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Impact of Celebrity endorsements to purchase decisions with reference to FMCG sector

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Abstract
The praxis of celebrities being used for endorsements has proliferated over time. Despite the cost and the risks involved with this technique of advertising, it is been used quite extensively in the present era. The instrument of celebrity endorsement has nowadays become a pervasive element in advertising and communication management. A thorough inquiry of related literature revealed that for advertising, only essential way of fixing target audience or market segmentation is by studying the behaviour pattern and current communication effects on the demographics, psychographics or personality traits of the consumers. All the above listed factors were influenced greatly by the advertisements. Each individual has a unique set of needs, aspirations and motivations. Each one has both physiological and psychological motivational force. Each one fulfils these motivations by different means

Keywords: Celebrities, purchase decisions, factor analysis, psychological motivations

1. Introduction
The broad spectrum of the sector's canvas is undergoing dynamic changes. As Fast Moving Consumer Goods (FMCG) majors, in a very low margin business, they fight out at the market place to reach out to the masses and compete with brands in similar product categories. Indian fast moving consumer goods industry suffers from an identity crisis, as a majority of the players in the sector are foreign brands localized for Indian consumers. FMCG industry has a long chronicle. For an industry that is yet to define its market size, it has been found that there are numerous challenges that make the terrain worse. Most of the FMCG players are looking at the rural markets as the growth drivers of the future. So this typicality in brand penetration and acceptance across demographics and geographic frontiers has brought unique attempts and experiments in building brands in Indian markets.
An average Indian spends around 40 per cent of his income on grocery and 8 per cent on personal care products. The large share of FMCG in total individual spending along with the large population base is another factor that makes India one of the largest FMCG markets. There is a shopping spree in India and as a result it becomes imperative for the marketing houses to attract the attention of these prospective buyers[2]. The Indian market of pre-liberalization had a facelift with dynamism brought into by opening the economy for foreign players, since then brands have struggled to regain vitality and prominence in this niche Indian market

2. Review of literature
Celebrity Endorsements and Purchase Decisions
As it is known, promotion plays an important role in achieving the organization's goals and strategies, especially in the market field. The biggest improvement in this field is the celebrity involvement as a promotional technique, which enhances the buying decision and loyalty. Costanzo, Paul J (2005)[1] according to him advertisers believe that using celebrity endorser will foster, in the mind of the consumer, a match or connection between the celebrity endorser and endorsed brand. Billions of dollars are spent per year on celebrity endorsements. Contract shows that celebrities play an important role for the advertisement

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Industry.

Junokaite, Kamil *et al.* (2007)[2]states, nowadays many companies choose celebrities as an endorser for their advertising campaigns. Uses of super stars in advertising campaigns attract a lot of attention from the public. The three main questions include: when do companies use celebrity endorser in their advertising; how do companies select the celebrity endorser and how do companies handle the risks of using celebrity endorser in their advertising. The celebrities are considered as reference group that has a positive effect on the buying decision of consumers. From this point of view, most of the organizations try to use celebrities as a promotion tool to affect the buying decision of customers, in order to increase the market share of the organization. From the psychological point of view, consumer behavior is knowing who are consumers, the influences of advertising on their behavior, why they behave in the manner they do, and how these influences can be exploited in our favor. Consumer behavior, by definition, is the decision process and physical activity of making a purchase. The mental activity resulting into final purchase may be complex and may happen over a period of time, or it may be quick and simple. The figure below illustrates the consumer purchase decision making process.

3. Research methodology

- **Objectives**
  - to determine the impact of celebrity endorsement on consumer purchase decisions

- **Sample design**

The sampling design was finalized with the support of scientific principles. A Multistage Cluster Sampling method was resorted to as the sampling procedure which is detailed below. In the first stage Coimbatore is divided into four zones namely North, South, East and West zone. In the second stage each zone is further classified into equal number of wards. There are eighteen wards in each zone.

