

Metro Transit In-House Advertising Program – Cost Estimates

The Metro marketing staff is proposing hiring a professional sales person and taking the advertising sales process in-house. We believe this will greatly increase revenues by removing the revenue sharing formula with a third party vendor. The sales person will work on a contract basis, so if they are not producing the sales results we need, Metro is free to terminate the contract and bring in a new salesperson.

Many of the costs to facilitate advertising on buses, such as production, installation, etc. will be passed on to the advertiser. We feel that other than the costs to fund the position (salary, benefits, plus 8% commission), the actual financial and staffing effects on Metro will be minimal.

Production/Installation/Creative Costs:

- **Creative:** We estimate that a fair amount of the advertising will be designed by the advertiser or an ad agency, and submitted to Metro. If creative is needed, we plan on contracting out for design firm(s). The cost of this service will be passed on to the advertiser as part of the “production charge”.
Effect on Metro: We have one designer on staff. If we needed to utilize our own designer for “tweaks” to artwork, an hourly rate would be established & the cost passed onto the advertiser. *Final costs/staff time expected to be minimal.*
- **Printing/Installation:** Metro plans on contracting out for printing & installation of signage and wraps. Costs will be passed on to advertiser in terms of the “production charge”. It also is industry standard to add a commission (payable to Metro) to this production charge to cover for staff coordination/administrative services.
Effect on Metro: Metro garage staff is currently involved & makes sure buses are available to installers. Installers will have access to buses during non-peak times. *Final costs/staff time expected to be minimal.*

Other Areas:

- **Advertising Scheduling/Invoicing/Record Keeping/Collections:** With the creation of the Commute Card program, a more robust invoicing program has already been created and in place. The new Metro sales position will only be paid on *revenue collected*, so it will be this person’s job to handle collections.
Effect on Metro: Like the Commute Card program, existing Metro marketing staff will assist with these duties in year one. If this program is successful, Metro hopes to utilize advertising revenue to fund a part-time admin.
- **Promotion/Special Events:** Metro marketing staff will create media kits, web advertising, and work with CitiChannel to create a promotional video.
Effect on Metro: Marketing staff already works closely with ad vendors to promote sales program utilizing web and print advertising, as well as to bring buses out to special events. Additional staff time will be minimal.
- **Advertising/Metro Customer Relations:** Metro staff members are already heavily involved; Metro receives and processes all feedback from Metro riders or citizens regarding advertising. Staff also gets involved with advertising that might be problematic, i.e. gambling, alcohol, military. Metro answers to customers on this type of advertising, as well as the mayor’s office, alders, city attorney’s office, and the media.
Effect on Metro: It will be easier for Metro staff to manage potential issues caused by certain advertisers that must be accepted as according to Metro’s advertising content policy. Staff will now be able to work immediately on these issues and work directly with the advertiser.

Overall Effects

Staff understands that miscellaneous job duties will come up; marketing staff will incorporate duties into day-to-day operations. We expect that all work projects will be able to be accomplished with no effect on Metro customers.

After 1-2 years, the program will be evaluated in terms of amount of revenue being generated and the amount of staff time being utilized. We hope additional revenue generated will allow us to hire additional staff and build on the success of the program in future years. If effect on personnel is too great and not worth revenue being generated, then will put out a RFP to secure a third party advertising vendor as has been done in the past.