

40
Years of
Leadership

Celebrity Brand Valuation

(July, 2016)



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PREFACE

A celebrity over his/her lifetime witnesses a journey from Rags - to - Riches as well as vice versa depending upon the celebrity's performance in its respective industry as well as the image in the masses.

A celebrity's brand value is based on the industry to which he/she belongs to and the longevity of that brand personality. It is an established fact that a celebrity enjoys the patronage of the endorser till the time he/she is within the limelight of the people and maintains the positive brand personality amongst them. However, it is generally observed that this patronage tends to be lost eventually with the passage of time and newer dynamics of the branding world. A brand perception of any celebrity may be at the apex on his/her peak performance days, which is generally observed to deteriorate and evaporate in the end of his/her career.

It is perhaps not precise to estimate the value of brand of a celebrity by forecasting their projected brand perception owing to various futuristic contingencies such as, Loss of reputation, Constant weaker performances, Rivalry, Favoritism, etc.

We however have attempted to derive the brand value attached to a celebrity based on the projected earnings expected to be earned by them particularly from the brand endorsements performed over the effective lifespan of their respective careers. It is not possible to predict the future events in a celebrity's life, hence we have assumed that the celebrities would be able to maintain their *status-quo* for their balance career spans.

"Izzatein, Shauhratein, Chahatein, Ulfatein... Koi Bhi Cheez Duniya Mein Rehti Nahin!!

Aaj Main Hoon Jahan Kal Koi Aur Tha... Aaj Main Hoon Jahan Kal Koi Aur Tha!!!

Ye Bhi Ek Daur Hai, Woh Bhi Ek Daur Tha....."

-Rajesh Khanna



INTRODUCTION

- **Brand:**

A “Brand” is a name given to a product and / or service such that it takes on an identity by itself.

- **Celebrity:**

A ‘Celebrity’ is an individual who enjoys much fame and public attention due to his/her success, achievements and talent. Successful careers in sports and entertainment are commonly associated with celebrity status, political leaders often become celebrities. People may also become celebrities due to media attention for their lifestyle, wealth, or controversial actions, or for their connection to a famous person.

- **Celebrity Brand Value:**

Celebrity brand value can be described as the worth commanded by a celebrity in the industry owing to several factors. In monetary terms, it is the premium charged by a celebrity for endorsing a product or service, to lend more popularity and sales to the product or service.

Why is a ‘Celebrity Endorser’ required?

- To get immediate publicity and attention, at the launch of a new brand in the market
- To change / improve the image of an existing brand and thus reposition the brand in market.
- They help forge a relationship between the brand and its consumers.
- To improve the top line and overall image.



HISTORY OF CELEBRITY BRAND ENDORSEMENTS

1980's:

- Celebrities endorsements gained momentum since the late part of the '80s which saw the mushrooming of a new trend in India. One of the first sports endorsements in India was when Farokh Engineer became the first Indian cricketer to model for Bryl Creem. Early instance of celebrity endorsing brands in stars featuring like Tabassum (Prestige Pressure Cookers), Jalal Agha (Pan Parag), Kapil Dev (Palmolive Shaving Cream) and Sunil Gavaskar (Dinesh Suitings).
- Further with the inception of television serials on the Doordarshan, the reach to the end – consumers widened.

1990's:

- What started as a trickle in 1980's emerged as a phenomenon in 1990's with companies extensively using celebrities to communicate their brands to consumers. In 1991, first India-targeted satellite channel, Zee TV started its broadcast. 1995

saw a great boom in media with the growth of cable and satellite and increase of titles in the print medium. It also saw the growth of public relations and events and other new promotions that various companies and ad agencies introduced.

2000's:

- In 2001, 25% of all TV advertisements carried a known face. By 2008, this had grown to 62% and continues to grow. In 2009, the top five brand ambassadors — MS Dhoni, Shahrukh Khan, Katrina Kaif, Sachin Tendulkar and Priyanka Chopra — endorsed 68 brands with Dhoni leading the pack at 19 brands.
- The boom of the celebrity endorsements was witnessed by the fact that by 2010, major endorsers preferred Bollywood and Sports celebrities for their endorsements (as shown in the table below). Also, the endorsement fees ranged anywhere nearby ` 1 crore a day.

