



The equity effect of product endorsement by celebrities

A conceptual framework from a co-branding perspective

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Abstract

Purpose – The purpose of this study is to outline a conceptual framework that can be used to organise and guide future research into how celebrity product endorsement creates equity for both the endorsed product-brand and the endorsing celebrity.

Design/methodology/approach – The theoretical perspective adopted in this study is that celebrity product endorsement is a form of co-branding.

Findings – The central thesis is that both endorser image and brand image serve as mediators in the equity-creation process of celebrity product endorsement.

Originality/value – Research contributions and directions for future research are provided.

Keywords Product endorsement, Celebrities, Brand image, Brand equity

Paper type Research paper

Introduction

Leveraging the endorsement of products by celebrities, as a marketing practice, has a distinguished history. Josiah Wedgwood, the famed eighteenth century potter, was a pioneer in using celebrities to his advantage. Once Queen Charlotte began to use his products, Wedgwood capitalised on his new status by referring to himself as “potter to Her Majesty” (Dukceвич, 2004). Centuries later, celebrity usage in brand management strategies has become a familiar scenario. In early 2001, approximately one in five marketing programs in the UK featured some type of celebrity endorser, with the number closer to one in four programs in the US (Erdogan *et al.*, 2001).

The widespread use of celebrity product endorsement in marketing programs is not an accident. Research has found that celebrities are more effective than other types of endorsers, such as “the professional expert”, “the company manager”, or “the typical consumer” (Friedman and Friedman, 1979). To capitalise on this effectiveness, in 2003, Nike spent \$US 1.44 billion on celebrity endorsers, two of whom were the basketballer Michael Jordan and the golfer Tiger Woods (*CNN Money*, 2003). In 2004, Gillette signed an endorsement deal with soccer celebrity David Beckham worth between \$US 30 and \$US 50 million (Thomaselli and Neff, 2004).

Concurrent with the growth of celebrity product endorsement in marketing practice is the development of a body of literature on third-party endorsement. In this body of



literature, the research stream concerned with celebrity endorsement (a particular type of third-party endorsement) has focused on: celebrity credibility and attractiveness (e.g. Kahle and Homer, 1985; Ohanian, 1990; Till and Busler, 1998), celebrity-brand congruence (e.g. Friedman and Friedman, 1979; Kamins, 1990; Kamins and Gupta, 1994), cultural foundations of endorsement (e.g. McCracken, 1989), celebrity performance and information (e.g. Farrell *et al.*, 2000; Till and Shimp, 1998), celebrity usage (e.g. Hsu and McDonald, 2002; Till, 1998), and celebrity selection (e.g. Erdogan and Baker, 2000; Miciak and Shanklin, 1994). Comparatively little research has been conducted on the equity effects of celebrity product endorsement. This lack of attention is surprising given that the Marketing Science Institute rated the assessment of the impact of marketing programs on equity as a top-tier 2004-2006 research priority (MSI, 2004).

In this study, we are interested in two types of equity: brand equity and celebrity equity. To organise and guide future theoretical and empirical research on the equity outcomes of celebrity product endorsement, a conceptual framework is needed, the development of which is the objective of this study.

To our knowledge, the research described here is the first theoretical study to discuss how celebrity product endorsement affects brand equity and celebrity equity. Our research is also the first to introduce a classification of celebrity endorsement factors and to identify specific celebrity endorsement contingencies.

The study draws on third-party endorsement research and brand management research published in the extant literature. The theoretical perspective adopted for this analysis is that celebrity product endorsement is a co-branding activity orchestrated by both the brand manager(s) of the focal product and the endorsing celebrity. Our central proposition is that both endorser image and brand image serve as mediators in the equity-creation process of celebrity product endorsement. For managers, the results of the study will serve as a celebrity selection guide and check-list for organising the endorsement process.

Theoretical background

Before proceeding to the conceptual model, we describe the main constructs in this study: celebrity endorser, brand image, celebrity image, brand equity, celebrity equity, and the endorsement process. We also outline our theoretical perspective in more detail.

