Defining Scandal in Sports: Media and Corporate Sponsor Perspectives

Stephanie Hughes and Matt Shank

Abstract

The United States sports industry is a multi-billion dollar industry. Corporations attempt to curry favor with consumers by aligning their products and services with this popular industry through sports sponsorship and endorsement opportunities. The upside to this association is well-documented in the sports marketing literature. Less well known however, is the impact on corporate brands when a scandal erupts around an athletic endorser such as a team, coach, or player. Numerous sports scandals such as the recruiting scandal at the University of Colorado or the Kobe Bryant rape case raise serious questions about the impact of sports scandals on both professional and amateur athletic institutions, sponsors, participants, and other constituents. The purpose of the present research study is twofold: (1) to attempt to identify aspects of a sports scandal that influence our perception of the impact of the event and (2) to understand the short and long-term effects of sports scandals on the consumers’ affiliation with the sponsors’ products, sports organization, and with the sport entity involved in the scandal.

Introduction

The United States sports business industry is an estimated $213 billion industry with sports sponsorship spending totaling an estimated $7.69 billion in 2004 (http://www.sponsorship.com, 2004). Corporations see the appeal of sports (leagues, teams, and athletes) and try to establish an association with sports in order to accomplish marketing objectives. Such an association often entails using sports personalities as endorsers and/or sponsoring sports properties.

While traditional corporate sports sponsors such as Nike maintain a ubiquitous presence, many more and different types of companies are getting into the sponsorship game. The 2004 U.S. Olympic team was sponsored at various levels by a total of 65 different corporations representing categories ranging from athletic apparel to railroads (USOC, 2004). These organizations benefit from supplying teams with equipment or funding in exchange for the right to use their affiliation with the team in commercial activities (http://www.sports-sponsorship.co.uk/sponsorship.htm). Sports endorsements, by comparison, are a more direct attempt by corporate sponsors to position their brand with a particular athlete by having that athlete provide testimonials on behalf of the companies’ products and services. In 2004, the top 10 athletic endorsers were compensated to the tune of $191 million (McEntegart, 2004). Despite the increasing diversity of the corporations participating in athletic sponsorships, athletic manufacturers such as Nike and Adidas continue to lead with Nike’s total athletic endorsement commitment exceeding an estimated $336 million in 2004, a 50% increase over 2003 (Shank, 2004). As the preceding information suggests, sponsorship and endorsements represent huge financial opportunities for teams and athletes and significant marketing expenditures for their corporate sponsors.

In return for sponsorship and endorsement fees, sport entities (athletes, teams, leagues) are expected to help companies capture the attention of consumers, change or reinforce brand image, reinforce brand name, provide message credibility, increase the attractiveness of the product, and increase brand loyalty (Thwaite, 1995; Martin, 1996; Madrigal, 2000, 2001).

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Along with these associated benefits of endorsers there are equally apparent risks in sponsorship. For example, what happens to the sponsor and their brand when a scandal erupts around an athletic endorser such as a team, coach, or player? On the professional level, the Kobe Bryant situation demonstrates the potential risk that corporate sponsors face when they tie their product specifically to a single player’s fortunes. Bryant’s major sponsors, including McDonalds, Sprite, and Nike, have all experienced some degree of negative impact on their brands from Bryant’s actions. The financial impact on the brands, from the loss of consumers upset over the use of Bryant to endorse these sponsors’ products, has not been calculated but many have begun to scale back the use of his image in their advertising as a precautionary measure nonetheless. Several sponsors, including Nutella and Ferrero U.S.A., have either severed their ties or failed to renew their contracts with Bryant over the incident. In the end, the total personal cost of this incident to Bryant is estimated to exceed $100 million in lost future endorsement opportunities (Robinson, 2004).

