



To: Richmond City Council
From: Mayor Malcolm D. Brodie
Chair, General Purposes Committee
Re: **CORPORATE ADVERTISING REVIEW**

Date: March 19th, 2003
File: 0190-01

The General Purposes Committee, at its meeting held on March 17th, 2003, considered the attached report, and recommends as follows:

Committee Recommendation

- (1) *That Council Policy 1016 Corporate Advertising (Newspapers) be amended (as recommended in the report dated February 4th, 2003, from the Manager, Communications & Public Affairs).*
- (2) *That the City issue a Request For Proposal to local community newspaper vendors for the single source and/or shared placement of all local corporate newspaper advertising (including discretionary and statutory advertising).*
- (3) *That the City establish a regularly scheduled "City Page" in place of the existing Notice Board (discretionary) advertising.*

Mayor Malcolm D. Brodie, Chair
General Purposes Committee

Attach.

VARIANCE

Please note that staff recommended the following for Part (2):

- (2) That the City issue a Request For Proposal to local community newspaper vendors for the single source placement of all local corporate newspaper advertising (including discretionary and statutory advertising).

Staff Report

Origin

The City's Corporate Communications Resource Team was directed by The Administrator's Group (TAG) to conduct a review of existing corporate newspaper advertising policy and practises. There have been a number of significant changes since the City's advertising practises were last reviewed in 1994. Issues identified include the administration, placement, cost and effectiveness of advertising and the use of multilingual advertising.

The team met with corporate stakeholders, including Clerks, Parks, Recreation and Culture, Human Resources and Business Liaison departments, to identify existing corporate advertising practises and needs. The team also researched advertising practises at other local governments.

Analysis

The City's newspaper advertising performs an important function as one of the primary and most effective vehicles for communicating with City stakeholders. The City's newspaper advertising helps support customer service objectives by raising public awareness about the City's vision, goals and services. It remains the most cost efficient way to inform the public on an ongoing basis about special meetings or events, or other initiatives such as introduction of new programs.

1. City Advertising in Local Community Newspapers

The City spent about \$90,000- \$100,000 in 2002 in the two local community newspapers, the Richmond News and Richmond Review. This breaks down into three primary areas: Public Notice Board, statutory advertising and discretionary advertising by individual departments. This does not include election or recruitment advertising, which have separate dedicated budgets.

Public Notice Board - Discretionary City ads run in the Richmond News on an as needed basis. The annual global budget for this area has been \$60,000, however this has been exceeded at some times due to growing use. A budget of \$50,000 has been recommended for 2003 and responsibility for administering the use of Public Notice Board has been assigned to the Manager, Communication and Public Affairs.

Demand for use of Notice Board has grown significantly in recent years. However, there has been little process in place for controlling use of Notice Board by individual departments. In the past, some Notice Board costs have been charged back to responsible departments, but in recent years that process was suspended. As a result, there has been some inequitable and debatable use of the Notice Board budget by some departments. TAG has directed the Manager, Communication and Public Affairs to develop guidelines to ensure Notice Board is used more effectively and cost efficiently.

Statutory advertising – This area includes legally required notices (public hearings, etc.), which run in The Review on an as needed basis. Current budget is \$25,000 per annum, but costs were projected to reach about \$30,000 in 2002. Statutory advertising is the responsibility of the Clerk's department.

Departmental Advertising – Some discretionary advertising is placed directly by individual departments and funded from various program spending within individual departmental budgets. It is estimated the spending in this area is about \$10,000 per annum.

This category mainly consists of advertising to market recreational and cultural programming, including joint advertising conducted in coordination with community associations. Other advertising in this area includes “recognition” advertising by individual departments, i.e. participation in salutes to Fire Prevention Week, Volunteer Week or similar events.

There has been a long-standing informal policy that the City does not participate in “recognition” advertising, due to cost consideration and consistency concerns. However, a number of departments have participated in such programs on an individual basis, when it has been seen as supporting departmental objectives (i.e. Fire Prevention Week). Any such advertising should be coordinated with the Manager, Communication and Public Affairs to ensure it is done in a cost effective and consistent manner and in keeping with corporate practises.

