

# Unit 8

## Sponsorship & Endorsement

---

### OVERVIEW

Unit eight explores the concept of sports and entertainment sponsorship and celebrity endorsement. Throughout unit eight, students will begin to understand the significance of sponsorship and its impact on the financial viability of sports, entertainment and event properties. Students will also gain an understanding of why companies make the decision to engage in sponsorship as a promotional opportunity for their business, as well as the decisions required to ensure their sponsorship program is a sound investment. In addition, unit eight provides a glimpse of several concepts important to the sponsorship field, including cause marketing, ambush marketing and a brief background on endorsements.

### KEY TERMS

*Ambush Marketing*

*Cause Related Marketing*

*Endorsement*

*Gross Impression*

*Sponsorship*

### OBJECTIVES

1. Define and offer examples of sponsorship
2. List three ways a company might implement sponsorship programs
3. Identify three factors that have impacted the growth of sponsorship
4. Define and offer an example of cause marketing
5. Understand why a company would engage in sponsorship
6. Explain what criteria must be met for a sponsorship to be effective
7. Illustrate the concept of ambush marketing
8. Describe sponsorship inventory
9. Define endorsement

### LESSONS

- [LESSON 8.1](#) [Sponsorship](#)
- [LESSON 8.2](#) [Sponsorship Growth](#)
- [LESSON 8.3](#) [Sales Strategies, Skills & Techniques](#)
- [LESSON 8.4](#) [Ambush Marketing](#)
- [LESSON 8.5](#) [Pricing Sponsorships](#)
- [LESSON 8.6](#) [Endorsements](#)

# Sponsorship

## WHAT IS SPONSORSHIP?

**Sponsorship** is a form of marketing in which companies align their name, brand, or logo with sports/entertainment properties or events for the purpose of achieving future profits.

Sponsorship is not the same as advertising. Advertising is more direct and aims to stimulate a purchase in the short term while sponsorship aims to generate a bond between company and customer. It is an agreement that provides a partnership between two parties. This partnership gives the sponsoring company an opportunity to align its brand with the sponsored organization. For example, when a brand like Pepsi pays the Cleveland Guardians a certain amount of money for the opportunity to have its logo present and product available at Progressive Field, the two parties have entered into a sponsorship agreement.

### Sponsorship examples:

- Kaiser Permanente investing in naming rights to rebrand the 11-acre plaza surrounding the Golden State Warriors' new Chase Center arena as "Thrive City" — after Kaiser's "Thrive" health and wellness slogan
- Major corporations sponsoring NCAA college football bowl games
- Mountain Dew sponsoring the Action Sports Tour
- Visa spending millions to sponsor the 2021 Summer Olympic Games in Tokyo

## Sponsorship Packages

### Brands can align with the sponsored party in a variety of ways, including:

- Right to use team or event marks, logos, names, or trademarks
- Potential for exclusive association
- Opportunity for title or presenting sponsorships
- Right to use various designations or phrases
- Right to conduct promotional activities

### Packages can also include:

- Additional forms of company exposure and media time (billboards, commercials)
- Product and merchandise (game tickets, licensed merchandise)

## Right To Use Team Or Event Marks, Logos, Names Or Trademarks



As an official partner of the Portland Timbers Major League Soccer franchise, Alaska Airlines rebranded an airplane using the Timbers name, logo and team colors.

## Potential For Exclusive Association

**Exclusivity** provides a sponsor the unique opportunity to be the only company sponsoring in a particular product category. If Bank of America holds exclusivity rights as part of its package to sponsor a golf event, no other bank will have an opportunity to participate in the event as a sponsor.

### Example:

- In 2021, Mastercard invested in an exclusive esports sponsorship with Riot Games to become the exclusive financial services partner for the League of Legends Championship Series. As part of the [sponsorship](#), Mastercard introduced “Together Start Something Priceless,” a League of Legends community driven content series that will showcase unique stories of League of Legends players around the world.

## Opportunity For Title Or Presenting Sponsorships

The 2023 Major League Baseball All Star Game will be Presented by Mastercard. Click [here](#) to read the news release on mlb.com.

- Click [here](#) to read the news release on mlb.com.



## Right To Use Various Designations Or Phrases

Pepsi and their long-time sponsorship of the National Football League provides the company with the rights to market the brand as the “Official Soft Drink of the National Football League.”

### Other popular designations or phrases that connect a brand to a property or event include:

- “Official broadcaster of...”
- “Official product of...”
- “Official sponsor of...”
- “Brought to you by...”
- “Presented by...”

For example, the NFL sells title rights to its end of the year awards that allows its sponsors to align with the league using a variety of designations or phrases.

### NFL [Award Winners](#) Last Season:

- Most Valuable Player “Delivered” by Pizza Hut (Aaron Rodgers, Green Bay Packers)
- Defensive Player of the Year Presented by Castrol (T.J. Watt, Pittsburgh Steelers)
- Pepsi Rookie of the Year (Ja’Marr Chase, Cincinnati Bengals)
- Bridgestone Best Moment of the Year (Justin Tucker’s record-breaking 66-yard field goal)
- Offensive Player of the Year Presented by Microsoft (Cooper Kupp, Los Angeles Rams)
- Defensive Rookie of the Year Presented by Old Spice (Micah Parsons, Dallas Cowboys)
- FedEx Air & Ground Players of the Year (Tom Brady, Tampa Bay Buccaneers and Jonathan Taylor, Indianapolis Colts)

## Right To Conduct Promotional Activities

For example, Bank of America launched a promotion that featured a Major League Baseball trivia competition in conjunction with the brand’s sponsorship of the league.



**YOU KNOW WHY 40/40 IS BETTER THAN 20/20**  
 Make Every Day Game Day™ with MLB® Banking™



## What Makes Sponsorship Effective?

Sponsorship can be an effective marketing tool because it allows companies to reach consumers by appealing to their lifestyle. Also, the sponsor's message is often communicated more effectively when consumers are participating in something they enjoy, such as attending a sporting event or a movie. This is also where brand loyalty comes into play. Because sports and entertainment properties often enjoy high levels of brand loyalty, an affiliation as a sponsor can help to drive sales.

Sponsorships can help companies to reach segments they normally would not.

### Take for example Audi's approach to sponsorship:

- Audi signed sponsorship agreements with equestrian events, ski races and sailing because research showed that participants and followers of those sports fit the profile of typical Audi buyers.<sup>1</sup>
- When Lothar Korn, Head of Marketing Communications for Audi was asked how an affiliation with sailing adds to Audi's image, he responded by saying: "Sailing has a lot in parallel with the image of Audi. It can strengthen some aspects of our brand: if you look at the dynamism, at the elegance and the design of the boats, if you look at the technology... Audi is 'Vorsprung durch Technik' - 'Lead through Technology' -, and technology is also very important for the MedCup too, it is a high-tech sports environment. Lightweight plays an important role for the boats, they make good use of carbon, and so light weight is also one of Audi's main strengths, so there are a lot of parallel elements."<sup>2</sup>

Traditional marketing efforts have proven to be less effective while more creative approaches, such as sponsorship, offer a more creative and successful means for connecting with consumers.

### Five common ways businesses implement sponsorship programs:<sup>3</sup>

1. Retail promotions
2. Brand awareness (impressions)
3. Venue/event on-site promotion
4. Relationship management
5. Introduce new products

## Retail Promotions

The goal of a retail promotion is to drive traffic to a sponsor's place of business or boost in-store sales at other retail locations like supermarkets. This includes point of sale promotions.

- Walmart created a "Race Time" platform at stores that provides NASCAR fans the ability to purchase NASCAR tickets, merchandise, snacks and beverages to take to the race, making Walmart a one stop destination to purchase everything they need to enjoy NASCAR events.<sup>4</sup>

<sup>1</sup> *Sport Marketing*, Mullin, Hardy, Sutton, 2nd ed., p. 261

<sup>2</sup> <http://www.yachtsponsorship.com/2009/08/lothar-korn-talks-about-why-audi-sponsor-sailing/>

<sup>3</sup> *It's Not Just a Game Anymore*, Schaaf, p. 110

<sup>4</sup> <http://www.forbes.com/sites/aliciajessop/2013/03/11/nascar-sees-growth-in-fan-involvement-from-partnership-with-walmart/>

- Each year, snack and beverage brands roll out creative point of purchase displays at supermarkets and grocery stores in the lead up to the Super Bowl and March Madness.

## Brand Awareness

**Brand awareness** refers to the number of people the sponsorship will reach, essentially measuring the promotion's level of visibility. Typically, a sponsorship will focus on maximizing impressions, which describes the total number of consumers exposed to the promotional activity.<sup>5</sup>

- Hankook Tire America Corporation immerses itself in a number of sports marketing programs. The company's rationale is provided on its Website: "Hankook enjoyed more than four billion impressions through its Sports Marketing Programs in baseball, hockey, basketball and football. This level of impressions has brought the Hankook name to millions of households, both reinforcing the Hankook brand while introducing the Hankook name to countless households nationwide."<sup>6</sup>
- When Muscle Milk signed a deal with one of the top picks in the NFL Draft, Miami's Tua Tagovailoa, the company suggested the marketing campaign around the star quarterback would generate over 1.8 billion impressions, according to a story from [Marketing Daily](#).
- Tiger Woods turned heads at the 2022 Masters when he appeared on the course wearing FootJoy golf shoes. According to Apex Marketing, a sponsorship evaluation firm, the FootJoy brand [gained](#) nearly \$10 million in advertising value because Woods didn't cover the FootJoy logos, despite being sponsored by Nike.

However, while impressions are still important, they are no longer an exclusive motivation for a sponsor to engage in a relationship with a sports or entertainment property with activation playing a more significant role in a successful sponsorship strategy.

- In an interview published in the Sports Business Journal, Michael Kelly, Executive VP of marketing for Phillips-Van Heusen said: "The days of slapping your logo on a sport and counting the impressions are over... Our partnership with the Izod IndyCar Series is a good example of how to simultaneously activate our brand at Macy's and re-energize a sport — we are so intertwined that what benefits one will ultimately be good for all three."<sup>7</sup>

## Venue/Event Onsite Promotion

Engaging in promotional activities at venues (stadiums, ballparks, arenas) will allow a company to connect with the audience of the event. This is important because it helps fans to recognize which companies are supporting the event and engage with the brand in a way that traditional advertising would not provide.

Companies are essentially buying fan enthusiasm, access to spectators (crowds), and media benefits associated with the event. This also provides opportunities for a company to network with other sponsors.

- The Portland Trail Blazers teamed up with sponsor Green Sports Alliance to host an Eco Summit event where over 20 of the team's sponsors were invited (as well as all company employees) to participate.<sup>8</sup>
  - Educational and interactive booths along with panel discussions generated networking opportunities for all in attendance.

## Relationship Management

Sponsors often leverage their affiliation with sports and entertainment as a way to build and maintain positive relationships with those individuals who are important to the business.

