



## IMPACT OF CELEBRITY BRAND ENDORSEMENT ON CONSUMERS (WITH REFERENCE TO OTC DRUGS)

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### Abstract

Television, Internet, Facebook, Twitter, Instagram, Social Media, Print Media, Movies and the presence of plethora of other communication platforms has increased the amount of communication and messaging that a person is exposed to. An advertiser thus needs some differentiation in the brand's communication and advertising strategy so that its brand can achieve top of the mind re-call. This is where 'Celebrity Endorsement' is used as a differentiation point in terms of advertising and at the same time a pull factor is created for the brand which could probably increase sales for the brand. However, do all celebrity endorsements deliver the desired results? Let us consider 'Over the Counter (OTC)' drugs category of products, for which the consumer has multiple alternative brands in his consideration set. These alternative brands also have the same or similar drug formulation. In such a case, does 'Celebrity Endorsement' really work for OTC drug brands in creating the right impact on consumers? Are Celebrity Endorsers effective for OTC brands? This paper attempts to address these questions by secondary research of published literature in this area of study.

**Keywords:** *Celebrity, Brand, Endorsement, OTC, Drugs, Advertising, Sales, Consumer.*

### Introduction

Celebrity endorsement is a strategic promotional tool used by brands, companies or NGOs, which involves leveraging the social status of celebrities or well-known personalities to promote either a product or a service or to even raise awareness on environmental or social issues. The reasons for using such a promotional tool are manifold such as :-  
The brand's target audience may start believing that they will develop the personality traits of the celebrity by consuming the product endorsed by the celebrity.

Having a celebrity endorser will positively influence the brand's target audience to buy company's products.

Whenever a celebrity endorser's image in the society is enhanced by any event; the marketer's brand will also benefit due to the brand's increased awareness, publicity, and visibility. E.g.: Whenever Virat Kohli or Saina Nehwal win a match or a series, the brand that they endorse may get increased visibility due to media's increased coverage of the said event, word of mouth publicity, on screen visibility during the match, etc. Basically a mix of paid and non-paid media helps increase visibility for the brand during sporting and other events. Celebrity endorsement is used by several brands ranging from chips to fashion to shoes and to computers. A not-for-profit organization also associates itself with celebrities who have a good image among people and thus can raise people's attention towards a certain social cause, and to make these celebrities effective fund-raisers for their charity initiatives. E.g.: Amitabh Bachchan was the face of the polio drops campaign of Government of India. Similarly, Aamir Khan was the face of Indian Tourism's "Atithi Devo Bhava" campaign which tried to sensitize Indians towards foreign tourists and treat them as their special guests who are akin to 'God'. But at times Celebrity Endorsement is used for new products which no one has used yet. So that customers can get a sense of quality assurance for products endorsed by their favourite celebrities. Some consumers would prefer to buy only those products which are endorsed by a particular celebrity. This is the reason why many companies presume that endorsement of their products by a popular celebrity will increase demand for their products. While some experts maintain that celebrity endorsement has little positive impact on consumer sales, others say that by using them, the benefits that a company gets are immense. Celebrities are people who are constantly in the limelight of media which loves to take their pictures and often publish them across magazines, blogs, social media, etc. This gives the brand additional publicity at no cost. Also, celebrities have their specialized niche from music, film, fitness, fashion, sports, etc. which bring credibility to the product, especially if the product concerns with the celebrity's profession.

Objective of the Research Paper: The objective of this research paper is to study the impact of Celebrity brand endorsement on consumers.

### Review of Literature

Celebrities either endorse or appear in roughly 20% of the ads and some of the research work published in this domain has focused on the effect of a celebrity endorsement on the share price of companies when they announce the same. Some studies show a small upward movement of stock price to no movement at all. But stock price is not an indicator of sales volume, it just indicates that people think endorsements work. Hence the observations are not conclusive.



A study, (Anita Elberse, 2012) published in the 'Journal of Advertising Research' tracked the stock price and sales figures of companies which had athlete endorsements. The research finding was that the stock price of companies, with a celebrity endorsement, increased by approx. 0.25% and sales for its endorsed products increased by average 4%. Further, the sales would get an upward movement when the athlete breaks records, wins matches, etc. The study also mentions a caveat: With each subsequent win, the sales volume reduces, while the stock- market returns stay constant; implying that shareholders are more interested in the athlete's staying power than that of consumers.

