Chapter 1
Introduction
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Introduction

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1.1 Introduction

Advertising is one of the common marketing strategies employed by the organisations to capture the attention of consumers. It has witnessed a rapid growth during past few decades. The advent of Radio in 1920 marked a tremendous development in the advertising world. From the beginning of the twentieth century advertising in the Indian print media achieved a substantial importance. Spokespersons have been involving endorsing activities since the late nineteenth century (Erdogan, 1999). In this era of intense competition, most of the companies are adopting different promotional or advertisement strategies to gain the attention of consumers towards brands or products. Most common form of advertising today is celebrity advertising. A good number of companies in India are utilizing celebrities as spokesperson to endorse their brands. Now-a-days many companies are signing contracts with celebrities in the expectation that by using celebrities they can achieve a unique and appropriate position in the minds of the customers. Using celebrities in the process of advertisement is considered as one of the powerful strategies in the hands of corporates to capture attention of consumers. Celebrity endorsement relates to an imaging of a product through a spokesperson who is well known for his achievement and is public face. Celebrity endorsement is a great brand awareness promotion tool for new companies.

Celebrity’s presence in an advertisement causes to influence brand attitude and purchase intention of consumers in a positive way. Celebrity endorsement is an important tool which is able to influence purchase intention and buying behaviour of consumers. There are many reputed advertisements where celebrities are seen endorsing a brand such as Amir Khan for Coca Cola, Toyota Innova, Sachin Tendulkar in Pepsi, Colgate, MRF, Amita Bachan in Dairy milk, Sharuk Khan in Fair and handsome and so on. There is a huge impact of celebrity endorsement among the consumers through TV commercials in Kerala as Keralites like the celebrities a lot and consider most of the celebrities as role models. Therefore more and more companies prefer celebrities of different fields in Kerala like the cricketers, film stars, and other sports personalities. Celebrity advertisement is quite
famous and effective in Kerala. Most of the products of many companies are being endorsed by the actors and Indian Cricketers for better sales targets. Celebrities are people who enjoy specific recognition by a large number of certain groups of people. They have some characteristic attributes like attractiveness, extra ordinary lifestyle or special skills that are not commonly observed. Celebrity endorsement is considered as an important marketing strategy which is able to influence Indian consumers buying behaviour. Due to the impact of visual media, the use of film stars and cricketers as spokespersons in the TV media has increased. Celebrities are capable of creating headlines. Their activities and movements are being closely watched and imitated. Using famous figures like sports stars and film stars as spokespersons have become common practice. In India especially in Kerala it is easy to look for the reasons as to why companies are highly using celebrities. Consumers like advertisements highly when they see their favourite celebrity in advertisements. When people see their favoured reference group members or celebrities in advertisement, they closely watch the advertisement.

The key agenda behind the introduction of celebrities as spokesperson is based on the huge potential influence. Compared to other endorser types, reputed people achieve a high degree of attention and recall. They increase awareness of a company’s advertising, create positive attitude towards brands (Solomom, 2000). Since the presence of celebrity endorsers affects purchase decisions of consumers positively, producers and retailers have always preferred to use celebrity endorsements in order to sell their brands. It seems that the use of celebrity is increasing day by day. The credibility, popularity and attractiveness of celebrity help the companies to capture more and more customers. Using celebrities in advertisements could have many benefits and advantages:1) facilitating of brand identification 2) promoting brand recognition and recall 3) changing or impressing the negative attitude towards the brand 3) repositioning an existing brand 4) global marketing 5) affecting purchase intention of consumers. Celebrity advertisement has a strong effect on consumers’ memory and learning approach too. Most consumers are not in a purchase situation when they encounter with message of the brand. Marketers use celebrity endorsement in order to help better storage information in
consumers’ mind which they can easily remember in purchasing situations, but it seems that there are limited researches about the relationship between celebrity endorser and attitudes.

1.2 Celebrities as Spokespersons

Companies usually use celebrities as spokespersons to deliver their advertising message and convince consumers of their brands. MacGracken (1989) pointed that a well known person tends to have significant affect on the consumer buying behaviour. Celebrity endorsement plays a predominant role to penetrate the products into the target consumers. As the spoke persons celebrities have the ability to influence and enhance the believability, credibility and brand recall. The message delivered by well known personality will enhance a high degree of attention and popularity (Ohanian, 1991). The effectiveness of the message delivered by an endorser depends on the expertise, trustworthiness and credibility of an endorser (Hovland, Janis, and Kelley, 1953). Celebrity endorsement is effective due to their ability to tap in to consumers’ symbolic associations to aspirational reference groups. Atkin and Block (1983) pointed out two reasons to use celebrities as spokespersons, first they are traditionally viewed as being highly dynamic, having both attractive and likeable qualities. Secondly their fame is said to bring attention to the product. Celebrity endorsement is proven to improve company’s reputation by indicating that it offers high quality customer services. Celebrities as spokespersons provide many thrusts like, establishes credibility, attract attention, psychographic connect, demographic connect and mass appeal. Right choice of the celebrity for the product or service is the key to the success of celebrity endorsement. Endorsement by spokespersons has been used by the top brands in the world like Nike and Pepsi. In India too, Hindustan Unilever has used film stars to endorse their beauty soap Lux since the Fifties. Vimal, Thums Up, Gwalior and Dinesh suitings are some of the other brands that used star appeal in the early days of advertising. Celebrities generally include film stars, entertainers, sports stars, TV stars and others. Using stars for the purpose of endorsement is a key marketing strategy of many companies. In India celebrities can influence the behaviour of consumers to a great extent. When
a product or brand is endorsed by a celebrity, it helps to increase the sales and creating mutual benefit to the company and celebrity. There are many models and theories associated with the influence of celebrities in advertisement. The crux of the models is given below:

