

Advertising Program Update and Recommended Next Steps

Date:	December 17, 2012
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

At its February 27, 2012 meeting, the Toronto Public Library Board approved the Library's Advertising Policy, the expansion of the current *What's On* publication advertising program, and the implementation of advertising on the reverse side of Library date due slips. The Board also approved engaging an external advertising and media consultant to assess all Library channels and vehicles for their appropriateness and financial viability for an advertising program, and to make recommendations to the Library on how best to proceed to maximize revenue and minimize impacts to the delivery of core library services.

This report provides an update on the Library's Phase I *What's On* and date due slip advertising program activities in 2012, and presents recommendations for how the Library should proceed with an Advertising Program in 2013 based on the analysis conducted by the external advertising and media consultant.

RECOMMENDATIONS

The City Librarian recommends that the Library Board:

1. approves an advertising program for the Library's wifi service through a public solicitation process; and
2. approves further investigation of an advertising program for the Library's main website, torontopubliclibrary.ca, with more in-depth research to identify and validate key information about existing Library patrons and their Library service patterns, with a particular focus on the Library's website.

FINANCIAL IMPACT

The Library's proposed 2013 operating budget includes an increase to advertising revenue of \$70,000, which brings the total budget to \$105,000 for Phase I advertising activities (*What's On* print publication and Library date due slip advertising). Achieving the increased revenue target will be supported by the utilization of a media representation company to sell advertising in *What's On*, and potentially in other broad-based Library publications.

The advertising program for the Library's wifi service will be managed within the Library's proposed 2013 operating budget, and any net new advertising revenues resulting from this program will be incorporated into the 2014 operating budget.

The recommended research activities regarding Library patron demographics and library service usage patterns will encompass the hiring of an external advertising industry expert to lead the research project, and to assist in the evaluation and packaging of the findings; and the purchase of independent, industry standard research tools and databases. The cost of the consulting services from the industry expert is estimated at \$35,000, and the industry research is estimated at \$60,000, for a total cost of \$95,000. The recommended research activities will proceed if offsetting savings are found within the 2013 operating budget.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

At its meeting on November 1, 2011, the Library Board Budget Committee identified a variety of cost savings and revenue-generating suggestions, including a recommendation to "Expand advertising channels and opportunities" in order to increase revenue for the Library.

At its November 21, 2011 meeting, the Library Board approved the recommended actions related to advertising revenue generation as shown in Appendix 1 of Attachment 2 of the *2012 Operating Budget – Budget Suggestions* report, which stated:

"Staff will bring forward an advertising policy for the Board's consideration in mid-2012 which will include an assessment of the feasibility of increasing advertising revenue."

At its February 27, 2012 meeting, the Library Board approved the Library's Advertising Policy and

"the recommended implementation approach to the advertising program in two phases:

- 1. Phase I to consist of the expansion of the current What's On publication advertising program and the implementation of advertising on the reverse side of Library date due slips; and*
- ii. Phase II to consist of the contracting of the services of an external advertising and media consultant to assess all Library channels and vehicles for their appropriateness and financial viability for an advertising program, and make recommendations to the Library on how best to proceed to maximize revenue and minimize impacts to the delivery of core library services.”*

ISSUE BACKGROUND

The Board-approved Advertising Policy balances the Library's primary public service role – to provide high quality library service to Toronto's diverse residents in a welcoming and supportive environment – with the generation of advertising revenue. The policy provides a framework and guidelines regarding advertising using Toronto Public Library assets (e.g. publications, websites, video screens, trucks and other spaces identified by the Library), and the processes by which advertising is managed, approved and/or appealed.

The policy also states that any advertising program at Toronto Public Library must ensure that the implementation and management of advertising at the Library:

1. maximizes advertising revenue opportunities while minimizing costs of program implementation and oversight;
2. does not impede or interfere with the delivery of library services;
3. does not adversely or negatively impact the Library's image or brand, and
4. does not negatively impact the ability of the Toronto Public Library Foundation to raise funds on behalf of the Library.

To this last point, the Toronto Public Library Foundation has had significant success in attracting corporate supporters who see value in aligning with the Toronto Public Library brand through sponsorships offering customized recognition benefits. It is critical that any Library advertising program not impede the Foundation's efforts to raise funds on behalf of the Library by competing with these sponsorship opportunities.

As previous and recent environmental scans have revealed, while many libraries and municipalities are looking at programs and strategies to diversify revenue through advertising and sponsorship programs, their main areas of focus are currently around sponsorship and naming rights of buildings and events. Staff have not identified any other library systems where comparable advertising programs are being undertaken.

