



July 17, 2007

## **NFL Still King in Sports Licensing, Fans**

By Michael Freedman

*Online Exclusive*

Last month, the top executives of the major sports leagues, sports licensing and marketing representatives and attorneys, manufacturers and retailers gathered at the second annual Sports Licensing Summit to discuss last year and ideas for the future. The event, which took place on June 18 at the Grand Hyatt Hotel in New York City, was produced by the National Sports Marketing Network.

The opening speaker was Tom Cove, the president and CEO of the Sporting Goods Manufacturers Association (SGMA), who shared statistics with regard to the state of sports licensing and overall sports participation in the USA.

Retail sales of licensed sports products (team, league logos) in 2006 reached an all-time high of \$13.9 billion. Much of the growth is credited to an improved retail distribution system featuring new software that allows for better inventory management. Numbers show that the Hispanic and Asian-American markets are those showing the greatest growth and growth potential.

As for licensed-product sales, the NFL remains the unquestioned leader at \$3.25 billion. Following are Major League Baseball (\$3.20 billion), college basketball and football (\$3 billion), the NBA (\$2.20 billion), NASCAR (\$1.30 billion) and the NHL (\$ 0.75 billion).

The real power of the NFL is reflected in the top fan avidity categories. In 2006, 32 million fans identified themselves as avid NFL fans with college football second at just about 23 million. Major League Baseball comes in at 19.6 million with college basketball closing in at 15.8 million.

From there in descending order of fan interest are NASCAR (15.1 million), NBA (14.3 million), figure skating (13.1 million), extreme sports (11.4 million), boxing (10.2 million), PGA (10 million) and the NHL (6.5 million).

SGMA has also predicted the hottest growth sports for 2007 and beyond. Lacrosse is by far the fastest growing sport, increasing in interest and participation by 31 percent. Following in descending order are walking for fitness, aerobic training, soccer, yoga/pilates, running, fitness cycling, football, basketball, golf, strength conditioning and skateboarding. Interestingly enough, baseball is not listed as having any "plus" potential.

Gene Goldberg, the vice president of consumer products for the NFL, was one of the panel speakers. He indicated that

“everything NFL” is up. The league has new retail partners including Target’s Tailgating Section, e-commerce is “through the roof,” and the Madden game sold 8 million units in 2006. Although the NBA, NFL and NASCAR have their own retail stores, Goldberg said the NFL “doesn’t feel the need to be in retail.” It’s nice to be No. 1.

The NBA and the NHL, unlike the NFL, are aggressively looking to expand their market share. The NBA just completed a private label deal with Wal-Mart with merchandise that would “compliment their other product lines rather than compete.”

Blake Davidson, the managing director of NASCAR products, described the excitement surrounding the opening of the NASCAR Hall of Fame in Charlotte and their partnership with Sprint. He also said that NASCAR’s commitment to the infant apparel market is representative of the family approach to their sport.

Don Garber, the commissioner of Major League Soccer, continued to document the growth of the MLS and soccer in the country’s sports environment. Besides David Beckham coming to the L.A. Galaxy, the huge success in Toronto and the plans to add teams in Vancouver, Portland and San Diego, the big news was about the New York Mets plan to explore building a soccer-only stadium to house a second New York MLS team.

Gary Bettman, the NHL commissioner, gave the keynote address. Hockey continues to enjoy great popularity among its fans -- more than a half of NHL teams played to 90-percent capacity last season. As the growth of non-American players continues to be a factor both in competition and international marketing internationally, Bettman pointed out that one-third of NHL players are not from North America.

Digital licensing and fantasy baseball go hand in hand. And Clay Walker of Fantasy Sports Ventures described a recent court case in St. Louis that attracted considerable attention. Baseball’s digital arm, Baseball Advanced Media (BAM), sued a company that was dispensing baseball statistics, claiming that players’ names and the stats being provided to the fantasy players were protected rights owned by the licensor, Major League Baseball and BAM. They lost, so the stats used in fantasy leagues seems safe for now.

Baltimore-based UnderArmour was represented by Bill Kraus, the senior vice president of sports marketing, on a panel discussing the challenges of retail. Kraus discussed the manner in which UnderArmour is expanding their football brand to include cleats and shoes. The effect that technology has in manufacturing better performance products and boosting sales price is being referred to in the market place as the “UnderArmour effect.”

PGA Tour Vice President of Marketing, Leo McCullagh, discussed the PGA Super Stores, opening throughout the South and Southwest, which will include more than 63,000 square feet of retail including a full-size tennis court.

Finally, every year seems to bring new phrases to the licensing/marketing world. My favorites were: “connectivity” as in “there must be a connectivity with fans;” “irrational exuberance,” as in describing Toronto’s reaction to their new MLS team; “disintermediation,” meaning to cut out the middleman and go right to the customer base; and for all digital marketing, the goal is to “generate eyeballs.”