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The potential fallout from these activities can be just as significant at the amateur level for groups whose athletic teams and individuals are so closely identified with universities or large-scale events such as the Olympics. The University of Colorado is just one of a dozen similar situations in the past several years that highlight the potential negative fallout of a scandal involving high-profile athletes in a college setting. The university has endured continuous national and international coverage over the alleged sexual assaults by its football players on numerous women over the past several years. Court filings indicate that the university and its administrators, including several members of the football team coaching staff, exercised little oversight over the alleged criminal actions of the football team in their efforts to entice high profile, high school football players to choose the university during the annual recruiting process (Basinger, 2004). The fallout for the university is enormous and includes loss of alumni support, a loss in the numbers of incoming freshmen, an incalculable perceived loss in the reputation of the university, its administrators, staff, faculty, and students and, ultimately, the resignation of the university president. Current estimates of the financial cost for the university include approximately $900,000 for the internal investigation plus approximately $15 million in lost student enrollments (Curtin, 2004; Associated Press, 2005). In addition, the continuing media coverage of this scandal ensures that little repair can be achieved while this situation endures.

Similarly, The Ohio State University is struggling under its own scandal that began with allegations of illicit payments and academic fraud surrounding Maurice Clarett, the university’s star running back (Friend & Hockensmith, 2004). After a series of investigations by both the university and the National Collegiate Athletic Association (NCAA), the university subsequently suspended the running back and Clarett ultimately withdrew from the university. Unfortunately, the cloud of wrongdoing has continued to embroil the football team and resulted in additional suspensions of student athletes (Associated Press, 2005). An equally troubling situation has occurred at Arizona State University where law enforcement authorities have arrested current ASU football player Loren Wade over allegations that he murdered an ex-ASU football player in the parking lot of a fast food restaurant. According to news sources, Wade had a history of repeated threats and participation in brawls (Cieslak & Hermann, 2005).

Each of these examples raises serious questions about the impact of sports scandals on both professional and amateur athletic institutions, sponsors, participants, and other constituents. The purpose of the present research study is twofold: (1) to attempt to identify aspects of a sports scandal that influence our perception of the impact of the event and (2) to understand the short and long-term effects of sports scandals on the consumers’ affiliation with the sponsors’ products, sports organization, and with the sport entity involved in the scandal.

Literature Review
Corporations are increasing the use of celebrities in their advertisements. In 1979, for example, advertisers used celebrity endorsers in one of every six advertisements; by 1997, that ratio had increased to one in every four advertisements (Erdogan, 1999). The positive impact of these types of appeals is well-chronicled in the marketing literature. Celebrity endorsers have been found to create credibility in advertisements (Kamins et al., 1989), improve communicative ability by cutting through excess background noise (Sherman, 1985), aid in the recognition of brand names (Petty et al., 1983), and generate greater customer choice for the endorsed brand (Kamins et al., 1989). Finally, celebrity endorsers also help generate a positive impact on a company’s stock return due to the positive perception that the company’s investment activities in their advertisements generates among investors (Agrawal & Kamakura, 1995).
By comparison, literature addressing the specific issues associated with athletic endorsements is relatively small but is beginning to grow. Martin (1996), in an investigation of the use of sports personalities in marketing, found that the sport from which an athlete comes from can have a significant effect, both positive and negative, on consumer evaluations of the endorsement and the product. Specifically, his findings suggest that the more similar the images of the product and the sport of the endorser, the higher the evaluation of the endorsement. Stone et al. (2003) investigated whether the use of celebrity athlete endorsers has declined over time. Employing content analysis of the advertising content of *Sports Illustrated* over two different six-year periods covering a total of 12 years, the authors found that while the use of sports celebrities or athletes has declined over time, the use of older and retired celebrity athletes has increased. The authors suggest that these findings indicate that advertisers may be attempting to reduce the level of risk associated with using younger, possibly more immature, athletes. Along these lines, advertisers are increasingly turning to dead sports celebrities to pitch their products. For example, Upper Deck and Curtis Management Group (CMG) Worldwide have agreed to a sponsorship deal allowing Upper Deck to utilize CMG's legendary roster of baseball talent, including Babe Ruth, Ty Cobb, Lou Gehrig, Jackie Robinson and other famous baseball players, in upcoming trading card and memorabilia products (CMG, 2005). Using deceased sports celebrities in advertising campaigns is generally considered cheaper and less risky than using living sports figures who are still vulnerable to a myriad of potential risks (Hyman, 1997). It can also be very lucrative to the deceased sports figures' living relatives. For example, in 1995 alone, Babe Ruth's image appeared in advertising campaigns for Wheaties, Coca-Cola, Hallmark, McDonalds, Chevrolet, and Sears generating well over $25 million in fees (Marx, 1995). Till (2001) found that athletes and non-athletes alike can be negatively affected by association with inappropriate products. More specifically, athletes that associate with products that the public perceives as a health risk may significantly and negatively impact their own image.

