

The Aftermath of Celebrity Scandals on Endorsement

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Abstract

Celebrity Endorsers signed on by Companies to endorse their brands which has become a dominate phenomenon in recent years are sometimes plaque with scandals which mar the beautiful contract between the two parties. The purpose of this article is to provide a policy direction statement as a guide for decision making to equip Managers with the right tools to apply in the event of CE scandals so that the aftermath can be manage very well for business to run as usual. The introduction of Celebrity Endorsement (CE) makes it possible for Companies to engage Celebrities as brand endorsers for its products and services. The expectations of companies are that celebrities with their large followers through persuasive powers will attract customers to the brand in question. But then some of these contracts do not live up to their expectations and fall short because of scandals befalling these Icons. The study sought to find out the aftermath of these Celebrity Scandals, how both parties react to the contract and the consequential actions required of them. The study use top managers of both private and public sector companies in the economy, these companies were surveyed in Accra where all Companies, Ministries, Institutions and Departments have their Headquarters located and more so this is where such decisions are made. The study used Analysis of variance to test if factors have individual or joint influence on the response variable.

The study revealed that the aftermath CE scandals have serious business implications on communication (adverts), the contract and the brand image. The article further showed that the aftermath of Celebrity scandals is worth evaluating to equip Managers with the right tools to apply in the event of a scandal befalling a CE. Thus from the study one can conclude that Celebrity scandals do not necessary 'boils down' the company, but has a rampaging effect on communication, the contract, brand image and the CE himself or herself.

Keywords: Scandals, Celebrity, Endorsement, Aftermath.

Introduction

Corporate organizations have realized the potential benefits of using celebrity endorsement to promote their brands and this has become a new wave of promotion to one's customer target groups. Quite a number of Celebrities have been involved in a lot of activities that have brought embarrassment to the companies whose products and services they endorsed and themselves. When the endorser's image is tarnished it actually leads to a greater fall in the image of the brand (Belch & Belch, 2001) and these can receive negative publicity by the media (Till and Shimps, 1998) in the public domain. The nature of these negative events involve incidents that change, or damage the endorser's reputation, whether innocent or not, but they can damage the reputation of the firm. Typically, these negative events can range widely from accidents that hinder a celebrity's ability to perform including career ending injuries, infidelity issues, exposure to substance abuse (Louie & Obermiller 2002) or could be as serious as criminal charges brought against the celebrity endorser.

White et al.(2008) agrees that one of the greatest fears of using celebrities is the possibility of bad publicity arising involving the celebrity endorser with reference to Miciak and Shamklin (1994), when an endorser's image becomes 'tarnished by allegations of illicit, unethical, unusual, or even slightly unconventional behavior', this instantly creates problems for the endorser.

This negative publicity can spread from the endorser to the company and by that way may have a rub off effect on the company's image in a negative way. This is because companies want their consumers to associate the brand with the celebrity. When negative information about a celebrity comes out, this may lower the evaluation of the celebrity, which in turn reflects on the endorsed brand through the associative link established between celebrity and company (ibid.). Transference theory assumes that "the effect of past relationships (positive and negative) will carry over into future relationships" (Bunker and Ball, 2005). When a negative event occurs, audience gain new information into the celebrity's bundle of meanings and in turn it will impact the social relational process into the future (ibid).

In fact, it has been found that negative information about a celebrity endorser not only influences consumers' perception of the celebrity but also the endorsed product (Klebba and Unger, 1982; Till and Shimp, 1998). This effect was clearly an embarrassment to Hertz, which had utilized O.J. Simpson as their endorser.

This issue of negative celebrity information influence that stems from celebrity scandals and moral violation on brands is becoming a disturbing issue to the business community and therefore ought to be assessed to know what companies should do in the aftermath of celebrity scandal happening irrespective of the contractual agreement between the two. When advertisers employ celebrities as their product endorser, they also take a risk of their brand being tarnished by negatively published celebrity information (Erdogan & Baker, 2000). Amos, Holmes, and Strutton (2008), speculated that the high risk associated with using celebrity endorsers as well as the

substantial impact negative information about those celebrities can have on consumers' perceptions would exercise the largest impact on the effectiveness of celebrity endorsements in advertising. This is believed to affect the product or service that is endorsed by the celebrity. As a result "any negative news about a celebrity may reduce the celebrity's allure, and therefore the appeal of the brand that the celebrity has endorsed" (Bruce et al., 2004: 127).