### Table 1.1

**Models Explaining Celebrity Endorsements**

<table>
<thead>
<tr>
<th>Models</th>
<th>Key Attributes</th>
<th>Source Influence</th>
<th>Consumer Perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Source Credibility Model (Hovland and Weiss, 1951)</td>
<td>Expertise, Attractiveness, Trustworthiness</td>
<td>Identification Process (Kelman)</td>
<td>Expertise and trustworthiness is highly influencing the perception</td>
</tr>
<tr>
<td>2. Source Attractiveness Model (McGuire, 1985)</td>
<td>Familiarity, Likeability &amp; Similarity of the celebrity</td>
<td>Process of identification (Kelman) Valance theory (Heider)</td>
<td>If Celebrity is familiar and likeable perception is positive towards celebrity and brand</td>
</tr>
<tr>
<td>3. Match Up hypothesis</td>
<td>Celebrity image matches product image</td>
<td>Social adaptation theory, Attribution theory, Correspondence theory</td>
<td>Positive perception towards advertisement, celebrity and brand</td>
</tr>
<tr>
<td>4. Meaning transfer Model</td>
<td>Transfer of meaning from celebrity to product and to consumer</td>
<td>Transfer process of meaning from celebrity to product to consumer</td>
<td>If celebrity’s role mathes with the product, its impact is highly influential</td>
</tr>
</tbody>
</table>

### 1.3 Changing Pattern of Consumer Behaviour

The consumption and spending pattern of both urban and rural consumers are changing with rising income and expenditure. The urban Indians are now moving from traditional methods of buying from the unorganized sector to shopping malls. As rapid socio-economic changes sweep across India, the country is witnessing the creation of many new markets and a further expansion of the existing ones. People belong to upper class prefer to shop in speciality stores and spend a good amount of money on luxury goods. They are highly brand conscious and buy only the best known brand in the market. Middle class consumers are rational and focus more on
saving than spending. They may not take quick decisions and makes logical purchase by considering price, quality, durability and functionality of the product. A good number of brands in India are utilising the services of celebrities to endorse their products or services and crores of rupees are spending for it. Spokesperson as an endorser has the ability to influence different types of consumers like higher income group, middle income group and lower income group. They can also trigger the purchase of young generation. Now a day’s shopping malls are fedded with multiple brands of the same products, the only way to capture the attention of consumers is advertisement. The presence of famous persons in an advertisement, his credibility, popularity, trustworthiness, expertise, similarity etc. will attract the consumers a lot and can recognize the brand easily from competitors’ brands.

1.4 Brand Equity through Celebrity Endorsement

Brand equity is the financial and commercial value associated with a brand. It is the sum total of brand recognition, brand recall, brand preference, brand insistence and brand loyalty. The use of spokespersons like sports stars and film stars can have substantial influence on a brand or product. For example, sale of Nike Golf apparel and footwear hiked after Tiger Wood’s presence as an endorser. Celebrity branding is a global phenomenon and it assumes significant importance in countries like India, where celebrities are given the status of demi goods by the masses. The attributes of celebrities like attractiveness, expertise, credibility and trustworthiness can influence a lot in each components of brand equity. Celebrity endorsement is one of the prominent strategies for promoting of brands and product. Advertisers try to establish a connection between their brands and a desirable image of life style of a celebrity (Chintan, 2010). Firms adopting the services of celebrity believe that it increases brand image and reputation. Majority of companies in India are utilizing the services of celebrities due to the following reasons. Instant brand recall, brand awareness, supplement new dimensions to the product, promotes credibility, better brand loyalty and to compensate the innovative marketing ideas. For example Nike adopted the service of Michael Jordan for endorsing their brand and it was a popular endorsement in the world. This endorsement instantly promoted
a strong association of Nike with basket ball shoes (Vipul, 2011). Celebrities have the ability to influence the brand value, but the celebrity wants to match the product. If there is a perfect fit between celebrities and the brand, endorsers are good at generating attention, recognition recall and brand loyalty. The perfect compatibility between the celebrity and the brand image is based on the following factors:

- Celebrity’s fit with brand image
- Celebrity and target group match
- Celebrity associated values
- Celebrity product match
- Celebrity controversy risk
- Popularity of the celebrity
- Availability of the celebrity
- Physical attractiveness and credibility of the endorser

1.5 Celebrity Adoption by Different Categories of Products in Kerala

In Kerala it is not a recent phenomenon of using celebrities as spokespersons. The presence of a celebrity enhances a brand’s unique identity and compensates lack of inventive marketing ideas. Many prominent brands in Kerala are hiring the services of the celebrities by investing huge sums. Jewellery, readymade garments’ and house hold durables advertisements are mainly done with the help of celebrities. Shiffman and Kanuk (2000) observed that advertisers spend enormous amount of money to have celebrities to promote their products in the expectation that the target market will react positively to the celebrities associations with their products or brand. Good numbers of jewellery commercials in Kerala like Malabar Gold, Alukkas, and Kalyan etc. have been utilizing services of celebrities from different field.

Consumer durables are a category of consumer products that do have to be purchased frequently. The Kerala consumer durable industry has witnessed a tremendous change in the past few years. With the continuous inflow of disposable income, changing life style, advancement of technology, advertisement, the demand
for consumer durable goods is witnessing tremendous upward improvements in Kerala.

