

The Virginian-Pilot

Stepping Up to the Plate

If Hampton Roads Is to Have Any Chance of Landing a Major League Franchise, Corporate Support Is Essential

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Last January, during his second scouting visit to Hampton Roads, Major League Baseball consultant Corey Busch gave area officials a homework assignment: If the region was serious about landing a team, do a study.

Busch did not ask for a report on attendance projections, or a public opinion poll, or a list of potential stadium sites. Major League Baseball wanted a survey on whether Hampton Roads had enough corporate support to make a franchise successful.

After all, when the National Hockey League cut Hampton Roads from its list of possible expansion sites in 1997, the league cited the absence of large corporations as a negative factor, along with a lack of regional cooperation and a low per-capita income.

Though not as visible as fans in the seats, corporate support - big bucks from big companies for luxury boxes, season tickets and advertising - is a cornerstone of any successful pro franchise. So, at the recommendation of Major League Baseball, the Hampton Roads Partnership hired Brailsford & Dunlavey to conduct the survey.

When the results came back, some regional officials admitted surprise over its findings: Hampton Roads does have the necessary corporate support for a major league team, especially if you include eastern Richmond.

Richmond companies would be expected to pony up for advertising and premium seating in the stadium and Richmond residents would be expected to navigate the congested Interstate 64 corridor to attend 81 games a year in Hampton Roads.

While officials are publicly avoiding discussion of possible stadium locations, many are privately saying that if the project wants Richmond support that the stadium will have to be on the Peninsula.

But that's getting just a little ahead of the game. Everyone acknowledges that Hampton Roads' chances of getting a major league team are remote.

"It's a long shot," admitted Bruce Bradley, co-chairman of the Hampton Roads Partnership, a public-private group spearheading the region's efforts. Bradley also is president of Landmark Communications' Publishing Group, which includes The Virginian-Pilot.

"It's a case where we think we've got a shot. We're trying to position ourselves so if we got the opportunity we can say yea or nay."

Should baseball allow a team to relocate, which hasn't happened since 1972, Hampton Roads would face stiff competition from the likes of Charlotte, Las Vegas and Northern Virginia.

Other interested regions have been wooing the league for years with well-organized efforts, including potential ownership groups - something Hampton Roads doesn't have. The Hampton Roads Partnership has been quietly leading the region's latest bid for a pro sports franchise since mid-1999.

While each region has its baggage, Hampton Roads has been lugging its around publicly for some time: the history of fractured regional cooperation, lower-than-average wages, transportation woes magnified by water and bridge-tunnels.

But Hampton Roads also has that intriguing largest-metro-area-in-the-country-without -a-major-league-sport label. And now it has the Brailsford & Dunlavey survey heralding solid corporate support.

After completing its survey of 50 companies - 10 in Richmond - and crunching the data, Brailsford & Dunlavey concluded that a big-league team could expect to generate \$55.6 million a year from corporate sources in Hampton Roads and Richmond. That's about \$8.2 million more than the average of eight other successful baseball markets that the study's authors called comparable.

Despite the study's conclusion, skeptics and disbelievers will carry the day until proved otherwise.

"I don't think there's a chance of this happening," said Dave Rosenfield, general manager of the AAA baseball Norfolk Tides, which would certainly be chased from the market if a big-league team came to town. "I know it sounds like everything I say is self-serving, but I don't want it to come out that way. I'm just being brutally honest."

Still, he added: "It would be marvelous if we could get one and support it. It would be terrific for the area."

Don Maxwell, economic development director for Virginia Beach, is more circumspect.

"You do have to have corporate support, but the question to me is, is that too broad an area for drawing corporate support?" Maxwell said. "What is the distance people will travel to see a ballgame?"

Defending the inclusion of Richmond, Brailsford & Dunlavey partner Christopher Dunlavey said the firm's survey found sufficient corporate interest in Richmond despite "the challenge of tooling up and down I-64," he said.

"Richmond is not the make-or-break for this," Dunlavey said. "Demographically, Hampton Roads by itself, we think, is strong enough to support Major League Baseball. Richmond is a nice addition, though."

