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King James rules off the court, too

Even before all of the confetti has hit the ground and the last float on the celebratory parade has rounded the final corner of Main Street in the champions' home town, commentators are, well, commenting on the potential endorsement windfall for the team's star players.

For most celebrity athletes — even those who are less-than-household names — endorsement deals can be worth as much, if not more, than the athletes' contracts with their teams.

In the wake of every championship game — the World Series, the Super Bowl, the Stanley Cup — the prognosticators start tallying up the millions to be earned. And so it is in the aftermath of the NBA Finals and the focus of everyone's attention is two-time champion and four-time MVP winner LeBron James.

Already at the top of most lists as a celebrity-athlete spokesman, commentators, including Forbes magazine, predict that "King James," as he is affectionately known, could add \$5 million to \$7 million to his already impressive off-the-court income. And this may be a conservative estimate.

James leads the NBA in endorsements, with a reported \$42 million in annual revenue (as of June 2013), including deals with major brands such as McDonald's, Coca-Cola, Dunkin' Donuts and Samsung, as well as his signature shoe line with Nike.

James is listed as No. 2 on the Sports Illustrated 2013 "Fortunate 50" list of highest-earning athletes, ahead of both Kobe Bryant and Derrick Rose. Forbes lists James as No. 16 on its Celebrity 100 for 2013 and ranks him as the fourth highest-paid athlete.

While accurate facts and figures on endorsement revenues seem hard to come by — Forbes lists Bryant ahead of James in overall income, with annual endorsement income of \$34 million, not the \$19 million Sports Illustrated reported just a month before — there is no dispute that James belongs in the sports celebrity endorser hall of fame, alongside superstars such as Tiger Woods, David Beckham and Michael Jordan.

While there is also no dispute that "King James" is a powerhouse power forward and an elite athlete, more

than just athletic performance drives these deals — although an injury or decline in performance can lead to a loss of off-the-court opportunities. And demonstrable success, like a second championship, fourth MVP and two Olympic gold medals, no doubt helps to increase desirability.

For James, personal branding and strategic planning play a key role, as does the recognition that endorsement deals (as well as the entire sponsor-athlete relationship) have changed dramatically in the last decade.

Conventional wisdom still says that at least some of a player's success in the endorsement game has to do with his public persona and a perception of his potential as a consumer influencer. Charisma, style and likability all contribute to a player's appeal, as does public perception of his or her personal life.

Sponsors and advertisers have several ways of measuring the appeal that a celebrity may have to the buying public. One is the Q-score, and James' plummeted from 34 to 16 in the wake of "The Decision" — his highly publicized departure from the Cleveland Cavaliers to sign with the Heat as a free agent in 2010.

This was reportedly the biggest decline in popularity that Q-Scores Co. has ever seen that was not related to criminal activity.

James' score has since rebounded to 25 among sports fans (prior to the NBA championship), and ESPN reported, post-championship, that he is the most popular player in the NBA with nearly 13 percent of fans polled saying that he is their favorite.

Likability does not always correlate with either influence or endorsement dollars, however. Celebrity DBI — another consumer popularity index — reportedly ranks James 2,657th in likability among 3,000 celebrities on the list (again, before the championship win), yet ranks him 145 among celebrities for "influence" and 653 as an endorser.

In fact, James' sponsors, including several of the biggest consumer brands, have stuck with him, despite his previous drop in popularity, in part because his endorsement continues to sell product.

Nike, for example, has no reason to look elsewhere for a better spokesman. Sales of his signature



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shoes reportedly topped \$300 million in 2012, outselling by two-to-one the next four most popular endorsed footwear choices combined (those endorsed by Bryant, Carmelo Anthony, Kevin Durant and Rose). James' Nike line outsells Bryant's footwear by a six to one ratio.

Internationally, James promotes Dunkin' Donuts, Sprite and Beats by Dre headphones in their Asian markets, and reportedly sells as much product in China as he does in the U.S.

James recently became the spokesman for the Chinese version of the popular video game NBA 2K, appearing on the cover, and will reportedly have creative input into the game. James' influence as a sports figure and spokesman in China is no accident — he visits every year, to increasing popularity, most recently after the end of the championship, with Dr. Dre to promote the Beats sports headphones James helped design.

James' success in the endorsement game comes in large part from the recognition by him and his marketing team that traditional endorsement relationships are limited, and a thing of the past, and that advertising media such as television and print are not the sole or even the primary platforms for reaching a wider range of consumers, especially younger ones.

James and his team appear to have embraced the idea that endorsement relationships have moved beyond traditional — an athlete simply lending his or her face and identity to a product — to a more complex and involved relationship. While James does have traditional deals with consumer brands such as McDonald's, he is also

engaged in a number of nontraditional relationships in which he has creative involvement.

For example, James reportedly has a financial investment in Beats by Dre and has exercised creative control over his recent television commercial for the product he helped design, selecting both the director and the music.

James and his team also appear to understand and capitalize on the increasing importance of other platforms, including social media, for promotion of both himself and his sponsor's products. James is both well practiced at and well received across the range of social media.

According to Starcount, the Singapore-based company that measures celebrity engagement across 11 social media platforms (including Facebook, Twitter, Google+, YouTube and Weibo, China's microblogging service), James has a Starscore of 72.5 million, outstripping both Bryant (at nearly 58 million) and Jordan (at 60.7 million).

James is also the most followed NBA personality on Twitter with more than 9.4 million followers and one of the most popular on Facebook with 14.4 million followers. James' sponsors often debut advertising initially — and sometimes exclusively — on his Facebook page. At least one of his sponsors, Champs Sports, reportedly has a digital-only arrangement for advertising on James' Facebook page and website.

So what is next for King James?

His fans hope for more wins; his sponsors are betting on more sales.

James and his team plan to have that all add up to more influence internationally, and an array of diverse and lucrative endorsement deals.