

# [Celebrity endorsement concept and general trends marketing essay](https://assignbuster.com/celebrity-endorsement-concept-and-general-trends-marketing-essay/)

Studies conducted by Levine (2003) suggests that an advertisement creates greater awareness of a brand or a company in the minds of the consumers when it is endorsed by a celebrity, thus capturing consumer attention and making it more memorable. Classic examples of celebrity endorsements worth mentioning would Jamie Oliver with Sainsbury's, Linda Baker with DFS etc. The trend of selling and promoting goods and products through celebrity endorsements has proved to be highly effective in the recent times. Celebrity endorsement of a company or a product conveys to the consumer a positive message about the company building confidence and a good image of the company in the minds of the consumer for the fact that the celebrity has agreed to promote the company creating a sense of security among the consumer Jennings (2005). Now there are various issues to be addressed like the best celebrity that suits your business, affordability, availability and the mutual benefits for the celebrities.

Modern marketing is believed to be centered on the strategy of celebrity endorsements with the strong features such as persuasive communication which is because of the appeal created by the celebrity. In today's competitive market environment corporate management believe the easiest and the best way to achieve mass appeal is through celebrity endorsements (Brehm et al; 2005). There are various kinds of powers associated with the celebrity endorsements such as the social powers, expert powers, referent powers, legitimate powers, coercive powers and reward powers that can be used effectively to influence the consumers as explained by Tom et al (1992). Credibility of the celebrity plays the major role in consumer buying influence. There are certain characters and attributes amongst the celebrities that provide these persuasive powers like personality, trust and attractiveness etc. These qualities together with the image make it a complete ideal scenario for the celebrities to influence the vulnerable consumer Lahusen (1996).

Marketing strategy making use of the celebrities to endorse their products and brand has become a common phenomenon in modern day marketing communication with major corporate's around the world. Companies have not hesitated in investing a huge budget into the brand image building by associating its name with celebrity qualities like trust and likeability to achieve brand awareness and better sales. There is a strong belief that these qualities can generate a positive wave about the image of the brand Bruce et al (2004). However, Biressi & Nunn (2007) have argued that most of the times the qualities of the product or brand have no relevance to the image and qualities of the celebrity and are often undesirable. Companies face a major challenge in selecting the right image for their brand campaign, using limited resources and budget while avoiding major drawbacks to select the ideal image is a task in itself for the companies.

Burrow (2008) defines the appropriate personality as anyone who is popular and famous, but to relate the personality and his attributes or qualities in the public image with a product or a brand is a significant task. While advertisers have insisted on charisma and ongoing popularity in the social scenario, this could be a good reason to believe that we see a lot of the television stars, sportsmen and real life heroes associated with the brand advertising. There have been instances where Yesin (2005) believes that even celebrities with an ongoing popularity and a good public image have not provided good results with the associated brand. Further the author also states that better results have been witnessed wherein there has been more involvement of the star in to the marketing campaign adding to its value. Selecting the right star personality is very crucial since the celebrity is often seen attending all the major events associated with the brand such as its launch party, its press release, fairs, ad campaigns, other conferences and trade shows etc. Primary focus should be on the need of the brand rather than on the social status and popularity of the star, credibility and physical attractiveness play a vital role in the campaign without forgetting the market that is to be targeted which would be a blunder as suggested by Morgan & Summers (2005).

## 2. 2) CELEBRITY ENDORSEMENTS: CREATING BRAND AWARENESS

Endorsement can be considered as a means of conveying the image of the brand through the use of an appropriate celebrity considered to be the brand ambassador, who associates himself and this persona with the brand or product to successfully launch and promote the product in the market Hiam (2009). With today's market situation being invaded by many competitors both local and global player's celebrity endorsements is believed to provide a distinct advantage in the market. Increasing companies in the Asian continent have chosen to endorse their brands with a successful and popular figure but there is not much efficiency as that of the Nike brand (Morgan & Pritchard, 2001). Further the author explains few reasons as being

1. Celebrity Attractiveness: This principle simply emphasizes on the fact that better results have been achieved and witnessed which are directly resulted from the attractive looks and physic of the endorser and it is believed that the attractive looking endorser has had better influencing power on the minds of the consumers.

