

## **IMPACT OF CELEBRITY ENDORSEMENT ON BRANDS AND BRAND EQUITY- A REVIEW CONTRIBUTION TO BRAND LITERATURE**

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### **ABSTRACT**

*In modern marketing strategy, the use of celebrity endorsers is one of the most important concept for brand promotion. Celebrities are the icon of masses. They are believed to give the brand a new face, create brand value and generate demand for the product. Use of celebrities for endorsing the brand leads to generate consumer trust in the brand as they lend their credibility and trustworthiness to the brand. No doubts that the marketers spends huge amount on selecting the right celebrity as building a strong brand requires careful planning and investment. This paper attempts to review the impact of celebrity endorsements in building brand equity with its dimensions. Brand awareness, Brand image and Brand association. This paper also discuss how the celebrity endorsements affects consumer buying decision along with its positive and negative impact on consumer brand association.*

**KEYWORDS:** *Celebrity Endorsements, Brand Equity, Brand Association, Brand Awareness.*

### **Introduction**

The plethora of use of celebrities in advertisements has become more prevalent than ever. Today's marketing researchers developed a perception that this persuasion technique is a winning formula for brand success, creating brand image, developing brand association, increasing sales revenue and most importantly gaining brand loyalty. Today celebrity endorsement has become one of the most popular forms of advertising (Choi & Rifon, 2007). Now day's celebrities are used in advertising everywhere. These celebrities are the spokesperson who promotes and advertise the products and ideas to the target consumers. There are generally three categories of people involved in endorsements; namely sellers, endorsers and target consumers. The sellers ask the endorsers to endorse and persuade the target consumers to buy the product. (Speck et al 1988). Now a days, Celebrity endorsement is one of the most successful method of promoting a product, and one of the trusted method of endorsing a product. When a celebrity is giving his name to the products, he is giving the product a new image, and represents the core value of the brand.

### **Defining Celebrity**

*"A sign of a celebrity is that his name is often worth more than his services" -Daniel J Boorstin*

The term celebrity is associated with those individuals who are popular, frequently in the public eye and have a high profile in sports, entertainment industries among others. They are used to endorse services, products, ideas or organizations (Black Jay et al 1995). They are someone who enjoys public recognition from the market consumers. They use this recognition on behalf of consumer goods, by making an appearance in the advertising (McCracken, 1989) Endorsement is "a channel of communication where celebrities by extending their popularity and personality act as spokesperson of the brand and they certify the brand's claim (Kotler, 2009). In today's competitive market, it is quite difficult for marketers to get their product noticed; celebrity endorsement comes as a rescuer to solve this

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problem. Celebrities give their names to the products, and make it possible to make the product noticeable and easy recognition to the masses. Now it is no doubt has become trend and perceived winning formula to market the product. It is well known, that many industries spent a huge amount on hiring right celebrities for advertising a brand. But this always remains an uncertainty with respect to matching the celebrity with brand values, and also about the return expected to garner the brand. Some celebrities failed to build match up with the brand and the products, Amitabh Bacchan for Maruti Versa, Salman Khan for Active Wheel, Katrina Kaif for Relaxo Flight Hawaii Chappal, and Shahrukh Khan for Lux Beauty Soap to name a few failed celebrity brand endorsements. It is very important to match the values of celebrity with the brand. As an endorser a celebrity must fulfill FRED objectives (Rajesh Lalwani, 2006), i.e. familiarity, Relevance, Esteem, Differentiation. There should be a balance among all the FRED objectives, to make the endorsement successful.

### **Pros and Cons of Celebrity Endorsement Strategy**

Celebrity endorsement is always a two-edged sword. It has a number of positives as well as negative thoughts which are being considered with the number of researchers. This stands true, that if it is properly matched it can do wonders for the company, in terms of returns, reputation, large population trust etc. and if not it may produce a bad image of the company and its brand. There was a discussion about the celebrity endorser's potential impact of negative information on consumer's evaluation of the endorsed products. (Till and Shimp (1998) it was studied that if a brand is trying to develop fully structured knowledge in consumers mind, about the brand and if it is endorsed by the celebrity having negative image or negative information, it can significantly have negative impact on consumers brand evaluation. These endorsement relationship, despite of having potential benefits, it also poses risks.

