

The Charlotte Hornets: Resurrecting a Brand - Rescuing a Franchise

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Introduction

When the Charlotte Hornets franchise began play in 1988, the National Basketball Association (NBA) team enjoyed widespread adoration among fans in the Charlotte community. When the Hornets left Charlotte in 2002, fans seemed largely apathetic due to the team and its owners having experienced some serious branding missteps. By 2013, Charlotte's second NBA team, the Bobcats, was facing pressures regarding its own brand image. With the Hornets' name recently available, the team had the option of reclaiming a name that had once been beloved in Charlotte – but resurrecting a brand would be fraught with challenges.

Despite numerous obstacles, in July 2013 the NBA Charlotte Bobcats announced that the team would be changing its name to the Charlotte Hornets. The struggles for the Charlotte (soon to be) Hornets to revive a once-beloved – but now tarnished – brand name were about to begin.

Hornets: The Original Charlotte NBA team

The Hornets brand name had previously held special meaning to fans, as it was the name of Charlotte's first professional team, which began play in the 1988-89 NBA season. The Hornets name, therefore, already scored very positively in terms of brand awareness. The Hornets name, furthermore, referenced a quote from British General Cornwallis, who called the area “a hornet's nest of rebellion” during the Revolutionary War.

Getting Started

The love affair between Charlotte and the Hornets was immediate. Season tickets sold out quickly. Thousands of thwarted fans signed up as “Hornets Hopefuls,” a waiting list for hopeful prospective buyers. George Shinn, the team's majority owner, was considered a local hero for bringing a top-level professional sports team to Charlotte.

Expansion team rosters were notoriously weak and the Hornets' roster was no exception. In the team's first home game, the overmatched Hornets lost by 40 points. Undaunted by the score – or

by the team's talent deficiencies – the sellout crowd gave the team a lengthy standing ovation as it left the court.

Early Seasons

During the team's first few years, the Hornets sold out the 24,042-seat Charlotte Coliseum 364 consecutive times – and led the NBA in attendance seven straight seasons. Meanwhile, the team improved steadily, drafting rising stars Larry Johnson and Alonzo Mourning in consecutive drafts, and making it to the second round of the NBA playoffs by the 1992-93 season. In October 1993, the Hornets had signed Johnson to a 7-year, \$84 million contract extension, briefly making him the highest paid player in the league. The future seemed very bright for Charlotte and the Hornets.

Branding Blemishes

The first sign of problems for the Hornets, however, began in 1995. The team needed to decision regarding the long-range future of Mourning. Rumors began to emerge that owner George Shinn would not be able to afford large contracts for both Johnson and Mourning.

On November 3, the Hornets traded Mourning to Miami in a six-player deal, rather than sign the young star to an expensive, long-term contract. This decision represented the beginning of a personnel trend for the Hornets – trading key players rather than signing them to big contracts. Fans, as well as the local media, began openly questioning whether Shinn had the resources and the desire to be fully committed to winning.

Shinn's public image took a greater hit in 1997, when he was accused of sexual assault in a highly publicized trial that aired on Court TV. Although Shinn was acquitted of serious legal charges, he did admit during the trial to extramarital affairs, at least one with a Hornets employee. Shinn's public image took a beating. As long as Shinn was closely associated with the team in fans' minds, his negative press translated into negative brand associations for the Hornets.

By 1999, Shinn sought an infusion of cash and some favorable public relations, so he began looking for an ownership partner for the Hornets franchise. He entered into negotiations with basketball icon (and North Carolina native) Michael Jordan. Jordan grew up in Wilmington, NC, and played college basketball at the University of North Carolina before becoming a superstar in the NBA, winning six NBA championships with the Chicago Bulls. Fans in the Carolinas liked to think of Jordan as one of "their own." They saw Jordan as the Hornets' savior. The deal was never made, however, and fans blamed Shinn for failing to make Jordan part of the Hornets.