In an attempt to find out the value generated by athlete endorsers, Boyd and Shank (2004) investigated the effect of endorser gender, consumer gender, and product relatedness on consumer perceptions of endorser trustworthiness, expertise, and attractiveness. Their findings suggest that an athlete endorser's credibility is enhanced by perceived expertise when the product is sports-related. More specifically, the authors' findings suggest that "male athlete endorsers may be more effective than their female counterparts to the extent that attractiveness influences credibility regardless of audience gender" (Boyd & Shank, 2004). Peetz et al. (2004) also investigated the role of gender in the relationship between athlete endorser, product, and purchase intention. Their findings indicate that male athlete endorsers were ultimately more likely to influence purchase intentions among younger groups of both male and female consumers. Fink et al. (2004) examined the effects of attractiveness and athletic expertise on endorser-event fit, attitudes toward an event, and intentions to purchase tickets to an event. Their findings suggest that while both athlete attractiveness and athlete expertise were positively related to endorser-event fit, athlete expertise was more significantly related to fit. In turn, the degree of event fit was crucial to attitudes toward the event which impacted purchase intentions. Finally, research has found that fans' negative attitudes toward sports personalities lead to negative attitudes towards brands associated with these personalities. In a study with the National Association for Stock Car Auto Racing (NASCAR) fans, Dalakas and Levin (2005) found that, while fans liked the brands sponsored by their favorite drivers, fans had negative attitudes toward the sponsors of their least favorite drivers.

While the significant upside of celebrity-endorsed and, more specifically, sports celebrity advertisements has been well-documented, less attention has been paid to demonstrating the potential negative impact on a brand from a scandal-tainted endorser. While substantial anecdotal evidence exists demonstrating the potential fallout, there are few empirical studies analyzing the direct impact of scandal-tainted endorsers on a brand. Till and Shimp (1998) found that a lowered evaluation of an endorser, presumably from the influence of negative information about the endorser, will ultimately lower a brand's evaluation by consumers. The authors also found that the timing and release of negative information also affected consumers' evaluations of the brand. Specifically, the data show that negative endorser information presented prior to the brand/endorser pairing had a greater effect on the endorsed brand than negative endorser information presented after the pairing.

A possible u-shaped relationship between the existence of negative information and its impact on a...
sponsors' performance was proposed by Louie et al. (2001) in an investigation of the impact on the financial performance of a firm when a celebrity endorser becomes involved in undesirable events. The authors found that a firm's financial performance (as measured by stock market return) was negatively affected when an endorser of their products was involved in an undesirable event. Moreover, blameworthy activity, where the endorser is completely to blame for the event, is likely to result in negative firm value. Conversely, if an endorser is involved in a low blameworthy event where the individual is "not at all" to blame for the event, the overall effect on firm value was positive. These results suggest that not all bad events are necessarily bad for sponsors since consumers extend sympathy to endorsers who are involved in bad events not of their doing. This scenario results in greater visibility and affection for the endorser and subsequently for the products they sponsor.

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Louie and Obermiller (2002) further detailed the results of two studies that examined the degree of endorser blame for bad events and the company evaluation relationship. Results from Study 1 indicate that companies should associate with endorsers who have low levels of blame for negative events. Indeed, the financial performance of companies increased when companies dismissed endorsers with high blameworthiness for an event and kept those endorsers with low blameworthiness. Interestingly, the results from Study 2 suggest that companies can actually benefit from associating with endorsers who have experienced low blame events. In particular, the positive impact comes from consumers who generally show appreciation to companies that pay an endorser that has gone through a rough, but unwarranted, set of bad circumstances.

In an interesting departure from the previous studies' findings, Fisher and Wakefield (1998) investigated why fans of losing sports teams, alumni of poorly ranked educational systems, and patrons of charities rocked by scandal continued to maintain or even increase their support. Their research found that, in pursuit of positive self definition, members of both successful and unsuccessful groups identify with their groups for different reasons. In particular, members of successful groups tend to use performance as the dominant factor in their association with these groups. Alternately, members affiliated with unsuccessful groups tended to focus on aspects of the group and its members, such as individual group member attractiveness and group domain association that were beneficial to their view of self and otherwise ignored information about their group's poor performance. These results suggest that the more involved group members are with their environment and the more attractive their individual personalities are, the more likely consumers will be to continue to support the group despite the negative information which surrounds a group or its associated poor performance.

