

2009

## Business Analysis of Naming Rights/Sponsorship Opportunities for Washington State Ferries



Report Prepared for the  
Washington State Transportation  
Commission  
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## Executive Summary

The Washington State Transportation Commission contracted with TB-Rogstad Consulting, LLC (TBRC) to research the concept of naming rights as a means of gaining revenue for Washington State Ferries (WSF).

TBRC approached this information gathering project on three levels. What do leaders in the Public Relations and Advertising fields, with experience in naming rights, say about the idea of naming rights for WSF vessels? What are other venues and transportation systems doing and earning in the way of naming rights programs? And finally, what can be learned from WSF's advertising contractor, Trans4Media (T4M), about their experience in selling advertising space for the ferry service in the current market?

## Key Findings

Detail may be found throughout this report beginning on page 6. In summary, there are three key findings.

1. The value associated with selling the naming rights to a vessel will be driven by its assignment to a route and whether that route has high or low ridership and what opportunities exist for a company to have quality exposure.
2. There appears to be little interest in merely buying the naming rights to a vessel. Interest and value increase if naming rights are packaged with additional advertising opportunities in the form of a sponsorship or partnership (see concept details beginning on page 4)
3. Combining space, in high profile terminals and high ridership vessels/routes, in an effort to sell sponsorships has even greater value. Combine advertising space at Colman Dock, for example with advertising space on vessels assigned to Bainbridge and Bremerton. (see concept details beginning on page 4)

## Research

TBRC conducted interviews with high profile PR Firms/Ad Agencies representing some of the region's most prominent companies. TBRC also spoke directly with companies who advertise or buy sponsorships. There were consistent messages that emerged from the discussions.

## Emerging Themes

- There is value in a sponsorship program for ferries, if done correctly.
- The program should be approached as an innovative partnership effort, acknowledging a sponsor's support for the system and the community.
- There is greater value in creating packages which combine advertising space on low ridership route vessels with advertising space on vessels assigned to high ridership routes and/or high profile terminals.
- There is little desire or value in the mere selling of the actual name that literally appears on the vessel's hull.
- Any revenue generated by a sponsorship program should be used in a way that directly benefits the riders who use the system.

This research was instrumental in gaining an industry perspective on the concept of naming rights, sponsorships and the different forms this type of marketing can take. We learned quickly that within the advertising and PR industries, the concept of naming rights falls under the umbrella of and is directly linked to “sponsorship marketing.” Sponsorships create a brand presence for companies outside of normal advertising. We also learned there are many forms that a naming rights/sponsorship program can take. Through the research phase of this project, three concepts or approaches are developed - all involving an element of naming rights. In this report, we have outlined both advantages and challenges of each concept, as well as the potential for revenue.

## Naming Rights/Sponsorship Concepts

### Concept A

#### Selling of the Right to Name the Vessel

This would take the form of placing the sold name on the hull of the vessel, for example, the M/V Company X. All registration documents and any other locations within the vessel that would typically bear the vessel name would bear the name of the Company.

### Concept B

#### Selling of an Associated Brand Sponsorship

This would take the form of a traditionally named ferry such as the M/V Illahee with signage placed near the vessel’s name, recognizing credit to a sponsor. Common credit could take the form of ‘powered by Company X’, ‘sponsored by Company X’ or ‘provided by Company X’.

### Concept C

#### Selling of Brand Partnerships

In this form, the ferries would have traditional names and prominent advertising of a sponsor or sponsors would be placed throughout the vessel and even perhaps in terminals and on printed materials. A corporate logo would be located in a variety of areas throughout the interior of the vessel but not necessarily on the exterior of the vessel. The sponsor would be acknowledged by the system in printed materials, announcements, public meetings, print ads and/or the agency web site. See page 8 for further clarification of terms and examples of their application.

## Considerations

### Vessel Assignment Plays a Role

TBRC’s direction for this report was to research the idea of naming rights for WSF vessels. Vessel assignment is one factor that impacts the value of a name for a particular vessel. For example, vessels on the Port Townsend/Keystone route have significantly lower ridership and less visibility, noting this route accounts for about 3% of total WSF ridership. Trans4Media, along with other industry leaders interviewed, indicated that this route provides little opportunity for maximizing advertising exposure. Therefore the concept of merely selling the name to a corporate sponsor would have limited commercial appeal and little revenue potential. Conversely, vessels assigned to routes with higher ridership and more visibility might be more attractive to a Sponsor and have potential for higher revenue. Additionally, if sponsorship opportunities existed in a package effort that combined naming or sponsorship rights of smaller routes with higher profile routes, commercial appeal and revenue potential continue to increase.

## Challenges with Naming and Renaming Ferries

Based upon our research, commercial support within the industry of merely selling a vessel name is lacking. The industry is also well aware of the negative comments from citizens and communities with regard to altering the iconic nature of the ferries and the idea of moving away from the historical tradition of native names.

Typically, naming rights contracts are sold with 5, 10, 20 or even 30 year terms. Changing the name of a vessel with any frequency brings additional complications and could be very expensive. Registration of the vessel name is required by the United States Coast Guard. A name change would require a re-registration and would incur expenses to change the name on everything that traditionally bears the name of the vessel such as: life vests, life rafts and other safety equipment, onboard signage, multiple documents, websites, schedules, etc.