Celebrity	Brand	% of Ads Featuring Celebrity	% of Ads not Featuring Celebrity
Amitabh Bachchan	Binani Cement	100	-
	Reid & Taylor	100	-
Sachin Tendulkar	Boost	54	46
	Jaypee Cement	99.96	0.04
Shahrukh Khan	Dish TV	72	28
	AirTel	14	86
MS Dhoni	Pepsi	55	45
	Boost	70	30
Priyanka Chopra	Lux Peach Cream	90	10
	Lux Strawberry Cream	67	33
Katrina Kaif	Slice	99.6	0.4
	Pantene	100	-

Factors that Determine a Celebrity's Brand Value:

With the increasing onslaught of cut throat competition, corporates are strategically hiring celebrities at massive fee to endorse their products to ensure growth in sales. But, what are the factor's that determine a celebrity's brand value?

I. Celebrity-product Match:

When selecting a celebrity , the most sought after attribute that brands look for, is whether the personality reflects the same values that the product stands for. For. e.g. the youthful quality of an athlete makes him the perfect choice to endorse a health supplement capsule.

II. Market Appeal/Target Reach:

Large market appeal becomes a crucial factor in order to drive the sales of the product endorsed. The bigger the hit a celebrity is with the masses, the easier it becomes to reach out to a large target audience. For e.g. Sports persons, being internationally recognized, have a much larger connect with the public at large.

III.Success levels:

Performance precedes popularity. Celebrities establish a 'brand name' for themselves owing to their repertoire of work and successful performances. Be it box office collections for an actor or tournament wins for a sports person, successful names reign the marketing industry.

IV.Social media following:

Being active on social media, as well as actively participating in promotions, photo shoots, concerts etc. ensures visibility of the celebrity. Such visibility encourages an 'off-screen' connect with the fans. This fandom is then tapped by companies as target markets.

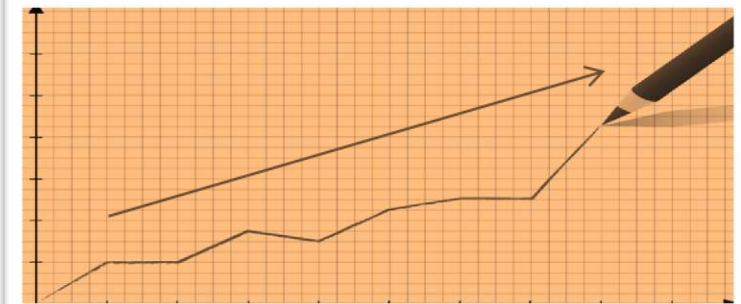
IV.Traditional Media following:

Celebrities famed over the traditional advertising media like television, radio, news and publications, etc. tend to drive major fan following owing to the reach of the mediums. These celebrities thereby earn the endorser's preference.

MATCH-UP HYPOTHESIS

Higher the perceived fit between the endorser's image and the endorsed brand, the more persuasive the endorser and the ad will be.

When an athlete's persona is congruent with the product, the "match-up" hypothesis would predict a positive impact on the endorsed product.



CELEBRITY SELECTION

We have chosen 8 Bollywood Celebrities and 8 Sportspersons / Athletes (hereinafter collectively referred to as “celebrities”) as mentioned below, who in our opinion are currently reigning their respective industries. Constantly staying on top of their industry by their performance and fan – following among masses, they continue to command huge brand values in the advertising industry today.

Bollywood

Salman Khan

Amitabh Bachchan

Aamir Khan

Akshay Kumar

Shah Rukh Khan

Deepika Padukone

Hrithik Roshan

Priyanka Chopra



Sports

Virat Kohli

Mahendra Singh Dhoni

Saina Nehwal

Sania Mirza

Sachin Tendulkar

Rohit Sharma

Yuvraj Singh

Suresh Raina

Also, as per a reputed international publication, the abovementioned bollywood celebrities and athletes rank within the top 40 amongst a list of top 100 Indian celebrities. The following pages elucidate the key achievements of several of the above mentioned celebrities.

