Future Viability of Jersey Sponsorships in the Major American Sports Leagues

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Summary

This paper examines the emerging domestic field of jersey sponsorships. While there are jersey sponsorships in international leagues and smaller domestic leagues, this paper specifically examines the four major American sports leagues; the NBA, NFL, MLB, and NHL. It aims to serve as an unprecedented, new, and comprehensive overview of this significant development in the sponsorship and marketing realm by investigating concerns from standpoints of both sports properties and sponsors. This study ultimately finds that the NBA is the most likely league to adopt jersey sponsorships in the next five to ten years. The NHL and NFL are both somewhat likely as well, but not nearly as likely as the NBA. Lastly, the MLB is the least likely of the four leagues to adopt jersey sponsorships in the near future.

Introduction

This paper sets out to examine the viability of jersey sponsorships for the major American sports leagues: The NBA, NFL, MLB, and NHL. A combination of recent macroeconomic conditions, technology, globalization, and other factors has led to an unprecedented interest and domestic introduction of jersey sponsorships in American sports. The gradual adaptation of historically commonplace international practices of prominently featuring brand names across sports jerseys has opened up a wide new frontier for sports sponsorships in the United States. While Major League Soccer struck the first domestic jersey sponsorship deal in 2006, there has been major progress in the US jersey sponsorship space in 2009.

Numerous WNBA teams have struck jersey sponsorship deals and various NBA and NFL teams have introduced practice jersey sponsorships this past year as well. All the signs point to the irrefutable fact that the next few years will be as interesting and unprecedented a time as ever for the sports sponsorship industry in the United States.

Approach

The most intuitive and logical method to decide the viability of jersey sponsorships was to look at the issue from two distinct but complementary perspectives; that of the sponsors and that of the sports properties. In this vernacular, the sports properties are the sports leagues and the teams and the sponsors are the companies and brands interested in using sports sponsorships as a marketing platform.

The first half of the paper will examine jersey sponsorships' main issues from a sports property's standpoint. The main points to touch upon are the need for additional revenue streams, the bottom-line financial impact of jersey sponsorships, the problem of public receptiveness, and the need to identify synergetic sponsors.

The second half of the paper will investigate the issues that potential sponsors would address when looking at jersey sponsorships as a viable marketing investment. The most significant points to look into would be how sponsors would measure the returns of a jersey sponsorships, how sponsors would get the most out of their pricey investment by maximizing activation, and how sponsors choose to sponsor certain sports properties that best fit their needs.

The paper will also look at each of the four major American sports leagues and aim to identify which leagues offer the greatest feasibility when it comes to jersey sponsorships.

While some issues such as macroenvironmental factors and pricing concern both sponsors and properties, for the most part, both sides have distinctive concerns regarding jersey sponsorships. To fully comprehend the concerns of both parties, I have made it a priority to interview some of the most important individuals of both relevant sports properties and sponsors. In addition, to gain a third party's overarching perspective of the topic, I have interviewed several of the industry leaders who work for sports agencies, who are the negotiators and mediators that bring together sports properties and sponsors.

Because many of the financial terms and return on sponsorship investments are not fully disclosed to the public, I have instead made extensive use of interviews, preexisting research, and publicly released statements that include relevant financial data. As jersey sponsorships do not have a long history in the US yet, examination of the history of European soccer kit sponsorships and then US Major League Soccer jersey sponsorships were a good starting point for my research. As WNBA teams introduced jersey sponsorships in the 2009-10 season and various NFL and NBA introduced practice jersey sponsorships this year, the research gradually branched out to these particular sponsorships as well. By researching many of these sponsorship stories and gradually grasping an understanding of the evolution of the jersey sponsorships field, I was able to use reasonable extrapolations and draw educated conclusions regarding future prospects for jersey sponsorships in the major American sports leagues.

History of Jersey Sponsorships

The history of jersey sponsorships can be traced back to early professional soccer in Europe. While the first uniform kits began to appear around 1870, it was in 1973 that the first ever kit sponsorship deal occurred.

This initial sponsorship deal involved the West German team, Eintracht Braunschweig. At the time, Eintracht Braunschweig was suffering from the repercussions of a major bribery scandal and the team was hemorrhaging money. At the same time, a man by the name of Günter Mast was running a company by the name of Jägermeister in Germany. A savvy businessman, Mast realized that "through football, you can reach all sections of the population." However, back then, kit sponsorships were not permitted. The only logos players could have on their shirts were club badges. With Mast's hometown team, Eintracht Braunschweig, financially struggling at the time, Mast identified a potentially lucrative investment opportunity. While the exact details of the deal are unclear, most accounts say Mast agreed to pay the club 500,000 Marks over five years, which was a minuscule amount of money for the publicity Mast and Eintracht Braunschweig received. When the club asked the DFB (The German Football Association) in August of 1972 for permission to endorse Jägermeister on their shirts and was predictably turned down, the club and Mast replaced the traditional red lion logo of the football club with a deer head, Jägermeister's logo. With the DFB being unsure of how to rule against clubs changing their own logos, Eintracht Braunschweig debuted their new kits with the Jägermeister logo on March 24th, 1973. It was truly the beginning of the jersey sponsorship era (Hesse-Lictenberger).

Seven months after that day, the DFB officially sanctioned shirt sponsorships and other European soccer leagues gradually conformed. However, broadcasting authorities across Europe resisted kit sponsorship efforts. The BBC and ITV companies refused to broadcast matches featuring branded shirts, forcing clubs to remove sponsor's logos when cameras were present. However, in 1983, the broadcasters finally gave way and allowed sponsored shirts to be shown, immediately skyrocketing the value of a kit sponsorship deal through the roof (Moor). Since then, kit sponsorships have become a staple of European soccer and have provided an invaluable revenue stream for soccer clubs and have helped sponsors generate financial benefits. It is astonishing to examine this early history of European soccer and discover that something that is such a commonplace fixture nowadays had to overcome early obstacles as well. This Eintracht Braunschweig story is proof that the difficulties US jersey sponsorships encounter may simply be part of a process to eventually become a cultural staple not unlike current European kit sponsorships.

Sports Property's Standpoint

As previously mentioned, the key topics sports properties will need to consider when contemplating the viability of jersey sponsorships are the need for additional revenue streams, the bottom-line financial impact of jersey sponsorships, the problem of public receptiveness, and the need to identify synergetic sponsors. This section will examine each individual area of concern.

A. Impact of Economic Downturn and Need for Additional Revenue Streams

The economic downturn that started in 2008 has had a major impact on the financial health of institutions worldwide. Sports properties were no exception. As the economy suffered in the past couple years, many American sports teams and leagues have not seen the financial growth they have been accustomed in the past.

Every year, Forbes provides valuations of sports teams. This data serves as the authority amongst publicly available financial data of sports institutions. Inspecting Forbes' enterprise value data of NBA, NFL, MLB, and NHL teams have allowed measurement of how the financial value and wellbeing of teams have changed during the economic downturn of the past two years.

Enterprise Value is a comprehensive way to interpret the true economic value of a company. To calculate enterprise value, take the market capitalization, add debt, minority interest, and preferred shares, and then subtract total cash and cash equivalents. Enterprise value is a much more accurate representation of a company or team's value than simple market capitalization. It can be effectively used to gauge the overall value and general health of a company's business. If a company is experiencing declining enterprise value, there will be less money for owners, shareholders, expansion, or any other goal that the company hopes to achieve. Thus, tracking changes in enterprise value for sports teams provides some interesting insights.

NBA:

As the chart below shows, it is very evident for the National Basketball Association (NBA) that the league as a whole has experienced a decline in enterprise value over the past two years. The average NBA team enterprise value fell 3.53%, marking the first time since Forbes began tracking league finances 11 years that NBA enterprise values declined (NBA Team Valuations). The results look even direr when the three largest and richest metropolitan areas, Chicago, Los Angeles, and New York, with both the highest populations as well as media markets are excluded as outliers. These markets do not suffer as much from the economy as they always have the most lucrative media contracts and priciest tickets that are purchased by the wealthiest in both good and sour economies. The average 2009 enterprise value of NBA teams then falls to from $367M to $345M and the average 1-YR Enterprise Value Change percentage also falls further from -3.53% to -4.00%. Also while not demonstrated in this chart, 12 of the league's 30 teams posted an operating loss during the most recent season (Badenhausen). That is the most since the 1998-99 season, which was plagued by a lockout that cut the number of games in half.

