

Celebrity Advertising: Literature Review and Propositions

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In this paper I review several studies in the area of celebrity advertising. Topics reviewed include, why companies use celebrity advertising, the importance of achieving the right fit between the brand and the celebrity, the use of athletes as spokespeople, some financial considerations of celebrity advertising, and, finally, potential risks of celebrity advertising. Next, I develop several propositions based on the discussion of papers in the area of celebrity advertising by various authors as reviewed in this paper. The last section includes several conclusions and the managerial implications of the research.

Field of Research: Celebrity advertising, Celebrity endorsement, Sponsorship, Celebrity spokespeople

1. Introduction

A celebrity endorser is “an individual who is known to the public (actor, sports figure, entertainer, etc) for his or her achievements in areas other than that of the product class endorsed” (Friedman & Friedman 1979). Sponsorship, on the other hand, is defined as “providing support for and associating the organization’s name with events, programs, or even people such as athletes or teams” (Peter & Donnelly 2006). Corporations chose both sponsorship and celebrity endorsement as means to increase exposure and brand awareness, as well as reposition their products. The terms celebrity endorsement and sponsorship will be used interchangeably in this article.

The percentage of spending on celebrity advertising has increased in recent years. It has been estimated that about 10% of the dollars spent on television advertising are used in celebrity endorsement advertisements (Agrawal & Kamakura 1995). Because of its importance, it is imperative for managers to be able to determine what impact a particular celebrity endorsement will have on different aspects of a brand’s performance such as brand preference, brand loyalty, and, ultimately, sales and profitability (Aaker 1991; Keller 2008).

In this paper I review selected aspects of research on celebrity advertising, discuss the reasons firms use celebrity advertising, and examine how to determine the appropriate fit between spokesperson and product, as well as the employment of athletes. In addition to examining these relationships and offering explanations, I analyze the risks associated when using celebrity endorsers, such as poor athletic performance and scandals, and how this impacts shareholders for the sponsor firm. Finally, I offer a number of propositions and discuss the conclusions and managerial implications arising from the article.

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2. Why Use Celebrity Advertising

Celebrity endorsement advertising has been recognized as a “ubiquitous feature of modern day marketing” (McCracken 1989; Keller 2008). Furthermore, celebrity endorsement activity has been increasing over the past years (Biswas, Hussain & O'Donnell 2009). From 1984 to 1999, there was a reported eleven-fold increase in sponsorship spending, representing \$23.16 billion or 7.0% of the worldwide advertising budget (Meenaghan 2001; Pope, Voges & Brown 2009). Some estimates suggest that one quarter of all commercials screened in the United States include celebrity endorsers (Till & Shimp 1998). Athletes, both amateur and professional, as well as musicians, television and movie stars, and even animated spokescharacters, such as Mickey Mouse, are used to promote and bring awareness to products and services through sponsorship campaigns.

The main goal of using celebrities in advertising is to generate publicity and attention to the brand (Biswas, Hussain & O'Donnell 2009) as well as influence consumer perceptions of the brand stemming from their knowledge of the celebrity (Keller 2008). This requires that the celebrity must be well known in order to have the desired effect (Keller 2008). Kaikati (1987) expressed five advantages to employing celebrities to endorse products: drawing attention, crisis management, brand repositioning, global marketing, and boosting sales. Biswas et al. (2009) found that the reasons for recalling celebrities included, popularity, status symbol, attractiveness and glamour, likeability and recall value or familiarity of the celebrities. The increased awareness and attention resulting from celebrity advertising is thought to combat the challenge of advertising clutter and bring instant credibility and brand recall to consumers. Pope, Voges and Brown (2009) found that sponsorship positively affects an individual's perception of a brand's quality and image. Products that may be of inferior quality to their competitors, or have fewer features can benefit from using a high profile celebrity to pitch them to consumers.

