The Value of Sports Stadium Sponsorship

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What was once considered an untested investment from the corporate perspective and blatant commercialization by the local community, the transaction of stadium naming rights between stadium builder and corporate sponsor has now become commonplace. Big as well; such deals now represent a substantial marketing investment for corporations, often lasting decades and costing hundreds of millions of dollars, and are considered essential to the financial success of any potential new stadium's business plan.

In 2006, Citigroup Inc. purchased the exclusive naming rights to the New York Mets new baseball stadium. The agreement, worth more than $470 million over twenty years, would emblazon "Citi Field" across the sides of the stadium as well as countless billboards, banners, signs, advertisements, t-shirts, newspaper columns, and television broadcasts. The Citigroup deal ensured that when the new baseball park in Queens opened in 2009 that the name "Citi" would become synonymous with New York Mets baseball, as well as a constant in the daily lives of New Yorkers and American baseball fans. Speculation suggests that the eventual naming rights deal for the recently opened New Meadowlands Stadium in East Rutherford, New Jersey will eclipse the amount Citigroup paid to the Mets. But what is the tangible value of these sponsorship deals to companies like Citigroup? While the benefit to a sports organization is obvious, how do these agreements benefit the corporate sponsor in the future?

Our findings show brands that sponsored stadiums outperformed their industries among fans of the sport being played in their sponsored stadium and are growing over time compared with their performance among non-fans of that particular sport. Stadium sponsorship deals are building Energized Differentiation, a driver of future financial performance, and are therefore also growing firm value. Additionally, Esteem and Knowledge show modest improvements among fans when compared to the non-fan group.

We evaluated the landscape of US corporate stadium sponsors over the last decade using the BrandAsset Valuator (BAV) model, a longitudinal survey of some 44,000 brands in over 50 countries capturing consumer perceptions of equity and imagery. Our research focused on BAV data regarding twelve brands who have engaged in recent stadium naming sponsorship deals, analyzing their data over eight years among a nationally representative US audience. BAV focuses on key components of building long-term and sustainable brands which are continuous, cross-cultural, and driven by brand benefits and meaning. The BAV brand dimensions have been established as leading and current indicators which correlate with current and future financial returns. This provides a great platform for measuring returns to stadium sponsorship.

The BAV model, as generally applied, is based on four key pillars that measure consumer sentiment and helps find variables that work in tandem to drive results and create value. Each of the pillars contributes in a different way to building brand. Energized Differentiation contributes to pricing power, Relevance builds consideration and trial, Esteem builds loyalty and, along with Knowledge (awareness), moves sale. Energized Differentiation and Relevance can be combined into Brand Strength, a leading indicator of future growth, while Esteem and Knowledge can be combined into Brand Stature, the current indicator of a brand's operating value.

The four BAV pillars, as well as Brand Strength and Stature, were tracked in order to determine what value can be derived from a stadium naming rights deal. Twelve brands were analyzed from 2002 through 2010 on these measures among two segments, fans of the particular sport that was being played in the sponsored stadium and non-fans of that sport. For instance, Citibank would be evaluated among baseball fans in the US over that time period and then compared to the perceptions of non-baseball fans in the US over the same time period. We used these two segments for our analysis because professional sports fans are the intended target audience for sponsorship deals, while non-fans serve as a control group; the sponsorship deal was not intended to directly influence them and any difference in brand value registered among this group during this time can be considered natural movements in brand value, independent of the naming rights deal.

Brand data were also indexed against the brand's product category averages to control for category effects that affect all brands in a particular industry. We sought to understand growth for theses brands among sports fans compared to non-fans as well as in the context of competitors in a category.

Corporations involved in stadium sponsorship deals are realizing significant gains in brand value and firm value from these agreements. While costs can be very high for these sponsorships, companies involved will experience, over time, tangible gains in brand value and in future financial values for their firm.