

# IMPACT OF CELEBRITY ENDORSEMENT ON CONSUMER BUYING BEHAVIOUR WITH REGARD TO AERATED DRINKS IN SOUTH BENGALURU

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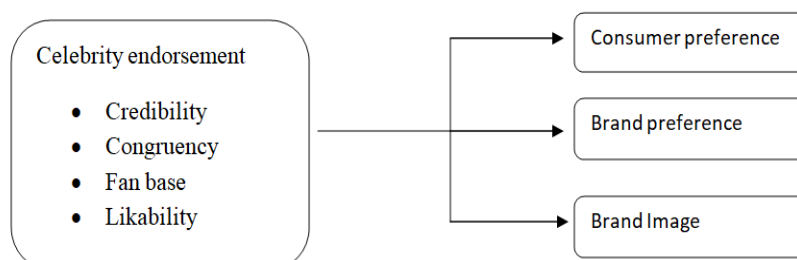
**Abstract :** Celebrity endorsement has now become the most preferred tool of advertisement for marketers to increase their brand reach and revamp their brand image. This paper sheds light of the impact celebrity endorsement has on consumer buying behaviour with respect to aerated drinks. The impact of celebrity endorsement is high when there is a congruency between the brand and the celebrity. Demographic factors like age, gender, income and residential location also play a huge role in determining the amount of influence the celebrity endorsers have over the consumer's buying behavior. Aerated drinks industry is highly competitive. With this competition, this industry also faces the threat of high switching rates. In order to check the impact of celebrity endorsement in the aerated drinks industry, and to see if the behavior and the credibility of the celebrity has any impact on the brand image ad preference, this study has taken this as the research problem. This study is focused on South Bengaluru taluk.

**Index Terms -** Aerated drinks, Brand Image, Brand preference, Celebrity endorsement, Consumer buying behaviour.

## 1. INTRODUCTION

Companies have capabilities to attain objectives of advertising by increment in sales of their services and products through successful promotional campaign as well as these successful advertising campaigns make a huge contribution in gaining the competitive advantage for the firm and in these manners, goals of firm ultimately attained thus ensuring survival of firm (Diehl & Terlutter, 2006). Celebrity endorsement is a common marketing communication strategy for building brand image (Chan, Ng, & Luk, 2013). Advertisers believe that the use of a celebrity affects advertising effectiveness, brand recall and recognition, as well as purchase intentions and follow-through (Spry, 2011). Celebrities are considered as an embodiment of personality and lifestyle-related meanings (McCracken, 1989). Celebrity is a platform who convinces consumer's attitudes towards brand, celebrity fan following loves their favourite celebrity with the help of that celebrity advertiser that love can transfer and attach with brand as well with association of celebrity (Ashfaq & Ali, 2017). Consumers value the symbolic meanings associated with celebrities and use these meanings, in part, to craft an individual sense of self (McCracken, 1989). Celebrity endorsements pull in hundreds of crores every year, and are widely preferred by marketers to promote their product (Abdussalam, 2014) The effects of celebrity endorsers on consumers' brand behaviour have been found to be dependent upon the extent to which consumers perceive a celebrity-brand pairing as being congruent or logical (Misra & Beatty, 1990). Globally, the celebrity endorsement market is a multi-billion dollar industry (Crutchfield, 2010). Given the high costs involved in hiring celebrity endorsers, it is imperative for marketing and advertising managers to establish a link between endorser qualities and endorsed brand equity to justify the funds allocated to celebrity advertising (Dwivedi, Johnson, & McDonald, 2015 ). The objective of this study is to see if celebrity endorsers have any impact on the preference of consumers in Bangalore.

**Fig. 1 Conceptual Framework**



### 1.1 Background of the study

The soft-drink industry comprises companies that manufacture non-alcoholic beverages and carbonated mineral waters or concentrates and syrups for the manufacture of carbonated beverages. Soft drink products have been well accepted by consumers of various age groups and are gradually overtaking hot drinks as the biggest beverage sector in the world. The size of this market is expected to grow by 9.6% by 2021 (Statistica). The top players in this industry in India are Pepsi Co., Coca-Cola and Parle Argo. These companies spend a huge part of their revenue on marketing and advertisements. As a part of their marketing process, these companies use many advertisement tools like – billboards, posters, celebrity endorsements, and television and radio advertisements. These tools are meant to influence consumer's interest and compel them to buy their product. These tools have different impact on different consumers.