Team	2009 Enterprise Value ($MIL)	1-YR Enterprise Value Change (%)
Atlanta Hawks	306	0
Boston Celtics	433	-3
Charlotte Bobcats	278	-2
Chicago Bulls	511	2
Cleveland Cavaliers	476	0
Dallas Mavericks	446	-4
Denver Nuggets	321	-3
Detroit Pistons	479	0
Golden State Warriors	315	-6
Houston Rockets	470	0
Indiana Pacers	281	-7
Los Angeles Clippers	295	-1
Los Angeles Lakers	607	4
Memphis Grizzlies	257	-13
Miami Heat	364	-7
Milwaukee Bucks	254	-9
Minnesota Timberwolves	268	-11
New Jersey Nets	269	-9
New Orleans Hornets	267	-6
New York Knicks	586	-4
Oklahoma City Thunder*	310	3
Orlando Magic	361	4
Philadelphia 76ers	344	-4
Phoenix Suns	429	-5
Portland Trail Blazers	338	10
Sacramento Kings	305	-13
San Antonio Spurs	398	-4
Toronto Raptors	386	-3
Utah Jazz	343	-4
Washington Wizards	313	-11
Average	367.00	-3.53
		Taken 12/9/09
*In 2007, the Oklahoma City Thunder were the Seattle Supersonics		

As the NBA has one of the most uneven revenue sharing systems amongst American professional sports, it is perceivable that large market teams such as the New York Knicks, Los Angeles Lakers, and Chicago Bulls will continue to bear less of the brunt of the economic downturn. In the NBA, about 20-25% of team revenue comes from revenue sharing while in the NFL about 70-75% of team revenue comes from revenue sharing (Jones). In the MLB, 35% of each teams' local media revenue is shared amongst all while there is no such agreement present in the NBA. As large market NBA teams remain exceptionally lucrative, economic downturns further accentuate an emerging financial stratification. Due to this hierarchy, it is likely that as smaller market teams struggle financially, they will be more inclined to explore and experiment with new and risky potential revenue streams, such as jersey sponsorships.

An example of a particular small market NBA team having to adapt to the changing economic climate is the Phoenix Suns. While relatively successful on the court, the housing collapse hit Phoenix hard, ending its 153-game sellout streak last November. In addition, a couple days later, the team laid off 10% of its office staff and traded all-star center Shaquille O'Neal during the summer in a salary dump (Badenhausen).

The current NBA season might shape up to be even worse as season tickets renewals have declined from 79% to 76% (Berger). Through the first quarter of the season, NBA ticket revenues slid 7.4%, demonstrating that ticket revenues, a major source of income, have indeed been affected by the sour economy (Berger). As many teams lose money, the NBA has lined up $200 million to lend to teams dealing with operating losses incurred from the economy. All in all, the league expects overall revenues to drop as much as 5% (Lemke).

<u>NFL:</u>

While not as severe as the NBA, the National Football League (NFL) has also clearly shown signs of being impacted by the recession. As the chart below shows, the growth in average enterprise value of NFL teams remained relatively flat at a modest 0.16% (NFL Team Valuations). While they did not experience as severe a decline in enterprise value as NBA teams, this lack of growth came after seeing increases of 9%, 7%, and 10% over the last 4 years (Ozanian). In addition, eight NFL teams declined in enterprise value, marking the first time in 10 years that any NFL team had gone down in value.

Team	2009 Enterprise Value ($MIL)	1-YR Enterprise Value Change (%)
Arizona Cardinals	935	2
Atlanta Falcons	856	-2
Baltimore Ravens	1,079	2
Buffalo Bills	909	3
Carolina Panthers	1,049	1
Chicago Bears	1,082	2
Cincinnati Bengals	953	1
Cleveland Browns	1,032	0
Dallas Cowboys	1,650	2
Denver Broncos	1,081	2
Detroit Lions	872	-5
Green Bay Packers	1,019	0
Houston Texans	1,150	2
Indianapolis Colts	1,025	-5
Jacksonville Jaguars	866	-1
Kansas City Chiefs	1,027	1
Miami Dolphins	1,015	-3
Minnesota Vikings	835	0
New England Patriots	1,361	3
New Orleans Saints	942	0
New York Giants	1,183	0
New York Jets	1,170	0
Oakland Raiders	797	-7
Philadelphia Eagles	1,123	1
Pittsburgh Steelers	1,020	1
San Diego Chargers	917	3
San Francisco 49ers	875	1
Seattle Seahawks	994	-2
St. Louis Rams	913	-2
Tampa Bay Buccaneers	1,085	3
Tennessee Titans	1,000	1
Washington Redskins	1,550	1
Average	1,042.66	0.16
		Taken 9/2/09

The effects of the recent economic downturn also seem to be reflected in the NFL's ticket sales. Eleven NFL teams made gains in ticket sales this year, but they were offset by losses in seventeen other teams, resulting in a net sales loss of 1.1% for the league (McWilliams). While there are strong NFL teams in large metropolitan areas that sell out stadiums for every season, there are also small market teams, such as the Jacksonville Jaguars, that have significant trouble selling tickets. NFL rules require local TV 'blackouts' for any games that fail to sell out 72 hours prior to kickoff. The blackout rule was made based on the league's assumption that watching the game on TV and attending the game are close substitutes for local consumers and that removing the possibility of watching the game on TV will lead to additional last minute ticket sales.

The Jacksonville Jaguars, in the northern Florida economy that was hit hard by the housing crunch, had nine of their ten home games in the 2009-2010 season blacked out. A total of 20 games were blacked out in the past season, which was a large increase from 9 blackouts in 2008, 10 blackouts in 2007, and 7 blackouts in 2006 (NFL TV Blackouts in 2009). The TV blackouts is an indicator that many of NFL's smaller market teams, such as the Jaguars, are having trouble selling tickets.

To reverse this trend, small market teams may start adapting drastic measures to boost sales and overall revenue. San Diego Chargers COO Jim Steeg acknowledged in September of 2009 that his organization will "think outside the box and pull out all the stops" in sales efforts (Leahy). One of the struggling small market teams, the Jacksonville Jaguars, cut ticket prices for 2010, hoping to lure back consumers in a slumping economy. The Jaguars reduced season tickets in two sections in the upper deck by $90, four sections in the lower bowl by $100, and two clubs sections by $300 (Jaguars reduce some season-ticket prices for 2010, hope to avoid more TV blackouts)

Each NFL team was paid $94 million last year from the league's television deals with CBS, NBC, Fox, and ESPN. These deals were recently extended through 2013; however, the deals were only for annual fee increases of 2%, the smallest ever. Sports Business Journal also reported in February of 2009 that 'according to internal league data, contracts accounting for 50 percent of all club sponsorship revenues come due within the next 18 months' (Kaplan). As old revenue streams become less financially reliable and the economic future of the league looks consequently murky, small market NFL teams may also be willing to experiment with new revenue stream ideas.

<u>MLB:</u>

At first glance, Major League Baseball (MLB) seems to have somewhat escaped the effects of a slumping economy, with team enterprise values increasing an average of 1.23% to an all-time high average enterprise value of $482 million (The Business Of Baseball). However, upon closer inspection, one can see that a couple rich teams with new stadiums and lucrative cable contracts have dramatically skewed these averages.

Team	2009 Enterprise Value ($MIL)	1-YR Enterprise Value Change (%)
Arizona Diamondbacks	390	3
Atlanta Braves	446	-10
Baltimore Orioles	400	0
Boston Red Sox	833	2
Chicago Cubs	700	9
Chicago White Sox	450	2
Cincinnati Reds	342	2
Cleveland Indians	399	-4
Colorado Rockies	373	1
Detroit Tigers	371	-9
Florida Marlins	277	8
Houston Astros	445	-4
Kansas City Royals	314	4
Los Angeles Angels of Anaheim	509	2
Los Angeles Dodgers	722	4
Milwaukee Brewers	347	5
Minnesota Twins	356	9
New York Mets	912	11
New York Yankees	1,500	15
Oakland Athletics	319	-1
Philadelphia Phillies	496	3
Pittsburgh Pirates	288	-1
San Diego Padres	401	4
San Francisco Giants	471	-5
Seattle Mariners	426	-9
St. Louis Cardinals	486	0
Tampa Bay Devil Rays	320	10
Texas Rangers	405	-2
Toronto Blue Jays	353	0
Washinton Nationals	406	-12
Average	481.90	1.23
		Taken 4/22/09

Two teams that particularly stand out amongst the 30 baseball teams are the New York Yankees and New York Mets. Both teams moved into new lucrative ballparks to start the 2009-10 season and profit from well-paying television contracts. Last season, the Yankees pulled in $80 million, the most in baseball, from their rights fee with the YES Network and the Mets also brought in $52 million through a great cable deal. The Mets also sold their stadium naming rights to Citi

Bank, renaming it Citi Field. Through this naming rights deal and related advertising from the bank, the Mets will receive an average of $20 million a year. These factors helped these teams respectively see their values increase by 15% and 11% in 2009 (Ozanian).

