

Advertising & Communications (MB331M) : April 2008

Section A : Basic Concepts (30 Marks)

- This section consists of questions with serial number 1 - 30.
- Answer all questions.
- Each question carries one mark.
- Maximum time for answering Section A is 30 Minutes.

1. Sponsorship is defined as an investment in cash or kind in an activity, in return for access to the exploitable commercial potential associated with this activity. They are categorized into event-related sponsorships, cause related sponsorships and broadcast sponsorships.

Which of the following statements relate(s) to "event related sponsorships"?

I. It is a valuable tool when it comes to relationship development and corporate hospitality.

II. It has public relations and sales promotions within its arena and is basically profit-oriented for donating to good causes.

III. It has a leaning towards sports, arts, culture and entertainment.

IV. It has been gaining ground of late due to its ability to scale the same heights as advertising.

(a) Only (I) above

(b) Only (II) above

(c) Both (I) and (III) above

(d) Both (II) and (IV) above

(e) All (I), (II), (III) and (IV) above.

2. Personal selling is a very effective communication tool, which allows the message, the company intends to communicate to reach the target customers. Which of the following is an advantage of personal selling?

(a) Increases interactivity with customers

(b) Decreases cost efficiency

(c) Limited reach

(d) Less control over the salesforce

(e) Internal conflicts.

3. By understanding the motives and behavior behind a particular purchase decision, companies can develop communication campaigns which can influence consumer buying behavior. Though some buying decisions don't involve much deliberation on the part of consumers, most purchasing decisions involve a series of steps. Which of the following is the correct sequence of consumer buying process?

I. Purchase decision.

II. Problem recognition.

III. Information search.

IV. Alternative evaluation.

V. Post purchase evaluation.

(a) I, II, III, IV, V

(b) II, III, IV, I, V

(c) III, II, IV, I, V

(d) IV, II, III, V, I

(e) V, II, IV, III, I.

4. The success of an organization in handling a crisis situation depends on how well it organizes its communications with varied publics. Which of the following statements is relating to the crisis

situation of "appoint a single formal spokesperson"?

(a) An organization should understand that even if they try to hide facts or misrepresent them, the media and other public interest groups will find out the truth later and this will lead to erosion of goodwill

1

(b) An organization should appoint, train and equip a single person to answer all internal and external queries about the organization's role in a crisis

(c) An organization should ensure that its employees are well informed about the unfolding crisis and they communicate in a consistent tone with the external publics

(d) An organization should identify and address the concerns of the public

(e) A person or a group handling public relations activities should take the legal counsel's advice before disseminating any information.

5. A consumer taps various information sources while undertaking an external search. Some of the prominent external sources of information are personal, public and marketer- controlled sources. Which of the following statements is/are not true with regard to marketer-controlled sources?

I. Marketer-controlled sources include the customers' close associates, like friends, relatives and colleagues.

II. Marketer-controlled sources include new reports and reports from consumer rating organizations.

III. Marketer-controlled sources include public relations activities, advertising and sales promotion.

(a) Only (I) above

(b) Only (II) above

(c) Both (I) and (II) above

(d) Both (II) and (III) above

(e) All (I), (II) and (III) above.

6. Which of the following is a model for marketing communications, which used hierarchy- of-effects but included persuasion as an important factor?

(a) DAGMAR model

(b) Model by Joyce

(c) Lavidge and Steiner model

(d) FCB model

(e) Heightened appreciation model.

7. "Today, direct marketing is not only limited to traditional media vehicles like direct mail, door-to-door sales and television but is also extending to the usage of INTERNET, e-mail and fax for launching direct marketing activities". This explains which of the following factors behind the growing importance of direct marketing?

(a) Development of new technologies.

(b) Focus on relationship marketing

(c) Alternative distribution channels

(d) Media fragmentation

(e) Changing customer characteristics.

8. The key decisions that creative people have to take while designing the message are message content, message structure and message format. Which of the following is/are true with regard to "message content"?

