

Properly matched celebrity endorsement and consumer perception of Quality and Price

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ABSTRACT

The goal of the study was to compare celebrity and product attribute matching in advertising versus non-celebrity advertising for two different experience-based product purchase decisions. Through hypothetical print ads, the trials evaluated the effectiveness of the pairing in terms of customer attitudes about advertising and brand and buy intentions. The study gives practitioners a better grasp of certain crucial questions, primarily whether to utilize a celebrity endorsement and how to pick the proper celebrity, particularly in the case of experiential product purchases. The sense of quality is improved when a celebrity endorses a product, which allows the maker to later increase the price.

INTRODUCTION

The emphasis should be on setting the prices of products by taking into account consumers' willingness to pay for them in order to develop an effective pricing strategy. A corporation needs knowledge about customers' willingness to pay in order to raise product prices. The highest sum of money a customer is willing to spend for a product is what Homburg et al. (2005) define as willingness to pay. This phrase refers to the highest price a buyer will pay for a good before switching to a different brand.

The celebrity endorsement increases the product's sales and helps the company draw in new customers. They positively influence consumers' purchase intentions and inspire their confidence. The brand value is immediately and obviously added. As soon as a celebrity signs an endorsement deal for a product, the business gains credibility as a result of the celebrity's strong identity. The brand image is therefore refreshed, consumer awareness is increased, attention is garnered, and a new dimension is added to the brand image along with quality product perception, just a few of the many benefits of celebrity endorsement. In addition to the numerous additional advantages of celebrity endorsements, when a celebrity backs or promotes a product, awareness, familiarity, trust, and quality perception of the product are boosted. These are the key elements that the consumer considers while making a purchase.

Hypothesis Development:

H(1): It is expected that a well-matched endorser will indicate a higher perceived product quality.

Since advertising has the potential to be both persuasive and instructive, it can favorably affect the customer by delivering both direct and indirect information. Persuasive advertising, which is prevalent with experiential goods, gives indirect information on the quality of unobservable product features, according to Thomas et al. (1998).

Once a quality index has been established, it is possible to examine the correlation between that index and the price that consumers are willing to pay. This leads to the next hypothesis, H(2).

H(2): The price that a buyer is willing to pay and the quality of the product that they believe they are purchasing are positively correlated.

Although this seems to be intuitively right and the majority of the economics and marketing literature seems to support this premise, there is a body of work, especially from marketing, that challenges this claim. Edward Gerstner (1985). Does a Price Increase Indicate a Quality Increase? For instance, it was discovered that the relationship may not exist and is at best very weak. It is possible for producers to increase prices when they increase consumer impression of the quality of their products through celebrity endorsement.



DATA COLLECTION

Sample size is 600 students of Graduate and Undergraduate programs in Kota district. A total of 600 questionnaires were distributed to students. This represented 100 questionnaires per treatment for each of the six treatments. Each subject was given a packet of materials consisting of either four or six pages. Two thirds of the subjects received the six-page packet which included questions about the endorser, while the other third received the same questions, excluding the pages where the endorser was referenced.

For those receiving the six page packet, the first page was an introduction informing the subjects that they were participating in a study sponsored by a major producer of consumer goods. Participants were told that the producer was relying heavily on Hrithik Roshan / Vishwanath Anand as an endorser for the Hair shampoo/ Breakfast Cereal and that their input was needed to help the producer form the best approach to market the product. On the second page the subjects evaluated some attributes of the endorser that matched the attributes of the products.

Subjects were then asked how much they were willing to pay for the product given an average price of Rs.50 for a 100 ml Hair shampoo pack and Rs.80 for a 250 grams container of Breakfast cereal. This average price was set at a neutral 5 rating on the nine -point scale, and the scale went up or down by Rs.5 for the hair shampoo and Breakfast cereal pack.

Each respondent would be asked to score the product's quality based on their impressions after viewing the advertisement. The mean rating, calculated on a nine-point scale, will be compared between viewers of the endorsed ad and viewers of the unendorsed ad. For people who see the endorser in the advertisement, it is anticipated that the mean quality perception will be noticeably higher.

Whether consumers will be prepared to pay more for a product if they perceive it to be of higher quality is the question being tested by this hypothesis. It is anticipated that there will be a significant positive relationship between product perceived quality and pricing. On the basis of nine small price ranges, the respondents will be asked to choose the price they are willing to pay. The price will be calculated based on the midpoint of the range. Next, the perceived quality will be regressed on the midpoint price. It is anticipated that the resulting regression coefficient will be positive.

Hypothesis 1The endorser effect on quality perception:

When the information in the advertisement is given with the usage of an appropriately matched celebrity endorser, it is expected that the quality perception will rise dramatically. On a scale of one to nine, the average Quality Perception for the Revita hair shampoo commercial without an endorser was 5.41, while it was 7.56 when Hrithik Roshan was featured. With $p = .000$, this difference was significant.