1.6 Rationale of the Study

Celebrity endorsement is an important marketing strategy which is able to influence Indian consumer buying behaviour. Kerala is known for its high literacy rate and better living standards when compared to the national average. Being a consumer State without any strong industrial or manufacturing base, only consumer goods advertisements were relevant to this market. Additionally consumers in Kerala are exposed to several new products every day followed by marketers advertising technique. With Television Channel invading the Kerala households, a trend of celebrity endorsing brands has been increasing steadily. Celebrity endorsement is a category of brand communication in which a famous person, who proved his ability in a particular field, acts as a spokesperson of a particular brand. As a part of these, companies are using celebrities like actors, sports persons, models, and entertainers for their brand endorsement and a huge amount is investing for the same. Today celebrities’ play a predominant role and it is hard to find an advertisement without the presence of a celebrity for the products like jewelry items, readymade garments and house hold durables. Therefore it will be quite significant to investigate the influence of celebrity endorsement on consumer behaviour. From a business perspective this research would be useful in understanding the influence and perception of Kerala consumers towards celebrity advertisement. There is a need to find out the influence of celebrity endorsement on the buying trends or purchase behaviour of the consumers.

1.7 Research Problem

Advertising has become a universal practice in order to influence the buying behaviour of consumers in a highly competitive business environment. The strategy of using celebrities to endorse public awareness campaigns has been steadily increasing over the last few years. Utilization of celebrities in advertisement as spokespersons enhances brand recognition, brand recall, brand insistence, brand preference and brand loyalty. The ultimate aim of any endorsement program is to
influence the buying behaviour of consumers. There are a number of factors influencing the buying behaviour of consumers. The immediate factors influencing the buying behaviour of consumers are price of the product, quality of the product, availability of the product, durability of the product and style of the product. Celebrities are famous personalities whose attractiveness, expertise, trustworthiness, popularity and match up factors are highly significant in endorsement process.

The perception of consumers on celebrity endorsement has been analysed by a lot of researchers from different angles. Various attributes associated with celebrities are known as the thrust of celebrities. It is realised from the literature that each attributes of the celebrity has the ability to influence the brand equity and buying behaviour of consumers. In developed countries a good number of studies were conducted in the past regarding the celebrity endorsement and buying behaviour. No specific study has been done in India, especially in Kerala by incorporating the five key attributes of celebrity. Hence there is a gap in research regarding whether the attractiveness, expertise, trustworthiness, popularity and match up factor of the celebrities acts as a source of buying behaviour and brand equity. It is quite relevant to discover this fact and the study is designed to focus on these particular aspects. Hence the present study is proposed. The following research questions arise:

- Do attractiveness, expertise, trustworthiness, popularity and match up factor of celebrity have a significant role in promoting various components of brand equity?
- How far the various attributes of celebrity influence the factors of buying behaviour?
- How the attractiveness of the celebrity influence brand equity and buying behaviour?
- How the match up factor and trustworthiness of celebrity influence the brand equity and buying behaviour of consumers?
1.8 Significance of the Study

Advertisement plays a very important role in Kerala’s economy, being a consumer state. Most of the requirements of the State especially in the case of consumer products are met by the supplies from outside. The manufacturers of consumer goods find Kerala as a potential market for their product and service. They recognise the fact that their sales can be boosted through various advertising strategies in different media to influence the potential consumers. The general belief among advertisers is that advertising message delivered by celebrities ensures high degree of appeal, attention and possibility of message recall than those promoted by non celebrities. The boom in electronic media commenced with the introduction of colour television in 1982. The invention of satellite TVs into the Indian media scene since 1991 has paved this boom. Consequently a dramatic increase in home entertainment options was seen in the Indian society in general and in Kerala particular. Most of the people use to spend a substantial part of their leisure hours in front of the television. Now a days a good number of the companies are using celebrities for their brand endorsement in Kerala. In Kerala it can be seen that majority of the companies are spending huge amount for celebrity advertisement. After using celebrities in advertisement, companies noticed a tremendous hike in sales and identified that celebrity advertisement plays a significant role in buying process. Hence a study of analysing the effect of celebrity advertisements of manufacturers through various print and electronic media to shaping the behaviour of the prospective consumers in the State like Kerala assumes greater importance.

1.9 Scope of the Study

This work focuses on examining the influence of the celebrity endorsement on Kerala consumers. The present study is limited to the analysis from the point of view of the consumers in the three districts of Kerala namely, Trivandrum, Eranamkulam and Calicut. It is observed that a good number of companies or brands in Kerala are utilizing the services of celebrities for promoting products and spending huge amounts for endorsing these brands or products. The study concentrated on the five key attributes of the celebrities namely, attractiveness, expertise, trustworthiness, popularity, and match up factor among the various
attributes of the celebrities. It examines how far celebrity endorsement act as a source of brand equity and its various components like brand recognition, brand recall, brand insistence, brand preference and brand loyalty. It also focuses the influence of celebrity endorsement on immediate factors of buying behaviour like price, quality, durability, availability and style of the product.

1.10 Objectives of the Study

Following are the Specific objectives of the study:

1. To analyse the pattern and trends of celebrity endorsements in India
2. To analyse the perception of consumers’ towards celebrity endorsement.
3. To study the celebrity endorsement as a source of brand equity
4. To evaluate the influence of using celebrities on buying behaviour.

1.11 Analytical Model of the study

The model showing relationship among celebrity endorsement brand equity and buying behaviour is presented below:
The model is based on three constructs namely celebrity endorsement, buying behaviour and brand equity. The model seeks to identify the relationship between an independent variable (celebrity endorsement) and dependent variables (brand equity and buying behaviour).