The role of the media in communicating information about negative events has received little attention in the sports marketing literature. Most literature in this area looks at how the media frames issues in the areas of public policy (Joslyn, 2003). News media frame a story by organizing coverage of a story around shared sets of normative grounded news values (Shah et al., 1999). By engaging in framing, journalists participate in shaping an issue's implications for the public (Shah, 2001). Framing has been argued to be responsible for fostering changes in public opinion by promoting particular definitions and interpretations of political issues (Price et al., 1997). By extending the concept of framing to the sports arena, we believe that the sports media often plays a dual role in influencing the general public's perception, including corporate sports sponsors, of what constitutes negative information. First, the media is often responsible for exposing the details surrounding a negative event involving individuals in sports. Since sports media types typically enjoy close relationships with the teams and players they cover, not all negative information surrounding a team or a player will become public because teams could limit or, potentially deny, access to media types who highlight this negative information. Second, in the case of negative information disclosure, the media plays a significant role in how the general public perceives the negative information by contextualizing the frame(s) with which people view the event (Joslyn, 2003). Each of these studies suggests that the impact and framing of "negative information" about an endorser can have potentially dichotomous effects on a sponsor's image, product, and performance.

In the majority of the previously defined studies, the contextual aspects of the "negative information" which influences how a person perceives the negative information are not addressed. For example, in Louie and Obermiller's (2002) study, respondents were asked to rate a potential endorser's blameworthiness for causing the negative information to occur by ranking the event on a nine-item scale ranging from "no blame at all/not responsible" to "all of the blame/very responsible". In
the Fisher and Wakefield (1998) study, a losing sports team was used as a proxy for unsuccessful behavior. Finally, Till and Shimp’s (1998) study evaluated “negative information” on a variety of nine-point scales including three global evaluation measures (good/bad, favorable/unfavorable, and positive/negative), two trust measures (trustworthy/not trustworthy and believable/not believable), two expertise measures (knowledgeable/not knowledgeable and qualified/not qualified), and two endorser appropriateness measures (appropriate/not appropriate and effective/ineffective). These measures were summed to represent an overall attitude toward the endorser. Once again, however, the context in which the negative information occurred is not addressed. This distinction is important because the discussion of what represents a scandalous activity may be influenced by a wide range of factors that ultimately enhance or diminish the perceived “negative” or scandalous information that is known. In the Louie and Obermiller study, for example, the negative information was a hypothesized scenario involving two athletes and an automobile accident. The hypothesized scenario, however, provides relatively little context in which to evaluate the situation including such information as past driving infractions. Knowledge of the contextual background information may influence the way individuals process the negative event and may contribute to an entirely different perception of the event than initially believed. This distinction may be best understood in the context of sports scandals, where the impact on the perception of what constitutes a scandal or “negative information” may depend on whether the information relates to a person’s on-the-field vs. off-the-field exploits, their level of play, their gender, their role within the sports team itself, and finally, the attention, interest, and framing of the event by the media.

This study is intended to extend the literature in the area of celebrity endorsers in three ways. First, we attempt to incorporate context into the evaluation of negative information events by examining the influence of certain contextual aspects on how the media and corporate sports sponsors perceive a scandal or “negative information.” We had initially included other groups in the study including sports administrators, coaches, and players at both the amateur and professional levels but decided to limit this initial inquiry to media representatives and corporate sponsors because of their influence in the process of educating, promoting, and positioning sports celebrities to the general public. In addition, we investigate the impact of scandals exclusively in the area of sports to limit the impact of exogenous variables on the constructs. Previous studies looked at the impact of negative information on a general class of celebrities but did not specifically single out sports celebrities for evaluation.

We chose to evaluate sports celebrities because of the proliferation of negative-related events surrounding this class of celebrities and to evaluate whether the impact of a player’s on-the-field performance mitigated the perception of scandal in any way. Finally, we provide a framework of characteristics that can be used to assess the degree of scandal or negativity associated with future negative events in sports.

