THE UNIVERSITY OF TENNESSEE KNOXVILLE

Journal of Applied Sport Management

Volume 13
Issue 2 *Thoughts on the NIL Era*

Article 2

12-1-2021

Show me the money! A review of current issues in the new NIL era

Windy Dees
University of Miami, wdees@miami.edu

Beth Cianfrone
Georgia State University, bcianfrone@gsu.edu

Damon Andrew
Florida State University, dandrew@fsu.edu

Journal of Applied Sport Management
https://doi.org/ 10.7290/jasm13bamf
Vol. 13, No. 2
https://trace.tennessee.edu/jasm/vol13/iss2/2

Show Me the Money! A Review of Current Issues in the New NIL Era

Windy Dees

Beth A. Cianfrone

Damon Andrew

Windy Dees is a Professor in the Department of Kinesiology and Sport Sciences at the University of Miami.

Beth Cianfrone is a Professor in the Department of Kinesiology and Health at Georgia State University.

Damon Andrew is a Dean and Professor in the College of Education at Florida State University.

Please send correspondence to wdees@miami.edu

The actor, Will Smith, may have said it best, "Money and success don't change people; they merely amplify what is already there," (Success Story, 2021). College athletes have had the opportunity to be successful, but not earn money, until just recently. Now they have the ability to do both and amplify their personal brands in the same way professional athletes have done for almost a century. On July 1st, 2021, the National Collegiate Athletic Association (NCAA) approved an interim policy that would allow college athletes in every state to monetize their name, image, and likeness (NIL). This meant student-athletes could accept money for sponsorships and endorsements and maintain their eligibility, which was previously prohibited by the intercollegiate sports governing body (The Athletic Staff, 2021). The change is positive for student-athletes and the brands looking to market through them and their active social media platforms, but it does not come without issues or challenges. The purpose of this study is to, (a) review the theory behind effective sponsorship and endorsement relative to NIL, (b) discuss issues or challenges that may arise from the new legislation, and (c) conclude with possible projections for the future of NIL and sponsorship in college athletics.

Sponsorship is a business relationship in which a brand pays a fee in order to associate with another organization for the purpose of achieving some marketing objective(s). Endorsement, a form of sponsorship, typically refers to the brand aligning commercially with an individual, such as a college student-athlete, rather than an entire organization to conduct their marketing activities. Sponsorship effectiveness has been researched extensively (Dees et al., 2010; Gwinner & Eaton, 1999; Kammins, 1990; McDaniel, 1999; Roy & Cornwell, 2004; Smith, 2004), and a prominent theory explaining how this form of marketing works is congruence theory. Congruence theory, or congruity theory, posits that consumers react more favorably to persuasive messages that are similar or consistent with their own values versus dissimilar or inconsistent messaging (Dees et al., 2010). This means that when brands enter into sponsorship or endorsement to promote their products and services, they should select an organization or individual as a partner that has similar traits to their own company and, preferably, to the audience they are trying to target. For example, when University of Miami quarterback, D'Eriq King signed the first NIL deal in 2021 with moving company, College Hunks Hauling Junk (Segovia, 2021), the business recognized characteristics in King they likely wanted to emphasize: Strength, speed, and reliability. It also helped that King was widely recognized by college students and younger consumers who primarily use the affordable moving service.

Signing a NIL deal was a momentous occasion for King, and many other college athletes, who began collecting money and in-kind products from brands in exchange for their endorsement of these companies in traditional and social marketing campaigns. Athletes are now promoting everything from fast food, to automobiles, to professional sports teams and the dollar amounts are significant. The contracts range from $20,000 for an individual endorsement, to $540,000 for a team sponsorship of all athletes, to a reported $1,000,000 portfolio of deals for one Alabama football player (Kenyon, 2021). So, what is the issue? There are multiple issues, and two possible prominent ones will be addressed here: internal competition for funds between athletic departments and student-athletes and the competition between male and female student-athletes for sponsorship dollars.

The first issue that NIL could possibly create is an internal competition between college athletic departments and their own student-athletes. Prior to the interim NIL policy, brands would have only been able to pay sponsorship fees to athletic departments in return for advertising and promotional benefits. Now, those companies can go direct to the consumer through the athlete(s) of their choice. This could potentially, and dramatically, reduce the amount of sponsorship revenue college athletic departments generate. According to data from Statista (Gough, 2021), spending on college sports sponsorship has increased from $415 million in 2005 to $1.24 billion in 2018. Sponsorship has clearly become a significant revenue stream for college athletic departments, and brands see value in marketing to college sports fans. However, with more options now in terms of utilizing the athletes as a promotional channel, these brands may reallocate some or all of their budgets to individual endorsement. For example, Arby's, a popular fast-food chain, signed an NIL deal with 200 Division I college football running backs to promote their restaurant chain after games. Participating athletes, dubbed "Arby's RBs" (running backs), would receive compensation and benefits to post on their social media accounts that they were going to eat Arby's after their Saturday games (Arby's, 2021). Prior to NIL, Arby's would have had to sign an NCAA level sponsorship deal, or deals with individual athletic departments, in order to promote across all of Division I football. This would have been much more expensive, and they would not have gotten direct access to the athletes and their followers.

