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## Dilution and Enhancement of Celebrity Brands through Sequential Movie Releases

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## **Dilution and Enhancement of Celebrity Brands through Sequential Movie Releases**

### **Abstract**

This paper examines the effects of sequential movie releases on the dilution and the enhancement of celebrity brands. The authors use favorability ratings collected over a 12-year period (1993 to 2005) to capture movement in the brand equity of a panel of actors/actresses. A dynamic panel data model is used to investigate how the changes of brand equity are associated with the sequence of movies featuring these actors/actresses, after controlling for the possible influence from these stars' off-camera activities. The authors also examine the underlying factors that influence the magnitude and the longevity of such effects. In contrast to the findings from existing research in product branding, the authors find evidence supporting the general existence of dilution and enhancement effects on the equity of a celebrity brand through his/her movie appearances. They also find that star favorability erodes substantially over time. Finally, this research offers insights for actors/actresses regarding how to strategically make movie selections for maximizing their brand equity.

*Keywords: branding, celebrity brand, feedback effect, brand extension, line extension, movie*

*“In this celebrity-driven culture we inhabit, it might have been seen as inevitable that people would come to be viewed – and view themselves – as brands.”*

Becky Ebenkamp (*Brand Week*, Jun. 21, 1999)

In recent years, practitioners have begun to argue that the definition of “brand” should be broadened from relationships with products or companies to include anything that engages in emotional relationships with consumers (e.g. *New Statesman*, Oct. 3, 2005; *Reuters*, Mar. 26, 2009). Specifically, A-list Hollywood stars such as Tom Hanks and Meryl Streep represent powerful Hollywood brands to worldwide movie viewers in every movie on which they stamp their names (*Fox News*, Aug. 26, 2003). As with traditional product brands, actors/actresses (and their agents) have begun to realize the importance of enhancing and protecting their celebrity brands (*B&T Marketing and Media*, Feb. 9, 2007).<sup>1</sup> For Hollywood stars, “branding can mean simply identifying a career goal and implementing a game plan to achieve it” (*The Hollywood Reporter*, Nov. 18, 2003).

In the past, branding research has traditionally been conducted in the product/service context. Within this context, researchers have primarily studied the conditions under which positive and negative feedback effects may occur when firms introduce brand or line extensions (e.g. Ahluwalia and Gürhan-Canli 2000; Gürhan-Canli and Maheswaran 1998; Roedder John, Loken, and Joiner 1998; Keller and Aaker 1992; Keller and Sood 2003; Milberg, Park, and McCarthy 1997; Swaminathan, Fox, and Reddy 2001). Although there have been interesting and insightful findings, this line of research has yet to investigate the following issues.

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<sup>1</sup> According to our analysis in Appendix A, actors/actresses with a high degree of brand equity enjoy substantial financial return on their movie salary.





































































































