

Merits and Demerits of Celebrity Endorsements

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ABSTRACT

People buying a product endorsed by the celebrities has been happening for several decades and advertising firms use their communicative skills in convincing their clients that celebrity endorsement of a brand is the best bet in the current circumstances because of the standardization of many products and inability of the companies to create a strong differential or USP in a product that can have temporary competitive advantage or sustained competitive advantage. As a result, companies spend huge money on celebrities and this additional cost is finally passed on to the consumers who indirectly pay for the celebrities because of the higher price of the products. Of course, there are merits in doing it when the company is not able to create a unique product or a product which is different from the competition, but an attempt is also made to find out whether there are any disadvantages in doing it.

Keywords: celebrities, merits and demerits, unique product, USP

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INTRODUCTION

People normally buy products which are endorsed by celebrities because people are comfortable with the familiar face endorsing a brand, e.g. when people see Virat Kohli in Pepsi commercial or in the print medium, it catches their attention [1].

Many people also aspire to be like celebrities. Their favorite celebrity's wealth, fame, and enjoyments are a matter of inspiration to majority of their fans. Some people also make sincere attempts to live the lifestyle of celebrities or they try to alter their physical look or hair style so that they can appear remotely close to the star. Many people are so much obsessed with their favorite celebrities that they would like to eat what celebrity eats, they like to wear what celebrity wears, and they would like to stay in a hotel where the celebrity stays so much, so that the fans buy a product without any deeper thinking because it is endorsed by their favorite celebrity [2].

Many people buy the endorsed products because they feel that the product must have a terrific quality if it were to be endorsed by the celebrity. People feel surprised, amazed, happy, and excited when they see their favorite celebrity endorsing a brand. People feel that they are receiving advice from a valued friend. People feel that by buying the celebrity-endorsed brand, they can indirectly associate with the celebrity's success, beauty, fame, skills, charisma, characteristics, etc. If a celebrity has gone through hard times, then the consumers also develop a feeling of sympathy while buying a brand endorsed by their favorite celebrity.

WHO CAN BE CALLED AS CELEBRITIES?

People who are movie stars, popular in TV serials, people who are great singers, incredible dancers, perform mimicry shows, perform magic shows are usually regarded as celebrities. Popular politicians, news anchors, television show

hosts, people who are, state- and national-level athletes, sports stars are also celebrities. Sometimes renowned heart surgeons like Dr. Devi Shetty or a social activist like Dr. Rajanikant Arole can also be categorized as celebrities. Sometimes people such as Dr. Prakash Amte and Dr. Abhay Bung have achieved hall of fame because they help people who are in distress. People like Sadguru Juggi Vasudev and Shri Ravi Shankar write articles on spirituality in the print media. They also circulate their videos on social media. In addition, they conduct spiritual discourses. They are highly pious by nature. They can also be called as celebrities.

WHY COMPANIES CHOOSE THE CELEBRITIES FOR THE BRAND ENDORSEMENT?

Companies choose celebrities for their brand endorsement because many consumers are interested in the private lives of the celebrities, which brands the celebrities consume, how the brands have benefited the celebrities, and people like to follow these celebrities in all spheres of life. For example, when it comes to using hair oil, many customers take pride in saying that they consume Navaratna Hair oil because Amitabh Bacchan has endorsed it and it has benefited him immensely. However, there are some people who also dislike celebrities for the money they earn through the advertisements. Many feel that celebrities do not slog as much as a commoner; however, they get huge money which they really do not deserve. These people are simply averse to the special treatment given to celebrities. The life of a celebrity is like an open book before the public. At times, their failures are made public. As a result, many celebrities suffer from anxiety and depression [3]. Some celebrities get agitated because of setbacks in their life and behave rudely with public, press or TV reporters, and with their fans. However, not all celebrities exhibit bad

behavior as a result of failure. Sometimes they give good moral as well as material help to the diseased, needy, poverty-stricken people. They also help to boost the morale of our armed forces who do a brilliant job of protecting our nation and who also serve in far-flung areas away from their families. Celebrities also do things that help the society, e.g. PANI Foundation of Amir Khan or NAAM foundation of Nana Patekar. In the normal circumstances, the firms choose celebrities based on parameters such as trust/credibility, his/her career history, social status, power to influence their fans, and their personal charisma. With the help of these parameters, the companies also evaluate the effectiveness of their advertisements [4].

LITERATURE REVIEW

A recent study done by the Arkansas University and also Manchester Business School in London discovered that consumers in the age group of 18–24 years actively develop their identities and appearance based on the celebrities whom they prefer.

