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Celebrity Endorser Effect(s): An In-Depth Empirical Dissection in Service Domain

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ABSTRACT

Aim: Present study aims to measure the impact of celebrity endorser on consumers of India. How the celebrity endorsers influences the purchase intentions of consumer's.

Design/Approach: All the three hypotheses were tested with a stratified sampling, the target population was the consumers who use cell phones. 207 consumers were targeted by using a survey method. The linear regression and Structural equation modeling (SEM) were adopted.

Findings: The results of the study focused on younger consumers as the major users of celebrity-endorsed cell phones. The higher the degree of innovativeness among the celebrities the larger of the consumer knowledge base.

Originality/value: This article would act as catalyst to researchers seeking information on celebrities how the endorsers selected and the risk involved. Findings leads to in-depth analysis among the users of metros of India.

Keywords: Celebrities, Cell phone, Endorsers, Knowledge, Purchase behaviour.

1. INTRODUCTION

The cell phone is a programmable gadget, which offers a wide range of advanced capabilities loaded with sophisticated features which assist peoples in their routine work , personal and social life. The cell phone usage has been increased to an exponential way and increased enormously as it came as a sophisticated communication media and also fostering the mobility to a geographical diversification with integration of personalized social interaction (Wei and Lo, 2006).

Celebrity endorsement in advertising had been and will continue to be a hot topic among the researchers (Bow and Landreth, 2001; Kamins and Gupta, 1994; Kamins, 1990; Ohanian, 1990; Kahle and Homer, 1985, Gautam and Singh 2014). Big name supports are a standout amongst the most prominent publicizing methods utilized as a part of today's worldwide commercial center. Celebrity endorsers are known to provide certain benefits to the organizations. The organizations certainly use advertising as a vehicle to associate celebrities with the chosen product for endorsement. Celebrities get attention because of popularity and induced effect (Friedman and Friedman 1976).

Even in the economic downturn of the economy the celebrities were engaged with their business deals. As Gautam *et. al.*, (2015) cited an important issue on economy which focused on the equilibrium between liquidity and profitability. Even due to current global recession India has witnessed a steady growth in the economy. Surprisingly, telecom sector (cell phone) was not confined to this global crisis.

Celebrity endorser's role in adds has increase rapidly to a significant level. Howard, 1979 posited that TV commercials out of every six advertisements are dedicated to celebrities only. About 27 percent of total advertisements encompasses about celebrities (Shim, 1997), now it has been increased to 43 percent.

The celebrities business is always increasing and would rise like in an exponential way and at present it is 65 percent. Celebrities had been seen in endorsing activities since the late nineteenth century. The time period of the 1980 was considered as an important phase of transition in the field of celebrity endorsement. The mushrooming pattern of celebrity- endorsed advertisements had begun in this time span. Brands began endorsed by famous people (Katyal, 2007). The celebrity endorsement in India started when Hindi film and TV stars and sport persons started endorsing the brands and different celebrities were endorsed in different domains. One of the first illustrations of celebrity endorsement in India is of Farokh Engineer. He was the first Indian cricketer endorsed for Bryl cream (Kulkarni and Gaulkar, 2005).

Endorser effects are also perceived as affirm motives to assess the behavior of consumers in today's turbulent environment. The study would not only facilitate the ascertainment of buying behavior but also the factors which are responsible for it.

2. LITERATURE REVIEW

Tikkanen (2009) explained that there is a unparallel match between social interaction and individual's need with respect to society that represent a means of transferring acceptability with acquaintances, friends and reference groups. Laura Bolton (2014) emphasized on technology usage of mobile phone on 3 percent of the total using technology to share information relating to agriculture, health, and finance. Sumanta (2013) revealed that celebrities could act as a basic building block for maintaining the position of brands.

Lippincott (2010) identified the social need as the key determinant of consumers' necessity and dependency on phones as a electronic gadget. Wei and Lo's (2006) confronted that perfect linear relationship with two variables needs and consumer's dependency. Bodker *et. al.*, (2009) posited that social association and interaction was embedded by their own. This finding was in tune with Morgan (2010) who inferred that lower level of social needs could have lower rate of usage of smartphones amongst the consumers. Pughazhendi *et. al.*, (2012) proved the interconnection between consumers attitude with respect to endorsers in a significant way. But, the favourable perceptions of consumers not necessarily in positive behavior.

Bridges *et. al.*, (2010) postulated that smartphone allowed consumers to stay connected with one another through social networking sites and also through using the live app on it. Tian *et. al.*, (2009) stated that consumers dependence were mainly of Smartphone, consumers viewed smartphone as their basic necessity and had strong propensity for continuance high usage and also an indispensable part of their lives.

