Celebrity Endorsement

Case Study of J. Lindeberg

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Acknowledgements

It feels great to finally have finished our Bachelor’s thesis. From a retrospective angle it has been interesting and we have gained much knowledge writing about celebrity endorsement.

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Abstract

Today companies choose to utilize celebrities as endorsers, in their marketing campaigns. This strategy has grown more popular than ever. The celebrities used are mostly movie stars and athletes. The purpose of this thesis is to gain a deeper understanding of a company’s choice of celebrity endorsement as part of its promotion strategy. In order to achieve the purpose, we stated three research questions; why companies choose celebrity endorsement as a promotion strategy, how companies select their celebrities, and how companies address the investment return on celebrity endorsement.

To properly achieve the purpose and answer the research questions, telephone interviews were conducted. We chose to conduct a case study on the Swedish company J. Lindeberg to obtain thorough information within the area. The gathered data from this case is discussed, analyzed and then used to draw conclusions.

The overall conclusions from this thesis are that J. Lindeberg uses celebrity as endorsers because it brings the brand more media exposure than other forms of endorsers. The company’s selection of celebrities is more based on feelings and intuitions then systematic models or methods. Finally, we concluded that the company does not use any specific calculations to address the investment return of the celebrity.
Sammanfattning


För att uppnå syftet tillfullo och besvara forskningsfrågorna utförde vi en telefonintervju. Vi valde att utföra en fallstudie på de svenska företaget J. Lindeberg för att samla in detaljerad information inom ämnet. Den fakta vi fick från fallstudien är diskuterad, analyserad och sedan använd för att dra slutsatser från.

Sammanfattningsvis, de slutsatser vi kunde dra från denna undersökning är att J. Lindeberg använder sig av celebrity endorsement för att de drar till sig mer medial uppmärksamhet jämfört med andra former av reklam pelare. Företagets val av kändis är mestadels basad på känslor och intuition istället för att använda sig av systematiska modeller och teorier. Den slutliga konklusionen är att företaget inte använder sig av någon specifik uträkningsmetod för att beskriva den ekonomiska avkastningen som känsliden ger företaget.
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INTRODUCTION

1 Introduction

This introductory chapter will provide the reader with an insight into the research area. We will begin by briefly discussing the background and relevant concepts of celebrity endorsements. This will lead to the problem discussion and later to the overall purpose of the thesis and finally to the research questions we shall address.

1.1 Background

Advertising started playing an active role when it came to the development of the society in the economy in the early 1930s. Celebrities acted as spokespersons, in order to advertise and promote products, services and ideas. Those celebrities came from the art scene, modeling, sports and the movie industry (Kambitsis, Harahousou, Theodorakis & Chatzibeis, 2002). The first advertisers used celebrities as pioneers in order to dictate trends. When the British actress Lillie Langtry appeared on a package of Pears Soap in 1893, she became the world’s first celebrity endorser (ibid).

Tellis (1998) points out endorsers can be divided into three broad groups; experts, lay endorsers, and celebrities. An expert is a person who is considered as having a specific knowledge in the particular area that is to be promoted. Typical experts are chosen because of their knowledge, which they have gathered through studies, training or experience (Ibid). An example is when a toothpaste company uses a dentist in a commercial to underline the credibility of the product.

According to Tellis (1998), lay endorsers can be real or fictitious and are (initially) unknown individuals or characters. These individuals and characters are selected to be similar to the target segment, which makes it possible for 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. Shimp (2003) brings up another form of endorsement (typical-person endorser) that is fairly equal to Tellis’ lay-endorser. Shimp (2003) says that the typical person endorser is less expensive than using celebrities in the marketing. Typical-person endorsers can avoid the potential backlash from using “beautiful people” who may not be appreciated for having a typical physical attractiveness or other individual characteristics. Shimp (2003) carries on by saying that many advertisements that portray typical-person users often include multiple persons rather than a single individual. The act of portraying more than one person seems to increase the likelihood that an advertisement will generate higher levels of message involvement and correspondingly, greater message elaboration. This increases the odds that strong message arguments will favorably influence attitudes (ibid).

Celebrity endorsement has been defined as: “any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement” (McCracken, 1989, p.311). Today, TV stars, movie actors, famous athletes and even dead personalities are widely used to endorse products (Shimp, 2003). By definition, a celebrity is a well-known personality (actor, entertainer, or athlete) who is known to the public for his or her accomplishments in the areas other than the product class endorsed (Shimp, 2003). According to Kambitsis et al (2002) today’s use of celebrities in advertising strategies are becoming more and more sophisticated and complicated. From 1979 to 1997 the popularity of using celebrities in advertising in the USA increased from 15 to 25 percent and nowadays more than 20 percent of all TV commercials feature celebrities (Belch & Belch, 2001). The magazine, Forbes (2004) lists the top 100 celebrities by measuring how much they
earn, web hits, press clips and TV/radio appearances. In 2003, the number one celebrity was the actress Jennifer Aniston, followed by Eminem and Dr Dre, both in second place, and in third place, golfer, Tiger Woods (Forbes 2004). Today all of these celebrities have exclusive endorsement contracts, e.g. Tiger Woods $105 million contract with Nike (Forbes 2004).

According to Martin (1996), companies spend millions of dollars each year for the endorsement of their products by athletes. Even smaller companies with limited budgets are beginning to use sports and athletes to promote their products. In return for the large expenditures in endorsements, athlete endorsers are expected to accomplish a number of objectives. These include: capture the attention of consumers, strengthen recall of the brand name, reinforce the image of the product, give the message credibility, increase product attractiveness, increase liking and recall of the advertisement and increase the likelihood of purchase (ibid).

Today both theory and practice prove that the use of super stars in advertising generates a lot of publicity and attention from the public (Ohanian, 1991). A recent example is Nike, which in 2004, plans to spend 192 million dollars on their upcoming celebrity endorsement campaign (Thomaselli, 2004).

Jagdish and Wagner (1995) state that celebrities make advertisements believable and enhance message recall. Furthermore, celebrities aid in the recognition of brand names, create positive attitudes towards the brand and create a distinct personality for the endorsed brand. Thus, the use of celebrity endorsements is an advertising strategy that should enhance the marginal value of advertisement expenditures and create brand equity by means of the “secondary association” of a celebrity with a brand (ibid).

Till (1998) states companies can use celebrity endorsers either sporadically or opportunistically, at the whim of the client or the agency. Payback on the investments in the celebrity endorsement comes from using the celebrity regularly over time. The repetition strengthens the associative link for those consumers already aware of the celebrity endorsement. It also increases the pool of consumers who begin to become aware of the link between the brand and the celebrity. Marketers unwilling to commit to consistently using the chosen celebrity, weaken the benefit expected to be derived from the endorser, and may wish to rethink the appropriateness of using a celebrity (Till, 1998). An example is Nike’s consistent use of Michael Jordan. This symbiosis has encouraged customers to think about Nike when thinking of Jordan and vice versa. This has ensured that Nike and Jordan have become part of each other’s association set (ibid).

Regarding the above discussion, it can be expensive to use a celebrity when advertising a company’s product, but on the other hand, it can be very effective. According to Jagdish and Wagner’s (1995) research, the average impact of these announcements on stock returns is positive and suggests that celebrity endorsement contracts are generally viewed as a worthwhile investment in advertising. However, companies should not neglect the potential risk of this kind of marketing campaign.
INTRODUCTION

1.2 Problem Discussion

Byrne & Breen (2003) claim studies have shown the use of celebrity endorsers can generate a more positive response as well as, better purchasing intention, than non-celebrity endorsers. McCracken (1989) says when it comes to transferring meanings to brands celebrity endorsers are effective.

Byrne et al (2003, p.289) state “celebrities can build, refresh and add new dimensions. What celebrities stand for enhances brands and they save valuable time in terms of creating the credibility a company has to create in order to build its brands by transferring their values to the brand. When consumers see a credible celebrity endorsing a product they think the company must be OK”.

According to Byrne et al (2003), the problem companies face is choosing the right type of celebrity. The advertisers within a company need to be able to match the company’s image or/and product, with the personality of the celebrity and the characteristics of the target market to establish effective messages. McCracken (1989) raises the match-up hypothesis: endorsers are more effective when there is a “fit” between the endorser and the endorsed product. Martin (1996) states that in order to get the best effect the degree of similarity between the image of the product and the image of the celebrity should be considered. The more similar the celebrity and the product, the more positive the consumers’ response will be to the endorsement (ibid).

Tellis (1998) states that companies should try to create a long-term relationship with the celebrity. Companies want to create a clear and consistent brand strategy over time, but problems can occur when establishing long-term relationships. Byrne et al (2003) point out if there is no congruency, the audience will remember the celebrity and not the product. This is called the “vampire effect”, which means the celebrity sucks the “life-blood” out of the product (ibid).

Klebba and Unger (1982) state despite the many advantages of using celebrities, there are also many potential risks, when creating a marketing campaign. It has also been discovered that when negative information is spread about a celebrity, it influences not only the consumer’s view of the celebrity, but also the endorsed product (ibid). According to Erdogan (2001), many contracts between companies and celebrities include clauses on how to handle unforeseen situations like celebrity misbehavior or even death. Still, this kind of security may not insure the company from losing out on their image and investment (ibid). Agrawal and Kamakura (1995) state that in recent years the interest in the economic value of strategic marketing decisions is growing in marketing literature. According to Farrell, Karels, Monfort & McClatchey (2000) many previous studies on celebrity endorsements have focused on theories explaining how celebrity endorsements influence consumer behavior, but few have investigated the link between the evaluation criteria and the firm valuation or stock price (ibid).

According to Shimp (2003), two general attributes are important when determining the effectiveness of the endorsers as well as to communicate effectively; credibility and attractiveness. Sub-attributes to credibility are trustworthiness and expertise. The first general attribute, credibility, refers to a celebrity’s believability and dependability. Expertise refers to the specific skills, knowledge or abilities that the endorser has about the brand (ibid).
The second general attribute, attractiveness, consists of three sub components (Shimp, 2003). The first one is physical attractiveness. A good example of this is the tennis player, Anna Kournikova, who has never won a tournament on the pro tour (ibid). Swiss watchmaker Omega’s marketing director chose Kournikova, because she is “really everything in one package”. Shimp’s second sub attribute is respect, or admiration of one’s accomplishments. Celebrities can be respected for their athletic powers, appealing personality and acting ability etc. The last sub-attribute is similarity, which concerns how the endorser matches the audience in terms of age, gender, ethnicity, etc (ibid).

As stated earlier these general attributes and sub-attributes are important when determining how effective an endorser can be. Shimp (2003, p.293) declares that the current discussion about the attributes are “directed at identifying how brand managers and their agencies actually go about selecting celebrities, as to avoid the grief from making an unwise decision”.

1.3 Purpose and Research Questions

Many of the previous studies on celebrity endorsement have focused on how celebrity endorsements influence consumer behavior. What has received less attention in empirical research on celebrity endorsement is the corporate perspective, specifically in relation to the choice of celebrities, the manner in which they use celebrities and how they address the future return on investments in celebrities. The lack of research in this area motivates the present study. The purpose of the study is stated as follows:

To gain a deeper understanding of a company’s choice of celebrity endorsement as part of its promotion strategy.

To study the purpose the following research questions were formulated:

1. Why do companies choose celebrity endorsement as a promotion strategy?
2. How do companies select their celebrities?
3. How do companies address the investment return on celebrity endorsement?

1.4 Demarcations

The topic selected for research falls into a very broad area. Limits of both resources and time have led us to focus the research to a few specific questions. Therefore, the reader will not be provided with a complete picture. Consequently the study is limited to one company in Sweden.

