing
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It's only a crazy dream until you do it.

IN RESPONSE TO

- COVID 19 Call to Action - Call to increase system-generated revenues
- Office Inspector General's Asset Valuation Report - Estimating \$665M sponsorship business opportunities

COMMERCIAL SPONSORSHIP UPDATE

- Status of Policy Development, Business Program, and Rollout Timeline

ADDITIONAL ADVERTISING OPTIONS

1. Alcohol and Cannabis
2. Digital Exterior Bus Ads

No Board action is warranted with this Receive & File.

However, staff is seeking Board feedback and will return with policy, program, or contract changes as directed.

Commercial Sponsorship

POLICY DEVELOPMENT

- **Draft policy has been written**

Marketing staff have been working directly with stakeholder departments on policy input & development; addressing conflicts and concerns

- **Will serve as a stand-alone policy**

But work in concert with existing Property Naming Policy and System Advertising Policy

- **All agency assets and programs are eligible**

Assets and programs *on-the-table* for consideration including Bus and Rail Lines, Stations, Programs, Shuttles, etc

- **New business program**

Developing: Proposal process, Review Committee, Contract support, Labor support, Funds distribution



Metro

Commercial Sponsorship

POLICY KEY STRUCTURE

- **Defining agency assets**
Facilities, Services, Programs, Amenities, Events
- **Defining sponsorship terms**
Temporary, Short-term, and Long-term
- **Eligibility and Criteria**
Business / financial standings, Proposal evaluation
- **Sponsor Responsibilities**
Financial costs and social/community inclusion
- **Guidelines for system integration**
System legibility, customer ease of use, logistics

**Corporate
Sponsorship
Policy**

**Agency
Asset List**

Commercial Sponsorship

TIMELINE / SCHEDULE

FY20											
JUL 2019	AUG 2019	SEPT 2019	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020	APRIL 2020	MAY 2020	JUNE 2020
										COVID Call to Action	Asset Value Report

FY21											
JUL 2020	AUG 2020	SEPT 2020	OCT 2020	NOV 2020	DEC 2020	JAN 2021	FEB 2021	MAR 2021	APRIL 2021	MAY 2021	JUNE 2021
	CS Update	CS: Program rollout to revenue operations (Policy, Contracts, Support)				Advertising Update (MAG, Revenue share)					

- Policy may be ready for Board review/approval as early as SEPT/OCT
- Explore modifying current Advertising contracts to expedite revenue operations

- Provide Board with update on state of advertising business due to COVID-19
- Review temporary Revenue Share option or return MAG payments

Additional Advertising Options

1. ALCOHOL AND CANNABIS

- **TACTICS** – Metro currently employs all advertising techniques: ads on bus & rail fleet, ads in the stations, station take-overs, and going digital.
- **CONTENT** – National survey, these transit agencies currently permit alcohol
 - MTA, CTA, DART, NJT, MARTA, MBTA, Metro Transit Minneapolis, Miami-Dade, SEPTA, and WMATA
 - SFMTA allows drink responsible messaging only
- MARTA permits cannabis advertising
- Both items are prohibited under the current System Advertising Policy (COM 6) and would require revisions for this allowance.
 - Staff seeking Board feedback and will return with industry regulation, restrictions, and policy information as directed

Additional Advertising Options

1. ALCOHOL AND CANNABIS

Estimated annual sales and earns

	ALCOHOL
Bus	\$1,000,000 – \$1,500,000
Rail	\$450,000 – \$600,000

	CANNABIS
Bus	\$300,000
Rail	\$300,000 – \$400,000

Total Sales \$2,050,000 – \$2,500,000

Metro Payments \$1,127,500 – \$1,375,000
(55% revenue share)



Additional Advertising Options

2. DIGITAL EXTERIOR BUS ADS

- **FEASIBILITY PILOT** – Outfront can install 1 digital screen on bus exterior
 - Demonstrate equipment and logistics feasibility
 - Proof of content for the advertising market
- Upon pilot completion and outcome
 - Outfront can *digitize* 100 buses (with bus fleet oversight)
 - Outfront bares cost of equipment, installation, and maintenance
- Industry survey: Transport for London employs digital exterior bus ads
- Staff seeking Board feedback and will return with state regulation, restrictions, and policy information as directed

Additional Advertising Options

2. DIGITAL EXTERIOR BUS ADS

Estimated annual earns

	STATIC	DIGITAL
Bus x 1	\$15,000	\$90,000 – \$135,000 (6x – 9x of static earn)
Buses x 100	\$1,500,000	

\$9,000,000 - \$13,500,000
Metro Payments (55% revenue share)

