



## Is Celebrity Endorsement Ethical or Unethical in Brand Building

### KEYWORDS

celebrity endorsement, ethics, endorser, Controversy Risk, Favorable attitude, Brand image.

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**ABSTRACT** *Celebrity endorsement has been established as one of the most popular tools of advertising in recent time. It has become a trend and perceived as a winning formula for product marketing.*

*This reason is firms will always get optimistic by the big names of "celebrity"; as consumers buy into "celebrity."*

*Today, Marketers pay millions of dollars to celebrity endorsee hoping that the stars will bring their magic to brand they endorse and make them more appealing and successful. But all celebrity glitter is not gold. All celebrity endorsements aren't ethical in its nature.*

*The effective brand building is possible only when the celebrity endorsing a brand follows ethics in all his approach; as the consumers attribute the brand equity mostly with the favorite celebrity endorsing the brand. Hence the objective of this study is finding out whether Celebrity Endorsement ethical or unethical in brand building, whether he is considered as credible source or not etc. Furthermore, the current study makes an attempt to provide valuable inputs to advertisers as well as to socially responsible organizations that are seeking to rope in celebrities who would be ethically fitting to act as endorsers for their products or services.*

### INTRODUCTION

Advertisement has become an integral part in today's marketing scenario. Advertising upholds the ideas, commodities and services of a recognized advertiser, which provides as a communication link between the producer and potential buyers.

"Celebrities are individuals who enjoy public recognition and who use this recognition on behalf of a consumer good by appearing with it in an advertisement".

Advertisers comprehend celebrity support to advertise their offerings of the businesses they stand for. Like all aspects of a business, it is imperative to be aware of the ethical issues that might arise over the usage of celebrity endorsements. With this context, ethics spin around a firm's accountability to its clientele. Consequently, whenever endorsements leave a deceitful intuition or result in conflicts of interests, celebrities and companies perform unethically.

"The use of celebrities in order to increase the sales and/ or the recall value of a brand is called celebrity endorsement"

### OBJECTIVES OF THE STUDY

Following are the objectives of the study:

1. To understand the ethical & unethical aspects of celebrity endorsement & its impact on brand image.
2. To find how the advertisements are perceived by consumers and is there any difference between men and women in the way they see the advertisements.
3. To identify the influence of celebrity endorsement on gender.
4. To explore the underlying factors relating to celebrity ethics.

### WHEN CELEBRITY ENDORSEMENTS AREN'T ETHICAL

Signing up stars for endorsements is a time-tested strategy and has been effectively used by some of the top brands in the world. But apart from being beneficial they too have some unethical implications on brand building and consumer both.

#### Unethical Aspects of Celebrity Endorsement -

- a) **Authenticity:** Usage of by famous Celebrities may look

unethical when he is non-user of the product. Moreover it quite complex to find out whether a celebrity is a common user of the product.

- b) Tarnished image:** Celebrity endorsements are unethical when the people involved in any controversies in their life endorse the product reflecting their negative image poorly on the brand so endorsed.
- c) Unsafe or ineffective product endorsement:** Unethical aspects pave its way again when celebrities endorse some products which are hazardous for society.
- d) Compel to buy unwanted products:** There are chances wherein celebrities indirectly drive consumer's impulsive buying behavior resulting in the purchase of unnecessary / harmful products.
- e) Misleading information:** when celebrities say something deceptive / make false claims than the endorsement is lacking in ethics.
- f) Conflict of interest:** when a particular ad conflicts with the celebrity's image, principles, interests etc., Celebrity is totally money minded, hence the ethical implications can be very serious.
- g) Override expert opinion:** It is especially unethical when a celebrity endorsement overtake the expert judgment. i.e., when he interjects his non-expert opinion he undermines the opinion of more qualified individuals.

### LITERATURE REVIEW

- **Agrawal & Kamakura (1995)** "celebrities do rise and fall in popularity throughout their entire career. When a celebrity fails to perform acceptably, celebrity endorser's effectiveness tends to decline.
- **Erdogan (1999, p. 298)** defines celebrity endorsers' expertise as 'the extent to which a communicator is perceived to be a source of valid assertions'.
- **Erdogan et al. (2001)** A celebrity influences the buying behavior of consumers by their trustworthiness and credibility. Negative aspect of celebrity influences both the product and celebrity negatively.
- **Kamins (1990)** "celebrity endorsements are more effective when the image of the celebrity matches with the image of the product they endorse".
- **Kulkarni and Gaulkar (2007)** "companies invest huge amounts as advertising expenditure for hiring a right celebrity. However, uncertainty lies in with respect to the

returns that the company might be able to earn for the brand.

