

MANCHESTER CITY COUNCIL

REPORT FOR RESOLUTION

REPORT TO: The Executive

DATE: 21 November 2007

SUBJECT: City Marketing Strategy

REPORT OF: The Chief Executive
The City Solicitor
The City Treasurer

Purpose of Report

To set out progress to date in delivering the marketing strategy for Manchester, including proposals to establish a City Marketing Group; the development of a City Marketing Strategy for 2007/8 – 2010/11; and a review of the existing Subvention grant.

Recommendations

The Executive is recommended to:

1. Note the continued importance of marketing and events as a key driver in the City's economic transformation, and to recognise the economic importance of bringing key national and international conferences and business conventions to the City;
2. Approve the establishment of a City Marketing Group to be chaired by the Chief Executive, to develop and take forward the City's Marketing Strategy;
3. Approve the transfer of the Marketing Coordination functions to and appointment of a Marketing Director by Marketing Manchester including funding of £180,000 per annum towards the cost of supporting these functions; and to request that a further report be brought to the Executive in due course on the outcome of the organisational structure review to be undertaken by Marketing Manchester;
4. Approve an increased contribution in subvention funding of £535,000 per annum for a two-year period from April 2008 to March 2010 and a continued contribution of £500,000 per annum for a three year period ending March 2013, pending a further review of the operation of the subvention budget; and to seek Council approval for the release of these monies from Reserves

over the coming five financial years. The outcome of the review will be considered as part of the Council's forthcoming budget process; and

5. Delegate authority to the Chief Executive and the City Solicitor to agree terms for the transfer of funds to Marketing Manchester and to enter into necessary agreements.

Financial Consequences for the Revenue Budget

The total cost of the proposals in this report is £980,000 per annum for 2008/9 – 2009/10 and £680,000 for the three years thereafter. This will be funded from several sources.

The Council's Marketing Coordination Unit will be wound down and this will generate a saving from the Council's marketing budget of £130,000 per annum. This will be used together with other funding from the Council's marketing budget to fund the Council's contribution of £180,000 per annum towards Marketing Manchester taking on similar functions.

The Council is currently committed to subvention funding of £265,000 per annum until March 2010. The proposals for an increase in the subvention grant require additional revenue funding of £535,000 per annum until March 2010 followed by an ongoing commitment of £500,000 per annum for the following three years ending March 2013, for which the ongoing resources within the Council's budget remain at £265,000. In total, additional subvention over the five-year period amounts to £1.7M. This can be funded from monies held in the Council's reserves (£5M in total) which accrue from the receipt of monies under the Government's LABGI scheme during 2006-7. The detailed allocation of funds over the years in question will be addressed in each of those year's budget processes.

Financial Consequences for the Capital Budget

The £5M LABGI funds had been temporarily held in the Capital Fund to assist with major projects designed to support economic activity.

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Background Documents

- Manchester Marketing Plan 2004/5 – 2006/7 (not for publication)
- *A Brand Strategy for Manchester*, July 2003 – Hemisphere Design and Marketing Consultants
- Report to the Executive 17 march 2004
- *Manchester Edition*, March 2007 - Creative Concern for Manchester City Council, Marketing Manchester and Midas

