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Maria Sharapova: Marketing a Champion (B)

You can't buy a Grand Slam title, you know. You can't buy it. This beats any sort of money.

—Maria Sharapova, after winning the U.S. Open, September 2006

Just over two years after her Wimbledon title, Maria Sharapova claimed the second Grand Slam title of her career with a victory—in a convincing straight-sets win—over Belgian Justine Henin-Hardenne in the final of the U.S. Open on September 9, 2006. Sharapova arrived at the tournament as the world's fourth-highest ranked female tennis player, having amassed 12 singles titles and over \$7 million in prize money on the Sony Ericsson WTA Tour (see **Exhibit 1**). Her on-court wins had been matched by her off-court successes—she was the highest-paid female athlete in the world and the 10th overall with a reported \$25 million per year, ahead of the men's top-ranked tennis player Roger Federer, according to *Sports Illustrated*.¹

The New York Times, which had earlier described the U.S. Open final as a matchup of “top paid” versus “top ranked”² in an apparent reference to Sharapova's commercial and Henin-Hardenne's on-court success, now admitted that “Sharapova proved her game could be as intimidating as her beauty.”³ Most pundits agreed that, with her second Grand Slam, Sharapova had proven her worth.

Sharapova herself said: “I'm thrilled that I got to experience another Grand Slam win and that it's a different one. There's nothing like winning your first major, but to win your second is kind of like the cherry on the cake.” She added: “There are a lot more cherries that I'm going to put on that cake, and I'm looking forward to having them.”

On-Court Successes

After her 2004 Wimbledon singles title, Sharapova had gone on to win the WTA Tour Championships that same year and was a nominee for the coveted 2004 Laureus World Sportswoman of the Year award. She reached at least the semifinals in eight of her 11 WTA Tour events in 2005 and the semifinals or better in 9 of 10 events coming into the U.S. Open. Her U.S. Open win helped Sharapova qualify—for the third time in a row—for the season-ending Sony Ericsson

¹ “The International 20,” *Sports Illustrated*, July 27, 2006.

² “Matchup of Top Paid vs. Top Ranked,” *The New York Times*, September 8, 2006, p. D1.

³ “The Beauty and the Burden,” *The New York Times*, September 10, 2006, p. 6.

Championships, where the top eight men's and women's singles players from the regular ATP and WTA Tour seasons battled for their respective titles and a share of a \$3 million prize purse. In August 2005, Sharapova first attained the WTA Tour's number one ranking, becoming the fifth-youngest number one ever at 18 years old and the first Russian woman to reach the top spot.

Commenting on the road to the U.S. Open victory, Sharapova remarked: "After Wimbledon, I thought I had to win everything. It was all a bit overwhelming. At 17, I was physically not strong enough to win a Grand Slam. There are still women out there who are stronger than me, but I now feel I belong in the later stages of tournaments. This time I was ready to win."

Off-Court Successes

Nike renewed its sponsorship deal with Sharapova in the months after the Wimbledon win and used her image extensively. Before the U.S. Open, it launched a television and online advertising campaign aimed at inspiring women. It featured Sharapova in a commercial set to the *West Side Story* song "I Feel Pretty." In the commercial, Sharapova traveled from the Waldorf-Astoria Hotel in Manhattan to Center Court at the U.S. Open, sarcastically serenaded by hotel workers, paparazzi, ball boys, line judges, and others along the way. Once on Center Court, she hit a massive backhand that her opponent could not return, leading to gasps from the audience and a stunned "wow!" from tennis legend John McEnroe.

Adding to her ongoing Nike and Prince sponsorships, Sharapova had signed several new multi-million-dollar endorsement deals since her Wimbledon win (see **Table A**).

Table A Sharapova's Endorsement Deals, August 2004–August 2006

Company	Category	Deal Closed	Details
Motorola	Cell Phones	August 2004	Multiyear, global
Parlux	Health and Beauty (fragrances)	September 2004	Multiyear, global
Canon	Cameras	October 2004	Multiyear, global
Honda	Autos	October 2004	One year, Japan only
Tag Heuer	Timepieces	November 2004	Multiyear, global
Pepsi	Beverages	November 2004	One year, Japan only
Colgate-Palmolive	Health and Beauty (deodorant)	April 2005	Multiyear, global
Samantha Thavasa	Fashion (handbags)	April 2005	Multiyear, global
Land Rover	Autos	April 2006	Multiyear, global

Source: IMG documents.