## 1.2 Problem statement

One of the most expensive tools of marketing is celebrity endorsement. Companies spent large sum of money to enlist celebrities to promote their brands and increase their market share. But not all people are influenced in the same way. Hence, the companies should identify celebrities based on what appeals the most to their target market. The endorser chosen by the company should be able to deliver what the company represents; there should be congruence between the celebrity and the brand. Consumers are usually influence by likeness, credibility, character and personality. The companies should choose an endorser who creates the maximum impact on the targeted customers. Therefore, this study also examines the factors that need to be considered while identifying the endorsers.

### 1.2.1 Objectives

- To analyze the impact of the celebrity endorsement on the brand preference among the consumers.
- To analyze whether reputation of the celebrity has any impact on brand image.
- To examine if the celebrity's credibility is related to brand preference in consumers.
- To determine if celebrity preference alter brand preference.
- To investigate whether there is any significant difference in the customer perception towards celebrity endorsement between different age group.

## 2. Literature review

**Malihe, E. (2012)** in this article, the author focused on the impact of brand attitude on consumer purchase behaviour. She focused mainly on relationship between consumer brand loyalty and their acceptance of brand extension, relationship between consumer brand loyalty and their consumption frequency and the influence of demographic factors on consumer purchase behaviour. Her study focused mainly on two cities in two countries- Pune/India and Teharan/Iran. Her study concluded that various demographic factors influenced the consumer purchase behavior.

**Roy, S. (2012)** in this article, the author tries to find out if an overly use celebrity has the same effectiveness as under exposed used celebrity and also if an overly used celebrity has any adverse impact on the brand image and perception of consumers. It was found out that if the product and celebrity congruency is good, an under exposed celebrity also has the same impact as an overused celebrity. An overly used celebrity causes the consumers to lose trust in the celebrity and hence adversely impacting the brand image and perception.

**Chan, K., Ng, Y. L., & Luk, E. K. (2013)** In this article, the authors focused on assessing the impact celebrity endorsers have on adolescents in China. Celebrity endorsement was found to be effective in brand recall, brand awareness, encourage trial and enhance purchase confidence only when they like the celebrity endorsing a certain product. Adolescents also focused on the nature of a celebrity and whether they matched the nature of the product they were endorsing before buying a product. Overall, celebrity endorsement did play a huge part in the consumer buying behaviour and brand loyalty especially for the celebrity's fan base.

**Abdussalam, P. (2014)** in this article the author talks about the various factors the firms should consider before considering a certain celebrity endorser. Few of the assessment criteria are - celebrity/target audience match up, celebrity/brand match up, celebrity credibility, celebrity attractiveness, cost consideration, saturation factor. Celebrity endorsement can be good for the brand as it provides instant brand awareness and recall, fresh brand image, instant credibility, bring in new dimensions to the brand image and convince customer.

**Anojan, V., & Subaskaran, T. (2015)** in this study, the authors have tried to find out what aspects of the soft drinks attract the consumers to buy a certain brand. They focused on studying the impact of various variables like – price, taste, color, quantity, promotions, advertisements, celebrity endorsement and how the impact of these variables change with a consumer's age, gender, past experience, income level and consumption duration. With the help of Anova and Regression, the authors' analyzed data collected from over 300 participants in northern Sri Lanka to conclude that there is significant impact of consumer preference, price and promotion in the buying behaviour of consumers.

**L. Venkatasubramanian, D. G. (2015)** the authors have focused on the brand recall and brand awareness due to celebrity endorsement in aerated in the city of Chennai. Celebrity endorsement has an impact based on the consumer's favourite celebrity and which celebrity's nature matches more with the nature of the consumer. The consumers tend to always prefer the drink which is endorsed by the celebrity they think is trustworthy and dependable. Overall it was found that celebrity endorsers were very significant for the brand recall of the aerated drinks.