A number of entertainers and athletes have been involved in activities that have embarrassed the companies whose products they endorsed. When the endorser's image is finished it actually leads to a greater fall in image for the brand (Belch & Belch, 2001) and these can receive negative information or publicity (Till and Shimp, 1998) in the public domain. Negative information can spread from the endorser to the company and by that way affect the company in a negative way. This is because companies want their consumers to associate the brand with the celebrity. Thus, this paper explores to know the aftermath of Celebrity Scandals and beyond, that is how both parties react to the contract and the consequential actions required of them and the provision of policy direction or actions for Managers as a guide for decision making.

Literature Review

According to McCracken's (1989), a celebrity endorser is an individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement. Celebrity endorsement influences the feelings of the consumers and can also influence the attitude consumers have towards the advertisement and attitude towards the brands, which can increase the purchase intentions. This is because celebrities appear to be gaining increasing influence in society (Choi and Berger, 2010), marketing managers try to exploit the process of meaning transfer from an endorser to products or brands involved (McCracken, 1986). Erdogan, Baker, & Tagg, (2001) made a strong case for well-known persons since they can effect consumers' behavior and people more easily can identify themselves with these particular persons. These well-known persons are seen as the celebrities who perform varied roles in the public domain and according to Silvera & Austad, (2004) they enjoy public recognition by a large share of a certain group of people with distinctive characteristics, such as attractiveness, and trustworthiness. Practitioners continually face the difficulty of strategically executing their advertisements in order to draw consumer attention and influence consumer judgments (Ilicic, & Webster 2012). Schlecht, (2003) advanced the previous definitions and tout that Celebrities are people who enjoy public recognition by a large share of a certain group of people whereas attributes like attractiveness, extraordinary lifestyle are just examples and specific common characteristics cannot be observed though it can be said that within a corresponding social group celebrities generally differ from the social norm and enjoy a high degree of public awareness.

Despite the potential benefits of using celebrity endorsers in advertising campaigns, the disadvantages of using them deserve serious consideration. Some theorists both advertisers and academics have shown a greater interest in the potential hazards and risks associated with the adoption of celebrity endorsements. That is the use of celebrities involve a huge amount of risk and in some cases it is not worth this risk.

McKee (2008), agrees to the above position and submit that celebrity spokespeople are expensive and risky, and they don't always pay off due to the following specific potential risks. There is the issue of negative celebrity information influence that stems from celebrity scandals and moral violation on brands. When advertisers employ celebrities as their product endorser, they also take a risk of their brand being tarnished by negatively published celebrity information (Erdogan & Baker, 2000). Amos, Holmes, and Strutton (2008), speculated that the high risk associated with using celebrity endorsers as well as the substantial impact negative information about those celebrities can have on consumers' perceptions would exercise the largest impact on the effectiveness of celebrity endorsements in advertising. That is, when negative information about a celebrity endorser emerges, the accompanying unfavorable perceptions consumers develop can dilute the brand equity of the celebrity associated product. Till and Shimp (1998) also found that a strong associative link between celebrity and product must be lessened if negative celebrity information happen to lower consumers' brand evaluations.

In fact, it has been found that negative information about a celebrity endorser not only influences consumers' perception of the celebrity but also the endorsed product (Klebba and Unger, 1982; Till and Shimp, 1998). This effect was clearly an embarrassment to Hertz, which had utilized O.J. Simpson as their endorser. Although many companies include clauses in celebrity contracts for termination on grounds of moral turpitude and/or take out "death, disablement, and disgrace" insurance to cover the shortcoming of celebrity endorsers, they may still lose out on their investment and image. Another important strategic issue is subsequent overexposure when a celebrity becomes an endorser for many diverse products and the relationship between the celebrity and a particular brand ceases to be distinctive (Mowen and Brown, 1981).

The nature of these negative events involve incidents that change, or damage the endorser's reputation, whether innocent or not, but they can damage the reputation of the firm. Typically, these negative events and can range widely from accidents that hinder a celebrity's ability to perform including career ending injuries, to exposure to substance abuse (Louie & Obermiller 2002) or could be as serious as criminal charges brought against

a celebrity endorser. White et al.(2008), agrees that one of the greatest fears of using celebrities is the possibility of bad publicity arising involving the celebrity endorser – with reference to Miciak and Shamklin (1994), when an endorser's image becomes 'tarnished by allegations of illicit, unethical, unusual, or even slightly unconventional behavior', this instantly creates problems for the endorser.

