Celebrity Endorsements
a Case Study of Axa and the Ludmila Engquist Incident

Jan Johansson, Jörgen Sparredal

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Department of Business Administration and Social Sciences
Division of Industrial marketing and e-commerce
Preface

This thesis was written during the spring of year 2002 and is the result of ten weeks of hard work. These ten weeks have been a very interesting period that has provided us with a deeper knowledge about the area of celebrity endorsements.

A study like this cannot be completed without help from other persons and therefore we would like to express our gratitude to all persons having contributed to the completion of this thesis.

First of all, we would like to thank our supervisor, Håkan Perzon at the division of Industrial Marketing at Luleå University of Technology, who has provided us with guidance, inspiration, perspective, and stimulating discussions throughout the writing of the thesis.

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Jan Johansson

Jörgen Sparredal
Abstract

Nowadays many companies choose to use celebrities as endorsers for their advertising campaigns. Different types of celebrities are used as endorsers, but the two most common types are athletes and entertainers. The purpose of this thesis is to gain a better understanding of how celebrities are used as endorsers in advertising. To achieve this purpose three research questions are stated, which involve when companies use celebrities as endorsers, how companies select the endorser, and how companies handle the risks of using a celebrity as endorser.

In order to achieve the purpose and to answer our research questions, a case study was conducted. The chosen company for this case study was Axa. Based on our purpose and research questions we investigate how Axa use celebrities to endorse their products and brand in general, but also look more deep into a specific incident, when former track & field athlete Ludmila Engquist was used as an endorser for the Axa brand.

The overall conclusions of this study are that Axa uses a celebrity endorser when there is little product differentiation among competing brand. Furthermore, when Axa selects a celebrity to endorse their products, Axa begin this selection by stereotyping. Finally, two major risks can be found with the use of celebrity endorsers, negative publicity and financial risk.
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Sammanfattning

Många företag använder sig av kändisar i sin reklam. Kändisar med olika bakgrund används, men det är idrottsstjärnor och personer från nöjesbranschen som är vanligast förekommande. Syftet med den här uppsatsen är att bättre förstå hur kändisar använts i reklam. I våra tre forskningsfrågor behandlas när kändisar används, hur företag väljer kändis och hur företag hanterar de risker som kan uppstå med användandet av en kändis i sin reklam.

För att uppnå vårt syfte och för att kunna besvara våra forskningsfrågor har vi gjort en fallstudie av företaget Axa. Med vårt syfte och våra forskningsfrågor som bas har vi undersökt hur Axa allmänt använder sig av kändisar i sin reklam. Vi har också undersökt hur Axa hanterade en specifik händelse när Ludmila Engquist användes i företagets reklam.

De övergripande slutsatserna i denna uppsats är att Axa använder sig av kändisar i sin reklam när det är lite skillnad mellan Axas produkter och de produkter som Axas konkurrenter erbjuder. Fortsättningsvis så väljer Axa ut en viss stereotyp av kändisar i början av företagets urvalsprocess. Slutligen så visar undersökningen att det finns två stora risker med användandet av kändisar i reklam, negativ publicitet och finansiell risk.
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1 Introduction

This introducing chapter will provide the reader with an insight to the research area. We will begin by briefly discussing the background and relevant concepts of celebrity endorsements. This is followed by our problem discussion and overall purpose of the thesis. The overall purpose is more specifically defined with three outlined research questions. Finally, the demarcations and the disposition of the thesis are presented.

1.1 Background

Britney Spears, Tiger Woods and Tom Cruise. These names have become symbols of the role of endorsers in today’s advertising (Forbes, 2002). However, the history of using celebrities as endorsers goes way back in time. By most accounts, British actress Lillie Langtry became the world’s first celebrity endorser in 1893 when her likeness appeared on packages of Pears Soap (Morin, 2002). Nowadays, more than 20 percent of all TV commercials feature celebrities (Belch & Belch, 2001) and endorsers are used in broadcast media, both Television and Radio, in print media and even in outdoor billboard advertising, and their effectiveness in each has been tested (Redenbach, 1999). The value of celebrity endorsements has been recognized world wide, but it is the United States, which has most readily accepted the practice. In 1999, IEG Endorsement Insider estimated that entertainers, athletes and other high profile personalities were paid $800 million to spotlight in advertising, promotion and PR campaigns (Thompson, 1998). The use of celebrity endorsers is not limited to any one industry. Companies use celebrity endorsements cross all industry including package goods, telecommunications, financial services, and auto industry (Lane & Spiegel, 1996).

Different types of celebrities are used as endorsers in marketing campaigns. The majority of celebrities used are either athletes or entertainers. As an example, movie star Tom Cruise, was ranked as number 1 in the 2001 Forbes Celebrity Power 100 List. The list was based on earnings, prominence on the Web, magazine covers, television, radio, and newspaper clippings (Forbes, 2002). Some endorsement contracts are now sometimes so lucrative that many professionals in sports and entertainment direct their careers to this end (Belch & Belch, 2001). According to the 2001 edition of the annual Burn Sports & Celebrities, Inc. poll, where more than 1500 advertising agencies and corporate marketing executives were interviewed, Tiger Woods is now the sporting world’s most appealing product endorser (Burns Sports & Celebrities Inc., 2002). His three major golf championships in 2001 earned him $9 million in price money on the PGA tour. This is peanuts compared to a deal he signed with Nike. The five-year contract is partially tied to Nike’s golf division revenues and could earn him more than $100 million (Forbes, 2002).

The person who is involved in communicating the marketing message in either a direct or an indirect manner is known as the source. A direct source is a spokesperson that delivers a message and/or demonstrates a product or a service, e.g. a tennis star endorsing a company’s tennis rackets. An indirect source, say a model, does not actually deliver a message but draws attention to and enhances the appearance of the advertisement. Some advertisements use neither a direct nor an indirect source; the source is the organization with the message to communicate. Since most research focuses on individuals as a message source (Belch & Belch, 2001), our examination of source factors follows this approach. Source and endorser are synonyms and also the word sender is sometimes used for this variable that is part of the communication process.
Celebrity Endorsements-Introduction

Endorsers can be classified into three broad groups, experts, lay endorsers and celebrities. Experts are individuals that the target population perceives as having substantial knowledge in a particular area. Typically experts are chosen because of the knowledge they have accumulated through experience, studies, or training. (Tellis, 1998)

Lay endorsers may be real or fictitious. They are (initially at least) unknown individuals or characters, which are selected to closely resemble the target segment, enabling the target segment to identify with the endorser and the message. The anonymous voice-over in video and audio advertisements is often that of a lay endorser. (Ibid)

Celebrities are individuals who enjoy public recognition and who use this recognition on behalf of a consumer good by appearing with it in an advertisement (McCracken, 1989). Friedman & Friedman (1979) state that a celebrity endorser is an individual who is known to the public for his or her achievements in areas other than that of the product class endorsed. Advertisers sometimes develop and use fictitious characters to serve as endorsers for their brand. These fictitious characters can also be classified as celebrities. Examples of these characters are actors, actresses, fantasy creations, or animal personifications like the Energizer Bunny. The term celebrity itself do not exclude individuals who may be controversial or disliked by the general population, as long as they are used carefully to convey a certain image. (Tellis, 1998) An example of this is former American basketball star Dennis Rodman, who was an endorser for Converse in the Far East and Europe. According to Jim Solomon, Executive Vice President of Marketing for Converse, Rodman was huge in these markets: Dennis does what kids admire: he speaks his mind, stays true to himself, do not care what others think, is not artificial, and does not suck up. We adults may classify him as a rebel, but I do not think out of 1,000 kids, you would ever hear one of them call him that. (Brooks & Harris, 1998)

The three classes of endorsers are not mutually exclusive. Sustained and effective use of lay endorsers over time can make them celebrities in their own right. Also, some individuals could belong to more than one category depending on the product they endorse. Because sport celebrities frequently endorse sporting goods as well as other products, there may be an especially large overlap in classifying endorsers from the world of sport as experts or celebrities. This shows that endorsers from all the three classes can be categorized as celebrities under the right circumstances. (Tellis, 1998) Based on the reasoning above, we have chosen to include experts into the term celebrities in the following discussion of this thesis. However, lay endorsers are not included, and will therefore be treated as noncelebrities.

1.2 Problem Discussion

Before launching an endorsement, the company has to choose which strategy they are going to utilize in their marketing campaign. Different strategies exist that companies can chose to apply in their campaign. (Ibid) However, in this study, we have chosen to focus on the use of celebrity endorsers in advertising campaigns. Belch & Belch (2001) defines advertising as any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor. This includes television commercials, magazine advertisements, billboard advertising, and images on commodity packages. (Ibid) In the first part of this problem discussion, we discuss when it is appropriate to use a celebrity as endorser.
Secondly, we discuss how companies select celebrity endorsers, and finally the potential risks involved in the use of a celebrity endorser are described. This discussion will then lead to our overall purpose and research questions.

Many companies chose to use celebrities as endorsers for their advertising campaigns, despite the economic advantage of using relatively unknown personalities (Miciak & Shanklin, 1994). Petty, Cacioppo & Schumann (1983) claim that the choice of when to use a celebrity as endorser depends on the underlying characteristics of the audience. A celebrity is probably more effective in low-involvement conditions when the receiver has low motivation and low ability to process the information and that strong arguments are more effective in high-involvement conditions where the receiver has high motivation and ability. (Ibid) Tellis (1998) continues this discussion and stress that consumers in high-involvement conditions sometimes even might be offended by an endorser in an advertisement, and most often just want strong arguments and facts. Floyd (1999) further suggests that when there is high product differentiation among competing brands, it is likely that the consumer is involved in a high-involvement purchase. In this kind of situation, as mentioned above, it might be more appropriate to give the consumer information and facts instead of using a celebrity in the advertisement. (Ibid)

According to Atkin & Block (1983) there are two main reasons why celebrity endorsers have gained so much popularity. First, they are traditionally viewed as being highly dynamic, having both attractive and likable qualities. Secondly, their fame is thought to attract attention to the product. Belch & Belch (2001) also discuss this and use the term stopping power. That is, by using a celebrity you draw attention to the advertising messages, which is important when the media environment is, cluttered (Ibid).

Although research findings are equivocal about the ability of celebrities to generate actual purchase behavior, positive impacts on economic returns of companies using celebrity endorsers are well documented (Agrawal & Kamakura, 1995; Mathur, Mathur & Rangan, 1997). As well as promoting established brands, celebrities are used to position new brand images, reposition brands, or introduce new ones. Another reason for the use of a celebrity endorser is that learning style, or memory, is critical for marketing communications success. Since most consumers are not in a purchasing situation when they come in contact with a brand message, it is important that the information get stored in memory so that it can be accessed when the purchasing situation does arise. (Schultz & Barnes, 1995)

Since, most companies of today act in the international market the use of celebrity endorsers as a tool to draw attention to the advertisement has increased. A reason for this is that global marketing communication strategies can be vulnerable in individual countries because of cultural roadblocks, such as time, space, language, relationships, power, risk, masculinity, femininity, and other cultural differences between countries. (Hofstede, 1984; De Mooij, 1994) Celebrities with worldwide popularity can help companies avoid many of these problems and decrease the number of cultural roadblocks (Kaikati, 1987).

The selection of celebrity endorsers is an important task. In consequence, the subject has attracted a considerable amount of academic and practitioner interest, from the foundations laid by Hovland and his associates in the early 1950s. (Erdogan, Baker & Tagg, 2001) Different approaches on how to select the celebrity endorsers have been developed from this foundation. One approach contends that the effectiveness of a message depends on the
perceived credibility of the endorser; there are two important dimensions to credibility; expertise and trustworthiness. (Hovland & Weiss, 1951; Hovland, Janis & Kelly, 1953; Ohanian, 1991) Information from a credible source (e.g. celebrity) can influence beliefs, opinions, attitudes, and/or behavior through a process called internalization, which occurs when receivers accept a source influence in terms of their personal attitude and value structures (Kelman, 1961; Ohanian, 1991). A highly credible source is particularly important when the message receiver has a negative position toward the product, service, company, or issue being promoted. This is true because the credible source is likely to inhibit counterarguments and reduced counterarguing should result in a greater message acceptance and persuasion. (Belch & Belch, 2001)

Another approach contends that the effectiveness of a message depends on the attractiveness of the endorser, which includes similarity, familiarity, and likability (McGuire, 1968). Research has shown that physical attractiveness of a source determines the effectiveness of persuasive communication through a process called identification, which is assumed to occur when information from attractive endorsers is accepted as a result of the desire to identify with such endorsers (Kelman, 1961). Physically attractive sources are more successful at changing beliefs (Baker & Churchill, 1977; Chaiken, 1979; Debevec & Kernan, 1984) and generating purchase intentions than their unattractive counterparts (Friedman, Termin & Washington 1976; Petty, Cacioppo & Schumann 1983; Petroshius & Crocker, 1989).

One issue repeatedly brought up by researchers as being of importance is that the celebrity endorser must match the consumer segment that the company is trying to reach (Kahle & Homer, 1985 Kamins, 1990; Tellis, 1998; Wheeler, 2002;). The determinant of the match between celebrity and brand depends on the degree of perceived fit between brand and celebrity image (Misra & Beatty, 1990). To promote a product via a celebrity whose image fit well with the brand give better results and higher source credibility compared with a situation in which there is low fit between brand and celebrity (Kamins & Gupta, 1994).

Despite potential benefits, there are still many potential risks of basing a marketing communications campaign on celebrity endorsers. In fact, it has been found that negative information about a celebrity endorser not only influences consumers’ perception of the celebrity but also the endorsed product and company. (Klebba & Unger, 1982) A number of entertainers and athletes have been involved in activities that could embarrass the companies whose products they endorse. For example, Hertz used O.J. Simpson as its spokesperson for 20 years and lost all the equity when he was accused of murdering his ex-wife and her friend. (Till & Shimp, 1998) To avoid these problems, companies often research a celebrity’s personal life and background. Many endorsement contracts include a morals clause allowing the company to terminate the contract if a controversy arises. However, marketers should remember that adding morals clauses to their endorsement contracts only gets them out of a problem; it does not prevent it. (Rabinowitz & Godin, 1994)

Another important strategic issue is subsequent overexposure. It occurs when a celebrity becomes an endorser for many diverse products and the relationship between the celebrity and a particular brand ceases to be distinctive (Mowen & Brown, 1981; Dyson & Turco, 1995).

This may not only compromise the value of celebrities in the eyes of their fans (Graham, 1989) but also make consumers overtly aware of the true nature of the endorsement, which has less to do with the attributes of the brand, and more to do with money (Cooper, 1984; Tripp, Jensen, & Carlson, 1994).
Overuse, the opposite of overexposure, is also discussed. According to King (1989) multiple endorsements for each brand are likely to aggravate the related problem of individual celebrities endorsing multiple brands. Tellis (1998) states that advertisers should strive to develop long-term relationships with one celebrity, to ensure a single, clear, consistent brand strategy over time. However, problems with the establishment of long-term contracts also exist. According to Ziegel (1983) a celebrity can disappear from the media spotlight before the contractual term ends and this can result in the target audience forgetting about the celebrity, which leads to declining interest for the advertisement and the brand.

