ANALYZING THE IMPACT OF CELEBRITY ENDORSEMENTS:
GOODS V/S SERVICES
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Abstract
With celebrity endorsements becoming the norm of the day with almost all major brands opting for it, it is very important to measure the effectiveness of the celebrities and the impact they have across on potential customers across product categories. This helps marketers to effectively choose the celebrities, based on the responses and the opinions of the potential customers. The objective of this study is to gauge the relative impact of celebrities on the basis of a comparative analysis between goods and services offerings, with the help of various judging parameters such as persuasive power, brand recall factor, enhancing of perceived quality, brand association, brand awareness, brand loyalty amongst others.

Key Words: Celebrity endorsements, brand recall, perceived quality, brand association, brand awareness, brand loyalty

Introduction
“Celebrity is an omnipresent feature of society, blazing lasting impressions in the memories of all who cross its path.” - Kurzman et.al (2007)
Celebrities going beyond their usual trade and endorsing products has become a common phenomenon in today’s age. More and more marketers are taking this path in spite of the huge costs and the risks involved in signing celebrities to promote their products. This is primarily because across the world, more so in India, celebrities enjoy cult status amongst their legions of fans and have an unprecedented influencing power. The people of the nation have often put their favourite movie or cricket star on a pedestal and provided them demi god status, a trend more conspicuous in India than in foreign shores. It is this very craze amongst the fans that marketers aim to harness and hence, sign celebrities as endorsers.
The billion strong Indian markets is not an easy market to tap because of the various levels of diversities existing in the market. Be it religion, culture, beliefs, languages, norms, values or various strata of economic divisions, the Indian market presents a picture of various demographic divisions. This leads to variances in the purchasing power, preferences, methods of decision making etc. which the marketers need to keep in mind before placing their product and promoting it.

Today, the aim of marketers in India is to increase the persuasive power as well the recall value of their promotions. Advertisers have used various means to influence the consumer buying behaviour. Among them, the most popular and successful one has been celebrity endorsements.

The command and influence that celebrity endorsers enjoy over the masses has been higher than ever. It has been found time and again that, celebrity endorsements, if conceptualised and implemented in an appropriate manner, can provide the brand a competitive advantage and help build the brand equity. Research has depicted that celebrities make a subtle yet decisive impact on the everyday behaviour and decision making of individuals, as they form an illusionary interpersonal relationship with their idols.

The preference for celebrity endorsements seems to have reached a crescendo and today, they have become an indispensible aspect of integrated marketing communication strategies. With the advancements in technologies and emergence of numerous new channels of communications, the companies can reach a larger base of customers in a more effective way and there is a greater scope of interactions between them. All of this has only enhanced the net impact celebrities have on the sales and brand image of products.

In today’s age of immense competition to grab the customer’s attention and in turn, the market share, companies have more often than not resorted to the means of celebrity endorsements, be it for goods or for services.

This has allowed companies to engage with the potential customers at a greater level as they can easily connect with their celebrity role models and hence can relate to the products offered and bestow upon them their trust.
An innovative and effective use of celebrity to promote their product can help the company break the clutter, and make their products more visible among the scores of other companies having similar offerings.

It is because of this proven effectiveness, that we are witnessing an unprecedented shift towards celebrity endorsements from that of traditional advertising focussed on print and television campaign. As celebrity endorsements are getting more popular, new concepts of celebrity licensing and celebrity partnerships have emerged, which involve greater involvement of celebrity with the brand.

Today, one can see celebrities endorsing products across categories, be it goods or services. Some of the advertisements featuring celebrities have acquired cult status, and are recalled even after years of it going off air.

With the emergence of new stars from various sporting disciplines such as badminton, chess, Formula 1, Tennis, wrestling and boxing etc., marketers have moved beyond the traditionally popular sectors of Bollywood and Cricket when choosing celebrities for products, although celebrities from these two fields still enjoy the maximum popularity amongst marketers.

As the Indian market is venturing into new avenues consistently, the product portfolio across goods and services is only expanding, and the demand for celebrity endorsements is only increasing. The services sector is also catching up with the traditionally celebrity dependent goods sector when it comes to celebrity endorsements. Gauging the mood of the marketers and the customers, one can say that the craze for celebrity endorsements is here to stay.

**Literature Review**

Celebrity endorsements in case of luxury branding have been found to have a negative impact on the brand (Park and Yi-Cheon, 2013). The results drawn on the basis of consumer responses suggest the ineffectiveness of the use of celebrities in the ads for luxury brands. This is primarily because it has been found that celebrities overshadow the luxury brand they endorse.

