FALLEN STARS: NEGATIVE PUBLICITY AROUND ATHLETE ENDORSERS AND IMPLICATIONS FOR BRANDS

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FALLEN STARS: NEGATIVE PUBLICITY AROUND ATHLETE ENDORSERS AND IMPLICATIONS FOR BRANDS

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Abstract

Four case studies on Tiger Woods, Lance Armstrong, Ray Rice, and Hope Solo are used as modern-day examples to apply celebrity athlete endorser theories to the research on negative publicity and scandal to understand the implications to corporate sponsors. The primary theories utilized are match-up hypothesis, source credibility and source attractiveness models, consumer skepticism, and negativity effect. These four theories are used to create the Individual Consumer Perceptions Model, which is used as the framework by which the case studies are analyzed to their overarching mutual sponsor, Nike. Through this model and the case studies, implications and recommendations for upper management are drawn. By doing a current as well as future analysis of how an endorsers’ image could change and negatively impact the reputation of the business, the pros and cons should always be heavily and intricately weighed in each step of the Individual Consumer Perceptions model in addition to constant evaluation, social media monitoring, and exit strategies for existing relationships.
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Introduction

Every day, marketers are attempting to find a way to break through the clutter of thousands of modern-day advertising messages that assault consumers at every moment. This is an increasingly difficult task. One way that marketers have bypassed this clutter is through the use of celebrity endorsers.

The concept of celebrity as product endorser is not a new concept. In fact, the first ever “celebrity” endorser was Lillie Langtry, an English actress who in 1893 appeared on packaging for Pears Soap (Louie, Kulik, & Jacobson, 2001). Since then, corporate celebrity endorsers have multiplied in the marketplace and are now a very common tactic utilized by companies. As of 2007, 25% of all companies reported using a celebrity in their ads (Thwaites, Lowe, Monkhouse, & Barnes, 2012). As endorsers continue to be successful, this statistic is only expected to increase.

However, this trend represents a double-edged sword. As the endorser industry continues to grow, so do the negative scandals that celebrity endorsers face. For example, the first celebrity endorser Lillie Langtry had her endorsement revoked when the public began to perceive her as too promiscuous and the company cut its ties in order to salvage its brand image (Louie et al., 2001). There are many celebrities entrenched in negative scandals and athletes are no exception.

Sports celebrity endorsers are the most common of all endorsers, and we see this reflected everywhere today. They are utilized not only for sports-related companies and products, but also for other advertisers who desire the star power behind the brand.
Sports endorsers have been studied most often in their relation to a corporate sponsor’s brand and the associated fit. There has been much research devoted to the testing of endorser-sponsor through the match-up hypothesis. While there has been significant research on athletes as endorsers and the match-up hypothesis, less research examines the theories in light of athletes who have gone through scandals with the media, scrutiny by the public, and the loss of endorsements. By analyzing and applying prevalent theories to cases in the media, this research can provide key insight to how scandal evolves in the media, how consumers are affected by it, and techniques for management to avoid the negative implications of scandal.

This research will analyze how match-up hypothesis, source credibility and attractiveness models, consumer skepticism, and negativity effect apply to consumer perceptions of the athlete endorsers and sponsor brands. Based on the analyses from the case studies, this research will provide recommendations for companies and upper management on how to mitigate endorser meltdowns.

The modern-day cases of athletes chosen for analysis are Tiger Woods, Lance Armstrong, Hope Solo, and Ray Rice. Each of these athletes has been selected for a specific reason that sets their scandal apart. For golfer Tiger Woods, the loss of millions in sponsorships and the salience of his extramarital affairs across all markets and demographics make his case very intriguing, especially since his scandal deals with his personal life. In contrast, cyclist Lance Armstrong’s scandal, which involves illegal steroid use, affects the integrity of his athletic accomplishments and has caused him to experience the loss of endorsements as well as humiliation and banishment from competitive cycling events. A modern-day and daily changing story is that of running
back Ray Rice, who has lost key sponsorships with his temporary suspension by the NFL and release from the Baltimore Raven’s roster due to incriminating evidence of extreme domestic violence against his fiancé. This case can be juxtaposed to Hope Solo, the goalie for the US Women’s Soccer team, who had undergone an investigation and trial for domestic violence accusations from her sister-in-law and nephew in 2014 and was implicated in her husband’s DUI arrest in 2015. Solo’s sponsors are, for now, intact and she was reinstated to the US Women’s Soccer team after a 30-day suspension.

The cases of Tiger Woods, Lance Armstrong, Ray Rice, and Hope Solo are all different in terms of the type of scandal, the time since it occurred, and the endorsement deals and corporate sponsorships—except for their overarching sponsor, Nike. It will be useful to apply theories from the endorsement literature to these endorsers and their mutual sponsor, Nike, and will provide fresh insight to how these theories affect perceptions today.

The thesis is organized as follows: the first section is an overview of landmark research, a definition of scandal, and a history of celebrity endorsers. Next is a review of the literature surrounding consumer perceptions of endorsers, specifically the explanation of the match-up hypothesis, source credibility and attractiveness models, negativity effect, and consumer skepticism, will create the Individual Consumer Perceptions Model. Next, the analysis of the selected case studies will be conducted with the crafted Individual Consumer Perceptions Model against Nike. Lastly, this research will examine the implications of the research and present several recommendations for corporate entities moving forward with celebrity athlete endorsers.
Landmark Research

The landmark research in the area of endorsements started with understanding the relationship between entities in the endorsement relationship, from the company to the brand to the target audience (Mowen, Brown, & Schulman, 1979). To advance the research further, Kahle and Homer in 1985 established the importance of physical attractiveness in sponsors. Celebrity endorsement research expanded to define what attractiveness is beyond someone’s appearance and later transitioned to likeability, credibility, and trustworthiness. At this point, the source credibility model spins off and connects to match-up hypothesis.

Furthermore, research also began to examine the various types of celebrity that could endorse a product. Nataraajan and Chawla conducted landmark research in 1997 on the credibility of athletes vs. celebrity endorsers. They found that when endorsing a sports shoe, Joe Montana (athlete) resonates better with the audience than Paula Abdul (celebrity) because of the obvious fit between product and endorser. This is where the significant focus on athletes as endorsers was born. Athletes provide a perfect opportunity to study endorsement theory because of their innate congruence with sports-and activity-related companies as well as the large amount of people who act within this role (Koernig & Boyd, 2009).

Lastly, the realm of research has expanded to encompass athlete celebrity endorsers and also the scandals that surround them. Athletes such as O.J. Simpson, Kobe Bryant, and many others have undergone media firestorms in their personal and professional lives and this has given rise to research focusing on how these scandals
effect the sponsoring organizations’ reputations, perceptions by consumers, and even their profitability. Louie, Kulik, and Jacobson in 2001 studied the link between stock market value and an endorser (in this case an NFL player) involved in negative publicity, ultimately finding that stock market value was driven down by the endorser’s scandal (Carrillat, D’Astous, & Lazure, 2013). As more and more public figures, and especially athletes, find themselves in the media spotlight the associated pool of research and studies grows to accommodate the need to understand the effects on the market.

**History of Athletes as Endorsers**

Celebrity endorsers have been a part of marketing communication strategies since the late 1800s (Miller & Laczniak, 2011). However, starting in the 1970s, the celebrity endorser culture really started taking the United States by storm. Since this point, the market has grown exponentially. In 1999, over $1 billion in endorsements were paid to athletes (Erdogan, 1999). By 2004, only five years later, sponsorship spending in the sports industry was up to $7.69 billion (Hughes & Shank, 2005). In 2009, Nike alone spent an industry-high $4 billion on its athlete endorsements (Miller & Laczniak, 2011). Traditionally, these endorsements are either explicit (openly recommending the product), implicit (stating use of the product), or co-present (just appearing with the product) (Miller & Laczniak, 2011). As more and more athletes take on the role of celebrity and gain a larger role in marketing strategies, this spending will continue to increase.