While these two marquee large market teams experienced financial growth, this was not the story for many other teams. In fact only 6 other clubs had higher enterprise values than the league average. Ten clubs saw their enterprise values decline and three clubs saw their values remain flat. These declines are the steepest since 2004 when 13 teams experienced valuation declines. To further put this statistic in perspective, no MLB team has declined in enterprise value since 2005, when the Oakland Athletics experienced a 1% decline.

Similar to the NBA, the MLB enterprise value statistics predictably take a significant hit when the New York Yankees and the New York Mets are excluded. The growth in enterprise decreases from 1.23% to a stagnant 0.39%. It is evident that the MLB is vastly similar to the NBA in that a system of financial stratification is gradually emerging. As the league braces for attendance declines in the upcoming 2010-11 season, it is going to be interesting to follow how the league, and especially small market teams, chooses to make financial decisions during the slugging economy.

<u>NHL:</u>

Perhaps the least troubled of the four major American sports leagues is the National Hockey League (NHL). While the NHL historically places a distant fourth place behind the NBA, NFL, and MLB, several factors have contributed to the NHL's financial success in the face of a recession.

Team	2009 Enterprise Value ($MIL)	1-YR Enterprise Value Change (%)
Anaheim Ducks	206	2
Atlanta Thrashers	143	-10
Boston Bruins	271	3
Buffalo Sabres	170	1
Calgary Flames	200	-2
Carolina Hurricanes	177	5
Chicago Blackhawks	258	26
Colorado Avalanche	205	-11
Columbus Blue Jackets	165	5
Dallas Stars	246	-10
Detroit Red Wings	337	11
Edmonton Oilers	166	-5
Florida Panthers	159	-2
Los Angeles Kings	208	-1
Minnesota Wild	210	-3
Montreal Canadiens	339	2
Nashville Predators	156	-5
New Jersey Devils	223	0
New York Islanders	149	-3
New York Rangers	416	1
Ottawa Senators	197	-5
Philadelphica Flyers	273	-1
Phoenix Coyotes	138	-3
Pittsburgh Penguins	222	14
San Jose Sharks	184	3
St. Louis Blues	176	9
Tampa Bay Lightning	191	-4
Toronto Maple Leafs	470	5
Vancouver Canucks	239	1
Washinton Capitals	183	15
Average	222.57	1.27
		Taken 11/11/09

In the past year, the average enterprise value of NHL teams increased by 1.27% (NHL Team Valuations). Despite the sour economy, the NHL was aided by revivals in several important big markets. Chicago fans can now watch home games on television, Pittsburgh recently won a Stanley Cup, and a superstar, Alexander

Ovechkin, rejuvenated hockey in Washington; these factors all played significant parts in a league-wide revival. In addition, local media contracts and new sponsors helped several teams maintain financial stability. Three major markets, Detroit, Chicago, and Toronto, all signed new media contracts before the 2009 season, increasing television revenues by 15%. New sponsors such as McDonalds, Honda, Crisco, and Visa also enhanced league-wide sponsorship revenue by 1.9% to $339 million (Brown).

Regardless, the NHL did not completely escape the long-reaching impact of the sluggish economy. 14 of the 30 NHL clubs saw their enterprise value drop; this was the largest number of decliners since 2004. However, with a new generation of superstars and a revitalized fan-base (the most recent Stanley Cup playoffs were the most watched hockey playoffs on broadcast television since 2002), it is conceivable that the NHL might be better suited to weather the recent economic downturn than any other major American sports league.

B. Jersey Sponsorship Impact on Revenue

After examining the league's economic struggles and the need to identify new revenue streams, it is important to look at the revenue impact of preexisting jersey sponsorships.

While a European sports marketing firm, Sport+Markt, independently researches and realizes a comprehensive 'European Jersey Report' annually disclosing European soccer kit sponsorship sizes and impact on revenue, it is very expensive and difficult to obtain.

To circumvent the high cost of obtaining the 'European Jersey Report', I was instead able to connect with and interview a high-ranking executive of one of the predominant European soccer clubs. Michael Gerlinger, director of legal affairs at FC Bayern Munich in Germany, noted that Bayern makes approximately 1/3rd of its total revenue through its kit sponsorship with European telecommunications giant, Deutsche Telekom. Given that Deloitte's annual Football Money League tabbed Bayern as the fourth richest club in the world in 2009, generating revenues of €289.5 million, the fact that a third of these funds comes from kit sponsorships is both impressive and revelatory (Football Money League). This highlights the idea that struggling domestic sports teams could almost considerably alleviate their financial difficulties by consenting to jersey sponsorships and adding a significant revenue stream.

C. <u>Public Receptivity</u>

One of the most difficult challenges both sports properties and sponsors will face when dealing with jersey sponsorships will be managing and mitigating public backlash. Without careful preparation and gradual introduction, there is a great chance of inducing public outcry and negative publicity.

<u>MLS:</u>

A domestic sports league that has quickly and seamlessly adopted jersey sponsorships has been the MLS (Major League Soccer). In November of 2006, when XanGo, with the help of sports marketing firm, Amplify Sports and Entertainment, LLC, decided to pursue a jersey sponsorship deal with MLS team, Real Salt Lake, that became the first US sponsorship of its kind. Of course, there was a significant challenge in that there was no domestic model or framework to follow. One of XanGo's main goals was to have its jersey sponsorship deal gain public approval.

A couple of factors led to XanGo realizing this goal. Firstly, it seems as though a jersey sponsorship helped legitimize Real Salt Lake in the eyes of both domestic and international soccer fans. Most of the marquee football teams in Europe have jersey sponsorship deals with prestigious and recognized brands. While Major League Soccer was founded in 1993, it was originally characterized by a lack of talent, tradition, and fan interest that compounded to ongoing financial problems. However, starting with newfound domestic interest in soccer after the 2002 World Cup, in which the United States unexpectedly made the quarterfinals, the MLS has been growing. As the level of play increased and a couple star players emerged, the casual sports fan started respecting the league. Jersey sponsorships that made MLS teams look similar to their successful European counterparts were perhaps the last defining steps toward legitimatization. Echoing this sentiment in an interview with Wall Street Journal, Shawn Hunter, president of Anschutz Entertainment Group's sports division, which operates four MLS teams, also noted, "it's so accepted everywhere else. Big clubs are synonymous with big brands, and I think Americans know that now" (Weinbach). In a phone interview, Dave Greeley, MLS Chicago Fire President, commented on the Fire fans' reaction to their Best Buy jersey sponsorship by noting, "It's so accepted around the world in soccer circles, if anything, soccer fans in Chicago embraced it because that's what clubs like

Manchester United and AC Milan do. Here, putting a sponsor on the jersey of the soccer players can actually be an authenticator. It makes it legitimate."

Secondly, XanGo succeeded in tempering possible public backlash because it fully utilized and activated its sponsorship by encouraging public participation. Sponsorship activation is the extra effort and money sponsors must invest, in addition to the actual sponsorship deal, to gain exposure, enhance brand awareness, and achieve other goals; in this case, activation was done to help the deal gain public acceptance. Activating a sponsorship is critical, and Real Salt Lake did this through a successful website and promotion.

At the onset of the 2007 MLS season, XanGo launched a new website designed to educate fans about soccer and simultaneously strengthen XanGo's ties to both Real Salt Lake and the game itself. Through a regularly updated blog, links to soccer information, as well as additional soccer links, the website successfully engaged fans by educating them on the team and the game of soccer. XanGo also activated its jersey sponsorship by running a World's Largest Jersey promotion. In the promotion, fans were invited to sign a 22x15-foot inflatable replica Real Salt Lake jersey that would be present at every home and away game, as well as community events, youth soccer tournaments, and XanGo distributor conventions. XanGo pledged to donate $10 per signature, up to $2,000, to the National Ability Center (Smith). As this jersey toured with the team, it became a powerful visual symbol that XanGo was omnipresent with Real Salt Lake. Ultimately, these efforts helped smooth out the domestic inception of jersey sponsorships by both driving brand awareness and deepening fan's affiliation with the team.

