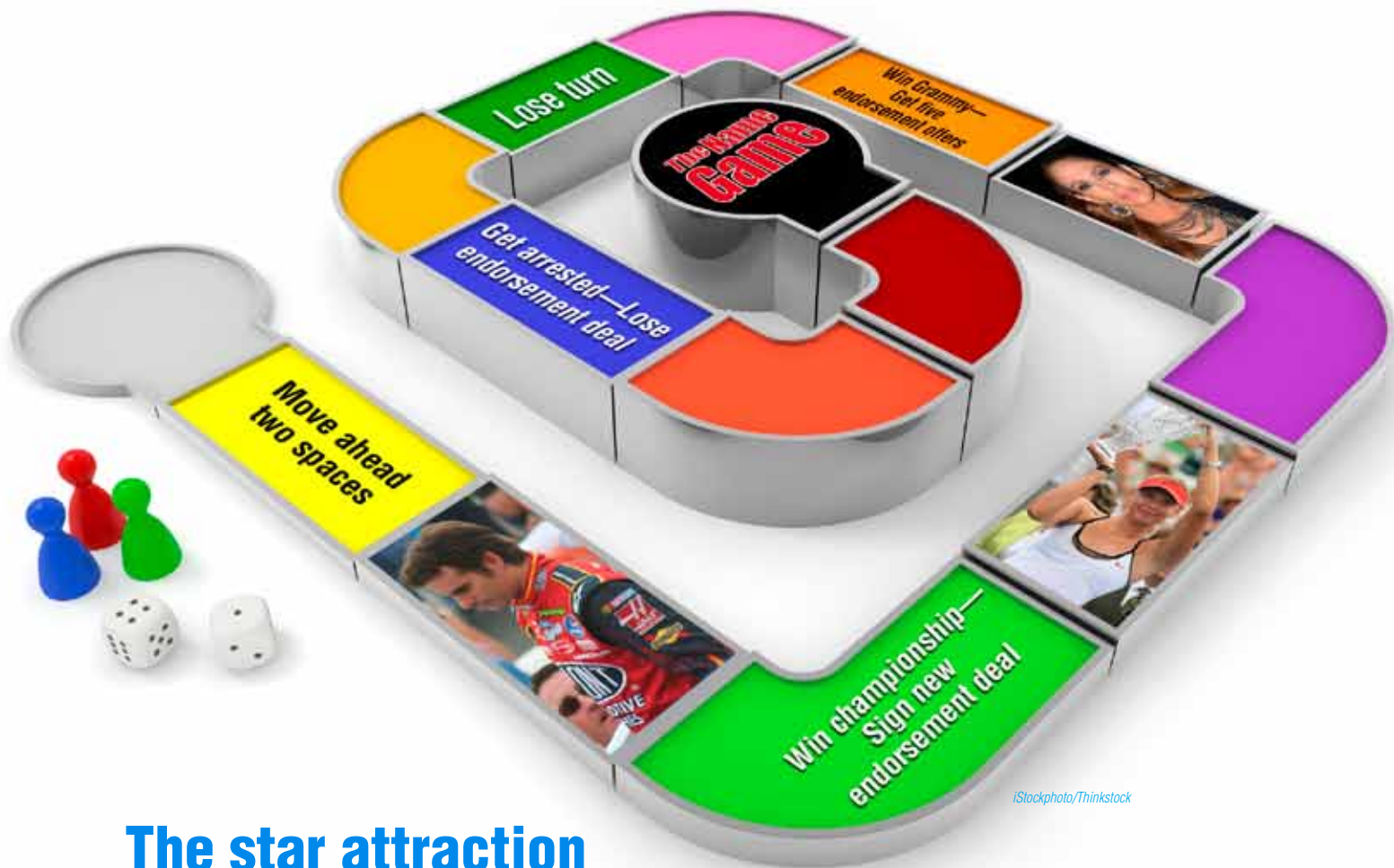


Play the Name Game

Celebrity Endorsements



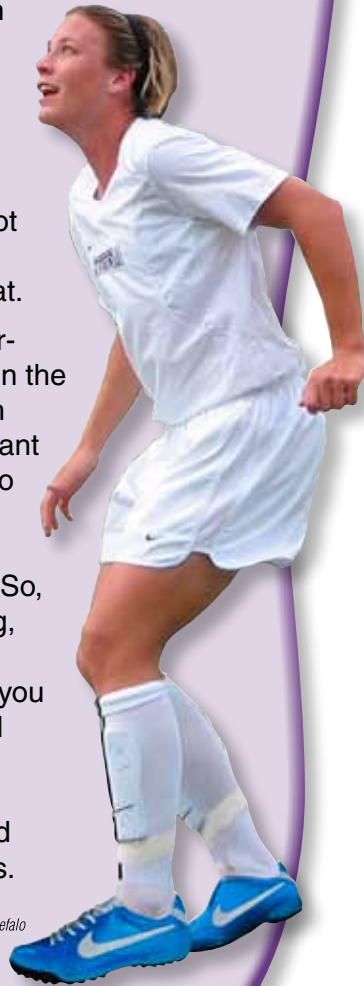
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The star attraction
Big \$\$\$ for names
Telling the truth

Why should you care about celebrity endorsers who earn millions of dollars to promote products? What effect could they possibly have on your life? Well, for one, they influence your buying. Think of all the items you've purchased recently. What made you buy the Nike shoes rather than the Reeboks? Was it because you saw an ad for Nike featuring Derek Jeter or Maria Sharapova? Did that lead you to believe that the Nikes are better or would make you a better athlete? Did you pass up a Coke and buy Pepsi because you saw Jeff Gordon drinking Pepsi in a commercial? Do you eat Wheaties because it is the breakfast of your current favorite athlete? Whether you realize it or not, these endorsements have a lot to do with what you buy, and marketers are counting on that.

Businesses spend small fortunes on celebrity endorsers in the hope that you will identify with them. After all, who doesn't want to play basketball like Carmelo Anthony, hit a baseball like Albert Pujols, or kick a soccer ball like Abby Wambach? So, the next time you go shopping, whether it's for sunglasses or snack food, ask yourself why you chose a certain product. You'll probably discover that a star athlete or other well-known celebrity recommended it, and we all want to be like the stars.

Picture of Abby Wambach thanks to Beelalo from English Wikipedia and Ookabool!



Thinkstock images/Comstock/Thinkstock