2. Celebrity Credibility: According to this principle, there is a wider ready acceptance among the consumers with endorsers with a true and credible image, if the endorser has a clean image amongst the eyes of the people the consumers are unhesitant in accepting the brand associated with such a personality. This factor helps in establishing a product or brand in the present competitive market.

3. Meaning transfer between the celebrity and the brand: According to this principle there is direct relation involved with the success of the brand and the image or qualities of the celebrity and the brand or product. The compatibility in terms of a match between the product or brand and the personality and qualities of the endorser plays a vital role in deciding the fate of the collaboration.

(Kumar, 2009).

According to the studies by Cohen (2006) there has been a higher rate of memorizing and attention to rather famous and popular celebrities who make to the news quite often in comparative to the less famous endorsers. This in turn increases the chances of the brand message and company to remain alive in the minds of the audience for a longer time. Worth mentioning would be the fact that there could also be a reduction in the expense on the media and publicity of the brand. A classic example for this theory is seen when S Kumars, a popular brand in the Indian textile business decided to use a very famous Indian celebrity and heart throb Hrithik Roshan for their launch and promotion of the Tamarind collecting of suits and garments. The company confessed to an overall campaign success with reduced expenditure on media for using an icon like Hrithik. The ad recall rate was estimated at a very high 70% (www. Timesofindia. com).

Pelsmacker et al (2007) have suggested that consumers believe that there is a better connection between the brand and the audience when the endorser is a famous and popular celebrity, also there exists a positive feeling about the brand in the minds of the consumers. There is a perceived positive and attraction to preferentially purchase the brand when a celebrity is used to endorse the product or is any way associated with the product launch or promotion. Advertiser's knowledge and study with regarding to the consumers buying behavior is considered crucial to create a positive impact on the minds of the consumer (Morgan & Summers, 2005).

Kelly & Jugenheimer (2004), express that main goal of advertising is to convince the consumers and persuade them to purchase. The fundamental goal which is not explicitly mentioned, is to lure consumers to the market offering of the company, rendering positive attitude, strengthen the confidence of the consumer which would bring about sales, may be a trial purchase and subsequently, the sponsor may influence the consumer towards creating a brand loyalty but initiating sales or increasing the existing sales is the fundamental objective. Kahle & Riley (2004) believe that, an important factor influencing the target audience and seek them to trust in the company brand and bring about sales is the credibility of the endorser along with how the company image is marketed and advertized . An effective way of advertising which ensures expertise, persuasiveness, trustworthiness, and objectiveness to do pursue a celebrity endorsement strategy.

Bruce et al; (2004), adjudge that the attractiveness of the spokesperson needs to considered by celebrity advertisers in order to have an impact on the target audience. By Source attractiveness the author refers to the endorser's Physical appearance, Personality, Likeability and Similarity to the receiver, thus to the perceived social value of the source. This behavior can be characterized as the halo effect, where in people who have the ability to showcase their talents in one aspect for instance physical attractiveness or excellent professional performance or social status are expected to excel on other levels as well i. e. they might be self content and confident . Research shows that a spokesperson, particularly for a service product or organization, interacts with the type of brand that is being advertised. The problems of an ordinary customer are provided with a solution when the stars communicate the value of the product and transform them into a miracle solution (Carpenter, 2000). According to Friedman and Friedman (1979), a celebrity relative to a 'normal' spokesperson is more effective for products high in psychological or social risk, involving factors such as good taste, self-image, and opinion of others. Research studies have examined the appropriateness between celebrity endorsers and brands to explain the effectiveness of using famous persons to promote brands.

Consumers try to associate the significance of the advertisement with the endorser and try to relate it to the brand being advertised. Mc Cracken (1989) suggested a comprehensive model known as Meaning Transfer Model in order to elaborate this phenomenon more clearly. The three-stage model describes the significance of famous people endorsing a product or a brand affects the brand value or the image of the company. Thus, the consumer tries to relate the celebrity and the brand that the celebrity is endorsing. Finally, in the consumption process, the customer values the brand's meaning. The third stage of the model clearly shows the importance of the consumer's role in the process of endorsing brands with famous persons.

