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## **“Stadium Naming Rights – A Quick Tour”**

*Sam Hollis, solicitor at Couchman Harrington Associates, considers the increasing popularity and value of stadium naming rights deals around the world and explains some of the key legal, commercial and marketing issues involved.*

### ***An increasing trend***

There is nothing new about the concept of naming rights generally: institutions like schools, libraries, places of worship and hospitals have a long tradition of granting benefactors the right to name buildings in exchange for often generous contributions and a permanent association with the whole or part of a building. Likewise, the naming of sports stadia is not a new concept either: the first known example dates as far back as 1926 when William Wrigley, chewing gum entrepreneur and owner of the Chicago Cubs, decided to name the team’s home venue “Wrigley Field”.

What is new, however, is the seeming proliferation of stadium naming rights deals in recent years, and their increasing value. Since his pioneering action, many stadium owners have followed in Mr Wrigley’s footsteps in the United States: on the last count, of the 120 or so teams that make up North America’s top four professional sports leagues (baseball, hockey, football, basketball), more than 80 teams had their home stadia and arenas named after corporate sponsors.

It is a trend that is fast catching on a global scale, particularly over the past two decades with the increasing commercial exploitation of sport. These days, seemingly most of the larger and higher profile new sports stadia around the world now have (or are seeking) corporate sponsorships.

### ***Rising rights fees***

In recent years, some naming rights deals have reached staggering figures, as companies are rushing to pay ‘top dollar’ to put their names on new stadia and arenas. Early last year, Barclays plc agreed to pay a reported \$300 million for a 20-year deal to name the new home of the New Jersey Nets in Brooklyn as the “Barclays Center”. This deal followed hot on the heels of the \$400 million, 20-year deal by Citigroup to name the New York Mets’ new baseball stadium “CitiField”.

Further afield, Sydney’s Olympic stadium has been renamed the ANZ Stadium in Australia’s biggest ever naming rights sponsorship deal, reported to be worth A\$31 million over 7 years.

ANZ has replaced telecoms company Telstra which paid for the right to change the name from Stadium Australia to the Telstra Stadium following the 2000 Olympics.

Closer to home, the Irish Rugby Football Union has announced late last year that plans are afoot to sell the naming rights to Lansdowne Road Stadium in Dublin, which is due to reopen for matches in 2010, following extensive redevelopment. US sports marketing company Wasserman Media Group (“WMG”) has been appointed to evaluate and market the rights, which it is reported could generate up to €75 million over 15 years.

WMG helped to negotiate the reported £100 million, 15-year sponsorship deal between Arsenal and the Emirates airline to sponsor the club’s new stadium which opened last season, a high value deal which seems to have been well received by fans and media alike.

### ***Increasing rights packages***

As the price of naming rights deals has grown over the years, so too has the nature and scope of the rights packages available to the sponsor. All deals are different, but the naming rights for sale in any case can include signage on the outside of the stadium, advertising on or around the playing field, access to stadium hospitality and conference suites, corporate boxes, complimentary tickets, billboard advertising and roadside signage around the stadium and branding on press conference backdrops, uniforms of ushers, food service and other vendors, cups, plates, and napkins, team stationery, business cards, press releases and click-through links on the club’s website.

Likewise, the sponsor’s services are frequently incorporated into the naming rights agreement – such as pouring rights and catering rights – and agreements also often provide a retail component for the sponsor, whether through space in an on-site team shop, a complete retail space of its own, kiosks or concessions around the stadium, or merchandise strategically placed around the stadium’s common areas. Though peripheral to the title naming rights concept, many sponsors view these sorts of arrangements as an integral part of their overall rights package; and for stadium owners they often serve to underpin the ever-increasing rights fees sought from sponsors.

