CHAPTER – I
INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

The Indian advertising industry is highly talking business today through its attractive celebrity endorsed advertisement, who are popular at global level in local vernacular language. It has evolved from a small-scale business to a full-fledged industry. It has emerged as one of the major industries and tertiary sectors and has broadened its horizons be it the creative aspect, the capital employed or the number of personnel involved. Indian advertising industry in very little time has carved a niche for itself and placed itself on the global map. Indian advertising industry with an estimated value of Rs 13, 200-crore has set eyeballs gazing with some astonishing pieces of work that it has given in the recent past. The creative minds that the Indian advertising industry incorporates have come up with some mindboggling concepts and work that can be termed as masterpieces in the field of advertising. Advertising in the country too have taken a leap. They have come a long way from being small and medium sized industries to becoming well known brands in the business. Mudra, Ogilvy and Mather (O&M), Mccann Ericsonn, Rediffussion, Leo Burnett are some of the top agencies of the country.

Indian economy is on a boom and the market is on a continuous trail of expansion. With the market gaining grounds Indian advertising has every
reason to celebrate. Businesses are looking up to advertising as a tool to cash in on lucrative business opportunities. Growth in business has lead to a consecutive boom in the advertising industry as well.

The Indian advertising today handles both national and international projects. This is primarily because of the reason that the industry offers a host of functions to its clients that include everything from start to finish that include client servicing, media planning, media buying, creative conceptualization, pre and post campaign analysis, market research, marketing, branding, and services. Keeping in mind the current pace at which the Indian advertising industry is moving the industry is expected to witness a major boom in the times ahead. If the experts are to be believed then the industry in the coming times will form a major contribution to the GDP. With all this there is definitely no looking back for the Indian advertising industry that is all set to win accolades from the world over. With development in the technology, various avenues are opening up in advertising industry.

It is estimated that about 2.2 billion dollars are generated in this industry every year. Be it is print, radio, television or Internet, every medium plays a significant role in the growth of this industry. Today, Advertising Industry in India is surging with revenues. To meet all the demands in advertising sector, many agencies are coming to the scene. India is a hub of creativity and this is evident from the fact that more and more people from Indian advertising industry are being accepted all over world and imposing a
lot of respect in international advertising community. Visibility is the mantra of success in these days and advertising makes sure that the product / service is visible for saleable.

Rapid economic growth of the country on the back of economic liberalization and deregulation, Indian advertising industry is fast catching up with their western counterparts. The change has been a slow and steady one, but while analyzing the advertisements on Indian television now a day, it gives surprised sea changes. There were times, when it was believed that sex sells anything and everything. Then came the era of glamour and celebrities. Film stars and cricketers were roped it to sell soft-drinks to massage oils. Ads were made for cycles and pens.

The praxis of celebrities being used for endorsements has proliferated over time. Despite the cost and the risks involved with this technique of advertising, it has been used quite extensively in the present era. The instrument of celebrity endorsement has now a day’s become a pervasive element in advertising and communication management.

1.2 CELEBRITY ENDORSEMENT

Celebrities are people who enjoy public recognition by a large share of a certain group of people. Whereas attributes like attractiveness, extraordinary lifestyle or special skills are just examples and specific common characteristics that are observed and celebrities generally differ from the social norm and enjoy a high degree of public awareness. 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).

Endorsement is a channel of brand communication in which a celebrity acts as the brand’s spokesperson and certifies the brand’s claim and position by extending his/her personality, popularity, stature in the society or expertise in the field to the brand. In a market with a very high proliferation of local, regional and international brands, celebrity endorsement was thought to provide a distinct differentiation.

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 sportspersons began encroaching on a territory that was, until then, the exclusive domain of models. One of the first sports endorsements in India was when Farokh Engineer became the first Indian cricketer to model for Bryl cream. The Indian cricket team now earns roughly Rs. 100 crore through endorsements. There was a spurt of advertising, featuring stars like Tabassum (Prestige Pressure Cookers), Jalal Agha (Pan Parag), Kapil Dev (Palmolive Shaving Cream) and Sunil Gavaskar (Dinesh Suitings).

Over the years it has been often observed in the national and global arena that many brands have attained a legendary status and an incredible fanfare, which can be attributed to new concepts in advertising. It is becoming
increasingly evident that brands no longer have a mystique around them. There is a direct correlation between brand choice and perpetual mindset of the consumers. The emergence of the thinking, discerning consumer resulted in the consumer being anointed as the ‘king’ at least in brand image. As such, as long as there have been celebrity endorsers, there has been potential for them to become involved in undesirable events.