The target market of campaigns must be considered when selecting spokespeople and whether a celebrity is the best medium to reach them with. Biswas et al. (2009) found that people aged 18-25 have the greatest ability to recall brands as a result of celebrity advertising compared with older age groups. The main reason for this result is that the older age group is looking for greater product information in advertisements, whereas celebrity campaigns focus on the feelings and perception of the consumer. In addition, the placement of celebrity advertisements in sites like youtube.com or metacafe.com, where most viewers are relatively younger, information rich, and Internet savvy, suggests that celebrity-based advertisements are no longer limited to traditional campaign media (Biswas et al. 2009). This helps overcome the problem that the younger age groups typically change channels during television commercials or use disruptive technologies such as TiVo and DVR to bypass commercials (Biswas et al. 2009).

Different cultures react differently to the use of celebrity spokespeople. Developing economies, such as that of India, have vastly different dimensions of culture as outlined by Hofstede (1997). Using Hofstede's framework, Biswas et al. (2009) suggest that due

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to a high power-distance relationship within India's culture, there is a vast gap in lifestyles between consumers and celebrities. Due to the extreme differences in lifestyle between consumers and celebrities, the majority of respondents in the Biswas et al. (2009) research did not believe that celebrities use in advertising campaigns actually use the products they were promoting. However, there is very high brand recollection between the celebrity and the product.

While the future of celebrity spokespeople in India remains promising, recent findings suggest that celebrity spokespeople are not as effective as they once were in developed markets such as the United States (Biswas et al. 2009). Furthermore, the number of products a celebrity endorses negatively influences consumer perceptions of endorser credibility and likeability, as well as the attitude toward the ad (Tripp, Jensen & Carlson 1994). Also, the frequency of exposure of the ad has a negative impact on purchase intention due to over-exposure. Monitoring frequency of use is the most critical success factor in implementing an ad campaign involving sponsorship or celebrity spokespeople (Pope et al. 2009).

One successful campaign that overcame these over-exposure challenges was the "Got Milk? – Moustache" campaign, which showcased a different celebrity each month. Hsu and McDonald (2002) found that endorsing a product with multiple celebrities is an effective strategy for appealing to various audiences to which the product is aimed. The use of multiple-celebrities avoided the problem of over-exposure, while the usage of the product was believable, which led to greater acceptance by consumers. The campaign also received external press as speculation arose as to which celebrity would be featured next.

3. Achieving the Right Fit between the Brand and the Endorser

Using celebrity endorsement in advertising campaigns varies depending on the type of product involved. Furthermore, the type of celebrity is equally important and varies based on the goals of the campaign and target audience. While visual cues and soft sell work for glamour-related products and low involvement products such as sodas, high involvement products such as consumer durables warrant more product information (Biswas et al. 2009). Celebrities that are known from television or movie roles can maximize the attributes of their portrayed characters to promote products that otherwise would not have any role in their everyday life. The reason this is successful is due to consumers associating these celebrities with the character roles, creating a level of believability that would otherwise not exist. Athletes or other celebrities such as authors or public figures are not always able to leverage this created character to maximize their endorsements.

The importance of fit between endorser and product is known as the "match-up hypothesis" (Till & Busler 1998). The match-up hypothesis suggests that endorsers are more effective when there is a "fit" between the endorser and the endorsed product. This congruence between endorser and message leads to greater believability and acceptance by the end-user, making the endorsement more trustworthy. The image of the celebrity needs to match that of the product for increasing believability and building

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credibility, thus, validating the match-up hypothesis (Biswas et al. 2009). The kinds of products that are congruent with celebrity endorsements include cosmetics, fashion products, sports products, cars, credit cards and mutual fund products. (Biswas et al. 2009)

Kelman (1961) suggests that celebrity endorsement is successful due to two social processes. The first is identification, suggesting that consumers conform to the behaviours and recommendations of celebrities because they derive satisfaction from believing they are like these celebrities. The second social factor is internalization, suggesting that consumers conform to the attitudes or behaviours advocated by others because they believe in the substance of the new attitude or behaviour (Friedman & Friedman 1979). Identification is therefore linked to likability and attractiveness, while internalization is linked to the expert knowledge that an endorser possesses.

