

STREET & SMITH'S
SportsBusiness
JOURNAL

2009 not as bad as predicted, but plenty of bruises to go around

Published December 07, 2009 : Page 14



**THE LEFTON
REPORT**
TERRY LEFTON

A year ago in the world of sports agencies, 2009 was forecast as the worst of times. As the “year of living frugally” concludes for sports marketers, many who predicted doom are now saying it wasn’t so bad.

“Our clients felt pain, so we did too,” said **Mike Boykin**, executive vice president of sports marketing at **GMR**. However, he added that wins from **Comcast**, **Ask.com** and others will leave the agency with a slight uptick overall and even a little better than that if you limit it to sports marketing.

“Initially, there was this overwhelming pressure to cut everything,” Boykin said. “By July, there was a growing realization that no company was ever going to shrink its way to greatness.”

With layoffs, and some convincing new account wins in **Clearwire** and an **Anheuser-Busch InBev** assignment to assess the brewer’s international properties, **Octagon** should end the year up single digits in revenue and double digits in profits, said President and CEO **Rick Dudley**. “We’re well ahead of where I thought we’d be,” he said. “Nobody’s buying new properties, but our business held, because sports marketing is no longer considered a luxury you can just cut. That should make anyone in this business happy.”



RICK DUDLEY
OCTAGON PRESIDENT/CEO

Other agencies have clients in hypercompetitive categories that couldn’t cut spending. In the case of **The Marketing Arm**, that was **State Farm** and **AT&T**. **Dan Belmont**, the agency’s president, consulting and activation, and its chief marketing officer, projected a flat year, and it came in as planned. “Not as difficult as we first thought,” he said, “but I have the bruises to prove it was painful.”

Some agencies survived by adding new capabilities or expanding existing ones. At a time when ROI was the Holy Grail, measurement and evaluation came to the forefront as agency staples.

Agencies also zigged where they normally would zag. During a year when activation budgets suffered, and print vehicles took the brunt of an ad slump, **LeadDog Marketing Group**, renowned for its activation for magazine titles, found itself taking on increasing amounts of branding, and Web design work, said LeadDog President **Dan Mannix**.

Terms also changed. Even during what **ANC Sports Marketing** President **Dave Bialek** called the company’s best year ever, some rotational signage clients were paying on a monthly basis instead of through seasonlong deals. “A year ago, I couldn’t get anyone

on the phone," Bialek said. "It turned out that brands had money to spend; they just took longer to spend it."

Increased layers of approval, the added involvement of procurement departments into marketing purchases and soft budgets are all unwelcome byproducts of a recession that agencies hope will vanish with the calendar year. "We went from annual budgeting to quarterly to monthly to weekly," Boykin said.

A year later, planning meetings are less discouraging. Now, the largest questions are about the recession's long-term effect on sports marketing.

"We're all cautiously optimistic," Belmont said. "The real battle for us and every agency will be to restore the activation dollars that were pulled in 2009." A Winter Olympics and a FIFA World Cup will help bring back some of those dollars.

Said **Mike Reisman, Velocity Sports & Entertainment** principal, "We had a media depression and a sponsorship recession in 2009, but as industries like autos and banking recover, you'll see them spend again."

Others are still waiting for large properties to adjust pricing. Generally, big sports properties have augmented packages, or decreased media requirements, instead of cutting rights fees.

"We're all wondering," said Dudley, "if there will be an adjustment to better price/value or if they'll just stand fast with a rate card that's now outdated."