

# Celebrity Endorsement and Consumer Skepticism: Insights and Implications

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## Abstract:

The use of famous people to promote products has long been a common technique used by companies to increase awareness of their brand and impact the choices consumers make. However, there is still ongoing discussion about whether celebrity endorsements reduce or increase consumer doubt. This paper investigates the complex connection between celebrity endorsements and consumer skepticism, examining the factors that contribute to skepticism and the consequences for both consumers and brands. By examining a wide range of studies, conducting research, and analyzing the findings, this paper provides valuable insights into the intricate relationship between celebrity endorsements and consumer skepticism.

**Keywords:** Celebrity Endorsement, Consumer Skepticism, Advertising.

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## 1. Introduction:

In the realm of corporate marketing, celebrity endorsement has emerged as a prevalent and influential strategy in the twenty-first century. Notably, celebrities feature prominently in a substantial portion of advertisements, with studies indicating significant financial investments made by organizations in this practice. Celebrities, known for their public recognition, lend their image to endorse products, establishing a strong link between the celebrity's fame and the endorsed brand's image. This connection plays a pivotal role in shaping consumer attitudes and brand personality. The relationship between a celebrity endorser and an organization is a two-way street, as consumer attitudes toward the celebrity often transfer to the organization itself. Beyond consumer impact, organizational identification plays a strategic role in creating credibility and a competitive advantage by fostering a sense of pride and shared values among employees and stakeholders. In contemporary corporate marketing, celebrities, acting as brand ambassadors, play a vital role in building emotional connections with stakeholders and shaping brand identity.

The insights garnered from the report of money-control on celebrity endorsement in television advertising have direct implications for the realm of consumer skepticism. The substantial growth in celebrity-endorsed ads during the previous year, followed by a notable decline in the current year, points to a potential shift in consumer sentiment. The rapid increase in celebrity endorsements may have led to an impression of oversaturation, possibly causing consumers to become more skeptical about the authenticity and motivations behind such endorsements.

Furthermore, the distribution of celebrity and non-celebrity ads is noteworthy, with the majority of advertisements being non-celebrity endorsed. This suggests that consumers might view non-celebrity ads as more genuine and, therefore, be less skeptical of their messaging. In contrast, 28 percent of celebrity-endorsed

ads may be subject to heightened scrutiny, with consumers questioning the intentions and credibility of the celebrity endorsers.

The report's breakdown of contributions from different categories of celebrities reveals the dominance of film stars in celebrity endorsements, contributing over 80 percent. While film stars are effective in capturing consumers' attention, their widespread use may lead to skepticism. Consumers might question whether these endorsements are primarily financially motivated, potentially eroding trust in the endorsements and the brands they represent.

Additionally, the data on the most visible celebrities for ads, such as Akshay Kumar, Amitabh Bachchan, Vidya Balan, Alia Bhatt, and Ranveer Singh, underscores their prominence in television advertising. However, consumers may become skeptical when they observe these celebrities endorsing a wide range of products, as this may raise doubts about the authenticity and credibility of such endorsements, especially if they appear incongruent with the celebrities' public image.

In conclusion, the insights and implications drawn from the report indicate that the surge in celebrity endorsements, particularly by certain categories of celebrities, could contribute to heightened consumer skepticism. As consumers become more discerning, questioning the motives and authenticity of endorsements, their trust in such advertisements and the brands they endorse may be affected. This underscores the need for advertisers to carefully navigate the use of celebrities in their campaigns to maintain consumer trust and minimize skepticism, ultimately shaping successful marketing strategies.

## 2. Literature Review:

### 2.1. Celebrity Endorsement:

Celebrity endorsements have become a ubiquitous practice in advertising. Knoll and Matthes (2017) discovered that nearly every fifth advertisement features a celebrity, underscoring the widespread recognition of the value celebrities bring to marketing campaigns. Organizations allocate a significant portion of their advertising budgets to celebrity endorsements. Carlson et al. (2020) reported that agencies spend approximately 10% of their advertising costs on celebrity endorsements, with some multinational corporations investing even more, dedicating over 25% of their promotional efforts to celebrity endorsements. A celebrity is defined as an individual who garners public appreciation and recognition, and these celebrities are leveraged by organizations for promotional purposes (McCracken, 1989). Celebrities bring their fame and popularity to endorsed brands, thereby influencing the brand's image and creating a powerful connection with consumers. Celebrity endorsements contribute to the development of an attractive appeal in brand marketing, capturing consumers' attention effectively and resulting in high recall rates (Davies and Slater, 2015). Celebrities also play a vital role in helping companies establish a unique and positive brand image (Ranjbarian et al., 2010), contributing to shaping a favorable consumer attitude and a distinct brand personality (Thomson, 2006). Consumers' positive attitudes toward celebrities can transfer to the organization they endorse (Choi and Rifon, 2012). Marketers and advertisers, therefore, are keen on selecting the right celebrity endorsers, understanding that the endorsement by a well-liked celebrity can enhance consumers' positive attitude (Surana, 2008). The alignment between a celebrity and the brand they endorse plays a crucial role in shaping brand evaluation and fostering advocacy and engagement (Schimmelpfennig, 2018). It's essential for the celebrity's values and image to harmonize with the brand's identity. Building organizational identification is a strategic asset that contributes to credibility among stakeholders and provides a competitive advantage (Melewar, 2003). Employees who identify with their organization exhibit a better understanding of corporate goals, vision, and