Following Kelman's (1961) classification of endorsements, Friedman and Friedman (1979) argue that there are two major types of endorsements. The first type of endorsement uses attractiveness and the identification process to promote a product. These are best suited for low involvement purchases. The other type of endorsement involves the use of expert knowledge and the internalization process. This is best used for high involvement purchases. Endorsers such as Michael Jordan, who is an attractive endorser, are more effective when endorsing products related to his athletic prowess such as Nike or Gatorade, rather than products that are unrelated to athletic performance such as WorldCom communications (Till & Busler 1998). However, an endorser can be involved in both low involvement product campaigns and high involvement product campaigns simultaneously for different products. An example of this is Olympic swimmer Michael Phelps, who endorsed low involvement purchases at the sandwich franchise Subway as well as high involvement purchases in thousand dollar watches from Omega.

Till and Busler (1998) found that the celebrity's expertise in an area was more effective than their attractiveness when promoting a product or service. They suggest that when advertising high involvement purchases, such as automobiles, using a recognized race car driver would be more effective than using an attractive model. This is due to expert knowledge and trustworthiness demonstrated by the race car driver, as opposed to solely fulfilling social standing by purchasing the automobile. Interestingly, this varies depending on the positioning and target market of the product, such as if it is used as a status symbol, as opposed to high performance automobile.

The type of endorser used should reflect the consumer risk associated with purchase of the product. For example, if a consumer is purchasing a complex product high in financial or performance risk, then an expert endorser should be used (Friedman & Friedman 1979). This brings greater product knowledge and believability to the advertisement and may help alleviate the potential for post-purchase cognitive dissonance. Other expert endorsers that have been successful are authors of topic-specific literature that provide a testimonial in print or commercial materials. For example, an author of a best-selling weight-loss cook book would provide expert knowledge and a greater level of believability if promoting a new frozen entree offering

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from a grocery chain. While it is a low involvement purchase, the expert knowledge the author possess is more important than their personal attractiveness. If the product is used to address social or psychological needs of consumers, than celebrity endorsement would be best to address the identification social process (Friedman & Friedman 1979). This could include hair care products, cosmetics, and clothing to name a few.

4. The Use of Athletes as Endorsers

There comes a critical time when a marketing team must choose which celebrity or celebrities will endorse their product in an upcoming campaign. When using endorsement, there are typically three options. A celebrity (such as a well-known musician, actor, public figure, or author), an animated spokescharacter (for whom one would hold a trademark and can brand according to their product), or an athlete (be it professional or amateur sport). Athletes are becoming so well recognized for their endorsement deals, that many incorporate endorsements into their streams, providing marketers with a large number of willing and able potential endorsers (Charbonneau & Garland 2005).

Athletes, especially high performing and well-recognized ones, can be effective in creating brand awareness during a product launch. They can also be used to 'cut through', an act that is essential in today's cluttered media environment (Charbonneau & Garland 2005). Similar to celebrity endorsers, athletes as endorsers are most successful when the products they endorse are believable, and the athlete is sincere. Many researchers have found that athletes provide effective testimonials for products that have contributed to their own performance and success in their particular sport (Dyson & Turco 1997; Stone, Joseph & Jones 2003).

Brand credibility is increased when the spokesperson has a higher likelihood of actually using the product. Within sports related products, believability is enhanced in ads with domain experts such as Michael Jordan endorsing Nike (Biswas et al. 2009). Biswas et al. (2009) recommend that if athletes are to be used, they have to be known for their achievement in their sports and be ranked in the top 1-2% of their field. The associated risk with this strategy relates to poor athletic performance and the perception that this may be linked to a specific product. For example, if a top athlete began endorsing a new sports drink, and by coincidence, their performance began to deteriorate within the same time period, a negative association with the product line may be inferred by those who closely follow the performance of this athlete.