If Hampton Roads is strong enough to stand alone, then the region has come up in the world since 1995, when a study by the then-named Brailsford Associates and HOK Sports delivered a less-than-enthusiastic endorsement.

"Hampton Roads defies classification as either a major league or minor league market," according to the study, which was examining the feasibility of building an arena to attract a pro basketball or hockey team. "It straddles the dividing line between these two concepts of market size, with sufficient demographics to achieve a major market size, but perhaps insufficient depth and diversity in its corporate market to sustain an NHL or NBA franchise."

However, that report also suggested that Hampton Roads stands a better chance of landing a franchise if it claims Richmond as part of the region.

There is a precedent for such land-grabbing. In its successful bids for NBA and NFL franchises, Charlotte claimed all cities within a 150-mile radius around downtown - including Greensboro, N.C., and Columbia and Greenville, S.C. - as part of its market.

"Look at Hampton Roads: We don't have 25 Fortune 500 companies," said James Eason, president of the Hampton Roads Partnership. "It's easy to jump to the conclusion that we don't have the corporate base to support a major league team."

In fact, Hampton Roads is home to only two Fortune 500 firms – Norfolk Southern railroad and meatpacker Smithfield Foods. There are three other large public companies - Newport News Shipbuilding, Dollar Tree Stores and distributor Noland. A handful of large private firms round out the headliners: Landmark Communications, Trader Publishing, the Christian Broadcasting Network and the fertilizer maker Royster-Clark.

However, many large companies not headquartered here have significant operations in the region, including several large banks, catalog retailer Lillian Vernon, chainsaw maker Stihl, computer printer manufacturer Canon, cable TV and telephone company Cox Communications and the insurance company USAA.

Adding Richmond swells that list, bringing in five more Fortune 500 headquarters, including Circuit City Stores, Dominion Resources and CSX Corp.

The survey "clearly shows we're better than most people thought," Eason said.

In trying to calculate the relative strength of Hampton Roads-Richmond's corporate support, Brailsford & Dunlavey identified eight comparable Major League Baseball markets: Baltimore, Cincinnati, Cleveland, Kansas City, Milwaukee, Pittsburgh, St. Louis and Tampa-St. Petersburg.

Hampton Roads-Richmond is similar to those markets in population, media market size and annual retail sales, according to the report.

For example, annual retail sales in those markets fall in a range between \$19 billion and \$32 billion. Hampton Roads-Richmond falls in the middle of that range with \$26.3 billion. However, each of those markets hosts more than one big-league professional team.

"Hampton Roads represents a rare opportunity for a major sports league because none of the other leagues operate in the market," according to the study.

In the survey, firms were asked if they would be interested in and how much they'd be willing to pay for advertising, season tickets, premium seating and luxury suites. It also asked about sponsorship and naming rights interest.

Using the answers to the survey, Brailsford & Dunlavey extrapolated the potential support based on how many similarly sized companies were located in the market. The formula included discounting, or lowering, the percentages of positive responses rather than calculating with the same percentage received in the sampling.

The conclusion: a Major League Baseball team could expect annual corporate spending of \$11.3 million in advertising, \$16 million for luxury suite and club seat leases and \$2.3 million in naming rights for the stadium.

It also could expect about \$26 million more a year from television and radio broadcasting rights, including both the local rights and the team's share of the national television deal.

The estimate of media rights income was based not on the survey but on an average of revenues generated in the eight comparable markets.

The last question in the four-page interview form was a crucial one: "Would your answers to these questions change substantially if they had been asked regarding an arena for a NBA basketball franchise?"

More than 95 percent of the respondents said that no, their answers wouldn't change. Should the baseball chase come up empty, don't be surprised to see the NBA take its place as the region's next quest.

The study found broad support for both advertising and premium seating. It also recommended that a Hampton Roads franchise structure its advertising and seating packages around lower-price offerings.

Program advertising was quoted at \$7,500 a year, signs at prices ranging from \$35,000 to \$125,000, and sponsorships at \$1.5 million to \$2 million a year.

A Richmond advertising executive believes a Major League Baseball stadium in Hampton Roads would draw advertising from Richmond companies, but only from those that actually do business in Hampton Roads.