According to Lehmann & Winer (2002), as opposed to non-famous endorsers, celebrities add value to the image transfer process by offering depth and power to the brand being endorsed which is complemented by their life style and personality, and therefore, to transfer the correct meaning to the consumer, the company should choose a celebrity that will generate the most favorable response from the consumers and for that purpose, the celebrity should possess the appropriate set of characteristics and audience should be able to visualize and comprehend it easily. Also Hackley (2003), suggests that the company should take into account the consumer's requirements while developing their communication strategy and selecting an appropriate celebrity to advertise the same. Congruency of the celebrity's persona with the overall brand image is very essential, as a celebrity imparts credibility and inspirational value to a brand and his or her image should perfectly match the brand's image. In other words, the celebrity should be so chosen that the he or she personifies the brand being marketed. A good brand campaign idea and an intrinsic connection between the celebrity and the message being delivered to the audience are a must for a successful campaign.

Certain factors that generate a perfect match or compatibility between the celebrity and brand image are:

\* Celebrity's compatibility with the brand image along with celebrity-target audience match.

\* Celebrity associated values and celebrity-product match.

\* Costs of acquiring the celebrity and his or her popularity along with controversy risks associated with the celebrity.

\* Credibility, availability and physical attractiveness of celebrity.

(Sengupta, 2005).

## 2. 3) CELEBRITY ENDORSEMENTS: TRENDS DURING CURRENT ECONOMIC RECESSION

Celebrity endorsements have long been used as a source of good and effective ways of advertising to promote a wide variety of products and services. Companies have been splurging huge amounts of money to have celebrities from all kinds of fields for instance, athletes and other celebrities endorse both sports and non-sports products. Celebrity images can be found in print, radio, and approximately 20 percent of all television commercials (Boyd & Shank 2004). The amount of money spent on using athletes as celebrity endorsers to advertise a product has skyrocketed. Statistics show that in 1986, companies paid approximately $100 million for endorsements, licensing rights, and advertising while that amount rose to more than $1 billion ten years later , as athlete endorsement expenditures have hovered around $1 billion dollars annually for the past ten years (Peetz et al; 2004).

Van Evra (2004), reasons out that celebrity endorsement goes back to the theory that humans are by nature social beings. All of us from a very young age pick up cues about how to behave, by both closely observing the actions of and making an attempt to please those whose opinions we value. These people that we try to please and follow are known in many respects as " reference groups". It has been found that reference groups wield either a normative or comparative influence on a person. Normative influences involve defining and enforcing standards of conduct whereas comparative influences involve decision making about specific activities and or trade marking choices. Also, normative influences tend to arise from small informal groups like our families whereas comparative influences tend to come from larger and more formal groups (Cronin, 2005). An example of comparative influences can be witnessed when a teenager pleads to his parent asking for a new iphone as all his friends have one.

Sengupta (2005), opines that another far-flung application of the influence of reference groups is affinity marketing. This strategy gives the consumers the freedom to emphasize their identification with a celebrity or organization by attaching aspects of the group's identification to their own personal life. Instances of an affinity marketing strategy that can be seen are -the bank issued credit cards which are tied to either a membership or symbolic group, such as a credit card that ties into membership with the Worldwide Wildlife Fund. Using celebrities to endorse products or brands is a popular way to distinguish among similar products when consumers cannot comprehend many actual differences among the products competitive set as well as during the mature stage of the product's life cycle (Bruce et al; 2004). Pepsi and Coca-Cola ads can be used as an illustration of celebrity. Both organizations depend heavily on celebrity endorsements as both organizations seem to have run out of things to say about their products.

