

# **EMERGING TECHNOLOGICAL INNOVATION IN MANAGEMENT AND MARKETING INNOVATION THROUGH CELEBRITY ENDORSEMENT OF FOOD PRODUCTS TO CAPTURE THE MARKET IN TAMILNADU REGION (SOUTH ZONE)**

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## **ABSTRACT**

*Use of celebrities as part of marketing communications strategy is a fairly common practice for major firms in supporting corporate or brand imagery. Firms invest significant monies in juxtaposing brands and organizations with endorser qualities such as attractiveness, likeability, and trustworthiness. They trust that these qualities operate in a transferable way, and, will generate desirable campaign outcomes. But, at times, celebrity qualities may be inappropriate, irrelevant, and undesirable. Thus, a major question is: how can companies select and retain the 'right' celebrity among many competing alternatives, and, simultaneously manage this resource, while avoiding potential pitfalls? This paper seeks to explore variables, which may be considered in any celebrity selection process by drawing together strands from various literature.*

## **I. INTRODUCTION**

Celebrity endorsement is the way to maximize advertising effectiveness. Popular celebrities like cricketers and film stars are considered as god by their lovers, but it is essential for marketers to establish the link between a product and celebrity by considering the type of product. Significantly it is also important for advertiser to check suitability of celebrity before selecting. Sometimes non celebrity endorsement if the best approach for reducing cost of advertising. Celebrity endorsements give a brand a touch of glamour and the hope that a famous face will provide added appeal and name recognition in a crowded market (Belch & Belch, 1995). In the battle for the mind, you get the customer excited by showing him a known face, and an effective demand is created. In short, it helps increase the resale value of the brand. A research states that the target audience age group of 15-30 gets influenced first by cricketers, then Bollywood stars and only then music, festivals and food (Harish, 2004). According to Source Credibility Theory, acceptance of the message depends on 'Expertness' and 'Trustworthiness' of the source. Expertness is defined as the perceived ability of the source to make valid assertions. Trustworthiness is defined as the perceived willingness of the source to make valid assertions. Audience acceptance increases with the expertness of the source and the ability of the audience to evaluate the product. The authors, Bandyopadhyay and Martell (2007), further define brand loyalty as a customer "who only buys one brand over the last 1 year" whom are then called single users. In addition to this category and the

previously mentioned non-users, one more group of users is defined, the multiple users. This group is the ones buying more than one brand, compared to single users, whom only purchase one brand.

## 1.1 Celebrity advertising

Although the audience is getting smarter and smarter and the modern day consumer is getting resistant to the exaggerated claims made in a majority of advertisements, advertisers are focused on celebrities and their popularity for advertising their products. Using celebrities for advertising involves signing-up various celebrities for advertising of their respective products, which consist of all sorts of advertising including, television advertisements, on net or even print advertisements. How effective these advertisements are, that is something that each consumer can determine on their own. So, those were the most effective and popular kinds of advertising used today. Each of the advertisement types mentioned has its own effectiveness. Therefore it is the job of people who associate with advertisement department to figure out which type of and which medium is the best and the most feasible for their brand.

A company needs to reach potential benefits of endorsers either celebrity or common man to ensure that they are not in conflict with an organisation's value system or likely to generate negative publicity. Celebrities should add worth to the brand's taxonomy.

In Fast Moving Consumer Goods (FMCG) Food products, we have been witnessed of both endorsements in the advertisements in any media. Not much work has been seen in the Indian perspective for comparative study of both on the various product categories. Indian consumer attitudes are changing at a rapid pace and they are becoming more aware of the products that they use. The research is carried out to obtain a view amongst Indian Consumers about celebrity and non-celebrity endorsement.

Most advertisements, be it of any form, majorly focuses on the specific consumers like housewives who decides what to purchase, therefore their perception about the celebrity endorsed form of advertisement is of utmost importance, also getting to know the attitude, that provides the knowledge of the most current incidents or attitudes of any country.