WNBA:

As the MLS has successfully incorporated jersey sponsorships with eleven of the league's fifteen teams having such deals in place, the WNBA seems to have followed in the MLS's footsteps. In the summer of 2009, two WNBA teams, the Phoenix Mercury and Los Angeles Sparks struck jersey sponsorship deals. Following their footsteps, the Seattle Storms also announced a jersey sponsorship deal with Microsoft's Bing in April of 2010. There appears to be little to no public fallout from these new sponsorships. Regarding possibly alienating fans with jersey sponsorships, Jamin Dershowitz, the General Counsel for the WNBA, commented, "Our fans know that sponsorship is what makes the league possible. So we've had no negative feedback whatsoever". It may even be that these concerns over public backlash may be blown out of proportion. Dershowitz added that, "[The public sentiment] is a non-issue. It gives people and sports talk personalities something to talk about, but nobody is not going to come to a game or not watch a game because of it." It appears as if American sports leagues are warming more to the idea of jersey sponsorships and are expecting their audiences to keep up with the times as well.

Some may view this as a revolution in the sponsorship and advertising world. Among those is WNBA President Donna Orender, who commented in an interview with Fox Business last summer that the WNBA is "leading a revolution" (WNBA Scores Sponsorship Deals). However, others such as Jamin Dershowitz view the ongoing acceptance of jersey sponsorships as an inevitable and natural but gradual phenomenon. Dershowitz remarked, "Jersey sponsorships are much more evolutionary than revolutionary. It's been going on so long internationally. Including the upcoming World Cup, we watch so much more European sports than ever before that it's [jersey sponsorships] going to become second nature". While neither the MLS nor WNBA draws the same scale of audience as any of the four major American sports leagues, the proliferation and demonstrated reception are encouraging signs for further dissemination and acceptance of jersey sponsorships.

MLB:

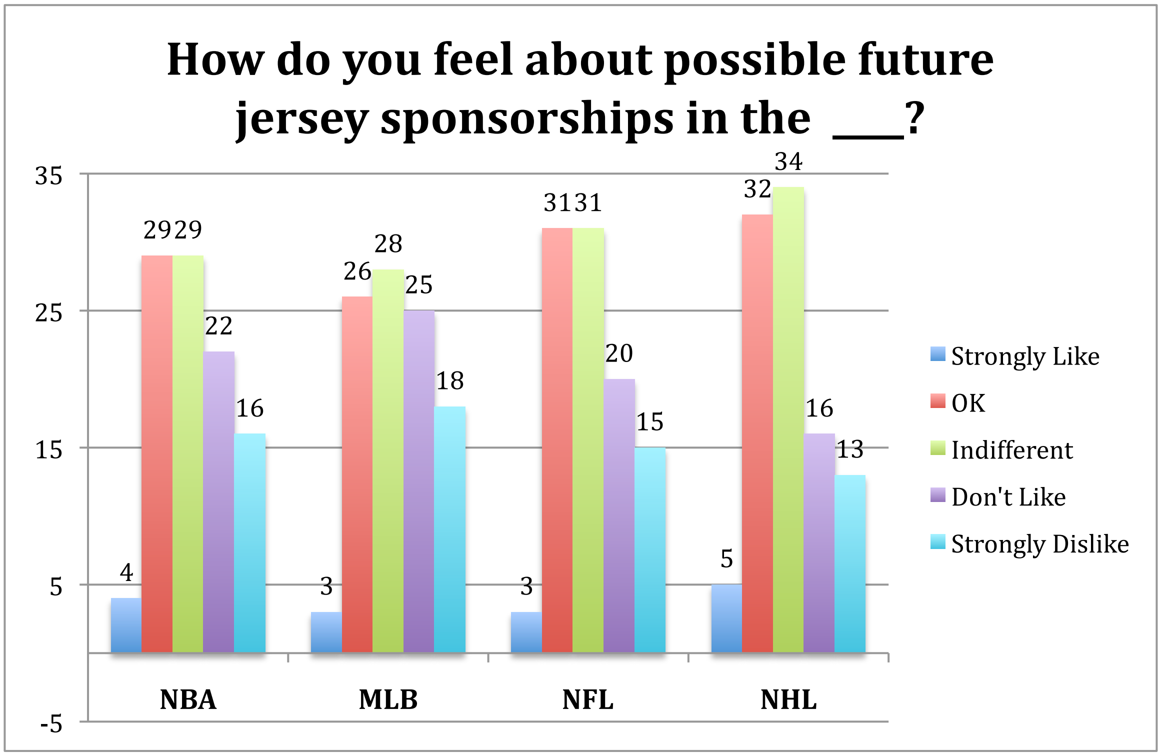
However, that is not to say that sponsors and sports properties alike should not be concerned with public dissent at all. In May 6th, 2004, the MLB experienced the power of public outcry and protest when the league announced an interesting marketing deal between Major League Baseball Properties, Columbia Pictures and Marvel Studios. The alliance planned to advertise the new "Spider-Man 2" film by placing webbed Spiderman logos on bases and on-deck circles in 15 stadiums of teams playing host to interleague games in June 11-13 (Rovell).

However, this plan was scratched almost immediately as public and media outcry forced the MLB to reverse course and eliminate that aspect of the marketing deal the day after announcing the deal. In an ESPN.com SportsNation poll of almost 45,000 readers, 79.4% balked at the idea and said that baseball was "selling out" by allowing "Spider-Man 2" advertisements on the field (rovell). Traditionalists and purists of the game everywhere started petitions and vehemently opposed the marketing deal. Perhaps representative of the public outcry, U.S. Rep. George Nethercutt said, "We baseball fans will put up a fierce fight to protect our national pastime. Thanks to the support of fans today, America's pastime will remain pure tomorrow"(Rovell). Regardless of whether one feels that these outcries are simply excessive or well deserved, an important lesson was learned. When introducing drastic new sponsorship ideas in the largest and most scrutinized leagues, extreme preparation is needed. The 'correct' sports property must be chosen and groundwork must be laid beforehand that operate as test trials for positive public reception. Without such foresight, both sponsors and sports properties risk immense negative publicity that may significantly damage long-term brand image.

Survey:

While these stories give an overall perception of the public's receptivity towards evolving sponsorships in different American sports leagues, a survey would help reinforce or redirect that sentiment. In this survey, college students were asked via an email survey sent over fraternity, club, and academic email mailing lists. The survey sample size was exactly 100 people.

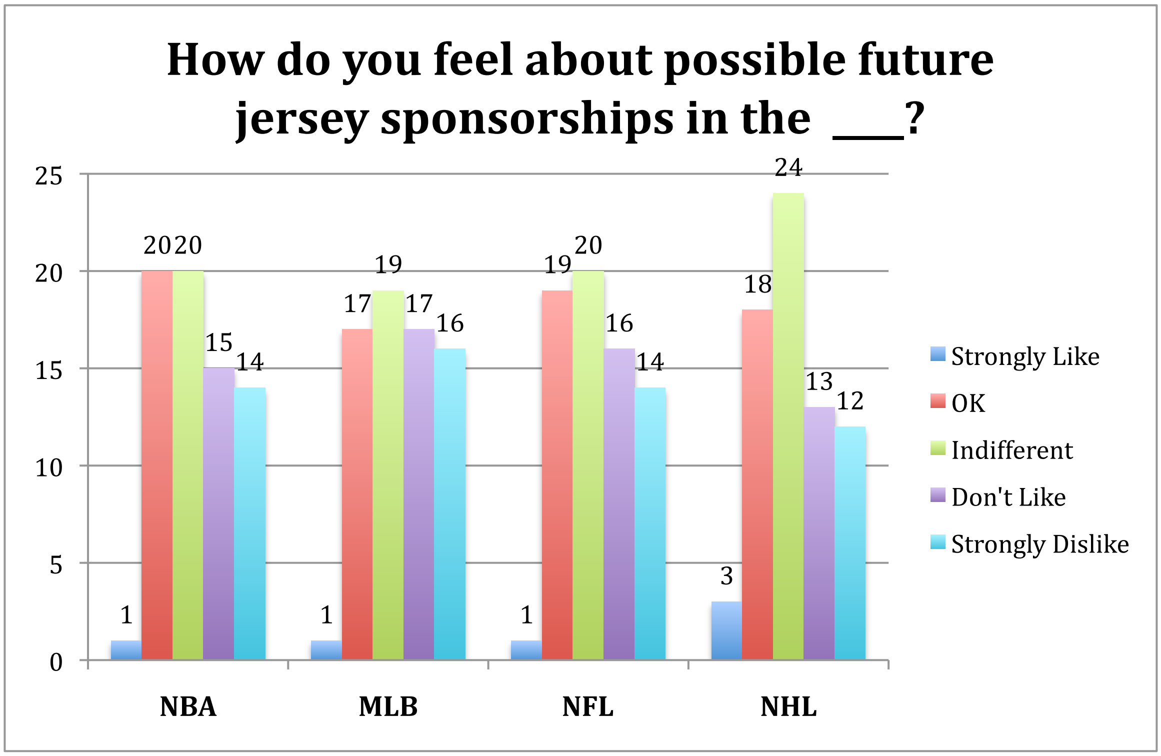
The survey was comprised of four league-specific questions. The first one asked, "How do you feel about possible jersey sponsorships in the NBA?" and the next three asked the same question for the MLB, NFL, and NHL.

