



# ● Lesson 8.6 – Endorsements



### Endorsements

The celebrity agrees to allow the company to use his or her likeness to promote company goods and services

#### **Endorsement:**

A partnership between an athlete or entertainer and a company in which the athlete or entertainer receives compensation in return for their support and approval of a company product or service

# Sponsorship & Endorsements

## LESSON 8.6

### Endorsements

Gatorade featuring current and retired athletes like Usain Bolt, JJ Watt, Karl-Anthony Towns, Paul George, Mia Hamm, Bryce Harper, Derek Jeter, and Lionel Messi in various promotional campaigns.



# Sponsorship & Endorsements

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### Endorsements



Subway featuring “famous fans” like Carl Edwards, Nastia Lukin and Marcus Mariota in advertising campaigns.



### Endorsements

What characteristics among celebrities do sports and entertainment marketers look for?

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- Success and high levels of performance
- Media following
- Work ethic
- Personality traits

### Endorsements

#### Effective endorsement campaigns

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- The most successful campaigns will feature athletes or celebrities who actively promote the product or brand
- Consumers must actually believe the athlete or celebrity uses the product or service otherwise the campaign's credibility risks being undermined
- Companies invest a lot in celebrities to promote their products so aligning with the right athlete or entertainer is paramount



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After a record-setting, breakout first half of the 2017 Major League Baseball season, many sports business experts suggest the New York Yankees' Aaron Judge has the potential to earn "millions" in endorsement deals



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According to a 2017 study conducted by ESPN, Cristiano Ronaldo is the most famous athlete in the world, followed by LeBron James, Lionel Messi, Roger Federer and Usain Bolt





### Endorsements

In 2015, Taylor Swift took advantage of her popularity and strong social media presence to take a stand against Apple in an effort to make sure artists would be compensated during Apple's three month, introductory "trial period" of their new streaming service.



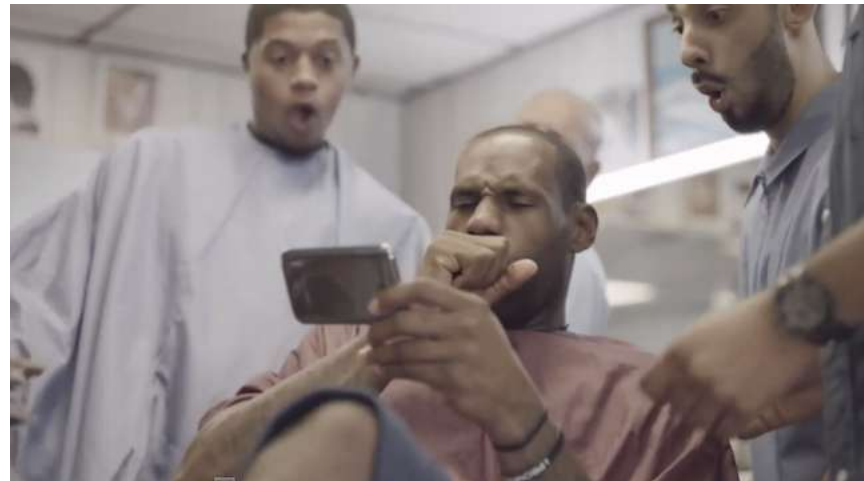
### Endorsements

According to [cnn.com](http://cnn.com), Swift's blog post, "To Apple, Love Taylor," was tweeted to her 59.3 million followers, where it was re-tweeted nearly 40,000 times, ultimately resulting in Apple's decision to reverse course and pay artists for music streams during the service's trial period.



### Endorsements

According to data from MVP Index (a company that measures and evaluates the value of social media), LeBron James generated \$15.8 million in value for Nike through his social media posts last year, thanks to his 37 million Twitter followers, 22.7 million Facebook friends and 31.5 million followers on Instagram



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Despite not having as many followers as Mr. James, Steph Curry was crowned the king of social media by posting about his family and team while incorporating branded posts organically

Curry generated \$4.1 million in social media value for Coach Up, a company that connects athletes with private coaches, and another \$2.3 million for Nothing but Nets, one of Curry's non-profit partners



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After featuring the iconic crocodile logo as its ambassador for nearly 85 years, Lacoste appointed tennis star Novak Djokovic as their official brand ambassador in 2017

“When we choose an ambassador, we first choose values, and Novak has the simplicity, humility and family values we were looking for,” said Lacoste Group CEO Thierry Guibert in an interview





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Li Na, the first Chinese player to win a Grand Slam event when she won the French Open, became a quick target for corporations around the globe. Mercedes-Benz signed her to a deal worth reportedly \$5.8 million over three years while her agent summarized his client's rise in popularity by telling the Sports Business Journal, " She has captivated a country. We could do 25 deals."



