

How marketers can use celebrities to sell more effectively

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Hamish Pringle

was appointed Director General of the Institute of Practitioners in Advertising (IPA) in 2001, following a 28-year career in London advertising agencies. He has written three books: 'Brand Spirit: How Cause Related Marketing Builds Brands', co-authored with Marjorie Thompson (1999, John Wiley & Sons), 'Brand Manners: How to Create the Self-confident Organisation to Live the Brand', co-authored with William Gordon (2001, John Wiley & Sons) and 'Celebrity Sells' (2004, John Wiley & Sons).

Les Binet

is European Director of DDB Matrix, DDB's econometrics consultancy. During his 17 years at DDB London, he has won 13 IPA Effectiveness Awards, and helped DDB to win 'IPA Effectiveness Agency of the Year' for two years in succession. He is a member of the IPA's Value of Advertising Committee, with special responsibility for developing the IPA dataBANK. In 2004 he was elected a Fellow of the IPA.

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Abstract

The first part of this paper summarises the key points about the use of celebrities in advertising, sets this particular creative technique in context and demonstrates how significant its return on investment can be. In the second part the paper goes on to report a more detailed analysis of the 'celebrity' case histories among the winners in the IPA Effectiveness Awards, and how practitioners have applied celebrity use to brands to make exceptional impacts on profitability.

DEFINITIONS

'Advertising'

Throughout this paper the word 'advertising' has the sense that the general public gives it, that is 'anything that has a name on it is advertising'. This consumer definition results from extensive qualitative research (Ford-Hutchinson and Rothwell, 2002) conducted in 2002 by the Advertising Standards Authority (ASA), the UK advertising self-regulatory body. Its simplicity and directness reminds one that, while the industry sees itself promoting brands in a whole host of different ways, it is all 'advertising' from the customer's point of view.

Within the 'marcoms' industry, practitioners tend to segment these activities into particular niches and refer to the agencies that specialise in them as being in the creative, media, direct marketing, self-promotion, public relations, sponsorship, digital, new media and outdoor sectors, to name just a few. It would be very long-winded to list all these specialisms every time, and so the word 'advertising' will be used instead. Occasionally, and for variety, the words 'marcoms', 'marketing communications' or 'commercial communications' are employed instead of 'advertising'. These terms are used interchangeably to signify all the means by which brands are promoted by

Hamish Pringle
Director General, IPA,
44 Belgrave Square,
London, SW1X 8QS
Tel: 020 7201 8201;
07977 269778 (m)
e-mail: hamish@
ipa.co.uk

agencies on behalf of their client companies and, in this paper in particular, by using celebrities.

'Celebrities'

It is also important to be clear at the outset what is meant by 'celebrities' because there are many famously successful brand campaigns which feature people (real or created), animals, cartoons, animatronics and puppets that started off as anonymous characters, but, through media exposure and their likeability, become extremely well-known brand ambassadors and even quasi-celebrities in their own right. The Jolly Green Giant who personifies Green Giant foods, Howard, the staff member who became a singing star in the Halifax campaign, the adorable Labrador puppy in the Andrex commercials, and the red telephone on wheels sounding off for Direct Line insurance are all examples of successful brand representatives which have become famous. Indeed, there are a large number of case histories in the IPA Effectiveness Awards dataBANK that feature these sorts of brand characters or icons and demonstrate how powerful they can be in building brands.

For brand representatives their celebrity is entirely a function of what they do for their particular brand and they have no values beyond those bestowed upon them by the advertising and marketing communications in which they feature. With relatively few exceptions, these brand characters or icons rarely move on beyond the world of the brand that created them and thus, unlike true celebrities, they do not have a life of their own. Despite the rather exceptional case of Rowan Atkinson's character from the Barclaycard advertisements reappearing as the star of the 'Johnny English' movie, one does not generally see the Dulux dog winning Crufts or Ask Jeeves' butler appearing in period dramas by Merchant Ivory.

On the other hand, a genuine celebrity has a clearly defined personality and reputation; they are known to be

extremely good at something beyond appearing in advertising, and it is their outstanding skill in their chosen field of endeavour which has brought them into the public eye and made them an object of veneration and respect. Even the stars of reality television shows who have a talent for 'surviving', or 'It girls' who are simply famous for being famous, can acquire a temporary notoriety which can be harnessed for a brand in a celebrity campaign if the timing is right. Thus, for the purposes of this paper, a 'celebrity' is anyone who is familiar enough to the people a brand wishes to communicate with to add value to that communication by association with their image and reputation.

'IPA Effectiveness Awards'

Since there will be many references in this paper to these Awards and the cases entered into them, some explanation is required. The IPA Effectiveness Awards were inspired by Dr Simon Broadbent and inaugurated 25 years ago in 1980. The competition's purpose, unlike most other awards schemes, is not just to applaud excellence and reward prizewinners, but also to act as a catalyst for the production of case histories for publication and the increase of learning.

Entries to the competition comprise papers of between 4,000 and 5,000 words and are judged rigorously by two panels—one comprising industry practitioners and the other senior client marketers. Recent chairmen of the judges have included Sir George Bull, Lord MacLaurin and Niall FitzGerald, KBE. Recent Convenors of Judges and editors of 'Advertising Works', the books in which winning cases are published, have included Nick Kendall, Tim Broadbent and Marco Rimini. Most experts agree that these cases represent the most sophisticated demonstrations of the contribution of advertising to business profitability in the world, and there are now over 1,000 in the IPA dataBANK.

