CHAPTER 1

INTRODUCTION

It is necessary for firms to design marketing communication strategies in such a way that they would support other marketing mix elements such as product design, branding, packaging and distribution channel decisions. To achieve this objective, celebrity endorsement has been used as one of the most preferred marketing communication strategies since second half of the nineteenth century (Keel and Natrajan, 2012). But it has become increasingly widespread over the last twenty (20) years (Fleck, Korchia and Roy, 2012). Advertisements featuring celebrity endorsers enjoy high popularity among consumers as well as among brand managers (Amos, Holmes and Strutton, 2008). Agrawal and Kamakura (1995) had cited sources which claimed that twenty percent (20%) of the US advertisements were using celebrities in 1995 and just after five years, the figure rose to twenty-five percent (25%) of the total advertisements in USA (Shimp, 2000). As per another estimate by Shimp (2010), advertisements featuring celebrity could be one-sixth of ads globally in more recent times. According to a ‘Federation of Indian Chambers of Commerce and Industry (FICCI)’ report, sixty percent (60%) of Indian brands use celebrities in some form or another.¹ It is a steep climb from the 2001 figure, when only 25% of brands had celebrity endorsers. Every year, companies shed a large amount of money to hire celebrities to endorse their products and brands (Lee and Thorson, 2008). For instance, European leading grocery store ‘J. Sainsbury’ spent 25 million British pounds on celebrity endorsement in the late 1990s (Byrne, Whitehead and Breen, 2003). In Indian perspective, the FICCI report also

estimates that marketing managers spend nearly INR\textsuperscript{2} 60 billion every year for the endorsement fees paid to celebrities.\textsuperscript{3} For example, a top-notch Indian sports personality such as cricketer Sachin Tendulkar could charge over INR 50 million for a single endorsement, while those of lesser stature, such as another cricketer Yuvraj Singh could bag nothing less than INR 30 million. These figures indicate the increasing importance of celebrity-based advertising in today’s marketing campaigns.

The use of celebrities in advertising campaigns, however, is a two-edged sword. If a celebrity is not used properly, then the strategy may backfire (Kaikati, 1987; Till and Shimp, 1995; Erdogan, 1999). Therefore, to prevent marketers’ suffering from the negative effects of celebrity endorsement (such as negative publicity about the celebrity, overshadowing, mismatch with the product, and so on), researchers have been proposing theories and models to address appropriate criteria for effective celebrity endorsements. For example, studies have found a perceived credible endorser to be more effective; attractiveness and expertise based celebrity-brand congruence to be more effective; and endorsements to be effective in general when there is image transfer from the celebrity to the product. It is noteworthy that majority of the researchers have studied the effects of celebrity endorsements in terms of a product category only. Celebrity endorsement researchers have either used a particular product category; or a fictional brand, which possess the characteristics of the product category only. Fictional brands don’t have their established differentiable characteristics. These facts have limited the findings of the studies to the products and not brands. Therefore there is a need to go beyond the product category to specific brands.

\textsuperscript{2} Indian National Rupee

Globalization has made most product categories crowded with a number of brands. Therefore, in this ‘me-too’ kind of market, differentiation has become an unavoidable strategy to combat competition within a product category. One of the best ways for creating brand differentiation is to establish a distinct brand personality. Attaching distinctive personality characteristics to the brand contributes to a differentiated brand identity and can make brands more desirable to consumers (Aaker, 1997). When a brand possesses a distinctive personality, it attracts consumers’ attention easily. It also helps the consumers in identifying with the brand’s personality traits, that is, the consumers try to align their own personality with that of the brand (Kapferer, 1997; Keller, 2005).

The present study with its findings suggests that the celebrity endorsement may prove to be an effective tool in establishing a brand’s distinct personality and creating positive impact on favorable advertising effectiveness measures if the celebrity has been selected on the basis of the matching personality characteristic and if the marketing communication has been designed in such a way that it highlights that personality match. The marketplace is full of examples where the celebrity endorsers have been selected for brands on matching personality traits. One example is derived from the Indian automobile industry. Bollywood actor Abhishek Bachchan was hired for Ford Fiesta’s ‘Go Fida’ campaign because his personality traits (style and young achiever) seemed to fit the brand and its value of being a stylish car.

At the same time another bollywood actor Aamir Khan was hired for ‘Toyota Innova’ because ‘Toyota’ is known for its precision engineering, which fits well with Aamir’s fixation on perfection. In these two cases, personality traits were the main elements of fit/congruence rather than the source credibility elements such as attractiveness and expertise. This strategy is not only used within an industry, it is also being used within a company in same product category.
Abhishek Bachchan was hired to endorse the high-end Motorola brands such as ‘Moto Rokr’ and ‘Slver’ only and not for its mass brands. This congruence was on the basis of match of their image and style. HP used bollywood actor Shahrukh Khan’s mass appeal, humble background and go-getter personality traits to endorse its mass brand Compaq instead of using him for its high-end Pavilion brand. These are some of the examples of congruence between celebrity endorser and brand on the basis of brand personality-celebrity personality traits.

Companies and advertising agencies have started selecting celebrities on the basis of personality congruence with the brand but ironically most of the studies by academicians have still not gone beyond celebrity and product category match. Moreover, except for very few studies such as Misra & Beatty (1990) and Kirmani & Shiv (1998), majority of researchers have used attractiveness and expertise as the bases of congruence. The bases of congruence other than attractiveness and expertise have been ignored in the celebrity endorsement literature. The present study addressed this research gap and empirically tested the impact of the personality-based congruence of brand and celebrity on consumers’ perceptions of the endorser suitability and endorser credibility. In addition, as previous studies have shown the positive and significant effect of source credibility on consumers’ beliefs and attitudes, this study has further investigated the impact of endorser suitability and credibility on consumers’ beliefs and attitudes under personality-based celebrity-brand congruence. Finally, this study tested the difference between congruence levels (high/low) in terms of the favorable advertising effectiveness variables such as advertisement believability, individual’s attitude toward ad (and brand) and purchase intention.

This study makes five important contributions to the existing literature: (1) It extends the existing literature about celebrity-product category congruence to celebrity-brand congruence; (2) it adds personality as the basis of congruence between celebrity and brand; (3) it investigates
the relationship between perceived celebrity-brand personality congruence and endorser suitability & endorser credibility; (4) it investigates the causal relationship of endorser suitability and credibility in the relationship with consumers’ belief and attitudes; and, finally, (5) it investigates the difference between congruence levels (high/low) in the cases of advertisement believability, attitude toward advertisement, attitude toward brand and purchase intention.

The rest of the dissertation is as follows: Chapter 2 provides motivation behind this study; Chapter 3 details about the past studies on the celebrity endorsement and brand personality; Chapter 4 and Chapter 5 provide the research gaps and research objectives respectively; Chapter 6 details the conceptual base of the present study; Chapter 7 provides the hypotheses development; Chapter 8 details the methodology used in the present study and Chapter 9 provides the results of SEM and t-tests; Chapter 10 provides the hypotheses testing and finally Chapter 11 concludes the study with the limitations and future research directions.