Celebrity Endorsement:
A Strategic Promotion Perspective

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ABSTRACT
The celebrity endorser is a panacea for all marketing woes. It is today a frequently used approach in marketing for all brand building exercises. The star appeal however needs to be perfectly blended intelligently and strategically to reap the benefits and make brands. It serves as an aid to expedite recall and influence purchase. But can also be a nightmare unless accompanied by a powerful idea, effective and impeccable positioning.

Introduction
Strategic Positioning and effective communication are the two most important “mantras” guiding brand success in today’s competitive marketing environment. Corporate are ensuring all possible efforts to promote their brands and to grab the customer’s mind share. The impetus is on attracting the customer’s attention and developing positive associations not just to influence recall but also to induce trial and eventually effect purchase decisions.

In a market where advertising plays a vital role in coordinating consumer purchases, it becomes pertinent for companies to induct all possible measures to influence motivate and inculcate desire to purchase, in the customer through an effective advertising campaign. Theory and practice proves that the use of superstars in advertising generates lot of publicity and attention. (Ohanian, 1991).

The billion of dollars spent on celebrity endorsement contracts show that celebrities like LIZ Hurley, Britney spears and Tiger woods play an important role in the advertising industry. (DaneShvary and

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It is estimated that the companies in US spent $800 million in 1998 to acquire talent entertainers, athletes and other high profile personalities -to spot light in advertising, promotion and PR campaigns (Clark, Hastmann, 2003). In India advertisers pour crores of rupees every year into celebrity advertising. Think of Sachin Tendulkar -he means PEPSI in soft drinks, Boost in malted beverages, Fiat Palio in cars, TVS victor in two wheelers, Colgate Total in toothpaste, Britannia in Biscuits, Visa in credit cards, Airtel in mobile services and many more brands.

The underlying question is if and how the lively interest of the public in “The rich and the famous” be effectively used by companies to promote their brands and consequently increase their revenues. (Schlecht, 2003) As a first step to answer this question, this paper will examine the relationship between endorsements and brand there by unearthing risks and returns related to this strategy. In order to draw the relationship between celebrities, the brands they endorse and the perception of the people related to the two, models and concepts like source credibility, match up hypothesis, model of meaning transfer and multi product endorsement would be discussed. The following paragraph will give a brief introduction into the topic of celebrity endorsement to provide a framework for later discussions.

Who is a celebrity?

Celebrities are people who enjoy public recognition by a large share of a certain group of people whereas attributes like attractiveness, extraordinary lifestyle are just examples and specific common characteristics cannot be observed though it can be said that within a corresponding social group celebrities generally differ from the social norm and enjoy a high degree of public awareness (Schlecht, 2003). (Anonymous, Business Standard, Dec, 2003) This is true for classic forms of celebrities like actors (ex Sharukh khan, Amitabh Bachhan), models (John Abraham, Malaika Arora, Diya Mirza) Sports athletes (ex. Sachin Tendulkar, Sania Mirza) entertainers (Barkha Dutt, Shekhar Suman) And Pop Stars (Mika, Dailer Mehndi) but also for less obvious groups like businessmen (ex Dirubhai Ambani) or politicians (Laloo Prasad Yadav) Besides these there are fictional celebrities like Ronald McDonald, Fido dido, gattu, Amul Girl, Pillsbury doughboy and the like. Celebrities appear in public in different ways. First, they appear in public when fulfilling their profession ex Sachin Tendulkar is loved by millions for his wonderful performance in the cricket fields. Further more, celebrities appear in public by attending
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special celebrity events ex. filmfare star awards, Videocon screen awards etc. In addition they are present in News, Fashion magazines and tabloids, which provide second source of information on events and private life of celebrities through mass media channels. Last but not the least celebrities act as spokes people in advertising to promote products and services. (Kambitsis et al, 2002, Tom et al. , 1992)

A firm that decides to employ a celebrity to promote its products or services has a choice of using the celebrity as:

Testimonial: If the celebrity has personally used a product or service and is in a position to attest its quality, then he or she may give a testimonial citing its benefits. For instance Aishwarya Rai endorses Lux by testifying the quality of the product as it forms a part of her consumption basket.

Endorsement: celebrities often lend their names to ads for product or services for which they may or may not be the experts. For instance Sachin Tendulkar has been endorsing the Palio brand of Fiat.

