



Contents lists available at ScienceDirect

IJRM

International Journal of Research in Marketing

journal homepage: [www.elsevier.com/locate/ijresmar](http://www.elsevier.com/locate/ijresmar)

# Matching with the stars: How brand personality determines celebrity endorsement contract formation<sup>☆</sup>

César Zamudio<sup>\*</sup>

Kent State University, College of Business, Department of Marketing and Entrepreneurship, 800 E. Summit St., Kent, OH, 44240, USA

## ARTICLE INFO

### Article history:

First received on May 30, 2014 and was under review for 7 months  
Available online 16 July 2015

### Keywords:

Celebrity endorsements  
Brand personality  
Brand alliances  
Two-sided matching

## ABSTRACT

Although firms routinely use celebrity endorsers to influence consumer attitudes and firm value, the determinants of celebrity endorsement contract formation remain unexplored. This paper conceptualizes such contract formation as the outcome of a two-sided matching market, and develops an empirical model that jointly estimates firms' and celebrities' preferences for each other. This approach better captures strategic interaction in the market and alleviates biases arising from studying each party separately. Analysis of 79 endorsement contracts in the beauty industry reveals that brand personality drives endorsement partnerships. Congruent brand personality contracts are found to not always be optimal, and the effects of brand personality interaction to be highly asymmetric. Celebrities' profession (superstar/supermodel) and buzz (popularity on the Internet) moderate the effect of brand personality, such that, under certain conditions, celebrity buzz can be detrimental to the endorsement's value. The results of this article serve as a blueprint for firms to determine their likelihood of landing a contract with different types of celebrities.

© 2015 Elsevier B.V. All rights reserved.

## 1. Introduction

Firms spend \$50 billion annually on celebrity endorsements (Crutchfield, 2010) due to their positive impact on stock prices (Agrawal & Kamakura, 1995), sales (Chung, Dardenger, & Srinivasan, 2013) and consumer attitudes (Ilicic & Webster, 2013). Commensurate with these benefits is the high monetary cost of a celebrity endorsement, such as Pepsi's \$50 million contract with Beyoncé, roughly one-sixth of the firm's ad expenditure (Sisario, 2012). Yet another cost is often overlooked: when negotiating endorsement contracts, firms risk being rejected by their preferred celebrity. The cost of such rejection is critical, as firms' marketing strategies may crucially depend on successfully hiring a specific celebrity, and being unable to do so may imply substantial additional time and monetary investment in redefining such strategies and initiating efforts to hire other celebrities (Miciak & Shanklin, 1994). Thus, industry experts suggest firms to offer celebrities gifts or company equity (Aarts, 2013), and advise celebrities to become more popular and to amass a large social media following to be attractive for potential endorsers (Kramer, 2011).

Surprisingly, the literature is relatively silent on how to manage this mutual choice process (which antecedes contract formation) as focus has instead been on studying the consequences of endorsements (e.g., sales), implicitly assuming that firms can unilaterally choose celebrities and vice versa (e.g., Agrawal & Kamakura, 1995; Elberse & Verleun, 2012) and thus the perspectives of celebrities and firms are not considered jointly. This paper relaxes this assumption by developing a two-sided matching framework

<sup>☆</sup> I thank Christopher Groening, Ernan Haruvy, Brian Ratchford, and seminar participants at the University of Texas at Dallas and Kent State University for their valuable feedback. I am also grateful for the support provided by the Marketing Science Institute through its Alden G. Clayton Dissertation Proposal Competition 2011.

<sup>\*</sup> Tel.: +1 330 672 2170, +1 330 672 2039; fax: +1 330 672 5006.

E-mail address: [czamudi1@kent.edu](mailto:czamudi1@kent.edu).

of endorsement contract formation. In this framework, mutual choices by firms and celebrities are driven by their preferences, which can be jointly estimated using observed endorsement contracts. This approach allows a richer understanding of these mutual choices and alleviates biases resulting from ignoring such simultaneity (Zamudio et al., 2013).

Which factors may determine these mutual choices? Celebrity endorsements can be understood as a brand alliance (Elberse & Verleun, 2012) between a celebrity, who is a human brand (Thomson, 2006) and a corporate brand. Both have brand personalities from consumers' perspective (Aaker, 1997), which influence brand equity (Valette-Florence, Guizani, & Merunka, 2009), donations (Venable, Rose, Bush, & Gilbert, 2005), purchase intention (Freling et al., 2010) and brand differentiation (Freling & Forbes, 2005). Such differentiation may be aided by transferring celebrities' brand personality dimensions to the corporate brand (McCracken, 1989) in industries where products differentiate primarily through their brands, such as the beauty industry (Passikoff, 2012). For example, CoverGirl cosmetics signed Drew Barrymore due to her "energetic yet authentic spirit", with Barrymore committing to "bring myself and my personality into it" (Gilger, 2007). Thus, brand personality may play a key role in celebrity endorsement contract formation.

