

Risks Associated With Celebrity Endorsements- An Empirical Analysis From Punjab

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INTRODUCTION

Advertising is the most visible portion of the entire marketing effort. Behind every advertisement, there are thousands of hours spent in research and development, data analysis, strategic planning, plan preparation, creative conceptualization and mechanical production. The American Marketing Association, Chicago, defines advertising as “any paid form of non-personal presentation of ideas, goods, and services by an identified sponsor” (Runyon, 1984). An Advertiser uses the advertisement as a double edged weapon, which changes the attitude of a consumer and makes the positive image of a particular product in the mind of consumers. Advertisement, a crux of any market economy, plays a pivotal role in the economic progress of a nation. Advertising is indeed the only decreed method, which helps to reach masses, the potential buyers. Advertising, being dynamic, changes with changing methods of distribution and consumption (Durai, 2006). In an increasingly market economy, accountability for advertising budget is mandatory. The ultimate goal of advertisers is to attract the consumer's attention and to transform that attention into a favourable attitude towards the endorsed product. Company spends huge money on advertising primarily (1) To inform consumers about the goods and services that they offer to the market. (2) To persuade consumers to purchase their products. (3) To remind consumers about the availability of a product (Verma and Israney, 2000).

“Celebrities are individuals who enjoy public recognition and who use this recognition on behalf of a consumer good by appearing with it in an advertisement” (McCracken, 1989).

In advertisement, there are two types of appearances of celebrity-endorsers and testimonials. In the first type, celebrity acts as a spokesperson for the brand, but does not pretend to offer any special expertise with the product. In testimonials, the celebrity has personally used the product in his or her field of expertise and is attesting to its quality and usefulness. Different types of celebrities are used as endorsers in marketing campaigns. The majority of celebrities used are either athletes or entertainers.

Celebrity endorsement can be tracked back to the 1870s when Reverend Henry Ward Becher (Brother of famous literatureur Harriet Becher Stowe) endorsed Waltham watches in a print advertisement in Harpers Weekly. Personalities from the entertainment industry were used for the first time by Murad Cigarettes in the year 1905. Use of sports celebrities was popularized by Adidas in the 1950s, when its communication campaigns featured celebrities like Franz Bechenbaver.

The first female celebrity endorser was Lillie Langtry, an English actress, who in 1893 appeared on the packaging of Pears Soap. She was also the first celebrity endorser dropped by a company because her reputation eventually clashed with Pears desired brand image. As such, as long as there have been celebrity endorsers, there has been the potential for them to become involved in undesirable events (Louie et al., 2001).

In the Indian market, the use of celebrities in advertisements is not new. Celebrities have come from the world of entertainment and sports. In the late 1970s, actor Shammi Kapoor advertised for the *Paan Parag* brand. Similarly, in the early 1980s, popular cricketers such as Kapil Dev and Sunil Gavaskar endorsed Palmolive and Cherry Canvas Shoe Polish. Shahrukh Khan recently signed up a ₹ 10 million contract with ITC's Sunfeast brand of food products (Roy, 2006).

Celebrity endorsement has become an integral part of advertisement. This is a celebrity who makes the advertisements more effective in the growing competition between the endorsements now- a- days. Use of celebrities in advertisement increases the brand evaluation, enhances the sale and increases the profits of the particular company. But on the other side, there are always some potential risks that can tarnish the image of an endorsed brand. Any negative information

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related to the celebrity endorsers influences both the product and the celebrity negatively. Multiple product endorsement is another major risk related to the celebrity endorsement and it adversely affects the credibility of celebrities and purchase intentions of consumers.

Some major risks related to celebrity endorsement have been mentioned below:

a) Negative Publicity : Negative publicity is one of the major risks associated with the celebrity endorsement and it badly influences the brand image of a product. When a celebrity is strongly associated with the brand, then any negative information related with the celebrity will negatively influence the brand evaluation. It is more harmful in case of a new product in the market. Negative publicity about celebrity shows the involvement of a celebrity in drug scandals, rape and murder. Bad behavior of a celebrity can also badly effect the particular endorsed product. When an undesirable event occurs, it can change the effectiveness of the celebrity as an endorser (**Louie et al., 2001 and Till and Shimp, 1998**).

