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Business

Shaky economy bringing problems to the fore

Corporate spending on luxury items like tournament sponsorships is down

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With a shaky economy and a title sponsor about to be taken over by an out-of-state company, promoting the Constellation Energy Senior Players Championship hasn't gotten any easier in its second year in Baltimore.



Constellation Energy expects to continue its sponsorship of the Senior Players

"Operationally from last year to this year it's certainly a lot easier," said tournament Executive Director Steve Schoenfeld. But, he added, the setup and preparation logistics have been the only things that were clear-cut for this year's event, which starts Monday with a pro-am tournament at the Baltimore Country Club.

Spending on more lavish activities like golf seem to have taken a hit, Schoenfeld said, and anecdotal evidence from other tournaments and golf course managers across the country shows about a 10 percent drop in business.

"As far as sales goes, that never gets easier, it's always a lot of work," Schoenfeld said. "But as of [last week], we are looking flat, and I think that's certainly a great accomplishment — flat this year is the new 'up,' especially in our industry. They don't have to have this; this is a luxury."

And to top that all off, a little more than three weeks ago, Iowa-based MidAmerican Energy Holdings Co. announced it was planning to buy out the tournament's struggling title sponsor.

"We will get together after the tournament to talk about that," said Schoenfeld of the proposed \$4.7 billion takeover of Constellation by the Warren Buffett-owned company.

Debbie Larsson, a spokeswoman for Constellation, said the company "certainly expects to continue its partnership over the next several years." The tournament, one of the "majors" on the PGA's Champions tour, has a five-year contract through 2011 to stay in Baltimore.

"Beyond that we really don't have any further statement on it," Larsson added. "It really hasn't been anything that's been discussed in further detail."

Meanwhile, the economy's effects on the tournament, which raised \$400,000 for four Baltimore charities last year, is something organizers can be proactive about. In response to requests for more advertising opportunities, Schoenfeld said a video board was added to the 18th green this year, visible to tens of thousands of spectators, where companies can purchase ad space for \$12,000.

The tournament also has sponsorship packages available ranging from \$82,000 for a private corporate hospitality tent complete with catering, unlimited grounds access and branding opportunities, to \$850 for tickets and name recognition on the tournament sponsor board, program guide and Web site. The 55 clients that purchased corporate tent space last year have dropped to about 50 this year, and the total number of sponsors has declined from about 150 last year to approximately 130.

But more noticeable, says Schoenfeld, is where those sponsors are choosing to spend their money.

"We are finding that hospitality sales are decreased somewhat, and there's more emphasis on exposure like signage," he said. "That doesn't surprise me, frankly, because of the economy. What's important now is market share, and they like our demographic here, so we're seeing a trend toward looking for more exposure to our spectators."

The shift in spending from corporate tents to more direct advertising is about a 10 to 15 percent swing, Schoenfeld said. He said it's too soon to tell how that shift will affect how much money the tournament is able to raise for local charities, which will be calculated after the tournament expenses are paid. Last year First Tee of Baltimore, the Kennedy Krieger Institute, Union Memorial Hospital and the Baltimore Community Foundation each received \$100,000 from the tournament.

The shift is in line with what many marketers say is happening across the industry.

"The easy line item to cut tends to be marketing and advertising," said Matthew Doud, president of Planit, a Baltimore marketing and advertising agency. He added that advertising budgets today have to be smarter, providing tangible solutions that put a company in front of a client faster.

"But at the same time, you can't just stop and hope things go away and then try and come back to life," he said. "So it's a question of long-term commitment versus short-term spurts."

Marc Bluestein, president of Aquarius Sports Group in Fulton, noted spending sponsorship money on a high-end sport like golf puts a company in front of a "higher-end demographic" with traditionally deeper pockets.

"You have the ability to directly connect with that consumer," he said. And while he said he doesn't think sports are necessarily recession-proof, "at the end of the day, people still turn to sports as an outlet because they're passionate about them."

Doud said he doesn't see a danger right now to the change in how advertising dollars are spent, as long as the company is still getting exposure. Much like the golf tournament, staying flat is staying in the game.

"You might lose a little bit on brand building and relationship building, but you won't lose with the clients you already have a relationship with," he said. "You're maintaining rather than growing, but in tough economic times, the priority isn't as much about growth as it is maintenance."