WHEN CELEBRITIES GO ROGUE: CONSUMER

PERCEPTIONS OF MISBEHAVING

ATHLETES AS BRAND

ENDORSERS

by

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INTRODUCTION

Throughout history people have been dazzled by the spectacular feats of athletes. Athletic prowess has been admired through the generations, and has survived as one of the most viable forms of entertainment. Few elite faces have fostered legacies that have stood the test of time, aiding in the perpetuation of the fascination among sports enthusiast. Their accomplishments and charismatic nature have deemed them memorable and worthy of emulating by those who aspire to be the next face of professional sports. People have a near obsession with the lives of celebrity icons in general. We live in a world where merely a well-placed photograph of a famous person can single-handedly increase a publication's sales. That alone implies that there is some inherent value in the consumer's perception of the celebrity endorsement. Phil Knight, CEO of Nike said it best: "You can't explain much in sixty seconds, but when you show Michael Jordan, you don't have to" (Foster et. al, 2005, p. 171)

At some point in history, corporate decision-makers began to notice the massive consumer base that sports entertainment was able to generate. Thought leaders in business realized that sports could be a powerful avenue for advertising—that athletes were, indeed, brands themselves that could cooperatively serve as endorsers of another brand. Since consumers evidently loved athletes and the competitions that have, for decades, entertained us, it seemed commonsensical that these athletes could be positioned as the early innovators—the stimulus to create demand, which was critical to business growth. The rationale was that if a company could manage to project everywhere the incorrigible sports fan's urge to ascribe glory to gifted athletes, and if brands could connect their image to them, then the results could be magical. If the general public could

be helped to imagine great athletes possessing the very best intangibles that the human spirit had to offer, then those athletes could become heroes. Superior athletic ability seems to evoke a kind of true greatness that has been obscured over time by the general clutter of contemporary life (Foster et. al, 2005, p. 173). People simply don't concentrate their emotional energy on products in the way that fans abandon themselves to the heroes of their games, but great products that are necessary to great athletes could create customers who are like fans (Foster et. al, 2005, p. 174). Products need to be tethered and stamped approved by something more relatable and compelling. Thus, the origin of what is known as sports marketing and celebrity endorsement, which has become a powerful tactic in the marketing realm.

Many academic critiques have investigated and analyzed the motivations and effectiveness of endorsement relationships. We often expect these "heroes" to not only perform exceptionally well on the field, but to consistently demonstrate a high standard of moral conduct—standards that are often greater than what we expect ourselves to meet. We all know yet sometimes fail to realize that these celebrities are also human, and because of that, effective crisis management of the endorsement relationship is vital. Research is necessary to properly understand the fundamentals of the endorsement process and how marketers select and align endorsers with their brands. Why have people been so notoriously infatuated by these sports/entertainment figures? Does a face really bring customers to the stores? How much does it truly cost, long-term, to strategically link these faces with a brand? It is essential to understand the theoretical foundations that have already been applied to this area of study—the groundwork of Ohanian (1990); the source credibility model (Hovland et. al, 1953); the source attractiveness model

(McGuire, 1985); the match-up hypothesis (Kahle & Homer, 1985), and social identity theory (Tajfel & Turner, 1979) all of which have provided marketers and academic think tanks with a contextual lens to further explore this relationship.

Research Question

Celebrities are now brand identities in their own right. This means that the attitudes, beliefs, and behaviors of sports celebrities represent the core aspects of their individual brands. Thus is it likely that both positive and negative incidents in the professional and personal lives of these people will have an impact on the "marketability" of the celebrity and his or her endorsed entity (Johnson et. al, 2012). Associating a brand with an individual is a relationship that carries an element of risk for the unexpected crisis. "Much is written in marketing and advertising literature about the benefits of celebrity endorsement as a mechanism to: gain emotional commitment; to enhance the audience's attitude towards the promoted product; to break through communication clutter; to contribute to brand name recognition; and to assist in the development of credible brand personalities" (Johnson et. al, 2012, p. 2). However, existing literature lacks detailed exploration into the potential fallouts of celebrity endorsement, and little research has sought to empirically investigate the effects scandals and bad behaviors have on the brand. "The very things that make a sport celebrity attractive as a prospective marketing investment – their high levels of media exposure, the highly emotional adoration of their fans, and their ability to lead a lifestyle of the rich and famous – also considerably increase the risk of a potential scandal that could ignite negative publicity" (Johnson et. al, 2012, p. 2). The behavior of an endorser is unavoidably reflected upon the

brand image, and it is that risk that is often difficult to predict, even harder to quantify, and still more difficult to recover from.

The purpose of this thesis is to depict the implications of the endorsement relationship for both the endorser (athlete) and the brand when countered by negative publicity, whether caused by a sports-related scandal or a non-sports related scandal. Areas of potential investigation include: ***does the consumer reaction to the brand change relative to why the endorser got in trouble?*** If the consumer audience is the focal point and targeting them is the reason for pursuing an endorsement relationship in the first place, then it is safe to assume that they are primary stakeholders—that their reaction to celebrity behavior should coincide with how the brand reacts. For the purpose of this particular study, some assumptions will be made: 1) results for hypothetical scenarios and fictitious athletes will lend transferable insight into real-life scenarios; and 2) fictitious press releases and twitter feeds will sufficiently simulate the public relations realm.