## II. LITERATURE REVIEW

Celebrities are well-known individuals (Television stars, movie actors and actresses, famous athletes, pop stars, entertainers, etc.) who be obliged their fame to their achievements. Parmar and Patel Global Business and Economics Research Journal Vol 3 (2): 1-11 ISSN: 2302-4593

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There are two forms of celebrities in advertising: celebrity license and celebrity endorsement (Mistry, 2006). The former is not used often, as it tends to be a long-term, co-branding commitment by both the corporation and the celebrity as the celebrity adds his/her likeness or name directly to a product. The crux of this relationship is that the celebrity and the product are directly associated with each other. This can be either strength or a weakness depending on the status of the celebrity and the quality of the product/Brand. Celebrity endorsements are the more widely used strategy of using celebrities as a promotional tool for products. These endorsements can have celebrities giving expert opinions, being a spokesperson for a product, or just being associated with a product (McCracken 1989; Seno and Lukas, 2007). According to Source Attractiveness Theory, which is based on social, psychological research, the acceptance of the message depends on familiarity, like ability and

similarity. Familiarity is the audience's knowledge of the source through exposure; liability is the affection for the source's physical appearance and behavior while similarity is the resemblance between source and receiver. This theory explains the message acceptance in two ways: Identification and Conditioning.

Identification is when the receiver or the target audience of the communication begins to identify with the source's attractiveness, and hence tends to accept his opinions, beliefs, habits, attitudes etc. Conditioning is when the attractiveness of the source is supposed to pass on to the brand after a regular association of the source with the brand. Grant McCracken rejected the previous two theories and proposed the Meaning Transfer Theory. The theory explains that a celebrity encodes a unique set of meanings which, if well used can be transferred to the endorsed product.

According to Goldsmith et al, the impact of the endorser and corporate credibility is an attitude toward-the-advertisement, attitude-toward-the-brand, and purchase intentions. As per his research reports, 152 adult consumers were surveyed who viewed a fictitious advertisement for Mobil Oil Company. They rated the credibility of the ad's endorser, the credibility of the company, and attitude-toward-the-ad (Ad), attitude-toward-the-brand (AB), and purchase intentions. It was observed that endorser credibility had its strongest impact on Ad while corporate credibility had its strongest impact on AB. The findings suggest that corporate credibility plays an important role in consumers' reactions to advertisements and brands, independent of the equally important role of endorser credibility (B. Zafer Erdogan et al ,(2001) Multiple product endorsement also has a negative impact on customers' purchasing intentions (Carolyn Tripp et al, 1994). For example, superstar Amitabh Bachchan endorses multiple brands like Pepsi, Mirinda, ICICI, BPL, Parker pens, Nerolac, Dabur, Reid & Taylor, Hajmola, Tide, Cadbury and a few social messages, which may not create any social impact rather it will be the bored rum for customers. There has been huge impact on the buying motives among the housewives in the south eastern region of Tamil Nadu. Tripp C Jensen T.D and Carlson L. (1994), in their article "Trust worthiness/ Credibility of celebrity endorsers" found that how much consumers trust the celebrity endorser to be credible. When a celebrity endorses one or two products it is significantly more trustworthy than a celebrity who endorses even more products.

Athletes with celebrity status form an important part of the advertising system. Their status enables them to persuade consumers to commit to the brand or product that they advertise, and furthermore, can affect consumer's ideologies with regards to the social aspects of a firm (Miller & Laczniak 2011). It is these ideologies that are likely to affect the staying power of the advertisement, in that the client is conditioned into only ever buying 'that' brand or product. Tim Tebow, an American football player of the professional division is classified as one of the best football players of his time, and has specific notoriety due to his character, personal and religious beliefs, performance and positive leadership. In the US, Tebow is currently seen to endorse a variety of consumer products which have been associated to his *character* as opposed to his successful performance (Moore et al. 2011). The success of the products he endorses has been directly linked to the positive attitude he portrays and the categorical pristine behavioural characteristics, allowing for wide success in regards to the return on investment (ROI) as noted by the brand organisations (Ibid).

Celebrities are used for a variety of different endorsements, with film and sport star celebrities among the most commonly utilised (Kaur 2011). Research into celebrity endorsement in the marketing of pharmaceuticals has shown a positive relationship with the ROI (Findlay 2001).The literature has noted that when there is a direct to

consumer (DTC) endorsement, there is an increase in the overall usage of particular medicinal products. However, the literature also notes that this likely to be due to the fact that the DTC advertising has had an impact on the prescribing behaviour of the physician (Wm et al. 2002).

