Effect Of Celebrity Endorsement On Consumer Perception And Purchase Intention On FMCG Products

Ritu Rani

Research Scholar, School of Commerce and Management, Sri Guru Granth Sahib World University, Fatehgarh Sahib, Punjab, India

Lalit Singla

Assistant Professor, School of Commerce and Management, Sri Guru Granth Sahib World University, Fatehgarh Sahib, Punjab, India

Abstract: This paper attempts to examine the effect of celebrity endorsements on consumer purchase intention and consumer perception in FMCG sector of India. To examine the impact on purchase intention we used three attributes: likelihood, willingness, and probability of buying a product. To determine consumer perception the attributes considered were - informative, useful, favourable, positive and good. The data for the research was collected between July, 2016 to Jan 2017. Our results showed that consumer perception towards attributes of Purchase Intention (PI) and perception varies significantly with respect to occupation but not with respect to gender. Housewife's had the greatest impact of celebrity endorsement as compared to other professionals. On the other celebrity endorsement had the greatest impact on the perception of self-employed people.

Keywords: Celebrity endorsement, consumer perception, Perceived effect (PE), Perceived infomercial (PF), Purchase intention (PI).

I. INTRODUCTION

In the journey to expand the viability of advertising, marketers and researchers have tried to persuade the customer. Corporate positioning and Eye catchy advertisements are two important mantras for the product success. Everyday consumers are bombarded with thousands of advertisements on TV& Radio, billboards, posters, websites and many more. There are intense competitions in the market. Changing lifestyle of consumers has driven the marketers to focus more on enticing advertisements for promoting their products. Every marketer tries to persuade a consumer in different way. Celebrity endorsement is one of them. Nowadays this is very fancy and popular strategy. The focus is on attracting customer attention and grabbing the consumer minds for their products.

In a market where advertisement is playing a pivotal role to influence the customers, it becomes important for all companies to do effective measures to motivate and inculcate desire to purchase to effective advertisement (Ohanian,1991). As per Nielsen report around $78 billion dollars are spent on TV ads annually. In less than 20 years (since 1995), the amount of Indian TV households has increased by 40%.

Celebrities are those people who enjoy specific public attention. They have uncommon attributes like their stylish lifestyles, sexy/beautiful personality, and attractiveness. Celebrities can be actors, models, TV-serials, entertainer and sports personality etc. (Friedman and Friedman, 1979). Using well-known and famous personality to promote products is a popular strategy with a long marketing history (McCracken, 1989). A celebrity is chosen on his/her Trustworthiness/ Expertise/Attractiveness (TEA) (Ohanian, 1991).

Celebrity endorsement is expensive communication tool, but still marketers use this tool to lure, retain and recall the consumers. A big chunk of money is spent on celebrity endorsement. It has been observed that products endorsed by celebrities are worshipped by consumers (Knittel & Stango, 2013). Previous empirical (Prasad, 2013; Oyeniyi, 2014) and exploratory (Gnanapragash & Sekar, 2013) studies have found that celebrity endorsement positively affects the purchase intention of buyers. This implies that purchase rate of products endorsed by celebrities are better than those endorsed by non-

celebrities. Analysis of past studies stated that celebrity endorsement has a significant effect on consumer minds (Chavda, 2012; Nelson, Tunji & Gloria, 2012). This is because such products are embedded with uniqueness and expected quality features to satisfy consumers need. The rationale behind the strategy is that famous face in brand can easily draw attention and influence the consumer perceptions towards the brand. In India, a celebrity adulation is on extreme among consumer and they enjoy their huge fan following. (Erdogan, 1999).

Celebrity endorsement influences the purchase intentions of the consumer, that's why companies believe in association-endorser with product attributes. Any mismatch leads negative outcomes. Generally, consumers try to correlate endorsers with endorsed products. A marketer mainly focuses on commonalities between celebrity and product. The effect of a celebrity endorsement is impacted by various elements like the image and fame of celebrity, appropriate match between product and celebrity, the attractiveness of the advertisement, and the frequency of the advertisement in electronic and print media (Sharma, 2016). For example, Yami Gautam is a brand endorser of Fair & Lovely and Shahrukh khan is brand endorser of Fair & Handsome. Studies has also revealed that females are more attracted towards the celebrity endorsement than men. Hence, Companies prefer female celebrities than male celebrities as endorsers (Chan, Leung & Luk, 2013).