WALL OF FAME

SALMAN KHAN



Average Annual Revenue : ₹202.75 Cr



No of Endorsement deals per year : 9-12

Average endorsement fee per day : ₹3.5 - 5 cr

Average fee per film : ₹40-50 cr



"2nd Most Trusted Celebrity of India" – Brand Trust Report 2016 (TRA)



Salman Khan

2nd Most Googled Indian - 2015

Social Media following:



30.4 Mn



17.2 Mn



3.7 Mn



SHAHRUKH KHAN



Average Annual Revenue : `272.5 cr



No of Endorsement deals per year : 10-15

Average endorsement fee per day : `3.5 cr

Average fee per film : `30-50 cr



VIDEOCON

Social Media following:



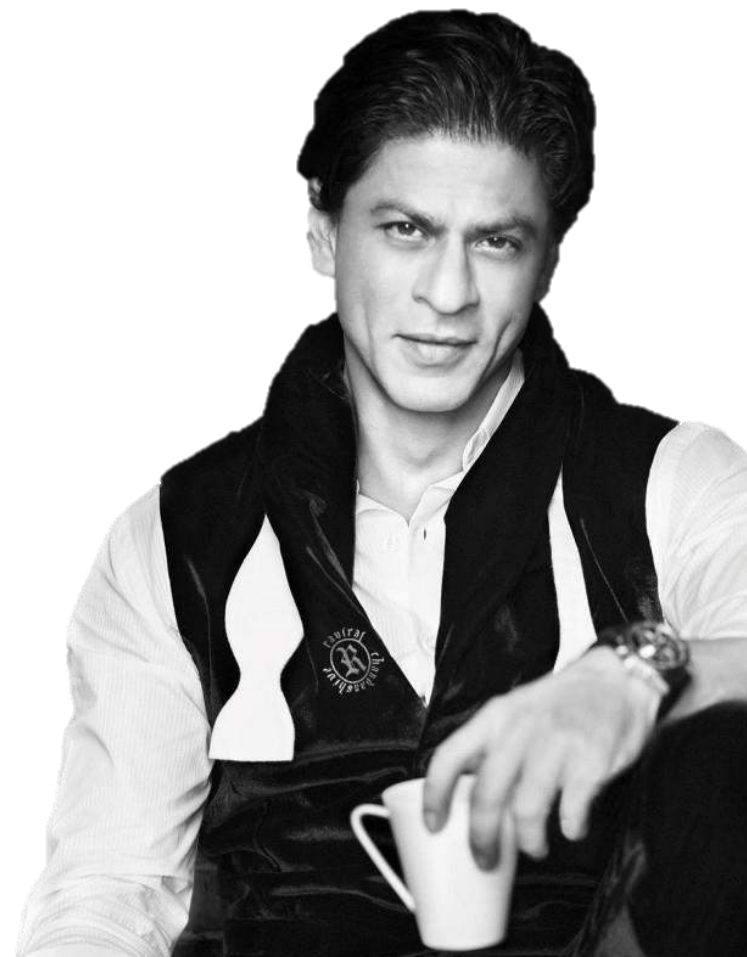
18.2 Mn



19 Mn



1.4 Mn



DEEPIKA PADUKONE



Average Annual Revenue : `59 cr

No of Endorsement deals per year : 8 - 10



Average endorsement fee per day : `2 cr

Average fee per film : `8-10 cr

VOGUE



LUX

Kellogg's

VAN HEUSEN

Coca Cola

TISSOT

Deepika is the only woman celebrity to have made it to the Top 10 of the report by Forbes India.

"Highest paid Indian actress"- as quoted by India Times

Social Media following:



31.3 Mn



14.3 Mn



7.3 Mn



AKSHAY KUMAR



Average Annual Revenue : ₹127.83 cr



No of Endorsement deals per year : 7 - 8

Average endorsement fee : ₹1.5 - 2 cr per day

Average fee per film : ₹35 - 40 cr



"Awarded with the prestigious "Padma Shri" by the Government of India- 2009"



Padma Shri

Social Media following:



19.1 Mn



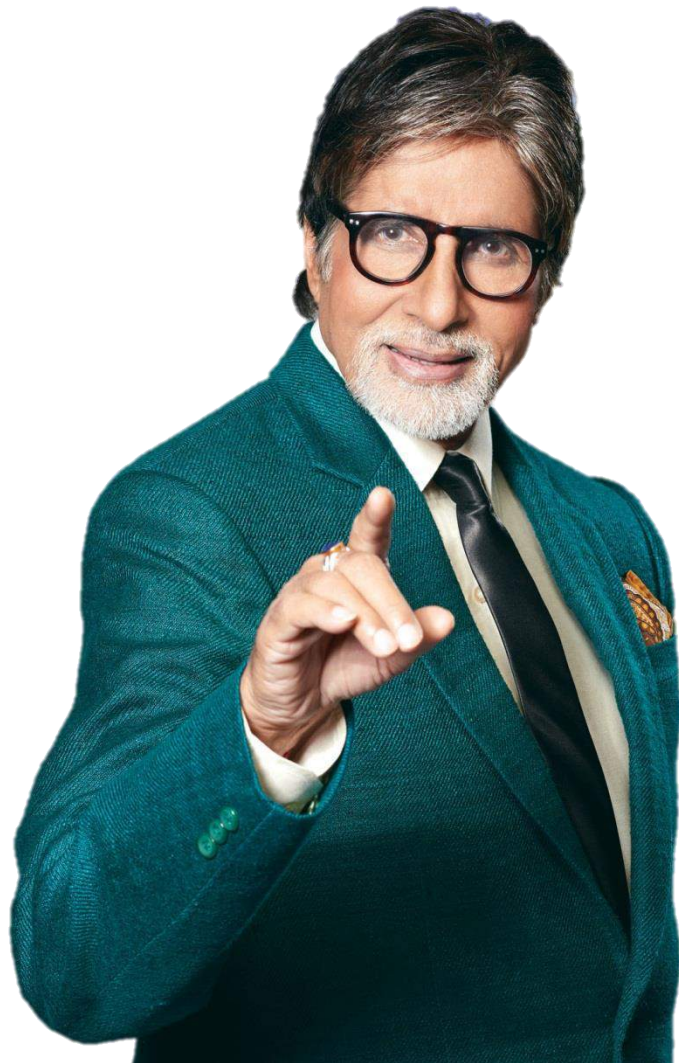
12.4 Mn



4.1 Mn



AMITABH BACHCHAN



Average Annual Revenue : ₹112 cr



No of Endorsement deals per year : 8 - 10

Average endorsement fee per day : ₹2.5 - 3 cr

Average fee per film : ₹20 cr



"Most Trusted Celebrity of India" – Brand Trust Report 2016 (TRA)



Padma Shri

1984



Padma Bhushan

2001



Padma Vibhushan

2015

Social Media following:



23.5 Mn



20.4 Mn



1.4 Mn



PRIYANKA CHOPRA



Average Annual Revenue : `26.75 cr



No of Endorsement deals per year : 6 - 8

Average endorsement fee per day : `1 - 1.5 cr

Average fee per film : `7 - 8 cr

QMobile

schmitten
luxury chocolates

Rajnigandha Silver Pearls

asmi
Diamond Jewellery

Dabur

Amla
Hair Oil

Nikon

"She is the new face of "INCREDIBLE INDIA" campaign - Ministry of Tourism!

First Indian actor to win People Choice Award (US) - for her performance on American TV Show - "QUANTICO"

Awarded with the prestigious "Padma Shri" - 2016



Padma Shri

Social Media following:



19.8 Mn



13.6 Mn



6.4 Mn

RBSA
Advisors

MS DHONI

LAVA

SPARTAN

6 Crores

MAXX

29 Crores



12.5 Crores



26 Crores



f 18.1 Mn

t 5.3 Mn

i 0.8 Mn

Upcoming Bollywood biographical film: "M.S. Dhoni: The Untold Story"
2010: Inked one of the costliest deal for 210 Crores with a sports management firm.



VIRAT KOHLI

 26.9 Mn

 10.3 Mn

 3.0 Mn


30 Crores


5 Crores


5 Crores



15 Crores

MRF
8 Crores



2013: Arjuna
Award

2015: Digital Branding: Launched his animation avatar, which will be leased out to brands

BCCI's international cricketer of the year for 2014-15

SACHIN TENDULKAR

musafir.com



LUMINOUS



1994: Arjuna Award



1998: Khel Ratna Award



1999: Padma Shri



2008: Padma Vibhushan



2014: Bharat Ratna



26.8 Mn



10.5 Mn



2.0 Mn



AVIVA

RBSA
Advisors

SANIA MIRZA



VOLINI

hathw@y

 26.8 Mn

 3.6 Mn

 1.2 Mn



2016: Padma
Bhushan Award



2014: Brand
Ambassador
of Telangana



2015: Khel
Ratna Award



2016: Ranked No. 1 in WTA Women's Doubles
2016: Ranked No. 1 in Road to Singapore Women's
Doubles



