

MEMO TO FILE

RE: SLP MARKETING FUNDS

DATE: April 10, 2018

Background

Today, the annual use fee set by statute for each specialty license plate ranges from \$15 to \$25. This is the amount the charity/state agency responsible for the particular specialty plate receives when one pays for a tag each year. The additional costs are all state, county, mailing and convenience fees. Once a consumer has switched to a specialty plate, the additional costs for annual renewal will be the user fee (\$15-\$25) for the charitable contribution, plus the \$5 specialty license plate processing fee.

Prior to 2009, specialty license plate sales increased every year, despite the economic recession. On October 1, 2009, the Florida State Legislature significantly increased vehicle registration fees, particularly with respect to purchasing specialty license plate fees.

The Florida Legislature did reduce annual registration fees in 2010, but did not address the increased costs of obtaining a specialty license plate and left the \$28 new plate additional fee and \$5.00 state specialty license plate processing fee in place.

In September, 2013, the Florida Legislature again reduced some fees associated with vehicle registrations; however, it did not address the significant increase in the cost to purchase a new specialty plate that was imposed in 2009.

In 2014, the actual "roll back" of the DMV registration fees took place. While these did not lower the cost of a specialty plate, they lowered general registration by about \$10-\$15.

Marketing

The Florida Specialty License plate statute allows up to 10% of specialty plate sales annual user fees to be used for marketing purposes. Per the Florida Department of Highway Safety and Motor Vehicles - Division of Motorist Services, that purpose is to support the marketing of the plates rather than the activities, projects or organization the plate funds may be used for.

In addition to funding specific marketing expenses such as collateral materials, advertising, exhibit fees, etc., a prior determination by Harbor Branch was to also use a portion of those fees to hire an SLP Marketing Coordinator. Since FAU acquired HBOI, the decision was made to have the SLP Marketing Director Position become an FAU employee so as to obtain health and other benefits

that were not being offered to Foundation employees. The Foundation would then reimburse FAU-Harbor Branch for salary and fringe benefits of the SLP Marketing Coordinator.

In early 2014, the new SLP Marketing Coordinator (Conlan Kennedy) was hired due to Rod Trafford's resignation. At that time, SLP sales had been somewhat consistent in the recent past. While our specialty license plates were a top tier, recognizable product throughout the state of Florida, plate sales had not increased significantly over the last three years.

At the recommendation of Cara Perry, then HBOI Communications Director, it was determined to invest part of the available funds to have a professional market analysis with regard to our plates conducted by Florida Opinion Research. The goal of this research was to figure out the best way to promote our plates to the general public. This would also help guide the new SLP Marketing Coordinator to develop a more targeted marketing plan. It was also clear that the SLP marketing effort would be intended to compliment a broader awareness campaign by HBOI and FAU to help the general public have a greater understanding of the Institute's research initiatives and target audience.

2014 Market Analysis by Florida Public Opinion

The work by Florida Public Opinion was comprised of two phases: Qualitative Research and Quantitative Research.

The Qualitative Research incorporated Focus Groups who were questioned on the:

- Awareness and understanding of the product
- Rationales for purchasing or not purchasing specialty plates
- Opinions and views of the 4 different designs and how they might affect purchase decisions
- Aspects that might make them more appealing to consumers
- Buying habits

It was anticipated the focus group sessions would help develop the message strategy for future marketing.

The Quantitative Research incorporated the use of Phone Opinion Surveys. This included:

- The most propitious target audiences
- The potency of certain appeals
- Various practical means for reaching key consumer groups
- Important traits, habits or characteristics of potential plate buyers to differentiate them from other consumers

Surveys were designed to test message strategies uncovered in the focus groups.

In May 2014, the results of this analysis showed:

- There were currently about 15.65 million (220,000 more than 2013) cars registered in the state.
- The SLP market was heavily saturated. At that time, there were 123 specialty license plates in Florida, with competition expected to increase.
- A thorough assessment was analyzed in order to determine the key strengths, weaknesses, opportunities, and threats surrounding the SLP program.
- Competition was also evaluated, both in the environmental license plate category as well as in other SLP categories.
- In a communications audit, the fundamental methods of communication were examined.
- The effectiveness of past marketing methods used and which methods should be emulated going forward were evaluated

Specifically, it was determined that:

- There was potential to increase sales, awareness, understanding, and visibility for all four of our license plates.
- Current and past specialty license plate owners are an important demographic.
- Buying a license plate is a low involvement purchasing decision.
- Mentioning that proceeds go to help environmental and ecological research seemed to be important, however, the visual appearance of the plates mean more than an explanation of what the plate is used for (e.g., there are too many plates for consumers to learn all causes).
- Excessive text confuses consumers.
- There is no correlation between SLP owners and boating/fishing licenses.

