



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

IMPACT OF CELEBRITY ENDORSEMENTS ON THE CONSUMER PERCEPTION OF LUXURY WATCHES IN UAE

Dr. Sunaina Sardana

Associate Professor, Department of Commerce
Lady Shriram College for Women
University of Delhi, New Delhi 110024 – India

ABSTRACT

UAE is a growing market and the past few years have seen a growth in the shopping mall culture as well as level of income of the Consumers. This has made it one of the world's largest importers of Swiss watches and also one of the leading countries responsible for the sale of luxury watches. It is a USD 6.9 billion industry and is expected to grow in the near future. The research study deals with the luxury watches industry in UAE.

The study unfolds that the main reasons which influence the willingness of a consumer to purchase a luxury brand are the product related factors like the features, specifications etc. as well as the image of the brand. Price and the place related factors like the availability of the product have little role to play in the purchasing decision process.

KEY WORDS

- Brand Awareness, Brand Equity, Brand Loyalty, Brand Recall, Celebrity Endorsement, Mirror Neuron Effect, Perceived Quality, Reliability of the Brand, Recognition

INTRODUCTION

Celebrity endorsements have been a trend since ages, especially in case of luxury brands. Celebrity advertising was encouraged as it seemed to have a high impact on the consumer perception about the brand. Not only did the followers of the celebrity take notice of the brand being endorsed by him/her, there was also a higher probability of increase in sales due to what we call the 'Mirror Neuron Effect'. Whenever consumers see their favorite celebrities endorsing a brand, they want to perceive themselves in the shoes of their stars. This leads to a higher probability of the consumer following/ purchasing the brand. Even in a situation where the consumer cannot purchase the branded product he/she develops a liking towards the brand and aspires to buy it. This process leads to attitudinal loyalty of the consumer towards the brand and had a positive impact on the brand equity. There are several reasons a company adopts celebrity advertising.

Celebrity advertising is done for major reasons like:

- Instant credibility of the brand
- Brand recall
- Brand awareness
- To make and improve the brand image
- To stimulate demand for the product
- To attach reliability to the product

All the reasons stated above, together give rise to brand equity where in the consumer perceives the brand to be high end and is motivated to purchase the product (Dr. Bimal Anjum 2012).

But, as the education has increased over the years, the consumers of luxury brands in UAE are less affected by celebrity endorsements. They are not readily willing to part away with their hard earned money simply because the product is being endorsed by their celebrity. Studies show that the perception and the credibility of the celebrity play a bigger role than the fame of the celebrity in the process of influencing the people to purchase a product (Swan, 2013). This has raised several issues since the brands invest a huge portion of their marketing and advertising budget on celebrity endorsements. This creates a need to understand the prevalence of celebrity advertising in case of luxury brands and the impact that it has on the consumer's perception. The study focuses on the watches as the watches and brands like Tissot, Longines, Rolex, Omega etc. invest heavily into celebrity endorsements and most of their advertisements are celebrity advertisement.

The luxury brands are extensively participating in celebrity advertising to reach out to a large consumer base. But, there are several questions that surround celebrity advertising. Firstly, celebrity advertising is expensive and risky and it always does not pay off. Moreover, it is like borrowed equity and there is an ambiguity regarding the creation of brand equity. It is not clear whether the company builds the brand image of the celebrity or the celebrity builds the brand equity of the organization. This creates an issue as there is a high degree of risk involved in celebrity advertising due to the high costs (McKee, 2008). Nowadays, the consumers are smart and aware, they do not get persuaded by a celebrity and they do not want to spend their hard earned money under the influence of celebrity endorsements (Swan, 2013).

Thus there is a strong need to understand the luxury brand market in UAE. The prevalence of celebrity endorsements in case of luxury brands especially accessories and the impact of the celebrity advertisements. This study aims at understanding the luxury brand market and the impact that celebrity endorsements have on the brand equity.

Celebrity advertising has many advantages like improving the brand equity and increasing the brand awareness and recall. These are more so in cases of luxury brands as the people who use them attach a status/prestige value to it. Thus, celebrity endorsements enhance the value attached to the product thereby increasing the chances of a sale.

But, there are several disadvantages of celebrity advertising as well. These include the high risk involved due to the money attached with the celebrity advertising, the skepticism of the consumer's perception regarding the celebrity. Studies say that this is just borrowed equity, as this way the value of the watch is attached to the value of the celebrity.

The main issue is the reducing faith in celebrity endorsements and the high investment by brands into the same field. The key objective of the research study is to understand the prevalence of celebrity endorsements in luxury brands in UAE, impact of celebrity advertisements on consumer perception, the pros and cons of celebrity advertising and analyze the changing mindset of the consumers towards celebrity advertising.

LITERATURE REVIEW

Reasons to invest into UAE

UAE is a growing market and due to the growth in the economy in general. The growth has amplified over the years and there has been an increase in the disposable income. The sales of Swiss watches grew across the country.

The imports of luxury Swiss watches have increased drastically in UAE in the last few years. The value of imports of Swiss watches has increased immensely over the years in the industry.

The total value of Swiss watches in 2019 was US\$ 1.65 billion in UAE. Thus, this industry of luxury watches is profitable in the UAE and still growing.