<sup>5</sup> *It's Not Just a Game Anymore*, Schaaf, p. 110-114

<sup>6</sup> [http://www.hankooktireusa.com/press\\_view.asp?ID=24](http://www.hankooktireusa.com/press_view.asp?ID=24)

<sup>7</sup> <http://www.sportsbusinessjournal.com/article/66355>

<sup>8</sup> [http://mlb.mlb.com/news/print.jsp?ymd=20120618&content\\_id=33496830&vkey=allstar2012](http://mlb.mlb.com/news/print.jsp?ymd=20120618&content_id=33496830&vkey=allstar2012)

### Sponsorship can assist in relationship management by helping to:

1. Maintain an existing customer base
  - A Houston area business might choose to reward existing customers by inviting them to enjoy a Rockets game in the company's luxury suite or premium seats.
2. Attract new customers
  - A business with a national client base might encourage its sales staff to entertain prospective customers in the company's hospitality area at the Indianapolis 500.
3. Enhance employee relations and motivate/reward staff
  - A Washington D.C. area business might reward its employees with a group outing to see the Nationals play.
  - According to a Sponsorship Decision-Makers study by IEG, Inc. and Performance Research, 64% consider measuring "employee/internal response" as a valuable metric when evaluating the effectiveness of a sponsorship.<sup>9</sup>

## Introduce New Products

Sports sponsorships are a great marketing tool for companies to introduce new products because, generally, sports promotions can provide a quantifiable demographic.

### Examples:

- Ford may sponsor a test drive promotion at a NASCAR event, offering an opportunity for fans to drive a new car model. The promotion enables Ford to capture the information of an identifiable number of the program's participants.
- Chobani Greek Yogurt sponsored Team USA and used the Rio Olympic Games to launch three limited edition Rio-inspired flavors: Limited Batch Guava, Limited Batch Watermelon and Chobani "Flip" Greek Yogurt Limited Batch Mango Passion Power.<sup>10</sup>
- As part of their sponsorship of the Boston Marathon, Almond Breeze offered race participants and spectators samples of the brand's new yogurt product, before the product even hit the market.<sup>11</sup>

<sup>9</sup> <http://www.emarketer.com/Article/Sponsorship-May-Hard-Define-Marketers-Still-Invest/1010046>

<sup>10</sup> <http://www.dairyreporter.com/Retail-Shopper-Insights/Chobani-sponsors-Olympic-Team-USA-with-launch-of-new-yogurt-line>

<sup>11</sup> <https://apnews.com/Business%20Wire/1cc62f52aa484ff5b74cc4a818ed6713>





# Sponsorship Growth

## U.S. SPONSORSHIP GROWTH

Sponsorship spending in North America shows consistent growth over the past 30 years. According to IEG's annual [report](#), U.S. companies spent \$300 million on all sponsorship categories in 1980, including sports, entertainment, and events.<sup>12</sup> By 1996, that figure had reached \$5.4 billion, and nearly doubled to \$9.3 billion in 2001. By 2023, research from PwC suggests sponsorship spending in North America will reach an estimated \$21 billion on sports sponsorship alone.<sup>13</sup>

## GLOBAL SPONSORSHIP GROWTH

According to a [study](#), brands were lined up to invest a record \$5.94 in sponsorships of the Tokyo Games before they were postponed, nearly double the amount generated by the 2016 Olympics in Rio. Official partners of the IOC (Procter & Gamble, Coca-Cola, Visa etc.) were projected to spend \$1.95 billion on the event with Japanese sponsors like Canon and Fujitsu spending \$3.33 billion.

However, with the sports and entertainment industry coming to a screeching halt in 2020 due to the COVID-19 pandemic, the outlook for sponsorship growth significantly slowed. Last year, IEG [estimated](#) 38% of the annual U.S. sponsorship value (\$10 Billion) will need to be made up following the health crisis. As of July, there were already 120,000 active sponsorship agreements in limbo and more than 5,000 brands were faced with decisions on how to recoup lost value.

Yet, despite the brief downturn and industry impact, sponsorship growth appears to be poised to rebound quickly. In 2018, the global sports sponsorship market was valued at \$46 billion, and it is [expected](#) to reach \$49 billion by 2023. A [report](#) from Brand Essence Research suggests global spending on sponsorship could reach nearly \$90 billion by 2027.

## Sponsorship Growth Statistics

### Additional statistics that illustrate the growth of sponsorship:

- In its 2022 global sports marketing [report](#), Nielsen reported that sports sponsorship were up 107% in 2021
  - The report also suggested that sports sponsorship spending by blockchain companies is expected to reach \$5 billion by 2026, a 778% increase from the crypto, blockchain and NFT brand category
  - According to the report, there were 2,254 publicly listed global esports sponsorship deals in 2021, compared to 1,785 the previous year, making it one of the fastest growing segments of the global entertainment industry.
- According to a [report](#) from consultancy IEG and its Sponsorship Intelligence Database, the NBA saw sponsorship revenue climb by 12.5% in the 2021-22 season to a record \$1.64 billion.
- [CNBC](#) reported that the NFL brought in a record \$1.8 billion in the 2021 season.
- NHL sponsorship revenue jumped to \$1.4 billion in the 2021-22 season, also a league record, more than doubling sponsorship revenue from the previous year, according to a report from [The Athletic](#).
- The 2020 Tokyo Summer Games generated a [record](#) \$3.3 billion in sponsorship revenue, more than double the amount of sponsorship spending at any previous games

## How much do businesses spend on sponsorship?

Sponsorship is a primary source of promotion for many major corporations. As a result, some companies spend millions each year sponsoring global sports, events and entertainment.

<sup>12</sup><http://www.sponsorship.com/Report/2018/01/08/Signs-Point-To-Healthy-Sponsorship-Spending-In-201.aspx>

<sup>13</sup><https://www.pnwswire.com/news-releases/marketcast-launches-sponsor-analytics-to-pinpoint-the-impact-of-sports-sponsorships-on-a-brands-bottom-line-301387461.html>

**According to the latest report from IEG, companies with the highest levels of investment in U.S. sports sponsorship programs include:**<sup>18</sup>

- |                    |                   |
|--------------------|-------------------|
| 1. PepsiCo:        | \$370-375 million |
| 2. Anheuser-Busch: | \$360-365 million |
| 3. Coca-Cola:      | \$275-280 million |
| 4. Nike:           | \$260-265 million |
| 5. AT&T:           | \$200-205 million |

## What factors influence sponsorship growth?

- Unique promotional platform
- Technology and increased media interest
- Commercialization of sports and entertainment
- Introduction of new media outlets
- Growing frustration with traditional media
- Increased levels of consumer acceptance
- Global nature of sports and entertainment

Sponsorship offers a unique promotional platform (“outside the box” mentality), providing some separation from traditional media. Technology and increased media interest in sports and entertainment programming also help to fuel sponsorship growth while the industry has also been bolstered by the increased commercialization of sports and entertainment.

Introduction of new media outlets (vs. traditional media like television and radio) also influence sponsorship growth, allowing for activation through a variety of channels including:

- Pay per view
- Satellite television and radio
- On Demand programming
- Streaming audio and video
- Social media

### Growing frustration with traditional media:

Companies began feeling that it was too challenging to distinguish themselves from the large number of additional companies advertising. The average individual sees 5,000 sales messages daily, making it hard for companies to get consumers to remember their products.<sup>14</sup>

### Increased levels of consumer acceptance:

Studies have indicated that public perception of sponsorship is far more positive than traditional forms of advertising.

## CAUSE MARKETING

**Cause marketing** refers to marketing efforts that tie an organization with a charitable cause. It is a strategy that has proven to be extremely effective, and sponsorship provides a valuable platform for cause marketing programs.<sup>22</sup> Cause marketing has become one of the most popular trends in sports and entertainment marketing. In 1990, cause marketing sponsorship spending in the U.S. totaled only \$120 million, according to the IEG Sponsorship Report. By 2019, spending on cause marketing reached \$2.23 billion (up nearly 5% from 2018). According to [Sports Business Journal](#), nearly every sports sponsorship now includes some cause-related component.

<sup>14</sup> *Sport Marketing*, Mullin, Hardy, Sutton, 2nd ed., p. 257



## Cause Marketing vs. Philanthropy

**Cause marketing** is not pure **philanthropy** or an event sponsorship without expectation of a return on investment (ROI). Cause marketing typically features a mutually beneficial relationship between a for-profit business (sponsor) and a non-profit organization.

Conversely, philanthropy usually involves a corporate donation to a non-profit charitable organization (usually tax deductible) where the relationship exists purely through the transfer of funds.

### How can you tell if marketing is cause related marketing?

- There is a marketing objective associated with the campaign
- The marketing activity surrounding the campaign is being measured and/or ROI is being tracked
- The campaign is actively promoted

### Cause marketing examples:

- After watching footage of children playing soccer with a ball of trash in Darfur, Tim Jahnigen launched the “[One World Futbol](#)” program which distributes specially made soccer balls that will never go flat. The program received a giant boost when Chevrolet, as part of their sponsorship of Manchester United, agreed to sponsor the distribution of 1.5 million of the balls.<sup>15</sup>
- Associated Bank teamed up with the Milwaukee Brewers Community Foundation to launch a program called “Hits for Homes” in which the bank donates \$250 for every recorded hit by Brewers players during home games (up to a total of \$100,000) with the goal of encouraging fans to open checking accounts and apply for debit cards through the bank at Miller Park.
- Shawn Mendes partnered with SmileDirectClub just prior to the 2019 Grammy Awards in a campaign with the goal of helping people to build, saying in a statement that he wanted to collaborate with a company “that aims to build confidence and spread positivity in an authentic way”.
  - A portion of the campaign proceeds were [donated](#) to organizations dedicated to the improvement of children’s physical and mental health.
- According to [Sports Business Journal](#), former NASCAR driver Justin Marks is starting a new Cup Series team called Trackhouse that is planning to start as soon as 2021 and will have a unique cause-marketing focus around promoting STEM education.
- Subway [launched](#) a program in partnership with the NFL and Deion Sanders supporting the NFL’s “Play 60” initiative, pledging to donate up to \$1 million to NFL Play 60 programs
  - As the Official Sandwich Sponsor of the NFL, Subway challenged players to celebrate big game moments by pledging to donate \$50,000 every time the “Footlong Shuffle” was performed in the game by an NFL player
- In 2022, during their 12th Annual “Day of Giving”, [donated](#) a full day of sales from more than 2,000 restaurants around the U.S. (estimated to be more than \$10 million) to the 2022 Special Olympics USA Games.
  - Click [here](#) to see a video of the announcement on the brand’s YouTube channel.

## Sponsorship as a Unique Marketing Tool

What differentiates sponsorship from traditional media? There are a variety of factors that distinguish sponsorship as a unique medium for helping brands to connect with consumers.

- Allows a company to tap emotional and intimate appeals of customers.
- Integrates the positive feelings of sports and entertainment events with company products, services and staff.
- Sponsorships help reach segmented targets that mass media typically proves ineffective.
  - Spotify offers companies an opportunity to sponsor their most popular playlists to align marketers with a specific target audience.
    - [Adweek](#) reported Kia was one of the first companies to sponsor a playlist (New Music Friday), which led to an ad click through rate for the Kia Sportage that was twice the original expectation.
- Showcases a company’s products and services in an environment representative of a consumer’s particular lifestyle.

<sup>15</sup> <http://www.cnn.com/id/47649933>

# Sponsorship Decisions

## WHY SPONSOR?

### Why do companies make the decision to engage in sponsorship programs?

Companies make the decision to sponsor based on the desire to achieve certain marketing goals and objectives.

**Traditionally, businesses will use sponsorship as a vehicle to:**

- Increase brand loyalty
- Create awareness and visibility
- Change or reinforce image
- Drive retail traffic
- Drive sales
- Showcase community responsibility
- Display brand attributes
- Entertain clients and hospitality
- Recruit and retain employees
- Create merchandising opportunities
- Build company awareness
- Differentiate products
- Associate with particular lifestyles
- Business-to-Business marketing
- Distinguish from the competition
- Introduce a new product or service to a large audience
- Enter new markets

## WHAT TO SPONSOR?

As sponsorship continues to grow, companies continue to be inundated with sponsorship requests. It becomes imperative that a business filter through proposals and determine which partnership opportunities present the best opportunities to effectively promote their brands and achieve desired marketing goals and objectives.