Celebrities are the important part in advertisement for more than fifty years. Many researches support the fact that the use of celebrities endorsement have a positive influence on the consumers mind through trustworthiness, remembrance and recall the message, likeability and memory of the advertisements, hence finally have effects on purchase intentions of consumer (Menon and Rogers, 2001; Pornpitakpan, 2003; Pringle and Binet, 2005; Roy, 2006). Erdogan, 1999, has given several pros and cons of the celebrity endorsement strategy, which is divided into three parts- namely; *potential advantage, potential hazards, preventive tactics*. Here potential advantage are Attention Increasing, brand introduction, brand repositioning, brand image polishing, and under pinning global campaign. The potential hazards indications are; brand overshadow, Public controversies related to the product, Image change and overexposure, change in image and loss of public recognition, Expensive

Various studies have been done accepting the fact that negative information about the celebrity endorser such as, decline in fame, sudden variation in image get into moral depravity, overshadowing of products and embroilment of celebrity in any controversy these factors not only influences consumers' perception of the celebrity but also the endorsed product (Klebbba and Unger, 1982; Cooper, 1984; Kaikati, 1987; Till and Shimp, 1995, Erdogan, 1999).. These all are potential pros and cons of celebrity endorsement strategy

### **Impact of Celebrity Endorsements on Brand**

The market today is filled to the brim with products, there abundance of substitutes available in the market, this indicates that the product is no longer the decisive factor for consumers. The consumer also looks for the intangible messages connected to it. A product alone is no longer enough – customers usually look for that something extra that makes it stand out from the crowd—the *brand*. The brand distinguishes a company from its competitors using the unique assets connected to the company, which therefore means that having a strong brand is extremely important (Ueltschy & Laroche, 2004, pp.91-92).

A brand is a set of mental association, which is intangible and adds to perceived value of product or services. A brand attempts to effectively inform the consumer about the product offerings. It is the challenge for every marketer to hold consumers attraction, and a brand can do that effectively. Celebrities carry unique identity, by which they communicate consumers through various marketing efforts. Brands aim to take up celebrities to connect to the consumers and embody the brand attitude and values in the consumer. The endorser should be professional and the endorsement should be planned, it is the key of for deciding the success of the endorsement. If a celebrity is associated with the negative publicity, controversy or ill-behavior, this can have negative impact on the endorsement

Mc Cracken (1989), states that celebrity endorsers are the effective source of transferring meaning to the brand. It is believed that endorsers reflect their own personality being dwelled in the

endorsement and transferring the cultural meaning to the product. There is always an uncertainty attached with every endorsement about its return, despite of the fact that industry experts spend a voluminous amount in selecting the right celebrity. Attractive endorsers are more effective, when a product which is being promoted is used to enhance the attractive image of the consumer as compared to unattractive endorsers (Till and Buster 1998). Celebrities are known to make advertising believable and enhance message recall (Agrawal J and Kamakura W.A (1995).



### Brand Equity

According to Marketing Science Institute (2002), one of the major marketing objectives is to assess the strength of Brand equity. Brand equity has gained attention of many researchers and academicians in recent years. Ever since it has been emerged in 1980's, the popularity of brand equity has taken a big leap as it is considered to be one of the most valued intangible assets of a firm. Brand equity as intangible value-added aspect of particular good, is a reflection of how consumer think, feel and act with respect to the brand.

Farquhar (1989, p.24), initially recognized brand equity as something that adds value to the product directly or indirectly. He further adds that brand equity is something that can change consumer's attitude towards a product. He defines Brand equity as the monetary value added by the brand to a product, which clearly defines brand equity as intangible valued asset which gives recognition to the brand.

David Aaker (1991) defines brand equity and clearly relates to the value of Brand. He defines it to be the set of assets and liabilities, which are linked to a brand name, which increases or decreases from the value provided by the product and services of the firm or the value provided by the consumer. Many academicians have defined brand equity in two main perspectives, viz. financial perspective and customer perspective. The term financial it defines it as the brand equity according to the market value of the company's assets (Farquhar et al. 1991; Simon and Sullivan 1990). When looking from the customer perspective, brand equity is referred to the perception of customer towards the brand name (Keller, 1993; Shocker & Weitz, 1994). This can be clearly divided into two basic categories namely consumer behavior (Farquhar, 1989) and consumer perception (Mahajan et al., 1991). Mahajan further adds that consumer perception is further used to evaluate the consumer based brand equity. Farquhar (1989) further suggests that the brand equity can change the consumer attitude towards a product.

Brand equity dimensions include brand association, brand awareness, brand loyalty, perceived quality and brand image. Keller (1993, 2003) states that brand knowledge is a mixture between brand image and brand awareness.

### Impact on Brand Association

In today's competitive scenario, companies invest large sum of money to align brand with the endorsers, so that they can develop a positive association. Brand associations are all the linkages that exist between a brand and the other nodes stored in memory. In order to measure the structure (how information related to a brand is organized in memory) and the content (i.e. brand associations) of an associative network of knowledge that a consumer holds for a brand, the perception the consumer about the brand is also measured. Keller (1993: 11) distinguishes between brand associations and secondary associations. He defines brand association is the associations that are linked to a brand, but not directly

related to the product or service. He adds that because of brand association the Brand gets identified and can be distinguished from other brands. Secondary associations are those associations that arises from primary attributes associations related to the company, the country of origin, the distribution channels, a celebrity or an event." This means that what Keller calls secondary associations are not directly linked with the brand in memory, but that they can be, for example, the brand communicates in this manner. Brand awareness is considered to be an important factor for enhancing familiarity and developing powerful associations with the company's offerings and buying experiences(Keller 1998). It can also have the impact on consumer decision making via strong brand associations.

