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Athlete Endorsement: An Analysis of Market Performance, Rivalries, and Future Trends in Sports Marketing

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Abstract: Athlete endorsements have long been adopted in sports marketing, evolving from product advertisement to strategic partnerships that shape brand equity and corporate valuation. This study aims to examine the athlete marketing and its potential for standalone brand entities, including case studies on the profitability and volatility of athlete endorsement in sports marketing. Through an analysis of abnormal returns in stock prices, the ROI of athlete and entertainment celebrity endorsements is compared. The results show the importance of congruence between endorser and product, and that athletes deliver higher short-term market confidence and deeper niche loyalty, while entertainers provide broader demographic reach and longer endorsement longevity. The adoption of advanced technologies in sports marketing, including AI, name, image, and likeness rights, and the metaverse, is also explored. AI-driven analytics enable hyper-personalized campaigns and predictive risk management, while digital athlete twins extend brand presence into immersive virtual environments. The increasing recognition of social activism among athletes introduces values-based congruence, requiring brands to align with both performance and ideology to maintain authenticity.

Keywords: Athlete Endorsements, ROI, NIL, AI, Metaverse

1. Introduction

In the present global economy, sports marketing has evolved from one that conducts simple product advertisement into one that needs a sophisticated strategy where athlete identity and brand equity are deeply intertwined. Athlete endorsement, utilizing sports celebrities and promising rookies, has become a powerful means of building consumer loyalty, creating new market segments, and sustaining competitive advantage (McCracken, 1989). Athlete endorsements, from Babe Ruth's early campaigns to Michael Jordan's transformative partnership with Nike, have demonstrated the athletes' influence on transferring cultural meaning to products, shaping consumer perceptions, and driving global brand integration (McCracken, 1989; Hassan et al., 2021).

The sports industry is experiencing a huge change in its marketing activities, driven by advanced technologies such as AI, social media platforms, and immersive digital environments such as virtual reality. These technologies are reshaping how product endorsement is created, delivered, and consumed. Social media enables athletes to act as endorsers and content creators, fostering authenticity and direct engagement with fans (Emmadi, 2017). AI-driven analytics and personalization allow companies to tailor their marketing campaigns to individual consumer preferences, while technological innovations such as digital athlete twins in the metaverse extend marketing strategy beyond physical boundaries (Hassan et al., 2026).

With such emerging technologies, it is necessary to establish new marketing strategies beyond traditional endorsement models in which sports stars provide credibility and global resonance, empowered by name, image, and likeness (NIL) rights. Micro-influencers capable of delivering high return on investment (ROI) are emerging in the sports marketing industry through digital-native engagement (Agrawal and Kamakura, 1995). While such new marketing strategies might introduce risks, scandals, or misalignments between athlete and brand values can erode brand recognition and value (Lohneiss and Hill, 2014). By examining the intersection of athlete endorsements and advanced technologies, sports marketing strategies can be formulated to prioritize authenticity, congruence, and digital integration. Such strategies underscore how to use AI and social media to enable athletes to be the active co-creators of brand narratives, fostering industry innovation and marketing effectiveness.

2. Literature Review

Athlete-based marketing traces back to the early 20th century, when icons such as Honus Wagner and Babe Ruth lent credibility to tobacco and food products. These endorsements were transactional, emphasizing celebrity visibility rather than psychological or cultural resonance (McCracken, 1989). Such a traditional way of sports marketing was significantly changed in 1984 with the

partnership between Michael Jordan and Nike, which presented successful brand integration with a sports star or celebrity. Since then, the athlete's identity has become inseparable from the brand, which is exemplified by the creation of the Jordan Brand. In McCracken's Meaning Transfer Model, which posits that cultural meanings embodied by athletes, such as excellence, resilience, or rebellion, brand integration with sports stars has been applied to products to internalize the brand recognition into consumers (McCracken, 1989). By the 1990s and 2000s, the globalization of sports broadcasting transformed regional stars into international icons, enabling brands to pursue global standardization strategies through a single athlete's image (Hassan et al., 2021).

Differences in marketing strategies with established sports celebrities and promising rookies have been observed in terms of risk and market objectives. Established sports celebrities provide immediate source credibility, expertise, trustworthiness, and attractiveness (Ohanian, 1990). Their established reputations mitigate consumer risk and deliver global reach. In contrast, rookies represent speculative investments. While they lack established equity, they offer high potential ROI if they obtain stardom. While sports celebrities yield stable abnormal stock returns, early endorsement of rookies generates exponential market share gains if their growth aligns with brand growth by leveraging credibility for long-term growth.