The Target Audience for our plates was ascertained to be:

- Adults, 25-59
- College educated
- Social media users
- Online Shoppers
- Annual household income of at least \$75,000 a year.

The overall effectiveness of this campaign was to be evaluated based on specific marketing objectives. The level of success associated with a new marketing strategy should incorporate the right mix of media strategies to provide the maximum ROI. And by marketing to our target audience, and using the marketing budget wisely, we could potentially increase sales, increase overall market

share, and distance ourselves from the rest of the competition. We had an opportunity to devise a marketing plan to stand out from other plates.

By looking at the numbers and figures of plate sales and market share of the 2014 fiscal year, the following objectives were made:

- Increase new plate sales and revenue for all four plates by 5% by the end of the 2015 fiscal year.
- Increase renewals by 5% by the end of the 2015 fiscal year.
- Have Protect Florida Whales & Aquaculture place in the top 30 of SLP sales by the end of the 2015 fiscal year.
- Increase tax collector office visibility in the bestselling counties in Florida (Palm Beach, Broward, Hillsborough, Lee, and Pinellas).
- Use online advertising to increase visibility, awareness, and understanding throughout Florida.
- Continue to sponsor festivals, special events, and outreach programs relatable to HBOI'S research initiatives and target audience.

New Marketing Strategies Adopted

Strategies to achieve these objectives included:

Tax Collector Visibility

- Wall and Banner Displays in Tax Collector Offices
- The DMV can be paid somewhere between 8-14 cents (depending on county) for home addresses and e-mail addresses of currently registered plate owners.

Online ads throughout the bestselling counties in Florida

- Multi-Market Campaign via Scripps Targeted Network in Broward, Pinellas, Hillsborough, Palm Beach, & Lee County.
- Targets people specifically interested in our plates in the bestselling counties.
- Ads are designed to be pinpointed toward users who search keywords such as “specialty license plate,” “shark plate,” “dolphin plate” etc.).
- After a potential consumer uses Google to search for information by using such a keyword, they will see the ad and info regarding the ad on a frequently visited website.
- A direct, targeted online advertisement suited for our target audience.
- Approximately half of the marketing budget (after salary and other obligations) will be spent on the online advertisements. Monthly results would be sent to evaluate effectiveness both as a whole, and by each county individually.
 - Palm Beach County- 250,000 Impressions per month

- Broward County – 150,000 Impressions per month
 - Pinellas County – 150,000 Impressions per month
 - Hillsborough County – 150,000 Impressions per month
 - Lee County – 150,000 Impressions per month
- Facebook online Ads
 - Facebook – mentions on HBOI-FAU Facebook page
 - LinkedIn – mentions on HBOI-FAU Linked in page

Television Ads

- Television ads still attract the most amount of consumers, but are expensive and not as targeted as online ads.
- TV ads in Palm Beach County would be beneficial for development and building awareness/interest.

Exhibits, Sponsorships

- IRL Science Festival (Steering Committee)
- Tax Collector Forum (Exhibitor/Sponsor)
- Right Whale Festival (Exhibitor/Sponsor)
- Marine Mammal Rescue T-Shirts
- Boat Wrap
- Touch a Truck (Exhibitor)

Other

- Targeting current plate owners in various counties via direct mail to send a thank you letter with an update could help ensure renewals for years to come.
- FAU-HBOI Vehicle Wraps
- Local boat operator Vehicle Wraps

Results Analysis

Actual Plate Sales were as follows:

<i>Protect Wild Dolphins</i>			
FY17	1,118,269	2.1% decrease over FY16 (\$1,142,690)	Retained Plate (2.3% decrease) FY17: 44,704 vs FY16: 45,750
FY16	1,142,690	2.4% decrease over FY15 (\$1,168,875)	Retained Plate (8.5% decrease) FY16: 45,750 vs FY15: 50,002
FY15	1,168,875	4.05% increase over FY14 (\$1,123,380)	Retained Plate (.5% decrease) FY15: 50,002 vs FY14: 50,275
FY14	1,123,380		
<i>Protect Florida Whales</i>			
FY17	401,183	2.3% increase over FY16 (\$392,075)	Retained Plates (0.3% increase) FY17: 12,253 vs FY16: 12,213
FY16	392,075	0.8% decrease over FY15 (\$395,386)	Retained Plates (6 % decrease) FY16 12,213 vs FY15 13,008
FY15	395,386	5.4% increase over FY14 (\$375,100)	Retained Plates (.45% increase) FY15 13,008 vs FY14: 12,951
FY14	375,100		
<i>Save Our Seas</i>			
FY17	897,858	4% increase over FY16 (\$863,832)	Retained Plate (3.1% increase) FY17: 27,037 vs FY16: 26,221
FY16	863,832	1.75% increase over FY15 (\$849,181)	Retained Plate (3.8% decrease) FY16: 26,221 vs FY15: 27,264
FY15	849,181	10.4% increase over FY14 (\$769,205)	Retained Plate (5.98% increase) FY15: 27,264 vs FY14: 25,725
FY14	769,205		
<i>Aquaculture</i>			
FY17	362,726	.01% decrease over FY16 (\$363,095)	Retained Plates (0.4% decrease) FY17: 11,099 vs. FY16: 11,233
FY16	363,095	2.5% decrease over FY15 (\$372,560)	Retained Plates (0.4% decrease) FY16: 11,233 vs. FY15: 11,280
FY15	372,560	7.5% increase over FY14 (\$346,620)	Retained Plates (3.45% increase) FY15: 12,280 vs. FY14: 11,871
FY14	246,620		

Plate Rankings were as follows (green arrows show increase in ranking from previous year, red arrows show decrease):

	2017 of 123 plates	2016 of 123 plates	2015 of 125 plates	2014 of 120 plates	2013 of 118 plates
Protect Wild Dolphins	5	5 ↓	4	4	4
Save Our Seas	11	11	11	11 ↓	10
Protect Florida Whales	34 ↑	35 ↓	33 ↓	31 ↑	32
Aquaculture	40 ↓	39 ↓	37 ↓	36 ↑	39

The analysis of three dedicated years of SLP marketing activities based on the Market Analysis recommendations in 2014 indicates the following:

Of the 2015 stated objectives:

- Increase new plate sales and revenue for all four plates by 5% by the end of the 2015 fiscal year.
Analysis: There was an increase in all four plates at the end of FY15 over FY14; while the impact of this can be attributed to a more targeted marketing strategy, it is fair to point out that this was the first year of the reduced registration fees overall (see above). Based on the 2015 Plate Sales numbers, it appears some are using the extra money to buy a specialty license plate.
- Increase renewals by 5% by the end of the 2015 fiscal year.
Analysis: Ditto above.
- Have Protect Florida Whales & Aquaculture place in the top 30 of SLP sales by the end of the 2015 fiscal year.
Analysis: Did not happen.
- Increase tax collector office visibility in the bestselling counties in Florida (Palm Beach, Broward, Hillsborough, Lee, and Pinellas).
Analysis: This is likely one of the most effective uses of SLP marketing dollars as purchasing a specialty license plate can be an impulse purchase for some while on site at a Tax Collector's office. While the original counties targeted in 2015 are not among this list, we currently have a visible presence:

St. Lucie County Tax Collector

(Fort Pierce Office): Wall Display and Poster

Indian River County Tax Collector

(Vero Office): Banner

(Sebastian Office): Banner

Martin County Tax Collector

(Hobe Sound Office): Banner

(Stuart Office): Wall Display

Orange County Tax Collector

(West Orange County Office): Wall Display and Poster

- Use online advertising to increase visibility, awareness, and understanding throughout Florida.
Analysis: In addition, through a partnership with Indian River County Tax Collector in 2016, we began to sell plates online through the FAU HBOI website. Our website links to theirs. It was anticipated that this new opportunity:
 - Should help combat the slight drop in revenue
 - Gives Florida drivers the convenience of buying a plate from home.
 - Ensures that customers know they are getting their plate from a trusted source.
 - Helps customers avoid the only other online option which is a third party site which charges a markup on plates.

In addition, online ads were directed to specific plate pages and customers would have the ability to learn all about the research their plate purchase supports. Numbers for tracking the success of this effort have not been provided.

- Continue to sponsor festivals, special events, and outreach programs relatable to HBOI'S research initiatives and target audience.
Analysis: It is unsure if the fees and the time/labor to support these efforts actually promote the plates and plate sales or simply creates awareness of HBOI-FAU. While it could be argued that creating awareness of HBOI-FAU would lead to more plate sales, the 2014 Market Analysis had indicated that:
 - Buying a license plate is a low involvement purchasing decision.
 - Mentioning that proceeds go to help environmental and ecological research seemed to be important, however, the visual appearance of the plates mean more than an explanation of what the plate is used for (e.g., there are too many plates for consumers to learn all causes).