INTRODUCTION

According to special analyses of the test databases of the market research companies Millward Brown and mruk Research UK (mruk), campaigns featuring celebrities are no more or less likely to be successful than those which use any other creative technique such as humour, side-by-side comparison, product demonstration, fantasy or slice of life. Having said that, the evidence from Millward Brown (Twose, 2004) is that the percentage of 'celebrity' commercials that the company is commissioned to evaluate each year has increased steadily over the past ten years with the four-year average rising from 11 per cent in 1994 to 17 per cent in 2002 (see Table 1). An analysis of the cases in the IPA dataBANK, although few, also shows an increase in number (see Table 2).

ACCENTUATING THE 'BIG IDEA' FOR THE BRAND

The prerequisite for success is a big creative idea based upon a sound understanding of where the brand is now, where it wants to be and how it is going to get there. Having come up with that idea and having decided that a celebrity execution is the best way in which to maximise its strength, the process of casting the right star is then absolutely crucial. When this is done skilfully the celebrity's stardom accelerates the brand's communication, delivers a massive return on investment and hugely increases intangible asset value for shareholders.

THE FOUR 'Fs'

There are four 'Fs' involved in using a celebrity for branding: 'fit', 'fame', 'facets' and 'finance' (see Figure 1). In

Table 1 Millward Brown tests on UK finished films

Year	With celebrity no. of tests	Non-celebrity no. of tests	Total	With celebrity (%)	With celebrity four-year trend (%)
1991	12	94	106	11	n/a
1992	13	112	125	10	n/a
1993	14	92	106	13	n/a
1994	18	153	171	11	11
1995	17	134	151	11	11
1996	10	136	146	7	10
1997	17	113	130	13	11
1998	25	171	196	13	11
1999	23	145	168	14	12
2000	34	130	164	21	15
2001	34	158	192	18	17
2002	39	187	226	17	17

Source: Twose (2004)/Pringle (2004).

Table 2 'Celebrity' cases in IPA 'Advertising Works' (IPA, 1981–2003)

Year	Total no. of cases in 'Advertising Works'	Celebrity cases	%	Four-year trend %
1980	18	1	6	n/a
1982	18	1	6	n/a
1984	19	3	16	n/a
1986	20	0	0	7
1988	21	1	5	6
1990	20	1	5	6
1992	21	1	5	4
1994	20	2	10	6
1996	20	4	20	10
1998	30	3	10	11
2000	33	4	12	13
2002	36	6	17	14

Source: IPA dataBANK.

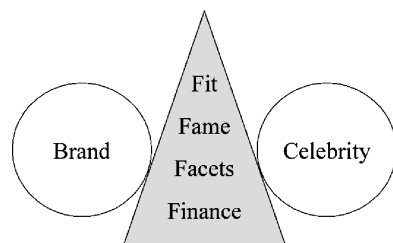


Figure 1: Four 'Fs' involved in using a celebrity for branding
 Source: Pringle (2004)

getting the casting right, creative people and their clients need to ask themselves the following questions before deciding on a star:

- How well does this particular celebrity fit in with the brand?
- How famous is the star?
- Which facets of this high-profile person can best work for the brand profile?
- How much of this can the brand finance?

'Fit'

The Sainsbury's brand provides two good examples (through the same agency but under different marketing directors) which illustrate the 'fit' point, as well as reminding everyone that it takes two to tango the way to a great campaign. Most people would accept that, although John Cleese is a great actor, he just did not work in the 'Value to Shout About' campaign. His performance reprising Basil Fawlty, with some Monty Python thrown in, was alienating to customers, but that was not his fault, it was down to the script, and the underlying strategy. On the other hand, the Jamie Oliver series of recipe commercials has been a success and led to AMV. BBDO winning silver in the 2002 IPA Effectiveness Awards. This case proved that the campaign had generated an incremental £1.12bn in sales for the Sainsbury's brand with a return on investment of 27:1. The fit between the cheeky chappie chef and the middle class brand trying to become more accessible has worked very well.

So when things go wrong with a campaign featuring a famous person, the

celebrity should not be blamed. As Alan Cluer so rightly said when interviewed for 'Celebrity Sells' (Pringle, 2004), 'Stars are merely actors that people like better than other actors', and nearly always the problem lies with the lack of a great part, and the script to go with it.

'Fame'

The sheer scale of a star's renown is a significant factor in the casting choice but the nature of 'fame' poses interesting questions, as raised in the debate over the proposed banning of the use of celebrities in the advertising of food and soft drinks to children. Clearly some people are famous for some target groups but not for others; celebrity is in the eye of the beholder and is not amenable to objective definition. So it is not enough just to ask 'How famous?' You also need to ask 'Famous among which group(s)?' Mike Stone of Bridgwater Somerset has fished for England and won the Kamasan, the most prestigious individual title in England. Thus the use of his celebrity could be effective for brands with fishermen among their customers, but less so for those without.

'Facets'

In terms of 'facets', it is important to consider all the ways in which a celebrity can be used to promote a brand, not just in advertising, and then which aspects of the star are required.

Figure 2 shows the six major areas in which a celebrity can get involved with a brand and it is worth exploring all of them to see where maximum benefit can be gained.

