

Memo



Date: January 19, 2011

To: City Manager

From: Carla Stephens, Director of Community & Media Relations

Subject: City of Kelowna Advertising

Recommendation:

THAT Council direct staff to proceed with a Request for Proposals for a primary and secondary newspaper vendor for statutory and discretionary advertising.

Purpose:

Reaching the maximum number of residents to provide information about City business and decisions, while making the most efficient use of available advertising budgets.

Background:

The City's local advertising is divided into two categories, discretionary and statutory. Discretionary advertising is used to inform citizens of specific Council decisions, public meetings and events, programs and services. Discretionary advertising is placed by individual departments directly responsible for the program or service being offered.

Statutory advertising is placed by the Office of the City Clerk to meet legislative requirements including notification for public hearings, public meetings and borrowing bylaws. Requirements for statutory advertising vary, but often include notices being placed between a specific time frame in at least one newspaper, often in consecutive weeks.

The City of Kelowna does not purchase general promotional ads or general greetings from Mayor and Council, with the exception of ads in recognition of Remembrance Day and Canada Day.

In 2010 Community & Media Relations implemented guidelines to assist staff whose primary role is not marketing with their advertising decisions. The City now has one representative from each media outlet in Kelowna who works through a designated Community & Media Relations employee with advertising expertise. This has enabled Community & Media Relations to start building annual corporate buy schedules which has already resulted in lower advertising rates with some media. This is in part due to the City being recognized for its overall buy versus individual department buys. Other benefits include standard City ad rates with individual media, stronger relationships with media partners for both paid advertising and sponsorship opportunities and Community & Media Relations stronger understanding of all media options including non-traditional media and niche advertising channels to advise City staff of all available options.

Secondly Community & Media Relations now vets all discretionary ad buys over \$750. This helps to ensure cost-effective mediums are being used to maximize reach.

A handwritten signature in black ink, located in the bottom right corner of the page.

Thirdly, Community & Media Relations is currently working with departmental staff to evaluate and refresh existing campaigns. For example the Snow & Ice Removal campaign was revamped using the existing budget. The campaign now includes mainstream media as well as direct mail, door hangers (vehicle removal notices during snow events in areas that have traditionally been challenging) and social media including videos. The campaign's messaging also changed to include road plowing priorities to address the number one request from callers. Community & Media Relations is also working with clients to incorporate research and post-campaign evaluations for larger campaigns.

Lastly Community & Media Relations is now utilizing the City's free advertising allocation through transit. The only cost to utilize the allocated space is for creative design. Community & Media Relations is continuing to look at other opportunities to market City programs and services using existing City infrastructure and facilities.

Mass Media Consumption:

In 2009, statistically valid research indicated the following with regards to how various age groups learn about City programs, services and news. The numbers are not exclusive to advertising but an overview of where citizens hear about City news including media relations.

Age	Newspaper	Castanet	TV	Radio	kelowna.ca
18 to 34	59%	80%	50%	58%	45%
35 to 54	71%	76%	57%	63%	51%
55+	87%	49%	75%	62%	24%

Following is the breakdown of City's advertising spending in 2009 and 2010. The numbers include both statutory and discretionary advertising. The 2009 figures include some partner buys (i.e. Regional District of the Central Okanagan, Fortis etc.) administered by the City. A new process was developed in 2010 that saw the partners purchase their advertising through an ad agency or directly with the media outlet and therefore is not reflected in the City's 2010 ad buy.

It should be noted individual departments are responsible for budgeting and funding advertising. Advertising amounts below include a broad range of notifications including legislated advertising (public hearings etc), public meeting notification (open houses, capital projects), hours of operation, programs (recreation, Neighbourwoods, pesticides etc.) services (theatre, landfill, road closures etc.) to name a few.

	2009	2010 (Jan - Oct)	2009 % of overall buy	2010 % of overall buy
Medium				
Newspaper	\$327,000	\$330,000	74%	79%
Radio	\$60,000	\$49,000	14%	12%
On-line	\$8,700	\$19,000	2%	4.5%
TV	\$45,000	\$20,000	10%	4.5%
Total	\$441,000	\$418,000	100%	100%

The relatively high dollar amount for print can partially be contributed to two factors. The first is the City's historical practice to advertise in both local papers, the Daily Courier and the Capital

News. This practice has been in place for many years. There is no record to inform why this practice was initiated. However, over time it has become an expected practice by both local newspapers and, to some extent, by citizens. The second factor is that newspapers are the only medium mandated by legislation for statutory advertising. Ad buys are relatively consistent in dollar amount for the two papers.

