

WHAT'S IN A NAME?

With the 2012 London Olympic Games edging ever closer, the issue of legacy looms menacingly over the Olympic Park. **David Walmsley** investigates the merits and pitfalls of potential naming rights deals for seven of the event venues that will remain long after the summer's action has ended.

THERE'S A REASON the Olympic motto is 'Faster, Higher, Stronger'. With each award of the staging rights to the Games comes a hard-wired requirement for the winning bidder to raise the bar on the benchmarks set by the previous host.

London 2012's ambitions for breaking new ground are focused squarely on legacy, specifically around urban regeneration, reviving a culture of sport participation across the UK - particularly among the young - and delivering healthy, self-funding futures for the venues built to stage the Games.

The East End of London is clearly already physically transformed on the back of the city's preparations for the event, but the British government has conceded defeat on the bid's participation aims by abandoning the improvement targets originally set.

As for the future of the venues, although the Olympic Park Legacy Company (OPLC)'s search for a main stadium anchor tenant remains ongoing, it expects to have another key source of funding in place as soon as May through the sale of naming rights to the three permanent facilities it owns.

This is one area of legacy in which London

genuinely does have a chance to go beyond its predecessors. Not only is the OPLC currently tendering the naming rights to the Olympic Stadium, Aquatics Centre and Multi-Use Arena, but the Lee Valley Regional Park Authority has also engaged consultants Grant Thornton to market similar rights to the four venues it will own and run after the Games: the Velodrome, Hockey and Tennis Centres in the park itself and the White Water Centre 30-kilometre to the north.

An Unprecedented Market

With Anish Kapoor's Orbit sculpture already named by its hinder and Games sponsor ArcelorMittal, those programmes could deliver eight named venues in all.

By contrast, only three of the 10 facilities at Sydney's 2000 Olympic Park currently have naming rights partners, none of those built for the 2004 Games in Athens has ever been corporate-branded, and Beijing only secured its first partner - MasterCard sponsoring the Wukesong basketball arena on a five-year deal worth more than \$20 million overall - as recently as January 2011, two-and-a-half years after the 2008 Games closed.

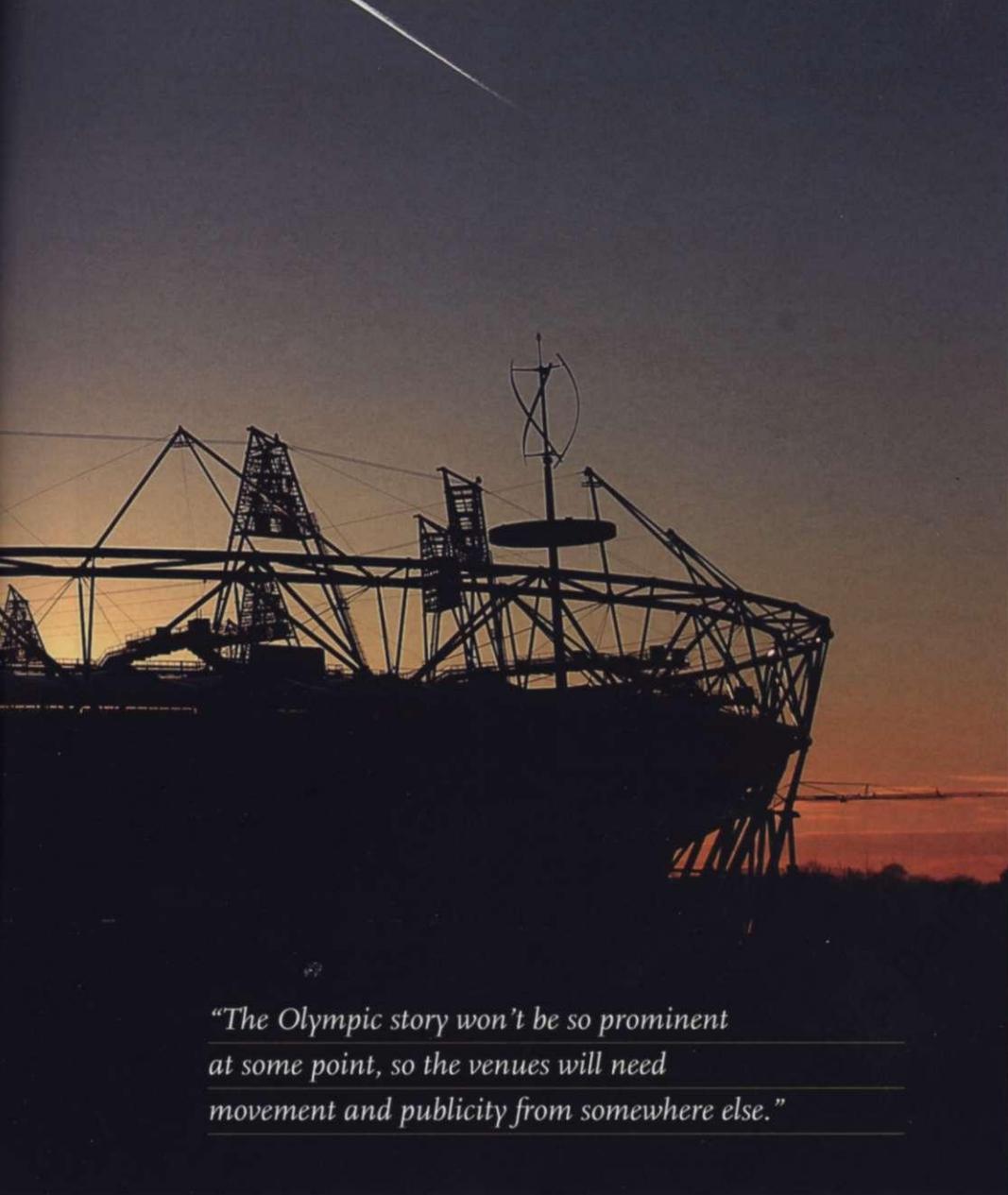
The flipside of its position, however, is that London has few direct benchmarks to pitch its offer against. Sydney, Beijing and Athens sold just four venue titles between them - and none within two years of their hosting of the Games - nor do their sponsorship markets have much in common with that of London, in either size or sophistication.

