Impact of Celebrity Endorsement on Branding of FMCG Products in Indian Small Towns

Khushboo Makwana

Assistant Professor
Prestige Institute of Management
and Research, Indore

Anuradha Pathak

Assistant Professor
Prestige Institute of Management
and Research, Indore

Chandan Maheshkar

Assistant Professor
Prestige Institute of Management
and Research, Indore

Abstract

In the present scenario of information explosion and media power, the advertisement plays a major role in changing customer perception about brands. Endorsement is a channel of brand communication in which a celebrity acts as the brand's spokesperson and certifies the brand's claim and position by extending his/her personality, popularity, stature in the society or expertise in the field to the brand. Celebrity Endorsement is a billion dollar industry today (Kambitsis, 2002) with companies signing deal with film stars, sports persons , entertainers , politician and other celebrities hoping that they can make their brand stand out in this competitive era. Celebrity endorsement has become an essential part of today's advertisement world especially in the FMCG sector. It is argued in the previous researches that FMCG Company make mistake while entering in the rural market. These companies treat rural market as an extension to the existing urban market. But the rural Indian consumers' demographic and psychographic variables differ from those of urban consumers. The purpose of this study is to find out the impact of celebrity endorsement on branding of FMCG products in Indian small towns. The study reveals the fact that there is no considerable impact of celebrity endorsement on branding of FMCG products in Indian small towns. The study also concludes that the celebrity endorsement is not significantly influencing the brands and its undertaken factors (branding elements) in case of Indian small towns.

Keywords: Celebrity, Endorsement, Branding, FMCG.

Introduction

Advertising is imperative for any kind of products or services to survive in the market and advertisers adopt distinctive techniques for advertising. In this globalised era, celebrity advertising, is treated as one of the best mode of promotion. Signing up stars for endorsements is a time-tested strategy and has been effectively used by many of the top FMCG brands in the world including P&G, ITC and Pepsi etc. In India too, HUL has used Hindi film stars to endorse their beauty soap LUX since the 50s. It is a known fact that the best endorsements achieve an effective balance between the product (brand) and the celebrity. Giving a brand a 'face' is more than just a marketing strategy to increase sales or gain market share, it is a decision that can change

the future of the brand forever.

The modern world of marketing communication is colorful and flooded with advertisements, and it has become very difficult to get noticed in such clutter. Advertise designers are facing difficulties to differentiate their advertising from others and to attract viewers' attention. In this jet age, people tend to ignore all commercials and advertisements while flipping through the magazines and newspapers or viewing television. Advertisers have attempted to quantify and qualify the use of celebrities in their marketing campaigns by evaluating their awareness, appeal, and relevance to a brand's image and the celebrity's influence on consumer buying behavior. Celebrities include film stars, sports personalities, talk show personalities, politicians and all the others who have the charisma. While selecting a celebrity as endorser, the company has to decide the promotional objective of the brand and how far the celebrity image matches with it. Endorsing a celebrity does not give a guarantee for sales but they play an important role as influencer in decision making process. It can create a buzz and make consumer feel better about the product, which in turn give a sense of trust and belongingness of celebrity towards that brand.

According to Alsmadi (2006) "A celebrity is a well-known personality who enjoys public recognition by a large share of a certain group of people". Junokait, et al, (2007) defined celebrities as individuals who enjoy public recognition and who use this recognition on behalf of a consumer good by appearing with it in an advertisement. Shimp (2003) defined celebrity as a well known personality "actor, entertainer, or athlete" who is known to the public for his or her accomplishment in areas other than the product class endorsed. Christina Schlecht (2003) quoted: "Celebrities are people who enjoy public appreciation by a large share of certain Group of people.

At present, modern societies provide ever increasing opportunities for unplanned spending especially in FMCG categories. Though brand endorsement provides a way to get the brand noticed amidst the clutter prevailing in the market place, the celebrity actually helps in increasing the brand image and recognition. The decision of selecting the best endorser is thus a pertinent issue fixed by marketers and advertisers for their brand promotion. 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.