Even the Federal Trade Commission has had to incorporate and continually update their regulations regarding celebrity endorsements. For example, there are now
rules in place that endorsers must have a proven honest opinion, belief, and experience with the product they are endorsing. In addition to this, there is liability for anything said in an endorsement (“Federal Trade Commission,” 2015). The additions of these tight regulations reflect the growing power consumers place on celebrity endorsers.

Americans have always taken the role of celebrity very seriously. According to McCracken (1989), “the celebrity world is one of the most potent sources of cultural meaning at the disposal of the marketing system and the individual consumer” (p. 318). Erdogan in 1999 defines celebrity as “any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement” (p. 293) and this has been the leading definition for much of the literature and research in the field of celebrity endorsement. Celebrity studies have only grown as history has deemed this marketing trend as a complete cultural undertaking (McCracken, 1989).

The prevalence of the celebrity sports endorser grew in the 1980s with the evolution of ESPN and in the 1990s with the rise of the Internet. In the past decade the exponential growth of both media outlets has spawned increased interest in the sports industry (Ruihley, Runyan, & Lear, 2010). However, media exposure of the sports industry has created a pop culture frenzy and focus on these athletes, their abilities, and their personal lives (Jones & Schumann, 2000). With this increase in media exposure, subsequent media scandal is also apparent. Scandal has had historic impact on associated companies through endorsements, notably for O.J. Simpson, Michael Jackson, and Kobe Bryant, and continues to be a pervasive problem with sponsors today. The effects of negative scandal publicity on the athlete endorser-company relationship are an important
and widely studied topic because of its historical salience in the market and prevalence in
today’s sports world.

Defining Scandal

In a study conducted by Hughes and Shank in 2005 outlining effects of scandal
and negative information on athlete endorsers, one of the results was a four-part
definition of scandal based on the events. These four characteristics are “whether an
action was either (1) illegal, (2) unethical, (3) involved multiple parties over a sustained
period of time, and (4) whose impact affected the integrity of the sport with which they
are associated” (Hughes & Shank, 2005, p. 214). Each consumer, organization, and
media outlet weighs each factor differently. However, it is noted that the differences
between illegal and immoral aspects was not distinct for media and corporate sports
sponsors (Hughes & Shank, 2005). This is important to recognize because it reflects the
slippery slope that companies encounter when dealing with their endorsers. At one point,
perceptions between the media and companies may be similar, but then over time this
could change, and the negative backlash from consumers and the media can double the
blow to a company’s reputation.
Endorsement Theories

*Match-up Hypothesis*

Match-up hypothesis is the most important theory for understanding how consumer perceptions of celebrity scandal work. It provides a framework that focuses on fit, or congruence, between an endorser and sponsor. Fit and congruence are interchangeable with the phrase “matching-up” to describe the endorser and sponsor relationship. The roots of match-up theory were founded in the work of Mowen, Brown, and Schulman in 1979 where they constructed ties between the endorser, the brand, and audiences using the balance theory developed by Heider in 1958 (Koernig & Boyd, 2009). They hypothesized and studied how advertising is most effective when there is a strong fit between all three elements. From here, some of the most significant studies—such as landmark research conducted by Kahle and Homer in 1985—focused on finding a match between potential endorsers and brand products through physical attractiveness rather than other factors, such as a brand or company, to influence favorable brand attitudes (Till & Busler, 2000; Kamins, 1990).

There have been many subsequent studies expanding to other territories of influence, such as expertise and credibility, which prove that match-up hypothesis is effective in many realms beyond just initial physical attractiveness, which are discussed in the source credibility model. In regards to the root definition of match-up hypothesis, according to Koernig and Boyd (2009), “an endorser will not have a beneficial effect on consumers attitudes and behavior unless the image of the endorser ‘matches up’ with the
image of the brand” (p. 27). This means that unless consumers can define a connection between the spokesperson and the brand, the endorsement can arguably be considered ineffective and certainly not cost-effective due to the expensive nature of celebrity endorsements. These connections are linked to studies with associative learning, which is a helpful model for understanding match-up theory (Till & Busler, 2000). Associated learning demonstrates how as a result, “attitudes, image elements, or favorable behavioral intentions become associated with the endorsed brand” (Carrillat, d’Astous, & Lazure, 2013, p. 17). Endorsers are “more effective when there is a ‘fit’ between the endorser and the endorsed product” (Till & Busler, 2000, p. 1).

This is relatively good news for athlete endorsers because, for the most part, a majority of their sponsorships come from sports-related companies and are an “obvious match with brands that are related to athletic activity or that are related to fitness” (Koernig & Boyd, 2009, p. 28). Organizations such as Nike, Adidas, Gatorade, and Under Armour, as part of the top 10 most powerful sports companies (“The Forbes fab 40,” 2014), focus their endorsements on successful athletes in the industry. Even other non-sports-related companies rely on athlete endorsers, such as Buick, Gillette, Subway, and Beats by Dre. It comes as no surprise that when viewing advertisements for Nike Golf with Tiger Woods that consumers associate greater congruence between the credibility of the endorser and brand. In contrast, companies that have endorsers attached to their name and do not match-up have less of a desired effect on consumers, such as Roger Federer and Rolex. This dual application of the match-up hypothesis is both a blessing and a curse to companies in a unique double-edged sword fashion, as celebrities
do as much, if not more, to distance customers as they do to bring them in (Thwaites, Lowe, Monkhouse, & Barnes, 2012).

Match-up theory can be beneficial because if an endorser goes through an extreme negative scandal and associated negative press, a poor congruence with a brand can mean that consumers are less likely to associate negative perceptions of the celebrity with the brand itself. Therefore, companies can discontinue contracts with the endorser without media attention or simply downplay the association during the media storm. In contrast, the match-up hypothesis can hurt the company when the associated endorser is closely tied with the brand because consumers are much more likely to quickly and easily connect the relationship. Furthermore, negative information is linked to effecting long-term memory and increases the problems associated with a poor match-up (Thwaites et al., 2012). In part, this is due to associative links from repeated exposure and association of the endorser-sponsor in ad campaigns and the media, which relates to match-up hypothesis in terms of the neurological reasoning behind this theory (Till & Shimp, 1998). This can be a serious issue because of the deep ties between the athlete’s reputation and performance and the company’s credibility and ethicalness, such as with tightly aligned endorser-endorsee relationships with Nike or Gatorade. For the most part, however, companies strive for a strong congruence with their endorsers, particularly because of the benefits of improved purchase intentions, believability, and brand attitude (Carrillat et al., 2013).

*Source Credibility Model and Source Attractiveness Model*

Match-up theory found its roots in studies on the relationship between consumer perspectives of levels of attractiveness between endorsers and products. Attractiveness is
an important piece to the puzzle and is explained by the source attractiveness model. The source credibility model is used to describe the other two qualities associated with athlete endorsers, expertise and trustworthiness. Together, these two models are the bread and butter of celebrity endorsement research (Ohanian, 1990). All celebrity endorsers, not just athletes, reflect these qualities in various degrees, and the source credibility and source attractiveness models act as an umbrella to each (Pikas, Schied, & Pikas, 2012).

The source credibility model encompasses primarily the other two match-up qualities possessed by endorsers, expertise and trustworthiness. The source credibility model resulted from a landmark study conducted by Hovland and associates in 1953, which analyzed the features of credibility with endorsers (Ohanian, 1990). Credibility can be defined as the combination of expertise and trustworthiness, or the “extent to which the source is perceived as possessing expertise relevant to the communication topic and can be trusted to give an objective opinion on the subject” (Cunningham & Bright, 2012, p. 77). Credibility is a powerful notion because the lines between expertise and trustworthiness are overlapping, yet clear and impactful in their own right.

Expertise can be founded upon a deep knowledge of a subject (Cunningham & Bright, 2012) and the salience of the athlete’s prowess in the sport. While trustworthiness focuses on the objective delivery of the content and how much confidence consumers have, the true content in itself is the expertise portion. It is the correct and beneficial information provided to the consumer from the athlete’s perspective and shared history (Pikas et al., 2012). In many studies of endorsed products, expertise has been proven a strong indicator of intent to purchase. Moreover, expertise is
more important than physical attractiveness for determining brand match-ups according to significant studies (Till & Busler, 2000).

