

## **Increased Role of Municipal Advertising for Revenue Enhancement in the Town of Hopkinton**

**A Report to the Hopkinton School Committee  
by David Stoldt, School Committee Member  
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In its October 10, 2007 "Report of Financial Plan Working Group for the Town of Hopkinton, Massachusetts" twenty recommendations for potential revenue enhancement were identified. Recommendations number 9 and 10 are "Expand advertising" and "Sell naming rights to buildings, halls, fields," respectively. In November, the School Committee agreed to evaluate these two strategic initiatives. This report discusses work to date on evaluation of the two proposals.

While the focus of this report is to entail all Hopkinton municipal facilities, both general government and schools, in many cases the role of schools in commercialism have brought the greater scrutiny and provides a stronger litmus test for success or failure. Hence, many of the discussion points herein revolve around school issues. Furthermore, the research has shown that the strategic initiative on naming rights is, in fact, a subset of the broader initiative on advertising and is treated as such in this report.

### **The Debate on Advertising in Public Spaces**

Advertising often speaks in terms of "eyeballs" or "daily impressions" – the number of views by its target audience. The audience for advertising in public spaces depends on the type and location. In schools, advertisers have been vying for years to influence the habits and loyalties of young school children, seen as a captive market of future spenders, and book covers, materials, websites, and in-school advertising are typically oriented to the student. However, other forms such as scoreboards and naming rights are geared towards the adults, as well. School bus exteriors are aimed at commuters and pedestrians, whereas in-bus advertising is specific to the students. Community event advertising is typically geared towards attendees of all ages.

#### Pros

- Brings new source of revenue
- Schools and towns receive free educational media, equipment, or services
- Local and national businesses become more invested in community activities
- Incentive programs and corporate-sponsored contests provide rewards for educational or community achievement
- Advertising is already ubiquitous, so school children are seeing nothing new

#### Cons

- Tax-payer funded locations should not promote a particular company or product
- Children should be shielded from the barrage of advertising until old enough to make informed decisions
- Incentive programs are really attempting to build brand loyalty
- Advertising often promotes unneeded or unhealthy products
- School children are a captive audience and should not be required to view ads
- Publicly supported advertising may imply an endorsement and falsely build trust
- Most opportunities are in schools and school-related activities, so public advertising burden falls mostly on that audience

### **Forms of Advertising in Schools and Municipalities**

A September 2000 report by the Government Accounting Office ("GAO") on commercial activities in schools identified four general categories. These categories appear to fully account for the eight key developments in commercialism trends identified by the Arizona State University Commercialism in

Education Research Unit in its October 2007 report “Adrift: Schools in a Total Marketing Environment” and appear to also capture the categories identified by the Consumers Union Education Services reports in 1995 and 1990. Hence, the GAO’s broad categories are shown below, with examples provided from a variety of sources:

Direct Advertising	Indirect Advertising	Media-Based Advertising	Direct Sales
Advertising and logos prominently displayed in support of a product or brand.	Free or low-cost media that also includes commercial advertising.	Free or fee-paid (to municipality) media that also includes commercial advertising.	Items sold through exclusive contracts or short-term fundraising agreements
Typically includes: <ul style="list-style-type: none"> <li>• Billboards</li> <li>• Buses</li> <li>• Scoreboards</li> <li>• Hallway ads</li> <li>• Book covers</li> <li>• Coupons or give-aways</li> <li>• Naming rights of facilities</li> <li>• Sponsored events</li> </ul>	Typically includes: <ul style="list-style-type: none"> <li>• Magazines, videos, teaching kits, and other low-cost or free materials provided by companies for educational support</li> <li>• Incentives and promotions that provide rewards for educational achievement</li> <li>• Local guides and publications distributed on public sites</li> </ul>	Typically includes: <ul style="list-style-type: none"> <li>• Television or radio streams that contain ad content</li> <li>• Software or hardware provided for low or no cost that has an ad-serving protocol</li> </ul>	Typically includes: <ul style="list-style-type: none"> <li>• Soft drink vending</li> </ul>
Examples: <ul style="list-style-type: none"> <li>• Algonquin HS (MA) scoreboard fixed ads</li> <li>• Oak Ridge HS (CA) scoreboard scrolling ads</li> <li>• Warwick (RI) proposed third party controlled scoreboard ads</li> <li>• Holliston Youth Soccer Marshal Street Fields</li> <li>• Hopkinton MS book covers</li> <li>• Beverley (MA), Malden (MA) and other bus ads.</li> <li>• July 2006 Hugh School Computer Competition sponsored by CIGNA</li> </ul>	Examples: <ul style="list-style-type: none"> <li>• McDonald’s sponsored reports cards in Seminole County, FL schools</li> <li>• Pizza Hut “Book It” program</li> <li>• General Mill box tops program</li> <li>• Target and Staples promotions</li> <li>• Banks and financial companies provide “lessons” in financial planning</li> <li>• Disney’s “Comics in the Classroom” project in Maryland 2006</li> </ul>	Examples: <ul style="list-style-type: none"> <li>• Channel One (TV and web)</li> <li>• BusRadio (in 23 states)</li> <li>• HighSchoolSports.net</li> <li>• EdNet web portal</li> </ul>	Examples: <ul style="list-style-type: none"> <li>• Most high school drink vending contracts</li> <li>• In 2007 Dole Food announce a 4 state 15 school pilot for putting vending machines in schools with its fruit and other products.</li> </ul>

