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ATHLETES AS ENDORSERS - SPORTS STARS PLAYING IN THE FIELD OF
ADVERTISING

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Abstract

This thesis studies the celebrity endorsement model and specially athletes as endorsers. What drives the companies to use athletes as spokesperson and how do they cope with risks involved in it? As recently news have been filled with scandals involving athletes with multimillion endorsement deals how could have these been avoided and what are the effects on endorsing companies? Main focus of the study is to investigate what kind of methods marketers use to ensure a successful endorsement campaign? Secondary focus was on researching what kind of risks companies face when cooperating with a star athlete? This thesis uses secondary data as its main source of information. Conducted research show that even though use of athletes as endorsers can be very risky, it can also lead to success. In celebrity endorsement only certainty is uncertainty. It was also discovered that marketers often value extremely different attributes when selecting a female endorser than they do with male endorsers.

Keywords: Marketing Communications, Celebrity endorsement
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Abstrakti

Tämä opinnäytetyö tutkii julkisuuden henkilöiden käyttöä mainonnassa, keskittyen etenkin urheilijoihin. Mikä ajaa yritykset käyttämään urheilijoita yritysten keulakuvina ja mitä riskejä tähän sisältyy? Viime aikoina median on täyttänyt uutiset miljoonia mainossopimuksilla ansaitsevien urheilijoiden osallisuudesta erinäisiin skandaaleihin, kuinka tämä olisi voitu välttää ja mitkä ovat sen vaikutukset mainostaviin yrityksiin? Pääpaino tutkimuksessa oli selvittää millaisin keinoin markkinoijat käyttävät taatakseen kampanjan onnistumisen? Toissijainen tavoite oli selvittää millaisia riskejä urheilijoihin panostamiseen sisältyy? Päätidonlähteenä on käytetty alan kirjallisuutta ja internet artikkelia. Tutkimuksessa selvisi että vaikka urheilijoiden käytössä mainostajina on omat riskinsä, onnistuneena se voi johtaa hyviinkin tuloksiin. Tutkimuksessa selvisi myös että useimmiten hyvinkin eri arvot painavat vaakakupissa valittaessa naisurheilijoita yritysten mainostajiksi.

Avainsanat: Markkinointiviestintä, Julkisuudenhenkilöt mainostajina

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1. Introduction

Athletes work in all areas of business world, some promote products in advertising others help to create them. Celebrity endorsement has grown as trend continuously over the years. Recent changes in the economic situation have slowed down the progress a bit, but still super star athletes are making multimillion contracts with various companies. This topic was chosen as it gives the possibility to investigate the motives behind investing large sums of money to sometimes unpredictable athletes that may not be successful for a long period of time. At first study will go through basic marketing principals in general then moving on to celebrity endorsement model. It will be followed by a look at how women are used as endorsers. Next the study will discuss about risks involved in celebrity endorsement and methods to prepare against them followed by case study of a successful celebrity endorsement campaign executed by Nike and Michael Jordan. Finally conclusion will sum up the findings made in this study. Main objectives of this study are:

- To investigate why companies use athletes as endorsers.
- To understand how athletes are picked and matched with a product
- To find out how female athletes' role differs from men's.
- What are the risks of using a celebrity athlete as an endorser.

2. Marketing Communications

First it is important to look marketing communications in general. Pickton and Broderick (2005) describe marketing communications as being “all the communication elements of the marketing mix which involve the communications between an organization and its target audiences on all matters that affect marketing performance” (p.4). Marketing in 21st century markets is more crucial than ever before. Product offering has increased in all areas of business, making it harder for companies to differentiate themselves from the competitors. This has increased the demand for effective communication plans for companies. When discussed about marketing often comes to mind concept of marketing mix.

Marketing mix is a set of tools that company uses to generate a response from the potential customers (Pickton and Broderick, 2005). Marketing mix consists of '4Ps' – Product, Price, Promotion and Placement. None of these parts work individually and marketers must dedicate time to ensure that every part in mix is in order. There is no sense of creating a big and expensive promotion campaign for a product if there is not a plan how the product is going to be distributed to customers. Each part of the mix complements the other. Marketing communication is generally connected to promotion part of the mix even if it has an impact on all the elements on it. Having a well designed football boot or an affordable baseball bat is just part of the battle. Getting the public aware of these products and their benefits is where Promotion of the '4Ps' comes along. Promotion covers all the methods a company uses to communicate with its target markets.

Marketing communications mix also known as promotional mix consists of five main tools that are used to pursue company's advertising and marketing objectives (Kotler et al, 2005). These tools are advertising, personal selling, sales promotion, public relations and direct marketing. In the last few decades marketers have started to widen their range to consist more than just one or two promotional tools. Involving various promotional elements in marketing activities is called integrated marketing communications (Belch and Belch, 1998). New agencies have been born and old agencies have either merged with others or evolved to IMC agencies, to fulfil the needs of more demanding market environment.

3. Advertising

Advertising has been going on for thousands of years. Romans promoted the Gladiator events with paintings on the walls, proof politicians campaigning for votes in destroyed city of Pompeii have also been discovered (Kotler et al, 2005). Much has changed since the days of Roman emperors, In 2007 the advertising expenditure in the United States alone almost 280 billion dollars (Purple Motes, 2008). Kotler et al. (2005) define advertising as "any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor". Information about a new product and its features is best delivered to the target market and the potential consumers in it by advertising. Advertising can be

Informative, persuasive or act as a reminder. In informative advertising deliver the message about new product launches, changed prices, special campaigns and all basic information of the product. Persuasive advertising aims to change consumer's attitudes, encourage to brand switching and building brand preferences. Reminding advertisements goal is to bring the brand name back to people minds, helping it to stay there and to convince that the consumer why has made the right choice when selecting a specific brand.

