

# CHICAGO BUSINESS JOURNAL

## **Sports Marketers Have To Be Able To Adjust On The Fly During Covid**

Published December 22, 2020

Anyone hoping to understand the vagaries of the sports sponsorship business during the pandemic should consider the daily conundrums faced by Eric Bechtel, who heads the sponsorship and marketing agency IdeaQuest. No one knows when, nor how many, fans will be returning to sports venues next year. Nonetheless, the agency is selling naming rights to the Circuit of the Americas racetrack/entertainment complex in Austin, Texas.

Concomitantly, IdeaQuest is crafting activation plans for American Family Insurance's 15-year naming-rights deal at the Milwaukee Brewers' home field, which begins Jan. 1 — without knowing when, if, or how many fans will be allowed inside.

"We're building up and tearing down scenarios every week and being as creative and flexible as possible," said Bechtel, who is planning his first plane trip since March, to Atlanta. "Cash is king now, so sponsors with budgets can be aggressive. Properties are taking money up front, and money off of the back end of deals."

At the end of any year, we try to chart the course for what's ahead, but the mishmash of vaccine distribution, local government control over venues and even whatever changes come with regime change in Washington make that a trying exercise. One thing everyone agrees on: It will be a buyer's market for advertising and sponsorship assets through 2021. And the effect of make-goods will linger like a bad hangover. "We've already done client make-goods that go as far out as five years," advised Tony Schiller, partner and executive vice president at Paragon. At which time, the entire industry will be unrecognizable.

"The whole sponsorship landscape has changed dramatically because of Covid," said A-B InBev sponsorship chief Nick Kelly. "What's going to impact our planning forever is that we've looked harder for value and consumer connections outside of the venues." Consequently, pregame tailgate parties are now Zoom presentations. Not lost on us is that those sorts of activations don't necessarily require pricey IP. "Moving forward, we're going to have to figure out what the balance will be between digital and physical," added Kelly.

CAA Brand Consulting co-head Seth Jacobs noted the optimism stimulated by the impending vaccines, and Dr. Anthony Fauci's sanguine predictions about fans returning to venues. Still, Jacobs says 2021 marketing budgets look conservative. More brands are asking for "built-in protection, in case we aren't at full capacity for a few more seasons" than for experiential activation concepts. (Remember experiential activation?)

## **EMERGING CATEGORIES**

This is a story we're always pursuing, and gambling remains at the top of that list as legalization expands across the country. We'd expect restrictions on betting, or the repeal of those regulations, to be a vital part of every large and impending TV rights deal. Another development to watch is the FanDuels and DraftKings of the world seeking to monetize their growing audience of bettors with brands — putting the bookmakers in direct competition with properties. A deal in which A-B InBev's Bud Light brand is sponsoring a branded bet during the Dec. 19 Buffalo Bills-Denver Broncos games is a harbinger there.

Financial technology is another category flexing its market muscles because of Covid. Traditional banks and credit card brands have been industry fixtures, but Covid has accelerated cashless payments. Noting the growth of brands in the space like PayPal, SoFi and Square, SponsorUnited Senior Vice President Bill Hudock predicted "they will challenge all the traditional financial brands."

So cashless payments could emerge as a separate category, as that sort of hyper segmentation is another trend. Even in as nascent a category as on-demand delivery, it's already starting to occur, with properties wondering about separate deals for grocery or restaurant delivery, and how those rights might impact QSR or casual dining sponsorships. DoorDash's recent IPO, which left it with a market valuation of \$60.2 billion, provides an idea of the potential there. We've already seen brands including GrubHub, Postmates and Uber Eats invest in sponsorship marketing. We assume they'll now have to keep up with DoorDash's expanded marketing war chest. Alcohol consumption was spurred by the pandemic, so we'd look for more spending by the delivery services specializing in that segment, all with memorable names like BrewDrop, Drizly, Klink Swill, Minibar, Saucey and Thirstie.

Health and wellness was already hot before the pandemic, and now that category is on fire. Look for increased spending from the topical pain relievers like Biofreeze and Blue-Emu, along with the recovery segment, where Hyperice already has sponsorships with the NBA and NFL. As with banks, hospitals and health care systems have been sports sponsors for some time. But will telemedicine emerge as its own category?

Jeff Sofka, CEO at Bendigo, a consultancy specializing in health care and sports, said "long before Covid, we were working with our health care clients to ensure telehealth is not stripped away from their overall rights. That would be like doing a retail agreement and stripping out e-commerce."

Still, the opportunity is immense. Sofka said that at some of his larger health care system clients, telehealth appointments exploded from the hundreds to the tens of thousands this year, fueled, of course, by the pandemic.