

Stage Is Set For Huge Stadium Naming Rights Deal In Calif.

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On Jan. 12, the NFL owners voted 30-2 to formally approve the relocation of the St. Louis Rams to Los Angeles, which concluded a hostile, multiple-year-long review process that ultimately deprives the city of St. Louis of its beleaguered NFL franchise that has called that city home since 1995. Also in that vote, NFL owners approved the possible relocation of the San Diego Chargers to Los Angeles to share a new stadium with the Rams. Chargers owner Dean Spanos has one year to decide whether to move the team or stay in San Diego and attempt to construct a new stadium there, where efforts have, thus far, been wholly unsuccessful.



Zak Welsh

As part of the approved relocation, Rams owner Stan Kroenke plans to construct a \$1.86 billion stadium project in Inglewood on the site of the former Hollywood Park Racetrack, which he and the Stockbridge Capital group purchased in 2014. As it stands, the multipurpose stadium will be the centerpiece of a larger, multidimensional real estate development with retail shops, theaters and restaurants. Additionally, given Inglewood's temperate climate and close proximity to downtown Los Angeles, the stadium is expected to gain consideration to be the future site of Super Bowls, Pro Bowls, and the NFL Scouting Combine, as well as the venue for large outdoor concerts, nonfootball sporting events, and private functions.

Along with the obvious economic boon to the NFL and the Rams franchise, the team's relocation to Los Angeles and the development of a new stadium in Inglewood present an intriguing opportunity for a company or brand to purchase naming and advertising rights to the facility.

In 2011, insurance giant MetLife Inc. acquired the naming rights to the football stadium in the New Meadowlands complex in East Rutherford, New Jersey — the home of two NFL franchises: the New York Jets and the New York Giants. For years, MetLife had believed that nothing produced a better return on investment than its signature Snoopy Blimp, which functioned as a "flexible, roving stadium" according to Beth Hirschhorn, MetLife's then-chief marketing officer. However, the opportunity to purchase advertising real estate at the new stadium, a 25-year deal worth between \$17 million and \$20 million annually, proved too tempting to pass up.

When asked why MetLife finally decided to purchase the naming rights to a stadium, Hirschhorn gave three reasons: for the exposure that a stadium in the New York media market housing two NFL franchises receives; for the exposure that comes with hosting the 2014 Super Bowl; and for the "dynamism that football brings to the stodgy world of life insurance." Though MetLife has near

ubiquitous brand awareness, Hirschhorn believed the stadium naming rights deal would help “raise [MetLife’s] top of mindedness” among consumers.

MetLife’s investment, at least early on, seems to be paying off. According to the Sports Business Journal, MetLife’s realized value from the naming rights totaled roughly \$56.4 million over a two-year period, which represents a 176.3 percent return on MetLife’s investment.

Roughly two years later, in May of 2013, Levi Strauss & Co. announced that it had secured the naming rights to the San Francisco 49ers new stadium in Santa Clara, California, in an innovative deal, valued at \$220 million over 20 years, that pushes the bounds of typical naming rights agreements and includes much more than just the company’s name on the side of the stadium.

After two years of football in Levi’s Stadium, it has become clear that, in securing a naming rights agreement with the 49ers, Levi Strauss set out to establish more of a business partnership with the team, rather than just acquire the rights to put the name of the iconic denim apparel brand atop the stadium. First, Levi’s worked with the 49ers to develop a strategy to outfit nearly everyone visibly connected to the team within the stadium in Levi’s brand apparel — from the team itself, to the cheerleaders, the mascot and the roughly 10,000 day-of-game staff. Levi’s global product line manager Devon Thompkins explained that the company “saw outfitting th[ose] individuals as an opportunity. Since we work in products and [] fashion, the look and feel of the stadium were very important to us. We came to the 49ers with the idea of outfitting Sourdough Sam [the mascot] and high-visibility people in the stadium to make it look like the best-dressed stadium and stand for Levi’s.”

Levi’s not only sought to leverage its relationship with the 49ers to sell existing merchandise, but also to develop and market new products as well. In 2014, Levi’s announced the launch of its signature “Levi’s x 49ers” collection of apparel, which offers men’s and women’s trucker jackets, a revamped version of the iconic gold satin jackets worn by 49ers fans dating back to the 1970s, and other 49ers branded Levi’s apparel, some of which can only be purchased in the team store within the stadium. Furthermore, Levi’s launched its “541” collection of denim jeans, which provides a more athletic fit for men’s thighs and glutes. In the first month on the market, sales of the 541 jeans were “above average” and even garnered the public support of two star 49ers players, Vernon Davis and Anquan Boldin.

Levi’s president James Curleigh has explained that the drivers to entering into the naming rights agreement were more extensive than mere media exposure. Recognizing that a stadium can function as a “center of culture[,],” Curleigh noted that “sports brands have done a great job of espousing the lifestyle of sports further into the closets and day-to-day cultural experiences of individuals ... [even more] so than the traditional lifestyle brands.” In the attempt to become a “fan-based brand” rather than a “sports brand,” Levi’s recognized that, on game days, 70,000 people will fill the stadium and 80 percent of them will be wearing blue jeans. “What better way to connect with [those fans] than through a stadium name,” Curleigh said. And because the market for denim jeans has become flush with competition, Levi’s wanted to make “[its] consumers more excited, competitors more nervous and consumer base more confident.”

Though it is too early to tell whether Levi’s investment in the stadium will completely pay off, early signs suggest Levi’s has already begun to see value trickle in. Between the time Levi’s signed the agreement in 2013 and the kickoff of the first 49ers game at the stadium in 2014, Levi’s public relations department estimated that the stadium garnered over 40 billion media impressions. And in addition to the success of the Levi’s x 49ers collection, which was a byproduct of the naming rights agreement, the NFL has expressed in modeling Levi’s relationship with the 49ers and expanding it to other teams throughout the

league. The NFL also announced that Levi's Stadium will be the host of Super Bowl L in 2016, an incredibly lucrative opportunity for Levi's to garner media attention on an international stage.

Despite the fact that the Rams had not received official approval to relocate to Los Angeles until very recently, Stan Kronke has already released detailed plans for the proposed Inglewood stadium. It's not entirely clear when and how the Rams will market the naming rights to the stadium, but if the past is any indication, and given the clear benefit to being associated with a stadium home to two NFL teams in the greater Los Angeles area, the deal will likely far surpass the value of any of its predecessors and will undoubtedly continue to stretch the creative bounds of what a relationship between a brand and an NFL team can be.

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