The fast-moving consumer goods (FMCG) segment is the fourth largest sector in the Indian economy. The growth rate of FMCG in India is estimated to increase from US$ 30 billion in 2011 to US$ 74 billion in 2018. Household and personal care is the leading segment and captures 50% of the overall market. Health care (32%) and Food & Beverages (18%) comes next in terms of market share. Growing awareness, easier accessibility and changing lifestyles of consumers have been the key growth drivers for the sectors. Hair care is the leading segment in personal care, accounting for 23% of the overall market in terms of revenue. Food Products comes second in the segment, accounting for 18% of the share, followed by health supplements and oral care which has a market share of 18% and oral care has a market share 16 %.

Our study will examine the impact of celebrity endorsement on consumer perception towards FMCG products.

II. REVIEW OF LITERATURE

Malhotra (2013) examined that celebrity endorsement is merely a channel not a business expansion strategy. She used descriptive research design for this study. The target audience age group people between 25-35 were more influenced by celebrity endorsed products. They relied upon celebrity ads but didn't mean that they ignored the product quality in FMCG.FMCG companies, who endorsed celebrities in their product advertisement left 75% impact on the Target consumers.

Ghani & Kakakhel(2011) attempted to explain that the perception of youth towards the celebrity endorsement was noticeable. But merely celebrity endorsement was not that much influenced their purchase intention. There were others

factors like quality and price of the products who also played a pivotal role to change the mind of consumers.

Agrawal & Kamakura(2005) examined the impact of celebrity endorsement contract on the profitability of the firm by using event study methodology. 110 celebrity announcements were analysed. There were positive abnormal results to sponsoring companies was observed on the event day. There was record gain of .44% in their market value. Multiple celebrity endorsements, negative publicity and cost associated with celebrities also leads to decreasing returns in the market value.

Knittel & Stango(2013) confirmed the direct relationship between celebrities' scandal and brand endorsements. Study also confirmed that once the scandal revealed in media afterwards it had badly hit the stock value of the sponsors too. But authors didn't estimate the decline in value for short term or long term. Author conducted non-parametric sign and Rank test to calculate the abnormal return of scandals. In case of Further research, using more data from a broader set of scandals may be found out whether there is reaction or overreaction to celebrity scandals.

Amos, Holmesb & Strutton (2008) in their study examined quantitative relationship celebrity endorser effects and effectiveness in advertising. Author choose students as a sample and analysed that celebrities have a great effect on students as compared to non-sample data. Meta-analysis infers that positive celebrity information supports celeb/pro fit whereas negative celebrity information also criticizes celeb/pro fit. Meta-analysis also revealed that source trustworthiness, expertise and attractiveness influenced more than the celebrity credibility source effect.

Goldsmith, Lafferty & Newell (2000) said that endorser credibility and corporate credibility is independent terms. Endorser's credibility only works through attitude towards advertisement but on the other side of coin corporate credibility works through all the advertising effectiveness variables. And the study concluded that corporate credibility is endorsers credibility which had stronger effect on purchase intent than the corporate credibility.

Jamil & Hasan (2014) in their study revealed that celebrity congruence is pivotal factor in celebrity endorsement. Consumers always believe Product and celebrity match up theory, because they think celebrities consumed the same products endorsed by same. Authors considered Indian as well as Pakistani celebrities for their studies and concluded that Pakistani celebrity were more knowledgeable than Indian celebrities. Indian celebrity was more attractive than Pakistani and for credibility ads were not enough credible due to multiple endorsement celebrities which are not reliable nowadays.

Kotler & Armstrong (2010) found that Age and Gender has significant effect on the buyer's behaviour. These two factors play a pivotal role in segmenting and targeting a market. These factors are accounted for celebrity endorsement as well. Today's marketers considered life cycle stages not merely age to cover the whole market with appropriate strategies.

White, Goddard & Wilbur (2009) pointed that there is negative outcome of celebrity endorsement in terms of multi

endorsement by celebrities and involvement of celebrities in negative incidents.