1.12 Hypotheses

The hypotheses formulated to fulfill the objectives of the study based on the statistical tools used are given below:

T test

Ho: There is no significant difference in the perception of consumers towards the attractiveness of celebrity with regard to location
Ho: There is no significant difference in the perception of consumers towards the attractiveness of celebrity with regard to gender

Ho: There is no significant difference in the perception of consumers towards the attractiveness of celebrity with regard to marital status

Ho: There is no significant difference in the perception of consumers towards the expertise of celebrity with regard to location

Ho: There is no significant difference in the perception of consumers towards the expertise of celebrity with regard to gender

Ho: There is no significant difference in the perception of consumers towards the expertise of celebrity with regard to marital status

Ho: There is no significant difference in the perception of consumers towards the trustworthiness of celebrity with regard to location

Ho: There is no significant difference in the perception of consumers towards the trustworthiness of celebrity with regard to gender

Ho: There is no significant difference in the perception of consumers towards the trustworthiness of celebrity with regard to marital status

Ho: There is no significant difference in the perception of consumers towards the popularity of celebrity with regard to location

Ho: There is no significant difference in the perception of consumers towards the popularity of celebrity with regard to gender

Ho: There is no significant difference in the perception of consumers towards the popularity of celebrity with regard to marital status

Ho: There is no significant difference in the perception of consumers towards the match up factor of celebrity with regard to location

Ho: There is no significant difference in the perception of consumers towards the match up factor of celebrity with regard to gender
Ho: There is no significant difference in the perception of consumers towards the match up factor of celebrity with regard to marital status

ANOVA

Ho: There is no significant difference in the perception of consumers towards the attractiveness of celebrity with regard to generation of consumers

Ho: There is no significant difference in the perception of consumers towards the attractiveness of celebrity with regard to educational qualification

Ho: There is no significant difference in the perception of consumers towards the attractiveness of celebrity with regard to occupation

Ho: There is no significant difference in the perception of consumers towards the attractiveness of celebrity with regard to annual income

Ho: There is no significant difference in the perception of consumers towards the expertise of celebrity with regard to generation of consumers

Ho: There is no significant difference in the perception of consumers towards the expertise of celebrity with regard to educational qualification

Ho: There is no significant difference in the perception of consumers towards the expertise of celebrity with regard to occupation

Ho: There is no significant difference in the perception of consumers towards the expertise of celebrity with regard to annual income

Ho: There is no significant difference in the perception of consumers towards the trustworthiness of celebrity with regard to generation of consumers

Ho: There is no significant difference in the perception of consumers towards the trustworthiness of celebrity with regard to educational qualification of consumers

Ho: There is no significant difference in the perception of consumers towards the trustworthiness of celebrity with regard to occupation of consumers
Ho: There is no significant difference in the perception of consumers towards the trustworthiness of celebrity with regard to annual income of consumers.

Ho: There is no significant difference in the perception of consumers towards the popularity of celebrity with regard to generation of consumers.

Ho: There is no significant difference in the perception of consumers towards the popularity of celebrity with regard to educational qualification of consumers.

Ho: There is no significant difference in the perception of consumers towards the popularity of celebrity with regard to occupation of consumers.

Ho: There is no significant difference in the perception of consumers towards the match up factor of celebrity with regard to generation of consumers.

Ho: There is no significant difference in the perception of consumers towards the match up factor of celebrity with regard to educational qualification of consumers.

Ho: There is no significant difference in the perception of consumers towards the match up factor of celebrity with regard to occupation of consumers.

Ho: There is no significant difference in the perception of consumers towards the match up factor of celebrity with regard to annual income of consumers.

**Regression**

Ho: There is no significant relationship between the celebrity endorsement and brand equity.

Ho: There is no significant relationship between the celebrity endorsement and buying behaviour.

Ho: There is no significant relationship between the brand equity and buying behaviour.
**Structural Equation Modeling**

Ho: There is no significant relationship between the attractiveness of the celebrity and components of brand equity

Ho: There is no significant relationship between the expertise of the celebrity and components of brand equity

Ho: There is no significant relationship between the trustworthiness of the celebrity and components of brand equity

Ho: There is no significant relationship between the popularity of the celebrity and components of brand equity

Ho: There is no significant relationship between the match up factor of the celebrity and components of brand equity

Ho: There is no significant relationship between the attractiveness of the celebrity and factors of buying behaviour

Ho: There is no significant relationship between the expertise of the celebrity and factors of buying behaviour

Ho: There is no significant relationship between the trustworthiness of the celebrity and factors of buying behaviour

Ho: There is no significant relationship between the popularity of the celebrity and factors of buying behaviour

Ho: There is no significant relationship between the match up factor of the celebrity and factors of buying behaviour

**1.13 Methodology and Database**

The study is based on both secondary and primary data.
1.13.1 Secondary Data

The secondary data required for the study have been collected from the following books, journals, magazines, reports and working papers.

