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Ever since Buffalo Bill Cody hawked Kickapoo Indian Oil back in the mid-19th century, celebrities and brands have been entwined in a dance that has taken on numerous forms. From intimate testimonials in TV commercials to waving freebies at the Oscars, marketers have masterminded myriad ways for their products to reach us through our famous citizens.

And with good reason: Celebrities wield considerable power to influence consumer purchases. According to a 1999 study by Illinois State University, approximately 20% of all television advertising features a well-known individual from the world of sports, TV, movies or music. Other recent academic studies have concluded that customers are more likely to choose goods and services endorsed by celebrities than those that are not, and that the more familiar the pitchman, the more likely consumers are to buy the product.

As marketers are all too aware, however, big-name endorsement deals carry a steep price. Cellular provider T-Mobile paid \$20 million over four years to Catherine Zeta-Jones to entice viewers to “get more” from their phone service, while Pepsi and Nike have shelled out tens of millions to land Beyoncé Knowles and Tiger Woods, respectively. Moreover, recent scandals involving major league sports stars, namely the NBA’s Kobe Bryant, have led some marketers to question the value of such lucrative contracts.

Thus, companies are increasingly looking for alternative—and cheaper—ways to get their brands in the hands of celebrities and reap the benefits of implied endorsement. To do so, they are turning to a growing number of entertainment marketing outfits that serve as intermediaries between companies and the stars themselves, a tactic dubbed “celebrity seeding” within the industry.

Marketers may think of it as red carpet branding: the feeding of swag to stars at glitzy events like award shows where audiences may get a glimpse of the products in a very good light.

The cost to marketers depends on the amount and type of exposure desired. Karen Wood, founder of Los Angeles-based Backstage Creations, arranges private “talent retreats” that include gifting and actual face time with performers and celebrities at award shows and movie premieres for a fee of \$5,000-10,000.

Aaron Gordon, president of Set Resources, a Santa Monica, Calif.-based marketing firm, offers a related service, brokering branded “gifts” to TV show producers in exchange for product placement. One-year contracts in which a minimum number of on-air appearances is guaranteed start around \$30,000.

Judging from their robust businesses, a good number of companies are embracing these alternative marketing strategies, though certainly not at the expense of major advertising campaigns. Though the gifting and placement tactics are not entirely new, they are on the rise, in part because of the tough economic climate. For their part, celebrities have been more than willing to oblige. Despite the skyrocketing salaries they command for movies and endorsement packages, stars are no different from ordinary citizens in one respect: they invariably jump at the prospect of getting free stuff.

Backstage Creations receives some 50 unique requests each week from companies looking to reserve space at one of its 20 retreats each year. At Fox's Teen Choice Awards earlier this year, the parade of free merch included brands from Guess?, Hello Kitty and Accuvue, with the stars of Uptown Girls beaming over their Electric Funk CD players and lip-shaped phones.

While the category of marketers involved spans everything from travel to electronics, it is the fashion brands—namely clothing and shoes—that “enjoy the instant gratification from the practice,” Wood said. Small wonder, given the volume of paparazzi at the events and the resulting images splashed across the screen on Entertainment Tonight, plus the glossy magazine spreads with pictures of stars posing and preening with the products. “Brands are happy just so long as they are getting measurable editorial and media coverage,” said Wood.

Escada recently employed the gifting strategy for the launch of its Exotics Accessories Collection at the VH1 Diva Duet concert in Las Vegas. While Beyonce happily toted her swanky Escada bag, Celine Dion and Jewel touted their branded leather boots. “The celebrity factor and the resulting press coverage served as important pre-retail launch tools, which ultimately aided us in getting our product into key outlets,” asserted Laura Henson, Escada's director of pr.

Another Backstage client, jewelry manufacturer Charriol-USA, echoed that sentiment. For a price tag of roughly \$20,000 (which included the fee to Backstage plus the cost of the gifts), Charriol-USA delivered items from its new Celtic Noir collection to Queen Latifah and Pat Benatar, also at the Diva Duet concert.

Vice president Ori Zemer said the strategy enabled the jewelry company to gain access to a group of influencers it wouldn't otherwise reach. “The marketing tactic is critical to our brand's sales [and comes] at a fraction of the cost of getting the celebrity to speak on our behalf. The media coverage alone is worth the price,” said Zemer. “The pr value of being able to go into a retailer and point to a picture of one of our necklaces around a star's neck gives a personality to the piece and makes it a great return on the investment.”

It's Cheap, But How Much Value do I Get?

Viewers of shows including Judging Amy and The Sopranos might have noticed the recurring role by Clos du Val. And you thought Tony Soprano's wine of choice was a coincidence? Fuggedaboutit.

The Napa Valley winery enlisted the services of Set Resources to gain air time for the brand on those shows, without resorting to a formal product placement deal. It is not alone. According to Gordon, “Only 1% of on-air product placements are explicitly paid for.”

