IJNRD.ORG

ISSN : 2456-4184

INTERNATIONAL JOURNAL OF NOVEL RESEARCH AND DEVELOPMENT (IJNRD) | IJNRD.ORG

An International Open Access, Peer-reviewed, Refereed Journal

To what extent do celebrity endorsements impact consumer psychology and are there any alternatives for this advertising technique?

Kyra Chhabra
Student
The Shri Ram School Moulsari, Gurugram, India.

Abstract

Celebrity endorsements are a popular advertising technique that entails a celebrity or famous personality promoting a brand or a specific product/ service which usually leads to an increase in the outreach of the brand. Although for several years this trend has helped the growth of brands, as times are changing and people are becoming more aware of their consumer psychology, the use and subsequent effectiveness of celebrity endorsements are rapidly declining. This is particularly in light of research proving the many drawbacks of this strategy including the high cost of the celebrities, the direct association which gets established between the brand and the endorser and the lack of authenticity. This research paper argues that there is therefore a need for brands that rely entirely on celebrity endorsements, such as Sugar Bear Hair, who are discussed in this paper, to look out for alternative advertising techniques of which one is influencer marketing. The concept of macro and micro-influencers is now globally trusted by many users and brands due to its cost-effectiveness and user-specific outreach.

Celebrity endorsements - are they really the most effective advertising technique out there?

Introduction

Consumer psychology by itself is said to be the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society (Cherry, 2021). In more layman terms, it is a study of consumer purchasing habits related to various goods and services and influenced commonly and heavily by an individual's thoughts and emotions. This is usually done by investigating how the decision-making process, social trends and motivation influence why shoppers opt for certain goods and why they don't shop for certain goods.

One popular way of applying the trends of consumer psychology is through the process of Celebrity Endorsements. Being a very common practice during these digital times, Celebrity endorsements is said to be a marketing strategy for various brands where the brand attaches the fame of a celebrity to it. Studies find that having a partnership with a celebrity whether it's an actor, sportsperson, journalist or anyone in a field where

their views are influential to the public eye can help the reach of the brand drastically. In light of this, as per industry sources, over the past decade, the number of celebrity-led endorsements have increased from 650 ads in 2007 to 1660 ads in 2017, representing a steady compounded annual growth rate (CAGR) of 10%. Film stars currently dominate the endorsement industry with 76% share of the endorsement market, followed by sportspersons with 12%. (Jain, 2019)

Celebrity endorsements can be seen on the packaging of the product they endorse, in advertisements for the brands as well as speaking on behalf of the brand on social media platforms of both their own and the brand. When picking a celebrity endorser, a brand usually looks into all aspects of the celebrity, including what their fans think of them, the support they receive, the amount of fan following they have on social media, reasons why they receive hate, the content they post on their social platforms, their passions, their strengths as well as weaknesses and countless other factors.

Though celebrity endorsements have been on a rise for years, as people are getting more aware of their consumer psychology, the effectiveness of the same is decreasing. People now prefer educating themselves about products prior to purchase and relying on credible sources as opposed to celebrity endorsements which may have minimal if any authenticity to them.

This paper aims to explore the impact of celebrity endorsements in the field of consumer psychology by analyzing varying brands which have gotten popular by relying on a marketing model which contains only celebrities. It also aims to further uncover the varying drawbacks of celebrity endorsements for brands and introduces newer and upcoming alternatives such as micro-influencers. In light of this, the research question for the paper is **To what extent do celebrity endorsements impact consumer psychology and are there any alternatives for this advertising technique?**

Celebrity Endorsements and Consumer Behavior

As mentioned above, celebrity endorsements have recently become a very popular tool for brands to integrate into their marketing strategy. However, contrary to popular belief, celebrity endorsements have existed for a very long time. Through the 1760s, royal endorsements were used as a type of celebrity branding to promote a product. The first company that used this tool was called "Wedgwood" - a producer of pottery and chinaware. Since then, athletes and celebrities from the entertainment industry have dominated endorsements globally. (Agarwal, 2020)

It is unarguable that advertisements in the modern era have undergone a massive change. This modern route requires marketers to develop strategies that will prove the most effective and incorporating popular personalities in brand endorsements has proven to be one of the most successful. The main purpose that lies behind these strategies is to get brand exposure, attention, interest, desire and action. This is due to the fact that celebrities have the power to create a greater impact on the consumers buying behavior.