SAINA NEHWAL



12 Crores

Kellogg's



2009: Arjuna Award



2010: Khel Ratna Award



2010: Padma Shri



2016: Padma Bhushan Award



2015: Inked 2-year deal for `25 Crores with leading sports management group

2015: First Indian Woman to become World No. 1 badminton player

2016: BWF Rank 8 - Women's Singles



KEY FINDINGS

- We believe there exists a direct co-relation between Age of a Celebrity and his/her Brand Value. Generally, as the age increases, the brand value of the celebrity decreases and so does the endorsement income.
- Consistency in performance of a celebrity drives its brand value. Maintenance of the status quo results in maintaining popularity and fan following and ultimately in sustained brand value.
- Celebrities are public icons and are followed by masses. Their activities have a huge bearing on their brand image. Misleading statements/activities may damage the brand value to a great extent. Eg. Aamir Khan's controversial statement resulted in massive erosion of his brand value.
- Endorsers prefer those celebrities who are active today in their respective industries. Women celebrities tend to retire at a quite earlier age as compared to males. Hence, it would not be wrong to say that endorsement industry too is patriarch.
- The greater the reach of a celebrity through the digital or traditional medium, the greater will be the impact for the brand he/she endorses.
- Various personal attributes of Celebrities contribute to their image and ultimately result in a higher recall value resulting into greater impact of their endorsements.

METHODOLOGY

The Rationale:

- Brand personality of a celebrity may be different tomorrow *vis – a – vis* what exists today. A celebrity enjoys the patronage of the endorser who for the primary reason believes, that the celebrity possesses the requisite attributes required to market his/her product to the target audience.
- However, it is observed that over a period of time, the celebrity loses on the endorser's patronage owing to various factors viz. Ageing, Celebrity – Brand match, Celebrity's public image, etc.
- We believe that a celebrity's brand value can be best measured by assessing the amount of brand endorsement fees the celebrity commands for endorsing a brand. Hence, we are of the opinion that brand value of a celebrity should be measured by assessing endorsement earnings generated presently as well as earnings to be generated over the celebrity's career span.
- We have made an attempt to exhibit the brand value of celebrities by deriving the brand values based on "Current Endorsement Earnings" as well as the "Estimated Future Endorsement Earnings" to be generated over the career span of the celebrity.



METHODOLOGY

Brand Value & Rankings based on Current Endorsement Earnings:

- We have assessed the above bollywood celebrities and Athletes (as mentioned on page no. 6) on various on – screen & off – screen and on - field & off- field attributes respectively as well their recent brand endorsement earnings for deriving their *Current Standings* in terms of *Brand Value and Overall Rankings* (as shown in the tables below).
- For arriving at the below conclusions, we have assessed various criteria such as Average Annual Revenue, Box Office Collections, Fees charged per day per endorsement, etc. for bollywood celebrities; whereas for Athletes, we have assessed their Average Fees charged per endorsement, past & current Performances as well as future potential, Personality, Attractiveness, Fan – base, etc.

A. Bollywood Celebrities:

(` in Crores)

Ranks	Celebrity	Avg. Endorsement earnings per day	Estimated Income from Endorsements (2015)
1	Salman Khan	4.50	148.50
2	Shahrukh Khan	3.50	126.00
3	Amitabh Bachchan	2.75	74.25
4	Deepika Padukone	2.00	48.00
5	Aamir Khan	2.50	33.75
6	Hrithik Roshan	2.50	33.75
7	Priyanka Chopra	1.25	15.00
8	Akshay Kumar	1.75	47.25

B. Sportspersons/Athletes:

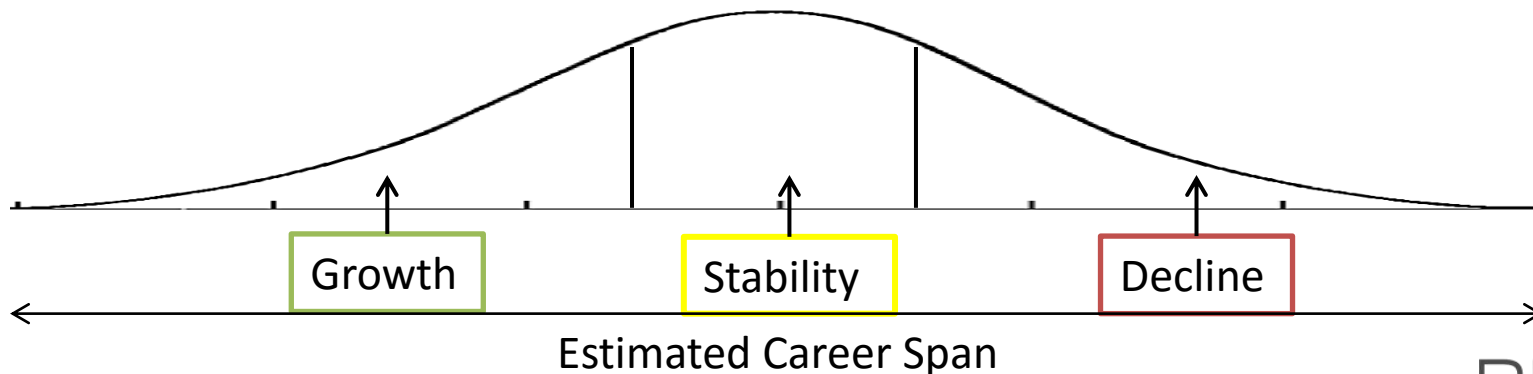
(` in Crores)