In the third stage, one ward each from four zones was selected at random. A lottery method was adopted for random selection. Thus the following ward numbers representing each zone are 3 (North), 19 (South), 11 (west), 4 (East). In the fourth stage, the households were randomly selected from each ward in proportion to the zone size to the population. Each zone has a household population 59007 (North Zone), 46509(South), 63355(East), 59838 (West). The households were selected in the ratio of 0.26, 0.20, 0.28 and 0.26 respectively for each zone.

4. Analysis

Impact of celebrity endorsement on purchase decision

Factor Analysis is applied to study the impact of the responses on various statements describing the impact of celebrity endorsements on purchase decision. Factor analysis is a statistical tool that is based on the correlation that is to classify variables. Therefore, factor analysis is applied as a data reduction or structure detection method. Factors are formed by grouping the variables that have a correlation with each other. A correlation matrix is generated for all variables. Factors are extracted from the correlation matrix based on the correlation coefficients of variables. These factors are then rotated in order to maximize the relationship between the variables. In this research the impact of celebrity endorsement on purchase decision is analyzed on the basis of 18 items.During data collection 18 questions were posed to the respondents The 18 items are listed below in the table 4.1

Table 4.1 Showing the List of Factors Affecting the Purchase Decisions of the Respondents

1	Advertisements that makes use of celebrities attracts my attention
2	Celebrity endorsed advertisement has a better reach
3	Attention span of the viewers are more for ads endorsed by celebrities
4	Has celebrity endorsements in advertisements increased over the past 3 years
5	Do you really believe that these celebrities can be trusted as far as the endorsements are concerned
6	Celebrity endorsements helps in making buying decision
7	Celebrity endorsements helps me to remember the endorsed brand when I shop
8	Celebrity endorsement makes the brand acceptable
9	Celebrity endorsements increases the awareness level of the product and its usage
10	Only quality products are endorsed by celebrities
11	Do you feel that celebrities really use the product that they endorse
12	The possibility of buying the celebrity brands are certain compared to non celebrity brands
13	Do you feel that celebrities credibility motivates you to buy the product
14	Do you like to buy the products that are endorsed by multiple celebrities
15	Do you get confused when a single celebrity endorse multiple products
16	Do you feel that the negative publicity in multiple celebrity endorsement will affect the purchase decisions
17	Do you feel that multiple celebrity endorsements have better impact than single celebrity endorsement as far as purchase decisions are concerned
18	Do you feel that multiple celebrity endorsements is a waste of money

Since it is difficult to identify 1 or 2 items which influence the purchase decision, factor analysis can be applied. The table 4.34 depicts the results of KMO and Bartlett's test

Table 4.2: Showing the Rotated Component Matrix of Factor Analysis

Statements	Component				
	1	2	3	4	5
Quality product are endorsed by celebrities	0.797	0.061	0.201	-0.003	-0.187
Do you feel that celebrities use the products that they endorse	0.703	0.014	0.072	0.117	0.188
Celebrities can be trusted as far as the endorsements	0.621	0.113	-0.016	0.138	0.446
Do you like to buy the products that are endorsed by celebrities	0.602	0.288	0.099	0.215	0.244
Do you feel that celebrities credibility motivates you to buy the product	0.401	0.379	0.374	0.095	0.133
Increase awareness level	0.255	0.745	0.031	0.165	-0.180
Advertisement has a better reach	0.136	0.693	0.147	0.335	-0.055
Celebrity endorsement has increased	-0.036	0.690	0.191	-0.098	0.389
Attract my attention	-0.051	0.513	0.342	-0.038	0.438
Do you feel that the negative publicity in multiple celebrity endorsements will affect purchase decisions	-0.011	0.185	0.714	0.086	0.021
Do you feel that multiple celebrity endorsement have better impact that single celebrity endorsements	0.378	0.079	0.670	0.006	0.129
Do you feel that multiple celebrity endorsement is a waste of money	0.183	0.029	0.489	0.325	0.076