A popular saying states that well-known personalities can convert into excellent salespeople. Giving the world a familiar face is considered to be the fastest way for brands to develop an association and a bond in the mind of their consumers. Whenever the consumers come across an actor or loved sports figure endorsing a product, immediately that product attains credibility as the consumer's trust and believe well-known faces. Furthermore, the combination of celebrity endorsements and the widespread reach of social media makes it a lot quicker and easier for brands to spread the word about their products. This is what gives celebrity endorsements even more relevance in today's day and age.

With regards to the consumer relationship, trust is of the essence as it directly promotes consumer engagement and purchase behavior. Consumer trust is gradually formed in constant interaction between consumers and the brand. In this process, compared to the sellers or producers, consumers have a relatively low degree of understanding of a brand, which leads to risk when they buy goods. Thus, consumer trust reflects their expectations of the behavior of the brand or company. Generally, consumers initially lack trust in a brand or company. However, if celebrities represent the corporate image as endorsements, then consumers' trust in the celebrities will be transferred to related companies. This is mainly because celebrities are often perceived as idols by many, and people want to follow their lead and try out products that they personally speak of. Since the purpose of many companies' marketing strategies is to build customer trust fast - the best way to do that is by increasing their engagement through celebrity endorsements. Studies have demonstrated that celebrity effects enhance brand-consumer trust and help in achieving a positive brand image and increasing consumer interest in a brand if the endorsement taking place is by a credible celebrity - someone who has a connection with the brand or product. (Thomas, 2021)

To understand the real impact of celebrity endorsements, they are commonly studied in the realm of consumer psychology. Celebrity endorsements can have numerous impacts on consumer purchasing habits, particularly purchasing intention and behavior as explained below:

Purchasing intention

Intent marketing is about marketing goods & items based on the intentions of the consumers or the consumer's intent to accept, buy or use a particular product or service which may or may not have been clearly mentioned by the company or brand (Lumen, 2021). Purchase intentions as a measurement are effective in designing marketing activities or promotions. The intent of a customer can make it very easy to exactly understand what kind of content should be displayed in an advertisement.

Purchase intentions as a measurement may be predicted or recorded based on the behavioral data or the interaction database, captured explicitly when the customer tries to purchase a product or service and the transaction gets aborted or the purchase doesn't happen. With regards to the impact of celebrity endorsements on purchase intentions, a study reveals that "celebrity's physical attractiveness, credibility, popularity, expertise, match-up, and multiple endorsements all have positive impacts on purchase intention". (Nhy-Ty,2021)

Behavior

With celebrities vouching for or promoting their products, brands can increase awareness, trust and familiarity, which are important variables in the purchase decision-making process. Consumers feel more sympathetic towards a brand if their products are promoted by a celebrity they admire or relate to. It's a simple psychological effect: Subconsciously people believe that purchasing a product that's promoted by a celebrity they admire, will allow them to emulate the celebrity's desired traits or attract similar people into their lives. They will associate the celebrities' success, beauty, athletic skill etc. with a particular product. (Okoli, 2016)

On the whole, in the world of advertisement, in order to stand out from the clutter, celebrity endorsement is considered the most effective tool that will do the job. This technique of involving celebrities with a brand is a winning formula to build the brand and enhance its value. However, that being said, in order for brands to reap the benefits celebrity endorsement have to offer, they must be prepared to go through the effort of finding a suitable celebrity which the public will be able to trust for the product being promoted.

Celebrity endorsement theories and brand analysis

In the realm of consumer psychology, we study celebrity endorsements and their effectiveness using many specific theories and tools. One of the most popular models is the *Source Credibility Model*. According to the source credibility model, "the effectiveness of a message depends on the perceived level of expertise and trustworthiness of an endorser" wherein Hovland defined expertise as "the extent to which a communicator is perceived to be a source of valid assertions", and trustworthiness as "the degree of confidence in the communicator's intent to communicate the assertions he considers most valid" Furthermore, along with source valance, which is said to be referred to as the perceived attractiveness of a given source, a tri-component scale was developed with the aim to measure the credibility of a source (Li and Yin, 2018).