Shinn eventually sold minority ownership to Atlanta businessman Ray Wooldridge. In light of Shinn's personal problems, Wooldridge became the public face of the Hornets as they openly desired a new arena that would include additional luxury box seating (which could be very lucrative for team owners). Although they threatened to move the team if the city didn't provide such an arena, Wooldridge publicly stated that he and Shinn preferred to stay in Charlotte and that they had not spoken to representatives from other cities. During their protracted

negotiations with Charlotte, however, the public discovered that Shinn and Wooldridge had been secretly talking to other cities. Charlotte fans were not amused.

In a final effort to retain the team, Charlotte municipal leaders crafted a plan to finance a new arena, but only if the team had new ownership. Fans responded with general indifference. By the 2001-02 season, fewer than 10,000 season tickets were sold. The actual turnstile count of fans in the arena for a specific game was typically much lower. The Hornets' brand loyalty, which had once been extremely high, was now badly tarnished.

In May 2002, NBA owners voted by overwhelming majority to approve the Hornets move to New Orleans, where they would play the 2002-03 season. Charlotte fans' sentiment was basically one of "good riddance" toward Shinn and Wooldridge. The name "Hornets" would also travel with the team to New Orleans, despite the lack of connection between the Hornets name and the city of New Orleans. This practice was the norm in professional sports, as franchises tended to retain their names after relocating to a new market. Fans in New Orleans were already well aware of this practice, as their former NBA team, the aptly named New Orleans Jazz, became the less-aptly named Utah Jazz when the franchise moved to Salt Lake City in 1979.

The Return of the NBA: Charlotte Bobcats

The NBA, however, demonstrated its commitment to the Charlotte market by awarding the city another franchise in January 2003, mere months after the Hornets departed for Louisiana. Black Entertainment Television (BET) founder, Bob Johnson, became the first African American to be majority owner of a professional sports team. Johnson's group also gained ownership of the Charlotte Sting of the Women's National Basketball Association (WNBA).

Charlotte's new NBA franchise would begin play in the 2004-2005 season in the previous arena, the Charlotte Coliseum. The city approved funding for a new arena that would be open in time for the team's second season.

Fan Apathy

The announcement of the new franchise created little initial "buzz" in the Charlotte market as former Hornets fans fell into four categories: 1) fans who were delighted that the NBA was returning, and looked forward to supporting the new franchise; 2) fans who were interested, but were not sure how much support they would give another expansion franchise; 3) fans who held their allegiance to the Hornets, and would not support another team; 4) fans who had tired of the NBA, and would stick with college basketball. This reaction was unusual for a new professional sports franchise, as new teams were typically celebrated and welcomed much the way Charlotte originally responded to the Hornets. Charlotte's new NBA team would somehow need to recapture the Charlotte market, a challenge perhaps never faced by an expansion franchise.

Management Missteps

This problem was certainly not of the Bobcat's own creation. The organization was, however, responsible for a series of management missteps made over the next few years. The first big decision would be to name the team, which would provide the primary piece in creating a brand for the new franchise. In many ways, the chosen name "Bobcats" name made sense. The names of large, feared animals were frequently used, as can be seen by the number of college and professional sports teams with names such as "Bears," "Lions," or "Tigers." Also, no existing professional sports franchise was named Bobcats, creating exclusivity for the franchise. Skeptics, however, claimed the owner (*Bob Johnson*) named the team after himself (*Bobcats*).

In one of his first interviews in Charlotte, when Johnson was asked about his expectations for the Bobcats, he enthusiastically responded that he expected the team to be profitable in their first year. Fans didn't begrudge ownership for desiring a favorable return on investment, but team supporters would have preferred their new owners to hold expectations for winning games, playoff runs, and championship chases. When Johnson emphasized the bottom line, many fans felt that, as in the case of Hornets owner George Shinn, the new owner was not committed to winning. Johnson was also an absentee owner; he lived in the Washington, DC, area, and seldom visited Charlotte or attended Bobcats games, furthering the impression that he was viewing the franchise strictly as an investment.