- Journal of Advertising
- Journal of Marketing Research
- Journal of Consumer Behaviour
- Indian Journal of Commerce and Management Studies
- Journal of Consumer Research
- Marketing Science
- Asian Journal of Marketing
- Harward Business Review (HBR)
- Journal of Consumer Marketing
- Journal of Marketing Communications
- Journal of Consumer Affairs
- Journal of Product and Brand Management
- Journal of Applied Economics
- Asia Pacific Journal of Marketing Logistics
- International Journal of Retail and Distribution Management
- VIKALPA
- Journal of Retailing
- Business Line
- The Hindu,
- Economic Times

1.13.2 Primary Data

The study mainly used primary data for drawing inferences collected from 480 sample customers of selected districts. The consumers of Kerala (male and female) have been identified as the universe of the study. A pre tested interview schedule is used to collect data from the respondents.
1.13.3 Sample Design

The population of the study consisted of the consumers of various products of Kerala namely, Fast Moving Consumer Goods, household durables, readymade garments and Jewelry items. As the population is infinite and spread throughout the state of Kerala, it is quite difficult to conduct a population survey. Hence multi level sampling technique was adopted to select the required number of respondents from different parts of Kerala. In the first level, fourteen districts of Kerala were divided into three regions namely, Southern Region, Central Region and Northern Region. Southern region consists of Thiruvananthapuram, Kollam, Alappuzha and Pathanamthitta districts. Central region consists of Palakkad, Kottayam, Ernakulam Idukki, Thrissure and Malappuram districts. Northern Region includes Kozhikode, Waynad, Kannur, and Kasarkode. In the second level three metropolitan districts were selected. The districts selected for the study were Thiruvananthapuram from south, Ernakulam from central and Kozhikode from the north. Most of the villas, malls, flats and trade and industries are concentrated on these three districts of Kerala. More over Consumers of these districts show a diversified behaviour in purchase. In the third level, from the districts selected one corporation, municipality and panchayath each were selected on random basis. Trivandrum, Neyyattinkara and Vellarada from Trivandrum district, Ernakulam, Aluva and Edathala from Ernakulam district and Kozhikode, Ramanatukara and Mavoor from Kozhikode district were selected for data collection. The detailed sample frame is presented below.

### Table 1.2
Sample Frame

<table>
<thead>
<tr>
<th>SI No.</th>
<th>Zone &amp; Sample District</th>
<th>Corporation</th>
<th>Municipality</th>
<th>Panchayath</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>South Zone Thiruvananthapuram</td>
<td>Trivandrum (60)</td>
<td>Neyyattinkara (50)</td>
<td>Vellarada (50)</td>
<td>160</td>
</tr>
<tr>
<td>2.</td>
<td>Central Zone Ernakulam</td>
<td>Cochin (60)</td>
<td>Aluva (50)</td>
<td>Edathala (50)</td>
<td>160</td>
</tr>
<tr>
<td>3.</td>
<td>North Zone Calicut</td>
<td>Calicut (60)</td>
<td>Ramanatukara (50)</td>
<td>Mavoor (50)</td>
<td>160</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>180</strong></td>
<td><strong>150</strong></td>
<td><strong>150</strong></td>
<td><strong>480</strong></td>
</tr>
</tbody>
</table>
1.13.4 Determination of Sample Size

Consumers of Kerala form the universe of the study and it is infinite in number. A statistical equation was made use to determine the sample size of consumers. The highest standard deviation of the population among the variables estimated from the trial sample was taken for calculating the sample size. The equation is as follows:

\[ n = \frac{z^2 \times \sigma^2}{e^2} \]

\( n \) = Size of sample

\( Z \) = the value of standard Normal value at given confidence level, i.e., -1.96 for 95 percent significance level

\( \sigma \) = Standard deviation of the population

\( e \) = Acceptance error

\[ n = (1.96)^2 \times (1.25)^2 / 0.01259 \]

\[ 3.8416 \times 1.5625 / (0.0125)^2 = 480.2 \]

As per the principles of sampling 480 consumers were selected which was considered adequate for the study. 480 consumers were equally divided among the three cities hence, arriving at a sample size of 160 from each district. They were classified on the basis of stratified sampling. Consumers were classified in to different strata based on demographic variables such as location, gender, generation, marital status, education, occupation and income.

1.32.5 Instrument for Data Collection

A pre-tested interview schedule was used for collecting data from the select consumers. A detailed interview schedule covering every aspects of the study was prepared in consultation with experts in the field of marketing and consumer behaviour. A pilot study was conducted to test the questionnaire. After the pre-test,
questionnaire was modified by way of adding some relevant questions and deleting some unwanted statements.

1.13.6 Scaling Technique

Most of the information required for the study is qualitative in nature. A five point scaling technique was used for quantifying various qualitative information necessary for the study, such as perception of consumers towards celebrity endorsement, how far celebrity endorsement acts as a source of brand equity and influence of celebrity endorsement on buying behaviour.

1.13.7 Method of Data Collection

For the purpose of collecting primary data from the selected region, personal interview method has been used. Informants were clearly given the information relating to the objectives of the study, purpose of it and assured that the information given by them will be used only for research work. To study the use of celebrities in television advertisements a proforma containing different questions covering various aspects of the study was prepared. Here all the advertisements which appeared on various TV channels during prime time were recorded. A sample of 185 advertisements belongs to five product categories were considered. Of which 125 advertisements were featuring celebrities. A detailed analysis i.e., content of messages, types of celebrity, category of product, for each advertisement was done separately and each advertisement was viewed 3 times to gather data required for the study. The products are classified into five broad categories into medicines and toiletries, Drinks and Confectionary, Personal appearances, Home products and appliances and miscellaneous services.

1.13.8 Pilot Study

To test the reliability, variability and efficiency of the research instrument developed, a pilot study was conducted among 60 respondents of Calicut district. In this study, information was gathered about the demographic characteristics of the respondents, perception towards celebrity advertisement, influence of celebrity advertisement on buying behavior and brand equity. To test the reliability, all the 86
scaled statements were tested. The completed schedules were checked and the omission and commissions were rectified on the spot.

