DOES CELEBRITY ENDORSEMENT INFLUENCE BRAND EQUITY

Dr. P. K. Abdussalam,
Assistant Professor on Contract,
Department of Commerce and Management Studies, University of Calicut, Kerala, India.

Dr. B. Johnson,
Professor and Head,
Department of Commerce and Management Studies, University of Calicut, Kerala, India.

ABSTRACT

Brand equity is one of the more popular concepts in marketing today. It is the added value that a brand brings to a product or service beyond the functional benefits provided. Advertising is an effective and powerful marketing tool adopted by marketers to create and promote awareness for their products or brands. Among the many forms of advertising celebrity advertisement is more popular and attractive. Celebrities are famous figures who enjoy public reputation on behalf of consumer goods. All over the world celebrities as spokespersons have been used for promoting wide varieties of brands. The aim of the paper is to analyse how far the presence of a celebrity in an advertisement enhances brand equity. Five key attributes of the celebrity is analysed against the various components of brand equity and the result reveals that the celebrity endorsement acts as an effective source of promoting brand equity.

Keywords: Attractiveness, Brand Equity, Brand Loyalty, Celebrity, Endorsement, Expertise.

INTRODUCTION:

In the modern era of information and communication explosion and media influence, advertisements play a major role in shaping the thinking of a consumer. Brand equity is the financial value associated with a brand. In modern competitive world it is not easy to build brand equity. Companies can enhance the brand equity for their products or brands by making them unforgettable by adopting the services of various types of celebrities. High brand equity gives a company the highly desired competitive advantages. Brand provides value to customers by enhancing interpretation or processing of information, confidence in the purchase decision and use satisfaction. Now a days good number of companies are utilizing the services of famous personalities like sports stars and film stars to promote brand equity. Companies are spending huge amount for getting celebrities for endorsement process. The health of a brand can definitely be improved up to a great extent by endorsement process. Presence of a famous figure in an advertisement enhances the brand equity by promoting brand recognition, brand recall, brand preference, brand insistence and brand loyalty being the core components of brand equity.
India is a developing country flooded with many brands. A brand is something that resides in the minds of consumers. Brand has the significant value for both the manufacturer as well as consumers. Companies find it difficult to differentiate their products or brand from competitor's brand. To make an advertisement more effective and dynamic, companies use different celebrities to endorse their brands. Using spokespersons as endorsers promote quick brand recall, brand recognition, brand insistence, brand performance and brand loyalty. In short celebrities add a new dimension to the brand. As a result of the increase in celebrity endorsements in various media, India has become a celebrity obsessed society. In order to evaluate how far the celebrity endorsement acts as a source of promoting brand equity, number of variables were identified from the literature and to select the prominent factors, exploratory factor analysis (EFA) was performed by using SPSS 21.0 Version and on the basis of the factor loading the following variables were selected for the study:

- Brand recognition
- Brand recall
- Brand preference
- Brand insistence and
- Brand loyalty

REVIEW OF LITERATURE:

Murugananthan and Kaliyamoorthy (2009) noticed that effective use of celebrities in advertisement enhances the brand's position in the minds of consumers. They pointed that celebrities must be honest and should provide genuine information about the product or brand. A good number of consumers believe that celebrities do not use the endorsed products themselves. Their study was limited to the female personal care products only.
Pugazhanthi A et al. (2011) pointed that celebrity endorsed advertisement for a durable product is more convincing than an advertisement without such endorsement. Celebrity based advertisement enhances the buyer belief of want satisfaction. They also pointed that celebrity based advertisements enhances brand awareness and recall. Finally they understood that the purchase attitude of a consumer is very much influenced by the celebrity endorsement factors, product evaluation and brand recognition.
Virendra Chavda (2012) made an attempt to measure the role and effectiveness of celebrity advertisement from the consumers point of view with consideration of factors like effectiveness of celebrity advertisement in terms of creating an impression, attracting audiences, survival in competition, purchase intention of customers after watching an advertisement, recall value of the advertisement, tempting the customers to spend more, creating an impression on others by using a particular product etc. It is found that celebrity advertisement is effective as it has positive impact on various factors, which are essential reasons for a company to advertise in any media.
Singh, Aggarwall (2012) identified that children are manipulated by celebrities version that product will do something special for them, which will transform their life. Various celebrities like film actors, sports