Conversely, he argues, the return on a minimal investment of, say, a case of wine can be “10 times the value of a traditional media exposure.” In Gordon's view, a product's screen time can be worth a lot more on a stop-watch basis than a 30-second commercial, “especially if the program is [the right] fit with the brand's target consumer,” he said.

Brooke Correll, vp-marketing for Clos du Val, called the effort a “subtle form of celebrity endorsement,” adding that it has been a winning strategy for her brand. As evidence, Correll pointed to a surge in consumer demand in the days following the TV appearances. She also said the placements have helped convince key distributors to carry the brand's entire portfolio. Currently, 20% of the brand's \$150,000 annual marketing budget, which includes public relations, sponsorships and limited print advertising, is now allocated to placement opportunities.

“What we spend on placements is well worth the investment,” she said. “An implied endorsement from someone recognizable, [whom] people aspire to, is important because when it comes to wine, most people don’t trust their own judgment.”

Whether they presume to be an authority on a particular type of product or not, celebrities are widely considered arbiters of coolness and style, and therein lies the significant (if not measurable) value for marketers. The stars’ ability to capture the public’s attention has helped cast a positive glow over brands like Manolo Blahnik shoes and Krispy Kreme donuts, favorites of cast members of *Sex and the City*, and Listerine PocketPaks, whose marketers elicited a considerable boost by placing the product in the hands of actors at red-carpet ceremonies for the Emmy Awards and Golden Globes telecasts.

For PocketPaks, which went on to become a hip fashion accessory, the biggest pr coup was garnering coverage during E! Network’s pre-show festivities. Joan Rivers encountered Sandra Bullock with Hugh Grant on her arm, exclaiming, “I love these!” Grant proceeded to pop one of the strips in Bullock’s mouth, an image caught by the cameras en route last year to the brand’s blockbuster success.

Brand Overload: Testing the ‘annoyance factor’

Most observers agree that celebrity endorsement via gift-giving has its merits, though some raise the question of whether the practice should ultimately be considered a legitimate marketing tactic.

Tom Julian, a consumer trend analyst with Fallon, New York, argued that such methods fuel marketing campaigns by adding another layer in the strategic equation.” In the process, he noted that “gift-giving and giveaways have become a moneymaker for the middlemen operators.”

As for which marketers could benefit most from the strategy, his reply is “those seeking immediate gratification for new [product] launches,” cautioning that staffing, pr and the legwork required by the efforts are a year-round activity. Return on investment, beyond tallying editorial placements, he added, is difficult to quantify.

In the meantime, marketers continue to seek new ways to overcome channel flipping and TiVo, in part by buying additional brand exposure through product placement on shows like NBC’s reality series *The Restaurant* and Bravo’s *Queer Eye for the Straight Guy*, both of which are littered with company logos.

According to published reports, NBC did not pay to produce this summer’s

The Restaurant, a show featuring chef Rocco DiSpirito that served as a virtual 60-minute commercial for American Express, Mitsubishi Motors and Coors Light. Rather, the “unscripted drama” was advertiser-funded through a partnership arrangement between Reveille, Mark Burnett Productions and Magna Global Entertainment.

So, did this hybrid attempt at, as NBC called it, “organic product integration,” help or hurt the participating brands? Hilary Martin, Coors Light’s group manager of corporate communications, said the company “is finding this tactic an interesting addition to the marketing mix.” The brand, she said, “plans to continue using it regularly.”

Some observers, however, have been critical of the overt placements, which include opening-credit shots of cases of beer being hauled from a truck to the restaurant and assorted patrons brandishing their AmEx gold cards. In addition, accompanying the series were hefty commercial buys including AmEx, whose ads featured—yes—DiSpirito.

“It’s too early to say if there is a consumer annoyance factor,” Martin said. “We got a lot of exposure, which netted us entry into the high profile retail location and also created valuable cross-promotion opportunities with our retailers and other properties.”

In light of Coors’ new three-year exclusive placement deal with Miramax Films, it’s safe to assume this tactic will be in the brand’s arsenal for the foreseeable future.

So, too, are the big endorsement deals, despite the negative hype around some stars. One of the biggest battles ahead pits Levitra against Viagra, as Bayer and GlaxoSmithKline have enlisted former NFL coach Mike Ditka in a fall advertising blitz to rival Pfizer's track record with baseball slugger Rafael Palmeiro.

At least one company, however, is taking a different tack. Plano, Texas-based retailer Rent-A-Center, the nation's largest rent-to-own operator, has severed ties with its brash celebrity spokesperson, sportscaster John Madden.

Ann Davids, the retailer's vp of advertising, said that the Madden ads "did a good job differentiating our brand from our competitors . . . [but] after much research . . . our customers and potential customers told us they could relate to an everyday person." Thus, the new TV spots feature a customer in his late 20s known simply as "Bob."

In an era of "reality" TV, where average citizens in fact become celebrities, even Bob may be on his way to stardom.