

Utilization of Celebrity Endorsement as a Marketing Strategy in Hospitality Operations in Owerri, Imo State

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Abstract

This study examined the utilization of celebrity endorsement as a marketing strategy in hospitality operations in Owerri, Imo state. The study population was drawn from top management staff of registered star hotels operating in Owerri. A structured questionnaire was used as an instrument for data collection which was validated by three (3) academics in Hospitality and Tourism Management and two (2) academics in Marketing Departments. Data were collected and analyzed using frequency and mean. Findings revealed that the level of utilization of celebrity endorsement in hospitality operations in the study area was poor. Some of the factors affecting the usage of this strategy were also determined. Based on the findings, recommendations were given on how celebrity endorsement as a Marketing strategy can be utilized in hospitality operations for sustainable operations.

Keywords: Celebrity endorsement, utilization, hospitality operations, marketing strategy

Introduction

Hospitality organizations worldwide carry out one form of marketing promotion or the other. This derives from the fact that any business organization that is worth its name must announce to its target market its presence, where it is, what it produces, and the benefits offered by the goods and services it provides. Competition has become so intense in the hospitality sector given the sophisticated nature of the consumers that capturing their attention and making them develop a positive attitude towards company products are seemingly becoming difficult especially in a developing country such as Nigeria. More so, the collapse of the national frontiers on account of globalization, and advancement in technology have put more pressure on hospitality operations in Nigeria as many international hospitality organizations or brands now operate in the country.

Consumers of hospitality products; food products, beverage products, and accommodation services, among others receive an avalanche of promotional messages from many business organizations on a daily basis. As the number and range of marketing platforms increase and the attention spans of consumers shorten, gaining an audience for marketing messages is becoming a more laborious task. Consumers receive more than 3000 commercial images a day, among which their subconscious will absorb more

than 150 images with roughly 30 reaching the conscious mind (Advertising Age, 2010). Besides using the newest technologies and sponsorship tactics, major business organizations globally such as Apples, Google, Coca-Cola, McDonalds among others also try to personalize their appearance and transfer some luxurious meaning and fan base by using popular celebrities which align correctly with their companies. It is noticeable that celebrities are omnipresent in the contemporary marketing communication (marcom) strategies and are being featured in more editorial issues of magazines, as well as on the billboards of the most influential brands (Pringle, 2004). The excitement and attention given by the consumers for the private and public lives of certain celebrities have a long history and are embodied in the face of their favorite individuals. Brands usually use these values which are essential to the image of celebrity endorser to transfer them onto the brand and its products, aiming to improve the awareness and brand associations (Hollensen and Schimmelpfennig, 2013).

Despite the use of celebrity endorsement successfully in some sectors of the economy globally, not much has been done in its utilization as a marketing strategy in the hospitality operations in Nigeria, as there is no empirical evidence in this regard. This is a gap that this study attempts to fill. In the words of Ranjbarian, Shekarchizade, & Momeni, (2010), using celebrities can help companies to create a unique advertisement and engender a positive effect on the attitude of the consumers and purchase intention towards the brand. Celebrity endorsement has been applied by companies over the years. As early as 1979, one in every six commercials by companies used a celebrity in the U.S.A, and in 2001 the percentage grew to 25% (Erdogan, Baker, & Tagg, 2001). Recent studies of hundreds of endorsements have indicated that sales for some brands increased up to twenty percent (20%) upon commencing an endorsement deal (Elberse and Verleun, 2011).

A celebrity is a person who enjoys public recognition by a large share of certain group of people. He is an individual who is known to the public (actor, sports figure, entertainment, etc) (Johansson & Sparredale, 2002, Ericsson & Hakansson, 2005). The achievements of the celebrity are generally in areas other than that of the product class endorsed. Celebrity endorsement occurs when a celebrity acts as brand ambassador by lending credence to the brand's awareness and possible sales (Kambitsis, Harahouson, & Chatzibeir, 2002). Celebrity endorsers enjoy public recognition and use this recognition on behalf of consumer goods by appearing with it in the advertisement (Ericsson and Hakasson, 2005).

Celebrities can be categorized based on work/performance area and demographics. Certain basic attributes attract marketers and other business

operators to the celebrities; beauty, talent, athleticism, power and so on. These attributes reflect the desired attractions of the brands that are endorsed (Banyte, Stonkiene, & Piligrimiene, 2011). Ericsson and Hakansson, (2005), Gupta and Verma, (2013), argued that repeated association of a brand with a celebrity might ultimately lead consumers to think that the brand possesses the attractive qualities that are similar to the celebrity. Thus a purchase decision in favour of the brand may also be made because consumers have a preference for or likeness for the celebrity who endorsed it.