1.13.9 Reliability Analysis

Prior to analyzing the relationship between variables under study, the strength of the scale was evaluated by examining its reliability. The instrument was then subjected to the computation of Cronbach’s co-efficient alpha (Cronbach, 1951). Cronbach alpha was used to examine the extent to which items making up each variable shared a common core. In reliability analysis the alpha coefficient was evaluated to find out the internal consistency of the items on the scale. Reliability refers that a scale generates the same result if measurements are repeated. In order to verify the internal consistency of the scaled statements, reliability analysis using Cronbach’s Alpha Reliability test was done. Cronbach’s alpha for these 83 statements was 0.852 which is higher than the standard cronbach’s alpha of 0.7. Hence it is proved that internal consistency of the scale and the questionnaire can be considered as reliable.

Table 1.3
Reliability Statistics

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Variables</th>
<th>No. of items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Attractiveness</td>
<td>8</td>
<td>0.862</td>
</tr>
<tr>
<td>2</td>
<td>Trustworthiness</td>
<td>5</td>
<td>0.812</td>
</tr>
<tr>
<td>3</td>
<td>Expertise</td>
<td>5</td>
<td>0.833</td>
</tr>
<tr>
<td>4</td>
<td>Popularity</td>
<td>6</td>
<td>0.824</td>
</tr>
<tr>
<td>5</td>
<td>Match up factor</td>
<td>4</td>
<td>0.833</td>
</tr>
<tr>
<td>6</td>
<td>Brand recognition</td>
<td>4</td>
<td>0.846</td>
</tr>
<tr>
<td>7</td>
<td>Brand recall</td>
<td>6</td>
<td>0.852</td>
</tr>
<tr>
<td>8</td>
<td>Brand preference</td>
<td>5</td>
<td>0.844</td>
</tr>
<tr>
<td>9</td>
<td>Brand insistence</td>
<td>5</td>
<td>0.856</td>
</tr>
<tr>
<td>10</td>
<td>Brand loyalty</td>
<td>5</td>
<td>0.851</td>
</tr>
<tr>
<td>11</td>
<td>Price</td>
<td>5</td>
<td>0.829</td>
</tr>
<tr>
<td>12</td>
<td>Quality</td>
<td>6</td>
<td>0.853</td>
</tr>
<tr>
<td>13</td>
<td>Availability</td>
<td>4</td>
<td>0.844</td>
</tr>
<tr>
<td>14</td>
<td>Durability</td>
<td>4</td>
<td>0.753</td>
</tr>
<tr>
<td>15</td>
<td>Style</td>
<td>3</td>
<td>0.7512</td>
</tr>
</tbody>
</table>
1.13.10 Validity

In order to ensure the validity of the survey instrument, experts in marketing and consumer behaviour were consulted to refine the instrument. Schedule for the proposed study has been reviewed by a panel of experts and modification and suggestions were incorporated accordingly (Content Validity). The panel of experts also checked whether the instrument appears to measure what it is suppose to measure (Face Validity). In the present study the researcher made an effort to ensure whether the instrument contained the major items to be measured to ensure face validity.

1.13.10.1 Construct Validity

Construct validity is the appropriateness of inferences made on the basis of observations or measurements. It is essential to the perceived overall validity of the test. Constructs are deliberately created by researcher in order to compare the latent variables. There are two types of construct validity namely convergent validity and discriminant validity.

1.13.10.2 Convergent Validity

Convergent Validity is the way to measure the construct validity of measurement variables. It establishes the strength of relationship between the scores that are obtained from the two different measurement procedures. To accept a measurement model there are two criteria i.e., the p values associated with the loadings should be lower than 0.05 and loadings for indicators of all respective latent variables should be 0.5 or above for the convergent validity of a measure to be acceptable (Hair et. al; 09). In the present study the factor loadings associated with the latent variables are greater than 0.5 and the p value associated with the loadings were all lower than 0.001. Hence it is reasonable to assume that the measurement model for celebrity endorsement and perception, celebrity endorsement and brand equity and celebrity endorsement and buying behaviour have acceptable convergent validity (details presented in respective chapters).
1.13.10.3 Discriminant Validity

Discriminant validity is used to ensure whether responses from the respondents to the questions are either correlated or not with other latent variable. A measurement model has acceptable discriminant validity if the square root of the average variance extracted (AVE) for each latent variable is higher than any of the other latent variables in the measurement model (larcker, 1981, Eappen, N.J. 2014). The present study fulfills the above conditions (details presented in respective chapters)

1.13.11 Normality

In order to find out the normality of data, skewness and kurtosis were measured. The values of skewness and kurtosis are within the limits prescribed (skewness indices greater 3.0 and Kurtosis index greater than 10.0), hence it assumes normality and can proceed the analysis with parametric test.

1.13.12 Test of Randomness

Run test is used to examine whether or not a set of observation constitutes a random sample from population. It is clear from the result of run test that the p values in general are above 0.05. Therefore the randomness of the data is assumed.

1.13.13 Test of Data Independence

Independence means there is n’t a connection between the data, the assumption of independence means that the data is n’t connected in any way. The data independence is ensured only if the value of Durbin – Watson is between the limits of 1.5 to 2.5. In the present study Drbin – Watson values is in between the limits prescribed, hence data independence present.

1.13.14 Classification of Sample

With a view to make cross analysis, the data collected are further classified on the basis of gender into male and female. On the basis of age, consumers were classified into three, namely young generation (age up to 25 years), Middle aged
(Age 26-50) and senior citizen (Age above 50). More over three income groups are also formed for the purpose of analysis, viz. lower income group (annual income less than Rs. 2,50,000), middle income group (annual income in between Rs. 2,50,000-5,00,000) and higher income group (More than Rs.5,00,000). Classification is also done on the basis of the profession of the celebrity i.e., film stars, sport stars, TV stars and others.

