



Effectiveness of Celebrity Endorsement for Building Brand in Automobile Industry

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ABSTRACT

In the beginning of the 21st century celebrity endorsement phenomenon is assuming a very significant role across the world. Leading companies are prepared to go the extra yard to sign celebrities for endorsing their brand. Bollywood celebrities are occupying huge amount of advertising space and time in the mass media and endorsing multiple brands. Celebrity endorsement is a method employed by marketers as a promotional tool so that people can associate themselves with the product as they associate themselves with the celebrity endorser. Companies spend huge amount of money to rope in such celebrities so as to endorse their brands. They generally determine their effectiveness by measuring ROI. Lot of studies conducted on celebrity endorsement but no one clearly indicated whether it can act as a source of brand-building. So a research was conducted on this particular aspect. It wasn't possible to concentrate this study on the entire sectors so automobile sector was selected. This paper focuses on determining the level of awareness about celebrities among the respondents while purchasing automobiles. Secondly, the study is aimed at determining the potential of the celebrities as probable brand endorsers. Finally, a conceptual guideline is provided to advertisers in selecting the right sports celebrity. The finding of the study clearly pointed out that the male celebrities are better than that of female celebrities. People love to see sportsperson endorsing automobile than that of Bollywood stars. It was found that the celebrity endorser affects people intention regarding purchase of the automobile and celebrity endorsement acts as a source of brand-building.

Keywords : Brand Building, Bollywood Celebrity, Celebrity Endorsement, Sports Celebrity.

Introduction

There is large no. of brands available in the market. Some are very familiar and rest are somewhat. What are the things that distinguish those from rest? It may be brand name, advertisement, royal heritage and may be celebrity endorser who endorses them. e.g. Raid and Taylor has the rich heritage of roping in various cascades of James Bond 007 as their brand endorser and it has helped them strongly to build their brand. Businesses have long sought to distract and attract the attention of potential customers that live in a world of ever-increasing commercial bombardment. Everyday consumers are exposed to thousands of voices and images in magazines, newspapers, and on billboards, websites, radio and television. Every brand attempts to steal at least a fraction of an unsuspecting person's time to inform him or her of the amazing and different attributes of the product at hand. Because of the constant media saturation that most people experience daily, they eventually become numb to the standard marketing techniques. The challenge of the marketer is to find a hook that will hold the subject's attention. Also from a marketing communications (marcoms) perspective, it is vital that firms design strategies that help to underpin competitive differential advantage for the firm's product or services. Accordingly, marcoms activities back-up other elements in the marketing mix such as designing, branding, packaging, pricing, and place. The term Celebrity refers to an individual who is known to the public (actor, sports figure, entertainer, etc.) for his or her achievements in

areas other than that of the product class endorsed (Friedman and Friedman, 1979). This is true for classic forms of celebrities, like actors (e.g., Amitabh Bachchan, Shahrukh Khan, Rani Mukherjee, Aamir Khan and Pierce Brosnan), models (e.g., Mallika Arora, Lisa Ray, Aishwarya Rai, Naomi Campbell, Gisele Buendchen, etc), sports figures (e.g., Sachin Tendulkar, Zaheer Khan, Sourav Ganguly, Anna Kournikova, Michael Schumacher, Steve Waugh, etc), entertainers (e.g., Cyrus Broacha, Oprah Winfrey, Conan O'Brien), and pop-stars (e.g., Madonna, David Bowie) - but also for less obvious groups like businessmen (e.g., Donald Trump, Bill Gates) or politicians. Furthermore, celebrities appear in public by attending special celebrity events, e.g., award ceremonies, inaugurations or world premieres of movies. In addition, they are present in news, fashion magazines, and tabloids, which provide second source information on events and the 'private life' of celebrities through mass-media channels (e.g., Smriti Irani being regularly featured in various publications). Last but not least, celebrities act as spokes-people in advertising to promote products and services, which is referred to celebrity endorsement.

Endorsement Of Products And Brands By Celebrities

Celebrity endorsements have become omnipresent in today's marketing world with almost every company roping in celebrities for brand building. These celebrities work as the 'brand ambassadors' either subtly, or deliberately pointing to the virtues of the products they endorse.