Trustworthiness relates to “the degree of confidence consumers place in a communicator’s intent to convey the assertions s/he considers most valid” (Amos, Holmes, & Strutton, 2008, p. 215). This concept of validity is rooted in an objective manner that represents a degree of unbiased, technical knowledge coming from the endorser. In the case of athletes, this can come from being honest about tips of the sport, regardless of team or player associations. By filtering out biases from other relationships, consumers build up trust with the athlete. For example, this can often be seen in the relationship between ESPN sports anchors and their objective views of the sport, regardless of prior affiliations. They are anchors simply to represent their history and knowledge of the sport with an objective view for their audience. This example is effective in illustrating the positive relationships that can come from high levels of trustworthiness in an endorser.

The source attractiveness model finds its roots in a different path, primarily in the field of social psychological research in the source valence model of McGuire in 1985 (Ohanian, 1990). Historically, attractiveness includes the endorser’s physical appearance, but also can be expanded to include the degree to which there is “perceived similarity of the endorser to the consumer, the familiarity of the endorser to the consumer, and whether or not the source is likable or admired” (Pikas et al., 2012, p. 43). In this sense, attractiveness does not just encompass the mundane definition of having a six pack or having the facial definitions of a supermodel— rather, attractiveness depends highly on how consumers want to look and how much they like the endorser in terms of their
perceived likeability and familiarity. Likeability is defined as “affection for the source as a result of the source’s physical appearance or behavior” (Amos et al., 2008, p. 216). So while it is important to examine an athlete endorser’s prowess in the field, sponsors should also consider their fan-base, likeability, and relatedness portrayed by the media as equally important factors. Attractiveness is one of the leading factors behind matching-up endorsers and sponsors because of the more favorable views regarding “social competence, intellectual competence, concern for others, and integrity” (Till & Busler, 2000, pg. 2). Because of the research surrounding the dual importance of expertise, trustworthiness, and attractiveness, the source credibility and attractiveness models are powerful to accurately estimate the best ratio of the three qualities in endorsers.

**Negativity Effect**

Negativity effect is a theory that is grounded in impression formation literature in psychology and evolutionary theory (Price, 1996). Specifically, “people place more weight on negative than positive information in forming overall evaluations of a target” (Ahluwalia, Burnkrant, & Unnava, 2000, p. 204). Taking negative information more seriously than positive information is an inherent quality of human nature (Price, 1996). In the case of athlete endorsers, many times the accomplishments of sports teams or an athlete’s individual records are surpassed in pop culture in favor of a negative, breaking-news scandal. This can be attributed to the psychological notion that because positive and neutral information are inherent in all levels of products, it becomes less useful to categorize (Bailey, 2007).

Negativity effect further explains this psychological phenomenon with the explanation of commitment and its relationship to analyzing negative publicity.
Commitment represents “an emotional or psychological attachment that provokes a tendency to resist change in response to conflicting information or experience” (Liu, Wang, & Wu, 2010, p. 57). Negativity effect has an inverse relationship with commitment level: it most likely appears with low-commitment consumers, because they experience a shift in their attitudes and perceptions much more for a brand when confronted with negative, rather than positive, information (Liu et al., 2010). This is because consumers have fewer ties to the brand and are therefore less attached and more likely to take the negative information at a higher diagnostic level. In contrast, highly committed consumers not only have an absence of negativity effect, but also consider positive information more trustworthy and correct (Bailey, 2007).

This inverse relationship of negativity effect reflects the power of matching-up that can occur between an endorser and a brand. By creating these highly associative relationships and building consumer trust and believability through endorser-sponsor congruity, consumers will go to great lengths to justify and explain instances of associated negative scandal. However, without this match-up, consumers are much more likely to take negative information at face value and cling to the negative perceptions as the most salient and diagnostic information on the market.

**Consumer Skepticism**

Consumer skepticism is an incredibly relevant theory because of its pertinence in society today. The sheer mass of advertising messages pushed to consumers today reflects an overwhelming amount of information to digest. Furthermore, it has lead consumers to increasingly scrutinize advertisements to weed out falsities and locate the hidden truths of the product and company. This, at its core, is consumer skepticism.
Consumer skepticism involves those who “have a more unfavorable attitude toward advertising messages and are less influenced by them” (de Pechpeyrou & Odou, 2012, p. 46). Skepticism is the “consumer’s negatively valenced attitude toward the motives of and claims made by advertisers” and thus, consumers recognize the perceived inherent falsehoods of the advertisements and thus distrust products and companies (Bailey, 2007, p. 93).

Consumer skepticism is a necessary cognitive tool that consumers must utilize in order to avoid the analysis-paralysis associated with the magnitude of marketing messages. It is similar to developing a schema system in that consumers divide and categorize brands and advertisements, not to discriminate or to relay angry motives, but rather to organize and mentally keep track of ads. Indeed, consumer skepticism is a defensive coping mechanism to the invasive and flagrant advertising attempts that invade consumer’s lives on a daily basis (Bailey, 2007). There is even a strong argument that consumers are socialized at a young age to be skeptical of advertising messages (Obermiller, Spangenberg, & MacLachlan, 2005).

Consumer skepticism’s theoretical basis is similar to the foundation of the Persuasion Knowledge Model (PKM). PKM denotes that consumers, through history and their own personal experiences, learn to take certain actions and attitudes towards marketing efforts (Friestad & Wright, 1994). The notion that every consumer has their own level of “persuasion knowledge” is the very foundation of how consumers develop their level of skepticism and decide on appropriate coping mechanisms.
**Trends of the Literature**

The cumulative research in the field of athletic endorsements and individual consumer perceptions all serve the same purpose: to define how consumers perceive brands and products associated with negative endorser publicity. The model created below describes these trends and will be explained.

![INDIVIDUAL CONSUMER PERCEPTIONS MODEL](image)

The model informally begins with an understanding of the definition of the endorser’s scandal and the current history of their publicity surrounding it. In addition, it also includes an evaluation of the company’s current relationship with the endorser. After understanding the key situational components, the match-up hypothesis is the first theoretical starting point because of its applicability and importance in relation to all other theories. The match-up hypothesis is at the starting point because it encompasses the key concept of an endorser-sponsor relationship, which is the relative congruence between the two. By defining this fit, all other theories follow. The greater the match, the more levels of the expertise, trustworthiness, and attractiveness better influence the consumer in the source credibility and attractiveness models. The greater the match, the
less negativity effect because consumers have high commitment levels to the brand. The greater the match, the more consumer skepticism will hurt the brand in times of scandal because there is more consumer buy-in and trust that is shattered. In the end, this funnel of theories results in how individual consumers will perceive the brand and the endorser.

**Research Questions**

The first research question is to ask how the Individual Consumer Perceptions Model works to define how the modern-day case study examples of Tiger Woods, Lance Armstrong, Ray Rice, and Hope Solo have affected individual consumer perceptions. The second research question is to then see what the recommendations are for companies dealing with negative publicity scandal generated by athlete endorsers to mitigate negative consumer perceptions of the brand.

The goal of applying modern case studies to the theories of the Individual Consumer Perceptions Model is to provide a real world, applicable-to-upper-management analysis that looks at not only the theoretical components, but also the historical truths in a real market situation. Recommendations will come from examining and analyzing the case studies of the past (Tiger Woods and Lance Armstrong) and the ones still gaining press in the media today (Ray Rice and Hope Solo) to provide a useful and relevant framework of decision-making for upper management dealing with negative publicity with athlete endorsers.
Methodology

Overview

In order to examine how the Individual Consumer Perceptions Model truly affects real world endorsement deals, application to modern-day case studies is essential. The case studies include Tiger Woods, Lance Armstrong, Ray Rice, and Hope Solo. The overarching sponsor for all of these athletes is Nike and therefore will provide the most cohesive application. Woods and Armstrong will primarily provide a historical look at the after-effects of negative scandal on a company and an athlete. Rice and Solo, as two cases whose media coverage is currently ongoing, will provide a look at how Nike deals with media as it is occurring and will provide an avenue for this research to make predictions based on the history as to what endorsers will do next to combat the negative publicity.

