

New Breed of Celebrity Endorsements **By SUZANNE VRANICA February 29, 2008**

Beginning this weekend, comedienne Ellen DeGeneres's face will adorn 33 million newspaper and marketing circulars for the Petco chain and a series of in-store advertising displays, all of which promote Halo Purely for Pets pet food.

But it isn't your typical celebrity-endorsement deal. A pet fanatic and the owner of two dogs and three cats, Ms. DeGeneres has bought an estimated 15% stake in Halo, which is owned by Pegasus Capital Advisors LLP, a Greenwich, Conn.-based private-equity firm. That deal is expected to be announced today.

Ms. DeGeneres, already a pitchwoman for [American Express](#) Co., will be the new spokeswoman for Halo's high-end dog and cat products and will look for ways to work the products into her widely watched daytime talk show.

It is an example of the unorthodox marketing agreements that celebrities are increasingly inking with companies. Rather than a straight annual endorsement fee for doing a TV spot or slapping their picture on a magazine ad, some celebrities and athletes look for deals that offer a bigger piece of the action.

Rapper 50 Cent recently received a windfall when [Coca-Cola](#) Co. bought Energy Brands Inc., the maker of the Glacéau line of waters, including Vitaminwater. The hip-hop star, whose real name is Curtis Jackson, had bought a stake in Energy Brands and personally endorsed a drink called Formula 50 that the company named after him.

"It's not only what you can get today in value but what it may be worth four or five years down the road," says Bob Williams, chief executive of Burns Entertainment & Sports, an Evanston, Ill., company that helps match athletes with advertisers. Ms. DeGeneres says Halo is "a company that I think is important and helpful, and if it's financially successful for me, that is great. Who doesn't want to make money?"

She will have to work overtime to help the company stand out in the \$16 billion U.S. pet-food business. The sector is dominated by companies such as Nestlé SA, Mars Inc., [Procter & Gamble](#) Co. and [Colgate-Palmolive](#) Co., all of which spend tens of millions of dollars annually to promote their brands. Halo, by contrast, plans to spend less than \$5 million on advertising this year.

The category is still smarting from last year's massive recall after tainted pet food led to the deaths of more than a dozen dogs and cats. According to the Food and Drug Administration, the culprit was wheat gluten imported from China that was contaminated with melamine, an industrial substance not approved for use in food. (Wheat gluten is used as a protein source and binding agent in the pet food.) Some 100 different pet-food brands were eventually recalled from the shelves.

Keener interest among consumers in what goes into their food is increasingly carrying over into what their pets eat. A December report from research firm Euromonitor International says that "disillusioned with mainstream pet-food products, increasing numbers of consumers are turning towards such niche products as organics, fresh, raw, locally sourced and vegetarian pet food." Halo contains no byproducts or rendered meats.

Sales of Halo at [Petco Animal Supplies](#) Inc. stores doubled last year due in part to the recall, says Dave Bolen, Petco's executive vice president and chief merchandising officer. The

growth has come despite steep prices: A typical 12-ounce can of premium dog food sells for about \$1.79, while a similar can of Halo retails for \$2.99.

Halo was founded in 1986 by Andi L. Brown, a pet owner who started the company after her cat, Spot, became sick with a digestive problem. Pegasus, which bought Halo in 2006, says it wasn't looking for just any celebrity to pitch its pet food. "Most people see an awful lot of endorsements where there is no real connection between the celebrity and product," says Lewis M. Taffer, an adviser at Pegasus. "We wanted someone who would help get the Halo brand on the map and make us known to a broader audience."

Ms. DeGeneres says she can do that. "Me being famous will help this company grow," she says.

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