According to a research paper published in Springer Journal (Haina Ding & Alexander E. Molchanov & Philip A. Stork, 2010), a company that signs an endorsement deal with a celebrity can expect its stocks to rise by 0.4%, the moment and the celebrity's name is made public. This signals an affirmation of the perceived legitimacy by the celebrity's endorsement, even though the product's content has not changed at all. An article by Ad Age publication states that audiences watch thousands of advertisements a day across all platforms of media content, leading to an over exposure of advertising communication. It also states that studies have shown that advertisements that use a celebrity who is popular among the masses and for whom they already have positive feelings and image, capture audience's attention quickly and easily than an advertisement without a celebrity.

Steve Olenski, a contributor for Forbes.com (July, 2016) said that people make celebrities their role models, so when these celebrities feature in advertisements of a new product, audiences get influenced to buy that product somehow. Hence the probability of such ads having positive effect on product sales cannot be understated. When a celebrity endorses a deal, the brand's value increases as the product immediately gets a legitimate status due to the appeal of the celebrity endorser.

According to a research done by [www.marketwatch.com](http://www.marketwatch.com) and its claim in Social Media Week (Sept 2015), just one celebrity endorsement increases sales of the endorsed product by 4%. [www.marketwatch.com](http://www.marketwatch.com) provides latest stock market, financial and business news.

(Busler, 2002) Dr. Michael Busler, Faculty Member, Stockton University's School of Business, in his research article, states that consumers arrive at judgments depending on the information that they have about the product. Most of such information reaches them through advertising. Since companies use celebrity endorsers in their advertisements very often, the extent to which consumer's judgment is influenced by the advertisements will depend upon the credibility of the endorsers". Eg: A brand endorsed by a sports celebrity / movie star viz; Sachin Tendulkar, Amitabh Bachhan, Akshay Kumar, Priyanka Chopra or Madhuri Dixit, in most probability may enjoy high credibility among the consumers due to the corresponding high credibility of the endorsers. According to him academic research has extensively focussed on endorser credibility (Busler, 2002) (Aaronson, Turner and Smith, 1963; Bergin, 1962; Bochner and Insko, 1966). The credibility of an endorser depends upon characteristics like knowledgeable, expertise, trustworthy, believable and objectivity and these have been tested in various research studies (Busler, 2002) (Aaronson, et al., 1963; Bergin, 1962; Friedman and Friedman, 1979; Kamis 1990).

Dr. Busler refers to credibility as the level to which the source is presumed to be having expertise related to the product category and can be trusted for a fair opinion on the subject for which proficiency is achieved by gaining expert knowledge of the subject. He refers to trustworthiness as honesty and believability of the source Thus, the three dimensions of source, expertise and trustworthiness are crucial to establish credibility and have been shown to be coaxing consumers and also in influencing attitudes .

With specific reference to Celebrity Endorsement, as per research done by a student of Visayas State University (University, 2010), negative but significant relationships were identified between respondents' (mother) educational qualification and their perceptions of credibility of the celebrity endorsers. It further states that the respondents' perception of the credibility of celebrity endorsers may not only depend upon the three dimensions i.e expertise, trustworthiness and attractiveness but may also get influenced by respondents' educational background. The research findings also mentioned that that celebrity endorsers could have a direct influence on mothers' health care decisions, in treating common ailments with celebrity endorsed medicines.

In contrast to the above study is a research article titled 'Impact of Celebrity Endorsement on Consumer Buying Behaviour' (Bhutada, 2014) published in the Journal of Marketing & Consumer Research, wherein the authors have concluded, based on statistical tests, that celebrity-endorsed advertisements are more attractive than non-celebrity advertisements in the perception of the viewers. Further they have concluded that celebrity endorsement does have an influence on consumer's buying probability for the brand.



Another Journal, Health Marketing Quarterly, published an article on ‘ (Impact of Celebrity Endorser in Direct-to-Consumer advertising of prescription drugs)’, where in the authors state that there is just a minor difference in credibility and effectiveness between a celebrity and a non-celebrity endorser for DTC advertising of prescription drugs. Further, impact of consumers’ involvement did not moderate the effect of celebrity endorser.