1.13.15 Tools and Techniques Used for the Study

The data collected from the respondents has been classified tabulated and analyzed by applying mathematical and statistical techniques. A brief description of the statistical tools used in the study is presented below:

Mean

Arithmetic mean the most important measure of central tendency was calculated to find the perception of consumers towards the celebrity endorsement. The mean score of each variable is calculated to analyse the perception of consumers towards celebrity endorsement.

Standard Deviation

Standard deviation is the square root of the variance. It is calculated to analyse how well the means represent data. If standard deviation is small, it indicates the data points are close to mean and if the standard deviation is large, it means that the data points are distant from the mean (the mean does not represent the data).

T test

T test is used to compare the means of two groups. In this study t test is applied to find the perceptual difference of consumers towards various attributes of the celebrity with regard to location, gender and marital status.

ANOVA

ANOVA is a statistical model used to analyse the influences among group mean and variations among and between group means. It can be used as a
exploratory tool to explain observations. It is highly useful for comparing three or more means for statistical significance.

**Post Hoc Analysis**

In order to find the significant difference among the various groups, post hoc analysis is used. It is often used as a multiple comparison technique whenever a significant difference among three or more sample means has been revealed by an Analysis of Variance.

**Correlation**

Correlation means a mutual relationship or connection between two or more things. It is a statistical tool that indicates the extent to which those variable increase or decrease in parallel. Present study used this technique to analyse the inter relationship between the variables.

**Regression**

Regression means estimating the relationship among variables. It measures the relationship between the mean value of one variable and corresponding value of the other variables. In this study it is used to analyse the changes in dependent variable (brand equity and buying behaviour) on the basis of changes in one or more independent variables (celebrity endorsement).

**Factor Analysis**

In order to reduce the number of measuring items into small number of factors, factor analysis is applied. It is also used to identify the correlation between the variables. Factor analysis used is of two types, namely exploratory factor analysis and confirmatory factor analysis.

**Exploratory Factor Analysis**

In this study exploratory factor analysis is used to extract the factors and to identify the relationship of measurement items. Commonly used extraction method in factor analysis is principle component analysis, image factoring, alpha factoring and
generalized weighted least squares factoring. In order to extract the variables, principle component analysis is used in this study. In principle component analysis, principle component extract highest and least component extract lowest variance. To get best fitted factor varimax rotational method is used. In this method communality above zero and below one is considered as the related factor. Communality one indicates that there is no variance with other variable and zero communality implies unrelated variables. In order to know the appropriateness of data, Kaiser-Meyer Olkin (KMO) test Barlettes test of Sphericity is calculated. KMO higher than or 0.7 is considered to be significant. In present study both KMO and BTS assure the correlation among the measurement factors or items.

**Confirmatory Factor Analysis (CFA)**

Confirmatory Factor Analysis (CFA) is a type of statistical technique used to verify the factor structure of a set of observed variables. Structural Equation Modeling software is typically used for performing confirmatory factor analysis. This statistical technique is used to verify the factor structure of a set of observed variables. The researcher used CFA as a first step to assess the proposed Measurement model in a structural equation model. In order to assess the model fit, the experts recommended various indices. The measures of goodness of fit followed in the present study are absolute fit measures and incremental fit measures. The details are presented below:

- **Comparative Fit Index (CFI):** Greater than 0.90 is acceptable
- **Goodness of Fit Index (GFI):** Higher values near to 1.00 indicates better fit
- **Incremental Fit Index (IFI):** Greater than 0.90 is acceptable
- **Tucker Lewis Index (TLI):** Accepted value of TLI is 0.09 or higher. The value closure to 1.00 indicates perfect fit
- **Normed Fit Index (NFI):** Acceptable value of NFI is 0.09 or greater. The value closure to 1.00 indicates perfect fit
- **Root Mean Square Error of Approximation (RMSEA):** Small values are better.
Structural Equation Modeling

Structural equation modeling is a powerful second generation multivariate technique for analyzing the variables. It is a combination of confirmatory factor analysis and path analysis. Structural equation modeling provides a convenient platform for statistical analysis and it consists of factor analysis, regression analysis, discriminant analysis and canonical correlation. In the present study structural equation modeling is used to analyse the influence of celebrity endorsement on buying behaviour and brand equity.

