Introduction and Design of the Study
CHAPTER I
INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

The general belief among advertisers is that brand communication messages delivered by celebrities and famous personalities generate a higher appeal, attention and recall than those executed by non-celebrities. The quick message, reach and impact are all too essential in today's highly competitive environment. Celebrities are people who enjoy specific public recognition by a large number of certain groups of people. They have some characteristic attributes like attractiveness, extraordinary lifestyle or special skills that are not commonly observed. Thus, it can be said that within a society, celebrities generally differ from the common people and enjoy a high degree of public awareness. Everyday people need something or someone to look up to. A sense of security, admiration, comfort, familiarity, and above all, someone they aspire to be at some hidden level in their lives.

Celebrity advertising is a form of advertisement that uses renowned and successful personalities, from various walks of life, to communicate the message to the viewers. It is a popular method of grabbing eyeballs. The choice of celebrity is critical for the success of the advertisement. The celebrity should have high recognition, high positive effect and the image of the celebrity must match with that of the product. Celebrity endorsements must be used judiciously. If the celebrity is too famous or too popular, then the celebrity will overpower the product - i.e., people will remember seeing only the celebrity and forget the product.

The cost benefit analysis of using celebrity in marketing communication is bit tricky. But the general belief is that using celebrity is a cheaper one in building a brand. To achieve the same without a celebrity would have taken a longer time and more money. In a span of less than two years after launch, the brand Reid & Taylor has become the Second largest seller of cloth for Men’s suits in India. Now, despite the potential benefits derived from celebrity endorsements, a marketer’s risk manifolds and should be treated with full attention and aptitude. A brand should be cautious when employing celebrities
to ensure promise believability and delivery of the intended effect. They also succeed in creating an aspiration in the minds of the consumer to acquire what their favorite celebrity endorses.

1.2 WHO IS A CELEBRITY?

Oxford Dictionary defines Celebrity as “A Famous Person”. A celebrity is a person, who has a prominent profile and commands some degree of public fascination and influence in day-to-day media. A person with great popular appeal, prominence in a particular field, and is easily recognized by the general public.

According to Friedman and Friedman, a “celebrity endorser is an individual who is known by the public for his or her achievements in areas other than that of the product class endorsed”

Compared to other endorser types, famous people always attach a greater degree of attention, recall and loyalty. In this age of intense competition, where capturing a position in the consumers’ mind space is extremely tough, celebrity endorsements give an extra edge to the companies for holding the viewers’ attention. Celebrities can catalyze brand acceptance and provide the enormous momentum that brands require by endorsing the intrinsic value to the brand.

Like

1. Actors (e.g., Shah Rukh Khan, Aamir Khan, Aishwarya Rai, Kajol)
2. Models (e.g., Mallaika Arora, Milind Soman, Anup Soni),
3. Television Personalities (Husain, Smriti Irani, Heena Khan)
4. Sports figures (e.g., Sachin Tendulkar, Sania Mirza, Mary Kom, Vijender Singh)

1.3 WHAT IS CELEBRITY ENDORSEMENT?

A form of brand or advertising campaign that involves a well known person using his/her fame which helps to promote a product or service. It refers to the use of celebrities in order to increase the sales of a product. Celebrity Endorsement was initiated during mid 80’s in India.

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1. International journal of research in commerce & Management, Vol.4, 2014
1.4 DEFINITION OF CELEBRITY ENDORSEMENT

Celebrity endorsement advertising is defined as a well-known person using his or her fame which helps to promote a product or service. The celebrities market the product through television or radio advertisements, large event appearances, and so on. Most organizations use celebrities in their marketing in hope that it will drive up sales and have a positive impact on profits\(^3\).

1.5 HISTORY OF CELEBRITY ENDORSEMENT

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 Sports persons began encroaching on a territory that was, until then, the exclusive domain of models.