The Elaboration Likelihood theory (Petty et al. 1981) shows that attitudes change through different routes. Under conditions of high involvement, where elaboration is likely, the attitude change travels through a 'central route' in which a person exercises 'diligent' consideration of information that (s)he feels is central to the true merits of a particular attitudinal position. For low involvement, low elaboration likelihood, the attitude change travels through a 'peripheral route' in which various simple cues associated with the issue, object, or context exert optimal influence. This means that under conditions of high involvement, arguments but not celebrities influence attitudes, whereas under conditions of low involvement, celebrities but not arguments influence attitudes, as the cost of the product is also low. The biggest mistake a FMCG company can make while entering the rural India is to treat it as an extension to the existing urban market. But there is a vast difference in the lifestyles of the rural and urban consumers. The rural Indian consumer is economically, socially, and psycho graphically different from his urban counterpart. The kind of choices that an urban customer takes for granted is different from the choices available to the rural. In this paper we are trying to find the impact of celebrity endorsement on rural customer with special references to FMCG Products.

Review of Literature

The use of testimonials by advertisers dates back to the 19th century when medicines were patented. Firms have been juxtaposing their brand and themselves with celebrity endorsers (e.g. athletes, actors) in the hope that celebrity may boast effectiveness of their marketing. Celebrity Endorsements act as a credible means of spending money .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 observes messages for two different firms' products, one products' 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). Very often, various advertising styles are used by advertisers to influence consumer brand choice behaviour and among these different available choices one very popular choice is Celebrity Endorsements.

Garima Malik (2014) found that people from both rural and urban area have shown interest in celebrity endorsement and rural people even prefer to watch advertisement in between their favorite shows but not much of the impact is seen by the celebrity endorsement. It is also found that women are easily attracted by the advertisement as compared to male respondents. As far as opinions are concerned, both the rural and urban people have same opinion towards celebrity endorsements but the degree of effectiveness is high in urban population.

Sridevi (2012) opined that celebrity endorsement enhances product information and creates awareness among consumers. It helps them to recall the brands of the FMCG's at the time of purchase. The purchase attitude change of

consumers is influenced by the celebrity endorsement factors, like better brand recognition more weight age, truth in testimonials, and satisfied feel. The study concluded that Celebrity endorsement, if used effectively, makes the brand stand out, galvanize brand recall and facilitates immediate awareness and to achieve this, the marketer need to be really disciplined in choice of a celebrity.

Bahl (2012) observed that consumer perception and behavior is not affected by celebrity endorsement of brands. People have no faith on celebrities' endorsement. The study also shows that majority of urban and rural consumers are aware of the products being endorsed by celebrities. According to Atkin and Block (1983); Sherman, (1985) advertisers believe that celebrities may generate extensive public relations leverage for brands, thus improving their communicative. When used appropriately, celebrity endorsers can serve as a valuable role in developing brand equity and enhancing a brand's competitive position ability.

Erfgen Carsten (2011) opined that the use of celebrity endorsers in marketing enjoys high popularity, largely because they may exert a positive impact on brand image. They should focus particularly on the well-documented success factors. The studies conducted by O'Mahony and Meenaghan (1998) affirmed that the consumer holds positive attitude towards celebrity endorsements. The study concluded that celebrity endorsement has an impact on the consumers recall evaluations and attention.

Usman Ghani and Tatara Kakakhel (2011) stated that celebrity endorsement has the potential of being noticed and liked by the viewers. Friedman and Seno and Lukas (2007) stated that compared to the other genre of endorsers the celebrities are the most effective. The study by Basil (1996) stated that attitude towards celebrity endorser can have a direct or indirect influence on the attitude towards the brand. Studies by Stafford et al (2003); Erdogan (1999); Kamins (1990) concluded in their studies that since presence of celebrity endorsers affects purchase decisions of consumers positively, producers and retailers have always preferred to use celebrity endorsements in order to sell their products.