Need for celebrity advertising

The watches industry invests heavily into the celebrity advertising. Nearly 25-30% of the advertising budget goes into celebrity advertising. The main reason for celebrity endorsements is that it improves brand equity in certain ways.

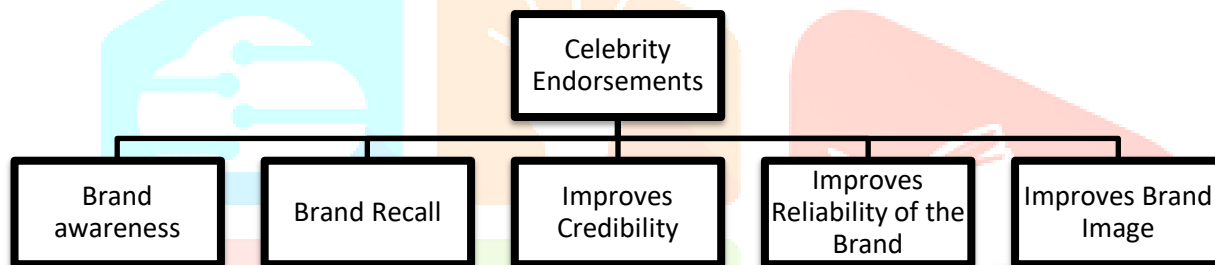


Figure:1 reasons for celebrity advertising

The process of celebrity advertising is done to add to the integrated marketing communication process and enhance the probability of the purchase D.E. Schultz, 1997. The process of extended self comes into the picture in case of celebrity advertising. What people possess becomes an integral part of their personality and thus the watch that an individual possesses becomes an extended part of the consumer's personality. Integrating the communication with the support of celebrity advertising increases the interest created in the consumer's perception about the brand (D. Brownie, 1994).

ADVANTAGES OF CELEBRITY ADVERTISEMENTS

There are several advantages of celebrity advertisements:

- Increased brand recognition
- Improves brand recall
- Increased Brand Equity/ improved Brand Image
- Gives a distinct Brand Position to the product/ distinct Personality to the brand
- They bring Credibility to the brand
- Enhance the reliability of the brand
- Enhances the trust in the brand
- Increase the brands visibility

- Strong connections with the brand when the consumers relate the image of the consumer with the brand (Mukherjee, August 2009).
- Mirror Neuron Effect: If the celebrity uses a particular brand, a consumer wants to see himself/herself using the same brand. This improves the interest the individual has in the brand taking the consumer a step ahead in the process of Integrated Marketing Communication called the conviction process.
- Aspirational Brand: As an extension of the point stated above, if a celebrity uses a product, the consumers who admire the celebrity also want to use the product. In such a scenario, even if the product is expensive it becomes an aspirational product for the consumer. This, even if does not convert into sales, adds on to the brand image of the product and creates attitudinal brand loyalty.
- Using the Keller's model, we can say that it helps reach the resonance through building the Imagery of the brand where the people can attach their emotions to the brand. This further creates the feelings towards the brand which builds the connection and makes the brand reach the resonance place (Keller, 1993).
- Celebrity endorsements provide a dual personality to the brand where the brand influences the head and the heart of the consumer.

All the factors mentioned above improve the brand value and also increase the probability of sales. Thus, it is considered important by many companies to invest into celebrity endorsements.

DISADVANTAGES OF CELEBRITY ENDORSEMENTS IN LUXURY WATCHES

There are many disadvantages of celebrity advertising leading to the spread of negative word of mouth in many cases and also leading to tarnishing the brand image. (McMohan).

- The celebrity advertising is an extremely cost intensive process. This increases the risk involved in the process.
- There is always consumer skepticism about the celebrity link with the brand. If the celebrity does not believe in the brand he/she endorses, then the purpose of the endorsement stands defeated. There must be congruence in the image of the celebrity and the image of the brand that he/she endorses. (Bastiaenen, 2012).
- If the celebrity loses his/her fame while bound within the contract with the brand. This could have an adverse impact on the brand image and hamper the brand image.
- Celebrities are humans who can make mistakes. These mistakes a celebrity makes in public can be interlinked to the brand he/she endorses and bring down the image of the brand.
- It is imperative to select the correct celebrity for the appropriate brand. The image and credibility of the celebrity must comply with the positioning and the image of the brand. If these two attributes fail to fit in, the celebrity advertising can leave the position and the brand and the product ambiguous. (Kamins, 1990)
- Borrowed equity- the celebrity endorsements can lead to an enhanced brand equity but this is borrowed/created due to the image of the celebrity. Thus, unless the product is good, the borrowed equity cannot help create brand loyalists primarily on basis of celebrity. (Meenaghan, 1995)
- Borrowed equity can attract the customers to purchase the product but cannot create brand loyalty and repeat purchase over the long run. In the long-term, borrowed equity cannot help create trust and convert consumers to loyalists who promote the brand and recommend it. Thus, in such a case the lifetime value of a customer is compromised. (Mukherjee, August 2009).

Most of the consumers today are well educated and enlightened. They are not willing to use their hard earned income simply because the brand is promoted by a celebrity. Thus the impact of celebrity advertising has reduced over the past years. Studies held in the University of Abu Dhabi state that the attractiveness or the fame of the celebrity are less important in the consumer's perception as compared to the expertise the celebrity has or the credibility that the celebrity holds. Thus these factors play an imperative role in the process of selection of celebrity for the endorsement of a brand.