Advertising and sponsorship trends in Canada show a changing landscape, where advertisers are transitioning from traditional print and broadcast advertising to integrated and customized digital and online approaches. The advent of “Big Data” allows advertisers and marketers to understand their customers better and reach those customers when, where and how they are most receptive to messages. Finally, experiential and

engagement approaches – where advertisers can immerse their customers in product and service “experiences” and engage them in conversations about those experiences – are replacing the one-way push of messages from marketer to customer.

COMMENTS

With 19 million physical visits and over 23 million virtual visits annually, the Library provides potential advertisers access to a wide, diverse and valuable audience that is actively engaged in the Library and has a strong and positive alignment with the Toronto Public Library brand. However, given the diversity of the Library audience – from children to older adults, from newcomers to the well-established, from the disadvantaged to the affluent – there is no “average” or “typical” Library patron, as Library users are as diverse as the programs, resources and settings the Library offers.

Success in attracting potential advertisers to Library properties will rely on the Library’s ability to clearly define for the advertiser, through demographic and behavioural research, just how valuable and unique its audiences are, and to offer advertisers opportunities to reach those audiences effectively.

Toronto Public Library Advertising Activities in 2012

In March of 2012, a two-phased implementation approach for an advertising program was begun. This approach allowed the Library to move forward with paid advertising in *What’s On* and on date due slips while conducting a thorough investigation of the feasibility of paid advertising in other vehicles as a second phase.

Phase I: Expansion of the current *What’s On* publication advertising program

Within the parameters of the new advertising policy, Library staff expanded the scope of their prospecting for additional advertising sales in *What’s On*, with a particular focus on organizations and sectors that were thought to have good alignment with the *What’s On* content and its ability to target its readership. These included: companies and organizations that offer products and services to small business owners and entrepreneurs; publishers and bookstores; community agencies; schools and colleges; and municipal, provincial and federal agencies and departments. Efforts were also made to broaden prospecting approaches by reaching out to potential advertisers through existing Library channels, such as the Appel Salon Rental Business (caterers, A/V providers, etc.).

To date, these prospects and channels have not yet yielded results and *What’s On* ad revenue for 2012 has remained relatively flat at \$30,000 for the year, as compared to 2011 sales of \$35,000. This can be attributed to a number of factors: limited staff time and expertise to identify, pitch and close advertising business; a general industry decline in print advertising spend, and in particular, with previous and current *What’s On* advertisers; and the lack of relevant or in-depth patron data to attract and sell new and different advertisers to Library print properties.

As part of the analysis and recommendations conducted by the advertising and media consultant, new strategies have been identified to increase the success of the Library print advertising program. The utilization of a media representation company to sell advertising in *What's On*, and potentially in other broad-based Library publications, could provide the Library with the necessary expertise and focus to attract new advertisers to the Library's publications and potentially expand print advertising revenue for the Library in 2013.

Phase I: Implementation of advertising on the reverse side of Library date due slips

In the Spring of 2012, a Request for Proposal was developed and issued to solicit proposals from vendors interested in implementing an advertising program on the reverse side of the Library's date due slips. The Library entered into an agreement with Receipt Media to develop and deliver the Date Due Slip Advertising Program. Receipt Media has since been pitching the opportunity to potential advertisers and reports that the feedback has been mixed. Some companies have expressed enthusiasm and interest in this unique method of advertising, while others feel that it does not provide the ability to successfully target their audience as they would like. The vendor feels that more time is needed to ascertain whether a profitable program is possible. To date, there have been no commitments made by any companies; however, the vendor feels that there is sufficient interest by some companies to continue to pursue the program. Receipt Media will report back to the Library at the end of January on the progress of their continued efforts.

Phase II: Assessment and recommendations by the external advertising and media consultant

Following a competitive solicitation process, the services of an external advertising and media consultant, Quinton Media, were contracted to analyze and make recommendations on the Library's potential advertising channels and vehicles.

The consultant conducted a detailed asset inventory and evaluation that included: the cataloguing of the Library's potential advertising assets by medium; an evaluation of those assets based on both tangible (quantitative) and intangible (qualitative) values; an audience evaluation to identify and analyze key library audiences by asset; and an analysis of the competitive landscape and advertising industry trends to understand external factors that may affect the success and viability of the Library's advertising program.

