

COLUMNS

Using celebrities as luxury brand ambassadors – for better or worse

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The recent incident with Christian Dior ex-designer John Galliano painfully highlights the pitfalls associated with having an outspoken brand ambassador. It is a subject not often talked about.

While Mr. Galliano was not a “paid” celebrity endorser, he had become one of the main faces of the Dior brand.

Dior/LVMH’s situation is very similar to the conundrum brands face when marrying their image to a celebrity – for better or worse.

In such a marriage, the brand is attempting to maneuver above advertising clutter, reposition or improve its image.

However, even with great exposure comes a lack of control: brands are putting trust in the celebrity to always convey the positive aspects of the brand. And these “faces” after all are human: at best, the relationship increases market share; at worst, it can sink a brand for years.

What is at risk for the brand? How can they mitigate risk? What do they do when things go terribly wrong?

So what is at risk?

In short, the brand as a whole is at risk but there are, of course, advantages to hiring a celebrity as a luxury brand ambassador.

A predominant luxury marketing rule in the past had been based on the attitude: “If a celebrity is needed to sell the product, there is a problem with the brand.”

This rule, however, has become totally outdated due to the commoditization of luxury.

Now, many of the most established brands need to break through the clutter to increase market share.

Luxury brands today need to focus on exclusivity by selling “the dream,” not the product itself. Think about Julian Moore and Bulgari, or Natalie Portman and Ms. Dior. It is the captivation, the allure and the aspiration to be like them for sure.

Associating a brand with a celebrity is an excellent way to accomplish both goals.

Chanel tapped into such an opportunity using Nicole Kidman. At the time (circa. 2004), Chanel No. 5 was losing market share and needed to tap into a younger luxury clientele.

The result was a climb from negative growth to more than 15 percent using Ms. Kidman as a celebrity endorser. There was no other change – not packaging, not pricing – just Nicole Kidman.

But while that strategy may work in many cases, another prevalent risk to celebrity endorsement is celebrity overshadow and misbehavior.

Celebrity overshadow

The possibility of a celebrity overshadowing the brand is an often overlooked, but an extremely relevant phenomenon.

Even without bad press or public meltdowns, a celebrity can distract from the brand: overexposure can stem from a celebrity’s constant appearance in the “non-advertising” media realm, or it can stem from the fact that the celebrity simply endorses too many brands.

When that becomes the case, there is simply not enough separation between the fame of the celebrity and the brand they represent.

Luxury apparel label St. John experienced this problem with Angelina Jolie.

While Ms. Jolie was viewed as a perfect fit for the brand, including the voice of its children’s charity, she was simply too famous.

Overshadowing, however, is a problem with strategic fit.

The celebrity’s fame must fit with the fame of the brand – interpreted as a brand’s market share – or the market share that the brand is actively attempting to attain.

Attempting to reach higher market share in a relatively crowded market such as luxury

goods means a change in the entire marketing mix.

The pricing and channel strategies must be geared towards not only higher marketing share, but towards tapping into new markets as well.

This is where another conflict comes into play: once a luxury brand starts moving to target another market, it starts to lose exclusivity within its current market – Burberry's problem with the Thomas Burberry line.

Overshadowing is usually a symptom of a larger problem: brands are just not prepared to merge strategy with reality.

Misbehavior

As goes the celebrity, so goes the brand.

Of course, there are limits to this cliché in non-luxury goods. Nike and Tiger Woods did just fine. So did Bret Favre and Wrangler.

Even Kate Moss and many of her endorsements.

In luxury goods, however, this cliché is the golden rule.

When a celebrity misbehaves, the brand will suffer. How much depends on how quickly and effectively the company acts in the aftermath and mess.

So how do companies protect themselves before hiring a celebrity to endorse their luxury brand?

Due diligence

Before a celebrity is chosen as an endorser/brand ambassador, the company should perform due diligence on itself. What are the brand's core values? What are its limitations on celebrity behavior? Does the fame of the brand reach the level of the celebrity (possible overshadowing)?

Only then is it time to perform due diligence on the celebrity. This includes a complete dossier on past behavior and comparisons of the celebrity's image to the core values of the brand. I wonder how often this is done?

Morality clause

This is a good one – a morality clause – sometimes referred to as death and disgrace insurance – is usually inserted into a celebrity's contract to insure against events that could possibly harm the brand.

Similar to a fidelity contract in some marriages, these clauses also provide companies with an "out" as well as recovery of production and campaign revision costs if the said celebrity is strung out in rehab for the better part of a year.

Damage control

What brands should do in the event of a celebrity catastrophe depends on its severity. But

the general framework is to act immediately and distance the brand from the celebrity.

If the celebrity needs to be fired, it should be quick and decisive.

In the case of Dior and Mr. Galliano, the firing was almost immediate and stockholders still suffered.

If it had taken management days to come to a decision, it would have been much worse.

When it comes to distancing, the brand should apologize upfront and assure the public that it does not hold the same beliefs as the celebrity or does not agree with the celebrity's actions or views.

Again, Dior performed this action flawlessly. However, because of the appalling nature of Mr. Galliano's comments, Dior's decisions were fairly easy to make. Rarely is this the case.

While there are upsides to marrying a luxury brand to a celebrity, there are risks as well.

The right celebrity can be a perfect embodiment of the brand's core values and exclusivity.

The wrong celebrity can drag a brand into the gutter with indiscretions and flippant remarks.

Important for the brand is to avoid potential pitfalls from the start by understanding what they want to accomplish with their strategy and their new ambassador.

Once hired, the celebrity, for a significant time in the future, embodies the company's brand for better or worse. Or even in some cases, until death do us part.

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