

## INTRODUCTION

Celebrities are involved in endorsing activities since late nineteenth century. The advent of celebrity endorsements in advertising in India began when Hindi film and TV stars as well as sportspersons began encroaching on a territory that was, until then, the exclusive domain of models. One of the first sports endorsements in India was when Farokh Engineer became the first Indian cricketer to model for Bryl cream. The Indian cricket team now earns roughly Rs. 100 crore through endorsements. 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).

Celebrity endorsement has been established as one of the most proffered tools of advertising. It has become a trend and perceived as a winning formula for product marketing and brand building. It is very easy to have a celebrity for a product or brand but it is very tough to establish a very strong association between the product and the endorser: because the objective is to build a brand not the celebrity.

It is also important to appreciate that just because an individual is famous and considered a celebrity, he/she might not necessarily be an effective endorser. As said earlier, celebrity endorsement is always a two-edged sword and it has a number of positives— if properly matched it can do wonders for the company, and if not it may boomerang. If properly matched it can do wonders for the company, but it also has a number of potential problems like failure of celebrity in his profession, controversy, etc. Today many marketers are enticed by the selling power of the celebrities and they are crazy about signing the popular celebrities to endorse their products and brand and spending big bucks on them. A celebrity is used to impart credibility and aspiration values to a brand, but the celebrity needs to match the product. A good brand campaign idea and an intrinsic link between the celebrity and the message are musts for a successful campaign. Celebrities are no doubt good at generating attention, recall and positive attitudes towards advertising provided that they are supporting a good idea and there is an explicit fit between them and the brand. Brands have been leveraging celebrity appeal for a long time. Across categories, whether in products or services, more and more brands are banking on the mass appeal of celebrities.

Celebrity endorsement if used effectively, makes the brand stand out, galvanizes brand recall and facilitates instant awareness. To achieve this, the marketer needs to be really disciplined in choice of a celebrity. Hence the right use of celebrity can escalate the Unique Selling Proposition of a brand to new heights; but a cursory orientation of a celebrity with a brand may prove to be claustrophobic for the brand. A celebrity is a means to an end, and not an end in himself/herself.

The brand, company, celebrity and consumer are interconnected in a continuous network. If there is a fit relation between the celebrity and the advertised product there will not be any obstacles in the network and the information the celebrity is sending out will be optimal. But if there is no fit relation between the celebrity and the brand there will not be any clear flow in the network. Furthermore if the celebrity receives negative publicity it serves as an obstacle in the network which affects the buying behavior of the consumer. Hence, is it justifiable to spend millions on celebrity or the brands are better off without them?

## REVIEW OF LITERATURE

“A celebrity is a person who is well recognized by the people and has a good reputation and in the people’s mind and in the society”. (Patel 2009)

**Gupta et al, 2009** justifies Indian market is not by a large space, an easy audience to target for the advertisers. The 1.21 billion people of the country are speckled in terms of beliefs, ethnicity, states, culture, language, dialects, norms and values. Other aspects such as the economic discrepancy in the country separates it in a way which has resulted in a large number of lower and upper middle class, with a very small class falling under in the middle class. This demonstrates a vast disparity in the buying power and decision making clout, one which the advertisers should keep in mind. Indian advertisement has been placing a vital amount of importance on both recall and persuasion as brand differentiating messages. Very often, various advertising styles are used by advertisers to influence consumer brand choice behaviour and among these different available choices one very popular choice is Celebrity Endorsements.

**Brajesh et al, 2011** explains “Traditional celebrity endorsements are as well established as the concept of celebrity itself.” Celebrities influence on consumers appears to be larger than ever before. When used effectively celebrity endorsers have the potential of serving a valuable role in enhancing a brand’s competitive position and developing brand equity highlights the subtle yet intense impact of celebrities on everyday thinking and living. Defined as ‘intimacy at a distance’, it is seen that individuals have a tendency to form illusions of an interpersonal relationship with celebrities.