Following McCracken (1989, p. 310), we define celebrity endorser as “any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement”. Consistent with Keller (1993, p. 3), brand image is defined as the “perceptions about a brand as reflected by the brand associations held in consumer memory”. Adapting Keller’s (1993) definition, we define celebrity image as the perceptions about an individual who enjoys public recognition as reflected by the celebrity associations held in consumer memory. In accordance with the Marketing Science Institute (MSI, 1989, cited in Faircloth *et al.*, 2001, p. 62), we define equity, be it associated with a brand or celebrity, as “both a financial asset and as a set of favourable associations and behaviours”.

Similar to McCracken (1989), we conceptualise the process of endorsement to involve any one of a number of different endorser roles and endorsement types. Endorser roles can take the form of the celebrity as an expert, as a spokesperson

associated with a product in a long-term capacity, or as an aspirational figure with no particular knowledge of, or relationship with, the product. Endorsement types can be explicit (“I endorse this product”), implicit (“I use this product”), imperative (“You should use this product”), or co-presentational (merely appearing with the product).

Our theoretical perspective in this study is that celebrity product endorsement is a form of co-branding (also known as “brand bundling” or “brand alliance”). Co-branding is the pairing of two or more brands. The essence of co-branding is a public relationship between independent brands. This relationship reaches beyond a mere transaction, where money is exchanged for an image transfer, to become a mutually beneficial partnership between the involved parties (Motion *et al.*, 2003). The mutual benefit takes the form of a continuing exchange, or flow, of strategically desirable image attributes, or “meaning”, between the co-branding parties that can be managed in an exclusive and dynamic process. The outcome of this process is that the co-branded product is positioned in a way that is difficult to imitate by competitors (Keller, 1998).

The prerequisite for a co-brand partnership, as specified by Keller (1998) in his seminal textbook on strategic brand management, is that each participating party has awareness, and generates an image, in consumer minds. Celebrities meet this pre-requisite. In a similar fashion to product brands, celebrities can create awareness and an image of their own in consumer minds. As we discuss later in this paper, there is a variety of examples of celebrities who are able to do this. These images are a function of the inferences that consumers make based on the knowledge that they have about the celebrity (Keller, 1998). In effect, celebrities can display the same ingredients that constitute a brand and, therefore, are viable co-brand partners.

The crux of viewing celebrity product endorsement as a form of co-branding, and not simply as a product promotion, is to recognise that celebrities have brand properties (see Motion *et al.*, 2003, for a similar conclusion in the context of sponsorship agreements). The advantage of studying celebrity product endorsement from a co-brand perspective is that the meaning of the celebrity in the endorsement process is broadened. Framed in a co-brand context, the endorsing party is no longer simply an agent receiving a financial reward for product support or backing. Rather, the endorsing party emerges co-brand-like as an exchange partner with another brand. Thus, as a unit of analysis, the celebrity is elevated to the same level as the endorsed brand. Accordingly, a richer and, we would argue, more complete research picture of celebrity product endorsement becomes possible.

Conceptual framework

The conceptual framework proposed here is derived from a comprehensive examination of the third-party endorsement and brand management literatures guided by our co-brand perspective of celebrity product endorsement. A systematic analysis of the theoretical and empirical research on celebrity endorsement and co-branding published in these literatures reveals five different factors that characterise celebrity product endorsement. These five celebrity endorsement factors are divided into two distinct categories: source-based factors and management-based factors.

Source-based factors are celebrity attributes that are controlled by the celebrity alone. A review of the relevant literature revealed two factors that can be classified as

source-based factors: celebrity credibility (e.g. Goldsmith *et al.*, 2000; Ohanian, 1990) and celebrity attractiveness (e.g. Langmeyer and Shank, 1994; Solomon *et al.*, 1992).

Management-based factors are activities that are executed by the managers of the celebrity relationship; as such, they are not celebrity attributes. Three activities were found in the literature that fitted this classification. We refer to them as: celebrity-product congruency (see Kamins, 1990; Kamins and Gupta, 1994), celebrity multiplicity (see Hsu and McDonald, 2002), and celebrity activation (see Farrell *et al.*, 2000; Till and Shimp, 1998).

Our literature review also revealed that celebrity integration into a promotion program was an important contingency factor that influenced the strength of the perceived association between the celebrity and the endorsed product. We found that two factors in particular, the format of the celebrity endorsement (see Kamins *et al.*, 1989) and the placement of the celebrity endorsement in the promotion (see Till, 1998), were important celebrity integration factors.