The success of celebrity endorsement depends to a great extent on the credibility of the person who endorses the product and also that of the company which sells it. There are instances of the endorser not using the product he or she espouses in which case his or her credibility comes into question. The company might have been selling a particular product for decades without getting any complaint, but competition from other brands erodes the revenues. In order to keep the profit graph climbing, a popular expedient adopted by companies is to seek endorsements from well-known film personalities and sportspersons for the products. This is viewed purely from a commercial angle since huge fees are paid to the celebrity to vouch for the worth of the product.

Selection Of Celebrities To Building Brand:

Depending on their target audience and brand positioning strategy selection of celebrities are made.

F - Familiarity: It relates to the familiarity and level of awareness of the target audience about a particular sports celebrity and perceives the sport celebrity as emphatic, credible, trustworthy and reliable.

R - Relevance: There should be a two dimensional relevance between the brand and the brand endorser and secondly, between the sport celebrity and the target audience.

E - Esteem: The sports celebrity must be able to earn the respect, confidence and trust of the target audience by virtue of his/her performance on and off the field. Sachin Tendulkar, Viswanathan Anand, Abhinav Brinda in the Indian context are leading examples.

D - Differentiation: This relates to the perception of the target audience to see that the celebrity endorser is able to break the clutter by his/her presence and is able to add a different touch to the entire communication.

Literature Review:

'celebrity Endorsement':

McCracken's (1989) definition of a celebrity endorser is, "any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement (marcoms), is useful, because when celebrities are depicted in marcoms, they bring their own culturally related meanings, thereto, irrespective of the required promotional role." Friedman and Friedman (1979) found empirical evidence that, in the promotion of products high in psychological and/or social risk, use of celebrity endorser would lead to greater believability, a more favorable evaluation of the product and advertisement, and a significantly more positive purchase intention.

Effectiveness Of Celebrity Endorsers:

A study conducted by Charles Atkins and Martin Block focused on alcohol advertising and young audience to examine the impact of celebrity advertising in terms of social effects of advertising. The sponsoring Company is the underlying source of any advertising message, but the individual models depicted in the advertising serve as the more visible communicator in many cases. The most thoroughly studied source quality is credibility. Research conducted by social psychologists over the past 30 years demonstrates that a source perceived as highly credible is more persuasive than a low credibility sender (Hovland and Weiss, 1951; McGuire, 1969; Hass, 1981). The sources that companies use to present their advertising message typically attempt to project a credible image in terms of competence, trustworthiness or dynamism. Celebrity endorsers are considered to be highly dynamic, with attractive and engaging personal qualities. Audience may also trust the advice given by some famous person, and in certain cases, celebrities may even be perceived as competent to discuss the product. Friedman, Termini and Washington cite a 1975 study showing that celebrities are featured in 155 of prime-time TV commercials. A later survey reported that this proportion was up to 20% (Advertising Age,

1978). The most widely used celebrities are sports figures, actors or other types of entertainers. There are several reasons why a famous endorser may be influential: - They attract attention to the advertisement in the cluttered stream of messages. They are perceived as being more entertaining they are seen as trustworthy because of apparent lack of self-interest. The final element is due to the wide-spread attribution that major stars do not really work for the endorsement fee, but are motivated by genuine affection for the product (Kamen et al, 1975). Despite the use of famous endorsers, there is little published evidence regarding effectiveness. In one experiment, an advertisement for a fictitious brand of Sangria wine featured an endorsement attributed to either a celebrity (actor - Al Pacino), a professional expert, the Company President, a typical consumer and no source (Friedman, Termini and Washington, 1977).

Brand Image Formation & Brand Preference:

Having a congruent image between the brand and celebrity does not guarantee any positive effect on consumers' brand preferences. The fundamental question is - what a brand image really does to consumers? Baran and Blasko explained, "Since most products aren't special, most advertising does that entire so-called image stuff... There's no information about the product, there's only information about the kind of people who might be inclined to use the product." This view is echoed by Feldwick (1991).

Philip A. Stroke (2009) discussed the use of celebrity endorsement as a part of marketing communication strategy has been gaining popularity over the past years. Monies paid out by firms on endorsement contracts are estimated to be 10% to 25% of total advertising expenditures. However, empirical evidences on the effect of endorsement announcements on the stock prices performance of firms have been mixed at best. We analyze the share market perception of celebrity endorsement using a unique sample of 102 announcements. Stock returns and trading volumes depends upon the level of press attention. Endorsements that appear in a major newspaper show higher average return and larger trading volume changes at announcement date than those announced on the corporate website only.

