

Celebrity Endorsement as a Marketing Tool

Lim Siew Foong¹, Lim Siew Foong² and Rashad Yazdanifard³

¹ Southern New Hampshire University

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Abstract

This paper explores the potential of celebrity endorsements as a marketing tool. In today's competitive market, companies and brands strive to distinguish themselves from the rest and gain leverage. Celebrity endorsement has been the popular choice for them to connect with potential customers and create awareness for them in the market. Here it is discussed how and why celebrities' influence and power is used to reach their targeted consumers.

Index terms— celebrity endorsement, celebrity culture, influence, press, brand.

1 Introduction

With the FIFA World Cup going on in full force and broadcasted throughout multiple countries, the players have become celebrities in their own rights. And companies aiming to spread their influence have definitely taken note of these football players that have legions of fans. Many companies are going in full force to rope in star football players to endorse their brand. Cristiano Ronaldo, Neymar JR, Lionel Messi and Zlatan Ibrahimovic are one of the many football players that have multi-million dollar endorsement deals. These endorsement deals are with heavyweight names in the business world like Samsung, Adidas, Nike and Pepsi (News.com.au, 2014). Endorsement deals are not only limited to the sporting world. Many celebrities from the film, music and showbiz industry are selected to be the face of many company's brands or product.

Why are so many companies scrambling to get a celebrity to endorse a product? Here just might be the reason why. Elberse and Verleun (2012) set out to study the effects of sports celebrity endorsements to sales revenues. They compiled samples from over 300 brand endorsements and found out each sports celebrity were paid an average of \$200 000 a week or \$10m per annum which is equivalent to 4 percent of what these brands generated in a year. And when their endorser won a championship or secured a victory, sales revenues per week can be expected to go as high up to an \$70 000 increase. With such a strong sales return, share prices went up to an average increase of at least 1 percent and market shares also saw an exponential increase. They also found out that by partnering with a celebrity endorser, some brands recorded a 20 percent sales jump. If a company was wondering if a celebrity endorser was worth investing in, the answer would be a firm "yes".

Author ? : Southern New Hampshire University, HELP College of Arts and Technology Fraser Business Park, Malaysia. e-mails: siewfoong.lim@snhu.edu, rashadyazdanifard@yahoo.com II.

2 Celebrities as Pinion Leaders with Social Media

When we go out to make a purchase, our decisions on which items to buy are usually influenced opinion leaders. Opinion leaders are defined as a group of people where consumers look to get a stamp of approval before making a purchase (Boundless, n.d.). Opinion leaders are usually people like your neighbourhood repairman, pharmacist or hairstylist. They would possess more knowledge about a product or service than the average consumer. They play an important role as they can change or shape how consumers view a product.

On a national and international level, marketers would turn to celebrities as opinion leaders. Celebrities make great opinion leaders as they have a huge following and great influence over their fans. In today's culture, celebrity has taken on a whole new different meaning. They are not only people that you admire but can be people you want to emulate. This is especially prevalent among the young, where they can now easily follow their favourite celebrities on social media such as Twitter, Facebook and Instagram (Poo and Chia, 2009). Social media has

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not only been a platform used by celebrities to update their fans on their latest activities but has evolved to become something bigger. It has now become an outlet where they can share their opinions and voices to the mass media. Their influence is unwavering as celebrity tweets from Twitter can even be a headline on the pages of magazines and news outlets.

For companies aiming to promote their brand or product to a generation Y and X consumers, Twitter might be the answer. In a data study, (Ad Age, 2011) found out that a total of 84 percent of Twitter users are in the 18-49 age bracket. Unlike television advertisements where people are aware they are directly being sold something, Twitter seems to be a grey area. (Brand Republic, 2014) reported that 54 percent of Twitter users have not noticed an instance when celebrities have made a product or service endorsement and 25 percent actually welcomed it. Lastly a total of 26 percent have bought a product that was endorsed by a celebrity on Twitter, proving that it is effective. An example of an effective celebrity endorsement taking place on Twitter was when Internships.com paid controversial actor Charlie Sheen to tweet about their website. Although this pairing was a bit of a mismatch, Internships.com saw an Facebook just might be the platform for reaching an older demographic. In a finding on Facebook users, (IStrategyLabs,2014)found out that users between the age of 35-54 remains the dominant group at 31.1 percent while users above the age of 55 saw an increase of 80.4 percent and now they represent 15.6 percent of Facebook users. In another study on celebrity endorsement, Facebook generated 50 to 100 percent more actions among users than compared to Twitter. Gullov-Singh (2011) explained that this is because social interaction was more likely to happen on Facebook because you could see who has liked or commented on a post. This encouraged people to join in the conversation on the product endorsed.

Another indicator that people regard celebrities as opinion leaders was this study that Nielsen (2013) conducted in America. It found out that 64 percent of users on social networking sites who follow a celebrity were four times more likely to follow a brand than a user who does not follow a celebrity. Celebrity followers were also more engaged in conversation with other consumers about their experience with the product.

3 III. Celebrities Generates more Interest and Positive Press

What happens when you have a great product but no press? Or you are a new startup company hoping to make new waves? Roping in a celebrity just might be the solution to all these problems. Getting a celebrity involved in public relations and advertising will definitely draw attention from reporters and other media outlets you would not have been able to reach without a celebrity. Tighe (2013) writes that this gives the opportunity for the company to create a background story involving the celebrity. To garner continuous interest, it would be beneficial for the celebrity to hold press conferences, interviews and photos of them talking about your brand or product. Releasing press content from the celebrity would get their fans, bloggers and social media users talking about it, therefore, generating a huge pool of potential customers. This way, you can maintain that marketing can be converted into sales and revenue returns.

