

CELEBRITY ENDORSEMENT IN ADVERTISING; CAN IT LEAD TO BRAND LOYALTY IN THE LONG RUN?

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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, this can also be a nightmare unless accompanied by a powerful idea, effective and impeccable positioning. (Khatri P). This research attempts to assess whether celebrity endorsement can translate into brand loyalty, over a period of time. In this way, one would be able to see whether or not celebrity endorsements can positively influence the brand, more specifically, does it lead to brand loyalty in the long run? The cause and effect relationship between celebrity endorsement and brand loyalty is analyzed. The research would also suggest what the impact on brand loyalty is when brands have used a series of different endorsers, over a period of time. Has it hampered brand loyalty or did the consumers' attitude towards the brand remain unchanged? It also explores whether there was a common thread of similarity amidst the various endorsers that promoted the brand. In this way, corporate giants that are seeking to increase customer loyalty towards their brands would be able to make smarter decisions regarding the use of a celebrity endorser in their advertisements.

KEYWORDS: Celebrity endorsement, Advertising, Brand loyalty, Branding, Celebrity.

INTRODUCTION

Celebrities are people who enjoy public recognition by a large share of a certain group of people. Several attributes like attractiveness, extraordinary lifestyle are characteristics within a social group wherein they generally differ from the social norm and enjoy a high degree of public awareness (Schlecht, 2003).

Celebrity Endorsement: A Strategic Promotion Perspective 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; Schiffman and Kanuk, 1997). Compared to other endorsers, celebrities 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 a customer's brand attitude and purchase intentions.

As advertisers pour crores of rupees every year into celebrity advertising, the question arises; is it worth all the money and the headaches of coordinating stars and managing their tantrums. **Can it lead to brand loyalty in the long run? Does it actually help each of the brands?** Does the consumer think in categories and slot brands accordingly or is it one big maze of brands and saliency is dependent on 'recency.' Before exploring whether celebrity advertising can lead to brand loyalty, let us understand what goes into celebrity advertising. Interestingly, while celebrity advertising is huge, few agencies actually present celebrity advertising as a solution to client problems. In the advertising world, celebrity advertising is seen as a substitute for 'absence of ideas' -- and actually frowned upon. Yet it appears again and again. The reasons are quite insightful. A client hits upon celebrity as a solution when his agency is unable to present to him a viable, exciting solution for his communication/marketing problem. He then feels that the presence of a well-known face is an easy way out. A client looks at a celebrity solution, sometimes, to follow competition. When attacked with a celebrity, a quick response is to get another one to combat. The result is often, at best, achieving parity. A third, and often unfortunate, reason is a client's desire to rub shoulders with the glitterati. And signing a celebrity is a passport to that. Most frequently, celebrities are given as 'fate accompli' to the agency. And scripts are written around them.

If celebrity advertising has such implications, one cannot help but wonder if it would yield long term benefits like building of brand loyalty. Brand loyalty is a topical issue, with several brands resorting to price cuts across categories. They may attract consumers in the short run: consumers may stock the brands and consumers new to the brand may try it. But over a period of time, a brand's value may get diluted in consumers' psyche, and will eventually lose a strong base of consumers. Hence, let's try and explore whether celebrity advertising could be a solution that could aid the process of building a loyal base of customers in the long run.

Literature Review

Some properties such as likeability, expertise, trustworthiness and similarity cause a celebrity endorser to become a source of persuasive information and this creates a sense of certainty which has been revealed in earlier studies (Suranaa, 2008; Amos et. al., 2008). Also physical attractiveness of the endorser is considerable in effectiveness of a message (Khatri, 2006). Using of celebrity endorsers to support products is explained by balance theory principles too. According to this theory, successful companies establish an emotional relationship both between the observer and endorser and between endorser and brand (Mowen, 2000). Celebrity endorsement research has revolved around broadly **five** themes: **celebrity attractiveness** (Debevec and Kernan, 1984; Kahle and Homer, 1985; Caballero, Lumpkin and Madden, 1989); **celebrity meaning transfer** (McCracken, 1989; Langmeyer and Walker, 1991; Miciak and Shanklin, 1994; Erdogan, Baker and Tagg, 2001; Choi, Lee and Kim, 2005); **celebrity credibility** (Klebba and Unger, 1982; Patzer, 1983); **celebrity impact on brands and consumers** (Ohanian, 1991; Tripp, Jensen and Carlson, 1994; Mathur, Mathur and Rangan, 1997; Shimp and Till, 1998; Erdogan, 1999; Silvera and Austad, 2004); and **celebrity product match-up** (Kamins, 1990; Misra and Beatty, 1990; Till and Busler, 1998).

