



# **3 PRECAUTIONS TO TURN A CELEBRITY ENDORSEMENT INTO A VALUABLE INVESTMENT**

Ipsos Hong Kong  
Thought Piece  
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Celebrity endorsements have become an everyday marketing strategy for brands both big and small. While it is often difficult to isolate the Return on Investment (ROI) of the endorsement, a successful endorsement certainly opens up windows of opportunities for a brand to capitalize.

It is common to see a new brand, or existing brand which is new to a market, leverage the fame of a celebrity for immediate mass attention generated to create buzz in the marketplace. As an existing brand, a celebrity can be a source of brand differentiation, if they are distinct enough from other advertising and regarded as an “influencer” in the market.

In an era of modern advertising, endorsement is no longer asking a super star to appear on TV, telling the audience how good the product is. Nowadays, it is more about generating cut-through, triggering re-transmission, and persuading consumers they could experience the brand as the celebrity did. It is about integrating the celebrity into

your current marketing strategy - and especially your branding - via matching brand personality with target segment.

A range of former research evaluates how celebrity endorsements affect (or don't affect) consumers' behavior, yet few mention ways to select a good fit. Previous research indicates:

1. Consumers tend to claim a celebrity endorsement makes no difference to their purchase decisions (Temptalia 2011).



2. Consumers give less credibility to celebrity who endorses many products, which would weaken the brand association (Khatri P 2006). For example, Moses Chan endorses telecom, food and beverage, housewear and a finance institution.

3. Multiple celebrities appearing in the same ad confuse consumers and dilute the main message (Hsu and McDonald, 2002).

4. Consumers are skeptical whether the celebrity really consumed the products; it is marketers' jobs to convince the consumer that the celebrity is a product user (Hsu and McDonald, 2002).

5. The resonance between the age of celebrity and the age of target segment he/she attracts is arbitrary (Ipsos 2013)

To avoid these pitfalls, here are a few precautions we recommend to take before signing your contract:

## IDENTIFY YOUR TARGET SEGMENT

It is obvious that identifying target segments is important - so obvious that we often ignore this step. Who is driving the majority of your revenue? Who has higher attachment to your brand? Who is loyal to your brand, and who has the greatest risk of switching away from your brand?

Sometimes we encounter clients whose target segment is “general public”. In these cases we recommend to identify the target audience of the current campaign. It is unwise to target everyone in an endorsement because attempting to be appealing to too many risks satisfying the appetite of none at all.

## UNDERSTAND PERSONALITY AND LIFESTYLE TRAITS OF YOUR TARGET SEGMENT

A celebrity who possesses the relevant traits of target consumers can bring instant credibility to your ad and your brand. A valuable endorsement might raise interest of current and potential customers - even if they are not a particular fan of that celebrity.

### Global Challenge Local versus foreign endorsers?

Ipsos recently conducted a survey among HK general public, in which more than 4 out of 5 chose local celebrity over a foreign celebrity in finance and food & beverage industries, for a large global brand. From a media perspective, despite the assumption that cultural roadblocks can now be easily overcome, over 60% believed local endorsers made an ad more distinctive than their foreign counterparts. More than half



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stated they are more persuaded to buy a brand endorsed by locals. In certain circumstances, it makes more sense to use talent over celebrities for endorsement. For example, dentists for toothpastes and tutors for tutorial classes. These combinations generate more credibility for your brand, but naturally, at the expense of generating hype.



### **REGULARLY EVALUATE THE EFFECTIVENESS OF YOUR ENDORSEMENT**

Once a celebrity is chosen, it is equally important to evaluate their effectiveness from time to time. Markets are dynamic - the segment driving your revenue, their media appetite and the persuasion power of your celebrity can all change rapidly - so your campaign should be equally dynamic. Regular monitoring of how your target audience is responding

to your campaign - either generating short-term sales or driving long-term brand equity - can either reinforce if your decision is right or not, or let you to take correctly action if required.

For marketers in Hong Kong, the key challenge remains to keep a good balance between the celebrity and the brand. A global retailer launched a bodywear campaign with David Beckham but had a low brand recall index, 60% of respondents could not name the retailer, but 40% recalled "David Beckham" (Ipsos ASI 2013). While it is true that a celebrity brings instant attention to the ad, it is also common to see a brand lost in the overwhelming attention diverted to the celebrity himself/ herself; this is known as "vampire effect", where the celebrity sucks attention away from the content (Rossiter and Percy, 1997).

Although the investment in celebrity endorsements tends to be quite high, success is not guaranteed. The challenge remains on how to focus the effect on branding and products rather than purely on celebrities

themselves. It is not uncommon for a marketer to discover that most publicity generated was focused on celebrities themselves while the brand was entirely lost or ignored shortly after the event.

Is your celebrity endorsement building their personal profile at the expense of your brand?

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## About Ipsos ASI:

Ipsos ASI offers a full range of brand and communications research solutions to help clients make the best decisions at all stages of the creative development process, and to maximize the return on their advertising investment.

## About Ipsos:

Ipsos is an independent market research company controlled and managed by research professionals. Founded in France in 1975, Ipsos has grown into a worldwide research group with a strong presence in all key markets. In October 2011 Ipsos completed the acquisition of Synovate. The combination forms the world's third largest market research company. With offices in 84 countries, Ipsos delivers insightful expertise across six research specializations: advertising, customer loyalty, marketing, media, public affairs research, and survey management.

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