



Heather Schafer

# TRADEMARK TALK

## How to survive a celebrity marriage

With Hollywood divorces almost as certain as an appearance on the red carpet, **Heather Schafer** looks at celebrity brand management in the information age

**When reality star Kim Kardashian married sports star Khris Humphries in August 2011, there was an explosion of product placement and endorsement deals to coincide with the event. From a brand management standpoint, the wedding acts as a perfect starting place for discussing the potential risks and benefits of celebrity brand endorsements.**

Millions of people, via television, computer, and print media, followed every moment of the romance between TV personality Kardashian and basketball player Humphries – from their first meeting to their engagement a few months later. With a multi-million viewer audience, it is not surprising brand owners invested thousands of dollars to be a part of the “fairy tale” event. The estimated cost of the wedding was \$6 million and the couple is estimated to have garnered over \$18 million. The wedding broadcast spanned over four hours, with each two-hour episode attracting about 4.4 million viewers. However, 72 days later, Kim filed for divorce.

Humphries was reportedly blindsided by the divorce, and he was not alone. Beloved brands such as Vera Wang, who thoughtfully designed three wedding dresses for the event, also felt the slight. As the facts play out, rumours are mounting that the wedding was a publicity stunt – leaving the associated brands looking duped.

The potential damage to the Vera Wang brand has been at the forefront of speculation, and provides a discrete starting place for discussing the potential risks of aligning with

celebrities. The Vera Wang gowns were the most prominent visual aspect of the event. Wang’s participation in the fairy tale union was part of a brand strategy to launch with clothier David’s Bridal affordable imitations of two of the Kardashian dresses in Wang’s “White by Vera Wang Collection”.

Women all over the world universally dream of Vera Wang gowns. Wang has been called upon to outfit public figures ranging

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from former US president Bill Clinton’s daughter Chelsea Clinton and US author and attorney Karenna Gore, to actresses Sharon Stone, Uma Thurman and Kate Hudson. The Vera Wang brand has built such a solid foundation of goodwill that it will certainly take more than a flighty Kardashian to damage her brand.

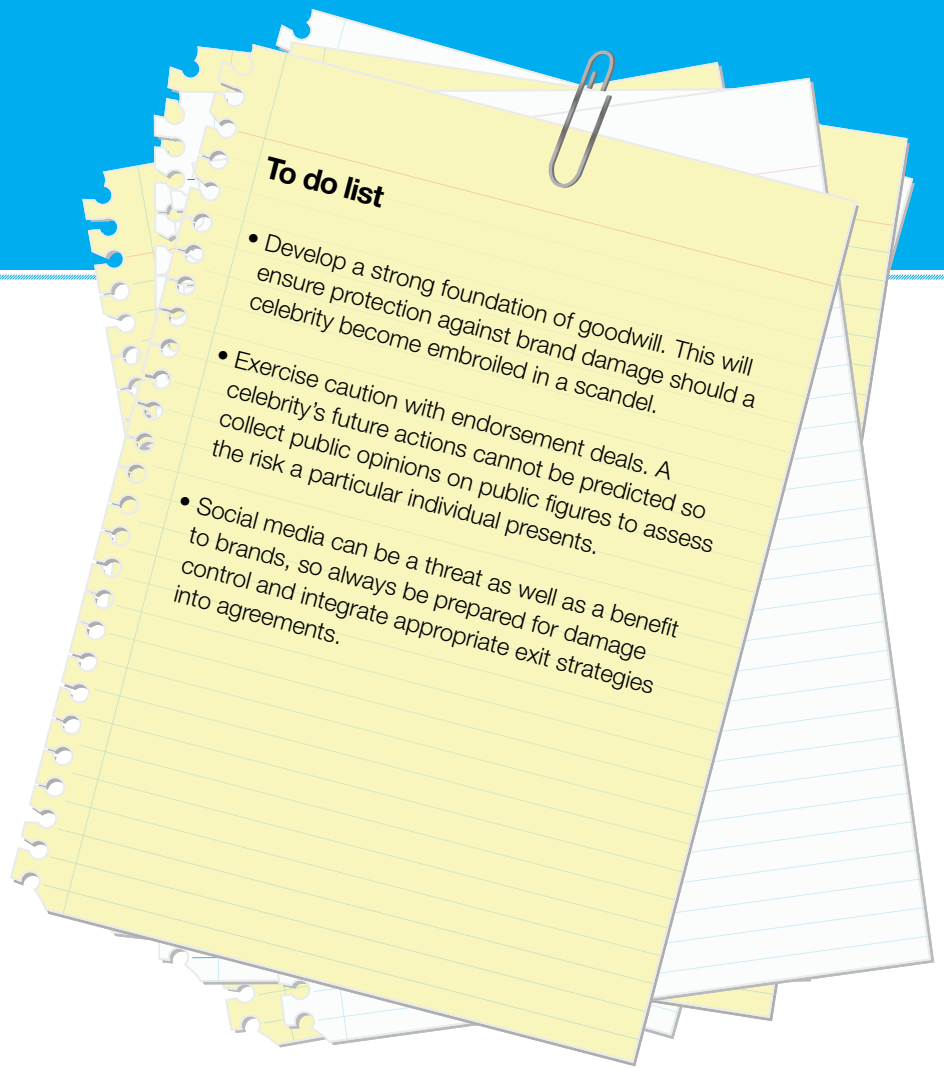
While the resilient Vera Wang brand may suffer little more than a reduced return and a lot of headaches, the Kardashian scandal provides an opportunity to consider strategies for other brands when casting chips in the celebrity endorsement roulette.

