

FACTORS AFFECTING SALES OF CELEBRITY ENDORSED PRODUCTS: A CROSS COUNTRY ANALYSIS

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Abstract: Celebrity endorsements for various services and products have been happening since so many years. It is considered an effective strategy for marketing your goods and services with a celebrity. This might not be agreed by all because there are products and services that sell well without any endorser. According to the report from the United Nations, the number of Indians who are currently residing outside India is 16 million and this is not a small number. The scope of this study was to identify what are the key factors of an endorser that people consider would enhance the effectiveness of the endorsement which will thereby improve sales. The location of the respondent has an important role in this study. The conceptual model was developed after going through various articles on celebrity endorsements. The sample size used for this study was 272 and it included Indians who are currently living in India and non-resident Indians. The main motive of this research was done to check if the views of people in relation to celebrity endorsements had any variation based on location. The results showed that celebrity familiarity had a significant impact in both the regression models while celebrity centric conversations were significant only with responses from Indians living in India.

Keywords: celebrity endorsements; effective strategy; attributes; effectiveness; sales

1. Introduction

There has been research done in the past on factors that influence celebrity endorsements. The contribution of this research is that it tests if these factors had a different impact if the person was away from his or her home country. The sample used is limited to Indians and Non-Resident Indians. Producing products efficiently is an important challenge faced by most companies but it doesn't end there because without good sales of those products, a company cannot attain profits. This is suitable to any industry and there comes the role of celebrities. The celebrity endorsements were mainly done by means of television and print media before internet came into existence. Now many of the endorsements are happening online. To create strong relationships with consumers integrated marketing communication is done through the internet. This has

totally changed the phase of endorsements as consumers are attracted mainly through media over the internet [1]. Advertising is always considered as the most familiar commercial tool implemented by marketers present across various organizations. Target advertising basically targets a specific segment and this is also another good method and it is used to improve the capability of advertisements. [2]. With all the advancements in how advertisements are reaching the consumers it is still not clear what attribute of the celebrity makes the endorsement more effective from a consumer's point of view and that's where this study is useful. Many might argue that the presence of an endorser is not necessary for a product to do well in the market. In this study we will see the factors that will help us improve the effectiveness of an endorsement. The main focus is on the attributes of the celebrity endorser as they have high chances of drawing the attention of the consumer.

2. Literature Review

A. Celebrity Endorsements Improves Product Sales

In the last decade celebrity advertisements have been the most successful and prevalent form of advertising [3]. A lot of research has been done on celebrity endorsements and its impact on the minds of the consumer. These celebrity endorsements are currently used in most sectors especially the FMCG division where products range from hair oils to fairness creams. These are promoted by different celebrities. Apart from this, celebrities' endorsers are also prominent in real estate, medical, educational and other sectors. This study also aims in establishing a relationship between celebrity endorsements and product sales.

B. Issues with Celebrity Endorsers

The most common issue is that endorsements by celebrities are expensive mainly due to their status and popularity. Companies will have to shell a lot of money to hire a popular celebrity. This is because if the celebrity is not popular then the advertisement campaign will not be very effective. The other issue is negative publicity that a celebrity can gain from the

media or the public [4]. If some controversy is surrounding a celebrity endorser then it can also cause harm to the brand that is being endorsed. If you have a celebrity with a negative image endorsing your brand then the consumers are less likely to purchase. Negative publicity has the capacity to weaken the attitude of the consumer towards sponsor brands [5]. There have been many actors and actresses who have been removed as endorsers for a product after they gained negative publicity. The Internet and social networking technologies allow a greater and faster dissemination of countless images and stories about celebrities [6]. Hence companies must be very careful when appointing celebrity endorsers for their brand.

3. Conceptual Model and Hypotheses Development

This conceptual model was developed after reading through many literature reviews on celebrity endorsements. This study mainly focuses on the elements that effect the impact of endorsements by celebrities on the sales of a product. These factors include celebrity attractiveness, celebrity trustworthiness, celebrity familiarity, important features of the celebrity, the differential impact of a celebrity on men and women, creating awareness about your favorite celebrity and other factors such as age and gender.

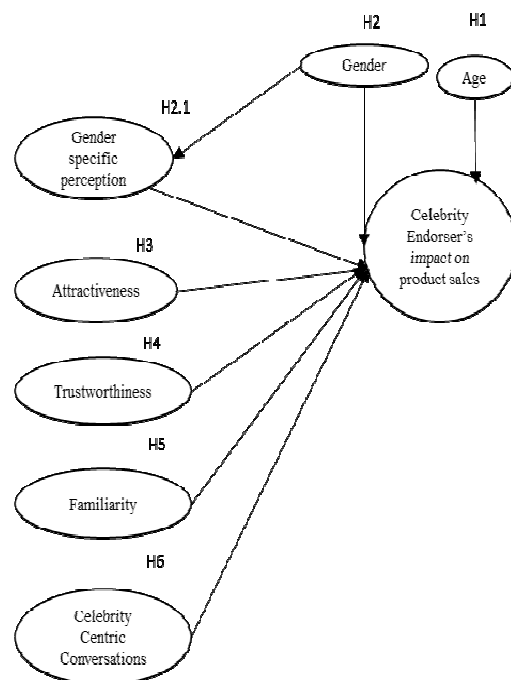


Figure 1. Conceptual Model

C. Age group

The people belonging to the younger generation are more likely to attain better information about their favorite celebrity endorsers and this is done with the help of various social media platforms. There is a pattern in which people shop and it varies across different age groups [16]. Age group is an important variable in this research because the percentage of older Indian population living abroad is lesser compared to the older population in India. The Perception of an endorsement can vary among people due to their age. The people who are youthful are more active on the internet and it is the best platform for marketers to showcase their advertisements.