Seeking to leverage his television expertise, Johnson created the Carolinas Sports Entertainment Television (C-SET) to be the main home for broadcasting the Bobcats and the Sting. C-SET was a joint venture between Bob Johnson and Time Warner Cable (the cable provider to the greater Charlotte market at that time) that included a variety of inside features to provide fans enhanced familiarity with their new players. A limited package of 15 games would also be broadcast locally on Charlotte's WJZY-TV.

The C-SET decision soon became problematic for the Bobcats, however. The Bobcats decided to broadcast all of the team's road games, but only a handful of home games. It was feared that if there were too many home games on television, fans would stay home and watch rather than attend the games in person. The Bobcats won 18 games during their 2004-05 season, but had a dreadful record of 4 wins and 37 losses playing away from home. Fans watching on television at home were treated to a steady diet of losses, and saw very little of the home "game day experience" that might have encouraged them to visit the arena.

C-SET also created other problems for the Bobcats. As team president Fred Whitfield noted, "C-SET delivered zero net dollars to the bottom line, as the Bobcats had to pay all the production and talent costs for the broadcasts. Also, games were not broadcast in any local sports bars or restaurants because they were not broadcast by DirectTV." C-SET ceased operation after the 2004-05 season. By this time, the Bobcats were enduring lower top-of-mind awareness than what was typical for an NBA team.

After C-SET folded, the television rights for the Bobcats had reverted back to Time Warner Cable, which didn't have a specific channel for the Bobcats games. The team began broadcasting games on the local News Channel 14 as a placeholder until a more favorable arrangement could be determined. Viewership was still limited, as games were not available on satellite or other cable systems, and the team had no chance for cross-sports promotions, as the station went immediately back to news programming after the conclusion of Bobcats games.

Michael Jordan's Return

Following the 2005-06 season, Michael Jordan purchased a minority ownership stake in the Bobcats. He was also named head of basketball operations. Ticket sales, however, lagged near the bottom of the league. Bob Johnson announced that the team was losing tens of millions annually, and at one point publicly blasted the local business community for not buying enough luxury boxes and for not supporting the team as he believe they should. Johnson was frustrated by the situation in Charlotte, and put the team on the market in 2009.

After lengthy negotiations (which were made more difficult given the uncertainty of ownership), the Fox Sports South Network agreed to broadcast Bobcats games. The agreement raised viewership to 3.5 million households in the viewing area including virtually all households in both North and South Carolina. As part of the agreement, the Charlotte Bobcats arena was re-named Time Warner Cable arena. From the team's perspective, Fred Whitfield suggested that the deal with Time Warner "would ultimately add approximately \$100 million to the bottom line," and made the team a much more attractive entity for potential new buyers.

In February 2010, Michael Jordan agreed to purchase an 80 percent share in the Bobcats, based on a valuation of \$275 million for the team. The NBA's Board of Governors quickly approved the sale, and in his first press conference as majority owner Jordan stated, "I plan to make this franchise an organization that Charlotte can be proud of, and I am committed to doing all that I can to achieve this goal." The Bobcats were in the midst of the team's best season, posting a 44-38 record and making the franchise's first playoff appearance. Jordan purchased a home in Charlotte, and was frequently in attendance for games at the Time Warner Arena.

That 2009-10 season was one of the few bright spots during the Bobcats' first several years in Charlotte. Just two seasons later, the Bobcats hit rock bottom in the strike-shortened 2011-12 season, compiling a record of 7 wins and 59 losses (due to a strike, teams played only 66 games that year instead of the usual 82), a single-season record for futility in the NBA. Fan support was weak at best.

Time For A Change?