In sports marketing, athletes lead to different outcomes from entertainment celebrities. While both raise awareness, athletes provide higher perceived expertise, particularly for sports apparel or health beverages (Till and Busler, 2000). The Match-up Hypothesis suggests that congruence between athlete and product is more stringent than for entertainers, while mismatches considerably reduce the effectiveness of marketing activities. Conversely, congruent athlete-product pairings often yield stronger purchase intent due to performance-based validation and hero-worship dynamics (Emmadi, 2017).

Despite high returns, athlete endorsements carry significant human brand risk because brand equity becomes intertwined with athlete persona, scandals or transgressions can trigger spillover effects that erode sponsor value (Lohneiss and Hill, 2014). Failures, such as the Lance Armstrong doping scandal or Tiger Woods' personal controversies, illustrate how scandals cause losses that exceed previous gains. This risk necessitates robust morals clauses in contracts and contingency planning to safeguard brand equity.

Contemporary sports marketing is shaped by technological advancements, as they reconfigure the athlete-consumer relationship. Social media platforms enable athletes to act as content creators rather than passive endorsers. Micro-endorsements and direct fan engagement foster authenticity, particularly among younger demographics (Emmadi, 2017). In addition to this, AI-driven analytics enable sponsors or brands to predict athlete performance, assess market sentiment, and design hyper-personalized campaigns, enhancing targeting precision and consumer relevance (Hassan et al., 2021). Virtual environments also allow athletes to be digital avatars, offering ubiquitous brand presence without physical limitations. Such technological advancements turn marketing activities into immersive involvements, aligning with consumer expectations of interactivity and personalization (Hassan et al., 2021). However, it is required to explore how technology integration changes athlete endorsements in tandem with AI, social media, and immersive technologies to remain effective in the global marketplace.

3. Case Studies

3.1. Sports Apparel Industry: Nike vs. Adidas

The sports apparel industry has long been dominated by the rivalry between Nike and Adidas. Nike's strategy emphasizes individual superstar power, with famous athletes such as LeBron James and Cristiano Ronaldo to embody excellence and global recognition. This approach aligns with the Meaning Transfer Model, where the athlete's cultural meaning becomes inseparable from the brand (McCracken, 1989). Adidas, by contrast, has emphasized team-based and grassroots innovation. However, to maintain parity, Adidas pivoted toward high-profile individual signings such as Lionel Messi, blending collective identity with star power (Chadwick and Thwaites, 2005). The two companies' contrasting strategies highlight how apparel brands balance credibility, reach, and authenticity in athlete endorsements.

3.2. Functional Beverages: Gatorade vs. Powerade

The beverage industry illustrates how athlete endorsements present scientific performance claims. Gatorade's "Is it in you?" campaign used high-intensity athlete imagery to create a psychological link between the consumption of the product and sports performance. Powerade has similar campaigns, but Gatorade's dominance demonstrates the effectiveness of aligning athlete credibility with functional product claims (Till and Busler, 2000). Their marketing campaigns underscore the importance of congruence: athletes associated with peak performance enhance consumer belief in product efficacy, reinforcing the Match-up Hypothesis (Emmadi, 2017).

3.3 Success and Failure

The Michael Jordan–Nike partnership is regarded as the gold standard in sports marketing with an athlete. Beginning in 1984, their collaboration evolved into the Jordan Brand, a subsidiary generating billions annually. The successful collaboration demonstrates how athlete endorsements transcend traditional campaigns to become standalone business entities (Hassan et al., 2021). Jordan’s successful collaboration with Nike proves the long-term value of integrating athlete identity into brand architecture, creating enduring equity and consumer loyalty across generations.

In contrast, the scandals involving Lance Armstrong and Tiger Woods presented the risks of athlete endorsements. Armstrong’s doping and Woods’ personal controversies led to severe decreases in Nike’s stock prices, illustrating the spillover effect of Human Brand Risk (Lohneiss and Hill, 2014). These failures imply the necessity of robust morals and contingency plans in endorsement contracts with athletes, ensuring that companies can pivot rapidly for athlete transgressions.

3.4. Rookies and Digital-Native Engagement

The legalization of NIL rights in U.S. collegiate sports has offered a new opportunity for promising rookies. Athletes such as Victor Wembanyama and Bronny James have leveraged social media to build personal brands even before achieving professional success. Early endorsements of rookies represent considerable investments with high ROI potential if their trajectory aligns with brand growth (Agrawal and Kamakura, 1995). Social media enables rookies to act as micro-influencers and engage directly with fans. This digital-native engagement fosters authenticity and relatability, particularly among younger demographics (Emmadi, 2017).