However, the use of celebrity in advertising is not always beneficial. It may start with a positive effect and change after incidences with major attention in the public eye relating to the celebrity endorser. Morality and exclusivity are the predominant issues with celebrity endorsers (Knittel & Stango 2009). The Tiger Woods scandal has already been noted within this research paper and is one of the more widespread examples of celebrity endorsement 'gone wrong'. Sponsors of Tiger Woods including; Gillette, Gatorade, Nike, Accenture and Electronic Arts, lost approximately 3% of their market value as an entirety, with further core sponsors EA and PepsiCo losing over 4% (Ibid 2009) totalling an overall shareholder loss of between \$5 and \$12 billion. It is noted furthermore, that after the American professional basketball player Kobe Bryant was involved in a sex scandal, he was dropped as a celebrity endorser by Nutella, Coca Cola, McDonald's and Spalding (Chung et al. 2011). An association between a brand and a sexual offender is unlikely to be within the financial institutions best interest and his behaviour is likely to have affected many male consumers. Edwards & La Ferle (2009) found that negative information received by consumers via celebrity endorsers (through detrimental behaviour) was related to gender, with gender identification affecting attitudes (i.e., male advertiser and male responder), yet not directly affecting the way information was processed. Kate Moss (a British supermodel, famously linked to high iconic brands) was allegedly caught using cocaine in 2005. After the news broke within the media, H&M dropped her from their future marketing campaigns, as did the luxury perfume brand Chanel (Oxlade 2005). The tabloid portrayal of Kate Moss after the exposé of her illicit substance use highlighted the dangers of high profile endorsements. Acevedo et al. (2009) indicate that her behaviour linked H&M and Chanel with perceptions of irregular femininity, sex and drugs. Chanel is commonly recognised with attributes of elegance and grace, with previous endorsers including Catherine Deneuve (Cohen-Eliya & Hammer 2004), Nicole Kidman (Silverman 2003) and more recently, Kiera Knightly (Bergin 2011). By continuing their brand development with endorsement from Kate Moss, Chanel would have been at risk of developing associations of drug use and masculine behaviour as opposed to that of elegance. Conceptual frameworks such as those based on morality suggest ethical implications of the brand when celebrities engage in illicit behaviour (Miller & Laczniaik 2011) and in this instance; Chanel would have been at risk of breaking ethical messages with regards to the acceptability of substance abuse. However, her publicity and recognisability grew and was later encompassed in a gold statue that was said to be one of the biggest since their more common findings in ancient Egypt (CNN 2008). Recent developments have linked the perception of a brand with human attributes, and are often referred to in the literature as the 'human brand' (Thomson 2006). The aim of the advertiser is to link the celebrity attributes to the product; that is to allow the object or brand to become innately associated with the qualities of the celebrity endorser within the mind of the consumer (Seno & Lukas 2007).

## 2.1 Review of Celebrity Endorsement Contracts in Product Advertising

Although many studies analyze the use of celebrity endorsement contracts in product advertising, the primary focus has been to examine how celebrity endorsements influence consumer behavior. For © Global Business and Economics Research Journal. Available online at <http://www.journal.globejournal.org> advertising affect

firm value. Mathur and Mathur (1996) also examine the market value impact of a firm's decision to initiate new advertising agency-client relations. They find a negative impact (Tiger woods' scandal) for firms announcing new accounts with an existing agency. Till and Shimp (1998) examine the potential impact of negative information about a celebrity endorser on consumer's evaluations of the endorsed product. They find that, when a consumer's knowledge structure about the brand and/or about the celebrity is less than fully developed, negative celebrity information can have a significantly negative impact on consumer's brand evaluation. They conclude that such endorsement relationships, which are full of potential benefits, are not without risk. We focused much on the non-celebrity advertisement, to those of the products which have more brand name, low involvement on product and not need to endorse with celebrity. There are several examples of using non celebrity/ unknown person in the advertisement we have been. These are Close-Up tooth paste advertisement, mobile handset to several FMCG products.

## 2.2 Information in Advertisements and Matched Effect of Celebrity

Consumer's perceptions for price, quality and value of product are considered as vital determinate of shopping behaviour and product choice; Lee and Lou (1995). To relate this research with celebrity endorsement, consumer having positive effect in the celebrity endorsement because of transfer of the meaning (McCracken, 1989); in the product through advertisement. There are several characteristics affecting credibility of endorsers such as trustworthy,