The Name Game

What do David Beckham, Jessica Simpson, Tom Brady, Danica Patrick, and Usher all have in common? You might say they have a lot in common. They are all well known, their pictures regularly appear on TV and in magazines, and they earn millions of dollars every year. However, some are athletes, and some are entertainers. The common thread that unites them is that they are all celebrity endorsers.

So you ask, what is a celebrity endorser? A **celebrity endorser** is a **well-known person who approves, promotes, or supports a good or service, usually for pay.** **The use of celebrity endorsers is one of the most popular promotional tools in sport and event marketing today.** You can probably think of many celebrities who endorse the sport-related products that you buy or use. A few that pop to mind are Tiger Woods, Serena Williams, Alex Rodriguez, and Roger Federer.



Picture of Alex Rodriguez thanks to en:Google man from English Wikipedia and Ookabool!

- ▲ What products would you purchase if Alex Rodriguez sponsored them?

Objectives

- A** Explain the concept of celebrity endorsements.
- B** Explain the considerations involved in using celebrity endorsements.

These celebrities all lend their name to companies to help sport marketers sell products. In most cases, the celebrities are part of an advertising message that might include statements, photographs, or images of the celebrities in action, or their name or identifying logo. Combinations of these various techniques are ways that sport marketing companies use celebrity endorsements. Let's take a close look at each of the possibilities.