The competition between athletic departments and student-athletes for sponsorship dollars may also impact athletic department existing partners' sponsorship effectiveness because of brand dilution due to the clutter/over saturation of the market. Further, the option to partner with a student-athlete, rather than an athletic department, presents ambush marketing opportunities by companies that could not afford or were unable to secure an exclusive product category sponsor with the athletic department or head coach. This could create a divide between an athletic department and athlete. As example, before NIL legislation, only one car dealership in Columbus, Ohio, could partner with Ohio State University athletics or a head coach as an exclusive partner. Now, numerous car dealerships can compete to gain space with the Buckeye football players and their faithful fans. At the time of writing, seven Ohio State University football players had NIL deals spanning four different car dealerships—Denzel Burke and Jack Sawyer with Mark Wahlberg Chevrolet; TreVeyon Henderson (Ricart Used Car Factory) and Quinn Ewers (Ricart Automotive) with different Ricart Automotive groups; and Haskell Garrett, Zach Harrison, C.J. Stroud, Miyan Williams, and Teradja Mitchell with Coughlin Chevrolet (Dosh, 2021b). While athletic departments seek to renew category sponsorships, considering opportunities for exclusivity may become a concern and point of distinction.

The second issue that NIL may create is competition between male and female athletes vying for the same sponsorship opportunities. With the finite number of sponsorship dollars, especially in small college towns, companies now have the decision to partner with the athletic department, individual coaches, or student-athletes who are congruent with their product or service. The sentiment to assist athletes may be a driver for companies to partner with individual student-athletes compared to athletic departments. This opens the door for female athletes to receive sponsorships from companies who desire a female for product match-up purposes, key social media influencers for targeted audience, or to support female athletes.

At this point, a strong social media presence is beneficial for all student-athletes in the NIL era. Just as some athletes have stronger social media followings and reach a different audience than an athletic department as a whole, female athletes compared to male athletes differ in content and engagement. Kunkel et al. (2021) found female student-athletes have about the same social media engagement as male athletes, predicting that some women will have major opportunities. However, we contend that it is likely that star male athletes of revenue generating sports like football and basketball may not need an engaging social media account or strong social media following to garner NIL deals, whereas for women it may be a necessary function for deal activism. Notably, initial NIL deals were for women who had very large social media followings (e.g., Fresno State University's Cavinder twin's Boost Mobile deal).

There also may be instances where a brand wants to support female athletics. As example, MaximBet made headlines by offering an NIL deal to any Division I, II, or III female athlete in Colorado who was willing to post social media content for the company. In an article by Dosh (2021a), Doug Terfehr, vice president of brand and communications at MaximBet noted that women are "getting the short end of the stick" and partnering with them was "the right thing for us to do as we were connecting with the Colorado community". This motivation for supporting female athletes over male is one that will be explored. These main issues relate to and confound each other. The MaximBet NIL deal also highlights as an ambush marketing example, as Colorado University is in a long-term deal with PointsBet, but now has athletes touting MaximBet.

Looking forward, there seems little doubt that the college athletics sponsorship model will eventually morph into a model more akin to the contemporary professional sport sponsorship model with a full array of sponsorship targets, including student-athletes, their supporting athletic departments, and their governing body. In the short term, modern NIL policy has disrupted the supply portion of supply and demand relationships, as an influx of new potential sponsorship targets presently struggle to precisely identify their value in the modified marketplace. In addition, NIL policy has the potential to expand the population of sponsoring entities by giving companies the option to support student-athletes directly instead of directing that sponsorship to the athletic department. For example, Dan Lambert, owner of American Top Team gym, established the "Bring Back the U" corporation to financially support football players at the University of Miami with a blanket $500 monthly payment for every scholarship football player on the team who agrees to advertise his gyms on social media (Salvador, 2021).

Petty and Cacioppo's (1981) Elaboration Likelihood Model (ELM) provides clues as to how this sponsorship process might likely evolve over time. Via the lens of promotional communication, ELM "explains that the individual involvement, or interest, in a product category will motivate a person to evaluate brand messages in that product category more critically" (Fortunato, 2016, p. 76). Therefore, product categories with high involvement might stimulate more comprehensive evaluations of brand features compared to product categories with low involvement, where optimal persuasion may result through an emotional appeal. Accordingly, promotional messages can be tailored to specific market segments based upon the anticipated interest levels of consumers, with discussion of specific brand features being appealing to high involvement consumer segments and rudimentary brand association or even corporate social responsibility initiatives being more effective for consumer segments with low involvement.