Arsenal’s naming rights deal with Emirates was part of an integrated sponsorship package including shirt sponsorship rights for the club’s first team. Similarly, Wigan football club’s deal with JJB Sports includes shirt sponsorship rights together with naming rights for the club’s stadium, the JJB Stadium. In other cases, clubs sell naming rights limited to part of a stadium, such as a stand, often incorporated into a broader package of sponsorship inventory. As part of Harlequins rugby club’s partnership with its main sponsor, Etihad Airways, the East Stand of the club’s stadium has been renamed as the Etihad Stand, the roof of which has been branded with the Etihad livery visible to airline passengers flying overhead on the London Heathrow flight path. The name of the club’s stadium has not changed, however; it is still called the Twickenham Stoop. Similarly, Surrey County Cricket Club has sold naming rights to the OCS Stand at its

home ground, the name of which is still called the Brit Oval under a pre-existing naming rights deal with Brit Insurance; and football club Leicester City has renamed one of the stands in its stadium as the Alliance & Leicester Stand, notwithstanding that the title naming rights to the Walkers Stadium have been sold separately to Walkers Crisps.

### ***Financing***

The sale of the right to name a venue can generate significant revenues which can be directly put to use in the financing of a new stadium, a concrete association that can add to a positive image build amongst the fans, who may otherwise resist the commercial elements of the game which are often perceived as the driver behind a club's move from its established ground to a new larger stadium.

Some of the stadia built for the 2006 FIFA World Cup in Germany were partly financed through the sale of naming rights sponsorship, and in January this year operators of the new 68,000 seat stadium in Cape Town, one of the venues being built for soccer's 2010 World Cup in South Africa, issued a tender for an agency to find a naming rights sponsor for the venue. In the UK, it has been well documented that Arsenal was able to use the guaranteed revenue streams under its naming rights deal with Emirates to help with the financing of the construction of the new Emirates Stadium. Similarly, the consortium behind the building of the new 20,000 seater stadium in Swansea included as part of the capital budget of the £27 million development an assumed income for selling the naming rights to the development. Shortly after its opening in 1995, the stadium was renamed as the Liberty Stadium following sponsorship from Swansea-based developers, Liberty Property.

In the case of Liverpool football club's new 71,000 seater stadium which is planned to be built on Stanley Park, near to the current Anfield stadium, the burden of financing the anticipated £400 million construction costs have been well documented during Dubai International Capital's recent attempted takeover of the club. Tom Hicks, one of the club's current American co-owners, has experience of selling stadium naming rights having allowed American Airlines to rename the home of his Dallas Stars ice hockey franchise for a very significant rights fee. Furthermore, George Gillett, Hicks' co-owner, is reported to have publicly stated that he won't rule out selling the right to name the new stadium "*if naming rights are worth one great player a year*". It would, therefore, be no surprise if we see Liverpool follow Arsenal's recent example with Emirates in order to ease the burden of financing the build costs for the club's proposed new stadium.

The revenues generated by naming rights deals can also help to finance the redevelopment of older facilities within an existing ground, as in the case of the Lansdowne Road Stadium mentioned above where the €75 million being sought from its proposed naming rights partner will be used to ease the burden of the reported €365 million redevelopment costs.

### ***Local ties***

Often a naming rights sponsor has a geographical connection to or presence in the city or region where the stadium is located, such as the naming of the Bradford & Bingley Stadium in Bradford near to the bank's head offices in Yorkshire. For large international companies, which often have a presence in many countries around the world, the opportunity to acquire naming rights for a local stadium where it has its headquarters provides a good opportunity to develop roots and ties with the local community.

In 2005, conference football club York City changed the name of its stadium from Bootham Crescent to KitKat Crescent in a £100,000 sponsorship tie-up with local chocolate manufacturer Nestlé Rowntree, whose headquarters, main distribution centre and customer services operations are based in York. Similarly, the home ground of Stoke City football club is now called the Britannia Stadium after a naming rights deal with locally based Britannia Building Society.

Companies like Nestlé and Britannia see the acquisition of naming rights of local stadia as a means of increasing local creditability and support from within a community, especially where the deal provides much needed cash for a struggling local club (as was the case with York City) or where the deal incorporates a commitment from the sponsor to fund local community initiatives.

### ***Public buy-in***

Public buy-in and the approval of local fans are essential to the success of a naming rights sponsorship, but the public reaction to naming rights deals has been mixed; in particular, selling the naming rights to an already existing venue has been somewhat less successful, as in the attempt to rename Candlestick Park in San Francisco to 3Com Park.