**Examples:**

- Vans successfully reaches their target audience (young action sports fans) through a sponsorship with the U.S. Open of Surfing in California. Conversely, it would not make sense for Vans to partner with the PGA for a seniors golf tournament.<sup>16</sup>
- Columbia Sportswear makes products for outdoor enthusiasts. As such, promoting those products through endorsements with NBA athletes wouldn't make sense. Instead, Columbia sponsors anglers and golfers.

<sup>16</sup> <http://www.usopenofsurfing.com/>





## CASE STUDY

# COCA-COLA

Coca-Cola is one of the biggest and most valuable brands in the world. The company's iconic logo is instantly recognizable almost anywhere on the planet. One of the most effective marketing tools in the brand's marketing toolkit has been sponsorship. Its sponsorship of international events dating back to 1928 has helped the company to reach new audiences, drive sales, and establish its brand. Coca-Cola's [website](#) declares "Sport & Entertainment partnerships are part of the DNA of The Coca-Cola Company", including investments in entertainment dating back to 1900.

**1928:** Starting with the 1928 Olympic Games in Amsterdam, Coca-Cola has sponsored every event since, making the company the longest standing partner of the Olympic Games.<sup>17</sup>

**1958:** Coca-Cola made its debut as a FIFA World Cup sponsor at the 1958 event hosted by Sweden.<sup>16</sup>

**1976:** Coca-Cola sponsored FIFA's new "global sponsorship project", an initiative that helped develop grassroots soccer programs around the world while also providing FIFA with the necessary resources to make soccer the global game we know today.<sup>16</sup>

**1991:** Coca-Cola sponsored the inaugural FIFA Women's World Cup in 1991, and has supported the event ever since.<sup>16</sup>

**1996:** Coke's worldwide sponsorship expenditure on the Atlanta games in 1996 nearly reached \$650 million (the company's headquarters are in Atlanta).<sup>18</sup>

**1998:** Coke's sponsorship of the 1998 soccer World Cup in France approached \$250 million.<sup>19</sup>

**2004:** Coke's sponsorship of the Athens games in 2004 came in at \$145 million.

**2006:** Coca-Cola launches the FIFA World Cup Trophy Tour, visiting hundreds of countries to provide fans a chance to see the real FIFA trophy in person.<sup>16</sup>

**2008:** Coke's sponsorship of the Beijing games in 2008 was reportedly in the \$400 million range.

**2008:** Coca-Cola created a signature music program in several countries featuring live studio-recorded music performances by established and emerging artists. To this day it is the longest-running annual television music show in Pakistan.<sup>16</sup>

**2010:** IEG estimated that Coke spent roughly \$600 million on their sponsorship of the 2010 FIFA World Cup in South Africa.<sup>20</sup>

**2012:** While Coca-Cola did not disclose their overall investment in the London games in 2012, they did roll out Olympics-themed marketing campaigns in 110 different countries.

**2018:** Coca-Cola continued their investment with the Olympics with a sponsorship of the PyeongChang Games in 2018 (key sponsors reportedly pay in excess of \$100 million each for rights and spend more than double their rights fees on activation) and hold Olympic rights through the 2021 Summer Games in Tokyo.

The payoff? Thanks in part to the company's sizable and significant investment in global event sponsorship, Coke's corporate logo is recognized by 94% of consumers across the globe. That's more than the Olympic rings, which are recognized by 92%.

**2022:** The brand takes a low profile approach to its sponsorship of the [Beijing Winter Olympic Games](#) and FIFA World Cup in [Qatar](#) because of widespread criticism aimed at the host countries for alleged human rights violations (click [here](#) to read a statement from the company on its involvement with the Qatar 2022 World Cup)

<sup>17</sup> <https://www.coca-colacompany.com/shared-future/sports-and-entertainment>

<sup>18</sup> <http://www.hotpolitics.com/olympic2.html>

<sup>19</sup> <http://www3.interscience.wiley.com/cgi-bin/fulltext/76508507/PDFSTART>

<sup>20</sup> [http://online.wsj.com/article/NA\\_WSJ\\_PUB:SB10001424052748704569204575328983721865268.html](http://online.wsj.com/article/NA_WSJ_PUB:SB10001424052748704569204575328983721865268.html)

## Naming Rights

**Naming rights** are a form of sponsorship that occurs when an entity pays for the rights to re-name a venue (stadium, arena etc.) in a way that provides a specific benefit (or benefits) to the company. Many companies invest in naming rights deals to maximize the amount of exposure gained through the sponsorship or to build brand awareness.

### Naming rights examples:

**2018:** The NBA's Milwaukee Bucks secured a naming rights partner prior to opening their new \$524 million arena.

- The team announced a 25-year deal with Fiserv Co. (a financial tech firm) for the recently completed Wisconsin Entertainment and Sports Center in downtown Milwaukee, a month before it opens. The arena will be known as Fiserv Forum and will be home to the Bucks, Marquette University basketball, and host big name performers like Justin Timberlake, Pink, Elton John, Fleetwood Mac and the Foo Fighters in its inaugural year, according to an [ESPN](#) story. Financial terms were not disclosed.

**2019:** MLB's San Francisco Giants announced Oracle would take over the naming rights to their ballpark in 2020 (the team's deal with AT&T expired at the end of the 2018-19 season).

- Sports Business Journal estimates the 20-year "Oracle Park" deal could be worth nearly \$300 million to the club at a price of roughly \$15 million per season.<sup>21</sup>

**2020:** According to Forbes, SoFi is investing a [reported](#) \$30 million per year over a period of 20 years for the naming rights to the Los Angeles Rams new stadium while Allegiant Airlines is spending an estimated \$25 million per year for naming rights to the Raiders new stadium in Las Vegas.

**2021:** Financial services company UBS partnered with the New York Islanders for naming rights to the team's new stadium, scheduled to open in time for the 2021-22, for a [reported](#) \$275 million over at least 20 years.

**2021:** After the naming rights deal to the home of the New Orleans Saints expired the previous year, a new partner was announced in time for the start of the 2021-22 NFL season when the stadium became the Caesars Superdome in a deal [reportedly](#) worth \$138 million over 20 years

**2022:** In a deal worth "up to" an estimated \$20 million per season, the Pittsburgh Steelers home stadium shifted from 'Heinz Field', named after the iconic ketchup brand, to 'Acrisure Stadium' (a Michigan-based tech company), according to the [Pittsburgh Post-Gazette](#).

Naming rights sponsorship opportunities are not limited just to the name of the facility or venue. Before beginning its pandemic-abbreviated 2021 season, the NHL offered a creative twist to naming rights by selling the rights to each of the league's divisions after a conference realignment. While [reportedly](#) intended for a one-year only sponsorship, the partnership helped the league generate revenue in a season in which the league was playing short-handed with limitations on fan attendance.

The divisions were renamed as: Scotia NHL North Division, Honda NHL West Division, Discover NHL Central Division and MassMutual NHL East Division.

Sponsorship requires a significant investment. Therefore, it is critical that a business invests the time to evaluate which sponsorship opportunities provide the best fit with the organization's mission and marketing goals and objectives. To be effective, sponsorship programs must meet the needs of the sponsoring party.

### The most common criteria companies consider when deciding what to sponsor include: <sup>22</sup>

- Image compatibility
- Lifestyle associations
- Audience
- Media impact
- Social media presence
- Exclusivity
- Impact on sales

<sup>21</sup> <https://www.sportsbusinessdaily.com/Journal/Issues/2019/03/04/Marketing-and-Sponsorship/Marketing-and-Sponsorship.aspx?hl=renewal&sc=0>

<sup>22</sup> Sports...More Than Just the Score, McCauley, p. 21-25

## Image Compatibility

Does the property offer the imagery the company wants to establish?<sup>23</sup>

- WWE reported that a decision to create on air content suitable for a younger audience (the rating for “Raw” was changed from TV-14 to PG) generated a significant spike in interest from more new sponsors.<sup>24</sup>
- In 2018, Yum! Brands was [reportedly](#) reconsidering whether to renew the naming rights deal for KFC Yum! Center, because of negative publicity surrounding the arena’s main tenant, the University of Louisville men’s basketball program.
- In 2020, several brands [pressured](#) the NFL’s Washington Football Team to drop the ‘Redskins’ nickname because they did not want any association with the negative publicity surrounding the franchise.
  - The first brand to demand the team change its name was FedEx (who is the team’s naming rights partner), and others like Pepsi and Bank of America quickly followed suit, while brands like Nike, Walmart and Target all stopped selling the team’s licensed merchandise.

## Lifestyle Association

Does the sponsorship align with a lifestyle with which the company wants to be associated? In addition, are the co-sponsors companies with which the company would want to be associated?

- Brands like Quicksilver, Billabong, O’Neill, Volcom and Hurley sponsor [World Surf League](#) events each year because the surfing lifestyle is one for which they strive to be associated with.

## Audience

How large is the potential audience that the partnership can help the sponsor to reach? How many impressions will the sponsorship generate?

**Gross impression** refers to the frequency in which a company product or service is associated with the event or entertainer.<sup>39</sup> Each time a consumer sees a company logo or hears the name of a brand throughout the course of a sporting event, movie, television broadcast or other event, the brain records that image.

- Apex Marketing [reported](#) that World Cup sponsors (Hyundai, Qatar Airways, Visa, Adidas, Coca-Cola, WANDA) collectively received \$27 million in media exposure thanks to the LED signage placed on the field for the 2019 FIFA Women’s World Cup Final.
- Research from Joyce Julius & Associates shows corporations with naming rights in MLB averaged \$12.3 million in exposure in just the first six weeks of the season in 2019 as a result of frequent impressions.
  - According to [Forbes](#), the average naming rights deal is costing those corporations \$5.2 million annually, positioning naming rights as an effective marketing strategy for generating brand awareness.
- According to data from [Zoomph](#), Ralph Lauren, the official outfitter of the Championships, generated 757,000 impressions at Wimbledon in 2021
- According to a [study](#) by Hive and Elevate Sports Ventures, the 2022 Super Bowl between the L.A. Rams and Cincinnati Bengals generated \$170 million of brand exposure for the NFL’s partners
  - According to the study, Nike generated an astounding 46 minutes and 27 seconds of cumulative screen time from TV-visible brand exposure from swooshes on jerseys and cleats.
  - The next two most exposed brands during the broadcast were Gatorade and Bose, the NFL’s official sideline sponsors

The goal of a sponsorship is for consumers to remember the brand and make a connection to the sponsored property, ideally in a way that influences a purchase decision. Because sports and entertainment can help to reach such a large audience, sponsorship helps a brand to gain exposure. Yet, while impressions are an important ingredient to a successful sponsorship, other criteria must also be met for the partnership to yield the results most sponsors are looking for.

## Social Media Presence

Similar to audience size, what type of social media presence will the partnership help the sponsor to tap into?