Max Eisenbud and the other members of "team Sharapova" preferred to associate their player with companies that stood for the same qualities Sharapova had—being "cool, hip, and a champion," as Eisenbud put it. He did not pursue any of the offers he had received right after Wimbledon, with the exception of the Motorola opportunity. "I felt it was important to come out with a big global deal with a blue-chip company right out of the gate," Eisenbud indicated. He added: "That set the tone. Then Canon and Tag Heuer followed—everything started falling into place." Sharapova also signed lucrative one-year deals in Japan with Honda and Pepsi.

The deal making drew on IMG's resources, said Eisenbud: "Alan Zucker made the Motorola endorsement happen, Steve Kerepesi helped me with the Canon deal, Tiger Woods's agent Mark Steinberg made the introduction to Tag Heuer and helped me put that deal together, and global sales executive Mark Perman arranged the Colgate deal. I only did the Land Rover deal myself." The latter, a global endorsement deal, was closed after the one-year agreement with Honda had come to an end.

The way in which the Canon deal came about was typical for IMG. "Canon had used Agassi in their advertisements in the past, and he was retiring. I knew Canon was a perfect fit for Sharapova," said Zucker. His colleague Kerepesi, a senior vice president at IMG, had an ongoing relationship with Dentsu, Canon's longtime advertising agency. They arranged a meeting with representatives of Canon, Dentsu, and Sharapova in the fall of 2004, shortly after Wimbledon. A multiyear global endorsement deal was announced in November 2004.

"When an athlete is already immersed in several other relationships it is hard to own and define that person's brand. With those deals, you are just borrowing some equity in the hope that it rubs off on your own brand," commented Doug Fidoten, president at Dentsu America. "We formed a relationship with Maria Sharapova when she was coming on to the scene, and other sponsors had not yet defined her. We chose her because she already possessed a number of qualities that fit with the Canon PowerShot digital camera brand which we wanted to promote—she plays aggressively but with precision, and she has a sense of style. We felt Maria Sharapova was a good fit for Canon." He credited Eisenbud and his colleagues at IMG for their efforts in carefully managing Sharapova's career and indicated that made their decision to sign Sharapova less risky.

Reflecting on the portfolio of endorsements, Eisenbud admitted that Colgate had been the most internally debated choice. The agreement, which revolved around Colgate's Lady Speed Stick deodorant, had team Sharapova question whether the product category would fit her brand. Ultimately, the brand association with Colgate, and the potential for a crossover to other Colgate products (such as toothpaste), was decisive. "Maria's top priority is to win Grand Slams, to be the number one in the world. She will not do any shoots during Grand Slams," said Eisenbud. "That eliminates some potentially very lucrative categories. The beauty category, for example, typically needs eight to 10 days from their celebrity endorsers. We cannot give them that much time."

The deals made Sharapova one of the highest-paid athletes in the history of women's professional sports and the only female athlete in *Sports Illustrated's* yearly top rankings published two months before the U.S. Open (see **Exhibit 2**). Two up-and-comers, golfer Michelle Wie and auto racer Dana Patrick, did not make the list. *Forbes* magazine estimated Sharapova's annual income from endorsements to be well over \$18 million.⁴ "I have no idea how they estimate these numbers. They are always a few million dollars short and keep quoting the same numbers year in year out," Eisenbud warned. The sponsorship agreements also further contributed to her celebrity status. Sharapova appeared on the covers of prestigious publications such as *Forbes* magazine and *ESPN The Magazine*, as well as in *People's* 50 Most Beautiful People issue.

Sharapova acknowledged that she sometimes felt "like a brand" in meeting with sponsors and when she was involved in marketing decisions and described her brand as standing for "being a competitor first and foremost." She continued: "I am 19 years old—I realize this is all not normal—but I am trying to be smart about my decisions." IMG's Zucker added: "Her future is very bright. She is still so young; she could be one of the greatest tennis players of all time. Just as important, she has got a great, clean-cut image, and she can deliver a message."

⁴ "The Hot Shot," *Forbes*, July 4, 2005.

How to Round Out Her Portfolio of Endorsements?

Two Options

Now that Sharapova's Japanese deals with Honda and Pepsi had come to an end, there was room for one more endorsement deal. A maximum of three "shoot days" was available for new sponsors. Sharapova and her team had two options to round out her portfolio.

