



CELEBRITY ENDORSEMENT: EFFECTIVENESS ON BRAND LOYALTY

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Abstract: *Many firms are using celebrities for endorsement of their brands. This is an ancient practice from times immemorial. In England, people wanted their connection to the queen to be publicized so that they got recognition and orders as a result. If queen or some star /famous personality was attached to the brand then they got more attention from the prospective buyers. The concept is still popular in many ways like sports persons; cricketer, tennis, golf stars or film stars are contracted for product endorsements. The present study seeks to analyse the same in the context of India. There is a gap in the research in the field of measuring effectiveness of celebrity presence in the ad campaigns. The effectiveness of the campaign is dependent upon the attractiveness, popularity and impact of the person in the advertisement.*

Keywords: *Celebrity, endorsement, brand, equity, and customer.*

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INTRODUCTION

Marketing is a phenomenon which encompasses all spheres and ages across boundaries round the globe. The need of the hour is to filter information through information explosion as a consumer. Now the question is that 'what is the recall value of an advertisement'? If consumers or prospective buyers are not responding to sales promotion, through advertising, then how to improve effectiveness as a marketer? This is a significant problem i.e. how to grab more eyeballs and increase sales, which every firm is facing in the modern marketplace. The problem of short attention span and memory of consumers costs a lot to the marketer in terms of time and resources.

The concept of the product endorsement is quite ancient. In England, for example, several companies have been advertising themselves as "by appointment to the Queen" for hundreds of years, indicating that they enjoy the patronage of the British royal family. Consumers are often seduced by the idea of purchasing a product which is endorsed by someone wealthy or famous, as though by buying the product, the consumer also becomes affiliated with the person who endorses it. Modern product endorsements can come with contracts worth substantial amounts of money.

The marketing firms are using different strategies to influence the customers and ensure reinforcement of positive behaviour from them. Celebrity endorsement and selecting brand ambassador has become a latest trend in the field of branding. The impact factor of various stars and celebrities determines the effectiveness of advertising leading to a probable increase in turnover. The cost involved in the selection and implementation of appropriate endorsement programme is too high, thus right selection is important. Every marketer would like to measure effectiveness of celebrity in terms of impact factor and market reaction to the same. Some of the recent examples in India are: actor Amitabh Bachchan, cricketers Sachin Tendulkar and M.S. Dhoni, Virat Kohli, actor Kareena Kapoor Khan, actor Priyanka Chopra, Hridik Roshan, Shah Rukh Khan and many more. But an important point to be noticed is that most of the personalities used in ads, targeted at Indian audiences, are Bollywood actors and some sports persons. One of the reasons could be popularity and yet another significant reason is the impact factor of each of them. Another reason is the impact of cinema on Indian consumers. Most of the young consumers are easily influenced and mesmerized by the glamorous avatar of such personalities.



What started as a trickle in 1980s emerged as a phenomenon in 1990s with companies extensively using celebrities to communicate their brands to consumers. The rise in celebrity advertisement has been attributed to cluttering of media which has seen an increase in the number of brands advertised on TV from around 3,000 a decade ago to almost 11,500 (India Today – December 2004). It is said that for the same period, the number of commercials being aired is up by over 3,000 per cent (India Today – December 2004). Research conducted by leading Indian research agency IMRB indicated that 86 % of the respondents say the most prominent advertisement that they remember has a celebrity in it (The Economic Times - 28 March, 2008).

Television emerged as a major entertainment media since 1980's and it used as a means of advertising in a big way. The late '80s saw the beginning of celebrity endorsements in advertising in India. Hindi film and TV stars as well as sportspersons began encroaching on a territory that was, until then, the exclusive domain of models. There was a spurt of advertising, featuring stars like Tabassum (Prestige pressure cookers), Jalal Agha (Pan Parag), Kapil Dev (Palmolive Shaving Cream) and Sunil Gavaskar (Dinesh Suitings).

Indian firms like Vimal, Thumps Up and Gwalior used celebrities for endorsing their products. Gradually multinational brands like Coca Cola started using Bollywood stars in 1990's whereas it has not used any stars in other countries. The endorsement of Santro Hyundai car by actor Shah Rukh Khan led to a tremendous impact on the market. However, inspite of prevalent use of celebrities for endorsement, not all celebrity endorsements have been successful even in India, as consumers were not able to identify with some celebrity advertisements. When Hindustan Unilever Limited (HUL) – Indian subsidiary of Unilever - tried to use Shahrukh Khan for endorsing Lux, by canvassing the image of a metro-sexual man, the promotion did not turn out to be very successful.