As noted earlier, testimonials from subject matter experts, such as authors, provide a level of believability that encourages the consumer to consider a product they may otherwise have not. The objective of using athletes as endorsers is to capture the attention of potential customers, strengthen recall of the brand name, reinforce the image of the product, give the message credibility, increase liking and recall of the ad, increase product attractiveness, and increase the likelihood of purchase (Burnett, Menon & Smart 1993; Thwaites 1995). Athlete endorsers are more persuasive when there is a close relationship between the endorsed product and the endorser, and

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greater congruence between the message conveyed by the celebrity image and the endorsed product (Yeung-Jo & June-Hee 2007).

Sports team sponsorship should be primarily considered for successful teams only (Pope et al. 2009). However Pope et al. (2009) found that athletes can be successful product endorsers and elevate corporate image regardless of their athletic success at winning or losing, if the audience they are targeting are fans of the athletes who will support the campaign, win or lose. However, the same study revealed that corporate image and perception of brand quality decayed over a period of time as a team began to lose, when the audience were not fans or regular followers of the sport. When examining if a whole team should be used for endorsement as opposed to an individual athlete Pope et al. (2009) found that team performance as a whole creates strong associative linkages between team performance and brand quality. However, if an individual athlete is used, performance and brand quality are not as closely linked (Pope et al. 2009).

There is very little research available on whether the sport itself that the athlete participates in has an effect on the effectiveness of a non-sporting product endorsement. An exception is Martin (1996) who raises the possibility that in addition to their own personality traits, athletes also bring to the endorsement process their particular sport's characteristics. The question is whether those characteristics that comprise the sport's image will affect consumer evaluations of the endorsement (Martin 1996). This brings into question whether certain sports (such as golf or figure skating) would bring a higher perceived level of prestige or create a different evoked set than in other sports, such as football or hockey, which include more contact and roughness. There is definitely, a need for research in this area to answer this question and other similar questions.

Regardless of sport, Shuart (2007) presented a unique way of examining athletes as endorsers that was contrary to most other researchers. He examined athletes as both celebrities and heroes by developing a matrix in which he classified athletes as either high or low in celebrity and hero status. For example, athletes such as O.J. Simpson and Dennis Rodman were depicted as high in celebrity but low in hero status. On the other hand, Michael Jordan and Magic Johnson were considered high in both celebrity and hero status. It is interesting that he classified Tiger Woods as high in both hero and celebrity status, something that would not be true today. Shuart's findings suggest that athletes can be both considered great athletes, as well as heroes, but the most successful endorsers, were those that were considered both. They were perceived as role models, and those that consumers aspired to be like. He depicted his findings through the creation of the Celebrity-Hero Matrix. The most successful endorsers were positioned in the upper right quadrant, whereas the least successful endorsers were in the lower-left quadrant.

According to Shuart (2007), athletes who are positively perceived as heroes should be chosen as endorsers for consumer products over those with low hero, low celebrity measures. However, the decision which athlete to use within a specific quadrant can be quite difficult. Martin (1996) identified four key steps that must be systematically followed

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in order to acquire the appropriate information required to identify the degree of fit between the sport, the athlete and the product. His critical steps are as follows:

- “(1) The image of the product must first be assessed. This is done through market research with consumers in which the factors that consumers think of when they think of the product are identified and measured.
- (2) The next stage of market research would go back to consumers with these image factors and measure the amount of these factors that are perceived to be in a variety of sports to determine the sport(s) with the closest fit to the product.
- (3) Athletes from the closest fitting sport(s) must be identified who have images that also closely fit the image of the product. At this stage the manager is looking for an athlete's image that will enhance the effect of the sport's image on the endorsement evaluation.
- (4) Consumers' evaluation of the endorsement by those athletes with the images that enhance the fit between the product image and the endorsement are then measured and the athlete accomplishing the greatest number of objectives would be selected.”