CHALLENGES WITH CELEBRITY ENDORSEMENTS

The steps given above are the reasons why one does celebrity advertising but the key problem here is the fact that the impact is seen to be depleting due to several reasons. (Swan, 2013)

- The consumers of today are educated and do not want to be told what to buy.
- Do not want to part with their hard earned cash simply to follow a celebrity
- Increased consumer awareness due to reduced search costs
- Comparatively lower influence of any one star
- People have more options and clutter of celebrity endorsements
- Consumers are not any one brand loyal but brands loyal so it is difficult to maintain loyalty even if repeat purchase happens
- Celebrity endorsements today create an intention to purchase the product- they can raise interest in the product and raise awareness but cannot influence the purchasing decision of the customer.

RESEARCH METHODOLOGY AND CONCEPTUAL FRAMEWORK

The Problem

Luxury brands invest a huge amount of their total marketing communication budget into Celebrity Endorsements and the consumer perception towards celebrity endorsements is changing signifying a reduction in the impact.

The Purpose

The main aim of the research is to understand the impact of celebrity endorsements on the consumer perception of luxury time pieces in UAE and likewise suggest recommendations on whether it is a lucrative advertising alternative.

Research Objectives

The key research objectives are stated below:

- To study the prevalence of luxury time pieces in Dubai.
- To study the need for celebrity endorsements.
- To study the prevalence of celebrity endorsements in case of luxury time pieces.
- To understand the pros as well as the cons of celebrity endorsements.

To analyze the impact of celebrity advertising on the consumer perception of luxury watches in UAE.

Research Methodology Adopted

Given below is the research methodology that was followed during the research. It consisted of the two main techniques of research namely primary and secondary research. The sample size was 88 respondents of various age groups ranging from 20 years to 60 years across 4 major malls of UAE.

The plan begins with the problem and ends with the final analysis of the data.

Conceptual Framework

The figure given below depicts the conceptual framework based on which the hypothesis is formed. While the dependent variable was the willingness of a consumer to purchase a luxury watches there were several independent variables considered that are important in the purchasing process.

The independent variables are product related factors like Perceived Quality and the Product features, specifications and design. The brand related factors like brand image also account for the other independent variable and the price related factors like the price and value for money are also important independent variable. The Place related factors like the availability of stores as well as the availability of the service stations are also independent variables which play an important role in the purchasing decision. Lastly, the Promotion related factors like the awareness of the product through means of celebrity advertising and promotional offers as well as promotional events etc. account for the independent variable.