Popular media, the second type of information source used in this study, along with published research, was also analysed. The rich descriptions of celebrity endorsement events in the popular media are both a valuable historical record and a source of research data. An analysis of the popular media produced clues about how the source-based and management-based celebrity endorsement factors are used in practice and provided qualitative support for the propositions presented here.

Next, we investigate the theoretical linkages in our conceptual framework. We begin with our guiding proposition.

The endorsement-image-equity link

Earlier, we argued that celebrity product endorsement is a two-way process, with the celebrity and the endorsed product affecting each other. This means that the celebrity can not only affect the endorsed product's brand equity, but the endorsed product's brand can also affect the celebrity's equity. In this section, we establish this reciprocal relationship in more detail and propose that it is mediated by image.

Till and Shimp (1998, p. 69, italics added) contend that, over time:

Repeated pairings of the celebrity endorser and brand should facilitate the celebrity and brand *becoming part of each other's association set*.

In effect, Till and Shimp (1998) suggest that celebrity product endorsement is an interactive process between brands.

Image, in turn, has also been linked to equity. The most widely recognised link of this kind is between brand image and brand equity. Keller (1998) points to a number of studies that show this relationship to be positive. A less-recognised image-equity link involves celebrity image and celebrity equity. Perhaps not surprisingly, therefore, we found no studies that address this relationship. However, business practise provides many examples of how emerging celebrities have been able to raise their endorsement fees as their image develops favourably, which suggests that celebrity image is related positively to celebrity equity.

Drawing on these two links – specifically, that in an endorsement context, celebrity image and brand image are related, and celebrity image and brand image are equity drivers – we infer that: a celebrity has the potential to affect the brand equity of the endorsed product through augmenting the product's brand image; and a brand has the

potential to affect the equity of the endorsing celebrity by way of augmenting the celebrity's image.

In short, image serves as an equity mediator in the celebrity product endorsement process. More formally:

- PIa.* The relationship between a celebrity and the endorsed product's brand equity is mediated by the brand's image, which has a positive effect on brand equity.
- PIb.* The relationship between a brand and the endorsing celebrity's equity is mediated by the celebrity's image, which has a positive effect on celebrity equity.

This proposition set (*PIa* and *PIb*) serves as a foundation for the remaining propositions. Next, the effects of individual celebrity product endorsement factors on brand image are examined. We also delineate the reciprocal effects of the endorsed product's brand.

For reasons of structural clarity, the propositions are presented in a consecutive manner. We recognise, however, that the proposed relationships may be interrelated – a possibility that we address after the propositions are presented.

Source-based celebrity endorsement factors

Celebrity credibility. The first source-based factor proposed to affect brand image is celebrity credibility. Goldsmith *et al.* (2000) define celebrity credibility as the extent to which a celebrity is “perceived as possessing expertise relevant to the communication topic and can be trusted to give an objective opinion on the subject”.

Expertise and trustworthiness are the principal ingredients of celebrity credibility. When consumers evaluate the expertise and trustworthiness of a celebrity, they reflect on the validity of the assertions made by the celebrity (expertise) and their confidence in the celebrity's intent to represent the most valid assertions (trustworthiness) (e.g. Hovland *et al.*, 1953). The more favourable a consumer's perception of these credibility ingredients is, the more the celebrity endorser is seen to be a credible source of product information and a credible representation for a brand (e.g. Ohanian, 1990). After a review of the literature on source credibility, Goldsmith *et al.* (2000) conclude that a source's perceived credibility has a positive impact, in terms of persuading consumers and influencing consumer attitudes, on the products with which the source is associated. One explanation for this effect may be that credible sources are simply more believable and, therefore, the meaning that they convey is believable, too. Translating these findings into a brand context, we propose that the more credible the celebrity, the more the endorsed product's brand image will benefit from the endorsement of the celebrity.

An example of a celebrity whose credibility works in favour of a brand's image is actor John Travolta, who endorses the Australian airline, Qantas. Travolta has a passion for airlines and holds a commercial pilot license. He also owns a Boeing 707. Given these attributes, Travolta is considered to be a credible aviation expert. Therefore, Qantas values Travolta as a celebrity endorser for their brand (Gotting, 2002). From the above discussion, the following can be proposed:

- P2. Celebrity credibility is related positively to brand image; on the basis that brand image is related positively to brand equity, celebrity credibility has an indirect and positive effect on brand equity.