One more research done by Nielson in 2015 showed that celebrity endorsements have profound influence on the age group of youths between 15 and 20 years (Generation Z), and also on the age group of youths between 21 and 34 years (Millennials).

In today's time, 14%–19% advertisements shown in USA have celebrities endorsing brands of products as well as services. The world famous shoes company giant Nike spends roughly \$ 475 million on an annual basis on celebrity endorsements. According to Market Watch, USA, a simple announcement from a brand signing a celebrity to endorse the brand can make a stock price rise slightly and augment sales by 4%. Researchers also discovered that 85% of people who surveyed in USA mentioned that celebrity

endorsements hastened their confidence in a brand and preference for a brand; however, only 15% confessed that the celebrities impacted their purchase decisions (contemporary ideas and research in marketing).

A research study done in Taiwan shows that consumers show greater recall of products which are celebrity endorsed irrespective of the fact that they are fans of the respective celebrities or not [5].

Some modicum of risk is also associated with celebrity endorsements. For example, in India, when the match-fixing scandal cropped up which was involving Azaharuddin and Jadeja, the advertisements featuring both had to be withdrawn immediately, and as a result, lacks rupees of the companies went down the drain (Celebrity Endorsements, K Suresh, p 67).

Some experts feel that celebrity endorsements cannot work out well for all types of brands. Only those brands which have high psychological or social risk can be endorsed by celebrities for its commercial success (Friedman and Friedman, 1979).

Many advertisers who have used celebrities in their ad campaigns have certainly obtained the top line results, e.g. recall rates, sales impacts (before and after the advertisements). However, the fundamental questions on the effects on consumer's perceptions remain unsolved (Ho, Kwan, Or 1997).

METHODS

The method used in the study involved library and Internet search for relevant material on the topic. The design included in putting in the main words that constituted the question. The result was a list of articles and books from which I chose the relevant ones for use. The main

words used to identify the appropriate materials include celebrity endorsements and merits/demerits. It was easy identifying the related articles from reading the abstract of each. On library books, it became easy as one would just read the summary of the book online to see how relevant they are to the topic.

MERITS OF CELEBRITY ENDORSEMENT

1. Celebrity has his/her personality or charisma. Even a brand has his personality. When two personalities get aligned, there is a phenomenal impact. The personality of the brand gets reinforced or stands out vividly.
2. Viewership goes up significantly whenever a celebrity endorses a brand. It is noticed that many consumers normally skip other ads which are not endorsed by the celebrities.
3. Whenever celebrities endorse a product or a service, people feel that there must be credibility in the brand. Many people have a perception that celebrities must have or might have used or consumed the brand and therefore they like and trust the brand.
4. Many multinational brands can be made familiar to various nationalities by using international stars/celebrities or local celebrities.
5. The brands become glamorous with celebrity endorsements. If the communication theme of the brand is emotional and not functional, the celebrities can create a magic for the brand.
6. If the celebrity is consistently in the lime light and has a consistent and dazzling career, the brand tends to benefit a lot with the association of such a celebrity.
7. In the event of some controversy with the brand, celebrities help restore the public confidence. That way the "lost" credibility of the brand can be restored gradually [6].

DEMERITS OF CELEBRITY ENDORSEMENT

Companies spend crores of rupees for celebrity endorsements pertaining to their brands but with so many celebrities endorsing the brands, many brands are striving for credibility. The fact of the matter is that celebrity endorsement has come of age. Companies should have huge funds to afford the best available celebrity. But the same celebrity endorses many brands. So, nowadays, the companies may find it very difficult to get a celebrity exclusively for itself. Moreover, the customers also get puzzled when the same celebrity endorses many brands. The brands also cannot stand apart. Such brands cannot give strong returns. It is very expensive to hire a celebrity for brand endorsement. Second, if a celebrity like Salman Khan comes into controversy, he is endorsing a brand will dilute the positive effect or nullify the advantages of the brand personality association. Many companies try to rope in a celebrity before their competitors approach the same celebrity. It is a big risk companies take by being nimble.

If the company is not financially sound, however, ropes in a celebrity and because of some working capital problems, they are unable to pursue the agreed advertising campaign then celebrity endorsement boomerangs in a big way.

CONCLUSION

If a celebrity is incredibly popular among masses and he/she has larger than life

image, then he/she is going to command huge premium when he/she gets roped in to endorse a brand. Sales promotion methods can bring in immediate sales, but advertising always takes longer time to have impact on sales. Hence it is advisable for mid-cap companies or even large companies who do not have deep pockets to keep away from the temptation of celebrity endorsements. Multinational companies have huge reserves and deep pockets. They can afford to wait for a longer time to assess and ascertain the impact of celebrity endorsement brands.

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