Endorsed Brands’ Appropriate Response Strategies to Athlete Endorser Transgressions

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Introduction
More doubt has been raised about the value of celebrity endorsement in light of numerous celebrity scandals. Indeed, scholars in the previous literature have asserted that endorsement can be risky because endorsers are frequently involved in transgressions (Sato, Ko, Park, & Tao, 2015; Till & Shimp, 1998). When endorser transgressions occur, it is important for the company that hired the endorser to communicate with the public. In many situations, companies that use celebrity endorsers publicly announce their decision to maintain (or cut) the endorsement contract with the transgressed endorsers. Nike, for instance, cut the endorsement contract with Manny Pacquiao to dissociate the brand from his tainted image when he was involved in a discriminatory remark scandal. In contrast, Nike decided to stand by Maria Sharapova when her performance-enhancing drug scandal was revealed. From the endorsed brand’s point of view, sustaining the favorable relationship with customers should be an ultimate goal. In this sense, what can be a good response strategy that endorsed brands should implement when their endorsers are involved in transgressions? Drawing on balance theory and the accessibility-diacnosticity model, the current study examined consumer judgment of scandal response strategies as well as attitude toward endorsed brand in celebrity athlete endorser scandal settings.

Theoretical Background and Hypothesis Development
Balance theory posits that individuals wish to maintain balanced mental states when they consider relationships of multiple attitude objects (Heider, 1958). Balance theory usually considers the tripartite relationship, which consists of 1) an individual and his or her perceptions of 2) an attitude object, and 3) another individual (e.g., Solomon, 2014). Within this relationship, individuals strive to maintain harmonious balance by altering attitudes toward the two objects. In the context of the current study, when a celebrity athlete endorser scandal breaks out, a typical sport fan will likely evaluate the athlete endorser in a more negative direction. This will cause an imbalance between the endorsed brand, the scandalized athlete, and the fan. To correct for this imbalance, he or she will evaluate the brand negatively. On the other hand, the likelihood of the same individual muting the effects of scandal on the athlete and on the endorsed brand is slim. Therefore, we posit:

H1: The termination strategy, rather than the maintenance strategy, will be perceived more appropriate brand response strategies by consumers.

H2: Consumers will show more favorable evaluation toward endorsed brands when the termination strategy, rather than the maintenance strategy, is implemented.

According to the accessibility-diacnosticity model (Feldman & Lynch, 1988), consumers’ judgments are more likely to reflect the contents of information that is diagnostic to a judgment task. This tendency can emerge as individuals possess the limited amount of cognitive resources to process information (Fiske & Taylor, 1980). Hence, relevant pieces of information will be utilized and can give significant influences on a judgment task rather than less relevant information. It could be reasoned that consumer judgments are greatly influenced by scandal information that is relevant to the scandalized endorser (e.g., scandal related to athletic performance of the focal athlete endorser). On the contrary, less relevant scandal information (e.g., scandal related to his private life) about the scandalized athlete endorser can be overlooked, and its impact on consumer judgments can be modest. Therefore, the following hypotheses were developed:
H3: Consumers will perceive the termination strategy more appropriate when endorsed brands cut the tie with scandalized athletes who are involved in competence-relevant scandals, rather than competence-irrelevant scandals.

H4: Consumers will show more favorable attitude toward endorsed brands when endorsed brands implement the termination strategy against scandalized athletes who are involved in competence-relevant scandals, rather than competence-irrelevant scandals.

Method and Measures
Participants were recruited from Amazon Mechanical Turk (N = 111) for participating in a 2 (Endorser scandal type: competence-relevant vs. competence-irrelevant) × 2 (Brand response type: maintenance vs. termination) between-subject experiment. Perceived response appropriateness was measured with one item adopted from Rice (1993). Participants were asked to answer how appropriate the endorsed brands’ response strategies are on a semantic differential scale (1 = inappropriate to 10 = appropriate). Brand attitude items were adopted from Dawar & Pillutla (2000). It was measured with three semantic differential items (e.g., 1 = bad to 10 = good). In addition, the authors measured (1) intentionality of acts, (2) controllability of situations, and (3) scandal severity as covariates. Each of these variables was measured with one item on a 7-point Likert type scale.

Results
The results of manipulation check analyses indicated that both scandal and brand response type manipulations were successful. For the hypotheses testing, a univariate analysis revealed the significant main effect of response type [F(1, 107) = 27.81, p < .01] on perceived response appropriateness. Although the main effect of scandal [F(1, 107) = 1.12, p = .29] was not significant, the interaction between response type and scandal type was marginally significant [F(1, 107) = 3.85, p < .10]. The authors ran a simple effect test to further understand the marginally significant interaction effect. The results revealed that perceived response appropriateness in the competence-relevant scandal condition (M = 4.87, SD = 2.31) and the competence-irrelevant scandal condition were not significantly different [M = 5.28, SD = 2.90; F(1, 107) = .44, p = .51] when the endorsed brand maintained the relationship with scandalized endorser. On the other hand, when the brand terminated the relationship with the scandalized athlete, participants perceived that the response was more appropriate when the athlete was involved in the competence-relevant scandal (M = 8.12, SD = 1.80) than the competence-irrelevant scandal [M = 6.76, SD = 2.20; F(1, 107) = 4.23, p < .05]. Another univariate analysis for brand attitude revealed that the main effects of scandal [F(1, 107) = 4.37, p < .05] as well as response type [F(1, 107) = 31.34, p < .01] were significant. However, the interaction effect between response type and scandal type was not significant [F(1, 107) = .51, p = .48]. Participants in the competence-relevant scandal condition (M = 6.36, SD = 2.43) reported more favorable attitude toward the brand than the competence-irrelevant condition (M = 5.57, SD = 2.28). Moreover, participants evaluated endorsed brands more favorably when the termination strategy (M = 7.18, SD = 1.64), rather than the maintenance strategy (M = 4.95, SD = 2.44), was implemented.

Discussion
Consumers evaluate endorsed brands favorably when brands terminate the endorsement contract with scandalized endorsers who engaged in competence-relevant scandals. The authors will further discuss theoretical and practical implications.