

# INFLUENCE OF CELEBRITY ENDORSEMENT IN RURAL MARKETS : A STUDY WITH REFERENCE TO THIRUNELLI PANCHAYAT IN WAYANAD IN KERALA

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## ABSTRACT

**Rural India is the buzzword and Eldorado for marketers. Organizations are shifting their focus towards this huge and largely untapped market. Rural India, (Ernst and Young) reports 600,000 plus villages spread over a geographical area of over 3.2 million square kilometers, with a 60% of the country's overall consumption amounting to Rs.9.135 lakh crore (\$228 billion). Mckinsey recently surveyed rural India for Bharat Nirman project and concluded that rural India's market size in 2020 would be US \$ 500 billion. Even by 2025, 63% of India's population will still live in rural areas of India (Mckinsey). The problem for marketers lies in reaching out to this huge magnitude of the rural masses with varied social, cultural backgrounds speaking a few hundred dialects.**

**In rural market, the influence of Celebrity endorsement in decision making and purchasing the product is remarkable. Celebrity is a person who can attract people by mere presence and words (Kotler 2002). In India influence of films stars and sports personalities especially cricketer are phenomenon. Kerala, the literate state of India may not be falling behind in the influence of celebrity endorsement in purchasing products**

**The study envisages to find out the influence of celebrity endorsement in purchase of consumer durable goods in rural Kerala. The village chosen is Thirunelli Grama Panchayath, Wayanad District, Kerala from where the samples were taken. The profile of the respondents were small and medium coffee planters residing in Thirunelli Gramapanchayath at Wayanad district selected at random. The data was collected through pretested questionnaire. The collected data were analyzed by using Statistical software such as SPSS. The tool Chi-square test was employed for studying the hypothesis.**

## OBJECTIVE OF THE STUDY

To study the effect of celebrity endorsement in rural market of Kerala.

We examine the **hypothesis** that

H1: Celebrity endorsement has no influence in purchase decisions of rural market of Kerala

H2: Celebrity endorsement has no influence in purchase decisions of rural market of Kerala

## DEFINING THE TERMS USED IN THE STUDY

**Celebrity endorsement** is an advertising technique of persuasion in which the consumers are attracted to as

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product with a perception that if the celebrity is using a product then it must be a better product. In today's world, the use of celebrity advertising for companies has become a trend and a perceived winning formula of corporate image building and product marketing. This phenomenon is reflected by the recent market research findings that 8 out of 10 TV commercials scoring the highest recall are those with celebrities' appearances.

Some of the best known celebrities employed for advertising campaigns include **Aamir Khan** for Coca-Cola, Toyota's Innova, **Amitabh Bachchan** for Nerolac, Dabur, ICICI, Parker, Reid & Taylor, and with Abishek Bachchan for Wagon R, **Shahrukh Khan** for Omega, Hyundai Santro, Pepsi, Airtel, Videocon consumer durables, **Sachin Tendulkar** for Pepsi, Colgate Palmolive, ESPN-STAR Sports, MRF, Boost, TVS Victor, Fiat Palio, Visa, Adidas, Britannia, Airtel... and the list just goes on. (celebrities in advertising :Bhavana Sikka And Vaibhav Hari) we can see that every FMCG products are attracting customers through certain celebrities, for eg the ads of pepsi was with Shah-Ruk-Khan and John Abraham but now it changed to Deepika Padukon and Renbeer Kapoor, because they are the icons of youth. This type of advertising focuses upon using celebrity power, fame, money, popularity to gain recognition for their products and promote specific stores or products. Advertisers often advertise their products, for example, when celebrities share their favorite products or wear clothes by specific brands or designers. Celebrities are often involved in advertising campaigns such as television or print adverts to advertise specific or general products. (wikipedia .com)

The term celebrity endorsement refers to advertisement in which a well known person sings the phrases of a particular

product. The celebrity endorsement has come about from the long established view from psychology has a trust worthy sender in the communication process can be more persuasive than an unknown sender (Howland & Weiss 1951). The celebrities attract attention to the advertisement and are seen by the public as interesting authoritative and credible, additionally many people even adults believe that celebrity phrase the genuine advertised brand because they have a genuine affection to the brand (children response to the screen :Patti M Valekenburg) for eg the bond with the best campaign of Reid and Taylor with Amithab Bachchan. Professional athletes who are paid millions of dollars to play their sport actually make much more money for appearing in ads for various products these appearance in ads are referred to endorsement (media literacy : Peyton Paxon) the image of the celebrity can be apart of message, if the celebrity personally conveys some thing about the product the effectiveness of the ad is increased (creating images and psychology of marketing by Kahle and Kahle )

During 2002, India's cricket captain, Sachin Tendulkar, was the country's top brand endorser with 12 brands to his name ranging from Pepsi and Colgate Total to Fiat Palio and Adidas. The survey showed that in the case of cars, celebrity endorsers helped the brands attain almost instant recall. The study also showed that consumers were not naïve, and were able to identify a clear difference between a good script and a good brand idea. (Harwod Grey)

A study by AdEx India, a division of TAM Media Research said there was a 49 per cent growth in celebrity endorsement ad volumes on TV during 2007 compared to 2006. Bollywood, with an 81 per cent share of the audio-visual media endorsement pie, outshone other domains

in terms of star-power. Cricket came second with a 14 per cent share (India Brand equity foundation march 2009).