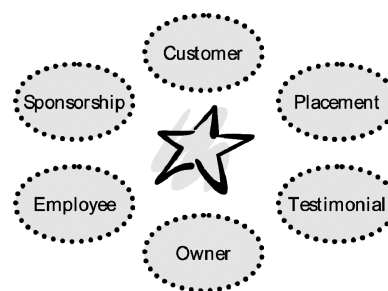


Figure 2: Areas of star involvement with a brand
 Source: Pringle (2004)

Celebrity customer

It might be that the celebrity has already chosen to be a customer of the brand and is known to be a user of it. But how widely known is this? Could it become the basis of a more formal association? In 2002 the artists Busta Rhymes and Puff Daddy collaborated on a song called 'Pass the Courvoisier Part II' and the association reportedly led to a sales increase of 20 per cent as fans flocked to emulate their heroes.

Celebrity sponsorship

Brand involvement with a star can often take the form of sponsorship as is very commonly found in sports. Despite England's early elimination from Euro 2004, Ford must be delighted with their foresight in signing up soccer prodigy Wayne Rooney last year to drive their 'Sport Ka' and thereby help to position it away from their 'Ka' model, which is widely perceived to be a vehicle for women. In the context of Rooney's outstanding performance in Portugal, the astonishing media coverage that resulted, and his subsequent signing by Manchester United for up to £27m, Ford's reported payment to him of £1.5m for the placement looks a pretty good deal.

Celebrity testimonial

The celebrity testimonial is one of the most powerful uses of star power and there are a very wide range of ways of

using it, including voiceovers, music, 'faces' and photography, television and live appearances. Using a celebrity voiceover can be a very cost-effective way of adding some stardust, as in BBH casting Geoffrey Palmer to intone 'Vorsprung durch Technik' for Audi.

Celebrity employee

At another, much deeper, level of engagement, the celebrity might be hired as an employee of the brand. This strategy has almost become institutionalised in the top couture houses. Stella McCartney secured her first key position with Gucci, then went to Chloe and has now launched her own label and 'Stella', a fragrance to match. Up to 70 per cent of the shareholder value in luxury goods companies is attributable to the 'intangible' value of brands, according to Interbrand (2004). Celebrity designers, models, stylists, hairdressers and of course star-focused media are key builders of these intangible values.

Findings from the Future Foundation's (2004) research explain the power of the use of celebrities in luxury goods branding (see Figure 3). Those who are conscious of being susceptible to the influence of famous people in marketing have a very distinctive set of attitudes to brands and consumption in general. This is a relationship that exists independently of demographics and

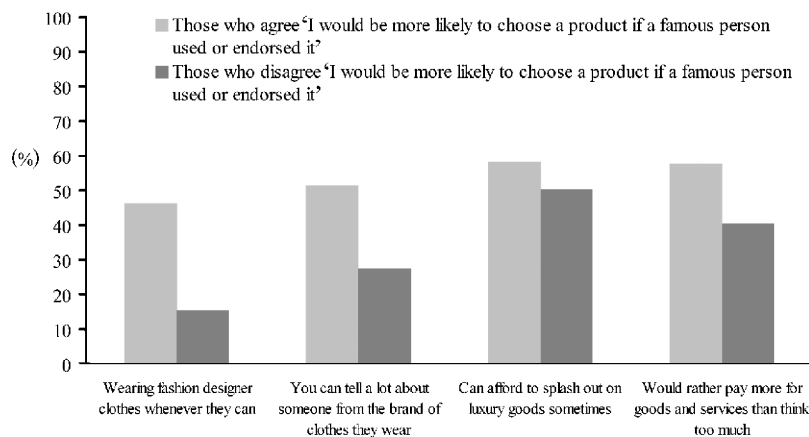


Figure 3: Attitudes to celebrities: Proportion agreeing with selected statements who also agree that they would be more likely to choose a product if a famous person used or endorsed it

Source: Future Foundation (2004)

holds true in every age group with particular benefits to 'badge' brands.

Celebrity owner

The most 'intimate' of relationships between star and brand is that of ownership, where the celebrity actually develops and markets their own product. One of the best examples is that of George Foreman, the ex-heavyweight boxing champion. In 1994, Foreman was signed up to promote Salton's 'Lean Mean Fat Reducing Grilling Machine' in 30-minute-long, late-night infomercials. Since 1996 more than 30 million 'Lean Mean Fat Reducing Grilling Machine' units have been sold worldwide, with grill sales of \$375m in 2002 alone.

Celebrity placement

The next best thing to having a star choose to use a product or service as a private customer is for the brand to be 'placed' with a celebrity for a fee. Many of the most successful executions of the strategy occur in Hollywood movies, where the funding of productions has become heavily dependent on it. Ray Ban has a long-standing involvement in product placement going way back to 1961 when Audrey Hepburn wore their sunglasses in 'Breakfast at Tiffany's'. More recently the company is rumoured to have invested \$60 million in securing Ray Ban's iconic role in the 'Men in Black' global blockbuster movies, starring Will Smith and Tommy Lee Jones. Following on this exposure Ray Ban's sales are understood to have increased by 20% worldwide and they have continued this successful celebrity placement strategy with Keanu Reeves in the Matrix series of films.

Finance

All these examples of brands using famous people brings one back to the reality of the fourth 'F' in celebrity, which is 'finance'. If, as all the evidence suggests, what really works is creating true intimacy between the brand and a big star, then as Anthony Hopkins hinted

archly in his great but abortive Leagas Delaney commercial for Barclays, the fee required is 'big'. Happily there is ample evidence from the IPA Effectiveness Awards that celebrity campaigns can pay dividends that far outweigh the investment in media, production and remuneration.