Overshadowing is also a problem when using celebrities as endorsers. In some advertisements consumers may focus their attention on the celebrity and fail to notice the brand. To solve this problem advertisers should select a celebrity who will attract attention and enhance the sales message, yet not overshadow the brand. The advertisement execution should be kept simple, clean, and free of irrelevant design elements and focus on the brand and the celebrity together. (Till, 1998) Using celebrities as endorsers also increases the marketers’ financial risk. At some point in the decision to use celebrity endorsers, the company must consider cost effectiveness. The endorser who appears to have the highest potential, tend to be the most popular and charge the highest fees. An assessment has to be made to see if the celebrity is worth the money and to evaluate if you get what you pay for. (Menon, Boone & Rogers, 2001)

As discussed above both advantages and disadvantages of using celebrities as endorsers exist. However, most of the research published up to this date focus on the US market. Therefore, we would find it very interesting to further investigate the use of celebrity endorsers in Sweden and look deeper into how a Swedish company handles situations that can occur from the use of a celebrity endorser. The above background and problem discussion thus provide us with a purpose, which will be stated in the following section.

### 1.3 Overall Purpose and Research Questions

Based on the reasoning above, the overall purpose of this study is to gain a better understanding of how celebrities are used as endorsers in advertising. This includes when to use them, how they are selected, and how the risks that follow this type of endorsements are handled.

The specific research questions are formulated as follows:

1. When do companies use Celebrity Endorsers in their advertising?
2. How do companies select the Celebrity Endorser?
3. How do companies handle the risks of using a Celebrity Endorser in their advertising?

### 1.4 Demarcations

There are many aspects within this research area and due to time limitations we will only focus on some of them and a complete picture of the subject will not be provided. We have therefore limited our research to view the above stated research questions. Our first research question is limited to situations and circumstances involving the company’s products and target audience. When it comes to our second research question, the decision to use a
celebrity as endorser is already made. Furthermore, this thesis will be based from a company perspective, and no attention will be given to the customer perspective.

1.5 Outline of the thesis
This thesis is divided into six chapters. By now, the content of the first chapter is already presented and familiar to the reader, consequently, only the content of the following chapters will be briefly discussed. The second chapter provides the reader with a literature review on previous research within the area of celebrity endorsements and in the end of this chapter we present the conceptualization and the emerged frame of reference. Chapter three describes and motivates the research methodology used in this thesis. In chapter four we present the data collected for this thesis. In chapter five the empirical data will be analyzed, and finally, in chapter six, we draw some conclusions about the findings from the analysis and also present some implications.

Figure 1: Outline of the Thesis
2 Literature Review

In this chapter we review earlier studies within our research purpose area. The aim of this chapter is to provide relevant literature in the field of celebrity endorsements. First we introduce some overall theories. Secondly we discuss theories that explain when celebrities are used as endorsers in advertising. Then we review theories describing how companies select between different celebrities to get the best person possible to endorse their products or brand. Furthermore, we investigate the different risks that are closely connected with the use of celebrities as endorsers in advertising campaigns. Finally, we present the conceptualization and the emerged frame of reference, which will serve as a foundation for the analysis of the empirical data and the conclusions.

2.1 Overall Theories

In this section overall theories that lie as a foundation for our study are presented. These theories help the reader to get a better understanding of celebrity endorsements and shows how celebrity endorsements are part of communication.

2.1.1 The Communication Process

According to Belch & Belch (2001) a basic model of the various elements of the communication process has evolved over the years. Two elements represent the major participants in the communication process, the sender and the receiver. Another two are the major communication tools, message and channel. Four others are the major communication functions and processes: encoding, decoding, response, and feedback. The last element, noise, refers to any extraneous factors in the system that can interfere with the process and work against effective communication. (Ibid)

![Figure 2.1: The Communication Process](Source: Belch & Belch (2001), pp. 139.)
Source Encoding
The sender, or source, of a communication is the person or organization that has information to share with another person or group of people. The source may be an individual, say a salesperson or hired spokesperson, such as a celebrity, who appears in a company’s advertisements or a nonpersonal entity, such as the corporation or organization itself. Because the receiver’s perceptions of the source influence how the communication is received, marketers must be careful to select a communicator the receiver believes is knowledgeable and trustworthy or with whom the receiver can identify or relate in some manner. (Ibid)

The communication process begins when the source selects words, symbols, and pictures to represent the message that will be delivered to the receiver. This process, known as encoding, involves putting thoughts, ideas, or information into a symbolic form. The sender’s goal is to encode the message in such a way that the receiver will understand it. This means using words, signs, or symbols that are familiar to the target audience. (Ibid)

Message
The encoding process leads to development of a message that contains the information or meaning the source hopes to convey. The message may be verbal, nonverbal, or symbolic. Messages must be put into a transmittable form that is appropriate for the channel of communication being used. In advertising, this may range from simply writing some words or copy that will be read as a radio message to producing an expensive television commercial. For many products, it is not the actual words of the message that determine its communication effectiveness but rather the impression or image the advertisement creates. (Ibid)

To better understand the symbolic meaning that might be conveyed in a communication, advertising and marketing researchers have begun focusing attention on semiotics, which studies the nature of meaning and asks how our reality – words, gestures, myths, signs, symbols, products/services, theories – acquire meaning. Semiotics is important in marketing communications since products and brands acquire meaning through the way they are advertised and consumers use products and brands to express their social identities. (Ibid)

Some advertising and marketing people are skeptical about the value of semiotics. They question whether social scientists read too much into advertising messages and are overly intellectual in interpreting them. However, the meaning of an advertising message or other form of marketing communication lies not in the message but with people who see and interpret it. Moreover, consumers behave on the basis of meanings they ascribe to marketplace stimuli. Thus, marketers must consider the meanings consumers attach to the various signs and symbols. Semiotics may be helpful in analyzing how various aspects of the marketing program – such as advertising messages, packaging, brand names, and even the nonverbal communications of salespeople – are interpreted by receivers. (Ibid)

Channel
The channel is the method by which the communication travels from the source or sender to the receiver (Ibid). Belch & Belch (2001) talk about two types of communication channels, personal and nonpersonal channels. Personal channels of communication are face-to-face communication with target individuals or groups, such as salespeople delivering their sales message to a potential customer or social channels, such as friends, neighbors, co-workers, or family members. Personal channels often represent word-of-mouth communication, which is a powerful source of information for customers. (Ibid)
Nonpersonal channels of communication are those that carry a message without face-to-face contact between sender and receiver. Nonpersonal channels are generally referred to as mass media or mass communications, since the message is sent to many individuals at one time. Two major types of nonpersonal channels of communication exist, print and broadcast. Print media include newspapers, magazines, direct mail, and billboards. Broadcast media include radio and television. (Ibid)

**Receiver/Decoding**
The receiver is the person with whom the sender shares thoughts or information. Generally, receivers are the consumers in the target market or audience who read, hear, and/or see the marketer’s message and decode it. Decoding is the process of transforming the sender’s message back into thought. This process is heavily influenced by the receiver’s field of experience, which refers to the experiences, perceptions, attitudes, and values he or she brings to the communication situation. Effective communication is more likely when there is some common ground between the two parties. The more knowledge the sender has about the receivers, the better the sender can understand their needs, empathize with them, and communicate effectively. (Ibid)

**Noise**
Errors or problems that occur in the encoding of the message, distortion in a radio or television signal, or distractions at the point of reception are examples of noise. Noise can be explained as extraneous factors that can distort or interfere with its reception throughout the communication process. Noise may also occur because the fields of experience of the sender and receiver do not overlap. Lack of common ground may result in improper encoding of the message, so the more common ground there is between the sender and the receiver, the less likely it is that noise will occur. (Ibid)

**Feedback/Response**
The receiver’s set of reactions after seeing, hearing, or reading the message is known as response. Receivers’ responses can range from not observable actions such as storing information in memory to immediate action such as dialing a toll free number to order a product advertised on television. The part of the receiver’s response that is communicated back to the sender is called feedback. The ultimate form of feedback occurs through sales, but it is often hard to show a direct relationship between advertising and purchase behavior. So marketers use other methods to obtain feedback, such as customer inquiries, store visits, coupon redemptions and reply cards. Research based feedback analyzes readership and recall of advertisements, message comprehension, attitude change, and other forms of response. With this information, the advertiser can determine reasons for success or failure in the communication process and make adjustments. (Ibid)

### 2.1.2 Managerial Implications for Effective Use of Celebrity Endorsers
Till (1998) proposed 10 managerial implications for a more effective use of celebrity endorsers. The purpose of his article was to demonstrate how associative network and associative learning principles could be the base for understanding how the celebrity endorsement process can be more effectively managed. A detailed review of associative network and learning principles is beyond the scope of this study and will not be described in depth below. However, the details described below are the managerial implications and explanations suggested by Till (1998) and they are stated as follows:
1. *Celebrity endorsements will be more effective when used consistently over time to increase the strength of the link between the celebrity and the endorsed brand.* Repeated pairings of the endorser with the brand increases consumers’ recognition that the brand is a good predictor of the presence of the celebrity, which strengthens the link between the brand and the celebrity. Sometimes companies use a celebrity endorser sporadically, but return on the investment in the celebrity endorsement comes from using the celebrity regularly over time. Such repetition both strengthens the associative link for those consumers already aware of the celebrity endorsement as well as increase the pool of consumers who begin to become aware of the link between the brand and the celebrity. (Till, 1998)

2. *When using a celebrity endorser, keep the advertisement execution simple, clean, and free of irrelevant design elements.* Focus on the brand and the celebrity together. The advertising execution should be single-minded in communicating the brand-celebrity pairing. The brand and the celebrity should be the two strongest elements in the advertisement. Advertisement executions that are cluttered with many different devices distract from the brand-celebrity pairing and can be expected to weaken the potency of the celebrity endorser. (Ibid)

3. *When selecting a celebrity endorser, choose a celebrity who is not already strongly associated with another product or service.* Celebrities already strongly associated with a brand will not so readily form associative links with other brands. Using a celebrity endorser who is already established as an endorser for other products or services inhibits forming an association between the celebrity and a newly endorsed product. (Ibid)

4. *When selecting a celebrity endorser, consider carefully the "fit", "congruence", or "belongingness" of the celebrity and brand.* Marketers need to question how well the celebrity and the brand belong together and how appropriate the choice of a celebrity endorser is. The greater the perceived fit between the brand and the celebrity, the more quickly an associative link between the two can be expected to develop. (Ibid)

5. *Test potential brand-celebrity combinations to ensure that the impression and image of the celebrity is positive for the target audience.* It is important to consider fit with the target audience, the brand-celebrity target audience fit. It is critically important that the associations the advertiser believes the celebrity has are associations that the brand’s target audience actually has of the celebrity. Different groups of people may have different associations for any given celebrity. It is necessary, therefore to test the possible use of any celebrity with the brand’s target group to ensure that the associations that the celebrity has in the minds of the target audience are meaningful, positive, and consistent with the advertisers expectations. (Ibid)

6. *Celebrity endorsers can be used to effectively reinforce and/or create an image for a product or service.* The choice of celebrity should fit with the associations the brand either currently has or could have in the future. When the choice of celebrity fits current associations, then the celebrity serves to reinforce existing associations and if the associations of the celebrity fit the desired associations that the brand could have in the future, then the celebrity serve to reinforce existing associations. (Ibid)
7. Celebrity endorsements will be more effective for less familiar brands. Classical conditioning research has shown that unknown brands, that are relatively unfamiliar to many people, have more to benefit from a celebrity endorser than familiar brands have. This suggests that it is more difficult to condition a response to a familiar stimulus than to an unfamiliar stimulus. (Ibid)

8. Celebrity endorsers will be more effective for brands for which consumers have limited knowledge/facts. This is known as the "fan effect" and suggests that celebrity endorsements will be most valuable for brands that have relatively small associative sets. The size of the brand association set will affect the likely value of a celebrity endorsement. The value of an endorsement comes, in part, through thoughts about, or exposure to, the brand activating the association with the celebrity. However, the degree of activation of any particular attribute depends, in part, on the number of competing attributes associated with that attribute. As the size of an association set for a brand increases, the likelihood of the celebrity attribute also being activated is reduced; the more concept that are activated, the less intensively each will be activated. (Ibid)

9. Increased value from a celebrity endorser comes from utilizing the celebrity across the marketing mix, not just in advertising. The favorable response that has been transferred to a particular brand because of its association with a celebrity may weaken over time, particularly if the brand receives significant exposure without association with the celebrity. While it is unrealistic to expect that the celebrity endorsers image will be present every time a consumer encounters a brand, marketers can work to more fully integrate the celebrity into the brand’s marketing mix. Celebrities can be effective in consumer promotions other than advertising such as giving away related items or trips, which tie into the celebrity. The celebrity can also be used at large trade shows, national sales meetings, and other significant publicity events. (Ibid)

10. Caution in choice of celebrity endorser is warranted given the potential risk of tarnishing the brand’s image. There is always a risk that negative publicity can tarnish the endorsed brand. If the brand is strongly associated with the celebrity then the occurrence of the negative information about the celebrity will also activate in memory, to some degree, the endorsed brand. (Ibid)

2.1.3 The Meaning Transfer Model
McCracken (1989) proposes the meaning transfer model as a rich and comprehensive description of the endorsement process. The central premise of the meaning transfer model is that a celebrity encodes a unique set of meanings that can, if the celebrity is well used, be transferred to the endorsed product. The model is divided into three stages: culture, endorsement and consumption. The meaning transfer model was found valid in a study conducted by Mitchell & Boustani (1992) who tested the model on breakfast cereals. The model was also used by Walker, Langmeyer & Langmeyer (1993) who conducted a study on Jeans and VCRs including celebrities Christie Brinkley and Madonna.
Celebrity Endorsements—Literature Review

Stage 1: Culture

According to McCracken (1989) celebrities are different from the anonymous models (or anonymous actors) that are normally used to bring meanings to the advertisement. Celebrities deliver meanings of extra subtlety, depth, and power. It is clear enough that advertisements can undertake meaning transfer without the aid of celebrities. Anonymous actors and models are charged with meaning, and, obviously, they are available at a fraction of the cost. Indeed, for most advertising purposes, the meanings that can be "imported" through an anonymous model are perfectly sufficient. The question, then, is why celebrities should be used for an advertisement. How does the celebrity "add value" to the meaning transfer process? What special powers and properties does the celebrity bring to the advertisement, to the product, and, ultimately, the consumer? (Ibid)

Anonymous models offer demographic information, such as distinctions of gender, age, and status, but these useful meanings are relatively imprecise and blunt. Celebrities offer all these meanings with special precision. Furthermore, celebrities offer a range of personality and lifestyle meanings that the anonymous model cannot provide. Finally, celebrities offer configurations of meaning that anonymous models can never possess. Each celebrity has particular configurations of meanings that cannot be found elsewhere. (Ibid)