Objectives were not provided for 2016, 2017, or 2018 by the SLP Marketing Coordinator.

Conclusion

Here is the most recent SLP Budget with a following explanation of line items:

SLP Year-To-Date FY18 Actuals vs Budget for FY19 Budget Projections				
		Actuals Jul 1, '17 - Mar 2, '18	FY18 Budget	Proposed FY19 Budget
82400 - SLP Marketing Expense				
	82406 - SLP Online/Broadcast/TV/Media	48,006.00	150,000.00	160,000.00
	82407 - SLP Print	129.00	10,000.00	8,000.00
	82408 - SLP Direct Mail/eBlasts	0.00	10,000.00	8,000.00
	82411 - SLP Other/Salary/Fringe	23,379.92	48,000.00	48,000.00
	82412 - SLP Margin	258.82	10,066.73	7,591.12
	82414 - SLP Tax Collector Visibility	0.00	10,000.00	10,000.00
	82415 - SLP Special Branding Projects	1,242.00	16,000.00	16,000.00
	82416 - SLP External Events/Sponsorship	5,390.28	18,000.00	20,000.00
Total 82400 - SLP Marketing Expense		78,406.02	272,066.73	277,591.12

82406 - SLP Online/Broadcast/TV/Media: Promoting the SLP program through digital ads and traditional TV commercials to maintain/increase SLP revenue. Digital ads (Display ads and social media) direct to our website where consumers can purchase our license plates online. *Vendors: Comcast Spotlight, Clear SEM Solutions, WPTV.*

82407 - SLP Print: Handouts, rack cards, brochures that contain information on our license plates. How to get them, what they support, etc. These are used to promote the license plates at festivals, events, OSLS, and tax collector offices. *Vendors: Printing Companies (Ironside Press)*

82408 - SLP Direct Mail/eBlasts: Direct mailings of SLP information to key counties and audiences with information on how to get our plates, what they support, more information on research, etc. Sometimes this is done in partnership with tax collector offices. *Vendors: Printing and Mailing Companies- Tax collector offices use different companies for this. (Examples: Cass Data and Ironside Press)*

82414 - SLP Tax Collector Visibility: Signage, wall designs, banners, and posters featuring our license plates in tax collector offices throughout the state. These projects highlight our license plates in the locations where most people purchase them. The wall displays at the **St. Lucie** County Tax Collector (with poster), the Stuart office of the Martin County Tax Collector, and the West Orange County Office of the Orange County Tax Collector (with poster) are all permanent. While the Vero Beach and Sebastian Offices of the Indian River Tax Collector currently have banners and the Hobe Sound Office of the Martin County Tax Collector has a banner, but offices rotate different organizations' banners and posters. *Vendors: Ironside Press typically designs the tax collector wall projects, signs, posters, etc.*

82415 - SLP Special Branding Projects: This includes promotional items featuring our license plates (key chains, magnets, etc) as well as other special projects that help promote the SLP program. This includes items that promote our license plates for programs that are funded by the proceeds. An example of this is the marine mammal rescue shirts that

feature our dolphin and whale license plates. The license plates are visible on the shirts. The marine mammal rescue team members wear these shirts during stranding responses. These are often seen by the public and media. This helps create brand awareness. Other examples include: vehicle wraps, wall displays in the ODVC, new signage in the ODVC. Vendors: Morningstar, Design a Sign, Brand-it Agency, Aztec Graphix, Blue Ocean Press

82416 - SLP External Events/Sponsorship: This expense category is for sponsoring events on behalf of our license plates. This gives us exposure in the communities and lets us speak to thousands of potential consumers about our license plates and how they support research. This also allows me to go to events and have booths at certain festivals and events where I can give people information about our license plates and how to purchase them. Projected: 6-8 events per year. Vendors: IRL Science Festival, Right Whale Festival, Tax Collector Education Forum, World Oceans Day, Fall Festival

*Note: quotes are obtained from several vendors for different projects; additional vendors may be used.

The specific marketing activities being done have been virtually the same since 2015 and are now largely rote. We have all the vendor information, past costs, and history/patterns for how these activities have been undertaken and accomplished. Because of our responsibility to ensure that SLP funds provide as much in funding as possible to achieve the goals of each legislative statute, the Foundation can now bring the oversight of SLP marketing efforts in-house for an expected 1/3 the cost of the salary/fringe benefit costs.

