

ITEM 27. SPONSORSHIP - FASHION WEEK AUSTRALIA, FASHION WEEKEND EDITION AND FASHION TRADE SHOWS PRODUCED BY INTERNATIONAL MANAGEMENT GROUP (IMG)

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SUMMARY

International Management Group of America Pty Ltd (trading as IMG Fashion) (IMG) has requested sponsorship from the City of Sydney in support of a series of fashion events to be held in Sydney from 2016 – 2018. These include: Mercedes-Benz Fashion Week Australia – launching the world’s first Resort Fashion Week, Mercedes-Benz Fashion Weekend Edition and, from 2017, the introduction of a Trade Show for the non-apparel industry.

On 9 December 2013, Council adopted the Retail Action Plan. Key initiatives from this plan include promoting Sydney as Australia’s premier retail destination and to create lively and active places that encourage more visits to central Sydney and our villages.

Retail represents more than 7,800 business establishments, from approximately 21,500 within the city, and is a major employer that makes an important contribution to the local economy. It is a diverse industry that ranges from department stores and major shopping complexes through to small retailers and shops, market stall holders and pop-up stores around the city. The fashion retail sector forms a significant part of the City’s overall retail economy and a sector that, in recent years, has faced some challenges.

A key component of the advice received from the Retail Advisory Panel is that industry-led events, supported by government, encourage increased foot traffic in key shopping precincts.

For the past six years, the City has supported two signature consumer events that focus on fashion in Sydney – Vogue Fashion’s Night Out and Fashion Festival Sydney. In 2013, the City commenced sponsorship of the leading trade/industry event: Mercedes-Benz Fashion Week Australia (MBFWA). These events are integral to the \$12 billion Australian fashion industry, which provides over 220,000 jobs nationally across the design, manufacturing, wholesale and retail sectors.

IMG Fashion has sought the continuation of sponsorship from the City for Mercedes-Benz Fashion Week Australia for the next three years, commencing in 2016. IMG is also seeking support for two additional events to be held as part of Fashion Week Australia - a consumer-facing event for the three years 2016-2018 – Fashion Weekend Edition – and a trade show for the two years 2017-2018.

In 2015, the City’s support for Mercedes-Benz Fashion Week Australia totalled \$65,000 cash and \$35,000 value-in-kind. This current request proposes a total of \$85,000 cash and \$70,000 value-in-kind per annum for three events per year over a three year period from 2016-2018. The value-in-kind component of the sponsorship is to cover civic space hire across Martin Place, Pitt Street Mall and other City-owned public domain areas.

The request for sponsorship has been evaluated against the Commercial Creative and Business Events Sponsorship program and support is recommended.

RECOMMENDATION

It is resolved that:

- (A) Council approve cash sponsorship of \$85,000 (excluding GST) per annum in 2016, 2017 and 2018 in support of Mercedes Benz Fashion Week Australia and Mercedes-Benz Fashion Weekend Edition and, from 2017, Trade Show;
- (B) Council approve value-in-kind sponsorship of up to \$70,000 (excluding GST) per annum for use of Council-owned civic spaces including Pitt Street Mall, Martin Place, QVB forecourt and other locations in 2016, 2017 and 2018 in support of Mercedes Benz Fashion Week Australia and Mercedes-Benz Fashion Weekend Edition and, from 2017, Trade Show; and
- (C) authority be delegated to the Chief Executive Officer to negotiate, execute and enter into a sponsorship agreement with International Management Group of America Pty Ltd (trading as IMG Fashion) in support of these fashion events in 2016, 2017 and 2018.

ATTACHMENTS

Nil.