2. Corporate Advertising (Newspapers) Policy 1016

Council Policy 1016 (Attachment 1) was adopted in November, 1994 and among other things states “The City shall attempt, so far as possible, to equalize the annual expenditure of funds on advertising, between the Richmond News and Richmond Review.”

To achieve this objective, City advertising was divided with the Public Notice Board’s discretionary advertising appearing in the Richmond News and statutory advertising appearing in The Review.

While this remains the most practical way of splitting the City’s advertising business, recent history has shown that it does not achieve equity. The growing volume of Notice Board advertising has caused an increasing disparity in the expenditures in the two newspapers. The News annually receives from \$20,000 to \$40,000 more in City expenditures than The Review.

(This does not include the discretionary advertising directly placed by individual departments, which has been on an opportunity basis and has not typically observed Policy 1016).

The City does not have a formal contract with either local newspaper, although it currently receives high volume discounts from both. However, some additional savings and other service enhancements may be obtainable by establishing a formal contractual relationship, with one or both local vendors, through a formal bid process.

A Request For Proposal for placement of all of the City’s advertising (discretionary and statutory) with a single vendor would provide the highest price leverage and could also elicit improved service commitments, such as donation of space and other partnership arrangements. A sole source of City advertising would also be more effective in building community awareness through greater continuity. There is minimal difference in the readership and distribution of the two newspapers so there would be little or no variance in market penetration.

For goodwill reasons, many local governments choose to divide their advertising business among competing community newspapers. The current Policy 1016 is founded on that principle.

Throughout the year, the City and/or affiliated community associations undertake numerous partnerships with one or both newspapers to promote City events, etc. The City does receive some free editorial and advertising space through these partnerships. Some existing arrangements might be negatively impacted if the City were to engage a sole vendor for its advertising. However, other local governments have been successful in using the RFP process to negotiate significant value-added service benefits with newspapers as part of an overall advertising contract. Given the volume and prestige of the City's advertising business, staff believes this can be achieved in Richmond as well.

The current division of the City's advertising business between two vendors is inconsistent with corporate purchasing practises. It is also at odds with Council's current directive to reduce or eliminate costs wherever possible. Policy 1016 should be amended to bring it into line with standard corporate practise and council objectives. (Attachment 2).

If Policy 1016 is not amended as suggested, a RFP should still be pursued, with advertising business to be divided and awarded in two separate contracts. This would create a more competitive process, but would not bring the level of financial and service benefits that might be available by grouping the business in a sole contract.

The RFP should be for a long enough period that continuity would be established among readers. A contract from date of award, until December 31, 2004, is recommended. The contract would be reviewed every two years thereafter.

3. "City Page"

Most discretionary City advertising now appears under the Notice Board heading in The News. The advertising size and placement varies from week to week and issue to issue, as there is no formal placement schedule. The advertising is generally lacking in visual impact and use of City imaging and branding is minimal. The lack of visual impact and continuity reduces the effectiveness of the advertising and creates a corporate image at odds with the City's vision.

Many local governments in the region (Delta, Surrey, for example) have structured their discretionary advertising to appear as part of full-page "City Page" appearing on a regular schedule within a selected community newspaper. This continuity contributes to higher awareness and impact within the community. The format can also provide for better opportunities to incorporate design elements, which heighten the advertising's impact and effectiveness and provide opportunity to enhance corporate messaging and branding. The volume and frequency commitment also increases the City's ability to negotiate better pricing.

Frequency of City pages varies from weekly to twice-monthly. A weekly "City Page" would be ideal for continuity, but is not justified by current demand or feasible within the current budget. An alternative would be to commit contractually to run the "City Page" a minimum of 26 times a year with the option to run additional pages as budget and demand warrant.

It should be noted that statutory advertising would continue to run separately from the “City Page” as there are specific legislative requirements governing its placement. However, similar design themes would be incorporated in the statutory advertising to enhance corporate branding.

4. Multilingual Advertising

In the past two years, the City has begun to do more advertising in ethnic media, primarily Chinese-language publications, in order to reach residents who do not speak English as a first language and rely on multilingual media as their primary information sources. ESL residents, particularly, Cantonese and Mandarin speakers, represent a significant portion of the community and advertising directed at those language groups has proven beneficial.