The following chart explains the overall history of marketing expenses and salary expenses.

	FY18 Budget*	FY17 Actual	FY16 Actual	FY15 Actual	FY14 Actual
SLP Marketing Expense (Excluding Salaries):	224,066.73	167,647.17	159,623.01	168,793.19	135,464.90
Total SLP Salary Expense by Person:					
<i>Conlan Kennedy</i>	48,000.00	44,104.02	39,749.99	39,300.03	7,393.65
<i>Carin Smith</i>				18,719.31	4,930.72
<i>Rod Trafford</i>					56,507.66
Total SLP Salary Expense by Year:	48,000.00	44,104.02	39,749.99	58,019.34	68,832.03
TOTAL SLP MARKETING & SALARY EXPENSE:	100,397.15	211,751.19	199,373.00	226,812.53	204,296.93

*FY18 Budget is higher than previous actuals because historically all marketing budgeted expenses are not always spent. Residual unspent marketing funds at the end of the year are used as additional funds for research (re-allocated by plate per calculator).

The following chart explains the past history of marketing residuals.

SLP Funding - Marketing Residual Summary -- Fiscal Years 2015 - 2017					
	FY2015				
	PWD	PFW	AQUA	SOS	Total FY15
SLP Revenue	1,168,875.92	395,386.26	372,560.22	849,181.20	2,786,003.60
10% Marketing Allowance	116,887.59	39,538.63	37,256.02	84,918.12	278,600.36
Actual Marketing Expenses	92,049.42	36,787.83	32,803.75	65,171.53	226,812.53
Marketing Residual	24,838.17	2,750.80	4,452.27	19,746.59	51,787.83
	<i>FY2015 Marketing residual was distributed to FAU on 10/27/15, Check #6103. (re-allocated by plate per calculator)</i>				
	FY2016				
	PWD	PFW	AQUA	SOS	Total FY15
SLP Revenue	1,142,690.24	392,075.41	363,095.66	863,832.02	2,761,693.33
10% Marketing Allowance	114,269.02	39,207.54	36,309.57	86,383.20	276,169.33
Actual Marketing Expenses	82,660.64	29,232.06	25,812.50	61,667.80	199,373.00
Marketing Residual	31,608.38	9,975.48	10,497.07	24,714.83	76,795.76
	<i>FY2016 Marketing residual was distributed to FAU on 10/27/16, Check #6246. (re-allocated by plate per calculator)</i>				
	FY2017				
	PWD	PFW	AQUA	SOS	Total FY15
SLP Revenue	1,118,269.01	401,183.07	362,726.28	897,858.27	2,780,036.63
10% Marketing Allowance	111,826.90	40,118.31	36,272.63	89,785.83	278,003.67
Actual Marketing Expenses	85,184.56	32,443.18	26,449.03	67,674.42	211,751.19
Marketing Residual	26,642.34	7,675.13	9,823.60	22,111.41	66,252.48
	<i>FY2017 Marketing residual was held by HBOIF and not distributed to FAU; (re-allocated by plate per calculator)</i>				

Taking all of this into consideration, in the FY20 budget, I will seek concurrence with the Finance Committee for recommendation to the Board of revised work responsibilities and current role of the Administrative Assistant accordingly.

While this will be a change for one position, the budget impact will be allocated appropriately to the Operating Budget and to the SLP Budget. Because this will be a reduction in salary/fringe, this will have a reduced impact on the Foundation's budget.

SLP Salary/Fringe for the FY19 SLP Marketing Coordinator is \$48,000.

	FY19	FY20
TITLE	Administrative Assistant	Marketing & Administrative Coordinator
HOURS	25 hours per week	40 hours per week
SALARY/FRINGE	\$31,279	\$51,845
Allocated to Operating	100%	63%
Allocated to SLP	0%	37%
401K	\$938	\$1,555

To be added to the current job description:

Public Relations & Marketing

In addition to attending external functions to represent the Foundation and managing the eNewsletter creation and distribution, under the direction of the President & CEO, the Marketing & Administrative Coordinator will manage the activities to promote the four Foundation Specialty License plates under an annual marketing plan and budget.

FAU was informed on April 6 of the Foundation's intention to bring the SLP Marketing activities in house to affect this cost savings and ensure additional funds to serve the dictates of the legislative language.