There are no cookie-cutter models for what works. Some examples underscore what the experience and opportunities:

**Scoreboards and Athletic Facilities:** In a September 2, 2007 article in The Boston Globe several local athletic directors, including Hopkinton’s own, spoke supportively of the inevitable nature of advertising in support of school athletic programs and facilities. Franklin’s Superintendent Ogden indicated that a program of banner ads around the High School football field is estimated to raise \$20,000 per year.

In December 2007, The City of Warwick, RI School Committee announced that it would develop a policy on advertising in order to implement a contract with an Ohio company Sports Image Inc to provide a state of the art scoreboard for Veterans Memorial High School in exchange for advertising controlled by the company. A search of advertising rates for the Middleton, Wisconsin school district that contracts with

the same company reveals fees of \$2,700 for 2'x4' gymnasium scoreboard signage (3 years), \$4,500 for 2'x6' football scoreboard signage (3 years), and \$1,400 for 2'x4' football stadium fence signage (2 years.) The school district has 5,800 students in six elementary schools, two middle schools, one high school and an alternative high school about 7 miles from Madison.

Merideth, NH in 2007 received two new elementary school scoreboards valued at \$10,000 as gifts from local organizations, with expectation of sponsorship logos – one being a local insurance agency.

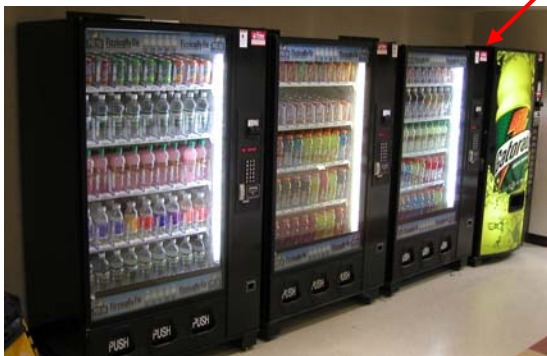
Oak Ridge High School in California sells both fixed and scrolling ads for its football scoreboard, with scrolling ads for all 2007 home games, minimum of two showings per quarter, for \$250.

Recent communication with Cheryl Levesque, the Business Manager for Northboro-Southboro Public Schools (MA) reveals that the four Algonquin High School scoreboards are the result of twice bidding their vending services and athletic scoreboard equipment jointly. On both occasions the bid was awarded to Polar Beverages. The bidder was required to provide specified scoreboard equipment in exchange for exclusive rights to vend cold drink products at the high school for a five year period. A commission rate on all sales is also provided for. Hence, the scoreboards were a one-time contribution with an ongoing revenue source. Dollar amounts were not disclosed. See photos below.



#### Exhibit 1.

Algonquin HS Scoreboard Ads  
Example of Algonquin Vending  
Vending Machine Advertising



In Hopkinton, one example of local advertising is the field fence signs in the Little League fields at either Carrigan or EMC Parks. These advertisements are targeted to local businesses and capture \$75 per sign per season. A sponsor can support an entire team for \$300 which includes the sign, on team jerseys, and on website.

