

## **ACKNOWLEDGEMENT**

This research paper is made possible through the help and support from everyone, including: parents, teachers, family, friends, and in essence, all sentient beings. Thanks to all the authors, Neetu Khatri, Sujyothi Bhandary, Vaibhav Rokade, Yash Sheth and Yogesh Jage.

First and foremost, We would like to thank our Co-author Prof. Sameer Virani for his support and encouragement. He kindly read our paper and offered invaluable detailed advices on grammar, organization, and the theme of the paper.

Second, we would like to thank Dr. Vijay Page and Mr. Rajiv Gupte who gave us an opportunity work on this project.

Finally, We sincerely thank to our parents, family, and friends, who provided the advice and financial support. The product of this research paper would not be possible without all of them.

## **Abstract**

The practice of celebrity endorsements has proliferated over time. Now days it has become a pervasive element of advertising industry especially in India. Celebrity endorsement business has become a multi-million industry in India. Marketers use celebrity endorsers to influence the purchase decision of consumers in order to increase their sales and extend their market shares. This made us curious to explore the impact of celebrity endorsements on consumer buying behaviour.

This paper focuses on examining the perception of Indian consumers about celebrity endorsements, the impact of celebrity endorsements on the purchase intention of consumers of different age groups and from different areas , the impact on consumers before and after the celebrity has changed his endorsement , buying behaviour of consumer when price is affected before and after celebrity endorsement and finally the association of the brand value of the product with its logo, jingle and celebrity.

This project begins with the review of existing literature available on celebrity endorsements, which provides an insight into the research topic and clarifies many important aspects related to the subject. A quantitative method is used for this research project to investigate the perceptions of the consumer, attributes and its subsequent impact on purchase intention. The data is collected through a questionnaire and later analysed using the data analysis software program SPSS.

It was proven in this research that

- 1) The celebrity endorsement has impact on consumers belonging to different age group and from different areas. In other terms, celebrity attributes do impact the purchase intention of consumers.
- 2) The tests show that the consumer gets affected when the celebrity changes the endorsement.
- 3) Also the tests show that there is no impact on the buying behaviour of the consumer when price is affected before and after celebrity endorsement
- 4) Finally, the results of the study prove that the brand value of the product is not associated with its logo, jingle or the celebrity.

## INTRODUCTION

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. Companies invest large sums of money to align their brands and themselves with endorsers. Such endorsers are seen as dynamic with both attractive and likeable qualities and companies plan that these qualities are transferred to products via marketing communications activities. Furthermore, because of their fame, celebrities serve not only to create and maintain attention, but also to achieve high recall rates for marketing communication messages in today's highly cluttered environments.

### **Current Theoretical and Research perspectives**

Celebrity endorsement is a type of communication that conveys the idea of the product (from the manufacturer) to the consumer using the image of the endorser. The stronger the endorser the higher is the impact of the product in the minds of the consumers.

Friedman and Friedman (1979) stated that, in the promotion of products high in psychological and/or social risk, use of celebrity endorser would lead to greater believability, a more favourable evaluation of the product and advertisement, and a significantly more positive purchase intention.

Mc Craken's (1989) defined celebrity endorsement as – “any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement.

In the same way Atkin and Block (1983), Petty (1983) and Ohanian(1991), Kamins (1990), O'Mahony & Meenaghan (1998) suggested that the celebrity endorsers entertain more positive attitude and greater intentions for purchases than a non-celebrity endorser. Similarly Packard (1991) believes that celebrity endorsement is more effective in selling product and services as a status symbol for certain section of the society. For eg: Parkers pens endorsed by Amitabh Bachchan are sheer symbol of the class associated with the pen. It signifies the elite and sophisticated side of an individual's personality. According to Sadhu Ramakrishna, Santhosh Reddy(2005)- To be successful, brands need to convince consumers that they carry a different image and value from other competing products. In other words, brands have to show their true personality to the potential consumer(s)and celebrities are the best way to do this.

Seno & Lukas (2007) found that the prevalent utilization of celebrity endorsement in marketing program is not an accident. Research has found that as compared to the other genre of endorsers

such as the company manager, typical consumer and the professional expert, by far the celebrities are the most effective. Joshi and Ahluwalia (2008) found that the use of celebrity for endorsements create a very favourable impact on the consumer and it creates a connect which forces a consumer to purchase a product. Edwards and Ferle (2009) revealed that although celebrity endorsement have become an integral part of advertising, there are some potential risks related with celebrity endorsement over which the advertiser does not have any control.