It is essential that the celebrity have a clean and popular image. Often, consumers like to speak about their association with celebrities or organizations to enhance their own standing among their reference groups. For instance, the proof that there are plenty of active fan clubs in the U. S shows America's love for celebrities. There are over 1, 200 fan clubs in the U. S, all of whose main purpose is to show their devotion to an individual or celebrity group. Celebrities are often worshipped to the extent where they become a set apart from the masses. They fear that the fans and followers might harm them unintentionally in a desire to get a piece of them. Thus the popularity of the celebrity is what sells (Kahle & Riley, 2004). Supporting and adding to this fact Carpenter (2000) said " Within this concept of idolization is the notion of Para-social interaction. Para-social interaction is when people actively relate to television and movie stars so much so that they seek to vicariously experience and emulate the different lifestyles portrayed by their idols. Para-social interaction can quickly accelerate into obsession as seen by the countless accounts of overzealous fans stalking or even killing their idols".

The link that the people want to establish between their icon and themselves is termed as balance theory by some authors. There is a similar theory to the balance theory and is known as the congruity theory. Advertisers study and address these theories to understand and link the consumer's behavior when the product is associated with a celebrity (Morgan & Pritchard, 2001). Further the author explains that the negative entity when associated with a positive aspect would rise as a result creating a positive effect on the brand and the overall image. And that the relation between the two is reciprocal.

Due to the nature of the advertisement subject linked to the pervasiveness much has been researched in this field believes Bailey (2007). Effects of celebrity endorsements have been studied by various researchers to address the various issues related to the topic. The factors such as that drive the consumer towards buying the products as a result of the celebrity associated with it and any kind of negative image built around the endorser. Jones and Schumann (2000) believe that the consumer have to pay a huge price at their end for the celebrity endorsed.

## 2. 4) DISADVANTAGES OF CELEBRITY ENDORSEMENTS

As a brand endorser sport celebrities have various advantages but there are also various disadvantages to this. The first and foremost disadvantage is huge expenditure in engaging these big names for example Pepsi engaged Shaquille O'Neal $25 million to endorse its soda product, Tiger Woods was paid $40 million from Nike for its youth marketing campaign. The large companies can afford to spend huge amount on endorsing these celebrities but the problem lies with the small companies for most of them it is not affordable. It is a very risky for the smaller companies to invest large amounts. Sometimes they have to incur huge losses if something goes wrong. Nike was not phased by the 1996 case involving Dallas Cowboy wide receiver Michael Irvin, who was caught by police with drugs and prostitutes in local hotel room. Irvin was only a small piece of Nike's endorsement scheme. However, there were 13 small Toyota dealerships that suffered tremendously (Lane, 1996).

(www. celebrityendorsementsblog. com).

As discussed by Easey (2008), the another disadvantage is that a company may not be able to get a celebrity to represent their product exclusively. The celebrities might endorse several products, sometimes they can also switch their endorsements to rival brands, many a times it happens as various companies try to secure someone who is well-liked by society and in huge demand for product endorsements. It can be infered from the discussion that due to all this the credibility and trust in the product and the endorser declines. It also portrays to the consumer that, " If the endorser won't stick with a brand, why should I?"

It is also seen that using high-profile candidates is a risk as any wrong deed done by them brings negative publicity received by an endorser. Some familiar cases include murder charges brought against O. J. Simpson, rape charges and a jail sentence against Mike Tyson and drug charges against Michael Irvin. Hertz, Pepsi, Kodak, Nike and Toyota all felt the consequences of the celebrities' actions. A negative image of the celebrity also brings a negative image for the organization which makes it difficult to gain consumer trust to buy the product and it is never sure that detrimental incidents like these won't occur, one can only speculate about a situation depending upon the applicant's personal and professional behavior to determine if they might be prone to negative situations (Rappaport & Siedman, 2000).

Any company should always evaluate all the pros and cons before deciding whether to adopt the strategy or not. If the decision is yes than the company should proceed keeping in mind that the foundation of a successful endorser selection rests in four concepts, known by the acronym FRED. FRED stands for familiarity, relevance, esteem and differentiation. (Miciak & Shanklin, 1994).

" The role of celebrities play in people's lives goes beyond a voyeuristic form of entertainment, but actually fulfils an extremely important research and development function for them as individuals and for society at large" Pringle (2004).

