



# INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X

Impact factor: 4.295

(Volume 5, Issue 2)

Available online at: [www.ijariit.com](http://www.ijariit.com)

## Impact of celebrity brand endorsements on buying behaviour towards luxury brands

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### ABSTRACT

*Celebrity Endorsements are an important aspect of marketing that helps the brands to gain attention and improve their brand image. There are many aspects of celebrities that appeal to consumers, such as trustworthiness, credibility, attractiveness, expertise and product-celebrity match. Endorsements don't only add to the brand image of the company, but it also increases the image of the celebrity endorser. Luxury brands require endorsements in order to improve consumer perception through the endorser's personality. This paper helps to see the impact of celebrity brand endorsements on buying behavior towards the luxury brands and affirms the attributes that appeal to the consumers.*

**Keywords**— *Celebrity endorsements, Buying behaviour, Consumer perception, Brand image*

### 1. INTRODUCTION

Celebrity endorsements are ways in which companies and brands use famous personalities i.e. celebrities or sports personas, for their product in order to promote it to the audience. They use the personality of the celebrity and try to associate it with the brand so that the audience gets attracted to the brand, through the celebrity's personality. Luxury goods are those goods which are premium, unique and exclusive goods that are targeted to a specific class of people. They are assumed to have high quality and give the ultimate consumer satisfaction. Consumers usually buy luxury products to increase status symbol, to have a better standard of living and enhance their quality of life through these goods. This paper focuses on the impact of celebrity endorsements on the buying behaviour of consumers, towards luxury brands.

#### 1.2 Concepts related to luxury goods

**1.2.1 FMLG:** Fast moving luxury goods. Just like the popular term- Fast moving consumer goods (FMCG), there is a popular term called FMLG in the luxury industry. These are those types of luxury goods that are considered to be an affordable luxury. These products are very well received by the consumers and the sale of these products is not affected by the change in price. The quality of the goods are considered and there is no effect on sales, regardless of external factors.

**1.2.2 Exceptionality and Experience:** Luxury goods are considered to have exceptionality and give an exceptional experience that the consumers will remember for a lifetime. These types of goods are considered to be extremely different and give a surreal experience to the consumers. Considering the price of luxury goods, they give the quality and experience that no other goods can provide

**1.2.3 Transience:** This talks about the temporary nature of the goods that luxury brands provide. It is never constant. It is extremely flexible in nature since it changes due to the trends and changes in the market

**1.2.4 Instant gratification:** It is the opposite of what we have been taught as consumers. It means that the consumers want the instant result of what they have purchased. If they purchase a luxury product, they expect to gain the advantage of the product instantly- in order to provide them with the utmost satisfaction.

**1.2.5 Hedonism:** It is the process of self-gratification that states the fact that for humans to live a happy life, the pursuit of pleasure is extremely important and so are intrinsic goods. It is the act of pleasure seeking and self-indulgence that consumers of luxury goods enjoy since they feel like they're spending money on themselves and indulging in keeping themselves happy

**1.2.6 Mast-ige:** This is a concept that was formed only for luxury consumers. It is the combination of the mass and prestige. It means that these luxury products are prestigious and of good quality but they're not specific to one category. They're those type of goods that usually appeals to the mass and a large number of people

### **1.3 Attributes of celebrities that appeal to consumers**

**1.3.1 Success:** The more success that a celebrity has in their field of expertise, the greater number of people automatically connect to the celebrity because they believe that since the celebrity is successful, they must be making their choices carefully and that's why they have chosen the brand.

**1.3.2 Trustworthiness:** More authentic and trustworthy the celebrity is, more people get attracted to the brand because they automatically start trusting the product because they relate the brand's trustworthiness with the celebrities

**1.3.3 Product-Celebrity match:** The product that is endorsed by the celebrity should be matching with the celebrity's personality. It should be in sync with the values that the celebrity stands for. If the celebrity has values and morals that appeals to more people, it will attract more people that connect with those values.

**1.3.4 Attractiveness:** The more attractive the personality of the celebrity is, the number of people appeals to him/her. The attractiveness of the celebrity influences the consumers to purchase brands endorsed and used personally by the celebrities because they want to become like celebrities as well.

**1.3.5 Perceived fit:** Certain types of products are associated with celebrities in relation to their attributes and values. It is assumed or perceived to be matched with the celebrity. Thus, the brand should choose the celebrity wisely, depending on their qualities. Eg: Trendy celebrities like Alia Bhatt endorsing a brand like Caprese for Bags.

