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*MAY 01, 2007* -- If your idea of a typical NASCAR race is Talladega Nights, or you think The Bad News Bears is representative of community sports events, then you have a lot to learn about the potential of sports marketing.

Whether it's Super Bowl or Little League, love of sports runs deep in the American psyche, and the opportunity to link your retail brand to sports is too valuable not to take fuller advantage of. While many grocers have been lending their names to local sports teams and events for years, there are still plenty of plays left unmade, especially with emerging regional sports.

The potential to make a huge impact in some cases is undeniable—and broader in scope than you might expect. Consider, for starters, that roughly 45 percent of NASCAR race fans are now female, and that a fan's average income level is \$60,000-plus. The Daytona Club at the Daytona 500 serves caviar and lobster. And a growing number of racing fans heading to NASCAR events in Virginia and California are planning their visits around tours of local wineries.

Not surprisingly, such enticing demographics are attracting astute retailers across the country to invest in NASCAR sponsorships. Among them are Target, K-VA-T Food Stores, Bashas', and Stater Bros. Some grocers are even opening tent stores at race tracks, to serve hungry spectators.

Yet the potential for sports marketing doesn't stop at the checkered flag. Expert observers say many untapped opportunities, of all shapes and sizes, await grocers who are looking to reach new customers via the emotional appeal of sporting events.

In fact, many retailers are continuing to get more sophisticated with sports-related programs. But to score really big, companies are advised to think more strategically, to take execution well beyond the typical one-time event or mere sponsorship that gets your banner name on signage at the stadium. Retailers also need to be able to find ways to more accurately measure their return on investment, especially since sponsorships alone can run more than \$1 million at the pro level.

Some retailers are making headway, the experts say—but for many others, batting averages are on the low side, compared with their potential.

"Retailers have done an average to poor job in general in sports marketing," claims Gary Stibel, c.e.o. of The New England Consulting Group in Westport, Conn. "They've failed to capitalize, where manufacturers have done a far better job."

Stibel's point is that if you think small, that's what your results are likely to be. Linking your name to an event or team is not the endgame, just the opening gambit.

"Unfortunately, some people view sports sponsorships as nothing more than wallpaper—it's there, but it does no good," he notes, "because they're not executing against it. Those sponsors who are executing effectively are banking the money. The companies who use it strategically use it all year long, every year. They make it a part of their brand equity."

Stibel cites Heinz, Visa, and Sprint as examples of companies that are succeeding with lucrative, strategic marketing ventures.

"The H.J. Heinz Co. has Heinz Field in Pittsburgh, complete with a 'red zone,' where the Steelers enter during games," he explains. "They benefit disproportionately by that sponsorship. And Visa,

by using its sponsorship of the Torino 2006 Olympic Winter Games strategically—telling people not to use American Express, because it won't be accepted—benefited enormously."

Sprint, meanwhile, got in the game in the 1980s as the first sponsor of National Football League headsets. It was a win-win relationship, says Stibel. "The NFL benefited because they had brilliantly taken property [headsets] that was worth very little, and monetized it by finding a sponsor who was willing to pay a great deal. And based on our qualitative analyses, both Sprint pre-1991 and Motorola since then are getting far more value from that relationship than they're paying."

While most supermarkets don't have the budget for such high-level deals, there are plenty of opportunities for them on a smaller, regional scale, observers note. But again, they need to think beyond sponsorship rights.

"The biggest mistake you see supermarkets and consumer packaged goods marketers make is that they don't budget for the activation [the costs associated with getting the program off the ground]," says Peter Stern, president of New York-based STRATEGIC, Inc., a sports and entertainment business consultancy. "They only spend for the rights to sponsor a team. For affinity programs, in which the partners work together to advance their brands, you need to invest the money to make the program go."

Stern says he'd like to see supermarkets take on less overall in terms of sports-themed programs, and instead do a better job with fewer sponsorships. Instead of one-off promotions, he advises retailers to look for ongoing programs that help form a more lasting emotional connection with fans. "Ultimately, that will allow them to build true brand equity," he says.