Consultant findings, conclusions and recommendations

Once the analysis was completed, the consultant measured the overall likelihood of success with each asset across three measures:

1. **The value and desirability of each asset** – This is a combination of asset valuation, how competitive the asset is in the marketplace, and its revenue potential (at a high level).

2. **Constraints of the Library's operating environment** – As mentioned above, any advertising at the Library must not impede or interfere with the delivery of library services, nor adversely or negatively impact the Library's image or brand, or the ability of the Foundation to raise funds. Other constraints that could impact the success of a particular asset as an advertising vehicle include: limitations of the Library's physical environment, technology constraints, public perception and acceptance, and an understanding of audience.
3. **Costs to the Library** – The selection and implementation of any advertising asset must effectively balance potential advertising revenue opportunities against the costs of program implementation and oversight. Potential costs include new or additional infrastructure or resourcing requirements, and expertise required to implement, manage and sustain advertising revenue streams for each of the Library's potential advertising channels. Many of these costs could be offset by the use of an external vendor, where available and appropriate.

Based on the full evaluation and analysis, the consultant has identified the Library advertising assets that, in her opinion, have the best potential to generate revenue for the Library with the least potential impact on Library services and resources. These assets are: the Library's wifi service, and the Library's main website, torontopubliclibrary.ca. The consultant is also recommending that the Library utilize a media representation company to sell advertising in *What's On*, and potentially in other broad-based Library publications, to increase the likelihood of success of these advertising assets.

The other Library advertising assets that were assessed – including other Library print publications, in-branch digital display screens, public networked PCs, the Library's delivery vehicles, and in-branch Point-of-Sale (POS) innovations – are not being recommended at this time either because they lack value and desirability from an advertiser's perspective and/or there are significant constraints to their implementation.

IMPLEMENTATION RECOMMENDATIONS

To be competitive and ensure success with any advertising program at the Library, the consultant recommends the Library consider the following when implementing its program:

1. Focus on building advertising programs that do not rely primarily on expertise or infrastructure within the Library. Selling and managing an advertising program requires a specialized and in-depth skill set, and resources must be dedicated to this activity.
2. Invest in dedicated Library resources who will work with third-party vendors, industry experts and internal staff to develop, implement and support the advertising program within the Library environment. Communications and/or

project management resources are commonly dedicated to this function in organizations that have multiple vendor-enabled advertising programs.

3. Understand and get to know your Library audiences from an advertiser's perspective. The Library understands its customers well from a service development and delivery perspective, but is lacking audience demographics and behavioural data about its patrons that will provide critical, competitive information for its potential advertisers. Further research, ideally conducted or led by an advertising expert and using independent, industry-recognized tools and databases, is necessary. Examples of these include online and hybrid field surveys, ComScore Key Measurement Report, NadBank, and Print Measurement Bureau (PMB) data, and geographic and psychographic databases such as Environics.
4. Carefully consider, before implementing an advertising program, whether the asset, vehicle or opportunity is better served through a sponsorship opportunity stewarded by the Toronto Public Library Foundation and/or if the advertising program will compromise or jeopardize an existing sponsorship relationship or program.

With these considerations in mind, the consultant is recommending a phased approach for the Library to undertake over the next two years, with the following actions and implementation recommendations:

1. Implement an advertising program for the Library's wifi service, through a public solicitation process, to begin following the successful re-tendering of the Library's wifi service provider scheduled to be completed by June 2013.
2. Further investigate an advertising program for the Library's main website, torontopubliclibrary.ca, with more in-depth research to identify and validate key information about existing Library patrons – specifically their demographics and behaviours in and out of the library environment, with a particular focus on their use of the Library's website. This research will provide information critical to the success of the Library's advertising program because it will determine how attractive and viable this audience is to potential advertisers, and will also provide competitive data about the Library's website vis a vis other online properties.

CONCLUSIONS

The sale of commercial advertising is a potential source of revenue for the Library. At the same time, the Library's primary mission is to provide high quality library service to Toronto's diverse residents in a welcoming and supportive environment. Therefore, the development and implementation of an advertising program at Toronto Public Library requires careful consideration to balance these objectives successfully. The efforts that the Library has taken to date have provided a good understanding of what next steps are

required to increase the likelihood of success of a sustainable advertising program at the Library.

The recommended next steps will allow the Library to continue to pursue additional advertising revenues in the short term, while building the supports, knowledge and expertise required to develop a sustainable advertising program for the Library that is competitive and attractive to advertisers.

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