Option 1: Sports Drink One of Eisenbud's colleagues at IMG had brought the first deal to him. The offer on the table was to make Maria the first global face of a leading sports drink. The beverage brand had worked with other female athletes in the past but never on an international scale. It had already singled out a famous soccer player as the global male athlete to focus on in its campaign. The idea was develop television and print advertisements that portrayed Sharapova in action and showcased the drink's ability to prevent dehydration and allow athletes to stay on top of their game. Newly developed packaging would also feature the tennis star. In return for three days of work each year for a period of three years, Sharapova would receive a fee close to \$1 million per year.

Option 2: Skin Cleanser The second option was much more lucrative: the fee, in the vicinity of \$4 million, was around four times as high as that for the energy drink and would involve only two days of work per year. A manufacturer of health and beauty products proposed to have Sharapova endorse its skin cleanser in a series of television commercials. The campaign would be aimed at promoting an effective skin cleanser product for teenagers dealing with acne. The company regularly employed celebrities as endorsers, ranging from singers to film actors, and was actively looking for an athlete as a spokesperson. The health and beauty firm had earlier approached Eisenbud immediately after Wimbledon but now had significantly raised its offer.

Eisenbud, Forbes, Zucker, and their colleagues in "team Sharapova" wondered what deal was best for their client. Eisenbud summarized the trade-offs:

We want to maximize her earnings during the 14 to 16 days that she is available for sponsorship commitments—she wants to stay the number one in the world, so that is all we can afford. And we want to associate ourselves with the best brands. However, we also realize she will not be competing forever, and I have promised her she will not have to worry about money after her career.

"I think I will be done playing tennis when I am 25. You cannot play tennis your entire life," said Sharapova, who realized she was at a critical point in her career as far as these business decisions were concerned. What deal would be the best choice?

Exhibit 1 Maria Sharapova's Accomplishments After Wimbledon, 2004

Year	Tournament	Type	Best Result	WTA Rank (before tournament)
2004	San Diego	Tier 1	Quarterfinal	8
	Montreal	Tier 1	Fourth Round	8
	New Haven	Tier 2	Fourth Round	7
	U.S. Open	Grand Slam	Third Round	7
	Beijing	Tier 2	Semifinal	9
	Seoul	Tier 4	Winner	8
	Tokyo	Tier 3	Winner	10
	Zurich	Tier 1	Final	7
	Philadelphia	Tier 2	Semifinal	7
	Tour Championships	Championships	Winner	6
2005	Australian Open	Grand Slam	Semifinal	4
	Tokyo	Tier 1	Winner	4
	Doha	Tier 2	Winner	4
	Indian Wells	Tier 1	Semifinal	3
	Miami	Tier 1	Final	3
	Berlin	Tier 1	Quarterfinal	2
	Rome	Tier 1	Semifinal	2
	Roland Garros	Grand Slam	Quarterfinal	2
	Birmingham	Tier 3	Winner	2
	Wimbledon	Grand Slam	Semifinal	2
	Los Angeles	Tier 2	Quarterfinal	2
	U.S. Open	Grand Slam	Semifinal	2
	Beijing	Tier 2	Semifinal	1
	Moscow	Tier 1	Quarterfinal	1
	Tour Championships	Championships	Semifinal	3
2006	Australian Open	Grand Slam	Semifinal	4
	Tokyo	Tier 1	Semifinal	4
	Dubai	Tier 2	Final	4
	Indian Wells	Tier 1	Winner	5
	Miami	Tier 1	Final	4
	Roland Garros	Grand Slam	Fourth Round	4
	Birmingham	Tier 3	Semifinal	4
	Wimbledon	Grand Slam	Semifinal	4
	San Diego	Tier 1	Winner	4
	Los Angeles	Tier 2	Semifinal	4
	U.S. Open	Grand Slam	Winner	4

Source: Adapted from the WTA Tour.

Exhibit 2a The Top 25 Highest-Compensated American Athletes by Their Total Annual Income in 2005–2006

