Chicago Daily Law Bulletin®

Volume 162, No. 155 Serving Chicago's legal community for 161 years

Teaming sports stars, good causes great — but know the rules

SPORTS MARKETING PLAYBOOK

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When legendary NCAA basketball coach Pat Summitt died on June 28, she left behind much more than a storied career leading the University of Tennessee's Lady Vols.

The Pat Summitt Foundation, established in 2011 to benefit Alzheimer's disease research, recently announced plans to open the long-awaited Pat Summitt Alzheimer's Clinic in December at the University of Tennessee Medical Center in Knoxville. The foundation is selling T-shirts honoring Summitt's life and career and pledges nearly 100 percent of the funds raised to the fight against Alzheimer's disease.

Many sports figures have created nonprofit organizations to raise funds for a cause close to their hearts. But the Pat Summitt Foundation is one of only a handful of reputable organizations founded by well-known sports figures (including golfer Tiger Woods, retired tennis star Andre Agassi and retired NASCAR driver Kyle Petty) that actually have raised significant dollars (as in millions) for their chosen causes.

The reality is that athletes' foundations aren't always successful in raising money for charity.

In 2013, ESPN's "Outside the Lines" program investigated 115 charities founded by high-profile athletes and reported that 74 percent failed to live up to accepted nonprofit operating standards. One of the worst examples cited was a charity for cancer research (named after a very prominent NBA player and reality show star) that did not donate any grant money to a single cancer-related initiative in its entire eight-year history.

Another (sometimes more successful) avenue for sports figures to help charitable causes are commercial co-ventures, or CCVs, in which an athlete contracts with both a commercial business and a nonprofit organization to market a product with a portion of the proceeds benefiting the nonprofit.

A form of cause-related marketing, CCVs can be a win-win for all parties involved. The American Express campaign, for example, raised more than $1.7 million in just four months for Lady Liberty while seeing a more than 27 percent increase in the use of its card, a 45 percent increase in new card applications and a 17 percent increase in the number of new cardholders. AmEx continues to support historic preservation as part of its corporate responsibility initiatives.

For brands, partnering with a charitable cause is a smart marketing move because it makes the brand more attractive, particularly with the coveted millennial demographic.

Cone Communications' 2015 Millennial Corporate Social Responsibility Study suggests that the overwhelming majority of millennials — more than nine out of 10 — would switch brands to one associated with a cause. Adding an admired, celebrity athlete to the mix can turbocharge a fundraising initiative.

For the sports figure, the benefits of participating in a CCV are easy to see.

Getting involved with a cause shows the athlete's caring, altruistic side and helps him or her connect with the public on a new level. It helps the athlete extend his or her own brand equity through a long-term venture, rather than a one-time promotional event.

CCVs can also lead to additional opportunities, including product endorsements and speaking engagements for athletes who generally have a relatively short career and limited earning potential in their chosen sport.

Both NASCAR driver Jeff Gordon and retired Denver Broncos quarterback Peyton Manning partner with AmazonSmile, Amazon.com's charitable giving portal, which donates a half of a percent of the price of eligible purchases to the Jeff Gordon Children's Foundation for pediatric cancer research or The PeyBack Foundation for at-risk children.

CCVs are not without their challenges, however. Perhaps the biggest drawback to CCVs is their dependence on the strength of the athlete's good name. Negative publicity or an athlete's waning popularity due to changing fortunes or off-field behavior can seriously impact fundraising efforts.

Perhaps the best-known example is the decline of the Livestrong Foundation, founded by Lance Armstrong in 1997 and renamed after Armstrong's fall from grace in 2012, when the U.S. Anti-Doping Agency exposed his doping history in professional cycling and his cover-up tactics.

USA Today reported in May that the foundation has had to redesign its fundraising strategy around the programs rather than Armstrong's celebrity status. Known for its iconic yellow wristbands, Livestrong has seen three consecutive years of annual revenue declines since 2012 and cut its staff in half, according to USA Today. Nike also ended its Livestrong sportswear and merchandise line in 2013, citing flagging sales.

While brands and charitable organizations may not be able to control a sports figure's behavior and reputation, other than by attempting to choose a celebrity partner carefully in the first place, they can steer clear of controversy over their own practices. CCVs are subject to myriad laws and regulations including federal and state tax laws professional fundraising laws, Better Business Bureau standards and federal and state advertising and consumer protection laws.

Illinois is among the half-dozen states that require CCVs to be registered. This process many times includes filing state-specific forms, registration fees and (in some states) securing a surety bond.

Each state has its own regulations for CCVs, and CCVs with a national scope must comply with each and every regulation as well as the federal laws and self-regulatory guidelines.

General best practices for transparent cause-related marketing initiatives include clearly describing the promotion and making full and clear disclosures in all marketing materials. Consumers should be able to understand exactly how purchasing a product will benefit the charity, including the charity's mission, how much the charity will receive, the start and end dates of the campaign and where to get additional information about the nonprofit.

Disclosing the dollar amount or percentage that will be donated for every purchase is preferable to using vague terms such as “profits” or “proceeds.” Spell out what may not be readily apparent.

Cause-related marketing where the charity receives a flat donation are not considered CCVs because there is no relation between consumer action and the size of the donation the charity receives. Marketing materials must not misrepresent these programs as CCVs, since this can mislead consumers into making purchases.

If all or part of a donation to a charity is an in-kind contribution and not monetary, the nature of the in-kind contribution should be disclosed. It’s also a best practice to disclose how much was raised by the CCV on the partners’ websites to demonstrate accountability to the public.

Beloved figures like Pat Summitt can create lasting legacies far beyond their sports careers, and companies and charities can reap significant rewards by aligning with celebrity sports figures. But only if they choose their celebrity partners wisely and if they know — and follow — the rules.