Feel Good Foods, FIFA and Corruption

Please find attached the report you requested on the impact of the latest FIFA scandals on our company’s intended sponsorship of upcoming FIFA tournaments.

I have divided the report into four sections. The first section expounds on the extent, nature and legitimacy of the corruption claims against FIFA. Section 2 examines the potential of the intended sponsorship program with FIFA affecting our company. Section 3 weighs the potential benefits of the deal against its risks in order to determine whether it is a worthy investment. The final section is a suggestion of possible arguments that you could employ in your upcoming interview with the Vancouver Sun.

Thank you, Mr. Willoughby for entrusting me with this assignment. If you have any questions, you can contact me on [email} and {phone no}.

# Brief Catalogue of Recent FIFA Scandals

Sports sponsorship is a big industry in today’s world. Sponsoring of sports events, bodies and personalities brings in nearly 50 billion dollars each year. As the money in sports increases due to broadcasting deals and greater spending power, corruption and other unethical behavior have taken root, and sponsors have found themselves right in the eye of the storm. The world soccer governing body, FIFA, is undoubtedly the most lucrative sports governing body. The organization is no stranger to controversy as multiple scandals have hit it in the course of its one century of existence. According to Jennings (2010), allegations of corruption in FIFA are as regular as the World Cup itself. The current storm engulfing FIFA began in the spring of 2011 when Bin Hammam, who was then head of the Asian Football Federation, was accused of bribery in the run up to the 2012 FIFA elections in which he was to challenge Sepp Blatter. The FIFA ethics committee established that Hammam had bribed or tried to bribe heads of other federations to vote for him. He was subsequently banned from all football activities, leaving Blatter to run for the presidency unopposed (Jennings, 2011). A second wave of allegations followed in 2012 when further bribery claims were leveled against FIFA for the awarding of the 2018 and 2022 World Cup bids to Russia and Qatar respectively. The FIFA world cup generates nearly 90% of the organizations revenue. Brodey (2014) estimates this figure at more than 2 billion dollars and with the sport gaining popularity in new markets such as North America and Oceania, the stakes will only grow bigger in coming decades. Other scandals facing FIFA include cases of match fixing at club and international level (including the 2010 World Cup), irregular tournament ticket sales and widespread bribery for contracts. The 2014 World Cup in Brazil nearly failed to take off due to widespread riots, with some of the grievances touching on FIFA’s poor or partisan handling of football disputes in the country in the past. The construction of infrastructure such as stadiums and roads delayed by many months. Some stadiums had to be used before completion. These delays were attributed to corruption on the part of the organizing committee yet FIFA failed to investigate these claims or bring sanctions to those involved. These allegations are accompanied by an appalling and concerning trend which is FIFA’s apparent unwillingness to purge its internal mechanism (Davis, 2013). There have been numerous high profile resignations and sanctions mainly of leaders of regional federations such as Bin Hammam of the AFC, Ricardo Teixeira of the Brazilian Football Federation and Jack Warner of CONCACAF. However, Zirin (2015) laments the clique closest to the top including Blatter himself and his closest aides remain untouched. In fact, the embattled FIFA head intends to run for a fifth term in the elections to be held later this year. In December 2014, FIFA declined to release The Garcia Report, the findings of the taskforce commissioned in 2012 to uncover the truth behind the 2018 and 2022 and other corruption allegations against FIFA. With such a lethargic approach to corruption, FIFA’s moral authority in conducting its societal betterment initiatives is on the decline. In future if this trend continues, then the image of FIFA may be much more severely battered. It appears that there is a lot of incriminating information that the body is unwilling to bring to light and this suggests that the allegations against FIFA are credible (Zirin, 2014).

# Potential Effects of FIFA Conduct

The claims of corruption against FIFA could easily affect sponsors-customer relations. Already, there are groups pushing for people to boycott products made by FIFA sponsors in order to compel the company to act on corruption allegations. Bakin & Smirnov (2012) say the 1990s MLB doping scandal should set a precedent for what the current scandals in the world football body could lead to. In that saga, numerous companies associated with the MLB and constituent clubs found themselves facing negative consumer response (Bakin & Smirnov, 2012). All the same, according to Dimant and Deutscher (n.d.), there is little evidence to suggest that the sponsored brands’ actions could cause financial ramifications for the sponsor. A case in point is Tiger Woods’ 2009 sex scandal. Although some of the companies whose products he endorsed rushed to disassociate themselves with him, others including Nike stayed and their brand was not affected in any way. In fact, Tiger Woods continues to be considered one of the most marketable sports figures in the world. FIFA is a much bigger brand than Tiger Woods. There is a risk of companies that associate themselves with the organization appearing to support or bear indifference to their actions (Carmichael, Rossi & Thomas, 2014). However, in the long run, FIFA will always remain an immensely marketable brand unless its record deteriorates to phenomenal levels. As of January 2015, three major companies, Castrol, Sony and Emirates had decided against renewing their sponsorship deals with Sony due to what they termed business reasons. Other major sponsors such as Coca-Cola, Budweiser and Adidas have castigated FIFA and asked for full investigations into the corruption scandals (Davis, 2013). Most companies have decided to keep their sponsorship intact and given the immense amount of research that rich multinationals assign to each decision, it is safe to say that they have calculated the benefits of staying to be much higher than the risks. For the average consumer, sponsorship of FIFA is understood as sponsorship of the game of soccer itself. Therefore, individual consumers are likely to disassociate the acts of FIFA with the game itself (Bloxsome, Voges & Pope, 2011). In most cases, when news of a scandal erupts, people concentrate on getting the details rather than assessing the sponsor. In some cases where the partnership is very tight, subconscious negative feelings for the company can develop. For example, a 2009 study by Kahuni, Rowley and