person and well known persons are shown in the advertisements to promote the various products and services. Children imitate them after coming to know their life styles through such advertisements. They wonder, get fascinated and always think of emulating them. As role models, celebrities are capable of influencing many facets of children buying behaviour. They identified the effects of celebrities on three age groups of children belonging to urban and rural areas. The result shown that children of all age groups are careful about the celebrity endorsements in advertising but are strongly influenced by the presence of celebrities in advertisements as they like their presence and mostly try to buy the products which are promoted by them.

Srinivas (2013) investigated the consumers' attitude towards the brand celebrity advertisement and their intention to purchase the advertised product. The dependent variables like purchase intentions attitude towards s the advertisement and celebrity were measured against the independent variables source of information, essential features and celebrity qualities using one way ANOVA and Chi Square test. The result of the study was the celebrity endorsement generated higher purchase intention, positive attitude towards the advertisement and brand.

Hyum Um (2013) investigated the relationship between negative brand publicity and a celebrity endorser. The study found that negative brand publicity had negative impacts on the celebrity endorser, brand evaluation and purchase intention. It explored two things ie. whether identification with a celebrity moderates the relationship between negative brand publicity and evaluation of a celebrity endorser and a brand.

Hayat et al. (2014) inferred that role of celebrities in advertisement is influential on the customer stimulation decision. The purchase decision of a customer is strongly influenced by celebrity and related factors. Marketers can utilize the famous celebrities to capture the wide market share. The study implied that brand acceptance and celebrity advertisement can be positively correlated.

Jayapalan (2015) studied about the perception of Indian consumers on celebrity endorsement and its influence on purchase decision. The study revealed that celebrity endorsement impacts significantly on purchase intention of consumers and expertise of the celebrity and popularity of the celebrity plays a crucial role in information processing. Majority of the respondents opines that the quality of celebrity endorsed products is higher and it adds brand equity to the product. The study also pointed that celebrity endorsement promotes brand equity and has the ability to influence the buying behaviour of consumers.

Shaista Kamal Khan et al. (2016) evaluated the influence of celebrity endorsement on consumer purchase intention and pointed that celebrity endorsement has strong effect on marketing creations. The study was conducted in Pakisthan and the right choice of the celebrity is highly profitable in Pak context. In order to develop new brands the firms can adopt the services of experienced, attractive and less expensive models to promote awareness about the product or brand. They also found that the personality of celebrity endorser is also influencing the brand's success. It was proved in Pakisthan context that the introduction of celebrities in advertisement influence the purchase intention and buying behaviour.

OBJECTIVE OF THE PAPER:

- To examine the influence of celebrity endorsement on components of brand equity

HYPOTHESIS:

In order to fulfil the above objectives the following null hypothesis is developed and tested.
H0: Celebrity endorsement is not an effective source of brand equity

METHODOLOGY:

The study is based on both secondary and primary data. The secondary data required for the study have been collected from various sources like books, journals, magazines, reports and working papers. In order to evaluate how far celebrity endorsement acts as a source of brand equity, the key attributes of the celebrity namely, attractiveness, expertise, trustworthiness, match up factor and popularity is considered as independent variable and the components of brand equity is selected as

dependent variable. The study mainly used primary data for drawing inferences collected from 180 sample customers of selected districts. The consumers of Kerala (male and female) have been identified as the universe of the study. A pre- tested interview schedule was used for collecting data from the select consumers. A pilot study was conducted to test the questionnaire. After the pre-test, questionnaire was modified by way of adding some relevant statements and deleting some unwanted statements.