In addition, celebrities are more powerful endorsers than anonymous models and actors. Even when they deliver meanings that can be found elsewhere, they deliver them more powerfully. Celebrities evoke the meanings in their persona with greater vividness and clarity. Models and actors are, after all, merely "borrowing" or acting out the meanings they bring to the advertisement. The celebrity, however, speaks with meanings of long acquaintance. Celebrities "own" their meanings because they have created them on the public stage by dint of intense and repeated performance. (Ibid)

Celebrities draw these powerful meanings from the roles they assume in their television, movie, military, athletic, and other careers. Indeed, these careers act very much like large advertisements. Each new dramatic role brings the celebrity into contact with a range of objects, persons, and contexts. Out of these objects, persons, and contexts are transferred
meanings that then reside in the celebrity. When the celebrity brings these meanings into an advertisement, they are, in a sense, merely passing along meanings with which they have been charged by another meaning transfer process. Or, to put this another way, the meaning that the celebrity endorsement gives to the product was generated in distant movie performances, political campaigns, or athletic achievements. (Ibid)

**Stage 2: Endorsement**

McCracken (1989) suggests that the choice of particular celebrities is based on the meanings they epitomize and on a sophisticated marketing plan. In the best of all possible worlds, the marketing/advertising firm first would determine the symbolic properties sought for the product (having determined which symbolic properties are in fact sought by the consumer). It would then consult a roster of celebrities and the meanings they make available, and, taking into account budget and availability constraints, and then choose the celebrity who best represents the appropriate symbolic properties. (Ibid)

Once the celebrity is chosen, an advertising campaign must then identify and deliver these meanings to the product. It must capture all the meanings it wishes to obtain from the celebrity and leave no salient meanings untapped. Furthermore, it must capture only the meanings it wishes to obtain from the celebrity. All celebrities will encompass in their range of cultural significance some meanings that are not sought for the product. Care must be taken to see that these unwanted meanings are kept out of the evoked set. This will be accomplished by filling the advertisement with people, objects, contexts, and copy that have the same meanings as the celebrity. (Ibid)

According to McCracken (1989) the advertisement will sometimes operate on the meanings of the celebrity, and may even modestly help transform them. In other words, an advertising campaign can sometimes have the effect of a new dramatic role, bringing the celebrity into contact with symbolic materials that change the meanings contained in their persona. Celebrities have been known to exploit this effect by choosing their endorsement to tune their image. Typically, however, the advertisement is not trying to transform the meanings of the celebrity. In most circumstances, it seeks only to transfer them. (Ibid)

Finally, the advertisement must be designed to suggest the essential similarity between the celebrity and the product so that the consumer will be able to take the last step in the meaning transfer process. In a perfect world, copy testing is then used to judge whether indeed the advertisement succeeds in this regard. When assurance is forthcoming, the second stage of transfer is complete and the advertisement is put before the consumer. The consumer suddenly "sees" the similarity between the celebrity and the product, and is prepared to accept that the meanings in the celebrity are in the product. (Ibid)

**Stage 3: Consumption**

Consumers are constantly searching the object world for goods with useful meanings. They use them to furnish certain aspects of the self and the world. The object world gives them access to workable ideas of gender, class, age, personality, and lifestyle, in addition to cultural principles of great number and variety. The material world of consumer goods offers a vast inventory of possible selves and thinkable worlds. Consumers are constantly rummaging here. (Ibid)
According to McCracken (1989) the final stage of the transfer process is complicated and sometimes difficult. It is not enough for the consumer merely to own an object to take possession of its meanings, or to incorporate these meanings into the self. The meanings of the object do not merely lift off the object and enter into the consumer's concept of self and world. There is, in other words, neither automatic transfer of meaning nor any automatic transformation of the self. The consumer must claim the meanings and then work with them. Rituals play an important part in this process. Consumers must claim, exchange, care for, and use the consumer good to appropriate its meanings. They must select and combine these meanings in a process of experimentation. (Ibid)

Celebrities play a role in the final stage of meaning transfer because they have created the self. They have done so in public, in the first stage of the meaning transfer process, out of bits and pieces of each role in their careers. The entire world has watched them take shape. Consumers have looked on as celebrities have selected and combined the meanings contained in the objects, people, and events around them. The self so created is almost always attractive and accomplished. Celebrities build selves well. (Ibid)

The constructed self makes the celebrity a kind of exemplary, inspirational figure to the consumer. Consumers are themselves constantly moving symbolic properties out of consumer goods into their lives to construct aspects of self and world. Not surprisingly, they admire individuals who have accomplished this task and accomplished it well. Celebrities are proof that the process works. Celebrities have been where the consumer is going. They have done in Stage 1 what the consumer is now laboring to do in Stage 3 of the meaning transfer model. Consumers are all laboring to perform their own Stage 1 construction of the self out of the meanings supplied by previous and present roles and the meanings accessible to them there. (Ibid)

Furthermore, McCracken (1998) claims that this is more than just a formal parallel between celebrities and consumers in stages 1 and 3. The consumer does not revere the celebrity merely because the celebrity has done what the consumer wants to do, but also because the celebrity actually supplies certain meanings to the consumer. Celebrities create a self out of the elements put at their disposal in dramatic roles, fashioning cultural meanings into a practicable form. When they enter the endorsement process, they make these meanings available in material form to the consumer. Consumers are grateful for these meanings and keen to build a self from them. The celebrity is supplying not just an example of self-creation, but the very stuff with which this difficult act is undertaken. (Ibid)

There is also a second way in which celebrities play the role of a "super consumer." This occurs, for example, when the film character of the celebrity consists not merely in the presentation of an interesting film character but actually in the creation of a self that is new and innovative. Most film stars bring to the screen a self; cut whole cloth, from the standard personality inventory. But there are a few who have undertaken a much more difficult and creative innovation in which personality elements are created or dramatically reconfigured. In this highly creative mode, the celebrity becomes a kind of experiment in self-construction.

This makes the celebrity very powerful indeed. He or she has become an inventor of a new self the consumer can use. (Ibid)
The celebrity world is, to this extent, a realm of experimentation in which actors sometimes do more than merely play out cultural categories and principles. This experimentation makes the celebrity an especially potent source of meaning for the marketing system and a guide to the process of self-invention in which all consumers are engaged. Celebrities serve the final stage of meaning transfer because they are "super consumers" of a kind. They are exemplary figures because they are seen to have created the clear, coherent, and powerful selves that everyone seeks. They are compelling partners to the meaning transfer process because they demonstrate so vividly the process by which these meanings can be assembled and some of the novel shapes into which they can be assembled. (Ibid)

Certain groups use the meanings created by celebrities more than others. Anyone undergoing any sort of role change or status mobility is especially dependent on the meanings of their possessions, such as those who are moving from one age category to another or those who are newly arrived to a culture. But it has also been asserted that everyone in a modern, developed society is under specified in this sense. Modern Western selves are deliberately left blank so that the individual may exercise the right of choice. Also important is the relative collapse of institutions that once supplied the self with meaning and definition (e.g., the family, the church, the community). Working together, individualism and alienation have conspired to give individuals new freedom to define matters of gender, class, age, personality, and lifestyle. The freedom to choose is now also an obligation to decide, and this makes us especially eager consumers of the symbolic meanings contained in celebrities and the goods they endorse. (Ibid)

According to McCracken (1989) this, in broad detail, suggests how celebrity endorsement operates as a process of meaning transfer. It is a review of each of the three stages in this process, considering in turn how meaning moves into the persona of the celebrity, how it then moves from the celebrity into the product, and, finally, how it moves from the product into the consumer. Celebrities are, by this account, key players in the meanings transfer process. (Ibid)

2.2 Celebrity Endorsement Situation/Product Theories

In this section theories that deal with when a celebrity should be used as an endorser are reviewed. As mentioned in the demarcations this thesis deals with situations and circumstances involving the company’s products and target audience.

2.2.1 The Elaboration Likelihood Model

Differences in the ways consumers process and respond to persuasive messages are addressed in the Elaboration Likelihood Model (ELM) of persuasion. The ELM was devised by Petty & Cacioppo (1983) and has since then been the base for many studies (MacKenzie & Belch, 1986; Heath, McCarthy & Mothersbaugh, 1994; Stephenson, Benoit & Tschida, 2001). It was developed to explain the process by which persuasive communications, such as advertising lead to persuasion by influencing attitudes. According to this model, the attitude formation or change process depends on the amount and nature of elaboration, or processing, of relevant information that occurs in response to a persuasive message. High elaboration means that the receiver engages in careful consideration, thinking, and evaluation of the information or arguments contained in the message. Low elaboration occurs when the receiver does not engage in active information processing or thinking but rather makes inferences about the position being advocated in the message on the basis of simple positive or negative cues. (Petty & Cacioppo, 1983)
The ELM shows that elaboration likelihood is a function of two elements, motivation and ability to process the message. Motivation to process the message depends on such factors as involvement, personal relevance, and individual’s needs and arousal levels. Ability depends on the individual’s knowledge, intellectual capacity, and opportunity to process the message. According to the ELM, there are two basic routes to persuasion or attitude change. The routes are central routes to persuasion and peripheral routes to persuasion. (Ibid)

**Central route to persuasion**
Under the central route to persuasion, the receiver is viewed as a very active, involved participant in the communication process whose ability and motivation to attend, comprehend, and evaluate messages are high. When central processing of an advertising message occurs, the consumer pays close attention to message content and looks deeply into the message arguments. A high level of cognitive response activity or processing occurs and the advertisement’s ability to persuade the receiver depends primarily on the receiver’s evaluation of quality of the arguments presented. (Ibid)
Favorable cognitive responses, such as source bolsters and support arguments, lead to favorable changes in cognitive structure, which lead to positive attitude change or persuasion. Conversely, unfavorable cognitive responses lead to counterarguments and/or source derogations, and result in negative attitude change. Attitude change that occurs through central processing is relatively enduring and should resist subsequent efforts to change it. (Ibid)

Peripheral route to persuasion
Under the peripheral route to persuasion, the receiver is viewed as lacking the motivation or ability to process information and is not likely to engage in detailed cognitive processing. Rather than evaluating the information presented in the message, the receiver relies on peripheral cues that may be incidental to the main arguments. The receiver’s reaction to the message depends on how he or she evaluates these peripheral cues. The consumer may use several types of peripheral cues or cognitive shortcuts rather than carefully evaluating the message arguments presented in an advertisement. Favorable attitudes may be formed if the endorser in the advertisement is viewed as an expert or is attractive and/or likable or if the consumer likes certain aspects of the advertisement such as the way it is made, the music or the imagery. However, these favorable attitudes resulting from peripheral processing are only temporary. So these favorable attitudes must be maintained by continual exposure to the peripheral cues, such as through repetitive advertising. (Ibid)

Peripheral cues can also lead to rejection of a message. For example, advertisements that advocate extreme positions, use endorsers who are not well liked or have credibility problems, or are not executed well may be rejected without any consideration of their information or message arguments. (Ibid)

Implications of the Elaboration Likelihood Model
According to Petty, Cacioppo & Schumann (1983) the ELM has important implications for marketing communications, particularly with respect to involvement. For example, if the involvement level of consumers in the target audience is high, an advertisement or sales presentation should contain strong arguments that are difficult for the message recipient to refute or counterargue. If the involvement level of the target audience is low, peripheral cues may be more important than detailed message arguments. (Ibid)

A test of the ELM showed that the effectiveness of a celebrity endorser in an advertisement depends on the receiver’s involvement level. When involvement was low, a celebrity endorser had a significant effect on attitudes. When the receiver’s involvement was high, however the use of a celebrity had no effect on brand attitudes; the quality of the arguments used in the advertisement was more important. The explanation given for these findings was that a celebrity might serve as a peripheral cue in the low-involvement situation, allowing the receiver to develop favorable attitudes based on feelings towards the source rather than engaging in extensive processing of the message. A highly involved consumer, however, engages in more detailed central processing of the message content. In this case, the quality of the message claims becomes more important than the identity of the endorser. (Lord, Lee & Sauer, 1995)

Stephenson, Benoit & Tschida (2001) further suggest that the most effective type of message depends on the route to persuasion the consumer follows. Many marketers recognize that involvement levels are low for their product categories and consumers are not motivated to
process advertising messages in any detail. That is why marketers of low-involvement products often rely on creative tactics that emphasize peripheral cues and use repetitive advertising to create and maintain favorable attitudes toward their brand. (Ibid)

2.2.2 The Three-Orders Hierarchy Model
Perhaps the most important aspect of developing effective communication programs involves understanding the response process the receiver may go through in moving towards a specific behavior and how the promotional efforts of the marketer influence consumer responses. In many instances, the marketer’s only objective may be to create awareness of the company or brand name, which may trigger interest in the product. In other situations, the marketer may want to convey detailed information to change consumer’s knowledge of and attitudes toward the brand and ultimately change their behavior. (Belch & Belch, 2001)

A number of models have been developed to depict the stages a consumer may pass through in moving from a state of not being aware of a company, product, or brand to actual purchase behavior, such as the traditional AIDA and hierarchy of effects model (Belch & Belch, 2001). According to Floyd (1999) the traditional hierarchy-of-effects models vary greatly in specific terminology and the steps that a consumer may progress through. All of the steps in the various models may be divided into one of three basic types of psychological effects: cognitive (learn), affective (feel), and conative (do). Floyd (1999) conducted an examination of the Three-Orders Hierarchy Model that was first developed by Ray (1973). The Three-Orders Hierarchy Model identifies three response hierarchy stages based on perceived product differentiation and product involvement. These alternative response hierarchies are the standard learning, dissonance/attribution, and low-involvement models. (Floyd, 1999)

![Figure 2.4: The Three-Orders Hierarchy Model](image_url)

Celebrity Endorsements—Literature Review

The Standard Learning Hierarchy
In many purchase situations, the consumer will go through the response process in the sequence depicted by the traditional communication models (Ibid). Floyd (1999) terms this a standard learning model, which consists of a learn → feel → do sequence. Information and knowledge acquired or learned about the various brands are the basis for developing affect, or feelings that guide what the consumer will do (e.g., actual trial or purchase). In this hierarchy, the consumer is viewed as an active participant in the communication process who gathers information through active learning. (Ibid)

Floyd (1999) further suggests that the standard learning hierarchy is likely when the consumer is highly involved in the purchase process and there is much differentiation among competing brands. High-involvement purchase decisions such as those for industrial products and services and consumer durables like personal computers, cameras, appliances, and cars are areas where a standard learning hierarchy response process is likely. Advertisements for products and services in these areas are usually very detailed and provide customers with information that can be used to evaluate brands and help them make a purchase decision. (Ibid)

The Dissonance/Attribution Hierarchy
A second response hierarchy proposed by Floyd (1999) involves situations where consumers first behave, then develop attitudes or feelings as a result of that behavior, and then learn or process information that supports the behavior. This dissonance/ attribution model, or do → feel → learn occurs in situations where consumers must choose between two alternatives that are similar in quality but are complex and may have hidden or unknown attributes. The consumer may purchase the product on the basis of a recommendation by some non-media source and then attempt to support the decision by developing a positive attitude toward the brand and perhaps even developing negative feelings toward rejected alternatives. This reduces any postpurchase dissonance or anxiety the consumer may experience resulting from doubt over the purchase. Dissonance reduction involves selective learning, whereby the consumer seeks information that supports the choice made and avoids information that would raise doubts about the decision. (Ibid)