Campaigns that have been implemented without following these, or similar, guidelines oftentimes come under scrutiny for not being believable, and therefore tarnish the image of the brand. Well-known examples include Olympic Athletes as endorsers for fast-food chains, such as McDonald's. Canadian speed skater Cindy Klassen, and national team women's hockey player Cassie Campbell were featured in a campaign run during the 2010 Winter Olympics as mentioning that after difficult training sessions, they would go to McDonald's for a meal. This campaign could have avoided this scrutiny had it followed step three of Martin's four-step process. Neither their sports, nor the image of their sports were a fit with the product offering, and therefore the endorsement lacked credibility.

Yeung-Jo and June-Hee (2007) found that the credibility and attractiveness of the celebrity athlete endorser depended on whether or not the athlete endorser was compatible with the endorsed product. As in the McDonald's case above, the credibility of campaign was questioned due to an incompatibility with the endorsed product. Their research also suggests that in order to overcome a lower level of compatibility, athlete attractiveness may help bridge this gap.

5. Potential Risks of Celebrity Advertising

There may be disadvantages to choosing celebrities as spokespeople instead of using commercial actors that are relatively unknown. Companies must be prepared to accept a certain amount of risk when associating with public figures and the impact this may have on their brand due to their relationship with them. Therefore, celebrities can successfully be leveraged to change consumers' pre-existing perceptions of brand

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quality with the caveat that celebrity based advertising can negatively impact such assessments.

Challenges when selecting an appropriate celebrity include other endorsement campaigns they are involved within. Overexposure by promoting diverse products weakens the relationship between a celebrity and a particular brand, thereby limiting the effectiveness of the campaign (Keller 2008). For example, Olympic swimmer Michael Phelps signed numerous endorsement deals following his medal haul at the 2008 Beijing Olympics, which included brands such as Subway, Speedo, Omega, AT&T, Powerbar, and Kellogg's. Hein (2009) found that athletes such as LeBron James, Shaquille O'Neal and Reggie Bush have endorsed so many different companies that consumers get confused, and the endorsement means little.

Another potential problem is that celebrities may draw attention to themselves and away from the brand as consumers may remember the celebrity but not the brand. Marketers must also consider the length of time the celebrity is expected to be relevant or in the limelight. Athletes recognized for winning Olympic medals lose their appeal as spokespeople after a period of time as they are no longer as relevant in the eyes of the consumer.

In addition to risks of athlete performance, there is also the risk of when the athlete receives negative publicity (Erdogan & Kitchen 1998; Charbonneau & Garland 2005). Some events involve incidents that change or damage the endorser's reputation, whether innocent or not, but they can damage the reputation of the firm. These situations are referred to as negative events, and can range widely from accidents that hinder a celebrity's ability to perform including career ending injuries, to exposure to substance abuse (Louie & Obermiller 2002) or could be as serious as criminal charges brought against a celebrity endorser.

However, while most companies include clauses in celebrity contracts for termination on grounds of improper behavior, and take out insurance to cover the negative events relating to their celebrity endorsers, their image and reputation can still be tarnished simply by association. Pope et al. (2009) suggest that perceptions of brand quality may be affected by negative team performance, poor performance, or a negative event, however corporate image is not harmed. On the contrary, Goldsmith, Lafferty and Newell (2000) found that endorser credibility had significant impact on corporate credibility, which directly affected purchase intention and acceptance of the brand.

There does not appear to be a right or wrong way to deal with such incidents, however, research does suggest that the choice of endorsers from the early stages is critical in managing the reputation of the brand in the longer term. Consumers take the information they acquire from these advertising campaigns, and begin to make associations internally between endorsers and brands. For example, a consumer may see an image of Michael Jordan, and the connections they begin to make are Basketball, Nike, Gatorade, Chicago Bulls, North Carolina, etc. This is considered the association set (Till and Shimp 1998). The more often the athlete is viewed, the more associations are created, with varying strength in ties. Till and Shimp (1998) found that if

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the link between an endorser and brand is particularly strong (due to limited external links), then a negative event will subsequently lower brand evaluations. This strong effect was due to small association set sizes. As such, endorsers who are not well known, or who are associated with only one brand, will have a stronger negative impact to that one brand, than if they had been associated with numerous brands, as the ties would have been weaker.

