

USING CELEBRITIES

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TV-06.

USING CELEBRITIES

Using a famous face to sell your not-yet-famous product can be quite effective. It's one of the oldest tricks in the book, probably as old as television itself.

If you can afford it, using a celebrity, a recognized face, or a high-profile person can greatly increase sales of your product.

CELEBS LEND CREDIBILITY. A celebrity lends credibility to a product or service. Consumers are more likely to be persuaded to accept a product they see used or endorsed by someone they know.

CELEBS ATTRACT VIEWERS. A famous face can stop a channel hopper who may be curious to see what that celebrity is talking about. A celeb can easily increase the viewing value of an infomercial.

12. CHOOSING A CELEBRITY

Who should you get and why? That's the starting point of any celebrity search. How are you going to use the celebrity in your marketing campaign? Will the celeb be a spokesperson or an endorser? Here's a checklist to consider:

APPROPRIATENESS. Telly Savalas may be an effective endorser for the Player's Club, but would be suicide for a hair care product! Believability is a key factor.

SPOKESPERSON OR ENDORSER? Decide which role the celebrity will play. A spokesperson is someone who interviews customers who've used the product being advertised. Someone presented as a customer who has actually used the product is an endorser.

SUPPORT ALL CLAIMS. Advertisers must provide documentation to support all celebrity claims made whether as a spokesperson or endorser.

INSURANCE AND INDEMNIFICATION. Celebrities acting as endorsers may seek protection against possible lawsuits. He or she may demand that an advertiser maintain product liability insurance naming the celebrity as an additionally insured party. They almost always require indemnification from the advertiser.

There are, however, definite budget parameters for a successful negotiation. Costs of celebrity acquisitions may be determined using one of the following compensation packages: (1) a guarantee fee with back-end participation, or

(2) a straight buyout.

GUARANTEE & PARTICIPATION. Here you will be required to pay the celebrity an up front fee plus a percentage of your gross or net sales. The up front guarantee can range anywhere from \$5,000 to \$20,000. The back-end percentage may be between 1% and 5% of either your gross or your net sales.

In this type of compensation package, however, the celebrity's guarantee fee is actually part of the back-end participation. The guarantee fee is actually a deductible advanced guarantee which is subtracted from the cumulative value of the back-end percentage.

For example: You hire Celeb X for a guarantee fee of \$10,000 plus 5% of your gross receipts over a campaign period of one year. If you generate gross sales of \$500,000, Celeb X's total participation fee will amount to \$25,000. However, since you already advanced \$10,000, you will only owe difference of \$15,000 at the end of the year.

STRAIGHT BUYOUT. This compensation package is a one time fee you pay a celebrity for appearing in your infomercial. Among other factors, the length of time you want to use the infomercial and its geographic distribution (local, regional, or national) will determine how much you pay.

14. CELEBS: PERKS & MORE

The basic compensation package is usually just the beginning of the negotiation process. The following factors are equally critical to a celeb who is evaluating your acquisition offer:

LENGTH & EXCLUSIVITY. Usually celebrities don't want to be bound for long periods of time. Most agreements are for one year with renewal options. Exclusivity is also crucial. It prohibits the celebrity from endorsing or acting as a spokesperson for a competing product. Exclusivity also defines where you may and may not use the celeb's materials and where the celebrity's image may be used.

RELATED MEDIA. If the celeb's appeal is strong enough to make a big difference in your product's appeal, you may want to use him or her in your print ads, sales literature, or even your packaging. Although this usually requires more work for the celebrity, the perceived value of his/her participation in your overall marketing campaign will definitely mean more dollars in the compensation package.

TRANSPORTATION & ACCOMMODATION. Since most celebrities belong to a union, you will be required to hire them under union terms. This means first-class air travel and accommodation wherever you are shooting your infomercial. If the celeb demands to bring a companion, the perks should be extended.

Celebrity Endorsement Network - (818) 704-6709

Ingles, Inc. - (213)464-0800

Jack King Celeb Brokers - (310) 652-5700

STAR GUIDE - This is a trade-size directory of over 3000 names and addresses

of TV and movie stars, musicians, sports celebrities, politicians, and other famous people. Updated every year. Complete alphabetical index. Over 175 pages. \$12.95 Published by Axiom Information Resources, P. O. Box 8015 Ann Arbor, MI 48107.

