

Tuesday, April 7 – Marketing

Lesson Topic: Celebrity Endorsements

Bell Ringer: Choose your favorite celebrity and find how much they make a year in endorsements only. What brands do they endorse?

Lesson Objectives:

1. Explain what an endorsement is.
2. Explain why celebrity endorsements are effective.

Lesson:

Celebrity endorsements are a marketing strategy designed for businesses of all sizes to use a celebrity or influencer as a spokesperson to help promote their brand, product, or services. Celebrities can use their fame and status to get a product or service in front of a new, or larger, audience.

1. Read the article that follows. Take note of how and why brands use celebrity endorsements.

How Brands Should Use Celebrities For Endorsements

Steve Olenski, Contributor [Link to article https://www.forbes.com/sites/steveolenski/2016/07/20/how-brands-should-use-celebrities-for-endorsements/#2f701cb85593](https://www.forbes.com/sites/steveolenski/2016/07/20/how-brands-should-use-celebrities-for-endorsements/#2f701cb85593)

It's not a new idea in marketing; celebrity endorsements sell products. And while [not all brands](#) subscribe to the celebrity endorsement theory, it's based in pretty simple logic. People idolize celebrities, so when famous people are seen in advertisements promoting a new product, audiences are prompted to buy that product, either subliminally or directly. There are methods to fine tune the effectiveness of endorsements, however, that lead to bigger impact. Here's a look at how brands can use celebrities to boost their sales:

The Effects of Endorsements on Sales and Loyalty

The potential positive effects on product sales cannot be understated. According to a Market watch claim in [Social Media Week](#), just one endorsement can spell an increase in sales by 4%, almost immediately. That's why businesses, even small businesses would be foolish to resist the mere exploration of celebrity influencers to promote their brand. The effects would be substantial if the brand could find a prominent name who influences their audience.

When it comes to affecting brand loyalty one [study](#) entitled "Impact of celebrity endorsements on consumer brand loyalty: Does it really matter?" found that while the use of celebrity endorsers does not necessarily influence consumer brand loyalty, "endorsements are a powerful and useful tool that magnifies the effect of a campaign."

Celebrities Inspire Consumer Confidence

The brand value added by celebrities is immediate and palpable. When a celebrity signs an endorsement deal with a product, an element of legitimacy is suddenly present in the company, simply because of the power of the name backing it up.

[According to Ad Age](#), a brand that inks an endorsement contract with a celebrity or an athlete can see their stock rise up to .25 as soon as the news is made public. This represents an increase in perceived legitimacy from the celebrity's endorsement, even though the product has not changed at all.

The same article claims that on average, audiences are exposed to some 3,000 advertisements today across all media, leading to an element of marketing overexposure. Studies have shown that advertisements that use a celebrity, about whom many people already have positive feelings and impulses, grab an audience's attention more easily than a standard ad.

Endorsements Have To Be Targeted Accurately

It seems obvious, but in order for their impact to be shown, endorsements have to have a similar target audience that the "influencer" has to begin with. As [Convince and Convert notes](#), using celebrities or athletes to promote something that their audience has little interest in will not produce a big marketing splash.

For example, you wouldn't see [LeBron James](#) promoting, say, makeup. He's one of the biggest stars on the planet, and yet without his celebrity being targeted accurately towards the potential users of products promoted by him, his effect will be relatively small. That's why athletes are typically used to promote products used in their fields, such as sports drinks or recovery products.

From the celebrity or athlete's perspective many times there has to be a cultural and values fit. "When it comes to endorsements, I work with brands that I feel align with my values," Hall of Fame Wide Receiver Jerry Rice told me [a few years ago](#). "I accept ambassador roles with companies who have products I use or wear so that the relationship is authentic and not forced. You are agreeing to represent a certain company and you have a responsibility to represent them in the best possible way.

Celebrities Carry A Brand Of Their Own

If the "influencer" has enough brand power of their own, they don't even need to explicitly endorse a product to see the effects of their influence on sales or to be used in promotional materials.

Take, for example, one major U.K. eyewear retail brand who decided to help its customers who have a [penchant for British royalty](#). It's not that the Queen and her ilk have come right out and endorsed this particular brand, but they are smartly piggybacking on the strong brand of the royal family. In this scenario, a retailer has keyed in on the influences that their customers find in everyday life, and offered a downloadable style guide to match their eyewear to one of the world's most prominent families.

Words Of Caution

It is important to remember to not forgo other marketing channels to focus on endorsements. As impactful as the presence of influencers is, it still needs to remain just a portion of a multi-channel approach in order to maximize its impact on the audience of a particular brand.

It is equally important to note that a celebrity endorsement alone does not guarantee success. As the aforementioned "Impact of celebrity endorsements..." study astutely points out, "It is the combination of several factors especially the price and other elements that work together for the success of a brand and its acceptance in the minds of consumers as well as for its market offering." And yes one of those "other elements" most assuredly means you better have a good product to start with else none of this matters.

2. After reading this article, find the top [10 highest paid](#) celebrity endorsers.
 - a. Make a list including their name, what product(s) they endorse, and how much they are paid.
3. The list at the link is before the last Super Bowl. Patrick Mahomes seems to be the most popular endorsers for many brands. Try to find out how much he makes in endorsements.