

# “Impact of celebrity endorsements on consumer brand loyalty: Does it really matter?”

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**Abstract-** Advertisement by involvement of celebrities becomes an essence in modern competitive marketing environment for high recognition and creation of strong product perception. These days this practice has been extremely noteworthy and the impact celebrities have on people is unparalleled. In a country like India which is known for adoring its celebrities, organizations have found an open door to influence the buying decision of people and are known to encash this in the best conceivable way by delegating them as their image ambassadors. Celebrity endorsements now play an important role from the perspective of brand building. This exploratory and quantitative research is aimed to assess the impact of celebrity endorsement in consumers' purchasing decisions. The principle goal of this study is to look at the relationship or effect of big name on a brand and to further analyse consumers' perception towards effectiveness of such endorsements on their brand loyalty.

**Index Terms-** Celebrity Endorsements, Brand, purchase behavior, brand loyalty

## I. INTRODUCTION

Advertisement is “the art of persuasion” that is mainly concerned to create awareness about what is being offered with ultimate objective to persuade towards buying. Celebrity endorsement is defined as “an individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement” (McCracken, 1989). Celebrity branding is a kind of branding or publicizing in which a superstar turns into a brand ambassador and utilizes his or her status as part of the general public to advance or embrace an item, administration or charity. This is valid for exemplary types of big names like performing artists (ex Shahrukh Khan, Amitabh Bachhan), models (John Abraham, Malaika Arora, Diya Mirza) Sports competitors (ex. Sachin Tendulkar, Sania Mirza) performers (Barkha Dutt, Shekhar Suman) And Pop Stars (Mika, Daler Mehndi) as well as businesspeople (ex Dirubhai Ambani) and even government officials (Laloo Prasad Yadav)

In spite of the fact that the cutting edge shopper is getting more and more empowered, brands are still being propagated using a celebrity's status, power and fan following. How successful these commercials are, that is what companies always struggle to understand.

Product associated with celebrities appear to have a greater impact on consumers than products that have never previously been associated with a celebrity. However, using testimonials by famous people simply because of the power the technique offers, without concerning oneself with the appropriateness of the message leads to a loss of credibility by breaking contact with reality (Leschnikowski, Schweizer, & Dregner, 2006).

The personality chosen to make the endorsement must have specific characteristics, which will vary depending on the company's business sector and, in addition to these, must actually consume the product they advertise because otherwise the celebrity's seal of approval will end up selling the product, but will not contribute to building brand identity due to a lack of consistency. Therefore, successful campaigns are the result of correctly matching the celebrity and the message to the brand, because, when both celebrity and brand have values and followers in common, the benefits are multiplied, both for the brand and the celebrity (Milward Brown Brasil, 2006; Guimarães, 2006; Leschnikowski, Schweizer, & Dregner, 2006).

Taking into account the relevance of this marketing tool, the objective of this study is to investigate the influence exerted by celebrities endorsement in advertisements on consumers' purchasing decisions. A sample of 70 consumers was taken across Delhi/NCR to understand whether celebrities play any significant role in influencing the purchase decision of consumers. The study was also conducted to understand consumer's perception towards the effectiveness of such endorsements and its overall impact on consumer brand loyalty.

### Research Objectives

- To find the influence of celebrity endorsement on consumer brand loyalty
- To find out how important celebrity endorsement is to consumers and does it affect their awareness and responsiveness towards the Brands
- To find out the consumers' perception towards the effectiveness of celebrity endorsements

## II. LITERATURE REVIEW

Loudon and Bitta (1994), defined consumer behaviour as “the decision process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services”. It encompasses concepts drawn from psychology,

sociology, anthropology, history and economics. This means that, in developing products that consumers would obtain value, marketers requires good understanding of how consumers treat their purchase decisions. Consumer behaviour involves much more than understanding what products a consumer buys. It embraces factors, which can affect the decision-making process as a person works through the purchase decision. The number of potential influences on consumer behaviour is limitless. These include internal as well as external factors and celebrity endorsements play an important role in them.

Choi, Lee and Kim (2005), Teich(2008) claim that consumer behaviour can be planned and controlled. Celebrity endorsement is one of the strategies employed successfully by publicity agencies in their campaigns in order both to persuade consumers and to generate a significant positive impact on companies' financial results. The technique consists of employing celebrities with attractive qualities to promote products or services (Atkin&Block,1983;Erdogan,1999; Pornpitakpan,2003; Silvera&Austad,2004; Leschnikowski,Schweizer,& Dregner,2006; Hayward, Rindova, & Pollock,2004; Teich, 2008). According to Muniz (2006)and Milward Brown Brasil (2006), it is estimated that one quarter of all publicity campaigns run worldwide employ celebrity endorsement a same ans of improving the image of a company's brand, thereby influencing consumer purchasing attitudes. Products associated with celebrities appear to have a greater impact on consumers than products that have never previously been associated with a celebrity. (Walker,Langmeyer,& Langmeyer, 1992;Pornpitakpan, 2003).