Several studies have examined consumers' response to celebrity endorsements in advertising. Findings show that celebrities make advertisements believable and enhance message recall (Friedman and Friedman 1979). Furthermore, celebrities facilitate in the recognition of brand names, create a positive attitude towards the brand, and create a distinct personality for the endorsed brand. Ultimately, celebrity endorsements are believed to generate a greater likelihood of customers' choosing the endorsed brand. Thus, the use of celebrity endorsements is an advertising strategy that should enhance the marginal value



of advertisement expenditures and create brand equity by means of the "secondary association" of a celebrity with a brand (Keller 1993).

Broadly, a celebrity endorser is defined as an individual who enjoys public recognition and who uses this recognition to promote a consumer good by influencing the public by appearing in an advertisement for the same. The various impact factors include likeability, familiarity and similarity and credibility. People like to follow direct as well as indirect publicity messages by these personalities. Many people idolize certain celebrities for their sporting achievements, appearance, or other talents. Advertisers often use this to sell products that claim to have a particular effect. Skin care products, for example, are commonly endorsed by an attractive celebrity with seemingly perfect skin.

A brand that receives a high profile endorsement will get more media coverage as compared to regular advertising campaign undertaken by other brands. Staying in news and being noticed is also important for most of the brands, and that is an important reason for using celebrity in advertisements. More media attention implies indirect publicity for the products.

The effectiveness of the endorser depends, in part upon the meanings he or she brings to the endorsement process. The number and variety of the meanings contained in celebrities are very large. Distinctions of status, class, gender, and age, as well as personality and lifestyle types, are represented in the pool of available celebrities, putting an extraordinarily various and subtle pallet of meanings at the disposal of the marketing firm.

ADVANTAGES OF USING CELEBRITY IN PRODUCT ENDORSEMENT

There are many perceived advantages of use of celebrity endorsements in marketing. A lot of Multinational firms use national celebrities region-wise in different geographical markets in their advertisements. Movie stars or sports persons are hired by Indian firms for marketing as well. It is gaining an important place in sales promotion mix elements of most of the modern firms.

- 1. Attracting new customers:** Celebrities are used to promote products and services in the highly competitive markets. It targets at prospective buyers through television and other media of communication. Some people are easily influenced by the credentials and credibility of the person endorsing it. The target group of customers is selected and message is planned and transmitted through a suitable media.



- 2. Build awareness:** It sure helps in spreading information and creating awareness about the product price, availability, features and advantage of use, status attached to the product also. Celebrity plays a significant role in establishing a brand in a certain place among the target customers.
- 3. Saving the failing brand:** When a brand is failing, it may be used a sales promotion tool to save it from extinction. The impact factor of the celebrity becomes a significant factor in revival of the product as viewers associate the same with the celebrity.
- 4. Influence customer preference:** It may be effective in influencing customer choices and preferences. As important persons propagate about the benefits of such products, the customers are tempted to try them at least once. It allows entry to new markets as alternate products and to compete with established brands in the market. The firm gains a lot from such advertisements. The cost of such endorsement contracts is quite high but benefits accruing from the same are more than the cost involved. It can bring about unprecedented increase in demand for the products.
- 5. Positioning a brand:** Celebrity endorsements have been proved to be quite effective in positioning brands in the target market. Brand positioning is placing a specific product by creating a certain image in the mind of target customer group by showing the celebrity using or talking about the relevance of the same. Brand positioning is a very important tool in the modern times as pricing is directly related to brand positioning. Customers can be wooed by the marketing firms to shell out huge amounts with the help of positioning. Certain unwarranted products may become significant part of our lives just because of positioning strategy used by the firm is highly effective. Examples could be certain auto manufacturers advertising certain models of scooters targeted at young urban female, or motor cycles with extra mileage for household people, Hero corp, Honda bikes, etc.
- 6. Retaining existing customers:** In the present market, retaining existing customers has become a challenge as competitive products are available at cheaper prices and competitors come up with new marketing strategies and tools almost every week. Research and development involves deployment of huge outlays and time, making it



unviable for most firms to take it seriously. The celebrity endorsement as a marketing tool proves effective in counter-acting the forces of competition and helps in retaining existing customers. It adds value to customer satisfaction as celebrity has an impact value when he or she sells the idea. The customer is also influenced for a rebuy of the product or service.

- 7. Brand recall value:** Another important reason why celebrity endorsements are so common in advertising is brand recall. There are a huge number of products being marketed to consumers all the time, so it's essential for a brand to find a way to stand out in the crowd and be remembered. If a customer sees an advertisement involving his or her favorite celebrity endorsing a particular product, then his chances of remembering that product are greatly enhanced.

