

IMPACT OF CELEBRITY ENDORSEMENT ON GEN Y IN INDIA

Pingali Venugopal, XLRI, Jamshedpur, India

ABSTRACT

Globally around twenty percent of the advertisements use celebrities. Studies have shown that celebrities impact the different stages of the AIDA process. In India advertisements with celebrity endorsements account for over \$200 million and film personalities contribute eighty percent of celebrity endorsements. This study focused on the impact of the celebrity endorsements on the Gen Y in India. An exploratory study with a sample of hundred Generation Y respondents from a cosmopolitan city in India was done. The data collection was done to capture the impact of celebrity endorsement during the different stages of the decision process. The study showed that advertisements using celebrities are popular and help in increasing the awareness. However, these advertisements do not take the consumers through the subsequent stages of the AIDA process to culminate into sale. Based on the findings a framework for using celebrity endorsement based advertisements for Gen Y segment is suggested.

Keywords: Celebrity Advertising, Consumer Behavior, India, Gen Y.

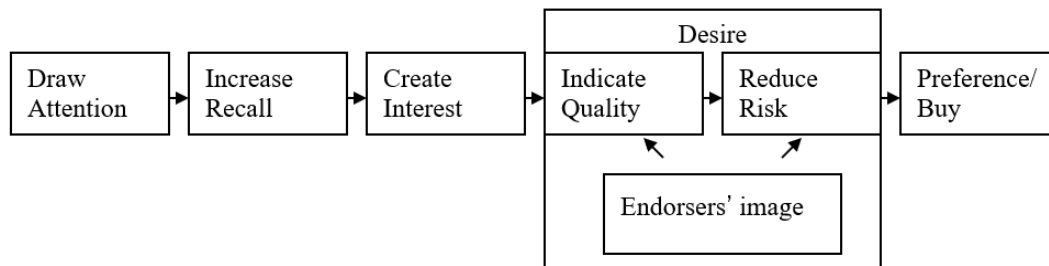
INTRODUCTION

Celebrity endorsement has become an important strategy employed by marketers to increase acceptability of their brands. As per Gupta (2009) celebrity is an individual “*whose name has attention-getting, interest-riveting and profit generating value that stems from the high level of public attention and interest*”. Halogen-Knight & Hurmerinta (2010) state that on a global scale roughly twenty percent of the advertisements include a celebrity.

The general belief among advertisers is that messages delivered by celebrities provide a higher degree of recall and recognition (Spry, Pappu and Cornwell, 2011), increase attention (Toncar, et al., 2007), improve the effectiveness of marketing communications by enhancing a product's image (Seno and Lukas 2007) and increase the memorability of the message (Cooper, 1984). Till (1998) state celebrity endorsers are more effective for brands for which consumers have limited knowledge and therefore can be effective for less familiar brands. Kamins, et al. (1989); Ohanian (1991) go on to state that celebrity endorsement enhances the perceived quality of the brand and increase the intention-to-use (Hung, et al. 2011).

While celebrities are said to be improving the effectiveness of communication, companies have very little control over the celebrity's image (Tom et al., 1992) and the number of brands they endorse. For example, as White, Goddard & Wilbur (2009) and Louie and Obermiller (2002) state negative publicity about a celebrity can have detrimental effect on the products they endorse. Similarly, Tripp, Jensen and Carlson (1994) showed that celebrities who endorse several products are viewed as less credible than those who endorse only a single product.

Thus, the studies show that celebrity endorsement could impact the different stages of AIDA¹, the commonly accepted process by which a consumer engages with advertisements (Figure 1).



Source: Author

Figure 1
IMPACT OF CELEBRITY ON CONSUMER DECISION PROCESS

CELEBRITY ENDORSEMENTS IN INDIA

Abhishek & Sahay (2013) state that celebrity endorsements that started as a trickle in 1980s emerged as a phenomenon by 1990s with companies extensively using celebrities to communicate their brands to consumers. According to an estimate, the celebrity endorsement market in India is considered to be worth more than INR 10000 million (\$ 200 million) and celebrity endorsements account for 45% of Television advertisements volume. Suhalka (2008) calculated that celebrity endorsement increased by 745% between 2003 and 2007. According to Rai & Sharma (2013) Bollywood¹ celebrities (film actors and actresses) accounted for around 80% of the celebrity endorsement.