4. Analysis and Comparison of ROI

The economic value of athlete endorsements is commonly measured by abnormal returns in stock prices following partnership announcements. Both sports celebrities and entertainment celebrities generate market attention, but the underlying drivers of profitability differ significantly. For athletes, perceived expertise and performance credibility foster consumer trust, whereas entertainment celebrities rely more on attractiveness and lifestyle associations (Till and Busler, 2000). Athletes tend to deliver higher ROI for functional goods such as sports apparel and beverages, while entertainers are more effective in lifestyle-oriented categories (Table 1). Such a difference highlights the importance of congruence between endorser and product (Agrawal and Kamakura, 1995). In addition, athletes provide higher short-term market confidence and deeper niche loyalty, while entertainers appeal to broader demographics and often enjoy longer endorsement longevity.

Table 1. ROI comparison of sports athletes and entertainment celebrities in sports marketing.

Criteria	Sports athletes (stars/rookies)	Entertainment celebrities
Strategic value	Perceived expertise and performance: Consumers associate athletes with functional utility (Till and Busler, 2000).	Physical attractiveness and lifestyle: Consumers associate celebrities with aspirational identity.
Stock market impact (ROI)	0.25–1.1% abnormal return: Higher impact for congruent products (Agrawal and Kamakura, 1995).	0.15–0.5% abnormal return: Lower immediate stock jump unless entering new demographics.
Risk volatility	Dual risk: performance (injury, losing) + lifestyle (scandal) (Lear, Runyan, and Whitaker, 2009).	Single risk: Lifestyle/behavioral. Career longevity is often more stable.
Niche and mass appeal	High engagement (niche). Deep loyalty within specific fanbases (e.g., basketball, golf).	Broad reach (mass): Wider demographic appeal across age groups.
Endorsement longevity	Short peak due to physical limits, though legacy brands (e.g., Jordan) extend lifespan (Hassan et al., 2021).	Long peak: Careers can span decades without physical constraints.

At the corporate level, large companies such as Pepsi Company (PepsiCo) and Moët Hennessy Louis Vuitton (LVMH) use athlete endorsements to signal corporate strength and global dominance. Their profits are realized through increased stock prices and company valuation, and the reduced cost of capital due to perceived market leadership (Agrawal and Kamakura, 1995). At the brand level, however, profitability is influenced directly by congruence between the athlete and the product.

For example, PepsiCo's subsidiary Gatorade has partnered with elite athletes such as Michael Jordan, Serena Williams, and Lionel Messi. These endorsements strengthened Gatorade's positioning as a performance beverage and elevated PepsiCo's corporate image as a leader in the sports nutrition market. The "Is it in you?" campaign demonstrated how athlete credibility validated scientific claims, boosting brand sales and PepsiCo's stock valuation (Chadwick and Thwaites, 2005). Similarly, LVMH has engaged athletes to expand into aspirational markets. Partnerships with tennis star Roger Federer for Rolex and soccer star Kylian Mbappé for Louis Vuitton campaigns delivered precision, exclusivity, and global prestige. These endorsements strengthened LVMH's dominance in fashion and lifestyle industries, enhancing investor confidence and lowering perceived capital risk.

While athletes offer higher profit ceilings than entertainers, they also have risks. When athletes in high-congruence partnerships, such as a marathon runner endorsing running shoes, become involved in scandals, sponsor brand equity decreases by up to 20% more compared with low-congruence partnerships (Lohneiss and Hill, 2014). The scandals involving Lance Armstrong with Nike, Trek, and Oakley, and Tiger Woods with Nike, Gatorade, Gillette, and AT&T, illustrate such a scandal spillover effect. Both athletes were deeply integrated into brand identities, and their controversies led to significant declines in sponsor reputation and stock value.

5. Adoption of Advanced Technology and Its Effects on Sports Marketing with Celebrities

The future of sports marketing is defined by hyper-personalization and digital innovation. AI has transformed athlete endorsements by enabling hyper-personalized campaigns. Predictive analytics enable companies to tailor messaging to consumer preferences, while sentiment analysis ensures alignment with market trends (Hassan et al., 2021). Digital athlete twins in the metaverse extend marketing beyond physical limitations. Athletes can endorse products in immersive virtual environments, offering ubiquitous and continuous brand presence and interactive engagement. The technology represents the future strategy of sports marketing, where technology and athletes collectively create dynamic consumer experiences. By combining AI with digital-native platforms, companies can design campaigns that are both highly personalized and strategically resilient.

