

Celebrity endorsement and its impact on sales



Results show that celebrity endorsement has a large impact on purchase intention and is in fact a causal factor based on the data obtained through this research.

All three factors are said to positively affect purchase intention and the results are magnified when all three factors are present.

It is seen that the most significant impact is that of physical attractiveness if taken in isolation and the most significant impact is that of celebrity / brand congruence when all three factors are taken into account.

What this means is that without physical attractiveness, the impact of the other two factors is negated (in the absence of physical attractiveness, purchase intention will not increase) but the presence of physical attractiveness alone does not have a significant impact on purchase intention. Thus physical attractiveness is an important first step but it is not the most important reason for increase in purchase intention.

That belongs to brand / celebrity congruence, which is consistent with previous studies on the subject matter: Choose celebrities which have a good image fit with the brand, otherwise the impact of the celebrity endorsement is minimal.

The author concludes by stating that all three are important factors in making an impact on purchase intention through advertisement and thus when choosing a celebrity endorser, all three factors must be taken into account.

Celebrity Endorsement and its Impact on Sales

Jain (2011) proposes that the increase in celebrity endorsement in the subcontinent in recent years, despite the rising costs is due to the increase in media coverage in the area and the increase in hero worship as well.

This has been outlined as the major reasons for increase in persuasiveness of celebrities, which in turn has resulted in an increase in their demand by corporations to endorse their respective brands.

The research documents the impact of celebrity endorsement with a focus on the subcontinent, making it pertinent to this study. It is queried as to whether the relationship is always positive or whether there can be negative consequences as well.

It is noted that for most brands, the focus has shifted from creating awareness and bringing attention towards their brands to a more contemporary approach, which is to create positive associations within the minds of the consumers and to capture a share of mind, share of heart, share of wallet and share of spirit.

This is the essence of branding in today's world and as such, all marketing and advertising actions that are conducted are done so with this end goal in mind.

The study researches the idea that celebrity endorsement leads to fulfillment of such goals or are they successful only in capturing the attention of the consumer and creating awareness without moving the consumer to the next stage.

Celebrities are thought of as a link between the brand and the consumer and help to ease the process of purchase intention and thus it is imperative that the best celebrity be chosen, the one that is right for the brand and has the potential to create the maximum impact on sales as well as brand equity.

As pointed out by other studies, endorsement helps brands to deal with clutter and that is the major reason to use celebrities, instead of everyday men and women in advertisement. One of the major decision criteria which helps corporations choose a celebrity is known as the Q-Rating. This Q rating helps brands to select a celebrity based on the rating that they have with the consumers. This rating is derived, based on a number of criteria but essentially boils down to two: who known is the celebrity and how liked is the celebrity.

These two criteria form the backbone of the Q Rating system that helps corporations choose which celebrity is the best fit for their brand.

The impact of celebrity endorsement is said to be based on 10 criteria, with the greater the score of the celebrity in each criteria, the greater the impact on sales and purchase intention.

Celebrity / Target Market Match: How strongly target market associates itself with the celebrity in question.

Celebrity Values: The link between the values of the celebrity and the values of the target audience, thus creating a link for the consumers with the brand.

Cost of Celebrity: The cost of the celebrity is generally an indication of the popularity of the celebrity and the higher the cost, the higher the popularity,

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thus the greater the chance of the celebrity persuading consumers. However the cost should always be compared to the added benefit and the go ahead should only be given if it's established that there is sufficient benefit from the increase in cost.

Regional Appeal: Different regions may have different appeals within a country and if a product is to be sold throughout the country, it is best to choose a celebrity with relative universal appeal.

Celebrity Product Match: The celebrity should be seen as having an image fit with the brand itself, as it is one of the key factors when trying to increase sales.

Celebrity Controversy Risk: The greater the chances that the celebrity may be involved in controversy, the lesser the chances that he or she would have a positive long term impact on sales and thus should be avoided.