1.13.16 Variables Used for Study

Table 1.4

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Variables</th>
<th>Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Attractiveness</td>
<td>Physical attractiveness of the celebrity. It involves the attributes like beauty, classy, elegant, sexy etc.</td>
</tr>
<tr>
<td>2</td>
<td>Expertise</td>
<td>Expertise refers to the knowledge, experience and skill of an endorser regarding endorsed brand</td>
</tr>
<tr>
<td>3</td>
<td>Trustworthiness</td>
<td>It means the honesty, integrity and believability of an endorser</td>
</tr>
<tr>
<td>4</td>
<td>Match up factor</td>
<td>Appropriateness or suitability of an endorser</td>
</tr>
<tr>
<td>5</td>
<td>Popularity</td>
<td>Reputation, image and acceptability of an endorser</td>
</tr>
<tr>
<td>6</td>
<td>Brand Recognition</td>
<td>Brand recognition is the awareness level of consumers about a brand. Ability of a consumer to recognize prior knowledge of brand when they are asked questions about brands</td>
</tr>
<tr>
<td>7</td>
<td>Brand Recall</td>
<td>Potential of consumers to recover a brand from his memory when give the product class/category</td>
</tr>
<tr>
<td>8</td>
<td>Brand Preference</td>
<td>The degree of brand loyalty in which a customer prefers one brand over competitive offering</td>
</tr>
<tr>
<td>9</td>
<td>Brand Insistence</td>
<td>The degree of brand loyalty in which a customer strongly prefer a specific brand and will accept no substitute</td>
</tr>
<tr>
<td>10</td>
<td>Brand Loyalty</td>
<td>A favourable attitude towards a particular brand. If strong brand loyalty is there customers may consistently purchase this brand when they need a product</td>
</tr>
<tr>
<td>11</td>
<td>Price</td>
<td>Exchange value of a commodity expressed in terms of money.</td>
</tr>
<tr>
<td>12</td>
<td>Quality</td>
<td>Quality means the fitness for use.</td>
</tr>
<tr>
<td>13</td>
<td>Availability</td>
<td>Availability is the accessibility of the product whenever need arises</td>
</tr>
<tr>
<td>14</td>
<td>Durability</td>
<td>Duration and life of the product</td>
</tr>
</tbody>
</table>
1.13.17 Period of Study

The study was based on primary and secondary data. The pilot study was conducted between the months of September to November 2015. The primary data was collected during December 2015 to April 2016 among the consumers of Kerala. The secondary data related to advertisement expenditure was collected for a period of 11 years (2005 – 2015).

1.14 Operational Definitions

Buying Behaviour

Behaviour exhibited by people while making purchase.

Buying Decisions

Buying decisions consists of final decision of consumers.

Brand Equity

Marketing and financial value associated with a brand. It consists of brand recognition, brand recall, brand preference, brand insistence and brand loyalty.

Brand Image

Brand image is described as a set of beliefs a customer holds about a specific brand within him or her.

Celebrity

The term celebrity refers to an individual who is known to the public for his or her achievements in area other than that of a product class endorsed. Examples of celebrity are sports stars, Film Stars, Television Stars.

Consumer Goods

Consumer goods are those goods which are designed for final consumption.
**Endorser**

A famous person who recommends certain products, services and brand to consumers or audience.

**Endorsement**

Endorsement is the process of using the services of celebrities in advertisement for promoting sales.

**Perception**

Perception is the process by which an individual selects, organize, and interpret information.

**Spokesperson**

A celebrity who represents or act on behalf of a product, brand or a company. A famous person who proved his or her ability in other fields like sports, cinema, music and he is endorsing a product on behalf of a company or brand.

1.15 Limitations

The study has the following limitations.

1. The study is limited to the three districts of Kerala, namely Trivandrum, Eranamkulam and Calicut.
2. The study is based on qualitative information. In order to quantify the qualitative data scaling technique have been used.
3. The present study depends heavily on consumer behaviour; the results may have been influenced by intrinsic variations in attitudes, perceptions, beliefs, values and so on.
4. The respondents were not interesting to reveal all information about their income.
1.16 Organization of the Report

The study is presented in 8 chapters.

Chapter 1 Introduction

In chapter one the introduction, statement of the problem, significance, scope, objectives, hypotheses, methodology, variables used for analysis, scaling techniques, methods of data collection, pilot study, reliability analysis, validity and normality, determination of sample size, classification of sample, tools used for the study, period of study and limitations of the study are given.

Chapter 2 Review of Literature

This chapter deals with the review of literature in the area. The review was classified into three categories namely, celebrity endorsement and buying behaviour, celebrity endorsement and brand and other related area of celebrity endorsement. Research gap is also identified in this section.

Chapter 3 Theoretical Framework of the Study

Chapter three is devoted for explaining the theoretical overview of the celebrity advertising, buying behaviour, brand equity. The chapter gives a detailed description about the attributes of celebrity, pros and cons of celebrity endorsement, components of brand equity, factors influencing buying behaviour and components of perception.

Chapter 4 Celebrity Endorsement in India: Pattern and Trends

Chapter 4 details the pattern and trends of celebrity endorsement in India. The chapter presents a detailed analysis about year on year growth in expenditure, share of print media and digital media, preferred medium of advertising, top 30 celebrities on the basis of fame and value, top 10 brands using celebrities and celebrities endorsing highest number of brands.
Chapter 5 Celebrity Endorsement and Consumer Perception

Chapter 5 is meant for analyzing the perception of consumers towards the various attributes of the celebrity. It also records the perceptual difference of consumers towards attractiveness of celebrity, expertise of celebrity, trustworthiness of celebrity, popularity and match up factor of celebrity with regard to various demographic variables like location, age, and marital status, generation of consumers, educational qualification, occupation and annual income of the consumers.

Chapter 6 Celebrity Endorsement and Brand Equity

Chapter six reports how celebrity endorsement acts as a source of brand equity. The influence of various attributes of the celebrity is analysed by using structural equation modeling. It details how far each components of the brand equity namely, brand recognition, brand recall, brand preference, brand insistence and brand loyalty are influenced by the various attributes of the celebrity endorser.

Chapter 7 Celebrity Endorsement and Buying Behaviour

In chapter 7 the influence of celebrity endorsement on buying behaviour is examined. It analyses the details to what extent each components of celebrity endorsement influences the various factors of buying behaviour of consumers.

Chapter 8 Summary of findings, Conclusion and Suggestions

This chapter gives a summary of chapters, important findings, suggestions and conclusion of the research. The last section in this chapter provides scope for further research.
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