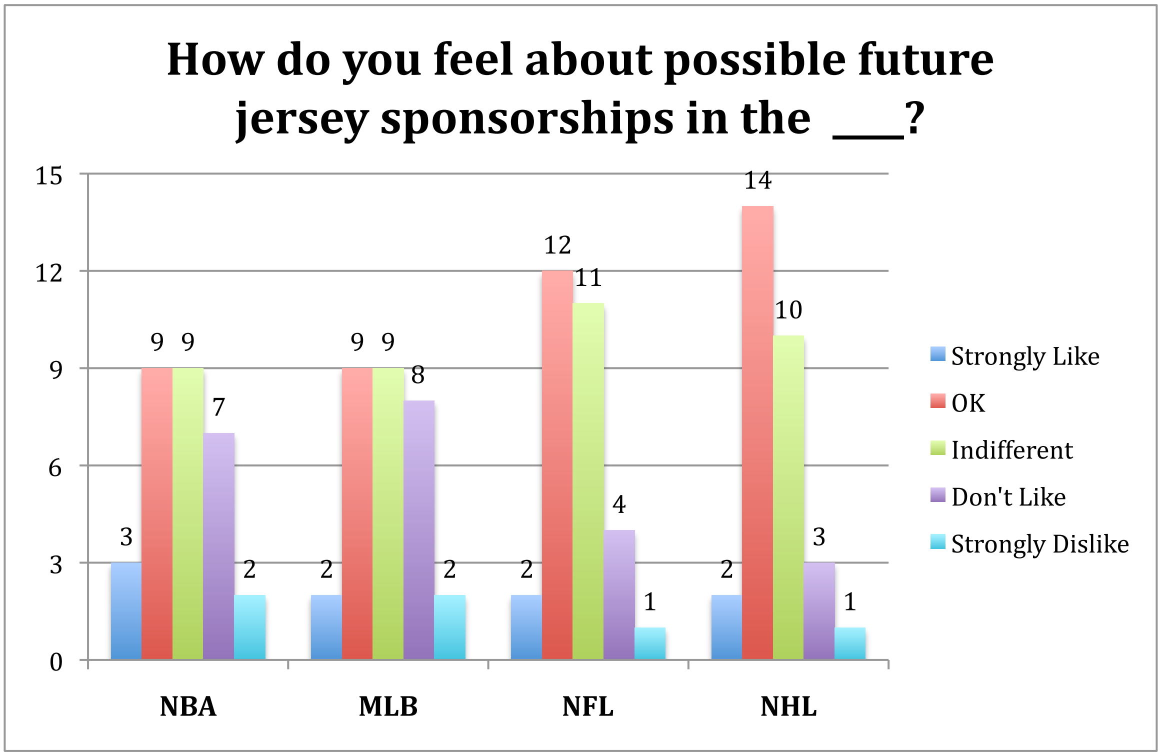


The results were quite insightful. Just from examining the shape of the bar graphs, of the four major American leagues, people showed to be much more receptive of the idea of jersey sponsorships in NHL. The NHL bar chart distribution is less skewed towards the right; that may be because the NHL is the 'least popular' of the four major American sports with the lowest ratings and lowest revenue.

Survey results from the other three leagues were much more similar to each other. Of the NBA, MLB, and NHL, people seemed to have a slightly stronger aversion to potential jersey sponsorships in the MLB, with the greatest number of people responding 'don't like' or 'strongly dislike'. That may be because of the strong tradition of baseball in American and the presence of many purists who view baseball as "America's pastime".

While the survey's main questions addressed the respondent's sentiments towards jersey sponsorships, there was also a question at the beginning of the survey asking, "Are you a frequent watcher of sports and/or avid sports fan?" The purpose of this question was so that the survey results could be separated into the opinions of sports fans and non-sports fans. By doing so, one could examine if sports fans held a more negative view of jersey sponsorships and if this sentiment was indeed statistically significant.





To run this test of significance, a chi-square test for independence can be run. In this test, each league is examined individually to gauge if sports fans have a statistically significant more negative opinion of jersey sponsorships. Firstly, the five possible survey responses must be separated into 'Dislike' and 'Like' categories. To do so, the indifferent responses were omitted and 'strongly like' and 'ok' responses constituted the 'Like' category, while the 'don't like' and 'strongly dislike' responses constituted the 'Dislike' category. The extreme opinions of 'strongly dislike' and 'strongly like' were given more weight by multiplying the responses by a factor of 1.5.

To best clarify the process, the test for the NBA, including all mathematical computations are given below; the null hypothesis is that the two sets of data are statistically similar.

Observed (NBA)	Like	Dislike	Total
Sports Fan	20.5	36	56.5
Non-Sports Fan	13.5	10	23.5
Total	34	46	80

Expected = (row total x column total)/overall total

Expected (NBA)	Like	Dislike	Total
Sports Fan	24.01	32.49	56.5
Non-Sports Fan	9.99	13.51	23.5
Total	34	46	80

Chi-Square statistic = $\sum$ (observed – expected)^2 / expected

Chi-Square (NBA)	Like	Dislike	Total
Sports Fan	0.513	0.379	
Non-Sports Fan	1.233	0.912	
Total			**3.0369**

The Chi-Square statistic is 3.0369. Also there is (2-1) x (2-1) = 1 degree of freedom. Utilizing this information and the Chi-Square table shows us that the p-value is 0.0813 and the null hypothesis can be rejected at a 90% level. The degree of jersey sponsorship negativity between sports fans and non-sports fans concerning the NBA is indeed statistically significant at a 90% level.

The same tests were run for the MLB, NFL, and NHL as well, all yielding different Chi-Square statistics and differing degrees of statistical significance. The Chi-Square statistic for the MLB was 8.58, with a p-value of 0.0033, giving us statistical significance at a 99.5% level. The Chi-Square statistic for the NHL was 7.26, producing a p-value of 0.007, and demonstrating statistical significance at a 99% level. The Chi-Square statistic for the NFL was 8.43, with a p-value of 0.0036, once again demonstrating statistical significance at the 99.5% level.

These results tell us that sports fans and non-sports fans do hold significantly differing views regarding potential jersey sponsorships. As expected, sports fans are more anti-jersey sponsorship, with reasons that will be more closely examined towards the end of the paper. Albeit a small sample size, the issue of jersey sponsorship receptivity amongst sports fans is something that is clearly very real.

With a closer look, we can see that each of the major leagues had differing degrees of statistical significance that are interesting. Sports fans were much more relatively receptive of the idea of jersey sponsorships in the NBA, while they were most opposed to the idea of jersey sponsorships in the MLB. In terms of opposition, the NFL came in a close second, while the NHL placed in the middle of pack.

Obviously, this survey has several flaws in that only college students with in certain clubs and email lists were contacted. The sample size would also ideally be much greater. But this small experiment may perhaps strengthen the underlying belief that all sports leagues and sports properties are very distinct entities that must be individually examined when inspecting the viability of jersey sponsorships. Clearly, the culture and uniquely American attitude surrounding the commercialization of sports is evident in the aforementioned MLS, WNBA, MLB narratives, as well as the survey.

NASCAR Sponsor Appreciation

While so far we have warned of the potential pitfalls in underestimating a public and media outcry, it is necessary to note the prospective audience opportunities as well. NASCAR is well known for being an American sport whose fans are receptive to the presence of sponsors everywhere in NASCAR. According to a survey of 1000 NASCAR fans done by Larry DeGaris while he was a professor at James Madison University, 83% of fans said they liked corporate sponsorship of NASCAR and 43% expressed that they like it “a lot” (Sridharan). Not only do NASCAR fans accept corporate sponsorship, including those on NASCAR cars, but 93% of fans also said corporate sponsors are “very important” to NASCAR (Sridharan). To take that appreciation further, the survey also showed that 47% of fans like a brand more because it sponsors NASCAR (Sridharan).