I. Message content consists of three aspects- the conclusion, the argument type and

order of the arguments.

II. Message content includes the placement of headlines, illustrations and the storyline.

III. Message content refers to the theme that the communication campaign should adopt.

IV. Message content consists of three major appeals æ rational, emotional and moral.

- (a) Only (I) above
- (b) Both (I) and (II) above
- (c) Both (II) and (III) above
- (d) Both (III) and (IV) above
- (e) All (I), (II), (III) and (IV) above.

9. To implement Integrated Marketing Communications (IMC) successfully, the company has to follow the guidelines of organizational culture, client agency relationship, collaborative strategy and customer centric strategy. Which of the following statements is not true with regard to "customer centric strategy"?

- (a) The IMC should adopt an inside-out approach rather than an outside-in approach
- (b) The company should decide upon the target segment, and study the needs, preferences and behavior of consumers in that segment
- (c) The company policies and goals form the basis for designing the communication strategy
- (d) The company should make use of various technological tools like CRM solutions, statistical tools and database management tools
- (e) The company should also try to make communication efforts two-way instead of one-way.

10. Marketing Communications Research (MCR) has three prominent components. Which of the following statements is/are not true with regard to the component of "communications content research"?

I. It involves comprehensive evaluation of an organization's marketing communication activities.

II. It is an evaluation that provides inputs to an organization to fine tune its communications strategy to match competitor moves.

III. It is a component that evaluates the content of marketing communication activities of marketing communications research.

IV. It helps the organization to evaluate its competitors's communication spending, target market, marketing strategy and communications strategy.

- (a) Only (I) above
- (b) Both (I) and (II) above
- (c) Both (II) and (III) above
- (d) Both (III) and (IV) above
- (e) (I), (II) and (IV) above.

11. The various factors that influence the relationship between marketing communications expenditure and sales are marketing communication goals, threshold effect, cumulative effect, diminishing returns effect and negative returns effect. Which of the following statements is relating to "Threshold effect"?

- (a) It influence the relationship between advertising effect and sales
- (b) It refers to the minimum level of advertising exposure that is required to create a change in consumer's behavioural response
- (c) It refers to the delayed effect of advertising on sales, that is, the present advertising expenditure will influence sales at later periods
- (d) It refers to the decrease of the relative effect of every successive promotion spending on sales with the increase in the marketing communication activities
- (e) It refers to the negative impact on sales with an increase in advertising spending by a company after

a certain level of sales has been achieved.

12. Standardization involves the use of similar advertising campaign elements, that is the message and the execution style across the countries where the company has a presence or is planning to enter.

Which of the following is not an advantage of standardization?

- (a) Economies of scale
- (b) Consistency
- (c) Creating talent pools
- (d) Product life cycle
- (e) Cross-fertilization.

13. During a briefing process, the marketer interacts with the advertising agency and gives the guidelines for the advertising campaign. Which of the following aspects of good briefing describes the product or service to be advertised in detail?

- (a) Project management
- (b) Present situation
- (c) Desired situation
- (d) Plan of action
- (e) Defining target groups.

14. A new variation of a product or service, sharing the essential characteristics of the parent, but offering a new benefit is called a

- (a) Line extension
- (b) Brand extension
- (c) Corporate branding
- (d) Multi-branding
- (e) Co-branding.

15. The rational appeal concentrates on product features, benefits derived from the product and so on. Rational appeals include details of price, quality, features, competitive advantage and favourable costs. Which of the following statements are true with regard to "competitive advantage appeal"?

- I. This type of appeal is used to make a comparison based on the product feature and attribute.
- II. This type of appeal is commonly used by services or by technical and high involvement products.
- III. This type of appeal emphasizes on the quality of the product.
- IV. This type of appeal usually makes a comparison with the leader in the industry.

- (a) Both (I) and (II) above
- (b) Both (I) and (IV) above
- (c) Both (II) and (III) above
- (d) Both (III) and (IV) above
- (e) All (I), (II), (III) and (IV) above.