**Erdogan 2001** clarifies A person who enjoys public recognition from a large share of a certain group of people and uses this recognition on behalf of a consumer good by appearing with it in advertisements is known as a celebrity. They are usually known to the public for their accomplishments in areas other than the product endorsed by them. This stands true for classic forms of celebrities such as actors like Shah Rukh Khan, models like Milan Somen, Sports athletes like Sachin Tendulkar and entertainers like Maliaka Arora Khan but also for less obvious groups such as businessmen like the Ambani’s or politicians like Rahul Gandhi explains **Daswani et al, 2009**.

In India especially, it is not difficult to find motives for the increasing use of celebrities in advertisements as Indians have always been in awe of the stars of the celluloid world. Unlike the foreign counterparts they have always consecrated them and placed a halo behind their heads implying that their celebrities could do no wrong. Indeed, some people are seen to admire, imitate, and become besotted with their favorite celebrities, which forms the crux for the celebrity endorsement being quite a sought after advertisement technique by **Dahl et al 2005**. Today celebrity endorsement is being seen more and more as an integral part in an integrated marketing communication strategy. 3 macro factors present in the market today that in principal justifies the validity of celebrity endorsement as a promotional strategy. The first factors the increasing opportunity for interactivity between brands and their consumers explains **Carrol 2008**. Second is the “era of consent” situation present today where consumers have more control over the messages they receive. **Robinson et al, 2007** explains that it is lastly the increasing media fragmentation and commercial communication clutter. After examine the value of star power in an endorsement and pointed towards how a well-designed advertising helped celebrities convert their star power into brand equity in various segments (even two wheeler) explains **Jha et al, 2011**.

**Lee-Potter 2005** found that the use of celebrity endorsers stand for an effective way of transferring meaning to brands as it is believed that celebrity endorsers bring their own emblematic meaning to the endorsement process and that this cultural meaning residing in the celebrity is passed on to the product which in turn is passed on to the consumer. **Samman et al, 2009** argued there lays a difference between celebrities and anonymous person as it is assumed by him that celebrities have the capability of delivering meanings of extra depth in case of gathering momentum in attempts to develop public awareness of the plight of the poverty and also understanding of public perceptions is clearly important for all organization across national and international. Also with further understanding it is more likely to be influenced by their perception of the character of the celebrity rather than their causes explained **Andrew et al, 2011**. Power and subtlety and also offers a range of lifestyle and personality which cannot be matched by anonymous people. In the similar vein he continues to prove that most heavily stereotyped celebrity produces not jus single meanings but also interconnected multiple meanings indicating that celebrity endorsers are far more

effective than non-celebrity endorsers. In the light of company reports and academic writing it is safe to argue that celebrity endorsers are more effective than non-celebrity endorsers in generating desirable income.

(**Mukherjee 2012**). Academic researchers have conducted sufficient empirical research to express the benefits of product endorsement, in addition to the intuitive arguments that rationalize this practice. It is observed that the presence of a renowned persona helps in solving the problem of over-communication that is becoming more and more prevalent these days. The increased consumer power over programmed advertisement has made advertising more challenging. To ease this threat and to help create and maintain consumer attention to advertisements, celebrity endorsement strategy is seen to be advantageous. Celebrities have the potential of helping the advertisements stand out from the surrounding clutter, guiding towards an improved communicative ability by cutting through excess noise in a communication process. Also, one probable solution in the face of a tarnished company image is the hiring of a celebrity to restore it. Celebrity endorsement assists in the image polishing of the company's image.

A stream of studies identifies the attributes such as trustworthiness, similarity, likability, expertise that cause a celebrity to stand as a persuasive source which in turn creates a sense of certainty. It is shown by research and experience that consumers are highly ready to spend and more comfortable, when products that relate to their desired image are endorsed by celebrities. (Internet World 2001) as it helps them to take more notice of celebrity endorsements and improve their level of product recall was found by **Dhotre et al, 2010**.