Supriyo Patra and Saroj K. Datta (2010) from their study concluded that selection of right and appropriate celebrity for brand endorsement is a challenging proposition. The advertisers and the agencies should consider various dimensions while celebrity selection. Jayant Sonwalkar, Manohar Kapse and Anuradha Pathak (2011) concluded that celebrities act as major opinion leaders and plays a vital role in brand recall. They are helpful in initiating a desired state of need among people but do not bring credibility to any advertising message.

Prof. Gurleen Arora (2011) in her study stated that a celebrity can enhance the image of a product in many ways. It is the role of marketer to ensure the appropriate fit between the product and the celebrity. She further stated that Celebrity Endorsements, on one hand give support to the brand but in no way guarantees that the disadvantages associated with the same could be avoided.

## **OBJECTIVES**

- To understand the impact of celebrity endorsement on the various age groups buying decision
- To understand the impact of celebrity endorsement on buying decision of the people of different area
- To understand the buying behaviour of consumer before and after the celebrity endorsement
- To understand the buying behaviour of consumer when price is affected before and after celebrity endorsement
- To understand the brand association of the consumers with product as compared to logo, jingle and celebrity endorsement.

## **HYPOTHESIS**

- There is no significant difference in the impact of celebrity endorsement on the buying decision, between group 1(aged 12-20yrs),2(aged 20-35) 3(35 and above)
- There is no significant difference in the impact of celebrity endorsement on the buying decision, between group 1(western ),2(central) 3(harbour)
- There is no significant difference in the preference of the product/brand before a celebrity endorses it and after the celebrity has changed to a competitor product/brand
- There is no significant difference in the preference before the increase in the price of a product due to celebrity endorsement and after the reduction of the price of a product due to no celebrity endorsement
- There is no significant difference between the of association of the brand with jingle, logo and celebrity endorsing it

## METHODOLOGY

For the purpose of this project the objective and the hypothesis are considered and questionnaire is prepared using likert scale as follows for consumer:

Please tick your answers

1) Which age group do you belong to among the following?

a) 12-20    b) 20-35    c ) 35 and above

2) Which area do you belong to among the following?

a) western    b)central    c) harbour

3) Which of the following influences your purchase decision the most?

a)Celebrity endorsement    b)price    c)quality

4) I buy a product /brand because my favourite celebrity endorses that product /brand

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly agree

5) My choice of the product/Brand Changes when my favourite celebrity endorses other competitor product /brand

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly agree

6) I will buy a product/brand if its price is high because the celebrity endorses it

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly agree

7) I will buy a product/brand if its price is reduced because no celebrity endorses it

1. Strongly disagree
2. Disagree
3. Neither agree nor disagree
4. Agree
5. Strongly agree

8) You associate/remember a brand more because of which of the following ?

- a) Jingle /tune   b) Logo   c) celebrity



## For hypothesis 1-one way anova and post hoc test

### Oneway

#### Descriptives

Celebrity endorsement

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
group1	34	.7059	.46250	.07932	.5445	.8673	.00	1.00
group2	34	.6471	.48507	.08319	.4778	.8163	.00	1.00
group3	34	.4118	.49955	.08567	.2375	.5861	.00	1.00
Total	102	.5882	.49458	.04897	.4911	.6854	.00	1.00

#### ANOVA

Celebrity.Endorsement

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.647	2	.824	3.536	.033
Within Groups	23.059	99	.233		
Total	24.706	101			

#### ANALYSIS:

This is the table that shows the output of the ANOVA analysis and whether we have a statistically significant difference between our group means. We can see that the significance level is 0.033 ( $p = .033$ ), which is below 0.05. and, therefore, there **is a statistically significant difference in the mean** .

## Post Hoc Tests

### Multiple Comparisons

Dependent Variable: celeb.endors

Tukey HSD

(I) groups	(J) groups	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
group1	group2	.05882	.11705	.870	-.2197	.3373
	group3	.29412*	.11705	.036	.0156	.5726
group2	group1	-.05882	.11705	.870	-.3373	.2197
	group3	.23529	.11705	.115	-.0432	.5138
group3	group1	-.29412*	.11705	.036	-.5726	-.0156
	group2	-.23529	.11705	.115	-.5138	.0432

\*. The mean difference is significant at the 0.05 level.