4. Celebrity endorsement model

One of the earliest signs of celebrity endorsement dates back to the end of 19th century when, tonic wine created by French chemist Angelo Mariani was endorsed by no other than the Pope Leo XIII. Pope had awarded the Vatican gold medal to the Vin Mariani and appeared in its advertising poster. Angelo Mariani used the most famous and influential endorsers the world of marketing has ever seen to promote his cocaine based wine. Among these were rulers Queen Victoria, Shah of Persia, Tsar of Russia, President Ulysses Grant, many writers, artists, musicians and even inventor and scientist Tomas Edison (GloboLink, 2009). Since the days of Angelo Mariani use of celebrities in promoting and advertising products has been on a steady rise. Celebrity endorsement was widely used by marketers in the early 20th century. Celebrities were not collecting enormous paychecks from their day jobs and saw an opportunity in endorsement to make some extra money. The main trend in those days was that it did not matter which celebrity promoted which product, as long as they were famous. While consumers have evolved over the years so have marketers. In 2008 celebrity endorsement was used in 14 percent of all the ads in North America, 24 percent in India and in Taiwan the same figure was astonishing 45 percent. While the quantity has gone up, so has the quality. Companies use much more time, effort and funds to ensure that their campaign is successful and benefits the company and the brand. In the early years of celebrity endorsement companies concentrated their endorsement on one or two athletes, whereas in the new millennium it is more common that a brand has team of athlete's as endorsers. This means that more funds need to be invested but it also reduces the risk of endorsement suffering from setbacks in form of a scandal or an injury to the endorser. A great example of this is when Ronaldinho, who was seen

as the best player in the world in the 2006, started to struggle with his game and to appear more in the gossip sections of newspapers rather than in the sport section. He used to be the main mannequin in the Nike's advertising campaigns. Nike reacted to apparent decline on the footballer career and appeal by starting to slowly but surely transfer their campaigns focus on the new rising star Cristiano Ronaldo. Ronaldo had been endorser for Nike already a couple of years but the focus had been mostly in Ronaldinho. Nike has always a back up athlete lined up and ready to carry the torch when the previous starts to fade out.

Amount of money spent on a single athlete multiplied over the past two decades. Nike's endorsement deal with Tiger Woods has been estimated to be worth over \$30 million (Forbes, 2009). What do the companies then get when they invest millions of dollars to athletes? Anita Elberse, a associate professor at Harvard Business School conducted a study where she found out that companies that sales for the companies who implemented a celebrity endorsement strategy rose up to 4 percent in the following six months since the start of the endorsement deal (CNN, 2009). As she writes on an article for the CNN "the study, co-authored with Jeroen Verleun, even showed that the stock market favourably responds to athlete endorsements. On the day such deal is announced, the endorsed firm's stock can be expected to increase nearly a quarter percent" (CNN, 2009).

Companies use celebrity endorsement to enhance their brand image, but it can also be used to build brands. Nike was well known sport shoe and clothing company when it decided to expand its territory on to golf. Public opinion was that its ambitious plan would fail, as golf was seen as an elite sport that differed a lot from the image that Nike had as a brand. By teaming up with the best young player in the sport Tiger Woods, who would become one of the most successful players the sport had ever seen, Nike defied all the odds. Today Nike is one of the biggest brands in golf equipment and clothing market. It had managed to repeat the celebrity endorsement success story that saved the company in the 1980's when it teamed up with Michael Jordan.

Celebrity endorsement can also be used to differentiate a brand from its competitors. By efficiently communicating with celebrity endorsement companies

can ensure the potential customers of the superiority of their product over competitor's equivalent one. Canon selected tennis player Maria Sharapova as their endorser as they saw that the player showed the same qualities as they were trying to communicate in their campaign. Sharapova was seen as someone who combined aggression, precision and sense of style in her playing style and these were seen as the attributes also offered by Canon PowerShot Cameras (CNN, 2009).

4.1 Source characteristics

Kelman's (1961) source characteristics model suggests that there are three factors that define the characteristics of an endorser, source credibility, source attractiveness and source power (Egan, 2007).

4.1.1 Source credibility

Companies use experts that are related to the endorsed products as spokespersons to give credibility to message they are trying to deliver. Consumers are overloaded with different advertisement, which all claim to be better than other. Simple mention that an expert has approved the message can make the difference in consumers mind. This is especially used when promoting medicines and hygiene products. For example Spry chewing gum has printed in their packages "Non-GMO Gluten Free Dentist Recommended". This assures people that the message that Xylitol chewing gum may reduce the risk of tooth decay is authentic and backed up by professionals. Because people see dentist and doctors, who have sworn Hippocratic Oath, as credible endorsers that would not promote a product that did not work. Endorsers can be credible also in other ways. Some companies have used their executive officers as endorsers. Using a company CEO is believed to give a great impression of company's commitment to the quality of their product (Belch and Belch, 1998). It is hard to believe that a company president would put his neck on line for a product that might not be able to deliver the benefits that it is promising to the consumer. Athletes are the excellent promoters for sports equipment. Who would know more about football shoes than a professional footballer, who uses them everyday in his job or a

sprinter about running shoes? Margins between the top sprinters is very small, winning is often decided by hundredths of a second. Consumers believe that if the star athlete relies on a certain shoe to give him/her that small edge over an opponent it must have something to it. Persuading consumers with experts or people with experience of the product is not always effective. Credible source needs also to be trustworthy in consumers mind. Advertisement that presents everyday people giving their experiences of the advertised product is often seen as untrustworthy. People in the advertisement are believed to say the positive things about the product only because they are paid to do it. Athletes who receive millions of dollars from endorsement deals face the same doubt.

