

Sponsorship - Vogue Fashion's Night Out 2018-20

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Summary

In 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 Sydney's CBD and villages.

Over the last five years, retail in the Sydney CBD has undergone a profound transformation that matches and links to the physical transformation of George Street. Retailers continue to face numerous challenges including the impacts from the Light Rail construction, an ongoing shift to online purchasing and a general reduction in consumer confidence which has led to an overall decline in retail spending.

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 seven years, the City has sponsored two signature events to promote and support retail in Sydney; Mercedes Benz Fashion Week Australia and Vogue *Fashion's Night Out*.

In 2017, Vogue Fashion's Night Out delivered more than \$30m of economic impact to the Sydney CBD retail sector. It has grown significantly over the years to deliver larger audience numbers and increased participation by retailers. Vogue Australia reported that over 190,000 people joined 670 participating retailers for the 2017 event, generating significant increases in footfall: David Jones +3.9%, Westfield Sydney +3%, QVB +10%, Myer +22% and General Pants +25%. The average spend by visitors was \$226 (compared with \$199 in 2016) and 73% made a purchase, with over 40% spending over \$200. The event also generates significant secondary expenditure on food and beverage and transport benefiting the CBD economy.

Annual consultation indicates overwhelming support for this event from the retail sector. The continued success of events like Vogue Fashion's Night Out are considered essential in ensuring the long-term viability of Sydney retailing, which relies on memorable in-store experiences and sustained reasons to visit the CBD, as more shoppers head online.

The City has previously sponsored the event for three years at \$100,000 (excluding GST) in cash per annum, and \$50,000 (excluding GST) per annum in value in kind. Vogue Australia (through News Corp Australia Pty Limited) has sought the continuation of sponsorship from the City of Sydney in support of Vogue Fashion's Night Out for the next three years 2018-2020, to a value of \$185,000 (excluding GST) per annum in cash and \$20,000 (excluding GST) per annum in value in kind.

To continue to successfully deliver a world-class event, Vogue require additional support to overcome challenges in its delivery, including increased security, counter-terrorism strategies and risk management; insufficient power supply in the public domain, as well as increases to operational and marketing costs. Plans to grow the event over 2018-2020 also include an expanded footprint to George Street and an extended duration from 11am-10pm, to allow retailers more time to capitalise on the promotional activity.

Commented [AH1]: Why do we only mention these low increases, when there are much higher increases in other stores?

Commented [LW2]: I have added in the other higher increases. Important to note that 3-4% in DJs and Westfield is a significant increase on the base footfall for these centres. DJs have said that they experience "bigger turnover than Boxing Day during those 4 hours". A rep from DJs will be at Committees to speak to this point.

Commented [AH3]: Fashion purchase?

Commented [LW4]: We assume the purchase is fashion related as this figure is based on the four hours of the event which is shopping/fashion focused.

Commented [AH5]: So does the average spend not include food and beverage and transport?

Commented [LW6]: No we would assume that F&B and transport spend is additional.

Commented [AH7]: It's our public domain. Why don't we improve the power supply?

Commented [LW8]: 3 phase power is not available in Pitt Street Mall and several efforts have been made by Ec Strategy to advocate for it to be upgraded. Vogue have to bring in additional generators which are expensive and unsightly as is the cabling they need to run on the ground.

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 a sponsorship of \$185,000 cash (excluding GST) per annum and up to \$20,000 value-in-kind (excluding GST) per annum for use of civic space and City venues, for three years, to News Corp Australia Pty Limited for Vogue Fashion's Night Out 2018, 2019 & 2020;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer a sponsorship agreement with News Corp Australia Pty Limited for Vogue Fashion's Night Out 2018 – 2020.