**1.3.6 Public Image:** The public image of the celebrity is extremely vital in choosing a brand for consumers because the consumer should connect with the brand, endorser and both their morals. If the celebrity is involved in any immoral scandals and their value goes down, the brand's image also automatically goes down Eg: Image of Being Human went down because of Salman Khan being involved in an inhuman scandal

**1.3.7 Expertise of the celebrity:** The expertise of the celebrity in their own field proves the responsibility and their reliability. It shows that they make their decisions wisely, so being able to choose a brand to endorse, they would have put a lot of thought into it.

## **2. LITERATURE REVIEW**

(Haina Ding, 2011) proves if the increased cost due to celebrity endorsements matches the increased benefit. It also evaluates the profit returns of the technology industry with regard to celebrity endorsements. The endorsement press releases are analysed to check the value of these endorsements. It analyses the short term returns due to celebrity endorsements on the stock market which gives abnormal returns. Through the analysis of stock prices on the brand, the article proves that the announcement of celebrity endorsements increases the consumer base for the brand. It establishes that the characteristics of celebrities that affect the stock prices are gender of the celebrity, whether the celebrity is an athlete or not, whether it is a single celebrity or a group of celebrity endorsers, whether the celebrity endorses one firm or multiple firms, age of the celebrity, size of the brand being endorsed etc. The article proves that the cost and profit of celebrity endorsements are matching, and celebrity announcements do not cause a positive abnormal return. It also talks about the positives of endorsement ie brand repositioning and improving the image. However, it also has negatives like- the celebrity overshadowing the brand and celebrity scandals.

(Michael A. Kamins, 1989) shows the effect of two-sided celebrity endorsements versus the one-sided endorsements and shows the effect of this on effectiveness and credibility. It is observed that when two-sided communication for advertisements are executed, the effectiveness and credibility of the advertisement increases in the eyes of the consumers. Even the quality of the product and service are perceived to be more in this case. The article states that when a celebrity speaks about the positive and negative attributes of a product as compared to only positive attributes, it is considered to be more effective and authentic. Compliance, Identification and Internalisation are three processes that marketers use to influence the celebrities. The use of celebrity spokespersons is also an effective way to impact consumers. Consumers have a higher purchase intention when there is a two-sided endorsement by the celebrity. It does not only increase the chances of purchase by the consumers, but it also increases the sponsor evaluation. Due to this type of endorsement, the consumers also reported a higher intention to use the company's products. The marketers also seem to focus on influencing the consumer's attributional process, by choosing those celebrities who haven't done endorsements in the past. The main aim of this is to increase the belief of the consumers in the product and its quality, through the celebrity's involvement.

(Martina Bauer S. v., 2011) studies the consumer narrative about luxury products and brand experiences. It understands luxury products from a consumer perspective and understands the transience of these products through that perspective. Consumers sometimes feel that purchasing luxury products means social class distinction. Consumers purchase those products that offer more value, distinction and aspiration as compared to others. Customer opinions suggest that possession of luxury items contributes to status, conspicuousness, symbolic value and extension of self. The predominant view is still related to managerial activities, even in association with the new luxury products. This research suggests that the brand itself can control what can be perceived as a luxury because it depends on the consumer's perceptions. Luxury support of consumer identity is also a very private affair. It proves that luxury experiences of all consumers in different regions are vast and extremely different from one another due to the difference in market development.

(Heine, 2013) talks about the emotional state of mind and its impact on the consumption of luxury products. It is seen that the emotional state is not the only thing that affects luxury consumption. This article talks about retail therapy and how consumers in a negative state are more indulgent. Thus, they purchase luxury items more frequently and easily in that state. This article talks about the emotion of certainty. When consumers are in a positive state of mind, they need more certainty about products and they need

more logic and reason to consume luxury products. Certainty is a major factor in deciding the willingness of consumers to purchase a product or not. Luxury brands use their presence and logos to satisfy consumers' motivation with respect to consuming luxury brands. It is also observed that the indulgent behaviour will only take place if it has the capacity to change the current negative state of mind of the consumers. Thus, they tend to take impulsive decisions and think that it will regulate their emotion and steer them in a better direction. It is also observed that manipulation of the store environment also helps to affect the mood of the consumer. Emotions can also be dealt with, by targeting the emotional valance of consumers by reducing emotions such as fear, in the consumers, with the help of the luxury products and the advertisements.

### **3. RESEARCH METHODOLOGY**

#### **3.1 Statement of the problem**

Marketers are usually aware of the advantages that different marketing strategies can provide towards their brand. They are also aware of how celebrity endorsements can improve its brand image. However, due to several factors such as the inability to afford the celebrities hiring costs, they are unable to undertake this measure.

One of the main problems that luxury brands face is the inability to find a product-celebrity fit because the absence of this factor causes loss of interest by the consumers.

The literature available about celebrity endorsements usually focuses on the FMCG industry and there are rarely any articles on its impact on the luxury market. Thus, a niche literature review was not possible. But it has been analysed successfully through this research.