Several reasons have been adduced in extant literature for the use of celebrities in marketing. Belch and Belch (2001) argued that celebrity endorsement enhances advert messages, message recall, and brand recognition as well as helping to create positive attitudes toward the brand and creating a personality for the endorsed brand. Similarly, a study carried out by White, Goddard & Wilbur, (2009) showed that using celebrities can increase consumers' awareness of the advertisement, capture their attention and make it more memorable. Similarly, Ranjbarian et al., (2010) explored the Chinese consumers' behaviours toward celebrity and non-celebrity commercials. The findings showed that Chinese consumers prefer celebrity commercials and the respondents collectively like celebrities who have more professional skills, even though other reasons were given such as good appearances, pleasant disposition and good career spirit.

Furthermore, White, et al (2008) studied negative information impact on celebrity entrepreneurship and found that negative information might lead to negative attitude towards the new venture and promotion, which can potentially reduce damage to their brand by distancing themselves from the celebrity. However, such a maneuver may not be as effective when the new venture is run by a celebrity entrepreneur. In their studies, Kambitsis et al (2013) found that brand attitudes and purchases intentions were affected positively by celebrity appeals. The study also revealed that two-sided celebrity appeal performed best and the one-sided none celebrity appeal performed worst regarding attitudes towards brand and purchase intentions. Because credibility and attractiveness play an essential role in improving the persuasiveness of a message, companies try to find sources that satisfy these two criteria to present their messages to customers/target market (Kahle and Homer, (2006).

Ohanian (1991) provided evidence for the effect of perceived expertise of the celebrity on purchase intentions using four different celebrities. Findings showed that the celebrity with the highest perceived expertise attracted more customers to the brand endorsed when compared with other brands. On the other hand, Till and Shimp (1998) examined the effects of the multiple product endorsements by celebrities and found that

the number of products a celebrity endorsed had a negative impact on consumer's perceptions of celebrity credibility, celebrity likeability and attitude toward the advertisement. Furthermore, a study by Bush, Martin, and Bush, (2004) showed that celebrity sports athletes have a positive significant impact on adolescents' word of mouth intentions and brand loyalty. The study also showed that female teenagers word of mouth intentions are more affected by female celebrities than male celebrities and female teenagers agreed more than male teenagers that they are affected by celebrities in buying certain brands.

However, while most studies focused on the consumers' responses to celebrity endorsement, Agrawal and Kamagura (1995) assessed the economic value, or profitability, of using endorsement. The researchers suggested that when a celebrity endorsement contract is announced, investors evaluate the future profit impact of the contract and these evaluations are reflected in the company's stock returns. In testing this proposition, Agrawal and Kamakura (1995) analyzed the announcements of 110 celebrity endorsements contract between January 1980 and December 1992 using Event Study Methodology. The findings showed that on the average, the impact of these announcements on stock returns was positive and concluded that celebrity endorsement contracts are generally viewed as a worthwhile investment in advertising. Similarly, Mathur and Rangan (1997) used the Event Study Methodology to argue that anticipation of Jordan's return to the National Basket Ball Association (NBA), and the related increased visibility for him resulted in an average increase in the market-adjusted values of his client firms of almost two percent, or more than \$1billion in stock market value.

Bush, et al. (2004) used Attribution Theory to suggest that the effectiveness of celebrity endorsements depends on the consumers' willingness to understand the causal reasons for a celebrity to endorse a product. If consumers think that the celebrity endorses the product because of the characteristics of the product, instead of some monetary incentives, then the endorsement will be more effective. Feelings and meanings associated with the celebrity are transferred to the endorsed brands, leading to simultaneous activation of memory, nodes (Khandai, and Agrawal, 2010). Webster and Ilicic, (2014), suggested that celebrities bring their symbolic meanings to the endorsement process and through this process cultural meanings residing in the celebrities pass to the products. These meanings are transferred from products to consumers (Erdogan et al. 2001). Similarly, Elaboration likelihood model (ELM) was also used to explain celebrity endorsement effects by suggesting that a celebrity endorser acts as a peripheral cue for low-involved customers (Till and Shimp, 1998). ELM refers to the probability that an individual will either elaborate on the information

contained in an advertisement through the central route or attend to peripheral cues through the peripheral direction. It is a dual process model; in which the central route, people are motivated to think about the information presented in an advertisement and concentrate on the logic of the arguments it contains, to analyze the quality of the message and its implications. In other words, people are assumed to engage in the cognitive processing of the advertisement. ELM suggests that different methods of persuasion may work best if the elaboration likelihood of the communication situation is high.