Furthermore, there are several points of view, which could be adapted in the research of celebrity endorsement. There is the customer, who is affected by the celebrity endorsement strategy, and there is the company’s point of view. The study is taken from the company’s perspective and how they make decisions when it comes to their marketing campaigns. Neither the company’s risk of having a celebrity endorser or how and when celebrities are used in the marketing campaigns will be looked into.
1.5 Outline of this thesis

This thesis is divided into six chapters starting with the introduction in the first chapter. The second chapter provides the reader with a literature review on previous research within the area of celebrity endorsement and closes with the conceptualization and the emergence of a frame of reference. Chapter three describes and motivates the research methodology used in this thesis. In chapter four, the data collected for this thesis is presented. In chapter five, the empirical data is analyzed, and in chapter six discusses conclusions based on the findings from the analysis as well as presents possible implications.

![Diagram](image-url)

**Figure 1.1** Outline of the thesis

SOURCE: Authors’ Construction
2 Literature Review

In the previous chapter we discussed the topic celebrity endorsement in general and the overall research problem. This chapter enables us to narrow down our study to a specific area of research. Before rushing into this area, we will present the theories behind this study to help us better understand the situation. The theories used in this chapter will be: The TEARS model, the meaning transfer model, stereotyping of endorsers, Erdogan's strategy of the pros and cons of celebrity endorsement, the no TEARS approach and the event study methodology.

2.1 Celebrity Endorsement as a Promotional Strategy

In this section we will demonstrate the theories and models related to the problem discussion that will add value to our thesis. This is the foundation our thesis is built upon.

2.1.1 Pros and Cons of Celebrity Endorsement Strategy

Erdogan (1999) states that academic findings and company reports safely argue that celebrity endorsers are more effective than non-celebrity endorsers when it comes to generating all desirable outcomes (attitude towards advertising and endorsed brand, intentions to purchase and actual sales) when companies utilize celebrities whose public personality match with the products and the target audiences and who have not endorsed previous (ibid).

Even if there are significant potential benefits with using celebrity endorsers, one should know that there are also costs and risks. Further Erdogan (1999) views a table with potential advantages contra hazards on why it might be beneficial to use celebrity endorsement. He also presents some preventive tactics shown in table 2.1 below.

<table>
<thead>
<tr>
<th>Potential Advantages</th>
<th>Potential Hazards</th>
<th>Preventive tactics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased attention</td>
<td>Overshadow the brand</td>
<td>Pre-testing and careful planning</td>
</tr>
<tr>
<td>Image polishing</td>
<td>Public controversy</td>
<td>Buying insurance and putting provision clauses in contracts</td>
</tr>
<tr>
<td>Brand introduction</td>
<td>Image change and overexposure</td>
<td>Explaining what is their role and putting clause to restrict endorsement for the brand</td>
</tr>
<tr>
<td>Brand repositioning</td>
<td>Image change and loss of public recognition</td>
<td>Examining what life-cycle stage the celebrity is in and how long this stage is likely to continue</td>
</tr>
<tr>
<td>Underpin global campaigns</td>
<td>Expensive</td>
<td>Selecting celebrities who are appropriate for global target audience, not because they are “hot” in all market audiences</td>
</tr>
</tbody>
</table>

SOURCE: Erdogan 1999, p. 295

Erdogan (1999) states that the increasing competition and new product increase on the market have made companies and marketers to use attention-creating media stars to assist product
marketing. With recent technology such as remote control television, video control systems, internet, and satellite television the power over programmed advertisements has increased and made advertising more challenging (ibid). These threats with increased products, competition and technology development can be eased with the use of celebrity endorsement. Celebrities can help, create and maintain consumer attention to advertisements. Further Erdogan (1999) claims that celebrities help advertisements to stand out from surrounding clutter. Celebrities also improve communicative ability by cutting through excessive noise in the communication process. Some of the most difficult problems with global marketing are to enter foreign countries due to cultural “roadblocks”, such as time, space, language, relationships, power risk, masculinity, femininity (ibid). Celebrities are, according to Erdogan (1999) a powerful device when you want to enter foreign markets but there are also potential hazards with using celebrities in your marketing campaign. The benefits can be turned into problems if a celebrity suddenly changes his or hers image, drop in popularity, get into a situation of moral turpitude or loose credibility due to over endorsing (ibid).

### 2.1.2 Meaning transfer model

McCracken (1989) brings up the Meaning transfer model, which is a rich and comprehensive description over 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.

![Figure 2.1 The Meaning Transfer Model](source: McCracken, 1989, p. 315)

**Stage 1: Culture**

McCracken (1989) declares that celebrities are different from anonymous models (or anonymous actors) that companies normally use to bring value to the advertisement. Celebrities deliver meaning of extra subtlety, depth, and power. It is common knowledge that advertisement can carry out meaning transfer without assist of celebrities. Anonymous actors and models are charged with meaning, and obviously, they are available at a fraction of the cost. The question is then, why should companies use celebrities in their marketing campaigns. How does the celebrity add-value to the meaning transfer model? What special
features does the celebrity bring to the advertisement, to the product and how does it influence the consumer?

Anonymous actors and models offer demographic information, such as distinctions of gender, age, and status, but these useful meanings are relative vague and indistinct. Celebrities offer all these meanings with special precision. Celebrities provide a variety of characteristics and a special life-style that anonymous models cannot offer. Finally, celebrities give configurations of meaning that anonymous models never can have power over. Each celebrity has a special configuration of meanings that companies cannot find anywhere else.

It is proven that celebrities are more powerful endorsers compared to anonymous models and actors. Even when they bring meanings that cannot be found elsewhere, they do it more powerfully. Celebrities bring to mind the meanings in their character with greater vividness and precision. Models and actors are, after all, simply “borrowing” or acting out the meanings they deliver to the commercial. The celebrity, on the other hand, address with meanings of a long acquaintance. Celebrities “possess” their meanings because they have created them on the public stage by impression of intense and frequent performance.

Celebrities use these powerful meanings from the persona they assume in the television, movie, military, athletes, and other careers. Indeed, these careers work very much as large advertisements. Each new dramatic role brings the celebrity into contact with a range of objects, persona, and context. These objects, persona, and contexts generate meanings that then reside in the celebrity. When the celebrities deliver these meanings into an advertisement, they are, in a sense, basically passing along meaning with which they have been charged by another meaning transfer process.

Stage 2: Endorsement

McCracken (1989) claims that the selection of specific celebrities is based on the meanings they characterize and on a sophisticated marketing plan. The first step for the advertising agencies is to find out which symbolic property is sought by the consumer. After that start looking on celebrities and what meaning they make available, and also consider budget and the availability constraints, then select the celebrity who best fit the purpose.

Furthermore McCracken (1989) says that when the celebrity is selected, the advertising campaign must then identify and bring these meanings to the product. It must comprehend all the meanings it wishes to achieve from the celebrity and leave no relevant meanings unused. Each celebrity will encompass in their range of cultural significance some are not appropriate for the product. Therefore care must be taken that these unwanted meanings are kept out of the evoked set. To achieve this, the advertisement will be filled with people, objects, context, and copy that have the same meaning as the celebrity.

McCracken (1989) continues with saying that the advertisement will sometimes act on the meanings on the celebrity, and may even modestly help them change. Celebrities have been known to develop this effect by selecting their endorsement to tune their image.

According to McCracken (1989) the advertisement must be designed in the way that the celebrity and the product work in perfect symbiosis so the customer will be attracted to take the final step in the meaning transfer process. In theory, copy testing is used to measure if this advertisement succeeds in this regard. When assurance is forthcoming, the second stage is completed and the advertisement is put before the consumer. The consumer suddenly sees the
connection between the product and the celebrity and is prepared to accept that the meanings are in the product.

**Stage 3: Consumption**
Consumers are constantly searching for objects that give them useful meanings. This world provides them access to workable ideas of gender, age, personality, class, and life-style 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.

McCracken (1989) declares that the final step of the transfer process is the most complicated and even difficult. It is not enough for the consumer merely to own an object to take possession of its meaning, or to incorporate these meanings into the self. There is neither automatic transfer of meaning nor any automatic transformation of the self. The consumer must claim the meaning and then work with them. Rituals play an important role in this process. Consumer 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 examination.

The part that celebrities play in the final step in the meaning transfer is the self that they have created. They have done so in public, in the first step of the meaning transfer process, out of bits and pieces of each role in their careers. The whole world has noticed them take form. Consumers have watched them select and combined the meanings contained in objects, people, and events around them. This is how consumers look upon celebrities and thereby we know that celebrities built self well.

The constructed self makes the celebrity to a kind of exemplary, inspirational figure to the consumer. Consumers are themselves constantly moving properties out of the consumer goods into their lives to construct aspects of self and world. Consumers in general admire those individuals who accomplish this task and accomplish it well. The fact that they are celebrities is the proof that the process works. Celebrities have done in stage one what the consumer now laboring to do in stage three of the meaning transfer model. Consumers are all trying to perform there own stage one, construction of the self out of the meaning provided by previous parts and the meanings accessible to them there.

According to McCracken (1989) the connection between celebrity and consumer in stage one and three is more then just a formal parallel. The consumer does not admire the celebrity just because the celebrity has done what the consumer wants to do, but also the fact that the celebrity provides certain meanings to the consumer. Celebrities create a self out of the elements at their disposal in dramatic parts and bring light to the fashion cultural meaning. When the celebrities enter the endorsement process, they make these meanings available in material form to the consumer. Consumer uses these meanings and build there self form them. The celebrity provides an example of self-creation and the material with which this difficult act is undertaken.

McCracken (1989) declares that there is a second way in which the celebrity plays the role to be a “super consumer”. This is reality for example when the film character of the celebrity consists not merely in the presentation of an interesting film character but also in a creation of a self that is new and innovative. Most movie stars provide the screen a self: Cut whole cloth, from the standard personality inventory. If this succeeds the celebrity becomes very powerful, he or she becomes an inventor of a new self that consumer can use.
The celebrity world is, to this extent, an area of trialing in which actors sometimes do more than simply play out cultural categories and principals. This trial makes the celebrity an especially potent source of meaning for the marketing system and a guide to the self-creation. Celebrities serve the final stage of meaning transfer because they are a “superior customer” of a kind. The celebrities are perfect figures because they are seen to have created the clear, coherent, and powerful selves that everyone seeks. They provide good assistance to the meaning transfer process because they illustrate so vividly the process by which these meanings can be accumulated and some of the novel shapes into which they can be accumulated.

Certain groups in the society use the meanings fashioned by celebrities more than others. Anyone undergoing any sort or 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 meet a new culture. Modern western selves are deliberately left blank so that the individuals may apply the right choice. Also important is the mixture of institutions that once provided with meaning and definition (e.g. the family, the church, and the community). When individualism and alienation are working together it has conspired to give individuals to define matter of gender, class, age, personality, and life-style. The freedom to choose is now also an obligation to decide and this makes us more eager consumers of the symbolic meanings accumulated in celebrities and the good they endorse.

McCracken (1989) argues that this, in a wide aspect, advocate 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. Therefore celebrities are, by this account, the key players in the meaning transfer process.

2.2 Celebrity Selection

This section deals with theories concerning how companies select the celebrity. We will present the theory of stereotyping of endorser, the TEARS model and the no TEARS approach.

2.2.1 Stereotyping of endorsers

Tellis (1998) argues that the issue of stereotyping is an important consideration in the selection and use of endorsers. Tellis (1998) defines stereotypes as perceptions and 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).

Furthermore Tellis (1998) says in advertising, stereotyping in casting involves the heavier selection of individuals for a task from one special 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).
Tellis (1998) continues and says that 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).

2.2.2 The TEARS model

Shimp (2003) writes that there are two general attributes, credibility and attractiveness that play an important role in facilitating communications effectively. These attributes are also important when it comes to determining how effective an endorser may be.