This is believed to affect the product or service that is endorsed by the celebrity. As a result "any negative news about a celebrity may reduce the celebrity's allure, and therefore the appeal of the brand that the celebrity has endorsed" (Bruce et al., 2004: 127). A number of entertainers and athletes have been involved in activities that could embarrass the companies whose products they endorsed. When the endorser's image is finished it actually leads to a greater fall in image for the brand (Belch & Belch, 2001) and these can receive negative information or publicity (Till and Shimp, 1998) in the public domain. Negative information can spread from the endorser to the company and by that way affect the company in a negative way. This is because companies want their consumers to associate the brand with the celebrity. When negative information about celebrity comes out, this may lower the evaluation of the celebrity, which in turn reflects back to the endorsed brand through the associative link established between celebrity and company (ibid.). Transference theory assumes that "the effect of past relationships (positive and negative) will carry over into future relationships" (Bunker and Ball, 2005). When a negative event occurs, audience gain new information into the celebrity's bundle of meanings and in turn it will impact the social relational process into the future (ibid).

Another risk is the "Vampire Effect" or the celebrity overshadowing the brand (Khorkova, 2012). Viewers of commercials featuring both celebrity and the brand radically ignore the brand endorsed by the celebrity, others are so enthralled and fascinated by the personality of the endorser that they completely forget about the brand being advertised, and according to Fill (2005) leads to the celebrity moving to the first place leaving the product or brand outside of consumer attention. Cyber media research study shows that 80% of the respondents remember the celebrity but could not recall the brand being endorsed.

The overshadowing by celebrities on their endorsed products puts forth another negative aspect on using celebrity endorsements. That is, consumers would focus their attention on the celebrity and fail to notice the brand being promoted (Belch & Belch, 2001). The authors caution that it is important that the celebrity spokesperson will attract attention and enhances the sales message without overshadowing the product (ibid). This often occurs when celebrities are endorsing multiple products or brands in the marketplace. Petty, Cacioppo, & Schumann, (1983) maintain that due to the enhanced attention drawn to celebrities in many types of advertisements, a general lack of people's interest in assessing merits of the product may occur, which can result in reductions in their brand recognition. Rossiter and Percy (1987) also added that the celebrity overshadowing effect is likely to occur when the ads featuring celebrity endorsers focus on the celebrity rather than on the products endorsed. For this negative effect, Cooper (1984) cautioned advertising practitioners that the product, not the celebrity, must be the star.

Similarly, the other risk likely to be associated with celebrity endorsement is over exposure (Belch & Belch, 2001). Thus celebrity greed and the frequent appearance of a particular celebrity in TV commercials or in print ads are likely to undermine the effects of his/her endorsement. For example, Tiger Woods endorses for Nike, Buick, American Express, Accenture, Electronic Arts and Heuer whereas David Beckham endorses for Adidas, ESPN, Motorola, Gillette, Pepsi, Soccer-lite America and many more (Shimp, 2003). As Mowen and Brown (1981) suggested, if a celebrity's image is associated with many brands in the consumer mind, the celebrity and the particular brand would not be distinctive. If then, consumers tend to attribute the true nature of the celebrity's endorsement to generous compensation, leading consumers to overt cynicism about the celebrity's motives (Tripp et al., 1994). Previous studies suggest that the use of multiple product endorsements negatively affects consumers' perceptions of endorser trustworthiness, as well as their brand evaluations (Mowen & Brown, 1981; Moore, Mowen, & Reardon, 1994; Tripp et al., 1994). Kaikati (1987) and Mowen and Brown (1981) have found that the more products or brands a celebrity endorses then the less credible he or she is seen by consumers. That is, if the amount of the endorsements is increasing the audience may feel that the celebrity is losing his or her trustworthiness, and commitment to the original brand (Khorkova, 2012). The consumers may also decide that the celebrity is purely motivated by financial considerations, in turns it will reduce their credibility. Mowen and Brown (1981) discovered that the product and ad evaluation were higher and product purchase intention was greater when a celebrity endorsed only one product. Using multiple print ads as the stimuli, Tripp et al. (1994) also found that as the number of products endorsed increased, consumers 'perceptions of celebrity credibility, celebrity likability, and their attitude toward the ad become less favorable.

