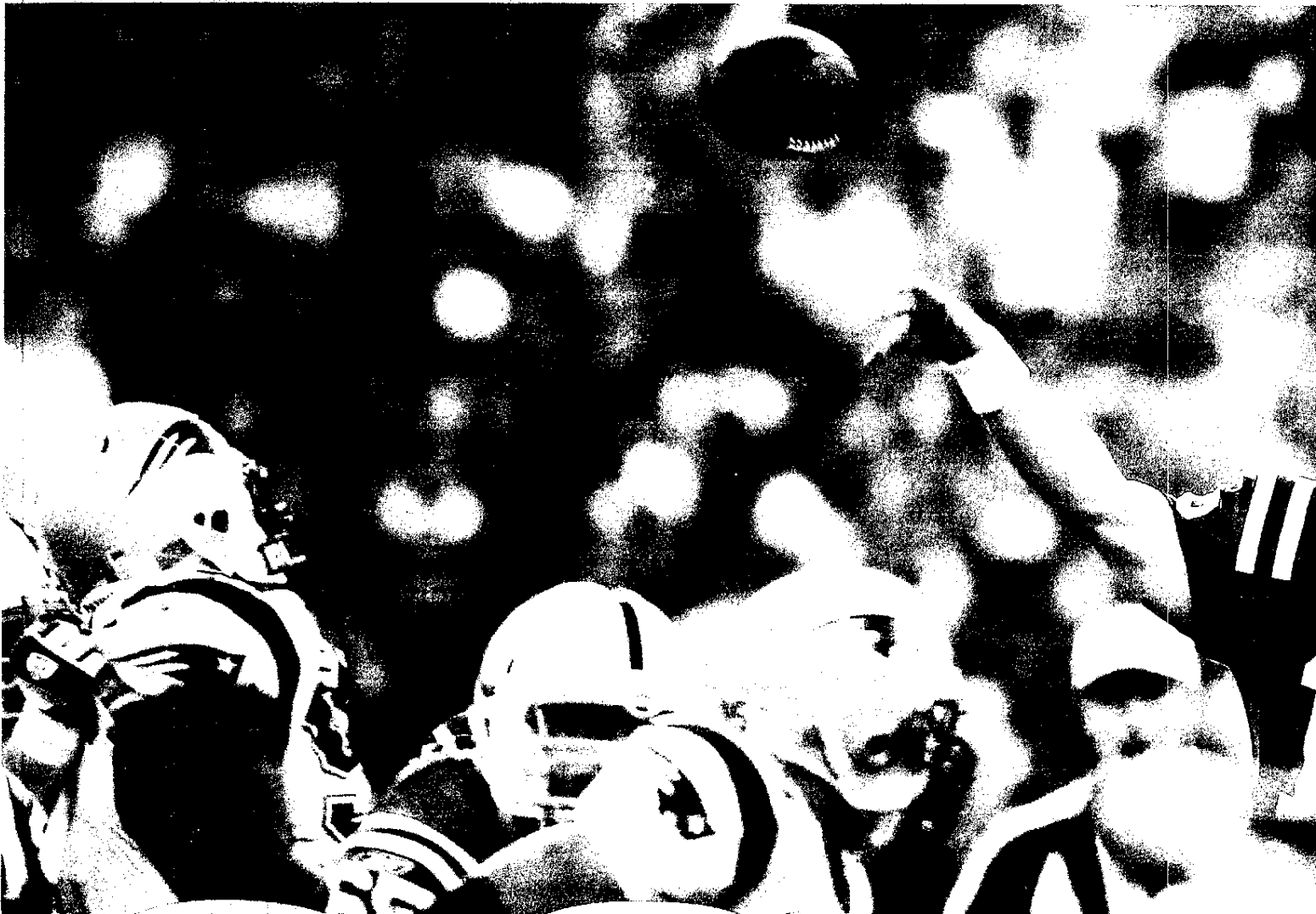


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GO RUSH

By Gail Schiller

THE NFL GENERATES REVENUE THAT RIVALS THE LARGEST ENTERTAINMENT CONGLOMERATES. THE DRIVING FORCE BEHIND THE LEAGUE'S SUCCESS? THE SUPER BOWL

and people say "American Idol" is a hit.