SAMPLE DESIGN:

The population of the study consisted of the consumers of various products of Kerala namely, Fast Moving Consumer Goods, household durables, readymade garments and Jewelry items. As the population is infinite and spread throughout the state of Kerala, it is quite difficult to conduct a population survey. Hence the multi-level sampling technique was adopted to select the required number of respondents from different parts of Kerala. In the first level the fourteen districts of Kerala were divided in to three regions namely, Southern Region, Central Region and Northern Region. Southern region consists of Thiruvananthapuram, Kollam and Alappuzha districts. Central region consists of Kottayam, Eranakulam Idukki and Thrissure districts. Northern Region includes Malappuram, Calicut, Waynad, Palakkad, Kannur, and Kasarkode. In the second level three metropolitian districts were selected. The districts selected for the study were Thiruvananthapuram from south Ernakulum from central and Calicut from the north. Most of the villas, malls, flats, trade and industries are concentrated on these three districts of Kerala. More over Consumers of these districts show a diversified behaviour in purchase. In the third level, from the districts selected one corporation, municipality and panchayath each were selected on random basis. Trivandrum, Neyyattinkara and Vellarada from Trivandrum districts, Eranamkulam, Aluva and Edathala from Eranakulam district and Kozhikode, Ramanatukara and Mavoor from Calicut district were selected for data collection. The detailed sample frame is presented below:

Table 1: Sampling Frame

Sl No.	Zone & Sample District	Corporation	Municipality	Panchayath	Total
1.	South Zone Thiruvanathapuram	Trivandrum (20)	Neyyattinkara (20)	Vellarada (20)	60
2.	Central Zone Eranamkulam	Cochin (20)	Aluva (20)	Edathala (20)	60
3.	North Zone Calicut	Calicut (20)	Ramanatukara (20)	Mavoor (20)	60
				Total	**180**

RELIABILITY ANALYSIS:

Prior to analysing the relationship between variables under study, the strength of the scale was evaluated by examining its reliability. The instrument was then subjected to the computation of Cronbach's co-efficient alpha (Cronbach, 1951). In reliability analysis the alpha coefficient was evaluated to find out the internal consistency of the items on the scale. Reliability refers that a scale generates the same result if measurements are repeated. In order to verify the internal consistency of the scaled statements, reliability analysis using Cronbach's Alpha Reliability test was done. Cronbanch's alpha for these selected statements were 0.852 which is higher than the standard cronbanch's alpha of 0.7. Hence it is proved that internal consistency of the scale and the questionnaire can be considered as reliable. The table depicted below shows the item wise Cronbach Alpha:

Table 2: Reliability Statistics

Variables	No. of items	Cronbanch's Alpha
Attributes of Celebrity		
Attractiveness	8	0.862
Trustworthiness	5	0.812
Expertise	5	0.833
Popularity	6	0.824
Match up factor	4	0.833
Components of Brand Equity		
Brand recognition	4	0.846
Brand recall	6	0.852
Brand preference	5	0.844
Brand insistence	5	0.856
Brand loyalty	5	0.851

Source: Primary Data

FACTOR ANALYSIS:

Factor analysis is a technique used to identify a smaller number of factors underlying a large number of observed variables. Variables that have high correlation between them and are largely independent of other subset of variables were combined into factors. To explore the underlying dimensions, exploratory factor analysis was done. Principal component analysis with varimax rotation was used to reduce the number of variables. The factor analysis is based on correlation between variables, so the factorability of data was identified by using KMO and BTS. If the Kaiser Meyer Olkin measure of sampling adequacy is greater than 0.6, the data is factorable (Tabachinick &Fidell, 2007). The Barlett's Test of Sphericity (BTS) value is significant, if p value is less than 0.5. The following table shows the value of KMO and BTS:

Table 3: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.873
Bartlett's Test of Sphericity	Approx. Chi-Square	17559.754
	Df	300
	Sig.	.000