Domestic comparatives, however, are complicated by the fact that the UK's leading deals - Etihad's \$600 million, ten-year arrangement with Manchester City and Emirates' \$10-million-a-year agreement with Arsenal - bundle stadium naming rights with the shirt sponsorships of the football clubs that own them.

And can any of the Olympic Park venues offer a potential sponsor as good a return on investment as O2 receives across town for badging the reinvention of the city's original white elephant, the Millennium Dome - or North Greenwich Arena, as we must call it during the Games - at a cost of \$11 million a year?

The Games venues obviously have qualities those non-Olympic facilities lack - the magic and recognition of the five rings, and the values and cachet that come with them.

But, inevitably, their purpose-built nature



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The OPLC is targeting £6 million per year for the Olympic Stadium naming rights - Getty Images Sport

means they are missing those other buildings' key driver of value - an established calendar of regular, high-profile events.

The Etihad and Emirates Stadiums are anchored by English Premier League football clubs, while the O2 is the world's most successful arena, selling more than two million tickets a year for a spectacular array of sports and entertainment events.

Even in Beijing, that trade-off has been the main dynamic at play in the slow pace of naming rights sales around the 2008 Games venues to date. With the exception of the iconic Bird's Nest main stadium and Water Cube swimming centre, "naming rights are part of the government strategies to finance the venues," says Barbara Zhang, general manager of IMG Consulting China.

"The benefits for a naming rights sponsor are being able to take advantage of the Olympic legacy and achieve more community engagement," she adds, but agrees that lack of content

has deterred potential sponsors from putting their names to the Games facilities.

"The levels of usage vary a lot as more than 30 competition venues - new and renovated - were used for the Beijing Olympics.

"Among the new venues built for the Games, the National Swimming Centre and Basketball Stadium are the most used ones in terms of events, but some others - such as the National Tennis Centre and Indoor Cycling Stadium - only have one or two major events per year."

And that, believes Zhang, is why MasterCard has its name on the basketball arena and not on the cycling track: "No event, no value. Events bring traffic of people to the venues, which will benefit the sponsors."

On re-opening in 2013, the OPLC is projecting 9.3 million annual visitors to the Olympic Park as a whole, including up to 1.2

million (spectators and facility users) to the Aquatics Centre and Multi-Use Arena.

Post-Olympic Depression

How potential sponsors value those visitors, playing and watching alike, will go a long way to determining the price at which they think a naming rights deal makes sense.

A planned museum in the park will keep the Olympic flame alive, but over time the association will inevitably dim, believes Maria Walsh, international sales manager with SPORT+MARKT's stadia consultancy.

"It's an interesting proposition because these venues have the Olympic story to tell, they are iconic buildings, they get an attention boost from the Games and they exist as tourist attractions as well as stadia," she says. "But, on the other hand, a lot depends on what will happen with the venues afterwards - will they be well used?"

"The Olympic story won't be so prominent at some point, so the venues will need movement and publicity from somewhere else. The value of naming rights comes from public awareness and contact chances - in this case they need to somehow measure what will be achieved after the Games.

"Finding something to base that evaluation on can be difficult - Olympic venues are a very specific case because they are usually built without an anchor tenant."

The OPLC's overt references to inclusiveness, healthy living, employment, training and participation ahead of spectator and TV exposure, and the insistence of director of venues Peter Tudor that "money is not the only focus here", suggest it is taking a realistic view of its venues' prospects of carving out a significant chunk of arguably the world's most competitive sport and entertainment market.

But using the unique status of the Olympics to create a stand-out point of difference from the standard naming rights deal could work to the OPLC's advantage and open up access to a different sponsor set.

Regardless of which companies the Olympic Park might interest, the OPLC will be marketing the naming rights to the Olympic Stadium and Velodrome for a reported £6 million per year and million per year respectively. Each is a huge investment and the success of which will depend significantly on the strategy of successful bidders, concludes Maria Walsh.

"A Jot will rely on the motivation of the sponsors," she says. "Do they want it for awareness, do they need it because they want to show local responsibility or a local connection, or are they politically motivated?"

"If they find a good way to use it - even if only as a tourist attraction and a community facility - and it is exposed to enough people, then it can be a success."