This research will seek to classify categories of behavioral violations (using theoretical foundations from existing literature), and utilize an experiment to gauge perceptions/reactions to those particular violations, in order to determine, from the consumer perspective, whether or not there is any type of violation inherently more damaging to the brand. Those observations will be analyzed to lend suggestions towards improving the crisis management of the endorsement relationship, as well as to determine recommended actions for the brand to pursue in order to more effectively manage the endorser's behavioral mishaps.

The Celebrity Endorser

A synthesis of existing literature on celebrity endorsement begins with the basic fundamentals: who is the celebrity endorser and why are they effective advertising tools? McCracken defines the celebrity endorser as any individual who enjoys public recognition and uses this recognition on behalf of a consumer good by appearing with it in an advertisement (McCracken, 1989). Celebrities can endorse a brand explicitly ("I approve this product"), implicitly ("I use this product"), imperatively ("You should use this product"), and co-presently (merely appearing with the product) (McCracken, 1989). Celebrities are the accumulation of the intangible meanings derived from their performances within their particular fields. Even the most stereotyped celebrity profiles symbolize more than one meaning. They represent prominent examples of class, status, gender roles (masculinity in the case of the male, for example), and even personality and lifestyles.

The reasons why celebrities are chosen over anonymous models/actors in advertising has also been heavily researched. Till and Busler (2000) applied the theory of associative learning to the context of the celebrity endorsement. The theory purports that links and relationships between concepts are based on our experiences with those concepts. Thus by"[repeatedly] pairing the brand and the endorser, the brand and endorser become part of each other's association set" (Till & Busler, 2000, p.3). Social identity also offers a theoretical explanation as to the inherent value added of celebrity/brand pairings, and the apparent infatuation by the general public: it is the supposition that "individuals satisfy a self-definitional role and make sense of the world

by categorizing themselves and others into groups" (Carrison & Donovan, 2008, p.155). A person's need for affiliation leads to increased levels of identification. Identification occurs when an individual attempts to establish or maintain an identity similar to that of a celebrity endorser (i.e. athlete) in an effort to be like that person. For example, whenever an individual identifies with an athlete, he/she partakes in what is described as a cognitive state of self-categorization. Since the source of a celebrity athlete's endorsement power is his/her sports affiliation, athletes are effective as endorsers because they often represent an association with a symbolic inspirational reference group. These athletes possess a sort of referent power, such that when fans purchase an athlete-endorsed product, they do so in an effort to symbolically demonstrate their aspirations to be a part of that group.

The Endorsement Process

McCracken (1989) also suggested that anonymous models merely borrow or act out the meanings they bring to an ad—a staged persona—while celebrities own their meanings because they have created them on the public stage where the entire world has watched them take shape (p.315). He suggested that celebrities embody and supply the meanings consumers use to define themselves. Since people are constantly canvassing the object world for goods with useful meanings in order to consume, and thus *assume* the meanings carried by those objects, endorsers expedite the process of meaning transfer from product to consumer. He also suggested that individuals' abilities to exercise the right of choice (individualism), combined with the relative collapse in social institutions that supply self-meaning, has lead to an increased freedom to choose. This makes people eager consumers of the symbolic meanings embedded in celebrities and the products they endorse (p.318).

Previous literature has also extensively explored the evolution of the endorsement process itself. Endorsement has become a rather popular tool to increase brand awareness, and the result as of late has been a general oversaturation. Consumers are bombarded with advertisements filled with endorsers, which has driven up the cost of executing the endorsement to the point where it may not yield the same positive results (Agrawal & Kamakura, 1995). Nevertheless, theoretical support behind the process suggests continued execution of the endorsement as a viable marketing tactic. McCracken (1989) proposed that endorsement simply plays a special role as part of a much larger, general process of meaning transfer in two stages: 1) meaning moves from the culturally constructed world to a specific good; and 2) from good to the life of the consumer (p.313). The endorser makes accessible a special category or bundle of meanings to the advertisement, which is ideally designed so that the consumer detects an undeniable and near flawless fit/similarity between the celebrity and the product. The consumer then accepts that the meanings contained in the celebrity are the exact meanings held by the product. By consuming the product, the meanings do not necessarily "lift off" of the product and deposit into the consumer's life; rather the consumer claims them as part of the vast inventory of meanings that collectively define him.