Celebrities are people who enjoy public recognition by a large share of a certain group of people whereas attributes like attractiveness, extraordinary lifestyle are just examples and specific common characteristics cannot be observed though it can be said that within a corresponding social group celebrities generally differ from the social norm and enjoy a high degree of public awareness (Schlecht, 2003). Celebrities are well recognized personalities having a strong attractive and impressive power to pursue the audience either by their likeliness, attractiveness, trust or by their congruency with brand which leads in creation of strong brand image and value in viewers' minds. Multinational organizations' attachment of celebrities with their brands is an additional effort exerted in ads, in order to gain more popularity of the product and its easy recognition for the purpose of purchase motivation. Intense attachment with celebrities attracts the people and motivates them to follow the celebrity (McCuthceon, Lange and Houran, 2002) commonly known as "endorser" effect.

Available literature on endorser effect gives clear information that how value is transferred (McCracken, 1989) by celebrity for promotion brand and creating awareness for the brand by celebrity characteristics, credibility, attractiveness (Pornpitakpan, 2004) and image congruence (Choi et al., 2005, Nazir et al, 2014). Consumers of the product are much effect by celebrity when they believe that endorser has actual attachment with product rather than materialistic gain. Numerous studies have

similar views that the involvement of celebrities in advertisement shows successful results on credibility, communication evoke, recall and likeability of the advertisements and finally on purchase intentions (Menon et al., 2001; Lafferty and Golsmith, 1999)

The use of celebrities in marketing communication can be explained based on the following;

- ✓ Celebrity endorsement increases the attention paid to an advert.
- ✓ Celebrities are generally attractive, which helps persuasion when the product is attractive-related.
- ✓ Celebrities are often well-liked, possibly leading to identification and consumer persuasion in an attempt to seek some type of relationship with the celebrity.
- ✓ Also celebrity endorsement may lead media weight to have an impact on sales.

The subject chosen has been investigated by countless researchers all over the world (Atkin&Block, 1983; Mccracken,1989; Walker, Langmeyer ,& Langmeyer,1992;Sakellarides,1999;Erdogan,1999;Pornpitakpan, 2003;Silvera&Austad,2004;Choi, Lee,&Kim,2005;Leschnikowski, Schweizer,&Dregner,2006;Rindova,Pollock,&Hayward,2006) were designed to investigate the returns and effectiveness that can be expected by organizations that use celebrity endorsement in their marketing campaigns. These results of these studies reflected positively on the practice, despite not all analysing the market from the same perspective.

Organizations invest significant amounts of money to make their brands stand out and to align them with endorsers. Notwithstanding the high costs involved, companies benefit from using celebrities, who offer the possibility of creating an association between their qualities and the brand or product advertised, thereby attracting the attention of consumers (Walker, Langmeyer,& Langmeyer, 1992; Leschnikowski, Schweizer,& Dregner, 2006).

Kaikati (1987 ) believes there are five advantages to be gained from using celebrity endorsement: the attractiveness of the source, the credibility of the source, that congruence between source and brand, transfer of culturally constituted meanings, and influence on the sales of the products they endorse.

The first benefit attributed to this tool is that a campaign employing celebrity endorsers helps to attract consumer attention to the product or brand being advertised from among the very large number of mess ages that consumers are exposed to every day (Maccracken, 1989 ; Erdogan, an, 1999 ; Silvera & Austad, 2004 ; Boeing -da-Silveira, Marcon, & Nascimento, 2007) . These cond advantage refers to the capacity that celebrities may have to rehabilitate atarnished company image, in other words,a celebrity may be able to transmit credibility and respectability to consumers. Put it another way, the elements of attractiveness and credibility related to the spokesperson's knowledge and experience of given product or service. Specialization is also a part of establishing credibility and refers to the source's capacity

to make valid claims. Reliability is also necessary for credibility, and this refers to the belief that the source's claims are convincing and believable, and as such confers positive characteristics that affect whether the receiver of the message accept sit (Pornpitakpan,2003) The third advantage is related to congruence between the brand and the endorser, since the choice of celebrity must meet the criteria of the public identifying the product with the public figure, which will determine whether the celebrity's attributes are actually transmitted to the end consumer (Silvera& Austad,2004) The transfer-of-meanings model is another factor influencing consumers, by which culturally constituted characteristics belonging to the celebrity are transferred to the products. The fifth and final major advantage of using a celebrity endorser in publicity campaigns is ofcourse that they help to improve the sales of the products they are promoting (Pornpitakpan, 2003).