Effectiveness

While it is clear that the use of the celebrity technique in an advertising campaign for a brand is no more or less likely to result in success than any other kind of creative approach, the 'top ten' shown in Table 3 demonstrates the huge returns that can be made when marketers and their agencies get it right. The corollary of this is that there is great benefit to be had from a better understanding of how best to use celebrities in advertising in order to increase the likelihood of success. The second part of this paper seeks to improve this understanding.

UNDERSTANDING MORE ABOUT HOW CELEBRITIES SELL

mruk research is a UK research organisation with particular strengths in the regions and is the licensee for the *Add+Impact* system, which employs a combination of both qualitative and quantitative research methodologies to assess advertising executions across all media. It has a very large database of tests, with over 2,322 having been conducted worldwide (to 2003), and 337 of these having been categorised as featuring a personality or celebrity, around 16 per cent. A key part of the mruk system measures the proportion of the target audience that indicates first the level of 'attention' given to the advertisement, secondly the level of 'commitment' to the product or service having viewed the advertisement, and, thirdly, the level of 'acceptance' of the advertisement being relevant and appropriate to them, ie the degree of 'bonding' with it. Analysis of the mruk results confirms the finding from the

Table 3 The IPA Effectiveness Awards top ten celebrity campaigns

Rank	Celebrities used	Agency	Client	Return on investment (ROI) and incremental revenue (IR)	Date of case
1	Prunella Scales, Jane Horrocks and John Gordon Sinclair	Lowe	Tesco	ROI 2.25:1 IR £2.2bn	2000
2	Jamie Oliver	AMV.BBDO	Sainsbury's	ROI 27:1 IR £1.12bn	2002
3	Stephen Fry and Hugh Laurie	DDB London	Alliance & Leicester	ROI 30:1 IR £656m	1992
4	Bob Hoskins	AMV.BBDO	BT	ROI 6:1 IR £297m	1996
5	Vic Reeves and Bob Mortimer	WCRS	First Direct	ROI 18:1 IR £223m	1998
6	Ian Wright & Martin Luther King; Kate Moss & Elvis; John McCarthy & Yuri Gagarin	BBH	One2One	ROI 5.4:1 IR £199m	1998
7	Martin Clunes, Caroline Quentin, Jonah Lomu, Caprice and Jonathan Ross	AMV.BBDO	Pizza Hut	ROI 3:1 IR £55m	1998
8	Pauline Quirke and Linda Robson	Lowe	Surf	ROI 2:1 IR £42m	2000
9	George Best, Chris Eubank, Rolf Harris and Prince Naseem	DDB London	Dairy Council	ROI 2.5 IR £21m	2002
10	The Simpsons	BLM Media	Domino's Pizza	ROI 5.3 IR £13m	2002

Source: IPA dataBANK.

Note: Cases only included in this 'top ten' if they have an ROI calculation and provide incremental revenue data. Campaign time periods may vary. Please refer to the complete cases for more details.

Millward Brown database that, as a genre of advertising, executions that use celebrities are not substantively more or less effective than other types (see Table 4).

A comparison of *Add+Impact* data from three different geographical areas, namely Europe, Asia and Australasia, also indicates that there is little difference in the effectiveness of the use of celebrity advertisements in different parts of the world. When the data on celebrity advertisement effectiveness is broken down to the product category level, however, some substantial differences

are revealed which could have significant implications for marketers and their agencies (see Table 5). From this analysis, it looks as if there is a heightened degree of effectiveness when a celebrity is incorporated into the advertising and marketing communication for brands where there is either personal consumption or personal appearance involved.

Data from The Future Foundation (2004) also reveals that there are differences in the influence of celebrities according to demographics. The age

Table 4 mruk research analysis of *Add+Impact* (2003)

Advertising genre	Level of target audience attention (%)	Level of target audience commitment (%)	Level of target audience bonding (%)	Base number of ads
Fantasy	63	48	57	253
Analogy	61	45	54	104
Celebrity	60	46	57	337
On/off camera drama	60	46	57	1,051
Product display	56	45	60	313
Demonstration	53	44	61	264
Total				2,322

Source: mruk research (2003)/Pringle (2004).

Table 5 Advertisement effectiveness by product category

Product category of advertising content	Change in attention (%) (compared with average)	Base number of celebrity ads
Food and drink	+7.2	75
Alcohol	+7.1	24
Personal appearance	+5.4	47
Soft drinks/snacks	0	47
FMCG	-0.5	53
Healthcare	-1.0	40
Finance and services	-4.5	85

Source: mruk research (2003).

range 16–34 was found to be about twice as likely to agree with the statement: ‘If a famous person who I like used or endorsed a product themselves, I might be more likely to choose it’ (see Figure 4). Perhaps this also helps to explain why, as the mruk (2003) data showed earlier, celebrity advertisements seem to capture more attention in categories with relatively younger markets, such as food, alcohol and personal appearance, than they do in markets in which young people participate less, like fast-moving consumer goods (fmcg), healthcare and financial services.

SPECIAL ANALYSIS FROM THE IPA DATABANK

Although the numbers are small and cannot be claimed to be representative of the market as a whole, closer analysis of

the winning celebrity cases in the IPA Effectiveness Awards by DDB Matrix gives further insights into the circumstances in which this creative technique can work best. Since 2000, IPA authors have been asked to complete a questionnaire that captures the key points from their papers. Some of these points are objective data, others are the more subjective opinions of the authors, such as their models of how the advertising was intended to work. Over the last two years, a researcher has re-read all of the previous IPA papers and summarised 1,065 of them in a similar way. The many resultant fields in the IPA dataBANK include the areas shown in Table 6. Interrogation of the IPA dataBANK reveals some interesting aspects of the usage of celebrities in promoting brands that may give

‘As I read out a statement please say from this card how much you agree or disagree with each. We are only interested in your attitudes, opinions and views – yours alone, not those of anyone else. Firstly “If a famous person who I like used or endorsed a product themselves, I might be more likely to choose it.”

