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Sailing is more than just the America's Cup

Sailing breaks
US\$300 million

In 2008 sailing sponsorship is dominated by the Volvo Ocean Race as the America's Cup activity has shrunk to nothing after legal problems have made its immediate future uncertain.

The sailing sports sector is often compared to Formula One motor racing, albeit on a much smaller scale, according to the type of sponsors it attracts. In fact the two sports have similar business models, in that a set number of teams require several sponsors to fund a team's total operations. In particular, in sailing, technology companies have been keen to showcase themselves on a global platform. The telecommunications sector is another favoured area, benefiting from professional sailing's need for on-board communication systems and web and mobile access.

The three major sailing competitions are the Volvo Ocean Race, the iShare series of races and the currently stagnant America's Cup. SportsPro researchers have examined the health of the sailing sport by analysing the sponsors involved, assessing how much is invested overall and annually. Deals under a million dollars are excluded. The results however are necessarily skewed by the rules and current imbroglio surrounding the America's Cup, the most prestigious and, previously, commercially successful of all the sailing events. Sponsors have been left waiting on the sidelines for the resolution of the bitter legal battle over the future format of the event. It has set the sport back years commercially, just as the Cup appeared to find its commercial feet with the first event in Europe last year.

Overall – largely without the America's Cup –

the sport receives around US\$338 million a year through sponsorship.

Investing the largest amount is carmaker Volvo, which invests around US\$45 million in the Volvo Ocean Race. It actually owns the rights to the race itself and is responsible for organising and managing the commercial side of the event. The Volvo Ocean Race is held every three or four years – the tenth running of the round the world event begins in October. It will commence in the Spanish port town of Alicante on 4th October and finish in St Petersburg, Russia. The race covers 37,000 nautical miles, stopping at 11 ports over nine months. As a global race with the potential to hit a global audience, it attracts a healthy number of varied sponsors, willing to pay considerable amounts to be associated with one of the seven teams or the event itself.

Smaller teams still attract a considerable amount of money through sponsors. Green Dragon team has a title sponsor, Green Dragon, which annually provides around US\$29.5 million. The actual identity of the investors has however yet to be revealed. All that is currently known is that they are a group of Chinese investors who will shortly brand the boat – a legacy of the fact that the Irish boat has been designed in China.

Jaime Boag, chief executive of the Green Dragon Team, says: "Having built the boat in China we have developed a close relationship with a number of companies who were interested in being

involved in the Volvo Ocean Race. The exposure that this sponsorship will bring the team, and our current and potential sponsors within the Chinese and Asian markets is enormous."

German sportswear manufacturer Puma also owns a team. Jochen Zeitz, Puma chief executive, said: "This is special for Puma as a brand and Puma Ocean Racing as a team. As part of our strategy for expansion into new categories, we are looking forward to the launch of our Puma sailing performance and lifestyle collections in 2008 and supporting our Puma Ocean Racing team as they prepare to race Il Mistro in the Volvo Ocean Race later this year." The Puma team has a good income from sponsors who together are spending close to US\$48 million, with Puma predictably leading that. Zeitz is believed to have sanctioned a spend of around US\$40 million.

A major Spanish brand active in the Volvo Ocean Race is Telefonica, which currently has two teams participating. As well as being financially backed by the Valencian government, several smaller sponsors support the Spanish telecoms company, the parent company of Movistar. The local government in Valencia has a special interest in the race as it is starting in Alicante. Both boats have been designed under an exclusive deal with Farr Yacht Design. The two boats will be named TelefonicaBlue and TelefonicaBlack both being easily distinguishable by their colouring. The two Telefonica boats together draw around