As per the model, an endorser is able to positively influence the attitude or purchasing intentions of customers for a particular brand if he or she has a certain level of trustworthiness and expertise on what the product or brand they endorse is about (Zhang, Zhou and Liu, 2020). The credibility of the endorser drastically impacts the consumer purchasing behavior, for example, if a fitness guru endorses a yoga mat the credibility of the endorsement would be more than when a celebrity who has no background, connection or credibility on a topic like fitness or yoga endorses the same. In few research studies, it is seen that sources with high credibility induce higher behavioral compliance among viewers than sources with low credibility.

A credible source can be particularly persuasive when the consumer has not yet learned much about a product or formed an opinion on it as they directly connect the endorser to the product. If the source is highly credible, there will be more positive attitude changes and stronger behavioral changes towards the advertisement and the brand as a whole. (Peterson,2021) Consumers can be swayed by a credible, expert source and that is why the source credibility model is very useful when consumers have a high involvement. When consumers have a high involvement, they tend to be influenced by arguments that are relevant to the message and the various claims made by a celebrity. Credible sources and strong arguments will be influential when attitudes are changing at high involvement of consumers, they will be held with more confidence, will be more persuasive, and resistant to change than when they are formed with low involvement (Business Concepts, 2021). This model can also be further linked with the match-up hypothesis which states that endorsers are more effective when there is a fit between the endorser and the endorsed product.

Sugar Bear Hair proves to be the perfect example of a brand that relies heavily on celebrity endorsements. The company was founded in 2015 by Nicole Nightly and Dan Morris, a couple residing in Florida selling pastel, gummy bear-shaped vitamins in versions meant for hair growth, sleep and overall health. The brand has achieved online fame, especially within the young female demographic, by marketing their hair vitamins through celebrity influencers like the Kardashians (Hussain, 2020). These vitamins are now widely referred to online as the "Kardashian hair vitamins" and have spawned various copies of the now "insta-famous" blue, bear-shaped, gummy vitamins.

Figure 1: (Wall, 2018)

Before starting the hair vitamin gummies, Nightly attempted to build a career by being a beauty blogger on YouTube. When she wasn't successful, she got out, and become an entrepreneur who recognized a moneymaking opportunity in the "detox" industry. She created Skinny Fox Detox, "a 100% organic detoxifying tea program" that gives you increased natural energy, improved skin complexion and a flatter stomach according to the claims made on the website. Her golden creation is said to be SugarBearHair because of the strategy she developed wherein the products are marketed by paying celebrities up to millions per Instagram post to promote the product to their legions of GenZ followers.

These gummies are marketed as a line of vegetarian hair vitamins said to make your hair stronger, thicker and longer. The brand is said to claim that "*the majority of our customers found their nails and skin quality improved over time while taking SugarBearHair.*" (Evolution Of Celebrity Endorsements, 2021)

Becoming one of the most successful Instagram brands in history. And they've been ranked as the #1 best-selling hair vitamin in all of Amazon.com. The gummies appear to have good consumer reviews. However, a few critics have said the bears are allegedly overpriced and that they don't provide any extra nutrients than what can be obtained in a typical grocery store vitamin, at a fraction of the price, at that.

The attractiveness of these gummies may lie in the fact that they are usually promoted through large scale celebrities with a lot of followers like Kylie Jenner, Kim Kardashian and various other celebrities. However, these individuals have no connection or certification in the vitamin or health aspect. So, when we apply the source credibility model to the brand, we could argue that they have missed the mark with the choice of endorsers in the aspect of credibility. (Rizal, 2018) Most of the endorsed celebrities have also made it publicly known online one way or another that the hair on their heads is not entirely theirs and they invest in hair wigs which should not be required according to the claims of the sugar bear hair gummies which is about hair growth and hair care. This further reduces the credibility of the brand.

On the whole, the brand misses the mark on both the trustworthiness and expertise of its endorsers. The Kardashians although are idolized by many and increase the hype and engagement of the product, cannot be relied on as people are getting more aware of what they are buying. (Chaudhuri and Swaraj, 2004) A celebrity who has knowledge about hair care and supplementary products would be a more trustworthy source of

information for the consumers. Even a health expert such as a doctor could prove more trustworthy as they would have information about the ingredients of the product and the potential authenticity of the claims made.