## Revenue Potential

Companies who spend large amounts of money on sponsorships want quality exposure and interaction with as many potential customers as possible. As mentioned above and throughout this report, WSF routes and location are going to drive the desirability for potential sponsors. Vessels assigned to routes with low ridership have less revenue potential than vessels assigned to routes with high ridership. Due to a lack of industry comparables in the arena of ferry sponsorship it is challenging to establish a reliable range of potential revenue from a sponsorship program. That being said, there are some relevant and recent examples in the transportation arena ranging from \$200,000 a year for 20 years for one subway station in New York to \$2 million towards capital costs of building new tour vessels on the Oklahoma River.

TBRC asked T4M to consider its experience with naming rights and sponsorships, its recent experience with advertising on ferries and its knowledge of the current market to provide rough estimates of potential revenue. T4M indicated they would use a wide range of potential billing (advertising sales or potential for sponsorship sales) and consideration of an available sponsorship program that would include a naming rights element where appropriate. Their input included four approaches and included revenue potential ranging from \$100,000 per year for sponsorship of a single, smaller terminal to revenue up to 10 million dollars per year, for a well-established system-wide sponsorship approach. The approaches they summarized were broken out by Vessel Zone Sponsorship, Single Vessel Sponsorship, Sponsorship of Terminals, and System-wide Sponsorship. T4M also spoke in detail about the potential for substantially increased revenue, if the state were to consider approaches that included innovative partnerships for capital planning, improvements and/or construction of new facilities. (See page 10-11 for more detail on revenue potential)

## Transportation Commission Recommendations

Based upon the research and findings contained in this report, the Transportation Commission makes the following recommendations:

1. The name given to a ferry vessel should not be sold, given the findings in this report. Future ferries should be designated using names that are of statewide significance, including those of historic figures, geographic locations, tribes or other iconic images.
2. The Legislature should provide direction and support to the Washington State Ferries for a program that aggressively pursues sponsorships for new and existing vessels and terminals system-wide.
3. If sponsorships or brand partnerships are pursued in the future, all revenue generated by such actions should be dedicated to WSF.
4. The Legislature should consider requiring there be active collaboration between WSF, WSDOT's Transportation Innovative Partnerships Program, and the Transportation Commission to the extent that future vessel and/or terminal sponsorships and/or brand partnerships take the form of a PPP, to ensure there is independent review and public vetting of potential partnership packages with the private sector.

## Background

The Washington State Department of Transportation, Ferries Division (WSF) lost their major source of funding in late 1999 due to the voter's approval of Initiative 695 (subsequently endorsed by the legislature in 2000). WSF drafted a revised budget which was subject to a series of public meetings held throughout Puget Sound ferry dependent communities. As a result of this process and the reduced service budget, many comments were received suggesting WSF consider an enhanced advertising program as a means of earning revenue.

In August 2001, WSF issued an RFI regarding advertising opportunities for both ferries and terminals. The RFI was a relatively casual approach to gaining more information and to determine the scope of advertising services and general advertising concepts that could be applicable to expanding the existing program.

WSF moved forward with an attempt to redevelop its concession program to include an advertising component and to use this avenue as a way to improve or add passenger amenities, etc. However, WSF battled through a few years of conflict with closed galleys, new food concessions, eventual re-design of Colman Dock with additional concessions and through a separate RFP process contracted with Trans4Media (T4M) mid-2007, to sell advertising within both terminals and vessels.

## Purpose

As a result of the 2007 legislative session, the Legislature provided the Commission with funding and a mandate to conduct a long-term ferry funding study per ESHB 1094, Section 206. This study was completed by Cambridge Systematics in early 2009 and recommended that the concept of naming rights/branding be looked at further. The legislature included a proviso in 2009 directing the WSTC to conduct more research in the concept of selling the naming rights as a means of gaining revenue and to report recommendations to the legislature in 2010.

## Approach

TBRC approached this information gathering project on three levels. First, what can be learned from speaking with leaders in the Public Relations and Advertising fields about the interest in naming rights and specifically, naming rights for WSF vessels? Second, what is being done with other types of publicly owned venues in the way of selling naming rights and sponsorships? And lastly, what can be learned from WSF's advertising contractor, Trans4Media, about their experience in selling advertising space for the ferry service in the current market?

## Clarification of Industry Terms

While conducting the research that follows in this report, TBRC learned that Naming Rights falls under the umbrella of Corporate Sponsorships. Additionally, we found that these are very general marketing and advertising terms and they are not always mutually exclusive. Many times the terms are used with interchangeability and/or in a variety of examples and settings. At times, advertising companies will take credit for ‘coining’ new terms when they have blended different advertising or marketing approaches in an effort to develop new interest for a campaign. For clarification of these terms in the interest of this report, we have included brief definitions of these terms and examples of their application:

### Naming Rights

The right to name a piece of property, either tangible property or an event, usually granted in exchange for financial considerations. Securing the naming rights for stadiums, theaters, and other public gathering places is seen by companies as a form of advertising.

Examples: Qwest Field, Safeco Field and Key Arena.

### Corporate Sponsorship

Financial backing or support of a public-interest program, event, project or facility by a firm, as a means of enhancing its corporate image.