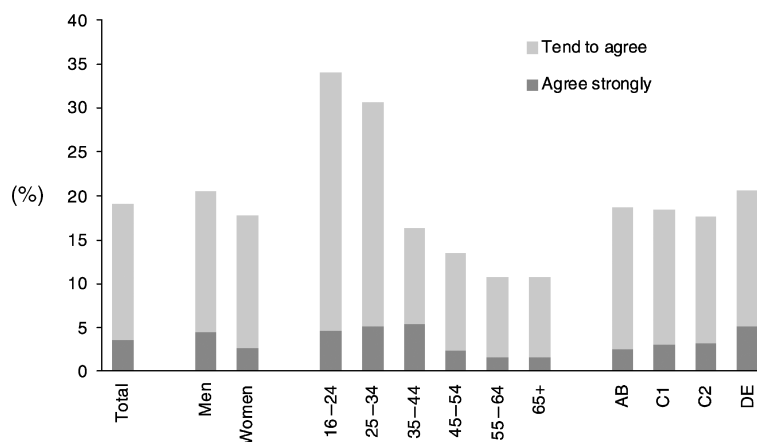


Figure 4: Attitudes to celebrity endorsement: Proportion who agree/strongly agree that they might be more likely to choose a product endorsed or used by a famous person, by gender, age and social grade
 Source: Future Foundation (2004)
 Base: 1,000 adults 16+, UK, 2004

Table 6 Main fields in the IPA dataBANK

Product category	Share of voice
Product life cycle stage	Style of campaign
How consumers choose the product	How the campaign worked
Brand size and price point	Research methods used
Business objective	Intermediate effects
Campaign strategy	Market effects
Target market	Longer and broader effects

Source: IPA dataBANK.

practitioners useful guidance, given that, in all these instances, the performance of the campaign is well above average.

High or low growth categories?

Analysis of the IPA dataBANK suggests that celebrity campaigns are more commonly deployed when the category in question is growing rapidly, regardless of whether that growth is due to the product life cycle or to short-term economic factors (see Figure 5). Of the 1,065 cases in the dataBANK, a mere 13 per cent deal with brands in rapidly growing sectors. But when increase cases

involving celebrity campaigns are selected, that figure jumps to 33 per cent. This increase is understandable, because growing markets offer the biggest potential sales increases, and so presumably make it easier to justify paying a celebrity's fees.

Premium or mass market?

The IPA cases suggest that successful celebrity campaigns tend to be for mass market, rather than premium brands. Of course, by definition, most brands are mass market, but as Figure 6 shows, celebrity cases are even more