4.1.2 Source attractiveness

Similarity, familiarity and likeability are parts of source attractiveness. According to Belch and Belch (1998), source attractiveness aims to persuade people through process of identification, where receiver shares similar beliefs, attitudes, preferences or behaviour with the communicator. Consumers' loyalty sometimes lies rather with the endorser than the actual product, thus if the endorser switches to an alternate product consumer might follow. Similarity is used to make people feel more in touch with the product or the company producing it. This can be achieved by using local "average Joe" as a spokesperson or even a celebrity. It is important that consumers can relate to the endorser. In a advertisement featuring an athlete there is often a reference to persons' background or some past event in the his/hers life that brings the endorser closer to the average consumer. Belch and Belch (1998) point out that:

Getting the consumer to think, 'I can see myself in that situation', can help establish a bond of similarity between the communicator and the receiver, increasing the source's level of persuasiveness (p.173).

For achieving likeability marketers often use celebrities as spokesperson. Celebrities are idolized and looked up to. People tend to dream of being a high status athlete or actor themselves and sometimes seek this feeling through products that the stars advertise. Sprite had a parody advertisement about people reaction towards celebrity endorsement. In the commercial NBA basketball star Grant Hill drinks Sprite and then makes a huge slam dunk on a basketball court. A

teenager witnesses the episode from behind the fence. He then drinks Sprite and tries to imitate the dunk he saw Hill execute. The teenager ends up falling on his behind and a voice announces “if you want to make it to the NBA...practice”. The advertisement shows how people sometimes mix up fantasy and reality, that only drinking Sprite is not enough to make you a good basketball player. This is what the marketers are aiming for, affecting the consumer through their admiration towards celebrities. Sprite’s strategy was to attract the consumer’s interest with a celebrity but ensuring in the same time their product is the leading star in the advertisement. Likeability can also be achieved without celebrities. Even using an unknown spokesperson can create positive response from the receiver. Most common way is to use physically attractive people in the advertisement. Beauty is used especially when promoting fashion and cosmetic goods. Beautiful woman promoting a make up line is bound to receive a better reception from the audience than less attractive endorser. On the other hand an average woman might feel intimidated to purchase a dress advertised by a well figured model if she is not near the same size. This has been acknowledged by some companies as they are directing their advertising more to medium or large sized women as they represent the majority of the population. This way the consumer’s can relate more to the spokespersons and find themselves more attracted to the advertised product as they can imagine themselves wearing it.

4.1.3 Source power

Third part in Kelman’s (1961) source characteristics model is source power. By source power Kelman (1961), refers to power the communicator has over the receivers’ attitude on the issue or product. Belch and Belch (1998) argue that “a source has power when he or she can actually administer rewards and punishments to the receiver”. For example advertisements for TV Licence usually use a person with authority or back up their message with authorisation from the government when they inform the people of the ongoing inspections in the community. They warn the people of what can happen if they haven’t paid their TV Licence. A rapidly growing trend is the use of celebrities as spokespersons for advertisements about ecological issues. Celebrities are seen as opinion leaders

and therefore possess a power of affecting people's attitudes towards global warming, cutting down rain forests, starvation and other important topics.

5. Choosing an endorser

Athletes from all areas of sport have conquered the advertisement world in past few decades. When companies choose the endorsers that they will use to promote their products they have a wider range of selection than before. An athlete endorsing a equipment from his sport discipline is thought to obvious, but athletes promote all kinds of products, from jewellery to breakfast cereal. Challenge that marketers face is to match up the right product with right celebrity. In every sport there are super star athletes that people instantly connect to the particular sport. Majority of consumers immediately can connect golf with Tiger Woods, Kobe Bryant with basketball and David Beckham with football. Each of these athletes also have a certain image that is formed by their background, publicity and connection to the products that they endorse. David Beckham is not seen just as an exceptional football player but also as a trend setter. Tiger Woods' image as chaste and good mannered athlete drives partly from his sport, golf, that is seen as an gentleman's sport and partly from how he represents himself in the public. It is understandable that most of the companies can not either get or can not afford the biggest stars. Some recoup this with choosing one or more less expensive and bright stars. Sometimes marketers hit a goldmine like Reebok did when they managed to sign Chinese basketball player Yao Ming. The sports brand managed to get Ming's signature after he had already played one season in the NBA. Many companies had passed on the opportunity sign the Chinese phenomenon when he was drafted to the NBA. Suspicions were that the culture shock would shock the player and ruin his chances in the NBA, agreeing with this Nike signed Ming only to one year contract. Reebok saw the possibilities that Yao Ming could offer to the company. Internet article for China Daily estimates that there is close to 200 million people in China who play basketball and "is a hero to a 200 million people more in nations that made up the Asian Basketball Confederation" (China Daily, 2003). Chinese sneaker market has been dominated many years by Nike and Adidas. Capture of Ming gave Reebok the ability strengthen their foothold not vastly growing market. According to Boston Globe (2008) China will surpass

Japan by 2012 and become the second-largest retail market in the world and Reebok has the most popular athlete of that market.