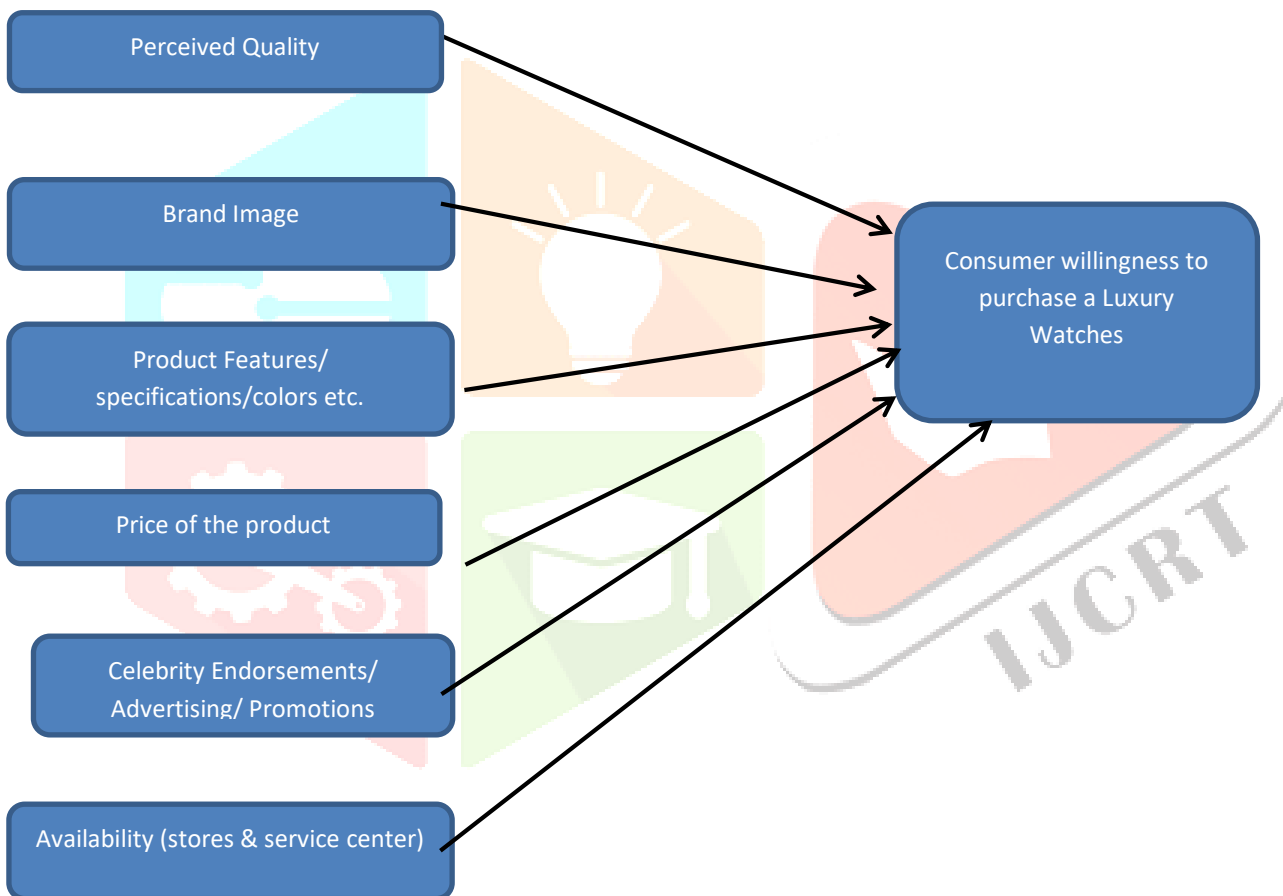


Figure:2

Figure:1 Reasons for Celebrity Advertising

Product Related Factors

H0- Factors like the features, design, variety, specifications etc. drive the purchase decision

H1- Product related factors have no role to play in choosing a brand for watches

Promotion related factors

H0- Celebrity endorsements impact the willingness to purchase a luxury watches

H1- Celebrity endorsements have no impact on the consumer's decision to purchase a luxury watches

Place Related Factors

H0- Availability of stores and service centers impacts the purchasing decision of a consumer decision to purchase a luxury watches and also influence brand loyalty

H1- the availability of watches, exclusive stores, service and repair centers etc. do not impact the decision of an individual to purchase a luxury watches.

Brand Related Factors

H0- The brand has nothing to do with the product and people purchase the luxury watches based on the brand image. Thus, we can say that the brand image plays an important role in the willingness of an individual to purchase a luxury watches

H1- the perception/image of the brand has no role to play in the willingness of a consumer to purchase a luxury watches.

All the hypothesis mentioned above were tested through primary research by means of qualitative and quantitative survey to understand the impact of each of these factors on the willingness of the consumer to purchase the luxury watches.

DATA ANALYSIS AND INTERPRETATIONS

Qualitative Research Findings

A qualitative survey was conducted where an industry expert was asked about his opinion on the factors which impact the consumer's willingness to purchase a luxury watches and the impact of the celebrity endorsements in the same area. Through the medium of this interview with the industry expert, an effort to understand the reasons for the declining impact of the celebrity endorsements and the reasons why it is still used as one of the primary means of advertising and promotions.

Open ended questions were asked in the interview and the conclusions drawn are given below. Moreover, thematic analysis was conducted and major themes were drawn from the analysis of the responses of the questions to zero down on major reasons for the decrease in the impact of the celebrity endorsements.

Research Findings are as given below:

- The impact of celebrity advertising is decreasing today as the people have more money in hand and also a lot of options to select from due to the plethora of options available with the consumers. The consumers have a stronger bargaining power due to the plethora of options available to them.
- Due to many options available and no clear differentiation in the products, the consumers of today are not loyal to any single brand. They are loyal to a multiple number of brands which reduces the possibility of loyalty towards any one brand.
- Consumers are well educated and aware of the products.

- Consumer demands are increasing and they know what they want. Thus they know the product features and specifications and lay emphasis on the product rather than the celebrity endorsing the brand.
- The search costs are decreasing today with the rise of the internet. This has led the consumers to be aware easily and thus people do not believe in what a celebrity says and trust what they read and study.
- The identity of the brand is defined by what people read and study about it and not just what a celebrity claims.
- Consumers do continue to follow the celebrities but do not base their purchasing decisions on them and their views.
- The number of channels adopted advertising and promotions have increased tremendously over the last few years and this increase in the number of channels has resulted in the impact of the celebrity advertising decreasing as that is just one of the many channels for advertising and endorsing the brand.
- Celebrity advertising creates an interest in the brand but cannot lead to conviction about the brand. Thus we can say that although celebrity endorsements increase the interest in the brand they do not lead to conviction and purchase action. Celebrity endorsements can create purchase intentions but cannot lead to purchase action.
- Yet, the companies still invest into celebrity advertising as this is still a major means of attracting attention towards the brand and also creating awareness about the brand. It improves brand recognition and brand recall thus is still used as a major means to advertise.

Thematic Analysis

Based on the interview responses, a thematic analysis was done and there were a few themes which came up as the major reasons for the consumers to purchase a luxury watches and also the different factors which have led to the decline in the impact of celebrity marketing.

Given below are key factors which influence the purchasing decision of a consumer to purchase a luxury watch. The main factors are defined as themes and we can say that purchase decision of a consumer is influenced by four major factors:

- Price related factors
- Product related factors
- Place related factors
- Promotion related factors

The Thematic Analysis helped reveal some key themes which are the main factors to have brought about the decrease in the impact of celebrity advertising in the luxury watches industry in UAE

ANALYSIS OF THE QUANTITATIVE DATA COLLECTED

Regression

Regression analysis was conducted in order to understand what factor is the most important in order to the purchase of the luxury watches. The factors were price related, promotion related, product related and brand related.