The potential risks associated with using a celebrity endorser are also very high, since organizations have very little control over the characteristics of the endorser who will have created their public image over the years. Furthermore, if the celebrity endorser becomes controversial due to negative behaviour this can potentially create risks for the company and its products (Pornpitakpan,2003; Silvera&Austad, 2004).

### III. METHODOLOGY

#### A. Research Design

Research design is a logical and systematically plan prepared for directing a research study. It is the program that guides the investigator in the process of collecting, analysing and interpreting data. Descriptive research design is adopted in this study

#### B. Data Collection Methods

In this research two methods are adopted for collecting the data. They are primary and secondary data.

Secondary Data- Secondary data was collected from the internet, articles from scholarly journals and books to have in depth understand of the topic and help constitute and validate the survey questions

Primary Data - Primary data was collected with an aid of a Questionnaire distributed through online channels. The data collection was done using a questionnaire of 12 questions (including demographic information), which consisted of closed and open ended questions. The questionnaire was designed to collect data about the perception and impact of celebrity endorsements on the consumer's purchase decision.

#### C. Sample Size

A total of 70 responses were collected from respondents ranging from age group of 18-35 years. Convenience sampling technique was adopted for this study.

#### D. Data Analysis Tools

MS excel along with charts and graphs were used to analyse the data. The main findings of the study are elaborated in the next section.

### IV. PRESENTATION AND INTERPRETATION OF FINDINGS

#### 1. Demographic Analysis of the sample

The results in the table 4.1 were generated to depict the background information about the sample of 70 respondents.

Description	Frequency	Percentage
<b>Gender</b>		
Male	32	46%
Female	38	54%
<b>Age</b>		
Under 18 yrs	0	
18-25 yrs	46	66%
25-35 yrs	21	32%
35-45 yrs	2	2%
Above 45 yrs	0	0%
<b>Profession</b>		
Student	27	39%
Housewife	1	1%
Self Employed	2	3%
Salaried Professional	40	57%
<b>Income Group</b>		
Not Applicable	23	34%
Less than 2 lakhs	5	7%
Between 2-5 lakhs	10	15%
Between 5-10 lakhs	23	34%
Above 10 lakhs	7	10%

Table 4.1. Demographic analysis the sample

Out of the 70 respondents, 54% were males and 46% were females.

Majority (66%) belonged to age group of 18-25 years followed by 32% who belonged to the age group of 25-35 years. Only 2 people belong to the age group of 35-45 years.

Out of the total population, majority (57%) were salaried professionals, followed by students(39%). Only 2 were self-employed(3%) and 1 was a housewife.

34% of the sample belonged to the income group of 5-10 lacs per annum whereas 15% to the income group of 2-5 lacs.

2. Factors considered important during purchase of products

Respondents were asked what factors they considered important while buying a product. According to the respondents, “Quality” is the most important factor considered during buying a product followed by “Price” and “Brand Image”. “Advertisements” are not considered as an important factor during product purchase.

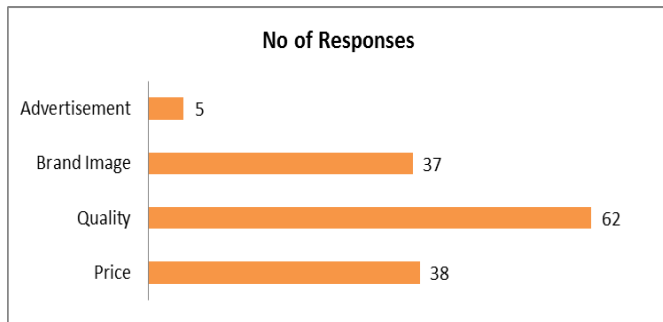


Figure 4.2 Factors considered important during purchase of products

3. Importance of advertisements and promotional activities in product purchase

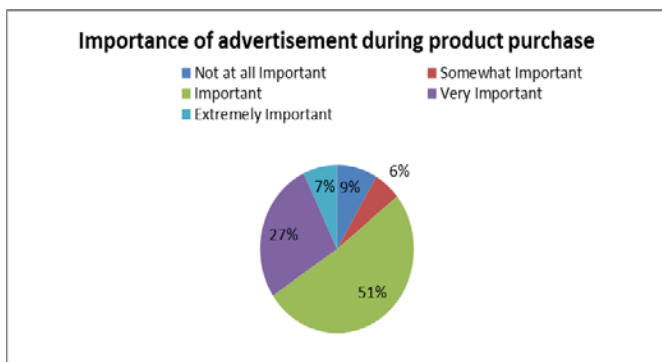


Figure 4.3 Importance of advertisements and promotional activities during product purchase

On being asked the importance of advertisements and promotional activities on product purchase, 57% of the respondents agreed that advertisements and promotional activities play an “important” role during product purchase. 27% said that it is “very important” factor in product purchase decisions. Only 7% agreed that advertisements and promotional activities are not at all important for taking product purchase decisions.