Source: Field Survey

KMO for overall matrix was found to be excellent (0.873) which is greater than 0.6 ((Tabachinick &Fidell, 2007).) and Barlett's test of sphericity (BTS) value is found significant ($p<0.000$) which meant that data is appropriate for Exploratory Factor Analysis (EFA). The details of factor analysis are presented below:

Table 4: Total Variance Explained

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.707	50.827	50.827	12.707	50.827	50.827	5.469	21.877	21.877
2	3.316	13.262	64.089	3.316	13.262	64.089	5.120	20.478	42.355
3	2.401	9.604	73.693	2.401	9.604	73.693	4.103	16.413	58.768

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
4	2.025	8.101	81.795	2.025	8.101	81.795	3.593	14.372	73.140
5	1.347	5.387	87.182	1.347	5.387	87.182	3.511	14.042	87.182
6	.480	1.919	89.101						
7	.408	1.630	90.731						
8	.319	1.275	92.006						
9	.267	1.068	93.074						
10	.226	.903	93.977						
11	.204	.816	94.792						
12	.187	.746	95.538						
13	.165	.662	96.200						
14	.158	.633	96.833						
15	.142	.566	97.399						
16	.120	.481	97.880						
17	.100	.401	98.281						
18	.091	.362	98.644						
19	.079	.314	98.958						
20	.070	.281	99.239						
21	.053	.212	99.451						
22	.041	.165	99.616						
23	.038	.152	99.767						
24	.035	.142	99.909						
25	.023	.091	100.000						

Extraction Method: Principal Component Analysis.

Table 4 indicates the extraction of factor loading. Principal component analysis is used and five components are extracted towards the celebrity endorsement. The result shows that 87.182% of the total variance is explained by five factors. The most contributing factor based on the above table is Brand recall followed by brand preference, brand insistence, brand loyalty and brand recognition. The table presented below explains the rotated component factor loadings of each factor.

Table 5: Rotated Component Matrix

Rotated Component Matrix[a]						
Variables	Indicators/ Statements	Component				
		1	2	3	4	5
Brc1	Beauty of the celebrity	.902				
Brc2	Reputation of the celebrity	.895				
Brc3	Celebrity fit with brand	.890				
Brc4	Reliability of the celebrity	.881				

Rotated Component Matrix[a]						
Variables	**Indicators/ Statements**	**Component**				
		1	**2**	**3**	**4**	**5**
Brc5	Trustworthiness of the Celebrity	.876				
Brc6	Charisma of the Celebrity	.838				
Bp1	Attractiveness of the celebrity		.878			
Bp2	Classy celebrity		.854			
Bp3	Trustworthiness		.851			
Bp4	Dishonest celebrity		.826			
Bp5	Popularity of the celebrity		.821			
Bp6	Celebrity product match up		.813			
Bi1	Elegancy of the endorser			.846		
Bi2	Experience of the endorser			.825		
Bi3	Honest and reliable			.823		
Bi4	Popularity			.818		
Bi5	Appropriateness of the endorser			.808		
Bl1	Classy and sexy celebrity				.864	
Bl2	Sincerity of celebrity				.841	
Bl3	Knowledge of the endorser				.835	
Bl4	Popularity of the endorser				.829	
Brg1	Beauty of the endorser					.873
Brg2	Charisma of the endorser					.871
Brg3	Reliability of the endorser					.859
Brg4	Fame of the celebrity endorser					.834