Shimp (2003) claims that the first general attribute credibility refers to the tendency to believe or trust someone. When an endorser is perceived as credible, the attitude of the audience seems to change through a psychological process called internalization. This process occurs when the receiver accepts the endorser’s position on an issue as his or her own. Two important sub attributes of the endorser credibility are Trustworthiness and Expertise. Trustworthiness, the T in the TEARS model refers to being seen as believable, dependable and someone who can be trusted. The celebrity earns the trust by his or hers accomplishments, on the movie screen, on the sports field, in public office etc. The trustworthiness of an endorser lays on the audience’s perception of the endorser’s motivation. If the consumers believe that the endorser is endorsing a product for self-interest, the persuasive effect of the endorser will be lower than if the audiences see the endorser as someone having nothing to gain by endorsing the brand.

The second sub attribute is expertise, the E component of the TEARS model. The expertise is about having specific skills, knowledge or abilities that can be related to the endorsed brand. Shimp (2003) claims that whether the endorser is an expert or not is unimportant. All that matters is how the target audience perceives the endorser. If the endorser is perceived as being an expert he or she is more likely to be able to change the opinion of the audience than if the endorser is not perceived as an expert by the audience.

Shimp (2003) continues with the second general attribute, which is attractiveness. This is not just physical attractiveness. The different characters that the audience can perceive in an endorser can be intellectual skills, personality properties, lifestyle characteristics and athletic skills. When the consumers find something in the endorser that they like, persuasion occurs through identification. Identification means that consumers are likely to adopt the endorser’s behaviors, attitudes, interests or preferences if they find the endorser attractive.

Attractiveness can be divided in to three sub attributes, physical attractiveness, respect and similarity. The A component in the TEARS model attractiveness is a key consideration in many endorsement relationships. A good example of a successful attractive endorser is tennis player Anna Kournikova who has never won a tournament on the pro tour. She earns (estimated) 10 Million dollars per year in just endorsement. Shimp (2003) claims that Kournikova was selected to endorse different brands due to hers physical attractiveness and not because her credibility or respect for her exceptional tennis abilities. Research supports the idea that attractive people are more likely to produce more favorable evaluations of advertised brands than less attractive endorsers.
Respect is the R in the TEARS model and represents the quality of being admired due to one’s personal qualities and accomplishment. Celebrities can be respected for their acting abilities, athletic skills, political arguments and personality. A respected celebrity who endorses a brand can improve a brand’s equity via the positive effect the consumers may get towards the brand.

The final sub attribute in attractiveness is the S, which is **similarity**. This refers to how the endorser matches with the audience in terms of age, gender, ethnicity, social class etc. Shimp (2003) says that this is an important attribute because audiences tend to better like individuals who are sharing the same characteristics. A celebrity endorser is more likely to be seen as trustworthy the more he or she matches with the audience’s gender, age, and ethnicity etc. The research done on ethnical minorities reveals that when a spokesperson matches the audience in ethnical terms, the spokespersons trustworthiness is enhanced. This adds more favorable attitudes towards the endorsed brand.

### 2.2.3 The No TEARS approach

In the no TEARS approach Shimp (2003) explains how the managers and advertisers actually select particular endorsers to align with their brand. Compared to the use of the TEARS model, which is basically a short form combining the first letter of five endorses attributes, the current lowercase usage is applied in the real sense of the word TEARS. In another way to say it, the “no TEARS” approach is a tool for mangers and their advertisers how to go about selecting celebrities so as to avoid the pitfalls from making an unwise decision.

The advertisers use a variety of factors when selecting celebrity endorsers. The following appear to be the most important: (1) celebrity and audience match up, (2) celebrity and brand match up, (3) celebrity credibility, (4) celebrity attractiveness, (5) cost consideration, (6) a working ease & difficulty factor, (7) an endorsement saturation factor, and (8) a likelihood-of-getting-into-trouble factor (ibid).

1. **Celebrity and audience match up.** Maybe the most primarily, the endorser must align well with the brand’s target market. The first question the advertisers must ask himself is: Will the target market positively relate to this endorser? Kobe Bryant and other NBA stars that endorse basketball shoes match up well with the predominately teenage audience.

2. **Celebrity and brand match up.** The advertising executives require that the celebrity’s behavior, values, and decorum are associated to the image desired for the advertised brand. For example, if a brand has a wholesome image or wants to project this particular attribute, then the celebrity endorser should personify wholesomeness.

3. **Celebrity credibility.** A celebrity’s credibility is basically the reason for choosing celebrity endorsement. People who are trustworthy and perceived as knowledgeable about the product category are best able to convince others to agree to a special course of action. In other words, credibility is a key determinant of endorser effectiveness.

4. **Celebrity attractiveness.** When choosing a celebrity as a spokesperson, advertisers have to evaluate different aspects that can be lumped together under the general label “attractiveness”. Attractiveness is multifaceted and does not include just physical attractiveness; it is also subordinate in importance to credibility and the endorser match up with the audience and the brand.
5. **Cost considerations.** Another important consideration for the advertising agency is how much it will cost to acquire a celebrity’s service. If everything is held constant the company will select a less expensive celebrity over a more costly alternative. On the other hand everything is not held constant. Before choosing an expensive celebrity the company has to perform a cost-benefit analysis to determine whether a more expensive celebrity can be justified in terms of proportions because it is difficult to project the revenue stream that will be obtained from using a special celebrity endorser. The task is to calculate the returns on investments from a given range of celebrity that correlate with the desired image and its target market.

6. **Working ease & difficulty factors.** There are celebrities that are relatively easy to work with and there are celebrities who are difficult to work with, stubborn, noncompliant, arrogant, temperamental, inaccessible, or otherwise unmanageable. Advertisement agencies would prefer to select a celebrity that is “hassle free” of dealing with people who are unwilling to flex their schedules, are hesitant to participate with a brand outside of celebrity-restricted bounds, or are otherwise difficult to work with.

7. **Saturation factor.** Another factor, maybe not so important, but it has to be mentioned and it is the number of other brand that the celebrity endorse. If a celebrity is overexposed, endorsing too many products, his or her perceived credibility may suffer. Tiger Woods, for example, may be somewhat overexposed.

8. **The trouble factor.** A final consideration for the company to have in mind is the evaluation of the likelihood that the celebrity will get into trouble when endorsing the brand. The risk that the celebrity may get into trouble is a matter or considerable concern to brand managers and ad agencies. What are the potential negative effects to the brand if the celebrity endorsing the brand gets convicted of a crime? There are no simple answers to this kind of questions, and researchers are just beginning to explore the issue in a sophisticated fashion.

### 2.3 Investment Returns on Celebrity Endorsement

Shimp (2003) says that before the company chooses an expensive celebrity as an endorser they have to perform a cost benefit analysis. By doing this they can determine whether a more expensive celebrity can be justified in terms of proportions, since it is difficult to project the revenue stream that will be obtained from using a special celebrity endorser. The task is to calculate the returns on investments from a given range of celebrity that correlate with the desired image and its target market (ibid).

Agrawal & Kamakura (1995) write that in recent years the interest in the economic value of strategic marketing decisions is growing in marketing literature. According to Farrell *et al* (2000) many previous studies on celebrity endorsements have focused on theories explaining how celebrity endorsements influence consumer behavior, but few have investigated the link between the evaluation criteria and the firm valuation or stock price. As we mentioned in chapter one celebrity endorsement can be very expensive for the companies. Agrawal & Kamakura (1995) state that the money spent on the celebrity could be million of dollars for a multi year contract, depending on the status of the celebrity. Agrawal & Kamakura (1995) continue by saying that the use of a celebrity endorser as a spokesperson in an advertising campaign can generate investment in intangible assets for the sponsoring company. This investment is something that the management hopes to bring, in the long run, future sales revenues and profits (ibid). A natural question for a company using celebrity endorsement is
therefore: “What are the economic returns from the investment in this form of advertising?” and how do companies estimate the economic return on celebrity endorsement (ibid)?

Agrawal & Kamakura (1995) claim that the measurement of the overall effect of advertising on sales is problematic and it may be impossible to assess the effectiveness of a celebrity endorsement on a company’s profitability. Since advertising will accrue over time, current profit may not reflect the true profitability of an advertising campaign (ibid). The difficulties with measuring the profitability of a celebrity endorser made Agrawal & Kamakura (1995, p.57) to use an alternative way to measure it. They did this by taking the “expected profit associated with a celebrity endorsement campaign as reflected in the abnormal returns of a firm” (ibid). And to measure abnormal return Agrawal & Kamakura (1995) used the event study methodology. The event study methodology is well accepted and has been used for many different varieties of disciplines, such as accounting, finance, law, organizational behavior, business strategy and more recent it has also been used in marketing (ibid).

Mathur & Mathur (1997) state that the event study methodology is often used to identify valuation effects based on the marketing decision a company makes. The basic principle of the event study methodology is that “…investors evaluate and use in their investment decisions all relevant new information that becomes available to them” (Mathur et al, 1995, p.70). Agrawal & Kamakura (1995) say that because there is a lot of money involved in a celebrity contract it becomes a major event with potential financial implications. These contracts are usually receiving wide coverage in different media (ibid). Therefore Agrawal & Kamakura (1995) claim that when companies release a celebrity endorser contract, investors will make independent judgments on the future profit impact of the contract, which later can be linked with the company’s stock returns. By doing this Agrawal & Kamakura (1995) can then measure the abnormal return of a company and also examine the market’s valuation of the net economic worth of the celebrity endorsement.

Agrawal & Kamakura (1995) research of 110 celebrity endorsements contracts showed that on average there was a positive outcome on stock return and that in general, the celebrity endorsement contracts are worth investing in.

Farrell et al (2000) also used event study methodology to see the value of some of the companies that Tiger Woods endorse. They did this by examine Tiger Woods tournament performance on the endorsing companies value subsequent to the contract signing (ibid). The outcome showed that they could not find any relationship between Wood’s tournament placement and the excess returns of Fortune Brands (ibid). This was also the case with the company American Express (ibid). Farrell et al (2000) believes that why they could not find any relationship between Woods and American Express was because they did not think that the market viewed a golfer credible. They did, however, find a positive match between Woods performance and Nike’s excess return (ibid). They believe this is because of the additional publicity that Nike receives when Woods has the chance to win a tournament (ibid).

Mathur et al (1997) research came up with evidence that a major celebrity endorser has the potential to influence the profitability of the product he or she endorses, in this case the celebrity was Michael Jordan. All these event studies have shown that using celebrity endorsement in advertising can generate profit to a company.


2.4 Conceptualization and Emerged Frame of References

In this section we will use our theories discussed in earlier sections to develop a conceptual framework for our data collection. Miles and Huberman (1994) write that the meaning of conceptualization is to explain, by using graphics or text, the main things that later on will be studied.

2.4.1 Conceptualization

The meaning transfer model is a very useful model but we are not going to apply the whole model since it is not appropriate for our study but part of the model will be used for research question one and two.

Companies’ choice of celebrity endorsement as a promotion strategy

In the first research question we will look at why companies choose celebrity endorsement as a promotional strategy. We will use the first stage in the meaning transfer model to compare theory with practice to see what attributes companies are looking for in their celebrity. We will also include Erdogan’s (1999) pros and cons with celebrity endorsement strategy to see why it might be appropriate to use a celebrity and what the pros and cons with it might be. We will not use the “preventive tactics” column in the model since it is not appropriate for our study.

- Pros and cons of celebrity endorsement
- The meaning transfer model stage 1

How companies select their celebrity endorsement

The second research question concerns how companies select their celebrities. We include the TEARS model, the no TEARS approach and the second stage in the meaning transfer model. The TEARS model is used to see what attributes are important for the company when selecting the endorser. The no TEARS approach helps us to investigate how the companies actually select particular endorsers to align with their brand. This model is in somewhat similar to the TEARS model but the no TEARS approach is more how the companies actually go about and select their celebrities. Note that we will use stage five (cost consideration) to the third research question and not to research question two. This is because the cost consideration is more suitable to use to research question three.

