Does Celebrity Endorsement influence Purchase Intention? Empirical Evidence with Actionable Insights

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ABSTRACT

Purpose: Indians tend to have their decisions influenced by the emotional connect with celebrities; marketers often create advertisements with an emotional appeal to promote attractiveness. With the advent of digital marketing, effectiveness of celebrity endorsements has further gone up. Marketers spend millions of dollars on celebrity endorsements every year. In this scenario, this aims to determine the impact of endorsements in driving the purchase intention of Indians Methodology: This study used the mixed method approach, a qualitative research study followed by a survey approach. Firstly a Focus Group Discussion (FGD) was conducted with the students of Great Lakes Chennai to find the underlying variables. The participants of the discussion shared a common language i.e. English. The FGD group comprised students who like shopping and who have inclination towards celebrity endorsements. In the second part a structured questionnaire was used to collect data from respondents. Findings: The results indicate that the purchase intention of a consumer depends on the reputation, physical attractiveness and popularity of the celebrity endorsing the product. We can also observe that the celebrity fit is not an important factor. Hence the celebrity likability, the controversy risk and the profession of the celebrity are a good driver of purchase intention. Implications: The more a celebrity is admired by a consumer, more is the effect of his/her endorsing a product and hence more can be the purchase intent of the consumers. Hence companies can look at celebrities who are on the favourites list of maximum proportion of the consumers for endorsing a product/service. Originality: Research studies exploring the digital celebrity endorsement is scarce, especially in Indian context. This study has used a mixed method approach to explore the determinants and empirically test it effect.

Keywords: Celebrity Endorsement, Celebrity Likeability, Celebrity Fit, Focused Group Discussion, Purchase Intention.

INTRODUCTION:

The study aims at investigate impact of celebrity endorsements on consumers purchase intention, by analysing multiple factors which either positively or negatively play a role in this area. The major point behind conducting and preparing this detailed report is to establish a relationship between the above-mentioned topics with respect to the consumers. The hypothesis which have been formulated specifically relate to out topic as they all point towards a factor which influences the consumers while they make any purchase decision.

Past study shows there is a connection between celebrities endorsing a brand which makes it popular among the consumers. Our research goes a step forward towards analysing in detail those particular factors which influences the customers when they see their favourite celebrity in television advertisements and if they

always prefer to buy the endorsed products or if there are any certain factors which prevents them from doing so.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT:

Celebrity Physical Attractiveness, an Individual's Personal Relatability and Purchase Intent:

As per reports from previous research, we can observe that in the age of digital disruption, there is an ever increasing challenge for brands to capture people's focus and time. According to the study, it is believed that a greater degree of consumer recalls is provided by the brand ambassadors. Celebrities are very often seen as being people who are exceptionally dynamic and possess appealing and amicable qualities. The basis of this is a very simple logic - when people idolise these celebrities and see them in an advertisement endorsing a product, it grabs their attention. Today popular stars such as Amitabh Bachchan, Shah Rukh Khan, Deepika Padukone and Virat Kohli are endorsing some of the best and finest brands and a majority of India's population is familiar with these celebrities.

Hence, we arrive at the below hypotheses:
H1: Celebrity Physical Attractiveness positively influences Purchase Intent.
H2: Individual's Personal Relatability positively influences Purchase Intent.

Celebrity Popularity, Source Credibility and Purchase Intent:

Conceiving a technique to reach, impart and draw in with the crowd is the center mainstay of any brand's system and big names become the voice of that correspondence. Be that as it may, it isn't just about famous actors any more. Obviously, the most noteworthy number of arrangements are being sacked by filmstars, web-based media big names and sports characters are very little behind them. They are additionally cutting their offer into the superstar supports pie.

Hence, we arrive at the below hypotheses:
H3: Celebrity Popularity positively influences Purchase Intent.
H4: Source Credibility positively influences Purchase Intent.

Celebrity Profession and Purchase Intent:

Today, the endorsement game has undoubtedly been changed by social media which has also given rise to the influencers. According to a study, today there is an abundance of so called big names, who have acquired popularity for themselves by their work., either by composing online journals and posting on other e-stages like YouTube, Instagram, Twitter and Facebook. Design influencers and brands profit by these individuals to make a verbal promoting across different classes, for example, food, wellness, style, excellence, music, etc.

Normally every 1 out of 10 web-based media exercises by discovered to be associated with advancing a brand. From the years 2007 to 2017, brands have begun more on Social Media and have been reacting to audits presented on these e-stages to add believability to their image esteem. Moreover, a VIP's Twitter following or Instagram adherent strength is a colossal in addition to for brands today. With even junior entertainers/superstars instructing a huge number of adherents on stages, for example, Instagram and Facebooks, sponsors and brand chiefs have perceived the significance of online presence to pull in more shopper fragments.