16. Ethics are standards or moral principles, which individuals or groups of people follow. Which of the following statements is true with regard to the ethical issue of "puffery"?

- (a) It means different things appeal to different people
- (b) It is a process of categorization, where the advertisements to show a group of people in an inappropriate way
- (c) It means a commercial message targeted at individuals below a specific age
- (d) It means making exaggerated claims about the product being advertised
- (e) It means the advertisements aired relating to promoting confectionery and fast food restaurants.

17. There are various types of communication tools that forms a typical marketing communications mix. Which of the following statements is not true with respect to "word-of-mouth"?

- (a) Word-of-mouth can be described as another way of informal communication
- (b) Word-of-mouth involves people who are the representatives of a company providing a product or service in an external medium
- (c) Word-of-mouth is not under the direct control of the company
- (d) Word-of-mouth is so powerful because, it is based on experience; direct or indirect
- (e) Word-of-mouth not only has the edge over cluttering but also induces customers to act.

18. Deciding upon the type of appeal, an advertiser should develop a creative format to present or execute it. Which of the following statements are relating to the "slice-of-life" executional framework?

I. It depicts the problem situations faced by people in day-to-day life, and shows how the advertised product provides a solution.

II. It consists of four parts α encounter, problem, interaction and solution.

III. It takes the viewer into a world that is not real.

IV. It is rarely used on television because the advertisement becomes too long and the attention of viewers will waver.

- (a) Both (I) and (II) above
- (b) Both (II) and (III) above
- (c) Both (III) and (IV) above
- (d) (I), (II) and (III) above
- (e) All (I), (II), (III) and (IV) above.

19. Noise is any unplanned physical and psychological disturbance which can distort the message sent. Which of the following statements is not true with regard to "Noise"?

- (a) The message might be distorted only at the point of source or sender
- (b) The message might be distorted at the encoding stage if the advertiser does not use
- (c) The message might be distorted at the transmission stage due to selection of a wrong media to disseminate the message
- (d) The message might be distorted at the decoding stage due to psychological characteristics of the audience
- (e) The message might be distorted in the process of encoding, transmission or decoding.

20. Which of the following is/are the statements relating to the component of "Media scheduling"?

I. Reach of the media.

II. Timing decision.

III. Continuity decision.

IV. Pulsating scheduling.

- (a) Only (I) above
- (b) Only (IV) above
- (c) Both (I) and (II) above
- (d) Both (II) and (III) above
- (e) (II), (III) and (IV) above.

21. The consumer chooses a brand from within the evoked set to arrive at a purchase decision. On some occasions, he may change his decision due to various factors. Which of the following statements is true with regard to the factor "variety seeking behavior"?

- (a) According to this factor, customers are forced to buy a different brand than the one planned during

the evaluation stage due to a sudden change in the situation

- (b) According to this factor, customer try for a different brand instead of his regular preferred brand
- (c) According to this factor, customer may pick up a product that is attractively displayed
- (d) According to this factor, a creative advertising campaign may influence the customer purchasing decision and encourage him to select a different brand
- (e) According to this factor, suggestions and comments from a consumer's family, friends and colleagues may change his purchase decision.

22. A comparative advertisement is one, which explicitly or implicitly identifies a competitor or services offered by a competing firm. Which of the following statements is/are the disadvantage(s) of comparative advertisements?

- I. A comparison advertisement by a small player featuring a market leader may provoke the leader to launch a campaign against the smaller brand, to protect its leadership.
 - II. The comparative advertisement approach can cut through the clutter of ads by using emotional appeal to sell products.
 - III. The comparative advertisements are short-term methods used to enhance brand image.
 - IV. As the comparative advertisement positions the advertised brand close to the leader, it is included in the consideration set of viewers.
- (a) Only (II) above
 - (b) Only (III) above
 - (c) Both (I) and (III) above
 - (d) Both (II) and (III) above
 - (e) Both (II) and (IV) above.