Evaluating Celebrity Endorsers: Source Credibility

How marketers evaluate celebrity profiles for potential endorsement and how consumers perceive them is another stem of research that deserves note. Two of literature's most foundational theories on the study of celebrity endorsement are the match-up hypothesis and source credibility models. Research has found that the effectiveness of celebrities vary by product category. Thus, the component of fit between

the celebrity and the product is captured by the term "match-up" hypothesis (Till & Busler, 2000). Research has also demonstrated that highly credible sources are more effective in producing positive attitudes towards an advocated position as well as inducing behavioral changes than less credible sources (Ohanian, 1991). "Source credibility is a term commonly used to describe a communicator's positive characteristics that affect the receiver's acceptance of a message" (Ohanian, 1990, p.41). While academics have proposed several components to expand the source credibility construct, the consensus factors that underlie source credibility are expertise (the extent to which the endorser is perceived to be a source of valid assertions), trustworthiness (measure of consumer confidence in the source's ability to present information objectively and honestly), and attractiveness (measure of positive stereotypes on the spokesperson's effectiveness) (Ohanian, 1991, p.46). Ohanian (1990) developed a highly reliable 15-point scale to measure source credibility, which recognizes that the source credibility components are not one-dimensional, but a myriad of definitions are used to measure these variables: for attractiveness—attractive, classy, elegant, beautiful, and sexy; for expertise—expert, experienced, knowledgeable, qualified, and skilled; and for trustworthiness—dependable, honest, reliable, sincere, and trustworthy.

Many controlled experiments have attempted to discover whether one of the three components is most important to source effectiveness or if they are all equally reliable. Till and Busler discovered that source expertise contributed to a more significant match-up effect than physical attractiveness, which implies that expertise may be a more useful dimension for comparison when matching celebrities with products (Till & Busler, 1998). Ohanian (1991) found that trustworthiness and attractiveness, while instrumental in

sparking interest and attention (persuasive communication), had insignificant impact on respondents' purchase intentions compared to expertise. Those findings reflect that: 1) consumers naturally believe that most celebrity endorsers are attractive, and thus attractiveness is not a determinant factor in brand selection; and 2) audiences are beginning to give less credit (trustworthiness) to individuals who are paid lucratively to promote a product. The consensus is that expertise appears to be the most important aspect of perceived credibility for purchase intention by the consumer.

Given the obvious risk and high costs associated with selecting an inappropriate or incompatible celebrity to represent a brand, marketers have striven to use a more systematic and strategic approach to selection. Research has attempted to uncover ways to aid marketers in discerning between and ascertaining the differences among celebrity profiles. Celebrities are clearly more than just highly credible or highly attractive individuals. They possess multiple sets of meanings such that advertisers must be careful evoke some characteristics of these individuals and not others in order to convey similarity between product and endorser. The source credibility model makes no provision for this truth and does not capture everything necessary in the endorsement evaluation. The models would suggest that as long as a celebrity satisfies the dimensions of source credibility, any celebrity can serve as a persuasive prospect for any product. In other words, the source model tells us that a celebrity is trustworthy, but not what trustworthy means. The model does not allow us to understand the full appeal of the endorser, and prevents us from assessing the degree of fit for particular product categories. The range of situational "what-ifs" in regard to the celebrity endorsement is far too broad.

Economic Value of Celebrity Endorsement

The potential risk of celebrity endorsement has caused research to explore whether or not significant value is created by the celebrity spokesperson. As mentioned earlier, celebrity endorsement campaigns have become an expensive investment for the firm—an investment the firm anticipates generating a positive return on through future sales. Agrawal and Kamkura (1995), in a notable study, explored the economic worth of the celebrity endorser. Using event study methodology (which assumes that the stock price reflects the firm's expected future cash flows and all available information concerning the firm's future profit potential, and changes as soon as the market learns of an event with financial implications to reflect investor confidence) they found that in 110 cases of celebrity endorsement announcements (within various windows of the press release/event day, results show that on average, announcements of celebrity endorsements contracts are associated with positive abnormal returns (Agrawal & Kamakura, 1995). This would suggest the generalization that celebrity endorsements are profitable advertising tactics.

In a similar study, Elberse and Verleun (2012) attempted to assess the pay off of the celebrity endorsement. Excluding superstars, which may influence upward bias, their study still found statistically significant positive overall returns on stock price. They also provide evidence that undeniably points to a positive impact of athlete endorsements on the endorsed brand's sales as well as positive correlation between sales increases and athlete "achievement events/moments (i.e. capturing a championship) (Elberse & Verleun, 2012). Both sales and stock prices jumped significantly with each classified endorser achievement, relative to competitors. The study also offered managerial

implications for advertisers: they found diminishing returns in sales increases over time, while stock return effects to endorser achievements are relatively constant over time. These insights should be reflected in endorsement contract length and performance-based incentive negotiations. Clearly the economic value of the endorsement deal is supported.

Athlete Endorser Crisis Management

A further review into existing literature brings us to the crisis management aspect of the endorsement, and the focal point of this research. Thus far, we have seen the benefits of the celebrity endorsement decisively demonstrated. It is time to turn attention to the consequences of undesirable events within the endorsement relationship. Although sometimes overlooked in a moment of disgrace, it is generally understood that celebrities are humans. Marketers understand that when you sign on with a celebrity, you contract with a package that contains both good and bad traits. A study by Simonin et al. (1998) set the contextual stage for further examination into collaborative marketing phenomena in general. Imploring information integration theory (which describes the process by which stimuli are combined to form beliefs and attitudes), this study's greatest insight was that with brand alliances, one brand is presented in the context of another and therefore, the subsequent judgments of one brand are likely to be effected by the context of the other brand—appropriately termed "the spillover effect" (p.32). This finding can be applied to bad behavior and scandals. Said otherwise, one brand's actions can positively (or negatively) affect perceptions of the partner brand.