By using the second stage in the meaning transfer model we can compare McCracken’s (1989) three-stage model of how to select a celebrity with how the company actually do. Based on the discussion above the theories included for research question two are:

- The TEARS model
- The “No TEARS” approach
- The meaning transfer model stage 2

Investment returns on celebrity endorsement

In our third and final research question we will look at how companies address the investment return on their celebrity endorser. As we mentioned earlier Shimp (2003) claims that before choosing an expensive celebrity the company has to perform a cost-benefit analysis. In order to determine whether a more expensive celebrity can be justified in terms of proportions and that the task is to calculate the returns on investments from a given range of celebrity that correlate with the desired image and its target market (ibid). This is brought up in the no TEARS approach, stage 5 (cost considerations).
The cost benefit model and the event study methodology are similar in some aspects but the scientific researches that have been done do not mention the cost-benefit analysis. Instead the method researchers’ use is the event study methodology when they want to address the investment return on the celebrity. This method requires a lot of planning, time and information to conduct. Due to our time schedule we will not carry out this method in our research. This is a quite new area to investigate and there is not so much literature or scientific journals that bring up the theories to deal with the problem, but we still think it is an important and interesting area to investigate. With the event study methodology and the fifth stage in the no TEARS approach in mind we will interview the company J. Lindeberg to hopefully get information of how they measure the value of their celebrity endorser. Are they using the event study methodology or are companies using other methods? Then we will try to compare J. Lindeberg’s answers with the previous studies. By doing this we hope to gain more information about how they measure the economic impact from the celebrity endorser and also if they are using the event study methodology or if they have some new methods of measuring the economic return on celebrity endorsement.
2.4.2 Emerged frame of references

The conceptualized theories in the previous section provide us with the foundation when achieving the research purpose and answering research questions of this thesis. Figure 2.2 demonstrates the areas included in this thesis and how they are related to each other.

When a company has decided to use a celebrity they then have to choose an adequate celebrity that is correlated to the company’s brand. The “no TEARS” approach is a method that helps us to go in dept even more when it comes to selecting the right celebrity. This leads
us finally down to our last research question; the event study methodology is a way for us to investigate how the companies address the investment return when using celebrity endorsement. When looking at the gray arrow one can see that this leads us back to if the right celebrity has been selected.
3 Research Methodology

In the previous chapter we brought up literature connected to our research questions. In this chapter we discuss and validate the research methodology choices made for our study. The research methodology choices reported in this study gave us guidelines for how we should gather required information for our research and how to practice it. This increase the possibility to receive appropriate answers on our research questions and makes valuable conclusions. The purpose of research is the first topic that we will discuss followed by the research approach and then research strategy. This is followed by the data collections method, sample selection, data analysis, and finally the quality criteria for our research.

3.1 Purpose of Research

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. Wiedersheim-Paul and Eriksson (1999) declare that there are three classifications of research available when dealing with a research problem: exploratory, descriptive, or explanatory.

3.1.1 Exploratory research

The exploratory research is designed to allow an investigator to basically “look around” with respect to some phenomenon, with the aim to develop suggestive ideas (Reynolds, 1971). Patel and Tebelius (1987) say that the idea is to gather as much information as possible concerning a specific problem. Exploratory research is often used when a problem is vaguely known, or the available knowledge is not definite. The method that is best suited for information gathering when performing an exploratory research is interviews (ibid).

3.1.2 Descriptive research

According to Patel and Tebelius (1987) the task is to provide a description of various phenomenon connected to individuals, situations or events that occur. The purpose might be to create empirical generalizations. Such generalizations are worth explaining once they begin to appear, which leads to theory development (Reynolds, 1971). Furthermore, descriptive research is often used when a problem is well prearranged and there is no intention to investigate cause-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).

3.1.3 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 (2003) a study is explanatory when the focus is on cause-effect relationships, explaining what causes produced what effects. Aaker and 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 explanatory case study and it is suitable when a problem is difficult to demarcate (ibid). 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 are important (Wiedersheim-Paul & Eriksson, 1999).

As stated in the first chapter the purpose of our thesis is: to gain a deeper understanding of a company’s choice of celebrity endorsement as part of its promotion strategy. The three
research questions are: Why do companies choose celebrity endorsement as a promotion strategy? How do companies select their celebrities? And how do companies address the investment return on celebrity endorsement? Since the research questions of our thesis lean at the need to explain the broad nature of a specific problem area, we used exploratory research and descriptive research to better be able to answer our research questions.

3.2 Research Approach
Denscombe (1998) writes that the terms qualitative and quantitative research are widely used terms in the field of social science. According to Eriksson and Wiedersheim-Paul (1997), research may be categorized into two distinct types: qualitative and quantitative research. Denscombe (1998) says that the distinction between quantitative and qualitative relates to the treatment of the data, rather than the research methods as such. Denscombe (1998, p. 174) continues and says “the most elementary distinction between the two approaches lies in the use of words of numbers as the basic unit for analysis”.

3.2.1 Quantitative research
Denscombe (1998) says that the whole point with quantitative research is to produce numerical data, which is objective in the sense that they exist independent of the researcher and that they are not a result of too much involvement from the researcher. Denscombe (1998) also says that the quantitative research approach seeks to produce numerical data and to transform it from observations, reports and recordings into quantifiable numbers. Quantitative research is associated with analysis because the numbers are well suited for making comparisons and correlations to get the results. When it comes to statistics it tends to be easier to control if you have large numbers. Therefore quantitative research is favored with large-scale research containing large numbers and quantities. The quantitative research seeks to focus on a couple of specific factors and then relate and study them with other specific factors (ibid).

3.2.2 Qualitative research
Huberman & Miles (1994) state that qualitative research is conducted through an intense contact with a “field” or life situation and that “these situations are typical “banal” or normal ones, reflective of the everyday life of individuals, groups, societies and organizations” (ibid, p.6). Denscombe (1998) claims that qualitative research tends to catch words as the central way of the analysis. Denscombe (1998) continues with saying that qualitative research tends to distinguish things “in context” and describe how things are linked together, so qualitative research is associated with the involvement of the researcher. Qualitative research is more known for conducting smaller and more in depth studies, which is only possible if you have a limited numbers of units to examine (ibid). Yin (2003) claims that qualitative methods are often related to case study analysis, where the aim is to receive detailed information so the researcher later can obtain a deeper understanding of the problem in matter.

We have chosen to use a qualitative approach to be able to deal with our research problem and research questions stated for this thesis. This is because we needed to collect in depth information to be able to answer our research question, which were something we cannot do if we use a quantitative approach.

3.3 Research Strategy
There are different research strategies to choose between when writing a thesis. The choice of strategy should be built on the question you would like to answer; hence there are different strategies to use depending on your question. Yin (2003) brings up five different situations
where research strategies could be used. These situations are experiment, survey, archival analysis, history and case study. As with everything, each of these different strategies has its advantages and disadvantages and the researcher’s choice depends on the unique situation he or she is confronting (ibid).

Yin (2003) further identifies three different conditions distinguishing the strategies. These are: the form of research question, the extent of control an investigator has over actual behavioral events and the degree of focus on contemporary as opposed to historical events. The table below demonstrates the different research strategies in relation to these three conditions.

### Table 3.1 Relevant 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>Focuses 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, how many, how much</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival analysis</td>
<td>Who, what, where, how many, how much</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>

SOURCE: Yin, 2003, p. 5

#### 3.3.1 The case study

According to Yin (2003) the case study is suggested when you are supposed to answer questions like “how” and “why”. Moreover, it is the right kind of strategy to use when the researcher has a hard time to control the events and when the focus is on a contemporary phenomenon within some real-life circumstance. The strength of the case study is that you are able to deal with many different kinds of evidence, that is, interviews, observations, and documents (ibid).

In order to be able to find the questions relevant to the problems, one method is to study books about the area in which one are interested. If one has studied this area well, one will then be able conduct a case study to gather more information about that topic that has not yet been fully investigated (Yin, 2003). Therefore, we believed that case study methodology would be the most appropriate alternative since we had to rely on both secondary and primary data collection. As mentioned above, a case study is often based on different kind of sources, something that suited us very well since we had to study the subject before we knew more specifically what our research problem would be. Therefore it felt natural for us to use a case study. We also thought it was accurate to adopt because of the many application areas and flexibility of a case study.
According to Wiedersheim-Paul and Eriksson (1999) a researcher can choose to do multiple case studies or to conduct research on a single case. The single case study is appropriate when the single case represent (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 analyze a phenomenon previously inaccessible to scientific investigation (ibid). Wiedersheim-Paul and Eriksson (1999) declare that when conducting multiple case studies there are possibilities of comparisons between the cases. Still, we conducted a single case study due to time limits and also because our research depends on a single and unique event. Therefore, we did not compare the case against another case.
3.4 Data Collection Method

According to Yin (2003) there are six sources of evidence that are the most commonly used when conducting case studies: documentation, archival records, interviews, direct observations, participant-observation and physical artifacts.

Table 3.2 Six Source of Evidence: Strengths and Weaknesses

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation</td>
<td>• <em>Stable:</em> can be reviewed repeatedly • <em>Unobtrusive:</em> not created as a result of the case study</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• <em>Exact:</em> contains exact names, references and details of an event</td>
<td>• <em>Retrievability:</em> – can be low</td>
</tr>
<tr>
<td></td>
<td>• <em>Broad coverage:</em> long span of time, many events and many settings</td>
<td>• <em>Biased selectivity:</em> – if collection is incomplete</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• <em>Reporting bias:</em> – reflects (unknown) bias of author</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• <em>Access:</em> – may be deliberately blocked</td>
</tr>
<tr>
<td>Archival</td>
<td>• (Same as above for documentations)</td>
<td>• (Same as above for documentations)</td>
</tr>
<tr>
<td>Records</td>
<td>• Precise and quantitative</td>
<td>• Accessibility due to privacy reasons</td>
</tr>
<tr>
<td>Interviews</td>
<td>• <em>Targeted:</em> focuses directly on case study topic</td>
<td>• Bias due to poorly constructed questions</td>
</tr>
<tr>
<td></td>
<td>• <em>Insightful:</em> provides perceived casual inferences</td>
<td>• Response bias</td>
</tr>
<tr>
<td>Direct</td>
<td>• <em>Reality:</em> covers events in real time</td>
<td>• Inaccuracies due to poor recall</td>
</tr>
<tr>
<td>Observations</td>
<td>• <em>Contextual:</em> covers context of event</td>
<td>• Reflexivity: interviews gives what interviewer wants to hear</td>
</tr>
<tr>
<td>Participant-</td>
<td>• (Same as above for direct observations)</td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>• Insightful into interpersonal behavior and motives</td>
<td>• (Same as above for direct observation</td>
</tr>
<tr>
<td>Physical</td>
<td>• Insightful into cultural features</td>
<td>• Bias due to investigator’s manipulation of events</td>
</tr>
<tr>
<td>Artifacts</td>
<td>• Insightful into technical operations</td>
<td>• Selectivity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Availability</td>
</tr>
</tbody>
</table>

SOURCE: Yin, 2003 p. 86

Since our research was based on qualitative research and not quantitative we will not utilize archival records because we did not need to obtain computer files or other records. Direct - and participant observations was also excluded due to the fact that we were not going to make any field visits or take part in any observations. The last one we excluded was physical artifacts since we did not need any insight in cultural features or technical operations. We used instead documentation and interview to conduct the research.

Yin (2003, p. 97) states that “a major strength of case study data collection is the opportunity to use many different sources of evidence”. Further Yin (2003, p. 98) mentions that “...any
finding or conclusion in a case study is likely to be much more convincing and accurate if it is based on several different sources of information, following a corroboratory mode”. In this case study we followed Yin’s (2003) recommendations and used different sources of information.