BACKGROUND

1. On 9 December 2013, Council adopted the Economic Development Strategy, a 10 year strategy to strengthen the City's economy and support business. The strategy sets out a course of action designed to build on the City economy's strong foundations for success; create opportunities for individuals, businesses and the community; and address the challenges that might otherwise limit Sydney's potential growth as a global city.
2. The Strategy identifies a number of priority industry or economic sectors or locations for which detailed Action Plans will be developed. The Action Plans provide more detail on the specific challenges and opportunities faced by that sector or location and include projects and programs designed to address those.
3. The Retail Action Plan was adopted on 9 December 2013. The actions for the City and its partners include those which address the need to:
 - (a) create great experiences for city workers, residents and visitors to Sydney to ensure they choose to shop in central Sydney and the villages;
 - (b) build capacity and resilience to ensure the city has a diverse range of sustainable, innovative retail businesses;
 - (c) remove barriers, clarifying regulatory processes and assisting, in particular, new retailers and small businesses to more efficiently and effectively interact with the City and other levels of government; and
 - (d) engage with the sector to encourage closer cooperation between retailers and more efficient interactions with the regulatory processes of government.
4. A thriving retail sector in the city centre is important for the economy of the city. It is also an important contributor to the liveability of the city. Retail related businesses represent more than 7,800 (or 36 per cent) of the approximately 21,500 business establishments in the city and the sector is also a major employer.
5. As identified in the Retail Action Plan, the sector is changing and, to remain competitive, retailers in the city must offer a retail 'experience' comparable to those found in other cities around the world. All stakeholders in the sector, including industry and trade bodies serving the retail sector, contribute to this experience, whether it is in-store or in the public domain. The City's focus is on the quality of the public domain and the level of activity within it.
6. Clothing, footwear and accessory retailers comprise one of the most dominant components of Sydney's retail offering. This segment of the retail market is particularly vulnerable to changes in consumer spending patterns.
7. As well as a dominant fashion retail offering in Sydney CBD, the City's Local Government Area (LGA) is home to leading Australian fashion designers and fashion media. The City has received advice from industry to indicate that over 90% of Australia's independent designers are located in Sydney and primarily within the City's LGA. Mercedes Benz Fashion Week Australia in April 2015 showcased 32 local designers and an additional seven young designers who had just graduated from the Ultimo TAFE School of Fashion.

8. To ensure continued support for the industry, the City will work with International Management Group of America Pty Ltd (trading as IMG Fashion) (IMG) and the Australian Fashion Chamber to provide opportunities for a wide cross-section of leading and emerging designers and fashion students to participate in a range of high profile fashion events held in Sydney annually, including Fashion Week and Fashion Weekend, both produced by IMG.
9. Sydney is also the location of leading fashion media publications and these are predominantly located within the LGA, including Vogue Australia, Harpers Bazaar, Russh, RagTrader, Elle Australia, Marie Claire and newspaper fashion editors such as Glynis Traill-Nash from The Australian. The presence of high profile fashion media provides the industry with a key avenue for promotion and positioning of the sector.
10. The city's retailers, through the Retail Advisory Panel and other mechanisms, have sought support from the City to assist in the generation of increased retail activity and to ensure that Sydney maintains its reputation as a market leader. The City has responded in a number of ways, including the introduction of a Retail Activation Program in Pitt Street Mall, provision of grant funding for local businesses and business chamber events such as the Business Improvement Grant and a major investment in the development of Sydney Christmas activities.
11. The City has also worked with producers of major musicals such as Matilda the Musical and Lion King, producers of business conventions such as Rotary Downunder and major festivals such as Vivid Sydney to leverage outcomes for retailers, including in-store marketing campaigns, partner offers and linked promotional material.
12. Feedback received from retailers has indicated that linked promotional campaigns and activities around events such as Mercedes-Benz Fashion Week Australia have resulted in increased sales activity and customer attraction to the CBD retail precinct.
13. For the last six years, the City has provided both cash and in-kind support for two highly successful retail focused (consumer) fashion related events: Mercedes-Benz Fashion Festival Sydney and Vogue Fashion's Night Out which both occur in August/September. Support has been provided through the Commercial Creative Events sponsorship program. In addition to these consumer events, the City has also supported Mercedes-Benz Fashion Week Australia - the only industry-led event which is part of the global fashion calendar held at Carriageworks annually.
14. Sponsorship of these events has provided an important brand linkage to the City of Sydney, and embraced by the industry, to create a coordinated umbrella marketing campaign, consumer shopping activities and program of supporting events branded as '*Sydney is Fashion*'. This campaign has ensured that Sydney is regarded as the fashion capital and promoted as a compelling shopping destination both nationally and internationally. It has also given Sydney the leverage to showcase the creative abilities of the local industry to the world's most influential media and buyers.
15. The City has received direct feedback from the retail sector to say that the linking of signature events in a coordinated campaign of events and marketing activities has helped drive retail sales and consumer footfall across several months, leveraging greater outcomes than would have been achieved by the stand-alone events themselves. Specifically, the campaign has resulted in:

- (a) benefits to business by encouraging spending on fashion in a non-sale period;
 - (b) profile benefits for the tourism and retail offering of the City of Sydney as a result of extensive local, national and international media coverage; and
 - (c) brand benefits supporting Sydney's positioning as a creative city and its positioning amongst leading global cities.
16. Working closely with such highly regarded fashion organisations such as Vogue Australia and IMG, the City is able to continue to build opportunities within the *Sydney is Fashion* campaign.
17. There is a significant opportunity and desire to continue this coordinated program of activities, events and marketing that focus on fashion and aim to increase retail sales opportunity and increase consumer footfall in the CBD across an annual program of fashion related activities and events.

Mercedes-Benz Fashion Week Australia 2016 – 2018

18. IMG Fashion with their principal sponsor, Mercedes-Benz, have presented two major fashion events in Australia each year:
- (a) Sydney Fashion Festival – the consumer event held in September each year, currently in Town Hall; and
 - (b) Fashion Week Australia – the industry event held in April each year and staged currently at Carriageworks.
19. Now in its 21st year, Fashion Week Australia has become the pre-eminent national fashion event.
20. In October 2015, IMG announced that Mercedes-Benz Fashion Week Australia (MBFWA) will become the first event to host an annual organised showcase of Resort collections. The global event hosted in Sydney each year will shift from April to 15 – 19 May in 2016 with collections centred on Resortwear.
21. The decision to make MBFWA the home of Resort collections was made in collaboration with local industry leaders, designers and the NSW government. The schedule will include the region's biggest names in fashion working to further establish Sydney as a global fashion capital.
22. With an increasing percentage of global retail budgets allocated to Resort, these collections present a large business opportunity for export. Resort collections are trans-seasonal in nature and see up to six months retail life in the Asia Pacific market. In addition, fashion and lifestyle media are increasingly dedicating more resources to cover Resort – firmly presenting Sydney and Australian designers with the opportunity of presenting at the world's first Resort event in May 2016.
23. The world's most influential buyers and media travel to Sydney for MBFWA and the event promotes both the NSW fashion industry and our city as an iconic fashion destination to audiences worldwide. This new strategic vision presents significant trade and tourism opportunities for Sydney and the broader fashion industry.

24. The Australian fashion industry is valued at \$12 billion, with textile, clothing, footwear and leather products contributing about \$3 billion to Australia's total exports. In NSW, the fashion industry, as part of the creative industries, generates over \$8 billion to the State's gross domestic product (GDP) and employs over 66,000 people in NSW.
25. The world of fashion is changing fast, with consumer demand driving the industry's new approach to seasonal collections. 80% of retailer budgets are now being allocated on Resort collections. Trans-seasonal collections ensure the pieces are relevant for six months of retail, with media supporting these collections with months of editorial inclusion due to their longer shelf life.
26. The importance of Resortwear to retailers is that it provides the potential for greater profit margins through wider appeal to consumers.
27. The City and IMG have consulted with the media and retail industry to seek support for this strategic evolution of MBFWA. Industry has responded with the following statements;
 - (a) *"A resort season is essential to MBFWA if we want fashion week in Sydney to matter long term"*, Edwina McCann, Chairperson Australian Fashion Chamber and Editor in Chief of Vogue Australia;
 - (b) *"It will be fantastic not only for our domestic industry but also for the world, to been seen as the first collection of Resort "*, Karen Brewster, Group General Manager Fashion at Myer; and
 - (c) *"It will enhance the global perception of Australians being at the fashion forefront and being taken seriously. Collections will have a longer sell through period and shelf life, allowing for greater profits and commercial viability"*, Eva Galambos, Director and Buyer, Parlour X – leading fashion store located on Oxford Street, Paddington.
28. In addition to media and fashion retail industry support, the NSW Government through Stuart Ayres, Minister for Trade, Tourism and Major Events has said:

"This will be the first time Resort has been shown at a Fashion week and it's here in Sydney, this is putting Sydney on the international stage. Also a fantastic opportunity to showcase the great Sydney Fashion industry, part of the creative industry that generates over 8 billion dollars in NSW and employs over 66,000 people".
29. Through Destination NSW, the state government will support these events produced by IMG. Destination NSW will bring to Sydney influential international media and buyers including:
 - (a) Anthropologie US;
 - (b) Asos UK;
 - (c) Porter Magazine UK;
 - (d) Net-A-Porter UK;
 - (e) Harpers Bazaar US;
 - (f) Cosmopolitan US;

- (g) ShopBop US;
 - (h) W Magazine US;
 - (i) Style.com;
 - (j) Buro 24/7 Russia;
 - (k) Tencent China; and
 - (l) Koncierge Magazine editorial team China.
30. In addition to securing media and buyers to Australia, IMG will continue to partner with Tencent and WeChat China to grow the profile of Australian fashion industry and designers and place Sydney as an aspirational shopping destination to the Chinese consumer market.
31. Over the past three years, the partnership with Tencent has delivered 400 million conversations about the Australian fashion industry each year. Mandarin language content pieces were developed for the Tencent channels, and host Leaf Greener was a permanent front row fixture during fashion week. Leaf Greener reported to her fans through Weibo (Chinese equivalent of Twitter) and WeChat – these are the fastest growing platforms throughout China and have over 500 million global users.
32. Further to the international media and buyers program, MBFWA will dedicate part of the event schedule to emerging design talent and showcase student collections. The New Generation showcase will invite design students to participate in a dedicated day of new talent display. This will position Sydney as a hub for uncovering and fostering new design talent. A program has been developed to nurture and promote young talent to local and global audiences, further supporting Sydney's position as a global fashion capital.
33. Well-respected design schools within the City's LGA have participated in the New Generation showcase each year and include Whitehouse Institute of Design (Surry Hills), Fashion Sydney TAFE (Ultimo), The Fashion Institute (Surry Hills) and Billy Blue College of Design (CBD).

Activations

34. The City will work closely with IMG to amplify MBFWA in key CBD locations and will activate a schedule of consumer facing special events. These events will engage consumers, encourage inbound tourism and generate retail spending within the city. In 2015, locations included activations in and around Westfield Sydney and the QVB.
35. If sponsorship of MBFWA is approved, a live site will be created in a key retail precinct such as Pitt Street Mall. This live site will be known as '*Fashion Square*' for the duration of the event (seven days). It will be an activation that will enable the general public to engage with Fashion Week and Fashion Weekend Edition, bringing MBFWA to the centre of Sydney and giving consumers a "money can't buy" opportunity to view this highly curated event week. Retailers will have the opportunity to be involved in *Fashion Square* and drive retail sales through special promotions and offers, leveraging the marketing power and consumer excitement around MBFWA.

36. Events will be curated in Pitt Street Mall and will include a giant screen broadcasting Fashion content from MBFWA at Carriageworks. Fashion week ambassadors will be secured to host activations and events such as street style photography, hair and makeup bars and styling workshops. These events will be supported through a dedicated marketing campaign under the *Sydney is Fashion* advertising campaign and social media channels. The City, IMG and all partners will support this campaign, further amplifying this to consumer audiences driving footfall, engagement and participation.
37. In addition to *Fashion Square* activation in Pitt Street Mall, the City will work closely with Transport for NSW to secure and create runway space in George Street along the alignment of the Light Rail route as construction progresses in 2016, 2017 and 2018. The City is committed to supporting business during the construction of the light rail project and creating events and activations that bring a crowd to George Street and surrounding retail precincts, which will further drive footfall and dwell time in the area. This type of event has never been seen before and has potential to attract significant media attention, adding to the event awareness. A number of leading Australian designers have been in discussions with IMG to execute this type of fashion show.
38. The City and MBFWA fashion partners would support these activations with a comprehensive marketing campaign.
39. In 2015, the City provided total annual sponsorship to the value of \$100,000; made up of cash sponsorship of \$65,000 (plus GST) and value-in-kind sponsorship of \$35,000 (plus GST) for MBFWA. IMG provided the City with an acquittal following the event which satisfied all of the performance criteria outlined in their funding agreement.
40. The sponsorship request, the subject of this report, proposes to include sponsorship of all IMG-produced fashion events into one agreement.
41. Sponsorship benefits to the City will include logo acknowledgment across all media platforms and other promotional materials. The Lord Mayor, Councillors and appropriate City staff will be invited to attend the events held within the schedule for business development purposes.