Examples: Seattle Streetcar has sponsorships for their depots: “next stop, the *Group Health* Station at Westlake and Mercer”. The depot retains its original name but has the corporate sponsor’s name attached. The “*Tostitos* Fiesta Bowl”: the bowl game retains its traditional name but attaches a sponsor’s name to the title as well as placing advertising throughout the stadium. The name association is packaged with other advertising throughout the facilities and on printed materials.

Further, a **Brand Association Partnership** would allow for a sponsorship which is not directly attached to a facility’s name. Logos and advertising are displayed throughout the facility and there is acknowledgement of those companies support of the entity. For Example, the Seattle Mariners have a number of sponsors (Microsoft, Verizon, Pepsi to name a few) but the team is not referred to as the Pepsi Seattle Mariners.

## Naming Rights

The concept of selling naming rights continues to be a current approach to bringing in a revenue stream for many entities across the nation. While the general public might be more accustomed to walking into corporate sponsored sports arenas (see Sports Venue table on page 17), the concept continues to be discussed as a possible means of new revenue for the ferry system.

### Selling Naming Rights - A Transportation Example

Economic challenges and budget struggles have led to new thinking on alternative ways of gaining revenue or establishing creative financing. The New York Metropolitan Transportation Authority worked on selling the name of a subway station for close to five years, but found little interest.



However this summer, they announced a \$4 million deal (\$200,000 a year) involving the very well known and popular Brooklyn Subway station. It was purchased by the developer of a new NBA arena in Brooklyn to become the new home of the New Jersey Nets in 2012. The arena will be called the “Barclays Center” and the subway station similarly named the “Barclay’s Atlantic Avenue Station.” (For other transit examples, see the Transit Naming Rights Table on page 17)

## Sponsorships

Corporate sponsorship is a form of advertising in which companies pay to be associated with certain entities, facilities or events. As stated, Naming Rights are a form of Corporate Sponsorship. A corporation pays money to have its name on a facility in a naming rights sponsorship arrangement, as in Key Arena OR they pay for prominent and exclusive advertising space throughout the facilities, as with the Seattle Mariners (example on page 8). The interviews that were conducted during the research phase of this report clearly show that efforts which were more inclined to include sponsorships with system wide advertising space would be more appealing to advertisers and would have potential for more significant revenue.

## Challenges-Naming and Renaming a Passenger Vessel

Commercial support within the industry of merely selling a vessel name is lacking. The industry representatives we spoke to were all well aware of the negative comments from citizens and communities with regard to altering the iconic nature of the ferries, moving away from the historical tradition of native names, and the commercialization of this well-known tourist attraction. Typical naming contracts can be sold with 5, 10, 20 or even 30 year terms. Changing the name of a vessel brings additional complications and could be very expensive. Registration of the vessel name is required by the United States Coast Guard. A name change would require a re-registration and expending additional expenses to change the name on everything that traditionally bears the name of the vessel such as: life vests, life rafts and other safety equipment, onboard signage, multiple documents, websites, schedules, etc.

## What Might a WSF Naming Rights/Sponsorship Program Look Like?

### Concept A

#### Selling of the Right to Name the Vessel

This would take the form of placing the sold name on the hull of the vessel, all registration documents, and any other locations within the vessel that would typically bear the vessel name. For example, the M/V Starbucks would be the advertised and known name of that vessel if Starbucks purchased the naming rights, for a specified period of time.

**Challenges-**There appears to be little interest in this concept due to minimal visibility and use of the name, making it difficult to sell. We understand there is some public opposition to the idea. Naming and renaming the vessels would have complications.

**Revenue-**There is no evidence that there would be significant revenue drawn from this option

## Concept B

### Selling of an Associated Brand Sponsorship

This would take the form of a traditionally named ferry such as the M/V Illahee with signage placed near the vessel's name, recognizing credit to a sponsor. Common credit could take the form of 'powered by Company X', 'sponsored by Company X' or 'provided by Company X'.

**Challenges-**This option seems to be more palatable in the advertising industry however rusty boats and occasional breakdowns would make a company hesitant to pursue the "powered by" idea or have its logo on the exterior of the vessel. Tasteful exterior advertising, however does seem to have some potential.

**Revenue-**If done strategically and tastefully and allowed on central sound vessels and facilities, it has significant revenue potential.

## Concept C

### Selling of Brand Partnerships (see clarification of terms on page 8 and more detail on this approach as a system-wide sponsorship option beginning on page 11 in the section on Revenue Potential)

In this form, the vessels would continue to bear traditional names. Prominent advertising of a sponsor or sponsors would be placed throughout the vessel and even perhaps in terminals and on printed materials. A corporate logo would be located in a variety of areas throughout the interior of the vessel but not necessarily on the exterior of the vessel. The sponsor would be acknowledged by WSF in printed materials, announcements, public meetings, print ads and/or the agency web site.

**Challenges-** Pursuing brand partnerships system wide would likely require additional coordination and staff resources from the state.

**Revenue-**Trans4Media has shared that if a quality, system-wide sponsorship program were supported and pursued, the revenue has the potential to reach the \$10 million dollar mark annually, in an improved economy.

## Revenue Potential

As stated, TBRC could not find evidence that there would be significant revenue achieved by directly selling the name of the vessel but there is potential for significant revenue under a brand association type sponsorship. Due to a lack of marine industry comparables, it is challenging to establish a reliable range of potential revenue.