Popularity: The greater the popularity, the greater the chances of brand recall and thus they have a high cost. It should be noted that in order to save cost, popularity should not be forgone.

Availability: The best celebrities may not be available due to other endorsement commitments or there is a conflict of interest due to them endorsing a rival brand. In such a case, it is best to move on and choose the next best alternative.

Attractiveness: Attractiveness helps celebrities be more likeable and to connect more with the target market and as such this is an important attribute to look for in a celebrity.

Credibility: This helps the consumers to trust what the celebrity is saying and to pay more attention to him or her and what he or she is endorsing.

This research is important as it looks at the factors within the partnership of a celebrity and a corporation and how they increase or decrease their impact on the impact of celebrity endorsement on sales and as such helps to decide how and when celebrities should be chosen as endorsers.

Impact of celebrity Endorsement on Overall Brand

In order to select a celebrity for a given product, there should be an optimal match between celebrity and brand image. Here are some parameters which should be considered: (Katyal, 2010):

Celebrity's personal character is not controversial

Personal character fits with the image of the product / brand

Cost of hiring the celebrity is worth the output

Is there any controversy risk attached after the ad campaigns launched

Celebrity's popularity

Is the celebrity's appeal local or regional and does it fit with the appeal of the product in terms of region

Celebrity's overall credibility

Is the celebrity him or herself a brand user?

What is celebrity profession? Does it matches to have a natural match to the product and appeal to the consumers. For example, celebrity figure from sport is natural to promote sports related stuff and footwear.

What values celebrity is associated with the product? If a celebrity is put in a role to propagate the human service cause does he/she be social worker or figure.

Does target audience want to believe in the celebrity for the target product to be advertised or message to be conveyed.

After advent of television, cable television, and internet, advertisement industry got revolutionized. New trends and format were introduced for rapid and technical way to impress the public and numerous items, products and services became the household names. Television though invented in 1920's became commercial medium in 1950's.

This happen when a price of the television sets began to approach affordable range of average person. Print and Radio had to take back seat to give a way to the new technologies. Now the commercials could be broadcasted with sight, sound, and motion. First time in the history advertisers saw huge potential of multimedia technologies which could give higher gains in sales and profits provided right tools and ideas were selected. Cable television channel introduced channels like MTV for young music lovers, ESPN for sports enthusiasts and Food Networks for people with love of cooking. These new channels were attractive and fun for advertisers who wish to target certain audience for example; entertainment, sports, or food (Sample, 2010).

Celebrities in Advertising

Personal in marketing have used celebrities in commercials, print campaigns and promotions and other seller techniques for years. It has worked in the past because it was executed properly. However, use of celebrities to grab viewer's attention to eventually make sales depends on proper celebrity casting.

The right selection of star to 'pitch' the product will mean that the buyers can relate to that person — the person a buyer would want to believe in. It is not as simple as you think it is because in many cases the right celebrity is not always affordable. On the flip side, the right celebrity is not always the most expensive one either. Above all else, the most important resides in considering whether the celebrity you select is right for your campaign and take the process from there.

Another key factors that one must take into account is the fact that advertisers should understand the basic premise of hiring the celebrity and making it clear to him what is required and the nature of the exact role of the celebrity. If this is successful, companies may retain the celebrity for other products of their brand, making the celebrity more of a brand ambassador than a product endorser.

Celebrities can be seen as a marketing vehicle that will likely to continue in the near future. As long as there are new stars being introduced into our entertainment arenas there will be no shortage of talent to fill the need. Though, doing the selection and positioning right is the biggest challenge but

if done correctly it can translate into better response and higher sales volume.

The equity effect of endorsement by celebrities: A conceptual framework

The purpose of this study was create a framework which may be later used to organize and guide future research into how celebrity product endorsement creates equity for both the endorsed product-brand and the endorsing celebrity. The focus of Diana Seno's study was how the celebrity as well as the brand could serve to increase equity for each other, essentially feeding off each other's image to mutually benefit each other. It looked at the relationship between the endorser and the company and how a strategic fit could be achieved by utilizing the best fit of celebrity for the product to be endorsed.