All held on file in Room 219, Level 2, Town Hall

Wards Affected

All

Implications for

Anti-Poverty

Equal Opportunities

Environment

Economic

1. Background

- 1.1 Following the success of the Commonwealth Games in 2002, the Marketing Coordination Unit (MCU) was established with responsibility for the strategic marketing of the City and the development of the Manchester brand. Important elements of the initial work of the Unit were to co-ordinate and build on strong partnerships between agencies in Manchester, committed to advancing the position and profile of the City. A Marketing Partnership was established and a Strategic Marketing Plan produced. Extensive research and consultation with key stakeholders was undertaken to articulate the brand values of Manchester and in 2004, the Council appointed Peter Saville in a consultancy role, as Creative Director to the City. The creation of the *original modern* vision was a culmination of that research and Peter Saville's initial work. A brand communications campaign was undertaken in 2006/07 to engage with key sectors within the city to further explain and identify exemplars of *original modern*.
- 1.2 Arising from this work the *Manchester Edition* book was produced and an extensive network of over 400 individuals across 10 sectors has been established which is used to communicate sector specific issues and priorities relevant to the marketing of Manchester.
- 1.3 In March 2004 the Executive approved the Strategic Marketing Plan that set out the full range of marketing activities, and provided the basis for taking forward an integrated marketing and branding strategy underpinned by a robust programme of major and ongoing events in the City.
- 1.4 To date the plan has been successful and has culminated in the hosting of the Manchester International Festival earlier this year, which received international acclaim.
- 1.5 However a recent review has been undertaken of the City's strategic marketing functions, which has indicated that there is a need to better integrate these functions into the City's wider economic development strategies. Two of the key findings of the review are the need to embed more deeply the City's *original modern* vision into the activities and behaviour of the City, and to ensure that the momentum created through the International Festival is maintained and grown.
- 1.6 This report seeks to outline how the City Marketing Strategy can be developed and how the considerable work on *original modern* can be taken forward.

2. Marketing Review

- 2.1 With the departure of the Director of Strategic Marketing in 2006, the activities of the Marketing Coordination Unit have been sustained with consultancy work, an interim Head of Strategic

Marketing and with support from the Assistant Chief Executive (Culture) and the Chief Executive of Marketing Manchester.

2.2 The review of the Marketing Partnership was undertaken earlier this year in order to take stock of achievements over the previous three years and to identify the most effective mechanisms both to ensure cross-sector, inter-agency collaboration and to secure greater consistency in the articulation of *original modern* and strategic marketing activity in the City.

2.3 A number of recommendations came out of this review:-

- To participate in the *Anholt City Brand Index* to test the external perceptions of the City against a number of indicators or components and to use the information provided to inform a future City Marketing Strategy and policy focus
- To review the delivery of the strategic marketing functions and the role of the Marketing Coordination Unit
- The development of a new Strategic Marketing Plan
- The creation of a new City Marketing Strategy Group (to replace the Marketing Partnership)

3. Anholt City Brand Index

3.1 The City Brand Index is a survey undertaken to assess the impact of brand management in the context of trade, investment and tourism promotion. The Index was launched in 2005 as an information tool for its creator, Simon Anholt, in his role as policy advisor to several governments including the UK. The Index is intended to provide a better insight into the global perceptions of certain cities. Of the 60 cities currently surveyed, 45 are subscribers.

3.2 The Anholt City Brand Index will be essential in highlighting the areas that the City is being perceived as being good in and those that the City needs to improve. The survey is conducted, using a sample of a five million strong database, of those cities. Participating cities are ranked on a number of components and it will benchmark Manchester in the following areas:

- Presence – international status and standing
- Place – physical aspects of the City
- Pulse – how exciting / interesting the City is perceived to be
- Prerequisites – basic qualities of the City
- People – friendliness of the people and safety of the City
- Potential – economic and educational opportunities

3.3 This will provide a comprehensive picture of how Manchester is perceived and along with the *original modern* framework, it will

provide the basis on which to develop the City Marketing Strategy and work programme.

