

Naming Rights - Notes on Article 002 and 003 - use as background info and use it to set up your proposal to the potential sponsor

Article 003

- firms look for additional ways to increase brand awareness and market share.
- naming rights are among the many vehicles chosen by firms to enhance awareness and recognition.
- In their simplest form, naming rights can be broadly defined as the privilege of associating a sponsor's name with a building, project, or event by including the sponsor's name in the title of the item being named.
- in 1997 that naming rights deals typically average between \$1 million and \$2 million per year, and most are fairly long term
- difficult to accurately place an accurate dollar value on an intangible.
- With regard to naming rights, it is important to note that no two deals are the same. These deals are inherently heterogeneous. These deals often come with many other rights (e.g., pouring rights, concessions, and preferred seating) that complicate the valuation process.
- since 1988, naming rights prices have grown annually at a rate of 14.57%, adjusted for inflation.
- naming rights may directly generate cash as well as indirectly assist a marketing effort for another cash flow.
- different kinds of businesses will be expected to reap more benefits than others. For example, Singer Sewing Machine Company is unlikely to seek the naming rights for a new hockey arena. The people attending hockey games tend to be younger and have a predictable cluster of interests that are unlikely to be correlated with Singer's target market. Consequently, the amount of money that Singer would be willing to pay for such rights should be considerably less than, say, a beer company. The valuation of a naming rights deal, therefore, presumes a specific value that would exist for the most-suited firm.
- Naming rights typically have been sold to corporations in airline, telecommunications, automobile, consumer products, computer, financial services, and beverage industries
- companies in the hospitality and technology sectors, like hotels, airlines, and Internet firms, are a good fit
- valuation is a function of the buyer's purpose and goals. For a business, one ubiquitous goal is to earn profit, although there are other goals such as civil service and philanthropy that can motivate a naming rights buyer.
- cautions against selling naming rights to the highest bidder when he says, "You don't want to become the new Roto-Rooter Convention Center" (Guzman, 2000). Another thing to consider is that some names are controversial.
- has ruled out, as too controversial, firms selling alcohol, tobacco, and pharmaceuticals, as well as gun manufacturers. Lastly, some names may be patently offensive to some groups even though the name is accepted by the public at large.
- motivation - Corporations have used sport sponsorship for the attainment of one or more of the following marketing and communications objectives: increasing public awareness of the company and its services, enhancing the company's image, altering the public's perception of the company, community involvement, building trade relations and goodwill, enhancing staff relations, increasing target market awareness, increasing market share, and blocking the competition
- motivations to acquire naming rights to be a function of both corporate image and sales/marketing.
- One motivation not often mentioned is ego - the estimated value can be expected to reflect value attributable to that ego satisfaction.
- the philanthropic motivation for seeking a naming rights deal. Philanthropic motivations most often are altruistic, but ego may be a material factor in this non-commercial transaction.
- The sellers of naming rights also must be aware that corporate names can drive away the potential business of other corporations that compete either directly or indirectly with the former.
- "be careful about naming the building after something that creates a problem for our clients. What if you pick a software provider or consulting firm, and then a corporate client doesn't want to come here because that's their competitor?"
- All of the competitors of the entity granted naming rights could be assumed averse to holding events at that facility.

- The seller of naming rights also should be alert to financial health of the proposed buyer.
 - Ravens Stadium became known as PSINet Stadium.
 - But that deal was done when the company's stock traded at \$51 a share. Now the stock is at \$0.18 and facing delisting from the NASDAQ. [Note: as of July 02, 2001 the stock traded at \$0.053.]
 - It gets worse. PSINet (PSIX) has hired Dresdner Kleinwort Wasserstein to assist in restructuring its roughly \$3.4 billion debt. Even if the restructuring is successful, the company has told its investors that it's likely the common stock "will have no value."
- Everyone entering into a naming rights agreement is hopeful that favorable impressions are generated as a result of the transaction.
- Naming rights deals usually include more, often much more, than just the right to have a name placed on a building.