Another reason for the use of celebrity endorsement is because it has a strong impact on the learning style and memory which is critical to marketing communication success. This is because most consumers are not in a purchasing situation when they come into contact with the brand message. Marketers make use of celebrity endorsements as they lead to better information storage in the minds of the consumers which can be readily retrieved when the purchasing situation does arise, says **Patel 2009**.

All these lead to the conclusion that celebrity endorsements are likely to have a positive effect on product choice behavior. (Marketing Week -01419285)

The very first downside of celebrity endorsement is the term 'Lazy Advertising' used to address the extreme usage of celebrities to endorse products, which poses a question on the validation of success of celebrity endorsement as a prevalent marketing communication activity was seen by **Koshyet al, 2009**. It is believed that using celebrities can turn out to be an unnecessary risk, unless there appears to be a very logical relation between the endorser and the product by **Moorman 2006**.

**(Stanley2010)**Celebrity endorsers may now and then become a liability to the brand they endorse. Negative information and publicity regarding the celebrity is one risk associated with the use of celebrity endorsers. If the celebrity is strongly associated with the brand then the impact of the negative publicity will brim over to the product. . Many companies have been badly affected by the negative publicity accruing from the celebrity's misdeeds. One very prominent example is Pepsi which suffered with three tarnished celebrities - Mike Tyson, Madonna, and Michael Jackson. Furthermore, those who choose to use celebrities have no control over the celebrity's future behavior.

**Rozendaal et al, 2011** says ever since children were recognized as a lucrative target consumer group, child-directed advertising has been the subject of extensive concern and debate. Recently, however, in both the societal and academic area this subject has gained increased attention, mainly because dramatic changes have taken place in children's commercial media environment. Today's children are not only targeted more often and at a much younger age than earlier generations, but advertisers are also rapidly adopting new advertising venues, such as children's websites and games.

Also by using kids in the advertisements of their products, they can easily attract attention of the adults too (social force) it is creating a pester power to move the product from shelf to home argues **Maiti 2012**.

Clutter in brand endorsement is very high up these days. This is due to celebrity greed which leads to a celebrity endorsing many diverse products. Overexposure is a common occurrence between highly recognized and well-liked endorsers and highly competing brands and leads to making the consumer confused and unable to recall correctly which brand the celebrity stands for. This not only compromises the value of the celebrity in the eyes of the star's fans but also brings to the customers notice the true nature of endorsements which is more compensation inclined and not so brand or

product inclined..The “hired gun” problem, where the spokesperson is perceived as endorsing the product only for the motive of money was found. Also it was found that especially among young people the perceived credibility of celebrity endorsers has fallen drastically, with 64% believing that celebrities appeared in the ads only for money. (**Roger et al, 2008**).

As **Eager 2009** articulates “the product, not the celebrity, must be the star.”Overshadowing or better known as the ‘*vampire effect*’ occurs ‘when the celebrity endorser occurs in the presence of multiple other stimuli which all competes to form a link with the celebrity endorser. It is a fairly familiar problem that tends to ‘water out’ the image and association present between the celebrity and the brand being endorsed and one that leads to lack of clarity for the consumes . A universal concern here is that consumers will fail to notice the brand being promoted because they are focusing their attention on the celebrity learned by **Broughton et al, 2010**.

Two new shortcomings can be seen these days what marketers call Celebrity Trap and Celebrity Credibility. Celebrity trap is when the task to find substitutes becomes more and more difficult and thus celebrity becomes an addiction for the marketing team leading to surfeit of celebrities. Celebrity credibility refers to skepticism by the consumers regarding the celebrities, because of which brand is bound to be affected, especially when there is anything negative regarding the celebrity associated with the brand in the news were seen by **Roberts 2010**.

