

## RUNNING THE SHOW

# Touching The Stars

*How do you get celebrities to be seen with your product? The gift bag.*

By RAYMUND FLANDEZ

**O**VER THE PAST couple of years, Sak, a handbag company based in San Francisco, has gotten some big-time publicity from celebrities. Model Heidi Klum and singer Fergie, among others, have been photographed carrying Sak products at awards shows—fueling public interest in the bags and giving Sak's sales team ammunition for their pitches.

The stars didn't end up with Sak bags by chance. The handbag maker paid a "gifting company" to include its products in the gift bags that the celebrities received at the awards shows. Sak has also paid to put its bags in birthday gift baskets sent to A-listers such as Sarah Jessica Parker.

"When you're a smaller company working with smaller budgets, you've really got to be creative about how you spend your dollars," says Arianna Brooke, Sak's vice president of marketing. She won't disclose the exact amounts involved, but says the gifting company's fee usually starts around \$1,500 per bag.

### Something for Nothing

In Hollywood parlance, the practice of giving stars gift bags at awards show or baskets on special occasions is called "celebrity seeding." And it has become a huge marketing opportunity in recent years, as celebrities have become bigger arbiters of personal style. One photograph of a star wearing a product in *Us Weekly* or *People* can launch a thousand shipments. So, with a relatively small investment, gift bags can bring a company instant exposure, implicit star endorsement and brand credibility.

It can be the biggest value for start-up companies, especially "if you can't afford a \$180,000 ad in *Vanity Fair*," says Lash Fary, owner of **Distinctive Assets LLC**, a Los Angeles gifting company.

Indeed, gift bags can deliver small companies a captive audience of tastemakers. Stars usually get only one gift bag per event. Event organizers sometimes want a "handful of items in a gift bag, others want 20," says Jenna Seiden, founder of *swagtime.com*, which reports on the items in gift bags at big events.

Celebrity gift bags got their start in the 1970s as a simple thank-you for presenters and winners at awards shows. Now, as companies realize their marketing potential, the bags have become much more elaborate. Typical gift bags can include everything from designer eyewear and jewelry to vacation and spa-treatment packages to Swarovski crystal-encrusted tech toys. According to some estimates, gift bags at high-profile awards shows are worth as much as \$50,000 to \$100,000. By comparison, gift bags at charity events or store openings usually range from \$500 to \$2,500.

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In some cases, gift bags at events have turned into "gifting suites," where celebrities select items from tables and cart them off in a luggage roller. And the bags aren't limited to awards shows anymore; they show up at charity events and other functions, and gifting companies send baskets to celebrities on special occasions.

To get their goods into a gift bag, companies usually sign up for the database of one of the big gifting companies. Each of these companies is usually under a long-term contract to supply bags for one or more big events, such as the Academy Awards. When one of these events rolls around, the gifting company sends a mass mailing to the database, asking who wants to be included in the bag.

Getting into the database is often free, but companies must pay a fee to get their products into the bags. At gifting firm **Backstage Creations**, of Santa Monica, Calif., the fee typically starts at \$1,000 and runs all the way up to \$10,000 to be included in a gifting suite, where company owners can personally meet the celebrities and introduce their selected and carefully packaged products. **Distinctive Assets'** fees run from \$5,000 to \$20,000 for its gifting lounges.

Of course, the competition can be fierce to get into the bags. The final decision is made by the gifting company, and the event organizers usually have approval rights. The criteria for inclusion often include the quality of the product and its value, among others.

Gifting companies often coach clients on how best to present their products. For example, says Mr. Fary, **Schwan's Bakery Inc.**, maker of Mrs. Smith's Pies, wanted to participate in awards-show gift baskets, but giving a celebrity one pie didn't seem "star worthy." So, after consulting with Mr. Fary, the Suwanee, Ga., baker provided a gift certificate for a year's worth of treats. It's the kind of present that can influence celebrity buying behavior and give a company the "bragging rights" to say that a star uses its product, Mr. Fary says.

For a recent **Backstage Creations** gift collection, skin-care-products maker **Dermacia** wanted to do something memorable. **Backstage** worked with the Santa Ana, Calif., company to create a duffel bag that would hold all the gifts in the collection. The bag could then be used for shopping or going to the gym.