Gautam *et. al.*, (2015) shows that consumers are a set of dissonant factors which hinders the decision-making of consumers. The higher sophisticated gadget leads to higher dissonance. Wei and Lo (2006) smart phones was crucial gadget as snob effect and propensity in the society. Daha Tijjani Abdurrahman (2017) studied mobile service providers in Nigeria and confronted the positive association between the endorsed celebrities and the products endorsed by them.

The Social impact had the relationship with smart phones. Klobas and Clyde (2001) recognized that social influences had the positive impact on the dependency on usage of Smartphone. So, the literature acts as building block for the development or formulation of hypotheses.

3. HYPOTHESES DEVELOPMENT

Statement of the previous authors were assessed with plenty of literature (information) facilitated in formulation of the hypothesis for this study.

Innovativeness is likely to receive a huge amount of consideration by many researchers. The information on cell phone is available on a broad basis. Current knowledge reacts to identification of consumers' cognition, it is also crucial construct for decision- making Moreau *et. al.*, (2001), considered some of other attributes of endorser's credibility like expertise, trustworthiness, and attractiveness. Ohanian (1990) has placed a significant role. So, the following hypothesis for given study was formulated as:

H1: There is a significant difference between knowledge and celebrity innovativeness.

H2: Perception is significantly related to degree of risk-perceived.

The buying behavior of consumers is surmounted by various implicit factors. The classiness is one of the basic characteristics of celebrities and hence, Molelekeng, B.V. (2012) emphasized about the fashion stimulus, Keller (1993) focused on pairing of celebrities with brand depending on the congruency. Individuals were so pervasive even they were not conscious of social influences Klobas and Clyde (2001). The hypothesis mentioned below was framed as:

H3: There is significant relationship between buying behavior of consumers and classiness endorser.

4. OBJECTIVES OF THE RESEARCH

1. To investigate how degree of innovativeness affects the individual's knowledge.
2. To explore the relationship between risk-perceivensness and perception of consumers.
3. To determine the impact of classiness endorser on buying behavior of consumers.

5. RESEARCH METHODOLOGY

Research methodology encompasses the research approach, sample plan, sampling technique, instrument and measurement and reliability of data collection tool.

Research Approach

The quantitative research method was used in this research paper. It was a cross-sectional research design. 207 consumers' data was gathered in bracket of 18 to 60 years, who purchase and use a cell phone endorsed by celebrities from the metros of India.

Sample Plan

Sample was drawn from metros of India for the current research. Four metros was selected by stratified technique from each metro, we made strata from the as the research population on the bases of demographics like age and the geographical location. It took fifty three days to collect data on 257 questionnaires. 219 questionnaires were received and 212 questionnaires were found adequate of them. 5 were rejected due to incomplete information furnished by the respondents and 207 questionnaires were valid. The final sample size was ($n = 207$).

Sampling Technique

The stratified sampling technique was employed. The rationale for employing this sampling was that the population does not make homogeneous strata. Population was divided into four metros, which were individually more homogeneous.

Measurement Tool

The self-framed questionnaire was used and some of the modifications were done from some authors (Cheng *et. al.*, 2012), the Likert scale was used based on 5 points. 1 represented "strongly agree" and 5 represented "strongly disagree" in this scale. The study was focused on universally acceptable language i.e English. The questionnaire consisted of two parts. Primarily, deals with demographical questions. Type cell phones used, level of education, occupation were the variables used in the current study.

Sample Adequacy Test and Reliability Analysis

The value of Kaiser-Meyer-Olkin (KMO) was **0.794**, showing the collected data is sufficient and it is enough to this study so on. The Cronbach's (α) was calculated at **0.945**, hence indicating acceptable reliability for all the measured constructs. Here, the number of items were (**N = 60**).

Data Analysis and Interpretation

It includes the primary data collected from the respondents and the interpretation of the research results. Descriptive statistical techniques and the analytical statistical techniques have been used for the analysis purpose. The descriptive statistical techniques include frequency distribution to describe the sample and variables. Analytical statistical techniques include linear regression and Structural equation modeling (SEM) was performed for the analysis of data through Statistical Package for Social Sciences (SPSS) version 22.0.

Demographical Analysis

Gender, education, age, marital status and monthly income of consumers as depicting the result of sample demographics. It consists of 53.1 percent of male ($n = 110$) and 46.9 percent of female ($n = 97$). Age bracket

24-30 years was about 43.5 percent, which is also the highest demographical contribution of the study of consumers ($n = 90$). This was followed by age group of 18-24 years with a valid percent of 21.3 ($n = 44$).