The range could also be largely impacted depending upon the approach taken. Examples included in our research varied from \$200,000 per year for naming rights to specific and well-known highly-utilized subway station in Brooklyn, NY, to sponsorship packages bringing in up to \$500,000 per year in total for the Seattle Street Car and \$2 million towards capital costs of new vessels for specific naming rights, in the case of the Oklahoma River Ferries. One could certainly consider the wealth of revenue coming from sports arenas, but it is important to clarify that those are certainly more than mere naming rights of an arena and the advertisers reach millions of people beyond the seats in the stadium, via announcements, television and radio.

TBRC asked T4M to draw from its experience with sponsorships and its recent experience with advertising on ferries combined with its knowledge of the current market, to provide rough estimates of potential revenue. Their input is briefly summarized below.

### 1. Vessel Zone Sponsorship

If vessel spaces were broken out to several zones onboard the ferries such as the vehicle tunnel levels and the passenger cabins, where a company sponsor's logo and/or related company ads could appear, there is the potential to generate a low of \$200,000 annually for the lesser traveled routes to \$1 million per year on the most traveled routes. The lesser traveled routes might appeal more to anchor retailers in the local communities. For example, 'Company X tunnel' or 'Company X main deck', all accompanied by Company X ads throughout the area.

### 2. Single Vessel Sponsorship

A single vessel sponsorship might have revenue potential ranging from \$500,000 to \$1 million per year and has potential for more with a solid signage program attached. For example, The M/V Illahee sponsored by Company X or 'powered by Company X' and many ads are located throughout the vessel, the web, schedules, or other printed materials.

### 3. Sponsorship of Terminals

The size, location and exposure of a terminal will define the revenue potential for a terminal. For example, Colman Dock is a larger terminal with great exposure and an ideal location. T4M would recommend it be packaged with one or two lesser terminals to maximize revenue. Bainbridge, Bremerton and Edmonds have potential to generate around \$500,000 plus annually, and Colman Dock, if packaged well has potential to double or triple that number. Other terminals could generate from \$100,000 to \$400,000 annually, but packaging and signage is key. For example, Company X Terminal @ P52 and advertising located throughout the terminal, the web, schedules or other printed materials.

### 4. System-wide Sponsorship

T4M estimates that if the entire system were packaged together and one naming rights partner was secured, those rights could be worth a value into the low millions (per year). With a solid signage (advertising and/or logo placement) package, that value could increase into over \$10 million annually. Additionally T4M strongly indicated its opinion that if these concepts were approached as innovative partnerships and the options were priced out in a regional or system-wide manner, the potential revenue could increase substantially. Consider the naming and sponsorship of well-utilized and newly developed terminals, combined with the sponsorship of the vessels typically on that route, spots on the web, the highly distributed WSF schedule and/or high-profile dedicated wall space in either the terminals and/or the vessels - the potential revenue could reach the tens of millions of dollars per year. For example, WSF, sponsored by Company X and Company X has ads throughout the system in tasteful locations. WSF thanks its sponsor in announcements, materials, web and printed handouts.

## Research - Interviews

TBRC conducted interviews with the purpose of gathering current and valid information from leaders in the industry as a foundation for investigating the concept of selling WSF vessel naming rights. Two interviews were conducted with high profile PR Firms/Ad Agencies and two with companies who advertise or buy sponsorships. TBRC also spoke with Trans4Media, WSF's current Advertising Sales Contractor. (Additional details about these companies are provided in Appendix Item 1). They are as follows:

### **Advertising/ PR Firms**

#### **DDB Seattle-Dan McConnell, Senior Strategist and Crisis Consultant**

Client list includes such companies as: Microsoft, Amtrak, The North Face, McDonald's, and Jansport

#### **Gogerty Marriott-David Marriott, Partner**

Client list includes such companies as: Alaska Airlines, AT&T, The Boeing Company, The Seattle Mariners, The Seattle Seahawks, Regional Transit Authority (RTA), Virginia Mason Medical Center, etc.

### **Direct Advertisers**

#### **Puget Sound Energy - Tim Caldwell, Community Partnership Manager**

#### **Verizon Wireless - Madeleine Manzano, Marketing Manager & Sales Operations**

- In attendance and contributing was Zenithmedia/ZenithOptimedia, Angela Haddad, Media Supervisor

#### **Trans4Media-WSF's Advertising Partners**

T4M has been under contract with WSF since August of 2007. T4M's key staff members have extensive experience in advertising sales on the local and national level (profiles attached in appendix, item 1). Their input was valuable to this report because they have knowledge and experience in selling WSF advertising space on vessels and in terminals within the current market.

## Approach to Interviews

Questions were compiled by TBRC and T4M. Questions were designed to gauge interest and get information from the advertiser (investor) point of view. Topics of discussion were:

General Reaction to Naming Rights for WSF  
Relative Value Determinates  
Potential Revenue  
Contract Length  
Exterior Vessel Signage  
Image Association with WSF  
Public Relations/Community Involvement  
Other Input and Professional Advice

## Emerging Themes

There were five basic themes which emerged from the discussions:

- There is value in a sponsorship program for ferries, if done correctly.
- The program should be approached as an innovative partnership effort, acknowledging a sponsor's support for the system and the community.
- There is greater value in creating packages which combine advertising space on low ridership route vessels with advertising space on vessels assigned to high ridership routes and/or high profile terminals.
- There is little desire or value in the mere selling of the actual name that literally appears on the vessel's hull.
- Any revenue generated by a sponsorship program should be used in a way that directly benefits the riders who use the system.