Pete Guelli, the Bobcats chief sales and marketing officer, felt that "no team had less equity than the Bobcats brand, from back page to front page." Having worked for the NFL's Buffalo Bills, Guelli had previously marketed a strong brand that enjoyed an intensely supportive fan base despite years of mediocre play. Young (2013) suggested that, "since forming in 2004, the

Bobcats haven't been able to rekindle the same level of interest that the Hornets enjoyed for their 14 seasons. Part of that has to do with the fact that the Bobcats have been generally terrible, but the brand definitely hasn't landed well. And it's associated with being a perpetual laughingstock of the league."

In 2012, Guelli and Whitfield began looking at other name options, but no name really caught their interest. The name they wanted, the Hornets, was not available. It was in New Orleans.

The New Orleans franchise, meanwhile, was experiencing significant transitions. By this time, Shinn and Woolridge no longer owned the New Orleans Hornets. The new owner, Tom Benson (who also owned the NFL's New Orleans Saints) had stated his preference for changing the name of the franchise from "Hornets" to something more relevant to New Orleans. In January 2013, the team announced it would change its name to the New Orleans Pelicans.

Fred Whitfield noted, "Once New Orleans' ownership announced their name change, we reached out to them. They were very supportive. Tom Benson even said, 'that's where the name really belongs.'" Charlotte fans, meanwhile, voiced their desire to bring the Hornets name back to Charlotte through social media, local sports forums, and even a fan-driven website titled "BringBackTheBuzz.com."

Resurrecting an original mascot name to a city – by an existing team already in that city – had never been attempted in professional sports, so Bobcats management had no historical data to consider. Changing the Bobcats name to the Hornets was projected to cost approximately \$4 million, according to Whitfield. That estimate included new signage outside the Time Warner Arena, changing business cards, changing promotional materials, etc. Also, by changing the name to Hornets, any Bobcats merchandise in inventory would essentially become worthless. While there would likely be a spike in Hornets merchandise sales when released and (hopefully) an accompanying increase in ticket sales, the costs would precede the increased revenue by many months.

The Buzz was Back...Sort Of

In May 2013, the team formally applied to the league to secure the Hornets name. The league approved the name change to begin after the New Orleans franchise concluded its 2013-14 season.

In a press conference days later, Jordan confirmed the team's intent. He spoke directly to fans, in saying, "Overwhelmingly you wanted the Hornets name back...the Charlotte Hornets name has been a mainstay in the region for many years, and we are excited to announce our intention to re-establish this historic brand." Brand resurrection had begun.

The lame-duck "Bobcats" name would remain during the 2013-14 season. The challenge for Guelli, Whitfield and their team would be devising a strategy that would keep the "Buzz" alive

until the Hornets brand officially returned to Charlotte. They believed every statement, every event would need the Hornets brand as the centerpiece.

Brand Resurrection

Over the ensuing months, management carefully staged a series of events designed to keep the Hornets name on fans' minds and to reinforce positive associations with the name. Guelli suggested they "methodically introduce each piece, with an event scheduled almost monthly – the key was the collective, rather than individual impact. The pieces did not have to be large." Guelli further explained that "the media had an appetite to publicize each event, and the fans wanted to hear the information."

Possibly the most important of these events occurred on December 21, 2013, when the Hornets logo was announced at halftime of that night's Bobcats game (Walker, 2013). At halftime, the sellout crowd remained in their seats, as Jordan walked to center court, flanked by four popular former Hornets, Muggsy Bogues, Rex Chapman, Dell Curry (who was also father of then NBA superstar Stephen Curry), and Kelly Tripucka. Each of these four former Hornets represented positive memories and associations for fans.

Addressing the crowd, Jordan said, "You guys asked and we delivered." As the logo was unveiled, a voice over the arena speakers announced, "What was once lost has been willed by you to be found. The legend is our new legacy. Get ready for the buzz to return. Our city. Our colors. Our name. We're all coming home."

