



UNIT 8 – CASE STUDY

Endorsements: Beckham, Inc.



Name _____

Class Period _____

**** Endorsements: A SEM Case Study ****

David Beckham is a conglomerate unto himself. Analysts put the potential value of the Beckham brand at around \$375 million worldwide.

Part of this calculation depends on Beckham extending his reach in the United States. Thus, there was more than soccer success on his mind when he signed a five-year, \$250 million contract with the Los Angeles Galaxy, covering both playing salary and additional endorsements. It was a marriage of convenience. Beckham needs more intensive U. S. exposure. The team -- and Major League Soccer, the league in which the Galaxy plays -- both need to overcome Americans' general disinterest in the sport. Seldom has an entire sports league had so much riding on the fortunes of one player. The Galaxy plans to put Beckham at the center of its marketing efforts. "We will absolutely market the Galaxy as a global brand," said Tim Leiweke of AEG, the sports and entertainment company that runs the Galaxy.

Even before his lucrative player/endorsement deal with the Galaxy, Beckham was earning tens of millions of dollars a year in revenues from endorsements. Beckham has pitched sunglasses (Police), clothes (Marks & Spencer), soft drinks (Pepsi), cell phone service (Vodafone), hair gel (Brylcreem), grooming aids (Gillette), theme parks (Disney), consumer electronics (Motorola) – even nutritional supplements (GO3). Plus, of course, his work for adidas, which has netted him plenty of pounds, dollars, or any other relevant currency. The deals with adidas, Disney, Vodafone, and Pepsi alone have been valued at just under \$40 million a year. Approximately 25 percent of his endorsement earnings come from Asia, where his appeal to teenage girls in Japan makes him a hot commercial property.

His marriage to Victoria Adams, also known as Posh Spice, lands him squarely at the confluence of international celebrity, fashion, sports, and music.

Now in his early 30s, Beckham is at a crossroads. Like all athletes, soccer players have a limited playing career. Beckham is well past the midpoint of his. His future success, especially in the U. S., will depend upon his ability to transcend soccer and build a brand that outlasts his playing career.

**** Case Study Questions ****

1. What is the difference between Beckham simply doing endorsements and becoming a "brand"?
2. What does David Beckham have so many endorsement deals? What makes him an effective endorser?
3. Why does Beckham need to become better known than he already is in the United States in order to maximize his value as an endorser?
4. With the end of his soccer career in sight, what types of products should Beckham become associated with if he is to maintain a profitable stable of endorsements?
5. What commercial opportunities does Beckham have because of his relationship with a member of a popular singing group that he might not have without it?

Sources: Beckham Coming "to Make a Difference," USA Today, 1/11/2007, Brand Beckham, forbes.com, 4/1/2005, wiki.answers.com/Q/How_much_does_David_Beckham_make_per_endorsement