As per the educational qualification of consumers. A majority of consumers ($n = 94$) were graduated with 45.4 percent followed by post-graduated ($n = 75$) with 36.2 percent. Only 4.8 percent of consumers were metric pass. Married consumers ($n = 94$) 45.4 percent were less than unmarried consumers ($n = 113$) with 54.6 percent. Monthly income of consumers were not of so differentiation as all the income brackets were had approximately same. Since, the income bracket ₹50,000 had only 7.7 percent ($n = 16$).

Further, hypotheses was tested and listed below.

Test of hypotheses for the Study (Inferential analysis)

Objective 2: To establish how firms select celebrities and handle the accompanying risks involved towards cell phone.

H2: Perception is significantly related to degree of risk-perceived.

In hypothesis 2, Risk perceived and perception fit was predicted to positively influence consumer attitude toward a celebrity endorser. The relationship between risk perceived and consumer perception is 56.4 percent ($R = .564$) which posits the strong relationship among these variables. The results of the simple linear regression revealed a significant influence for risk perceived on perception $F(1, 205) = 466.226$, $p = .000$, with $R^2 = .318$ percent.

Table 1
Model summary between Risk perceived and Consumer perception

R	R Square	Adjusted R Square	Durbin-Watson	F	Sig.
.564	.318	.318	1.526	466.226	.000 ^a

From Table 1, the value of coefficient of determination (R^2) is close to adjusted R^2 , so this model is fairly good enough to conduct the study. There was no problem of autocorrelation. Since, both the variables risk and attitude were not showing the value closer to 1. So, the problem of ACF (Auto Correlation Factor) was not persisted. So, the Durbin-Watson value for this model was acceptable and do not account for multicollinearity.

Table 2
Coefficients^a between Risk perceived and Consumer perception

Model	Unstandardized Coefficients		Standardized Coefficients	t-ratio	Sig.
	B	Std. Error	Beta (β)		
(Constant)	4.462	.310		14.380	.000
Risk	.323	.015	.564	25.592	.000

^aDependent Variable: Consumer perception;

^bIndependent Variable: Risk perceived.

A simple linear regression was calculated to predict the attitude of consumers with perceived risk. A significant regression equation was found $\{F(1, 205) = 25.926, p < .000\}$, with an R^2 of 3.18. The hypothesis was accepted and significant at 5 percent level of significance.

$$\text{Consumer's perception} = 4.462 + 0.323 (\text{Risk perceived}) \tag{1}$$

Consumer's attitude towards celebrity will increase by 4.785 for each unit of perceived risk. As the values of risk perceived from equation (1) will increase the attitude of consumers towards cell phone marketing will also increase, it defines the relationship clearly that if celebrities engaged in unscrupulous or negative activities more negative perception of the consumers will found towards the product they are endorsing. More negative the perception of consumers towards the celebrities will have more risk for the celebrities to endorse the products.

For the purpose of fulfilling remaining two objectives of the study i.e. objective 1: *There is a significant difference between knowledge and celebrity innovativeness.*

Objective 3: To determine the impact of classy endorsers on buying behavior of consumers. For both objectives SEM was applied.

The above mentioned objective 1 was supported by the hypothesis *There is a significant difference between knowledge and celebrity innovativeness* and objective 3 was supported by the hypothesis: *There is significant relationship between buying behavior of consumers and endorsers.*

To empirically validate these two hypotheses, structural equation modeling (SEM) using IBM AMOS 22 was used. The reason to use SEM was to establish the validity of proposed model with regression weights and this technique is the foremost and more accurate than simple regression. While, objective 1 was supported by the hypothesis: *There is a significant difference between knowledge and celebrity innovativeness.* This hypothesis was proved with the help of linear regression analysis.

Hypotheses Testing for Objective 1 and 3

Some of these major indices are Chi Square (χ^2) Goodness of Fit, Root Mean Square Error of Approximation (RMSEA), Goodness-of-Fit Index (GFI) and Tucker Lewis Index (TLI) etc. Table 3 describes the model fit statistics to carry out the complex regression analysis.