Hence, we arrive at the below hypotheses:
H5: Celebrity Profession positively influence Purchase Intent.

Celebrity Credibility and Purchase Intent:

An increase in purchase intention can be attributed to a positive brand personality (Freling & Forbes, 2013; Jin & Phua, 2014) and can administer a ground for differentiating products (Aaker, 1996). Buyers at times additionally buy an item simply because they are enamored with a particular VIP supporting the item (Verma and Kapoor, 2004). As indicated by Park (2006) the part of a big name in promotions is a significant central factor in the demeanor arrangement and buy goal for a customer. Brand mentalities are known to improve buy expectations among the customers as their inspiration gets expanded (Mackenzie and Spreng,

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1992). The 'Chain of command of Effects Model' (Lavidge and Steiner, 1961) and the 'innovation acknowledgment model' (Davis, 1986), fortify the significance of buyer's disposition towards a brand which eventually prompts buy aim. Whittler (1991) noticed that promoting can convince shoppers in purchasing an item in situations where significant likenesses exist between the buyers and a component of the support (e.g., superstar endorser). As per Wang et al. (2013), items supported by big names, adequacy of an ad and the publicizing offer significantly impact the buy choice of a customer. In this manner, buyers' mentality with an uplifting disposition towards the promotion may prompt buy goal.

Hence, we arrive at the below hypotheses:
H6: Celebrity's Credibility positively influences Purchase Intent

Celebrity Controversy Risk and Purchase Intent:
The research also suggests that consumer perceptions are negatively influenced by the number of products a celebrity endorses. In such cases, the credibility and likeability towards the celebrity as well as advertisement decreases. A few researchers believe that there are two different components for attitude towards the advertisement. First, effective one, describing the effect of feelings evoked by the advertisement, and a second more cognitive one, the quality and usefulness of the advertisement. It is also described in a few researches that different set of aspects such as credibility, likeability, fit between the brand and the celebrity effect the consumers' purchase intent. It is also concluded from the research that a celebrity does not always look at the financial gains but also lays stress on the image that the endorsement would bring to them. The research also stresses that an endorsement is negatively impacted if the celebrity is associated with any type of controversy or ill- behaviour.

Hence, we arrive at the below hypotheses:
H7: Celebrity controversy risk negatively influences Purchase Intent.

Celebrity's fit with the brand image and Purchase Intent:
It is not uncommon for companies to hire celebrities for endorsing a brand and enhance the brand image, and communicate a message which is powerful enough to generate an ever-lasting impact on the minds of the consumers. Celebrity endorsement is a widely adopted and effective strategy used by majority of marketers. The consumers also consider themselves no less than the celebrities they have been idealizing, after using these endorsed brands. According to the study by Atkin, Hocking, & Block (1984), celebrity endorsements can help in drastically improving a brand's image and also in creating a positive impact on a company's credibility and image.

Hence, we arrive at the below hypotheses:
H8: Celebrity's fit with the brand image positively influences Purchase Intent.

Celebrity Likability and Purchase Intent:
Studies have given signs towards the assistance that the utilization of big name endorsers can get making a more certain reaction just as a higher buying aim when contrasted with non-superstar endorsers. Specialists in the business likewise guarantee that the deals will increment because of the more omnipresent accessibility of big name supported items since they are drawing in a more youthful shopper portion. Publicists have additionally perceived the huge benefit of utilizing big names in their ads to advance their items. Advertisers additionally feel that a well-known respected superstar will perpetually impact a buyer's inclination and thusly help the buy goal.
All through the world, VIPs are generally known and recognized (Dash and Sabat, 2012), making enduring impacts on individuals who go over them (Kurzman et al., 2007). Big names have been generally utilized for limited time exercises, as they can incite attitudinal and enthusiastic responses (Kanungo and Pang, 1973), rather than an individual who is definitely not a broadly known character (Petty, Cacioppo, and Schumann, 1983). For powerful publicizing, a sound VIP endorser will have the option to stand out (Miciak and Shanklin, 1994), increment mindfulness and advance better about the embraced item lastly impact the focused on crowd to buy the item (Ohanian, 1990). Chan, Ng and Luk (2013) have discovered that, much of the time, the brand mindfulness is created by recruiting superstars in their supports. Advertisers choose which famous people to use for which item supports relying upon the client division, focusing on, and

situating (STP) in a market; henceforth taking a gander at the socioeconomics of the customers gets urgent.

