

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES

Trekking the Doping Terrain: The Lance Armstrong Saga

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Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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Trekking the Doping Terrain: The Lance Armstrong Saga

In the realm of professional cycling, few names have resonated as loudly as Lance Armstrong's. Personified as a beacon of hope and determination, Armstrong's celebrated triumphs in the Tour de France captivated the world. However, beneath the glitz and glamor of the seven consecutive victories that catapulted Armstrong to worldwide fame, lurked a scandal that would shake the world to its core. In 2012, allegations emerged, spelling a strong case for a doping scandal, which sent shockwaves through the sport, tarnishing not only his legacy as an athlete, but the reputations of brands he represented. Among them, Trek Bikes, a prominent sponsor that had been linked to Armstrong's journey for years, faced challenges in the aftermath of his confession. A confession that aired live in an interview with Oprah Winfrey on January 18th, 2013. Thus, Trek Bikes had to explore what such a fall from grace would mean for their brand management, as they ultimately sought redemption and a means for redefinition in the eyes of their consumers.

Background and History

In 1976, Trek's journey began in 1976 by the passion and determination of two co-founders with the goal to craft the finest bicycles known to humanity (Inside Trek, n.d.). Trek is well known for high quality bicycles by coveting all categories such as road bikes, mountain bikes, electric bikes, and hybrid bikes. They also produce other cycling equipment, apparel, and accessories as well. With the principles of excellence and accessibility, the company provides products that are not only in craftsmanship but also create the joy of cycling far and wide as well. Trek's mission is to contribute to a better world through cycling. They are committed to innovation and driven by relentless pursuit the enhancement of cycling. Therefore, Trek is well-known in the cycling industry and dedicated to be the most exceptional bicycles, incorporating the essence of freedom, exploration, and boundless possibility. In order to achieve business success, Trek also provided a sponsorship to one of the most talented athletes in the cycling industry named Lance Armstrong.

Lance Armstrong was born on September 18, 1971 in Plano, Texas, USA. Since he was at a young age, he committed to be a prominent American cyclist who was

well known for achieving historical victories in seven Tour de France championships from 1999 to 2005 (Abt, 2023). However, his achievements were taken away after an investigation during the period of Tour de France found out that he was involved in a major part of a doping plan while attending the competitions.

After the Tour de France in October 1996, Armstrong was diagnosed with testicular cancer, which had affected his lungs and brain. Months of treatments for chemotherapy and surgery which were the best chance to survive in his case. After the cancer treatments he could come back to sports again even though some doctors questioned his strains in a three week race similar to the Tour de France. In June 1998, Lance Armstrong won the Tour of Luxembourg to be his first significant victory after his cancer diagnosis. On July 25, 1999, Armstrong made another incredible record by becoming the second American to win the Tour de France, the sport's most prestigious race, and also was the first cyclist to win for an American team (Abt, 2023).

His narrative was initially fascinating, but it took a negative turn when Lance Armstrong was discovered to have been involved with doping during the competition. The banned substance and corticosteroid were discovered in his urine, however, Armstrong was cleared by the International Cycling Union (UCI). He still continued to face accusations of doping particularly from the French press. As a result, Lance Armstrong won the Tour de France to be a proof of his 1999 win and answer to the critics from publicity. In 2001 to 2002, he won the Tour again with his strength in mountain claims. After winning seventh Tour in 2005, Lance Armstrong decided to retire from the sport, but he announced again in 2008 that was returning to the races. Consequently, Armstrong achieved third place in the 2009 Tour de France and was an iconic legend especially in the cycling industry (Abt, 2023).

Since there were a lot of rumors about the relationship between his talents and Trek Bikes, Lance Armstrong decided to admit doping in an interview with Oprah Winfrey (Carroll, 2013). Armstrong admitted to doping which led to winning all seven of the Tour de France competitive races. The confession was a dramatic turnaround for Lance Armstrong who had spent two decades challenging his records. With a flurry of rumors and intense criticism from the presses globally, questions of Lance Armstrong's victories were built upon falsehoods, which directly affected Trek's reputation that forced them to manage this challenge in order to protect their brand reputation for every related stakeholder.

Winfrey opened the interview with a series of questions, to which she requested "yes or no" answers from Armstrong. When asked if he used drugs to win his Tour titles he replied: "[y]es." Subsequently, when asked if the drugs in question included steroids, EPO and PED, he said: "[y]es." Finally, the famed athlete was asked if it was humanly possible to win the Tour seven consecutive times, as he did from 1999-2005, he said that, in his opinion, it was not. From his perspective, he admitted

that "[he] view[ed] this situation as one big lie that [he] repeated a lot of times" (Ruhle & Eisen, 2013).

The Sponsorship

Trek is an American multi-billion-dollar bicycle company with 4,000 employees and 17 offices around the globe. A decade ago, Trek faced a reputational crisis when their long-time brand ambassador Lance Armstrong was exposed to a doping scandal. (Urde, 2024)

In the early 2000's Trek Bikes had strong ties to Lance Armstrong, meaning, the brand's positioning and communications were heavily focused on Armstrong, racing and technology for that entire decade. In 2012, when Armstrong was stripped from his titles due to the exposed doping scandal, it also came out that Armstrong had been a ringleader of a "sophisticated, professionalized" doping scheme as stated by the U.S. Anti-Doping Agency. The declarations were not only harmful to the sport and Armstrong's fanbase but also to Trek. The company was then forced to rebuild its brand's core identity (Urde, 2024).