In an interesting study, James H. Martin (1996) applied schema congruity theory to conclude that for a given product, certain sports are better than other sports at producing positive endorsement evaluations (Martin, 1996). A schema is the set of

organized associations and expectations for a given domain (i.e. a sport). Schema congruity theory suggests that if the endorser is an athlete, then the athlete's sport is an important aspect of the endorser's schema. Thus for the product he endorses, the consumer will evaluate it by comparing the schema of the product to the schema of the sport. Said otherwise, an athlete's sport is an important context and offers a set of characteristics for which the product automatically assumes.

Several types of incidents can serve as reputation-damaging events such as injury (which prevents the endorser form participating in the activities that generate fame), unlawful behavior, negative press (rumors), and societal-norm violations. Louie, Kulik, and Jacobson (2001) performed a study that isolated blameworthiness as a key determinant of perceptions about the undesired event (Louie et. al, 2001). Their study investigated how blameworthiness affects the degree of influence an undesirable event has on firm stock prices. Since the extent to which the endorser is held responsible (guilty) affects whether consumers feel sympathetic or angry towards him, it is logical to hypothesize that any change to firm value as a result of an undesired event will be similar to the consumer reaction, and thus attributable to the level of blame. Obviously the risk to the firm is more relevant for events where the endorser is largely at fault (highly blamable). Louie et al. found an inverse relationship between culpability and stock return: the higher the blame, the lower the stock returns. This also means that low blame events (and thus highly sympathetic reactions) can actually lead to positive stock returns, which suggests that perhaps all is not lost in the advent of an "undesirable" event. Louie and Obermiller (2002) built upon this study in a 3 x 2 experiment with three degrees of blame on one axis: low blame, medium blame, high blame; and two corporate responses on the

other axis: dismiss or retain. The purpose of the study was to determine whether or not a firm's decision to retain or dismiss a fallen celebrity would be moderated by the level of blame attributable to that celebrity. A linear correlation was established: respondents believed the firm's image would be favorable by dismissing endorsers with high blame, and retaining those with low blame. Results found that the effects on company image were more favorable as the perceived blame of the endorser decreased, and vice versa (Louie & Obermiller, 2002). Of course, results would presumably differ depending on the popularity of the endorser, the timing of the mishap, and the nature of the undesirable event, relative to the endorser's specialty. Here the level of blame is manipulated, not the nature of the negative event. This study does not predict results for those cases where the undesirable event poorly corresponds with the focal brand attributes (i.e. a basketball player getting in trouble for a gambling problem as opposed to performance-enhancing drugs). Perhaps blame becomes less relevant for different types of behavioral violations. Blameworthiness, therefore, is not the only determinant of the consumers' perceptions and the brand's response.

Imploring associative networking theory, Till and Shimp (1998) demonstrated that negative information about the celebrity endorser lowers brand evaluations (an adverse effect) of the endorsed brand (Till & Shimp, 1998). They hypothesized that thinking about the brand is more likely to activate thoughts about the celebrity than thinking of the celebrity is to activate thoughts of the brand. Simply put, the larger the relevance of the brand (the greater set of associations/ concepts to be activated), the less intensively each individual association will be activated. There is potential that endorsers who act unethically but have relatively less visibility will not overwhelmingly

contaminate the brand image of a much larger association set enough to do substantial damage, and vice versa. Till and Shimp (1998) also found that the timing of the release of negative celebrity information affected brand attitudes more when the information is revealed before the pairing than after the campaign (p.77). Meanwhile Hughes and Shank (2005) employed a qualitative study to better define sports scandals and determined that illegal/unethical activity, involving multiple parties over a period of time that affected the integrity of the sport were all factors that unanimously contributed to the perception of scandalous activity (Hughes & Shank, 2005). Closer affiliation to the athlete or sports organization was also found to influence perceptions. Many scandals in recent history (i.e. Lance Armstrong's doping issue, Michael Vick's dog fighting, Kobe Bryant's rape case, Lebron James' Cleveland spurn, recruiting scandals with college athletes, countless substance abuse incidents, etc.) have caused researchers to question the resultant impact on the involved constituents. Firms utilize varying degrees of damage control, ranging from exercising prearranged contract exit clauses or contract termination on one end, to temporarily pulling ads from mainstream media on the other, in order to disassociate its image with a negatively criticized celebrity. Perhaps a basic law of physics, in many ways, can be applied to dealing with celebrity wrong-doings: every action should have an equal and opposite reaction. For a scandal that is serious, the reaction should exhibit concern and proactive response. Overreaction, on the other hand, can exaggerate the problem, and inaction portrays the firm as indifferent or irresponsible. But what exactly defines an overreaction? Many studies highlight the potential impact of celebrity-sponsor fallouts, but few empirically investigate the direct impact a tainted endorser has on the brand. Do certain behaviors call for certain damage control measures? How much

tolerance should be given? Can negative behaviors be classified, and should the reaction change relative to the type of violation that occurs? That is precisely what this particular study will attempt to uncover, and exactly what research has, thus far, failed to bring light to. Therefore, I propose the following hypotheses:

HYPOTHESES

As postulated by Till and Shimp, the larger the popularity of the brand (the greater set of associations/ concepts to be activated), the less intensively each individual association will be effect its image. Nike (which will serve as the sponsoring brand in this study) is a brand with high awareness, loyal customers, dominating market share, and innovative products. Because of its status and its portfolio of endorsers, it is logical to expect that the transgressions of one of its endorsers are not likely to significantly effect existing positive evaluations of Nike as a company or its products. The transgression is defined as a violation of law, command, or moral standards, and is one of the following—a DWI incident, an extra-marital affair, or use of steroids. Thus:

H1a: Neither transgression will have a significant effect on evaluations of the company.

In a study by Biswas, Biswas, and Das (2006), results found that perceived performance risk and financial risk about a product are reduced when there is high perceived congruency between product and endorser (p. 27). Since the endorser in this study is described as an elite performer in the athletic realm, and Nike is a top sports performance brand (inherently congruent to this domain), it is expected that consumer risk perceptions about the endorser should not significantly affect evaluations of the product. Therefore,

H1b: Neither transgression will have a significant effect on evaluations of the product.

Source credibility is ultimately a culmination of the attitudes about the source's believability, likeability, and trustworthiness (Ohanian, 1990). It is rational to assume that people have less sympathy (and thus lowered evaluations of trustworthiness) towards an individual when his transgressions harm others; therefore:

H2: The societal norm violation will result in the lowest evaluations of endorser source credibility.

Roehm and Tybout (2006) extended the logic of the spillover effect to the context of scandals, and predicted that "spillover to a product category will occur when the category (e.g. fast-food restaurants) is accessed as a member brand's (e.g. Burger King) scandal information is processed and when the scandal (e.g. a problem with hamburger meat) is intuitively viewed as applicable to the category in general" (p. 366). Since it is reasonably conclusive that: 1) the use of performance-enhancing drugs is associated with sports; 2) doping is perceived to be an act that compromises the integrity of competition in sports; and 3) Nike aims to be associated with only those individuals that represent sporting excellence; it is hypothesized that:

H3: The league-rule violation is more likely to be considered an action deserving dismissal from brand association.

METHODOLOGY

Manipulations

In order to uncover insight into whether the brand's reaction to celebrity misbehavior changes relative to the type of misbehavior, I have devised a 3 (behavioral

violations/negative events) x 2 (brand response) between subjects experimental study. I have classified behavioral violations into three categories: legal violations, societal-norm violations, and league rule violations. For the legal violation, a DWI incident was chosen, as this is a common misdemeanor among celebrity athletes and civilians alike. For the societal-norm violation, an extra marital affair was chosen since it is an event that is considered to be more of a moral transgression and an act that was recently publicized by mega-endorser, Tiger Woods. And finally for the league-rule violation, doping was chosen since the use of performance-enhancing drugs has become a general concern for professional sports associations and have served to bring about the demise of several professional athlete careers, most recently Lance Armstrong. Each of these three events forms the basis of the "event nature" manipulation in this study. By surveying impressions towards each of these types of violations, this experiment will seek to discover whether one event is considered to be inherently worse than the others from a consumer perception standpoint. This manipulation will also determine which type of negative event is most harmful to the brand and to the athlete endorser.

The other axis manipulation is "the brand's reaction or response." The brand's response is one of two decisions: 1) the brand retains the athlete endorser; or 2) the brand suspends all media featuring the endorser and terminates the endorsement contract (dismisses the athlete). For each type of violation the response will be altered to gauge whether or not it, too, has an effect on consumer perceptions.

Procedure

The survey was conducted through Qualtrics, an online survey, data collection, and quantitative statistical analysis software. The sample for this study was drawn from

TCU college students, aged 18-24 (mean age 20, 63% female participants). Each

participant was exposed to a general biography that generates a positive impression of the

fictitious athlete, followed by a brief press release that indicates which of the three

violations the athlete has committed, and finally a tweet that contains a statement from
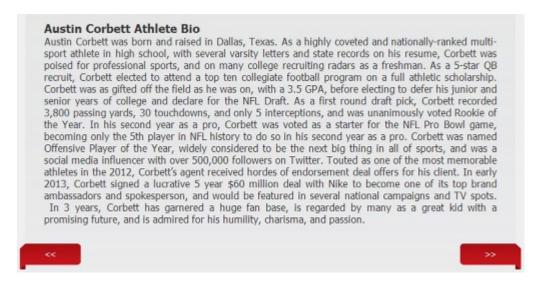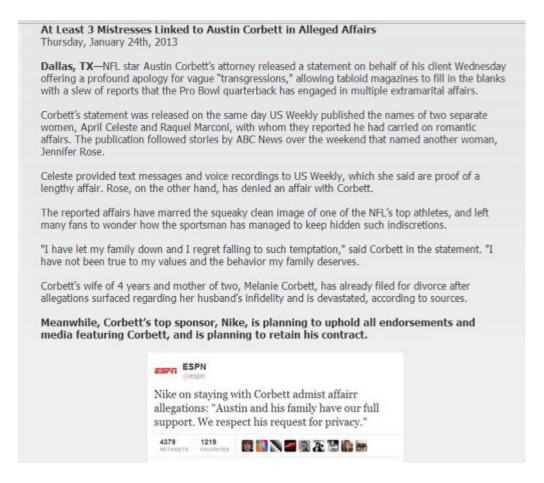