Binsardi cited by Bloxsome, Voges & Pope, (2011) found that coverage of the McLarenMercedes F1 spying allegations referred to the company as “Vodafone McLaren-Mercedes.” Companies that fail to express public outrage at the supported party’s actions could be interpreted as being in support of the unethical actions. Most of the research regarding the impact of associating with a besieged brand like FIFA has involved already existing sponsors (Brodey, 2015). In the case of Feel Good Foods, they are a company seeking to enter into partnership with the organization. There is less information on what risk such a scenario poses but according to Davis (2013), a company entering into partnership with an already implicated organization faces much greater risks of tarnishing its image. In this regard, Feel Good Foods and its TEAM5 protein bar are in considerable danger of destroying their image if they associate with FIFA.

# Implications of FIFA Scandal to Potential Feel Good Foods Deal

For a startup brand like Feel Good Foods, individual consumers represent the bulk of its market and associating with FIFA would present greater benefits than risks. Plachta (2012) gives the main risk for companies that sponsor major sports bodies or personalities as losing business with large customers who are afraid of tainting their image through associating with them. Therefore, large multinationals would be more worried about losing business with an equally large company, say DHL. However, as mentioned above, the average individual consumer does not view the sport through the FIFA brand and a sponsor is seen as supporting the game itself rather than endorsing the actions of the body. For instance, for many consumers, Sony’s established association with the World Cup is not an endorsement of FIFA. Logic dictates that negative behavior of a sponsored party should have a negative impact on the brand. If not, then the reverse must be true and positive performance will not have any benefits to the sponsor’s brand defeating the whole purpose of the sponsorship (Dimant & Deutscher, n.d.). Numerato

(2012) asserts that one of the conditions of a successful sponsorship is that the beneficiary does not become bigger than the brand. That is one of the areas where TEAM5 might have a big challenge when it comes to sponsorship. There is likelihood that as a small company, the company’s brand might be eclipsed by FIFA. The women’s and men’s U17 world cups represent a chance for Feel Good Foods to reach a more global audience. As soccer continues to grow in

Canada, especially among school going boys and girls, there is immense potential for growth of Feel Good Foods through their product TEAM5. There are many initiatives by FIFA in Canada to grow the sport among this group. If these boys and girls are introduced to the TEAM5 brand early, they will grow with it as they mature and perhaps become professional players. As a growing company, there are few risks that would face Feel Good Foods for sponsoring FIFA activities and more so compared to larger companies. The benefits of such a move would outweigh the risks significantly.

# To Mr. Willoughby

Although FIFA definitely has a poor track record especially of late in terms of ethics, it is a net producer of goodwill. FIFA’s initiative against racism in sport and in life outside sport is one of many noble efforts by the organization to make the world a better place. In numerous member countries, FIFA has launched numerous projects that use the game to fight poverty and bring social justice (Plachta, 2012). Therefore, the goal of the body as a whole remains positive and is one a company like Feel Good Food would be happy to support. On the ground, FIFA’s contribution towards the growth of the game has been phenomenal. The game itself is viewed in positive light by fans and players alike and for most of them, associating with FIFA amounts to support for soccer rather than individuals within the body. Soccer is growing rapidly across

Canada and the United States, markets which should be in the immediate growth objectives of

Feel Good Foods. It would be beneficial for the company and the sport itself if Feel Good Foods were to get a sponsorship deal with FIFA. The men U17 and women’s World Cups are events with a large global following. Feel Good Foods therefore see this as an opportunity for our brand to cross the borders in the future after we have conquered Canada. This partnership will be a crucial bridge to realizing this dream. Although FIFA’s response to the recent scandals is not exactly the most potent it could have mastered, the body has shown intent to correct the mistakes of the past and it is safe to assume that a scandal of this proportion will never be seen again. A large bulk of FIFA’s sponsors have stayed put and this suggests that these companies feel the FIFA brand still has much to offer. Such companies have immense resources allocated to research and they must have decided to retain their sponsorship based on a phenomenal wealth of information. As a smaller company, Feel Good Foods can benefit by following these companies’ lead since we do not have as much capital for research. The company is confident that FIFA will put up measures to restore its image and that such scandals are now behind us. As we progress with the partnership we will review the body’s future conduct against our values and determine a way forward.

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