Hence, we arrive at the below hypotheses:
H9: Celebrity Likability positively influences Purchase Intent.

Consumer's Product Evaluation and Purchase Intent:
The nature of an item tremendously affects the item or administration execution; in this manner, it is constantly connected to the fact that it is so important to a client and how fulfilled is the client with it (Kotler and Armstrong, 2010). It is additionally significant for an advertiser to settle on which item situating instruments to be utilized. Purchasers at present are requesting top notch merchandise that save time, energy and since clients are getting increasingly more wellbeing cognizant regularly calories also. Clients are consistently in the hunt of proficient and dependable items which would address their need and includes every important element. With the lift in clients' buying power upheld by numerous and adaptable financing plan, clients get themselves accessible with numerous choices to browse. Barely any components which are answerable for this pattern are changes in the serious climate and expanding clients' assumptions about item quality. Clients are searching for dependable items that suits their motivation and ready to withstand the normal capacities. With the expansion of client spending power because of expanded extra cash and assortment of financing choices in the business sectors, clients end up encompassed with numerous choices to look over. For a superior perspective on an item quality, it is essential to concentrate on the quality discernment and to know about the quality holes between 'how things should be' and 'how things are' from a client's point of view.

Hence, we arrive at the below hypotheses:
H10: Product Evaluation positively influence Purchase Intent.

RESEARCH METHOD:

The purpose of this research is to identify the factors that affect the purchase intent of consumers through celebrity endorsements. As part of the exploratory research, any possibility of interaction between various predictor variables was determined.
This research is also aimed to identify the relation between number of endorsements aired by celebrity, Celebrity Profession and the demand forecast of certain products endorsed by celebrities.
The motive of this research is to explore the effect of endorsements portraying celebrities from various backgrounds on buying behaviour of consumers. Below is a conceptual framework depicting the relation between independent variables and the dependent variable in the research, On the left hand side, Celebrity popularity, Source Credibility, Celebrity Profession, Celebrity Credibility, Celebrity Controversy Risk, Celebrity's fit with brand image, Celebrity Likability, Celebrity Popularity, Number of endorsements aired by each celebrity, Consumer's Product Evaluation are the independent variables. The dependent variables, Consumer's Purchase intent, Demand Forecast is depicted on the right-hand side.
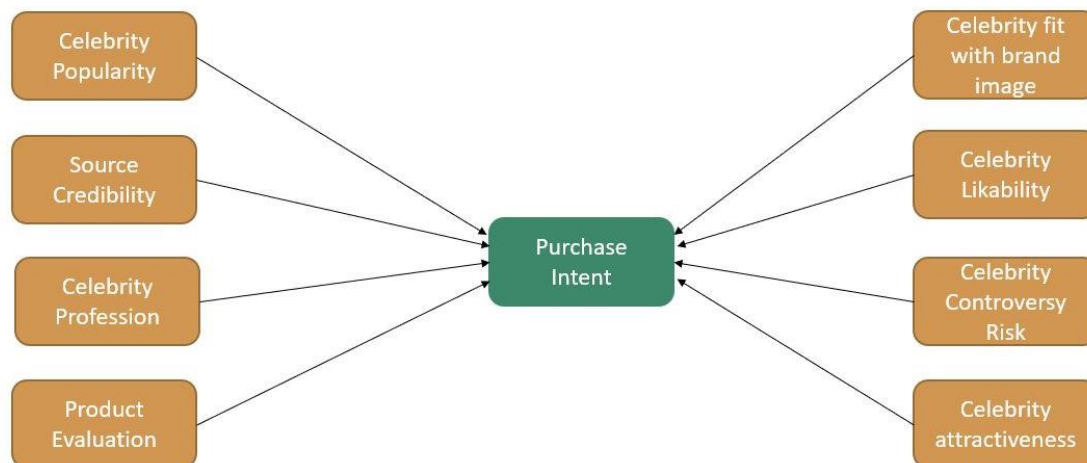

Figure 1: Figure Showing Conceptual Framework

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For the Qualitative Research, we went ahead with a Focus Group Discussion (FGD) with the students of Great Lakes Chennai. The participants of the discussion shared a common language i.e. English. The FGD group comprised students who like shopping and who have inclination towards celebrity endorsements. The participants have watched various types of celebrity advertisements and have differing views on the same. They have also shared their favourite celebrities and their related endorsed products, along with the reason for the same.

For most of them, celebrity profession was one of the major criteria in affecting their purchase intention. Most of them were very fond of advertisements that featured cricketers like M.S. Dhoni and Virat Kohli. Participants shared that they preferred purchasing sports goods endorsed by big celebrities. Manyavar products advertised by Virat Kohli were also quite liked by the participants.