According to the model, marketers need to recognize that in some situations, attitudes develop after purchase, as does learning from the mass media. In these situations the main effect of mass media is not the promotion of original choice behavior and attitude change but rather the reduction of dissonance by reinforcing the wisdom of the purchase or providing supporting information. As with the standard learning model, this response hierarchy is likely to occur when the consumer is involved in the purchase situation; it is particularly relevant for post purchase situations. For example, a consumer may purchase tires recommended by a friend and then develop a favorable attitude toward the company and pay close attention to its advertisements to reduce dissonance. (Ibid)

Floyd (1999) further discusses that some marketers resist this view of the response hierarchy because they cannot accept the notion that mass media have no effect on the consumer’s initial purchase decision. But the model does not claim that the mass media has no effect—just that their major impact occurs after the purchase has been made. Marketing communications
planners must be aware of the need for advertising and promotion efforts not just to encourage brand selection but also to reinforce choices and ensure that a purchase pattern will continue. (Ibid)

The Low-Involvement Hierarchy
The final response hierarchy proposed by Floyd (1999) is the low-involvement hierarchy, in which the receiver is viewed as passing from cognition to behavior to attitude change. This learn → do → feel sequence is thought to characterize situations of low consumer involvement in the purchase process. It tends to occur when involvement in the purchase decision is low, there are minimal differences among brand alternatives, and mass-media advertising is important. (Ibid)

The notion of a low-involvement hierarchy is based in large part on Krugman’s theory explaining the effects of television advertising (Krugman, 1965). Krugman wanted to find out why television advertising produced a strong effect on brand awareness and recall but little change in consumers’ attitudes toward the product. He hypothesized that television is basically a low-involvement medium and the viewer's perceptual defenses are reduced or even absent during commercials. In a low-involvement situation, the consumer does not compare the message with previously acquired beliefs, needs or past experiences. The commercial results in subtle changes in the consumer’s knowledge structure, particularly with repeated exposure. This change in the consumer’s knowledge does not result in attitude change but is related to learning something about the advertised brand, such as a brand name, the advertisement theme, the endorser or slogan. (Ibid) According to Krugman (1965), when the consumer enters a purchase situation, this information may be sufficient to trigger a purchase. The consumer will then form an attitude toward the purchased brand as a result of experience with it. (Ibid)

Furthermore, Floyd (1999) discuss that in the low-involvement hierarchy, the consumer engages in passive learning and random information catching rather than active information seeking. The advertiser must recognize that a passive, uninterested consumer may focus more on nonmessage elements such as music, characters, symbols, and slogans or jingles than actual message content. The advertiser might capitalize on this situation by developing a catchy jingle, or use a famous endorser that is stored in the consumer’s mind without any active cognitive processing that becomes salient when he or she enters the actual purchase situation. (Ibid)

2.3 Celebrity Endorsement Selection Theories
In this section theories that deal with how companies select a celebrity as endorser are reviewed.

2.3.1 Source Attributes
Kelman (1961) developed three basic categories of source attributes: credibility, attractiveness, and power. Each category influences the recipient’s attitude or behavior through different processes named internalization, identification, and compliance. This theory was originally developed for use in social psychology but is better known in advertising and mass communication (Basil, 1996).
Source Credibility
Credibility is the extent to which the recipient sees the source as having relevant knowledge, skill, or experience and trusts the source to give unbiased, objective information. There are two important dimensions to credibility, expertise, and trustworthiness. A source seen as knowledgeable and an expert is more persuasive than one with less expertise, but the source also has to be trustworthy, which includes to be honest, ethical, and believable. (Kelman, 1961)

One of the most reliable effects found in communication research is that expert and/or trustworthy sources are more persuasive than sources who are seen as having less expertise and trustworthiness (McGuire, 1969; O’Keefe, 1987). Information from a credible source influences beliefs, opinions, attitudes, and behavior through a process known as internalization, which occurs when the receiver adopts the opinion of a credible source since he or she believes information from this source is accurate. Once the receiver internalizes an opinion or attitude, it becomes integrated into his or her belief system and may be maintained even after the source of the message is forgotten. (Kelman, 1961) A highly credible source is particularly important when the message recipient have a negative position toward the product, service, brand or issue being promoted. This is true, because the credible source is likely to inhibit counterarguments and reduced counterarguing should result in greater message acceptance and persuasion. (Belch & Belch, 2001)

Expertise
Because opinions and attitudes developed through an internalization process become part of the individual’s belief system, marketers want to use sources with high credibility. Endorsers are often chosen because of their knowledge, experience, and expertise in a particular area. (Ibid) The importance of using expert sources was shown in a study by Ohanian (1991), who found that the perceived expertise of celebrity endorsers was more important in explaining purchase intentions than their attractiveness or trustworthiness. Ohanian (1991) also suggests that celebrity endorsers are most effective when they are knowledgeable, experienced, and qualified to talk about the product they are endorsing.

Trustworthiness
Expertise is important, but the target audience must also find the source believable. It can sometimes be difficult to find celebrities or other persons with a trustworthy image. This is true because many trustworthy persons hesitate to endorse products because of the potential
impact on their reputation and image. To solve this problem, advertisers use different techniques to increase the perception that their source is trustworthy. Hidden cameras are sometimes used to show that the consumer is not a paid endorser and is making an objective evaluation of the product. Also disguised brands are compared, where of course the advertiser’s brand always perform better than the consumer’s regular brand, and he or she is always surprised. However most consumers are skeptical of these techniques, so they may have limited value in enhancing perceptions of credibility. (Belch & Belch, 2001)

Another way of enhancing source credibility is to use the company president or Chief Executive Officer as endorser in the firm’s advertising. Research suggests that the use of corporate leaders is the ultimate expression of the company’s commitment to quality and customer service. In some cases, these advertisements have not only increased sales, but also helped turn the corporate leaders into celebrities. (Reidenback & Pitts, 1986)

Limitations of Credible Sources
A high-credibility source is not always an asset, nor is a low-credibility source always a liability. High- and low credibility sources are equally effective when they are arguing for a position opposing their own best interest. (Eagly & Chaiken, 1975) A credible source is more effective when message recipients are not in favor of the position advocated in the message. However, a very credible source is less important when the audience has a neutral position, and such a source may even be less effective than a moderately credible source when the receiver’s initial attitude is favorable. (Belch & Belch, 2001)

Source Attractiveness
The second category of source attributes according to Kelman (1961) is source attractiveness, which encompasses similarity, familiarity, and likability. Similarity is a supposed resemblance between the source and the receiver of the message, while familiarity refers to knowledge of the source through exposure (Ibid). Likability is an affection for the source as a result of physical appearance, behavior or other personal traits (Erdogan, Baker & Tagg, 2001).

Source attractiveness leads to persuasion through a process of identification, whereby the receiver is motivated to seek some type of relationship with the source and thus adopts similar beliefs, attitudes, preferences, or behavior. If the receiver maintains this position depends on the source’s continued support for the position as well as the receiver’s continued identification with the source. If the source changes position, the receiver may also change. Unlike internalization, identification does not usually integrate information from an attractive source into the receiver’s belief system. The receiver may maintain his or her position or behavior only as long as it is supported by the source or the source remains attractive. (Kelman, 1961)

According to Belch & Belch (2001) marketers recognize that receivers of persuasive communication, such as advertising, are more likely to attend and identify with people they find likable or similar to themselves. Likability and similarity are the two source characteristics marketers seek when choosing an endorser for their advertising (Ibid), so therefore will not familiarity be discussed in this study.
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**Similarity**
People are more likely to be influenced by a message coming from someone with whom they feel a sense of similarity. If the endorser and receiver have similar needs, goals, interests, and lifestyles, the position advocated by the source is better understood and received. (Kelman, 1961) Similarity is used in various ways in marketing communications. In professional selling, companies select salespeople whose characteristics match well with their customers. For example, sales position for a particular region may be staffed by someone with local knowledge who has similar background and interest in common with the customers. (Woodside & Davenport, 1974)

Similarity is also used to create a situation where the consumer feels empathy for the person shown in the commercial. In a "slice-of-life" commercial, the advertiser usually starts by presenting a predicament to get the consumer to think; "I can see myself in that situation." This can help establish a bond of similarity between the endorser and the receiver, increasing the source level of persuasiveness. This is the reason why many advertisers feel that the best way to connect with consumers is by using regular-looking, everyday people with whom the average person can easily identify. (Belch & Belch, 2001)

**Likability**
The value of using endorsers who are admired have been recognized by advertisers. Athletes, television and movie stars, musicians, and other popular public figures are used for this purpose. Companies use celebrity endorsers because they are considered to have stopping power, which means that a celebrity can be a very useful tool to draw attention to advertising messages in very cluttered media environment. A popular celebrity will favorably influence consumers’ feelings, attitudes, and purchase behavior. Advertisers believe that celebrities can enhance the target audience’s perceptions of the product in terms of image and performance. For example, a well-known athlete may convince potential buyers that the product will enhance their own performance. (Belch & Belch, 2001)

Decorative models are also used to draw attention to advertisements. This is done by the use of a physically attractive person who serves as a passive or decorative model rather than as an active endorser. Physically attractive endorsers generally have a positive impact and generate more favorable evaluations of both advertisements and products than less attractive models. (Jones, Stanaland & Gelb, 1982) The gender appropriateness of the model for the product being advertised and his or her relevance to the product are also important considerations. Products such as cosmetics or fashionable clothing are likely to benefit from the use of an attractive model, since physical appearance is very relevant in promoting these items. (Solomon, Ashmore & Longo, 1977) Some models draw attention to the advertisement but not to the product or message. A study conducted by Reid & Soley (1983) showed that an attractive model facilitates recognition of the advertisement but does not enhance copy readership or message recall. This shows that advertisers must ensure that the consumer’s attention will go beyond the model to the product and advertising message (Belch & Belch, 2001).

**Source Power**
The third and final source attribute is power. According to Kelman (1961) a source has power when he or she can actually administer rewards and punishments to the receiver. As a result of this power, a source may be able to induce another person to respond to the request or position the source is advocating. In this case, influence occurs through a process known as
compliance, which means that the receiver accepts the persuasive influence of the source and takes his or her position in hopes of obtaining a favorable reaction or avoid punishment. The receiver may show agreement with the source’s position in public, at the same time as he or she do not have an internal or private commitment to this position. Persuasion induced through compliance may be superficial and last only as long as the receiver perceives that the source can administer some rewards or punishments. (Ibid)

According to Belch & Belch (2001) source power is very difficult to apply in a nonpersonal influence situation such as advertising. An endorser in an advertisement generally cannot apply any sanctions to the receiver or determine whether compliance actually occurs. An indirect way of using power is by using an individual with an authoritative personality as endorser. The use of source power applies better in situations involving face-to-face communication and influence. One example is personal selling. In a selling situation the sales representative may have some power over a buyer if the latter anticipates receiving special rewards or favors for complying with the salesperson. However, sales representatives must be very careful in their use of a power position, since abusing a power base to maximize short-term gains can damage long-term relationships with customers. (Ibid)

2.3.2 Stereotyping of Endorsers
According to Tellis (1998) the issue of stereotyping is an important consideration in the selection and use of endorsers. Tellis (1998) defines stereotypes as perceptions or depictions of individuals based on simplistic, biased image of the group to which they belong, rather than on their own individual characteristics. Stereotyping of endorsers may occur in the selection of individuals for characters, also called casting or in characterization, which means the portrayal of those characters. (Ibid)

In advertising, stereotyping in casting involves the heavier selection of individuals for a task from one particular group, although individuals of other groups may also perform such a task. Examples of this type of stereotyping in advertising would be when only white males are chosen for airline advertisements, females for detergent advertisements, or teens for jeans advertisements. Stereotyping in characterization involves designing roles that conform to a stereotype rather than to reality. Examples would include portraying elderly as physically limited, Asians as math freaks, or women as homemakers. (Ibid)

The public’s sensitivity to stereotyping have heightened because of the last three decades of growing consciousness of the equality of all people, as well as the efforts by various civil-rights groups. This sensitivity has also spilled over into advertising. Stereotyping is not as common or obvious as in the old days. Nevertheless, it is still prevalent in advertising today, especially in the areas of gender, race, and age. (Ibid)

2.3.3 Standardized Research vs. Customized Research
According to Tellis (1998) the evaluation of celebrities suitability as endorsers can be conducted either by the use of standardized research or customized research.

Standardized Research
The standardized tests are based on surveys of consumers’ perceptions of celebrities. These tests were developed because of the growing use of celebrities in advertising and measure the celebrity’s public standing and suitability for endorsements. These tests are carried out periodically by research companies in response to demand by advertisers and publishers. Each
research company uses its own survey design the same way over the years for consistency. To retain simplicity the celebrities are only evaluated on a few key dimensions. (Ibid)

Customized Research
In contrast to standardized tests, an advertiser has the option of carrying out customized research to evaluate candidate endorsers. The use of customized research has three advantages over the use of standardized tests. To begin with, the advertiser can choose the candidates it would like to evaluate, including names that may not appear on any of the standardized tests. Secondly, the advertiser could specify the criteria on which it would like to evaluate the candidates and go beyond the few dimensions used in the standardized tests. In particular, the customized research could try to capture the complexity of meanings encompassed by each of the candidate endorsers, as suggested by the meaning transfer model. Finally, the customized research could study the effectiveness of matching up specific brand names with specific candidates. (Ibid)

Disadvantages by using customized research also exist. The main disadvantages of this approach is the higher cost, the trouble and work for the advertiser of conducting the research by themselves, and the extra time it takes for the advertiser to customize research for the individual needs of the advertiser. (Ibid)

2.4 Celebrity Endorsement Risk Theories
In this section theories that deal with the risks connected to the use of celebrity endorsers and theories about how some of these risks can be reduced are reviewed.