Figure 1: Austin Corbett Bio

Figure 2: Example of Experimental Stimulus

the endorsed brand, indicating whether or not the athlete is retained or dismissed (for a total of six manipulations: DWI—dismissal, DWI—retain, Doping—dismissal, Doping—retain, Affair—dismissal, and Affair—retained.). Qualtrics randomized the press release and tweet that the participant was exposed to, and each set was set to display an even amount of times. After reading the press release and tweet, the subject answered two manipulation checks, and a series of questions that gauge attitude towards the brand, purchase intent, endorser/brand fit, attitude towards the event, endorser source credibility and image, perceptions about endorser forgiveness and level of blame, endorser market potential, and preferred brand response as a result of the endorser's actions. The survey also collected the following demographic information: age, gender, and relationship

status. A seven point semantic differential scale was used to measure each dimension with pairs of descriptive words. For questions that assessed level of agreement, a 7-point scale was used with the following answer choices: "strongly disagree," "disagree," "slightly disagree," "neither agree or disagree." "slightly agree," "agree," and "strongly agree."

Pretest

Prior to data collection, I've conducted a brief pretest to reach a consensus on the most popular sports brands, as well as the most popular sports among males and females. I ran a simple test that asked 30 participants, aged 18-22, to rank the following sports brands, on a 7-point scale, according to popularity: Nike, Adidas, Gatorade, Reebok, Under Armor, Puma, and Jordan. Nike had the highest average score at 6.91, and was chosen as the endorser in this experiment. For the sports, I tested both male and female sports, also on popularity with a 7-point scale. The male sport with the highest average score was football; the female sport ranked most popular was tennis. For the purposes of simplifying the experiment, I've decided to utilize a male athlete that plays football. Although professional women's sports leagues exist and are growing in popularity and media visibility, there are fewer women playing professional sports than there are men playing professional sports. It is also the case that female pro athletes earn categorically less than male pro athletes. Moreover, the argument can be made that male celebrity endorsements tend to engage more in publicized misbehaviors than females. However, this may prove to be an interesting area for future research.

The Case for the Hypothetical Athlete

      In a study conducted by DLR van der Waldt, M van Loggerenberg, and LWehmeyer (2009), it was found that "neither celebrities nor created endorsers are perceived to be more trustworthy or to possess more expertise than the other. Celebrity endorsers were, however, perceived to be more attractive" (p.111). There was no significant difference between the perceive expertise and trustworthiness of real celebrities and created ones. All of these combined (expertise, trustworthiness and attractiveness) measure the perceived credibility of an endorser. Since this study contained no visual stimuli of the athlete himself, the attractiveness component was less relevant to the analysis. Furthermore, consumers have preconceived notions and varying levels of knowledge about real-life celebrities. Such notions could compromise the integrity of the data.

ANOVA

Product eval 4qs

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	49.113	5	9.823	.910	.478
Within Groups	1133.914	105	10.799		
Total	1183.027	110			

Table 1: Product Eval ANOVA

ANOVA

Company eval 4qs

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	40.472	5	8.094	.455	.809
Within Groups	1868.897	105	17.799		
Total	1909.369	110			

Table 2: Company Eval ANOVA

Hypotheses Testing

A one-way ANOVA (analysis of variance) was used to test Hypotheses 1a and 1b.

Hypothesis 1a predicts that neither transgression will have a significant effect on

company evaluations, while Hypothesis 1b predicts that neither transgression will have a

significant effect on product evaluations. For H1a, the transgressions variable (1=DWI

dismiss, 2=DWI retain, 3=Doping dismiss, 4=Doping retain, 5=Affair dismiss, and

6=Affair retain) serves as the independent variable and the company evaluations (a

summated scores of 4 questions on a 7-point scale measuring evaluations about Nike) as

the dependent variable. For H1b, "transgressions" is the independent variable and

"product evaluations" is the dependent. As can be seen in Table 1 and Table 2, the effects

of each transgression were not statistically significant for both company evaluations, $F (5, 105) = .910, p > .01$, and product evaluations $F (5,105) = .455, p > .01$. Thus the null hypothesis is supported for H1a and H1b. As hypothesized, consumer evaluations about the brand (at least for Nike) and its product are not significantly affected by the transgressions of its endorser.