1.3 NEED OF THE STUDY

Advertisement play a predominant role for selecting a product, but the success or failure of the product is purely depends on attractive advertisement with most impressive word jorgan and the person appeared in the advertisement. In India generally cine stars and sports stars were used as celebrities for advertisement, but the same scenario has been changed after globalization, after the introduction of LPG policy, the developed nations have not observed that the durable products market had saturated and find difficult to sell the product in their countries. At this juncture, they had turned their eye towards the developing nations including India. The traditional method of using the celebrity in the advertisement basically changed, they have identified the most popular personality in the world and spent with a high level of expenditure for creating attractive words, music along with celebrities.

They have created a good awareness on advertisements and divided the attention of the common people. The display of frequent advertisement in the
audio-visual media induced the minds of the consumers and forced them to purchase the durable goods to lead a standard living.

The effect of celebrity endorsed advertisement is more in both urban and rural market especially LED TV, laptops, split air conditioner, refrigerator, washing machine and other electronic goods, apart from these goods they had also concentrated in physical fitness and well being equipments through foreign celebrities discharged in local vernacular languages of the concerned states in India.

The main aim of the study is to analyze the right person used in the advertisement as celebrity especially popular figures like bollywood cine stars, sports personalities and top models at global level. How for these celebrities endorsed advertisement created awareness and changed the purchase decision on durable goods. Based on the above issue the following questions were probe

1. What is the intensity of celebrity endorsed advertisement?
2. How for the celebrity endorsed advertisement psychologically change the consumers to purchase the product.
3. Is the amount spent for celebrity endorsed advertisement enhancing the price of the durable goods?
4. To what extend the consumers are suffering with celebrity endorsed advertisement.
1.4 STATEMENT OF THE PROBLEM

Celebrity endorsement has been assuming great prominence as the most potent tool in the marketing of goods and services by both the industrial and non industrial nations. A serious query among advertising practitioners regarding the active role of celebrity endorsement is to be resolved academically. It is an accepted fact that all endorsements do not work and are not equally effective. But the reasons or factors responsible for success or failure of the advertisement are not clearly known to the interested groups, this opens up a series of questions to be answered in this research. In the present study, some questions were raised relating to the celebrity endorsements and consumer purchase decisions including the relationship between celebrities and the brand.

This study is an attempt to measure the impact of celebrity endorsements on brand image and consumer purchase decisions in the selected consumer durable goods.

There is a shopping spree in India and as a result it becomes imperative for the marketing houses to attract the attention of the prospective buyers. In the process of conversion of this actual problem faced by the marketers into a research problem, with this view the study has titled –Effect of celebrity advertisements in purchase decision for selected consumer durables with special reference to Coimbatore cityll.
1.5 OBJECTIVES OF THE STUDY

The following are the objectives of the study,

1. To study the conceptual framework of celebrity endorsed advertisements in general and in particular for durable goods in Coimbatore city.

2. To study the impact of celebrity endorsed advertisements for selected durable goods.

3. To analyze the factors that influencing the celebrity endorsed advertisement on the consumer purchase decision.

4. To identify the attractive aspects of celebrity advertisement.

5. To know the role of celebrity in creating brand image for the product.

6. To identify the common problems faced by the consumers on celebrity advertisement.

1.6 SCOPE OF THE STUDY

The term advertisement has a significant meaning in the words of marketing, as a catalyst for changing the advertisement contributes to expand the market, especially for new market segmentation. The present study is initiated with celebrity endorsed advertisement, which is exploratory in nature. It attempts to evaluate the influence of celebrities on the purchase decision in Coimbatore, over selected consumer durable products. The present study analyses the factors influencing the celebrity advertisement. Also it focuses on the reasons for the preference of celebrity and reveals the recall
factor of celebrity advertisement and also the problems of respondents towards celebrity advertisement. Respondent's satisfaction and their expectation about celebrity advertisement are also studied. Based on the findings of the study suitable recommendation has been made which would help to improve further in celebrity advertisement related studies.

1.7 RESEARCH METHODOLOGY

Research is —systematized effort to gain new knowledge.¹ Research is a logical and systematic search for new and valuable information on a particular topic. It is an examination of finding solutions to social problems through objective and systematic analysis. It is an exploration of knowledge which is a discovery of hidden truths.

1.7.1 RESEARCH DESIGN

The present study is both Explorative and Descriptive in nature. This has been done in two stages. The preliminary stage is with regard to the undertaking of detailed secondary search about past and present practices of celebrity endorsement and its impact on consumers purchase decision. This exploratory search has provided a substance for the preparation of questionnaire in the next stage.

Descriptive research study has been carried out at the second stage by applying survey method. Data for the study have been collected from selected

respondents through random sampling. The researcher used closed-ended and open-ended questions to collect primary data, which has covered the socioeconomic profile of the respondents, economic status, buying behavior, influence of celebrity, preference of media, level of satisfaction and problems faced by the respondents in a systematic way.

