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Got Balls? Why It's No Time For Marketers To Call 'Time Out'

According to Dr. William Sutton, an authority on sports marketing and management, it can be the best of times even during the worst of economic times in sports marketing and management if you are aggressive, innovative and use a creative playbook.

By Barry Janoff, Executive Editor

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Dr. William Sutton

Dr. William Sutton is one of the most respected people in sports management and marketing. He is principal of Bill Sutton & Associates, a strategic marketing and revenue enhancement firm whose clients include the NFL, NBA, NHL, Miami Heat and Cleveland Cavaliers. He has been a professor and associate director at the University of Central Florida DeVos Sports Management Program since January 2004. Prior to that he was a professor at the University of Massachusetts-Amherst Department of Sports Studies, and has been closely involved with the sports management programs at Robert Morris College and Ohio State University. Dr. Sutton has also served as vp-team marketing for the NBA, and continues to work as a consultant assisting NBA teams in such operations as sales, marketing, promotions, research and advertising. The native of Pittsburgh has co-authored two books - Sports Marketing and Sport Promotion and Sales Management - and more than 100 articles on sports management, is past-president of the North America Society for Sport Management and a founding member of the Sport Marketing Association.

Along with Dr. Richard Irwin, Dr. Sutton also directs the Sports Sales Combine, a series of educational management/marketing events designed for entry-to-advancing level sport industry representatives looking to develop and refine sales, marketing and management skills. Upcoming sessions will take place in New York, hosted by Madison Square Garden and the Knicks (Jan. 15 - 17, 2010); Orlando, hosted by the Magic (Feb. 5-7); and Phoenix, hosted by the Suns (Feb. 26-28).

Dr. Sutton spoke with NYSportsJournalism.com about the current and future state of sports marketing, management and sponsorships.

NYSportsJournalism.com: Given the current state of the economy, how can sports teams, marketers and sponsors be successful?

Dr. William Sutton: The economy remains a primary topic and concern. [Teams] are looking for ways to keep their marketing partners and their fans happy. There is something we call "downselling," If you have a season-ticket holder, first you find ways to make sure they remain ticket holders for the full season and ways to keep them in the fold. If you can't do that, you look for other options: You can try to get people to share their season tickets, or as more teams are doing you offer ticket plans with incentives. There also has been a change in the strategy regarding payment plans. Six years ago, payment plans were a third/a third/a third. Now it's nine months interest free. Again, what is important is to keep them as customers until the economy turns around. In sponsorships, you also are seeing payment plans, working out a cash-flow that is best for the company. There are a lot of new adaptations that are happening to make the deals work for the times and the financial conditions.

Cowboys Stadium cost more than $1 billion to build but opened earlier this year without a naming rights deal.NYSJ: Is there any way to translate 'downselling' to bigger situations? For example, the new billion-dollar stadium in Dallas, which a few years would have had several naming rights offers, recently opened as Cowboys Stadium without a naming rights deal. And the New York Giants-Jets $1.6 billion stadium scheduled to open next year, has four cornerstone partners (PepsiCo, MetLife, Verizon, Budweiser) but no naming rights deal as yet

Dr. Sutton: I'd say that the negative coverage of the Citi Field deal in New York has made some companies squeamish. (Editor's Note: The new home of MLB's Mets opened this past April, with the financial firm having paid $400 million for naming rights via a deal that was secured in 2006, about two years before Citi Group was approved a federal bailout of $45 billion.) And not many companies have the type of money to spend on a naming rights deal of the magnitude needed for the stadiums in Dallas and New York. There is no question that there are companies that want to put their names on those stadiums, but I see them waiting until the economy has come back a bit stronger.

NYSJ: Does it seem as if companies are much more cautious about these deals even if they do have money to spend?

Dr. Sutton: Definitely. You don't spend the money just to put your name on [a stadium]. You have to look at what you want to do, and what you can do, with it. How will you activate behind it? How can you build on it? How can you extend it to other parts of your business? So it's not just the money being spent on the naming rights. It's how you can take advantage of what you are buying. So the naming rights deals that are happening now are taking longer to finalize than they used to.

NYSJ: What changes have you seen, and what changes do you expect to see, regarding sports marketing deals in general?

Dr. Sutton: Companies have to be more open about these deals. Knowing that you will be under public scrutiny, companies have to make a strong case for and explain why they are making the deals. I thought the Citi Field deal was a good one [when it was signed], and also when they explained it [earlier this year when the stadium opened and both Citi and the Mets were publicly scrutinized for it]. Companies have to be better at communicating why they are spending the money, that it's not just to associate their name with a sports property or event but because that is where the opportunities are and that it is good for business. In Citi's case, they came out and said that it makes sense for them and it makes sense for the New York Mets.