| SUMMARY OUTPUT | | | | | | | | |
|------------------------------|---------------------|-----------------------|---------------|----------------|-----------------------|------------------|--------------------|--------------------|
| Regression Statistics | | | | | | | | |
| Multiple R | 0.652716 | | | | | | | |
| R Square | 0.426038 | | | | | | | |
| Adjusted R Square | 0.40554 | | | | | | | |
| Standard Error | 6546.667 | | | | | | | |
| Observations | 88 | | | | | | | |
| ANOVA | | | | | | | | |
| | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> | | | |
| Regression | 3 | 2.67E+09 | 8.91E+08 | 20.78373 | 3.65E-10 | | | |
| Residual | 84 | 3.6E+09 | 42858844 | | | | | |
| Total | 87 | 6.27E+09 | | | | | | |
| | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Lower 95%</i> | <i>Upper 95%</i> | <i>Lower 95.0%</i> | <i>Upper 95.0%</i> |
| Intercept | 21300.53 | 3594.907 | 5.925196 | 6.65E-08 | 14151.66 | 28449.4 | 14151.66 | 28449.4 |
| product related | -8135.97 | 3509.285 | -2.31841 | 0.022857 | -15114.6 | -1157.38 | -15114.6 | -1157.38 |
| brand | -16237.2 | 3749.362 | -4.33067 | 4.09E-05 | -23693.3 | -8781.22 | -23693.3 | -8781.22 |
| price | -1139.24 | 3397.178 | -0.33535 | 0.738198 | -7894.9 | 5616.42 | -7894.9 | 5616.42 |

Figure 3: Regression 1: factors affecting the purchase of the luxury watches

Given above is the multiple regression results where the value of $P < 0.05$ in case of product related and brand related factors. Thus we can say that there is a significant difference in the data for these factors. Thus we can say that we accept null hypothesis H_0 for these factors.

We can therefore conclude that the willingness to purchase a luxury watches is dependent on the product related factors like the features, specifications, design etc. as well as the brand related factors like the brand image.

Since the value of $P > 0.05$ for price we can conclude that H_0 is incorrect and there is no significant difference in data for price. Thus price is not a deciding factor in the purchase of a luxury watches as this is a high end luxury product.

Regression 2: Another multiple regression was conducted in order to understand the main reasons for the decline in the impact of celebrity advertising. The key independent variables were awareness which was closely linked with the reduced search costs, rise in education and the reduction in the following of the stars.

| SUMMARY OUTPUT | | | | | | | | |
|------------------------------|---------------------|-----------------------|---------------|----------------|-----------------------|------------------|--------------------|--------------------|
| Regression Statistics | | | | | | | | |
| Multiple R | 0.684058 | | | | | | | |
| R Square | 0.467935 | | | | | | | |
| Adjusted R Square | 0.448933 | | | | | | | |
| Standard Error | 0.452445 | | | | | | | |
| Observation | 88 | | | | | | | |
| ANOVA | | | | | | | | |
| | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> | | | |
| Regression | 3 | 15.12282 | 5.04094 | 24.62518 | 1.58E-11 | | | |
| Residual | 84 | 17.19536 | 0.204707 | | | | | |
| Total | 87 | 32.31818 | | | | | | |
| | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Lower 95%</i> | <i>Upper 95%</i> | <i>Lower 95.0%</i> | <i>Upper 95.0%</i> |
| Intercept | 3.293333 | 0.298979 | 11.01526 | 5.57E-18 | 2.69878 | 3.887886 | 2.69878 | 3.887886 |
| education | -0.33333 | 0.292052 | -1.14135 | 0.025697 | -0.91411 | 0.247444 | -0.91411 | 0.247444 |
| awareness | -1.1629 | 0.313511 | -3.70928 | 0.000372 | -1.78635 | -0.53945 | -1.78635 | -0.53945 |
| low followin | 0.04 | 0.268942 | 0.148731 | 0.882122 | -0.49482 | 0.57482 | -0.49482 | 0.57482 |

Figure 4: Regression 2: factors causing the reduction in impact of celebrity advertising

Since the value for $P < 0.05$ in case of awareness of the consumers and the education level of the consumers we can say that these are the two factors where there is a significant difference in the data. We accept the H_0 and can conclude that education and the consumer awareness are both significant factors which have led to the decline in impact of celebrity advertising. There is a correlation in the reduced impact of celebrity advertising

and the consumer level of education as well as consumer awareness (can be closely linked with reduced search costs).

Since the value for $P > 0.05$ in case of low following of the celebrities we can say that there is no significant difference in the data and we reject H_0 and accept H_1 . As H_1 says we can conclude that there is no correlation in the low following of celebrities and reduced impact of celebrity advertising thus this is not a significant independent variable (factor).

Chi- Test (Goodness of Fit test)

There was chi test conducted to understand the relationship between the interest generated in the brands of watches through the process celebrity advertising and the willingness of a consumer to purchase a watch.

| | | | | |
|----------|----------|-------------|----|--|
| | | | | |
| | | | | |
| | | | | |
| actual | | | | |
| interest | purchase | no purchase | | |
| yes | 9 | 46 | 55 | |
| no | 2 | 33 | 35 | |
| | 11 | 79 | 90 | |
| | | | | |
| expected | | | | |
| interest | purchase | no purchase | | |
| yes | 6.722222 | 48.27777778 | | |
| no | 4.277778 | 30.72222222 | | |
| | | | | |
| chi crit | 3.841459 | | | |
| chi stat | 2.260996 | | | |

Figure 5: Chi Test in the interest in the brand and the willingness to purchase the watches

The H_0 here says that there is no significant relationship in the two factors and they are independent. Thus in this case the null hypothesis states that there is no direct relationship in the interest in the brand and the final purchase decision to purchase a watches of the same brand.