Name That Endorsement

One type of endorsement is to pay celebrities to appear in an ad and say what the company wants them to say. Paying a celebrity to advertise a product is the most commonly used type of endorsement. It simply involves having the person appear in a print or broadcast advertisement and talk about how great the product is. Prime examples are Kobe Bryant promoting Nike shoes and Vitamin Water and Serena Williams promoting Wilson tennis racquets and Gatorade. You see the print ads in magazines and newspapers all the time, and the commercials run on network and cable television. The celebrities always say something positive about the product such as, "It's the most refreshing soft drink," or, "This is the most comfortable mattress."

Second, sport marketers pay celebrities to wear a certain brand of clothing or use a certain brand of equipment. This type of endorsement is similar to paying them to appear in ads except in this case, the celebrities don't make statements in favor of the product. By wearing the clothing or using the equipment, they are suggesting their approval. The message is that if the shoes or tennis racquets are good for the athletes, they're good for you.

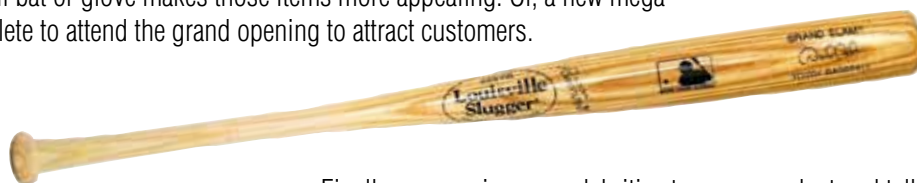
Another twist on this idea is paying college and high-school sport teams to wear a manufacturer's clothing. The athletes on these teams are celebrities on the local level and have an influence on their fellow students. For example, if the basketball team wears Adidas shoes, the hope is that other young people will want to buy them.

Another type of endorsement is to pay celebrities to use their pictures on a product or label or to appear at an event. This is a way of endorsing a product or event simply by being associated with it. The celebrity doesn't say the product or event is great, but that is what consumers usually think. For example, the sale of a brand of cereal increases dramatically when a well-known athlete is featured on the box. A star athlete's name on a baseball bat or glove makes those items more appealing. Or, a new megamall invites an athlete to attend the grand opening to attract customers.



Picture of Serena Williams thanks to High Contrast from Wikimedia Commons and Dokabool

▲ No matter where Serena Williams plays, she always uses a Wilson tennis racquet.



Finally, companies pay celebrities to use a product and talk about it in an ad. What the celebrity is really doing is giving a **testimonial** for the product. Testimonials come in a variety of formats. Think of all the infomercials you've seen on television. They're basically lengthy commercials that look like a TV program with a celebrity using a product and explaining why the product is good or effective. An example of a celebrity infomercial is pop star Katy Perry using a brand of acne-control face wash and talking about its features and benefits. She's attractive and has clear skin, and the suggestion is that you'll look like that, too, if you buy and use that product.

Star Power

All types of businesses use celebrity figures to endorse their goods and services. Even businesses that have no connection whatsoever with sports or events pay well-known celebrities to be endorsers. These endorsements are successful because of the star/athlete. For example, a number of years ago, baseball player Joe Dimaggio was the spokesperson for Mr. Coffee, and football star Joe Namath pitched a brand of panty hose. Today, LeBron James promotes McDonald's, NASCAR driver Kasey Kahne endorses Farmers Insurance,

▲ As one of the NBA's most popular, successful players, LeBron James endorses a variety of different products.



Picture of LeBron James thanks to Mike Shadle from Wikimedia Commons and Dokabool

and football phenom Robert Griffin III does commercials for Nissan. Their popularity goes well beyond the world of sports/events and makes them credible spokespersons for all types of products.

Furthermore, well-known celebrities often keep their celebrity status even after death. This has led companies to use them in current promotions. An example is Baseball Hall of Famer Jackie Robinson, whose image was used to endorse Coca-Cola and Wheaties, even after he died in 1972.