Mohammad et.al. (2011) recommended the use of celebrities in advertising because of high attractiveness which can help the customers to remember the brand during shopping, and using celebrities can get more attention than the advertisements that don't. Lui et al (2007) have stated that an endorser who has major source factors of credibility is able to impress purchase intentions of the consumer considerably. But Hsu and Donald (2002) stated that although consumers might have a favorable disposition towards celebrities, this does not necessarily always translate into purchase intentions. Surabhi B. Prasad & Ravi Girdhar (2005) have come up with a model that is a function of several input parameters, their priorities and the correlation score between the parameter and endorsement effectiveness. **Bilal Mustafa Khan & Reshma Farhat (2011) in their study found that** there must congruence between the celebrity and the brand.

Methodology

An exploratory research design was used to find out the impact of celebrity endorsement on branding of FMCG products in Indian small towns. The research considered is exploratory as it investigated the situation to get insights and frame the details for functioning and impacts of celebrity endorsement in rural settings.

Sample size of 500 was selected to represent the universe of the study. Responses were collected through structured questionnaire developed in a way covering probable aspects of research consideration. In the present study convenient sample has taken from the different Indian small towns. The selection of the town and village parameterized as mentioned:- Town: A place with a municipality consist a minimum population of 5,000 and at least 75 % of male main population engaged in non-agricultural activities. Village: A rural settings with a small settlement of 500 to 2500 residents and large population engaged in agricultural activities.

The respondents have been selected from small towns and villages including Khandwa, Khargoan, Badwani, Dhar, Arusta, Choral, Barwah, Tukaidhad and nearby areas of Indore. The sample has been selected through convenience sampling. It is non probability unrestricted sampling technique; selection of user depends upon their accessibility and availability at their respective location/places. The respondents were classified further on the basis of demographic factors of male (190 in numbers) and female (310 in numbers) users of FMCG products.

The questionnaire was tested over the 5 % of total sample and made changes accordingly before implementing. The questionnaire tested extensively through contacting people from different background and localities. Responses to each statement followed five-point Likert's scale ranging from strongly agree to strongly disagree. Descriptive and inferential statistics (Correlation Analysis and Regression Analysis) has used for data analysis, developing and testing the set of hypothesis.

Analysis

Reliability of the measure was assessed with the use of Cronbach's Alpha on all the 8 items. The Cronbach's Alpha of the questionnaire was 0.760 (refer table 1). As a general rule, a coefficient greater than or equal to 0.7 is considered acceptable. Hence, it was found reliable for the further analysis.

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.760	8

Descriptive statistics (table 2) shows mean values and standard deviations for elements undertaken in the study of personal care products respectively.

Table 2 : Descriptive Statistics

Variable	Mean		Std. Deviation	N
	Statistic	Std. Error		
Celebrity Endorsement	19.1060	0.14954	3.34382	500
Branding	18.7140	0.17724	3.96328	500
Brand Awareness	18.1200	0.17923	4.00771	500
Brand Identity	18.6080	0.15261	3.41257	500
Brand Equity	18.5420	0.15961	3.56899	500
Brand Personality	18.8720	0.16966	3.79373	500
Brand Image	18.6200	0.15309	3.42331	500
Brand Positioning	18.8240	0.14273	3.19146	500

Correlation analysis shows following values of correlation between celebrity endorsement and elements of branding undertaken. Celebrity endorsement and branding carried positive and fairly mediate correlation (r = 0.418) which means celebrity endorsement is one of affecting factor for branding of FMCG products in Indian small towns. Brand awareness (r = 0.489) also shown strong correlation with celebrity endorsement than branding. Other branding aspects 'brand equity', 'brand personality', 'brand positioning', 'brand identity' and 'brand image' shown positive but consecutively declining correlation. Theoretically, all these factors having moderately high correlation with advertising but in case of Indian small towns it varies shown in below table 3 quantitatively. These clearly show that celebrity endorsement having deviated relationship with branding and it elements undertaken in the study.

