

Sports industry starts to feel the crunch

Roger Blitz

The financial crisis is hitting some of the world's mightiest sports institutions and challenging the skills of games' administrators across the world seeking to replace corporate sponsors tightening their purse strings.

Manchester United have begun looking for a new shirt sponsor following the near-collapse of AIG, the world's largest insurer. The Premier League and Champions League title holders are said to have been told by the humbled insurance giant that it is in no position to renew its £14m-a-year deal, which is halfway through its four-year term.

In normal circumstances, United could expect to have a queue of sponsors ready to take AIG's place. But few people in the sports industry are sounding confident about the fate of their leagues and clubs during the downturn.

"Even Manchester United will not find it easy," a senior sports administrator said on the fringes of a global sports business summit in London yesterday. "There are not many sponsors out there."

The Association of Tennis Professionals, the body that runs the ATP men's tour, is struggling to replace Mercedes as its title sponsor by the end of this year. Talks with a car company and a financial services group have faded. The ATP is at least relieved that the findings of a report it commissioned into its 60-odd tournaments found that most deals with sponsors were intact.

Sports such as golf, tennis and Formula One that have appealed to banks and financial services will need to look for backers from other sectors. But Peter Moore, president of EA Sports, the US sports gaming company, says the sponsorship market is shrinking rapidly.

"We are seeing more and more [sponsorship] opportunities and more things come our way," he said.

Sponsorship is not the sports industry's sole worry. US teams, particularly in American Football, are developing stadiums to boost revenues but face the prospect of finance drying up. New York's two NFL franchises, the Jets and the 1 Giants, are working on their joint 82,000-seater stadium, costing £1.3bn (€1.6bn \$2bn) and due to open in 2010. Dallas Cowboys should complete their new stadium development next year. These are expected to be unaffected by the credit freeze but Roger Goodell, NFL commissioner, acknowledges that the economic climate "will have an impact" on capital investment. Meanwhile, the teams' owners face a showdown with players over pay. Mr Goodell says: "We are not saying salaries have to come down but they may not grow at the same rate."

Across sport administrators are checking balance sheets anxiously. Nascar, the top US motorsport, has reported declining sponsorship levels, a problem forcing F1 to mull standardised engines and gearboxes to help teams cope with £150m a year costs.

Sports with more reason for optimism are those that can rely on the income streams of season ticket and long television rights deals. Richard Scudamore, chief executive of English football's Premier League, said having both of these put it in a "very fortunate position" in the short-term.

What no sport can guarantee is the readiness of fans to turn up in stricken times. But Mr Goodell is not the only administrator who pins his hopes on the quality of the product and his faith in the fan. "As the economy is in a tailspin, it is clearly going to impact on us but there is a flight to quality. People are trying to get away and be entertained."

Fonte: Financial Times, London, October 25 e 26 2008, Primeiro Caderno, p. 3.