Procedure

In the following Case Studies section, the analysis will exclusively divide up each athlete by name and will explain a brief overview, history of scandal and public fallout, a list of primary endorsers and application and evaluation of the Individual Consumer Perceptions Model, as provided on page 16, to the athletes’ primary endorser, Nike, and lastly end with the consequences and the latest status of the athlete.

Next, this paper will use the conclusions of these analyses to provide concrete takeaways in the form of recommendations for upper management in how to deal with negative publicity, whether or not to cut ties with endorsers, and how to mitigate negative consumer perceptions of the brand and product.
Tiger Woods

Overview

Tiger Woods’ rise to fame and record-setting golf career has truly been unsurpassed. In the athletic endorsement realm, Woods has made more than many other athletes regardless of sport. In 2009, before his extramarital affairs went public, Woods raked in $100+ million dollars in endorsement revenue alone from endorsers including Nike, Accenture, Buick, Rolex, AT&T, and Gillette, to name a few (Miller & Laczniaiak, 2011). Woods’ prodigal upbringing, unique ethnic diversity, and mass success along with his clean and corporate-friendly reputation were at the foundation of Woods’ endorsement success.

History of Scandal and Public Fallout

Woods became the center of media attention when one of the biggest scandals in sports endorser history came to light. Over Thanksgiving 2009, Woods’ then-wife, Elin Nordegren, became suspicious of his alleged extramarital affairs following an onslaught of reports and mistress reveals. Nordegren’s back and forth detective work soon discovered the truth behind the first mistress to come forward, Rachel Uchitel, which led to a domestic dispute between Nordegren and Woods. Woods wound up fleeing the house—pursued by Nordegren wielding a golf club—and because of the Ambien in his
system, Woods crashed his car just outside the neighborhood (Callahan, 2013). What soon followed was an unprecedented media scandal. Fifteen women finally came forward to various news outlets, each with their own stories about Woods, how they met, and the parameters of their affair. The final straw for Nordegren was when the 15th mistress, Raychel Coudriet, came forward in April 2010. She had met Woods when she was 14-years-old (Callahan, 2013). Woods issued a public apology and confessed to sleeping with over 120 women, admittance to rehab for a sex addiction, and leave of absence from the game to news reporters on February 10, 2010 (“Tiger Woods’ apology,” 2010). He was open and acknowledged the accusations while also requested privacy for his wife and family. Woods signaled he would be attending therapy with an intention to one-day return to the golf game (“Tiger Woods’ apology,” 2010). This entire scandal was enough for multiple sponsors, starting with Accenture, then AT&T, and additionally Gatorade among others, to pull the plug on endorsements, leaving Woods making only half of what he did the prior year (Snyder, 2011).

Woods lost even more sponsorships, and even once returning the competitive tournaments, suffered serious back and knee problems with subsequent surgeries and in 2014 did not win a single tournament (“Tiger Woods’ injuries,” 2014). In October 2014, Woods lost his place as the highest paid athlete in endorsements with the loss of a $10 million dollar deal from EA Sports (La Fontaine, 2014). At 38 years old, there is hope for a comeback in the future; however, this media scandal clearly and notably shook Woods and left endorsers feeling duped.
Application of Individual Consumer Perceptions Model to Nike

Nike built its golf brand in 1998 using Tiger Woods as its primary endorser. Over the past 15 years, it made a fortune and become one of the most well-known golf brands. In the early events of the scandal, Nike announced support and continued endorsement deals with Woods. Nike focused on his golf game not on his personal life (Kalb, 2013). The congruence of fit lies in the connection between Woods’ sport and the Nike brand. This results in a strong starting point for the Individual Consumer Perceptions Model. Because of the large investment of time and money to create the brand around Woods’ image, it makes sense why Nike did not abandon him—there is a sense of the sunk costs involved in Tiger Woods endorsement to that point. Instead, Nike released an emotional, apology-focused TV ad and hoped that Tiger would bounce back. The next step is to analyze how the source credibility model, and the facets of expertise, trustworthiness, and attractiveness, affects Woods’ Nike Golf contract.

In terms of expertise, Tiger Woods exemplifies this category and is the perfect candidate for Nike Golf to base a brand-line off. Woods is one of the greatest and most accomplished golfers of all time, and truly one of the most profitable and recognizable athletes in the industry. Woods has spent over 10 years as the number one golfer in the world and has won 14 major golf tournaments, the second highest in history, and 79 PGA Tournaments. However, since his announcement of “time off” from the game to go to rehab and regroup, Woods’ game has never quite been the same—he has been
experiencing a continual decrease in major PGA championship wins as well as enrollment in those games due to various injuries. His future status as a golf icon may be in limbo, which may affect the renewal and continuance of his Nike Golf contract. However, Woods continues to be an unparalleled player in the sport, so it seems unlikely that Nike Golf would revoke his contract in the near future.

For Tiger Woods’ trustworthiness factor, this is a different story for pre- vs. post-scandal. Pre-scandal, Woods is considered a very stable, centered, honest family man. After this scandal, Woods’ deception to his family, friends, business partners, and fans has led many to rightfully question Woods’ integrity and honesty behind his actions. Even during a candid apology, Woods’ admittance of his wrongdoing still lacks the same believability he once had. In the future with Nike Golf, this could hurt the legitimacy of claims made by Woods on behalf of the product. This factor will be touched on more in the next step in the model, the consumer skepticism theory.

Tiger Woods is an attractive male athlete, which is favorable for his attractiveness factor in the model. Woods is considered young for the success he’s had in the golf game compared to other successful golfers, like Phil Mickelson. Woods has also received positive press for his unique heritage, being a combination of African-American, Native-American, Asian, and Caucasian ethnicities as a factor of his attractiveness (Schwarz, 2009). For Nike Golf, this was effective because showcasing Woods’ ethnic diversity on product materials is easily accomplished and beneficial to the brand.

Before evaluating consumer perceptions on the future of Tiger Woods’ endorsement, the last theories to apply are consumer skepticism and the negativity effect. As touched on earlier with trustworthiness, because of Woods’ blatant deception, it is
very likely that consumers going forward could be highly skeptical of the honesty and legitimacy of claims made by Woods for Nike Golf. However, on the other side for Nike Golf, because consumers could be skeptical of the amount of involvement of endorsers with products beyond their contracts, many consumers may also still purchase Nike Golf products because they understand that Woods, as an endorser, is just a face and not an actual representation of product. This is further represented by a study done by SportsOneSource, which notes that “sales of Nike Golf footwear, apparel, and equipment declined by 3% in the 13 weeks prior to the scandal began in November, and fell by the same amount in the 13 weeks following,” indicating that Nike loyalists were unaffected by the scandal (Mullman, 2010, p. 1).

For the negativity effect, due to the onslaught of scandalous accusations made against Woods and the salience of his negative actions, consumers heavily weighted this negative scandal against Woods. Furthermore, no counter-positive information was prevalent to the market, which is a fault of Woods’ PR team, and could not soften the blow of this scandal or provide consumers diverting information. For Nike Golf, this is extremely pertinent because they also received negative feedback for announcing the retention of Woods as the primary spokesperson simply because Nike deals with legitimacy in the sport, not what goes on in an athlete’s personal life. This is shown through the negative feedback through Nike’s promotional ads with Tiger, which received considerable criticism (Kalb, 2013). This upset many customers because, since they were operating under the negativity effect, they were looking at how that reflected on Nike Golf’s values rather than the notion that Woods is still a relevant, successful player or the business implications of abandoning the brand’s key spokesperson. In an
attempt to forego the negativity effect, Nike created the commercial of a “remorseful Tiger listening to the sage advice of his father, Earl Woods, talking from the grave” (Kalb, 2013, p. 1).