DIMENSIONS OF CELEBRITY ENDORSEMENT

Aaker (1997) came up with five distinct brand personality dimensions which were *Sincerity, Excitement, Competence, Sophistication* and *Ruggedness*. Aaker (1997) also opined that the five dimensions could be further divided into fifteen facets which were: down to earth, honest, wholesome, cheerful, daring, spirited, imaginative, up-to-date, reliable, intelligent, successful, upper-class, charming, outdoorsy and tough. Although research findings are equivocal about the ability of celebrities to generate actual purchase behavior, positive impact on economic returns of sponsoring companies is well documented in many studies. Also, despite the debate on effectiveness on use of celebrity endorsers, it is widely accepted that celebrity endorsers are more effective than non-celebrity endorsers in generating all desirable outcomes (attitudes towards advertising and endorsed brand, intentions to purchase, and actual sales) when companies utilize celebrities whose public persona match with the products and target audiences.

Research in area of celebrity endorsement has focused on understanding the process by which the celebrities add value to company, brand or product. Many scholars have attempted to construct models to explain the celebrity endorsement process. These include the Source Credibility Model, the Source Attractiveness Model, the Product Match-up Hypothesis, and the Meanings Transfer Model. Source Effect theory which argues that various characteristics of a perceived communication source may have a beneficial effect on message receptivity. The **Source Credibility Model** proposes that the effectiveness of a



message depends on perceived level of expertise and trustworthiness in an endorser. On the other hand, in the **Source Attractiveness Model**, it is contended that the effectiveness of a message depends on similarity, familiarity and liking for an endorser. The **Product Match-Up Hypothesis** stresses that messages conveyed by celebrity image and the product message should be congruent for effective advertising.

The **Meanings Transfer Model** stated that celebrities create a persona through the type of roles they play in society as well as how they are shown in the media. Collectively, the culturally constituted society then assigns perceived image to the celebrities. When celebrities endorse a product, the meaning developed around a particular celebrity will transfer to a company, brand, or product. Consumers derive a meaning to their lives as per their perception of the celebrity. The congruence of the product with the celebrity has more impact as compared to non-congruent celebrity-product combination. If viewers can find a correlation between the product and celebrity, it has a greater impact on their mind. For instance, a famous cricketer Sachin Tendulkar endorsing a health drink, Boost; or an athletic champion P.T. Usha propagating bournvita, shall have a deeper influence on the audience.

CELEBRITY ENDORSEMENT CHALLENGES

‘Celebrities as brands’ is a concept-selling challenge, as the current notion of celebrity management is far from ideal – it’s perceived as a business that merely attaches celebrity to the brand to get that added advantage. However, the actual job is not mere brokerage --- it’s about selecting a celebrity whose characteristics’ are congruent with the brand image.

Celebrities are also working harder for brands by lending their creativity, and not just their image. Local automaker Mahindra launched their multi-utility vehicle Xylo alongside fashion photographer Atul Kasbekar, well known for his Kingfisher swimsuit calendars. His creative lifestyle was seen as a strong match with the escape and flexibility offered by the new vehicle. Mahindra’s decision to go with Kasbekar represented a desire for the brand’s vehicle launch not to be washed out by the ubiquity of a major celebrity.

Similarly motorcycle producer Hero Motor Corp redefined the role of celebrity with its ‘Hero within us’ campaign. The original TVC, headlined by a composition by legendary musician A.R.Rahman, was expanded to a Facebook and online campaign asking people to upload videos with their karaoke versions of Rahman’s anthem. In a first of its kind, the celebrity involvement shifts from an idolised legend to a positive enabler and mentor – a relationship



that mirrors the ambition of the motorcycle producer to facilitate dreams. Brands now seem determined to ensure celebrities are extending the brand story, rather than simply providing star appeal. In the clutter of India's burgeoning media scape, the need to avoid the stereotypical and deliver the substantial is leading to new brand relationships with celebrities – a move from endorsement to true brand ambassadorship. This is one of the strategies to deal with challenges in advertising. Another major challenge is retention value of the advertisement. The advertisements need to be repeated again over a period of time during the campaign cycle and need to be reviewed periodically in terms of impact factor of the celebrity.

The selection of celebrity depends on a number of factors such as, attractiveness, appeal, credibility, level of exposure, glamour quotient, age, gender, and recent achievements of the star along with the similarity/match with the product. Various products require glamorous figures (cosmetics, soaps, shampoo, accessories, designer clothes) whereas others might emphasize on ruggedness and tough personality of the user signifying strength as a result of the use of the product, like health drinks, motorcycles, perfumes, cars, suiting. The viewers and fans seek to identify themselves with their star and start using the same brand as used by their favourite celebrity. This is quite true for Indian audience as India is a country of 3 C's: Cricket, Cinema and Curry. India is obsessed with Bollywood and cricket as a means of entertainment, thus these two have huge influence on our lifestyles.

As celebrity endorsement offers many benefits there are also pitfalls for companies engaging celebrities in promotional activities. A good example of this was the revelation of celebrity Kate Moss' cocaine addiction in 2005 that got fashion houses Chanel and Burberry to terminate their endorsement relationship with Moss while fashion house Dior decided to stick with the star (Financial Times, 2005). More recently, Accenture, AT&T, Gatorade, and General Motors completely ended their sponsorship deals with Tiger Woods due to his infidelity scandal (Financial Times, 2010).