The drawbacks of Celebrity endorsements

On the whole, even though many people think that celebrity endorsements can help positively influence a consumer's purchasing choice, there are also many drawbacks of this advertising technique that are essential to consider when evaluating this strategy. Soderlund was one of the first few who talked about the negative impacts of endorsements by mentioning that celebrities can be perceived as less trustworthy when they are advertising too many brands (multiple brand endorsements) since the consumers get diverse information. Furthermore, a celebrity who is linked with positive information has a greater opportunity to reach out to the targeted audience. But negative information brings an association that decreases the trustworthiness of a celebrity and the fit with the brand. Therefore, the use of celebrity endorsers has a high potential risk to advertisers. (Chetty,2019)

As per many consumer psychologists, when a celebrity endorses a brand, they get linked to it in the minds of the consumers. Therefore, if ever the celebrity is caught in a bad scandal or received negative media attention, it is immediately associated with the brands they are promoting. Due to this many brands have lost customers, as well as many celebrities, who have received hate for endorsing the wrong brands. This could be very dangerous for brands like Sugar Bear Hair that rely solely on celebrity endorsements to sell their products and their gummies have been described as "Kardashian gummies" due to the level of involvement and promotion done by the Kardashians for them. (Kekatos,2017)

Furthermore, a lot of extensive market research is required to pick the most appropriate celebrity to endorse the product based on the message the brand wants to portray and the target audience. Choosing the right celebrity who can add value to what the product is and give an educated authentic review on the products adds more value rather than choosing a celebrity with no connection to the brand or what it promotes/sells. This process can be very time and cost-intensive for a brand. If after all the effort, they make an inappropriate choice of celebrity, they will fail at communicating the intended message from the ad and therefore not drive the consumer's purchase intention in favor of the brand.

Drawbacks of endorsers also include the high cost of keeping an endorser, for each social media mention and post or ad. Celebrity prices to endorse a product depending on their reach on social media as well as their fanbase. The most important thing to notice when looking at the social media of a potential endorser is the engagement pattern of followers- this tells you how interested followers are in the celebrity on their social media platforms and whether promoting a certain brand will add value or not. It is important for a brand to assess if the increase in consumer interest and revenue is worth the cost of the endorsement. For example, per post of SugarBearHair, Kylie Jenner is paid 1 million dollars on her Instagram. So, if you're spending big money, you need to make sure you're getting your return on investment.

If a celebrity is extremely popular, their popularity might instantly overshadow the brand and its identity. If the ad focuses too much on the celebrity, it can cut out brand recognition in the minds of consumers losing the main idea of the endorsement. This can also become a problem if a celebrity is endorsing multiple products at the same time, as they might see the celebrity and associate it with another brand. (Young,2020)

Alternatives to Celebrity endorsements

Though when celebrity endorsements work, they might be superbly effective for a brand, if they are not correctly applied to the marketing strategy of a brand, they can have many drawbacks as seen above. In light of this, it is

important for companies to not rely on celebrity endorsements as a sole advertising technique but try combing it with other effective strategies or then attempt to look for an alternative that may be similar but give better benefits in return. Traditionally this may have included using advertisements on televisions, hoardings put strategically in places like near red lights or signs on a highway. However, the use of these techniques slowly declined when social media started taking over. One such example of social media marketing of a brand or product that is upcoming and gaining a lot of popularity is the concept of Influencer marketing. Although the concept of depending your purchasing intentions on an influencer may seem unorthodox to the older generations, 60% of Teens are said to Follow Advice from Influencers Over Celebrities (Digital Marketing Institute, 2018).

Figure 2: (Olmstead, 2019)

"Influencer marketing is a type of marketing that uses influencers to promote a brand to a larger market. Influencers are opinion leaders with a social following base. They appear as experts or trustworthy sources of information." (Patel, n.d) Recently the concept of influencer marketing has become popular due to the drastic rise of social media outreach and usage by impressionable people all over the world. Real people are most persuasive for products and services that require social approval, and it is widely known that influencers reviews are more authentic and the probability of them using a product or service that they publicize is way higher. (Meglio, 2021) Influencer marketing enables brands to reach people they can't attain through traditional advertising methods like ads. For example, two-thirds of consumers are said to be using ad blockers on web pages, but the same people willingly take advice from influencers. In fact, a study has found that around 80% of users have purchased something based on an influencer's recommendation.