Methodology

Sample

Ten in-depth interviews of sports sponsors and sports media representatives were conducted. The interviews consisted of semi-structured interviews over a four-month period from November 2004, through March 2005, with 10 media representatives including print, TV, and radio personalities, and well-known corporate sponsors of both amateur and professional sporting events and their participants. The representatives were chosen for their media coverage or sponsorship of both amateur and professional sports teams and their athletes including teams with both a local/ regional association as well as those teams appealing to a more national-level fan base. The corporate sponsor sample was composed of individuals with direct involvement in structuring the company’s endorsement deals with sports athletes. The media sample was represented by one print media, two individuals who do radio, television, and print, one individual who does radio and television, and one individual who does radio.

Data Collection

Since the discussion of sports scandals is limited in the literature, the researchers in this study employed a qualitative analysis to first identify the parameters of what constitutes a scandal among professional sports sponsors and sports media representatives. The respondents were contacted by phone to arrange the interview time. Seven of the ten interviews were conducted by phone while three occurred in person. Each interview ranged in duration from 35 minutes to 55 minutes. Interviewees were asked to discuss the following eight questions regarding their perception of sports scandals:

1. Please name two recent sports scandals that come to mind and identify why, in your mind, they are scandalous.
2. What are the elements that qualify them as scandals?
3. Please rank the following sports scandals from most to least scandalous and provide an explanation for your answer.
   a. Baylor University
b. BALCO Laboratories
c. Kobe Bryant
d. Little League (Danny Almonte’s Effort to Circumvent the Age limits in LL)
e. University of Cincinnati’s Bob Huggin’s DUI Arrest

4. Is your perception influenced by level of sport (for example, between amateur and professional levels)?
5. Is your perception influenced by gender?
6. Is your perception influenced by your specific association with sport or entity (for example, are you more or less impacted when you are personally associated with the athlete or with the sport in question)?
7. Is your perception influenced by the performance implications of the scandalous activity (for example, is it more or less scandalous if the performance on the field of play is impacted by the event)?
8. Please provide the interviewee a definition of scandal.

Previous researchers have identified the appropriateness of qualitative research to assist in the early stages of a research program and as a basis for developing future research hypotheses (Baltos, 1986; Hill & Kikulis, 1999; Hoye & Cuskelly, 2003). The analysis of the data generated several common themes among both sets of constituents regarding the parameters of the definition of sports scandals. A discussion of the results follows.

Results

Recent Scandals

We utilized the first question in an effort to get the participants to begin to think about their own examples of recent sports scandals rather than influence them with our previously developed list. Overwhelmingly, participants identified the steroid abuse scandal involving BALCO Laboratories as the most prominent of all recent scandals. The two primary reasons provided by participants detailing why they chose the examples they did was that the situation was characterized by either illegal or unethical behavior on the part of the sports celebrity. As one of the participants stated, "BALCO (sic) represents a scandal because the actions of these athletes offended people from an ethical standpoint, or at least a significant proportion of the population was offended; illegal behavior may have also occurred." There was a slight degree of differentiation between the responses of the sponsors and the media representatives with sponsors more concerned about the criminal nature of the actions involved while the media saw the actions as scandalous because of their impact on the integrity of the game. There appeared to be no pattern among respondents’ answers differentiating between scandals at the amateur or professional levels. The most recent scandals identified include: BALCO Laboratories, Temple and John Chaney, Kobe Bryant, Ray Lewis murder trial, Jayson Williams murder trial, Maurice Clarett, Pete Rose, and the NBA brawl in Detroit.

Depth of Scandal

In an effort to get participants to provide feedback on why a particular event may or may not be scandalous, the authors compiled a list of five recent athletic scandals and asked the participants to list the scandals from most to least scandalous and then provide reasons why they felt the way they did. In the 10 lists of rankings (Table 1), BALCO Laboratories was ranked number one on five respondents’ lists while the Baylor situation was ranked number one on the remaining five lists of rankings. Both BALCO Laboratories and Baylor were ranked as the second biggest scandal two out of 10 times. In general, respondents thought BALCO was the biggest scandal because it represented a situation of chronic cheating and large-scale cover-up. As one respondent stated, “BALCO (sic) is the deepest rooted scandal of the five because a lot of people knew about the behavior and covered it up for a long period of time.” The Bryant situation was the next most ranked scandal generating a second ranking two out of 10 times. The respondents identified the fact that Bryant’s situation was shocking because of his previously clean public image. There were no obvious differences in the responses of both the media representatives and the sports sponsors regarding either the ranking or the explanations for the ranking.