The usage of celebrity as endorsers begun as far as the times of Queen Victoria, and her association with Cadbury’s Cocoa, and by accident, in the mid 1880’s, an American tobacco company named Goodwin and Co. made their baseball cards and slot in on every cigarette packs they sold. Ironically, the baseball cards featuring baseball players are the unofficial forms of endorsement.

With the advent of Radio and Televisions in the 20’s and 30’s, celebrity endorsements have boomed, especially with the use of real human celebrities as themselves and their fictional characters respectively, and also cartoon characters. One of the first sports endorsements in India was when Farokh Engineer became the first Indian cricketer to model for Bryl cream.

In the context of today’s globalization, celebrities have appeared on many advertisements and other public relation activities as the brand’s spokesperson, be in on print media, mainstream media and the internet\(^4\).

\(^3\) http://www.business dictionary.com/celebrity endorsement.html
1.6 ESSENTIALS OF CELEBRITY ENDORSEMENT

Before any brand signs on a celebrity, they should consider three main aspects.

1. Attractiveness of the celebrity

This principle states that an attractive endorser will have a positive impact on the endorsement. The endorser should be attractive to the target audience in certain aspects like physical appearance, intellectual capabilities, athletic competence, and lifestyle. It has been proven that an endorser that appears attractive as defined above has a greater chance of enhancing the memory of the brand that he/she endorses.

2. Credibility of the celebrity

This principle states that for any brand-celebrity collaboration to be successful, the personal credibility of the celebrity is crucial. Credibility is defined here as the celebrities’ perceived expertise and trustworthiness. As celebrity endorsements act as an external cue that enable consumers to sift through the tremendous brand clutter in the market, the credibility factor of the celebrity greatly influences the acceptance with consumers.

3. Meaning transfer between the celebrity and the brand

This principle states that the success of the brand-celebrity collaboration heavily can selectively depends on the compatibility between the brand and the celebrity in terms of identity, personality, in the market vis-à-vis competitors, and lifestyle.

Even though these three major principles must be adhered to by companies, practically it might be difficult to find celebrities that satisfy all these three conditions. Depending on the nature of the brand and the kind of product being used, companies emphasize one factor over the other.

1.7 STATEMENT OF THE PROBLEM

Negative publicity is one of the major problems associated with the celebrity endorsement and it badly influences the brand image of a product. Bad behaviour of a celebrity can also badly affect the particular endorsed product. The celebrity is bigger than the brand. If there is no congruency between the celebrity and the brand, then the
audience will remember the celebrity and not the brand. This is another problem related to celebrity endorsement.

Credibility of the brand and celebrity may suffer when celebrity endorse multiple products simultaneously. The multiple products endorsement by a celebrity negatively influences consumer’s perceptions of endorser credibility and likeability, as well as attitude towards the advertisement. Multiple products endorsement has a negative impact on customers purchasing intentions. Sometimes, advertising companies use many celebrities to endorse a brand. Over use have both positive and negative aspects to influence the attitude of a consumer. On the other side, it also confuses the consumer to take decision on the final purchase. A consumer thinks that due to bad performance of the product, the company uses various celebrities to sell the product.

Financial burden is one of the most important problems from the company point of view. It is very expensive for a company to hire a celebrity to endorse the product. The more popular a celebrity, the more expensive. It is very difficult for companies to determine the relationship between the invest on celebrity endorsement and the actual change in sale of a particular endorsed product. With tough competition, the demand for celebrities has increased and this is the main factor for their higher cost. When popular celebrity is used, the consumers usually view that it would increase the cost of the product. This would ultimately affect the prospects of advertiser.

When the image of a celebrity and endorsed product does not match properly, then it does tarnish the brand image of a particular endorsed brand. Celebrities’ endorsement is more effective when their image closely matches that of the firm for which they endorse. This is another problem related to celebrity endorsement. A celebrity may lose popularity due to some lapse in professional performance. Performance of celebrity in his areas of expertise determines the status of his professional life. Especially in the case of sports celebrities, popularity is directly correlated with their current performance in the sports field.