Since the value of Chi-stat is less than the value of Chi-critical we can say that we accept the null hypothesis of independence of factors.

Thus we can say that there is no correlation in the interest in the brand which is generated through celebrity advertising and the final purchase decision of the consumer to purchase a watch of the brand. This is a major problem with the celebrity advertising.

Chi test 2: Goodness of fit test was conducted to understand the correlation between the age of the target audience and the intention of the consumer to notice the brand/ notice the product if the celebrity is present in the advertisement.

| actual | | | |
|--------------|----------|------------|----|
| age | notice | not notice | |
| <=30 | 38 | 8 | 46 |
| >=30 | 38 | 6 | 44 |
| | 76 | 14 | 90 |
| expected | | | |
| age | notice | not notice | |
| <=30 | 38.84444 | 7.155556 | |
| >=30 | 37.15556 | 6.844444 | |
| chi critical | 3.841459 | | |
| chi stat | 0.241389 | | |

Figure 6: goodness of fir test

H0 (Null Hypothesis) states the independence between the two factors. Thus the null hypothesis in this case states that there is no correlation between the age of the target audience and the interest in the brand based on the celebrity present in the advertisement.

Since the value of Chi-stat is less than the value of Chi-critical we can say that we accept the null hypothesis of independence of factors.

Thus we can say that there is no correlation in the age of consumer and his ability to notice the brand due to the presence of the celebrity in the advertisement.

Primary channel used for advertising in luxury watches

The graph states that the maximum number of respondents believed to have noticed a brand due to celebrity advertising is through television. Thus we can conclude that television is one of the main modes of raising awareness about the product in UAE. The brands must therefore invest on celebrity advertising through television ads as compared to in-store advertising and online advertising through ads.

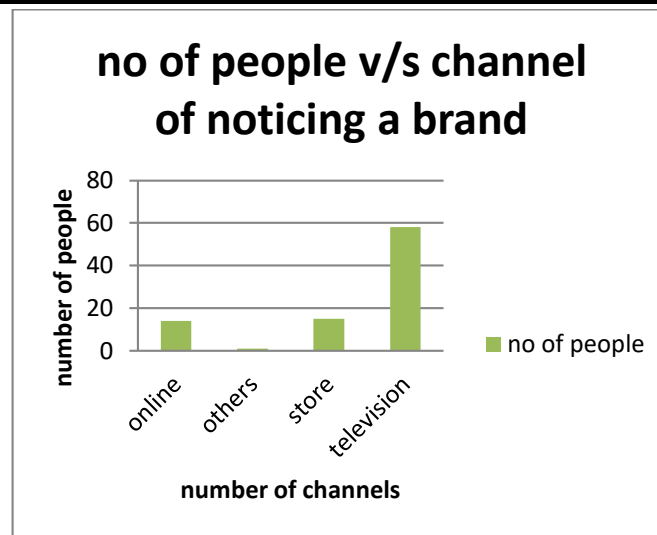


Figure 7: channel people use to notice a brand

The graph above states that the maximum number of respondents believed to have noticed a brand due to celebrity advertising is through television. Thus we can conclude that television is one of the main modes of raising awareness about the product in Dubai. The brands must therefore invest on celebrity advertising through television ads as compared to in-store advertising and online advertising through ads. Brand Recognition

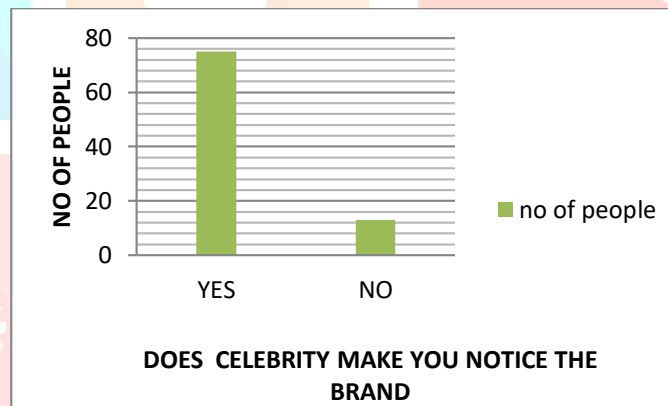


Figure 8: brand recognition through celebrity advertising

75 out of the 88 respondents claimed to have noticed the brand due to the presence of the celebrity in the advertisements. Thus it can be concluded that celebrity endorsements still continue to be a major means to create brand recognition and brand awareness among the consumers.

This is a major reason why the celebrity advertising, despite the low emphasis and impact on the final consumer decision, maintains to be one of the key forms of advertising in case of luxury brands. Even if they do not lead to the final conviction from the side of the consumer, they play a major role in creating the interest of the consumer in the brand by making them notice the brand.