#### **3.2 Aim of the research**

- To identify the relationship between celebrity brand endorsements and buying behaviour of customers towards luxury brands
- To identify which celebrity traits, affect the buying behaviour of customers
- To identify if the sales of luxury brands increase through the presence of celebrity brand endorsements

#### **3.3 Hypothesis**

##### **Hypothesis 1:**

**H1:** There is a positive association between celebrity expertise and buying behaviour

**H0:** There is no association between celebrity expertise and buying behaviour

##### **Hypothesis 2:**

**H2:** There is a positive association of product-celebrity match on buying behaviour

**H0:** There is no association of product-celebrity match and buying behaviour

#### **3.4 Sample size**

For the purpose of this study, a standard sample of 200 consumers will be taken into consideration

#### **3.5 Sampling method**

In order to gain a random assortment of responses, the method of random sampling was used in order to get different responses about celebrity attributes from a wide audience.

#### **3.6 Method of data collection**

In this study, the main objective is to study the impact of celebrity endorsements on the buying behaviour of luxury brands. It analyses the various attributes of celebrities that impact the buying behaviour of consumers towards luxury brands. Hence, the best approach to collect data for this analysis is the – Questionnaire method that has multiple close-ended questions. This method is used since it will be able to get the subjective responses of a large variety of consumers, with different opinions belonging to different demographics. These opinions will be subjective in nature and will help to cover a large sector of society.

This interprets the consumer's information about the various attributes of celebrity endorsements, which in turn shows a clear impact of celebrity brand endorsements on the buying behaviour of luxury brands.

#### **3.7 Variables**

##### **Independent variables:**

- Celebrity endorsements
- Celebrity expertise
- Product-Celebrity match

##### **Dependent variable:**

- Buying behaviour

#### **3.8 Instrument design/statistical tool**

For the purpose of this study, a reliability test, correlation test and regression analysis were done to identify the association and direction of the formulated hypothesis. SPSS software was used to prove the hypothesis and test the results. The variables were analysed and interpreted to find the association between them.

**3.9 Contribution to industry/company**

Celebrities have a major contribution to the company or brand that they are associated with because the celebrities have a higher standard of living that is wanted by most people. And when a celebrity endorses a particular product, it is assumed that they use the product as well and are closely associated with it. This makes the customers want to purchase that product from that brand even more because they feel like it's their way to get closer to the celebrity and live a life that is up to their standards. Since the celebrities have a matching personality to the brand, it makes the customers want to associate more to the brand.

**3.10 Limitations of the study**

- The research is based mostly on the basis of consumer responses and buying behaviour which changes over time. Therefore, what holds true in today's day might not be relevant in the future
- Celebrity endorsement is not the only reason for an increase in sales of luxury brands. Therefore, other factors are neglected in this study
- This research is done for luxury brands on a general basis and it is non- focused on any specific industry, for luxury brands
- Although such a sampling method has great feasibility, there is a great compromise in the representation. That is, the study infers that those people who responded to the survey would naturally have a strong affinity towards luxury products and brand and were therefore self-selected. Such non-response bias may threaten the study's results in terms of external validity.

**4. ANALYSIS**

The software used for analysis is IBM'S software SPSS. Through this, Correlation and regression analysis were done. These tests are done to find the association of the dependent variables on the independent variable and find the impact of celebrity endorsements on buying behaviour towards luxury brands.

The Chronbach's Alpha is also found out in order to tell how reliable the data is.

**Table 1: Reliability Statistics**

Cronbach's Alpha	N of Items
.728	11

The reliability test helps us to check the reliability of the data before the analysis is done. The results of this test are shown. The Chronbach's Alpha for this data is 0.728, which proves that the data is really reliable. The reliability analysis shows that the research instrument is true and valid for the collection of the data since it meets the standards. With a Chronbach's Alpha that is above 0.6, it is stated that the data is completely reliable and hence it can be processed for further data analysis.

**4.1 Correlation and Regression of Celebrity Credibility and Buying Behaviour**

**Table 2: Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	The expertise of the celebrity in his/her field influence you to buy the products endorsed by them <sup>b</sup>	.	Enter
a. Dependent Variable: I purchase a luxury product only if I believe that celebrity endorser is an ardent user of the product			
b. All requested variables entered.			

**Table 3: Model Summary**

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.760 <sup>a</sup>	.577	.575	.919
a. Predictors: (Constant), Expertise of the celebrity in his/her field influence you to buy the products endorsed by them				

The first table contains R and R square values that explain the Correlation and Regression values, respectively. The value R represents the Correlation value as 0.76 which indicates a strong positive correlation between Expertise of the celebrity and the buying behaviour of consumer towards luxury products. The R square value indicates how much the independent variable, Celebrity Expertise, can explain the total variation in the dependent variable, buying behaviour of luxury brands. In this case, 57.7 % can be explained, which is a considerable amount. It means that the data is close to the fitted regression line

**4.2 Correlation and regression of product-celebrity match and buying behaviour**

**Table 4: Variables entered**

Model	Variables Entered	Variables Removed	Method
1	Product Celeb Match <sup>b</sup>	.	Enter
a. Dependent Variable: I purchase a luxury product only if I believe that celebrity endorser is an ardent user of the product			
b. All requested variables entered.			