b) Over Shadowing: Over shadowing means the celebrity being bigger than the brand. If there is no congruency between the celebrity and the brand, then the audience will remember the celebrity and not the brand. The Advertiser should select a celebrity who will attract attention and enhance the sale messages, not overshadow the brand. Over shadowing occurs when advertisers focus more on the celebrity, rather than the brand endorsed (**Louie et al., 2001, Sharma, 2006 and Till and Shimp, 1998**).

c) Multiple Product Endorsement : This shows that celebrities have endorsed the product only for the sake of money. This may be termed as commoditization of celebrities, who are willing to endorse anything for big bucks. Over exposure is a common practice between highly competent brands and highly recognized endorsers. Credibility of the brand and celebrity may suffer when the celebrity endorses the multiple product simultaneously. The multiple products' endorsement by a celebrity negatively influences consumers' perceptions of endorser credibility and likeability, as well as attitude towards the advertisement. Multiple product endorsement has a negative impact on customer's purchasing intentions (**Tripp et al., 1994, Sharma, 2006**).

d) Over Use : Sometimes, advertising companies use many celebrities to endorse a brand. Over use has both positive and negative aspects to influence the attitude of a consumer. It is a useful technique for different market segments to attract the consumers. On the other side, it also confuses the consumer to take the final purchase decision. A consumer thinks that due to bad performance of the product, the company uses various celebrities to sell the product (**Tripp et al., 1994**).

e) Financial Risks : Financial burden is one of the most important risks from the company's point of view. It is very expensive for a company to hire a celebrity to endorse the product. Cost to hire the celebrity is directly correlated with his name and fame. The more popular a celebrity, the more expensive he/she is and vice-versa. It is very difficult for companies to determine the relationship between investment on celebrity endorsement and actual change in sale of a particular endorsed product. With tough competition, the demand for celebrities has increased and this is the main factor for their higher cost (**Magnini et al., 2008**).

f) Mismatch Between The Celebrity And The Image Of A Brand: When the image of a celebrity and endorsed product does not match properly, then it does tarnish the brand image of a particular endorsed brand. Celebrities' endorsement is more effective when their image closely matches that of the firm for which they endorse (**Sharma, 2006**).

g) Inconsistency In The Professional Popularity Of The Celebrity: A celebrity may loose popularity due to some lapse in professional performance. Performance of celebrity in his area of expertise determines the status of his professional life. Especially in case of sports celebrities, popularity is directly correlated with his current performance in his sporting field (**Till and Shimp, 1998**).

REVIEW OF LITERATURE

✿ **Atkin and Block (1983)** examined the rise of a celebrity versus a non-celebrity endorser for a brand of beer. They found that the use of a celebrity led to the advertisement being evaluated as more interesting, stronger and effective.

✿ **Kamins (1990)** in his study observed that celebrity endorsements are more effective when the image of the celebrity matches with the image of the product they endorse.