With this in mind, the brand alliances literature has examined how brand personality influences alliance evaluation, finding that consumers more positively evaluate alliances between partners congruent in their brand personality dimensions, although examples of positive evaluation when allies are incongruent can also be found (Van der Lans, Ralf, & Dieleman, 2014). In the celebrity endorsements literature, congruence between endorsement partners has also been shown to positively influence attitudes (e.g., Kamins, 1990), although brand personality has not been investigated. Notice, finally, that both streams investigate consumers' attitudes using simulated endorsements, not the preferences of firms and celebrities themselves using actual observed endorsement contracts. Thus, whether brand personality congruence (or incongruence) may drive celebrity endorsement contract formation invites further investigation.

This article investigates the interaction of brand personality dimensions for a human brand and a corporate brand, and produces several contributions. First, the process of endorsement contract formation is conceptualized as the outcome of mutual choices (Zamudio et al., 2013) with observed contracts as dependent variable, resulting in an empirical model that simultaneously infers firms' and celebrities' preferences. The preference metric is called matching value (Yang, Shi, & Goldfarb, 2009) and measures the collective benefit that both produce when together. Seventy-nine endorsement contracts in the beauty industry were used for estimation.

Results reveal that only some contracts between partners with congruent brand personality dimensions generate positive matching value, with incongruent contracts being more attractive in general, which may occur due to firms' repositioning strategies. This interplay is asymmetric: the value that a firm of brand personality A can derive from a celebrity with brand personality B is not the same as when reversing A and B. These patterns are different from other brand alliance studies (e.g., Van der Lans et al., 2014). Finally, celebrities' profession (superstar/supermodel) and buzz (popularity on the Internet as measured by Google Trends data) moderate the matching value a contract produces. In general, supermodels appear to generate slightly less matching value than superstars. That said, the role of profession is quite nuanced, such that firms predominantly high in different brand personality dimensions may find positive, negative, or no value from matching with different celebrities. The role of celebrity buzz is more straightforward, with higher levels of buzz amplifying the value produced by a pair, and lower levels of buzz dampening such value.

This paper produces important managerial implications for the celebrity endorsements market. Firms whose brand is predominantly Sincere, Competent and Rugged have the highest potential to reposition using a celebrity endorsement, because their matching value with incongruent celebrity personality dimensions is often positive—this also implies that these incongruent contracts may be more profitable. Since contracts with positive matching value have a higher likelihood to be realized (Zamudio et al., 2013), this also implies that incongruent contracts for these firms have the lowest potential for rejection. On the contrary, Exciting and Sophisticated corporate brands have the lowest potential for repositioning. Firms and celebrity agents can incorporate this information when assessing the risk of approaching a specific type of partner and the potential value deriving from the contract should it materialize.

In addition, profession and buzz must both be considered to adequately assess the value of a potential endorsement: for instance, when predominantly Sincere firms and celebrities match, their matching value is always negative. In this case, hiring a popular celebrity with a high level of buzz will be detrimental for the firm: the negative matching value will be amplified by high buzz due to the celebrity's popularity and, thus, the more likely it will be that her unsuccessful endorsement is announced in the media or known by the celebrity's social media following. In such a scenario, the firm may be better off hiring a more affordable superstar with modest buzz such that this negative matching value is, at least, dampened considerably. This also means that celebrity agents must not assume that buzz will always be a positive attribute for their managed celebrities. Such a result is counter-intuitive, and derives from applying the two-sided matching framework developed in this article, which jointly captures the brand personality of both parties.

The rest of the article is organized as follows. Section 2 reviews the celebrity endorsements literature and presents a two-sided matching conceptualization of the celebrity endorsement market. Section 3 provides an overview of the industry and discusses the data used in this study. Section 4 develops the empirical model. Section 5 presents model estimates. Section 6 finishes the paper with a discussion and future research directions.

## 2. Theoretical underpinnings

A celebrity endorsement contract is a partnership between a human brand (Thomson, 2006) and a corporate brand to communicate the merits of the corporate brand or its products and foster positive consumer attitudes (Kamins, 1990). Similarly, a brand alliance (Rao, Lu, & Ruekert, 1999) also aims to communicate value and increase consumer attitudes, but via a co-branded product

Download English Version:

<https://daneshyari.com/en/article/880043>

Download Persian Version:

<https://daneshyari.com/article/880043>

[Daneshyari.com](https://daneshyari.com)