According to Abhishek & Sahay (2013) the rise in celebrity advertisement has been mainly to stand out in the clutter, as the number of brands advertised on TV increased from around 3,000 in late eighties to almost 11,500 by 2000 and the number of commercials being aired has increased by over 3,000 per cent during the same period.

Bansal, (2008) on the other hand, quoting a study of IMRB which claims that while 86% people remember a celebrity in the advertisement only 3% feel that celebrity endorsement affects their buying decision, raises a question whether the marketers are getting the desired benefit by going to such large scale celebrity endorsements.

This question is more critical given the fact that the tastes and preferences of the younger generation in India is changing. With India being classified as the youngest country (Hindu, 2013), this paper focuses on the impact of celebrity endorsement on the Generation Y in India.

RESEARCH OBJECTIVE

In India 65 percent of its population is under the age of 35 and a large segment of this group belongs to the Gen Y cohort (Arora 2013). According to Alley & Shah (2011) Gen Y population in India is 25.47% of the world population. Considerable importance has been given to understand this segment to maximize the opportunities and benefits for them both at the workplace (for example; Generation Next Workforce Study 2013 brought out by the Confederation of Indian Industries (CII) and Deloitte) as well as to understand their characteristics to market products and services.

Studies on buying behavior have shown that this tech savvy generation places greater importance to communicating and sharing at each stage of the purchase process. ENS Economic Bureau (2014) quotes the Paradox Panel's Second Quarterly Report which found that 89 per cent of this segment research online before making a purchase, 74 per cent believes that they influence the purchase decisions of others. Steelcase (2011) also states that this segment has a passion for Hollywood and western lifestyle. All these put a question on the influence of Bollywood personalities and other celebrities on Gen Y buying behavior.

So, the research objective of this study is to understand the extent to which celebrity endorsers would impact the buying process of Gen Y.

Sample and Data Collection

An exploratory study with a sample of hundred Generation Y respondents from a cosmopolitan city in India was done.

The data collection was done to capture the impact of celebrity endorsement during the different stages of the decision process shown in Figure 1.

FINDINGS

The impact of celebrity endorsements on the different stages of the AIDA process are summarized in Table 1.

TABLE 1 THE IMPACT OF CELEBRITY ENDORSEMENTS ON THE DIFFERENT STAGES OF THE AIDA PROCESS						
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	TOTAL
ATTENTION						
Attention	27	48	18	5	2	100
Attractive	15	51	22	10	2	100
Popular	22	55	13	7	3	100
Enjoyable	8	20	59	10	3	100
RECALL						
Increase awareness	15	50	15	17	3	100
Helps Remember in shop	25	48	12	13	2	100

INTEREST						
Helps to know brand better	3	42	28	22	5	100
Pay attention to product details	2	25	28	38	7	100
COMMUNICATE QUALITY						
Guarantees Quality	1	22	22	45	10	100
Use celebrities because they are not confident of quality	3	12	30	48	7	100
REDUCE RISK						
Rarely take chance	2	43	35	18	2	100
Will want to know more about the brand even if endorsed	10	70	15	3	2	100
ENDORSERS' FACTORS						
With controversy, the perception goes down	5	41	27	22	5	100
With multiple brands perception goes down	17	51	18	12	2	100
PREFERENCE/ BUY						
Making buying decision	1	20	27	50	2	100
Buy	3	18	22	42	15	100
If perceived to be similar then will buy brand endorsed by celebrity	0	41	22	35	2	100

Source: Author

Attention

Supporting IMRB study quoted in Bansal, (2008) this study shows that celebrity endorsement was found to draw attention of the respondent to the advertisement. Around three fourth of the respondents agree that these advertisements caught their attention as 65% of the respondents claim that the advertisements with celebrities are attractive and 77% claim that these advertisements are popular. However, only 30% found these advertisements enjoyable with another 60% of the respondents being neutral about the whether they are enjoyable or not.

Recall

As celebrity endorsements could draw attention, these advertisements not only increased awareness of the brands (around a third of the respondents agreed) but also helped in the recognition of the brand in the shop (seventy five agreed).

