



SPONSORSHIP ASSESSMENT REPORT OVERVIEW

General Committee

September 22, 2009



Why WAM?

- ✓ Extensive experience with sponsorship campaigns for municipal, provincial and federal governments
- ✓ Significant experience in key sponsorship marketing disciplines:
 - Naming rights – Sony Centre, Direct Energy Centre, Allstream Centre, K-ROCK Centre, Invista Centre, Canon Theatre, Panasonic Theatre, etc.
 - Official Sponsorship
 - Promotional Fundraising
 - Event and program sponsorship
- ✓ Excellent corporate relationships, and large database of corporate sponsorship buyers
- ✓ Rigorous assessment of property values
- ✓ Creative application of marketing value to benefit both the sponsor and the sponsee

Key Findings - Sponsorship Assessment

- ✓ A number of quality assets with a high profile, which will have appeal for sponsors;
- ✓ A significant base of corporate head offices in Markham that will be predisposed to supporting Markham-based opportunities;
- ✓ An attractive demographic that targeted companies are seeking to reach;
- ✓ Ability to custom-package bundles of assets that will address the needs of a targeted company;
- ✓ Opportunities to leverage the purchasing power of the Town;
- ✓ Opportunity to generate significant revenue for the Town.

Key Findings - Recommendations

- ✓ Centralize and coordinate solicitation of major Corporate Partnerships;
- ✓ Standardize a valuation model to allow pricing to accurately reflect the value of benefits offered;
- ✓ Consider revising policy around external naming rights for selected venues;
- ✓ Target selected industry sectors with a focus on Markham-based companies;
- ✓ Limit the number of Corporate Partnerships to a very few significant relationships, in order to avoid commercialization;

Key Recommendations... Cont'd

- ✓ Proposed focus of corporate partnership campaign:
 - Venue naming
 - Official sponsor status for a limited number of industry categories (IE. Consumer electronics, insurance, technology, etc.)
 - Promotional fundraising
 - Presenting sponsors for events and programs

Valuation Methodology

- ✓ Sponsorship Marketing pricing - valuations consider *all* potential Tangible Benefits and Intangible Benefits, and establishes the industry-standard accepted “ask price”.
- ✓ Tangible Benefits – The property attributes that can be *measured* – based on attendance, circulation, rate cards, face value of items, etc.
- ✓ Multipliers – Each tangible benefit is reviewed to determine impressions generated, or rate card value of the benefit, and then multiplied against industry-accepted formula.
- ✓ Intangible Benefits – The property attributes that *can't* be measured, but which can be evaluated and/or compared against other properties.
- ✓ Each of the Intangible Benefits is rated on a scale of 1 – 10, and then the ratio is multiplied against the value of the tangible benefits to determine the value.
- ✓ Finally, the value of the Tangible and Intangible assets are added together and

Initial Valuations Conducted

TOWN OF MARKHAM - VALUATION SUMMARY					
Element	Fee/Year	1-Year Term	3-Year Term	10-Year Term	Total
Named Venues/Facilities					
Angus Glen Community Centre	95000			x	1114482
Armada Community Centre	35000			x	469255
Centennial Community Centre	55000			x	645226
Markham Museum	30000			x	351942
Markham Theatre	85000			x	997168
Markham Village Community Centre	30000			x	351942
Markham Village Library	35000			x	410599
Milliken Mills Community Centre	130000			x	1525081
Milliken Mills Library	35000			x	410599
Mt. Joy Community Centre	25000			x	293285
Thornhill Community Centre	110000			x	1290453
Thornhill Village Library	25000			x	293285
Unionville Library	30000			x	351942
Unionville Bandstand	30000			x	351942
Total					8857201
Official Designations					
Automotive	350000		x		1087179
Business Machines	350000		x		1087179
Consumer Electronics	350000		x		1087179
Financial Institution/Credit Card	350000		x		1087179
Telecommunications	350000		x		1087179
Utility	350000		x		1087179
Total					6523074
Programming					
Canada Day	6,000	x			6000
Milliken Children's Festival	6,000	x			6000
Santa Claus Parade	6,000	x			6000
Total					18000

Revenue Potential

- ✓ Valuations of existing properties reveal revenue potential as follows:
 - External Naming Rights – \$25,000 to \$130,000 per year (total potential \$900,000/year over ten years)
 - Official Sponsor Designations - \$350,000 per year (no more than 6 to be secured, for a total potential of \$2.1 million per year)
 - Special Event Sponsors – \$6,000 to \$10,000 a year per sponsor (up to 10 to be secured, for a total potential of \$100,000 per year)
 - Program Sponsors – fees and benefits to be determined

- ✓ A realistic expectation might be to conclude, in any single year:
 - one ten-year venue naming agreement;
 - two or three three-year Official Sponsor Designations;
 - three or four one-year Special Event Sponsors; and
 - a number (to be determined) of Program Sponsors.