culture, fostering pride and loyalty (Downey, 1987). Corporate marketing aligns a brand with an organization's culture and knowledge, emphasizing an identification-based corporate orientation where all stakeholders share values and beliefs through various communication mediums, including endorsements (Balmer et al., 2020). Employees are an essential part of the audience influenced by celebrity endorsements. Internal marketing techniques are used to shape employee behavior to achieve organizational goals and to help employees embody the organization's brand image (Miles and Mangold, 2004). This theory is used as the basis for understanding the relationship between celebrity endorsements, employee pride, and organizational identification. It posits that environmental cues (such as celebrity-organization value congruence) influence individuals' emotional responses (employee pride), which, in turn, influence their identification with the organization.

In conclusion, this literature review provides an in-depth perspective on the extensive use of celebrity endorsements in marketing and the significant role they play in shaping brand image, consumer attitudes, and employee pride. The proper alignment of celebrities with an organization's values and the development of corporate identity are crucial aspects of successful celebrity endorsement strategies.

## 2.2. Consumer Skepticism

Consumer skepticism is a critical factor in the realm of marketing, encompassing doubts and reservations that consumers may harbor regarding a company's motivation to engage in cause-related marketing (CRM) campaigns. It is defined as the inclination of consumers to question or disbelieve the sincerity and intentions behind a company's involvement in CRM initiatives [Mohr et al., 1998]. This skepticism is also associated with individual personality traits, where a skeptical personality refers to individuals who tend to harbor doubts and question widely accepted opinions [Oxford Dictionary, 2014]. Regarding CRM campaigns, it has been observed that highly skeptical consumers tend to respond less favorably to such initiatives [Gupta and Pirsch, 2006; Webb & Mohr, 1998]. This suggests that consumer skepticism can have a notable impact on the success of cause-related marketing efforts. Therefore, caution is advised when it comes to extensively advertising CRM campaigns, as this may inadvertently heighten consumer skepticism levels [Kanter and Mirvis, 1989]. The level of congruency between the sponsoring company and the chosen cause also plays a significant role in shaping consumer skepticism. Additionally, it has been noted that skepticism is a situational trait, indicating that consumers' skepticism tends to decrease as their knowledge about a given topic increases [Mohr et al., 1998; Bronn, Peggy Simcic, and Vrioni, Albana Belliu 2001]. In a broader context, consumer skepticism extends to advertising. A considerable segment of consumers exhibits skepticism towards advertising, marked by their tendency to doubt or disbelieve the claims made in advertisements [Obermiller and Spangenberg, 1998]. This lack of trust in advertising is a prevalent phenomenon, which has led to a decline in consumer trust in marketing promotions and communications. As a result, a negative attitude may manifest among skeptical consumers [Boush, Friestad, & Rose, 1994]. While consumer skepticism is an essential component of persuasion knowledge research and a generalized belief about the functioning of the marketplace [Duncan, 1990], it has received limited attention in the realm of online consumer behavior. Researchers have primarily focused on the negative consequences of ad skepticism in the online context, particularly ad avoidance, which has resulted in decreased click-through rates for online ads over the years [Cho & Cheon, 2004; Kelly, Kerr & Drennan, 2013]. Consumer skepticism is a multifaceted phenomenon that affects consumer responses to cause-related marketing campaigns and advertising. Understanding and addressing consumer skepticism is essential in shaping successful marketing strategies and communication efforts.

### **3. Factors Influencing Consumer Skepticism in Celebrity Endorsement:**

#### **3.1. Authenticity and Trustworthiness:**

Consumer skepticism tends to increase when there is a perceived lack of authenticity or trustworthiness in celebrity endorsements (Erdogan, 1999). Authentic endorsements that align with the celebrity's personal brand are often seen as more credible.

#### **3.2. Transparency and Disclosure:**

The level of transparency regarding the financial aspects of celebrity endorsements can affect consumer skepticism. When consumers believe that celebrities are endorsing products solely for monetary gain and without genuine interest, skepticism can rise (Puzakova et al., 2013).

#### **3.3. Congruence Between Celebrity and Product:**

The perceived fit or congruence between the celebrity and the endorsed product can influence consumer skepticism. A mismatch between the celebrity and the product can lead consumers to question the authenticity of the endorsement (Choi et al., 2005).

### **4. Consequences of Consumer Skepticism in Celebrity Endorsement**

#### **4.1. Negative Impact on Brand:**

High levels of consumer skepticism can harm the endorsed brand's reputation and credibility. Skeptical consumers may perceive the brand as opportunistic or untrustworthy (Wang et al., 2012).

#### **4.2. Decreased Purchase Intent:**

Consumer skepticism can lead to reduced purchase intentions for products endorsed by celebrities. Consumers may opt for brands they perceive as more authentic or credible (Miciak et al., 2017).

