

Stock Pricing Performance of Stadium Naming Rights Sponsors

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The purpose of this study was to evaluate the effect of a naming rights announcement on the stock price of a sponsoring company. The ability of a sport property to provide value to sponsoring companies is one of the key or central components of a successful sponsorship program. Measurement of the impact upon a sponsoring company will provide quantitative data to support or refute the market reaction to a major naming rights deal. Research methods included the use of sponsoring companies stock prices from the University of Chicago's CRISP (Center for the research into stock prices) to be used in an Event study. Event studies focus upon the cumulative abnormal returns over a 41 day period. This study was delimited to 20 days before a naming rights deal and 20 days post for a total of 41 days. Further, market capitalization was looked at pre and post naming rights deal. (Market cap was calculated by multiplying each company's outstanding shares by the market price of one share for each time period under consideration). Results of the Event study yielded a very distinctive "S" shaped curve for the period of pre and post naming rights deal. The results were not statistically significant; however the trend was almost uniform. Market capitalization results data was mixed but did present enough data to warrant further investigation.