H1: Younger the age group of the consumer, higher would be the positive impact on sales of celebrity endorsed product.

D. Gender and Gender Specific Perception

Celebrity endorsements always create news and this improves the overall popularity of both the brand as well as the company [7]. There is a lot of variation when it comes to how people from different genders receive information that is given through endorsements. An advertisement by a celebrity can have a different impact on a man and a woman. The way women and men process information can vary significantly. For example, in the case of beauty products such as fairness creams and body lotions, women might feel safer if a female celebrity endorsed that product rather than a male celebrity. Many people believe that a brand is just another symbol but in reality it is way more than that and it has a larger scope [8]. It is very essential to identify which celebrity would be the ideal endorser for your endorsement.

H2: Female consumers have higher chances of positively influencing sales of the celebrity endorsed product.

H2.1: Female customers will perceive celebrity endorsements differently and this can positively influence the sales of the celebrity endorsed product.

E. Attractiveness of the Celebrity

Consumers attention is usually drawn towards and advertisement if it is attractive. Attractiveness of the endorser is a very important factor. If the endorser is attractive then the endorsement is likely to gather more attention from the consumers. For products like cosmetics and perfumes it is seen that an attractive celebrity outperforms and unattractive celebrity [9]. Endorsements usually feature celebrities who are attractive celebrities and this is mainly done in order to improve the overall performance of the endorsement. Attractiveness of the celebrity endorsing matters a lot

for various types of products. The attitude towards endorsements where celebrity endorsing a durable product refrigerator was higher and it increased for non-durable products like milk [10].

H3: Higher the attractiveness, higher would be the sales of the celebrity endorsed product.

F. Trustworthiness of the Celebrity

The trustworthiness of endorser plays a crucial role in endorsements especially when it comes to winning the trust of the consumer. Trust is a very important factor in any business. If people trust a particular brand based on past experiences then they are more likely to stick to that brand. Consumers want to get what was promised to them and that is why trust is a very important factor. Once a consumer has lost trust towards a particular brand then he or she is most likely to switch to another brand. Products can be communicated in way that the customer would feel it is of premium quality[11]. Retaining consumers is a difficult task for any brand so maintaining trust is very important. The celebrity can endorse multiple products at the same time and this has an impact on the trust quotient. If a person is well known by a large number of people then he or she is a celebrity. Trustworthiness is a key attribute which is possessed by the celebrity endorser and it is observed by the consumers [12].

H4: Higher the trust, higher would be the sales of the celebrity endorsed product.

G. Celebrity Familiarity

The familiarity can depend upon various factors. Knowledge about the celebrity can increase the familiarity. The familiarity of the endorser has a crucial role in the mind of the consumer and this impacts decision making. Brand experience happens over many years and this does create an emotional bond between the brand and the customer [13]. Millennials had little purchase intent for products that were endorsed by unfamiliar celebrities, but the unfamiliar celebrity led to favorable evaluations of the advertisement [14]. Factors such as physical appearance and stardom of the celebrity can increase familiarity to a large extent. In a marketplace for sports brand familiarity is said to have a moderating effect on the brand attitude [5]. If people are not familiar with a particular celebrity, then they will not be able to accept that celebrity as an endorser for their favorite brand.

H5: Higher the familiarity, higher would be the sales of the celebrity endorsed product.

H. Celebrity Centric Discussions

This is an important independent variable in this study. Culture has a big role in this research as it can vary from one country to another. This is because if the person talks about his or her favorite endorser who is a celebrity to his friends then, those friends are likely to get influenced and might purchase that particular product. The consumers can also be classified as the people with only good intentions who just want to share information [1]. Marketers are trying to make people interact in social media about latest endorsements as they believe this will boost the effectiveness. Negative publicity can happen due to negative reviews are also likely to be shared by person so brands need to make sure there they offer the best products or services[15].

H6: The more people talk about their favorite celebrity endorsers to their peers, higher would be the sales of the celebrity endorsed product.

4. Methodology

A. Questionnaire Development and Measures

The questionnaire was formulated after going through many articles that were relevant to my research question. The questionnaire measured different characteristics of an endorser who is a celebrity. The other questions asked were about the impact of a celebrity endorser on men and women and if the person would talk about his or her favorite celebrity to peers. The question about whether a product will be more saleable with a celebrity endorser promoting it was also asked. The scale that measured attractiveness was adopted from [17]. The scales that were used to measure familiarity and trustworthiness was adopted from [5][18]. Few questions were asked in the form of a linear scale. The other questions asked basic information of the respondents such as age and gender.