Celebrity attractiveness. The other source-based factor that is likely to be a brand image driver is celebrity attractiveness. Following Langmeyer and Shank (1994), we define this construct to include not only physical beauty, but also non-physical beauty, such as sportsmanship, charm, grace, and intelligence.

An attractive celebrity is likely to be an especially potent source of brand image because of the dual benefit of their celebrity status and attractiveness (Kamins, 1990). Research investigating physical attractiveness has shown that physically attractive celebrities have a positive effect on the products and brands with which they are associated. For instance, after a comprehensive review of the literature, Joseph (1982) contends that physically attractive celebrities have a positive effect on evaluations and opinions of a product. Kahle and Homer (1985) find that the celebrity's attractiveness can enhance the recall of brand promises and the likeability of a brand. In a more recent study, Till and Busler (1998) conclude that the use of an attractive spokesperson has a positive effect on consumer attitudes towards a brand. One of several explanations for these findings is that attractive sources tend to get more attention than less attractive sources and, therefore, are able to convey meaning effectively. Drawing on these findings, we suggest that the more attractive the celebrity, the more the endorsed product's brand image will benefit from endorsement by the celebrity.

One example supporting the attractiveness-image link in an endorsement context is the Star Ambassador campaign by watchmaker Omega that uses supermodel Cindy Crawford and Formula One racing driver Michael Schumacher. Crawford's exceptional beauty and Schumacher's outstanding driving ability make them highly attractive and very visible in their professional disciplines and beyond. These celebrities, therefore, are ideal ambassadors for Omega's products (see Omega, 2004). On the basis of this discussion, the following is proposed:

- P3. Celebrity attractiveness is related positively to brand image; on the basis that brand image is related positively to brand equity, celebrity attractiveness has an indirect and positive effect on brand equity.

Management-based celebrity endorsement factors

Celebrity-product congruence. The first of the three management-based factors that are identified in this study as drivers of brand image is the congruence between the celebrity endorser and the product. Celebrity-product congruency (or match-up) is defined here as the consistency between the characteristics of a celebrity endorser and the attributes of the product that they endorse (see Misra and Beatty, 1990).

While no studies, to our knowledge, have focused explicitly on the brand image outcomes of celebrity-product congruence, several studies have relied on congruency effects to explain outcomes such as spokesperson credibility and attitude towards the advertisement (e.g. Kamins, 1990), perceptions of higher believability of the spokesperson and product attitudes (e.g. Kamins and Gupta, 1994), and brand recall and affect towards the brand (e.g. Misra and Beatty, 1990). These outcomes appear to benefit from a fit between the product and the celebrity (Kamins, 1990), where there is a "match-up" between the characteristics of the product (e.g. beauty-related product) and

the celebrity (e.g. physically beautiful celebrity). One explanation is that the greater the perceived fit between the relevant product attributes and characteristics of the celebrity, the more quickly an associative link can be established between the two by consumers. Our central proposition, as stated earlier, is that both endorser image and brand image serve as mediators in the equity-creation process of celebrity product endorsement. Consequently, information that is linked to the celebrity can be better integrated with information linked to the endorsed product by consumers (see Kamins and Gupta, 1994; Misra and Beatty, 1990; Till, 1998). Extending this reasoning, it is plausible that if the relevant characteristics of the celebrity endorser match the relevant attributes of the endorsed product, then the meanings conveyed by the characteristics of the endorser and the attributes of the product should combine more effectively to contribute to a desired brand image (see Kamins, 1990; McCracken, 1989).

The decision by cosmetics firm Elizabeth Arden to employ actress Catherine Zeta-Jones (voted *People* magazine's Most Beautiful Person in 2002) as the company's "public face" exemplifies this congruency argument. Commenting on the celebrity endorsement agreement, a manager of Elizabeth Arden stated that "Catherine Zeta-Jones personifies the essence of the Elizabeth Arden brand, as she is the epitome of personal style, elegance and sophistication" (*BBC News Online*, 2002). Thus, the following relationship is posited:

- P4.* Celebrity-product congruence is related positively to brand image; on the basis that brand image is related positively to brand equity, celebrity-product congruence has an indirect and positive effect on brand equity.