2.4.1 Negative Publicity
One risk associated with the use of celebrity endorsers is the possibility of negative information or publicity regarding the celebrity. If the celebrity is strongly associated with the brand then the occurrence of the negative publicity about the celebrity can spill over to the brand. Many companies have been badly affected by negative publicity from celebrity misdeeds, such as celebrity endorsers involved in drug scandals, rape, and murder. The harm brought to the reputations of these companies may decrease trustworthiness and credibility in the eyes of the consumer. (Till, 1996)

2.4.2 Overshadowing
If a celebrity endorser is used, the risk of consumers focusing on the celebrity and not on the brand exists. To solve this, advertisers should use a celebrity endorser who will attract attention and enhance the sales message, yet not overshadow the brand. (Gellene, 1998) Till (1998) suggests that overshadowing occurs when the celebrity endorser occurs in the presence of multiple other stimuli which all compete to form a link with the celebrity endorser. While the advertiser intends for an associative link to develop between the celebrity and the endorsed brand, overshadowing suggests that the celebrity endorser is most likely to build a link with the most dominating stimulus, which might not be the featured brand in the advertisement execution. Therefore, the celebrity and the brand should be the two strongest elements in the advertisement. (Ibid)

2.4.3 Overexposure
Another risk of using celebrity endorsers is that the credibility of the brand and the celebrity
may suffer when the celebrity chooses to endorse several, different products simultaneously and becomes overexposed. The reason is that consumers may question whether the endorser really believes in and uses all the products he or she endorses. Overexposure is a common occurrence between highly competing brands and highly recognized and well-liked endorsers. This disloyalty to a company could lead to lowered credibility and loss of trust in a brand. It can also make the consumers confused and unable to correctly recall which brands the celebrity stands for. (Tripp, Jensen & Carlson, 1994)

2.4.4 Overuse
Advertisers sometimes use many different celebrities to endorse a brand or product. A reason for this can be that the advertiser use different celebrities to appeal to different market segments through different media and programs. Another reason is that the competition for celebrities could heat up just like competition for other resources. In that case, a company may sign up a celebrity to prevent another company from using that celebrity. Alternatively, a company may sign up celebrities to match any real or perceived advantage from the celebrities signed up by a rival. (Ibid)

However, a company’s use of multiple endorsers could have some undesired results. Since each endorser has a unique image, a multiplicity of endorsers might blur the image of the brand. Even if these endorsers were used in different media or programs, because of segment overlap across media, multiple endorsers could still blur the brand image. The use of multiple endorsers may lead to reduced effectiveness of this means of persuasion. This is true for endorsers as for any other means of persuasion and overuse of celebrity endorser may lead to declining popularity for advertising using celebrities. (Ibid)

2.4.5 Extinction
The favorable response that have been engendered to a particular brand because of its association with a celebrity may weaken over time, particularly if the brand receives significant exposure without association with the celebrity (Till, 1998). The celebrity may be very famous and successful in the beginning of the contractual term, but then become less successful or lose his or her fame. For example, an athlete who wins a gold medal in the Olympics may be a very good endorser for a particular brand. If the athlete gets injured or becomes less successful due to other circumstances and disappear from the spotlight, he or she might not longer be the endorser the company was looking for. If the advertiser has signed a contract that lasts for many years, the advertiser is stuck with a celebrity who does not have the same fame and impact on the target segment that he or she used to have. (Ziegel, 1983)

2.4.6 Financial Risk
One final risk associated with the use of celebrity endorsers is the financial risk. At some point in the decision to use celebrity endorsers, advertisers have to consider the cost effectiveness of their choice. The endorser who appear to have the highest potential, tend to be the most popular and therefore the most expensive to hire as endorser. The demand for entertainment and sports celebrities has increased and these individuals are sometimes very expensive to use as endorsers. In this situation the advertiser must decide if a celebrity endorser is worth the investment. Rather than pursuing a popular endorser, advertisers can do well by looking for a less known, less expensive endorser who nicely matches the message of the brand and appeals to the target segment. (Tellis, 1998)
2.4.7 Screening and Morals Clauses
According to Tellis (1998) past or current actions of celebrities can harm or alter their images. Such changes in image can negatively affect the meanings that the advertisers wish to transfer to their brands through the endorsement. Celebrities by their very nature are public figures whose moves are carefully watched by the media and whose achievements and failings are quickly publicized. No celebrity is perfect and everyone carries the risk of some damaging incident or revelation. When a star is on the rise, the media will glorify him or her; when he or she is in a slump, the media seem to gloat over it. Advertisers can reduce the damage from such incidents by carefully screening endorsers before signing a contract. Discussions with the celebrity or exploratory research of the celebrity’s lifestyle and behavior can be conducted to ensure that right image is bought and that the risks with the celebrity contract are worth the potential for damage. Careful screening is especially important because many companies choose celebrities with a short-term orientation and do not have any other knowledge about the celebrity than the knowledge of what he or she is famous for. (Ibid)

Another way to protect against embarrassments is to use a morals clause in the contract with the endorser. A morals clause is a legal statement that gives an advertiser the option of terminating a contract with a partial fee or no fee at all depending on the relative bargaining power of the advertiser and the endorser. One important thing to remember when discussing morals clauses is that they do not prevent the problem. The problem has already occurred when the morals clause is used, but it can help to get the advertiser out of the situation and not furthermore be connected to the celebrity. (Ibid)

2.5 Conceptualization and the Emerged Frame of Reference
In this section, the literature review in the earlier sections of this chapter will be used to develop a conceptual framework and an emerged frame of reference for the data collection.

2.5.1 Conceptualization
The Communication Process was included in the overall theory section in the literature review. The reason for this is to show the reader how the source, in this thesis a celebrity endorser, is a major participant in the area of communication. However, this theory does not help us answer our research questions and is therefore excluded from the following parts of the thesis. The two other overall theories, managerial implications and the meaning transfer model, as well as the theories connected to the three research questions, will be included, fully or in part below.

Research Question 1: When do companies use Celebrity Endorsers in their advertising?
In the first research question we look at when celebrities are used as endorsers. In this study the focus is on target audience involvement and product differentiation. When considering target audience involvement we use the Elaboration Likelihood Model. The Three-Order Hierarchy Model is similar but will not be used for this purpose since it is not as extensive as the Elaboration Likelihood Model when it comes to target audience involvement. However, the third part of the Three-Order Hierarchy Model, the Low-Involvement Hierarchy, also adds product differentiation among competing brands as a determinant for if a celebrity endorser should be used or not. So this part will be included for the area of product differentiation. Based on the discussion above the theories or parts of theories included for research question 1 are:
• The Elaboration Likelihood Model
• The Low-Involvement Hierarchy, the third part of the Three-Order Hierarchy Model

**Research Question 2: How do companies select the Celebrity Endorser?**
The second research question is about the selection of a celebrity endorser. We include Stereotyping and the celebrity evaluation theory Standardized vs. Customized Research. Stereotyping is included because we want to investigate if celebrities are chosen because of their individual characteristics or for the image of the group to which they belong. Standardized vs. Customized Research theory discusses the measurement of a specific celebrity’s public standing and suitability for endorsements. The second stage of the Meaning Transfer Model discuss that the celebrity must fit the target audience. This is also discussed in Managerial Implications 4 and 5, but only Managerial Implication 5 that talks about testing of brand-celebrity combinations is included. The other theory within this area will be taken from stage 2 of the Meaning Transfer Model because it is more extensive than the fourth Managerial Implication.

The Source Attribute theory is also used for this research question. Source credibility and attractiveness will be included but not source power because of that it is difficult to apply in a nonpersonal situation such as advertising. Both source attractiveness and source credibility includes different traits or images that the selection of a celebrity can be based upon. These attributes are therefore relevant for this research question. Based on the reasoning above the theories or parts of theories included for research question 2 are:

• Stereotyping of Endorsers
• Standardized Research vs. Customized Research
• Stage 2: Endorsement, of the Meaning Transfer Model
• Managerial Implication 5, Testing
• Source Attributes

**Research Question 3: How do companies handle the risks of using a Celebrity Endorser in their advertising?**
All the risks earlier mentioned in this chapter are included in the study. The reason for this is that we want to investigate what risks companies takes into consideration and the importance of those. Screening and Morals Clauses are also included because they discuss how companies handle the risks of using a celebrity as endorser. The theories included to answer the third research question are:

• Negative Publicity
• Overshadowing
• Overexposure
• Overuse
• Extinction
• Financial Risk
• Screening and Morals Clauses
2.5.2 Emerged Frame of Reference
The conceptualized theories in the previous section will provide us with a base when investigating and finally answering the research problem and research questions of this thesis. Figure 2.6 illustrates the areas that are subjects to this study and how they are related to each other.

To begin with companies have to decide if they are going to use a celebrity as endorser or not. This depends on the degree of target audience involvement when buying the product and product differentiation among competing brands. After deciding to use a celebrity the company has to select which celebrity they are going to use as endorser. Stereotyping can be one way to start the selection process. The celebrity can be chosen by different attributes depending on how well these attributes fit the brand and tests can be made to see if the celebrity fits the brand or product. The evaluation of the celebrity’s suitability as endorser can be found either by standardized or customized research. Many possible risks exist by the use of celebrities as endorsers. To prevent or reduce these risks companies can screen their candidates or use morals clauses. However, the company cannot control all risks and no matter what the company does, some risks may occur anyway. As the gray arrow in the figure illustrate, different celebrities are connected to different risks and this may affect which celebrity who is chosen to endorse the company’s products.
3 Research Methodology

In this chapter we discuss and justify the research methodology choices undertaken for our study. The research methodology choices reported in this study gave us guidelines for how we should gather needed information for our research and how to process it. This increase the possibility to receive appropriate answers on our research questions and make valuable conclusions. The research purpose is the first topic discussed followed by the research approach and strategy. Then we review the data collection, sample selection, analysis method, and finally the quality criteria for research.

3.1 Research Purpose

There are many ways to carry out research. Most types of research can be classified according to how much the researcher knows about the problem before starting the investigation. According to Reynolds (1971), Patel & Tebelius (1987), Aaker & Day (1990), Yin (1994), and Wiedersheim-Paul & Eriksson (1999) there are three classifications of research available when dealing with a research problem: exploratory, descriptive, or explanatory.

Exploratory Research

Here, research is designed to allow an investigator to just “look around” with respect to some phenomenon, with the aim being to develop suggestive ideas (Reynolds, 1971). The purpose is to gather as much information as possible concerning a specific problem. Exploratory research is often used when a problem is not well known, or the available knowledge is not absolute. The technique that is best suited for information gathering when performing an exploratory research is interviews. (Patel & Tebelius, 1987)

Descriptive Research

The objective is to provide a description of various phenomenon connected to individuals, situations or events that occur (Ibid). The purpose might be to develop empirical generalizations. Once such generalizations begins to appear, they are worth explaining, which leads to theory development. (Reynolds, 1971) Moreover, descriptive research is often used when a problem is well structured and there is no intention to investigate case/effect relations (Wiedersheim-Paul & Eriksson, 1999). Descriptive research is recommended when you search data, often secondary, in order to describe a few aspects of a clearly structured problem (Aaker & Day, 1990).

Explanatory Research

The goal here is to develop precise theory that can be used to explain the empirical generalizations (Reynolds, 1971). Based on this, the researcher formulates hypotheses that are tested empirically (Patel & Tebelius, 1987). According to Yin (1994) the study is explanatory when the focus is on cause-effect relationships, explaining what causes produced what effects. Aaker & Day (1990) say that the explanatory research approach must be used when it is necessary to show that one variable causes or determines the value of the other variables. A high level of flexibility characterizes an exploratory case study and it is suitable when a problem is difficult to demarcate. This kind of research is also appropriate when it does not exist a clear apprehension about what model that should be used and what qualities and relations that is important. (Wiedersheim.Paul & Eriksson, 1999)
The research purpose and research questions of this thesis indicate that this study is primarily descriptive, but also exploratory and explanatory. This study is descriptive since it is our intention to describe the area of research and draw some conclusions on the collected data. However, the study is also somewhat exploratory, since the purpose is to gather as much information as possible concerning a specific problem. When we answer our research questions in our findings we begin to explain the relationship between different variables. With this in mind, our study can also be classified as partly explanatory.

3.2 Research Approach: Qualitative VS. Quantitative Research Approach

The research approach is often either quantitative or qualitative (Patel & Tebelius, 1987). Selectivity and distance to the object of research characterize a quantitative approach whereas a qualitative approach is characterized by nearness to the object of research (Holme & Solvand, 1991). Both approaches have their strengths and weaknesses and neither one of the approaches can be held better than the other one. The best research method to use for a study depends on that study’s research purpose and the accompanying research questions. (Yin, 1994)

A quantitative approach implies the search for knowledge that will measure, describe, and explain the phenomena of our reality (Patel & Tebelius, 1987). Quantitative research is often formalized and well structured. Quantitative research is usually associated with the natural science mode of research, data is quantitative, obtained from samples and observations seeking for relationships and patterns that can be expressed in numbers rather than words. (Tull & Hawkins, 1990)

Qualitative research is the search for knowledge that is supposed to investigate, interpret, and understanding the phenomena by the means of an inside perspective (Patel & Tebelius, 1987). Furthermore, Yin (1994) states that qualitative methods are often related to case studies, where the aim is to receive thorough information and thereby obtain a deep understanding of the research problem.

As a result of these explanations, we can decide that our research is qualitative. The research questions posed will provide answers that cannot be quantified or measured in numbers. Moreover, since the purpose of this thesis is to gain a better understanding of how celebrities are used in advertising, a qualitative study is the method that suits us best.

3.3 Research Strategy

With the focus at qualitative research as a general approach the focus now turn to the research strategies available to collect the data. According to Yin (1994) there are five primary research strategies, in the social sciences: experiments, surveys, archival analysis, histories, and case studies. Each strategy has its own advantages and disadvantages depending on three conditions:

- The type of research question posed.
- The extent of control an investigator has over actual behavioral events.
- The degree of focus on contemporary, as opposed to historical, events.
Table 3.1 displays these conditions in each of the three columns and shows how each of the five strategies is related.

### Table 3.1: Situations for Different Research Strategies

<table>
<thead>
<tr>
<th>Research Strategy</th>
<th>Form of Research Question</th>
<th>Requires Control over Behavioral Events</th>
<th>Focus on Contemporary Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>How/Why</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>Who/What/Where</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival/Analysis</td>
<td>Who/What/Where</td>
<td>No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>History</td>
<td>How/Why</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case Study</td>
<td>How/why</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>


The purpose of this study is to gain a better understanding of how celebrities are used as endorsers in advertising. Due to this fact we do not require control over behavioral events. This rules out *experiment* as a research strategy. Furthermore we want to describe how companies select the celebrity endorser and when companies use celebrity endorsers in their advertising nowadays. This leads to that *historical* strategy is not appropriate either. *Surveys* and *analysis of archival records* are advantageous when the research goal is to describe the incident or prevalence of a phenomenon or when it is to be predictive about certain outcomes (Yin, 1994). This is not what we are going to do. This leaves us with only one research strategy, the *case study*.

According to Aaker & Day (1990) a case study is a comprehensive description and analysis of a single situation. In case studies the aim of the research is to seek conformity between the results and the theory. This means that the theory helps to identify other similar events to the result that can only be generalized after further studies. (Yin, 1994)

A researcher can choose to conduct research on a single case or to conduct multiple case studies. The single case study is appropriate when the single case represents (1) an extreme or unique case, (2) a critical case meeting all the conditions for testing a formulated theory, or (3) a revelatory case when the researcher has the opportunity to observe and analyse a phenomenon previously inaccessible to scientific investigation. Wiedersheim-Paul & Eriksson (1999) note that the possibilities of comparisons between the cases are added in a multiple case study. However, we will conduct a single case study because our research depends on a single and unique event. Therefore, we do not compare the case against another case.
3.4 Data Collection Methods

According to Yin (1994) there are six sources of evidence that can be the focus of data collection for case studies: documentation, archival records, interviews, direct observations, participant-observation, and physical artifacts. Each of these will be briefly explained in table 3.2.