The central findings of the research state that celebrity endorsement is a form of co-branding and that both endorser image and brand image serve as mediators in the equity-creation process of celebrity product endorsement.

Mobile brands connect with Pakistan

Umair Naeem examines the relationship and industry effects of celebrity endorsement on the telecommunications sector. Umair states how the increase in competition has led cellular service providers to resort to differentiating their brands less on the basis of functionality and features and increasingly on the basis of emotional appeal and a certain message that is sent across. Celebrity endorsements are heavily used to drive home the emotional appeal and to personify the message that is being sent across.

Using Mobilink as an example he states, “ Mobilink’s sub-brand Indigo relied heavily on two factors toward establishing its brand equity: brand ambassadors that exuded style and sophistication, and a unique classy look that permeate all forms of its Indigo brand communication.

Indigo used models such as Zainab Qayum, movie stars like Shaan, and popular musicians such as Strings to infuse style into its branding. It also played on the aspirations of young business professionals through the atmosphere and the locales of Indigo’s ads.”

He believes celebrity endorsement is currently necessary to differentiate the brands which are increasingly similar in features and thus celebrities help to personify the brand’s qualities.

The naked truth of celebrity endorsement

This research was conducted to understand how celebrity endorsement worked for retail outlets and retail stores in general, with a focus on Europe’s leading chain, J. Sainsbury. Thus The focus of the study is on using celebrity endorsements for retail outlets. Its emphasis is on ‘ fit’ between celebrity image and brand image. Specific cases are analyzed to evaluate the extent to which consumers associate themselves with the image that the given celebrity projects and how that, in turn affects their purchase behavior

Sainsbury’s started using Jamie Oliver (a high profile television chef) for their advertisement campaign, who served to promote the company’s grocery products. He was chosen as he was seen as the best fit for their brand.

The case itself identifies the criteria that made the endorsement successful by conducting questionnaires, interviews, and focus group studies. It outlines the key elements along with how they were used in the campaign to create a sense of confidence amongst the consumers and thus creating a successful campaign. The overall extent to which the consumers associate themselves with the celebrity and his words is dissected.

Impact of celebrity Endorsement on overall brand

Endorsements are seen to be on the rise entailing a valid question posed to consumers. Is there a science behind the choice of the endorsers or is it just by the popularity measurement? Which precise reasons lead to impact on brands by using celebrity endorsement?

A thorough study of the paper streamlined a 14 point model which can be referred to as a blueprint criterion by brand managers for capitalizing on the celebrity resource through 360 degree brand communication and can also be used in selection of celebrities. The model was projected as the ' foundation brick' on the impact of celebrity endorsement in paper.

Our study revealed that 14 factors of the model and the effects of celebrity endorsement are proportional.

Success of a brand is determined through celebrity endorsement which is accumulative of the following 14 attributes. If the below parameters score is higher, the chances of getting close to the desired impact are greater.

The winner stories of celebrity endorsement are promotions which reflect a fine fit between the brand and the 360 degree advertising. And a decent

example of one such story is of Fardeen Khan and Provogue. In the apparel market, Provogue's positioning is of a young, active, party-going, attention-grabbing brand and so is Fardeen Khan. The union between the two has had a massive impact and brand managers have utilized this endorsement through 360 degree dimension as noted earlier.

Moreover, the marketing/advertising firms should identify the symbolic properties of the sought after product first, as also proposed by the transfer model. Thereafter, consultation of host celebrities is appropriate to assure their similar traits with the product.

Finally, after sorting out budget and availability constraints, the suitable celebrity has to be chosen as a representation of symbolic brand properties. The chosen celebrity will have some meanings associated with him/her which will not be suitable for the product.