<sup>23</sup> <http://www.stonecreekllc.com/creative/sponsorship-plan-consultants.html>

<sup>24</sup> <http://www.sportsbusinessjournal.com/article/66027>

- For example, a San Francisco 49ers Instagram post following Super Bowl LIV in 2020 included an image of Hard Rock's logo (the game was played at Hard Rock Stadium in Miami), generating \$632,000 worth of social media exposure for the brand (according to [MVPIndex](#)).
- As one of the most popular sports teams in the world (the team has over 150 million followers on social media), Barcelona FC is one of the most desirable franchises among sponsors.
  - In 2016, Nike extended their sponsorship agreement with the club through 2026 for a reported \$173 million per year, making it the most lucrative deal of its kind in the world.<sup>25</sup>
  - As of last year, Barcelona made more in a year through sponsorship deals than any other sports franchise in the world, according to a [Forbes](#) report (the La Liga champions are currently making \$247 million per season through sponsorship).
- When Pusha T dropped a McDonald's diss track as part of an Arby's marketing stunt in 2022, the tweet racked up millions of views within hours, [generating](#) an equivalent of an estimated \$8.2 million in advertising exposure for the brand, according to Apex Marketing.
  - Click [here](#) to see the original tweet and diss track

## Exclusivity

Sponsors must consider whether they are the only brand within a specific category (soft drink, bank, insurance provider etc.) sponsoring the event or property. Categories can be very specific. For example, the Stance brand [announced](#) a partnership with the NBA to become "official on-court sock provider" (note the right to use an "official" designation phrase), but it is not just the "official sock" provider.

### Exclusivity examples:

- To capitalize on the fierce in-state rivalry between the schools, the University of Oregon and Oregon State University offers sponsorship exclusivity in five specific categories for its games – automotive, casino/resort, financial, health care and grocery.
  - According to [Sports Business Journal](#), last year's sponsors – PacificSource Health Plans, Toyota, Safeway/Albertsons, Spirit Mountain Casino and First Interstate Bank – all enjoy a strong presence in the state of Oregon.

According to a study from [SponsorHub](#), category exclusivity is the number one benefit sponsors hope to receive from a sponsorship.

- Click [here](#) to see an infographic with more results from the poll offering insight as to what sponsors look for in a partnership.

Without exclusivity, it might not make sense for a company to sponsor if a competing brand is sponsoring the same property or event. Exclusivity is a sponsorship component that sports teams/properties take very seriously, so much so that Manchester United (sponsored by Pepsi) [refused to take the field](#) for a match because the scoreboard was flashing advertisements for Coca-Cola (a stadium sponsor). Eventually game officials were able to strike an agreement that both parties agreed so the game could be played.

## Sales Impact

Does the sponsorship create the potential to increase consumer sales? While no sponsorship can guarantee an increase in sales, an effective sponsorship can most certainly help to provide a boost.

- According to a Tweet from Alicia Jessop (@RulingSports), Visa said travelers spent \$182 million on their cards in Brazil from June 12-26 during the World Cup, a 152% increase over the year
- Marketing Dive [reported](#) that sales of adidas-branded products jumped 12%, with soccer-themed merchandise being particularly popular, thanks in part to their sponsorship of the 2018 FIFA World Cup
- According to [Nielsen's 2022 Global Sports Marketing Report](#), sports sponsorships drove an average 10% lift in purchase intent among the fanbase

## SPONSORSHIP ACTIVATION

**Sponsorship activation** refers to the action taken to escalate its impact and to increase the overall value of the sponsorship. The most effective campaigns combine the sponsorship and events that activate them with additional advertising, direct marketing, PR and merchandising to make sure consumers are aware of the affiliation and engaging with the brand.

<sup>25</sup> <https://www.theguardian.com/football/2016/may/21/barcelona-nike-lucrative-new-kit-deal>

Companies must engage in promotion of the event prior to the actual event date for the program to be successful. For example, AT&T, one of Team USA's largest sponsors for the past 30 years, activated their sponsorship nearly three months prior to the 2016 Olympic games in Rio. Fans could sign up to be included in the #ATTfanmate experience where they would connect with and receive special messages from various AT&T athletes as they prepared for the games. In another example, Visa began activating their 2019 Women's World Cup sponsorship a full six months before the tournament began by offering tournament tickets in a pre-sale (prior to going on sale to the general public) exclusively to Visa cardholders.

Successfully activating the sponsorship comes at a cost. Most companies will spend between \$1-3 per dollar spent on the total sponsorship fee to activate the partnership.<sup>26</sup>

## Activation Strategies

Companies can activate a sponsorship in a variety of ways.

### Popular activation strategies include:

- Pop-ups
- Exhibits and displays
- Social media
- Endorsement campaigns
- Advertising campaigns
- Digital activations

### Pop-ups

To activate its sponsorship of the 2016 Summer Games, Samsung built several pop-up areas across Brazil that allowed guests to play with the brand's latest tech and try out various Olympic sports through virtual reality experiences.

### Exhibits and Displays

According to the [LA Times](#), one of the best attractions at Comic Con in San Diego in 2018 wasn't an exhibit or autograph signing; it was a Taco Bell sponsorship activation. The brand created a futuristic Taco Bell pop-up that featured a neon-lit futuristic replica of the restaurant seen in the 1993 Sylvester Stallone sci-fi pic "Demolition Man," recreated in lavish detail for the film's 25th anniversary, complete with bright blue cocktails, robot waiters and Crunch Wraps from the "future."<sup>27</sup>

### Social Media

According to IEG (a sponsorship firm) and Performance Research, 88% of companies worldwide used social media as a channel for activating sponsorships.<sup>44</sup>

### Endorsement campaigns

In some cases, part of the activation strategy may include the use of a spokesperson (or spokespersons).

### Examples:

- Goldman Sachs golfer Patrick Cantlay is the first brand spokesperson for the company leading up to the 2020 Memorial Golf Tournament (Cantlay was the returning champion).
  - Click [here](#) to see the ad from Goldman Sachs YouTube channel.
- After Papa John's abruptly ended their sponsorship with the NFL in 2020, Pizza Hut quickly stepped in to replace the brand as the league's official pizza provider and activated the partnership at the NFL Draft by teaming up with Pittsburgh Steelers' wide receiver Juju Smith-Schuster as ambassador of Pizza Hut's "Doorbell Dance" campaign.
  - Click [here](#) to see the inaugural "Doorbell Dance" commercial.
  - Click [here](#) for more on how Pizza Hut has continued to activate their NFL sponsorship and the positive results they have seen as an official league partner.
    - In 2022, Little Caesars [took over](#) as the Official Pizza Sponsor of the NFL
      - How would you activate the sponsorship if you were a marketing executive at Little Caesars?

<sup>26</sup> <http://blog.powersponsorship.com/index.php/2010/04/budget-for-sponsorship-leverage/>

<sup>27</sup> <http://www.latimes.com/entertainment/herocomplex/la-et-hc-comic-con-activations-marketing-20180720-story.html>



## Advertising

As part of their Portland Timbers sponsorship activation strategy, Alaska Airlines created an outdoor advertising campaign and introduced the "Timbers Jet", a Boeing 737 featuring a paint theme featuring the team's name and logo in the franchise's trademark colors. In addition, Alaska Airlines celebrated the new airplane and their relationship with the team by granting early boarding to Portland International Airport passengers wearing an official Timbers jersey.

In a similar activation strategy, JetBlue (the official airline of the Boston Bruins) unveiled "Bear Force One" in 2020, an AirbusA320 aircraft, the first airplane to feature NHL branding.

Meanwhile, Pepsi spent a [reported](#) \$114 million on TV advertising during NFL broadcasts in 2021 to activate their position as an official sponsor of the league.

## Digital Activations

- In 2022, Pepsi partnered with Pizza Hut and KFC in a UEFA Champions League activation, [launching](#) an augmented reality game featuring international soccer star Paul Pogba called "Score with Pogba"
  - Click [here](#) to see a video promotion of the game

# SPONSORSHIP SUCCESS

When companies spend a significant amount of money on sponsorship programs, it is important that they contribute as many resources as possible into making sure the sponsorship successfully provides a return on investment (ROI).

### What are the keys to a successful sponsorship?

- Aligning with the right property
- Investment in activation
- Company commitment
- Commitment for the right reasons
- Communication
- Consumer (fan) connection

Previously in this lesson, we explored what criteria companies consider when deciding what to sponsor. The first step to a successful sponsorship is making sure the business does the research and determines which properties offer the best fit as a company partner. Then, they must establish an effective activation strategy.

## Additional keys to a successful sponsorship include:

### Company commitment

- Sponsorships are typically ineffective without long-term commitment.
  - Successfully creating a link between the sponsor and the event takes time, several years in some cases.
- Companies sometimes make the mistake of pulling the sponsorship if they do not see an immediate return on the investment.
  - The sponsorship should be a company-wide effort.
  - Support is essential from the entire organization, including staff.

### Commitment for the right reasons

- Organizations cannot afford to make the mistake of committing sponsorship dollars to a property simply because the company president or CEO is a fan of a particular sport, entertainer or event.

### Communication

- Communication between the sponsor and sponsee (event provider, entertainer or property) is essential for success.
- A clear understanding must be in place of what is included and what is not included in any sponsorship agreement to eliminate false expectations.

## Consumer (fan) connection

- A connection should take place between the fans (consumers) and the sponsor, without the feeling of products or services being advertised, so the fans feel the sponsors are adding value to the event.

Successful sponsorships can effectively communicate the message that the event would not be possible without the sponsor's support.

- This is why we frequently hear statements like the one posted on the [website](#) for Toronto's Scream Literary Festival that reads: "The Literary Festival would not be possible without the kind and generous support of our private and public sponsors, and we thank them all immensely".
- Similarly, an advertisement appearing in an issue of the Sports Business Journal stated: "Vail Resorts thanks our partners for a tremendously successful ski season."
- Executives of the Kentucky Speedway dedicated a billboard to thank NASCAR's eight-year title sponsor, Sprint.
- Jon Cox, VP of Corporate Sales and Marketing for the Kentucky Speedway said, "It's just been a great partnership overall for us. It only makes sense to thank Sprint. We did it just because it's the right thing to do."<sup>28</sup>

## SPONSORSHIP RISKS

Sponsorship does not come without risk.

**Some of the challenges sports and entertainment marketing professionals might face when working with sponsorships include:**

- Difficult in measuring your return on investment (ROI)
- Potential as an impulse purchase internally by an executive as a result of fandom influencing the decision.
- Ineffective results despite forecasting that might suggest otherwise.
- Clutter in the sponsorship space.
- Emergence of social media overshadowing sponsor awareness and fan connection.
  - According to Sarah Wood in an interview with [bloomberg.com](#), co-founder of Unruly, which tracks videos online and helps companies get their content watched and shared, producing an ad that goes viral can be worth more than a sponsorship.
    - Of the top 11 most-shared soccer ads online during the 2014 World Cup, only six were FIFA sponsors.
- Potential of being "ambushed" by non-sponsoring companies.
- Risk of negative publicity

### Examples:

Sponsorship of the Olympic Games is big business:

- The cost of a four-year sponsorship with the IOC starts at around \$200 million if a business wants to align its brand with the Games, according to [AdAge](#).
- Collectively, the top 13 Olympic sponsors have contracts with the International Olympic Committee that add up to more than [\\$1 billion](#).
  - Despite investing millions of dollars for the rights to be designated as official corporate partners of the Olympic Games, many global sponsors chose not to launch major marketing campaigns and activations connected to the 2022 Winter Games because of the political tension between China, (Beijing was the host city), and the United States.
  - The U.S. government boycotted the Beijing Games over human rights, putting Olympics' sponsors in a precarious position, given the significant investment in the sponsorship, and that those sponsors view both the United States and China as their biggest markets
    - Click [here](#) to read "Winter Olympics: Global Sponsors Quiet Ahead of Beijing Games" at [bbc.com](#).
    - Click [here](#) to read "Olympic Sponsors Paid Big Money for the Beijing Games. So Where Are All The Ads?" at [cnn.com](#).

