

NEW YORK STATE OF MIND

The opening of the Barclays Center last month marked the arrival of another major sports franchise in New York City. **Luke Harman** and **Matthew Glendinning** take a look at the extensive sponsorship operation in play in downtown Brooklyn.

IT WOULD HAVE been of little interest to concert-goers watching rap sensation Jay-Z open the Barclays Center on September 28, but there were at least 25 corporate logos on show at the venue on opening night - the result of an expansive sponsorship model employed by those responsible for the brand new sports and entertainment venue in New York.

Though owned by two major shareholders - controversial real-estate developer Bruce Ratner (55 per cent) and Russian industrial magnate Mikhail Prokhorov (45 per cent) - it is Brett Yormark, CEO of the NBA (National Basketball Association) franchise Brooklyn Nets and president and CEO of Brooklyn Sports & Entertainment, who masterminded the commercial programme at the \$1 billion venue.

The Nets, formerly the New Jersey Nets, have relocated to the Barclays Center, becoming the first professional sports team to be based in Brooklyn in over half a century after Major League Baseball team the Brooklyn Dodgers migrated to Los Angeles in 1957.

At the top of the sponsorship tree, a position afforded by the purchase of arena naming rights for \$200 million over 20 years, sits Barclays, the UK-based bank keen to expand its brand presence and business opportunities in New York and further afield.

Below Barclays there are 11 founding partners of the venue and for Yormark, the seasoned marketer who oversaw the then record-breaking \$750 million sponsorship deal between NASCAR and Nextel Communications in 2003, the sales pitch for founding partners of the Barclays Center presented a more complex proposition.

He stresses two main areas of innovation: a major advertising presence via the unparalleled "street-to-seat" brand signage programme at all Barclays Center events, in combination with a "less is more" strategy, meaning more ownership for each partner in and around the venue.

"Obviously, Barclays is our biggest partner, but we sell by category, and we've broken up the building into different neighbourhoods," he says. "Different partners get to own those

neighbourhoods and they're exclusive to the building and exclusive on the team."

A less well-publicised area of innovation, but one which Yormark describes "as a critical component in sports more than ever before" is the B2B potential presented through the venue's various stakeholders.

"This off-season, we developed a chamber of commerce that includes season-ticket holders, key stakeholders, vendors and sponsors from about 500 companies," he explains. "Every month we have networking sessions, and my direct report team and I guarantee each member 10 qualified meetings. We don't guarantee [members] business with those other companies, but we facilitate those introductions and it is driving big-time results for us."