4. Preference to see celebrities endorsing a favourite brand on television

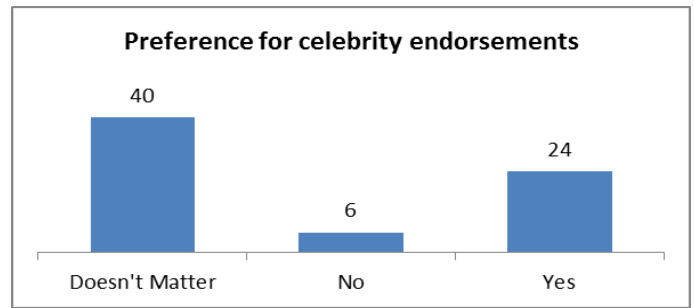


Figure 4.4 Preference for celebrity endorsements

It can be seen from the bar chart that out of the 70 respondents, 40 respondents (57%) said that it “Doesn’t Matter” to them if a celebrity endorses the brands they like on television. Only 24 respondents (34%) said “Yes” they like seeing celebrities endorsing brands they like on television. Only 6 people gave a negative response to the question

5. Effectiveness of ads endorsed by celebrities as compared to those which are not

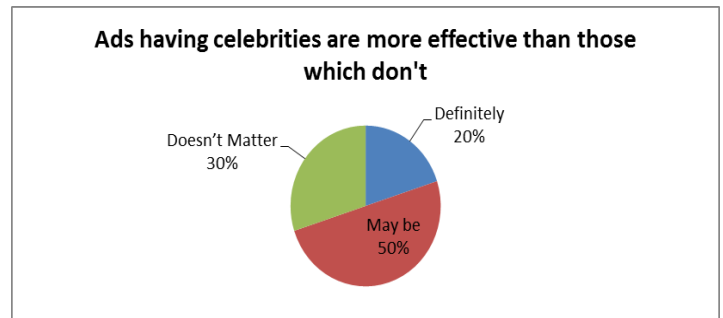


Figure 4.5 Effectiveness of ads endorsed by celebrities as compared to those which are not

On being asked if ads endorsed by celebrities are more effective than those which are not, 20% said that ads with celebrities are “definitely” more effective than ads which do not have celebrities in them. 50% were of the opinion that ads having celebrities “might be” more effective than ads which do not have celebrities in them. 21% said that it “doesn’t matter” as there is hardly any difference between the effectiveness of ads having celebrities in them as compared to those which don’t.

6. Perception on effectiveness of celebrity endorsements

Respondents were asked to rate seven statements to understand how strongly they agree with the effectiveness of celebrity endorsement.

Please rate the following statements on celebrity endorsements based on how strongly you agree with them	Total respondents	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree	Total
Celebrity endorsement is an effective tool for persuading the consumers to make purchase	70	13%	63%	16%	9%	0%	100%
It catches public attention and helps boost sales	70	29%	60%	10%	1%	0%	100%
It creates confidence about a brand in the minds of people	70	14%	54%	24%	7%	0%	100%
It refreshes memory of a brand	70	19%	70%	9%	3%	0%	100%
It creates belief about the quality of a particular brand product	70	19%	51%	21%	7%	1%	100%
It creates a sense of familiarity of brand	70	20%	67%	7%	6%	0%	100%
One's self-image is boosted of buying a brand patronized by a celebrity	70	23%	50%	11%	10%	6%	100%

Table 4.6 Reponses to statements to understand the perception of celebrity endorsements

It can be seen that majority of the respondents “Agree” with the statements. It is interesting to note that 29% of respondents strongly agree that “celebrity endorsements catches public attention and helps boost sales”; 70% of respondents “Agree” that “celebrity endorsements refreshes the memory of a brand”; 67% agree that “it creates a sense of familiarity of the brand” and 63% agree that “celebrity endorsement is an effective tool for persuading consumers to make purchase”.