NYSJ: Has the economy given companies any new advantages?

Dr. Sutton: For a buyer, it is a buyer's market. There are more options. It's what I refer to as flexibility. Before, perhaps you could not buy a piece of or a part of a property or an event. Now you can almost specify what you want. If you don't want to buy into something for a full season but only want to do it for 20 games, you can. If you want to buy into a product launch, or just be a sponsor for a quarter of the season, you can. Where before the answer was "No," now it's "We can work it out." That is the managerial approach.

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NYSJ: When the New York Yankees opened their new stadium this year, did it seem as if team management was somewhat surprised that companies and individuals were less willing to pay high prices for front-row boxes?

Dr. Sutton: Unless you are Jack Nicholson or Paul McCartney, there are a lot of people who do not want to be seen in the front row of any venue right now. On the other hand, if you are in the front row at Yankee Stadium, Madison Square Garden or The Forum in Los Angeles, your message is, "My business is in pretty good shape and I'm confident about where we are going." So there is a flip side to it. (Editor's Note: This interview was conducted prior to the 2009 World Series, during which the Yankees have sold out every home game.)

NYSJ: Does it seem that some sports properties and destinations have managed to maintain their ROI regarding sponsorships and marketing, such as the U.S. Tennis Open?

Dr. Sutton: Companies that align with the U.S. Open know what they want and know how to activate to maximize their ROI. I believe the 2009 event set a record in attendance [more than 721,000] and with visitors to their [TV, online and other] media partners, so the ROI is very strong for those companies.

NYSJ: It seems as if the NBA's New Jersey Nets and their CEO, Brett Yormark, have become masters at marketing flexibility. The team has, in effect, sub-divided Izod Center and has, for example, sold rows of seats and stairwells to sponsors. And to attract ticket-buyers, the team this season has offered jerseys from opposing players such as Kobe Bryant and LeBron James, and unveiled a plan where for $25,000 you can get four courtside tickets for ten games, parking, access to a private lounge at Izod Center and a one-hour appearance by a Nets player at the venue of your choice.

Dr. Sutton: I know Brett personally. He is not inhibited at all at being across the river from the New York Knicks. He finds ways to make noise. He creates excitement. And he finds ways to make deals that are appealing and cost-effective to sponsors.They are not going to have a great basketball team this year, but they are building a team and he is building strong relationships with companies so that whether or not the team moves to Brooklyn, they will want to stay with him and stay with the team. He is offering a great basketball product.

NYSJ: What was your reaction to the deal between the NFL and Procter & Gamble?

Dr. Sutton: It makes good business and marketing sense in many ways. The NFL is about as strong a sports property as there is, so you would want to associate with them. And P&G is getting a lot of its brands into the locker room, which means they will reach a huge audience. P&G has a strong marketing team and they will figure out ways to build on this and make the alliance stronger as it goes on.

NYSJ: The airline industry has been very active of late in signing sports marketing and sponsorship deals. Do you see this translating into strong ROI?

Dr. Sutton: [These deals] work for both sides. The deals are for the fans. If, for example, a team offers its season-ticket holders a free companion ticket for a trip, that's a great deal. A lot of the airlines and teams offer incentives like that. So that's what you are looking at in these types of partnerships.

NYSJ: Twitter is not going away, and more athletes, like Shaquille O'Neil, who has almost 2.5 million followers, use it on regular basis to communicate with fans. But is it becoming more of a marketing tool and a means of legitimate communication for sports management people, marketers and teams?

Dr. Sutton: Right now, it's a toy. They need to figure out the monetizing, how to make it work, how to make it make money, how to control it. It's like the wild, wild west. You get a lot of, "Jamie broke up with Jenny." Well, who cares. "I'm having coffee at Starbucks." I don't care. Make it something relevant that is going to make a difference. But it is quick, it does have an impact, and the teams that have figured it out are doing well with it.

NYSJ: What is your overall outlook on sports marketing and management, where it might go this year, in five years the way things are changing?

Sutton: Right now, people are being fairly conservative. We are back to an ROI model. When we were looking at ROE (return on equity) and ROO (return on objectives) we were really moving forward. But we kind of went backward here. It is really going to be dependent on how quickly the economy comes back and in what shape it comes back. But these are the times when if you are a great sports marketer, and you are creative, this is a good time for you to be involved. You can be as creative as you want to be right now. You can be aggressive. You can be an innovator. It is not a good time for someone who is very conservative or someone who is afraid. It is a great time for innovative sports marketers.