Another effective use of celebrities is in cross-promotional campaigns. Cross-promotion occurs when a celebrity endorses more than one product, or products for another company. Then, all the companies share from the increased awareness because consumers associate the celebrity with all the products. For example, basketball legend Michael Jordan is probably the top endorser of all time and still promotes a variety of products even though his playing career is long over. Because of his fame and popularity, people notice the products he endorses, and the ad for one product often promotes other products as well. If he appears in a Pepsi ad wearing Nike shoes and bouncing a Wilson basketball, all three products benefit even though the ad is for Pepsi.



Picture of David Beckham thanks to Paulblank from Wikimedia Commons and Oskabool

▲ David Beckham promotes everything from soccer gear to underwear.

In most cases, celebrities are used to endorse tangible items on the retail level. The goal is to encourage ultimate consumers to buy products that they see celebrities using and enjoying. For example, an ad featuring David Beckham promoting a certain brand of soccer gear might motivate you to buy that brand. The same is true of a commercial showing boxing icon George Foreman proclaiming the features of his brand of grills.

Sometimes, marketers use celebrities to promote services such as credit cards. One example is a commercial that featured the U.S. Women's Olympic Beach Volleyball Team practicing on the beach in winter. The tie-in was with VISA, which is the official credit card of the Olympics. Sport figures even endorse health care and medical services.

Marketers also use celebrities to promote events, which range from large fund-raisers for charities or politicians to local amateur tournaments. Often-times, major sporting events invite celebrities to participate to increase attendance. For example, on opening day of baseball season, most ballparks have a celebrity throw out the first ball. Many golf tournaments include former U.S. Presidents and Hollywood stars to generate interest. Fans come not only to see the game, but to see the celebrities.

Celebrity endorsers are often considered to be particularly effective promoting products related to their sport. Their endorsement has a certain amount of authority to it because they know a lot about those products. People pay attention when Shaun White makes positive statements about a brand of snowboard or Sidney Crosby says a certain brand of hockey stick is the best. We assume they should know because they are prominent in the snowboarding and hockey worlds.

On the other hand, we pay attention to celebrities even when they pitch products that have no connection to them. That's the reason why Avon has singer Jon Bon Jovi (yes, really), and Ford has golfer Phil Mickelson. It's the star factor, and many businesses take advantage of that.



Picture of Sidney Crosby thanks to truella and Oskabool

▲ When Sidney Crosby endorses a particular brand of hockey stick, hockey enthusiasts are likely to listen.

Summary

The use of celebrity endorsers involves having a well-known person approve, promote, or support a good or service, usually for pay. The various types of endorsement include: paying celebrities to appear in an ad and say what the company wants them to say; paying celebrities to wear a certain brand of clothing or use a certain brand of equipment; paying celebrities to use their pictures on a product or label or to attend an event; and paying celebrities to use a product and talk about it in an ad.

All types of businesses, even those that have no connection with sports or events, pay well-known athletes and celebrities to be endorsers. Some companies use well-known athletes even after death or take advantage of cross-promotions. In most cases, celebrities are used to endorse tangible items on a retail level, but they are also used to promote services and events. Finally, celebrity endorsers are often considered to be particularly effective promoting products related to their sport.



1. What is a celebrity endorser?
2. Identify and describe the four main types of endorsements.
3. Why do all types of businesses use celebrities as endorsers?
4. Explain the benefit of cross-promotional campaigns.
5. Describe the types of products that celebrities endorse.

THE GRAY ZONE

A star athlete is hired to endorse a company's product and signs a five-year contract valued at \$40 million. As the athlete's popularity increases, so do product sales. The company is satisfied with the results and plans to continue the relationship. The athlete is successful and is getting offers to endorse other products. All is well.

Then, the athlete is accused of doing something illegal. Now the company starts to look for loopholes in the contract even though the athlete has yet to be convicted of a crime. The company worries that the athlete's popularity with consumers will disappear. It worries that sales will decrease. Even worse, the company worries that consumers will connect it to the illegal activity.

But wait. What if the athlete is innocent? Should companies stand behind the person who represented them so well, at least until the accusations have been proven? Or, should companies run at the first hint of a problem?

What about the athlete? Does an athlete facing legal charges have an obligation to step away from an endorsement? Should the athlete put the good of the company first? Is there a solution to this ethical dilemma?