Furthermore, Floyd (1999) worked on the Three-Order Hierarchy theory which is based on learning, dissonance/attribution, and low-involvement models. Here celebrity endorsement is seen to be effective if only there are positive links, between the brand and the celebrity.

However, irrespective of positive links, the relationship is riddled with risks (Till and Shimp, 1998, Webster and Illicic, 2014). The risks may eventually have a negative impact on the brand and have been classified into three kinds.

1. Celebrity-related risks involving negative publicity arising from their private lives and professional activities (White et al., 2009)
2. Product-related risks occur when attention shifts from the brand to the celebrity who is at the risks of overshadowing (Ericsson and Hakansson, 2005, Johansson and Sparredel, 2002).
3. Financial risk is associated with the high cost of using celebrities to endorse a brand (Tandon & Mehrotva, 2005).

The study set out to determine the level of utilization of celebrity endorsement as a marketing strategy for promoting hospitality operations in Owerri, Imo State. Specifically, the study aimed to find out:

1. The present level of application of celebrity endorsement as a marketing strategy in hospitality operations in Owerri.
2. The factors affecting the utilization of celebrity endorsement as a marketing strategy.
3. The strategies that can be used to maximize the utilization of celebrity endorsement as a marketing strategy.

Methodology

Owerri is the capital of Imo State of Nigeria. It is reputed as relaxation and entertainment hub in South Eastern Nigeria because of many different hospitality organizations operating in the city. The population for the study was made up of all top management staff of registered hospitality organizations operating in Owerri. It was estimated to be around 1,700

(<https://travel.Jumia.com/engb/hotels/Nigeria/owerri/1000169>). Ten percent (10%) of the estimated population was taken as a sample for the study. This gave a total of 170 respondents all of who were drawn from hotel establishments in the study area covering all-star classifications.

Since it was a survey, the instrument used for data collection was the questionnaire. A 5-point Likert scale ranging from strongly agree to disagree strongly was used for data collection. The instrument was face-validated by three academics in the Hospitality and Tourism Management department, and two in the Marketing department.

One hundred and seventy copies of the instrument were administered, out of which only one hundred and twenty-two (122) were duly filled and returned with the help of three research assistants. This represents 71.76% return rate. Mean was used for data analysis and the decision rule was to accept any mean score from 3.00 and above. Otherwise it was rejected.

Findings:

Tables 1: Mean rating of the level of utilization of celebrity endorsement by Hospitality operators in Owerri.

S/N	Level	Mean	Remarks
1	Very High	2.40	Rejected
2	High	2.65	Rejected
3	Undecided	2.50	Rejected
4	Low	2.85	Rejected
5	Very low	3.35	Rejected

Table 1. Shows that the respondents accepted one out of the five items identified as possible levels of application of celebrity endorsement by hospitality operators in Owerri. Therefore, the remaining items did not meet the cut- off point of 3.00 and thus were not taken.

Table 2: Mean rating of the factors that affect the utilization of celebrity endorsement as a strategy in hospitality promotion in Owerri

S/N	Factors	Mean	Remarks
1	Ignorance	3.12	Accepted
2	Lack of exposure	3.01	Accepted
3	Paucity of fund	3.60	Accepted
4	Death of celebrities	2.21	Rejected

5	Location of outfit	3.05	Accepted
6	Level of education of operators	3.10	Accepted
7	Beliefs/ perception	3.27	Accepted
8	Management policy	3.23	Accepted

Table 2: shows that the respondents accepted all but one of the items identified as factors that affect the application of celebrity endorsement in hospitality operation, the only item rejected was a dearth of celebrities.

Table 3: Mean rating of strategies that can be used to maximize utilization of celebrity endorsement in Hospitality organizations in Owerri.

S/N	Strategies	Mean	Remarks
1	Credibility	3.40	Accepted
2	Trust worthiness	3.15	Accepted
3	Expertise	3.20	Accepted
4	Attractiveness	3.05	Accepted
5	Respect	3.10	Accepted
6	Similarity	3.07	Accepted

Table 3, shows that the respondents accepted all the items identified as strategies that can be used to maximize the effectiveness of celebrity endorsement in hospitality organizations. All the items met the cut- off point of 3.00.

