

Understanding Impact of Celebrity Endorsement on Consumer Behavior

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Abstract:

Celebrity endorsement is extensively used by companies and studied by researchers. Generally, advertisers believe that celebrities have a greater appeal and credibility, which leads to a rise in brand retention and could also lead to a positive effect for final consumer purchase. The purpose of this paper is to evaluate the impact of celebrity endorsements on consumers. The study consists of primary as well as secondary data. The data of 174 respondents is collected through questionnaire and results were analyzed through Advanced Data Analysis i.e. one-tailed testing. The results suggested that celebrity endorsements do have a positive and significant influence on consumer purchase intentions. The tested attributes of celebrity awareness show positive relationship with the buying behavior and brand perception as well. It is also concluded that using different celebrities for the same brand increased effectiveness.

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1. Introduction

In today's world, celebrities are considered as the role models for the society. People change their lifestyle following their favorite celebrity. With an increase in celebrity appeal, companies have aggressively started investing in celebrity advertising, to persuade consumers. Effective celebrity usage in advertisements could lead to instant brand recognition and increase in its popularity. To achieve this, brands need to choose the right celebrities. Therefore, the correct use of celebrity can ride up their Unique Selling Proposition to new milestones. In order to analyze the power that a celebrity can execute, it is important for Indian marketers to look at their previous endorsements. Celebrities such as movie stars and cricketers have helped brands gain immense public attention as well as increase in sales volume. However, like every coin has two sides, celebrity endorsements can also lead to several negative effects for the brand. A negative image of a celebrity due to his/her offences could harm the brand. Therefore, celebrity endorsements can be influenced using several different aspects. With the immense hype of the social media, influencers and public can also help endorse brands to reach different heights. Due to this, the base of prospective celebrities has increased. Hence, understanding that the popularity of the endorsements would depend on the content of the advertisement, the sole purpose of this paper is to reflect on the reasons brands choose celebrity endorsements, measure its effectiveness and provide justifications for the existence of the effect. Studies were conducted using the different aspects that had the potential to change the effect. The results show the effectiveness of this celebrity endorsement, as well as the effect of different contexts on endorsement.

2. Review Literature

[Ghaffar, et-al., 2016] examines the impact of celebrity endorsements on consumer purchase intentions and corporate image, while keeping in focus the role of advertising appeal. Nowadays, companies deal with celebrity endorsers, to maintain a distinctive position in consumer's mind. The paper discusses the causal relationship of endorsers and customer's trust in the brand. It is assumed that celebrity endorsers are the leaders who have the power to push the customer preferences towards an extraordinary product or brand. A sample of 340 respondents are chosen from various educational universities and general consumer in market for a randomized survey to analyse this assumption. The study was descriptive and quantitative in nature with the help of questionnaire. The survey used a series of descriptive statistics, correlation and regression to study the relationship. The survey concludes that there exists a positive relationship between celebrity endorsements and customer purchase intentions. Celebrities are considered as an attractive element that helps consumers to recognize the brand and increase their likelihood to purchase. Hence, it concluded the need of using advertising appeal in order to attract consumers and alter their psychological mindset.

[Agarwal, et-al, 2016] has been trying to get the connection between how celebrities and their star appeal in endorsement affects consumer buying decisions. The paper Mainly draws from secondary data where they used past articles to use conceptual research to infer the celebrities brand power and associated brands. In short the paper tries to declare that consumers are more inclined towards using a celebrity endorsed product as famous people are known as a reliable and knowledgeable who are able increase the interest in the brand. But this needs to be done in such a way that it blends strategically and intelligently so as to reap the benefits and make a

brand using expedite recall and influence purchase. The study demonstrates that purchasers report higher self-brand associations for brands with pictures that are reliable with the name of a celebrity that they try match so as to have an organic brand formation.

[3] [Rizwan Raheem Ahmed, et-al, 2015] have analysed how celebrity endorsement impacts a consumer's buying behaviour. In order to study and investigate the impact of celebrity endorsements a quantitative method is being used. Data of 200 respondents has been collected in order to study the impact. The authors have briefly described the factors which affect the buying behaviour such as cultural, social, family and psychological influences along with the attributes of a celebrity like physical attractiveness, credibility and congruence with the reference to endorsed advertisement. Data about the demographics, age, social status has been analysed, also the data about medium of advertisement, frequency of advertisement and the celebrity vs non celebrity ads have been taken into consideration. The authors have also used correlation and regression analysis to establish a concrete relation between celebrity endorsement and consumer buying behaviour. Through this it was concluded that the celebrity endorsed advertisements are more alluring than the non-celebrity endorsed advertisements. Further it was even concluded that the highest relationship existed between perception and the buying behaviour and the lowest between the celebrity attractiveness and perception.