One of the first enquiries into the phenomenon called celebrity endorsement was by **Grierson 2006**, where the results of his study underlined the importance of the advertiser launch a exclusive agreement with a celebrity. Save for exclusivity comes with a high price tag even though the traditional advertising literature advocates the importance of an exclusive product contract with a celebrity. This high value ticket has lead to a trend of companies sharing stars. Earlier studies hint at the fact that in order to erode acumen of endorser’s trustworthiness, as well as advertisement and brand evaluation, by simply knowing that the celebrity is endorsing multiple products.

On the contrary, **Pandey 2010** found that it might be beneficial to endorse a product with multiple celebrities as it leads to attracting and connecting to the different and diverse sets of target audience to the product. In fact this strategy of using an assortment of celebrities is quite high-flying among sports brands like Nike, Adidas,

Reebok. Several advertising agency managers and reported that the practitioners' insight indicated that "a brand has a wide range of consumers and sometimes the use of multiple celebrities is needed to cover the whole target audience, though it must be made sure that each celebrity's values reflects core brand values". By using multiple celebrities in collaboration one can more successfully endorse a specific product. This is evident in the marketing strategy used by the cosmetic manufacturer L'Oreal who matches its product line depending on the celebrities and the meanings associated with them. Additionally, the boredom which is caused by the presence of a single celebrity can be reduced with the help of multiple celebrities.

However, it is also cautioned that multiple celebrities may lead to confusing consumers about the brand's identity and that it should be assured that "each and every celebrity possesses compatible meanings that are sought for brands".

While surfing through the different channels of television one realises that several brands are being endorsed by some celebrities. For illustration, Amitabh Bachchan is seen to enact for Pepsi, Cadbury, Dabur, and Nerolac. On the other hand Pepsi has been endorsed by Sachin Tendulkar, Aamir Khan, Amitabh Bachchan, Rahul Dravid. The following table provides a brief overview of different brands endorsed by multiple celebrities in India.

The Big Endorser	The Brand
a) Sachin Tendulkar	Pepsi, Adidas, TVS, Britannia, MRF, ESPN
b) Shahrukh Khan	Pepsi, Santro, Videocon, LML
c) Amitabh Bachan	Pepsi, Cadbury, Dabur, Nerolac, Reid & Taylor
d) Aamir Khan	Coke, Titan
e) Saurav Ganguly	Emami, Hero Honda, Britannia, LG
f) Saif Ali Khan	Asian Paints, Yamaha, Frito Lays, Royal Stag
g) Virendra Sehwag	Boost, Badur, Coke, Team Samsung, Britannia, Adidas, Mayur
h) Rahul Dravid	Castrol, Samsung, Pepsi, Hutch, Britannia, Reebok
i) Aishwarya Rai	Nakshatra, Lu, L'oreal, longiones watches
j) Preety Zinta	Cadury, Godrej, TVS Scooty, Maggi, Head & Shoulders

Source: *Top 10 celebrity endorsers, riding the wave*, Prachi Raturi (2005), *Brunch Hindustan Times Magazine*.



**Brown et al, 2009** put forward five factors in order of decreasing importance namely, (1) the celebrity credibility, (2) celebrity and audience match-up, (3) celebrity and brand match up,(4) celebrity attractiveness, and (5) miscellaneous considerations, which were considered by advertising executives while making their celebrity-selection decisions. Jagdish Agarwal , Wagner Kamakura(1995) argued that the economic worth of celebrity should not be ignored and would that on average the impact of celebrity endorsement had an effect on stock returns in positive and suggest that celebrity endorsement contract are generally viewed as a worthwhile investment in advertising.

Research confirms that the celebrity endorsement can have an impact on the consumers recall evaluations, attention and purchase intentions. At the same time it needs to be taken into consideration that although consumers might have a favorable disposition towards celebrities, this does not necessarily always translates into purchase intentions observed by **Mittal et al, 2009**.