<sup>28</sup> <http://www.sportsbusinessdaily.com/Daily/Issues/2016/07/08/Marketing-and-Sponsorship/Kentucky-Speedway-Sprint.asp>

Sponsorship of the FIFA World Cup is also big business:

- According to [The Telegraph](#) , it costs between \$25 million and \$50 million annually to be a FIFA partner and \$10 million to \$25 million to be a major World Cup sponsor.
  - However, many sponsors of the Qatar 2022 FIFA World Cup must evaluate the risk vs. reward of sponsoring the multibillion-dollar global event, given the controversy surrounding the host country's allegations of human rights abuses and the fact that the country [represses](#) the rights of lesbian, gay, bisexual, and transgender people and [punishes](#) same-sex relations with up to seven years in prison.
    - Click [here](#) to read "As World Cup Nears, Brands Weigh Cost of Teaming With Qatar" at nytimes.com.
    - Click [here](#) to read a statement from Coca-Cola on its involvement with the Qatar 2022 World Cup

# Ambush Marketing

## WHAT IS AMBUSH MARKETING?

**Ambush marketing** occurs when one brand pays to become an official sponsor of an event and other competing brands attempt to connect with the same event, without paying direct sponsorship fees. It is a strategy that results in the perception that companies are affiliated with an event when they actually are not.

In some cases, an ambush strategy allows for a brand to penetrate events in which a competitor may have exclusivity rights, which can devalue the property or event while offering non-paying brands what equates to essentially a certain amount of free advertising. While the practice is legal, some question whether the strategy is ethical.

### Ambush marketing is:

- Sometimes referred to as “guerilla” marketing
- A strategy that has historically proven to be very successful for brands
- A technique that presents many challenges for those hosting the event

## When does ambush marketing occur?

Ambush marketing typically occurs during major sporting events, like the Olympic Games, FIFA World Cup, Tour de France, March Madness, or the Super Bowl. A brand may try to align with an event, without paying sponsorship fees for the rights to be designated as an official partner or use the event name or logo in their marketing.

## Notable Events in the History of Ambush Marketing

### 1992 Olympics

- Michael Jordan (sponsored by Nike), covered the Reebok logo on his apparel with the American flag during the gold medal ceremonies.

### 2000 Olympics

- Adidas 'thorpedoed' Nike at the 2000 Sydney Olympics. Nike was the official clothing supplier while Adidas sponsored the swimming super-hero, Ian Thorpe. At the medal presentation, Thorpe “accidentally” draped his Adidas towel over the Nike logo on his official team tracksuit. Thus Nike was nowhere in the famous photograph that was seen by millions of people in Australia and all over the world.<sup>29</sup>

### 2002 Boston Marathon

- As Adidas-sponsored runners crossed the finish line under full coverage of cameras, they were treated to spray painted Nike 'swooshes' honoring the day of the event without mentioning the race itself.<sup>30</sup>
- More than 300 college students sporting Reebok-branded tattoos on their foreheads were seeded into the crowd along the Marathon route. Reebok-endorsed “office” linebacker Terry Tate (featured in prominent Reebok television spots) led the charge along the running route. The ambush was effective, with Reebok forming a sea of red (via more than 2,500 consumers turned into walking billboards) along the route and creating its own “unofficial” sponsorship of the Marathon, much to the chagrin of Adidas.<sup>31</sup>

<sup>29</sup> [http://www.brandchannel.com/features\\_effect.asp?pf\\_id=98](http://www.brandchannel.com/features_effect.asp?pf_id=98)

<sup>30</sup> [http://www.murdoch.edu.au/elaw/issues/v8n2/kendall82\\_text.html#Ambush%20Marketing:%20What%20is%20it%20Why%20Does%20it%20Matter\\_T](http://www.murdoch.edu.au/elaw/issues/v8n2/kendall82_text.html#Ambush%20Marketing:%20What%20is%20it%20Why%20Does%20it%20Matter_T)

<sup>31</sup> [http://www.eventmarketermag.com/BEST\\_P\\_R\\_\\_EVENT.925.0.html](http://www.eventmarketermag.com/BEST_P_R__EVENT.925.0.html)



## 2006 FIFA World Cup<sup>32</sup>

- Hundreds of Dutch fans had to watch their team's 2-1 win over the Ivory Coast in their underwear at the 2006 World Cup in Germany after security at entry points to the stadium caught wind of an ambush marketing ploy.
- The fans arrived at the game wearing orange lederhosen displaying the name of Dutch brewery Bavaria and were ordered to remove them by stewards before being allowed to the stadium.
- Anheuser Busch's Budweiser was the official beer for the tournament and FIFA has a reputation for fiercely protecting its sponsors from brands which are not event or organization partners.

## 2008 Olympics

- Chinese sportswear maker Li Ning signed an agreement with Olympic Sports Channel, affiliated with State-owned China Central Television (CCTV). Under the deal, journalists, presenters and guests appearing in the studio would wear Ling Ning's clothes with visible logos throughout the Olympic coverage, despite adidas' presence as official sponsor of the Games.

## 2016 Olympics

- Despite not being an official sponsor of the Summer Games in Rio, Under Armour partnered with several athletes to create the "Rule Yourself" campaign that went viral during the games.
  - The campaign generated a lot of publicity and stole the spotlight from Nike, an actual sponsor of the 2016 Olympics.
  - The spot with the US Women's Gymnastics team generated over 3 million views in the first week it was released.
    - Click [here](#) to view the commercial on YouTube
  - The UA "Rule Yourself" spot starring Michael Phelps generated nearly 6 million views in the first week it was released (nearly 12.5 overall).
    - Click [here](#) to view the commercial on YouTube

## Ambush Marketing Tactics

**Brands can ambush an event through a variety of different tactics. The most common tactics include:**

1. Sponsorship of sub-categories in an event
2. Purchasing advertisements at a competitor's event
3. Engage in non-sponsorship promotions that coincide with the event
4. Create visibility without "official" affiliation with an event in non-traditional ways
5. Align with an event through social media

### Sponsorship of sub-categories in an event:

- Some companies, such as Nike, will strategically sponsor individual teams and individual athletes without sponsoring the event.
  - This strategy allows the company to gain exposure at the event without the major investment.
- The results of this form of sponsorship are often equally as effective as sponsoring the event itself.
- Must be aggressively marketed to be successful.

### Purchasing advertisements at a competitor's event:

- For the 1996 Atlanta Olympics, Nike went to the extreme of purchasing all the outdoor poster sites in Atlanta to ambush Adidas, the official sponsor of the 1996 Games.<sup>33</sup>
- During broadcasts of the 2014 FIFA World Cup matches, Volkswagen aired commercials showing fans dressed in their country colors singing the traditional soccer chant "Olé, Olé, Olé" on their way to a soccer stadium while Hyundai spent millions as the official partner of FIFA World Cup Brazil.<sup>34</sup>
- While Adidas was the official sponsor of the 2015 Boston Marathon, New Balance launched a major ambush campaign (dubbed "Nobody Runs Like Boston"), canvassing the area around the event at bus shelters and mass transit areas with advertising while buying ad space at the Prudential Center, outside of Fenway Park, and initiating a social media campaign that encouraged fans to post their own #OnlyinBoston references.
  - Click [here](#) to read more about New Balance's "guerilla marketing" strategies from nysportsjournalism.com.

<sup>32</sup> <http://socccer.net.espn.go.com/news/story?id=371466&cc=5901>

<sup>33</sup> [http://www.murdoch.edu.au/elaw/issues/v8n2/kendall82\\_text.html#The%20Law%20Prior%20to%20the%20Sydney%202000%20Act\\_T](http://www.murdoch.edu.au/elaw/issues/v8n2/kendall82_text.html#The%20Law%20Prior%20to%20the%20Sydney%202000%20Act_T)

<sup>34</sup> <https://www.thedrum.com/news/2014/06/16/volkswagen-uses-video-world-cup-ambush-marketing-video-campaign>

### Engage in non-sponsorship promotions that coincide with the event:

- Competitors use mainstream media advertising and additional promotions to gain exposure for their company during the event.
  - According to [adage.com](http://adage.com), Coca-Cola stole Pepsi's thunder during the 2014 Oscars when Coke's logos appeared on three pizza boxes delivered to host Ellen DeGeneres during a skit during the broadcast, despite the fact that Pepsi had just taken over the sponsorship rights as the exclusive soft-drink sponsor of the Academy Awards on ABC.<sup>35</sup>
  - Last year, PepsiCo Inc. pulled an ad featuring former NCAA and NBA star (and CBS announcer) Grant Hill after it [reportedly](#) rankled executives at CBS, Turner, and longtime NCAA sponsor Coca-Cola.
    - The Mountain Dew ad showed Hill, one of the lead March Madness analysts on CBS/Turner, taking shots at the NCAA's trademarks around March Madness and sponsoring a product with no ties to the NCAA Tournament.

### Create visibility without “official” affiliation with an event in non-traditional ways:

- At the 2018 Super Bowl in Minneapolis, Cargo, a startup that sells snacks and toiletries in ride-share cars, offered free samples of Red Bull to customers as part of its expansion into Minneapolis. The company also said rideshare drivers could earn an additional \$500 a month from commissions, referrals and performance bonuses for selling products to riders, drawing attention away from the companies and brands that were actual NFL sponsors for the event.
  - According to [Mobile Marketer](#): “The Cargo promotion shows how brands are exploring creative tactics for getting in front of Super Bowl fans outside of investing the significant bucks required to snag a Super Bowl sponsorship or commercial.”
- Geico once paid several lower-ranked men's and women's tennis players up to \$5,000 to wear “ambush advertising patches during high-visibility matches” at Wimbledon. Because lower ranked players earn only minimal wages, many were willing to slap the Geico logo on their uniform, in part to help pay travel expenses.<sup>36</sup>
- Social media now affords guerilla marketers with another channel for which to deploy ambush tactics, like Hormel's “[Sir Can A Lot](#)” video posted on YouTube, tying the Spam brand to the “[madness of March](#)” despite the fact that Hormel was in no way financially supporting or sponsoring the event.<sup>37</sup>

### Align with an event through social media:

- In 2019, Chipotle ambushed the NBA Finals, giving away \$1,000,000 in free burritos during a game broadcast through social media, despite Taco Bell's position as an official partner of the NBA.
- Tums ambushed the 2020 Super Bowl by launching a sweepstakes promotion on Twitter, encouraging fans to use an emoji to rate the moments during the game that gave them the most heartburn.
  - According to [Mobile Marketer](#), the brand was offering a grand prize of \$54,000 to one winner, while six others would receive free trips. According to contest rules, Twitter users had up to five chances to enter — each quarter of the game and the halftime show.
- After six years of advertising during the Super Bowl, Avocados From Mexico opted to sit out the Big Game in 2021. Instead, the brand created a retail and digital marketing campaign surrounding the biggest sporting event of the year and launched the “Guac Bowl”, starring several star football players and sports newscasters Troy Aikman and Erin Andrews.
  - According to a [press release](#), the strategy paid off as the campaign delivered over two billion social impressions during just the first week, eventually setting a record for the brand of 7.6 billion social impressions in total (more than the total number of impressions generated by the company's ads in the three previous Super Bowl ads combined).

## Impact of Ambush Marketing

When properly executed, ambush marketing can be extremely effective for a company. However, the question of whether ambush marketing is an ethical practice is an on-going debate among industry professionals. Ambush marketing could threaten the ability to sell event sponsorships for event organizers, ultimately cutting into event profitability.

