

How Important Are Celebrity Endorsements? Do They Help Marketing or Is It a Double-Edged Sword?

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In the conventional advertising world, celebrity endorsement is very effective. Among the factors for effectiveness includes the fame of the celebrity, the connection with the product or service, whether or not the celebrity is a user, and whether or not the statements of the celebrity appear as truly authentic or merely a “pay for endorsement.”

The use of celebrity endorsement is far less successful in the direct selling industry. In fact, the advertising model for direct selling is quite different than conventional advertising. In conventional distribution, such as retail stores, internet or broadcast media, companies pay advertising dollars and endorsement fees to promote the brand. However, in direct selling, the commissions and rewards paid to distributors are effectively the advertising dollars that would be paid in other channels of distribution. Instead, the branding, in direct selling, is accomplished by the promotion of the sales network of the direct selling company. Looking at the success of major companies such as Avon, Mary Kay, Tupperware, Herbalife, etc., the branding task has been accomplished by the consultant force, and generally without the use of celebrity advertising.

One final note on celebrity advertising: The FTC has adopted significant rules on endorsements and testimonials to require clear disclosure to consumers of relationships between endorsers and the advertising company. For a detailed discussion, see www.mlmllegal.com's article on this subject:

FTC Guidelines on Endorsements and Testimonials Resource Center:

<http://www.mlmllegal.com/FTC%20Guidelines%20Testimonials/FTC%20Guidelines.html>

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On Assignment

On any given day you can catch [Jeffrey Babener](#) lecturing on Network Marketing at the University of Texas or the University of Illinois, addressing thousands of distributors in Los Angeles, Bangkok, Tokyo and Russia, or writing a new book on Network Marketing, an article for Entrepreneur Magazine or a chapter for a University textbook. Over two decades he has served as marketing and legal advisor to some of the world's largest direct selling companies, the likes of Avon, Nikken, Melaleuca, Discovery Toys, NuSkin, and he has provided counsel to the most successful telecom network marketing companies...Excel, ACN, World Connect, ITI, AOL Select and Network 2000. An active spokesperson for the industry, he has assisted in new legislation and served on the Lawyer's Council, Government Relations Committee and

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