Table 3: Correlation Analysis (Pearson)

	Branding	Brand Awareness	Brand Equity	Brand Identity	Brand Image	Brand Personality	Brand Positioning
Celebrity Endorsement	0.418	0.489	0.375	0.216	0.216	0.320	0.224

To evaluate the relationship of celebrity endorsement with branding and its elements undertaken in the study, a simple linear regression is estimated.

Table 4 : Regression Analysis and R Square						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R Square
	β	Std. Error	Beta			
1 (Constant)	9.242	0.936	0.418	9.877	0.000	
Celebrity Endorsement	0.496[a]	0.056		10.277	0.000	0.175
1 (Constant)	6.913	0.908	0.489	7.610	0.000	
Celebrity Endorsement	0.587[b]	0.047		12.524	0.000	0.240
1 (Constant)	11.301	0.822	0.375	13.742	0.000	
Celebrity Endorsement	0.382[c]	0.042		9.020	0.000	0.140
1 (Constant)	14.130	0.906	0.216	5.602	0.000	
Celebrity Endorsement	0.231[d]	0.047		4.945	0.000	0.047
1 (Constant)	16.143	0.978	0.216	6.502	0.000	
Celebrity Endorsement	0.143[e]	0.050		2.831	0.000	0.016
1 (Constant)	12.360	0.843	0.320	4.662	0.000	
Celebrity Endorsement	0.328[f]	0.043		7.539	0.000	0.102
1 (Constant)	14.744	0.809	0.224	8.236	0.000	
Celebrity Endorsement	0.214[g]	0.042		5.122	0.000	0.102
a. Branding	b. Brand Awareness			c. Brand Equity		
d. Brand Identity	e. Brand Image			f. Brand P ersonality		
g. Brand Positioning						

The table 4 contains values of respective regression coefficients and R squares through which concerned regression relation can be predicted. Hence the following set of hypotheses were framed and tested:

Hypothesis:

H_{01}: **There is no significant effect on celebrity endorsement on branding of FMCG products in Indian small towns.**

H_{01A}: There is no significant effect of celebrity endorsement on brand awareness of FMCG Products in Indian small towns.

H_{01B}: There is no significant effect of celebrity endorsement on brand equity of FMCG products in Indian small towns.

H_{01C}: There is no significant effect of celebrity endorsement on brand identity of FMCG products in Indian small towns.

H_{01D}: There is no significant effect of celebrity endorsement on brand image of FMCG products in Indian small towns.

H_{01E}: There is no significant effect of celebrity endorsement on brand personality of FMCG products in Indian small towns.

H_{01F}: There is no significant effect of celebrity endorsement on brand personality of FMCG products in Indian small towns.

It is apparent from the table 4 that:

1. The value of t (9.877) is significant, thus the null hypothesis H_{01} is rejected i.e. there is no considerable impact of celebrity endorsement on branding of FMCG products in Indian small towns.

2. The value of t (7.610) is significant, thus the null hypothesis H_{01A} is rejected i.e. there is fairly significant effect of celebrity endorsement on brand awareness of FMCG products in Indian small towns. It may be concluded that celebrities endorsing the brand are somewhat able to build an ability in the brand to be considered thus creating the brand awareness. As also found by Sridevi (2012) wherein celebrity endorsement enhances product information, creates awareness and thus helps in brand recall.

3. The value of t (13.742) is significant, thus the null hypothesis H_{01B} is rejected i.e. there is no significant impact of celebrity endorsement on brand equity of FMCG products in Indian small towns. According to David Aaker (1991), Brand equity is a set of

assets and (liablites) linked to a brand's name and symbol that adds to (or subtract from) the value provided by a product or service. The results show that celebrity endorsement has not contributed towards brand equity of FMCG products in Indian small towns.