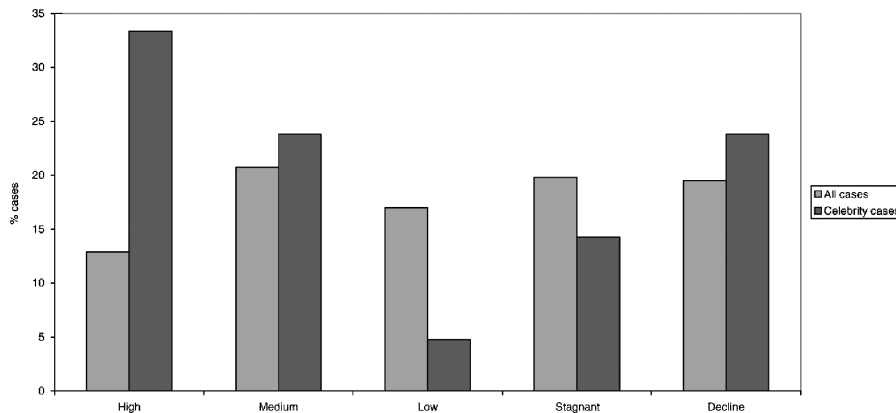


Figure 5: Category growth prior to campaign

Source: IPA dataBANK/DDB Matrix

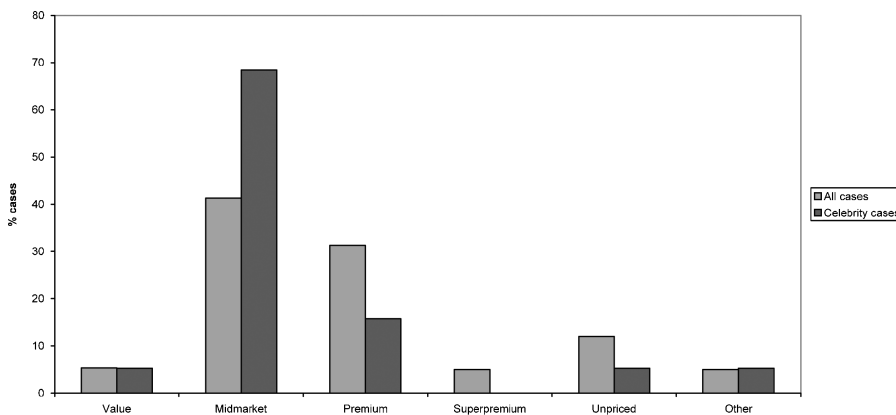


Figure 6: Price category

Source: IPA dataBANK/DDB Matrix

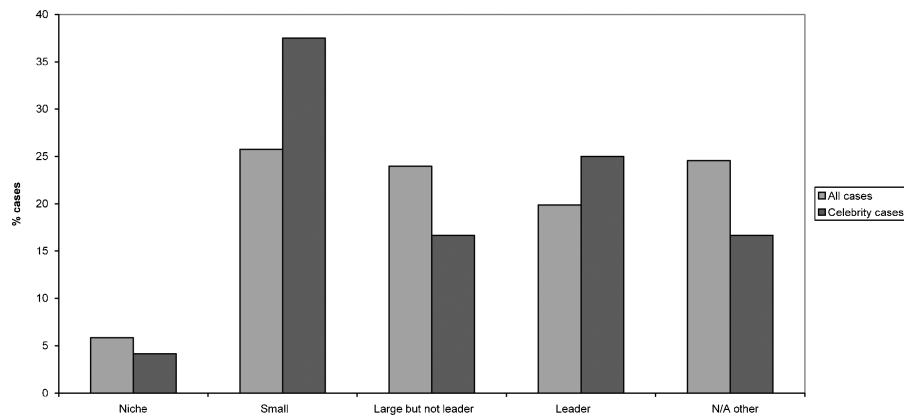


Figure 7: Size of brand prior to campaign
 Source: IPA dataBANK/DDB Matrix

skewed towards mid-price than normal, and are under-represented at the premium end of the spectrum. As with the previous finding about market growth, this may simply reflect budgets, since mid-market brands tend to be the ones with the biggest sales potential. But there is also a natural fit between the use of celebrities and mass-market products. After all, celebrities are, by definition, people that **many** people have heard of.

Brand leaders or challengers?

One might expect that only the biggest brands could afford to hire celebrities to promote them. In fact, the dataBANK shows that celebrity campaigns are surprisingly common for challenger brands (see Figure 7). Of course, once again, these are the brands that have the greatest potential for growth, which would seem to be an emerging theme.

Using celebrities may also be a good way for these brands to look bigger than they really are.

Penetration or loyalty?

For IPA cases in general, the primary business objective is more likely to be customer retention or increased loyalty than customer acquisition or increased penetration (see Figure 8). For celebrity cases, however, the reverse is true as they are more focused on customer acquisition and increased penetration. This is also reflected in the kinds of effect that celebrity campaigns have, with penetration increases being the single most common effect reported (see Figure 9). Once again, this is an example of celebrity campaigns being used where the opportunities for growth are greatest. For most brands, non-users outnumber users, so (as Ehrenberg (1988) has

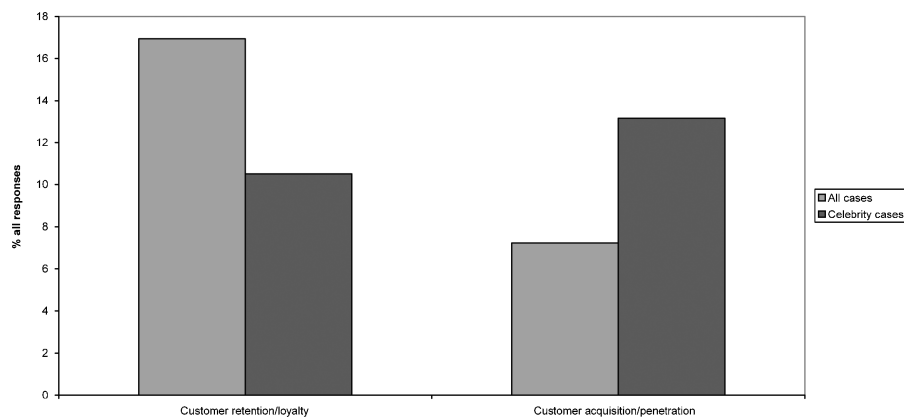


Figure 8: Primary business objective
 Source: IPA dataBANK/DDB Matrix

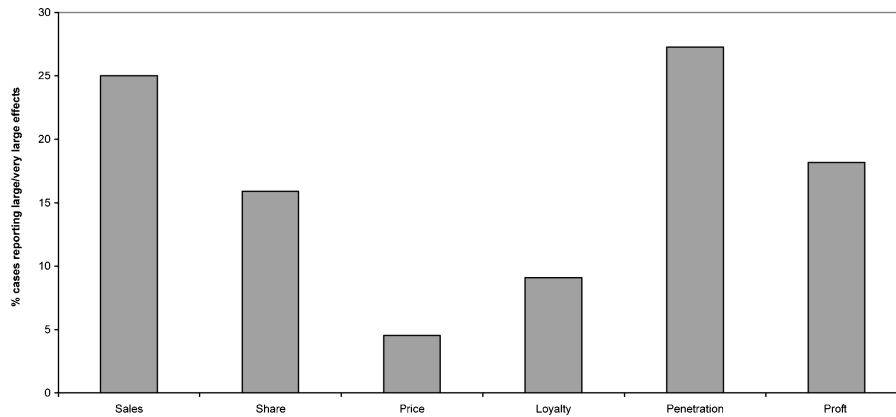


Figure 9: Effects of celebrity campaigns
 Source: IPA dataBANK/DDB Matrix

pointed out) it is far easier to increase sales by increasing penetration than it is by increasing loyalty. The mass appeal of celebrities may also be relevant here. If one is trying to increase penetration, appealing to the mass market may well be a successful strategy. If one is trying to increase loyalty, a more targeted approach is probably appropriate.