4. City Marketing Strategy Group

- 4.1 The review of the Marketing Partnership recognised the need for change in the way that the City's Marketing Strategy was developed, adopted and directed. In order to achieve consistency and to better embed the *original modern* vision, the key public agencies with responsibility for marketing, inward investment, tourism and conferencing will form a City Marketing Strategy Group that will be chaired by the Council's Chief Executive. Membership will include senior representatives from the Council including Peter Saville, the Creative Director, Marketing Manchester, MIDAS, Manchester Airport Group and Cityco.
- 4.2 The first priority of the Strategy Group will be to direct and oversee the production of a new Strategic Marketing Plan and to ensure that the key objectives and targets identified in the plan are achieved. The Strategy Group will also oversee the work programme of the Creative Director, who will support the implementation of the *original modern* branding work. He will work in regular consultation with the Deputy Chief Executive (Regeneration) who has been identified as brand guardian.
- 4.3 The question of brand ownership has been debated and the collective view is that the Manchester brand needs to remain firmly within the guardianship of the Council. Over the last year, in consultation with the Marketing Partnership and other stakeholders, brand guidelines have been produced which assist with decisions as to when to use the brand signifier and key messages about brand Manchester.

5. Delivery of Strategic Marketing Functions

- 5.1 There is a clear acceptance by all of the City's stakeholders that a number of marketing activities are taking place but are not always delivered in a cohesive manner.
- 5.2 The review of the Marketing Partnership highlighted the fact that the potential of the MCU was not being fully exploited. At the same time Marketing Manchester was establishing itself as the key marketing agency for the City responsible for delivering the wider marketing strategy, not just tourism and conferencing. Discussions between the Council's Chief Executive, the Chair and Chief Executive of Marketing Manchester and other key stakeholders agreed that a single agency needs to coordinate marketing activities and drive synergies. It was further agreed that Marketing Manchester should be the agency taking responsibility for the

delivery of the strategic marketing functions on behalf of the City. This is now recommended for Members' approval.

6. Marketing Manchester's Role

6.1 Consistent with the *original modern* vision, Marketing Manchester has three clear objectives:

- To make Manchester and the North West region a world class destination for people to live, work, do business in and for tourism and leisure.
- To assist in ensuring that Manchester and the region out-performs all others socially, economically and culturally.
- To market Manchester nationally and internationally.

6.2 Marketing Manchester have identified four areas that are key to ensuring that these objectives will be achieved:

- The appointment of a Marketing Director – Marketing Manchester will appoint a Marketing Director, reporting to its Chief Executive. Critically this role will ensure that responsibility is taken for the delivery and direction of the City Marketing Strategy.
- Working with the City Marketing Strategy Group, the deliverables from the Strategy and implementation plan will be clearly determined. The plan will outline what these deliverables are, how they will be achieved and what are the key measurements of success. Early successes within the short term would be the following:
 - Co-ordinate the City Brand Index interim research;
 - Define the strategy and produce a city marketing plan, in conjunction with the City Marketing Group;
 - Launch the City Marketing Strategy at a communications event; and
 - Co-ordinate the marketing offer and seek to raise £100,000 in private sector contributions.
- Marketing Manchester's board will be reviewed with the intention that there is increased representation from non-tourism sectors (private sector).
- The review will also address the comparative inflexibility of project specific public sector funding of Marketing Manchester. Whilst its role as a tourist board is increasingly

important in such a growing business sector, there is a need to address whether Marketing Manchester's great strength as a fleet of foot, opportunistic delivery agency is becoming diluted. Marketing Manchester will address structural reform where one arm will focus on the tourist board, *Visit Manchester*, engaging in partnership with the NWDA and Manchester's tourism industry. A second arm, in partnership with stakeholders, will develop *original modern* through a more focused yet flexible structure that can operate outside the constraints placed by project based funding.

7. Manchester City Council's Requirements

- 7.1 The Council's Marketing Co-ordination Unit comprised posts of Strategic Marketing Director and Assistant, (both currently vacant). The establishment of the Marketing Director post at Marketing Manchester means that the need for a post with a similar remit no longer exists within the Council. It is proposed that the MCU is wound down with the savings of £130,000 generated from this being used to part fund by way of a grant, the activities which will in future be carried out by Marketing Manchester.
- 7.2 In addition to the marketing functions and brand work described earlier, the former Marketing Director had developed a commercial strategy which established a procedure for engaging key private sector organisations in strategic partnerships, to align brand positioning and identify mutual benefits and potential sponsorship. This function, particularly developing the strategic partnership with Microsoft, will remain with the Council.
- 7.3 The recent appointment of a Director of Commercial Services within the Neighbourhood Services Strategic Directorate provides an opportunity for reviewing and continuing this work and the further development of brand partnership services, in conjunction with the Assistant Chief Executive.