In order to overcome these strong ties, Till and Shimp (1998) suggest that the consumer be educated with additional facts about the endorser, to create competition for associated links, and to slightly weaken the single tie between endorser and brand if it is deemed to be too strong. If the endorser or the brand had a large association set, with many links, then a negative event would not be as detrimental to the brand. For example, swimmer Michael Phelps was one of the most highly sought after spokespeople in the world and believed to have an earnings potential of up to \$100 million. He had sponsorship contracts with companies such as Speedo, Omega, Subway, and AT&T (Hein 2009). While a negative event did occur (in his case, an incident with drug usage), the associated set that consumers had with him was so strongly linked with Olympic medals, world champion, world record holder, and swimmer, that the incident did not negatively impact brand perception of the products he endorsed, nor have a negative impact on consumer willingness to purchase. Phelps lost one sponsor in Kellogg, who felt his behaviour was not consistent with the company's image (Hein 2009), while the rest of his sponsors stayed with him, but distanced themselves until the negative event subsided.

The scenario also holds true for brands that align themselves with multiple endorsers to mitigate the risk of negative events. For example, Nike has a roster of celebrity endorsers and has established its own legitimacy (Yingling & Rooney 2007). Small organizations who choose to align with a celebrity endorser as a means to bring awareness to their brand do so at great risk. This is because the association set is relatively small and for which the celebrity is essentially the primary attribute on which consumers form evaluations of the brand (Till and Shimp 1998).

The difficult scenario that marketers face after a negative event is whether to remain in partnership with the endorser. Louie and Obermiller (2002) found that in case the endorser had experienced a significantly negative event with high blame from society, companies had fared better when dismissing their existing endorsers. However, if the issue is only of moderate blame from society, companies fared worse by rejecting these endorsers and hiring low blame endorsers. They concluded that retaining an endorser who had low blame for the event was more beneficial to the company than dismissing one who had high blame for the same negative event.

As such, it is important that companies demonstrate extreme caution when handling low blame endorser negative events. Oftentimes, lowblameworthiness evokes sympathy and liking (Louie & Obermiller 2002). The researchers provide the example of boxer Mike Tyson, who suffered more when he was convicted of rape than when he was accused of police bribery (Louie & Obermiller 2002). Also when hockey star Wayne Gretzky suffered an injury and was subsequently dropped from a Nike campaign he had

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been promised. Consumers sympathized with the athlete, as the negative event was not his fault, which thereby placed the corporation in an even greater state of defence than if it had used Gretzky in the campaign. Other examples of low blame negative events included Olympic ice skater Kristi Yamaguchi, who won an Olympic Gold Medal and was expected to appear in numerous campaigns. Following her win, “there was an economic recession, with heightened anti-Japanese sentiment”, which thereby discouraged companies from including her as their spokesperson. Her fans were upset, and again sided with the endorser (Louie & Obermiller 2002).

Louie and Obermiller’s (2002) research suggests that companies who select low blame endorsers, such as athletes who are injured or can no longer compete, receive the highest company ratings. This is due to the combination of the liking generated for a compensated low blame person, the positive response to companies for hiring that person despite the negative event, and the company’s ability to reach similarly blameless consumers (Louie & Obermiller 2002). Examples of endorsers who have benefitted from this include injured ice skater Nancy Kerrigan who received many endorsement offers, Christopher Reeve following a health diagnosis, and Michael J. Fox after being diagnosed with Parkinson’s Disease (Louie & Obermiller 2002).

6. Propositions

There are many lessons that can be learned from the research that has been reviewed in this paper. Below we develop several propositions based on a high level overview of the most critical findings. The list of propositions is in no way exhaustive, however it provides a general set of guidelines for an organization that is considering the use of celebrity endorsement to advertise their product.

