

HEADS & TAILS OF CELEBRITY ENDORSEMENT

Vinayak P. Karande *

**Vidyalankar School of Information Technology, Commerce & Management dept, Wadala, Mumbai – 37, E-mail : vinayak.karande@vsit.edu.in*

ABSTRACT

The job description of celebrities has changed drastically over the period of time. Be it actor, athlete or any well-known faces. In spite of the marketer being aware of the cost involved in this format of advertising it is used widely in today's competitive market. Indians are crazy about their celebrities & also have emotional inclination towards them. For us celebrities whom we look up to becomes our idol & this is what is trapped by the companies' long back & being used on a very large scale to sell their products. Although many researches has been carried out on the brighter side of the celebrity endorsement as to how it has helped in increasing sales & create brand equity one has to compare risks involved vis-à-vis rewards as celebrity endorsement is high risk-high reward game. Hence, through this paper author feels the need to highlight the darker side of it which is less researched in India.

Keywords : Celebrity endorsement, Brand equity, Rewards & Risks.

Introduction:

Consumers today are encountered with numerous videos, voice & images of celebrities on various medias like hoardings, internet, television, radio, newspaper etc. Marketers are continuously finding the anchor to which consumers can halt their purchase decision. The most sought anchor by major successful marketers all around the world is the “Celebrity endorsement”. (DR. BIMAL ANJUM, 2012) The right selection of celebrity for endorsement can make or break a particular brand. As celebrities create place in customers mind quickly it also takes the brand along with them which he or she is endorsing. It is the way to get your brand noticed in the current overcrowded marketplace. Global studies have found that 20 per cent of advertisements feature an endorsement and, in some countries, it is as high as 45 percent (Business world). Many a times the use of a celebrity is wasted due to a wrong strategy, a bad creative or under exposure of the celebrity due to lack of marketing budgets. A wrong selection of celebrity for the brand is a wasted resource too (Linkedin). A consumer that observes messages for two different firm’s products, one product’s message containing a celebrity endorsed and the other not believes the celebrity endorsed product will have more purchases and so be of higher value.

Television is the major medium of entertainment for the mass population of India irrespective of economic class, urban-rural, age group etc & hence is extensively used by advertisers to stamp their brand in customers mind with the ink of celebrities. Celebrities can be used not only for increasing sales or creating brand equity but also to revive the image of brand if required For example, Cadbury used Amitabh Bachchan to promote the brand when it went through a bad phase in India. Soon the ad recreated people’s love for the brand and increased Cadbury’s sale. Nowadays multiple brands are endorsed by same celebrity at a time which has left consumers confused while making purchase decision. Hence this study is undertaken to highlight the other side of the coin of the celebrity endorsement.

Literature Review:**Forbes.**

The overall message to marketers is to be careful, because all of us, celebrities or not, have positives and negatives to our personalities, and those negatives can easily transfer to a brand,” said research leader Margaret C. Campbell, who teaches at CU-Boulder’s Leeds School of Business.

Madhurkar Sabnavis, Country Manager- Discovery O & M points out that multiple endorsements affect the endorser credibility as people know that a celebrity is paid to sell the product.

Economic times

“Show me the money,“ the famous line from the Tom Cruise starrer Jerry Maguire seems to be the mantra for all celebrity endorsers of late. And with these endorsements touching all-time highs, celebrities are laughing all the way to the bank.

A celebrity can be used as:

Spokesperson: - The person who is associated with the same brand/company for long time & represents it in all type of media is the spokesperson of that brand/company. For example – “Amitabh Bachchan who is associated with ICICI Bank since many years.

Testimonial:- If the celebrity has the personal experience of using a brand and can attest its qualities, they can give testimonials. For example – Katrina Kaif endorses Yardley perfumes & also appeal others to use it.

Endorser: The celebrity is merely associated with the brand, which implies an endorsement.

.Actor: Here the individual is merely a character in a dramatic presentation.