**Dwivedi, A., Johnson, L. W., & McDonald, R. E. ( 2015 )** In this study the authors focused on the impact of celebrity on the brand equity of sports drinks (energy drinks) in USA. Through this study they wanted to find if the endorser's credibility had any impact on the brand equity they took into consideration of various variables like self-brand connection and celebrity and brand congruency. Overall, it was found that an endorsement causes the perception of a certain celebrity will also be reflected on how the brand is viewed.

**Mittal, M. (2017)** this study focuses of the impact of the growing trend of celebrity endorsement in India, especially in the city of Indore. Author aims to find out if celebrity endorsed products have more impact on consumers rather than non-celebrity endorsed products, if celebrity endorsement has an impact on the brand image, quality and perception of consumers and if celebrity endorsed advertisement has an impact on the youth. Overall, it was found that Celebrity endorsement did in fact influence consumer purchase decision.

**Thusyanthy, V. (2018)** in this article, the author compares various factors of celebrity endorsement to see its impact on the credibility of soft drink brands. The author considers various variables of celebrity endorsement like – attractiveness, expertise and trustworthiness. It also considers brand credibility variables like – expertise and trustworthiness. This research showed that the youth in Sri Lanka had low response to celebrity endorsement and believed that brand credibility depends on its expertise and trustworthiness and has very little to do with celebrity endorsement.

## 3. Research design

This study analyzes over 120 samples taken from the population of the South Bangalore Taluk. South Bangalore was chosen as the target population because of concentration of college students, professional and residential houses. This helps spread the reach of the study to people from various background and taste and preferences. The source of data used was primary data, collected by using questionnaires. Primary data helps increase the relevance of the study and removing any probable errors which might have

been done by the previous researchers. Choosing South Bangalore provided convenience in collecting responses for the survey by distributing the survey through various media platforms. The reliability of the data collection tool was found through Cronbach's Alpha using the SPSS software. The Cronbach's Alpha value was 0.890. The data obtained is analyzed using correlation and regression.

**3.1 Limitations**

- People might prefer more than one brand.
- People might not be aware of certain endorsers of aerated drinks.
- People might use the product for other purposes than drinking.
- 100% honesty cannot be expected while answering the questionnaire.
- People might face the problem of choice while answering the questionnaire and this might not give perfect results.

**3.2 Hypothesis**

1. H<sub>0</sub>: There is no significant relation between age and of celebrity endorsement  
H<sub>1</sub>: There is a significant relation between age and of celebrity endorsement
2. H<sub>0</sub>: There is no significant relation between brand preference and credibility of the celebrity  
H<sub>1</sub>: There is a significant relation between brand preference and credibility of the celebrity
3. H<sub>0</sub>: There is no impact on the reputation of the celebrity post scandal of consumer buying behaviour  
H<sub>1</sub>: There is an impact on the reputation of the celebrity post scandal of consumer buying behaviour

**4. Data analysis and interpretation**

- H<sub>0</sub>: There is no relation between age and celebrity endorsement  
H<sub>1</sub>: There is a relation between age and celebrity endorsement

**Correlations**

		Age groups	Celebrity endorsement
Age groups	Pearson Correlation	1	-.194
	Sig. (2-tailed)		.052
	N	101	101
Celebrity endorsement	Pearson Correlation	-.194	1
	Sig. (2-tailed)	.052	
	N	101	101

Table 1.

**Interpretation:**

The value of p is .052 that means that there is a very slight relation between the variables. The data obtained through the survey was analyzed using SPSS considering mainly two variables – Age (Independent variable) and Customer preference due to celebrity endorsement. The result shows that there is a negative correlation (-.194 with a slight significance of 0.52) between age and influence by celebrity endorsement. This means that as the age increases, the impact of celebrity endorsement on consumers reduces. With the increase in age, the influence of celebrity endorsement on consumers reduces (Anojan & Subaskaran, 2015).

Thus, the H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. There is indeed a relation between the two variables.

