Nexus of Overall Cost of Celebrity Endorsement and Market Performance of Alcoholic Brewery Products in Lagos Metropolis, Nigeria

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The study examined the nexus between the overall cost of celebrity endorsement and market performance of alcoholic brewery products in Lagos Metropolis in Nigeria. The population of the study therefore was 1,184. The study adopted a census technique for this study. The reason behind this is to mitigate possible high rate of non-response during the survey. The study anticipated some level of non-response since the targeted products has capacity to intoxicate consumers. The study revealed that all the independent variables have a positive effect on product market performance, except cost of celebrity endorsement, with their respective coefficient values of 0.097984 for cost of celebrity advertising, 0.825558 for cost of celebrity selection process/audition, 0.363291 for cost of celebrity publicity and -0.385858 for cost of celebrity endorsement. While cost of celebrity selection process/audition exerts a positively significant effect on product market performance with 0.0370 probability value, the positive effects of cost of celebrity advertising and cost of celebrity publicity are not significant with their respective P-values of 0.4109 and 0.4625. Also, the negative effect of the cost of celebrity endorsement is insignificant with the probability of 0.5653. The study concluded the insignificant effect of cost of celebrity advertising and cost of celebrity publicity on product performance might be due to the failure of the firms in the Brewery industry to endorse celebrity that has the potentials to stimulate the buying behaviour of customers. The study further recommends that cost of advertising, cost of celebrity selection process/audition and cost of celebrity publicity should be accorded great attention in the whole process of celebrity endorsement. The amount to be expended should be given thorough evaluation in relation to the attributes of the celebrities.

Keywords: Celebrity endorsement, Advertising, publicity, product performance

1.1 Introduction

Celebrity endorsement is a way to get a brand noticed among its contemporaries in a market place, which might affect consumers’ purchase intention and attitudes toward the product”. Ahmed, et al., (2014) agreed that “celebrity endorsement is the best tool of advertisement to get most targeted audience and catch their attention, thereby having significant effect on financial returns and helps to get competitive advantage. The understanding of the reasons for using celebrity endorsement is not enough when seeking to ensure the effectiveness of advertisement (Hassana & Jamil, 2014). The effectiveness of celebrity endorsement in advertising comes from the associative link between the brand (product) and the celebrity, but the creation of such a link is concurrent with a risk” (Dukumor, 2016). Khalid and Yasmeen (2019) noted that “the most common reasons why companies use celebrities to endorse their products are redundant: increase attention, image polishing, and brand introduction, brand repositioning, etc.”. The authors further stated that “one more reason for using the celebrities in advertising is the possibility to eliminate or reduce the effects of cultural interferences for companies performing in global markets”. It was further pointed out that, “advertisers often times use celebrities in advertising because of their famous attributes (beauty, talent, athleticism, power, etc.) that often represents the attractions desired for the brands they endorse” The perpetual association of any brand with a particular celebrity might ultimately lead consumers to assume that such brand possesses an attractive qualities similar to that of the celebrity being endorsed. Consumers may therefore from this premise continue to appreciate the brand solely for the fact that they are they like the celebrity who endorses such product.
“The general belief among advertisers is that advertising messages delivered by celebrities provide a higher degree of appeal, attention and possibly message recall than those delivered by non-celebrities. Marketers also claim that celebrities affect the credibility of the claims made, increase the memorability of the message, and may provide a positive effect that could be generalized to the brand” (Gaied & Rached, 2017). Eyitayo (2017) stated that “the reasons why companies spend huge amounts of money to have celebrities appear in their adverts and endorse their products is that celebrities have stopping power. However, celebrities generally are supposed to be different from the social norm and enjoy a varying high degree of public awareness from a vast majority of people. Incidentally, such endorsement involves financial commitment which will also cumulate the overall operating costs of the firm. Among all the promotional mix tools, advertising is expectedly required to occupy a special status within the economy of the developing and developed society. One major concern herein is, since celebrity endorsement involves financial burden, is it always that firms will make more money to cover for such investments? This is a question that requires an investigation into the literature on the possible relationships between celebrity endorsements as a veritable tool for communicating marketing intention for the purposes of arousing consumers’ purchase intention. Furthermore, many scholars have been able to view celebrity endorsement from different point, One of their major areas of differences is to the effect that, using very attractive celebrities in billboards’ advertising sometimes create distractions as audience focuses their attention more on the celebrities against the product being advertised. These contradictions in literature have remained unresolved among scholars. Unfortunately, majority of the scholars who argue in favour of celebrity endorsement and products market share equally went further to assert that, though positive relationship may occur between celebrity endorsement and product market share, but, in furtherance to this position, it was suggested that, “celebrity endorsement may not guarantee long-term and sustainable effects where an endorsed celebrity is caught up in a scandal or an act of criminality, thereby creating negative perceptions to consumers”. An example of such scholars are Zafar and Rafique (2011). “Such scandals may involve the act of child, drug, sexual abuses, alcoholism and racial discrimination” (Sliburyte, 2009). Any of these scandals is capable of having a negative and far reaching implications on brand’s image, as consumers may develop negative perceptions towards the brand so advertised, thereby adversely affecting product’s sales performance or volume turnover and subsequent intention to undertake future purchase (Bowman, 2002). A recent case of a popular celebrity Funke Akindele, whose endorsement deal was terminated due to her alleged involvement in breaking the COVID-19 protocols is enough attestation to this fact. Mostly in recent studies (Nyarko, Asimah, Agbemava & Tsetse, 2015; Das, Dash, Sahoo & Mishra, 2018; Gaied & Rached, 2017) in separate studies found that the enormity of funds required as investments in celebrity endorsement is far more than the perceived benefits of such investment. It is against this background that this study postulated a null hypothesis that there is no significant relationship between overall cost of celebrity endorsement and market performance of alcoholic brewery products in Lagos metropolis, Nigeria.