When it comes to capturing the attention of the country, nothing, absolutely nothing, rivals the Super Bowl: Last year, more than 90.7 million viewers tuned in to the game — more than double the 37.3 million viewers who watched the record-breaking Season 6 premiere of Fox's reality juggernaut.

At a time of increasing audience fragmentation, the Super Bowl remains television's single-largest attraction, making it a darling not just of the networks that air the game but of advertisers who this year are reportedly forking over as much as \$2.6 million to CBS to run a 30-second spot during the game.

"People who never watch any football all year are suddenly in front of the television," says Sean McManus, president of news and sports for CBS, which will televise Super Bowl XLI on Sunday from Dolphin Stadium in Miami. "You think it has reached a peak, but interest seems to get bigger every year."

The game, though, is only one element of the National Football League's total annual revenue, which in the 2005 fiscal year ending March 31 totaled roughly \$5.7 billion. For a sports league with only 17 weeks of regular-season games, that kind of earning prowess certainly puts it in the same arena as many major entertainment companies.

Disney Studio Entertainment, for example, generated revenue of about \$7.6 billion in 2005, while all of Time Warner's

networks posted revenue of \$9.6 billion.

NFL revenue also surpasses those of competing sports leagues — Major League Baseball generates about \$5.2 billion, while the National Basketball Assn. pulls in an average of \$3.2 billion.

Top left, Peyton Manning leads the Indianapolis Colts against the Chicago Bears on Sunday. Left, Bears middle linebacker Brian Urlacher

With the NFL's new pricier broadcasting rights deals generating an average of nearly \$900 million more a year for the league, 2006 fiscal revenue is expected to top \$6 billion.

It's the Super Bowl that has arguably catapulted the league into the pop-culture phenomenon that it has become. The NFL is credited for its marketing skills in not only turning the game into television's biggest event but also into one of the most effective and costly year-round marketing platforms for advertisers — one that clearly surpasses most, if not all, TV and movie tie-ins.

"The Super Bowl is much more than a football game; it's a cultural, social and to the business world an economic phenomenon," NFL senior vp consumer products and marketing Lisa Baird says. "There's no other event that attracts such a massive audience, and that's why you see companies paying the amount they are to our network partners to advertise and why you're seeing hundreds of millions of dollars spent in activating around the Super Bowl by our sponsors and untold millions of people who try to draft off the excitement."

Adds Russ Cline, founder and CEO of Image Impact, which measures brand sponsorships and integrations in sports and media: "The NFL has spared no costs and has put all its creativity into telling the nation this is a mega-event in sports and entertainment. The NFL wants to attract every age group and demographic, so they have always changed their game to attract people and be exciting."

Whatever the league is doing, it's working. On the marketing side, the NFL has signed up 22 sponsors who pay millions of dollars just for the rights to use its trademarks and logos, as well as implement marketing campaigns for their brands built around the NFL and the Super Bowl. The price of NFL sponsorships ranges from several million dollars to a reported \$120 million a year paid by Sprint for a deal that includes mobile content.

In terms of merchandising, the NFL has more than 100 licensees who generate upward of \$3 billion a year in retail sales — among some of the larger licensees are Electronic Arts, the Northwest Co., Pottery Barn, Reebok, VF Corp. and Wilson. Exclusive on-field licensing partners including Adidas, Nike, Reebok and Under Armour provide footwear for NFL players, with Reebok being the exclusive onfield uniform licensee for the NFL.

Altogether, the league received some \$285 million from national NFL sponsorships and licensing deals. But the majority of its \$5.7 billion haul in 2005 came from the \$2.85 billion it made on broadcast rights, with \$1.4 billion generated from the 17 million tickets sold to NFL games, \$1.1 billion from local broadcasting deals and team sponsorships and the remainder

from ancillary revenue, including the licensing of NFL footage to TV and film productions.

This season, the NFL will earn more than \$3 billion in fees paid by CBS, DirecTV, ESPN, Fox and NBC for the rights to broadcast its 17 weeks of NFL games; as part of the NFL's latest broadcast rights agreements, which went into effect this season, CBS, Fox and NBC alternate in airing the Super Bowl, with CBS the latest to reap the ad revenue generated by the game's roughly 60 30-second spots.