After evaluating the application of the theories throughout the model, the general consumer perceptions are evaluated for Nike Golf. Because Tiger Woods’ scandal garnered mass media attention and for some was so shocking that it left a bad taste for consumers everywhere. While Woods created a storm of controversy and chaos in 2009, for the most part, most of the scandal buzz has died down with time and with the efforts of Nike creating apologetic campaigns, as touched on above. Furthermore, because Woods is the face of Nike Golf and the primary brand ambassador when Nike Golf was created, Nike Golf made a wise decision to keep Woods on as an endorser rather than face the expenses of rebranding and negotiating new endorser contracts. Nike has high brand loyalty among its consumers and so many of the diehard Nike fans were unlikely to abandon Nike Golf products due to an endorser scandal, simply because many skeptical consumers understand that Nike Golf products have nothing to do with the legitimacy of its ambassadors. In summary, Nike Golf made a wise decision to keep Woods on as an endorser and has successfully weathered the scandal storm presented in 2009. Woods is still the primary face of Nike Golf and the company has made no indication of changing this even with Woods’ recent poor performances. However, as Woods’ golf game has deteriorated post-scandal, it may be time for Nike Golf to consider an exit strategy and introduction of a new face for the brand in order to maintain the image of excellence Nike strives to hold with its products.
Tiger Woods Today

The mental effects of the scandal, the divorce, and the fallout of around half of his endorsement deals have critically affected his golf game performance in major tournaments. Woods initially fell from the number one golfer in the world to number 52 in a matter of weeks (Kalb, 2013). Because of this, EA Sports has replaced Woods for another golfer as the star of its video game for the first time in 15 years (“Rory McIlroy takes sponsorship,” 2015). Woods’ recent injuries range from bulging disks to MCL and left Achilles tendon issues to back sprains has caused Woods to pull out of major PGA tournaments, contributing to his downward spiral (“Complete list of Tiger Woods’ injuries,” 2014).
Lance Armstrong

Overview

Lance Armstrong was the king of the cycling sport, and a personal hero for many cancer survivors and cycling enthusiasts around the world. After being diagnosed with testicular cancer that had spread to his lungs and brain, Armstrong underwent successful chemotherapy, and four years later in 1997 was declared cancer-free (“Lance Armstrong,” 2014). He then founded the Livestrong Foundation and began cycling with the U.S. Postal cycling team in 1998. From 1998-2005, Armstrong won seven Tour de France titles as well as a bronze medal in the 2000 Sydney Olympics (“Lance Armstrong,” 2014). Armstrong embodied the popular squeaky-clean corporate image coddled by many corporations, and his strong family, faith, and reputation was a strong draw to many organizations.

History of Scandal and Public Fallout

For over a decade, Armstrong has wholeheartedly denied, and even attacked, interviewers and staff around him who have accused him of using illegal performance-enhancing drugs. The first allegations started in 2000, when the US Postal team doctor was found disposing of a suspicious steroid substance, and in a 2002 interview Armstrong publically denounces the charges and ridicules the French government for even opening an investigation (Weislo, 2015). In 2004, an onslaught of continual accusations are made, most prominently by David Walsh and Pierre Ballester, who published a French first-hand-testimony-laden novel on Armstrong’s doping, and Filippo
Simeoni, who accused Armstrong’s coach of helping him to use steroids (Weislo, 2015). Armstrong took all perpetrators of “defamation” to court and also took to public news outlets to deny the allegations.

In 2005, even after Armstrong was retired, more French allegations came and reporters began questioning reports and suspicious urinary samples that had the illegal substance EPO (Kroner, 2005). In 2006, one of Armstrong’s former teammates on the US Postal Team admitted to doping use, causing increased speculation. When Armstrong returned to the sport in 2009, it was very clear that doctors, organizations, former teammates, and reporters were adamant in conducting further investigations (Weislo, 2015). The French anti-doping agency, the AFLD, and the US Federal Government were determined to open up investigations against Armstrong, especially after Floyd Landis, winner of the 2006 Tour de France, admitted to drug use and implicated Armstrong as well (Johnson, 2015).

However, in January 2013 during an interview with Oprah, Armstrong finally came clean about his use of a variety of steroids in order to win his multiple Tour de France cycling titles, and subsequently was stripped of these titles and many other awards after incriminating investigation on behalf of the US Anti-Doping Agency (Carroll, 2013).

In the wake of this announcement, his seven Tour de France were revoked, his Olympic bronze medal revoked, and he was banned from competitive cycling and any type of competitive event. Nike and Oakley publicly announced continued support of Armstrong’s charity, The Livestrong Foundation, while Armstrong stepped down as the Chairman in order to let the organization branch out without the baggage of his tarnished
image before the public interview. However, Armstrong’s ties to Livestrong was his last saving grace in the eyes of the public, and after his separation from the Foundation he also found separation from his previous identity with “cancer survivor and hero” which had positively impacted his personal brand for years. However, after the separation with Livestrong, his corporate endorsements began to falter. All of Armstrong’s sponsors, including Oakley, Nike, Trek bicycles, Radio Shack, and Anhueser-Busch, revoked their contracts with Armstrong, resulting in a loss of around $35 million (Tredinnick, 2012). Armstrong has since retreated to his home in Austin, Texas and has begun a journey of rebuilding his reputation that left endorsers feeling, ironically, cheated.

Application of Individual Consumer Perceptions Model to Nike

In a public statement in October before Lance Armstrong’s interview and confessional with Oprah, Nike announced its dismissal of Armstrong as a sponsor in this very public statement.

“Due to the seemingly insurmountable evidence that Lance Armstrong participated in doping and misled Nike for more than a decade, it is with great sadness that we have terminated our contract with him. Nike does not condone the use of illegal performance enhancing drugs in any manner. Nike plans to continue support of the Livestrong initiatives created to unite, inspire and empower people affected by cancer” (Cohen, 2012, p. 1).
In the past, Nike has typically provided its endorsers the benefit of the doubt during a scandal. In this case, however, there is a discrepancy. Nike’s core business—as advocates for the fair, spirit of sport—doesn’t match with Armstrong’s use of illegal steroids.

When applying the Individual Consumer Perceptions Model to the case of Lance Armstrong and Nike, the presence of fit between Armstrong and Nike is of course strong. Like many Nike endorsers before and after him, Nike elects to employ only the top athletes in the sport to represent their brand. The fit between Armstrong’s ideals, as well as his story, had aligned with Nike’s objectives as a business and have resulted in great congruence in the endorser-sponsor relationship. Using the match-up hypothesis, it is clear that Nike was sure to swiftly address and act in favor of the company’s core values, regardless of the stature of its endorser.

For the source credibility model, expertise can be thought of in two different ways: pre- and post-scandal. Pre-scandal, Armstrong was considered a leader and pioneer in the sport, and a champion whose accomplishments would stand undefeated for years to come. Armstrong’s level of expertise was unprecedented in terms of his endorsement deal with Nike—and Armstrong even created an entire ad campaign with Nike refuting the doping allegations in order to maintain this level of pre-scandal expertise. Post-scandal, Armstrong’s expertise is still relatively in tact in regards to his knowledge of cycling and understanding of the cycling industry and the key power figures, particularly the organizations that ultimately decided upon Armstrong’s fate in the sport. However, his expertise takes a severe hit since he is banned from the sport.
Trustworthiness operates under a similar pre- and post-scandal format. Because Armstrong was operating for over a decade to deny the accusations of friends, coaches, and teammates in order to maintain his image, the comparison of Armstrong’s trust before and after the scandal is unprecedented. It is unlikely that companies or fans will ever regain this trust, since his scandal is so deeply rooted in the sport that brought him fame and success.

Attractiveness is relatively unchanged. Armstrong is still well spoken and good-looking—for future endorsements, a physical aesthetic is always a top priority. However, attractiveness does include likeability, which is undeniably affected by this scandal and even before. Armstrong’s reputation as a champion overcoming testicular cancer and chemotherapy to win seven Tour de France titles and as a philanthropist championing cancer eradication has built up legions of admirers; it also brought people who met the true side of Armstrong, who was notably rude and biting to his teammates and peers (Clemitson, 2015). While many fans are still supportive of Livestrong, consumers who identify with the likeability of Armstrong have disappeared.

