Star power: do endorsements by celebrities work?

Yes, if they’re well done – brands should be more mindful nowadays of whom they choose as endorsers

By SIMRAN GILL and ANG SWEE HOON

ITH Brad Pitt paid a reported US$7 million to star in a recent (somewhat incomprehensible) 30-second commercial for Channel No. 5, there is little doubt that in the world of advertising, star power continues to command big bucks.

Around the world, celebrity endorsements are a tried-and-tested strategy used by companies to boost sales and increase brand recall among consumers. Celebrities have a certain allure that appeals to consumers by giving a perceived connection with the celebrity they admire, and if all goes well boosting sales for the company concerned.

It is an area that has attracted some scientific research. In a 2010 study, for example, BNC reported that when women were presented with photographs of similarly attractive famous and non-famous women, researchers found heightened brain activity levels associated with affection when the women looked at the photos of celebrities. Hence, brands tend to choose celebrities over attractive yet unknown models to represent them and their campaigns.

Channel is one high-profile example, investing in Hollywood celebrities such as Nicole Kidman and Pitt, in the expectation that their star power and immense fan base will increase consumer attention and sales.

Having a well-known figure as the face of a brand helps break through the advertising clutter and grab consumer attention, and more effectively, increasing brand awareness and boosting brand-quality perception. It can also alleviate consumer fears regarding social acceptance in unknown endorsed products.

But Singapore celebrities have similar star power?

In the United States, around 20 per cent of advertisements feature celebrities: in the rest of the world, the average is more than double. Asia, with its thriving film and television industries, sees its local celebrities enjoying an equal (if not greater) share of the celebrity endorsement market than Hollywood celebrities. Jackie Chan, Wang Lee Hom and Christy Chung are consistent brand endorsers in Hong Kong, while in India, those commanding the biggest fees include Bollywood legends Shah Rukh Khan, Katrina Kaif and Kareena Kapoor.

Singaporean, however, seems to be the exception – at least for its homogenous talent.

The Republic has had an active film and television industry for decades. Yet its local celebrities are affected with a mysterious lack of star power. And while it is common to hear Singaporeans gush about a Hollywood or Hong Kong celebrity’s latest advertisement, few would do so about the activities of a local star.

So are local celebrities as effective endorsers as their foreign counterparts in raising brand recall and sales?

In a survey conducted by NUS among 168 Singaporeans aged 18 to 37, the overwhelming preference was for international stars as endorsers.

Pragmatism

The results indicate that Singaporean consumers have a very down-to-earth and pragmatic understanding of celebrity endorsements. More than six in 10 Singaporeans are of the view that while celebrity endorsements are likely to lead to higher product prices, it is a necessary evil that brands engage in, given the need to stand out.

Some 70 per cent feel that such endorsements grab consumer attention, while almost six in 10 agree that they make advertising more appealing and interesting. However, about the same number also think that such endorsements drive consumers to buy things that may be too expensive or that they don’t need.

In terms of whether a local celebrity or an international one is a better endorser, almost half feel that celebrity endorsement is successful only if the celebrity is an international star. In addition, one in three Singaporeans think that local celebrities are not effective endorsers.

While the results showed a preference for international stars, Singaporeans also feel that effective celebrity endorsements should allow people to connect with the star. This raises the issue of “humanized” — how relatable the celebrity is to the masses.

Singaporeans appear to demand this humanized in order for them to see the endorsement as credible. In the past, the common understanding was that consumers blindly aspired to be like their celebrity of choice. However, increasingly, it seems that credible testimonials are what consumers turn to before making their purchase decisions.

There is a worldwide trend towards pragmatism among consumers. An offshoot of which is that celebrities are useful to a brand only if they are essential and meaningful in the advertisement — when they are vital to the storyline and the product or brand’s idea. When brands fail to follow this golden rule, celebrity endorsements become less effective.

In our survey, we asked Singaporeans what they thought of two local celebrities (Zoe Tay and Rui En) and a Hong Kong celebrity (Cecilia Cheung) — all well-known actresses — to assess whether such pragmatism exists here.

The results offer an interesting insight into consumer perceptions. In general, Tay came up tops: she was seen as the friendliest, most caring, most mature, most cheerful and most generous.

However, when we asked how effective each celebrity would be in endorsing specific products, views changed. For shampoo endorsements, Cheung was seen as the most credible and effective endorser. She was also regarded as the best endorser for beauty creams, despite Tay being perceived as the most trustworthy for both shampoos and beauty creams. Only for health tonics was Tay considered the most effective celebrity endorser.

Thus, for today’s consumer, the relevance of the celebrity to the endorsed product is a key element despite the celebrities’ personal qualities. In our case above, good naturedness by itself does not ring true enough with consumers of beauty products.

The lesson to learn is that, increasingly, consumers are influenced by only those advertisements that are relevant and provide information — celebrity alone does not cut it.

Star power remains influential, but with the current generation of more pragmatic consumers, brands should be more mindful of whom they select as endorsers.

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