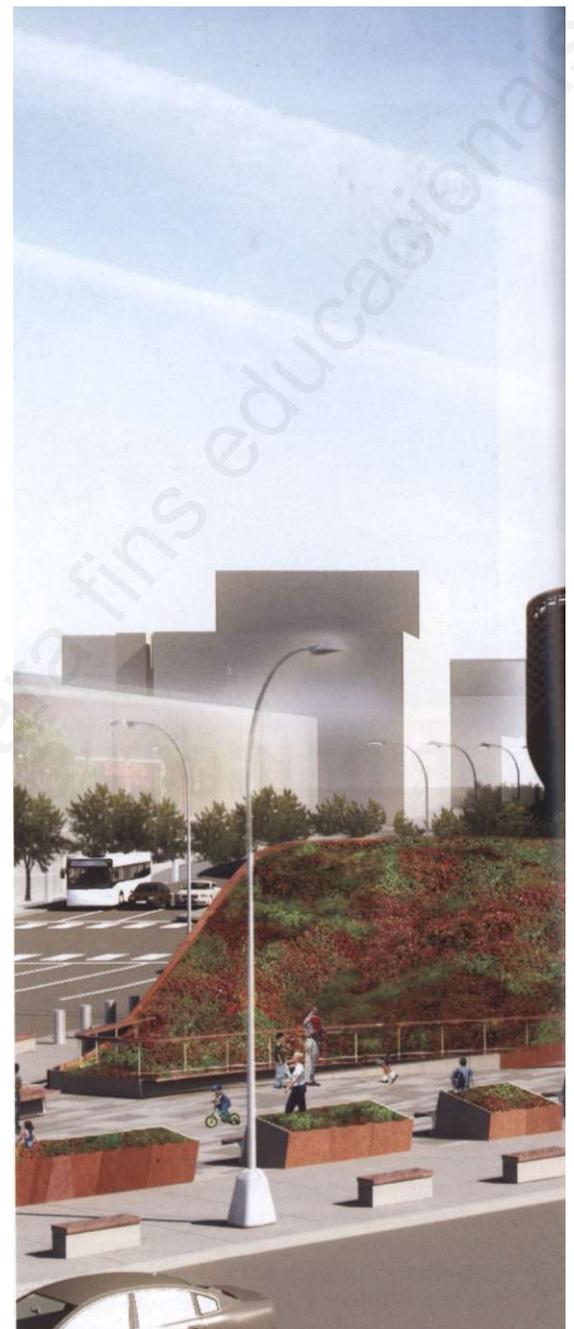
Multi-Purpose Arena

Yormark's approach to the sponsorship and marketing of the Barclays Center - the name of which he sold single-handedly despite plenty of interest from agencies attempting to muscle in on the deal - has attracted acclaim from fellow sponsorship professionals, including Andy Dolich, a marketer with almost 40 years experience in professional US sports and an instrumental member of the team responsible for the construction and management of the FedEx Forum - home of the NBA's Memphis Grizzlies.

"When a venue costs one billion dollars to construct, you rarely get people with deep enough pockets to finance it in its entirety - so the question is: 'how much can we get back from sponsorship?'" Dolich told *SportBusiness International*. "The first thing to say is that Brett Yormark is a consummate marketer with lots of experience in all types of deals.

"He is as good on his feet at marketing as Fred Astaire was and I mean that in a positive way. And being in the media capital of the world, he has many arrows in his quiver.

"He has the rebirth of that part of New York, which is attracting a lot of young people, and there's the story-telling of Brooklyn which has been without a major sports team since the Dodgers left. The Nets in New Jersey was an



afterthought; in Brooklyn, it's all about the [New York] Knicks versus the Nets, and then, of course, there's all the global branding that goes with the NBA.

"And it's not just about basketball. The Barclays Center will be used all year round as a sports and entertainment venue - the opportunities are endless."

As Dolich suggests, basketball will not be the only attraction for the venue. In fact, Nets games form only one fifth of the 200 annual events to be hosted at the arena. Other events will include music concerts, family shows, top college basketball, professional ice-hockey - the New York Rangers of the National Hockey League currently have one match scheduled at the arena - and monthly major professional boxing bouts.

Oscar De La Hoya's Golden Boy Promotions and the Barclays Center have signed a 12-fight per year agreement, for example, and three world title fights will be staged as part of the arena's inaugural boxing card - the first time a world title has been on the line in Brooklyn since 1931.

The scope of sports and entertainment events



The Barclays Center in Brooklyn opened on September 28 • SHoP Architects

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to be staged at the new venue is likely to be a contributing factor to the wealth of top level corporate brands now in league with the arena. One such company is American Express, which signed on as the eighth founding partner as the official credit card of the building and the Nets.

The five-year deal, thought to be worth \$2 million per year, includes the purchase of an event-level vault suite and designates American Express as the presenting sponsor of the box office and Barclays Center 40/40 Club restaurant.

Owned by Brooklyn-born Jay-Z, a minority stakeholder in the Nets, the restaurant will favour American Express card members with access to private events and preferred seating. American Express will also receive branding from concessions to merchandising within the Barclays Center.

Each of the 11 founding partners are afforded



similar exclusive category rights and ownership in different areas of the venue - a sponsorship model which, according to Dolich, has been significantly enhanced under Yormark's guidance.

"The Barclays Center is an excellent model and a variation on a theme that has been around for some years, which is the stratification of fans, the slicing and dicing of every seat, where every experience has a corporate attachment," Dolich says.

"This is the type of sponsorship that involves the presidents of companies: if you think of the kind of demographic of the VIP clubs at the Barclays Center, you're looking at a place where deals will be done and you want to get there before your competitors."

But will the corporate partners, which also include a raft of legacy partners featuring the likes of adidas, Coca-Cola and Starbucks, get a return on their investment?

"That's the \$64 billion question," says Dolich. "In 40 years on the professional sports side I haven't seen the equation being created on the sponsor side."