Marketing have felt that once the brand rides on the back of celebrity it becomes difficult to promote it without the star as it becomes difficult to separate the role of the message and the role of the celebrity in selling the brand. The celebrity activity becomes an addiction and the task to find substitute becomes more and more difficult. So in a sense it leads to what Belch and Belch, (2001) describe as a Necessary Evil.

According to Walker et al (1992) it is a big financial risk for companies to invest in celebrity endorsement. The cost of hiring celebrities as endorsers cost several millions of dollars to endorse a single product. Till(1998) and Shimp (1997) says that this makes it huge a financial risk since companies have no control over the actions of

the celebrity and that the use of celebrity is a high-risk decision.

An image transfer occurs when an advertisement can establish contingency between the two entities (Till, 2008). Managers pursue such connectivity with the goal of obtaining a favorable brand image outcome (TNS Sport, 2005). Brand image encompasses all perceptions of a brand, stored as brand associations in consumer memory (Keller, 1993).

It also constitutes a meaningful brand value driver and influences the formation of brand equity (Faircloth, 2001). Ogunshiji, A.Sola (2012), claims that there is a 98% correlation between success of celebrity endorsement of brand and the power of the brand in the market place. Furthermore, celebrities have positive effects on both attitude toward advertisement and brand. Bardia Yousef hakimi, Abed Abedniya and Majid Nokhbeh Zeaim (2011), pointed out that there exist a major relationship between the credibility of the endorser of a product and its brand image. We want to find out the customer's mindset about the brand that is affected by the celebrity endorsement and its dimension. Credibility of the celebrity leads to the growth of the brand equity. It is suggested by source credibility that the success of a message is dependent on two factors; the "expertness" and "trustworthiness" of the source (Holvand, Janis, and Kelley, 1953; Sternthal, Dholakia, and Leavitt 1978). A message source with greater credibility is usually more effective compared to a message source that has lower credibility. Behavioral changes are caused by positive attitudes which are created when the message is delivered by a highly creditable source. Belch & Belch (2001) explains that it is often the celebrity's knowledge, experience, and skill in a certain product or service that leads to them being selected as the spokesperson for that product or service. Also the celebrity's achievements and special skills may act as a suitable connection with the product, and result in the endorsement being more acceptable by the consumers (Till and Bulser, 2000). Based on reviews, it was discovered that the impact of celebrity endorsement on brand equity message is delivered by a highly creditable source. (Craig and McCann, 1978; Woodside and Davenport, 1974), so advertisers tend to go for celebrities whom they believe have a greater level of credibility the connection between celebrity attractiveness and attitude changes towards products, issues, and advertising evaluations have been shown in many studies (Chaiken 1979; Kahle and Homer, 1985). Belch & Belch (2001) explains that it is often the celebrity's knowledge, experience, and skill in a certain product or service that leads to them being selected as the spokesperson for that product or service. Generally in persuasive communication, the source's expertise and skill refers to the skill and expertise observed from them, has a positive effect on changing consumers' attitudes. Also the celebrity's achievements and special skills may act as a suitable connection with the product, and result in the endorsements being more acceptable by the consumers (Till and Bulser, 2000). Nowadays, many companies spent billions of dollars per year on celebrity endorsement to create the good or positive awareness their products and brands.

Tiger Woods endorsement contract with Nike back in 2000, but the scandal in Woods' personal life in 2010 eventually got meshed with marital infidelity. Lance Armstrong the ace cyclist in 2013 got busted for using drug enhancement performance for several years in many competitions across the world which won him several medals, awards and contracts. When the truth came out, his stardom fell and almost all companies that have endorsement deals with him withdrew or cancelled their contracts resulting in big losses.

In another dimension Marian Jones, the three times Olympics Gold Medalist was also found to have used drugs which led to stripping off her medals and thrown into jail for three months. The current trial of Oscar Pistorius in South Africa and consequent incarceration in prison eventually charging him for murder have dents on his image and serious implications on all brands endorsement contracts.

Reports published indicate that utilizing celebrity endorsers in marketing communication activities have gone up remarkably. On the average, one in every five ads in UK and one in every four US advertisements feature a celebrity endorsement in today's marketing campaigns (Hollensen & Schimmelpfennig, 2013). On a global scale roughly every fifth ad includes a celebrity, making endorsements a widely accepted, used and popular strategy among marketers to promote consumer products and services (Halonen-Knight & Hurmerinta, 2010).