Celebrity advertising impact on purchase decision

| Does the influence of a celebrity impact your purchasing decision | Number of People |
|-------------------------------------------------------------------|------------------|
| NEVER | 22 |
| RARELY | 56 |
| SOMETIMES | 10 |

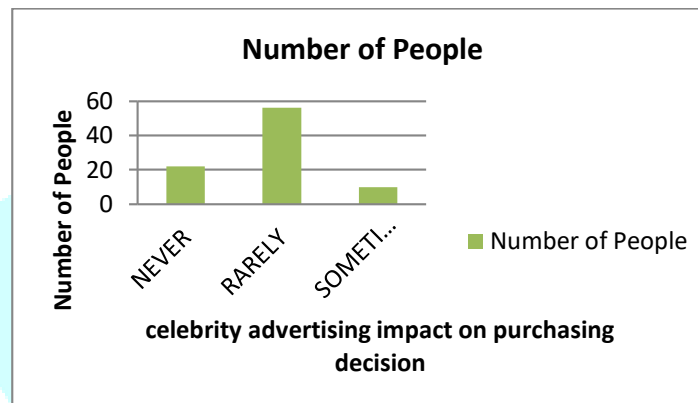


Figure 7: Impact of Celebrity Advertising on Final Purchase Decision

Most of the respondents felt that celebrity advertising had a low impact on the final purchase decision of a consumer towards a luxury timepiece. The consumers claimed to have been never or rarely been impacted by celebrity advertising while purchasing a product.

Thus we can say that celebrity advertising can push a consumer's interest towards the product but not lead to the purchase of the product (luxury timepiece).

Brand Recognition

75 out of the 88 respondents claimed to have noticed the brand due to the presence of the celebrity in the advertisements. Thus it can be concluded that celebrity endorsements still continue to be a major means to create brand recognition and brand awareness among the consumers.

This is a major reason why the celebrity advertising, despite the low emphasis and impact on the final consumer decision, maintains to be one of the key forms of advertising in case of luxury brands. Even if they do not lead to the final conviction from the side of the consumer, they play a major role in creating the interest of the consumer in the brand by making them notice the brand.4.6. Celebrity advertising impact on purchase decision

| Does the influence of a celebrity impact your purchasing decision | Number of People |
|-------------------------------------------------------------------|------------------|
| NEVER | 22 |
| RARELY | 56 |
| SOMETIMES | 10 |

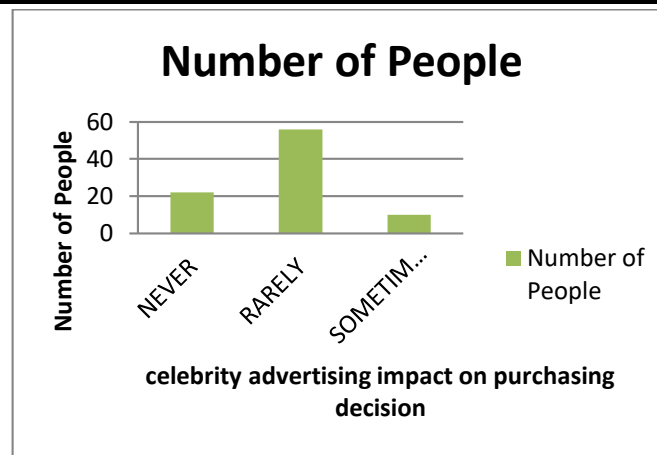


Figure 8: the Impact of Celebrity Advertising on Final Purchase Decision

Most of the respondents felt that celebrity advertising had a low impact on the final purchase decision of a consumer towards a luxury watches. The consumers claimed to have been never or rarely been impacted by celebrity advertising while purchasing a product.

Thus we can say that celebrity advertising can push a consumer's interest towards the product but not lead to the purchase of the product (luxury watches).

Conclusions & Recommendations

After the analysis there were a few conclusions which arose as a result of the qualitative and quantitative analysis. The conclusions drawn through the survey are mentioned below. These have been derived from the regression, Chi test as well as the thematic analysis and the interview with the expert.

- Most of the respondents feel that the celebrity advertising did create an interest but did not impact the final purchasing decision of a luxury watches.
- Most of the respondents felt that the overall impact of celebrity advertising in case of luxury watches was low to moderate. It was rated 2-3 on a scale of 5.
- The reason why celebrity advertising was important to companies was that most people felt that the presence of celebrity advertising did make them notice the advertisement. This led to an overall increase in the visibility of the brand in terms of brand recall and brand recognition.
- Celebrity advertising was adopted by organizations as it was still considered as a means of increasing the awareness.
- Maximum people felt that the major factors which influenced their decision to purchase the watches were brand and product related factors. This was proven through the Multiple Regression where in the significant value was proof that Product related factors and the Brand related factors did impact the purchase decision of a customer.
- The Regression analysis proved that the Price related factors have no direct correlation with the purchase decision of a luxury watches. This is because luxury watches are not a commodity. They add value to the status of the individual who attaches his social image to the watch. Thus, brand and features matter more than the price.
- According to Regression analysis, the major reason why the impact of celebrity endorsements is decreasing because of an increased level of awareness among the consumers.
- The reason for the increase in the level of awareness is the reduction in the search costs due to the increase in the use of the internet as well as many other factors and also due to increase in the number of advertising channels.
- As per the Chi test conducted we can say that the power of noticing a brand through celebrity advertising has no correlation with the age of the target audience.
- As per the Chi test there is no correlation between the purchase intention/interest of a consumer towards a product and the final purchase decision of the consumer.