Report

Source credibility 10qs

Transgressions	Mean	N	Std. Deviation
DWI dismiss	42.2917	24	12.13503
DWI retain	42.8333	24	9.45316
Doping dismiss	41.0526	19	8.12728
Doping retain	46.1579	19	12.10722
Affair dismiss	37.8000	10	15.41860
Affair retain	41.0000	15	11.34523
Total	42.2793	111	11.18373

Table 3: Source Credibility Comparison of Means

A one-way ANOVA was used to test Hypothesis 2, which predicts that the societal norm violation (e.g. extra-marital affair) will result in the lowest evaluations of endorser source credibility. Here, the transgressions variable is the independent variable, and the source credibility variable (the summated scores of 10 questions on a 7-point scale measuring evaluations of trustworthiness and expertise) is the dependent variable. Ohanian's 15-point scale was used to measure source credibility; however, the 5 measures of attractiveness were left out of the measure, since participants were not exposed to any images of Austin Corbett in order to evaluate his physical attractiveness. As can be seen in Table 3, the effects of the affair transgressions (under both the retain and dismissal conditions) resulted in the lowest average mean scores for source

credibility (39.4). Thus, H2 is also supported. Results show consumers feel that violations of the societal norm realm are most discrediting to an endorser's expertise and trustworthiness.

#	Answer	Austin Corbett was involved in DWI car accident.	Austin Corbett was caught in an extramarital affair.	Austin Corbett was caught using illegal performance enhancing drugs
1	Dismiss him (cut ties with him).	25	14	13
2	Retain him (continue sponsoring him).	16	10	14
3	Do nothing.	1	2	6
4	Actively support him (become an outspoken advocate)	4	0	5
	Total	46	26	38

Table 4: Dismissal Frequencies

Descriptive statistics were run to test Hypothesis 3, which predicts that that league-rule violation (e.g. steroid use) will be the type of event that consumers will find most deserving of dismissal from the endorsement. Due to incomplete surveys, data collection resulted in uneven counts per transgression type (a potential limitation to this study). However, taking into account the percentages of respondents (as opposed to total tallies) who elected to dismiss Corbett as a result of the transgression, the legal violation (e.g.) was found to be most deserving of dismissal (54.3% of respondents). Thus, H3 is not supported, as only 34.2% of respondents elected to dismiss Corbett for the league-rule violation.

Additional Findings

The analysis used to test the hypotheses does not tell the full story. The survey also included questions to gauge consumer perceptions about purchase intent,

endorser/brand fit, whether the act was forgivable, the effects on the endorser's image, and the endorser's future marketability.

Grouping together "slightly agree," "agree," and "strongly agree," for purchase intent, 97% of respondents agreed with the statement "it is likely I will continue to purchase Nike products" when the transgression was a DWI; 96% for affair; and 97% for doping. This would suggest that purchase intent remained strong regardless of the transgression.

70% of respondents agreed with the statement "Austin Corbett's actions affect Nike's brand image" when the transgression was a DWI, 50% agreed when the transgression was an affair, and 65% agreed when the transgression was doping. These statistics show that the majority of consumers surveyed did admit that the transgression had at least some effect on the brand image.

In terms of endorser/brand fit, 48% of respondents agreed with the statement "Austin Corbett is a good fit as an endorser for Nike" when the transgression was a DWI. 26% and 52% agreed with that statement when the transgression was an affair and doping, respectively. Results suggest that when an endorser commits a societal norm violation, consumers surveyed believed he is no longer a good fit. Since the level fit or congruity between endorser/brand indicates whether or not the relationship should exist, this finding lends qualitative support to H3.

59% of respondents agreed with the statement "Austin Corbett's actions are forgivable" when the transgression was a DWI. Only 38% agreed with that statement when the transgression was an affair, and 60% agreed felt Corbett's actions were forgivable when he tested positive for doping. Results suggest that consumers find

violations of societal norms and expectations to be less forgivable than violations of the law or league-rule. This has implications for whether the brand should revoke or continue the endorsement relationship. If the majority of consumers cannot forgive the endorser for what he has done, they likely will not be lead to behavior (purchase intent) by that endorser through an advertisement. Thus, the endorser has limited commercial value after he attracts negative publicity, which would be reason to revoke the contract.

Furthermore, 85% of respondents agreed with the statement "Austin Corbett's actions will taint his image" for the DWI; 96% agreed for the affair; and 92% agreed for doping. This proves that there is a discernible difference in judgment caused by the nature of the transgression, validating this is a viable manipulation.

And finally, 65% agreed with the statement "If I were a corporate sponsor, I would consider signing Corbett as a brand endorser" when the transgression was a DWI; 61% when the transgression was an affair; and 52% when the transgression was doping. This is an interesting finding, and shows that consumers surveyed believe that the endorser still has endorsement potential after the transgression, which would lend support to decision of retaining him in the event that something goes wrong and causes negative publicity.

<div align="center">DISCUSSION</div>

Implications

To reiterate, the purpose of this experiment was to determine, from the perspective of the consumer, whether the brand reaction should change relative to how the athlete endorser misbehaved. Consumers are aware that celebrities are paid quite handsomely to be the spokesperson for a product or brand, and naturally they feel

disappointed when these public figures do something to potentially harm their reputations. When such negative events become the focus of media attention, the consequent publicity can have a disastrous impact not only on consumers' opinions of the endorser but on their opinions of the brand as well (Carillat et. al, 2013, p.17).

