



Springfield's LPGA Classic faces search for new sponsor

By **DAVE KANE** (dave.kane@sj-r.com)

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Springfield's status as a stop on the LPGA Tour could be uncertain at best when the State Farm Classic comes to a close June 12 at Panther Creek Country Club.

Everyone involved acknowledges the difficulty of finding a new sponsor — or network of sponsors — to fill a seven-figure monetary void. Bloomington-based State Farm Insurance will end its 19-year role as title sponsor of the women's golf event, which began at The Rail Golf Club in 1976.

But the local event's situation is far from unique. The economic downturn has coincided with many companies reassessing how best to reach potential customers, and it has led to the LPGA Tour losing sponsors — and tournaments — in recent years.

Michael Smith, who covers golf for Street and Smith's Sports Business Journal, said an LPGA-event sponsor's obligation could be in the \$2 million to \$2.5 million range for one year. The bulk would cover the purse (the local tourney will offer \$1.7 million this year), followed by a six-figure amount to help cover television costs.

That's a lot of money, even in healthy economic times. And like many pro golf tournaments, the State Farm Classic's top priority — after the bills are paid — is charity. Last year's event generated almost \$290,000 for various central Illinois organizations.

But as Smith also noted, "an LPGA tournament is usually in the low-seven-figure range. That's a lot less than a PGA event, where it usually takes \$7 to \$8 million."

Smith said State Farm's almost-two-decade run has been a long one, as title sponsorships go. But what now?

"We've never been in this position before," said Kate Peters, in her fifth year as Classic executive director.

"But nobody's more passionate about this event than our local team. We have to convey the impact this event has on the community. We might have to change the (sponsorship) model a bit, maybe look at several sponsors instead of one large one.

"We need to think outside the box. We have our work cut out for us."

A tough market

The loss of sponsors has become a common scenario for the women's professional golf tour. This year's LPGA schedule has just 23 non-major events, the fewest since 1971. The four major events, including the U.S. Women's Open, usually aren't classified with the others.

Just four years ago, the tour offered 35 events. Other title sponsors that have decided to step away include Anheuser-Busch, Ginn Resorts, SemGroup, ADT and Fields Corp., a Japan-based gaming and entertainment company.

The Corning (N.Y.) Classic also bid farewell in 2009. The long-running, small-town event ended after 31 years because, in part, the glass company in Corning was undergoing financial hardships.

And among this year's 23 tournaments are just seven full-field, non-majors being played in the United States. That includes the State Farm Classic, which will feature 150 golfers instead of the traditional figure of 144 because of the decreasing number of such events.

"Companies that have sponsored events or properties for a long time used to do it just because they always did," Smith said. "But the last two years, a lot of companies have been reevaluating things. In college football, Fed Ex sponsored the Orange Bowl for 21 years. But that came to an end last year.

"The economy has been the biggest thing. Plus, companies have just had to do a better job explaining why they're sponsoring events. The bosses want more answers and more data."

Business evolution

Dyanne Ferk, dean of the business college at the University of Illinois Springfield, agreed that companies are being much more cautious in committing to sponsorships. Part of it, Ferk said, is the evolution of many businesses from regional to national to global.

"Businesses look at every penny going out and want to know the return on their investment," Ferk said. "Also, as they become more national and global in their perspectives, there's more competition for a limited pot of money for advertising, philanthropy and nonprofit things.

"In a small market like Springfield, we don't always fare as well. It's tough, especially with this economy. The fact is, sometimes it's tougher to justify a sports event."

On the flip side, Smith said the LPGA might slowly be turning a corner in terms of marketability. He said Michael Whan, in his second year as LPGA commissioner after replacing Carolyn Bivens, has made progress after LPGA-sponsor relations had

deteriorated.

"There are a couple of reasons to be optimistic," Smith said. "The leadership the LPGA has in there now has gained some momentum with the sponsorship community.

"Plus, you're starting to see purse strings loosened just a little bit. It's not what it was a few years ago, but it's better than it was in 2009. The timing of this (State Farm's exit) might be a little better than two years ago."

State Farm's experience

The move of the State Farm Classic from Labor Day weekend to mid-July in 2008 indirectly led to a lack of top-name players at Panther Creek. Local tournament officials, concerned the field of players did not meet State Farm's standards, convinced the LPGA to move the event again.

Another move to early June in 2009 helped draw the vast majority of top names to Springfield each of the past two years. A similar turnout is expected this June.

Mark Gibson, assistant vice president of marketing for State Farm, classified his company's partnership with the tournament as "all very positive."

Gibson said his company hasn't had any inquiries from other businesses interested in the Springfield tournament. But State Farm is willing to share its experiences, he said.

"It would be up to the committee in Springfield, but we would tell (interested businesses) about the great volunteer base and dedicated board of directors they have in Springfield, and a lot of the things they already have in place there," Gibson said.

Gibson said much has changed in his company's marketing approach since State Farm decided to sponsor a pro golf tournament in December 1992.

"When we started on this, it was to help us reach a new market we weren't reaching," Gibson said. "There was a growing women's market, and the golf tournament gave us a platform to look at that.

"But through the years, it taught us that when we made a commitment to something like that, it was more than slapping our logo on something and writing a check. The tournament built a template for us, as an evaluating tool."

Local interest

In the wake of State Farm's decision not to renew after this year, local speculation has turned to some of Springfield's major private employers. But at least two of them say it's too early to discuss possible sponsorship of the golf tournament.

Levi, Ray & Shoup has been one of the Classic's top local sponsors in recent years. The LRS Champions Club, for example, offers VIP benefits to tournament spectators.