Daneshvary & Schwer (2000) worked on the association endorsement and consumer intention to purchase. They found a positive relationship of income with association-endorsed products. High income group people more likely to buy than less income group. Women were more tendered to buy association-endorsed products than men. Education has negative relationship with association-endorsed products. Less educated people are more influenced to buy than college students.

III. NEED AND SIGNIFICANCE OF THE STUDY

This study examined the effect of celebrity endorsement in the minds of customers that how a customer see big name embraced ad and which is the real component that impacts them to lean toward their decisions from numerous brands available. This paper investigates how the different attributes within celebrity endorsement are appealing to the various occupation groups and gender of consumers.

IV. OBJECTIVE OF THE STUDY

- ✓ To study the effect of celebrity endorsement of FMCG products on consumer purchase intention
- ✓ To study the effect of celebrity endorsement of FMCG products on consumer perception of products.

HYPOTHESIS

- ✓ H1: There is no significant effect of occupation on the purchase intention of a consumer for celebrity endorsed FMCG products.
- ✓ H2: There is no significant effect of gender on the purchase intention of a consumer for celebrity endorsed FMCG products.
- ✓ H3: There is no significant effect of occupation on the consumer perception about celebrity endorsed FMCG products.
- ✓ H4: There is no significant effect of gender on the consumer perception about celebrity endorsed FMCG products.

V. RESEARCH METHODOLOGY

To study the effect, a convenience sample of 150 people is collected using questionnaire. The people involved in the study belonged to different professional backgrounds and all belonged to the Jalandhar district of Punjab. Out of 150 people 55% were male and 45% were females. The percentage of people as per each profession is shown in table 1.

	Student	Self Employed	House Wife	Private job	Govt. Job
Male	22%	28%	Nil	25%	25%
Female	18%	15%	25%	22%	20%

Table 1: Demographic data

The questionnaire is based on scale developed by *Lepkowska-White, Brashear, and Weinberger (2003)* which helps identify the purchase intension of the consumer based on his likelihood, probability and willingness to buy a product was used to evaluate first objective. The second part of the study is study the how much infomercial are the ad products endorsed by any celebrity. For this scale developed by *Sundar & Kalyanaraman (2004)* is used.

For analysis t-independent and ANOVA test are performed using the SPSS software.

VI. DATA ANALYSIS AND INTERPRETATION

Cronbach's Alpha is used as the standard for reliability test. The Cronbach's Alpha for the two scales as shown in table 2 and table 3 was .853 and .791 for scale used for objective 1 and 2 respectively showing that the data was highly reliable.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.852	.853	3

Table 2: Reliability table for Purchase Intention

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.792	.791	5

Table 3: Reliability table for perceived information

Table 4 shows that the likelihood of students, self-employed and housewife towards buying a celebrity endorsed product is high as compared to people in private doing jobs. The probability of all kind of people to buying a celebrity endorsed product is high with house wife having the highest probability of buying the products. Same is the case for willingness towards buying a celebrity endorsed product.

		Mean	Std.	F	Sig.
Likelihood	student	4.0000	1.19523	1.153	.333
	Self Employed	3.0500	1.10824		
	house Wife	3.4583	.88363		
	Private Job	2.9636	1.18577		
	Govt. Job	2.7368	1.24017		
Probability	student	3.9400	1.18511	2.497	.024
	Self Employed	3.3500	1.00128		
	house Wife	4.6667	1.12932		
	Private Job	3.1818	1.10706		
	Govt. Job	3.2105	1.18223		
Willingness	student	3.0800	1.27520	1.182	.048
	Self Employed	3.4000	.92819		
	house Wife	4.6167	1.17646		
	Private Job	3.1091	1.18122		
	Govt. Job	3.4211	1.26121		

Table 4: Occupation wise effect on purchase intention

Table 4 also shows the effect of likelihood, probability and willingness. Results indicate that there is significant effect of celebrity endorsed products on the probability and willingness of a consumer to buy a product based on their occupations.