There is a growing expectation that athletes act as social activists. Modern consumers, particularly Generation Z, demand that athletes take stands on social, political, and environmental issues. This introduces a new layer of values-based congruence: brands must now align not only with an athlete's skill and performance but also with their ideology and public stance. The expectation from modern consumers profoundly influences endorsement strategies. Athletes who embody purpose-driven narratives amplify brand authenticity, but misalignment between athlete values and corporate positioning might undermine credibility. The legalization of NIL rights in U.S. collegiate sports has expanded such amplification, creating a new market for micro-influencers. These rookies, empowered by social media, deliver authentic engagement at scale, reshaping the economics of athlete endorsements.

The integration of AI, social media, and the metaverse presents a significant evolution in sports marketing with sports celebrities. Athletes are no longer just endorsers but are co-creators of brand narratives, activists for social causes, and digital presences that extend into virtual environments. Companies must balance traditional marketing strategies with digital-native ones that emphasize personalization, authenticity, and values. Such transformation underscores the necessity for companies to adopt advanced technologies as core components of marketing strategies.

6. Future Outlook

In the near future, sports marketing needs to pursue hyper-personalization and the strategic use of advanced technologies. Athletes, empowered by social media, can deliver authentic engagement, reshaping the endorsement economics of brands in virtual environments, providing continuous brand presence and interactive consumer experiences (Hassan et al., 2021). To realize these opportunities and mitigate related risks, companies need to prioritize the match-up between an athlete's personality, values, and the brand's identity over follower counts. Such congruence increases purchase intent and brand loyalty more strongly than fame alone (Emmadi, 2017).

Considering the volatility of athlete endorsements, contracts with athletes must include robust morals clauses. Such clauses protect companies from reputational damage caused by athlete transgressions, scandals, or misalignments. The companies' marketing strategies need to include interactive social media engagement, while athletes must become endorsers and content creators who co-develop brand narratives with their audiences. To cultivate NIL micro-influencers, companies need to explore partnerships with collegiate athletes and rookies who can deliver high ROI through authentic digital-native engagement. This investment can yield exponential returns if the athlete's career trajectory aligns with brand growth. It is also necessary to integrate AI tools to predict

athlete performance, assess scandal probability, and tailor campaigns to consumer preferences. This reduces risk volatility and enhances campaign effectiveness. By investing in digital athlete twins and immersive environments, companies can strengthen athlete endorsements, ensuring persistent consumer engagement and innovative brand experiences.

7. Conclusion

Sports marketing has presented innovation of the sports industry. Historically, endorsements evolved from simple product advertisement to strategic partnerships that integrated athlete identity into brand architecture. Such a transformation has demonstrated athlete-driven campaigns to become standalone brand entities, establishing a benchmark for long-term profitability and consumer loyalty. The analysis of ROI in sports marketing with athlete endorsements highlights the profitability and volatility. Athletes deliver higher returns for functional goods due to their perceived expertise and performance credibility, while entertainers are effective in marketing lifestyle products. However, the risks associated with athlete endorsements lead to performance failures and scandals, which necessitate robust risk management. Recent research underscores that the factors of success in sports marketing have changed. The transition from traditional media to digital platforms, combined with the importance of athlete-brand congruence, has redefined the evaluation of endorsements. The growing role of athletes as social activists introduces values-based congruence, requiring brands to align with athletic performance and ideological campaigns. This shows consumer demands for authenticity and purpose-driven branding, particularly among younger demographics.

Contemporary sports marketing requires hyper-personalization and technological integration. The legalization of NIL rights in U.S. collegiate sports has created a new micro-influencer market, enabling rookies to deliver authentic digital-native engagement. AI enhances campaign outcomes by predicting performance trajectories and scandal probability, while the metaverse introduces digital athlete twins that provide continuous brand presence and immersive consumer experiences.

The results of this study underscore that athlete marketing has evolved into a sophisticated strategic partnership. While the Michael Jordan era established the potential for standalone brand entities, the modern sports marketing driven by NIL rights, AI, and social activism requires a more nuanced and integrated strategy. The success of sports marketing depends on a company's ability to balance the high ROI of athletes with the inherent risks of human brand volatility. By focusing on authenticity, digital integration, and strategic congruence, companies can address the complexities of the 21st-century sports economy and maintain sustainable advantage in the competitive market.

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