Rational or emotional?

The influence that rational consideration has on product choice varies from category to category. It is interesting, and perhaps a little surprising, however, to note that celebrity campaigns are more likely to be used for products at the rational end of the spectrum than for those at the emotional end (see Figure 10). Similarly, when looking at how the advertising works, it is found that, unlike most kinds of campaigns,

persuasion is more common in ‘celebrity’ advertising than pure emotional engagement (see Figure 11).

Rational persuasion is often associated with product differentiation and the unique selling proposition (USP) made famous by Rosser Reeves (1961). Yet this study found that celebrity campaigns are actually *less* likely to use product differentiation than other campaigns (see Figure 12). One way to reconcile these apparently contradictory findings is to think about celebrity endorsements. An advertisement that features a celebrity testimonial sometimes can be quite persuasive without relying too much on either emotional engagement or radical differentiation. The power of the testimonial comes simply from the fact that the celebrity is familiar, and that in some sense people trust them. With a celebrity having the right mix of ‘fame’

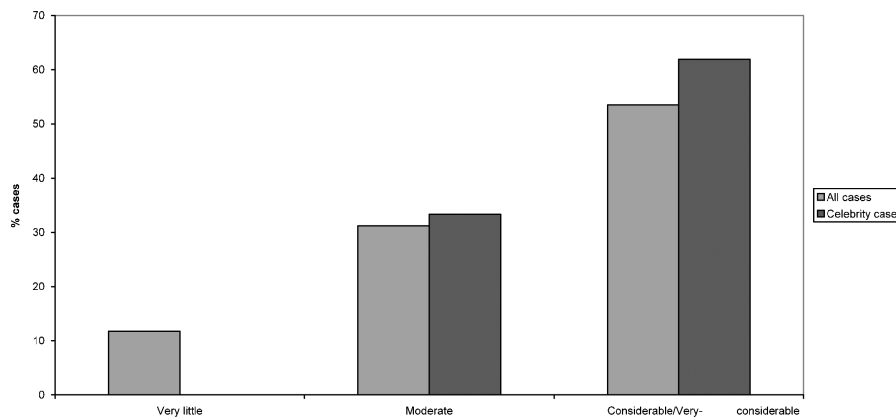


Figure 10: Role that rational consideration plays in product choice
 Source: IPA dataBANK/DDB Matrix

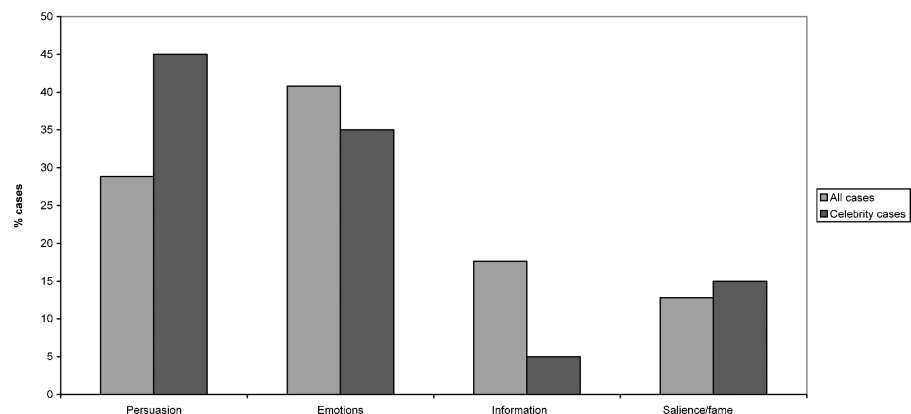


Figure 11: How did the advertising work?
Source: IPA dataBANK/DDB Matrix

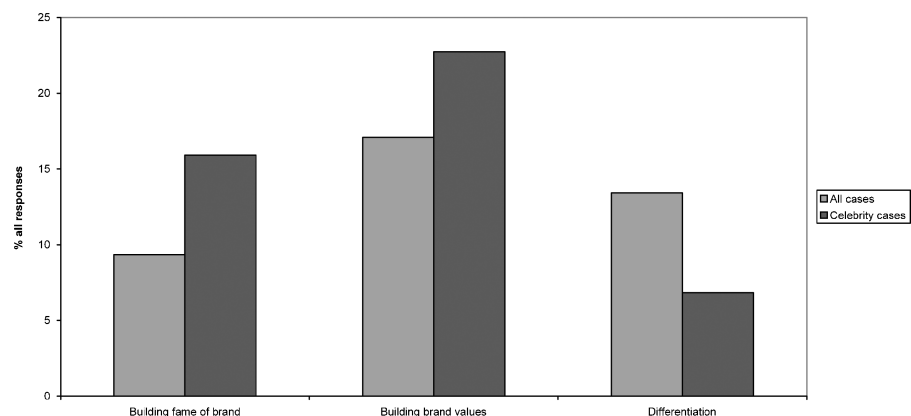


Figure 12: Main way in which the campaign influenced people
Source: IPA dataBANK/DDB Matrix

and ‘fit’, it is possible to make quite generic product claims, but with more authority than a competitor.

More or less effective?