[Freire, et-al, 2018], has examined the impact of celebrity endorsements in aspiring new celebrities. Generally, the celebrities do promote the products, but how effective they are were to be researched. Four studies including 664 respondents were conducted for this. Study 1 validates the existence of the effect, studies that were conducted focused on contextual variables with the potential to

modify effect. Study 2 analyzed the brand and charisma effects, Study 3 analyzes the compatibility between different celebrities and Study 4 analyzes the level of exposure of the endorser celebrity. It is also seen that new celebrities are provided with a platform to advertise themselves also and thus endorsements are great for the beginners. In addition, the aspiring new celebrities also are sometimes less influenced from the endorsers.

[Anjum, et-al, 2012] has discussed the effect of celebrity endorsers and non celebrity endorsers on the purchasing behavior of customers. The study also helps to know whether or not celebrities' endorsers are able to influence the buying behavior of the customers. They have used a Five point Likert scale to know what the consumers perception towards celebrity endorsed advertisements were, with a sample size of 60 consumers. Secondary data is collected from the websites of the selected brands which are endorsed by the celebrities. They have done the analysis of the data with factor analysis.

After studying these records, the authors have identified common variables which show significant correlation. These variables include celebrity's image and fan following, target audience match, associated values, costs of acquiring the celebrity etc. Briefly the study shows that companies bringing in celebrities to enhance the brand awareness, the image of the product, recall, retention and for credibility. Finally, the authors concluded that celebrity endorsements have a positive effect on the company as well as brand and customers.

3. Research Methodology and Design

Purpose of this research was to study the causal relationship between celebrity endorsements and customer purchase decisions/ behavior.

a. Research Objectives

1. To explore the reasons to indulge in celebrity endorsements

- To explore the reasons businesses choose celebrities.

- To find out why they choose certain celebrities

2. To measure the effect of endorsements on consumer purchase behavior.

3. To ascertain its effect on the final consumer purchase.

b. Hypothesis

H1: Match between the celebrity and the product is an important factor while choosing a celebrity.

H2: Different types of celebrities for the same brand does increase the effectiveness.

H3: Celebrities from different regions do affect the endorsement effectiveness.

H4: Celebrities with negative publicity do affect the effectiveness.

H5: Celebrity endorsement is responsible for faster awareness.

H6: Celebrity endorsement is responsible for the long term impact.

H7: Celebrity endorsement is responsible for better image.

H8: Celebrity endorsements persuades the customers to purchase at higher prices.

c. Research Design

1. Data Sources –

Primary: Survey

Secondary: Newspaper Articles, Research paper

2. Tools – Survey / Experiments: Questionnaire

3. Analysis: To analyse the nature of celebrities that are casted and the purpose of choosing certain

Celebrities. To observe the effect of endorsements on celebrities' image. To analyse the effectiveness of using celebrities on customer perception along with the effect of such endorsements on company sales.

d. Sample Selection

The population under consideration consists of all the consumers interested in purchase of products after watching advertisements. Convenience sampling was used. The questionnaire was administered to a total of 174 respondents who belonged to both aware or not aware of celebrity endorsements.

e. Data Collection

Data collection for analysis was done through survey. Since our research is quantitative in nature, we chose questionnaire as the instrument for data collection. The purpose of this survey is to measure the factors related to celebrity endorsements that affect the final purchase. Hence, we've circulated a self- designed structured questionnaire consisting of 10 questions. A few of the questions had sub-questions. The questionnaire consisted of nominal scales and 5- point likert scales (where 1 stood for strongly agree and 5 stood for strongly disagree).

4. Data Analysis

3.1 To explore the reasons to indulge in celebrity endorsements

The first objective of this paper focuses on why companies should indulge in celebrity endorsements and what are the factors considered while choosing a celebrity to endorse the product.

For the first part of this analysis, we have used descriptive data analysis in the form of pie charts, to showcase the percentage of respondents that are aware of celebrity endorsements and hence, suggest which type of celebrity do they prefer while purchasing a product.

Table 1: Frequency distribution of celebrity endorsement awareness

	Yes	No	Total
Knowledge of celebrity endorsements	168	6	174
%	96.55	3.44	100

celebrities for the same brand increases effectiveness	4.93165	00951	
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Table 2: Frequency distribution of the type of celebrity preferred

	Sports person	Movie stars	Musician s/ Singers	Tv Series/ Stars
Number of responses	92	109	37	32
%	52.87	62.64	21.26	18.39

For the second part of the analysis for the first objective, and for further analysis, we have used advanced statistical tool (T Testing). T testing is a form of hypothesis testing, which includes the use of our survey results in order to test are pre-determined assumptions. We've used T-test rather than Z- test as our population standard deviation is unknown. Also in order to test we've used one tail-testing (lower tail) as our Likert scale suggests 1 being high whereas 5 being low.