23. There are five key communication objectives that a company plans to accomplish through its communication campaign. Which of the following is the objective where a company tries to change negative attitudes about their products, reinforce present attitudes or build a positive attitude towards the brand through communication campaigns?

- (a) Creating brand awareness and building brand equity
- (b) Providing information
- (c) Increasing sales
- (d) Differentiating the brand
- (e) Influencing consumer behaviour.

24. Which of the following appeals or the advertisements give a short preview about a new product by creating a curiosity at the initial stages and does not convey any message?

- (a) Star appeal
- (b) Reminder advertisement
- (c) Teaser advertisement
- (d) Music appeal
- (e) Fear appeal.

25. Advertisers want to capitalize on the popularity and unique advantages of the internet that has emerged as a powerful medium, so they started advertising on the internet, thereby web advertising was born. Which of the following is/are the advantages of web advertising?

- I. Banner advertisements display a small amount of information to attract viewers. As the size of the banner is small, it limits the amount of first hand information given to web users.
- II. People using the internet are generally young, in the age group of 15 to 30 years, educated and have more spending power. Therefore, the market segment to which the internet is catering is lucrative from

the advertiser's point of view.

III. The internet offers various websites, catering to niche segments, so advertisers can find a site, which will appeal to his target market and place the advertisement on that site.

IV. The advertiser can give more information about the product to the prospective buyer and the viewer can buy the product with the help of a few mouse clicks.

- (a) Only (IV) above
- (b) Both (I) and (II) above
- (c) Both (II) and (III) above
- (d) Both (III) and (IV) above
- (e) (II), (III) and (IV) above.

26. Alex Osborn, suggested seven steps for creative thinking. Which of the following steps concentrates on identifying the purpose behind the communication, before deciding on a creative idea?

- (a) Orientation
- (b) Preparation
- (c) Analysis
- (d) Ideation
- (e) Incubation.

27. Media planning models are mathematical models that evaluate the media exposure and advertising response of media plans. Which of the following example does not belong to Allocation models?

- (a) MEDIAC
- (b) AD-ME-SIM
- (c) VIDEAC
- (d) ADPLAN
- (e) PEMM.

28. There are many advantages that magazines provide to the advertiser. Credibility is one prominent among them. Which of the following statements is true with regard to the advantage of "credibility"?

- (a) This advantage make readers to preserve such issues for a longer period of time, whenever a magazine bring out a special issue
- (b) This advantage associated with magazines helps companies to draw reader attention to their advertisements, articles and contents
- (c) This advantage of magazines is due to the use of high quality paper for better production of quality advertisements
- (d) This advantage of magazines offer companies the flexibility to choose and focus on a particular target segment
- (e) This advantage of magazines indicate the readership always exceeding its circulation.

29. Outdoor advertising refers to advertising activities of a marketer through the use of a public display media. Which of the following type of outdoor media is relating to "inflatables"?

- (a) It is almost always round in shape and can be posted at a height of up to 200 ft.
- (b) It is a bill or placard containing a message that is displayed at a public place
- (c) It provides a three dimensional outdoor media which can be any shape for advertisement
- (d) It is a large board used for displaying advertisement posters
- (e) It is done by placing signs or messages on buses, taxi tops, trains and interstate goods carriers.

30. Consumer promotions are termed as pull promotional activities, designed to entice the end

consumer to purchase the product. Which of the following is not a consumer promotion?

- (a) Price-offs
- (b) Coupons
- (c) Cash refunds
- (d) Bonus packs
- (e) Off-invoice allowance.