The data from Millward Brown and mruk discussed earlier suggest that celebrity campaigns are no more or less effective than other campaigns. The data from the IPA dataBANK seems to confirm this (see Table 7). Celebrity campaigns tend to have a similar share of voice to other campaigns (around 22 per cent), and tend to produce similar increases in demand, at least in

percentage terms (around 39 per cent). In absolute terms, however, the number of share points gained tends to be considerably smaller, because the celebrity campaigns tend to be used for smaller challenger brands. Does this mean that celebrity campaigns are therefore less profitable? The data summarised in Figure 13 suggest not. According to the IPA dataBANK, celebrity campaigns are more likely to lead to ‘very large’ or ‘large/substantial’ increases in immediate profits, and are also more likely to lead to long-term increases in profitability.

Table 7 Effectiveness of campaigns

	Share of voice (%)	Market share pre-campaign (%)	Market share post-campaign (%)	Share points gained (%)	Increase in share (%)
Celebrity campaigns	22	6.7	9.3	2.6	39
All campaigns	23	18.2	26.0	7.8	43

Source: IPA dataBANK/DDB Matrix.

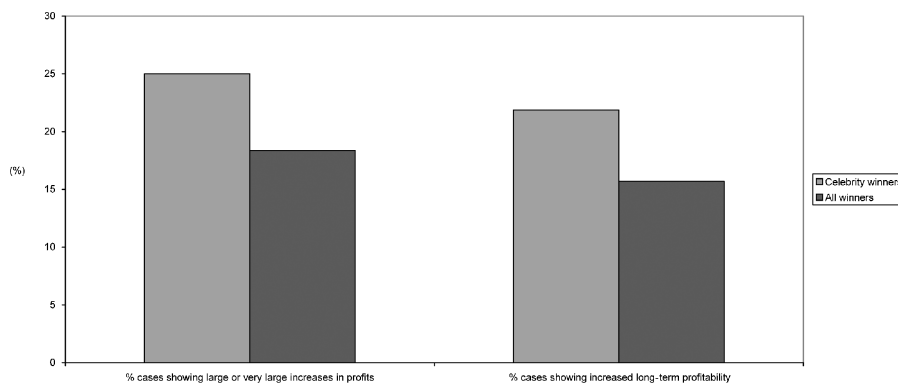


Figure 13: Effect on profits
 Source: IPA dataBANK/DDB Matrix

So celebrity campaigns tend to have more impact on profits, despite smaller share gains. This may be a consequence of the fact, alluded to above, that celebrity campaigns tend to be more often employed for brands with high sales potential. For instance, considering the fact that celebrity brands tend to be smaller, small brands tend to have high fixed costs compared to sales revenue, whereas big brands benefit from economies of scale. This means that a given percentage increase in sales will tend to produce a bigger percentage increase in profits for a small brand.

The power of fame?

One way in which celebrity campaigns are definitely different is that they tend to generate more publicity than other campaigns. Effective celebrity campaigns are almost twice as likely to generate favourable PR as ordinary

campaigns, according to the IPA dataBANK. This fact, together with the big profit gains caused, may explain why effective celebrity campaigns are nearly three times as likely to lead to improvements in investor ratings and/or share price (see Figure 14). Employing famous spokespeople ensures a wide audience for the brand, and that audience includes financial markets.

CONCLUSIONS

The public’s fascination with famous people will continue unabated because of its role in society as entertainment, and its function in personal exploration, so it is likely that there will be an increased use of celebrities in advertising. The return on investment and the success rate in the creation of intangible assets for shareholders will also improve as artists and their agents, and advertisers and their agencies, become more professional in their use of the celebrity technique.

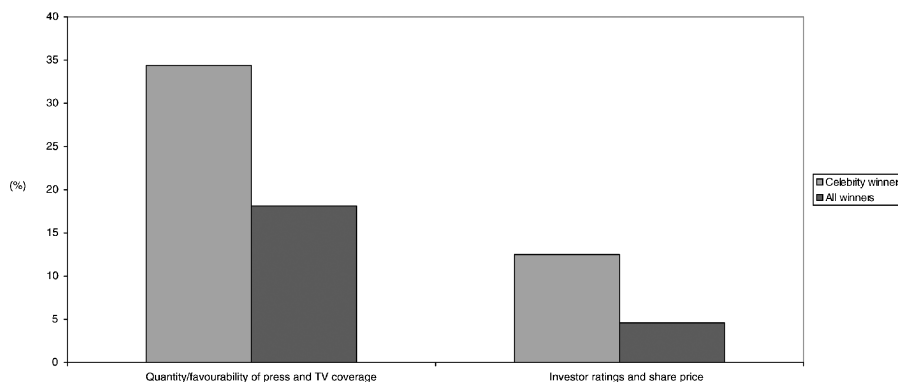


Figure 14: Collateral effects
 Source: IPA dataBANK/DDB Matrix

The research from Millward Brown and mruk, together with analysis of the IPA dataBANK, show that the use of the 'celebrity' creative technique is no more or less likely to succeed than any other approach, such as humour, product demonstration, slice of life or fantasy. In fact the direct effects of celebrity campaigns are fairly similar to ordinary campaigns. The Future Foundation research (2004), however, does suggest that younger people are more 'into' celebrities and the mruk data confirms that there are certain product categories where using famous people in the brand campaign would seem to be more appropriate.

The IPA dataBANK analysis shows that campaigns featuring famous people tend to be used by practitioners where the sales potential is greatest—for mass-market challenger brands in rapidly growing sectors—and there is ample data to confirm that the profit increases tend to be bigger. There is also good evidence to suggest that celebrity

campaigns generate more publicity and tend to carry more weight with financiers (perhaps because they too are a little star-struck).

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