We asked in FGD discussion that how they decide which product to purchase from a list of products and many participants shared their thoughts on the same. 2–3 participants gave reference to products like cosmetics, and how the endorsements by Bollywood actresses like Aishwarya Rai and Kareena Kapoor influenced them favour a particular brand.

On the contrary, few of the participants admitted that they focus solely on the product features and quality and then only decide on buying the same. So, we tried to figure out what factors are the most influential in affecting the purchase intention. After an hour of discussion, we concluded with a set of several constructs defining the purchase intention as well as the demand forecast for a product.

ANALYSIS:

Factor Analysis:
It was seen that the correlation in the data was highly significant as mentioned above. Hence there was a driving factor operating the variables and we tried to identify it using Factor analysis. Eigen values were set to 3 while extracting the factors, and the results were obtained as below.

Since there were no clear factors observed and we were unable to identify the exact factors driving the observations, we then turned to Varimax rotation with Eigen values as 3. The below output was obtained in SPSS. Factor analysis gave three factors having different weights.

Factor 1: Included Celebrity likability, Celebrity controversy and Celebrity Profession with the highest weights. The factor can possibly be named as: *Celebrity reputation*

Factor 2: Included Physical attractiveness with the highest weights. We named the factor as the name of the variable itself, *Physical Attractiveness.*

Factor 3: Included Celebrity Popularity with the highest weights. Again, it was named by the name of the factor itself, *Celebrity Popularity*.

Regression:
Next, we moved on to perform regression of the dependent variable against the identified factors.

Regression was carried out for the dependent variable against each of the three identified factors in order to study the significance and relationship between the factors and the purchase intention.

The value of adjusted R square obtained was 0.56 as shown in the above figure. The Anova results showed that the regression was found to be significant as the p-value for regression was less than 0.05. The F-value obtained was 52.95 and the value for mean square of regression was 13.02.The value of residual mean square was 0.25. Overall the regression was significant and we next moved on to study the impact of the individual factors on the dependent variable. For this, the below results from SPSS were interpreted as below. Each of the three factors were found to be significant and the p-value for each of them was less than 0.05. All the factors have a positive impact on the purchase intention as is evident from the values of the standardised beta coefficients.

Below is our regression equation.

0.381*Celebrity reputation + 0.301*Physical attractiveness + 0.291*Celebrity popularity = Purchase intention

All the three factors are statistically significant in driving the purchase intention. However, the value of beta coefficient is the highest for Celebrity reputation, 0.509, followed by Physical attractiveness, 0.402, followed by Celebrity popularity, 0.388. Hence, Celebrity reputation has the highest impact on determining the purchase intention, followed by Physical attractiveness, followed by Celebrity popularity, all being significant as shown by the p-value < 0.05.

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DISCUSSION:

The regression equations obtained are:

- **Purchase intention = 0.381*Celebrity reputation + 0.301*Physical attractiveness + 0.291* Celebrity popularity**
- **Purchase Intent = 0.343 * Celebrity Popularity – 0.146 * Celebrity Fit**
- **Purchase Intent = 0.246 * Celebrity Popularity**

The results indicate that the purchase intention of a consumer depends on the reputation, physical attractiveness and popularity of the celebrity endorsing the product. We can also observe that the celebrity fit is not an important factor. Hence the celebrity likability, the controversy risk and the profession of the celebrity are a good driver of purchase intention.

In order to increase the purchase intention of a product, we should focus on a celebrity who the target segment finds most appealing. A celebrity who is always involved in controversies might not be able to have the desired impact on the audience. We should focus on the products used by each target segment and then tag the celebrity who is most popular among that segment. For youth, mostly cricketers are the ones who seem more appealing than any other celebrities. Hence the profession of the celebrity has to relate to the target segment accordingly.

The way a celebrity is presented in the advertisement should also be monitored as the physical attractiveness of the celebrity also affects the consumers. The audience feels more connected with physically attractive celebrities and hence are likely those products more. Hence the look and feel of the celebrity, the attire, the role of the celebrity in the endorsement are also important factors to be worked upon.

Based on the results obtained from our study, we are now in a position to revisit the initial hypothesis and accept the below ones after analysing the results.

H1: Celebrity Physical Attractiveness positively influences Purchase Intent.
H3: Celebrity Popularity positively influences Purchase Intent.
H5: Celebrity Profession positively influences Purchase Intent.
H7: Celebrity controversy risk positively influences Purchase Intent.
H9: Celebrity Likability positively influences Purchase Intent.

