



IMPACT OF CELEBRITY ENDORSEMENT ON BRAND EQUITY IN COSMETIC PRODUCT

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Abstract: *In the present business environment, marketers are using different kinds of marketing strategies to achieve the organizational goals. Celebrity endorsement is one of the marketing strategies which are adopted to achieve the organizational goals. Celebrity endorsement advertisements have been known as 'ubiquitous feature of modern marketing. This study attempts to measure the impact of celebrity endorsement on brand equity in the cosmetic product. For this purpose, 123 respondents were selected by using systematic random sampling methods. The data analysis covered correlation, regression, and rank order by using the version 16.0 of SPSS package. Results revealed that celebrity endorsement and brand equity are positively correlated with the value of 0.3394 which is highly significant at one percent level. A result of the regression analysis is celebrity endorsement 0.44 which means 44 percent impact on brand equity. This study would hopefully benefit to the academicians, researchers, policy makers and practitioners through exploring the impact of celebrity endorsement and brand equity.*

Keywords: *celebrity endorsement, brand equity, advertisement*

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1.0 BACKGROUND OF STUDY

Nowadays, many companies spent billions of dollars per year on celebrity endorsement to create the good or positive awareness their products and brands. Essential objective of celebrity endorsement is to achieve a favourable impact on brand image. Firms believing that the power of a brand lies in the mind of existing or potential customers and what they have experienced directly or indirectly about the brand, adopt strategic brand management approach, using celebrity endorsement. Celebrity endorsement is a type of channel in brand communication through which a celebrity acts as the brand's spokesperson and certifies the brand's claim and position by extending their personality, popularity and status in the society or expertise in the field to the brand. In short it is a tool of marked distinct differentiation that creates a niche in the market and among equals in the industry, and amongst the firms sponsoring the brand endorser(s). Communication, including marketing communication that employs celebrity endorsers, can be characterized as a process in which the sender conveys stimuli to influence the behaviour of others (Hovland 1953). Lasswells (1948) classical framework of persuasive communication differentiates the elements of the communication process according to his well-known formula: "who says what in which channel to whom." The first element, "who", refers to the message source or sender (Ajzen, 1992; Hovland, 1953). Message sources can be impersonal (e.g., advertisements), interpersonal (e.g., friends, colleagues) or experiential (Keaveney and Parthasarathy, 2001). In an endorsement context, the celebrity is an impersonal message source, so his or her characteristics, including perceived personal attributes like attractiveness or credibility, may determine endorsement success in terms of the favourable brand image outcome.

2.0 OBJECTIVE OF THE STUDY

The main objective of the study is to investigate the impact of the celebrity endorsement on brand equity in the cosmetic product in Sri Lanka. Sub objectives are,

- to identify the relationship between the celebrity endorsement and brand equity;
- To suggest the organization to urge brand equity;

3.0 LITERATURE REVIEW

A celebrity endorser is "any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement" (McCracken, 1989). This definition explicitly encompasses celebrities who appear to have



expertise or a long-term association with the manufacturer, but it excludes typical customer endorsements featuring non celebrities. Because celebrities appear to be gaining increasing influence in society (Choi and Berger, 2010), marketing managers try to exploit the process of meaning transfer from an endorser to products or brands involved (McCracken, 1986). Associative learning theory details that celebrity endorsements influence brand image through a transfer of meaning from the endorser to the brand (Till, 1998). Communication activities establish a pattern of connectivity between the image of the celebrity and the image of the brand. Both entities represent nodes in a cognitive network, whose connectivity can be modified according to experience. An image transfer occurs when an advertisement can establish contingency between the two entities (Till, 2008). Managers pursue such connectivity with the goal of obtaining a favourable brand image outcome (TNS Sport, 2005). Brand image encompasses all perceptions of a brand, stored as brand associations in consumer memory (Keller, 1993). Its importance mainly reflects its ability to provoke unique perceptions of the brand in competitive settings (Aaker, 1996; Kamins, 1989). It also constitutes a meaningful brand value driver and influences the formation of brand equity (Faircloth, 2001). Keller (1993) distinguishes among attitudes, attributes and benefits as types of brand associations, Barich and Kotler (1991) regard brand attitude, belief and impression as ingredients of brand image. Both perspectives imply that improved attitudes toward the brand favourably influence brand image. In line with this argument, this review does not distinguish attitudes from image but instead adopts a holistic view of the impact of celebrity endorsements. Ogunsiji, A.Sola (2012) that there is a 98% correlation between success of celebrity endorsement of brand and the power of the brand in the market place. Furthermore, celebrities have positive effect on both attitude toward advertisement and brand. Bardia Yousef hakimi, Abed Abedniya and Majid Nokhbeh Zeaim (2011) pointed out that there is exists a major relationship between the credibility of the endorser of a product and its brand image.