The challenge is the reaction of Managers in times of these scandals and beyond, the celebrity endorser has engulfed himself or herself in a scandalous act which has brought an untold embarrassment to the company. The study therefore aims at examining the aftermath of Celebrity Scandals and beyond this point how both parties react to the contract and the consequential actions required of them and the provision of policy direction or actions for Managers as a guide for decision making.

Methodology / Techniques

In this exploratory research, the study used both primary and secondary research methods to address the information needs. To have a better conceptual framework to the study secondary research was necessary since many studies have so far been conducted on the risk of celebrity scandals on diffusion. Also, primary data was needed because some of the variables used in this study were different from those of the previous studies. Thus, survey was appropriate to confirm the reliability of existing variable, and to test the new variables which were used for the first time. Quantitatively, the survey method was the research instrument for the study. This was appropriate because certain information needed for the study was by nature numerical and could better be handled

by quantitative research instruments. Structured questionnaire were used for survey data collection. Close-ended questions were used to limit the responses to specific and manageable items, and thus avoid possible exhaustive list of items that might defeat the purpose of the study. In this connection, a 5-likert scale of strongly disagree to strongly agree were used to measure the magnitude of respondents responses.

In all a total of twenty respondents representing 20 Corporate Organizations/Companies comprising of Marketing Managers, Sales Managers, General Managers, Public Relation Officers, (PRO's) Corporate Affairs Managers were used in the study, This implies that these respondents are in managerial positions that are involved in decision making positions in the affairs concerning contracting Celebrities to endorse corporate brands. This requires senior management personnel to make this decision as they are in charge of resources, authority, are responsible and accountable for every action and decisions taken since this kind of decisions involves huge capital outlay. The analytical method used is Analysis of variance, because it is one of the most flexible and practical technique for comparing several factor means. Thus one main aim of ANOVA is to test if factors have individual or joint influence on the response variable. It is an instrument for reviewing the goodness of fit of the chosen model. It is used to analyze treatments (factors) means by identifying sources of variability of the data. Factor analysis was used to analyze customer's responses because of the volume of the data. The respondents profile was analyzed using the statistical package for social sciences (SPSS) in the form of frequency table for easy interpretation and understanding.

Findings and Discussion;

Respondent's Profile

Tables 1 represent the findings of the profile of respondents which shows respondent according to gender, number of years respondent have been in the position they held in their company and the sector in which their organizations are found.

Table 1: Summary of Response on Demographic Characteristics of Respondents

Attributes	N	Frequency	Percentage
Gender	20		
Male		13	65.0
Female		7	35.0
For how long have you been in this position of the company	20		
1 – 3 years		3	15.0
4 – 6 years		9	45.0
7 – 9 years		3	15.0
10 and above years		5	25.0
Which industrial sector can your organization be found	20		
Food and Beverages		10	50.0
Services		6	30.0
Medicine		2	10.0
Retail Business		2	10.0

Source: Field data, 2015.

This table shows the gender of respondents. Column one shows the number of respondents, while column three shows the percentage of male respondents to female respondents. The frequency distribution table indicates that respondents were made up of 65.% males as against 35.% females. Column three shows the frequency results of number of companies represented in the various sectors in the study.

Gender

In all a total of twenty respondents representing 20 Corporate Organizations which comprise of Marketing and Sales Managers, General Managers, Public Relation Officers, (PRO's) Corporate Affairs Managers were used in the study, 13 representing 65% are males and the rest 7 (35%) being females. This implies that more men are in managerial positions than their female counterparts involve in decision making positions or in the realm of affairs concerning contracting Celebrities to endorse their brands. This requires senior management personnel to make this decision as they are in charge of resources, authority, are responsible and accountable for every action and decisions taken since this kind of decisions involves huge capital outlay.

Time with Company

From the table 1 above, it can be observed that 9 out of the 20 respondents have held their present position for 4 -

6 years in their companies. Year intervals 1-3years and 7-9 years has 3 respondents each in their companies who have held their current position representing 15% each, while the remaining 5 respondents has held their present position for 10 and more years in their respective companies. This indicates that managers in the study were well versatile, knowledgeable in endorsement issues and well experienced enough to be part of the survey and their input is of worth and contributing to the study.

Sectorial Representation

The table1 above further reveals that 50% (10 out of 20) respondents classified their companies into the food and beverages production, this sector comprises the manufacturing companies. The next is the Service sector representing 30% (6 out of 20) which is also a vibrant sector that uses celebrity endorsement especially in the telecommunication companies. The remaining 10% represent the business retail sector which is mainly the Shopping Malls and Melcom. Medicinal sector is the next sector with 10%.