B. Data Description

For the purpose of this study data was collected from Indians who are currently living in India and Indians who are living abroad. There were a total of 272 responses that were collected. The following Table I will describe the sample size that was collected for this study. The data collection began in the month of February, 2018. In India the data was collected from various cities across the country. The sampling method used was non-probability sampling. The data from outside India mostly comprised of responses from UAE, Kuwait, USA and other countries. The data had respondents from genders male and female.

Table 1. Description of Sample

Location	Sample Size
India	172
Outside India	100

C. Empirical Model

The model that was used to test the hypothesis

$$PCS = \beta_1 + \beta_2 ATT + \beta_3 TRS + \beta_4 FAM + \beta_5 AWR + \beta_6 Age + \beta_7 IMW + \beta_8 G + \beta_9 GIMW + U \quad (1)$$

Where,

PCS = Products with a celebrity endorsing it are more saleable

Age = Age Group

G = Gender

IMW = Gender Specific Perception

GIMW= Moderating effect of gender on the Gender Specific Perception

ATT= Attractiveness of the celebrity

TRS = Trustworthiness of the celebrity

FAM= Celebrity familiarity

AWR= Celebrity Centric Conversations

U = Error term

This model was estimated using ordered logistic regression. The ordered logistic regression was performed using Stata Software.

5. Results, Discussion and Future Research

In this section the results attained after analysis is discussed in detail and it contains two tables. The data in the table consists of the Odds Ratio, the p-value and the coefficient. The results shows that the variables are significant at 1%, 5% and 10% levels.

Table II consists of the results that were attained after performing ordered logistic regression on the data that was collected from Indian respondents living in India.

Table 2.

Independent Variables	Results of the Regression model		
	Odds Ratio	Coefficient	P- Value
Attractiveness	.9798	-.0203	0.679
Trustworthiness	.9990	-.0009	0.987
Familiarity	1.330	.2858**	0.000
Celebrity Centric Conversations	1.481	.3931**	0.005
Age group	.9391	-.0627	0.549

Independent Variables	Results of the Regression model		
	Odds Ratio	Coefficient	P- Value
Gender Specific Perception	2.584	.9495**	0.000
Gender	3.771	1.327	0.302
Moderating effect of Gender on Gender Specific Perception	.5362	-.6232	0.068

a. Note: *, ** imply significance at the 5% and 1% level respectively

Table III consists of the results that were attained after performing ordered logistic regression on the data that was collected from Non-Resident Indians.

Table 3.

Independent Variables	Results of the Regression model		
	Odds Ratio	Coefficient	P- Value
Attractiveness	1.037	.037	0.567
Trustworthiness	.9217	-.081	0.136
Familiarity	1.144	.135*	0.036
Celebrity Centric Conversations	1.052	.050	0.759
Age group	.9596	-.041	0.769
Gender Specific Perception	2.329	.845**	0.004
Gender	6.113	1.81	0.172
Moderating effect of Gender on Gender Specific Perception	.7174	-.332	0.361

b. Note: *, ** imply significance at the 5% and 1% level respectively

From the results we can see that factors like celebrity attractiveness and trustworthiness did not a significant impact on the effect on the dependent variable. Age group also showed the same result as it did not have much significance. However celebrity familiarity had a significant impact in the results from both the regression models. Familiarity refers to the knowledge about a celebrity, their stardom and other features. The next variable that had a significant impact was the gender specific perception. It was significant in both the regression models. The other variable that had a significant impact was celebrity centric conversations in the responses from India model. This variable however did not have an impact in the model with responses from Indians living abroad. Gender, had a moderating effect on the variable, gender specific perception in the Indian responses model. It was at 10%

significance level. It shows that men are having a negative relation with the variable which proves that women are more likely to be impacted by celebrity endorsers. This was not significant in the other model.

6. Limitations

The limitation of this study is that it focuses only on the product sales due to a celebrity endorsement. There are other important factors such as brand image and brand value that can be done in further studies. Research can also be done to find out if the brand or the celebrity has a greater influence on consumers who are living in their country and outside. A larger sample size can also be used.

7. Conclusion

There have been a lot of researches done on celebrity endorsement effectiveness and the factors that influence it. There is no study that is done before which compared the responses of Non-Resident Indians and Indians living in India on the factors that influence the sales of celebrity endorsed products. The variables that were used in this study are significantly different from the rest. This was done under the assumption that when the location changes, the attitude of a person also changes. This study has proved that talking about your favorite celebrity endorser to your peers had a significant impact in India but not outside. After social media platforms came into existence it has become easier for people to interact with their friends and discuss about the latest happenings. If a person talks about his or her favorite celebrity endorser to his peers then he or she can influence them to start liking that endorser and this can lead to a positive impact on the sales of a product endorsed by that celebrity. The most common applications that are used these days for communicating with p is Facebook, WhatsApp and other social media applications. They can conduct contests where the consumers get to interact with their celebrity endorser. Brands should no longer focus only on the celebrity instead they should focus on making their consumers as influencers. The only problem that brands face is negative reviews from the consumers to peers.

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