- ✿ **Tripp et al. (1994)** in their study observed that multiple product endorsements adversely affected the credibility and purchase intentions of consumers.
- ✿ **Agrawal and Kamakura (1995)** observed that celebrity endorsement is expensive for a firm, depending on the status of the celebrity, and remuneration could run into millions of dollars for several years.
- ✿ **Mathur et al. (1997)** revealed that celebrity endorsements are worthy investments in advertisement and it occupies a major portion of the advertising budget. Ability of celebrities to generate actual purchase behaviour, positive impact on economic returns of sponsoring companies are well documented.
- ✿ **Till (1998)** in his study examines the various potential risks i.e. overshadow, multiple product endorsement, inconsistency in professional life of endorsers, financial burden, involvement in drug scandal, extra marital relations and bad moral behavior that negatively influences the endorsed brand and celebrity as well. The study predicts that there is always a risk that negative publicity of a celebrity can tarnish the endorsed brand if the brand is strongly associated with the celebrity and this factor is beyond the control of advertisers.
- ✿ **Till and Shimp (1998)** in their study examined that any negative information about a celebrity can damage the associated link between the celebrity and the endorsed brand. Use of a celebrity endorser can, however, be a double-edged sword. Selecting an inappropriate celebrity can have a negative impact on immediate sales as well as a lasting blemish on the brand image. On the other side, if there is a mismatch between a product and a celebrity, then a credible and attractive endorser cannot make the advertisement more effective.
- ✿ **Erdogan et al. (2001)** explained the ability of a celebrity to generate the actual purchase behavior and positive impact on economic returns of a company. A celebrity influences the buying behavior of consumers by their trustworthiness and credibility. Negative information about celebrity endorsers influences both - the product and the celebrity negatively.
- ✿ **Louie et al. (2001)** in his study concludes that celebrity endorsements are often viewed as risky because of their more involvement in undesirable events, whose negative repercussions can be transferred to a firm. While very high blame undesirable events influence negatively the firm's value and tarnish the brand image. It can also influence the effectiveness of celebrity endorsement and the attitude of consumers towards the endorsed brand. Celebrity endorsers have been involved in a wide range of behavior that are undesirable to them, like incurring injuries and getting caught engaging in unlawful behavior. Sometimes, undesirable events have a positive impact on effectiveness of celebrity endorsement and enhance the firm's value.
- ✿ **Parashar and Ghoshal (2005)** have concluded that the use of celebrity advertisement for the companies has become a trend and a perceived winning formula of corporate image building and product marketing.
- ✿ **Sharma (2006)** in his study examined the potential risks related to celebrity endorsements. First, risk associated with celebrity endorsements overshadows the brand. It shows the celebrity being bigger than the brand. Second one is that of a mismatch between the image of the celebrity and the endorsed product. Multiple endorsements are also a major risk that tarnishes the brand image building of an endorsed product.
- ✿ **Kulkarni and Gaulkar (2007)** in their study find that companies invest huge amounts as advertising expenditure for hiring a right celebrity. However, uncertainty lies in with respect to the returns that the company might be able to earn for the brand.
- ✿ **Magnini et al. (2008)** in their study revealed that finding a celebrity that possesses the appropriate balance of popularity, recognition, and selective endorsement is a challenge, yet such '*du-diligence*' will increase the probability of endorsement success, since the celebrity will be viewed as being more credible.
- ✿ **Edwards and Ferle (2009)** examine the impact of negative information related to celebrity endorser on the perception of male and female respondents. The study reveals that any negative information related to a celebrity has negative influence over the product and celebrity both. Using a celebrity as an endorser is a risky business because his behaviour is unpredictable and can't be controlled. Celebrities have been caught indulging in many social evils such as drunk driving, extra marital relationships and bad moral behaviour. A company runs with the risk of having its reputation associated directly with a celebrity for better or worse. Although celebrities can bring instant awareness to a product, they can also bring scandal. Companies use various steps to minimize the risks associated with the celebrity endorsements. Most of the firms seek to distance themselves from the endorsers in order to avoid the transfer of unfavorable attitudes from celebrity to brand. Companies also use the moral clause to terminate the celebrity

endorsement contract to control the damage to a brand evaluation.

Thus, there are various studies highlighting the risks in literature. However, lesser number of empirical studies related to the analysis of risks associated with celebrity endorsement are available. To fill this gap, the present study is an attempt in this direction to find out the factors related to risks of celebrity endorsement with the help of primary data.

DATABASE AND RESEARCH METHODOLOGY

To analyze the consumers' perception regarding potential risks associated with celebrity endorsements, a sample of 300 effective number of respondents from the different rural and urban areas of Amritsar, Ludhiana and Jalandhar were selected on the basis of judgement sampling. This judgement sampling technique is justified for exploratory studies (Churchill, 1979). Respondents were also classified into two categories i.e. male and female. The required data was collected by a suitably framed questionnaire and by interviewing the respondents personally. An attempt was made to take equal number of respondents from urban and rural areas. Table 1 depicts the demographic characteristics of sample respondents.

