CHAPTER 1: INTRODUCTION

This introductory chapter provides the reader with an insight into the topic of the research area. The chapter begins with introduction to the research topic with further emphasising on the aims of the research project. Finally, it explains the overall structure of the research project.

1. 1. Background to the Topic
Marketers spend enormous amounts of money annually on celebrity endorsement contracts based on the belief that celebrities are effective spokespeople for their products or brands (Katyal, 2007). Celebrity Endorsement is viewed as a billion dollar industry in today’s era. (Kambitsis et al, 2002). Various companies are signing deals with celebrities in the hope that by using celebrities they can accomplish a unique and relevant position in the minds of the consumers. (Temperley & Tangen, 2006). Celebrity endorsement is increasingly being employed across various industries regardless of the product type. It is known to be playing the role of a signalling strategy. (Mustafa, 2005). Also According to Reynolds (2000) celebrity endorsement can give a brand a touch of glamour. Everything said and done, one have to weigh the potential risks vs. the potential rewards as celebrity endorsements are always a high-risk, high-reward situation and there is always a human element that you might not know about.

1. 2. Introduction to Topic
The modern world of marketing communication has become colourful and inundated with advertisements, and it is hard to get noticed. It is an uphill task for the designer of an advertising campaign to differentiate itself from others and attract viewers' attention. The use of advertising went through a major phase of change over the past 150 years, from classical to modern view. In the modern days, marketers are developing strategies using various appeals including sexual, emotional, humour etc. (Belch and Belch 2001). The motive behind formulating such strategies is to gain high brand exposure, attention, interest, desire and action (Belch and Belch 2001).
In this jet age, people tend to ignore all commercials and advertisements while flipping through the magazines and newspapers or viewing TV. But even then, the glamour of a celebrity seldom goes unnoticed. In order to do this, marketers employ well known and famous personalities in other word celebrities. As McCraken (1989) stated that celebrities tend to create greater effect on the consumers’ buying behaviour. McCraken (1989) further states that celebrity endorsement advertising is a ubiquitous feature of modern marketing. Thus, celebrity endorsement in advertisement and its impact on the overall brand is of great significance.

According to Silvera and Austad (2004) Celebrities are people who enjoy public recognition among a large group of people and possess distinctive qualities like attractiveness and trustworthiness. They have some characteristic attributes like attractiveness, extraordinary lifestyle or special skills that are not commonly observed. Many big brands have recognised the importance of celebrity endorsements as marketing communication tool (Soderlund 2003). Thus, it can be said that within a society, celebrities generally differ from the common people and enjoy a high degree of public awareness.

Among the classic forms of celebrities, actors (e.g., Amitabh Bachchan, Salman Khan, Shahrukh Khan, Ranbir Kapoor Etc.), models (e.g., Deepika Padukone, Katrina Kaif, etc.), sports-persons (e.g., Sachin Tendulkar, Mahendrasinh Dhoni, Virat Kohli, etc.) are significant.

Celebrity Endorsements is a billion dollar industry in today’s era. (Kambitsis et al, 2002). Use of celebrities as part of marketing communications strategy is a common practice for major firms in supporting brand image. Firms have invested large sums of money to align their brands and corporate images with celebrity endorsers’ qualities such as attractiveness, likeability, and trustworthiness (Atkin and Block, 1983) in order to underpin competitive differential advantage for a firm’s products or services (Erdogan, 1999). The promotional features and images of the product are matched with the celebrity image, which tends to persuade a consumer to fix up his choice from a plethora of brands. Furthermore, celebrities serve not only to create and maintain attention, but also to achieve high recall rates for marketing communication messages in today’s highly cluttered environments (Croft, et al 1996; Friedman and Friedman 1979; Kamen, et al, 1975; Kamins et al 1989; Ohanian 1991; O’Mahony and Meenaghan, 1997).
Studies have proved that celebrities endorsing a company or brand can greatly increase consumers' awareness of an advertisement, capture their attention and make the advert more memorable. Additionally, when a celebrity endorses your company, it tells the consumer that the company is reputable, has good products or good customer service and is a sound company to deal with. Remember, the celebrity's own image and reputation is at stake. Marketers spend huge amount of money on celebrity endorsement contracts annually (Katyal, 2007) it shows that celebrities play an important role in the advertising industry. Considering the prices companies are willing to pay and the effect it has on consumers buying behaviour, celebrity endorsements appears to be a very popular advertising tool in the modern day marketing (McCraeken 1989; Belch 2001; Soderlund 2003).