Table 3: Aftermath of Celebrity Scandals – Communication (Adverts)

Source	Degree of freedom	Sum of Squares	Mean Square	F	Probability
Factor	4	74.040	18.510	26.74	0.000
Error	95	65.750	0.692		
Total	99	139.790			

Source: Field data, 2015.

$$S = 0.8319 \quad R \text{ Squared} = 52.97\% \quad \alpha = 0.05$$

Table 4: Aftermath of Celebrity Scandals –Image of the Company

Source	Degree of freedom	Sum of Squares	Mean Square	F	Probability
Factor	4	0.700	0.175	0.48	0.747
Error	95	34.300	0.361		
Total	99	35.000			

Source: Field data, 2015.

$$S = 0.8319 \quad R \text{ Squared} = 2.00\% \quad \alpha = 0.05$$

Table 5: Aftermath of Celebrity Scandals - Contract of the Celebrity

Source	Degree of freedom	Sum of Squares	Mean Square	F	Probability
Factor	4	22.860	5.715	11.11	0.000
Error	95	48.850	0.514		
Total	99	71.710			

Source: Field data, 2015.

$$S = 0.7171 \quad R \text{ Squared} = 31.88\% \quad \alpha = 0.05$$

The Anova tables (4&5) for the aftermath of celebrity scandals on contract and communication show that celebrity scandals has great effect on contract as well as communication (adverts) of the endorsed brand as their respective p-values (0.000) are less than the alpha value (0.05) and are significant. The coefficient of determination shows that about 32% and 53% of the variations in contract and communication of celebrity is as the results of the aftermath of celebrity scandals.

But looking at the Anova table 4 for Image, we can observed that the p-value is greater than the alpha value (0.747 > 0.05) which suggest that the aftermath of celebrity scandals has less significant effect on image. As such the R squared shows that only 2% of the variation in brand image is explained by the aftermath of celebrity scandals.

Data Analysis of Aftermath of Celebrity Scandals-Communications

Communication as a form of creating publicity is highly affected after CE scandals because the endorser is used as the face or ambassador of the brand, so in the event of scandals rocking the celebrity, it has a disastrous effect on almost all corporate communications to the General Public. The aftermath of celebrity scandals has greater effect on all communication (adverts) of the endorsed brand as it's respective p-values (0.000) is less than the alpha value (0.05), as this is very significant. So the reaction of the company is first to withdraw all Commercials in the various media involving the Celebrity immediately, even though the contract is far from ending. This is confirmed by the response rate as we can observed that the p-value is lesser than the alpha value (0.000 < 0.05) which suggest that the aftermath of celebrity scandals has greater effect on corporate communication. As such the R squared shows that 53% of the variation in communication is explained by the aftermath of celebrity scandals. The implication is that as far as the audience receives the adverts and see the embellish endorser it reminds customers of the scandal which affects or changes their perception, if the ads is withdrawn the better. Most

companies disassociate itself from the Celebrity's scandals and indicate that they are not part of what has happened. In this case the Celebrity will not be showcased during corporate events and other publicity stunts.

However, the consequences on communication are that the huge expenditure budget will go waste. That is the cost of making the advert using the Celebrity endorser, the signing on fee and the media charges by the media agencies to promote the endorsement go down the drain which results in huge financial losses to the company as cost. So the implications afterwards of Celebrity scandals are a huge cost to companies which leads to financial losses, efforts and waste of time and moreover, the challenge of finding a new endorser and starting the whole process all over again can be very frustrating, money wasting and time consuming.

Data Analysis of Aftermath of Celebrity Scandals-Image

The study went further to find out the repercussions of Celebrity scandals on the corporate image in the aftermath of the CE scandal. On Celebrity image it is obvious that it will suffer a jolt depending on the nature and the enormity of the scandal, which will dent his/her image. If care is not taken he/she may not survive or revamp the career, publicity and the image.

