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How much are recycled naming rights worth?

Agencies vie for Broncos deal, latest name change

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The Denver Broncos have been meeting with the industry's biggest sales agencies about the assignment of selling naming rights to the stadium of the Super Bowl champion.

But as the talks take place, and with more venues looking to add a second or in some cases third naming-rights partner, a question emerges: How much are recycled naming-rights deals worth?

Several facilities are nearing the end of their original naming-rights deals, and over the next few years more will be on the market at the same time than ever. The NFL's stature and reach has always boosted its facility standing. But the question persists of how much the home field of a Super Bowl champion team is worth, especially one with few non-football events and one seeking its third corporate name, after Invesco Field At Mile High and the more recent bankruptcy of Sports Authority.

Nonetheless, sources note that top naming-rights agencies, including Premier Partnerships and Van Wagner Sports & Entertainment, are pitching hard for the business. WME-IMG, looking to build a naming-rights business after more than a decade without a deal, is anxious enough that co-CEO Ari Emanuel met with the Broncos, sources said.

NFL deals available now or soon include the Broncos' home and the Seattle Seahawks' CenturyLink Field. Possible wild card deals are in Los Angeles/Inglewood and perhaps San Diego or Oakland.

Arenas looking for new deals in the next few years include the home of the NBA champion Cleveland Cavaliers,



The Broncos are talking to agencies about selling naming rights to their stadium for the third time.

Photo by: AP IMAGES

what's now the Verizon Center in Washington, D.C., the Air Canada Centre in Toronto, and Philips Arena in Atlanta. While some may be renewed, the terms of dozens of naming-rights deals will expire within the next three to four years.

"Especially within the arena sector, there's a [retrofit] wave coming that should change definitions of value," said Van Wagner Sports & Entertainment President and CEO Jeff Knapple, whose collection of deals includes Staples Center and Emirates Stadium. "We used to counsel 55 cents on the dollar for a second- or third-generation building, but I don't think that's true now, because there's such a level of saturation now."

The Miami Dolphins' recent deal, which changed the name of their home field to Hard Rock Stadium for a reported \$14 million a year, might give those in the market hope. However, many in the business consider that sale an anomaly, while nonetheless marveling at any venue selling its name successfully after having nine prior corporate nameplates.

Local companies have long been pressured to pony up for naming rights at new facilities, and that may have played a role in Hard Rock partnering with the team. "Around 80 percent of these are done because the company is in the same city," said Rob Prazmark of 21 Marketing. "We'll be interested to see if that dynamic changes."

While there is media exposure value on a retrofit naming-rights deal, those buying or selling solely on the basis of exposure numbers should be cautioned.

Paragon Marketing was pondering the value question earlier this year when it was considering naming rights at the Pittsburgh Penguins arena, known as Consol Energy Center since before it opened in 2010. Recently, Pittsburgh-based PPG Industries acquired those naming rights.

"We were starting to build activation platforms with the Penguins long before we were engaged in negotiations," said Tony Schiller, Paragon Marketing executive vice president, whose previous deals include PNC Park in Pittsburgh and Continental Airlines Arena in New Jersey. "If naming rights are solely about impressions and awareness, they are a grossly inefficient medium. Unless you build marketing platforms, enhance the fan experience and provide them with something meaningful, then naming rights will be challenged, especially now."

Premier Partnerships is selling naming rights for the home of the Miami Marlins. Citing his firm's work in transitioning the former Rose Garden to the Moda Center, Premier CEO Randy Bernstein said, "With the right marketing tied to the package, the shift can be natural. Just changing the name is really limiting for both sides."

Sports Authority's deal in Denver was widely reported at \$6 million a year. AJ Maestas of analytics agency Navigate Research said "it is not unreasonable to think Denver could get \$10 million or more" per year. He added that on average, retrofits sell for 17 percent less than the original deal.

"We think it should be a lot bigger discount than that. So our advice as this market changes is if you're a seller, have a stretch price. If you're a buyer, know that there's massive room for discounting."

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