Detailed discussion notes are provided in Appendix Item 2. Provided below are actual excerpts from the interviews within each topic of discussion.

### **Topic: General Reaction to Naming Rights for Washington State Ferries**

*The idea is definitely worth looking into.*

*WSF should pursue local companies for this program (Nordstrom, Microsoft, Starbucks, Etc). The feasibility is there and it could generate quite a bit of revenue if done right. Formal research is recommended. It should be approached as a partnership between WSF and the company.*

*Ridership and low visibility on the Port Townsend/Keystone route. System-wide exposures would be important for any advertiser (or sponsor). Ads should be at the terminals on either side of the vessel sponsored. It might be worth pursuing multiple businesses for sponsorship opportunities- perhaps through the Chambers of Commerce or Tourism Bureaus.*

*The program should be considered a partnership between the sponsor and the ferry service. Any program would have to be completely customized to the individual sponsor.*

### **Topic: Value Determinates - How does a company find monetary value or return on investment in a sponsorship program?**

*You establish value for any sponsorship opportunity by doing formal research. It is inadvisable to "go with your gut". Sometimes just the company name on the facility is enough, sometimes there's additional advertising, counting eyeballs. Usually it's a combination. The ROI depends on the company's objectives for the sponsorship-are they trying to sell their product? Brand or re-brand their company? Solve some image problem?*

*Value is perceived differently to different people. For most, it would be the ridership numbers and numbers of exposure. How many people will see it? Because of the low visibility and low ridership numbers of the Port Townsend/Keystone route, a system wide campaign would be most valuable. The value to local companies could be huge if handled right*

*Significant value to having logo on printed schedule and logo and link on WSF web site. Information regarding sponsorship could be linked to boats listed on the schedule page. There could be value to companies if they were able to do some interactive/educational sessions (sustainable energy, conservation) aboard the boat via flat screen TVs, etc.*

*Company is less interested in the media portion of a Sponsorship opportunity and more interested in interaction with the customers. Brand recognition important but not as important as interaction. A sponsorship is a presence above and beyond the normal advertising matrix.*

**Topic: Potential Revenue**

*Need Further Research to determine value/revenue. "Is the market there? If it is, it could be a great opportunity.*

*A system wide program would command the most money but you could have a multi-tier structure by route based on ridership and exposure.*

*International exposure through the WSF web site which would make the program more attractive to potential advertisers-this might make it worth several hundred thousand dollars a year to a company.*

**Topic: Contract Length**

*Most naming rights agreements are at least 5 years, 10 years is more common and 20 years is not unheard of. Cirque de Soleil just signed a 20 year agreement with Wynn, and Wynn wanted it to be longer. Customers and the company need time to "grow into" the name association.*

*It is recommended that WSF pursue 5 years contracts.*

*Contract should be longer than 5 years, perhaps even the life of the boat.*

*(Company) usually enters into 2 year contracts for sponsorships.*

**Topic: Exterior Vessel Signage**

*A good way to make money but it is a risk/reward situation. This can be handled if you talk about it with the community.*

*As far as exterior signage-"Less is More" Boats are an iconic green and white. Any program needs to be done tastefully.*

*An important element but that it needs to be done right-less is more. The vessels should continue to be given northwest, native names.*

*(Company) would not pursue exterior vessel signage.*

**Topic: Image association with WSF**

*This is a great value, an entity to get a lot of goodwill by participating, if it's done right. "There is a line that this community walks when it comes to advertising". It's best to create the sponsorship by drawing a natural association link, not by putting a stamp on the ferries.*

*The boats look very rusty these days, and that might need to be addressed before any company might invest in a sponsorship. WSF and negative comments-go hand in hand, the thing people LOVE to complain about, it's part of the culture. Improved customer service would go a long way.*

*Cannot see a company wanting to put their name on the side of a rusty boat or not want to say "powered by" with the boat having the potential to break down from time to time.*

*What is the relationship between a ferry and the product? People need to be able to draw the connection. People are very sensitive to seeing large corporate logos and often think it is self-serving (just for profit).*

**Topic: Public Relations Efforts, Community Involvement**

*You need PR, you need the media to talk about it, and you need people to talk about it. A third party testimonial is the most powerful PR (having someone else say good things about what you are doing). This community feels ownership of the ferries. People will come to accept advertising of this nature much more if they understand that it may be the difference between being commercially viable or not. The success of a sponsorship program depends on the care that is taken in selecting the sponsors. PR, partnerships and goodwill are very important.*

*Program must be messaged appropriately. The proceeds should be earmarked for some part of WSF that has a direct consumer benefit, for example; improved service, fare increases abated, facility upgrades, etc.*

*Money from this program should be ear marked for some direct benefit to the ridership. Port Townsend Keystone clearly has a powerful legislator in their corner and were able to get new boats assigned to the route*

*The PR piece around the launching of a new vessel would be attractive to this company. When they sponsor something they do press releases. They strive to be considered a local company. Would welcome the opportunity and would love to be a part of it. It has to be a win-win-win, win for the ferry system, win for the customer and win for the sponsor. It would get a lot of attention.*

## Topic: Other Input and Professional Advice

*Naming rights fall under the umbrella of sponsorships, along with other elements such as advertising. Most sponsorship/naming rights decisions are not made at the agency level they are made at the top of the company by the board or chief executives. No venue should put up ads from a company that is not in good favor with the community.*