Brands that already employ influencer marketing have proven the effectiveness of this and talked about how it is more effective and less costly as it does not have only one platform and does not require paying a celebrity large sums of money. It has become popular due to its many benefits including:

Brand awareness - 40% of marketers use influencer marketing to boost brand awareness as you reach people of all ages and from all over the world through their phones. (Geyser, 2021) Choosing the right influencer who has valid and trustworthy opinions to share your brand's story, mission, and values with their follower base adds authenticity to the brand and its value.

Content and marketing strategies - Influencer marketing is a great opportunity to liven up your social media accounts and gain hype on them. Reposting influencer content or even encouraging followers to create user-generated content, can increase a brands outreach majorly. The knock-on benefit is the ability to use blogger's images for other marketing channels, such as targeted advertising.

Cost-effectiveness - Rather than paying large sums of money to celebrities, influencer marketing can at times be more effective although being cost-effective as depending on the budget of the brand you can choose the right

influencer. A well-thought-out influencer marketing strategy can drive better results for lower fees or even allow you to barter in the future.

It is said that 70% of Teens Trust Influencers More than Traditional Celebrities so it targets the younger audience who are impressionable. It's extremely difficult for brands to build the same level of trust that influencers possess, but thanks to influencer marketing that trust can be transmitted to your brand. Therefore, influencer marketing is an effective way to improve your marketing strategy, reach business objectives, and even cut expenses.

Conclusion

The trend of celebrity endorsements has been around for many decades now. Many positives, as well as negatives of celebrity endorsements, have been discussed above and been analyzed through SugarBearHair. SugarBearHair has seemed to miss the mark with its choice of endorsers which questions the authenticity and trustworthiness of the brand and its products.

In light of the various negatives discussed about celebrity endorsements and the challenges that come with them, there is a lot of research being conducted into the concept of influencer marketing which is an upcoming trend that is rapidly growing as social media is becoming more dominant in today's world and society. As already analyzed, influencer marketing is more effective both in the realms of outreach and cost-effectiveness. It can allow for better and more targeted reach and more effectiveness in the promotion of the product which ultimately becomes a better long-term strategy for a brand to promote their product or service which is similar to the concept of celebrity endorsements.

Bibliography

Agarwal, P., 2020. *Celebrity endorsement and brand building*. [online] Scribd.com. Available at: <https://www.scribd.com/document/519723463/Celebrity-endorsement-and-brand-building>.

Chaudhuri, S. and Swaraj, P., 2004. *Celebrity Endorsement: Through the Ages - The Case Centre*. [online] The Case Centre. Available at: <https://www.thecasecentre.org/products/view?id=69778>.

Cherry, K., 2021. *What Is Consumer Psychology?*. [online] Verywell Mind. Available at: <https://www.verywellmind.com/what-is-consumer-psychology-2794899>.

Chetti, P., 2019. *Application of source credibility model on celebrity endorsements*. [online] Project Guru. Available at: <https://www.projectguru.in/application-of-source-credibility-model-on-celebrity-endorsements/>.

Digital Marketing Institute. 2018. *20 Surprising Influencer Marketing Statistics | Blog | Online Digital Marketing Courses*. [online] Available at: <https://digitalmarketinginstitute.com/blog/20-influencer-marketing-statistics-that-will-surprise-you>.

Geyser, W., 2021. *What is Influencer Marketing: Guide - Definition | SendPulse*. [online] SendPulse. Available at: <https://sendpulse.com/support/glossary/influencer-marketing>.

Hussain, I., 2020. Impact of Celebrity Endorsement on Consumers' Buying Behavior. Journal of Marketing Strategies, [online] 2(1), pp.1-9. Available at: <https://www.eajournals.org/wp-content/uploads/Impact-of-Celebrity-Endorsement-on-Consumers-Buying-Behavior.pdf>.