Section B : Caselets (50 Marks)

- **This section consists of questions with serial number 1 to 7 .**
- **Answer all questions.**
- **Marks are indicated against each question.**
- **Detailed explanations should form part of your answer.**
- **Do not spend more than 110 - 120 minutes on Section B.**

Caselet 1

Read the caselet carefully and answer the following questions:

1. —The market research findings were clear enough. The question troubling Donald Black, marketing manager of Dennison Aggregates Ltd, was how best to use them“. In this context, explain the results of marketing research report on the new product introduced by Dennison Aggregates Ltd. (6 marks)

2. —Donald Black now had to set up a briefing meeting with Dennison's advertising agency, specialists in business-to-business advertising, who would need to plan a campaign which could convert latent demand into actual sales“. Explain the briefing process that has to be carried out by the marketer with the advertising (7 marks)

agency. The market research findings were clear enough. The question troubling Donald Black, marketing manager of Dennison Aggregates Ltd, was how best to use them. A new product, code named RRM, had emerged from the research and development programme of Dennison's parent company, one of Britain's major quarrying groups. It was a "bagged ready-to-use retarded mortar" for large-scale brickwork applications. The parent group had pioneered ready-mixed mortar in 1978. They would now be the first to offer on-site delivery in specially designed 50-kg containers which can be forklifted or crane-slung to the point of use as and when required. The fact that RRM is factory mixed before delivery eliminates the doubt about quality control that is inevitable when the operation is performed by a labourer with a shovel, bags of cement, a pile of sand and a cement mixer. The containers can be delivered to any site within 24 hours. "Retardation" allows the mortar to remain workable for about 36 hours thereafter. The dimensions of the containers, holding 0.3 cubic metres, make it possible to move mortar in bulk to high-level or cramped sites at which labourers would otherwise have to move manageable volumes by wheel barrow at frequent intervals. The market research report on Donald Black's desk contained the results of 7 telephone interviews with a representative sample of builders' merchants and building contractors in two major cities. It showed, among many other findings, that builders' merchants generally had a negative attitude to both the idea and the product. They foresaw ordering difficulties because of the short shelf life and tended to dismiss the product as being only for very small contractors and the do-it-yourself market. The research report suggested that "it seems clear that they will wait for demand to materialize rather than take the initiative and carry stock". Building contractors, on the other hand, responded enthusiastically to the product characteristics. They especially welcomed the prospect of a consistent mix, good workability, pre-mix convenience and labour-saving efficiency. sport remarked on the attitude-scaling scores as being "among the most uniform encountered among commercial surveys carried. Builders' merchants anticipated a price of £2.00 per bag, while building contractors expected to pay about £3.00. Headquarters had decided to go to market. Donald Black now had to set up a briefing meeting with

Dennison's advertising agency, specialists in business-to-business advertising, who would need to plan a campaign which could convert latent demand into actual sales. The budget would ultimately be decided by the parent company, but Dennison's total sales in the previous year had been £40 million.

END OF CASELET 1 Caselet 2

Read the caselet carefully and answer the following questions:

3. How many different ways did Heinz use to promote Salad cream? What were the

advertising objectives of the Heinz campaigns team? (7 marks)

4. Account for why Salad cream sales had begun to decline? (6 marks)

5. Discuss the various trade promotion tools or techniques that a company like Heinz

can use to promote its salad cream. (7 marks)

Heinz Salad Cream, one of the company's best known brands, was showing signs of losing its previously high market share. The salad cream sector as a whole was in decline. Heinz has consistently held over 50% of the market for salad cream. As of 1998 the figure for Heinz was 59%, whilst its nearest rival held only a 20% share. The drift away from salad cream towards food dressings caused Heinz to examine its Salad Cream's future. One option was to discontinue the product altogether; the other was to invest significantly in Salad Cream to give it a new lease of life. It was decided, therefore, that a major investment was needed to introduce a whole new generation of consumers to the product. It was also hoped to win back those who may have deserted Salad Cream for other dressings. In March 2000 Heinz launched a £10 million campaign involving radio and television advertising, posters and press, a dedicated Internet site, sponsorship deals, promotions campaigns and public relations and sampling campaigns.

Each medium shared the same unifying theme: —Any Food Tastes Supreme With Heinz Salad Cream“ Interestingly, Heinz Salad Cream is made from a recipe wholly developed in the UK, and was first launched in 1914. Until the 1940s it was the salad cream on the market. The 1950s and 1960s saw the Salad Cream sales peak. However, by 1990 Salad Cream and mayonnaise shared the market equally. By 1996, mayonnaise was in the lead, and by 1998 Salad Cream sales stood at £40 million compared to £72 million for mayonnaise.