Why are NASCAR fans so much more receptive to NASCAR sponsorships more than any other sport’s sponsorships? DeGaris says the reason is because NASCAR makes a stronger effort to give its sponsors credit (DeGaris). In NASCAR, the drivers always remember to thank their sponsors and this has resulted in a great amount of fan appreciation. This has led to an unrivaled level of brand loyalty in a major sport, as the audience attitude has been molded into that of approval and embracement, unlike that in almost any other sport. As major American sports leagues look to new forms of sponsorships, such as jersey sponsorships, for extra revenue streams, following NASCAR's successful model of publicly thanking the sponsor will be important.

Jerseys For Charity

While NASCAR sponsorships enjoy public acceptance and even gratitude because of NASCAR's vocal support of its sponsors, there is a similarly interesting sponsorship movement evolving in European soccer. However, unlike NASCAR, this development is not based on the soccer clubs' outspoken support of their jersey sponsors; it is based on the support of charities on soccer jerseys.

When European soccer powerhouse, FC Barcelona, announced a jersey/kit sponsorship deal in July of 2006, people were surprised as Barcelona was one of the most successful, famous, and traditional clubs that had never worn any form of corporate advertisements on their jerseys in their 107-year history. Many more were surprised to find out that this first jersey sponsorship deal was a unique deal with UNICEF, with Barcelona actually donating $2.5 million a year for the privilege to wear UNICEF on their jerseys (Massola). UNICEF is a UN agency that has worked in over 150 countries since its formation, helping children who are living in poverty to survive, providing vaccines, and providing access to life essentials such as drinking water and food. When Barcelona President Joan Laporta announced this deal, he noted, "FC Barcelona is not only a football club, but a club with a soul." He further elaborated, "The club has to respond to this wave of global support for Barca. It is both a need and an obligation. And we believe that the most coherent way of doing this is to move towards becoming more than a club in the world as well. (LaPorta) " Barcelona's humanitarian intentions have garnered praise and plaudits for being forward-thinking, having a strong commitment to social justice, and making a difference to the children of the global community.

Aston Villa is another European soccer club that has followed Barcelona's lead. As the first team in the English Premier League to carry out such an experiment, Aston Villa agreed to has announced a partnership with the local Acorns Children's Hospice for the 2008-2009 and 2009-2010 seasons. The charity's logo will be placed on Aston Villa's jersey for free after their lucrative jersey sponsorship deal with 32RED.com that paid them in the region of $2.5 million a year ended in 2008. Duncan Riddle, Aston Villa's head of community, noted, "Yes, the shirts have monetary value, but they also have emotional value to fans and this is something to give back to them. (Gardner)" As with Barcelona and UNICEF, Aston Villa has significantly raised both it and Acorn's profile through this agreement, drawing similar praises of class from fans and the media. Richard Scudamore, the Premier League's chief executive also lauded Aston Villa's decision by adding, "I am sure that Acorn's association with Aston Villa will be a great help in raising awareness and funds for the excellent work they undertake. (Gardner)" Clearly, as in Aston Villa and Barcelona, their superb humanitarian gestures have raised the profile of the organization in a positive and refreshing light.

But how does this relate to the business of jersey sponsorships? While not trying to come across as a cynic, it is clear that as these soccer clubs support charity and 'give back' to the community through cost-free advertisements of their jerseys, they have gained immense positive publicity, influenced the public's sentiment, and worked effectively towards building their long-term brand equity. By sporting charities on their jerseys, these soccer clubs have effectively garnered widespread sympathy that can be used to create a lasting niche of favorable public support. While the transition from endorsing charities on jerseys to sporting brands on jerseys will not be easy, the charity work lays a positive groundwork that perhaps helps negate some of the negative sentiment that rises when teams adopt corporate jersey sponsorships. While this may not be the underlying agenda for soccer clubs, there is a greater chance with these clubs that the public and media will be more understanding of their financial needs after helping charities for a period of time.

In fact, news broke in March of 2010 that Barcelona soccer club presidential front-runner Sandro Rosell would consider selling shirt sponsorship for the first time in the club's 111-year history. Rosell noted in an interview with ESPN, "Everything depends on the club's finances. First you have to see how the club is economically and subsequently make decisions. (Barca candidate considering shirt sponsorship)" While it remains to be seen if Barcelona's transition will be successful and if Aston Villa will follow a similar path, it will be interesting to see if and how they attempt to appeal to the sympathy and understanding of their fans that supported their humanitarian gestures with UNICEF for five years.

As in NASCAR, when properly harnessed, public opinion can go a long way towards making a sponsorship successful. In any sport, public sentiment can be a powerful tool or obstacle that can make or break a sponsorship; it must be carefully studied beforehand to proactively influence it and fully utilize it.

D. Sponsor Selection

An important element any sports property considers when evaluating the possibility of a sponsorship, especially jersey sponsorships, is selecting the sponsor that is the best fit. Not only does being a good fit make sense for the sponsor trying to stretch its dollars, but jersey sponsorships can also play a big part in shaping a sports property's identity. An example of this is when adopting Best Buy as their jersey sponsorship helped legitimize the MLS Chicago Fire club in many fan's eyes. Identification of synergetic sponsors can result in such positive externalities for the sports properties.

When sports teams choose to pursue new sponsorships, such as jersey sponsorships, they are the ones that approach possible sponsors. Jamin Dershowitz, the WNBA's General Counsel, notes that the reason is simply because many sponsors will not know that these new sponsorships exist. Dershowitz is familiar with this kind of situation as the WNBA had to look for its own sponsors after agreeing to allow jersey sponsorships. Carefully balancing and choosing between the best financial offer and the best brand-building offer is an important decision on the sports properties' part. Regarding the WNBA's search for the perfect sponsor, Dershowitz commented, "We targeted a specific group of sponsors that we thought would be a good fit. It's companies that are targeting women, companies that have a message of health and fitness. We didn't target companies like Anheuser-Busch because that's not what we think it is the right fit for our brand. That partnership wouldn't convey what the WNBA stands for. We look for companies that are a unique fit. We didn't go after any companies that were not a good fit for the WNBA". While sponsors indubitably also only pursue sports properties that are a good fit for their brand, sports properties clearly also have are very selective in which brands they want to endorse their new sponsorships. By partnering with certain brands that fit their criteria, sports properties can reinforce their brand image. The rationale behind sponsor's selection of certain sports properties will be elaborated upon later under the sponsor's standpoint section.

Sponsor's Standpoint

The second half of the paper investigates the issues that potential sponsors would address when looking at jersey sponsorships as a viable marketing investment. As previously mentioned, significant points to look into would be how sponsors would measure the returns of a jersey sponsorships, how sponsors would get the most out of their pricey investment by maximizing activation, and how sponsors choose to sponsor certain sports properties that best fit their needs. As executed with the sports property's standpoint, each of these concerns will be addressed individually.

A. Sponsorship Impact Measurement

With companies universally feeling the pressure of the economic downturn, it has become more crucial than ever before that companies' sponsorship deals provide observable financial results. In today's environment, companies must demonstrate fiscal responsibility by employing various measurement tools that will allow them to gauge the financial effectiveness of sponsorship deals. As jersey sponsorship deals will be amongst the most expensive sponsorship deals upon their domestic introduction, it will be essential to be able to dissect and measure the complex and convoluted financial impact of these jersey sponsorship deals. Three predominant measurement tools to utilize are Return On Investment (ROI), Return On Objectives (ROO), and Return On Social Media (ROSM).

ROI (Return On Investment):

ROI is a tool often used to measure campaign success based solely on financial returns. It is often considered the 'holy grail' of sponsorship research. It offers companies strictly quantitative results with a focus on the sponsorship investment's impact on their bottom lines. While there are many different ROI perspectives and approaches in the industry, a fairly general formula for ROI ratio is:

$$\text{ROI} = \frac{\text{Net revenue - marketing expenses}}{\text{Marketing expenses}} \text{X } 100$$

While this simple equation conveys the concept of ROI, interpretations of ROI differ across companies and industries. Each company attributes different internal sales figures to sponsorship and each company has different measurable variables. Each business generates revenue in a unique manner, so each ROI equation must be adjusted to capture the idiosyncrasies of each business model. This results in there being no universal standard for ROI, which makes it confusing for companies and sports properties alike. In addition, ROI is very difficult and expensive to measure, if not often impossible. Thus, while ROI is comprised of fact-reliable and numberbacked data that allows for the most informed management decisions, it is truly a 'holy grail' that has limited universality across companies.

ROO (Return On Objectives):

Contrary to ROI, ROO measures campaign success based on predetermined, nonmonetary objectives. Rather than focusing on bottom line financial results, ROO places an emphasis on gauging the overall effectiveness of a sponsorship's success. This is a measurement tool that can be broadly interpreted based on individual company goals. Metrics to measure for ROO can include anything from increasing brand awareness (ex. putting up 300 advertising posters) to increasing sampling participation (ex. 100 product samples given out at sporting event).