<table>
<thead>
<tr>
<th>Source of Evidence</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation</td>
<td>The different types of documents are for example, statistics, registrations, official publications, letters, diaries, newspaper, journals, branch literature, and brochures. Documents are mostly used for collecting secondary data</td>
</tr>
<tr>
<td>Archival Records</td>
<td>These can be, for example, service records, organizational records, maps and charts, survey data, and personal records. Archival records are often used in computerized form, also for collecting secondary data.</td>
</tr>
<tr>
<td>Interviews</td>
<td>The interviews mostly take the form of an open-ended nature, in which an investigator can ask key respondents for the facts of a matter as well as for the respondents’ opinions about events. The interview can also take the form of a focused interview, in which a respondent is interviewed for a short period of time, an hour for example. Moreover, the interview can entail more structured questions, along the lines of a formal survey.</td>
</tr>
<tr>
<td>Direct Observation</td>
<td>This can involve observations of meetings, sidewalk activities, factory work, classrooms, and the like. Observational evidence is often useful in providing additional information about the topic being studied. To increase the reliability of observational evidence, a common procedure is to have more than a single observer making an observation, whether of the formal or the casual variety.</td>
</tr>
<tr>
<td>Participant-Observation</td>
<td>Participant-observation is a special mode of observation in which the investigator is not merely a passive observer, instead, the investigator may take a variety of roles within a case study situation and may actually participate in the events being studied.</td>
</tr>
<tr>
<td>Physical Artifacts</td>
<td>A final source of evidence is a physical or cultural artifact – a technological device, a tool or instrument, a work of art, or some other physical evidence. Such artifacts may be collected or observed as part of a field visit and have been used extensively in anthropological research.</td>
</tr>
</tbody>
</table>

Source: Adapted from Yin, 1994, pp.85-f

Due to the fact that we are conducting a qualitative and not a quantitative case study, we are not able to utilize archival records as a source of evidence. Direct observations and participant observations are also ruled out as possible sources of evidence for this case study, due to limitations regarding time and financial resources. We furthermore do not need insights into cultural features and technical operations, and therefore we choose not to use physical artifacts as a source of evidence. This leaves us with two sources of evidence, interviews and documentation.

According to Patel and Davidson (1994) there are three kinds of question methods: questionnaires, telephone interviews, and personal interviews.
Questionnaires are sent to the respondent who answers them without any explanations or influence from the researcher. Questionnaires cannot be too long or too exhaustive because this might lead to unanswered questions. (Ibid)

By conducting a telephone interview the interviewer can pose more complex questions and explain any misunderstandings. However, the time is often limited when using telephone interviews. (Ibid)

Personal interviews give an even better chance to explain the questions and to avoid misunderstandings and the duration of the interview can be rather long (Ibid).

The type of interview that was used in this thesis was telephone interview. Before the interview, the company was briefly told about the purpose and the nature of this thesis. By using telephone interview we as interviewers could explain the questions asked in a way that was understandable for the respondent and hence, receive detailed answers within a limited time (35 minutes). The telephone interview was also the most suitable alternative because of the long distance between the respondent and the interviewers. Furthermore, before the telephone interview was conducted an interview guide containing the main issues was developed, which was developed from our conceptual framework. This guide was then used as a base for our questions during the interview. Based on the reasoning above, it is fair to say that our interview is a focused interview.

According to Patel and Davidson (1994) two types of data can be collected, primary and secondary data. Primary data is recognized as data that is gathered for a specific research in response to a particular problem through, e.g., interviews, questionnaires, or observations (Ibid). Whereas secondary data information can be obtained through various kinds of documents, e.g., research reports, annual reports, books, and articles (Wiedersheim-Paul & Eriksson, 1999). For this case study we have chosen to use both primary and secondary data collection methods. As mentioned above a telephone interview was conducted as data collection method. This is a primary data collection method, which provided us with a deeper knowledge of the case in this thesis. In this thesis documentation was also used as a source of evidence, secondary data such as press releases and company background gathered from the company Web site, served as a compliment to the telephone interview. Furthermore, secondary data was collected and used for the background information regarding the topic of celebrity endorsers and company background. The secondary data sources have been academic articles, newspaper articles, and books relevant to the subject.

3.5 Sample Selection

When conducting research, it is often impossible, impractical, or too expensive to collect data from all the potential units of analysis included in the research problem. Thus, a smaller number of units, a sample, are often chosen to represent the relevant attributes of the whole set of units, the population. Due to the fact that samples are not perfectly representative of the population from which they are drawn, the researcher cannot be certain that the conclusions will generalize to the entire population. (Graziano & Raulin, 1997)

We have limited our sample to a specific company established in Sweden to conduct a case study from the company’s perspective. The chosen company, Axa, has a lot of experience in the field of celebrity endorsements and has experienced a unique incident/event. This specific incident took place in November 2001 when Swedish folk hero Ludmila Enquist, a former
Olympic hurdles champion at this time competing in bobsled admitted that she had used performance enhancing drugs at a bobsled competition in Norway. At the time for this incident, Axa used Ludmila Enquist to endorse their products. This incident received a lot of media attention, which caught our interest to this matter. Therefore, we wanted to further investigate the topic of celebrity endorsements, which resulted in our stated purpose and research questions. Another reason for our selection of company was Axa’s willingness to be included in our research.

When we contacted Axa and presented our research problem they were able to refer us to the most knowledgeable and suitable person within their company that could answer our questions. Based on this, the respondent interviewed regarding celebrity endorsements and the specific incident mentioned above was Marketing Director Göran Lindahl.

Ludmila Enquist represented three main sponsors at the time for this incident. These sponsors were Audi, Carnegie, and Axa. However, Audi and Carnegie found the “Ludmila Enquist incident” to be a very sensitive topic. They did not want to bring attention to this area again and considered this to be an incident that belongs to the past. This is the reason why we do not use Audi or Carnegie as the company to investigate in our case study.

3.6 Data Analysis
The ultimate goal of analyzing data is to treat the evidence fairly, to produce compelling analytical conclusions and to rule out alternative interpretations. Data analysis involves turning a series of recorded observations into descriptive statements. Before data actually can be analysed, the researcher(s) carrying out a case study, can choose between two general analytical strategies: relying on theoretical propositions or developing a case description. (Yin, 1994)

Relying on theoretical propositions is the most common strategy. The result of this is that the collection of data is based on research questions taken from previous studies. The findings of the study will then be compared with the results/findings from previous studies. Developing a case description can be used as a strategy as well, but is less favorable and it should only be used when little previous research has been conducted. (Ibid) A lot of research has been conducted within our area of research and therefore our analytical strategy relies on theoretical propositions.

When writing qualitative data analysis the focus is on data in the form of words. Data analysis consists of three concurrent flows of activity. These three are data reduction, data display, and conclusion drawing and verification. Data reduction should not be considered to be separate from analysis, but a part of it. This reduction of the data helps to sharpen, sort, focus, discard, and organize the data in a way that allows for final conclusions to be drawn and verified (Miles & Huberman, 1994). Miles and Huberman (1994) further add that data can be reduced and transformed through such means as selection, summary, paraphrasing, or through being subsumed in a larger pattern. Data display is the second major stage that the researcher needs to go through. This stage includes taking the reduced data and displaying it in an organized and compressed way so that conclusion can be more easily drawn. As with data reduction, the creation and use of displays is not separate from the analysis, but a part of it. Conclusion drawing and verification is the third and final stage of the data analysis. It is in
this stage that the researcher starts to decide what the different finding means. Noting regularities, patterns, explanations, possible configurations, causal flows, and propositions does this. (Ibid)

The analysis of this study has followed the three steps suggested by Miles and Huberman (1994). The data reduction and the data display are combined in the data analysis chapter, and in the last chapter our conclusions are stated.

3.7 Research Quality Criteria
There are two important concepts one should keep in mind when writing a report, validity and reliability. Validity is the ability of a chosen instrument to measure what it is supposed to measure. Reliability is the extent to which research results would be stable or consistent if the same techniques were used repeatedly. Moreover, the way the measuring is conducted and how the information is processed affects the reliability. (Wiedersheim-Paul & Eriksson, 1999)

The role of reliability is to minimize the errors and biases in a study (Yin, 1994). According to Yin (1994) the quality of empirical research can be judged by conducting four specific tests. Since case studies are a type empirical research, these four tests can also be applied when judging the quality of case study research. The four different tests will be presented below in table 3.3.

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<tr>
<th>Tests</th>
<th>Description</th>
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<tr>
<td>Construct Validity</td>
<td>Establishing correct operational measures for the concepts being studied.</td>
</tr>
<tr>
<td>Internal Validity</td>
<td>Establishing casual relationships whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships.</td>
</tr>
<tr>
<td>External Validity</td>
<td>Establishing the domain to which a study’s findings can be generalized.</td>
</tr>
<tr>
<td>Reliability</td>
<td>Demonstrating that the operations of a study can be repeated with the same results.</td>
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Source: Adapted from Yin 1994, pp.33

In this study, we used a telephone interview and documentation in order to obtain evidence. Moreover, we have also showed our interview guide to other people to make sure that it was understandable. By explaining our research subject when first contacting the researched company they were able to direct us to the person most suitable and knowledgeable for answering our questions.

According to Yin (1994) internal validity only concerns causal or explanatory studies, where an investigator is trying to determine whether an event leads to another event. Internal validity is inapplicable to descriptive or exploratory studies, which are not concerned with making causal statement. External validity deals with the issue of knowing whether the findings from a case can be generalized. (Ibid) According to Yin (1994) a single case study is a poor base for generalizing. The external validity of our thesis can therefore, be seen as fairly low, since we have conducted a single case study (Ibid).
When conducting this study, we informed the respondent in advance about the main topic of the interview to give the respondent the opportunity to prepare himself, in order to provide us with accurate answers. A tape recorder was used when conducting the telephone interview, by using a tape recorder we could avoid misinterpretations, but also double-check the answers afterwards and ask spontaneous attendant questions. The collected data at the interview was translated into English. This data was sent back to the respondent to exclude misinterpretations. When it comes to reliability and observations, Yin (1994) states that to increase the reliability a common procedure is to have more than a single observer making an observation, whether it is of the formal or casual variety. Thus, when resources permit a case study, investigation should allow for the use of multiple observers. However, since we have conducted a telephone interview, no observations were made and therefore we are afraid that the reliability might be slightly affected.
4 Data Presentation
This chapter provides the empirical data collected through the interview with the chosen company in this study. The chapter begins with a short introduction to Axa, Ludmila Engquist, and the specific incident that caught our interest to the area of celebrity endorsements. This is then followed by the presentation of data gathered from the case study.

4.1 Case Study – Axa
The telephone interview was conducted with Göran Lindahl, Marketing Director at Cerealia Foods. To be able to take on the convenient perspective that was needed throughout this interview, we asked the respondent to focus on Axa.

4.1.1 Company Presentation
The Axa brand is part of Cerealia Foods, which in turn is part of the Cerealia Group. Axa produces and market oats based snack and breakfast products. Examples of their products are Axa Gott och Mixat, Havrekvikk, and Riskvikk. Cerealia is one of the largest food groups in the Nordic Region. The number of staff employed in the group is approximately 3,900 and 2,000 of those are working in Sweden. The Cerealia Group is a wholly owned subsidiary of the trading association for the Swedish Farmers Supply and Crop Marketing Cooperative, and its headquarter is located in Stockholm, Sweden.

Figure 4.1: The Axa logo.
Source: www.axa.nu

Cerealia’s concept is to develop, manufacture, and market cereals-based food products. Up to and including 2001, the business was subdivided into five business areas, but from 2002 onwards, the business are subdivided into three business areas: Cerealia Mills, Cerealia Foods, and Cerealia Bakeries. The business operates in around 60 facilities in Sweden, Denmark, Norway, Finland, Germany, Poland, Latvia, and Ukraine and also jointly own companies in Finland and Estonia. Many well-known brands are included in Cerealia’s brand.
portfolio, like for example Kungsörnen, Start!, Skogaholms Bröd, Hatting, Regal, and of course as mentioned Axa. The overall market for cereals-based food products is stable in Sweden, Denmark, and Norway, which are the established, primary markets of the Cerealia Group. There are differences between countries and different market segments and the markets offering the largest development opportunities for Cerealia in the Baltic States, Poland and Ukraine are gradually making a recovery. In 2001, Cerealia made a profit of SEK 244 million and had a turnover of SEK 6,000 million. This is a profit increase of almost 15% compared to year 2000.

4.1.2 Ludmila Engquist
Ludmila Engquist, born in Tambovskaya Oblast, Russia in 1964 was a major force in the women’s hurdles in the 1990s. In 1991, then named Ludmila Narozhilenko, she won the 100-meter hurdles at the World Championships in Tokyo for the Soviet Union. In 1993, her career could have ended when she received a four-year ban for doping after failing a test for steroids during a meet at Lievin, France. However, she maintained that her vitamin supplement had been spiked by her then-husband, Nikolai Narozhilenko and the International Association of Athletics Federation reinstated her in December 1995 under its exceptional-circumstances rule. (www.cnnsi.com)

In 1996, she married the Swede Johan Engquist and became a Swedish citizen. Later that year she won the Olympic 100-meter hurdles gold in Atlanta, USA and became very popular among the Swedish people. She was now accepted by the Swedish people as Ludmila Engquist from Sweden, and not as immigrant Ludmila Narozhilenko from Russia. After becoming 100-meter hurdles world champion for the second time in 1997, she had to overcome one of life’s hurdles in 1999 when she had surgery to remove one of her breasts after being diagnosed with cancer. Three months after her surgery, tears welled in the eyes of many in the sold out crowd at Stockholm’s Olympic Stadium when Engquist competed in the 100-meter hurdles. Winning a bronze medal a month later in the World Championships made her fame even greater. (Ibid)

4.1.3 The Incident
In order to become the first female ever to win a gold medal both in the Summer and Winter Olympics Ludmila Engquist took up bobsledding. After a while she had some success in her new sport and in 2001 she and her Swedish teammate Karin Olsson finished seventh in a World Cup race in Utah, USA. However, her Olympic dream ended the fourth of November in 2001. This was the day when the big announcement was made. At a press conference in Copenhagen, Ludmila Engquist revealed that she had used performance-enhancing drugs at a bobsled competition in Norway and was about to test positive in a doping test just taken. (Ibid)

Ludmila Engquist’s revelations caused unprecedented publicity for a female athlete in Sweden, from page one to the editorials to the sports pages in the newspapers and the story was discussed almost day and night on television and radio. It should be remembered that until this moment, Ludmila Engquist was a Swedish folk hero, according to many equal to heavyweight champion Ingemar Johansson, tennis star Björn Borg and skier Ingemar Stenmark. After her admission of using drugs, her status fell almost overnight. Upset callers to a radio talk show used her Russian last name again. Officials from Engquist’s former track club IFK Lidingö said that they wanted to eliminate her club records and revoke her honorary
Celebrity Endorsements - Data Presentation

4.1.4 When does Axa use Celebrity Endorsers in their advertising?
Axa has collaborated with famous Swedish athletes since 1984. In the late 80s, the company started to use these athletes in their advertising, such as television commercial. Nowadays Axa use celebrity endorsers for one of their products, Axa Gott och Mixat, which is müsli (a breakfast cereal) in different flavors. This product is endorsed by athletes, such as Per Elofsson, Magdalena Forsberg, Lars Frölander, and members from the Swedish national track & field team, such as Kajsa Bergqvist, Erica Johansson, and Malin Ewerlöf. Before the incident mentioned above, Ludmila Engquist was used as an endorser for Axa Gott och Mixat as well. These athletes are used in television commercials and on the product’s package.