### New Approaches

But the gifting picture is getting more complicated. The proliferation of gift-bag opportunities forces companies to carefully choose the best events to showcase their products and land them in the hands of the right celebrity. Moreover, it's getting tougher for smaller brands to stand out. Recently, big companies, eager to rebrand or reposition their products, have crowded their wares into gift bags, says Ms. Seiden of *swagtime.com*. Generally, higher-ticket items or recognizable brands steal the spotlight in celebrity magazines and TV shows, and make it harder for smaller companies to get a mention.

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## Gift Bags

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On top of that, the federal government is taking a closer look at gifting as gift bags soar in value. Earlier this year, the Internal Revenue Service reminded celebrities to report gift bags as income. Oscar organizers, meanwhile, reached an agreement with the IRS to pay back taxes owed on gift bags in 2005 on behalf of the recipients, and to cancel the gift bags next year. Several charities have also canceled plans for gift bags.

Despite the obstacles, small companies aren't giving up on the idea of gifting. But they're becoming more inventive about getting A-list access. Take *Darphin*, an upscale French skin-care brand, owned by **Estée Lauder Cos.**, that had never been a mainstay of the buzz magazines. *Darphin's* publicist, Alison Brod of New York, helped to arrange a partnership between the brand and fashion designer **Zac Posen**. Together, they created a spa-

themed lounge backstage during New York Fashion Week at Bryant Park in September. Celebrities and models tested *Darphin* products and took away samples.

Also during fashion week, another of Ms. Brod's clients, **GoSmile** of New York, partnered with celebrity and fashion photographer Patrick McMullan. He gave out ampoules of the company's product, which removes stains on teeth and freshens breath, to his photo subjects in the Bryant Park tents before he snapped their picture. Reporters were invited to watch him work. Ms. Brod says, so they saw the stars touching up with **GoSmile** before the shots.

Both events got the brands media mention, Ms. Brod says—for significantly less cost than buying a title sponsorship or a television ad. For instance, the *Darphin* relaunch was so successful that the product was sold out for a couple of months and generated an extensive waiting list at **Bergdorf Goodman**, according to Ms. Brod.

Small businesses also are focusing on smaller functions with less competition, such as charity events and private parties. **Kedem Food Products International Ltd.**,

known for its grape juices, wanted to introduce a line of nonalcoholic sparkling juices made with wine grapes. So it donated bottles to the **Pink Ribbon Ball**, a breast-cancer-research charity event last month. About 1,000 guests sampled *Kedem's* juices at the event, which let attendees dance with the stars of "The Sopranos."

"Obviously, we believe a lot in our product," says Mordy Herzog, vice president of *Kedem*, which is based in Bayonne, N.J. "If we can get people to taste...that's always definitely a better way" than doing gift bags.

Mr. Herzog says the company chose the breast-cancer function to present its wares because of the target venue and audience: an upscale event for socially responsible trendsetters. *Kedem* didn't pay a fee to be included, and its products were featured prominently on the tables, without having to compete with other sponsors.

"I have actually avoided the big gift bags for smaller clients since they can be costly and the products of lesser value tend not to get noticed as easily," says Ilya Welfeld, a publicist in Bergenfield, N.J.,

who represents *Kedem* and arranged the partnership for the function. At events like these, she says, "the return is far greater."

*Nature's Gate*, a line of natural personal-care products, is taking a creative approach to gifting as a way to rebrand itself. For decades, *Nature's Gate* had a health-food-store-like image. But over the past five years, the brand's owner, **Levlad LLC** of Chatsworth, Calif., has tried to create an upscale feel, says **Bette Light**, president of *Light Years Ahead*, a Los Angeles public-relations firm that represents *Nature's Gate*.

The company has tried gift bags, but prefers a different approach. *Levlad* gives its products to celebrity makeup artists, like **Troy Jensen**, in hopes that their star clients will talk up *Nature's Gate* in interviews. *Nature's Gate* says the makeup artists give valuable feedback and often tell the company which celebrities use the products. But access to the stars is the big attraction. "Getting the product into the hands of celebrities," says **Casi Morris**, the company's director of marketing, "you can't put a price on that." ■