Moreover, the long-term relationship between Trek and Armstrong had built brand heritage. It was essential for Trek to not to damage their brand reputation but also to find a way to ensure that the brand heritage will be saved. Furthermore, it is generally viewed that in competitive sports teams and sponsors share the same vision and objectives (Kitchen, 2015).

When the doping rumors began to threaten Armstrong's career in June 2012, his biggest sponsors such as Trek and Nike stayed by his side. Trek's spokesperson Bill Mashed publicly stated that "Armstrong has been a great partner for Trek" and added that the Trek corporate "had no comment on the new allegations" (SBJ, 2012).

In October 2012, Trek parted ways with Lance Armstrong following the management decision Nike had conducted earlier. The following statement was released shedding light to the situation: "Trek is disappointed by the findings and conclusions in the USADA report regarding Lance Armstrong. Given the determinations of the report, Trek today is terminating our long term relationship with Lance Armstrong. Trek will continue to support the Livestrong Foundation and its efforts to combat cancer" (Delaney, 2012).

Eric Bjorling, Trek's director of brand marketing and public relations stated that Trek came to the realization they were much more than just Amrstrong and racing. With that began the search for Trek's authentic identity. They started by rebuilding the identity through storytelling and started by interviewing people who were involved with the company back in the 1970s which eventually led them to the red little barn where everything began (Urde, 2024).

The brand core developed to and the slogan “Bigger than the Barn” became an extension of the company's higher purpose. A more customer centric focus was created through storytelling. Bjorling explained that “for years, we thought we were in the bike business,” but ultimately, “bikes are only part of what we are about. We build only products we love, provide incredible hospitality to our customers, and change the world by getting more people on bikes. Look what happens when you engage with this bike”(Urde, 2024). The focus shifted from bicycles to what they create - the experience of the brand. Trek communicated that bicycles gave consumers a sense of freedom, made them fitter, and benefited the environment. (Urde, 2024).

The Incident

It was January 18th, 2013, when one of the world’s most celebrated athletes confessed to doping, which marked the end of his illustrious career. While Lance Armstrong was heavily impacted by the ramifications that ensued within the sport - being stripped of his Tour de France titles, his Olympics medal, and so forth - few have made the connection that the names connected to Armstrong suffered too. One such name is Trek Bikes, a sponsor that had sponsored Armstrong throughout his career, as well as his Livestrong Foundation (Cohen, 2020).

While whispers of doping allegations had followed Armstrong for practically the entirety of his career, it was his confession that shocked the world, and subsequently tarnished his reputation. For a primary sponsor such as Trek, this spelled disaster and predicted massive fallout for the brand, the longer they kept their name attached to his. The company rode the wave of his successes, and it was a lucrative partnership on both ends: for Lance, the money and fame, while for Trek, it was the name. A name now hanging in the balance.

The threat was that the association with Armstrong hurt Trek Bikes’ brand image and credibility to the outside world. The company faced a dilemma: would they continue to stand by Armstrong at the risk of being pulled into the controversy, or distance themselves to begin mitigating the damage to their reputation?

One of the first communications from Trek Bikes involved a brief statement from the company, which made clear on their stance moving forward as it pertained to the athlete. The statement read:

“Trek is disappointed by the findings and conclusions in the USADA report regarding Lance Armstrong. Given the determinations of the report, Trek today is terminating our long term relationship with Lance Armstrong. Trek will continue to support the Livestrong Foundation and its efforts to combat cancer” (Delaney, 2012)

Not many could deny that having such a celebrated, and formerly decorated athlete at the center of their marketing was crucial for business, yet their legal spokesperson, Bill Mashek projected indifference to his controversial status, as Trek began its process of disassociation with Armstrong. Mashek stated:

"The bike brand and the bikes stand in the market on their own among the riders," he said. "That's what's going to move bikes in shops" (Delaney, 2012).

Following the confirmation of doping in the news cycle, Trek's damage control started with a focus inward, on the brand itself. Meaning, they began to emphasize broader themes of community, inclusivity, and the joy of the cycling sport. It was apparent that the move was to distance themselves from an athlete's fall from grace, and focus on individual brand triumphs. To undo the linkage between them and Armstrong required a strong pivot, and a re-evaluation of the brand storytelling (Delaney, 2012). By positioning their brand narrative in this manner, Trek demonstrated the clear divide between the tarnished legacy of Armstrong while reaffirming their commitment to their brand values.

Nonetheless, the case brings out an interesting, thought-provoking question. No matter if Trek Bikes denounces Armstrong, or keeps their partnership alive, the brand legacy is tainted by this negative press either way. Meaning, there is already a dark stain on the brand's timeline and history. A period where they – by association – fell from grace. So, now a decade later, picture this: *you are the brand manager at Trek and you are writing a brand book. How will you navigate the Lance Armstrong and doping scandal as it pertains to your brand legacy?*

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