Table 3
Model fit statistics for the measurement model

Fit Statistic	Recommended	Obtained Value
χ^2	–	751.431
Df	–	197
Significance	P<=0.05	0.000
(CMIN) χ^2 /df	<3 good; <5 permissible	3.814
CFI*	>0.9 good	0.895
GFI	>0.9 good; >0.85 permissible	0.878
IFI	>0.9	0.901
AGFI	>0.800 permissible	0.899
TLI	>0.9 good	0.865
RMSEA	<0.05 good; 0.05-0.10 moderate; >0.10 bad	0.043

From the above Table 3, it can be observed that obtained values of different indices for overall model fit of measurement model were satisfactory. Literature reviews suggest that the values of CFI and IFI > 0.9

along with the value RMSEA less than 0.10 represent a good model (Browne & Cudeck 1993; Hu & Bentler 1999). The values of GFI, NFI, IFI and TLI are below 0.9 as they were very close as per as the permissible limits were concerned. Values of RMSEA (0.043), CFI (0.895), GFI (0.878) and χ^2/df (3.814) were within the prescribed limits and hence the study was found to be considerable for SEM.

Table 4 and Table 5 below show the Regression Weights and Standardized Regression Weights respectively for the relationships between various independent variables and dependent variables of the study.

Table 4
Regression Weights

			<i>Estimate</i>	<i>S.E.</i>	<i>C.R.</i>	<i>P</i>
Knowledge	<---	Celebrity endorser	.867	.094	9.183	***
Purchase (buying behaviour)	<---	Classy	-10.095	7.696	-1.312	.190

***. indicates $p < 0.001$

From Table 4, it is clear that the independent variable celebrity endorser was significantly associated with knowledge at ($p < .001$). So, the hypothesis 1 was accepted while hypothesis 3 was rejected. Since, there was no significant relationship between the buying behavior (purchase intentions) of consumers with classy endorsers.

Table 5
Standardized Regression Weights

			<i>Estimate</i>
Knowledge	<---	Celebrity endorser	.867

Table 5 shows the Standardized Regression Weights (SRW) for the relationships. Since Celebrity endorser shows a strong impact on knowledge ($0.867 > 0.1$) and on destination ($1.473 > .01$) while brand image ($.922 > .01$) while classy endorsers do not have significant impact on consumer behavior.

Results further imply that: It was found that for all the variables used for this study some of them were significant and some do not. So, the results are discussed below:

- (i) Female consumers (mean = 2.02) were comparatively engaged less in effectiveness of the marketing campaigns as compared to male the consumers (mean = 2.09).
- (ii) Female consumers (mean = 2.52) remember the cell phones less which was endorsed by celebrities as compared to the male consumers (mean = 2.55).
- (iii) The significant relationship was found between marital status of a consumer with respect to effective marketing campaign adopted by companies to increase their sales, both types of consumers married (mean = 2.02) and unmarried (mean = 2.09) significantly differ.

6. LIMITATION OF RESEARCH

The limitation of this study is that the sample drawn was not propounded on the size of metros. In this study majority of consumers were from age bracket of 24-30 years. From a statistical perspective, this sample

would not be suitable for generalization power (Campbell, 2007). Second limitation is that the findings might not be applicable to all brands of cell phones which are endorsed by celebrities. Thrust of present research not adhered in terms of specific brands of cell phones.

7. CONCLUSION

The present study is an effort to look at the celebrity endorsers effects in cell phone industry in metros of India. In India, celebrity endorsement has played a pivotal role. Celebrity endorsers are emerging as trustworthy and classy sources for the companies and ample of customers are considering these celebrities as genuine one. In present study, teenagers and younger consumers are the major users of cell phone endorsed by celebrities but still many consumers are lacking behind in the adoption of brands specially the consumers who are of more than 36 years.

From hypothesis 2, it is evident that higher the risk perceived, the more negative the perception, hence risk associated to a celebrity endorser is directly proportional to perception of consumers. Concerning the demographical profile of the respondents from four metros of India. The most significant age group among the consumers is 24 to 30 years which constitute about 43.5% of the total sample. Hence, it can be inferred that the customers of age group of 24 to 30 years in all of the metros of India is the dominant group. As far as level of education is concerned, the analysis reveals that the highest numbers of customers are from graduate and post graduate category. Further, the important occupation among the customers is 'serviceman' which constitute 49.8 % of the total sample.

From hypothesis 1, it is concludes that, the higher the degree of innovativeness of an endorser will lead to have broad base of consumer knowledge about the brand. Hypothesis 3, classy endorsers do not have significant impact on purchasing behavior of consumers. Celebrity endorsement is an inseparable component of today's marketing world.

Presently, celebrity endorsers can create an implacable position of brands in the consumers mind. The findings conclude that there has been significant impact of marital status on effective marketing campaigns. Concurrent growth of celebrity endorsement as a marketing practice is because of the pattern of hiring celebrities for the advertisements.

In general this study is an important aspect in domain of marketing because of the perceptions of consumers who are affected by celebrities. Celebrities are more susceptible among consumers.

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