Consequently, only salient features excluding unwanted meanings should be captured and taken care of. Also, advertisements should also be structured in way to highlight the essential similarities between celebrity and the product.

When it comes to subtlety, depth and power in delivering meanings celebrities are much nuanced compared to anonymous models.

Celebrities also offer demographic information, configurations of range of personality and lifestyle meanings very thoroughly. Their persona evokes meanings with greater clarity.

Furthermore, celebrities through repeated performance on public stage create their personalized meanings which can be passed into advertisements, through ' meaning transfer process'.

For instance Preity Zinta is perceived as a fun-loving, vivacious and modern Indian woman who can be translated into brand campaign with similar characteristics. In conclusion, the fit between celebrity traits and brand positions and its attributes determine the success.

Celebrity endorsements

Marketers need to be aware of the impact of using celebrities in commercials, promotions and print campaigns because it works if done properly. If business are about to make an effective advertisement, it must be attention-grabbing to its consumers and therefore most of them uses celebrities as endorsers.

According to the article of Katyal S. (2008), celebrities serves the purpose of getting viewer's attention; but proper choice of celebrity determines whether it translates into a sale and product image is delivered precisely. Selecting the right star to enhance the image of your product means finding the person to whom your consumers can relate to, meaning the person your consumer wants to believe in.

Sometimes the selection of the right star for your product is not that daunting, until you realise that in many cases affordability is in question with the right celebrity.

Essentially due to familiarity with stars, brands are normally endorsed by celebrities who make them enormously attractive to consumers. But anyone who thinks seriously about branding soon realises that there are basically two kinds of strong brands: those that are focused and those that are diversified.

Significance of branding with celebrity endorsements is complicated to estimate in the present cluttered media industry and consumer markets. Electronic media branding including television will be of continuing interest and importance even with its idiosyncrasies in consumer payment and brand definition. There are three explanatory reasons for this; firstly a strong brand identity is crucial to producing audiences in a multichannel environment which is an environment that is becoming more and more crowded as television converts to digital delivery. Perhaps it is the only means of gaining a place in a viewer's/ user's channel repertoire. Secondly, brands are important for businesses to expand its markets. Extensions of brand marry an established brand to a new service as a means of establishing immediate market credibility.

Besides that the third aspect explains, branding with the use of celebrities in which it is necessary to leverage corporate assets in order to open new markets. These markets may be related to the present business of a branded entity (e. g., ESPN Magazine, CBS Sportsline website), or if not separate they may be unrelated (e. g., logo apparel and other merchandise, Fox Sports restaurant/bars).

With the traditional advertiser supported model of television under increasing pressure, television providers, and especially broadcasters, are constantly looking for new revenue streams to continue enhancing brand image and generate sales extensively.

All in all, the power of an endorsement by a celebrity depends on the relevance of the celebrity to the product. For example, if Oprah was promoting a book about an issue particularly relevant to women then she is most likely to be effective. A famous chef can endorse a cook book or a famous fitness celebrity can certify an exercise book. If the buyer believes that the celebrity brings an unusual insight or twist, they would be more interested.

In the case of skin whitening products, Lucida-ds and [Met] Tathione should carefully assess their endorsers to avoid business campaign failure in terms wrong brand perceptions and ultimate sale drop. Therefore, it is important to consider the conformity of the product and the alignment of both celebrity and brand attribute to be a market winner.

Chapter V: Research Study & Design

Research Objectives

Objectives to be analysed should be crisp and clear in order to observe the effectiveness of the decision for celebrity endorsement. Apart from the economic interests of celebrity endorsements (e. g. rise in total revenue/market share), it involves several psychological objectives. Such as an increased knowledge of the brand name, a more clear representation of

brand/product characteristics by consumers, enriched attitude towards the ad, towards the brand and lastly, increased purchase intentions.