- **Louie (2001)** "celebrity endorsements are often viewed as risky because of their involvement in undesirable events, whose negative repercussions can be transferred to a firm like, incurring injuries and getting caught engaging in unlawful behavior.
- **Sharma (2006)** "the potential risks related to celebrity endorsements. First, celebrity endorsements overshadow the brand. It shows the celebrity being bigger than the brand. Second mismatch between the image of the celebrity and the endorsed product. Multiple endorsements are also a major risk."
- **Till and Shimp (1998)** Pursuing a celebrity-endorsed strategy enables advertisers to project a credible image in terms of expertise, persuasiveness, trustworthiness and objectiveness.
- **Till (1998)** in his study examines the various potential risks i.e. overshadow, multiple product endorsement, inconsistency in professional life of endorsers, financial burden, involvement in drug scandal, extra marital relations and bad moral behaviour that negatively influences the endorsed brand and celebrity as well.
- **Till and Shimp (1998)** in their study examined that any negative information about a celebrity can damage the associated link between the celebrity and endorsed brand. Uses of a celebrity endorser can, however, a double edged sword. Selecting an inappropriate celebrity can have a negative impact on immediate sales as well as a lasting blemish on the brand image. On the other side, if there is a mismatch between a product and a celebrity, then a credible and attractive endorser cannot make the advertisement more effective.
- **Tripp et al. (1994)** in their study observed that multiple product endorsements adversely affected the credibility and purchase intentions of consumers.

**RESEARCH METHODOLOGY**

The present study was conducted using online survey with a structured questionnaire. It was 111 responses collected. Of these 81 were Male and 30 were Female. Data reduction was done using factor analysis. Principal component method was used to extract the factors. Varimax rotation is used for factor loading. We extracted five factors out of 23 statements. The extracted factors explained about 87% of the variance. For these five factors Chi-Squared test was conducted against the gender.

**ANALYSIS AND INTERPRETATION  
FACTOR ANALYSIS**

Figure 1

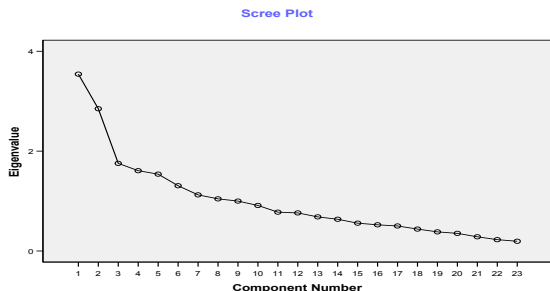


Table 1: Rotated Component Matrix (a)

	Component				
	1	2	3	4	5
V1	0.529	-0.039	0.606	-0.04	0.055
V2	-0.293	0.249	-0.177	-0.114	0.425
V3	0.278	-0.101	-0.166	0.263	-0.471

V4	0.731	-0.007	0.142	-0.092	-0.237
V5	0.12	0.052	-0.011	0.556	-0.144
V6	-0.262	0.09	0.057	0.37	-0.002
V7	0.541	0.15	0.592	0.043	0.077
V8	0.199	0.13	0.031	0.617	0.162
V9	0.187	-0.067	-0.187	0.115	0.596
V10	-0.012	0	0.712	0.254	-0.05
V11	0.049	0.046	-0.014	0.03	0.63
V12	0.073	-0.201	0.281	0.511	0.323
V13	-0.246	0.202	0.111	0.472	0.303
V14	0.67	0.112	0.166	0.155	0.203
V15	0.496	0.497	-0.12	0.87	0.168
V16	0.004	0.163	0.605	-0.303	-0.31
V17	-0.06	0.572	-0.391	0.23	0.121
V18	0.761	0.39	-0.031	0.55	0.056
V19	0.19	0.556	0.15	0.183	-0.092
V20	-0.165	0.724	0.241	-0.014	0.122
V21	-0.05	0.254	-0.186	0.579	-0.214
V22	0.187	0.67	-0.015	0.187	-0.01
V23	-0.5	0.336	-0.043	0.095	0.256

**NAMING OF THE FACTORS**

All the five factors extracted have been given the names on the basis of their attributes contained in the statements in each case.