The overall marketing objectives were to target the 20-30 age group in particular and younger consumers generally, to create a sense of individuality about the Heinz Salad Cream brand that is —quirky“ and fun, to widen consumption of the product beyond merely being a dressing for salads. Research focused on two key areas: firstly, how best to appeal to consumers in their 20s and 30s; and secondly, to establish just what perceptions consumers held about Heinz Salad Cream. The results of the research represented that Heinz Salad Cream was associated with the lifestyle of a past era. It had an advantage over its rival mayonnaise in that it was

8

thought to add flavor, not just moisture. The essence of Salad Cream was that it had a distinctive bold taste that —liven up“ dull food. The Heinz name was associated with quality and trustworthiness. The product had individuality in terms of its sharp and tangy taste. The target group of 20+ years of age liked to establish its own individuality, but within the safety of a like minded peer group. The shopping habits of this target group are spontaneous; they have less budget constraints than

housewives and buy what looks interesting on the day. The home eating habits of the target groups are very functional. Food basics such as pasta, bread and potatoes are flavored with whatever inspires them at the supermarket. Substitute products to Salad Cream include mayonnaise, salad dressings, and sandwich spreads and tomato ketchup. There was a feeling that Heinz had neglected the Salad Cream brand by failing to support it.

Acting on their research findings, Heinz decided that it would not alter the product itself, but would repackage it in new fluted bottles, based on the original shape, with bright eye-catching labels to give it a contemporary image. The way Salad Cream could liven up otherwise dull (—wallflower“) food would be emphasized. In the future, Salad Cream would no longer be associated with just salads, but with any foods chosen by the individual. Its promotion would be reintegrated in such a way that anyone could use Salad Cream with any food they liked. Clearly, the campaign team had built its marketing objectives on the findings from the research. The next step was to decide upon the most effective way to promote the product. A new advertising campaign was launched on national television in April 2000. Humorous advertisements were designed to illustrate how the young and —young at heart,“ could turn dull food into a tasty treat.

Heinz took an unusual step for a grocery brand that of advertising on radio. Advertisements, using well known songs, playfully suggest that Salad Cream can make even the most unlikely meals e.g. pigeons, rats and ducks - taste good. This fun approach was, yet again, an attempt to illustrate the campaign’s unifying features of product versatility and its beneficial effects on —dull“ food. A full-screen cartoon style site, making full use of the latest technology was created for the campaign. The site is interactive, encouraging visitors to surf around, tell and share jokes, engage in games, download MP3 audio files, make and receive recipes and engage in quizzes.

A nationwide Salad Cream sampling team went into action to remind people of the product’s taste. Free samples of everyday foods topped with Salad Cream helped reinforce the versatility of Salad Cream. Venues were chosen which were frequented by a 20 something audience e.g. Notting Hill Carnival, V 2000, T in the Park, Mardi Gras. The idea of new repackaged Salad Cream bottles included some which would —scream“ when opened, letting consumers know immediately that they had bought a prize-winning bottle, an attention grabbing device. Prizes of action holidays, days out and a 2 for 1 offer were chosen to appeal to a younger target market.

The Heinz Salad Cream Comedy Tour took the product on the road to raise its public profile. The 20day nationwide tour enabled sampling amongst the audience as well as exposing them to a total brand experience. The tour was supported by radio and newspaper promotions, which reached a large number of consumers. The enormous effort that Heinz put into re-launching Salad Cream was designed to introduce the product to a younger consumer group, and to arrest declining sales. The means to achieve this involved mobilizing the talents of a campaign team, which then set about re-defining the range of uses to which Salad Cream can be put.

END OF

CASELET 2

Caselet 3

Read the caselet carefully and answer the following questions:

6. —Celebrity endorsements remain a popular tool for marketers. But too many times

brands use the wrong celebrities“. In this context, explain how can a celebrity (8 marks)

9

endorsement help the brand and when they can work fruitfully?