According to Lindahl, the Axa Gott och Mixat product is similar to the products their competitors offer within the same product category. However, some small differences among the products exist. Axa offer some flavors that their competitors do not offer. They only use Swedish raw material and at least according to Lindahl offer higher quality products than their competitors. The use of Swedish raw material differentiate the Axa Gott och Mixat product from some of their competitors, such as for example many imported low-price brands, but still other competitors products exist in the market place, which just like Axa’s product are produced of Swedish raw material. Lindahl states that Axa Gott och Mixat sells very well, but does not know if the reason for this is if Axa offers a better and different product than their competitors. This might just as well depend on successful marketing or any other unknown reason, since no research has been conducted to explain this fact.

When it comes to target audience involvement, Lindahl believes the Axa Gott och Mixat product, like most commodities, to be a low-involvement product. Consumers in general do not carefully evaluate the purchase of the Axa Gott och Mixat product. However, Lindahl claims that the product can be considered to be a high-involvement product within certain consumer segments. For example, many 18-25 year old women, as well as athletes, evaluate the purchase more carefully, because of nutritional requirements and weight concerns.

4.1.5 How does Axa select the Celebrity Endorser?
The selection of a specific celebrity as endorser is based on the product. The celebrity must match the product, in this case Axa Gott och Mixat. When selecting celebrities to endorse this product, Axa wanted to use an athlete/athletes with star quality, who was well known in the Swedish society, who believed in the product, and who was considered to be trustworthy. Lindahl preferred to talk about the selection of a celebrity in terms of collaboration and was of the opinion that both parties, the company and the celebrity, should gain from this collaboration. Therefore, in the company’s selection of endorser, the company only considers athletes that would consume the product and athletes where the use of this kind of products can be shown to be of importance for the athlete’s career. According to Lindahl, this is the reason why members of the Swedish national track & field team are appropriate and actually selected to endorse the Axa Gott och Mixat product. However, not every type of athlete is appropriate to use as endorser for Axa. Athletes with a doubtful and questionable reputation,
as well as athletes representing a sport with the same questionable reputation such as boxing or cycling are not considered in Axa’s selection of celebrity endorsers for their products.

Lindahl further claims that a celebrity must be able to endorse the company and their products in a trustworthy manner. The target audience must also like the celebrity and the celebrity’s image must match the product. During the interview we asked Lindahl to discuss and rank four different attributes that a celebrity can possess. He ranked trustworthiness as the most important attribute, and stated that the celebrity must be able to endorse the product and the company in a way that is seen as trustworthy by the target audience. Lindahl ranked likability as the second most important attribute and stated that the celebrity must be popular and liked by the target audience. Furthermore, Lindahl ranked similarity between the target audience and the celebrity as the third most important attribute and claimed that the target audience’s possibility to identify with the celebrity are of importance as well. Expertise was also brought up, but according to Lindahl this is of very little importance when selecting a celebrity as endorser for Axa’s products.

The initiating reason for the choice of Ludmila Engquist as endorser for the Axa Gott och Mixat product in the end of 1999 was that she represented the Swedish national track & field team and that she fitted well into the group of other endorsers for the product. The other endorsers for the Axa Gott och Mixat product at that time were Swedish track & field stars Kajsa Bergquist, Erica Johansson, and Malin Ewerlöf. Ludmila Engquist was primarily chosen because of her popularity among the Swedish people and because that she was a role model for Swedish girls and women. Axa also considered her to match the product well and to be a trustworthy person, despite the fact that she earlier in her life had served a two-year suspension for doping. Axa continued to collaborate with Ludmila Engquist also after her treatment for breast cancer. Lindahl stated that Ludmila Engquist was at her peak of popularity among the Swedish people when she made a comeback after her breast cancer treatment and therefore the collaboration continued. Axa also chose to collaborate with Ludmila Engquist when she wanted to become the first female ever to win a gold medal in both the Summer and Winter Olympics. However, this collaboration had an abrupt ending when she revealed that she had used performance-enhancing drugs at a bobsled competition in Norway.

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Axa’s decision to use a certain celebrity is based more on feelings than on research. According to Lindahl, no planned research is conducted to investigate which celebrity that would be the most appropriate to use as an endorser for Axa’s products or how much of a certain attribute a celebrity possesses. The perceived fit between the company/product and the celebrity is not tested before the celebrity signs the contract, so the judgment of this fit is also based on feelings instead of research.

4.1.6 How does Axa handle the risks of using a Celebrity Endorser in their advertising? According to Lindahl, the main risks of the use of celebrity endorsers are negative publicity and financial risk. If the celebrity is highly associated with the product, everything the celebrity does, in his career as well as privately, will spill over to the product and company. If the celebrity does anything that creates bad publicity, as in the Ludmila Engquist case, the product and company will be negatively affected. A financial risk also exists because endorsement contracts for celebrities often involves a lot of money and if the collaboration does not work as intended a lot of money is wasted.

Furthermore, we asked Lindahl to rank and discuss six possible risks. Negative information/publicity and financial risk are already discussed above. Lindahl claims that three of the mentioned risks, overexposure, overshadowing, and overuse are not considered to be of high risk for the company, because Axa can influence and reduce these risks. The risk of overexposure is reduced by agreements between Axa and the celebrity, which limits the celebrity’s freedom to endorse other products. Overshadowing does not worry Lindahl, because this is something the company has control over. Overuse could be a problem for Axa because the company uses different celebrities to endorse the same product. However, the celebrities that are used as endorsers for the Axa Gott och Mixat product are all athletes and have similar images. The use of numerous athletes gives Axa the possibility to use a specific

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<th>Most Important Risks with Celebrity Endorsement</th>
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<td>1. Negative Publicity</td>
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<td>2. Financial Risk</td>
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<td>3. Overuse</td>
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<td>4. Overexposure</td>
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<td>5. Overshadowing</td>
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<td>6. Extinction</td>
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athlete for each flavor of their Axa Gott och Mixat product. According to Lindahl, the use of numerous athletes also makes it possible for the company to reach a broader target market than they would if they only used one athlete.

The final risk, extinction, can affect Axa negatively. There is not much the company can do about it, except from signing shorter contracts with the celebrity endorsers, but the signing of shorter contracts can also create problems and make it harder to develop long-term marketing plans. Lindahl also states that if you are lucky in your choice of celebrity endorser, the opposite to extinction can occur, which is when the celebrity endorser becomes even more famous, popular, and trustworthy than he or she was when the contract was signed.

According to Lindahl, two things can be done to reduce the risks mentioned above. To begin with, Axa can be more selective in their choice of celebrity. To protect the company from negative publicity, company representatives’ talk to people that are close to the celebrity such as coaches and agents. This is done to get a picture of how the athlete is as a person, but no complete screening of the celebrity’s background is carried out. Furthermore, Lindahl states that the other thing the company can do is to add morals clauses to the contracts and to strengthen the contracts.

Axa has changed their celebrity endorsement contracts after the “Ludmila Engquist incident”. New morals clauses have been added, which makes it more costly for the celebrity if he or she is caught using doping or any other drugs. However, according to Lindahl, it is impossible to completely protect the company from these risks by contracts and morals clauses. Unconscious doping also occur and not all athletes caught for doping have taken the substance by purpose.

Finally, Axa’s opinion towards celebrity endorsements has not changed because of the “Ludmila Engquist incident”. This incident has not stopped the company’s usage of celebrity endorsers. As a matter of fact, Axa has increased the usage of celebrity endorsers in their advertising and the “Ludmila Engquist incident” is seen as a misfortune that belongs to the past.
5 Data Analysis
In the methodological chapter Miles & Huberman (1994) stated that data analysis consists of three parts, data reduction, data display, and conclusion drawing/verification. In this chapter, we will reduce data for each of our research questions via what is referred to as a within case analysis, where data from our specific case is compared against prior theory.

5.1. When does Axa use Celebrity Endorsers in their advertising?
To gain insight in when Axa use celebrity endorsers in their advertising, we interviewed the respondent regarding the degree of product differentiation among competing brands and the degree of target audience involvement for that product. When analyzing this data, we only include the Axa Gott och Mixat product, which is the only product in Axa’s product portfolio that is endorsed by celebrities.

5.1.1 Degree of Target Audience Involvement
According to Petty and Cacioppo’s (1983) Elaboration Likelihood Model, the effectiveness of a celebrity endorser in an advertisement depends on the receiver’s involvement level. When involvement is low, a celebrity endorser has significant effect on attitudes. However, when the receiver’s involvement is high the use of a celebrity endorser does not affect attitudes, instead strong arguments and information is more important.

In general, Axa consider their product, like most commodities, to be a low involvement product. Most consumers do not carefully evaluate the purchase of the product, but just buy it without much thought. However, certain consumer segments, like many women in the age of 18-25 and athletes evaluate the purchase more carefully because of weight concerns and nutritional requirements, and can be seen as highly involved in the purchase. Based on the reasoning above, most of the data is in accordance with the theory, since Axa use celebrities to endorse their product for all members of their target audience. However, some data is not in accordance with the theory, because some segments, as mentioned above, are highly involved in the purchase, but still celebrities are used to endorse the product for these segments.

5.1.2 Degree of Product Differentiation
In the Low-Involvement Hierarchy, which is part of the Three-Orders Hierarchy Model, Floyd (1999) suggests that when there are minimal differences among products for competing brands, which give low consumer involvement in the purchase process, the advertiser must recognize that the consumers may focus more on non-message elements such as a celebrity endorser.

The data given by Axa is very much in accordance with the theory. Axa consider their products to be similar to the products offered by some of their competitors. The respondent said that Axa’s products sells very well and could be of higher quality than their competitor’s products. However, the respondent also suggested that this might as well depend on successful marketing or any other unknown reason and that no evidence that support this statement exists. Therefore, the use of celebrities in the advertising, which act as peripheral cues, and the absence of much detailed information in the advertisements for a product that is similar to the products offered by competitors correspond to theory.
5.2 How does Axa select the Celebrity Endorser?

To gain insight in how Axa select between celebrities, the respondent was interviewed regarding brand/celebrity fit, source attributes, stereotyping, celebrity evaluation, and testing.

5.2.1 Brand/Celebrity Fit

McCracken (1989) suggests in the Meaning Transfer Mode that companies should first determine the symbolic properties sought for the product, then consult a rooster of celebrities and the meanings they make available and finally choose the celebrity who best fit the brand.

Axa chose celebrities that fit the brand and the product. The respondent wanted to use the word collaboration instead of selection and stated that both the company and the celebrity should benefit from this collaboration. This is the reason why Axa only considers athletes that would consume the product and athletes where the use of this kind of products can be shown to be of importance for the athlete’s career. Therefore, members from the Swedish national track & field team, as well as other athletes that fit the product, are selected as endorsers for Axa Gott och Mixat. However, athletes with a questionable reputation or athletes representing a sport with a questionable reputation are not considered to fit as endorsers for the Axa Gott och Mixat product and are therefore not included in Axa’s selection of endorser. Because of what is mentioned above, the data given corresponds to the theory.

5.2.2 Source Attributes

According to Kelman’s (1961) Source Attribute Theory, four different attributes exist in the choice of endorsers in advertising. These attributes are expertise, trustworthiness, likability, and similarity.

- **Expertise**: According to the respondent, expertise is of very little importance when a celebrity is selected to endorse Axa’s product. This is not in accordance with the theory because Ohanian (1991) states that the perceived expertise of the celebrity endorsers is more important in explaining purchase intentions than their attractiveness or trustworthiness. However, Axa sees trustworthiness as a more important attribute than expertise.

- **Trustworthiness**: Belch & Belch (2001) state that expertise is important, but the target audience must also find the endorser trustworthy. Axa ranked trustworthiness as the most important attribute in the selection of a celebrity as endorser. This corresponds to the theory in the way that trustworthiness is of importance when selecting a celebrity as endorser. However, it does not correspond to the theory in the aspect of that Axa ranks trustworthiness as a more important attribute than expertise when selecting a celebrity as endorser.

- **Likability**: The celebrity that is chosen as an endorser for Axa must be popular and liked by the target audience. This is in accordance with the theory which suggests that a popular celebrity will favourably influence consumers’ feelings, attitude, and purchase behavior (Belch & Belch, 2001).
• **Similarity**: Axa’s opinion is that the target audience’s possibility to identify with the celebrity is of importance in the selection of a celebrity endorser. This is in accordance with Kelman’s (1961) Source Attribute Theory. According to this theory, people are more likely to be influenced by a message coming from someone with whom they feel a sense of similarity.

### 5.2.3 Stereotyping
Tellis (1998) states that stereotyping involves the heavier selection of individuals for a task from one particular group, although individuals of other groups may also perform such a task. When looking at which celebrities Axa selects and how they select them, it is fair to say that they stereotype. Axa want to use athletes that are well known in Sweden to endorse their product, but they will not just select any athlete randomly. When selecting endorsers for the Axa Gott och Mixat product Axa selected athletes from sports such as track & field and cross country skiing, and athletes representing sports such as boxing and cycling where never taken into consideration.

### 5.2.4 Celebrity Evaluation
According to Tellis (1998) consumers’ perceptions of celebrities can be measured either by standardized research or customized research. Standardized research is carried out periodically by research companies and customized research is conducted by the company itself. Since, Axa’s selection of celebrity endorsers is based on feelings and not on research, the data does not correspond to the theory.

### 5.2.5 Testing
In Till’s (1998) fifth Managerial Implication for Effective Use of Celebrity Endorsers, he states that potential brand-celebrity fit combinations should be tested to ensure that the impression and image of the celebrity is positive for the target audience. The data given is not in accordance to this theory, because Axa does not test the brand-celebrity fit before a contract is signed, it is simply based on feeling.

### 5.2.6 Selection of Ludmila Engquist
When it comes to the selection of Ludmila Engquist as endorser for the Axa Gott och Mixat product only one difference could be found compared to how Axa nowadays selects their celebrity endorsers. Axa considered likability to be the most important attribute in the selection of Ludmila Engquist, instead of trustworthiness as was mentioned as the most important attribute when the company was asked to rank the source attributes above. The selection of Ludmila Engquist as endorser was not in accordance with theory since Ohanian (1991) states that the perceived expertise of a celebrity endorser is more important than their attractiveness or trustworthiness. However, when it comes to stereotyping, the data is in accordance with theory, since the initiating reason for the choice of Ludmila Engquist as endorser was that she represented the Swedish national track & field team and that she fitted well into the group of other endorsers for the product.