Celebrity endorsement attributes that increase consumer purchase intention

Celebrity attributes that are of most importance when analyzing effectiveness of endorsement

Impact of celebrity attributes on brand positioning

Effects of multiple celebrity endorsement on brand image

Effects of celebrity endorsement on brand equity

Factors that affect the consumers' willingness to purchase a product or service when endorsed by a celebrity?

Research Question: What celebrity attributes affect purchase behavior of Lowe & Rauf's clients?

Hypothesis

Celebrity endorsement has a significant / insignificant impact on consumer purchase behavior

H0= Celebrity endorsement does not have a significant impact on consumer purchase behavior

H1= Celebrity endorsement has a significant impact on consumer purchase behavior.

Theoretical Framework

The theoretical framework has been designed based on the literature review on studies based on this topic. It has been identified through these studies that the following variables combine to form the essence of celebrity endorsement and together, they affect purchase intention.

[Source: Chabo Dimed et. al (2005). Celebrity endorsement-Hidden factors to success, Journal of Advertising pp. 298-301]

Relevant Variables

Variable

Article

Constitutive definition

Operational Definition

Attractiveness

(Independent)

Celebrity endorsements- Hidden factors to success

The likeability of the celebrity associated with a product or service with regard to the glamour of the celebrity.

Q 17, 18, 19, 20 & 21

Purchase Intention

(Dependent)

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Impact of Celebrity Endorsement on Consumer Buying Behavior and Brand Building

The ways in which a consumer interacts in accordance with the advertisement strategies run by a company for its product or service.

Q12, 13 & 15

Brand celebrity Fit

(Independent)

Impact of celebrity endorsements on brands

It explains how closely the personality and image of the celebrity matches the positioning of brand.

Q 26, 27 , 28 & 29

Brand Recall

(Independent)

Advertisement and Promotion

It explains how the consumer recognizes the brand with the celebrity who endorses the product or service.

Q7, 8, 9, 10 & 11

Likeability

(Independent)

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Impact of celebrity advertisement on customer's brand perception

It explains how the charm or glamour of the celebrity affects the sales of the brand.

Q 24 & 25

Trustworthiness

(Independent)

Celebrity endorsements- Hidden factors to success

The celebrity's history with the consumers develops a level of trust between the two parties and this is what trustworthiness explains here.

Q 22 & 23

[Source: Chabo Dimed et. al (2005). Celebrity endorsement-Hidden factors to success, Journal of Advertising pp. 298-301]

Research Methodology

This section outlines and elaborates on the research and how it was conducted. It covers the details of the research design, methodology for collecting the data, population, questionnaire development and data analysis.

The aim of the paper is to figure out how celebrity or endorsements affect brands. The basic idea is to equip ourselves with additional research on the phenomenon of consumer response with respect to celebrity endorsed brands; this makes the research a basic research. Since the objective is to

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find how celebrity endorsements affect brands, this research is termed causal in nature.

Data Type

The bulk of this study revolves around quantitative data due to the fact that there is greater chance of bias in qualitative data as well as the fact that that numeric data is easier to analyze and understand. Data may be clearly measured and hence this serves as the major portion of the analysis.

Quantitative data has been obtained through questionnaires, filled up by employees of Lowe & Rauf as well as the final consumers so that both perspectives are covered.

Qualitative data is in the form of interviews, two of which are conducted; one with the GM of the Lahore division and another, a joint interview with the account managers of Nestle and Mitchell's.

Population

The study is based on understanding how consumers' purchase intention is affected in the wake of celebrity endorsement. Since the study is limited to Lahore, the overall population sample would be equal users in Lahore, which equates to 4, 695, 600 (based on local census).

Sampling Procedure

Convenience, non-probability sampling is used for the questionnaire, based on the ease of access and availability of resources for the researcher.

The final sample for the questionnaire consists of 30 users (16 male, 14 female) with varying ages, income brackets and occupations.

For the interview, as stated, Anwar Kabir (GM Lahore branch) and the two account managers (Haris Habib and Zakria Fawad) are interviewed, based on convenience as well as relevant experience, working within the industry and actually hiring celebrities.