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.657 <sup>a</sup>	.432	.429	1.065
a. Predictors: (Constant), Product Celeb Match				

The first table contains R and R square values that explain the Correlation and Regression values, respectively. The value R represents the Correlation value as 0.657 which indicates a strong positive correlation between Product-Celebrity match and the buying behaviour of consumer towards luxury products. The R square value indicates how much the independent variable, Product-Celebrity match, can explain the total variation in the dependent variable, buying behaviour of luxury brands. In this case, 43.2 % can be explained, which is moderate. It means that the data is faintly close to the fitted regression line.

## 5. FINDINGS AND CONCLUSIONS

- This study was focused on finding the impact of celebrity endorsements on the buying behaviour of luxury brands. It was noticed that there a various factor that affects this impact. For this purpose, a structured questionnaire had been designed and analysed.
- After detailed analysis and interpretation, all the findings of this research, both primary and secondary findings, are presented in this chapter. These findings are interpretations from the responses from the questionnaire and the analysis is done with the subsequent application of a statistical tool on them. These findings are given in an easier form so that they are easy to interpret and understand
- Since the correlation value is 0.76, there is a high positive correlation between Celebrity Expertise and buying behaviour. This indicates that a unit change in celebrity expertise will cause a 76% change in buying behaviour. Therefore, the alternate hypothesis is accepted. Since the correlation value is 0.657, there is a high positive correlation between Product-Celebrity match and buying behaviour. This indicates that a unit change in Product-Celebrity match will cause a 65.7% change in buying behaviour. Therefore, the alternate hypothesis is accepted.
- It can be inferred that the impact of celebrity endorsements on the buying behaviour of luxury brands depends on a few factors. The factors are:
- Consumers between the age bracket 18-29 are more responsive to the impact of celebrity endorsements since they are more easily impressionable than the people that are above this age bracket. This category consists of the youth that gets influenced by endorsements and tries to build similarity between themselves and the celebrity by using the endorsed product.
- It is noticed that the attention of most consumers is drawn towards the brand because of the attribute of celebrity expertise. More than attributes related to the product, consumers relate to the celebrity attributes since the celebrity personality, values and expertise appeal to them more and it is more relatable.
- It is noticed that most consumers would purchase a luxury product only because their favourite celebrity is endorsing it. This happens because the consumers have a blind trust towards their favourite celebrities, and they trust their expertise to the extent that they buy any product that is endorsed by the celebrity. More than the attributes of the product, they trust the celebrity’s expertise.
- The research also suggests the relationship between the celebrity and the luxury brand. When a brand collaborates with a celebrity, it is assumed that they are a single entity and not separate. They are considered to be a single unit, in a way that if the celebrity is involved in a scandal, the brand image of the endorsed brand automatically falls down and has negative associations with it. If a celebrity endorsing a luxury brand gets involved in a scandal, the sales of the luxury brand will fall as well
- It is also noticed that if the celebrity is an expert in his/her field, then the consumers have more appeal towards the brand since the consumers assume that since the celebrities are experts in their own field, they will choose the brands to be endorsed with expertise. Thus, celebrity expertise affects buying behaviour
- It is also observed that the consumers buy the endorsed luxury products assuming that the celebrity endorser is an ardent user of the product. Therefore, in order to draw a similarity with the celebrity, the consumer purchases the endorsed product.
- The research also proves the hypothesis that the product-celebrity match has a huge impact on buying behaviour
- It is also proved that celebrity expertise has a huge impact on buying behaviour

## 6. CONCLUSION

- This research proves that celebrity endorsements are a great advantage for luxury brands since they increase their sales and are much more appealing to consumers than non-celebrity endorsements.
- This research shows that there is a huge impact of the celebrity endorsements on the attitude of the customers and the buying intention towards the brand. The physical attractiveness, credibility and congruence of celebrity affects the consumer perception and buying behaviour. This effect basically takes place because our customers are highly influenced by the media and the advertisements that are shown through our media.
- It is finally concluded that there is a significant relationship between celebrity endorsement and buying behaviour of luxury brands. Consumers automatically have a higher preference for those brands which are endorsed by well-known celebrities.

## 7. SCOPE FOR FURTHER STUDY

Other attributes such as attractiveness, trustworthiness and reliability in respect of celebrity endorsements should also be studied.

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