Ranks	Athlete	Avg. Endorsement earnings per year	Estimated Income from Endorsements (2015)
1	Virat Kohli	8.00	90.95
2	Mahendra Singh Dhoni	6.00	99.08
3	Sachin Tendulkar	6.00	40.00
4	Suresh Raina	3.50	3.28
5	Yuvraj Singh	1.50	4.50
6	Rohit Sharma	1.25	4.38
7	Sania Mirza	1.00	11.65
8	Saina Nehwal	0.75	7.00

METHODOLOGY

Estimated Brand Value on Projected Endorsement Earnings:

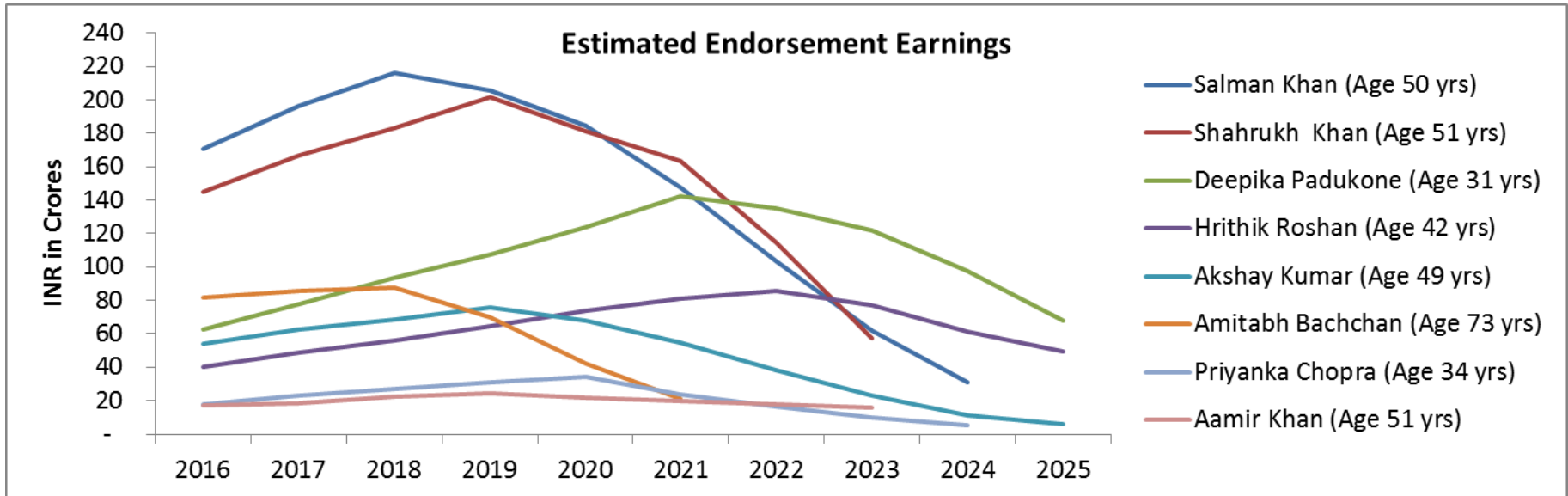
- We believe that a Celebrity typically witnesses 3 phases during his career span viz. *Growth, Stability and Decline*.
- We have placed our selected celebrities amongst one of the abovementioned phases based on their current performances and their current ages. We have then phased their estimated balance career lives in the following phases. For E.g. A Cricketer “X” being 28 years of age currently and having a decent performance, would be placed in his Growth phase. Further, his estimated balance career life (say till the age of 38 years) i.e. 10 years of his career is spread over the Stability and Decline phases.
- We have derived the celebrity’s Estimated Annual Earnings from Brand Endorsements over the balance phases of career span and then discounted it to present value which represents the Estimated earnings from Brand Endorsements over the career as of today.
- It is generally observed that the endorsement earnings an established celebrity is able to command during his/her stability would be much higher than during growth phase or decline phase. We have accordingly adjusted the respective estimated annual endorsement earnings based on the ageing of the celebrities, which when plotted on a graph resembles to a bell curve (as shown in the diagram below).