Subhadip Roy (2007) raises three questions and attempts to provide tentative explanations for them. The first two questions relate to locating, in the consumer's perceptual space, the relative position of Indian celebrities and brands on a set of personality attributes. The third question relates to determining the fit between the celebrity and the brands endorsed by her/him. The results suggest that consumers differentially rank both celebrities and brands. Specifically, Amitabh Bachchan ranks high on five personality attributes, and brands such as Pepsi and Coke rank high on four personality attributes. The study further shows that although celebrities may endorse several brands, their personality does not fit well with the personality of the brand they endorse. Evidence offered here supports the basic assumptions of the celebrityproduct congruence model.

Shimp(2007) estimated that almost 20 percent of all advertisements worldwide use celebrity spokespersons. The general belief among advertisers is that messages delivered by celebrities provide a higher degree of appeal, attention, and possibly message recall than those delivered by non-celebrities. Marketers also claim that celebrities affect the credibility of the claims made, increase the memorability of the message, and may provide a positive effect that could be generalized to the brand.

Solomon et al. (2002) states about celebrities being most effective in situations involving high social risk, where the buyer is aware of the impression peers will have of him or her. According to him, a celebrity endorser is relatively more effective for products high in psychological or social risk, involving elements as good taste, self-image, and opinion of others, compared to a "normal" spokesperson. Expert opinions were considered most useful when the product endorsed was perceived to involve high, financial, performance, or physical risk.

Significance Of The Study

Based on the literature review, it can be find that in Indian context the huge amount of information and researches are required about the phenomenon of "celebrity endorsement in mass media" in various industries. Hence in this paper effort is put to study the level of awareness and effectiveness of celebrity with respect to automobile sector.

Research Methodology

Objectives Of Study:

The objectives of the study are as follows:

- To get the insight about the concept of celebrity for building brand in India
- To identify the influence of celebrity endorsement on consumer buying behavior.
- To study celebrity endorsement as a source of brand-building.
- To find out the effectiveness of celebrities

Scope Of The Study:

The scope of the present study is limited to celebrity performance in automobiles sector. As data were collected from the Rajkot study so the evidence received from other area may differ in this respect. The study is also limited to the role of celebrity for brand building other elements are being not covered in study.

Sample Design

Primary Research is conducted to find out the consumer's response regarding the study objectives discussed earlier.

- Population of the Study: Youth (Male) of Rajkot city
- Sampling Size: A sample size of 100 individuals (Male) having two wheelers or four wheel car, in the age group between 18-40 years belonging to different occupation is considered.
- Sampling Technique: Judgmental and convenience sampling
- Data Collection: Structured questionnaire of open ended and close ended questions were prepared for collecting data from the respondents.
- Data Analysis: Primary data collected during the course of the study is analyzed using measures of central tendency, average, variance, percentage, graphs and charts, Chi-Square test etc. The appropriate efforts were made to give proper data analysis with the help of statistical tools.

Findings:

Following findings were revealed from the research:

- Brand name and celebrity endorser are two factors that people consider before making a purchase of automobile vehicle.
- Most of times the people want to see celebrity endorsing their automobile vehicles that means they have high involvement with the celebrities.
- One of the abstract finding of the survey was regarding people's orientation towards gender biasness. This finding clearly indicated that people like to see male celebrities endorsing automobiles than that of female celebrities.
- Most no. of people believe that celebrity endorsement is an effective mean of persuasion i.e. it convey the message clearly to the target audience regarding product offerings and persuade them to go for the purchase.
- It was found that celebrity endorsement have an impact over the purchase of automobile products. As large no. of people surveyed confirmed this fact. In country like India were Cricket is a religion and cricketers are worshiped as God.
- One of the finding revealed that people admire sports player as better celebrity persona than that of Bollywood actor/actress.
- It was found that while making every new purchase of an automobile most no. of people follow celebrity endorser while rest of them denied this fact.

- The results of brand recall were astonishing. Most number of people was able to recognize the celebrities endorsing the given advertisement.

Hypothesis

- Ho1: Celebrity endorsement is not an effective tool for persuade customer to purchase
- Ha1: Celebrity endorsement is an effective tool for persuade customer to purchase
 - o Test using $\chi^2 = \sum (O-E)^2/E$,
 - o Degree of freedom=5 - 1 =4 at 5% level of significance. At alpha .05 and 4 degrees of freedom, the critical value from the chi square distribution table is 9.49.