- H<sub>0</sub>: There is no relation between brand preference and credibility of the celebrity  
H<sub>1</sub>: There is a relation between brand preference and credibility of the celebrity

**Correlations**

		Credibility of the celebrity	Brand preference of the consumers
Credibility of the celebrity	Pearson Correlation	1	.724**
	Sig. (2-tailed)		.000
	N	101	101
Brand preference of the consumers	Pearson Correlation	.724**	1
	Sig. (2-tailed)	.000	
	N	101	101

**Interpretation**

The value of p is .000, which means that there is a high significance between the credibility of the celebrity endorser and the brand preference of the consumers. The value of Pearson's correlation value is 0.724; this is a highly significant value which proves the relation between the two variables. This means that when a celebrity with a good credibility endorses a brand, consumers tend to prefer that brand. The level of correlation is very high, so, the companies should always try to enlist credible celebrities as their endorsers. Consumers tend to associate the credibility of the celebrity with the credibility of the brand itself (Abdussalam K. , 2014). Companies which have credible celebrity endorsers experience an increase in sales and overall profit (Dwivedi, Johnson, & McDonald, 2015 ).

Hence, H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. There is fact a strong relation between the credibility of the celebrity and the brand preference of the consumers.



- $H_0$ : There is no impact on the reputation of the celebrity post scandal of consumer buying behaviour
- $H_1$ : There is an impact on the reputation of the celebrity post scandal of consumer buying behaviour

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.669 <sup>a</sup>	.448	.442	1.00780	.448	80.329	1

Table 3.

### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	81.587	1	81.587	80.329	.000 <sup>b</sup>
	Residual	100.551	99	1.016		
	Total	182.139	100			

Table 4.

- Dependent Variable: Consumer buying behaviour
- Predictors: (Constant): Reputation of the celebrity post scandal

### Interpretation

The value of p is 0.000, this shows that the reputation of the celebrity caught in a scandal has a high impact on the buying behaviour of the consumer. The value of  $R^2$  is 0.448. This means that the impact of celebrity endorsing the product caught in a scandal is 44.8%. Overall, it shows that, when the celebrity who is already endorsing a certain aerated drink brand, is caught in a scandal, his reputation suffers damage and this in turn effects the brand. This is mainly due to the fact that the consumers of the brand tend to associate the traits and personality of the personality with what the brand stands for and this creates a negative brand image (Abdussalam K. , 2014). This is the reason why the companies are advised to cut all ties with the celebrity who was caught in the scandal had any association with the brand, direct or indirect (Mittal, 2017).

Hence,  $H_0$  is rejected and  $H_1$  is accepted. There is in fact an impact of the consumer buying behaviour when the reputation of the celebrity endorsing a brand is damaged due to a scandal.

### 5. Findings and suggestion

- Through frequency analysis, we can conclude that the most preferred aerated drink for this sample population is Mountain Dew, closely followed by coca-cola and then Pepsi. Ranveer Singh (Thumbs-up), Akshay Kumar (Thumbs-up), Hrithik Roshan (Mountain Dew) and The Indian Cricket team (Pepsi). Interestingly, consumers who preferred Coca-Cola were mostly not aware of their endorser (Selena Gomez)
- Consumers tend to focus more on the attributes of the products rather than the celebrity endorsing it before consuming an aerated drink.
- If the celebrities endorsing a certain aerated drink is caught in a scandal, it has an impact on the consumer buying behaviour. Hence, companies should not associate themselves with celebrities caught in scandals.
- Since the impact of celebrity endorsement decreases with the increase in age, companies should look at the age of their target market and then choose a proper marketing tool to promote the product.
- 24.7% of the respondents have answered that they have consumed a drink because the endorser was their favourite celebrity. Hence, the companies should choose celebrities with a high number of fans to promote their brand.
- Consumer's belief in the celebrity decreases if he endorses many products. So, the companies must not choose an overused celebrity to endorse their brand.

### 6. Conclusion

This research gives insights on how the companies should choose their celebrity endorsers. They must take great care and choose their endorsers wisely taking into considerations their target market and their belief system. Since aerated brands spend more than 10% of their income on marketing, this research will help the companies invest in marketing tools effectively. However, people might not prefer just one drink and might opt for multiple brands. When it comes to aerated drinks, people might not buy if for the sole purpose of its intended purpose – drinking. In the future, research can be done on the consumer's previous experience with products that the celebrity has endorsed and there is a scope for a qualitative study.

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