Similarly, the quality perception for Brain @ Grain Breakfast cereal was 5.22 without an endorser in the ad and 7.45 with Vishwanath Anand. This difference was significant with $P = .000$.

Table 1: Mean, t-test and Man-Whitney test:

	Revita Hair Shampoo		Brain @ Grain Breakfast Cereal	
	None	H.Roshan	None	V.Anand
Mean	5.41	7.56	5.22	7.45
t-test	-13.6461		-13.3198	
P-value	0.00		0.00	
Median	5.33	7.66	5.33	7.67
Man-Whitney W	4233.0		4183.0	
P value	0.00		0.00	

The data backs up the hypothesis. The consumer's opinion of product quality will be greatly increased by the usage of a suitably matched endorser. The findings also show that if the endorser is seen more favorably and as being more appropriate, the difference becomes more noticeable.



Hypothesis 2 - the correlation between price and quality :

To test the hypothesis that there is a positive correlation between price and quality perception expectation was that the correlation would be positive, strong and significant.

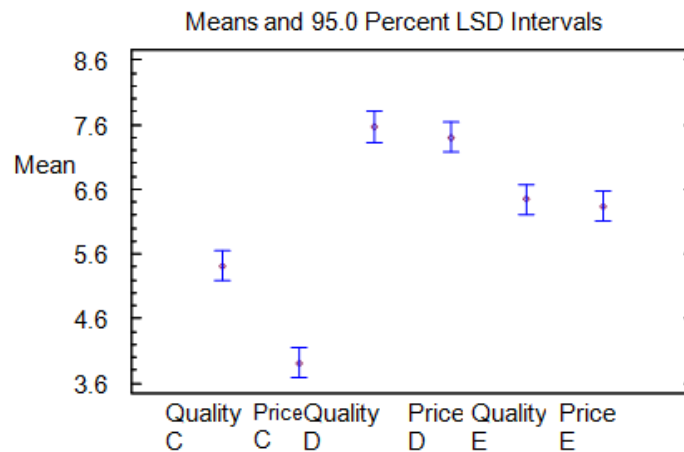
Table 2 below summarizes the results. The results indicate that there is a positive and relatively strong correlation between the product's quality perception and the price that the consumer is willing to pay. The correlation was stronger with the use of an endorser. This indicates that if a producer can provide sufficient indirect information in the ads to convince the consumer that the product is of a higher quality, then the consumer will be willing to pay a higher price for the product.

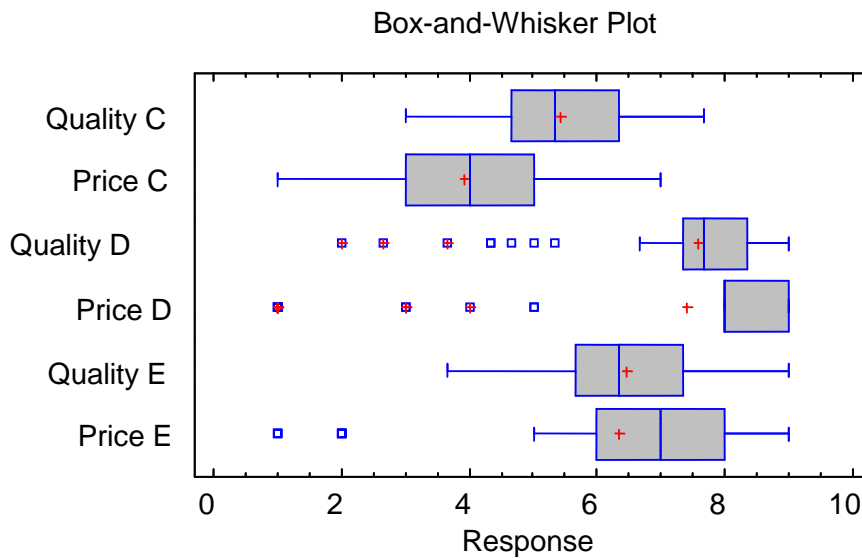
Table 2: Results for Price/Quality correlation

	Revita Hairshampoo			Brain @ Grain Breakfast Cereal		
	None	H.Rohan	V.Anand	None	H.Roshan	V.Anand
Mean						
Quality	5.41	7.56	6.45	5.22	6.8.	7.45
Price	3.91	7.4	6.34	3.95	5.3	7.33
ANOVA F-Ratio	66.15			72.70		
P value	0.0000			0.0000		
Median						
Quality	5.33	7.66	6.33	5.33	7	7.66
Price	4.0	8.00	7.00	4	6	8
Moods Median test	284.576			236.273		
P value	0.00			0.0000		

REVITA HAIR SHAMPOO: QUALITY AND PRICE RELATIONSHIP

- Sample 1: Quality C Revita Hair Shampoo with No Endorser
- Sample 2: Price C Revita Hair Shampoo with No Endorser
- Sample 3: Quality D Revita Hair Shampoo with Hrithik Roshan
- Sample 4: price D Revita Hair Shampoo with Hrithik Roshan
- Sample 5: Quality E Revita Hair Shampoo with Vishwanathan Anand
- Sample 6: price E Revita Hair Shampoo with Vishwanathan Anand.