<sup>35</sup> <http://adage.com/article/media/coca-cola-steals-pepsi-thunder-oscars-pizza-stunt/291951/>

<sup>36</sup> [http://www.nydailynews.com/sports/more\\_sports/2008/06/25/2008-06-25\\_insurance\\_racket\\_hits\\_a\\_bad\\_patch.html](http://www.nydailynews.com/sports/more_sports/2008/06/25/2008-06-25_insurance_racket_hits_a_bad_patch.html)

<sup>37</sup> <http://www.marketingpilgrim.com/2013/03/social-media-marketing-turns-into-ambush-marketing-for-march-madness.html>

- Despite Coca-Cola's presence as an official sponsor at the 2018 FIFA World Cup, Pepsi's #LoveltLivelt campaign was ranked No. 1 in terms of likeability and attention for brand campaigns, according to one analysis. Coca-Cola brand Powerade "Unstoppable" and Coca-Cola's "Get Ready for the #FIFA World Cup" ranked second and third.<sup>38</sup>
- At the NFL Scouting Combine (sponsored by Under Armour), adidas announced that they would give a private island (up to \$1 million in value) to any draft prospect who broke the 40-yard dash record, provided they were wearing the brand's "adizero 5-Star 40" cleats
  - This isn't the first time Adidas ambushed the NFL combine. The brand has offered incentives for anyone who broke the 40-yard dash record for years.
    - Jeremy Darlow, a branding expert and former PR specialist for Adidas, said in an [interview](#) with WARC: "We've been the most talked-about brand at the NFL Combine for three years in a row – four years in a row, if you count the first year on the shoe deal."

## How do companies and/or governing bodies combat ambush marketing?

Ambush marketing is an exceedingly difficult marketing strategy to combat but event organizers do all they can to implement measures that protect sponsors.

### Examples:

- FIFA fined the Swedish National Soccer team over \$70,000 when players wore non-approved socks at the 2018 World Cup and Croatia was fined when a player took a non-sponsor's drink onto the field.<sup>39</sup>
- The city of Columbus created a "clean zone" in the city's downtown area for the 2018 NCAA Women's Final Four to help prevent ambush marketing by requiring a special permit to sell licensed or special event-related goods and services during the event.<sup>40</sup>
- Wimbledon prohibits fans from bringing in certain items that could conflict with the event's sponsors – fans are denied entry or ejected if they do not follow the rules.
  - Click [here](#) to see the list of items that are banned from Wimbledon.
- ESPN imposed a strict new rule at the 2019 NFL Draft to help protect its official sponsors and advertisers, banning the popular practice of draftees wearing non-sponsored products or adorning their home draft parties in brands not affiliated with ESPN.
  - According to sports business [reporter](#) Darren Rovell, ESPN told player agents that they wouldn't do any live shots of a player receiving a call from the team that was drafting them if brands were visible anywhere.
  - In 2020, with the entire draft going virtual because of the pandemic, the NFL cracked down on ambush attempts even harder, threatening fines of up to a [reported](#) \$50,000 if a non-league sponsor logo appeared on-screen during the event.
    - Draft prospects [reportedly](#) received a welcome kit of products from NFL partners to provide added visibility for those sponsors, including Pepsi, Mountain Dew, Bubly, Gatorade, Frito Lay snacks, Skittles, Snickers and M&M's.
- Leading up to the 2022 World Cup in Qatar, FIFA's [website](#) featured an entire page explaining its "Brand Protection" efforts, including a description of "Prohibited Marketing Activities"

<sup>38</sup> <https://www.marketingdive.com/news/pepsi-soccer-themed-marketing-scores-despite-coke-being-world-cup-sponsor/527878/>

<sup>39</sup> <https://bakersfieldnow.com/sports/content/fifa-fines-in-world-cup-cases-can-leave-priority-questioned>

<sup>40</sup> <https://www.bizjournals.com/columbus/news/2018/01/17/city-must-create-clean-zone-downtown-during-ncaa.html>





## CASE STUDY AMBUSH MARKETING

Let's look at the marketing strategies surrounding two different events by the same brand.



In the first example, Avocados from Mexico signs a sponsorship agreement with the Milwaukee Bucks, becoming the “Official Avocado” of the franchise.



In the second example, the brand aligns itself with the Super Bowl with the launch of a “Guac Bowl” promotion, despite not advertising during the Big Game nor having any official affiliation with the event.



In the third example, the brand aligns itself with March Madness with a campaign that kicks off just prior to the start of the tournament using basketball as a theme, through images and word play (such as “Slam Dunk of Flavor”) without paying the NCAA for the rights to be considered an official sponsor of the event.

**Why do you think Avocados from Mexico chose not to invest in official sponsorships of the NCAA or NFL? Do you think the company's ambush marketing strategy paid off? Why or why not?**

# Pricing Sponsorships

## WHAT IS INVENTORY?

**Inventory** defines exactly what assets an event or property has available to sell. Defining inventory is the first step any organization must take when developing a sponsorship strategy, detailed by establishing an inventory sheet.

An inventory sheet outlines each specific piece of inventory available for sale. Inventory could include many sponsorship elements, such as advertisements in game programs, on-site signage or broadcast opportunities.

### Inventory includes:

- Signage
- Advertisements
- Tickets and hospitality
- Awards
- Halftime shows

## Signage

**Signage** refers to advertisements placed in or around a sports or entertainment venue that provides exposure for sponsors. This is often one of the most valuable pieces of sponsorship inventory and appears in a variety of forms.

- Rutgers secured a lucrative stadium naming rights deal in 2019, reportedly a 7-year agreement starting at \$1.25 million in the first year and increasing by \$100,000 annually to \$1.85 million in 2025-26 (according to [nj.com](https://www.nj.com)) to rename the teams' football/lacrosse venue SHI Stadium.
  - As part of the deal, the University said SHI International Corporation would "enjoy significant brand exposure through signage in and around the stadium, including exterior stadium signage, scoreboard signage, campus directional signage and logo placement on the field."<sup>41</sup>

In some cases, sponsors seek ways to make signage stand out at venues to maximize exposure for their brand, forcing sports and entertainment organizations to become a little more creative in ways to expand their inventory.

- TaylorMade Golf Co. designed an 80-foot replica of a new golf club and attached it to the foul pole at Petco Park to increase visibility at San Diego Padres games. The nine-story tall structure was part of a three-year marketing agreement between the golf gear maker and the ball club where the goal is to drive home the message that the launch of its R11 driver was "larger than life," TaylorMade chief executive Mark King said in a statement.<sup>41</sup>

However, without fans in stadiums, the value of on-site signage drops significantly, creating a challenge for sports properties and their sponsors. This was the case in 2020 as the pandemic prevented venues from hosting fans.

- While Major League Baseball charted a path to starting their 2020 season amidst the pandemic, the league considered several new opportunities to introduce virtual signage inventory that would provide visibility for sponsors during broadcasts.
  - According to [Sports Business Journal](https://www.sportsbusinessjournal.com), those potential positions for virtual signage inventory included behind the pitching mound; the foul territory between the first- and third-base coaching boxes and home plate; behind home plate above the traditional rotational signage; on the "batter's eye"; and another outfield position.
- After COVID-19 forced the league into an abbreviated spring training, Major League Baseball found a presenting rights sponsor, [announcing](https://www.campingworld.com) "Spring Training" would become "2020 Summer Camp presented by Camping World".
- As the Columbus Crew finalized approvals for their move to a new home, the franchise [released](https://www.columbuscrew.com) renderings of the venue that included a new piece of inventory in the form of large signage on the stadium roof.

<sup>41</sup> <http://www.waggleroom.com/2011/4/21/2125520/its-no-peskys-pole-but-petco-parks-r11-foul-pole-will-shock-and-awe>



## Virtual Signage

As the sports and entertainment properties search for ways to offset the revenue shortfalls as a result of the COVID-19 pandemic, new opportunities will continue to emerge. One such example is virtual signage. According to a [study](#) from GumGum sports, “in-ice” virtual signage delivered \$2.8 million in sponsor media value across the 2020-21 season for NHL sponsors. Blue line virtual signage and signage behind the goals generated an additional \$3.8 million in media value.

## Additional inventory

Additional sponsorship inventory could include anything from advertising during radio, TV, or streaming broadcasts to program ads and halftime shows.

For example, in 2022, Pepsi renewed their longtime sponsorship with the NFL, but its presenting rights to the Super Bowl halftime show were no longer part of the package. The brand has been an NFL sponsor for nearly 40 years, which includes pouring rights at key NFL events, including the NFL Draft. That means when fans want a soda at those events, Pepsi has the exclusive rights for fountain drinks. However, with the halftime rights now longer included, the NFL had a new piece of premium inventory available to sell with naming rights to the Super Bowl halftime show up for grabs.

## PRICING SPONSORSHIPS

Pricing is complex because of the variety of elements included in a property or event's inventory. After determining what inventory is available, values are then assigned to each piece of inventory.

- Click [here](#) for a brief video discussing which piece of inventory might be most valuable to NBA sponsors.

A rate card is a printed list of sponsorship fees charged by a sports or entertainment property for association rights.<sup>61</sup> The rate card is essentially an inventory sheet with associated values. Assigning value can be challenging because sponsorship as a medium is generally considered to be intangible.

Sponsorship pricing can be dependent upon event attendance and other similar factors (the sponsee's public image etc.), contributing to the challenge of determining and maintaining effective price points. The overall sponsorship package can be described as the sum of all benefits attributed to a particular sponsorship, including tickets, hospitality, signage, merchandise, program ads etc.

### Considerations when pricing sponsorships:

- Price should be based on value, not on budgets or needs
- Rights and benefits included in the package
- Value should be placed only on those elements that can be successfully fulfilled
- Cost/benefit ratios

# Endorsements

## WHAT IS ENDORSEMENT?

A **product endorsement** is a partnership between an athlete and a company in which the athlete receives compensation in return for their support and approval of a company product or service. The athlete agrees to allow the company to use his or her likeness to promote company goods and services.

For example, Gatorade pays athletes to represent the brand in its marketing initiatives, like the “I Can Do Better” campaign launched in 2021 (click [here](#) to see the advertisement).

While very similar conceptually, an athlete or celebrity endorsement is not the same thing as influencer marketing. With endorsement, a brand aligns with an athlete or celebrity for the positive association, prestige, and status while an influencer campaign is generally more of a word-of-mouth strategy for reaching consumers. In this case, the athlete or celebrity does not need to be a “specialist” in that particular product category for the campaign to be effective.

For example, Serena Williams does not need to be a science expert to recommend Gatorade as a performance beverage while Roger Federer does not need to be a watch expert to convince fans to buy a Rolex. However, when a brand sends chef bloggers their newest products to review and include in their recipes as part of an influencer campaign, the brand has a very specific targeted approach for reaching consumers in a very authentic way.

## Endorsement Examples

Gatorade features current and retired athletes like Serena Williams, Usain Bolt, JJ Watt, Jimmie Johnson, Paul George, Mia Hamm, Bryce Harper, Derek Jeter and Lionel Messi in various promotional campaigns. Their competitors also feature a roster of athletes who endorse the brand, like POWERADE including Simone Biles, Tom Daley, Chris Webber, and Jason Williams in the brand’s 2022 “[Pause is Power](#)” campaign promoting mental health or BodyArmor featuring Trae Young, James Harden, Baker Mayfield, Peloton instructor Ally Love, Sabrina Ionescu, Christian McCaffrey, Carlos Vela, Mookie Betts, and Naomi Osaka, in “[One More](#)”, the company’s biggest ad-campaign ever.