Actor: A Celebrity may be asked to present a product or service as a part of character enactment rather than personal testimonial or endorsement. For instance Sweta Tiwari of “Prerna fame” (Kasuri Zindagi ki) enacts as a housewife for Nirma’s ad campaign. It has nothing to do with her on screen or off-screen image. In fact she just enacts the character and expectations of a normal housewife from a detergent bar.

Spokesperson: A celebrity who represents a brand or company over an extended periods of time often in print and TV ads as well as in personal appearances is usually called a company’s spokesperson. (Schiffman and Kanuk, 1997) The reason for using celebrities a spokesperson goes back to their huge potential influences. Compared to other endorsers, types, famous people achieve a higher degree of attention and recall. They increase awareness of a company’s advertising create positive feelings towards brands and are perceived by consumers as more entertaining (Solomon, 2002) Using a celebrity in advertising is therefore likely to positively affect consumer’s brand attitude and purchase intentions.

Why Endorsements?
Celebrity Endorsements act as a credible means of “money burning”. This is because this is a world of products for which the value a consumer obtains from purchasing any given variety. This could be for reasons of social standing—People want to wear the “right” clothes, drink the “right” beverages and use the “right” fragrances. Specifically a consumer that
Dr. Puja Khatri observes messages for two different firm’s products, one product’s message containing a celebrity endorsed and the other not, believes the celebrity endorsed product will have more purchases and so be of higher value. (Clark & Horstman, 2003)

Celebrity endorsement is more likely to be observed for those products having a high price-production cost margin and on a large customer base. In short, celebrity endorsements are more typical for nationally marketed products than for local or niche market products and for products such as running shoes, soft drinks and the like for which the price cost margins are apparently large.

Promoter of certain products require co-ordination over multiple customer groups - different age, income, education groups or groups in different location. Example, Credit Card. With a product of this sort a common set of advertising messages communicated to all custom is a more effective and coordinates mechanism than messages targeted at separate customer groups with common messages. A customer in one group receiving a message knows that customer in other groups are also receiving the message. The challenge with common message is of significant audience reach in the various customer groups at low cost. Because the celebrity is recognizable globally, it is a low cost way to achieve cross group co-ordination (Clark & Horstman, 2003)

Literature Review: On the concept and application of celebrity endorsement Agarwal and kamakura (1995) cite industry sources who estimate that approximately 20% of all television commercials feature famous people. Certain sets of products feature celebrity endorsements more often. (Agarwal & Kamakura, Study). They studied all endorsement contracts over the period 1980-1992. In their sample 60% of the endorsement deals involve soft drink companies and athletic shoes manufacturers. They also provide an event study that examines abnormal stock returns on the day that a company announces the signing of a celebrity for product and endorsement purpose.

How celebrity endorsements affect consumer purchase decision is studied extensively by marketing and social psychology researches. Various hypothesis have been put forward including celebrity endorsement have recall of the product, (ii) celebrities have credibility on expertise that makes the product more desirable or enhances perceptions of quality (iii) the celebrity endorsers image is transferred to the product so that those who use the product are associated with the image. Experiments suggest that in certain situations, celebrity endorsement can enhance recall and consume assessment of the products. (Clark & Horstman, 2003)
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Mishra and Beauty (1990) Petty et al (1983) and Menon et al (2001) indicate that celebrity endorsements enhance brain recall. Petty et al find that subject tended to like the product more when it was endorsed by the famous athlete than by the average citizen of Baber field, California. Mishra and Beauty found that subject tended to rate the product as better and of higher quality if it was endorsed by a congruent celebrity.

Horstmen and Clark 2003 provide a model that explains the success of fictional Celebrity endorsement.

They find that if there are two celebrities that achieve the same audience variable cost, the firm prefers the celebrity with lower fixed cost. In this sense, cultural icon like Ronald Mcdonald, Amul Girl, Pillsbury dough boy, fidodido are the ideal celebrities as they are memorable and so have a low cost of audience reach and are fictional so do not have large endorsement fees.

Prachi Raturi (2005) finds that when it comes to selling, there is nothing quite like a celebrity sales person. Signing a celebrity helps the brand leap out of clutter and if the chemistry between the celebrity and the brand is right, the buzz could well turn into a roar.