Interest

While celebrity endorsers could draw attention and increase awareness about the brands, celebrity endorsers were not able to create interest to that extent and the impact of the celebrities on the buying process seems to be reducing from this stage of the decision process. Only 27% respondents state that they would not pay attention to product details given by a celebrity. That is, despite celebrity endorsements, (eighty percent) respondents would want to collect information about the brands.

Desire

As celebrity endorsement has not been able to generate interest, they were also not able to create the desire for the brand. The 'desire' was studied by understanding whether (a) the advertisements communicate quality and (b) reduce the risk of purchase. In addition, the impact of the endorsers' factors on the quality and risk perceptions was also studied.

Communicate Quality

Only 23% agree that celebrity endorsement guarantees quality of the brand advertised and only 15% use celebrity endorsement as a mark of quality if they are not aware of the quality of the product.

Risk

Failure to communicate quality is further supported by the fact that celebrity endorsements do not reduce the risk of purchase. Forty five percent state that they would not take a chance with a brand just because it is endorsed by a celebrity and another 35% are uncommitted. Again 80% state that they would want to know more about the brand even if the brand is endorsed by a celebrity.

Endorsers' Factors

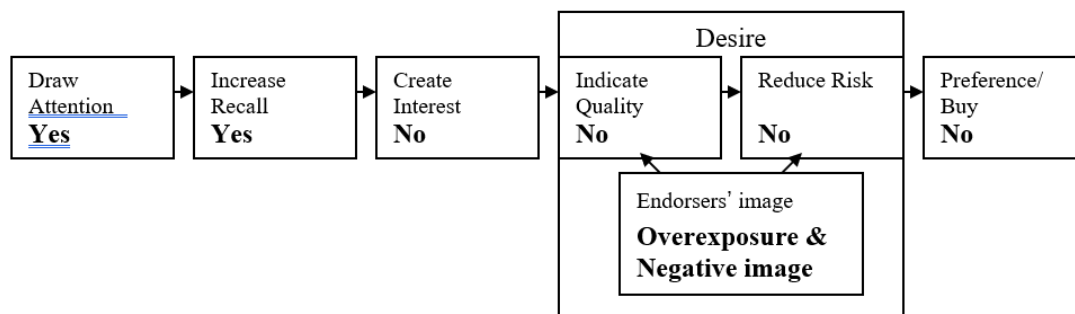
The advertised brand is also affected if the endorsers is linked to any controversy and also if the celebrity is associated with several brands. Forty six percent agree that the perception of the brand will fall if the celebrity is caught in some controversy (only 27% of the respondents seem to be unaffected by the negative publicity with another 27% remaining neutral). Again 68% feel that the perception of the brand would be reduced if the celebrity is advertising for several brands. This supports the IMRB study quoted in Bansal (2008) which states that people were not able to associate the celebrities with the brands they endorse because the same celebrity was advertising several brands.

Purchase Intention

Celebrity was found to influence purchase only if the brands are perceived to be similar; otherwise celebrity endorsement did not seem to help in making the buying decision. Forty one percent state that they would purchase the brand endorsed by the celebrity only if the other brands are perceived to be similar. Otherwise, around eighty percent of the respondents are not influenced to buy a brand just based on celebrity endorsement.

DISCUSSION

Based on the findings, the impact of celebrity endorsement on Gen Y during the different stages AIDA process is shown in Figure 2.



Source: Author

Figure 2
IMPACT OF CELEBRITY ON GEN Y BUYING PROCESS

It is interesting to note that even with Gen Y's passion for Hollywood stars, this segment is still attracted to Bollywood stars and the celebrities were found to draw attention and increase recall for the brands they endorse.

Celebrity endorsements would therefore be effective to help the brand enter the consideration set.

Celebrities are however not perceived as experts and they do not help communicate information or quality. As stated by Roozen & Claeys, (2010) the people may be concentrating more on the celebrity in the advertisement rather than the information being communicated. So when consumers are looking for information (as in the case of high involvement products) celebrity may not be a good source of information. For example in case of cars, celebrity endorsement was found the least preferred source of information Table 2. From Table 2 it can be seen that past experience is the most important source with ninety three percent respondents preferring this source. Word of mouth publicity, preferred by 86% respondents and experts, preferred by 79% respondents, form the other important sources of information.

