

The effectiveness of celebrity endorsement in advertising

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Advertising is one of the most effective strategies of non-price competition, that's why it is closely associated and widely used in terms of monopolistic competition. Companies in monopolistic competitive market can not sell more of their differentiated product without lowering the price. Thus, advertising is a great instrument to gain more customers and increase the sales without cutting the price. Despite of different views on economic effectiveness of advertising, modern large companies in monopolistic competition spend millions of dollars for promotion of own brands, goods or services.

It is a known tactic to employ celebrity endorsement for advertising own product. In particular, for many years Michael Jordan has been appearing in Nike ads, and the products of this company are associated with Jordan on global scale. Many companies use a celebrity or athlete for advertising its goods or services because celebrity endorsement attracts more attention of target audience, as well as it increases credibility and improves reputation of the brand in customers' eyes, leading eventually to higher sales. Specialists comment that celebrity is already a known brand, and his/her endorsement of the product helps to make it more popular. " You have the core brand and then you have the celebrity brand, and, when that confluence is positive, the impact can be tremendous" (Storey, 2006).

In my opinion, participation of professional athletes in ads of certain brands can be considered quite convincing and effective from two perspectives. First of all, only successful powerful companies, which offer mostly first-class quality products, can afford inviting famous sportsmen (like Michael Jordan or David Beckham) to advertise their goods. Besides, sport is a passion of <https://assignbuster.com/the-effectiveness-of-celebrity-endorsement-in-advertising/>

people of different ages. Both children and adults around the world love sports very much, and that's why target audience of such advertising is very large. Nevertheless, recently British specialists found out that currently the effectiveness of celebrity endorsement is firmly decreasing (BBC News, 2007).

References

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