*Recommend this be pursued by the Transportation Commission as a pilot program. Ensure dedicated resources are provided in the form of program coordination and program management for efficient communication, timely creative concept approval and good PR management.*

*The community should pull business together to sponsor the boat, perhaps putting the community's tourism logo on the vessel and use the sponsorship opportunity to promote the region for tourism. Port Townsend Keystone Route-New Boats naming rights would be sold locally/differently.*

*Lessons learned on Sponsorships; don't sponsor an individual. (Company) is very careful about who they sponsor. Try not to be the first company to sponsor something. It is too difficult to work with an entity that hasn't done it before, they tend to be unorganized and it can take too much energy making it not worth it.*



## Samples of Current Naming Rights/Sponsorship

### \*Local Sport Venues:

Venue	Term	Revenue Per Year	Total Revenue
Qwest Field/Seahawks	15 year ending 2019	5 million	75 million
Safeco Field/Mariners	20 year ending 2019	2 million	40 million
Key Arena	15 year ending 2010	1 million	15 million

\*It's important to note that Sports Venues naming rights arrangements generally include more than the mere naming of the venue. There are significant advertising packages and other exposure benefits including; national and international TV audience exposure, luxury boxes and tickets, for example.

### Transit Naming Rights/Sponsorship Examples:

Transit Entity	Term	Revenue	Name Concept
Barclays/Brooklyn Metropolitan Transit Authority	20 years	4 million or 200k per year	Barclays Bank Atlantic Avenue Pacific Street Station
Oklahoma River Ferries	15 years	2 million towards purchase of vessels	Vessels Named: Devon Discovery, Devon Explorer & Devon Pioneer Devon was sponsor
Seattle Street Car	Varied 1, 5 or 10 years	Varies by Year \$401,325 for 2008, projecting roughly 500k per year for 2011 and 2012	Depot Sponsorship, (Business name at Westlake and Mercer, for example) Revenue also received through sponsorship advertising on printed materials

To gain some perspective on value of a naming rights, sponsorships and related advertising, below are some comparable costs for print advertising and billboards:

### Comparative Review of Costs Print Media, Magazines, Billboards<sup>1</sup>

Media/Type	Size	Time period	Approximate Cost Per Ad*	Estimated Annual Cost*
Seattle Times	Per column inch	1 day	\$539 Sunday \$425 Weekday	\$28,028 \$132,600
USA Today	1/6 of a page	1 day, Mon-Th 3 days, Fri-Sun	\$42,600 Friday** \$35,100 Weekday**	\$2,215,200 \$7,300,800
Seattle Magazine	1/6 of a page	Monthly	\$1975	\$23,700
Pacific Northwest Magazine (Seattle Times)	Per column inch	Weekly	\$229.00	\$11,908
Clear Channel Billboards, Seattle Market	12'x24'	4 weeks	\$3500	\$42,000

\*Basic Rates listed, Print and other Media offer discounts for multiple buys

\*\*USA Today prices listed are for black and white ads

<sup>1</sup> Data retrieved from online rate cards

## Transportation Commission Recommendations

Based upon the research and findings contained in this report, the Transportation Commission makes the following recommendations:

1. The name given to a ferry vessel should not be sold, given the findings in this report. Future ferries should be designated using names that are of statewide significance, including those of historic figures, geographic locations, tribes or other iconic images.
2. The Legislature should provide direction and support to the Washington State Ferries for a program that aggressively pursues sponsorships for new and existing vessels and terminals system-wide
3. If sponsorships or brand partnerships are pursued in the future, all revenue generated by such actions should be dedicated to WSF.
4. The Legislature should consider requiring there be active collaboration between WSF, WSDOT's Transportation Innovative Partnerships Program, and the Transportation Commission to the extent that future vessel and/or terminal sponsorships and/or brand partnerships take the form of a PPP, to ensure there is independent review and public vetting of potential partnership packages with the private sector.

## Appendix

- 1) **More Information about the Companies Interviewed for this Report**
- 2) **Detailed Interview Notes**
- 3) **Applicable Statutes and Possible Tax Implications**

## More Information Regarding the Firms Interviewed for the Report

*“DDB's pursues collaborative relationships with clients and partners to find the hidden potential of people, brands and business through creativity” DDB Web Site*

TBRC Spoke with Dan McConnell, Senior Strategist and Crisis Consultant, DDB Seattle whose client list includes:

Microsoft  
Amtrak  
Swedish Hospitals  
Alliance to Save Energy (Energy Star)  
Chateau St. Michelle Winery  
Holland America Line  
The North Face  
McDonald's  
Jansport

TBRC Spoke with David Marriott, Partner, Gogerty Marriott whose client list includes:

Alaska Airlines  
AT&T  
The Boeing Company  
The Seattle Mariners  
The Seattle Seahawks  
Regional Transit Authority (RTA)  
Swedish Medical Center  
University of Washington Medical Center  
Virginia Mason Medical Center  
Washington Dental Service  
Whole Foods

*“For more than three decades, Gogerty Marriott has been building communication strategies for clients involved in public affairs issues. These issues range from behind-the-scenes to highly controversial, but invariably are crucial to the client's financial success or mission. Combining political experience with a strong grounding in public opinion research, Gogerty Marriott develops public affairs strategies that work. Whether your business is governmental, corporate, or non-profit, when you've got a lot at stake, our track record of success speaks for itself.”-Gogerty Marriott Web Site*