Value Added Benefit

- Name placed on tickets
 - Name placed on stationary of the facility
 - Name placed on athletic courts or other flooring space
 - Name placed on some/all employee uniforms
 - Placement of kiosks in building for selling products, etc.
 - In-arena concession sales (a.k.a. pouring rights)
 - Name placed on concession plates, cups, and condiments
 - Pervasive signage
 - Use of facility's and/or tenants' personnel in advertising and marketing (and/or, if applicable, use of local elected officials in advertising)
 - Building used a test market for company products
 - Company may use building facilities to host a company picnic or party
 - Internet services to subscribing fans
 - Right to sublet physical space to other companies to use for ads, etc.
 - Right to sublicense naming opportunities (e.g., name a specific room in building) Reserved space in the enclosed, environmentally-controlled seating areas (skybox) Right to name these seating areas after the company
 - Reserved seating for clients
 - Reserved parking
 - Prestige parking services, including valet and named stalls
 - Contact and photo ops with visiting celebrities
 - Sponsorship of artwork
 - No charge for concessions
 - Signs allowed on surrounding streets
 - Team/building owner must use company products
 - Company executives allowed to travel with team
 - Marketing agreements with the local chamber of commerce
 - Right to change the address of the building(s) to the company name (e.g., the address of the former Jacksonville Municipal Stadium is now "One Alltel Stadium Place")
- the Phillips Electronics' 1999 deal with the new home of Ted Turner's two sports teams: the National Basketball Association franchise for the Atlanta Hawks and the National Hockey League franchise for the Thrashers (Rozin, 2000). Rozin, writing for Business Week, reports that the 20-year deal is a \$185 million agreement that includes

business and marketing integration across all of the Turner-affiliated enterprises. Time Warner is one such company, of which there are 400+ companies under its umbrella. Phillips Electronics also gets a line into Coca-Cola, Delta Airlines, and seven other founding sponsors of the arena, according to Michael Mandas, Philips director of strategic business development (Rozin, 2000). Some of the add-ons of the deal include:

- Use of the facility to showcase Phillips products
First consideration by Turner (who is currently building \$1.2 billion worth of
- construction projects) to buy Phillips electronics
Use of Phillips lights at the Warner Bros. studios
Product placements in Warner Bros. films
Use of Cartoon Network characters to sell Phillips products
- Deals such as this tend to seek creation of synergistic effects that provide a win-win program for all of the businesses involved as well as the public.
- There are numerous factors to consider before signing a naming rights deal. Such deals are thought to offer unique marketing opportunities and other additional values that are hard to acquire from other sources.

Article 002

- if the clients marketing plan includes a significant investment in so-called institutional advertising, which places emphasis on the image of the company instead of its products and services, it may find naming a sports venue is a good way to enhance its image and to receive national television, radio, and print media exposure.
- a naming sponsor must ensure the client has relative prominence and dominance among other corporate sponsors and donors having a presence in the stadium. This prominence must, to the greatest extent practicable, be present in the embodiment of the stadium structure and each and every game or event occurring at the facility.
- The name Target Center was artfully and tastefully integrated into the architectural design. Over subsequent years, though, large new signs were erected on the exterior wall for the benefit of a number of other sponsors including Miller Genuine Draft, Miller Lite, Pepsi, Toyota, U.S. Bank, and NBA City Restaurant. On the prime corner of the Target Center building in downtown Minneapolis, the identity of the naming sponsor has been almost entirely eclipsed by branding promoting other sponsors. Target was the naming sponsor of the Timberwolves arena, but Target was neither dominant nor prominent among the corporate sponsors on the buildings exterior.
- The official name, and no other name, and the official stadium logo should be used in all written and official oral references to the facility. This is precisely what the naming sponsor is purchasing repetitive use of the sponsors chosen stadium name.
- should require the team and facility operator to include the official stadium name in all relevant agreements entered into after the effective date of the naming agreement. The agreement should also include a provision requiring the other party or parties to refer to the official stadium name in all written and official oral references to the facility or events schedule to take place at the facility.
- Exclusivity provisions within a naming agreement prohibit a team and venue operator from entering into or renewing any corporate sponsorship for the facility with any competitor of the naming sponsor.
- The category exclusivity is vital to a naming sponsor client who is making a large investment in naming rights. Any refusal to provide the naming sponsor with absolute category exclusivity anywhere on the ballpark or stadium site is a deal-breaker.
- Most new professional stadiums and ballparks with naming sponsors have developed a stadium logo. Agreements usually permit a naming sponsor to develop a stadium logo that, subject to approval of the team or venue operator, could be used interchangeably with the stadium name by the naming sponsor, the team, or venue operator when referring to the facility.