Celebrity multiplicity. The next management-based factor that is proposed to be a driver of brand image is "celebrity multiplicity". The term refers to the management practice of employing multiple celebrities who complement each other in terms of the meaning that they transfer to a brand (see Hsu and McDonald, 2002).

Research on the use of multiple celebrity endorsers is very limited. Nonetheless, an analysis of the work by Hsu and McDonald (2002) shows that using multiple celebrities to endorse a product can have two outcomes in relation to the transfer of meaning. The first outcome is the transfer of a wide range of meanings to the product, provided that the celebrity endorsers bring a diverse set of characteristics to the endorsement process. The second outcome is the transfer of a particular, reinforced meaning to the product, provided that the celebrity endorsers have relevant characteristics in common. Therefore, the number of celebrities that a firm decides to use to endorse a product can affect the image of the brand. Specifically, if the celebrities complement each other with the variety of their meanings, then an increase in their number may well increase the scope of the meaning transfer to the brand. Conversely, if the celebrities complement each other in terms of the same meaning, then an increase in their number is likely to reinforce the transfer of a particular meaning.

For example, L'Oréal has used various celebrities to represent its hair colouring product lines in an effort to elicit a diverse range of perceptions of the brand. Celebrities such as actresses Heather Locklear and Andie MacDowell convey a more mature image, while singer Beyoncé Knowles and model Milla Jovovich convey a younger image (L'Oréal USA, 2004). In terms of meaning reinforcement, Pepsi's 2004 "Dare For More" campaign features four exciting and creative entertainers from multiple music genres ranging from pop (Britney Spears), rock (Pink), R&B (Beyoncé Knowles), and

latino (Enrique Iglesias) in one commercial. By appearing together in the same commercial, these entertainers – each one being exciting in their own way – can be perceived to reinforce an exciting, even daring, image for Pepsi. In conclusion, we propose the following relationship:

- P5. Celebrity multiplicity is related positively to brand image; on the basis that brand image is related positively to brand equity, celebrity multiplicity has an indirect and positive effect on brand equity.

Celebrity activation. Another management-based factor that is likely to affect brand image is what we label “celebrity activation”. The term describes the management practice of singling out celebrity activities and achievements (e.g. socially desirable behavioural conduct, life-changing events, or changes in fortune) and communicating the information to the brand’s target market for brand-development (or ongoing brand-management) purposes.

Several studies suggest that when a brand becomes associated with a celebrity via the endorsement process, information regarding that celebrity’s activities and achievements can transfer to the brand and have an effect on its image (e.g. Till and Shimp, 1998). It is plausible, therefore, that this effect can be leveraged by brand managers. The process may involve screening out less favourable information and/or selectively communicating appealing information to the brand’s target market. This can be thought of as “activating” the celebrity for the benefit of the brand. Evidence for the proposed effects of celebrity activation is provided by Farrell *et al.* (2000), who found that the professional success of a celebrity endorser, if publicised by the endorsed product’s firm, improved consumer brand-evaluations of the endorsed product (measured as excess returns for the endorsed brand). On the basis of Farrell *et al.*’s (2000) discussion, we posit that the more a celebrity endorser is activated, the more the endorsed product’s brand image will benefit from endorsement by the celebrity.

A number of examples support our position. For instance, while reflecting on the endorsement implications of the lower-than-expected performance of professional golfer and Nike endorser Tiger Woods, a commentator noted that:

[o]ne way that Woods could deal with a prolonged slump is to make commercials that make light of his difficulties . . . It would be a sign of humility that can help build and maintain a positive impression of a celebrity endorser who is having problems (Isidore, 2004).

The following proposition summarises our “celebrity activation” argument:

- P6. Celebrity activation is related positively to brand image; on the basis that brand image is related positively to brand equity, celebrity activation has an indirect and positive effect on brand equity.

Reverse effects of brand image

As noted earlier, as much as celebrities can transfer meaning to a brand, the reverse is also possible. To the best of our knowledge, however, no research has been conducted on such reciprocal effects. Nonetheless, to the extent that the endorsed product’s brand image has certain attributes, for example elegance or professional success, it is plausible that these attributes can be transferred back to the endorsing celebrity. The result is likely to be an augmentation of the celebrity’s image. As a consequence, the

source-based factors, credibility and attractiveness, may be affected by the co-branding.

