



Naming Rights

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Most sports fans, and many others for that matter, would instantly recognize Lambeau Field as the home of the Green Bay Packers football team. Built in 1957, the stadium was renamed Lambeau Field in 1965 following the death of E.L. "Curly" Lambeau, the founder and first coach of the Packers. Even though this 43-year old stadium is soon to undergo a \$300 million redevelopment, it is highly unlikely that there will be any change in the name of this venerable venue. This is not always the case, however, and many sports facilities are now adorned with corporate names, triggered by the building of a new stadium or the rebuilding of an old one.

Perhaps this all began, albeit somewhat indirectly, in 1926 when William Wrigley, Jr., the owner of the Chicago Cubs baseball team renamed Cubs Park as Wrigley Field. This venerable ballpark remains Wrigley Field to this day. Inevitably, this name is associated in the public consciousness with the Wm. Wrigley, Jr. Company, and its famous chewing gum products. In naming Wrigley Field, Mr. Wrigley may have just had in mind to signify his ownership of the field and the Cubs. But who knows, he may have recognized the commercial possibilities as well - that the Wrigley name would be heard by thousands over the airwaves and seen on countless newspaper sports pages nearly every day of every summer in the upper Midwest. Today, of the 30 Major League Baseball parks open or soon to be opened, 10 clearly bear the names of corporations and the newest eight all bear corporate names.

In spite of the commercial possibilities, local residents are not always in favor of corporate naming. Most of the time, they don't have a say in the matter since the sports facility is usually owned by team owners. In Denver, however, Mile High Stadium belongs to the Metropolitan Football Stadium District and a new stadium for the Denver Broncos football team is being built next to the existing Mile High Stadium. The District has estimated that selling the name could be worth between \$52 million and \$89 million. That would be a significant aid in the financing of the new facility, but the voters are unhappy about the possibility of losing the local identify. Denver's new basketball and hockey arena bears the name Pepsi Center, and that company is said to have paid a record \$68 million for those naming rights.¹ For those of us who are interested in the economics of this type of transaction, we note that most naming rights transactions include other benefits such as long-term leases for skyboxes and suites for the naming corporation, and the terms of the deal can cause the price to vary considerably.

Our research readily revealed over 100 naming rights transactions, with prices ranging from \$250,000 to over \$200 million. Facilities of all kinds were involved, ranging from major league sports facilities to local stadiums. The terms of agreement range from 5 years to 31 years.

The motorsports have entered into this area of commercialization as well. Early in 1999 the Charlotte Motor Speedway was renamed Lowe's Motor Speedway in a 10-year naming rights agreement with gross fees of approximately \$35 million.

Even shopping malls have been the subject of naming rights transactions. The Mills Corporation sold the naming rights to a mall in Gwinnett County, north of Atlanta, to Discover Financial Services. The mall will become known as Discover Mills for a 10-year period. The reported price of this transaction was estimated at \$10 million.

Naming transactions have also reached a very local level in Jefferson County, Colorado. The county stadium, used for high school sports, will bear the name of the U.S. West Communications Group for 10 years. The reported price of this transaction was \$2 million.

We will continue to monitor these transactions and will be including them in the RoyaltySource database.

¹ The Philadelphia Inquirer, Sunday, May 28, 2000, "Stadium Approved, the Fight in Denver is What to Name It," by Larry Fish.