6. Female athlete endorsers

Female sports have grown its popularity in past two decades. Women have their own professional leagues in many sports most notably in WNBA in Basketball. This has increased the amount of female athlete endorsers as well. In the 1980's majority of women endorsers came from individual sport disciplines, but in the following decade athletes from team sports also started gain more popularity. First ever women's professional basketball league that was founded 1996 and success of United States women's football team in 1996 Olympic Games and 1999 Women's World Cup, both in their home soil, had a huge effect on women's sports position in the endorsement business. Studies (Hillard, 1996) have shown that women make 80% of purchase decisions in a household. This combined with the fast growing amount of women participating in all kinds of sports and fitness programmes, has driven companies to target their advertising campaigns more towards the women consumers. The type of female endorsers has evolved through the years. In the past a woman athlete had to be the best in her sport or at least near the top, at the time attractiveness was not an issue. Martina Navratilova did not have to spend valuable training time modelling in various fashion photo shoots. Since the boom of female athlete endorsers began in the early 1990's physical attractiveness has sometimes passed athletic contributions when endorsement deals have been handed. Maybe the best example is tennis player Anna Kournikova. Kournikova jumped to stardom few years before the new millennium. She was thought to be one of the most promising young players in tennis, a potential Grand Slam winner. From the very start of her career, success on the tennis court was overshadowed by her looks. When Anna Kournikova made it to the top 100 on the WTA ranking list, which lists the top female tennis players according their performances on the WTA tour tournaments, marketers were all over her. She was only 15 years old when she made it to the fourth round in the US Open, one of the four Grand Slam events of the year. The player who was seen as the future of women's tennis for years to come started signing lucrative endorsement deals. From perfume companies to tennis racket manufacturers,

everybody seemed to want a piece of her. Even her yearly earnings sky rocketed her playing efforts on the tennis court did not match the huge expectations laid on her. For endorsing companies this did not matter, Anna Kournikova's name was recognised all over the world even among those who could not care less about tennis. Actually during the first years of new millennium Anna Kournikova was women's tennis. Publicity was not all positive, several women's rights organisations expressed their concern on the direction the sport was evolving. Caryl Rivers (2002) said in an article for Women's E-News "are we in danger of seeing female athletes with first-rate bodies and faces but second-rate skills being manufactured as money making endorsement machines?" She argued that usually marketers sell sex and success but Kournikova sells sex and failure, referring to the players' inability to win any major tournament (Womens E-News, 2002). Kournikova made millions of dollars in endorsement deals for many years even the only award she had won after 1999 WTA doubles team of the year was a selection as ESPN Hottest female Athlete in 2002. Is the legacy that she has left the questionable honour of having a Texas Hold'em poker hand named after her? A hand where player holds an ace and a king is known as "anna kournikova", because although it looks really good it rarely produces results (Holdem Shirts homepage). Anna Kournikova in many ways revolutionised the way female athletes were presented. She was the first sport star to appear primarily on gossip tabloids and fashion news than in sports magazines and news.

7. Risks in athlete endorsement

Big investments come with big risks, celebrity endorsement is no different. There are many ways that endorsing deal can wrong and companies invest large sums of money ensure this does not happen. In the 21st century athletes are no longer only athletes. Media does not just focus on the athlete's performances in competitions. What an athlete does on his/hers spare time is as big, if not even bigger news as his or hers achievements in competitions. Celebrities are human just like everyone else and make mistakes every now and then. By being idols, especially to children, athletes are expected to behave in a wholesome manner. This is also what big companies expect from their endorsers as they spend millions of dollars on them.

7.1 Scandals

Number of scandals involving a celebrity athlete has increased dramatically in past two decades. Big reason for this is that athlete's actions outside their profession have become more and more popular. Most recently most of the scandals have been about athletes committing adultery. John Terry, who was named "Dad of the year 2009", was caught having an affair with his England national team comrade Wayne Bridge's ex-wife. News of the incident filled the pages of newspapers all over the world. Terry has not had many major endorsement deals over his career, even though he has been England's captain for many years. Sports brand Umbro, which is now owned by Nike, has not commented yet on its £4 million endorsement deal with Terry. Umbro also sponsors England's national team, team that is very likely to include John Terry in 2010 FIFA World Cup. Withdrawing its support from Terry but continuing to endorse England would create a controversy which could be more harmful for the brand than staying with Terry. Athletes from team sports in one way have a bigger responsibility than those in individual sports. Their actions affect on the whole team and to a greater number of endorsers. For example in the John Terry case, Samsung who recently continued its deal with Terry's club side Chelsea suffered for the scandal even though they did not have an endorsing deal with Terry itself. Company quickly reacted to the scandal by dropping Terry's image from its advertisements (Sport & Health, 2010). While England national team's main sponsor Nationwide rushed to inform that they sponsor the team not individuals (Sport & Health, 2010). Marketing managers in Nationwide and Samsung got even a bigger headache after just couple weeks after "Terry scandal" gossip tabloids were writing about another Chelsea and England team players affairs. This time Ashley Cole was caught cheating his wife famous singer Cheryl Cole. Potential divorce of one of the most famous couples in England left a doubt over on how much Chelsea's and England national team's sponsors were willing to take.

