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## Pro sports in Pepsi's court with NBA deal

In what looks like a well-executed steal, PepsiCo signed a five-year corporate sponsorship deal in April with the National Basketball Association, replacing the Coca-Cola Co. — which had a 29-year sponsorship relationship with the NBA — and locking down food and beverage sponsorships for all four major North American professional sports.

Although Pepsi's Gatorade has been the long-standing official sports nutrition drink of the NBA, Coca-Cola has been the primary marketing partner since 1986, promoting its Sprite brand through the All-Star Weekend slam dunk contest among other NBA-related campaigns.

As of July 1, Pepsi will become the exclusive food and beverage partner of the NBA. The sponsorship not only includes the WNBA, the NBA Development League and USA Basketball, it extends as far as China, where the NBA is attempting to take advantage of basketball's popularity.

Through Pepsi's strategic alliance with food and beverage company Tingyi, the Master Kong brand will be the exclusive partner of the NBA in China.

The NBA's decision to change sponsors reportedly was based on expanding beyond sodas in addition to Pepsi's significant overall investment (although the financial terms of the agreement have not been disclosed). While Mountain Dew, a larger stand-alone beverage brand than Sprite, will be the lead brand in North America, Aquafina will support the NBA Fit initiative and Brisk, Doritos and Ruffles also will gain exposure through the relationship.

Emilio Collins, the NBA's executive vice president of global marketing partnerships, lauded Pepsi for a "level of

### SPORTS MARKETING PLAYBOOK



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enthusiasm across (its) broad portfolio of brands (that is) really second to none."

According to Commissioner Adam Silver, the league is looking forward to opportunities for collaboration.

For its part, Coca-Cola appears to be positioning the change in possession not as a turnover but as a deliberate play on the part of the company to bring its sponsorship spending in line with its brand focus. In a statement, the company explained that it "has committed an incremental \$1-billion toward its brands over the next three years and with this commitment comes the need to focus on the most effective and efficient investments to maximize brand growth."

Coca-Cola has not permanently retired from the game but "will continue to have a strong presence within basketball culture through (its) relationships with iconic players" such as LeBron James.

For Pepsi, the real question is: What will the company do with its new sponsorship arrangement? How will it capitalize on this new opportunity and the challenge to establish itself as the food and beverage

brand consumed around, and associated with, major league sports?

Reportedly, Pepsi views the deal as a natural fit and "a perfect way to target male multicultural millennials." In a statement announcing the deal, Pepsi Chairman and CEO Indra Nooyi said: "Uniting the passionate fans of the NBA with the power of PepsiCo's food and beverage brands is a slam dunk for the league and for our company."

So what can we expect to see on the marketing front as this partnership shifts into gear?

Many brands and sports teams have adopted advertising strategies involving content marketing to reach millennial consumers and fans — including ad campaigns that feature the creation and distribution of content that shows a connection or association in environments where millennials are engaged and appreciate the brand support behind something they value — sports or music, for example.

The objective of this strategy is to have branded entertainment or experiential marketing drive profitable consumer action, especially now that

more than 80 million Americans belong to the millennial demographic and are already in or are entering the workforce. Some examples of this kind of marketing include recent successful campaigns by Under Armour, featuring Misty Copeland's drive and athleticism in an "I Will What I Want" YouTube video, which was paired with a new brand website designed to attract young women, and a campaign by Beats by Dre where its headphones were promoted via a #GameBeforeTheGame portfolio of guerrilla marketing videos themed around and released during the 2014 FIFA World Cup.

The Pepsi-NBA partnership likely will move toward content marketing strategies. Collins indicated that "one of the most compelling aspects of this (new) relationship (is PepsiCo's) incredible commitment to activation" and confirmed that the company is "working on a number of youth initiatives." Nooyi predicted that the parties' relationship will "redefine the meaning of sports marketing partnership by taking the fan experience to new heights."

As an official sponsor, Pepsi has rights to leaguewide advertising and promotion as well as the ability to include imagery and video from the NBA in their national advertising.

Pepsi has previously shown skill in combining music and sports assets.

In particular, its 2014 "Uncle Drew" viral video series for Pepsi Max, which featured a disguised Kyrie Irving of the Cleveland Cavaliers as old "Uncle Drew" playing pickup basketball on outdoor courts and showing the "young bloods" how the game is played, reportedly garnered more than 4 million views in a single week.

The company's recent marketing efforts for Mountain

Dew also provide insight into possible strategies.

Pepsi recently resurrected the 20-year-old “Do the Dew” slogan for a first-ever Mountain Dew global marketing campaign, beginning with two spots directed by Hollywood’s Justin Lin that feature professional skateboarder Sean Malto

and Olympic snowboarder Scotty Lago. The campaign uses print ads, TV commercials, online/digital content and out-of-home content. Brad Jakeman, president of Pepsi’s global beverages group, described the target audience as “male millennials” who are “highly engaged online” and

who, globally, have “more in common with each other than they have differences.”

In the press conference announcing the new partnership, Silver also unveiled the first of many of the joint initiatives — a new series of the NBA’s 3-on-3 basketball events sponsored by Mountain Dew

starting in six cities and eventually expanding nationally.

How Pepsi will build a campaign around those events — and how it intends to fully take advantage of the new (and presumably very costly) sponsorship relationship with the NBA — still remains to be seen.