7. Likelihood to buy products endorsed by a celebrity

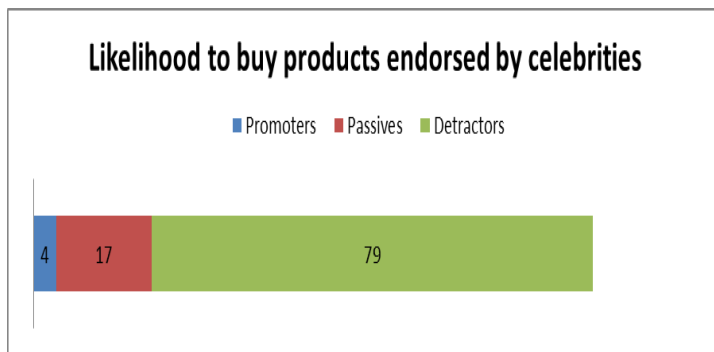


Figure 4.7 Likelihood to buy products endorsed by celebrities

On being asked if respondents were willing to buy products endorsed by a celebrity, nearly 79% fell in the ‘detractors’ category ( those who replied 1-6 on the scale) i.e they were not willing to buy products endorsed by celebrities. 17% were passive to the statement (those who replied 7 and 8) and only 4% were promoters who said that they are likely to buy product endorsed by a celebrity.

8. Willingness to switch to new product from regular products if endorsed by one’s favorite celebrity

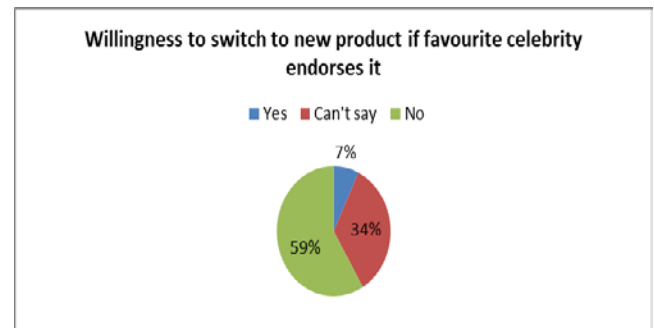


Figure 4.8 Willingness to switch to new products if endorsed by favorite celebrities

Respondents were asked if they were willing to switch to a new product from their regular product if it is endorsed by their favourite celebrity. Majority of the respondents (59%) said that they were not willing to switch to new product if it is endorsed by their favourite celebrity. 7% said that they will switch to a new product if their favourite celebrity endorsed it. 34% said that they “can’t say” if they would switch to a new product given their favourite celebrity starts endorsing it

V. MAJOR FINDINGS

- a) People give more importance to quality, brand image and price than advertisements .
- b) Advertisements and promotional activities are considered important while purchasing products by majority of the respondents (51%)
- c) Majority of the respondents (57%) were neutral in their response when asked about their preference to see celebrity endorsing brands on television
- d) Majority of the respondents (79%) were not willing to buy products based on the fact that they are endorsed by celebrities. Only 4% strongly supported that they will buy products if they are endorsed by celebrities
- e) Only a small percentage (20%) agreed that ads having celebrities in them are more effective than those which don’t. 50% said that having celebrities in advertisements might be more effective than those which don’t .
- f) On the effectiveness of celebrity endorsements, it was clear that majority of people thought that celebrity endorsements “Catches public attention and help boost sales”, “ boosts one’s self image while buying product endorse by a celebrity”, “creates a sense of familiarity with the brand”

and “ refreshes memory of a brand”. Thus, celebrity endorsements are perceived to enhance the awareness, responsiveness and brand image of products

- g) It was interesting to note that along with people unwilling to buy products endorsed by celebrities, 59% stated that they were not ready to switch to a new product if it is being endorsed by their favourite celebrity. This shows that celebrity endorsement does not necessarily influence consumer brand loyalty.

## VI. CONCLUSION

From this study, it becomes clear that the use of celebrities to endorse a marketing offer are perceived to enhance the awareness, responsiveness and brand image of products and creates a connection which forces a consumer to patronize a product. It has been proved from the discussion that celebrity endorsements are a powerful and useful tool that magnifies the effect of a campaign but the word of caution to be followed seriously; celebrities alone do not guarantee success nor does a great advertising campaign or the best possible product. It is the combination of several factors especially the price and other elements that work together for the success of a brand and its acceptance in the minds of consumers as well as for its market offering

Modern day consumers are well educated and smart, they know celebrities are being paid for these endorsements and this knowledge makes consumers, more practical in their judgement about products. Majority of the respondents still favour quality and brand image over advertisements and these people are not ready to switch to new products based solely on who endorses them. This proves that celebrity endorsement does not necessarily influence consumer brand loyalty.

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