According to Yin (2003) documentary information is likely to be relevant to every case study topic. Documents can be letters, memoranda, agendas, progress reports, newspaper clippings and other articles appearing in the mass media or in community newsletters. For case studies, documentation is best used to confirm and augment evidence from other sources. Yin (2003) lists three things that documentation can give a case study. First, documents are helpful when you want to verify the correct spelling of the names or the titles of the people within the company. Second, documents can provide the researcher with specific details to support information from other sources. Third you can use documentation to make inferences.

The documentation used in this thesis is company presentations in the form of the company’s own web site. We have also used other websites to get additional information about the celebrities linked to the company.

Yin (2003, p. 89) states that “one of the most important sources of case study information is the interview”. There are three different types of interviews:

- **Open-ended interview**
- **Focused interview**
- **Survey interview**

The most commonly used interview is according to Yin (2003) the open-ended interview. In an open-ended interview the researcher has the opportunity to ask the respondents for the facts of a matter as well as for the respondents’ opinions about events. A focused interview can be open ended but the respondent is interviewed for a shorter period of time. Also the interviewers are more likely to follow a certain set of questions from derived from the case study protocol. A survey interview involves more structured questions, similar to a formal survey. This kind of survey can be designed as part of a case study (ibid).

We chose to use a focused interview since it is based upon specific questions outlined by an interview guide. Further the interview can be considered as open ended due to the fact that the interview was performed in a conversational manner.

According to Eriksson and Wiedersheim-Paul (1997) there are two kinds of data, namely secondary and primary data. Secondary data is data that already has been gathered by other researchers with different purposes in mind, while primary data is data that a person gathers on his/her own with a specific purpose in mind. The focused interview represents the primary data we gathered and the documentation the secondary data.

### 3.5 Sample Selection

After determining what research strategy to conduct, it was of great significance to determine which company to include in our research. When selecting company for the empirical data collection of the research, we based our selection on following variables:

**Company:**
- **J. Lindeberg**
We found it interesting to study the company J. Lindeberg since it is an international company with a Swedish founder. The company is also using celebrity endorsers to market themselves and are well know of its’ brand. Finally it is a rather typical company in the clothing business, which makes it possible for us to generalize.

Individuals:
- Elena Ghatan, Responsible for the marketing and Public relations
- Sara Östberg, Responsible for the marketing and Public relations
- Pär Josefsson, Chief Accountant

We were referred to the individuals mentioned above when contacting the company and presented our research problem. They were the most knowledgeable and suitable persons within their company that could answer our questions. We also wanted to interview the owner of the company, Johan Lindeberg, which was not feasible since he was not available.

3.6 Data Analysis
According to Yin (2003) every case study should have a general analytic strategy. There are three general analytical strategies:

- Relying on theoretical propositions
- Thinking about rival explanations
- Developing a case description

Yin (2003) further says that without such strategies or alternative strategies, case study analysis will be difficult to carry on. The first strategy, relying on theoretical propositions is, according to Yin (2003) the most preferred strategy. This is when the results from previous studies are compared to the case study. Thinking about rival explanations tries to define and test rival explanations and can be related to the first strategy. The third and final strategy is developing a case description. Yin (2003) states that this strategy is less preferable than the other two, but it can be a useful alternative when there is lack of previous research.

In this thesis we chose to rely on theoretical propositions. This due to the fact that we sought to obtain our research questions from previous findings and studies. Furthermore we wanted to compare the data that we found with the findings of previous studies.

Miles and Huberman (1994, p.10) define analysis “as consisting of three concurrent flows of activity; data reduction, data display, and conclusion drawing/verification”. Data reduction is the process of analyzing that helps to sharpen, sort, focus, discard and organize the data that allows for conclusions to be drawn and verified. Data reduction should not be considered to be separate from analysis, but as part of it. The data can also be reduced and transformed through such means as selection, summary, paraphrasing, or being considered in a larger pattern (ibid).

Miles and Huberman (1994) continue with the second major analyze activity, which is data display. This stage includes taking the reduced data and displaying it in an organized, compressed way so conclusions can be easier to conduct. If there are too much extended text it can overload humans’ information processing-capabilities and make humans to simplify the patterns (ibid).
Conclusion drawing and verification is, according to Miles and Huberman (1994) the third and final stage of the data analysis. In this stage the researcher starts to decide the meaning of the data by looking for patterns, explanations, noting regularities, possible configurations, casual flows and propositions.

The analysis of our study has followed Miles and Hubermans (1994) three steps (stated above). The data reduction and the data display have been combined in the data analysis chapter and in our last chapter, chapter six the conclusion drawing and verification are being used.

3.7 Research Quality Criteria

Wiedersheim-Paul and Eriksson (1999) declare that when writing a report there are two important concepts to have in mind, 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 consist if the same techniques where used repeatedly. Moreover, the way the measuring is conducted and how the information is processed affects the reliability (ibid).

According to Yin (1994) there are four tests commonly used to establish the quality of any empirical research, construct validity, internal validity, external validity and reliability.

- **Construct validity**: Establish correct operational measures for the concepts being studied.

- **Internal validity**: Establishing a casual relationship, whereby certain conditions are shown to lead to other conditions.

- **External validity**: Establishing the domain to which a study’s findings can be generalized.

- **Reliability**: Demonstrating that the operations of a study – such as the data collection procedures can be repeated, with the same results.

The table below demonstrates the four widely used test and the suggested case study tactics as well as a cross-reference to the phase of research when the tactics is to be used.
Table 3. Case Study Tactics for Four Design Test

<table>
<thead>
<tr>
<th>Tests</th>
<th>Case study Tactic</th>
<th>Phase of research in which tactic occurs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construct Validity:</strong></td>
<td>- Use multiple sources of evidence</td>
<td>- Data Collection</td>
</tr>
<tr>
<td></td>
<td>- Establish chain of evidence</td>
<td>- Data Collection</td>
</tr>
<tr>
<td></td>
<td>- Have key information review draft</td>
<td>- Data Collection</td>
</tr>
<tr>
<td></td>
<td>Case study report</td>
<td></td>
</tr>
<tr>
<td><strong>Internal Validity:</strong></td>
<td>- Do pattern matching</td>
<td>- Data Collection</td>
</tr>
<tr>
<td></td>
<td>- Do explanations building</td>
<td>- Data Collection</td>
</tr>
<tr>
<td></td>
<td>- Do time series analysis</td>
<td>- Data Collection</td>
</tr>
<tr>
<td><strong>External Validity:</strong></td>
<td>- Use replication logic in Multiple case studies</td>
<td>- Research Design</td>
</tr>
<tr>
<td><strong>Reliability:</strong></td>
<td>- Use case study protocol</td>
<td>- Data Collection</td>
</tr>
<tr>
<td></td>
<td>- Develop case study database</td>
<td>- Data Collection</td>
</tr>
</tbody>
</table>

SOURCE: Yin, 2003, p. 34

Internal validity was not appropriate for our study due to the fact that it is for explanatory and causal use only. According to Yin (1994) external validity deals with the issue of knowing whether the findings form a case study can be generalized. 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. This leaves us to explain: construct validity and reliability.

3.7.1 Construct validity

According to Yin (2003) there are three suggested methods to use for improving the construct validity, multiple source of evidence, maintain a chain of evidence and to have key informants to review a draft case study report.

We have used multiple source of evidence when conducting data collection. The methods that we have exercised were: telephone interview, different web pages related to the subject, the home page of J. Lindeberg, scientific journals and textbooks.

As mentioned above Yin (2003) defines three different methods to enhance the construct validity of a case study. The first method is to use multiple sources of evidence. For our case study we conducted a telephone interview with two respondents who answered the same set of questions. The construct validity was further supported since the respondents possessed a genuine knowledge within the area of interest. The second method presented by Yin (2003) is to establish a chain of evidence. To maintain a clear structure of the thesis and establish a chain of evidence, we have used our interview guide as a foundation when writing our thesis, which in turn was taken from our research questions. The third method, which is to give the key-informants a draft of the case study report, was not possible to carry out, due to time limits for both the respondents and the researchers this might affect the construct validity.

3.7.2 Reliability

According to Yin (2003) to increase the reliability an often-used 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.

When conducting the research, we informed the respondent in advance about the main topic of the interview and we also E-mailed the interview guides to give the respondents the opportunity to prepare themselves, 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. During the interview we asked the respondents if there were something that needed to be explained, so no misunderstandings would occur. We also tried to formulate our questions in order to avoid them to be leading. The interview was conducted in Swedish since both parts have Swedish as their mother tongue. However, the results from it were later translated into English, which might give translating errors and threat our reliability. To prevent this, the data was sent back to the respondents to exclude any risk of misinterpretations. We asked the respondents if we could call them back if there was anything that was unclear with the answers. We have developed a case study database where we saved our interview if we needed to go back and listen to it again, which increases the reliability. We did two telephone interviews, the second one with Pär Josefsson because he had more knowledge than Sara Östberg and Elena Ghatan when it came to economical questions.

However, the fact that no observations were made since we consider that conducting a telephone interview would be more appropriate, we are therefore afraid that the reliability might be slightly affected.
3.8 Summary
Figure 3.1 summarizes the different methodological alternatives and the chosen methodology in this research.

**Adopted Research Methodology**

![Diagram showing the adopted research methodology]

- **Research Purpose**
  - Exploratory Research
  - Descriptive Research
  - Explanatory Research

- **Research Method**
  - Qualitative
  - Quantitative

- **Research Strategy**
  - Case Study
  - Survey
  - Archival Analysis

- **Secondary**
- **Primary**

- **Data Collection Method**
  - Documentations
  - Interviews
  - Direct Observations

- **Data Analysis**
  - Participant Observation
  - Archival Records
  - Physical Artifacts

  - Within case analysis
  - Cross-Case Analysis
  - Comparative Analysis

**Figure 3.1** Research Methodology for this study

SOURCE: Authors construction

This study is primary descriptive, but also partly exploratory, with a qualitative research approach, as shown in figure 3.1. The research strategy is to perform a case study. Data has been collected by interviews and documentation. The chosen company is presented and finally, the data is analyzed by performing a within case analysis.
4 Empirical Data: Case Study of J. Lindeberg

The previous chapter we discussed the methodology used in this study. This chapter provides the reader with empirical data collected through the interview with the chosen company in this research. The chapter begins with a short introduction of the respondents of the interview and a presentation of the company. This is then followed by the presentation of data gathered from the case study.

Data presented in this case is based on a telephone interview we conducted with Elena Ghatan and Sara Östberg who are responsible for the marketing and public relations in the company. We also interviewed Pär Josefsson who is chief of accounting.

4.1 Company Background

J. Lindeberg is a company founded in the spring of 1996 by Johan Lindeberg. Johan Lindeberg was previous working as International Marketing Director for Diesel USA and in the end of 1994 he became CEO for Diesel USA. During his time at Diesel Johan Lindeberg started to develop the advertising campaign “successful living”, which is one of the most awarded marketing campaigns in modern time. In spring of 1996, Lindeberg left Diesel to pursue his own visions and ideas - the creation of an international prestige brand focusing on global identity and modern lifestyle.

The organization includes CEO Gustaf Öhrn (former H&M Division Manager), design director Magnus Ehrland (former member of Diesel creative group and designer of the Pelican Hotel in Miami), Marcella Lindeberg (muse and Director of the J. Lindeberg UK Market) designer Pia Gadda (former designer at Calvin Klein) and Rachel Wilkie (former Designer at Costume National).