Table 2 SOURCES OF INFORMATION DURING PURCHASE OF A CAR						
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	TOTAL
Celebrity endorser	2	36	40	20	2	100
Unique and different advertisements	15	55	25	3	2	100
Experts	35	44	15	3	3	100
Word of Mouth publicity	40	46	10	2	2	100
Past Experience	63	30	5	2	0	100

Source: Author

It is interesting to note that while only 38% respondents stated that they would consider celebrities as a source of information, 70% respondents are willing to use ‘unique and different advertisements’ as a source of information.

The findings are consistent with similar studies done in US and Europe. In the US, 79% of respondents said that Celebrity endorsement does not have any effect on how valuable they think a product is and only 13% thought that it made a product more valuable. 79% of German and 71% of French and British also said Celebrity endorsement did not work for them (Rai and Sharma, 2013).

The study is however contradicting Friedman & Friedman (1979) who suggested that Celebrity endorsers would lead to a significantly more positive purchase intention than advertisements using an “*expert*”. Here it could be argued that the consumers have changed from the late seventies when the celebrities could have been considered as experts. But with improved communication technologies available to the buyer and the increased clutter of celebrity advertisements, the trend may have reversed and celebrities are not necessarily seen as a credible source of information. IMRB study quoted in Bansal (2008) also states that only around twenty percent people believe that the celebrity uses the product s/he endorse.

MANAGERIAL IMPLICATIONS

Table 3 FRAMEWORK FOR USING CELEBRITY ENDORSEMENT FOR ADVERTISEMENTS CATERING TO GEN Y		
Product characteristics	Low involvement products	High involvement products
<i>Low differences between brands (catering to a market segment)</i>	Objective: Increase recall by mass advertising using a popular celebrity	Objective: Build brand on its own strength and do not risk the image by associating with a celebrity whose image is not in the control of the company
<i>High differences between brands (catering to a market segment)</i>	Objective: In addition to celebrity based mass advertising there is a need to increase visibility in the shop using celebrity based POPs.	Objective: use only celebrities perceived to be experts and also ensure that they are not overexposed.

Source: Author

Based on the findings a suggested framework for using celebrity endorsement-based advertisements for Gen Y segment is given in Table 3.

Low Involvement Products

For low involvement products with low differences between the brands (where consumers exhibit picking behavior; for example cement) the objective should be to use mass media celebrity based advertisements to ensure that the brand enters the consideration set before the buyers enters the shop.

For low involvement products with high differences between the brands (where consumers exhibit variety seeking behavior, for example toothpaste) the objective should not only be to use celebrity based mass advertisements, the company should also use celebrity based point of purchase promotions to increase visibility in the shop and ensure that the consideration set does not change inside the shop.

High Involvement Products

For high involvement product with high differences between brands (where consumers adopt extended problem solving approach; for example cars) the company should choose a celebrity who is perceived to be credible. This would ensure that the celebrity not only helps in increasing the recall but also acts as an expert and provides information to communicate quality. However, care should be taken that the celebrity is not overexposed (that is the celebrity should not be endorsing too many products).

For high involvement products with low differences between brands (for example baby foods), the company should build the brand on its own strength and should not risk the brand image by associating with a celebrity whose image is not in the control of the company.

ENDNOTES

¹Indian film industry (mainly Hindi movie industry) is termed as Bollywood.

REFERENCES

- Abhishek & Arvind S. (2013). Role of culture in celebrity endorsement: Brand endorsement by celebrities in Indian context, *IIMA, W.P. No. 2013-07-01*, Indian Institute of Management, Ahmedabad
- Alley, P. & Hardik S. (2011). Indian Gen Y and Gen X areas of conflicts- *Conference at IIMB on 28th Nov'2011*.
- Arora, N.S. (2013). Young India: Developing, Engaging And Retaining Gen Y Talent. *Global Business*, January / February 2013.
- Bansal, Neelima M. (2008). Does celeb ad blitz really push up sales? *The Economic Times*, 28.
- Cooper, M. (1984). Can celebrities really sell products? *Marketing and Media Decisions*, 19, 64-55.
- ENS Economic Bureau (2014). Paradox Panel's Second Quarterly Report, Shopping process more important than product to Gen Y. *ENS Economic Bureau*, New Delhi March 10, 2014
- Friedman, H.H. & Friedman, L., (1979), "Endorser Effectiveness by Product Type", *Journal of Advertising Research*, (19)5: 63-71.
- Gupta, S. (2009). How do consumers judge celebrities' irresponsible behavior? An attribution theory perspective. *Journal of Applied Business and Economics*, 10 (3): 1-14.