As per a research paper titled “Celebrity Endorsement and the effect on TheBrand”, which is published on [www.essaywritingserviceuk.co.uk](http://www.essaywritingserviceuk.co.uk), it is difficult to directly arrive at any equation between celebrity endorsement and sales of the product, unless the effect of other variables which influence sales of the brand are taken into consideration.

### **Research Methodology**

The research is exploratory and descriptive in nature and focuses on the effect of Celebrity brand endorsement on consumers of OTC drug brands.

### **Types of Data Collection**

Primary data is collected first hand by a researcher i.e. an organization, person, authority, agency, etc. through experiments, surveys, questionnaires, focus groups, interviews or taking measurements; whereas secondary data is that which is collected by someone else and is readily available to the public through publications, journals, newspapers, websites, etc.

My research is secondary in nature and is based on research papers which have already been published in Indian and International Journals, news articles on various websites, industry reports, etc.

### **Data Analysis & Interpretation**

Having reviewed literature which has been already published internationally, I chose to analyse and interpret data about Indian OTC pharma brands which often use celebrity endorsement. The peculiarity of this product category is that most of these brands were earlier Rx brands i.e. they were prescription drugs and available only with the Doctor’s prescription. The market for OTC products in India is quite competitive as many pharma companies shift some Rx brands to the OTC segment for better sales. Hence, the market for OTC drugs is quite competitive as many companies launch their generic drugs in the OTC segment.

Thus this is a category where a consumer has the following buying options:

1. Visit a doctor and get an Rx drug prescription.
2. Buy any OTC drug which has the same generic formulation.

As per Wise Guys Research Consultants, Indian Over the Counter (OTC) drugs market was worth \$6,292 million in 2016 and is estimated to be growing at a CAGR of 14.6%, to reach

\$12,440 million by 2021. There are wide number of therapeutic applications for OTC drugs ranging from health supplements, weight control drugs, contraceptives to analgesic drugs and many more. Some of the major companies dominating the Indian OTC market are GlaxoSmithKline, Johnson and Johnson, Dabur India Limited, Sun Pharma, Reckitt Benckiser, Bayer Healthcare AG, Emami Limited, Piramal Enterprises, Abbott, Merck and Cipla Limited. There are three ways of entering the OTC segment for a pharma company

1. Converting an Rx drug into OTC drug with due regulatory permissions.
2. Directly launching a product under OTC segment.
3. Takeover existing brands or companies which are present in the OTC segment.

The Indian OTC market primarily consists of non-prescription drugs like pain relievers, ointments, health supplements, pregnancy termination drugs, etc. Indian OTC brands extensively use Celebrity Endorsement as an integral part of their promotional plan. This gives them instant visibility in the over-crowded and cluttered media space. (Kakkar, 2015) As per Mr. Brijesh Kapil, Head of Consumer Health, Merck India - Celebrities help the brand break through the clutter and establish its dominance in the market. Rohit Sharma as a celebrity brand ambassador did positively impact their Nasivion brand of nasal decongestant. This was supported by the fact that the brand turnover of Nasivion increased by 33% from 2012-2015 during which Rohit Sharma was its brand ambassador.



**Table No. 1: Some of the OTC Brands Endorsed By Celebrities**

Brand	Sold As	Pharma	Celebrity	Profession
Revital	Health Supplement	Sun Pharma	M S Dhoni	Sports Person
Volini	Pain Reliever	Sun Pharma	Shilpa Shetty, Sonali Bendre, Trisha Krishnan	Actresses
Torex Cough	Cough Reliever	Torque Pharma	Kailash Kher	Singer

Seven Seas	Cod Liver Oil	Merck	Raveena Tandon	Actress
Nasivion	Nasal Decongestant	Merck	Rohit Sharma	Sports Person
Polycrol Antacid	Pain Reliever	Piramal Consumer Health	Mary Kom	Sports Person
Quick KoolMouth Ulcer Gel	Mouth Ulcer Reliever	Piramal Consumer Health	Sharman Joshi	Actor
Pregakem	Pregnancy Tester	Alkem Laboratories	Ritesh Deshmukh and Genelia D'Souza	Actor & Actress
Vicks Multi Pain Relief Gel	Pain Reliever	P&G	Virat Kohli	Sports Person

\*Current status of endorsement depends on the period of contractual agreement between the celebrity and the company.