2.0 Conceptual Framework

![Cost of Celebrity endorsement and market performance](source: Authors Compilation, 2021)
3.0 Methodology

Research Design
This study adopted a combination of cross-sectional and ex-post facto survey research design. The cross-sectional survey was considered because it gave room for data collection via administration of questionnaire on target respondents. Also, ex-post facto survey involved a request to marketers of selected brewery firms to complete a section of the research instrument with information to be gotten via secondary source in the firm. Such data collected was therefore analysed quantitatively using descriptive and inferential statistics. To this end, the study made use of data collected from both primary and secondary sources.

Population and Sampling Technique

The population for this study emanated from two major frames (customers at selected joints) and records to begotten from the three chosen firms (Nigerian Brewery, International Brewery and Guinness). While population of the customers cannot be determined a priori, that of the official marketers is deterministic. As such, to achieve total population of the customers, an estimation of average number of customers patronizing the chosen spots for this study was assumed as the target population. The five traditional categorisation of Lagos was adopted as study frames. These include: Ikeja, Badagry, Ikorodu, Lagos Mainland, Epe. The population of the study therefore was 1,184; representing the total average number of customers that patronize the selected spots on daily basis. However, data points for celebrity endorsement costs and market performance of selected products covered a period 1998 to 2019 (21 years) for six alcoholic products, with two each per selected breweries (covering Lager and Darke Ale brands). These products included Harp, Trophy and Goldberg (Lager family) and Guinness Extra Stout, Eagle Stout and Legend (Darke Ale family). The choice of 1998 is borne of the fact that all the chosen firms have adequate record for celebrity endorsement for these periods. However, for some of the products that had experienced a change in name, information relating to the original name was adopted for periods relevant to the old name.

Sample and Sampling Technique
The study adopted a census technique for this study. The reason behind this is to mitigate possible high rate of non-response during the survey. The study anticipated some level of non-response since the targeted products has capacity to intoxicate consumers. However, to reduce the seemingly non response rate, instruments were administered on respondents as they enter each of the venues, that is, before alcohol intakes. This however was restricted only to data from the primary source. The method of data analysis used in the course of this study was the multiple regression model.