SOURCE: www.jlindeberg.com

The company started its business in Stockholm and New York at the same time and both places are considered as home market. The first collection was launched internationally in the fall of 1997. Lindeberg wanted to create a brand that reflects his rock star lifestyle and nomadic principles and the collection should evoke an attitude of free thinking spirituality, while conveying personality and star quality. Lindeberg created the golf line to unite the traditional and new modern golfers. J. Lindeberg provides a new vision that transcends age. Johan Lindeberg himself says: “If you can inspire the game of golf, you can inspire the world.” Relying on his philosophy of balance between function and creativity, the company creates golf wear that's modern and fashionable, yet functional on and off the course.

When identifying the target market for J. Lindeberg’s products, Lindeberg speaks in terms of mind-set and not about demographics. Lindeberg wants to appeal to a modern and aware consumer who is looking for a more individual style, whether he is 18 or 60 years of age. For Johan Lindeberg, fashion is not only about designing or selling clothes, but also about creating a political movement. Lindeberg's mind-set is to change the world, not only in the
way we dress, but also in the way we think. He believes that we reflect who we are by the way we dress, which made him believe that dressing as an individual can help expressing ourselves with more confidence.

4.2 J. Lindeberg’s Choice of Celebrity Endorsement as a Promotion Strategy

For J. Lindeberg, the use of celebrities as a promotion strategy is somehow natural because of the founder, Johan Lindeberg’s previous and present connections within the business. Before he started the company J. Lindeberg, Johan was working as a CEO for Diesel USA. In USA the use of celebrities in advertising is a very popular marketing strategy and the respondents said that working with celebrities is a very effective way of getting the company’s product exposed. The money is not a big issue when working with a celebrity instead of a regular model, if you compare it with all the media exposure they get through Internet, TV, newspapers and magazines. Pär Josefsson said that J. Lindeberg has a general strategy in their marketing and that is to have two approaches when marketing their products. First they use models and other people to market their products to the fashion business. Since almost all the buyers are present on these kinds of events, it is an appropriate approach when reaching out to the potential customers. The second approach for J. Lindeberg when marketing their golf collection is to use professional golfer to get extra attention and media exposure. Many people who play golf are people from a higher social class (business men/women, movie stars etc) so if they see and like J. Lindeberg’s golf clothes they might also want to buy suits or other clothes from different collections that the company offers.

Östberg and Ghatan state, that the company does not search for celebrities, instead the celebrities contact the company. In other words J. Lindeberg does not have any particular system or models that they follow when deciding to work with a celebrity. In J. Lindeberg’s case there are three contracted endorsers, the golfers Jesper Parnevik, Fredrik Jacobson and Aaron Baddeley, but the company’s products also appear on various celebrities. They wear the clothes because the like them, in some cases the celebrity got the clothes as a gift from J. Lindeberg or the celebrity get in touch with the company to get some clothes or accessories but there is no sponsor money involved. A celebrity can bring more attention to the brand and the clothes compared with a regular model or person. The respondents also said that it is the exposure of the celebrities that is the major reason why they work with celebrities. Celebrities, such as Jesper Parnevik and Fredrik Jacobson appear in golf tournaments and are therefore exposed to the spectators, the audience in front of the TV (if the tournament is broadcasted), in newspapers, golf magazines and sponsor events. J. Lindeberg is using golf as their “key of communication” to market their clothes, therefore they want to work with “some of the world’s best golfers”. Fredrik Jacobson was chosen because of his golf skills and because he has a modern attitude and style and also because they think he can represent the company in a positive way. In 1996 Johan Lindeberg got in touch with the Swedish golfer Jesper Parnevik because Lindeberg wanted some help with modernising the whole golf industry. Johan Lindeberg contacted Parnevik because of two reasons. The first reason was that Jesper Parnevik was a promising golfer and the second reason was the fact that Jesper Parnevik himself was ready for a personal change in appearance. This made it possible for the company to create a new image for both the company (golf collection) and for Parnevik with the help of their clothes collection. Parnevik and Jacobson are both marketing the golf collection for J. Lindeberg. They are also ambassadors for the brand outside the golf course since they are using the clothes in private.
4.3 How J. Lindeberg Selects its Celebrities

According to Östberg and Ghatan, J Lindeberg has never worked with any specific selection theories or models when selecting their celebrities. The respondents claim that Johan Lindeberg always follows his own intuition when it comes to selecting celebrities. They also said that the company does not work with models at all because Johan Lindeberg is more of a pioneer and it would be wrong and to formal to work in that way. This is due to all the changes that happens in the fashion business and that is why the intuition and feelings is more of importance then models or theories. Johan Lindeberg’s own connections within and outside the business is an important issue when selecting whom to work with but there are some factors that are more important than others.

Figure 4.1 shows how the respondent Sara Östberg and Elena Ghatan ranked the TEARS model.

![Most Important Celebrity Endorser Attributes]

According to J. Lindeberg trustworthiness was the most important celebrity endorsement attribute. The respondent said that respect is related to trustworthiness, in other words if the celebrity is perceived as credible he / she will also be perceived with respect. When it comes to expertise the respondent argues that the company uses the golf players as a communication tool to promote J. Lindeberg’s golf collection. Furthermore it is a great advantage to use a person who is among the best in that particular area. The physical attractiveness is often a step that comes natural when a person turns famous. It is not an issue that the company has to consider. The similarity is a non-appropriate attribute for J. Lindeberg, due to the fact that the company has a very wide target market, it is therefore not that important. Finally the respondents declare that if the celebrity is trustworthy than the other four attributes will appear as a natural ingredient.

When it comes to actually selecting the celebrity, the respondents were asked to rank 7 different factors, where 1 was the most important factor and 7 the most unimportant factor in
the selection process. The figure below shows the outcome of J. Lindeberg’s selection of the No Tears approach.

![Diagram](image.png)

**Figure 4.2** J. Lindeberg’s selection of the No TEARS approach

As we said earlier J. Lindeberg does not use any specific selection process when selecting the celebrity, they do not sit around a table and discuss what factors a celebrity should have before choosing him/her. Instead the selection of the celebrity is more of a natural process where these factors above influences and are more or less important when choosing but they are more of an unaware decision making strategy. Östberg said that that celebrity & brand match up, celebrity credibility, celebrity attractiveness and celebrity & audience match up is somehow all connected to trustworthiness, which is important for the company. The most important issue when selecting a celebrity is that the celebrity must fit well with the brand so customer will perceive the celebrity with credibility, which is the second most important factor. If the celebrity will fit well with the audience are more of a positive spin-off effect then a way of seeking a celebrity. Johan Lindeberg usually find these celebrities because they are part of his network of connections or they have done business together and in that way Johan knows or has the feeling that this will fit in well with the intended audience. If the celebrity should be attractive is in the eye of the beholder but in general celebrities care about their appearance. If the celebrity gets in to trouble (Trouble factor) is not something that is of any really big issue, it is more of a risk the company has to take. If the celebrity and the company representative have the same opinions and respect for each other it should not be any trouble working with each other (Working ease & difficulty factor). The Saturation factor is something that is quite common when working with athletes. Östberg took Parnevik as an example and said that he has different sponsors that are not in the same business as J. Lindeberg but so far it has not been any problems. J Lindeberg also sponsors a golfer called
Aaron Baddeley and he has got some offers on shoes and then J. Lindeberg wants the shoes to strive for the same modern look as they want to have and here you can run into some trouble.

4.4 Addressing Investment Returns on Celebrity Endorsement at J. Lindeberg

According to Östberg and Ghatan there are figures and methods that shows how much media exposure that the celebrity gets and how much money that generates. These figures can later on be compared to how much money the company spends on the specific celebrity to see if the celebrity is worth the money. The respondents argue that these facts are not of any essence due to the fact that they cannot derive if the increased sales in November were because of Parnevik’s or Jacobson’s results in a golf tournament. Instead they use the celebrity to get as much media exposure as possible, which later on can generate an increase in sales for the company. The respondents said that if they only were in it for making more money when using a celebrity they would have to sit around the table and do all kinds of calculations and that is neither the point nor any fun. It is of more importance to have a celebrity that can be a good ambassador for the company the respondents said.

We also talked to Pär Josefsson who is chief accountant for J. Lindeberg and he said that they do not calculate whether the celebrity is worth doing business with before signing him/her and this is because it is impossible to do so according to him. Östberg and Ghatan both agreed that it is worth the money to use celebrities as a marketing strategy even if they cannot give us any numbers that shows it. Pär Josefsson also says that the company’s turnover was 132 million SEK in year 2003 and of the total cost of 61 million SEK is 12 million SEK for marketing. Josefsson said that the golfers Jesper Parnevik and Fredrik Jacobson earn, roughly 800,000 – 1,000,000 SEK each per year and this is not a sum that jeopardize the marketing budget and that is also a reason why they do not need to calculate or think about the cost before using these golfers when marketing their products. We asked Josefsson a hypothetic question about whether they would act different if they needed to pay 6 million SEK to sponsor a celebrity instead of today’s 800,000 – 1,000,000 SEK and he said that they cannot lay so much more than 12 million SEK on marketing so they need to investigate whether that particular celebrity will generate enough of return to cover the cost. We then asked Josefsson whether they use any specific methods to calculate it and he said that they will have to look at the gross profit margin, which is 40% to see if it is worth having the celebrity. Josefsson further said that they do not use any event study methodology or cost-benefit analysis when calculating the economic worth of the celebrity and he repeated and said that it is not of interest to do so.
5 Data Analysis

The previous chapter provided the empirical data that has been collected from our interviews. In this chapter we will analyze the empirical data that has been presented in the previous chapter. According to Miles and Huberman (1994) the data analysis consists of three parts, data reduction, data display, and conclusion drawing. In this chapter, we will reduce data for each of our research questions with what is referred to as a within case analysis, where data from our particular case is compared against already known theories.

5.1 J. Lindeberg’s Choice of Celebrity Endorsement as a Promotion Strategy

To gain information why J. Lindeberg chooses celebrity endorsement as a promotion strategy, we interviewed the respondents regarding promotion strategies, potential pros and cons with having celebrities as endorsers and why choosing celebrities instead of anonymous models or actors.

J. Lindeberg’s main reason for choosing celebrity endorsement is the media exposure the celebrities bring to the brand and clothes. J. Lindeberg selected Jesper Parnevik and Fredrik Jacobson due to the attention they get when appearing on the golf tournaments, TV broadcasts, newspapers and sponsor events. Fredrik Jacobson in particular was chosen for his golf skills, his modern attitude and the fact that he is a good representative for the company. Jesper Parnevik was contracted of two reasons, firstly he was a promising golfer and secondly Parnevik himself was ready for a personal change in style.

This correlates with McCracken’s (1989) statement that celebrities bring to mind the meanings in their character with greater vividness and precision. Anonymous models and actors are, after all, simply “borrowing” or acting out the meanings they deliver to the commercial. The celebrity, on the other hand, address with meanings of a long acquaintance. Celebrities use the powerful meanings from the persona they assume in the television, move, military, athletes, and other careers. Indeed, these careers work very much as large advertisements (ibid).

J. Lindeberg is a company driven by a man with big visions and good intuitions therefore many actions are initiated by Johan Lindeberg himself. The reasons why choosing a celebrity can sometimes depend on various reasons, it can be a personal contact of Johan Lindeberg or an intuition Johan has that initiate collaboration. According to the respondent J. Lindeberg are aware of the hazards of having celebrities as endorsers, this fact is not an issue for the company, the hazards is a risk they are willing to take.