Table 1 : Demographic Profile Of The Respondents

Demographic Variables		Number of Respondents	Percent
Gender	Males	150	50.0
	Females	150	50.0
	Total	300	100.0
Age (in years)	18-30	230	76.7
	30-40	59	19.7
	Above 40	11	3.7
	Total	300	100.0
	Agriculture	28	9.3
	Service	110	36.7
	Business	21	7.0
Occupation	Student	104	34.7
	Housewives	37	12.3
	Total	300	100.0
Educational Qualification	Matric to under Graduation	108	36.0
	Graduation	86	28.7
	Post Graduation	87	29.0
	Above Post Graduation	19	6.3
	Total	300	100.0
Area of Residence	Rural	150	50.0
	Urban	150	50.0
	Total	300	100.0
Income per month (in ₹ '000)	Below 10	193	64.3
	10-20	59	19.7
	20-30	28	9.3
	Above 30	20	6.7
	Total	300	100.0

Table 1 reveals that 76.7 percent of the respondents belonged to the age group of 18-30 years, 19.7 percent and 3.7 percent of the total respondents belonged to the age groups of 30-40 years and above 40 years respectively. Further, 36.7 percent of the respondents belonged to the service class and 34.7 percent of them were students. Merely 12.3 percent of the total respondents were housewives, whereas, 9.3 percent and 7.0 percent of the total respondents

belonged to the agriculture and business class respectively. The table also shows that 36 percent of the total respondents were matric to under graduates, whereas 29.0 percent were post graduates, 28.7 percent were graduates and 6.3 percent of the total respondents were having the qualification above post graduate level. Further, 64.3 percent of the respondents were having income below ₹ 10,000 whereas 19.7 percent of them were having income between ₹ 10,000-20,000, 9.3 percent and 6.7 percent belonged to the income group of ₹ 20000- ₹ 30000 and above 30000 respectively.

AN APPLICATION OF FACTOR ANALYSIS

Factor Analysis is applied on the responses of the respondents towards various statements (given in Table 2) describing various risks in celebrity endorsements. All these statements are supposed to better explain the risks related with celebrity endorsements. Factor Analysis is a statistical method that is based on the correlation analysis of multi variables. The main applications of factor analytic techniques are: **(1)** To reduce the number of variables and **(2)** To detect structure in the relationships between variables, 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 the variables. A correlation matrix is a rectangular array of the correlation coefficients of the variables with each other. Factors are extracted from the correlation matrix based on the correlation coefficients of the variables. The factors are rotated in order to maximize the relationship between the variables and some of the factors (**Nadimi and Jolai, 2008**). Often, a Scree-test is used for this. Scree test is a criterion through which eigen values are plotted against the number of factors in order of extraction. Factors in descending order are arranged along the abscissa with eigen values as the ordinate. This graph is useful for determining how many factors are to be retained. Because of the variance that each standardized variable contributes to a factor analysis, extraction is done, a factor with an eigen value less than 1 is not as important, from a covariance perspective, as an observed variable (**Malhotra, 2004**).

Table 2 : Statements Related To The Risks Of Celebrity Endorsement

Label	Statements
S01	Multiple product endorsements have a negative impact on the celebrity and product both.
S02	Celebrity endorsements are expensive for the firm and customer both.
S03	As the number of products endorsed by a celebrity increases, perception of the consumer perceived likeability, becomes less favourable.
S04	As the number of products endorsed by a celebrity increases, brand evaluation becomes less favourable.
S05	If a company terminates the contract with the celebrity, it will badly affect the brand image.
S06	Same celebrity endorsing the rival brand negatively influences the brand image.
S07	Usually, celebrities just endorse the product for the sake of money and are not interested in its true worth.
S08	Celebrity ads succeed in merely catching the attraction of the consumers and have less buying value.
S09	When a celebrity endorses many different products in different ads, his credibility decreases.
S10	Negative publicity of the celebrity adversely affects the brand image.
S11	Advertising persuades people to buy things they should not buy.
S12	Advertising promotes undesirable values in society.
S13	Consumers consider advertisements unwelcome interruptions.
S14	Celebrity endorsements mainly target youngsters.

FINDINGS AND CONCLUSIONS

First of all, in order to test the suitability of the data for factor analysis, the following steps are taken. Apart from correlation matrix, anti-image correlation coefficients are computed. These show that partial correlation coefficients are low, indicating that true factors existed in the data. Kaiser-Meyer-Olkin Measure of Sampling Adequacy (MSA) for individual variables is also studied. Overall MSA is found to be .750 - that indicates that the sample is good enough for analysis. Bartlett's Test of Sphericity (756.646) shows statistically significant correlation coefficients among the variables i.e. ($p < .001$). The communalities of the variables ranged from 0.387 to 0.75, whereas, the factor loadings

ranged from 0.507 to 0.815. Cronbach's Alpha Scale is used as a measure of reliability and its estimated value (.755) reveals satisfactory level of scale reliability because satisfactory value is required to be more than 0.6 for the scale to be reliable (Malhotra, 2004, p.268). All the above standards revealed that the data was fit for Factor Analysis.