By the playbook

In the supermarket industry, sports marketing has traditionally most often taken the form of sponsorship for golf tournaments and local Little League teams—important events in their own right, but perhaps not the best way to reach new customers.

Additionally, observers say retailers have tended to rely heavily on vendors to help fund sports-related programs. In many cases, sporting events have also served the dual purpose of being a vendor incentive, in the form of free tickets to next week's game.

But more recently, as retailers have found themselves in a competitive environment where it's more essential than ever to get new shoppers through their doors, they've branched out with major team sponsorships in football, baseball, and basketball at the pro and college levels.

More importantly, they're beginning to bring the excitement of games into their stores, and making a more conscientious effort to promote their brands exclusively. These steps are hopefully signs of more creative strategies to come.

"Many regional chains have associations with teams in the markets where they serve," observes Angelo Scialfa III, a sponsorship sales representative for the New York Liberty, a team in the Women's National Basketball Association. "It's good public relations, and it can certainly help them drive sales."

Scialfa also observes that more supermarkets are using sports to brand themselves. For instance, some grocers are featuring sports figures in their private label lines. A few years ago, Giant-Carlisle and Foodland sold "Penn State Crunch" cereal to support their local sports team, and went through more than 20,000 boxes in a short time period, he recalls.

Likewise, grocers are attractive partners for sports teams because they offer such a large channel of distribution—the stores serve as ideal local platforms, explains Scialfa. "There are a lot of

things grocers can do when they partner with a sports team. They can have athletes appear in their store, sell tickets in their stores, and participate in charitable events tied to the team."

Lakeland, Fla.-based Publix Super Markets, for instance, hosts a "Junior Seau Foundation Shop with the Jock" event every Thanksgiving, in which children from local Boys & Girls clubs are paired up to shop in Publix with a player or cheerleader from the Miami Dolphins. This is just one example of charity-related athletic events the chain participates in.

"People take sports very seriously, and we want them to associate sports with our brand," says Publix's director of media and community relations, Maria Brous.

Stern of STRATEGIC says one of the hottest trends is experiential marketing, where the company builds brand awareness while also delivering a unique experience to customers. For example, Wal-Mart created quite a memorable event by setting up temporary bowling lanes on store property and bringing in professional bowlers to throw some strikes. "It was a great way to tie the brand to an experience, and an emotional way to touch the consumer, vs. the passive method of viewing signage at a game."

Indeed, sports offer a strong emotional connection—including an association with food—which is extremely desirable in such an oversaturated marketing environment, notes Stern. "There's so much fragmentation in the marketplace that it gets harder and harder to find mass vehicles to deliver your message to a large, passionate audience. That's something that sports marketing provides. At the end of the day, we live in a sports-crazed society. People don't paint their faces to watch American Idol, but they'll paint their faces to support their favorite sports team."

On the right track

A growing number of regional chains have found that NASCAR races are an effective, emotion-filled fit for their branding efforts. Abingdon, Va.-based K-VA-T Food Stores and Chandler, Ariz.-based Bashas' are two fine examples.

"We find that race fans are probably the most loyal fans there are in sports," says Steven C. Smith, president and c.e.o. of K-VA-T, which operates more than 90 stores, primarily under the Food City banner. K-VA-T is celebrating its 15th anniversary being a NASCAR Nextel Cup Series sponsor this year, and the retailer just signed a contract to continue its sponsorship for three more years.

Sponsoring races, as opposed to racing teams, makes more sense for K-VA-T, notes Smith. "Geographically it wouldn't do us much good to sponsor a car. That's why we go the route of sponsoring a race."

National chain Target, on the other hand, sponsors a NASCAR racing team, which requires a much larger investment.

One of the attractions of NASCAR is that it's practically a year-round sport, with races held 10 months out of the year. Supermarkets and NASCAR also go together because of all the hungry fans who, in some cases, travel far distances to enjoy the races. K-VA-T takes full advantage by making them feel at home.