4. The value of t (15.602) is significant, thus the null hypothesis H_{01C} is rejected i.e. there is no significant impact of celebrity endorsement on brand identity of FMCG products in Indian small towns. Brand identity refers to a unique set of brand association which represents what the brand stands for and implies a promise to the customer. It helps in establishing a relationship between the brand and customer by generating value preposition involving functional and emotional benefits. The result shows that consumers of Indian small towns do not find any such association between the brand and the celebrity endorsing the brand.

5. The value of t (16.502) is significant, thus the null hypothesis H_{01D} is rejected i.e. there is no significant effect of celebrity endorsement on brand image of FMCG products in Indian small towns. Since the consumers are not able to associate the brand with the celebrity, so their perception regarding the brand is not created and hence it is not building up any brand image.

6. The value of t (14.662) is significant, thus the null hypothesis H_{01E} is rejected i.e. there is no significant effect of celebrity endorsement on brand personality of FMCG products in Indian small towns. Brand personality refers to human traits or characteristic associated with a specific brand name which represents uniqueness, sincerity, intellectualism, competence, excitement and sophistication. The brand personality gives consumers something with which they can relate effectively increasing brand awareness and popularity. The study found that using celebrities for endorsing the brand is not contributing towards brand personality. The attributes of the celebrity and the attributes of the brand should match. There must be congruence between the celebrity and the brand as also found by Bilal Mustafa Khan & Reshma Farhat (2011).

7. The value of t (18.236) is significant, thus the null hypothesis H_{01F} is rejected i.e. there is no significant effect of celebrity endorsement on brand positioning of FMCG products in Indian small towns. Brand positioning refers to the place in the consumers mind that one want his/her brand to own. It is the benefit one wants consumer to

perceive when they think of the brand. It is found that the celebrity endorsing FMCG products are not successful in the positioning the brand in the mindset of the consumers of Indian small towns.

Conclusion

Celebrity endorsement is practiced with the assumption that value associated with the celebrity is transferred to the brand when they endorse it which in turn helps in creating an image which can be easily referred to by consumers. There must be a congruency between the celebrity and the brand and the attributes of celebrity must match with the attributes of the brand. The study concludes that celebrity endorsement is not significant in influencing the branding and its undertaken factors such as brand positioning, brand identity, brand equity, brand awareness, brand image and brand personality in case of Indian small towns. Since FMCGs are low involvement products, celebrities do influence the attitude of consumers towards brand but as the rural consumer is different from urban consumers in terms of their lifestyles and the kind of choices they made is also different from urban consumers. Therefore celebrity endorsement does not guarantee for sales. The results are consistent with **Bahl (2012) and** Hsu and Donald (2002) wherein consumers might have a favorable disposition towards celebrities, but it does not necessarily always translate into purchase intentions. And consumer perception and behavior is not affected by celebrity endorsement of brands. Results indicate that there is a need to rethink about practicing celebrity endorsement in Indian small towns.

References

Al-smadi Sami (2006). Business & Management, *Journal of Accounting*, 13, pp 69-84.

Atkin, C. Block, M. (1983).Effectiveness of Celebrity Endorsers, *Journal of Advertising Research*, 23 (1), pp 57-61.

Bahl, S. (2012). Brand awareness and perception of urban and rural consumers towards celebrity endorsement, *International Journal of Multideciplinary Management Studies*, 2(1), pp 183-191.

Basil, M.D. (1996). Identification as a mediator of celebrity effects,*Journal of Broadcasting & Electronic Media*, 40(4), pp 478-495.

Christina,Schlecht, New York Jun 17,2003www.global < h t t p : / / w w w . g l o b a l > brands.org/research/working/celebrity-brarely.pdf

Clark, Robert C. and Horstman, Ignatius J. (2003) Celebrity E n d o r s e n t s (w w w . b u . e d u / e.con/seminar/micro/pdffav) celebendorse.bu.pdf.