Table 1. Role of Celebrity Endorsement for purchase intention

Preference	Observed	Expected	O-E	(O-E) ² /E
Strongly Agree	45	20	25	31.25
Agree	15	20	-5	01.25
Indifferent	10	20	-10	05.00
Disagree	20	20	0	00.00
Strongly Disagree	10	20	-10	05.00
				42.5

Source: from primary data collection

- o As the Chi-square test statistics 42.5 exceeds the critical value of 9.49 hence null hypothesis is rejected and hence we reached at the result that our alternative hypothesis is accepted. Hence it can be concluded that celebrity endorsement is an effective tool of persuasion to facilitate customer to go for purchase.

- Ho2: Female celebrity endorser is more effective than male.
- Ha2: Female celebrity endorser isn't more effective than male.

Table 2. Effectiveness of male/female celebrity

Preference	Observed		Total	Expected		(O-E) ² /E	
	Male	Female		Male	Female	Male	Female
S.Agree	25	05	30	16.5	13.5	4.38	5.35
Agree	05	15	20	11	9	3.27	4.00
Indifferent	10	10	20	11	9	0.09	0.11
Disagree	05	10	15	8.25	6.75	1.28	1.56
S.Disagree	10	05	15	8.25	6.75	0.37	0.45
Total	55	45	100			9.39	11.46
						χ^2	20.85

Source: from primary data collection

- o As the Chi-square test statistics 20.85 exceeds the critical value of 9.49 hence null hypothesis is rejected and hence we reached at the result that our alternative hypothesis is accepted. It is confirmed after the analysis that male celebrity endorser are more effective than that of female celebrity.

- Ho3: Celebrity endorsement doesn't affect purchase decision of automobile products.
- Ha3: Celebrity endorsement affects purchase decision of automobile products.

Table 3. CE and purchase decision

Preference	Observed	Expected	O-E	(O-E) ² /E
Strongly Agree	30	20	10	5
Agree	15	20	5	1.25
Indifferent	10	20	-10	5
Disagree	35	20	15	11.25
Strongly Disagree	10	20	-10	5
				27.5

Source: from primary data collection

- o As the Chi-square test statistics 32.5 exceeds the critical value of 9.49 hence null hypothesis is rejected and hence we reached at the result that our alternative hypothesis is accepted. Hence it can be concluded that celebrity endorsement affects purchase decision of automobile products.

- Ho4: People like to see Bollywood stars endorsing brand than sports star
- Ha4: People like to see Sports stars endorsing brand than Bollywood stars

Table 4. Sports Celebrity vs Sports Celebrity

Celebrity Persona	Observed	Expected	(O-E) ² /E
Bollywood	55	33.3	14.14
Sport	25	33.3	02.06
others	20	33.3	05.31
			21.51

Sources: from primary data collection

o As the Chi-square test statistics 21.51 exceeds the critical value of 9.49 hence null hypothesis is rejected and hence we reached at the result that our alternative hypothesis is accepted. Hence it can be concluded that people like to see sports stars endorsing their products rather than Bollywood stars.

Limitation And Scope For Further Research:

The limitation of the study relates to its geographical coverage where the study is conducted and time constraint. The study gives a clear direction for further research in this aspect of exploring the phenomenon of "celebrity endorsement" with not just auto mobile but for other industry also.

Conclusion

It was found that people love to see celebrities endorsing their brands so the involvement of common man is pretty high with these celebrities. So marketers should use the right celebrity matching with the product. During survey it was found that male celebrities are considered to be better celebrity endorser than that of their female counterparts. This is because lots of research regarding consumers behavior towards automobile indicates that people view automobile as female so in order to attract the attention of target customers they preferably use male celebrity endorser. Also it was found that people love to see sports stars endorsing their automobile than Bollywood stars. This is because of the fact in India Cricket is very famous and people worship players like Sachin Tendhulkar, Kapil Dev, Sourav Ganguly etc. So they love to see these players endorsing their automobiles.

But it would be presumptuous to consider celebrity endorsement as a panacea for all barricades. 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 i.e. it can act as a source of brand-building of a brand to new heights; but a cursory orientation of a celebrity with a brand may prove to be claustrophobic for the brand.

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