**Naming Rights:** Naming of buildings, halls, and fields in exchange for a fee was popularized by professional sports teams, but has a longstanding history with non-profits and universities naming facilities for large donors. Municipalities have been slow to receive any benefits for naming and have often done so out of respect or to honor history. For example, out of honor rather than money the Hopkinton schools have already named its Middle School gyms (for Walter Brown and Aubrey Doyle), its football field (Chic Welch) and outdoor track (Mike Scanlon), and its Elmwood School fields (Jon O'Brien.) The Town named its skate park for Hank Fredette.

In recent years, Towns and community organizations have gotten better at seeking contributions in support of projects. The Hopkinton community facility called EMC Park was supported financially and with in-kind contributions by EMC, the Egan Family, the McIntyre Family, and the Colella family which resulted in naming of the park and fields.

According to a source, a year ago, the Holliston Youth Soccer Association opened its Marshal Street Field Complex which was funded by private donations and a low-interest bank loan. The Town of Holliston does not allow advertising signs which might provide additional revenue, however, they were able to provide naming rights under a two-year agreement for a single sign at the entrance (see photo.) The agreement is currently under negotiation for a new term. Financial aspects were not disclosed.



**Billboards:** In an example of straight-up direct advertising, Cienega High School Band Boosters identified the back of the football field scoreboard as a revenue source. It faces the Town of Vail (AZ) main thoroughfare. In March 2006, they installed a 24'x13' frame with panels promoting nine advertisers. The first year of advertising paid the \$15,000 cost of the billboard and subsequent years are expected to produce new revenue for the band programs.

**Bus Advertising:** First used in 1994 in Colorado Springs, In 2002, Massachusetts lawmakers cleared the way for advertising on school buses. The law specifically prohibits ads in support of alcohol, tobacco, drugs, and gambling. Contrary to a statement made in the October 2007 Hopkinton Financial Plan Working Group report, Hopkinton could pursue such bus advertising, but it would have to be negotiated with the vendor and there would likely be revenue sharing required. The school district's current contract with Michael J. Connolly & Sons, Inc expires June 30, 2008 and will be rebid and renegotiated during this spring, so this area is timely. It may be possible to work with other districts regionally who use Connolly in order to expand the offerings and lure higher value national or regional business advertisers.

Bus advertising needs to be categorized into two classifications: In-bus and on-bus. Most programs to date have focused on signage placed on the outside of buses designed to reach other drivers or pedestrians. In 2003 Beverly became the first Massachusetts district to engage in the practice with \$36,000 in revenue from local business. Braintree entered a \$30,000 contract with a restaurant chain in 2004. Boston has repeatedly examined and discussed a program for its 620 buses with a revenue expectation of over \$600,000 annually. In 2005 Medford, MA began bus-length ads which generated \$5,000 per year per ad according to Superintendent Roy Belson.

In other states, for example, the Paradise Valley Unified School District enacted a program that estimates each bus travels 75 miles per day, 7 hours per day, over the 98 square mile district yielding 52,000 daily impressions per bus per day. They have adopted specific policies for advertising content and limit ads to public service spots that are sponsored by the paying business. Two examples are shown below:



**Exhibit 3.**  
Two examples of bus advertisements from PVUSD

There are two forms of Paradise Valley bus ads: single ads placed two to a bus side between the tires or a single “double wide” ad. The 2007-08 rates for the ads are shown below:

	Single Ad	Double-Wide Ad
3 months	\$1,050	\$2,200
6 months	\$1,800	\$3,600
9 months	\$2,475	\$7,200

The district also charges set-up costs, offers discounts for multiple buses, and provides rotation of bus routes.

The primary concerns with external bus advertising, according to the National Association of State Directors of Pupil Transportation Services are content management and insufficient data on public safety risks.

Third party vendors such as InSight Media (Pittsburgh, PA) and School Bus Media, Inc (Miami, FL) are pushing advertising into the bus interior. Starting in 2005 Ypsilanti, MI hoped to raise \$70,000 a year from 11”x25” ads placed on the inside of buses above the windows. Ypsilanti has 4,100 students. In Florida, several districts have tried similar programs.