From the results so far, we know that there are significant differences between the groups as a whole. The table above, Multiple Comparisons, shows which groups differed from each other. The Tukey post-hoc test is generally the preferred test for conducting post-hoc tests on a one-way ANOVA, but there are many others. We can see from the table below that there is **no significant difference in purchase decision** due to celebrity endorsement between the group 1 and group 2 as ( $p=.870$ ) and group 2 and 3 ( $p=0.115$ ) but there is **a significant difference** between group 1 and 3( $p=0.36$ )

## Homogeneous Subsets

### Celebrity endorsement

Tukey HSD

groups	N	Subset for alpha = 0.05	
		1	2
group3	34	.4118	
group2	34	.6471	.6471
group1	34		.7059
Sig.		.115	.870

Means for groups in homogeneous subsets are displayed.

## Hypothesis 2 –one way anova test

### Oneway

#### Descriptives

Celebrity endorsement

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
western	34	.6471	.48507	.08319	.4778	.8163	.00	1.00
central	34	.7353	.44781	.07680	.5790	.8915	.00	1.00
harbour	34	.7647	.43056	.07384	.6145	.9149	.00	1.00
Total	102	.7157	.45331	.04488	.6266	.8047	.00	1.00

#### ANOVA

Celebrity endorsement

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.255	2	.127	.615	.542
Within Groups	20.500	99	.207		
Total	20.755	101			

**0.542 > 0.05 hence null hypothesis accepted**

### Hypothesis 3-paired sample T-test

**Paired Samples Statistics**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	before	.7255	102	.44847	.04441
	after	.5686	102	.49771	.04928

**Paired Samples Correlations**

		N	Correlation	Sig.
Pair 1	before & after	102	.706	.000

**Paired Samples Test**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 before - after	.15686	.36547	.03619	.08508	.22865	4.335	101	.000

**0.000<0.05 HENCE NULL HYPO REJECTED**

### Hypothesis 4-paired sample T-test

**Paired Samples Statistics**

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1	before	102	1.05286	.10425
	after	102	.49771	.04928

**Paired Samples Correlations**

	N	Correlation	Sig.
Pair 1 before & after	102	.136	.173

**Paired Samples Test**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 before - after	.11765	1.10170	.10908	-.09875	.33404	1.078	101	.283

**0.23 > 0.05 null hypothesis accepted**

## HYPOTHESIS 5-Chi square test for association

### CELEB \* ASSOCIATION

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	99.972 <sup>a</sup>	100	.482
Likelihood Ratio	137.214	100	.008
Linear-by-Linear Association	.734	1	.392
N of Valid Cases	102		

a. 202 cells (100.0%) have expected count less than 5. The minimum expected count is .44.

**0.482 > 0.05 null hypo accepted**

Symmetric Measures

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	-.085	.099	-.855	.394 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	-.084	.099	-.848	.398 <sup>c</sup>
N of Valid Cases		102			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

### TOTAL % ASSOCIATION

CELEB	
% ASSOCIATION	55.9%

### LOGO \* ASSOCIATION

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	102.000 <sup>a</sup>	100	.426
Likelihood Ratio	91.914	100	.706
Linear-by-Linear Association	.030	1	.863
N of Valid Cases	102		

a. 202 cells (100.0%) have expected count less than 5. The minimum expected count is .17.

**0.426 > 0.05 - null hypothesis is accepted**

**Symmetric Measures**

	Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval    Pearson's R	.017	.103	.172	.864 <sup>c</sup>
Ordinal by Ordinal    Spearman Correlation	.017	.104	.165	.869 <sup>c</sup>
N of Valid Cases	102			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

**TOTAL % ASSOCIATION**

LOGO	
% ASSOCIATION	28.4%

**JINGLE \* ASSOCIATION**

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	99.543 <sup>a</sup>	100	.494
Likelihood Ratio	119.012	100	.094
Linear-by-Linear Association	.469	1	.493
N of Valid Cases	102		

- a. 202 cells (100.0%) have expected count less than 5. The minimum expected count is .28.