- Naming sponsors have become savvier and are not content with merely seeing their name on a stadium.
- Sponsors seek sponsorship relationships that will generate new business and create opportunities for face--to--face interaction with consumers and prospects.
- Part of the allure of a naming rights agreement for a sponsor is the opportunity to gain other sponsorship rights, also known as the Goodie List. Nearly every deal includes a prime location suite and tickets for the naming sponsor, the right to host a specified number of meetings and other events at the facility during the term of the agreement. A number of other perks not for sale to the general public are also available, such as travel on the team plane to away games complete with accommodations at the team hotel and dinner with team officials. Another expected benefit is having the sponsors brand embedded in the official stadium and on freeway signs leading to the stadium.
 - suite
 - tickets
 - parking passes
 - club memberships
 - prime seat purchase priority
 - VIP events and receptions
 - travel and other experiences not for sale to the general public
- Citizens Bank Park in Philadelphia is successful stadium branding from the naming sponsors perspective and serves as an example of what a naming sponsors counsel should strive to accomplish. Virtually every depiction of Citizens Bank at the ballpark uses the exact same color scheme, stylized lettering, trademarks and images.³⁶ The consistency is apparent in the largest stadium name sign, the entry gates, the first aid stations, the childrens' game area, and even the garbage cans. With exception to the cup holders, everything utilizes the distinctive green and white colors found at every Citizens Bank branch and ATM.
- The large, illuminated stadium name is situated beneath the main scoreboard just above the open concourse in left field upper deck, a location that ensures every home run hit to left field will have the Citizens Bank Park sign in the background, and guarantees every associated highlight on national and local television includes a subtle advertisement for the bank. A distinctive green glow from the signs is also apparent throughout the city as Citizens Banks ATMs are branded with the same shade of green as fans see everywhere at the ballpark. Citizens Banks branding team managed to align every sign, message, and touch point at the ballpark not only with the other ballpark components, but with the banks branding of branches, loan production offices, ATMs, and advertising outside of Citizens Bank Park.
- For Citizens Bank and other naming sponsors who wish to target consumers to switch to the sponsors brand or remain loyal to its brand, the key is consistency at every touch point. Touch points are opportunities of interaction with a fan, and taking advantage of touch points includes maintaining the consistent branding at every sign, entrance, name-tag, garbage can, video or print advertisement, and depiction of the sponsors brand on anything the fan uses or sees at the sports venue, at the sponsors place of business, or anywhere the sponsor conducts any advertising or business activity.
- such relentless consistency and repetition can make the sponsors brand more tangible to consumers
- Some clients who decide to invest in naming rights think too much about tangible benefits such as free tickets or specific sign locations instead of intangible benefits of acquiring naming rights such as the elevation in corporate stature that will result from disciplined adherence to a sound strategic marketing plan augmented by the sponsors investment in naming rights.
- Encouraging the client to develop a consistent marketing strategy as part of the stadium branding initiative is a means to ensure the stadium touch points are relentlessly consistent within the venue and with the clients branding of its products and services away from the stadium.