Cyber media research study published in business world unearthed different truths about celebrity endorsement. The study spread over 3 phases in different cities of India (Delhi, Mumbai, Chennai, Kolkota, Nasik, Coimbatore, Meerut) 12 focus gp interviews, 6 expert instruments and 8 expert interviews with ad agencies were conducted. Besides this survey of 480 respondent in 4 cities and 3375 respondent in 8 cities helped to develop different insights on celebrity endorsements that are given as under:

(i) over 80% of the people remembered the celebrity but forget about the brand.

(ii) different stars appealed to different geographic groups of customers (eg., Aishwarya Rai had highest recall in down south as against ShahRukh Khan who had little appeal there.

(iii) Research emphasized that ads without celebrity had a good a chance of working as one with them. For instance, Hutch ad did better jobs of building a brand then coke which had many big celebrity names associated with it.

Models and theoretical Constructs: Insufficient Literature is available to provide clarity both in terms of concepts and practice on endorsement.
Any promotional campaign needs several issues to be addressed to, thereby empowering promotional planners to know how decisions about the different controlled or independent variables of the communication process that influence the stages of the response hierarchy in persuading the receiver. Several models have been developed that give insight to independent variable effecting celebrity endorsement and hence its efficacy. This section deals with some of these important theoretical constructs.

(A) Source creditability and attractiveness

The effectiveness of a message depends on the perceived expertise and trustworthiness of an endorser. The central goal of advertising is the persuasion of customers i.e., the active attempt to change or modify consumers attitude towards the brands (Soloman, 2002). Hence in order to convince the target audience of the attractiveness of the company’s brand. The creditability of the advertisement is immense. Pursuing a celebrity-endorsed strategy enables advertisers to project a credible image in terms of expertise, persuasiveness, trustworthiness and objectiveness. (Till and Shimp, 1998).

Source attractiveness refers to the endorsers physical approach personality, likeability, and similarity to the receiver, thus to the perceived social values of the source (Solomen, 2002) Trustworthiness refers to the honesty and integrity of the spokesperson. The model basically focuses on the belief that persons who perform well on one dimension are assumed to excel on others as well. However, as proved by Ohanian (1991) in her study each source has different effects on consumer’s brand perception thereby making it necessary to pursue a systematic strategy of celebrity spokesperson selection.

(B) The Match-up Hypothesis :

Several Research studies have examined the congruency between celebrity endorsers and brands to explain the effectiveness of using famous persons to promote the brands (Till and Buster, 1998), (Till and Shimp, 1998)

Results show that a number of celebrity endorsements proved very successful, whereas other completely failed.

The match-up hypothesis specifically suggests that the effectiveness depends on the existence of a “fit” between the celebrity spokesperson and endorsed brand (Till and Buster, 1998). Though Oharian (1991)
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acknowledges a popular person’s ability to create awareness and initial interest for an advertisement she concludes that this may not necessarily change consumer’s attitude towards the brands. The model emphasises that the physical attractiveness of a celebrity endorser will enhance evaluations of the products characteristics only if the characteristics of the product “match-up” with the image conveyed by the celebrity. Hence an extension beyond attractiveness and creditability towards a consideration has to be done in terms of making the entire image of the celebrity with the endorsed brand.

(C) Model of Meaning Transfer

Mc Cracker (1989) explain that the celebrity spokesperson would be effective only if clarity is achieved in assessing the meanings consumers associated with the endorser which are eventually transferred to the brand. Mc Cracker explains this meaning transfer model in 3 stages.

Meaning Transfer in the endorsement process
(Adopted from Mc Cracker, 1989)
First, the meaning associated with the famous persons makes them the endorser to the product or brand. Thus, the meanings attributed to the celebrity become associated with the brand in the consumers. Secondly, in the consumption process, the customer acquires the brands meaning. The third stage of the model explicitly shows the importance of the consumer’s role in the process of endorsing brands.

This can be well explained through an example. Aishwarya Rai as a celebrity has acquired a cultural meaning of beauty, elegance, attitude, sophistication and charisma. This meaning is then transferred to Nakshatra Diamonds endorsed by Aishwarya as Apsara or the beauty par excellence. The fit is indeed impeccable.

(D) Multiple Brand and Celebrity Endorsement

While surfing through the channels of TV one realizes that either some celebrities are endorsing several brands or a specific brand is endorsed by different spokesperson. For instance, Amitabh Bachhan is enacting Parker, Hajmola, Navrattan Oil, Cadbury dairy milk and many more. On the other hand, Coke has been endorsed by Hritik Roshan, Aishwarya Rai, Aamir Khan, Virendra Sehwag and many more in the category. The following table provide a brief overview of different brands endorsed by Top 10 celebrities in India.