Multilingual advertising has generally been done on an ad hoc basis and/or at the direction of Council in order to advertise City initiatives identified as being of particular interest to the Chinese-speaking community. This has included, for example, advertising to support the Group Home Task Force, implementation of pay parking and election information.

There is no provision in any part of the City budget for multilingual advertising. Any multilingual advertising to date has been funded from existing departmental program budgets, meaning monies are being diverted from their originally intended purposes. As this spending is effectively hidden within department budgets it is difficult to track volume. However, a rough estimate is that about \$5,000 per annum is currently being spent on multilingual advertising

No policy exists for the use of multilingual advertising or communications and there has been limited discussion by staff or Council on how far the City should go in using this medium. An overall multilingual communications policy is required. Funding has been tentatively approved for best practises research during 2003 on this issue and policy development will follow. The City’s Inter Cultural Committee and other stakeholders will be consulted in the development of a policy. Until then, multilingual advertising should be limited.

Financial Impact

There is no financial impact at this time. All initiatives are within existing budgets.

Conclusion

The City’s current corporate advertising could be more effective and cost efficient. A RFP process could provide the City with cost efficiencies by leveraging potential volume discounts and other enhanced service through placement of advertising with a sole vendor. Establishment of a “City Page” would provide better visibility and effectiveness for City’s discretionary advertising and provide for greater messaging and branding opportunities to enhance awareness of corporate initiatives and objectives.

Ted Townsend
Manager, Communication and Public Affairs



City of Richmond

Policy Manual

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Adopted by Council: Nov. 14/94

POLICY 1016

File Ref: 0190-00

CORPORATE ADVERTISING (Newspapers)

POLICY 1016:

It is Council policy that:

1. The City Clerk shall be responsible for coordinating all statutory and discretionary advertising undertaken by the City in the *Richmond News* and *Richmond Review*.
2. The combining of individual advertisements into one comprehensive advertisement shall be undertaken whenever possible, and individual discretionary advertisements shall only be placed where, in the opinion of the City Clerk, circumstances so require.
3. To achieve maximum readership/coverage within the community, the weekend editions of the *Richmond News* and *Richmond Review* shall be used for all local City advertising, except where, in the opinion of the City Clerk, circumstances require mid-week publication.
4. Statutory advertising for public hearings on land use matters:
 - (a) shall be in accordance with the provisions of the *Municipal Act* and this policy; and
 - (b) shall not be combined with other statutory or discretionary advertisements.
5. The City shall attempt, so far as possible, to equalize the annual expenditure of funds on advertising, between the *Richmond News* and *Richmond Review*.
6. The provisions of this policy shall **not** apply to advertising in Provincial or national newspapers in connection with:
 - (a) the filling of vacant positions undertaken by the Personnel Department;
 - (b) tenders or proposal calls undertaken by the Purchasing Section of the Treasury Department.

(City Clerk's Office)



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Adopted by Council:

Policy 1016

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Corporate Advertising (Newspapers)

Policy 1016

It is Council policy that:

1. The City Clerk and the Manager, Communication and Public Affairs shall be responsible for coordinating all statutory and discretionary advertising undertaken by the City in the *Richmond News* and *Richmond Review*.
2. Statutory advertising for public hearings on land use matters:
 - (a) shall be in accordance with the provisions of the *Local Government Act* and this policy;
 - (b) shall not be combined with other statutory or discretionary advertisements; and
 - (c) shall be coordinated by the City Clerk
3. Discretionary advertisements shall only be placed upon approval by the Manager, Communication and Public Affairs.
4. The combining of individual advertisements into one comprehensive advertisement shall be undertaken whenever possible, and individual discretionary advertisements shall only be placed where, in the opinion of the Manager, Communication and Public Affairs, circumstances so require.
5. City corporate advertising shall be awarded through a regular, competitive Request for Proposal process. The RFP process shall be open to Richmond newspapers that provide distribution to a majority of homes and business within the City.
6. The provisions of this policy shall **not** apply to advertising in Provincial or national newspapers in connection with:
 - (a) the filling of vacant positions undertaken by the Human Resources department;
 - (b) tenders or proposal calls undertaken by the Purchasing department;
 - (c) economic development and retention programs;
 - (d) marketing of revenue-generating City programs; or
 - (e) advertising placed at the direction of Council.