
FACTORS DETERMINING CELEBRITY ENDORSEMENT AND IMPACT ON BRAND LOYALTY: A SRI LANKA BASED STUDY ON COSMETIC ADVERTISING

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Abstract

Celebrity endorsement is considered as one of the most known marketing tools in the cosmetics industry. It is a highly utilized tool among most of the renowned brands all around the world and considered as a winning strategy to build a unique identity for the brand. The major objective was to evaluate the level of effectiveness which the celebrities have in the cosmetic advertising industry. This also explores the effectiveness of the use of celebrity endorsement in advertisements and its influence on consumers' behavioral and attitudinal loyalty. Thus, by studying on how celebrity endorsement influence on cosmetic brand loyalty, the companies can build up a suitable strategy to enhance their competitive advantages. Data were collected from 200 respondents using convenience sampling technique. Findings reveal that the regression model was significant in enhancing the brand loyalty. Although the model is significant, attractiveness, activation and multiplicity of celebrity endorsers were not supporting to the contribution of brand loyalty in the cosmetic industry in Sri Lanka. Other two dimensions such as credibility and congruence attributes of celebrity endorsers are supporting to contribute to the brand loyalty of cosmetic industry.

Key words: Celebrity endorsement, advertising, brand loyalty, Sri Lankan cosmetic customers

1. Introduction

Women are increasingly using cosmetic products. The markets for cosmetic products have been expanded well in order to capture the markets. Meantime, new competitors in the market are also competing well. As a consequence, consumers are exposed to many advertisements of many brands of cosmetics in newspapers, magazines, billboards and websites. Here the challenge of marketers is find the way to get the attention of the consumers. In order to achieve this, marketers use celebrity endorsers as a strategy.

Grant defines a celebrity endorser as "*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). The choice of celebrity is very vital for brand marketing. Hence, it is essential to consider the image and personality of the celebrity endorsed the brands. Thus, it must be relevant and enhance the image of the brand. Moreover, creation of the brand loyalty and increasing the number of customers are the crucial effect of the celebrity endorsement. Additionally, celebrity endorsement also form new market segments in which customers are without attitude and preferences to the brand previously (Byrne et al., 2003).

Celebrity endorsement is frequently used in the promotion of cosmetic products and thus communicates the talent, beauty and perfection that are associated with them to the consumers. Then, the consumers try to find connection and similarities with endorsing celebrity (Audi et al., 2015).

Despite the fact that consumer behavior towards cosmetic items are positively adjusted by the celebrity endorsements, it is still questionable whether these celebrity endorsements influence on the brand loyalty of cosmetic advertisements in Sri Lanka. Thus, the major objective of this study to evaluate the effectiveness of the celebrity used in the cosmetic advertisements industry and to see the influence on the cosmetic brand loyalty. Therefore, this paper is prepared in the following way. Firstly, the review of related literatures are addressed and hypothesis are formulated. Secondly, the methodology is discussed and the results and discussion are explained. Finally, based on the findings, conclusion and recommendations are given.

2. Review of Literature and Hypotheses Development

McCracken (1989) points out that celebrity endorsement is a transfer of characteristics and attributes of the celebrity to the brand or product and the same will be transferred to the consumers. According to the associative learning theory, brand image is influenced through transferring meaning to the brand from the endorser (Till & Shimp, 1998). Atkin & Block (1983) find that advertisements using celebrities are persuasive since the celebrities used in the advertisements are dynamics and they are with attractive and likable qualities. Besides, their prominent is also helping get attention of the product or services. Daneshvary & Schwer (2000) state that the way how consumers become connected to the celebrity endorsers. It is very important for the consumers to be associated with endorsers. Hence, it is vital to choose an endorser who should be the product user and expert.

Celebrities are having increasing influence on the society today (Choi & Berger, 2010). Hence, endorsers' characteristics should be transferred to the product or brand (McCracken, 1989).

As far as promotion is concerned, an effective celebrity influence on the campaign and enhance the effect of the advertisements or promotion on customers (McCracken, 1989). However, advertisement's success is not only depending on the celebrities but an advertisements should be understood by consumers. Sometimes, since celebrities are well paid, their credibility is declining (Bloemer, & Lemmink, 1992). An advertisement to be successful, it is better to have good relationship between celebrity and the message (Erdogan, 1999). Hence, it is required to have proper usage of the celebrity and it will, in turn, increase the positioning of the unique selling proposition and if it is wrongly positioned, it may turn to be disastrous to the product or to the brand (Mitka, 2008).