Amount of money involved in the English football scandals was not nothing compared on the Tiger Woods scandal that occurred earlier in the winter. Professional golfer Tiger Woods was the poster boy of celebrity endorsement for

over a decade. Woods has been world's highest paid athlete for eight years straight. Business magazine Forbes estimated that Woods earned over \$110 million in 2009 (Forbes, 2009). It is two and a half times more than his closest rival on that list. Incomes from achievements in competitions dropped \$5 million dollars due to an injury and General Motors had to terminate the \$8 million endorsement deal because of company's financial problems. Even with these setbacks Tiger's income only decreased by \$5 million dollars. Tiger had been kept as the perfect athlete endorser, during his 15 years in professional golf he had not been linked to any kinds of scandals. In the fall of 2009 his empire started to crumble as tabloids had found out about a bunch of affairs he has had outside his marriage. Story exploded in to the media all over the world when Woods crashed his car outside his Florida home in the early hours of November 27th, 2010. Quickly it came apparent that this was not just about a car crash. Media found out that a fight with his wife Elin Nordegren preceded the crash. Dozens of women started to claim in the media that they have had an affair with the famous golfer. After few weeks the main focus in the scandal shifted from what had happened to what will happen. Speculations over what would happen to Woods' endorsement deals became the main topic of discussion. Consulting company Accenture was the first one to leave the heavily leaking ship. They had tied their whole corporate image around Tiger Woods, as president of the consulting firm SportCorp Marc Ganis described "to them Tiger represented competitiveness, the ability to judge things well and the ability to act appropriately" (time.com, 2009). Next one to go was mobile phone service company AT&T. Company's collaboration with Woods was best known from its company logo printed in Tiger's golf bag and for golf event, AT&T National, which Woods was the host for. AT&T informed that it would continue to sponsor the event but that Mr. Woods would no-longer host the event (MediaPost, 2010). Energy drink Gatorade was the third major brand to abandon Tiger Woods. Gatorade which is owned by refreshment giant PepsiCo. had already discontinued its Tiger Woods-brand drinks in November, just before the news about the athletes adultery broke out (The Huffington Post, 2010). They gave a press release in late February 2010, informing that they have terminated their contract with the golfer. Gatorade's spokeswoman described the reason for the decision by saying "We no longer see role for Tiger in our marketing efforts and have ended our relationship" (The Huffington Post, 2010). Not all companies abandoned the golfer. Gillette and

Tag Heuer announced that they would continue to work with Tiger Woods but would substantially reduce advertisements including Tiger's image. Woods' greatest individual sponsor Nike raced quickly to announce that it would stand by with their star athlete. It is estimated that Nike's endorsement deal with Tiger Woods is worth approximately \$30 million. Tiger Woods is a synonym for Nike Golf. Story between Nike and Tiger Woods has a lot of similarities with the company's other endorsement success story, the Michael Jordan deal. Nike's golf products did not gather too much attention on the courses and it did not have big share of the market. Everything has changed since a young African American golfer entered the PGA TOUR in 1996. Just like Michael Jordan, Tiger Woods became the greatest player in the sport. More Woods won, the more Nike gathered market share. Nike went through some scandals with Jordan and came out of them even stronger, hence it seemed logical that they would not terminate their endorsing relationship with Tiger Woods. Nike even made a great publicity move when company's chairman Phil Knight told the media that they would stick by him. This showed the public that the whole company was behind the decision. In an interview for Street & Smith's SportsBusiness Journal Knight told that before signing the company had done all the research to ensure that Tiger Woods was the right move (Reuters, 2009). Two economic researchers from the University of California have estimated that shareholders of companies endorsing Tiger Woods had lost \$5-12 billion in the month following the scandal (Reuters, 2009). This shows just how big of a risk companies take when they invest millions of dollars on star athletes.

7.2 Age factor

Today's star athletes are younger than ever before. Superstars such as swimmer Michael Phelps, footballer Wayne Rooney, Ice Hockey player Sidney Crosby and tennis player Rafael Nadal are one of the biggest names in their respective disciplines but are all under 25 years old. These are just few examples of athletes that have earned millions in a very young age. Most of the young stars can cope with the rapid rise to stardom but not all. Sport world is filled with stories where young superstar athlete has gotten too much too soon. Finnish Ski Jumper Toni Nieminen won two Olympic gold medals at the age of sixteen. His career had

plummeted before he turned 20. Ice Hockey player Dany Heatley was involved in a car accident with his new Ferrari which led to the death of his teammate Dan Snyder. Heatley was 22 at the time of the accident. Swimmer Michael Phelps at the age of 23 has won more gold medals in Olympic Games than any other athlete. Soon after he broke the record for most gold medals in single Olympics, he was caught smoking cannabis in a student party. When companies chase the signatures of younger and younger athletes, the risk also increases. Big deals also come with big expectations, and young athletes sometimes can not deal with them. It takes a lot of work from people around the athlete to ensure that the athlete's feet stay on the ground and the focus stays on the sport courts and not on the night clubs and the social scene.

7.3 Doping

Cheating and doping have been around as long as there have been competitive sports. Even in ancient Greece athletes are believed to use performance enhancing medicines. In modern day sports International Amateur Athletic Federation (IAAF) was the first one to define and ban the use of certain performance enhancing drugs in 1928 (fifa.com, 2010). Even there were now rules against doping, testing was almost non-existent in the first half of the 20th century due to the fact that there were not any reliable testing methods developed. In the 1960's testing increased and first scandals appeared. Knud Enemark Jensen was the first victim of doping, he died at the 1960 Olympic Games in Rome. The autopsy of the Danish cyclist revealed later traces of amphetamine (Helium, 2010). 1970's and 1980's were the golden time of doping. Athletes' performances from the communist countries of Europe were raising suspicion of systematic doping use. Especially East German athletes who doubled the amount of gold medals won in Olympic Games from 20 to 40 in just four years. Magnitude of the systematic doping programme that was organised by the governments did not come to light until the falling of the Berlin Wall and the Iron Curtain in the end 1980's. Some of the athletes knew about what was going on, others just thought they were taking vitamins. Revelations from the athletes later on have revealed that some of them started to receive injection already in the age of 13 (CBC, 2003).

