

Chicago Daily Law Bulletin®

VOLUME 166, NO. 99

LAW BULLETIN MEDIA.

COVID-19 sports world looks for ways to offset revenue losses

As the sports world hashes out how to salvage seasons interrupted by a worldwide shutdown caused by the COVID-19 pandemic, brands, broadcasters and venues are exploring ways to offset staggering revenue losses.

The prevailing reopening strategy for leagues in the United States and abroad seems to be shortened and delayed seasons to be played in front of empty stands. At the same time, leagues are working with sponsors and other partners to find new promotional opportunities.

Playing to empty stadiums will be an odd experience for athletes who thrive on spectators' energy and passion. But fan attendance is also vital from a financial perspective.

In 2019, 39% of Major League Baseball's revenue came from ticket sales, venue concessions and other on-site spending, The Associated Press reports, citing a report commissioned by the league entitled "Economics of Playing Without Fans in Attendance." The MLB estimates that it will lose approximately \$4 billion by playing without fans in the stands for an entire season, albeit a shortened one, which comes out to an average \$640,000 lost per game for each team owner.

Faced with a season without fans in attendance, MLB is looking at ways to make up lost revenue, including considering putting advertisements on tarps covering empty stadium seats, according to Front Office Sports. In addition to tarp advertising, MLB teams are considering expanding the available television-friendly advertising space on outfield walls, dugouts and other areas around their stadiums.

Putting brand logos on tarps is not a new idea. In 2015, the Chicago Cubs began using rain delays to their sponsors' advantage when it unrolled a silver rain tarp over the field featuring an advertisement for Reynolds Wrap. Other teams' advertisers took notice and began adding a little humor to the dreaded rain delays.



SPORTS MARKETING PLAYBOOK

DOUGLAS N. MASTERS and SETH A. ROSE

DOUGLAS N. MASTERS is a partner at Loeb & Loeb LLP, where he litigates and counsels clients primarily in intellectual property, advertising and unfair competition. He is co-chair of the firm's intellectual property protection group. dmasters@loeb.com
SETH A. ROSE is a partner at the firm, where he counsels clients on programs and initiatives in advertising, marketing, promotions, media, sponsorships, entertainment, branded and integrated marketing, and social media. srose@loeb.com

Skittles, for example, branded the Washington Nationals tarp with its logo and the slogan: "If raindrops were Skittles, this wouldn't be that bad."

Other sports are also allowing advertisers to claim new territory. NASCAR returned from a two-month shutdown in mid-May without fans in the stands. The sport's governing body, which mandated that all staff and racing teams wear face masks at events for the foreseeable future, is allowing sponsor logos on racing team masks. Like the paint jobs that cover every vehicle with sponsors' logos, all branded face masks must be approved by NASCAR, according to Sports Business Journal.

Some brands explored new opportunities during the shutdown that could change their long-term marketing strategies. Esports emerged as virtually the only sport able to continue with scheduled events, prompting brands to consider partnering with the wildly popular, but non-traditional, sport for the first time.

For example, when the Almond Board of California saw its sponsored live sports events canceled or postponed — including the 2020 Olympic Summer Games — it turned to Twitch, a live-streaming gaming platform. The almond board appealed to esports fans with banners, videos and influencers touting the benefits of almonds as a healthy, natural snack for gamers. It was a smart move, Mediapost notes, since Twitch saw a notable increase in viewership as consumers stuck at home during the pandemic searched for new entertainment.

Jumping on the esports bandwagon doesn't work for everyone, however. As SportsPro points out, brands that don't have a natural connection with gamers and esports fans, or that attempt to treat esports the same as a traditional sport may not have much success. The prospect of advertising to a burgeoning new demographic may be enticing, but brands need an appropriate and relevant marketing strategy to make it effective.

Like the Almond Board of California, sponsors of the 2020 Olympic Games had to dramatically rethink their plans after the games were postponed until summer 2021. Some of the Olympic's 14 global sponsors, such as Coca-Cola, decided to put their global marketing efforts on hold. Others opted to continue promoting their partnerships by retooling their campaigns.

When faced with the Olympics delay, but wanting to keep promoting its status as an Olympic sponsor, Toyota revised its European print, digital and social media advertising to honor those on the COVID-19 frontlines who are working to keep others safe as "Heroes of Today," while acknowledging the wait to celebrate Olympic athletes as tomorrow's heroes.

Likewise, Visa launched a social media campaign that features Olympic athletes engaging in activities at home, including washing their hands, just like everyone else in self-imposed isolation during the

pandemic. The “Do Your Part Like An Olympian” campaign promotes Visa’s Olympic sponsorship while encouraging consumers to follow COVID-19 public health guidelines.

(Re)opening day, with or without fans, will arrive sooner or later. The big four sport leagues are currently deciding when professional baseball, football, basketball and hockey will start or restart and under what terms. Meanwhile, brands are eyeing the many possibilities for special sponsorships and partnerships to capitalize on the much anticipated return to sports. That

could mean anything from sponsored hand sanitizer and commemorative masks to a dedicated venue for the “season.”

The Walt Disney Co. is already leading the way for a restart; in particular, the National Basketball Association announced plans to restart its season in late July at Disney Co.’s ESPN Wide World of Sports Complex in Florida. The complex would serve as the NBA site of games, practices and housing. The NBA notes that Disney is the parent company of ABC/ESPN, the NBA’s most important media partner and its sports complex is an

ideal site to house the 22 qualifying NBA teams in a safe, controlled environment.

Of course, questions remain about the nature of COVID-19 that could upend the sports world’s restart plans. The pandemic dealt the sports world an unparalleled blow over the past three months; it’s nearly impossible to predict what the next three months will bring. All that is certain at this point is that for sports organizations and their sponsors to make the most of whatever season can be put together, safely, they must remain flexible, open to innovation and creative.