Level of Sport Influences

Participants were asked to provide feedback on whether the level of the sport (amateur versus professional) influences whether they view an event as more or less scandalous. There seemed to be general consensus that the level of sport does matter when determining the perception of whether an event is scandalous, although sports sponsors and media representatives did differ in their reasoning on why this seems to be the case. In particular, most sports sponsors respondents felt that the professional level athletes should be held to a higher standard and events that occur at the professional level, which could be characterized as negative, will be perceived as more scandalous than if the same kind of event occurred at the amateur level. Most of these respondents identified the fact that professionals were making their livelihood through their various sports and that they took the responsibility more seri-
Table I
Correlations Between Institutional Characteristics and Women’s Sports Attendance

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<th>Rank</th>
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<td>BALCO</td>
<td>5</td>
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<td></td>
<td>Baylor</td>
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<td></td>
<td>Kobe Bryant</td>
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<td>1</td>
<td>2</td>
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<tr>
<td></td>
<td>Little League</td>
<td>1</td>
<td>3</td>
<td>3</td>
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<td></td>
<td>Bob Huggins</td>
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<td>5(^1)</td>
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</table>

\(^1\) Respondent graded the Bryant situation and Bob Huggins as tied for 4\(^{th}\) place.

ously than athletes at an amateur level. As a sponsor stated, “Definitely, you generally have higher expectations of professionals than amateurs because there is perceived to be less maturity with amateur athletes. The higher you go (in the sport), the more maturity you expect, the more integrity you expect.”

Media representatives, on the other hand, identified the impact that the media have on how people perceive an event as scandalous or not. They suggested that the level of the sport influences the type and volume of the media coverage and that media coverage is really the factor driving the difference—not necessarily the level of the sport. As one media representative stated, “It is not necessarily the difference between amateur and professional. Level is created by coverage and coverage is determined by popularity of individual or sport. Perception is influenced because certain levels of sport receive more attention overall and much more media attention and this can only work to influence your perceptions.”

Gender Influences

The specific impact of gender on the perception of whether an event is seen as scandalous or not appears to be directly tied to the level of coverage that women’s sports receives from the media. In particular, all respondents felt that the media play a major role in this area and that because women receive less media coverage than men, the perception is that women are less scandalous. As one media sponsor stated, “There is no impact on perception. Males drive the interest and attention but the perception of scandal is not more or less because of gender differences. The attention is different only because males drive the money issues; males get more media attention.” Most respondents felt that gender was not the central issue here; instead the popularity of the sport or person is the driving force behind the public’s perception. For example, one respondent indicated that if Mia Hamm were involved, the perception of scandal would be greater but it would have little to do with her role as a female and more to do with her role as one of the most popular women in sports.

Performance Influences

The performance of the sports celebrity in the field of play does appear to directly impact the perception of whether an event is scandalous or not. Eight of the 10 respondents indicated that their perception of whether an event was scandalous in the sport was influenced by the extent to which an event impacted the performance of the individual on the field of play. One respondent chose not to answer the question and one respondent indicated that performance implications did not influence their perception of whether an event was scandalous or not. Three respondents indicated that the scandalous behavior was heightened because the behavior directly influenced the integrity of the sport. As one respondent stated, “When the act affects the integrity of the sport then the act is viewed as more scandalous. BALCO, as an example, will infect the records of baseball and the Olympics forever. Records are integral to the sport and since the overall sport is affected, the perception of the scandal is greater.” The media respondents were unanimous in their consensus that an illegal/unethical action that affects the performance of an individual on the field heightens the negative perception of an event.

Association Influences

Association with a particular sport or entity does appear to influence perception of whether an event is scandalous or not. Association is defined as the extent to which a respondent feels close to either an athlete or a
"Association with a particular sport or entity does appear to influence perception of whether an event is scandalous or not."

sport which may be influenced by things such as prior experience or degree of familiarity in the sport or organization which is being impacted by the negative information. Seven of the 10 respondents reported that they were influenced by an existing association with a sport or entity and this association did influence their perception of the scandalousness of the event. In general, among those respondents that indicated they were influenced by the association, they felt more restraint initially in their evaluation of the event and, as the events unfolded, they felt a greater sense of betrayal and more outrage towards the individual at the center of the event.