Marketing managers today check the backgrounds of all the potential athletes for any signs of doping or cheating. This still does not take away the risk that comes when athlete is used as an endorser. Ben Johnson's name was on everybody's lips when he shattered the 100m dash world record in 1988 Seoul Olympic Games. He was earning approximately \$5 million in endorsement deals per year (New York Times, 1989). Reputation of the companies supporting Johnson crumbled down when he was caught of using anabolic steroids just two days after the miracle run. For example Finnish dairy company Valio had made Ben Johnson its main spokesperson for the "Milk Energy" campaign, which main message was "all you need to succeed is milk". While testing methods for screening out performance enhancing drugs has evolved so has the development of new ways to cheat. Systematic doping use is still around in 21st century. Biggest doping scandal of the new millennium did not come from the eastern side of the iron curtain but from United States most successful country in Olympic history. Several athletes from different sport disciplines were linked to Bay Area Laboratory Cooperative also known as Balco. Balco, the manufacturer of nutritional supplements was found guilty of producing and distributing THG, new undetectable steroid, to number of American star athletes. Sports footwear and clothing giant Nike took a big hit in the "Balco scandal", among the accused were many athletes endorsed by Nike. Unlike with Michael Jordan and Tiger Woods scandal where the athletes were forgiven by Nike after their indecent behaviour, Nike showed no mercy to the athletes caught of doping use. Justin Gatlin an Olympic gold medallist in the 100m dash in the 2004 summer Olympics was one of the main spokesperson for Nike's running campaign. Nike terminated its contract with Gatlin just three weeks after the athlete had tested positive for THG, as it did with all the other athletes involved in the scandal.

7.4 Injuries

There are also other risks that marketing manager's face when choosing an athlete as an endorser. Athlete getting injured is something no sports fan wants to see, neither does the marketing manager of the company that is endorsing him or her. In the Beijing 2008 Olympic Games a poster boy for Chinese athletes was

hurdler Liu Xiang. When he dropped out of the Olympics due to an injury many wondered what would happen to all the advertisements starring Liu Xiang that covered Beijing's streets and the international media. Nike, Coca Cola and Visa were among the companies that had built their campaigns around the Chinese star athlete. As Zou Marketing's managing director Terry Rhoads described the magnitude of Liu Xiang's appeal "He represents the dreams of all the Chinese. He is one of those once-in-a-lifetime athletes" (New York Times, 2008). 110 hurdles final was one of the most anticipated events of the games and it is believed that many companies had already prepared advertisements of Liu Xiang celebrating the gold medal in his home soil. Even though Liu could not compete in the games most of the big companies assured the media that they would not abandon the athlete from their campaigns. The day after the injury Nike's spokesperson Derek Kent informed "our advertising will continue as planned. Liu Xiang is an inspiration to the country. So he will continue to be featured on all our platforms" (New York Times, 2008). Other companies followed with similar statements. Especially in Olympic Games global brands do not invest their money on just one athlete. Most companies create a stable of athletes and in this way try to ensure that at least some of their endorsers succeed in the competitions. This is also a way to prepare for setbacks for example caused by injuries. Zheng Suhui, who works at brand institute at the Communication University of China pointed out that it might be even harmful for companies to sideline Liu Xiang from advertisement campaign as the public sees him as a hero who sacrificed himself for the nation and thus feel sympathy for the athlete (New York Times, 2008). By standing by the athlete through rough times endorsing companies can turn the unfortunate injury to their advantage. More recent injury story that also gives many marketing managers sleepless nights happened when England's and probably world's best known football player David Beckham injured his Achilles tendon just couple months before 2010 FIFA World Cup. David Beckham who has lucrative endorsement deals with companies such as Adidas, Vodafone, Pepsi, Gillette and Armani would have been one of the most followed players in the tournament and a lot of advertising has surely been planned accordingly. For some companies the injury only means a minor setback. For example Adidas sponsors a lot of other star players that are still fit to play in the tournament. Adidas will simply focus its advertising more on Lionel Messi who was named FIFA World player of the year

2009 and other players on their endorsement roster. For companies who had concentrated their marketing efforts solely on Beckham in the coming World Cup, situation is a lot more difficult. Marketing departments in these companies have to decide if they will still advertise with Beckham, find another endorser or terminate the campaign planned for the tournament. Star status of David Beckham and his appeal around the world is in such measures that it would not be any wonder if there would be a lot of advertising campaigns running during the FIFA World Cup with David Beckham in them even he would not play a single minute in the tournament.