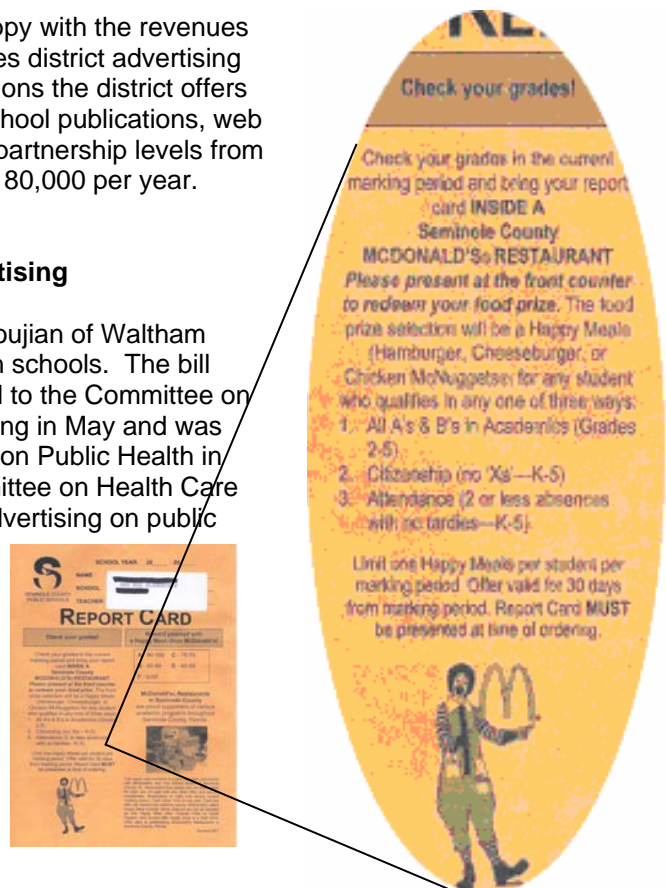
The third party media companies appear to be active in both in-bus and on-bus advertising. The model in Cherry Creek (CO) uses Arizona-based Media Advertising in Motion which offers the districts served approximately 60% of the on-bus ad revenue. InSight Media, which runs Ypsilanti’s program and 7 others in Pennsylvania and Michigan offers 40% of the revenue.

In another wrinkle, in 2006 Needham (MA) based BusRadio, Inc began signing up school districts to its commercial radio school bus broadcasts each morning and afternoon. Receivers are installed on each bus by the company and the feed is similar to satellite radio. The firm will pay a district based on its number and composition of bus riders. BusRadio claims over 1 million riders in 23 states. One of them, Seminole County in Florida, has also embraced the McDonald’s sponsored report card (photo shown in this report.)

**Combined Programs:** Colorado Springs was unhappy with the revenues it received from its on-bus ad company, so now handles district advertising in-house. In exchange for in-kind and cash contributions the district offers “packages” which includes ads on scoreboards, in school publications, web site, and announcements at games. They offer four partnership levels from \$1,500 to \$12,000 per year yielding approximately \$180,000 per year.

### A Caution About Massachusetts In-School Advertising

In January 2007, State Representative Peter J. Koutoujian of Waltham introduced a bill (H 489) that would ban advertising in schools. The bill was concurred by House and Senate and discharged to the Committee on Public Health in April 2007. It received a public hearing in May and was subsequently redrafted as H 4200 by the Committee on Public Health in August 2007 where it was then referred to the Committee on Health Care Financing. The current version of the bill prohibits advertising on public school grounds, buildings, or real property owned or leased by the school a half hour before or after, and including, the school day. The proposed act covers a broad range of advertising media and methods. It is expected to receive a vote in the current legislative session and would take effect August 31, 2008.



## Key Advertising Principles for Hopkinton

If the Town decides that pursuing some form of municipal advertising is worth pursuing, some key tenets should be followed:

**Go where the eyeballs are.** Daily impressions are important in setting the rates for advertising. This would support advertising or sponsors at major town and school events such as the Boston Marathon, Polyarts, sport events, and facilities where many people attend.

**Provide preferred demographics.** The in-school and in-bus advertising is specifically directed at students to create loyalty and reinforce branding both because they are future consumers and also have increasing disposable resources of their own. That is why so many advertising efforts are tailored to schools. For advertising aimed at non-students, luckily, Hopkinton and surrounding region family median income levels are high providing an attractive lure to advertisers.