4.0 RESEARCH METHODOLOGY

4.1 Data Collection Methods

Given the nature of the present study, it was required to collect data from the primary and secondary sources. Primary data were collected through the questionnaire. Secondary data were collected from research studies, books, journals, newspapers and ongoing academic



working papers. The collected data may be processed and analyzed in order to make the study useful to the practitioners, researchers, planners, policy makers and academicians.

4.2 Data Analysis Procedure

Pearson correlation analysis and Multiple Linear Regression Models to determine the relationships and relative degrees of impact between celebrity endorsement and brand equity. The present study also used Pearson Correlation analysis and Multiple Linear Regression Model for analyzing the data.

4.3 Sampling

Using the systematic random sampling technique, a total of one hundred and ninety one (191) respondents were selected as a sample of the study. One hundred and seventy nine (179) respondents completed the questionnaire and the rest did not return it. In terms of demographic findings, 70.4% of respondents were females, and the remaining 29.6% were males. As for the educational levels of those customers, the majority of the respondent 60.9% were undergraduate holders, whereas the 10.1% of the respondents have postgraduate degree. Majority of respondents was under 26-30age group, whereas minority of respondents was above 45 age group.

4.4 Questionnaire and Measurement Method

The questionnaire was administrated to customer cosmetic production . Questionnaire is prepared with seven point Likert- scaling system. In a way, qualitative data converted into quantitative and then details analysis was made with appropriate statistical tools in order to prove the objective. Questionnaire is designed to gather the data. Questionnaire consists of three parts. First part deals with personal characteristics of cosmetic production . Second part of questionnaire covenants fifteen (15) statements to measure the celebrative endorsement. Third part of questioner concentrates on the brand equity.

4.5 Multiple Lenier Regression Model

The switching propensity model used to test the relationship between each individual component of celebrity endorsement and brand equity. Switching propensity model developed for current study assume the linear relationships among dependent and independent variables. Celebrity endorsement factors have regressed the relationship and relative degree of impact on brand equity.