ROO has several distinct advantages over its counterpart, ROI. It is much cheaper to measure and forces companies to understand the 'big picture' and consequently form specific sponsorship objectives. Employing ROO enables the company to understand the investment's objectives and apply a very goal-oriented outlook. At the same time, ROO cannot stand alone as a measurement tool; due to its broad and generalist nature, it has limited accuracy and complexity restrictions. It can also be difficult to obtain insights into how consumers are affected and how to change activation strategy to maximize sponsorship effectiveness.

ROSM (Return On Social Media):

With more and more of the general population using social media platforms such as Twitter and Facebook on a frequent basis, sports properties and sponsors alike have identified new ways to exploit this technology to achieve a wide variety of goals. By creating publicly accessible pages on Facebook and Twitter, sports properties and sponsors offer fans and potential customers unprecedented interaction and opportunities to connect with each other on an intimate and daily basis. With this huge newfound audience, sports properties and sponsors have a new, easy, cheap, and instantaneous way to reach and influence the masses.

With the great amount of value social media platforms can potentially bring, both sports properties and sponsors must adopt ROSM measurement tools to maximize value. ROSM is the measurement of campaign success based on social media interactions. While there is not yet a universal model that comprehensively balances all aspects of social media to deduct total influence, there are key elements that a ROSM model must include.

The most important social media interactions can largely be separated into three distinct groupings; Volume, Engagement, and Conversion. The volume metric would be comprised of Facebook and Twitter aspects such as '#fans', 'followers', 'page views', and others that reveal the sheer quantity of social media interactions. The engagement metric would include prominent aspects of Facebook and Twitter such as, 'retweets', 'likes', and 'subscriptions', which serve to demonstrate the sentiments of potential consumers. In a way, the final metric, the conversion metric, is a culmination of the volume and engagement aspects of social media interactions. Numbers that should be included in this metric are 'click-throughs/URL jump tags' (in which people will click on a link on the original site to get to the sponsor or sports property's sale website) and 'total sales generated'. While these are only a couple examples of possible metric components, it serves to show that even the smallest features and aspects of social media platforms can be measured and scrutinized.

As more and more sports fans adopt new technology and utilize social media platforms, optimizing ROSM will be essential for sports properties and sponsors attempting to gain a competitive edge. While ROI and ROO have traditionally been the two big measurement tools in sponsorship impact measurement, ROSM will definitely expand in usage and importance as sports properties and sponsors attempt to reach a new consumer niche of the increasingly tech-savvy sports fan base.

Clearly, with so many dimensions to cover and metrics to measure, it would be irresponsible to use just one of the aforementioned measurement tools to attempt to measure sponsorship impact. Sponsors must realize that they must take into account and use all three measurement tools to make sure that the sponsorship investment is a logical and fiscally responsible decision. With even more expensive and risky jersey sponsorships on the horizon, it will be up to the sponsors to develop this solution by then to make smart and conscientious investment decisions.

B. Activation

Brand activation is the essential marketing process of bringing a brand to life through creative brand experiences. In any sponsorship deal, sponsors must use their arranged involvement with the sport properties in conjunction with activation strategies to connect with target customers in unique manners and get as much as possible from sponsorship deals. With effective activation strategies, sponsors can communicate their brand values to their target customers, and subsequently increase sales and profits.

With sponsors and sports properties alike looking at jersey sponsorships as a realistic possibility, they will have an entirely new innovative inventory at their disposal. However, with this new asset there is a different set of activation challenges as well. The following activation recommendations aim to utilize the unique aspects of a jersey sponsorship to maximize true partnership between a sponsor's brand and the sports property.

Truly one of the most strongest and unique attributes of a jersey sponsorship is that sponsors can be represented in not only home games, but all road games as well. This is a significant advantage over traditional sponsorship instruments that are inert and immobile. Jersey sponsorships are truly 'walking billboards' and travel with the team. Companies with these jersey sponsorship deals can create instant activation platforms at not only home games but also road games. Volkswagen is a good example of an MLS jersey sponsor that activates this aspect of their jersey sponsorship deal with D.C. United by hosting dealer and customer hospitality events at road game sites. Chicago Bears' Senior Director of Sales and Marketing, Chris Hibbs, noted the importance of on-sight activation in a phone interview by commenting, "Our sponsors really try to maximize and optimize their sponsorship through activation platforms. One of our sponsors, Bank One, has booths set up all over the place in parking lots on game day to hand out bears towels with Bank One logos on them." Sponsors can truly make their presence be felt even at road game locations by connecting with fans and potential customers through anything from sampling booths to sweepstake contests in the stadium parking lot.

Jersey sponsorships also have the unique characteristic that they are physically the closest a sponsor can appear next to individual athletes. For most fans, a logo on a jersey has a much greater impact than a sign 100 yards away. Thus, jersey sponsorships can offer implied endorsements; fans may assume that the brand on their favorite player's jersey may be the brand most preferred by that particular idol. Sponsors can definitively activate this connection fans make by locking up definite endorsements with star athletes who are sporting the brand.

Companies would also be smart to build upon and further activate the implied endorsements concept by including appearances and community initiatives in the sponsorship deal. With jersey sponsorships, there is a great opportunity for a sponsor to gain incremental publicity with every public appearance of the sponsored teams' players. By partnering with sports properties that are community oriented or requiring that the team make scheduled community appearances, sponsors can increase their media exposure as print and broadcast images will capture the sponsor's name. Clearly, teams must activate jersey sponsorships by pushing teams to develop community initiative platforms and ensuring that teams wear their jersey publicly.

C. Sports Property Selection

When considering jersey sponsorships, sponsors must take into account the 'degree of fit' with the corresponding sports property. By fully comprehending the target demographic and geographic rationale behind an investment choice, sponsors can most effectively build their brand and enjoy a profitable partnership.

Successful partnerships resulting from proper sports property selection are evident across several domestic jersey sponsorship deals. A couple examples are LifeLock's jersey sponsorship deal with a WNBA team, the Phoenix Mercury and Best Buy's deal with an MLS team, the Chicago Fire.

LifeLock is an identity theft protection company; they found a perfect rationale to become the jersey sponsor of the Phoenix Mercury. Firstly, Javelin Strategy & Research provided LifeLock with a strong target demographic rationale for the WNBA deal, as women constitute 60% of the WNBA fanbase and women are 26% more likely than men to be identity theft victims (Phoenix Mercury Presented By LifeLock FAQ). In addition to the target demographic rationale, it also made perfect sense geographically as Arizona has the most cases of identity theft. The market of Arizona made great sense in that regard. While LifeLock has not publicly disclosed the financial impact of the WNBA deal, the partnership has garnered a favorable response from both the general public and scholars.

The partnership between Best Buy and Chicago Fire also represents a very logical and symbiotic fit. In a phone interview, Chicago Fire President, Dave Greeley, noted, "Best Buy was looking to tap into and increase their Hispanic consumer base. We [Chicago Fire] have a very large Hispanic fan base and the deal made a lot of sense for both parties". At the time of the deal, a very popular star Mexican player, Cuauhtémoc Blanco, also starred on the Chicago Fire. Often considered one of the greatest Mexican players, Mr. Greeley noted that, "[Cuauhtémoc] Blanco really helped us grow our Hispanic fanbase prior to the deal." In addition to fulfilling the target demographic rationale, the deal also made sense for Best Buy on a geographic basis. Mr. Greeley commented that, "the fact that we [Chicago Fire] play in one of the largest metropolitan commercial areas also was significant for Best Buy".

Best Buy and LifeLock are just two examples of various experienced sponsors that thoroughly do their research before making sponsorship offers. MillerCoors Marketing Director, Samira Zebian, also commented in a phone interview, "MillerCoors spends thousands to find properties and teams that are most suitable on all fronts. If companies don't do their homework well beforehand, a sponsorship can easily just be a complete failure and waste."

It is clear that successful jersey sponsorship deals are rooted in extensive target demographic and geographic rationale research. By conducting thorough preliminary research, sponsors can identify the best opportunities for symbiotic brand-building relationships with sports properties.

Final Jersey Sponsorship Likelihood of each league

With all of the above considerations in mind, one can look at each individual major American sports league and carefully gauge the likelihood of jersey sponsorship incorporation.