example, theories of credibility or physical attractiveness examine the impact of perceived trustworthiness, expertise, familiarity, and likability of the celebrity ( for ex. Sachin Tendulkar, Amitabh bacchan, Shahrukh Khan, MS Dhoni etc.) (Kamins, 1990). Theories of identification address the extent to which an individual perceives they share values with the celebrity (Basil, 1996; Greene and Adams-Price, 1990; Williams and Qualls, 1989). In this context, other relevant research examines contingent conditions that may influence the processes of identification, credibility or attractiveness. Examples include the attractiveness of the celebrity (Kahle and Homer, 1985), the celebrity's expertise of the product (Buhr, Simpson, and Pryor, 1987; Ohanian, 1991), and the number of products endorsed and/or number of exposures (Mowen, Brown, and Schulman, 1979; Mowen and Brown, 1981; Tripp, Jensen, and Carlson, 1994). As argued by Chaney, Devinney and Winer (1991), much of the previous marketing and strategic management research focuses on evaluating consumers' responses to advertisements that created images of celebrities. The need remains to identify whether or not favourable changes in consumer attitude and behavior justify the costs associated with such a strategy (Agrawal and Kamakura, 1995). Several studies have employed event study methodology to examine how changes in a firm's Parmar and Patel Global Business and Economics Research Journal Vol 3 (2): 1-11 ISSN: 2302-4593 1979; Kamins, 1990). The endorser's credibility positively can be enhanced by properly matching with the products being endorsed and those of celebrity. Further there have been a number of studies that have examined whether and under what conditions celebrities make appropriate endorsers for products. For example in India, film star Salimkhan endorsed "Revital" brand energy supplements.

## 2.3 Celebrity and Non Celebrity Endorsement in Advertising

It has-been noticed that more than fifty years using of celebrity in advertisement, Research has shown that the use of celebrities endorsement can have a positive influence on the trustworthiness, remembrance of message,

memory and likeability of the advertisements, hence finally on purchase intentions of consumer (Menon and Rogers, 2001; Pornpitakpan, 2003; Pringle and Binet, 2005; Roy, 2006). Presently, there is no doubt inspired by the declining effectiveness of the different marketing communications (Roozen and Claeys, 2010). The advertising industry is ready to pay more and more to the celebrities.

| S.No | Name of the celebrity    | Earned in ads (cr) |
|------|--------------------------|--------------------|
| 1    | Salman Khan              | Rs. 84.50          |
| 2    | Amitabh                  | Rs. 76.75          |
| 3    | Bachchan                 | Rs. 72.40          |
| 4    | Shah Rukh Khan           | Rs. 70.78          |
| 5    | MS Dhoni<br>Akshay Kumar | Rs. 68.97          |

The following sources has been taken from (www.mapsofindia.com) and (top10wala.in). On the other Parmar and Patel Global Business and Economics Research Journal Vol 3 (2): 1-11 ISSN: 2302-4593 hand, companies have limited control over the celebrity's persona which can also result in high risk and 'no gain' situations (e.g. the 'scandals' sur-rounding celebrities like Michael Jackson, Kate Moss, Britney Spears, Paris Hilton).

Some of the research focused on celebrity advertisement is as follows:

- Till and Busler (1998) found that there should be a congruence between the celebrity and the product in terms of characteristics such as image, expertise or attractiveness Which was supported by Baker and Churchill (1977) and Kahle and Homer (1985).
- Kamins (1990): The celebrity-product match model states that attractive endorsers are more effective when promoting products that was used to enhance one's attractiveness and this impact will be not significant in the case of a product that is unrelated to 'attractiveness'.
- Kahle and Homer (1985) found that in the case of attractiveness related products the use of physically attractive celebrities increased message recall; product attributes, and purchase intention.
- Till and Busler (1998): An attractiveness of celebrity will be also more effective for low involvement products such as low price, than for high involvement products. For products having in technical nature, the expertise factor of the celebrity is a significantly more important factor.

Non celebrity-Branded Products in India, In the FMCG (Fast Moving Consumer Goods) category, some products are neither branded with the celebrity's name. For example, Close-Up, tooth paste. The popular TVC slogan is "Pass aavo na", prevalent in the food related category like Bingo. Another example is Cadbury's five-star chocolate & endorsed by two male characters "Ramesh & Suresh". The use of non-celebrity branding seems to be most prevalent in the food related category like Bingo. As the number of products endorsed increases, consumers' perceptions of celebrity credibility, celebrity likeability and attitude Parmar and Patel

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## **2.4 FMCG product categories**

There are mainly 4 product categories in FMCG:

1. Home and Personal
2. Foods and Beverages
3. Cigarettes
4. Alcohol

We have selected only second categories for this research.

### **1 a. Foods:**

Bakery products - Biscuits, bread, cakes, Snack food, Chocolates

### **1 b. Beverages: Tea & Soft drinks**

## **III. OBJECTIVES OF THE STUDY**

- To study the preference of housewives for using celebrity & non celebrity advertisements.
- To study the influence of demographic factors on housewife's for celebrity & non celebrity endorsers in advertisements.
- To study the influence of psychological factors on housewife's perception for celebrity & non celebrity endorsers in advertisements.
- To identify the correlation between the housewife's purchasing behaviour and celebrity endorsement.
- To find out celebrity endorsement is an effective advertising strategy.

