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Cowboys-AT&T Stadium deal pioneers new revenue source for big-time sports

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Cowboys Stadium renamed AT&T Stadium

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At first glance, it falls short of being the biggest stadium naming rights deal in America. But some sports business experts say Jerry Jones and his Dallas Cowboys, with the help of AT&T Inc.'s wireless technology, are pioneering a new source of revenue for big-time sports.

“The next big thing is the second-screen viewing experience,” said University of Texas at Dallas marketing expert Abhijit Biswas as he considered the potential future for fans inside what is now AT&T Stadium.

In announcing the deal Thursday to rename Cowboys Stadium after the corporation, the Cowboys and Dallas-based AT&T said they “will work together to deliver an interactive game day experience for fans like no other.” ESPN reported the deal would be worth \$17 million to \$19 million a year over an undefined period.

“This is about smartphones, pads, computers and technology,” Stephen Jones, son of the Cowboys owner, said in an interview. “We have targeted them from the get-go. This was not just about settling for a naming rights deal. ... This is a bigger deal.”

During games, Biswas and sports business expert Craig Depken speculated, fans could be streaming highlights from other NFL games, communicating with friends outside the stadium, and viewing custom content

provided by the Cowboys or others on their mobile devices. The Cowboys and AT&T will probably share in revenue yielded by technology that has yet to be developed.

Some of the new interactive enhancements will be available to only AT&T customers, the company said.

Boost for network

All of that means extra data use on AT&T's network, which has been boosted inside the stadium, in the plazas and parking lots. Wireless data is one of AT&T's fastest-growing business segments. Data revenue alone grew nearly 20 percent to \$5.4 billion in the second quarter, the company reported this week. AT&T expects mobile data to remain a cornerstone for future growth.

Some of the exclusive content might come with an extra charge, Biswas and Depken said, while acknowledging that a lot of experimentation with offerings and pricing is likely.

"Jerry is always ahead of the curve in finding ways to generate revenue," said Depken, a former professor at the University of Texas at Arlington who is now at the University of North Carolina at Charlotte.

Around the NFL, Jerry Jones is credited for being innovative and for being aggressive in his pursuit of

corporate sponsorships and revenue from suites and lucrative club seats.

There is confidentiality language in the contract that restricts either side from divulging numbers. The Cowboys deal, as reported by ESPN, falls short of the 20-year, \$20 million-a-year agreement for Citi Field, home of the New York Mets.

A common duration for naming rights deals is about 20 years. If there is revenue sharing, the annual figure would be fluid.

“This is not the largest deal in naming rights that there has been,” Jerry Jones said at the news conference, “but this is the best naming rights relationship there is.”

Long time coming

AT&T has had a significant sponsorship presence inside the stadium since it opened in 2009. Speculation then was that the company would get its name on the \$1.2 billion stadium, but the struggling economy hindered an agreement.

Jones said that he had AT&T in mind as the marquee sponsor since before the stadium was built.

“This was clearly the right company for us to move forward with,” he said.

Cathy Coughlin, AT&T's global marketing officer, said there is "no grander stage to showcase" the company's technology.

"We are a global company, but our home is Dallas," she said. "So we are very proud to be a bigger part of the relationship with the Cowboys here at AT&T Stadium."

The new deal reinforces the marriage of two of the biggest names in business and sports.

Forbes magazine, the bible of sports franchise valuations, ranks the Cowboys as the most valuable team in the NFL and among a handful of the most valuable teams in the world.

Last fall, *Forbes* said the Cowboys were worth \$2.1 billion, with a significant portion of that based on the stadium and the team's sponsorship deals.

The naming rights agreement, which comes as *Forbes* is preparing its new valuations for the start of the new season, should only increase the team's value. "Basically, the value of the franchise is four times revenue," Depken said.

Huge presence

AT&T has been active in sponsorship deals here and around the country, including the AT&T Performing Arts Center in downtown Dallas and the Cotton Bowl game in

Arlington. The company has its name — AT&T Park — on the home of the San Francisco Giants and just this week was named the official wireless provider for Walt Disney World and Disneyland.

At the end of 2012, AT&T was ranked No. 11 on the Fortune 500 list of largest American companies. With about \$125 billion in revenue, the company is a cash-generating machine.

In its earnings report this week, the company said it had net income of \$3.8 billion in the second quarter and generated \$4 billion of free cash flow, an important measure of financial health because the more cash a company has, the more investment and business-building opportunities it can pursue.