Celebrities should get the attention of the viewers and that will assist advertisement to be reinforced (Miciak & Shanklin, 1994). Seno & Lukas (2007) explain five factors which are affecting the celebrity endorsement's effectiveness. These factors can be brought under two categories which are said to be source-based factors and management based factors.

Seno & Lukas (2007) postulate that the source based elements and the qualities of celebrity can be controlled by the celebrity but it is not controlled by the manager or the advertiser of the brand. Further, Dissanayaka & Ismail (2015) also point out that source based factors are mostly derived from image of the celebrity. These qualities of the endorsers can exert the perception of the brand by consumers. It was further suggested that the credibility and attractiveness of the celebrity are the components of the source-based factors.

Celebrity credibility is "*perceived as possessing expertise relevant to the communication topic and can be trusted to give an objective opinion on the subject*" (Goldsmith et al., 2000). Credibility of the celebrity in the advertisement is important for marketers. Advertisements which include celebrity of credibility induce the customers inactive towards prices of the brand and give a distinguished place for the brand in the mind of consumers (Aziz et al., 2013). Celebrity credibility includes two factors such as expertise and trustworthiness (Ohanian, 1991).

Expertise in the celebrity endorsement reflects the knowledge, skills and experience a celebrity has towards advertised brand (Erdogan, 1999). Further, celebrity to be considered as expert, he or she should be prominent to the actions related to the advertised products (Biswas et al., 2006). Ohanian (1991) finds when the expertise of the endorsers increase, there will be more brand buying since the motivation to buy a particular brand is uplifted.

Trustworthiness is defined as "*Honesty, integrity and believability of an endorser. It depends on target audience.*" (Erdogan, 1999). Attaining customers is not tough task if the celebrities are with trustworthiness. Erdogan (1999) emphasizes that one of the major sources of the credibility is trustworthiness which is always linked with credibility

of endorsers (Friedman, et al. 1979). Further, there is evidence from research that firms when advertising, attentions need to be paid since there is positive relationship between credibility of celebrity and willingness of buying (Ahamed et al., 2014).

The second source based factor is celebrity attractiveness. Attractiveness is the value the endorsers have within the society. The endorsers may have likeability, physical appearance and personality characteristics by which the customers will be attracted (Solomon, 2002). Endorsers should be able to attract customers and therefore, it is better to choose attractive one which is reckoned to be a part of effective advertisement (Till & Shimp, 1998).

In the case of Sri Lankan context, there was a study on the relationship between celebrity endorsement and brand attitude in a financial products, which finds a significant relationship between trustworthiness, attractiveness and expertise and brand attitude (Dissanayake & Ismail, 2015).

Kamins (1990) states that management based factors include celebrity product congruency or match up hypothesis, celebrity multiplicity and celebrity activation. Match up hypothesis is defined as "*differential impact that different types of endorsers, often celebrities, have on the endorsed brand*" (Till & Busler, 1998). According to Kamins (1990), brand traits should be benchmarked with celebrity and that would determine the success of the endorsement. Hence, in the case of finding a congruency to a larger extent between brand and the celebrity, the familiarity of the consumers to the brand will be very high. Many brands of cosmetic products gains from the celebrity product congruency method in order to advertise their brands. Past studies indicate that higher the extent of congruency may expand the influence of celebrity endorsed brands which are authenticated (Kamins, 1990).

Celebrity activation is an exercise of management which get the celebrity's activities and achievement and communicate them to the target audience of the particular brand (Halonen-Knight & Hurmerinta, 2010). In other words, it is the activation of the relationship within two factors such as celebrity and brand image and put it in the mind of consumers. The probability of success is very high for a brand endorsed by celebrities. Since the celebrity activation transfers the attributes and experience to the brand, it affects the brand image positively (Farrell et al., 2000).

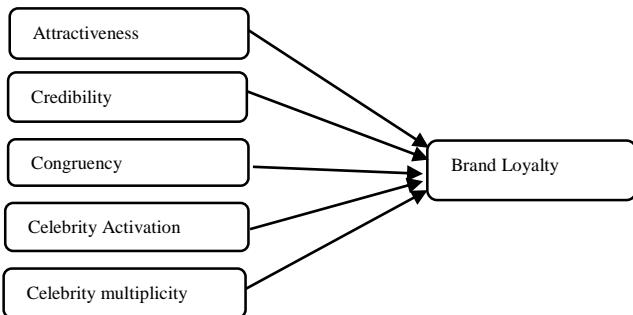
Utilization of many celebrities in an ad is called celebrity multiplicity (Hsu and McDonald, 2002). According to Sliburyte (2009), there are two types of multiplicity of endorsements. Firstly, there may be many celebrities in a single advertisement and the second is promoting a brand with different celebrities at different time. This one of the good techniques to promote a brand among various consumers with different characteristics.