### **Impact on Brand Awareness**

Brand awareness is the essential element and the important key of brand equity which if often overlooked (Aaker, 1996), and most prevailing selection factors among consumers (Cobb-Walgren et al, 1995). Brand awareness is the durability of brand embedded in customer memory (Aaker, 1996). It was further discussed by Pitta and Katsanis (1995), that there is an inter-relationship between brand awareness and brand association by asserting that the brand awareness of a product can be produced in the consumer's mind prior to brand association of the product is built and embedded in the consumer's memory. Atigan et al. (2005) and Pappu (2005) have also pointed and worked out on the correlation between brand association and brand awareness.

Thus Brand awareness can be formed by the extent to visibility to the consumer, the enhancing familiarity and the powerful associations formed with the buying experiences and related offerings of the brand and could also further influence the customer decision making for buying powerful associated goods( Keller, 1998 .There is a strong inter relationship between brand association and brand awareness as stated by Pitta and Katsanis (1995), stating that the brand awareness can be accumulated in consumers mind much prior to brand association of the product is built and absorbed in the consumer memory. Atigan et al. (2005) and Pappu (2005), states that there is a strong relation between brand association and brand awareness as a result strong brand association with leads to higher brand loyalty. Also the strong and highly effective brand association can create strong brand and brand equity (James, 2005).The customer built strong self-enhancement goals with aspiring groups which creates strong self-brand connections of the consumer to the brand. Aspiring groups are those groups for which consumer wishes to become member (Escalas and Bettmann, 2003. On the other hand these self-enhancers are more likely to reject brand association, if the celebrity endorsement is rejected by the aspiring group

### **Impact on Brand Image**

Brand image comes from consumer's side (Kapferer, 1992; Bhatia, 2012). It is "a set of belief held about a particular brand" (Kotler, 1988). Celebrity endorsements have a huge impact on brands. There were lots of analysis and research done on celebrity endorsements and its impact on brand image. It was found that celebrity acceptability, regional appeal factors, availability, attractiveness, popularity, image, believe system are important factors that impact on celebrity endorsements(Debi Prasad Mukherjee). Brand image is nothing but a brand that is brought to the consumer's mind by the brand association (Keller, 1993). (Ogilvy and Atherton, 1963) argued that the brand image and brand personality are same. It is all about that how the brand is perceived by consumer and it is difficult to change, because brand acquires the personality step by step over a period of time (Moorthi, 2010). Agrawal & Kamakura, 1995, says that the image created into the mind of consumer directly help the consumer to build the brand image. Sen. Gupta, 1990, says that Brand image is the impression of Brand which includes physical, psychological and functional aspect of the brand. Some researchers argued about brand image and brand personality are same as any brand which is started being recognized is said to be acquired the personality step by step over a period of time (Ogilvy and Atherton, 1963).

### **Impact on Brand Loyalty**

Using celebrities in advertisements can be a shortcut for brand to gain recognition besides returns on the financial aspects and brand awareness. This leads to brand loyalty. The concept of brand loyalty is somewhat overlooked, as many studies have limited brand loyalty to the behavioral concept, whereas recent studies propose that to make brand loyalty more comprehensive attitudinal aspects should also be taken along with behavioral aspects. It was found by Grover and Srinivasan (1992) that favorable response is shown by the loyal consumer than to non-loyal customer. Further Aaker (1996) says that brand loyalty is the core of the brand equity. It facilitates introduction of new/premium product to the product line, it creates barriers to the new entrants, it gives time to respond to the competitor action and also safeguard against the competitors prices. It is proved by Bowen and Shoemaker, 1995 that the

loyal customers are less likely to switch to competitor brand just because of the price factor. The loyal customer is much likely to make frequent purchase as compared to non-loyal customers.

### Conclusion

Celebrity is an icon of the masses. It is easy to sell the product in the market using celebrity popularity. The perception of the market consumer changed towards the brand as the superior product, as it is been endorsed by a credible source. Celebrity endorsements are the effective tool for brand promotions. This paper is an attempt to review various researches undertaken for celebrity endorsements. This paper highlights the impact of celebrity endorsements on brand and dimensions of brand equity. It highlights how celebrities are successful to create brand awareness to the target market, infuses likings to the brand to the population by creating strong brand associations. Overall researches on celebrity endorsement reveals the celebrity endorsements have positive impact in introducing new brands in the market, repositioning of a brand and to compete with the rivals brands, improving sales and perusing the customer to buy the product when celebrity expertise , attractiveness and credibility is high. Some studies also reveal the negative impact of celebrity transgression, how the celebrities overshadows the brand and how the young consumers faces depression we they do not achieve what is being promised by the celebrities.

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