1.7.2 AREA OF STUDY

Coimbatore is the second largest city in Tamil Nadu after Chennai, and popularly known as Manchester of South India, is situated in the western part of the state of Tamil Nadu. The population of the city as per 2011 census is 1,050,721 covering an extent of 105.6 sq.km. Coimbatore City is the district head quarter.

Coimbatore is well known for its textile & automobile parts industries and has excellent potential for industrial growth. Recently it is also emerging as a hub of software industries. Because of its proximity to the hills of the Western Ghats, Coimbatore enjoys an excellent climate throughout the year.

1.7.3 SAMPLING METHOD

The sampling design was finalized with the support of scientific principles. A Multistage stratified judgmental random sampling method was resorted to as the sampling procedure which is detailed below. In Coimbatore there are 4 zones according to the 2011 census. The zones are stratified into North, South, East, West and central zone. Each zone is further classified into equal number of wards. There are 19 Wards in each zone.
Table No: 1.1
GEOGRAPHICAL REPRESENTATION OF SAMPLE RESPONDENTS

<table>
<thead>
<tr>
<th>Area</th>
<th>Number of wards</th>
<th>Number of house holds</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Zone</td>
<td>19</td>
<td>59007</td>
<td>0.26</td>
</tr>
<tr>
<td>South Zone</td>
<td>19</td>
<td>46509</td>
<td>0.20</td>
</tr>
<tr>
<td>East Zone</td>
<td>19</td>
<td>63355</td>
<td>0.28</td>
</tr>
<tr>
<td>West Zone</td>
<td>19</td>
<td>59838</td>
<td>0.26</td>
</tr>
</tbody>
</table>

Source: Coimbatore Corporation (census data 2011)

In the first stage, one ward each from 5 zones was selected at random. A lottery method was adopted for the random selection. Thus the following ward numbers representing each zone are 3 (North), 19 (South), 11 (west), 4 (East). In the next stage, total number households to be selected under each Ward were fixed based on the proportional allocation principle which is an appropriate method in systematic sampling. Each zone has a household population 59007 (North Zone), 46509(South), 63355(East), 59838 (West).

The numbers of households selected in the ratio of 0.26, 0.20, 0.28 and 0.26 respectively for each zone. Therefore the following number of households was selected under the respective wards selected representing the zones. These are: North (177), South (142), East (187), and West (182) making a total of 688 samples, of the total of 668, 23 respondents failed to respond to majority of questions in the questionnaire, for accurate results and to avoid biasness these samples were deleted making it a total of 665 samples. The bottom level or final stage of sampling was done based on the principles of convenience sampling.
1.7.4 DATA COLLECTION

The reliability and validity of any research is based on the systematic method of data collection and analysis. In present study, both primary and secondary data were used.

1.7.4.1 Primary data

The primary data required for the study has been collected from the people of Coimbatore city by means of structured questionnaires. Discussions and interviews with the people, advertising agencies, academicians and other experts in the concerned field and the observation of advertisements appearing in both the print and electronic media have provided several insights for the study.

1.7.4.2 Secondary Data

The primary data were supplemented by a spate of secondary sources of information. In order to learn about the celebrity endorsed advertisements and its impact on purchase decision, several literature reviews were collected from well-equipped libraries. A number of standard text books and journals were studied to obtain pertinent literature and the present status.

1.7.6 TOOLS OF DATA COLLECTION

By virtue of a mass data obtained from research survey, as well as data from secondary sources collected and presented in the present report, explorative and descriptive research was considered most appropriate for the study. The research problems and the questionnaire were all framed.
accordingly. The suggestions offered in the final chapter of the present research report emerged from the inferences drawn from the study of information collected from the sample respondents. The researcher used closed-ended and open-ended questions in the questionnaire to collect primary data.

1.7.7 CONSTRUCTION OF QUESTIONNAIRE AND PRE – TEST

The key aspect of the present research was identified through the preliminary interviews (pilot study) with the peoples in 09 wards after that necessary modifications were made in the questionnaire and also the same was circulated among few research experts, domain expert, for a critical view with regards to wording, form, sequence and with the eminent guidance of research supervisor the questionnaire was re-drafted in light of their comments.

1.7.8 FRAME WORK OF ANALYSIS

The data thus collected was presented in a simple tabular form and suitable statistical tools like Percentage, Average, Range, Standard deviation, Non-Parametric Friedman test, Chi-square test, Average Score, two sample t-tests, Garrette Ranking and one way analysis of variance.

1.7.9 HYPOTHESIS

Null Hypothesis: There is no significant difference between the socioeconomic profile of the respondents and the impact of celebrity endorsed advertisements for selected durable goods.
Null Hypothesis: There is no significant association between the socioeconomic profile of the respondents and the factors influenced by celebrity endorsed advertisement towards consumer purchase decision.

Null Hypothesis: There is no significant association between the socioeconomic profile of the respondents and the attractive aspects of celebrity advertisement.