**Offer exclusivity.** In an advertising category, there is a premium to be paid to be the exclusive advertiser. Think Coke v Pepsi, Citizens Bank v Middlesex Savings, etc.

**Think national, not just local.** Local businesses are asked to support every community organization. Often, national or regional businesses have more money to spend and have had greater difficulty entering the local market. For example, an Applebee's Restaurant with several locations surrounding Hopkinton might pay more and benefit more than a local restaurant which already has an established reputation.

**Consider regular vendors.** Regular vendors who already have established relationships with the Town or Schools should be evaluated for possible advertising or tie-ins. Contracts for services can be bid with additional requirements for annual or up-front contributions.

**Rent, don't buy.** When offering prominent ad space – scoreboards, naming rights, buses, temporary or event-related ads – offer a limited term. That way the same space can be sold repeatedly and changing market economics can be followed. Only in the case of a very significant capital contribution should permanent rights to ad space or naming rights be offered.

**Don't forget costs.** Advertising placards, banners, boards, etc have a cost. Be sure to factor into any rate sheet the costs and specifications for final artwork.

**Set standards.** Acceptable community-based standards must be established for any advertising program. A school-wide or town-wide committee should adopt basic principles and ensure that staff enforces them.

**Respect the stakeholders.** The Town and schools must be sensitive to the existing activities of other entities. Hence, if youth sports organizations already have advertising at sport fields, new efforts should not conflict with or reduce existing efforts. The Boston Marathon should be approached carefully, working with the Hopkinton Athletic Association and the BAA to ensure that existing sponsors and longstanding relationships are respected. School advertising should consider the learning environment.

## Opportunities in Hopkinton

Town and school leaders need to identify and discuss areas of advertising they are willing to pursue and then develop strategies for each, based in part on the tenets identified in the section above. It must also be decided who is going to do the work - staff, committee volunteers, third-party companies, or so forth. Then packages and rate sheets for each program must be specified and then sales must be made.

Expectations should be managed: Hopkinton is small, lacks significant business traffic, and local businesses have limited advertising resources.

The areas with the greatest potential in Hopkinton appear to be as follows:

<b>Initiative / Responsibility</b>	<b>Program</b>	<b>Annual Revenue Potential</b>
Town – Working with each community organizing group	Seek corporate sponsors for town common events such as Polyarts and Concerts on the Common.	\$5,000 to \$10,000
Town – Assign to HAA	Boston Marathon Mile One Banner program. In the past, when the banners could include the full start line area, revenues were significant. Need to address concerns of Veteran's groups and the Marathon Committee regarding flags v. banners	\$20,000 to \$40,000 (split between Town general fund, HAA, and BAA)
Town – Assign to HAA / Schools	Boston Marathon advertising program. Work with BAA approved (or other) advertisers to extend reach. Examine roof advertising at Town Hall, Center School, Middle School for aerial coverage during start. Water tower or MS advertising for athlete's village. Revenue share between BAA, HAA, Town, Schools.	\$10,000 to 20,000 (possibly more. Depends on outcome of TV coverage negotiations)
Town and Schools	Evaluate increased revenue from websites. Consider and discuss opening up additional advertising links. Schools to consider benefits and costs of internet filter providers.	Unknown
Schools	Football and Basketball game sponsorship and scoreboard opportunities. Consider initial program to benefit bleacher renovation project.	\$7,500 to 8,500 (football) \$7,500 to 17,500 (basketball)
Schools	Naming Rights. As discussed in this report, few school facilities remain unnamed. Discussion may include Field House, Auditorium at HS and MS. May be better to recast as "sponsorship"	\$5,000 to \$9,000
Schools	Bus advertising. Consider willingness, if any, to provide access to school buses. Discuss possible programs with bus vendor.	\$24,000 to \$48,000 (at \$1,000 to \$2,000 per bus per year)
	TOTAL	\$74,000 to \$144,500

Other areas can certainly be identified and considered. However, one approach might be to identify 3-4 "low hanging fruit" that might be done first. Seek small effort/high revenue projects first. Perhaps learn as we go. Then additional programs can be layered on top over time.