In that case, the general public, and some media outlets, continued to refer colloquially to the stadium as Candlestick Park (or sometimes just simply "The Stick") being what it had been known as for over three decades. Upon the expiry of the deal with 3Com Corporation, a new naming rights sponsorship was signed with Monster Cable, a maker of cables for electronic equipment, and the stadium has been renamed Monster Park in a second attempt to overcome its legacy as Candlestick Park. San Francisco voters have had the final say, however; they passed an initiative in the November 2004 elections that stipulates that the stadium's name will revert to Candlestick Park permanently after the current contract with Monster Cable expires in June this year.

This highlights the San Francisco fans' extreme distaste for corporate naming. Many San Franciscans refer to AT&T Park, where the Giants play, by its original name, Pac Bell Park, despite it having undergone two name changes in the stadium's relatively short life. Monster Park is similarly almost universally referred to as Candlestick Park by both locals and much of the media despite its name changes. The Monster Park moniker is confined to the 49ers' front office

and to some radio and television broadcasters, all of whom are contractually required to use the corporate sponsor's name whenever referring to the park, just as they were with 3Com.

Former Leicester City shirt sponsors Walkers paid a seven figure sum for naming rights for the club's ground for an initial 10-year period expiring in 2012 (which has recently been extended to 2017). Originally the stadium was to have been called the Walkers Bowl, but that name was dropped after a fans petition against it. Fans criticised the title for including only the name of the sponsor, and no Leicester City reference, while some fans objected to Walkers Bowl on the grounds that they considered the name too 'American'. As a result of the petition, the name was quickly changed to Walkers Stadium; however, some fans are still unhappy with the name, and it is still sometimes referred to (usually derogatively) as the 'crisp bowl', in reference to Walkers' best known products. Many fans more warmly refer to the stadium as Filbert Way after the ground's address, keeping links with the past (the club's previous stadium was at nearby Filbert Street).

As was the case in San Francisco, public and media buy-in is particularly difficult to achieve when the stadium being named is not a new construction, but one already beloved in the community or with historical significance. Sponsors attempting to add their brand to an existing name in an effort to assuage public concerns have generally not fared well. By way of example, Investco Field at Mile High in Denver is known simply as "Mile High" to fans and the media. It is thought that for similar reasons, upon purchasing Manchester United, the Glazer family decided not to seek a title sponsor for the Old Trafford stadium. However, this does not mean that the revenue streams associated with naming rights are not available for older stadia. One alternative to selling a right to rename a historic landmark is to sell the right for sponsors to name prominent sections or stands within the ground instead of the stadium itself (as in the case of Harlequins' deal with Etihad Airways).

The circumstances of new stadia are generally much more favourable for a naming rights sponsor as the risk of fans and broadcasters continuing to use the historic name of an already existing stadium is minimised and competition for attention from a traditionally entrenched previous name is not an obstacle to a successful engagement. Two such examples are Arsenal's Emirates Stadium and Bolton's Reebok Stadium: both names have caught on so successfully that the grounds are commonly referred to now by fans as simply "The Emirates" and "The Reebok" respectively.

Even with new stadia, however, the public reaction to naming rights deals is not always positive. When Barclays agreed to sponsor the new basketball stadium in Brooklyn, it thought it had pulled off one of the most exciting marketing coups in American sport. But just a few weeks on, the British bank found itself in the midst of a public relations disaster, as black leaders in America demanded the deal be scrapped because of Barclays' historic support for the apartheid regime in South Africa and what they believe are profits it made from slavery. Brooklyn has been described as the "black belt" of New York City and, because of the bank's reported past practices, accepting

hundreds of millions of dollars from Barclays was compared to “eating the fruit of a poisonous tree”. For these reasons, local council members, politicians, churchmen and journalists deplored that it would be an insult to black residents to name the complex the Barclays Center as planned.

By way of context, Barclays was forced to pull out of apartheid-era South Africa in 1986 after a long and bitter fight by equal rights campaigners around the world. It eventually calculated that the damage to its reputation was going to cost it more than selling out of what was then the country’s second largest bank. It appears that the negative public reaction to the New York naming rights deal will have given Barclays similar headaches, which only serves to underline the importance of public and media buy-in and approval, especially where the rights fee involved is a staggering amount such as the \$300 million in the Barclays case.