EXAMPLE – Naming Rights

Sony Centre for Performing Arts – City of Toronto



Benefits to the City of Toronto

- ✓ A \$10 million cash fee paid to the City of Toronto
- ✓ Significant marketing support for the City's presentations
- ✓ In-kind contribution of technology required by the building

Benefits to Sony

- ✓ Significant exposure through advertising and marketing initiatives, signage, etc.
- ✓ Opportunities for consumer and trade promotions
- ✓ Opportunities to showcase products – consumer product trial
- ✓ Integration of all lines of business into the venue experience
 - Consumer electronics
 - Security and facility systems
 - Digital signage
 - Industrial-grade sound and digital projection systems
 - Sony Film programming
 - Sony Music programming
- ✓ On-site sales – allocation of 1,500 s.f. for retail presence

Naming Rights in Markham

Benefits to the Town of Markham

- ✓ A cash fee paid to the Town
- ✓ Significant marketing support for the Town's programs
- ✓ In-kind contributions to offset budgeted line items

Benefits to Sponsor

- ✓ Significant exposure through advertising and marketing initiatives, signage, etc.
- ✓ Opportunities for consumer and trade promotions
- ✓ Opportunities to showcase products – consumer product trial
- ✓ Integration into the venue experience

Naming Rights Opportunities in Markham – Markham Theatre, selected community centres and libraries, Markham Museum.

EXAMPLE – Markham Theatre

TOTAL VALUE SUMMARY		
Value of Tangible Benefits	\$	86,136.40
Intangible Benefits / IP Rights	\$	48,236.38
TOTAL VALUE/YEAR	\$	134,372.78
ROI of 3:1	\$	44,790.93
Ticket bank	\$	20,000.00
Pre-paid F&B allocation		\$20,000
SUBTOTAL	\$	84,790.93
Fee		85,000

Intangible Assets	Rate - 1 to 10
Prestige of Property	7
Recognisability	7
Category Exclusivity	0
Non-Ambushability' of Property	0
Level of Audience Interest/Loyalty	7
Ability to Activate	7
Limited Degree of Sponsorship	7
Networking Opportunities	7
Ability to Deliver/Established Track Record	7
Media Coverage Potential	7
TOTAL /100	0.56

10-year payment - \$85,000/year + 3.5% escalator	
Year	Fee
Jan, 2010	\$ 85,000.00
Jan, 2011	\$ 87,975.00
Jan, 2012	\$ 91,054.13
Jan, 2013	\$ 94,241.02
Jan, 2014	\$ 97,539.46
Jan, 2015	\$ 100,953.34
Jan, 2016	\$ 104,486.70
Jan, 2017	\$ 108,143.74
Jan, 2018	\$ 111,928.77
Jan, 2019	\$ 115,846.28
Total	\$ 997,168.42

EXAMPLE – Official Sponsor

Whistler, BC/VISA



Benefits to Whistler

- ✓ A \$300,000 cash fee paid annually to Whistler
- ✓ Significant marketing support for Whistler tourism initiatives

Benefits to VISA

- ✓ Significant exposure through advertising and marketing initiatives, signage, etc.
- ✓ Opportunities for consumer promotions
- ✓ Special offers exclusive to VISA cardholders
- ✓ Preferred card status at all point of sale locations throughout the Whistler village – “Whistler Prefers VISA”
- ✓ Presenting status of the VISA Jazz Festival
- ✓ VISA coupon book which showed the VISA-accepting merchants in the village, as well as promoting any special offers that would be extended to VISA cardholders.

Official Sponsors in Markham

Benefits to Town of Markham

- ✓ A \$350,000 cash fee paid annually to the Town of Markham
- ✓ Significant marketing support for Markham programming

Benefits to Sponsor

- ✓ Significant exposure through advertising and marketing initiatives, signage, etc.
- ✓ Opportunities for consumer promotions
- ✓ Special offers exclusive to the sponsor's customers
- ✓ Presenting status for selected programming

Official Sponsors in Markham

- ✓ Official sponsors will be secured across a limited range of target industry sectors (IE. insurance, consumer electronics, sporting goods, etc.)