Customer loyalty is in-depth commitment of consumers towards a product or brand. Even if there is situational influences, consumers will buy and use particular brand consistently without any switching behavior and marketing appeals (Oliver, 2010). This infers that the customers will have positive feeling about the brand and they are committed to purchase the brand repeatedly now and in the future too. Further, brand loyalty is an attachment of consumers to the brands and it is the core of the brand equity (Aaker, 1991). When a customer is ready to spread about particular service to others (word of mouth) and the repeat purchasing behavior are the indication of brand loyalty (Fornell, 1992). In addition, Amine (1998) finds that there is necessity of having brand commitment to find the brand loyalty.

Firms can benefit from the brand loyalty. Many researchers find that brand loyalty generates word of mouth favorably to the brand (Sutikno, 2011) and it offers a good profitability in all ways to the business (Kabiraj and Shanmugan, 2011). Despite the fact that continuance commitment is making brand relationship is said to be not enough for loyalty. Hence, marketers need to develop favourable brand experiences and have emotional connection with brand by consumers is also necessary for creating brand loyalty (Maheshwari et al., 2014).

In formulating the conceptual framework for this research and development of hypotheses, researcher has adopted previous studies. Although there many studies carried out in the determining factors of celebrity endorsement, Ibok (2013) and Shahrkh & Arefi (2013) are adopted trustworthiness, attractiveness and credibility as independent variables. Audi et al., (2015) has incorporated congruency, activation and multiplicity of endorsers in addition to the stated variables in the previous studies. Further Khan et al., (2016) has also used trustworthiness and congruency for the celebrity endorsement and its influence on purchase intention. For this Sri Lankan based studies, researcher has followed the model developed by Audi et al., (2015) which was tested in Lebanon. This is because, the celebrity endorsement is made up of attractiveness, credibility, congruency, celebrity activation and celebrity multiplication.

Figure 1: Conceptual Framework



Source: Audi et al., (2015), Ibok (2013), Shahrkh & Arefi (2013)

Based on the above conceptual framework, the following hypotheses were derived.

H₁: There is a significant relationship between attractiveness of celebrity and the brand loyalty of the cosmetic products

H₂: There is a significant relationship between credibility and the brand loyalty of the cosmetic products

H₃: There is a significant relationship between congruency and the brand loyalty of the cosmetic products

H₄: There is a significant relationship between celebrity activation and the brand loyalty of the cosmetic products

H₅: There is a significant relationship between celebrity multiplicity and the brand loyalty of the cosmetic products

3. Methodology

The research is quantitative in nature. Convenience sampling technique was adopted for this study. 200 respondents in Colombo were drawn for this study. The questionnaire was developed based on the previous researches. The five point likert scales statements were given to the respondents. The respondents were the cosmetic users between the ages of 18 – 30. Researchers conducted the survey directly (160 respondents) and through social media (40 respondents). Researchers met the respondents at Sri Lanka Institute of Marketing, Srina Palace, Colombo, Sequince Kandy and at Deens' Badulla. Collected data were fed into the SPSS 20 and were analyzed using multiple regression and correlation.

4. Results and Discussion

Cronbach's alpha was used for testing the internal consistency between indicators for each variable. The Cronbach's Alpha values for all variables more than 0.7 and all items were taken for analysis. The Cronbach's Alpha values are given in Table 1.

Table 1 Cronbach's Alpha Values

Variable	Cronbach's Alpha	KMO	No. of items
Attractiveness	0.907	0.778	4
Credibility	0.886	0.740	3

Congruency	0.907	0.749	3
Activation	0.821	0.650	3
Multiplicity	0.700	0.600	2
Brand Loyalty	0.889	0.737	8

Table 1 also provides the KMO values for each variable. All KMO values are more than 0.6 and therefore, reveals the sampling adequacy and sample is enough for factor analysis. Factor analysis was carried out and all communalities had more than 0.5 and all items were taken into considerations.

The characteristics of the respondents are given in Table 2.