Hence an attempt is made to study the problems faced by the advertisers. In this attempt, the following research questions emerged.
1. How brand celebrities influence the consumer behaviour?
2. What are the factors that influence the celebrity endorsement?
3. At what level the consumers are satisfied on Celebrity Endorsement?
4. What are the problems in celebrity endorsement?

In order to answer the above research questions this study has been undertaken.

1.8 NEED OF THE STUDY

Now a day a lot of advertisements are endorsed by celebrities. Even celebrities are endorsing multi brands. It has created a great confusion in the minds of the customers regarding the purchase of the product. So there is a need to study the brand celebrities and their impact on consumer behaviour. This study will also help to know the buying behaviour of the consumers.

1.9 OBJECTIVES OF THE STUDY

Primary Objective

- To study the brand celebrities and their impact on consumer behaviour towards selected brands.

Secondary Objectives

- To study the factors that influences the celebrity endorsement.
- To study the respondent’s most preferred celebrities.
- To study the impact of celebrity endorsement on consumer brand preference.
- To analyze the impact of celebrity endorsement in purchase decision.
- To measure the level of satisfaction of respondents on celebrity Endorsement.
- To find out the problems associated with celebrity endorsement.

1.10 SCOPE OF THE STUDY

This study mainly covers brand celebrities and their impact on consumer behaviour. It also focuses on the factors that influence the celebrity endorsement, most preferred celebrity of the respondents, level of satisfaction of respondents, problems
related to celebrity endorsement. The area of study is Namakkal District of TamilNadu. Based on the findings of the study suitable recommendations have been made which would help to improve further in the celebrity endorsement.

1.11 PERIOD OF THE STUDY

The primary data was collected from the month of January to May 2014.

1.12 HYPOTHESIS OF THE STUDY

For the purpose of studying brand celebrities and their impact on consumer behaviour, the following null hypotheses have been formulated.

1. There is no association between the most preferred celebrities and demographic factors.
2. There is no association between the impact of celebrity advertisement and demographic factors.
3. There is no association between consumer satisfactions with demographic factors.

1.13 METHODOLOGY OF THE STUDY

The purpose of the present study is to know the impact on consumer behaviour towards brand celebrities. The impact is studied with the data obtained from the respondents those who view/read the advertisements. The study is both descriptive and analytical in nature.

1.13.1 Research Design

In 2013, Namakkal had a population of 1,721,179\(^5\) of which male and female were 866,740 and 854,439 respectively. The same census report exhibit the literates’ population as 678,213 which belong to rural area and 506,131 populations belong to urban area, hence the total constitutes 1,184,344. Another source was observed from Namakkal District Collector Office, which shows that the distribution of literates’ is further sub divided into three classifications namely younger, middle aged and old aged population. The distribution shows that 28% of population in younger category, 39% is in middle aged category and 33% of population is in old aged category.

\(^5\) http://www.census2011.co.in/census/district/29-namakkal.html
1.13.2 Sampling Method

The Simple random sampling method is followed for the selection of sample respondents. Simple random sampling is a type of probability sampling.

1.13.3 Sample Size

The main aim of this study is to identify the consumer behaviour and its impact on celebrity endorsement. The younger and middle aged category population are taken into study. Therefore the literates’ population belonging to younger and middle aged group (67%) is 793,511 considered to be the population size of this study. The sample size is determined by the following formula SS = \( (Z^2 \times (p) \times (1-p)) / C^2 \). Z value is 95% confidence level, p is percentage of picking a choice (0.5), C is confidence interval 3.476 for the desired population 793511, which determines the population size as 794.

1.14 Data Collection

The study is conducted by using primary data. For the collection of data interview schedule has been used. Before the collection of primary data from the respondents, a pilot study was conducted with an interview schedule from 50 respondents. The suggestions and modifications suggested by the sample respondents were included in the interview schedule. The pre-testing of interview schedule has been conducted with 15 interview schedules to know the adequacy of schedules for analysis.