- Lastly, we can say that celebrity endorsements continue to be a strong part in the process of consumer awareness but the purchase cannot be defined by the interest. Thus celebrity endorsements do not lead to purchase or brand loyalty.

Recommendations

There are a few recommendations which can be adopted by the luxury watches brand in order to improve their brand loyalty of the consumers towards the brand.

- Since there are an increasing number of channels for creating awareness and improving the brand recognition and brand recall we can say that the brands must concentrate on the various new channels of advertising like the online channel, social media etc.
- Since brand related factors play an important role, the brands must focus on building the brand and capitalizing on the created brand image of the watch.
- Since the research results signify that the product related factors like the features and the specifications of the product are very important factors in the willingness of a consumer to purchase a product the companies must follow a policy of product differentiation. They must try and create a differentiated product for their target audience in order to cater to their market.
- The brands can continue to use the celebrity endorsements in order to create awareness about the product but the involvement must be minimal.
- It is also important to avoid the clutter of advertisements thus the message behind the communication must be able to differentiate the brand more than the celebrity.
- The process of selection of the celebrity is also very important. The companies must focus on selecting the celebrity whose image is in tandem with the image that the brand intends to project to the consumers.
- The brands must work on loyal customer base through loyalty programs which are reward based. This will create positive word of mouth and improve the referrals and recommendations of the brand.
- They must also work towards Empowerment and Engagement of the celebrities and the people involved with the brand. The happier the employees, the better will be the results yielded.

References

- Celebrity Power and Its Influence on Global Consumer Behaviour.* (2014, March). Retrieved September 2015, from www.euromonitor.com: <http://www.euromonitor.com/celebrity-power-and-its-influence-on-global-consumer-behaviour/report>
- Luxury goods in United Arab Emirates.* (2015, April). Retrieved September 2015, from www.euromonitor.com: <http://www.euromonitor.com/luxury-goods-in-the-united-arab-emirates/report>
- Watches in the United Arab Emirates.* (2015, March). Retrieved September 2015, from www.euromonitor.com: <http://www.euromonitor.com/watches-in-the-united-arab-emirates/repor>
- Bastiaenen, L. (2012). *The impact of celebrity damage and multiple celebrity endorsers on product attitude* . amsterdam: faculty of economics and business-amsterdam.
- Brierley, S. (1995). *The advertising handbook*. london: Routledge.
- D. Brownie, M. (1994). *new marketing myopia*. n.d.: n.d.
- D.E.Schultz. (1997). *Integrated Marketing Communication. New Ways for Optimising Integrated communications, The Netherlands*, 1-50.

- DR. BIMAL ANJUM, S. K. (2012). IMPACT OF CELEBRITY ENDORSED ADVERTISEMENTS ON CONSUMERS. *Asia Pacific Journal of Marketing & Management Review*.
- Elberse, A. (2009, december 16th). *Risks and Rewards of celebrity Endorsements*. Retrieved october 10th, 2015, from cnn.com:
<http://edition.cnn.com/2009/OPINION/12/16/elberse.athlete.endorsements.tiger.woods/>
- Kaikati, J. (1987). Celebrity Advertising: A Review and Synthesis. *International Journal of Advertising*, 90-105.
- Kamins, M. A. (1990). An Investigation of the 'Match-Up' Hypothesis in Celebrity advertisng. *Journal of Advertising*, 4-42.
- Keller, K. (1993). Conceptualising, measuring and managing customer-based equity. *Journal of Marketing*, 1-22.
- Kitchen, P. (1998). *How to Get the Most out of Celebrity endorsers*. admap.
- L.R.Kahle. (1985). Physical Attractiveness of Celebrity Endorser. *Journal of Consumer Research*.
- McKee, S. (2008, November 14). *The Trouble with Celebrity Endorsements*. Retrieved September 2015, from www.bloomberg.com: <http://www.bloomberg.com/bw/stories/2008-11-14/the-trouble-with-celebrity-endorsementsbusinessweek-business-news-stock-market-and-financial-advice>
- Mcmohan, J. (n.d.). *The Price of Fame: Advantages & Risks When Using Celebrity Endorsements*. Retrieved September 2015, from <http://blog.thepertgroup.com/blog/2012/11/uncategorized/the-price-of-fame-advantages-risks-when-using-celebrity-endorsements/>:
<http://blog.thepertgroup.com/blog/2012/11/uncategorized/the-price-of-fame-advantages-risks-when-using-celebrity-endorsements/>
- Meenaghan, T. (1995). The role of advertising in brand image development. *Journal of product and brand management*, 20-24.
- Mukherjee, D. (August, 2009). Impact of Celebrity Endorsements on Brand Image. *Social Science Research Network Electronic Paper Collection*, n.d.
- n.d. (2003). *n.d. n.d.*: Hindu Business Lone.
- Sazler-Morling, M. (2004). silence of the brands . *europaen journal of marketing*, 200-238.
- Stork, P. A. (2011). The value of celebrity endorsements: A stock market perspective. *MARKETING LETTERS*, 3-17.
- Swan, M. (2013, MAY 3). Young people in the UAE not influenced by celebrity endorsements. *The National*.
- Tumkur, A. (2008). A Conceptual Research on the Association between Celebrity Endorsement, Brand Image and Brand Equity. *the icfai University Journal of Marketing Management*, 50-56.