Table 3 : Correlation Matrix Of All Variables

Statements	S01	S02	S03	S04	S05	S06	S07	S08	S09	S10	S11	S12	S13	S14
S01	1.00													
S02	.127**	1.00												
S03	.473**	0.103	1.00											
S04	.482**	.170**	.459**	1.00										
S05	0.097	0.032	0.088	.240**	1.00									
S06	0.086	0.068	0.089	.121*	.332**	1.00								
S07	0.111	.235**	.172**	0.113	-0.014	.274**	1.00							
S08	0.066	.215**	0.076	0.092	0.099	0.112	.259	1.00						
S09	.392**	.184**	.383**	.268**	.161**	.256**	.289**	.312**	1.00					
S10	.159**	0.078	0.029	.211**	.252**	.219**	0.043	0.057	.168**	1.00				
S11	.226**	.185**	0.092	.343**	.122**	0.028	.170**	.224**	.180**	.162**	1.00			
S12	.114*	.209**	0.08	0.112	.172**	0.085	.203**	0.1	.123*	-.115*	.279**	1.00		
S13	.297**	.150**	.256**	.372**	.151**	.246**	.153**	.152**	.371**	.174**	.281**	.191**	1.00	
S14	.144*	.244**	.147*	.154**	.116*	.158**	.237**	.136*	.251**	.225**	.187**	0.049	.224**	1.00

Notes : (i) * Correlation is significant at the 0.05 level of significance.

(ii) ** Correlation is significant at the 0.01 level of significance.

Table 4 indicates that the total variance accounted for by all the factors with Eigen values greater than 1 was 60.34 and the remaining variance was explained by other factors.

Table 4 : Rotated Factor Matrix (Varimax)

Factors						
Statements	1	2	3	4	5	Communalities
S01	0.791	0.024	-0.014	0.120	0.074	0.646
S02	0.047	0.521	-0.145	0.378	0.130	0.455
S03	0.815	0.116	-.008	0.098	-0.095	0.696
S04	0.701	-0.059	0.110	0.348	0.178	0.66
S05	0.084	-0.124	0.766	0.235	0.139	0.684
S06	0.081	0.305	0.765	0.184	0.073	0.724
S07	0.114	0.744	0.119	0.026	-0.113	0.594
S08	0.017	0.597	0.052	0.160	0.048	0.387
S09	0.543	0.486	0.210	0.071	0.072	0.586
S010	0.089	-0.011	0.290	0.091	0.780	0.708
S011	0.179	0.149	-0.006	0.759	0.162	0.657
S012	0.051	0.204	0.266	0.612	-0.511	0.75
S013	0.459	0.198	0.260	0.268	0.114	0.402
S014	0.117	0.462	0.007	0.114	0.507	0.498
Eigen value	3.465	1.443	1.354	1.133	1.052	
Percent Variance	24.747	10.306	9.675	8.096	7.517	
Total Variance	24.747	35.053	44.728	52.823	60.34	

NAMING OF THE FACTORS

All the five factors extracted have been given the names on the basis of variables included in each case. By considering the factor loadings, all statements are loaded on five factors. Description of the factors along with the codes of statements have also been depicted in Table 5.

Table 5 : Naming Of The Factors Pertaining To The Risks Related To The Celebrity Endorsement In Advertising

Factor No.	Name of Factors	Label	Statements	Factor loading
1.	Multiple Product Endorsement	3	As the number of products endorsed by a celebrity increases, perception of the consumer perceived likeability becomes less favourable.	0.815
		1	Multiple product endorsements have a negative impact on the celebrity and product both.	0.791
		4	If a company terminates the contract with the celebrity, it will badly affect the brand image.	0.791
		9	When a celebrity endorses many different products in different ads, his credibility decreases.	0.543
2.	Financial Risk	7	Usually, celebrities just endorse the product for the sake of money and are not interested in its true worth.	0.744
		8	Celebrity ads succeed in merely catching the attraction of the consumers and have less buying value.	0.597
		2	Celebrity endorsements are expensive for the firm and customer both.	0.521
3.	Tarnished Brand Image	5.	If a company terminates the contract with the celebrity, it will badly affect the brand image.	0.766
		6	Same celebrity endorsing the rival brand negatively influences the brand image.	0.765
4.	Misleading Advertisement	11	Advertising persuades people to buy things they should not buy.	0.759
		12	Advertising promotes undesirable values in society.	0.612
5.	Negative Publicity	10	Negative publicity of the celebrity adversely affects the brand image.	0.780
		14	Celebrity endorsements mainly target youngsters.	0.507