### 5.3 How does Axa handle the risks of using a Celebrity Endorser in their advertising?
To gain insight in how Axa handles the risks of using a celebrity in their advertising, the respondent was interviewed regarding possible risks, screening, and morals clauses.
5.3.1 Celebrity Endorsement Risks

- **Negative Information/Publicity**: According to Till (1996) many companies have been badly affected by the negative publicity from celebrity misdeeds, such as celebrity endorsers involved in murder, rape, or drug scandals. The respondent considered negative publicity to be the major risk for celebrity endorsements. The reason for this is that if the celebrity is strongly associated with the brand then the occurrence of the negative publicity about the celebrity can spill over to the brand. Based on the respondents reasoning above, the data given is in accordance with theory.

- **Financial Risk**: Tellis (1998) claims that the endorser who appear to have the highest potential, often tend to be the most popular and therefore the most expensive to hire as endorser. In a situation like this, the advertiser must decide if the celebrity is worth the investment. The respondent considered the financial risk to be the second most important risk, which corresponds to theory, and states that celebrity endorsement contracts often involves large sums of money, and if the collaboration between the company and the celebrity does not work, a lot of money is wasted.

- **Overuse**: According to Tripp, Jensen & Carlson (1994) overuse could be a problem when many different celebrities are used to endorse the same brand or product. Since each celebrity has a unique image, a multiplicity of endorsers might blur the image of the brand. The respondent is aware of the problem of overuse, but does not consider it to be a problem for Axa, since all of the celebrities that endorse the Axa Gott och Mixat product have similar images. Based on the respondents reasoning above, the data given is not in accordance with theory.

- **Overexposure**: Tripp et al. (1994) state that when celebrities endorse several different products simultaneously, it can lead to lowered credibility and trust for the brand. The respondent does not consider overexposure to be of high risk for the company, which does not correspond to theory, and states that this is something Axa has control over.

- **Overshadowing**: If a celebrity endorser is used, the risk of consumers focusing on the celebrity and not on the brand exist (Gellene, 1998). According to the respondent, overshadowing is not a problem since this is something that Axa can control, and therefore the data given is not in accordance with theory.

- **Extinction**: According to Ziegel (1983) a celebrity’s popularity and trustworthiness may weaken over time. The respondent states that extinction can affect Axa negatively, but the only thing Axa can do to reduce this risk is to sign shorter contracts with their celebrity endorsers. However, the respondent further states that if the company is lucky in their choice of celebrity endorser, the celebrity’s popularity and trustworthiness might increase over time. Based on the respondents reasoning above, the data given does not correspond to theory.

5.3.2 Screening and Morals Clauses

Tellis (1998) states that advertisers can reduce some of the risks mentioned above by carefully screening endorsers before signing contracts. Discussions with the celebrity or exploratory research of the celebrity’s lifestyle and behavior can be conducted to ensure that the right image is bought (Ibid). Tellis (1998) further states that another way to protect against
embarrassments is to use a morals clause in the contract with the endorser. A morals clause is a legal statement that gives the advertiser the option of terminating a contract.

According to the respondent, two things are done to reduce the risks connected with the use of celebrity endorsers. Axa is selective in their choice of celebrities. The company does not conduct a complete screening of the celebrity’s background, but Axa representatives talk to people that are closely connected to the celebrity, such as coaches and agents. The other thing Axa does to reduce some of the risks mentioned above, is that they use morals clauses in their agreements with the celebrities. When it comes to screening the data given is not in accordance with theory since Axa does not screen the celebrities’ backgrounds. However, Axa does use morals clauses, which is in accordance with theory.

5.3.3 Ludmila Engquist Implications
After the Ludmila Engquist incident, Axa strengthened their celebrity endorsement contracts. New moral clauses have been added, which makes it more costly for the celebrities if they are caught using drugs. However, the respondent states that Axa’s overall impression towards celebrity endorsement is unaffected by the Ludmila Engquist incident. The respondent also claims that Axa now collaborates more extensively with celebrities, than they did before the Ludmila Engquist incident.
6 Findings and Conclusions

According to Miles & Huberman (1994) conclusion drawing is an activity that starts already at the data collection, and is verified in the analysis stage. The final conclusions cannot be drawn until the data collection and the analysis stage is over. This chapter will provide answers to the different research questions, and some overall conclusions will be drawn regarding the findings in this study. These conclusions will then lead to some implications for management, as well as implications for theory and future research, which will be provided at the end of this chapter.

6.1 When do companies use Celebrity Endorsers in their advertising?

The first finding from our research is that Axa does not consider target audience involvement to be a deciding factor when they decide when to use a celebrity as endorser in their advertising. This is true because different consumer segments of their target audience are both of high and low involvement nature, but still a celebrity is used as endorser for all of their segments.

Furthermore, our second finding from our research regarding when Axa use celebrity endorsers in their advertising is that a celebrity endorser is used when there is little difference between Axa’s product and those products offered by competing brands. The use of a celebrity is one way for Axa to differentiate their product from the products offered by their competitors in today’s cluttered media environment.

6.2 How do companies select the Celebrity Endorser?

A finding from our research regarding Axa’s selection of celebrity endorsers is that stereotyping is used in the beginning of Axa’s selection process. Axa points out a certain group of athletes that could be seen as possible future endorsers for the Axa brand. Axa does this to find an endorser whose perceived image fits their Axa Gott och Mixat product. Axa’s selection of Ludmila Engquist as an endorser for their product supports our finding, since the initiating reason for choosing her was that she represented the Swedish national track & field team.

The most important celebrity attribute for Axa in the selection of a celebrity endorser is trustworthiness, followed by likability and similarity. Furthermore, Axa does not mention expertise as an important attribute when selecting a celebrity as endorser. However, in the selection of Ludmila Engquist as an endorser for Axa, likability was considered to be a more important attribute than trustworthiness. Based on what is mentioned above, our finding is that no clear strategy can be found in Axa’s selection of celebrity endorsers when it comes to celebrity attributes, and that the selection is based more on feelings than on which attributes the celebrity possesses. The reason for that Axa’s selection of celebrity endorsers is based on feelings rather than on celebrity attributes could be that no research is conducted to evaluate the celebrity, and therefore Axa does not know for sure which attributes each celebrity possesses.

When Axa selected Ludmila Engquist as endorser for the Axa Gott och Mixat product, the company was aware of the fact that Ludmila Engquist had served a doping suspension
between 1993 and 1995. It is always easy to be wise after the event and claim that Axa made a mistake when they chose to use Ludmila Engquist as endorser for their product, despite their knowledge of the doping suspension. However, our opinion is that Axa should have acted differently when they selected Ludmila Engquist as endorser for their product. Axa took a chance when they selected Ludmila Engquist as endorser because of her popularity and by doing this they gave up their ranking of which celebrity attributes that are most important when selecting a celebrity as endorser.

6.3 How do companies handle the risks of using a Celebrity Endorser in their advertising?

The third and final research question deals with how companies handle the risks of using a celebrity endorser in their advertising. We found that Axa considers negative publicity and financial risk to be the two major risks involved in the use of celebrities as endorsers. Axa does not see any other major risk with the use of celebrity endorsers, and consider the other possible risks mentioned to be controllable.

To reduce the two risks, Axa uses morals clauses in their contracts, but does not screen the celebrities’ background. After the Ludmila Engquist incident new morals clauses have been added, which makes it more costly than it used to be before the incident, if the celebrity endorser use doping or drugs. This reduces the financial risk since Axa gets, if not all, at least some of their invested money back in case of a celebrity misdeed. These morals clauses could also act as a deterrent for the celebrities and could make the celebrities think twice before considering doing anything that harms Axa’s reputation.

6.4 Overall Conclusions

Our overall conclusions are that Axa uses a celebrity endorser when there is little product differentiation among competing brands to differentiate their products from the products offered by their competitors. Furthermore, when Axa selects a celebrity to endorse their products, they begin this selection by stereotyping. After the selection of a certain stereotype is made, the choice of celebrity is based on the feelings rather than research. Finally, the use of celebrity endorsers in advertising is not without risks; two major risks exist, which are negative publicity and financial risk. Axa cannot be completely protected from these two risks. However, the use of morals clauses is one way to reduce the financial risk and the risk of negative publicity.

6.5 Implications

This section covers the implications this study could have for management, theory, and possible future research.

6.5.1 Implications for Management

One way for Axa to find the right celebrity endorser for their products is to test the celebrity’s perceived fit with the product among the target audience. This would exclude low brand-celebrity fit combinations in the company’s selection process in a more certain way than when the selection is based on feelings.
To reduce the risk of negative publicity the celebrities should be carefully screened before contracts are signed. By doing this, the company can find out if the celebrity has done something in the past that is not in accordance with the product or the brands image. If the screening of the celebrity shows that the celebrity has done something in the past that is not in accordance with the product or the brands image, like in the Ludmila Engquist case, the celebrity should not be chosen as an endorser for the product or brand.

The target audience involvement in the purchasing situation could also be taken into consideration. Some of the segments of Axa’s target audience, like for example 18-25 year old women, are more involved in the purchase of the Axa Gott och Mixat product than others. For these segments it might be more appropriate to use strong arguments and facts in the advertisement or use a celebrity that for example is perceived as an expert in the field of nutritional requirements rather than to use a celebrity as for example Ludmila Engquist who was chosen mostly because of her likability.

6.5.2 Implications for Theory
The overall purpose of this thesis was to gain a better understanding of how celebrities are used as endorsers in advertising by answering the specific research questions stated in chapter one. Our study has been exploratory since we have gained a better understanding of the research area through the gathering of information about an area of which we initially knew little about. The study has also been descriptive in nature since we have been able to describe when companies use celebrity endorsers in their advertising, how companies select the celebrity endorser, and how companies handle the risks of using a celebrity endorser in their advertising. Our research has also been somewhat explanatory since we have been able to draw conclusions regarding the findings of our research.

6.5.3 Implications for Future Research
After writing this thesis we have found a few areas where we would like to see further research carried out. These areas are listed below:

- Due to the fact that this study was limited to look at the company’s view of how celebrity endorsers are used in advertising, it could also be interesting to investigate this topic from the target audiences’ point of view.

- Another area where more research could be appropriate to conduct is the area of crisis management for celebrity endorsements. It could be interesting to investigate what companies do to save their reputation after an event such as the event named the Ludmila Engquist incident in this thesis.

- Since, the purpose of this thesis is to gain a better understanding of how celebrities are used as endorsers in advertising, our study is limited to advertising. It could also be interesting to conduct research of how celebrity endorsers are used in other parts of the marketing mix, such as event marketing.
Reference List

Articles


**Books**

Celebrity Endorsements- Reference List


**Internet**


Telephone Interview
Göran Lindahl, Marketing Director, Cerealia, Stockholm, 2002-05-14
Interview Guide Celebrity Endorsements

General company information

Business?
Products?
Organizational structure?
Headquarter location?
Number of employees?
Ownership?
Turnover?
Profit/losses?

Questions about the respondent

Name?
Title/position?

Research Question 1: When do companies use Celebrity Endorsers in their advertising?

1. Which of the company’s (Axa) products are endorsed by a celebrity?
2. Does the company consider the consumers to be little or much involved when purchasing these products?
3. Does the company consider their products to be little or much differentiated compared to their competitors products?
4. Where in the company’s promotion are celebrity endorsers used?

Research Question 2: How do companies select the Celebrity Endorser?

1. How does the company act when they select a celebrity to endorse their brand/products?
2. Which celebrity criteria/attributes does the company consider to be important in the selection of a celebrity as endorser?
3. How does the company rank the following criteria from 1 to 5? Where 5 is the most important, and 1 less important.

   Expertise
   Trustworthiness
   Likability
   Similarity
4. Which criteria/attributes did the company consider Ludmila Engquist to have when she was selected to endorse the company’s products?
5. Why did the company select Ludmila Engquist instead of another celebrity?
6. Has the company’s “selection process” changed after the Ludmila Engquist incident?

Research Question 3: How do companies handle the risks of using a Celebrity Endorser in their advertising?

1. Which risks does the company see by the use of celebrity endorsers?
2. How would the company rank the following criteria? Where 5 is the highest risk and 1 the lowest risk.
   
   - Negative information/publicity
   - Overshadowing
   - Overexposure
   - Overuse
   - Extinction
   - Financial risk

3. What does the company do to avoid these risks?
4. Has the company’s consideration of these risks changed after the Ludmila Engquist incident?
5. Has the company’s position/attitude towards celebrity endorsements changed after the Ludmila Engquist incident?

Has the respondent anything else to add?
Intervjuguide Celebrity Endorsements

Allmän företagsinformation

Vilken bransch?
Vilka produkter?
Hur ser organisationen ut?
Var ligger huvudkontoret?
Antal anställda?
Vem är ägare?
Omsättning?
Vinst/förlust?

Frågor angående respondenten?

Namn?
Titel/position?

Forskningsfråga 1: When do companies use Celebrity Endorsers in their advertising?

1. Vilka av företagets (Axa) produkter marknadsförs med hjälp av kändisar?
2. Anser företaget dess konsumenter vara lite eller mycket engagerade/involverade vid köp av dessa produkter?
3. Anser företaget dess produkter vara lite eller mycket differentierade i förhållande till konkurrenternas produkter (de produkter som marknadsförs med hjälp av kändisar)?
4. I vilka delar av företagets påverkan används kändisar?

Forskningsfråga 2: How do companies select the Celebrity Endorser?

1. Hur går företaget tillväga när de väljer vilken kändis som ska användas i företagets reklam?
2. Vilka kriterier/egenskaper hos kändisen anser företaget vara viktiga vid val av kändis?
3. Rangordna följande kriterier/egenskaper från 1 till 5, där 5 är viktigast och 1 minst viktigt vid val av kändis?

   Expertis
   Trovärdighet
   Omtyckt
   Likhet

4. Vilka kriterier/egenskaper ansåg företaget att Ludmila Engquist innehade när hon
Celebrity Endorsements Appendix II

valdes att representera företaget?
5. Vad var det som avgjorde att företaget använde sig av Ludmila Engquist och inte någon annan kändis?
6. Har företagets ”urvalsprocess” för val av kändisar ändrats efter det att Ludmila Engquist tillkännagav att hon dopat sig?

Forskningsfråga 3: How do companies handle the risks of using a Celebrity Endorser in their advertising?

1. Vilka risker ser företaget med att använda sig av kändisar i sin reklam?
2. Rangordna följande risker från 1 till 5, där 5 står för högst risk och 1 står för lägst risk?

   Negativ information/publicitet
   Överskuggning
   Överexponering
   Överanvändning
   Sjunkande popularity
   Finansiell risk

3. Gör företaget något för att förebygga de risker som existerar vid användandet av en kändis i dess reklam?
5. Har företagets helhetssyn på användandet av kändisar i dess reklam ändrats efter Ludmila Engquists ”dopinghistoria”?

Övriga tillägg från respondenten.