



Information Item

Date: May 23, 2012

To: Mayor and City Council
From: Edward F. King, Director of Transit Services
Subject: Big Blue Bus Digital Advertising Program

Introduction

Big Blue Bus staff has researched existing public transit agency digital ad programs and solicited proposals for consultant assistance to design a local program. Staff will re-evaluate the feasibility of a digital ad program.

Background

At the [September 28, 2010](#) Council meeting, BBB Customer Relations staff proposed a digital ad program to attract a new market and generate additional ad revenue. An internal analysis projected that the program would realize \$4 million in additional revenue annually. There is no market research, ROI analysis or verification from an external resource that has been found that would verify this estimate. The assumptions presented previously were likely based on discussions with consultants and the vendors of products that would potentially provide the hardware and software for BBB vehicles. Additionally, staff did not calculate for impact of digital sales on rates for its inventory of print ads, or funding for the procurement of the digital sign operating system and vehicle hardware and software.

Discussion

Staff found two transit systems, Chicago Transit Authority (CTA) and New York Metropolitan Transit Authority (NYMTA), that have undertaken digital advertising. Both systems have discontinued the program. Chicago equipped 40 buses with digital ad displays. The ads were very difficult to sell and were not attractive to advertisers. The CTA routes are fairly long; and advertisements were not relevant to every neighborhood along the route. After two years, CTA also found that the digital ads did not realize a significantly higher sales rate as compared to traditional print ads. The program was terminated due to the poor response.

NYMTA, like Chicago, installed digital ads on 40 buses. The program operated for two years. It was discontinued based upon poor response from advertisers as well as technical operating problems encountered with the signs and hardware. NYMTA found that the signs leaked during inclement weather and experienced numerous power system failures due to the draw of the system from the vehicle system.

RFP Response to Digital Ad Program Consultant

A Request for Proposal (RFP) was issued in 2011 to solicit a consultant to help establish the rates and staffing model for a digital ad sales program. Only one response was received; the vendor was not qualified. The RFP was rewritten to focus on market research and rate establishment and was re-issued in March 2012. More than 25 vendors downloaded the second RFP but only two responses were submitted. While both responses meet qualifications, only one firm's rates are within the current budget.

Next Steps

The digital ad program was projected to generate significant advertising revenue for BBB beginning in FY 2013/2014, as well as require a number

of new full-time staff positions to administer the program and sell advertising. However, the \$4 million revenue projection was never validated nor is there any supportive documentation on it. Based on the recent information from New York MTA and Chicago Transit Authority, the outcome of the two RFP processes, and the concern about the previous internal ad revenue projections, the Big Blue Bus is going to undertake a new feasibility analysis for this program as part of the department's FY 2012/2013 Work Plan. It is expected that the new analysis can be completed by December 2012 at which time staff will report to Council our intent to either cancel the project or move forward with a pilot project using digital ad signs on a portion of the fleet.