Picture of Jessica Alba thanks to pinguino and Ookabool

- ▲ People are much more likely to pay attention to an ad featuring a celebrity such as Jessica Alba vs. an ad including a photo of an unknown.

What's In a Name?

You may be asking yourself why sport and event marketers use celebrities to endorse products. The answer is simple. Celebrities attract attention. What is more interesting—an ad featuring an ordinary, unknown person or an ad featuring Peyton Manning, Jessica Alba, Ryan Gosling, or gymnast Gabbie Douglas? These celebrities have a lot of appeal because of their fame and because the public is curious about them. As a result, people are more likely to read an ad, watch a commercial, or attend a special event featuring a celebrity.

That leads to another benefit of using celebrity endorsers. People are more likely to buy products that celebrities endorse. The reason for this is that people want to be associated with famous actors, well-known athletes, and winning teams. That's why people pay to go to fund-raisers that Brad Pitt or Oprah Winfrey attend. That's why people buy baseballs signed by Prince Fielder and drink the soft drink that Jennifer Lopez endorses.

Also, people tend to believe what celebrities say about products. This is especially true of celebrities who have good images and reputations. People transfer their fondness for a celebrity to the product that the celebrity is endorsing. Also, the celebrities who have positive images are credible and believable. For example, who doubts that golfer Arnold Palmer is telling the truth when he says Pennzoil is the oil to buy? Would you question golfer Jack Nicklaus when he recommends a brand of golf clubs?

Oops! What Happened?

Celebrity endorsers can sometimes have a negative effect on a product, particularly if the celebrity develops an image problem. If celebrities do something inappropriate or illegal, they might transfer their reputation to a product. As a result, marketers usually drop celebrity endorsers or cancel scheduled appearances at events when there's the first sign of trouble. Well-known examples include O.J. Simpson, Pete Rose, and Lance Armstrong. Companies worry that they'll somehow be damaged simply because of guilt by association.

Another problem with celebrities occurs when the celebrity is particularly controversial or behaves in an unconventional way. A prime example is Terrell Owens, a former NFL player whose comments and actions off the football field often shocked or offended people. Although such celebrities are well known, companies are concerned that it is the wrong kind of fame and will do more harm than good.

In addition, some celebrities are so well known that they detract from the product they're endorsing. The celebrities become the focus of the ad or commercial rather than the product. The high-profile celebrities get the attention, and they gain in popularity. Consequently, some companies choose not to use celebrities or to use less well-known celebrities who will not overshadow the product.

- Radio Shack and Nike used to pay cyclist Lance Armstrong to wear their logos. Now that he has admitted to doping, they'd probably prefer to have no association with him at all.



Picture of Lance Armstrong thanks to Haggisnl from Wikimedia Commons and Ookabool

Finally, hiring celebrities to endorse products can be extremely expensive. Some superstars have multimillion-dollar contracts as high as hundreds of millions of dollars over a period of years for the use of their names. Therefore, companies seriously weigh the benefits of hiring a “name” in relation to the costs involved.

Keep it Legal

Deciding to use a celebrity endorser is a bit more complicated than just finding a well-known person and working out a contract. There are rules and guidelines to follow because endorsements are a form of advertising that is regulated by the **Federal Trade Commission** (FTC). Let’s take a closer look at some of these guidelines.

According to the FTC, endorsements must always reflect the honest opinions, findings, beliefs, or experience of the endorser. These endorsements may not misrepresent the celebrity’s experience with a product or be deceptive in any way. For example, if Derrick Rose says he prefers one brand of basketball over competing brands, then he must have tried the others so he is giving his honest opinion.

The FTC states that endorsements may not be presented out of context or reworded to distort the endorser’s opinion or experience with a product. This means that a company cannot use only part of what a celebrity says to make it sound like the celebrity believes in a product. Also, companies may not continue to use endorsers if, for some reason, the endorser no longer supports the product.