Rank	Athlete	Sport (team)	Salary or Winnings (including bonuses)	Endorsements and Appearance Fees	Total Income
1.	Tiger Woods	Golf	\$10,628,024	\$87,000,000	\$97,628,024
2.	Phil Mickelson	Golf	\$5,971,710	\$40,000,000	\$45,971,710
3.	Shaquille O'Neal	Basketball (Miami Heat)	\$20,000,000	\$14,000,000	\$34,000,000
4.	Kobe Bryant	Basketball (Los Angeles Lakers)	\$15,656,932	\$18,000,000	\$33,656,932
5.	Carson Palmer	Football (Cincinnati Bengals)	\$30,750,000	\$800,000	\$31,550,000
6.	LeBron James	Basketball (Cleveland Cavaliers)	\$4,621,800	\$24,000,000	\$28,621,800
7.	Derek Jeter	Baseball (New York Yankees)	\$21,000,000	\$7,000,000	\$28,000,000
8.	Alex Rodriguez	Baseball (New York Yankees)	\$21,000,000	\$6,000,000	\$27,000,000
9.	Dale Earnhardt Jr.	Auto Racing	\$5,761,830	\$20,000,000	\$25,761,830
10.	Michael Vick	Football (Atlanta Falcons)	\$18,400,000	\$7,000,000	\$25,400,000
11.	Kevin Garnett	Basketball (Minnesota Timberwolves)	\$18,000,000	\$7,000,000	\$25,000,000
11.	Tom Brady	Football (New England Patriots)	\$16,000,000	\$9,000,000	\$25,000,000
13.	Andre Agassi	Tennis	\$1,629,596	\$23,000,000	\$24,629,596
14.	Allen Iverson	Basketball (Philadelphia 76ers)	\$16,453,125	\$7,000,000	\$23,453,125
15.	Tracy McGrady	Basketball (Houston Rockets)	\$15,694,250	\$7,400,000	\$23,094,250
16.	Chris Webber	Basketball (Philadelphia 76ers)	\$19,125,000	\$3,000,000	\$22,125,000
17.	Jeff Gordon	Auto Racing	\$6,855,440	\$15,000,000	\$21,855,440
18.	Peyton Manning	Football (Indianapolis Colts)	\$10,000,000	\$11,500,000	\$21,500,000
18.	Manny Ramirez	Baseball (Boston Red Sox)	\$19,000,000	\$2,500,000	\$21,500,000
20.	Michael Finley	Basketball (San Antonio Spurs)	\$20,000,000	\$500,000	\$20,500,000
21.	Jason Giambi	Baseball (New York Yankees)	\$19,000,000	\$500,000	\$19,500,000
21.	Mike Mussina	Baseball (New York Yankees)	\$19,000,000	\$500,000	\$19,500,000
21.	Albert Pujols	Baseball (St. Louis Cardinals)	\$14,000,000	\$5,500,000	\$19,500,000
24.	Tim Duncan	Basketball (San Antonio Spurs)	\$15,845,156	\$3,500,000	\$19,345,156
25.	Randy Johnson	Baseball (New York Yankees)	\$17,000,000	\$2,000,000	\$19,000,000

Source: Adapted from "The Fortunate 50," *Sports Illustrated*, July 27, 2006.

Exhibit 2b The Top 20 Highest-Compensated International Athletes by Their Total Annual Income in 2005–2006

Rank	Athlete	Country	Sport (Team)	Total Income
1.	Michael Schumacher	Germany	Auto Racing	\$80,000,000
2.	Valentino Rossi	Italy	Motorcycle Racing	\$30,000,000
3.	Ronaldinho	Brazil	Soccer (FC Barcelona)	\$29,100,000
4.	Maria Sharapova	Russia	Tennis	\$25,421,283
5.	David Beckham	Great Britain	Soccer (Real Madrid)	\$23,000,000
6.	Ichiro Suzuki	Japan	Baseball (Seattle Mariners)	\$22,500,000
7.	Roger Federer	Switzerland	Tennis	\$22,137,018
8.	Ronaldo	Brazil	Soccer (Real Madrid)	\$21,600,000
9.	Hideki Matsui	Japan	Baseball (New York Yankees)	\$21,000,000
10.	Christian Vieri	Italy	Soccer (Sampdoria)	\$20,000,000
11.	Vijay Singh	Fiji	Golf	\$19,959,746
12.	Wayne Rooney	Great Britain	Soccer (Manchester United)	\$19,900,000
13.	Yao Ming	China	Basketball (Houston Rockets)	\$19,436,880
14.	Zinedine Zidane	France	Soccer (Real Madrid)	\$18,700,000
15.	Ralf Schumacher	Germany	Auto Racing	\$18,000,000
15.	Fernando Alonso	Spain	Auto Racing	\$18,000,000
17.	Sergio Garcia	Spain	Golf	\$16,446,573
18.	Magglio Ordoñez	Venezuela	Baseball (Detroit Tigers)	\$15,150,000
19.	Chan Ho Park	South Korea	Baseball (San Diego Padres)	\$15,125,000
20.	Pedro Martinez	Dominican Republic	Baseball (New York Mets)	\$15,000,000

Source: Adapted from "The International 20," *Sports Illustrated*, July 27, 2006.