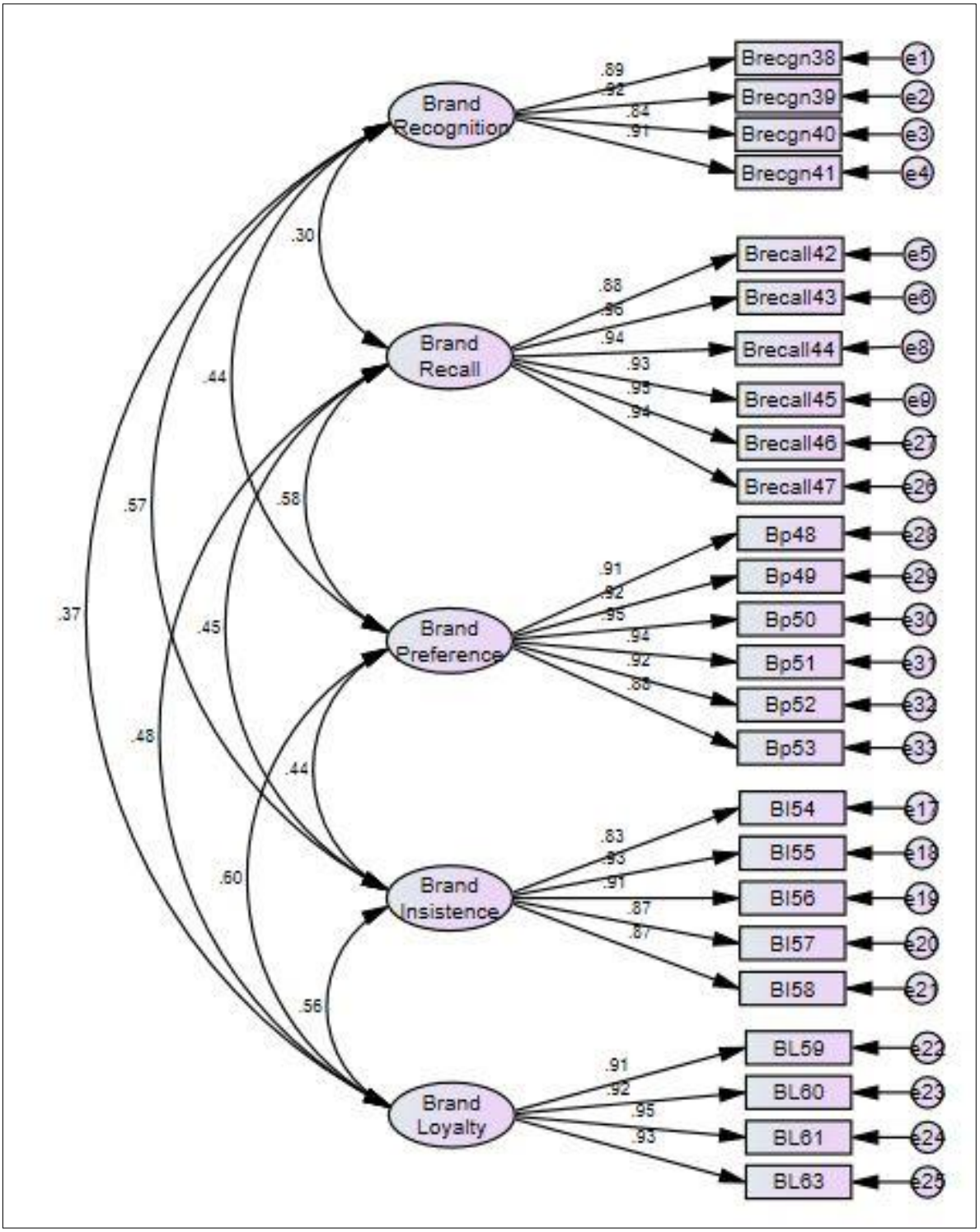
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Table 5 shows the rotated factor matrix. Variables with factor loadings above .70 were selected for analysis. After performing Varimax Rotation Method in Kaiser Normalization, factor 1 comprised of six items or variables named as brand preference. The items in factor 1 are Brc1, Brc2, Brc3, Brc4, Brc5 and Brc6. In factor brand recognition, the item Brc1 showed more (.902) loading followed by Brc2 (.895) and Brc 6 is the least loading factor. Factor 2 comprises of 6 items named as brand preference with factor loading ranging from .813 to .878. The items in factor 2 are Bp1, Bp2, Bp3, Bp4, Bp5 and Bp6. Factor 3 consisted of 5 items with factor loading ranging from .808 to .846. The factor is named as Brand insistence. The items involved in this factor are Bi 1, Bi 2, Bi 3, Bi 4 and Bi 5. In factor 4, four items are involved and factor loading ranges from .829 to .864. Factor 4 is named as brand loyalty. The items involved in factor 4 are Bl1, Bl 2, Bl 3 and Bl 4. Factor 5 is named as brand recognition with 4 items namely, Brg1.Brg 2, Brg3 and Brg4.