Meanwhile, selecting celebrity endorsers have managerial significance. A ‘right’ celebrity endorsement strategy can be an effective competitive weapon in mature and saturated markets in order to differentiate products from competitors, since there is a heavy advertising clutter and almost no room for actual product differentiation in markets (Erdogan, 1999). However, at times, celebrity qualities may be inappropriate, irrelevant, and undesirable. However, the effect of using celebrities on stimulating consumer buying behaviour is still equivocal in literature [Erdogan et al, 1999], and the results are even contradicted (e.g. Bush et al. 2004; Martin & Bush, 2000). For example, Atkin and Martin [1983] found that respondents perceived celebrity-advertisement favourably compared with the usage of a non-famous person. On the other hand, Mehta (1994) pointed out that respondents did not perceive celebrity endorsement favourably, while Fireworker and Friedman (1977) reported that using a celebrity influenced respondents’ attitudes positively toward the endorsed products, but did not influence their purchasing intentions.

Consequently, these unclear findings of the impact of using celebrities present a challenge for marketers on using celebrity endorsement as an effective marketing strategy. Young generation has been recognized as the most influential and powerful consumer force (Leonhardt & Kerwin, 1997; Guadalupe, 1999; Gronbach, 2000).
1.3. **Problem Statement**

The way youngster behave today as consumers will have an impact on the market shares of major companies (18 years old and over) (Leigh & Gabel, 1992; Almash, 2000; McLauglin, 2000). The modern challenge faced by marketers today consists in how to establish effective communication with young consumers, by employing a language they understand and trust (Sheth, Mittla & Newman, 1999).

Thus, it is necessary to address a major question: How the students’ perceive celebrity endorsements and what are effects of celebrity endorsements on buying behaviour?

For the present study, the word “consumer” is referred to “college students”.

1.4. **Research Justification**

1.4.1. **Academic Justification**

Over the past few decades, much research has already been done over the phenomena of celebrity endorsements (Bailey 2007). Researchers in academic journals have explored many new issues related to the celebrity endorsements for instance negative publicity of celebrity, effectiveness of endorsements etc. Moreover, there are many empirical studies already being conducted focussed on major markets like United States, United Kingdom, and China etc. but as far as from the literature review none of the research is done in context to the College Students. The main reason for choosing this topic is based on the fact that so far no study has been conducted in order to understand the effect of celebrity endorsements on students’ buying behaviour with reference to Gujarat.

Academically, this thesis will be helpful in understanding the perception and attitude of Gujarat students towards celebrity endorsements which may reveal some interesting insights and directions for future research.

1.4.2. **Business Justification**

Celebrity endorsement has become a common practice in order to differentiate the product from other competing brands in a highly competitive environment (Erdogan 1999). The final aim of every advertising strategy is to instigate the actual behaviour of the targeted audience, whether purchase intention or actual consumption (Sharma et al. 2008). If an advertising strategy fails to achieve the same, the million dollars spent are not worth it.
Young Indian consumer market is booming at a great pace. According to a report by McKinsey Global Institute (MGI), India’s consumer market will be the fifth largest (from twelfth) in the world by 2025 which is currently valued at US$ 511 billion. Additionally, young consumers in India are exposed to several new products every other day followed by marketers’ differentiation, positioning techniques. Therefore it will be interesting to investigate the impact of celebrity endorsements on consumers buying behaviour in India. From a business perspective this research project would be useful in understanding the attitude and perceptions of Gujarat students towards celebrity endorsements.

1.4.3. Personal Justification

India is a country where celebrities are worshipped and possess demo-god status. People have always idolised celluloid stars (Katyal, 2007). Marketers take advantage of this opportunity to influence the customers emotionally and make them buy products. The Researcher, in his school days was under the same influence of celebrity magnetism. Later after reading and studying marketing, the Researcher came to know about the theoretical and practical underpinnings of celebrity endorsements which increased Researcher’s eagerness to towards the topic. Additionally, Researcher believes that conducting this research project will enhance the valuable personal knowledge about the subject and experience for future career applications.

1.5. Purpose of Research

"The aim of this research is to empirically investigate the effect of celebrity endorsements on student buying behaviour in context to Gujarat."

The topic of celebrity endorsements and its elements is heavily documented in academic literature, but what makes this research interesting is that it enables us to understand the celebrity endorsement process from a Gujarati student’s point of view.

