

# Sports Venue Naming Rights: Maximizing Value for the Sponsor

BY JOHN R. SIGETY

No matter how you feel about it, corporate sponsorship names on your favorite athletic venues are big business, and they are here to stay. What the casual sports fan does not consider are the terms, conditions, and requirements to be discussed when a venue owner and sponsor sit down to negotiate a naming agreement. Given the increasingly high prices of such deals, it is imperative for the sponsoring-company's attorney to ensure that the agreement protects the company and helps the sponsoring company maximize the value to be gained from putting its name on the venue.

## Name of the Venue

The name of a stadium or arena is a touchy subject for many fans. Create a name that seems too corporate or convoluted, and a team or venue owner risks angering the fan base. But public opinion notwithstanding, the decision on the official name and logo is ultimately up to the sponsor and venue owner.

The attorney's role is to ensure that the official name and logo are used as

often as possible in reference to the venue. The agreement should include a provision that the venue owner refer to the official name in all references to the venue and require different events to do the same. This is essential for venues that already have a well-known name. For example, Mercedes-Benz will not get the maximum value of its naming-rights deal if the Mercedes-Benz Superdome is simply referred to as the 'Superdome' at events held there.

Further, the agreement should require the venue owner to use all reasonable efforts to encourage local and national media to refer to the venue by its official name in broadcasts and publications.

## Signage and Prominence of the Sponsor

The attorney must work to ensure that the naming sponsor obtains prominence among other sponsors throughout the venue. This can be achieved not only through use of temporary and digital signage, but also through fixed additions that become part of the venue itself. Take for example the home of

the Dallas Cowboys, AT&T Stadium. "AT&T Stadium" and the AT&T logo are displayed prominently on the top of the stadium, allowing for prime exposure for AT&T anytime an overhead view of the stadium is shown on national TV broadcasts featuring the Cowboys.

The agreement should also address less permanent signage in as much detail as possible to ensure the naming sponsor's prominence among other sponsors. Items to be considered include: location of the signage, size of the signage, how often the signage will be displayed (e.g. on digital screens that cycle through different advertisers), and whether certain events at the venue will result in the sponsor's signage not being visible.

## Category Exclusivity

It is essential that a naming-sponsor's attorney seek category exclusivity. Category exclusivity dictates that the sponsor is the only company in its product or service category within the venue. For example, American Airlines will want to ensure that the City of Dallas, which owns the American Airlines Center, makes no sponsorship deals with any other airlines because any such deal would diminish the value of American Airline's sponsorship.

The agreement should include a definition of the naming-sponsor's category to make it clear whether a potential sponsor falls within the naming-sponsor's exclusive category.

Although it is ranked as one of the most valuable sponsorship benefits, recent trends show some companies do not seek category exclusivity because the price is too high. Though, for com-

panies willing to pay large amounts for venue-naming rights, category exclusivity should be considered essential.

## Termination

What if the primary sports tenant in the venue moves to another location? A well-prepared attorney will know when a team's lease with the facility ends, but such moves are not always predictable at the beginning of an agreement. The agreement should therefore include a provision allowing the sponsor to terminate it if the team moves to another venue.

The attorney may also want to include a clause allowing termination if the venue owner or anyone associated with the venue engage in behavior harmful to the sponsor's reputation. Last year, this issue arose when Houston Rockets GM Daryl Morey tweeted support for Hong Kong protestors, angering the Chinese government and the Rockets' Chinese sponsors. Instances like these show the importance of termination language to protect the client's reputation with its customer base.

## Conclusion

A company should do all it can to maximize the value that comes from a naming-rights deal. To ensure that happens, the sponsoring-company's attorney must address the factors addressed herein, among others, to enable the client to use the sponsorship to market itself and improve its reputation and brand both inside the venue and beyond.


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