

Be careful with whom you associate: Brand building through association

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The recent incident with the Olympic swimmer Ryan Lochte who filed a false robbery claim while at the Rio Olympics, has led to sponsors Speedo and Ralph Lauren withdrawing their sponsorships. Other well-known sponsors have also withdrawn their sponsorships. This is not an isolated incident. Many other stars have lost their sponsorships due to some form of misconduct. Maria Sharapova lost some of her endorsement deals after testing positive for a banned drug, Manny Pacquiao, the eight times world boxing champion lost his Nike sponsorship for disparaging remarks about gay people, and running back Adrian Peterson lost his Nike and Castrol sponsorships after he was indicted on child abuse charges. Ray Rice, Tiger Woods, Lance Armstrong, Luis Suarez, Ryan Braun...the list goes on.

Many people make mistakes in their lives. So is it worth the risk? One should ask then, why do organizations endorse and sponsor well-known sports personalities? A major reason is brand building. Consumers see athletes as experts that fans look up to and even idolize. The bottom line is it helps their revenue and profit. But what happens when a controversy arises? The brand could be negatively affected if firms don't break with the transgressor or at the very least, have a good reason to stick with them.

Brand building requires firms to use multiple athletes if they can afford to do so in case they have to drop one because of misconduct. Firms must also realize that brands are built in many ways, but a major effort should be through other brand associations. Endorsers are just one type of association. The person an organization employs is also a critical association. For example, faculty credentials are a major reason for a university's good or bad reputation in the eyes of its stakeholders. Other brand associations include organizations associating with causes, for example, a commitment to sustainable practices. Organizations could also associate themselves with other brands, for example, Delta airlines serving Starbucks coffee or Diet Coke sweetened with Splenda. The point that firms need to remember is that their brand is often judged by whom and what they associate with.

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