As one respondent indicated, "You tend to think higher of what you have chosen to associate with so you want to defend them more. However, there is a threshold for this. For example, if you look at scandalous behavior as a continuum between scandal and a great person with inappropriate behavior in the middle, then you can argue that scandalous behavior cannot be defended and you'd treat all individuals the same if confronted with this behavior. However, inappropriate behavior can more easily be defended and you'd like to think you would try to defend this kind of activity a bit more."

The perception of scandal also appeared to increase if an entire entity, such as a league or association, were embroiled in controversy rather than a single individual. In these instances, an individual’s perception appears to be negatively influenced the more people are actually involved in perpetuating the negative events. Differences do exist between the responses of both media and corporate sports sponsors. In particular, three out of five media representatives appeared to think that prior association with an entity did not impact how they viewed an event’s scandal rating. Corporate sponsors, by comparison, were unanimous in their view that prior association did influence the way they perceived the scandal.

Scandal Defined

In an effort to provide feedback on a definition for athletic scandal going forward, respondents were asked to provide a definition of an athletic scandal. Respondents generally identified four consistent characteristics which make an event in athletics scandalous or not. These characteristics included an action that was either illegal or unethical, involved multiple parties over a sustained period of time, and whose impact affected the integrity of the sport with which they are associated. As one respondent articulated, "Scandal is defined as doing something illegal or immoral that has a profound impact on the sport or contest." Another respondent stated, "Scandal is defined as deep-rooted fraud, deception, or deceit by more than one person." There were no distinct differences between the responses of the media and the corporate sports sponsors regarding the emphasis on the illegal versus immoral aspects of an activity. In six out of 10 responses, respondents identified the illegality of an event as contributing to their perception of the scandalousness of the activity. In two out of 10 responses, participants indicated that the immorality of an activity contributed to their perception of whether an event was deemed scandalous or not.

"Collectively, the corporate sports sponsors in this study indicated that while there were efforts directed towards managing the risk of scandal arising from sponsorship activity, these efforts were not necessarily formal or rigorous by traditional corporate risk management standards."

Future Research Agenda

The positive impact of celebrity endorsers has been well-chronicled in the marketing literature (Petty et al., 1983; Sherman, 1985; Kamins et al., 1989; Agrawal & Kamakura, 1995). Less emphasis has been given to the potential downside to celebrity endorsers who become tainted by negative events. This current research represents an effort to build upon the few empirical studies in the literature that deal with the impact on a brand from negative information related to the brand’s endorser (Till & Shimp, 1988; Louie et al., 2001; Louie & Obermiller, 2002; Fisher & Wakefield, 1998) by identifying and defining the underlying constructs of negative information or scandals in sports. Previous research failed to provide a consistent framework for identifying the boundaries of what constituted negative information. By identifying the underlying foundation of what constitutes a scandal in sports, future research can begin to understand the short and long-term effects of sports scandals on the consumers’ affiliation with the sponsors’ products and with the sports organization and entity involved in the scandal. It is clear from the current research that violations that occur repeatedly over time are viewed as potentially more damaging than a single, isolated event. Research that investigates the use and value of sports celebrities that have been previously tainted by scandal would add significant insight into this particular issue.

Additionally, future research which begins to quantify the actual cost to organizations and sponsors’ products as the result of scandal would begin to address a significant gap in the current literature. Anecdotally,
the cost appears significant from loss of revenue, personnel costs, including the firing and hiring of new staff, loss of sponsorships, and consumer avoidance but there currently is little understanding of these issues from a quantifiable perspective. Further, by identifying the issues that drive the public’s perception of the degree of the scandal, sports administrators can begin to address a process for how to effectively manage and potentially mitigate the impact of the scandal on an organization.