The new logo received a raucous ovation from the crowd. Whitfield said the new logo paid homage to the original, but the Hornet had "more fierceness in the face." A short video clip of Curry telling the enthusiastic crowd, "Charlotte...we're baaack," became a staple on Hornets television broadcasts throughout the remainder of the season. The team also announced that night that "Hugo the Hornet," the team's popular mascot, would also be returning, albeit with a slightly updated look.

Other events were also planned carefully to stimulate fan excitement, perceptions of quality, and positive associations. The original Hornets purple and teal color scheme, for example, was very popular in the Charlotte market. There was virtually no chance the new Hornets would deviate from those colors, but the announcement still became an important event. Another event included presentations regarding the look of the Hornets home court, which would include the new logo. Each event was well designed to rekindle positive associations of the Hornets brand name – from the time when the Hornets were a source a great pride in Charlotte.

The presentation of the uniforms, also featuring the new logo, became another popular branding event. The team brought the local media to the arena for an advance look at the uniforms to explain the process involved, and to get their support going forward. A *Charlotte Observer* poll showed a 90% approval rating for the new Hornets brand after the public unveiling. Guelli was

amazed with the high approval rating, saying that, “you usually can’t get 90 percent of people to agree about anything.” Hornets merchandise then premiered in the team store in January 2014.

On the court, the Bobcats’ final season was a successful one. The team finished strong and qualified for the playoffs. The season provided another reason for fans to be excited about the quality of the Hornets team and the positive associations with the resurrected brand.

Did the Buzz Truly Return?

The first season as the new (or “old” depending on your perspective) Charlotte Hornets (2014-2015) was not a particularly good one on the court. A number of injuries to key players slowed the team, particularly in the second half of the season, and the Hornets finished several games out of the playoffs.

Financially, however, the Hornets had a spectacular year. Season tickets sales, which were only 6,000 when Michael Jordan became owner in 2010, exceeded 10,000 in the 2014-15 season. Only the Cleveland Cavaliers, who signed superstar LeBron James as a free agent in that off-season, sold more season tickets. Guelli also noted that the 2014-15 Hornets rose to the top ten in NBA merchandise sales (the Bobcats were typically in the bottom ten of the 30-team league) and that “social media metrics doubled.” *Forbes* magazine’s annual valuation on NBA teams estimated the Charlotte Bobcats to be valued at \$410 million in 2014 (Vega, 2014). One year later, Badhausen (2015) reported that the value of the Charlotte Hornets had jumped to \$725 million (an increase in value of over 75%).

Other teams in the NBA took notice of what was happening in Charlotte. Guelli and his team fielded several calls from teams that were considering some form of re-branding. The league itself also showed approval. The NBA allowed the Hornets to showcase its brand internationally with two pre-season games to be played in China in 2015. The league, furthermore, awarded Charlotte the NBA All-Star game in 2017, which would have provided a huge economic boost to the city over a full weekend of activities. Guelli estimated that the game itself would be broadcast in fifteen languages to over 210 countries worldwide. Guelli insisted that those opportunities would have gone elsewhere if the Hornets brand was not in place. It should be noted, however, that the NBA later moved the 2017 All-Star weekend to New Orleans, due to controversial legislation that was passed by the NC House of Representatives in 2015. Such state political decisions were outside of the control of the Hornets or any other sports team.

It is unusual for an existing team to remain in its current city and to change its mascot name to that of a previous team name in that city. The steps taken by the Bobcats/Hornets as they built the Hornets’ brand equity, however, offer insights for sports teams seeking to return to a city with the previous mascot name such as the NFL’s Los Angeles Rams in 2016, or for new franchises that have chosen the mascot name of a previous team in a city such as the NFL’s Cleveland Browns in 1999.

By tying into the positive associations of the previous Hornets franchise ((i.e., pre-controversy), the team was able to create positive brand associations and enhanced brand loyalty. The Charlotte Hornets' plan to rebuild brand equity was embraced by the league, the local media and, most importantly, by the fans. Methodically, the "Buzz" had returned in Charlotte.

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