Of particular interest to the college athletics arena is recent research that found athlete endorser-product fit to enhance consumer purchase intentions in low product involvement scenarios, while no such moderating effect was found between celebrity endorser-product fit and purchase intention (Liang

& Lin, 2018). However, in high product involvement scenarios, consumers reported equally strong purchase intentions with either athlete or celebrity product endorsement, with physical attractiveness of the endorser having a positive impact on purchase intentions. Both of these findings could be beneficial to student-athletes who seek endorsement deals in different ways. In low product involvement scenarios, student-athletes could command more extensive endorsement packages than their celebrity counterparts by capitalizing on their superior influence on purchase intentions compared to their celebrity endorser counterparts. In addition, while student-athletes may only be able to claim equal, as compared to superior, impact on purchase intentions in high product involvement scenarios, if endorsement costs for the advertiser are lower when targeting a student-athlete endorser compared to a celebrity endorser, the student-athlete would presumably possess a competitive advantage in securing that endorsement detail compared to their more expensive celebrity endorsement competition. The rapid influx of student-athlete endorsers into the market could potentially expand the supply of endorsement possibilities, which could drive down the financial value of endorsement deals without a corresponding increase in demand. While more research is clearly needed to examine the rapidly evolving impact of new NIL policy, early indications point to a transition to a sponsorship model more reminiscent of professional sport.

References

Arby's (2021). The super important legal stuff. https://www.arbys.com/rbs-rules/

Dees, W., Bennett, G., & Ferreira, M. (2010). Personality fit in NASCAR: An evaluation of driver-sponsor congruence and its impact on sponsorship effectiveness outcomes. *Sport Marketing Quarterly, 19,* 25-35.

Dosh, K. (2021a, September 28). *MaximBet offers statewide deal to every NCAA female student-athlete in Colorado.* Forbes.https://www.forbes.com/sites/kristidosh/2021/09/28/maximbet-offers-statewide-nil-deal-to-every-ncaa-female-student-athlete-in-colorado/

Dosh, K. (2021b, September 3). *Tracking student athlete car deals in the NIL era.* Business of College Sports. https://businessofcollegesports.com/name-image-likeness/tracking-student-athlete-car-deals-in-the-nil-era/

Fortunato, J.A. (2016). How the Citi Olympics sponsorship strategy uses the knowledge of the elabora tion likelihood model. *Journal of Financial Services Marketing, 21*(1), 76-85.

Gough, C. (2021). *College athletics sports sponsorship spending in the United States from 2005-2018 (in million U.S. dollars).* Statista. https://www.statista.com/statistics/607861/college-sports-sponsorship-spending/

Gwinner, K., & Eaton, J. (1999). Building brand image through event sponsorship: The role of image transfer. *Journal of Advertising, 28*(4), 47-57. https://doi.org/10.1080/00913367.1999.10673595

Kammins, M. A. (1990). An investigation into the "match-up" hypothesis in celebrity advertising ing: When beauty may be only skin deep. *Journal of Advertising, 19*(1), 4-13. https://doi.org/10.1080/00913367.1990.10673175

Kenyon, D. (2021, July 26). *The biggest and most notable NIL deals in college football so far.* Bleacher Report. https://bleacherreport.com/articles/2946352-the-biggest-and-most-notable-nil-deals-in-college-football-so-far

Kunkel, T., Baker, B. J., Baker III, T. A., & Doyle, J. P. (2021). There is no nil in NIL: Examining the social media value of student-athletes' names, images, and likeness. *Sport Management Review, 24*(5), 839-861. doi: https://doi.org/10.1080/14413523.2021.1880154

Liang, H. L., & Lin, P. I. (2018). Influence of multiple endorser-product patterns on purchase intention: An interpretation of elaboration likelihood model. *International Journal of Sports Market ing and Sponsorship, 19*(4), 415-432. https://doi.org/10.1108/IJSMS-03-2017-0022

McDaniel, S. R. (1999). An investigation of match-up effects in sport sponsorship advertising: The implications of consumer advertising schemas. *Psychology & Marketing, 16*(2), 163-184. https://doi.org/10.1002/(SICI)1520-6793(199903)16:2<163::AID-MAR6>3.0.CO;2-Y

Petty, R. E., & Cacioppo, J. T. (1981). *Attitudes and Persuasion: Classic and Contemporary Approaches.* Dubuque, IA: W.C. Brown.

Roy, D. P., & Cornwell, T. B. (2004). The effects of consumer knowledge on responses to event sponsor ships. *Psychology & Marketing, 21*(3), 185- 207. https://doi.org/10.1002/mar.20001

Salvador, J. (2021, July 6). *Local gym owner plans to pay Miami football scholarship players $500 a month.* Sports Illustrated. https://www.si.com/college/2021/07/06/gym-owner-pay-university-of-miami-foot-ball-players-monthly

Segovia, V. (2021). *QB D'Eriq King first NCAA athlete accepts sponsorship... And he's a HUNK.* PRnewswire.https://www.prnewswire.com/news-releases/qb-deriq-king-first-ncaa-athlete-accepts-sponsorship-and-hes-a-hunk-301325051.html

Smith, G. (2004). Brand image transfer through sponsorship: A consumer learning perspective. *Journal of Marketing Management, 20*, 457-474. https://doi.org/10.1362/026725704323080498

Success Story (2021). Best money quotes. https://successstory.com/inspiration/best-money-quotes

The Athletic Staff (2021, July 1). *NCAA approves interim NIL policy for college athletes.* The Athletic. https://theathletic.com/news/ncaa-approves-interim-nil-policy-for-college-athletes/HSSJIy9wkRMg