A moderate mismatch or incongruity between the image of the product and the image of the celebrity endorsing it (Lee and Thorson, 2008) has been found to have a positive impact
and on the basis of research it has been found out that it would produce more favourable responses in terms of influencing the purchase intentions of customers than in the case of either a complete match or extreme mismatch. The effects of such variations are even more pronounced in case of participants having high product involvement as compared to those with lower product involvement.

Celebrity endorsements, although a great tool for building a brand and its popularity, can have negative results (Patel, 2009) and may boomerang if not utilised properly by the company. This is because even celebrities have human shortcomings, and can fail in their field or get embroiled in controversies. This can in turn, have a negative impact on the product they endorse which might fail inspite of being of competitive quality. Some of the pros of having a celebrity are product gets quick attention, connection with the masses, brand differentiation and also builds the brand value as well as lends credibility. Some of the cons include the product getting overshadowed, becoming overtly dependent on the celebrity, or might lead to a clutter as a celebrity endorses multiple products.

In this globalised world, celebrity endorsements have become a rage worldwide as well as in India (Patra and Datta, 2010). The emergence of IMC has only added new dimensions. As advertisements become more elaborate and competitions increase, it has become very crucial to choose the right celebrity. The various methods for the same include ‘Q’ Rating Score, Principle of Congruity and other criteria such as familiarity of the celebrity, popularity and the FRED principle (Familiarity, Relevance, Esteem and Differentiation)

Today, due to increased competition, companies invest huge sums in advertisements, with an increased reliance on celebrity endorsements. The major reason behind this is that celebrities help in enhancing the brand recall as they bring better memorability for the brand and a better connect with the customer (Dhotre and Bhol, 2010). It has been found that maximum recall is enjoyed in traditional entertainment channels and male celebrities are able to command a greater recall as compared to their female counterparts. In case of general brands, Film stars enjoy greater recall as compared to cricketers.

Another trend in the world of celebrity promotions is that of celebrity licensing, where the products are conjoined to the personal styles of the celebrities and involve their greater involvement as compared to celebrity endorsements, where the celebrity only appears in
the advertisements. It has been found that consumers have a different outlook and attitude towards products endorsed by celebrity as compared to the products the celebrity is involved in the creation of. (Kapoor, 2013)

Various methods have been utilised to assess the effectiveness of a celebrity used to promote a brand. A new recall concept termed as celebrity aided brand recall and brand aided celebrity recall (Gnanapragash and Sekar, 2013) has been employed in order to identify selected celebrity aided recalls of the brand and certain brand aided recalls of the celebrity. The first celebrity that comes to mind when a brand is named (in spite of multiple celebrities endorsing it) is considered to be the best fit for the brand and this analysis helps the marketers in choosing the right celebrity. In case of celebrity aided brand recall, it was found that higher recalling was observed in case of congruency fit between the brand and celebrity.

Celebrity endorsements for products have a positive impact on the consumer buying behaviour. With the implementation of adaptive conjoint analysis and genetic algorithms in the advertising process, advertisers have newly approached the matching of product and celebrity attributes. (Zwillin and Fruchter, 2013).

Research Objective

• To study whether celebrities are more effective as endorsers of goods than services
• To study the significant difference between genders of respondents and their perceptions of relative effectiveness of endorsers of goods vis-a-vis services
• To study the impact of celebrities in enhancing the brand equity component of products, Goods v/s Services
• To study whether celebrities are more persuasive and have a higher recall factor as endorsers of goods or services
• To study whether celebrity endorsers enhance the perceived quality of goods more than that of services.
• To study the effectiveness of celebrities as endorsers of premium products, goods v/s services.

Research Hypotheses
H1: Celebrities are less effective as endorsers of goods than services.

H2: There is significant difference between genders of respondents and their perceptions of relative effectiveness of endorser of goods vis-a-vis services.

H3: Celebrities are less effective in enhancing the brand equity components of goods than services.

Research Methodology

55 individuals in the age bracket of 21-35 years were surveyed. Majority of the respondents were students pursuing various courses in B-Schools while the rest were service holders or professionals. A combination of judgemental and convenience sampling had been used for the research. A structured questionnaire reconstructed using Likert scale was used to collect responses.

One sample T Test and Chi Square Test were conducted on the responses obtained.

Reliability Analysis of the questionnaire was conducted and the corresponding Cronbach’s Alpha was found to be 0.803

Research Findings

H1: Celebrities are less effective as endorsers of goods than services. $\mu > 3$

H1*: Celebrities are more effective as endorsers of goods than services. $\mu \leq 3$

A one sample t-test was employed to find out whether celebrities are more effective as endorsers of goods than services. p-value obtained was 0.001 (Table 1). There was a statistically significant difference between means ($p < .05$) and, therefore, we reject the null hypothesis $H1$ which states that celebrities are less effective as endorsers of goods than services and accept the alternate hypothesis $H1*$ which states that celebrities are more effective as endorsers of goods than services.