## Which Celebrities Appeal to Marketers?

Sports and entertainment marketers seek a defined set of characteristics among celebrities to determine which athletes and entertainers provide the best fit for their company.<sup>42</sup>

**Criteria an organization might evaluate could include the following:**

- Success and high levels of performance
- Media following (awareness)
- Social media following
- Work ethic and personal values
- Personality traits
- Image
- Market size and team performance
- “Q Score”

## Success and High Levels of Performance:

**Coco Gauff:** The 15-year-old sensation emerged as a potential face of American tennis in 2019 after she surprised fans by winning several matches at Wimbledon.

<sup>42</sup> Sports Marketing: The Money Side of Sports, Pemberton, p. 137-142

- Companies who hope a partnership with the future star will be good for business (including New Balance, pasta brand Barilla, and racket maker Head) have reportedly contributed to Gauff's \$1 million in endorsement earnings in 2019, according to [Forbes](#).

**Patrick Mahomes:** The Kansas City Chiefs' star QB has taken the league by storm and become the new face of the NFL, winning a regular season MVP award and a Super Bowl MVP in just two year.

- After the Super Bowl victory and subsequent MVP award, Mahomes' endorsement opportunities skyrocketed, [reportedly](#) positioning him to earn an estimated \$7 million in additional earnings.

**Sabrina Ionescu:** The former University of Oregon Duck Sabrina became the first player in NCAA history to reach 2,000 points, 1,000 assists and 1,000 rebounds and notched her record 26th career triple-double just hours after speaking at Kobe Bryant's memorial service in 2020.

- As one of the most decorated collegiate players in women's basketball history, a story in the [Athletic](#) suggested brands were lining up for the opportunity to partner with the former Ducks star for endorsement deals as she prepared to enter the WNBA.
- Soon after Ionescu was selected by the New York Liberty as the first pick in the 2020 WNBA draft, Nike signed her to a multi-year endorsement deal.
- Ionescu starred alongside NBA star Chris Paul in a series of State Farm commercials in 2021

**Hideki Matsuyama:** After winning the Masters in 2021, some industry analysts [predicted](#) Hideki Matsuyama could earn a potential \$600 million in global endorsements.

## Media Following (Awareness)

Companies will consider whether the prospective brand ambassador is in the "limelight." Brands want to be part of the conversation, and it is important that they select a spokesperson who is well-known.

For example, a hot topic at the 2018 Major League Baseball All-Star Game surrounded the popularity of the league's best player, Mike Trout. Critics blame the league for inadequate marketing of its stars, with the Washington Post proclaiming in a headline "Baseball's dilemma: Mike Trout is MLB's ultimate all-star, and yet he is not a star."

- According to the [Washington Post](#) story, Trout scored a 22 in Q Scores' awareness category (Q Scores measure the marketability of athletes and celebrities), which means just one in five Americans know who he is. By comparison, per Q Scores' research, a comparable NBA player was Brooklyn Nets forward Kenneth Faried, who played only 14 minutes per game last season and is no longer even in the NBA (the comparison, however, was highly debated among those in the media).
- Meanwhile, sports fans tuned in to ESPN's docu-series 'The Last Dance' featuring Michael Jordan's last season with the Chicago Bulls in record numbers, drawing a huge audience for each of the six episodes and putting the basketball icon back in the spotlight.
  - According to GumGum Sports, an analytics company that measures the value of brand sponsorships in sports, Jordan's brand partners received an estimated \$1.1 million bump from the logos shown in the fifth episode alone. That episode looked at the creation of the Jordan brand and also featured commercials for Gatorade and McDonald's.
    - As reported by [Adweek](#), Nike received the most value, receiving an estimated \$487,000 worth of brand exposure from the swooshes shown in that episode.
    - Jordan Brand received an estimated \$283,000 in value.
    - Gatorade's exposure resulted in around \$245,000 in estimated value.

## Social Media Following

Social media following has a significant impact on how attractive an individual athlete or entertainer is to brands considering an endorsement campaign. Brands will not only evaluate the number of followers, but also how active the celebrity is on social media, which platforms they use, and the type of content they post.

- According to a [tweet](#) from [MVP Index](#) (a company that measures and evaluates the value of social media), UFC star Daniel Cormier generated over \$550,000 in social media value for his sponsor, Monster Energy, in the last year (Cormier has almost 650,000 followers on Twitter alone).

- Last year, Puma was one of the most-mentioned brands on Instagram, in large part because its products were often featured in posts by celebrities with huge followings on social media.
- Selena Gomez, who last year was the most popular woman on Instagram with 144 million followers, helped Puma with a single post that spurred 7.5 million interactions (via [Mobile Marketer](#)).
- According to sports business branding agency [Opendorse](#), a Ronaldo tweet generates an equivalent advertising value of \$868,604 per post and his tweets are, on average, \$200,000 more valuable than his nearest competitor.
  - Spanish soccer star Andres Iniesta ranked second with an estimated value per Twitter post of \$590,825.
  - Brazilian soccer star Neymar ranked third at \$478,138 per post.
  - LeBron James' posts are worth an estimated \$470,356.
  - India-born cricketer Virat Kohli rounded out the top five most valuable brand ambassadors on Twitter with an estimated value per tweet of \$350,101.
- In 2022, the NFLPA announced a "[Influencer Hot List](#)" in collaboration with a social media brand measurement firm, Zoomph
  - The organizations analyzed player social media data to identify the most influential players heading into the 2022-23 season.
  - Scores were calculated using five weighted metrics; frequency, reach, engagement, fan demographic, and fan attractiveness.
    - According to the [rankings](#), the top five NFL influencers on social media are:
      - Ja'Marr Chase, WR, Cincinnati Bengals
      - Joe Burrow, QB, Cincinnati Bengals
      - Deebo Samuel, WR, San Francisco 49ers
      - Cooper Kupp, WR, Los Angeles Rams
      - Tom Brady, QB, Tampa Bay Buccaneers

## Work ethic and personal values

- 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](#).
- When Tua Tagovailoa was signed to an endorsement deal with Muscle Milk as a NFL rookie, the brand explained why they chose to partner with the former University of Alabama star QB in an interview with [Marketing Daily](#): "The strength he's shown on and off the field really makes him perfect to tell the story of Muscle Milk and what an athlete can do," with the athlete "really embody[ing] the brand and its characteristics."

## Personality traits

### Considerations:

- How articulate is the celebrity?
- Does the performer have celebrity "status" (recognizable)?
- How popular is the celebrity?

Two years ago, ESPN released a [report](#) ranking the world's most famous athletes. They begin by evaluating a list containing 600 of the biggest names in sports, drawn from 68 different countries. ESPN's Sports Analytics Group then ranks them based on a proprietary formula that considers three "fame factors": How frequently each athlete is searched online, how much they earn in endorsements, and how many followers they have on social media.

### Here are the most famous athletes in the world, according to ESPN's latest study:

1. Cristiano Ronaldo
2. LeBron James
3. Lionel Messi
4. Neymar
5. Conor McGregor

To see ESPN's ranking of the "100 most famous athletes in the world", click [here](#).



## Image

Some athletes are more polarizing than others, meaning some are equally loved and loathed by the public.

- For example, in Brazil, Neymar is almost universally loved while many fans around the world dislike him for his trend of faking injuries during soccer matches.
  - During the 2018 World Cup, one of the most well-known athletes in the world was consistently scorned on social media for his antics, even prompting a #NeymarChallenge in which fans would post videos of themselves rolling around on the ground in mock agony.
    - KFC South Africa even posted a commercial poking fun at the practice of faking injuries during the World Cup (the post quickly went viral, racking up over 1 million views in less than a week).
      - Click [here](#) to see the commercial.
    - Click [here](#) to see a player at Wimbledon's take on the challenge during a 2018 doubles match.
- When an athlete or celebrity embodies a number of positive characteristics valued by advertisers, they are likely to find endorsement success.
- 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."<sup>43</sup>
- Shaquille O'Neal has [endorsed](#) more than 50 different products AFTER his NBA career ended, ranging from Gold Bond to Oreos.
  - As of 2020, Shaq's business empire includes 150 car washes, 40 24-hour fitness gyms, 17 Auntie Anne's, a CityPlex12 movie theater in his hometown of Newark, NJ, a Big Chicken restaurant in Las Vegas, a 'Shaquille's' burger place in Los Angeles and one point, 155 Five Guys restaurants (which he has since sold).
  - In addition to his role as an investor in 9 Atlanta-area Papa John's restaurants, the company will [pay](#) him \$8.25 million over the next three years as a brand ambassador.
    - Click [here](#) to learn more about how Shaq amassed his business empire from money.com.
- Peyton Manning [topped](#) the list as the highest earning NFL player from marketing and royalties last year...and he has not played a snap in four years but because he has a number of characteristics that brands look for in brand ambassadors, he continues to ink endorsement deals.

Perceptions of athletes and celebrities can change at any time. Take for example Will Smith, one of the most popular actors in Hollywood. His appeal as a prospective ambassador for most brands was pretty much erased in 2022.

## Market Size and Team Performance

- While most industry professionals agree that the size of the market in which an athlete plays has a much lower impact on endorsement potential than it did a decade ago, some brands still might be hesitant to partner with someone playing for a small market team
  - If a team is winning, they appear in more "prime time" games on television and generate more exposure through social media conversations, boosting the appeal of a product pitch person from that franchise.
  - For example, industry experts speculate the Baltimore Ravens MVP-winning quarterback Lamar Jackson has the potential to become a breakthrough marketing star, but the [Baltimore Sun](#) suggests that "playing in Baltimore's relatively small market has somewhat limited Jackson's exposure, as have the Ravens' rare prime-time appearances on NBC's Sunday Night Football and ESPN's Monday Night Football."
    - In August of 2020, Jackson landed his first major endorsement deal when he signed with Oakley, telling [Yahoo Sports](#) he's been a fan of Oakley products for the majority of his life. "It is the ultimate sign of swagger," Jackson said. "Oakley is the best in the shield and eyewear game and sets the standard – that is what I am all about. The best in the game."
- However, sometimes team performance can supercede the importance of playing in a larger market
  - Aaron Rodgers has played an entire career in Green Bay, earning an estimated [\\$11 million](#) annually in off-field earnings
  - Joe Burrow, the second-year QB of the Cincinnati Bengals, led his team to the Super Bowl in 2022

<sup>43</sup> <http://www.sportsbusinessdaily.com/Journal/Issues/2011/06/20/Marketing-and-Sponsorship/Li-Na.aspx?hl=eisenbud&sc=0>



- Despite playing in the 41st largest U.S. metro-area market, the Bengals' success and Burrow's on-field performance helped to propel his marketability
- In 2021, the NFL scheduled the Bengals for just one primetime game, which was a Thursday night game against the Jacksonville Jaguars. In 2022, the league scheduled the Bengals for five primetime games, including two games showcased on Monday Night Football.
  - Click [here](#) to read "Despite Bengals' Loss, Joe Burrow Could Be The Super Bowl's Biggest Winner" at forbes.com.

## Q Score

Marketers might evaluate a prospective endorsers' "q score" to determine the individual celebrity's marketing potential. According to the company website, the q score "measures the familiarity and appeal of personalities in a variety of categories to determine targeted audience attraction."<sup>44</sup>

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.