CONCLUSION

A. Bollywood Celebrities

The graph below shows the estimated annual endorsement earnings of Bollywood Celebrities for a period of 10 years (2016 to 2025).

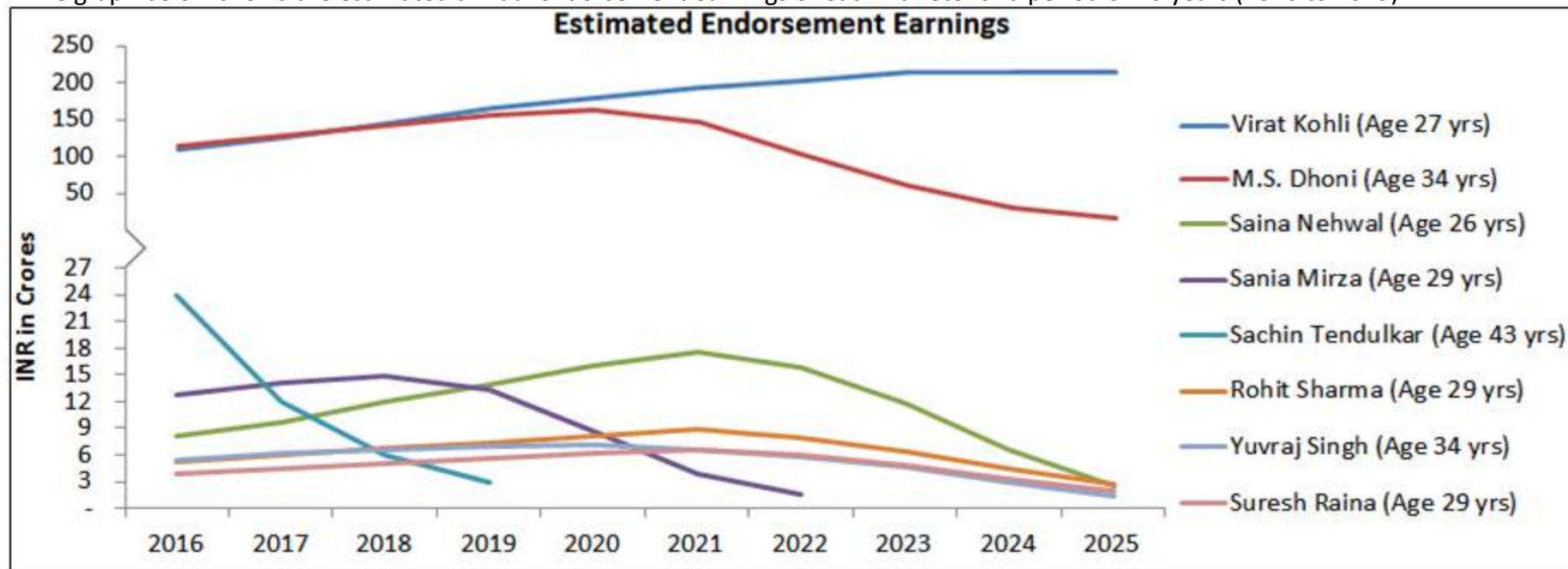


- In the above graph, we have plotted future earning of bollywood celebrities from Brand Endorsement over their remaining career span.
- These future earnings are estimated based on their current market standing and future potential.
- Based on our projections we can conclude that, Hrithik Roshan, Deepika Padukone and Priyanka Chopra are in growth phase of their careers and are estimated to sustain their standings. Their career seems to be promising and we project steady growth over the coming years.
- Shahrukh Khan, Salman Khan and Akshay Kumar continue to remain stalwarts of the industry. Considering their age and long standing in the industry, they are currently in stability phase. Their brand value is likely to decline over the remaining career span.
- Amitabh Bachchan and Amir Khan are at decline phase of careers and hence, brand value reflect a downward trend, contributory factors being age and a receding body of work for one and a controversies by another.