The five factors given in Table 5 are discussed below:

FACTOR 1 : MULTIPLE PRODUCT ENDORSEMENT

The '*multiple product endorsement*' is one of the most important factors with the highest (24.747) percent of the total variances, as stated in Table 5. There are four statements in the factor 1 i.e. '*As the number of products endorsed by a celebrity increases, perception of the consumer perceived likeability become less favourable*', '*Multiple product endorsement has a negative impact on the celebrity and product both*', '*As the number of products endorsed by celebrity increases, brand evaluation becomes less favourable*' and '*When celebrity endorses many different products in different ads, his credibility decreases*'.

The statement, which examines the negative impact of multiple endorsement on likeability of the endorser got the highest factor loading (0.815) rather than other statements in the factor 1. This indicates that as the number of products endorsed by a celebrity increases, his likeability decreases in the minds of consumers. This also reveals that multiple product endorsement is not good for celebrities as far their liking by the purchasers is concerned. The statements regarding negative impact of multiple product endorsement on product and celebrity's negative impact on brand evaluation of a particular endorsed product have loadings of 0.791 and 0.701 respectively. This shows that the multiple product endorsement is not a good idea for the product and the celebrity both. Further, a statement regarding the

credibility of the celebrity with the factor loading (0.543) shows that multiple product endorsement also negatively influences the credibility of endorsers.

These findings coincide with the finding of **Tripp et al. (1994)** that multiple product endorsement adversely affect the credibility of celebrity and purchase intention of consumers.

FACTOR 2 : FINANCIAL RISK

Factor 2 is a combination of three useful statements, i.e. *'Usually, celebrities just endorse the product for the sake of money and are not interested in its true worth'*, *'Celebrity ads succeed in merely catching the attraction of the consumers and have less buying value'* and *'Celebrity endorsements are expensive for the firm and consumers both'* and account for 10.306 percent of the total variances. Because of these statements, this factor has been suitably named as *'financial risk'*. The statement with the highest factor loading (0.744) reveals that celebrities endorse the product only because of money. This indicates that a celebrity has not any concern for the product. Whereas, the second statement indicates that the celebrity only attracts the consumers, but does not tell anything about its buying value. This also reveals that a celebrity is very useful to attract the consumers to sell the product and after this, their job finishes. Further, the last statement also shows that there is a financial burden of the celebrity for the firm and consumer both. This statement got the least factor loading (0.521) in factor 2. The factor indicates that celebrities endorse products to earn money and there is great financial risk for both - the firm and the consumer.

FACTOR 3 : TARNISHED BRAND IMAGE

Two statements, namely, *'If a company terminates the contract with the celebrity, it will badly affect the brand image'* and *'The same celebrity endorsing the rival brand negatively influences the brand image'* load highly on Factor 3. It has been named as *'tarnished brand image'* with 9.675 percent of total variance. The statement with the highest loading (0.766) reveals that if a company terminates the contract with the celebrity, then it will badly affect the brand image of a particularly endorsed product. This indicates that when a celebrity is strongly associated with a particular brand, then it will be harmful for the company to terminate the contract with the celebrity. This is followed by the second statement with the factor loading (0.765) showing that if a celebrity endorses the rival brand, then it will badly influence the brand image of a particular product. This shows that celebrity endorsements will become a risk for the company when a celebrity endorses the brand of a rival company. This shows that a celebrity has stopping power and celebrities can influence the purchase decision of consumers.