Table 2: Naming of the factors pertaining to the attributes

Factor No.	Name of the Factors	Label	Variables	Factor Loading
1	Favorable Attitude	V4	I purchase the product because my favourite celebrity endorses it.	0.731
		V14	I will try a brand atleast once, as my favourite celebrity endorsing it.	0.670
		V18	I believe that Celebrity endorsement will help me in choosing the right brand.	0.761
		V23	Change of brand ambassador makes me to switch to other brands.	0.500
2	Negative impact / Dishonest impression	V15	Brand image is negatively affected when the same celebrity endorses the rival brand.	0.497
		V17	Multiple product celebrity endorsements is unethical on effective brand building	0.572
		V19	Brand image of the company is badly affected when the contract between the celebrity & the company is terminated.	0.556
		V20	Negative image of the celebrity adversely affects the brand image.	0.724
		V22	Celebrity endorsing multiple products & multi brands reduces his credibility.	0.670

3	Attitude against Advertisement	V1	Consumers consider advertisements as unwelcome interruptions.	0.529
		V7	Advertisements persuade people to buy things that they don't want to buy.	0.592
		V10	Advertisements promote undesirable values on society.	0.712
		V16	Celebrity endorsement mainly target youngsters.	0.605
4	Conflict of interest over celebrity endorsement	V5	Celebrities endorse the brands for the sake of money but not to build the brand image.	0.556
		V6	Celebrity endorsements make the brands more expensive.	0.370
		V8	Celebrity endorsement may merely gain attention of the consumer but results in less buying proportion.	0.617
		V12	Mismatch between the celebrity and the brand endorsed by them reduces the favorable response from the consumers.	0.511
		V13	Overuse of some extremely popular celebrities often tends to confuse consumers and reduce the utility of celebrity endorsement.	0.472
		V21	Celebrity image and brand image may conflict with each other.	0.579
5	Overshadowing the Brand / Override expert opinion	V2	Celebrity endorsement overrides the expert opinion on consumers.	0.425
		V3	Celebrities are remembered more than the brands being endorsed by them.	-0.471
		V9	Consumers often get attracted towards the celebrities but not towards the brand being endorsed by them.	0.630
		V11	Celebrity image overshadow the brand image.	0.596

**CROSS TABULATION**

**Favourable Attitude Vs Gender**

**Table 3: Cross Tabulation**

			Gender		Total
			Male	Female	
Favourable Attitude	1	Count Expected Count	34 28.5	5 10.5	39 39.0
	2	Count Expected Count	29 28.5	10 10.5	39 39.0
	3	Count Expected Count	18 24.1	15 8.9	33 33.0
Total		Count Expected Count	81 81.0	30 30.0	111 111.0

H<sub>0</sub> = Gender doesn't show any significant difference in their favorability towards celebrity endorsement.

H<sub>1</sub> = Gender show any significant difference in their favorability towards celebrity endorsement.

**Table 4: Chi - Square Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.711 <sup>a</sup>	2	.008
Likelihood Ratio	9.795	2	.007
Linear-by-linear Association	9.468	1	.002
N of Valid Cases	111		

Since the 'p' value is < 0.05 we reject the H<sub>0</sub> i.e., In their favourable attitude towards celebrity endorsement there exists a significant difference among gender.

**Negative impact Vs Gender**

**Table 5: Cross Tabulation**

			Gender		Total
			Male	Female	
Negative Impact	1	Count Expected Count	31 29.9	10 11.1	41 41.0
	2	Count Expected Count	26 25.5	9 9.5	35 35.0
	3	Count Expected Count	24 25.5	11 9.5	35 35.0
Total		Count Expected Count	81 81.0	30 30.0	111 111.0

H<sub>0</sub> = there exists no significant difference among the gender in their opinion towards the negative impact of the celebrity endorsement.

H<sub>1</sub> = there exists a significant difference among the gender in their opinion towards the negative impact of the celebrity endorsement.