Table 2 Respondents' Characteristics

Characteristics	Frequency	%
Age		
Below 20	29	14.5
21-25	86	43
26-30	72	36
31-35	13	6.5
Gender		
Male	59	29.5
Female	141	70.5
Education		
School	7	3.5
Undergraduate	69	34.5
Postgraduate	56	28
Other	51	8.5

As far as age of the respondents is concerned, 43% were between the age of 21-25 and 36% were within the age of 26-30 years. In the case of gender 70.5% were female and 29.5% were male. 34.5% of the respondents were with the qualification of undergraduates and 28% of the respondents were postgraduates.

The association between brand loyalty and celebrity endorsement was also tested using correlation technique.

Table 3 Correlation Analysis

	Brand Loyalty	Celebrity Endorsement
Brand Loyalty	1	
Pearson		.473**
Sig. (2 tailed)		.000
N		200
Celebrity Endorsement		1
Pearson	.473**	
Sig. (2 tailed)	.000	
N	200	

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

There is a strong positive association ($r = 0.47, p < 0.05$) between celebrity endorsement and brand loyalty in the cosmetic industry in Sri Lanka.

In order to see the impact of the celebrity endorsement on the brand loyalty of the Sri Lankan cosmetic customers, multiple regression analysis was carried out. Regression results are given in Table 3.

According to the results of the Regression analysis (Table 2), R Square value is 0.274 which is significant at 5% level with the probability value of less than 0.05. This means 27.4% of the variation of brand loyalty is explained by celebrity endorsement consisting of attraction, credibility, congruency, activation and multiplicity. Further, the model is also accounting for only 25.5% variation in the criterion variable.

Table 4 Regression Results

Variables	Beta	t	p
Attraction	0.023	0.271	0.787
Credibility	0.350	2.876	0.004
Congruency	0.123	1.029	0.003
Activation	0.141	1.832	0.069
Multiplicity	-0.094	-1.254	0.211

$$F_{5, 194} = 14.619, p < 0.05, \text{R Square} = 0.274, \text{Adj. R Square} = 0.255$$

In the case of individual independent variables, attraction ($t = 0.271, p > 0.05$), activation ($t = 1.832, p > 0.05$) and multiplicity ($t = -1.254, p > 0.05$) of the celebrities do not contribute to the brand loyalty among the Sri Lanka based cosmetic customers. The results support only H₂ and H₃. Other H₁, H₄ and H₅ are not supported.

Although the model is significant when considering with all independent variables, attractiveness, activation and multiplicity are not supporting the model. In Sri Lanka, all the unsupported variables to the brand loyalty among the cosmetic users need improvement in order to enhance the brand loyalty among cosmetic users. Celebrity attractiveness is mainly focusing on the likability of the celebrity by customers, beauty and elegancy of the celebrity and giving sex appeal. Thus, marketers in the cosmetic industry in Sri Lanka need to pay more attention on making these attributes exactly possible to attract cosmetic consumers. Activation of celebrity is constituted with celebrity's public appearance and with use of the cosmetics. Further, using more than one celebrity for a product may also attract customers in the cosmetic industry and that will enhance the brand loyalty of the cosmetics.

5. Conclusion and Recommendations

Brand loyalty is the target all marketers seek to achieve. The cosmetics industry is one of hardest in the various industries nowadays. Products in this sector do not differ greatly since all can achieve the same results. This study addresses five dimensions of celebrity endorsements need to be considered when choosing a celebrity to endorse a brand in the cosmetic industry in Sri Lanka. Further, the model is also supporting to the Audi et al. (2015) although three dimensions such as attractiveness, activation and multiplicity of celebrity of cosmetic products are not significant in contributing to the brand loyalty of cosmetic brands in Sri Lanka. Therefore, it is important to focus on these attributes which is evidently seen in Sri Lanka such as attractiveness, activation and multiplicity on celebrity endorsement of cosmetic brands. Sri Lankan marketers of cosmetic products can invest more on the dimensions of celebrity endorsements such as attractiveness, activation, multiplicity, credibility and congruency of celebrity endorsers. Especially, marketers need to see the beauty and elegancy, sex appeal, likeability, public appearance of celebrity endorsers when selecting the celebrity endorsers enabling the enhancement of cosmetic brand loyalty.

It is essential to discuss the delimitations of this study. This study is focusing on the celebrity endorsement in a general view irrespective of geographical and cultural backgrounds. Further, this research also assumes that the awareness of

the brands are in existence among customers of cosmetic items. Next limitation is the size of the sample was only 200 and the results derived may be bias.

6. References

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