FACTOR 4 : MISLEADING ADVERTISEMENT

Table 5 indicates that *'misleading advertisement'* is an important factor with 8.096 percent of the total variance. Factor 4 is a combination of two important statements, i.e., *'Advertising persuades people to buy things they should not buy'* and *'Advertising promotes undesirable values in society'*. The statement with the highest loading (0.759) in this factor implies that advertising misleads the people to buy those products they should not buy. The second statement in the Factor 4 with the factor loading (0.612) reveals that advertising promotes undesirable values in society. This is very important because it shows that advertisement promotes undesirable values in society, which is harmful to the social setup and moral values of the society. So, this factor indicates that advertisements misleads people and they have not played a positive role in the society.

FACTOR 5 : NEGATIVE PUBLICITY

Factor 5, is a combination of two important statements i.e., *'Negative publicity of the celebrity adversely affects the brand image'* and *'Celebrity endorsements mainly target youngsters'* with 7.517 percent of the total variance. This factor is named as *'negative publicity'*. The statement with the highest factor loading (0.780) reveals that negative publicity of a celebrity adversely affects the brand image of a particular product. This shows that any positive and negative image of a celebrity influences the product in the same proportion.

Till and Shimp (1998), Erdogan et al. (2001) and Magnini et al. (2008) in their studies find that any negative information about a celebrity can damage the association link between the celebrity and endorsement brand. Whereas, the second statement with (0.507) factor loading signifies that celebrity endorsements mainly focus on the youth. This

reveals that celebrity endorsement has the main purpose to sell the product and on the other side, the youth mainly dominates all purchase decisions in a family and society.

CONCLUSION

The above discussion reveals that celebrity endorsements have become an integral part of advertising, but there are some potential risks related with the use of celebrity endorsements. Interestingly, an advertiser does not have any control over these potential risks.

Edwards and Ferle (2009) in their study conclude that using celebrity endorsers is a risky business, because their behaviour is unpredictable. The results of the study reveal that there are five important factors related to the potential risks of celebrity endorsements. All these factors indicate that celebrity endorsements itself are a great risk to the company because advertisers do not have any control over these risks directly. The respondents observe that multiple product endorsements are the most important factor in risks related with endorsers. It is harmful to the image of the celebrity and the product both. The second highest risk factor is financial risk, because celebrity endorsement is expensive for the firm and customer both as it is a big investment. Similarly, celebrity endorsement has only one objective - to attract the consumer but not to give them proper and true information about the product. This also indicates that a celebrity is only concerned about money. Negative impact is another important factor which represents the risks related with celebrity endorsements. This reveals that when a celebrity is associated with a particular brand, then it is harmful to the company if the celebrity is also endorsing the brand of a rival company. It means any negative information related with a celebrity has a direct influence on the performance of the particular product- especially for the new brands. Misleading factor indicates that advertisement compels the consumer to buy those products that he/she should not buy and it also promotes undesirable values in society. This also indicates that advertisements are made to target the audience for the sale of a brand. It has no concern with social ethics and moral values of the society. The above results show that celebrity related risks are very harmful to the brand and consumer both.

SUGGESTIONS

On the basis of the findings of the present study, the following suggestions are made to the advertisers:

- i) Advertisers should analyze all the risks associated with celebrities before the contract is signed because after this, advertisers have no control on all these risks and negative information related to celebrity endorsement. Any negative information related to celebrity endorsers directly transfers the product and it tarnishes the brand image building. Advertisers should also take all those measures which can minimize the potential risks.
- ii) Advertisers should select only those celebrities who are not involved in multiple product endorsements - especially who do not endorse the rival brand, as multiple product endorsements adversely affects the credibility and likeability of the endorser as well as the brand image building of the endorsed product.
- iii) To make the advertisement more effective, advertisers should focus more on features of products because if the celebrity is dominant in endorsements, then it will overshadow the product. The advertisement should also be neat and clean.
- iv) Effectiveness of endorsements depends upon the involvement of consumers in the advertisement. In the low involvement conditions, celebrity endorsements are very effective; on the other hand, in high involvement conditions, advertisers should use the facts and strong arguments in advertisements to make an impact. Celebrities can be used as experts under high involvement conditions.
- v) Celebrity endorsements are more effective at the introduction stage of the product as that is the most effective way to inform consumers about features of the product in the market.
- vi) Advertisers should avoid the advertisements which promote the undesirable values in society and are against the moral ethics.

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