7.5 Preparing for the Risks

When planning to use celebrity endorsement it is tempting to hire the brightest star available at the moment, but there never should be that big of a rush that all the possible risks of the plan would not be addressed (Deep Alliance Marketing, 2010). Companies will surely push for more clauses that will enable them to back out of the contract with an endorsed athlete after the Tiger Woods scandal. These kinds of clauses are made so that the financial losses and damages to brand image could be minimized. If the Tiger Woods episode has taught anything to marketers, it is that no matter how well have you done your research about the backgrounds and how reliable the athlete appears to be, anything can happen. Companies should constantly prepare for the worst case scenario and have an up to date escape plan considered. Big brands that have many endorsers are in a better situation as they can easily shift the promotion focus on another athlete. This is why the escape plans importance is greater when company has placed its eggs all in one basket. One way to prepare for the risks is to take insurances to protect their investments. Insurances covering the death of an injury to the endorser have been around almost as long has there been athlete endorsement. New trend is on companies trying to insure themselves against athlete scandals. Dan Trueman from the enterprise risk department at R J Klin & Company said in a article in New York Times that his company has seen an eightfold increase in inquiries for this kind of insurances between September and December of 2009 (New York Times, 2010). Athletes have had the upper hand in the contracts as many of the morale clauses included in them have required the athlete to be

convicted of a felony. Since having an affair outside ones marriage is not a crime, endorsing companies have found their hands tied. This will surely change since the incidents that have stirred the world of sports in past winter. Even if the company could get itself out of the contract with the athlete, it will still suffer financial losses. These newly designed insurances can cover the money paid to the athletes, money spent to execute the campaigns and even the money needed to hire a replacement endorser.

8. Miracle of Air Jordan

Rarely has a celebrity endorsement deal had a bigger effect on a company's success or even on its survival as did the deal between Nike and Michael Jordan. In the early 80's Nike was on a steady decline, it had gain some success in previous years with its running shoes but the hype had start to worn out. 1984 Nike took a risk that would shoot them on their way to being worlds leading sports brand. Company would bet all of its chips on one hand, a young basketball player who at the time had not played a single game in National Basketball Association, NBA. Jordan was not even the first player to be picked in 1984 NBA draft, future hall of famer Hakeem Olajuwon and Sam Bowie who failed to gain any notable success during his career were picked before him. Olajuwon was from Nigeria and there for was not going to be the one to win the American consumers hearts. Sam Bowie who had already appeared in cover of Americas most famous sport publication Sports Illustrated was picked second in the draft. Nike did not go with Bowie, instead they approached University of North Carolina's young basketball phenomenon Michael Jordan picked third in the draft by Chicago Bulls. Jordan already had made endorsement deals with other brands and when Nike offered him the deal he showed no interest to sign with the company. Jordan preferred Converse and Adidas over Nike, especially Converse as it was endorsed by his University coach, Dean Smith (Sneakerhead homepage). But Converse already had its spokespersons, Larry Bird and Magic Johnson two of maybe the biggest names in basketball in that time. The Company did not have need or the will to invest big money on a player who despite a great college career might not even make it to superstardom. Adidas were not interested in investing to Jordan at all. Company's founder's Adi Dassler's wife Kathe Dassler who had been

leading the company with his son since his husband had died had also passed a way that year. It has been speculated that this was the main reason that Adidas was not willing to make any drastic moves during the mourning of the “Mother” of the company (Sneakerhead homepage). Biggest rivals lack of interest was a strike of luck for Nike, who now could make its move on Jordan. Jordan’s father James and his agent David Falk were able convince reluctant Michael to meet with Nike’s representatives. At the Nike’s headquarters in Portland, company demonstrated to Jordan what they had in stored for his future. They showed a video presentation and head designer Peter Moore displayed his sketches for AJ1 collection, which included basketball shoes, jumpsuits and sports apparel. In 1980’s the main trend for sneakers was all white look and clothing was more or less dominated with bright neon colours. Nike had chosen a totally different approach with the AJ1 collection, as both shoes and clothing were all black and red. This did not impress Jordan, who is reported to have said, “I can’t wear that shoe, those are the devils colours!” (The free library, 2009). With no proper interest from Converse or Adidas and with the persuasion of Jordan’s parents and agent, he nonetheless agreed to sign with Nike. The 5 year \$2.5 million deal between Nike and Michael Jordan would change everything in celebrity endorsement, basketball and athletic shoe business forever.

Air Jordan 1, first shoe model marketed with Jordan was an immediate success. Black and red colour scheme that Jordan was not too keen of caught the eyes of consumers and basketball viewers. Shoe even got so much attention that NBA saw that it distracted viewers and individualised the game. The league even issued a ban for the shoe. For Nike this was just free promotion for the shoe, it only increased the brands popularity among the consumers. Jordan was fined with \$5000 every time he wore the shoe. Unfortunately for NBA Nike was willing to pay the fines so Michael Jordan could continue to play with Air Jordan’s. Jordan played magnificently from the first game on and was selected to play in the leagues All Star Game and at end of the season was voted as Rookie of the Year. As headlined in the cover of Sports Illustrated after only a month in to his professional career “A Star is Born”. This was also true in the athletic shoe market, Nike Air Jordan 1 was the brightest star and it paved the way for other Nike product lines. When it was time to design the third model of Air Jordan’s, Michael expressed his