According to Pringle celebrities play very crucial part in our lives as it is found out that their informal IPA survey shows that 84% of them had one time or more, been told that they remind someone famous. And most of the people empathize themselves with one celebrity or the other. (Pringle, 2004). Therefore it is suggested that the companies must think regarding various solutions of using celebrity endorsement and must be careful as it can overshadow or overexpose causing negative effects on the consumer's reception (Belch & Belch, 2001).

There are various other problems of celebrity endorsement like it is seen that the long term relationship of a celebrity and the brand can effect the audiences behavior and can have an impact on the consumers. Most of the time if the image of the celebrity changes from positive to negative it also changes the consumers perception of the brand (Fill 2005). There are various evidences that shows that a company's sales decline by the negative images of the celebrity who endorsers the brand (Shimp 2003) as in the case of Kate Moss and H&M after pictured taking drugs in Daily Mirror newspaper, a lot of brands she endorsed such as Chanel, H&M cancelled their campaigns and contracts with her. Chanel didn't renew the contracts with her whereas H&M completely cancelled it. H&M argued that most of their clients are young people, and any association with drugs can damage the chain's image. Another good example is Air Jordan's who generated revenue sales of $130 million in the first year. But after Jordan missed 62 games, the sales dropped miserably in the second year. This shows the extreme celebrities effect on the brand image.

the other problem is that of overshadowing the brand which means that consumers may only give attention to the celebrity and fail to realize the brand (Belch & Belch, 2001; Gellene, 1998) it usually results in remembrance of the celebrity but not the message given by the advertising so celebrity may became at the first place more than the brand and product (Fill 2005). Over exposure is another problem related with celebrity endorsement. This problem occurs when a celebrity endorses too many companies and products (Belch & Belch, 2001). For example Tiger Woods and David Beckham. Tiger Woods endorse for Nike, Buick, American Express, Accenture, Electronic Arts and Tag Heuer. David Beckham endorse for Adidas, ESPN, and Motorola, Gilette, Pepsi, even in soccer-lite America and more. Endorsing too many companies can result in the loss of perceived credibility. (Shimp, 2003) .

## 2. 5) CELEBRITY ENDORSEMENTS IN INDIA

In the advent era, the Indian society can not only be termed as secular or democratic, but should be appropriately termed as over-communicated t. A typical super-market in USA displays more than 12000 brands, an American family has at least one television set and a consumer is exposed to around 1000 ads per day. In the same manner in India there are around 130 television channels in India broadcasting over 3 million television commercials each year in India. The media-explosion can thus be easily demonstrated. Moreover, people forget 80% of the information in just 24 hours. It was in the 80's, Indian marketers found the solution, Celebrity Endorsement for the brand (Hindu Business line, 2003).

According to Levine (2003), there is variety of reasons for a company for endorsing any celebrity. It might be the life experience of the celebrity that fits the advertising message or the endorser's high appeal with the firm's consumer target group. Various studies done in this context shows the market effect of celebrity endorsement stating that consumers positively value the use of celebrity endorsers in the advertisements. Firms incur huge investments significantly in bringing together brands and organizations with endorser qualities such as attractiveness, likeability, and trustworthiness. But in today's dynamic market conditions these investments are unviable (Jennings, 2005).

Celebrities have been 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. 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 a lot of celebrity advertisements featuring stars like Tabassum (Prestige Pressure Cookers), Jalal Agha (Pan Parag), Kapil Dev (Palmolive Shaving Cream) and Sunil Gavaskar (Dinesh Suitings) (www. indiantelevision. com).

No doubt Celebrity endorsements do works in creating a positive brand image, because the qualities associated with the endorser are associated with the brand and the brand therefore remains at the top of the consumer's mind. But it is very important that one needs to realize that the impact of an endorser cannot used appropriately in all product categories and in all the stages of brand life cycles. It really depends upon the type of product. If it is a functional brand, then the product itself is the hero. Here any celebrity association with the brand without corresponding performance of the product will not be sustainable. (Dahl, 2009). Beech & Chadwick (2007), states that in case of image brands, like the categories of soaps, soft drinks, cigarettes etc., where it is difficult to distinguish between the products, celebrity endorsements help to distinguish at an emotional level. A research conducted by Synovate, a global market research firm, revealed that 47% people would be more likely to buy a brand that was endorsed by their favorite celebrity (www. synovate. com).