**Symmetric Measures**

	Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval    Pearson's R	.068	.097	.683	.496 <sup>c</sup>
Ordinal by Ordinal    Spearman Correlation	.068	.098	.681	.498 <sup>c</sup>
N of Valid Cases	102			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

**0.494 > 0.05 null hypothesis accepted**

**TOTAL % ASSOCIATION**

JINGLE	
% ASSOCIATION	16.7%



# REPORT

## For Hypothesis 1

A one-way between subjects ANOVA is conducted to compare the effect of Celebrity endorsement on various age groups. There was a significant effect of Celebrity endorsement on different age groups at the  $p < .05$  level for the three conditions [ $F(2, 99) = 3.54, p = 0.033$ ]. As  $p = 0.033$  which is less than 0.05. Therefore, we conclude that there is no significant difference between the groups and we reject our null hypothesis. From the post Hoc tests, there is no significant difference in purchase decision due to celebrity endorsement between the group 1(12-20yrs) and group 2(20-35 yrs) as ( $p=.870$ ) and group2 (20-35 yrs) and 3(35and above) ( $p=0.115$ ) so we accept the hypothesis but there is a significant difference between group 1(12-20yrs) and 3(35 and above)( $p=0.36$ ) hence we reject our null hypothesis and accept alternate hypothesis. Taken together, these results suggest that there is not much difference in the impact of celebrity endorsement on the groups

## For Hypothesis 2

A one-way between subjects ANOVA is conducted to compare the effect of celebrity endorsement on the buying decision, between group 1(western ),2(central) 3(harbour). There was a significant effect of Celebrity endorsement on different age groups at the  $p < .05$  level for the three conditions [ $F(2, 99) = 3.54, p = 0.542$ ]. As  $p = 0.542$  which is more than 0.05. Therefore, we conclude that there is significant difference between the groups and we accept our null hypothesis. From the post Hoc tests, there is no significant difference in purchase decision due to celebrity endorsement between the group 1(12-20yrs) and group 2(20-35 yrs) as ( $p=.870$ ) and group2 (20-35 yrs) and 3(35and above) ( $p=0.115$ ) so we accept the hypothesis but there is a significant difference between group 1(12-20yrs) and 3(35 and above)( $p=0.36$ ) hence we reject our null hypothesis and accept alternate hypothesis. Taken together, these results suggest that there is not much difference in the impact of celebrity endorsement on the groups

## For Hypothesis 3

Paired t test is done to check that is there any significant difference in the preference of the product/brand before a celebrity endorses it and after the celebrity has changed to a competitor product/brand. The results show that there was a significant difference in the preference of the product/brand before a celebrity endorses it and after the celebrity has changed to a competitor product/brand as  $p = 0.000$  which is less than 0.05. Hence we reject our null Hypothesis and conclude that there is a change in the preference of the product when the celebrity endorses competitors product.

#### **For Hypothesis 4**

Paired t test is done to check that is there any significant difference in the preference before the increase in the price of a product due to celebrity endorsement and after the reduction of the price of a product due to no celebrity endorsement. The results show that there was no significant in the preference before the increase in the price of a product due to celebrity endorsement and after the reduction of the price of a product due to no celebrity endorsement as  $p = 0.283$  which is more than 0.05. Hence we accept our null Hypothesis and conclude that increase in the price of the product due to celebrity endorsement or reduction in the price of the product due to no celebrity endorsement does not change the preference of the buyer.

#### **For Hypothesis 5**

A Chi-square tests for association was conducted to understand the association of brand value with Logo, jingle and celebrity endorsement and it was found that there is no significant association of the brand value with either logo, nor jingle nor celebrity endorsement. In case of ASSOCIATION WITH CELEBRITY ENDORSMENT  $0.482 > 0.05$  null hypothesis accepted, ASSOCIATION WITH LOGO  $0.426 > 0.05$  null hypothesis accepted and ASSOCIATION WITH JINGLE  $0.494 > 0.05$  null hypothesis accepted hence in all the cases the null hypothesis that there is no significant association between the brand value and logo, jingle and celebrity endorsement. Hence among these reason the population does not associate brand value with any of the three.

## Conclusion

It was proven in this research that

- 1) The celebrity endorsement has impact on consumers belonging to different age group and from different areas. In other terms, celebrity attributes do impact the purchase intention of consumers.
- 2) The tests show that the consumer gets affected when the celebrity changes the endorsement.
- 3) Also the tests show that there is no impact on the buying behaviour of the consumer when price is affected before and after celebrity endorsement
- 4) Finally, the results of the study prove that the brand value of the product is not associated with its logo, jingle or the celebrity.