When Southampton football club moved from their old ground, known as The Dell, to a new purpose built stadium, the official name at its opening was The Friends Provident St Mary’s Stadium. Initially the club wanted the ground to be named purely after the sponsors, Friends Provident, but fan pressure influenced the decision to include a non-commercial element in the title. In practice, the full name proved to be too much of a mouthful and the stadium was generally referred to simply as “St Mary’s”, which may be one of the reasons why the new sponsor Flybe did not choose to purchase the naming rights to the stadium when it took over from Friends Provident in 2006, resulting in the name of the stadium reverting officially to St Mary’s Stadium.

### ***Brand awareness***

One of the benefits that companies are looking for when purchasing naming rights is general brand awareness. Every ticket, programme, banner and sign for all events held in the stadium – non-sporting events included – will generally have the sponsor’s name on it. The biggest advantage, however, lies with the media coverage that the sponsor receives through its association: with television and radio broadcasts, and national newspaper articles, the sponsor has its name promoted every time the stadium is mentioned.

A very good example of successful brand engagement is the naming rights sponsorship by O2 of the Millennium Dome, now renamed and rebranded as The O2. Through its deal with owners and operators AEG, O2 has created a very successful association with the landmark building and profited from its revolution from perceived ‘white elephant’ to arguably now the leading live music and sports venue in London. O2’s association with the venue transcends all of the venue’s operations, from the name of the building itself, the name of and branding on its website, and even the name of individual attractions within the building, including the live music club (indigO2), the exhibition centre (The O2 bubble) and the headline live music and sports arena (The O2 arena).

Naming rights deals can offer an especially beneficial form of marketing to some of the newer and smaller companies who have not had as much publicity as some of their competition. Likewise,

companies not based locally also use naming rights as a means of entering a market and gaining name recognition. Dubai-based Emirates has found that its name recognition has grown exponentially within the UK following its title sponsorship of Arsenal's new stadium.

Foreign companies may be willing to pay higher fees in exchange for the instant name recognition delivered by the naming rights to a high profile stadium. Bob Diamond, Barclays' top US executive, acknowledged that its naming rights deal in New York was part of the bank's push to get its name better known in the US, which is no doubt reflected in the size of the fee Barclays paid.

Some companies place such high value on this form of advertising that they have sponsored more than one stadium or arena, such as American Airlines which has given its name to the American Airlines Center (home to the Dallas Mavericks and Dallas Stars) and the American Airlines Arena (where Miami Heat play their home games).

### ***The Beijing Olympic stadium – a case in point***

Pioneered in the United States and fast spreading throughout the world, the concept of stadium naming rights has now caught on in China too. Last year, Chinese officials reported that they will put the naming rights of the 91,000-seater Olympic stadium in Beijing up for sale once the closing ceremony of the 2008 Olympics takes place. Zhang Hengli, deputy manager of the National Stadium Company, tasked with operating the venue until 2038, told the Beijing News newspaper:

*"We have already started talks with a number of companies. We have spent over \$129.4m on the venue and we need to see some sort of return on that. Domestic or foreign companies are both entitled to bid to have their name on the stadium. Although [in the case of any foreign sponsor] we will carefully consider if the company will be accepted by the Chinese people."*

It remains to be seen whether or not The London Organising Committee of the Olympic Games or The London Development Agency, the two main organisations behind the London Olympics in 2012, will follow Beijing's lead and seek to offset the construction and operational costs for the Olympic stadium (together perhaps with some of the other principal stadia facilities) by offering to sell naming rights in respect of them.

### ***Conclusion***

It is perhaps not surprising that we are continuing to see such an upwards trend in both the popularity and value of stadium naming rights deals. As sport is increasingly becoming ever bigger business, clubs are seeking to drive increasing revenues by building larger stadia with greater capacities or by redeveloping existing stadium facilities. Sponsors for their part are attracted by the public interest in sport and the increasing media exposure that sport is receiving.

Naming rights deals can relieve some of the financial burden on clubs of building expensive new stadia or redeveloping existing facilities and can offer sponsors a special association with

heightened brand awareness and profile in what is otherwise becoming an increasingly crowded marketplace.

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