### **5. Methodology:**

This study employs a mixed-methods approach, combining a comprehensive literature review with empirical research. Surveys and focus group discussions will be conducted to gather data on consumer attitudes and perceptions regarding celebrity endorsements. Data analysis will involve both quantitative and qualitative techniques to uncover insights into the impact of celebrity endorsements on consumer skepticism.

## 6. Analysis:

### 6.1. Descriptive Statistics:

The mean value of Celebrity Endorsement is approximately 2.86, indicating that respondents are not entirely sure about the level of consumer skepticism associated with celebrity endorsement advertising.

### 6.2. Correlations:

Pearson correlation results show a moderate correlation (0.40) between Consumer Skepticism and Celebrity Endorsement.

### 6.3. Model Summary:

The overall correlation ( $r$ ) between Consumer Skepticism and Celebrity Endorsement is approximately 40.4%. The variation explained by Celebrity Endorsement ( $r^2$ ) is not explicitly mentioned, but it is a part of the overall variation explained in the model.

### 6.4. Coefficients:

The p-value for the slope coefficient of Celebrity Endorsement (0.008) is less than 0.05, indicating a significant relationship between Celebrity Endorsement and Consumer Skepticism. The equation of the model for Celebrity Endorsement is:  $\text{Consumers\_Skepticism} = \alpha + (0.089) * \text{Celebrity Endorsement}$

## 7. Discussion:

The results of the study regarding Celebrity Endorsement in advertising are significant and warrant further discussion:

### 7.1. Correlation Analysis:

The moderate positive correlation between Consumer Skepticism and Celebrity Endorsement (0.40) indicates a noteworthy relationship between these two variables. This suggests that consumers in India tend to harbor reservations and doubts when encountering advertising featuring celebrity endorsements.

### 7.2. Model Significance:

The low p-value (0.008) for the coefficient of Celebrity Endorsement indicates that it is a statistically significant predictor of Consumer Skepticism. In the Indian context, Celebrity Endorsement emerges as an influential factor in shaping consumer skepticism.

### 7.3. Model Interpretation:

The positive beta value (0.089) for Celebrity Endorsement in the coefficient table reveals that an increase in the use of celebrity endorsements in advertising is associated with an increase in consumer skepticism. In practical terms, this means that the inclusion of celebrities in advertising campaigns can generate a higher level of skepticism among consumers.

## **8. Implications and Suggestions:**

The findings concerning Celebrity Endorsement carry several important implications for advertisers, marketers, and businesses:

### **8.1. Consumer Skepticism Awareness:**

Advertisers should be cognizant that the use of celebrity endorsements may be met with a certain level of skepticism from consumers. This implies that advertising campaigns featuring celebrities should be designed and executed with an understanding of the potential skepticism and should include strategies to address or mitigate it.

### **8.2. Selecting Celebrity Endorsers:**

Careful consideration should be given to the choice of celebrity endorsers. Brands must select celebrities whose values align with the product or service being promoted. Authenticity and credibility are key factors in reducing consumer skepticism. Consumers are more likely to trust and be less skeptical if the celebrity endorser genuinely represents the brand and its values.

### **8.3. Transparency and Honesty:**

Advertisers should prioritize transparency in their campaigns. Being open and honest about the nature of celebrity endorsement and the relationship between the celebrity and the product can help reduce skepticism. When consumers perceive transparency, their skepticism is likely to diminish.

### **8.4. Measurement and Monitoring:**

Advertisers should implement mechanisms to measure and monitor consumer skepticism levels associated with their advertising campaigns. Feedback and data can provide insights into the effectiveness of strategies aimed at addressing skepticism, allowing for ongoing adjustments and improvements.

### **8.5. Balancing Act:**

While celebrity endorsements can generate skepticism, they can also provide significant benefits in terms of brand recognition and consumer engagement. The key is to strike a balance between leveraging the influence of celebrities and managing the skepticism it might provoke.

## **9. Conclusion:**

The findings of this study underscore the crucial link between Celebrity Endorsement in advertising and the phenomenon of increased consumer skepticism, particularly within the Indian context. These results carry essential implications for advertisers and marketers seeking to optimize their advertising strategies. While celebrity endorsements have a potent impact on consumer perceptions and purchasing decisions, this study highlights the need to carefully address the potential skepticism they may evoke.

The study emphasizes that advertisers must be cognizant of the implications of using celebrities in their campaigns and strive to strike a balance between leveraging the allure of these public figures and fostering trust and credibility with consumers. Building trust is of paramount importance, as it can be a determining factor in

the effectiveness and success of advertising campaigns. This requires not only selecting appropriate celebrity endorsers but also ensuring that their alignment with the brand is authentic and credible.

The overarching message is clear: the power of celebrity endorsements is undeniable, but so is the potential for consumer skepticism. Advertisers and brands must navigate this terrain with strategic acumen, seeking to harness the advantages of celebrity endorsements while being mindful of the skepticism that can arise. By understanding the multifaceted relationship between celebrity endorsements and consumer skepticism, this study contributes valuable insights for those in the marketing and advertising industry, equipping them to navigate this complex landscape effectively and maximize the impact of their campaigns.

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