But LRS vice president Pam Benad said it's too soon to talk about increased commitment by the company when this year's Classic is still three months away.

"We've been happy to contribute to the tournament, but we haven't discussed anything about going forward beyond (LRS's current involvement)," she said.

Another local company, Horace Mann, takes a similar stance. But spokesman Paul Wappel did not rule out the possibility.

"We understand there will be conversations about sponsorships," Wappel said. "If and when we're approached, we'll have a discussion. As of now, nobody has approached us."

Not going it alone

While the LPGA has established more events outside the United States, there's a strong desire to retain increase the domestic schedule.

Jon Podany, a former PGA Tour sales and marketing executive, was hired almost a year ago as the LPGA's chief marketing officer. One of his primary responsibilities is U.S. domestic sales and business development.

"I can say unequivocally, the No. 1 priority for us is to find title sponsors for domestic U.S. tournaments," Podany said. "There's not one way of doing things that's cast in stone, but I'm sure (the Classic's) team will work on a list of prospects they want to speak to.

"After that, I'll make it clear to Kate that we'll be ready to help in any of her efforts. If she gets a meeting with a prospect, we'll be happy to go wherever we need to go."

Podany noted two of the Classic's top selling points: its longevity and an established base of volunteers. He did not rule out the possibility of lining up multiple sponsors, although one major sponsor would be more desirable.

"What I've seen in the past, if you have community support in play, there can be a consortium of sponsors," Podany said. "It could be something where (multiple sponsors) could be used as a bridge, just to keep it going for 2012 and buy us some time to find a main sponsor after that.

"It's unfortunate to lose State Farm. But with the (Classic's) continuity, the community and the state have embraced it. It had to be successful to have that kind of a run."

A Classic timeline

1976 — The inaugural LPGA Jerry Lewis Muscular Dystrophy Classic, in conjunction with the annual Labor Day weekend telethon, is held Sept. 3-5 at The Rail Golf Club in Sherman.

1978 — The tournament is renamed The Rail Charity Golf Classic.

1980 — The event turns a profit for the first time, with \$6,000 going to charity.

1993 — Bloomington-based State Farm Insurance becomes the tournament's title sponsor. The event becomes the State Farm Rail Classic and is televised live for the first time.

2001 — "Rail" is dropped from the tournament's name, making it simply the State Farm Classic. The event offers a \$1 million purse for the first time.

2007 — The Classic moves from The Rail to Panther Creek Country Club.

2008 — The event is moved to July 17-20 instead of Labor Day weekend.

2009 — The tournament is moved again, from mid-July to June 4-7. In October, a new, two-year sponsorship agreement is reached with State Farm.

2010 — The 2010 Classic raises \$288,761 for central Illinois charities, bringing the all-time total to almost \$3.5 million.

Feb. 25, 2011 — State Farm announces that 2011 will be its final year as title sponsor.

In Toledo, three sponsors might be better than one

It can make for some lengthy tournament names. But given the alternative, Judd Silverman believes even the longest-running professional golf events have to be flexible when it comes to sponsorships.

That's the advice Silverman, the longtime director of the LPGA event in Toledo, Ohio, has for officials of the State Farm Classic in Springfield.

"Many of us have had to reinvent ourselves," said Silverman, who's been involved with Toledo's LPGA stop since its inception in 1984. "We're fortunate because we have three companies here now that are willing to share the limelight for the betterment of the tournament.

"All three companies are doing this because it's a great community event that raises money for charity."

That sounds very similar to the Springfield event, although the Toledo tourney has had many more name changes than the one here. The Jamie Farr Toledo Classic was followed by the Jamie Farr Kroger Classic, Jamie Farr Kroger Classic presented by ALLTELL, and the Jamie Farr Owens-Corning Classic presented by Kroger.

There'll be another change when the Toledo event resumes in 2012. The tournament is taking a one-year hiatus this summer only because the 2011 Men's U.S. Senior Open is being held at the historic Inverness Club in Toledo.

"Our board of directors decided it would be too difficult to raise enough money for both events," Silverman said, "so (the LPGA) will be back next year."

The Toledo event will begin a new, three-year agreement with the LPGA in 2012. Silverman said the new tourney name isn't etched in stone, but it will be something along the lines of the Jamie Farr LPGA Classic presented by Owens-Corning, Kroger and Owens-Illinois.

Owens-Illinois, a glass-container manufacturing company in Toledo, is the sponsorship newcomer. It joins Owens-Corning also is based in Toledo, while Kroger's home is in Cincinnati.

Silverman acknowledged the hometown factor with Owens-Corning and Owens-Illinois, which are not affiliated.

It was Owens-Corning's willingness to remain title sponsor that kept the tournament alive for 2010, although the prize money had to be cut from \$1.4 million to \$1 million.

"Certainly, without Owens-Corning, it would have been very difficult to survive the last few years," said Silverman. "But now we've changed our business model. Instead of having one title and one presenting sponsor, we'll have three presenting ones."

Toledo has a bigger population (290,000-plus) than Springfield, plus the presence of major manufacturers that aren't present here. But local Classic officials are ready to look beyond local borders.

"Kate Peters is very bright, and she's looking at every possible way to make this work," Silverman said of the Classic's executive director. "Maybe she'll talk to some of the lesser sponsors and see if they'd be willing to bump up just a little. There's more than one way to skin a cat.

"I think the LPGA will do everything they can, too. They don't want to lose the tradition and history of a tournament like Springfield," Silverman said. "It's been a staple on the tour, just like Toledo."

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