		Mean	Std.	F	Sig.
Likelihood	Male	2.7396	1.13550	3.896	.050
	Female	3.0625	1.13149		
Probability	Male	3.0625	1.20361	.036	.850
	Female	3.0938	1.07682		
Willingness	Male	3.1354	1.20193	.187	.666
	Female	3.2083	1.13246		

Table 5: gender wise effect on purchase intention

Based on the gender it is observed that females are more effected by celebrity endorsed products as compared to males as is evident from table 5. But only the likelihood of buying a celebrity endorsed product has significant effect based on the gender.

The infomercial level was judged based on five factors – informative, useful, positive, favourable and good. A 5 point scale was used where 1 means highly infomercial and 5 means least infomercial. Results in table 6 show that both male and female found the celebrity endorsed products to be more infomercial. There was significant effect of gender only on one factor i.e. goodness of the celebrity endorsed products.

		Mean	Std.	F	Sig.
Informative	Male	2.7500	2.42719	.786	.376
	Female	2.3333	1.26213		
Useful	Male	2.7708	1.07095	2.09	.150
	Female	2.5521	1.02464		
Positive	Male	2.7396	1.10734	1.43	.233
	Female	2.5521	1.06494		
Favourable	Male	2.6771	1.09058	.364	.547
	Female	2.5833	1.06293		
Good	Male	2.9583	1.32122	7.07	.008
	Female	2.4792	1.16961		

Table 6: Gender wise effect on perception

Regarding occupation also the same trend is observed as shown in table 7. People belonging to almost all occupations found the celebrity endorsed products to be infomercial except for house wife who did not found the products to be very informative and people in jobs who did not found the products to be good. Results also show that there was significant effect of occupation towards the consumer perception of the products endorsed by a celebrity.

Thus we can say that the hypothesis H1 and H3 were rejected while H2 and H4 were accepted.

VII. IMPLICATION OF THE STUDY

This paper will significantly contribute to the idea of celebrity endorsement. The companies need to focus on the consumer who are working. The mean values show that although these people get influenced by celebrity endorsement but not to the extent as are students vand house-wife (non-working). Same is the case with consumer perception towards celebrity endorsed products. The results are just above the average mark and hence the companies have a lot of grey

areas to improve upon so that the consumer's perception is strongly impacted.

		Mean	Std. Deviation	F	Sig.
Informative	Student	2.1400	1.12504	1.486	.035
	Self Employed	1.2000	1.26491		
	house Wife	4.2500	8.57828		
	Private Job	2.4182	1.19708		
	Govt. Job	2.0684	1.34208		
Useful	student	2.4200	.94954	2.039	.043
	Self Employed	2.5000	1.03775		
	house Wife	2.7917	1.10253		
	Private Job	2.8909	1.08308		
	Govt. Job	2.6316	.89508		
Positive	student	2.2600	1.02639	1.922	.059
	Self Employed	2.8000	1.06699		
	house Wife	2.7917	1.02062		
	Private Job	2.7818	1.14973		
	Govt. Job	2.5789	.96124		
Favourable	student	2.3200	1.05830	1.163	.028
	Self Employed	1.7000	1.18105		
	house Wife	2.7500	1.03209		
	Private Job	2.6909	1.01603		
	Govt. Job	2.8421	.89834		
Good	student	2.2400	1.22157	2.511	.023
	Self Employed	2.6000	1.23621		
	house Wife	2.7083	1.08264		
	Private Job	3.0545	1.25341		
	Govt. Job	3.1579	1.30227		

Table 7: Occupation wise effect on perception

VIII. CONCLUSION

Results of this study show that celebrity does play a role in having an impact on the purchase intensions of the consumer while buying a FMCG product. Also the consumer perception varies for products endorsed by celebrity. While there was no significant difference in the purchase intention of consumers based on gender but occupation did have a significant impact on the purchase intention of the consumer. Similarly, occupation had a significant effect towards the perception of consumers towards celebrity endorsed products but gender had no such effect. But as a consumer people have positive effect of celebrity endorsement. The mean values show that consumers are more likely to buy a product that is endorsed by celebrity and their perception towards such products is also optimistic. Our study also stamps the fact that females are more influenced by celebrities than men.

Our sample size was 150 respondents of Jalandhar city, so in future research can be done on a large scale and taking respondents from different cities. Results may also vary by

age, because consumer attitude and purchase intention change as their age group changes. Also the future research can be oriented towards particular product categories of household and personal care.