4.0 Results

Table 1.1: Variable Description

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Maximum</th>
<th>Minimum</th>
<th>Std. Dev.</th>
<th>Obs</th>
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<tr>
<td>MKTP</td>
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<td>83250</td>
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<tr>
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<td>3537924</td>
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</tr>
<tr>
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<tr>
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<td>356500</td>
<td>6047085</td>
<td>22</td>
</tr>
</tbody>
</table>

Source: Data Analysis (2021). Variables are as defined in the study

Table 1.1 presents the description of the explained and explanatory constructs for a period of 22 years (1998-2019). The average value of product market performance stood at 280,2691 volumes together with the minimum and maximum volumes of 1,236,000 and 83,250, respectively. The standard deviation (4229080) value revealed that the dispersion is high, as it is relatively greater than its mean figure. By implication, this connotes that there is a wide gap between the sales volume and the consumption rate of all the sampled brewery products across the brewery industry. Also, the mean value of the cost of celebrity advertising (#32,956,747) together with the standard deviation of 31,401,304 shows that the dispersion is equally high because of the closeness of the standard deviation to the
mean value. The consequence of this discovery is that the cost of celebrity incurred by Guinness, Nigerian Brewery and international Brewery are not on the same level. The maximum and minimum values are #87,000,000 and 2,514,300 respectively.

Similarly, the mean value of the cost of celebrity selection process/audition stood at #4,049,927 with the minimum and maximum values of #695,000 and #13, 090,000 respectively. The standard deviation (3537924) shows that the dispersion is high, as it’s relatively close to the mean value. The corollary of this discovery is that in the Brewery industry, cost expended on celebrity selection are relatively different and this is largely predicated on the product and particularly celebrities act to arouse public interest and add to organizational profit through extra edge for holding customers’ attention. The mean value of the cost of celebrity publicity stood at #1,422,552 with the minimum and maximum values of #495,000 and #52,500,000 respectively. The standard deviation (1055574) exerts a lower dispersion as it is relatively far from the mean value. For the cost of celebrity endorsement, the average value stood at #6,142,054 with the maximum and minimum values of #16,682,000 and #356,500. The standard deviation stood at 6047085 showing that the dispersion is lower as it is relatively distanced from the average value.

Multiple regressions were carried out to test the formulated hypothesis. The hypothesis was tested to evaluate the relationship between the overall cost of celebrity endorsement and market performance of alcoholic brewery products in Lagos metropolis, Nigeria.

Primary Data Results

\( H_0: \) There is no significant relationship between overall cost of celebrity endorsement and market performance of alcoholic brewery products in Lagos metropolis, Nigeria.

**Table 1.2: OLS Estimation Result**

<table>
<thead>
<tr>
<th>Series: CAD, CSP, CPUB, CEND</th>
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</thead>
<tbody>
<tr>
<td><strong>Variable</strong></td>
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<tr>
<td>C</td>
</tr>
<tr>
<td>CAD</td>
</tr>
<tr>
<td>CSP</td>
</tr>
<tr>
<td>CPUB</td>
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<tr>
<td>CEND</td>
</tr>
</tbody>
</table>

Source: Data Analysis (2021). R-square=0.781904, Adjusted R-square=0.730588, F-statistics=15.23688, Prob(F-stat) =0.000018

Table 1.2 shows that all the independent variables have a positive effect on product market performance, except cost of celebrity endorsement, with their respective coefficient values of 0.097984 for cost of celebrity advertising, 0.825558 for cost of celebrity selection process/audition, 0.363291 for cost of celebrity publicity and -0.385858 for cost of celebrity endorsement. While cost of celebrity selection process/audition exerts a positively significant effect on product market performance with 0.0370 probability value, the positive effects of cost of celebrity advertising and cost of celebrity publicity are not significant with their respective P-values of 0.4109 and 0.4625. Also, the negative effect of the cost of celebrity endorsement is insignificant with the probability of 0.5653. The adjusted R-square of 0.730588 stipulates that 73% of the systematic change in product market performance is engendered by all the independent variables while the remaining 27% are accredited to other determinants. The model specification is declared fit because of the 0.000018 significant probability values of the F-statistics (15.23688).
The insignificant effect of the cost of celebrity endorsement on product market performance is positive and suggests that celebrity endorsement announcements on stock returns is positive and suggest that celebrity endorsement contracts are generally viewed as worthwhile investments in advertising. Also, it corroborated the outcome of Gaied and Rached (2017) who reported that the more the celebrity is congruent with the endorsed product, the more he is perceived as being credible and generates more favorable attitudes and buying intentions.