unhappiness. Air Jordan II had not done so well and the head designers of the shoes Peter Moore and Rob Strasser had left Nike and were now establishing their own brand. Keen on keeping its brightest star happy Nike and the new designer Tinker Hatfield included Michael much more significantly in the creation process of Air Jordan III. This was not very common in those days, when engineers and designers did not consult the athletes nearly as much if even at all as they do in today's production of sport equipments. The retail price of Air Jordan II had been reasonably high compared to the fact that it did not offer anything revolutionary for the consumer. For the third model Hatfield and Jordan, who had been convinced to stay with Nike by his father and Hatfield visions, designed a totally new kind of basketball shoe. It was a three-quarter cut shoe made from materials that were lighter and higher quality than used before by any brand. It also included new brand logo that replaced the old "basketball with wings" logo. New "Jumpman" logo pictured the Jordan flying through the air with his legs spread reaching with the ball towards the basket. Logo was created on the base of one of the most known sport photographs ever taken, Michael Jordan flying from the free throw line towards the basket during the 1986-1987 Slam Dunk championship. The improved product features and the new image boosted the sales of AJ3's to sky high. The success of the new model convinced leaders of the company and Jordan that Tinker Hatfield should be the designer of all Air Jordans in the future. Michael Jordan career was on a steady rise as was Nike. Both the company and the endorser had the same goal to be the best in the business. Jordan was breaking records in the basketball court and Nike breaking sales records. In 1990 it finally made it to the top, Nike was now the biggest sports and fitness company in the world and it surpassed \$2 billion in consolidated revenue (Nikebiz, 2009). One year later it was Jordan's turn as he led the Chicago Bulls to their first NBA championship title. Nike continued increasing its revenue and Jordan kept on winning championships with the Bulls. The pair faced its first major obstacle in 1993 when Michael Jordan retired for the first time from professional basketball. New edition of Air Jordan were still introduced annually and the sales were solid. When Jordan returned to the game few years later, Nike introduced a retro model of the Air Jordan I model celebrating the 10th anniversary of the AJ shoe line and the return of their biggest spokesperson. In 1997 Nike made a drastic move as it separated Air Jordan to its own entity (Seattle Times, 2008). It

became Nike's sub-brand, and Swoosh logo and the company name no-longer appeared in the products. Michael Jordan retired for the second time in 1999, even though he would return to the basketball court one more time 1999 was the end of an era. Both Jordan and head designer Tinker Hatfield decided that it was time to pass over the responsibility of the most successful shoe line in Nike's history to new designers. The last model the pair was responsible was Nike Air Jordan XV. Even the "dynamic duo's" withdrawal from the production team and limelight has not hindered the success of the brand. In 2008 the latest edition of legendary shoe model was introduced, it was the 23rd Air Jordan. The AJ XX3 is rumoured to be the last edition of the shoe, as it carries the jersey number Michael Jordan wore for most of his career.

When making the deal back in 1984, neither Nike nor Jordan could not have imagined impact that it would have on the way that sport products are marketed. Air Jordan battled through many challenges including bans, fines, depressions and retirements. Michael Jordan became the biggest sports star since Muhammed Ali and Nike the leading sport equipment and apparel producer. Air Jordan broke the barriers between the social classes. As Sarah Skidmore (Seattle Times, 2008) wrote "people from the streets to the suburbs were wearing a \$100-plus basketball shoes, which was unheard of at the time". In 2009, six years after Jordan third and final retirement there is now sign of decline in the Air Jordan hype. Each new edition is producing convincing sales figures and the oldest models have become collectibles, pair of original Air Jordan 1's can be worth of thousands of dollars (Seattle Times, 2008). It is fair to say that alliance between Nike and Michael Jordan is a success story never seen before and likely never to be seen again.

9. Conclusion

The celebrity endorsement game is a risky business for companies. As this study shows successful celebrity endorsement campaigns can save companies from the verge of destruction, help them to conquer new markets or simply strengthen their position in the existing market. In some industries the use of celebrities has become self-evident. For example there is not many sport equipment or clothing brands that do not use celebrities in their advertising at all.

Using an athlete as an endorser is a great way to communicate positive attributes and images about a company or a product. In today's culture some athletes are treated almost as gods were in ancient times. Athletes private lives are followed as much if not even more than their achievements in their respective sport disciplines. This represents more challenges for the marketers. Sex scandals and indecent behaviour used to be something that was expected from artists and movie stars. But as athletes are earning sometimes even more than star actors and receive more attention outside sports than before number of scandals involving them has also increased. Companies need to invest more time and money into researching the backgrounds and the characters of the potential endorsers. Some companies even choose to use private investigators to found out if their new poster boy has the tendency for trouble. Marketing managers also protect themselves and their companies by acquiring insurances for the endorsement deals. Recent scandals have only increased this trend. Selecting a perfect spokesperson for a certain company or a product is a complicated task. Endorser should communicate the values of the company and boost its image in the eyes of the consumer. It should also enhance the receivers perception of the products attributes and differentiate it from others.

This study also shows that women athletes are used most of the times used very differently than men. Male athletes are chosen according to their athletic achievements, female athletes are chosen most of the times for their attractiveness and sex appeal. It does not seem to matter if a female athlete does not succeed in competitions as long as she looks good. These attitudes drive from the fact that even female sports are gaining more and more popularity the sport fans mainly still consists of men. Compensation that the female athletes receive from endorsing products is also much less than what similar status male athletes receive.

China is the fastest growing economy area in the world right now and this can be seen in celebrity endorsement as well. American and European athletes have generally collected the largest endorsement deals. But as Asian economic area and especially China is developing rapidly companies have started using more

localised athletes. This has spawned new Asian superstar that can compete evenly with their western rivals.

Using athletes as endorsers does provide the company a lot of exposure and most of the times positive image in the minds of consumers. Celebrities are the opinion leaders and trend setters in today society, thus a well planned and executed endorsement strategy can do wonders to both company and the athlete. Just ask Michael Jordan and Nike.

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