## More Information Regarding the Firms Interviewed for the Report

*Puget Sound Energy is Washington state's oldest local energy utility, serving more than 1 million electric customers and nearly 750,000 natural gas customers, primarily in the vibrant Puget Sound region. –PSE web site*

*Office Located in Port Townsend*

TBRC spoke with direct advertiser, Puget Sound Energy  
Tim Caldwell, Community Partnership Manager

TBRC spoke with direct advertiser, Verizon Wireless  
Madeleine Manzano, Marketing Manager & Sales Operations

In attendance and contributing was Zenithmedia/ZenithOptimedia  
Angela Haddad, Media Supervisor

*Verizon Communications Inc., headquartered in New York, is a leader in delivering broadband and other wireline and wireless communication innovations to mass market, business, government and wholesale customers.-  
Verizon web site*

### Approach to Interviews

Questions were compiled by TBRC and T4M. Questions were designed to gauge interest and get information from the advertiser (investor) point of view. Topics of discussion were:

General Reaction to Naming Rights for WSF,  
Relative Value Determinates  
Potential Revenue  
Contract Length  
Exterior Vessel Signage  
Image Association with WSF  
Public Relations/Community Involvement  
Other Input and Professional Advice

## **Trans4Media Seattle\*-WSF's Advertising Partners**

T4M was formed in 2002 as a sales organization specializing in captive advertising venues and the management of select advertising properties. Our unique knowledge and experience, combined with our creative vision and extensive sales background distinguishes us from our competitors and allows us to:

- Have the vision to identify all appropriate opportunities for sponsorship and corporate branding
- Insure a creative environment that is attractive and not cluttered
- Maximize rates and revenue through the creation of value

### **Skip Vose**

President and CEO

Mr. Vose has over 35 years of advertising management experience that includes operating radio stations, national, regional, and local sales management, broadcast company management, advertising agency management, media evaluation roles, new business, key corporate marketing contract and interaction, business start-up and management, entrepreneurial success, transportation project sponsorship sales, revenue creation plans for transportation projects, and contract negotiations with governmental agencies.

### **Larry Adams**

COO

Mr. Adams brings more than 30 years of experience in media sales, marketing, and advertising to T4M. His background includes local sales, national sales, broadcast company management and programming management. Mr. Adams has a great awareness of sales training, key marketing idea generation, and new business development. He also maintains tenured relationships with key agency and client executives.

### **Lloyd Low**

Director of Sales

A Seattle Native, Mr. Low has 32 years of experience in local and national sales in both radio (KMPS, KVI) and television (KSTW, KCPQ, KOMO, and KVNS). His ties to the community run deep, and he is active with the Boys & Girls Club and the Arthritis Foundation, and he is a member at the WAC Club, the 101 Club, the Northwest, and the Seattle Golf Club.

\*From the company's web site

Interview Discussion Topic	DDB Seattle Dan McConnell	Gogerty Marriott David Marriott	Puget Sound Energy Tim Caldwell	Verizon/Zenithmedia, Madeline Manzano, Angela Haddad
<p><b>General Reaction to the topic of Naming Rights for Washington State Ferries</b></p>	<p>This idea is definitely worth looking at.</p>	<p>WSF should pursue local companies for this program (Nordstrom, Amazon, Microsoft, Starbucks etc). He feels the feasibility is there and it could generate quite a bit of revenue if done right. He recommends formal research. He recommends approaching it as a partnership between WSF and the company or companies.</p>	<p>Tim acknowledged low ridership and relative low visibility of Port Townsend/Keystone Route.</p> <p>System wide exposure for advertisers important-would also think that ads should be in terminals on either side of the route sponsored</p> <p>It might be worth pursuing multiple businesses for sponsorship opportunities-not just one. Perhaps through the Chamber or Tourism Bureaus, you could create a partnership with business in the community and WSF and get money directly from the businesses or from their tourism taxes such as the hotel/motel tax</p>	<p>The program should be considered a partnership between the sponsor and the ferry service</p> <p>Any program would have to be completely customized to the individual sponsor.</p>
<p><b>Value Determinates (how would the value of a naming rights/sponsorship be determined)</b></p>	<p>You establish value for any sponsorship opportunity by doing formal research. He suggests not "going with your gut".</p> <p>"Sometimes just the company name on the facility is enough, sometimes there's additional advertising, counting eyeballs, usually it's a combination". The ROI depends on the company's objectives for the sponsorship-Are they trying to sell their product? Brand or Rebrand their company? Solve some image problem?</p>	<p>Value is perceived differently to different people. For most, it would be the ridership numbers and numbers of exposure. How many people will see it?</p> <p>Because of the low visibility and low ridership numbers of the Port Townsend/Keystone route, David feels a system wide campaign would be most valuable.</p> <p>The value to local companies could be huge if handled right "helping WSF to better itself"</p>	<p>Tim said there might be value to PSE if they were able to do some educational sessions (sustainable energy, conservation) aboard the boat via flat screen TVs, etc.</p> <p>Tim sees significant value to having logo on printed schedule and logo and link on WSF web site. Suggests information regarding sponsorship linked to boats listed on the schedule page</p>	<p>Madeleine explained that Verizon is less interested in the media portion of a Sponsorship opportunity and more interested in interaction with the customers. For example, with the Mariners they do a text to win program and other programs that get people to pick up and use their phone.</p> <p>Brand recognition important but not as important as interaction. A sponsorship is a presence above and beyond the normal advertising matrix.</p>
<p><b>Potential Revenue</b></p>	<p>Need Further Research to determine value/revenue. "Is the market there? If it is, it could be a great opportunity"</p>	<p>System wide would command the most money but you could have a multi-tier structure by route based on ridership and exposure</p>	<p>International exposure through the WSF web site which would make the program more attractive to potential advertisers-this might make it worth several hundred thousand dollars a year to a company.</p>	
<p><b>Contract Length</b></p>	<p>Most naming rights agreements are at least 5 years, 10 years is more common and 20 years is not unheard of. He shared with us that Cirque de Soleil just signed a 20 year agreement with Wynn and Wynn wanted it to be longer. He said the customers and the company need time to "grow into" the name association.</p>	<p>Recommends 5 years for ferries.</p>	<p>Contract should be longer than 5 years...maybe even for the life of the boat</p>	<p>Verizon usually enters into 2 year contracts for sponsorships</p>