7. —Too many companies use a celebrity in an attempt to establish credibility with

consumers. But the only thing that builds a brand in the mind of the consumer is public relations and word-of-mouth generated by an idea.“ In this regard, explain the aspects of public relations and word-of-mouth. (9 marks)

Celebrity endorsements remain a popular tool for marketers. But too many times brands use the wrong celebrities.

Tiger Woods endorsing the Buick brand makes no sense at all. There is just no believability that Tiger Woods is dying to drive a Buick. And without believability a celebrity endorsement is worthless. The \$40 million General Motors reportedly paid Tiger Woods for his 5-year contract ending in 2009 is not money well spent. The Buick/Woods example is the extreme of what not to do when choosing a celebrity. There was no believability; Tiger Woods is overused and Tiger Woods is too expensive.

The brand personalities of Buick and Tiger Woods go together like oil and water. Buick is an older person's car (Tiger Woods is less than half the age of the average buyer.) Tiger Woods is very young, very cool and at the top of his game. We imagine him driving a Bentley, a Mercedes or a Lexus.

Never in a million years would anyone imagine Tiger Woods saying to his hot Swedish-model-wife —Hey Honey, let's go get a Buick!“ It was even worse when General Motors signed Tiger Woods back in 1999. Then he was a cool, single guy in his 20's. No guy ever got a date by driving around in a Buick.

If anything, it would have been a better idea for G.M. sign up Tiger's dad, Earl Woods, as the celebrity endorser for Buick. At least he would be more of a believable Buick buyer but unfortunately it is too late for that since he sadly passed away last year.

There are times when a celebrity endorsement makes sense and can be tremendously helpful. Think Michael Jordan and Nike or Gatorade. Or Kristie Alley and Jenny Craig. Here are the answers to some common questions to help to decide if a celebrity is right for a brand.

Having a celebrity endorsement for a brand can be helpful for a well-known brand that is in need of maintaining attention for its brand and category. Celebrities are most helpful because they can star in advertising campaigns and participate in company events. Consumers might be more apt to watch an ad if it has a celebrity.

Employees might feel proud of having the celebrity endorsing their company.

Customers might be more apt to participate in events when a celebrity involved.

A celebrity is not a replacement for an idea. A brand without a focus will never find the correct celebrity to match the brand.

Using a celebrity is also not a replacement for brand public relations. Too many companies use a celebrity in an attempt to establish credibility with consumers. But the only thing that builds a brand in the mind of the consumer is public relations and word-of-mouth generated by an idea. The public relations attention generated by a celebrity does not build the brand.

People might talk about the celebrity but that rarely translates into much for the brand. The bottom line is that the only thing that makes a brand successful is owning a word in the mind. Paying Tiger Woods millions of dollars is no replacement for that.

Celebrity endorsements only work when the consumer has a credible belief that the celebrity would be interested in buying and using the product or service despite being paid to do so. If not, money is wasted on the endorsement. Companies can have any actor to deliver their sales pitch. The celebrity might even be a distraction from a company's message.

Celebrity endorsements work best when a company can line up a celebrity with as much exclusivity as possible. Athletes in their prime usually have endorsements with so many different brands that each has limited influence. Look at the cars of NASCAR drivers. Unless a name fills the whole car, forget it. All the little names get lost and ignored.

Celebrity endorsements work best when the celebrity is believable. Seems obvious,
10

but many celebrities have the reputation for saying anything for a buck. This is compounded by having multiple contracts that are short-term and change frequently.

Celebrity endorsements work best if the celebrity is not too famous. Celebrities that are too famous and too much in the public eye are not as effective. They tend to overshadow the brands in the advertising. And consumers are fatigued of seeing the celebrities's face all over the place.

Celebrity endorsements work best if companies think long-term. Having a new celebrity every few years doesn't make sense. Consistency is key. Some brands associated with youth and fashion will have a higher turnover rate. But most brands should think about a partnership of five years or more.