

# Celebrity Endorsement Pros And Cons

*When celebrities endorse brands, obvious advantages of brand recall and greater recognition follow however the downside is when the endorser's behaviour strays from acceptable societal norms*

About a decade ago, when Cadbury India, the country's largest and most admired chocolate major, was battling waning consumer confidence and problems arising out of worm infestation reports in its chocolates, it came up with probably its best PR strategy. Though a new poly-flow packaging was soon adopted by the company, what actually helped in reinstating the brand's emotional equity and confidence with consumers was film star Amitabh Bachchan's endorsement of the brand. Soon, customers realized "*Kuch Khaas Hai Zindagi Mein*" and cash registers started ringing again for the British confectionery company.

Celebrity endorsements have given new realms to branding strategies adopted by companies worldwide. While obvious advantages of brand recall, greater recognition and association of the brand with the celebrity's stature and personality are always there,

it comes with the potential downside when the brand gets associated with the attributes of the endorser and the latter's behaviour becomes contrary to the acceptable societal norms. The article explores celebrity endorsements and the flip side of the symbiotic relationship between the celeb and the endorsed brand.

## Why celebrity branding?

The arduous task of brand building, having its inception in the selection of logo, trademark and tagline, is satiated when a brand image is created. Though the underlying ideology remains identification of the product with the company's ideology and philosophy, celebrity endorsement gives an edge to the branding process as the companies piggyback on the rapport that a celebrity enjoys with the masses to affect consumer behaviour and expedite brand recall. Such endorsements have assumed paramount importance in organizational management where companies complement it with efficacious ideas and market launch.

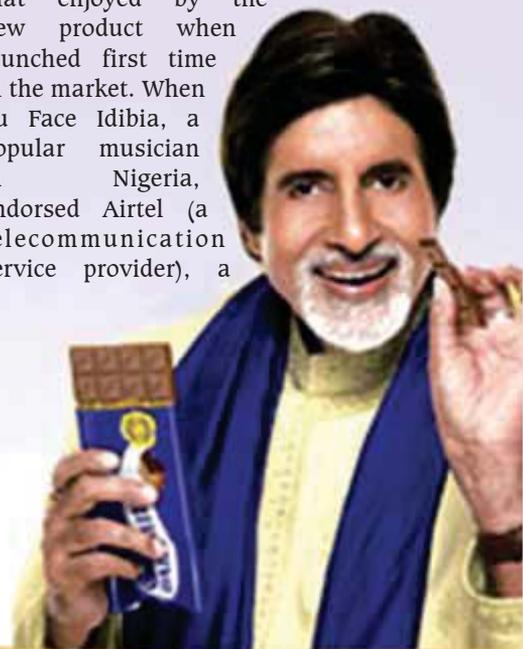
## Influence of the brand in market

The credibility and equity of the celebrity gets directly

associated with the brand and the consumer soon starts equating the same with the product. A higher brand recall in this regard helps the advertisement to carve a niche among the multitude of products endorsed in the media.

Often, celebrity endorsement is used so intensively that consumers are lured into buying products that their favourite star has testified. For instance, Michael Jordan fuelled the success of Nike's Air Jordan sneakers, which were introduced in 1985 and remain popular even today.

Another obvious advantage is that enjoyed by the new product when launched first time in the market. When Tu Face Idibia, a popular musician in Nigeria, endorsed Airtel (a telecommunication service provider), a



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lot of people were attracted to their products and service.<sup>1</sup>

### **The Pitfalls**

The celebrity is as much fallible as any other individual. The problem is accentuated when millions are at stake. From brands suffering because of the derogatory reputation and bad behavior of the celebrity to them being overshadowed by the celebrity's stature and even professional failure of the star, a lot of things may go wrong that may potentially and very strongly affect the finances of company. For instance, Pepsi faced major crises when Shane Warne was tested positive for consumption of banned drugs in the 2003 Cricket World Cup.

The following segment presents some of the celebrity endorsements where planning, research and brand monitoring received a major setback due to the celebrity's (negative) behavior:

### **Major Debacles**

#### **Tyson Gay**

Tyson Gay, the American track and field sprint athlete whose 100 m personal best of 9.69 seconds is the American record and makes him the second fastest athlete ever, was recently dumped by Addidas after the former double world sprint champion failed an out-of-competition dope test.

#### **Tiger Woods**

Woods' on-field stunts undoubtedly make him one of the most successful professional golfers of all times. Often hailed as the world's most marketable athlete, Woods' endorsements ranged from General Motors, Titleist, General Mills, American Express, to Accenture, TAG Heuer and Nike, Inc. His \$105 million contract extension with Nike in 2000 was the largest endorsement deal signed by any athlete at that time. He played a prominent role in establishing Nike as the leading golf apparel company in the world, and a major player in the equipment and golf ball market. Reportedly, when

Tiger Woods switched his endorsed ball from the Titleist brand to Nike in 2000, the latter's market share went from 0.9% to 4% in 6 months. In 2007, his earning from on course was \$23 million while endorsement deals fetched him \$100 million.<sup>2</sup>

The hunky-dory affair received a major setback when Woods' extramarital escapades hit the tabloids. Following Woods' admission of infidelity, Accenture, AT&T, Gatorade and General Motors completely ended their sponsorship deals, while Gillette suspended advertising featuring Woods. TAG Heuer dropped Woods from advertising in December 2009 and officially ended their deal when his contract expired in August 2011. Nike however remained loyal to Woods.