<table>
<thead>
<tr>
<th>Mean</th>
<th>t value</th>
<th>p value</th>
<th>Standard error</th>
</tr>
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<tr>
<td>10.4727</td>
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<td>0.001</td>
<td>.31340</td>
</tr>
</tbody>
</table>

H2: There is significant difference between genders of respondents and their perceptions of relative effectiveness of endorser of goods vis-a-vis services.

TABLE 1
H2a: There is no significant difference between genders of respondents and their perceptions of relative effectiveness of endorsers of goods vis-a-vis services.

A Chi Square test was conducted for testing H2. The value of p obtained was 0.648. As the obtained value of p is greater than 0.05 (p>0.05), we accept the null hypothesis H2, which states that There is significant difference between genders of respondents and their perceptions of relative effectiveness of endorser of goods vis-a-vis services.

TABLE 2

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
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<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>2.479</td>
<td>4</td>
<td>0.148</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>2.743</td>
<td>4</td>
<td>0.692</td>
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<td>Linear-by-Linear Assoc.</td>
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<td>0.418</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>55</td>
<td>5</td>
<td>0.408</td>
</tr>
</tbody>
</table>

H3: Celebrities are less effective in enhancing the brand equity components of goods than services.

H3a: Celebrities are more effective in enhancing the brand equity components of goods than services.

A one sample t-test was employed to find out whether celebrities are more effective in enhancing the brand equity components of goods than services. p-value obtained was 0.001 (Table 3). There was a statistically significant difference between means (p < .05) and therefore, we can reject the null hypothesis H3 which states that Celebrities are less effective in enhancing the brand equity components of goods than services and accept the alternate hypothesis H3a which states Celebrities are more effective in enhancing the brand equity components of goods than services.

TABLE 3

<table>
<thead>
<tr>
<th>Mean</th>
<th>t value</th>
<th>p value</th>
<th>Standard error</th>
</tr>
</thead>
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<tr>
<td>14.2364</td>
<td>32.012</td>
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<td>.35101</td>
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</table>
Implications of the Study

It was found that celebrity endorsements are crucial for both goods as well as services but more crucial in case of goods. It was also highlighted that celebrities are more suitable and find greater acceptability for endorsing of goods as compared to that of services. The study revealed that celebrities have a greater persuasive power when they endorse goods as compared to services and celebrity endorsements in case of goods have a greater top of the mind retention in case of customers as compared to that of services. Results also show that Movie stars are more popular as endorsers both in the case of goods as well as services as compared to sport stars.

Results show that respondents can easily relate with celebrities associated with premium goods as they hold them in high regard. It was also found that celebrities enhance the perceived quality and contribute to the brand equity components more in case of goods than that of services while endorsing them. Hence, it can be concluded that celebrities have been found to have a greater impact on the potential customers in case of goods as compared to services.

Limitations of the Study

- Majority of the respondents were from the Kolkata area. Respondents from various parts of the country would have helped in getting a more Pan Indian view to the dissertation topic.
- The age profile of the respondents was highly skewed to the 21-25 age brackets. A greater representation of the various age profiles would have helped in obtaining a more holistic view, and in turn, led to a better understanding of the topic.
- The Gender distribution of the respondents was unequal, with the majority of respondents being male. An equal number of male and female respondents would have helped in obtaining an unbiased and more appropriate outcome of the research.
- Majority of the respondents were students. More number of respondents from other occupations would have helped in getting a complete picture of the customer preferences.
Conclusion

Celebrity Endorsement has become the buzzword amongst the marketers. In spite of the high costs of having a celebrity promoting ones brand and the various risks involved, they still opt for it as celebrities have a proven ability to influence the buying behaviour of the customer. The impact of celebrity endorsement is more pronounced in India as celebrities enjoy demi god status, and their vast legions of followers often blindly ape them in a quest to identify themselves on the same page as their celebrity idols. Many celebrity endorsers have helped to win back the credibility and customer confidence for companies in the time of crisis. Examples of chocolates and carbonated soft drinks company going for celebrity advocacy in the time of crisis and allegations further highlight the confidence that companies bestow upon celebrity endorsers. Today, celebrity endorsement is used across market segments and across product categories, in goods as well as services. Celebrity endorsements in case of goods have existed much before celebrity endorsements for services caught up. Respondents believe that celebrities endorsing goods have a larger impact on the customers than as endorsers of services. Moreover, a look in to the Indian advertisement industry shows that celebrity endorsements in the case of goods are more widespread, both in terms of sub categories of goods and the number of competitors.

References