- For example, despite winning the NFL MVP and appearing in a Super Bowl, the Atlanta Falcons' quarterback Matt Ryan is still relatively unknown to the general public, based on his N-Score.<sup>45</sup>
  - Ryan has an N-Score of 62 and awareness score of 32, right about the average for NFL football players.
- The Tampa Bay Buccaneers' 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.
- According to [Billboard](#), Nielsen Music's N-Score for Rihanna is 78 — ranking her far higher than the average music celebrity.
- Will Smith won the Oscar for Best Actor at the Oscars in 2022, which often has a positive impact on celebrity image. However, the internet exploded after he slapped Chris Rock on live TV, resulting in a swift at meteoric drop in his Q score.
  - According to Variety, Will Smith was considered one of the top 10 most positively viewed actors prior to the incident. After the Oscars, his positive Q score (the percentage of consumers that consider the athlete or celebrity to be one of their favorite personalities) dropped from 39 to 24, according to measurement metrics from [Variety](#). His negative score more than doubled, from less than 10 to a score of 26.
    - Will Smith's wife, Jada Pinkett Smith, already had a low positivity score, and it dropped even more after the incident, falling from 13 to 6 while the negative score increased from 29 to 44.
    - Chris Rock's public awareness score shot up from 66 to 84 following the incident.

## ENDORSEMENT RISK

Finding the right athlete or celebrity to align with the brand can be very challenging and comes with a certain amount of risk. If the athlete or celebrity says or posts something controversial on social media, the company is at risk because of their association with the individual.

- NASCAR driver Kyle Larson was [dropped](#) by his sponsors, including McDonalds, Credit One Bank and Chevrolet, after using a racial slur during a live-streamed virtual race during the pandemic.
- Two years ago, Dannon and Gatorade, both brands are endorsed by Cam Newton, were forced to distance themselves from the Panthers' quarterback after he told a female reporter "It's funny to hear a female talk about routes. It's funny."
  - According to an ESPN report, Dannon suggested they would "no longer work" with Newton following the disrespectful comment while Gatorade issued a statement that said, "Cam's comments were objectionable and disrespectful to all women and they do not reflect the values of our brand. Gatorade fully supports women who compete in, report on, coach for, or play any role in sport -- on or off the field."<sup>46</sup>

There is also a risk that the contracted athlete or celebrity may find themselves in the tabloids for inappropriate behavior or involvement in some type of scandal. In this case, the sponsorship company or brand will typically attempt to quickly disassociate the company with the individual with the hope of avoiding any negative publicity.

<sup>44</sup> <http://www.qscores.com/performer.asp>

<sup>45</sup> <http://www.nielsen.com/us/en/press-room/2016/nielsen-n-score-now-provides-enhanced-talent-analytics-based-on-fan-affinity.html>

<sup>46</sup> [http://www.espn.com/nfl/story/\\_/id/20924019/cam-newton-loses-sponsor-comment-female-reporter](http://www.espn.com/nfl/story/_/id/20924019/cam-newton-loses-sponsor-comment-female-reporter)

- After being banned for life from cycling for his part in a long running doping scandal that broke in 2013, Lance Armstrong lost nearly all of his endorsements while industry experts suggest he will likely never sign another endorsement deal for the rest of his life.<sup>47</sup>
- 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 TAG Heuer).<sup>48</sup>

When the athlete or celebrity fails to live up to the expectations of the partnership, a sponsor will likely choose to part ways with the individual.

- 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)
- The decision by a number of PGA Golfers to defect from the PGA Tour and join the Saudi-backed LIV Golf tour resulted in lost sponsorships
  - Amstel, KPMG, and Workday all dropped Phil Mickelson as a brand ambassador
  - Royal Bank of Canada cut ties with Dustin Johnson and Graeme McDowell
  - Rocket Mortgage immediately ended its partnership with Bryson DeChambeau
  - U.S. law firm Cozen O'Connor cut ties with Jason Kokrak
  - Mutual of Omaha ended its long-time relationship with Henrik Stenson
  - Lee Westwood was dropped by UPS

## SUCCESSFUL ENDORSEMENT CAMPAIGNS

The most successful campaigns will feature athletes or celebrities who actively promote the product or brand.

### Examples:

- 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).
- In 2019, boxer Andy Ruiz Jr. shocked the world when he beat Anthony Joshua to become the world heavyweight champion, a victory he credited to his affinity for Snickers (his Twitter profile picture pre-fight was the candy bar logo).<sup>49</sup>
- Popular singer/songwriter Ed Sheeran — a self-declared lifelong Heinz Ketchup lover who has the Heinz logo tattooed on his arm — teamed with the brand in 2019 to create limited-edition “Edchup” bottles.
  - In addition to [replacing](#) “Ketchup” with “Edchup,” the label of the bottles featured a Sheeran-inspired emoji, and the limited-edition bottles (available for purchase at [HeinzEdchup.com](#)) were announced on Instagram on National Ketchup Day.
  - The cause marketing campaign raised money for East Anglia's Children's Hospices as well as Rise Against Hunger, according to [Page Six](#).

Consumers must believe the athlete or celebrity uses the product or service otherwise the campaign's credibility risks being undermined. For example, years ago, Tiger Woods was a brand ambassador for Buick before the company cut ties with him after a scandal. However, during the time period where he was prominently featured in the brand's ads, did consumers actually believe an extremely wealthy Tiger Woods actually drove a Buick? Later, Craig Bierley, Buick's director of advertising and promotions, would admit to Ad Week in an interview: *“I'm not sure anyone really believed that Tiger Woods drove a Buick. I think you start to push the limits of credibility.”*<sup>50</sup>

### Additional credibility examples:

- Supermodel Gigi Hadid's McDonald's endorsement was not very well received among her fanbase, drawing [criticism](#) for promoting fast food and questioning whether she actually would eat McDonald's french fries (Hadid famously follows an intense workout regime and strict diet).

<sup>47</sup> <http://www.ausport.gov.au/fulltext/2000/cjsm/v4n2-3/hoecke43.htm>

<sup>48</sup> <http://www.usatoday.com/story/sports/tennis/2016/03/08/nike-tag-heuer-suspend-ties-sharapova/81469616/>

<sup>49</sup> <https://nypost.com/2019/06/04/andy-ruiz-jrs-snickers-dream-deal-moving-closer-to-reality/>

<sup>50</sup> <http://www.adweek.com/news/advertising-branding/get-real-139908>

- Many fans might wonder if LeBron James really does drive a Kia after seeing him promoting the brand in a number of television commercials.
  - According to a news story from [espn.com](https://www.espn.com), it was James who initiated the conversation about driving a Kia, not the other way around as many might suspect (especially considering LeBron's personal collection of cars includes Bentleys worth nearly \$200,000). 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."
    - However, the article also suggests that the deal requires James to show up at Cavaliers games in a Kia, similar to a deal Tiger Woods' had in place with Buick which required that he arrive at events driving the car brand.
  - In 2016, James and Kia continued their partnership and launched a series of commercials that addressed the skepticism.
    - The brand's goal was to convince skeptical fans that James does indeed drive a Kia.
    - Click [here](#) to see a sample of the commercials.
  - Alternatively, there is no question what brand of shoes Giannis Antetokounmpo, LeBron James or Kevin Durant would actually wear because they wear Nike sneakers in games.
  - When PUMA signed Israel Adesanya to an endorsement deal in 2021, the rising MMA star [said](#) "I only work with companies that align with my values and goals and PUMA is an awesome fit." "I express myself when I fight, when I dance and through my style and I've always loved rocking PUMA. I never conform to society's expectations of who I should be – individualism is key. I love that PUMA is all about individuality, daring to stand out, fearlessness and pushing the limits. Exactly my kind of brand and I'm hyped to see the partnership unfold."

Companies invest a lot in celebrities to promote their products so aligning with the right athlete or entertainer is paramount. Today, the highest-paid athletes earn just as much or more from endorsement deals as they do on-the-field.

- Before the 2019 NBA draft, Duke's Zion Williamson was touted as a "can't miss" prospect, resulting in a bidding war between brands like Nike, Jordan Brand, adidas and Puma for his services before he ever stepped on an NBA court.
  - According to sports business reporter Darren Rovell, Zion eventually signed with Jordan Brand for a [reported](#) \$75 million over five years.

According to a Forbes report, the 50 highest-paid athletes earned a combined \$2.97 billion in 2022, which was 8% more than the previous year, also setting an all-time record.

### **The athletes who earned the most from endorsement deals last year, according to the 2022 Forbes [report](#):**

Roger Federer (tennis) - \$90 million

- Compare that to the \$700,000 he earned playing tennis

LeBron James (basketball) - \$80 million

- That is nearly double what LeBron earned playing basketball

Tiger Woods (golf) - \$68 million

- Nearly all of Tiger's income last year came from endorsement deals, he had just \$40,000 in winnings on the PGA Tour

Naomi Osaka (tennis) - \$58 million

- Osaka earned \$1.2 million playing tennis

Serena Williams (tennis) - \$45 million

- Serena's earned just \$300,000 on the court

## **ENDORSEMENT IMPACT ON SALES**

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

- A [study](#) by the Harvard Business School revealed that celebrity endorsements generate a 4 percent increase in sales on average for brands while the [book](#) Contemporary Ideas and Research in Marketing found that 85 percent of consumers

admitted that a celebrity endorsement upped their confidence in a brand, and 15 percent said endorsements affected their purchasing decisions.

- In a [study](#) released by NPD last year, it was revealed that fans of a given celebrity are 50 percent more likely to buy and use the products that celebrity does.
- 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.<sup>51</sup>
- 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.<sup>52</sup>
  - Orders doubled for Callaway Fusion drivers after Phil Mickelson won the 2006 Masters with one.<sup>53</sup>
- Given the incredible sales success of his branded grills, George Foreman now sorts through as many as 20 endorsement offers per week.<sup>54</sup>
- 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 last year's release of her 'Creeper' and 'Eskiva' shoe lines.
- 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.<sup>55</sup>
- 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.<sup>56</sup>
- 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.<sup>57</sup>
- 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.
- According to [footwearnews.com](#), New Balance sold out their initial inventory of Kawhi Leonard's OMN1S basketball sneakers in less than a minute, despite having an unannounced release date.
- McDonald's Travis Scott "celebrity meal" was so popular that it caused [shortages](#) in Quarter Pounders, disrupting the brand's supply chain

## UNIT 8: KEY TERMS DEFINED

**Ambush Marketing:** Occurs when one brand pays to become an official sponsor of an event and another competing brands attempt to connect itself with the same event, without paying direct sponsorship fees.

**Cause Marketing:** Refers to marketing efforts that tie an organization with a charitable cause.

**Endorsement:** A partnership between an athlete or entertainer and a company in which the athlete or entertainer receives compensation in return for allowing the company to use his or her likeness to promote company goods and services.

**Gross Impression:** Refers to the frequency in which a company product or service is associated with the event or entertainer.

**Sponsorship:** A form of marketing in which companies attach their name, brand, or logo to an event for the purpose of achieving future profits.

51 <http://www.ausport.gov.au/fulltext/2000/cjsm/v4n2-3/hoecke43.htm>

52 <http://www.pga.com/news/industry/businessinsider/bizinsider070605.cfm>

53 [http://espn.go.com/espn/story/\\_/id/7882836/tk](http://espn.go.com/espn/story/_/id/7882836/tk)

54 [http://www.businessweek.com/magazine/content/04\\_51/b3913093.htm](http://www.businessweek.com/magazine/content/04_51/b3913093.htm)

55 <http://www.cbssports.com/general/story/9552307/2>

56 [http://adage.com/entertainment-artist2010/article?article\\_id=143996](http://adage.com/entertainment-artist2010/article?article_id=143996)

57 [http://www.nytimes.com/2016/04/05/fashion/sports-athletes-marketing.html?\\_r=0](http://www.nytimes.com/2016/04/05/fashion/sports-athletes-marketing.html?_r=0)