P1. The identification approach to endorsement is best suited for low involvement purchases

P2. The internalization or expert endorsement approach to endorsement is best used for high involvement purchases

P3. Overexposure by endorsing many products weakens the effectiveness of the endorsement

P4. Using multiple endorsements is an effective means of minimizing the risk of individual negative events

P5. Using low blame athletes or athletes who suffer injuries are more effective than using an average athlete

P6. Athletes are more effective endorsers when the product they endorse has contributed to their success

P7. Successful teams are more effective endorsers than unsuccessful teams

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P8. Poorly performing teams affect perceptions of brand performance but not corporate image
P9. Fans of athlete endorsers are not affected by the athlete's poor performance

P9. Individual athlete endorsers are not as closely linked to perceived brand quality improvement as team endorsers

7. Conclusions

There has been some progress in recent years in research in celebrity advertising as part of an attempt to shed some light in this increasingly important area. This paper has reviewed some of the conceptual and empirical evidence found in the literature. A lot has been done but many more research questions remain unanswered.

Research and experience shows that celebrity endorsement advertising strategies can, under the right circumstances, help a firm promote its products and justify the high cost associated with this form of advertising and provide significant return on investment for the firm. However, marketers must be aware that these campaigns are primarily designed to bring awareness to products and may not translate directly to purchase intention (Biswas et al. 2009). As such, celebrity spokespeople should be used at the appropriate stage of the product life cycle in order to maximize benefit and achieve stated corporate goals.

Furthermore, they must utilize appropriately selected spokespeople in order to reach the appropriate target and minimize the risks involved in being associated with celebrities. If brand name and advertisement recall are the most important goals for a specific campaign, then the choice of a celebrity endorser is appropriate (Friedman & Friedman 1979). Marketers should carefully evaluate, select, and use celebrity spokespeople. They should choose well-known and well-defined personality with relevant associations which are transferable to the brand. There must be a logical fit between the brand and the celebrity. Celebrities involved with multiple brands should be avoided.

Resources spent on celebrity endorsement campaigns can be a significant investment. Companies that have devoted significant resources to celebrity endorsement are those with strong sport sponsorship practices, such as Gillette, Nike, Gatorade, and Pepsi. These companies have numerous spokespeople promoting a single product or brand. However, the same can be true for one athlete or celebrity promoting multiple brands and products. For example Michael Jordan had a range of endorsements including Nike, Coke, Wheaties, McDonald's, Hanes, WorldCom, Oakley and Gatorade.

Another important question surrounds how much should a company invest in celebrity endorsement, and what is the return on investment. In 2004, Gillette signed an endorsement deal with soccer celebrity David Beckham worth between \$US30 and \$US 50 million (Seno & Lukas 2007). The value of these endorsement deals can be complex, as oftentimes they include profit sharing stipulations on top of a flat appearance fee.

The cost to secure these spokespeople is significantly higher than those athletes at the beginning of their careers. Marketing teams must quantify the return on investment they

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receive from inclusion of celebrities in their annual marketing plans. They need to balance the appropriate amount of advertising exposure to justify investment in a celebrity endorsement campaign, while making an offer to the celebrity that is worthwhile of their time and image, and finally not over-expose their product for fear of negative impact. Agrawal and Kamakura (1995) conducted a study to determine the impact of announcements of forthcoming celebrity endorsement deals affected the share price of that firm's stock. They found that the sponsoring firms recorded a gain of .44% additional returns the subsequent day (Agrawal & Kamakura 1995).

In summary, celebrity endorsement can be very costly as most celebrities make excessive demands to endorse a product. The high cost of celebrity endorsement may force a firm to raise its price to cover its costs. Many consumers may in fact realize that they pay higher prices due to the higher cost of celebrity. Competitors could exploit the higher prices in their ads by informing customers about the high cost of celebrity endorsement.

With the rising price demanded by athletes, along with the other potential problems, marketers are beginning to look for new ways to promote their products and create brand awareness. In Charbonneau and Garland's (2005) research, it was found that the majority of New Zealand practitioners stated they were making a conscious effort to move away from celebrity endorsements because it was usually too expensive, practically problematic, and the celebrity often overpowered the brand message.

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