CASE STUDY 1: TELECOM INDUSTRY

List of telecom companies and their celebrities:

- Aircel - Dhoni. It is time to move on (beyond Dhoni).
- BSNL - Ditched Preity Zinta for Deepika Padukone. Not a bad move.
- Tata Indicom - Kajol.



- Airtel - This is a football team. Madhavan, Vidya Balan, Gautam Gambhir, Zaheer Khan, A.R. Rahman
- Vodafone - ZooZoos. All these Telecom Companies sell their products celebrities except Vodafone, yet they still hold an edge over others.
- Reliance - Hrithik Roshan.
- IDEA - Abhishek Bachan

IMPACT OF CELEBRITY ON BRAND LOYALTY

Celebrity endorsement leads to improve brand awareness, helps to define its personality and generates interest. For instance Telecom giant Bharti has Bollywood superstar Shah Rukh Khan as its brand ambassador, while Spice mobile has former Miss World Priyanka Chopra endorsing its handsets epitome, of modern women who is adorned with beauty, intelligence and grace. Furthermore, sometime back Ajay Devgan and Kajol endorsed the products of Tata Indicom.

We can expect to have a universally accepted procedure for celebrity endorsements, but the global marketers need to customize the celebrity endorsement process with reference to the cultural dimensions of the identified market to enhance the effectiveness of the process and to obtain the desired outcomes. Global firms have to use different celebrities in various countries, like Coke using Aamir Khan in India and may be a football player, Maradona in Argentina. However, it is a complex process as the image of the endorsers also keeps changing in their dynamic environment and success in their relative fields determines the demand for endorsement contracts. If the performance of a cricket player deteriorates in the field, his market value is also reduced. There is a direct relationship between performance of celebrity in his field and his demand for endorsements of brands.

CASE STUDY 2: AMITABH BACHCHAN: THE GREAT ENDORSER

Amitabh Bachchan was born on 11 October, 1942 in Allahabad, Uttar Pradesh. He is a great Indian cinema star with huge fan following across the world. He has endorsed many brands and he is a leading endorser in Indian advertising world. In 2000, he anchored KBC, a popular T.V. show which established him as one of the most expensive endorser of Indian cinema. He provides credibility to many brands with his screen presence. Some of his endorsements include Reid and Taylor, Miranda, Sona Chandi Chyawanprash, ICICI Bank, Maruti Versa, Dabur, Pepsi, Sahara homes, Gujarat Tourism, Cadbury chocolates, and Moov



and many more. Brands can position him as an action hero, energised person, advisor, spokes person and an elderly guide. His fan following attracts more eye balls despite his over exposure to brand endorsements, most of the brands endorsed are doing well. Other stars like Shah Rukh Khan also try to step into his shoes for the same. He started endorsing in 1990's and gradually, he represented many brands and he was coined as the reigning king of the advertisement/Bollywood world. He is a living legend not only in the world of advertising but of Hindi cinema as well. He has more endorsement contracts as compared to his contemporaries and juniors. He can be rightly termed as the greatest endorser of his time.

CASE STUDY 3: COCA COLA

The firm has been using many Indian celebrities for product endorsement from time to time. In the year 2003, Aamir Khan was used in "thanda matlab Coca Cola" campaign in six roles and characters. The brand has been Indian favourite since 20 years with a growth rate double than the GDP of the country. The brand umbrella includes coke, Fanta orange, Limca, Sprite, Thumbs Up, Mazaa, minute maid and Pulpy Orange, etc. As compared to its arch rival Pepsi, which roped in 8 stars, Coca Cola hired 15 celebrities in the advertisements since 2003. It had adopted an aggressive marketing and sales promotion strategy in India. Progressive advertising resulted in early brand recall value along with brand awareness on the top of mind with the consumer.

CONCLUSION

It is a known fact that the best endorsements achieve an effective balance between the brand and the celebrity. Giving a brand a 'face' is more than just a marketing strategy to increase sales or gain market share, it is a decision that can change the future of the brand forever. Choice of the celebrity, hence, is of utmost importance and is usually done based on many different parameters - appeal, looks, popularity or even just a fantasy figure to endorse a brand. It is used not only for brand positioning but also repositioning. This is to create a space in the crowded market place. The impact of advertisement depends upon the impact factor of the celebrity endorsing the brand. Overall, the process of creating brand equity through celebrity endorsements is a delicate issue, but it has the immense potential for creating brand equity. With an appropriate choice of the endorser and effective management of the endorsement relationship, the brand image of the endorsed product



can be enhanced, which in turn augments the brand equity of the endorsed product. In a nation where people worship celebrities and they follow them as Gods, it is a fool proof strategy of promotion.

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