Jessica Alba who has been hard at work promoting as the founder of her new venture, The Honest Co. is doing just that. The Honest Co. sells environmentally friendly and non-toxic baby products, skincare and household detergents. She has since managed to gather a \$27 million investment from General Catalyst, Light speed Venture Partners, and Institutional Venture Partners (Perez, 2012). This is no easy feat, no doubt she is helped by the fact that The Honest Co. has a steady following from her fans which gives her an advantage. Her continuous publicity work Another type of collaboration with a celebrity would be co-branding. It is a strategy in which two brands appear on a single product. ??eel and Natarajaan (2012) explains that this would increase the perceived value of the primary brand when you bring in a second brand. In other words, the celebrity is providing star power to the provider brand. Some companies and successful brands still go on to a co-branding deal, even when they look like they would not need it. By cobranding with a celebrity, the brand would be able to extend their reach far beyond their own consumers but also to the group of consumers that are fans of the celebrity (McCarthy, n.d.).

One of the most successful and iconic cobranding was the one where Nike teamed up with basketball superstar Michael Jordan to release his line of Air Jordans in 1984. And 20 years after that, Nike released a commemorative pair of shoes called Powder Blue which had phenomenal success and garnered a \$35 million sales on its first day (Badenhausen, 2014). Another worthy collaboration was when Bud Light hired Justin Timberlake as creative director to release their new beer, Bud Light Platinum. It had an extensive promotion period where it coincided with the release of his new single. Justin Timberlake also appeared in a 30 second commercial featuring the beer, which is no surprise why Bud Light Platinum was the best selling beer in the first quarter of 2012 (Kim, 2013).

4 IV.

5 Potential Pitfalls of Celebrity Endorsements and Recommendations

Celebrity endorsement is not without fault too. Since the endorsement of the brand or product relies heavily on the image of the celebrity, a single slip up can cause collateral damage. Compared to the time when social media was not as prevalent, a celebrity just had to be paid to star in an ad campaign or a television commercial and that was it. But today, a celebrity's endorsement has to be extended to social media as well says Williams (2013).

Celebrities have to align their image with the product they are endorsing or risk tainting the effectiveness of the endorsement (Helmig and Huber, 2008). Examples of celebrities who have lost endorsement deals after landing themselves in a controversy is Michael Phelps with Kelloggs, Chris Brown with Wrigleys and Kate Moss with Chanel.

There are also instances when the celebrity's personality or image is just not working along with the brand or product. Companies should take note as brand personality is directly proportional to trust and brand loyalty among consumers (Sung and Kim, 2010). For example, celebrity siblings Mary-Kate and Ashley Olsen were the faces of the Got Milk campaign that promotes the dairy industry and a healthy diet. When it was eating disorder, the campaign eventually had to be pulled off.

Before a brand decides to use a celebrity endorser, it is important to make sure that they fit into the overall marketing campaign and it reaches the targeted group of consumers. Therefore selection is a vital part of the process. Choosing a celebrity that has expertise on the product to serve as an opinion leader or which the targeted group of consumers aspires is a sure-fire approach to make sure your marketing campaign is effective (Seno and Lukas, 2007). If you are choosing an athlete to represent your brand, Shuart (2007) concluded that athletes who embody the role of being both sports hero and celebrity, such as Tiger Woods and Michael Jordan, are most likely to convince purchasing decision among consumers. Elberse and Golod (2007) confirms that hiring a top ranking athlete to endorse your brand results in the highest financial returns and also provides positive publicity in the long run.

To make the most out of celebrity endorsements, Pringle (2012) has determined that building a relationship between celebrity and the brand is vital. This can mean encouraging the celebrity to be more involved in decision making. Stout (2013) firmly agrees that managing a relationship can make the partnership a win-win situation for all. If you provide the celebrity with something other than just a cheque, they will be more committed to their endorsement duties. Thomson (n.d.) suggests that placing celebrities as creative directors and giving them more power in developing the product would also appeal more to consumers as they are more interested in the ideas that they bring to a product.

6 V.

7 Discussion

Marketing strategies are varied and plenty, but here we discuss the use of celebrity endorsement. This paper takes a further look so that we can understand why celebrity endorsements work. Celebrities play a bigger role in our lives than ever before, enhanced by the use of social media. Coupled with the rising use of social media accounts among a diverse demographic, this gives opportunities for marketers a new platform of promoting their products. Celebrities make an effective opinion leader, with their influence spreading internationally they are able to shift consumer's purchasing decision and change their perception of a product.

Other than that, celebrities are able to generate a lot more buzz and press. Due to their large fan following, they can work this to their advantage by getting people talking or excited about a new brand or product. Co-branding with a celebrity can be the best option for ailing brands or one with a small consumer group. A celebrity presence can extend the reach towards a wider audience and transfer their popularity into the brand.

8 VI.

9 Conclusion

As a conclusion, celebrity endorsement can be a valuable boost to companies who want a push in brand awareness or gain higher returns. But it is not without risk, companies have to be wise about selecting a celebrity that the public or targeted group likes as their image correlates directly with their brand. It is also important to note that a celebrity has to have their image aligned with the brand's image to be believable to consumers. As a result, companies who are in need of an influential individual can choose a celebrity to represent them. As long as companies have an interesting marketing strategy paired with the right celebrity, their representative and endorsement has an overall positive impact. ¹

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Figure 1: W 25 Global

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