<table>
<thead>
<tr>
<th>The Big Endorser</th>
<th>The Brand</th>
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<tbody>
<tr>
<td>a) Sachin Tendulkar</td>
<td>Pepsi, Adidas, TVS, Britannia, MRF, ESPN</td>
</tr>
<tr>
<td>b) Shahrukh Khan</td>
<td>Pepsi, Santro, Videocon, LML</td>
</tr>
<tr>
<td>c) Amitabh Bachan</td>
<td>Pepsi, Cadbury, Dabur, Nerolac, Reid &amp; Taylor</td>
</tr>
<tr>
<td>d) Aamir Khan</td>
<td>Coke, Titan</td>
</tr>
<tr>
<td>e) Saurav Ganguly</td>
<td>Emami, Hero Honda, Britannia, LG</td>
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<tr>
<td>f) Saif Ali Khan</td>
<td>Asian Paints, Yamaha, Frito Lays, Royal Stag</td>
</tr>
<tr>
<td>g) Virendra Sehwag</td>
<td>Boost, Badur, Coke, Team Samsung, Britannia, Adidas, Mayur</td>
</tr>
<tr>
<td>h) Rahul Dravid</td>
<td>Castrol, Samsung, Pepsi, Hutch, Britannia, Reebok</td>
</tr>
<tr>
<td>i) Aishwarya Rai</td>
<td>Nakshatra, Lu, L’oreal, longiones watches</td>
</tr>
<tr>
<td>j) Preetty Zinta</td>
<td>Cadury, Godrej, TVS Scooty, Maggi, Head &amp; Shoulders</td>
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Source: Top 10 celebrity endorsers, riding the wave, Prachi Raturi (2005), Brunch Hindustan Times Magazine.
The concerns of all marketing today is that whether this special form of celebrity endorsement affects consumers brand attitudes? Madhurkar Sabnavis, Country Manager- Discovery O & M points out that multiple endorsements affect the endorser creditability as people known that a celebrity is paid to sell the product. The endorsement of as many as four products negatively influence the celebrity spokesperson’s creditability (expertise trustworthiness) and likeability. Reasons may be found in the lack of distinctiveness, with one famous person enduring several products instead of concentrating on and representing one specific brand. (Trippiet at, 1994) On the other hand, research has suggested that celebrity endorsed has potential positive effect like transfer of positive brand images and shaping of consumer’s response when more than four products are endorsed.

Selecting the best endorser: Brand Endorsement is a way to get the brand noticed amidst the clutter that is there in the market place. Synergy is therefore required between brand and celebrity. The celebrity actually helps in accelerating the brand image formulation process. At the same time advertisement argue that celebrities come with loads of liabilities that are hard to ignore.

The decision of selecting the best endorser is thus a pertinent issue fixed by marketers & adventures for their brand promotion. Advertisers point out to the 3Cs that enjoy mass adulation in Indian sub continental, Cricket, Cinema and Curry. In fact Mr. Jaydeep Dasgupta, Associate branch Director-Mumbai, Mudra feels that branding plays a key role in creating a celebrity aura. Today Cricketer and Film stars are groomed to be brand themselves and hence are marketed well. In other words, the celebrity himself/herself should be a strong brand and the attributes of the celebrity brand should match the attribute of the product brand being highlighted.

To help select a celebrity endorser, many companies and their advertising agencies rely on Q ratings that are commercially available from a New York based firm known as marketing, evaluates Inc.(Belch & Belch). This firm annually determines a familiarity and likeability rating of top male & female personalities (and carton characters) based on a mail questioners survey of the television viewer. The basic rating called a Q rating, is obtained by dividing the number who rated as “one of my favorites” by those who indicated that they were “totally familiar” with the personality. The survey is widely used by marketers and agencies to select celebrity endorsers and is used by T.V. Network and Hollywood producers to cast their shows & movies.
All efforts to select an ideal celebrity as brand endorser who is able to infuse and bring about a change in the fortunes of a brand. Besides this it is important to judge the compatibility of the endorser with the product and acceptance of the individual buy the target audience before selecting the stage endorsers.