Steve Pacheco, director of advertising for FedEx, the NFL's official delivery service, says his company is buying a spot in the Super Bowl for the 18th time not only because the game will reach a worldwide audience of close to 1 billion people after replays are factored in but because TV viewers are actually watching the commercials.

"It's an opportunity for you to bring your best advertising forward and have people really connected to it and focused on it," he says. "Instead of being skipped over, the ads are being replayed. We think the Super Bowl is one of the great mass mediums we have at our disposal."

According to Pacheco, last year's FedEx Super Bowl spot was replayed 132 times in the 72 hours after the game. "What was that worth if we had to go in and buy that? We think there's great value in reaching that many folks who are very engaged."

Adds Martha Tomas Flynn, senior director of national promotions and sponsorships for Burger King, the NFL's official quick-service restaurant

"The Super Bowl certainly grew because of the sport's popularity. ... We've built an incredibly loyal and deeply engaged audience, and that's very valuable to a lot of people. We continually innovate to keep the game and the viewing experience at a world-class level and to build new audiences."

— Lisa Baird,
NFL senior vp consumer products and marketing

bought commercial time in the game for the 21st consecutive year.

The Super Bowl halftime show, which reportedly pulls in sponsorship fees of some \$10 million and has previously attracted such names as Paul McCartney, the Rolling Stones and Janet Jackson, will feature a live show by Prince.

Baird credits the halftime show with helping to transform the Super Bowl into a massive entertainment event. "The Super Bowl certainly grew because of the sport's popularity, but then there were things we consciously did to make it grow into a bigger activation platform for our partners," she says. "We've built an incredibly loyal and deeply engaged audience, and that's very valuable to a lot of people. We continually innovate to keep the game and the viewing experience at a world-class level and to build new audiences."

This season, Baird says the NFL is concentrating on building its youth and Hispanic audiences with two new Web sites, NFLrush.com and NFLatino.com. And with its recent announcement that it will be hosting preseason and regular-season games in key international markets such as Beijing and London, the NFL is clearly attempting to spread the enormous popularity of the league and the Super Bowl far beyond U.S. borders.

"Our ambition is to build the NFL into a global brand," Baird says.

Randy Williams contributed to this report.

NAME OF THE GAME

Protecting the Super Bowl and other valuable NFL trademarks from 'ambush marketers' remains a battle for intellectual property lawyers

The Super Bowl might be the talk of the town, but one won't hear the words "Super Bowl" or other references to the NFL's trademarked terms on radio, television, in print or on the Internet beyond what is officially licensed by the league. That's

because football's most effective offense isn't a product of Peyton Manning's arm; it's the National Football League's squad of in-house lawyers who are particularly aggressive in enforcing intellectual property rights against so-called "ambush marketers."

Led by vp intellectual property Anastasia Daniais, the league's eight-person department of trademark and copyright specialists (and a handful of private law firms) sends out thousands of letters to global advertising giants each year, reminding them not to state or imply that their products are associated with sports' biggest event. The letters even set guidelines for what the NFL believes can and cannot be said in a promotional context. Terms that are off limits include "Super Bowl," "Super Sunday" and "NFL," while the phrases "The Big Game in Miami" or "Professional Football Championship" are deemed permissible.

When anyone from a national advertiser to a local bar owner doesn't comply, a cease-and-desist letter is likely in the mail. If the use persists, lawsuits are not uncommon, as big brands such as Coors Brewing Co. learned the hard way. But the NFL's broad interpretation of what constitutes "commercial" use has many trademark lawyers believing the NFL oversteps its rights.

"If Joe's Bar wants to run a 2-for-1 special for the Super Bowl, I don't see how that's trading off of the good will and property rights of the NFL," says attorney Belinda May of Sonnenschein Nath & Rosenthal, citing fair use law.

In fact, many believe the NFL bullies away future sponsors by vigorously protecting its current deals. Daniais refutes that theory.

"It's noteworthy that after we pursued Coors, they became one of our business partners," she says, referring to a \$240 million, four-year sponsorship deal the beer company renewed in 2005.

— Eric Gardner

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