REFERENCES

[1] Agrawal, J., & Kamakura, W. A. (1995). The economic worth of celebrity endorsers: An event study analysis. The Journal of Marketing, 59(3), 56-62.

[2] Amos, C., Holmes, G., & Strutton, D. (2008). Exploring the relationship between celebrity endorser effects and advertising effectiveness: A quantitative synthesis of effect size. International Journal of Advertising, 27(2), 209-234.

[3] Chan, K., Leung Ng, Y., & Luk, E. K. (2013). Impact of celebrity endorsement in advertising on brand image among Chinese adolescents. Young Consumers, 14(2), 167-179.

[4] Chavda, V. (2012). A study of the role & effectiveness of celebrities in advertisements. Indian Journal of Marketing, 42(6), 23-36.

[5] Daneshvary, R., & Schwer, R. K. (2000). The association endorsement and consumers' intention to purchase. Journal of consumer marketing, 17(3), 203-213.

[6] Erdogan, B. Z. (1999). Celebrity endorsement: A literature review. Journal of marketing management, 15(4), 291-314.

[7] Friedman, H. H., & Friedman, L. (1979). Endorser effectiveness by product type. Journal of advertising research, 19(5), 63-71.

[8] Ghani, U., & Kakakhel, T. (2011). The impact of celebrity endorsement on the youth of Pakistan. International Conference on Business and Economic Research, Singapore, 16, 79-83.

[9] Gnanapragash, T. J., & Sekar, P. C. (2013). An Exploratory Study of Ethical Perspectives of Celebrity Endorsements. Indian Journal of Marketing, 43(9), 5-13.

[10] Goldsmith, R. E., Lafferty, B. A., & Newell, S. J. (2000). The impact of corporate credibility and celebrity credibility on consumer reaction to advertisements and brands. Journal of advertising, 29(3), 43-54.

[11] Jamil, R. A., & Rameez ul Hassan, S. (2014). Influence of celebrity endorsement on consumer purchase intention for existing products: a comparative study. Journal of Management Info, 4(1), 1-23.

[12] Knittel, C. R., & Stango, V. (2013). Celebrity endorsements, firm value, and reputation risk: Evidence from the Tiger Woods scandal. Management Science, 60(1), 21-37.

[13] Kotler, P. & Armstrong, G. (2010). Principles of Marketing. Pearson Education.

[14] Lepkowska-White, E., Brashear, T. G., & Weinberger, M. G. (2003). A test of ad appeal effectiveness in Poland and The United States-the interplay of appeal, product, and culture. Journal of Advertising, 32(3), 57-66.

[15] Malhotra, S., (2013). Impact of Celebrity Endorsement on a Brand. Available at SSRN: https://ssrn.com/abstract=2361693 or http://dx.doi.org/10.2139/ssrn.2361693

[16] McCracken, G. (1989). Who is the celebrity endorser? Cultural foundations of the endorsement process. Journal of consumer research, 16(3), 310-321.

[17] Nelson, O., Tunji, O., & Gloria, A. (2012). The dysfunctional and functional effect of celebrity endorsement on brand patronage. Online Journal of Communication and Media Technologies, 2(2), 141.

[18] Ohanian, R. (1991). The impact of celebrity spokespersons' perceived image on consumers' intention to purchase. Journal of advertising Research, 31(1), 46-54.

[19] Oyeniyi, O. (2014). Celebrity Endorsements And Product Performance: A Study Of Nigerian Consumer Markets. Management & Marketing-Craiova, 122(1), 41-51.

[20] Prasad, C. J. (2013). Brand endorsement by celebrities impacts towards customer satisfaction. African Journal of Business Management, 7(36), 3630.

[21] Sharma, Y. (2016). Celebrity Endorsements in an Indian Perspective: A Review. Indian Journal of Marketing, 46(11), 50-58.

[22] Sundar, S. S., & Kalyanaraman, S. (2004). Arousal, memory, and impression-formation effects of animation speed in web advertising. Journal of Advertising, 33(1), 7-17.

[23] White, D. W., Goddard, L., & Wilbur, N. (2009). The effects of negative information transference in the celebrity endorsement relationship. International Journal of Retail & Distribution Management, 37(4), 322-335.