**(Kumar et al, 2002)**.Brand endorsements by celebrities are a widespread phenomenon in India and worldwide. For decades, the celebrities present in the Indian films have provided lifestyle cues to youth. Given the popularity, size and reach of the celebrities present in the film industry have the power to influence the attitude and behavior of millions of people, particularly the youth in India. The result of several discussions, after consulting with media experts, sociologists, films and television professionals and academics as well as scanned media reports, determines the impact of films and its consequent impact of celebrities on the youth.

The country observed for the first time aggressive competition between new players and big established businesses with the opening of the new Indian economy in 2000. Consumer's expectations and demands are continuously rising in today's dynamic and competitive environment forcing marketers to adopt more creative advertising efforts such as celebrity endorsements to influence consumer brand choice and behavior. Hence, there was a novelty of the celebrity brand endorsement which has proliferated to have become a multi-million dollar industry in India today.

Furthermore the celebrities in India live a very public life, hence several aspects of their lives are exposed to the general public such as where they shop, where they holiday, their favorite food and so on and thus receives extensive coverage from the

media. The best example to support this is the South Indian actor Rajnikanth who has temples dedicated to his glory.

(Roll 2006) However, a few of the brands have, no doubt, been established without celebrity endorsement. Procter & Gamble promoted its 'Rejoice' brand in India with an ordinary woman in their advertising which worked well. They do not believe in celebrity endorsement and think that consumers, especially housewives, are more prone to identify with a lay person than a celebrity. A few more examples that can be given are Lifebuoy, Close Up, Fevicol etc.

Bhole et al, 2010 asserts that there is the presence of great potential for celebrity endorsement in India to be seen as truly relevant, thereby inducing customer to purchase the product. He also states that star power in India can be identified by the successful endorsements done by Shah Rukh Khan for Nokia and other 16 products.

Top 10 Advertisers of celebrity endorsement	
Rank	Advertiser
1	Hindustan Lever Ltd
2	Procter & Gamble
3	Idea Cellular Ltd
4	L'Oreal India Pvt Ltd
5	Reckitt Benckiser (india) Ltd
6	Colgate Palmolive India Ltd
7	Pepsi Co
8	ITC Ltd
9	Gitanjali Gems Limited
10	Pepsi Co India Holding (p) Lt

Source: Tam Edx Sep 2011

Dhoni left behind many Bollywood actresses, who enjoyed a combined 45% share of the total celebrity endorsements on TV between January and June 2011.

Kareena Kapoor, Sonam Kapoor, Kajol and Aishwarya Rai Bachchan were some of the most popular Bollywood beauties, who were seen frequently endorsing products in TV advertisements<sup>2010</sup>. According to the survey, Bollywood actors and sports persons accounted for 42 per cent and 10 per cent, respectively, of the total celebrity advertisements on TV. During the period, Dhoni appeared for a host of brands, including Reebok, Aircel, Godrej and TVS.

In July, he had signed a Rs 210 crore deal with Rhiti Sports Management and Mindscapes to manage his long list of endorsements and brand associations for two years. The deal, the richest in Indian cricket history, surpassed batting superstar Sachin Tendulkar's estimated Rs 180 crore, three-year contract with sports management firm Iconix in 2006.

As per the Adex survey, the top five categories endorsed the most by celebrities included aerated soft drinks, cellular phone services, toilet soaps and shampoos. The brands which were advertised the most by celebrities were Lux Soap, Pepsi, Airtel, Panasonic and Coca Cola, it said. (Times Of India June 2011)

## **OBJECTIVES**

1. To determine the attributes that lead to the building of a strong brand.
2. To determine the role of celebrity endorsement in building strong brands.
3. To evaluate the impact on brand recall due to celebrity endorsement.
4. To check whether celebrity endorsers build credibility to the brand offer.
5. To understand the relation between the celebrity and the advertised product.
6. To understand the risk of the misfit between the celebrity and the product.
7. To understand the effects on brand when the celebrity gets associated with negative publicity.
8. To evaluate the return on marketing investment in using a celebrity endorser by a brand.
9. To develop a model to help brands identify the right celebrity endorser.