Pepsi Co. has used a variety of celebrities including Sharukh Khan, Aishwarya Rai, Hrithik Roshan, Amitabh Bachchan, Kareena Kapoor, Rahul Khanna, Fardeen Khan, Sachin Tendulkar etc. Amongst advertisements featuring celebrities, Pepsi tops the heap with the highest recall of 70%, while arch rival Coke is lower across all markets with 52% recall. This shows that Pepsi has really exploited the use of celebrities in their advertisements and has worked. Hindustan Lever's Lux soap in India has been using popular film actresses to endorse the soap since its launch four decades ago implying that they owe their stunning looks to the brand. This consistent message hence reinforces the brand values and has been successfully able to position the soap rightly as the beauty soap (Business Standard, May 13th 2005).

It is not easy judge the direct effect of celebrity endorsement on the sales or profits of the company. On Amitabh Bachchan endorsing RIN, an HLL spokesperson says that it was too early to gauge the success of Rin in terms of sales and that though Dabur healthcare products sales had improved, which meant that the hike in sales could not be solely contribution of a celebrity. Similarly, there are also cases wherein there was a dramatic change in the sales figure after the endorsements. For example Rahul Malhotra, Associate Director Marketing, P&G India quotes that certainly, it has helped to promote our brand Head & Shoulders. Last year, the company was ranked as No. 2 and this year they are market leaders in this segment with over 45% market share (www. indiainfoline. com).

D. Garg, Vice-President (Marketing), Dabur India Ltd quotes that, " A celebrity does help in increasing brand sales, but only if he/she is selected carefully and used effectively. The personality of the brand and the celebrity have to complement each other and the selection of the celebrity is, therefore, very important." Superstar Amitabh Bachchan endorses multiple brands like Pepsi, Mirinda, ICICI, BPL, Parker pens, Nerolac, Dabur, Reid & Taylor, Maruti Versa, Hajmola, Tide, Cadbury and a few social messages. It has worked in some cases, while in some cases it has not. D. K. Jain, Chairman and President, Luxor Writing Instruments Pvt. Ltd, the marketer of the Parker brand said, " Using Amitabh Bachchan as our brand ambassador has helped in strengthening our brand image and recall within the target audience". Tarun Joshi, Communications Custodian, Reid & Taylor said, " Amitabh Bachchan is an icon with universal appeal and has helped us to reach out to the real 'Bharat.' In fact, agents and retailers have told us that already customers have started asking about the 'Amitabh wali suiting.'" Incase of Nerolac Paints, which was endorsed by Amitabh Bachchan, around 80% of the respondents when asked to associate Bachchan with any paint, did so with Asian Paints, which is the biggest competitor of Nerolac (www. blonnet. com).

According to a latest article in Times of India the budget or cost is an important factor for celebrity endorsement. Depending on the status of the celebrity, remuneration could run into millions of rupees for several years or may also include a profit sharing plan. For example when S. Kumar's used Hrithik Roshan for their launch advertising for Tamarind, they reckoned they spent 40 - 50 per cent less on media due to the sheer impact of using Hrithik. Sachin's endorsements got him $18 million over five years. When Aamir first endorsed Pepsi in 1995, he received Rs 17 lakh for it his Coke commercials in 1999 got him Rs 2 crore. Hrithik Roshan in his highflying days reportedly made over Rs. 20 crore in endorsements and events by 2001

Despite all this it has been seen that a lot of brands have been built without celebrity endorsement. For some of their brands, Hindustan Lever and Procter & Gamble do not believe in celebrity endorsement because they think that consumers, especially housewives, are more likely to identify with a lay person on screen than a celebrity. Procter & Gamble launched its Rejoice brand in India with testimonials from ordinary women in their TV advertising. Few more examples of this will be Lifebuoy, Wheel, Dettol, Close Up, Fevicol etc (www. magindia. com).