Positive Side of Celebrity Endorsements:

The continuous increasing bargaining power of consumers over advertisements has made advertising more challenging & on the toes job. To make the life somewhat simpler & to catch and hold the attention of the consumers advertisers today suggest the celebrity endorsement as it has given positive results since ages. Celebrity, if rightly used in advertisement has the power to stand out from the crowd by cutting excess noise in advertisements. Number of researches has shown that consumers are highly ready to spend that extra buck more comfortably if the product connects them to the image of the celebrity they are looking up to E.g. Priyanka Chopra & Sonakshi Sinha has been roped in as co-brand ambassadors for hair oil brand worth Rs. 850 crore, as both are currently amongst the leading actresses in the Bollywood & teenagers and young women are looking up to their image. Another reason for use of celebrity in advertisement is because it becomes easy for customers to recall the product when they are at Point of purchase as they remember the celebrity who is endorsing that product. Marketers use celebrity as they had already created a space in consumers mind & hence will also take the product along with them in same space. One more reason why marketers are tempted to spend huge on celebrity endorsement is that it helps build trust & confidence in the brand & its products. E.g. When CDM (Cadbury’s Dairy Milk) has suffered the worm’s controversy company smartly called in the Big-B & revived its image quickly, same was done by Coca-cola by bringing in Amir Khan after its pesticide controversy. Additionally celebrity endorsement can be used to pull the new or first time users or to make the customers become consumers for the first time. Endorsements also

may increase the consumer's desire for a product. This is often achieved by implying that the particular celebrity is successful, talented, or attractive at least partly because of the product.

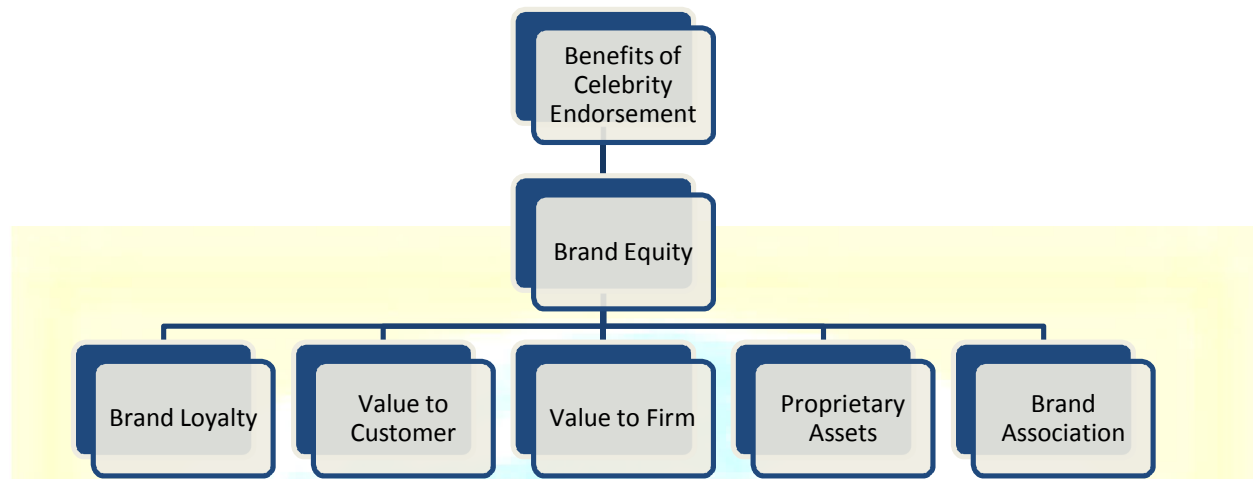


Figure 1: Benefits of Celebrity Endorsement

Negative Side of Celebrity Endorsement:

But the bigger issue is the whole debate of celebrity endorsements. Are the high risks attached with celebrity advertising worth the effort? Totally against it are marketing gurus like Jack Trout, who in an interview with Business world told that he was no fan of celebrity advertising, “It is an attention getting device. When they are hot, they are great. But when celebrities go bad, like Lance Armstrong, you have a real problem. There is a dark side of celebrity advertising” Trout cited many instances, including the Tiger Woods episode where the brands have had spillover image problems, or seen their stock prices plunging. On the other hand, when it goes right, the rewards are great for the brand. Micromax, for instance, is riding high on its Hugh Jackman endorsement. It’s not a new debate and there have been a host of studies looking at the economic benefits and ROI of celebrity advertising. Global studies have found that 20 per cent of advertisements feature an endorsement and, in some countries, it is as high as 45 percent. During the Superbowl in the US, 46 per cent of the ads playing during the game feature celebrities up from 38 per cent last year. Scarlett Johansson has been the face of the game as she hawks a soda brand.