Null Hypothesis: There is no significant association between the socioeconomic profile of the respondents and the role of celebrity in creating brand image for the product.

Null Hypothesis: There is no significant difference between the socioeconomic profile of the respondents and the problems faced by the consumers on celebrity advertisement.

1.7.10 STATISTICAL TOOLS APPLIED

To analyze the effect of celebrity advertisements in purchase decision for select consumer durables, the data were collected from the peoples of Coimbatore city. Following tools have been employed in this study to analyze the data.

1.7.10.1 Descriptive Analysis

Descriptive analysis, also termed as percentage analysis, was used for each question contained in the interview schedule mainly to ascertain the distribution of respondents under each category.

Percentage = No of Respondents/Total No of Respondents x 100
1.7.10.2 Chi-Square Analysis

The Chi-square test is a statistical test used to measure the significance of association between two attributes. In other words, this technique is used to test the significance of the influence of socioeconomic characters over the core study aspects. In this study the test has been used to measure the significant association between likeliness of celebrity advertisement, Favorite celebrity advertisements, easy recall of celebrity advertisement and the elements helps in easy recall, Celebrity advertisements and eye-stopping effect, Aspects of the celebrity attractiveness, categories of products and suitable celebrity advertisement, Medium prefer to view celebrity advertisement.

All the tests were carried out at 5 percent level of significance.

And the formula is given below

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Degree of freedom (D.F) = (R-1) (C-1). Whereas,

O: Observed frequency

E: Expected frequency

R = Number of rows

C = Number of Columns
1.7.10.3 Non Parametric Friedman Test

The Friedman test a (non-parametric) alternative to the repeated measures of analysis of variance. It is the non parametric equivalent of a one-sample repeated measures design or a two-way analysis of variance with one observation per cell. Friedman tests the null hypothesis that k related variables come from the same population.

The test was used In order to ascertain the influence level of celebrity endorsed advertisement on consumer purchase decision, Level of satisfaction about the aspects of celebrity advertisement, celebrities attributes influencing the brand image of a product.

And the formula is given below

\[
G = \frac{12}{nK(K + 1)} \sum R_j^2 - 3n(K + 1)
\]

1.7.10.4 Analysis of Variance

Parametric test of one way analysis of variance for more than two groups are applied to for judging the significance of the difference between means scores of the respondents opinion towards the influencing characters of celebrity while watching the advertisement and the level of satisfaction regarding the aspects of celebrity advertisements with respect to respondent socioeconomic profile& socio economic variables. After testing the normality by Q-Q plot.
1.7.10.5 Garrett ranking

This technique was used to rank the various elements helps in easy recalling of celebrity advertisement, to rank the suitable personality for listed durable products such as television, mobile phones, washing machine, air conditioner, refrigerator & lap top, to rank the reasons for buying the product specified by celebrity advertisement, to rank the common problems faced by respondents by the celebrity advertisement. The orders of merit given by the respondents were converted into ranks by using the following formula.

**Percentage Position = 100 (Rij-0.5)/Nj**

The percentage position of each rank thus obtained is converted into scores by referring to the table given by Henry Garrett. Then for each factor the scores of individual respondents were added together and divided by the total number of respondents for whom the scores of all the factors were arranged in order of ranks and the inference drawn.

1.7.10.6 Average score analysis

The tools was used to identify the level of influence of celebrity advertisement while watching the advertisement, overall impact of celebrity advertisement, character wise opinion about the impact of celebrity advertisement, overall satisfaction regarding the aspects of celebrity advertisement with respect to various socioeconomic profiles.
1.8 LIMITATIONS OF THE STUDY

- As the geographical area of study is limited to the Coimbatore city alone, the findings of the study may not reflect the entire Indian scenario.
- The findings of the study may not be applicable to the universe, as only 665 samples were taken.
- The elicited opinion of respondents can't be generalized all the times, because of individual differences due to age, gender, income, etc.
- Questionnaire and data collection was completed over a period of eight months, consumer choice of advertisement for aided questions include a wide range of advertisement depending on the current advertisement in circulation at the time of data collection. Due to this there is a possibility that some of the test advertisement used are not aired in the media as a result of saturation.

1.9 ORGANIZATION OF THE STUDY

The present empirical study has been divided into five chapters.

- **First Chapter** deals with Introduction and Design of the study which includes Introduction, Need for the study, Statement of the problem, Objectives of the study, Scope of the study, Research Methodology, Hypotheses of the study, Limitations of the study and the Chapter scheme.
• **Second Chapter** highlights the review of literature pertaining to the research topic.

• **Third Chapter** focused on the theoretical background of celebrity advertisement and purchase decision.

• **Fourth Chapter** elucidates Data analysis and Interpretations.

• **Fifth Chapter** presents the summary of Findings, Suggestions, and Conclusion of the study and Future line of study.