Ipl.org. 2021. *Evolution Of Celebrity Endorsements*. [online] Available at: <https://www.ipl.org/essay/Celebrity-Endorsement-Definition-FJZRARD4RG>.

Jain, A., 2019. *Evolution of Celebrity Endorsements in India | Duff & Phelps*. [online] Duff & Phelps. Available at: <https://www.duffandphelps.com/insights/publications/valuation/celebrity-endorsements-india>.

Kekatos, M., 2017. *Stop taking vitamins just because celebrities tell you to, doctors say*. [online] Mail Online. Available at: <https://www.dailymail.co.uk/health/article-4339800/Stop-taking-vitamins-just-celebrities-tell-to.html>.

Li, Z. and Yin, Y., 2018. Attractiveness, expertise and closeness: The effect of source credibility of the first lady as political endorser on social media in China. *Global Media and China*, 3(4), pp.297-315.

Lumen, 2021. *Introduction to Marketing | Boundless Marketing*. [online] Courses.lumenlearning.com. Available at: <https://courses.lumenlearning.com/boundless-marketing/chapter/introduction-to-marketing/>.

Meglio, F., 2021. *Use Real People or Celebrities in Your Advertising Campaign?*. [online] Monster Career Advice. Available at: <https://www.monster.com/career-advice/article/real-people-or-celebrities-in-ads>.

NGUYEN, N., 2021. *The Influence of Celebrity Endorsement on Young Vietnamese Consumers' Purchasing Intention*. [online] Koreascience.or.kr. Available at: <https://www.koreascience.or.kr/article/JAKO202100569465365.view#:~:text=The%20results%20from%20data%20analysis,positive%20impacts%20on%20purchase%20intention>.

Okoli, A., 2016. *Impact of Celebrity Endorsement on Consumer Buying Behavior*. [online] zoovu Blog. Available at: <https://zoovu.com/blog/impact-of-celebrity-endorsement-on-consumer-buying-behavior/>.

Olmstead, L., 2019. *Influencer Marketing: How Affiliates Can Leverage It [2019 Guide]*. [online] X-Cart. Available at: <https://www.x-cart.com/blog/influencer-marketing.html>.

Patel, N., n.d. *What is Influencer Marketing: Guide - Definition | SendPulse*. [online] SendPulse. Available at: <https://sendpulse.com/support/glossary/influencer-marketing>.

Peterson, S., 2021. *Customer Purchase Intention: Definition, Why (+ How) to Measure & Convert*. [online] Namogoo. Available at: <https://www.namogoo.com/blog/consumer-behavior-psychology/customer-purchase-intention/>.

Rizal, A., 2018. Determinants of Value Chain Analysis of Solar Photovoltaic Industry in Kathmandu Valley. *Journal of Business and Social Sciences Research*, 1(2), p.153.

Sugarbear®, 2021. *About Us - SugarBearHair Vitamins*. [online] Available at: <https://www.sugarbearvitamincare.com/pages/about-us>.

Team, B., 2021. *Purchase Intention Meaning, Importance, Factors & Example | MBA Skool*. [online] MBA Skool. Available at: <https://www.mbaskool.com/business-concepts/marketing-and-strategy-terms/10976-purchase-intention.html>.

Thomas, K., 2021. *Read @Kearney: The truth about consumer trust*. [online] Kearney.com. Available at: <https://www.kearney.com/consumer-retail/article/?/a/have-a-little-faith-in-me-the-truth-about-consumer-trust-kci-quarterly-briefing-q2-2021>.

Wall, V., 2018. *Sugar Bear Hair Gummies: We Try the Blue Pills the Kardashians Love*. [online] In Touch Weekly. Available at: <https://www.intouchweekly.com/posts/sugar-bear-hair-reviews-127254/>.

Young, D., 2020. *Reputation and the power of the influencer: Sugar Bear Hair v Beauty Bear*. [online] Lexology. Available at: <https://www.lexology.com/library/detail.aspx?g=56b31a5d-7a9b-480a-9dc4-3e4d3101d081>.

Zhang, S., Zhou, C. and Liu, Y., 2020. Consumer Purchasing Intentions and Marketing Segmentation of Remanufactured New-Energy Auto Parts in China. *Mathematical Problems in Engineering*, 2020, pp.1-8.