The realm of the celebrity's impact is confined to bestow a distinctive identity and provide an effective audio visual to the brand; the celebrity does not have the power to improve or debilitate the efficiency and features of the core product (Kamakura, 1995). The health of a brand can definitely be improved to some extent by celebrity endorsement. But one has to remember that endorsement by a celebrity is a means to an end and not an end in itself (Johnson, 1984). An appropriately used celebrity can prove to be a massively powerful tool that magnifies the effects of a campaign. But the aura of cautiousness should always be there (Mccracken, 1989). The fact to be emphasized is that celebrities alone do not guarantee success, as consumers nowadays understand advertising. They know the nuances of advertising. Customers today realize that celebrities are paid heavily for endorsements and this makes them cynical about celebrity endorsements (Bloemer, Lemmink, 1992). A celebrity is used to impart credibility and aspirational values to a brand, but the celebrity needs to match the product. A good brand campaign idea and an intrinsic link between the celebrity and the message are an absolute must for a successful campaign (Erdogan, 1999). Celebrities are no doubt good at generating attention, recall and positive attitudes towards advertising provided they are supporting a good idea and there is an explicit fit between them and the brand. On the other hand, they are rendered useless when it comes to the actual efficiency of the core product, creating positive attitudes to brands, purchase intentions and actual sales. (Solman, Brown, 2004). Brands have been leveraging celebrity appeal for a long time. Across categories, whether in products or services, more and more brands are banking on the mass appeal of celebrities. As soon as a new celebrity is born, advertisers queue up to them to persuade them to endorse their brand. (Warren, 2007). There are several reasons for such extensive use of celebrities. The reasons for extensive use of celebrities are manifold. Firstly, because of their high profile, celebrities may help advertisements stand out from the surrounding clutter, thus improving their communicative ability. Secondly, they may also generate extensive public relations leverage for brands. Celebrity endorsement advertising strategies can, under the right circumstances, indeed justify the high costs associated with this form of advertising (Alonso, 2006). But it would be presumptuous to consider celebrity endorsement as a panacea for all barricades. Celebrity endorsement if used effectively, makes the brand stand out, helps in brand recall and facilitates instant awareness. To achieve this, the marketer needs to be really disciplined in choice of a celebrity. Hence the right use of celebrity can escalate the Unique Selling Proposition of a brand to new heights; but a cursory orientation of a celebrity with a brand may prove to be claustrophobic for the brand. A celebrity is a means to an end, and not an end in him/her (Mitka, 2008). Brand loyalty has been proclaimed by some to be the ultimate goal of marketing. Brand loyalty consists of a consumer's commitment to repurchase the brand which can be demonstrated by repeated buying of a product or service or other positive behaviors such as word of mouth advocacy. True brand loyalty implies that the consumer is willing, at least on occasion, to put aside their own desires in the interest of the brand (Banasiewicz, 2005). However, Brand loyalty is more than simple repurchasing. Customers may repurchase a brand due to situational constraints, a lack of viable alternatives, or out of convenience. Such loyalty is referred to as "**spurious loyalty**". True brand loyalty exists when customers have a high relative attitude toward the brand which is then exhibited through repurchase behavior. This type of loyalty can be a great asset to the firm: customers are willing to pay higher prices, they may cost less to serve, and can bring new customers to the firm (Van den Brink, Odekerken-Schröder, Pauwels,

2006). Most important of all, in this context, is usually the 'rate ' of usage, to which the Pareto 80:20 rule applies. Kotler's 'heavy users' are likely to be disproportionately important to the brand. Kotler (2010) has defined the patterns of behavior as follows:

- **Hard Core Loyals** are individuals who buy the same brand all the time
- **Soft Core Loyals** are usually loyal to two or three brands.
- **Shifting Loyals** are those whose loyalty constantly moves from one brand to another.
- **Switchers** are those individuals who have absolutely no loyalty (possibly 'deal-prone', constantly looking for bargains or 'vanity prone', looking for something different)