We do not believe that management-based factors will be affected by the reciprocal effects of the endorsed product's brand. Management activities facilitate co-brand relationships, but are not a component of, or integral to, the co-brand relationship in the same way a celebrity, as a co-brand, is. Therefore, management-based factors cannot serve as depositories for a transfer of meaning.

An example for the reverse-effect of brand image on celebrity image is the repeated pairing of Aston Martin cars with the "James Bond" character. Many film enthusiasts perceive the "James Bond" character to be the embodiment of high-performance and exclusivity – something Aston Martin cars have embodied for decades prior to the conception of the "James Bond" character. Accordingly, high performance and exclusivity are things that "James Bond" is likely to have acquired, in part, by means of association with Aston Martin[1]. We summarise our discussion with the following proposition:

- P7.* Brand image is related positively to celebrity image; on the basis that celebrity image is related positively to celebrity equity, brand image has an indirect and positive effect on celebrity equity.

Before we proceed to the contingency propositions, it should be noted that the drivers of brand image discussed above are likely to be interrelated. However, limited research exists for us to establish the exact nature of the interrelations. So far, the evidence is centred on the source-based factors. Friedman and Friedman (1979) found evidence to suggest that celebrity trustworthiness, which is an important credibility factor, is highly correlated with attractiveness. Joseph (1982) points to a relationship between credibility and physical attractiveness.

Contingencies

Given the limited research on the equity effects of celebrity product endorsement, the role of moderating factors has also suffered from a lack of research attention. To initiate research into celebrity product endorsement contingencies, this study highlights one central contingency feature, namely celebrity integration into a promotion activity. Promotion activities (e.g. newspaper advertisements, billboards, or sales promotion events in a shopping centre) are important means by which celebrities can be associated with a product in a coordinated fashion (e.g. Goldsmith *et al.*, 2000; Meenaghan and Shipley, 1999).

We suggest that the strength of the perceived association between the endorsing celebrity and the endorsed product will depend on the extent to which the celebrity is integrated into the promotion activity. Some evidence suggests that the extent of promotional integration is a result of two factors: the format of the celebrity endorsement and the placement of the celebrity endorsement in the promotion. The format of the celebrity endorsement pertains to how the celebrity executes the endorsement in the promotion. For example, a celebrity simply may be required to state all the advantages of a product. Alternatively, the celebrity may be required to offer a balanced and thoughtful review of a product's strengths and weaknesses. The placement of the celebrity endorsement refers to where the celebrity is located in the promotion. For instance, the celebrity may be located in the background of a print

advertisement, or may be entertaining on a stage in front of a shopping centre audience.

With regard to the format of a celebrity's endorsement, a celebrity may be credible, for example, but if the credibility is not presented adequately through the right endorsement message format, then it will invariably have a limited effect on brand image. In addition, brand meaning will not transfer back to the celebrity as effectively when there is a poorly facilitated "connection" between the celebrity and the endorsed product. A study conducted by Kamins *et al.* (1989) examines consumer evaluations of advertisements using two-sided and one-sided celebrity endorsement formats. In two-sided celebrity endorsement formats, the celebrity conveys both the advantages and disadvantages of a product's characteristics. In one-sided celebrity endorsement formats, the celebrity seeks solely to present the positive aspects of the product. The study indicates that advertisements with a two-sided format portray the celebrity as being more believable which, in turn, increases the advertisement's credibility, effectiveness, favourable perceptions, and attitudes towards the sponsor and the brand.

With regard to the celebrity endorsement placement in a promotion, a celebrity may be credible, to use the same example as above, but if they are not placed prominently in the promotion, for instance in the foreground of a crowded and lively television advertisement, the celebrity may also have a limited effect on brand image. In short, it is likely that distractions from the brand-celebrity pairing will weaken the endorsement impact of the celebrity. This notion is supported by research into television advertisements by Till (1998, p. 401) who shows that an associative link between the celebrity and the brand increases when there are few or no other competing elements in the advertisement. The effect of celebrity endorsement misplacement is also likely to stifle the reciprocal transfer of brand meaning to the celebrity endorser.

In summary, the integration of a celebrity endorser into a promotional activity is likely to influence the relationship between the endorsing celebrity and the endorsed product. Because this research area remains under-researched, it offers little to build on. Therefore, we defer formulating specific propositions until a stronger research foundation is developed.