On the corporate's part its image will not be seriously affected as indicated by the coefficient of determination which shows (2%) of the variations image of celebrity endorsement is the results of the aftermath of celebrity scandals. This implies that its impact on corporate image might be for a little while but will not have serious repercussion on corporate image. This is because the endorsed brand might have strong image itself and positive customer's perception of the brand, quality products and services which benefits consumers and creditability of the brand in general. In addition, good customer care couple with customer loyalty will stand the test of CE scandals because of these qualities of the brand it will not losses face with its customers, neither will it change or will affect customer's perception of the brand. Therefore, the scandal of the brand ambassador will not impact negatively on the brand image they represent but rather an initial 'messy' situation would have to be cleared by corporate communications.

In the event of Celebrity's scandal whether their names becomes household names and it makes them more popular than before respondents claimed that the incident becomes widespread and the name of the CE is associated with it which gives it a negative connotation. So it therefore, confirms the fact that CE becomes more popular and their names are known all over negatively, yet their image is soiled and not credible any longer with negative perceptions

Data Analysis of Aftermath of Celebrity Scandals-Contract

The study went further to find out the consequences of Celebrity scandals and its' aftermath on contract in the event of it happening because certain concerns will have to be raised and decisions have to be made in line with what has happened and how to strategize the way forward.

On aftermath of Celebrity Scandals what actually happens to the Contract signed between the Corporate Organization and the Celebrity concerned becomes an issue that needs critical scrutiny because of the monetary and legal implications involve. Managers response were that celebrity scandals have serious repercussions on the contract between them as their probabilities are less than the alpha value ($0.000 < 0.05$) which is significant. This suggests that the aftermath of celebrity scandals has greater effect on contract signed between the signee and the signor. As such the R squared shows that 32% of the variation in contract is explained by the aftermath of celebrity scandals as shown by the coefficient of determination. The implications are that managers would be compelled under the circumstances to cancel or terminate the Contract whether it is stated clearly in the contract or is implied, as the thinking is that society (customers) might think the Company condone or support such deviant acts by the Celebrity. So it would disassociate itself from the scandal, name and shame it as a form of reprimand and to deter other Celebrities from such acts. They added that the terms and conditions stipulated in the contract will be adhered to and complied with in case of Celebrity scandals. Managers were of the view that the Company will seek legal action in court or seek legal counsel in case of Celebrity scandals for fairness. The Companies disagreed to surcharge the brand endorser with the losses made in relation to the scandal but would stick to the terms and conditions of the contract. Whether companies will retrieve part or ask for refund of the Contract sum paid, Managers indicated that the period elapsed cannot be taken but neither would subsequent ones be paid even though the contract has not come to an end, decision taken will basically base on legal advices, agreements and compromises from both party legal Counsels or their representatives and the results of investigations conducted.

Conclusion

In sum Corporate Managers must react to the situation in context, what actually must be done or the actions taken in relation to salvage the situation. The CE who has fallen into a scandal will therefore bring the brand into disrepute and to the fore several consequences on the contract between the signee and the signor. Thus several questions arise as to what happens to the contract itself, the corporate image and lastly adverts that portray the CE throughout the markets. That is in the interim what measures ought to be taken so that in the aftermath of it

happening certain concerns will be raised and decision has to be made in line with what has happened and how to strategize the way forward because the issues need critical scrutiny because of its monetary and legal implications involve.

So in determining the aftermath of Celebrity scandals on brands, the variables tested includes the contract, communication and the corporate image were phenomenal as all but image have serious repercussion on the brand. The contract will suffer setbacks as it ceases to be operational from the very day the scandal happened which carries a lot of legal, social-cultural, financial and commercial implications on both parties. However, the brand image may not suffer radically as the perception of the scandal might not be against the brand or the company per say but rather will be on the CE at the center. Lastly, communication aspect is the mostly affected as the CE might have been used in all commercials (adverts) and public events relating to the brand. In such situations all these commercials are withdrawn from the public resulting in losses emanating from cost of making those commercials which is a financial drain to the company.

In conclusion what happens in the aftermath of Celebrity scandals is a difficult time for management to make certain drastic decisions but if manage very well will allay all fear of business losses. Thus from the study one can conclude that Celebrity scandals do not necessary 'boils down' the company. However, it has a rampaging effect on cost (signing fee) and communication. Thus cost or money paid to the CE would have lost and might not be refundable to the company. In addition finding a new CE is time consuming, efforts wasting and another risk taking venture which increase cost to the company. Lastly, communication is the factor that suffers a lot because of the involvement of the CE in most of the commercials. This is because all these commercials containing the voice, face or pictures of the Celebrity will have to be withdrawn from circulation and excluded from all public events of the company. These are big losses to the company since the contract is far from ending. Thus in the event of CE scandals companies suffers in terms of heavy expenditure losses and communication materials. These are real losses to the company.