Endorsement: Risk vs. Returns

The basic assumption underlying celebrity endorsement is that the value associated with the celebrity is transferred to the brand and therefore help create an image that can be easily referred by consumers. Consequently by association the brand can very quickly establish the creditability get immediate recognition and improve sales. However, there are many risks associated with such endorsers. The brand could slide down just as quickly as it moved up the consumers mind. There are many cases of brands failing in the market place despite famous celebrities endorsing them.

Risks

a) Celebrity overshadows the brand: In certain cases where the celebrity values category benefit and brand values are not closely linked. There are chances that the celebrity is remembered more than a brand. Cyber media research study reveals that 80% of the respondents approached for research remembered the celebrity but could not recall the brand being endorsed.

b) Necessary Evil: Marketing have felt that once the brand rides the back of celebrity it becomes difficult to promote it without the star as it becomes difficult to separate the role of message and the role of the celebrity in selling the brand. The celebrity activity becomes an addiction and the task to find substitute becomes more and more difficult.

c) Celebrity creditability a question mark for the competent customer: Today’s marketing endorsement has to deal with a competitive and knowledgeable customer who has begun to voice his opinion about their perception about endorsing a brand. Celebrity is said to befool the public as he is paid to sell and communicate good things about the brand. Hence the question of creditability of the celebrity being chosen to protect the brand is becoming pertinent.

d) Conflicting Image: A mix match between the image of the credibility and the product can damage both. Unless there is a synergy between
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celebrities own image and that of product category the strategy of endorsement is rendered futile.

e) **Multiple Endorsement:** The poly endorsement have lead to a celebrity clutter. Celebrity endorsing multiple products and multi brands in a category have left the customer confused and have lead to dilution in the celebrities value.

f) **Influence of Celebrity scandals and moral violation on brands:** a number of entertainers and athletes have been involved in activities that could embarrass the companies whose products the endorsed. When the endorser’s image is finished. It actually leads to a greater fall in image for the brand. For instance Azharuddin was charge with betting and match fixing, which created negative feeling and repulsive thoughts among people for the products he was endorsing.

**Returns**

a) *Build Awareness:* A new brand can benefit greatly if a celebrity endorses it. It can attract the customers attention and inquisitiveness to see what product is being endorsed. Research has shown consumers have a higher level of message recall for products that are endorsed by celebrities.

b) *Connects Emotionally:* some celebrities like Shahrukh Khan, Amitabh Bachan command great adoration among people. Such celebrities can positively influence their fans etc. a great extents and hence tend to even connect with the brand emotionally because of their star enduring it.

c) *Quick Connect:* The communication process tends to hasten up due to the more presence of a celebrity. This is because the star carrying the message tends to click with the customer more. Because of likeability, recall attractiveness and creditability thereby helping the company to clearly and quickly pass on the message to the target customers.

d) *Means of Brand different ion:* using a celebrity is a source of brand differentiation. In a category where a brands is suing a celebrity the first that picks one up could use it differently itself in the market the same was done by Boost in the malted beverage category.

e) *Source of Imitation and hence inducing increased product usage:* celebrities actually tend to become models or idols for the target audience who tend to start using the product just because the celebrity name is
attached with it. For instance, Lux has been used by many as it is a beauty soap recommended by the beauty queen, Aishwarya Rai.

f) Better Brand Image: the use of celebrities could also bring in positive image among the masses for brand. The credibility and authenticity attached with Amitabh Bachan has inculcated trust for ICICI, Nerolac Paints and many others.

Conclusion

An assessment of current market situation indicated that celebrity endorsement and advertising strategies if correctly blended in terms of marrying the strengths of the brands with the celebrity’s quality indeed justify the high cost associated with this form of advertising. However, advertising needs to be aware of the complex processing underlying celebrity processing endorsement by gaining clarity on described concepts of celebrity source creditability and attractiveness, match-up hypothesis, multiple product endorsement etc. Marketer has to decide how far the benefits outweigh the risks associated. Advertisers agree that celebrity endorsement does not itself guarantee sales. It can create a buzz and make a consumer feel better about the product, which in turn has to come to expectation of customers as a real star by delivering the promise. There have been instances where the endorsement or real consumers has started working better than celebrity endorsers. In fact much research needs to be done on customer testimonials, which tend to induce better creditability and helps in carving the competent, rational, knowledgeable customer of today who is said to be the real hero.

References


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“Truth About celebrity ads,” Business World, 12 April, 2004 (Cyber media research study)


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