Finally, while effective risk management practices and processes such as the use of background checks and personality testing are in ubiquitous use in other industries, sports business organizations appear to be behind their corporate counterparts in employing these techniques (Timanus, 2005). There are numerous examples in sports, including high profile coaching/managerial hires at University of Notre Dame and the Arizona Diamondback organizations, where the utilization of background checks would have saved the organizations from significant public relations fiascos. Collectively, the corporate sports sponsors in this study indicated that while there were efforts directed towards managing the risk of scandal arising from sponsorship activity, these efforts were not necessarily formal or rigorous by traditional corporate risk management standards. For example, two sponsors indicated that they relied on their human resource departments or their advertising agencies to conduct relevant checks into athletes’ backgrounds before entering into agreements with them as sponsors. A second sponsor indicated that they had been involved with the same people for over 10 years and that the tenure of the relationship gave them the confidence they needed to maintain the relationship going forward. Along these same lines, one sponsor indicated that they felt that sponsorship deals involving sports teams or groups were much safer than sponsorship deals with individual players. The sponsor suggested that league rules regarding codes of conduct and behavior often minimized the risk involved upfront. Individual players, by comparison, were more risky to sponsor because they did not have to answer to anyone in their individual sponsorship deals. In another instance, the sponsor indicated that extensive personal, but informal, checks had been conducted into an athlete’s background before entering into a sponsorship agreement with the athlete. Despite this effort, the athlete was embroiled in a scandal a short time after signing the sponsorship deal. Finally, one of the sponsors indicated that they would never enter another sponsorship agreement with an athlete unless the agreement could be written with more substantial personal conduct rules and with greater specificity regarding performance of duties associated with the sponsorship agreement. This sponsor suggested that future sponsorship agreements might also involve personality testing since it was important to achieve consistency with the brand and the characteristics of the people that associate with it. Despite the apparent underutilization of these risk management techniques in sports organizations, the tide appears to be shifting. The University of Oklahoma, for example, became one of the first institutions nationally to employ background checks on incoming transfer student athletes (Timanus, 2005). Research which attempted to correlate incidences of scandal with institutions that have adopted risk management techniques versus those that have not would be helpful in proving the value of these techniques in mitigating the risk of scandal and potentially preventing costly negative events for institutions.

Implications for Sports Administrators and Sponsors

The implications for both sports administrators and sponsors suggest that character does matter in the assessment of whether an event is perceived to be scandalous or not. There was unanimity among respondents that illegal or unethical behavior was scandalous. Efforts by administrators and sponsors to minimize the likelihood of individuals engaging in illegal and unethical behavior would go a long way toward protecting the integrity of the organization and their brand. For example, by developing hiring and recruiting measures that emphasize character, organizations lower their risk of scandal. Additionally, sports administrators and sponsors should proactively protect their brands by investigating the use of standard corporate risk management techniques such as background investigations to identify individuals whose past actions may demonstrate a proclivity to engage in future behavior that could ultimately prove harmful to the organization or sponsors’ brand.

The perception of scandal was heightened according to our respondents when the scandal went on for a lengthy period of time and involved multiple parties to the process. While administrators and sponsors are unable to effectively monitor the activity of their personnel or sponsors all of the time, employing some type of ongoing monitoring system, such as a whistle blower policy, to limit the penetration and length of the deception should protect the brand and allow the organization and brand to recover more quickly from any negative event. Additionally, organizations and sponsors would be well served by employing an experienced representative to deal with the media during the occurrence of a scandal. Since the media’s role in both uncovering and framing the incidence of scandal has
been addressed, having an experienced media-savy individual managing the media’s perception of the event can prove beneficial in limiting the extent and length of the media’s interest in the situation.

Finally, a situation such as steroid abuse is an event that harms the integrity of any sport. Since respondents saw activity that affected the behavior of sports celebrities on the field of play as particularly scandalous, policies that proactively and aggressively address ways to reduce the occurrence of steroid abuse are particularly important to reducing the likelihood of scandal tainting an organization or a brand. The recent congressional hearings that were held to address the abuse of steroids in professional sports could be a step towards the goal of aggressive policy implementation. In May 2005, in response to the negative public feedback generated from these hearings, Bud Selig, the Commissioner of Major League Baseball (MLB), proposed a new steroid policy that, if ratified by the Player’s Association, would impose a mandatory 50-game suspension on first-time steroid abusers, 100 games for a second offense, and a mandatory lifetime ban for a third offense (Gutowski, 2005). While the long-term impact of stricter enforcement policies remains unknown, clearly the league had to demonstrate to its fans that it was serious in its efforts to eradicate cheating from its environment.

References