The following hypothesis which we initially established do not hold true as per the results obtained and can be rejected.

H2: Individual's Personal Relatability positively influences Purchase Intent.
H4: Source Credibility positively influences Purchase Intent.
H6: Celebrity's Credibility positively influences Purchase Intent
H8: Celebrity's fit with the brand image positively influences Purchase Intent.
H10: Consumer's Product Evaluation positively influences Purchase Intent.

Below are some inferences and recommendations based on the statistical results of the research:

It is evident that, celebrity popularity plays a major role in endorsements while deciding whether to purchase a product or not irrespective of the controversies that a celebrity is involved in. Hence while marketing B2C products, it is important that firms opt for celebrities who are popular and are well known across the country.

Even if any B2C firm has to employ celebrities who are involved in more controversies, they should make sure that they choose celebrities who are very popular in their respective streams to increase sales.

On the contrary, a celebrity who has a lesser history of controversies should be chosen in such a way that they fit into the product category which they are endorsing and are also well known in the country.

However, this could be extended to include more variables in order to understand other factors contributing to the purchase intent of consumers which are endorsed by celebrities in India. This could increase the explanation power of the model.

A celebrity who is attractive and has a good physic may have higher influence on consumers to purchase products endorsed by them. Consumers could be under an impression that the physical attractiveness or strength could be attained by a regular usage of the endorsed products (in case of beauty care or supplement/energy drinks). On the contrary, a celebrity who is not so attractive and endorsing a beauty product might create a negative influence of consumers. In some cases, it might also lead to decline in sales

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of a product if there is a change in celebrity endorser. Hence companies should make sure that they choose celebrity endorsers based on the product category and the product making sure that he/she fits well with the product being endorsed.

A celebrity profession can directly be related to the product that he/she is endorsing. For example, if a politician endorses a beauty care product, it would not impose a greater influence on the consumers when endorsed by a Bollywood/sports person. Hence companies should also consider profession while looking at endorsers for their products. For example, for sports drinks, national/state level sports champions can be chosen as endorsers and for beauty products, any popular cinema actors can be chosen for good product sales.

It can also be inferred from the results that the more a celebrity is admired by a consumer, more is the effect of his/her endorsing a product and hence more can be the purchase intent of the consumers. Hence companies can look at celebrities who are on the favourites list of maximum proportion of the consumers for endorsing a product/service.

The results have also shown that personal relatability factors don't play an important role in influencing the purchase decision of the consumer. Hence brands can make sure that they do not bring the relatability factor while endorsing a new product or improvising an existing one. This would add on to the negative sales of a product.

As per the results obtained, the source of the information displayed about a product doesn't play an important role in the purchase intent of consumers. A new brand trying to create a position in market can instead focus more on creating a brand position and be clear in their value proposition in their advertisements. After gaining a significant position, the brand can tie up with renowned celebrities to endorse their product. Thus, the consumer is assured of the product reliability.

As per research results, consumers are not more likely to be concerned if a booming movie star endorses a top selling product as they are either aware of the product and its capabilities or they do not look at these advertisements if the product is utilitarian. Hence for premium products, companies may look at celebrity fit to the product that is being endorsed.

In most of the cases, consumers are not likely to look at the celebrity who has endorsed a product to check its effectiveness. There could be a possibility that the consumers are more worried about the manufacturing company if at all the product is not satisfactory.

LIMITATION/ SCOPE FOR FURTHER RESEARCH:

The study conducted can be further extended with a lot more variables contributing to the purchase intention of the consumers. In this study we have been able to establish and prove a few hypotheses, but there can be more factors impacting the same. In a few cases, consumers make up their mind to purchase a particular product just for the sake of the celebrity, when they actually do not use that product. Also, there can be instances where the celebrity does not use the product but still endorses it for the sake of job and professionalism. These can affect the purchase intention of consumers in an adverse manner.

Hence the horizon of this experiment can be expanded to include more independent variables affecting the purchase intention of consumers for the products that are endorsed by celebrities. This can help in explaining the purchase intention in a broader manner and with more precision. The study can also be extended to include a combination of various variables, i.e., in many cases there is an interaction possible between many of the variables discussed above.

CONCLUSION:

The study has thus very well proved the relationship between various variables that affect the purchase intent of the consumers statistically. The study is not only supported through statistical results but also through various qualitative methods adopted in order to understand consumer behaviour. As inferred from the statistical results, consumers in general, are biased towards the celebrities that they prefer to see the most and most of the times associate themselves with the celebrity using the product. Though the study can be extended to remove any omitted variable bias, it highlights the most common attributes that a brand should consider while endorsing a new product or improvising an existing one.

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