The findings correspond to a certain amount with what Erdogan (1999) argues that there are academic findings that show how celebrity endorsements are a more effective method than non-celebrity endorsers. Erdogan uses a table that shows five different potentials advantages when using celebrity as endorsers. These five are: increased attention, image polishing, brand introduction, brand repositioning, and underpin global campaigns. Erdogan (1999) also declares that there are five potential hazards when utilizing the celebrity endorsement, which are: over show the brand, public controversy, image change and overexposure, image change and loss of public recognition, and the cost aspect. Here is where the theory and the reality variance. J. Lindeberg does not agree with all these risks, some of them are not noticeable for the company.
The increased competition on the market has made companies and marketers more willing to use attention-creating media stars to assist product marketing. Erdogan (1999) continues and says that the new technologies such as TV, Internet, and video control system have made advertising more profitable. Celebrities help the advertisement to stand out from surrounding clutter. According to Erdogan (1999) a celebrity is a powerful device when you want to enter a new market, but there are also potential hazards with using celebrities in a marketing campaign. The benefits can be turned into problems if the celebrities suddenly changes his or hers image, drop in popularity, get into moral turpitude or loose credibility due to over endorsing (ibid).

5.2 How J. Lindeberg Selects its Celebrities

J Lindeberg does not work with any specific models or theories when selecting their celebrity. Instead they usually follow their own intuition or feelings when selecting, usually it is Johan Lindeberg who select the celebrity for the company. Östberg claims that Johan Lindeberg is somewhat a pioneer in the business and it would be wrong to follow any models due to all the changes within the clothing industry. So the selection process is more of a natural process where the intuition and feelings and also the chemistry between Johan Lindeberg and the celebrity are the important factors. This is a different strategy then what the literature state. According to McCracken (1989) the first step in the selection process is to find out which symbolic property is sought by the consumer. After that the company should start looking after celebrity and what meaning they make available. The company should also take the limited budget into considerations before they go out and select their celebrity who best fit the purpose.

There are some factors or attributes that the company finds to be more important than the others when it comes to determining how effective an endorser may be. Östberg and Ghatan was asked to rank five attributes where one was the most important and five the least important attribute of an effective celebrity.

1 & 2. Trustworthiness and respect. For J. Lindeberg trustworthiness is the most important attribute, otherwise the consumers might loose credibility for the brand or the celebrity. They also stated that if the celebrity were being seen as trustworthy then the other four attributes would become a natural ingredient of an effective endorser. They also said that respect is somewhat related to trustworthiness. If the celebrity is perceived as credible, the audience will also perceive him or her with respect. This correlates well with what Shimp (2003) claims. Shimp (2003) says that trustworthiness refers to being seen as believable, dependable and someone who can be trusted. The trust is earned trough accomplishments on the movie screen, on the sports field etc. Also the trustworthiness of an endorser lays on the audience’s perception of the endorser’s motivation.

3. Expertise. J. Lindeberg argued that they use the golf players as a communication tool to promote their golf collection and that it is also a great advantage to use persons who are among the best golfers in the world when promoting. We do not think this can be directly related to what Shimp states. Expertise is about having specific skills, knowledge or abilities that can be related to the endorsed brand. Shimp (2003) further says that it is unimportant if the endorser is an expert or not, it is how the audience perceives the celebrity who is the important factor. If the celebrity is being perceived as an expert he is more likely to be able to change the audience’s opinion than some one who is not seen as an expert.
4. *Physical attractiveness.* Physical attractiveness is often a step that comes natural when the person turns famous. They dress better and are more concerned with their looks. So this is nothing that J. Lindeberg think is of any greater importance. This statement by J. Lindeberg is different from what Shimp (2003) writes. Attractiveness is a key consideration in a celebrity endorsement relationship according to Shimp (2003). Shimp claims that the Russian tennis player Anna Kournikova was chosen to endorse brands due to her physical attractiveness and not because of her tennis abilities. Research also supports Shimp's idea that attractive people are more likely to be effective than less attractive endorsers.

5. *Similarity.* Similarity is not important to J. Lindeberg because they have a very wide target market and the company would force to have all kinds of different celebrities with different ages, gender social class, to be able to match the target audience. This data is different from how Shimp (2003) sees it. Shimp states that similarity is an important attribute because audiences tend to better like individuals who are sharing the same characteristics as the celebrity. A celebrity is more likely to be seen as trustworthy the more he or she matches with the audience’s gender, age, ethnicity etc.

The no TEARS approach is how managers actually select their celebrities and also how to avoid making an unwise decision. We asked the company to rank the seven factors from the no TEARS approach, where one was the most important factor and seven the least important factor when selecting the celebrity.

1 & 2. *Celebrity & brand match up and Celebrity credibility.* According to the company the most important factors are that the celebrity must fit with the brand so the customers will perceive the celebrity with credibility. The second most important factor is celebrity credibility. J. Lindeberg declares that the first four steps are all connected to trustworthiness, which is very important for the company. The company’s view of looking at this is basically the same as what Shimp (2003) says. Advertising executives require that the celebrity’s behavior, values and decorum are associated with the image desired for the brand. Shimp (2003) also says that credibility is a key determinant of endorser effectiveness.

3. *Saturation factor.* This is something that is quite common when working with sport stars according to J. Lindeberg. The company showed an example with one of their contracted golfer Aaron Baddeley who also is sponsored by a shoe company, J. Lindeberg wants the shoes to strive for the same modern look as their clothes does, here is a point where the company can run into some trouble. This is somewhat different to what Shimp (2003) states. He says that if a celebrity is overexposed (endorses too many brand) his or hers credibility may suffer but this may not be such a big issue.

4. *Celebrity attractiveness.* Attractiveness is something that the company think is in the eye of the beholder and if a person is or becomes famous he or she is in general concerned about his or hers appearance and looks and therefore this is not of such a big concern for the company. Shimp (2003) states that it is not just the physical appearance that is important. Attractiveness also includes credibility and the endorser matches up with the audience and the brand.
5. **Trouble factor.** Trouble factor is not a big issue for the company; they see it more as a risk they have to take. They do not evaluate the potential risks before signing the celebrity. This statement by the company is slightly different to what the literature says. Shimp (2003) says that a final consideration for the company is to evaluate the likelihood that the celebrity will get into trouble and what will happen if the celebrity gets convicted for a crime?

6. **Celebrity & audience match up.** If the celebrity matches with the audience is more of a positive spin off effect than a way of seeking a celebrity. When Johan Lindeberg finds a celebrity it is usually through his network of connections or because they have done business together. He then follows his intuition and feelings whether the celebrity will or will not match up well with the audience. This respond is somewhat different to what Shimp (2003) says. This is maybe the most primarily factor. The first question an advertiser must ask himself is whether the target market will positively relate to the endorser according to Shimp (2003).

7. **Working ease & difficulty factors.** This factor is something that is not of any big importance, the company motivates this with that if the celebrity and the company have the same opinions and respect for each others it should not be any problem working with each other. This goes into line with what Shimp (2003) says. Companies should select a celebrity that is “hassle free” and easy to work with according to Shimp (2003).

5.3 **Addressing Investment Returns on Celebrity Endorsement at J. Lindeberg**

J. Lindeberg does not calculate whether a certain celebrity is worth the money before signing him/her. In fact they think it is of no interest to do so even if they can get hold on information that shows how much media exposure the celebrity have got and what that is worth in money. This information can later on be compared with how much the company spends on the celebrity. No cost-benefit analysis or event study methodology is being conducted before choosing the celebrity. This does not correlate to what Shimp (2003) think a company should do before signing a celebrity. Shimp (2003) states that companies have to conduct a cost benefit analysis before choosing which celebrity to work with. Shimp continues and says that by doing this companies can determine whether the celebrity is worth the money or if a more expensive and known celebrity can be more useful. To get this information companies will need to calculate the returns on investment from a given range of celebrity that will correlate with the desired image and its target market.

For J. Lindeberg it is almost impossible to calculate or know whether the increased sale in October was derived from the results that Jacobson or Parnevik had that month. Agrawal & Kamakura (1995) say that this can be investigated but the measurement of the overall effect of advertising is problematic and that it may be impossible to assess the effectiveness of a celebrity endorser on a company’s profitability.

The celebrity is used to obtain as much media coverage as possible, which can generate more sales in the future according to J. Lindeberg. Pär Josefsson said they use the gross profit margin to obtain information about whether the celebrity will generate enough money. This does not correlate with the methods Agrawal & Kamakura (1995) used. According to Agrawal & Kamakura (1995), a company can investigate this by looking at the expected profit associated with a celebrity endorsement campaign as reflected by abnormal returns of a firm. To measure the abnormal return they can use the event study methodology. The basic
The principle of event study methodology is that investors evaluate and use in their investment decisions all relevant and new information that becomes available to them. This is, because investors judge future profit impact of the celebrity contract and later link this with the company’s stock return (ibid).

According to J. Lindeberg, it is definitely worth using celebrity endorsement, even if they do not have any numbers to prove it. This can be linked to what Mathuer et al (1997), Agrawal & Kamakura (1995) and Farrell et al (2000) all concluded in their research. The company argues that in general, celebrity endorsement can generate profit to a company and are worth investing in.
6 Findings and Conclusions

In the previous chapter, the empirical data was analyzed by comparing it to the theories in the frame of reference presented in chapter two. Conclusion that is drawn is an activity that begins already at the data collection, and is verified in the data analysis stage (Miles & Huberman 1994). The final conclusions cannot be drawn until the data collection and the analysis stage is over. In order to provide the reader with a complete picture, this chapter will contain answers to the different research questions. These conclusions will then lead to some implications for management, as well as implications for theory and future research, which is provided at the end of this chapter.

6.1 Why do Companies Choose Celebrity Endorsement as a Promotion Strategy?

The first finding from our research is that J. Lindeberg chooses to utilize celebrity endorsement due to the fact that it brings a great amount of attention to their clothes and brand. Celebrities are more exposed in the media (TV, magazines, newspapers etc) than an anonymous model or actor and this is a fact that is considered both in the theories and in the company of J. Lindeberg.

Furthermore, the second finding from our research regarding why J. Lindeberg choose celebrity endorsement as a promotion strategy differs a bit from the theories. The reasons why the company chooses to work with a certain celebrity can depend on various causes. It can be a personal contact of Johan Lindeberg or an intuition that Johan Lindeberg has that makes him believe that collaboration would be lucrative. We believe this procedure is somewhat unique for the company. J. Lindeberg does not use models or theories, in fact it is usually Johan Lindeberg himself who is the initiator when it comes to choosing the celebrities due to all his connections and network of people that he has obtained throughout his career.

An interesting detail is that Johan Lindeberg not only chose to work with Jesper Parnevik because the company wanted to modernize the whole golf industry, Johan also felt that Jesper was ready for a personal change and that Johan could help Jesper to change in both style and looks. This is something we believe shows how much Johan Lindeberg really believes in what he is doing and that nothing is impossible. We also got the impression that the company is “surrounded” with great confidence in what they do, which strengthen the choice of not using models or theories.

Finally we have got the impression that in this business, the choice of using celebrities as endorser comes natural due to the network of people and connections that the company managers have. Also celebrities in general have a fashion-consciousness that makes them come into these networks.

Thus, we conclude:

- Celebrities are used as endorsers because of all the media exposures they get.
- The celebrity used, is usually a part of the company’s network of connections and therefore it becomes natural to work with each other.
6.2 How do Companies Select Their Celebrities?

Our research shows that J Lindeberg has never worked with any specific selection theories or models when selecting their celebrities. Johan Lindeberg’s own connections within and outside the business is an important issue when selecting whom to work with but there are some factors that are more important than others when selecting the celebrity.

From the TEARS model the most important attribute for J. Lindeberg in the selection of a celebrity endorser is trustworthiness because if the celebrity is not seen as credible the consumers might lose credibility to the celebrity and the brand. This will make the whole idea with using a celebrity as a marketing tool to loose its meaning. If the company is seen as trustworthy; respect, expertise, physical attractiveness and similarity will be a natural ingredient according to the company. J. Lindeberg believes that physical attractiveness is an issue that comes natural when the individual turns famous. Also similarity is not important to J. Lindeberg since they have a very wide target market so they would have to use celebrities in all kinds of ages, social classes and ethnicity to cover it all.