Both history and psychological research demonstrate that, a celebrity alone is not enough to make a brand – but it might be enough to destroy a brand (think OJ Simpson and Ford Explorer). Every brand must have a strong core of goodwill that comes from quality, consistency, and public responsiveness. Once goodwill is established, endorsements can take a brand to new levels, or open doors into new markets (eg, golf player Tiger Woods introducing Nike into golf).

Celebrity endorsements come with risks, but, as the Vera Wang brand illustrates, when a brand has strong goodwill, it can take greater risks. While the Kardashian divorce certainly was not the publicity she signed up for, the Kardashian wedding launched Wang’s White Collection to over 4.4 million people, many of whom are very likely in her target demographic.

This and other recent celebrity scandals illustrate that brands should exercise caution in their endorsement deals. While it is impossible to predict whether, when, and to what extent a celebrity will fall from grace, brands have endless information available to determine whether a particular public figure demonstrates the credibility, relevance, and values of the brand and its target audience.

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There are numerous indexes that collect and summarise public opinion on celebrities, including Google Trends, Q Ratings, YouGov's Brand Index, and others. Through due diligence, a brand may determine the controversy risk of a particular individual.

Some individuals really surprise us. Of course, another Tiger Woods will surely emerge – who can pass all scrutiny only to become the centre of a massive scandal. This is why the next step is structuring escape clauses in endorsement agreements. Morals clauses have become common in endorsement agreements, but it is important to make sure these clauses are quite specific and list exactly what acts invalidate the endorsement agreement. The brand should be realistic and recognise that they are dealing with human beings and also realise that not every scandal will bring ruin on the brand. Broad morality clauses will unnecessarily drag out negotiations and will be nearly impossible to enforce. However morality clauses, including murder, felony charges, racism, and violent crimes tend universally to create a branding nightmare and thus find support from courts.

Structured royalty payments, buy-out amounts, and financial bonuses may also create an incentive for a celebrity to avoid scandal. It is more likely that a brand can terminate and withhold future payments than that the brand can recoup money already paid.

Increasingly, brands are securing "death and disgrace" insurance to limit their exposure to celebrity-caused reputation damage. These policies provide some coverage for the inevitable damage. However, they typically do not cover any actual loss of sales that might occur due to a brand-debilitating scandal.

These tactics work primarily where a brand intentionally aligns with a public figure. However, the reality television explosion has added a new dimension to the relationship of brands to public figures. This dimension involves the uncontrollable element of brand adoption by a demographic that doesn't suit the brand's image.

As a result, brands are devising several techniques to stabilise their integrity. In some cases, brands have made outright efforts

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to distance themselves from celebrities who do not foster their image. Fashion label Abercrombie & Fitch Co is currently battling *Jersey Shore's* "The Situation" over his wearing (to their alleged dismay) of their branded clothing on the famous MTV US reality show.

To counteract US socialite Paris Hilton's recent appearances in her pink Bentley Continental, Bentley has launched an image-

preserving ad campaign featuring upstanding public figures such as former editor-in-chief of *Vogue-Paris* Carine Roitfeld, polo player and model Nacho Figueras and Peter Brant, a renowned art connoisseur.

Further, Burberry and Cristal have also launched massive campaigns to re-establish the brands' "luxury" image after becoming more strongly associated with football hooligans and the hip hop culture, respectively.

In summary, it is a new world for brands. Social media, the internet, and reality TV create both advantages and risks for brands. There is more information available than ever before.

However, this rise of information and ease of transmission means that brands have to be savvy and always prepared for damage control. It is difficult for celebrities to hide their humanity from public scrutiny, which makes it even more important for brands to establish first resiliency through goodwill built on quality and sincerity (think Vera Wang). They must then secure wise endorsements, integrate appropriate exit strategies into agreements and always be prepared for quick and sincere damage control.