## LESSON 8.6

### Endorsements

SportsProMedia annually ranks the most marketable athletes in the world, evaluating them based on things like age, home market, charisma, crossover appeal and willingness to be marketed

In 2017, they identified the following athletes as the most marketable:



1. Anthony Joshua (boxing)
2. Stephen Curry (basketball)
3. Paul Pogba (soccer)
4. Conor McGregor (mma)
5. Virat Kohli (cricket)

### Endorsements



According to Ad Week, marketers these days “have fewer stars in their eyes.” Only one in ten ads now features a celebrity, down from a peak of 19 percent in 2004, according to Millward Brown, which has tracked the trend, mostly by way of TV spots, for the last dozen years. More than 100 current NBA players have been signed to wear Nike shoes, but only three of them --LeBron James, Kyrie Irving, and Kevin Durant --figure prominently in the company's marketing efforts off the court.

# Sponsorship & Endorsements

## LESSON 8.6

### Endorsements

After it was reported in 2016 that Maria Sharapova had failed a drug test at the Australian Open, several sponsors quickly ended their endorsement deals with the tennis star (including Nike, Porsche and TAGHeuer).



# Sponsorship & Endorsements

## LESSON 8.6

### Endorsements

The most successful campaigns will feature athletes or celebrities who actively promote the product or brand. Despite just having won an incredibly emotional match, Roger Federer (who has long endorsed Rolex) paused to put on his Rolex brand watch moments after clinching the Wimbledon crown (and before accepting the championship trophy).





# Sponsorship & Endorsements

## LESSON 8.6

### Endorsements

Lebron James showed his loyalty to Nike when he posted a video on Instagram calling out Lonzo Ball for wearing a pair of Nike sneakers instead of his own Big Baller Brand during a 2017 NBA Summer League game, captioning the post with the famous "Just Do It" slogan



### Endorsements

LeBron consistently mentions the brands he endorses through his various social media channels, one of the reasons he is a popular choice as a spokesperson for brands



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Many fans might wonder if LeBron James really does drive a Kia after seeing him promoting the brand in a number of television commercials. A Kia representative in the story is quoted as saying: *"We were not actively seeking another endorser, but LeBron told us, after driving the car around this summer, that he liked it so much, that we decided to partner with him. He brought us instant credibility."*



### Endorsements

In 2016, James and Kia continue their partnership and launched a series of commercials, and the goal was to convince skeptical fans that James does indeed drive a Kia.



### Endorsements

Before the 2016 NBA draft, LSU's Ben Simmons was touted as a "can't miss" prospect, resulting in a bidding war between Nike and Adidas for his services. Nike signed Simmons, who went #1 overall in the NBA Draft to the Philadelphia 76ers, to a five-year, guaranteed \$20 million contract. Adidas countered by signing five of the top seven NBA draft picks. Said Chris Grancio, GM of Adidas Global Basketball, "Our playbook is simple — partner with the best players and use their insights to change the game and connect with young athletes."



### Endorsements

In an effort to show their allegiance to the brands they endorse, both Robert Griffin III (adidas) and Tom Brady (Under Armour) were fined by the NFL for covering up the Nike swoosh logo during the 2013 season (Nike is the league sponsor).



### Endorsements

In 2016, MLB superstar Bryce Harper signed a 10-year endorsement extension with Under Armor. Specific terms of the contract have not been released but it is believed to be the richest endorsement deal ever signed by a baseball player.



# Sponsorship & Endorsements

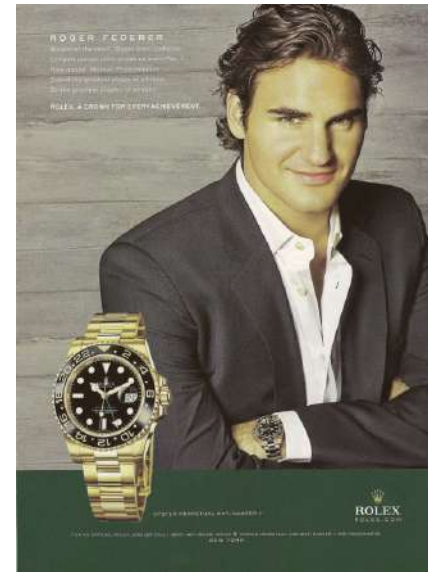
## LESSON 8.6

### Endorsements

The athletes who earn the most from endorsement deals, according to the London School of Marketing:

1. Roger Federer (tennis) - \$65 million
2. LeBron James (basketball) - \$58 million
3. Phil Mickelson (golf) - \$54 million
4. Tiger Woods (golf) - \$49 million
5. Kevin Durant (basketball) - \$39 million

\*Over 99% of Tiger's 2017 income came from his endorsement deals



### Endorsements Finalizing the Selection Process

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- Background checks
- Discussion with celebrities to determine levels of commitment
- Development of a contract and having each party carefully review the terms
- Familiarizing the celebrity with the product or service in which they will endorse

### Endorsements

Marketers can refer to a prospective endorsers "q score" to determine the individual celebrity's marketing potential

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According to the q scores Website, a q score "measures the familiarity and appeal of personalities in a variety of categories to determine targeted audience attraction"



### Endorsements

Similar to a Q Score, the Nielsen company also provides analytics relating to the popularity and attitudes toward certain athletes and celebrities by offering N Score ratings

NIELSEN N-SCORE



## LESSON 8.6

### Endorsements

For example, despite winning the NFL MVP and appearing in last year's Super Bowl, the Atlanta Falcons' quarterback Matt Ryan is still relatively unknown to the general public, based on his N-Score

Ryan has an N-Score of 62 and awareness score of 32, right about the average for NFL football players



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The New England Patriots' quarterback, Tom Brady, on the other hand is the most well-known current football player with an awareness score of 73, compared with the football average of 30

However, Brady's likability score is just 48, putting him in the bottom 5% of all celebrities for likability

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Failure to live up to expectations may result in a sponsor parting ways with the athlete or celebrity, particularly in the midst of any negative publicity surrounding the individual

After accepting a plea deal with Major League Baseball for his part in a performance enhancing drug scandal, Brewers' star Ryan Braun was quickly dropped by most sponsors, including Nike, while 65% of fans felt his brand would never recover based on a poll conducted on [bleacherreport.com](http://bleacherreport.com)



**Will Ryan Braun salvage his brand after losing Nike as a sponsor?**

Yes

14.1%

No

65.1%

Too early to tell

20.8%

Total votes: 6,539

### Endorsements

Head, one of the world's largest tennis racket providers, parted ways with Bernard Tomic after his incredibly poor showing at the 2017 Wimbledon tournament

Tomic was eliminated in straight sets and during his post-match press conference, claimed he was bored of the sport and even admitted to cheating during his match (he used a medical timeout for non-medical reasons)



### Endorsements

## Endorsement Effects Sales

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Studies have shown that celebrity endorsements can be extremely effective in helping a company drive sales of its products or services

### Endorsements Endorsement Effects Sales

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In 1984, Puma sold only 15,000 tennis racquets a year. In 1985, following Becker's first victory in Wimbledon and his backing of Puma rackets, sales jumped to 150,000 rackets.





### Endorsements Endorsement Effects Sales

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In 2000, Nike Golf signed Tiger Woods to play its golf ball. By 2005, Nike Golf enjoyed revenue growth of an astounding 24 percent per year.



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### Endorsements Endorsement Effects Sales

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**GEORGE FOREMAN**

Given the incredible sales success of his branded grills, George Foreman now sorts through as many as 20 endorsement offers *per week*.

### Endorsements Endorsement Effects Sales

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According to a story in the NY Post, Rihanna (considered by some as the most marketable celebrity endorser in pop culture) helped Puma see a 40% increase in sales of women's shoes with last year's release of her 'Creepers' and 'Eskiva' shoe lines.



### Endorsements Endorsement Effects Sales

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After signing on with Converse, Dwyane Wade's support of the brand made an immediate impact as his likeness contributed to an 82 percent increase in sneaker sales in the first two years of the campaign.

### Endorsements Endorsement Effects Sales

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1-800-Flowers teamed up with Justin Bieber for what was originally intended to be a small Valentine's Day promotion. It turned into one of the biggest campaigns in the company's history and led to an annual relationship with the teen pop sensation.



### Endorsements Endorsement Effects Sales

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In 2016, the New York Times reported that, upon making tennis star Rafael Nadal global brand ambassador of Tommy Hilfiger underwear, the company saw sales of underwear and men's accessories double in the first month following the announcement.



### Endorsements Endorsement Effects Sales

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According to Forbes, LeBron James' involvement in Blaze Pizza as an investor, franchisee and endorser helped the chain become the fastest growing restaurant franchise ever in the U.S.





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# LESSON 8.6 REVIEW (ANSWERS)

## Sponsorship & Endorsements

### 1) Define endorsement

An endorsement is a partnership between an athlete or entertainer and a company in which the athlete or entertainer receives compensation in return for their support and approval of a company product or service.

The celebrity then agrees to allow the company to use his or her likeness to promote company goods and services.