Skepticism has long played a role in Armstrong’s reputation. For years, teammates and associates have openly doubted Armstrong’s feats. Furthermore, even before Armstrong’s interview confession with Oprah, the United States Anti-Doping Agency’s full report is what spurred endorsement loss for Armstrong—even as he still denied the accusations. Because of this, consumers have been skeptical of Armstrong since the beginning of his career; it is a doubt that has always been in the consumer’s mind as a “best worst kept secret” in the cycling world. However, his personal brand image, which inoculated and personified “cancer survivor and hero” daily, softened the
blow of much criticism and could partly contribute to why it took over a decade to discover the deceit in Armstrong’s stories—simply because consumers cared about his story and it touched the hearts of millions of cancer survivors and fighters in America.

The negativity effect is particularly salient since 2013. Armstrong has never been known as the nice-guy of cycling, and by constantly patronizing and attacking his whistle-blowing teammates and staff, Armstrong has alienated himself from consumers worldwide (Clemitson, 2015). Therefore, when the scandal news broke, there was no saving grace for Armstrong to catch his fall—no contradicting positive information, except for Livestrong and his personal story of overcoming cancer. Because of this, Nike understood—even before Armstrong’s confession—that consumers would be extremely unforgiving in their perceptions of the brand.

Because the scandal involves illegal use of banned substances while engaging in sports contradicts the mission and vision of Nike, therefore violating the key most important factor of congruence in the match-up hypothesis, Nike made a key strategic decision in releasing Armstrong from his contractual obligations as an endorser. The timing of this decision is also incredibly pertinent because Nike did not wait for a personal or public confession from Armstrong—they were swift and decisive in their movements. It is also highly conceivable that within Armstrong’s contract there was a clause regarding the use of illegal performance enhancing drugs, which also may have made Nike’s announcement so quick. Timing was really key in this situation in order to avoid the ripple effects of consumers’ perceptions of Armstrong himself, which would undoubtedly be shadowed Nike as well. By mitigating the effects of Armstrong’s
negativity effect and consumer skepticism, Nike’s reputation, in the eyes of consumers, remained unaffected by the scandal.

*Lance Armstrong Today*

Today, as of January 2015 in his first televised interview with BBC since Oprah two years prior, Lance Armstrong is still making his case to justify his actions and seek a lesser sentence—even after a full confession and ongoing investigation. Armstrong continues to cooperate with the ongoing investigation by the International Cycling Union and the Cycling Independent Reform Commission through 2014 (“Lance Armstrong interview transcript,” 2015). His latest bout of media controversy has come in February 2015, when Armstrong was dealt a $10 million dollar fine on behalf of SCA Promotions for his doping conspiracy. SCA Promotions spent over $7 million on Armstrong after his Tour de France titles and an arbitration panel awarded them this compensation against Armstrong (Clemitson, 2015). Armstrong is currently appealing the verdict and is optimistic about the future reputation of his competitive career, his charity involvement, and his family.
Ray Rice

Overview

Ray Rice was the talented running back for the Baltimore Ravens. He was drafted by the Ravens in 2008 after a successful career at Rutgers University and since became one of the Ravens’ most successful rushers in their history. Rice earned an estimated $1.6 million a year for his various endorsement deals, which ranged from Nike to Vertimax (the sports training equipment manufacturer) in addition to his popularity from fans of the Baltimore Ravens (Castillo, 2014). Rice’s college success was an early draw for the Ravens, and his long, successful career in Baltimore has led Rice to accumulate a strong fan base and many team records over the years.

History of Scandal and Public Fallout

Ray Rice enjoyed a successful career playing in the NFL for the Ravens until TMZ discovered and released a series of two elevator videos from an Atlantic City Hotel & Casino of Rice and his then-fiancé, Janay Rice in February 2014. The video was extremely graphic—it depicted the couple arguing with each other, ultimately resulting in Rice releasing a hard left-hook at his fiancé’s face. She immediately crumpled to the floor of the elevator as a result of the knockout punch, and when the elevator arrived at his floor, Rice and a bodyguard dragged out the unconscious Janay Rice, and the footage ends. TMZ released the first clip of only the ending on February 19th; however, it wasn’t
until September 2014 when the full footage in its entirety was released (“Ray Rice – ELEVATOR KNOCKOUT,” 2014).

After this point, the slow process with which the National Football League and Commissioner Roger Goodell took in suspending Rice from playing was deemed a show of condolence of domestic violence. The NFL provided Rice with only a lenient penalty of a fine and a two-game suspension (Castillo, 2014). However, once the full-video was released and people around the world were shocked, angry, and confused, the NFL reversed its ruling and called for greater sanctions against Rice—ultimately resulting in Goodell, stating that “the league ‘fell short of its goals’”, and the NFL promptly changing its policy “so that any first case of domestic violence would result in an immediate six-game suspension. Another incident would mean the athlete would be subject to a ban from the NFL, and he would not be able to apply for reinstatement until after a year” (Castillo, 2014, p. 1). On the afternoon of the full video’s release in September 2014, just as the new domestic violence reforms for the NFL were being proposed, Rice was released from the Ravens roster via contract termination and was suspended indefinitely by the NFL (Van Natta Jr. & Van Valkenburg, 2014).

Nike is an endorser of many other NFL football players, including Ray Rice; however, its connection with Rice was not to the level of Lance Armstrong or Tiger Woods with the brand. Before Rice’s domestic violence incident, the only other athletes cut from Nike’s roster have been extremely
high-level players with detailed contractual deals, including Lance Armstrong and Michael Vick. Furthermore, Rice’s case involves a violent domestic dispute, and the case of Tiger Woods was also related to a domestic disturbance. However, Nike notably chose to stand by Woods because his scandal did not correlate with the legitimacy of his golf game (i.e., it was his personal life). Therefore, when Nike announced its termination of endorsement for Rice after his dismissal from the league, this was a major shift in the sports company giant’s endorsement protocol. This news was unexpected because, as Nike writes a majority of the endorsement checks for athletes across the industry, it is rare that the company breaks a contract with an athlete for anything other than conflicts with the ethical legitimacy of the athlete’s sport. This marks Nike’s first major release based on a domestic violence dispute (Rovell, 2014).

Many of Rice’s NFL colleagues, most notably Adrian Peterson, have undergone high scrutiny throughout the course of their scandal. Many organizations have cried foul towards the NFL, as related earlier, and have accredited violent scandals to the NFL’s cultivation of its players and especially the African American community. Race has become an issue within this topic, and has led many women’s organizations and domestic violence awareness advocates to rally for increased awareness and support for this cause.

**Application of Individual Consumer Perceptions Model to Nike**

The level of involvement with the scandal among consumers across the nation was unparalleled in scope, and actually created a social movement in regards to the policies of the NFL. With so much consumer involvement, applying the model is important and intriguing.
In terms of fit, Nike has many NFL players on its sponsor roster—almost as many as there are teams, and their roster also includes famous or retired players as well. Therefore, there is a fit with Ray Rice as a notable and prominent player for the Ravens, because of the past congruence. However, unlike Tiger Woods, a strong brand-line has not been established with Rice; therefore, the relative congruence is slightly less because it is only a generalized sponsorship.

In terms of the source credibility model and expertise, Rice is a top player for the Ravens. However, he does not boast all-star stats or have the relative fame of other prominent players in the NFL, such as Tom Brady or Peyton Manning—therefore, Rice’s expertise is limited when compared to the scope of the multitude of prominent players currently in the league.

For trustworthiness, this is hard to evaluate pre-scandal. Ray Rice flew relatively below the radar, except to fans of the Baltimore Ravens, and was not a huge sponsor for Nike or other companies. Post-scandal, Rice never lied outright about his violent outburst with his wife—in fact, it was much more of a lying-by-omission scenario, until the relevant video footage was released by TMZ. Rice owned up to his actions publicly and showed a united front with his wife. Because of this, post-scandal trustworthiness can be evaluated as having decreased, but ultimately saying the same, since Rice’s act of “deceit” was merely a private elevator tape that was released to the public.

For attractiveness, Ray Rice is an athletic, typical running back in the NFL. At 28 years old, Rice has stayed in good shape and is fit to continue playing football for the league. As a free agent within the NFL, this will bode well for Rice, because a few teams may deem his scandal recoverable and may capitalize on the health and good looks of the
athlete. Furthermore, Rice was likeable before the scandal and boasted a large fan-base with the Ravens in terms of jersey sales. Because of the salience of the outcries among consumers demanding the banishment of Rice from the sport, his likeability has definitely decreased. By staying humble and united with his wife, as well as issuing many apologies, Rice is doing a formidable job to mitigate the effects of his loss in likeability.