Not much work has been seen in the Indian light despite the fact of it being perceived as a potential market for celebrity endorsed products. Indian consumer attitudes are changing at a rapid pace and they are becoming more aware of the products that they use to define their ‘self’. The research is carried out to obtain a view amongst Gujarat Consumers (i.e. students) about celebrity endorsement. Is it as positive as it is assumed to be? Most advertisements, be it of any form, majorly focuses on the young generation therefore their perception about the celebrity endorsed form of advertisement is of utmost importance, also getting to know the
attitude the youth provides the knowledge of the most current incidents or attitudes of any country, hence the youth has been targeted in this research. The research undertaken on celebrity endorsement in this report will be useful on both academic and professional platform, as it looks into the perception of Gujarat students on celebrity endorsement, providing theory for scholarly and directives for managers and professionals. Strategic Positioning and effective communication are the two most important “mantras” guiding brand success in today’s competitive marketing environment. Corporate are ensuring all possible efforts to promote their brands and to grab the customer’s mind share. The impetus is on attracting the customer’s attention and developing positive associations not just to influence recall but also to induce trial and eventually effect purchase decisions. In a market where advertising plays a vital role in coordinating consumer purchases, it becomes pertinent for companies to induct all possible measures to influence motivate and inculcate desire to purchase, in the customer through an effective advertising campaign. Theory and practice proves that the use of superstars in advertising generates lot of publicity and attention. (Ohanian, 1991). The billions of dollars spent on celebrity endorsement contracts show that celebrities like LIZ Hurley, Britney spears and Tiger woods play an important role in the advertising industry. (DaneShvary and Schwer, 2000, Kambtsis et al.2002). It is estimated that the companies in US spent $800 million in 1998 to acquire talent entertainers, athletes and other high profile personalities -to spot light in advertising, promotion and PR campaigns (Clark, Hastmann, 2003).

In India advertisers pour crores of rupees every year into celebrity advertising. Think of Sachin Tendulkar - he means PEPSI in soft drinks, Boost in malted beverages, Fiat Palio in cars, TVS victor in two wheelers, Colgate Total in toothpaste, Britannia in Biscuits, Visa in credit cards, Airtel in mobile services and many more brands. The underlying question is if and how the lively interest of the public in “The rich and the famous “be effectively used by companies to promote their brands and consequently increase their revenues. (Schlecht, 2003)

To answer this question, this report will examine the relationship In order to draw the relationship between celebrities, the brands they endorse and the perception of the people related to the celebrity attributes would be discussed.
1. 6. Research Questions

**Question 1:** How do Gujarat students’ perceive Celebrity Endorsement?

**Question 2:** Which are the key attributes (from the literature review) of celebrity which may influence student’s buying behaviour through celebrity endorsements?

**Question 3:** What is the effect of celebrity attributes’ on purchase intentions of students to buy a product when celebrities are used as endorsers?

**Question 4:** Which are the behavioural factors which might influence the students’ behavioural intentions?

**Question 5:** What is the effect of celebrity endorsement on behavioural intentions of students when celebrities are used as endorsers?

**Question 6:** What is the effect of celebrity endorsements on buying behaviour of students towards high and low involvement product when celebrities are used as endorsers?

1. 7. Expected Contribution of Study

The importance of this study lies in expanding the understanding of the effectiveness of celebrity endorsements among the college students of Gujarat. This study examined various attributes of celebrities and its relations and effects on college students of Gujarat, which may aid practitioners in more effectively choosing celebrities for use in advertising their products. This study will help fill a gap in the literature regarding the examination of celebrity endorser attributes as indicators of advertising effectiveness.

1. 8. Chapterisation of Thesis

The research projected is constructed in a logical order as follows:

Chapter 1- The first chapter gives a brief introduction of the research topic specifying the aims and objectives to be achieved.

Chapter 2- This chapter reviews the basics and theories relating to the concept of celebrity endorsement and consumer buying behaviour. It presents the critical evaluation of existing studies being done by various Researchers on celebrity endorsements.

Chapter 3: This chapter reviews the theoretical framework. The Research framework identifies the hypotheses that are the basis for this research.
Chapter 4 - This chapter focuses on methodological considerations for this research, explaining the reason explaining each instrument adopted for instance research philosophy, research design, data collection methods etc.

Chapter 5 - This chapter presents the research findings and statistical analysis of the primary data collected for the research.

Chapter 6 - This chapter deals with the findings & discussion of results derived from the primary analysis, concludes the research giving recommendations for the celebrity endorsements and suggesting topics for the future research. The key outcomes of the research are also summarised in this chapter.