$$SWP = \beta_0 + \beta_1C + \beta_2TW + \beta_3E + \beta_4A + \beta_5CMP + e$$



Where,

SWP – Brand equity

β_0 – Constant factor

β_1 C- Credibility

β_2 TW – Trust worthiness

β_3 E – Expertise

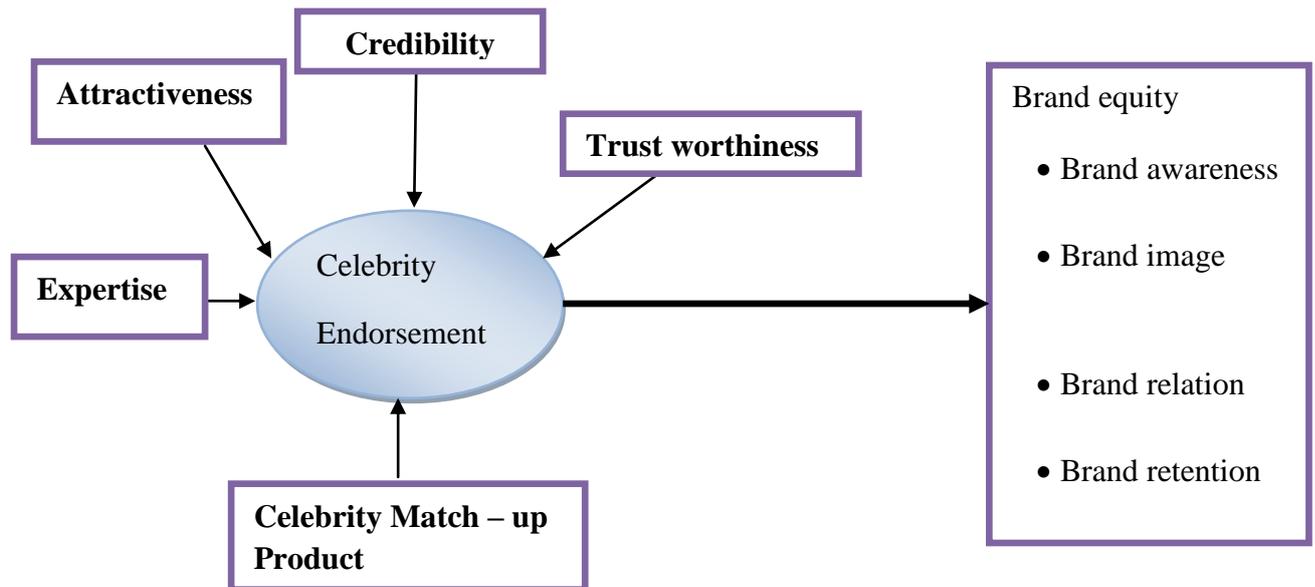
β_4 A – Attractiveness

β_5 CMP – Celebrity Match up Product

e- Error Term

4.6 Conceptualization and Hypothesis Development

Below conceptualization model shows the relationship between variables. Thus brand equity is considered as dependent variable whereas celebrity endorsement is the independent variable.



We want to find out the customer's mindset about the brand is affected by the celebrity endorsement and its dimension. Credibility of the celebrity leads to the growth of the brand equity. It is suggested by source credibility that the success of a message is dependent on two factors; the "expertness" and "trustworthiness" of the source (Holvand, Janis, and Kelley, 1953; Sternthal, Dholakia, and Leavitt 1978). A message source with greater credibility is usually more effective compared to a message source that has lower credibility. Behavioral changes are caused by positive attitudes which are created when the



message is delivered by a highly creditable source. (Craig and McCann, 1978; Woodside and Davenport, 1974), so advertisers trend to go for celebrities which they believe have a greater level of creditability

The connection between celebrity attractiveness and attitude changes towards products, issues, and advertising evaluations have been shown in many studies (Chaiken 1979; Kahle and Homer, 1985). A good-looking celebrity can be used to endorse a product related to attractiveness (Kahle and Homer, 1985). In contrast to this, if the two were inconsistent with each other, then the favorability of both of them would be compromised (Kamins, 1990). Belch & Belch (2001) explains that it is often the celebrity's knowledge, experience, and skill in a certain product or service that leads to them being selected as the spokesperson for that product or service. In addition to this, Ohanian and Roobina (1991) claims that when compared to their attractiveness or trustworthiness, it is the celebrity's observed skill, is of greater importance in explaining buying intentions. Generally in persuasive communication, the source's expertise and skill refers to the skill and expertise observed from them, has a positive effect on changing consumers' attitudes. Also the celebrity's achievements and special skills may act as a suitable connection with the product, and result in the endorsement being more acceptable by the consumers (Till and Bulser, 2000). Based on above diagram and reviews, the following hypothesis has been developed. It has to be tested to discover the impact of celebrity endorsement on brand equity.

H1- Celebrity endorsement has an impact on brand equity.

H2- There is a significant relationship between the celebrity endorsement and brand equity.

H2_a- Credibility has a positive relationship between brand equity.

H2_b – Trust worthiness has a positive relationship between brand equity.

H2_c - Expertise has a positive relationship between brand equity.