Consumer skepticism is an unimportant factor in the equation for consumer perceptions for Ray Rice because of the severity of the scandal. Consumers did not care who was sponsoring Ray Rice and if Rice actually fully utilized the products of endorsement—all they knew was the videos released by TMZ and the subsequent outcries to the NFL to forbid domestic violence among players and their personal lives. Because of this, consumers were not skeptical of the brands endorsed by Ray Rice because they were more focused and preoccupied with the nature of the scandal.

The negativity effect greatly hinders Ray Rice because of the degree of violence of his scandal. The graphic footage leaked by TMZ left many consumers in outrage and disbelief. Even with apologies, testimonies by his wife, a united marital front, the negative publicity resulting from this scandal was unprecedented for the NFL and caused negative backlash on not only Rice’s personal brand, but also the NFL and the Baltimore Ravens, and it will surely follow Rice into the future.

While Rice’s actions do not condone a release from Nike, especially compared to past athletes Nike has supported throughout domestic disputes, the severity of this scandal is the key defining factor in Nike’s release of Rice. Primarily because of the strength in the negativity effect among consumers Nike made the correct choice in
releasing Rice. Unlike Tiger Woods, there was no compelling congruence between Rice and Nike to keep him on; furthermore, Rice’s public persona was relatively unheard of before this scandal. With Rice only devoting a negligible piece to Nike’s athletic roster, mitigating the media storm by releasing Rice was a wise move by Nike, even if it created new precedent to be followed by the conglomerate in the future when dealing with athletes’ personal lives.

**Ray Rice Today**

After being readmitted to the NFL in November 2014 following a hearing, Rice is eligible to be picked up by any team. In an open letter to Baltimore Ravens fans in February 2015, Rice apologized for his behavior, saying:

“Dear Baltimore,

This is not a farewell or goodbye. The last seven years that my family and I have spent in Baltimore have by far been the best of our lives. From the bottom of my heart, I thank you all for the love and support you've shown my family and I throughout my football career. We’ll always be grateful for the love we've received from all of our fans and supporters, and for winning a Super Bowl. To all the kids who looked up to me, I'm truly sorry for letting you down, but I hope it's helped you learn that one bad decision can turn your dream into a nightmare. There is no excuse for domestic violence, and I apologize for the horrible mistake I made. I hope you can find it in your heart to forgive me, and I hope to make a positive difference in people's lives by raising awareness of this issue. Thank you, Baltimore Ravens, for all you have done for my family and I. I'm very grateful to Steve Bisciotti, Ozzie Newsome, John Harbaugh, and everyone at 1 Winning
Drive. I love you all very much, and I'll always be proud to say I played for the Baltimore Ravens. Thank you.” (Mihoces, 2015, p. 1)

Rice is still married to Janay Rice, and hopes to be readmitted to another NFL team.
Hope Solo

Overview

Hope Solo is the goalie for the United States National Women’s Soccer team and has been since 2000. During her time with the team, Solo has won two Olympic gold medals and has been earned the title of most career shutouts in the U.S. Solo is one of the most top-performing goalkeepers in soccer worldwide. She is also a celebrity figure as well, having competed on Dancing with the Stars and also publishing her own autobiography. Solo is currently married to former NFL tight-end Jerramy Stevens, who has a violent history with domestic dispute with Solo as well as sexual assault from his time at Washington University (Ellis, 2015). Hope Solo’s story is reminiscent of rags-to-riches, and her tough childhood has grown to become the epitome of achieving the American sports dream. Her unequivocal success in soccer has mitigated questioning from sponsors and endorsement contracts linked to her volatile personality and actions even before her major scandals (Williams, 2014).

History of Scandal and Public Fallout

Solo’s career in soccer has been extremely successful, however, Solo has been no stranger to controversy. In 2007, Solo openly criticized her soccer coach for putting her on the bench after the U.S. lost the World Cup match via social media, causing a stir in the sport and her temporary release from the team for the rest of the competition. In 2011, while appearing on Dancing with the Stars, fans and judges eliminated Solo after subsequent weeks of problems working with her professional dance instructor. In 2012,
one of her biggest scandals to date was a public slap-on-the-hand by the U.S. Anti-Doping Agency who found an illegal diuretic in Solo’s blood system. While Solo was later pardoned for a legitimate medical prescription and was unaware of the diuretic’s presence, the incident was still public and documented by the media (Ellis, 2015).

Solo sparked more controversy in summer of 2014 when she was charged with two misdemeanor counts of fourth-degree domestic violence charges after an altercation with her half-sister and nephew at a family gathering (Brettman, 2014). The case picked up speed with the media as other domestic violence controversies, such as issues within the NFL, made headlines. Solo’s case made further headlines and sparked vigorous debate, and more controversy for Nike, when the gender biases and implications were considered that, some argued, benefited Solo. The primary argument within this issue is that professional male athletes, particularly in the NFL, are prosecuted, severely punished, and openly criticized by the public when involved in domestic disputes; however, Solo’s domestic dispute has flown relatively under the radar and her sponsors, plus the U.S. Women’s National Team, have pardoned and avoided taking similar action. Thus, a bias that ended in more lenient treatment has been applied to Solo, most likely leaning towards her gender. However, after the charges were made against Solo, new facts emerged regarding the nephew, who is 6’9”, as well as the half-sister not cooperating with the investigation, which has clouded Solo’s case and made it very difficult for the public, and sponsors, to discern the situation (Brettman, 2014).

Throughout the legal process and public debate, Nike stayed true to its sponsorship with Solo and U.S. Soccer continued to allow Solo to play competitively on
the team (Williams, 2014). In January 2015, the charges against Solo were dropped because her extended family was unwilling to cooperate with the court system.

Hope Solo’s time in the media’s spotlight wasn’t over yet, as just a week after this good news for Solo, she was caught in the crossfire after her husband’s DUI arrest at the end of January. Reports say Solo, who was a passenger in the vehicle, acted belligerently and argued with police (Ellis, 2015). While Solo was not arrested, the involvement in the incident caused the U.S. Women’s National Team to suspend Solo for 30 days.

**Application of Individual Consumer Perceptions Model to Nike**

Many comparisons between the Hope Solo and Ray Rice cases have been drawn as Nike has gone under criticism for inconsistent, and by some accusations hypocritical, treatment of athlete endorsers. Currently, even with Solo’s 30-day suspension, Nike has made no indication of lessening or cutting ties with Hope Solo as an endorser.

In terms of the match-up hypothesis, Hope Solo is an international ambassador for soccer. Solo’s career, especially in the United States, has generated high congruence with Nike as a sponsor. Especially being a woman, Hope Solo provides diversity and a fresh face for Nike’s line of endorsers and fits well as a top-performing athlete in the sport is highly congruent with Nike’s image. However, Solo’s constant spotlight from media scandal could jeopardize her fit with Nike as a company. In the past Nike has dismissed endorsers because of their personal life disputes. With the changing dynamic of athlete endorsers and the levels of standards they are upheld to, Solo could lose her congruence with the company.
For the source credibility model, going off the fitting congruence of Solo in regards to her athletic prowess, her expertise is tied directly to this. Having won Olympic medals and being the top goalie in United States history, Solo is at the peak of her game athletically.

Because of her volatile and erratic behavior in the spotlight, Hope Solo has never had high levels of trustworthiness in the eyes of consumers. In her memoir she touches on the tough upbringing of her childhood and other aspects of her personal life, which helps build credibility. However, the string of scandal and negative public attention since 2007 has limited Solo’s ability to gain trust from consumers.