2008 Sailing Sponsorship Roster

Rank	Sponsor	Sector	Type	Length	Annual	Deal	Event
1	Volvo	Automotive	Title Sponsor	4 years	US\$50 million	Race Sponsor/ISAF	2008 Volvo Ocean Race/ISAF
2	Ericsson	Telecoms	Title Sponsor	1 year	US\$41 million	Ericsson Racing	2008 Volvo Ocean Race
3	Puma	Consumer	Title Sponsor	1 year	US\$37 million	Puma Ocean Racing	2008 Volvo Ocean Race
4	Telefonica Movistar	Telecoms	Title Sponsor	1 year	US\$31 million	Telefonica Movistar	2008 Volvo Ocean Race
5	iShares	Financial Services	Title Sponsor	1 year	US\$28 million	iShare Cup 2008	iShare Cup 2008
6	McConaghy Boats	Consumer	Partner	1 year	US\$10 million	Green Dragon Team	2008 Volvo Ocean Race
7	Goetz Custom Boats	Consumer	Partner	1 year	US\$8 million	Puma Ocean Racing	2008 Volvo Ocean Race
8	Helly Hansen	Consumer	Partner	1 year	US\$7 million	Ericsson Racing/ ISAF Partner	2008 Volvo Ocean Race/ ISAF
9	Hewlett-Packard	Technology	Partner	1 year	US\$7 million	Ericsson Racing	2008 Volvo Ocean Race
10	Steiner	Consumer	Partner	1 year	US\$6.5 million	Team Russia	2008 Volvo Ocean Race
11	Polyvanced	Consumer	Partner	1 year	US\$6.5 million	Team Russia	2008 Volvo Ocean Race
12	FSE Robline	Consumer	Partner	1 year	US\$6.5 million	Team Russia	2008 Volvo Ocean Race
13	Hobie Cat	Consumer	Official Partner	1 year	US\$6 million	ISAF Partner	ISAF
14	Hyde Sails	Consumer	Official Partner	1 year	US\$6 million	ISAF Partner	ISAF
15	Laser Performance	Consumer	Official Partner	1 year	US\$6 million	ISAF Partner	ISAF
16	JP Morgan	Financial Services	Title Sponsor	1 year	US\$5.5 million	iShare Cup 2008	iShare Cup 2008
17	BMW	Automotive	Title Sponsor	1 year	US\$5 million	iShare Cup 2008	iShare Cup 2008
18	Thrane & Thrane	Satellite Communication	Sponsor	1 year	US\$5 million	Race Sponsor	2008 Volvo Ocean Race
19	Stratos Global	Satellite Communication	Sponsor	1 year	US\$5 million	Race Sponsor	2008 Volvo Ocean Race
20	Inmarsat	Satellite Communication	Sponsor	1 year	US\$5 million	Race Sponsor	2008 Volvo Ocean Race
21	San Miguel	Beverages	Partner	1 year	US\$5 million	Telefonica Movistar	2008 Volvo Ocean Race
22	Grupo Leche Pascua	Beverages	Partner	1 year	US\$5 million	Telefonica Movistar	2008 Volvo Ocean Race
23	Omega	Consumer	Partner	1 year	US\$4.5 million	iShare Cup 2008	iShare Cup 2008
24	Kölvörn	Consumer	Partner	1 year	US\$4 million	Ericsson Racing	2008 Volvo Ocean Race
25	Puerto Calero	Consumer	Partner	1 year	US\$4 million	Ericsson Racing	2008 Volvo Ocean Race
26	Tommy Hilfiger	Consumer	Title Sponsor	1 year	US\$4 million	iShare Cup 2008	iShare Cup 2008
27	BT	Telecoms	Title Sponsor	1 year	US\$3.5 million	iShare Cup 2008	iShare Cup 2008
28	CAM Caja Mediterraneo	Financial Services	Partner	1 year	US\$3 million	Telefonica Movistar	2008 Volvo Ocean Race
29	Rolex	Luxury Goods	Title Sponsor	1 year	US\$3 million	ISAF Partner	ISAF
30	Iberia	Airline	Partner	1 year	US\$2.5 million	Telefonica Movistar	2008 Volvo Ocean Race
31	G.H. Mumm	Consumer	Partner	1 year	US\$2 million	iShare Cup 2008	iShare Cup 2008
32	Schenker	Consumer	Supplier	1 year	US\$2 million	ISAF Partner	ISAF
33	Rockley International	Consumer	Official Partner	1 year	US\$2 million	ISAF Partner	ISAF
34	Musto	Consumer	Partner	1 year	US\$1.5 million	iShare Cup 2008	iShare Cup 2008
35	Holmatro	Consumer	Title Sponsor	1 year	US\$1.5 million	iShare Cup 2008	iShare Cup 2008
36	S.Pellegrino	Beverages	Supplier	1 year	US\$1.5 million	ISAF Partner	ISAF
37	El Corte Ingles	Consumer	Partner	1 year	US\$1 million	Telefonica Movistar	2008 Volvo Ocean Race
38	Sol Melia	Consumer	Partner	1 year	US\$1 million	Telefonica Movistar	2008 Volvo Ocean Race
39	Vision Lab	Consumer	Partner	1 year	US\$1 million	Telefonica Movistar	2008 Volvo Ocean Race
40	Kinnarps	Consumer	Partner	1 year	US\$1 million	Ericsson Racing	2008 Volvo Ocean Race
41	Coor Service Management	Consumer	Partner	1 year	US\$1 million	Ericsson Racing	2008 Volvo Ocean Race
42	Glimstedt	Financial Services	Partner	1 year	US\$2 million	Ericsson Racing	2008 Volvo Ocean Race
				Total	US\$338 million		

US\$45 million from sponsor support.

The first Russian team in the race has sponsorship relieved to be around US\$19.5 million. It has major private funding from billionaire Oleg Zherebtsov, founder of Russia's hypermarket chain Lenta.

Ericsson has two teams participating in the race, with a budget of US\$41 million. The teams share even sponsors: Helly Hansen (official clothing and footwear supplier), Kölvörn (official yard host), Hewlett-Packard (official IT supplier), Kinnarps (official supplier of office furniture), Coor Service Management (official supplier of service management), Puerto Calero (official training ground) and the Swedish law firm, Advokatfirman Glimstedt, is pending an estimated US\$1.5 million on its spon-

sorship. Overall, the Ericsson teams have sponsorship revenue of US\$63 million.

For sponsors the relative long-term security of the Volvo Ocean Race compared to the unconventional America's Cup, where the previous winner takes control of all aspects of running the next event, is a major bonus. However the event itself, although financially supported by Volvo, requires much funding. It currently gets little income from merchandising and television rights, because of the difficulty of broadcasting the race over nine months. The event therefore relies on attracting sponsors and suppliers. One such is Thrane & Thrane, a satellite and radio communications equipment supplier, which has teamed up with the event again after a

successful sponsorship debut in 2005-06.

"The Volvo Ocean Race is one of the toughest sporting events in the world. It reflects our philosophy of our overcoming the challenges of communication in extreme environments so we are proud that the organisers have chosen us once again as the communications equipment provider," says Walther Thygesen, CEO of Thrane & Thrane.

The company has not publicly disclosed the exact amount of its spend but informed sources suggest it is around US\$5 million once trade support has been added. It reflects the growing stature for sponsors of the Volvo Ocean Race in a sport hit hard by the recent events surrounding its previous standout competition, the America's Cup. ■