Discussion

The mean ratings of respondents revealed that the level of application of celebrity endorsement by operators of hospitality organizations is rather poor. Ignorance may impede the ability of managers to think creatively and innovatively (Floyed, 1999). The managers' level of knowledge affects on the quality of his thoughts. Observations have shown that most hospitality organizations do not make provision for their employees to attend workshops, seminars, and conferences. To some of these organizations, it is a waste of scarce resources. For an organization to remain afloat in the face of intense competition in the industry, certain factors should not be taken for granted. Hospitality organizations should not play down on issues that add value to management and marketing acumen of their staff. This way, staff will be aware of the newest discoveries and developments in the business world (Tandon and Mehrotta, 2005, Ericsson and Hakansson, 2005).

Furthermore, all the respondents agreed on the factors that affect the utilization of celebrity endorsement in the study area. Items 1 and 2 in table 2 are possible fallouts of the paucity of knowledge, on the part of operators. This agrees with the findings of Johansson and Sparredel (2002) and Biswas and Das, (2006) that today's business world is knowledge-driven and aggressively goal-oriented. It takes only those organizations with creative thinking management and market-oriented innovations to compete favorably with other business organizations. Location of outfit, level of education of operators and beliefs/perception are the other items in table 2 that were accepted. It is a truism that celebrities collect huge sums of money before endorsing a brand (Agrawal and Kamakura, 1995). Celebrities vary and thus have different price tags. There have never been more celebrities than there are at the moment in Nigeria. With reality show contestants, internet personalities, athletes, and socialites swelling the ranks that were once reserved for musicians and movie stars, companies looking for celebrity endorsements now have a wide range of choice available to them. This also means that while some celebrities can still charge astronomical fees, others are within reach of even small hospitality operations (Forbes, 2013).

Level of education of operators relates more to items 1 and 2 in table 2. Beliefs/ perceptions of some operators may pose challenges in decision-making process. Some operators are influenced by their beliefs and perceptions. The location of an outfit can pose a challenge as shown in table 2. Thus, celebrities can choose one outfit over another on account of location (Banyte et al., 2011).

Item no. 4, (shortage of celebrities), was rejected and this is not out of place. Celebrities are in different categories and classes (Banyte et al., 2011; Forbes, 2013). Therefore, not minding the type of organization, celebrities are not in short supply, ranging from sports, Nollywood, musicians, society men and women among others.

In table no. 3, all items listed as strategies that can be used to maximize utilization of celebrity endorsement in hospitality operations were accepted as all met the cut-off point of 3.00 (White et al., 2009, Tandon and Mehrotra 2005). These strategies are critical to the success of any endorsement (Till and Shimp 1998). A celebrity must be seen to be credible, trustworthy, attractive, command respect, and have expertise in his chosen field of human endeavour. This is in line with Biswas and Das (2006) who posited that feelings and meanings associated with the celebrity are transferred to endorsed brands and this transfer leads to simultaneous activation of memory nodes. The study of Mc Cracken (1989) supports this, where the findings revealed that celebrities bring their symbolic meanings to the endorsement process which are invariably passed to the products.

Conclusion

The findings of the study revealed that the level of utilization of celebrity endorsement is low. Furthermore, ignorance, lack of exposure, the paucity of fund, level of education, the location of the outfit, management policies among others were found to be some of the factors that affect the application of this strategy in hospitality operations. Finally, credibility, trustworthiness, expertise, attractiveness, respect, of celebrity endorsers among others, were found to be some of the strategies that can be used to maximize the application of celebrity endorsement in hospitality operations. Given the findings of the study, the following recommendations were made.

1. Managers and operators of hospitality operations should avail themselves of the opportunities provided by celebrity endorsement as a robust marketing strategy for the promotion of hospitality goods and services given the increasing competition in the industry.
2. Attaching celebrities to brands is no longer the preserve of high-powered organizations, as celebrities are within reach of even small businesses. Celebrity endorsement is affordable and achievable as well as potentially highly lucrative. Thus, business needs and budgets should be understood to match the right celebrity.
3. Choosing candidates for endorsement is a critical process such that celebrity endorsers must have the right attributes necessary to impact positively on the brand, since the symbolic meanings associated with, the celebrities are invariably passed to the products.

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