Interview Discussion Topic	DDB Seattle Dan McConnell	Gogerty Marriott David Marriott	Puget Sound Energy Tim Caldwell	Verizon/Zenithmedia, Madeleine Manzano, Angela Haddad
<b>Exterior Vessel Signage</b>	A good way to make money but it is a risk/reward situation. Can be handled if you talk about it with the community.	As far as exterior signage-“Less is More” Boats are an iconic green and white. Any program needs to be done tastefully.	Tim thought this was an important element but that it needs to be done right-less is more. Tim also said that the vessels should continue to be given northwest, native names	Verizon would not pursue exterior signage
<b>Image Association with WSF</b>	Dan said his opinion is that this is a great value, an entity to get a lot of goodwill by participating, if it's done right. “There is a line that this community walks when it comes to advertising”. He suggests that it's best to create the sponsorship by drawing a natural association link, not by putting a stamp on the ferries.	“He mentioned that the boats look very rusty these days, and that might need to be addressed before any company might invest in a sponsorship.  WSF and negative comments-go hand in hand, the thing people LOVE to complain about. Part of the culture. Improved customer service would go a long way.	Cannot see a company wanting to put their name on the side of a rusty boat or not want to say “powered by” with the boat having the potential to break down from time to time.	What is the relationship between a ferry and a phone? People need to be able to draw the connection. People are very sensitive to seeing large corporate logos and often think it is self-serving (just for profit)
<b>PR Efforts/Community Involvement</b>	You need PR, you need the media to talk about it; you need people to talk about it. A third party testimonial is the most powerful PR (having someone else say good things about what you are doing)  This community feels ownership of the ferries. People will come to accept advertising of this nature much more if they understand that it may be the difference between being commercially viable or not.  The success of a sponsorship program depends on the care that is taken in selecting the sponsors. PR, partnerships, goodwill, very important.	Program must be messaged appropriately. The proceeds should be earmarked for some part of WSF that has a direct consumer benefit, for example; improved service, fare increases abated, facility upgrades, etc.	Money from this program should be earmarked for some direct benefit to the ridership  Port Townsend Keystone clearly has a powerful legislator in their corner and were able to get new boats assigned to the route	The PR piece around the launching of a new vessel would be attractive to them. When they sponsor something they do press releases. They strive to be considered a local company. We would welcome the opportunity and would love to be a part of it.  It has to be a win-win-win, win for the ferry system, win for the customer and win for the sponsor. It would get a lot of attention.
<b>Other Input and Professional Advice</b>	Naming rights fall under the umbrella of sponsorships, along with other elements such as advertising. Most sponsorship/naming rights decisions are not made at the agency level they are made at the top of the company by the board or chief executives.  No venue should put up ads from a company that is not in good favor with the community.	David recommended this be pursued by the Transportation Commission as a pilot program.	The community should pull business together to sponsor the boat, perhaps putting the community's tourism logo on the vessel and use the sponsorship opportunity to promote the region for tourism.  Port Townsend Keystone Route-New Boats naming rights would be sold locally/differently.	Lessons learned on Sponsorships, don't sponsor an individual. Verizon is very careful about who they sponsor. They will do a band by saying “concert series rather than sponsoring the band. Angela said they try not to be the first company to sponsor something. It is too difficult to work with an entity that hasn't done it before, they tend to be unorganized and it can take too much energy making it not worth it.



## Appendix 3

### **Applicable Statutes, IRS and Contract Implications**

Through supplemental policy tasks assigned to the Commission by the Legislature (RCW 47.01, Chapter 33, Laws of 2007), The Washington State Transportation Commission has the role of naming state transportation facilities and overseeing and action on public/private partnerships. State law is currently silent on provisions related to selling naming rights for transportation facilities. Further policy and process detail may be found on the Commission website.

#### Potential IRS Implications

In Issue 02 Fall 2003 of the United States ExoTax Update, it is noted "...The IRS has ruled that a proposed contract for the naming rights of an arena and convention center that is financed with tax-exempt bonds gives rise to private business use. PLR 200323006 (11/22/02)...." A more thorough review may be in order for any naming rights or sponsorship effort.