Commented [HR9]: What is the name of the company/entity that the sponsorship will be provided to? This needs to be stated in the resolution. If it is a for-profit organisation, the report needs to address whether and how the requirements of s356(3)(a) - (d) have been met

Commented [JK10]: Updated

Attachments

Nil

Background

1. In 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 Sydney's CBD and villages.
2. 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.
3. Annual consultation indicates overwhelming support for Vogue Fashion's Night Out from the retail sector. The continued success of these kind of events are considered essential in ensuring the long-term viability of Sydney retailing which relies on memorable in-store experiences and sustained reasons to visit the CBD, as more shoppers head online.

Commented [AH11]: There's a lot of repetition in here from the summary. Can we reduce this?

Commented [LW12]: I've edited this down

Vogue Fashion's Night Out 2018 - 2020

4. Vogue Fashion's Night Out is an international event that has been held in cities around the world each September since 2009. The global event has grown from being hosted in 12 cities in the first year and is now hosted in 27 cities. The event last took place in Sydney on 7 September 2017 from 5 - 10pm.
5. Vogue Fashion's Night Out is not a retail sale event, rather it focuses on a series of live in-store and on street events and activations designed to attract new shoppers. This includes unique pop-up stores, fashion parades, fashion forums, window displays, incentives, live performances and celebrity guest appearances.
6. In 2017, Vogue Fashion's Night Out delivered over \$30m of economic impact to the Sydney CBD retail sector. It has grown significantly over the years to deliver larger audience numbers and increased participation by retailers.
7. In 2017, over 670 retailers participated in the Sydney event. Feedback from participating retailers, shopping centres, and consumers indicates that footfall increased at the following retailers in 2017: David Jones +3.9%; Westfield Sydney +3%; QVB +10%; Myer +22%; and General Pants +25%.
8. The average spend by visitors to the 2017 event was \$226 (vs. \$199 in 2016). 73% made a purchase, with over 40% spending over \$200.
9. In Australia, Vogue is published by News Corp Australia, which provides the majority of financial and media resources to deliver the event locally. Retailers' participation is free of charge and is not conditional on commercial arrangements with the publishers.
10. The marketing support provided by Vogue and News Ltd is valued at over \$2.2 million and is critical to the success of the event. The Vogue website www.vogue.com.au has over 1,000,000 visitors every month, 567,300 Instagram followers; over 1 million Facebook followers; 174,000 Twitter, 226,000 Tumblr followers and 61,000 Pinterest followers.
11. In 2018, a one-off opportunity exists to increase the footprint of the event to include George Street prior to commencement of Light Rail services. This would demonstrate to retailers' future opportunities to activate public domain space in line with the City's George Street 2020 Public Domain Activation Strategy.

Commented [AH13]: Of what - fashion?
We assume the purchase is fashion related as this figure is based on the four hours of the event which is shopping/fashion focused.

Commented [AH14]: Is this public information?

Commented [LW15]: Yes, Vogue have confirmed this is not commercial in confidence.

Commented [AH16]: Given the delays with Light Rail, is this realistic?

Commented [LW17]: At this stage, our advice from Ec Strategy and TfNSW is that this still could be possible.

12. Vogue Fashion's Night Out also propose to extend the operating hours of the event, providing a greater return on investment for retailers and brands activating in the public domain and in-store.

Sponsorship

13. From 2015-2017, the City provided annual sponsorship to the value of \$150,000 per annum (excluding GST); made up of \$100,000 cash per annum (excluding GST) and \$50,000 value in kind per annum (excluding GST) for Vogue Fashion's Night Out. Vogue Australia has provided the City with an acquittal following each event that satisfied all of the performance criteria outlined in their funding agreement.
14. Vogue Australia (through News Corp Australia) has sought the continuation of sponsorship from the City of Sydney in support of Vogue Fashion's Night Out for the next three years 2018-2020, with a proposed net increase in investment of \$55,000.
15. To continue to successfully deliver world-class event, Vogue require additional support to overcome challenges in the delivery of the event, including increased security, counter-terrorism strategies and risk management; insufficient power supply in the public domain, as well as increases to operational and marketing costs.
16. Plans to grow the event over 2018-2020 also include an expanded footprint to George Street and an extended duration from 11am-10pm, to allow retailers more time to capitalise on the promotional activity.
17. The request for sponsorship of Vogue Fashion's Night Out has been evaluated against the aims of the Commercial Creative and Business Events Sponsorship Program and sponsorship is recommended.
18. Based on the assessment of the event against the criteria for the program, it is recommended that Council approve a total sponsorship of \$205,000 per annum (excluding GST and CPI) made up of cash sponsorship of \$185,000 (excluding GST) per annum and value in kind sponsorship of \$20,000 (excluding GST) per annum for use of civic space and City venues for Vogue Fashion's Night Out 2018, 2019 & 2020.
19. This support is recommended each year for three years commencing in the 2018/19 financial year and ending in 2020/21 financial year.