Statements	Component				
	1	2	3	4	5
Do you get confused when a single celebrity endorses multiple products	0.084	0.062	0.098	0.793	-0.024
Makes the brand acceptable.	0.379	0.045	0.297	0.566	0.123
Helps in remembering the endorsed brand.	0.216	0.379	-0.201	0.557	0.284
Attention span of viewers	-0.212	0.262	0.404	0.530	0.264
Helps in making buying decision	0.123	-0.049	0.000	0.251	0.690
Buying the celebrity brands are certain compared to non celebrity brands	0.315	0.127	0.341	-0.066	0.635

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization

Rotation converged in 12 iterations.
Table 1.3 shows the description and classification of factors

Table 4.3 Showing the Description and Classification of Factors

Statements	Factors
1. Quality product are endorsed by celebrities 2. Do you feel that celebrities use the products they endorse 3. Celebrities can be trusted as far as the endorsements 4. Do you like to buy the product that are endorsed by celebrities 5. Do you feel that celebrities credibility motivates you to buy the product	Credibility
1. Increase awareness level 2. Advertisement has a better reach 3. Increase in celebrity endorsement in advertisements 4. Attract my attention	Reach
1. Do you feel that the negative publicity in multiple celebrity endorsement will affect the purchase decision 2. Do you feel that multiple celebrity endorsement have better impact than single celebrity endorsement 3. Do you feel that multiple celebrity endorsement is a waste of money	Multiple Celebrity endorsements

1. Get confused when a single celebrity endorses multiple products 2. Makes the brand acceptable 3. Helps in remembering the endorsed brand 4. Attention span of viewers	Recall
1. Helps in making buying decision 2. Purchase of the celebrity brands are certain compared to non-celebrity brands	Facilitation

Interpretation

All the five factors extracted have been given the names on the basis of variables included in each case. The sample adequacy of the data was checked using the KMO Barlett's test. The sample adequacy was found to be 0.790. This ensures that the factor analysis is the best analytical tool that can be used for analyzing the data. The rotated component matrix helps in classifying the factor according to the communalities. A group of statements highlighting a particular factor is clubbed under one factor.

Likewise all the 18 items are grouped according to their homogeneity and factors are extracted.

By considering the factor loadings, all statements are loaded on five factors. The descriptions of the factors along with question numbers have been listed above. From the above table it can be interpreted that all the 18 items are isolated or classified under the 5 factor loadings, namely Credibility, Reach, Multiple celebrity Endorsements, Recall and facilitation for purchase. These five factors play a major role in determining the purchase decision of the respondents. These are the major factors when given due importance will be able to convert consumer likes into purchase decisions.

Findings

Purchase decisions of the customers determine whether a brand is successful or not. Customers make purchase decision after much thought. The thought process when influenced by ads will help the marketing houses to turn thoughts into sales. Celebrity endorsements are found to be very effective with regard to FMCG. Five major factors have been isolated and they are found to have a very positive effect on the way the customers perceive these celebrity endorsements. Credibility is the most important factor. The endorsements of credible celebrities help the customers to feel secure when they make a buying decision. Reach, is the second important factor. The use of regional celebrities or stars to endorse products has been found very successful in terms of reach. Multiple celebrity endorsements should be avoided so that customers have clarity while making purchase.Multiple celebrity endorsements create a lot of confusion and flutter.It is also a waste of money as the advertising budgets will soar high without any results. The uses of celebrities help in creating a better recall.

An advertisement is considered to be effective if common people can recall the ads with much ease. Use of celebrities and execution of the ads with a creative story will be a good winning strategy.

Conclusion

A new direction can be paved by delving deeper into the various nuances of this phenomenon. It has been found that every study carried out for a cause helps to bring about constructive changes and changes are inevitable for success and succession.

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