Example – Official Sponsor

TOTAL VALUE SUMMARY	
Value of Tangible Benefits	\$ 704,057.00
Intangible Benefits / IP Rights	\$ 359,069.07
TOTAL VALUE/YEAR	\$ 1,063,126.07
ROI of 3:1	\$ 354,375.36
Fee	350,000

3-year payment - \$350,000/year + 3.5% escalator	
Year	Fee
Jan, 2010	\$ 350,000.00
Jan, 2011	\$ 362,250.00
Jan, 2012	\$ 374,928.75
Total	\$ 1,087,178.75

Intangible Assets	Rate - 1 to 10
Prestige of Property	7
Recognizability	7
Category Exclusivity	0
Non-Ambushability' of Property	0
Level of Audience Interest/Loyalty	8
Ability to Activate	5
Limited Degree of Sponsorship	5
Networking Opportunities	8
Ability to Deliver/Established Track Record	8
Media Coverage Potential	3
TOTAL /100	0.51

EXAMPLE – Promotional Fundraising

Canadian Tire/Trees Ontario

- ✓ Trees Ontario partnered with Canadian Tire to launch the 'Blue Planet' line of environmentally-conscious products
- ✓ During a specified one month period, when a consumer purchased a Blue Planet product, Canadian Tire funded the planting of one tree in the home province of that consumer.
- ✓ Canadian Tire mounted a significant media campaign and in-store point-of-sale materials promoting the offer and building exposure for Trees Ontario
- ✓ Canadian Tire agreed to pay Trees Ontario a fee of \$2.00 for each tree that was to be planted
- ✓ In total, 225,000 units of Blue Planet products were sold during the promotion period, resulting in significant revenue for Trees Ontario



EXAMPLE – Markham Promotional Fundraising

- ✓ This program could be structured in a number of ways, according to the appropriate fit between corporate partner and funding recipient.
- ✓ For example, if a sporting goods retailer were to become a corporate partner, they may wish to create a program that funds access to selected sport programs.
- ✓ Hypothetical scenario: *“Purchase a pair of CCM skates at any Sport Chek during the month of October, and a donation of \$2.00 will be made toward funding free ice time for community hockey leagues in the Town of Markham.”*

Recommended Roll Out

Campaign Start:

Materials preparation, November 2009
Sales campaign launch, January 2010

Offer to Market:

Focus on large revenue generating opportunities including naming rights and 'official designations' -- followed by smaller opportunities

Large Revenue Generators

Naming rights, official designations

Medium Revenue
Generators
Programs

Small Revenue
Generators
Events

Sample Revenue Scenario – Three-Year Campaign

Year Deal Concluded	Property	Year Cash Rec'd											
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
2010	1 X Naming Rights	95000	98500	101500	105,000	109000	113000	117000	121000	125000	129500	0	0
	1 X Official Designation	350,000	350,000	350,000									
	3 X Programming Sponsor	18,000	18,000	18,000									
	Subtotal	463000	466500	469500	105,000	109000	113000	117000	121000	125000	129500	0	0
2011	Cash flow - 2010 Agreements		98500	101500	105,000	109000	113000	117000	121000	125000	129500		
	Cash flow - 2010 Agreements		350,000	350,000									
	Cash flow - 2010 Agreements		18,000	18,000									
	1 X Naming Rights		95000	98500	101500	105,000	109000	113000	117000	121000	125000	129500	0
	2 X Official Designation		700,000	700,000	700,000								
	3 X Programming Sponsor		18,000	18,000	18,000								
	Subtotal	0	1279500	1286000	924,500	214,000	222000	230000	238000	246000	254500	129500	0
2012	Cash flow - 2010/2011 Agreements			101500	105,000	109000	113000	117000	121000	125000	129500		
	Cash flow - 2010/2011 Agreements			350,000									
	Cash flow - 2010/2011 Agreements			18,000									
	Cash flow - 2010/2011 Agreements			98500	101500	105,000	109000	113000	117000	121000	125000	129500	
	Cash flow - 2010/2011 Agreements			700,000	700,000								
	Cash flow - 2010/2011 Agreements			18,000	18,000								
	1 X Naming Rights			95000	98500	101500	105,000	109000	113000	117000	121000	125000	129500
	2 X Official Designation			700,000	700,000	700,000							
	3 X Programming Sponsor			18,000	18,000	18,000							
	Subtotal	0	0	2099000	1,741,000	1033500	327,000	339000	351000	363000	375500	254500	129500
	TOTAL	463000	1746000	3854500	2,770,500	1,356,500	662,000	686,000	710,000	734,000	759,500	384,000	129,500

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