

FISCAL RESPONSIBILITY

U.S. cities are raising millions through corporate sponsorships. So far, Chicago is falling short.

LAS VEGAS

Sponsor: Nextel

Value: \$50 million

Deal: Rename monorail station

SAN DIEGO

Sponsor: PepsiCo Inc.

Value: \$6.6 million

Deal: Official vending machine provider

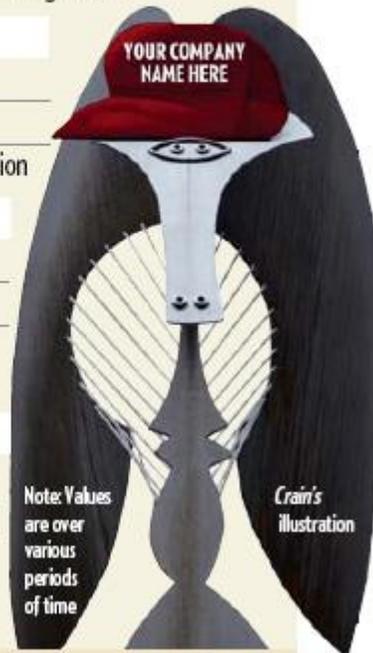
DALLAS

Sponsor: Dr Pepper

Value: \$3.5 million

Deal: Official drink

Sources: City Web sites, news reports



From this week's In Other News

What's in a name? Not much for Chicago

By: [Paul Merrion](#) July 13, 2009

Three years after Chicago set out to raise cash from corporate sponsorships, the sale of naming rights and other marketing deals, there's not much to show except a \$285,460 consultant's study completed a year ago.

While companies line up to sponsor the Taste of Chicago or the Air and Water Show every year, Mayor Richard M. Daley wants to take it to another level. He sought to emulate cities like San Diego, which has generated \$20 million in corporate sponsorships and marketing deals over the last decade.

San Diego has an official beverage (Pepsi), an official cell-phone provider (Verizon) and even an official external automatic defibrillator (Cardiac Science).

Big marketing deals are a natural extension of Mr. Daley's aggressive pursuit of privatization, which has generated billions of dollars from leasing the Chicago Skyway, city parking garages and parking meters in recent years. At one point, the city even budgeted \$3 million in revenue from a deal to rename the Skyway (the idea was shelved after two failed attempts).

In 2006, the Daley administration asked consultants to study Chicago's marketing potential and explore naming rights deals for city assets. In the end, the consultants didn't recommend any deals because they sensed the city was too skittish about adding corporate names to public property.

"We spelled out a lot of opportunities; naming rights wasn't one of them," says Bryan Knust, an account director who managed the study for the city's prime contractor, Octagon Inc. of Norwalk, Conn., a unit of New York-based ad giant Interpublic Group. "The city was cautious about renaming any assets."

But no other sizable marketing initiatives were created, either. While the city's financial strategists focused on Chicago's bid to host the 2016 Olympics and the now-aborted effort to privatize Midway Airport, corporate advertisers began backing away from marketing deals with big cities.

"These deals tend to be very long term, and marketers are getting away from long-term deals now," says David Peart, a former naming rights consultant who now is vice-president of business partnerships for the Pittsburgh Penguins hockey team.

However, some deals are getting done. Last month, New York's transit agency put finishing touches on a \$4-million, 20-year pact that will put Barclays Bank's name on two subway stations adjacent to a real estate development that includes a sports arena also named after the British financial institution.

The Chicago Transit Authority is evaluating bids to hire a consultant to study ideas for marketing deals, a spokeswoman says.

A spokesman for the city finance department declines to comment on the study or the city's plans and refuses to provide a copy of the marketing recommendations in the report. A CTA spokeswoman says no information is available during its bid evaluation process.

These sponsorships generate opposition, so there has to be a big enough payoff for both the city and the advertiser to make it worth taking the heat.

Cities "feel it's a free source of money, but that's the wrong way of looking at it," says Robert Weissman, managing director of Commercial Alert, a Ralph Nader-affiliated, Washington, D.C.-based non-profit. "The city or school is trading away this valuable, non-commercial space and to some extent betraying the public trust. We oppose them across the board."

What's more, Chicago's size and politics make any deal more difficult to pull off.

"The more decisionmakers there are, the more difficult it is," says Ed Augustine, managing partner of Atlanta-based Pathfinder Group, a municipal marketing firm whose clients include Dallas, Atlanta and San Diego. "That's why we stay out of big cities."