Sampling Frame

For the purpose of this research, the list of elements upon which the sample is selected from the population includes the fact that they should be easily accessible to the researcher (as convenience sampling is used). The other element of is that at least 50% of the sample should fall into the SEC B income bracket. This is because research shows this class to be the most frequent users of these products.

For the interview, the major element (apart from convenience) is that the persons should be experienced in terms of the celebrity endorsement process and must have actually worked on campaigns to select celebrities based on different factors.

Data Collection Procedure

This research is based on the primary data collection approach.

Questionnaires are used for collecting data. Personally administered questionnaires have been used. They were distributed to a total of 30 people of different ages, occupation and income; requiring them to fill a total of 30 questions each. Once the questionnaires were filled they were collected. The anonymity and confidentiality of the respondents and their responses has been ensured and data was analyzed at an aggregate level only.

Close ended questions are used in the questionnaire which helps the respondents to make quick decisions to choose among the several alternative before them (Sekaran, 2000). The nature of the questionnaire has also helped the researcher to code the information easily for subsequent analysis.

Likert-style rating scale was used; it consists of subsequent options: strongly agree, agree, neutral, disagree, and strongly disagree. Different statements were made in the questions and respondents were asked the degree as to what they agree or disagree upon.

Questionnaire Development

The questionnaire itself was kept simple and basic to ensure clarity and reduce bias. The purpose was to gather data from the selected population sample with regards to the topic. The questionnaire consisted of two parts, the first section contained six questions seeking information about the respondents' age, gender, income, marital status, education and occupation. The second section contained questions that were based on information regarding the variables identified in the first chapter, this section itself consisting of five sub-sections; brand recognition and recall, purchase intention, endorser credibility and trustworthiness, endorser attractiveness & likeability and image fit. The information attained would be used to analyze the findings and further the study.

[Questionnaire attached in Appendix 1]

Respondent Profile

Data collection from the questionnaires shows that the respondent is a single 18-28 year male student with an income of 30, 000-40, 000. The other type of respondent is an 18-28 year old housewife with kids and income of 30, 000-40, 000.

[Graphical representations of respondent demographics in Appendix 2]

Data Analysis Procedure

Once all the data is compiled, it is transferred to ' SPSS'. This is done to understand how purchase intention is affected by the variables outlined in the theoretical framework.

Values in the questionnaire are changed to numeric form so that data is quantified. Questions with the Likert-scale rating are given numeric forms, with 1 representing ' strongly disagree' to 5 representing ' strongly agree'.

Using this method, the data is input into the software and a regression model is created, along with descriptive statistics and frequency tables.

Chapter VI: Results & Findings

Interview Findings

There were two interviews conducted within the Lowe & Rauf agency, the first was with the general manager, Anwar Kabir and the second was with Zakria Fawad, the account service manager.

The interviews revealed that it is necessary to prioritize the needs of the firm as well as the agency in light of the budget allotted to the advertisement itself and the portion of the budget available to hire a spokesperson.

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Since the ideal spokesperson may not be within budget or may not be available due to other reasons, it is imperative that the importance of the key celebrity endorser's attributes be ranked and measured in terms of the impact on purchase intention of the relevant consumer.

There were five key attributes that were thought to be important by the Lowe & Rauf management, which were: attractiveness, likability, brand fit, trustworthiness and recognition.

The order of their importance however is very subjective and it is believed that a more objective means to rank these and other relevant variables, would serve to make better and more informed judgments as to the importance of each variable as per the needs of the client.

Hence it becomes important to conduct a regression analysis and quantify the impact of each variable on the purchase intention of consumers within the target customer category.

Purchase intention = 0.0461095 + 0.353232* brand recognition and recall + 0.351173* trustworthiness + 0.133718* attractiveness – 0.0495677* image fit + 0.21128* likeability

The model tested has a coefficient of determina