### **3.1 Need of the study**

- To study the values of using celebrity in the advertisement.
- This study helps to identify whether using celebrity build brand credibility or not.
- To study the perception of the housewives towards the purchase of celebrity endorsed food products among south eastern region of Tamil Nadu.

### **3.2 Scope of the study**

The present study has focused on "the impact of celebrity endorsement on consumer buying behavior on food products brand" mainly on two prospective namely celebrity and consumer. Further, the study also covers celebrity endorsement on durable products with special emphases given to the housewives of south eastern region. The study focus on the behavioral pattern and the impact of celebrity endorsements on the purchase attitude of the housewives towards durable products.

## **4. Research methodology and Data Collection**

The study area was confined to south west of Tamil Nadu and Pondicherry region. A non-probability sample in the form of convenience sampling was used. The focus was on the housewife's perception for celebrity & non celebrity endorsers in Television commercial (TVC) for food products. The questionnaires were distributed to a sample population of 300 respondents. The questions are on the base of advertisement, selected those products

where celebrity advertisement observed. (*Example: In toothpaste Shahrukh khan endorsed Pepsodent while Close-up brand endorsed by non celebrity*) Data collection comprises of primary data and secondary data. The primary data has been collected through questionnaires and secondary data from related journals and publications. The questionnaire was based on the initial research model and propositions. Primary data were collected through questionnaire survey. Based on the research problem, the survey will cover three main sectors with sub questions under each sector. The main sector includes: the influence of advertisements on the purchase of food products, a measure of behavioral loyalty and a measure of attitudinal loyalty.

Demographical findings will be processed and presented in bar charts to facilitate the interpretation of this specific type of data and to easily contrast the differences, ANOVA analysis and a correlation analysis will all be used in order to find correlations, relationships and strength of relationships between the different factors found in the study. These specific tests were chosen due to the nature of the study and what the authors intended to investigate. SPSS V.16 was used for data analysis.

## IV. FINDINGS

- Majority of the respondents are from medium age populations.
- The thesis states that 54% of the respondents are agree that Celebrity endorsed products are of good quality because if not the false advertisement may damages their name.
- Results suggest celebrity endorser has an indirect impact on the purchase of food products.
- 76% of the respondents are motivated by the by celebrity endorsement.
- Most of the respondents (44%) are agrees with using celebrity endorsement will increase the brand promotion.
- It is inference that 48% of the respondents agrees that total revenue increases when brands are endorsed by celebrities
- This mediating relationship was applicable to certain types of branding only.
- Majority of the housewives agrees that using celebrity for their advertisement is only because to bring huge recognition for their products.
- This implies that Celebrity Endorsement has an impact on sales on to a little extent and that Celebrities should not always be used to endorse Brands of foreign new products.
- The study reveals that 47% of respondents would be more likely to buy a brand that was endorsed by their favorite celebrity.
- Amongst advertisements featuring celebrities, Pepsi tops the heap with the highest recall of 52%, while 34% goes to Coco Cola and Hindustan products.
- It represents the spending pattern, and displays that the most common spending amount during each purchase opportunity is between Rs.100 to Rs.200, represented by 37 percent.
- The most common sources of information where the respondents find out about food products is on TV advertisements.
- The study reveals that 57% of the respondents are focusing on the reputation of both the product and the celebrity which play an important role in the purchase decision.
- Multiple endorsements create cluttering the minds of the consumer. In case of multiple endorsements by a celebrity, the success of celebrity endorsement for a particular brand depends entirely on the power of the brand.



- Apart from financial gains from the endorsements, brand and own image matching is also vital from celebrity's point of view.
- A celebrity endorsement is useful in the Indian scenario. The amount of impact of the effect varies with the celebrity and the product profile.
- Majority of the housewives (51%) reveal that they believe in social active member and public speakers who has been endorsed in the advertisement.

## V. CONCLUSION

Although, our study has a positive inclination towards the belief that housewives are motivated to buy products as a result of celebrity endorsement. Moreover the respondents also strongly agree that celebrities bring brand equity. The research also indicates that celebrity endorsement helps in brand promotion to the food products. 7. Finally we conclude that Most of the housewives reveal that they believe in the celebrities like social active member and public speakers.

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