Naming Sponsorships Becoming A Tough Sell

After almost a quarter-century, the Arco name will be removed from the arena that is home to the NBA's Sacramento Kings — forcing the struggling team to scramble in tough times to find a replacement sponsor. *The Sacramento Bee* reports that although the Kings' contract with the Arco oil company (now owned by embattled BP) expires in February, company officials will keep the Arco Arena name in place through the end of the 2010-11 season.

"We are deeply appreciative of the historic 24-year run we enjoyed with our friends at Arco," Kings co-owners Joe and Gavin Maloof said in a statement issued Monday. "This was one of the original, pioneering naming-rights partnerships in major league sports and entertainment." Sources estimate the deal brought the Kings between $700,000 and $750,000 in annual income.

Scott Dean, a spokesman for oil giant BP, declined to say why the company is ending its naming-rights sponsorship of an arena that has been criticized in recent years by the NBA for being old and inadequate. The decision was made several years ago, he said, and is not related to BP's financial woes caused by the massive oil spill in the Gulf of Mexico.

Paul Swangard, managing director of the University of Oregon's Warsaw Sports Marketing Center, speculated to *Bee* reporters Tony Bizjak and Dale Kasler that Arco's Sacramento deal was now at the point of "diminishing returns" for the company. "I'm not sure anyone walks out of Arco Arena and immediately goes and gets their car filled up with Arco gas," he said.

Perhaps that's one reason — along with an economy still recovering from the nation's longest recession since World War II — why other pro facilities simply must go without naming-rights deals these days. The highest profile examples are Cowboys Stadium in Dallas and New Meadowlands Stadium in East Rutherford, N.J. "That's an indicator of the market," said Larry DeGaris, a professor of sports marketing at the University of Indianapolis. "It's awful, it's a really tough market for sponsorships."

And for arenas, in general. Increased competition for consumers' limited discretionary dollars is "crowding some forms of entertainment out" of multipurpose arenas, Mark Rosentraub, a professor of sport management at the University of Michigan, told *Athletic Business* earlier this year, referring to the number of venues that have lost (or could) lose professional sports tenants. "That creates substantial pressure on whoever financed and owns the facility. People built these arenas at a time when they really thought that discretionary income was going to grow at a sufficient rate."

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