**Table 6: Chi - Square Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.519 <sup>a</sup>	2	.771
Likelihood Ratio	.512	2	.774
Linear-by-linear Association	.456	1	.499
N of Valid Cases	111		

Since the 'p' value is > 0.05 we cannot reject the H<sub>0</sub> i.e., there exists no significant difference among the gender in their opinion towards the negative impact of the celebrity endorsement.

**Attitude against advertisement Vs Gender**

**Table 7: Cross Tabulation**

			Gender		Total
			Male	Female	
Attitude against Advertisement	1	Count Expected Count	49 43.8	11 16.2	60 60.0
	2	Count Expected Count	19 20.4	9 7.6	28 28.0
	3	Count Expected Count	13 16.8	10 6.2	23 23.0
Total		Count Expected Count	81 81.0	30 30.0	111 111.0

H<sub>0</sub> = there exists no significant difference among the gender in their attitude against advertisement

H<sub>1</sub> = there exists a significant difference among the gender in their attitude against advertisement.

**Table 8: Chi - Square Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.827 <sup>a</sup>	2	.054
Likelihood Ratio	5.717	2	.057
Linear-by-linear Association	5.759	1	.016
N of Valid Cases	111		

Since the 'p' value is < 0.05 we reject the H<sub>0</sub> i.e., there exists significant difference among the gender in their attitude against advertisement

**Overshadowing the Brand Vs Gender**

**Table 9: Cross Tabulation**

		Gender		Total	
		Male	Female		
Overshadowing the Brand	1	Count	40	4	44
		Expected Count	32.1	11.9	44.0
	2	Count	21	14	35
		Expected Count	25.5	9.5	35.0
	3	Count	20	12	32
		Expected Count	23.4	8.6	32.0
Total	Count	81	30	111	
	Expected Count	81.0	30.0	111.0	

H<sub>0</sub> = there exists no significant difference among gender that the celebrity overshadow the brand.

H<sub>1</sub> = there exists a significant difference among gender that the celebrity overshadow the brand.

**Table 10: Chi - Square Test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.943 <sup>a</sup>	2	.003
Likelihood Ratio	13.284	2	.001
Linear-by-linear Association	8.503	1	.004
N of Valid Cases	111		

Since the 'p' value is < 0.05 we reject the H<sub>0</sub> i.e., there exists a significant difference among gender that the celebrity overshadow the brand.

**FINDINGS**

From the above analysis following findings are compiled:

1. From the study, it is found that the both the male and female vary in their favorable attitude towards celebrity endorsement.
2. There is no significant difference among the gender in their opinion towards the dishonest impression of the celebrity endorsement.
3. Celebrity endorsements witness both ethical and unethical aspects which entirely dependent upon personal and professional ethics.
4. In spite of the fact that celebrity endorsements create brand awareness, gender differs in their opinion that the celebrities override the expert opinion.

**SUGGESTIONS**

On the basis of the findings of the present study, the following suggestions are made to the advertisers:

1. As men and women differ in accepting celebrity endorsement, the advertisers have to device their advertising strategy accordingly while targeting a particular gender.
2. When it comes to dishonest impression of celebrity endorsement there is no difference among men and women. So the advertisers should be aware of the potential damage to their brand caused due to the multiple endorsements by their brand ambassador.
3. As women even do watch advertisements as unwelcome interruptions, the advertising strategy should make them involved in advertisements.
4. Where an endorsement conflicts with the celebrity's image, values, professional affiliations, and other responsibilities or the celebrity does not make an actual endorsement, the ethical implications can be very serious. It is, therefore, the responsibility of the celebrity and the represented firm to recognize these issues.
5. Since the celebrity is overriding & outshine the product, the advertisers should focus more on brand building which make the viewers concentrate more on the brand rather than the celebrity endorsing it.

**CONCLUSION**

In general, celebrity endorsements have existed for decades and likely to continue in the future. But the performance of these celebrities is not always ethical, and later annotations will always be linked to the personality and image, either due to a lack of reliability or a conflict of interest. Although the severity arising from such unethical behaviors of celebrities can vary, causing severe damage to consumers, businesses and celebrities. Therefore, it is necessary for the enterprise and the celebrity that to consider all ethical considerations prior to publicly supporting a product or service.

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