NBA:

Of the four major American leagues, it is widely perceived that perhaps the NBA is perhaps most jersey sponsorship-ready. Firstly, the NBA's female counterpart, the WNBA, has been successfully incorporating jersey sponsorships in the past year. There has been little if any negative publicity and both sponsors and WNBA teams seem to be embracing this new notion. With six WNBA jersey sponsorship deals already currently in place, the WNBA has actually been generating positive publicity for seamlessly integrating jersey sponsorships. Jamin Dershowitz, General Counsel of the WNBA, commented in a phone interview, “You can bet David Stern [commissioner of the NBA] is watching the WNBA and its jersey sponsorships very closely right now.” Clearly, the success of the WNBA jersey sponsorships is an encouraging sign for NBA executives who are considering similar ideas.

If the WNBA has not been enough proof of success, the NBA also has the option of future jersey sponsorship experimentation with its NBA Development League. Commonly known as the D-League, it is the NBA’s official minor league basketball organization. It is televised in certain cable packages so it does have a draw to potential sponsors. The NBA has this league at its disposal to try out the jersey sponsorship concept and see if it integrates as naturally as in the WNBA.

In some ways, it does seem like the NBA is already learning from the WNBA and trying to gradually integrate jersey sponsorships; this is evident in the recent introduction of NBA practice jersey sponsorships. Starting in the 2009-10 season, the NBA decided to allow practice jersey sponsorships and the New Jersey Nets, Orlando Magic, and Phoenix Suns, have already taken advantage of this newly available real estate. While practice jersey sponsorships may have much more limited exposure than WNBA in-game jerseys sponsorships, they still receive media exposure during post-practice interviews and media backdrops. Also, with NBA deputy commissioner Adam Silver commenting to USA Today, “We are operating a diverse business all around the world. (The sponsored game jersey) is a well-established practice in other countries. Ultimately, I think our fans will come to accept it”, it is clear that the NBA is testing the waters to gradually introduce in-game jersey sponsorships (Perez).

In addition to being able to experiment in the WNBA, NBA practice jersey sponsorships, and the NBA D-League, the NBA has the most global presence of all major American sports leagues. Of approximately 400 total NBA players, there was a record 81 foreign NBA players in the latest season. As more and more international players are making NBA rosters, the league is garnering more and more attention outside the U.S. With countries such as China fervently following every NBA game of their superstars such as Yao Ming, the NBA has already experimented with hosting games abroad. In fact, 5 NBA preseason games in the latest season took place abroad, ranging from London to Beijing. With this growing global presence, the NBA has a greater range of potential sponsors. The demand to be an NBA jersey sponsor is not limited to domestic companies, increasing demand, and making potential jersey sponsorships much more lucrative for the NBA.

Lucrative deals could be exactly what the NBA needs during its recent financial struggles. As noted earlier in the paper, the NBA experienced a 3.53% decline in enterprise value. With small market teams struggling in particular, they could very well be enticed by the prospect of profitable jersey sponsorship deals.

With these experimentation, globalization, and financial struggle factors working in tow, NBA jersey sponsorships in the near future are very likely.

NHL:

The NHL also has its own unique qualities and history that shape its likelihood for jersey sponsorships. The NHL has a history of taking chances on new sponsorship ideas. 30 years ago in 1980, the NHL pushed the envelope by controversially allowing teams to sell advertising on the ice-rink boards. Since then, the NHL has allowed sponsorships and advertising on everything from the actual ice to the curtain in front of which coaches and players give interviews. The NHL also recently announced plans to sell computer graphic image-generated virtual advertisements that would be superimposed on the crowd for television viewers (Perez). With the historical penchant to explore new and controversial sponsorship ideas, it is likely that the NHL will also consider jersey sponsorships from a historical and behavioral standpoint. In fact, a USA Today article titled "NBA, NFL soften stance on jersey ads" notes NHL chief operating officer John Collins saying that the league might put ads on game jerseys for the right price (Perez).

While the history and attitude of the NHL suggests that jersey sponsorships may be likely, the financial health and overall revitalization of the league suggests otherwise. As discussed earlier, the NHL actually experienced a relative financial success during the economic downturn, powered by new media contracts, new sponsors, as well as revitalization and success in big markets such as Chicago. As jersey sponsorships have shown to arise from struggling financial sports properties, this fact somewhat negates the likelihood of jersey sponsorships.

As the league has shown tendencies to experiment with new sponsorships ideas, it is plausible that someday jersey sponsorships will be introduced in the NHL; however, due to its current financial wellbeing, that will likely take place more than a couple years down the road.

NFL:

The NFL is perhaps similar to the NHL in that jersey sponsorships are somewhat likely in about ten years. Several factors amount to this presumption.

As previously discussed, the NFL has experienced a financial decline compared to past years, indubitably partly because of the economic recession. As with the NBA, smaller market NFL teams are particularly struggling and looking for new revenue generation ideas. From a purely financial standpoint, jersey sponsorship likelihood in the NFL is surely enhanced by the pecuniary status of the league.

Similar to the NBA, the NFL also started a league-wide initiative to permit practice jersey sponsorship deals. With 18 of the 30 teams currently sporting sponsor patches on their practice jerseys, NFL teams clearly seem interested in identifying logical sponsors and generating extra revenue.

One reason for NFL's great success with practice jersey sponsorships has been that it has received much more media exposure than originally expected, partly through the help of HBO TV series, "Hard Knocks". "Hard Knocks" is a five-week, behind-the-scenes look into life at NFL training camps. When the Cincinnati Bengals were on the show for five episodes, their practice jersey sponsor, SpongeTech Delivery Systems, reaped huge exposure value. According to research by Joyce Julius & Associates, a sports sponsorship measurement and evaluation company, SpongeTech jersey logos collected more than $350,000 of television exposure value (HBO's Hard Knocks a Primetime Source of Exposure for Cincinnati Bengals' Jersey Sponsor SpongeTech). If there are new possible opportunities for media exposure such as this, practice jersey sponsorships could become even more intriguing to both potential sponsors and struggling small market sports properties.

However, despite the financial need and success with practice jersey sponsorships, the NFL suffers from limited geographic range. The sport is very popular domestically, but its popularity is almost solely restricted to North America. While other major leagues have become more globalized, allowing them to learn from and integrate foreign jersey sponsorship models as well as procuring additional sponsorship demand from abroad, the NFL is severely trailing in that aspect. Also, as the NFL's popularity is much more concentrated domestically, it suffers from 'Americanism', wherein the league is considered an integral component of traditional American culture. With this attitude of 'Americanism', there is a corresponding public desire to protect the sport's purity. This is evident in the survey results above concerning the strong statistical significance of sports fans particularly opposing the idea of jersey sponsorships in the NFL.

The lack of globalization and certain degree of 'Americanism' could significantly hinder the NFL's chances of adopting jersey sponsorships in the near future. However, with the documented financial struggles and successful experiments with practice jersey sponsorships, eventual jersey sponsorships seem somewhat likely.

MLB:

While the NBA is very likely to adopt jersey sponsorships, and the NFL and NHL are also somewhat likely, the MLB is probably the least likely of the four major American leagues to adapt jersey sponsorships.

As previously noted, the MLB has a great amount of financial stratification with small market teams especially struggling. However, this is greatly offset by previous sponsorship failures and general attitude concerning the 'purity' of baseball. As discussed earlier, the MLB struck out with its Spiderman 2 sponsorship experiment. There was such a huge public backlash that the experiment was pulled after one day; clearly, the public reception proved that the general populace was not ready for new sponsorship ideas around the game of baseball. This was perhaps linked to the fact that baseball is widely considered 'America's past-time' and the last bastion of purity against the over-commercialization of sports. As baseball and the MLB have been around longer than any American sport, there is harsh criticism against any significant changes to the status quo. This was reflected in the survey results of this paper in which the MLB was the league with the most statistically significant fan opposition to jersey sponsorships.

While there is a financial need for jersey sponsorships, the 'purist' attitude and historical significant of baseball will be too much to overcome any time in the near future.

Conclusion:

Clearly, all major American sports leagues have unique histories and differing degrees of financial issues, cultural preconceptions, and willingness to explore new ideas. For the reasons explained above, the NBA seems to be the most likely of the four major Americans sports leagues to adapt jersey sponsorships in the next five to ten years. The NFL and NHL both have factors working in favor towards jersey sponsorships as well. However, their likelihoods are slightly weaker than that of the NBA for reasons previously described; thus, jersey sponsorship likelihood in those two leagues is somewhat likely, but presumably less so than that of the NBA. The MLB historically has the strongest attitudes and cultural preconceptions against any significant commercialization efforts, making them the least likely of the four major American leagues to utilize jersey sponsorships. Regardless, it will surely be very interesting in the near future to witness the rapidly evolving jersey sponsorship landscape and its long-reaching effects.

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