- Halonen-Knight, E., Hurmerinta, L. (2010), Who endorses whom? Meaning transfer in celebrity endorsement. *Journal of Product & Brand Management*, 19 (6), 452-60
- Hindu (2013). India is set to become the youngest country by 2020. Hindu, April 17, 2013
- Hung, K., Chan, K.W., Tse, C.H. (2011). Assessing celebrity endorsement effects in China: a consumer-celebrity relational approach. *Journal of Advertising Research*. 51 (4), 608-623.
- Kamins, A., Brand, M.J., Hoeke, S.A., Moe, J.C. (1989). Two-sided versus one-sided celebrity endorsements: the impact on advertising effectiveness and credibility. *Journal of Advertising*, 18 (2), 4-10.
- Louie, T.A., Obermiller, C. (2002). Consumer response to a firm's endorser (dis)association decisions. *Journal of Advertising*, 30 (4), 41-52.
- Ohanian, R. (1991). The impact of celebrity spokesperson's perceived image on consumers' intention to purchase. *Journal of Advertising Research*, 31 (1), 46-52.
- Rai, S.K & Ashish, K.S. (2013). Trends In Celebrity Brand Endorsements On Indian Television. *International Journal of Marketing, Financial Services & Management Research*, 2 (1), 21-29
- Roozen, I., & Claeyes, C. (2010). The relative effectiveness of celebrity endorsement for print advertisement. *Review of Business and Economics*, 1, 76-89.
- Seno, D., Lukas, B.A. (2007). The equity effect of product endorsement by celebrities: a conceptual framework from a co-branding perspective. *European Journal of Marketing*, 41 (1/2), 121-34.
- Spry, A., Pappu, R., Cornwell, T.B. (2011). Celebrity endorsement, brand credibility and brand equity", *European Journal of Marketing*. 45 (6), 882-909.
- Steelcase, (2011). Gen Y India. 360^o Research, Steelcase Inc, Accessed June 4, 2014 http://www.steelcase.com/en/resources/research-projects/documents/steelcase_workspace%20futures_geny_india_april2011.pdf
- Suhalka, G. (2008). Celebrity Endorsers and Endorsements in India-the Rise and the Impact. Accessed May 25, 2014 <http://www.ndtvmi.com/b4/dopesheets/garima.pdf>
- Till & Busler (2000) also state that for technical products expertise of the celebrity is significantly important.
- Till, B. & Busler, M. (2000), The Match-Up Hypothesis: Physical Attractiveness, Expertise, and the Role of Fit on Brand Attitude, Purchase Intent and Brand Beliefs, *Journal of Advertising*, (29), Issue 3, 1-13.
- Till, B.D. (1998). Using celebrity endorsers effectively: lessons from associative learning. *Journal of Product & Brand Management*, 7 (5), 400-409.
- Tom, G., Clark, R., Elmer, L., Grech, E., Masetti, J., Sandhar, H. (1992). The use of created versus celebrity spokesperson in advertisements. *The Journal of Consumer Marketing*, 9 (4), 45-51.
- Toncar, Mark, Jane S. Reid, Cynthia & E. Anderson, (2007). Effective spokespersons in a public service announcement: National celebrities, local celebrities and victims. *Journal of Communication Management*, 11(3), 258-275.
- Tripp, C., Jensen, T.D., Carlson, L. (1994). The effects of multiple product endorsements by celebrities on consumers' attitudes and intentions. *Journal of Consumer Research*, 20 (4), 535-547.
- White, D.W., Lucretia G., & Nick W. (2009). The effects of negative information transference in the celebrity endorsement relationship. *International Journal of Retail & Distribution Management*, 37 (4), 322-335.