#### **Lance Armstrong**

With a record seven consecutive times winner of Tour de France, Lance Armstrong has been master professional road racing cyclist. Armstrong was instrumental in transforming the funding of his teams by asking sponsors and suppliers to contribute and act as part of the team. His teams adopted a Formula One relationship with sponsors and suppliers named "F-One", and utilized combined resources of several organizations working in close communication. The team, Trek, Nike, AMD, Bontrager (a Trek company), Shimano, Sram, Giro and Oakley, collaborated for an array of products.

The once revered star however succumbed to doping. Following the United States Anti-Doping Agency (USADA) accusation of doping and trafficking of drugs, testimonies from witnesses including former teammates and Armstrong's own admission, all of his sponsors abandoned him. He reportedly lost \$75 million in a day. In 2012, it was reported that people were crossing out the "V" on the Livestrong wristband so that it read "Lie Strong". On May 18, 2013, Nike announced that it would be cutting all ties to Livestrong.



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#### **Michael Phelps**

With a total of 22 medals, Michael Phelps holds the all-time records for Olympic gold medals. In the 2008 Beijing Games, Phelps created a world record for the most first-place finishes at any single Olympic Game. His remarkable performance in 2008 earned Phelps Sports Illustrated Magazine's Sportsman of the Year Award. Soon the victory was marred by a photograph showing Phelps inhaling from a marijuana pipe. Phelps' public apology could not save his major sponsorship deal when

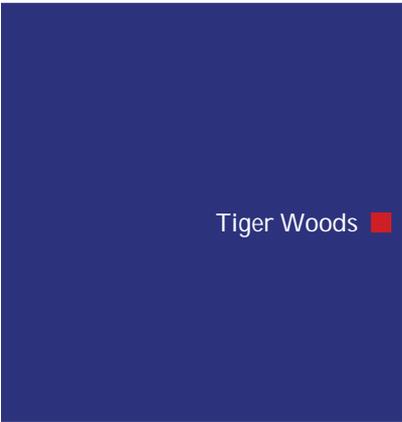
<sup>1</sup> The Dysfunctional and Functional Effect of Celebrity Endorsement on Brand Patronage, Online Journal of Communication and Media Technologies Volume: 2 – Issue: 2 – April - 2012; <sup>2</sup> <http://www.golfdigest.com/magazine/2008-02/gd50>;



■ Shane Warne



■ Tyson Gay



Tiger Woods ■



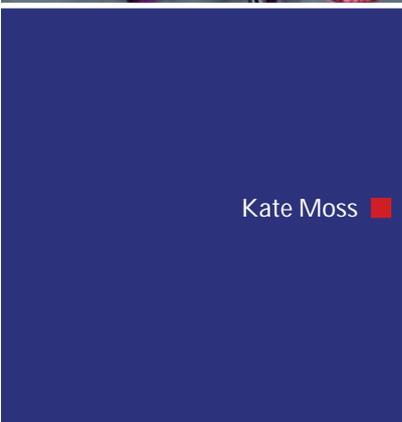
Lance Armstrong ■



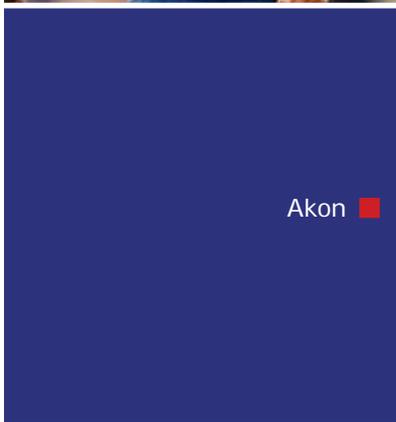
■ Michael Phelps



■ John Terry



Kate Moss ■



Akon ■



■ OJ Simpson



■ Chris Brown

Kellogg refused to renew a deal worth \$500,000 (£312,325). AT&T and Rosetta Stone also decided not to extend their deals at the end of the year.

### John Terry

Following allegations that the former England captain racially abused Anton Ferdinand during a match against Queens Park Rangers, Umbro announced its decision not to renew its deal in 2012. Terry had been the face of Umbro since 2002, in a deal worth a reported £4m.

### Kate Moss

The British supermodel lost several endorsement deals including that of Chanel, Burberry and H&M after her photographs snorting cocaine appeared in 2005. H&M, had intended to feature her in a campaign of their autumn clothes range designed by Stella McCartney and the contract was reportedly worth £4 million a year.

### Akon

The endorsement and sponsored music tour of Akon with Verizon Wireless was cancelled after Akon danced provocatively with a 15-year-old fan on stage during a concert in Trinidad in 2007. Verizon also pulled Akon ringtones and music from its online stores, handsets, TV and radio sports featuring the singer and his music.