Dismissing or retaining an endorser is certainly not a simple linear decision for brand managers. The nature of the event is not the only variable that matters in weighing the decision. However, since all investments involve an element of risk, it should be an important focus for marketers to try to reduce risk before and after scandals occur. This study is an important step in that direction, by presenting research summarizing consumer perceptions about and reactions to certain types of events. Results suggest that violations of the law are most deserving of dismissal, and that societal norm violations are most discrediting to the endorser. This research broadens the theoretical domains used in understanding the processes involved in celebrity endorsements by considering celebrity issues through the eyes of the consumer. It also marks the first empirical study that isolates the nature of the event as the key determinant of brand response.

This paper's theoretical contribution lies in the direct comparison of mutually exclusive and collectively exhaustive negative events, along with its empirical examination of the consequential perceptions, which was lacking in the marketing literature. This manuscript also further defines what is meant by the term "negative event." Recognizing that both cheating on one's spouse and using drug's to enhance athletic performance are both negative events, it answers the question "is doping or infidelity a more offensive transgression?" In addition, as empirically shown with the help of the studies, perhaps established brands can afford to exercise more tolerance in

these decisions. Generally speaking, brand managers typically sense urgency to dump celebrities quickly to save face or for fear of consumer retribution. This study shows that an established brand name and quality products triumph the influence of the endorser's behavior in evaluations of the product, the brand, and purchase intent. It also implies managerial guidelines for handling a celebrity endorser scandal, regarding the optimal actions that the brand should take in different situations. Although complex, the decision to retain is difficult to justify if the scandal breaches legal or ethical boundaries.

Limitations & Future Research

The most obvious limitation to this research is the generalizability and reliability of the findings, due to the convenience student sample used to gather participants. By expanding the sample size to be proportionately representative of the population in terms of different demographics and age groups, perhaps results may vary. Future studies could replicate this study with a larger sample size. Moreover, it is possible that a behavior considered as offensive by some might represent a minor infraction for another. Consequently, the corrective actions in response to an endorser's indiscretion should be evaluated in light of the perceptions consumers who belong to the brand's target market have formed about the event. These perceptions are likely to differ across cultures and present grounds for further research. Also, this study lends insight into perceptions towards those cases in which the violation is one of the three aforementioned.

Additionally, the study featured a fictitious athlete and hypothetical scenarios. Real celebrities would probably evoke a much richer set of attitudes than a fictitious celebrity. Feelings about any one celebrity are established over years of exposure in advertising and performance in their fields of expertise, not by a single biography. The

study was also limited to a single brand (Nike) and a single (male) celebrity endorser. Often brands have multiple endorsers, and those same endorsers may endorse more than one brand. What happens to the image of lesser-established brands, where the celebrity is one of the primary attributes on which consumers form evaluations of the brand? Is there a difference in how people would react if real-life personas were used? Is there any gender difference? These are great research questions for future research.

Lastly, there's another dynamic to this topic that deserves further explanation: the endorser's response. It is important to consider what the celebrity endorser does in response to the turmoil created by his or her involvement in a negative event. Does the endorser's statement (admission or denial) and whether or not he publically apologizes change perceptions? When there is evidence that the endorser is guilty of some indiscretion, it is probably in his and the company's best interests to acknowledge and address the allegations. Failing to do so could cause consumers to believe that the athlete endorser is not sincere—a conclusion that could negatively affect perceived source credibility and brand attitudes. The celebrity apology is another topic for future study.

<u>CONCLUSION</u>

Celebrity endorsement is an enduring marketing tactic, and as brand managers negotiate multi-million dollar deals to leverage celebrity endorsers, careful consideration must be exercised in anticipating and mitigating potential fallouts. There is no secret formula to making these tough decisions. Often the decision comes down to what the brand wants to signal/stand for, and if the act goes against that identity. That would explain why Nike retained Tiger Woods while Gillette dropped him. It's a complex decision. For the most part, brand reputation and stock returns remain relatively

unscathed by negative publicity regarding an endorser, because eventually the consumer is able to disassociate the company from the endorser if need be, and understands that the company cannot control what happens in the lives of their endorsers. Celebrity endorsement is a low-risk high-reward investment: if the risks outweighed the benefits, perhaps it would not be true that 20% of all television advertising in the U.S. feature a famous person (Biswas et. al, 2006, p.17). More times than not, the risks are worth the reward.

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ABSTRACT

Scandals involving well-know public figures have been recurrent media headlines in the sports industry over the last few years. This study focused on the consumer perceptions of athlete endorsers when confronted by negative publicity. Specifically, I examined whether the type of scandal/transgression affects the sponsoring brand's image and decision of whether to revoke the endorsement relationship or continue sponsoring the athlete. I have classified transgressions into three collectively exhaustive categories: legal violations, societal norm violations, and league-rule violations. Employing the theoretical foundations of source credibility, the study uncovered consumer evaluations of the endorsed brand, the product, and the endorser, based on the type of transgression. Results are intended to assist brand managers in effectively managing the impact of a negative publicity and strengthening existing crisis management policies.