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# Power Balance Deepens NBA Connection

## Kings, Power Balance form arena naming rights agreement.

by Kyle Stack / @KyleStack

At a time when professional sports teams can never take a corporate sponsor for granted, the Sacramento Kings have aligned themselves with a controversial seller of hologram-encrusted bracelets.

The Kings announced January 12 a five-year naming rights deal with Power Balance, LLC that will result in the former ARCO Arena being renamed Power Balance Pavilion. The name change takes effect March 1. The agreement with Power Balance includes more than just arena naming rights, however.

The Maloof family, which owns the Kings and Power Balance Pavilion, will look to expand their association with Power Balance under the Maloof Sports & Entertainment (MS&E) umbrella, which includes operation of The Palms Casino Resort in Las Vegas and the skateboard-focused Maloof Money Cup. The Power Balance bracelets — they're also known more sportingly as wrist bands — have been popular with athletes and health enthusiasts because of its supposed effect on people's energy levels. Yet the recent admission by Power Balance that there is no scientific proof its bracelets impact the body's natural energy, as was previously believed, could change consumers' perception of the brand, which was named by CNBC sports business expert Darren Rovell as the 2010 Sports Product of the Year.



Joe Maloof, President of Maloof Companies, didn't seem affected by the admission during a recent phone interview. Maloof called Power Balance, which is located in Laguna Niguel, CA, a "dynamic young company with a wonderful product." He compared the increasing popularity of Power Balance, which started selling bracelets in 2007 and has projected more than \$35 million in sales for 2010, with his rise as a businessman.

"It's a young company. I can remember being young once," Maloof said. "When my father died, I was 24 years old; my brother [Gavin] was 23. We built our way up. I can see the same with these guys."

Terms of the naming rights deal were not disclosed, although Advertising Age spoke with experts who estimated it is worth roughly \$1 million per year. The Kings stated the agreement includes a revenue share on Power Balance products sold in the arena and at The Palms in Las Vegas. The share starts with the first product sold, and there is no minimum number needed to activate the share. ARCO has been paying approximately \$750,000 per year for naming rights to the Kings' arena, which opened in November 1988.

ARCO's deal with the Kings, which was originally signed in February 1988, was set to expire this February. When reached for comment on why the La Palma, Calif.-based oil company chose not to renew the naming rights agreement, ARCO cited only the duration of its relationship with the Kings, adding that their contract had been amended four times through the years.

"This long-term relationship has been mutually beneficial to the Sacramento Kings and ARCO," said Kris Kaligian, ARCO Brand and Insights Manager, in a statement provided by BP, the giant oil and gas company

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which purchased ARCO in April 2000. "We look forward to enjoying those benefits during the final season of our association with the Kings."

Maloo explained that the Kings asked ARCO last June to see if it had interest in renewing the naming rights agreement. ARCO said it didn't, which led the Maloofs to hire AF Double Eagle Inc. to find a new naming rights partner.

**Double Eagle** calls itself a "business accelerator" on its website. It advises corporations on ways to increase their revenue and shareholder value for clients. Part of the Los Angeles-based firm's duties is aligning companies with potential sponsorships. Peter Clemente, president of Double Eagle, said by phone that there were several companies in the financial services, automotive and beverage industries which served as potential partners with the Kings. Although he said it would violate his agreement with the Kings to cite how many companies he targeted, Clemente said Power Balance was his first focus, and that it remained the primary suitor throughout his recruitment process. "We spoke with very few brands," Clemente said.

The Kings didn't give Double Eagle parameters for finding a partner, according to Clemente. Instead, Double Eagle observed the areas around which the Maloofs are concentrated — sports, entertainment, wellness, charitable initiatives — and focused on a brand that made an ideal match.



**The NBA and skateboarding**

Power Balance has had a noteworthy connection to the NBA, with numerous NBA players wearing their bracelets, including spokesmen [Shaquille O'Neal](#), [Brandon Jennings](#) and [Derrick Rose](#). Yet the company wasn't seeking a significant partnership with an NBA team until this opportunity arose, according to Troy Rodarmel, Power Balance's CEO and founding member.

It wasn't Sacramento's proximity to its headquarters in southern California's Orange County that attracted Power Balance to the deal. It's the link to physical fitness that Rodarmel claims was so alluring.

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