

To: Marketing, Planning, & Legislative Committee

Date: June 26, 2013

From: Mary Burdick, Sr. Manager of Marketing

Reviewed by:

SUBJECT: Exterior Bus Advertising

Summary of Issues:

The MP&L Committee is considering updating the agency's look and image. During these discussions the impact of full coverage advertising has come up. In response, staff has prepared a brief update on ad sales, pictures of the advertising formats being sold, and an estimation of the revenue loss should full coverage ads be restricted.

Background Information:

County Connection is the lead agency for the joint bus advertising contract with Tri Delta Transit and WestCAT. The contract has one more option year remaining, and if approved, will begin on January, 2014. The contract does not place limits on full coverage advertising. By full coverage advertising, staff is referring to full side wraps, full wraps (3 sides) and full back wraps. If the Board chooses to limit the size of full coverage ads, then an RFP will have to be issued and a new contract entered.

In the past fully and partially wrapped buses were rare due to the high production costs. There used to be 4 standard sizes: Kings, Queens, Kongs, and tails. Today, in addition to full coverage ads, Lamar also sells King Kongs, Empress, Super Squares, Super Tails, and Headliner ads.

Several factors contributed to an increase in large size ads

- 1) The move to purchase low floor buses reduced surface area for ads below the windows
- 2) The failing economy and resulted in plunging ad sales. In response Lamar started selling larger ads for lower prices.
- 3) Changes in digital printing have reduced production costs and made it possible to print ads in a wide range of sizes and coverages.

Financial Implication:

The current contract with Lamar guarantees County Connection a minimum of \$535,000 per year and/or a 55% revenue share whichever is the largest. To date the 55% revenue split has never surpassed the minimum annual guarantee, therefor the minimum guaranteed payments have been made. In 2014, the final option year, the minimum guarantee increases to \$545,000.

In 2012 revenue for full bus, full side, and full rear ads accounted for approximately \$120,000 in revenue. In the first half of 2013 this amount represents nearly \$86,000 with the full year projection nearing \$200,000. If County Connection were to discontinue these full coverage ads we could expect to see a drop in the minimum of approximately \$200,000 per year. Marketing staff has spoken with Lamar about the rebranding efforts and the concerns of the Committee. Lamar Vice President of U.S. markets has stated that if our branding is shifted to the top of the buses, they could eliminate the Headliner ads without any contract revision.

Staff Recommendation: Discuss and provide guidance to staff regarding full coverage ads.



Standard Tail Ad



Super Tail Ad



Full Back Ad

Standard Queen - 35 Ft.



Empress w/ non-uniform Headliner (also sold without top headliner)



Super Square w/ Headliner (also sold without top headliner)



Standard King - Low Floor



Kong



King Kong



Full Side Wrap



Full Bus Wrap-3 sides