"We run shuttle buses for people staying at the campground, because so many of our stores are close to the track," says Smith.

Meanwhile some NASCAR-affiliated grocers that don't have permanent stores close to racetracks bring their stores to the races. Bashas' and Colton, Calif.-based Stater Bros. both open up mini stores on-site at major races, so that campers can stock up on charcoal, food, and other essentials.

Bashas' sets up shop at the Bashas' Supermarkets 200, which this season took place April 19 and April 20 at Phoenix International Raceway.

More than 100,000 fans attend the April races, according to Bashas' director of communications and public affairs, Kristy Nied. "When it comes to sales per square foot, our tent store outperforms every store in our chain during the weekend of the races," she notes.

Major vendors are getting in on the NASCAR action, too. At Unilever, linking with NASCAR is "one of the major platforms of the company," says Nancy Davis, shopper marketing manager, Southeast division, and the vendor's NASCAR program manager.

Unilever is participating in a multibrand sponsorship of Evernham Motorsports' No. 9 Ultimate Chargers Dodge during the 2007 Busch Series season. Evernham Nextel Cup drivers include such big names as Kasey Kahne, Scott Riggs, and Elliott Sadler.

The company has stepped up its efforts after initially testing the waters and discovering NASCAR's branding potential. "In the past, we had kind of dabbled in it. We sponsored the racecar but didn't leave enough money for programs," says Davis. "This time we set aside the marketing dollars first, and then chose the race team. If you don't leave behind money to activate at retail and at the track for consumers, your sponsorship will never pay out."

Unilever was especially attracted to NASCAR because of the changing demographic profile of its fans, she says. "We saw that more women are becoming interested in the sport. The majority of our products and brands appeal to female consumers. We also saw that NASCAR is very family-oriented."

Unilever has developed a number of product tie-ins with racecar drivers, in which it features drivers' pictures on packaging. "That's probably been one of our biggest finds," says Davis. "NASCAR fans love the special packs. When they buy them, they don't buy just one—they buy one for use, and one to keep."

The manufacturer is also running high-energy promotions at the track. In April, during the races at the Texas Motor Speedway, the company featured a bilingual Ultimate Chargers fan zone tent, where fans could try food samples, ride in a car simulator, win prizes, and get recipes in English and Spanish. The activities promoted Unilever's Hellmann's brand, the official mayonnaise of the Texas Motor Speedway.

#### Emerging opportunities

The intersection of ethnic marketing and sports presents exciting opportunities for grocers. Food City, the low-price, Hispanic-centric format operated by Bashas', has had tremendous success with an annual amateur soccer tournament for adults and kids that it started in 2001.

Called Copa Food City, the three-day event, held in November, draws about 100 teams from all over Arizona, and with more than 30,000 attendees is considered the largest Latino soccer tournament in the state. During the event, professional soccer stars such as Jorge Campos sign autographs and make special appearances to meet fans.

"Grass-roots events like Copa Food City help us to stay in touch with our Latino shoppers," says Nied. While the event requires a lot of time and resources, Bashas' execs consider the investment worth it, as it strengthens the chain's ties to the community.

Soccer is one example of a still emerging sport in the U.S. market that grocers might have overlooked in the past, says Stibel. He also points to extreme-sports games, which started in Rhode Island. "A few entrepreneurial types capitalized on extreme skateboarding in the 1970s

and 1980s. But on a national level, nobody really knew about it. [Then] Mountain Dew came in and took on an 'extreme positioning,' and its return on investment has been huge."

Other emerging sports grocers might want to consider sponsoring include kickboxing, triathlons, lacrosse, cheerleading, indoor football, and even dancing, the experts suggest. Women's sports in particular offer a lot of potential, since they involve the grocery store's primary shopper base.

"These are opportunities that may require more creativity," says Stibel. "But no one is more poised to capitalize on this than retailers, because they're so close to their customers—and new sports usually start in certain parts of the country."

Smart retailers will take heed—and with some strategic thinking, they'll be on their way to scoring a marketing touchdown.