1.15 Statistical Tools for Analysis

The collected data was codified, classified and then tabulation was done. The primary data collected was analyzed by using the following statistical tools.

Descriptive Analysis

The descriptive analysis was used to express the percentage respondents falling under each category. It describes the total frequency of respondents/responses in percent format.

Chi-Square Analysis

A chi-square test (\( \chi^2 \) test) is any statistical hypothesis test in which the sampling distribution of the test statistic is a chi-square distribution when the null hypothesis is true, or any in which this is asymptotically true, meaning that the sampling distribution
(if the null hypothesis is true) can be made to approximate a chi-square distribution as closely as desired by making the sample size large enough. The chi-square analysis is used to test the independence of two attributes. It is also used to test the significance of one factor over the other.

**Five Point Scaling Technique**

Likert’s five point scaling technique has been applied in this study, which is used to convert the qualitative information into a quantitative one.

**Average Score Analysis**

Based on the consolidated opinion obtained from five point scaling technique for different categories of the respondents, the weighted average score was calculated to assess the level of satisfaction/agreeability of the respondents.

**Average Rank Analysis**

Average Rank Analysis is used to assess the priority of the different categories of respondents on various issues. The average rank was calculated based on the collective opinion of respondents and the final rank is allotted using the criterion “lesser the average rank more is the priority”.

**Correlations Analysis**

The Correlation Analysis is a technique for predicting the significant association between two or more variables and it measures the interrelationship between the variables. If an association tested between two variables known as simple correlation and two or more variables is referred as a partial or multiple correlations. In this study, the Corel Pearson’s bivariate correlation is used to determine the association between the selected variables.

**ANOVA**

The Analysis of Variance is a powerful and common statistical procedure in the social sciences. The ANOVA is used to test the significant difference in the mean values of more than two groups.
T-Test

A t-test is any statistical hypothesis test in which the test statistic follows a student's t distribution, if the null hypothesis is supported. It is most commonly applied when the test statistic would follow a normal distribution if the value of a scaling term in the test statistic was known.

UNIVARIATE

The univariate analysis is a kind of statistical general linear model. The main goal of this approach is to evaluate the relationships in order to explain variability in a response variable as a function of some specified model.

1.16 LIMITATIONS OF THE STUDY

1. There was reluctance on the part of the respondents to provide data. However, adequate care has been exercised to collect the unbiased data.

2. The result is limited to the geographical location where the research is conducted. Some of the respondents gave informations about their economic background like annual income, wealth details, from their memory as they had no account of them; necessary cross verifications were made to reduce the biased information wherever doubts arose. Hence, generalization of the findings of the study is subject to these limitations.

1.17 CHAPTER SCHEME

The present study has been divided into six chapters.

Chapter 1 : The first chapter gives intense and clear picture on celebrity endorsement which includes the Introduction, Statement of the problem, Need of the study, Objectives of the study, Scope of the study, Hypothesis of the study, Research Methodology, and Statistical tools considered for this study and Chapter scheme.

Chapter 2 : The second chapter entitled “Review of Literature” analyses the earlier studies of celebrity endorsement.
Chapter 3 : The third chapter focuses on celebrity endorsement which includes argument for celebrity endorsement, argument against celebrity endorsement, methods of measuring celebrity endorsement, impact of celebrity endorsement, success factors, theories of celebrity endorsement and types of celebrity endorsement.

Chapter 4 : The fourth chapter deals with Demographic profile of the respondents, suitability and necessity of celebrity endorsement.

Chapter 5 : The fifth chapter discusses about the influence of celebrities on advertisements, most preferred celebrities, impact of celebrity on brand preference, impact of celebrity on purchase decisions, level of satisfaction of respondents on celebrity endorsement and problems with celebrity endorsement.

Chapter 6 : The sixth chapter recapitulates the key findings and conclusions of the study. At the end of this chapter certain suggestions have been made for the Advertisers.