Implication to Research and Practice/ Policy Statement

Henceforth, Companies and Organizations should make it as a policy direction that staff that are employed in the marketing department are people who are well orientated, trained or has inclination in marketing issues as they will be well placed and serve as resource persons for the company when the need arises in making decisions on such issues therefore, qualified and well oriented Managers should be employed to be in charge of marketing. This will curtailed expenses and consulting AD agencies as these staff will be well versed in celebrity endorsement issues.

Secondly, CE contracts terms and conditions, legal technicalities are to be well spelt out for clarity, understanding and explained to both parties of the contract by their legal counsels. Thus, their respective representatives should be both legal counsels who will understand clauses, terms and conditions and their consequences thereof on legal, social-cultural, economic and commercial implications on both parties. So in signing the contract Managers must ensure that all clauses are well scrutinized and understood before pen is put to paper. Regulations as to performance decline, scandal befalling Celebrities, exits clauses, penalties, duration of the contract, rewards and punishment are to be spelt out in the CE contracts. Also behavioral code of conduct and ethics that the company deems is right should be enshrined in the contract as a guide for moderate lifestyle and public life as well. In sum CE ought to be taken as a serious business contract by both parties because it requires huge investment of money, time, and efforts. Both parties therefore have to take stringent measures to scrutinize the contract terms and conditions, personalities involved, their background, lifestyle, all the legalities involved and its implications on both the Brand and the CE before such contracts are signed.

In practice however, the companies should try to do a damage repair in the aftermath of CE scandal which will attempt at changing the negative perception circulating or making a positive re-positioning statement on the audience mind by running adverts which does not involve the CE. Aside all these, companies after Celebrity's scandals should encourage concentrating on other promotional tools/efforts like Sales Promotion, W.O.M., Public Relation activities, Sponsorship and quality customer services strongly to control the damage done and also to strengthen the positioning statement on consumers mind. Other promotional activities such as merchandising, roadshows throughout market centers, rigorous efforts by motivating customers enough to participate and using the right media to help facilitates the promotion of the brand. Legal counsels should be consulted /involved at every stage of the contract negotiations.

Future Research

Researchers should delve into how Celebrities are able to revamp their carrier and bounce back into stardom after being involved in a scandal or whether the scandal ends their carriers.

APPENDIX: RESEARCH QUESTIONNAIRE

Dear Respondent you have been selected among 30 other Managers and Officers for a survey to investigate the aftermath of Celebrity Scandals on Endorsement. Your honest and frank response shall be very much appreciated.

Instruction

Please tick one appropriate response from the sets of responses for the questions below:

Respondents Profile

- 1) Gender : Male Female
- 2) I have been a manager of this company for this time.
1 – 3years 4 – 6 years 7 years +
- 3) The company can be found in this industrial sector.
Services Food and Beverage Electronics Medicine Retail Business

Aftermath of Celebrity Scandals-Contract

- 4) I will cancel the Contract if the Celebrity is involved in a Scandal.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 5) I will retrieve part of the Contract sum paid if a Scandal befalls our Celebrity endorser.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 6) Terms and Conditions of the contract will be complied with in case of scandals.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 7) The Company will seek legal action in court in case of Celebrity scandals.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 8) The Company will surcharge the brand endorser with the losses made in relation to scandals.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree

Aftermath of Celebrity Scandals-Contract-Communication

- 9) I will withdraw all Commercials in the various media involving the Celebrity immediately, even though the contract is far from ending.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 10) I will attempt to do an image repair of the Company as a result of the Scandal.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 11) After the Celebrity's scandals the company would concentrate on other promotional tools strongly to control the damage done.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 12) I will disassociate the company from the Celebrity's scandals.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 13) The Celebrity will not be showcased during events and other publicity stunts.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree

Aftermath of Celebrity Scandals- Image Effects

- 14) The brand losses face with its customers because of the scandal.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 15) I think the Scandal will affect customer's perception of the brand.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 16) The scandal of the brand ambassador will impact negatively on the brand they represent.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 17) I think the Scandal will affect the brand image.
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
- 18) In the event of Celebrity's scandal their names becomes household names and it makes them well known than before.

1. Strongly agree [] 2. Agree [] 3. Neutral [] 4. Disagree [] 5. Strongly disagree []

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