If the advertisement indicates that the endorser uses the product, then the endorser must be an actual user. If the endorser stops being a user, then the FTC requires that the company stop running the advertisement. For example, if an ad implies that George Clooney wears an Omega watch, then that must be true. Omega cannot use him to promote its watches unless he really is a user and continues to be a user.

Finally, companies often use celebrities as experts to endorse products. If this is the case, the FTC requires that the celebrity have the necessary qualifications to be an expert. For example, it is all right for a professional bowler to endorse a



Picture of George Clooney thanks to Michael Vlasaty and Oskabool

▲ To legally endorse Omega watches, actor George Clooney must wear an Omega watch on a regular basis.



Hemera/Thinkstock

particular brand of bowling balls if the bowler has tried various brands and selected one as the most effective. The professional bowler is considered an expert in that area. However, the same bowler probably is not qualified to be an expert endorser of pain medication or cleaning products.

◀ If a company uses a celebrity as an expert to endorse its products, the celebrity must have the qualifications to be an expert.

As a rule, companies using celebrity endorsers must follow the same FTC guidelines and regulations as all other advertisers. The intent is to protect consumers from being deceived or misled about a product, even though most of us know that we will never make it to Wimbledon simply because we use the tennis racquet that Venus Williams endorses.

Summary

Sport and event marketers use celebrities for many reasons: They attract attention; people are more likely to buy products endorsed by celebrities; and people tend to believe celebrities. However, there are problems associated with using celebrity endorsers. Celebrities who do something inappropriate or illegal or behave in a controversial or unconventional way may project a negative image on the product. Also, the celebrity may overshadow the product. Finally, using celebrities may be extremely expensive.

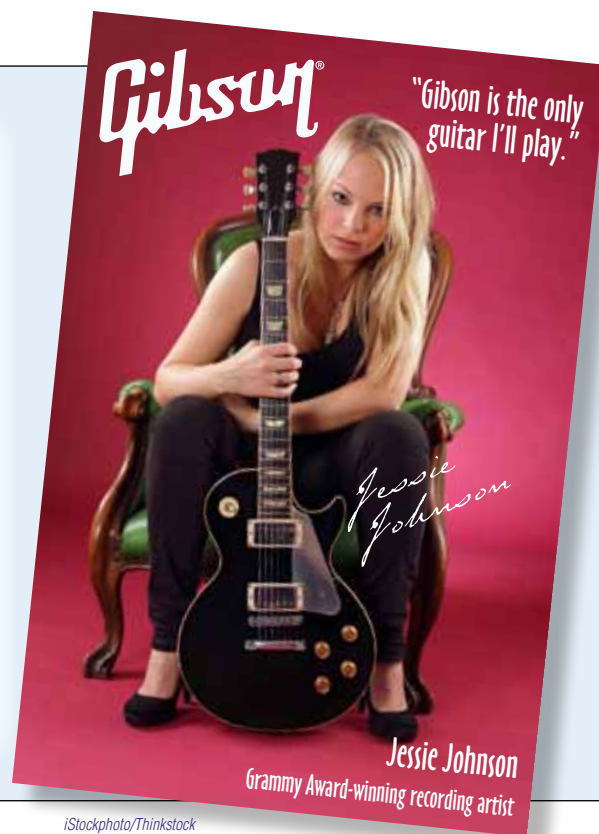
Marketers that use celebrity endorsers must follow the same Federal Trade Commission rules and guidelines as all other advertisers because endorsements are a form of advertising. They may not mislead or deceive consumers or misrepresent the celebrity's experience with a product.



1. Identify and explain the three main benefits of using celebrity endorsements.
2. Identify and explain the disadvantages of using celebrity endorsements.
3. Explain the Federal Trade Commission regulations that govern the use of celebrity endorsers.

Make It Pay!

Do you—or does anyone you know—work at a business that uses celebrity endorsers for its product(s)? If so, who are the endorsers, and what are the products? If not, consider some of the products you've purchased or used within the past month or two. What celebrity endorsers are attached to these products? Did their endorsements have any effect on your purchasing decisions?



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