

REVENUE IMPACT

100,000–1,399,999 square feet (92,900–130,059 square meters)

Center fast-tracks sponsorship renewals

CentrO Oberhausen has a sponsorship program covering many “assets,” such as naming rights or promotional rights. The center views beverages, ice-cream sales, telecommunications, energy, automobile, banking and children’s products as prime for sponsorships, and contracts are typically signed for five-year terms.

By late 2004, the center had eight sponsors. The following 18 months were a crucial period, because 75 percent of the sponsorships — representing annual income of \$1.9 million — were coming up for renewal, starting in 2005. CentrO wanted to retain eight sponsorships by renewal or replacement.

Implementation

Centro analyzed each contract according to the partners’ current marketing goals and altered its terms accordingly. Some examples:

By 2005, e-on Ruhrgas, Europe’s biggest gas company, wanted to sell more gas to CentrO, so the center created new sales initiatives. In one instance, CentrO replaced portable propane heaters on the terraces of the center’s 25 eateries with permanent heaters connected to a new gas pipeline under the terraces. Because CentrO buys gas from e-on at a reduced price, it’s able to sell it to tenants for a profit, but tenants still save 10 percent compared with the cost of propane. The arrangement will bring the center an extra \$160,000 annually.

CentrO also asked tenants to join its power pool. EVO is the center’s exclusive power supplier; CentrO bills the tenants. That lets the center build higher volumes, reducing the purchase price and yielding a profit of \$205,000 annually. The tenants’ price remains lower than what they would pay individually. In December 2005, this led to a new five-year partnership with EVO, a 10 percent revenue increase for CentrO.

Nestle Scholler was reluctant to renew its contract due to lost market share. So CentrO increased the number of ice-cream kiosks from six to eight, giving the center a rent increase of \$64,000 per year. It let another ice-cream tenant’s lease expire and offered the space to Nestle Scholler, increasing Nestle’s on-

site market share by 19 percent. The contract was extended in December 2005 for 10 years, securing income for the center of more than \$5 million.

The center replaced two minor banking sponsorships with one five-year agreement with Citibank, which will operate nine ATM machines and a kiosk.

In a new deal, CentrO has provided Vodafone, the world’s leading mobile-telecom operator, with a platform to launch new



communications products since April 2005. The deal involves sales and promotion rights, POS ads, sponsorship of events and using CentrO as a test market for new technologies. So the center’s the first to get new Vodafone technologies, including high-speed downlink packet access, HSDPA. This allows access to CentrO’s building-management control system via laptop, additional infrastructure worth \$256,000. The contract with Vodafone is worth more than \$2 million over five years.

Results

By May 2006, CentrO extended four of the six expiring sponsorship contracts. Including the Citibank and Vodafone sponsorships, plus two previous contracts that have not yet expired, the center maintained eight sponsorships.

Total sponsorship income generated from renewals and new deals reached \$3.12 million annually, an increase of 13.7 percent over the previous year. Sponsorships now cover 75 percent of the mall’s annual marketing budget.

The new contracts provide CentrO with cost savings including free mobile-phone services and phones for contest prizes, free beverages for hospitality purposes and more. Inkind services are worth \$492,000 per year. ■

CentrO Corporate Partnership Programme

CentrO Oberhausen
Oberhausen, Germany

Expenses: \$610,175

Owned by: Stadium Ltd, England

Managed by: CentrO Management GmbH

Professional Recognition: Michael Grundmann, managing director, Frank Pöstges, managing director, Wolfgang Pfau, owner, partner marketing cooperation