### OJ Simpson

National Football League (NFL) football star, O.J. Simpson, was the spokesman for the Hertz rental car company before he was charged for the murder of his ex-wife Nicole Brown and her friend, Ronald Goldman. He worked for Hertz in 1970 along with other celebs for which he was reportedly paid \$550,000 (£343,526) a year. In 1992, the deal came to an abrupt end with reports of conflict and domestic abuse between Simpson and his former wife Nicole Brown Simpson.

### Chris Brown

Wrigley, Chewing gum maker and the Milk Processor Education Program, responsible for the campaign “Got Milk?” dropped the deal with Chris Brown, American recording artist, after he was found guilty of felony assault of singer and his then-girlfriend Rihanna, for which he was also sentenced to five years of probation and six months of community service.

### The factors that an organization may consider:

The most important role in any kind of endorsement is played by the consumers as ultimately, it is them who correlate attributes of the celebrities with the brand and interpret the message conveyed by the organization. It is therefore of utmost significance that companies should select the celebrity who possesses the relevant knowledge, whose identity and personality matches the brand, and who can offer long term commitment. The organization should also identify the emerging celebrities and enter into contract at an early stage.

Other significant factors in this regard may be:

- A mismatch between a celebrity's personality and the brand endorsed may not only lead to the celebrity losing his credibility but also raises questions on the brand endorsed by them. For instance, many eyebrows were raised when Virat Kohli, endorsed a fairness cream during the last Cricket World Cup, leading people to question as to why a promising cricketer would endorse a fairness product.
- The endorsement contracts should be so drafted that any **negative publicity** that the celebrity may attract at a later stage can be taken care of. Addidas that has recently terminated its contract with Tyson Gay stated that *“Under its agreement with the athletes, Addidas has the rights to terminate the contract if the*

*athlete is found guilty of the possession or use of drugs or any other prohibited substance by the relevant governing sports body having jurisdiction over the athlete.”*

- Celebrities' association with the competing products is the other significant factor. Brazilian ace footballer Ronaldinho lost his sponsorship deal with Coca Cola after he appeared with a can of Pepsi at a press conference. It is worth mentioning that the star had a £500,000-a-year contract with Coca Cola, and it was scheduled to run till 2014.
- Strategies should be devised to ensure that the brand is not overshadowed by the persona of the celebrity. It may not always be an ideal situation to have a celebrity that endorses multiple brands. In the case of Nerolac Paints endorsed by the Indian movie star Amitabh Bachchan – around 80 percent of the respondents when asked to associate Amitabh with any paint, did so with Asian Paints; the biggest competitor of Nerolac, in India.<sup>3</sup>

-The term “*Celebrity Vamping*” is often used by advertisers to describe a situation when a celebrity is over used in selling several products such that the ultimate purpose of brand communication with the public is defeated and even celebrities' expertise is questioned. M.S. Dhoni, Sachin Tendulkar, Aishwarya Rai, Shahrukh Khan are few of the Indian celebrities that are associated with multiple brands at the same time.

The celebrities' exclusivity and ascertaining if the celebrity fits into the relevant frame of the brand endorsed by them are therefore other noteworthy parameters.

### Brands Endorsed by MS Dhoni<sup>4</sup>

- Dhoni signed with Kolkata-based celebrity management company Gameplan Sports in April 2005.

<sup>3</sup> <http://imagemanagement.in/?p=1361>; <sup>4</sup> [http://en.wikipedia.org/wiki/Mahendra\\_Singh\\_Dhoni](http://en.wikipedia.org/wiki/Mahendra_Singh_Dhoni)



- In July 2010, Dhoni tied up with Rhiti Sports Management and Mindsapes
- 2005: Pepsico, Reebok, Exide, TVS Motors
- 2006: Mysore Sandal Soap, Videocon, Reliance Communications, Reliance Energy, Orient PSPO Fan, Bharat Petroleum, Titan Sonata, Brylcreem, NDTV, GE Money
- 2007: Siyaram
- 2008: Fashion at Big Bazaar alongside Bollywood actress Asin, Maha Choco, Boost (health food), Dainik Bhaskar
- 2009: Dabur Honey, Kolkata Fashion Week, Aircel communications, Nova Scottia Premium shirts.
- 2010: Amrapali

• The marketing strategy should be devised to take maximum advantage of the celebrities' brand value. The timings also play a crucial role. Earlier this year, Beyonce became brand ambassador for Pepsi. The deal not only puts Pepsi logos on tour stages and the star's face on cans, it is expected to give Pepsi an investor role in her future projects.

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There are obvious economic advantages in the advertising landscape that a celebrity can offer. However, the company must design an effective strategy taking into consideration factors as to when to enter the contract and how to get out of the contract before shelling in money in the advertisement or hiring the celebrity. Effective idea, market study and immaculate organizational strategy if implemented go a long way and can deter the damage that any celebrity endorsement may cause.



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