The problem of using celebrity by a brand in the durable category becomes much more complex as consumers may not invest a fortune in an expensive durable) simply because celebrities endorse a brand. While this is more applicable to several durable categories, there may be exceptions such as Santro and Palio in the automobile sector. Around six lakh cars are sold in the country compared to millions of TVs and the category itself a 'niche' category.

A topical celebrity would certainly attract the attention of a prospective buyer, especially the segment of buyers who may buy a brand such as Santro. At launch, this brand had a celebrity and this ensured that brand awareness was created in a market which did not even know the brand. The brand was able to back the awareness created through celebrity usage with fine performance and within a short time it established itself in terms of market share as well as positive word of mouth. This was the stage when it introduced the second (an actress topping the popularity chart) celebrity. (The Hindu 15-05-2003)

In the case of Palio, which is reported to have registered a rise in sales after the introduction of the famous and record-creating cricket celebrity, it had revamped the product offering in an attempt to enhance the value proposition of the offering. A durable would do well to choose a celebrity who has an 'expert association' with the product usage - a microwave using a celebrity known for her expertise in cuisine. A washing machine brand using a cricket celebrity would offer little advantage unless he has a charismatic presence in a specific region.

A new brand (without a brand heritage) using a celebrity may experience

different implications. When Videocon started its TV advertising in India, the brand used a cine celebrity to launch its picture-in-picture model. While the model did not pick up, the celebrity certainly enhanced brand recall. This recall occurred when the category itself was developing during the Eighties - the same celebrity used in a similar situation would not have the same impact in an evolved market.

Lata, a brand of perfume named after the famous playback singer, seems to appeal to Indians in West Asia and hence the objective of using a celebrity of this kind was different for this brand.(The Hindu 15-05-2003)

According to till and busler 2000 it is statistically defensible to assert that advertising are more effective if there is an obvious fit between the endorser and endorsed product

The profile of the rural market in India is as follows:-

742million people living in 6,30,000 villages of India The 12.2% of the world lives in the rural India The estimated annual size of rural market are FMCG Rs. 65,000 Crore Durables Rs. 5,000 Crore Agri-Inputs (including tractors) Rs. 45,000 Crore 2 / 4 Wheelers Rs. 8,000 Crore . In 2001-02, LIC sold 55% of its policies in rural India.Of two million BSNL mobile connections, 50% are in small towns / villages.41 million Kisan Credit Cards have been issued (against 22 million credit-plus-debit cards in urban), with cumulative credit of Rs. 977 billion resulting in tremendous liquidity.Of the 20 million Rediffmail sign-ups, 60% are from small towns. 50% of transactions from these towns are on Rediff online shopping site 42 million rural households (HHs) are availing banking services in comparison to 27 million, urban HHs. Investment in

formal savings instruments is 6.6 million HHs in rural and 6.7 million HHs in urban. (Prof CK Prahlada Jan 2004: www.jagooindia.com)

## METHODOLOGY

The study was based on primary data collected from one fifty persons (150) residing at Thirunelli Gramapanchayath, Wayanad district of Kerala. Selected random The respondents are owners of any of the B segment cars on the road, which were purchase within the last three years. The Thirunelli grama panchayath was chosen because it is a sample of rural Kerala having small and medium coffee planters and Small Scale Business entrepreneurs. The population of Thirunelli lam are not very affluent but at the same time they fairly rich to afford a B segment car. The population of Thirunelli is mainly agriculturists who own medium type coffee estates. The price of coffee was fairly good in the previous past when the study was conducted so that it is affordable for many to purchase a B segment car of their choice. Another important point to be noted is that people of a rural area like Thirunelli is having a tendency not to be below the neighbor in consumption pattern. Also many are tempted to buy so called prestigious items when his neighbor owns such an item.