Some time back, a working paper in the National Bureau of Economic Research (NBER) by Craig L. Garthwaite, ‘You Get a Book! Demand Spillovers, Combative Advertising, and Celebrity Endorsements’ looked at the direct sales effect of an endorsement. He was specifically studying the effects of Oprah Winfrey’s Book club. What he found is illuminating – according to him, endorsements result in more business stealing than market expansion. He also found that in the immediate short term, sales increase but over the long term the effect wears off. Another

study – MEC Global’s celebrity endorsements Sensor – found that younger consumers get swayed more. According to the study 30 per cent of respondents aged 18-34 were willing to try a product promoted by an idol they admired versus just 14 per cent of those in the 35-54 age group. Only 11 per cent of those over 55 were likely to be swayed by a celebrity recommending a product.

Some more reasons for thinking twice about celebrity endorsement are:

- Images change. Celebrities make mistakes. And when they do, they can affect the brands they endorse. In 2009, Tiger Woods’ public image crumbled after his infidelity with a number of women, including pornography actresses, hit the news. General Motors, Gillette, Accenture, and Gatorade dropped Tiger to avoid negative perception. Nike stuck around and lost customers. And the golf industry as a whole saw a major revenue slow-down with no Tiger on the course.
- Celebrities become overexposed. At the height of Tiger Woods’ popularity, he endorsed over ten companies at once. When a celebrity works with so many companies, the celebrity’s credibility may suffer. People may feel that the celebrity will endorse anything to make a buck.
- Celebrities can overshadow brands. Consumers may focus on the celebrity, not the product. This is a particular danger when celebrities endorse multiple products at a time. David Beckham endorses a number of companies, which feature him prominently in print advertising. However, his image as the focal point of advertising devalues many products. Do you remember the brand or do you remember David Beckham?

Indian Scenario of Celebrity Endorsement:

“Show me the money,” the famous line from the Tom Cruise starrer Jerry Maguire seems to be the mantra for all celebrity endorsers of late. And with these endorsements touching all-time highs, celebrities are laughing all the way to the bank. For example, Bollywood Alister Aamir Khan charges an eye-popping 5 crore a day. He, however, doesn't sign up for every brand that knocks on his door. “Aamir is very selective,” says a celebrity manager, who does not want to be named. “He studies marketing plan, gets into its details, even uses the product to see if it lives up to all the promises the marketing team is making in the campaign,” says the manager. Two recent celeb deals provide a glimpse into how lucrative endorsements are for big stars. Snapdeal signed up Aamir Khan for Rs 30 crore while Rasna got Akshay Kumar on board for Rs 18 crore in a three-year deal. Aamir's nearest competitor in endorsement space, Shah Rukh Khan, doesn't come cheap either at Rs 3.5-4 crore a day. His endorsements range from paints to e-commerce to liquor. “SRK feels he is bigger than the brand he is endorsing so the brand will benefit from his association. His model is totally different,” explains the celebrity manager quoted above.

Indian cricket team captain Mahendra Singh Dhoni has been another perennial favorite among brands. Industry sources peg his rate at more than Rs12 crore a year (usually 3-4 days a year). Dhoni's most expensive deals are learnt to be those with Pepsi Co and UB. His deputy, Virat Kohli, has also upped his game on the endorsement fee charts, with his per day rate shooting up almost 500% in the last three years. He currently charges Rs 1.75 crore a day His deal with Pepsi is for three years (a total of 8 days).