Mercedes-Benz Fashion Week Australia – Weekend Edition - 2016 – 2018

42. Mercedes-Benz Fashion Weekend Edition is a growing consumer extension of MBFWA and will be hosted 20 – 21 May 2016. The brand is young and awareness is driven through extensive investment in advertising and marketing to promote the event to a fashion dedicated audience. This is the only event in the world where the consumer audience is invited to see the preview looks from designers, just days after collections have been shown to local and global industry media and buyers.
43. In 2016, Weekend edition will coincide with the launch of Vivid Sydney and a dedicated marketing package will be developed by IMG and Destination NSW to attract an interstate and intrastate audience to Sydney to view fashion and Vivid over a weekend in Sydney thereby driving an increase in hotel room nights, spending on food and beverage and shopping.

44. The CBD *Fashion Square* activation created for Fashion Week, and shown in Pitt Street Mall, will continue to be delivered through Fashion Weekend, thereby motivating consumers to participate in weekend activities and drive the shop/stay/dine drivers of the marketing campaign.
45. Sponsorship benefits to the City will include logo acknowledgment across all media platforms and other promotional materials. The Lord Mayor, Councillors and appropriate City staff will be invited to attend the events held within the schedule for business development purposes.

Trade Show – 2017 – 2018

46. In 2017, IMG fashion will add a trade show element to the existing format of MBFWA and will create a Designer Suite Program for the non-apparel brands including shoes, bags and accessories to show their wares. Wholesale collections will be sold directly to registered buyers throughout the week of Fashion Week at Carriageworks. This will provide a B2B platform and will deliver an increase in local and international buyer attendance.
47. Sponsorship benefits to the City will include logo acknowledgment across all media platforms and other promotional materials. The Lord Mayor, Councillors and appropriate City staff will be invited to attend the events held within the schedule for business development purposes.

SPONSORSHIP

48. IMG has requested sponsorship of \$100,000 cash and \$95,000 value-in-kind per year from the City to deliver three key fashion events in Sydney: Mercedes-Benz Fashion Week Australia and Mercedes-Benz Fashion Weekend Edition for three years from 2016 to 2018 and, from 2017-2018, a Trade Show for the non-apparel sector of the fashion industry.
49. In the past, the City has supported Mercedes Benz Fashion Festival Sydney, the consumer focused fashion show in Town Hall. IMG has advised the City that this event is not proceeding in 2016 in its current format and therefore is not part of this sponsorship proposal.
50. The request for sponsorship of these events has been evaluated against the aims of the Commercial Creative and Business Events Sponsorship program and sponsorship is recommended. Based on the assessment of the 2015 suite of events against the outcomes and assessment criteria for the program, it is recommended that Council provide sponsorship to the maximum value of \$155,000 per annum made up of:
 - (a) cash sponsorship of \$85,000 (excluding GST); and
 - (b) value-in-kind sponsorship of up to \$70,000 (excluding GST) for use of activations in Council-owned civic spaces such as Pitt Street Mall, Martin Place and QVB forecourt.
51. Compared to 2015, IMG is requesting that Council approve an additional \$15,000 per annum across three fashion events comprising an additional \$10,000 cash and \$5,000 value in kind. The table below provides a comparison of the sponsorship provided in 2015 and that proposed for 2016:

Year	Event	Amount		Total
		Cash	VIK	
2015	MBFWA	\$65,000	\$35,000	\$100,000
2015	MBFFS	\$10,000	\$30,000	\$40,000
TOTAL		\$75,000	\$65,000	\$140,000
2016	All events	\$85,000	\$70,000	\$155,000
	MBFWA			
	Fashion Weekend			
	Trade Show			

Table 1: Comparison of 2015 and 2016 sponsorship for IMG produced fashion events

52. These high profile fashion events and the City's involvement will receive significant exposure across a large suite of IMG platforms and media channels. In 2015, these events had an extensive ad spend of over \$1 million across all channels. These events reached over 5 million subscribers across social platforms alone, with a total media reach of 689.4 million and over \$35.4 million worth of editorial value for MBFWA exclusively. It is anticipated that, with Fashion Week launching the first-ever Resortwear collection, these numbers will continue to grow in media reach and editorial value.
53. The City's sponsorship of these fashion events will demonstrate a commitment to the creative industries, retail sector, help promote Sydney's tourism industry and export sector, all of which are important elements of the City's economy.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030 Vision

54. *Sustainable Sydney 2030* is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This sponsorship is aligned with the following SS2030 strategic directions and objectives:
 - (a) Direction 1 - A Globally Competitive and Innovative City - considers Sydney's role as Australia's premier international tourism and business gateway. It outlines the steps to strengthen business competitiveness and enhances tourism infrastructure, assets and branding of the City.
 - (b) Direction 5 - A Lively and Engaging City Centre – these Festivals bring the city to life through high quality fashion displays, interactive events, fashion parades, live streaming of shows in the public domain and business and retail activations. They bring creative activations to the public realm engaging workers, visitors and residents. The event footprint extends from the City to Carriageworks in Eveleigh and across multiple iconic tourist locations.

- (c) Direction 6 – Vibrant Local Communities and Economies – Fashion week attracts domestic and international media, buyers and bloggers and it is expected that local food and beverage, hospitality and accommodation providers will significantly benefit from attendees of these events.
- (d) Direction 7 - A Cultural and Creative City - recognises the arts and cultural activities as fundamental to liveability, diversity, and quality of life in our cities, as well as their contribution to economic development. These events showcase Sydney and Australian design to the rest of the world as a major creative hub in the region.
- (e) Objectives include supporting cultural activity, participation, and interaction; supporting the development of creative industries; providing cultural leadership and strengthening cultural partnerships.

Organisational Impact

- 55. Sponsorship of the events will result in the nomination of a City officer to provide contract management and coordination services.
- 56. The City's marketing and communications teams will support MBFWA through an umbrella marketing campaign across multiple media forms that centre on the City's fashion retail experience and seeks to draw participants to each of the key events across the campaign.

Social / Cultural / Community

- 57. The Commercial Creative and Business Events Sponsorship Program recognises the important contribution to the City's cultural life and creative participation that major events such as these three leading fashion events can play.

Economic

- 58. These events are designed to deliver economic benefits to the fashion, retail and tourism sectors of the City's economy.
- 59. The *Sydney is Fashion* campaign, in combination with these fashion-related events, will draw significant numbers of consumers into the City and drive retail sales. Specifically, these events will result in:
 - (a) benefits to business by encouraging spending on fashion;
 - (b) profile benefits for the retail offering of the City of Sydney as a result of extensive local, national and international media coverage; and
 - (c) brand benefits supporting Sydney's positioning as a creative city and its positioning amongst leading global cities.

BUDGET IMPLICATIONS

- 60. Funds are available within the 2015/16 Research Strategy & Corporate Planning budget to support events prior to 30 June 2016.
- 61. Provision will be made in the 2016/17 and 2017/18 sponsorship budgets for the costs incurred in those financial years.

RELEVANT LEGISLATION

62. Section 356 of the Local Government Act 1993.

CRITICAL DATES / TIME FRAMES

63. Mercedes Benz Fashion Week Australia will take place from 15 – 19 May 2016 at Carriageworks, with activations occurring around the city, and Mercedes Benz Fashion Weekend Edition will take place from 20 - 21 May 2016 at Carriageworks.

KIM WOODBURY

Chief Operating Officer

Jennie Harris, Economic Strategy Advisor, Retail and Tourism