Table 3: Hypothesis testing to find out the factors affecting the celebrity choice

	Factors not affecting celebrity choice	x	t cal	P val	< 0.05
1	Match between celebrity and product	2.925287356	-0.83322	0.20293551	NO
2	Celebrities from different regions	3.32183908	3.574884	0.99977284	NO
3	Celebrities with negative publicity	3.017241379	0.188833	0.57477742	NO
4	Different	2.626436782	-	0.0000	YES

For our testing, the significance level is 95%, with an alpha (rejection area of 0.05).

Hence all P values below 0.05 would suggest the rejection of the null hypothesis and the acceptance of the alternate hypothesis.

3.2: To measure the effect of endorsements on consumer purchase behavior.

The second objective, focuses on finding the factors that get affected by celebrity endorsements. It illustrates the aspects that are affected by celebrity endorsements that helps to increase the positive impact of the consumer purchase behavior.

Table 4: Hypothesis testing of the results of celebrity endorsements

Factors getting affected by celebrity endorsements	x	t cal	P val	< 0.05
Faster awareness	1.856321839	-18.47070448	4.4623E-43	YES
Long-term impact	2.137931034	-13.18462761	3.15672E-28	YES
Brand image	2.83908046	-2.095628572	0.018785346	YES
Purchase at higher price	2.080924855	-13.03138497	8.69766E-28	YES

From this test, we can conclude the impact of celebrity endorsements on the product knowledge which helps increase customer purchase.

3.3: To ascertain its effect on the final consumer purchase.

Table 5: Hypothesis testing of the final aspects that lead to consumer purchase

Celebrity endorsement leads to:	x	t cal	P val	< 0.05
Brand recall	1.8505	-19.3593	1.836E-45	YES
Celebrity trust	2.3160	-9.83314	1.049E-18	YES
Self-respect	2.3850	-8.35162	1.049E-14	YES
Word Of Mouth	2.5344	-6.84335	6.435E-11	YES
Customer Retention	2.4770	-7.32598	4.323E-12	YES

From this test we can conclude the aspects arising from celebrity endorsements that leads to the consumer final purchase.

5. Findings and conclusion

The purpose of our study was to analyse and find out whether celebrity endorsement successfully leads to a positive impact on consumers.

Firstly, from our findings it can be concluded that, celebrity endorsement is widely known and hence a successful strategy to gain audience. Out of a sample of 174 respondents, 168 were aware of celebrity endorsements. Moreover, the respondents majorly preferred advertisements showcasing Movie Stars with 62.64% and then sportsperson, closely, with 52.8%. this indicates that while choosing a celebrity, an advertiser should prefer to link with a movie star or a sportsperson in order to gain audience attention.

Secondly, while choosing the right celebrities, it's also important to look at the several factors that

could hurt a brand image. Hence from the hypothesis testing, it can be concluded that whilst the use different types of celebrities, like Ranveer Singh and Virat Kohli for Manyavaar, for the same brand can lead to significance effectiveness on customer purchase, other factors like negative publicity of the celebrity, match between the celebrities and product and celebrities from different region do not affect consumer choices. Hence while selecting certain celebrities, organisations should focus on meeting the needs of a wider audience by presenting different types of celebrities that are occasionally preferred by the audience like Movie stars and Sportsperson.

Thirdly, we analyzed the effectiveness of celebrity endorsements on several factors that lead to consumer purchase. It was concluded that celebrity endorsement was very successful at leading to faster awareness of the product and creating a long- term impact on its viewers. Also, celebrities tend to help create a brand image for the products. For example, using Virat Kohli for Manyavaar, shows that the brand is trustworthy and loyal. Also, celebrities can influence customers to purchase products at a higher price than normal which means that its very important to choose the right person.

Lastly, we analyzed the effect of celebrity endorsement that led to the final consumer purchase. Here it was seen that due to celebrity endorsements, consumers could relate to the celebrities and hence purchase the product if they trusted the celebrity or thought that their self-respect would increase if they purchase the product, as its promoted by the said celebrity. Also it leads to consumer retention and word of mouth (negative or positive), that could help sustain a company's profits.

Hence, it is very important to select the best celebrity for the company, in order to reap its benefits.

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