## **HYPOTHESIS**

**H<sub>0</sub>1** There is no significant difference in brand recall due to celebrity brand endorsement.

**H<sub>0</sub>2** There is no significant difference in the purchase of the brand due to celebrity endorsement.

**H<sub>0</sub>3** There is significant difference in the adverse impact on the brand due to negative publicity of the celebrity.

**H<sub>0</sub>4** There is no significant difference between brand recall due to celebrity based advertisement and non celebrity based advertisement.

# **RESEARCH METHODOLOGY**

## **Sources of Data**

### A. Primary data :

This will be done using survey with the help of different sets of structured questionnaires.

### B. Secondary data:

This shall be gathered from books and publications, magazines, internet, journals and periodicals, etc

## **Research Design**

### Quantitative Causal Cross-Sectional

The research intends to quantify the effectiveness and viability of celebrity endorsements to build strong brands. It would be temporal in nature and would be conducted on a sub-section of the respondent population. Thus the design adopted for Research is Quantitative Causal Cross-Sectional.

## **Sampling Type**

### Stratified Random Sampling

The sampling will involve division of the consumers in the Indian Market (population) into smaller strata such as Viewers, Users & Influencers formed on the basis of the common attributes within a stratum. A random sample from each stratum will be taken in a number proportional to the stratum's size when compared to the population. These subsets of the strata will then be pooled to form a random sample.

Thus the sampling used will be Stratified Random Sampling. This Sampling type was adopted to reduce the potential for human bias in the selection of units of analysis to be included in the sample. Stratified random sample will provide us with an unbiased and diversified sample.

## **Sampling Plan:**

### A. Individuals (View) :

The sampling frame shall comprise of individuals in the age group of 18 – 60 years having the purchasing power ability.

#### **Students:**

Post graduates :

Male – 300

Female - 200

Under graduates :

Male – 300

Female - 200

#### **Working Class:**

Income:

Above Rs.30000p.m. - 50

Rs. 30000 – Rs.20000 p.m. - 50

Rs. 20000 – Rs.10000p.m. - 50

Rs.10000 & Below - 50

**Self Employed** – 100

**House wives** – 100

### B. Corporate (User) :

Large Organization- 50

Medium Organization – 30

Small Organization – 20

C. Organization (Influencer) :

Advertising agencies – 25

Media planning agencies – 25

**Sample Size: 1550**

**Research Area**

Across India – Especially cities like Mumbai, Delhi, Calcutta, Chennai, Bangalore, Hyderabad, Ahmedabad.

**Hypothesis Test**

The Hypothesis would be done using Statistical methods as below

Parametric Test

- z – test
- Anova

Non Parametric Test

- Chi – Square



## **SCOPE OF STUDY**

The study shall rifle through the concept of celebrity endorsement and provides insights on it. The study shall focus on aspects of marketing only and financial aspects of celebrity endorsements shall remain outside the boundaries of current study. Is there a science behind the choice of celebrity endorsers or is it just by the popularity measurement?

What are the choices which lead to impact of celebrity endorsements on brands?

The impact of celebrity is confined to present a distinctive identity and provide added values to the brand or the celebrity does not have the power to improve or debilitate the efficiency and features of the core product.

## **LIMITATIONS OF THE STUDY**

- The research being a sample study shall have inherent limitations of sampling error and bias.
- The research shall be restricted to India alone.
- It shall not cover any other domain.

## **UTILITY**

To frame certain guidelines which intend to provide companies a useful framework that they can use while deciding on the celebrities to endorse their brand such as attractiveness of celebrity which demonstrates the recall of an celebrity, credibility of the celebrity which demonstrates the positive impact of the celebrity which may or may not reflect on the brand and meaning transfer between celebrity and brand. Even though these three principles must be adhered to by companies, practically it may or may not be difficult to find such celebrities that satisfy all these conditions. What are the choices which lead to impact of celebrity endorsements on brands? And is there a science that decides on which celebrity is fit for which brand to be endorsed.