It has been suggested that loyalty includes some degree of pre-dispositional commitment toward a brand. Brand loyalty is viewed as multidimensional construct. It is determined by several distinct psychological processes and it entails multivariate measurements. Customers' perceived value, brand trust, customers' satisfaction, repeat purchase behavior and commitment are found to be the key influencing factors of brand loyalty (Moschis, Moore, Stanley, 1984). Commitment and repeat purchase behaviors are considered as necessary conditions for brand loyalty followed by perceived value, satisfaction and brand trust (Amine, Dec98). Consumers buy 'portfolios of brands. They switch regularly between brands, often because they simply want a change. Thus, 'brand penetration' or 'brand share' reflects only a statistical chance that the majority of customers will buy that brand next time as part of a portfolio of brands they favor. It does not guarantee that they will stay loyal to this (Speck, Schumann, Thompson, 1988). Influencing the statistical probabilities facing a consumer choosing from a portfolio of preferred brands, which is required in this context, is a very different role for a brand manager; compared with the - much simpler - one traditionally described, of recruiting and holding dedicated customers. The concept also emphasizes the need for managing continuity. So, is loyalty for life possible? (Chaudhuri, Holbrook, Apr 2001). Erdogan states that celebrity endorsers are more effective than non-celebrity endorsers when it comes to generating all desired outcomes.

Reasons for celebrities' endorsements

Celebrity Endorsements act as a credible means of "money burning". This is because there is a world of products the value of which a customer 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 observes messages of two different firms' products, one product's message containing an endorsement by a celebrity and the other, does not believe that the celebrity endorsed product will have more purchases and so will be of a higher value (Clark & Horstman, 2003). Celebrity endorsement is more likely to be observed for those products having a high price-production cost margin and a large customer base. In short, celebrity endorsements are more typically 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. Promoters of certain products require co-ordination over multiple customer groups - different age, income, education groups or groups in different location. 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. Since, the celebrity is recognizable globally; it is a low cost way to achieve cross group coordination (Clark & Horstman, 2003)

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 helps in creating an image that can be easily referred to by the consumers. Consequently by association the brand can very quickly establish the creditability and get immediate recognition thereby lead to an improvement in 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:** Mostly happen in certain cases where the celebrity values 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:** Marketers have felt that once the brand is associated with the celebrity it becomes difficult to promote it without the star. There arises a difficulty in trying 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 regarding the endorsement of a brand. The celebrity is said to be fool 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 increasingly pertinent.
- d) **Conflicting Image:** A difference between the image of the credibility and the product can lead to serious damages to both. Unless there are synergies between celebrities' own image and that of product category the strategy of endorsement is rendered futile.
- e) **Multiple Endorsements:** The poly endorsement has lead to a celebrity clutter. Celebrities 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 of brands:** A number of entertainers and athletes have been involved in activities that could embarrass the

companies whose products they endorsed. When the endorser has had a debacle it actually leads to a greater fall in the image for the brand.

Returns

- a) **Build Awareness:** A new brand can benefit greatly if a celebrity endorses it. It can attract the customer's 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. to a great extent and hence tend to even connect with the brand emotionally because of their star endorsing it.
- c) **Quick Connect:** The communication process tends to hasten up due to the mere presence of a celebrity. This is because the star carrying the message tends to click with the customer more. Because of likeability, attractiveness and creditability of the celebrity it thereby helps the company to effectively and quickly pass on the message to the target customers.
- d) **Means of Brand differentiation:** The use of a celebrity is a source of brand differentiation. In a product category where brands are using a celebrity the first brand that picks one up could use it differently itself in the market.
- e) **Source of Imitation and hence inducing increased product usage:** Celebrities' actually tend to become models or idols for the target audience who 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) **The use of Better Brand Image:** Celebrities' could also bring in positive image among the masses for brand. The credibility and authenticity attached with Amitabh Bachchan has inculcated trust for ICICI, Nerolac Paints and several others.

Conclusion

An assessment of current market situation has indicated that celebrity endorsements and advertising strategies if correctly blended in terms of matching the strengths of the brands with the celebrity's quality indeed justifies the high cost associated with this form of advertising. However, advertising needs to be aware of the complex processing underlying celebrity endorsement by gaining clarity on described concepts of celebrity source, credibility 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. In fact much research needs to be done on customer testimonials, which tend to induce better credibility and helps in carving the competent, rational, knowledgeable customer of

today who is said to be the real hero. We have seen that brands like Pepsi, Coke, Pantene, Head and Shoulders, Nike and L'Oreal have a strong base of loyal customers. It is evident that all these brands have used celebrity endorsers. Celebrity endorsement when in sync with the customers' tastes can, therefore, indeed lead to brand loyalty.

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