Confirmatory Factor Analysis (CFA):

Confirmatory Factor Analysis (CFA) is a type of statistical technique used to verify the factor structure of a set of observed variables. Structural Equation Modeling software is typically used for performing confirmatory factor analysis. The researchers used CFA as a first step to assess the proposed Measurement model in a structural equation model. The following figure shows the Confirmatory Factor Analysis of Celebrity Endorsement and Brand Equity.

Figure 1: Confirmatory Factor Analysis



Measurement model of celebrity endorsement and brand equity was tested by a Confirmatory Factor Analysis by using Amos 21.0. This measurement model is developed to test how far the celebrity endorsement acts as a source of brand equity. The construct brand equity consists of five components like brand recognition, brand recall, brand preference, brand insistence and brand loyalty. Reliability of the scale developed for the study was confirmed by using Cronbanch's alpha value method and which were found to be significant. The model fit indices are presented in the table below:

Table 6: Model Fit Indices

Sl. No	Indices of Common Fit	Value	Value of Good Fit
1.	Comparative Fit Index (CFI)	0.991	>0.90
2.	Goodness of Fit Index (GFI)	0.936	>0.90
3.	Incremental Fit Index (IFI)	0.991	>0.90
4.	Tucker Leiws Index (TLI)	0.984	>0.90
5.	Normed Fit Index (NFI)	0.982	>0.90
6.	Root Mean Square Error of Approximation (RMSEA)	0.046	<0.05

Table shows the different model fit indices of confirmatory factor analysis. In general, model fit indices of greater than 0.09 and Root Mean Square Error of Approximation (RMSEA) less than 0.05 indicates a close fit between the model and the data. The present scale developed for the study was supported by the result of the Confirmatory Factor Analysis. Hence all the fit indices are satisfactory and appropriate for the scale, the Confirmatory Factor Analysis confirms the structure of measurement scale.

RESULTS AND FINDINGS:

Celebrity Endorsement and Brand Equity:

Using well reputed and admired people to promote brand is a commonly accepted phenomenon which brings quick attention to the brand and shapes the perception of the brand by virtue of the inferences. The credibility of a celebrity endorser (Attractiveness, Expertise, and Trustworthiness) has indirect impact brand equity (Ravi Pappu et al.2011). In order to measure how far celebrity endorsement acts as a source of brand equity, a null hypothesis formulated was celebrity endorsement is not much effective as a source of brand equity and tested by using regression analysis. The result is presented below:

Table 7: Model Summary

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.778[a]	.605	.600	.29132

Predictors: (Constant), match up, Expertise, Attractiveness, Trustworthiness, Popularity
Source: Field Survey

Table 7 provides the R and R square values. The R value represents the simple correlation and is 0.778 (The "R" Column), which indicates a good degree of correlation. The R square value (the "R Square Column) indicates how much of the total variation in the dependant variable, 'Brand Equity', can be explained by the independent variable (Attractiveness, Expertise, Trustworthiness, Popularity, Match up Factors). In this case, 60.5% can be explained, which is considered good for social science researches. There are a lot of factors influencing the term brand equity like perceived quality of the product, perceived risk, variety, evoked feelings, traditions, advertisements, packaging, and price and country origin. The factor governing brand equity also depends on the nature of the product and types of consumers. From the analysis it is clear that it cannot say the celebrity endorsement alone acts as a source of brand equity but it plays a crucial role in promoting brand equity. The following ANOVA table shows the significance between these variables.