Hope Solo was featured in ESPN Magazine’s 2011 Body Issue, which received both positive and negative critical acclaim for her revealing photos. Nike itself capitalizes on Solo’s physicality by framing its advertising campaigns with minimal workout clothing and done-up make-up and hair. The other piece of attractiveness is likeability, and similarly to trustworthiness, Solo’s history has been so mired with scandal that it undoubtedly has led a large consumer base to find Solo un-relatable and standoffish—accounts from teammates, coaches, and peers, such as on Dancing With the Stars all have openly accounted for Solo’s difficultness, which has greatly detracted from the positive gains towards likeability, such as the success behind her autobiography.

Consumer skepticism is low, because there is little doubt that Hope Solo does not use Nike products or believes in those products. However, there may be some skepticism present among consumers in terms of how Nike has handled the Hope Solo criticism and scandal over the years, which may have implications on how consumers perceive Nike’s credibility with such inconsistencies among endorsers. Furthermore, there is increased
skepticism within the public with how to perceive Solo’s scandals, particularly that with her half-sister and nephew, because the facts are shrouded and the true story is unknown. Therefore, there is skepticism that an altercation even occurred between family, and this has only strengthened since the charges have been officially dropped.

The negativity effect has followed Solo’s path of scandal as well. Even though the judge ultimately dropped the 2014 domestic violence lawsuit, the media capitalized on the opportunity to draw comparisons to other pertinent scandals in the news. The media proclaimed Solo as guilty based on prior volatility and domestic violence accusations from her husband. Furthermore, press have used Solo as a scapegoat to apply and critique other societal issues, such as issues the public had with ESPN’s Body Magazine and domestic violence awareness. Because of this, the media has drawn negative engagement with the public and it has effected consumers’ perceptions of Solo.

Only time will tell whether or not Nike continues its relationship with Hope Solo. Currently, the brand has remained silent on Solo’s suspension, indicating their apprehension to join the limelight and rather just wait out the storm. This is wise of Nike. Solo is a tremendous athlete, and with the growing popularity and dominance of the United States Women’s team Solo will only become more valuable to Nike. However, it will be important for Nike to tighten its contractual agreement with Solo in regards to scandalous situations—in the event of the need for an escape plan—and wade through the scandal chaos in order to maintain a positive and stable endorsement relationship with Solo. If Solo’s trend of scandalous behavior continues, though, it may be time for Nike to reevaluate its relationship and strategy in women’s soccer in order to save face among skeptical and critical consumers.
Hope Solo Today

Hope Solo commented on her suspension that, “I accept and respect the Federation’s decision, and more importantly, I apologize for disappointing my teammates, choices and the Federation who have always supported me. I think it’s best for me to take a break, decompress from the stress of the last several months, and come back mentally and physically ready to positively contribute to the team” (Ellis, 2015, pg. 1). Solo applied for reinstatement—and was granted such—by the US Soccer Team at the end of this period.
Discussion

In all of the above cases with Nike, the company made an appropriate decision to stay with its current endorsers, Tiger Woods and Hope Solo. In these cases in the near future Nike will need to evaluate its endorsement relationship in order to make the best decision for the strategic future of the brand. The importance of utilizing the Individual Consumer Perceptions Model is to not only evaluate consumers’ attitudes in the current scandal condition, but also analyze how consumers will feel in the long-term future post-scandal. Even though Tiger Woods and Lance Armstrong’s scandals happened years ago, they still are effecting perceptions of consumers and a wider sports audience, and effecting sponsorships as well.

Nike has the benefit of inherent congruence with all of its athletic endorsers by nature of its product offering and business structure. However, what are companies such as Accenture or Gillette—companies with heavy investment in athlete sponsors—to do when scandal strikes and the evaluation is much more complex? Again, walking through the steps of the model, and taking into account a lesser degree of the most important theory, match-up hypothesis, is necessary and may render a completely different strategic business decision than sports companies like Nike.

In terms of the Individual Consumer Perceptions Model, it is important to discuss the implications of the research and future suggestions for improvements upon the primary theories. For the match-up hypothesis, as the foundation of the model, upper management must consider how the proposed endorser fits with the scope of the company. With Nike, the unification of athletes and sports-related products is a no-
brainer; however, with the high cost investment of endorsers, it is important to always gauge the fit between the two. For the source credibility and attractiveness models, understanding the interwoven relationship between expertise, trustworthiness, and attractiveness and how consumers make judgments to define these is important to then judge the congruence. For consumer skepticism, this is extremely important for upper management to understand how consumers perceive the effects of negative scandal and how the inverse effect of skepticism could be taking away what guards people from judging a brand harshly in times of negative press. Lastly, for the negativity effect this is most important in the post-scandal evaluation done by management to decide whether or not to continue on with an endorsement depending on how the scandal is perceived.

**Recommendations for Upper Management**

There are other steps that companies’ upper management can also do to strengthen their strategic positioning with endorsers. First and foremost is the screening process for potential endorsers. By doing a current as well as future analysis of how endorser’s images could change and negatively impact the reputation of the business, the pros and cons should always be heavily and intricately weighed in each step of the Individual Consumer Perceptions model. With each milestone in an endorser’s career, a new evaluation should continually occur in order to keep up-to-date on the possible effects of the relationship on the business. One newer option for strengthening a business, if endorsement relationships are required, is to evaluate whether utilizing a whole team or a league instead of a single, volatile athlete could be more beneficial (Miller & Lacznia, 2011). Recent endorser trends in companies have also shown that using deceased athletes, older athletes, or even animated characters is more common to
mitigate risk. Again, with any option, looking at the current and future implications within the Individual Consumer Perceptions model will provide a foundational approach to managing endorser relations.

If a decision to move forward with an endorsement contract is made, an “exit strategy” should always be developed by management that coincides with the most salient theories in the Individual Consumer Perceptions model. For example, if there is high congruence and low skepticism, an exit strategy should focus on mitigating the effects of the match-up hypothesis on consumers. The exit strategy should include clear actions and steps to be taken in the event an endorser’s image no longer aligns with the company (Miller & Laczniak, 2011). Some example exit strategy steps include working with the athlete’s public relations team, creating a unanimous front within the company, notifying the media (via statement or press release), and even the next steps for finding a replacement endorser and introducing new advertising materials. The exit strategy is a savvy tactic but should not be implemented after the media firestorm has erupted. Upper management should implement any exit strategy operations at the very first signs of a scandal in order to best mitigate the negative association. This is easier said than done especially in the hyperactive digital age, where social media pushes news content and breaking stories at an unprecedented rate. Constant evaluation, social media monitoring, and transparency with endorsers are essential for exit strategies to work.

In addition to the exit strategy, there should also be explicit clauses in the contract in regards to admitting the truth to the public rather than continuous denial, which can only come back to negatively haunt the endorser and the company. The company should work with the athlete’s personal public relations team to develop how they will come
forward to admit the truth, regardless of if the company is leaving or staying by the endorser. As the exit strategy is put in to motion, employees of the company should always be kept in the loop, even at a high-level basis (Carrillat et al., 2013). Building credibility within the business creates a unified message to consumers in the market, and employees can be key advocates to the company and having their buy-in and understanding is necessary regardless of terminating an endorser contract or with maintaining it.
Future Research

Across the board, the literature is primarily limited in two main areas: selected audience and studies on trustworthiness. For selected audience, there is a focus on college-aged (particularly in terms of study samples) as well as adult perceptions. While these are the main consumers who make the purchase decisions for themselves and potentially a unit of people, there could be more research focusing on the perspectives young children have on negative publicity and athletic endorsers. Children are highly impressionable, and in the case of athletes, develop affinities for sports teams, athletes, and perceptions of sports early on in their lives due to the prevalent nature of sports ideology in American culture. A study on their perceptions of endorsers strictly from the standpoint of perception and negative publicity would be interesting.

More research on the implications of trustworthiness in the source credibility model would also be beneficial. In terms of this theory, most focus is on the powerful effects of expertise. However, trustworthiness, the other half of this theory, has less research, yet still can provide interesting and deep effects on consumer perceptions when utilized correctly. More research in this area may provide greater insight into how companies can choose the proper ratio of attractiveness, trustworthiness, and expertise in their endorsers.

The prevalence of endorser literature, and the popularity of athletes, ensures that there will be much research to come in the future and studies will continue to draw connections between endorsers and sponsors as the costs and risks of negative scandal continue to rise in pop culture.
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