

# Celebrity Endorsement and Quality Perception: Literature Review

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## **Abstract:**

Nowadays, celebrity endorsements are one of the most often employed advertising tactics by businesses. As well as being a significant marketing trend, it is now a crucial component of practically every brand's promotional effort. The employment of celebrities in advertising has been demonstrated to be a successful strategy for grabbing the public's attention in both theory and practise. For the majority of Indians, celebrities serve as role models and are highly esteemed members of society. Celebrities have an impact on society through the way they dress, act, and behave. Therefore, businesses use celebrities to advertise their goods or services and to persuade consumers to make a purchase. It has also been demonstrated that celebrity endorsement affects consumers' purchasing decisions. This paper aims to review existing research on celebrity endorsement.

**Key Words:** Celebrity Endorsement, Product Quality, Information in Advertisements.

## **Introduction:**

There are two areas of the literature that need to be looked at: in the economics literature and in the marketing literature. These two areas will help us study the impact of celebrity endorsers in advertising on customer behaviour. I looked at two things from an economic standpoint: (1) the idea of quality and how it is applied to differentiate items; and (2) the research that has been done on the role of advertising in informing consumers. In terms of marketing, two topics are relevant: (1) studies on how advertising affects customer behaviour, and (2) the varied effects produced by celebrity endorsing in advertisements.

## **1. Quality of Product:**

It is necessary to specify quality in order to define variable quality. According to Wadman (2000), a product's quality can be described as its features, traits, and qualities that affect how consumers judge its level of excellence. By extension, we expect that the rational customer will select the highest-quality products in order to maximise utility.

Quality has many definitions. Quality can be defined in many ways, depending on who is defining it and to what product or service it is related. The definition of quality by the American National Standards Institute (ANSI) and the American Society for Quality Control (ASQC) is "the totality of features and characteristics of a product or service that bears on its ability to satisfy given needs."

Consumers will typically assess disparities in the quality of a product's capacity to fulfil a certain requirement. This distinction will be seen as quality discrepancies between competing brands. The consumer uses this variation in perception of product quality to distinguish between products. Consider a consumer looking for a home stain remover, for instance. He discovers two with comparable elements. He thinks one of the goods will perform better than the other after using both the direct and indirect information he has gathered. The buyer thus uses the perceived quality differences between the brands to distinguish between the products.

According to the literature, the idea of changing quality has long been understood. Variations in product quality were discussed in the works of Wicksell (1901, 1934), Chamberlain (1927), Houthakker (1951-1952). Quality differences were formerly linked to market prices. Stone (1956), Adelman and Grillishes (1961) all made note

of pricing disparities for essentially identical goods that seemed to be distinguished simply by the consumer's impression of varying levels of quality.

Most recently, Wadman (2000) came to the conclusion that customers' expectations and purchase history are reflected in how they perceive quality. Since the consumption experience is acquired and gained through using a good or service, each consumer will interpret it in accordance with his or her individual self-image and standard of quality. Consumers get stimuli through a variety of channels, most notably through information provided by advertising, and generally base their expectations of quality on specific reactions to those stimuli.

We should describe the many forms of product differentiation now that it is recognised that the consumer bases product differentiation on perceived differences in quality of products. Products may be distinguished either vertically or horizontally, according to Choi et al. (1997). Vertical differentiation happens when products with identical cost have differing physical characteristics. They state that let's say two computers are offered for sale at the same price. The items are vertically differentiated if one offers features that the other does not, such as a faster processor or a larger hard drive. When there are no additional physical variations between two products, but only differences in appearance or consumer choice, this is known as horizontal differentiation.

In summary, the study of the literature on variable quality leads us to the conclusion that consumers employ perceived quality changes to distinguish between items. Consumers' perceptions of experience goods' quality are influenced by the direct and indirect information they are exposed to, primarily through advertising. The next phase in the literature search is to look at how economists have researched how advertising plays a role in educating customers and how it signals quality variations that consumers use to distinguish between items.

## **2. Utility of information about product:**

The advancement of contemporary microeconomics theory during the past several years has been significantly influenced by the usefulness of information. Among the works that make up the foundational literature are those by Stigler (1961), Nelson (1970, 1974), Spence (1973), Barbie and Karni (1973), and Laband (1986). The idea that advertising might be used to indicate a product's quality was first put forth by Nelson (1970,1974), who backed it up with actual data. He bases his case on the distinction between novice and expert goods. He discovered that customers are more likely to research products before purchasing them in order to judge their quality. A lot of the information is derived from advertisements, either directly or indirectly. The latter type of data is more relevant to the current study because it is the data that the company may give the consumer through the usage of the endorser in the advertisement. Here, it is hypothesised that the endorser has something to do with the veracity and applicability of the indirect information. The indirect information will become more believable and applicable to the consumer with a better-suited endorser.