As per the website [www.convinceandconvert.com](http://www.convinceandconvert.com), companies should not use celebrities or athletes to promote products that the audience is not interested in as it will not yield any result. For example, even appointing Salman Khan as a celebrity endorser for a cricket academy will not create a huge buzz among the audience which is not interested in cricket training at all. Salman Khan is one of the biggest Bollywood stars and carries an image of an adventurous person. That's why he has been roped in by advertisers to endorse products like aerated drinks (Thums Up). Similarly Rajnigandha mouth-freshener is endorsed by Ajay Devgan and Panasonic by Ranbir Kapoor based on their respective traits. Whereas sports goods and energy drinks are largely endorsed by sports persons or athletes like Virat Kohli, Saina Nehwal, Sachin Tendulkar, M S Dhoni, Sania Mirza and others. Similarly, an athlete or a famous coach can endorse fitness products meant for sports persons.

### But Is It Mandatory To Have Celebrity Endorsements?

(Business, 2015) Susan Josi, Managing Partner, Sorento Healthcare Communications opines that having celebrities as endorsers of OTC brands which were earlier available as Rx only drugs, amounts to replacing doctors with someone who is more popular with the consumers. Also the brand is seen as more of a consumer product brand and not as a medicine. Revital is an excellent example of how a decades old an Rx brand was pushed to the OTC segment and Ranbaxy had a dream run with Salman Khan as the brand's poster boy. With Revital, the company created a need for health supplements – one was advised to take it after returning tired from work. But, (Business, 2015) Subodh Marwah, vice-president, Global Consumer Healthcare, Sun Pharma which acquired Ranbaxy, believes that the product and the brand should always remain at the core. The celebrity should only add value and never overpower the brand.

### Findings

After comparing published research work and data, it is found that Celebrity Endorsement as a marketing & promotional tool for OTC drugs does work positively for companies. However the impact it has on the consumer's buying behaviour will vary depending on various other factors. Celebrity Endorsement also has a positive influence on sales turnover of the brand and on the stock price of the company which owns that brand.

### Recommendations

My recommendation is that while appointing a celebrity as the brand ambassador a company should consider the following:-

1. Credibility, Expertise, Knowledge, Attractiveness of the Celebrity Eg: Amitabh Bachhan for Parker Pens.
2. Level of match between the brand's features and celebrity's personality traits Eg: Hrithik Roshan for a Dance Academy and Aamir Khan for Titan Slim watch.



3. Ethical aspect of slotting a brand under OTC category along with Celebrity Endorsement. This may lead to excess consumerism of medicines and company may face regulatory challenges and consumer backlash. At the same time the Celebrity would also be ridiculed for endorsing such brands.
4. Probability of the Celebrity becoming un-popular due to any reason in future. Eg: Salman Khan endorses several brands but has a legal case against him and may have to be imprisoned. Thus, if he is implicated in the case his popularity may decrease.
5. The Celebrity should not become bigger than the brand. Eg: Digen Verma, the virtual celebrity created by Parle for its Frooti brand, had become bigger than the brand during the promotional campaign.
6. Regional celebrities should be considered. Eg: Indian athletes rather than International athletes should be engaged by brands as endorsers to connect with the regional populace.
7. Brands should rather create their own animated characters and make them celebrities Eg: The Amul Girl, Bajaj Allianz's SUPER AGENT, Onida's Devil, The Maharaja of Air India, Nirma Girl, Asian Paint's Gattu, 7 Up's FIDO DIDO, etc. which can also become their perpetual Intellectual Property Rights (IPR).

### **Conclusion**

Based on my secondary research I conclude that Celebrity Endorsement does impact the consumer and influence his / her buying decision. However the level of impact cannot be measured in quantitative terms without quantifying other variables which impact the consumer's buying behaviour and sales of the product.

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### **Declaration**

This work has been neither published nor submitted for publication, in whole or in part, either in a serial, professional journal or as a part in a book which is formally published and made available to the public.