8. Subvention Funding

- 8.1 The City Marketing Strategy recognises the critical role of major events such as large-scale conferences and trade associations as an important element of the City's role as an international visitor and tourism destination. Manchester's unique combination of economic assets, leisure facilities and University research facilities, is increasingly driving the City's international profile as a renowned destination centre. However the UK business tourism market is already highly competitive and as new venues come on stream within the region, the UK and internationally, the competition can only be expected to increase. In addition, although business tourism has grown considerably in the last decade the total value of

the conferencing industry has declined recently bringing further competitive pressures. There is, therefore, a need to ensure that adequate support for such events is available, so that the City remains an attractive and competitive location particularly for this sector of the market. For example, both Birmingham and Liverpool are proposing to invest over £1M per annum in attracting future major events to their new and refurbished facilities, and the Greater Manchester area has a wide range of venues catering for any size of conference or event. The provision of subvention to underpin major events allows Marketing Manchester to reinforce Manchester's pre-eminence in this particular segment of the conference market.

- 8.2 The initial subvention allocation of £1.8M was created in November 2000, to cover the period ending March 2007. Following the transfer of the management of subvention to Marketing Manchester in 2004, this was superseded by a new agreement and funding arrangement of £1.6M from April 2004 to March 2010. To date, £2M has been used to subvent 54 conferences, which has resulted in economic impact of £57M and a return on investment of £27.75 per £1 of subvention provided.
- 8.3 An agreement is now sought to bring subvention in line with the City's increasing national and international appeal for hosting such events. The work of Marketing Manchester over recent years has shown that there is considerable interest from organisations that want to stage major events in the City. In order to capitalise on this interest, Marketing Manchester have determined that additional funding of £535,000 per annum is needed up to 2010 and a further £500,000 from April 2010 to March 2013. This will take the Council's grant funding for subvention to £800,000 per annum up to 2010, and will allow Marketing Manchester to secure maximum economic benefit from the City's high profile and reputation as a leading visitor attraction and conference destination. In total, additional subvention over the five-year period amounts to £1.7M. Grant funding for subvention will be further reviewed over the coming months and the outcome of the review will be considered as part of the Council's budget allocation process. The detailed allocation of funds over the years in question will be addressed in each of those year's budget processes.
- 8.4 The increased funding arrangement would be effective from April 2008 and would be underpinned by a new grant agreement with the Council. The terms of the agreement would be on a similar basis as before, but would be extended to include the funding of the marketing co-ordination activities described above. Under these arrangements, Marketing Manchester will manage the subvention fund and applications will be processed and scrutinised by an independent subvention panel. The panel is drawn from members of the Marketing Manchester Board and other stakeholders as determined by Marketing Manchester from time to time. Marketing Manchester will be required to report to the Council annually on the financial performance of its funding programme.

9. Conclusions

- 9.1 Significant success can be acknowledged in the strategic marketing and profiling of the City since the Commonwealth Games as evidenced by the attraction of major conferences and the widely acclaimed inaugural International Festival.
- 9.2 There is now a need to better co-ordinate the City's strategic marketing effort and to ensure a consistent articulation of the *original modern* brand vision.
- 9.3 This report sets out proposals for new arrangements for the management and delivery of the City's marketing functions and the City Marketing Group that will direct this work.
- 9.4 The increasingly successful conference and business convention activity and the utilisation of subvention to maximise the economic benefits of this activity to the city is recognised and needs to increase.
- 9.5 Detailed recommendations arising from the report are set out at the front of this report.