As a third category, Darby and Karni (1973) added credibility goods. Ekelund et al. (1994) noted that the potential uniqueness of commodities with credibility features has received very little study. The total cost of realising a "error" may be significantly more for many credence products, such as brain surgery or marriage counselling, than the nominal cost to the customer of the service. As a result, compared to search or even experienced goods, the required level of quality assurance may be much higher for credence goods. Only by increased advertising efforts to disseminate such information will this level be communicated.

Eckland, et al. (1994) also noted that getting the best quality before or after a sale for items with credence features requires using expensive resources (like time) and taking a risk. It's possible that the high cost of search is related to credence products. Although pure credence goods like religious services may be identified as such, the authors do not contend that some optimal quality can never be decided by customers. With regard to supplying information (i.e., advertising effort) for goods with credibility features, the firm's behaviour is a little hazy according to this analysis. According to Becker and Murphy, any advertisement's intended impact on a consumer's decision to buy a product or an increase in that number of purchases should be considered.

A 1997 study by Choi et al. links advertising to product distinctiveness. They point out that for products with horizontal differentiation, the details in advertisements help a customer choose a product that most closely matches his or her preferences. In some instances, they add, "Advertising can lead to fictitious product differentiation, in which customers are led to believe—albeit mistakenly—that competing items differ from one another. Although many over-the-counter medications and home cleaners contain exactly the same components, customers may mistakenly believe that they are different due to advertising."

Even though the economic literature to date has discussed how advertising helps consumers get information, there isn't much discussion of how, if at all, consumer behaviour is specifically influenced and how indirect information affects the consumer's perception of quality, which is used to differentiate products.

### **3 Marketing literature on information in advertisement:**

Although price, quality, and value perceptions by consumers are thought to be important factors influencing buying behaviour and product choice (Jacoby and Olsen 1985), Lee and Lou (1995/1996) noted that research on these ideas and how they are related has not shown many definitive results.

For instance, a subset of models known as cognitive information models (Bharadwaj, Varadarjan, and Fahy, 1993, for instance) make the assumption that customer preferences are unaffected by advertising and that consumers only make logical judgments. This means that advertising won't have an effect on consumers' behaviour or purchasing intentions. These models are in line with the work of economists Becker and Murphy and Nelson (1970, 1974). (1993). On the other hand, a series of models called Persuasive Hierarchy Models that have been established in marketing literature anticipate the inverse result.

These theories suggest that in order for advertising to increase sales, it must first educate customers before persuading them. These models' fundamental tenet is that advertisements have an impact on customer behaviour in the form of purchasing intentions. However, it is well acknowledged that consumers base their assessments of product quality on a variety of informational "cues" or product attributes ( Dick and Jain 1994). The topic of what information cues customers used most frequently while evaluating products has really received a lot of attention in consumer behaviour studies.

According to the study's findings, customers frequently base their decisions on three factors: the product's price, the "name brand" (Jacoby, Szybillo, and Busato-Schach, 1997), or the place of origin (Dods, et al., 1991). The term "perceived quality" is well defined by Zeithami (1988). She points out that if quality can be widely defined as a gauge of superiority or excellence, perceived quality can be defined as the consumer's assessment of the product's overall excellence or superiority. This indicates that consumers must base their decisions on the knowledge they have at hand. A lot of this data frequently comes from advertising. Since celebrity endorsers appear in commercials regularly, the credibility of the endorsers must be taken into account when determining how much this information influences consumers' opinions. Therefore, the goal of this thesis is to investigate how brand endorsers influence consumers' perceptions of quality.

### **4. Endorser effect on Product choice:**

"Celebrities are those who enjoy public recognition by a big share of a given set of people," asserts Friedman (1979). According to Johansson, J. & Sparredal, J. (2002), a person is considered a "celebrity" if they are well-known to the general public for accomplishments unrelated to the product category they are endorsing (such as as an actor, sports figure, entertainer, etc.). By "any individual or person who enjoys public notoriety and who leverages this reputation on favour of a consumer good by appearing with it in an advertisement," McCracken (1989) defined a celebrity endorser. "Celebrity is a pervasive element of society, searing enduring impressions in the recollections of everyone who cross its path," claim Kurzman et al. in 2007.