Commented [AH18]: As earlier

Commented [LW19]: As above

Key Implications

Strategic Alignment - Sustainable Sydney 2030 Vision

20. 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.
 - (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 enhance tourism infrastructure, assets and branding of the City.

- (b) 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.
- (c) Objectives include supporting cultural activity, participation, and interaction; supporting the development of creative industries; providing cultural leadership and strengthening cultural partnerships.

Organisational Impact

- 21. Sponsorship of the event will result in the nomination of a Council officer to provide contract management and coordination services.
- 22. The City's marketing and communications teams will support Vogue Fashion's Night Out across multiple media formats to draw participants to the event.

Social / Cultural / Community

- 23. Vogue Fashion's Night Out is a free event designed to maximise community participation. In 2018 it will take place on Thursday 6 September from 11am – 10pm, enlivening the centre of Sydney.

Economic

- 24. Vogue Fashion's Night Out is designed to deliver economic benefits to the fashion and retail sectors of the City's economy.
- 25. Vogue Fashion's Night Out campaign will draw significant numbers of consumers into the City and drive retail sales. Specifically this event will result in:
 - (a) Benefits to business by encouraging spending on fashion in a non sale period;
 - (b) Profile the CBD retail offering as a result of extensive local, national and international media coverage; and
 - (c) Support Sydney's positioning as a creative city and as Australia's premier tourism and events destination.

Budget Implications

- 27. The City's contribution to the event will be in the form of:
 - (a) Year 1 - \$185,000 cash
 - (i) \$85,000 cash from underspend in the 2017/18 Grants and Sponsorship Budget which will be paid to News Corp Australia Pty Limited prior to 30 June 2018;
 - (ii) \$100,000 cash from the City Life Draft 2018/19 Operating Budget
 - (b) Year 2 - \$185,000 cash from 2019/20
 - (c) Year 3 - \$185,000 cash from 2020/21.
 - (d) \$20,000 value-in-kind sponsorship per year for three years (starting from 2018/19), in the form of use of civic space and City venues.

Commented [AH20]: Can you fix the formatting of the next few paragraphs?

Commented [BW21]: Can we state that the first annual commitment is paid in 2 tranches - this should align with proposed budget. Note would if subsequent years follow the same pattern then the 2018/19 budget should be \$185K as should 2019/20 then 2020/21 would be \$100K

Commented [FO22]: Subsequent years will be from relevant financial year. Only split for first year of sponsorship due to underspend in 17/18 Grants and Sponsorship budget

Relevant Legislation

- 26. Section 356 of the Local Government Act 1993. Section 356(3)(a) to (d) is satisfied for the purpose of providing grant funding to for-profit organisations.

Commented [FO23]: The additional \$\$ for 18/19 will come from our existing (draft) budget. We will allocate funds to this Vogue sponsorship from other sponsorships that we may have planned. We are confident that this sponsorship achieves the best outcomes for our retail sector therefore we prefer to commit sponsorship funding to it

Critical Dates / Time Frames

- 27. Vogue Fashion's Night Out 2018 will take place on Thursday 6 September from 11am – 10 pm.

Commented [FO24]: The public exhibition of the Grants and Sponsorship Policy achieves compliance with s356(3)(a)-(d). The Policy has been exhibited.

ANN HOBAN

Director, City Life

Lara Wolski, City Business Manager