H2_d - Celebrity match – up product has a positive relationship between brand equity.

H2_e – Attractiveness has a positive relationship between brand equity.

5.0 RESULT AND DISCUSSION

A total of one hundred and seventy nine questionnaires (179) have been collected from user of the fairness cream.



Reliability and Validity

The internal reliability of the items was verified by computing the Cronbach's alpha. Nunnally (1978) suggested that a minimum alpha of 0.6 sufficed for early stage of research. The Cronbach alpha estimated for celebrity of endorsement was 0.795 and brand equity was 0.809. As the Cronbach's alpha in this study were all much higher than 0.6, the constructs were therefore deemed to have adequate reliability.

Factors were identified through the thorough literature review and also factors were derived from famous model construct. Therefore validity of celebrity endorsement and brand equity was very satisfactory.

Research finding highlights that celebrative endorsement and brand equity is positively correlated with a coefficient of 0.3394 and the relationship is significant at the 0.01 level (2-tailed).

Table No- 01: correlations between celebrity endorsement and brand equity

| Celebrity endorsement factors | Coefficient of correlation |
|-------------------------------|----------------------------|
| Trust worthiness | 0.390(**) |
| Credibility | 0.312(**) |
| Attractiveness | 0.297(**) |
| Expertise | 0.406(**) |
| Celebrity Match –up | 0.432(**) |

(**) Correlation is significant at the 0.01 level (2-tailed)

Above depicts that the relationships between celebrity endorsement and brand equity. Brand equity and trust worthiness has positively correlated and the relationship is significant at the 0.01 level (2-tailed) and correlation value is 0.390. It implies that trust worthiness influences to build the brand equity. Credibility and Brand equity has positively correlated with a coefficient of 0.312 and the relationship is significant at the 0.01 level (2-tailed). It entails credibility positively manipulate on creating brand equity in fairness cream market.

Attractiveness, expertise, and celebrity match – up product has positively correlated with brand equity with a coefficient of 0.297 0.406 and 0.432 respectively and relationship is significant at the 0.01 level (2-tailed).



Table No- 2 Regression

| | Dependent Variable | | |
|-----------------------|-----------------------|-------------------|-------|
| Independent Variables | Celebrity endorsement | | |
| | Beta | Ad R ² | P |
| Brand equity | 0.62 | 0.44 | <0.05 |

Predictors: (constant), TEF

The results of this analysis are given in above table. According to this analysis, hypothesis -1 (H1- celebrity endorsement has an impact on brand equity) is accepted. We can observe that brand equity is influenced by celebrity endorsement by 44.4%. Remaining 55.6 % are determined by other factors. These findings are consistent with the studies of Narver and Slater (1990).

6.0 CONCLUSION AND RECOMMENDATIONS

According to the finding of this study, we are able to observe that celebrative endorsement and brand equity is positively correlated with a coefficient of 0.3394 and the relationship is significant at the 0.01 level (2- tailed) and also each dimensions of celebrative endorsement are positively correlated with brand equity. It is recommended that various elements like the subject's education level, or the endorser's gender and race should be considered to give a more precise analysis of the effectiveness of the endorser. This study only concentrated on the Jaffan peninsula people, so the results might not be generalized to other district people. Cosmetic companies have to polish the celebrity endorsement programme to enhance the brand equity. Generally, the use of celebrity endorsers in marketing enjoys high popularity, largely because they may exert a positive impact on brand image. So, companies need to have a celebrity endorsement programme to build the brand image.

7.0 LIMITATIONS AND FUTURE LINES OF RESEARCH

As with all empirical studies, this study has certain limitations which themselves constitute possible line of research for the future. One such limitation is that only those variables considered to be the most relevant for achieving the objectives were included in the research model. A further limitation of this study lies in the application of the empirical study specifically in the cosmetic product market. For suggestions of future research, replications and expansions of the this study should be conducted along with a comparative



analysis study of the consumer point views towards celebrity endorsement between a developed country and a developing country such as Sri Lanka.

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