The Data was collected with a pre tested questionnaire after a pilot study to understand the buying pattern and purchasing power of people in the area. During the pilot study, it was felt that the people of the area can be broadly classified into two groups as follows – a) Labourers, farmers, owners of very Small Business and Private and Government employs who are not in a position to buy a B segment car, b) Farmers, agriculturists, businessmen, employees in public and private sector for whom it is affordable to

buy such a vehicle. It was also interesting to note another group who are actually not residing in the area, but are well off, the young generation mainly in IT and electronic sector, working in Bangalore, Hyderabad and Madras, Trivandrum and Kochi. The questionnaire was prepared in such a way that it was enough to elicit information from respondents regarding their demographic characters, their purchasing power and habit, their perceptions about and attitude towards marketing strategies adopted by companies etc. The collected data was analysed using MINITAB and SPSS software. The chi-square test, t test and factor analysis were used for the analysis.

## CONCLUSIONS

The study was conducted to find out the influence of celebrity endorsement in rural Market of Kerala. Results indicates that the factors influencing purchase decisions and brand are related. (H1 null hypothesis is rejected). There is an influence of celebrity endorsement on purchase decisions in rural market of Kerala, (H2 null hypothesis is rejected).

### The Implication for Marketers

Implication for marketers from the study are the

In Automobile market especially in B segments of cars, promotional mix elements like advertisement, sales promotion, publicity, WOM, and opinion leaders has got significant relevance in rural markets

In rural market, the influence of celebrity endorsements are relevant

## FINDINGS OF THE STUDY

### Ownership of different types of B segment Cars

The following table gives the distribution of respondents on the basis of

the brand of cars owned by them. Among them, 57 (38%) own a Hyundai Santro car, 41 (27.33%) own Maruti VagonR, 23 (15.33%) own a car by General Motors (GM) and another 29 (19.33) own some or other brand. Here the most preferred brands are Hyundai Santro and Maruti VagonR. Test of proportion shows that proportion of respondents preferring Hyundai Santro (0.38) is significantly higher than the proportion of respondents preferring the next highly preferred brand namely Maruti VagonR (0.27). P value of the test is 0.024

Table 1

| Make    | Number | Percentage |
|---------|--------|------------|
| Hyundai | 57     | 38.00      |
| Maruti  | 41     | 27.33      |
| G M     | 23     | 15.33      |
| Others  | 29     | 19.33      |
| Total   | 150    | 100.00     |

#### Reasons for Purchase of a Brand

When a customer buy any brand of an item, he might have done sufficient

home work for taking a decision on the brand to be selected. Here a hypothetical situation of the following form was explained to the respondents: The respondents have enough money to buy any brand. The technical aspects such as quality, durability, after sales service, depreciation, maintenance cost etc is same for all the brands. In such a situation the reason for purchase or factor influencing the decision was studied in detail. The following table gives the various reasons for purchase or the factors affecting the decision making. Using the two way table below, which gives the reasons for decision making on the basis of brand in use, chi square test was conducted to see whether reasons for preference depends on the reasons. Chi square test indicate that different reasons operate with different strength. The main reason for Hyundai Santro owners to buy that brand was nothing but advertisement. The influence of opinion leaders is more among those who own Maruti Wagon R.

Table 2 : Reasons for Purchase of a Brand

| Reason for purchase of brand  | Brands    |           |           |           |            |
|---|-----------|-----------|-----------|-----------|------------|
|   | Hyundai   | Maruti    | GM        | Others    | Total      |
| Advertisement   | 29        | 12        | 5         | 7         | 53         |
| Sales Promotion   | 13        | 10        | 3         | 8         | 34         |
| Publicity   | 7         | 4         | 13        | 8         | 32         |
| Opinion leaders   | 8         | 15        | 2         | 6         | 31         |
| <b>Total</b>  | <b>57</b> | <b>41</b> | <b>23</b> | <b>29</b> | <b>150</b> |
| <b>Significance level - 0.05, Critical Value - 16.91, P Value - 0.00735</b> |           |           |           |           |            |

#### INFERENCES

Decision to purchase any brand is influenced by many factors .Main factors considered were Advertisements, sales promotion, Publicity and influence of

opinion Leaders. 53 (35.3%) customers out of the 150 consider the advertisement as the main reason for choice. The following table gives the number of respondents among this 53 who are influenced by celebrity endorsement.

**Table 3 Influence of celebrity endorsement**

| Make         | Whether influenced |    |       |
|--------------|--------------------|----|-------|
|              | Yes                | No | Total |
| Hyundai      | 19                 | 10 | 29    |
| Maruti       | 3                  | 9  | 12    |
| G M          | 1                  | 4  | 5     |
| Others       | 2                  | 5  | 7     |
| <b>Total</b> | 25                 | 28 | 53    |

At 5% level, critical value is 7.81, p-value is 0.033

Chi-square test shows that the influence of celebrity endorsement depends on the brand and that this influence is more among the Hyundai customers. The celebrity endorsement is not that much influenced with Maruthi, GM and other car makers.

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