Discussion

Equity creation is an important objective of marketing strategy. Celebrity endorsement of a product is a potent mechanism for generating both brand equity and celebrity equity. However, a review of the literature reveals that the equity effects of celebrity product endorsement have not been examined to any great extent and, thus, are not well understood. This study aims to provide a foundation for, and promote, future research in this area.

Research contributions

Drawing on the evidence in the literature, a conceptual framework has been developed that specifies how the source-based and management-based factors associated with the celebrity endorsement process affect brand equity via brand image effects, and what the reciprocal effects are on celebrity equity, via celebrity image. A number of contributions are made to the extant research on celebrity endorsement.

From a theoretical perspective, this study, to our knowledge, is the first to integrate the insights from previous studies concerned with celebrity product endorsement into an aggregate framework. The conceptual framework explains how image is central to understanding the relationship between celebrity equity and brand equity. It explains that celebrity product endorsement and brand equity are linked by the mediating role of brand image. It also explains that endorsed brands and celebrity equity are linked by the mediating role of celebrity image. The propositions that make up the framework provide the groundwork for empirical hypothesis testing, which is an aspect of celebrity endorsement research that is still to be more fully developed.

This study is also among the first to point to specific moderators of celebrity product endorsement effects. Highlighting celebrity integration into a promotion program as a moderator, as was done here, is an initial step towards framing the equity effects of celebrity endorsement as a contingent outcome. The inclusion of celebrity endorsement contingencies broadens the spectrum of potentially relevant variables in future celebrity endorsement studies.

The antecedents specified in the conceptual model are grouped into source-induced and management-induced factor categories. This will assist future research to probe in a more focused manner, by category, into different aspects of celebrity endorsement and their particular brand consequences.

From a managerial perspective, our study provides a set of criteria for selecting the most appropriate celebrities for enhancing the value of a product brand. The study parameters, when taken together, remind practitioners that the effectiveness of celebrity product endorsement is a function of the characteristics of the celebrity (source-based factors) and the ability to manage the celebrity (management-based factors).

Product-celebrity congruence (matching the characteristics of a celebrity endorser with the attributes of a product) is an important management principle for identifying suitable celebrity endorsers. Celebrity credibility and attractiveness are important selection criteria for choosing among the identified celebrities. After deciding on the number of celebrities required, and making a selection, celebrity activation (screening out information and selectively communicating favourable celebrity information to the brand's target market) becomes an important management factor, as does the way the celebrity endorser is integrated into a promotion program. Overall, the celebrity endorsement process can be understood as a series of management decisions – with some to be made concurrently, and others to be made over a period of time.

Research directions

Empirical verification of the propositions presented in this study is needed. The following research directions would enrich an empirical analysis.

The lead proposition in this study is that image mediates the endorsement – equity link. Other mediators were not considered, but may be relevant. Keller (1993) notes that brand awareness, in addition to brand image, is a necessary pre-condition for creating brand equity. Extending Keller's (1993) view, we think that it is likely that celebrity awareness is important for creating celebrity equity. Understanding how celebrity endorsement influences product awareness and celebrity awareness, as well as which endorsement factors are involved, could lead to a more detailed conceptual framework than in the current study.

Another research direction would be to focus on the boundary conditions of the conceptual framework. In addition to the celebrity integration discussed in this study, brand types (e.g. luxury brands and mass-market brands), product life-cycle stages (e.g. introduction stage and maturity stage), and product endorsement contexts (e.g. online and in-store) may be important contingency factors.

Further, we would like to see more research on the inter-relationships among the celebrity endorsement factors presented here. Research by Friedman and Friedman (1979) and Joseph (1982) could serve as a starting point for investigations into the source-based factors. Suitable research to serve as a starting point for an investigation into the inter-relationships among the management-based factors is more elusive.

Finally, it will be important to examine in more detail the celebrity endorsement effects on celebrity equity. If one accepts that celebrity product endorsement is a form of co-branding, then celebrities also must be affected by the act of endorsement. How the endorsed product's brand equity can enhance (or limit) a celebrity's endorsement value needs to be explored further.

Note

1. We are not arguing that Aston Martin cars are the sole determinant of "James Bond's" image, but we do suggest that they may be a contributing image factor.

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