Discussion of Findings

In the first part, objective five, celebrity endorsement cost was captured with cost of advertising, cost of celebrity selection process/audition, cost of celebrity publicity and cost of celebrity endorsement while product market performance was captured with sales volume.

To achieve this objective, multiple regression was carried out and it was discovered that cost of advertising, cost of celebrity selection process/audition, cost of celebrity publicity and cost of celebrity endorsement have a positive effect on product market performance, with the coefficient values of 0.0979843, 0.8255583 and 0.3632915, respectively. However, the positive effect is only significant for the cost of celebrity selection process with the probability value of 0.013 against the insignificant positive effect of the cost of celebrity advertising and publicity with the probability values of 0.377 and 0.273, respectively. Also, the Table revealed that a negative insignificant effect of the cost of celebrity endorsement on product market performance to the tune of -0.3858582(p=0.563>0.05). The r-square of 0.7819 stipulates that 78% of the systematic change in product market performance is engendered by all the independent variables while the remaining 22% are accredited to other determinants. The model specification is declared fit because of the 0.000 significant probability values of the F-statistics (46.72).

Table 1.3 shows that the cost of celebrity advertising, cost of celebrity selection process and cost of celebrity publicity have a positive effect on product market performance with the coefficient values of 0.0979843, 0.8255583 and 0.3632915, respectively. However, the positive effect is only significant for the cost of celebrity selection process with the probability value of 0.013 against the insignificant positive effect of the cost of celebrity advertising and publicity with the probability values of 0.377 and 0.273, respectively. Also, the Table revealed that a negative insignificant effect of the cost of celebrity endorsement on product market performance to the tune of -0.3858582(p=0.563>0.05). The r-square of 0.7819 stipulates that 78% of the systematic change in product market performance is engendered by all the independent variables while the remaining 22% are accredited to other determinants. The model specification is declared fit because of the 0.000 significant probability values of the F-statistics (46.72).

### Table 1.3: Robust OLS Estimation Result

<table>
<thead>
<tr>
<th>Series: CAD, CSP, CPUB, CEND</th>
<th>Variable</th>
<th>Coefficient</th>
<th>Std Error</th>
<th>T-Test</th>
<th>Probability</th>
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<tr>
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<td></td>
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<td></td>
<td>CEND</td>
<td>-3858582</td>
<td>0.6546846</td>
<td>0.59</td>
<td>0.563</td>
</tr>
</tbody>
</table>

Source: Data Analysis (2021). $R^2=0.7819$, $F$-statistics=46.72, $Prob(F-stat) =0.0000$

By implication, it connotes that market performance of brewery products in Lagos metropolis, Nigeria, stands the chance of increasing by 0.0979843, 0.8255583 and 0.3632915 with just a 1% increase in cost of celebrity advertising, cost of celebrity selection process/audition and cost of celebrity publicity. This discovery is a confirmation of the a-priori expectation of a positive effect. Theoretically, the positive impact of cost of celebrity advertising, cost of celebrity selection process/audition and cost of celebrity publicity on product market performance gave credence to the tenets of cultivation theory that exposure to a great deal of media will promote individuals to hold certain conceptions of reality and that even though the perception derived from the media may be inaccurate, the observation may become an implanted reality which will, in turn, influences the purchase decisions of consumers.
among the receptors. This makes it important for firms in the Brewery industry to consider celebrity endorsement when designing advertising campaigns, to ensure they have the greatest possible impact on market performance. However, this finding negated the findings of Das, Dash, Sahoo and Mishra (2018). They reported that though consumers do trust social media advertisements more, they did not rely on celebrities in adverts to carry out their decisions.

5.0 Conclusions and Recommendations
The study concluded the insignificant effect of cost of celebrity advertising and cost of celebrity publicity on product performance might be due to the failure of the firms in the Brewery industry to endorse celebrity that has the potentials to stimulate the buying behaviour of customers. The study further recommends that cost of advertising, cost of celebrity selection process/audition and cost of celebrity publicity should be accorded great attention in the whole process of celebrity endorsement. The amount to be expended should be given thorough evaluation in relation to the attributes of the celebrities.

References