Erdogan B.Z. (1999).Celebrity endorsement a literature Review, *Journal of marketing management*, 15, pp 291-324.

Erfgen, C. (2011). *Impact of celebrity endorsement on brand image: A communication process perspective on 30 years of empirical research research*. (Master's thesis).

Farhat, Reshma, Khan, Bilal Mustafa (2011). Importance of Brand Personality To Customer Loyalty:A Conceptual Study, *New Media and Mass Communication*, 1, pp. 4-10

Friedman, H.H., L. Friedman (1979). Endorsers effectiveness by product type, *Journal of Advertising Research*, 19 (5), pp 63-71.

Garima Malik(2014),Compartive analysis of celebrity endorsement on Rural and Urban areas with refrence to FMCG sector, *Pacific Business Review International,* 7(1), pp 105-114

Hsu, Chung-Kue and Daniella McDonald (2002). An Examination on Multiple Celebrity

Endorsers in Advertising, *Journal of Product & Brand Management*, 11 (1), pp 19-29.

Kamil Junokait, Sonata Alijošiene, Rasa Gudonaviciene (2007). The solutions of celebritry endorsers selection for advertising Product, J*ournal Ekonomika IR VADYBA*,12,pp 384- 390

Kamins M.A. (1990). An investigation into the match up hypothesis in celebrity advertising; when beauty may only be slundeep*, Journal of advertising*, 11(4), pp 954-961.

Liu, M. T., Y.-Y. Huang, and J. Minghua. (2007). Relations among attractiveness of endorsers, match-up, and purchase intention in sport marketing China, *Journal of Consumer Marketing,* 24 (6), pp 358-365.

McCracken, G. Who is the celebrity endorser? Cultural foundations of the Endorsement Process(1989) „*Journal of Consumer Research*, 16 (3), pp 310-321.

Mahony and Meenaghan (1998). The impact of celebrity endorsement on consumers, *Irish Marketing Review*, 10(2), pp 15-24.

Petty, Richard E., John T. Cacioppo and Rachel Goldman (1981). Personal Involvement as a Determinant of

Argument-based Persuasion, *Journal of Personality and Social Psychology*, 41, pp 847-855.

Schlecht, Christina (2003). Celebrities impact on branding, *Center on Global Brand Leadership: Columbia Business School*, pp. 1-13.

Sherman, S.P. (1985). When You Wish Upon A Star. Fortune, 68. August 19.

Shimp, T. (2003). Advertising & Promotion: Supplemental Aspects of Integrated Marketing Communications, sixth edition, Dryden Press, New York.

Sridevi, J (2012). Effectiveness of celebrity endorsement in brand recall and brand recognition, *Zenith International Journal of Business Economics & Management Research*, 2(5).

Stafford, M. R., N. Spears, E., and C.-k. Hsu, (2003). Celebrity images in magazine advertisements: application of the visual rhetoric model, *Journal of Current Issues & Research in Advertising*, 25 (2), pp 13-20.

Sulekha & Dr. Kiran Mor (2013). An Investigation of Consumer Buying Behavior for FMCG: An Empirical Study of Rural Haryana. *Global Journal of Management and Business Research Marketing*, 13(3).

Surabhi B. Prasad & Ravi Girdhar, S.P. Gupta (2005), Elementary Statistical Methods, New Delhi: Sultan Chand & Sons

Usman Ghani and Tatara Kakakhel (2011). The Impact of Celebrity Endorsement on the Youth of Pakistan, *IPEDR*, 16, pp 79-83.

Zoubi Mohammad, Bataineh Mohammad (2011). The Effect Of Using Celebrities In Advertising On The Buying Decision -Empirical Study on Students in Jarash private University. American Journal of Scientific Research, 13, pp 59-70.