But Bollywood and cricket biggies are not the only ones raising the bar. New stars are also edging up the charts. Ranbir Kapoor, for instance, charges Rs.3 crore a day, up from under Rs1 crore a few years ago. His revenue strategy -minimum 2-year deals with at least 4 days a year. Another newcomer Ranveer Singh might not be as hot on the advertising scene but that doesn't mean he is easy on the wallet. Singh charges between Rs 1 crore and Rs 1.5 crore a day. Endorsement rates for celebrities, however, can vary from brand to brand. Multiple celebrity agents, brand managers, and intermediaries to get a range for each celebrity with the lower end as the base figure and upper end as the highest amount that the celebrity has been paid by any brand. "Celebrity deals are more about the relationship between the star and the brand. The same star can charge double or three times from a brand new to him or her and the same as he or she did three years back if they have a long-term relationship with the brand," says a senior official at a beverage firm that has signed up several big stars over the years. Lloyd Mathias, the head of marketing, printing & personal systems at HP says that most bankable celebrities today prefer a longer contract with the brand. And signing a top celebrity is no longer simply about making a call and quoting a fee. The negotiations are long-drawn and detailed. "Celebrity endorsements involve multiple factors, including high production costs, range of non-competing products and services, and celebrity image risks. Celebrity management agencies are very careful while drawing up agreements. Negotiations are more detailed, and the time involved of the celebrity, the deliverables, geographies for exploitation of the creatives etc. are discussed in detail. Celebrities too are getting more aware and some A-listers even ask to see the creatives before they are released," says Anand Desai, CEO, DSK legal. The new trend in the industry is to sign longer term deals. Arun Pandey , who represents MS Dhoni, says most endorsement deals his company Rhati Sports is working on are being done for three-five years. "That way , the relationship with the brand is built and remains intact," he explains. Afsar Zaidi, MD at Exceed Entertainment, which represents Hrithik Roshan says signing long-term deals also help in creating value for the brand which goes beyond featuring in ads or making appearances at conferences or consumer promotions. In 2013-end, Roshan inked a deal with Myntra.com to exclusively launch the HRX brand of apparel. Deepika Padukone with her recent. 2 crore successes has hiked her fee to a day while Katrina Kaif commands about 1 crore. Incidentally, Deepika's graph has seen a higher trajectory though both charged around 40-50 lakh only a few years ago. According to Vinita Bangard, CEO, Krossover Entertainment, the celebrity endorsement market has grown at least 40% in value terms in the last five years with the biggest

reasons being that a bigger talent pool and higher fees. Also at the lower end, brands with specific requirements are approaching niche celebs for select assignments. “There are more people in the fray today. IPL has thrown up many new faces and brands are open to more niche players, from chefs to authors to film directors,” she says. “There is also an increase in the regional play across sectors, from steel rods to local produce across food and personal care. Not to forget the rise of digital advertising with social media.” There is also a growing crop of sportspersons doing well outside of cricket -from Saina Nehwal to Sania Mirza and Vijender Singh, as also other categories like chefs (Vikas Khanna) and authors (Chetan Bhagat) and even film directors (Karan Johar), but they don't come anywhere close to what the big guns with mass appeal charge. Saina Nehwal is today the number one badminton player in the world and endorses six brands but charges . 60-75 lakh for a year's contract. Sania Mirza is in the same range. Cricketers Shikhar Dhawan and Rohit Sharma also fall in a similar range. Newbies in the endorsement game like writer Chetan Bhagat charge . 5-7 lakh for an appearance while Vikas Khanna commands 5-8 lakh. Karan Johar charges 50-60 lakh for a deal but if he directs an ad film, the fee can touch a crore. Youth-centric brands are also roping in the latest youth icons. Coke has signed Alia Bhatt, Sidharth Malhotra and Varun Dhawan together in a deal under 2 crore late last years. Shraddha Kapoor charges up to 60-70 lakh a day .Anushka Sharma also charges similar rates. Eureka Forbes has recently roped in Madhuri Dixit and her husband as the brand ambassador for its water purifier Aqua guard. Industry sources say Madhuri charges an average of 3 crore for endorsements. (Economic times April 01, 2015)

Conclusion:

After conducting a small secondary research on pros & cons of celebrity endorsement author analyses that, from late 80's till date companies are spending heavily on hiring celebrities to mark their product in consumers mind. But steadily, smart & strategic marketers are doing the cost-benefit analysis of hiring celebrities. In many cases some companies like AMUL(Utterly-butterly girl) & Vodafone (Zoo-Zoo)have taken the other route of MASCOTS rather than celebrities. Looking at the situation faced by NIKE because of Tiger woods fidelity case & some other celebrities who sign contradicting agreements of health drink on one hand & aerated drinks on other hand, companies are playing on backfoot on celebrity hiring.

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