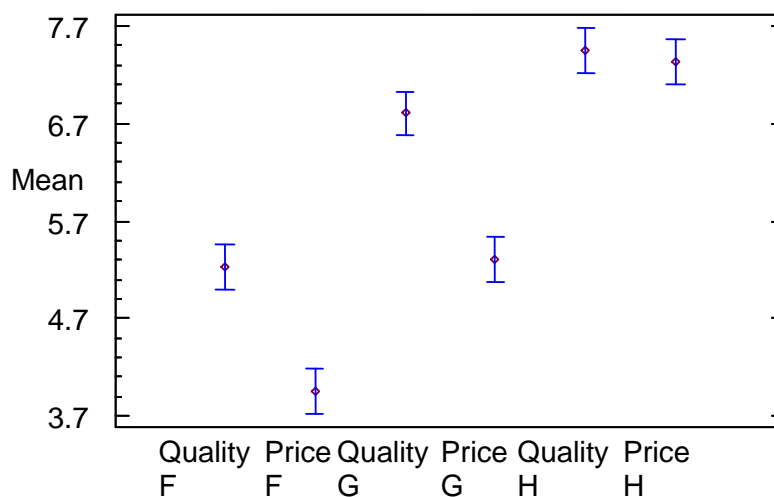


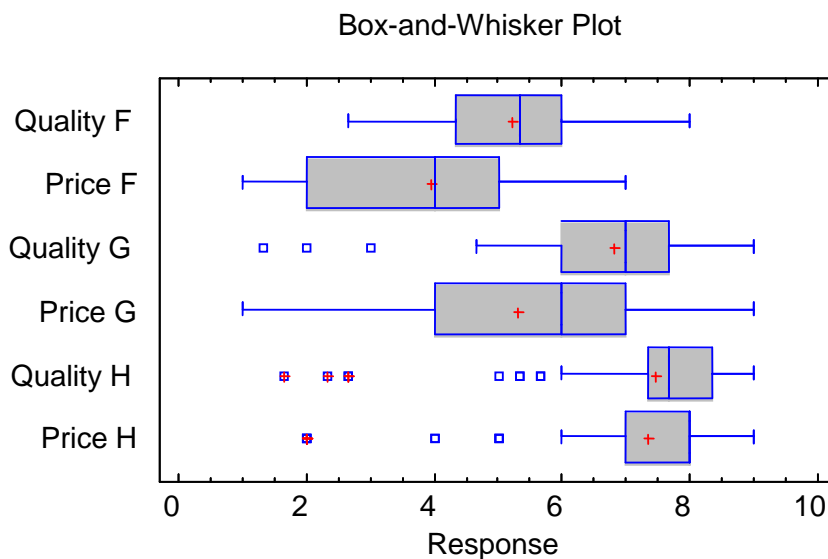


BRAIN @ GRAIN BREAKFAST CEREAL QUALITY AND PRICE RELATIONSHIP

- Sample 1: Quality F Brain@Grain Breakfast Cereal with No Celebrity
- Sample 2: price F Brain@Grain Breakfast Cereal with No Celebrity
- Sample 3: Quality G Brain@Grain Breakfast Cereal with Hrithik Roshan
- Sample 4: price G Brain@Grain Breakfast Cereal with Hrithik Roshan
- Sample 5: Quality H Brain@Grain Breakfast Cereal with Vishwanathan Anand
- Sample 6: price H Brain@Grain Breakfast Cereal with Vishwanathan Anand

Means and 95.0 Percent LSD Intervals





CONCLUSION

Hypothesis 1 directly examined the role of the endorser on the quality perception. It was found that the consumer's perception of quality significantly increases when a properly matched and positively viewed endorser is used in the ad to present the indirect information. This result is consistent with the previous hypotheses.

The relationship between the price a consumer is willing to pay and the consumer's perception of quality was tested in Hypothesis 2. While the relationship in each case was positive and significant the strength varied. It was also found with the use of celebrity endorsement consumers are willing to pay more because of high quality perception. The aim of the study is to determine how celebrity endorsement affects consumer willingness to pay. This inquiry is crucial because firms frequently use celebrity endorsement as a powerful marketing strategy for their goods or services. Organizations must understand how celebrity endorsement will impact consumers' willingness to pay.

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