Table 8: ANOVA – Celebrity Endorsement and Brand Equity

ANOVA[a]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	61.501	5	12.300	144.938	.000[b]
	Residual	40.226	474	.085		
	Total	**101.727**	**479**			

Dependent Variable: BE
Predictors: (Constant), matchup, Expertise, Attractiveness, Trustworthiness, Popularity
Source: Field Survey

As per table, p value is less than 0.05; the regression model predicts the dependent variable significantly well. Hence it could be realized that the celebrity endorsement in total acts as a source of brand equity and the relationship between independent variables (Celebrity endorsement attributes) and the dependent variable is positively significant at 5% level. The regression co efficient of all the variables is presented below:

Table 9: Regression Coefficients

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	1.697	.112		15.194	.000
	Attractiveness	.202	.024	.308	8.461	.000
	Expertise	.118	.030	.153	3.943	.000
	Trustworthiness	.084	.027	.123	3.102	.002
	Popularity	.053	.029	.082	1.828	.050
	Match up	.169	.024	.312	7.007	.000

Dependent Variable: BE
Source: Field Survey

All the predictions from the above table 9 are positive and significant at 5 per cent level. The table shows the regression co efficient for the model. The Colum B shows the un standardized regression co efficient for the equation. The equation can be constructed as follows:

Y = 1.697 + .202x1 + .118x2 + .084x3 + .053x4 + .169x5

From the table it can be observed that attractiveness of the celebrity, expertise and popularity of the celebrity, trustworthiness and match up factor were significantly contributing to brand equity hence the beta value is positive. So it can be interpreted from the analysis that the celebrity endorsement acts as a source of brand equity.

CONCLUSION:

Famous figures in advertisement plays a pivotal role in promoting brand equity. Recently this practice has been noteworthy and its impact on people is unparallel. Brand equity is the marketing and financial value associated with a brand. Here an attempt was made to evaluate how far celebrity endorsement acts as a source of brand equity. The result of the regression analysis revealed that the celebrity endorsement plays a crucial role in promoting brand equity. It is proved from the analysis that the various attributes of the celebrity like attractiveness, expertise, popularity, trustworthiness and match up factor were contributing much to the promotion of brand equity.

REFERENCES:

A. Pugazhenthi, R. T. (2011). A Study on Celebrity Based Advertisements on Purchase Attitude of Consumers towards Durable Products in Coimbatore City, TN, India. *Far East Journal of Marketing and Management,* 1 (1), 16-28.

Agrawal, P, S. K. (2012). Impact of Celebrity Endorsement on Consumers Buying Behaviour. *Global Research Analysis,* 1 (7), 106-108.

Hayat, K. (2014). The Impact of Consumer Perception Based Advertisement and Celebrity Advertisement on Brand Acceptance: A Case study of the Peshawar Market. *Journal of Managerial Science,* 7 (1), 143-156.

Jeyepalan, A. (2015). Influence of Celebrity Endorsement of Advertisements and Impact on Sales. *Abhinac National Monthly Refereed Journal of Research in Commerce and Management,* 4 (2), 20-30.

Murugananthan G, K. M. (2009). Celebrity effect on Brand Positioning: A study with reference to Female Personal Care Products. *The International Journal of Applied Management and Technology*, 7 (1), 63-79.

Naganuri Srinivas (2013). Impact of brand Celebrity on Consumer Purchase Intention: A study with reference to Selected Mobile Service Providers in Hyderabad City, *International Journal of Research in Commerce and Management*, 4 (8), 50-57.

Nam Hyum UM (2013). Effects of Negative Brand Information: Measuring Impact of Celebrity Identification and Brand Commitment, *Journal of global Marketing*, 26 (2), 68-79.

Shaistha Kamam Khan, A. R. (2016). Influence of Celebrity Endorsement on Consumer Purchase Intentin. *IOSR Journal of Business and Management*, 18 (1), 06-09.

Tabachenick, F. (2013). *Using Multivariate Statistics*, 6th edition. Pearson Publishers.

Virendra Chavda (2012). A study of the Role and Effectiveness of Celebrities in Advertisements. *Indian Journal of Marketing*, 42 (6), 23-26.

*****