When the company actually select their celebrities (no TEARS approach), celebrity and brand match up and celebrity credibility are the most important attributes for the company to consider. The celebrity must fit well with the brand so he or she can be viewed as credible in the eyes of the customers. It is quite common that sport stars endorse different products and therefore J. Lindeberg thinks it is important to consider the saturation factor before choosing the celebrity.

The trouble factor and working ease and difficulty factors are of no big importance for the company. The risk of the celebrity getting into trouble is a risk they have to take and also the celebrity is usually connected to Johan Lindeberg, so as long as both parts have the same opinions and respect for each others there should not be any problems working together.

An interesting aspect is that J. Lindeberg believes it is not so important that the celebrity matches well with the audience. This was ranked as the second least important attribute but according Shimp (2003), the celebrity and audience match up is probably the most primary attribute. The company says that whether the celebrity matches well with the audience is a spin-off effect which comes from the intuitions and feelings the selection normally is based on. We believe the reason for this is because of their wide target market.

Based on what is mentioned above, our finding shows that no clear strategy can be found when it comes to J. Lindeberg’s selection of celebrity endorsers. The selection is more based on intuition and feelings rather than looking on which attribute(s) the celebrity should possesses. The reason why J. Lindeberg’s selection of celebrity endorsers is based on feelings rather than on celebrity attributes could be that no research has been conducted to evaluate the celebrity before choosing him or her. The company has stated they do not sit around any table and discusses these attributes, they are more a natural feature in the process, something that lies in their minds or sub consciousness.
FINDINGS AND CONCLUSIONS

Thus, we conclude:

- J. Lindeberg’s selection of celebrity endorsers is more based on feelings and intuition of the selector rather than sitting around a table discussing which attributes the celebrity should possess.

- Trustworthiness is the most important factor to consider when it comes choosing a celebrity as an endorser.

6.3 How do Companies Address the Investment Return on Celebrity Endorsement?

J. Lindeberg does not use any particular methods or models to know whether the celebrity is worth the money or not and they do not carry out any calculations before selecting the celebrity. This is because they believe it is impossible to calculate the investment return on the celebrity or know whether the increased sale in October is because of Jesper Parnevik or Fredrik Jacobson’s success in golf tournaments. J. Lindeberg says that there is information available about how much the celebrity is being exposed in media and what that it is worth in money, which later can be compared to how much the celebrity costs, but this is not of any interest for the company.

J. Lindeberg has a marketing budget on approximately 12 million SEK (2003) and of that approximately 2 million SEK is spent on the golfers Jesper Parnevik and Fredrik Jacobson. The company uses their marketing budget to know how much they can spend on celebrities. With the present budget J. Lindeberg states that they cannot spend so much more on celebrities. The company said that the money that is being invested in the celebrity is nothing that jeopardizes the marketing budget. Therefore, we believe that as long as the company feels they have chosen the right celebrity the money spent on him or her is not a big issue. J. Lindeberg also states that it is definitely worth spending money on celebrities.

When asking the company a hypothetical question whether they would act different if a more expensive celebrity like Tiger Woods wanted to collaborate with the company. The company states that they would have to look further into this opportunity due to the fact that Tiger Woods is very expensive to work with but they said that they could estimate the cost and benefits with Tiger by using the gross profit margin to calculate whether the celebrity will or can generate a positive outcome.

The cost benefit analysis and event study methodology is nothing that is being carried out within the company. We believe this is because these analyses are too complex and need a lot of information and also a lot of efforts to calculate and analyze and it is not worth it for the company or of any interest. Instead J. Lindeberg looks at what financial resources that is available and how much that can be spent on celebrities without jeopardizing the marketing budget.

Thus, we conclude that:

- J. Lindeberg does not use any specific methods or specific formulas to calculate the investment return of the celebrity.

- J. Lindeberg states that it is impossible to address the investment return on a celebrity.
6.4 Implications
This section covers the implications this study could have for management, theory and possible future research.

6.4.1 Implications for management
It can be somewhat difficult to give advice to company managers based on this research since J. Lindeberg’s overall strategy when working with celebrities is mostly based on their own intuitions and feelings, however some advices can be given.

We suggests that when J. Lindeberg or other companies select their celebrity they should conduct a comprehensive evaluation of the celebrities to better know what attribute(s) the celebrity should possess. This can in the future make it easier when selecting celebrities and also decrease the risk of selecting a “bad” celebrity, because using your intuition can be a daring venture. In order to find an appropriate celebrity endorser for companies, managers should focus on matching the celebrity with the target market so the market can positively relate to the endorser. The key attribute to consider for managers is trustworthiness. J. Lindeberg states that this is the most important factor to consider and if this is fulfilled then other factors or attributes will appear natural.

Using celebrities is a great way of getting lots of media exposure but it can be expensive. Therefore we would finally recommend J. Lindeberg and other companies to use the information on how much media exposure the celebrity gets and what that is worth in money, to get a pinpoint whether the celebrity is worth the money. Of course this is not an in depth analysis but we believe it is a good compliment to how they can address the investment return on the celebrity.

6.4.2 Implications for theory
Our overall purpose of this thesis was to gain a deeper understanding of a company’s choice of celebrity endorsement as part of its promotion strategy. In order to fulfill this purpose we started of with exploratory research and gathered information about the area of which we initially knew little about. This study has also been descriptive in nature since we have been able to describe why a company use celebrities in their advertising, how companies select the celebrity endorser, and how the companies address the investment return on celebrity endorsement. When we analyzed the empirical data and drew our conclusions we began to explain these issues for the reader and by doing this we feel we have reached our purpose. The use of intuition and feelings when making decisions are important for J. Lindeberg, this is something that has not been stated in any literature that we have read.

6.4.3 Implication for future research
During our research we have found a few areas where further research can be carried out in the future. These areas are listed below:

- Since we limited our research to look at the company’s point of view and how celebrity endorsers are used in advertising, we believe that it would be interesting to examine how it is viewed from the customer’s angle.
We further think that it would be interesting to investigate how companies handle the risk aspect of having a celebrity as an endorser.

Since we only have conducted a single case study it would be interesting to do two case studies to get a more in depth analysis and also find patterns or differences in using celebrities as a promotion strategy.
List of References


J. Lindeberg homepage, Available at: www.jlindeberg.com [2004, April 13]


LIST OF REFERENCES


**Telephone Interview**

Elena Ghatan, Responsible for PR and Marketing, J. Lindeberg, Stockholm, 2004-04-26


Sara Östberg, Responsible for PR and Marketing, J. Lindeberg, Stockholm, 2004-04-26
**Intervju guide – Svensk version**

**Allmän företagsinformation**

1) Vilken bransch?
2) Vilka produkter?
3) Vilken målgrupp riktar ni er till?
4) Hur ser organisationen ut?
5) Var ligger huvudkontoret?
6) Antal anställda?
7) Omsättning?
8) Vinst/förlust?

**Frågor angående respondenterna**

1) Namn?
2) Titel/position?

**Forskningsfråga 1.**

1) Vad var det som fick J. Lindeberg att använda sig av kändisar i sin marknadsföring?

2) Vilka speciella kvalitéer/egenskaper letar ni efter i en kändis?

3) Varför är just dessa kvalitéer/egenskaper viktiga för er som företag?

4) Vad är det ni tror en kändis kan ge er marknadsföring som inte en ”vanlig” modell, eller person kan?

5) Anser ni att det finns några risker med att använda sig av kändisar istället för ”vanliga” modeller?

**Forskningsfråga 2.**

1) Vilka strategier eller tillvägagångssätt används när ni väljer vilken kändis som ska användas i er marknadsföring?

2) Är det endast er golf kollektion som Fredrik Jacobson och Jesper Parnevik marknadsför?
APPENDIX ONE

3) Rangordna följande kriterier/egenskaper från 1-5, där 1 är viktigast och 5 är minst viktig vid val av kändis.

- Trovärdighet
- Expertis
- Fysiska kvalitéer
- Respekt
- Likhet

4) Vilka egenskaper ansåg företaget att Fredrik Jacobsson innehade när de valde honom?

5) Vad var det som gjorde att företaget använde sig av Fredrik Jacobsson och inte någon annan kändis?

6) Rangordna följande faktorer från 1-7, där 1 är viktigast och 7 är minst viktig vid val av kändis.

- Celebrity and audience match up (kommer kändisen att gå linje med den tänka målgruppen)
- Celebrity and brand match up (Hur väl passar kändisen in med produkten)
- Celebrity credibility (Anses kändisen som trovärdig)
- Celebrity attractiveness
- Working ease and difficulty factor (Hur lätt kändisen är att jobba med)
- Saturation factor (Huruvida kändisen är kommersiellt aktiv med andra varumärken, överexponering kan generera en försämrad trovärdighet)
- Trouble factor (Risken att kändisen hamnar i blåsväder)

Forbättningsfråga 3.

1) Hur vet ni om det är ekonomiskt lönsamt att använda sig av kändis (ar) i er marknadsföring?

2) Räknar ni ut om det är ekonomiskt lönsamt att använda en kändis före ni väljer honom/henne?

3) Vilken/vilka metoder använder ni er av för att mäta den ekonomiska lönsamheten?

4) Anser ni att det är värt att använda kändis (ar) för att marknadsföra era produkter?

5) Är avkasningen det enda i åtanke vid val av denna form av marknadsföring?
6) Om Tiger Woods vill arbeta med er (hypotetisk fråga) och vill ha sex miljoner för besväret. Skulle ni agera på ett annat sätt dvs. skulle ni behöva använda er av kalkyleringar för att veta om det lönar sig att använda Woods?

Tack för er medverkan!
Interview guide – English version

General Company information

1) Business?
2) Products?
3) What is your target market?
4) Organizational structure?
5) Headquarter location?
6) Number of employees?
7) Turnover?
8) Profit or Loss?

Question about the respondents

1) Name?
2) Title/Position?

Research question 1

1) What was it that got J. Lindeberg to start using celebrities in their marketing?
2) What specific qualities/characteristics do the company look for in the celebrity?
3) Why are these qualities/characteristics important to the company?
4) What is it you think the celebrity can give your marketing strategy, which not a regular model can give the company?
5) Do you feel there are any risks with using celebrities instead of “regular” models?

Research question 2

1) What strategies or approaches are used when choosing which celebrity to use in your marketing?
2) Is it only your golf collection that Fredrik Jacobson and Jesper Parnevik endorse?
3) Rank the following characteristics from 1-5, where 1 is most important and 5 least important.
   - Credibility
   - Expertise
   - Physical qualities
   - Respect
   - Similarity
4) What qualities/characteristics did the company think Fredrik Jacobson and Jesper Parnevik had when the company chose to work with them?
5) What was it that made the company to work with Fredrik Jacobson and not some one else?

6) Rank the following factors from 1-7, where 1 is most important and 7 least important when selecting a celebrity?

- Celebrity and audience match up (Will the celebrity match with the audience)
- Celebrity and brand match up (How well does the celebrity fit with the brand)
- Celebrity credibility (Is the celebrity credible as an endorser)
- Celebrity attractiveness
- Working ease and difficulty factor (Whether the celebrity is easy to work with)
- Saturation factor (How commercial active the celebrity is with other brands, overexposure may harm the credibility)
- Trouble factor (The potential risk that the celebrity may get into trouble)

Research Question 3

1. How does the company know if the celebrities are worth spending money on?

2. Does the company calculate if the celebrity is worth the money?

3. What method or methods are used to calculate the investment return of the celebrity?

4. Does the company believe it is worth the money to use celebrities to market your products?

5. Is the investment return the only thing in mind when using a celebrity?

6. If Tiger Woods wanted to work with the company (hypothetical question) and wanted 6 million for the “trouble”, would the company need to use any calculations or other methods to know if it would pay off to use him?

Thank you for your cooperation!