Staff is encouraged to place newspaper advertisements on Friday in the 'City in Action' ad, the City's weekly placement; however when this is not practical, advertisements are grouped under a City banner on other days. Individual departments are responsible for submitting and paying for departmental advertising. When Council is in session, Council Highlights form part of the City In Action ad. Council Highlights are also available on kelowna.ca and distributed to all media through the City's media relations program.

Media and other advertising channels have changed dramatically since the practice of advertising in both papers was adopted by the City. Currently, Kelowna has two local papers, seven radio stations, one on-line news service and two television stations. In addition, the City of Kelowna now offers on-line content 24/7 on kelowna.ca and utilizes social media extensively. All city advertisements are grouped on one web page; several items highlighted in various advertisements are also frequently featured on the home page of kelowna.ca. The City is also launching an on-line subscription service in 2011 that will allow residents to subscribe to specific areas of interest including City advertising and Council Highlights. This will ensure content is delivered directly to citizens' e-mail accounts. The new service is anticipated to be operational prior to any changes to the current advertising practices.

Effective advertising channels vary depending on the initiative and usually require multiple channels to ensure adequate reach. For example, the number one way residents find out about recreation programs is a quarterly direct-mail piece and the number one way citizens find out about open houses is signage directly in front of the open house venue. Mass media is used to supplement both initiatives.

In addition, various age groups consume media in very different ways to learn about City initiatives. The above research specific to the City of Kelowna indicates the 18 to 34 year old age group predominately consumes media on-line, the 35 to 55 year old age group uses both on-line and traditional media while the 55+ age group relies predominately on traditional media. All of the above factors indicate the City will need to segment its audiences more effectively as well as use multiple traditional and non-traditional advertising vehicles to deliver its messages.

The above research clearly establishes that newspapers continue to be an important channel for the City of Kelowna. However, the research also shows a general trend that on-line is the preferred medium for both the 18 to 34 and 35 to 54 demographic to learn about City initiatives. Once again the medium will depend on the specific initiative and will vary.

Staff's recommendation is to move to more flexible advertising guidelines to ensure the City's advertising:

- is displayed in the most cost-effective and appropriate media
- keeps citizens informed on matters of public interest
- is clearly and concisely communicated
- ensures all statutory notice and advertising obligations are met

In recognition that print remains an important channel for the City of Kelowna, it is recommended the City conduct a Request for Proposals to select a primary and secondary paper for City advertising. The primary vendor will provide the majority of print advertising services including the Friday 'City In Action' placement. However, City departments can place advertisements directly with the secondary vendor on an as-needed basis or when niche pieces are relevant to specific City services.

The recommendation is meant to allow the City to reach the maximum number of Kelowna residents by reallocating existing advertising dollars to other relevant mediums. If approved, the Request for Proposals is also expected to save the City money as some advertisements would not be appropriate for other advertising mediums. For example, in 2010 the City Clerk's Office spent approximately \$88,000 placing statutory ads twice in both the Daily Courier and Capital News. Based on 2010 numbers, the recommended approach would result in an annual cost savings of approximately \$29,000. It should be noted that costs for some statutory advertising are partially covered by Development Fees and are reflected in the \$29,000 annual cost savings. The fees are currently being reviewed to determine if they cover administrative costs including advertising associated with development applications.

If approved, the Request for Proposals process would be conducted by the Purchasing department. Once a primary and secondary vendor is selected, the City will promote the changes to inform residents of the variety of methods available to access City advertisements.

Alternate Recommendation: THAT Council direct staff to continue placing statutory advertising in both the Daily Courier and Capital News and choose the best medium(s) for discretionary advertising.

Considerations not applicable to this report:

Internal Circulation:

Legal/Statutory Authority:

Legal/Statutory Procedural Requirements:

'Requirements for Public Notice' s.94 *Community Charter* - notices subject to this section of the legislation must be published once each week for two consecutive weeks.

'Notice of Public Hearing' s.892 *Local Government Act* - notices must be published in at least 2 consecutive issues of a newspaper, not less than three days and not more than 10 days before the public hearing.

Existing Policy:

Financial/Budgetary Considerations:

Personnel Implications:

External Agency/Public Comments:

Community & Media Relations Comments:

Submitted by:

Carl Stephens

C. Stephens, Director Community & Media Relations

P. Macklem, General Manager Corporate Sustainability

Approved for inclusion:

A small square box containing a handwritten signature, likely of P. Macklem, in black ink.

cc: Stephen Fleming, City Clerk
Maureen MacGillivray, Purchasing Manager