CONCLUSION

B. Sportspersons / Athletes:

The graph below shows the estimated annual endorsement earnings of each Athlete for a period of 10 years (2016 to 2025).



- In the above graph, we have plotted future earnings of Athletes from Brand Endorsement over their remaining career span.
- These future earnings are estimated based on their current market standing and future potential.
- Virat Kohli, Rohit Sharma, Suresh Raina and Saina Nehwal are in their growth phase and are estimated to grow considering their current and promising forecasted performance.
- MS Dhoni, Yuvraj Singh and Sania Mirza continue to remain in their stability phase. Their brand value is likely to decline with the increasing age and declining balance career span.
- Sachin Tendulkar is in his decline phase and hence follows a downward trend.

CONCLUSION

The tables below show the present value of estimated incomes from endorsements to be earned over their balance career spans:

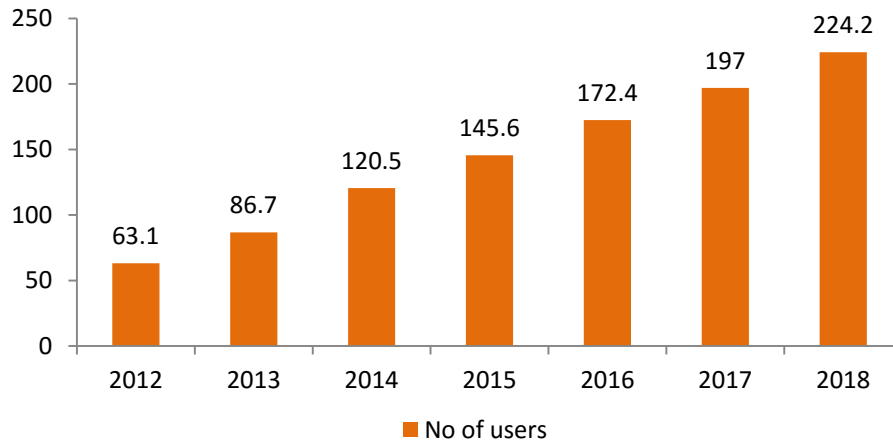
Bollywood Celebrity	Brand value based on projected endorsement income (` in Crores)
Salman Khan	815.53
Shahrukh Khan	741.92
Deepika Padukone	519.73
Hrithik Roshan	330.25
Akshay Kumar	278.50
Amitabh Bachchan	277.27
Priyanka Chopra	111.47
Aamir Khan	92.64

Athlete	Brand values based on projected endorsement income (` in Crores)
Virat Kohli	983.11
Mahendra Singh Dhoni	621.97
Saina Nehwal	60.16
Sania Mirza	48.06
Sachin Tendulkar	37.81
Rohit Sharma	34.59
Yuvraj Singh	30.27
Suresh Raina	25.89

Impact of Social Media:

- As per research, estimated number of social media users in India are expected to grow to 224.2 million by 2018.

Social Network Users in India: 2012 to 2018 (in Mn.)



- Further, as of June 2015, social media penetration in the rural areas have grown by 100% in the past year with over 25 million people gaining access to various social media platforms.
- With such stupendous reach of social media, the connect between celebrities and their fans is only going to strengthen further, thereby augmenting the brand value. Higher the reach to target markets through social media, the better the brand value they will be able to command.
- Hence, it can be said that the increased social media linking in India is going to favorably impact brand values of both Bollywood celebrities and sportspersons.

Way Forward / Futuristic Scenario:

- As per a report, in 2014 India topped as the world's fastest growing market for low – priced smartphones. Coupled with the increasing markets for internet service providers and mobile data connections, India stands on the path for internet revolution. The penetration of internet still holds at about 19% only, which provides a huge untapped potential for service providers.
- Traditionally, eyeballs were captured by Television, Print media and other means, which now tends to gain access through online mediums also. Digital media advertising grew by 44.5 per cent in India in the year 2014 and is further estimated to grow at a CAGR of 30.2% till 2019.
- Recent trends in the celebrity endorsement industry include the leasing of "Celebrity's Logo, Animation Avatar", "Owned brand of Clothing and Accessories", "Co-ownership" in New Brands launched which indicates a deeper commitment towards the brands promoted, etc.
- Recently, a parliamentary committee has recommended that Celebrities be held accountable for the brands they endorse, especially if an advertisement in which they feature is found to be misleading. The recommendations include fines of up to `50 lakhs or a jail term of up to five years.

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