A person is referred to as a celebrity if they are well-known to the general public for accomplishments unrelated to the category of products they are endorsing (such as an actor, sports figure, entertainer, etc). (Friedman and Friedman, 1979). Any person with widespread recognition who uses this recognition to promote a consumer good by featuring with it in an advertisement (marcoms) is referred to as a celebrity endorser. This is advantageous because, regardless of the required promotional role, when celebrities are depicted in marcoms, they bring their own culturally related meanings to it (McCracken, 1989).

According to Ericsson L. and Hakansson E. (2005), celebrities are frequently used by advertisers due to their well-known qualities (beauty, talent, athleticism, strength, etc.), which frequently serve as the attractions desired for the companies they promote.

Celebrity endorsements can be employed as either long-term or short-term methods, claims Zheyin J. G. (2005). The effectiveness and cost of a company's long-term celebrity endorsement strategy are impacted. The degree to which a product is known in the market has an impact on a company's short-term celebrity endorsement strategy. Finally, regardless of whether a celebrity endorsement is long- or short-term, a company should choose a more well-known endorser when the information dispersion impact is larger and the demand intercorrelation effect is smaller.

In their paper from 2008, Clinton A., Holmes G., and Strutton D. give a quantitative analysis of the correlation between celebrity endorser source effects and advertisement performance. The three most significant source impacts on purchase intentions, brand attitudes, and attitudes about the commercial appear to be captured by the source credibility model, which combines celebrity attractiveness, trustworthiness, and knowledge. According to the findings, bad celebrity rumours can seriously hurt an advertising strategy. Advertising clutter, selective attention, and the amount of time available to detect and assess the campaign can all reduce the impact of celebrity endorsements.

Scholars of marketing have been and will continue to be interested in the idea of credibility. In the academic literature, endorser credibility has gotten a lot of attention (Aaronsson, Turner and Smith, 1963; Bergin, 1962; Bochner and Insko, 1966; Goldberg and Hartwick, 1990; Stonethall, Phillips and Dholara, 1978). Numerous studies have examined the factors that influence an endorser's credibility, including their competence, objectivity, knowledge, and trustworthiness (Aaronsson, et al., 1963; Bergin, 1962; Friedman and Friedman, 1979; Kamis 1990).

Credibility in this context refers to the degree to which the source is regarded as having knowledge relevant to the communication topic and can be relied upon to provide an unbiased opinion on the subject (Belch and Belch, 1994; Ohamian, 1990), since knowledge of the subject is the source of expertise. Integrity and plausibility of the source are examples of trustworthiness (McMannas and Ward, 1980). These aspects of source expertise and trustworthiness are crucial for conceptualising credibility and have been demonstrated to have an impact on persuading consumers (Harmon and Coney, 1982; Moore, Haulknict and Tham, 1988; Sternthal, Phillips and Dholia, 1978; Wu and Schaffer, 1987), as well as on influencing attitudes (Craig and McCamm, 1978; MacGinnies and Ward, 1980).

An advertisement receives more attention when a famous person endorses it (Buttle, Raymond, and Danziger 2000). Celebrities tend to be attractive, which aids in persuasion when buyers are concerned about social acceptance and others' judgments or when the product is attractiveness-related (DeBono and Harnish 1988). (Kahle and Homer 1985, Kamins 1990). Athletes endorsing footwear (Ratneshwar and Chiaken 1991) or attractive models endorsing cosmetics (Baker and Churchill 1983) are two examples of celebrities who may be reliable suppliers. The popularity of celebrities may cause consumer identification and persuasion in an effort to form a relationship with them (Belch & Belch 2007).

By appropriately coordinating with the products being endorsed, the endorser's credibility may undoubtedly be increased. In fact, a number of studies have studied whether and under what circumstances famous people are suitable product endorsers ( Agriwall and Kamakura, 1995; Atkin and Block, 1983; Freiden, 1983, 1984; Caymans, 1989).

## 5. Summary :

Here, the research question is discussed after a survey of the literature in all pertinent fields. Products that satisfy demands are bought by consumers. Generally speaking, a reasonable buyer will choose products that will provide them the most pleasure. The best-performing and most well-regarded products are those that optimise customer happiness. Information must be gathered to build a sense of the product's quality for experience goods, because buyers cannot assess quality prior to purchase.

Advertising offers both direct and indirect information, making it one way to learn more. The endorser who is included in the commercial affects the veracity and applicability of the content. As a result, the consumer's opinion of a product's performance and quality will be influenced by the inclusion of a suitably matched endorser in an advertisement. Additionally, an endorser who is appropriately matched will offer information that is more trustworthy and pertinent to the buyer.

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